3Q25 Earnings Script

May 6, 2025

Sue Nabi, Chief Executive Officer

Slide 1

- Welcome everyone

Slide 2

- Fiscal 25 has been a pivotal and transitional year for Coty, as the consumer and retail environment of the past few quarters became even more challenging in the third quarter, and we took more proactive measures to clean up the baseline of our business to prepare for a healthier FY26
- Let me take a few moments to focus on the current backdrop and how Coty is navigating this context, with multiple levers to fuel improved trends into next year and beyond

Slide 3

- It's important to properly frame the challenges we are facing in Q3 and even more so, in Q4
- For our Prestige business, FY24 was an exceptional year with several Coty blockbuster launches at a time when the prestige fragrance market was growing double digits
- At the same time, the level of Coty fragrance stock at retailers exiting the year was elevated as a result of strong sell-out trends for our brands as well as retailer incentives, particularly in the U.S.
- With this backdrop, the combination in FY25 of a slowing prestige fragrance market, our launch calendar this year dominated by extensions rather than major innovations, and the need to deplete elevated inventory at the retailers, has driven a triple negative effect on our business, which we are fully focused on correcting by end of this fiscal year

- In Consumer Beauty, this year we have begun recalibrating our business in response to diverging market trends between cosmetics on the one hand and fragrances on the other hand, taking into account our relative strengths
- While this is the right strategy for our business, it will take some time to drive a net benefit at the full division level
- At the same time, in the challenging macroeconomic and beauty landscape, we remain laser focused on protecting our profitability, driving free cash flow and deleveraging
- And we are much more strongly positioned to navigate the current complex dynamics including tariffs and broader macroeconomic uncertainty, supported by the strategic, operational and financial fundamentals within the business that we've worked so hard to significantly strengthen over the last four years
- While we are not satisfied with our revenue performance, these improved fundamentals coupled with our multi-pronged strategy for accelerating innovation, distribution and efficiencies give us confidence that business trends should gradually improve as we progress through FY26

Slide 4

- Our third quarter net revenues declined 3% LFL
    - In Prestige, sales declined 2.5%
    - Importantly, Prestige fragrance volumes continued to grow positively in the third quarter, while volumes for the division declined 3% due to pressure in prestige makeup
    - In Consumer Beauty, sales declined 4.8%, with flat volumes supported by volume growth in Brazil, offset by declines in cosmetics

Slide 5

- Let's take a minute to frame the current dynamics at play
- Overall beauty growth has decelerated from the first half of FY25 driven by softer consumer demand due to macroeconomic uncertainty and recessionary concerns

- While some parts of the beauty market have been under pressure, consumer demand for Prestige fragrances continues to grow
- At the same time, the category experienced some normalization, with growth slowing to a mid-single-digit level in Q3 on a comparable basis, a bit lower than the high-single-digit growth in Q2

Slide 6

- Within this category backdrop, Coty has been significantly impacted this year by the lapping of prior year blockbuster launches
- For us, FY24 was a fantastic year, as we launched multiple top performing, blockbuster fragrance innovations, including Burberry Goddess, Marc Jacobs Daisy Wild and Cosmic Kylie Jenner
- On the flip side, our FY25 launches were largely franchise-building extensions of last year's blockbuster innovations, including Burberry Goddess Intense, Marc Jacobs Daisy Wild Intense, and Cosmic Kylie Jenner 2.0, which traditionally reach roughly half of the sales level of the prior year innovations
- This lapping impact was compounded by the level of trade inventory at retailers exiting FY24, as customers stocked up on our brands in response to the strong sell-out trends and retailer incentives, particularly in the U.S.
- The combination of these two related factors have resulted in several points of headwind to our Prestige sales growth in FY25
- Additionally, the strong momentum and share gains by Amazon and TikTok Shop in beauty is putting additional pressure on brick & mortar retailers to reduce their inventory

Slide 7

- On the Consumer Beauty side, we have seen consistent slowing in the global mass beauty market in recent quarters

