

CHURCH & DWIGHT CO INC /DE/  
Form 8-K  
August 10, 2004

---

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

## FORM 8-K

---

### CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 10, 2004

---

## Church & Dwight Co., Inc.

(Exact name of Registrant as Specified in Charter)

---

Delaware  
(State or Other Jurisdiction of

1-10585  
(Commission File Number)

13-4996950  
(IRS Employer

Incorporation)

Identification No.)

469 North Harrison Street, Princeton, New Jersey  
(Address of principal executive offices)

08543  
Zip Code

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

N/A

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

---

**ITEM 5. OTHER EVENTS.**

Set forth below is unaudited capsule information for the quarter and six months ended July 2, 2004 and June 27, 2003:

**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Income (Unaudited)**

	Three Months Ended		Six Months Ended	
	July 2, 2004	June 27, 2003	July 2, 2004	June 27, 2003
<i>(In thousands, except per share data)</i>				
<b>Net Sales</b>	<b>\$ 340,785</b>	\$ 256,263	<b>\$ 636,776</b>	\$ 504,561
Cost of sales	<b>221,109</b>	176,690	<b>420,538</b>	351,154
<b>Gross profit</b>	<b>119,676</b>	79,573	<b>216,238</b>	153,407
Marketing expenses	<b>36,118</b>	26,288	<b>60,306</b>	43,231
Selling, general and administrative expenses	<b>42,130</b>	28,236	<b>76,044</b>	56,346
<b>Income from Operations</b>	<b>41,428</b>	25,049	<b>79,888</b>	53,830
Equity in earnings of affiliates	<b>2,792</b>	12,528	<b>12,616</b>	20,680
Other income (expense), net	<b>(14,755)</b>	(3,753)	<b>(18,397)</b>	(8,624)
Income before minority interest and taxes	<b>29,465</b>	33,824	<b>74,107</b>	65,886
Income taxes	<b>9,885</b>	9,192	<b>24,615</b>	20,299
Minority Interest	<b>7</b>	6	<b>13</b>	15
<b>Net Income</b>	<b>\$ 19,573</b>	\$ 24,626	<b>\$ 49,479</b>	\$ 45,572
<b>Net Income per share - Basic</b>	<b>\$ 0.48</b>	\$ 0.61	<b>\$ 1.21</b>	\$ 1.14
<b>Net Income per share - Diluted</b>	<b>\$ 0.45</b>	\$ 0.59	<b>\$ 1.15</b>	\$ 1.09
Dividend per share	<b>\$ 0.08</b>	\$ 0.075	<b>\$ 0.16</b>	\$ 0.15
Weighted average shares outstanding - Basic	<b>41,064</b>	40,132	<b>40,973</b>	40,039
Weighted average shares outstanding - Diluted	<b>43,232</b>	42,072	<b>43,115</b>	41,967

**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets (Unaudited)**

*(Dollars in thousands)*

July 2, 2004

June 27, 2003

<b>Assets</b>		
<b>Current Assets</b>		
Cash, equivalents and securities	\$ 119,561	\$ 54,011
Accounts receivable	206,093	102,383
Inventories	157,981	86,535
Other current assets	34,879	23,624
<b>Total Current Assets</b>	<b>518,514</b>	<b>266,553</b>
Property, Plant and Equipment (Net)	327,293	244,839
Equity Investment in Affiliates	13,663	148,479
Intangibles and other assets	995,307	332,796
<b>Total Assets</b>	<b>\$ 1,854,777</b>	<b>\$ 992,667</b>
<b>Liabilities and Stockholders Equity</b>		
Short-Term Debt	\$ 74,613	\$ 66,481
Other Current Liabilities	260,567	170,425
<b>Total Current Liabilities</b>	<b>335,180</b>	<b>236,906</b>
Long-Term Debt	858,234	253,243
Other Long-Term Liabilities	166,181	105,169
Stockholders Equity	495,182	397,349
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 1,854,777</b>	<b>\$ 992,667</b>

### SUPPLEMENTARY INFORMATION

Results for the quarter ended July 2, 2004 include pretax accounting charges of \$12.1 million or \$0.17 per share resulting from Church & Dwight's acquisition of the remaining 50% interest in Armkel, LLC that it did not previously own, on May 28, 2004, which are described below. Results for the quarter ended June 27, 2003 included a net \$0.13 per share gain primarily related to the settlement of litigation and the release of prior year tax reserves resulting from the settlement of a state tax dispute.

Second quarter 2004 sales include sales of \$43.5 million for the former Armkel business since its acquisition, and sales of \$28.1 million for the former Unilever oral care business in North America acquired late last year. For the first six months of 2004, sales increased, primarily due to combined sales of \$101.7 million for the acquired Armkel and oral care businesses.

Second quarter 2004 gross profit margin of 35.1% was 4.0% higher than last year, mostly due to the addition of the higher margin Armkel and oral care businesses. This year's results also include a \$4.1 million pretax or \$0.06 per share inventory step-up accounting charge related to the acquisition of the Armkel business. For the six months period ended July 2, 2004, gross margin was 34.0% compared to last year's 30.4%.

Second quarter 2004 marketing spending, and selling, general and administrative expenses, were both significantly higher than last year primarily due to the Armkel and oral care acquisitions.

## Edgar Filing: CHURCH & DWIGHT CO INC /DE/ - Form 8-K

Second quarter 2004 income from operations of \$41.4 million was \$16.4 million higher than last year's \$25.0 million, mostly due to the Armkel and oral care acquisitions.

The \$9.7 million reduction in earnings from affiliates for the second quarter of 2004 reflects Church & Dwight's consolidation of the Armkel results since the date of acquisition, as well as the effect of a pre-acquisition \$4.9 million impairment charge incurred by Armkel for a trademark used in its European business.

The \$11.0 million increase in other expense for the three months ended July 2, 2004 includes an \$8.0 million pretax or \$0.11 per share accounting charge for the write-off of deferred financing costs incurred by Church & Dwight and Armkel on preexisting debt which was refinanced as part of the Armkel buyout. The remaining \$3.0 million primarily consists of interest costs on the debt assumed by Church & Dwight after the buyout.

At quarter-end, the Company had total outstanding debt of \$932.8 million, and cash of \$119.6 million, for a net debt position of \$813.2 million. During the past year, the Company has invested approximately \$360 million in making the acquisitions of the Unilever oral care business in North America and the remaining 50% interest in Armkel.

**SIGNATURE**

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 hereunto duly authorized.

**CHURCH & DWIGHT CO., INC.**

Date: August 10, 2004

By:           /s/ JAMES R. CRAIGIE          

Name: JAMES R. CRAIGIE

Title: President and Chief Executive Officer