COTY
INVESTOR PRESENTATION

JEFFERIES CONSUMER CONFERENCE

JUNE 23, 2021

COTY
SINCE 1904



INVESTMENT THESIS

1 ONE OF THE MOST BEAUTIFUL PORTFOLIOS, WITH TWO COMPLEMENTARY BRAND PORTFOLIOS

- ONE OF THE MOST BEAUTIFUL & COMPREHENSIVE BRAND PORTFOLIOS IN THE INDUSTRY, AND THE ONLY GROUP AT THIS LEVEL TO OPERATE TWO COMPLEMENTARY BRAND PORTFOLIOS

2 RAPIDLY EXECUTING ON ALL KEY STRATEGIC GROWTH PILLARS

- GREEN SHOOTS IN EVERY STRATEGIC PILLAR, WITH STRONG CADENCE OF PORTFOLIO MILESTONES PLANNED THROUGH CY21

3 GROSS MARGIN AND COST REDUCTIONS WILL FUEL OUR GROWTH PLANS

- CLEAR OPPORTUNITY TO DRIVE INCREASED PROFITABILITY THROUGH GROSS MARGIN EXPANSION AND COST REDUCTIONS, WHILE STILL INVESTING BEHIND OUR FOCUS BRANDS

4 MULTIPLE LEVERS TO DELEVERAGE

- OPPORTUNITIES TO IMPROVE FCF AND LEVERAGE THROUGH EBITDA GROWTH, WORKING CAPITAL ENHANCEMENTS, AND ASSET MONETIZATION, INCLUDING STAKE IN WELLA

COTY OVERVIEW

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WHO WE ARE TODAY...

A GLOBAL LEADER IN FRAGRANCE AND COLOR COSMETICS

STRONG POSITIONS IN KEY MARKETS WITH A DIVERSE BRAND PORTFOLIO

#1 in fragrances

$4.2B CY20 Net Revenues

#4 in color cosmetics

- #2 in Prestige Fragrances, #2 in Mass Cosmetics
- #2 in Prestige Fragrances, #1 in Mass Cosmetics
- #1 in Prestige Fragrances, #4 in Mass Cosmetics

GUCCI · BOSS HUGO BOSS · CALVIN KLEIN · BURBERRY LONDON ENGLAND · KYLIE KYLIE JENNER

COVERGIRL · RIMMEL LONDON · MAX FACTOR X · adidas · Sally Hansen

Source: Rank in Global Fragrances and Color Cosmetics – Greenbook CY19
US, UK, DE Prestige Rankings NPD Sell-Out data (TMM for US) CY20
US, UK, DE Mass Cosmetics Rankings Nielsen Sell-Out data CY20

A PORTFOLIO OF ICONIC BRANDS ACROSS KEY PRICE TIERS



PRESTIGE

PREMIUM

MASS

STRATEGY & RECENT MILESTONES

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OUR STRATEGIC PRIORITIES

#1	**STABILIZE CONSUMER BEAUTY MAKE-UP BRANDS & MASS FRAGRANCES**
#2	**ACCELERATE LUXURY FRAGRANCES** & BECOME A KEY PLAYER IN **PRESTIGE MAKE UP**
#3	**BUILD SKINCARE PORTFOLIO** ACROSS BOTH DIVISIONS
#4	**BUILD E-COMMERCE AND DIRECT-TO-CONSUMER EXPERTISE AND CAPABILITIES**
#5	**EXPAND IN CHINA** ON LUXURY AND SELECT CONSUMER BEAUTY BRANDS
#6	**BECOME A BEAUTY LEADER IN SUSTAINABILITY**

BOSS BOTTLED EXPERIENCE PLATFORM & LIVE INFLUENCER CONTENT

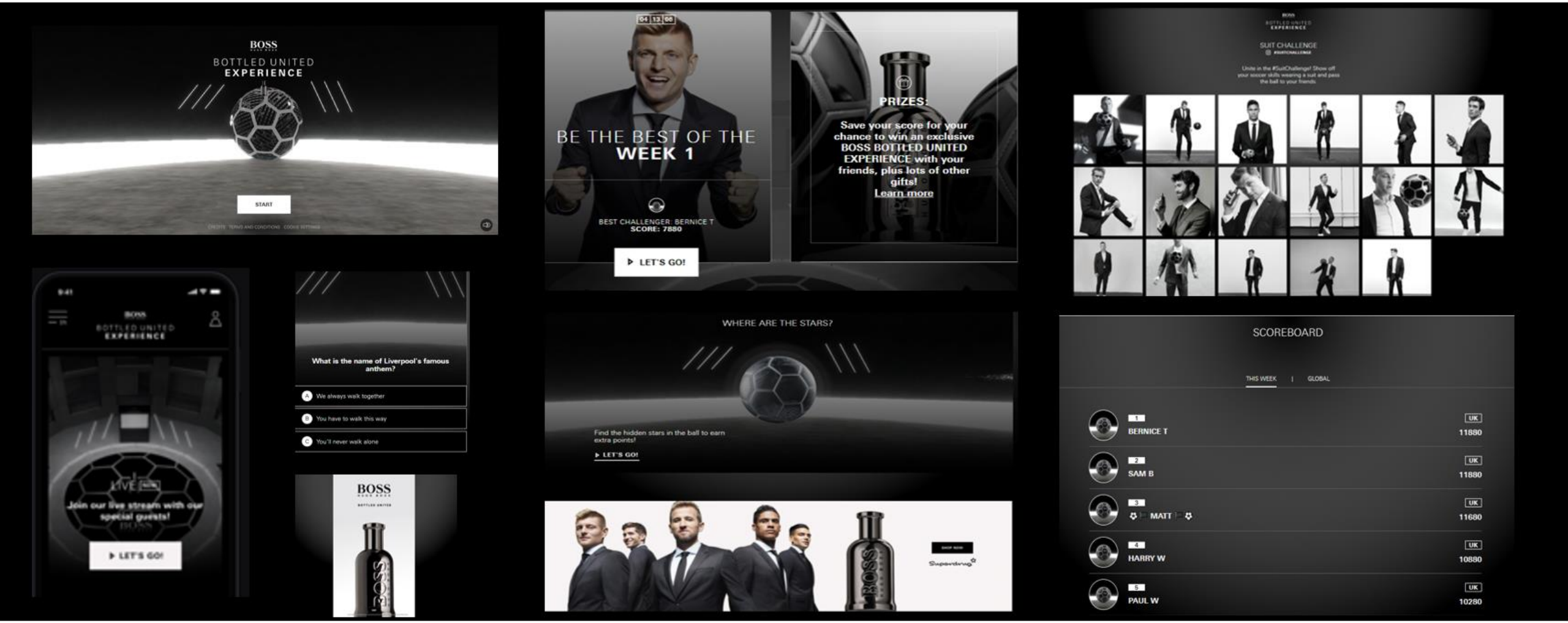
5 Soccer Players

30 Influencers #SuitChallenge

~150 Posts & Stories

~36M Impressions

~3M Engagements



https://www.boss-bottled-united.com/

STRONG PRESTIGE LAUNCH CALENDAR FOR 1HFY22

GUCCI

- MILEY CYRUS ANNOUNCED AS THE FACE OF GUCCI FLORA GORGEOUS GARDENIA EAU DE PARFUM
- AVAILABLE FROM JULY 30TH





BURBERRY

LONDON ENGLAND

- NEW MALE FRAGRANCE PILLAR

KYLIE

KYLIE JENNER

- REFRESHED COSMETICS PRODUCT PORTFOLIO & INTEGRATED DTC WEBSITE

CALVIN KLEIN

- NEW MALE FRAGRANCE PILLAR

LANCASTER
MONACO

Lagardere Sanya Outpost

LANCASTER SKINCARE POP-UP IN CHINA DRAWING CROWDS

>1K Units Sold
in first few days

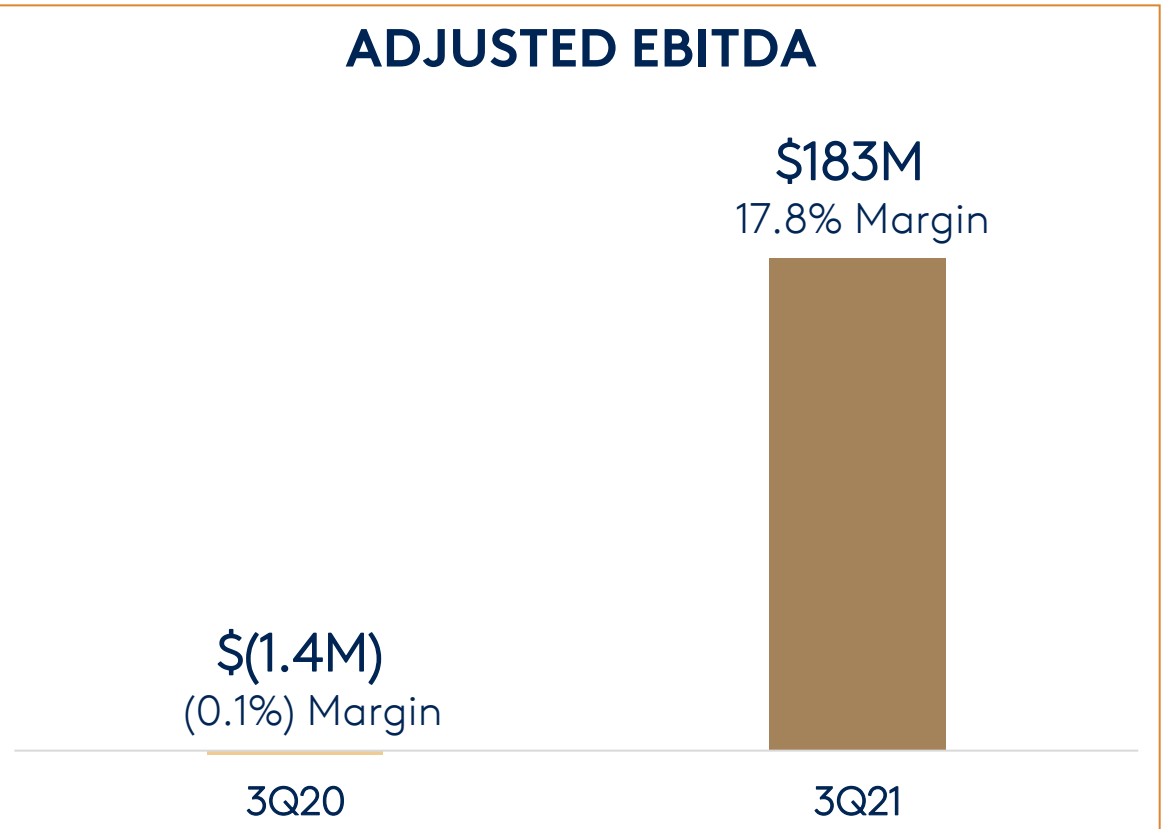
Top 2 SKUs
are Skin & Suncare Hybrids





ROBUST PROFIT GROWTH

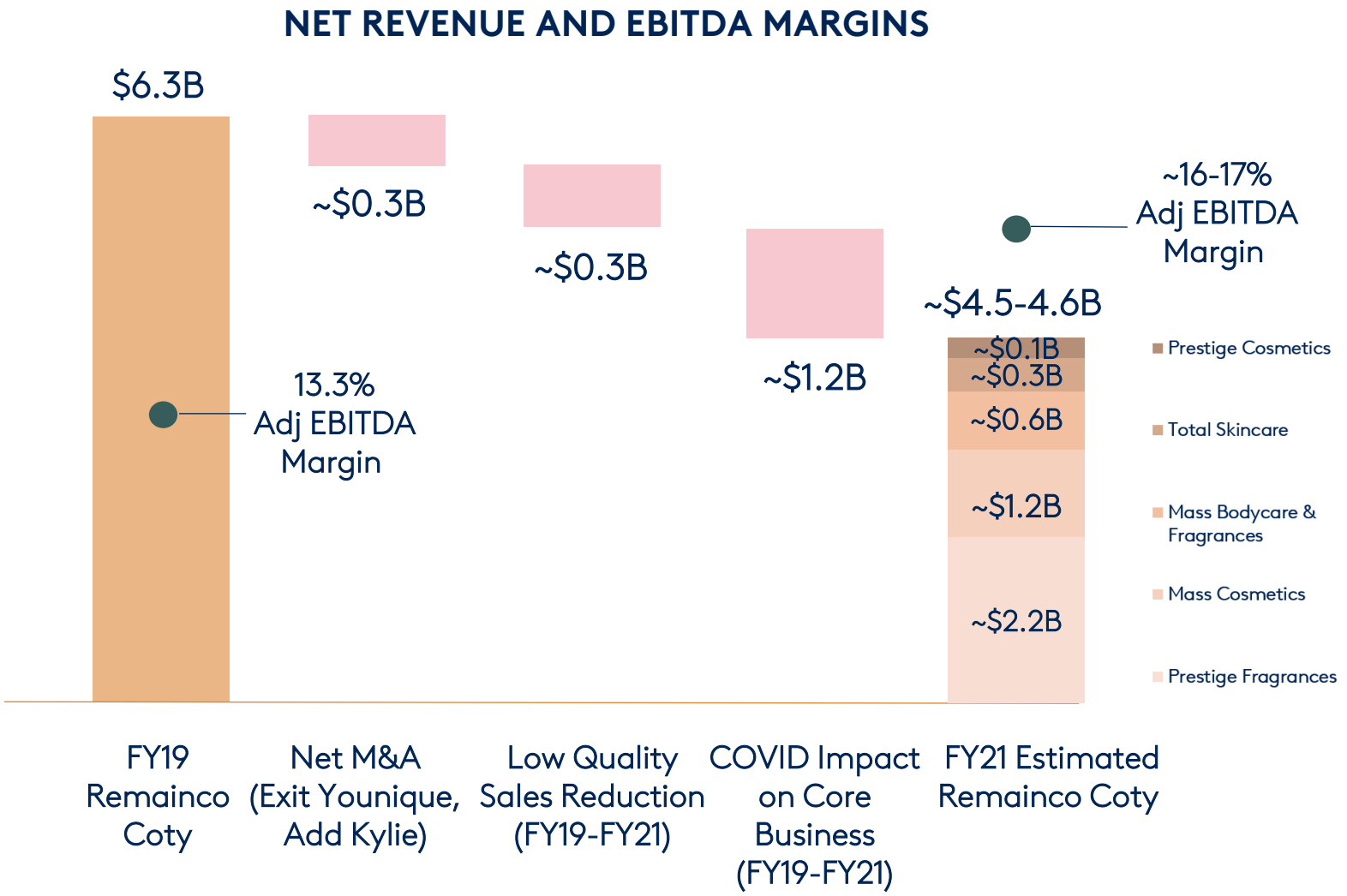
- 3Q21 ADJUSTED EBITDA OF $183M, INCREASING >$180M YOY
- EBITDA MARGIN UP 18PPS TO 17.8%
- DESPITE SALES DECLINE, SIGNIFICANT YOY PROFIT GROWTH
- YEAR-TO-DATE ACHIEVED OVER $270M OF SAVINGS
- ON TRACK TO REACH FY21 TARGET OF $300M OF COST SAVINGS AND FY23 TARGET OF $600M



