REVLON INC /DE/
Form 10-Q
May 06, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

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 x 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 x No ¨

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 x 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 x

As of March 31, 2016, 52,571,141 shares of Class A Common Stock were outstanding. At such date, 40,669,640 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, 2016 (Unaudited)	December 31, 2015 (as adjusted)[a]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 182.2	$ 326.9
Trade receivables, less allowance for doubtful accounts of $10.3 and $10.5 as of March 31, 2016 and December 31, 2015, respectively	270.4	244.9
Inventories	209.8	183.8
Prepaid expenses and other	68.9	53.3
Total current assets	731.3	808.9
Property, plant and equipment, net of accumulated depreciation of $281.3 and $271.7 as of March 31, 2016 and December 31, 2015, respectively	216.6	215.3
Deferred income taxes	68.6	71.3
Goodwill	469.7	469.7
Intangible assets, net of accumulated amortization of $67.2 and $61.1 as of March 31, 2016 and December 31, 2015, respectively	316.6	318.0
Other assets	84.9	84.1
Total assets	$ 1,887.7	$ 1,967.3
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings	$ 11.8	$ 11.3
Current portion of long-term debt	6.8	30.0
Accounts payable	178.4	201.3
Accrued expenses and other	225.8	272.4
Total current liabilities	422.8	515.0
Long-term debt	1,783.7	1,783.7
Long-term pension and other post-retirement plan liabilities	181.5	185.3
Other long-term liabilities	73.0	70.8
Stockholders' deficiency:		
Class A Common Stock, par value $0.01 per share; 900,000,000 shares authorized; 54,862,231 shares issued as of March 31, 2016 and December 31, 2015, respectively	0.5	0.5
Additional paid-in capital	1,028.5	1,026.3
Treasury stock, at cost: 933,913 and 859,921 shares of Class A Common Stock as of March 31, 2016 and December 31, 2015, respectively	(15.9)	(13.3)
Accumulated deficit	(1,344.7)	(1,355.7)
Accumulated other comprehensive loss	(241.7)	(245.3)
Total stockholders' deficiency	(573.3)	(587.5)
Total liabilities and stockholders' deficiency	$ 1,887.7	$ 1,967.3

[a] Adjusted as a result of the adoption of certain accounting pronouncements beginning on January 1, 2016. See Note 1, "Description of Business and Summary of Significant Accounting Policies - Recently Adopted Accounting Pronouncements" for details of these adjustments.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2016	2015
Net sales	$439.6	$ 438.5
Cost of sales	153.9	142.3
Gross profit	285.7	296.2
Selling, general and administrative expenses	248.1	249.3
Acquisition and integration costs	0.5	1.2
Restructuring charges and other, net	1.3	0.5
Operating income	35.8	45.2
Other expenses, net:		
Interest expense	21.0	20.0
Amortization of debt issuance costs	1.5	1.4
Foreign currency (gains) losses, net	(3.4)	15.9
Miscellaneous, net	0.3	—
Other expenses, net	19.4	37.3
Income from continuing operations before income taxes	16.4	7.9
Provision for income taxes	5.8	8.7
Income (loss) from continuing operations, net of taxes	10.6	(0.8)
Income (loss) from discontinued operations, net of taxes	0.4	(0.1)
Net income (loss)	$11.0	$ (0.9)
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of tax [a]	2.7	(13.4)
Amortization of pension related costs, net of tax [b][d]	1.8	1.7
Revaluation of derivative financial instruments, net of reclassifications into earnings [c]	(0.9)	(1.9)
Other comprehensive income (loss)	3.6	(13.6)
Total comprehensive income (loss)	$14.6	$ (14.5)
Basic earnings (loss) per common share:		
Continuing operations	$0.20	$ (0.02)
Discontinued operations	0.01	—
Net income (loss)	$0.21	$ (0.02)
Diluted earnings (loss) per common share:		
Continuing operations	$0.20	$ (0.02)
Discontinued operations	0.01	—
Net income (loss)	$0.21	$ (0.02)
Weighted average number of common shares outstanding:		
Basic	52,482,41[illegible]	52,386,223
Diluted	52,649,76[illegible]	52,386,223

(a) Net of tax expense (benefit) of $0.1 million and $(2.6) million for the three months ended March 31, 2016 and 2015, respectively.

(b) Net of tax expense of $0.3 million for each of the three months ended March 31, 2016 and 2015.

(c) Net of tax benefit of $0.5 million and $1.2 million for the three months ended March 31, 2016 and 2015, respectively.

(d) This other comprehensive income component is included in the computation of net periodic benefit (income) costs. See Note 11, “Pension and Post-Retirement Benefits,” for additional information regarding net periodic benefit (income) costs.

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
(dollars in millions)

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficiency
Balance, January 1, 2016	$ 0.5	$ 1,026.3	$ (13.3)	$ (1,355.7)	$ (245.3)	$ (587.5)
Treasury stock acquired, at cost [(a)]			(2.6)			(2.6)
Stock-based compensation amortization		2.2				2.2
Excess tax benefits from stock-based compensation		—				—
Net income				11.0		11.0
Other comprehensive loss, net [(b)]					3.6	3.6
Balance, March 31, 2016	$ 0.5	$ 1,028.5	$ (15.9)	$ (1,344.7)	$ (241.7)	$ (573.3)

(a) Pursuant to the share withholding provisions of the Fourth Amended and Restated Revlon, Inc. Stock Plan (the "Stock Plan"), certain senior executives, in lieu of paying certain withholding taxes on the vesting of restricted stock, authorized the withholding of an aggregate 73,992 shares of Revlon, Inc. Class A Common Stock during the three months ended March 31, 2016, to satisfy certain minimum statutory tax withholding requirements related to the vesting of such shares. These withheld shares were recorded as treasury stock using the cost method, at a price per share of $35.00 during the three months ended March 31, 2016, based on the closing price of Revlon, Inc. Class A Common Stock as reported on the NYSE consolidated tape on the vesting date, for a total of $2.6 million. See Note 15, "Stock Compensation Plan" to the Consolidated Financial Statements in Revlon, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 26, 2016 (the "2015 Form 10-K") for details regarding restricted stock awards under the Stock Plan.

