

TUPPERWARE BRANDS CORP

Form 10-Q

August 07, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

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Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the 13 weeks ended June 30, 2012

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 1-11657

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TUPPERWARE BRANDS CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of  
incorporation or organization)

36-4062333

(I.R.S. Employer  
Identification No.)

14901 South Orange Blossom Trail, Orlando, Florida

(Address of principal executive offices)

32837

(Zip Code)

Registrant's telephone number, including area code: (407) 826-5050

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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 definition 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  (Do not check if a smaller reporting company)

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 August 2, 2012, 55,713,868 shares of the common stock, \$0.01 par value, of the registrant were outstanding.

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## Item 1. Financial Statements (Unaudited)

TUPPERWARE BRANDS CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

(Dollars in millions, except per share amounts)	13 weeks ended June 30, 2012	13 weeks ended July 2, 2011	26 weeks ended June 30, 2012	27 weeks ended July 2, 2011
Net sales	\$ 638.9	\$ 669.9	\$ 1,278.4	\$ 1,306.3
Cost of products sold	206.7	219.6	419.8	434.5
Gross margin	432.2	450.3	858.6	871.8
Delivery, sales and administrative expense	328.5	344.2	668.1	683.6
Re-engineering and impairment charges	1.1	1.1	2.0	2.5
Impairment of goodwill and intangible assets	76.9	—	76.9	—
Gains on disposal of assets, including insurance recoveries	7.5	0.7	7.7	0.7
Operating income	33.2	105.7	119.3	186.4
Interest income	0.6	0.8	1.3	1.7
Interest expense	8.7	25.6	18.5	33.1
Other expense (income)	0.4	(0.2	) 0.1	(0.1
Income before income taxes	24.7	81.1	102.0	155.1
Provision for income taxes	12.0	16.0	31.0	34.2
Net income	\$ 12.7	\$ 65.1	\$ 71.0	\$ 120.9
Earnings per share:				
Basic	\$ 0.23	\$ 1.05	\$ 1.28	\$ 1.95
Diluted	0.22	1.03	1.25	1.91
Weighted-average shares outstanding:				
Basic	55.5	61.7	55.7	62.0
Diluted	56.5	63.1	56.8	63.3
Dividends declared per common share	\$ 0.36	\$ 0.30	\$ 0.72	\$ 0.60

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited)

	13 weeks ended June 30, 2012	13 weeks ended July 2, 2011	26 weeks ended June 30, 2012	27 weeks ended July 2, 2011
(Dollars in millions, except per share amounts)				
Net income	\$ 12.7	\$ 65.1	\$ 71.0	\$ 120.9
Foreign currency translation adjustments	(59.0	) 11.3	(18.0	) 45.6
Deferred gain on cash flow hedges, net of tax provision of \$0.8 and \$7.4 million for the second quarters of 2012 and 2011, respectively, and \$0.3 and \$8.1 million for the year-to-date periods, respectively.	2.9	13.8	1.3	13.9
Pension and other post-retirement costs, net of tax provision of \$0.5 and \$0.1 million for the second quarters of 2012 and 2011, respectively, and \$0.2 and \$0.8 million for the year-to-date periods, respectively.	1.8	(0.3	) 2.1	0.3
Comprehensive (loss) income	\$(41.6	) \$ 89.9	\$ 56.4	\$ 180.7

