



COTY
SECOND QUARTER
FY20 RESULTS

February 5, 2020

COTY

BEAUTY, CELEBRATED & LIBERATED

2Q20: PROGRESS CONTINUES

- Turnaround progressing as planned
- Momentum in gross margin and cash
- FY20 targets confirmed
- Reshaping of portfolio on track
 - Strategic review well underway
 - New partnership with Kylie Jenner



TURNAROUND ACTIVATION

Progress to Date

STRENGTHENING MARKETING FUNDAMENTALS

- 8% increase in working media, outsized spend behind priority brands
- Continuing to refine mix between traditional and digital media

GROSS MARGIN FOCUS

- Selective price increases
- Active mix management
- Better alignment between sell-in and sell-out

LEANER & MORE ALIGNED ORGANIZATION

- New organizational structure being implemented
- Stepped up service levels and forecast accuracy
- Beginning to execute on fixed cost restructuring



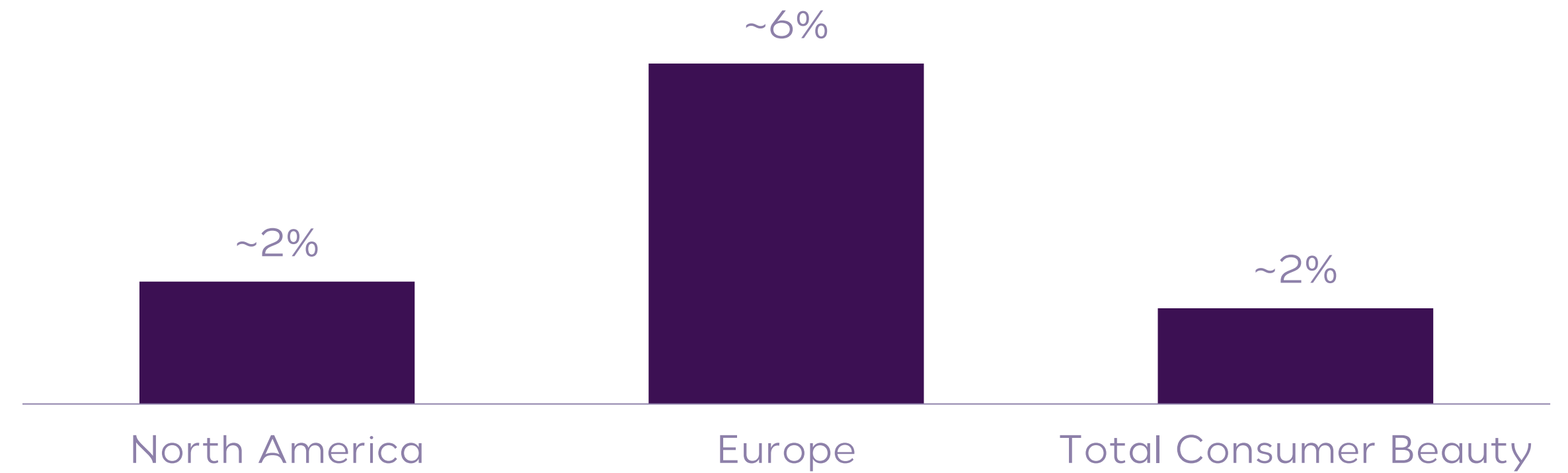
INITIAL POSITIVE SIGNALS – BUILDING A HEALTHIER BASE

Drivers of improvement:

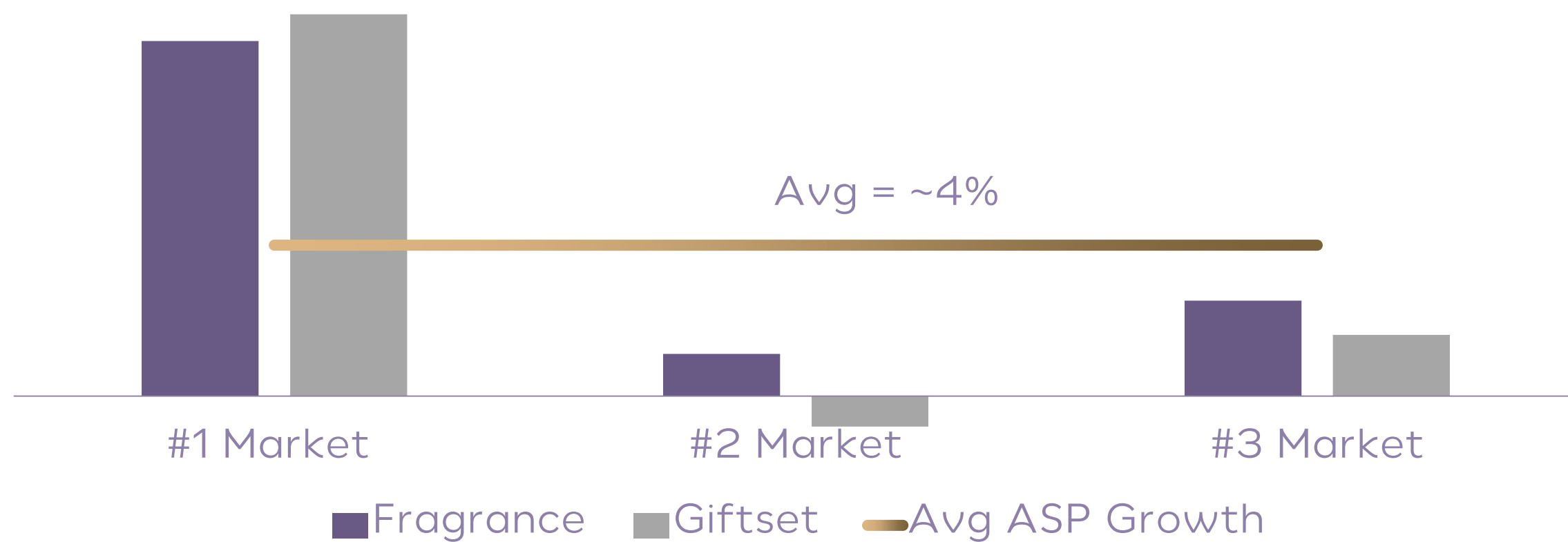


- Active net price management
- Revenue mix management
- More disciplined promos

Consumer Beauty – 1H20 Net Rev Per Unit Growth



Luxury Market Price per Unit Growth



Drivers of improvement:

- Reduction in promos
- Intentional pullback on margin dilutive giftsets
- Active net price management

