

AVON PRODUCTS INC  
Form 10-Q  
August 03, 2017

UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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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 1-4881

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AVON PRODUCTS, INC.  
(Exact name of registrant as specified in its charter)

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New York 13-0544597  
(State or other jurisdiction of (I.R.S. Employer  
Incorporation or organization) Identification No.)  
Building 6, Chiswick Park, London W4 5HR  
United Kingdom  
(Address of principal executive offices)  
+44-1604-232425  
(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  (do not check if a smaller reporting company) Smaller reporting company   
Emerging growth 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.

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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 shares of Common Stock (par value \$0.25) outstanding at June 30, 2017 was 439,949,643.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

AVON PRODUCTS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

(In millions, except per share data)	Three Months Ended	
	June 30, 2017	June 30, 2016
Net sales	\$1,353.5	\$1,399.5
Other revenue	42.4	34.8
Total revenue	1,395.9	1,434.3
Costs, expenses and other:		
Cost of sales	525.0	565.0
Selling, general and administrative expenses	839.3	774.2
Operating profit	31.6	95.1
Interest expense	36.1	33.2
Interest income	(3.1)	(5.3)
Other expense (income), net	10.8	(4.7)
Total other expenses	43.8	23.2
(Loss) income before taxes	(12.2)	71.9
Income taxes	(33.6)	(36.1)
(Loss) income from continuing operations, net of tax	(45.8)	35.8
Loss from discontinued operations, net of tax	—	(2.6)
Net (loss) income	(45.8)	33.2
Net loss (income) attributable to noncontrolling interests	0.3	(0.2)
Net (loss) income attributable to Avon	\$(45.5)	\$33.0
(Loss) earnings per share:		
Basic from continuing operations	\$(0.12)	\$0.07
Basic from discontinued operations	—	(0.01)
Basic attributable to Avon	(0.12)	0.06
Diluted from continuing operations	\$(0.12)	\$0.07
Diluted from discontinued operations	—	(0.01)
Diluted attributable to Avon	(0.12)	0.06

The accompanying notes are an integral part of these statements.

AVON PRODUCTS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

(In millions, except per share data)	Six Months Ended	
	June 30, 2017	June 30, 2016
Net sales	\$2,651.6	\$2,679.5
Other revenue	77.4	61.3
Total revenue	2,729.0	2,740.8
Costs, expenses and other:		
Cost of sales	1,042.1	1,083.8
Selling, general and administrative expenses	1,626.6	1,554.1
Operating profit	60.3	102.9
Interest expense	71.2	65.9
Interest income	(7.8 )	(9.3 )
Other expense, net	15.8	132.5
Total other expenses	79.2	189.1
Loss before taxes	(18.9 )	(86.2 )
Income taxes	(63.4 )	(33.8 )
Loss from continuing operations, net of tax	(82.3 )	(120.0 )
Loss from discontinued operations, net of tax	—	(12.2 )
Net loss	(82.3 )	(132.2 )
Net loss (income) attributable to noncontrolling interests	0.3	(0.7 )
Net loss attributable to Avon	\$(82.0 )	\$(132.9 )
Loss per share:		
Basic from continuing operations	\$(0.21 )	\$(0.29 )
Basic from discontinued operations	—	(0.03 )
Basic attributable to Avon	(0.21 )	(0.32 )
Diluted from continuing operations	\$(0.21 )	\$(0.29 )
Diluted from discontinued operations	—	(0.03 )
Diluted attributable to Avon	(0.21 )	(0.32 )

The accompanying notes are an integral part of these statements.

AVON PRODUCTS, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(Unaudited)

(In millions)	Three Months Ended	
	June 30, 2017	June 30, 2016
Net (loss) income	\$(45.8)	\$ 33.2
Other comprehensive income (loss):		
Foreign currency translation adjustments	9.5	(8.1 )