



COTY Q1 EARNINGS

 NOVEMBER 6, 2020

COTY
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STRONGER COTY EMERGING IN Q1

#1

Q1 results above expectations; market trends and Coty sales improved in all regions and across prestige and mass businesses

#2

Strong profit and cash delivery: Fixed Cost program, tight CAPEX and one-off cost control. FY21 profit and FCF remain priority

#3

Strong improvement of capital structure; sizeable deleveraging to follow Wella transaction closing

#4

Progressing on our key priorities: (1) key launches, (2) strengthened position in core markets, (3) e-commerce/DTC, (4) skincare, and (5) China



FINANCIAL OVERVIEW



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NEW COTY REMAINCO FINANCIAL REPORTING

- Upon signing the Wella divestiture, US GAAP requires Coty financial reporting of Continuing vs. Discontinued Operations, until completion
- US GAAP rules on **Wella** cost allocations do not reflect some offsetting measures, affecting the reported Coty **Continuing Operations** profitability
- Coty will therefore present “Ongoing Coty” profit to better reflect balance of costs, until transaction close



*Transitional Service Agreement

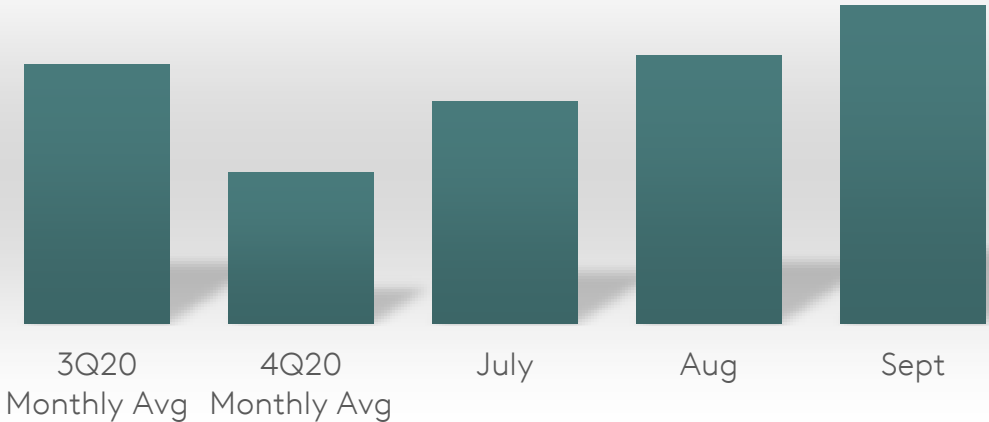
SALES TRENDS IMPROVING SEQUENTIALLY

NET REVENUES (CONTINUING OPERATIONS)

- Sales trend improvements in all regions, and across prestige and mass businesses
- Helped by alignment between sell-in and sell-out

4Q20 LFL		1Q21 LFL	
Mass Brands	-48%	Mass Brands	-10%
Prestige Brands	-73%	Prestige Brands	-25%
Ongoing Coty		Ongoing Coty	
	-60%		-19%
			<i>(-14% ex Travel Retail)</i>

Coty Monthly Sales (Continuing Ops)

