

**Elizabeth Arden, Inc.**  
**RDEN - \$13.30 – NasdaqGS**  
**Update 2015 Third Quarter ended March 31, 2015**

**Recommendation: Close out 1/2 of Short Position**

**Reasons For Closing out 1/2 of Short Sale Recommendation**

**Initial sell short recommendation 1-2-2015 @ \$20.62**

**Cover 1/2 of short position 6-1-2015 @ \$13.30**

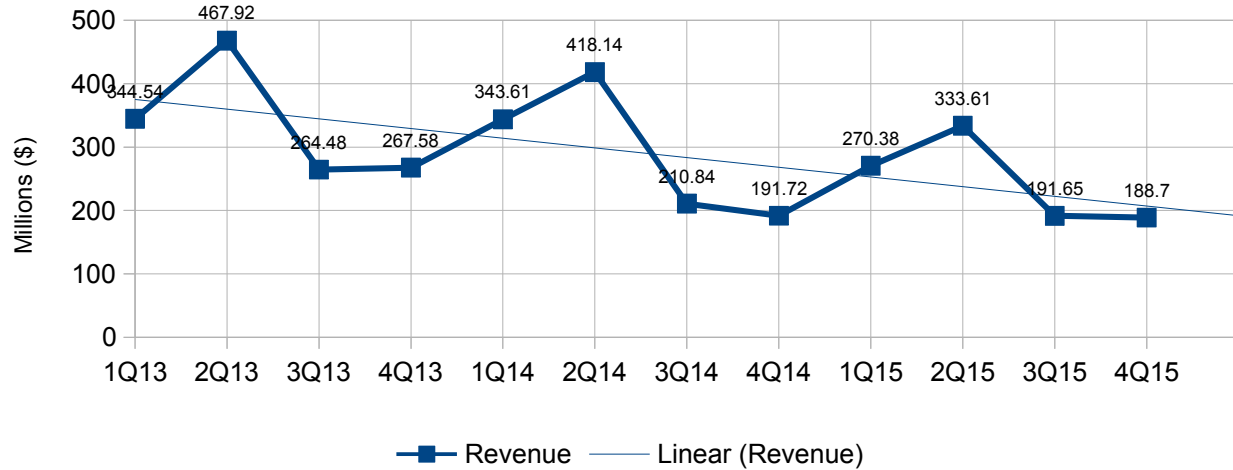
Holding period 5 months, **Profit + \$7.32 +35.5%**

We have a 35.5% profit in only 5 months We recommend taking a profit on one half of the position. Our ultimate price target remains \$10-\$12, which we thought could take a year.

- **Third quarter revenue of \$191.7 million was below previously lowered revenue estimates of \$194 million.**
- **Third quarter revenue down 19.2% year-over-year.**
- **EPS loss of \$1.18, below estimate of a loss of \$0.86.**
- **Net sales of Elizabeth Arden branded products up 3%.**
- **Net sales of Non-Elizabeth Arden branded products declined 18%.**
- **North America segment net sales declined 12%.**
- **International segment net sales declined 6%.**
- **Gross Margin declined from 42.5% a year ago to 41.6% despite management guiding to improved gross margins last quarter.**

### RDEN Revenue

September 2013 To June 2015 Est.



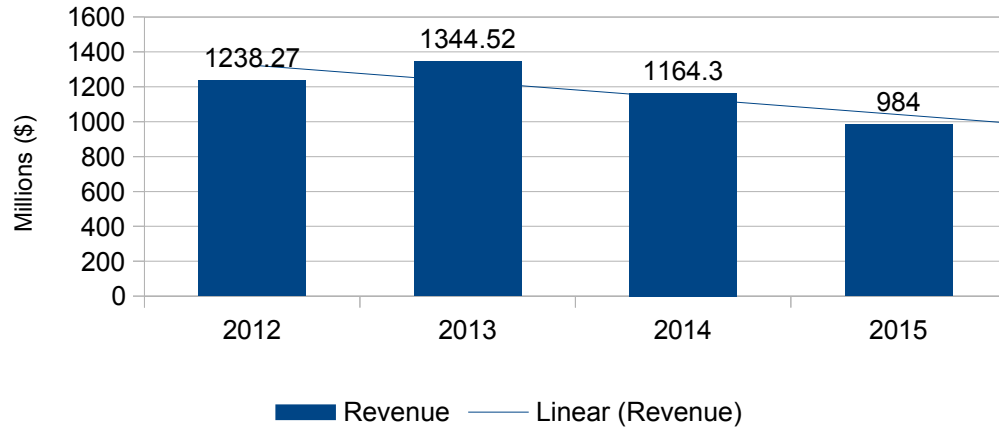
Revenue continues to trend downward. 2015 third quarter revenue of \$191.7 million was far below previous estimates of \$216.7 million, and even below the last lowered estimates of \$194.5 million. A big miss even on lowered revenue estimates.

2015 fourth quarter revenue was originally estimated to be \$213.5 million, then reduced to \$192.4 million, and now \$188.7 million.

Third and fourth quarter revenue are usually the two lowest of the year, so it is another reason to take some short profits here.