- In the third quarter, global category growth turned negative, declining by a low-single-digit %
- These declines are driven by continued worsening of the mass color cosmetics category, which declined by a mid-single-digit % in 3Q, with the U.S. market under the most pressure, and somewhat better trends in the rest of the world

Slide 8

- In this challenging mass color cosmetics backdrop, sell-out for our Consumer Beauty business was somewhat below the market in Q3, weighed down by our outsized presence in mass color cosmetics which was the weakest performing category, but also by our efforts to actively recalibrating our portfolio approach
- In color cosmetics, we are building a dual-engine of scaled innovation across all major brands, coupled with our agile innovation strategy to capitalize on trending products, with a concept-to-launch timeline of 6-8 months
- In tandem, we are accelerating advocacy marketing behind color cosmetics which has a higher ROI to free funding for mass fragrances advertising and advocacy, and that the figures so far mirror this transition from one model to another, as we remain focused on diversifying our categories within Consumer Beauty

Slide 9

- We have accelerated our efforts to balance out our Consumer Beauty division in response to the underlying market dynamics and in recognition of our areas of strength and profitability
- Color Cosmetics was a little over 60% of our Consumer Beauty sales in FY24, but the full category has been more challenged, there has been more competition, and the sub-category is much less profitable for Coty
- On the other hand, mass fragrances continue to boom, we are #1 in the category, and our profits in mass fragrances in particular are much higher
- With these factors in mind, we have been actively diversifying our portfolio

- As you can see, fiscal year to date we've grown by 3% our proportion of fragrances, skin and bodycare within our Consumer Beauty business to approximately 41%, with these categories growing mid-single-digit percentage

Slide 10

- At a market level, our performance in the U.S. has been especially challenged
- The U.S. market accounted for the vast majority of our LFL sales decline in the third quarter and was the biggest headwind in our fiscal year-to-date results
- In contrast, in our other major stronghold – Europe – our FY25 sales trends have been relatively stronger and our sell-out performance in prestige fragrances has been inline with the underlying market
- In response, we are activating plans to improve our execution in the U.S.
- Specifically, we recently announced new U.S. market leadership as well as a more scaled and agile regional set-up across the organization, with the new regional leader in the area fully focused on significantly improving our performance in the U.S., empowered to accelerate decision-making and faster execution
- In summary, we're taking important steps to position Coty for success even in this volatile time
- Let me now turn the call over to Laurent to discuss our financial results before I close with Coty's plan of attack for FY26 and beyond

Laurent Mercier, CFO

Slide 11

- Thank you, Sue
- 2025 is indeed a transition year for beauty and for Coty, characterized by slowing demand in some areas, significant uncertainty and active interventions in our business and operations to create a healthier baseline for growth

- While this is having an impact on our near-term sales trends, our financial equation is now stronger than it has been in the last 4 years, and we will see outsized benefit from our healthier debt levels and cash generation
- I want to underscore that we are laser focused on protecting our profitability, driving free cash flow and deleveraging, even as we navigate the complex dynamics including tariffs and broader macroeconomic uncertainty

Slide 12

- Beginning with our ongoing productivity programs
- In Q3, we delivered savings of approximately $40M, up from approximately $35M in Q2 and approximately $20 million in Q1, with most of the savings in gross margin related areas
- In total, we continue to target productivity savings of approximately $120M in FY25
- And, we are committed to delivering productivity savings in FY26 and beyond, primarily in supply chain and procurement, with a similar annual savings level as FY25
- The additional $130M fixed cost savings program we recently announced will come on top of this

Slide 13

- While we saw sales headwinds this quarter, we remained focused on fueling healthy gross margin expansion
- In the first nine months of FY25, our adjusted gross margin was 65.6%, reflecting very strong expansion of 120 basis points, fueled by supply chain savings including procurement savings and productivity gains, excess & obsolescence reduction, a net benefit from carry-over pricing, and strong discipline as it relates to promotional activity, even in the face of quite significant discounting from some of our peers
- Our adjusted gross margin in Q3 declined by 50 basis points, broadly consistent with our expectations, reflecting an anticipated normalization off of the quite elevated gross margin levels in the prior year's third quarter

