

Q4 2021 Earnings Call

Company Participants

- Laurent Mercier, Chief Financial Officer
- Sue Y. Nabi, Chief Executive Officer

Other Participants

- Analyst
- Andrea Teixeira
- Chris Carey
- Mark Astrachan
- Olivia Tong
- Robert Ottenstein
- Stephanie Wissink
- Steve Powers
- William Reuter

Presentation

Operator

Good morning, ladies and gentlemen. My name is Brittany, and I'll be your conference operator today. At this time, I would like to welcome everyone to Coty's fourth-quarter fiscal 2021 results conference call. As a reminder, this conference call is being recorded today, August 26, 2021.

On today's call are Sue Nabi, Chief Executive Officer; and Laurent Mercier, Chief Financial Officer. I would like to remind you that many of the comments today may contain forward-looking statements. Please refer to Coty's earnings release and the reports filed with the SEC, where the company lists factors that could cause actual results to differ materially from these forward-looking statements. In addition, except where noted, the discussion of Coty's financial results and Coty's expectations reflects certain adjustments as specified in the non-GAAP financial measures section of the company's release.

I will now turn the call over to Mr. Nabi.

Sue Y. Nabi {BIO 21845588 <GO>}

Ladies and gentlemen with the conclusion of our fiscal '21 year, I'm very pleased by the progress we have made over the last 12 months and even more excited about the opportunities and momentum still ahead. This has truly been a transformational year for

Coty. Over the last 12 months, we have built a leadership team of beauty and transformation expert and then began executing on our multi-year strategy completed the divestiture of Wella significantly, improved our leverage profile and over delivered on our savings, revenue and profit objectives. It's clear that Coty is emerging as a much stronger and more nimble organization.

At the same time Coty has clearly stepped up its beauty expertise and willing to take risk to shape the future of the beauty industry. There are a number of key points that I want to highlight today. First, our fourth quarter revenue growth was ahead of expectations, fueled by double to triple digit growth in each region, and triple digit growth in our prestige brands. As we continued to see a robust prestige fragrance demand in the U.S. and China coupled with continued expansion of our prestige cosmetics footprint.

At the same time, our consumer beauty brands grew close to 40%, driven in part by the turnaround in CoverGirl and the renewed consumer migration towards trusted brands. A trend that they're underpinning the rebuilding of our consumer beauty portfolio. As a result, our fiscal '21 revenues of \$4.63 billion ended above the high end of our guidance range. Second by accelerating our savings, delivery in fiscal '21, ending at over \$330 million or over \$100 million higher than our original target. We were able to fuel both profit delivery and reinvestment in our business to accelerate our growth.

In fact, we ended fiscal '21 with adjusted EBITDA of \$760 million or \$10 million above our guidance and above expectations. And with an EBITDA margin of 16.4% in fiscal '21, 300 basis points higher than pre-COVID levels, despite a lower sales base is clear, that we are well advanced in making Coty into a leaner organization. Third, we continue to make broad-based strategic progress across each of our six strategic pillars, and I will cover some of the milestones on today's call. Finally, as we are now two months into our first quarter of fiscal '22, it's quite clear that momentum is building in the business propelled by a combination of strong Coty initiatives across fragrance and cosmetics coupled with an improving industry backdrop. Let me now take a few minutes to review our revenue trend in Q4 and in fiscal '21 before I hand it over to Laurent to take you through our financials then I will wrap it up with an update on our strategic progress and of course outlook for the coming year.

Our fourth quarter revenue has nearly doubled year-on-year as we lapped the peak of COVID impact in the prior year, while all regions returned to year-on-year growth in Q4. The U.S. and China markets were standouts. The Americas region grew 67% in Q4 and 6% in fiscal '21 with a full-year performance driven by double-digit growth in U.S. prestige products, and growth in Brazil and Canada. But the momentum we have seen in the U.S. over the past year and continuing today confirms our view that the U.S. will remain a key growth market for Coty and reinforces our investment strategy. Asia Pacific grew 59% in Q4, with China growing double-digits on a quarterly and full year basis both year on year and also versus fiscal '19 as we focus on building China into another powerhouse market for Coty.

EMEA sales more than doubled in Q4, even as many European markets remained under restrictions through most of the quarter. In fact, in Q4 our consumer beauty brands

recorded stable market share in EMEA for the first time in over five years, even though our key brand initiatives only started going live at the end of the quarter.

