

Coty 2021 Investor Day

November 18, 2021

Sue Y. Nabi: So ladies and gentlemen, good morning, we are very delighted to welcome you to our investor day. Today is an important day for Coty and we are excited to update you in greater details on the strategy that we shared with you in April. We've made many strides across each part of our strategy in the last 6 months. And although there is much further we can go and we can do...I'm going to wait for Laurent to sit...I'll be able to say that we have reclaimed our position as a true beauty powerhouse. You'll hear from some familiar and some new faces that have joined the Coty team about how we have executed against our strategy and why we are so confident about our future.

Sue Y. Nabi: I want you to come away with three messages. First, we have a clear framework and numerous initiatives underway that are transforming the company from repositioning and stabilizing parts of the portfolio, igniting the full potential of our key brands with expanded assortment and reach to how we manage our cost structure. Second, we have outstanding long term growth opportunities ahead leveraging our beautiful brand portfolio. We believe that realizing these opportunities, will allow Coty to grow ahead of the beauty market in the coming years. And this in turn will create significant value for our shareholders as well as for our customers and associates. Third, by executing our transformation and growth initiatives, we will grow our earnings and cash flow along the way. In fiscal 21, at the hate of the pandemic, we set up on the journey to improve our margins, earnings and cash flow and we have shown we can and will continue to improve our margins to strong and competitive levels.

Sue Y. Nabi: We have the brand portfolio, we have the people and we have the solid base we need to be successful. Our unique portfolio spanning key beauty categories and precision mass channels is a true asset and differentiator. Few beauty companies can boast this level of diversification and even fewer have the abundance of growth opportunities that Coty has simply by harnessing the power of our brands, our distribution reach, our IP and our category expertise. And finally our commitment to transforming the beauty world through the passion, kindness, and have to say fearlessness of our people will be a key differentiator as we cultivate the next generation of beauty leaders.

Sue Y. Nabi: We ended last year with 4.6 billion dollars in revenues, holding leading positions in our core categories. Number one in global fragrances and number four in color cosmetics. We have continued to diversify our presence in beauty with help of our portfolio in Prestige fragrances and a quarter in mass color cosmetics. And we are rapidly growing our footprint in prestige cosmetics and in skincare. By channel, prestige beauty is roughly 60% of the portfolio and growing as is our eCommerce presence, which is already in the high-teens. We are equally diversified geographically with North America at the third of our business, Western Europe in the mid twenties. We have a strong presence

across Brazil, middle east, Eastern Europe and Asia Pacific with a small but rapidly growing presence in China. Our brand portfolio spans key price tiers meeting the food spectrum of consumer needs. And we play in a large resilient and growing beauty market across both luxury and mass, a market which has reached 300 billion dollars in size.

Sue Y. Nabi: Coty has a rich history starting with the founder, Francois Coty. Over a hundred years ago, Francois Coty transformed the fragrance market, bringing high quality sense and luxurious packaging to a much broader audience. Coty has continued to build up his vision by redefining beauty over time. In the early 1900s, Max Factor invented professional makeup accessible to all. In the 1950s, Sally Hansen pioneered salon quality nail care. In the last 40 years, Lancaster has led the market on new ingredients and technologies, including retinol DNA repair, genetic and epigenetic repair, liposomes and broad spectrum UV protection.

Sue Y. Nabi: Over 50 years ago, Covergirl brought to the beauty scene clean makeup and skinified makeup. And today we are continuing to lead across our portfolio, always with a forward mentality, whether it is first to mass market clean vegan, and cruelty free makeup that works. By Covergirl, by Rimmel now and by Sally Hansen, our marketing campaigns by Gucci and Mark Jacobs, which truly embodies society today celebrating the beauty of all genders, skin tones, ethnicities and capabilities, as well as the disruptive business model of brands like Kylie beauty, which combined tremendous social media rich and incredible consumer engagement with a truly omnichannel direct to consumer and retail business.

Sue Y. Nabi: Today, we see our brands as a vision of the world, which you can see in our products, in our images and in our launches. That brings me to the amazing innovation power that Coty has in house. First, I'm delighted to share that we are continuing to strengthen and elevate our R&D organization with two great leaders recently joining Coty. We announced this week that Dr. Shimei Fan is joining Coty as Chief Scientific Officer. We are thrilled to welcome Shimei an innovative beauty scientist and seasoned R&D leader with a 30-year track record of delivering highly innovative sustainable, clean consumer products for the world's leading beauty companies. In her role as Chief Scientific Officer, she may will be working closely with [inaudible] who joined Coty in September as head of product development, color cosmetics, skin, and sun care. [inaudible] brings 26 years of beauty expertise in luxury makeup, as well as skincare and hybrid formulations.

Sue Y. Nabi: As already mentioned, Coty's history is full of beauty first and R&D remains at the heart of what we do across fragrances, cosmetics and skincare. Coty's strong and unique IP is focused on the areas that are changing beauty and health today. In fact, our IP includes light and environmental aging protection, as well as vectorization, which are essential to skincare and face makeup. Skin regenerative technologies, which are at the forefront of skincare and again, antiaging makeup. Skin barrier nohow, which is central to the Orveda brand and longwear IP for makeup and in fragrances, which is exclusive to Coty. The fact

that we have chosen to focus on leveraging this unique IP across our portfolio will not only allow us to differentiate our products, but it is also a cost effective way of accelerating our portfolio. To help you visualize some of our efforts and capabilities in R&D, let's take a look at the short video of one of our R&D laboratory in Geneva.

Thierry Molier: Hello, my name is Thierry Molier and I'm the SVP R&D sustainability here and technology and innovation at Coty. Here in Geneva, we have our center of excellence for fragrances which is where nature of the innovation around our products takes place. The innovation starts with the putting our consumer first. We understand what our consumer want and need in their daily lives. At our innovation level, we combine the expertise of Coty scientists with high technical artificial intelligence to predict the behavior of our perfumes, so we can preserve their character and improve their performance.

Eva Vinas Sanz: Hello, I am Eva Vinas Sanz. I am the senior vice president of R&D for product development and categories at Coty. Since 1904, Coty has pioneered innovation across the beauty industry. We have a reputation for a breaking new ground. A history of first and best that has laid the foundation for the industry as we know it today.

Thierry Molier: As a result of over a century of innovation, Coty now owns over 350 patents and patent applications worldwide. And this number continues to raise as a unique formulation ingredient R&D. We are proud to be able to continue this legacy here in the center of excellence of priorities.

Sue Y. Nabi: Of course, all of the results we have delivered so far and the ambitious plans we have set our product of the work of my great leadership team and the teams that support them. We've built our team with talent that under the Coty's core values and compliment our existing skillset. Let me introduce the team who will be presenting with me today. You'll hear from Gordon von Bretten. Next as Coty continues down its transformation journey, Gordon and his team have been instrumental in simplifying Coty as a whole while also developing a multiyear plan to drive gross margin improvement. Next you'll hear from Stefano and Alexis about our consumer beauty segment. With our consumer beauty business having deep roots in both America and Europe, it was crucial to have leaders equally versed in the dynamics of both regions. Our consumer beauty chief commercial officer Alexis brings extensive knowledge of the complex European market.

Sue Y. Nabi: At the same time, Stefano knows the US market incredibly well and brings mass skincare expertise to the consumer beauty team. Following consumer beauty, Constantin, Isabelle, and Andrew will discuss our prestige fragrance makeup and skincare segment. Constantin recently joined us as the chief brands officer for Prestige, and he has brought his strong marketing and retail acumen as well as his expertise in high end skincare and makeup. Meanwhile, our expertise in prestige is further cemented through the leadership of chief commercial officer, Isabelle Bonfanti, who brings strong experience across luxury beauty categories,

as well as the know-how of international brand development and transformation. Further rounding out this prestige leadership is Andrew Stanleick, our passionate CEO of Kylie, also leading Kim Kardashian West beauty brands and the EVP of North America. John Denny, Coty's first chief digital officer will then explain how we are transforming our digital capabilities. John Denny is a leader in digital innovation and was able to organize a team around him to execute on our priorities in a cost effective way.

Sue Y. Nabi: Yam will be joining us virtually with an overview of Mainland China and Caroline will then provide an update on Hainan and our global travel retail business. In China, which is still a fairly young business for Coty today, we needed a storyteller and a brand builder. Our GM of China, Guilhem Souche was instrumental in building out the China beauty business for LVMH and for Longkou and he brings his expertise to Coty to help us target this booming market. Further supporting our efforts in China, namely Hainan as well as our broader travel retail business, is Caroline Andreotti who understands this channel and skincare better than anyone else. Our CFO Laurent, has brought a very high level of financial discipline and skillset to transform the entire financial model of the company into the one you are seeing today. I believe that Laurent and myself are powerful pair partnering closely each and every day to deliver operational and financial success.

Sue Y. Nabi: We've been working diligently to help strengthen Coty credibility with you, our shareholders and analysts. Today is certainly a very, very important moment in these objectives of ours. And I think even more broadly in Coty's history as a company, as this leadership team can now claim with real confidence that we are leading a true beauty powerhouse. As a team, we are proud of our culture, which celebrates and combines kindness, boldness and forward thinking our reason to be is to make over the beauty world together with our consumers, associates, shareholders, and all stakeholders. We've created a roadmap over the next four years, which will enable us to outperform the industry. The next step in our journey is to execute our plan and in doing so add further evidence of Coty's position as a leading global beauty business. We've led at the foundation to extend the results of our work and our brands into the decade.

Sue Y. Nabi: Taking a step back in fiscal 21, we kicked off our journey to set Coty on path to sustainable and profitable growth. In this first phase of our journey, our focus was on stabilizing the business, charting out those strategy to unlock our full potential and generating room in the PNL to fuel our future growth. To do this, we significantly accelerated our savings, delivery and developed a detailed strategy for the coming years. Many of you attended our April strategic update, the result of our work and analysis, where we presented our sixth strategic pillar strategy. As we look forward, these pillars are the basis of our journey, which will boost our revenue growth trajectory from consumer beauty and prestige divisions, while utilizing our cost savings to both fund reinvestment and drive profit and margin expansion. Now we're entering the second phase of our journey, building and growing our business.

Sue Y. Nabi: Operationally, this means invading our new campaigns in market, lending our innovations effectively and succeeding in the key wide space of opportunities we have identified. As you heard from us last week on our earnings call, we are off to a great start across all of our initiatives, including Gucci Flora, Burberry Hero, Kylie relaunch, Lancaster momentum in Hainan, Covergirl and Max Factor market share gains and Rimmel's repositioning and entry into clean beauty. While we are closely monitoring the results and all of these initiatives, and we continue to provide regular updates, I'm highly encouraged that our strategy is working and delivering the strong results we are seeing across our business. This has given us the confidence to raise our fiscal 22 outlook. As you will hear from Laurent, the second phase of the journey entails improving our gross margins, reinvesting with high [inaudible] focus, further leveraging and simplifying our capital structure and again, our Q1 results were a great testament to each.

Sue Y. Nabi: The third and final phase of our journey is activating the growth flywheel. This is all about operating at our full potential as a beauty powerhouse with strong category and market expansion, a simplified PNL balance sheet and capital structure. It's about continuing to grow our sales ahead of the beauty market and growing our profit above that. The essence of our strategy is simple. We concluded that growth through more profitable categories, regions and channels creates a vicious circle, where we can improve our margins, produce cash, lever the company, and continue to invest in our brands and in our people and our first quarter results again, clearly demonstrates this. While we are still in the initial innings of our journey, I'm thrilled that Institutional Investor has named Coty's top financial officers to its selective 2021 All America Executive Team based on a survey of over 3000 investors and sell side analyst.

Sue Y. Nabi: Thank you to many of the people in the audience and listening virtually for your vote of confidence in Coty. We are striving to continue to earn this trust and build on it. And the presentations you will hear today are another strong milestone in this direction. At the same time, Coty is also recognized within the industry for leading beauty innovation. Cosmetic mag, the leading French language beauty industry magazine has just awarded Coty seven 2021 awards. This is one of the industry's highest honors recognizing excellence in product development and it's great to see our brands take prizes across high end fragrances, high end skin care and high end cosmetics.

Sue Y. Nabi: Today is about the future of our company and we will talk in detail how our effort translate into value for our shareholders, customers, and employees. Our investment in these key strategic initiatives are all geared towards building a broader and more resilient company that will lead the beauty industry for the next hundred years. We have talked about our six strategic pillars over the past few months. Many of these initiatives are well known to the market and we have continued to build and enhance them. Today is about helping you size the potential we see in Coty and how that comes together. As we move through the fiscal 22, we are starting to rip the benefits driven by our six pillar strategy. We started our work by stabilizing and growing our consumer beauty portfolio, which is the first pillar.

Sue Y. Nabi: Our emphasis on consumer beauty is anchored on the knowledge that the full growth potential we can achieve in our Prestige business can only be fully realized when the second part of our business consumer beauty is performing in line with or ahead of its market. And of course, our focus is also anchored on a powerful fact about consumers today that data confirms that coming out of the pandemic, consumers globally are choosing brands that they know and trust. And at the same time, we're making sure that our trusted brands start acting like niche brands and lead in the new key beauty trends, including in beauty. This is critical as consumer beauty has traditionally been, and we continue to be the market where beauty companies like Coty can test innovations and approaches, which can then be leveraged across the broader portfolio. We made strategic and sensible choices starting first with the repositioning of Covergirl last spring with the brand now back to market share gains, then the repositioning of Rimmel and Max Factor over the summer, which are also seeing strong results and soon to come Addidas, Bourjois and our mass fragrance portfolio.

Sue Y. Nabi: Importantly, our portfolio of key consumer brands covers the key geographies and at a range of price positions. And as you will hear from Stepano and Alexis today, our efforts are fueling clear results. For the first time in many years, Coty's consumer beauty portfolio grew market share on a global basis and across categories all while delivering substantial margin expansion. Now that we're making strong progress on consumer beauty, we are focusing on our largest opportunity, which is in Prestige. We're accelerating our repositioning of our luxury fragrances and starting to build our Prestige makeup portfolio. This is the second pillar of our strategy. Today our superstar brands in Prestige cover the different segments and have roots in key markets across the globe.

Sue Y. Nabi: In the entry prestige segment, we have Calvin Klein bringing its strong US heritage and Hugo Boss with its German roots. Within premium prestige we have Mark Jacobs with its unique US perspective. For luxury, we have Gucci, which brings the Italian sense of luxury and Burberry the sense of UK luxury. And finally, in the ultra premium exclusive end, we have the fun, sheek and sustainable desirability of Chloe presents Atelier des Fleurs. Where these brands represent approximately 80% of our prestige fragrance sales and are positioned on all consumer needs across the globe, at the same time, we are establishing Coty as a key player in prestige cosmetics. Our portfolio brands here include luxury designer brands like Gucci and Burberry, which appeal to consumers globally and in particular in Asia, as well as entry prestige cosmetics by Kylie, which began as a predominantly US brand, but that we are rapidly capitalizing on her success in the US to expand Kylie cosmetics across Europe, Australia and soon Brazil.

Sue Y. Nabi: Over the past few years, Prestige has enjoyed several natural tailwinds. The growth in luxury consumption in China, North America and of course, travel retail. Specifically in China, we see the strong momentum in prestige beauty consumption continuing for many years to come led by structural drivers in this market, including an expanding middle class, growing disposable income and

beauty consumption per capita increasing to be more in line with more mature markets. The strong double digit growth which we saw in prestige business this past quarter speaks to the strong momentum we are seeing across each and every one of our key brands, including Gucci Burberry, Huga Boss, Kylie, Chloe and Mark Jacobs. Isabelle, Constantin, and Andrew will speak through the exciting assortment and distribution expansion plans we have for our prestige cosmetic portfolio.

Sue Y. Nabi: Next our third pillar, skin care, where we are building our portfolio across both mass and prestige divisions. In fact, we expect fiscal 23 will be the year where our skincare initiatives truly take off. As you may have seen this week, we had a number of exciting milestones in our journey to accelerate our skincare presence. On the prestige side, I'm excited to announce that Orveda, the ultra premium, multi awarded, clean, vegan, microbiome focused skincare brand I co-funded with Nicolas Vu several years ago, is entering the Coty portfolio. You will hear more about the brand later today. On the mass side, I'm equally excited about the launch of Covergirl skincare beginning with five unique skews, which will hit shelves in North America this January as part of the cosmetic wall, consistent with the leading trend today, which position skincare as the first step of a consumer's beauty routine.

Sue Y. Nabi: And if you are walking through Times Square, you'll see the Covergirl skincare line on one of the main Billboards. Adding in the upcoming launch of Kim Kardashian West skincare, which remains on track to launch by the end of this fiscal year, we have a portfolio of skincare brands that covers each and every consumer need and price point and importantly covering key trends booming around the world, such as ultra premium in China, celebrity driven in the US and ingredient led skincare in mass. And our skincare portfolio has broad appeal across our regions with Philosophy and Kylie and soon Kim Kardashian West and Covergirl strong in North America. Lancaster, Kim Kardashian West, Kylie and Orveda strong in Europe and significant potential for Lancaster and Orveda across Asia. Importantly, we have strong innovation plans for each of these brands. Our goal is to grow our skincare business in a strong and of course, profitable way for many years to come.