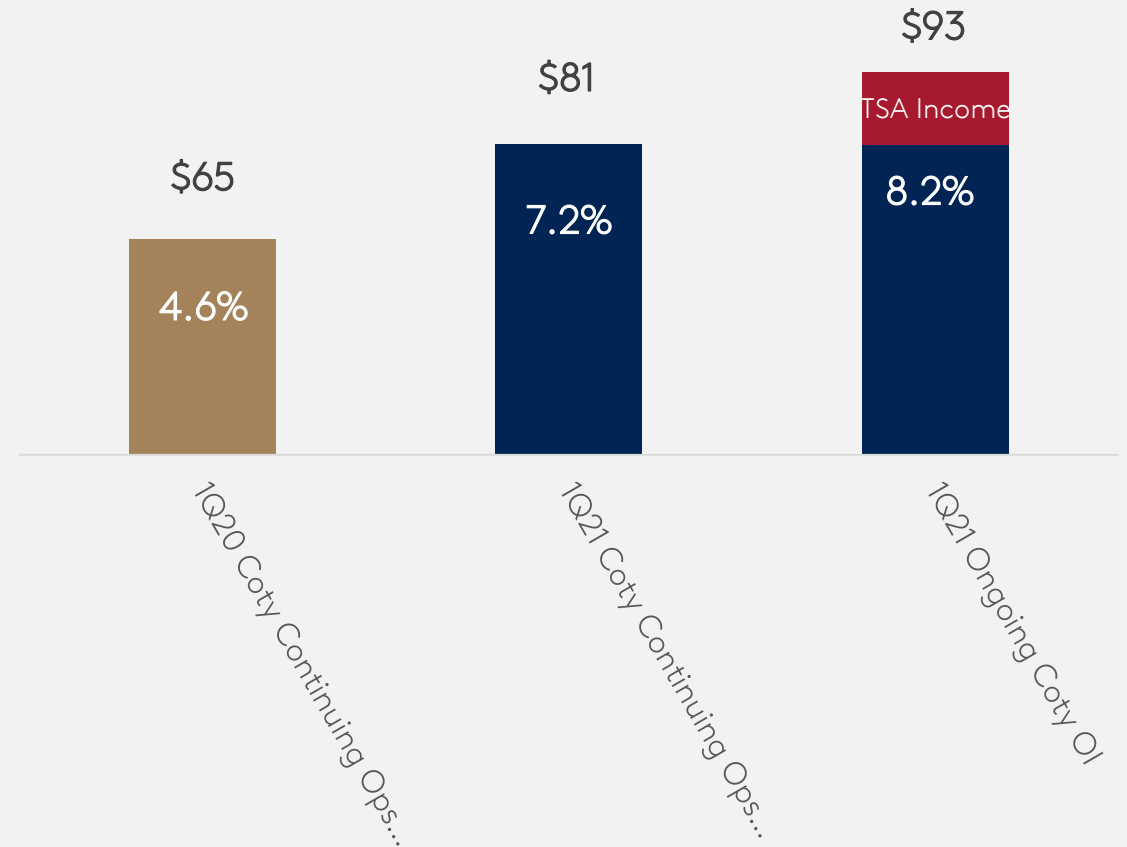


VERY SOLID PROFIT

PROFIT

- Gross margin of 58.6% inline with FY20 average
- 1Q21 Adj operating income of \$81M for Continuing Ops or \$93M for Ongoing Coty, inclusive of Wella cost recovery income
- 24% profit growth YoY despite stranded costs supported by combination of:
 - Very focused Marketing investment
 - Robust Fixed Cost reduction

Adjusted Operating Income (\$M)



\$600M FIXED COST REDUCTIONS ON TRACK

- In 1Q21, Fixed Costs decreased **-17% YoY**, accelerating vs. previous quarter
- Achieved approx. \$80M of savings in Q1 from **headcount reduction** and significant **savings in business services**
- On track to reduce fixed costs by **more than \$200M** in FY21 and **\$600M by end of FY23**, with several workstreams already locked-in for FY21

365 SKIN REPAIR YOUTH RENEWAL SERUM

Protect, restore and glow.



95% Free Radicals Protection*
+78% Skin Repair*
+20% Skin Radiance**

EPS REFLECTS IMPROVEMENTS ACROSS THE BOARD

\$ Millions

Adjusted Op. Income <i>(Continuing Ops)</i>	81
Net Interest	(62)
Income Tax	(7)
Wella NI / Minority Interest	92
Adjusted Net Income <i>(Total Coty)</i>	104
Diluted Share Count	917
Diluted Adjusted EPS	11 cents

+57% YoY

- **STRONG OPERATING INCOME**

- \$93M Ongoing Coty
- \$81M Continuing Operations

- **WELLA STRONG PERFORMANCE**

- Net revenues growth of 7%
- Gross margin improvement and cost control drove doubling of profit vs PY
- Net earnings will be consolidated as “equity income” for 40% upon closing

- **KKR CONVERTIBLE PREFERRED**

- \$250M gross paid in Q1, for a total of \$1B
- US GAAP provides for conversion in Diluted EPS

BETTER THAN EXPECTED FREE-CASH FLOW

\$ Millions

Adjusted EBITDA <i>(Total Coty)</i>	307
Capex, WC and one offs	(307)
Interest and tax	(28)
FREE CASH FLOW	(28)
NET DEBT	7,864
WELLA expected proceeds	2,500