- We continue to expect another year of steady gross margin expansion in FY25, supported by our strong delivery in the first half

Slide 14

- As part of our focus on maintaining a healthy business equation and supporting our strategy over the short and long term, we continue to invest behind our brands and initiatives
- We maintained a high 20s A&CP percentage in Q3, up year on year

Slide 15

- Coty's adjusted EBITDA grew 2% in Q3
- As a result, we delivered 130 basis points of EBITDA margin expansion in Q3, with very strong margin expansion in Prestige
- Fiscal year-to-date, our adjusted EBITDA expanded 3%, resulting in an EBITDA margin of 20.6%, which was up a strong 110 basis points year over year
- The strong EBITDA growth despite lower reported sales was supported by a combination of cost reductions as part of our All In To Win program, as well as shorter-term cost controls, including the mechanical reduction of variable compensation as a result of the lower-than-planned financial results
- As we look to FY26, our recently announced fixed cost reduction program and annual productivity savings give us strong counterweights to offset the restoration of variable compensation and the portion of tariffs not absorbed by pricing, as we aim to deliver profit growth next year

Slide 16

- In the first nine months of fiscal 25, our interest expense declined by $26M year on year to $164M, reflecting the lower debt balance and a lower cost of debt
- And based on the trajectory of our deleveraging and the current interest rate backdrop, we expect interest expense to decline further in FY26, driving additional EPS accretion

Slide 17

- Our Q3 EPS, excluding the equity swap, grew by 33% year-over-year to 8 cents and our fiscal year-to-date EPS grew 17% to 48 cents
- This very strong EPS growth was fueled by solid profit expansion and much lower interest expense
- Our fiscal year-to-date EPS growth benefitted from a discrete tax hurt in the prior year totaling 3 cents, which did not repeat this year

Slide 18

- While lower shipments and lower cash profits weighed on our FCF, we delivered free cash flow through the first nine months of FY25 of $243M
- In March, we also closed on the sale of our 20% stake in the SKKN by Kim brand, part of our ongoing portfolio review efforts
- The FCF generation, coupled with the proceeds from the SKKN divestiture, offset the negative impacts from FX and the cash prepayment to the banks in connection with our equity swap following the pullback in our stock price in recent quarters
- All in, we ended Q3 with leverage at 3.2x, down 0.1 turns from the start of the fiscal year

Slide 19

- Our disciplined approach to profit expansion, cash generation and debt paydown have fueled the significant reduction in our leverage over the past 4 years
- While in FY21 our leverage was close to 7x, we ended Q3 with leverage of 3.2x

Slide 20

- Now in the current more complex economic environment and outlook, our significantly lower leverage and stronger balance sheet assure that we are more strongly positioned for any macro scenario

- We remain fully focused on continuing to deleverage through strong cash protection plans and EBITDA expansion
- While we have ~$1.1B of debt maturities coming due in CY26, these can be addressed through any combination of refinancing, our seasonally strong free cash flow at the end of each calendar year, and/or our revolver, as we have ample available liquidity under our revolver and cash on hand of $1.8B
- Now looking at the other assets available to us
- We can confirm that the performance of the Wella business remains strong
- At the same time, we are mindful of current equity market conditions
- So while we remain fully committed to divesting our stake in Wella, the current backdrop may delay monetization of our stake
- And consistent with our approach to divesting the SKKN business when the opportunity came, we will continue to evaluate our portfolio