Sue Y. Nabi: All these new growth engines will be powered by our new digital capabilities, which is our fourth pillar. We continue to enhance our digital channels to get our customers, to interact with our brands. We are actively investing in technology that will change the way we operate internally and with our consumers. In the last few years, we've been rapidly improving our digital and ecom fundamentals to bring us on par with our beauty peers. At the same time, we are laser focused on bringing new, better and more differentiated technology led capabilities to Coty. Our goal is to approach technology with a forward thinking mindset. John Denny will provide more details a little later, but our strategy centers on three key components of differentiation. First creating innovative content and services through our partnership with Perfect Corp, which is a key differentiator in terms of endless innovation and cost. Second, we are leading social commerce and live streaming. And third, we are the only

company at this level operating two next gen DTC brands with a unique know-how.

Sue Y. Nabi: Our fifth pillar is where we will propel our long term growth opportunity by building and strengthening our position in China with a special focus on Hainan. Even though Coty's exposure to China is still small, it's important to note that we have already begun to make strong strides with our sales in China, growing by double digits in fiscal 21. The business has expanded from less than 3% of sales in fiscal 19 to over 4% in fiscal 21. And our goal remains to boost China to over 10% of our sales by fiscal 25. Yam and Caroline will provide more details about China and travel retail later on in the presentation.

Sue Y. Nabi: Sustainability, the sixth pillar of our long term strategy, is not just a check the box item for us. It is our ultimate driver of innovation. In 2020, we launched our beauty that last strategy guided by the UN sustainable development goals, setting out our plan to drive positive innovation across the beauty industry. There are three focus areas for our sustainability strategy- the beauty of our products, the beauty of our planet, and of course the beauty of our people. We know that clean beauty is a key driver of the beauty industry growth around the world. In fact, a third of all beauty launches in the US and a quarter of beauty launches in Europe included clean, vegan and natural claims last year. And the proportion is only growing. At Coty, we are leading the industry in the introduction of clean, vegan and cruelty-free products, as well as working on ways to make our packaging more sustainable.

Sue Y. Nabi: At Coty, we aim to be a leader in clean makeup, in clean skin care, in clean body care and clean fragrances. You can see the broad range of products we have launched under this umbrella. Whether again, it's Covergirl LashBlast clean mascara, Rimmel new line Kind & Free, Kylie's relaunched makeup line and Sally Hansen's Good Kind Pure on the cosmetic side or Chloe's signature naturelle, CK Everyone [inaudible] fragrances and Nautica Oceans on the fragrance side, all without compromising on the product efficacy. In addition to the leadership position we are taking in the industry in terms of clean and vegan launchers across our portfolio, we have also set sustainability minded product targets. We aim to purchase a hundred percent mass balance certified Palm oil for our production sites in the coming years. We are already in the process of setting specific reformulation roadmaps for each product category.

Sue Y. Nabi: On the beauty of our planet, we are leading the industry in up cycling carbon emissions to create ethanal for fragrances driven by our announced partnership with Lonza tech. We expect to launch the first fragrances with sustainable carbon captured ethanal soon. Importantly, following the bio diversity, we have spent the past year completing an in-depth environmental footprint study. Following this substantial endeavor, we will be setting an ambitious environmental target in line with the latest science and climate scenarios in the coming months. At the same time, we have a number of specific environmental targets by 2030. First to switch hundred percent renewable electricity across all sites. In fact, our own factories and warehouses already use hundred percent

renewable electricity. Second to send zero waste to landfill, and finally to recycle 80% of waste generated by our factories and distribution.

Sue Y. Nabi: On the beauty of our people, we are moving at a fast pace to make real progress across diversity, equity and inclusion. We are on track to meet our ambition target to pay equitably for similar roles and performance, regardless of gender by 2022. We have updated the charter of our board, remuneration and nomination committee to include DNI criteria. We launched employee resource groups to drive action by associates and for associates. We operate under responsible marketing principles knowing our brands play an important role in reflecting diversity through an inclusive expression of beauty. We are proud that the majority of our EC is female and with our board of directors, 50% female. Going forward, we believe diversity,

Sue Y. Nabi: ... equity and inclusion will be the most important driver when it comes to recruiting the next generation of world class talent. Our ultimate goal is to grow faster than global beauty market which together with our transformation plans will drive our earnings power. The beauty market has been consistently growing at a 3% to 5% rate, and we expect to over perform this as we target a 6% to 8% revenue CAGR between fiscal 22 and fiscal 25 and beyond, supported by high single digit growth in prestige and low to meet single digit growth in consumer beauty. Law will provide more context around our long term financial goals later in the presentation. To conclude, the outlook is bright for Coty. First, we have a clear framework and numerous initiatives underway that are transforming the company from repositioning and stabilizing parts of the portfolio to igniting the full potential of key brand through expanded assortment, but also reach to how we manage our cost structure.

Sue Y. Nabi: Second, we have outstanding growth opportunities ahead. Leveraging our beautiful brand portfolio, which will allow the company to grow ahead of the beauty market in the coming years. Third, by executing our transformation and growth initiatives, we will grow our earnings and cashflow along the way, creating significant value for our shareholders as well as for our customers and of course, employees. Importantly, the path is now quite clear and we are changing rapidly as we anticipate future trends. We will make over the beauty world, together. I will now pause and pass it to my team to walk you through our detailed plans. So Gordon, please go ahead. Thank you very much for your attention.

Gordon Von Bretten: Great. Thank you very much Sue for the introduction and welcome everybody. Good morning, everyone. My name is Gordon von Bretten and I'm the Chief Transformation Officer at Coty. I've been with the company now about a year and a half, and I joined at the height of the pandemic. So exciting times for Coty. I've come from KKR where I was an operating partner previously and worked on very large scale transformations, many challenging and difficult situations. So what we're doing here is nothing strange to me, really. I wanted to spend the next 20 minutes or so discussing the transformational journey that we're all embarking on together as Coty, and it's quite an exciting one. So let's go to...

this is the slider I should have used, let's talk a little bit about all in to win and what it means. All in to win is the name we've given this transformational program.

Gordon Von Bretten: And I always like to point out that all in to win is not a cost reduction program, at all. It really is the end to end transformation of the company. So it includes cost, cash, growth and strategy, and all of these initiatives that we're launching are under the umbrella of all in to win. So this is an important thing to mention. So as a result, we wanted to give you some granular examples of what we are doing specifically. So you'll see the presentation in certain elements as quite detailed, but hopefully it will give you a good flavor of what we're working on. Let's talk a bit about the overview of all in to win and how the program is structured. And before we do that, just one comment and many of you know this of course, transformation is probably 80% about execution and 20% about planning.

Gordon Von Bretten: So to create this kind of overview is something a consultant can do in 15 minutes, but that's not what it's all about. The plan is 20%. The execution is 80% and that's where most businesses fail. And that's where I think we are on an excellent path to reach the results and the goals we've set for ourselves. So let me step through the different work streams, the different levers that we're employing here. The first one is a lever that we launched right when the pandemic was at its height and the company wasn't doing particularly well, retail was closed, travel retail was closed, so we were really struggling and we call it funding the journey, and it was really focusing on overhead costs. So we really attacked SG and A, in a very strong way. We looked at people cost, we looked at all elements of non people cost to free up money, to reinvest in the business and to fund the transformation.

Gordon Von Bretten: The second stream we launched then is the gross margin attack program. And this one really focuses on both the commercial side, so pricing very much, but also trade investment as well as the COGS side, so material cost and supply chain efficiency. The third stream we're looking at is called delivering sustainable profitable growth. Sue has mentioned the six strategic pillars we're focusing on and all in to win under the umbrella is helping to execute against those strategic pillars. Number four is what we've called Cash Olympics. It's a little bit of an internal competition who can free up the most cash. But the objective here of course, is to generate free cash flow that we can then use to deleverage the business, which is a core objective of the program. And lastly, and Sue has just spoken about it. There's a stream here, which we've called Accelerate Culture and ESG.

Gordon Von Bretten: It's all about sustainability, diversity, inclusion and so on. So why are we doing all of those things? You can see here this box with the key outcomes. First of all, we're trying to invest more money into A&CP, advertising consumer promotion because A&CP drives further growth, further revenues and it's a self-fulfilling prophecy. The second is to increase profitability for the business and for our shareholders clearly. The third is to be able to invest into growth projects and

I'm going to talk about that in few slides down the road. And lastly, as I mentioned to reduce our debt burden.

Gordon Von Bretten: Let's start with the cost element of things, and this page really demonstrates or talks about the 600 million target we've widely communicated. And initially the 600 million cost reduction target was spread across three different years, fiscal year 21, 22, 23, pretty much evenly. And as we have published already in fiscal year 21, we've delivered over \$330 million versus the \$200 million target we had set for ourselves, which is really strong results. We over delivered by quite a bit.

Gordon Von Bretten: For fiscal year '22, we've set ourselves a target of \$90 million. Now that looks quite a bit smaller, but please keep in mind, these are net savings. So this is P&L relevant reductions. The gross savings we need to deliver to get to the \$90 million is north of 200 million. So what's the difference between gross and net and you see it on the right hand side, three major areas. We're investing in our strategic pillars. So basically we've approved 200 new positions to be created to support the strategic pillars, including skincare, digital, China expansion, luxury makeup, and so on, so that's already netted off that number. The second factor is material cost inflation. You've heard of headwinds, I have a page on that, so I'm not going to go into detail here. And the third one is we brought back bonuses.

Gordon Von Bretten: In fiscal year '21, there were no bonuses. In fiscal year 22 to remain competitive as an employer we've brought back bonuses and that's already netted out of this number. Fiscal year '23, we're expecting 170 million and that will bring us to the full 600 million, despite some of the headwinds I've just mentioned. And then I'm happy to announce today that for fiscal year '24, we're planning already on what's next. And we are committing to an incremental \$75 million in cost reductions that's on top of the 600 million. Okay, good. Let's go to this one here, fiscal year '21, I just wanted to give you a flavor for where these savings that we've already banked come from and you see the 330 million broken out on the left hand side here, and you see what the key drivers were. So 60% roughly came from fixed costs because that's how we started the program, 26%, if you added up between COGS and trade investments.

Gordon Von Bretten: So these are both elements that are gross margin relevant, and that's why you would find them in the P&L and 14% were structural A&CP. So not spending less, that we didn't count in here. It's really improvements in how we buy and more efficient use of A&CP. Okay. And then on the right hand side, some examples that we wanted to just highlight what we've done. On the people cost side, I mentioned overhead and SG&A, we reduced SG&A head count by 17% between fiscal year '20 and '21. So quite a strong result in a short period of time for fiscal year '22, we're planning further reductions. Most of them are on the works already, but we're also creating these 200 new positions to fuel growth. So just to give you a feeling we're not starving the business, we're reinvesting into the business.

Gordon Von Bretten: On the non people overhead side, so basically all external spending, we've looked at every single bucket and taken a very sharp view to that. One example only is temporary staff, which was reduced by 33%. Next example is real estate. So when we started the program, we took stock of what's our office footprint and we found that it was much too large for the company that Coty is today. And we started to sublease or give back floors and buildings and so on, and we did that in London, in New York, in Geneva, in Paris, and in Amsterdam, some of it is still in implementation. And ultimately that would deliver \$25 million in annual savings, which is a really strong result. And lastly, outsourcing, you may have heard us speak about that already. We had some internal shared service centers previously, which we've transitioned to a third party, and we're also identifying certain overhead functions that are located in markets to become part of that same outsourcing scenario. So really going for efficiency. The second element of the plan is gross margin attack, we've called it and many of you know, I mean you analyze our company and you know where we stand relative to peers, our gross margin has already been in the sorry, consistently been in the past around 60%, where some of our peers are 70 plus percent, so clearly there is discrepancy. To some degree we're structurally different. So some is explainable, but some of it is execution related and so the target we've set for ourselves by fiscal year '25 is to bring that into the mid sixties. And you may have seen in Q1, we were already at 63% plus. So we feel we're well on our way to getting to that level by fiscal year '25.

Gordon Von Bretten: So let's go through the different buckets, the four major elements of the gross margin attack. The first one is a commercial piece, where we are focusing on pricing, trade investment, but also value distribution reduction. We've talked about that previously, which will allow us to price in different ways. And lastly, reducing the amount of excess and obsolescence that we have in the company. So basically product that has to be written off because it didn't sell. There's a supply chain piece here, building efficiency in manufacturing, in distribution, and in planning. And we're well on our way to implementing the necessary steps here. There's a material cost piece, which is challenging right now. We're going to talk about headwinds in a minute, but we're working on strategic sourcing, working with our supply base, but also very much focusing on material value analysis and platforming our products, which is part of the portfolio stream, which is the fourth piece, portfolio attack, and again, I have a page on that. So I'm not going to go into detail here.

Gordon Von Bretten: I wanted to give you a few examples of what we're doing on the gross margin side. And the first one here is on consolidation of our fragrance manufacturing footprint. And before I do that though, I spend a lot of my time really at our facility. So I've seen most of them now. I've seen some distribution centers and so on, and I'm really impressed by the work that's being done by the team on continuous improvement, making sure service levels are high, quality defects are low and so on. So there's a lot going on. And every year we're posting additional benefits from this continuous improvement work that's being done in the facilities. But specifically on fragrances, we had previously three different fragrance locations where we made fragrances. There was Germany, France,

and Spain, and all three of them were heavily underutilized. So we made the tough decision to close one of them, which was the German facility, and to move the volume into France and into Spain, which is well underway.

Gordon Von Bretten: So the lines are being set up as we speak and so on. The two facilities are really state of the art. I was super impressed by the Spanish facility I've seen. So it's really incredible what they've done there, very clearly laid out, very efficient with a great team on site. And the impact, you see just two metrics here, capacity utilization will go up by 20% points for the footprint going forward. Unit cost goes down by 13%. So it's exactly the kind of thing we want to do to reduce the overhead that's being absorbed by the units being produced. Last point, maybe just to mention there's lots of room for expansion still. So we're not limiting ourselves by having done this move.

Gordon Von Bretten: Portfolio optimization, that was the fourth box on the gross margin of tech stream. So there are three major pillars, I'm just going to rush through them in the interest of time. The first one is our SKU rationalization program, when we first started, this is really 18 months ago and did an analysis. We found that the bottom 35% of SKUs, this is in color cosmetics accounted for only 3% of net sales. And apparently that is in fact... That was known for many years, but people were afraid to make the decision to discontinue these SKUs. And we decided very quickly to basically said, let's stop producing them, and let's pull them off the shelf, which is happening pretty much as we speak. And the impact to revenue is actually positive because when you think about it, of course, we're not going to leave those slots empty. We're replacing them with more profitable SKUs and they're driving sales, they're turning with the SKUs, with discontinuing were not turning. So it's really, it's a no-brainer in a way.

Gordon Von Bretten: The second stream here is called Platforming. We've mentioned that before, I think in previous discussions, and really we're trying to reduce the packaging types and to some degree maybe future on also some of the chassis that are underlying our products. In the past, every brand, specifically, also on consumer beauty, where we have multiple brands that do the same thing in different regions. Everybody was designing their own portfolio of products, of packaging types and so on. And we've greatly reduced. You see here, the example, the number of tubes being used in foundations, the number of caps, all those types of things to drive efficiency and sourcing in inventory holding, and also in manufacturing. And the third element to mention here is assortment management. So we've taken a look at the planograms of our major retailers and looked at what's moving, and what's not, you'd think this would be day to day work that should be done, but it wasn't done consistently.

Gordon Von Bretten: We found that many planograms had items that just didn't sell, or didn't have a sufficient gross margin or both in the worst case. And we've decided to pull those off and replace them with other items from our global catalog. Our global catalog is large enough to fill every fixture twice. So it's not like we needed to introduce new innovation. We just needed to pick items that were higher performing and of course going forward, there's also a creative innovation, new

products coming online with better gross margin. And over time that will automatically raise our gross margin level.

Gordon Von Bretten: Headwinds, I mean this is a very current topic. And many of you will have read that most industries are being hit with increases in freight, but also in the raw materials and common components that they buy. So we wanted to speak about that specifically. And you see on the left hand side, we've listed the different materials we purchase including freight and we've calculated what is the impact we're facing for the year. When we did the budget at the beginning of the year, we were expecting about \$30 million in headwinds, which when you think about the size of business we are, is really not that much. And it shows you the relative level of material cost versus our overall value chain. So \$30 million going in, and we had very much included that into all in to win and specifically, wanted to offset by strategic sourcing initiatives and biomaterial value analysis and platforming, which I just mentioned.

Gordon Von Bretten: We know where we stand today, the hurdle is going to be more like \$60 million. So it's \$30 million more than initially anticipated and what we've to step up our pricing performance. And you would see the additional pricing increases that we're driving across the portfolio and across the countries that will more than offset that additional hurt. So bad news is there are headwinds, but the good news is it's very much under control.

Gordon Von Bretten: Let's switch to growth a little bit. On the left hand side, you see the six strategic pillars that Sue has gone through. So I don't need to rehash them. I just wanted to talk a little bit about how we execute against those growth pillars. And normally what I've seen in the past as well is when there's a growth objective, the growth target is handed to the head of the sales organization or the commercial organization said, this is your new target. Go get it, good luck. And sometimes that works and sometimes that doesn't work and we decided let's do it in a different way here. Let's really put an execution engine behind these growth pillars. And for most of these topics you see on the left hand side, we formed a cross-functional team. So there's an executive sponsor. There's a full-time project manager.

Gordon Von Bretten: There's a full cross-functional team, which really includes, from procurement, to finance, to HR, to IT, to of course sales and marketing. And they collaboratively will deliver and accelerate where we want to get to. There's a drumbeat behind with steering committee meetings, working team meetings and so on. And we really think that this is the turbo charger behind the growth engines, if you will. And on the right hand side, you just see a few examples. So there's a China powerhouse team. We've called it with a sub team on HAINAN. We have a skincare task force that has sampling as one sub component at Orveda integration, which is new news today. There's a Dach powerhouse team. So basically wanting to improve our business performance in Germany, Austria, Switzerland, and so on. These are just some examples that we wanted to mention.

