ENERGIZER HOLDINGS, INC.
Form 10-Q
January 31, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2017

Or

o 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 x No o

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 x No o

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	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
(Do not check if smaller reporting company)		Emerging growth company	o

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. o

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

Indicate the number of shares of Energizer Holdings, Inc. common stock, $.01 par value, outstanding as of the close of business on January 29, 2018: 59,685,726.

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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 Ended December 31,	
	2017	2016
Net sales	$573.3	$559.6
Cost of products sold	295.0	288.0
Gross profit	278.3	271.6
Selling, general and administrative expense	99.2	84.4
Advertising and sales promotion expense	37.3	34.3
Research and development expense	5.3	5.8
Amortization of intangible assets	2.8	2.6
Spin restructuring	—	(1.3)
Interest expense	13.4	13.3
Other items, net	1.3	(1.6)
Earnings before income taxes	119.0	134.1
Income tax provision	58.6	38.5
Net earnings	$60.4	$95.6
Basic net earnings per share	$1.00	$1.55
Diluted net earnings per share	$0.98	$1.52
Weighted average shares of common stock - Basic	60.2	61.8
Weighted average shares of common stock - Diluted	61.5	62.9
Statements of Comprehensive Income:		
Net earnings	$60.4	$95.6
Other comprehensive income/(loss), net of tax expense/(benefit)		
Foreign currency translation adjustments	7.4	(31.9)
Pension activity, net of tax of $0.5 and $0.6, respectively.	1.2	3.8
Deferred gain on hedging activity, net of tax of $1.1 and $3.7, respectively.	2.5	8.2
Total comprehensive income	$71.5	$75.7

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)

Assets	December 31, 2017	September 30, 2017
Current assets		
Cash and cash equivalents	$ 454.3	$ 378.0
Trade receivables, less allowance for doubtful accounts of $6.1 and $5.8, respectively	214.8	230.2
Inventories	276.2	317.1
Other current assets	93.7	94.9
Total current assets	1,039.0	1,020.2
Property, plant and equipment, net	171.7	176.5
Goodwill	230.1	230.0
Other intangible assets, net	220.9	223.8
Deferred tax asset	34.1	47.7
Other assets	68.3	125.4
Total assets	$ 1,764.1	$ 1,823.6
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	$ 4.0	$ 4.0
Note payable	110.5	104.1
Accounts payable	190.8	219.3
Other current liabilities	241.6	254.6
Total current liabilities	546.9	582.0
Long-term debt	977.9	978.5
Other liabilities	205.6	178.0
Total liabilities	1,730.4	1,738.5
Shareholders' equity		
Common stock	0.6	0.6
Additional paid-in capital	198.7	196.7
Retained earnings	180.4	198.7
Treasury stock	(118.3)	(72.1)
Accumulated other comprehensive loss	(227.7)	(238.8)
Total shareholders' equity	33.7	85.1
Total liabilities and shareholders' equity	$ 1,764.1	$ 1,823.6

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 Three Months Ended December 31,	
	2017	2016
Cash Flow from Operating Activities		
Net earnings	$60.4	$95.6
Depreciation and amortization	12.0	10.6
Deferred income taxes	12.2	4.8
Share-based compensation expense	6.7	5.2
Mandatory transition tax	30.0	—
Non-cash items included in income, net	3.0	(0.4)
Other, net	0.1	(2.1)
Changes in current assets and liabilities used in operations	16.6	(21.9)
Net cash from operating activities	141.0	91.8
Cash Flow from Investing Activities		
Capital expenditures	(5.5)	(4.9)
Proceeds from sale of assets	—	4.3
Net cash used by investing activities	(5.5)	(0.6)
Cash Flow from Financing Activities		
Payments on debt with maturities greater than 90 days	(1.0)	(1.0)
Net increase/(decrease) in debt with original maturities of 90 days or less	6.5	(27.9)
Dividends paid	(17.6)	(18.1)
Common stock purchased	(50.0)	(8.1)
Taxes paid for withheld share-based payments	(1.8)	(8.1)
Net cash used by financing activities	(63.9)	(63.2)
Effect of exchange rate changes on cash	4.7	(17.6)
Net increase in cash and cash equivalents	76.3	10.4
Cash and cash equivalents, beginning of period	378.0	287.3
Cash and cash equivalents, end of period	$454.3	$297.7

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. and its subsidiaries (Energizer or the Company) is a global manufacturer, marketer and distributer 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 an acquisition of a leading designer and marketer of automotive fragrance and appearance products (auto care acquisition). With the auto care acquisition, the Company's brands 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, 2017 included in the Annual Report on Form 10-K dated November 14, 2017.

