

Edgar Filing: Prestige Brands Holdings, Inc. - Form 10-Q

Prestige Brands Holdings, Inc.
Form 10-Q
August 06, 2015
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2015
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

(State or other jurisdiction of
incorporation or organization)

660 White Plains Road
Tarrytown, New York 10591

(Address of principal executive offices) (Zip Code)

(914) 524-6800

(Registrant's telephone number, including area code)

20-1297589

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

(Former name, former address and former fiscal year, if changed since last report)

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 x No o

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 x No o

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

(Do not check if a smaller reporting
company)

Smaller reporting company o

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

Yes o No x

As of July 31, 2015, there were 52,726,418 shares of common stock outstanding.

Prestige Brands Holdings, Inc.
Form 10-Q
Index

PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Statements of Income and Comprehensive Income for the three months ended June 30, 2015 and 2014 (unaudited)	<u>2</u>
	Consolidated Balance Sheets as of June 30, 2015 (unaudited) and March 31, 2015	<u>3</u>
	Consolidated Statements of Cash Flows for the three months ended June 30, 2015 and 2014 (unaudited)	<u>4</u>
	Notes to Consolidated Financial Statements (unaudited)	<u>5</u>
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>33</u>
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	<u>52</u>
Item 4.	Controls and Procedures	<u>52</u>
PART II.	OTHER INFORMATION	
Item 1A.	Risk Factors	<u>52</u>
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	<u>54</u>
Item 5.	Other Information	<u>55</u>
Item 6.	Exhibits	<u>55</u>
	Signatures	<u>56</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. FINANCIAL STATEMENTS

Prestige Brands Holdings, Inc.
 Consolidated Statements of Income and Comprehensive Income
 (Unaudited)

(In thousands, except per share data)	Three Months Ended June 30,	
	2015	2014
Revenues		
Net sales	\$ 191,287	\$ 144,541
Other revenues	845	1,161
Total revenues	192,132	145,702
Cost of Sales		
Cost of sales (exclusive of depreciation shown below)	79,896	63,836
Gross profit	112,236	81,866
Operating Expenses		
Advertising and promotion	26,422	19,096
General and administrative	17,589	17,006
Depreciation and amortization	5,720	2,961
Total operating expenses	49,731	39,063
Operating income	62,505	42,803
Other (income) expense		
Interest income	(27	) (32
Interest expense	21,911	14,685
Loss on extinguishment of debt	451	—
Total other expense	22,335	14,653
Income before income taxes	40,170	28,150
Provision for income taxes	13,997	11,418
Net income	\$ 26,173	\$ 16,732
Earnings per share:		
Basic	\$ 0.50	\$ 0.32
Diluted	\$ 0.49	\$ 0.32
Weighted average shares outstanding:		
Basic	52,548	51,956
Diluted	52,958	52,533
Comprehensive income, net of tax:		
Currency translation adjustments	(405	) 2,726
Total other comprehensive income (loss)	(405) 2,726
Comprehensive income	\$ 25,768	\$ 19,458

See accompanying notes.

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

(In thousands)	June 30, 2015	March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$21,598	\$21,318
Accounts receivable, net	85,576	87,858
Inventories	74,077	74,000
Deferred income tax assets	7,918	8,097
Prepaid expenses and other current assets	11,890	10,434
Total current assets	201,059	201,707
Property and equipment, net	13,154	13,744
Goodwill	290,867	290,651
Intangible assets, net	2,129,860	2,134,700
Other long-term assets	1,562	1,165
Total Assets	\$2,636,502	\$2,641,967
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$8,525	\$—
Accounts payable	47,170	46,115
Accrued interest payable	9,359	11,974
Other accrued liabilities	36,738	40,948
Total current liabilities	101,792	99,037
Long-term debt		
Principal amount	1,540,075	1,593,600
Less unamortized debt costs	(33,534)	(32,327)
Long-term debt, net	1,506,541	1,561,273
Deferred income tax liabilities	362,928	351,569
Other long-term liabilities	2,517	2,464
Total Liabilities	1,973,778	2,014,343
Commitments and Contingencies — Note 16		
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 - 53,032 shares at June 30, 2015 and 52,562 shares at March 31, 2015	530	525
Additional paid-in capital	437,554	426,584
Treasury stock, at cost - 306 shares at June 30, 2015 and 266 shares at March 31, 2015	(5,121)	(3,478)

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Accumulated other comprehensive loss, net of tax	(23,817) (23,412)
Retained earnings	253,578	227,405	
Total Stockholders' Equity	662,724	627,624	
Total Liabilities and Stockholders' Equity	\$2,636,502	\$2,641,967	
See accompanying notes.			

