



## Newell Rubbermaid to Acquire Elmer's for \$600 Million

October 5, 2015

### *Announces Intention to Divest Window Coverings Business*

ATLANTA--(BUSINESS WIRE)-- Newell Rubbermaid (NYSE:NWL) has entered into a definitive agreement to acquire Elmer's Products, Inc. ("Elmer's") from an affiliate of Berwind Corporation, a family-owned investment management company, for a purchase price of \$600 million, subject to customary working capital adjustments. Elmer's, whose brands include Elmer's®, Krazy Glue®, and X-Acto®, is the leading provider of activity-based adhesive and cutting products that inspire creativity in the classroom, at home, in the office, in the workshop and at the craft table. Elmer's distributes Krazy Glue, a leading instant adhesive brand in North America, through a joint venture with Toagosei Co., Ltd.<sup>1</sup>

"The acquisition of Elmer's strengthens our market-leading Writing Segment with three outstanding arts and craft brands that will not only enhance our merchandising scale in the key Back to School drive period, but offer great cross-selling and distribution synergies given the strong overlap with Newell's retailer and channel footprint," said Michael Polk, President and Chief Executive Officer of Newell Rubbermaid. "We are delighted to welcome the Elmer's team and their leading brands to our company. The addition of Elmer's adds even more firepower and long term potential to our building growth acceleration and margin development story."

Elmer's net sales for calendar year 2015 are projected to be approximately \$240 million. The acquisition is expected to be accretive to normalized earnings and operating margin in 2016. The acquired business will be reported as part of Newell Rubbermaid's Writing segment with Elmer's, X-Acto and Krazy Glue joining the company's Paper Mate®, Sharpie®, Expo® and Mr. Sketch® brands. The company will leverage its brand building, design and innovation capabilities to accelerate Elmer's growth while simultaneously delivering synergies in distribution, cross-selling and merchandising. The acquisition is expected to be financed through a combination of available liquidity and debt financings. The company anticipates the transaction closing by year end, subject to customary conditions and regulatory approvals.

Coincident with the agreement to acquire Elmer's, the company has initiated a process to divest its Levolor® and Kirsch® window coverings brands ("Décor"). The Décor business is expected to generate approximately \$310 million in net sales in 2015. The business will continue to be reported as part of the Home Solutions Segment and will be managed as a stand-alone business through this process.

The company expects no material impact to 2015 full year results related to either the Elmer's acquisition or the planned Décor divestiture given the timing of both transactions. Accordingly, 2015 full year guidance remains unchanged at 4 to 5 percent core sales growth and normalized EPS of \$2.14 to \$2.20 per share. As recently communicated in connection with second quarter earnings, the company continues to track towards the mid-point of both full year ranges. In 2016, Newell Rubbermaid expects the normalized EPS accretion from the acquisition of Elmer's to be effectively offset by the dilution associated with the disposal of Décor, resulting in minimal impact to 2016 normalized EPS. The company plans to provide 2016 full year guidance along with its third quarter financial results later this month.

<sup>1</sup> "Krazy Glue" is a registered trademark of Toagosei Co. Ltd., used with permission.

### **Reconciliation of Core Sales Guidance for Year Ending December 31, 2015**

Core sales	4.0% to 5.0%
Currency	(5.0)% to (6.0)%
Acquisitions, net of planned divestitures	4.0% to 5.0%
Net sales growth	3.0% to 4.0%

### **Reconciliation of Normalized EPS Guidance for Year Ending December 31, 2015**

Diluted earnings per share	\$1.69 to \$1.75
Graco product recall	\$0.03
Restructuring and other Project Renewal costs	\$0.35 to \$0.45
Acquisition and integration costs	\$0.01
Devaluation of the Venezuelan Bolivar	\$0.01
Discontinued operations	<u>\$(0.01) to \$0.01</u>
Normalized earnings per share	\$2.14 to \$2.20

### **Non-GAAP Financial Measures**

This release contains non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission and includes a reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

The company uses certain non-GAAP financial measures that are included in this press release and the additional financial information both in explaining its results to stockholders and the investment community and in its internal evaluation and management of its businesses. The company's management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures (a)

permit investors to view the company's performance using the same tools that management uses to evaluate the company's past performance, reportable business segments and prospects for future performance and (b) determine certain elements of management's incentive compensation.

