

REVLON INC /DE/  
Form 10-Q  
April 28, 2011

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2011

**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: 1-11178

**REVLON, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13-3662955**

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

**237 Park Avenue, New York, New York**

(Address of principal executive offices)

**10017**

(Zip Code)

**212-527-4000**

(Registrant's telephone number, including area code)

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



**REVLON, INC. AND SUBSIDIARIES**

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**REVLON, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions, except share and per share amounts)

	<b>March 31, 2011 (Unaudited)</b>	<b>December 31, 2010</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 61.2	\$ 76.7
Trade receivables, less allowance for doubtful accounts of \$3.1 as of both March 31, 2011 and December 31, 2010	182.4	197.5
Inventories	130.2	115.0
Deferred income taxes current	41.0	39.6
Prepaid expenses and other	54.1	47.3
Total current assets	468.9	476.1
Property, plant and equipment, net	104.0	106.2
Deferred income taxes noncurrent	225.1	229.4
Other assets	113.4	92.3
Goodwill, net	194.1	182.7
Total assets	\$ 1,105.5	\$ 1,086.7
<b>LIABILITIES AND STOCKHOLDERS DEFICIENCY</b>		
Current liabilities:		
Short-term borrowings	\$ 6.4	\$ 3.7
Current portion of long-term debt	8.0	8.0
Accounts payable	98.1	88.3
Accrued expenses and other	223.7	218.5
Total current liabilities	336.2	318.5
Long-term debt	1,099.6	1,100.9
Long-term debt affiliates	58.4	58.4
Redeemable preferred stock	48.2	48.1
Long-term pension and other post-retirement plan liabilities	192.9	201.5
Other long-term liabilities	56.7	55.7
Stockholders' deficiency:		
Class B Common Stock, par value \$.01 per share: 200,000,000 shares authorized; 3,125,000 shares issued and outstanding as of March 31, 2011 and		

December 31, 2010, respectively			
Class A Common Stock, par value \$.01 per share: 900,000,000 shares authorized; 49,997,902 and 50,000,497 shares issued as of March 31, 2011 and December 31, 2010, respectively		0.5	0.5
Additional paid-in capital		1,012.8	1,012.0
Treasury stock, at cost: 667,150 and 532,838 shares of Class A Common Stock as of March 31, 2011 and December 31, 2010, respectively		(8.5)	(7.2)
Accumulated deficit		(1,541.0)	(1,551.4)
Accumulated other comprehensive loss		(150.3)	(150.3)
Total stockholders' deficiency		(686.5)	(696.4)
Total liabilities and stockholders' deficiency	\$	1,105.5	\$ 1,086.7

See Accompanying Notes to Unaudited Consolidated Financial Statements

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**REVLON, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(dollars in millions, except share and per share amounts)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Net sales	\$ 333.2	\$ 305.5
Cost of sales	113.3	108.7
Gross profit	219.9	196.8
Selling, general and administrative expenses	175.2	151.4
Operating income	44.7	45.4
Other expenses (income):		
Interest expense	22.6	21.3
Interest expense preferred stock dividend	1.6	1.6
Interest income	(0.1)	(0.2)
Amortization of debt issuance costs	1.4	1.7
Loss on early extinguishment of debt, net		9.7
Foreign currency losses, net	0.3	3.8
Miscellaneous, net	0.8	0.3
Other expenses, net	26.6	38.2
Income before income taxes	18.1	7.2
Provision for income taxes	7.7	5.0
Net income	\$ 10.4	\$ 2.2
Basic income per common share	\$ 0.20	\$ 0.04
Diluted income per common share	\$ 0.20	\$ 0.04
Weighted average number of common shares outstanding:		
Basic	52,153,722	51,872,502
Diluted	52,282,309	52,286,722

See Accompanying Notes to Unaudited Consolidated Financial Statements

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**REVLON, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIENCY**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(dollars in millions)

	<b>Common Stock</b>	<b>Additional Paid-In- Capital</b>	<b>Treasury Stock</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders Deficiency</b>
Balance, January 1, 2011	\$ 0.5	\$ 1,012.0	\$ (7.2)	\$ (1,551.4)	\$ (150.3)	\$ (696.4)
Treasury stock acquired, at cost <sup>(a)</sup>			(1.3)			(1.3)
Stock-based compensation amortization		0.8				0.8
Comprehensive income:						
Net income				10.4		10.4
Currency translation adjustment					(0.9)	(0.9)
Amortization of pension related costs, net of tax <sup>(b)</sup>					0.9	0.9
Total comprehensive income						10.4
Balance, March 31, 2011	\$ 0.5	\$ 1,012.8	\$ (8.5)	\$ (1,541.0)	\$ (150.3)	\$ (686.5)

