

ENERGIZER HOLDINGS, INC.
Form 10-Q
August 02, 2017

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 June 30, 2017

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: 001-36837

ENERGIZER HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Missouri	36-4802442
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

533 Maryville University Drive
St. Louis, Missouri 63141
(Address of principal executive offices) (Zip Code)

(314) 985-2000
(Registrant's telephone number, including area code)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

(Do not check if smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares of Energizer Holdings, Inc. common stock, \$.01 par value, outstanding as of the close of business on July 31, 2017: 61,905,391.

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ENERGIZER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Condensed)
(In millions, except per share data - Unaudited)

	For the Quarter		For the Nine Months		
	Ended June 30,		Ended June 30,		
	2017	2016	2017	2016	
Net sales	\$372.0	\$361.0	\$1,290.6	\$1,201.8	
Cost of products sold	214.0	207.3	693.1	676.7	
Gross profit	158.0	153.7	597.5	525.1	
Selling, general and administrative expense	83.2	87.0	254.1	254.1	
Advertising and sales promotion expense	20.2	22.8	71.1	71.0	
Research and development expense	5.1	6.6	16.0	19.1	
Amortization of intangible assets	2.8	—	8.4	—	
Spin restructuring	—	0.9	(3.8) 1.0	
Restructuring	—	—	—	2.5	
Gain on sale of real estate	(1.7) —	(16.9) —	
Interest expense	13.3	13.1	39.7	39.1	
Other items, net	4.6	(0.4) 5.0	(0.9)
Earnings before income taxes	30.5	23.7	223.9	139.2	
Income tax provision/(benefit)	5.6	(0.5) 56.5	33.1	
Net earnings	\$24.9	\$24.2	\$167.4	\$106.1	
Basic net earnings per share	\$0.40	\$0.39	\$2.71	\$1.71	
Diluted net earnings per share	\$0.40	\$0.39	\$2.67	\$1.70	
Statements of Comprehensive Income:					
Net earnings	\$24.9	\$24.2	\$167.4	\$106.1	
Other comprehensive income/(loss), net of tax expense/(benefit)					
Foreign currency translation adjustments	11.9	(8.5) (4.5) 10.1	
Pension activity, net of tax of \$0.6 and \$1.9 for the quarter and nine months ended June 30, 2017, respectively, and \$0.5 and \$1.5 for the quarter and nine months ended June 30, 2016, respectively.	(0.5) 2.3	3.9	5.0	
Deferred (loss)/gain on hedging activity, net of tax of (\$1.2) and \$1.9 for the quarter and nine months ended June 30, 2017, respectively, and (\$0.3) and (\$3.1) for the quarter and nine months ended June 30, 2016, respectively.	(4.7) 0.9	1.4	(6.4)
Total comprehensive income	\$31.6	\$18.9	\$168.2	\$114.8	

The above financial statements should be read in conjunction with the Notes To Consolidated (Condensed) Financial Statements (Unaudited).

ENERGIZER HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Condensed)
(In millions - Unaudited)

	June 30, 2017	September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	\$404.4	\$ 287.3
Trade receivables, less allowance for doubtful accounts of \$5.3 and \$6.9, respectively	173.6	190.9
Inventories	301.2	289.2
Other current assets	101.8	122.1
Total current assets	981.0	889.5
Property, plant and equipment, net	178.2	201.7
Goodwill	229.6	229.7
Other intangible assets, net	226.4	234.7
Deferred tax asset	45.3	63.7
Other assets	119.5	112.2
Total assets	\$1,780.0	\$ 1,731.5
Liabilities and Shareholders' Equity/(Deficit)		
Current liabilities		
Current maturities of long-term debt	\$4.0	\$ 4.0
Note payable	108.3	57.4
Accounts payable	182.0	217.0
Other current liabilities	210.9	254.7
Total current liabilities	505.2	533.1
Long-term debt	979.2	981.7
Other liabilities	208.6	246.7
Total liabilities	1,693.0	1,761.5
Shareholders' equity/(deficit)		
Common stock	0.6	0.6
Additional paid-in capital	194.2	194.6
Retained earnings	182.4	70.9
Treasury stock	(24.9)	(30.0)
Accumulated other comprehensive loss	(265.3)	(266.1)
Total shareholders' equity/(deficit)	87.0	(30.0)
Total liabilities and shareholders' equity/(deficit)	\$1,780.0	\$ 1,731.5

The above financial statements should be read in conjunction with the Notes To Consolidated (Condensed) Financial Statements (Unaudited).

ENERGIZER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Condensed)
(In millions - Unaudited)

	For the Nine Months Ended June 30,	
	2017	2016
Cash Flow from Operating Activities		
Net earnings	\$167.4	\$106.1
Non-cash restructuring costs	(2.5)	4.5
Depreciation and amortization	38.3	23.4
Deferred income taxes	2.1	1.9
Share-based compensation expense	17.8	15.3
Gain on sale of real estate	(16.9)	—
Non-cash items included in income, net	5.8	0.5
Other, net	(19.6)	(19.3)
Changes in current assets and liabilities used in operations	(46.8)	9.5
Net cash from operating activities	145.6	141.9
Cash Flow from Investing Activities		
Capital expenditures	(17.5)	(17.8)
Proceeds from sale of assets	27.2	1.5
Net cash from/(used by) investing activities	9.7	(16.3)
Cash Flow from Financing Activities		
Payments on debt with maturities greater than 90 days	(3.0)	(2.0)
Net increase in debt with original maturities of 90 days or less	40.7	4.9
Debt issuance costs	(0.8)	—
Dividends paid	(52.1)	(46.4)
Common stock purchased	(9.3)	(21.8)
Taxes paid for withheld share-based payments	(8.2)	(4.1)
Excess tax benefits from share-based payments	—	0.8
Net cash used by financing activities	(32.7)	(68.6)
Effect of exchange rate changes on cash	(5.5)	8.0
Net increase in cash and cash equivalents	117.1	65.0
Cash and cash equivalents, beginning of period	287.3	502.1
Cash and cash equivalents, end of period	\$404.4	\$567.1

The above financial statements should be read in conjunction with the Notes To Consolidated (Condensed) Financial Statements (Unaudited).

ENERGIZER HOLDINGS, INC.

NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS

(In millions - Unaudited)

(1) Description of Business and Basis of Presentation

Description of Business - Energizer Holdings, Inc., including its subsidiaries, (Energizer or the Company) is a global manufacturer, marketer and distributor of household batteries, specialty batteries and portable lights under the Energizer® and Eveready® brand names. Energizer offers batteries using lithium, alkaline, carbon zinc, nickel metal hydride, zinc air and silver oxide constructions. On July 1, 2016, Energizer expanded its portfolio of brands with the acquisition of HandStands Holding Corporation (the auto care acquisition), a leading designer and marketer of automotive fragrance and appearance products. With the auto care acquisition, the Company's brands now include Refresh Your Car!®, California Scents®, Driven®, Bahama & Co.®, LEXOL® and Eagle One®.

Basis of Presentation - The accompanying unaudited Consolidated Condensed Financial Statements include the accounts of Energizer and its subsidiaries. All significant intercompany transactions are eliminated. Energizer has no material equity method investments, variable interests or non-controlling interests.

The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with Article 10 of Regulation S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The year-end condensed Consolidated Balance Sheet was derived from the audited financial statements included in Energizer's Report on Form 10-K, but does not include all disclosures required by U.S. GAAP. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of our operations, financial position and cash flows have been included. Certain reclassifications have been made to the prior year financial statements to conform to the current presentation. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. These statements should be read in conjunction with the financial statements and notes thereto for Energizer for the year ended September 30, 2016 included in the Annual Report on Form 10-K dated November 15, 2016.

The auto care acquisition occurred during the fourth fiscal quarter of 2016 and the purchase price allocation was finalized as of September 30, 2016. The periods ended June 30, 2016 do not include any activity from the auto care acquisition. The quarter and nine months ended June 30, 2017 include revenues of \$25.9 and \$83.1, respectively, and earnings before income taxes of \$2.9 and \$12.0, respectively, related to the auto care acquisition.

Recently Adopted Accounting Pronouncements - During the quarter ended December 31, 2016, the Company early adopted FASB ASU 2016-09, Compensation - Stock Compensation. ASU 2016-09 simplifies the accounting for share-based payment transactions, including the income tax consequences and classifications on the statement of cash flows. The provisions in ASU 2016-09 resulted in the following impacts upon adoption:

Excess tax benefits created upon the vesting of restricted stock equivalent awards (RSEA) are now recorded as a discrete item within the income tax provision. These amounts were previously recorded as an adjustment to Additional paid in capital. During the nine months ended June 30, 2017, \$1.1 was recorded as a discrete benefit in our income tax provision. This ASU provision was applied on a modified retrospective basis; however no cumulative effect adjustment was necessary to retained earnings.

Excess tax benefits are now required to be classified with other income tax cash flows as a Cash Flow from Operating Activities. This was previously reported as a Cash Flow from Financing Activity. The \$1.1 excess tax benefit for the nine months ended June 30, 2017 is reflected within the Changes in current assets and liabilities used in operations line. The Company has applied this provision prospectively and the comparable prior year amount of \$0.8 is reflected in Cash Flow from Financing Activities.

Cash paid by an employer when directly withholding shares for tax withholding purposes are now required to be classified as a Cash Flow from Financing Activities. For the nine months ended June 30, 2017 and June 30, 2016, the Company has reported \$8.2 and \$4.1, respectively, for Taxes paid for withheld share payments as a Cash Flow used by Financing Activity. This presentation is consistent with prior year.

No other provisions of this guidance had an impact on the financial statements.

During the quarter ended December 31, 2016, the Company adopted ASU 2015-05, Intangibles Goodwill and other internal-use software (Subtopic 350-40), which provides criteria to review cloud computing arrangements to

ENERGIZER HOLDINGS, INC.

NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS

(In millions - Unaudited)

determine whether the arrangement contains a software license or is solely a service contract. If the arrangement is determined to be a software license, fees paid to the vendor would be within the scope of internal-use software guidance. If not, the fees paid would be expensed as incurred. The Company's historical accounting for cloud computing arrangements was consistent with this guidance and no change in accounting was required.

During the quarter ended December 31, 2016, the Company adopted FASB ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to assess the Company's ability to continue as a going concern and to provide related disclosures in certain circumstances. Management's assessment discovered no uncertainties about the Company's ability to continue as a going concern.

Recently Issued Accounting Pronouncements - On May 28, 2014, the FASB issued ASU2014-09, Revenue from Contracts with Customers which provides a single comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. On August 12, 2015, the FASB issued a one-year deferral of the effective date of the ASU. The update will now be effective for Energizer beginning October 1, 2018. Energizer is in the process of evaluating the impact the revised guidance will have on its financial statements.

On October 24, 2016, the FASB issued ASU 2016-16, Intra-entity Transfers of Assets Other Than Inventory. This ASU requires tax expense to be recognized from the sale of intra-entity assets, other than inventory, when the transfer occurs, even though the effects of the transaction are eliminated in consolidation. Under the current guidance, the tax effects of transfers would have been deferred until the transferred asset was sold or otherwise recovered through use. Upon adoption, any deferred charge previously established upon the intra-company transfer would be recorded as a cumulative effect adjustment to retained earnings. At September 30, 2016, the Company had a deferred charge of \$51.2 included in Other assets. During the quarter ended December 31, 2016, new IRS regulations were passed that resulted in the recognition of an additional deferred charge. As of June 30, 2017, the total deferred charge is \$61.0. The update will be effective for Energizer beginning October 1, 2018 with early adoption permitted in the first interim period of a fiscal year. The Company expects to adopt the new guidance during the first quarter of fiscal 2018.

On January 5, 2017, the FASB issued ASU 2017-01, Clarifying the Definition of a Business. This ASU creates a more practical definition and guidelines to determine whether a set of assets and activities is a business. This simplifies the decision making process of determining whether a purchase constitutes a business combination or an acquisition of assets. This ASU is effective for the Company for any new acquisitions starting October 1, 2018.