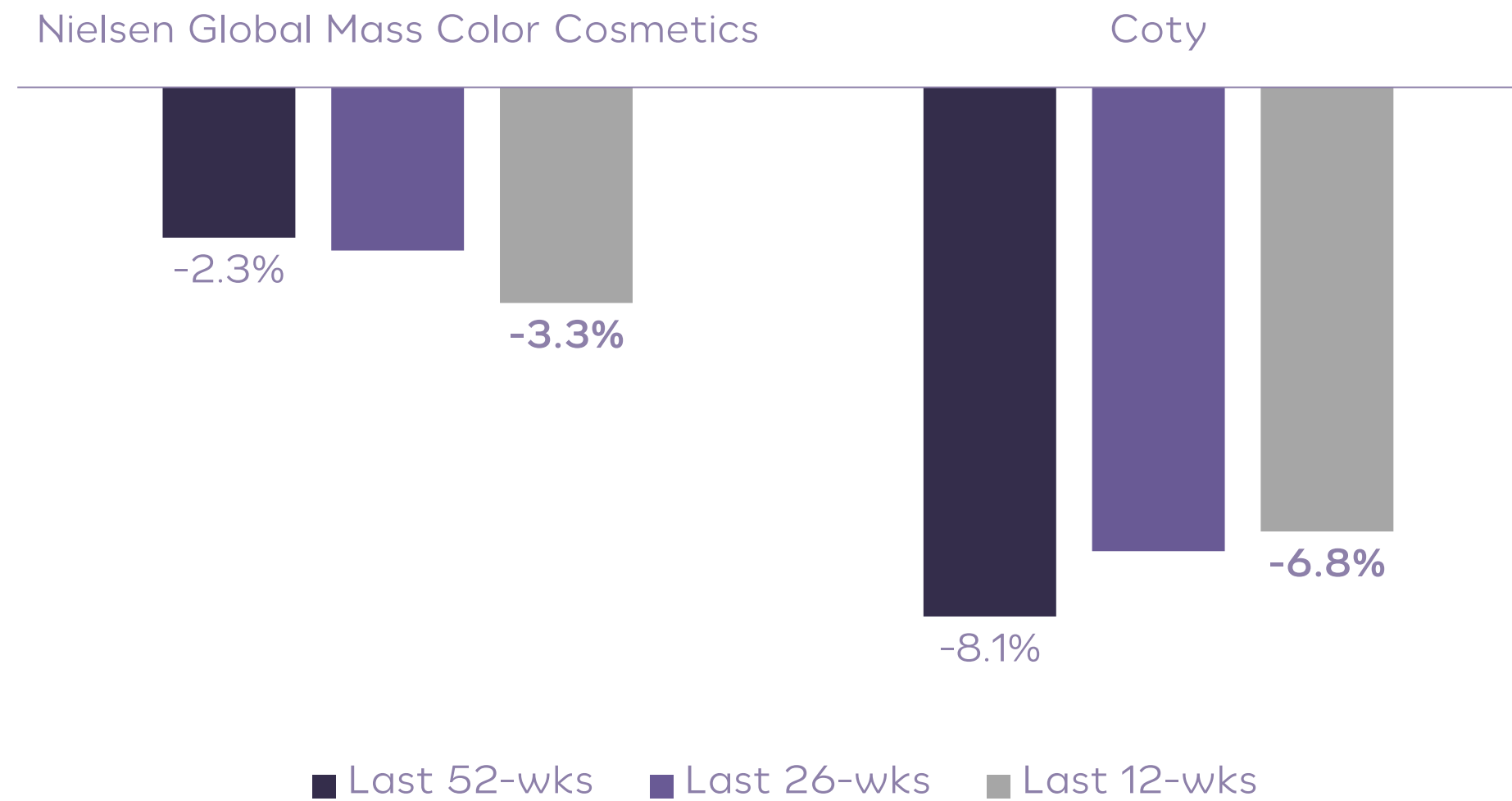


INITIAL POSITIVE SIGNALS – TANGIBLE PROGRESS IN MASS COSMETICS

United Kingdom

- Coty's color cosmetics **sell-out improved by ~140 bps*** over the past year driven by Rimmel and Max Factor
- Rimmel the **only brand in UK** mass cosmetics **growing penetration**

Coty Color Cosmetics Improvement



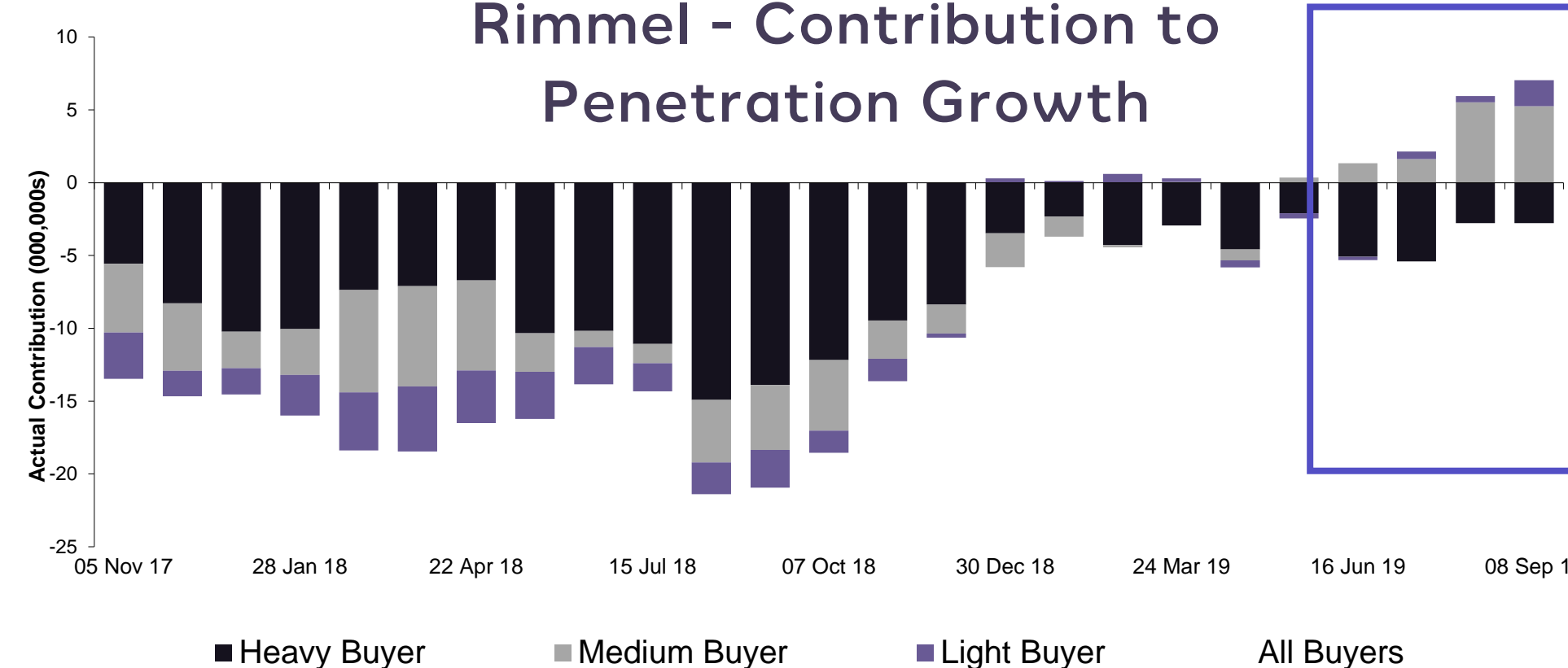
USA

- Coty's cosmetics sell-out remains pressured in mass retail, though **underperformance gap has been moderating***
- Including momentum on Amazon, **Coty's cosmetics sell-out >100bps better than Nielsen measures**
- Gaining share in mass fragrances

Germany

- Coty's color cosmetics sell-out **improved by ~170 bps*** during past year driven by **Max Factor distribution gains**
- Strong momentum in **Bruno Banani and adidas** in core categories

