

EDGEWELL PERSONAL CARE Co
Form 10-Q
February 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-15401

EDGEWELL PERSONAL CARE COMPANY

(Exact name of registrant as specified in its charter)

Missouri

(State or other jurisdiction of incorporation or organization) (I. R. S. Employer Identification No.)

43-1863181

1350 Timberlake Manor Parkway

Chesterfield, Missouri

(Address of principal executive offices)

63017

(Zip Code)

(314) 594-1900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
Common shares, \$0.01 par value - 53,997,612 shares as of January 31, 2018.

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EDGEWELL PERSONAL CARE COMPANY
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

EDGEWELL PERSONAL CARE COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
 (unaudited, in millions, except per share data)

	Three Months Ended December 31,	
	2017	2016
Net sales	\$468.3	\$485.0
Cost of products sold	268.0	257.0
Gross profit	200.3	228.0
Selling, general and administrative expense	97.2	93.8
Advertising and sales promotion expense	49.0	50.6
Research and development expense	16.1	16.3
Gain on sale of Playtex gloves	(15.9)	—
Restructuring charges	—	6.9
Interest expense associated with debt	17.8	17.4
Other expense (income), net	3.0	(1.9)
Earnings before income taxes	33.1	44.9
Income tax provision	26.4	11.4
Net earnings	\$6.7	\$33.5
Earnings per share:		
Basic net earnings per share	\$0.12	\$0.58
Diluted net earnings per share	\$0.12	\$0.58
Statements of Comprehensive Income:		
Net earnings	\$6.7	\$33.5
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	9.5	(38.7)
Pension and postretirement activity, net of tax of \$0.3 and \$1.9	0.4	3.9
Deferred gain on hedging activity, net of tax of \$0.1 and \$4.1	0.2	7.9
Total other comprehensive income (loss), net of tax	10.1	(26.9)
Total comprehensive income	\$16.8	\$6.6

See accompanying Notes to Condensed Consolidated Financial Statements.

EDGEWELL PERSONAL CARE COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (unaudited, in millions, except share data)

	December 31, 2017	September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 529.9	\$ 502.9
Trade receivables, less allowance for doubtful accounts of \$5.4 and \$4.3	183.1	224.1
Inventories	349.3	333.5
Other current assets	118.3	125.7
Total current assets	1,180.6	1,186.2
Property, plant and equipment, net	441.9	453.4
Goodwill	1,447.8	1,445.9
Other intangible assets, net	1,068.6	1,071.7
Other assets	33.6	31.6
Total assets	\$ 4,172.5	\$ 4,188.8
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ —	\$ —
Notes payable	21.1	19.4
Accounts payable	198.8	223.6
Other current liabilities	225.5	281.4
Total current liabilities	445.4	524.4
Long-term debt	1,678.7	1,525.4
Deferred income tax liabilities	143.9	181.8
Other liabilities	248.7	215.5
Total liabilities	2,516.7	2,447.1
Shareholders' equity		
Preferred shares, \$0.01 par value, 10,000,000 authorized; none issued or outstanding	—	—
Common shares, \$0.01 par value, 300,000,000 authorized; 65,251,989 issued; 54,151,058 and 56,017,537 outstanding	0.7	0.7
Additional paid-in capital	1,620.7	1,623.4
Retained earnings	969.2	952.9
Common shares in treasury at cost, 11,100,931 and 9,234,452	(813.5) (703.9)
Accumulated other comprehensive loss	(121.3) (131.4)
Total shareholders' equity	1,655.8	1,741.7
Total liabilities and shareholders' equity	\$ 4,172.5	\$ 4,188.8

See accompanying Notes to Condensed Consolidated Financial Statements.

EDGEWELL PERSONAL CARE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

Three Months
Ended
December 31,
2017 2016