

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. [0000313927-95-000005](#)

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FILER

CHURCH & DWIGHT CO INC /DE/

CIK: **313927** | IRS No.: **134996950** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10585** | Film No.: **95536138**
SIC: **2810** Industrial inorganic chemicals

Mailing Address

*469 N HARRISON STREET
PRINCETON NJ 08543-5297*

Business Address

*469 N HARRISON ST
PRINCETON NJ 08543-5297
6096835900*

Selling, general and administrative expenses	49,520	45,542
Income/(Loss) from Operations	(250)	1,778
Equity in joint venture income	2,429	1,621
Investment income	264	189
Gain on disposal of product lines	102	103
Other income	31	164
Interest expense	(438)	(24)
Income before taxes	2,138	3,831
Income taxes	995	1,412
Net Income	1,143	2,419
Retained earnings at beginning of period	167,901	170,434
	169,044	172,853
Dividends paid	2,148	2,210
Retained earnings at end of period	\$166,896	\$170,643
Weighted average shares outstanding	19,533	20,071
Earnings Per Share:		
Net income per share	\$.06	\$.12

</TABLE>

2 of 8

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

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March 31,
1995

December 31,
1994

(Dollars in thousands)

(Unaudited)

Assets

Current Assets

Cash and cash equivalents	\$6,983	\$4,659
Short-term investments	-	2,976
Accounts receivable	43,386	44,404
Inventories (Note 2)	51,908	54,683
Deferred income taxes	11,807	11,927
Prepaid expenses	6,402	5,663
Total Current Assets	120,486	124,312
Property, Plant and Equipment (Note 3)	140,506	138,460
Note Receivable from Joint Venture	11,000	11,000
Equity Investment in Joint Venture	14,091	13,868
Long-Term Supply Contracts	4,256	4,391
Intangibles, principally Goodwill	3,556	3,556
Total Assets	\$293,895	\$295,587

Liabilities and Stockholders' Equity

Current Liabilities

Short-term borrowings	\$21,000	\$25,000
Accounts payable and accrued expenses	74,844	72,974

Income taxes payable	2,489	1,802
Total Current Liabilities	98,333	99,776
Long-Term Debt	7,500	7,500
Deferred Income Taxes	20,193	19,994
Deferred Income	236	339
Deferred Liabilities	1,293	1,176
Nonpension Postretirement and Postemployment Benefits	13,085	12,861
Stockholders' Equity		
Preferred Stock - \$1 par value		
Authorized 2,500,000 shares, none issued	-	-
Common Stock - \$1 par value		
Authorized 100,000,000 shares, issued		
23,330,494 shares	23,330	23,330
Additional paid-in capital	32,835	32,823
Retained earnings	166,896	167,901
Cumulative translation adjustments	(608)	(741)
	222,453	223,313
Less common stock in treasury, at cost -		
3,787,799 shares in 1995 and		
3,803,659 shares in 1994	69,198	69,372
Total Stockholders' Equity	153,255	153,941
Total Liabilities and Stockholders' Equity	\$293,895	\$295,587

</TABLE>

3 of 8

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

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Three Months Ended
March 31, April 1,
1995 1994

(Dollars in thousands)

Cash Flow From Operating Activities		
Net Income	\$1,143	\$2,419
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	3,211	3,143
Deferred income taxes	313	(2,054)
Equity in joint venture income	(2,429)	(1,621)
Gain on asset disposals	(102)	(103)
Other	8	(87)

Change in assets and liabilities:		
Decrease in short-term investments	2,976	2,000
(Increase) decrease in accounts receivable	1,084	(3,102)
(Increase) decrease in inventories	2,805	(2,280)
(Increase) in prepaid expenses	(736)	(1,164)
Increase (decrease) in accounts payable	1,815	(1,714)
Increase in income taxes payable	682	5,584
Increase in other liabilities	340	225
Net Cash Provided By Operating Activities	11,110	1,246
Cash Flow From Investing Activities		
Additions to property, plant and equipment	(5,031)	(5,763)
Distributions from joint venture	2,207	1,517
Net Cash Used In Investing Activities	(2,824)	(4,246)
Cash Flow From Financing Activities		
Short-term borrowing/(repayments)	(4,000)	8,000
Payment of cash dividends	(2,148)	(2,210)
Proceeds from stock options exercised	217	124
Purchase of treasury stock	(31)	(2,427)
Net Cash Provided by (Used In) Financing Activities	(5,962)	3,487
Net Change In Cash and Cash Equivalents	2,324	487
Cash And Cash Equivalents At Beginning Of Year	4,659	5,581
Cash And Cash Equivalents At End Of Period	\$6,983	\$6,068

</TABLE>

4 of 8

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The consolidated balance sheet as of March 31, 1995, the consolidated statements of income and retained earnings for the three months ended March 31, 1995 and April 1, 1994, and the consolidated statements of cash flow for the three months then ended have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flow at March 31, 1995 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December

31, 1994 annual report to shareholders. The results of operations for the period ended March 31, 1995 are not necessarily indicative of the operating results for the full year.

<TABLE>

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2. Inventories consist of the following: (in thousands)	March 31, 1995	Dec. 31, 1994
Raw materials and supplies	\$12,068	\$12,237
Work in process	131	103
Finished goods	39,709	42,343
	\$51,908	\$54,683

</TABLE>

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3. Property, Plant and Equipment consist of the following: (in thousands)	March 31, 1995	Dec. 31, 1994
Land	\$3,110	\$3,107
Buildings and improvements	59,895	59,874
Machinery and equipment	135,722	135,188
Office equipment and other assets	13,355	13,324
Mineral rights	5,020	5,020
Construction in progress	10,433	5,859
	227,535	222,372
Less accumulated depreciation and amortization	87,029	83,912
Net Property, Plant and Equipment	\$140,506	\$138,460

</TABLE>

5 of 8

4. Equity Investment in Joint Venture

The following table reflects summarized financial information for the Armand Products Company joint venture. The Company accounts for its 50 percent interest in the joint venture under the equity method. Product and services are provided to the Armand Products Company by the joint venture partners at cost. As a result, the following information would not be indicative of the financial position or results of operation had the joint venture operated on a stand-alone basis.

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<S>	<C>	<C>
(in thousands)	Three Months Ended March 31, 1995	April 1, 1994
Net sales	\$13,298	\$10,803

Gross profit	5,447	3,818
Net income	4,632	3,016
Company's share in net income	2,316	1,508
Elimination of Company's share of intercompany interest expense	113	113
Equity in joint venture income	\$2,429	\$1,621

5. Restructuring Charge

In 1993 and 1994 the Company recorded restructuring charges in connection with a cost reduction program and the write-off of assets related to discontinued products and plant consolidations. Components of the outstanding reserve balances included in accounts payable and accrued expenses consist of the following:

(in thousands)	Reserves at December 31, 1994	Disposals/ Payments	Reserves at March 31, 1995
Fixed asset removal and demolition	\$992	\$144	\$848
Severance and related	2,154	1,062	1,092
Other	1,233	-	1,233
	\$4,379	\$1,206	\$3,173

6. Net income per share is computed based upon the weighted average number of common shares outstanding during the period. Common equivalent shares have been excluded because their effect was not material.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

For the quarter ended March 31, 1995, net income was \$1.1 million or \$.06 per share. This compares with \$2.4 million or \$.12 per share for the first quarter of 1994.

Net sales for the quarter were \$118.0 million, representing an increase of \$6.5 million or 5.8% versus the same period of 1994. The increase is primarily due to unit volume associated with ARM & HAMMER (registered trademark) Deodorant Anti-Perspirant, which was in the early stages of its national introduction a year ago, and increased unit volume of ARM & HAMMER Powder Laundry Detergent. These increases were partially offset by lower sales of ARM & HAMMER Liquid Laundry Detergent and lower unit volume of ARM & HAMMER DENTAL CARE (registered trademark). Specialty Product sales increased as well, led by a strong performance of the Company's Brotherton

Speciality Products Ltd. subsidiary in the U.K., offset by weakness in the agricultural business due to a very competitive low-end marketplace.

Gross margin was 41.8% in the first quarter, as compared with 42.4% in the first quarter of 1994. This decline is primarily due to a weaker product mix associated with lower unit volume of ARM & HAMMER DENTAL CARE, and to a lesser extent, higher manufacturing costs.

Selling, general and administrative expenses were up \$4.0 million or 8.7% in the current quarter compared to a year ago mostly due to higher levels of advertising and promotion in support of ARM & HAMMER DENTAL CARE and ARM & HAMMER Deodorant Anti-Perspirant. This increase was somewhat offset by lower promotion costs associated with concentrated ARM & HAMMER Liquid Laundry Detergent which was first being introduced in the same period last year.

The Company's Armand Products Company joint venture had a very strong quarter with sales increasing by 23% resulting in a \$.8 million increase in equity earnings compared to the first quarter of 1994.

Interest payments were significantly higher in the first quarter as compared to the first quarter of a year ago as a result of an increase in short-term borrowing, while investment income was flat.

The effective tax rate for the current quarter was 46.5%, up from 36.9% from a year ago. This increase reflects the impact of foreign operating losses for which tax benefits were not recognizable.

Liquidity and Capital Resources

The Company considers cash and short-term investments as the principal measurement of its liquidity. At March 31, 1995, cash including cash equivalents and short-term investments totaled \$7.0 million as compared to \$7.6 million at December 31, 1994.

During the first quarter of 1995, the Company generated \$11.1 million of positive cash flow from operating activities and received \$2.2 million in distributions from its Armand Products joint venture. Significant expenditures included additions to property, plant and equipment of \$5.0 million, the payment of cash dividends of \$2.1 million, and the repayment of \$4.0 million of short-term borrowings.

PART II - Other Information

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed for the three months ended March 31, 1995.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHURCH & DWIGHT CO., INC.
(REGISTRANT)

DATE: May 5, 1995

/s/ Anthony P. Deasey
ANTHONY P. DEASEY
VICE PRESIDENT FINANCE

DATE: May 5, 1995

/s/ Mark L. Stolp
MARK L. STOLP
CONTROLLER

8 of 8

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