1Q FY27 Earnings Script

Olga

Slide 1

- Hello everyone, this is Olga Levinzon, Coty's Senior Vice President of Investor Relations
- Thank you for joining us today for the prepared remarks portion of Coty's first quarter fiscal 2027 earnings
- On Thursday, November 5th, 2026, at approximately 9:30 AM Eastern Time or 3:30 PM Central European Time, we will hold a separate live Q&A session on our results, which you can access via our Investor Relations website

Slide 2

- Joining me for our presentation are Markus Strobel, Coty's Executive Chairman of the Board and Interim Chief Executive Officer, and Soraya Benchikh, Coty's Chief Financial Officer
- Before I hand the call over to Markus, I would like to remind you that many of the comments today may contain forward-looking statements
- Please refer to Coty's earnings release and the reports filed with the SEC where the Company lists factors that could cause actual results to differ materially from these forward-looking statements
- In addition, except where noted, the discussion of Coty's financial results and Coty's expectations reflect certain adjustments as specified in the non-GAAP financial measures section of the Company's release
- With that, I will turn it over to our Chief Executive Officer, Markus

Markus

Slide 2

- Thank you, Olga
- Hello everyone, and thank you for joining us

- I am pleased to be joined on this call by Soraya Benchikh, Coty's Chief Financial Officer, who has now been in the role for a little over two months, and will share her initial impressions of the business and the progress we have been making

Slide 3

- Q1 performance was ahead of our guidance and expectations, but we still have work to do
- Fiscal 2027 remains a transition year, and the recovery won't be linear
- With that context, let me walk you through the sales and sell-out trends for the quarter

Slide 4

- Looking first at our sales performance, like-for-like sales declined 1.6% in Q1, compared with declines of 6% in the first half of fiscal 2026 and 4% in the second half
- Q1 was better than the fiscal 2026 trends but remained broadly in line with Q4
- Our Q1 performance was ahead of our guidance for a low- to mid-single-digit decline, supported by stronger trends in the U.S. and milder than expected declines in the Middle East
- Our priority in both divisions is to build consumer demand and align shipments with that demand, while keeping our focus on improving sell-out
- Our data suggests that overall sell-in and sell-out were broadly aligned
- Several priority Prestige brands showed encouraging early progress, as we applied a more focused approach
- While these trends are encouraging, there is still more to do to put the business on a more sustainable growth trajectory
- Soraya will discuss these data points in more detail

Slide 5

- While we execute our transformation, it's important to emphasize that externally, the beauty market continues to demonstrate resilience despite macroeconomic uncertainty
- As this chart illustrates, U.S. Prestige beauty sales have trended higher over recent years, even as economic sentiment has weakened
- This reinforces our confidence in beauty's long-term potential

- For Coty, the priority is to capture that demand through stronger execution, compelling innovation and consistent support behind our core brands

Slide 6

- Both the Prestige and Mass beauty markets continued to grow in Q1
- Prestige beauty market growth moderated to 3% in Q1, compared with 6% in the second half of fiscal 2026
- Market growth in our core prestige fragrance category grew 5% in Q1, in line with the growth in the second half of fiscal 2026
- Against that backdrop, our sell-out remained below the market, declining 2% in Prestige
- Importantly, our Top 6 core Prestige brands returned to sell-out growth, up 1% in Q1
- This is an encouraging sign for our Top 6 core Prestige brands, but more work is necessary to translate improvement into division-wide sell-out growth and strengthen market share
- The Mass beauty market grew 5% in Q1, while Coty's sell-out declined 3%
- We are seeing narrower sell-out gaps in parts of the Consumer Beauty business, including in CoverGirl and Sally Hansen in the U.S.
- However, there is further work necessary to improve the competitiveness across the wider Consumer Beauty portfolio
- Sell-out for our Top 4 core Consumer Beauty brands was in line with the overall division
- Our priority in both divisions is to translate more focused investment into stronger consumer demand, improved sell-out and better market share performance
- Before I hand the call over, I'd like to welcome Soraya
- She brings deep financial expertise and valuable experience running businesses and leading transformations
- We share a clear focus on disciplined investment, stronger cash generation and consistent delivery, and I'm very pleased to have her on the team
- Soraya, over to you