Slide 21

- Let me also take a minute to address the tariff topic, which we know is top of mind
- As evidenced in the last several months, the global geopolitical and tariff situation remains quite fluid, further adding to the broader uncertainty and decline in consumer sentiment
- Having said that, Coty is relatively better positioned than many consumer companies
- As a reminder, approximately 30% of our sales are in North America, including approximately 13% in Consumer Beauty and approximately 17% in Prestige
- For Consumer Beauty, our products are primarily manufactured locally in the U.S.
- On the other hand, our Prestige fragrances are manufactured primarily in Europe, where we have the world's largest fragrance manufacturing facility
- This is consistent with our beauty peers, who also produce fragrances primarily in Europe
- Our finished goods sourcing from China is negligible aside from local sales

Slide 22

- Having said that, our teams have been planning for several different scenarios with action plans to minimize the potential impact on Coty and we are actively planning mitigation actions to address the impacts of tariffs on our business
- Under the current tariff framework, the biggest areas of potential headwinds for us are first, prestige fragrances shipped to the U.S. from our Barcelona plant, and second, sourcing various components and marketing materials from China
- We have multiple levers to balance or minimize these tariff headwinds
- For Prestige fragrance:
    - We have built up inventory on hand in the U.S. that will carry us through at least the end of FY25
    - Pricing remains an additional lever, particularly in the relatively price inelastic prestige beauty market, and we are on track for a mid single digit price increase in the US starting this summer
    - And, finally, if it becomes more definitive that these tariffs will stay in place for the long term, we'll consider transferring some production to the U.S. to mitigate the impacts of tariffs on imports from Europe, which would carry lower investment than building a new site
- While our sourcing of finished goods from China is negligible, we do source some components and marketing materials from the country
- Therefore, as part of our mitigation efforts, we will resource suppliers in other countries over time to broaden our supplier base in each component and have already begun this process of bringing new suppliers online
- Importantly, we are contemplating all of these mitigation plans, while at the same time being conscious to minimize disruption to our operations, distribution partners, and the long-term health of our business, especially if the tariffs are more transitory in nature
- Combined, based on the current anticipated tariff landings, we see a <u>gross</u> headwind from tariffs in the low $100 million level, with minimal impact this quarter due to our proactive inventory build, and an impact step up in FY26

Slide 23

- Before we transition to our FY25 guidance, I wanted to take a minute to help frame the current backdrop both outside and inside Coty
- From a category standpoint, there has been some sequential improvement in April in both the prestige fragrance and mass beauty categories, though we believe much of it relates to the phasing of Easter which occurred in March last year and in April this year
- For Coty, as part of FY25 being a transition year, both in Q3 and even more so in Q4, we are continuing to clean the baseline including assuring that retailer inventories are rightsized relative to the current demand trends, that we are rebalancing our resources within Consumer Beauty to overdrive our profit engines while scaling our cosmetics innovations, and that we remain disciplined in our promotional activity to protect the health of our brands
- All of these efforts are targeted to prepare for a gradual improvement in sales trends over the course of FY26, underpinned by multiple levers that Sue will discuss shortly
- And at the same time, as we've discussed, we are actively intervening in key areas of the business to set us on stronger footing into FY26 and beyond
- This includes stepped up fixed cost savings and productivity savings to protect the P&L and fuel our brands, and making concrete changes in our organizational set-up and leadership in key markets like the U.S. to improve our execution and sell-out trends

Slide 24

- With this backdrop in mind, let me share our updated guidance for FY25
- The continuation of current category trends coupled with our active interventions to clean up the baseline of the business are driving our expectation for a high single digit LFL decline in Q4 sales
- This translates to a 2% decline in our FY25 LFL sales
- On the reported revenue side, we see a mid single digit decline in reported sales, which embeds a roughly 3% headwind from FX