(b) See Note 13, "Accumulated Other Comprehensive Loss," regarding the changes in the accumulated balances for each component of other comprehensive income (loss) during the three months ended March 31, 2016.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2016	2015 (as adjusted)[(a)]
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$11.0	$ (0.9)
Adjustments to reconcile net income (loss) to net cash used in by operating activities:		
Depreciation and amortization	25.9	25.6
Foreign currency (gains) losses from re-measurement	(4.2)	16.5
Amortization of debt discount	0.4	0.3
Stock-based compensation amortization	2.2	1.6
Provision for deferred income taxes	1.7	5.7
Amortization of debt issuance costs	1.5	1.4
Loss (gain) on sale of certain assets	0.2	(3.0)
Pension and other post-retirement income	(0.3)	(0.6)
Change in assets and liabilities:		
Increase in trade receivables	(23.1)	(0.9)
Increase in inventories	(23.9)	(23.4)
Increase in prepaid expenses and other current assets	(14.6)	(18.1)
(Decrease) increase in accounts payable	(13.6)	18.3
Decrease in accrued expenses and other current liabilities	(52.6)	(27.4)
Pension and other post-retirement plan contributions	(1.9)	(2.5)
Purchases of permanent displays	(10.5)	(14.7)
Other, net	(0.6)	(3.5)
Net cash used in operating activities	(102.4)	(25.6)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(7.4)	(5.3)
Business acquisition	—	(4.2)
Proceeds from the sale of certain assets	0.4	1.6
Net cash used in investing activities	(7.0)	(7.9)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in short-term borrowings and overdraft	(10.6)	1.7
Repayments under the Acquisition Term Loan	(13.4)	(14.2)
Prepayments under the 2011 Term Loan	(11.5)	(12.1)
Other financing activities	(0.9)	(1.2)
Net cash used in financing activities	(36.4)	(25.8)
Effect of exchange rate changes on cash and cash equivalents	1.1	(7.8)
Net decrease in cash and cash equivalents	(144.7)	(67.1)
Cash and cash equivalents at beginning of period	326.9	275.3
Cash and cash equivalents at end of period	$182.2	$ 208.2
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$27.8	$ 26.9
Income taxes, net of refunds	2.0	3.9
Supplemental schedule of non-cash investing and financing activities:		

Treasury stock received to satisfy certain minimum tax withholding liabilities	$2.6	$ 2.0

[(a)] Adjusted as a result of the adoption of certain accounting pronouncements beginning on January 1, 2016. See Note 1, "Description of Business and Summary of Significant Accounting Policies - Recently Adopted Accounting Pronouncements" for details of these adjustments.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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)

Item 1. Financial Statements

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 an indirect majority-owned subsidiary of MacAndrews & Forbes Incorporated (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 to establish Revlon as the quintessential and most innovative beauty company in the world by offering products that make consumers feel attractive and beautiful. We want to inspire our consumers to express themselves boldly and confidently. The Company operates in three reporting segments: the consumer division (“Consumer”); the professional division (“Professional”); and Other (as described below). The Company manufactures, markets and sells worldwide an extensive array of beauty and personal care products, including color cosmetics, hair color, hair care and hair treatments, beauty tools, men's grooming products, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company’s principal customers for its products in the Consumer segment include large volume retailers, chain drug and food stores, chemist shops, hypermarkets, general merchandise stores, the Internet/e-commerce, television shopping, department stores, one-stop shopping beauty retailers, specialty cosmetics stores and perfumeries in the U.S. and internationally. The Company's principal customers for its products in the Professional segment include hair and nail salons and distributors to professional salons in the U.S. and internationally.

Effective in the second quarter of 2015, the Company has a third reporting segment, Other, which includes the operating results of certain brands that our chief operating decision maker reviews on a stand-alone basis. The results included within the Other segment include the operating results and purchase accounting for the Company's April 2015 acquisition of the CBBeauty Group and certain of its related entities (collectively "CBB" and such transaction, the "CBB Acquisition"). CBB develops, manufactures, markets and distributes fragrances and other beauty products under various celebrity, lifestyle and fashion brands licensed from third parties, principally through department stores and selective distribution in international territories. The results included within the Other segment are not material to the Company's consolidated results of operations. Refer to Note 2, "Business Combinations," for further details related to the CBB Acquisition.

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

The preparation of the Company's Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) 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 results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the Consolidated Financial Statements in the period they are determined to be necessary. Significant estimates made in the accompanying Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, expected sales returns and allowances, trade support costs, certain assumptions related to the valuation of acquired intangible and long-lived assets and the recoverability of goodwill, intangible and long-lived assets, income taxes, including deferred tax valuation allowances and reserves for estimated tax liabilities, restructuring costs, certain estimates and assumptions used in the calculation of the net periodic benefit (income) costs and the projected benefit obligations for the Company’s pension and other post-retirement plans, including the expected long-term return on pension plan assets and the discount rate used to value the Company’s pension benefit obligations. The Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in Revlon, Inc.'s 2015 Form 10-K.