Soraya

Slide 7

- Thank you, Markus

Slide 8

- Let me start with a little about myself, but more importantly, what you can expect from me as CFO
- I've spent more than two decades across finance and general management, in a number of executive roles at BAT and Diageo, most recently as CFO of BAT
- I've had the opportunity to lead businesses as well as finance departments, and that combination has shaped how I think about performance and value creation
- I am passionate about transformative leadership. Throughout my career, I have led and executed significant business and finance transformations, and that experience has reinforced for me that successful transformation starts with clear priorities, empowered teams and rigorous accountability for delivery
- I am energized to join Coty at this important moment. There is clearly much to do, but also significant value to unlock
- Over the past two months, I have spent time in several of our largest markets, including the U.S. and Germany, and visited our fragrance manufacturing facility in Barcelona, one of the largest in the industry
- I have been impressed by Coty's passionate people and teams, deep fragrance expertise, and strong end-to-end capabilities. At the same time, I see considerable opportunity to translate these strengths into stronger and more consistent financial performance
- And importantly, there is meaningful work already underway to reshape the business
- My initial view is that the direction of many of these actions is right. My focus will be on accelerating execution, bringing even greater discipline to where we invest, and ensuring that improvement translates into stronger financial returns and cash generation
- As I look ahead, my priorities are very clear
- First, quality growth. That starts with strengthening the core. We need our key brands to win with consumers and gain market share, supported by focused investment behind the opportunities that can generate the strongest returns

- Second, productivity-funded reinvestment. For me, simplification is not simply about taking cost out. It is about right-sizing our cost base to the size and potential of the business, while creating the capacity to selectively reinvest behind our highest return opportunities, particularly A&CP, with clear accountability for returns
- Third, enhanced cash returns. We need to translate stronger operating performance into consistent and sustainable cash generation, supported by disciplined capital allocation and a priority focus on deleveraging over time
- So the framework is simple: strengthen the engine, create the fuel to reinvest, and convert stronger performance into sustainable cash generation
- And underpinning all three is something I care deeply about: creating an organization with clarity on priorities, flexibility to execute, and accountability for outcomes

Slide 9

- Let me now turn to our first quarter results
- I'll begin with a snapshot of our key metrics, which will serve as our quarterly scorecard
- We delivered results ahead of expectations, alongside a significant improvement in year-on-year cash generation
- At the same time, I want to reiterate what Markus has said in recent quarters: we are not satisfied with our performance. Our focus is on putting the business on a stronger and more sustainable sales, profitability and cash trajectory over time
- Q1 net revenue was $1.56 billion, down 1.6% on a like-for-like basis
- Adjusted EBITDA was $274 million, down 7% year-on-year
- Both revenue and adjusted EBITDA were ahead of consensus
- Adjusted gross margin was 63.3%, and adjusted EBITDA margin was 17.6%, both down 120 basis points. I'll come back shortly to the drivers of the margin performance and actions we are taking
- Free cash flow was $85 million, up $73 million year-on-year
- We ended the quarter with net debt of approximately $2.6 billion, down around $300 million since June
- So while the quarter showed some early signs of progress in several areas, it also reinforces my priorities and where we need to improve

Slide 10

- Looking at our two divisions, Prestige revenue was $1.06 billion, down 1% like-for-like, while Consumer Beauty revenue was approximately half a billion, down 3%
- Q1 represented a sequential improvement in both divisions versus the first and second halves of fiscal 2026, although performance across brands and markets remains mixed, with Prestige continuing to perform ahead of Consumer Beauty
- We'll share more detail on the drivers of Prestige and Consumer Beauty performance momentarily
- At a regional level, performance remains uneven
- In Prestige, Asia Pacific grew strongly, led by China and Southeast Asia, while the Americas and EMEA declined
- Within the Americas, our U.S. Prestige business returned to growth, supported by strong launches including Marc Jacobs Beauty and the Mood Stones by Kylie Jenner fragrance collection
- In Europe, most countries remained under pressure, reflecting both softer market consumption and our own performance
- In Consumer Beauty, all three regions remained under pressure. EMEA was the most pressured, reflecting lower net revenues across most European countries as well as the impact of the Middle East conflict
- This reinforces our need to be highly selective in where we deploy resources, focusing behind the brands, categories and markets where we see the strongest opportunities and returns
- Let me show you how the actions already underway are being applied across each division