Moving on to sales by channel. Our prestige sales more than doubled in Q4, and we're nearly flat like-for-like in fiscal '21 even as we continue to reduce sales in low quality channels, which represented a low teens negative impact to prestige brand sales in Q4 and high single digit negative impact in fiscal '21 related to fiscal '19. Nearly, all prestige brands were up double to triple digits in Q4, with standout performance from Gucci, Marc Jacobs, Burberry, Calvin Klein and Chloe, supplemented with expansion in Coty's new growth engines, prestige cosmetics and skincare.

In fact, looking at the second half of our fiscal year, our prestige brands grew 43% like-for-like versus last year, compared to prestige beauty market growth in the 20% range. Our mass beauty revenues increased 38% like-for-like in Q4, with growth across each region, even as the mass channel was the least impacted by last year's COVID related store closures. Growth was led by CoverGirl, Rimmel and Max Factor as the mass beauty category returned to year-over-year growth. Having unveiled the new brand positioning behind each of these key cosmetic brand, we are now also turning our focus to the body care part of our consumer beauty portfolio.

Here, we intend to leverage the know-how and capabilities of our key Brazilian brands like Monange and Paixao to accelerate our global body care brands, including Adidas. On a six-month basis, our consumer beauty brands grew like-for-like 7%, slightly ahead of the underlying mass beauty market. Having concluded the year and as we are now in the process of putting our new organizational structure in place. We have decided to transition to new segment reporting beginning during the first quarter '22, based on two segments, prestige, and consumer beauty. This will align with how we plan to run our business internally with dedicated chief brand and commercial officers for each of these businesses. We will be publishing recast historical financials reflecting these segments, a few weeks before our next earnings call.

I will now hand over the call over to Laurent to take you through our financial results.

Laurent Mercier {BIO 22079608 <GO>}

Thank you Sue. Our first quarter maintained our -- based on strong profit delivery allowing us to exceed our full year adjusted EBITDA target. I am pleased to say that this Q4 profit was driven by both gross margin and cost reduction, allowing us to meaningfully step up marketing investments, behind our brands. Starting with our gross margin performance, our Q4 adjusted gross margin of 60.9% improved by over 20 percentage points from last year, which was significantly depressed due to the COVID crisis. This marks our second consecutive quarter of gross margins above 60%, as we delivered on our strategic framework. For fiscal '21, our gross margin reached 60% an increase of 190 basis points from fiscal '20 and in line with gross margin of the RemainCo business in fiscal '19, despite a lower sales base. Our fiscal '21 gross margin benefited from the positive mix shift towards prestige brands, e-commerce and skin care as well as material cost savings enhanced by supply chain productivity and improved excess and obsolescence.

We remain laser focused on further driving gross margin expansion in fiscal '22 and beyond. We have a multi-pronged multi year gross margin OpEx plan in place while we also expect to benefit from positive channel, category and regional mix shifts. This would in turn allow us to continue reinvesting behind our brands and simultaneously deliver strong profit expansion.

As we mentioned during our last earnings call, we continue to step up our marketing investment during Q4, AnCP was approximately 26% of sales in the quarter, which is a sequential acceleration from Q3 as well as the first half of fiscal '21, with working media increasing more than 30% from Q4 '19 levels. I want to emphasize that while we are investing behind our brands our philosophy remains fewer, bigger, and better, which also means that we are very focused on the return on investment of these marketing investments. Sue will soon be giving you a lot of details on the successes we have had across our growth pillars. However I will just highlight some of the areas where we are directing media investments.

First, we continue to invest behind brands and launches with proven success and market share momentum, including Marc Jacobs Perfect, CoverGirl, and Sally Hansen. We also fueled our expansion into new categories, particularly Gucci makeup in China, which is winning both online and offline. And finally, we are investing in our key fragrance icons such as BossBottled, Chloe Signature, Marc Jacobs Daisy and Gucci Guilty. This is driving strong ROI in the U.S. for example, where our icon's market share, grew plus 0.6 percentage point in Q4.

The ability to accelerate our marketing investments and deliver profit growth, continues to be enabled by our strong cost reductions. During Q4, our fiscal declined 15% year-over-year and we're down 16% for fiscal '21. We achieved approximately \$70 million of cost savings during the quarter bringing our total fiscal '21 cost savings to over \$330 million. This is significantly ahead of our initial expectations for the year. The largest contributor of fiscal '21 savings were fixed cost reductions, including headcount and business services. The other buckets that made up these \$330 million of savings, included cost of goods sold, structural agency pay reduction, and trade investments.

