

## Revlon Reports First Quarter 2014 Results

NEW YORK--(BUSINESS WIRE)--April 30, 2014--Revlon, Inc. (NYSE:REV) today announced results for the first quarter ended March 31, 2014. As a result of the acquisition of The Colomer Group ("TCG") in October 2013, to provide a basis for comparing the first quarter of 2014 to the first quarter of 2013, this release presents the Company's results using the following measures:

- GAAP as reported ("As Reported");
- Non-GAAP ("Adjusted"), which excludes certain non-recurring items and non-operating items from As Reported results; and
- Non-GAAP pro forma ("Pro Forma Adjusted"), which represents pro forma results, or the As Reported financial results and related acquisition financing of Revlon and TCG as if they were a combined company for all of 2013 ("Pro Forma"), and excludes certain non-recurring items and non-operating items from such Pro Forma results.

See footnote (a) for further discussion of the Company's non-GAAP measures. Reconciliations of As Reported results to Adjusted results and to Pro Forma Adjusted results are provided as an attachment.

### First Quarter 2014 Results

(USD millions, except per share amounts)	Three Months Ended March 31, <sup>(i)</sup>				
	2014		2013		2013
	As Reported	Adjusted	As Reported	Adjusted	Pro Forma Adjusted
Net Sales					
Consumer	\$ 339.5	\$ 339.5	\$ 325.9	\$ 325.9	\$ 340.0
Professional	130.3	130.3	-	-	110.0
Total Company net sales	\$ 469.8	\$ 469.8	\$ 325.9	\$ 325.9	\$ 450.0
Segment Profit					
Consumer	\$ 71.5	\$ 71.5	\$ 76.3	\$ 76.3	\$ 76.7
Professional	31.9	31.9	-	-	18.1
Total Company segment profit	\$ 103.4	\$ 103.4	\$ 76.3	\$ 76.3	\$ 94.8
Operating income	\$ 42.8	\$ 62.8	\$ 49.7	\$ 41.7	\$ 52.0
EBITDA	\$ 67.8	\$ 87.8	\$ 66.7	\$ 58.7	\$ 76.2
Income (loss) from continuing operations, before income taxes	\$ 15.7	\$ 37.6	\$ (3.3)	\$ 16.6	\$ 15.9
Income (loss) from continuing operations, net of taxes	\$ 8.7		\$ (4.5)		
Diluted earnings (loss) per common share	\$ 0.17		\$ (0.08)		
Net income (loss)	\$ 5.5		\$ (6.9)		
Diluted earnings (loss) per common share	\$ 0.11		\$ (0.13)		

(i) The Company's results of operations have been adjusted to reflect the Company's exit of its business operations in China, which plans were announced in December 2013, as a discontinued operation for all periods presented.  
The Company's results of operations of its brands sold in retail channels, including retail brands acquired in the TCG acquisition, are included in the "Consumer" segment, and the results of operations of the brands sold in professional channels acquired as part of the TCG acquisition are included in the "Professional" segment.

## Segment Results

(USD millions)	Three Months Ended March 31,							
	Net Sales				Segment Profit (b)			
	2014 As Reported	2013 Pro Forma	% Change	XFX % Change	2014 As Reported	2013 Pro Forma	% Change	XFX % Change
Consumer	\$ 339.5	\$ 340.0	(0.1)%	2.8%	\$ 71.5	\$ 76.7	(6.8)%	(4.0)%
Professional	130.3	110.0	18.5%	17.4%	31.9	18.1	76.2%	77.9%
Total	\$ 469.8	\$ 450.0	4.4%	6.4%	\$ 103.4	\$ 94.8	9.1%	11.6%

Segment profit is defined in footnote (b) below. Segment profit excludes unallocated corporate expenses, depreciation and amortization and the impact of certain non-recurring items, as discussed in footnote (a) below.