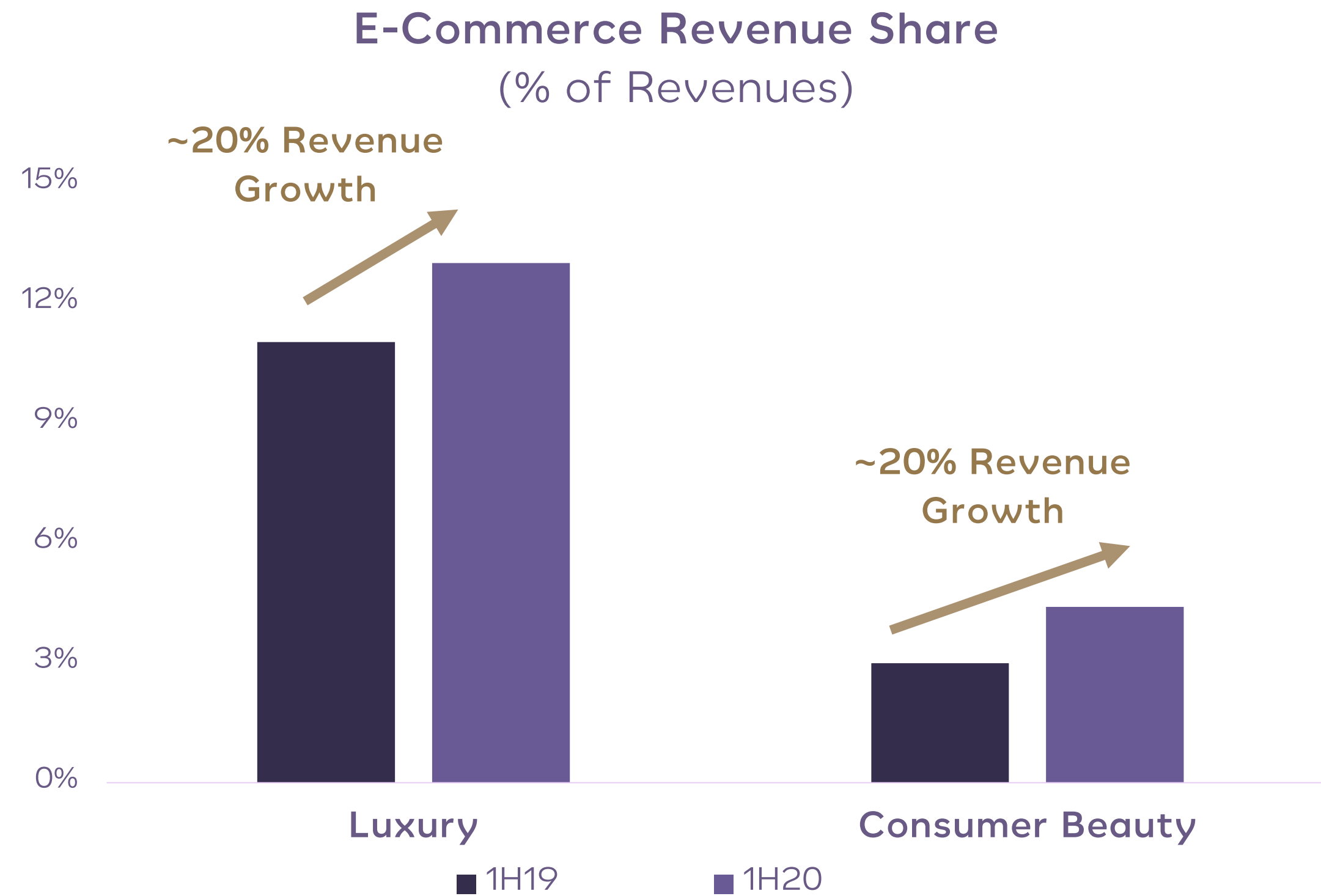
Rimmel - Contribution to Penetration Growth



Australia

- Coty's cosmetics sell-out **improved by ~770bps*** during past year driven by Sally Hansen and Rimmel

CONTINUED PROGRESS— E-COMMERCE GROWTH



Luxury

- Coty's e-commerce revenue share relatively **consistent with Lux fragrance market**
- **Strong momentum** despite current limited presence on Tmall

Consumer Beauty

- Significant progress, with **particular strength on Amazon**
 - Cyber Weekend **sales growth >80%** YoY in both the U.S. and the U.K.
 - **Gaining color cosmetics market share on Amazon** in core countries (U.S., U.K., Germany)



RECENT CLEAN LABEL LAUNCHES

- Vegan & Cruelty-free
- Naturally-derived ingredients
- Eco-friendly/recycled packaging
- Excludes parabens, sulphates, phthalates, and other contested ingredients



COTY SUSTAINABILITY AMBITIONS

Accelerate the **INCLUSIVE TRAINING** of our teams and maximize our **DIVERSITY**

BY 2025

- Committed to gender balance in our leadership positions * Broaden the measurement and reduction of **GENDER PAY GAPS**** Continue to support **CHARTER FOR CHANGE**
* Grade 1-5 ** 5 biggest markets
- Ensure **95%** associates complete **COMPLIANCE** training annually
- Mobilize **500,000 GLOBAL CITIZEN** actions behind Coty campaigns

Protect and conserve natural resources to achieve a **HEALTHY, CLEAN AND SAFE ENVIRONMENT**

BY 2030

- REDUCE OUR ABSOLUTE CO2 EMISSIONS** across entire value chain* by **-30%**
- Continue **ENERGY REDUCTION*** by **-25%** and switch to **100% RENEWABLE ENERGY**
- Further **REDUCE, RE-USE OR RECYCLE** Send **ZERO WASTE TO LANDFILL** and **RECYCLE 80% OF ALL WASTE** generated
* Baseline 2017



Drive **PRODUCT INNOVATION** with **SUSTAINABILITY** and circular economy in mind

FROM 2020

- Include sustainability criteria in the conception of **ALL NEW PRODUCTS** and share progress on our High Profile Ingredient management process.
- Improve **RESPONSIBLE SOURCING and TRANSPARENCY** in our supply chains
- Aim to purchase **100%** mass balance certified **PALM OIL** for our production sites
- 100%** responsibly sourced Indian **MICA**

BY 2022

- LESS AND BETTER PACKAGING**

BY 2025

- 100%** of the packaging for new products will include **RECYCLED** material or be **RECYCLABLE, REUSABLE** or **COMPOSTABLE**

