

Prestige Brands Holdings, Inc.  
Form 10-K  
May 17, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2013

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: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-1297589  
(I.R.S. Employer Identification No.)

660 White Plains Road  
Tarrytown, New York 10591  
(914) 524-6800

Securities registered pursuant to Section  
12(b) of the Act:

Title of each class:

Name of each exchange on which  
registered:

Common Stock, par value \$.01 per  
share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities  
Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the  
Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this  
chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form

10-K.

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 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  (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 Act). Yes  No

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the Registrant’s most recently completed second fiscal quarter ended September 30, 2012 was \$850.6 million.

As of May 6, 2013, the Registrant had 51,147,329 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant’s Definitive Proxy Statement for the 2013 Annual Meeting of Stockholders (the “2013 Proxy Statement”) are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

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TRADEMARKS AND TRADE NAMES

Trademarks and trade names used in this Annual Report on Form 10-K are the property of Prestige Brands Holdings, Inc. or its subsidiaries, as the case may be. We have italicized our trademarks or trade names when they appear in this Annual Report on Form 10-K.

Part I.

ITEM 1. BUSINESS

Note About Forward-Looking Statements

Certain statements in this report, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this Annual Report on Form 10-K, including without limitation, in the following sections: “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “opportunity,” “plan,” “seek,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements is included in the section entitled “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

Unless otherwise indicated by the context, all references in this Annual Report on Form 10-K to “we,” “us,” “our,” “Company” or “Prestige” refer to Prestige Brands Holdings, Inc. and our subsidiaries. Similarly, reference to a year (e.g., “2013”) refers to our fiscal year ended March 31 of that year.

We sell well-recognized, brand name, over-the-counter (“OTC”) healthcare and household cleaning products largely in North America. We use the strength of our brands, our established retail distribution network, a low-cost operating model and our experienced management team to our competitive advantage in these categories. Our ultimate success is dependent on several factors, including our ability to:

- Develop effective sales, advertising and marketing programs;
- Integrate our acquired brands;
- Grow our existing product lines;
- Develop innovative new products;
- Respond to the technological advances and product introductions of our competitors; and
- Continue to grow our presence in the United States and international markets.

2013 Divestiture

In 2013, we divested the Phazyme gas treatment brand, which was a non-core OTC brand that we acquired from GlaxoSmithKline plc (“GSK”) in January 2012. We received \$21.7 million from the divestiture on October 31, 2012 and the remaining \$0.6 million on January 4, 2013. The proceeds were used to repay debt. No significant gain or loss

was recorded as a result of the sale.

#### 2012 Acquisitions

In 2012, we acquired 17 brands, which we believe are key to our growth strategy in the OTC Healthcare category and complementary to our existing OTC Healthcare brands. On January 31, 2012, we completed the acquisition of the first 15 North American OTC Healthcare brands, including the related contracts, trademarks and inventory from GSK and its affiliates (the "GSK Brands I") for \$615.0 million in cash, subject to a post-closing inventory and apportionment adjustment. The GSK Brands I include BC®, Goody's® and Ecotrin® brands of pain relievers; Beano®, Gaviscon®, Phazyme®, Tagamet® and Fiber Choice® gastrointestinal brands; and the Sominex® sleep aid brand. On March 30, 2012, we completed the acquisition of the Debrox® and Gly-Oxide®

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brands in the United States from GSK (the "GSK Brands II" and together with the GSK Brands I, the "GSK Brands"), including the related contracts, trademarks and inventory, for \$45.0 million in cash, subject to a post-closing inventory and apportionment adjustment. In April 2012, we received the post-closing inventory and apportionment adjustments, attributable to both GSK Brands I and GSK Brands II, which required us to pay an additional \$2.8 million to GSK, and in May 2012, we received a revised post-closing inventory and apportionment adjustment, attributable to GSK Brands II, which required us to pay an additional \$0.2 million, for a total of \$3.0 million, to GSK.

### 2011 Acquisitions

In 2011, we acquired six brands, which we believe are also key to our growth strategy in the OTC Healthcare category and complementary to our existing OTC Healthcare brands. On November 1, 2010, we acquired 100% of the capital stock of Blacksmith Brands Holdings, Inc. ("Blacksmith"), which owned five brands: Efferdent®, Effergrip®, PediaCare®, Luden's® and NasalCrom®. On January 6, 2011, we completed the acquisition of certain assets comprising the Dramamine® brand in the United States.