(a) Pursuant to the share withholding provisions of the Third Amended and Restated Revlon, Inc. Stock Plan (the Stock Plan ), during the first quarter of 2011, certain employees, in lieu of paying withholding taxes on the vesting of certain restricted stock, authorized the withholding of an aggregate 134,312 shares of Revlon, Inc. Class A Common Stock to satisfy the minimum statutory tax withholding requirements related to such vesting. These shares were recorded as treasury stock using the cost method, at a weighted average price per share of \$9.85, based on the closing price of Revlon, Inc. Class A Common Stock as reported on the NYSE consolidated tape on the respective vesting dates, for a total of \$1.3 million.

(b) See Note 2, Pension and Post-retirement Benefits, and Note 6, Comprehensive Income, in this Form 10-Q for details on the change in Accumulated Other Comprehensive Loss as a result of the amortization of unrecognized prior service costs and actuarial losses arising during the first quarter of 2011.

See Accompanying Notes to Unaudited Consolidated Financial Statements



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**REVLON, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(dollars in millions)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 10.4	\$ 2.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15.2	14.4
Amortization of debt discount	0.8	0.3
Stock compensation amortization	0.8	1.3
Provision for deferred income taxes	2.2	0.2
Loss on early extinguishment of debt, net		9.7
Amortization of debt issuance costs	1.4	1.7
Pension and other post-retirement expense	1.3	3.8
Change in assets and liabilities:		
Decrease in trade receivables	19.1	6.7
(Increase) decrease in inventories	(11.5)	3.5
Increase in prepaid expenses and other current assets	(7.4)	(9.8)
Increase in accounts payable	7.0	8.8
Increase in accrued expenses and other current liabilities	1.5	8.7
Pension and other post-retirement plan contributions	(8.8)	(5.8)
Purchase of permanent displays	(8.9)	(10.7)
Other, net	1.0	(3.8)
Net cash provided by operating activities	24.1	31.2
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(2.4)	(3.1)
Acquisitions	(39.0)	
Proceeds from the sale of certain assets		0.1
Net cash used in investing activities	(41.4)	(3.0)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in short-term borrowings and overdraft	4.3	(13.0)
Borrowings under the 2010 Revolving Credit Facility, net		10.5
Repayments under the 2006 Term Loan Facility		(815.0)
Borrowings under the 2010 Term Loan Facility		786.0
Repayment of long-term debt	(2.0)	
Payment of financing costs		(15.4)
Other financing activities	(0.3)	(0.2)
Net cash provided by (used in) financing activities	2.0	(47.1)

Effect of exchange rate changes on cash and cash equivalents	(0.2)	0.2
Net decrease in cash and cash equivalents	(15.5)	(18.7)
Cash and cash equivalents at beginning of period	76.7	54.5
Cash and cash equivalents at end of period	\$ 61.2	\$ 35.8
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 14.5	\$ 12.5
Preferred stock dividends	1.6	1.6
Income taxes, net of refunds	2.2	2.5
<i>Supplemental schedule of non-cash investing and financing activities:</i>		
Treasury stock received to satisfy minimum tax withholding liabilities	\$ 1.3	\$ 2.4

See Accompanying Notes to Unaudited Consolidated Financial Statements

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**REVLON, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)**

**(1) Description of Business and Basis of Presentation**

Revlon, Inc. (and together with its subsidiaries, the Company) conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation (Products Corporation), and its subsidiaries. Revlon, Inc. is a direct and indirect majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. (MacAndrews & Forbes Holdings) and, together with certain of its affiliates other than the Company, MacAndrews & Forbes, a corporation wholly-owned by Ronald O. Perelman.

The Company's vision is glamour, excitement and innovation through high-quality products at affordable prices. The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women's hair color, beauty tools, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company's principal customers include large mass volume retailers and chain drug and food stores in the U.S., as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Company also sells beauty products to U.S. military exchanges and commissaries and has a licensing business pursuant to which the Company licenses certain of its key brand names to third parties for the manufacture and sale of complementary beauty-related products and accessories in exchange for royalties.

The accompanying Consolidated Financial Statements are unaudited. In management's opinion, all adjustments necessary for a fair presentation have been made. The Unaudited Consolidated Financial Statements include the accounts of the Company after the elimination of all material intercompany balances and transactions.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual res