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Prestige Brands Holdings, Inc.
Form 10-Q
November 05, 2010

U. S. 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 September 30, 2010

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: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

20-1297589

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

90 North Broadway
Irvington, New York 10533

(Address of Principal Executive Offices, including zip code)

(914) 524-6810

(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, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 2, 2010, there were 50,044,891 shares of common stock outstanding.

Prestige Brands Holdings, Inc.
Form 10-Q
Index

PART I.	FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements	
	Consolidated Statements of Operations — three and six month periods ended September 30, 2010 and 2009 (unaudited)	<u>2</u>
	Consolidated Balance Sheets — September 30, 2010 and March 31, 2010 (unaudited)	<u>3</u>
	Consolidated Statements of Cash Flows — six month periods ended September 30, 2010 and 2009 (unaudited)	<u>4</u>
	Notes to Consolidated Financial Statements	<u>5</u>
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>36</u>
Item 3.	Quantitative and Qualitative Disclosure About Market Risk	<u>53</u>
Item 4.	Controls and Procedures	<u>53</u>
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	<u>53</u>
Item 6.	Exhibits	<u>54</u>
	Signatures	<u>55</u>

Trademarks and Trade Names

Trademarks and trade names used in this Quarterly Report on Form 10-Q are the property of Prestige Brands Holdings, Inc. or its subsidiaries, as the case may be. We have italicized our trademarks or trade names when they appear in this Quarterly Report on Form 10-Q.

PART I FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Prestige Brands Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)

(In thousands, except share data)	Three Months Ended September 30		Six Months Ended September 30	
	2010	2009	2010	2009
Revenues				
Net sales	\$77,488	\$80,308	\$148,009	\$147,805
Other revenues	815	421	1,529	1,037
Total revenues	78,303	80,729	149,538	148,842
Cost of Sales				
Cost of sales (exclusive of depreciation shown below)	35,713	37,936	68,977	69,526
Gross profit	42,590	42,793	80,561	79,316
Operating Expenses				
Advertising and promotion	8,240	9,675	15,726	18,343
General and administrative	8,101	10,481	15,514	18,675
Depreciation and amortization	2,413	2,703	4,823	4,911
Total operating expenses	18,754	22,859	36,063	41,929
Operating income	23,836	19,934	44,498	37,387
Other expense				
Interest expense, net	5,373	5,642	10,835	11,295
Loss on extinguishment of debt	—	—	300	—
Total other expense	5,373	5,642	11,135	11,295
Income from continuing operations before income taxes	18,463	14,292	33,363	26,092
Provision for income taxes	7,053	5,417	12,745	9,889
Income from continuing operations	11,410	8,875	20,618	16,203
Discontinued Operations				
Income from discontinued operations, net of income tax	162	1,048	560	2,045
Loss on sale of discontinued operations, net of income tax benefit	(550)) —	(550)) —
Net income	\$11,022	\$9,923	\$20,628	\$18,248
Basic earnings per share:				
Income from continuing operations	\$0.23	\$0.18	\$0.41	\$0.32
Net income	\$0.22	\$0.20	\$0.41	\$0.36
Diluted earnings per share:				
Income from continuing operations	\$0.23	\$0.18	\$0.41	\$0.32

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Net income	\$0.22	\$0.20	\$0.41	\$0.36
Weighted average shares outstanding:				
Basic	50,053	50,012	50,045	49,997
Diluted	50,141	50,055	50,123	50,080

See accompanying notes.

-2-

Prestige Brands Holdings, Inc.
Consolidated Balance Sheets
(Unaudited)

(In thousands)	September 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$55,032	\$41,097
Accounts receivable	32,256	30,621
Inventories	24,997	27,676
Deferred income tax assets	6,663	6,353
Prepaid expenses and other current assets	3,203	4,917
Current assets of discontinued operations	14	1,486
Total current assets	122,165	112,150
Property and equipment	1,207	1,396
Goodwill	111,489	111,489
Intangible assets	549,855	554,359
Other long-term assets	6,456	7,148
Long-term assets of discontinued operations	—	4,870
Total Assets	\$791,172	\$791,412
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$13,980	\$12,771
Accrued interest payable	6,428	1,561
Other accrued liabilities	9,912	11,733
Current portion of long-term debt	1,500	29,587
Total current liabilities	31,820	55,652
Long-term debt		
Principal amount	294,000	298,500
Less unamortized discount	(3,658)	(3,943)
Long-term debt, net of unamortized discount	290,342	294,557
Deferred income tax liabilities	117,630	112,144
Total Liabilities	439,792	462,353
Commitments and Contingencies — Note 17		
Stockholders' Equity		
Preferred stock - \$0.01 par value		
Authorized - 5,000 shares		
Issued and outstanding - None	—	—
Common stock - \$0.01 par value		
Authorized - 250,000 shares		
Issued - 50,175 shares at September 30, 2010 and 50,154 shares at March 31, 2010	502	502

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Additional paid-in capital	385,771	384,027	
Treasury stock, at cost - 131 shares at September 30, 2010 and 124 shares at March 31, 2010	(114) (63)
Retained earnings (accumulated deficit)	(34,779) (55,407)
Total Stockholders' Equity	351,380	329,059	
Total Liabilities and Stockholders' Equity	\$791,172	\$791,412	
See accompanying notes.			

-3-

Prestige Brands Holdings, Inc.
 Consolidated Statements of Cash Flows
 (Unaudited)

(In thousands)	Six Months Ended September 30	
	2010	2009
Operating Activities		
Net income	\$20,628	\$18,248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,052	6,084
Loss on sale of discontinued operations	890	—
Deferred income taxes	5,176	3,687
Amortization of deferred financing costs	504	956
Stock-based compensation costs	1,744	848
Loss on extinguishment of debt	300	—
Amortization of debt discount	285	—
Loss on disposition of equipment	125	—
Changes in operating assets and liabilities		
Accounts receivable	(1,635) (3,127
Inventories	2,679	405
Inventories held for sale	1,100	82
Prepaid expenses and other current assets	1,714	(1,102
Accounts payable	1,209	5,546
Accrued liabilities	3,046	8,253
Net cash provided by operating activities	42,817	39,880
Investing Activities		
Purchases of equipment	(254)