

EDGEWELL PERSONAL CARE Co
Form 10-K
November 19, 2018

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2018

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 001-15401

EDGEWELL PERSONAL CARE COMPANY

(Exact name of registrant as specified in its charter)

Missouri

43-1863181

(State or other jurisdiction of incorporation or organization) (I. R. S. Employer Identification No.)

1350 Timberlake Manor Parkway

Chesterfield, Missouri 63017

(Address of principal executive offices) (Zip Code)

(314) 594-1900

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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Common Stock, par value \$0.01 per share	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes

No

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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.

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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.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of March 31, 2018, the last day of the registrant's most recently completed second fiscal quarter, was \$2,224,930,833.

The number of shares of the registrant's common stock outstanding as of October 31, 2018 was 54,040,609.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement for its 2019 annual meeting of shareholders, to be filed with the Securities and Exchange Commission within 120 days after September 30, 2018, are incorporated by reference into Part III of this report.

EDGEWELL PERSONAL CARE COMPANY
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Presentation of Information

Unless the context requires otherwise, references to "Edgewell Personal Care Company," "Edgewell," "we," "us," "our" and "the Company" refer to Edgewell Personal Care Company, and its consolidated subsidiaries.

Trademarks and Trade Names

We own or have rights to use trademarks and trade names that we use in conjunction with the operation of our business, which appear throughout this Annual Report on Form 10-K. Solely for convenience, we only use the TM or [®] symbols the first time any trademark or trade name is mentioned. We may also refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

Industry and Market Data

Unless we indicate otherwise, we base the information concerning our industry contained or incorporated by reference herein on our general knowledge of and expectations concerning the industry. Our market position, market share and industry market size is based on our estimates using internal data and data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. We have not independently verified data from industry analyses and cannot guarantee accuracy or completeness. In addition, we believe that data regarding the industry, market size and our market position and market share within such industry provide general guidance but are inherently imprecise. Further, our estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "Risk Factors" section of this document. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

Retail sales for purposes of market size, market position and market share information are based on retail sales in United States dollars.

Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. Forward-looking statements generally can be identified by the use of words or phrases such as "believe," "expect," "expectation," "anticipate," "may," "could," "intend," "belief," "estimate," "plan," "target," "predict," "likely," "will," "should," "forecast," "outlook," or other similar words or phrases. These statements are not based on historical facts, but instead reflect our expectations, estimates or projections concerning future results or events, including, without limitation, the future earnings and performance of Edgewell Personal Care Company or any of our businesses. These statements are not guarantees of performance and are inherently subject to known and unknown risks, uncertainties and assumptions that are difficult to predict and could cause our actual results to differ materially from those indicated by those statements. We cannot assure you that any of our expectations, estimates or projections will be achieved. The forward-looking statements included in this report are only made as of the date of this report, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. Factors that could cause fluctuations in our actual results include, but are not limited to, the following:

- our ability to compete in products and prices in an intensely competitive industry;
- the loss of any of our principal customers;
- our inability to execute a successful e-commerce strategy;
- fluctuations in the price and supply of raw materials;
- our failure to maintain our brands' reputation;
- our failure to achieve projected cost savings under our various initiatives, including Project Fuel;
- legislative or regulatory changes impacting or limiting our business;
- product quality and safety issues, including recalls and product liability; and

the costs, disruption and diversion of management's attention associated with campaigns commenced by activist investors.

In addition, other risks and uncertainties not presently known to us or that we presently consider immaterial could significantly affect the forward-looking statements. The list of factors above is illustrative, but not exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Additional risks and uncertainties include those detailed from time to time in our publicly filed documents, including in Item 1A. Risk Factors of Part I of this Annual Report on Form 10-K.

PART I

Item 1. Business.

Overview

Edgewell Personal Care Company, and its subsidiaries, is one of the world's largest manufacturers and marketers of personal care products in the wet shave, sun and skin care, feminine care and infant care categories. We have a portfolio of over 25 brands and a broad global footprint in more than 50 countries.

History and Development

We were incorporated in the state of Missouri on September 23, 1999 and, prior to April 2000, were a wholly-owned subsidiary of Ralston Purina Company. On April 1, 2000, all of the outstanding shares of our common stock were distributed to shareholders of Ralston Purina Company and we became an independent publicly-owned company. During the years that followed, we implemented a strategy of acquiring several personal care brands, which created the foundation for the company we are today.

In 2003, we completed the acquisition of the Schick-Wilkinson Sword business ("SWS") from Pfizer, Inc., which was the second largest manufacturer and marketer of men's and women's wet shave products in the world. Our portfolio of wet shave products includes: Hydro® and Quattro® men's shaving systems; Hydro Silk®, Quattro for Women®, Intuition® and Silk Effects® Plus women's shaving systems; and the Hydro, Quattro, Xtreme 3®, Slim Twin®, Slim Triple® and Extra3® disposables. SWS has over 75 years of history in the shaving products industry with a reputation for high quality and innovation in shaving technology. SWS products are sold throughout the world.

In 2007, we acquired Playtex Products, Inc. ("Playtex"), expanding our branded consumer products portfolio. Playtex was a leading manufacturer and marketer of well-recognized brands such as Playtex® feminine care products, Playtex infant care products, Diaper Genie® diaper disposal systems, Wet Ones® pre-moistened wipes, and Banana Boat® and Hawaiian Tropic® sun care products.

In 2009, we completed the acquisition of the Edge® and Skintimate® shave preparation brands from S.C. Johnson & Son, Inc., adding United States ("U.S.") market leading shave preparation brands to our existing wet shave product portfolio. In 2010, we completed the acquisition of American Safety Razor, LLC ("ASR"), a leading global manufacturer of private label and value wet shaving razors and blades and specialty blades. ASR was founded in 1875.

Strengthening our company's feminine care product portfolio, in 2013 we acquired the Stayfree® pad, Carefree® liner and o.b.® tampon feminine hygiene brands in the U.S., Canada and the Caribbean from Johnson & Johnson.

In 2015, we completed the separation of our Household Products business, which manufactures and markets batteries and portable lighting, into a separate publicly-traded company (the "Spin" or the "Separation"). We completed the tax-free Separation by distributing 100% of the outstanding shares of common stock of Energizer SpinCo, Inc. to our shareholders. The newly formed company assumed the name Energizer Holdings, Inc. ("New Energizer") and began trading under the symbol "ENR" on the New York Stock Exchange ("NYSE"). Edgewell retained the Personal Care business and trades on the NYSE under the symbol "EPC." Following the Separation, we do not beneficially own any shares of New Energizer. In connection with the Separation, we changed our name to Edgewell Personal Care Company on June 30, 2015.

On October 31, 2016, we completed the acquisition of Bulldog Skincare Holdings Limited, a men's grooming and skincare products company based in the United Kingdom (the "U.K."). On March 1, 2018, we completed the acquisition of Jack Black, L.L.C., a men's luxury skincare products company based in the U.S. These acquisitions created opportunities to expand our personal care portfolio into a growing global category and have allowed us to leverage our international geographic footprint.

Our Business Segments and Product Strategies

We manage our business in four reportable segments: Wet Shave, Sun and Skin Care, Feminine Care and All Other. Segment performance is evaluated based on segment profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with restructuring initiatives and other items that are not representative of management's view on how segment performance is evaluated. Information regarding the product portfolios of these segments is included within the following discussion. Financial information regarding each of our reportable segments, as well as other geographical information, is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 18 of Notes to Consolidated Financial Statements included within Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Wet Shave

Wet shave products are sold under the Schick®, Wilkinson Sword®, Edge, Skintimate, Shave Guard® and Personna® brand names. We manufacture and distribute Schick and Wilkinson Sword razor systems, composed of razor handles and refillable blades, and disposable shave products for men and women. While we market our wet shave products throughout the world, our primary markets are the U.S., Canada, Japan, Germany, France and the U.K. We believe we hold the number two global market share position in wet shaving. The category is competitive with manufacturers vying for consumer loyalty and retail shelf space.