On January 26, 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment. This ASU eliminates the need to assign the fair value of a reporting unit to each of its assets and liabilities when quantifying an impairment charge. The impairment charge would now be determined based on the comparison of the fair value of a reporting unit to its carrying amount. The Company will adjust its goodwill testing procedures accordingly upon adoption. This ASU is effective for the Company starting with its annual goodwill impairment tests for fiscal year 2021.

On March 10, 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This ASU requires the service component of the net periodic pension cost to be reported in the same income statement line item as similar compensation costs, while all other pension cost components should be reported separately from the service cost component on the income statement. The update will be effective for Energizer beginning October 1, 2018 with early adoption permitted in the first interim period of a fiscal year. The Company will adjust its income statement presentation as appropriate at the time of adoption.

ENERGIZER HOLDINGS, INC.
 NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS
 (In millions - Unaudited)

(2) Spin Costs

On July 1, 2015, Energizer completed its legal separation from Edgewell Personal Care Company (Edgewell) via a tax free spin-off (the spin-off or spin). The Company incurred costs associated with the evaluation, planning and execution of the spin transaction. For the nine months ended June 30, 2017, the Company recorded income of \$3.8 in spin restructuring which included \$2.5 of income in the second quarter reflecting the true up of previously accrued exit lease costs related to right-sizing of the corporate headquarters and the first quarter sale of a facility in North America that was previously closed as part of the spin for a gain of \$1.3.

During the quarter ended June 30, 2016, the Company incurred \$2.8 in spin costs. These charges included \$2.0 recorded in SG&A and \$0.9 recorded in spin restructuring, which was slightly offset by income of \$0.1 recorded in cost of products sold (COGS). For the nine months ended June 30, 2016, the Company incurred \$11.6 in spin costs including \$10.2 recorded in SG&A, \$0.4 recorded in COGS and \$1.0 recorded in spin restructuring.

On a project to date basis, the total costs incurred or allocated to Energizer for the spin were \$197.6, inclusive of the costs of early debt retirement recorded in fiscal 2015. We do not expect any additional costs related to spin.

The following table represents the spin restructuring accrual activity and ending accrual balance at June 30, 2017 and June 30, 2016 recorded in Other current liabilities on the Consolidated Condensed Balance Sheet.

	October 1, 2016	Charge to Income	Utilized		June 30, 2017
			Cash	Non-Cash	
Severance and termination related costs	\$ 2.8	\$ —	\$(2.1)	\$ —	—\$ 0.7
Contract termination costs	3.6	(2.5)	(1.1)	—	—
Net gain on asset sales	—	(1.3)	1.3	—	—
Total	\$ 6.4	\$ (3.8)	\$(1.9)	\$ —	—\$ 0.7

	October 1, 2015	Charge to Income	Utilized		June 30, 2016
			Cash	Non-Cash	
Severance and termination related costs	\$ 12.0	\$ —	\$(9.0)	\$ —	\$ 3.0
Non-cash asset write down	—	0.1	—	(0.1)	—
Other exit costs	0.3	1.5	(1.8)	—	—
Net gain on asset sales	—	(0.6)	0.6	—	—
Total	\$ 12.3	\$ 1.0	\$(10.2)	\$ (0.1)	\$ 3.0

(3) Income Taxes

The nine month effective tax rate was 25.2% as compared to 23.8% for the prior year comparative period. The current year rate is primarily due to a favorable impact of \$1.4 of adjustments related to our prior year provision estimates, the benefit on the non-taxable gain on the sale of real estate in Asia during the second quarter, and the \$1.1 discrete tax benefit recognized in our income tax provision as a result of the new stock compensation guidance adopted in the first quarter. The prior year effective tax rate reflected the favorable impacts of adjustments related to prior year provision

estimates and certain spin related adjustments of approximately \$9.

ENERGIZER HOLDINGS, INC.
 NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS
 (In millions - Unaudited)

(4) Share-Based Payments

Total compensation cost charged against income for Energizer's share-based compensation arrangements was \$5.9 and \$17.8 for the quarter and nine months ended June 30, 2017, respectively, and \$4.6 and \$15.3 for the quarter and nine months ended June 30, 2016, respectively, and was recorded in SG&A expense.

Restricted Stock Equivalents (RSE)—(in whole dollars and total shares)

In November 2016, the Company granted RSE awards to a group of key employees which included approximately 92,000 shares that vest ratably over four years and granted RSE awards to a group of key executives of approximately 73,000 shares that vest on the third anniversary of the date of the grant. In addition, the Company granted approximately 249,000 performance shares to a group of key employees and key executives that will vest subject to meeting targeted amounts for both cumulative adjusted earnings per share and cumulative free cash flow as a percentage of sales over the three year performance period. These performance measures are equally weighted in determining the final share award. The closing stock price on the date of the grant used to determine the award fair value was \$43.84.

In November 2015, the Company granted RSE awards to a group of key employees which included approximately 106,000 shares that vest ratably over four years and granted RSE awards to a group of key executives of approximately 87,000 shares that vest on the third anniversary of the date of the grant. In addition, the Company granted approximately 290,000 performance shares to a group of key employees and key executives that will vest subject to meeting targeted amounts for both cumulative adjusted earnings per share and cumulative free cash flow as a percentage of sales over the three year performance period. These performance measures are equally weighted in determining the final share award. The closing stock price on the date of the grant used to determine the award fair value was \$37.34.

(5) Earnings per share

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 average number of shares used for the basic earnings per share calculation, adjusted for the dilutive effect of restricted stock equivalents and performance share awards.

The following table sets forth the computation of basic and diluted earnings per share for the quarter and nine months ended June 30, 2017 and 2016, respectively.

(in millions, except per share data)

	For the Quarter Ended June 30,		For the Nine Months Ended June 30,	
	2017	2016	2017	2016
Net earnings	\$24.9	\$24.2	\$167.4	\$106.1
Basic average shares outstanding	61.8	61.8	61.8	61.9
Effect of dilutive restricted stock equivalents	0.5	0.7	0.5	0.5
Effect of dilutive performance shares	0.5	0.2	0.5	0.1
Diluted average shares outstanding	62.8	62.7	62.8	62.5
Basic earnings per common share	\$0.40	\$0.39	\$2.71	\$1.71

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Diluted earnings per common share	\$0.40	\$0.39	\$2.67	\$1.70
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For the quarter and nine months ended June 30, 2017 and June 30, 2016, all restricted stock equivalents and performance shares were dilutive and included in the diluted net earnings per share calculations.

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ENERGIZER HOLDINGS, INC.
NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS
(In millions - Unaudited)

(6) Segments

As of October 1, 2016, the Company changed its internal reporting structure and is managing operations via three major geographic reportable segments: Americas (North America and Latin America), Europe, Middle East and Africa (EMEA), and Asia Pacific. Prior to this year, the Americas' segment was reported as two separate geographic reportable segments. The Company changed its reporting structure to better reflect how the Company is managing the operations as well as what the chief operating decision maker is reviewing to make organizational decisions about resource allocation. The prior period segment information has been recast to reflect the current reportable segment structure of the Company.

Segment performance is evaluated based on segment operating profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with restructuring initiatives, acquisition and integration activities, amortization costs, business realignment activities, research & development costs, gains on sale of real estate and other items determined to be corporate in nature. Financial items, such as interest income and expense, are managed on a global basis at the corporate level. The exclusion of substantially all acquisition, integration, restructuring and realignment costs from segment results reflects management's view on how it evaluates segment performance.

Energizer's operating model includes a combination of standalone and shared business functions between the geographic segments, varying by country and region of the world. Shared functions include, but are not limited to, IT, procurement and finance. Energizer applies a fully allocated cost basis, in which shared business functions are allocated between segments. Such allocations are estimates, and do not represent the costs of such services if performed on a standalone basis.

ENERGIZER HOLDINGS, INC.
NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS
(In millions - Unaudited)

Segment sales and profitability for the quarter and nine months ended June 30, 2017 and 2016, respectively, are presented below:

	For the Quarter		For the Nine Months	
	Ended June 30, 2017	2016	Ended June 30, 2017	2016
Net Sales				
Americas	\$228.6	\$213.9	\$812.2	\$722.5
EMEA	76.6	77.2	265.4	271.4
Asia Pacific	66.8	69.9	213.0	207.9
Total net sales	\$372.0	\$361.0	\$1,290.6	\$1,201.8
Segment Profit				
Americas	\$53.6	\$49.1	\$237.2	\$193.5
EMEA	10.3	8.9	50.4	40.1
Asia Pacific	15.4	16.8	59.4	50.8
Total segment profit	79.3	74.8	347.0	284.4
General corporate and other expenses (1)	(16.3)	(19.7)	(56.8)	(56.9)
Global marketing expense (1)	(5.0)	(5.1)	(12.0)	(10.4)
Research and development expense	(5.1)	(6.6)	(16.0)	(19.1)
Amortization of intangible assets	(2.8)	—	(8.4)	—
Restructuring (2)	—	(0.1)	—	(4.9)
Acquisition and integration costs (3)	(6.7)	(4.1)	(9.2)	(4.1)
Spin costs (4)	—	(1.9)	—	(10.6)
Spin restructuring	—	(0.9)	3.8	(1.0)
Gain on sale of real estate	1.7	—	16.9	—
Interest expense	(13.3)	(13.1)	(39.7)	(39.1)
Other items, net (5)	(1.3)	0.4	(1.7)	0.9
Total earnings before income taxes	\$30.5	\$23.7	\$223.9	\$139.2

(1) Included in SG&A in the unaudited Consolidated Condensed Statement of Earnings and Comprehensive Income.

(2) Includes pre-tax costs of \$0.1 and \$2.4 for the quarter and nine months ended June 30, 2016, respectively, of accelerated depreciation related to our streamlining of plants recorded in COGS on the unaudited Consolidated Condensed Statements of Earnings and Comprehensive Income.

(3) The quarter and nine months ended June 30, 2017 included \$0.9 and \$1.1, respectively, in COGS, and \$3.3 in Other items, net. All remaining integration and acquisition costs were included in SG&A in the unaudited Consolidated Condensed Statements of Earnings and Comprehensive Income.

(4) The quarter and nine months ended June 30, 2016 included income of \$0.1 and expense of \$0.4 in COGS, respectively. All remaining spin costs were included in SG&A in the unaudited Consolidated Condensed Statements of Earnings and Comprehensive Income.

(5) The amounts for the quarter and nine months ended June 30, 2017 on the unaudited Consolidated Condensed Statement of Earnings and Comprehensive Income included \$3.3 of acquisition and integration costs which have been reclassified to Acquisition and integration costs from Other items, net for purposes of the reconciliation above.

Supplemental product information is presented below for revenues from external customers:

	For the Quarter		For the Nine	
	Ended June 30, 2017	2016	Months Ended June 30, 2017	2016
Net Sales				

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Batteries	\$325.8	\$338.3	\$1,138.8	\$1,122.9
Other	46.2	22.7	151.8	78.9
Total net sales	\$372.0	\$361.0	\$1,290.6	\$1,201.8

During the fourth quarter of fiscal 2016, we realigned our supplemental product information. We have reclassified the fiscal year 2016 net sales categories to be consistent with our current presentation.

ENERGIZER HOLDINGS, INC.
NOTES TO CONSOLIDATED (CONDENSED) FINANCIAL STATEMENTS
(In millions - Unaudited)

Corporate assets shown in the following table include all financial instruments, deferred tax assets and deferred charges that are managed outside of operating segments. Total assets by segment are presented below:

	June 30, 2017	September 30, 2016
Americas	\$494.4	\$ 475.2
EMEA	235.4	242.0
Asia Pacific	454.4	390.8
Total segment assets	\$1,184.2	\$ 1,108.0
Corporate	139.8	159.1
Goodwill and other intangible assets	456.0	464.4
Total assets	\$1,780.0	\$ 1,731.5

(7) Goodwill and intangible assets

Goodwill and intangible assets deemed to have an indefinite life are not amortized, but are evaluated annually for impairment as part of our annual business planning cycle in the fourth fiscal quarter, or when indicators of a potential impairment are present.

