

NEWELL BRANDS INC
Form 10-Q
August 09, 2016
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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 June 30, 2016
Commission File Number 1-9608
NEWELL BRANDS INC.
(Exact name of registrant as specified in its charter)

DELAWARE 36-3514169
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
6655 Peachtree Dunwoody Road
Atlanta, Georgia 30328
(Address of principal executive offices)
(Zip Code)
(770) 418-7000
(Registrant's telephone number, including area code)

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 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
(Do not check if a 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

Number of shares of common stock outstanding (net of treasury shares) as of June 30, 2016: 482.2 million.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWELL BRANDS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Net sales	\$3,858.6	\$1,560.9	\$5,173.5	\$2,824.9
Cost of products sold	2,762.9	939.9	3,572.2	1,716.4
GROSS PROFIT	1,095.7	621.0	1,601.3	1,108.5
Selling, general and administrative expenses	947.0	393.0	1,309.5	755.0
Restructuring costs	11.0	13.3	28.7	40.6
OPERATING INCOME	137.7	214.7	263.1	312.9
Nonoperating (income) expenses:				
Interest expense, net	126.7	18.1	156.1	37.3
Loss related to extinguishment of debt/credit facility	1.2	—	47.1	—
Other (income) expense, net	(160.5)	5.0	(162.0)	5.1
Net nonoperating (income) expenses	(32.6)	23.1	41.2	42.4
INCOME BEFORE INCOME TAXES	170.3	191.6	221.9	270.5
Income tax expense	34.5	43.5	45.8	65.5
INCOME FROM CONTINUING OPERATIONS	135.8	148.1	176.1	205.0
(Loss) income from discontinued operations, net of tax	(0.6)	0.4	(0.4)	(2.4)
NET INCOME	\$135.2	\$148.5	\$175.7	\$202.6
Weighted average shares outstanding:				
Basic	448.3	269.7	358.5	270.1
Diluted	450.2	271.7	360.1	272.2
Earnings per share:				
Basic:				
Income from continuing operations	\$0.30	\$0.55	\$0.49	\$0.76
(Loss) income from discontinued operations	\$—	\$—	\$—	\$(0.01)
Net income	\$0.30	\$0.55	\$0.49	\$0.75
Diluted:				
Income from continuing operations	\$0.30	\$0.55	\$0.49	\$0.75
(Loss) income from discontinued operations	\$—	\$—	\$—	\$(0.01)
Net income	\$0.30	\$0.55	\$0.49	\$0.74
Dividends per share	\$0.19	\$0.19	\$0.38	\$0.38

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL BRANDS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
 (Amounts in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
NET INCOME	\$135.2	\$148.5	\$175.7	\$202.6
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(26.7)	37.2	(15.8)	(68.3)
Change in unrecognized pension and other postretirement costs	9.1	(3.4)	15.8	7.8
Derivative hedging gain (loss)	10.6	(6.4)	(47.4)	(5.3)
Total other comprehensive (loss) income, net of tax	(7.0)	27.4	(47.4)	(65.8)
COMPREHENSIVE INCOME ⁽¹⁾	\$128.2	\$175.9	\$128.3	\$136.8

(1) Comprehensive income (loss) attributable to noncontrolling interests was not material.

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL BRANDS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
 (Amounts in millions, except par values)