The Company's results of operations and financial position for interim periods are not necessarily indicative of those to be expected for a full year.

Certain prior year amounts in the Consolidated Financial Statements have been reclassified to conform to the current period's presentation.

Recently Adopted Accounting Pronouncements

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes," which requires deferred income tax assets and liabilities to be classified as noncurrent within a company's balance sheet. Under previous guidance, the Company was required to separate deferred income tax assets and liabilities into current and noncurrent amounts. Netting deferred tax assets and deferred tax liabilities by tax jurisdiction is still required under ASU 2015-17. The

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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Company adopted ASU No. 2015-17 beginning on January 1, 2016 and the Company's previously recorded deferred tax assets were adjusted to reflect the adoption of ASU No. 2015-17. The adoption of ASU No. 2015-17 resulted in no adjustment to the Company’s results of operations and stockholders’ deficiency and had the following impact on the previously reported Consolidated Balance Sheets for the fiscal year ended December 31, 2015 and the Consolidated Statements of Cash Flows for the fiscal period ended March 31, 2015:

Consolidated Balance Sheets	Total as reported at 12/31/2015	Adjustment	Total as adjusted at 12/31/2015
Deferred income taxes - current	58.0	(58.0)	—
Deferred income taxes - noncurrent	40.3	31.0	71.3
Other long-term liabilities	97.8	(27.0)	70.8

Consolidated Statements of Cash Flows	Total as reported at 3/31/2015	Adjustment	Total as adjusted at 3/31/2015
Increase in prepaid expense and other current assets	(17.5)	(0.6)	(18.1)
Other, net	(4.1)	0.6	(3.5)

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement Period Adjustments," which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previous periods if the accounting had been completed at the acquisition date. The guidance is effective for annual periods beginning after December 15, 2015, with early adoption permitted. The Company adopted ASU No. 2015-16 beginning on January 1, 2016 and the adoption of the new guidance did not have a material impact on the Company’s results of operations, financial condition and financial statement disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which requires debt issuance costs to be presented in the financial statements as a deduction from the corresponding debt liability, consistent with the presentation of debt discounts. The guidance is effective for annual periods beginning after December 15, 2015, with early adoption permitted, and is to be applied retrospectively. The Company adopted ASU No. 2015-03 beginning on January 1, 2016 and the Company's previously recorded other assets and long-term debt were adjusted to reflect the adoption of ASU No. 2015-03. The adoption of ASU No. 2015-03 resulted in no adjustment to the Company’s results of operations, cash flows and stockholders’ deficiency and had the following impact on the previously reported Consolidated Balance Sheets for the fiscal year ended December 31, 2015:

Consolidated Balance Sheets	Total as reported at 12/31/2015	Adjustment	Total as adjusted at 12/31/2015
Long-Term Debt	1,803.7	(20.0)	1,783.7
Other Assets	104.1	(20.0)	84.1

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," that will explicitly require management to assess an entity's ability to continue as a going concern and to provide related footnote disclosures if conditions give rise to substantial doubt. According to ASU No. 2014-15, substantial doubt exists if it is probable that the entity will be unable to meet its obligations within one year after the issuance date. The likelihood threshold of "probable," similar to its current use in U.S. GAAP for loss contingencies, will be used to define substantial doubt. Disclosures will be required under ASU No. 2014-15 if conditions give rise to substantial doubt, including whether and how management's plans will alleviate the substantial doubt. The guidance is effective for annual periods beginning after December 15, 2015, with early adoption prohibited. The Company adopted ASU No. 2014-15 beginning January 1, 2016 and the adoption of the new guidance did not have a material impact on the Company’s results of operations, financial condition and financial statement disclosures.

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)

Recently Issued Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting” which simplifies certain aspects of accounting for share-based payment transactions including transactions in which an employee uses shares to satisfy the employer’s minimum statutory income tax withholding obligation, forfeitures and income taxes when awards vest or are settled. The guidance is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company expects to adopt ASU No. 2016-09 beginning on January 1, 2017 and is in the process of assessing the impact that the new guidance will have on the Company’s results of operations, financial condition and financial statement disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" which requires lessees to recognize a right-of-use asset and a liability on the balance sheet for all leases, with the exception of short-term leases. The lease liability will be equal to the present value of lease payments and the right-of-use asset will be based on the lease liability, subject to adjustment such as for initial direct costs. Leases will continue to be classified as either operating or finance leases in the income statement. The guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company expects to adopt ASU No. 2016-02 beginning on January 1, 2019 and is in the process of assessing the impact that the new guidance will have on the Company’s results of operations, financial condition and financial statement disclosures.

2. BUSINESS COMBINATIONS

The CBBeauty Group Acquisition

On April 21, 2015 (the "CBB Acquisition Date"), the Company completed the acquisition of CBB for total cash consideration of $48.6 million. CBB develops, manufactures, markets and distributes fragrances and other beauty products under various celebrity, lifestyle and fashion brands licensed from third parties, principally through department stores and selective distribution in international territories. On the CBB Acquisition Date, the Company used cash on hand to pay approximately 70% of the total cash consideration, or $34.6 million. The remaining $14.0 million of the total cash consideration is payable in equal annual installments over 4 years from the CBB Acquisition Date, subject to the selling shareholders' compliance with certain service conditions. These remaining installments are recorded as a component of SG&A expenses ratably over the 4-year installment period. CBB's results of operations are included in the Company’s Consolidated Financial Statements commencing on the CBB Acquisition Date. Pro forma results of operations have not been presented, as the impact of the CBB Acquisition on the Company’s consolidated financial results is not material.

