

WD 40 CO  
Form 10-Q  
April 09, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended February 29, 2012

**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: 000-06936

**WD-40 COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**95-1797918**  
(I.R.S. Employer  
Identification No.)

**1061 Cudahy Place,**  
**San Diego, California**  
(Address of principal executive offices)

**92110**  
(Zip code)

**Registrant's telephone number, including area code: (619) 275-1400**

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, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of April 2, 2012 was 15,923,964.

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**WD-40 COMPANY**

**QUARTERLY REPORT ON FORM 10-Q**

**For the Quarter Ended February 29, 2012**

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(Unaudited and in thousands, except share and per share amounts)

	February 29, 2012	August 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 67,695	\$ 56,393
Short-term investments	554	533
Trade accounts receivable, less allowance for doubtful accounts of \$394 and \$412 at February 29, 2012 and August 31, 2011, respectively	59,599	58,324
Inventories	25,884	17,604
Current deferred tax assets, net	4,850	4,849
Assets held for sale	0	879
Other current assets	4,509	4,574
Total current assets	163,091	143,156
Property and equipment, net	9,227	8,482
Goodwill	95,324	95,452
Other intangible assets, net	28,659	29,933
Other assets	2,693	2,754
Total assets	\$ 298,994	\$ 279,777
<b>Liabilities and Shareholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 24,063	\$ 19,373
Accrued liabilities	16,741	15,258
Current portion of long-term debt and short-term borrowings	40,000	10,715
Accrued payroll and related expenses	4,879	7,471
Income taxes payable	1,771	1,413
Total current liabilities	87,454	54,230
Long-term deferred tax liabilities, net	23,017	21,813
Deferred and other long-term liabilities	1,991	2,508
Total liabilities	112,462	78,551
Shareholders equity:		
Common stock authorized 36,000,000 shares, \$0.001 par value; 19,030,911 and 18,948,868 shares issued at February 29, 2012 and August 31, 2011, respectively; and 15,887,864 and 16,367,913 shares outstanding at February 29, 2012 and August 31, 2011, respectively	19	19
Additional paid-in capital	118,684	117,022
Retained earnings	184,398	176,008
Accumulated other comprehensive loss	(2,419)	(358)
	(114,150)	(91,465)

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Common stock held in treasury, at cost 3,143,047 and 2,580,955 shares at February 29, 2012 and August 31, 2011, respectively

Total shareholders' equity	186,532	201,226
Total liabilities and shareholders' equity	\$ 298,994	\$ 279,777

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****WD-40 COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited and in thousands, except per share amounts)**

	Three Months Ended		Six Months Ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Net sales	\$ 85,966	\$ 79,206	\$ 170,911	\$ 160,133
Cost of products sold	43,823	38,160	87,430	77,865
<b>Gross profit</b>	<b>42,143</b>	<b>41,046</b>	<b>83,481</b>	<b>82,268</b>
Operating expenses:				
Selling, general and administrative	21,907	21,629	44,544	43,278
Advertising and sales promotion	4,947	5,375	12,763	11,444
Amortization of definite-lived intangible assets	580	181	1,165	363
<b>Total operating expenses</b>	<b>27,434</b>	<b>27,185</b>	<b>58,472</b>	<b>55,085</b>
<b>Income from operations</b>	<b>14,709</b>	<b>13,861</b>	<b>25,009</b>	<b>27,183</b>
Other income (expense):				
Interest income	69	53	121	108
Interest expense	(83)	(219)	(325)	(541)
Other income (expense), net	8	(119)	(172)	78
<b>Income before income taxes</b>	<b>14,703</b>	<b>13,576</b>	<b>24,633</b>	<b>26,828</b>
Provision for income taxes	4,119	4,468	7,257	8,641
<b>Net income</b>	<b>\$ 10,584</b>	<b>\$ 9,108</b>	<b>\$ 17,376</b>	<b>\$ 18,187</b>
Earnings per common share:				
Basic	\$ 0.66	\$ 0.53	\$ 1.08	\$ 1.07
Diluted	\$ 0.65	\$ 0.53	\$ 1.07	\$ 1.06
Shares used in per share calculations:				
Basic	15,953	16,994	16,014	16,895
Diluted	16,069	17,172	16,137	17,081
Dividends declared per common share	\$ 0.29	\$ 0.27	\$ 0.56	\$ 0.54

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****WD-40 COMPANY****CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME**

(Unaudited and in thousands, except share and per share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders Equity	Total Comprehensive Income
	Shares	Amount				Shares	Amount		
<b>Balance at August 31, 2011</b>	18,948,868	\$ 19	\$ 117,022	\$ 176,008	\$ (358)	2,580,955	\$ (91,465)	\$ 201,226	
Issuance of common stock upon settlements of stock-based equity awards	82,043		(335)					(335)	
Stock-based compensation			1,678					1,678	
Tax benefits from settlements of stock-based equity awards			319					319	
Cash dividends (\$0.56 per share)				(8,986)				(8,986)	
Acquisition of treasury stock						562,092	(22,685)	(22,685)	
Foreign currency translation adjustment, net of tax benefit of \$19					(2,061)			(2,061)	\$ (2,061)
Net income				17,376				17,376	17,376
<b>Balance at February 29, 2012</b>	19,030,911	\$ 19	\$ 118,684	\$ 184,398					