



Edgewell Personal Care Company  
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**FOR IMMEDIATE RELEASE**

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## **Edgewell Personal Care Announces Second Quarter Fiscal 2017 Results and Updates Fiscal Year 2017 Financial Outlook**

*St. Louis - May 2, 2017 - Edgewell Personal Care Company (NYSE: EPC) today announced results for its second fiscal quarter, which ended March 31, 2017.*

### **Executive Summary**

- Net sales were \$611 million in the second quarter of fiscal 2017, flat when compared to the prior year period on a reported and organic basis. (Organic basis excludes sales growth from the Bulldog acquisition and the negative impact from currency).
- GAAP Diluted Earnings Per Share ("EPS") and Adjusted EPS were \$1.14 and \$1.21, respectively, for the second quarter, compared to \$1.10 and \$1.17, respectively, a year ago.
- The Company is maintaining its fiscal 2017 financial outlook for Adjusted EPS and revising its outlook for organic net sales.

*The Company reports and forecasts results on a GAAP and Non-GAAP basis, and has reconciled Non-GAAP results and outlook to the most directly comparable GAAP measures later in this release. See Non-GAAP Financial Measures for a more detailed explanation, including definitions of various Non-GAAP terms used in this release. All comparisons used in this release are with the same period in the prior fiscal year unless otherwise stated.*

"We delivered on our top and bottom line financial outlook for the first half of the fiscal year, despite weakening category dynamics in the U.S.," said David Hatfield, Edgewell's Chief Executive Officer, President and Chairman of the Board. "Though we are pleased with our manual shave share performance in the quarter and growth in our Sun and Skin Care segment, the category softness that we are seeing in the U.S., particularly in Wet Shave, creates a challenging environment going forward." Mr. Hatfield continued, "Given these headwinds, we continue to increase our focus and investment in growth opportunities, including international expansion, Sun and Skin Care and e-Commerce. This past quarter, we launched our first e-Commerce initiative in China and in the coming months we will launch our first direct to consumer initiative in the U.S."

## **Fiscal 2Q 2017 Operating Results (Unaudited)**

**Net sales** were \$611 million in the quarter, flat when compared to the prior year quarter. Excluding a \$2.9 million benefit from the Bulldog acquisition and a \$3.7 million negative impact from currency, organic net sales increased 0.1%, with growth in global Sun and Skin Care mostly offset by declines in Men's Systems and Feminine Care.

**Gross margin** decreased 20 basis points to 50.7%, as lower promotional spend, favorable pricing and volume growth in Sun and Skin Care were more than offset by higher product costs related to the transition of Feminine Care manufacturing from Montreal to Dover, DE.

**Advertising and sales promotion expense ("A&P")** was \$82.5 million, or 13.5% of net sales, a decrease from prior year A&P of \$85.0 million, or 13.9% of net sales. The prior year included higher spending in support of new product innovation in men's Hydro® in North America.

**Selling, general and administrative expense ("SG&A")** was \$103.9 million, or 17.0% of net sales, compared to \$99.7 million, or 16.3% of net sales, in the prior year. Excluding prior year spin costs, SG&A increased 6.0% over the prior year primarily related to increased expenses in support of our Zero Based Spending projects, as well as investments in growth initiatives such as China and e-Commerce.

The Company recorded pre-tax **restructuring expense** of \$5.6 million compared to \$5.1 million in the prior year quarter.

**Other income, net** was \$6.6 million during the quarter compared to \$4.6 million in the prior year, primarily reflecting a benefit from foreign currency exchange contract gains in the quarter and revaluation gains on nonfunctional currency balance sheet exposures.

**Earnings before income taxes** were \$89.5 million during the quarter compared to \$91.3 million in the second quarter of fiscal 2016. Adjusted operating income was \$105.8 million in the quarter compared to \$111.5 million in the prior year period. The decline in adjusted operating income was primarily driven by higher SG&A and lower gross margin, slightly offset by lower A&P spending.

**The effective tax rate** for the first six months of fiscal 2017 was 26.2% as compared to 26.4% in the prior year period. The adjusted effective tax rate for the first six months of fiscal 2017, excluding the tax associated with restructuring, was 26.6%, a 150 basis point decrease from the prior year adjusted rate of 28.1%, primarily due to a more favorable mix of earnings in lower tax rate jurisdictions.

**Net earnings** in the quarter were \$65.7 million, compared to \$66.1 million in the second quarter of fiscal 2016. Adjusted net earnings in the quarter were \$69.6 million, compared to \$70.5 million in the second quarter of fiscal 2016.

**GAAP Diluted EPS** was \$1.14 in the quarter as compared to \$1.10 in the prior year quarter. Adjusted EPS for the quarter was \$1.21, compared to \$1.17 in the prior year quarter.

**Net cash used by operating activities** was \$0.4 million for the first six months of fiscal 2017 as compared to \$72.6 million during the same period during the prior year. The improvement reflects the discretionary funding during the second quarter of fiscal 2016 of certain international pension plans of \$100.5 million, partially offset by higher current year deferred compensation payments, as well as increased net outflows from working capital driven by the timing of receipts and payments, including a tax refund received in the prior year. The Company expects to have positive operating cash flow for the full year. In the first six months of fiscal 2017, the Company completed **share repurchases** of approximately 0.8 million shares for \$58.5 million.