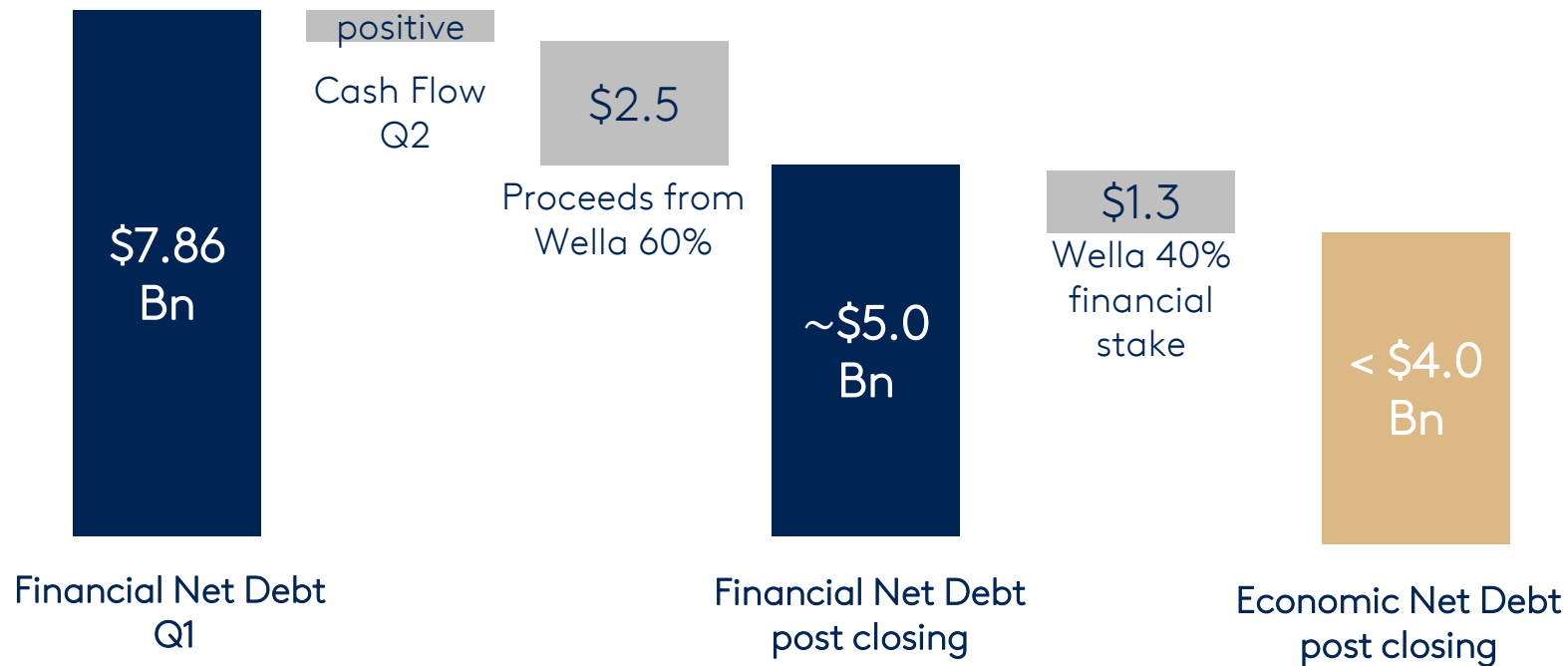
- **SOLID FREE CASH FLOW**

- Strong OI and EBITDA
- Tight management of Capex and One-off costs
- Overdue reduction and working capital under control

- **NET DEBT**

- \$250M from convertible gross proceeds issued to KKR as second and last tranche
- Unfavorable FX of ~\$200M
- Net debt stable vs. previous quarter

