



# CHURCH & DWIGHT CO., INC.

## News Release

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### **Church and Dwight Acquires TheraBreath® Brand for \$580 million**

Ewing, N.J.--(BUSINESS WIRE)--November 29, 2021-- Church & Dwight Co., Inc. (NYSE:CHD) has signed a definitive agreement to acquire the TheraBreath® brand for \$580 million in cash. The transaction, which is subject to regulatory approval and other customary conditions, is expected to close in the fourth quarter.

TheraBreath®'s net sales for the trailing twelve months through September 30, 2021 were approximately \$86 million. TheraBreath® is the #2 brand in the alcohol-free mouthwash category in the United States. International represents less than 10% of net sales.

TheraBreath®'s trailing twelve months EBITDA as of September 2021 was approximately \$27 million, with a 31% EBITDA margin. Once the business is fully integrated, Church & Dwight expects to leverage its distribution network, manufacturing footprint, and operating expertise to achieve an estimated \$6 million in run rate operating synergies by 2023. The Company expects to expand TheraBreath®'s distribution through its international footprint.

"Oral care is important to us strategically," said Matthew T. Farrell, Church & Dwight Chief Executive Officer. "TheraBreath® represents a powerful addition to our existing oral care portfolio which includes ARM & HAMMER® toothpaste, SPINBRUSH® battery-operated toothbrushes, ORAJEL® oral analgesics and WATERPIK® water flossers. The TheraBreath® brand is a problem/solution product and one of the fastest growing brands in the mouthwash category. This acquisition gives Church and Dwight a strong position in a growing category with tailwinds as the brand skews towards younger consumers and consistently has a high level of brand loyalty and repeat purchase."

In 2022, TheraBreath®'s annual net sales are projected to grow approximately 15% to \$100 million and adjusted EBITDA is expected to be \$36 million, including \$4 million of synergies. The adjusted 2022 EBITDA estimate excludes approximately \$7 million in one-time transition and transaction related expenses.

Mr. Farrell continued, "We are excited about adding the Company's 14<sup>th</sup> power brand. This acquisition meets the Company's long-standing acquisition criteria: (1) #1 or #2 brand in a category; (2) asset-light; (3) a growing brand; and (4) expected to be gross margin

accretive to the Company. Acquisitions have been a key driver of Church & Dwight's consistently strong shareholder returns."

The acquisition contains the benefit of a cash tax shield valued at \$85 million. Net of the tax shield, the deal is a \$495 million acquisition or a 13.7x multiple paid (based on \$36MM of 2022 run rate EBITDA).

The acquisition is expected to be dilutive to the Company's 2021 EPS by (\$.03), inclusive of transition costs, acquisition-related expenses, interest expense, and intangible amortization expense. The Company expects to finance the acquisition with debt.

Mr. Farrell said, "We now expect 2021 adjusted earnings per share (EPS) to be \$2.96, inclusive of the \$0.03 dilutive EPS effect of the acquisition. The acquisition is expected to be 2% accretive to cash earnings in 2022 and neutral to 2022 EPS, inclusive of transition costs, interest expense and intangible amortization expense."

Centerview Partners LLC acted as financial advisor to Church & Dwight and Proskauer Rose LLP acted as legal advisor. The seller was advised by Financo Raymond James as exclusive financial advisor and Sidley Austin LLP as legal advisor.

Church & Dwight will discuss the acquisition during a management call on November 29, 2021 at 10:00 a.m. (EST). To participate, dial 877-322-9846 within the U.S. and Canada, or 631-291-4539 internationally, using access code 7709338. A replay will be available at 855-859-2056 using the same access code through the close of business on December 6, 2021. You also can participate via webcast by visiting the Investor Relations section of the Company's website at [www.churchdwight.com](http://www.churchdwight.com).

Church & Dwight Co., Inc., founded in 1846, is the leading U.S. producer of sodium bicarbonate, popularly known as baking soda. The Company manufactures and markets a wide range of personal care, household and specialty products under recognized brand names such as ARM & HAMMER®, TROJAN®, OXICLEAN®, SPINBRUSH®, FIRST RESPONSE®, NAIR®, ORAJEL®, XTRA®, L'IL CRITTERS® and VITAFUSION®, BATISTE®, WATERPIK®, ZICAM® and FLAWLESS®. These thirteen key brands represent approximately 85% of the Company's product sales. For more information, visit the Company's website.

**This press release contains forward-looking statements, including, among others, statements relating to the impact of the TheraBreath® acquisition and anticipated associated cost savings; net sales and earnings growth; earnings per share; and consumer demand and spending. These statements represent the intentions, plans, expectations and beliefs of the Company, and are based on assumptions that the Company believes are reasonable but may prove to be incorrect. In addition, these statements are subject to risks, uncertainties and other factors, many of which are outside the Company's control and could cause actual results to differ materially from such forward-looking statements. Uncertainties include assumptions as to market growth and consumer demand. Factors that could cause such differences include, without limitation, the risk that TheraBreath® will not be integrated successfully, the risk that the cost savings from the transaction will not be fully realized or will take longer to realize than expected, and the**

**ability of management to execute its plans with respect to the Company's initiatives.**

**For a description of additional factors that could cause actual results to differ materially from the forward-looking statements, please see the Company's quarterly and annual reports filed with the SEC, including Item 1A, "Risk Factors" in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the U.S. federal securities laws. You are advised, however, to consult any further disclosures the Company makes on related subjects in its filings with the SEC.**

**This press release also contains non-GAAP financial information. The non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.**

**Non-GAAP information:**

**EBITDA and Adjusted EBITDA:**

**This press release also presents TheraBreath®'s EBITDA and Adjusted EBITDA which are non-GAAP financial terms and represent earnings before interest, taxes, depreciation and amortization, as adjusted. Management believes the presentation of EBITDA and Adjusted EBITDA provides useful additional information to investors about trends in TheraBreath®'s operations.**

**Adjusted EPS**

**This press release does not provide a forward-looking reconciliation of adjusted EPS to reported EPS, the most directly comparable GAAP financial measures, expected for the full year of 2021, because we are unable to provide such a reconciliation without unreasonable effort. We have excluded the changes in the Company's potential earn-out liability from our acquisition of the FLAWLESS business from our expected adjusted EPS. We are required to review the fair value of the earn-out liability quarterly based on changes in sales forecasts, discount rates, volatility assumptions, and other inputs. Our inability to provide a reconciliation to GAAP EPS for future periods is due to the uncertainty and inherent difficulty of predicting what these changes will be on an annual basis. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to our future results.**