Given the accelerated savings we achieved this year, we now anticipate fiscal '22 savings of over \$90 million, which are net of cost inflation reinstating bonuses, structural organizational reinvestment behind our growth pillars. Though it's important to note that these does not include our intended reinvestment in AnCP.

We remain on track to reach our fiscal '23 target of a total of \$600 million of savings and at the same time, we are intensifying savings, projects beyond fiscal '23.

Equally importantly, we have been managing the one-time cash cost associated with the savings program very tightly. In fiscal '21, cash outlay related to this one time cost was below \$200 million and we expect another \$200 million of cash outlay, over the next two years bringing the total budget to approximately \$400 million or \$100 million below our initial target.

This is a true testament to how we have been able to transform the culture to a much more cash centric culture, which will in turn enable us to actively drive down our leverage.

Moving to our profit delivery. Adjusted EBITDA came in ahead of expectations for Q4 allowing us to exceed our full-year adjusted EBITDA guidance. Our adjusted EBITDA was \$127 million or 12% of sales in the quarter and for the year this was \$760 million or 16.4% of sales. While this marks a very significant improvement from last year, which was heavily impacted by the COVID crisis, our fiscal '21 EBITDA margin was actually 300 basis points higher than our fiscal '19 RemainCo levels despite sales being lower.

Our strong profit performance this year was driven by strong gross margin expansion as I previously mentioned, focused marketing investments and fixed cost savings. In summary, the robust profit delivery should be the evidence, that fiscal '21 was the year, we started the virtuous cycle. We do not see a trade-off between sales growth and profit improvement, but see the simultaneous achievement of both as very attainable goals. Turning now to our EPS, which included the following drivers. Adjusted EBITDA for the quarter of \$127 million, income tax of \$9 million, despite the negative pre-tax income, which reflected the true up to bring the full year adjusted effective tax rate to 21% in line with our previous comments.

Nearly, \$40 million of other items which primarily includes \$24 million of preferred dividends, as well as \$10 million of deferred financing write-offs related to the April and June refinancing. As a result, our Q4 diluted adjusted EPS ended at negative \$0.09. For the fiscal '21 EPS based on \$760 million of adjusted EBITDA, and effective tax rate of around 21%, we ended the year with diluted adjusted EPS at \$0.01. While not included in our adjusted EPS during the quarter Wella's fair market value rose by \$10 million, continuing the trend of value expansion in the last two quarters.

Looking to fiscal '22, I would like to provide some context on the different drivers for our adjusted EPS. First, as of Q1 '22 we will be excluding non-cash stock compensation from our adjusted results, including adjusted EPS.

Second, we would expect interest expense in the mid \$200 million, a bit higher than the fiscal '21 expense of \$245 million. On the continue ups basis, reflecting a lower net debt balance offset by someone higher cost of debt post refinancing.

Third on the tax side, we are anticipating an adjusted effective tax rate for fiscal '22, in the high 20s percentage as our global principal jurisdiction are now in Amsterdam and the U.S. However, we note there is a high degree of uncertainty with effective tax rate projections in the current environment. Finally, the convertible preferred shares on our balance sheet, do introduce a number of complexities, to the calculation of Coty's adjusted diluted EPS. To help investors and analysts model our EPS correctly, we have posted on the Coty investor relations website, a short overview of the accounting treatment that you need to keep in mind.

Now, moving to free cash flow for the quarter, which came in roughly even despite Q4 typically being a seasonally weaker cash flow quarter. We continued our strict

management of CapEx and one time costs during the quarter, with one-time cash costs for fiscal '21, coming in below \$200 million. As a result for fiscal '21, we generated free cash flow of \$145 million, which is in line with our expectations. Cash generation remains a very important priority for us going forward. We have identified a number of opportunities across 11 key streams, which we believe should further bolster our cash flow in fiscal '22 and beyond and derive a steady reduction in our net debt.

Turning now to our capital structure. We ended Q4 with a financial net debt balance of approximately \$5.2 billion, which is a slight increase from Q3. This is largely the result of a negative ForEx impact, so \$24 million cash payment of the convertible dividend as well costs related to the two refinancing transactions completed in the quarter. Factoring in our 40% stake of Wella, valued at approximately \$1.26 billion, we ended the year with economic net debt of around \$4 billion.