The Company accounted for the CBB Acquisition as a business combination in the second quarter of 2015. The Company finalized the allocation of the CBB purchase price to the CBB assets acquired and liabilities assumed in the first quarter of 2016. The table below summarizes the allocation of the total consideration of $34.6 million paid on the CBB Acquisition Date.

	Amounts recognized at April 21, 2015 (Provisional)[(a)]	Measurement Period Adjustments	Amounts recognized at April 21, 2015 (Adjusted)
Total Tangible Net Assets Acquired [(b)]	$ 3.9	$ (1.6)	$ 2.3
Purchased Intangible Assets [(c)]	11.9	0.2	12.1
Goodwill	18.8	0.7	19.5
Total consideration transferred	$ 34.6	$ (0.7)	$ 33.9

[(a)] As previously reported in the Company's Form 10-Q for the fiscal period ended June 30, 2015.

(b) Total net assets acquired in the CBB Acquisition are comprised primarily of inventory, trade receivables and accounts payable.

(c) Purchased intangible assets include customer networks which were valued at $7.0 million, distribution rights valued at $3.5 million and trade names valued at $1.6 million, amortized over useful lives of 14, 5 and 8 years, respectively.

In determining the estimated fair values of net assets acquired and resulting goodwill related to the CBB Acquisition, the Company considered, among other factors, the analysis of CBB's historical financial performance and an estimate of the future performance of the acquired business, as well as market participants' intended use of the acquired assets. Both the intangible assets acquired and goodwill are not deductible for income tax purposes.

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)

3. RESTRUCTURING CHARGES

2015 Efficiency Program

In September 2015, the Company initiated certain restructuring actions to drive certain organizational efficiencies across the Company's Consumer and Professional segments (the "2015 Efficiency Program"). These actions, which commenced during 2015 and are planned to occur through 2017, are expected to reduce general and administrative expenses within the Consumer and Professional segments. Of the $1.3 million of restructuring and related charges recognized in the first quarter of 2016 for the 2015 Efficiency Program, $0.6 million related to the Consumer segment and $0.6 million related to the Professional segment, with the remaining charges included within unallocated corporate expenses. The Company expects to recognize total restructuring and related charges for the 2015 Efficiency Program of $11.8 million by the end of 2017, of which $7.0 million relates to the Consumer segment, $4.4 million relates to the Professional segment and the remaining charge relates to unallocated corporate expenses.

A summary of the restructuring and related charges incurred through March 31, 2016 in connection with the 2015 Efficiency Program is presented in the following table:

	Restructuring Charges and Other, Net		
	Employee Severance and Other Personnel Benefits	Other	Total Restructuring Charges
Charges incurred through December 31, 2015	$9.4	$ 0.1	$ 9.5
Charges incurred in the three months ended March 31, 2016	$1.0	$ 0.3	$ 1.3
Cumulative charges incurred through March 31, 2016	$10.4	$ 0.4	$ 10.8
Total expected charges	$10.4	$ 1.4	$ 11.8

Of the cumulative $10.8 million of restructuring and related charges recognized through the first quarter of 2016 related to the 2015 Efficiency Program, $6.6 million related to the Consumer segment, $3.8 million related to the Professional segment and the remaining charges related to unallocated corporate expenses.

The Company expects that cash payments will total approximately $12 million in connection with the 2015 Efficiency Program, including $0.2 million for capital expenditures (which capital expenditures are excluded from total restructuring and related charges expected to be recognized for the 2015 Efficiency Program), of which $0.6 million was paid in the three months ended March 31, 2016 and $2.8 million was paid in 2015. A total of $7.5 million is expected to be paid during the remainder of 2016, with the remaining balance expected to be paid in 2017.

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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)

Restructuring Reserve
The related liability balance and activity for each of the Company's restructuring programs are presented in the following table:

	Balance Beginning of Year	(Income) Expense, Net	Foreign Currency Translation	Utilized, Net Cash	Utilized, Net Non-cash	Balance End of Period
2015 Efficiency Program:						
Employee severance and other personnel benefits	$ 6.6	$ 1.0	$ —	$(0.6)	$ —	$ 7.0
Other	0.1	0.3	—	—	—	0.4
Integration Program:[a]						
Employee severance and other personnel benefits	0.8	(0.1)	0.1	(0.6)	—	0.2
Other	0.1	—	—	—	—	0.1
December 2013 Program:[b]						
Employee severance and other personnel benefits	1.2	—	—	—	—	1.2
Other	—	—	—	—	—	—
Other immaterial actions:						
Employee severance and other personnel benefits	2.3	0.1	—	(0.5)	—	1.9
Other	0.7	—	—	—	—	0.7
Total restructuring reserve	$ 11.8	$ 1.3	$ 0.1	$(1.7)	$ —	$ 11.5

[a] Following Products Corporation's October 2013 acquisition of The Colomer Group Participations, S.L. ("Colomer" and the "Colomer Acquisition") the Company implemented actions to integrate Colomer's operations into the Company's business, reduce costs across the Company's businesses and generate synergies and operating efficiencies within the Company's global supply chain, consolidating offices and back office support (all such actions, together, the "Integration Program"). The Integration Program was substantially completed as of December 31, 2015.

[b] In December 2013, the Company announced restructuring actions that primarily included exiting its direct manufacturing, warehousing and sales business operations in mainland China (the "December 2013 Program"). The December 2013 Program resulted in the elimination of approximately 1,100 positions in 2014, primarily in China.

As of March 31, 2016, $11.5 million of the restructuring reserve balance was included within accrued expenses and other in the Company's Consolidated Balance Sheet. At December 31, 2015, $11.8 million of the restructuring reserve balance was included within accrued expenses in the Company's Consolidated Balance Sheet.