## **Fiscal 2Q 2017 Operating Segment Results (Unaudited)**

Following is a summary of second quarter results by segment. All comparisons are with the second quarter of fiscal year 2016.

### **Wet Shave** (Men's Systems, Women's Systems, Disposables, Shave Preps)

Wet Shave net sales decreased \$10.8 million, or 3.1%. Excluding the impact of currency movements, organic net sales decreased \$7.7 million, or 2.2%. The decrease in organic net sales was largely driven by volume declines in North America Men's Systems, partially offset by lower promotional spend and favorable pricing. North America Men's Systems faced difficult comparisons to last year's strong Hydro® performance, which included incremental distribution gains. Women's Systems and Disposables both increased sales, supported by the new Hydro Silk® and Quattro You® product launches, partially offset by the impact of category softness in the U.S. Wet Shave segment profit decreased \$4.5 million, or 5.8%, primarily due to lower volumes in Men's Systems and unfavorable transactional currency impacts, partially offset by pricing increases and lower promotional and A&P spend.

### **Sun and Skin Care** (Sun Care, Wipes, Gloves, Bulldog)

Sun and Skin Care net sales increased \$18.1 million, or 13.7%. Excluding the Bulldog acquisition and the impact of currency movements, organic net sales increased \$16.2 million, or 12.2%, driven by double digit growth in both North America and International, partially offset by volume declines related to the Company's decision to exit the private label Sun Care business. Growth in North America was primarily driven by the timing of shipments compared to the prior year, and growth in International was largely driven by new distribution. Sun and Skin Care segment profit increased \$11.7 million, or 30.4%, driven primarily by higher volumes and favorable costs generated through restructuring cost improvement projects.

### **Feminine Care** (Tampons, Pads, Liners)

Feminine Care net sales decreased \$8.4 million, or 9.2%, largely driven by volume declines related to Sport® branded pad and liner distribution losses, increased competitive pressure, and category softness. This resulted in declines across Tampons, Pads and Liners. These declines were partially offset by lower promotional spend in the quarter, due to the timing of product launches. Feminine Care segment profit decreased \$8.9 million, or 84.8%, driven by increased product costs related to the transition of manufacturing from Montreal to Dover, DE, lower volumes, and increased transactional currency impacts, partially offset by lower promotional spend.

### **All Other** (Infant Care, all other brands)

All Other net sales increased \$0.9 million, or 2.7%. Excluding the impact of currency movements, organic net sales increased \$0.7 million, or 2.1%, driven by growth in Diaper Genie® and Pet Care products. All Other segment profit decreased \$0.3 million, or 3.8%.

## **Full Fiscal Year 2017 Financial Outlook**

For fiscal 2017, the Company is revising its organic net sales outlook to be approximately flat (previously up low single digits) compared to the prior year, reflecting a lower sales outlook in Feminine Care and softness in the U.S. Wet Shave Category. Reported net sales are now expected to be down approximately 1%, including an approximate 60 basis point increase from the acquisition of Bulldog, and negative foreign currency translation effects of approximately 120 basis points (based on spot exchange rates as of April 17, 2017).

The Company's outlook for GAAP EPS is now in the range of \$3.50 - \$3.70, reflecting increased restructuring charges. The outlook for Adjusted EPS remains in the range of \$3.80 - \$4.00, as the estimated impact of lower sales is mitigated by the improved currency outlook, as well as a lower tax rate. Adjusted operating income margin is anticipated to expand by 50 basis points. The effective tax rate for the fiscal year is now estimated to be in the range of 26% to 27%.

The Company anticipates that fiscal 2017 free cash flow will be approximately 100% of GAAP net earnings.

The full-year estimate for restructuring related costs is \$25 to \$28 million. Full year incremental restructuring savings are expected to be approximately \$20 to \$25 million in fiscal 2017, with an additional \$20 to \$25 million in fiscal 2018 and 2019 combined.

The Company's Zero-Based Spend initiative is anticipated to drive \$10 to \$15 million in savings (net of implementation expense) in fiscal 2017, primarily in the second half of the year, with an additional \$25 to \$30 million of savings in fiscal 2018.

### **Webcast Information**

In conjunction with this announcement, the Company will hold an investor conference call beginning at 10:00 a.m. Eastern Time today. The call will focus on fiscal 2017 second quarter earnings and the outlook for fiscal 2017. All interested parties may access a live webcast of this conference call at [www.edgewell.com](http://www.edgewell.com), under "Investors," and "News and Events" tabs or by using the following link:

<http://ir.edgewell.com/news-and-events/events>

For those unable to participate during the live webcast, a replay will be available on [www.edgewell.com](http://www.edgewell.com), under "Investors," "Financial Reports," and "Quarterly Earnings" tabs.

### **About Edgewell**

Edgewell is a leading pure-play consumer products company with an attractive, diversified portfolio of established brand names such as Schick® and Wilkinson Sword® men's and women's shaving systems and disposable razors; Edge® and Skintimate® shave preparations; Playtex®, Stayfree®, Carefree® and o.b.® feminine care products; Banana Boat®, Hawaiian Tropic® and Bulldog® sun and skin care products; Playtex® infant feeding, Diaper Genie® and gloves; and Wet Ones® moist wipes. The Company has a broad global footprint and operates in more than 50 markets, including the U.S., Canada, Mexico, Germany, Japan, the U.K. and Australia, with approximately 6,000 employees worldwide.