Slide 11

- As part of the Coty.Curated framework and aligned with my priorities, our focus is on returning the business to sustainable quality growth through more disciplined, concentrated investment
- In Prestige we are beginning to see some early evidence of the potential of that approach
- Over the past year, we have increasingly concentrated our A&CP investment behind our Top 6 core brands

- Together, these six brands represent 73% of Prestige sales, so reigniting growth across these brands is critical to returning the division to sustainable growth
- The proportion of total A&CP investment behind our Top 6 increased from 64% in the first half of fiscal 2026, to 68% in the second half, and to 76% in Q1 fiscal 2027
- We are beginning to see evidence of stronger performance alongside this increased focus
- Our six core Prestige brands moved from a 6% like-for-like decline in the first half of fiscal 2026, to down just 1% in the second half, and to 5% growth in Q1 fiscal 2027
- Importantly, Q1 growth was broad-based rather than dependent on a single brand or a single initiative, such as the roll-out of Marc Jacobs Beauty makeup which contributed a couple of percentage points to the growth
- Five of the six core brands grew in Q1
- I do want to note that while Gucci is not included amongst these core brands, as the brand will exit the portfolio next year, we are continuing to invest behind the brand in line with our contractual commitments
- For me, this is what quality growth looks like in practice: making clear choices, concentrating resources behind our biggest opportunities and demanding stronger returns from our investments
- There is more to do, but Q1 provides initial evidence that greater concentration behind our core brands can support stronger performance over time. We also recognize that quarterly progression will not necessarily be linear, but we will remain disciplined in applying this approach

Slide 12

- Turning to Consumer Beauty, performance remains challenging, although we have seen some improvement versus the first half of fiscal 2026, supported by greater concentration of resources behind our largest brands and a much more focused innovation strategy
- Our Top 4 core brands represent 58% of Consumer Beauty sales
- Here too, we are becoming much more selective in how we invest. A&CP allocated to these Top 4 core brands increased from 64% in Q1 of last year to 71% this quarter

- These brands improved from down 6% in the first half of fiscal 2026 to down 3% in the second half, outperforming the overall division in both periods
- In Q1 fiscal 2027, these core brands remained broadly in line with the second half trend, while the remainder of Consumer Beauty performed at a similar level, with growth in Brazil offset by weaker trends across smaller brands
- There is clearly more work to do, and the performance is not yet where we want it to be
- The recovery in Consumer Beauty will take time but we will apply the same discipline and framework as in Prestige to strengthen performance and return to sustainable growth

Slide 13

- Now, turning to gross margin
- Adjusted gross margin was 63.3%, down 120 basis points year-on-year
- This was below our previous expectation of a 50 to 100 basis-point decline, primarily reflecting higher than anticipated freight costs and excess and obsolescence
- Higher freight and materials costs linked to the Middle East conflict weighed on the quarter
- Excess and obsolescence costs also remained a headwind, reflecting elevated demand forecasts in the prior year
- In addition, increased volumes from Brazil created an unfavorable mix impact
- We are taking action on the factors within our control. We are improving forecasting capabilities to better align inventory with demand. Our move toward fewer, bigger innovations is also critical to reducing excess and obsolescence over time
- At current oil prices, we expect the Middle East cost headwind to remain elevated through the remainder of fiscal 2027
- So while some external pressures remain, our focus is firmly on the levers we control: better planning, stronger inventory discipline and rigorous cost management as we work to improve the underlying economics of the business over time

Slide 14

- While our Q1 gross margin was somewhat lower than targeted, disciplined cost management enabled us to deliver adjusted EBITDA ahead of our expectations

- Total A&CP was 25% of revenue and slightly lower year-on-year, with a significant step-up in investment behind priority brands and continued reallocation toward consumer engagement activities
- On fixed costs, we made good progress, reducing non-people costs by 9%, with savings across consulting, depreciation and IT
- While we are advancing the previously communicated headcount reductions, the near-term benefit is being largely offset by underlying labor cost inflation
- Beyond this, we continue to see significant opportunity to simplify the business and improve productivity over the coming years, which will be an important part of the financial framework we intend to share following completion of the strategic review
- As a result, adjusted EBITDA of $274 million declined 7% year-on-year
- Moving down the P&L, our continued debt reduction is also translating into tangible interest savings, with interest expense declining $15 million year-on-year to $31 million
- Adjusted EPS, excluding the equity swap, was 15 cents, flat year-on-year and ahead of our guidance of 11 to 13 cents
- So even as we prioritize investment to strengthen our priority brands, we remain highly disciplined on the cost base and focused on protecting profitability