4. DISCONTINUED OPERATIONS
On December 30, 2013, the Company announced that it was implementing the December 2013 Program, which primarily included exiting its direct manufacturing, warehousing and sales business operations in mainland China. The results of the China discontinued operations are included within Loss from discontinued operations, net of taxes, and relate entirely to the Consumer segment. The summary comparative financial results of discontinued operations are as follows:

	Three Months Ended March 31, 2016	2015

Net sales	$ —	$ —
Income (loss) from discontinued operations, before taxes	0.4	(0.1)
Provision for income taxes	—	—
Income (loss) from discontinued operations, net of taxes	0.4	(0.1)

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Assets and liabilities of the China discontinued operations included in the Consolidated Balance Sheets consist of the following:

	March 31, 2016	December 31, 2015
Cash and cash equivalents	$ 1.8	$ 2.0
Trade receivables, net	0.2	0.2
Total current assets	2.0	2.2
Total assets	$ 2.0	$ 2.2
Accounts payable	$ 0.5	$ 0.7
Accrued expenses and other	3.7	3.6
Total current liabilities	4.2	4.3
Total liabilities	$ 4.2	$ 4.3

5. INVENTORIES

	March 31, 2016	December 31, 2015
Raw materials and supplies	$ 68.3	$ 58.2
Work-in-process	11.4	8.3
Finished goods	130.1	117.3
	$ 209.8	$ 183.8

6. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following table presents the changes in goodwill by segment during the three months ended March 31, 2016:

	Consumer	Professional	Other	Total
Balance at January 1, 2016	$ 210.1	$ 240.7	$18.9	$469.7
Foreign currency translation adjustment	—	0.5	(0.5)	—
Balance at March 31, 2016	$ 210.1	$ 241.2	$18.4	$469.7

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Intangible Assets, Net

The following tables present details of the Company's total intangible assets:

	March 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Trademarks and Licenses	$146.5	$ (39.3)	$ 107.2
Customer relationships	119.4	(22.6)	96.8
Patents and Internally-Developed IP	16.9	(4.6)	12.3
Distribution rights	3.4	(0.7)	2.7
Total finite-lived intangible assets	$286.2	$ (67.2)	$ 219.0
Indefinite-lived intangible assets:			
Trade Names	$97.6	$ —	$ 97.6
Total indefinite-lived intangible assets	$97.6	$ —	$ 97.6
Total intangible assets	$383.8	$ (67.2)	$ 316.6

	December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Trademarks and Licenses	$145.0	$ (36.0)	$ 109.0
Customer relationships	118.8	(20.5)	98.3
Patents and Internally-Developed IP	16.8	(4.0)	12.8
Distribution rights	3.5	(0.6)	2.9
Total finite-lived intangible assets	$284.1	$ (61.1)	$ 223.0
Indefinite-lived intangible assets:			
Trade Names	$95.0	$ —	$ 95.0
Total indefinite-lived intangible assets	$95.0	$ —	$ 95.0
Total intangible assets	$379.1	$ (61.1)	$ 318.0

Amortization expense for finite-lived intangible assets was $5.9 million and $5.1 million, for the three months ended March 31, 2016 and 2015, respectively.

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The following table reflects the estimated future amortization expense, a portion of which is subject to exchange rate fluctuations, for the Company's finite-lived intangible assets as of March 31, 2016:

	Estimated Amortization Expense
2016	$ 17.0
2017	22.5
2018	21.6
2019	19.1
2020	18.4
Thereafter	120.4
Total	$ 219.0

7. ACCRUED EXPENSES AND OTHER

	March 31, 2016	December 31, 2015
Sales returns and allowances	$52.4	$ 61.1
Compensation and related benefits	40.7	75.6
Advertising and promotional costs	45.2	38.4
Taxes	20.9	20.8
Interest	5.1	12.4
Restructuring reserve	11.5	11.8
Other	50.0	52.3
	$225.8	$ 272.4

8. LONG-TERM DEBT

	March 31, 2016	December 31, 2015
Amended Term Loan Facility: Acquisition Term Loan due 2019, net of discounts and debt issuance costs [(a)]	$649.5	$ 662.1
Amended Term Loan Facility: 2011 Term Loan due 2017, net of discounts and debt issuance costs [(a)]	647.7	658.5
Amended Revolving Credit Facility [(b)]	—	—
5¾% Senior Notes due 2021, net of debt issuance costs [(c)]	492.7	492.5
Spanish Government Loan due 2025 [(d)]	0.6	0.6
	1,790.5	1,813.7
Less current portion (*)	(6.8)	(30.0)
	$1,783.7	$ 1,783.7

(*) At December 31, 2015, the Company classified $30.0 million as the current portion of long-term debt, which was comprised of a $23.2 million required “excess cash flow” prepayment (as defined under the Amended Term Loan Agreement, as hereinafter defined) paid on February 29, 2016, and the Company’s regularly scheduled $1.7 million quarterly principal amortization payments (after giving effect to such prepayment) due in 2016.
[(a)] See Note 11, "Long-Term Debt," to the Consolidated Financial Statements in Revlon, Inc.'s 2015 Form 10-K for certain details regarding Products Corporation's Amended Term Loan Agreement, which facility is comprised of: (i) the term loan due November 19, 2017 in the original aggregate amount of $675.0 million (the "2011 Term Loan");

and (ii) the term loan due October 8, 2019 in the original aggregate amount of $700.0 million (the "Acquisition Term Loan") which, respectively, had

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$651.4 million and $660.3 million in aggregate principal balance outstanding at March 31, 2016 (together, the "Amended Term Loan Agreement").

