

DIAL CORP /NEW/
Form 8-K
December 03, 2001

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

FORM 8-K

CURRENT REPORT

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

Date of Report: December 3, 2001

THE DIAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)
15501 NORTH DIAL BOULEVARD
SCOTTSDALE, ARIZONA
(Address of Principal Executive Offices)

51-0374887
(I.R.S. Employer
Identification No.)
85260-1619
(Zip Code)

Registrant's Telephone Number, Including Area Code (480) 754-3425

ITEM 5. OTHER EVENTS

On August 28, 2001 Dial sold all of the stock of its wholly-owned subsidiary, Sarah Michaels, Inc., and inventory, other operating, intellectual property and other intangible assets associated with its Specialty Personal Care business. The SPC business included the businesses conducted under the Sarah Michaels and Freeman trademarks.

Dial retained all accounts receivable and accounts payable relating to the Specialty Personal Care business generated prior to August 28, 2001.

The accompanying consolidated balance sheets, statements of consolidated operations and statements of consolidated cash flows have been prepared to reflect the historical results of continuing operations as adjusted for the reclassification of the Specialty Personal Care business as discontinued operations.

The Dial Corporation

Consolidated Balance Sheets

	April 1, 2000	July 1, 2000	September 30, 2000	December 31, 2000	March 31, 2001	June 30, 2001	September 29, 2001
Cash and cash equivalents	\$4,947	\$19,852	\$6,424	\$6,733	\$4,467	\$7,977	\$6,570
Receivables, net of allowances	145,433	160,943	130,457	136,041	125,642	122,414	122,419
Inventories	155,155	145,877	156,537	144,806	152,805	145,571	147,447
Deferred income taxes	13,870	12,611	12,641	16,573	16,823	17,439	19,863
Income tax receivable		6,591		31,110			
Current assets of discontinued operations	64,927	61,382	70,353	80,932	37,933	39,391	
Other current assets	10,999	5,824	5,447	3,403	5,012	5,951	6,844

Total current assets

	395,331	406,489	381,859	388,488	349,273	338,743	334,253
Property and equipment, net	298,398	299,186	291,209	294,924	276,988	271,349	264,067
Deferred income taxes	48,016	46,815	45,230	48,623	46,560	45,523	45,643
Intangibles, net	320,554	424,489	423,934	421,744	430,446	429,507	427,013
Non-current assets of discontinued operations	220,625	216,050	209,927	205,620	204,669	197,772	
Other assets	41,086	67,699	68,075	33,318	33,958	34,476	24,514

TOTAL ASSETS

	\$1,324,010	\$1,460,728	\$1,420,234	\$1,392,717	\$1,341,894	\$1,317,370	\$1,095,490
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LIABILITIES & EQUITY

Margin Trade accounts payable	\$86,966	\$113,163	\$115,449	\$128,093	\$107,874	\$109,857	\$107,132
Short term debt	151,807	130,484	167,270	125,776	115,762	78,999	
Income taxes payable	11,079	13,255	11,704	10,746	6,040		
Current liabilities of discontinued operations	10,849	13,945	24,647	30,399	17,165	13,844	
Other current liabilities	72,680	91,386	98,641	110,587	105,558	121,486	154,038

Total current liabilities

333,381	362,233	417,711	405,601	346,359	330,226	261,170
Long-term debt						
410,650	526,468	469,187	469,271	469,270	448,467	480,936
Pension and other benefits						
229,008	226,824	220,447	217,035	215,455	214,340	213,455
Other liabilities						
6,333	6,782	6,943	6,903	6,698	6,965	7,163

Total liabilities

979,372	1,122,307	1,114,288	1,098,810	1,037,782	999,998	962,724
Common stock, \$.01 par						
1,056	1,056	1,057	1,057	1,057	1,057	1,057
Additional capital						
408,792	397,934	400,703	402,024	407,497	412,329	419,409
Retained income (deficit)						
204,335	198,176	164,724	153,600	163,045	174,141	(14,928)
Accumulated other comprehensive income						
(2,965)	(3,517)	(3,488)	(3,465)	(3,922)	(3,697)	(1,171)
Unearned employee benefits						
(52,941)	(41,421)	(43,124)	(45,128)	(48,620)	(51,359)	(56,330)
Treasury stock						
(213,639)	(213,807)	(213,926)	(214,181)	(214,945)	(215,099)	(215,271)

Total stockholders equity

344,638	338,421	305,946	293,907	304,112	317,372	132,766
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TOTAL LIABILITIES & EQUITY

\$1,324,010	\$1,460,728	\$1,420,234	\$1,392,717	\$1,341,894	\$1,317,370	\$1,095,490
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The Dial Corporation