Gordon Von Bretten: As the last stream let's talk about Cash Olympics. Cash Olympics again is the program to free up cash and create free cash flow to deleverage the business. You can see on the left hand side, these are the key streams we're focusing on, and it's the typical stuff. So nothing surprising, you focus on inventory, on receivables, on payables, what you normally do to manage cash. And on the right hand side, some specific examples. The one here in red is our real estate program. So we've gone through our portfolio and taken a look, and took stock, what assets do we have that are core to the business and what assets do we have that are really non core to the business. And we've decided to divest some of these non core real estate holdings. The size of the price is over \$150 million. And a lot of that is already in the bank or fully in implementation.

Gordon Von Bretten: And the second example here on the very right hand side is core, is our VAR program. VAR stands at value at risk and value at risk is basically inventory that is slipping into a position because it's not turning, that it might have to be written off. And of course we want to avoid that at all costs for economical reasons, but also for environmental reasons. And so what we've done, we've really stepped up our performance and planning. We used to have a monthly, centrally driven planning cycle, and now we've gone to a new model, which is weekly planning between the markets and centrally. So, and you can imagine if you're that flexible, if you bring in market perspective, plus you do it on a weekly basis, your planning becomes much better, and that's what we've seen. So therefore, we're reducing these VAR numbers. And secondly, we have an active program now to promote and sell off items that might slip into VAR before that happens and to really market them much more proactively.

Gordon Von Bretten: So one of the key takeaways, the first key takeaway here is we think we've built a really strong execution engine for the transformation. So there's quite a structure in place. We meet all the time, we work cross functionally, we're monitoring everything we do centrally and making sure whenever we get off track, we notice that very, very quickly. So that is one of the key success factors for making this transformation happen. The second thing is that we are fully on track to deliver the 600 million. We have committed to all of you and almost \$400 million of those are in the bank. So over \$330 million in the first year and already \$60 million since the beginning of this year, and we've raised the number now to \$ 675 million, including fiscal year '24. So there's more to come, which is also good news.

Gordon Von Bretten: On gross margin attack, we have this program I've described a little bit what we are doing there. Q1 is already looking promising, but the target is this mid sixties number by fiscal year '25. And with all the levers you've seen, we are very confident that we're going to get there. The fourth key point to take home is we're back to growth, like for like growth in Quarter. And in Q1, [inaudible] was plus 21%. So really quite a strong showing and that it is across prestige, but also across consumer beauty. And we think there's more to come on that front across the six strategic pillars. And the last point to mention is cash. Of course, I just mentioned that before, the goal is to leave or finish this calendar year with a leverage ratio of five times, Lauren's going to speak about it in more detail

after. And the ultimate goal for us is a leverage of around or even below two times. So we're quite ambitious as to where we want leverage to go.

Gordon Von Bretten: I'd like to leave you with this slide, which I use many times in internal presentations. And I tell our associates often that the key to success is firmly in our hands. We have exactly what it takes. We have a plan, we have the brands, we have the people, we have the global reach to make this happen. So now what we need to do is execute, and we need to execute with diligence, with passion, with enthusiasm, with accountability, and I really feel the initial results that we're seeing are indicating that we're well on our way to getting that done. And with that, I would say we're making corporate history here.

Gordon Von Bretten: So in my mind it would be great five years down the road, if there was a Harvard business case that would say, wow look at this company that was very, very challenge and people were doubting, whether it's viable and five years down the road, look where we are. It's a company that's high performing, that's an innovator, it's a trend setter. It's really a global beauty powerhouse, and we're all working very hard to make that happen. So that's it for my piece. Thank you for the time, much appreciated and look forward to the Q&A session after. Thank you.

Alexis Vaganay: Good morning.

Stefano Curti: Good morning.

Alexis Vaganay: So I'm Alexis Vaganay, the Chief Commercial Officer of consumer beauty with 25 years experience in personal care and beauty. I've been at Coty for five years, previously as the executive vice president of Europe, middle Eastern and Africa on both consumer and prestige.

Stefano Curti: And I'm Stefano Curti. I'm the Chief Brands Officer of Coty Consumer Beauty. I've been in the beauty and personal care industry for over 25 years, spent over 10 countries, and then globally.

Alexis Vaganay: So Stefano and I have both been in our respective roles exactly for a year this month. And we are excited to share with you the recent stabilization and growth of Coty's consumer business. So the mass beauty market is large and very resilient. Despite the changes presented by the global pandemic, the overall beauty market is worth \$183 billion. And it's now back to growth, even when compared to the pre pandemic market in 2019. Skin care, fragrances and personal care segments are growing the fastest while makeup has now fully recovered back to pre pandemic levels. And here, I want to recognize when sizing the mass beauty market, the limitations of [inaudible] data, as it doesn't cover growing channels like brick and click Amazon and Ulta among others in this country. So the consumer beauty has started to stabilize since March 2021 after six challenging years for Coty, and it's starting to put growth in market share and revenues. How did we do that? Well, first we have been very

intentional in focusing on the top five brands. Covergirl, Rimmel, Sally Hansen, Adidas, Max factor, which account for 70% of our revenues and nearly 90% of our media and promotional investments. Over the past six months, we've also repositioned Covergirl, Rimmel and Max factor, and we are about to release the new brand positioning and equity on Adidas and Bourjois. You probably know that in Brazil, we have a very powerful portfolio of local brands, which account for 10% of the consumer beauty business and the sell out keeps growing.

Alexis Vaganay: We've seen a very nice eCommerce acceleration, and we have managed to achieve a stable to positive distribution, thanks to aligned plans with our key retail partners. So let me now share with you a few highlights on those last two points. First, on top of one of our top priorities, when we took over the reigns of the division with Stefano was to [inaudible] or grow our physical distribution and this after a very challenging 2019 year on that front. So we shared on the line, on the brand we launched plans with our key retail partners, which allowed us to successfully hold distribution and sometimes gain on some brands.

Alexis Vaganay: This is the new display of Rimmel in the UK, where we succeed to hold a full national distribution, it's maxed out there. On that slide you see a max factor, the world there in the UK featuring a new brand ambassador, Priyanka Chopra Jonas, which allowed us once again to hold distribution. Next up is Sally Hansen, where we achieved to grow distribution from 45% in the US, in the US pharmacies, sorry, specifically. 235% in the UK high street, in the now category, highly driven by impulse purchase is newly lit merchandising wall is driving a nice sales fleet as well. Now, onto Covergirl in the US. We've managed to solidify our physical distribution by going 7% in pharmacy. And you've heard Sue and the [inaudible] mentioning in the earning [inaudible] in Q1 that we managed to specifically gain in CVS. And at the end of this meeting, you will have a chance to see this magnificent wall in the showroom, which is once again, putting a nice sales a fleet.

Alexis Vaganay: Now onto eCommerce, we also accelerate there during the pandemic and has maintained a gross momentum after all the peak of the pandemic. And this demonstrates the relevance of our brands in a only channel environment, Coty Consumer Beauty eCommerce contributed to 40% of the total growth in Q1, and it grew its penetration by 2.3 points versus fiscal '20, both E retail and Pure players accelerated in Q1 by 27%, thanks to new distribution, but we expect to learn some additional distribution in consumer beauty, either through new retailer listings or through brand and market expansions. At Consumer Beauty we strive to become a leader in sustainability. As presented by Sue, we are committed to our beauty that lasts platform through the beauty of our products, the beauty of our planet and the beauty of people.

Alexis Vaganay: Some of our consumer beauty brands are pioneering some of the latest, clean and sustainable innovations, which is recognized by both our consumers and our retailers. Coty is definitely leading in clean innovation for instance. We formulate our new products following a strict, clean ingredient policy. As such, we have banned a long list of ingredients, which we keep updating regularly and

our products are also vegan and they're never tested on animals. And we strive to formulate with the minimum amount of ingredients to deliver the purest formulas. As a result, our clean products really work with no compromise. Coty is also leading the sustainable innovation agenda. And these are our latest mass fragrance innovations, which are all alcohol free and utilized a water based formula and state. They're made of recycle or recyclable materials, they're made of clean ingredients only that are vegan and cruelty free.

Stefano Curti: Thank you. Since we took over the consumer beauty division in late 2020, we've been busy assessing our portfolio of mass equities, and we are proud to say, now that we have a clarified view of our portfolio with each of our brands playing a key role versus an identified key competitor, we have moved as you can see at laddering speed to reposition our brands, starting with Covergirl in February '21, the brand that gives you the uplifting power of beauty. We have then progressed with Rimmel in July and Max Factor in August, both across Europe and in 2022, we will be launching Adidas to make it the leader in active beauty while Sally Hansen as always enjoyed a very strong, unique, distinct brand positioning. A major focus has been the turn around of our assets, of our campaigns, of our advertising. And we've started by rejuvenating each of our equities.

Stefano Curti: This has allowed us to achieve a stronger assets that have a higher return of our media investment. We follow very disciplined steps to measure three key performance indicators in our advertising campaigns. The first one is the overall impact of advertising, which represents the ability of the advertising to cut through the media clutter. The second one is the ability for the consumer to remember the product and the brand. And the third one is finally the ability to change consumer behavior. So it's the call to action. Ultimately, what we want to hear is that a consumer will say, "I'll definitely buy your product."

Stefano Curti: Now in this slide, just visually you can see the turnaround of all these three key performance indicators from the advertising developed prior to the year 2021, which is the one on the top to the one developed since February 2021, which is the one at the bottom. And as you can just see visually removed from a sea of yellow and reds to all green indicators, we will now cover an update on the strategy of our top brands. And we will start with Covergirl. Our strategy for the Covergirl has been to focus on the top lines, actually on the top eight lines, which we call magnificent eight, the magnificent eight account for 70% of our business. They also represent that the strongest tie with the brand equity of Covergirl and they have the highest return on the investment. And today, as a proof of our focus strategy, the magnificent eight are growing 50%

Stefano Curti: And faster than the category and they're driving overall growth for the overall brand. Another priority has been the one to rejuvenate the brand equity of Covergirl. Covergirl is already a beloved brand in the United States. In fact, as you can see here on the left, the Brand Power Index in 2019 has ranked Covergirl as the number one brand in color cosmetics with a very significant difference versus this closest competitor. Covergirl has the highest spontaneous

awareness, the highest consumer top-of-mind, and the strongest affinity with US consumers.

Stefano Curti: Covergirl is renowned for its tag line, "Easy, breezy, beautiful". And it's always associated with clean, healthy beauty products and with a genuine, authentic tone voice, which we have brought back to the brand. As a result of the pandemic, beauty consumers behavior has seen a return to trusted brand and to clean, sustainable ingredients, usually associated with niche brands that are attracting new Gen-Z. I want to show you now the first example of the new brand equity, which we have brought to life starting in February 21 and started with Lash Blast Clean mascara.

Lili Reinhart: Coming to you fresh-faced from home with new Lash Blast Clean mascara, 10 times the volume, clean formula, that's cruelty-free and vegan. Works for me, works for us, (Say Cheese.), works for the planet. New Lash Blast, the clean mascara that works from Covergirl.

Stefano Curti: So the campaign that you've seen, it just went viral and then that has encouraged us to repeat this successful recipe to other franchises. And we've started with Simply Ageless, which is today the number one anti-aging foundation in mass market in America. Please enjoy the film.

Niki Taylor: Hey, Covergirls, coming to you fresh-faced from home. Remember that? I was a Covergirl in 1998, and today I'm a Covergirl, thanks to Simply Ageless, America's number one anti-aging foundation. With the plumping power of naturally derived hyaluronic acid complex, it's skincare and makeup in one for instant wrinkle reduction and healthy, glowing skin. Once a Covergirl, always a Covergirl, with Simply Ageless from easy, breezy, beautiful Covergirl.

Stefano Curti: You must have recognized, Niki Taylor. We'll go back to her in just a moment. This new TV campaign is part of a strong organic influencer reaction. Here is an example for Clean Fresh Skin Milk on the left, which generated over 9 million views and 1.7 million likes. The organic endorsement was then amplified via multiple channels. And on the right, you will see how this clean positioning of Covergirl has enabled the brand to become the preferred partner for key E-retailers like cvs.com and target.com to help them recruit the LT-oriented beauty consumers, which often are towards the Gen-Z generation. And, on Amazon finally, at the bottom there, Covergirl has registered an outstanding growth of 45%, growing faster than the category online.

Stefano Curti: Our growth strategies, as you know, have resulted in the turnaround of Covergirl market share. After years of share decline, Covergirl has started gaining share again since March '21, when the first campaign under the rejuvenated brand equity started, and now we have been growing for 20 weeks out of the last 30.

Stefano Curti: Let's go back to Niki Taylor and our talent roster. Covergirl talent ambassadors have expanded over time in the last few months in order to appeal and speak to the different demographic profiles. We partnered initially with Lili Reinhart. That is the star actress of Riverdale, and she's been our ambassador to launch Clean Fresh foundation and Lash Blast Clean mascara.

Stefano Curti: We then have brought back Niki Taylor. So Niki was the first ambassador, if you can remember of Covergirl Clean foundation back in 1998 and today Niki is the voice and the face of Simply Ageless, the number one anti-aging foundation in America, as I said, and the first product actually historically that merged color cosmetic with skincare. So what's next? Well, the Hispanic community is at the core of Covergirl consumers. That's why today we are announcing our new Covergirl and that's America Ferrera. America will be the ambassador skincare expansion in January '22. America is, I'm sure you know, is the actress that played the role in Ugly Betty, the young girl that goes through the struggles of aesthetics and beauty as she grows up in America. America is also a producer, a director, and a winner of Emmy and Golden Globe awards. The new campaign, which we have just shot really brings to life America's stories, America's personal life story. And let's hear from America, herself.

America Ferrara: I was born with a head full of dreams and a heart full of ambition, but there was no path for someone like me, nothing to follow. You cannot be what you cannot see. So now see me. I found my path by finding myself, learning to love my identity, love being ugly, love having curves, love to play. I love the skin I was born in. I am American. My name is America and I am a Covergirl.

Stefano Curti: Covergirl, we believe, now has the right momentum and the strong credentials to expand in skincare. We are announcing this week, in fact, that the brand that will launch a dedicated skincare line, which will be on shelves in January '22, of which America Ferrera will be the main spokesperson. That's the main line. It's Covergirl Clean Fresh Skincare, which is the supercharged, clean, vegan and cruelty-free skincare that finally works. The first range includes five products, those ones on the slide, all developed to work perfectly in combination with Covergirl makeup, to maximize the performance of our makeup. The new line will be initially displayed on the makeup wall.

Stefano Curti: So let's move to our next brand and that is Sally Hansen. We're very proud of Sally Hansen, which continues to be strong, both in the US and, more recently, globally. Sally Hansen is a very unique and winning positioning. Sally Hansen stands for salon quality results at home. It is trusted by consumers for its superior salon quality products and its affordability, making it the leader in nail color and care in the US and very fast growing globally. The result is that in 2021, the brand is hitting record shares. The brand has posted its highest share since 2019 in the US, with market share just over 40%. Miracle Gel, is a subrange of Sally Hansen and is actually the inventor of the two-step nail color in mass, has accelerated its growth now at plus 18% just in the last three months. And remember we are comparing this growth to a pandemic year

where the nail market boomed. The brand is also growing exponentially globally with major share gains in UK, Australia, Italy, Spain, Canada, and France.

Stefano Curti: Onto Rimmel is Coty consumers' beauty second largest brand with a very strong footprint in Europe. Rimmel is the unapologetic brand. Rimmel is the brand for the bold individualist. Rimmel is the brand that offers a better beauty for all. Rimmel is also at the forefront of inclusivity and sustainability. And today, Rimmel is the undisputed market leader in the UK and has a very broad European presence with very strong recent share gains in countries like Australia, Netherlands, Czech Republic, and Argentina. The brand relaunch started in July and is having already a positive impact across all markets. In fact, in just the last two months, the brand has stabilized and started growing. Rimmel is now changing the face of beauty again, by launching the new Kind & Free collection, which you can see on the slide. It's the first time in Europe that a leading trusted brand finally offers clean beauty that works. It's vegan, it's kind to animals and to the planet, and we don't accept compromise. And it's creating a new movement that we call the "blue beauty". And I want to share with you a representation of this new movement, in a video.

Rimmel spot: Here's the way I see it. There's a clean beauty out there and it works. No compromise. Open to all of us, it's our new way of creating makeup that's kind to us and the planet. Kind to skin, free from fragrance, kind to animals, free from cruelty. We call it kind and free. Let's get behind this, the clean face of makeup. New kind and free from Rimmel, London. Where clean works.

Stefano Curti: Where clean works. Onto the next priority brand, Max Factor. Max Factor is also going through a journey of transformation. In fact, since August, Max Factor has stabilized or returned to growth in over 75% of the geographies where we compete with the stronger share gains in the UK, Netherlands, Poland, Spain and Russia. Here is Priyanka Chopra-Jonas, our new brand ambassador, who has helped us lead this turnaround, this transformation since August. Let's watch her in the first commercial.

Priyanka Chopra Jonas: Step forward, step into the light. Max Factor introduces new Face Finity. Our first three-in-one foundation created to combine primer, concealer, and foundation to effortlessly transform skin with a professional finish that lasts. Reveal your extraordinary. Face Finity three-in-one foundation from Max Factor.

Stefano Curti: The brand transformation is happening across the whole shopper journey. We have, in fact, relaunched our new visual merchandising completely, also featuring Priyanca. Max Factor is definitely back in the spotlight across the European countries and once again holds the prestigious spot in Piccadilly Circus in London, in so many years.

Alexis Vaganay: Let's now move to our global power brand, Adidas. Our mission at Coty is to turn Adidas into the best active beauty brand in the world, taking advantage of its sports credential and doubling down on sustainability and inclusivity.

Ultimately, Adidas is meant to become a premium female beauty care brand. Our strategy is, therefore, fourfold. First, premiumize from toiletries to sustainable and inclusive beauty care. Second, recruit females with active lifestyles and expand geographies and e-commerce further and better leverage the Adidas mother brand ecosystem. Adidas also belongs to a powerful mass fragrance portfolio, which has been rejuvenated to strengthen its leadership. Brands like Vera Wong, Nautica, David Beckham are beacons of our industry. And, as such, the positioning needs to constantly be fine-tuned, to stay current and relevant. Take a look at the latest David Beckham commercial to display the work that we've done in this area.

David Beckham: The greatest journey is one of discovery, leaving everything behind and hitting the open road, surrounded by nature, the deep scent of woods, and the fresh ocean breeze. The new David Beckham eau de parfum Refined Woods, Aromatic Greens and Infinite Aqua. Go explore.

Alexis Vaganay: We are confident about our progress and initiatives and we believe we can bring substantial value to Coty. For the first time in many, many years, Coty consumer beauty is finally closing the gap with the market and gaining shares globally. So, that green box includes all of our categories across all the markets that we track. This is the litmus test of our ability to win externally. As a result, we can expect some very solid sales and profit growth in the coming years on consumability. Like for like net revenues should grow high single digit this fiscal year. We plan revenues to grow in line with the market in color cosmetics and mass fragrances with skincare coming out on top, posting overall low to mid single digit growth through fiscal '25. Adjusted EBITDA should outpace the upline sales growth in fiscal '22 and beyond. Adjusted EBITDA margins should expand in fiscal year '22 and grow by several percentage points in the years to come. To conclude, Stefano and I would like you to take away a few highlights from today's presentation. First, consumer beauty is back to growth, with outlook for low to mid single-digit sales growth through '25, driven by key brand relaunches in Covergirl, Rimmel, and Max Factor. Second, consumer beauty is a fantastic playground for innovation that can be further leveraged by the rest of Coty's organization. We own the brands and we can exert the Coty flare annual hold full force. We are transforming our heritage brands into a relevant and powerful proposition of both trusted and niche propositions. And last, we are already seeing a very positive momentum with simultaneous market share gains, good sales, and profit growth.

Alexis Vaganay: We are grateful for your support. Thank you so much and we will now hand it over to Isabelle, Constantin, and Andrew to talk about prestige. Thank you.

Isabelle Bonfanti: Good morning everybody. My name is Isabelle Bonfanti and I am the Prestige Chief Commercial Officer, 30 years of experience in luxury and cosmetic industry and I'm extremely happy to be with you today. I would like also to introduce my colleagues, Constantin Sklavenitis, Chief Brand Officer, and Andrew Stanleick, EVP for north America and CEO of Kylie Jenner beauty brands, will also be presenting later. Constantin?

Constantin Sklavenitis: Thank you, Isabelle. I'm delighted to be presenting with you today and with you too, Andrew. Good morning, everyone. So my name is Constantin Sklavenitis. I recently joined Coty, but I have 25 years of experience in the beauty prestige industry at L'Oreal, Estee Lauder, but also so working with indie brands in skincare and makeup. Back to you, Isabelle.

Isabelle Bonfanti: Thanks. So let's now deep dive on our potential in fragrances, skin care and makeup. Consumers have shown a strong appetite for prestige products. The industry has been constantly growing over the past few years. Growth in beauty has been driven mainly by four key forces that are growing interest for Chinese consumers for beauty, the rise of eCommerce, the ongoing premiumization of beauty and the rise of care and clean, with customers increasingly drawn towards well-being. In fact, prestige was 43% of the beauty market back in 2006, 45% in 2019, and we should reach 48% by 2025. Now, if we look at the prestige industry by category, on the left, you see that skin care is 39% of the mix with a projected three year CAGR at 8%, followed by fragrance at 35% and makeup at 26%, both CAGR projecting, a mid single digits. Coty, on the right, has a huge potential for growth in skincare and makeup. But as you will see, we also have a huge potential in fragrances, where we already are a global leader. We indeed plan to beat the market in each of these categories, including fragrances.

Isabelle Bonfanti: Now let's have a look at the fragrance landscape. Despite our number one global ranking we'll still see a strong potential of growth, especially in the biggest portion of the market, the female fragrances, where we are number two with only 14% of market share. Now our ambition is to become number one in female fragrances and in order to do so, we will anchor two female franchises in top 15 worldwide market. And the good news is that Gucci Flora has the potential to do so. In male fragrances, we are number one with 17% of market share and we are confident that, with our growing existing icons, such as Gucci Guilty, as well as our innovation, Burberry Hero, we will keep on increasing our market share. And lastly, we have a strong potential in a booming high hand segment where we have only 0.5% market share. Now, if you look at the regions, we hold strong position in the major three continents and our biggest growth potential is in the US and in China where we are number two and number three, respectively, in fragrances. In the US, customers have shown a great appetite for fragrance category. While in China, we see customers educating themselves on this category and they are especially drawn to the IM segment of the market. In China, fragrances are becoming luxury items and we really believe ultra premium fragrance will dominate the market in China.

Isabelle Bonfanti: Finally, we have travel retail, which was strongly impacted during COVID, but we are starting to see strong signs of recovery. We see [inaudible] as a great area of growth in travel retail and my colleagues Caroline and Roy T. will provide you more details very shortly.

Isabelle Bonfanti: Another reason to give us confidence in our future is our portfolio.

empowering message of self acceptance, heroing all the singularities that can make us extraordinary. The new definition of what it means to be a hero today, beyond stereotypes, echoed by the singular aura of Adam Driver.

Adam Driver: Hero, the new fragrance for men.

Constantin Sklavenitis: And look at this Hero podium in Beijing, APM. Last, but not least, our new Gucci Flora, embodied by A-list, Miley Cyrus. Disruptive, surprising, magical. Flora is our female star launch of the year 2021, with a never seen before communication of flora-fantasy inspired by Japanese anime and a winning fragrance built around a delicious gardenia, straight or trans.

Gucci Flora spot: (Music)

Gucci Flora spot: Gucci Flora Gorgeous Gardenia, the new [inaudible]

Constantin Sklavenitis: And another striking podium in IFS Chandu.

Isabelle Bonfanti: Now let's dig into the high hand niche fragrances business. It's booming everywhere. It is an answer to the consumer appetite for exclusive fragrance, with the highest quality ingredients that's providing more value for the consumer and the brand. Today, Coty is well-armed for success. We have exclusive collections in several of our brands like Gucci Alchemist Garden, a precious collection of eau de parfum, floral waters, and perfume oil. Or Atelier Des Fleurs from Chloe, a collection of 12 fragrances, each of them crafted around a unique flower. Atelier Des Fleur has been a huge success, especially in Asia. And we plan a rollout in the next years with a strong focus in China. Now let's watch a video. And here you see a boutique display of Atelier Des Fleurs just opened this week, Beijing Joy City. So, Constantin, why are we winning and why do you believe we will continue to win in fragrances?

Constantin Sklavenitis: It's a very good question, Isabelle, thank you for asking. You saw we have great brands and products, but we also have a secret, a competitive edge in three areas. First, we created an internal olfactive cell. What is that? It's a team of fragrance specialists working hand-in-hand with the best fragrance houses, briefing them, evaluating the potential of the juices with internal test protocols. They also work on the future olfactive trends to build the future top 10 fragrances of this world.

Constantin Sklavenitis: The second we arguably have the best research and development fragrance team in the industry. Over time, our labs have crafted patents to make our fragrance last longer, improving the performance of essential oils.

Constantin Sklavenitis: Lastly, we're creating partnership with external vendors, such as LanzaTech, which has been able to transform carbon emissions into high purity, sustainable ethanol, usable in fragrances.

Constantin Sklavenitis: This expertise allows us to launch fragrances like Chloe Eau de Parfum Naturelle that you see on the screen, a true breakthrough, an entirely natural vegan fragrance lasting over time with 100% natural alcohol. And with this, we wrap up our fragrance section.

Constantin Sklavenitis: Now, if you don't mind, let's look at the market potential for skincare and here, Coty is building a complete skincare portfolio to cover all major and future beauty trends. In the green clinical side, which is booming right now, we have an amazing brand with philosophy. Philosophy will be revamped, by focusing on the founding story of the brand and its unique dermatology expertise. On the dermatology-led and cutting edge ingredient segment of the market, we're preparing to launch a skincare line by Kim Kardashian West. In a few minutes, my friend Andrew will provide more details on that.

Constantin Sklavenitis: Another growing trend is regenerative science, the self-healing power of your skin. Well, in fact, we own the founding brand in this domain, our sleeping beauty Lancaster. Lancaster already started to be revamped to win big, starting in Hunan and China. Focusing on Gen-Zs, we have Kylie skincare competing with brands like Glossier. Finally, we have microbiome science where the latest brand in the portfolio, Orveda, will compete with very high-end brands, such as La Mer. And to build skincare, we can rely on our labs and their unique expertise. 75 years of research, scientific communication, breakthrough in fields like antioxidants, oxygen simulation, or light protection, and more than 50 active patents. A true powerhouse. And we're strengthening our R&D team with the arrival of Veronique Schwartz, SVP, product development. You heard it from Sue, 26 years of experience in the beauty industry. And more to come with the arrival in January of our new chief

Constantin Sklavenitis: Scientific officer Dr. Shimei Fan, as you heard earlier. If we now look at our brands, let's start with philosophy. Philosophy 25 years ago was one of the first indie brands. And still today, it is the number eight skin care brand in this market, in the US. But we got challenged by newcomers. So what we're doing now is preparing a brand repositioning, taking it back to its dermatological roots, reexplaining an amazing unique expertise that we have. It will be reinjected in our hero products, purity, and hoping a jar and will create word of mouth with a very strong influencer campaign. A goal is to turn around the brand and achieve double digit growth and transform its lineup to make it 100% clean, vegan and cruelty free by 2024. And now let's get shift to Lancaster.

Lancaster spot: In 1946 in Monaco, a scientific revolution is taking place inspired by what will later become regenerative medicine. Lancaster laboratories always pioneered major skincare breakthrough innovations to repair and protect skin from all sources of aging. Using for the first time, embryonic extracts, incorporating tissular extracts. With the Ligne Princière, Lancaster became the exclusive beauty provider to Princess Grace of Monaco. We patented retinol, introduced skin oxygenation, targeted 100% of the sun spectrum and combined genetics and epigenetics. For 75 years, repair has always been in our DNA.

Constantin Sklavenitis: As you can see, Lancaster is a phenomenal brand with 75 years of research in regenerative science. In fact, this brand changed the market with several breakthrough, including the first patented retinol. But over time, the brand drifted towards the sun care brand. We want to retell our skincare story, the superiority that we have, and we will focus on two hero lines. First, we conducted blind tests in China for our 365 skin repair serum. And we found out that it was preferred over the number one and preferred over the number two serums of the market, which both represent around 200 million dollars of retail each. And a new premium line that will be launched in 2023 was seen as breakthrough by 80% of Chinese women who tested it. Get ready with Lancaster.

Constantin Sklavenitis: And at last, Orveda. Orveda is officially joining Coty. Orveda is a ultra premium skincare brands made in France. Orveda combined the best of nature with cutting edge dermatology and biotechnology that helps consumer achieve a healthy skin glow rivaling makeup. Orveda products are known for their exceptional quality and high concentration of proven actives that work with the skin rather than against it to produce clinical level efficacy. Orveda skin care, pioneer the microbiome and prebiotic science and all products are vegan, sustainably minded and genderless. This incredible brand has won multiple beauty awards and today it completes a skincare portfolio in the very high-end segment with of course, a huge potential in the Asian markets.

Constantin Sklavenitis: And finally, Kylie is positioned to tackle the Gen Z demographic. Again, Andrew will do a big show right after us. To wrap up this section. I hope you agree with me. Fiscal year 2023 for Coty will be the year of skincare. We're strongly focused on Kim Kardashian West skincare. Kylie and philosophy in the US and on Lancaster and Orveda in China and Asia. Finally, let's talk Prestige Makeup. If we look at the recent evolution of the market, there are four majors segments that account for the vast majority. And there are two segments that grow strongly and continue to grow, which are couture brands and indie brands. Couture brands even represent half of the market in China. And there again, Coty is well positioned with the brands to become a major player in these growing segments. In couture brands, we have Gucci makeup.

Constantin Sklavenitis: Gucci is the only couture brand that combines high-end fashion appeal with playfulness to unleash the enchanting power of makeup. Gucci makeup has global reach and has already sitting in the top five rankings in key retailers. The brand is bringing the best of both worlds. The vibrancy playfulness of indie brands with the aura of luxury and refinements of brand like Chanel. Here's an example of beautiful installation in the UK. The other couture brand that we bet on is Burberry, a timeless iconic brand that can reinvent tradition by integrating outstanding innovation and leveraging technology and long wear expertise. Its brand mission is to hero all beauties with a number of extraordinary to explore the world with confidence. Another amazing display at Beijing, APM store.

Isabelle Bonfanti: The good news, the good things about makeup is that in the past makeup was extremely costly with a lot of CapEx in numerous countries. But now in the new

business model, fewer countries in high weighted online distribution boost the other whole productivity. Indeed, relevant content trigger the consumer conversion and here, Coty is extremely lucky because on one side, we have very creative fashion house content. And on the other side, socially driven indie brands. And talking about indie brands, let's pass it over to Andrew to discuss Kylie and Kim. Please enter. The floor is yours.

Andrew Stanleick: Thank you, [Isabelle]. Well, good morning everyone. And thanks for joining us this morning. I'm Andrew Stanleick. I'm the executive vice president of North America, and I have the great privilege to lead the US business. I'm also the global CEO of Kylie Jenner beauty, and I oversee within Coty, Kim Kardashian West beauty brand. I have over 25 years of experience in beauty. I go to over eight countries, four continents, including seven years in Asia. And I'm so very happy to be with you all this morning to share the phenomena power we're building in our partnership with Kylie. So in our next few minutes together, I will walk you through the origin of the brand and the momentum we are gaining with it. We'll talk through the progress we've had two years into our partnership and then wrap up with a shared vision of our growth opportunity for this brand.

Andrew Stanleick: But firstly, how did it start? I think most of you probably generally know how the brand started. It started with the lip kit. But what's more interesting is the insight behind that transformational kit. It was a personal lip insecurity that Kylie had that led to a truly breakthrough product for the category. She made an all in one lip kit with a matching liner and liquid lipstick to define, line and fill her lips. That first launch back in 2015 was just three shades and 45,000 units. It's sold out in minutes and the rest, well, the rest is just history. So Kylie Jenner is a successful entrepreneur offer fashion designer, TV personality, style icon, and of course beauty model. And now she can add to her list of titles, queen of social. And if you see here, the data from Instagram. You can see she's the most followed woman on the planet. And these numbers speak for themselves. On Instagram alone, she has 280 million followers. Adding 75 million new followers in the last 12 months.

Andrew Stanleick: Kylie has also been booming on TikTok. She has 37 million followers and she's added two million followers in the last eight weeks. And I think we all recognize how important this platform is becoming for brands. Kylie's social content is so powerful. She recently did an interview for Vogue that broke all engagement records. The video earned 6 million views in the first 24 hours. That's what 9,000 views per minute. It's staggering. It was the number one trending video on YouTube. When Kylie filmed her own premier for the Kylie Baby, which we launched back in September, she broke records again. 27 million views in the first week with 15 million views coming in those first 24 hours. And with a astronomical social presence, Kylie's writing new rules when it comes to marketing. So two years ago, we started actually two years ago today, we announced our strategic partnership with Kylie.

Andrew Stanleick: So what I want to do now is just take a step back and walk you through some of the progress we've made during that period together. Firstly, in the middle of a

pandemic, no mean feat. We created an entirely makeup line with new and improved formulas that are clean, cruelty free, gluten free vegan, stunning new packaging, which you can see next door in the showroom. We created 347 new SKUs, 10 million units. And we developed a new agile collection drop model that enables us [inaudible] Kylie's ideas and concepts to the D-to-C within five or six months. All of this work completed in just 12 months. It's really a fantastic achievement we've achieved together.

Andrew Stanleick: We also created a strong visual connection between online and in store, driving a very consistent look and feel and experience for all our consumers, wherever they wish to shop. And I wanted to show you some actual images from around the world of how we're bringing this new vision to life. There's an example here from the US. Here's boots in the UK and in this room next door, you'll see many more examples for you to explore. We've also hyped up every single moment regarding the brand. And here's an example of what we did for the relaunch back in July. Here is the birthday collection. And here you can actually see the birthday collection, which was one of the most productive drop collections she's ever done. In September, we launched Kylie Baby. It is the first category extension for the brand and a real personal passion project for Kylie.

Andrew Stanleick: The Kylie Baby products are tremendous. They're safe, gentle, clean, and unconscious products. The collection includes a shampoo, conditioner, bubble bath, moisturizing lotion, and with many more products in the pipeline. It's been just six weeks since we launched it, but the results are staggering and well ahead of plan. For Halloween, we dropped a nightmare in Elm Street Collection with a major social hype behind it. The key visual here on the left was one of the Kylie's most engaged visuals ever. And we supported it with fabulous times square takeover. And this branded truck that delivered the kits to VIPs and influences all around the LA area. And this is one of my personal favorites and I think it really showcases very well the beauty of this brand. We can have so much creativity and fun with it. And Kylie is an active founder. She is the creative director of this brand.