Slide 15

- Turning to cash, free cash flow increased to $85 million, an improvement of $73 million year-on-year
- This compares with approximately $11 million in Q1 last year and an outflow of around $8 million in Q1 fiscal 2025
- Cash conversion, measured as free cash flow as a percentage of adjusted EBITDA, improved to approximately 31%, from 4% in the prior-year quarter
- The improvement was driven primarily by better payables and receivables performance, which more than offset lower EBITDA and higher inventory
- Looking forward, to embed more consistent and sustainable cash conversion across the business, we will improve inventory productivity and working capital generally

Slide 16

- Finally, turning to our balance sheet
- We ended Q1 with net debt of approximately $2.6 billion, down around $300 million since June, resulting in leverage of approximately 3.1x exiting Q1
- Our Q1 free cash flow and the $250 million in proceeds received in July in connection with the Gucci transaction contributed to that reduction in net debt
- Deleveraging remains a top priority. The most sustainable way to achieve that is through stronger operating performance and consistently higher cash conversion
- We also remain committed to completing the strategic review by the end of calendar 2026

Slide 17

- Let me turn to our outlook
- Fiscal 2027 remains a transition year, with several important moving parts. We will therefore continue to provide guidance for the next quarter
- Following the completion of the strategic review, my intention is to provide a longer-term outlook and financial framework that gives greater visibility into the performance we expect from the business over time
- With that in mind, let me lay out our outlook for Q2
- We expect a low single-digit like-for-like revenue decline, reflecting continued volatility across brands and markets as we work through this transition year
- Importantly, we anticipate continued like-for-like growth across our Top 6 core Prestige brands, albeit at a more moderate pace than Q1, which benefitted from the roll-out of Marc Jacobs Beauty makeup in brick-and-mortar stores
- FX is anticipated to be a low single-digit headwind to revenues, driven by the recent depreciation in the Brazilian real
- At the adjusted EBITDA level, we expect a high single-digit decline, as we continue to prioritize investment behind the brands and opportunities where we see the strongest potential for quality growth and returns
- We expect adjusted EPS, excluding the equity swap, of 16 to 18 cents

- And finally, cash. We continue to expect more than $300 million of free cash flow in the first half, consistent with our prior outlook, supporting further deleveraging
- Overall, we are seeing early signs of progress in some of our priority areas, while recognizing that performance is not yet where we want it to be and that quarterly progression will not necessarily be linear
- Our focus remains on execution, disciplined investment and delivering sustainable growth, profitability and cash generation over time

Slide 18

- Let me bring all of this together
- Our objective is straightforward: to create a virtuous flywheel of sustainable value creation
- It starts with the three priorities I set out at the beginning
- First, quality growth. We are focusing our resources behind the core brands and markets where we see the greatest opportunity to win, with the objective of driving sell-out and translating that into sustainable revenue growth
- Second, productivity-funded reinvestment. We need to improve the economics of our growth through stronger gross margin and a simpler, more efficient cost base, creating the capacity to selectively reinvest behind our highest return opportunities
- Third, enhanced cash returns. We need stronger and more consistent free cash flow conversion, ensuring that improvements in earnings translate into cash
- That cash creates choices. It gives us the capacity to delever while continuing to selectively reinvest behind our highest return opportunities, and ultimately creates greater capacity for shareholder returns
- That is the flywheel: focused investment drives quality growth; quality growth, better gross margin and a more efficient cost base drive stronger earnings; and stronger earnings convert into cash
- Cash enables us to delever and reinvest, creating the fuel for the next phase of sustainable growth
- This is the model we are focused on executing, with discipline and accountability, quarter after quarter

- Progress will not always be linear, but the priorities are clear: quality growth, productivity-funded reinvestment and enhanced cash returns
- With that, let me turn it back to Markus