## Consumer Segment

Consumer segment net sales decreased 0.1% to \$339.5 million in the first quarter of 2014 as compared to Pro Forma net sales of \$340.0 million in the first quarter 2013. Excluding the impact of foreign currency fluctuations ("XFX"), net sales during the first quarter of 2014 increased 2.8%, primarily driven by a \$6.3 million favorable returns adjustment in the U.S. during the first quarter of 2014 as a result of lower expected discontinued products related to the Company's strategy to focus on fewer, bigger and better innovations, as well as higher net sales of Revlon ColorSilk hair color, partially offset by lower net sales of SinfulColors color cosmetics. The Consumer segment also includes the results of retail brands acquired in the TCG acquisition, which represent \$15.5 million of net sales in the first quarter of 2014 and \$14.1 million of Pro Forma net sales in the first quarter of 2013.

Consumer segment profit in the first quarter of 2014 was \$71.5 million, as compared to Pro Forma Consumer segment profit of \$76.7 million in the first quarter of 2013. On an XFX basis, Consumer segment profit during the first quarter of 2014 decreased 4.0%, primarily due to \$8.4 million of higher advertising expense to support the Consumer brands, partially offset by an increase in gross profit primarily due to the returns adjustment discussed above, net of related inventory write-off charges.

## **Professional Segment**

Professional segment net sales for the first quarter of 2014 were \$130.3 million compared to Pro Forma net sales of \$110.0 million in the first quarter 2013. On an XFX basis, net sales during the first quarter of 2014 increased 17.4% primarily due to higher net sales of CND Shellac and American Crew products in the first quarter of 2014, as well as the launch of CND Vinylux in the second quarter of 2013 and new products under the Crème of Nature brand in the later part of 2013, which therefore were not part of the comparable period in 2013.

Professional segment profit in the first quarter of 2014 was \$31.9 million, as compared to Pro Forma Professional segment profit of \$18.1 million in the first quarter of 2013. On an XFX basis, Professional segment profit during the first quarter of 2014 increased 77.9%, primarily due to higher net sales, as discussed above, as well as lower advertising expense primarily due to the timing of advertising campaigns in 2013 compared to 2014.

## **Geographic Results**

(USD millions)	Three Months Ended March 31,				
	2014 As Reported	2013 As Reported	2013 Pro Forma	Pro Forma % Change	Pro Forma XFX % Change
United States	\$ 250.2	\$ 192.1	\$ 232.0	7.8%	7.8%
International	219.6	133.8	218.0	0.7%	4.8%
Total Net Sales	\$ 469.8	\$ 325.9	\$ 450.0	4.4%	6.4%

### **United States**

Total Company net sales in the U.S. in the first quarter of 2014 were \$250.2 million, compared to \$232.0 million of Pro Forma U.S. net sales in the first quarter of 2013, an increase of 7.8%. Such increase was primarily due to higher net sales of CND Shellac and American Crew products in the first quarter of 2014, the launch of CND Vinylux in the second quarter of 2013 and new products under the Crème of Nature brand in the later part of 2013, which did not benefit the first quarter of 2013, as well as a \$6.3 million favorable returns adjustment in the U.S. during the first quarter of 2014, as discussed above.

### **International**

Total Company International net sales in the first quarter of 2014 were \$219.6 million, compared to \$218.0 million of Pro Forma International net sales in the first quarter of 2013. On an XFX basis, net sales during the first quarter of 2014 increased 4.8% primarily driven by higher net sales of CND nail products throughout most of the International region, as well as higher net sales of Revlon color cosmetics in Japan.

## **Total Company Results**

Total Company Adjusted operating income in the first quarter of 2014 was \$62.8 million, compared to Pro Forma Adjusted operating income of \$52.0 million in the prior year period, an increase of 20.8%. Total Company Adjusted EBITDA in the first quarter of 2014 was \$87.8 million compared to Pro Forma Adjusted EBITDA of \$76.2 million in the prior year period, an increase of 15.2%. Non-recurring items excluded from Adjusted results in the first quarter of 2014 include a charge of \$13.6 million for restructuring and related actions, \$3.8 million in acquisition and integration costs related to the TCG acquisition and \$2.6 million in cost of sales related to an inventory purchase accounting adjustment as a result of the TCG acquisition. Non-recurring items excluded from Pro Forma Adjusted results in the first quarter of 2013 include an \$8.3 million gain from insurance proceeds related to the June 2011 fire that destroyed the Company's facility in Venezuela and a charge of \$0.3 million for restructuring and related actions. The increase in Adjusted operating income and Adjusted EBITDA was primarily due to higher gross profit as a result of increased net sales, partially offset by an increase in advertising expenses within SG&A expenses. In addition, Adjusted operating income and Adjusted EBITDA were negatively impacted by foreign currency fluctuations of approximately \$2.0 million.