[b] See Note 11, "Long-Term Debt," to the Consolidated Financial Statements in Revlon, Inc.'s 2015 Form 10-K for certain details regarding Products Corporation's existing $175.0 million asset-based, multi-currency revolving credit facility (the "Amended Revolving Credit Facility") which matures on the earlier of August 14, 2018 and the date that is 90 days prior to the earliest maturity date of any term loans then outstanding under the Amended Term Loan Agreement, but not earlier than June 16, 2016.

[c] See Note 11, "Long-Term Debt," to the Consolidated Financial Statements in Revlon, Inc.'s 2015 Form 10-K for certain details regarding Products Corporation's 5¾% Senior Notes that mature on February 15, 2021. The aggregate principal amount outstanding, at March 31, 2016 was $500 million.

[d] See Note 11, "Long-Term Debt," to the Consolidated Financial Statements in Revlon, Inc.'s 2015 Form 10-K for certain details regarding the euro-denominated loan payable to the Spanish government that matures on June 30, 2025.

2016 Debt Related Transaction

Amended Term Loan Facility - Excess Cash Flow Payment

On February 29, 2016, Products Corporation prepaid $23.2 million of indebtedness, representing 50% of its 2015 “excess cash flow” as defined under the Amended Term Loan Agreement, in accordance with the terms of its Amended Term Loan Facility. The prepayment was applied on a ratable basis between the principal amounts outstanding under the 2011 Term Loan and the Acquisition Term Loan. The amount of the prepayment that was applied to the 2011 Term Loan reduced the principal amount outstanding by $11.5 million to $651.4 million (as all amortization payments under the 2011 Term Loan had been paid). The $11.7 million that was applied to the Acquisition Term Loan reduced Products Corporation's future annual amortization payments under the Acquisition Term Loan on a ratable basis from $6.9 million prior to the prepayment to $6.8 million after giving effect to the prepayment and through its maturity on October 8, 2019.

Covenants

Products Corporation was in compliance with all applicable covenants under the Amended Term Loan Agreement and the Amended Revolving Credit Facility as of March 31, 2016. At March 31, 2016, the aggregate principal amounts outstanding under the Acquisition Term Loan and the 2011 Term Loan were $660.3 million and $651.4 million, respectively, and availability under the $175.0 million Amended Revolving Credit Facility, based upon the calculated borrowing base less $8.8 million of outstanding undrawn letters of credit and nil then drawn on the Amended Revolving Credit Facility, was $166.2 million.

Products Corporation was in compliance with all applicable covenants under its 5¾% Senior Notes Indenture as of March 31, 2016 and December 31, 2015.

9. FAIR VALUE MEASUREMENTS

Assets and liabilities are required to be categorized into three levels of fair value based upon the assumptions used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing the fair value measurement of assets and liabilities are as follows:

- Level 1: Fair valuing the asset or liability using observable inputs, such as quoted prices in active markets for identical assets or liabilities;

- Level 2: Fair valuing the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

- Level 3: Fair valuing the asset or liability using unobservable inputs that reflect the Company’s own assumptions regarding the applicable asset or liability.

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As of March 31, 2016, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value are categorized in the table below:

	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives:				
FX Contracts[a]	$ 0.9	$ —	$ 0.9	$ —
Total assets at fair value	$ 0.9	$ —	$ 0.9	$ —
Liabilities:				
Derivatives:				
FX Contracts[a]	$ 1.5	$ —	$ 1.5	$ —
2013 Interest Rate Swap[b]	8.0	—	8.0	—
Total liabilities at fair value	$ 9.5	$ —	$ 9.5	$ —

As of December 31, 2015, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value are categorized in the table below:

	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives:				
FX Contracts[a]	$ 2.0	$ —	$ 2.0	$ —
Total assets at fair value	$ 2.0	$ —	$ 2.0	$ —
Liabilities:				
Derivatives:				
FX Contracts[a]	$ 0.6	$ —	$ 0.6	$ —
2013 Interest Rate Swap[b]	$ 6.5	$ —	$ 6.5	$ —
Total liabilities at fair value	$ 7.1	$ —	$ 7.1	$ —

(a) The fair value of the Company's foreign currency forward exchange contracts ("FX Contracts") was measured based on observable market transactions for similar transactions in actively quoted markets of spot and forward rates on the respective dates. See Note 10, "Financial Instruments."

(b) The fair value of the Company's 2013 Interest Rate Swap (as hereinafter defined) was measured based on the implied forward rates from the U.S. Dollar three-month LIBOR yield curve on the respective dates. See Note 10, "Financial Instruments."

As of March 31, 2016, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, are categorized in the table below:

	Fair Value				
	Level 1	Level 2	Level 3	Total	Carrying Value
Liabilities:					
Long-term debt, including current portion	$ —	$ 1,822.8	$ —	$ 1,822.8	$ 1,790.5

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As of December 31, 2015, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, are categorized in the table below:

	Fair Value				
	Level 1	Level 2	Level 3	Total	Carrying Value
Liabilities:					
Long-term debt, including current portion	$ —	$ 1,818.0	$ —	$ 1,818.0	$ 1,813.7

The fair value of the Company's long-term debt, including the current portion of long-term debt, is based on quoted market prices for similar issues and maturities.
The carrying amounts of cash and cash equivalents, trade receivables, notes receivable, accounts payable and short-term borrowings approximate their respective fair values.