We have gained recognition for our innovation designed to improve the shaving experience, including the introduction of our Schick Hydro men's shaving system in 2010.

During 2017, we launched our first direct-to-consumer site in the U.S., featuring our new Hydro Connect™ innovation. Hydro Connect, which is also available in certain markets internationally, features cartridges with three- and five-blade Hydro technology that fit on Gillette® handles. Additionally, during 2017, we launched our Schick Quattro YOU™ disposables for women in North America, which have a unique SmoothProtect™ four-blade design to protect skin and a slimmer handle for greater control.

In 2018, we introduced Intuition f.a.b.™ for women which has five bi-directional blades that shave up and down. We intend to continue to develop and expand across our Wet Shave brands, including Hydro, Quattro, Intuition and Xtreme 3.

In the U.S., Canada and Japan, we also sell market-leading shave preparation products, including shaving gels and creams under the Edge, Skintimate and Shave Guard brands.

We also manufacture, distribute and sell a complete line of private label and value-priced wet shaving disposable razors, shaving systems and replacement blades. These wet shave products are sold primarily under a retailer's store name or under value brand names such as Personna.

Our Wet Shave segment represented 60% of our net sales in each of fiscal 2018, 2017 and 2016. Our razors and blades represented 53% of our net sales in each of fiscal 2018, 2017 and 2016.

Sun and Skin Care

Sun and Skin Care products are sold under the Banana Boat, Hawaiian Tropic, Bulldog®, Jack Black® and Wet Ones brand names. We market sun care products under the Banana Boat and Hawaiian Tropic brands and believe these brands, on a combined basis, hold a leading market share position in the U.S. sun care category. We compete across the full spectrum of sun care categories: general protection, sport, kids, baby, tanning and after sun. Outside the U.S., we believe we are also the leading sun care manufacturer in Australia and Mexico. We expect to continue to drive our worldwide business through innovation, increased distribution and geographic expansion.

Our Bulldog skincare products are purpose built for men and were created to work simply and efficiently while dealing with issues specific to men's skin. Since acquiring the brand in October 2016, we have expanded sales geographically and are committed to further growth and distribution for the brand. We acquired the Jack Black brand in March 2018 to obtain a footprint in the luxury men's skincare market. We will use resources at our disposal to grow the Jack Black brand globally. We also offer Wet Ones, the leader in the U.S. portable hand wipes category, and offered Playtex household gloves until the sale of this business in October 2017.

Our Sun and Skin Care segment represented 20%, 19% and 18% of our net sales during fiscal 2018, 2017 and 2016, respectively. Our sun care products represented 15% of our net sales during fiscal 2018 and 2017 and 14% of our net sales during fiscal 2016.

Feminine Care

In Feminine Care, we market products under the Playtex, Stayfree, Carefree and o.b. brands. We offer tampons under the Playtex Gentle Glide® 360°™, Playtex Sport®, Playtex and o.b. brands, including the Playtex Sport compact tampon launched in 2017. We also market pads and liners under the Stayfree and Carefree brands. We believe we are one of the top three manufacturers of feminine care products in North America, with unique, competitive product technologies and well-known brands that address complementary consumer needs. We intend to continue to invest in innovation in our feminine care brands.

Our Feminine Care segment represented 15% of our net sales during fiscal 2018 and 2017 and 16% of our net sales during fiscal 2016.

All Other

Our All Other segment includes infant care, pet care and miscellaneous other products. In the infant care category, we believe our Playtex Diaper Genie brand of diaper disposal systems leads the U.S. diaper pail category. The Diaper Genie brand consists of the diaper pail unit and refill liners. We market Litter Genie®, a waste disposal solution for cat owners originating from our Diaper Genie technology. We also market a broad range of products including bottles, cups and mealtime products under the Playtex brand name. We offer a line of pacifiers, including the OrthoPro® and Binky® pacifiers.

Our All Other segment represented 6% of our net sales during fiscal 2018, 2017 and 2016.

Competition

The personal care product categories are highly competitive, both in the U.S. and on a global basis, as large manufacturers with global operations and new entrants attempting to disrupt the market compete for consumer acceptance and, increasingly, limited retail shelf space. Competition is based upon brand perception, product performance, customer service and price.

The global shaving products category is comprised of wet shave blades and razors, electric shavers and shaving gels and creams. The wet shave segment of that business is further segmented between razor systems and disposable products. This category is characterized by high margins and international growth opportunities. Geographically, North America, Western Europe, Australia and Japan represent relatively developed and stable markets. With our established product lines and global presence, we believe we compete effectively in this market. Our principal competitors in the global wet shave business are The Procter & Gamble Company, which owns the Gillette brand and is the leading company in the global wet shave segment, and Bic Group, which competes primarily in the disposable segment. We also compete with newer entrants to the Wet Shave market for both direct-to-consumer online and traditional retail shelf space including Dollar Shave Club, owned by Unilever, and Harry's.

The markets for sun and skin care, feminine care and other personal care products are also highly competitive, characterized by frequent introduction of new products, accompanied by major advertising and promotional programs. Our competitors in these markets consist of a large number of domestic and foreign companies, including The Procter & Gamble Company and Kimberly-Clark Corp. in feminine care; Bayer AG and Johnson & Johnson in sun and skin care; and a variety of competitors in the fragmented infant care market.

The market for sun care products is also characterized by global growth, and is impacted by trends in skin care. With our balanced sun care portfolio, depth of sun care expertise and global presence, we believe we compete effectively and have more than doubled our international sun care business since acquiring the Banana Boat and Hawaiian Tropic brands in 2008. We intend to continue to compete by driving innovation, building differentiated equity and focusing on in-store visibility.

The global men's skincare market is expected to continue to grow, with increased demand for men's personal care products. Our competitors in this market include large companies such as Johnson & Johnson, L'Oréal S.A., The Estée Lauder Companies, Inc. and Unilever, as well as smaller companies. We compete in the market in multiple price points by creating simple and effective skincare products with natural ingredients at an affordable price through our Bulldog products and the luxury men's skincare market with Jack Black.

With our fiscal 2014 acquisition of the Stayfree, Carefree and o.b. brands, we have expanded our presence within the feminine care product category and have become one of the top three manufacturers in North America. We compete by having a portfolio of well-known brands that address complementary consumer needs.

Sales and Distribution

Our products are marketed primarily through a direct sales force, but also through exclusive and non-exclusive distributors and wholesalers. In the U.S., Japan and the larger countries of Western Europe and Latin America, we have dedicated commercial organizations, reflecting the scale and importance of these businesses. During fiscal 2015, in order to compete more effectively in smaller markets after the Separation, we increased our use of third-party distributors and wholesalers and either decreased or eliminated our business operations in certain countries. As a result of increased competition through the expansion of online markets, we have established e-commerce operations across several lines of business including the Schick.com website in the U.S. providing men's and women's shaving products, a Bulldog direct to consumer site in the U.K. and plans to expand to the U.S., and acceleration of e-commerce sales in China through our partnership with T-Mall. We distribute our products to consumers through numerous retail locations worldwide, including mass merchandisers and warehouse clubs, food, drug and convenience stores, and military stores.

Although a large percentage of our sales are attributable to a relatively small number of retail customers, only Wal-Mart Stores, Inc. and its subsidiaries ("Wal-Mart"), as a group, account for more than 10% of our consolidated annual net sales. Wal-Mart accounted for approximately 23% of our net sales from continuing operations in fiscal 2018. Purchases by Wal-Mart included products from all of our segments. Target Corporation represented approximately 11%, 10% and 15% of net sales for our Sun and Skin Care, Feminine Care and All Other segments, respectively. Sales to Amazon in fiscal 2018 represented approximately 15% of net sales for our All Other segments. Generally, orders are shipped within a month of their order date. Because of the short period of time between order and shipment dates, the dollar amount of current backlog is not material and is not considered to be a reliable indicator of future sales volume.

Government contracts do not represent a material portion of our net sales.