The following table sets forth goodwill by segment as of October 1, 2016 and June 30, 2017:

	Americas	EMEA	Asia Pacific	Total
Balance at October 1, 2016	\$ 213.7	\$ 5.3	\$ 10.7	\$ 229.7
Cumulative translation adjustment	—	0.1	(0.2)	(0.1)
Balance at June 30, 2017	\$ 213.7	\$ 5.4	\$ 10.5	\$ 229.6

Energizer had indefinite-lived intangible assets of \$78.1 at June 30, 2017 and \$78.0 at September 30, 2016. Changes in indefinite-lived intangible assets are due to changes in foreign currency translation.

Total amortizable intangible assets at June 30, 2017 are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	\$ 40.1	\$ 2.7	\$ 37.4
Customer relationships	84.4	5.8	78.6
Patents	34.5	2.6	31.9
Non-compete	0.5	0.1	0.4
Total intangible assets at June 30, 2017	\$ 159.5	\$ 11.2	\$ 148.3

Total amortizable intangible assets at September 30, 2016 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	\$ 40.1	\$ 0.7	\$ 39.4
Customer relationships	84.4	1.5	82.9
Patents	34.5	0.6	33.9
Non-compete	0.5	—	0.5

Total intangible assets at September 30, 2016 \$ 159.5 \$ 2.8 \$ 156.7

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(8) Debt

The detail of long-term debt was as follows:

	June 30, September	
	2017	30, 2016
Senior Secured Term Loan B Facility, net of discount due 2022	\$ 393.0	\$ 396.0
5.50% Senior Notes due 2025	600.0	600.0
Total long-term debt, including current maturities	993.0	996.0
Less current portion	(4.0)	(4.0)
Less unamortized debt discount and debt issuance fees	(9.8)	(10.3)
Total long-term debt	\$ 979.2	\$ 981.7

On June 1, 2015, the Company entered into a credit agreement which provides for a five-year \$250.0 senior secured revolving credit facility (Revolving Facility) and a seven-year \$400.0 senior secured term loan B facility (Term Loan) that became effective on June 30, 2015. Also on June 1, 2015, Energizer completed the issuance and sale of \$600.0 of 5.50% Senior Notes due 2025 (Senior Notes), with proceeds placed in escrow and released June 30, 2015. The proceeds from the Term Loan and Senior Notes were transferred to Edgewell on June 30, 2015 in exchange for the contribution of certain assets by Edgewell to the Company in connection with the separation.

The Senior Notes were sold to qualified institutional buyers and will not be registered under federal or applicable state securities laws. Interest is payable semi-annually on the Senior Notes, and payments began on December 15, 2015. The Senior Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis by each of the Company's domestic restricted subsidiaries that is a borrower or guarantor under the Revolving Facility and Term Loan.

On July 8, 2016, the Company entered into an amendment to the existing credit agreement to increase capacity on the Revolving Facility to \$350.0. This additional capacity is available to be utilized for working capital and other general corporate purposes. There were no other changes to the terms of the Revolving Facility.

Borrowings under the Revolving Facility will bear interest at LIBOR or the Base Rate (as defined) plus the applicable margin based on total Company leverage. As of June 30, 2017, the Company had \$100.0 of outstanding borrowings under the Revolving Facility and had \$6.7 of outstanding letters of credit. Taking into account outstanding letters of credit, \$243.3 remains available as of June 30, 2017.

The \$400.0 Term Loan was issued at a \$1.0 discount which is amortized with a corresponding charge to interest expense over the remaining life of the loan. The original interest rate was LIBOR subject to a 75 basis points floor, plus 250 basis points. On March 16, 2017, the Company completed the repricing of its Term Loan reducing the interest to LIBOR plus 200 basis points and eliminating the 75 basis points floor. The loans and commitments under the Term Loan require quarterly principal payments at a rate of 0.25% of the original principal balance. Obligations under the Revolving Facility and Term Loan are jointly and severally guaranteed by certain of its existing and future direct and indirectly wholly-owned U.S. subsidiaries. There is a first priority perfected lien on substantially all of the assets and property of the Company and guarantors and proceeds therefrom excluding certain excluded assets. No other terms were changed as result of the March repricing.

In August 2015, the Company entered into an interest rate swap agreement with one major financial institution that fixed the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an

interest rate of 2.22%. This swap agreement was terminated in March 2017 and the Company entered into a new interest rate swap agreement with one major financial institution that continued to fix the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an interest rate of 2.03%.

For the quarter ended June 30, 2017, our weighted average interest rate on variable rate debt, inclusive of the interest rate swap, was 3.19%.

The notes payable balance was \$108.3 at June 30, 2017 and \$57.4 at September 30, 2016. The June 30, 2017 balance was comprised of \$100.0 outstanding borrowings on the Revolving Facility as well as \$8.3 of other borrowings, including those from foreign affiliates. The September 30, 2016 balance was comprised of \$52.5

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outstanding borrowings on the Revolving facility as well as \$4.9 of other borrowings, including those from foreign affiliates.

Debt Covenants

The agreements governing the Company's debt contain certain customary representations and warranties, affirmative, negative and financial covenants and provisions relating to events of default. If the Company fails to comply with these covenants or with other requirements of these debt agreements, the lenders may have the right to accelerate the maturity of the debt. Acceleration under one of these facilities would trigger cross defaults to other borrowings. As of June 30, 2017, the Company was, and expects to remain, in compliance with the provisions and covenants associated with its debt agreements.

Aggregate maturities of long-term debt, including current maturities, at June 30, 2017 were as follows: \$4.0 in one year, \$4.0 in two years, \$4.0 in three years, \$4.0 in four years, \$4.0 in five years and \$973.0 thereafter.

The counterparties to long-term committed borrowings consist of a number of major financial institutions. The Company consistently monitors positions with, and credit ratings of, counterparties both internally and by using outside ratings agencies.

(9) Pension Plans

The Company has several defined benefit pension plans covering many of its employees in the United States (U.S.) and certain employees in other countries. The plans provide retirement benefits based on various factors including years of service and in certain circumstances, earnings. The U.S. plan was frozen in fiscal year 2015.

The Company's net periodic pension benefit cost for these plans are as follows:

	For the Quarter Ended June 30,		For the Nine Months Ended June 30,	
	2017	2016	2017	2016
Service Cost	\$0.4	\$0.3	\$1.2	\$0.9
Interest Cost	5.4	6.7	16.2	20.1
Expected return on plan assets	(10.6)	(10.6)	(31.8)	(31.9)
Amortization of unrecognized net losses	2.1	1.6	6.2	4.8
Settlement charge	—	0.1	—	0.3
Net periodic benefit credit	\$(2.7)	\$(1.9)	\$(8.2)	\$(5.8)

The Company also sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are required by local law or coordinated with government-sponsored plans, which are not significant in the aggregate and, therefore, are not included in the information presented above.

(10) Shareholder's Equity

In July 2015, the Company's Board of Directors approved an authorization for the Company to acquire up to 7.5 million shares of its common stock. Future share repurchases, if any, will be determined by the Company based on its

evaluation of the market conditions, capital allocation objectives, legal and regulatory requirements and other factors. During the nine months ended June 30, 2017, the Company repurchased 192,029 shares for \$8.6, at an average price of \$44.54 per share, under this authorization. The incremental \$0.7 of cash outflow for share repurchases in the current fiscal year are related to cash settled purchases initiated during the last three days of fiscal 2016.

On November 14, 2016, the Board of Directors declared a dividend for the first quarter of fiscal 2017 of \$0.275 per share of common stock. The dividend was paid on December 15, 2016 to all shareholders of record as of November 30, 2016 and totaled \$17.0.

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On January 30, 2017, the Board of Directors declared a dividend for the second quarter of 2017 of \$0.275 per share of common stock. The dividend was paid on March 14, 2017 to all shareholders of record as of February 21, 2017 and totaled \$17.0.

On May 1, 2017, the Board of Directors declared a dividend for the third quarter of 2017 of \$0.275 per share of common stock. The dividend was paid on June 14, 2017 to all shareholders of record as of May 22, 2017 and totaled \$17.0.

The incremental dividend payments of \$1.1 made in fiscal 2017 were related to restricted stock awards that vested during November 2016.

Subsequent to the fiscal quarter end, on July 31, 2017, the Board of Directors declared a dividend for the fourth quarter of 2017 of \$0.275 per share of common stock, payable on September 12, 2017, to all shareholders of record as of the close of business August 21, 2017.

(11) Financial Instruments and Risk Management

The market risk inherent in the Company's operations creates potential earnings volatility arising from changes in currency rates, interest rates and commodity prices. The Company's policy allows derivatives to be used only for identifiable exposures and, therefore, the Company does not enter into hedges for trading or speculative purposes where the sole objective is to generate profits.

Concentration of Credit Risk—The counterparties to derivative contracts consist of a number of major financial institutions and are generally institutions with which the Company maintains lines of credit. The Company does not enter into derivative contracts through brokers nor does it trade derivative contracts on any other exchange or over-the-counter markets. Risk of currency positions and mark-to-market valuation of positions are strictly monitored.

The Company continually monitors positions with, and credit ratings of, counterparties both internally and by using outside rating agencies. While nonperformance by these counterparties exposes Energizer to potential credit losses, such losses are not anticipated.

In the ordinary course of business, the Company may enter into contractual arrangements (derivatives) to reduce its exposure to commodity price and foreign currency risks. The section below outlines the types of derivatives that existed at June 30, 2017 and September 30, 2016, as well as the Company's objectives and strategies for holding these derivative instruments.

Commodity Price Risk—Energizer uses raw materials that are subject to price volatility. The Company has used, and may in the future use, hedging instruments to reduce exposure to variability in cash flows associated with future purchases of certain materials and commodities. At June 30, 2017 and September 30, 2016, there were no open derivative or hedging instruments for future purchases of raw materials or commodities.

Foreign Currency Risk—A significant portion of Energizer's product cost is more closely tied to the U.S. dollar than to the local currencies in which the product is sold. As such, a weakening of currencies relative to the U.S. dollar results in margin declines unless mitigated through pricing actions, which are not always available due to the economic or competitive environment. Conversely, a strengthening in currencies relative to the U.S. dollar can improve margins. The primary currencies to which Energizer is exposed include the Euro, the British pound, the Canadian dollar and the

Australian dollar. However, the Company also has significant exposures in many other currencies which, in the aggregate, may have a material impact on the Company's operations.

Additionally, Energizer's foreign subsidiaries enter into internal and external transactions that create nonfunctional currency balance sheet positions at the foreign subsidiary level. These exposures are generally the result of intercompany purchases, intercompany loans and, to a lesser extent, external purchases, and are revalued in the foreign subsidiary's local currency at the end of each period. Changes in the value of the non-functional currency balance sheet positions in relation to the foreign subsidiary's local currency results in a transaction gain or loss recorded in Other items, net on the Consolidated Statements of Earnings and Comprehensive Income. The primary currency to which Energizer's foreign subsidiaries are exposed is the U.S. dollar.

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Interest Rate Risk—Energizer has interest rate risk with respect to interest expense on variable rate debt. At June 30, 2017, Energizer had variable rate debt outstanding with an original principal balance of \$400.0 under the Term Loan. During fiscal year 2015, Energizer entered into an interest rate swap agreement with one major financial institution that fixed the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an interest rate of 2.22% (2015 Swap). The 2015 Swap was terminated in March 2017 and was settled resulting in a \$1.7 loss. In March 2017, the Company also entered into a new interest rate swap agreement with one major financial institution that continued to fix the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an interest rate of 2.03% (2017 Swap).

Both hedging instruments were considered cash flow hedges for accounting purposes. At the time of the termination of the 2015 Swap, the \$1.7 loss was recorded in accumulated other comprehensive loss on the Consolidated Balance Sheet and will be amortized into interest expense over the remainder of the interest payments associated with the Term Loan through June 2022.

