New York-based cosmetics group Revlon, Inc. reported its financial results for the first quarter ended March 31, 2018 on Thursday, recording widening losses due to falling sales in its Revlon, particularly in North America and its fragrance segment.

Net loss for the period came to $90.3 million, compared to a net loss $37.4 million in Q1 2017, while net sales totaled $560.7 million, down from $594.9 million in the prior year period.

Sales declines were particularly notable in the company's fragrance segment, where they fell 16% from $108.8 million in Q1 2017 to $91.4 million. This decrease was due in part to the loss of certain licenses in 2017, as well as lower sales of licensed designer fragrances from brands such as Juicy Couture and John Varvatos.

Revlon's portfolio segment, which includes brands such as Almay, Cutex and American Crew, also saw sales fall 8.3% from $146.6 million to $134.5 million. The company's flagship Revlon segment didn't fare much better, recording a sales decline of 6% to $229.1 million, dragged down by slipping color cosmetics and hair color sales.
The group’s Elizabeth Arden segment, on the other hand, was a rare highpoint in the quarter’s results, with sales growing 10.4% to $105.7 million, compared to $95.7 million in Q1 2017, driven by demand in China.

Broken down by region, Revlon sales dropped 11.9% in North America, but rose slightly (1.5%) on the international market.

The company’s first quarter results were also negatively impacted by a reduction of $20 million due to the implementation of a new resource management IT system at the company’s Oxford, N.C. manufacturing facility, which has now returned to normal production capacity.

“Our quarterly results continue to reflect the challenges the Company faces in the current mass retail and beauty environment in the United States,” said Paul Meister, executive vice chairman of the Board, in a release. “While our international sales remain strong, we are aggressively driving change and innovation in our brands, products, and sales processes to meet these challenges head on.”

The company recently announced that it aims to run a total of 140 stores in India by the end of the year, an expansion strategy in the developing market which could well be a smart move if the company is to continue relying on international demand to offset slackening sales in North America.

By Robin Driver

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