Andrew Stanleick: She's behind all of the product development, all of the creative development. And she engages with us with key retailers, I think is an important advocate as we expand into bricks and mortar globally. But I think what is really exciting is what lies ahead. And our vision is to create a destination for glam. A destination for glam, where Kylie can create products which inspire, educate, and equip her community to create their own version of glam. Key tenant of that vision is to develop Kylie's omnichannel beauty destination. I'll talk more to that later. We will also continue to develop an innovative multi-category offering. We call this a glam toolbox. All this with the objective of building Kylie into a global mega brand. We have laid a very clear strategy behind the vision with three key priorities. One, builds strong glam pillars. Two, strengthen our global presence. And three, overdrive in social influence. And just let me walk you through these each very briefly. Our first priority is to build those strong glam pillars. And we will continue to conquer makeup and you'll see us extending that portfolio with new and innovative products and gestures. Secondly, we will continue to

accelerate in skin as you heard, the market is booming and we're well set to capture that. And thirdly, we will continue to expand the glam toolbox entering new categories and Kylie will share more to that soon. As we pursue this priority of building strong glam pillars, the collection and drop model will still remain key to our execution. Collections are absolutely superb way to try new products, say a product lab, if you will, to accelerate social and recruitment with this natural bars, which they correct and to share a really a window into Kylie's unique makeup vision.

Andrew Stanleick: So we'll continue with those. Now let's look at our second strategic pillar strengthening our global presence. So Kylie will remain a D-to-C first brand, but we will continue to expand to one or two key retailers in each market ranging from accessible to ultra premium luxury doors, each delivering unique experiences. This summer, we launched the new Kylie D-to-C into five markets. The US, the UK, France, Germany, and a pan-European site. We will also continue to expand our global retail footprint. Coty has added two and a half thousand dollars across three continents since 2019. And today Kylie is sold in 27 markets across 10 countries in three and a half thousand retailers with more to come in the new year.

Andrew Stanleick: Now finally, our third strategic priority and that's to overdrive social and influence. And we will continue to expand the Kylie community and listing the voices of makeup artists, skincare experts, and beauty advisors to help tell the Kylie's story and invite them into Kylie's glam universe. Secondly, we'll overdrive in social coverage with premium influencer engagement, whether it be the mailers or the popups or their experiential marketing truck, as you saw earlier with a nightmare on Elm Street. And we will continue to join ongoing media coverage, telling that Kylie's story through all the key titles around the world.

Andrew Stanleick: I have to tell you, I'm incredibly proud of the work and the progress the team have made together during the past year. But truly that journey has just begun. And I think what's going to come next is going to be truly amazing. And speaking of what comes next, we are so looking forward to the launch of Kim Kardashian West skincare brand in the second half of our fiscal 22. This story starts with Kim and we can't wait to share more details with that shortly and Kim him will tell that. But for now I leave you with my thanks, my commitment that we will continue to drive the beauty business of Kylie and Kim to new heights. Thank you. [Isabelle].

Isabelle Bonfanti: Thank you, Andrew. So now we are down with the makeup section. Let's have a look at what we expect our business to look like in fiscal year 25. Our goal is to achieve a more balanced business portfolio with prestige makeup. We representing a most 10% of our total Coty net revenue and skincare in the high single digit. Looking ahead into fiscal year 25, the profit impact of our plan is particularly good for Coty of a whole as we are planning to double our revenue from 200 million dollar for our high gross margin prestige skincare business. Finally, I would like to work you through a few financial elements for prestige. We expect fragrance to grow in line or ahead of the market, and we anticipate

our smaller categories, makeup, and skincare to grow ahead of the market. Our EBITDA margin will be supported by our expansion in China, premiumization of our product offering and shifting our business towards skincare.

Isabelle Bonfanti: Moreover, we expect to increase profitability of our makeup and skincare business by switching from a distributor model to a more direct to consumer model, especially in China. And finally, we will further support our margin with all into win initiative that flows through volume increases. So now to sum up, we have five strategic focus area. Number one, we are aiming to achieve a leadership position in female fragrance while keeping our number one position in male fragrance. Number two, we are aiming to become a top player in the highly profitable niche fragrance segment. Number three, we are leveraged key brand in the two fastest growths and mass profitable prestige makeup segment, couture and indies with respectively Gucci, Burberry and Kylie.

Isabelle Bonfanti: We plan to triple the penetration of prestige makeup as a percentage of a total Coty net revenue by fiscal year 25. Number four, we are currently creating a portfolio of skincare brand, which are position it within the leading market trend. Fiscal year 23 is a year of skincare for Coty. We are planning to reenergize, both Lancaster and philosophy as constant and explain you what developing Orveda, Kim and Kylie skincare lines. Number five, finally, we are targeting high single digit for sales growth through fiscal year 25 with adjusted EBITDA margin over 20%. I thank you very much for your attention. We are all happy to be with you today. And now, I invite you for a short break of 10 minutes. Thank you.

Jean-Denis Mariani: Good morning. My name is Jean-Denis Mariani. I am the Chief Digital Officer for Coty. I've spent the last 20 years of my career leading digital transformation project with six of them in the beauty industry with L'Oreal and LVMH. It is my pleasure to take you through our Coty digital transformation journey over the next 15 minutes. It's obvious, there is no digital strategy anymore, just strategy in a digital world. And this world is moving fast. Social commerce is the new eCommerce. Experience is the key differentiator. Authenticity is the core value. Services are the new cookies to collect valuable data. Video is over a passing picture. Data is a strategic assets. Advocacy is a growth engine. Description is everywhere, and it's a positive thing. Self-expression is the new creative. Distinctiveness is the winning receipt. So what does digital stand for at the end? It's about consumer centricity, about direct connection between brands and consumers. And digital transformation is about taking what we do today and leveraging technology data and new ways of working to do it better, faster and more effectively.

Jean-Denis Mariani: At Coty, we decided to put the consumer first at the center of everything we do. As a result, we have become a fully consumer and data-centric organization. We put a strong focus on agility and test and learn methods. And we capitalize on our key partners and iconic vision houses to create future value for our consumers and for us. So, [inaudible]. In less than one year, we design and set up a holistic digital organization around eight centers of expertise to fully

support our brands and countries to accelerate our transformation, innovation, IT factory, media, content, direct to consumer, indirect eCommerce and social commerce as main gross drivers. And we are capitalizing on the US market as a pilot country for testing new initiatives on a global basis. In less than one year, we kicked off a robust and agile transformation program through five families of priorities to fully unleash a potential. Our first priority is to unlock our full eCommerce potential by developing all our online sales

Jean-Denis Mariani: Sale channel with a huge focus on China and US markets, obviously. Our second one is about building loved brands because consumer love brands that act in more personal ways. They want an emotional engagement, a relationship consisting of loyalty and commitment. Building loved brands will help us turn our consumer into brand ambassadors. To do so, we are leveraging advanced consumer knowledge, innovative services and content, and a strong advocacy strategy. The third driver is about setting up a best-in-class technology ecosystem because there is no digital transformation without technology. The next one is about data-driven marketing, putting data at the core of our model to build more personalized consumer interaction and maximize our media efficiency. And the last priority, but not the least, lead this transformation as a change agent for COTY, injecting new ways of working and securing the digital up scaling of all our employees. I always like to say everybody at COTY is a Chief Digital Officer.

Jean-Denis Mariani: Going into the detail of our Digital Transformation Program, we delivered against all priorities and secured our turnaround. We established solid capabilities to accelerate drastically over the next three years. Each priority is subject to a close monitoring and advancement roadmap. Agility, adaptation, and focus remain our core value in this transformation journey.

Jean-Denis Mariani: Our strong e-Commerce performance in quarter one is a direct result to our Digital Transformation Program. We delivered growth of 23% in like-for-like revenue with well-balanced growth across both prestige and consumer beauty segment.

Jean-Denis Mariani: On a two year growth basis, our momentum is very, very powerful. When comparing quarter one fiscal year '22 to quarter one fiscal year '20, a pre-COVID comparison, we grow nearly 80%. In the same time span, our e-Commerce penetration doubled. We are more confident than ever in this growth momentum, coupled with the long term fundamentals put in place to deliver our ambition to accelerate drastically in the next three years.

Jean-Denis Mariani: The US and China are the key pillars to our growth ambition with both countries continuing to deliver out sized growth in both our segment. In the US, our largest market, we had strong and balanced growth of over 25% in both prestige and consumer beauty segment. In China, we accelerate dramatically on both segment, reaching roughly 40% penetration in prestige and roughly 60% in consumer beauty.

Jean-Denis Mariani: As an example in China, we've opened new e-Commerce flagship stores to build brand relationship with Chinese consumers and our efforts have paid off on TMALL, on jd.com, and on Douyin, TikTok. Within six months of opening these stores we achieve top 10 brand product ranking position across all our brand initiatives. We also activate consumer beauty brands via leading pure players and social commerce platform with immediate impact. Max factor of success on Douyin is a perfect example. We have plans to build and iterate with all the brands and categories within the group to continue fueling our acceleration in China.

Jean-Denis Mariani: Cover Girl, our biggest consumer beauty brand in the US, grew both offline and online and in both category in key retailers. The stellar Cover Girl e-Commerce performance and share gains on Amazon speaks volumes about the real demand behind the brand and validates our investment areas with and incurring a strong e-position in US.

Jean-Denis Mariani: Cover Girl desirability is high online and is resonating in omnichannel. In addition to continue to unlock the US and China, a business potential, we delivered digital innovation across all key categories and regions to name just a few: COTY and Amazon partner to co-create a clean beauty space integrating Cover Girl's clean assortment into key Amazon moments and platform. In June 2021 the COTY Be Your Own Cover Girl subscription box launch as the first box in the clean beauty category, and it was a success COTY met all pilot KPIs and continue now the program on a quality basis. We put innovative content at the core of our model, such as creating unique shop the looks in Europe Zalando platform, integrating our iconic fashion house and beauty portfolio to increase the cross selling. And we advance our data capabilities also in travel retail, by connecting all touch point of our consumer journey, consumer shopping journey. Our intention is to continue to build on these successes and priorities to continue to drive growth for the business in the coming years.

Jean-Denis Mariani: Today COTY has a unique positioning to build key differentiator. Part of our digital transformation is also to act as an industry captain, building our key differentiators in four strategic areas. Innovative services and content to improve the consumer experience and collect valuable data, social commerce and live streaming, and we have some of the most iconic brands to succeed. Two uniquely De Tulse brands, Kylie Cosmetics and Kim Kardashian's Skincare to pave the path for our next De Tulse brands within the group. And finally, we are investing a lot on advocacy power and viral implication.

Jean-Denis Mariani: So let's start with the first one, innovative services and content. We recently announced a [omnichannel] partnership with the technology industry leader, Perfect Corp, that will embed augmented reality and artificial intelligence experiences across COTY beauty brands globally. This game changing partnership, which is cost effective, will also allow us to co-create exclusive technologies for COTY brands together with Perfect Corp.

Jean-Denis Mariani: Each of the two parties are bringing their own expertise to build the next generation of consumer experience. Perfect Corp is definitely the most advanced technology when it comes to artificial intelligence and augmented reality, thanks to their award-winning 60 patents. In fact, relative to other solution on the market Perfect Corp has a much more precise facial recognition algorithm, a faster response time, and a much stronger partnership with key Chinese platform.

Jean-Denis Mariani: Perfect Corp will provide COTY with their best in class technology solutions, including virtual try on, foundation shade finder, and online skin diagnosis to push relevant product recommendation to our consumer. This partnership is a real game changer to elevate our user experience, enabling them to experiment different looks and shades and take advantage of data driven personalization. And for COTY, this is a tremendous opportunity to collect more valuable consumer data and to provide a seamless consumer experience integrated, for example these technologies into live streaming session and into video consultation with our beauty advisors.

Jean-Denis Mariani: This rich consumer engagement experience could not be more timely. While online sales continue to skyrocket and the desire for touchless option in store are magnified, this solution will further enhance the consumer shopping experience resulting in an increase in commersion, both online and in store, respectively up to four times and two times. The try before you buy experience and the online skin [Januses] will also result in an average basket value increase up to 40% and obviously in a product return rate decrease.

Jean-Denis Mariani: Using social listening to enhance our consumer knowledge, we can effectively interact with our consumer. That's why we are building the next generation of social listening, analyzing all the online conversation of our consumer. To be even more consumer centric, social listening is helping to resonate with what our consumer wants to see from us. We inform the businesses in real time on different, important aspect: product feedback, trends, advocates and influencers, consumer [tribes] notification, consumer experience perception. This approach is essential to maintain a close relationship with our consumer and create a strong bond with them.

Jean-Denis Mariani: Creative content is an important key differentiator. To achieve this we are creating internal digital factories focusing on the following levels: digital first creative content, content that engage, that sell ahead of the game, cutting edge campaign, data driven, and much more return investment focus, content to grow the US, to soar in China, entertainment for gen Z and young millionaires, and obviously content that embraces diversity, inclusivity and sustainability. We estimate that we will multiply by four, the volume of produced sets and maximize the relevancy and return investment of these assets by the end of 2023.

- Jean-Denis Mariani: Some of our brands are already paving the way for success using data and insight to prepare that content, coupled with full 360 degree content for classic new gen Z platform and eCommerce partner. Cover Girl is paving the way.
- Jean-Denis Mariani: The Gucci team is doing an amazing job also of creating full experiences inside and outside Tmall through a relevant content storytelling.
- Jean-Denis Mariani: Social commerce and live streaming are the new way of doing commerce and constitute for sure a strong focus from our side. At COTY we are strongly accelerating on social commerce. We are pioneers when it comes to partnering with social networks and new application solution that propose seamless social commerce experience. Kylie Skin was among the first brands to pilot the TikTok shop features to shop directly in the app in the US, in UK, and in Canada. This month, Philosophy and Cover Girl were early joiners in Flip, a live stream, plus social selling, plus customer review platform application that is on the rise in the US.
- Jean-Denis Mariani: Our receipt for success will be to continue obviously winning on social commerce on [mature] landscape like China, while building out new, innovative capabilities in the waste. For this reason, we are heavily accelerating on transactional live streaming beyond China, by building scalable programs and capabilities with our iconic brands: Kylie, Philosophy, Cover Girl, Rimmel. We are building ambitious programs with our brands and key retailers in order to be at the forefront of the next live streaming boom.
- Jean-Denis Mariani: Kylie and Kim Kardashian skincare, two of the most powerful D2C brands, which are sources of both business and learnings. We are pioneering D2C, thanks to Kylie, which saw an incredible cosmetics re-launch in July with cosmetic sales and SKU productivity more than doubling versus prior year. The brand had several launches during quarter one from Kylie's birthday and Halloween collection drops, to the launch of our new baby category, which drove tremendous excitement and sales peaks, as well as our recruiting many new customer to the brand. For example, her birthday collection took over 20K orders in first 20 minutes with just over 40% of orders coming from customers completely new to the brand. These results confirm the full potential of the brand, and also all of us leverage learnings for our other D2C brands.
- Jean-Denis Mariani: Last key strategic area; advocacy, power, and viral amplification. At COTY we can amplify the natural advocacy power with more advocacy and sales. How we do that? As a first step, we use our internal social listening capabilities that allow the team to flag the most engaging content on our brands within 24-48 hours. Whether they are coming from creators that are involved in our advocacy and influencers strategy and activities or natural advocates. Our second step involves influencers, PR, social commerce, sales marketing, working all together super quickly in order to engage with the best advocates and amplify their own post with paid media. And our final step, we see the impact on sellout. Both at brick and mortar retailers and online. We sell out for those product growing double to triple digit within a week.

- Jean-Denis Mariani: To conclude, COTY's digital transformation is a top priority for all of us under the [inclusion] of the new leadership team. In less than a year, we set up the right organization and a [correct] transformation framework and solid capabilities to maximize our performance, already demonstrated in our previous result. We set up a game-changing partnership with Perfect Corp to lead innovative services and increase data collection in a post cookie world. We are operating two of the most powerful D2C brands, which are source of both business and learnings. And finally, I would say that our e-Commerce margins are nicely accretive and that our e-Commerce penetration should rise to mid 20% by fiscal year 25. Thank you so much for your time and I will now pass to Guilhem who join us virtually from China. Thanks a lot.
- Guilhem Souche: Good morning, everyone. I am Guilhem Souche, China managing director. One of COTY's key strategic priorities is to expand our footprint in China, focusing on prestige and select consumer beauty brands.
- Guilhem Souche: We are seeing a strong repatriation of luxury spending as Chinese customers are now purchasing over 70% of luxury products in China. Hainan plays a key role in this repatriation. Omnichannel distribution dominates the industry. A mature premium cosmetic brand has around 10 times fewer physical point of sales in China compared to North America. As a consequence, many of these physical stores are flagships in million-people cities and digitalization is key to build the link with customers.
- Guilhem Souche: The middle class is expected to double by 2040. Within that we see gen Z as the most valuable age group. They are the wealthiest and the most consumption oriented generation to ever enter the market. E-commerce also continues to boom, and it is evolving rapidly. And finally Chinese people are always connected. Now let's focus on beauty. In 2020, the market size was 80 billion dollars. The luxury market in China is booming. It is predicted to grow at a CAGR of 16% between 2020 and 2024. This compares to a predicted global CAGR of 5.6%. Furthermore, China has proven to be a resident market, with the luxury market growing 8% during COVID restrictions.
- Guilhem Souche: China is a market dominated by skincare, which currently represents 68% of the market and has grown by plus 25% CGAR over the last two years. However, fragrances are now the fastest growing category, going at plus 30% CGAR. It is led by a higher penetration and sophistication. As the global leader in fragrances were positioned well to keep on gaining market share. Finally, makeup is returning to double digit growth. Although COTY has been around since 1904, I remind you that we are still young in China.
- Guilhem Souche: Our subsidiary was created in 2016, before that we operated through third party agents. Our headquarters are based in Shanghai, with the factory in the Nairobi center in Jianguo province. Today China only accounts for 4% of our companies, total revenues, but total sales increased by 31% in the last fiscal year, and we see huge potential for growth in this market.

Guilhem Souche: In prestige, we have gained significant market share since the beginning of calendar year 2021. Year to date COTY outperformed the market with retail sales growing by 206% compared to 26% for the overall prestige category. This was mainly driven by our success in makeup and in fragrances. Even though we only launched Burberry makeup in 2018, and Gucci in 2019, both are now in the top 25 makeup brands. In prestige fragrances COTY has three brands in top 15: Gucci Burberry, and Tiffany. And this is further supported by Chloe, with triple digit sellout led by the Ultra premium fragrance collection Atelier de Fleur. Looking forward, we are committed to continuing this growth and we still see ample opportunity in eCommerce, for instance our penetration is still eight points below the market.

Guilhem Souche: So overall in prestige from January 2021, we are growing four times faster than the category. [To the prestige] rates 85% of COTY net-reviews in China. And this is enabling us to be creative and China as a gross margin, eight percentage points above COTY global.

Guilhem Souche: In mass, we focus on two brands: Adidas and Max Factor. And we are streamlining our distribution activities. This strategy has enabled us to return to growth after two years of significant revenue declines. Our [three year] ambition, to more than double our sales. To achieve this goal we are building iconic branding in each category. We'll continue expanding our distribution platform with the best partners, particularly in Prestige. We plan to continue our transition from distribution to retail.

Guilhem Souche: We anticipate eCommerce will represent half of our sales in three years. And our plan is to keep growing skincare and makeup to account for roughly 60% of our business. We expect to accomplish all of this within the framework of our Beauty That Lasts sustainability platform. We will remain focused on our strong brand portfolio. Today, COTY brands account for 25% of the beauty market in China. Here we are well positioned and growing led by Gucci and Burberry. Artisanal fragrances are also growing rapidly. This is the mission of Chloe with Atelier de Fleur that we are developing in retail. It is estimated that 2.5% of China's 1.4 billion people currently use personal fragrances. This is a key growth opportunity and brands like Calvin Klein, Marc Jacobs, Hugo Boss, Lacoste, will also have a role to play to recruit gen Z. In skincare we're working to reposition Lancaster from sun care to a cutting edge technology skincare brand. We have already relaunched Lancaster in Hainan, and I've seen very encouraging results.

Guilhem Souche: Finally, in the mass market, we'll continue to focus our efforts on Adidas for active body care and on Max Factor for cologne. In terms of channels, we are transitioning a prestige [division] from distribution to retail. Our growth is currently driven by boutique department stores and eCommerce flagship stores. Our transition from distribution model to own retail and eCommerce is enabling us to better control our brands and establish a direct relationship with our end customers, and it also generates higher margins.

Guilhem Souche: Here is an example of our retail distribution expansion with Gucci Beauty. With the traction on the brand, we have the opportunity to go only in China best stores when competition has opened hundreds of stores in the past three decades. In FY 22, we expect to almost double our distribution, expanding to eight new provinces and 10 new cities. Here is an example of the latest Gucci boutique we are opening in Mushi. And here in Beijing, SKP, an example of contour in the most prestigious store in China. This is the podium we created for Burberry in Shanghai, Deng Maroo, which is Shanghai top department store. And for Chloe Atelier de Fluer, this is the first picture of the first flagship store that we'd open in Beijing, end of November.

Guilhem Souche: In skincare, Lancaster repositioning is just getting started in Hainan. Here is an example of this new identity that we presented during the China International Import expo last week. And we are also excited to add over that to our portfolio and about the potential of the brand in the Ultra Premium segment, which is one of the most dynamic in China. We are now building capabilities, working on the brand positioning and fiscal year 23 will be the year of skincare expansion in China.

Guilhem Souche: In eCommerce, we are taking control and diversifying our distribution among the key platforms. Since August 2020, we opened Burberry and Gucci on Tmall, Calvin Klein on JD, [Phil has] Max Factor on Douyin, which is a Chinese TikTok. We have significantly increased our investment and the results are strong.

Guilhem Souche: Our Prestige eCommerce sales increased by 246% in Q1 fiscal year 2021 compared to previous year. And our eCommerce penetration in prestige rose to 25% from 10%. For Eleven Eleven, we doubled COTY eCommerce sales and in Prestige tripled the sales of our flagships as this last year.

Guilhem Souche: We were also very excited to participate in the China International Import expo this year, for the first time. We showcased our latest products across 10 of our iconic brands operating in China. This has been a key for that shows our long term commitment to developing COTY in China. Key officials, business partners, media, and thousands of visitors have seen our booth and have discovered COTY and our key brands.

Guilhem Souche: In conclusion, I would like you to remember that China is a secular gross market driven by expanding middle class, growing this possible income and expanding per capita beauty spend. COTY is the fastest growing, leading prestige duty company in China. And targeting to more than double sales. Our growth is anchored in three engines: fragrances, makeup, and skincare. We are diversifying eCommerce growth, targeting half of business in eCommerce in three years. We are consumer beauty business in a limited number of brands. Our sustainable growth potential in Hainan is significant and we are piloting a coordinated approach between mainland China and Hainan. On behalf of the COTY China team I would like to thank you.

- Caroline Andreotti: Ladies and gentlemen, welcome again. My name is Caroline Andreotti, and I lead the global travel retail team. I've been with COTY for the last 13 years in different position in travel retail and in the domestic markets, and mainly in China. It is my absolute pleasure to talk to you through the phenomenal recovery that we are seeing in the travel retail channel.
- Caroline Andreotti: Now let's go back in time, before the pandemic when global travel retail was growing at a staggering 20% and reaching 38 billion in retail sales. Travel retail, COTY travel retail represented about 7% of COTY's global sales, with 16% market share in global travel retail fragrances.
- Caroline Andreotti: Although we were leading the fragrance category, we knew that there was more for us to do in the skincare and in the makeup category and in Asia where our share of business was below 30%. Now, when COVID hit, airport traffic fell by 90%, with travel retail impacted at a similar level. Domestic travel in China and the Hainan phenomenon was the only exception. Now, at the onset of the crisis we took immediate actions to control costs and protect our cash and profits, while preparing for the recovery by positioning our business for growth in three critical areas.
- Caroline Andreotti: The first area is about expanding into new categories. The second area of growth is about growing China and Asia. And the third one was about omnichannel, driving omnichannel retail excellence, and digitalizing our point of sale.
- Caroline Andreotti: Today, we are seeing encouraging signs in fiscal 22, and I'm delighted to report that travel retail Americas is back on a quick recovery. In Europe, we are seeing a triple digit growth versus last year and we are nearly at the level of 2019. As a result, we are expecting travel retail to return to a CGAR of 20 to 25% by fiscal 25. Now looking at the three areas of growth in a bit more detail. First, I was talking about expanding our business share and investment in skincare and in makeup with Gucci and Burberry in Asia and repositioning Lancaster. And you have heard about Lancaster before as a true beauty expert brand. By 2025, we expect skincare to reach already 6%, and its minimum, 6% of our overall travel retail business.
- Caroline Andreotti: Now, very interestingly and I really wanted to show you that slide, Gucci makeup is now our number one brand in our travel retail global portfolio, already overtaking fragrances, and primarily driven by Asia and the China travel retail business. Now, although you don't see Kylie included in here, we just launched it one week ago in Paris airport, and I will talk about this a bit later, we are seeing very, very strong results.
- Caroline Andreotti: Just a quick illustration of how Gucci looks beautifully in [Lagaden Sanya] store in Hainan island, China. And what's interesting is look at the center stage that makeup is already taking within the store. I just spoke about Kylie. Kylie had a very strong start in Paris airport last week and I'm super proud to tell you that we were ranking number one in early airport in the makeup category, and

number two in Charles de Gaulle airports, outperforming Chanel and Gabanna. So really remarkable achievements.

Caroline Andreotti: Second area of growth or focus has been about growing our business share in Asia to 50% of global travel retail by fiscal 25. This will be done through the expansion of distribution of makeup, of skincare, but also our Ultra Premium fragrances which you have seen before. It will be also about scaling up our distribution in the downtown domestic duty free stores and mainly in Hainan. Thirdly, it's going to be about creating an omnichannel presence in our stores, and I know that you have heard a lot about omnichannel, but we are serious about it. We want to connect the offline with the online, through digitalization of our point of sales and e-Commerce. And as you can see in here, our plan is to double our e-Commerce sales to 30% by fiscal 25, very much driven by our Asia business.

Caroline Andreotti: Now, how are we going to win in travel retail? We know that if we want to win, we have four key priorities. The first priority is about maintaining our leadership in the fragrance category and we are going to do that by focusing on our five iconic brands: Gucci, Burberry, Chloe, CK, Hugo Boss. We are going to grow our Ultra Premium and niche collection, you have heard a lot about Chloe Atelier des Fleur, Burberry Signature, Gucci Garden Alchemist, and a third is we are going to differentiate our portfolio in travel retail versus domestic markets via travel retail exclusive gifting, but also prelaunches.

Caroline Andreotti: We are also taking a glocalized approach to our portfolio, with a focus on skincare and makeup and Ultra Premium fragrances in Asia, while in the US and Europe, we are focusing on lifestyle and premium fragrances. Now we have seen very strong performance in our Ultra Premium and niche fragrances, especially in Asia, where they are planning to represent about 10% of our global portfolio by fiscal 25.

Caroline Andreotti: Now we know, and I've lived in China for many years, that Chinese consumers are looking for individual signature scents, and COTY is giving them exactly the right solution with fragrances like Chloe Atelier des Fleur, our Chloe, our Gucci Alchemist Garden, and our Burberry Signature. This is just a great illustration of what you can see today at La Samaritaine, Paris. Beautiful Chloe Atelier des Fleur counter.

Caroline Andreotti: Our second key priority is about the expansion into the makeup and skincare categories. Now you have heard, we have relaunched Lancaster, our beautiful iconic brand in Hainan with a premiumized and Asia driven design. We are driving growth among Asian millennials with Gucci and Burberry beauty, and now with Kylie's Skin and Cosmetic, which has just launched in travel retail.

Caroline Andreotti: Now the success of Lancaster in Hainan has been absolutely phenomenal. It is now available in the most prestigious store you can find in Hainan, such as China [duty-free] group, Haitang Bay, [Lager de Senya], [Dufry Mova], and we are seeing a fantastic growth, months over months, for the brands.

- Caroline Andreotti: Our investment in Hainan included a great launch event as you can see behind me at [Lager de Senya], with a popup store that we have had there for one month, that was involving top celebrities and key opinion leaders, as you can see in here.
- Caroline Andreotti: Now, our third key priority has been about strengthening our presence,
- Caroline Andreotti: Visibility, investments, market share in Asia and in China. Focusing on our Premium Plus and Ultra Premium fragrances, as well as skincare, makeup and our niche collection. Hainan Island has benefited, as you have heard, from strong Chinese government support, aiming to turn Hainan into the world's largest duty free ports by 2030. With retail sales expected to reach 50 billion US dollar by 2025, \$50 billion by 2025. You can just imagine the fantastic opportunity that lies ahead of us.
- Caroline Andreotti: As you can see on this graph, our business in Hainan grew triple digits, this fiscal versus last year, and already very strongly up versus 2019. And that's very, very much thanks to the new government policies that we're aiming, at driving local consumption. Now the growth is expected to continue at that pace. We know already that 60% of Chinese today plan to continue to travel to Hainan, even when international traffic resumes. As a result, we expect Hainan to accounts by fiscal 25, to 20% of our overall business.
- Caroline Andreotti: Now, as you can see in the pictures here, we have opened absolutely gorgeous and top locations in Hainan over the last 12 months, with personalized counters for Lancaster, for Gucci, for Burberry fragrances and makeup, along with popup stores that are coming ahead of Christmas and during Chinese new year. Here, you can see a great example of Burberry's makeup and fragrance counter that was open again in [inaudible] de Sanyan back in February 21. The brand is already racking in the top 10 makeup brands in that store.
- Caroline Andreotti: And finally, as I said before, we are creating a true omni-channel presence in our store and driving retail excellence. It is all going to be about retail excellence and who wins there. We're going be focused on digital media, on store animations and on service. We will continue to blend the highly personalized, online and offline shopping experience for our consumers, using innovative digital tools, such as QR codes, augmented reality and virtual testing methods, which I will show you later on.
- Caroline Andreotti: Really wanted to give you an example of how we look. I was just speaking about being digitalized and about connecting offline and online and I wanted to give you the example of Gucci store in Hainan, which is fully digitalized today. And for me, it's the great example of how we can become innovative, having such an omnichannel presence. Now, as you can see here, consumers can actually test our products virtually, so without having to actually apply the products. And doing it in a very engaging and safe way without necessarily having a beauty advisor next to them. So they can do it through the different QR codes that are displayed in the store through augmented reality, but also through gaming, that

we have at our point of sales. Now our goal is to excel at being the best consumer centric company you can have, okay. Meeting our shopper needs, interests, but also expectations. Consumer will always want to test, to smell, to touch products, but they want to do it in a safe and in an engaging way and doing it in an exciting shopping environment. To address all those needs of consumers, we have actually introduced touch less testers, which deliver a single drop of fragrance for testing. This is the picture you see on the left hand side. We have also introduced ... Sorry, there was a video here. We have also introduced a digital tablet and I will be happy to show it to you after, which can be actioned remotely by the beauty advisor.

Caroline Andreotti: Now, what happens is that this digital tablet has about 20 fragrances of us. The beauty advisors can action it with her mobile phone and the consumer actually smells the fragrances that he shows from that tablet. So no touching. Okay. Very safe. And actually, it also reduces waste because we are using five times less of testers versus the past. So it's also a very sustainable way of continuing to test our products.

Caroline Andreotti: To conclude, we are very, very confident. I am very confident about the future of travel retail and in its recovery, I'm already seeing it on the ground. And over the next four years, we expect travel retail to grow at an annual 20 to 25%. Now to position Coty Travel Retail for success and for future growth, we will be leveraging the following growth drivers. First one, maintaining our leadership in fragrances with an acceleration of our niche collection expansion. Second, building skincare and accelerating our makeup growth, focusing on retail growth with a very large focus and emphasis on Asia Pacific and on China driving retail excellence and premiumization. And then, transform to a true omni-channel business, connecting offline with online and growing our e-commerce business.

Caroline Andreotti: I would like to take this opportunity and thank you. Thank you for your support to Coty. You see, we are a very passionate team. We love our company. We love our brands. We love our people, and I'm looking forward to your questions and continuing our work together. Now, I would like to hand over the mic to Laurent Mercier, our CFO. Thank you very much.

Laurent Mercier: Thank you Caroline. I'm happy to be with you today and to share now our financial journey.

Laurent Mercier: I would like to first remind everyone of our investment highlights as shared by Sue during our strategic update event in April, 2021. We unveiled our strategy roughly seven months ago, and already we are seeing very tangible results. As shared by Isabel, Constantin, Alexis and Stefano, we have one of the most beautiful portfolio with two complementary businesses, prestige and consumer beauty. We are rapidly executing on all our key strategy growth pillars. Our recently reported [inaudible] results were a clear demonstration of our progress. Our gross margin expansion and cost reduction, as part of 'All-in to Win' presented by Gordon are fueling our gross initiatives, while at the same time, delivering profit growth. We expect strong EPS accretion through our

capital structure improvement, and last but not least, we have simplified our capital structure and have a clear pathway to deliver it.

Laurent Mercier: Our financial journey is fully designed according to these investment highlights. Phase one has centered on stabilizing the company during the first half of fiscal 21, and then fueling the company during the second half of fiscal 21. We are calling phase two, build and grow, and that is effectively what's happening this year in fiscal 22. And beginning next year, fiscal 23, we will be entering the phase three, the growth flywheel.

Laurent Mercier: So let's start with our phase one, stabilize and fuel. Let me remind you what we implemented and achieved one year ago to stabilize the company, particularly as we were in the midst of the global pandemic. We reviewed in depth our organization to be more nimble, but also to be more efficient. We brought our non-people fixed cost to the bare minimum. And this was also a mindset shift for the organization.

Laurent Mercier: We announced salary freezes and no bonus. We completed the sale of 60% of Wella. And in addition, we implemented the strong cash culture to protect our cash and accelerate our deleveraging. These brought very strong results in fiscal 21. Our fixed cost were lower 16% year on year. We delivered net savings of over 330 million ahead of our initial target, which was over 200 million. Our EBITDA margin for the year was 300 basis points above pre-COVID levels, despite a much lower net sales. We reduced net debt by 2.6 billion, and we extended approximately 2 billion of debt maturities from fiscal 23 to fiscal 26.

Laurent Mercier: Deleveraging was and remains the number one imperative. Thanks to the Wella divestiture, as well as our cash flow focus, we cut our leverage ratio by half from the end of fiscal 20 to the end of fiscal 21. Adding in the cash generated in the first half of fiscal 22 and proceeds from inorganic initiatives, we are confirming our path towards five times leverage by the end of calendar 21. In fact, taking into account our retail Wella stake currently value at roughly 1.2 billion, our leverage is already below four times based on economic net debt.