At June 30, 2017 the 2017 Swap had an unrecognized pre-tax loss of \$1.6 and at September 30, 2016 the 2015 Swap, which was terminated in March of 2017, had an unrecognized pre-tax loss of \$9.7, both of which were included in Accumulated other comprehensive loss on the Consolidated Balance Sheet.

Cash Flow Hedges

The Company has entered into a series of forward currency contracts to hedge the cash flow uncertainty of forecasted inventory purchases due to short term currency fluctuations. Energizer's foreign affiliates, which have the largest exposure to U.S. dollar purchases, have the Euro, the British pound, the Canadian dollar and the Australian dollar as their local currencies. These foreign currencies represent a significant portion of Energizer's foreign currency exposure. At June 30, 2017 and September 30, 2016, Energizer had an unrealized pre-tax loss of \$4.3 and a loss of \$1.1, respectively, on these forward currency contracts accounted for as cash flow hedges included in Accumulated other comprehensive loss on the unaudited Condensed Consolidated Balance Sheets. Assuming foreign exchange rates versus the U.S. dollar remain at June 30, 2017 levels, over the next 12 months, \$4.1 of the pre-tax loss included in Accumulated other comprehensive loss is expected to be recognized in earnings. Contract maturities for these hedges extend into fiscal year 2019. There were 64 open foreign currency contracts at June 30, 2017, with a total notional value of \$127.

Derivatives not Designated in Hedging Relationships

Energizer enters into foreign currency derivative contracts which are not designated as cash flow hedges for accounting purposes, to hedge existing balance sheet exposures. Any gains or losses on these contracts are expected to be offset by corresponding exchange losses or gains on the underlying exposures; and as such are not subject to significant market risk. There were 14 open foreign currency derivative contracts which are not designated as cash flow hedges at June 30, 2017, with a total notional value of approximately \$116.

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The following table provides the Company's estimated fair values as of June 30, 2017 and September 30, 2016, and the amounts of gains and losses on derivative instruments classified as cash flow hedges for the quarter and nine months ended June 30, 2017 and 2016, respectively:

Derivatives designated as Cash Flow Hedging Relationships	At June 30, 2017	For the Quarter Ended June 30, 2017		For the Nine Months Ended June 30, 2017	
	Estimated Fair Value Liability (1) (2)	Loss Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income (Effective Portion) (4) (5)	(Loss)/Gain Recognized in OCI (3)	(Loss)/Gain Reclassified From OCI into Income (Effective Portion) (4) (5)
Foreign currency contracts	\$ (4.3)	\$ (4.8)	\$ 0.4	\$ (1.6)	\$ 1.6
Interest rate contracts	(1.6)	(1.2)	(0.5)	4.6	(1.9)
Total	\$ (5.9)	\$ (6.0)	\$ (0.1)	\$ 3.0	\$ (0.3)

Derivatives designated as Cash Flow Hedging Relationships	At September 30, 2016	For the Quarter Ended June 30, 2016		For the Nine Months Ended June 30, 2016	
	Estimated Fair Value Liability (1) (2)	Gain/(Loss) Recognized in OCI (3)	Loss Reclassified From OCI into Income (Effective Portion) (4) (5)	Loss Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income (Effective Portion) (4) (5)
Foreign currency contracts	\$ (1.1)	\$ 2.3	\$ (0.3)	\$ (0.5)	\$ 4.1
Interest rate contracts	(9.7)	(2.7)	(0.7)	(7.1)	(2.2)
Total	\$ (10.8)	\$ (0.4)	\$ (1.0)	\$ (7.6)	\$ 1.9

1. All derivative assets are presented in Other current assets or Other assets.
2. All derivative liabilities are presented in Other current liabilities or Other liabilities.
3. OCI is defined as other comprehensive income.
4. Gain/(loss) reclassified to Income was recorded as follows: Foreign currency contracts in other items, net and interest rate contracts in interest expense.
5. Each of these hedging relationships has derivative instruments with a high correlation to the underlying exposure being hedged and has been deemed highly effective in offsetting the underlying risk.

The following table provides estimated fair values as of June 30, 2017 and September 30, 2016 and the gains and losses on derivative instruments not classified as cash flow hedges for the quarter ended June 30, 2017 and 2016, respectively:

	At June 30, 2017	For the Quarter Ended June 30, 2017	For the Nine Months Ended June 30, 2017
Estimated Fair Value Liability	(1)	Recognized in Income (1)	Loss Recognized in Income (1)
Foreign currency contracts	\$ (0.4)	\$ (0.2)	\$ (1.5)

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	At September 30, 2016	For the Quarter Ended June 30, 2016	For the Nine Months Ended June 30, 2016
Estimated Fair Value Liability		Gain Recognized in Income (1)	Gain Recognized in Income (1)
Foreign currency contracts	\$ (1.0)	\$ 0.2	\$ 0.4

1. Gain/(loss) recognized in Income was recorded as foreign currency in Other items, net.

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Energizer has the following recognized financial assets resulting from those transactions that meet the scope of the disclosure requirements as necessitated by applicable accounting guidance for balance sheet offsetting.

Offsetting of derivative assets

Description	Balance Sheet location	At June 30, 2017			At September 30, 2016		
		Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet
	Other Current Assets, Other Assets	\$ 0.6	\$ —	\$ 0.6	\$ 0.8	\$ —	\$ 0.8

Offsetting of derivative liabilities

Description	Balance Sheet location	At June 30, 2017			At September 30, 2016		
		Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheet	Net amounts of liabilities presented in the Balance Sheet	Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheet	Net amounts of liabilities presented in the Balance Sheet
	Other Current Liabilities, Other Liabilities	\$ (5.4)	\$ 0.1	\$ (5.3)	\$ (3.2)	\$ 0.3	\$ (2.9)

Fair Value Hierarchy—Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions or external inputs from inactive markets.

Under the fair value accounting guidance hierarchy, an entity is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The following table sets forth the Company's financial assets and liabilities, which are carried at fair value, as of June 30, 2017 and September 30, 2016 that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 2	
Liabilities at estimated fair value:	June 30, September 30,	
	2017	2016
Deferred Compensation	\$(40.8)	\$ (47.6)
Derivatives - Foreign Currency Contracts	(4.7)	(2.1)
Derivatives - Interest Rate Swap	(1.6)	(9.7)
Exit lease liability	(1.4)	(3.7)
Net Liabilities at estimated fair value	\$(48.5)	\$ (63.1)

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Energizer had no Level 1 financial assets or liabilities, other than pension plan assets, and no Level 3 financial assets or liabilities at June 30, 2017 and at September 30, 2016.

Due to the nature of cash and cash equivalents, carrying amounts on the balance sheets approximate estimated fair value. The estimated fair value of cash and cash equivalents has been determined based on Level 2 inputs.

At June 30, 2017, the estimated fair value of the Company's unfunded deferred compensation liability is determined based upon the quoted market prices of investment options that are offered under the plan. The estimated fair value of foreign currency contracts and interest rate swap as described above is the amount that the Company would receive or pay to terminate the contracts, considering first, quoted market prices of comparable agreements, or in the absence of quoted market prices, such factors as interest rates, currency exchange rates and remaining maturities. The estimated fair value of the exit lease liability was determined based on the discounted cash flows of the remaining lease rentals reduced by estimated sublease rentals that could be reasonably obtained for the property.

At June 30, 2017 and September 30, 2016, the fair market value of fixed rate long-term debt was \$613.1 and \$600.1, respectively compared to its carrying value of \$600.0. The estimated fair value of the long-term debt is estimated using yields obtained from independent pricing sources for similar types of borrowing arrangements. The estimated fair value of fixed rate long-term debt has been determined based on Level 2 inputs.

(12) Accumulated Other Comprehensive (Loss)/Income

The following table presents the changes in accumulated other comprehensive (loss)/income (AOCI), net of tax by component:

	Foreign Currency Translation Adjustments	Pension Activity	Hedging Activity	Interest Rate Swap	Total
Balance at September 30, 2016	\$ (99.4)	\$ (159.9)	\$ (0.7)	\$ (6.1)	\$ (266.1)
OCI before reclassifications	(4.5)	(0.4)	(1.3)	2.9	(3.3)
Reclassifications to earnings	—	4.3	(1.4)	1.2	4.1
Balance at June 30, 2017	\$ (103.9)	\$ (156.0)	\$ (3.4)	\$ (2.0)	\$ (265.3)

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The following table presents the reclassifications out of AOCI:

Details of AOCI Components	For the Quarter Ended June 30, 2017		For the Nine Months Ended June 30, 2016		Affected Line Item in the Combined Statements of Earnings
	2017	2016	2017	2016	
	Amount	Amount	Amount	Amount	
	Reclassified from AOCI (1)	Reclassified from AOCI (1)	Reclassified from AOCI (1)	Reclassified from AOCI (1)	
Gains and losses on cash flow hedges					
Foreign exchange contracts	\$0.4	\$(0.3)	\$1.6	\$4.1	Other items, net
Interest rate swap	(0.5)	(0.7)	(1.9)	(2.2)	Interest expense
	(0.1)	(1.0)	(0.3)	1.9	Total before tax
	0.2	0.3	0.5	(0.2)	Tax (expense)/benefit
	\$0.1	\$(0.7)	\$0.2	\$1.7	Net of tax
Amortization of defined benefit pension items					
Actuarial loss	(2.1)	(1.6)	(6.2)	(4.8)	(2)
Settlement loss	—	(0.1)	—	(0.3)	(2)
	(2.1)	(1.7)	(6.2)	(5.1)	Total before tax
	0.6	0.5	1.9	1.6	Tax benefit
	\$(1.5)	\$(1.2)	\$(4.3)	\$(3.5)	Net of tax
Total reclassifications for the period	\$(1.4)	\$(1.9)	\$(4.1)	\$(1.8)	Net of tax

(1) Amounts in parentheses indicate debits to Consolidated Statement of Earnings.

(2) These AOCI components are included in the computation of net periodic benefit cost (see Note 9, Pension Plans, for further details).

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(13) Supplemental Financial Statement Information

	June 30, September	
	2017	30, 2016
Inventories		
Raw materials and supplies	\$36.7	\$46.1
Work in process	99.7	72.0
Finished products	164.8	171.1
Total inventories	\$301.2	\$289.2
Other Current Assets		
Miscellaneous receivables	\$14.6	\$27.7
Prepaid expenses	62.1	70.0
Value added tax collectible from customers	21.6	22.9
Other	3.5	1.5
Total other current assets	\$101.8	\$122.1
Property, Plant and Equipment		
Land	\$4.7	\$9.8
Buildings	121.8	138.2
Machinery and equipment	696.7	771.9
Construction in progress	17.6	16.6
Total gross property	840.8	936.5
Accumulated depreciation	(662.6)	(734.8)
Total property, plant and equipment, net	\$178.2	\$201.7
Other Current Liabilities		
Accrued advertising, sales promotion and allowances	\$10.3	\$16.9
Accrued trade allowances	49.7	54.0
Accrued salaries, vacations and incentive compensation	40.1	59.3
Spin restructuring reserve	0.7	4.0
Income taxes payable	21.4	15.0
Other	88.7	105.5
Total other current liabilities	\$210.9	\$254.7
Other Liabilities		
Pensions and other retirement benefits	\$119.0	\$139.4
Deferred compensation	40.8	47.6
Other non-current liabilities	48.8	59.7
Total other liabilities	\$208.6	\$246.7

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(14) Legal proceedings/contingencies and other obligations

Legal proceedings/contingencies - The Company and its affiliates are subject to a number of legal proceedings in various jurisdictions arising out of its operations. Many of these legal matters are in preliminary stages and involve complex issues of law and fact, and may proceed for protracted periods of time. The amount of liability, if any, from these proceedings cannot be determined with certainty. We are a party to legal proceedings and claims that arise during the ordinary course of business. We review our legal proceedings and claims, regulatory reviews and inspections and other legal proceedings on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. We establish accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and we disclose the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. We do not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company believes that its liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, is not reasonably likely to be material to the Company's financial position, results of operations, or cash flows, when taking into account established accruals for estimated liabilities.

