

CHURCH & DWIGHT CO INC /DE/

Form 10-Q

May 08, 2012

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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 quarter ended March 31, 2012

Commission file number 1-10585

CHURCH & DWIGHT CO., INC.

(Exact name of registrant as specified in its charter)

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Delaware **13-4996950**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
469 North Harrison Street, Princeton, N.J. 08543

(Address of principal executive offices)

Registrant's telephone number, including area code: (609) 683-5900

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

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 May 1, 2012, there were 138,901,222 shares of Common Stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

(In millions, except per share data)	Three Months Ended	
	March 31,	April 1,
	2012	2011
Net Sales	\$ 690.6	\$ 642.3
Cost of sales	388.1	354.2
Gross Profit	302.5	288.1
Marketing expenses	68.0	69.2
Selling, general and administrative expenses	91.8	87.8
Income from Operations	142.7	131.1
Equity in earnings of affiliates	2.5	2.2
Investment earnings	0.5	0.5
Other income, net	0.2	0.5
Interest expense	(2.7)	(2.7)
Income before Income Taxes	143.2	131.6
Income taxes	47.4	48.0
Net Income	95.8	83.6
Noncontrolling interest	0.0	0.0
Net Income attributable to Church & Dwight Co., Inc.	\$ 95.8	\$ 83.6
Weighted average shares outstanding - Basic	142.3	142.8
Weighted average shares outstanding - Diluted	144.9	145.3
Net income per share - Basic	\$ 0.67	\$ 0.59
Net income per share - Diluted	\$ 0.66	\$ 0.58
Cash dividends per share	\$ 0.24	\$ 0.17

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**(Unaudited)**

(In millions)	Three Months Ended	
	March 31,	April 1,
	2012	2011
Net Income	\$ 95.8	\$ 83.6
Other comprehensive income, net of tax:		
Foreign exchange translation adjustments	6.8	9.9

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Losses from derivative agreements	(0.1)	(0.2)
Other comprehensive income	6.7	9.7
Comprehensive income	102.5	93.3
Comprehensive income attributable to the noncontrolling interest	0.0	0.0
Comprehensive Income attributable to Church & Dwight Co., Inc.	\$ 102.5	\$ 93.3

See Notes to Consolidated Financial Statements.

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(Dollars in millions, except share and per share data)	March 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 232.4	\$ 251.4
Accounts receivable, less allowances of \$0.8 and \$1.8	270.6	264.6
Inventories	212.6	200.7
Deferred income taxes	5.9	6.0
Other current assets	37.8	32.5
Total Current Assets	759.3	755.2
Property, Plant and Equipment, Net	517.6	506.0
Equity Investment in Affiliates	15.1	12.0
Tradenames and Other Intangibles	899.5	904.1
Goodwill	868.4	868.4
Other Assets	75.4	71.9
Total Assets	\$ 3,135.3	\$ 3,117.6
Liabilities and Stockholders Equity		
Current Liabilities		
Short-term borrowings	\$ 0.1	\$ 2.6
Accounts payable and accrued expenses	373.4	379.3
Income taxes payable	31.6	1.7
Total Current Liabilities	405.1	383.6
Long-term Debt	249.8	249.7
Deferred Income Taxes	291.8	292.3
Deferred and Other Long-term Liabilities	113.9	106.2
Pension, Postretirement and Postemployment Benefits	44.5	45.0
Total Liabilities	1,105.1	1,076.8
Commitments and Contingencies		
Stockholders Equity		
Preferred Stock, \$1.00 par value, Authorized 2,500,000 shares; none issued	0.0	0.0
Common Stock, \$1.00 par value, Authorized 300,000,000 shares; 146,427,550 shares issued	146.4	146.4
Additional paid-in capital	280.9	271.7
Retained earnings	1,775.6	1,714.0
Accumulated other comprehensive income	9.6	2.9
	(182.5)	(94.4)

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Common stock in treasury, at cost:

5,623,525 shares in 2012 and 4,140,424 shares in 2011

Total Church & Dwight Co., Inc. Stockholders Equity	2,030.0	2,040.6
Noncontrolling interest	0.2	0.2
Total Stockholders Equity	2,030.2	2,040.8
Total Liabilities and Stockholders Equity	\$ 3,135.3	\$ 3,117.6

See Notes to Consolidated Financial Statements.

Table of Contents**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW****(Unaudited)**

(Dollars in millions)	Three Months Ended	
	March 31, 2012	April 1, 2011
Cash Flow From Operating Activities		
Net Income	\$ 95.8	\$ 83.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	12.8	12.6
Amortization expense	6.4	6.8
Deferred income taxes	1.5	13.3
Equity in earnings of affiliates	(2.5)	(2.2)
Distributions from unconsolidated affiliates	2.3	1.6
Non cash compensation expense	1.5	1.8
Other	(0.4)	(0.5)
Change in assets and liabilities:		
Accounts receivable	(4.7)	(15.0)
Inventories	(11.3)	(14.9)
Other current assets	(1.1)	(6.6)
Accounts payable and accrued expenses	(8.1)	(23.5)
Income taxes payable	32.4	25.2
Excess tax benefit on stock options exercised	(4.2)	(2.2)
Other liabilities	(6.5)	(0.5)
Net Cash Provided By Operating Activities	113.9	79.5
Cash Flow From Investing Activities		
Additions to property, plant and equipment	(15.1)	(6.8)
Investment interest in joint venture	(3.0)	0.0
Proceeds from note receivable	0.1	1.1
Other	(0.5)	(0.4)
Net Cash Used In Investing Activities	(18.5)	(6.1)
Cash Flow From Financing Activities		
Short-term debt repayments, net of borrowings	(2.5)	(90.0)
Proceeds from stock options exercised	5.4	5.8
Excess tax benefit on stock options exercised	4.2	2.2
Payment of cash dividends	(34.2)	(24.3)
Purchase of treasury stock	(90.3)	(0.1)
Net Cash Used In Financing Activities	(117.4)	(106.4)
Effect of exchange rate changes on cash and cash equivalents	3.0	2.9
Net Change In Cash and Cash Equivalents	(19.0)	(30.1)
Cash and Cash Equivalents at Beginning of Period	251.4	189.2
Cash and Cash Equivalents at End of Period	\$ 232.4	\$ 159.1

See Notes to Consolidated Financial Statements.

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW-CONTINUED