- 3-

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

(In thousands)	Three Months Ended June 30,	
	2015	2014
Operating Activities		
Net income	\$26,173	\$16,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,720	2,961
Gain on sale of asset	(36) —
Deferred income taxes	11,536	7,140
Amortization of debt origination costs	2,138	995
Stock-based compensation costs	3,047	1,858
Loss on extinguishment of debt	451	—
Changes in operating assets and liabilities, net of effects from acquisitions		
Accounts receivable	2,578	6,956
Inventories	(211	) 1,540
Prepaid expenses and other current assets	(1,522	) (2,203
Accounts payable	783	(3,096
Accrued liabilities	(7,136	) (3,212
Net cash provided by operating activities	43,521	29,671
Investing Activities		
Purchases of property and equipment	(780	) (496
Proceeds from the sale of property and equipment	344	—
Acquisition of the Hydralyte brand	—	(77,991
Net cash used in investing activities	(436	) (78,487
Financing Activities		
Term loan repayments	(25,000) —
Borrowings under revolving credit agreement	15,000	65,000
Repayments under revolving credit agreement	(35,000	) (30,000
Payments of debt origination costs	(4,172	) (74
Proceeds from exercise of stock options	6,328	1,294
Proceeds from restricted stock exercises	544	57
Excess tax benefits from share-based awards	1,600	950
Fair value of shares surrendered as payment of tax withholding	(2,187	) (1,171
Net cash (used in) provided by financing activities	(42,887	) 36,056
Effects of exchange rate changes on cash and cash equivalents	82	104
Increase (decrease) in cash and cash equivalents	280	(12,656
Cash and cash equivalents - beginning of period	21,318	28,331
Cash and cash equivalents - end of period	\$21,598	\$15,675
Interest paid	\$22,444	\$13,867
Income taxes paid	\$1,914	\$707
See accompanying notes.		

Prestige Brands Holdings, Inc.
Notes to Consolidated Financial Statements (unaudited)

1. Business and Basis of Presentation

Nature of Business

Prestige Brands Holdings, Inc. (referred to herein as the “Company” or “we”, which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Brands Holdings, Inc. and all of its direct and indirect 100% owned subsidiaries on a consolidated basis) is engaged in the marketing, sales and distribution of over-the-counter (“OTC”) healthcare and household cleaning products to mass merchandisers, drug stores, supermarkets, and club, convenience, and dollar stores in North America (the United States and Canada), and in Australia and certain other international markets. Prestige Brands Holdings, Inc. is a holding company with no operations and is also the parent guarantor of the senior credit facility and the senior notes described in Note 9 to these Consolidated Financial Statements.

Basis of Presentation

The unaudited Consolidated Financial Statements presented herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All significant intercompany transactions and balances have been eliminated in the Consolidated Financial Statements. In the opinion of management, the Consolidated Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair statement of our consolidated financial position, results of operations and cash flows for the interim periods presented. Our fiscal year ends on March 31st of each year. References in these Consolidated Financial Statements or related notes to a year (e.g., “2016”) mean our fiscal year ending or ended on March 31st of that year. Operating results for the three months ended June 30, 2015 are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2016. These unaudited Consolidated Financial Statements and related notes should be read in conjunction with our audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on our knowledge of current events and actions that we may undertake in the future, actual results could differ materially from those estimates. As discussed below, our most significant estimates include those made in connection with the valuation of intangible assets, stock-based compensation, fair value of debt, sales returns and allowances, trade promotional allowances, inventory obsolescence, and the recognition of income taxes using an estimated annual effective tax rate.

Cash and Cash Equivalents

We consider all short-term deposits and investments with original maturities of three months or less to be cash equivalents. Substantially all of our cash is held by a large regional bank with headquarters in California. We do not believe that, as a result of this concentration, we are subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation (“SIPC”) insure these balances up to \$250,000 and \$500,000, with a \$250,000 limit for cash, respectively. Substantially all of the Company's cash balances at June 30, 2015 are uninsured.

Accounts Receivable

We extend non-interest-bearing trade credit to our customers in the ordinary course of business. We maintain an allowance for doubtful accounts receivable based upon historical collection experience and expected collectability of the accounts receivable. In an effort to reduce credit risk, we (i) have established credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of customers' financial condition, (iii) monitor the payment history and aging of customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

Inventories

Inventories are stated at the lower of cost or market value, with cost determined by using the first-in, first-out method. We reduce inventories for diminution of value resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include: (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new product introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

- 5-

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method based on the following estimated useful lives:

	Years
Machinery	5
Computer equipment and software	3
Furniture and fixtures	7
Leasehold improvements	*

* Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the related asset.

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, we remove the cost and associated accumulated depreciation from the respective accounts and recognize the resulting gain or loss in the Consolidated Statements of Income and Comprehensive Income.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Goodwill

The excess of the purchase price over the fair market value of assets acquired and liabilities assumed in purchase business combinations is classified as goodwill. Goodwill is not amortized, although the carrying value is tested for impairment at least annually in the fourth fiscal quarter of each year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill is tested for impairment at the product group level, which is one level below the operating segment level.

Intangible Assets

Intangible assets, which are comprised primarily of trademarks, are stated at cost less accumulated amortization. For intangible assets with finite lives, amortization is computed using the straight-line method over estimated useful lives, typically ranging from 10 to 30 years.

Indefinite-lived intangible assets are tested for impairment at least annually in the fourth fiscal quarter of each year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their fair values and may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Debt Origination Costs

We have incurred debt origination costs in connection with the issuance of long-term debt. Certain of these costs were recorded as a long-term asset as deferred financing costs and others were recorded as a reduction to our long-term debt. These costs are amortized over the term of the related debt, using the effective interest method for our term loan facility and the straight-line method for our revolving credit facility. During the current period, in accordance with new accounting standards discussed below, we began reporting the costs related to our senior notes and the term loan facility as a reduction of debt. We continue to report the costs associated with our revolving credit facility as a long-term asset.