SUBSTANTIVELY IMPROVED CAPITAL STRUCTURE POST WELLA CLOSING



WELLA CLOSING BY END OF CY20

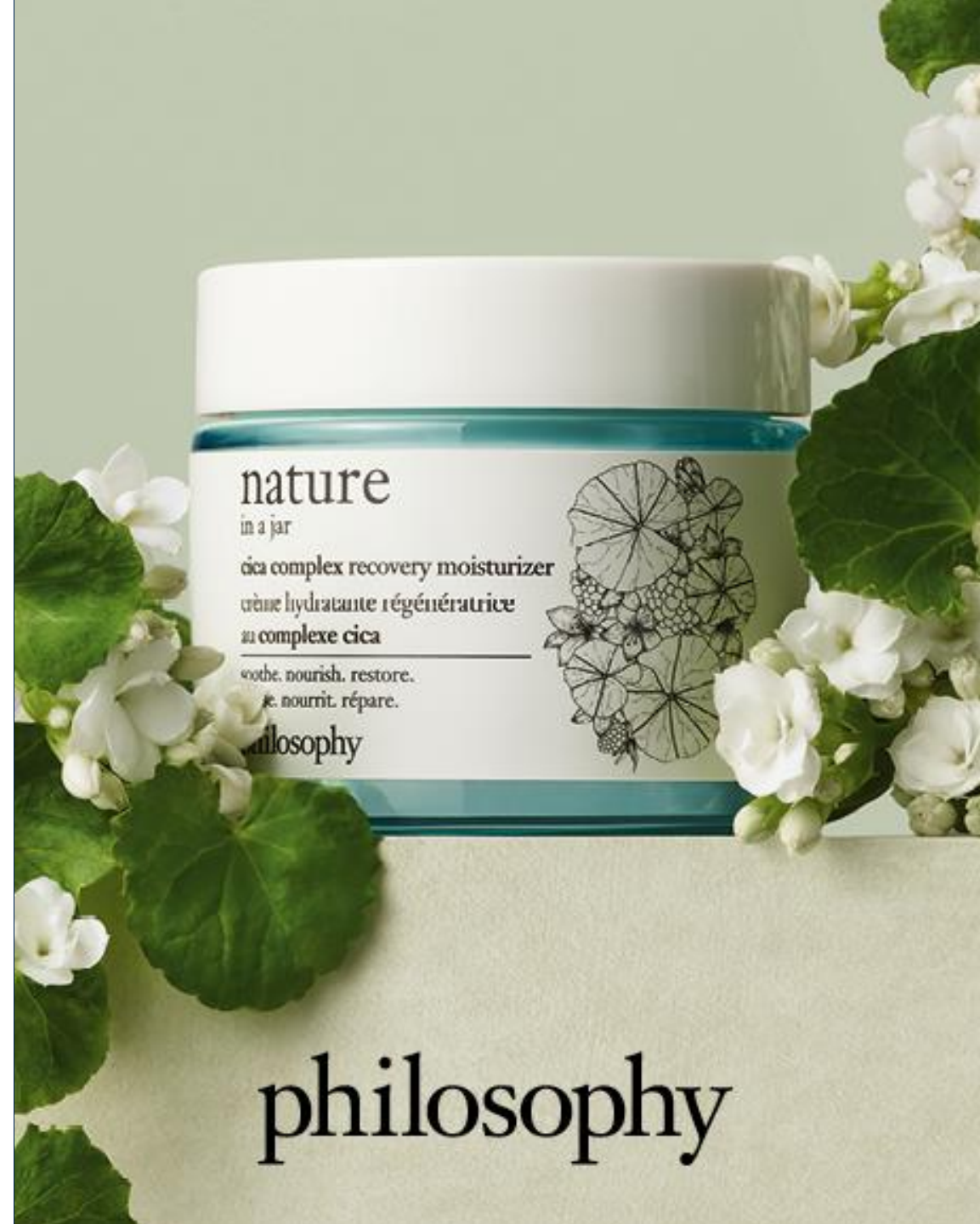
- Proceeds from disposal of 60% Wella \$2.5 Bn
- Rapid deleveraging: Expect Financial Net Debt to EBITDA ~5x by end of Calendar 21 (3.5x economic net debt)
- Medium Term target: < 3x Financial Net Debt to EBITDA

IMPROVED CAPITAL STRUCTURE

- 40% Financial stake in Wella
- Debt maturity = 3 and 5 years
- Attractive debt conditions – interest rate < 4% - 90%+ fixed
- \$ and € blend

STRATEGIC PROGRESS

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philosophy

(1) DELIVERING STRONG, CONSUMER-CENTRIC INNOVATION



PERFECT MARC
JACOBS #1 fragrance
Launch in U.S. and U.K.,
calendar year-to-date



Gucci double-digit
retail sales growth in
U.S. and China, driven
by makeup



COVERGIRL #1 face
launch in U.S. Mass in
Spring 20



Sally Hansen #1 U.S.
Mass Cosmetics launch
in Spring 20

(2) STRENGTHENING POSITIONS IN CORE MARKETS



PRESTIGE

Coty retail sales growing double-digits in Sep and gaining share

MASS

Coty cosmetics market share now in line with the market



PRESTIGE

Coty gaining share



PRESTIGE

Coty gaining share

MASS

#1 mass cosmetics brand Rimmel gaining >100bps of share



PRESTIGE

Coty Prestige retail sales grew >20%, fueled by fragrances and cosmetics – for the first time

