

Spectrum Brands Holdings, Inc.
Form 10-Q
August 18, 2010
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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 quarterly period ended July 4, 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 001-34757

Spectrum Brands Holdings, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

27-2166630
(I.R.S. Employer
Identification Number)

601 Rayovac Drive

Madison, Wisconsin
(Address of principal executive offices)

53711
(Zip Code)

(608) 275-3340

(Registrant's telephone number, including area code)

N/A

(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 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 the 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

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of August 13, 2010, was 51,020,426.

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SPECTRUM BRANDS HOLDINGS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR QUARTER ENDED July 4, 2010

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Financial Position****July 4, 2010 and September 30, 2009****(Unaudited)****(Amounts in thousands, except per share figures)**

	July 4, 2010	Successor Company September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,941	\$ 97,800
Receivables:		
Trade accounts receivable, net of allowances of \$8,825 and \$1,011, respectively	378,694	274,483
Other	43,395	24,968
Inventories	514,415	341,505
Deferred income taxes	27,953	28,137
Assets held for sale	12,238	11,870
Prepaid expenses and other	47,354	39,973
Total current assets	1,139,990	818,736
Property, plant and equipment, net	189,333	212,361
Deferred charges and other	33,271	34,934
Goodwill	590,926	483,348
Intangible assets, net	1,754,439	1,461,945
Debt issuance costs	59,390	9,422
Total assets	\$ 3,767,349	\$ 3,020,746
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	\$ 46,261	\$ 53,578
Accounts payable	257,898	186,235
Accrued liabilities:		
Wages and benefits	79,281	88,443
Income taxes payable	35,287	21,950
Restructuring and related charges	22,099	26,104
Accrued interest	8,086	8,678
Other	124,826	110,080
Total current liabilities	573,738	495,068
Long-term debt, net of current maturities	1,734,746	1,529,957
Employee benefit obligations, net of current portion	66,045	55,855
Deferred income taxes	269,112	227,498
Other	57,010	51,489
Total liabilities	2,700,651	2,359,867
Commitments and contingencies		
Shareholders' equity:	514	300

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Common stock, \$.01 par value, authorized 150,000 shares; issued 51,020 and 30,000 shares, respectively;
outstanding 51,020 and 30,000 shares, respectively

Additional paid-in capital	1,312,059	724,796
Accumulated deficit	(236,575)	(70,785)
Accumulated other comprehensive (loss) income	(7,093)	6,568
	1,068,905	660,879
Less treasury stock, at cost, 81 and 0 shares, respectively	(2,207)	
Total shareholders' equity	1,066,698	660,879
Total liabilities and shareholders' equity	\$ 3,767,349	\$ 3,020,746

See accompanying notes which are an integral part of these condensed consolidated financial statements

(Unaudited).

Table of Contents**SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Operations****For the three and nine month periods ended July 4, 2010 and June 28, 2009****(Unaudited)****(Amounts in thousands, except per share figures)**

	Successor Company THREE MONTHS ENDED	Predecessor Company THREE MONTHS ENDED	Successor Company NINE MONTHS ENDED	Predecessor Company NINE MONTHS ENDED
	2010	2009	2010	2009
Net sales	\$ 653,486	\$ 589,361	\$ 1,778,012	\$ 1,641,126
Cost of goods sold	398,727	358,661	1,125,571	1,022,914
Restructuring and related charges	1,890	403	5,530	13,210
Gross profit	252,869	230,297	646,911	605,002
Selling	112,380	95,039	327,832	301,220
General and administrative	53,821	42,375	139,965	116,822
Research and development	7,078	6,313	21,346	17,638
Acquisition and integration related charges	17,002		22,472	
Restructuring and related charges	2,954	2,829	11,132	27,190
Total operating expenses	193,235	146,556	522,747	462,870
Operating income	59,634	83,741	124,164	142,132
Interest expense	132,238	48,649	230,130	148,559
Other expense (income), net	1,443	(841)	8,427	3,546
(Loss) income from continuing operations before reorganization items and income taxes	(74,047)	35,933	(114,393)	(9,973)
Reorganization items expense, net		62,521	3,646	83,832
Loss from continuing operations before income taxes	(74,047)	(26,588)	(118,039)	(93,805)
Income tax expense	12,460	7,893	45,016	31,842
Loss from continuing operations	(86,507)	(34,481)	(163,055)	(125,647)
Loss from discontinued operations, net of tax		(2,040)	(2,735)	(83,980)
Net loss	\$ (86,507)	\$ (36,521)	\$ (165,790)	\$ (209,627)
Basic earnings per share:				
Weighted average shares of common stock outstanding	34,133	51,397	31,348	51,437
Loss from continuing operations	\$ (2.53)	\$ (0.67)	\$ (5.20)	\$ (2.44)
Loss from discontinued operations		(0.04)	(0.09)	(1.63)
Net loss	\$ (2.53)	\$ (0.71)	\$ (5.29)	\$ (4.07)
Diluted earnings per share:				
Weighted average shares and equivalents outstanding	34,133	51,397	31,348	51,437

Loss from continuing operations