Recently Adopted Accounting Pronouncements - During the quarter ended December 31, 2017, the Company adopted ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This update 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 adoption of this update resulted in $1.7 of non-compensation related pension benefit in Other items, net in the quarter ended December 31, 2017 and a reclassification of $3.1 of pension benefit out of Selling, general and administrative expense and into Other items, net for the quarter ended December 31, 2016. All non-compensation related pension costs will be recorded in Other items, net going forward.

During the quarter ended December 31, 2017, the Company adopted ASU 2015-11, Inventory (Topic 330), which aligns the measurement of inventory under GAAP more closely with International Financial Reporting Standards. Under the new guidance, an entity that measures inventory using the first-in, first-out or average cost should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The impact of adoption was immaterial.

During the quarter ended December 31, 2017, the Company early adopted ASU 2016-16, Intra-entity Transfers of Assets Other Than Inventory. This update 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 previous 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 is recorded as a cumulative effect adjustment to retained earnings. During the quarter ended December 31, 2017, a deferred charge of $59.2 was removed from Other assets and recorded as an adjustment to retained earnings. Any future tax impacts will be recognized as incurred.

During the quarter ended December 31, 2017, the Company early adopted ASU 2017-01, Clarifying the Definition of a Business. This update 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 and the Company will apply this definition for future acquisitions.

During the quarter ended December 31, 2017, the Company early adopted ASU 2017-04, Simplifying the Test for Goodwill Impairment. This update 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 is now determined based on the comparison of the fair value of a reporting unit to its carrying amount. The Company will apply the new guidance when completing its goodwill testing procedures in the current year.

Recently Issued Accounting Pronouncements - On May 28, 2014, the FASB issued ASU 2014-09, 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. This update is effective for Energizer beginning October 1, 2018. The Company is currently assessing the new guidance against its current accounting policies and procedures, through activities that include analysis of standard sales transactions and terms, coordination and discussion with our commercial teams and reviewing contracts with customers. The Company plans to adopt this update on a modified retrospective basis at the effective date. While the Company’s assessment is not yet complete, the new guidance is not expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows. The Company is still assessing the overall impact on the Company’s disclosures.

On February 25, 2016, the FASB issued ASU 2016-02, Leases. This update aligns the measurement of leases under GAAP more closely with International Financial Reporting Standards by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this update will be effective for Energizer beginning October 1, 2019 with early adoption permitted. Energizer is in the process of evaluating the impact the revised guidance will have on its financial statements.

On August 26, 2016, the FASB issued ASU 2016-15, Statement of Cash Flows- Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain transactions are classified in the statements of cash flows. This update will be effective for Energizer beginning October 1, 2018. The Company is currently assessing the impact the revised guidance will have on our current classification on the Statement of Cash Flows.

On August 28, 2017, the FASB issued ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities. This update intends to simplify hedge accounting and decrease complexity for both the preparation and understanding of hedging disclosures in the financial statements. This update is effective for the Company beginning October 1, 2019. The Company is currently assessing the impact the revised guidance will have on its accounting practices and financial statements.

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 three months ended December 31, 2017, the Company recorded no activity related to spin. During the quarter ended December 31, 2016, the Company sold a facility in North America that was previously closed as part of the spin and recorded a gain of $1.3 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 as of December 31, 2016 on the Consolidated Condensed Balance Sheet. At December 31, 2016, $2.2 of the liability was recorded in Other current liabilities and the remaining $2.1 was recorded in Other liabilities. There were no liabilities outstanding at September 30, 2017 or December 31, 2017.

			Utilized		
	October 1, 2016	Charge to Income	Cash	Non-Cash	December, 2016
Severance and termination related costs	$ 2.8	$ —	$ (1.8)	$ —	$ 1.0
Contract termination costs	3.6	—	(0.3)	—	3.3
Net gain on asset sales	—	(1.3)	1.3	—	—
Total	$ 6.4	$ (1.3)	$ (0.8)	$ —	$ 4.3

(3) Income Taxes

The three month effective tax rate was 49.2% as compared to 28.7% for the prior year comparative period. On December 22, 2017, H.R. 1, formally known as the Tax Cuts and Jobs Act (the Act) was enacted into law. The Act provides for numerous significant tax law changes and modifications with varying effective dates, which include reducing the corporate income tax rate from 35% to 21%, creating a territorial tax system (with a mandatory transition tax on previously deferred foreign earnings) and allowing for immediate capital expensing of certain qualified property. As a fiscal year end taxpayer, certain provisions of the Act will begin to impact us in our fiscal first quarter ended December 31, 2017, while other provisions will impact us beginning in fiscal year 2019. The corporate tax rate reduction is effective for Energizer as of January 1, 2018 and, accordingly, will reduce our current fiscal year federal statutory rate to a blended rate of approximately 24.5% for fiscal year 2018.