Markus

Slide 19

- Thank you, Soraya
- Let me turn to our broader strategy and the progress we're making under our Coty.Curated strategic framework

Slide 20

- Coty.Curated is about focused investment and clearer priorities
- Applying this framework to the Coty business means disciplined execution, operational effectiveness, and sufficient, multi-year marketing support
- The changes we are making are intended to strengthen the business over time

Slide 21

- Let me now turn to how we are implementing Coty.Curated
- At its core, this framework is about making choices and backing them with resources
- As Soraya discussed, our A&CP allocation is more focused: 76% of Prestige A&CP supports the core Top 6 brands, compared with 64% in the first half of fiscal 2026, while 71% of Consumer Beauty A&CP supports the Top 4, up from 64% in the first quarter of fiscal 2026
- This is an important shift. We are concentrating investment behind the brands where we have the greatest opportunities to drive sustainable growth and returns
- But focus is not just about where we spend. It is also about how we measure success
- We are reinforcing an organization-wide focus on sell-out and market share, including through our updated fiscal 2027 incentive structure. The objective is to ensure the organization is aligned around what ultimately matters: consumer demand and winning in the market

- We are bringing the same discipline to innovation. In Prestige, our launches in the first half of fiscal 2027 are tracking ahead of target to date. And in Consumer Beauty, we are moving toward fewer, more accretive and focused innovations, to improve overall profitability
- We are also evolving the way consumers discover our brands. Our global partnership with Brandlight is designed to strengthen our visibility in AI-driven search and large language models, initially supporting six Prestige brands across five markets
- And finally, the ROI lens. We are increasingly rigorous about where we deploy capital and what return we expect from it. We are already seeing focused investment support improved profitability in Prestige skincare
- So across each of these initiatives, the principle is consistent: fewer priorities, greater focus, and stronger accountability for returns

Slide 22

- Let me spend a moment on innovation, because this is an important part of the Coty.Curated framework
- Our philosophy is very clear: fewer, bigger and more accretive innovations, while continuing to support growth in the core
- Starting with Prestige, we are encouraged by the early progress. Our first half of fiscal 2027 key launches included BOSS Bottled Beyond for Her fragrance, Marc Jacobs Beauty makeup, Burberry Goddess Amber Vanilla, and the Mood Stones by Kylie Jenner fragrance collection
- Several months into launch, these innovations are tracking ahead of plan
- Sales from Prestige innovation are up low single digits from the prior year and are accretive to the Prestige divisional gross margin
- So the objective is not simply to launch more. It is to build fewer, more meaningful innovations that can scale, support the core, and strengthen the economics of the business
- In Consumer Beauty, we are applying the same discipline, but from a different starting point
- We are moving toward smaller, more impactful innovation bundles, and in parallel platforming our key innovations across our cosmetics brands, given their limited geographic overlap
- Consumer Beauty returns and markdowns are lower than in prior years, benefitting from a more focused innovation approach

- Meanwhile, the recently launched CoverGirl Lash Blast Showstopper mascara is underpinned by a unique mascara brush technology, which we are platforming and launching in parallel under Rimmel with the Double Dare mascara
- It's worth highlighting that CoverGirl Showstopper is also a great example of the new ways of working under Color the Future: upgraded packaging, unique innovation, and strong commercial and digital activation including early success on TikTok Shop
- So across both Prestige and Consumer Beauty, the principle is consistent: innovation needs to earn its place
- Ultimately, our measure of successful innovation is not how much we launch. It is whether that innovation strengthens our brands, grows the core and creates attractive returns

Slide 23

- Now, I want to update you on several of our top brands starting with Burberry, which delivered low single-digit percentage like-for-like growth in the first quarter
- Makeup supported Burberry growth, with Q1 sales more than doubling year-on-year
- We saw encouraging results for Burberry Goddess Amber Vanilla, a Top 5 female launch, propelling the overall Burberry Goddess fragrance franchise up one rank
- As we focus on amplifying consumer engagement, we are also seeing continued improvement in Burberry's consumer advocacy, with Burberry's Prestige Fragrance Category "Share of Influence" increasing by 50 basis points
- Looking ahead, our next steps are to amplify fragrance and makeup in fiscal 2027 through higher marketing investment, increased consumer engagement and a new campaign for a core Burberry franchise

