

CLOROX CO /DE/

FORM 10-Q (Quarterly Report)

Filed 11/14/1996 For Period Ending 9/30/1996

Address	THE CLOROX COMPANY 1221 BROADWAY OAKLAND, California 94612-1888
Telephone	510-271-7000
CIK	0000021076
Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

THE CLOROX COMPANY

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Statements of Consolidated Earnings

(In thousands, except per-share amounts)

	Three Months Ended	
	9/30/96	9/30/95
	-----	-----
Net Sales	\$ 590,773	\$ 518,486
Costs and Expenses		
Cost of products sold	257,361	231,333
Selling, delivery and administration	116,594	98,656
Advertising	88,974	72,482
Research and development	10,498	10,202
Interest expense	10,497	7,772
Other income	(1,973)	(567)
	-----	-----
Total costs and expenses	481,951	419,878
	-----	-----
Earnings before income taxes	108,822	98,608
Income Taxes	43,312	39,829
	-----	-----
Net Earnings	\$ 65,510	\$ 58,779
	=====	=====
Earnings per Common Share	\$ 1.27	\$ 1.12
Dividends per Share	\$ 0.58	\$ 0.53
Weighted Average Shares Outstanding	51,546	52,354

See Notes to Condensed Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (Continued)
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)

	9/30/96	6/30/96
	-----	-----
ASSETS		
Current Assets		
Cash and short-term investments	\$ 116,751	\$ 90,828
Accounts receivable, less allowance	275,203	315,106
Inventories	147,421	138,848
Deferred income taxes	11,139	10,987
Prepaid expenses	20,918	18,076
	-----	-----
Total current assets	571,432	573,845
Property, Plant and Equipment - Net	557,454	551,437
Brands, Trademarks, Patents and Other Intangibles	717,770	704,669
Investments in Affiliates	99,668	99,033
Other Assets	278,863	249,910
	-----	-----
Total	\$ 2,225,187	\$ 2,178,894
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 126,764	\$ 155,366
Accrued liabilities	278,490	266,192
Income taxes payable	39,507	9,354
Commercial paper and short-term borrowings	184,358	192,683
Current maturities of long-term debt	179	291
	-----	-----
Total current liabilities	629,298	623,886
Long-term Debt	355,575	356,267
Other Obligations	120,116	117,505
Deferred Income Taxes	144,289	148,408
Stockholders' Equity		
Common Stock	55,422	55,422
Additional paid-in capital	113,076	111,782
Retained earnings	1,114,802	1,078,789
Treasury shares, at cost	(262,770)	(268,652)
Cumulative translation adjustments and other	(44,621)	(44,513)
	-----	-----
Stockholders' Equity	975,909	932,828
	-----	-----
Total	\$ 2,225,187	\$ 2,178,894

See Notes to Condensed Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (Continued)
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Statements of Consolidated Cash Flows

(In thousands)

	Three Months Ended	
	9/30/96	9/30/95
	-----	-----
Operations:		
Net earnings	\$ 65,510	\$ 58,779
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	26,744	26,478
Deferred income taxes	840	3,300
Other	5,315	4,628
Effects of changes in:		
Accounts receivable	42,103	93,933
Inventories	(8,273)	(3,884)
Prepaid expenses	(3,084)	1,372
Accounts payable	(28,635)	(22,603)
Accrued liabilities	(3,770)	(18,065)
Income taxes payable	25,042	24,211
	-----	-----
Net cash provided by operations	121,792	168,149
Investing Activities:		
Property, plant and equipment	(23,033)	(12,162)
Disposal of property, plant and equipment	515	2,369
Businesses purchased	(22,207)	(60,427)
Other	(17,043)	(15,736)
	-----	-----
Net cash used for investment	(61,768)	(85,956)
Financing Activities:		
Long-term borrowings	968	-
Long-term debt and other obligations repayments	(6,942)	(8,789)
Commercial paper, net	(5,348)	(38,881)
Cash dividends	(29,888)	(27,804)
Treasury stock purchased	-	(18,819)
Employee stock plans	7,109	2,616
	-----	-----
Net cash used for financing	(34,101)	(91,677)
	-----	-----
Net Increase (Decrease) in Cash and Short-Term Investments	25,923	(9,484)
Cash and Short-Term Investments:		
Beginning of period	90,828	137,330
	-----	-----
End of period	\$ 116,751	127,846
	=====	=====

See Notes to Condensed Financial Statements

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements

The Clorox Company and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(1) The summarized financial information for the three months ended September 30, 1996 and 1995 has not been audited, but in the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations, financial position, and cash flows of The Clorox Company and subsidiaries (the Company) have been made. The results of the three months ended September 30, 1996 should not be considered as necessarily indicative of the results for the entire year.