The changes included in the Act are broad and complex. The final transition impacts of the Act may differ from our current estimates, possibly materially, due to, among other things, changes in interpretations of the Act, any legislative action to address questions that arise because of the Act, any changes in accounting standards for income taxes or related interpretations in response to the Act, or any updates or changes to estimates the Company has utilized to calculate the transition impacts, including impacts from changes to current year earnings estimates and foreign exchange rates of foreign subsidiaries. The Securities Exchange Commission has issued rules that would allow for a measurement period of up to one year after the enactment date of the Act to finalize the recording of the related tax impacts.

As a result of the reduction of the Federal corporate income tax rate, we have remeasured certain deferred tax assets and liabilities at the rate which they are expected to reverse in the future. We are still analyzing certain aspects of the Act, including the future impacts of the Global Intangible Low-Taxed Income provision, and refining our calculations, which could potentially affect the remeasurement of these balances or potentially give rise to new deferred tax amounts. The provisional amount recorded related to the remeasurement of our deferred tax balance was tax expense of approximately $1.

The mandatory transition tax is based on our total post-1986 earnings and profits (E&P) that we previously deferred from U.S. income taxes. We recorded a provisional amount for our mandatory transition tax liability, resulting in an increase in income tax expense of approximately $30. We have not yet completed our calculation of the total post-1986 E&P for these foreign subsidiaries. Further, the mandatory transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize the calculation of post-1986 foreign E&P previously deferred from U.S federal taxation and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the mandatory transition tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations.

(4) Share-Based Payments

Total compensation cost charged against income for Energizer's share-based compensation arrangements was $6.7 for the quarter ended December 31, 2017 and $5.2 for the quarter ended December 31, 2016 and was recorded in SG&A expense.

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

In November 2017, the Company granted RSE awards to a group of key employees of approximately 100,000 shares that vest ratably over four years and granted RSE awards to a group of key executives of approximately 68,000 shares that vest on the third anniversary of the date of grant. In addition, the Company granted approximately 238,000 performance shares to a group of key employees and key executives that will vest subject to meeting target 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 with the maximum award payout of approximately 476,000 shares. The closing stock price on the date of the grant used to determine the award fair value was $44.20.

In November 2016, the Company granted RSE awards to a group of key employees of 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. These performance measures are equally weighted in determining the final share award with the maximum award payout of approximately 498,000 shares. 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 of 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. These performance measures are equally weighted in determining the final share award with the maximum award payout of approximately 580,000 shares. 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 quarters ended December 31, 2017 and 2016:
(in millions, except per share data)

	For the Quarter Ended December 31,	
	2017	2016
Net earnings	$60.4	$95.6
Basic average shares outstanding	60.2	61.8
Effect of dilutive restricted stock equivalents	0.4	0.6
Effect of dilutive performance shares	0.9	0.5
Diluted average shares outstanding	61.5	62.9
Basic earnings per common share	$1.00	$1.55
Diluted earnings per common share	$0.98	$1.52

For the quarters ended December 31, 2017 and December 31, 2016, all restricted stock equivalents and performance shares were dilutive and included in the diluted net earnings per share calculations.

(6) Segments

Operations for Energizer are managed via three major geographic reportable segments: Americas (North America and Latin America), Europe, Middle East and Africa (EMEA), and Asia Pacific.

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 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 ended December 31, 2017 and 2016, respectively, are presented below:

	For the Quarter Ended December 31,	
	2017	2016
Net Sales		
Americas	$373.1	$365.1
EMEA	117.6	114.7
Asia Pacific	82.6	79.8
Total net sales	$573.3	$559.6
Segment Profit		
Americas	$123.1	$123.1
EMEA	25.5	26.1
Asia Pacific	23.7	24.7
Total segment profit	172.3	173.9
General corporate and other expenses (1) (2)	(21.6)	(17.2)
Global marketing expense (1)	(3.2)	(3.0)
Research and development expense	(5.3)	(5.8)
Amortization of intangible assets	(2.8)	(2.6)
Acquisition and integration costs (1)	(5.7)	(0.8)
Spin restructuring	—	1.3
Interest expense	(13.4)	(13.3)
Other items, net (2)	(1.3)	1.6
Total earnings before income taxes	$119.0	$134.1

(1) Included in SG&A in the unaudited Consolidated Condensed Statement of Earnings and Comprehensive Income.
(2) As a result of the adoption of ASU 2017-07 in the current quarter, a $3.1 benefit was reclassified from SG&A to Other items, net for the quarter ended December 31, 2016.