Statement of Consolidated Operations

	2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net Sales	\$ 346,282	\$ 388,570	\$ 385,624	\$ 401,798	\$ 1,522,274
Costs and expenses:					
Cost of products sold					
173,142 193,426 197,471 207,154 771,193					
Asset writedowns and discontinued product inventories as a result of restructuring and special charges					
6,813 3,030 676 10,519					
Total cost of products sold					
173,142 200,239 200,501 207,830 781,712					
Selling, general and administrative expenses					
128,502 153,952 158,128 162,945 603,527					
Restructuring and special charges and other asset writedowns					
3,586 3,596 235 7,417					
Total costs and expenses					
301,644 357,777 362,225 371,010 1,392,656					

Operating income

44,638 30,793 23,399 30,788 129,618

Interest and other expenses

(9,639) (12,322) (13,875) (14,470) (50,306)

Net Income (loss) of joint ventures

(721) (3,624) (13,635) (19,634) (37,614)

Other income (expense) gain (loss) on special items

6,662 4,583 (2,002) 9,243

Income (loss) from continuing operations before income taxes

34,278 21,509 472 (5,318) 50,941

Income taxes (benefit)

11,607 6,666 918 (2,539) 16,652

Income (loss) from continuing operations

22,671 14,843 (446) (2,779) 34,289

Discontinued operation:

Loss from discontinued Specialty Personal Care segment, net of income tax

(1,173) (13,714) (25,720) (4,690) (45,297)

Loss on disposal of discontinued Specialty Personal Care segment, net of income tax

Net Income (Loss)
\$21,498 \$1,129 \$(26,166) \$(7,469) \$(11,008)

Weighted average basic shares outstanding
93,979 91,084 91,150 91,241 92,237
Weighted average equivalent shares
631 287

Weighted average diluted shares outstanding
94,610 91,371 91,150 91,241 92,237
Basic net income (loss) per common share:

Income (loss) from continuing operations
\$0.24 \$0.16 \$(0.00) \$(0.03) \$0.37
Loss from discontinued operations
(0.01) (0.15) (0.28) (0.05) (0.49)

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Basic net income (loss) per common share
 \$0.23 \$0.01 \$(0.29) \$(0.08) \$(0.12)
 Diluted net income (loss) per common share:

Income (loss) from continuing operations
 \$0.24 \$0.16 \$(0.00) \$(0.03) \$0.37
 Loss from discontinued operations
 (0.01) (0.15) (0.28) (0.05) (0.49)

Diluted net income (loss) per common share
 \$0.23 \$0.01 \$(0.29) \$(0.08) \$(0.12)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	2001			
	First Quarter	Second Quarter	Third Quarter	Nine Months
Net Sales	\$389,672	\$416,602	\$430,487	\$1,236,761
Costs and expenses:				
Cost of products sold				
198,464 209,815 211,613 619,892				
Asset writedowns and discontinued product inventories as a result of restructuring and special charges				
10,940 10,940				

Total cost of products sold
 198,464 209,815 222,553 630,832
 Selling, general and administrative expenses
 156,628 170,081 170,523 497,232

Restructuring and special charges and other asset
writedowns

486 486

Total costs and expenses

355,092 379,896 393,562 1,128,550

Operating income

34,580 36,706 36,925 108,211

Interest and other expenses

(13,872) (12,023) (11,934) (37,829)

Net income (loss) of joint ventures

2,000 4 986 2,990

Other income (expense) gain (loss) on special items

Income (loss) from continuing operations before
income taxes

22,708 24,687 25,977 73,372

Income taxes (benefit)

8,013 8,728 12,114 28,855

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Income (loss) from continuing operations

14,695 15,959 13,863 44,517

Discontinued operation:

Loss from discontinued Specialty Personal Care
segment, net of income tax

(1,597) (1,218) (876) (3,691)

Loss on disposal of discontinued Specialty Personal
Care segment, net of income tax

(198,403) (198,403)

Net Income (Loss)

\$13,098 \$14,741 \$(185,416) \$(157,577)

Weighted average basic shares outstanding

91,291 91,368 91,494 91,385

Weighted average equivalent shares

294 442

Weighted average diluted shares outstanding

91,585 91,810 91,494 91,385

Basic net income (loss) per common share:

Income (loss) from continuing operations

\$0.16 \$0.17 \$0.15 \$0.49

Loss from discontinued operations

(0.02) (0.01) (2.18) (2.21)

Basic net income (loss) per common share
\$0.14 \$0.16 \$(2.03) \$(1.72)
Diluted net income (loss) per common share:

Income (loss) from continuing operations
\$0.16 \$0.17 \$0.15 \$0.49
Loss from discontinued operations
(0.02) (0.01) (2.18) (2.21)

Diluted net income (loss) per common share
\$0.14 \$0.16 \$(2.03) \$(1.72)