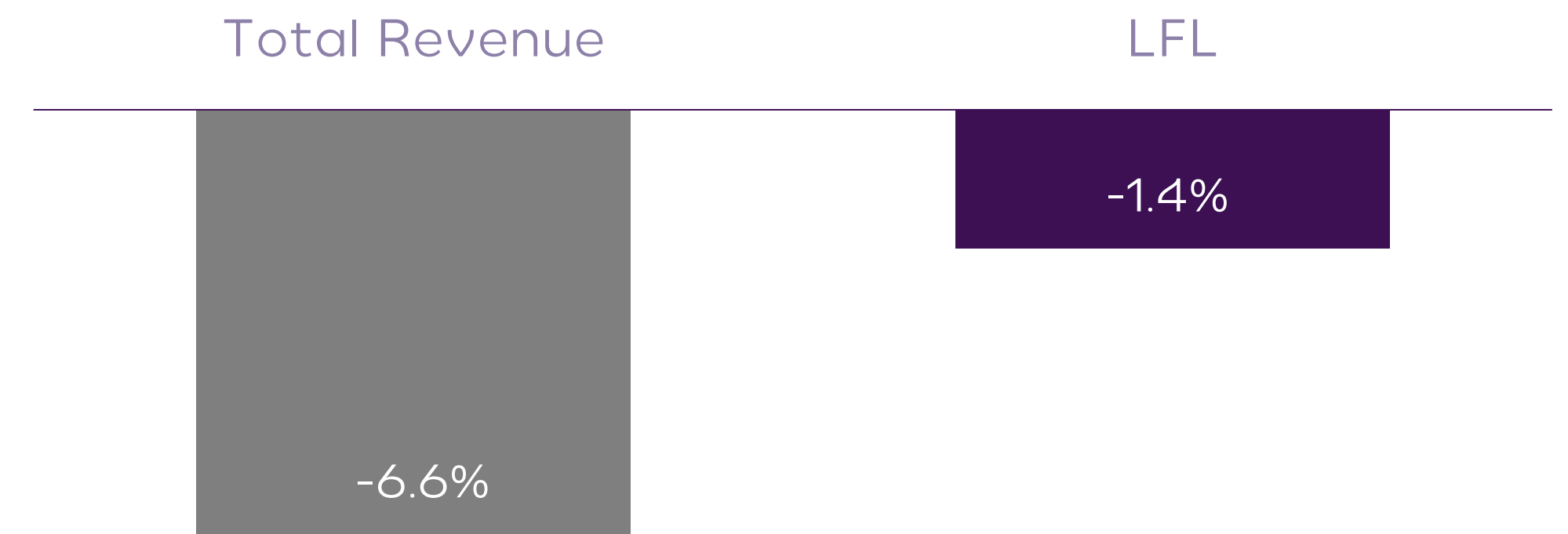
2Q20 REVENUE

Results In-line with Expectations

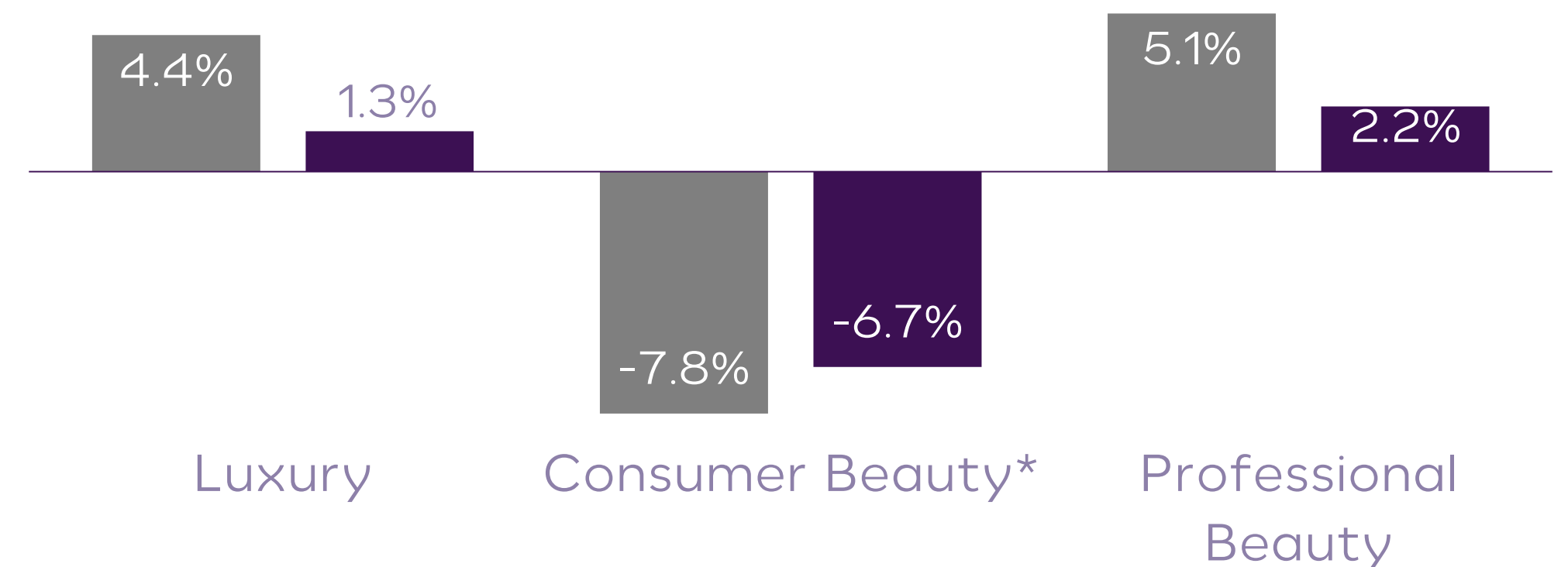


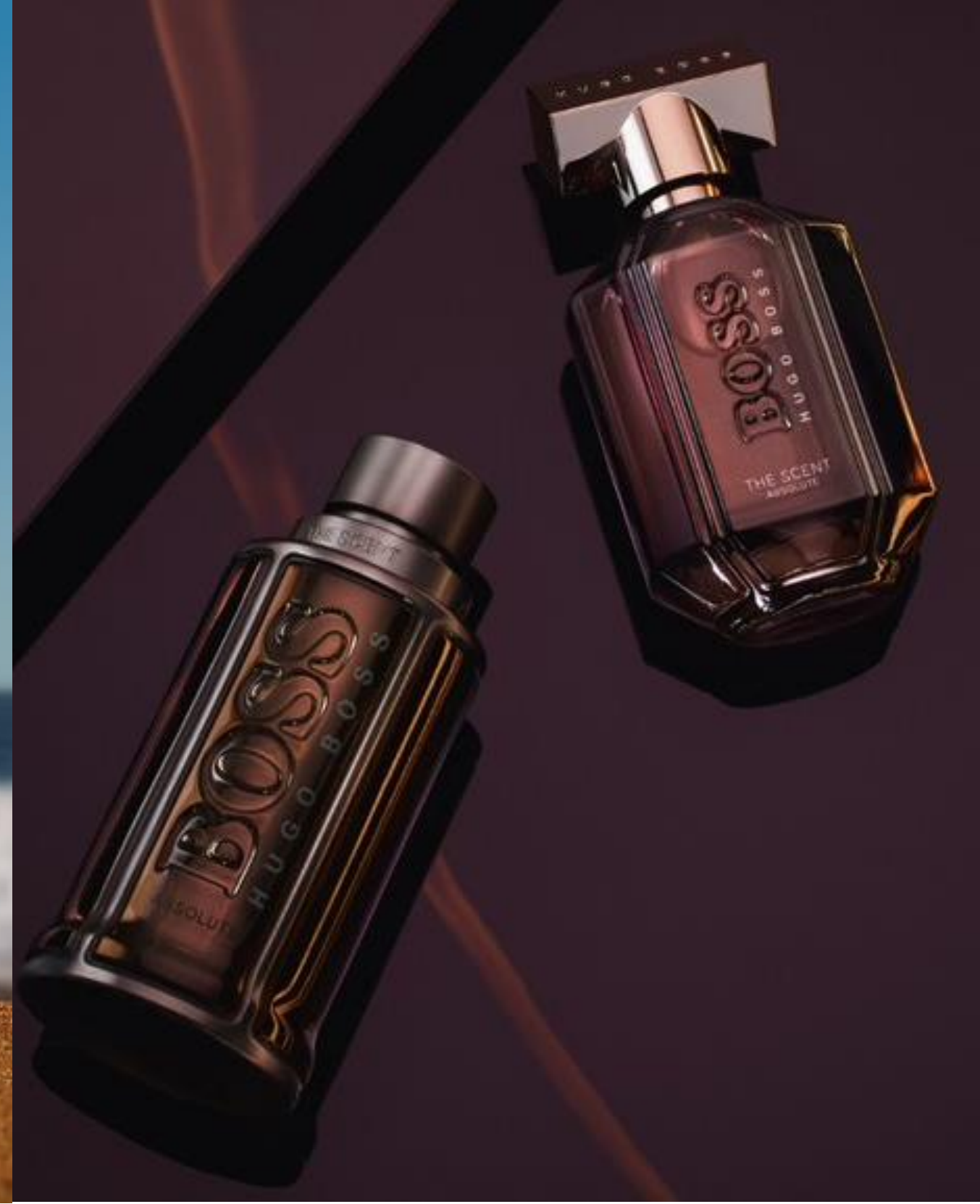
- 2Q20 revenue trend in-line with guidance
- Solid Luxury and Professional Beauty LFL, with sequential Consumer Beauty improvement
- Continued focus on building a healthier business supported by robust gross margin improvement

