

REVLON INC /DE/
Form 10-Q
May 10, 2018

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, 2018

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 13-3662955
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One New York Plaza, New York, New York 10004
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 212-527-4000

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of March 31, 2018, 52,799,048 shares of Class A Common Stock were outstanding. At such date, 44,573,187 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Incorporated and certain of its affiliates.

REVLON, INC. AND SUBSIDIARIES
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

REVLON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 55.7	\$ 87.1
Trade receivables, less allowance for doubtful accounts of \$13.0 and \$13.5 as of March 31, 2018 and December 31, 2017, respectively	381.1	444.8
Inventories	515.5	497.9
Prepaid expenses and other assets	162.0	113.4
Total current assets	1,114.3	1,143.2
Property, plant and equipment, net of accumulated depreciation of \$394.2 and \$385.5 as of March 31, 2018 and December 31, 2017, respectively	371.6	372.7
Deferred income taxes	156.8	138.0
Goodwill	692.8	692.5
Intangible assets, net of accumulated amortization of \$141.7 and \$130.9 as of March 31, 2018 and December 31, 2017, respectively	584.7	592.1
Other assets	121.9	118.4
Total assets	\$ 3,042.1	\$ 3,056.9
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings	\$ 10.8	\$ 12.4
Current portion of long-term debt	254.3	170.2
Accounts payable	345.4	336.9
Accrued expenses and other current liabilities	398.5	412.8
Total current liabilities	1,009.0	932.3
Long-term debt	2,651.5	2,653.7
Long-term pension and other post-retirement plan liabilities	170.1	172.8
Other long-term liabilities	67.2	68.5
Stockholders' deficiency:		
Class A Common Stock, par value \$0.01 per share; 900,000,000 shares authorized; 54,625,867 and 54,556,100 shares issued as of March 31, 2018 and December 31, 2017, respectively	0.5	0.5
Additional paid-in capital	1,047.7	1,040.0
Treasury stock, at cost: 1,251,111 and 1,114,528 shares of Class A Common Stock as of March 31, 2018 and December 31, 2017, respectively	(24.6)	(21.7)
Accumulated deficit	(1,651.1)	(1,560.8)
Accumulated other comprehensive loss	(228.2)	(228.4)
Total stockholders' deficiency	(855.7)	(770.4)
Total liabilities and stockholders' deficiency	\$ 3,042.1	\$ 3,056.9

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

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

	Three Months Ended March 31,	
	2018	2017 (as adjusted) (*)
Net sales	\$560.7	\$ 594.9
Cost of sales	242.6	265.5
Gross profit	318.1	329.4
Selling, general and administrative expenses	371.7	353.8
Acquisition and integration costs	4.0	17.5
Restructuring charges and other, net	4.1	1.2
Operating loss	(61.7)	(43.1)
Other expenses:		
Interest expense	39.9	35.0
Amortization of debt issuance costs	2.3	2.2
Foreign currency gains	(10.6)	(4.3)
Miscellaneous, net	—	0.6
Other expenses	31.6	33.5
Loss from continuing operations before income taxes	(93.3)	(76.6)
Benefit from income taxes	(1.6)	(38.9)
Loss from continuing operations, net of taxes	(91.7)	(37.7)
Income from discontinued operations, net of taxes	1.4	0.3
Net loss	\$(90.3)	\$(37.4)
Other comprehensive income:		
Foreign currency translation adjustments, net of tax ^(a)	(2.5)	4.7
Amortization of pension related costs, net of tax ^{(b)(c)}	2.1	2.0
Pension curtailment, net of tax ^(d)	—	2.6
Reclassification into earnings of accumulated losses from the de-designated 2013 Interest Rate Swap, net of tax ^(e)	0.6	0.6
Other comprehensive income, net	0.2	9.9
Total comprehensive loss	\$(90.1)	\$(27.5)
Basic (loss) earnings per common share:		
Continuing operations	\$(1.74)	\$(0.72)
Discontinued operations	0.03	0.01
Net loss	\$(1.71)	\$(0.71)
Diluted (loss) earnings per common share:		