Other obligations - In the ordinary course of business, the Company also enters into supply and service contracts. These contracts can include either volume commitments or fixed expiration dates, termination provisions and other standard contractual considerations. At June 30, 2017, the Company had approximately \$129 of purchase obligations.

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

The following discussion is meant to provide investors with information that management believes helpful in reviewing Energizer's historical-basis results of operations, operating segment results, and liquidity and capital resources. Statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") that are not historical may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You should read the following MD&A in conjunction with the Consolidated Financial Statements (unaudited) and corresponding notes included herein. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 for a discussion of the uncertainties, risks and assumptions associated with these statements.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the U.S. ("GAAP"). However, management believes that certain non-GAAP financial measures provide users with additional meaningful comparisons to the corresponding historical or future period. These non-GAAP financial measures exclude items that management believes are not reflective of the Company's on-going operating performance, such as costs related to the spin, restructuring activities, acquisition and integration costs, gain on sale of real estate and income tax adjustments. In addition, these measures help investors to see year over year comparability when excluding currency fluctuations, acquisition activity as well as other company initiatives that are not on-going. We believe these non-GAAP financial measures are an enhancement to assist investors in understanding our business and in performing analysis consistent with financial models developed by research analysts. Investors should consider non-GAAP measures in addition to, not as a substitute for, or superior to, the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items being adjusted.

We provide the following non-GAAP measures and calculations, as well as the corresponding reconciliation to the closest GAAP measure:

Segment Profit. This amount represents the operations of our three geographic segments including allocations for shared support functions. General corporate and other expenses, Global marketing expenses, R&D expenses, amortization expense, interest expense, other items, net and charges related to the spin-off, restructuring, acquisition and integration and gains on sale of real estate have all been excluded from segment profit.

Adjusted Earnings Before Income Taxes, Adjusted Net Earnings and Adjusted Diluted Earnings Per Share (EPS). These measures exclude the impact of the costs related to spin-off, restructurings, acquisition and integration, gain on sale of real estate and income tax adjustments.

Organic. This is the non-GAAP financial measurement of the change in revenue, segment profit or other margins that excludes or otherwise adjusts for the impact of acquisitions and the impact of currency from the changes in foreign currency exchange rates as defined below:

Impact of acquisitions. The Company acquired HandStands Holdings Corporation (HandStands or the auto care acquisition) on July 1, 2016. This includes the impact of the auto care acquisition's on-going operations contributed to each respective income statement caption. This does not include the impact of acquisition and integration costs associated with the acquisition.

Impact of currency. The Company evaluates the operating performance of our Company on a currency neutral basis. The impact of currency is the difference between the value of current year foreign operations at the current period ending USD exchange rate, compared to the value of the current year foreign operations at the prior period ending USD exchange rate.

Adjusted Gross Margin and Adjusted Selling, General & Administrative (SG&A) as a percent of sales. Detail for adjusted gross margin and adjusted SG&A as a percent of sales are also supplemental non-GAAP measures. These measures exclude the impact of costs related to spin-off, restructuring, acquisition and integration.

Forward-Looking Statements

This document contains both historical and forward-looking statements. Forward-looking statements are not based on historical facts but instead reflect our expectations, estimates or projections concerning future results or events, including, without limitation, the future sales, gross margins, costs, earnings, cash flows, tax rates and performance of Energizer. 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 our actual results to differ materially from those indicated by those statements. We cannot assure that any of our 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 we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation:

- market and economic conditions;
- market trends in the categories in which we compete;
- the success of new products and the ability to continually develop and market new products;
- our ability to attract, retain and improve distribution with key customers;
- our ability to continue planned advertising and other promotional spending;
- our ability to timely execute strategic initiatives, including restructurings, and international go-to-market changes in a manner that will positively impact our financial condition and results of operations and does not disrupt our business operations;
- the impact of strategic initiatives, including restructurings, on our relationships with employees, customers and vendors;
- our ability to maintain and improve market share in the categories in which we operate despite heightened competitive pressure;
- our ability to improve operations and realize cost savings;
- the impact of foreign currency exchange rates and currency controls, as well as offsetting hedges, including the impact of the United Kingdom's referendum vote and announced intention to exit the European Union at some future date;
- the impact of raw materials and other commodity costs;
- the impact of legislative changes or regulatory determinations or changes by federal, state and local, and foreign authorities, as well as the impact of potential changes to tax laws, policies and regulations;
- costs and reputational damage associated with cyber-attacks or information security breaches or other events;
- our ability to acquire and integrate businesses, and to realize the projected results of acquisitions, including our ability to integrate the auto care operations successfully and to achieve the anticipated cost savings, synergies, and other anticipated benefits;
- the impact of advertising and product liability claims and other litigation; and
- compliance with debt covenants and maintenance of credit ratings as well as the impact of interest and principal repayment of our existing and any future debt.

In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of any such forward-looking statements. The list of factors above is illustrative, but by no means 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 our publicly filed documents, including those described under the heading "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on November 15, 2016.

Acquisition

On July 1, 2016, the Company completed its acquisition of HandStands Holdings Corporation (auto care acquisition), a leading designer and marketer of automotive fragrance and appearance products, for a total purchase price of \$340.0 plus working capital adjustments of \$4.0, net of acquired cash.

With the auto care acquisition, Energizer's brands now include Refresh Your Car!®, California Scents®, Driven®, Bahama & Co.®, LEXOL® and Eagle One®. The acquisition will allow the Company to expand its portfolio, increase presence at existing customers, and utilize its scale and global supply chain to drive efficiencies.

We have substantially completed the integration of the auto care business. During the quarter and nine months ended June 30, 2017, the Company incurred acquisition and integration costs of \$6.7 and \$9.2, respectively. Total acquisition and integration related costs associated with the auto care acquisition incurred to date were \$28.5. Total acquisition and integration costs for fiscal 2017 are expected to be in the range of \$9.5 to \$10.

Highlights / Operating Results

Financial Results (in millions, except per share data)

Energizer reported third fiscal quarter net earnings of \$24.9, or \$0.40 per diluted share. This compares to net earnings of \$24.2, or \$0.39 per diluted share, in the prior year third fiscal quarter. Adjusted net earnings per diluted share were \$0.43 for the third fiscal quarter as compared to \$0.32 in the prior year quarter, an increase of 34%.

Energizer reported net earnings of \$167.4, or \$2.67 per diluted share, for the nine months ended June 30, 2017. This compares to net earnings of \$106.1, or \$1.70 per diluted share, in the prior year comparative period. Adjusted net earnings per diluted share were \$2.44 for the nine months ended June 30, 2017 as compared to \$1.77 for the nine months ended June 30, 2016, an increase of 38%.

Earnings before income taxes, Net earnings and Diluted EPS for the time periods presented were impacted by certain items related to spin costs, spin restructuring costs, restructuring costs, acquisition and integration costs, gain on sale of real estate and income tax adjustments as described in the tables below. The impact of these items are provided below as a reconciliation of Earnings before income taxes, Net earnings and Diluted EPS to adjusted Earnings before income taxes, adjusted Net earnings and adjusted Diluted EPS, which are non-GAAP measures. See disclosure on non-GAAP measures above.

(in millions, except per share data)	For the Quarters Ended June 30,					
	Earnings Before Income Taxes		Net Earnings		Diluted EPS	
	2017	2016	2017	2016	2017	2016
Reported - GAAP	\$30.5	\$23.7	\$24.9	\$24.2	\$0.40	\$0.39
Impacts: Expense (Income)						
Spin costs (1)	—	1.9	—	1.3	—	0.02
Spin restructuring	—	0.9	—	0.7	—	0.01
Restructuring (2)	—	0.1	—	0.1	—	—
Acquisition and integration costs (3)	6.7	4.1	3.1	2.6	0.05	0.04
Gain on sale of real estate	(1.7)	—	(1.3)	—	(0.02)	—
Income tax adjustments	—	—	—	(8.8)	—	(0.14)
Adjusted - Non-GAAP (4)	\$35.5	\$30.7	\$26.7	\$20.1	\$0.43	\$0.32
Weighted average shares - Diluted					62.8	62.7
(in millions, except per share data)	For the Nine Months Ended June 30,					
	Earnings Before Income Taxes		Net Earnings		Diluted EPS	
	2017	2016	2017	2016	2017	2016
Reported - GAAP	\$223.9	\$139.2	\$167.4	\$106.1	\$2.67	\$1.70
Impacts: Expense (Income)						
Spin costs (1)	—	10.6	—	7.0	—	0.11
Spin restructuring	(3.8)	1.0	(2.4)	0.9	(0.04)	0.01
Restructuring (2)	—	4.9	—	3.1	—	0.05
Acquisition and integration costs (3)	9.2	4.1	4.7	2.6	0.07	0.04
Gain on sale of real estate	(16.9)	—	(16.5)	—	(0.26)	—
Income tax adjustments	—	—	—	(8.8)	—	(0.14)
Adjusted - Non-GAAP (5)	\$212.4	\$159.8	\$153.2	\$110.9	\$2.44	\$1.77
Weighted average shares - Diluted					62.8	62.5

- (1) The quarter and nine months ended June 30, 2016 included income of \$0.1 and expense of \$0.4, respectively, recorded in cost of products sold (COGS). All remaining spin costs are included in SG&A expense.
- (2) The quarter ended and nine months ended June 30, 2016 includes \$0.1 and \$2.4, respectively, of accelerated depreciation related to the streamlining of a plant in North America included in COGS.
- (3) The quarter and nine months ended June 30, 2017 included \$0.9 and \$1.1, respectively, of expense recorded in cost of products sold, and \$3.3 of expense recorded in Other items, net. All remaining acquisition and integration costs are included in SG&A expense.
- (4) The effective tax rate for the quarters ended June 30, 2017 and 2016 for the Adjusted - Non-GAAP Net Earnings and Diluted EPS was 24.8% and 34.5%, respectively, as calculated utilizing the statutory rate for where the costs were incurred. The net tax impact associated with the non-GAAP adjustments highlighted in the table was an expense of \$3.2 and \$11.1, respectively, for the quarters ended June 30, 2017 and 2016.
- (5) The effective tax rate for the nine months ended June 30, 2017 and 2016 for the Adjusted - Non-GAAP Net Earnings and Diluted EPS was 27.9% and 30.6%, respectively, as calculated utilizing the statutory rate for where the costs were incurred. The net tax impact associated with the non-GAAP adjustments highlighted in the table was an expense of \$2.7 and \$15.8, respectively, for the nine months ended June 30, 2017 and 2016.

Highlights

Total Net Sales (In millions -
Unaudited)

Quarter and Nine Months Ended June
30, 2017

Total Net Sales	Q3	% Chg	Nine Months	% Chg
Net sales - FY '16	\$361.0		\$1,201.8	
Organic	(9.4)	(2.6)%	27.1	2.3 %
Impact of acquisition	25.9	7.2 %	83.1	6.9 %
Impact of currency	(5.5)	(1.6)%	(21.4)	(1.8)%
Net sales - FY '17	\$372.0	3.0 %	\$1,290.6	7.4 %

See non-GAAP measure disclosures above.

Net sales were \$372.0 for the third quarter of 2017, an increase of \$11.0 as compared to the prior year quarter driven by the following items:

• Organic net sales were down 2.6% in the third fiscal quarter due to the following items:

Investments made during the current quarter that related to our portfolio optimization accounted for approximately 2% of the decrease. Our strong performance in the first half of fiscal 2017 allowed us to make these investments in portfolio realignment and are expected to benefit us in the long-term;

The impact of lapping fill volumes associated with distribution gains and promotional activity in the prior year as well as negative mix impacts. These items on a combined basis decreased net sales by approximately 3%; and

Favorable pricing across several markets increased net sales by 2%.

• Net sales increased \$25.9, or 7.2%, due to the impact of the auto care acquisition.

• Unfavorable currency impacts were \$5.5, or 1.6%.