- We continue to target continued expansion in FY25 gross margins to approximately 65%, consistent with our prior outlook
- We remain on track to deliver EBITDA margin expansion at the lower end of our guidance range, with approximately 70 basis points of expansion to roughly 18.5%
- This translates to roughly flattish EBITDA in FY25, which includes a low single digit headwind from FX
- At the same time, the strengthening of our balance sheet is helping drive significant improvement in our interest expense year-over-year to the low $200 million level
- And we are also on track to end the year with a lower tax rate in the mid 20s percentage, down from high 20s in FY24
- The benefit from both of these below-the-line levers is supporting our relatively stronger EPS delivery, as we see FY25 EPS of 49 to 50 cents, near the low end of our prior guidance range
- On the cash flow side, we now expect FY25 free cash flow of approximately $300M
- While our EBITDA outlook is only incrementally lower than our outlook a few months ago, this P&L outlook includes the benefit from lower variable compensation which is a mechanical result of the lower FY25 outlook
- As the variable compensation gets paid in October, our actual cash profit underpinning our free cash flow is tracking lower in FY25, but should see a benefit in FY26 in light of the lower compensation accrual this year
- Finally, we expect our leverage at the end of FY25 to be relatively inline with our leverage at the end of Q3

Slide 25

- Before I hand the call back over to Sue, I want to take a moment to reiterate that Coty's financial position is the strongest it has been in many years, so we are well equipped to maintain our performance in a variety of scenarios
- We've spent the last four years substantially improving our business fundamentals
- Here you can see a snapshot of our financial delivery

- Between FY21 and FY25E, our LFL sales are on track to grow at a 9% CAGR
- Since FY21, we've grown our adjusted gross margins by approximately 125 basis points each year, and we are on track for continued expansion in FY25 to roughly 65%
- We also delivered very strong profitability improvements
- Our EBITDA margin expanded by 130 bps from FY21 to FY24, reaching 17.8%, and is on track to reach roughly 18.5% in FY25
- This equates to an expected EBITDA CAGR of +9% through the end of FY25, squarely in line with the targets we laid out four years ago
- Finally, our EPS delivery has resulted in an expected CAGR of close to 80% between FY21 and FY25E
- In fact, it is noteworthy that we delivered this very strong revenue CAGR and margin expansion in the last 4 years in the context of a very constrained P&L, where a key priority was deleveraging our balance sheet
- The progress we've made confirms our focus on financial discipline, which positions Coty well despite all of the headwinds we are facing
- At the same time, in light of the current macroeconomic and tariff uncertainty, we have made the decision to postpone our Investor Day by at least a few months, which we had previously targeted to hold this June
- With that, I'll turn it back over to Sue to discuss our plan of attack for FY26 and beyond

Sue Nabi, Chief Executive Officer

Slide 26

- Thank you, Laurent
- Our improved fundamentals coupled with a multi-pronged strategy for accelerating innovation, distribution and efficiencies give us measured confidence that business trends should gradually improve over the course of FY26
- This is coupled with strong plans to protect profitability, cash flow, and deleveraging even in the face of tariffs or broader macroeconomic uncertainty.

Slide 27

- First, it's important to remind everyone that beauty has always been—and will remain—a highly resilient category

Slide 28

- Across economic cycles, beauty has remained resilient
- In fact, even in periods of macroeconomic slowdown or regular challenges, global beauty demand has grown 3% to 4% most years over the past decade and a half
- Despite the current backdrop, this reinforces our confidence in the category

Slide 29

- The U.S. market is a perfect embodiment of this
- Even as economic sentiment has fallen in the U.S. in the last few years, Prestige beauty sales have continued to grow

Slide 30

- While much of our FY25 innovations were extensions providing a modest contribution to net revenues, entering FY26, we're reigniting our pipeline of blockbuster launches and market expansion

Slide 31

- In FY26, we have exciting launch and distribution initiatives planned, which we anticipate will improve sales trends even if the current complex macro and retailer backdrop holds
- We will have a major launch under a top Prestige brand in the first half of FY26, and another major launch under another top Prestige brand in the second half

Slide 32

- We also have sizeable distribution expansion plans
- At the start of FY25, we launched Chloe in the U.S. market with very positive results, and this market is now Chloe's #4 market

- Importantly, the brand had exceptional growth including over 15% growth in Q3 and FYTD, with strong momentum in both the core fragrance line and the ultra-premium Atelier des Fleur collection