The Dial Corporation

Statement of Consolidated Cash Flows

	2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net income (loss)	\$21,498	\$1,129	\$(26,166)	\$(7,469)	\$(11,008)
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Discontinued operations, net of tax	1,173	13,714	25,720	4,690	45,297
Special and restructuring charges	10,399	17,760	20,247	48,406	
Depreciation	9,259	9,742	9,789	10,918	39,708
Amortization	1,714	1,928	2,295	2,361	8,298
Deferred income taxes	4,645	3,952	(183)	(6,538)	1,876
Gain (loss) special items	(6,662)	(4,583)	2,002	(9,243)	
Change in operating assets and liabilities:					
Receivables	5,977	(13,901)	30,486	(5,584)	16,978
Inventories	(11,229)	12,441	(10,712)	10,324	824
Trade accounts payable	(32,502)	24,082	2,337	12,642	6,559
Income taxes payable	(33,851)	2,781	(1,551)	(958)	(33,579)
Other assets and liabilities, net	(9,446)	9,023	(3,868)	15,745	11,454
Net cash provided (used) by operating activities	(42,762)	68,628	41,324	58,380	125,570
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:					
Capital expenditures	(4,608)	(11,876)	(9,497)	(16,107)	(42,088)

Investment in and loans to joint ventures
 (3,264) (22,810) (1,136) 13,720 (13,490)

Acquisition of business, net of cash acquired
 (116,836) (2,237) (79) (119,152)

Proceeds from disposition of discontinued operation

Investments in and transfers from discontinued operation
 11,627 (3,229) (16,127) (5,999) (13,728)

Proceeds from sale of assets
 (1) 13,644 1,696 (4,381) 10,958

Net cash provided (used) by investing activities
 3,754 (141,107) (27,301) (12,846) (177,500)

**CASH FLOWS PROVIDED (USED) BY FINANCING
 ACTIVITIES:**

Net change in long-term debt
 109,699 115,818 (57,281) 84 168,320

Common stock purchased for treasury
 (83,143) (111) 110 (83,144)

Net change in short-term debt
 91,644 (21,323) 36,786 (41,494) 65,613

Dividends paid on common stock
 (7,533) (7,287) (7,293) (3,649) (25,762)

Cash proceeds from stock options
 526 176 448 (276) 874

Net change in receivables sold
 (73,177) (73,177)

Net cash provided (used) by financing activities
 38,016 87,384 (27,451) (45,225) 52,724

Net increase (decrease) in cash and cash equivalents
 (992) 14,905 (13,428) 309 794
 Cash and cash equivalents, beginning of period
 5,939 4,947 19,852 6,424 5,939

CASH AND CASH EQUIVALENTS, END OF PERIOD
 \$4,947 \$19,852 \$6,424 \$6,733 \$6,733

[Additional columns below]

[Continued from above table, first column(s) repeated]

	2001			
	First Quarter	Second Quarter	Third Quarter	Nine Months
Net income (loss)	\$ 13,098	\$ 14,741	\$ (185,416)	\$ (157,577)
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Discontinued operations, net of tax	1,597	1,218	199,279	202,094
Special and restructuring charges	11,787	11,787		

Depreciation
 9,761 9,578 9,857 29,196
 Amortization
 2,430 2,486 2,570 7,486
 Deferred income taxes
 1,100 494 (2,189) (595)
 Gain (loss) special items

Change in operating assets and liabilities:

Receivables
 10,399 3,228 (214) 13,413
 Inventories
 (7,999) 7,234 (2,391) (3,156)
 Trade accounts payable
 (20,219) 1,983 (2,725) (20,961)
 Income taxes payable
 (17,337) 12,631 (37,150) (41,856)
 Other assets and liabilities, net
 (8,336) 14,122 38,338 44,124

Net cash provided (used) by operating activities
 (15,506) 67,715 31,746 83,955

**CASH FLOWS PROVIDED (USED) BY
 INVESTING ACTIVITIES:**

Capital expenditures
 (3,091) (6,489) (7,976) (17,556)
 Investment in and loans to joint ventures
 Acquisition of business, net of cash acquired
 (75) (75)
 Proceeds from disposition of discontinued operation
 8,000 8,000
 Investments in and transfers from discontinued
 operation
 29,833 828 15,684 46,345
 Proceeds from sale of assets
 2 2,269 (11) 2,260

Net cash provided (used) by investing activities
 26,669 (3,392) 15,697 38,974

**CASH FLOWS PROVIDED (USED) BY
FINANCING ACTIVITIES:**

Net change in long-term debt

(1) (20,803) 32,469 11,665

Common stock purchased for treasury

Net change in short-term debt

(10,014) (36,763) (78,999) (125,776)

Dividends paid on common stock

(3,653) (3,635) (3,662) (10,950)

Cash proceeds from stock options

239 388 1,342 1,969

Net change in receivables sold

Net cash provided (used) by financing activities

(13,429) (60,813) (48,850) (123,092)

Net increase (decrease) in cash and cash equivalents

(2,266) 3,510 (1,407) (163)

Cash and cash equivalents, beginning of period

6,733 4,467 7,977 6,733

**CASH AND CASH EQUIVALENTS, END OF
PERIOD**

\$4,467 \$7,977 \$6,570 \$6,570

SIGNATURE

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 thereunto duly authorized.

The Dial Corporation
December 3, 2001

/s/ Conrad A. Conrad
Executive Vice President and Chief Financial Officer