Adjusted income from continuing operations, before income taxes, was \$37.6 million in the first quarter of 2014 compared to Pro Forma Adjusted income from continuing operations, before income taxes, of \$15.9 million in the prior year period, an increase of \$21.7 million. In addition to the increase in Adjusted operating income discussed above, the Company had decreases in foreign currency losses and interest expense, both on a Pro Forma basis.

In the first quarter of 2014, the Company recognized a \$1.9 million loss from the early extinguishment of debt related to the bank term loan repricing in February 2014, compared to a loss of \$27.9 million from the early extinguishment of debt in the first quarter of 2013, related to the February 2013 refinancing of the Company's senior notes and the bank term loan amendment.

On an As Reported basis, net income in the first quarter of 2014 was \$5.5 million, or \$0.11 earnings per diluted share, compared to net loss of \$6.9 million, or \$0.13 loss per diluted share, in the same period last year.

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### Integration Program

As previously announced, in January 2014, the Company implemented actions to integrate TCG's operations into the Company's business, as well as additional restructuring actions identified to reduce costs across the Company's businesses (all such actions, together, the "Integration Program"). During the first quarter of 2014, the Company recognized \$13.6 million of restructuring and related charges and \$3.8 million of acquisition and integration costs related to the Integration Program.

### Cash Flow

Net cash used in operating activities in the first quarter of 2014 was \$45.5 million compared to \$16.9 million in the same period last year. Free cash flow in the first quarter of 2014 was negative \$49.1 million compared to negative \$22.0 million in the same period last year. The first quarter of 2014 as compared to the same period last year had increased cash used in operating activities of \$28.6 million as a result of unfavorable changes in working capital, including approximately \$13.0 million in restructuring and other payments related to the Company's exit of its China operations, as well as payments of acquisition and integration costs related to the TCG acquisition, partially offset by cash provided by operating activities related to the operations acquired in the TCG acquisition.

### **First Quarter 2014 Results and Conference Call**

The Company will host a conference call with members of the investment community on April 30, 2014 at 9:30 A.M. EDT to discuss First Quarter 2014 results. Access to the call is available to the public at [www.revloninc.com](http://www.revloninc.com).

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## Footnotes to Press Release

(a) **Non-GAAP Financial Measures:** Adjusted EBITDA; Adjusted operating income; Adjusted income from continuing operations, before income taxes; pro forma results; and free cash flow are non-GAAP financial measures that are reconciled to their most directly comparable GAAP measures in the accompanying financial tables.

For comparison purposes, pro forma non-GAAP results reflect the financial results of both the Company and TCG as if they were a combined company for all of 2013, including adjustments related to the financing of the TCG acquisition, and excluding the non-recurring items referred to below. Such pro forma results make certain adjustments or exclude certain charges and gains that are identified in the reconciliation table of GAAP to pro forma non-GAAP information provided at the end of this release. Management believes that this pro forma non-GAAP information provides investors with additional information to assess the Company's operating performance and to compare the Company's operating performance to prior periods by making certain adjustments or excluding certain costs or gains that are not reflective of the Company's ongoing operations. Management uses this pro forma non-GAAP information, along with GAAP information, in evaluating the combined Company's historical performance. Pro forma results are not necessarily indicative of the operating results that would have occurred if the TCG Acquisition had been completed for the period presented. In addition, the unaudited pro forma results do not purport to project the future consolidated operating results of the combined company. Pro forma non-GAAP results are unaudited and are not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies. Pro forma non-GAAP information should not be viewed as a substitute for other results prepared in accordance with GAAP. Unless identified as "pro forma" results or as one of the non-GAAP measures referred to in this footnote, the results are presented on an As Reported basis pursuant to GAAP. For additional information regarding the Company's and TCG's pro forma results stated on a GAAP basis, please refer to the Company's Q1 2014 Form 10-Q filed with the SEC.