(2) Inventories at September 30, 1996 and at June 30, 1996 consisted of (in thousands):

	9/30/96 -----	6/30/96 -----
Finished goods and work in process	\$ 91,341	\$ 82,261
Raw materials and supplies	56,080	56,587
	-----	-----
Total	\$147,421	\$138,848

(3) Acquisitions during the quarter were funded from cash and included the Limpido brand of liquid bleach, and an increase of ownership in Technoclor, S.A, both in Columbia. These acquisitions were accounted for as purchases.

PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

**Comparison of the Three Months Ended September 30, 1996
with the Three Months Ended September 30, 1995**

Earnings per share increased 13 percent to \$1.27 from \$1.12, and net earnings increased 11 percent to \$65,510,000 from \$58,779,000 a year ago principally due to a 14 percent increase in net sales driven by a 15 percent increase in volume. Domestic volume growth was approximately 10 percent, while our international base businesses grew about 13 percent with the remaining growth coming from acquisitions that occurred in fiscal 1996. Home cleaning products experienced strong volume growth and included strong shipments of 409, Soft Scrub, Pine-Sol, Clorox Toilet Bowl Cleaner, and S.O.S. Cat litter was up strongly for the quarter principally due to increased distribution of our larger sizes and the continued strong growth of the Scoop segment of the category. Insecticides were also up strongly principally due to last year's acquisition of Black Flag. Additionally, Brita and our professional products business experienced strong volume growth in the quarter, driven principally by new distribution for Brita. International volume growth occurred principally in Argentina as well as other markets in Latin America and Asia.

Costs of products sold as a percent of net sales was 44 and 45 percent in the current and year ago quarters, respectively and is anticipated to remain in this range for the balance of the year. This quarter's improvement reflects the results of certain cost savings measures including our manufacturing strategy and our initiatives in the food business. Raw materials costs are relatively stable versus a year ago, and increases over the balance of the year may tend to mitigate any margin improvement.

Research and development expense was about even with year ago period. Selling, delivery, and administration expense increased 18 percent over the year ago period principally due to spending this period on major information technology initiatives that are necessary to maintain technological competence and prepare for the year 2000 conversion, and further international infrastructure investments that include the establishment of our own direct sales forces in Canada and in some Latin American markets.

Advertising expense increased 23 percent over the year ago period principally due to increased media spending across all our businesses. Sales promotional and couponing spending increased as well due to promotional activity for S.O.S. Scrubber Sponges and other new products. We anticipate that for the full year, advertising and sales promotion should increase at about the same rate as the growth of sales, subject to completion of marketing plans.

Interest expense increased \$ 2,725,000 over a year ago due to increased borrowing levels for both commercial paper and medium term debt associated with acquisitions that occurred in fiscal 1996.

PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Liquidity and Capital Resources

The Company's financial position remains strong principally due to cash provided by operations during the quarter. Accounts receivable and accounts payable both decreased from June 30, 1996 reflecting normal seasonal variations of the charcoal and insecticides businesses. Inventories are higher due to international growth and acquisitions as well as for increased Brita volume. We expect our inventories to increase during the next two fiscal quarters to support the seasonal charcoal and insecticides businesses.

The Company has approved the use of interest rate derivative instruments such as interest rate swaps in order to manage the impact of interest rate movements on interest expense. These instruments have the effect of converting fixed rate interest to floating, or floating to fixed. The conditions under which derivatives can be used are set forth in a Company Policy Statement and include a restriction on the amount of such activity to a designated portion of existing debt, a limit on the term of any derivative transaction, and a specific prohibition on the use of any leveraged derivatives.

Management believes the Company has access to additional capital through existing lines of credit and from public and private sources should the need arise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CLOROX COMPANY
(Registrant)

DATE *November 13, 1996*

BY */S/ HENRY J. SALVO, JR.*

Henry J. Salvo, Jr.
Vice-President -
Controller

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF THE CLOROX COMPANY FOR THE FISCAL QUARTER ENDED SEPTEMBER 30, 1996, AS PRESENTED IN THE CLOROX COMPANY'S FORM 10-Q FILED FOR SUCH PERIOD, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000021076

NAME: THE CLOROX COMPANY

MULTIPLIER: 1000

PERIOD TYPE	3 MOS
FISCAL YEAR END	JUN 30 1997
PERIOD START	JUL 01 1996
PERIOD END	SEP 30 1996
CASH	66256
SECURITIES	50495
RECEIVABLES	276724
ALLOWANCES	1521
INVENTORY	147421
CURRENT ASSETS	571342
PP&E	989047
DEPRECIATION	431593
TOTAL ASSETS	2225187
CURRENT LIABILITIES	629298
BONDS	355575
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	55422
OTHER SE	920487
TOTAL LIABILITY AND EQUITY	2225187
SALES	590773
TOTAL REVENUES	590773
CGS	257361
TOTAL COSTS	473427
OTHER EXPENSES	(1973)
LOSS PROVISION	0
INTEREST EXPENSE	10497
INCOME PRETAX	108822
INCOME TAX	43312
INCOME CONTINUING	65510
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	65510
EPS PRIMARY	1.27
EPS DILUTED	0

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