During Q4, we successfully completed the issuance of EUR700 million, 3.875 senior secured notes due in 2026 and \$900 million of 5% senior secured notes due in 2026 with a strong demand for both issuance, allowing us to up-size both transactions. These transactions extended the maturity profile of our debt portfolio and significantly reduced refinancing risk. Fiscal '21 was a pivotal year in the improvement of our capital structure through the sale of our 60% stake in Wella and we remain on track to end calendar '21 with a net leverage ratio moving towards 5x and end calendar '22 with leverage of approximately 4x.

As a reminder, we continue to view our retained 40% stake in Wella as a financial stake with further evaluation up-size and we will continue to be active and tactical in identifying opportunities to monetize this non-strategic Wella asset and further reduce our leverage.

Building on this point, considering the dynamism of the beauty market Coty is always on the lookout for opportunities to leverage assets to create value and fuel growth. In order to support the growth of the Brazil business and Coty's personal care brands, Coty confirms that it's pursuing a partial IPO of its Brazil business. Earlier today, Coty completed its first filing at CVM, the securities commission which regulates capital markets in Brazil to commence this partial IPO process. This will also help advance Coty's deleveraging agenda. Coty intends to remain a controlling shareholder of the Brazil affiliate.

Due to local Brazilian regulations, following its first filing, Coty cannot offer further details at this time but will provide updates in due course. Additional information about the partial IPO of the Brazil business can be accessed on the CVM website.

I'll now hand the call back to Sue for a discussion of our operational milestones and outlook.

Sue Y. Nabi {BIO 21845588 <GO>}

Thank you very much, Laurent. So in addition to our financial delivery in Q4 and for the year, the Coty organization has been moving at top speed to execute on the six strategic pillars we unveiled at the end of April. We've made good initial progress with even more still to come. So let me spend a few minutes on some of the tangible milestones we have achieved already in our journey to transform Coty into a beauty powerhouse.

The recent appointment of Constantin Sklavenitis as Coty's new Chief Prestige Brands Officer is integral to our plans as Constantin background at MAC Cosmetics, Urban Decay, IT Cosmetics and Kiehl's makes him the ideal leader to take our prestige makeup and prestige skincare footprint to the next level while further building on our fragrance momentum.

Starting with our first strategic pillar, it's stabilizing our consumer beauty brands. Our first area of focus was the largest brand in the consumer beauty portfolio, CoverGirl and we did not lose any time, unveiled a new brand repositioning campaign disrupted advertising and highly successful launch of a clean vegan mascara in early spring. The results speak for themselves. In the June quarter, CoverGirl grew sellout in brick & mortar by 24% compared to the broader color cosmetics category growing 16% with the highest brand share in five years. The growth was fueled by new advertising creative and fewer bigger better investment across media, promotion and display on CoverGirl's key Magnificent 8 franchises.

In particular Lash Blast Clean Mascara, is our largest mascara launch in over five years, while the Simply Ageless franchise is booming driven by the viral TikTok craze for Simply Ageless Wrinkle Defying Foundation and media support behind the high-performing creative assets starring Nicki Taylor.

The overall market share gains strength of innovation and powerful advertising have given retailers renewed confidence with CoverGirl where we retain shelf space in 2021 year to date for the second year in a row. Building on this success on the last earnings call we introduced the new brand positionings and brand ambassadors for to other leading cosmetic brands, Rimmel and Max Factor.

It's important to note that the new campaign and in-store visuals for Rimmel only went live in June and July so we'll be monitoring the results closely in the coming weeks and months. However, I can already confirm that according to the latest news and data, Rimmel has reached its highest market share of the last 10 months as in the UK, its largest market. And in Germany, where the brand is marketed under the name Manhattan, the newly launched Wonder'Extension Mascara is strongly resonating with consumers, and is already that brand's number one mascara.

Similarly for Max Factor, the new visuals and assets are going live as we speak and we will be of course monitoring early results. However, you can see on this slide, the new campaign for Max Factor FaceFinity 3in1 Foundation starring Priyanka Chopra Jonas, bringing back the glamour, the luxury, and the transformational power that was always associated with the iconic Max Factor brand at Coty.