Net sales for the nine months ended June 30, 2017 were \$1,290.6, an increase of 7.4% as compared to the prior year comparative period driven by the following items:

Organic net sales increased \$27.1, or 2.3%, reflecting the carryover benefit of new distribution and shelf space gains, incremental holiday activity and increased storm volume of approximately 2% as well as improved pricing of approximately 1%. These gains were partially offset by investments made during the current quarter that related to our portfolio optimization, the impact of lapping fill volumes and promotional activity in the prior year as well as negative mix impacts of approximately 1%.

• Net sales increased \$83.1, or 6.9%, due to the impact of the auto care acquisition.

• Unfavorable currency impacts were \$21.4, or 1.8%.

Gross margin percentage for the third fiscal quarter of 2017 was 42.5%, down 10 basis points. Excluding the current year integration costs of \$0.9, gross margin increased 10 basis points, primarily driven by favorable impact of pricing as well as the year over year benefit of lapping productivity investments made in the prior year. Partially offsetting the favorability was increased investment related to our portfolio optimization, unfavorable impact of mix and the unfavorable impact of foreign currency. The unfavorable impact of commodity costs was offset by other procurement

savings.

Gross margin percentage for the nine months ended June 30, 2017 was up 260 basis points. Excluding prior year restructuring and spin costs of \$2.4 and \$0.4, respectively, and the current year integration costs of \$1.1, gross margin increased 250 basis points. This increase was driven by cost reductions realized from continued

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productivity improvements, as well as the year over year benefit of lapping productivity investments recorded in the prior year, material and purchased product cost favorability, improved overhead absorption driven by the strong volume performance in the first part of the year and improved pricing. These items were partially offset by increased investment related to our portfolio optimization and the unfavorable impact of foreign currencies on our gross margin rate.

Advertising and sales promotion expense (A&P) was \$20.2 in the third fiscal quarter of 2017, or 5.4% of net sales, as compared to \$22.8, or 6.3% of net sales, in the prior period. A&P expense was \$71.1 for the nine months ended June 30, 2017, or 5.5% of net sales, up slightly compared to \$71.0, or 5.9% of net sales, in the prior year comparative period.

Selling, general, and administrative expense (SG&A) was \$83.2 in the third fiscal quarter of 2017, or 22.4% of net sales, as compared to \$87.0, or 24.1% of net sales, in the prior period. Included in the third fiscal quarter results were costs of \$2.5 related to acquisition and integration costs. Included in the prior year quarter results were costs of \$2.0 related to the spin transaction and \$4.1 related to acquisition and integration costs. Excluding spin and acquisition and integration costs, SG&A was \$80.7, a decrease of \$0.2 over the prior year despite the incremental SG&A of \$2.6 million related to the acquired auto care business. SG&A, excluding spin costs and acquisition and integration costs, was 21.7% of net sales as compared to 22.4% in the prior year. The lower percentage comparison versus the prior year reflects the improved top-line performance.

SG&A was \$254.1 for the nine months ended June 30, 2017, or 19.7% of net sales, as compared to \$254.1, or 21.1% of net sales, in the prior year comparative period. Included in the nine months ended June 30, 2017 results were costs of \$4.8 related to acquisition and integration costs. Included in the prior year nine months results were costs of \$10.2 related to the spin transaction and \$4.1 related to acquisition and integration costs. Excluding spin, acquisition and integration costs, SG&A was \$249.3, an increase of \$9.5 over the prior year. The increase was due to \$9.3 of incremental SG&A related to the acquired auto care business. SG&A, excluding spin costs and acquisition and integration costs, was 19.3% of net sales compared to 20.0% in the prior year. The lower percentage comparison versus the prior year reflects the improved top-line performance and continued tight cost controls partially offset by the incremental SG&A impact from the auto care business.

Research and Development (R&D) decreased to \$5.1, or 1.4% of net sales, for the quarter ended June 30, 2017, as compared to \$6.6, or 1.8% of net sales, in the prior year comparative period. For the nine months ended June 30, 2017, R&D was \$16.0, or 1.2% of net sales, as compared to \$19.1, or 1.6% of net sales, in the prior year comparative period.

Interest expense was \$13.3 for the third fiscal quarter of 2017, compared to \$13.1 for the prior year comparative period. Interest expense was \$39.7 for the nine months ended June 30, 2017 and \$39.1 for the prior year comparative period.

Gain on sale of real estate was \$1.7 for the nine months ended June 30, 2017 and \$16.9 for the nine months ended June 30, 2017. The gain in the third quarter of \$1.7 was associated with the sale of land related to a market we exited as part of our international go-to-market changes initiated after the spin. The gain recognized in the second quarter was related to the sale of office building space in Asia of \$15.2.

Other items, net was expense of \$4.6 for the third fiscal quarter of 2017 compared to \$0.4 of income for the prior year third quarter. The third fiscal quarter of 2017 expense includes a loss of \$3.3 from the sale of a non core promotional sales business acquired with the auto care acquisition. The remaining expense primarily reflects net revaluation losses on nonfunctional currency balance sheet exposures slightly offset by the net impact of interest income and hedging contract gains. The prior fiscal quarter income of \$0.4 reflects the net impact of interest income and hedging contract gains slightly offset by revaluation losses on nonfunctional currency balance sheet exposures.

Other items, net was expense of \$5.0 for the nine months ended June 30, 2017 and income of \$0.9 for the prior year comparative period. The nine months ended June 30, 2017 results include a loss of \$3.3 from the sale of a non core promotional sales business acquired with the auto care acquisition and net revaluation losses on nonfunctional currency balance sheet exposures slightly offset by the net impact of interest income and hedging contract gains. The

nine months ended June 30, 2016 income reflects the net impact of hedging contract gains and interest income partially offset by an impairment charge on an available for sale security of \$2.0, as well as net revaluation losses on nonfunctional currency balance sheet exposures.

The effective tax rate was 25.2% in the first nine months of the current fiscal year as compared to 23.8% for the prior year comparative period. The current year rate is primarily due to a favorable impact of \$1.4 of adjustments related to our prior year provision estimates, the benefit on the non-taxable gain on the sale of real estate in Asia during the second quarter, and the \$1.1 discrete tax benefit recognized in our income tax provision as a result of the new stock compensation guidance adopted in the first quarter. The prior year effective tax rate reflected the favorable impacts of adjustments related to prior year provision estimates and certain spin related adjustments of approximately \$9.

Spin Costs

The Company incurred costs associated with the evaluation, planning and execution of the spin transaction. For the nine months ended June 30, 2017, the Company recorded income of \$3.8 in spin restructuring including \$2.5 of income in the second quarter reflecting the true up of previously accrued exit lease costs related to right-sizing of the corporate headquarters and the first quarter sale of a facility in North America that was previously closed as part of the spin for a gain of \$1.3.

During the quarter ended June 30, 2016, the Company incurred \$2.8 in spin costs including \$2.0 recorded in SG&A and \$0.9 recorded in spin restructuring slightly offset by income of \$0.1 recorded in cost of products sold (COGS). For the nine months ended June 30, 2016, the Company incurred \$11.6 in spin costs including \$10.2 recorded in SG&A, \$0.4 recorded in COGS and \$1.0 recorded in spin restructuring.

On a project to date basis, the total costs incurred or allocated to Energizer for the spin were \$197.6, inclusive of the costs of early debt retirement recorded in fiscal 2015. We do not expect any additional costs related to spin.

Segment Results

As of October 1, 2016, the Company changed its internal reporting structure and is managing operations via three major geographic reportable segments: Americas (North America and Latin America), Europe, Middle East and Africa (“EMEA”), and Asia Pacific. Prior to this year, the Americas segment was reported as two separate geographic reportable segments. The Company changed its internal reporting structure to combine these two geographic regions to better reflect how the Company is managing the operations.

Segment performance is evaluated based on segment operating profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with restructuring initiatives, acquisition and integration activities, amortization costs, business realignment activities, research & development costs, gains on sale of real estate and other items determined to be corporate in nature. Financial items, such as interest income and expense, are managed on a global basis at the corporate level. The exclusion of substantially all acquisition, integration, restructuring and realignment costs from segment results reflects management’s view on how it evaluates segment performance.

Energizer’s operating model includes a combination of standalone and shared business functions between the geographic segments, varying by country and region of the world. Shared functions include, but are not limited to, IT, procurement and finance. Energizer applies a fully allocated cost basis, in which shared business functions are allocated between segments. Such allocations are estimates, and do not represent the costs of such services if performed on a standalone basis. This structure is the basis for Energizer’s reportable operating segments information, as included in the tables in Note 6, Segments, to the unaudited Consolidated Condensed Financial Statements for the quarter ended June 30, 2017.

Segment sales and profitability analysis for the quarter and nine months ended June 30, 2017 are presented below.

Net Sales (In millions)

Quarter and Nine Months Ended June 30, 2017

	Quarter Ended June 30, 2017		Nine Months Ended June 30, 2017		
	\$ Change	% Chg	\$ Change	% Chg	
Americas					
Net sales - FY '16	\$213.9		\$722.5		
Organic	(7.8)	(3.6)%	23.2	3.2	%
Impact of acquisition	23.6	11.0%	74.2	10.3	%
Impact of currency	(1.1)	(0.5)%	(7.7)	(1.1)	%
Net Sales - FY '17	\$228.6	6.9%	\$812.2	12.4%	
EMEA					
Net sales - FY '16	\$77.2		\$271.4		
Organic	1.8	2.3%	2.9	1.1	%
Impact of acquisition	1.4	1.8%	5.8	2.1	%
Impact of currency	(3.8)	(4.9)%	(14.7)	(5.4)	%
Net Sales - FY '17	\$76.6	(0.8)%	\$265.4	(2.2)%	
Asia Pacific					
Net sales - FY '16	\$69.9		\$207.9		
Organic	(3.4)	(4.9)%	1.0	0.5	%
Impact of acquisition	0.9	1.3%	3.1	1.5	%
Impact of currency	(0.6)	(0.8)%	1.0	0.5	%
Net Sales - FY '17	\$66.8	(4.4)%	\$213.0	2.5%	
Total Net Sales					
Net sales - FY '16	\$361.0		\$1,201.8		
Organic	(9.4)	(2.6)%	27.1	2.3	%
Impact of acquisition	25.9	7.2%	83.1	6.9	%
Impact of currency	(5.5)	(1.6)%	(21.4)	(1.8)	%
Net Sales - FY '17	\$372.0	3.0%	\$1,290.6	7.4%	

Results for the Quarter Ended June 30, 2017

Americas reported a net sales increase of 6.9% which was positively impacted by the auto care acquisition that contributed \$23.6, or 11.0%, partially offset by foreign currency of \$1.1, or 0.5%. Organic net sales decreased 3.6% driven by investments made during the current quarter that related to our portfolio optimization as well as the lap of fill volume and promotional activity in the prior year.

EMEA reported net sales declined 0.8% negatively impacted by foreign currency of 4.9%. Organic net sales increased by 2.3% driven by increased pricing in certain markets partially offset by lower volumes driven by timing. In addition, net sales increased \$1.4, or 1.8%, due to the impact of the auto care acquisition.

Asia Pacific reported net sales declined by 4.4%, including the negative impact of foreign currency of 0.8%. Organic net sales decreased 4.9% driven by competitive conditions and unfavorable mix in several markets, most notably Australia. An additional \$0.9, or 1.3%, increase in net sales is attributable to the impact of the auto care acquisition.

Results for the Nine Months Ended June 30, 2017

Americas reported net sales improved 12.4%. This growth was driven by an increase in organic sales of 3.2% as a result of the carryover benefit of distribution and shelf space gains, strong holiday activity, and pricing in certain markets. These gains were partially offset by investments made during the third quarter related to our portfolio optimization as well as the lap of fill volume and promotional activity in the prior year. The impact of the auto care acquisition also resulted in an increase to net sales of \$74.2, or 10.3%. These increases were offset by the negative impact of foreign currency of \$7.7, or 1.1%.

EMEA reported net sales declined 2.2%, negatively impacted by foreign currency of 5.4%. Organic net sales increased by 1.1%, driven by increased pricing in certain markets and favorable product mix partially offset by lower volumes driven by holiday shipments in the first fiscal quarter and timing of promotional programs. In addition, net sales increased \$5.8, or 2.1%, due to the impact of the auto care acquisition.