Seasonality

Customer orders for sun care products within our Sun and Skin Care segment are highly seasonal, which has historically resulted in higher sun care sales to retailers during the late winter through mid-summer months. Within our Wet Shave segment, sales of women's products are moderately seasonal, with increased consumer demand in the spring and summer months. See "Our business is subject to seasonal volatility" in Item 1A. Risk Factors.

Sources and Availability of Raw Materials

The principal raw materials used in our products include steel, various plastic resins, plastic based components, textile fibers and non-woven fabrics, organic and inorganic chemicals, soap based lubricants and plastic-pulp based packaging. These materials are sourced on a regional or global basis, as applicable, and are generally available from multiple sources. Price and availability of our raw materials fluctuate over time. While we have confidence our supply assurance plans adequately support our current operational needs, we cannot predict the future with certainty. Both price and supply are subject to risk from global socio- and macroeconomic influences such as, but not exclusive to, force majeure, loss or impairment to key manufacturing sites, transportation, government regulation, currency or other unforeseen circumstances. In the past, we have avoided significant interruption in the availability of our input materials and believe our extensive experience in procurement allows us to manage these risks effectively.

Patents, Technology and Trademarks

We own a number of U.S., Canadian and foreign trademarks, which we consider of substantial importance and which are used individually or in conjunction with our other trademarks. These include, but are not limited to: Edgewell, Schick, Schick Hydro, Schick Hydro Silk, Hydro Connect, Wilkinson Sword, Intuition, Quattro, Xtreme 3, Protector, Silk Effects, Slim Twin, Edge, Skintimate, Personna, Banana Boat, Hawaiian Tropic, Bulldog, Jack Black, Binky, Diaper Genie, Litter Genie, Drop-Ins®, Gentle Glide, 360°, Play On®, Twist 'N Click®, Sport, Sport Level Protection®, VentAire®, Wet Ones, Stayfree, Carefree and o.b. As a result of the Playtex acquisition, we also own royalty-free licenses in perpetuity to the Playtex trademark in the U.S., Canada and many foreign jurisdictions related to certain feminine hygiene, baby care and other products, but excluding certain apparel-related products.

Our ability to compete effectively in the wet shave, sun and skin care, feminine care and other personal care categories depends, in part, on our ability to maintain the proprietary nature of technology and manufacturing processes through a combination of patent and trade secret protection, non-disclosure agreements and licensing agreements. We own or license from third parties a considerable number of patents, patent applications and other technology, which we believe are significant to our business. These relate primarily to shaving product improvements and additional features, feminine care hygiene products including digital and applicator tampons, pads and liners, baby bottles and nipples, disposable liners and plastic holders for nurser systems, children's drinking cups, pacifiers, sunscreen formulations, diaper disposal systems, pet care and pet waste disposal products, and manufacturing processes. As of September 30, 2018, we owned, either directly or beneficially, approximately 832 unexpired U.S. patents, which have a range of expiration dates from October 2018 to June 2036, and we had approximately 134 U.S. patent applications pending. We routinely prepare additional patent applications for filing in the U.S., and actively pursue foreign patent protection in various foreign countries. As of September 30, 2018, we owned, either directly or beneficially, approximately 2,075 foreign patents having a range of expiration dates from October 2018 to December 2042, and we had approximately 320 patent applications pending in foreign countries.

We rely on trademark, trade secret, patent and copyright laws to protect our intellectual property rights. We cannot be sure that these intellectual property rights will be effectively utilized or, if necessary, successfully asserted. There is a risk that we will not be able to obtain and perfect our own intellectual property rights, or, where appropriate, license intellectual property rights from others.

Governmental Regulation and Environmental Matters

We are subject to various federal, state, foreign and local laws and regulations by governmental agencies intended to protect the public health and environment, including those governing the manufacture, use, discharge and disposal of hazardous materials, labeling and notice requirements related to consumer exposure to certain chemicals, and requirements for the recycling of our products and their packaging. These agencies include, but are not limited to (i) the U.S. Food and Drug Administration and equivalent international agencies that regulate ingredients in consumer products, (ii) the U.S. Environmental Protection Agency ("EPA") and equivalent international agencies that regulate our manufacturing facilities, and (iii) the Chemical Registration/Notification authorities that regulate chemicals that we use in, or transport to, the various countries in which we manufacture and/or market our products. We have seen an increase in registration and reporting requirements concerning the use of certain chemicals in a number of countries, such as Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") regulations in the European Union (the "E.U.").

Contamination has been identified at certain of our current and former facilities, as well as third-party waste disposal sites, and we are conducting investigation and remediation activities in relation to such properties. In connection with certain sites, we have received notices from the EPA, state agencies and private parties seeking contribution, that we have been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act and, as a result, we may be required to share in the cost of cleanup with respect to a number of federal "Superfund" sites. We may also be required to share in the cost of cleanup with respect to state-designated sites, and certain international locations, as well as any of our own properties.

The amount of our ultimate liability in connection with those sites may depend on many factors, including the volume and toxicity of material contributed to the site, the number of other PRPs and their financial viability, and the remediation methods and technology to be used. Total environmental capital expenditures and operating expenses are not expected to have a material adverse effect on our total capital and operating expenditures, cash flows, earnings or competitive position. Current environmental spending estimates could be modified as a result of changes in our plans or our understanding of the underlying facts, changes in legal requirements, including any requirements related to global climate change, or other factors.

Many European countries, as well as the E.U, have been very active in adopting and enforcing environmental regulations. As such, it is possible that new regulations may increase the risk and expense of doing business in such countries.

The US Toxic Substances Control Act (“TSCA”) and similar laws in other jurisdictions, are intended to ensure that chemicals do not pose unreasonable risks to human health or the environment. TSCA requires the EPA to maintain the TSCA registry listing chemicals manufactured or processed in the United States. Chemicals not listed on the TSCA registry cannot be imported into or sold in the U.S. until registered with the EPA. TSCA also sets forth specific reporting, recordkeeping and testing rules for chemicals, including requirements for the import and export of certain chemicals, as well as other restrictions relevant to our business. Pursuant to these laws, the EPA from time to time issues Significant New Use Rules, or SNURs, when it identifies new uses of chemicals that could pose risks to human health or the environment and also requires pre-manufacture notification of new chemical substances that do not appear on the TSCA registry. When we import chemicals into the U.S., we must ensure that chemicals appear on the TSCA registry prior to import, participate in the SNUR process when a chemical we import requires testing data and report to the EPA information relating to quantities, identities and uses of imported chemicals.

In the E.U., our business is affected by legislation dealing with REACH which requires manufacturers and importers of chemical substances to register such substances with the European Chemicals Agency, or the ECHA, and enables European and national authorities to track such substances. Depending on the amount of chemical substances to be manufactured or imported, and the specific risks of each substance, REACH requires different sets of data to be included in the registration submitted to the ECHA. Registration of substances with the ECHA imposes significant recordkeeping requirements that can result in significant financial obligations for companies such as us to import products into Europe. REACH is accompanied by legislation regulating the classification, labeling and packaging of chemical substances and mixtures.

We believe that our facilities and products are in substantial compliance with current laws and regulations.

Employees

As of September 30, 2018, we employed approximately 5,900 employees, with approximately 2,200 based in the U.S. Certain of these employees are represented by unions or work councils. We believe that we generally have a good relationship with our employees, and with the unions and work councils that represent certain employees.

Executive Officers

Set forth below are the names, ages as of September 30, 2018, and current positions of our executive officers.

Name	Age	Title
David P. Hatfield	58	Chief Executive Officer, President and Chairman of the Board
Rod R. Little	49	Chief Financial Officer
Colin A. Hutchison	60	Chief Operating Officer
John N. Hill	55	Chief Human Resources Officer
Marisa Iasenza	49	Chief Legal Officer

Set forth below is a brief description of the position and business experience of each of our executive officers.

