

HAIN CELESTIAL GROUP INC
Form 10-Q
November 09, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2010

Transition Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File No. 0-22818

THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

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Delaware	22-3240619
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
58 South Service Road	
Melville, New York	11747
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: (631) 730-2200	

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 (section 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 definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of November 2, 2010 there were 42,855,493 shares outstanding of the registrant's Common Stock, par value \$.01 per share.

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THE HAIN CELESTIAL GROUP, INC.

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	September 30, 2010 (Unaudited)	June 30, 2010 (Note)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,948	\$ 17,266
Accounts receivable, less allowance for doubtful accounts of \$1,425 and \$1,574	131,489	114,215
Inventories	169,817	157,012
Deferred income taxes	10,749	10,738
Prepaid expenses and other current assets	16,927	14,586
Total current assets	349,930	313,817
Property, plant and equipment, net	106,709	106,985
Goodwill	549,826	516,455
Trademarks and other intangible assets, net	209,333	198,129
Investment in and advances to equity-method investees	45,891	46,041
Other assets	19,195	16,660
Total assets	\$ 1,280,884	\$ 1,198,087
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 161,818	\$ 129,282
Income taxes payable	8,202	9,530
Current portion of long-term debt	37	38
Total current liabilities	170,057	138,850
Long-term debt, less current portion	257,694	225,004
Deferred income taxes	39,812	38,283
Other noncurrent liabilities	26,879	30,227
Total liabilities	494,442	432,364
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$.01 par value, authorized 5,000,000 shares, no shares issued		
Common stock \$.01 par value, authorized 100,000,000 shares, issued 43,929,190 and 43,646,677 shares	439	437

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Additional paid-in capital	555,657	548,782
Retained earnings	249,999	240,904
Accumulated other comprehensive income	(2,087)	(6,871)
	804,008	783,252
Less: 1,074,212 and 1,072,705 shares of treasury stock, at cost	(17,566)	(17,529)
Total stockholders' equity	786,442	765,723
Total liabilities and stockholders' equity	\$ 1,280,884	\$ 1,198,087

Note: The balance sheet at June 30, 2010 has been derived from the audited financial statements at that date.

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended September 30, 2010 2009 (Unaudited)	
Net sales	\$ 257,961	\$ 230,484
Cost of sales	187,859	168,676
Gross profit	70,102	61,808
Selling, general and administrative expenses	50,146	42,564
Acquisition related expenses and restructuring charges	1,413	1,779
Operating income	18,543	17,465
Interest and other expenses, net	2,457	3,042
Income before income taxes and equity in earnings of equity-method investees	16,086	14,423
Provision for income taxes	7,164	5,337
Equity in net (income) loss of equity-method investees	(173)	996
Net income	\$ 9,095	\$ 8,090
Net earnings per common share:		
Basic	\$ 0.21	\$ 0.20
Diluted	\$ 0.21	\$ 0.20
Shares used in the calculation of net earnings per common share:		
Basic	42,823	40,701
Diluted	43,918	41,159

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010
(In thousands, except per share and share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount at \$.01			Shares	Amount		
Balance at June 30, 2010	43,646,677	\$ 437	\$ 548,782	\$ 240,904	1,072,705	\$ (17,529)	\$ (6,871)	\$ 765,723
Issuance of common stock pursuant to stock compensation plans	40,328		577					577
Issuance of common stock in connection with acquisition	242,185	2	4,821					4,823
Stock-based compensation income tax effects			(273)					(273)
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					1,507	(37)		(37)
Non-cash compensation charge			1,750					1,750
Net income				9,095				9,095
Translation adjustments							5,014	5,014
Change in deferred gains on cash flow hedging instruments, net of tax							(344)	(344)
Change in unrealized loss on available for sale investment, net of tax							114	114
Balance at September 30, 2010	43,929,190	\$ 439	\$ 555,657	\$ 249,999	1,074,212	\$ (17,566)	\$ (2,087)	\$ 786,442

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Three Months Ended September 30, 2010 2009 (Unaudited)	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income	\$ 9,095	\$ 8,090
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,943	4,580
Deferred income taxes	(576)	(475)
Equity in net (income) loss of equity-method investees	(173)	996
Non-cash compensation	1,750	1,554
Tax benefit from stock options	(273)	39
Interest accretion on contingent consideration	424	
Other non-cash items, net	(170)	
Increase (decrease) in cash attributable to changes in operating assets and liabilities, net of amounts applicable to acquisitions:		
Accounts receivable	(13,660)	(16,978)
Inventories	(10,643)	(5,641)
Other current assets	(2,622)	3,038
Other assets		