Revenue Recognition

Revenues are recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the selling price is fixed or determinable, (iii) the product has been shipped and the customer takes ownership and assumes the risk of loss, and (iv) collection of the resulting receivable is reasonably assured. We have determined that these criteria are met and the transfer of the risk of loss generally occurs when the product is received by the customer, and, accordingly, we recognize revenue at that time. Provisions are made for estimated discounts related to customer payment terms and estimated product returns at the time of sale based on our historical experience.

As is customary in the consumer products industry, we participate in the promotional programs of our customers to enhance the sale of our products. The cost of these promotional programs varies based on the actual number of units sold during a finite period of time. These promotional programs consist of direct-to-consumer incentives, such as coupons and temporary price reductions, as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. Estimates of the costs of these promotional programs are based on (i) historical sales experience, (ii) the current

- 6-

promotional offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. We recognize the cost of such sales incentives by recording an estimate of such cost as a reduction of revenue, at the later of (a) the date the related revenue is recognized, or (b) the date when a particular sales incentive is offered. At the completion of a promotional program, the estimated amounts are adjusted to actual results.

Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with recording sales, which is made after analyzing (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of our product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

Cost of Sales

Cost of sales includes product costs, warehousing costs, inbound and outbound shipping costs, and handling and storage costs. Shipping, warehousing and handling costs were \$8.7 million for the three months ended June 30, 2015 and \$7.7 million for the three months ended June 30, 2014.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Allowances for new distribution costs associated with products, including slotting fees, are recognized as a reduction of sales. Under these new distribution arrangements, the retailers allow our products to be placed on the stores' shelves in exchange for such fees.

Stock-based Compensation

We recognize stock-based compensation by measuring the cost of services to be rendered based on the grant-date fair value of the equity award. Compensation expense is recognized over the period a grantee is required to provide service in exchange for the award, generally referred to as the requisite service period.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Income Taxes topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities. As a result, we have applied such guidance in determining our uncertainties.

We are subject to taxation in the United States and various state and foreign jurisdictions.

We classify penalties and interest related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Income and Comprehensive Income.

Earnings Per Share

Basic earnings per share is calculated based on income available to common stockholders and the weighted-average number of shares outstanding during the reporting period. Diluted earnings per share is calculated based on income available to common stockholders and the weighted-average number of common and potential common shares outstanding during the reporting period. Potential common shares, composed of the incremental common shares issuable upon the exercise of outstanding stock options, stock appreciation rights and unvested restricted shares, are

included in the earnings per share calculation to the extent that they are dilutive.

Recently Issued Accounting Standards

In July 2015, the FASB issued Accounting Standards Update ("ASU") 2015-11, Simplifying the Measurement of Inventory. The amendments in this update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards, under which an entity should measure in scope inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. We are evaluating the impact of adopting this prospective guidance on our Consolidated Financial Statements.

- 7-

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. As permitted by the guidance, we have early adopted these provisions, as of the beginning of our first quarter of 2016. As a result, we reclassified \$27.4 million of deferred financing costs as of March 31, 2015 from other long-term assets, which are currently presented as a direct deduction from the long-term debt liability.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. Update 2015-02 amended the process that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendments in this update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The adoption of ASU 2015-02 is not expected to have a material impact on our Consolidated Financial Statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement - Extraordinary and Unusual Items. The amendments in this update eliminate the concept of extraordinary items in Subtopic 225-20, which required entities to consider whether an underlying event or transaction is extraordinary. However, the amendments retain the presentation and disclosure guidance for items that are unusual in nature or occur infrequently. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of ASU 2015-01 is not expected to have a material impact on our Consolidated Financial Statements.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This amendment states that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). The amendments in this update are effective for the annual reporting period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The adoption of ASU 2014-15 is not expected to have a material impact on our Consolidated Financial Statements.

In June 2014, the FASB issued ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could Be Achieved after the Requisite Service Period, which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the new guidance does not allow for a performance target that affects vesting to be reflected in estimating the fair value of the award at the grant date. The amendments to this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in this update either prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. We currently do not have any outstanding share-based payments with a performance target. The adoption of ASU 2014-12 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers - Topic 606, which supersedes the revenue recognition requirements in FASB ASC 605. The new guidance primarily states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In July 2015, the FASB approved a deferral of the ASU effective date from annual and interim periods beginning after December 15, 2016 to annual and interim periods beginning after December 15, 2017. We are evaluating the impact of adopting this

prospective guidance on our Consolidated Financial Statements.

In April 2014, the FASB issued ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The amendments in this update must be applied prospectively to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of ASU 2014-08 did not have a material impact on our Consolidated Financial Statements.

- 8-

Management has reviewed and continues to monitor the actions of the various financial and regulatory reporting agencies and is currently not aware of any other pronouncement that could have a material impact on our consolidated financial position, results of operations or cash flows.