David P. Hatfield has served as the Chairman of our Board since July 6, 2016. Mr. Hatfield has been our Chief Executive Officer and President since July 1, 2015. From October 2007 to July 1, 2015, he served as President and Chief Executive Officer of the Energizer Personal Care division commencing upon the acquisition of Playtex in October 2007. In 2007, Mr. Hatfield was named President and Chief Executive Officer of Schick-Wilkinson Sword. From 2004 to 2007, he served as the Executive Vice President and Chief Marketing Officer of Schick-Wilkinson Sword. Prior to 2004, he held various other positions within our Company since joining Ralston Purina Company in 1986.

Rod R. Little has served as Chief Financial Officer since March 5, 2018. Mr. Little previously served as Chief Financial Officer of HSNi from January 2017 to December 2017 and Executive Vice President and Chief Financial Officer of Elizabeth Arden, Inc. from April 2014 to November 2016. Prior to joining Elizabeth Arden, Mr. Little spent 17 years with Procter & Gamble where he held numerous positions of increasing responsibility in Procter & Gamble’s divisional and corporate finance organization, ultimately serving as the chief finance officer of their global salon professional division from 2009 until 2014. Mr. Little also served for five years in the United States Air Force prior to

joining Procter & Gamble in 1997.

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Colin A. Hutchison has served as Chief Operating Officer since April 4, 2017. Mr. Hutchison had previously served as Vice President Commercial, International since July 1, 2015. From January 2011 to July 1, 2015, Mr. Hutchison served as Vice President and General Manager of our Private Brands Group, and prior to that as Vice President for Schick-Wilkinson Sword and Personal Care in Europe since joining our company in 2004. Prior to joining our company, Mr. Hutchison held various positions at consumer goods businesses based in Europe including United Biscuits and the Campbell's Soup Company.

John N. Hill has served as Chief Human Resources Officer since April 4, 2017. Mr. Hill had previously led the North America commercial organization as our company's Vice President, North America since July 1, 2015, and as the VP, North America Commercial of Energizer's Personal Care division from 2007 to 2015. Mr. Hill joined our company in 2003 as General Manager Schick Canada following the acquisition of Schick-Wilkinson Sword from Pfizer, Inc. Prior to joining Edgewell, Mr. Hill held various positions at other international consumer product companies, including Warner-Lambert Company, Kraft and General Foods.

Marisa Iasenza has served as Chief Legal Officer since June 4, 2018. From 2008 to 2018, Ms. Iasenza served in roles of increasing responsibility at Harman International Industries, Incorporated, most recently as Senior Vice President, General Counsel & Secretary. From 2007 to 2008, she served as Assistant General Counsel at United Agri Products.

Available Information

Our website address is www.edgewell.com. We are not including the information contained on our website as part of, or incorporating it by reference into, this filing. We make available to the public on our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such material is electronically filed with, or furnished to, the U.S. Securities and Exchange Commission ("SEC"). Our reports filed with, or furnished to, the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E. Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These filings are also available on the SEC's website at www.sec.gov.

Item 1A. Risk Factors.

The following risks and uncertainties could materially adversely affect our business, results of operations, financial condition and cash flows. We may amend or supplement the risk factors described below from time to time in other reports we file with the SEC.

Risks Related to Our Business

Competition in our industries may hinder our ability to execute our business strategy, achieve profitability, or maintain relationships with existing customers.

The categories in which we operate are mature and highly competitive, both in the U.S. and globally, as a limited number of large manufacturers compete for consumer acceptance, limited retail shelf space and e-commerce opportunities. Because of the highly competitive environment in which we operate as well as increasing retailer concentration, our retailer customers, including online retailers, frequently seek to obtain pricing concessions or better trade terms, resulting in either reduction of our margins or losses of distribution to lower cost competitors.

Competition is based upon brand perceptions, product performance and innovation, customer service and price. Our ability to compete effectively may be affected by a number of factors, including:

- several of our competitors, including The Procter & Gamble Company, Unilever, Johnson & Johnson and others, may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with retailers and suppliers;

- our competitors may have lower production, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives;

our competitors may be able to obtain exclusive distribution rights at particular retailers or favorable in-store placement; and

we may lose market share to private label brands sold by retail chains, or to price brands sold by local and regional competitors, which, in each case, are typically sold at lower prices than our products.

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Loss of any of our principal customers could significantly decrease our sales and profitability.

Wal-Mart, together with its subsidiaries, is our largest customer, accounting for approximately 23% of our net sales in fiscal 2018. Generally, sales to our top customers are made pursuant to purchase orders and we do not have supply agreements or guarantees of minimum purchases from them. As a result, these customers may cancel their purchase orders or reschedule or decrease their level of purchases from us at any time. The loss or a substantial decrease in the volume of purchases by any of our top customers would harm our sales and profitability. Increasing retailer customer concentration could result in reduced sales outlets for our products, as well as greater negotiating pressures and pricing requirements.

Our inability to execute a successful e-commerce strategy could have a significant negative impact on our business. Sales of consumer products via e-commerce has gained increasing importance among market participants as more end user customers purchase consumer goods through e-commerce. We are engaged in e-commerce sales channels with respect to many of our products; however, if e-commerce and other sales channels were to take significant market share away from traditional retailers, and if we are not successful in achieving sales growth in these sales channels, our business, financial condition and results of operations may be negatively impacted. While we are establishing an e-commerce footprint, there can be no assurances that these initiatives will be successful.

We face risks arising from our ongoing efforts to achieve cost savings.

In the normal course of business, we may initiate projects which change our footprint or our operations in order to gain efficiencies and reduce costs. The execution of cost savings initiatives may present a number of significant risks, including:

- actual or perceived disruption of service or reduction in service standards to customers;
- the failure to preserve adequate internal controls as we restructure our general and administrative functions, including our information technology and financial reporting infrastructure;
- the failure to preserve supplier relationships and distribution, sales and other important relationships and to resolve conflicts that may arise;
- loss of sales as we reduce or eliminate staffing on non-core product lines;
- diversion of management attention from ongoing business activities; and
- the failure to maintain employee morale and retain key employees while implementing benefit changes and reductions in the workforce.

Because of these and other factors, we cannot predict whether we will realize the purpose and anticipated benefits of these initiatives and, if we do not, our business and results of operations may be adversely affected.

In fiscal 2018, we launched Project Fuel, an enterprise-wide transformational initiative that is designed to address all aspects of our business and cost structure. The project will incorporate our Zero Based Spending and global productivity initiatives, and will include a new global restructuring initiative. The achievement of our savings targets depends on our ability to successfully identify and realize savings opportunities. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our company not realizing the anticipated benefits, or not realizing such anticipated benefits on our expected timetable. If we are unable to realize the anticipated savings our results of operations, cash flows and financial condition may be adversely affected.

Changes in production costs, including raw material prices and tariffs, could erode our profit margins and negatively impact operating results.

Pricing and availability of raw materials, energy, shipping and other services needed for our business can be volatile due to general economic conditions, labor costs, production levels, import duties and tariffs and other factors beyond our control. There is no certainty that we will be able to offset future cost increases. This volatility can significantly

affect our production cost, and may, therefore, have a material adverse effect on our business, results of operations and financial condition.

Loss of reputation of our leading brands or failure of our marketing plans could have an adverse effect on our business.

We depend on the continuing reputation and success of our brands, particularly the Schick, Wilkinson Sword, Edge, Skintimate, Playtex, Diaper Genie, Wet Ones, Banana Boat, Hawaiian Tropic, Bulldog, Jack Black, Stayfree, Carefree and o.b. brands. Our operating results could be adversely affected if one of our leading brands suffers damage to its reputation due to real or perceived quality issues. Further, the success of our brands can suffer if our marketing plans or new product offerings do not improve, or have a negative impact on our brands' image or ability to attract and retain consumers. Additionally, if claims made in our marketing campaigns become subject to litigation alleging false advertising, it could damage our brand, cause us to alter our marketing plans in ways that may materially and adversely affect sales, or result in the imposition of significant damages against us. Further, a boycott or other campaign critical of us, through social media or otherwise, could negatively impact our brands' reputation and, consequently, our products' sales.

