

Elizabeth Arden, Inc.
RDEN - \$9.90 – NasdaqGS

Recommendation: Close out last 1/2 of Short Position

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

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

Cover last 1/2 of short position 8-6-2015 @ \$9.90

Holding period: 7 months, **Profit + \$10.72 +52%**

We have a 52% profit in only 7 months. We recommend taking a profit on the last half of the position. Our ultimate price target was \$10-\$12, which we thought could take a year. We would not be surprised to see a buyout rumor surface, in which case we would seriously consider re-shortening this stock.

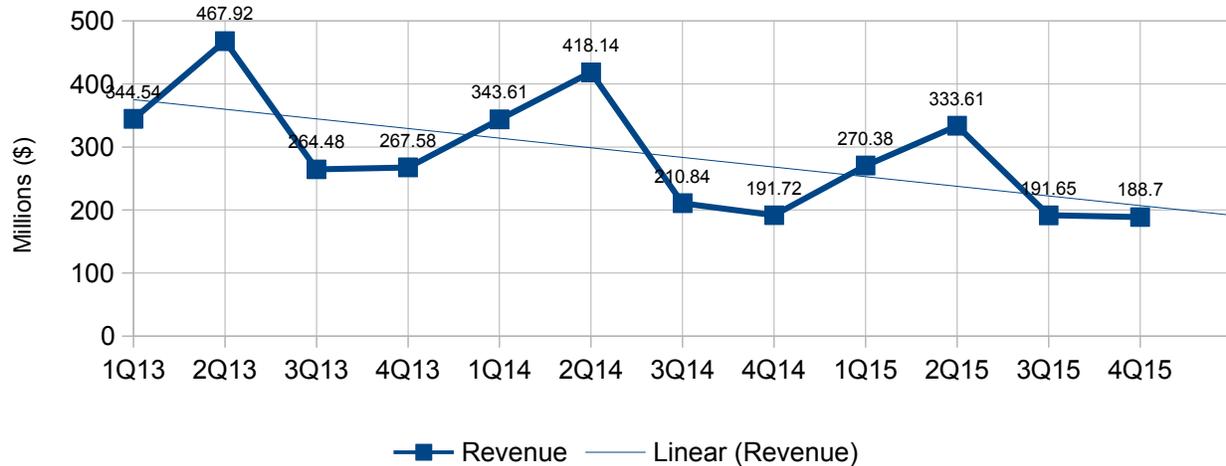
- **Third quarter revenue of \$191.7 million was below previously lowered revenue estimates of \$194 million.**
- **Third quarter revenue down 19.2% year-over-year.**
- **EPS loss of \$1.18, below estimate of a loss of \$0.86.**
- **Net sales of Elizabeth Arden branded products up 3%.**
- **Net sales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



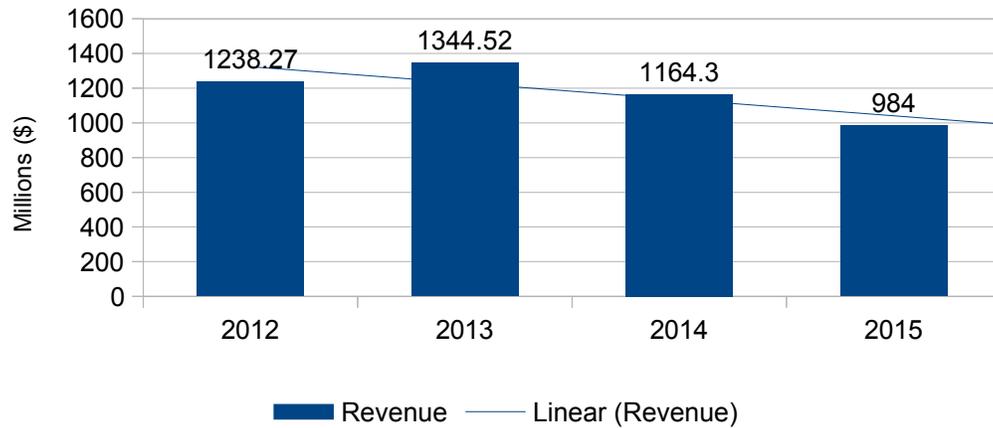
Revenue continues to trend downward. 2015 third quarter revenue of \$191.7 million was far below previous estimates of \$216.7 million, and even below the last lowered estimates of \$194.5 million. A big miss even on lowered revenue estimates.

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.