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**Non-GAAP Financial Measures.** While the Company reports financial results in accordance with accounting principles generally accepted in the U.S. ("GAAP"), this discussion also includes Non-GAAP measures. These Non-GAAP measures are referred to as "adjusted" or "organic" and exclude items such as spin costs, restructuring charges, the sale of the industrial business and amortization of intangibles. Reconciliations of Non-GAAP measures, including reconciliations of measures related to the Company's fiscal 2017 financial outlook, are included within the Notes to Condensed Consolidated Financial Statements included with this release.

This Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. The Company uses this Non-GAAP information internally to make operating decisions and believes it is helpful to investors because it allows more meaningful period-to-period comparisons of ongoing operating results. The information can also be used to perform analysis and to better identify operating trends that may otherwise be masked or distorted by the types of items that are excluded. This Non-GAAP information is a component in determining management's incentive compensation. Finally, the Company believes this information provides a higher degree of transparency. The following provides additional detail on the Company's Non-GAAP measures.

- The Company analyzes its net revenue on an organic basis to better measure the comparability of results between periods. Organic net sales exclude the impact of changes in foreign currency and acquisitions. This information is provided because these fluctuations can distort the underlying change in net sales either positively or negatively.
- Adjusted EBITDA is defined as earnings before income taxes, interest expense, net, depreciation and amortization and excludes items such as spin costs, restructuring charges and the sale of the industrial business.
- Adjusted operating income is defined as earnings before income taxes, interest expense associated with debt, other income, net, and excludes items such as spin costs, restructuring charges and the sale of the industrial business.
- Adjusted net earnings and adjusted earnings per share are defined as net earnings and diluted earnings per share excluding items such as spin costs, restructuring charges, the sale of the industrial business and the related tax effects of these items.
- Adjusted effective tax rate is defined as the effective tax rate excluding items such as spin costs, restructuring charges, the sale of the industrial business and the related tax effects of these items from the income tax provision and earnings before income taxes.
- Adjusted working capital is defined as receivables, less trade allowances in accrued liabilities, plus inventories, less accounts payable, and is calculated using an average of the trailing four-quarter end balances.
- Free cash flow is defined as net cash from operating activities less net capital expenditures. Free cash flow conversion is defined as free cash flow as a percentage of net earnings.

**Forward-Looking Statements.** This document contains both historical and forward-looking statements. Forward-looking statements are not based on historical facts, but instead reflect the Company's expectations, estimates or projections concerning future results or events, including, without limitation, the future earnings and performance of Edgewell or any of its businesses. These statements generally can be identified by the use of forward-looking words or phrases such as "believe," "expect," "expectation," "anticipate," "may," "could," "intend," "belief," "estimate," "plan," "target," "predict," "likely," "will," "should," "forecast," "outlook," or other similar words or phrases. These statements are not guarantees of performance and are inherently subject to known and unknown risks, uncertainties and assumptions that are difficult to predict and could cause the Company's actual results to differ materially from those indicated by those statements. The Company cannot assure you that any of its expectations, estimates or projections will be achieved. The forward-looking statements included in this document are only made as of the date of this document and the Company disclaims any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. Numerous factors could cause the Company's actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation:

- The Company is subject to risks related to its international operations, such as global economic conditions and currency fluctuations;
- Competition in the Company's industries may hinder its ability to execute its business strategy, achieve profitability, or maintain relationships with existing customers;
- Loss of reputation of the Company's leading brands or failure of its marketing plans;
- Loss of any of the Company's principal customers and emergence of new sales channels such as e-Commerce;
- A failure of a key information technology system or a breach of the Company's information security;
- The Company faces risks arising from the restructuring of its operations and its ongoing efforts to achieve cost savings;
- Impairment of the Company's goodwill and other intangible assets;
- If the Company cannot continue to develop new products in a timely manner, and at favorable margins, it may not be able to compete effectively;
- The Company's business is subject to increasing regulation that may expose it to significant liabilities;
- The resolution of the Company's tax contingencies may result in additional tax liabilities;
- Changes in production costs, including raw material prices;
- The Company's manufacturing facilities, supply channels or other business operations may be subject to disruption from events beyond its control;
- The Company's business is subject to seasonal volatility;
- The Company has a substantial level of indebtedness and is subject to various covenants relating to such indebtedness;
- The Company's access to capital markets and borrowing capacity could be limited;
- If the Company fails to adequately protect its intellectual property rights, competitors may manufacture and market similar products;
- The Company's business involves the potential for product liability and other claims against it, which could result in product recalls or withdrawals;
- The Company may not be able to attract, retain and develop key personnel;
- The Company may experience losses or be subject to increased funding and expenses related to its pension plans;
- The Company may not be able to continue to identify and complete strategic acquisitions and effectively integrate acquired companies to achieve desired financial benefits;
- The Company's financial results could be adversely impacted by the United Kingdom's departure from the European Union; and
- The Company faces risks related to the separation of its Household Products business in July 2015.