The company's management believes that core sales provides a more complete understanding of underlying sales trends by providing sales on a consistent basis as it excludes the impacts of acquisitions, planned or completed divestitures and changes in foreign currency from year-over-year comparisons. The effect of foreign currency on reported sales is determined by applying a fixed exchange rate, calculated as the 12-month average in the prior year, to the current and prior year local currency sales amounts (excluding acquisitions and planned and completed divestitures), with the difference in these two amounts being the increase or decrease in core sales, and the difference between the change in as reported sales and the change in core sales reported as the currency impact. The company's management believes that "normalized" earnings per share, which exclude restructuring and other expenses and one-time and other events such as costs related to product recalls, the extinguishment of debt, certain tax benefits and charges, impairment charges, pension settlement charges, discontinued operations, costs related to the acquisition and integration of acquired businesses, advisory costs for process transformation and optimization initiatives, dedicated personnel costs related to transformation initiatives under Project Renewal, asset devaluations resulting from the adoption and continued use of the SICAD Venezuelan Bolivar exchange rate and certain other items, is useful because it provides investors with a meaningful perspective on the current underlying performance of the company's core ongoing operations. The company also uses core sales and normalized earnings per share as two of the three criteria in its management cash bonus plan and performance-based equity compensation arrangements.

The company determines the tax effect of the items excluded from normalized diluted earnings per share by applying the estimated effective rate for the applicable jurisdiction in which the pre-tax items were incurred, and for which realization of the resulting tax benefit, if any, is expected. In certain situations in which an item excluded from normalized results impacts income tax expense, the company uses a "with" and "without" approach to determine normalized income tax expense.

While the company believes that these non-GAAP financial measures are useful in evaluating the company's performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies.

#### **About Newell Rubbermaid**

Newell Rubbermaid Inc., an S&P 500 company, is a global marketer of consumer and commercial products with 2014 sales of \$5.7 billion and a strong portfolio of leading brands, including Sharpie®, Paper Mate®, Rubbermaid Commercial Products®, Irwin®, Lenox®, Parker®, Waterman®, Rubbermaid®, Contigo®, Levolor®, Calphalon®, Goody®, Graco®, Aprica®, Baby Jogger®, and Dymo®. As part of the company's Growth Game Plan, Newell Rubbermaid is making sharper portfolio choices and investing in new marketing and innovation to accelerate performance.

This press release and additional information about Newell Rubbermaid are available on the company's Web site, [www.newellrubbermaid.com](http://www.newellrubbermaid.com).

#### **Caution Concerning Forward-Looking Statements**

Statements in this press release that are not historical in nature constitute forward-looking statements. These forward-looking statements relate to information or assumptions about the effects of sales, income/(loss), earnings per share, operating income, operating margin or gross margin improvements or declines, Project Renewal, capital and other expenditures, cash flow, dividends, restructuring and other project costs, costs and cost savings, inflation or deflation, particularly with respect to commodities such as oil and resin, debt ratings, changes in exchange rates, product recalls, expected benefits and financial results from recently completed acquisitions and planned acquisitions and divestitures (including the Elmer's transaction and the proposed disposition of the Décor business) and management's plans, projections and objectives for future operations and performance. These statements are accompanied by words such as "anticipate," "expect," "project," "will," "believe," "estimate" and similar expressions. Actual results could differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, our dependence on the strength of retail, commercial and industrial sectors of the economy in light of the continuation or escalation of the global economic slowdown or regional sovereign debt issues; currency fluctuations; competition with other manufacturers and distributors of consumer products; major retailers' strong bargaining power and consolidation of our retail customers; changes in the prices of raw materials and sourced products and our ability to obtain raw materials and sourced products in a timely manner from suppliers; our ability to develop innovative new products and to develop, maintain and strengthen our end-user brands, including the ability to realize anticipated benefits of increased advertising and promotion spend; product liability, product recalls or regulatory actions; our ability to expeditiously close facilities and move operations while managing foreign regulations and other impediments; a failure of one of our key information technology systems or related controls; the potential inability to attract, retain and motivate key employees; future events that could adversely affect the value of our assets and require impairment charges; our ability to improve productivity and streamline operations; changes to our credit ratings; significant increases in the funding obligations related to our pension plans due to declining asset values, declining interest rates or otherwise; the imposition of tax liabilities greater than our provisions for such matters; the risks inherent in our foreign operations, including exchange controls and pricing restrictions; our ability to complete planned acquisitions and divestitures (including our ability to obtain contemplated debt financing, whether and when the required regulatory approvals will be obtained and the closing conditions will be satisfied); our ability to realize the expected benefits and financial results from our recently acquired businesses and planned acquisitions and divestitures; how customers, competitors, suppliers and employees will react to our recently acquired businesses and planned acquisitions and divestitures; and those factors listed in our most recently filed Quarterly Report on Form 10-Q and exhibit 99.1 thereto filed with the Securities and Exchange Commission. Changes in such assumptions or factors could produce significantly different results. The information contained in this news release is as of the date indicated. The company assumes no obligation to update any forward-looking statements contained in this news release as a result of new information or future events or developments.



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