2. Acquisitions

Acquisition of Insight Pharmaceuticals

On September 3, 2014, the Company completed the acquisition of Insight Pharmaceuticals Corporation ("Insight"), a marketer and distributor of feminine care and other OTC healthcare products, for \$753.2 million in cash. The closing followed the Federal Trade Commission's ("FTC") approval of the acquisition and was finalized pursuant to the terms of the purchase agreement announced on April 25, 2014. Pursuant to the Insight purchase agreement, the Company acquired 27 OTC brands sold in North America (including related trademarks, contracts and inventory), which extended the Company's portfolio of OTC brands to include a leading feminine care platform in the United States and Canada anchored by Monistat, the leading brand in OTC yeast infection treatment. The acquisition also added brands to the Company's cough & cold, pain relief, ear care and dermatological platforms. In connection with the FTC's approval of the Insight acquisition, we sold one of the competing brands that we acquired from Insight on the same day as the Insight closing. Insight is primarily included in our North American OTC Healthcare segment.

The Insight acquisition was accounted for in accordance with the Business Combinations topic of the FASB ASC 805, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition.

We prepared an analysis of the fair values of the assets acquired and liabilities assumed as of the date of acquisition. During the quarter ended June 30, 2015, we adjusted the fair values of the assets acquired and liabilities assumed for certain immaterial items that came to our attention subsequent to the date of acquisition. The following table summarizes our allocation of the assets acquired and liabilities assumed as of the September 3, 2014 acquisition date.

(In thousands)	September 3, 2014
Cash acquired	\$3,507
Accounts receivable	26,012
Inventories	23,456
Deferred income tax assets - current	1,032
Prepays and other current assets	1,341
Property, plant and equipment	2,308
Goodwill	103,560
Intangible assets	724,374
Total assets acquired	885,590
Accounts payable	16,079
Accrued expenses	8,539
Deferred income tax liabilities - long term	107,799
Total liabilities assumed	132,417
Total purchase price	\$753,173

Based on this analysis, we allocated \$599.6 million to indefinite-lived intangible assets and \$124.8 million to amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 16.2 years. The weighted average remaining life for amortizable

intangible assets at June 30, 2015 was 15.3 years.

We also recorded goodwill of \$103.6 million based on the amount by which the purchase price exceeded the fair value of the net assets acquired. Goodwill is not deductible for income tax purposes.

The operating results of Insight have been included in our Consolidated Financial Statements beginning September 3, 2014. On September 3, 2014, we sold one of the brands we acquired from the Insight acquisition for \$18.5 million, for which we had allocated \$17.7 million, \$0.6 million and \$0.2 million to intangible assets, inventory and property, plant and equipment, respectively.

- 9-

Acquisition of the Hydralyte brand

On April 30, 2014, we completed the acquisition of the Hydralyte brand in Australia and New Zealand from The Hydration Pharmaceuticals Trust of Victoria, Australia, which was funded through a combination of cash on hand and our existing senior secured credit facility.

Hydralyte is the leading OTC brand in oral rehydration in Australia and is marketed and sold through our Care Pharmaceuticals Pty Ltd. subsidiary ("Care Pharma"). Hydralyte is available in pharmacies in multiple forms and is indicated for oral rehydration following diarrhea, vomiting, fever, heat and other ailments. Hydralyte is included in our International OTC Healthcare segment.

The Hydralyte acquisition was accounted for in accordance with the Business Combinations topic of the FASB ASC 805, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition.

We prepared an analysis of the fair values of the assets acquired and liabilities assumed as of the date of acquisition. The following table summarizes our allocation of the assets acquired and liabilities assumed as of the April 30, 2014 acquisition date.

(In thousands)	April 30, 2014
Inventories	\$ 1,970
Property, plant and equipment, net	1,267
Goodwill	1,224
Intangible assets, net	73,580
Total assets acquired	78,041
Accrued expenses	38
Other long term liabilities	12
Total liabilities assumed	50
Net assets acquired	\$ 77,991

Based on this analysis, we allocated \$73.6 million to non-amortizable intangible assets and no allocation was made to amortizable intangible assets.

We also recorded goodwill of \$1.2 million based on the amount by which the purchase price exceeded the fair value of the net assets acquired. Goodwill is not deductible for income tax purposes.

The pro forma effect of this acquisition on revenues and earnings was not material.

3. Accounts Receivable

Accounts receivable consist of the following:

(In thousands)	June 30, 2015	March 31, 2015
Components of Accounts Receivable		
Trade accounts receivable	\$93,064	\$95,411
Other receivables	1,956	2,353
	95,020	97,764

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Less allowances for discounts, returns and uncollectible accounts	(9,444) (9,906)
Accounts receivable, net	\$85,576	\$87,858	

- 10-

4. Inventories

Inventories consist of the following:

(In thousands)	June 30, 2015	March 31, 2015
Components of Inventories		
Packaging and raw materials	\$7,748	\$7,588
Finished goods	66,329	66,412
Inventories	\$74,077	\$74,000

Inventories are carried and depicted above at the lower of cost or market, which includes a reduction in inventory values of \$3.8 million and \$4.1 million at June 30, 2015 and March 31, 2015, respectively, related to obsolete and slow-moving inventory.