In addition, other risks and uncertainties not presently known to the Company or that it presently considers immaterial could significantly affect the accuracy of any such forward-looking statements. The list of factors above is illustrative, but not exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Additional risks and uncertainties include those detailed from time to time in the Company's publicly filed documents, including in Item 1A. Risk Factors of Part I of the Company's Annual Report on Form 10-K for the year ended September 30, 2016.

**EDGEWELL PERSONAL CARE COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(unaudited, in millions, except per share data)

	<b>Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Net sales	\$ 611.0	\$ 611.2	\$ 1,096.0	\$ 1,106.3
Cost of products sold	301.4	300.1	558.4	567.7
Gross profit	<u>309.6</u>	<u>311.1</u>	<u>537.6</u>	<u>538.6</u>
Selling, general and administrative expense	103.9	99.7	197.7	200.1
Advertising and sales promotion expense	82.5	85.0	133.1	131.6
Research and development expense	17.5	16.7	33.8	32.7
Restructuring charges	5.5	5.0	12.4	23.5
Industrial sale charges	—	0.2	—	0.2
Interest expense associated with debt	17.3	17.8	34.7	35.5
Other income, net	(6.6)	(4.6)	(8.5)	(7.0)
Earnings before income taxes	<u>89.5</u>	<u>91.3</u>	<u>134.4</u>	<u>122.0</u>
Income tax provision	23.8	25.2	35.2	32.2
Net earnings	<u>\$ 65.7</u>	<u>\$ 66.1</u>	<u>\$ 99.2</u>	<u>\$ 89.8</u>
<b>Earnings per share:</b>				
Basic net earnings per share	\$ 1.14	\$ 1.11	\$ 1.72	\$ 1.51
Diluted net earnings per diluted share	1.14	1.10	1.72	1.49
<b>Weighted-average shares outstanding:</b>				
Basic	57.4	59.4	57.5	59.6
Diluted	57.7	59.9	57.8	60.1

See Accompanying Notes.



**EDGEWELL PERSONAL CARE COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited, in millions)

<b>Assets</b>	<b>March 31, 2017</b>	<b>September 30, 2016</b>
	<u>          </u>	<u>          </u>
Current assets		
Cash and cash equivalents	\$ 402.9	\$ 738.9
Trade receivables, net	311.0	260.7
Inventories	366.4	309.2
Other current assets	142.8	143.2
Total current assets	<u>1,223.1</u>	<u>1,452.0</u>
Property, plant and equipment, net	462.0	486.1
Goodwill	1,426.6	1,420.3
Other intangible assets, net	1,391.2	1,385.1
Other assets	27.7	28.0
Total assets	<u><u>\$ 4,530.6</u></u>	<u><u>\$ 4,771.5</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Current maturities of long-term debt	\$ —	\$ 281.8
Notes payable	19.7	18.5
Accounts payable	231.6	196.5
Other current liabilities	306.1	371.4
Total current liabilities	<u>557.4</u>	<u>868.2</u>
Long-term debt	1,609.8	1,544.2
Deferred income tax liabilities	251.7	255.3
Other liabilities	262.2	274.8
Total liabilities	<u>2,681.1</u>	<u>2,942.5</u>
Shareholders' equity		
Common shares	0.7	0.7
Additional paid-in capital	1,620.2	1,642.5
Retained earnings	1,046.4	946.0
Treasury shares	(600.9)	(563.0)
Accumulated other comprehensive loss	(216.9)	(197.2)
Total shareholders' equity	<u>1,849.5</u>	<u>1,829.0</u>
Total liabilities and shareholders' equity	<u><u>\$ 4,530.6</u></u>	<u><u>\$ 4,771.5</u></u>

See Accompanying Notes.

**EDGEWELL PERSONAL CARE COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in millions)

	<b>Six Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flow from Operating Activities</b>		
Net earnings	\$ 99.2	\$ 89.8
Non-cash restructuring costs	2.8	1.2
Depreciation and amortization	46.9	44.6
Deferred compensation payments	(25.7)	(7.0)
Share-based compensation expense	11.4	13.1
International pension funding	—	(100.5)
Other, net	(11.1)	(10.2)
Changes in current assets and liabilities used in operations	(123.9)	(103.6)
Net cash used by operating activities	<u>(0.4)</u>	<u>(72.6)</u>
<b>Cash Flow from Investing Activities</b>		
Capital expenditures	(30.4)	(34.5)
Acquisitions, net of cash acquired	(34.0)	—
Proceeds from sale of assets	5.9	—
Net cash used by investing activities	<u>(58.5)</u>	<u>(34.5)</u>
<b>Cash Flow from Financing Activities</b>		
Cash proceeds from debt with original maturities greater than 90 days	181.0	395.3
Cash payments on debt with original maturities greater than 90 days	(393.0)	(261.0)
Net increase (decrease) in debt with original maturities of 90 days or less	1.2	(5.6)
Common shares purchased	(58.5)	(78.9)
Other, net	2.0	—
Net cash (used by) from financing activities	<u>(267.3)</u>	<u>49.8</u>
Effect of exchange rate changes on cash	(9.8)	5.7
Net decrease in cash and cash equivalents	(336.0)	(51.6)
Cash and cash equivalents, beginning of period	738.9	712.1
Cash and cash equivalents, end of period	<u>\$ 402.9</u>	<u>\$ 660.5</u>

See Accompanying Notes.

