



Prestige Brands Holdings, Inc. Reports First Quarter Fiscal 2010 Results

August 5, 2009

Net Income Up 7%; Free Cash Flow Up 18%

IRVINGTON, N.Y.--(BUSINESS WIRE)--Aug. 5, 2009-- Prestige Brands Holdings, Inc. (NYSE-PBH), a consumer products company with a diversified portfolio of well-known brands, today announced results for the first quarter of fiscal year 2010, which ended on June 30, 2009.

Total revenues for the quarter ended June 30, 2009 were \$73.2 million, a 0.4% decrease from total revenues of \$73.5 million in the prior year comparable quarter.

Operating income for the quarter of \$19.1 million was \$2.1 million, or 10% below operating income of \$21.2 million in the prior year comparable quarter. The decline from last year was primarily due to a 20% increase in advertising and promotion expenses (A&P) to support the Allergen Block and Compound W® brands in the U.S. and Canada. G&A expenses also were higher than in the prior year quarter, primarily due to increased compensation expense.

Interest expense for the quarter of \$5.7 million was \$3.0 million lower than the prior year quarter due to lower debt outstanding and lower interest rates. The Company repaid \$17.0 million of debt during the quarter ended June 30, 2009.

Net income for the first quarter was \$8.3 million, or \$0.17 fully diluted earnings per share, 7% greater than last year's reported net income of \$7.8 million, or \$0.16 fully diluted earnings per share. The increase resulted primarily from lower interest expense, which offset the lower operating income.

Results by Segment for the First Fiscal Quarter

Over-the-Counter Healthcare Products

Net revenues of \$40.3 million were \$1.1 million or 3% greater than the prior year comparable quarter. The sales increase was driven by increases in Clear Eyes®, Little Remedies®, The Doctor's® and the two new Allergen Block products.

Household Products

Revenues of \$27.4 million were \$1.6 million or 5% less than the prior year comparable quarter. Spic and Span® experienced flat revenues, while Comet® and Chore Boy® had sales declines when compared to the prior year comparable quarter.

Personal Care Products

Revenues for this segment were \$5.5 million, 4% greater than the prior year comparable quarter. A sales increase for Cutex® nail polish remover was partially offset by a decline on Denorex® shampoo.

Free Cash Flow Increases 18%; Debt Repayment of \$17.0 Million

Free cash flow is a "non-GAAP" measure as that term is defined by the Securities and Exchange Commission in Regulation G. Free cash flow is presented here because management believes it is a commonly used measure of liquidity, and is an indication of cash available for debt repayment and acquisitions. The Company defines free cash flow as operating cash flow less capital expenditures.

The Company's free cash flow for the first quarter ended June 30, 2009 was \$18.0 million, composed of operating cash flow of \$18.1 million, less capital expenditures of \$0.1 million, a \$2.5 million increase over free cash flow of \$15.3 million in the prior year comparable quarter. During the quarter, the Company repaid \$17.0 million of senior bank debt, bringing total debt down to \$361.3 million at June 30, 2009.

Commentary

According to Mark Pettie, Chairman and CEO: "While our first quarter results were in line with our expectations, our outlook for the full year continues to be cautious in light of the prevailing macroeconomic environment. Looking ahead, our plan is to continue making important A&P investments behind our focus brands and to utilize our strong cash flow to reduce debt and further strengthen our balance sheet."

Conference Call

The Company will host a conference call to review its first fiscal quarter results on Wednesday, August 5th at 10:00 a.m. EST. The dial in number is 800-638-4930. International callers may dial 617-614-3944. The passcode is 'prestige'. The Company will provide a live internet webcast of the call, as well as an archived replay, which can be accessed by dialing 888-286-8010, or for international callers, 617-801-6888. The passcode for replay only is 30071933.

About Prestige Brands Holdings, Inc.

Located in Irvington, New York, Prestige Brands Holdings, Inc. is a marketer and distributor of brand name over-the-counter healthcare, personal care and household cleaning products sold throughout the U.S., Canada, and in certain international markets. Key brands include Compound W® wart remover, Chloraseptic® sore throat treatments, New-Skin® liquid bandage, Clear Eyes® and Murine® eye and ear care products, Little Remedies® pediatric over-the-counter products, The Doctor's® NightGuard™ dental protector, Cutex® nail polish remover, Comet® and Spic and Span® household cleaners, and other well-known brands.