Asia Pacific reported net sales improved 2.5%, including the positive impact of foreign currency of 0.5%. Organic net sales increased by 0.5% driven primarily by distribution gains, strong holiday activity in the first fiscal quarter, and pricing in several key markets offset by competitive conditions and unfavorable mix in several markets, most notably Australia in the third fiscal quarter and promotional activity not repeated in the current year. An additional \$3.1, or 1.5%, increase in net sales is attributable to the impact of the auto care acquisition.

Segment Profit (In millions)

Quarter and Nine Months Ended June 30, 2017

	Quarter Ended June 30, 2017		Nine Months Ended June 30, 2017	
	\$ Change	% Chg	\$ Change	% Chg
Americas				
Segment Profit - FY '16	\$49.1		\$193.5	
Organic	(0.5)	(1.0)%	28.5	14.7%
Impact of acquisition	5.9	12.0%	20.4	10.5%
Impact of currency	(0.9)	(1.8)%	(5.2)	(2.6)%
Segment Profit - FY '17	\$53.6	9.2%	\$237.2	22.6%

EMEA

Segment Profit - FY '16	\$8.9		\$40.1	
Organic	2.8	31.5%	15.3	38.2%
Impact of acquisition	0.7	7.9%	3.3	8.2%
Impact of currency	(2.1)	(23.7)%	(8.3)	(20.7)%
Segment Profit - FY '17	\$10.3	15.7%	\$50.4	25.7%

Asia Pacific

Segment Profit - FY '16	\$16.8		\$50.8	
Organic	(1.5)	(8.9)%	5.9	11.6%
Impact of acquisition	0.5	3.0%	1.8	3.5%
Impact of currency	(0.4)	(2.4)%	0.9	1.8%
Segment Profit - FY '17	\$15.4	(8.3)%	\$59.4	16.9%

Total Segment Profit

Segment Profit - FY '16	\$74.8		\$284.4	
Organic	0.8	1.1%	49.7	17.5%
Impact of acquisition	7.1	9.5%	25.5	9.0%
Impact of currency	(3.4)	(4.6)%	(12.6)	(4.5)%
Segment Profit - FY '17	\$79.3	6.0%	\$347.0	22.0%

Refer to Note 6, Segments, in the unaudited Condensed Consolidated Financial Statements for a reconciliation from segment profit to earnings before income taxes.

Results for the Quarter Ended June 30, 2017

Global reported segment profit improved by \$4.5, or 6.0%. Excluding the unfavorable movement in foreign currencies of \$3.4 and the favorable impact of the auto care acquisition of \$7.1, organic segment profit increased \$0.8, or 1.1%, in the current fiscal period. The decline in organic sales was offset by improved gross margin performance primarily due to improved pricing and the year over year benefit of lapping prior year investments in productivity offset by investment in our portfolio optimization and unfavorable mix impacts internationally. The timing of A&P and SG&A spending also contributed to the organic segment profit increase.

Americas reported segment profit improved \$4.5 inclusive of the favorable impact of the auto care acquisition of \$5.9, partially offset by the negative impact from foreign currency of \$0.9. Organic segment profit decreased by \$0.5 driven by the decline in net sales offset by lower spending driven by the timing of A&P.

EMEA reported segment profit increased \$1.4 inclusive of the favorable impact of the auto care acquisition of \$0.7 offset by the negative impact from foreign currency of \$2.1. Organic segment profit increased by \$2.8 driven by increased pricing across several markets and favorable gross margin.

Asia Pacific reported segment profit decreased \$1.4. Excluding the favorable impact of the auto care acquisition of \$0.5 and the unfavorable impact from foreign currency of \$0.4, organic segment profit declined by \$1.5 due primarily to competitive conditions and unfavorable mix in several markets, as well as the timing of SG&A.

Results for the Nine Months Ended June 30, 2017

Global reported segment profit improved \$62.6, or 22.0%. Excluding the unfavorable movement in foreign currencies of \$12.6 and the favorable impact of the auto care acquisition of \$25.5, organic segment profit increased \$49.7, or 17.5%, in the current fiscal period. The increase was driven by higher net sales as noted above and improved gross margin as a result of cost reductions realized from productivity improvements as well as the year over year benefit of lapping productivity investments recorded in the prior year. Improved pricing and product mix and improved overhead absorption driven by the strong volume performance in the first quarter also contributed to the increase. Partially offsetting some of the gross margin favorability was increased investment related to our portfolio optimization. In addition, an increase in overhead spend also offset some of the increase.

Americas reported segment profit improved \$43.7 inclusive of the favorable impact of the auto care acquisition of \$20.4, partially offset by the negative impact from foreign currency of \$5.2. Organic segment profit increased by \$28.5 driven by top-line growth noted above as well as favorable gross margin and the timing of A&P spend.

EMEA reported segment profit increased \$10.3 inclusive of the favorable impact of the auto care acquisition of \$3.3, offset by the negative impact from foreign currency of \$8.3. Organic segment profit increased by \$15.3 driven by higher net sales due to increased pricing and favorable gross margin, slightly offset by increased overhead spending.

Asia Pacific reported segment profit increased \$8.6 inclusive of the favorable impact of the auto care acquisition of \$1.8 and favorable impact from foreign currency of \$0.9. Organic segment profit improved by \$5.9 due primarily to net sales gains noted above and favorable gross margin, partially offset by increased overhead and A&P spending.

General Corporate and Global Marketing Expenses

	For the Quarter		For the Nine	
	Ended June 30,		Months Ended	
	2017		June 30,	
	2017	2016	2017	2016
General corporate and other expenses	\$16.3	\$19.7	\$56.8	\$56.9
Global marketing expense	5.0	5.1	12.0	10.4
General corporate and global marketing expense	\$21.3	\$24.8	\$68.8	\$67.3
% of Net Sales	5.7	% 6.9	% 5.3	% 5.6

For the quarter ended June 30, 2017, general corporate and other expenses were \$16.3, a decrease of \$3.4 as compared to the prior year comparative period due to lower mark to market expense on our unfunded deferred compensation liability. For the nine months ended June 30, 2017, general corporate and other expenses were \$56.8, a decrease of \$0.1 as compared to the prior year comparative period due to lower mark to market expenses on our unfunded deferred compensation liability offset by increased legal reserves.

For the quarter and nine months ended June 30, 2017, global marketing expenses were \$5.0 and \$12.0, respectively, compared to \$5.1 and \$10.4 in the prior year comparative periods. The global marketing expense represents a center led approach to managing global marketing activities in support our brands. The global marketing expense in the current year included incremental costs associated with the auto care acquisition.

Liquidity and Capital Resources

Energizer's primary future cash needs will be centered on operating activities, working capital and strategic investments. We believe that our future cash from operations, together with our access to capital markets, will provide adequate resources to fund our operating and financing needs. Our access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) our credit rating, (ii) the

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liquidity of the overall capital markets and (iii) the current state of the economy. There can be no assurances that we will continue to have access to capital markets on terms acceptable to us. See the “Risk Factors” section of our Annual Report on Form 10-K for the year ended September 30, 2016 filed with the Securities and Exchange Commission on November 15, 2016.

Cash is managed centrally with net earnings reinvested locally and working capital requirements met from existing liquid funds. At June 30, 2017, Energizer had \$404.4 of cash and cash equivalents, substantially all of which was held outside of the U.S. Given our extensive international operations, a significant portion of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to regulatory capital requirements; however, those balances are generally available without legal restrictions to fund ordinary business operations.

The Company has a \$350.0 senior secured revolving credit facility (Revolving Facility) which matures in 2020. Borrowings under the Revolving Facility will bear interest at LIBOR or the Base Rate (as defined) plus the applicable margin based on total Company leverage. As of June 30, 2017, the Company had \$100.0 of outstanding borrowings under the Revolving Facility and had \$6.7 of outstanding letters of credit. Taking into account outstanding letters of credit, \$243.3 remains available as of June 30, 2017.

Operating Activities

Cash flow from operating activities was \$145.6 in the nine months ended June 30, 2017, as compared to \$141.9 in the prior year comparative period. An increase in net earnings of \$44.4, excluding the gain on real estate of \$16.9, positively contributed to operating cash flow in the nine month period. Year over year increases in working capital of \$56.3 offset the increased net earnings primarily driven by the year over year increases in inventory of approximately \$62. The strong operating performance in the first three quarters of fiscal 2017 provided cash flow to fund the increased inventory levels in support of portfolio changes that were initiated in June to support further innovation. Inventory levels are expected to remain elevated over the balance of the year and will begin to normalize as we move through the holiday season.

Investing Activities

Net cash from investing activities was \$9.7 and used by investing activities was \$16.3 in nine months ended June 30, 2017 and 2016, respectively, and consisted of the following:

Capital expenditures of \$17.5 and \$17.8 in the nine months ended June 30, 2017 and 2016, respectively. These capital expenditures were funded by cash flow from operations.

The current year expenditures were fully offset by proceeds from the sale of assets of \$27.2. The proceeds were primarily related to the sale of a previously closed facility in the first quarter, office space in the second quarter and land in the third quarter.

Investing cash outflows of approximately \$30 to \$35 are anticipated for the full fiscal year 2017 for capital expenditures relating to maintenance, product development and cost reduction initiatives. Total capital expenditures are expected to be financed with funds generated from operations.

Financing Activities

Net cash used by financing activities was \$32.7 for the nine months ended June 30, 2017 as compared to \$68.6 in the prior fiscal year comparative period. For nine months ended June 30, 2017, cash flow from financing activities consists of the following:

• Net increase in debt with original maturities of 90 days or less of \$40.7, primarily related to borrowings on our Revolving Facility;

• Dividends paid of \$52.1 (see below);

- Common stock repurchases of \$9.3 (see below);
- Taxes paid for withheld share-based payments of \$8.2;
- Payments of debt with maturities greater than 90 days of \$3.0; and
- Debt issuance costs of \$0.8.

For the nine months ended June 30, 2016, cash flow from financing activities consisted of the following:

- Net increase in debt with original maturities of 90 days or less of \$4.9, related to notes payable in our international businesses;
- Dividends paid of \$46.4;
- Common stock repurchases of \$21.8 at an average price of \$36.27 per share;
- Taxes paid for withheld share-based payments of \$4.1;
- Payments of debt with maturities greater than 90 days of \$2.0; and
- Excess tax benefits from share-based payments of \$0.8.

Dividends

On November 14, 2016, the Board of Directors declared a dividend for the first quarter of fiscal 2017 of \$0.275 per share of common stock. The dividend was paid on December 15, 2016 to shareholders on record as of November 30, 2016 and totaled \$17.0.

On January 30, 2017, the Board of Directors declared a dividend for the second quarter of fiscal 2017 of \$0.275 per share of common stock. The dividend was paid on March 14, 2017 to shareholders on record as of February 21, 2017 and totaled \$17.0.

On May 1, 2017, the Board of Directors declared a dividend for the third quarter of 2017 of \$0.275 per share of common stock. The dividend was paid on June 14, 2017, to shareholders on record as of May 22, 2017 and totaled \$17.0.

Subsequent to the fiscal quarter end, on July 31, 2017, the Board of Directors declared a dividend for the fourth quarter of 2017 of \$0.275 per share of common stock, payable on September 12, 2017, to all shareholders of record as of the close of business August 21, 2017.

The incremental dividend payments of \$1.1 made in the first nine months of 2017 were related to restricted stock awards that vested during November 2016.

Share Repurchases

In July 2015, the Company's Board of Directors approved an authorization for the Company to acquire up to 7.5 million shares of its common stock. Future share repurchase, if any, will be determined by the Company based on its evaluation of the market conditions, capital allocation objectives, legal and regulatory requirements and other factors.

During the nine months ended June 30, 2017, the Company repurchased 192,029 shares at an average price of \$44.54 per share, or \$8.6, under this authorization. The incremental \$0.7 of cash outflow for share repurchases in the current fiscal year are related to cash settled purchases initiated during the last three days of fiscal 2016.