(3) STRONG MOMENTUM IN E-COMMERCE

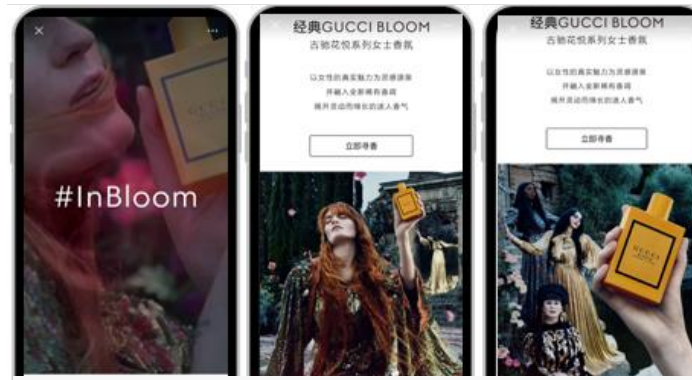
E-com penetration doubles YoY to 13% of revenues¹; driving accretive margin



DTC

Launched Kylie Skin DTC sites in U.K., Germany, France and Australia

- Positive initial results; traffic to DTC sites up **2x**, in-market sales up **7x**



PRESTIGE

19% e-com penetration; double YoY

Double-to-triple digit growth in e-commerce sell-out in most markets



CONSUMER BEAUTY

Double-to-triple digit growth in e-commerce sell-out in most markets

7% e-com penetration, **2x** YoY

Gained 140bps share on Amazon in U.S., U.K. & Germany; **112%** sales growth on Prime Day

(4) LEVERAGING THE POTENTIAL OF OUR SKINCARE BRANDS

KYLIE SKINCARE SALES TRIPLED YOY

CLOSE TO 50% OF KYLIE SKIN DTC ORDERS ARE FROM RETURNING CUSTOMERS

>65% OF PHILOSOPHY DTC ORDERS ARE FROM RETURNING CUSTOMERS

4K INCREMENTAL CUSTOMER ACQUISITION THROUGH NEW SMS CRM

CURRENTLY DEVELOPING KKW SKINCARE LINE, EXPECTED TO LAUNCH IN FY22



(5) EXPANDING OUR PRESENCE IN CHINA

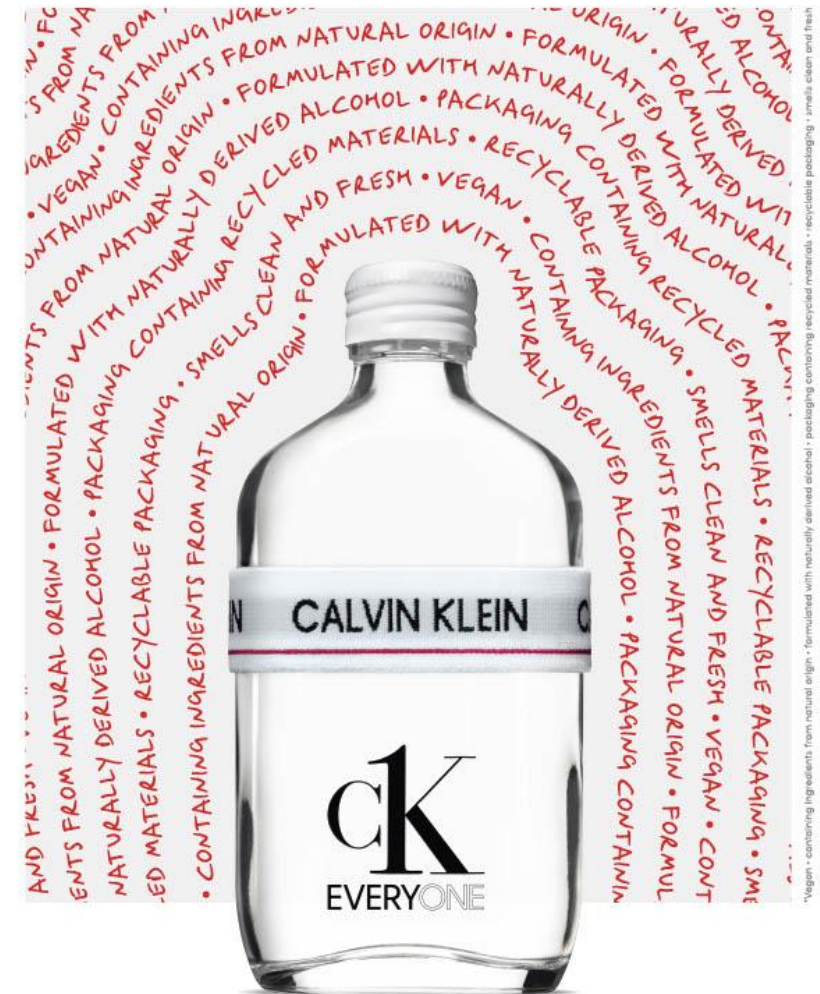
- Broadening our prestige portfolio across categories
 - Cosmetics & skincare now ~20% of our China Prestige sales, with over 40% growth YoY
- Top Gucci counters monthly sales on par with leading Prestige beauty brands despite smaller cosmetics assortment
 - First liquid foundation custom designed for Chinese market launching end-Dec
- Exceptional response to Gucci Beauty's first Chinese brand ambassador, Lu Han
 - Gucci makeup leading digital conversations, through 100M social engagements, with the promoted Gucci lipsticks sold out within 2 hours