	June 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$627.3	\$ 274.8
Accounts receivable, net	2,876.6	1,250.7
Inventories, net	2,908.7	721.8
Prepaid expenses and other	406.6	147.8
Assets held for sale	—	98.4
TOTAL CURRENT ASSETS	6,819.2	2,493.5
PROPERTY, PLANT AND EQUIPMENT, NET	1,709.1	599.2
GOODWILL	11,980.9	2,791.2
OTHER INTANGIBLE ASSETS, NET	12,953.3	1,063.7
DEFERRED INCOME TAXES	64.9	38.5
OTHER ASSETS	427.9	273.4
TOTAL ASSETS	\$33,955.3	\$ 7,259.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,566.8	\$ 642.4
Accrued compensation	334.9	185.2
Other accrued liabilities	1,340.3	728.9
Short-term debt and current portion of long-term debt	943.0	388.8
Liabilities held for sale	—	43.3
TOTAL CURRENT LIABILITIES	4,185.0	1,988.6
LONG-TERM DEBT	12,044.8	2,669.1
DEFERRED INCOME TAXES	4,559.4	226.6
OTHER NONCURRENT LIABILITIES	1,823.0	548.8
COMMITMENTS AND CONTINGENCIES (Footnote 17)		
STOCKHOLDERS' EQUITY:		
Preferred stock, authorized shares, 10.0 at \$1.00 par value None issued and outstanding	—	—
Common stock, authorized shares, 800.0 at \$1.00 par value Outstanding shares, before treasury: 2016 – 503.1 2015 – 287.5	503.1	287.5
Treasury stock, at cost: Shares held: 2016 – 20.9 2015 – 20.3	(544.0)	(523.1)
Additional paid-in capital	10,110.5	801.4
Retained earnings	2,122.3	2,090.9
Accumulated other comprehensive loss	(881.2)	(833.8)
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO PARENT	11,310.7	1,822.9
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	32.4	3.5
TOTAL STOCKHOLDERS' EQUITY	11,343.1	1,826.4
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$33,955.3	\$ 7,259.5

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL BRANDS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 (Amounts in millions)

	Six Months Ended June 30,	
	2016	2015
OPERATING ACTIVITIES:		
Net income	\$ 175.7	\$ 202.6
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	169.2	85.5
Net gain from sale of businesses	(161.9)	—
Loss related to extinguishment of debt/credit facility	47.1	—
Non-cash restructuring costs	1.8	(0.5)
Deferred income taxes	60.1	11.5
Stock-based compensation expense	29.1	14.1
Other, net	9.5	15.4
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:		
Accounts receivable	(255.8)	(77.4)
Inventories	314.6	(245.9)
Accounts payable	243.3	91.6
Accrued liabilities and other	(307.1)	(148.7)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	325.6	(51.8)
INVESTING ACTIVITIES:		
Proceeds from sale of divested businesses and noncurrent assets	239.0	5.1
Acquisitions and acquisition-related activity	(8,597.7)	(2.0)
Capital expenditures	(163.9)	(85.8)
Other investing activities	3.9	5.7
NET CASH USED IN INVESTING ACTIVITIES	(8,518.7)	(77.0)
FINANCING ACTIVITIES:		
Net short-term borrowings	47.2	386.0
Proceeds from issuance of debt, net of debt issuance costs	9,414.6	—
Payments on and for the settlement of notes payable and debt	(750.0)	—
Repurchase and retirement of shares of common stock	—	(124.0)
Cash dividends	(145.0)	(104.4)
Excess tax benefits related to stock-based compensation	10.3	17.5
Equity compensation activity and other, net	(17.9)	(12.5)
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,559.2	162.6
Exchange rate effect on cash and cash equivalents	(13.6)	5.5
INCREASE IN CASH AND CASH EQUIVALENTS	352.5	39.3
Cash and cash equivalents at beginning of period	274.8	199.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 627.3	\$ 238.7
Supplemental non-cash disclosures:		
Common stock issued for Jarden Acquisition	\$ 9,480.3	\$ —
Debt assumed, at fair value, in the Jarden Acquisition	\$ 1,124.0	\$ —
See Notes to Condensed Consolidated Financial Statements (Unaudited).		

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NEWELL BRANDS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Footnote 1 — Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Newell Brands Inc. (formerly Newell Rubbermaid Inc., and collectively with its subsidiaries, the “Company”) have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) and do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (including normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations of the Company. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the financial statements, and the footnotes thereto, included in the Company’s most recent Annual Report on Form 10-K. The condensed consolidated balance sheet as of December 31, 2015 has been derived from the audited financial statements as of that date, but it does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Supplemental Information

Interest expense is net of interest income of \$0.7 million and \$1.2 million for the three months ended June 30, 2016 and 2015, respectively, and \$1.0 million and \$2.4 million, for the six months ended June 30, 2016 and 2015, respectively.