Slide 33

- Building on this success, in the fall we will be expanding another one of our top brands into the U.S., effectively doubling the brand's addressable market

Slide 34

- We will also capture more of the ultra-premium fragrance market with our ultra-premium fragrances collections, including Infiniment Coty Paris, Atelier des Fleurs, Boss the Collection, Burberry Signature, and the Jil Sander collection
- Chloe's Atelier des Fleurs ultra-premium collection supported the brand's strong double-digit % growth in the third quarter and fiscal year to date
- And, Infiniment Coty Paris, our internally developed niche fragrance brand, continues to resonate with consumers in U.S. and European markets

Slide 35

- As we mentioned earlier, we're focused on expanding our mass fragrance business, and we are actively supporting the expansion of mass fragrances with stepped up media investment to overdrive our growth in the category
- This has paid off – the adidas Vibes collection, Coty's biggest Consumer Beauty fragrance launch in the last 10 years, drove over 20% growth in adidas fragrance in the third quarter and fiscal year-to-date
- In addition, across each of our key markets, adidas fragrance is gaining market share

Slide 36

- With the outstanding initial results for the adidas Vibes launch, our goal for FY26 and beyond is to make adidas Vibes into a full scenting platform, and we will share additional details in the coming months and quarters on the new products we will be launching under Vibes

Slide 37

- We also continue to invest in our skincare strategy
- Lancaster delivered net revenue growth fiscal year-to-date, supported by the brand's unique positioning as the photo-aging prevention and repair expert
- Philosophy remains focused on its social media advocacy strategy, leaning into the brand's unique retinol complex patents
- And Orveda continued to steadily expand its distribution footprint and generated triple-digit percentage retail sales growth in the first nine months of FY25

Slide 38

- Our third step in our plan of attack for FY26 is our push to capture new opportunities and adjacencies to supplement our core growth

Slide 39

- We have many different scenting-related initiatives in the pipeline for FY26
- We have co-created multiple scenting lines with key retailers globally, with locked in distribution
- We will be more actively extending our brands from traditional EDPs and EDTs to fragrance mists for both our Prestige and Consumer Beauty brands
- We will be expanding our offer of smaller formats fragrances, including pen sprays, to capture consumers who are either more value conscious or looking to expand their fragrance wardrobes
- And we will continue to expand distribution of value-priced fragrances in emerging markets

Slide 40

- As part of our strategy to reach new audiences, our latest campaign for Davidoff Cool Elixir is anchored in fantasy and gaming, targeted at teen males
- Let's take a look at the new campaign
- [VIDEO PLAYS]

Slide 41

- Additionally, in CY26 we are on track to launch Marc Jacobs makeup, with a truly distinctive and craveable assortment

Slide 42

- Next, in a time of rapid shifts in retail channels, we will continue to overdrive the growth channels and win with the winners

Slide 43

- Our momentum in e-commerce in both divisions is undisputed, with e-commerce revenues reaching $1 billion this past year
- And with e-commerce sales for beauty outpacing brick and mortar sales growth across countries and across price points, we are continuing to win share in this critical channel
- In the past quarter, our sell-out in e-commerce has been well ahead of the beauty e-commerce growth in both Prestige and Consumer Beauty
- While our sell-in has been below these levels, our sustained outperformance positions us well in e-commerce into FY26

Slide 44

- One example of our e-commerce success has been our multi-year partnership with Amazon, where we have been active with both our Consumer Beauty brands and some of our Prestige brands for several years, well ahead of key competitors
- We're excited to share that another one of our brands will be launching on Amazon in Q1 FY26

Slide 45

- We are also exploring the TikTok Shop channel for our brands, particularly as a driver of consumer excitement and a halo on our core channels
- Our first test was in the UK under Rimmel, with positive early results, as our limited quantity activation covering 3 Rimmel SKUs sold out in a short period of time and fueled EMV of $2.3 million
- Importantly, outside of the sales on TikTok Shop itself, the buzz generated by this activation provided a significant halo for Rimmel across ALL channels, resulting in the brand reporting flat market share in the UK for the first time in 3 years
- We are building on these learnings with TikTok shop activations for CoverGirl planned in the coming month