FY21 IS THE BASELINE FOR COTY'S SALES & PROFIT ACCELERATION

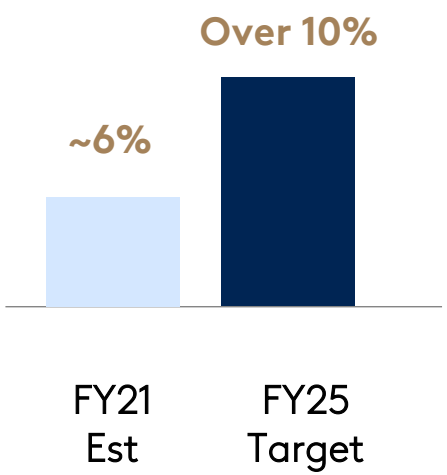
Confirming near term targets:

- On track to end FY21 with net revenues of **~$4.5-4.6B**
- Confirming FY21 adjusted EBITDA target of **~$750M,** reflecting **over 300bps** of margin improvement from FY19 through strong profit protection efforts
- Committed to exiting calendar 2021 with a leverage ratio moving **towards 5x**

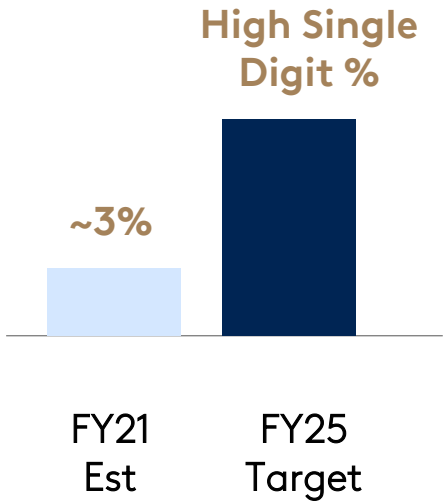


LUXURY BUSINESS TO DRIVE FUTURE REVENUE & PROFIT GROWTH

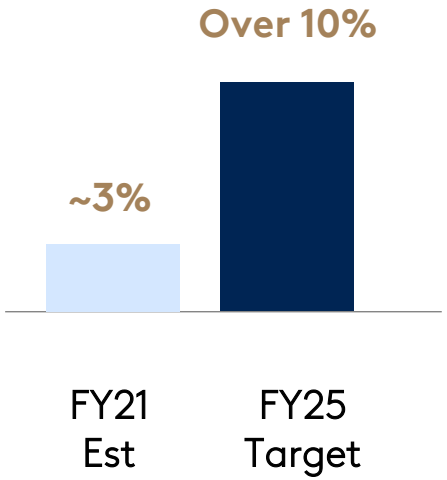
SKINCARE
(Prestige + Mass;
% of Total Net Revenues)



PRESTIGE COSMETICS
(% of Total Net Revenues)



CHINA
(% of Total Net Revenues)



COTY'S TRANFORMATION JOURNEY

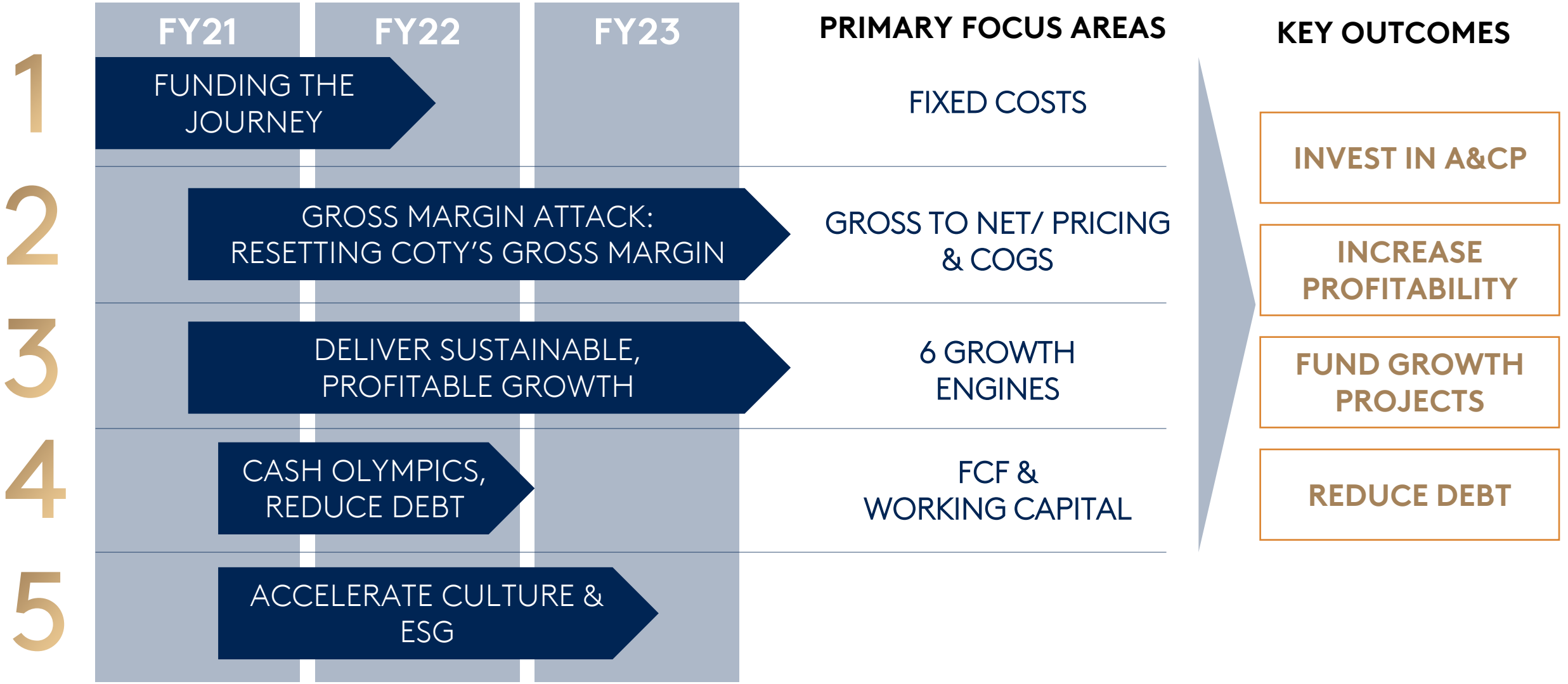
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WE ARE TRANSFORMING ALL ASPECTS OF THE COMPANY

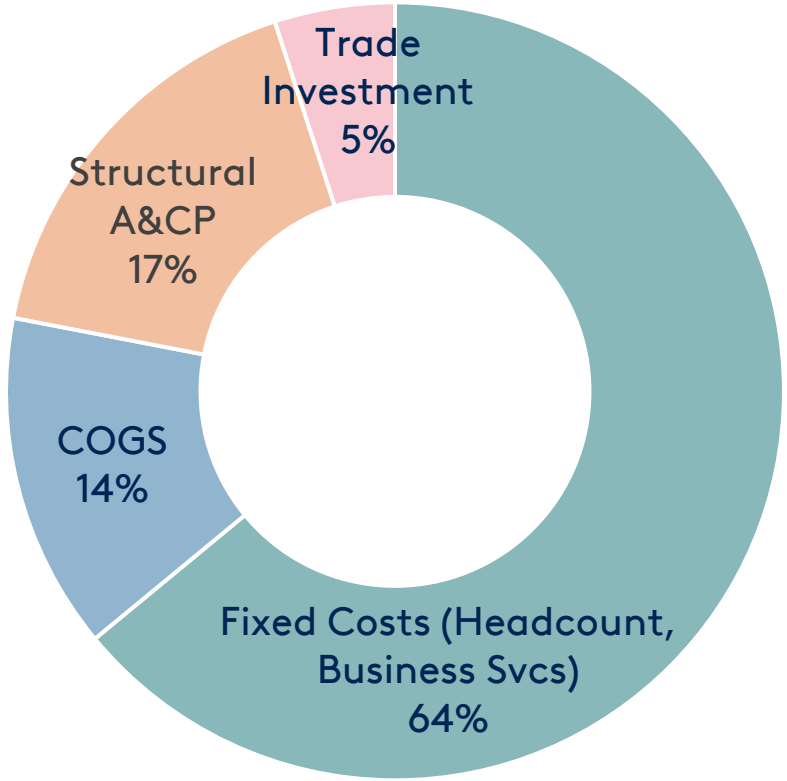
FROM	TO
CORPORATE STRATEGY not in line with the market	Focus on **GROWTH AREAS**
BRAND STRATEGIES and portfolio not clear	**PRODUCT CENTRIC** brands and portfolio
IP AND INNOVATION firepower not utilized	Investment in **INNOVATION** and leveraging what we have
B&M FOCUSED: Late in e-commerce and DTC	E-commerce momentum and investment in **DIGITAL**
High **FRAGMENTATION** (e.g. SKUs, brands)	Complexity reduction, platforming, streamlined portfolio
UNDERUTILIZED NETWORK	**IMPROVING UTILIZATION** through growth and insourcing
TOO MUCH OVERHEAD	**STREAMLINED** processes and organization
Huge **EXTERNAL SPENDING**	**SAVVY SPENDING**