5. Property and Equipment

Property and equipment consist of the following:

(In thousands)	June 30, 2015	March 31, 2015
Components of Property and Equipment		
Machinery	\$3,943	\$4,743
Computer equipment	12,509	11,339
Furniture and fixtures	2,371	2,484
Leasehold improvements	7,296	7,134
	26,119	25,700
Accumulated depreciation	(12,965	) (11,956
Property and equipment, net	\$13,154	\$13,744

We recorded depreciation expense of \$1.3 million and \$0.7 million for the three months ended June 30, 2015 and 2014, respectively.

6. Goodwill

A reconciliation of the activity affecting goodwill by operating segment is as follows:

(In thousands)	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Balance — March 31, 2015	\$263,411	\$20,440	\$6,800	\$290,651
Adjustments	305	—	—	305
Effects of foreign currency exchange rates	—	(89	) —	(89
Balance — June 30, 2015	\$263,716	\$20,351	\$6,800	\$290,867

As discussed in Note 2, we completed two acquisitions during the year ended March 31, 2015. On September 3, 2014, we completed the acquisition of Insight and recorded goodwill of \$103.6 million reflecting the amount by which the purchase price exceeded the preliminary estimate of fair value of net assets acquired. During the quarter ended June 30, 2015, we adjusted the fair values of the assets acquired and liabilities assumed by \$0.3 million for certain immaterial items that came to our attention subsequent to the date of acquisition. Additionally, on April 30, 2014, we completed the acquisition of the Hydralyte brand and recorded goodwill of \$1.2 million, reflecting the amount by

which the purchase price exceeded the preliminary estimate of fair value of the net assets acquired.

Under accounting guidelines, goodwill is not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying amount.

- 11-

On an annual basis, during the fourth quarter of each fiscal year, or more frequently if conditions indicate that the carrying value of the asset may not be recoverable, management performs a review of the values assigned to goodwill and tests for impairment.

At February 28, 2015, during our annual test for goodwill impairment, there were no indicators of impairment under the analysis. Accordingly, no impairment charge was recorded in fiscal 2015. As of June 30, 2015, there have been no triggering events that would indicate potential impairment of goodwill.

7. Intangible Assets

A reconciliation of the activity affecting intangible assets is as follows:

(In thousands)	Indefinite Lived Trademarks	Finite Lived Trademarks	Totals
Gross Carrying Amounts			
Balance — March 31, 2015	\$ 1,873,404	\$ 358,066	\$ 2,231,470
Effects of foreign currency exchange rates	(375	) (6	) (381
Balance — June 30, 2015	1,873,029	358,060	2,231,089
Accumulated Amortization			
Balance — March 31, 2015	—	96,770	96,770
Additions	—	4,460	4,460
Effects of foreign currency exchange rates	—	(1	) (1
Balance — June 30, 2015	—	101,229	101,229
Intangible assets, net - June 30, 2015	\$ 1,873,029	\$ 256,831	\$ 2,129,860
Intangible Assets, net by Reportable Segment:			
North American OTC Healthcare	\$ 1,676,991	\$ 231,251	\$ 1,908,242
International OTC Healthcare	85,766	1,594	87,360
Household Cleaning	110,272	23,986	134,258
Intangible assets, net - June 30, 2015	\$ 1,873,029	\$ 256,831	\$ 2,129,860

As discussed in Note 2, we completed two acquisitions during the year ended March 31, 2015. On September 3, 2014, we completed the acquisition of Insight and allocated \$724.4 million to intangible assets based on our preliminary analysis. Additionally, on April 30, 2014, we completed the acquisition of the Hydralyte brand and allocated \$73.6 million to intangible assets based on our preliminary analysis. Furthermore, on September 3, 2014 we sold one of the brands that we acquired from Insight, for which we had allocated \$17.7 million to the intangible assets.

Under accounting guidelines, indefinite-lived assets are not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below the carrying amount. Additionally, at each reporting period, an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and are also tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

On an annual basis during the fourth fiscal quarter, or more frequently if conditions indicate that the carrying value of the asset may not be recovered, management performs a review of both the values and, if applicable, useful lives assigned to intangible assets and tests for impairment.

We utilize the discounted cash flow method to estimate the fair value of our reporting units as part of the goodwill impairment test and the excess earnings method to estimate the fair value of our individual indefinite-lived intangible assets. We also considered our market capitalization at February 28, 2015, which is the date of our review, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins,

- 12-

increases in competition, changing consumer preferences, technical advances, or reductions in advertising and promotion may require an impairment charge to be recorded in the future.

As a result of recent declines in revenues in Pediacare and in certain other brands, we continue to monitor whether events or conditions would indicate that the fair value of the intangible asset no longer exceeds the carrying value. Although we continue to believe that the fair values of our brands exceed their carrying values, sustained or significant future declines in revenue, profitability, other adverse changes in expected operating results, and/or unfavorable changes in other economic factors used to estimate fair value of certain brands could indicate that fair value no longer exceeds carrying value, in which case a non-cash impairment charge may be recorded in future periods.