### Major Brands

Our major brands, set forth in the table below, have strong levels of consumer awareness and retail distribution across all major channels. These brands accounted for approximately 93.0%, 92.0%, and 93.0% of our net revenues for 2013, 2012 and 2011, respectively, during the period the respective brands were owned by us.

Major Brands	Market Position(1)	Market Segment(2)	Market Share(3) (%)	ACV(4) (%)
Over-the-Counter Healthcare:				
Chloraseptic®	#1	Sore Throat Liquids/Lozenges	42.5	93.7
Clear Eyes®	#2	Eye Allergy/Redness Relief	19.9	94.6
Compound W®	#1	Wart Removal	37.5	91.8
Dramamine®	#1	Motion Sickness	38.8	94.4
Efferdent®	#2	Denture Cleanser Tablets	31.6	96.0
Little Remedies®	#5	Pediatric Healthcare	4.7	86.3
Luden's®	#3	Cough Drops	5.5	96.8
PediaCare®	#2	Pediatric Healthcare	5.6	89.9
The Doctor's® NightGuard®	#1	Bruxism (Teeth Grinding)	32.3	50.4
The Doctor's® Brushpicks®	#2	Disposable Dental Picks	15.0	46.5
BC®/Goody's®	#1	Analgesic Powders	99.0	70.9
Beano®	#1	Gas Prevention	93.8	89.0
Debrox®	#1	Ear Wax Removal	47.9	89.0
Gaviscon® (5)	#2	Upset Stomach Remedies	15.2	94.0
Dermoplast®	#3	Pain Relief Sprays	16.3	66.4
Murine®	#2	Ear Wax Removal	11.0	65.6
New-Skin®	#1	Liquid Bandages	63.8	84.6
Wartner®	#3	Wart Removal	2.6	10.3
Fiber Choice®	#3	Fiber Laxative Supplements	5.6	81.3
Ecotrin®	#2	Aspirin	3.9	81.7
Household Cleaning:				
Chore Boy®	#2	Soap Free Metal Scrubbers	11.7	14.5
Comet®	#1	Abrasive Tub and Tile Cleaner	37.2	94.8

Spic and Span®	#6	Dilutable All Purpose Cleaner	1.4	55.7
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We have prepared the information included in this Annual Report on Form 10-K with regard to the market share and ranking for our brands based in part on data generated by Information Resources, Inc., an independent market research firm (“IRI”). IRI reports Total U.S. Multi-Outlet retail sales data in the food, drug, mass merchandise markets (including Walmart), Dollar Stores, selected Warehouse Clubs (BJ's and Sam's) and DeCA military commissaries, representing approximately 90% of Prestige Brands categories for retail sales.

(2) “Market segment” is defined by us and is either a standard IRI category or a segment within a standard IRI category and is based on our product offerings and the categories in which we compete.

(3) “Market share” is based on sales dollars in the United States, as calculated by IRI for the 52 weeks ended March 24, 2013.

(4) “ACV” refers to the All Commodity Volume Food Drug Mass Index, as calculated by IRI for the 52 weeks ended March 24, 2013. ACV measures the ratio of the weighted sales volume of stores that sell a particular product to all the stores that sell products in that market segment generally. For example, if a product is sold by 50% of the stores that sell products in that market segment, but those stores account for 85% of the sales volume in that market segment, that product would have an ACV of 85%. We believe that a high ACV evidences a product’s attractiveness to consumers, as major national and regional retailers will carry products that are attractive to their customers. Lower ACV measures would indicate that a product is not as available to consumers because the major retailers generally would not carry products for which consumer demand is not as high. For these reasons, we believe that ACV is an important measure for investors to gauge consumer awareness of the Company’s product offerings and of the importance of those products to major retailers.

(5) Gaviscon is distributed by us in Canada only and the market information was obtained from an independent third party market research firm for the period ending November 17, 2012.

Our products are sold through multiple channels, including mass merchandisers and drug, grocery, dollar and club stores, which reduces our exposure to any single distribution channel.

We have developed our brand portfolio through the acquisition of strong and well-recognized brands from larger consumer products and pharmaceutical companies, as well as gr