From July 2015 and through the date of this filing, a total of 1.0 million shares were repurchased on the open market at an average price of \$40.09 under the current share repurchase authorization. At August 2, 2017, the date of this filing, 6.5 million shares remain available for repurchase.

Other Matters

Environmental Matters

Accrued environmental costs at June 30, 2017 were \$4.2. It is difficult to quantify with certainty the cost of environmental matters, particularly remediation and future capital expenditures for environmental control equipment. Total environmental capital expenditures and operating expenses are not expected to have a material effect on our total capital and operating expenditures, earnings or competitive position. However, current environmental spending estimates could be modified as a result of changes in our plans or our understanding of underlying facts, changes in legal requirements, including any requirements related to global climate change, or other factors.

Contractual Obligations

A summary of Energizer's significant contractual obligations at June 30, 2017 is show below:

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long term debt, including current maturities	\$993.0	\$4.0	\$8.0	\$8.0	\$973.0
Interest on long-term debt (1)	327.3	45.0	90.0	90.0	102.3
Notes payable	108.3	108.3	—	—	—
Operating leases	64.1	9.3	21.5	16.4	16.9
Pension plans (2)	5.0	5.0	—	—	—
Purchase obligations and other (3)	128.6	45.4	83.2	—	—
Total	\$1,626.3	\$217.0	\$202.7	\$114.4	\$1,092.2

(1) The above table is based upon the debt balance and LIBOR rate as of June 30, 2017. In March 2017, Energizer entered into an interest rate swap agreement with one major financial institution that fixed the variable benchmark component (LIBOR) on \$200 of Energizer's variable rate debt through June 2022 at an interest rate of 2.03%.

(2) Globally, total expected pension contributions for the Company for fiscal year 2017 are estimated to be \$12.3. The Company has made payments of \$7.3 year to date. The projected payments beyond fiscal year 2017 are not currently estimable.

(3) Included in the table above are future purchase commitments for goods and services which are legally binding and that specify all significant terms including price and/or quantity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Sensitive Instruments and Positions

The market risk inherent in the Company's financial instruments' positions represents the potential loss arising from adverse changes in currency rates, commodity prices and interest rates. The following risk management discussion and the estimated amounts generated from the sensitivity analysis are forward-looking statements of market risk assuming certain adverse market conditions occur. The Company's derivatives are used only for identifiable exposures, and we have not entered into hedges for trading purposes where the sole objective is to generate profits.

Derivatives Designated as Cash Flow Hedging Relationships

A significant share of Energizer's product cost is more closely tied to the U.S. dollar than to the local currencies in which the product is sold. As such, a weakening of currencies relative to the U.S. dollar results in margin declines unless mitigated through pricing actions, which are not always available due to the economic or competitive environment. Conversely, strengthening of currencies relative to the U.S. dollar can improve reported results. The primary currencies to which Energizer is exposed include the Euro, the British pound, the Canadian dollar and the Australian dollar. However, the Company also has significant exposures in many other currencies which, in the aggregate, may have a material impact on the Company's operations.

The Company has entered into a series of forward currency contracts to hedge the cash flow uncertainty of forecasted inventory purchases due to short term currency fluctuations. Energizer's foreign affiliates, which have the largest exposure to U.S. dollar purchases, have the Euro, the British pound, the Canadian dollar and the Australian dollar as their local currencies. These foreign currencies represent a significant portion of Energizer's foreign currency exposure. At June 30, 2017 and September 30, 2016, Energizer had an unrealized pre-tax loss of \$4.3 and loss of \$1.1, respectively, on these forward currency contracts accounted for as cash flow hedges, included in Accumulated other comprehensive loss on the Unaudited Condensed Consolidated Balance Sheets. Assuming foreign exchange rates versus the U.S. dollar remain at June 30, 2017 levels over the next twelve months, \$4.1 of the pre-tax loss included in Accumulated other comprehensive loss at June 30, 2017, is expected to be included in earnings. Contract maturities for these hedges extend into fiscal year 2019.

Derivatives Not Designated as Cash Flow Hedging Relationships

Energizer's foreign subsidiaries enter into internal and external transactions that create nonfunctional currency balance sheet positions at the foreign subsidiary level. These exposures are generally the result of intercompany purchases, intercompany loans and to a lesser extent, external purchases, and are revalued in the foreign subsidiary's local currency at the end of each period. Changes in the value of the non-functional currency balance sheet positions in relation to the foreign subsidiary's local currency results in an exchange gain or loss recorded in Other items, net on the Consolidated Statements of Earnings and Comprehensive Income. The primary currency to which Energizer's foreign subsidiaries are exposed is the U.S. dollar.

The Company enters into foreign currency derivative contracts which are not designated as cash flow hedges for accounting purposes to hedge balance sheet exposures. Any gains or losses on these contracts are expected to be offset by exchange gains or losses on the underlying exposures, thus they are not subject to significant market risk. The change in estimated fair value of the foreign currency contracts for the quarter and nine months ended June 30, 2017 resulted in expense of \$0.2 and \$1.5, respectively, and income of \$0.2 and \$0.4 for the quarter and nine months ended June 30, 2016, respectively, and was recorded in Other items, net on the unaudited Consolidated Statements of Earnings and Comprehensive Income (Condensed).

Commodity Price Exposure

The Company uses raw materials that are subject to price volatility. The Company has used, and may in the future use, hedging instruments to reduce exposure to variability in cash flows associated with future purchases of certain raw materials and commodities. At June 30, 2017, there were no open derivative or hedging instruments for future purchases of raw materials or commodities.

Interest Rate Exposure

The Company has interest rate risk with respect to interest expense on variable rate debt. At June 30, 2017, Energizer had variable rate debt outstanding with an original principal balance of \$400.0 under the Term Loan. During fiscal year 2015, Energizer entered into an interest rate swap agreement with one major financial institution that fixed the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an interest rate of 2.22% (2015 Swap). The 2015 Swap was terminated in March 2017 and was settled resulting in a \$1.7 loss. In March 2017, the Company also entered into a new interest rate swap agreement with one major financial institution that continued to fix the variable benchmark component (LIBOR) on \$200.0 of Energizer's variable rate debt through June 2022 at an interest rate of 2.03% (2017 Swap). For the quarter ended June 30, 2017, our weighted average interest rate on variable rate debt, inclusive of the interest rate swap, was 3.19%.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Energizer's management, including its Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Based on that evaluation performed, the Chief Executive

Officer and Interim Chief Financial Officer concluded that the disclosure controls and procedures were effective as of June 30, 2017, to provide reasonable assurance of the achievement of these objectives. Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in the Company's reports.

They have also determined in their evaluation that there was no change in the Company's internal control over financial reporting during the quarter ended June 30, 2017 that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

The Company and its affiliates are subject to a number of legal proceedings in various jurisdictions arising out of its operations. Many of these legal matters are in preliminary stages and involve complex issues of law and fact, and may proceed for protracted periods of time. The amount of liability, if any, from these proceedings cannot be determined with certainty. We are a party to legal proceedings and claims that arise during the ordinary course of business. We review our legal proceedings and claims, regulatory reviews and inspections and other legal proceedings on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. We establish accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and we disclose the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. We do not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company believes that its liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, is not reasonably likely to be material to the Company's financial position, results of operations, or cash flows, when taking into account established accruals for estimated liabilities.

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the year ended September 30, 2016, which was filed with the Securities and Exchange Commission on November 15, 2016, contains a detailed discussion of risk factors that could materially adversely affect our business, our operating results or our financial condition. There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the year ended September 30, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table reports purchases of equity securities during the third quarter of fiscal 2017 by Energizer and any affiliated purchasers pursuant to SEC rules, including any treasury shares withheld to satisfy employee withholding obligations upon vesting of restricted stock and the execution of net exercises.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number That May Yet Be Purchased Under the Plans or Programs (2)
April 1 - April 30	—	\$ —	—	6,475,000
May 1 - May 31	—	\$ —	—	6,475,000
June 1 - June 30	177	\$ 51.56	—	6,475,000
Total	177	\$ 51.56	—	

(1) 177 shares purchased during the quarter relate to the surrender to the Company of shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock or execution of net exercises.

(2) On July 1, 2015, the Board of Directors approved a share repurchase authorization for the repurchase of up to 7.5 million shares. No shares were repurchased on the open market during the quarter under this share repurchase

authorization.
Item 6. Exhibits

See the Exhibit Index hereto.

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SIGNATURES

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.

ENERGIZER HOLDINGS, INC.

Registrant

By: /s/ Timothy W. Gorman
Timothy W. Gorman
Vice President, Controller and Interim Chief Financial Officer

Date: August 2, 2017

EXHIBIT INDEX

The exhibits below are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K.

Exhibit No.	Description of Exhibit
<u>2.1**</u>	Separation and Distribution Agreement by and between Energizer Holdings, Inc. (f/k/a Energizer SpinCo, Inc.) and Edgewell Personal Care Company (f/k/a Energizer Holdings, Inc.) dated as of June 25, 2015 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed June 29, 2015).
<u>2.2**</u>	Tax Matters Agreement by and between Energizer Holdings, Inc. (f/k/a Energizer SpinCo, Inc.) and Edgewell Personal Care Company (f/k/a Energizer Holdings, Inc.) dated as of June 26, 2015 (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed June 29, 2015).
<u>2.3**</u>	Employee Matters Agreement by and between Energizer Holdings, Inc. (f/k/a Energizer SpinCo, Inc.) and Edgewell Personal Care Company (f/k/a Energizer Holdings, Inc.) dated as of June 25, 2015 (incorporated by reference to Exhibit 2.3 to the Company's Current Report on Form 8-K filed June 29, 2015).
<u>2.4**</u>	Transition Services Agreement by and between Energizer Holdings, Inc. (f/k/a Energizer SpinCo, Inc.) and Edgewell Personal Care Company (f/k/a Energizer Holdings, Inc.) dated as of June 25, 2015 (incorporated by reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed June 29, 2015).
<u>2.5</u>	Contribution Agreement by and between the Company and Edgewell Personal Care Company (f/k/a Energizer Holdings, Inc.) dated June 30, 2015 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed June 30, 2015).
<u>2.6**</u>	Agreement and Plan of Merger, dated as of May 24, 2016, by and among the Company, Energizer Reliance, Inc., Trivest Partners V, L.P., and HandStands Holding Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed May 27, 2016).
<u>3.1</u>	Second Amended and Restated Articles of Incorporation of Energizer Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed January 31, 2017).
<u>3.2</u>	Second Amended and Restated Bylaws of Energizer Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed January 31, 2017).
<u>10.1*</u> <u>***</u>	First Amendment to the Energizer Holdings, Inc. Executive Officer Bonus Plan.
<u>10.2***</u>	Separation Agreement, dated June 7, 2017, between Energizer Holdings, Inc. and Brian K. Hamm (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 8, 2017).
<u>10.3***</u>	Offer Letter, dated June 6, 2017, from Energizer Holdings, Inc. to Timothy W. Gorman (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 8, 2017).
<u>31(i)*</u>	Certification of periodic financial report by the Chief Executive Officer of Energizer Holdings, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section

302 of the Sarbanes-Oxley Act of 2002.

31(ii)* Certification of periodic financial report by the Interim Chief Financial Officer of Energizer Holdings, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32(i)* Certification of periodic financial report pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Chief Executive Officer of Energizer Holdings, Inc.

32(ii)* Certification of periodic financial report pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Interim Chief Financial Officer of Energizer Holdings, Inc.

Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following documents formatted in eXtensible Business Reporting Language (XBRL): (i) the unaudited Consolidated Statements of Earnings and Comprehensive Income, (ii) the unaudited Consolidated Balance Sheets, (iii) the unaudited Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements (Condensed). The financial information contained in the XBRL-related documents is “unaudited” and “unreviewed.”

* Filed herewith.

** The Company undertakes to furnish supplementally a copy of any omitted schedule or exhibit to such agreement to the Securities and Exchange Commission.

*** Denotes a management contract or compensatory plan or arrangement.