Slide 46

- We continue to fuel our brands through strong momentum in social media advocacy
- Our Prestige brands across fragrance and skincare categories are resonating online supported by this advocacy strategy
- For example, Hugo Boss's global earned media value linked to influencer activity grew nearly 4x, while skincare brand Lancaster's European EMV grew over 10x year over year

Slide 47

- And, among our Consumer Beauty brands, mass fragrance brand adidas's global earned media value linked to influencer activity grew 5x, while color cosmetics brands Bourjois and Rimmel each grew by 40% and 9%, respectively
- Importantly, as we ramp up our focus on advocacy across our brands, our focus is on recommendation and durable advocacy, rather than virality, which is often short-lived

Slide 48

- Next, we are laser focused on reigniting growth and profit expansion in our Consumer Beauty division

Slide 49

- In FY25 we actively began rebalancing our divisional mix to overdrive the categories that are much higher margin and/or higher growth and where we have clear leadership: namely, mass fragrances and Brazil skin & body care
- As we enter FY26, in the more challenged mass cosmetics market, we are putting in place the building blocks to improve our performance through a dual-engine of scaled innovation & agile on-trend innovation, all powered by a digital advocacy model
- In parallel we will continue to fuel our smaller but more profitable pillars, with multiple launches and distribution expansions in mass fragrances
- And we will generate additional capacity to fuel these multiple initiatives and increase media investment through a combination of cost savings programs and the savings generated from being more deliberate and focused in our launches, thereby not spreading our funds over too many initiatives and triggering gross-to-net pressure from small launches

Slide 50

- Here is an example of this scaled-innovation process in action
- In Q3 last year, we launched the very unique CoverGirl Simply Ageless Essence foundation, which has continued to do well
- And last quarter, we launched the same formulation under our European-centered brands, Max Factor and Bourjois
- We have done some limited technology platforming in our cosmetics portfolio in the last few years, but we have really stepped it up in FY25 and even more planned in FY26, as our goal is to both increase such platformed launches and to launch new technology under multiple brands at the same time in non-overlapping regions, to really maximize the halo to consumer discussions

Slide 51

- Here we have an example of one of our agile innovations, the Rimmel Thrill Seeker Lip Ink Pens
- We co-created this innovation with influencers capitalizing on viral social media trends

- The early results were very promising. At Superdrug, a key retailer in the U.K., where we had the highest-ever exclusive sales under Rimmel
- This innovation and collaboration reinforces the success of our agile innovation strategy to capitalize on on-trend products powered by our digital advocacy model, as we work to recalibrate our Consumer Beauty portfolio approach

Slide 52

- A key part of our strategy going forward is our focus on savings, profit and cash protection in order to drive the business, even as the market experiences turbulence

Slide 53

- Importantly, we've delivered over $800M in productivity savings since FY21, while also driving the core fundamentals of our business, including a LFL sales CAGR of 13%, over 400 bps of gross margin expansion, and 130 basis points of adjusted EBITDA margin expansion

Slide 54

- As we recently announced, we're entering our next phase of All-In To Win, a strategic initiative to establish a simplified and scaled operating model, reduce complexity across functions and markets, and sharpen our focus on top innovation and market priorities
- We're streamlining our organizational structure across key markets to unlock operational efficiencies, reduce duplication and better align with the consolidation in the local and regional retail landscape
- These market organizations will be part of a more scaled and agile regional set-up, with the new regional leaders empowered to accelerate decision-making and faster execution, in keeping with the rapid evolution in today's global beauty markets
- Next, we are consolidating and centralizing support function activities, to better align with these new regional structures
- We are also step-changing our innovation impact by identifying key launch priorities early in the process, and focusing organizational efforts and resources into fewer and

more impactful initiatives, which will be supplemented by smaller agile launches to capture short-term opportunities