Seasonal Variations

Sales of the Company’s products tend to be seasonal, with sales, operating income and operating cash flow in the first quarter generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the first quarter. The seasonality of the Company’s sales volume combined with the accounting for fixed costs, such as depreciation, amortization, rent, personnel costs and interest expense, impacts the Company’s results on a quarterly basis. In addition, the Company tends to generate the majority of its operating cash flow in the second, third and fourth quarters of the year due to seasonal variations in operating results, the timing of annual performance-based compensation payments, customer program payments, working capital requirements and credit terms provided to customers. Accordingly, the Company’s results of operations for the six months ended June 30, 2016 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2016.

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB’s Accounting Standards Codification. The Company considers the applicability and impact of all ASUs.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers. Accounting Standard Codification 605 — Revenue Recognition.” ASU 2014-09 supersedes the revenue recognition requirements in “Accounting Standard Codification 605 — Revenue Recognition” and most industry-specific guidance. ASU 2014-09 requires that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Company is currently assessing the impact ASU 2014-09 will have on its financial position and results of operations.

In January 2015, the FASB issued ASU No. 2015-01, “Income Statement—Extraordinary and Unusual Items (Subtopic 225-20), Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items,” which simplifies income statement presentation by eliminating the concept of extraordinary items. Previously, events or transactions that were both unusual in nature and infrequent in occurrence for a business entity were considered to be extraordinary items and required separate presentation, net of tax, after income from continuing operations. The presentation and disclosure guidance for items that are unusual in nature or occur infrequently was retained and expanded to include items that are both unusual and infrequently occurring. The guidance is effective for fiscal years beginning after December 15, 2015. The Company adopted ASU 2015-01 on January 1, 2016, and the adoption of

ASU 2015-01 did not have a material impact on the Company's results of operations, cash flows or financial position. In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct reduction from the related debt liability rather than as an asset. Amortization of the costs continues to be reported as interest expense. The guidance is effective for fiscal years beginning after December 15, 2015. The Company retrospectively

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adopted ASU 2015-03 on January 1, 2016, and the retrospective adoption of ASU 2015-03 had the effect of reducing the Company's other assets and long-term debt by \$18.5 million as of December 31, 2015.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles - Goodwill and Other -Internal-Use Software (Subtopic 350-40), Customers Accounting for Fees Paid in a Cloud Computing Arrangement," to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The amendments provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license element, then the customer should account for the software license element arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The Company prospectively adopted this guidance as of January 1, 2016, and the adoption did not have a material impact on the Company's results of operations, cash flows or financial condition.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory," which modifies existing requirements regarding measuring first-in, first-out and average cost inventory at the lower of cost or market. Under existing standards, the market amount requires consideration of replacement cost, net realizable value ("NRV"), and NRV less an approximately normal profit margin. ASU 2015-11 replaces market with NRV, defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This eliminates the need to determine and consider replacement cost or NRV less an approximately normal profit margin when measuring inventory. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is currently assessing the impact ASU 2015-11 will have on its financial position and results of operations.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. ASU 2016-02 is effective for the Company on January 1, 2019. The Company is currently assessing the impact ASU 2016-02 will have on its financial position and results of operations.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation: Improvement to Employee Share-Based Payment Accounting." ASU 2016-09 provides guidance intended to simplify accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact of the updated guidance on its consolidated financial statements.

Other recently issued ASUs were assessed and determined to be either not applicable or are expected to have a minimal impact on the Company's consolidated financial position and results of operations.

Venezuelan Operations

As of December 31, 2015, the Company determined it could no longer exercise control over its Venezuelan operations because the availability of U.S. Dollars had declined significantly over the past several years in each of Venezuela's three exchange mechanisms, and the Company concluded that an other-than-temporary lack of exchangeability between the Venezuelan Bolivar and the U.S. Dollar existed as of December 31, 2015. Furthermore, increasingly restrictive governmental regulations in Venezuela related to prices that could be charged for products, distribution channels into which products could be sold, product labeling requirements, importation of raw materials and sourced products which must be purchased in U.S. Dollars, and labor matters restricted the Company's ability to make and execute decisions related to its Venezuelan operations. As a result, the Company concluded it could no longer make key operational and financial decisions regarding its Venezuelan operations and deconsolidated its Venezuelan operations as of December 31, 2015. As of June 30, 2016, the Company did not have any significant commitments to provide financial support to or for the benefit of the Venezuelan operations, and the carrying value of the Company's investment in Venezuela is \$0.

