

Spectrum Posts Profit for Q4, FY 2009

Posted: Wednesday, December 30, 2009, 6:18 p.m., EST

Spectrum Brands, the Atlanta-based manufacturer of Tetra, Marineland and 8-in-1 branded pet products, posted a profit in the fourth quarter and fiscal year 2009 ended Sept. 30. In a statement released Dec. 30, company CEO Kent Hussey called 2009 — a year in which Spectrum underwent a massive restructuring and emerged from bankruptcy — a “watershed year.”

“We successfully completed a major financial restructuring in which we eliminated more than \$800 million of debt and emerged a stronger competitor and a financially healthier business,” Hussey said. “Additionally, despite the tough economy, our product lines, many of which benefited from our value positioning, continued to perform very well and delivered improved adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) over fiscal 2008.”

Overall, Spectrum, which supplies a number of other consumer products, reported net income of \$1.15 billion on consolidated net sales of \$589.4 million for the fourth quarter ended Sept. 30, compared to a net loss of \$492.5 million on net sales of \$668 million in the year-ago period.

For the full year, Spectrum reported net income of \$943.2 million on consolidated net sales of \$2.2 billion, compared to a net loss of \$931.5 million on net sales of \$2.4 billion.

Spectrum’s global pet supplies segment reported net sales of \$154.8 million for the 2009 quarter, compared to net sales of \$159.2 million in the year-ago period. For the full fiscal year, the pet supply segment reported net sales of \$573.9 million compared to \$598.6 million in fiscal year 2008.

The entire aquatics category, particularly equipment sales, was down year-over-year, resulting in decreased sales. This trend, along with inventory de-stocking at certain retailers, was partially offset by notable strength in sales of Spectrum’s Dingo’s and Nature’s Miracle branded products, according to the company.

Spectrum reported adjusted EBITDA for the pet segment of \$30.4 million for the 2009 quarter, compared to \$26.8 million for the year-ago period. Spectrum reported adjusted EBITDA of \$93.2 million for the full fiscal year of 2009, compared to \$92.1 million for fiscal year 2008.

Spectrum’s home and garden segment reported net sales of \$73.2 million for the fourth quarter of 2009, compared to \$85 million in the year-ago period. The segment reported net sales of \$321.6 million for the full year of 2009, compared to \$334.1 million in fiscal year 2008. The company attributed the decrease in sales primarily to the business unit’s decision to decrease its SKUs by 30 percent in order to reduce costs and improve efficiencies. Tighter inventory controls by retailers also played a factor, according to the company.

Spectrum’s reported adjusted EBITDA for the home and garden segment of \$9 million for the 2009 quarter, compared to adjusted EBITDA of \$18.7 million in the fourth quarter of 2008. (The company noted that lower revenues, coupled with increased customer offers, rebates and close-out activity created a larger quarter-over-quarter variance).

The segment delivered full year adjusted EBITDA of \$53.9 million for fiscal year 2009, compared to \$52.6 million in fiscal year 2008.