Laurent Mercier: At the same time, we have been working to fuel our business and unveil our strategic priorities in April. How did we do that? It was driven by your very strong partnership between Coty's finance team and business teams. And I want to share with you a few concrete cases.

Laurent Mercier: Let's start with Marc Jacobs Perfect. This innovation was launched, as shared by my colleagues, in the middle of the pandemic with investment limited to only digital support based on our internal ROI analysis. Results were outstanding as Perfect was the number one fragrance launch in the US over the last three years, across all competitors.

Laurent Mercier: Second example is a launch of our CoverGirl Clean Mascara. Here again, we designed very specific plan with an innovative and cost effective 'Selfie' video

campaign, while being very nimble in allocating our resources behind the right CoverGirl franchises. The result was that this mascara became CoverGirl's number two best selling mascara. And for the first time in many years, CoverGirl consistently gained market share over several months. And we amplifying the success further with a launch of two strong fragrances icons in Q1, while the combination of cost savings and gross margin initiative that allowed us to both double our media investment and deliver exceptional profit growth.

Laurent Mercier: Now that we have completed our phase stabilize and fuel, we are now in the build and grow phase. As part of this phase, we are stepping up our processes and tools. We are leveraging new technology such as artificial intelligence to develop advanced planning, reporting and analytics. We're also stepping up our business process outsourcing through our partnership with Accenture, as well as upgrading our enterprise resource planning platform

Laurent Mercier: To build and grow, we are leveraging and amplifying what we implemented last year, maintaining discipline on fixed cost, improving gross margin, resource allocation with the ROI mindset, accelerating our cash flow generation with our cash Olympics program. And we have simplified our capital structure with KKR Preferred shares, now completely redeemed through a combination of block trades and swaps in exchange of a part of our Wella stake. I want to remind you that the total cash dividend savings for Coty as a result of the elimination of KKR Preferred is 77 million annually, which clearly supports our deleveraging agenda and at the same time allowing us to fuel our growth.

Laurent Mercier: These clear work streams are delivering tangible results, with last week's Q1 earnings marking the fifth consecutive quarter of delivering in line to a head of expectations. This has enabled us to increase our guidance for the year. We now expect like for like revenue growth in the low to mid teens, as well as gross margin expansion for the year. And we confirm our EBITDA at a minimum of 900 million as we intentionally reinvest in our gross initiatives, thanks to increasing gross margin and fixed cost discipline. Based on the stronger business momentum and progress in simplifying our capital structure, this morning, we are increasing our EPS guidance range to 20 to 24 cents. We are accelerating our deleveraging and we are now targeting leverage towards four times at the end of calendar year 22, as a result of lower net debt and EBITDA calendar 22 approaching 1 billion.

Laurent Mercier: Again, taking into account the value of our Wella stake, our leverage target exiting calendar year 22 on an economic net debt will be approximately three times. At the same time we've significantly improved our debt maturity profile over the last six months with the majority of our debt now due 25 and 26.

Laurent Mercier: So progress we have made on improving our sales and margin, deleveraging and simplifying our capital structure have led both rating agencies to upgrade Coty, in recent months, which is a great milestone for the company. Now that we have completed our phase two, we are now ready to implement our growth flywheel and amplify our gross engine until 25 and beyond.

Laurent Mercier: So gross flywheel from fiscal 23 and beyond is characterized by several points. First, we will be operating at full potential. Second, over the years, we will be completing the execution of our six strategic pillars. Third, we will be entering a virtuous P&L cycle with sales growth ahead of the beauty market and profit growth ahead of sales growth. Fourth, our gross margin will continue to expand based on multiple drivers and fifth, we will maintain a simplified balance sheet.

Laurent Mercier: So how do all our strategic initiatives and plans translate into medium term financials? The short answer is that our target is to grow like for like revenue in the range of six to 8% from fiscal 22 to fiscal 25. In other words, outperforming the beauty market, which has historically grown three to 5%. And our goal is to continue this gross momentum beyond fiscal 25.

Laurent Mercier: As shared by my colleagues during their respective presentations, the drivers of growth will be prestige fragrance growing in the mid single digits in line with the market, skincare high teens to mid twenties CAGR so fiscal 25 led by our existing skincare brands, plus new additions and brand extensions, such as CoverGirl, Kim Kardashian West skincare and Orveda. Prestige makeup CAGR of 25 to 30% led by Gucci ,Burberry and Kylie. Consumer beauty, excluding skincare, growing in line with the market at low single digits.

Laurent Mercier: The results of these initiatives is that by fiscal 25, we estimate that skincare and prestige cosmetics will each represent roughly 10% of our net revenue. This compares to skincare at 5% and prestige cosmetics at zero two years ago. We also expect the weight of skincare and prestige cosmetic to increase beyond 2025.

Laurent Mercier: From a geographical standpoint ... so key growth drivers will be China, which we expect to more than double. Travel retail growing up to 20 to 25% CAGR, so fiscal 25. And other regions will grow from low single digits to mid single digits. Putting together all these building blocks, we expect China's proportion of ourselves to triple to over 10% by fiscal 25, compared to 3%, two years ago, with further growth beyond fiscal 25. At the same time, we would expect travel retail to grow as a percentage of our net revenue to a high single digit level. And in the background of it all, we project e-commerce penetration expanding to a mid 20% level compared to high single digit two years ago. Again, this backdrop of targeted revenue growth above the beauty market, we have also multiple levers to meaningfully improve our P&L cash flow and balance sheet. As you heard from Gordon, our gross margin attack plan is multi-part with work streams across commercial initiatives, pricing and revenue growth management, mix with portfolio channel and geography, material cost productivity and supply chain.

Laurent Mercier: Together, we see opportunity for approximately 500 basis points of gross margin expansion in the next four years through fiscal 25. And as Gordon has also laid out, we have identified an additional 75 million of savings opportunity in fiscal 24. This brings the total savings for our cost savings program to 675 million over the four year period, optimizing all lines of our P&L, [inaudible],

fixed cost, trade terms, but also a [inaudible]. These elements all together from the basis of our flywheel with an adjusted EBITDA CAGR of nine to 11% expected from fiscal 22 to fiscal 25. And continuing at this level beyond fiscal 25.

Laurent Mercier: That brings me now to our midterm financial algorithm. I've already covered our latest outlook for fiscal 22, where we are seeing strong momentum up and down the P&L. It's also evidence that the revenue growth in fiscal 22 is above the normal algorithm as the industry is still recovering from the pandemic. Beyond fiscal 22, however, we are targeting six to 8% like for like revenue growth outperforming the beauty market. Gross margins reaching mid 60, 60% by fiscal 25 and continuing to expand from there.

Laurent Mercier: Adjusted EBITDA growing from nine to 11% CAGR, so fiscal 25 and beyond. Our tax rate in the high 20% level, largely consistent with this year, where of course we are monitoring current and future tax proposals, very closely. Adjusted EPS growing above the 30% CAGR, so fiscal 25, reflecting the operating leverage effect from the profit expansion, as well as continued reduction in our interest expense. As we continue to reduce our debt.Leverage, getting to approximately four times exiting calendar 22.

Laurent Mercier: And as we have already shown our retail stake in Wella remains the financial assets that we can monetize to simplify our capital structure. Now with our ownership stake at 26% and values based on the latest [inaudible] at roughly 1.2 billion, we intend to sell the remaining stake by fiscal 25, which should dramatically reshape our balance sheet.

Laurent Mercier: Translating all of this into cash flow, we expect free cash flow to grow nicely in fiscal 22 and further accelerate through fiscal 25. As a result, we continue to expect our leverage to improve to approximately four times exiting calendar 22, reaching approximately three times exiting calendar 23, and approximately two times by calendar 25 and beyond.

Laurent Mercier: That brings me now to our capital allocation priorities. As we've continue to emphasize, deleveraging remains a top priority and our optimal capital structure includes leverage below two times. Outside of this, our focus is on reinvesting and fueling the growth in our existing portfolio, including media support, R&D, enhancing our digital capabilities, building our [inaudible] in China and taking our skincare organization and know how to the next level. We want to be known as a blue chip growth company.

Laurent Mercier: So to conclude, Coty has one of the most beautiful and comprehensive brand portfolio in the industry. And we are the only group at this level to operate two complementary businesses. We are rapidly executing on all key strategic growth pillars and targeting revenue CAGR of six to 8% through fiscal 25 and beyond, above the growth of the beauty market.

Laurent Mercier: We are targeting mid sixties gross margin by fiscal 25 and expanding thereafter, which will allow us to fuel our growth plans and expand profitability. We see strong EPS accretion via capital structure improvement with an EPS CAGR of 30%, so fiscal 25 and in the mid to high teens CAGR after. We have multiple levers to accelerate deleveraging, bringing us to a leverage ratio of three times by end calendar 23, with an optimal ratio of below two times. Our focus will be on deleveraging rather than on share repurchase, dividends or MNA until we reach our two times leverage goal. Thank you very much for your time. We are now looking forward to answering your questions.

Robert Ottenstein: Hi, Robert Ottenstein Evercore ISI. Thank you very much, that was a terrific presentation. So wondering if you can talk a little bit more about the plans to expand in prestige skincare, particularly. I mean, you're making a big investment, right? 200 people. Roughly how many of them have been hired so far? What does that planning look like? Any ideas in terms of how much that would cost, given that, it's tough to get good people, right? So there's kind of a question mark for me in terms of getting those people on board and hitting your targets at the same time. And then the other tie to that on the skincare side, if you could talk a little bit more about your brand ... is it Orveda?

Sue Y. Nabi: Yes.

Robert Ottenstein: Which my bad, but I didn't know about it. Javier told me that it was a brand, I think that you had created. So maybe a little bit more about that brand and how you expect that brand to go up against something like La Mer. Thank you.

Sue Y. Nabi: Okay. Thank you, Robert. Can everyone hear me? Mic on? Okay, perfect. So to answer the question about our skincare capabilities, and again, I think if there is one area in terms of R&D, because skincare is about R&D and then about marketing capabilities and of course executing in in-store. So when it comes to R& D, in fact the great news is that the company is having the right R&D muscle, including headcounts. We have people working on skincare in Monaco since many years behind Lancaster. We have people working on skincare, on Philosophy in the US since many years again. And we also have a team in China, which people don't know, but we have as small team in China of people who helped us until recently to understand the Chinese taste in terms of textures, in terms of wordings, in terms of claims, et cetera, et cetera.

Sue Y. Nabi: So again, the key and most important part is there, it's really do you have the ability? And I think what Constantin has been showing in his presentation, without quoting the two serums that you saw, but when you have a texture that's beating the two best selling serums around the world, it means that we have this know-how of creating winning textures. And we also have the right scientists. When you look at what we presented in terms of what I call the key IPs that Coty owns, we are very strong at areas that are today, the ones that are making the trends in the makeup, in the skincare area, sorry.

Sue Y. Nabi: So if you think about the dermatological actives, for those who are skincare lovers, or even for those who have people around them loving skincare, today it's all about what does it contain. People on social media, all about what's the level of vitamin C, what's the level of retinol? What should I use before? What should I use after? So this we have, in fact, this know how are formulating highly concentrated skincare using best in class ingredients. We have know how behind, things into Philosophy, around even procedures. You know, Philosophy has micro delivery, which is the number one peeling at home solution in America. And this gives us a door into, for those who are looking for clinical solutions. We have know how when it comes to sun and pollution protection. This is huge, as you can imagine, in Asia, and even in America, if you ask a dermatologist, what's the best antiaging ingredient, he or she will say UV protection. So in a way I'm just quoting a few of these. We have a strong muscle, and I have to say that this was my, I would say, best surprise when I joined Coty one year ago, when I had the chance to visit Monaco laboratories in October of 2020.

Sue Y. Nabi: When it comes to marketing people, in fact, we are building a team, but not at the level that you are mentioning. I think the 200 you're talking about are, China and many other [inaudible] we're having here and there. But again, today, what we are seeing is that with, Stefano on consumer beauty side and Constantin on the prestige side and many other people, of course, Dr. Shimei joining us, Veronique [inaudible]. They are all very, very strong at creating and managing skincare portfolios, how to play with the portfolio. And of course, our business leaders, Caroline, who spoke

Sue Y. Nabi: Talk about travel retail, she's a very very good skincare... Very good skincare expert, and a big skincare expert. So all these people, be it in the business or behind the scenes, creating the products have this know-how. So honestly for me, I think this area and that's the reason why, instead of saying, let's see what is going to happen in skincare by fiscal 25, we are saying we will be starting to operate our skincare brands by fiscal 23, which is in nine months as now. So it's really tomorrow.

Sue Y. Nabi: So when it comes to the second part of your question about this skincare line I have created. When I left L'Oreal, I wanted to confront myself to the world of startups. I wanted to understand how to create a brand and I have to say that this experience that started in 2014, I relocated from Paris to London because I thought that this brand had to be the best of Europe and the best of America, because I had this in mind.

Sue Y. Nabi: I really wanted to create something that resonates with the Chinese market, everything into Orveda. For those who know the Chinese market, you could find 1000 clues that give you a clear understanding of what's the skincare market going to be in China and the good news is that the story behind Orveda, which is around mastering the skin microbiome. Skincare has been built around ingredients and today, we are understanding that there is a layer that's billions and billions of bacteria and viruses living on our skin, living on our scalp, that are

in our gut that are making, in fact, the protection. They are the number one skin barrier and they are there to help you let your skin regenerate deep inside if this barrier is intact, in fact.

Sue Y. Nabi: So this science that we call the microbiome science, using prebiotics, probiotics, sometimes postbiotics, is really, for me, the next frontier in health, in general, because people are taking today on a daily basis, probiotics, prebiotics, et cetera, and it's coming into skincare. And you'd see most of the brands, they are going at one moment or another to be obliged, in a way, to talk about skin barrier and skin microbiome and Orveda is precisely around this. It's probably the highest concentration in a skincare product that you could find today in the industry.

Sue Y. Nabi: It took us, the co-founder and myself, three years of formulations and I went on a weekly basis during three years to visit laboratories around the world to work on the textures, to work on how to mix ingredients together, to have them efficient while taking care of the sensitivity of the... I would say the most sensitive skins. So we've done this job.

Sue Y. Nabi: We went to visit factories. I learned a lot. I have to say, because when you work in [inaudible] operations, even if you create the best selling products, you don't spend that amount of time talking to people who are going to manufacture your products, talking to people who are going to source from China, from Europe, from South America, et cetera. So in a way, I think for me, coupled with my L'Oreal experience, this was the best training possible before joining a company like Coty.

Sue Y. Nabi: Happy to answer.

Wendy Nicholson: Thanks. Hi, it's one Wendy Nicholson with Citigroup. Thank you for all of this. It's been fantastic. My first question, just as a follow-up, is on Lancaster, specifically in China. I know where you have initially sort of started to build the brand is in travel retail, but can you talk about where it goes from here from a distribution perspective? Is it going to be in Sephora? Is it going to be in department stores or is it going to be mostly Tmall?

Wendy Nicholson: And then my second question, maybe Gordon, is for you, because I think historically, what's been so frustrating about this company is you've had so many great brands and so many great new products, but something has gotten lost from an execution perspective, and I loved it when you said that 80% of what has to go right is all execution because the strategy is pretty straightforward, but can you just talk about your relationship maybe with those important retailers, Alta, Sephora, Tmall? Are you getting the shelf space you need? I know you've talked about a couple of examples like CoverGirl and Ulta, but maybe more globally, more broadly, how's the relationship? Are you doing well with Sephora in Western Europe, and are you servicing them on time with the right product? Thanks.

Sue Y. Nabi: So Gordon, maybe you can start with the second part of the question and I'll speak about Lancaster and business maybe with the [crosstalk].

Gordon von Bretten: Yeah. In terms of shops, let's talk... I think there was a question here already about product availability and I think we've all heard these disruptions to the supply chain that many people are talking about. But when you look at our service levels, we're consistently operating around 95% service level right now, which is really phenomenal and when you look at that number 12 months ago, it was below that. So we're actually performing better now despite the supply chain disruptions that you've heard about.

Gordon von Bretten: We're actually lucky because we didn't do some of the things that our peers did. For example, many of our peers went into global sourcing in a big way over the last 10 years, and moved component supply and material supply off to offshore markets. We never went that far, which is now turning out to be a major advantage because our sourcing is often very close to the plant on the same continent at a minimum, typically in the same country.

Gordon von Bretten: Secondly, we also manufacture very close to where the product is consumed. So Brazil for Brazil, US makeup for US makeup, and so on. Fragrance maybe being the one exception, but that has allowed us to be much more flexible, to have inventory in place that could be shipped to retailers very quickly. So we haven't really seen stock out on shelves and that really has helped... You talked about retailer relationships. That has really helped the retailer relationships because they've enjoyed the fact that we could deliver and we weren't stocking out on their shelves. So I think that is quite strong and I think that probably answers that part of the question.

Sue Y. Nabi: And I wanted to answer one part of your question around the retailers and how do they, in a way, see our innovations? In fact, we don't go to talk to retailers to say we are launching a new product. We love to go and see them and to tell them that we want to open a new category. We did it with Clean makeup.

Sue Y. Nabi: We have many other things arriving in the near future and it's really this way that we unlock additional space, in fact, because as you can imagine, there is a huge competition for space, and every time we talk to retailers, and Alexis has been doing this, when it comes to keeping the shelf space of Max Factor first and then expanding. For example, the Rimmel one, this is really the story we tell them and in a way they're like you. In fact, they were waiting to see if we are able to put back the brands on track and the first result that we've been presenting today, which are across each and every brand, honestly, with no exception almost. They are really giving them great confidence and they love to have other partners than always the same ones too. So they're super happy that Coty is back. It gives them a lot of potential, other partners to play the game with. Maybe on Lancaster, Caroline and Isabelle. If you are able to add one word, Caroline, about what's happening in Hainan, and Isabelle, about the upcoming expansion in China.