The new positionings of our iconic cosmetic brands, such as CoverGirl, Rimmel, Max Factor and Sally Hansen assure that our portfolio of mass makeup is well positioned and covers the key trends across core markets. Now, our second strategic pillar, which is focused on accelerating our luxury fragrances and becoming a key player in prestige makeup. For fragrances, we are continuing to boost and strengthen our leading brands through new innovation as well as renovations of key icons. Starting with Marc Jacobs Perfect, which launched a year ago.

Perfect unique bottle use and breakthrough campaign, which celebrates being real, being bold and being perfect as you are, has propelled this launch to be not only the biggest launch for Coty in the US in over 10 years, but also the biggest launch across the whole US fragrance market in the last three years. For Gucci, the fragrance portfolio including icons like Guilty and Bloom is already in the top 10 across key markets like US and China and very clearly gaining market share.

We continue to build on the strong appeal of the Gucci brand with our latest launch, which I will discuss very shortly. Finally on Chloe, the Atelier des Fleurs collection is quickly becoming a staple among ultra-premium artisanal fragrance brands in China. Despite its relatively recent entry into Asian markets, this ultra-premium collection has propelled Chloe to be a top 20 fragrance brand in China retail with sales doubling this past quarter. Turning now to prestige makeup, it's important to note that, while we have introduced our strategic ambitions, only a few months ago, Coty has already made good strides in building out our prestige cosmetics presence.

In fact prestige makeup caused a non-material part of the portfolio, only two years ago and is now approximately 3% of our sales, anchored in our three key brands, Gucci, Burberry and Kylie. I firmly believe that our portfolio of prestige makeup branch is very well positioned, comprehensive and covers the key trends per market, including personality-driven new brands, which are leading in the U.S. and fashion driven brands, which are leading in Asia-Pacific, China or Europe. As we continue to expand the distribution and assortment behind these leading brands, we are confident in our ability to drive prestige cosmetics to a high single digit percentage of our portfolio by fiscal '25 in line with the targets we laid out in April.

Focusing on Gucci makeup in particular, the brand is clearly winning wherever its present. In the U.S., Gucci makeup sales in comparable doors doubled in fiscal '21, which supports our plans to significantly expand distribution in fiscal '22.

In Europe, we have been very selective in the doors where we have launched the line focusing on the highest productivity doors for leading beauty retailers like Sephora and Golden Apple in Russia. And the results honestly have been exceptional. Gucci makeup is ranking in the top 10 in the Europe Sephora doors, and top five in the Russia doors where the line is present.

Finally, in China where we are aggressively expanding Gucci makeup presence both offline and online with Tmall, the brand's ranking has improved 11 ranks versus last year.

Shifting to our third strategic pillar, building our skincare portfolio. Again while much of the momentum here is still to come. We have already made some good progress, specifically skincare accounted for approximately 5% of the portfolio in fiscal '19 and is now standing at 6% led by brands such as philosophy, Kylie skincare, and Lancaster. And as we continue to both expand these brands and start taking some of our existing prestige and consumer beauty brands into skincare, we continue to target skincare reaching over 10% of our sales in fiscal '25.

So now, let me spend a minute on our core skincare brands. As we've discussed in the past philosophy is a staple in the US prestige skincare market holding the number 8 position. In fact with the brand's strength in cleansing and exfoliating while giving back to the skin, philosophy's purity line is the number one cleanser and the Microdelivery line is the second facial exfoliator in the US. We have continued to build out philosophy multi-channel presence by bringing a unique branded philosophy presence on Amazon. And now only one year post launch, philosophy is already the second prestige skincare brand on Amazon.

For Lancaster, our revitalization strategy is being launched in Hainan. We opened a beautiful brand counter and temporary pop-up store in Lagardere, which you can see in the video here, drawing big crowds and great consumer engagement.

As a result in this location, Lancaster ranked number three in June, amongst niche, skincare brands and in the top 20 amongst all skincare brands, based on this initial success, we plan to continue to open more Lancaster doors in fiscal '22 across Hainan, Mainland China and Korea.

Finally, on our third skincare brand in our portfolio Kylie skincare, we saw good momentum with the launch of the makeup melting cleanser though our focus was very much on the successful relaunch of the Kylie cosmetics line with an integrated direct-to-consumer website. I will of course discuss the results of the relaunch very shortly. In total, our portfolio of skincare brands, is very well positioned and covers the key trends by market including personality-driven and niche brands leading in the U.S. and prestige brands with strong credibility from Europe in our case Monaco, resonating across Asia.