Our business is subject to increasing global regulation, including product related regulations and environmental regulations, that may expose us to significant liabilities.

The manufacture, packaging, labeling, storage, distribution, advertising and sale of our products are subject to extensive regulation. For example, our products are regulated by health authorities both in the U.S. and in the E.U. (such as the U.S. Food and Drug Administration) and consumer protection organizations (such as the U.S. Consumer Product Safety Commission). These regulatory frameworks focus on our ingredients as well as the safety and efficacy of our products. Similarly, the advertising and marketing of our products is regulated by agencies such as the U.S. Federal Trade Commission. All of these regulatory frameworks exist at the federal, state and local level in the U.S. as well as in foreign countries where we sell our products. New or more restrictive regulations or more restrictive interpretations of existing regulations are likely and could lead to additional compliance cost and have an adverse impact on our business. Additionally, a finding that we are in violation of, or not in compliance with, applicable laws or regulations could subject us to material civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions. Even if a claim is unsuccessful, is not merited or is not fully pursued, the negative publicity surrounding such assertions could jeopardize our reputation and brand image and have a material adverse effect on our businesses, as well as require resources to rebuild our reputation.

We must comply with various environmental laws and regulations in the jurisdictions in which we operate, including those relating to the handling and disposal of solid and hazardous wastes and the remediation of contamination associated with the use and disposal of hazardous substances. A release of such substances due to accident or an intentional act could result in substantial liability to governmental authorities or to third parties. Pursuant to certain environmental laws, we could be subject to joint and several strict liability for contamination relating to our or our predecessors' current or former properties or any of their respective third-party waste disposal sites. In addition to potentially significant investigation and remediation costs, any such contamination can give rise to claims from governmental authorities or other third-parties for natural resource damage, personal injury, property damage or other liabilities. We have incurred, and will continue to incur, capital and operating expenses and other costs in complying with environmental laws and regulations, including remediation costs relating to our current and former properties and third-party waste disposal sites. As new laws and regulations are introduced, we could become subject to additional environmental liabilities in the future that could cause a material adverse effect on our results of operations or financial condition.

We face risks associated with global economic conditions.

Unfavorable global economic conditions, unemployment levels and uncertainty about future economic prospects could reduce consumer demand for our products as a result of a reduction in discretionary spending. A shift of purchasing patterns to lower-cost options such as private label brands sold by retail chains, could drive the market towards lower margin products and force us to reduce prices in order to compete. Similarly, our retailer customers could reduce their inventories, shift to different products or require us to lower our prices to retain the shelf placement of our products. Declining financial performance by certain of our retailer customers could impact their ability to pay

us on a timely basis, or at all. Worsening economic conditions could harm our sales and profitability.

Our business involves the potential for product liability and other claims against us, which could affect our results of operations and financial condition and result in product recalls or withdrawals.

We face exposure to claims arising out of alleged defects in our products, including for property damage, bodily injury or other adverse effects. We maintain product liability insurance, but this insurance does not cover all types of claims, particularly claims other than those involving personal injury or property damage or claims that exceed the amount of insurance coverage. Further, we may not be able to maintain such insurance in sufficient amounts, on desirable terms, or at all, in the future. In addition to the risk of monetary judgments not covered by insurance, product liability claims could result in negative publicity that could harm our products' reputation and in certain cases require a product recall. Product recalls or product liability claims, and any subsequent remedial actions, could have a material adverse effect on our business, reputation, brand value, results of operations and financial condition.

Our business could be negatively impacted as a result of stockholder activism or an unsolicited takeover proposal or a proxy contest.

In recent years, proxy contests and other forms of shareholder activism have been directed against numerous public companies. If a proxy contest or an unsolicited takeover proposal was made with respect to us, we could incur significant costs in defending our Company, which would have an adverse effect on our financial results. Shareholder activists may also seek to involve themselves in the governance, strategic direction and operations of our Company. Such proposals may disrupt our business and divert the attention of our management and employees, and any perceived uncertainties as to our future direction resulting from such a situation could result in the loss of potential business opportunities, be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel and business partners, all of which could adversely affect our business. In addition, actions of activist shareholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

If we fail to adequately protect our intellectual property rights, competitors may manufacture and market similar products, which could adversely affect our market share and results of operations.

The vast majority of our total net sales are from products bearing proprietary trademarks and brand names. In addition, we own or license from third parties a considerable number of patents, patent applications and other technology. We rely on trademark, trade secret, patent and copyright laws to protect our intellectual property rights. There is a risk that we will not be able to obtain and perfect or maintain our own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions. In addition, even if such rights are protected in the U.S., the laws of some other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the U.S. Our intellectual property rights could be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights. As patents expire, we could face increased competition or decreased royalties, either of which could negatively impact our operating results. If other parties infringe our intellectual property rights, they may dilute the value of our brands in the marketplace, which could diminish the value that consumers associate with our brands and harm our sales.

We may not be able to attract, retain and develop key personnel.

Our future performance depends in significant part upon the continued service of our executive officers and other key personnel. The loss of the services of one or more of our executive officers or other key employees could have a material adverse effect on our business, prospects, financial condition and results of operations. Our success also depends on our continuing ability to attract, retain and develop highly qualified personnel. Competition for such personnel is intense, and there can be no assurance that we can retain and motivate our key employees or attract and retain other highly qualified personnel in the future.

We are subject to risks related to our international operations, including currency fluctuations, which could adversely affect our results of operations.

Our businesses are conducted on a worldwide basis, with nearly 44% of our sales in fiscal 2018 arising outside the U.S., and a significant portion of our production capacity and cash are located overseas. Consequently, we are subject to a number of risks associated with doing business in foreign countries, including:

- the possibility of expropriation, confiscatory taxation or price controls;
- the ability to repatriate foreign-based cash effectively, which constitutes substantially all of our overall cash, for strategic needs in the U.S., as well as the heightened counterparty, internal control and country-specific risks associated with holding cash overseas;
- the effect of foreign income taxes, value-added taxes and withholding taxes, including the inability to recover amounts owed to us by a government authority without extended proceedings or at all;
- the effect of the U.S. tax treatment of foreign source income and losses, and other restrictions on the flow of capital between countries;
- adverse changes in local investment or exchange control regulations;
- restrictions on and taxation of international imports and exports;
- legal and regulatory constraints, including tariffs and other trade barriers;
- currency fluctuations, including the impact of hyper-inflationary conditions, particularly where exchange controls limit or eliminate our ability to convert from local currency;
- political or economic instability, government nationalization of business or industries, government corruption, and civil unrest, including political or economic instability; and
- difficulty in enforcing contractual and intellectual property rights;

One or more of these factors could harm our international operations or investments and our operating results.

If we cannot continue to develop new products in a timely manner, and at favorable margins, we may not be able to compete effectively.

The industries in which we compete have been known for the pace of innovations in product life, product design and applied technology, and our success depends on our future innovations. The successful development and introduction of new products requires retail and consumer acceptance and overcoming the reaction from competitors. New product introductions in categories where we have existing products will likely also reduce sales of our existing products. Our investments in research and development may not result in successful products or innovation that will recover the costs of such investments. Our customers or end consumers may not purchase our new products once introduced. Additionally, new products could require regulatory approval which may not be available or may require modification to the product which could impact product success. Our competitors may introduce new or enhanced products that significantly outperform ours, or develop manufacturing technology that permits them to manufacture at a lower cost relative to ours and sell at a lower price. If we fail to develop and launch successful new products, or fail to reduce our cost structure to a competitive level, we may be unable to grow our business and compete successfully.

Legislative changes in applicable tax laws, policies and regulations or unfavorable resolution of tax matters may result in additional tax liabilities, which could adversely impact our cash flows and results of operations.