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

	For the Quarter Ended December 31,	
Net Sales	2017	2016
Batteries	$524.5	$503.1
Other	48.8	56.5
Total net sales	$573.3	$559.6

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:

	December 31, 2017	September 30, 2017
Americas	$ 510.0	$ 533.9
EMEA	246.3	240.3
Asia Pacific	489.8	457.9
Total segment assets	$ 1,246.1	$ 1,232.1
Corporate	67.0	137.7

Goodwill and other intangible assets	451.0	453.8
Total assets	$ 1,764.1	$ 1,823.6

(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, 2017 and December 31, 2017:

	Americas	EMEA	Asia Pacific	Total
Balance at October 1, 2017	$ 213.8	$ 5.5	$ 10.7	$ 230.0
Cumulative translation adjustment	(0.2)	0.1	0.2	0.1
Balance at December 31, 2017	$ 213.6	$ 5.6	$ 10.9	$ 230.1

Energizer had indefinite-lived intangible assets of $78.2 at December 31, 2017 and $78.3 at September 30, 2017. Changes in indefinite-lived intangible assets are due to changes in foreign currency translation.

Total amortizable intangible assets at December 31, 2017 are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	$ 40.1	$ 4.0	$ 36.1
Customer relationships	84.4	8.8	75.6
Patents	34.5	3.8	30.7
Non-compete	0.5	0.2	0.3
Total intangible assets at December 31, 2017	$ 159.5	$ 16.8	$ 142.7

Total amortizable intangible assets at September 30, 2017 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	$ 40.1	$ 3.4	$ 36.7
Customer relationships	84.4	7.3	77.1
Patents	34.5	3.2	31.3
Non-compete	0.5	0.1	0.4
Total intangible assets at September 30, 2017	$ 159.5	$ 14.0	$ 145.5

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

(8) Debt

The detail of long-term debt was as follows:

	December 31, 2017	September 30, 2017
Senior Secured Term Loan B Facility, net of discount due 2022	$ 391.0	$ 392.0
5.50% Senior Notes due 2025	600.0	600.0
Total long-term debt, including current maturities	991.0	992.0
Less current portion	(4.0)	(4.0)
Less unamortized debt discount and debt issuance fees	(9.1)	(9.5)
Total long-term debt	$ 977.9	$ 978.5

The Company's $600.0 of 5.50% Senior Notes due 2025 (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 in December and June. 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.

The Company has a credit agreement which provides for a five-year $350.0 senior secured revolving credit facility (Revolving Facility) which matures in June 2020 and a seven-year $400.0 senior secured term loan B facility (Term Loan) which is due in June 2022. 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 December 31, 2017, the Company had $87.5 of outstanding borrowings under the Revolving Facility and had $6.7 of outstanding letters of credit. Taking into account outstanding letters of credit, $255.8 remains available as of December 31, 2017. As of December 31, 2017, our weighted average interest rate on short-term borrowings was 3.19%.

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 13, 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%, or $1.0, 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 Term Loan repricing.

In March 2017, 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 2.03%.

For the quarter ended December 31, 2017, our weighted average interest rate on variable rate debt, inclusive of the interest rate swap, was 3.42%.

The notes payable balance was $110.5 at December 31, 2017 and $104.1 at September 30, 2017. The December 31, 2017 balance was comprised of $87.5 outstanding borrowings on the Revolving Facility as well as $23.0 of other borrowings, including those from foreign affiliates. The September 30, 2017 balance was comprised of $95.0 outstanding borrowings on the Revolving facility as well as $9.1 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 December 31, 2017, the Company was, and expects to remain, in compliance with the provisions and covenants associated with its debt agreements.

(In millions - Unaudited)

Aggregate maturities of long-term debt, including current maturities, at December 31, 2017 were as follows: $4.0 in one year, $4.0 in two years, $4.0 in three years, $4.0 in four years, $375.0 in five years and $600.0 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 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 December 31,			
	U.S.		International	
	2017	2016	2017	2016
Service Cost	$—	$—	$0.2	$0.4
Interest Cost	4.7	4.5	1.1	0.9
Expected return on plan assets	(7.5)	(8.6)	(1.6)	(2.0)
Amortization of unrecognized net losses	1.0	1.2	0.5	0.9
Settlement charge	0.1	—	—	—
Net periodic (benefit)/cost	$(1.7)	$(2.9)	$0.2	$0.2