

JACUZZI BRANDS INC
Form DEFA14A
January 18, 2007

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**SCHEDULE 14A
(Rule 14A-101)**

**SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- x Definitive Additional Materials
- o Soliciting Material Under Rule 14a-12

JACUZZI BRANDS, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
 - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing Party:

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INVESTOR PRESENTATION JANUARY 18, 2007

FORWARD LOOKING STATEMENT

All information in this presentation, including forward-looking statements, is current as of the date of this presentation. Certain statements made or incorporated by reference in this presentation made by Company employees reflect management's estimates and beliefs and are intended to be Forward-Looking Statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on certain assumptions that the Company has made in light of its experience in the industry as well as its perspective of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties. In addition, the actual results for Fiscal Year 2006 are subject to audit. For a discussion of some of the important factors that could cause the Company's results to differ from those expressed in, or implied by, the following forward-looking statements, please refer to the Company's reports and other documents filed with the Securities and Exchange Commission. The Company does not undertake any obligation to update such forward-looking statements. This presentation includes certain non-GAAP financial measures, which exclude significant items and therefore have material limitations. Reconciliations of such non-GAAP measures to the most comparable GAAP financial measures are set forth in the footnotes or Appendix hereto.

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BATH AND PLUMBING OVERVIEW

SEGMENT

FY 2006 Sales \$766.6 Million

FY 2006 Sales \$435.8 Million

KEY BRANDS

KEY PRODUCTS

Whirlpool Baths

Spas

Bathroom Suites (sinks, toilets, tubs, etc.) Shower Enclosures Specification
Drainage Backflow Preventers & Valves Plumbing Systems & Commercial Faucets PEX
Piping HIGHLIGHTS Global leader in Whirlpool Baths and Spas Consumer and
Residential Focus 47% International Sales Increasing Market Penetration
Commercial and Institutional Focus Broad Product Portfolio Strong and Consistent
Cash Flows High Market Shares in Growing Markets North American Market is 98% of
sales FY 2006 \$1,202.4 MILLION SALES 3

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BATH SEGMENT DATA
(\$ IN MILLIONS)

NET SALES / YOY % GROWTH

OPERATING INCOME(1) INCOME % MARGIN
EBITDA BEFORE RESTRUCTURING(2)/ % OF SALES
AVERAGE CAPITAL EMPLOYED(3) ROCE %(4)

(1) Excludes restructuring and other charges - (See Appendix)

(2) Operating Income before restructuring and other charges, plus depreciation and amortization - (See Appendix) (3) 12 month avg (Net PPE + Current Assets + Goodwill - Current Liabilities) (4) Last twelve months Operating Income before restructuring and other charges/Avg Capital Employed

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PLUMBING SEGMENT DATA
(\$ IN MILLIONS)

NET SALES / YOY % GROWTH(1)
OPERATING INCOME(1) INCOME % MARGIN
EBITDA BEFORE RESTRUCTURING(2)/ % OF SALES
AVERAGE CAPITAL EMPLOYED(3)/ ROCE %(4)

(1) FY 2003 excludes impact related to the sale of technology license for \$8.6 million - (See Appendix) (2) Operating Income before restructuring, plus depreciation and amortization - (See Appendix) (3) 12 month avg (Net PPE + Current Assets + Goodwill - Current Liabilities) (4) Operating Income before restructuring/Avg Capital Employed

DECLINING NET DEBT*

(\$ IN MILLIONS)

Near historic low net debt levels at September 30, 2006 Improved coverage ratios
Ability to pursue bolt-on acquisitions and growth investments at ZURN

For fiscal years 2006, 2005, 2004, 2003, 2002 and 2001, net debt was calculated by summing notes payable (\$19.8 million, \$22.0 million, \$21.1 million, \$23.5 million, \$15.3 million, \$12.0 million), current portion of long-term debt (\$1.7 million, \$1.5 million, \$3.9 million, \$25.2 million, \$275.9 million, \$436.5 million) and long-term debt (\$381.8 million, \$383.5 million, \$446.8 million, \$451.4 million, \$516.9 million, \$778.3 million) and subtracting cash & cash equivalents (\$147.2 million, \$110.2 million, \$39.6 million, \$31.2 million, \$32.1 million, \$65.2 million) and restricted cash collateral accounts--current (\$12.4 million for FY 2005, \$142.9 million for FY 2002) and non-current (\$15.4 million for FY 2002, \$4.4 million for FY 2001).