Our businesses are subject to taxation in the U.S. and multiple foreign jurisdictions. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The changes included in the Tax Act are broad and complex and the impact of the Tax Act is subject to change as a result of changes in interpretations of the Tax Act, legislative action to address questions that arise from the Tax Act, changes in accounting standards for income taxes or related interpretations, updates or changes to estimates of current year earnings, exchange rates and other factors. In addition, international tax reform remains a priority with the Organization for Economic Cooperation and Development's Action Plan on Base Erosion & Profit Shifting and other proposed foreign jurisdictional tax law changes. Given the uncertainty of the possible changes and their potential interdependency, we are unable to determine whether the net consolidated impact of changes in global tax legislation would be positive or negative. However, the impact of any legislative tax law, policy or regulation changes by federal, state and local and foreign authorities may result in additional tax liabilities which could adversely impact our cash flows and results of operations. Significant estimation and judgment is required in determining our provisions for taxes in the U.S. and jurisdictions outside the U.S. In the ordinary course of our business, there are transactions and calculations in which the ultimate tax determination is uncertain. We are regularly under audit by tax authorities, and although we believe our tax positions are defensible and our tax provision estimates are reasonable, the final outcome of tax audits and related litigation could be materially different than that reflected in our income tax provisions and accruals. The unfavorable resolution of any audits or litigation could have an adverse impact on future operating results and our financial condition. More aggressive and assertive tax collection policies, particularly in jurisdictions outside the U.S., may increase the costs of resolving tax issues and enhance the likelihood that we will have increased tax liabilities going forward.

We may not be able to continue to identify and complete strategic acquisitions and effectively integrate acquired companies to achieve desired financial benefits.

We have completed a number of acquisitions and we expect to continue making acquisitions if appropriate opportunities arise. Acquisitions could be a key use of our cash and a potential driver of future growth. However, we may not be able to identify and successfully negotiate suitable strategic acquisitions at attractive valuations, obtain financing for future acquisitions on satisfactory terms or otherwise complete future acquisitions. Our reduced size relative to other companies in our industry may make completing desirable acquisitions more challenging.

If we can complete future acquisitions, we may face significant challenges in consolidating functions and effectively integrating procedures, personnel, product lines, and operations in a timely and efficient manner. The integration process can be complex and time consuming, may be disruptive to our existing and acquired business and may cause an interruption of, or a loss of momentum in, the business. Even if we can successfully complete the integration of acquired businesses into our operations, there is no assurance that anticipated cost savings, synergies, or revenue enhancements will be realized within the expected time frame, or at all.

A failure of a key information technology system or a breach of our information security could adversely impact our ability to conduct business.

We rely extensively on information technology systems in order to conduct business, including some that are managed by third-party service providers. These systems include, but are not limited to, programs and processes relating to internal and external communications, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, and complying with regulatory, legal or tax requirements. These information technology systems could be damaged or cease to function properly due to the poor performance or failure of third-party service providers, catastrophic events, power outages, network outages, failed upgrades or other similar events. If our business continuity plans do not effectively resolve such issues on a timely basis, we may suffer interruptions in conducting our business which may adversely impact our operating results.

Further, our systems and networks, as well as those of our retailer customers, suppliers, service providers, and banks, may become the target of advanced cyber-attacks or information security breaches which will pose a risk to the security of our services, systems, networks and supply chain, as well as to the confidentiality, availability and integrity of data of our Company, employees, customers or consumers, as well as disrupt our operations or damage our facilities or those of third parties. As cybersecurity threats rapidly evolve in sophistication and become more prevalent across the industry globally, our Company is continually increasing our attention to these threats. We assess potential threats and vulnerabilities and make investments seeking to address them, including ongoing monitoring and updating of networks and systems, increasing specialized information security skills, deploying employee security training, and updating security policies for our company and our third-party providers. However, because the techniques, tools and tactics used in cyber-attacks frequently change and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after such an attack. As a result, a cyber-attack could negatively impact our net sales and increase our operating and capital costs. In addition, our employees frequently access our suppliers' and customers' systems and we may be liable if our employees are the source of any breaches in these third-party systems. It could also damage our reputation with retailer customers and consumers and diminish the strength and reputation of our brands, or require us to pay monetary penalties.

Periodically, we also need to upgrade our information technology systems or adopt new technologies. If such a new system or technology does not function properly or otherwise exposes us to increased cybersecurity breaches and failures, it could affect our ability to order materials, make and ship orders, and process payments in addition to other operational and information integrity and loss issues. Further, if the information technology systems, networks or service providers we rely upon fail to function properly or cause operational outages or aberrations, or if we or one of our third-party providers suffer significant unavailability of key operations, or inadvertent disclosure of, lack of integrity of, or loss of our sensitive business or stakeholder information, due to any number of causes, ranging from catastrophic events or power outages to improper data handling, security incidents or employee error or malfeasance, and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive, operational, financial and business harm as well as litigation and regulatory action. The costs and operational consequences of responding to the above items and implementing remediation measures could be significant and could adversely impact our results.

Impairment of our goodwill and other intangible assets would result in a reduction in net income.

We have a material amount of goodwill, trademarks and other intangible assets, as well as other long-lived assets, which are periodically evaluated for impairment in accordance with current accounting standards. Declines in our profitability and estimated cash flows related to specific intangible assets, as well as potential changes in market valuations for similar assets and market discount rates, may result in an impairment charge, which could have an adverse impact on our operating results.

During the third quarter of fiscal 2018, we completed an interim impairment assessment on indefinite-lived intangible assets and goodwill. We determined that the carrying values of the Infant Care reporting unit was greater than the fair value and recorded a goodwill impairment charge of \$24.4 million. The fair values of our intangible assets and goodwill are sensitive to changes in forecasted cash flows, as well as other assumptions used in an impairment analysis, including discount rates.

Our manufacturing facilities, supply channels or other business operations may be subject to disruption from events beyond our control.

Operations of our manufacturing and packaging facilities worldwide, and of our corporate offices, and the methods we use to obtain supplies and to distribute our products, may be subject to disruption for a variety of reasons, including availability of raw materials, work stoppages, industrial accidents, disruptions in logistics, loss or impairment of key manufacturing sites, product quality or safety issues, licensing requirements and other regulatory issues, trade disputes between countries in which we have operations, and acts of war, terrorism, pandemics, fire, earthquake, hurricanes, flooding or other natural disasters. The supply of our raw materials may be similarly disrupted. There is also a

possibility that third-party manufacturers, which produce a significant portion of certain of our products, could discontinue production with little or no advance notice, or experience financial problems or problems with product quality or timeliness of product delivery, resulting in manufacturing delays or disruptions, regulatory sanctions, product liability claims or consumer complaints. If a major disruption were to occur, it could result in delays in shipments of products to customers or suspension of operations. We maintain business interruption insurance to potentially mitigate the impact of business interruption, but such coverage may not be sufficient to offset the financial or reputational impact of an interruption.

Our access to capital markets and borrowing capacity could be limited.

Our access to capital markets to raise funds through the sale of debt or equity securities is subject to various factors, including general economic and financial market conditions. Significant reduction in market liquidity conditions could impact access to funding and increase associated funding costs, which could reduce our earnings and cash flows.

Additionally, disruptions in financial markets could reduce our access to debt and equity capital markets, negatively affecting our ability to implement our business plan and strategy.

Our access to debt financing at competitive risk-based interest rates is partly a function of our credit ratings. The major credit rating agencies periodically evaluate our creditworthiness and have assigned us credit ratings. These ratings are based on a number of factors, which include our financial strength and financial policies as well as our strategies, operations and execution. A downgrade to our credit ratings could increase our interest rates, limit our access to public debt markets, limit the institutions willing to provide us credit facilities, result in more restrictive credit arrangements and make any future credit facilities or credit facility amendments more costly and difficult to obtain.

Our business is subject to seasonal volatility.

Customer orders for sun care products within our Sun and Skin Care segment are highly seasonal, which has historically resulted in higher sun care sales to retailers during the late winter through mid-summer months.

