

Edgar Filing: ESTEE LAUDER COMPANIES INC - Form 8-K

ESTEE LAUDER COMPANIES INC
Form 8-K
April 16, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) :
April 16, 2002

The Estee Lauder Companies Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-2408943
(IRS Employer Identification No.)

Commission File Number:1-14064

767 Fifth Avenue, New York, New York
(Address of principal executive offices)

10153
(Zip Code)

212-572-4200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS.

On April 16, 2002, The Estee Lauder Companies Inc. issued a press release announcing its reclassification of consolidated statements of earnings for new accounting rule EITF No. 00-14. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

THE ESTEE LAUDER COMPANIES INC.

Edgar Filing: ESTEE LAUDER COMPANIES INC - Form 8-K

Date: April 16, 2002

By: /s/Richard W. Kunes
Richard W. Kunes
Senior Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

THE ESTEE LAUDER COMPANIES INC.

EXHIBIT INDEX

Exhibit No. Description

99.1 Press release dated April 16, 2002 of The Estee Lauder Companies Inc.

Exhibit 99.1

767 Fifth Avenue
New York, NY 10153

News
Contact:
Investor Relations:
Dennis D'Andrea
212) 572-4384

Media Relations:
Sally Susman
(212) 572-4430

FOR IMMEDIATE RELEASE:

ESTEE LAUDER COMPANIES RECLASSIFIES CONSOLIDATED STATEMENTS OF
EARNINGS FOR NEW ACCOUNTING RULE EITF No.00-14

New York, NY, April 16, 2002 - The Estee Lauder Companies Inc. (NYSE:EL) today provided reclassified consolidated statements of earnings for previously reported fiscal 2001 and 2002 quarterly results and full fiscal year results ended 1998 through 2001. The reclassified statements of earnings reflect the new provisions required by Emerging Issues Task Force (EITF) Issue No. 00-14, "Accounting for Certain Sales Incentives," which the Company adopted effective January 1, 2002.

EITF 00-14 provides guidance for when sales incentives and discounts should be recognized, and where the related revenues and expenses should be classified in companies financial statements. Prior to adopting this rule, the Company's gift-with-purchase and purchase-with-purchase costs and revenues were recorded net as operating expenses on the consolidated statement of earnings.

In compliance with EITF 00-14, the Company reclassified promotional revenues to sales and the cost of promotional merchandise to cost of sales. The new rule has been applied to prior periods retroactively for comparability. The reclassifications increased prior full fiscal year sales by approximately 1% to 2% and cost of sales as a percent of sales by approximately 5 to 6.5 percentage points, offset by a corresponding reduction in operating expenses.

Edgar Filing: ESTEE LAUDER COMPANIES INC - Form 8-K

The reclassifications do not change the Company's operating income, net earnings or net earnings per common share.

Expected Fiscal 2002 Third Quarter Financial Results Reporting Date

The Company expects to release fiscal 2002 third quarter financial results on Tuesday, April 30, 2002. On that date, the Company will webcast its conference call with securities analysts where management will discuss the results, future prospects and any recent corporate developments. The call will begin at 10:15 a.m. EST.

Those wishing to access the webcast can visit the "Investor Information" section of www.elcompanies.com, the Company's website. The call will be archived on the site for two weeks.

The Estee Lauder Companies Inc. is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. The Company's products are sold in over 120 countries and territories under well-recognized brand names, including Estee Lauder,

Clinique, Aramis, Prescriptives, Origins, M.A.C, Bobbi Brown, Tommy Hilfiger, La Mer, jane, Donna Karan, Aveda, Stila, Jo Malone, Bumble and bumble and Kate Spade.

An electronic version of this release can be found at the Company's Website, www.elcompanies.com.

-Tables Follow-

THE ESTEE LAUDER COMPANIES INC.
 Reclassifications for Emerging Issues Task Force No. 00-14,
 "Accounting for Certain Sales Incentives"
 (Dollars in millions)
 (Unaudited)

	Fiscal 2002 Three Months Ended			Fis Three -----
	September 30	December 31	September 30	Decembe
 Before Reclassification: -----				
Net Sales	\$1,187.7	\$1,257.4	\$1,177.7	\$1,29
Cost of Sales	254.5	276.4	263.3	27
Gross Profit	933.2	981.0	914.4	1,01
Gross Margin	78.6%	78.0%	77.6%	7
Operating Expenses	780.3	837.5	761.1	81
Operating Expense Margin	65.7%	66.6%	64.6%	6
Operating Income	152.9	143.5	153.3	20
Operating Margin	12.9%	11.4%	13.0%	1
 After Reclassification: -----				
Net Sales	\$1,194.8	\$1,298.2	\$1,185.0	\$1,33
Cost of Sales	345.3	343.3	349.6	33
Gross Profit	849.5	954.9	835.4	99