2Q20 REVENUE GROWTH



LFL BY DIVISION





LUXURY BRAND HIGHLIGHTS

LUXURY 2Q20 RESULTS

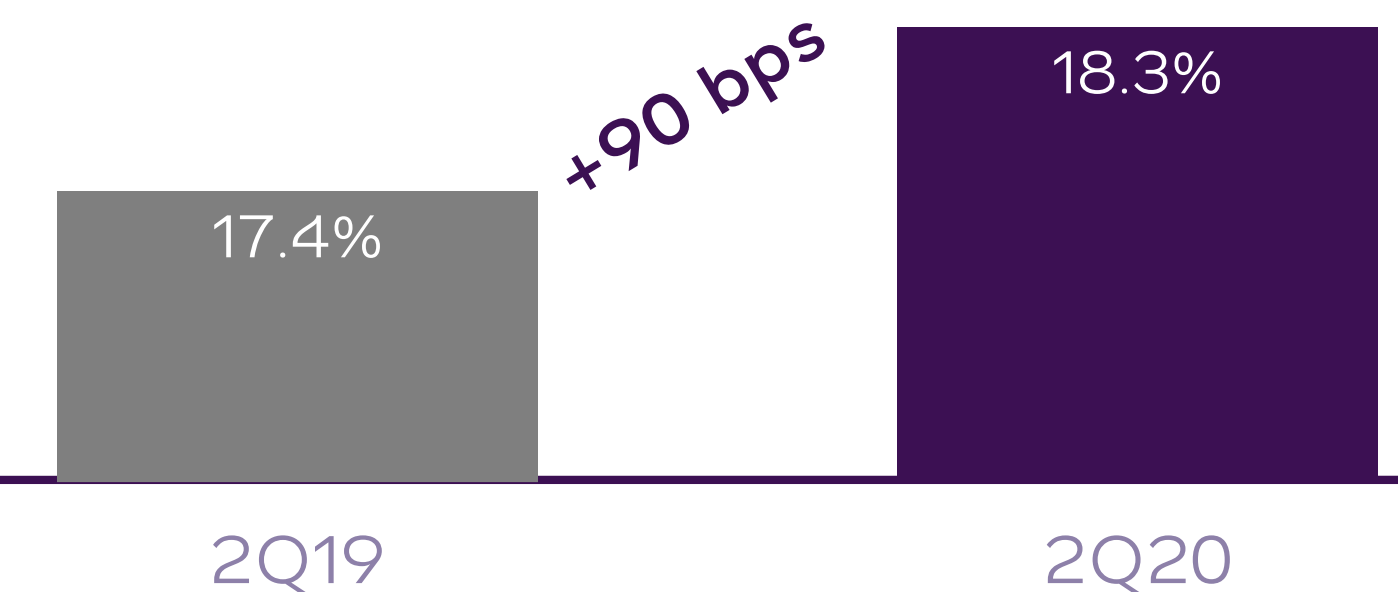
Strong Profit Growth

- Solid growth on high comparables
- Good sell-out performance:
 - Tiffany & Love, Gucci make-up
- We are cutting low value sales, temporarily driving negative LFL in Q3, so as to strengthen the business quality
- Strong upcoming launch pipeline: Hugo Boss Alive, CK Everyone, among others
- Gross margin strongly up, particularly in skincare

2Q20 REVENUE GROWTH



ADJUSTED OPERATING MARGIN





CONSUMER BEAUTY BRAND HIGHLIGHTS

CONSUMER BEAUTY 2Q20 RESULTS

Gradual Improvement

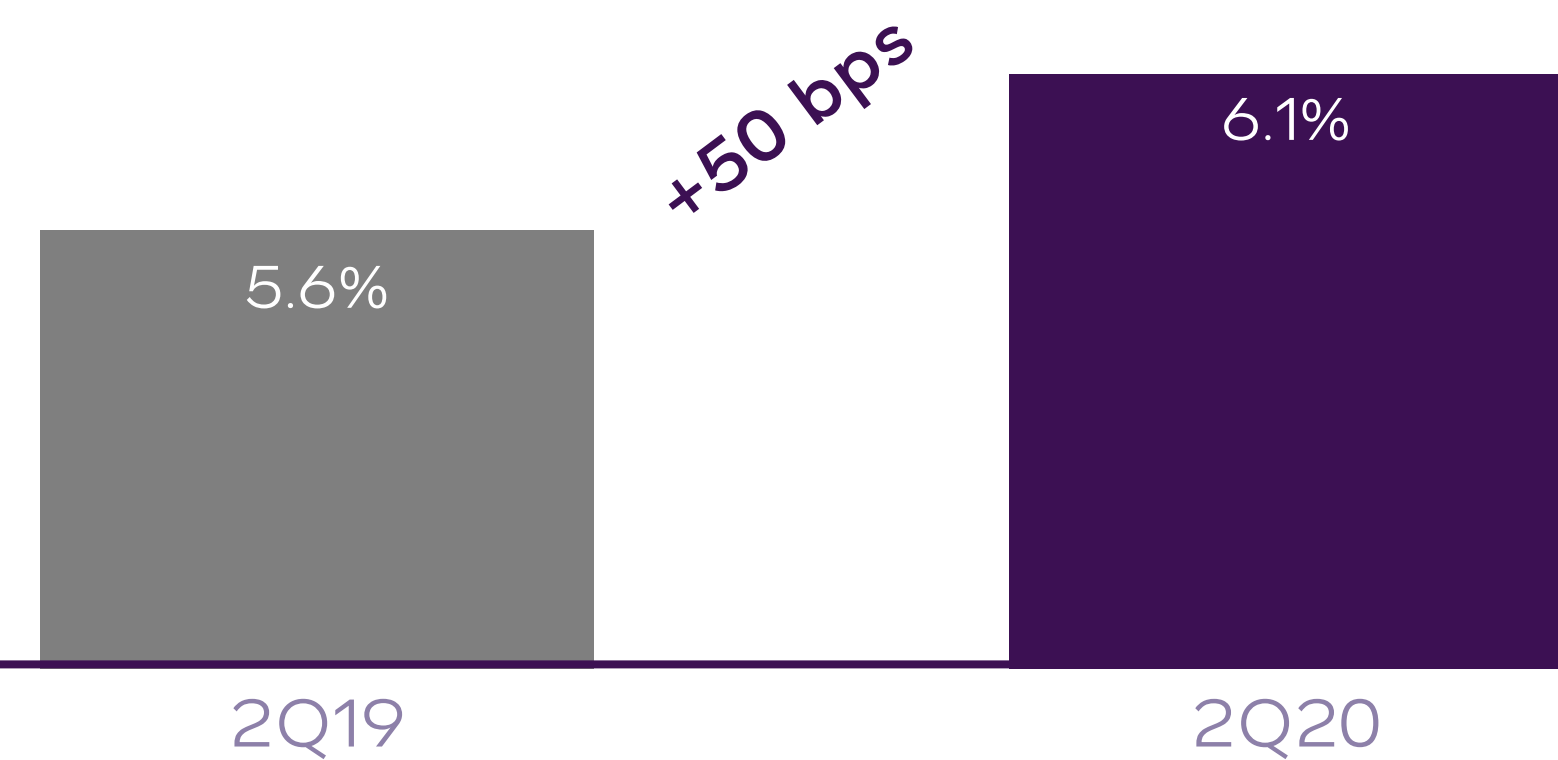
- Improving performance gap vs. overall market
- Priority brand-country combos declined low single digits, ahead of divisional average
- Launched clean label products for Sally Hansen and CoverGirl
- Europe trends continuing to strengthen, North America performance mixed, ALMEA continues to reflect proactive efforts to establish a healthier business



