

CHURCH & DWIGHT CO INC /DE/
Form 10-Q
November 02, 2015

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 September 30, 2015

Commission file number 1-10585

CHURCH & DWIGHT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware 13-4996950
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
500 Charles Ewing Boulevard, Ewing, N.J. 08628

(Address of principal executive offices)

Registrant's telephone number, including area code: (609) 806-1200

Securities registered pursuant to Section 12(b) of the Act:

Name of each exchange

Title of each class on which registered
Common Stock, \$1 par value New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 October 29, 2015, there were 131,122,903 shares of Common Stock outstanding.

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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		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net Sales	\$861.8	\$ 841.8	\$2,521.2	\$ 2,432.1
Cost of sales	476.0	474.3	1,406.8	1,368.8
Gross Profit	385.8	367.5	1,114.4	1,063.3
Marketing expenses	92.8	96.6	297.4	297.8
Selling, general and administrative expenses	102.4	93.7	312.0	288.1
Income from Operations	190.6	177.2	505.0	477.4
Equity in earnings (losses) of affiliates	3.1	3.4	(8.4)	7.9
Investment earnings	0.2	0.6	1.2	1.7
Other income (expense), net	(0.8)	(1.1)	(4.4)	(1.6)
Interest expense	(7.4)	(6.9)	(22.9)	(20.5)
Income before Income Taxes	185.7	173.2	470.5	464.9
Income taxes	65.3	57.3	169.2	157.6
Net Income	\$120.4	\$ 115.9	\$301.3	\$ 307.3
Weighted average shares outstanding - Basic	131.1	133.7	131.3	135.5
Weighted average shares outstanding - Diluted	133.6	136.0	133.8	137.9
Net income per share - Basic	\$0.92	\$ 0.87	\$2.29	\$ 2.27
Net income per share - Diluted	\$0.90	\$ 0.85	\$2.25	\$ 2.23
Cash dividends per share	\$0.335	\$ 0.31	\$1.01	\$ 0.93

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,

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	2015	2014	2015	2014
Net Income	\$120.4	\$ 115.9	\$301.3	\$ 307.3
Other comprehensive income, net of tax:				
Foreign exchange translation adjustments	(13.1)	(19.3)	(17.8)	(14.8)
Defined benefit plan adjustments	0.0	0.0	3.9	0.7
Income (loss) from derivative agreements	2.3	0.9	3.7	0.0
Other comprehensive income	(10.8)	(18.4)	(10.2)	(14.1)
Comprehensive income	\$109.6	\$ 97.5	\$291.1	\$ 293.2

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except share and per share data)

	September 30, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$210.6	\$423.0
Accounts receivable, less allowances of \$0.9 and \$1.9	330.7	322.9
Inventories	274.3	245.9
Deferred income taxes	14.3	14.4
Other current assets	21.8	26.3
Total Current Assets	851.7	1,032.5
Property, Plant and Equipment, Net	610.0	616.2
Equity Investment in Affiliates	7.9	24.8
Trade Names and Other Intangibles, Net	1,279.5	1,272.4
Goodwill	1,354.3	1,325.0
Other Assets	114.4	110.4
Total Assets	\$4,217.8	\$4,381.3
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	\$25.0	\$146.7
Current portion of long-term debt	250.0	249.9
Accounts payable and accrued expenses	486.3	507.7
Income taxes payable	21.7	1.0
Total Current Liabilities	783.0	905.3
Long-term Debt	706.0	698.6
Deferred Income Taxes	495.1	484.1
Deferred and Other Long-term Liabilities	157.0	163.1
Pension, Postretirement and Postemployment Benefits	27.1	28.3
Total Liabilities	2,168.2	2,279.4
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	374.1	364.8
Retained earnings	2,584.8	2,414.9
Accumulated other comprehensive loss	(44.9)	(34.7)
Common stock in treasury, at cost: 15,434,991 shares in 2015 and 13,075,944 shares in 2014	(1,010.8)	(789.5)

Total Stockholders' Equity	2,049.6	2,101.9
Total Liabilities and Stockholders' Equity	\$4,217.8	\$4,381.3

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

(In millions)

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Cash Flow From Operating Activities		
Net Income	\$301.3	\$ 307.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	44.1	43.3
Amortization expense	32.2	24.4
Deferred income taxes	20.4	