The Company defines Adjusted EBITDA as income from continuing operations before interest, taxes, depreciation, amortization, gains/losses on foreign currency fluctuations, gains/losses on the early extinguishment of debt, miscellaneous expenses (the foregoing being the "Non-Operating Exclusions"), as well as to exclude certain other non-recurring items that are not directly attributable to the Company's underlying operating performance (the "Non-Recurring Items"), such as those described in the following table:

(USD millions)	Q1 2014	Q1 2013
Income / (Loss)		
Restructuring and related charges	\$ (13.6)	\$ (0.3)
TCG acquisition and integration costs	(3.8)	-
Insurance gain related to the 2011 fire in Venezuela	-	8.3
Inventory purchase accounting adjustment related to TCG	(2.6)	-

Adjusted Operating Income also excludes the impact of the Non-Recurring Items and the Non-Operating Exclusions, other than depreciation and amortization.

Adjusted Income from continuing operations, before income taxes, excludes the impact of the Non-Recurring Items, as well as loss on early extinguishment of debt.

The Company excludes the Non-Operating Exclusions and the Non-Recurring Items, as applicable, in calculating non-GAAP measures because the Company's management believes that some of these items may not occur in certain periods, the amounts recognized can vary significantly from period to period and these items do not facilitate an understanding of the Company's operating performance.

Free cash flow is defined as net cash provided by operating activities, less capital expenditures for property, plant and equipment, plus proceeds from the sale of certain assets. Free cash flow excludes proceeds on sale of discontinued operations. Free cash flow does not represent the residual cash flow available for discretionary expenditures, as it excludes certain expenditures such as mandatory debt service requirements, which for the Company are significant.

The Company's management uses Adjusted EBITDA, Adjusted operating income, Adjusted income from continuing operations before income taxes and free cash flow as operating performance measures (in conjunction with GAAP measures), as an integral part of its reporting and planning processes and to, among other things: (i) monitor and evaluate the performance of the Company's business operations, financial performance and overall liquidity; (ii) facilitate management's internal comparisons of the Company's historical operating performance of its business operations; (iii) facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of the Company's management team and, together with other operational objectives, as a measure in evaluating employee compensation and bonuses; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Management believes that Adjusted EBITDA, Adjusted operating income, Adjusted income from continuing operations before income taxes and free cash flow are useful to investors to provide them with disclosures of the Company's operating results on the same basis as that used by management. Additionally, management believes that Adjusted EBITDA, Adjusted operating income and Adjusted income from continuing operations before income taxes provide useful information to investors about the performance of the Company's overall business because such measures eliminate the effects of unusual or other infrequent charges that are not directly attributable to the Company's underlying operating performance. Additionally, management believes that because it has historically provided Adjusted EBITDA and free cash flow in its previous press releases, including such non-GAAP measures in its earnings releases provides consistency in its financial reporting and continuity to investors for comparability purposes. Management believes that free cash flow is useful for investors because it provides them with an important perspective on the cash available for debt repayment and other strategic measures, after making necessary capital investments in property and equipment to support the Company's ongoing business operations, and provides them with the same measures that management uses as the basis for making resource allocation decisions.

Accordingly, the Company believes that the presentation of Adjusted EBITDA, Adjusted operating income, Adjusted income from continuing operations before income taxes and free cash flow, when used in conjunction with GAAP financial measures, are useful financial analysis measures, used by management, as described above, that can assist investors in assessing the Company's financial condition, operating performance and underlying strength. Adjusted EBITDA, Adjusted operating income, Adjusted income from continuing operations before income taxes and free cash flow should not be considered in isolation or as a substitute for net income/loss, operating income, income from continuing operations or net cash provided by operating activities, respectively, prepared in accordance with GAAP. Other companies may define such non-GAAP measures differently. Also, while EBITDA is defined differently than Adjusted EBITDA for the Company's credit agreement, certain financial covenants in its borrowing arrangements are tied to similar measures. These non-GAAP financial measures should be read in conjunction with the Company's financial statements and related footnotes filed with the SEC.