2Q20 REVENUE GROWTH



ADJUSTED OPERATING MARGIN





PROFESSIONAL BEAUTY BRAND HIGHLIGHTS

PROFESSIONAL BEAUTY 2Q20 RESULTS

Solid Revenue Growth

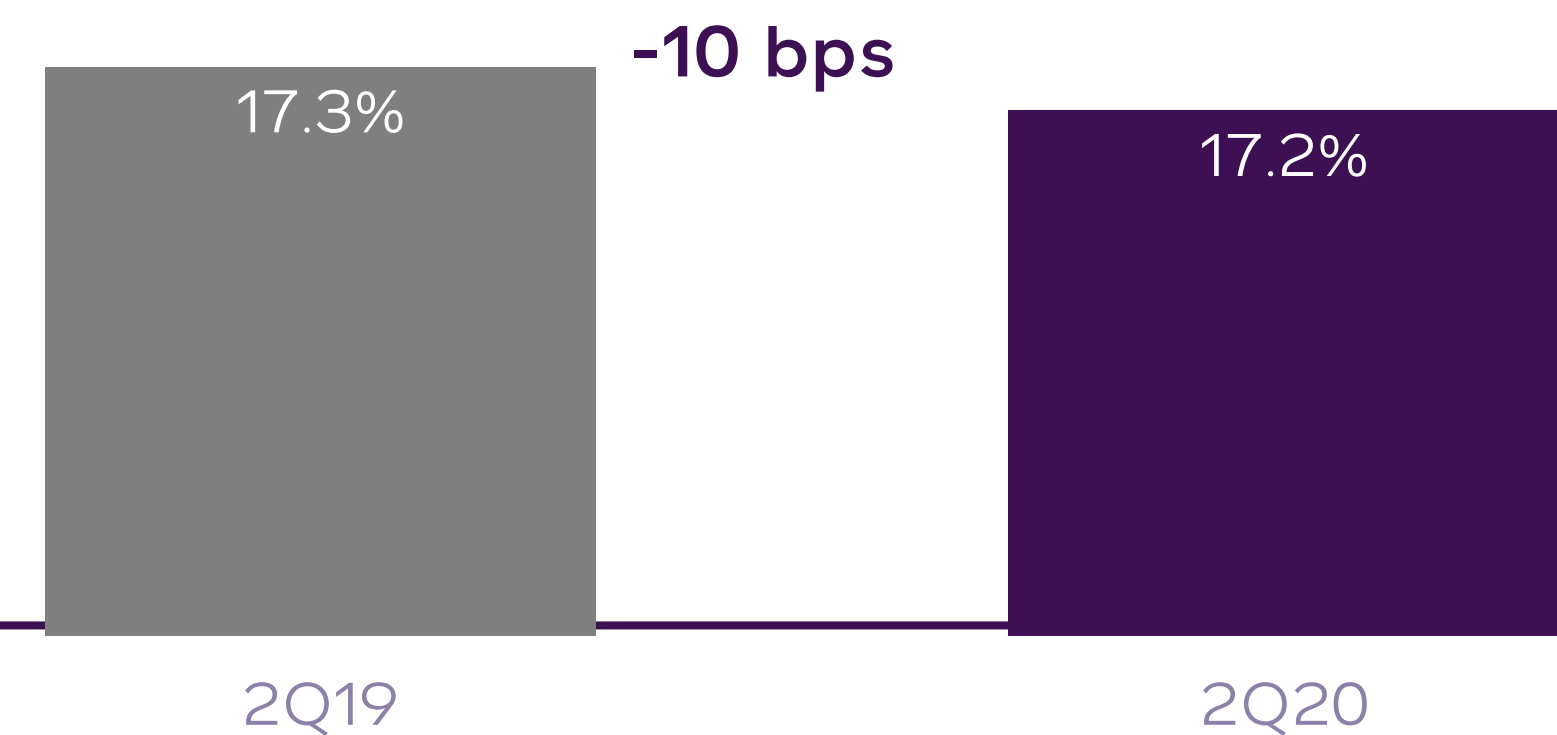
- Steady growth in Europe
- ghd continues to deliver solid growth on the back of strong launches
- Continued margin strength