**EDGEWELL PERSONAL CARE COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited, in millions, except per share data)

**Note 1 - Segments**

The Company conducts its business in the following four segments: Wet Shave, Sun and Skin Care, Feminine Care and All Other. Segment performance is evaluated based on segment profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with restructuring initiatives, the sale of the industrial business and the amortization of intangible assets. Financial items, such as interest income and expense, are managed on a global basis at the corporate level. The exclusion of such charges from segment results reflects management's view on how it evaluates segment performance.

On October 31, 2016, the Company completed the acquisition of Bulldog Skincare Holdings Limited ("Bulldog"), a men's grooming and skincare products company based in the United Kingdom, for £27.8, or approximately \$34.0, net of cash acquired. The acquisition creates opportunities to expand Edgewell's personal care portfolio into a growing global category where it can leverage its international geographic footprint. The acquisition was financed through available foreign cash. The results of Bulldog for the post-acquisition period are included within the Company's results for the second quarter and first six months of fiscal 2017, and all assets are included in the Company's Sun and Skin Care segment.

Segment net sales and profitability are presented below:

	<b>Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Net Sales</b>				
Wet Shave	\$ 342.6	\$ 353.4	\$ 648.8	\$ 669.7
Sun and Skin Care	150.6	132.5	208.2	186.0
Feminine Care	83.2	91.6	172.3	184.1
All Other	34.6	33.7	66.7	66.5
<b>Total net sales</b>	<b>\$ 611.0</b>	<b>\$ 611.2</b>	<b>\$ 1,096.0</b>	<b>\$ 1,106.3</b>
<b>Segment Profit</b>				
Wet Shave	\$ 73.2	\$ 77.7	\$ 145.2	\$ 144.5
Sun and Skin Care	50.9	39.2	51.7	40.9
Feminine Care	1.6	10.5	9.9	28.1
All Other	7.7	8.0	14.6	15.2
<b>Total segment profit</b>	<b>133.4</b>	<b>135.4</b>	<b>221.4</b>	<b>228.7</b>
General corporate and other expenses	(23.5)	(20.3)	(39.9)	(38.0)
Spin costs <sup>(1)</sup>	—	(1.7)	—	(9.2)
Restructuring and related costs <sup>(2)</sup>	(5.6)	(5.1)	(12.8)	(23.6)
Industrial sale charges	—	(0.2)	—	(0.2)
Amortization of intangibles	(4.1)	(3.6)	(8.1)	(7.2)
Interest and other expense, net	(10.7)	(13.2)	(26.2)	(28.5)
<b>Total earnings before income taxes</b>	<b>\$ 89.5</b>	<b>\$ 91.3</b>	<b>\$ 134.4</b>	<b>\$ 122.0</b>

- (1) Includes Selling, general and administrative expense ("SG&A") of \$1.7 and \$9.0 for the second quarter and first six months of fiscal 2016, respectively, and Cost of products sold of \$0.2 for the first six months of fiscal 2016 related to the separation of the Household Products business in July 2015.
- (2) Includes Cost of products sold of \$0.1 and \$0.4 for the second quarter and first six months of fiscal 2017, respectively, and \$0.1 for the second quarter and first six months of fiscal 2016 associated with obsolescence charges related to the exit of certain non-core product lines as a part of restructuring

## Note 2 - GAAP to Non-GAAP Reconciliations

Basic earnings per share is based on the average number of common shares outstanding during the period. Diluted earnings per share is based on the weighted-average number of shares used for the basic earnings per share calculation, adjusted for the dilutive effect of share options and restricted stock equivalent awards.

The following table provides a reconciliation of Net earnings and Net earnings per diluted share ("EPS") to Adjusted net earnings and Adjusted EPS, which are Non-GAAP measures.

	Quarter Ended March 31,			
	Net Earnings		Diluted EPS	
	2017	2016	2017	2016
<b>Net Earnings and Diluted EPS - GAAP (Unaudited)</b>	\$ 65.7	\$ 66.1	\$ 1.14	\$ 1.10
Spin costs <sup>(1)</sup>	—	1.7	—	0.03
Restructuring and related charges <sup>(2)</sup>	5.6	5.1	0.10	0.08
Industrial sale charges	—	0.2	—	—
Income taxes	(1.7)	(2.6)	(0.03)	(0.04)
<b>Adjusted Net Earnings and Adjusted Diluted EPS - Non-GAAP</b>	<b>\$ 69.6</b>	<b>\$ 70.5</b>	<b>\$ 1.21</b>	<b>\$ 1.17</b>

Weighted-average shares - Diluted 57.7      59.9

- (1) Includes SG&A of \$1.7 for the second quarter of fiscal 2016 related to the separation of the Household Products business in July 2015.
- (2) Includes Cost of products sold of \$0.1 for the second quarters of fiscal 2017 and 2016 associated with obsolescence charges related to the exit of certain non-core product lines as part of the restructuring.