(b) Segment profit is defined as income from continuing operations for each of the Company's Consumer and Professional segments, before the Non-Operating Exclusions. Segment profit also excludes unallocated corporate expenses and the impact of certain items that are not directly attributable to the segments' underlying operating performance, including the impact of the Non-Recurring Items noted above in footnote (a). Unallocated corporate expenses primarily relate to general and administrative expenses related to the corporate administrative organization. These expenses are recorded in unallocated corporate expenses as these items are centrally directed and controlled. The Company does not have any material intersegment sales.

### **Forward-Looking Statements**

Statements made in this press release, which are not historical facts, are forward-looking. Forward-looking statements speak only as of the date they are made and, except for the Company's ongoing obligations under the U.S. federal securities laws, the Company undertakes no obligation to publicly update any forward-looking statement, whether to reflect actual results of operations; changes in financial condition; changes in general U.S. or international economic or industry conditions and/or conditions in the overall Consumer and/or Professional segments; changes in estimates, expectations or assumptions; or other circumstances, conditions, developments or events arising after the issuance of this press release. Actual results may differ materially from such forward-looking statements for a number of reasons, including those set forth in our filings with the SEC, including, without limitation, our 2013 Annual Report on Form 10-K that we filed with the SEC in March 2014 and our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we have filed or will file with the SEC during 2014 (which may be viewed on the SEC's website at <http://www.sec.gov> or on our website at <http://www.revloninc.com>). The business and financial materials and any other statement or disclosure on or made available through the Company's websites or other websites referenced herein shall not be incorporated by reference into this release.

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

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
Net sales	\$ 469.8	\$ 325.9
Cost of sales	163.5	114.4
Gross profit	306.3	211.5
Selling, general and administrative expenses	246.2	161.6
Acquisition and integration costs	3.8	-
Restructuring charges and other, net	13.5	0.2
Operating income	42.8	49.7
Other expenses, net:		
Interest expense	22.3	18.8
Interest expense - preferred stock dividends	-	1.6
Amortization of debt issuance costs	1.4	1.3
Loss on early extinguishment of debt	1.9	27.9
Foreign currency losses, net	1.4	3.3
Miscellaneous, net	0.1	0.1
Other expenses, net	27.1	53.0
Income (loss) from continuing operations before income taxes	15.7	(3.3)
Provision for income taxes	7.0	1.2
Income (loss) from continuing operations, net of taxes	8.7	(4.5)
Loss from discontinued operations, net of taxes	(3.2)	(2.4)
Net income (loss)	\$ 5.5	\$ (6.9)
Other comprehensive income:		
Currency translation adjustment, net of tax	1.6	(0.8)
Amortization of pension related costs, net of tax	1.2	1.9
Revaluation of derivative financial instruments, net of tax	(1.0)	-
Other comprehensive income	1.8	1.1
Total comprehensive income (loss)	\$ 7.3	\$ (5.8)
Basic earnings (loss) per common share:		
Continuing operations	0.17	(0.08)
Discontinued operations	(0.06)	(0.05)
Net income (loss)	\$ 0.11	\$ (0.13)
Diluted earnings (loss) per common share:		
Continuing operations	0.17	(0.08)
Discontinued operations	(0.06)	(0.05)
Net income (loss)	\$ 0.11	\$ (0.13)
Weighted average number of common shares outstanding:		
Basic	52,356,798	52,356,798
Diluted	52,367,944	52,356,798