Forward-Looking Statements

Note: This news release contains "forward-looking statements" within the meaning of the federal securities laws and is intended to qualify for the Safe Harbor from liability established by the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" generally can be identified by the use of forward-looking terminology such as "assumptions," "target," "guidance," "outlook," "plans," "projection," "may," "will," "would," "expect," "intend," "estimate," "anticipate," "believe," "potential," or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. The "forward-looking statements" include, without limitation, statements regarding the outlook for Prestige Brands Holdings' outlook. These statements are based on management's estimates and assumptions with respect to future events and financial performance and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results could differ materially from those projected as a result of certain factors, including the uncertain economic environment. A discussion of other factors that could cause results to vary is included in the Company's Annual Report on Form 10-K and other periodic and other reports filed with the Securities and Exchange Commission.

Prestige Brands Holdings, Inc.

Consolidated Statements of Operations

(Unaudited)

| <i>(In thousands, except share data)</i> | Three Months Ended June 30 | |
|--|----------------------------|-----------|
| | 2009 | 2008 |
| Revenues | | |
| Net sales | \$ 72,608 | \$ 72,916 |
| Other revenues | 617 | 618 |
| Total revenues | 73,225 | 73,534 |
| Costs of Sales | | |
| Costs of sales | 34,374 | 34,272 |
| Gross profit | 38,851 | 39,262 |
| Operating Expenses | | |
| Advertising and promotion | 8,819 | 7,319 |
| General and administrative | 8,195 | 7,973 |
| Depreciation and amortization | 2,777 | 2,756 |
| Total operating expenses | 19,791 | 18,048 |
| Operating income | 19,060 | 21,214 |
| Other (income) expense | | |
| Interest income | -- | (73) |
| Interest expense | 5,654 | 8,756 |
| Total other (income) expense | 5,654 | 8,683 |
| Income before income taxes | 13,406 | 12,531 |
| Provision for income taxes | 5,081 | 4,750 |
| Net income | \$ 8,325 | \$ 7,781 |
| Basic earnings per share | \$ 0.17 | \$ 0.16 |
| Diluted earnings per share | \$ 0.17 | \$ 0.16 |
| Weighted average shares outstanding: | | |
| Basic | 49,982 | 49,880 |
| Diluted | 50,095 | 50,035 |

Prestige Brands Holdings, Inc.

Consolidated Balance Sheets

(Unaudited)

(In thousands)

| Assets | June 30, 2009 | March 31, 2009 |
|---|----------------------|-----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 36,151 | \$ 35,181 |
| Accounts receivable | 33,016 | 36,025 |
| Inventories | 26,449 | 26,977 |
| Deferred income tax assets | 4,221 | 4,022 |
| Prepaid expenses and other current assets | 2,810 | 1,358 |
| Total current assets | 102,647 | 103,563 |
| Property and equipment | 1,314 | 1,367 |
| Goodwill | 114,240 | 114,240 |
| Intangible assets | 574,982 | 577,609 |
| Other long-term assets | 4,122 | 4,602 |
| Total Assets | \$ 797,305 | \$ 801,381 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 16,482 | \$ 15,898 |
| Accrued interest payable | 2,460 | 5,371 |
| Other accrued liabilities | 12,897 | 9,407 |
| Current portion of long-term debt | 3,550 | 3,550 |
| Total current liabilities | 35,389 | 34,226 |
| Long-term debt | 357,787 | 374,787 |
| Deferred income tax liabilities | 100,664 | 97,983 |
| Total Liabilities | 493,840 | 506,996 |

Stockholders' Equity

Preferred stock - \$0.01 par value

Authorized - 5,000 shares

Issued and outstanding - None

Common stock - \$0.01 par value

Authorized - 250,000 shares

| | | |
|--|------------|------------|
| Issued - 50,060 shares at June 30, 2009 and March 31, 2009 | 501 | 501 |
| Additional paid-in capital | 383,474 | 382,803 |
| Treasury stock, at cost - 124 shares at June 30, 2009 and March 31, 2009 | (63) | (63) |
| Accumulated other comprehensive loss | (1,250) | (1,334) |
| Retained deficit | (79,197) | (87,522) |
| Total stockholders' equity | 303,465 | 294,385 |
| Total Liabilities and Stockholders' Equity | \$ 797,305 | \$ 801,381 |

Prestige Brands Holdings, Inc.**Consolidated Statements of Cash Flows***(Unaudited)*

| <i>(In thousands)</i> | Three Months Ended June 30 | |
|---|-----------------------------------|-------------|
| | 2009 | 2008 |
| Operating Activities | | |
| Net income | \$ 8,325 | \$ 7,781 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,777 | 2,756 |
| Deferred income taxes | 2,430 | 2,669 |
| Amortization of deferred financing costs | 480 | 622 |
| Stock-based compensation | 671 | 629 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 3,010 | 5,894 |
| Inventories | 528 | 885 |
| Prepaid expenses and other current assets | (1,452) | (1,688) |
| Accounts payable | 584 | (1,077) |
| Income taxes payable | 1,551 | 1,762 |
| Accrued liabilities | (836) | (4,870) |
| Net cash provided by operating activities | 18,068 | 15,363 |
| Investing Activities | | |
| Purchases of equipment | (98) | (61) |

| | | |
|--|-------|-------|
| Net cash used for investing activities | (98) | (61) |
|--|-------|-------|