Accordingly, our sales, financial performance, working capital requirements and cash flow may experience volatility during these periods. Further, purchases of our sun care products can be significantly impacted by unfavorable weather conditions during the summer period, and as a result we may suffer decreases in net sales if conditions are not favorable for use of our products, which could in turn have a material adverse effect on our financial condition, results of operation and cash flows. Within our Wet Shave segment, sales of women's products are moderately seasonal, with increased consumer demand in the spring and summer months.

We have a substantial level of indebtedness and are subject to various covenants relating to such indebtedness, which could limit our discretion to operate and grow our business.

As of September 30, 2018, our debt level was approximately \$1.3 billion. We may be required to dedicate a substantial portion of our cash to debt service, thereby reducing funds available to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes. Our failure to make scheduled interest payments or to repay or refinance the indebtedness at maturity or obtain additional financing as needed could have a material adverse effect on our business.

Additionally, certain of our debt instruments are subject to certain financial and other covenants, including debt ratio tests. We may be in breach of such covenants in the event of future declines in our operating cash flows or earnings performance, foreign currency movements or other events. In the event of such breach, our lenders may be entitled to accelerate the related debt as well as any other debt to which a cross-default provision applies, and we could be required to seek amendments or waivers under the debt instruments or to refinance the debt. There is no assurance that we would obtain such amendments or waivers or effect such refinancing, or that we would be able to do so on terms similar to our current debt instruments. The covenants and financial ratio requirements contained in our debt instruments could also increase our vulnerability to general adverse economic and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate, place us at a competitive disadvantage relative to our competitors that have greater financial flexibility or limit, among other things, our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

There can be no guarantee that we will repurchase stock.

Although our Board has authorized a share repurchase program, and we repurchased approximately 2.1 million of our shares in fiscal 2018 for \$124.4 million, any determination to repurchase or to continue to repurchase our common shares will be based primarily upon our financial condition, results of operations, available U.S. cash, business requirements and our Board's continuing determination that the repurchase program is in the best interests of our shareholders and is in compliance with all laws and agreements applicable to the repurchase program.

We do not expect to pay dividends for the foreseeable future.

Following the completion of the Separation, our Board eliminated the quarterly cash dividend payable on our common shares, which had been in effect prior to that time, and we do not currently expect to declare or pay dividends on our common shares for the foreseeable future. Instead, we intend to retain earnings to finance the growth and development of our business, for our share repurchase program and for working capital and general corporate purposes. Any payment of dividends will be at the discretion of our Board and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our Board may deem relevant. As a result, our shareholders may not receive any return on an investment in our capital stock in the form of dividends.

Our financial results could be adversely impacted by the U.K.'s departure from the E.U.

On June 23, 2016, the U.K. held a referendum in which voters approved an exit from the E.U., commonly referred to as "Brexit," and on March 29, 2017, the U.K. began the process to withdraw from the E.U. Volatility in exchange rates is expected to continue as the U.K. negotiates its exit from the E.U. Given the lack of comparable precedent, the implications of Brexit or how such implications might affect us and our operations are unclear. Brexit could, among other things, disrupt trade and the free movement of goods, services and people between the U.K. and the E.U. or other countries, as well as create legal and global economic uncertainty. For fiscal 2018, net sales of our U.K. operations were 4% of our consolidated net sales. In addition, we completed the acquisition of Bulldog Skincare Holdings Limited on October 31, 2016, which is based in the U.K. These and other potential implications of Brexit could adversely affect our business and financial results.

We may experience losses or be subject to increased funding and expenses related to our pension plans.

The funding obligations for our pension plans are impacted by the performance of the financial markets, interest rates and governmental regulations. While the pension benefit earned to date by active participants under our legacy U.S. pension plan was frozen effective January 1, 2014, and retirement service benefits no longer accrue under this retirement program, our pension obligations are expected to remain significant. If the investment of plan assets does not provide the expected long-term returns, if interest rates or other assumptions change, or if governmental regulations change the timing or amounts of required contributions to the plans, we could be required to make significant additional pension contributions which may have an adverse impact on our liquidity, our ability to comply with debt covenants and may require recognition of increased expense within our financial statements.

Certain provisions in our articles of incorporation and bylaws, and of Missouri law, could deter or delay a third-party's efforts to acquire us, especially if our Board determines it is not in the best interest of our shareholders.

Our articles of incorporation and bylaws contain, and the General and Business Corporation Law of Missouri contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover by making the replacement of incumbent directors more time-consuming and difficult. These provisions include, among others:

- restrictions on various types of business combinations with, or the voting of certain holders of shares of our voting stock by, significant shareholders;
- the inability of our shareholders to call a special meeting or, unless unanimous, to act by written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board to issue preferred stock without shareholder approval;
- a provision that our shareholders may only remove directors "for cause" and with the approval of the holders of two-thirds of our outstanding voting stock at a special meeting of shareholders called expressly for that purpose;
- the ability of our directors, and not shareholders, to fix the size of our Board or to fill vacancies on our Board;
- a prohibition of amendment of our bylaws by shareholders without first amending the articles of incorporation; and

the requirement that any amendment or repeal of specified provisions of our articles of incorporation (including provisions relating to certain business combinations, directors, and amendment of our bylaws) must be approved by the holders of at least two-thirds of the outstanding shares of our common stock and any other voting shares that may be outstanding, voting together as a single class.

We believe that these provisions will help to protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could deter or delay an acquisition that our Board determines is not in our best interests or the best interests of our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

The trading price of our common shares may be volatile.

The trading price of our common shares could be subject to significant fluctuations in response to several factors, some of which are beyond our control. These include general stock market volatility, variations in our quarterly operating results, general trends in the consumer products industry, changes by securities analysts in their estimates or investment ratings and general marketplace conditions.

Risks Related to the Separation of the Household Products Business

If the Separation, together with certain related transactions, does not qualify as a transaction that is generally tax free for U.S. federal income tax purposes, our shareholders could be subject to significant tax liabilities.

In connection with the Separation we received an opinion of counsel regarding the qualification of the Separation, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the "Code"). The opinion of counsel was based upon and relied on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings made by us and New Energizer, including those relating to our and New Energizer's past and future conduct. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if either we or New Energizer breaches any of the covenants in the Separation documents, the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding the opinion of counsel, the Internal Revenue Service ("IRS") could determine that the distribution, together with certain related transactions, should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel was based are false or have been violated, or if it disagrees with the conclusions in the opinion of counsel. The opinion of counsel is not binding on the IRS and there can be no assurance that the IRS will not assert a contrary position.

If the Separation, together with certain related transactions, fails to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, we would recognize taxable gain as if we had sold the New Energizer common shares in a taxable sale for its fair market value and our shareholders who received New Energizer shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Failure of the Separation to qualify as a transaction that is generally tax-free could have a substantial impact on our tax obligations, consolidated financial condition and cash flows.

Indemnifications under the Separation agreement with New Energizer or New Energizer's inability to satisfy indemnification obligations in the future could negatively impact our financial results.

Pursuant to the separation agreement and certain other agreements with New Energizer, New Energizer agreed to indemnify us for certain liabilities, and we agreed to indemnify New Energizer for certain liabilities, in each case for uncapped amounts. Indemnities that we may be required to provide New Energizer may be significant and could negatively impact our business. Further, the indemnity from New Energizer may not be sufficient to protect us against the full amount of such liabilities, and New Energizer may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from New Energizer any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

As of September 30, 2018, we owned or leased 59 properties, 26 in the U.S. and 33 in other countries. Eleven of these properties are used as production plants consisting of 1.8 million square feet that is owned and 0.9 million square feet that is leased. Five of these plants are located in the U.S. and six are in other countries. Six of these plants are used exclusively by our Wet Shave segment, one by our Feminine Care segment, two are shared by our Sun and Skin Care and All Other segments, one is shared by our Wet Shave and All Other segments and one is shared by our Wet Shave and Sun and Skin Care segments. We also have 12 warehouses totaling 0.6 million square feet, of which 0.6 million is leased. We operate from 36 different offices throughout the world totaling 0.4 million square feet, all of which is leased, and includes our corporate headquarters in Shelton, Connecticut. We believe all of our facilities are well-maintained and suitable for the operations conducted in them.