ALL-IN TO WIN IS COTY'S END-TO-END TRANSFORMATION PROGRAM



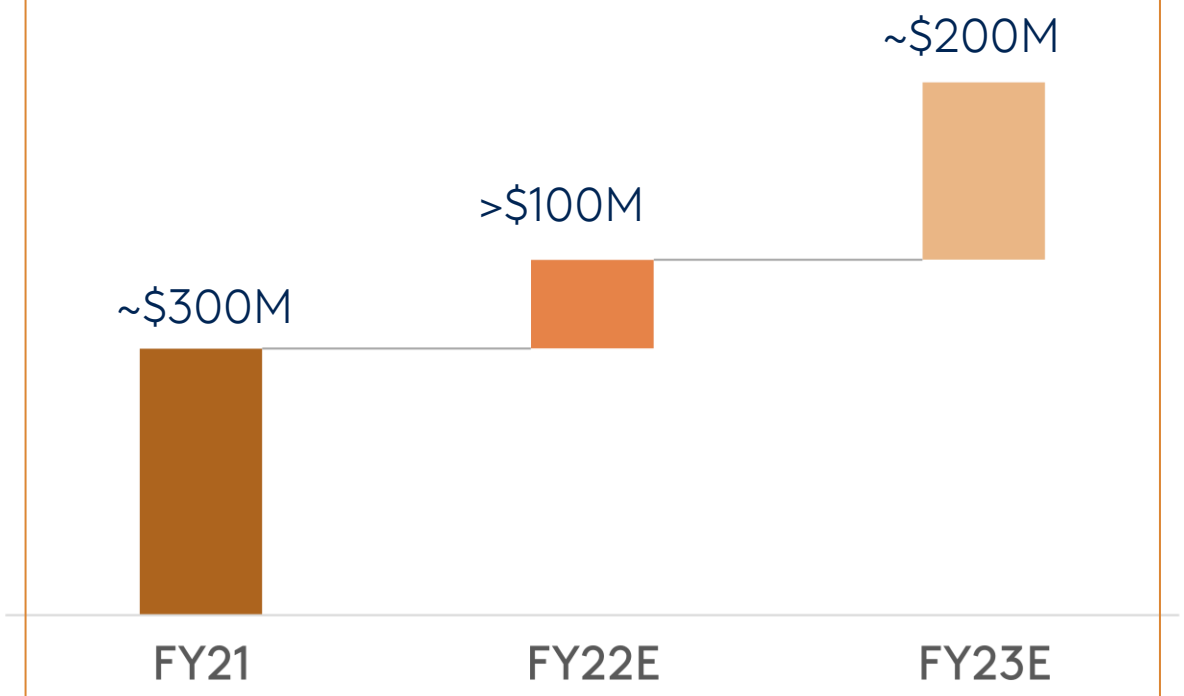
SAVINGS PROGRAM ON TRACK TO DELIVER ~$300M IN FY21, $100M AHEAD OF SCHEDULE

BREAKDOWN OF TARGETED FY21 COST SAVINGS



ON TRACK FOR ~$600M SAVINGS THROUGH FY23, WITH PIPELINE OF PROJECTS EXTENDING INTO FY24

SAVINGS DELIVERY TIMELINE ($M)