A STRONG START TO FY21

- Meaningful improvement in topline trends
- Lower costs, and further reducing
- Solid profit, and cash-flow generation
- Improved leverage upon Wella closing
- Growing momentum sees glide path to:
 - Leadership in makeup; Prestige and Mass
 - A global skincare portfolio with notable depth in Asia
 - Flex DTC to drive growth across Coty for CY21

CALVIN KLEIN



I AM A CLEAN FRAGRANCE*

I LOVE EVERYONE OF ME.

DISCLAIMER

Forward-Looking Statements

Certain statements in this presentation are forward-looking statements. These forward-looking statements reflect the Company's current views with respect to, among other things, the impact of COVID-19 and potential recovery scenarios, the Company's comprehensive transformation agenda (the "Transformation Plan"), strategic planning, targets, segment reporting and outlook for future reporting periods (including the extent and timing of revenue, expense and profit trends and changes in operating cash flows and cash flows from operating activities and investing activities), the sale of the Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands (the "Wella Business") and and the investment by Rainbow UK Bidco Limited ("KKR Bidco") an affiliate of funds and/or separately managed accounts advised and/or managed by Kohlberg Kravis Roberts & Co. L.P. and its affiliates (collectively, "KKR") in connection with the standalone business (the "Wella Transaction"), including timing of the Wella Transaction and the use of proceeds from the Wella Transaction, the Company's future operations and strategy including the expected implementation and related impact of its strategic priorities), ongoing and future cost efficiency and restructuring initiatives and programs, strategic transactions (including their expected timing and impact), the Company's capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof), investments, licenses and portfolio changes, synergies, savings, performance, cost, timing and integration of acquisitions, including the strategic partnership with Kylie Jenner and the announced pending transaction with Kim Kardashian West, future cash flows, liquidity and borrowing capacity, timing and size of cash outflows and debt deleveraging, the availability of local government funding or reimbursement programs in connection with COVID-19 (including expected timing and amounts), the timing and extent of any future impairments, and synergies, savings, impact, cost, timing and implementation of the Company's Transformation Plan, including operational and organizational structure changes, operational execution and simplification initiatives, fixed cost reductions, supply chain changes, e-commerce and digital initiatives, management changes, the priorities of senior management, and the Company's ability to support its planned business operations in the near-term and long-term basis. These forward-looking statements are generally identified by words or phrases, such as "anticipate", "are going to", "estimate", "plan", "project", "expect", "believe", "intend", "foresee", "forecast", "will", "may", "should", "outlook", "continue", "temporary", "target", "aim", "potential", "goal" and similar words or phrases. These statements are based on certain assumptions and estimates that we consider reasonable, but are subject to a number of risks and uncertainties, many of which are beyond the control of the Company, which could cause actual results to differ materially from such statements. Such risks and uncertainties are identified in the periodic reports Coty has filed and may file with the Securities and Exchange Commission (the "SEC") including, but not limited to: the impact of COVID-19 (or future similar events), including demand for the Company's products, illness, quarantines, government actions, facility closures, store closures or other restrictions in connection with the COVID-19 pandemic, and the extent and duration thereof, related impact on the Company's ability to meet customer needs and on the ability of third parties on which the Company relies, including its suppliers, customers, contract manufacturers, distributors, contractors, commercial bank and joint-venture partners, to meet their obligations to the Company, in particular, collections from customers, the extent that government funding and reimbursement programs in connection with COVID-19 are available to the Company, and the ability to successfully implement measures to respond to such impacts, the Company's ability successfully implement its multi-year Transformation Plan and to develop and achieve its global business strategies and strategic priorities, compete effectively in the beauty industry and achieve the benefits contemplated by its strategic initiatives within the expected time frame or at all, the timing, costs and impacts of the Wella Transaction or other divestitures, and the amount and use of proceeds from any such transactions; the Company's ability to successfully implement the separation of the Wella Business; the integration of acquisitions with the Company's business, operations, systems, financial data and culture and the ability to realize synergies, avoid future supply chain and other business disruptions, reduce costs and realize other potential efficiencies and benefits (including through its restructuring initiatives) at the levels and at the costs and within the time frames contemplated or at all, and managerial, integration, operational, regulatory, legal and financial risks, including diversion of management attention to and management of cash flows, expenses and costs associated with the Company's response to COVID-19 and multiple ongoing and future strategic initiatives (including the Wella Transaction and the separation of the Wella Business), internal reorganizations and restructuring activities, including the Transformation Plan, and the Company's ability to retain and attract key personnel and the impact of senior management transitions and organizational structure changes.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included elsewhere. More information about potential risks and uncertainties that could affect Coty's business and financial results is included under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Coty's Annual Report on Form 10-K for the fiscal year ended June 30, 2020, and other periodic reports Coty has filed and may file with the SEC from time to time. Any forward-looking statements made in this presentation are qualified in their entirety by these cautionary statements. All forward-looking statements are made only as of the date of this presentation, and, Coty undertakes no obligation, other than as may be required by applicable law, update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise.