Slide 24

- Turning to Hugo Boss, fragrance sales grew by a low single-digit percentage on a like-for-like basis in the first quarter
- Growth was led by BOSS Bottled, including Beyond Intense and Beyond for Her, alongside moderate growth in The Scent as we increased support behind these core franchises
- Growth in the quarter was partially offset by softness in other franchises

- In Germany, Hugo Boss' largest market, we're back to market share growth in Q1
- We are also seeing encouraging momentum in consumer advocacy and engagement with Hugo Boss' Prestige Fragrance Category "Share of Influence" increasing by 100 basis points
- Our priority is to focus investment on the core of the brand, strengthening the connection between innovation and the base business, supported by a halo effect from recent launches like BOSS Bottled Beyond and Beyond for Her
- In parallel, we plan to relaunch The Scent in the second half with refreshed positioning to appeal to Gen Z consumers

Slide 25

- Turning to Marc Jacobs, we are pleased to have secured a 40-year term for our license with WHP Global and G-III Apparel Group, extending a partnership that began in 2003
- While we extended the license only a few years ago and still have over a decade remaining, this extended license reinforces Coty's position as a partner of choice for the world's leading luxury fashion brands and increases the long-term visibility of our Prestige portfolio
- Over more than two decades, we have built Marc Jacobs into a powerful beauty brand, with its fragrances ranking within the Top 10 to 15 prestige female fragrances across the U.S., U.K., Canada and Australia and Marc Jacobs Beauty makeup also off to an outstanding start
- With this long-term agreement in place, we see significant opportunities as we build Marc Jacobs into a multi-category beauty powerhouse

Slide 26

- We successfully launched Marc Jacobs Beauty makeup across approximately 600 Sephora stores in the U.S., U.K., Australia and Canada, and online
- Encouragingly, retail sales are already exceeding targets
- Only a few months into the launch, Marc Jacobs Beauty is a Top 20 makeup brand at Sephora U.K. and ANZ, and a Top 30 makeup brand in Sephora U.S.
- The launch marks Coty's first-ever coordinated multi-market Sephora launch, executed simultaneously across four geographies with Sephora

- We've also led with an advocacy-first launch model, combining influencer amplification, paid boosting, experiential activations and always-on social engagement
- The engagement with Marc Jacobs Beauty makeup is also benefitting the brand's fragrance business

Slide 27

- Marc Jacobs fragrance sales grew by a double-digit percentage on a like-for-like basis in the first quarter, driven by very strong performance from the iconic Daisy franchise
- Advocacy momentum is also accelerating, with Marc Jacobs' Prestige Fragrance Category "Share of Influence" rising by 90 basis points
- Looking ahead, our priorities are to scale makeup through strong retailer execution, and build long-term brand desirability through an advocacy-led strategy, while strengthening cross-category recruitment

Slide 28

- Turning to Calvin Klein, sales trends were moderately lower year-on-year
- Our renewed focus on CK One supported sales growth in the CK franchise, and the newer Euphoria innovations also contributed positively, but those gains were more than offset by lower sales from other collections
- CK mists continue to perform well, ranking number three in the European body-spray market
    - New scents and expanded distribution are also supporting the broader collection
- Advocacy momentum also accelerated, with Calvin Klein's Prestige Fragrance Category "Share of Influence" up 100 basis points
- Looking ahead, we're continuing to amplify Euphoria Elixir and are reigniting CK One by tapping into renewed 1990s nostalgia and the franchise's cultural relevance

Slide 29

- Turning to Kylie Cosmetics, performance remains robust
- The brand delivered double-digit like-for-like sales growth in Q1, supported by fragrance sales up double digits, and makeup growing high single digits

- We also saw strong momentum with market share gains in stores and online
- Looking ahead, we are building on the Mood Stones by Kylie Jenner fragrance collection and new lip kit launches to strengthen Kylie's position across fragrance and makeup

Slide 30

- Turning to Chloé, fragrance sales grew by a low single-digit percentage on a like-for-like basis in Q1 supported by very strong growth in Atelier des Fleurs, our ultra-premium fragrance collection
- Looking ahead, we are focused on accelerating momentum for Atelier des Fleurs, and reinforcing the Chloé Signature franchise through increased marketing support in key markets
- The combination of our expansion of Chloé Atelier des Fleurs, the recent launch of the Burberry Prorsum ultra-premium fragrance collection, and Etro's upcoming fragrance collection, further strengthen Coty's position in the fast-growing ultra-premium fragrance category