	Six Months Ended March 31,			
	Net Earnings		Diluted EPS	
	2017	2016	2017	2016
<b>Net Earnings and Diluted EPS - GAAP (Unaudited)</b>	\$ 99.2	\$ 89.8	\$ 1.72	\$ 1.49
Spin costs <sup>(1)</sup>	—	9.2	—	0.15
Restructuring and related charges <sup>(2)</sup>	12.8	23.6	0.22	0.39
Industrial sale charges	—	0.2	—	—
Income taxes	(4.0)	(11.3)	(0.07)	(0.18)
<b>Adjusted Net Earnings and Adjusted Diluted EPS - Non-GAAP</b>	<b>\$ 108.0</b>	<b>\$ 111.5</b>	<b>\$ 1.87</b>	<b>\$ 1.85</b>

Weighted-average shares - Diluted 57.8      60.1

- (1) Includes SG&A of \$9.0 and Cost of products sold of \$0.2 for the first six months of fiscal 2016 related to the separation of the Household Products business in July 2015.
- (2) Includes Cost of products sold of \$0.4 and \$0.1 for the first six months of fiscal 2017 and 2016, respectively, associated with obsolescence charges related to the exit of certain non-core product lines as part of the restructuring.

The following tables provide a GAAP to Non-GAAP reconciliation of certain line items from the Condensed Consolidated Statement of Earnings:

### Quarter Ended March 31, 2017

	Gross Profit	SG&A	EBIT <sup>(1)</sup>	Net Earnings	Diluted EPS
GAAP - Reported	\$ 309.6	\$ 103.9	\$ 89.5	\$ 65.7	\$ 1.14
<i>% of net sales</i>	<i>50.7%</i>	<i>17.0%</i>			
Restructuring and related charges <sup>(2)</sup>	0.1	—	5.6	3.9	0.07
Total Adjusted Non-GAAP	<b>\$ 309.7</b>	<b>\$ 103.9</b>	<b>\$ 95.1</b>	<b>\$ 69.6</b>	<b>\$ 1.21</b>
<i>% of net sales</i>	<i>50.7%</i>	<i>17.0%</i>			

**Six Months Ended March 31, 2017**

	<u>Gross Profit</u>	<u>SG&amp;A</u>	<u>EBIT <sup>(1)</sup></u>	<u>Net Earnings</u>	<u>Diluted EPS</u>
GAAP - Reported	\$ 537.6	\$ 197.7	\$ 134.4	\$ 99.2	\$ 1.72
<i>% of net sales</i>	<i>49.1%</i>	<i>18.0%</i>			
Restructuring and related charges <sup>(2)</sup>	0.4	—	12.8	8.8	0.15
Total Adjusted Non-GAAP	<u>\$ 538.0</u>	<u>\$ 197.7</u>	<u>\$ 147.2</u>	<u>\$ 108.0</u>	<u>\$ 1.87</u>
<i>% of net sales</i>	<i>49.1%</i>	<i>18.0%</i>			

**Quarter Ended March 31, 2016**

	<u>Gross Profit</u>	<u>SG&amp;A</u>	<u>EBIT <sup>(1)</sup></u>	<u>Net Earnings</u>	<u>Diluted EPS</u>
GAAP - Reported	\$ 311.1	\$ 99.7	\$ 91.3	\$ 66.1	\$ 1.10
<i>% of net sales</i>	<i>50.9%</i>	<i>16.3%</i>			
Spin costs	—	1.7	1.7	0.9	0.01
Restructuring and related charges <sup>(2)</sup>	0.1	—	5.1	3.4	0.06
Industrial sale charges	—	—	0.2	0.1	—
Total Adjusted Non-GAAP	<u>\$ 311.2</u>	<u>\$ 98.0</u>	<u>\$ 98.3</u>	<u>\$ 70.5</u>	<u>\$ 1.17</u>
<i>% of net sales</i>	<i>50.9%</i>	<i>16.0%</i>			

**Six Months Ended March 31, 2016**

	<u>Gross Profit</u>	<u>SG&amp;A</u>	<u>EBIT <sup>(1)</sup></u>	<u>Net Earnings</u>	<u>Diluted EPS</u>
GAAP - Reported	\$ 538.6	\$ 200.1	\$ 122.0	\$ 89.8	\$ 1.49
<i>% of net sales</i>	<i>48.7%</i>	<i>18.1%</i>			
Spin costs	0.2	9.0	9.2	5.7	0.10
Restructuring and related charges <sup>(2)</sup>	0.1	—	23.6	15.9	0.26
Industrial sale charges	—	—	0.2	0.1	—
Total Adjusted Non-GAAP	<u>\$ 538.9</u>	<u>\$ 191.1</u>	<u>\$ 155.0</u>	<u>\$ 111.5</u>	<u>\$ 1.85</u>
<i>% of net sales</i>	<i>48.7%</i>	<i>17.3%</i>			

(1) EBIT is defined as Earnings before income taxes.

(2) Includes Cost of products sold of \$0.1 and \$0.4 for the second quarter and first six months of fiscal 2017, respectively, and \$0.1 for the second quarter and first six months of fiscal 2016 associated with obsolescence charges related to the exit of certain non-core product lines as part of the restructuring.