Non-GAAP Financial Measures

In this presentation, Coty presents certain non-GAAP financial measures that we believe enable management and investors to analyze and compare the underlying business results from period to period, including constant currency, organic like-for-like (LFL) and adjusted metrics, as well as adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), net debt or financial net debt, economic net debt, free cash flow and immediate liquidity. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period, with the current period's results calculated at the prior-year period's rates. The term "like-for-like" describes the Coty's core operating performance, excluding the financial impact of (i) acquired brands or businesses in the current year period until Coty has twelve months of comparable financial results, (ii) divested brands or businesses or early terminated brands, generally, in the prior year non-comparable periods, to maintain comparable financial results with the current fiscal year period and (iii) foreign currency exchange translations to the extent applicable. Adjusted metrics exclude nonrecurring items, purchase price accounting related amortization, acquisition-related costs, restructuring costs and certain other information as noted within this presentation. Free cash flow is defined as net cash provided by operating activities, less capital expenditures, and net debt is defined as total debt less cash and cash equivalents. These non-GAAP financial measures should not be considered in isolation, or as a substitute for, or superior to, financial measures calculated in accordance with GAAP. To the extent that Coty provides guidance, it does so only on a non-GAAP basis and does not provide reconciliations of such forward-looking non-GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including adjustments that could be made for restructuring, integration and acquisition-related expenses, amortization expenses, adjustments to inventory, and other charges reflected in our reconciliation of historic numbers, the amount of which, based on historical experience, could be significant. Reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures are contained in the press release attached as Exhibit 99.1 to the Form 8-K filed with the SEC on November 6, 2020.

Financial Presentation

In this presentation, discussions of "Total Coty" results reflect the current full scope of Coty's revenues and costs; "Continuing Operations" results reflect Total Coty results less the revenues and direct costs of the soon-to-be-divested Wella business; "Ongoing Coty" results reflect Continuing Operations plus additional cost recoveries expected under the Wella transitional service agreement (the "Wella TSA") which the company believes better reflect the balance of costs for the ongoing business.

Outlook Information

In this presentation, Coty presents outlook information as of November 6, 2020.