RDEN Revenue

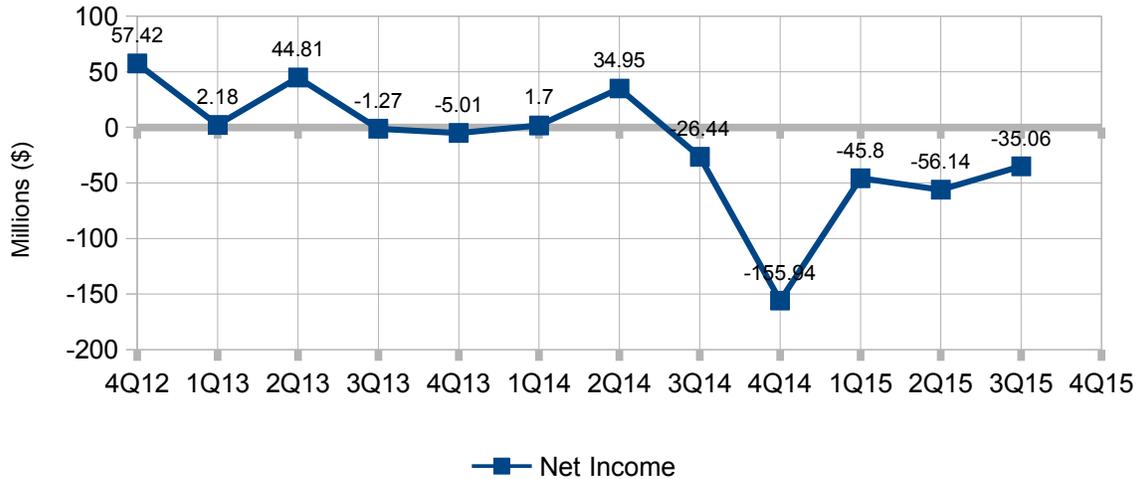
2012 2013 2014 & 2015Est.



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

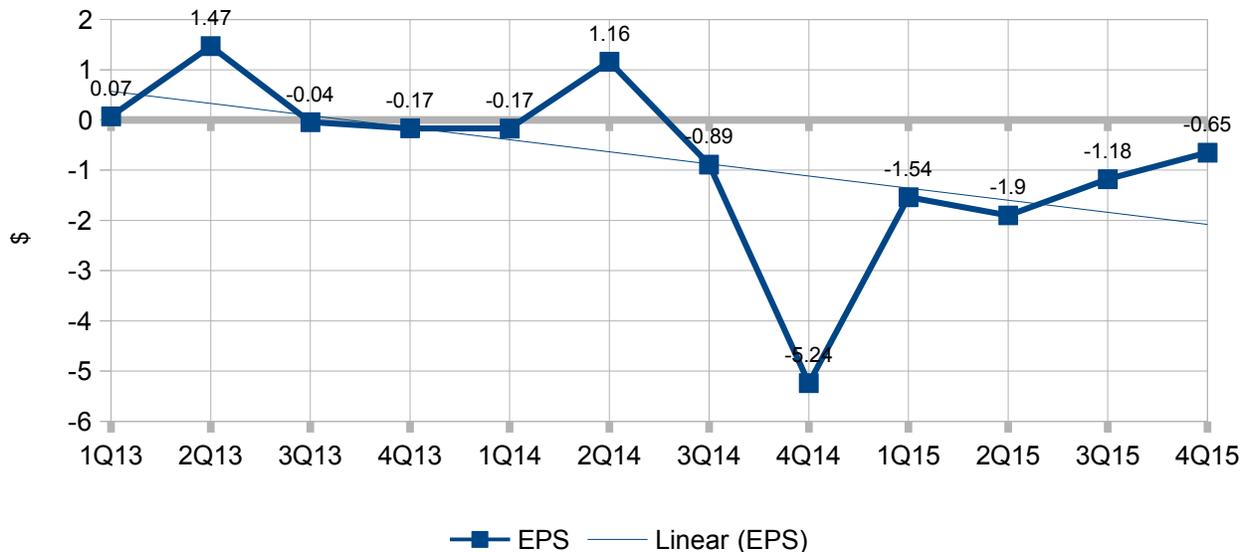
RDEN Net Income

June 2012 To September 2015



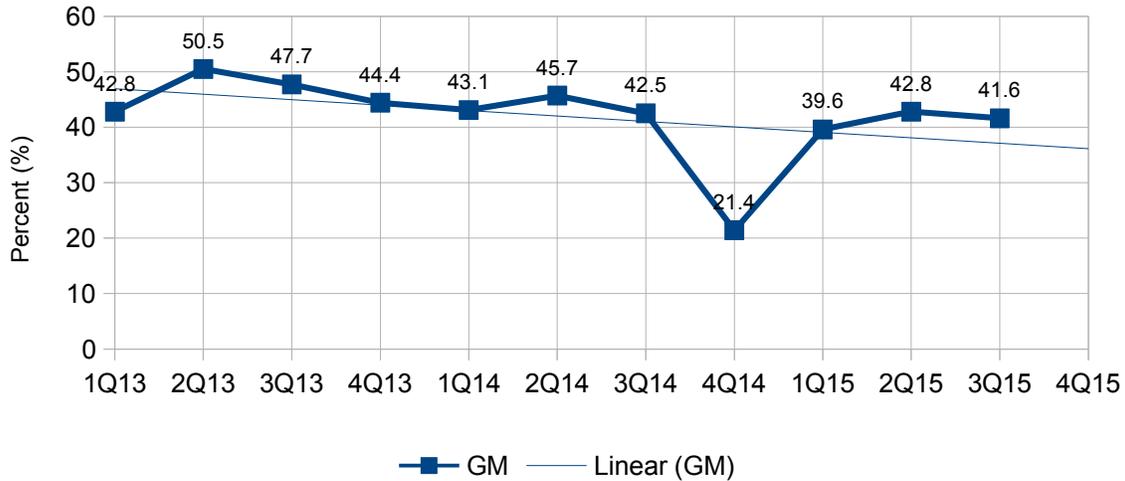
RDEN Earnings Per Share

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