Moving on to our fourth strategic pillar now, building our e-commerce and direct-to-consumer expertise and capabilities. In Q4, we continued to build on the momentum of the previous quarters recording 19% growth in our e-comm sales. This brought our total e-comm sales growth for the year to plus 34%, including 37% growth in our prestige brands and 25% growth for our consumer beauty brands. As a result, our e-comm penetration reached a high-teens percentage in fiscal '21, twice the penetration level pre-COVID and our intent is of course to continue to accelerate this further in the coming years.

As part of our strategy to continue to strengthen our e-comm and direct-to-consumer capabilities, I wanted to share a couple of recent examples from the U.S., specifically as we are coming out of the pandemic where much of our e-comm focus was on search and conversion, we are now leaning into digital first omni-channel. By this, we mean shifting

our strategy more into digital storytelling and discovery, which is leading to product sales, boosts both in store and online.

Let's start with CoverGirl recent partnership with Amazon across it's ecosystem. CoverGirl teamed with Amazon in an entertainment commerce mid social commerce initiative. On two episodes of inside Making the Cut on AmazonLive, CoverGirl showed fans how to recreate the beautiful signature clean and fresh faced makeup looks from the Amazon original series. Viewers were able to watch the clean makeup tutorials and simultaneously shop the same CoverGirl products on Amazon to get the look they love. In the second example of our digital first omni-channel approach, we identified high engagement and high quality organic Rimmel content currently on TikTok.

After investing and boosting these two organic Rimmel reviews over a one-week period, we saw a clear uplift in weekly sales on the two Rimmel products across each of our key retailers, both offline and online. Of course, we fully intend to replicate this approach and learnings across more brands, and more markets moving. Now, to our fifth strategic pillar expanding in China, which is really a perfect blend of the first four strategic pillars. Again, while 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 versus fiscal '19 and fiscal '20. As a result, China has expanded from less than 3% of sales in fiscal '19 to over 4% of sales in fiscal, '21. And our goal remains to boost China to over 10% of our sales by fiscal '25.

Underpinning, this growth in China is the strong momentum we are seeing in our Prestige Brands there. In Q4 Coty as a company ranked number 9 in China's total prestige beauty market an improvement of one rank from Q3, despite our limited presence in China's core skincare category. In fact, our prestige retail sales outpaced the market growth by almost four times, with our sellout growing plus 90% in Q4, compared to the market at plus 25%. This is the second consecutive quarter of Coty outperforming the China beauty market.

Digging deeper of the top 20 prestige fragrance programs brands in China, 5 are Coty brands, including Gucci, Burberry and Bottega Veneta. This is a great baseline for future growth, as China's prestige fragrance market has already surpassed in size both the prestige fragrance markets of key countries like UK and Germany. And we foresee strong growth in the China fragrance market for many years to come. And in China's prestige makeup market, Gucci and Burberry are already in the top 25, despite much more limited distribution versus established competitors.

In fact in Q4, Gucci makeup sellout grew tenfold year-over-year, fueled by both brick-and-mortar sales, and the brand launch on Tmall with Tmall sales already surpassing offline sales. As we focus on building our presence and recognition in China, we're very happy to announce that Coty will exhibit for the first time at the 2021 China International Import Expo, which will be a great opportunity to showcase our beautiful brands and products. Having covered many of the progress areas today I'm even more excited to share details on the momentum, we are already seeing in the first quarter of fiscal '22.

First, let me start with Kylie. The long-awaited relaunch of the new Kylie cosmetics line together with the new integrated website happened on July 15. Together with Kylie, we took the opportunity to update all of the cosmetics products assuring that each product was vegan cruelty-free with clean formulations free from over a thousand contested ingredients while delivering top notch quality. The excitement of our fans were palpable with 300 orders a minute coming in on the DTC website in the first 15 minutes of launch.

We saw the same kind of excitement several weeks ago, when Kylie launched her Birthday Collection with thousands of orders coming in the first 15 minutes. And in both cases, we saw basket sizes and order values exceed the averages pre-launch, as consumers were able to bundle products across cosmetics and for the first time skincare. While most of the orders on the direct to consumer websites came from U.S. consumers, returning customers represented the majority. The brand relaunch resonated just as strongly in international markets. In the UK, Kylie Beauty was a top-10 beauty brand at Selfridges. In fact, the Kylie shade lip kit was the third top selling SKU across all of Selfridges products, not just beauty.

