

REVLON INC /DE/
Form 10-Q
July 31, 2013

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 June 30, 2013

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

Edgar Filing: REVLON INC /DE/ - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of June 30, 2013, 49,231,798 shares of Class A Common Stock, 3,125,000 shares of Class B Common Stock and 9,336,905 shares of Series A Preferred Stock were outstanding. At such date, 37,544,640 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and certain of its affiliates and all of the shares of Class B Common Stock were owned by REV Holdings LLC, a Delaware limited liability company and an indirectly wholly-owned subsidiary of MacAndrews & Forbes Holdings Inc.

REVLON, INC. AND SUBSIDIARIES
INDEX

PART I – Financial Information

Item 1.	Financial Statements	
	<u>Consolidated</u> Balance Sheets as of June 30, 2013 (Unaudited) and December 31, 2012	<u>2</u>
	<u>Unaudited</u> Consolidated Statements of Income and Comprehensive Income for the Three and Six Months Ended June 30, 2013 and 2012	<u>3</u>
	<u>Unaudited Consolidated Statement of Stockholders' Deficiency for the Six Months Ended June 30, 2013</u>	<u>4</u>
	<u>Unaudited</u> Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2013 and 2012	<u>5</u>
	Notes to Unaudited Consolidated Financial Statements	<u>6</u>
Item 2.	<u>Management's</u> Discussion and Analysis of Financial Condition and Results of Operations	<u>22</u>
Item 3.	<u>Quantitative and Qualitative</u> Disclosures About Market Risk	<u>38</u>
Item 4.	<u>Controls and Procedures</u>	<u>39</u>

PART II – Other Information

Item 1.	Legal Proceedings	<u>44</u>
Item 1A.	Risk Factors	<u>44</u>
Item 6.	<u>Exhibits</u>	<u>45</u>
	<u>Signatures</u>	<u>46</u>

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

REVLON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in millions, except share and per share amounts)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$141.3	\$116.3
Trade receivables, less allowance for doubtful accounts of \$3.4 and \$3.5 as of June 30, 2013 and December 31, 2012, respectively	185.5	216.0
Inventories	133.2	114.7
Deferred income taxes – current	49.7	48.5
Prepaid expenses and other	68.2	45.7
Total current assets	577.9	541.2
Property, plant and equipment, net of accumulated depreciation of \$231.1 and \$226.0 as of June 30, 2013 and December 31, 2012, respectively	100.9	99.5
Deferred income taxes – noncurrent	203.9	215.2
Goodwill	217.8	217.8
Intangible assets, net of accumulated amortization of \$32.7 and \$29.7 as of June 30, 2013 and December 31, 2012, respectively	66.5	68.8
Other assets	102.7	94.1
Total assets	\$1,269.7	\$1,236.6
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings	\$5.2	\$5.0
Current portion of long-term debt	—	21.5
Accounts payable	108.2	101.9
Accrued expenses and other	235.4	276.3
Redeemable preferred stock	48.5	48.4
Total current liabilities	397.3	453.1
Long-term debt	1,227.9	1,145.8
Long-term pension and other post-retirement plan liabilities	220.7	233.7
Other long-term liabilities	56.2	53.3
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, par value \$0.01 per share; 900,000,000 shares authorized; 49,986,651 shares issued as of June 30, 2013 and December 31, 2012	0.5	0.5
Class B Common Stock, par value \$0.01 per share; 200,000,000 shares authorized; 3,125,000 shares issued and outstanding as of June 30, 2013 and December 31, 2012	—	—
Additional paid-in capital	1,015.1	1,015.1
Treasury stock, at cost: 754,853 shares of Class A Common Stock as of June 30, 2013 and December 31, 2012	(9.8) (9.8

Edgar Filing: REVLON INC /DE/ - Form 10-Q

Accumulated deficit	(1,429.1)	(1,446.9)
Accumulated other comprehensive loss	(209.1)	(208.2)
Total stockholders' deficiency	(632.4)	(649.3)
Total liabilities and stockholders' deficiency	\$1,269.7		\$1,236.6	

See Accompanying Notes to Unaudited Consolidated Financial Statements

2

REVLON, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(dollars in millions, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	\$350.1	\$357.1	\$682.0	\$687.8
Cost of sales	124.8	124.4	241.7	240.1
Gross profit	225.3	232.7	440.3	447.7
Selling, general and administrative expenses	163.1	189.9	330.6	360.6
Restructuring charges and other, net	3.1	—	3.3	—
Operating income	59.1	42.8	106.4	87.1
Other expenses, net:				
Interest expense	15.8	19.6	34.6	39.6
Interest expense – preferred stock dividends	1.6	1.6	3.2	3.2
Amortization of debt issuance costs	1.2	1.3	2.5	2.6
Loss on early extinguishment of debt	—	—	27.9	—
Foreign currency (gains) losses, net	(0.8) 0.4	2.5	2.1
Miscellaneous, net	(0.1) 0.1	—	0.3
Other expenses, net	17.7			