The following table provides a reconciliation of Earnings before income taxes to adjusted operating income, which is a Non-GAAP measure, for the second quarters and first six months of fiscal 2017 and 2016:

	<u>Quarter Ended March 31,</u>		<u>Six Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Earnings before income taxes	\$ 89.5	\$ 91.3	\$ 134.4	\$ 122.0
Spin costs <sup>(1)</sup>	—	1.7	—	9.2
Restructuring and related charges <sup>(2)</sup>	5.6	5.1	12.8	23.6
Industrial sale charges	—	0.2	—	0.2
Interest expense associated with debt	17.3	17.8	34.7	35.5
Other income, net	(6.6)	(4.6)	(8.5)	(7.0)
Adjusted operating income	<u>\$ 105.8</u>	<u>\$ 111.5</u>	<u>\$ 173.4</u>	<u>\$ 183.5</u>
<i>% of net sales</i>	<i>17.3%</i>	<i>18.2%</i>	<i>15.8%</i>	<i>16.6%</i>

(1) Includes SG&A of \$1.7 and \$9.0 for the second quarter and first six months of fiscal 2016, respectively, and Costs of products sold of \$0.2 for the first six months of fiscal 2016 related to the separation of the Household Products business in July 2015.

(2) Includes Cost of products sold of \$0.1 and \$0.4 for the second quarter and first six months of fiscal 2017, respectively, and \$0.1 for the second quarter and first six months of fiscal 2016 associated with obsolescence charges related to the exit of certain non-core product lines as part of the restructuring.

The following table provides a reconciliation of the effective tax rate to the adjusted effective tax rate, which is a Non-GAAP measure:

	Six Months Ended March 31, 2017			Six Months Ended March 31, 2016		
	Reported	Adjustments <sup>(1)</sup>	Adjusted (Non-GAAP)	Reported	Adjustments <sup>(1)</sup>	Adjusted (Non-GAAP)
Earnings before income taxes	\$ 134.4	\$ 12.8	\$ 147.2	\$ 122.0	\$ 33.0	\$ 155.0
Income tax provision	35.2	4.0	39.2	32.2	11.3	43.5
Net earnings	<u>\$ 99.2</u>	<u>\$ 8.8</u>	<u>\$ 108.0</u>	<u>\$ 89.8</u>	<u>\$ 21.7</u>	<u>\$ 111.5</u>
Effective tax rate	26.2%			26.4%		
Adjusted effective tax rate			26.6%			28.1%

(1) Includes adjustments for spin costs, restructuring charges, the sale of the industrial business and the associated tax impact of these charges. See reconciliation of Net earnings to Adjusted net earnings.

### Note 3 - Net Sales and Profit by Segment

Operations for the Company are reported via four segments - Wet Shave, Sun and Skin Care, Feminine Care and All Other. The following tables present changes in net sales and segment profit for the second quarter and first six months of fiscal 2017, as compared to the corresponding periods in fiscal 2016, and provide a reconciliation of organic net sales and organic segment profit to reported amounts.

#### Net Sales (In millions - Unaudited)

##### Quarter Ended March 31, 2017

	Wet Shave		Sun and Skin Care		Feminine Care		All Other		Total	
Net Sales - Q2 '16	\$ 353.4		\$ 132.5		\$ 91.6		\$ 33.7		\$ 611.2	
Organic	(7.7)	(2.2)%	16.2	12.2 %	(8.6)	(9.4)%	0.7	2.1%	0.6	0.1 %
Impact of acquisition	—	— %	2.9	2.2 %	—	— %	—	—%	2.9	0.5 %
Impact of currency	(3.1)	(0.9)%	(1.0)	(0.7)%	0.2	0.2 %	0.2	0.6%	(3.7)	(0.6)%
Net Sales - Q2 '17	<u>\$ 342.6</u>	<u>(3.1)%</u>	<u>\$ 150.6</u>	<u>13.7 %</u>	<u>\$ 83.2</u>	<u>(9.2)%</u>	<u>\$ 34.6</u>	<u>2.7%</u>	<u>\$ 611.0</u>	<u>— %</u>

#### Net Sales (In millions - Unaudited)

##### Six Months Ended March 31, 2017

	Wet Shave		Sun and Skin Care		Feminine Care		All Other		Total	
Net Sales - FY '16	\$ 669.7		\$ 186.0		\$ 184.1		\$ 66.5		\$ 1,106.3	
Organic	(15.4)	(2.3)%	17.2	9.2 %	(12.0)	(6.5)%	0.2	0.3%	(10.0)	(0.9)%
Impact of acquisition	—	— %	6.1	3.3 %	—	— %	—	—%	6.1	0.6 %
Impact of currency	(5.5)	(0.8)%	(1.1)	(0.6)%	0.2	0.1 %	—	—%	(6.4)	(0.6)%
Net Sales - FY '17	<u>\$ 648.8</u>	<u>(3.1)%</u>	<u>\$ 208.2</u>	<u>11.9 %</u>	<u>\$ 172.3</u>	<u>(6.4)%</u>	<u>\$ 66.7</u>	<u>0.3%</u>	<u>\$ 1,096.0</u>	<u>(0.9)%</u>

