

REVLON INC /DE/
Form 10-Q
July 29, 2010

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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 June 30, 2010

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

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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 the 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, 2010, 48,769,593 shares of Class A Common Stock, 3,125,000 shares of Class B Common Stock and 9,336,905 shares of 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

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

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38.6	\$ 54.5
Trade receivables, less allowance for doubtful accounts of \$3.2 and \$3.8 as of June 30, 2010 and December 31, 2009, respectively	172.1	181.7
Inventories	122.4	119.2
Prepaid expenses and other	52.7	48.2
Total current assets	385.8	403.6
Property, plant and equipment, net	108.6	111.7
Other assets	99.4	96.3
Goodwill, net	182.5	182.6
Total assets	\$ 776.3	\$ 794.2
LIABILITIES AND STOCKHOLDERS DEFICIENCY		
Current liabilities:		
Short-term borrowings	\$ 5.7	\$ 0.3
Current portion of long-term debt	8.0	13.6
Accounts payable	88.7	82.4
Accrued expenses and other	206.5	213.0
Total current liabilities	308.9	309.3
Long-term debt	1,103.3	1,127.8
Long-term debt affiliates	58.4	58.4
Redeemable preferred stock	48.1	48.0
Long-term pension and other post-retirement plan liabilities	205.3	216.3
Other long-term liabilities	64.1	68.0
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 June 30, 2010 and December 31, 2009, respectively	0.5	0.5

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Class A Common Stock, par value \$.01 per share: 900,000,000 shares authorized; 50,009,498 and 50,021,063 shares issued as of June 30, 2010 and December 31, 2009, respectively		
Additional paid-in capital	1,009.2	1,007.2
Treasury stock, at cost: 528,717 and 385,677 shares of Class A Common Stock as of June 30, 2010 and December 31, 2009, respectively	(7.1)	(4.7)
Accumulated deficit	(1,860.1)	(1,878.7)
Accumulated other comprehensive loss	(154.3)	(157.9)
Total stockholders' deficiency	(1,011.8)	(1,033.6)
Total liabilities and stockholders' deficiency	\$ 776.3	\$ 794.2

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)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net sales	\$ 327.7	\$ 321.8	\$ 633.2	\$ 625.1
Cost of sales	107.0	120.6	215.7	231.6
Gross profit	220.7	201.2	417.5	393.5
Selling, general and administrative expenses	173.6	156.3	325.0	316.5
Restructuring costs and other, net	(0.2)	18.3	(0.2)	18.8
Operating income	47.3	26.6	92.7	58.2
Other expenses (income):				
Interest expense	23.0	24.0	44.3	48.1
Interest expense preferred stock dividends	1.6		3.2	
Interest income		(0.2)	(0.2)	(0.4)
Amortization of debt issuance costs	1.3	1.4	3.0	2.8
(Gain) loss on early extinguishment of debt, net		(0.5)	9.7	(7.5)
Foreign currency losses, net	0.1	2.1	3.9	4.5
Miscellaneous, net	0.5	0.1	0.8	0.3
Other expenses, net	26.5	26.9	64.7	47.8
Income (loss) from continuing operations before income taxes	20.8	(0.3)	28.0	10.4
Provision for (benefit from) income taxes	4.8	(0.2)	9.8	(2.2)
Income (loss) from continuing operations, net of taxes	16.0	(0.1)	18.2	12.6
Income from discontinued operations, net of taxes	0.4	0.3	0.4	0.3
Net income	\$ 16.4	\$ 0.2	\$ 18.6	\$ 12.9
Basic income (loss) per common share:				
Continuing operations	0.31	(0.00)	0.35	0.24
Discontinued operations	0.01	0.01	0.01	0.01
Net income	\$ 0.32	\$ 0.00	\$ 0.36	\$ 0.25
Diluted income (loss) per common share:				
Continuing operations	0.31	(0.00)	0.35	0.24

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Discontinued operations	0.01	0.01	0.01	0.01
Net income	\$ 0.31	\$ 0.00	\$ 0.36	\$ 0.25
Weighted average number of common shares outstanding:				
Basic	51,894,593	51,526,101	51,883,608	51,524,278
Diluted	52,314,596	51,526,101	52,300,736	51,533,896

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)

	Common Stock	Additional Paid-In- Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders Deficiency
Balance, January 1, 2010	\$ 0.5	\$ 1,007.2	\$ (4.7)	\$ (1,878.7)	\$ (157.9)	\$ (1,033.6)
Treasury stock acquired, at cost ^(a)			(2.4)			(2.4)
Amortization of deferred compensation for restricted stock		2.0				2.0
Comprehensive income:						
Net income				18.6		18.6
Revaluation of financial derivative instruments ^(b)					1.7	1.7
Currency translation adjustment					(0.8)	(0.8)
Amortization of pension related costs ^(c)					2.7	2.7
Total comprehensive income						22.2
Balance, June 30, 2010	\$ 0.5	\$ 1,009.2	\$ (7.1)	\$ (1,860.1)	\$ (154.3)	\$ (1,011.8)

- (a) Pursuant to the share withholding provisions of the Third Amended and Restated Revlon, Inc. Stock Plan (the Stock Plan), certain employees and executives, in lieu of paying withholding taxes on the vesting of certain restricted stock, authorized the withholding of an aggregate 143,040 and nil shares of Revlon, Inc. Class A Common Stock (as hereinafter defined) during the first and second quarters of 2010, respectively, 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 \$17.01 and \$17.02, 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 \$2.4 million.
- (b) See Note 5, Comprehensive Income, and Note 9, Financial Instruments, in this Form 10-Q for details regarding the net amount of hedge accounting derivative losses recognized due to the Company's use of derivative financial instruments and a reversal of net amounts accumulated in Accumulated Other Comprehensive Loss due to the discontinuance of hedge accounting on the 2008 Interest Rate Swap (as hereinafter defined) prior to its expiration in April 2010 as a result of the 2010 Refinancing (as hereinafter defined).
- (c) See Note 2, Pension and Post-retirement Benefits, and Note 5, 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 half of 2010.

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)

	Six Months Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 18.6	\$ 12.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of taxes	(0.4)	(0.3)
Depreciation and amortization	28.1	30.5
Amortization of debt discount	1.0	0.4
Stock compensation amortization	2.0	3.4
Loss (gain) on early extinguishment of debt, net	9.7	(7.5)
Amortization of debt issuance costs	3.0	2.8
Gain on sale of certain assets		(1.6)
Pension and other post-retirement expense	4.7	13.9
Change in assets and liabilities:		
Increase in trade receivables	(1.1)	(8.8)
(Increase) decrease in inventories	(5.2)	12.3
Increase in prepaid expenses and other current assets	(10.4)	(3.6)
Increase in accounts payable	16.1	5.8
Increase (decrease) in accrued expenses and other current liabilities	8.0	&nbs