Prior to the deconsolidation of the Venezuelan operations on December 31, 2015, the results of the Company's Venezuelan operations were included in the Company's Condensed Consolidated Statement of Operations. During the six months ended June 30, 2015, the Company's Venezuelan operations generated \$67.1 million of consolidated net

sales and \$28.9 million of operating income.

Income Taxes

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. This estimate reflects, among other items, the Company's best estimate of operating results and foreign currency exchange rates. The Company's quarterly income tax rate may differ from its estimated annual effective tax rate because accounting standards require the Company to exclude the actual results of certain entities expected to generate a pretax loss when applying the estimated annual effective tax rate to the Company's consolidated pretax results in interim periods. In estimating the annual

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effective tax rate, the Company does not include the estimated impact of unusual and/or infrequent items, including the reversal of certain valuation allowances, which may cause significant variations in the customary relationship between income tax expense (benefit) and pretax income (loss) in quarterly and year-to-date periods. The income tax expense (benefit) for such unusual and/or infrequent items is recorded in the quarterly period such items are incurred. The Company routinely reviews valuation allowances recorded against deferred tax assets on a more likely than not basis in evaluating whether the Company has the ability to realize the deferred tax assets. In making such a determination, the Company takes into consideration all available and appropriate positive and negative evidence, including projected future taxable income, future reversals of existing taxable temporary differences, available tax planning strategies and taxable income in prior carryback years, if available. Considering these factors, a possibility exists that the Company may record or release a portion of a valuation allowance against some deferred tax assets each quarterly period, which could create volatility in the Company's future effective tax rate.

The Company's income tax expense and resulting effective tax rate are based upon the respective estimated annual effective tax rates applicable for the respective periods adjusted for the effects of items required to be treated as discrete to the period, including changes in tax laws, changes in estimated exposures for uncertain tax positions and other items.

The Company's effective tax rate of 20.6% for the six months ended June 30, 2016 was impacted by the acquisition of Jarden Corporation ("Jarden"), the geographical mix of earnings and a \$19.4 million reduction in the valuation allowance related to certain deferred tax assets of its international operations. The Company's effective tax rate of 24.2% for the six months ended June 30, 2015 was impacted by the geographical mix of earnings and the strengthening of the U.S. Dollar against foreign currencies offset by increased tax benefit from the generation of foreign tax credits.

Other Items

The Company holds a 29% investment in Sprue Aegis ("Sprue"). During the three and six months ended June 30, 2016, the Company's related party sales to Sprue were \$7.3 million.

Footnote 2 — Acquisitions**Elmer's**

During October 2015, the Company acquired Elmer's Products, Inc. ("Elmer's") for a purchase price of \$571.4 million, which is net of \$16.8 million of cash acquired. The acquisition of Elmer's was accounted for using the purchase method of accounting and, accordingly, the Company allocated the total purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Based on the purchase price allocation, the Company allocated \$24.5 million of the purchase price to identified tangible and monetary net assets, \$86.6 million to deferred tax liabilities and \$262.0 million to identified intangible assets.

Approximately \$220.0 million was allocated to indefinite-lived intangible assets and approximately \$42.0 million was allocated to a definite-lived intangible asset with a weighted-average life of 8 years. The indefinite-lived intangible assets represent the acquired Elmer's® and X-Acto® trade names. The Company recorded the excess of the purchase price over the aggregate fair values of identifiable assets of \$371.5 million as goodwill. None of the goodwill is expected to be tax deductible. Elmer's results of operations are included in the Company's Condensed Consolidated Statements of Operations since the acquisition date, including net sales of \$79.0 million and \$123.6 million for the three and six months ended June 30, 2016, respectively, and operating income of \$21.3 million and \$17.8 million for the three and six months ended June 30, 2016, respectively. Pro forma results of operations of the Company would not be materially different as a result of the acquisition and therefore are not presented.

The Company incurred \$0.5 million and \$7.1 million of restructuring costs during the three and six months ended June 30, 2016 associated with the integration of Elmer's.