Similarly for Douglas with Kylie cosmetics now available on its website across several markets and in-store presence slated for the fall, cosmetic sellout was two times higher than forecast and drove a clear boost to Kylie Skincare. We saw the same kind of momentum at Ulta as well. The global momentum correlates well with Kylie's tremendous appeal online across social media platforms. In fact, our analysis shows that amongst other top personality led beauty brands, Kylie Cosmetics has the most likes and post interactions across Instagram and Facebook and that Kylie's live shopping event, which accompanied the relaunch of the cosmetics line far exceeded benchmarks on order volume and conversion rates. All of this confirms the strong pull that Kylie has with the GenZ consumers across many key markets and our goal is to fuel this momentum with more launches and more activations in the coming year.

On the fragrance side of our portfolio, we have a robust launch scheduled for the first half of fiscal '22, and we are complementing this with the rollout around the globe of our first to market digitally enabled touchless fragrance testers. So let me take a few minutes to walk you through our key launches. On Gucci, we're extremely excited by the recent launch of Gucci Flora Gorgeous Gardenia, building on Gucci's iconic Flora pillar. We expect Gucci Flora Gorgeous Gardenia to be our biggest fragrance launch of fiscal '22. The concept behind the launch is simple, Flora is driving back magic and -- in this enchanted world.

With Miley Cyrus as the face of not just the fragrance campaign, but also the Gucci brand. We are working extremely closely with the fashion house to accelerate the brand right in time for Gucci's 100 year anniversary. It's important to note that, Coty's activities and support behind Gucci beauty and Gucci's activities and support behind the fashion brand are very synergistic and fully amplify each other. We believe that the mix of different elements, ranging from Gucci's 100 anniversary activations, together with our continuous work to elevate Gucci Beauty and Flora and complementary events like the House of Gucci movie release, will further propel Gucci's rankings in both fashion and beauty.

And we are already seeing strong results for Flora. The campaign announcement has reached 1.8 billion impressions, while still early into the launch, we are already seeing great initial sellout results in North America, where Flora is currently exclusive to Sephora. Flora is already the third fragrance in U.S. Sephora and already the first fragrance in Canada Sephora.

Now on Burberry, we have launched the new male cologne called Hero, which we believe has strong potential to become another icon in the Burberry portfolio following on the success of Burberry Her. The concept for the launch encapsulates modern masculinity playing on the essence of primal human and animal instincts and embracing our singularity.

The campaign starring Adam Driver has already reached over 2.3 billion impressions and the initial sellout results have been equally very promising. In the U.S. Hero is currently exclusive to Bloomingdale's and has become the number one male fragrance at the retailer.

Similarly in China, Hero has reached the number 3 spot in male fragrances on TMall. On Calvin Klein, we've introduced a new male fragrance pillar called Defy, with the campaign faced by actor Richard Madden. Defy is all about facing our fears and reconquering our freedom in this post pandemic world. And again our investment behind CK Defy will only be amplified by the support of the fashion brand. The launch is off to a great start here again. Driving market share gains for the Calvin Klein brand in the UK with the Calvin Klein male fragrance rank improving by seven spots. Similarly, in the U.S. initial sellout is already almost two times higher than forecasts.

Complementing this fantastic lineup of fragrance launches our initiatives in consumer beauty, specifically we recently launched the wholly new concept under Sally Hansen called It Takes Two. The product combines the two step process of the iconic Miracle Gel line into an easy-to-use portable format. We are supporting the launch with highly engaging videos and contents on TikTok and other social media platforms and you can see one of the videos here, which are seeing engagement rates more than double benchmark on TikTok.

We are also attracting consumers and educating them on the new usage concept through disruptive in-store displays such as this one. The results are here again clear. Since the launch of It Takes Two, Sally Hansen's Miracle Gel franchise has reached its highest market share in four years. The success of this innovation is something that we can clearly build across several of our other cosmetics brands. That brings me to our outlook for the year. As you have undoubtedly seen, fluctuations in COVID are driving volatility across markets in terms of restrictions, store traffic and of course social mobility.