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BATH PRODUCTS SEGMENT

WHIRLPOOL BATHS WHIRLPOOL BATHS

SPAS SPAS

OTHER PRODUCTS OTHER PRODUCTS

MAJOR BRAND NAMES MAJOR BRAND NAMES

LEADING PRODUCTS WITH GLOBAL BRAND RECOGNITION. .

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MARKET ENVIRONMENT
US PLUMBING FIXTURE MARKET SHARE, 2005
(\$5.1 BILLION)

SOURCE: FREDONIA GROUP, INC., US PLUMBING FIXTURES AND FITTING REPORT, PUBLISHED 4/2006
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BATH - GLOBAL OPERATIONS

Manufacturing Facilities Sales Offices Sourcing & Engineering

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FY 2006 SALES - BATH
SALES BY SEGMENT
SALES BY PRIMARY CHANNEL
SALES BY GEOGRAPHY
SALES BY PRODUCT TYPE

SOURCE: COMPANY DATA -- BASED ON AVAILABLE 2006 DATA. (1) OTHER INCLUDES SOUTH AMERICA AND ASIA.
(2) OTHER PRIMARILY INCLUDES ACCESSORIES, SPARE PARTS, AND FAUCETS. 10

LEADING GLOBAL MARKET POSITIONS
THERAPY BATH MARKET SHARE - U.S.
SPA MARKET SHARE - U.S.

SOURCE: GB CONSULT 2004 DATA; COMPANY ACTUAL. INDUSTRY GROWTH ESTIMATES BY FREEDONIA2004

SOURCE: ARISTECH LLC 2004 DATA - EXTRAPOLATED FROM ACRYLIC SHEET SALES; COMPANY ESTIMATES
WHIRLPOOL BATH MARKET SHARE - EUROPE
SPA MARKET SHARE - EUROPE

SOURCE: GB CONSULT 2005 DATA - 30 COUNTRIES; COMPANY ESTIMATES

SOURCE: GB CONSULT 2004 DATA - 14 COUNTRIES; COMPANY ESTIMATES

JACUZZI IS A MARKET SHARE LEADER IN ALL SEGMENTS. IS A IN ALL .

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INNOVATIVE DESIGN

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ASTRACAST

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GLOBAL MARKET OVERVIEW

Sluggish

U.K market continuing in 2007
Growth in Eastern Europe and France
Helping to offset softness in rest
of Europe

United States

Whirlpool bath sales 2.1% growth in FY '06

Residential housing market softening

Spa sales increased 1.8% FY '06 vs. 30-40% estimated industry sales decline in unit volume

Margins off - recent improvement

Volatile material costs

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STRATEGIC VALUE FOCUS

CHALLENGES

Contain/Reduce SG&A costs

Achieve 150 bp improvement in EBITDA (annualized)

INITIATIVES

Applying ZURN model, with a focus on low-cost sourcing (China and Brazil)

Downsized Dallas Closed Singapore sales office Downsize or consolidate other bath operations Expanding Brazilian facility for sourcing

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STRATEGIC VALUE FOCUS

CHALLENGES

Stabilize U.S. operations

Promote brand

INITIATIVES

Strong management team

Eliminated matrix management

JACUZZI licensing program

Introduced premium J-400 spa collection

Allocated space in 120 designer showrooms with nation's largest wholesalers

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PLUMBING SEGMENT

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MARKET ENVIRONMENT

FIRMING MARKET ENVIRONMENT

GROWTH RATE OF NON RESIDENTIAL CONSTRUCTION SPENDING

SUCCESS DRIVEN BY BUSINESS MODEL

LOW COST PRODUCER

SUCCESSFUL NEW PRODUCT INNOVATION STRONG END USER FOCUS - "GET IN THE SPEC"