**REVLON, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(dollars in millions)

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 196.3	\$ 244.1
Trade receivables, net	265.5	253.5
Inventories	188.4	175.0
Deferred income taxes - current	61.2	65.1
Prepaid expenses and other	72.4	61.4
Total current assets	<u>783.8</u>	<u>799.1</u>
Property, plant and equipment, net	195.5	195.9
Deferred income taxes - noncurrent	172.6	179.6
Goodwill	472.3	472.3
Intangible assets, net	355.1	360.1
Other assets	125.8	123.8
Total assets	<u><u>\$ 2,105.1</u></u>	<u><u>\$ 2,130.8</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Short-term borrowings	\$ 11.8	\$ 7.9
Current portion of long-term debt	65.4	65.4
Accounts payable	185.6	165.7
Accrued expenses and other	272.1	313.7
Total current liabilities	<u>534.9</u>	<u>552.7</u>
Long-term debt	1,861.3	1,862.3
Long-term pension and other post-retirement plan liabilities	109.8	118.3
Other long-term liabilities	188.1	194.0
Commitments and contingencies		
Total stockholders' deficiency	<u>(589.0)</u>	<u>(596.5)</u>
Total liabilities and stockholders' deficiency	<u><u>\$ 2,105.1</u></u>	<u><u>\$ 2,130.8</u></u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 5.5	\$ (6.9)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	24.8	17.0
Amortization of debt discount	0.3	0.4
Stock compensation amortization	0.2	-
Provision for (benefit from) deferred income taxes	8.2	(1.6)
Loss on early extinguishment of debt	1.9	27.9
Amortization of debt issuance costs	1.4	1.3
Gain on sale of certain assets	-	(0.4)
Pension and other post-retirement income	(1.3)	(0.1)
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(12.9)	26.9
Increase in inventories	(13.7)	(15.4)
Increase in prepaid expenses and other current assets	(9.6)	(10.5)
Increase in accounts payable	16.1	11.1
Decrease in accrued expenses and other current liabilities	(37.6)	(48.3)
Pension and other post-retirement plan contributions	(6.3)	(2.7)
Purchases of permanent displays	(13.7)	(11.1)
Other, net	(8.8)	(4.5)
Net cash used in operating activities	<u>(45.5)</u>	<u>(16.9)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(3.7)	(5.5)
Proceeds from the sale of certain assets	0.1	0.4
Net cash used in investing activities	<u>(3.6)</u>	<u>(5.1)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in short-term borrowings and overdraft	6.1	0.2
Repayments under the Acquisition Term Loan	(1.8)	-
Proceeds from the issuance of the 5 3/4% Senior Notes	-	500.0
Repayment of the 9 3/4% Senior Secured Notes	-	(330.0)
Repayments under the 2011 Term Loan	-	(113.0)
Payment of financing costs	(1.6)	(27.9)
Other financing activities	(0.5)	(0.6)
Net cash provided by financing activities	<u>2.2</u>	<u>28.7</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(0.9)</u>	<u>(2.2)</u>
Net (decrease) increase in cash and cash equivalents	(47.8)	4.5
Cash and cash equivalents at beginning of period	244.1	116.3
Cash and cash equivalents at end of period	<u>\$ 196.3</u>	<u>\$ 120.8</u>
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 29.5	\$ 24.2
Income taxes, net of refunds	\$ 4.9	\$ 2.7
Preferred stock dividends	\$ -	\$ 1.6

**REVLON, INC. AND SUBSIDIARIES**  
**EBITDA AND ADJUSTED EBITDA RECONCILIATION**  
(dollars in millions)

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
<b>Reconciliation to net income (loss):</b>		
Net income (loss)	\$ 5.5	\$ (6.9)
Loss from discontinued operations, net of taxes	(3.2)	(2.4)
Income (loss) from continuing operations, net of taxes	8.7	(4.5)
Interest expense	22.3	20.4
Amortization of debt issuance costs	1.4	1.3
Loss on early extinguishment of debt	1.9	27.9
Foreign currency losses, net	1.4	3.3
Miscellaneous, net	0.1	0.1
Provision for income taxes	7.0	1.2
Depreciation and amortization	25.0	17.0
EBITDA	\$ 67.8	\$ 66.7
Non-recurring items:		
Restructuring and related charges	13.6	0.3
Acquisition and integration costs	3.8	-
Inventory purchase accounting adjustment	2.6	-
Gain from insurance proceeds related to Venezuela fire	-	(8.3)
Adjusted EBITDA	\$ 87.8	\$ 58.7