Caroline Andreotti: Well thank you very much, Sue. So as you have seen, our first results in Hainan have been just phenomenal. We are coming with today, a brand that has two facets. One of them being a true brand, a true skincare expert, but also I would say, one of the brands that has the best, I would say today, light management technology, and we have been able to resonate among our Chinese consumers in Hainan. Hainan is a fantastic testing ground for new products and we have been really able to, through the activations that we had there and so the brand story and what it stands for, really talk to the Chinese consumers and get their full adherence. I will hand over to Isabelle.

Isabelle Bonfanti: So...

Sue Y. Nabi: So four stores in Hainan?

Caroline Andreotti: We have four stores in Hainan.

Sue Y. Nabi: On Lancaster.

Caroline Andreotti: Correct.

Isabelle Bonfanti: And then, Hainan enabled us to understand our customer and to understand how we could also better service them because they are traveling, they're on vacation, they have a lot of time to spend. So while Caroline is organizing a kind of entertainment with our customer traveling to Hainan, then we have a privilege distribution with Sephora. And Sephora is very happy because Sephora used to have a cleanser/sun care business with us, and now this store is going towards face care. So, we are building 365 as Constantin show you as a key pillar, so we are working hard on that.

Isabelle Bonfanti: And Constantin, who has a great experience in [inaudible] and the team we have in China has also great experience in skincare, we are building a communication. So communication strategy based on sponsor, on a sport person, on influencers, and those person will help us to build a pillar product and hero product because what we need basically in China is hero products.

Isabelle Bonfanti: So 365 is the first one. It's a very well accepted serum. And as we mentioned earlier, we beat number one and number two, and this is our strategy today. So we have a strong strategy with Sephora. And of course you can imagine that once you have set up your customer services, you entertainments in Hainan, you collect the data and then you carry on working with Sephora, we start a power engine.

Chris Carey: Hi, Chris Carey, Wells Fargo. Thanks for the question. I'm trying to balance this dynamic where a lot of the strategy or a lot of the focus is on skincare and prestige cosmetics in China. These are categories and geographies that are new or new frontier in a way. And that makes a lot of sense. Those are secular growth categories, those are secular growth areas.

Chris Carey: But a really key part of the bridge in the financial algorithm is still prestige fragrance. And it's still consumer beauty excluding skincare. And if I just think about the fragrance category, there's periods of cyclical. It's up, it's down. And so clearly there's a view that it can be sort of this mid single-digit type category going forward. And you'd like to grow in line with that. And I would just like to understand some of the assumptions or what you're seeing in the category that gives you confidence that we're into a new phase of sustainable growth for prestige fragrance. And so I'm just trying to balance those concepts. So thanks for that.

Sue Y. Nabi: Laurent, maybe you can start and I can complement on the truth.

Laurent Mercier: Yeah. I can start indeed with what you are raising and the question you're raising is really about priority setting and resource allocation. So again, the model, and this is what we invented seven months ago. This is what we are executing. And what I explained is really focusing first on efficiency. So it means that whatever category, either consumer beauty or prestige, we are really making sure hand in hand finance and the business teams that we have the right setup, that we have the right media, and we have the right ROI. So it's really focusing always discipline on return on investment. And I'm repeating, repeating is return on investment.

Laurent Mercier: Second element is, of course, to get the fuel, and this is what Gordon has shared. So that's why our gross margin agenda is so important. It's really that all the All-In To Win program was indeed focused first on fiscals, and now is really moving on, so to gross margin, you do the math. I mean, this way is really to get the fuel and really to allocate the fuel in the right priorities.

Laurent Mercier: So it's really what we are doing. It's a mix of getting the money, of course, and we are perfectly on track. And again, All-In To Win giving the money. But then it's really the way we use the money, and again, completely in line with the strategy. So our model is built this way, is fully designed.

Laurent Mercier: This is what we started again a year ago, it's working and we are keeping very strict discipline, putting some allocation, some resources. It's only indeed media, but it's also sometimes people or it can be also infrastructure. So there is no dogmatism here and again, setting on efficiency. And then Sue can indeed complement on the category trend that we are seeing.

Sue Y. Nabi: No, I think the question is about, is fragrance going to continue to grow, et cetera? And my strong belief is yes, I would say several times, yes. For many regions, first for geographic regions, because we have a region of the world and Caroline or Isabella I think has mentioned it that where two and a half percent of people are using scents on a daily basis, and two and a half percent of a population of more than a billion, you can imagine there is a huge potential over there. They are big lovers of fashion brands, couture brands. And we do own some of the most desirable brands.

Sue Y. Nabi: The second trend for me is the one in Western world, which is the one of premiumization of this business. I'm not thinking just about niche, artisanal high end fragrances, including in the mainstream big chunk of the market. We are selling more and more parfum instead of eau de toilette, which is much more expensive as you can imagine. And in a way, this is erasing or repairing the fact that for many years, fragrances were down-trading everything, they ended up looking like a commodity. So they are regaining the real luxury or fashion item status. And this in a way will make them as desirable as a fashion bag. That's my strong belief.

Sue Y. Nabi: And the third region is the young generation, and you couple this with the second, I would say, trend. The younger generation during these lockdowns, they had, all of us, I guess, these screens in front of us. And they started in a way to play, of course, with skincare, which they did for years with makeup, but less and less. And what, in a way, replaced, I would say the makeup tutorials is fragrance discovery. And the Perfect by Marc Jacobs video is a good way to show you the way people were playing with fragrances.

Sue Y. Nabi: Fragrance become a way to say who you are, in fact. And this young generation is hungry for self expression, and they overtook TikTok, everywhere around the world to, in a way, either rediscover things that were there for years, or to look for fragrances that speak to them, that look like them, et cetera. So if you couple all these things together for me, I don't see this at all as a cyclical. I see it really as a structural change, putting back fragrances to where they are maybe a century ago, which were luxury items as coveted as an expensive fashion bag, I would say.

Speaker 9: Next question is from Steph.

Sue Y. Nabi: Yes, Steph.

Steph Wissink: Hi, everybody. Steph Wissink with Jefferies. I have a question, Gordon, Laurent, for you, first is on the six pillars. I think Gordon, you mentioned that they are margin and growth accretive each of them. So the combination really drives you to the upper right of that heat map. I'm wondering if you can talk a little bit about that in relation to the mid 60s gross margin target. If you were to move higher, faster, what would be the priority for reinvestment in the business versus pass-through? How do you think about balancing those?

Steph Wissink: And Sue, just a really quick question for you. One thing that struck me about all of the presentations today was this idea of permission to really build franchises and platforms versus items and trends. Talk a little bit about the philosophy of that as a business leader, leading Coty, how you think about the permission to be in some of these new greenfield categories with these existing brands, franchises and platforms.

Sue Y. Nabi: Okay. Gordon?

Gordon von Bretten: So your question on moving higher, faster was around moving the growth margin higher, faster. I don't want to isolate one single thing. I think it's really the combination of the different factors we talked about. So there was the notion of supply chain improvement, which we're working on very diligently, that's coming automatically. I don't think you can really accelerate that. It takes a certain time to get to that point.

Gordon von Bretten: Then there's the factor around material cost. We're working very hard on that as well. I think that's happening as we speak. The one you could probably do more, maybe and accelerate is the whole portfolio mix. So as we grow and are more successful in certain elements of the portfolio that will drive a gross margin.

Gordon von Bretten: And then there was the one clearly around commercials, which is the pricing element. And I mentioned already that we're stepping out our performance on rolling our pricing increases. And then that's something that we're doing more than we initially anticipated, I think, which to some degree you will counteract the headwinds we're seeing out there, but that's an ongoing benefit. That's there to stay. And I think this new level of pricing diligence that we're building strategically into the company is something we can execute in the future year after year.

Sue Y. Nabi: So to answer the question about the permission to go in these new categories, I guess that you are referring to prestige makeup or skincare, for example. So prestige makeup, I think the team showed you that there were two areas where there is growth and where people are looking for brands, couture and indies. And we have both, in fact. We have some of the most desirable couture brands and we have one of the most, I would say the strongest, probably the most powerful indie brand when it comes to Kylie cosmetics. So the permission is obvious there, there is no question we just need to execute.

Sue Y. Nabi: And the good news, again, like Isabelle presented it is that today going on this market has nothing to do with going there just five or six or seven years ago, where you had to open a lot of stores where you had to operate. Today, the fact that consumers are more towards flagship stores, places that are becoming destinations, et cetera, who are partnering with us in the US and worldwide. And on the other side, shopping online is, in a way, making this much quicker and much easier in terms of speed of going to the market.

Sue Y. Nabi: When it comes to skincare, skincare is a very specific category. It's not a category that's driven by fashion names, you know you know that. It's really driven by innovation, honestly, and that's what gives me full confidence to push the whole teams. And you cannot imagine how we are trying to go faster than faster in this area to make it happen because we have this know-how, we have the people who understand the different trends, how to make them happen.

Sue Y. Nabi: And with the recent appointment of Constantin, put together with Isabelle, with Andrew in the US, Caroline on travel retail, [Guillerme] in China, we have people

who understand this business better than anyone else, or maybe at the level of the best ones. So again, the provision there is really more about our capabilities than about the brands, but the brands are also there. So in a way I haven't seen anything that prevent us to say we are going to do it. We have it. Thank you.

Speaker 9: Next question is from Andrea.

Andrea Teixeira: Thank you. It's Andrea Teixeira from JP Morgan. Definitely appreciate all the information and more visibility on the numbers. So I was thinking more like, as you step back on the long term algorithm, and of course the top line implies a faster acceleration to the EBITDA, how we should be thinking about reinvestment. I mean, obviously you've got amazing influencers. Skincare is something more unique for you now and obviously requires a lot of more capitation and investments. So is fiscal 23, probably going to be more of a reinvestment year? And I appreciate that, obviously this is part of the transformation process, but how we should be framing that in conjunction with your goals.

Sue Y. Nabi: Maybe I start just to give a frame, and Laurent you would complement, please. For me, it's never either, it's really both, honestly. It's really going to be investment and profitability. And the demonstration that Laurent has been doing, showing the different KPIs between today and 25 and beyond, I think is a great demonstration of this. So maybe Laurent you can add on why this is not going to be a choice between one or the other.

Laurent Mercier: Yeah, absolutely. And the question you are raising is really the daily work we are doing. So it's not even strategic, it's very operational. So again, I repeat and I also repeat every day to the team. So first our job and again with Gordon is that we find the fuel, we find the money. So that's why it's the All-In To Win program is so important. So we are really getting this money, but again, in a way that it's not hurting the business is what Gordon was sharing is the savings, which are not going against the business.

Laurent Mercier: Then contemplating this money is allocating where we have the strong ROI. So it means also on your question, is there one year or more than others a year? No, I mean, we manage. The algorithm is really even along by 25. So again, we are making choices. There are some areas where we need to invest more one year than another, but we do it really in a linear way.

Speaker 9: Next question's from Olivia.

Olivia Tong: Hi, thank you. Olivia Tong with Raymond James. My first question is around your benchmarking versus peers. A lot of the focus today has been on how you performed versus your past. But how do you think your plan to compare versus your peers as you benchmark your innovation approach, your manufacturing infrastructure, your go-to-market infrastructure going forward? And do you think your near-term investment plans in the current portfolio is enough? It

seems like you're done with the divestitures, but perhaps thinking about adding additional brands.

Olivia Tong: And then the other thing that I want to better understand is I think the plan is for consumer beauty, the market share to be flat-ish, which I'm a little bit surprised about given, CoverGirl start Max Factor and Rimmel, you're really at the beginning, why only growing in line with the market? Thank you.

Sue Y. Nabi: So let me just maybe try to make sure I got the first part of your question, Olivia. How do we compare versus our peers globally as the company and with the two divisions? Correct? So in consumer beauty, we are, again, a key contender in the makeup area, and we are going now to start to think about how we can be present in the big, huge market of skincare, more than half of this business.

Sue Y. Nabi: So you've seen the pyramid that compares us to the other brands, and we are occupying all price tiers. And in a way, the work that we have done since one year is to make sure each and every brand is positioned either at the right price level, or and into a key trend of the market of today and tomorrow. And we have a very strong, I would say, nimbleness in this area, because again, Rimmel just two years ago was not at all what you have seen today in terms of positioning, neither CoverGirl. CoverGirl Was about trying to mimic what some, I would say, darker niche brands in terms of almost gothic we're doing with black packagings, et cetera, which was not the right direction, obviously for this brand.

Sue Y. Nabi: So we really put back things to where they're supposed to be. And the ideas is to say it has to be true to the story of the brand. It has to be true to what the brand is standing for, and it has to fit in the key trends and in front of key competitors. So I think the pyramid was very clear in front of us, I'm not going to quote our competitors, they're listening to us. So I'm going to talk about our brands.

Sue Y. Nabi: So we are in a way occupying all key price tiers, all key price positioning. And prestige is exactly the same specifically on fragrances. On fragrances, the two missing parts that we had, even being the number one fragrance maker on niche or high end, super high end, whatever is the name. And you've seen that we have of course, into Gucci, into Burberry great potential, but also with Chloé [inaudible] I think for a lot of you, because several times when I speak about this brand, people don't see what it looks like. Today you've seen it and you can really see that this occupies something that doesn't exist anywhere else.

Sue Y. Nabi: A powerful brand is a brand that has a point of view on the world, and ideally, a unique point of view. And Chloe specifically, since Gabriela Hearst took cover the fashion brand with her concept of responsible or sustainable desirability or desirable sustainability. This is perfect in terms of portfolio. And you've seen that we have Italian brands, German brands, American brands, British brands, French brands. So this is the way we build a portfolio. That's for me, honestly, has nothing to invite to our competitors.

Sue Y. Nabi: Last, but not least in skincare, you've seen the pyramid. And again, there, we have all price tiers because skincare is also a lot impression of high premium, super premium, et cetera, but also key trends. And you have consumers around the world who are not looking for the same thing, they're all looking for results, that's for sure. But some of them want it to be naturally ingredient-driven. Some others are not afraid to try bit aggressive ingredients. Some others are all about the latest hype, cocoa butter, whatever, et cetera.

Sue Y. Nabi: And we made sure we position each and every brand across all tiers of pricing, but also across all trends. And the top of the pyramid was about, ultra premium, which is the fastest growing category in China. And people don't know, but it's not a tiny category like it is in some markets. It's really, if I'm not wrong, 30% to 40% of this market, which is huge, you see what I mean? And growing by double digit since forever, and I think forever. So there in a way, if I compare also to the skincare best doers, I'm happy.

Speaker 9: So I think, unfortunately we'll probably have to wrap up there. Thank you. I think so we'll just give a couple-

Sue Y. Nabi: Yes, absolutely. Thank you very much for your questions. Thank you Gordon, thank you Laurent.

Sue Y. Nabi: So again, thank you for the great questions. I've really, truly enjoyed presenting to you and listening to the great team that was here with us today. Honestly, it reminded of where Coty was when I joined a little over a year ago and how much has changed, and I hope that you are feeling the same thing.

Sue Y. Nabi: In just a short year, we have not only put the company back on solid footing, but also carved the path to transform Coty into a true global beauty powerhouse. Coming away from today's presentations, I hope you share the conviction that I have in the comprehensive plans in place, and also the tremendous progress that we've already made. So Gordon presented to you our transformation journey and the All-In To Win program is not just about cost-cutting, but about unleashing Coty's growth, potential through investment, where we can add most value.

Sue Y. Nabi: Alexis and Stéphane showed that our consumer beauty brand repositionings are taking hold with the consumer beauty portfolio gaining share in September for the first time in many years, and position us to grow our consumer beauty sales in the low to mid single digits. Isabelle and Constantin presented how we will accelerate the prestige fragrances and how we will continue to capture opportunities within prestige makeup, and of course, prestige skincare with our comprehensive brand portfolio with a target of high single digit like for like sales growth going forward.

Sue Y. Nabi: Andrew showed us the great, and growing power of Kylie and Kim Kardashian-West beauty brands speaking to the immense opportunity ahead of us. Jean-

Denis spoke about building our e-com and DTC expertise and capabilities where we are differentiating and leading in the growing areas of social commerce, live streaming, innovative content, and next gen DTC brands.

Sue Y. Nabi: Guilhem and Caroline outlined the incredible and huge growth momentum we are already seeing in China as we are growing at four times, the market driven again by prestige makeup and ultra premium fragrance offers, and we are targeting substantial growth going forward in mainland China in Hainan, and of course in global travel retail.

Sue Y. Nabi: Finally Laurent gave us the specifics on our long term growth plan, how we'll continue to grow like for like sales at six to eight percent ahead of the beauty market growth of three to five percent. And at the same time, expanding gross margins growing EBITDA nine to eleven percent, growing EPS at over 30 percent through fiscal 25 and steadily the leveraging to reach our optimal leverage level of below two times.

Sue Y. Nabi: What you should take away is this, our turnaround has been a success. Every single member of this team has a proven track record of delivering results in their field of expertise, and they are hungry to achieve more. They chose to join Coty because they believe in our story and want to be part of its future success. And this is it. We expect to outplay from the beauty market through fiscal 25 and beyond. We have reclaimed our position as a true beauty powerhouse. This will now be launched outside the hall, followed by the breakout session, starting at 12:30. Thank you very much for your attention. Thank you .