NATIONAL SERVICE CENTER NETWORK LEADING MARKET POSITIONS AND COMMERCIAL BRAND NAMES

SOURCE: U.S. CENSUS BUREAU UPDATED JANUARY 1, 2006

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PEX PIPING & RADIANT HEATING SYSTEMS
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STORM WATER DRAINAGE

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WATER SAFETY

Simple design Precise flow control Efficient Cost effective Fail safe

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WATERWORKS
12" MODEL 350/350DA BACKFLOW
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ZURN ONE SYSTEMS VALUE

Ease of specification for engineer Saves time and labor for the mechanical contractor Entire installation backed by Zurn Reduces channel cost for wholesalers Peace of mind for owner 23

ZURN COMMERCIAL BRASS
Flushometers
Manual Sensor
Faucets and Shower Valves
Ceramic cartridge Metering Sensor
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PLUMBING STRATEGIC FOCUS

Maintain leadership in specification drain market Expand product bundle to increase share in key segments Focus on commercial and industrial markets Food service Healthcare Water quality Increase investment in new products Consider strategic acquisitions 25

FINANCIAL RESULTS

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ADJUSTED EARNINGS FROM CONTINUING OPERATIONS

| 2006 | TWELVE MONTHS ENDED SEPTEMBER 30, | | | |
|--|-----------------------------------|---------|---------|---------|
| | 2006 | | 2005 | |
| | \$ | EPS | \$ | EPS |
| Earnings from continuing operations | \$ 43.8 | \$ 0.56 | \$ 58.0 | \$ 0.76 |
| Restructuring and other charges, net of tax | 3.9 | 0.05 | 5.3 | 0.07 |
| | 47.7 | 0.61 | 63.3 | 0.83 |
| Adjustment to retirement benefits, net of tax | 1.6 | 0.02 | -- | -- |
| Gain from ruling on environmental site, net of tax | (1.9) | (0.02) | -- | -- |
| Foreign currency loss, net of tax | 0.9 | 0.01 | -- | -- |
| Gain from the settlement of a property tax liability, net of tax | (1.2) | (0.02) | -- | -- |
| Net non-operating asset gains, net of tax | (5.1) | (0.07) | -- | -- |
| Non-cash reserve for deferred tax assets | 15.9 | 0.21 | -- | -- |
| CEO retirement agreement, net of tax | 1.4 | 0.02 | -- | -- |
| Italian tax interest income, net of tax | (1.4) | (0.02) | | |
| Italian tax reserve adjustment | (14.0) | (0.18) | | |
| Gain on sale of business, net of tax | -- | -- | (24.7) | (0.32) |
| Debt retirement costs, net of tax | -- | -- | 1.8 | 0.02 |
| Tax benefit on audit settlement | -- | -- | (8.8) | (0.12) |
| Adjusted earnings from continuing operations | \$ 43.9 | \$ 0.56 | \$ 31.6 | \$ 0.41 |

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| NET DEBT | SEPTEMBER 30, 2006 | SEPTEMBER 30, 2005 |
|--------------------------------------|-----------------------|--------------------|
| | (\$ IN MILLIONS) | |
| NOTES PAYABLE | \$ 19.8 | \$ 22.0 |
| CURRENT MATURITIES OF LONG-TERM DEBT | 1.7 | 1.5 |
| LONG TERM DEBT | 381.8 | 383.5 |
| TOTAL DEBT | 403.3 | 407.0 |
| LESS: | | |
| CASH AND CASH EQUIVALENTS | 147.2 | 110.2 |
| RESTRICTED CASH COLLATERAL ACCOUNTS | - | 12.4 |
| NET DEBT | \$ 256.1 | \$ 284.4 |