10. FINANCIAL INSTRUMENTS
Products Corporation maintains standby and trade letters of credit for various corporate purposes under which Products Corporation is obligated, of which $8.8 million (including amounts available under credit agreements in effect at that time) were maintained at each of March 31, 2016 and December 31, 2015, respectively. Included in these amounts are approximately $7.5 million at each of March 31, 2016 and December 31, 2015, respectively, in standby letters of credit that support Products Corporation's self-insurance programs. The estimated liability under such programs is accrued by Products Corporation.

Derivative Financial Instruments
The Company uses derivative financial instruments, primarily: (i) FX Contracts, intended for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates on the Company's net cash flows; and (ii) interest rate hedging transactions, such as the 2013 Interest Rate Swap referred to below, intended for the purpose of managing interest rate risk associated with Products Corporation's variable rate indebtedness.
Foreign Currency Forward Exchange Contracts
The FX Contracts are entered into primarily to hedge the anticipated net cash flows resulting from inventory purchases and intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year.
The U.S. Dollar notional amount of the FX Contracts outstanding at March 31, 2016 and December 31, 2015 was $74.1 million and $76.3 million, respectively.
Interest Rate Swap Transaction
In November 2013, Products Corporation executed a forward-starting floating-to-fixed interest rate swap transaction with a 1.00% floor, based on a notional amount of $400 million in respect of indebtedness under the Acquisition Term Loan over a period of three years (the "2013 Interest Rate Swap"). The Company designated the 2013 Interest Rate Swap as a cash flow hedge of the variability of the forecasted three-month LIBOR interest rate payments related to the $400 million notional amount under the Acquisition Term Loan over the three-year term of the 2013 Interest Rate Swap. Products Corporation receives from the counterparty a floating interest rate based on the higher of three-month USD LIBOR or 1.00%, while paying a fixed interest rate payment to the counterparty equal to 2.0709% (which effectively fixes the interest rate on such notional amount at 5.0709% over the three-year term of the 2013 Interest Rate Swap). For the three months ended March 31, 2016, the 2013 Interest Rate Swap was deemed effective and therefore the changes in fair value related to the 2013 Interest Rate Swap have been recorded in Other Comprehensive Loss. As of March 31, 2016, the balance of deferred net losses on derivatives included in accumulated other comprehensive loss was $4.7 million after-tax. (See "Quantitative Information – Derivative Financial Instruments" below).

The Company expects that $2.5 million of the after-tax deferred net losses related to the 2013 Interest Rate Swap will be reclassified into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The amount ultimately realized in earnings may differ, as LIBOR is subject to change. Realized gains and losses are ultimately determined by actual rates at maturity of the derivative.

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Credit Risk

Exposure to credit risk in the event of nonperformance by any of the counterparties is limited to the gross fair value of the derivative instruments in asset positions, which totaled $0.9 million and $2.0 million as of March 31, 2016 and December 31, 2015, respectively. The Company attempts to minimize exposure to credit risk by generally entering into derivative contracts with counterparties that have investment-grade credit ratings and are major financial institutions. The Company also periodically monitors any changes in the credit ratings of its counterparties. Given the current credit standing of the Company's counterparties to its derivative instruments, the Company believes that the risk of loss under these derivative instruments arising from any non-performance by any of the counterparties is remote.

Quantitative Information – Derivative Financial Instruments

The effects of the Company’s derivative instruments on its Consolidated Financial Statements were as follows:

(a) Fair Values of Derivative Financial Instruments in the Consolidated Balance Sheets:

	Fair Values of Derivative Instruments					
	Assets			Liabilities		
	Balance Sheet	March 31, 2016	December 31, 2015	Balance Sheet	March 31, 2016	December 31, 2015
	Classification	Fair Value	Fair Value	Classification	Fair Value	Fair Value
Derivatives designated as hedging instruments:						
2013 Interest Rate Swap[(i)]	Prepaid expenses and other	$ —	$ —	Accrued expenses and other	$ 4.2	$ 4.0
	Other assets	—	—	Other long-term liabilities	3.8	2.5
Derivatives not designated as hedging instruments:						
FX Contracts[(ii)]	Prepaid expenses and other	$ 0.9	$ 2.0	Accrued Expenses	$ 1.5	$ 0.6

(i) The fair values of the 2013 Interest Rate Swap at March 31, 2016 and December 31, 2015 were measured based on the implied forward rates from the U.S. Dollar three-month LIBOR yield curve at March 31, 2016 and December 31, 2015, respectively.

(ii) The fair values of the FX Contracts at March 31, 2016 and December 31, 2015 were measured based on observable market transactions of spot and forward rates at March 31, 2016 and December 31, 2015, respectively.

(b) Effects of Derivative Financial Instruments on the Consolidated Statements of Income and Comprehensive Income (Loss) for the three months ended March 31, 2016 and 2015:

Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss)	
Three Months Ended March 31,	
2016	2015

Derivatives designated as hedging instruments:		
2013 Interest Rate Swap, net of tax (a)	$ (0.9)	$ (1.9)

(a) Net of tax benefit of $0.5 million and $1.2 million for the three months ended March 31, 2016 and 2015, respectively.