### RDEN Revenue

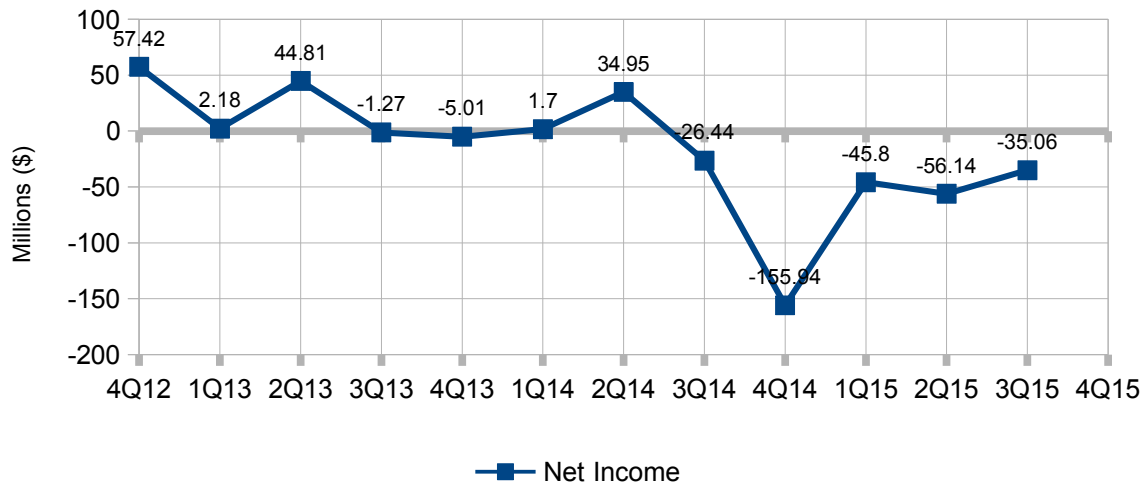
2012 2013 2014 & 2015Est.



Revenue for 2015 was originally supposed to be \$1.069 billion. It is now going to be around \$984 million at best.

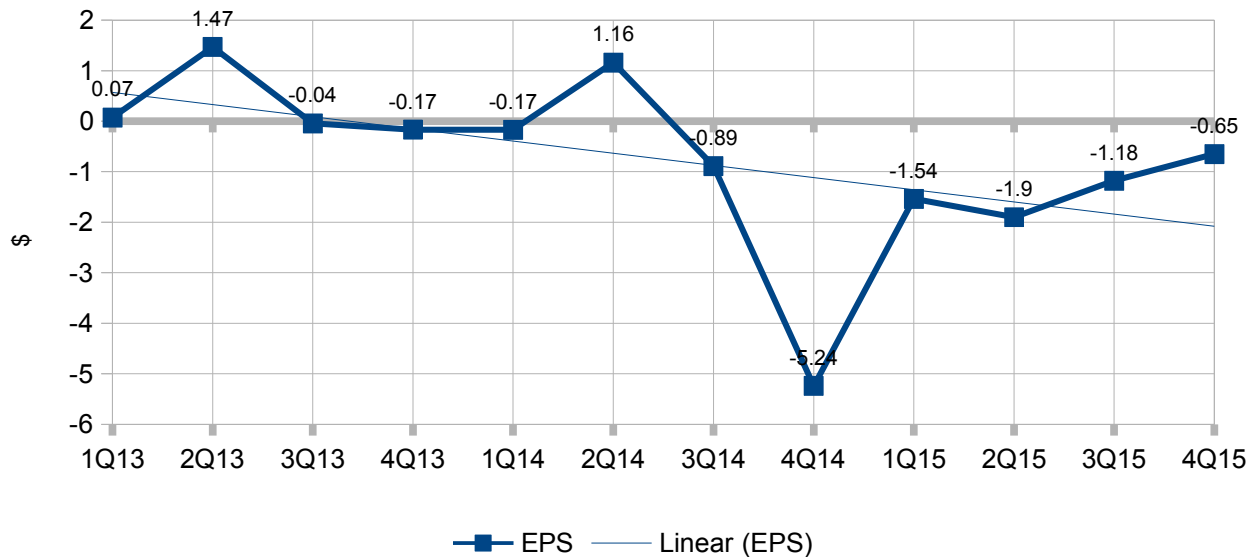
### RDEN Net Income

June 2012 To September 2015



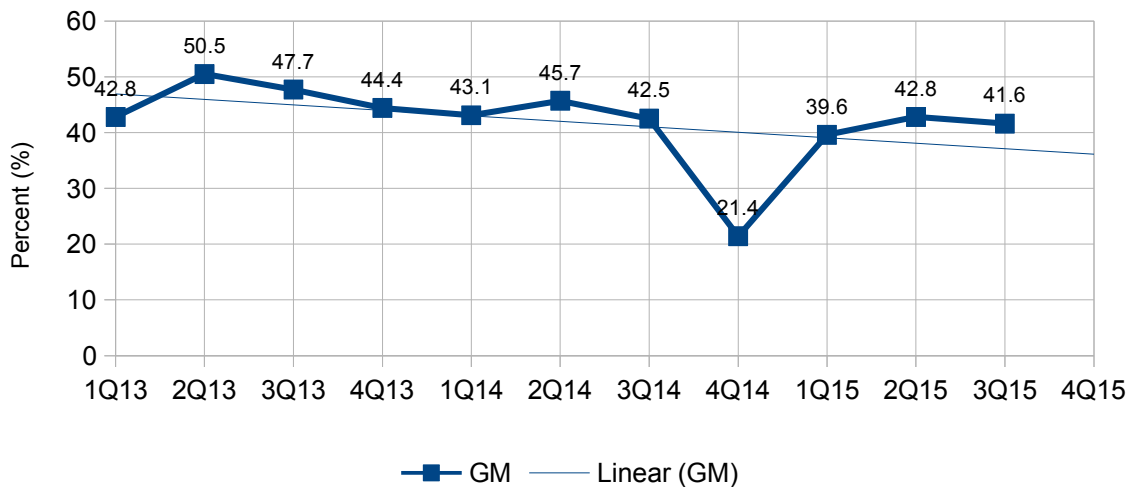
### RDEN Earnings Per Share

September 2012 To March 2015 Est.



### RDEN Gross Margin

September 2012 To September 2014



**Management has guided to improved margins. We don't see it.**

RDEN

Earnings Per Share