The weighted average remaining life for finite-lived intangible assets at June 30, 2015 was approximately 14.4 years, and the amortization expense for the three months ended June 30, 2015 was \$4.5 million. At June 30, 2015, finite-lived intangible assets are being amortized over a period of 10 to 30 years, and the associated amortization expense is expected to be as follows:

(In thousands)

Year Ending March 31,	Amount
2016 (Remaining nine months ending March 31, 2016)	\$13,401
2017	17,868
2018	17,868
2019	17,868
2020	17,868
Thereafter	171,958
	\$256,831

8. Other Accrued Liabilities

Other accrued liabilities consist of the following:

(In thousands)	June 30, 2015	March 31, 2015
Accrued marketing costs	\$20,817	\$16,903
Accrued compensation costs	3,405	8,840
Accrued broker commissions	741	1,134
Income taxes payable	2,187	2,642
Accrued professional fees	1,958	2,769
Deferred rent	985	1,021
Accrued production costs	4,137	5,610
Accrued lease termination costs	767	669
Other accrued liabilities	1,741	1,360
	\$36,738	\$40,948

9. Long-Term Debt

2012 Senior Notes:

On January 31, 2012, Prestige Brands, Inc. (the "Borrower") issued \$250.0 million of senior unsecured notes at par value, with an interest rate of 8.125% and a maturity date of February 1, 2020 (the "2012 Senior Notes"). The Borrower may earlier redeem some or all of the 2012 Senior Notes at redemption prices set forth in the indenture

governing the 2012 Senior Notes. The 2012 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2012 Senior Notes offering, we incurred \$12.6 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2012 Senior Notes.

2012 Term Loan and 2012 ABL Revolver:

On January 31, 2012, the Borrower also entered into a new senior secured credit facility, which consists of (i) a \$660.0 million term loan facility (the "2012 Term Loan") with a 7-year maturity and (ii) a \$50.0 million asset-based revolving credit facility (the "2012 ABL Revolver") with a 5-year maturity. In subsequent years, we have utilized portions of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by \$85.0 million to \$135.0 million and reduced our borrowing rate on the 2012 ABL Revolver by 0.25%. The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to the Borrower of \$650.1 million. In connection with these loan facilities, we incurred \$20.6 million of costs, which were capitalized as deferred financing costs and are being amortized over the terms of the facilities. The 2012 Term Loan is unconditionally guaranteed by Prestige Brands Holdings, Inc. and certain of its domestic 100% owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company.

On February 21, 2013, the Borrower entered into Amendment No. 1 (the "Term Loan Amendment No. 1") to the 2012 Term Loan. Term Loan Amendment No. 1 provided for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans (the "Term B-1 Loans"). The interest rate on the Term B-1 Loans under the Term Loan Amendment No. 1 was based, at the Borrower's option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin. The new Term B-1 Loans mature on the same date as the Term B Loans' original maturity date. In addition, Term Loan Amendment No. 1 provided the Borrower with certain additional capacity to prepay subordinated debt, the 2012 Senior Notes and certain other unsecured indebtedness permitted to be incurred under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver. In connection with Term Loan Amendment No. 1, during the fourth quarter ended March 31, 2013, we recognized a \$1.4 million loss on the extinguishment of debt.

On September 3, 2014, the Borrower entered into Amendment No. 2 ("Term Loan Amendment No. 2") to the 2012 Term Loan. Term Loan Amendment No. 2 provided for (i) the creation of a new class of Term B-2 Loans under the 2012 Term Loan (the "Term B-2 Loans") in an aggregate principal amount of \$720.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on (x) the Term B-1 Loans that was based, at the Borrower's option, on a LIBOR rate plus a margin of 3.125% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin, and (y) the Term B-2 Loans that was based, at the Borrower's option, on a LIBOR rate plus a margin of 3.50% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin (with a margin step-down to 3.25% per annum, based upon achievement of a specified secured net leverage ratio).

On May 8, 2015, the Borrower entered into Amendment No. 3 (the "Term Loan Amendment No. 3") to the 2012 Term Loan. Term Loan Amendment No. 3 provides for (i) the creation of a new class of Term B-3 Loans under the 2012 Term Loan (the "Term B-3 Loans") in an aggregate principal amount of \$852.5 million, which combined the current outstanding balances of the Term B-1 Loans of \$207.5 million and the Term B-2 Loans of \$645.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on the Term B-3 Loans that is based, at the Borrower's option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 0.75%, or an alternate base rate, with a floor of 1.75%, plus a margin. The maturity date of the Term B-3 Loans remains the same as the Term B-2 Loans' original maturity date of September 3, 2021.

The 2012 Term Loan, as amended, bears interest at a rate per annum equal to an applicable margin plus, at the Borrower's option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% and (d) a floor of 2.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, with a floor of 1.00%. For the three months

ended June 30, 2015, the average interest rate on the 2012 Term Loan was 4.8%.

Under the 2012 Term Loan, we were originally required to make quarterly payments each equal to 0.25% of the original principal amount of the 2012 Term Loan, with the balance expected to be due on the seventh anniversary of the closing date. However, since we entered into Term Loan Amendment No. 3, we are required to make quarterly payments each equal to 0.25% of the aggregate principal amount of \$852.5 million.