Edgar Filing: ESTEE LAUDER COMPANIES INC - Form 8-K

Gross Margin	71.1%	73.6%	70.5%	7
Operating Expenses	696.6	811.4	682.1	78
Operating Expense Margin	58.3%	62.5%	57.6%	5
Operating Income	152.9	143.5	153.3	20
Operating Margin	12.8%	11.1%	12.9%	1

Net Sales - After Reclassification:

By Region:				
The Americas	\$770.3	\$751.4	\$788.8	\$77
Europe, the Middle East & Africa	273.8	368.3	255.6	37
Asia/Pacific	150.7	178.5	140.6	18
Restructuring	-	-	-	-
Total Net Sales	\$1,194.8	\$1,298.2	\$1,185.0	\$1,33

By Product Category:				
Skin Care	\$396.1	\$444.8	\$397.9	\$43
Makeup	449.9	428.1	433.7	43
Fragrance	293.4	362.4	302.0	41
Hair Care	50.0	58.4	45.6	4
Other	5.4	4.5	5.8	-
Restructuring	-	-	-	-
Total Net Sales	\$1,194.8	\$1,298.2	\$1,185.0	\$1,33

During the fiscal 2002 third quarter, the Company adopted Emerging Issues Task Force No. 00-14, "Accounting for Certain Sales Incentives." This new rule requires where certain sales incentives and related expenses are classified in the Company's financial statements. Prior to this rule, the cost of promotional merchandise and related revenues was reported as operating expenses. In compliance with this new rule, the Company has reclassified all promotional revenues to sales and the cost of promotional merchandise to cost of sales. Upon reclassification, operating income remains unchanged. Per the attached tables, this rule has been applied retroactively for purposes of comparability.

THE ESTEE LAUDER COMPANIES INC.
 Reclassifications for Emerging Issues Task Force No. 00-14,
 "Accounting for Certain Sales Incentives"
 (Dollars in millions)

	Fiscal Year Ended June 30		
	2001 As Reported	2001 Before One - Time Charges	2000
Before Reclassification:			
Net Sales	\$4,608.1	\$4,616.1	\$4,366.
Cost of Sales	972.3	971.2	972.
Gross Profit	3,635.8	3,644.9	3,394.
Gross Margin	78.9%	79.0%	77.
Operating Expenses	3,140.2	3,086.3	2,878.
Operating Expense Margin	68.1%	66.9%	65.9
Operating Income	495.6	558.6	515.

Edgar Filing: ESTEE LAUDER COMPANIES INC - Form 8-K

Operating Margin	10.8%	12.1%	11.8%
After Reclassification: (Unaudited)			

Net Sales	\$4,667.7	\$4,675.7	\$4,440.
Cost of Sales	1,226.4	1,225.3	1,238.
Gross Profit	3,441.3	3,450.4	3,202.
Gross Margin	73.7%	73.8%	72.
Operating Expenses	2,945.7	2,891.8	2,686.
Operating Expense Margin	63.1%	61.8%	60.
Operating Income	495.6	558.6	515.
Operating Margin	10.6%	11.9%	11.
Net Sales - After Reclassification: (Unaudited)			

By Region:			
The Americas	\$2,857.8	\$2,857.8	\$2,714.
Europe, the Middle East & Africa	1,221.8	1,221.8	1,142.
Asia/Pacific	596.1	596.1	584.
Restructuring	(8.0)	-	-
	-----	-----	-----
Total Net Sales	\$4,667.7	\$4,675.7	\$4,440.
	=====	=====	=====
By Product Category:			
Skin Care	\$1,660.7	\$1,660.7	\$1,577.
Makeup	1,721.6	1,721.6	1,603.
Fragrance	1,085.1	1,085.1	1,117.
Hair Care	180.7	180.7	113.
Other	27.6	27.6	28.
Restructuring	(8.0)	-	-
	-----	-----	-----
Total Net Sales	\$4,667.7	\$4,675.7	\$4,440.
	=====	=====	=====

Fiscal 2001 fourth quarter and full year periods include one-time pre-tax charges of \$63.0 million for restructuring and other non-recurring expenses related to repositioning certain business.

#