Item 3. Legal Proceedings.

We, and our affiliates, are subject to a number of legal proceedings in various jurisdictions arising out of our operations during the ordinary course of business. Many of these legal matters are in preliminary stages and involve complex issues of law and fact, and may proceed for protracted periods of time. The amount of liability, if any, from these proceedings cannot be determined with certainty. We review our legal proceedings and claims, regulatory reviews and inspections and other legal proceedings on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. We establish accruals for those contingencies when the incurrence of a loss is probable and can be reasonably estimated, and disclose the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. We do not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, we believe that our liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims, which are likely to be asserted, is not reasonably likely to be material to our financial position, results of operations or cash flows, taking into account established accruals for estimated liabilities.

See also the discussion captioned "Governmental Regulation and Environmental Matters" included within Item 1. Business of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Edgewell common shares are listed and traded on the New York Stock Exchange ("NYSE") under the symbol "EPC." The following table presents the high and low sales prices of our common shares for the periods indicated, as reported by the NYSE.

	Market Price Per Share			
	FY2018		FY2017	
	High	Low	High	Low
First Quarter	\$73.00	\$55.94	\$84.45	\$72.79
Second Quarter	\$62.67	\$46.04	\$82.06	\$72.75
Third Quarter	\$50.99	\$39.50	\$78.04	\$69.63
Fourth Quarter	\$59.16	\$46.05	\$76.76	\$69.72

There were approximately 7,753 shareholders of record of our common shares as of October 31, 2018.

Dividends

We have not declared nor paid any dividends since the third quarter of fiscal 2015, and we do not currently intend to pay dividends in the foreseeable future. Any future dividends are dependent on future earnings, capital requirements and our financial condition and will be declared at the sole discretion of our Board of Directors. See "We do not expect to pay dividends for the foreseeable future" in Item 1A. Risk Factors.

Issuer Purchases of Equity Securities

In January 2018, our Board of Directors approved an authorization to repurchase up to ten million shares of our common stock. This authorization replaced a prior share repurchase authorization from May 2015. We did not repurchase any shares of our common stock under this resolution in the fourth quarter of fiscal 2018.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number that May Yet Be Purchased Under the Plans or Programs
July 1, 2018 to July 31, 2018	16,812	\$ 51.19	—	10,000,000
August 1, 2018 to August 31, 2018	—	\$ —	—	10,000,000
September 1, 2018 to September 30, 2018	—	\$ —	—	10,000,000

(1) 16,812 shares purchased during the quarter relate to the surrender of shares of common stock to our company to satisfy tax withholding obligations in connection with the vesting of restricted stock equivalents.

(2) Includes \$0.02 per share of brokerage fee commissions.

During fiscal 2018, we repurchased 2,086,401 shares under the share repurchase authorization from May 2015. Future share repurchases, if any, would be made in the open market, privately negotiated transactions or otherwise, in such amounts and at such times as we deem appropriate based upon prevailing market conditions, business needs and other factors. See "There can be no guarantee that we will repurchase stock" under Item 1A. Risk Factors.

During fiscal 2018, we repurchased 53,423 shares related to the surrender of shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock equivalent awards.

Performance Graph

The following graph compares the cumulative 5-year total return provided to shareholders of Edgewell Personal Care Company's common shares relative to the cumulative total returns of the S&P Midcap 400 index and the S&P Household Products index. An investment of \$100 (with reinvestment of all dividends and other distributions, including the New Energizer shares distributed on July 1, 2015) is assumed to have been made in our common shares and in each of the indexes on September 30, 2013 and its relative performance is tracked through September 30, 2018. These indices are included only for comparative purposes as required by Securities and Exchange Commission rules and do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of our common shares. They are not intended to forecast possible future performance of our common shares, nor is our historical common share price performance necessarily indicative of our future common share price performance.

* \$100 invested on 9/30/13 in stock or index, with reinvestment of all dividends. Fiscal year ending September 30.

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	9/13	9/14	9/15	9/16	9/17	9/18
Edgewell Personal Care Company	\$100.00	\$137.69	\$183.36	\$178.69	\$163.52	\$103.88
S&P Midcap 400	\$100.00	\$111.82	\$113.38	\$130.76	\$153.66	\$175.49
S&P Household Products	\$100.00	\$114.61	\$107.84	\$134.89	\$138.79	\$134.89

Item 6. Selected Financial Data.

The selected historical financial data presented below should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and accompanying notes included in Item 8. Financial Statements and Supplementary Data.

(in millions, except per share data)

Statements of Earnings Data	Fiscal Year				
	2018	2017	2016	2015	2014
Net sales	\$2,234.4	\$2,298.4	\$2,362.0	\$2,421.2	\$2,612.2
Depreciation and amortization	97.6	96.2	96.5	91.3	101.7
Earnings (loss) from continuing operations before income taxes ⁽⁴⁾	163.8	(52.9)	219.9	(458.7)	145.8
Earnings (loss) from continuing operations	103.3	5.7	178.7	(296.1)	117.7
Earnings from discontinued operations, net of tax	—	—	—	20.8	238.4
Net earnings (loss)	\$103.3	\$5.7	\$178.7	\$(275.3)	\$356.1
Basic earnings (loss) per share:					
Continuing operations	\$1.90	\$0.10	\$3.02	\$(4.78)	\$1.90
Discontinued operations	—	—	—	0.34	3.85
Net earnings (loss)	1.90	0.10	3.02	(4.44)	5.74
Diluted earnings (loss) per share:					
Continuing operations	\$1.90	\$0.10	\$2.99	\$(4.78)	\$1.88
Discontinued operations	—	—	—	0.34	3.81
Net earnings (loss)	1.90	0.10	2.99	(4.44)	5.69
Cash dividends per common share ⁽¹⁾	\$—	\$—	\$—	\$1.50	\$2.00
Balance Sheet Data ⁽²⁾	As of September 30,				
	2018	2017	2016	2015	2014
Working capital ⁽³⁾	\$234.2	\$661.8	\$583.8	\$969.8	\$1,155.9
Property, plant and equipment, net	424.1	453.4	486.1	498.9	751.7
Total assets	3,953.3	4,188.8	4,771.5	4,986.3	6,928.7
Long-term debt	1,103.8	1,525.4	1,544.2	1,698.6	1,768.9

(1) We paid dividends through the third quarter of fiscal 2015. We did not declare or pay any dividends thereafter.

(2) Balance sheet data as of September 30, 2014 has not been adjusted to reflect the Separation.

(3) Working capital represents current assets less current liabilities.

(4) (Loss) earnings from continuing operations before income taxes were (reduced) increased by the following items:

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	Fiscal Year				
	2018	2017	2016	2015	2014
Restructuring and related costs ⁽⁵⁾	\$(39.9)	\$(30.3)	\$(38.8)	\$(27.0)	\$(53.5)
Impairment charges	(24.4)	(319.0)	(6.5)	(318.2)	—
Sun Care reformulation costs	(25.3)	—	—	—	—
Gain on sale of Playtex gloves	15.3	—	—	—	—
Pension settlement expense	(5.4)	—	—	—	—
Jack Black acquisition and integration costs	(5.2)	—	—	—	—
Spin costs ⁽⁶⁾	—	—	(12.0)	(142.0)	(24.4)
Industrial sale charges	—	—	(0.2)	(32.7)	—
Venezuela deconsolidation charge	—	—	—	(79.3)	—
Cost of early debt retirements	—	—	—	(59.6)	—
Spin restructuring charges	—	—	—	(28.3)	—
Acquisition, integration and other realignment costs	—	—	—	—	(18.5)
Net pension and postretirement gains	—	—	—	—	1.1
Total	\$(84.9)	\$(349.3)	\$(57.5)	\$(687.1)	