On September 3, 2014, the Borrower entered into Amendment No. 3 (“ABL Amendment No. 3”) to the 2012 ABL Revolver. ABL Amendment No. 3 provided for (i) a \$40.0 million increase in revolving commitments under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility. Borrowings under the 2012 ABL Revolver, as amended, bear interest at a rate per annum equal to an applicable margin, plus, at the Borrower's option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., or (c) the LIBOR rate

- 14-

determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs. The initial applicable margin for borrowings under the 2012 ABL Revolver is 1.75% with respect to LIBOR borrowings and 0.75% with respect to base-rate borrowings. The applicable margin for borrowings under the 2012 ABL Revolver may be increased to 2.00% or 2.25% for LIBOR borrowings and 1.00% or 1.25% for base-rate borrowings, depending on average excess availability under the 2012 ABL Revolver during the prior fiscal quarter. In addition to paying interest on outstanding principal under the 2012 ABL Revolver, we are required to pay a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate will be reduced to 0.375% per annum at any time when the average daily unused commitments for the prior quarter is less than a percentage of total commitments by an amount set forth in the credit agreement covering the 2012 ABL Revolver.

On June 9, 2015, the Borrower entered into Amendment No. 4 ("ABL Amendment No. 4") to the 2012 ABL Revolver. ABL Amendment No. 4 provides for (i) a \$35.0 million increase in the accordion feature under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief and (iii) extended the maturity date to June 9, 2020, which is five years from the effective date. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty. For the three months ended June 30, 2015, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 2.3%.

2013 Senior Notes:

On December 17, 2013, the Borrower issued \$400.0 million of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). The Borrower may redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. The 2013 Senior Notes are guaranteed by Prestige Brands Holdings, Inc. and certain of its 100% domestic owned subsidiaries, other than the Borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries or to make payments to the Borrower or the Company. In connection with the 2013 Senior Notes offering, we incurred \$7.2 million of costs, which were capitalized as deferred financing costs and are being amortized over the term of the 2013 Senior Notes.

Redemptions and Restrictions:

At any time prior to February 1, 2016, we may redeem the 2012 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of the notes redeemed, plus a "make-whole premium" calculated as set forth in the indenture governing the 2012 Senior Notes, together with accrued and unpaid interest, if any, to the date of redemption. On or after February 1, 2016, we may redeem the 2012 Senior Notes in whole or in part at redemption prices set forth in the indenture governing the 2012 Senior Notes. In addition, at any time prior to February 1, 2015, we could have redeemed up to 35% of the aggregate principal amount of the 2012 Senior Notes at a redemption price equal to 108.125% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of certain equity offerings, provided that certain conditions were met. Subject to certain limitations, in the event of a change of control, as defined in the indenture governing the 2012 Senior Notes, the Borrower will be required to make an offer to purchase the 2012 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2012 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

At any time prior to December 15, 2016, we may redeem the 2013 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of notes redeemed, plus an applicable "make-whole premium" calculated as set forth in the indenture governing the 2013 Senior Notes, together with accrued and unpaid interest, if any, to the date of redemption. On or after December 15, 2016, we may redeem some or all of the 2013 Senior Notes at redemption prices set forth in the indenture governing the 2013 Senior Notes. In addition, at any time prior to

December 15, 2016, we may redeem up to 35% of the aggregate principal amount of the 2013 Senior Notes at a redemption price equal to 105.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of certain equity offerings, provided that certain conditions are met. Subject to certain limitations, in the event of a change of control, as defined in the indenture governing the 2013 Senior Notes, the Borrower will be required to make an offer to purchase the 2013 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2013 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The indentures governing the 2012 Senior Notes and the 2013 Senior Notes contain provisions that restrict us from undertaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchases of common shares outstanding, changes of control, incurrences of indebtedness, issuance of equity, creation of liens, making of loans and transactions with affiliates. Additionally, the credit agreement with respect to the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2012 Senior Notes and the 2013 Senior Notes contain cross-default provisions, whereby a default pursuant to the

- 15-

terms and conditions of certain indebtedness will cause a default on the remaining indebtedness under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2012 Senior Notes and the 2013 Senior Notes. At June 30, 2015, we were in compliance with the covenants under our long-term indebtedness.

Effective April 1, 2015, the Company elected to change its method of presentation relating to debt issuance costs in accordance with ASU 2015-03. Prior to 2016, the Company's policy was to present these costs in other-long term assets on the balance sheet, net of accumulated amortization. Beginning in 2016, the Company has presented these fees as a direct deduction to the related long-term debt. As a result, we reclassified \$27.4 million of deferred financing costs as of March 31, 2015 from other long-term assets, which are currently presented as a direct deduction from the long-term debt liability.

At June 30, 2015, we had an aggregate \$33.5 million of unamortized debt costs, the total of which is comprised of \$8.3 million related to the 2012 Senior Notes, \$6.0 million related to the 2013 Senior Notes and \$19.2 million related to the 2012 Term Loan.

During the three months ended June 30, 2015, we had \$46.1 million outstanding on the 2012 ABL Revolver and a borrowing capacity of \$63.0 million.