Financing Activities

| | | |
|--|-----------|-----------|
| Repayment of long-term debt | (17,000) | (15,000) |
| Purchase of common stock for treasury | -- | (10) |
| Net cash used for financing activities | (17,000) | (15,010) |

| | | |
|----------------------------|--------|-------|
| Increase in cash | 970 | 292 |
| Cash - beginning of period | 35,181 | 6,078 |

| | | |
|----------------------|-----------|----------|
| Cash - end of period | \$ 36,151 | \$ 6,370 |
|----------------------|-----------|----------|

| | | |
|-------------------|----------|-----------|
| Interest paid | \$ 8,085 | \$ 11,302 |
| Income taxes paid | \$ 1,100 | \$ 75 |

Prestige Brands Holdings, Inc.

Consolidating Statements of Operations

(Unaudited)

Three Months Ended June 30, 2009

Over-the-Counter Household Personal

Healthcare Cleaning Care Consolidated

(In Thousands)

| | | | | |
|-----------|-----------|-----------|----------|-----------|
| Net sales | \$ 40,272 | \$ 26,841 | \$ 5,495 | \$ 72,608 |
|-----------|-----------|-----------|----------|-----------|

| | | | | |
|----------------|----|-----|----|-----|
| Other revenues | 11 | 606 | -- | 617 |
|----------------|----|-----|----|-----|

| | | | | |
|----------------|--------|--------|-------|--------|
| Total revenues | 40,283 | 27,447 | 5,495 | 73,225 |
|----------------|--------|--------|-------|--------|

| | | | | |
|---------------|--------|--------|-------|--------|
| Cost of sales | 13,528 | 17,801 | 3,045 | 34,374 |
|---------------|--------|--------|-------|--------|

| | | | | |
|--------------|--------|-------|-------|--------|
| Gross profit | 26,755 | 9,646 | 2,450 | 38,851 |
|--------------|--------|-------|-------|--------|

| | | | | |
|---------------------------|-------|-------|-----|-------|
| Advertising and promotion | 6,740 | 1,919 | 160 | 8,819 |
|---------------------------|-------|-------|-----|-------|

| | | | | |
|---------------------|-----------|----------|----------|--------|
| Contribution margin | \$ 20,015 | \$ 7,727 | \$ 2,290 | 30,032 |
|---------------------|-----------|----------|----------|--------|

| | | | | |
|--------------------------|--|--|--|--------|
| Other operating expenses | | | | 10,972 |
|--------------------------|--|--|--|--------|

| | | | | |
|------------------|--|--|--|--------|
| Operating income | | | | 19,060 |
|------------------|--|--|--|--------|

| | | | | |
|----------------|--|--|--|-------|
| Other expenses | | | | 5,654 |
|----------------|--|--|--|-------|

| | | | | |
|----------------------------|--|--|--|-------|
| Provision for income taxes | | | | 5,081 |
|----------------------------|--|--|--|-------|

| | |
|------------|----------|
| Net income | \$ 8,325 |
|------------|----------|

Three Months Ended June 30, 2008

Over-the-Counter Household Personal

Healthcare Cleaning Care Consolidated

(In Thousands)

| | | | | |
|----------------------------|-----------|-----------|----------|-----------|
| Net sales | \$ 39,246 | \$ 28,404 | \$ 5,266 | \$ 72,916 |
| Other revenues | -- | 618 | -- | 618 |
| Total revenues | 39,246 | 29,022 | 5,266 | 73,534 |
| Cost of sales | 13,208 | 17,923 | 3,141 | 34,272 |
| Gross profit | 26,038 | 11,099 | 2,125 | 39,262 |
| Advertising and promotion | 5,037 | 2,070 | 212 | 7,319 |
| Contribution margin | \$ 21,001 | \$ 9,029 | \$ 1,913 | 31,943 |
| Other operating expenses | | | | 10,729 |
| Operating income | | | | 21,214 |
| Other expenses | | | | 8,683 |
| Provision for income taxes | | | | 4,750 |
| Net income | | | | \$ 7,781 |

Source: Prestige Brands Holdings, Inc.

Prestige Brands Holdings, Inc.
Dean Siegal, 914-524-6819