Jarden Corporation

On April 15, 2016, Jarden became a direct wholly-owned subsidiary of Newell Brands Inc., as a result of a series of merger transactions (the "Jarden Acquisition"). The Jarden Acquisition was effected pursuant to an Agreement and Plan of Merger, dated as of December 13, 2015 (the "Merger Agreement") between the Company, Jarden and two wholly-owned subsidiaries of the Company. Following the Jarden Acquisition, the Company was renamed Newell Brands Inc. Jarden is a leading, global consumer products company with leading brands, such as Yankee Candle®,

Crock-Pot®, FoodSaver®, Mr. Coffee®, Oster®, Coleman®, First Alert®, Rawlings®, Jostens®, K2®, Marker®, Marmot®, Volk® and many others. The Jarden Acquisition enables the Company to scale the enterprise with leading brands in global markets. The scale of the Company in key categories, channels and geographies enables it to deploy its strategy, which includes advantaged development and commercial capabilities, across a larger set of opportunities to generate accelerated growth and margin expansion. The Jarden Acquisition has been accounted for using the

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purchase method of accounting, and Jarden's assets, liabilities and results of operations are included in the Company's financial statements from the acquisition date.

Pursuant to the Merger Agreement, each share of Jarden common stock was converted into the right to receive and became exchangeable for merger consideration consisting of (1) 0.862 of a share of the Company's common stock plus (2) \$21.00 in cash. On April 15, 2016, the Company provided for the issuance of up to 189.4 million shares of common stock and the payment of up to \$4.6 billion for 100% of the outstanding equity interests of Jarden, which represented 219.7 million shares of Jarden common stock outstanding and eligible to receive the merger consideration. As of June 30, 2016, the Company has been notified by Jarden shareholders owning 10.6 million shares of Jarden common stock that they were exercising their dissenters' rights and were seeking an appraisal of such shares, and as a result, the merger consideration issuable to these Jarden shareholders consisting of 9.1 million shares of the Company's common stock had not been issued and \$222.2 million in cash had not been paid as of June 30, 2016.

The Jarden Acquisition constituted a make-whole fundamental change with respect to Jarden's three series of outstanding convertible notes, making them eligible for conversion into shares of Jarden common stock and eligible to receive the merger consideration based on the number of Jarden shares into which the convertible notes may be converted. Jarden's three series of convertible notes had an aggregate principal amount of \$1.5 billion outstanding due in 2018, 2019 and 2034. During the three months ended June 30, 2016, substantially all of the Jarden convertible note holders elected to convert their notes into shares of Jarden common stock, resulting in 37.9 million shares of Jarden common stock that were exchanged for merger consideration consisting of 32.7 million shares of the Company's common stock and \$795.9 million of cash.

Based on the closing price of a share of the Company's common stock on April 15, 2016 of \$44.33 per share, the total consideration paid or payable for shares of Jarden common stock was approximately \$15.3 billion, including \$5.4 billion of cash and \$9.9 billion of common stock. Upon completion of the Jarden Acquisition, stockholders of Newell Rubbermaid and stockholders and convertible note holders of Jarden immediately before the merger owned 55% and 45%, respectively, of the Company. As of June 30, 2016, the Company had paid \$5.2 billion and issued 213.9 million shares valued at \$9.5 billion for shares of Jarden common stock tendered in the Jarden Acquisition. With respect to the 10.6 million shares of Jarden common stock held by dissenting shareholders exercising their dissenters' appraisal rights, the Company accrued the estimated value of the merger consideration payable to such shareholders of \$626.5 million, and such amount is included in other noncurrent liabilities in the Condensed Consolidated Balance Sheet as of June 30, 2016. In addition, on April 15, 2016, the Company paid \$4.1 billion to settle certain of Jarden's outstanding debt obligations, which included accrued interest and change-in-control premiums.

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The Company's allocation of the total purchase price for the Jarden Acquisition to assets acquired and liabilities assumed is preliminary as the Company continues to finalize the valuation of property, plant and equipment and identifiable intangible assets (and the related deferred income tax liabilities) and the allocation of goodwill to its operating segments. The table below represents a preliminary allocation of the total purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed in the Jarden Acquisition based on their estimated fair values on the date of acquisition (in millions):

Accounts receivable	\$1,372.2
Inventories	2,494.2
Other current assets	191.0
Property, plant and equipment	1,060.9
Goodwill	9,166.2
Identifiable intangible assets	11,923.1
Other assets	150.7
Total assets	\$26,358.3