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	Income Statement Classification	Amount of Gain (Loss) Recognized in Net Income (Loss) Three Months Ended March 31,	
		2016	2015
Derivatives designated as hedging instruments:			
2013 Interest Rate Swap	Interest Expense	$(1.1)	$—
Derivatives not designated as hedging instruments:			
FX Contracts	Foreign currency gain (loss), net	$(0.8)	$0.5

11. PENSION AND POST-RETIREMENT BENEFITS

The components of net periodic benefit (income) costs for the Company’s pension and the other post-retirement benefit plans for the first quarter of 2016 and 2015 are as follows:

	Pension Plans		Other Post-Retirement Benefit Plans	
	Three Months Ended March 31,			
	2016	2015	2016	2015
Net periodic benefit (income) costs:				
Service cost	$0.1	$0.2	$ —	$ —
Interest cost	5.2	7.2	0.1	0.1
Expected return on plan assets	(7.8)	(10.1)	—	—
Amortization of actuarial loss	2.1	2.0	—	—
	(0.4)	(0.7)	0.1	0.1
Portion allocated to Revlon Holdings	—	—	—	—
	$(0.4)	$(0.7)	$ 0.1	$ 0.1

In the three months ended March 31, 2016, the Company recognized net periodic benefit income of $0.3 million, compared to net periodic benefit income of $0.6 million in the three months ended March 31, 2015, primarily due to the lower expected return on plan assets, partially offset by lower interest and service costs as a result of the Company's adoption of the alternative approach to calculating the service and interest components of net periodic benefit cost for pension and other post-retirement benefits (the “full yield curve” approach) which was adopted by the Company at December 31, 2015.

Net periodic benefit costs (income) are reflected in the Company's Consolidated Financial Statements as follows:

	Three Months Ended March 31,	
	2016	2015
Net periodic benefit (income) costs:		
Cost of sales	$(0.8)	$(1.0)
Selling, general and administrative expense	0.5	0.4
	$(0.3)	$(0.6)

The Company expects that it will have net periodic benefit income of approximately $1 million for its pension and other post-retirement benefit plans for all of 2016, compared with net periodic benefit cost of $18.8 million in 2015. During the first quarter of 2016, $1.7 million and $0.2 million were contributed to the Company’s pension plans and other post-retirement benefit plans, respectively. During 2016, the Company expects to contribute approximately $20 million in the aggregate to its pension and other post-retirement benefit plans.

Relevant aspects of the qualified defined benefit pension plans, nonqualified pension plans and other post-retirement benefit plans sponsored by Products Corporation are disclosed in Note 14, "Savings Plan, Pension and Post-Retirement Benefits," to the Consolidated Financial Statements in Revlon, Inc.'s 2015 Form 10-K.

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12. INCOME TAXES

The provision for income taxes represents federal, foreign, state and local income taxes. The effective tax rate differs from the applicable federal statutory rate due to the effect of state and local income taxes, tax rates and income in foreign jurisdictions, utilization of tax loss carryforwards, foreign earnings taxable in the U.S., non-deductible expenses and other items. The Company’s tax provision changes quarterly based on various factors including, but not limited to, the geographical mix of earnings, enacted tax legislation, foreign, state and local income taxes, tax audit settlements and the interaction of various global tax strategies. In addition, changes in judgment from the evaluation of new information resulting in the recognition, derecognition and/or remeasurement of a tax position taken in a prior period are recognized in the quarter in which any such change occurs.

For the first quarter of 2016 and 2015, the Company recorded a provision for income taxes of $5.8 million and $8.7 million, respectively. The $2.9 million decrease in the provision for income taxes was primarily due to the phasing of the annual tax provision in relation to pre-tax income.

The Company's effective tax rate for the three months ended March 31, 2016 was approximately equal to the federal statutory rate of 35% as a result of certain favorable discrete items that were largely offset by the effect of foreign dividends and earnings taxable in the U.S., as well as state and local taxes.

The Company remains subject to examination of its income tax returns in various jurisdictions including, without limitation: Australia, Canada and Spain for tax years ended December 31, 2011 through December 31, 2014 and South Africa, the U.K. and the U.S. (federal) for tax years ended December 31, 2012 through December 31, 2014.

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of March 31, 2016 are as follows:

	Foreign Currency Translation	Actuarial (Loss) Gain on Post-retirement Benefits	Deferred Gain (Loss) - Hedging	Other	Accumulated Other Comprehensive Loss
Balance at December 31, 2015	$ (23.5)	$ (217.7)	$ (3.8)	$(0.3)	$ (245.3)
Currency translation adjustment, net of tax of $0.1 million	$ 2.7				2.7
Amortization of pension related costs, net of tax of $0.3 million[(a)]		$ 1.8			1.8
Revaluation of derivative financial instrument, net of amounts reclassified into earnings and tax benefit of $0.5 million[(b)]			$ (0.9)		(0.9)
Other comprehensive loss	2.7	1.8	(0.9)	—	3.6
Balance at March 31, 2016	$ (20.8)	$ (215.9)	$ (4.7)	$(0.3)	$ (241.7)

(a) Amounts represent the change in accumulated other comprehensive loss as a result of the amortization of actuarial losses (gains) arising during each year related to the Company’s pension and other post-retirement plans. See Note 11, “Pension and Post-retirement Benefits,” for further discussion of the Company’s pension and other post-retirement plans.

(b) For the three months ended March 31, 2016, the Company's 2013 Interest Rate Swap was deemed effective and therefore, the changes in fair value related to the 2013 Interest Rate Swap were recorded in other comprehensive income (loss). See Note 10, "Financial Instruments," for further discussion of the 2013 Interest Rate Swap.

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As shown above, comprehensive loss includes changes in the fair value of the 2013 Interest Rate Swap, which qualifies for hedge accounting. A rollforward of the amounts reclassified out of accumulated other comprehensive loss into earnings as of March 31, 2016 are as follows:

	2013 Interest Rate Swap
Beginning accumulated losses at December 31, 2015	(3.8)
Reclassifications into earnings (net of $0.4 million tax expense)[a]	0.7
Change in fair value (net of $0.9 million tax benefit)	(1.6)
Ending accumulated losses at March 31, 2016	$ (4.7)

[a] Reclassified to interest expense.

There were no amounts reclassified into earnings in the three months ended March 31, 2015.

14.