Net Debt is Total Debt Less Cash and Cash Equivalents and Restricted Cash Collateral Accounts

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ANNUAL FY CAPITAL EXPENDITURES

(\$ IN MILLIONS)

FY 2006 capital expenditures \$13 mm Depreciation approximately \$18 - 20 mm per annum Annual maintenance capital \$8 - \$12 mm Invest in cost reductions and profit improvement projects

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APPENDIX

EBITDA
(\$ IN MILLIONS)

| | FY 2005 | FY 2006 |
|--------------------------------|----------|----------|
| Operating Income | \$ 94.4 | \$ 103.6 |
| Depreciation and Amortization | \$ 26.3 | \$ 24.4 |
| Restructuring | \$ 9.4 | \$ 6.0 |
| EBITDA Before Restructuring(1) | \$ 130.1 | \$ 134.0 |

(1) EBITDA is Operating Income before Restructuring, plus Depreciation and Amortization.
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BATH

(\$ IN MILLIONS)

ADJUSTED OPERATING INCOME

| | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|---------------------------------|------------|------------|------------|------------|
| Operating income | \$ 25.3 | \$ 57.2 | \$ 30.1 | \$ 38.7 |
| Restructuring and other charges | 4.3 | 3.5 | 4.5 | 7.0 |
| Adjusted operating income | \$ 29.6 | \$ 60.7 | \$ 34.6 | \$ 45.7 |

EBITDA BEFORE RESTRUCTURING AND OTHER CHARGES

| | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|-------------------------------------|---------|------------|------------|------------|
| Operating income | \$ 25.3 | \$ 57.2 | \$ 30.1 | \$ 38.7 |
| Depreciation and amortization | 9.8 | 11.8 | 15.6 | 15.6 |
| Restructuring and other charges (1) | 4.3 | 3.5 | 4.5 | 7.0 |
| EBITDA before restructuring | \$ 39.4 | \$ 72.5 | \$ 50.2 | \$ 61.3 |

(1) Excludes \$1.2 million of accelerated depreciation already included in depreciation and amortization added back above. 32

PLUMBING
(\$ IN MILLIONS)
ADJUSTED OPERATING INCOME

| | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------------------|------------|------------|------------|------------|
| Operating income | \$ 62.1 | \$ 60.7 | \$ 75.3 | \$ 90.0 |
| Sale of technology license | (8.6) | - | - | - |
| Adjusted operating income | \$ 53.5 | \$ 60.7 | \$ 75.3 | \$ 90.0 |

EBITDA BEFORE RESTRUCTURING AND OTHER CHARGES

| | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|-------------------------------|---------|------------|------------|------------|
| Operating income | \$ 62.1 | \$ 60.7 | \$ 75.3 | \$ 90.0 |
| Depreciation and amortization | 5.8 | 5.6 | 5.2 | - |
| Sale of technology license | (8.6) | - | - | - |
| EBITDA before restructuring | \$ 59.3 | \$ 66.3 | \$ 80.5 | \$ 90.0 |

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Important Information for Investors and Stockholders

In connection with the proposed merger, the Company filed a proxy statement with the Securities and Exchange Commission on January 5, 2007. THE COMPANY URGES INVESTORS TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. The proxy statement and other relevant documents may be obtained free of charge at the SEC's website, www.sec.gov, or from the Company by directing such request to Jacuzzi Brands, Inc., Attention: Diana Burton, Vice President - Investor Relations, Phillips Point - West Tower, 777 South Flagler Drive, Suite 1100, West Palm Beach, FL 33401. Telephone: (561) 514-3850.

The Company and its directors, executive officers and other members of management and its employees may be deemed to be participants in the solicitation of proxies from the stockholders of the Company in connection with the merger. Information about the Company's directors and executive officers is set forth in the Company's proxy statements and annual reports on Form 10-K, previously filed with the SEC, and the proxy statement relating to the proposed merger.