Slide 31

- Color the Future is supporting better trends in our cosmetics brands, with our U.S. pilot providing specific examples of improved competitiveness at CoverGirl and Sally Hansen, giving us a foundation for further operational progress
- For CoverGirl, we continue to see encouraging progress in U.S. retail sales, on both a value and unit basis
- The decline in retail value sales moderated to 2% over the last 13 weeks, compared with a 4% decline over the last 52 weeks
- The improvement is even more evident when we look at unit sales, which were flat over the last 13 weeks, compared with a 4% decline over the last 52 weeks
- CoverGirl continues to trail a growing category, but encouragingly, the gap has narrowed on both measures
- Our focus is on translating this stabilization into sustainable growth
- Consistent media and advocacy behind our icons and core franchises, including Lash Blast and Simply Ageless, remain central to our approach, alongside creative assets that connect with a multigenerational audience, particularly Gen X

Slide 32

- With Sally Hansen, we continue to see encouraging signs in the U.S., especially in unit performance
- In retail value sales, the gap to the category narrowed from five percentage points over the last 52 weeks to two points over the last 13 weeks, with Sally Hansen growing 1% compared with 3% category growth
- Unit performance remains stronger. Sally Hansen grew 1% over the last 13 weeks against a 4% category decline, outperforming by five percentage points
- Our focus remains on consistent media support behind our core brand pillars, alongside agile, on-trend color collections and display programs for INSTA-DRI

Slide 33

- In Q1, Sally Hansen's market share reached 17.9% on the combined nail-color and artificial-nail measure, about 160 basis points above the 16.3% fiscal 2026 level
- On this measure, Sally Hansen regained the number one position among U.S. mass nail brands, a positive step as we work to implement Color the Future

Slide 34

- Turning to Rimmel in the U.K., retail trends continue to show encouraging signs
- Retail value sales declined by 1% over the last three months, compared with a 3% decline over the last 12 months, narrowing the gap to a growing category supported by sell-out growth in nail
- Unit trends improved more significantly, moving from a 4% decline over the last 12 months to a 1% decline over the last three months, outperforming the category
- Our priority is to return Rimmel to sustained growth over time as we continue to execute our turnaround actions

Slide 35

- Let me now bring this together and close with a few thoughts on our progress and the priorities ahead under Coty.Curated

Slide 36

- As we close, our Q1 results were ahead of expectations, but we are not where we want to be
- Coty.Curated gives us clear priorities for this transition year in fiscal 2027, but there is still work to do, and implementation will take time
- Coty has a strong foundation, including a Top 3 global position in both prestige and total fragrances, even excluding Gucci, as well as in mass color cosmetics
- Our fragrance expertise and core brands still have significant untapped potential
- We are concentrating innovation and investment behind our top brands, with opportunities to reach more consumers across price points and expand in priority markets
- Our Top 6 core Prestige brands grew 5% like-for-like in Q1, and we expect continued growth from this group of brands on a combined basis in Q2, which is encouraging
- Market share is now embedded in how we reward performance, alongside continued profit discipline, to incentivize a healthy business model
- Improving the effectiveness of our marketing spending is another priority, with a focus on reaching consumers directly and driving sell-out
- That includes strengthening our data and measurement to direct more spending toward activities with demonstrated returns
- We exited Q1 with leverage of approximately 3.1x, and prioritizing stronger cash generation remains central to our efforts to reduce debt further
- We remain committed to completing the strategic review by the end of calendar 2026, with the objective of shaping a portfolio to deliver sustainable growth and stronger cash generation
- In parallel, we are evaluating how our organization and cost structure should evolve, with fewer layers and faster decision-making closer to our markets
- The aim is to strengthen execution, deliver significant savings and create capacity to reinvest in our brands
- This will take time and we do not expect the recovery to be linear

- Confidence is earned through consistent delivery. Our progress needs to translate into sustained growth in our core brands, improved cash conversion and further deleveraging
- We will be transparent about our progress and challenges, and accountable for our delivery
- At the same time, we see significant opportunity to unlock value
- Thank you for joining our call today