MUCH OF INITIAL FY22 SAVINGS PLAN ACCELERATED INTO FY21

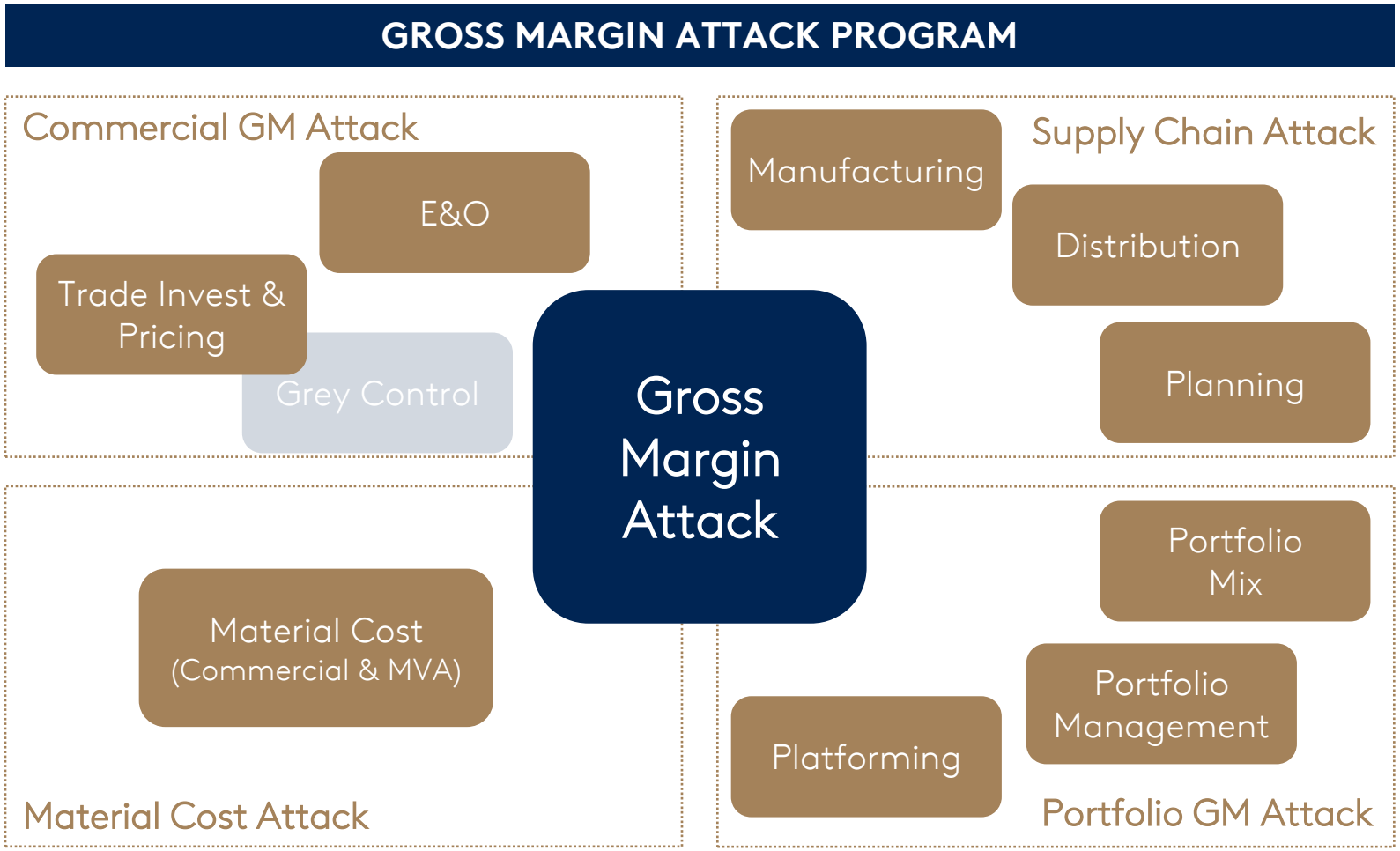
FY22 SAVINGS ARE NET SAVINGS AND INCORPORATE HEADWINDS FROM:

- INVESTMENT IN GROWTH PILLARS, INCLUDING CHINA, DIGITAL, AND SKINCARE
- MATERIAL COST INFLATION
- REINSTATING BONUSES

ALREADY IDENTIFYING POTENTIAL PROJECTS FOR FY24 AND BEYOND

TRANSFORMATION EXTENDS BEYOND COST SAVINGS PROGRAM, WITH MULTI-PRONGED FOCUS ON GROSS MARGIN EXPANSION

- COTY 3QYTD GROSS MARGIN OF ~60% VS. BEAUTY PEERS AT >70%
- STRATEGIC GROWTH PILLARS ARE ALL GROSS MARGIN ACCRETIVE



COTY'S PORTFOLIO OPTIMIZATION PROGRAM

Tail-End SKU Rationalization

- Removing Non-Productive SKUs (low performing, low profitability)
- **Revenue neutral due to increased shelf productivity**
- **Status:** Rationalization plan built in Aug 20; now in implementation