Long-term debt consists of the following, as of the dates indicated:

(In thousands, except percentages)	June 30, 2015	March 31, 2015
2013 Senior Notes bearing interest at 5.375%, with interest payable on June 15 and December 15 of each year. The 2013 Senior Notes mature on December 15, 2021.	\$400,000	\$400,000
2012 Senior Notes bearing interest at 8.125%, with interest payable on February 1 and August 1 of each year. The 2012 Senior Notes mature on February 1, 2020.	250,000	250,000
2012 Term B-3 Loans bearing interest at the Borrower's option at either a base rate with a floor of 1.75% plus applicable margin or LIBOR with a floor of 0.75% plus applicable margin, due on September 3, 2021.	852,500	877,500
2012 ABL Revolver bearing interest at the Borrower's option at either a base rate plus applicable margin or LIBOR plus applicable margin. Any unpaid balance is due on June 9, 2020.	46,100	66,100
Total long-term debt (including current portion)	1,548,600	1,593,600
Current portion of long-term debt	8,525	—
Long-term debt	1,540,075	1,593,600
Less: unamortized debt costs	(33,534)	(32,327)
Long-term debt, net	\$1,506,541	\$1,561,273

As of June 30, 2015, aggregate future principal payments required in accordance with the terms of the 2012 Term Loan, 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and the 2012 Senior Notes are as follows:

(In thousands)	Amount
Year Ending March 31,	
2016 (remaining nine months ending March 31, 2016)	\$6,394
2017	8,525
2018	8,525
2019	8,525
2020	258,525

Thereafter	1,258,106
	\$1,548,600

10. Fair Value Measurements

For certain of our financial instruments, including cash, accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate their respective fair values due to the relatively short maturity of these amounts.

The Fair Value Measurements and Disclosures topic of the FASB ASC 820 requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market

- 16-

assuming an orderly transaction between market participants. The Fair Value Measurements and Disclosures topic established market (observable inputs) as the preferred source of fair value, to be followed by the Company's assumptions of fair value based on hypothetical transactions (unobservable inputs) in the absence of observable market inputs. Based upon the above, the following fair value hierarchy was created:

Level 1 - Quoted market prices for identical instruments in active markets;

Level 2 - Quoted prices for similar instruments in active markets, as well as quoted prices for identical or similar instruments in markets that are not considered active; and

Level 3 - Unobservable inputs developed by the Company using estimates and assumptions reflective of those that would be utilized by a market participant.

The market values have been determined based on market values for similar instruments adjusted for certain factors. As such, the Term B-3 Loans, the 2013 Senior Notes, the 2012 Senior Notes, and the 2012 ABL Revolver are measured in Level 2 of the above hierarchy. At June 30, 2015 and March 31, 2015, we did not have any assets or liabilities measured in Level 1 or 3. During the periods presented, there were no transfers of assets or liabilities between Levels 1, 2 and 3.

At June 30, 2015 and March 31, 2015, the carrying value of our 2013 Senior Notes was \$400.0 million. The fair value of our 2013 Senior Notes was \$398.5 million and \$405.0 million at June 30, 2015 and March 31, 2015, respectively.

At June 30, 2015 and March 31, 2015, the carrying value of our 2012 Senior Notes was \$250.0 million. The fair value of our 2012 Senior Notes was \$266.9 million and \$268.1 million at June 30, 2015 and March 31, 2015, respectively.

At June 30, 2015 and March 31, 2015, the carrying value of the Term B-3 Loans was \$852.5 million and \$877.5 million, respectively. The fair value of the Term B-3 Loans was \$851.4 million and \$880.5 million at June 30, 2015 and March 31, 2015, respectively.

At June 30, 2015 and March 31, 2015, the carrying value of the 2012 ABL Revolver was \$46.1 million and \$66.1 million, respectively. The fair value of the 2012 ABL revolver was \$45.9 million and \$65.7 million at June 30, 2015 and March 31, 2015, respectively.

11. Stockholders' Equity

The Company is authorized to issue 250.0 million shares of common stock, \$0.01 par value per share, and 5.0 million shares of preferred stock, \$0.01 par value per share. The Board of Directors may direct the issuance of the undesignated preferred stock in one or more series and determine preferences, privileges and restrictions thereof.

Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of outstanding stock having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock through June 30, 2015.

During the three months ended June 30, 2015 and 2014, we repurchased 39,429 shares and 33,740 shares, respectively, of restricted common stock from our employees pursuant to the provisions of various employee restricted stock awards. The repurchases for the three months ended June 30, 2015 and 2014 were at an average price of \$41.66 and \$33.03, respectively. All of the repurchased shares have been recorded as treasury stock.

12. Accumulated Other Comprehensive Loss

The table below presents accumulated other comprehensive loss (“AOCI”), which affects equity and results from recognized transactions and other economic events, other than transactions with owners in their capacity as owners. AOCI consisted of the following at June 30, 2015 and March 31, 2015:

(In thousands)	June 30, 2015	March 31, 2015
Components of Accumulated Other Comprehensive Loss		
Cumulative translation adjustment	\$(23,817	) \$(23,412)
Accumulated other comprehensive loss, net of tax	\$(23,817	) \$(23,412)

13. Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of shares of common stock outstanding plus the effect of potentially dilutive common shares outstanding during the period using the treasury stock method, which includes stock options, restricted stock awards, and restricted stock units. The following table sets forth the computation of basic and diluted earnings per share:

(In thousands, except per share data)	Three Months Ended June 30,	
	2015	2014
Numerator		
Net income	\$26,173	\$ 16,732
Denominator		
Denominator for basic earnings per share — weighted average shares outstanding	52,548	51,956