- And, finally, we are structurally reducing non-people fixed costs across all areas of spend to maximize investment behind our brands in the most efficient way possible

Slide 55

- This newly announced next phase of our All-in to Win program, is expected to generate annual fixed cost savings of approximately $130M before taxes over the next 2 years
- This is in addition to approximately $240M of productivity savings during the same period, resulting in total savings of ~$370M
- We anticipate that this initiative will impact approximately 700 positions, following all necessary regulations, and will result in a one-time cash cost of ~$80M split evenly between FY26 and FY27
- In total, this will bring the cumulative savings under our All In to Win program to approximately $1.2 billion between FY21 and FY27

Slide 56

- Finally, as part of our ambition to be a leader in sustainability, let me highlight several key sustainability milestones

Slide 57

- We're very proud to share that Coty was recently upgraded by the two leading ESG rating agencies
- Our MSCI ESG Rating was upgraded to A from BB, reflecting enhanced performance across several key ESG areas
- In addition, our MSCI Carbon Footprint score remains at the maximum level, demonstrating the Company's ongoing commitment to minimizing its environmental impact
- Coty also improved its Sustainalytics ESG Risk Rating, moving from medium risk to low risk, which places Coty as the lead amongst global beauty companies and 3rd out of 104 in Household Products companies as rated by Sustainalytics

- These achievements underscore Coty's dedication to advancing sustainability across all aspects of our business

Slide 58

- With these various strategies in place to boost our performance in FY26 and balance out potential external headwinds, whether tied to macro pressures, consumer demand slowdown or tariffs, let me share a framework for how we think about FY26
- Assuming no significant change in the current category trends, we would expect LFL sales trends to gradually improve over the course of FY26 relative to the low Q4 FY25 LFL trend
- Both the first and second half should benefit from a strong innovation pipeline, some distribution expansion, and incremental contribution from the pricing we're putting in place to partially offset tariff impact
- However, the comparison base should get progressively easier as we proceed through the year
- On the profit side, based on the currently announced tariff framework, we would expect a relatively balanced net headwind between the first half and the second half, taking into account timing of cost recognition and timing of various sourcing adjustments
- We should see some savings contribution in the first half and a higher contribution in the second half, though in both cases this will be partially offset by the reinstatement of variable compensation which has a bigger YoY negative impact on profit in the second half
- In sum, we would expect somewhat lower EBITDA in the first half and higher EBITDA in the second half, with the full year EBITDA targeted to increase

Slide 59

- In summary, we see 2025 as a transition year
- In Prestige, we are absorbing the triple-headwind of a slowing fragrance market, lapping a blockbuster innovation year, and depleting elevated retailer inventory, all of which was particularly acute in the U.S.

- We are laser focused on entering FY26 with alignment between sell in and sell out, to create a healthy baseline for growth
- In Consumer Beauty, we have begun recalibrating our business in response to diverging market trends between cosmetics on the one hand and fragrances on the other hand, taking into account our relative strengths
- Our goal is to strengthen our cosmetics business while making it more profitable, while in parallel overdriving our mass fragrances business where we have leadership and a strong margin profile
- Importantly, we are in control of our destiny and are already making the changes needed to address many of these challenges, with new leadership in the U.S., an organizational structure to drive faster changes and improved execution, and a robust cost savings program to protect our P&L and increase our firepower to accelerate our business
- Our multi-pronged plan of attack to accelerate innovation, distribution and efficiencies give us measured confidence that business trends should improve over the course of FY26
- With our brand desirability and equity at the highest level in years, a pipeline of initiatives which is the strongest in 5 years, and our margins, profit, debt and leverage all significantly improved versus 4 years ago, we have the levers to protect our profitability and cash flow in a variety of macroeconomic scenarios
- Coty remains well positioned to succeed and outperform in the coming years