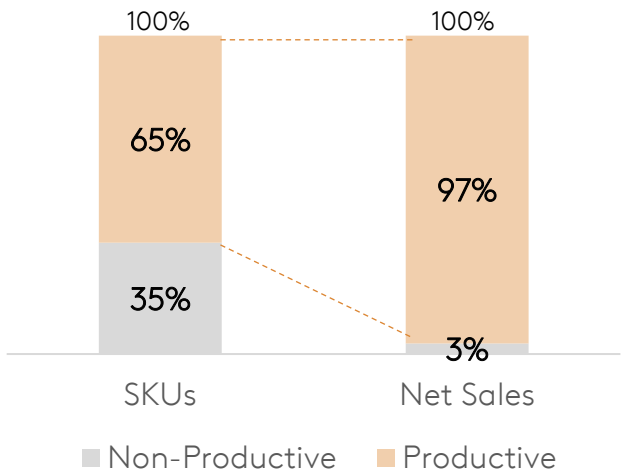
Platforming

- Common formula 'chassis' and packaging formats
- Winning innovations / technologies are rapidly rolled out across brands
- **Status:** Defined for Color Cosmetics; Fragrances will be next Category

Assortment Management

- Prioritization of competing SKUs with higher GM
- Optimizing SKU Mix in Planograms
- **Status:** Optimized Planograms being finalized, implementation starting Jul 2021

Example: Color Cosmetics



Example: Foundations

	From	To	% Red.
Bottles Shapes	9	5	44%
Caps	16	7	56%
Pumps	8	3	63%
Tubes	6	3	50%
Tottles	2	0	100%
Chassis	26	5	81%
Formulas	41	26	37%

Example: Rimmel



Rimmel Ultimate Kohl Kajal

Gross Margin: low

Rotation: low



Rimmel Soft Kohl Kajal

Gross Margin: high

Rotation: high

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CASH OLYMPICS – TARGETING LEVERAGE TOWARDS 5X EXITING CY21, AND CONTINUED DELEVERAGING AFTER

KEY STREAMS	EXAMPLES OF IDENTIFIED OPPORTUNITES
1 INVENTORY	MORE THAN $100M IN ANNUAL VALUE AT RISK - $20M REDUCTION TARGETED
2 RECEIVABLES	
3 PAYABLES	
4 REAL ESTATE	
5 LONG TERM ASSETS	REDUCTION IN DSO BY 40 DAYS IN AN EMEA MARKET FOLLOWING GO-TO-MARKET CHANGE, WITH CASH FLOW IMPROVEMENT OF OVER $6M
6 CAPEX	
7 ONE OFF COST	
8 TAX / VAT	
9 INTEREST, BANK FEES	FOCUSED ON IMPROVING COTY'S CREDIT RATING TO ASSIST PAYABLE TERMS/ INSURANCES OF SUPPLIERS
10 FACTORING	
11 BALANCE SHEET REVIEW	

CONCLUSION

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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, changes in operating cash flows and cash flows from operating activities and investing activities, and expected drivers of sales and profitability in future periods), the impact of the Wella Transaction and the related transition services (the "Wella TSA"), the Company's future operations and strategy including the expected implementation and related impact of its strategic priorities), allocation and amount of advertising and consumer promotion costs, expected shelf space trends, allocation and amount of research and development investments, investments, licenses and portfolio changes, product launches and relaunches or rebranding (including their expected timing and impact), ongoing and future cost efficiency, optimization and restructuring initiatives and programs, strategic transactions (including their expected timing and impact), plans with respect to joint ventures (including Wella), the Company's capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof, and any plans to resume cash dividends), synergies, savings, performance, cost, timing and integration of acquisitions, including the strategic partnerships with Kylie Jenner and 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, 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 and supply chain changes), e-commerce, digital and direct-to-consumer 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, the availability and widespread distribution of a safe and effective vaccine, 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 future divestitures (and the amount and use of proceeds from any such transactions); 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 TSA), internal reorganizations and restructuring activities, including the Transformation Plan, any unanticipated problems, liabilities or integration or other challenges associated with a past or future acquired business, joint ventures or strategic partnerships (including with Kylie Jenner and Kim Kardashian West) which could result in increased risk or new, unanticipated or unknown liabilities, including with respect to environmental, competition and other regulatory, compliance or legal matters and litigation or investigations by governmental authorities; 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 ("adjusted 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 May 10, 2021.

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 May 10, 2021

