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Revlon, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Reza Vahabzadeh - Barclays Capital.

Reza Vahabzadeh - Barclays Capital

The sales commentary, just trying to get a better understanding of that. You mentioned that the sales shipments in North America were affected by the timing of shipments of some shipments of first half as well as second half products, so I'm just trying to better understand that. Does this mean that some of the sales that you ordinarily would have shipped in the second quarter or maybe even third quarter were just shipped into first quarter?

Alan T. Ennis

Well, let me address that. So what I said was that in the first quarter our net sales did benefit from what we call pipeline shipments the first half and some second half 2009 new color cosmetics products. The way the cycle works is there are shipments which go into the retail channel, and there's a lag between that obviously and consumption first points. Second point is the timing of those shipments can vary period to period and so there are occasions where at quarter end would reflect shipments related to what was sold into the channel, which will be consumed at a later point. So I would say that there are shipments in the first quarter of 2009 that could otherwise have shipped in the second quarter, but because of the timing of those shipments they occurred in March.

David L. Kennedy

So they were shipped after that, Reza. They were shipped according to the marketing plan, so we this year because of some strong new products that we're launching, primarily for second half, we launched those products earlier or we wanted to and did in fact and have launched those products into the marketplace earlier than let's say we did last year. And so we've got two very, very strong – we have a very strong pipeline over all new products but in particular we've got some extraordinary products such as the ColorStay Liquid Lipstick product which is a breakthrough product. So we launched those earlier into the market in accordance with our market plan.

Reza Vahabzadeh - Barclays Capital

But do you think that the earlier shipment, was that just a coincidence? Or does that mean that retailer reception to it is also maybe better than you expected?

David L. Kennedy

Well certainly in order to be able to launch these products earlier let's say into the marketplace we would have had to have retailer enthusiasm about them.

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