2Q20 REVENUE GROWTH
Total Revenue LFL



ADJUSTED OPERATING MARGIN

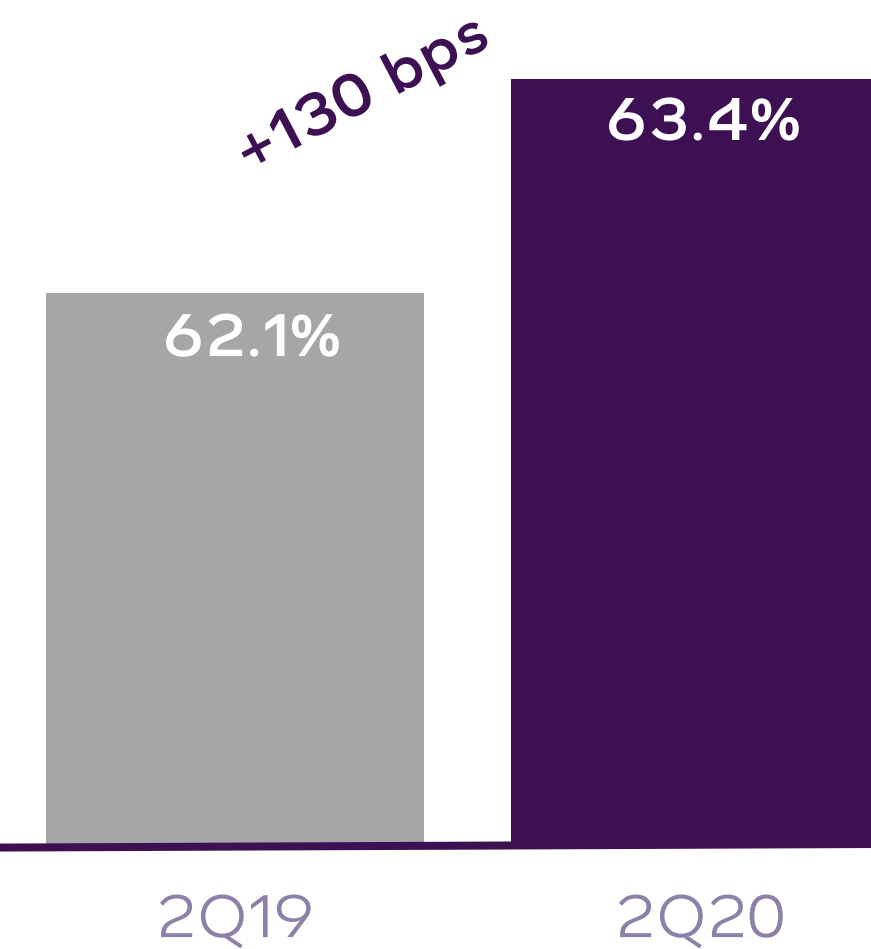


2Q20 COTY MARGINS CONTINUE TO IMPROVE

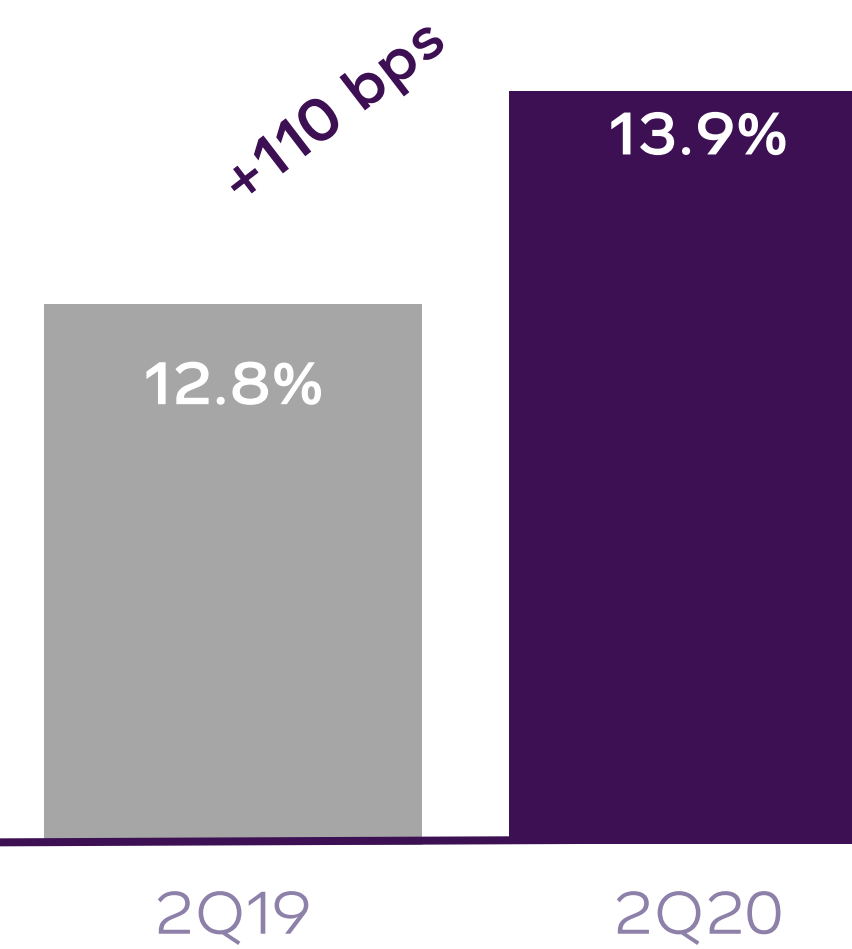
- Strong gross margin expansion supported by divisional mix and organizational focus
- Working media up sizeably, with overall A&CP down slightly on lower promotions
- Robust adjusted operating margin expansion driven by increased gross margin
- 1H20 adjusted operating income growth of 8.5% on a constant currency and scope basis
- EPS increased ~\$0.03 YoY, including one-time tax benefit of \$0.015 per share



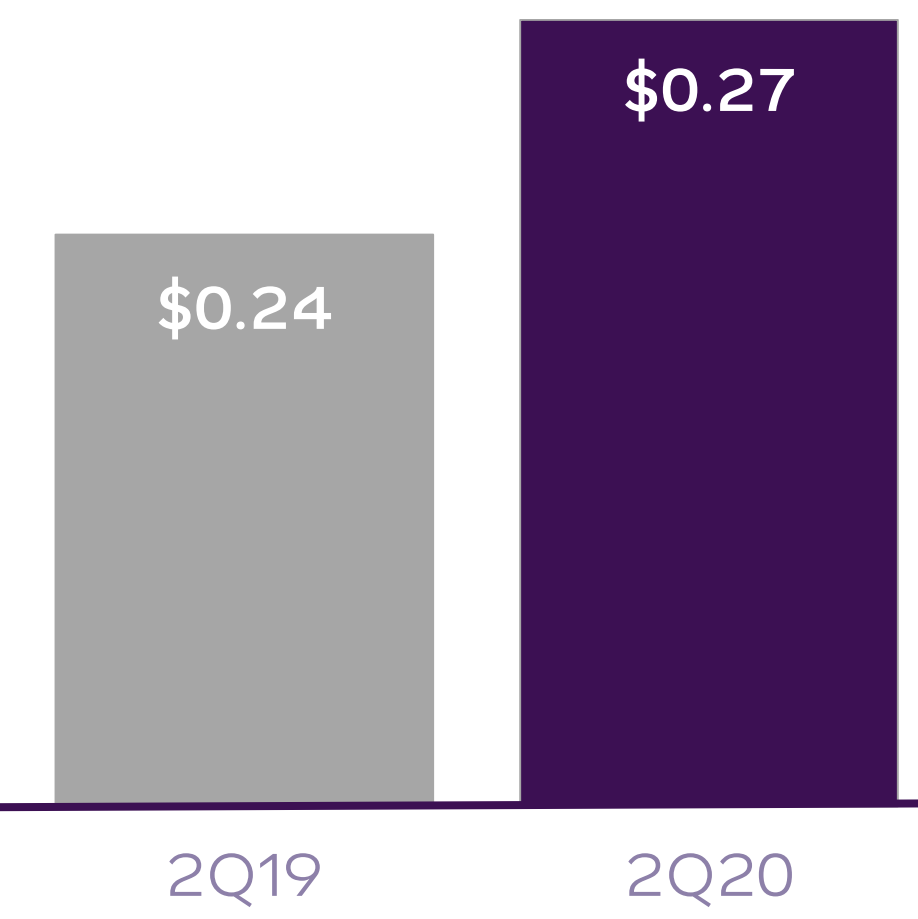
Adjusted Gross Margin



Adjusted Operating Margin



Adjusted EPS



Q2 FREE CASH FLOW GROWTH

- 2Q20 FCF up significantly YoY, supported by improvement in Net Working Capital
 - Driven by underlying Receivables and Inventory reduction
 - Capex lower by \$67M
 - FX negatively impacted debt by \$102M
- Progress on deleveraging, with key step change expected post strategic review

	2Q20
Adj Operating Income	325
Depreciation	101
Adj EBITDA	426
Noncash Addbacks	74
Working Capital (incl one-off costs)	46
Capex	(59)
Interest (Cash)	(86)
Tax (Cash)	(38)
Free Cash Flow	364
Dividends	(67)
Younique Divestiture, Buyout of Southeast Asia JV, and Other	(34)
Cash Available for Debt Paydown	262
Net Debt - Closing (12/31/19)	7,206
LTM Adj EBITDA	1,352
Net Debt / Adj EBITDA	5.3x



FY20 OUTLOOK

Targets Reaffirmed

LFL NET REVENUES Stable to slightly down YoY

ADJUSTED OI +5-10% YoY
(At Constant Scope and Currency) Strong working media reinvestment