**REVLON, INC. AND SUBSIDIARIES**  
**SEGMENT PROFIT, ADJUSTED EBITDA, ADJUSTED OPERATING INCOME AND PRO FORMA RECONCILIATION**  
(dollars in millions)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013			
	Revlon, Inc. (Unaudited)	Revlon, Inc.	Colomer (Unaudited)	Pro Forma Adjustments	Pro Forma Combined
<b>Segment Net Sales:</b>					
Consumer	\$ 339.5	\$ 325.9	\$ -	\$ 14.1	\$ 340.0
Professional	130.3	-	124.1	(14.1)	110.0
<b>Total Segment Net Sales</b>	<b>\$ 469.8</b>	<b>\$ 325.9</b>	<b>\$ 124.1</b>	<b>\$ -</b>	<b>\$ 450.0</b>
<b>Segment Profit:</b>					
Consumer	\$ 71.5	\$ 76.3	\$ -	\$ 0.4	\$ 76.7
Professional	31.9	-	18.5	(0.4)	18.1
<b>Total Segment Profit</b>	<b>\$ 103.4</b>	<b>\$ 76.3</b>	<b>\$ 18.5</b>	<b>\$ -</b>	<b>\$ 94.8</b>
Unallocated Corporate Expenses	15.6	17.6	1.0	-	18.6
<b>Total Adjusted EBITDA</b>	<b>\$ 87.8</b>	<b>\$ 58.7</b>	<b>\$ 17.5</b>	<b>\$ -</b>	<b>\$ 76.2</b>
<b>Reconciliation to income (loss) from continuing operations before income taxes:</b>					
Income (loss) from continuing operations before income taxes	\$ 15.7	\$ (3.3)	\$ 10.0	\$ (10.7)	\$ (4.0)
Interest expense	22.3	18.8	1.5	5.5	25.8
Interest expense - preferred stock dividends	-	1.6	-	-	1.6
Amortization of debt issuance costs	1.4	1.3	-	0.6	1.9
Foreign currency losses, net	1.4	3.3	3.7	-	7.0
Loss on early extinguishment of debt	1.9	27.9	-	-	27.9
Miscellaneous, net	0.1	0.1	(0.3)	-	(0.2)
Operating income	42.8	49.7	14.9	(4.6)	60.0
Non-recurring items:					
Restructuring and related charges	13.6	0.3	-	-	0.3
Acquisition and integration costs	3.8	-	-	-	-
Inventory purchase accounting adjustment	2.6	-	-	-	-
Gain from insurance proceeds related to Venezuela fire	-	(8.3)	-	-	(8.3)
Adjusted operating income	62.8	41.7	14.9	(4.6)	52.0
Depreciation and amortization	25.0	17.0	2.6	4.6	24.2
Adjusted EBITDA	<b>\$ 87.8</b>	<b>\$ 58.7</b>	<b>\$ 17.5</b>	<b>\$ -</b>	<b>\$ 76.2</b>

**REVLON, INC. AND SUBSIDIARIES**  
**ADJUSTED INCOME FROM CONTINUING OPERATIONS RECONCILIATION**  
(dollars in millions)

	Three Months Ended March 31,		
	2014	2013 (Unaudited)	2013 Pro Forma (a)
<b>Reconciliation to income (loss) from continuing operations before income taxes:</b>			
Income (loss) from continuing operations before income taxes	\$ 15.7	\$ (3.3)	\$ (4.0)
Non-recurring items:			
Loss on early extinguishment of debt	1.9	27.9	27.9
Restructuring and related charges	13.6	0.3	0.3
Acquisition and integration costs	3.8	-	-
Inventory purchase accounting adjustment	2.6	-	-
Gain from insurance proceeds related to Venezuela fire	-	(8.3)	(8.3)
Adjusted income from continuing operations before income taxes	\$ <u>37.6</u>	\$ <u>16.6</u>	\$ <u>15.9</u>

(a) See Segment Profit, Adjusted EBITDA, Adjusted Operating Income and Pro Forma Reconciliation for reconciliation of As Reported to Pro Forma results.

**REVLON, INC. AND SUBSIDIARIES**  
**FREE CASH FLOW RECONCILIATION**  
(dollars in millions)

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
<b>Reconciliation to net cash used in operating activities:</b>		
Net cash used in operating activities	\$ (45.5)	\$ (16.9)
Less capital expenditures	(3.7)	(5.5)
Plus proceeds from the sale of certain assets	0.1	0.4
Free cash flow	\$ (49.1)	\$ (22.0)

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