**Segment Profit (In millions - Unaudited)****Quarter Ended March 31, 2017**

	<u>Wet Shave</u>		<u>Sun and Skin Care</u>		<u>Feminine Care</u>		<u>All Other</u>		<u>Total</u>	
Segment Profit - Q2 '16	\$	77.7	\$	39.2	\$	10.5	\$	8.0	\$	135.4
Organic		(5.1) (6.6)%		11.9 30.4 %		(9.0) (85.7)%		(0.4) (5.0)%		(2.6) (1.9)%
Impact of acquisition		— — %		0.3 0.8 %		— — %		— — %		0.3 0.2 %
Impact of currency		0.6 0.8 %		(0.5) (1.4)%		0.1 0.9 %		0.1 1.2 %		0.3 0.2 %
Segment Profit - Q2 '17	\$	<u>73.2 (5.8)%</u>	\$	<u>50.9 29.8 %</u>	\$	<u>1.6 (84.8)%</u>	\$	<u>7.7 (3.8)%</u>	\$	<u>133.4 (1.5)%</u>

**Segment Profit (In millions - Unaudited)****Six Months Ended March 31, 2017**

	<u>Wet Shave</u>		<u>Sun and Skin Care</u>		<u>Feminine Care</u>		<u>All Other</u>		<u>Total</u>	
Segment Profit - FY '16	\$	144.5	\$	40.9	\$	28.1	\$	15.2	\$	228.7
Organic		(0.8) (0.6)%		11.6 28.4 %		(18.3) (65.1)%		(0.7) (4.6)%		(8.2) (3.6)%
Impact of acquisition		— — %		(0.1) (0.2)%		— — %		— — %		(0.1) — %
Impact of currency		1.5 1.1 %		(0.7) (1.8)%		0.1 0.3 %		0.1 0.7 %		1.0 0.4 %
Segment Profit - FY '17	\$	<u>145.2 0.5 %</u>	\$	<u>51.7 26.4 %</u>	\$	<u>9.9 (64.8)%</u>	\$	<u>14.6 (3.9)%</u>	\$	<u>221.4 (3.2)%</u>

**Note 4 - EBITDA**

The Company reports financial results on a GAAP and adjusted basis. The table below is used to reconcile Net earnings to EBITDA and Adjusted EBITDA, which are Non-GAAP measures, to improve comparability of results between periods.

	<u>Quarter Ended March 31,</u>		<u>Six Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Net earnings</b>	\$	65.7	\$	66.1
Income tax provision		23.8		25.2
Interest expense, net <sup>(1)</sup>		17.5		14.8
Depreciation and amortization		24.6		25.1
<b>EBITDA</b>		<u>131.6</u>		<u>131.2</u>
Spin costs		—		1.7
Restructuring and related costs <sup>(2)</sup>		4.5		4.6
Industrial sale charges		—		0.2
<b>Adjusted EBITDA</b>	\$	<u>136.1</u>	\$	<u>137.7</u>
			\$	<u>228.8</u>
			\$	<u>232.1</u>

(1) Interest expense, net for the second quarter and first six months of fiscal 2016 includes \$2.6 of income recorded in relation to settlements with tax authorities.

(2) Excludes \$1.1 and \$0.5 of accelerated depreciation for the second fiscal quarters of 2017 and 2016, respectively, and \$2.2 and \$1.2 for the first six months of fiscal 2017 and 2016, respectively, which are included within Depreciation and amortization.

## Note 5 - Outlook

The following tables provide reconciliations of Adjusted EPS, which is a Non-GAAP measure, included within the Company's outlook for projected fiscal 2017 results:

### Adjusted EPS Outlook

Fiscal 2017 GAAP EPS			\$3.50 - \$3.70
Restructuring and related costs	approx.		\$0.46
Income taxes	approx.		\$(0.16)
Fiscal 2017 Adjusted EPS Outlook (Non-GAAP)			\$3.80 - \$4.00

## Note 6 - Adjusted Working Capital

Adjusted working capital metrics for the first and second quarters of fiscal 2017 and the fourth quarter of fiscal 2016 are presented below.

	<u>Q2 2017</u>	<u>Days <sup>(1)</sup></u>	<u>Q1 2017</u>	<u>Days <sup>(1)</sup></u>	<u>Q4 2016</u>	<u>Days <sup>(1)</sup></u>
Receivables, as reported	\$ 277.2		\$ 272.3		\$ 275.2	
Less: Trade allowance in accrued liabilities <sup>(2)</sup>	<u>(27.6)</u>		<u>(27.6)</u>		<u>(28.1)</u>	
Receivables, adjusted	249.6	39	244.7	38	247.1	38
Inventories, as reported	337.0	103	341.1	105	345.3	105
Accounts payable, as reported	203.2	62	204.1	63	211.4	64
Average adjusted working capital <sup>(3)</sup>	<u>\$ 383.4</u>		<u>\$ 381.7</u>		<u>\$ 381.0</u>	
% of net sales <sup>(4)</sup>	16.3%		16.2%		16.1%	

- (1) Days sales outstanding is calculated using net sales for the trailing four-quarter period. Days in inventory and days payable outstanding are calculated using cost of products sold for the trailing four-quarter period.
- (2) Trade allowances are recorded as a reduction of net sales per GAAP and reported in accrued expenses on the Condensed Consolidated Balance Sheets.
- (3) Adjusted working capital is defined as receivables (less trade allowance in accrued liabilities), plus inventories, less accounts payable. Average adjusted working capital is calculated using an average of the four-quarter end balances for each working capital component as of March 31, 2017, December 31, 2016 and September 30, 2016, respectively.
- (4) Average adjusted working capital divided by trailing four-quarter net sales.