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Dollars in millions, except share amounts)	June 30, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 98.0	\$ 138.2
Accounts receivable, less allowances of \$28.6 million in 2012 and \$26.8 million in 2011	176.7	163.7
Inventories	321.1	302.5
Deferred income tax benefits, net	97.0	94.2
Non-trade amounts receivable, net	53.8	47.5
Prepaid expenses and other current assets	33.9	23.3
Total current assets	780.5	769.4
Deferred income tax benefits, net	317.6	339.2
Property, plant and equipment, net	276.7	273.1
Long-term receivables, less allowances of \$23.2 million in 2012 and \$23.3 million in 2011	23.3	23.2
Trademarks and tradenames	132.5	157.1
Other intangible assets, net	5.7	7.2
Goodwill	185.2	241.4
Other assets, net	34.5	33.6
Total assets	\$ 1,756.0	\$ 1,844.2
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 115.6	\$ 157.2
Short-term borrowings and current portion of long-term debt and capital lease obligations	227.7	195.7
Accrued liabilities	309.0	320.5
Total current liabilities	652.3	673.4
Long-term debt and capital lease obligations	414.3	415.2
Other liabilities	228.7	254.8
Shareholders' equity:		
Preferred stock, \$0.01 par value, 200,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value, 600,000,000 shares authorized; 63,607,090 shares issued	0.6	0.6
Paid-in capital	137.3	126.8
Retained earnings	1,098.9	1,091.7
Treasury stock 7,797,559 and 7,099,345 shares in 2012 and 2011, respectively, at cost	(466.0)	(422.8)
Accumulated other comprehensive loss	(310.1)	(295.5)
Total shareholders' equity	460.7	500.8
Total liabilities and shareholders' equity	\$ 1,756.0	\$ 1,844.2

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

(In millions)	26 weeks ended June 30, 2012	27 weeks ended July 2, 2011	
Operating Activities:			
Net income	\$ 71.0	\$ 120.9	
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	24.0	25.8	
Equity compensation	7.2	6.8	
Amortization of deferred debt costs	0.6	1.2	
Interest rate swap impairment	—	18.9	
Net gains on disposal of assets, including insurance recoveries	(7.6	) (0.2	)
Provision for bad debts	5.7	5.9	
Write-down of inventories	8.4	7.4	
Non-cash impact of re-engineering and impairment costs	76.9	—	
Net change in deferred income taxes	(2.6	) (17.0	)
Excess tax benefits from share-based payment arrangements	(8.5	) (7.6	)
Changes in assets and liabilities:			
Accounts and notes receivable	(25.5	) (17.3	)
Inventories	(35.8	) (41.3	)
Non-trade amounts receivable	(3.1	) 1.8	
Prepaid expenses	(11.2	) (8.8	)
Other assets	(2.4	) (4.1	)
Accounts payable and accrued liabilities	(24.9	) (34.5	)
Income taxes payable	(21.9	) (8.2	)
Other liabilities	(0.3	) (3.1	)
Proceeds from insurance recoveries, net of costs	0.2	—	
Net cash impact from hedging activity	0.8	3.2	
Other	(0.3	) (0.2	)
Net cash provided by operating activities	50.7	49.6	
Investing Activities:			
Capital expenditures	(33.7	) (25.7	)
Proceeds from disposal of property, plant and equipment	8.8	2.6	
Net cash used in investing activities	(24.9	) (23.1	)
Financing Activities:			
Dividend payments to shareholders	(37.5	) (37.6	)
Net proceeds from issuance of senior notes <sup>(1)</sup>	—	393.3	
Proceeds from exercise of stock options	7.4	13.9	
Repurchase of common stock	(79.0	) (130.8	)
Repayment of long-term debt and capital lease obligations	(1.3	) (406.4	)
Net change in short-term debt	40.4	0.1	
Debt issuance costs	—	(2.9	)
Excess tax benefits from share-based payment arrangements	8.5	7.6	
Net cash used in financing activities	(61.5	) (162.8	)
Effect of exchange rate changes on cash and cash equivalents	(4.5	) 3.7	
Net change in cash and cash equivalents	(40.2	) (132.6	)

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Cash and cash equivalents at beginning of year	138.2	248.7
Cash and cash equivalents at end of period	\$98.0	\$116.1

<sup>(1)</sup>Net proceeds from issuance of senior notes are net of \$2.6 million in non-cash debt issuance costs.

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note 1: Summary of Significant Accounting Policies

Basis of Presentation: The condensed consolidated financial statements include the accounts of Tupperware Brands Corporation and its subsidiaries, collectively “Tupperware” or the “Company”, with all intercompany transactions and balances having been eliminated. These condensed consolidated financial statements and related notes should be read in conjunction with the 2011 audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Certain prior year amounts have been reclassified to conform with current year presentation.

These condensed consolidated financial statements are unaudited and have been prepared following the ru