ADJUSTED EPS Mid-single digit growth YoY

FREE CASH FLOW Moderate improvement YoY



STRATEGIC REVIEW

1. Strong business delivery, teams fully focused

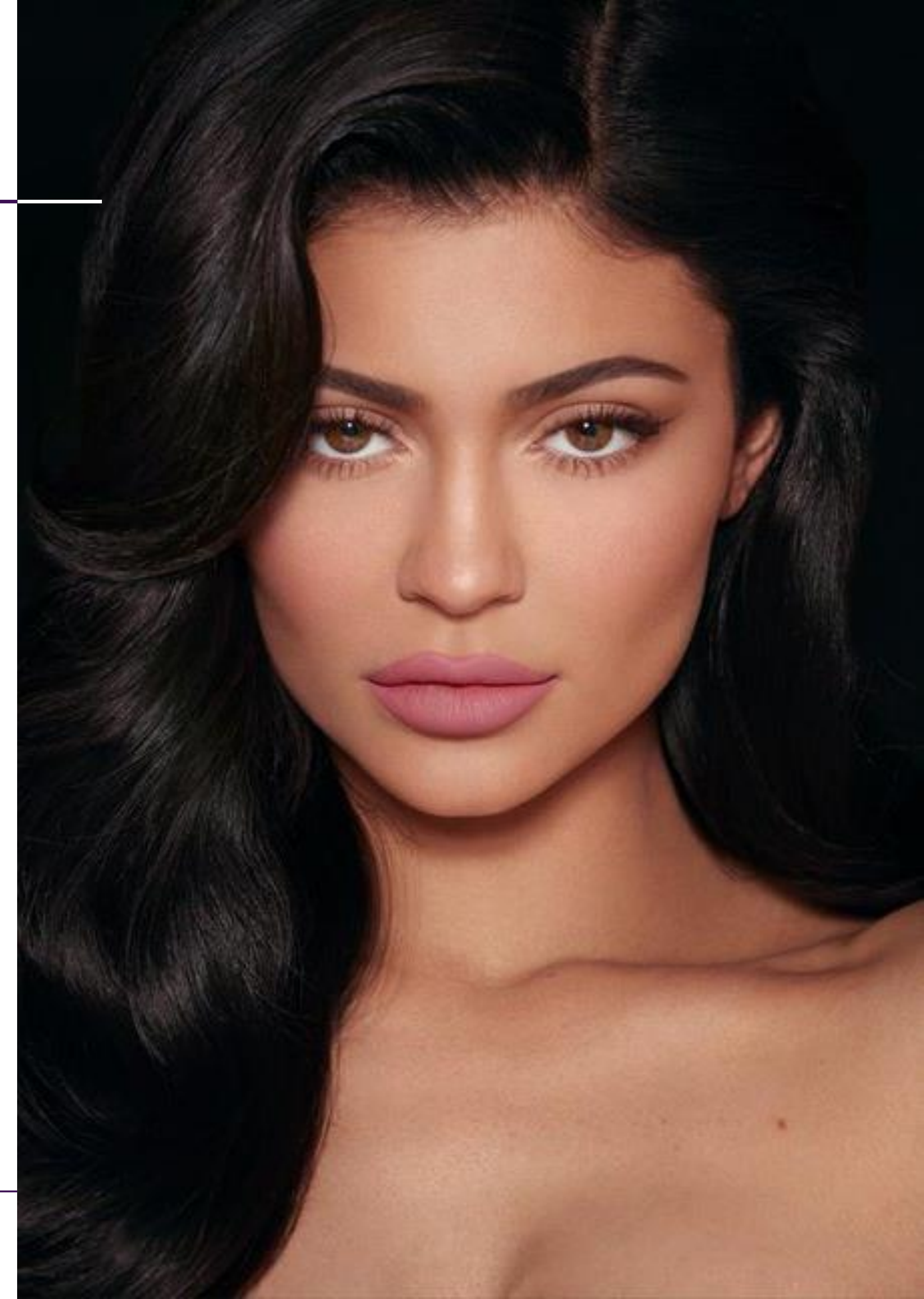
2. Multiple, strong interests confirmed

3. Information Memoranda distributed, progressing inline with initial timeline



KYLIE PARTNERSHIP

- Transaction closed January 6, 2020
- Christoph Honnefelder appointed CEO
- Ended CY19 with over \$200M in revenues
 - Very strong Black Friday and Cyber Monday results
 - Strong skin care start
 - Next 12 months focus will be on skincare and preparing for rapid expansion
- **Continue to expect partnership to be EPS neutral for CY20, and growth accretive to pro forma Coty LFL by FY21**



CONCLUSION: PROGRESS CONTINUES

- Turnaround progressing as planned
- Momentum in gross margin and cash
- FY20 targets confirmed
- Reshaping of portfolio on track
 - Strategic review well underway
 - New partnership with Kylie Jenner





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Mind the Step

Q&A

DISCLAIMER

Forward-Looking Statements

Certain statements in this presentation are forward-looking statements. These forward-looking statements reflect Coty Inc.'s ("Coty's") current views with respect to, among other things, Coty's turnaround plan announced on July 1, 2019 (the "Turnaround Plan"), strategic planning, targets, segment reporting and outlook for fiscal year 2020 and future reporting periods (including the extent and timing of revenue, profit and EPS trends and changes in operating cash flows and cash flows from operating activities and investing activities), the strategic review of Coty's Professional Beauty business, associated hair and nail brands sold by its Consumer Beauty division and Brazilian operations and any transaction related thereto, including divestitures (the "Strategic Review"), including timing of such Strategic Review and any transaction and the use of proceeds from any such transaction, Coty's future operations and strategy, allocation and amount of advertising and consumer promotion costs, allocation and amount of research and development investments, ongoing and future cost efficiency and restructuring initiatives and programs, strategic transactions (including the expected timing and impact), investments, licenses and portfolio changes, synergies, savings, performance, cost, timing and integration of acquisitions, future cash flows, liquidity and borrowing capacity, timing and size of cash outflows and debt deleveraging, the performance of launches or relaunches, the timing and impact of current or future destocking or shelf spaces losses, the impact and timing of supply chain disruptions and the resolution thereof, timing and extent of any future impairments, and the synergies, savings, impact, cost, timing and implementation of Coty's Turnaround Plan, including operational and organizational structure changes, segment reporting changes, operational execution and simplification initiatives, the move of Coty's headquarters (including expectations about roles and staffing), and the priorities of senior management. 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 Coty, 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: Coty's ability successfully implement its multi-year Turnaround Plan and to develop and achieve its global business strategies, compete effectively in the beauty industry and achieve the benefits contemplated by its strategic initiatives within the expected time frame or at all, the result of the Strategic Review and whether such Strategic Review will result in any transactions or divestitures (whether relating to all or part of the businesses in scope of the review), the timing, costs and impacts of any such transactions or divestitures, and the amount and use of proceeds from any such transactions, the integration of acquisitions with Coty'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 multiple ongoing and future strategic initiatives (including the Strategic Review), internal reorganizations and restructuring activities, including the Turnaround Plan, and Coty's ability to retain and attract key personnel and the impact of senior management transitions and organizational structure changes (including the co-location of key business leaders and functions in Amsterdam).

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, 2019, 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 free cash flow and net debt. 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 February 5, 2020.

Outlook Information

In this presentation, Coty presents outlook information as of February 5, 2020.

Definitions and Notes

Fiscal year represents Coty's fiscal year ended June 30.