Accounts payable	\$668.3
Other current liabilities	843.7
Debt assumed, at fair value	1,198.7
Deferred income tax liabilities	4,308.0
Other noncurrent liabilities	629.1
Total liabilities	\$7,647.8
Total noncontrolling interests	\$27.2

Total merger consideration, net of cash acquired	\$18,683.3
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Debt repayments, net of cash acquired	\$3,388.9
Cash paid for the acquisition of Jarden common stock	5,187.6
Total cash paid, net of cash acquired	8,576.5
Accrual for merger consideration	626.5
Fair value of 213.9 million shares of Company common stock issued	9,480.3
Total merger consideration, net of cash acquired	\$18,683.3

Approximately \$174.8 million of the goodwill is expected to be tax deductible. The goodwill associated with the Jarden Acquisition is primarily related to synergies expected to arise after the acquisition.

The Company's Condensed Consolidated Statements of Operations for both the three and six months ended June 30, 2016 includes \$2.2 billion of net sales and \$9.1 million of operating loss related to Jarden.

The following unaudited pro forma financial information presents the combined results of operations of Newell Rubbermaid and Jarden for the three and six months ended June 30, 2016 and 2015 as if the Jarden Acquisition had occurred on January 1, 2015. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's consolidated results of operations that would have been reported had the Jarden Acquisition been completed as of January 1, 2015 and should not be taken as indicative of the Company's future consolidated results of operations. The Company expects to incur restructuring and other integration costs that are not included in the pro forma results of operations presented below. Pro forma adjustments are tax-effected at the Company's estimated statutory tax rates.

(in millions, except per share data)	Three Months		Six Months Ended	
	Ended June 30,	Ended June 30,	June 30,	June 30,
	2016	2015	2016	2015
Net sales	\$4,236.9	\$3,566.6	\$7,569.7	\$6,562.1
Net income (loss)	370.5	97.2	312.5	(442.1)
Earnings (loss) per share:				

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Basic	\$0.77	\$0.20	\$0.65	\$(0.92)
Diluted	\$0.77	\$0.20	\$0.65	\$(0.92)

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The unaudited pro forma financial information for the three months ended June 30, 2016 and 2015 include \$56.9 million and \$38.4 million, respectively, for the amortization of acquired intangibles, and the unaudited pro forma financial information for the six months ended June 30, 2016 and 2015 include \$113.8 million and \$76.8 million, respectively, for the amortization of acquired intangibles from the Jarden Acquisition based on the preliminary purchase price allocation. The unaudited pro forma financial information for the three and six months ended June 30, 2015 also includes \$129.4 million and \$899.0 million, respectively, of non-recurring charges related to the Jarden Acquisition, which are comprised of charges for the fair market value adjustment for manufacturers profit in inventory and other acquisition-related costs.

Acquisition and Integration Costs

The table below presents acquisition and integration costs included in the Company's results of operations for the periods indicated (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Cost of products sold ⁽¹⁾	\$0.2	\$0.1	\$0.2	\$1.6
Selling, general and administrative expenses ⁽¹⁾	67.8	1.0	80.5	1.2
Restructuring costs	8.9	1.8	15.5	1.8
	\$76.9	\$2.9	\$96.2	\$4.6

(1) Costs in 2016 primarily relate to the Jarden Acquisition.

Footnote 3 — Discontinued Operations and Divestitures

The following table provides a summary of amounts included in discontinued operations for the periods indicated (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$—	\$15.0	\$—	\$32.3
(Loss) income from discontinued operations before income taxes	\$(0.7)	\$0.5	\$(1.3)	\$(3.9)
Income tax (benefit) expense	(0.1)	0.1	(0.3)	(1.5)
(Loss) income from discontinued operations	(0.6)	0.4	(1.0)	(2.4)
Net gain from sale of discontinued operations, net of tax	—	—	0.6	—
(Loss) income from discontinued operations, net of tax	\$(0.6)	\$0.4	\$(0.4)	\$(2.4)

Divestitures

On June 30, 2016, the Company sold its Décor business, including Levolor® and Kirsch® window coverings and drapery hardware, for net consideration of \$232.2 million, subject to customary working capital adjustments expected to be settled during the fourth quarter. The proceeds a