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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.

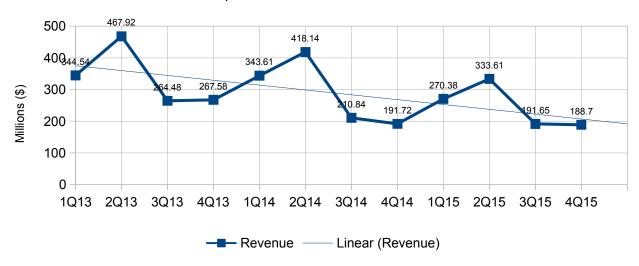
- Third quarter revenue of \$191.7 million was below previously lowered revenue estimates of \$194 million.
- Third quarter revenue down 19.2% year-over-year.
- EPS loss of \$1.18, below estimate of a loss of \$0.86.
- Net sales of Elizabeth Arden branded products up 3%.
- Net sales of Non-Elizabeth 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.

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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.

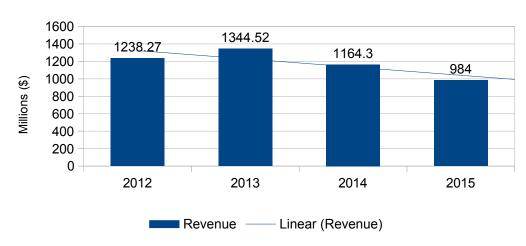
Third and fourth quarter revenue are usually the two lowest of the year, so it is another reason to take some short profits here.

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RDEN Revenue

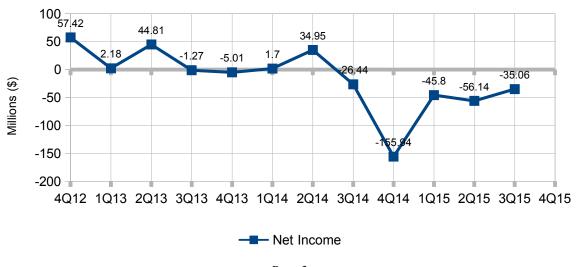
2012 2013 2014 & 2015Est.



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



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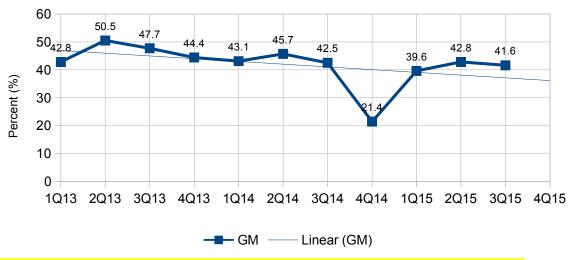
RDEN Earnings Per Share

September 2012 To March 2015 Est.



RDEN Gross Margin

September 2012 To September 2014



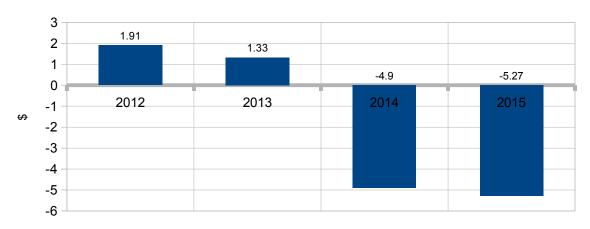
Management has guided to improved margins. We don't see it.

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RDEN

Earnings Per Share



EPS