

ALBERTO CULVER CO
Form 10-Q
May 08, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

March 31, 2003

-OR-

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

Commission File No. 1-5050

ALBERTO-CULVER COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-2257936

(I.R.S. Employer
Identification No.)

2525 Armitage Avenue

Melrose Park, Illinois
(Address of principal executive offices)

60160

(Zip code)

Registrant's telephone number, including area code: (708) 450-3000

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

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At March 31, 2003, the company had 26,321,119 shares of Class A common stock and 32,340,240 shares of Class B common stock outstanding.

PART I

ITEM 1. FINANCIAL STATEMENTS

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings

Three Months Ended March 31, 2003 and 2002

(in thousands, except per share data)

	(Unaudited)	
	2003	2002
Net sales	\$ 706,956	657,762
Cost of products sold	349,068	336,822
Gross profit	357,888	320,940
Advertising, marketing, selling and administrative	293,006	264,554
Operating earnings	64,882	56,386
Interest expense, net of interest income of \$688 in 2003 and \$671 in 2002	5,734	6,155
Earnings before provision for income taxes	59,148	50,231
Provision for income taxes	21,293	17,581
Net earnings	\$ 37,855	32,650
Net earnings per share		
Basic	\$ 0.65	0.57
Diluted	\$ 0.63	0.55
Cash dividends paid per share	\$ 0.105	0.09

See Notes to Consolidated Financial Statements.

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings

Six Months Ended March 31, 2003 and 2002

(in thousands, except per share data)

	(Unaudited)	
	2003	2002
Net sales	\$ 1,403,732	1,272,022
Cost of products sold	701,356	647,407
Gross profit	702,376	624,615
Advertising, marketing, selling and administrative	575,637	517,833
Operating earnings	126,739	106,782
Interest expense, net of interest income of \$1,580 in 2003 and \$1,869 in 2002	11,316	11,484
Earnings before provision for income taxes	115,423	95,298
Provision for income taxes	41,552	33,354
Net earnings	\$ 73,871	61,944
Net earnings per share		
Basic	\$ 1.27	1.09
Diluted	\$ 1.23	1.05
Cash dividends paid per share	\$.1950	.1725

See Notes to Consolidated Financial Statements.

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2003 and September 30, 2002

(dollars in thousands, except share data)

	(Unaudited)	
	March 31,	September 30,
	2003	2002
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 246,893	217,485
Receivables, less allowance for doubtful accounts (\$19,632 at 3/31/03 and \$17,550 at 9/30/02)	204,988	209,010
Inventories:		
Raw materials	37,307	39,932
Work-in-process	4,770	5,545
Finished goods	505,061	476,731
	<u> </u>	<u> </u>
Total inventories	547,138	522,208
Other current assets	40,079	35,514
	<u> </u>	<u> </u>
Total current assets	1,039,098	984,217
	<u> </u>	<u> </u>
Property, plant and equipment at cost, less accumulated depreciation (\$288,992 at 3/31/03 and \$271,169 at 9/30/02)	248,533	247,850
Goodwill, net	349,252	343,431
Trade names, net	81,845	79,681
Other assets	72,916	74,312
	<u> </u>	<u> </u>
Total assets	\$ 1,791,644	1,729,491
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$ 3,357	3,702
Accounts payable	218,051	233,942
Accrued expenses	195,391	208,311
Income taxes	10,617	14,492
	<u> </u>	<u> </u>
Total current liabilities	427,416	460,447
	<u> </u>	<u> </u>
Long-term debt	320,284	320,181
Deferred income taxes	39,828	38,337
Other liabilities	49,922	48,067
Stockholders' equity:		
Common stock, par value \$.22 per share:		
Class A authorized 75,000,000 shares; issued 30,612,798 shares	6,735	6,735
Class B authorized 75,000,000 shares; issued 37,710,655 shares	8,296	8,296
Additional paid-in capital	212,011	205,470

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Retained earnings	959,572	897,106
Deferred compensation	(5,359)	(5,849)
Accumulated other comprehensive income foreign currency translation	(61,425)	(77,603)
	<u>1,119,830</u>	<u>1,034,155</u>
Less treasury stock at cost (Class A common shares: 4,291,679 at 3/31/03 and 4,765,673 at 9/30/02; Class B common shares: 5,370,415 at 3/31/03 and 5,379,015 at 9/30/02)	(165,636)	(171,696)
	<u>954,194</u>	<u>862,459</u>
Total stockholders equity	\$ 1,791,644	1,729,491
	<u><u>\$ 1,791,644</u></u>	<u><u>1,729,491</u></u>

See Notes to Consolidated Financial Statements.

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six Months Ended March 31, 2003 and 2002

(dollar amounts in thousands)

	(Unaudited)	
	2003	2002
Cash Flows from Operating Activities:		
Net earnings	\$ 73,871	61,944
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	21,617	21,236
Amortization	1,674	1,888
Cash effects of changes in (exclusive of acquisitions):		
Receivables, net	8,724	2,834
Inventories, net	(19,466)	(18,663)
Other current assets	(2,030)	657
Accounts payable and accrued expenses	(32,954)	15,935
Income taxes	414	(8,171)
Other assets	2,276	1,156
Other liabilities	(2,404)	2,171
Net cash provided by operating activities	<u>51,722</u>	<u>80,987</u>
Cash Flows from Investing Activities:		
Short-term investments		458
Capital expenditures	(21,433)	(32,223)
Payments for purchased businesses, net of acquired companies cash	(108)	(101,222)
Other, net	166	(1,910)
Net cash used by investing activities	<u>(21,375)</u>	<u>(134,897)</u>
Cash Flows from Financing Activities:		
Short-term borrowings, net	634	641
Proceeds from issuance of long-term debt	122	
Repayments of long-term debt	(1,130)	(200)
Repurchase of previously sold accounts receivable		(40,000)
Cash dividends paid	(11,405)	(9,912)
Proceeds from exercise of stock options	15,476	29,744
Stock purchased for treasury	(9,610)	(28,015)
Net cash used by financing activities	<u>(5,913)</u>	<u>(47,742)</u>