Yet at the same time, we are not seeing any slowdown in fragrance momentum in key markets like the U.S., China demand continues to grow even with added temporary restrictions in certain cities. And at the same time, we are also beginning to see signs of recovery in some European markets. Similarly, while international travel is still under

pressure, local travel retail is clearly seeing improving trends, even if traffic to Hainan has temporarily slowed.

Finally, makeup demand is also gradually improving though COVID impact remains a watch out. Combining this improving demand backdrop with the very strong Coty launch calendar, which I just discussed, together with the first tangible results of the execution of Coty's six pillar strategy, the result is very strong sales momentum in our business.

Building on the very strong double digit growth in our sales in July and August to-date, we are anticipating a first quarter of '22 like-for-like sales growth in the high-teens percentage.

Looking beyond Q1, assuming no significant deterioration in COVID conditions globally, we expect beauty demand to continue to improve though base year comparisons should get more difficult. At the same time, our strong launch calendar should extend through the year with the rest of the year. As a result, we are targeting for fiscal '22, like-for-like sales growth in the low teens percentage continued expansion of our gross margin, strong operating leverage as we maintain our fixed cost base is relatively stable, which should drive fixed cost as a percentage of net revenues lower by approximately 300 basis points, continued expansion in our R&D investments, which have grown by 10 basis points to 2.1% and should continue to expand.

Adjusted EBITDA of approximately \$900 million on a constant currency basis, representing roughly 100 basis points of margin improvement. And we continue to target leverage towards 5x exiting calendar '21 and calendar year '22 but leverage of approximately 4x. To conclude, I'm incredibly proud of what Coty has accomplished in the past year. We have ended fiscal '21 with revenues, savings and EBITDA ahead of expectations. We have put our plans in motion, executing on each of our strategic pillars and already seeing positive milestones in each and every area. And building on this progress, we are starting fiscal '22 on very strong footing, expecting high-teens like-for-like sales growth in Q1 and low-teens like-for-like growth for the year as a whole clearly showing that Coty is in the driver's seat.

As we move through fiscal '22, we expect our gross margin expansion and further cost reductions coupled with the flow through of the additional sales to fund both strong profit improvement and reinvestment in the business to drive our six pillar strategy. Our commitment remains to meaningfully reduce our leverage by end of calendar '21 and beyond and continue to drive profitability growth through strong sales acceleration.

Thank you all for your time today. We are now happy to take your questions.

Questions And Answers

Operator

(Question And Answer)

(Operator Instructions) And we will take our first question from Rob Ottenstein with Evercore. Your line is now open.

Q - Robert Ottenstein {BIO 1498660 <GO>}

Great. Thank you very much and terrific progress. I was wondering if you can help us, maybe just focus a little bit more on the first strategic pillar, which is stabilizing the Consumer Beauty business. Obviously, given that comps, it's a little tricky to -- and difficult for us to judge your progress. You gave us some good market share data, which is certainly, indicating significant progress. But I was wondering if you could go, maybe a little bit deeper in terms of repeat purchase or brand equity scores or any other metrics and to support confidence that the stabilization and the trends that you are seeing are likely to continue in the future. Thank you.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Hi, Rob. Thanks very much for the question. That is new great occasion to really speak about this, I would say big success that we're having on CoverGirl. This was really not something that was easy to achieve as you can imagine. The brand has been losing market share for years and years. And in fact, we made the both decision to bet on one key area of the business. But by the way, the key area that's growing back the American cosmetics business, which is Clean Beauty. Clean Beauty is clearly, over-indexing the recovery of the beauty category, specifically in the U.S. market.

And CoverGirl, as you know, it is not only the inventor of Clean Beauty 60 years ago, but was the brand that was launching innovation in this area with clean fresh line launch of -- last Spring followed by Lash Blast Clean that became CoverGirl biggest mascara and again, we've decided also to come back to another asset of the brand, which is what we call today, a makeup meet skincare with Simply Ageless, which is by the way, the best-selling anti-aging condition in the U.S. and when you add these two together with a new way of doing advertising, you clearly see that the brand is re-attracting consumers. But at the ones, we let the brand in the past namely Gen Z, Millennials but also people who are Hispanics -- from Hispanic community.

So, when you add all these together, you can understand very easily why the brand is growing again, because these demographics of those, who are the biggest consumers of makeup. We are also progressing, I would say, on people, who are older than 40 years old, which is a key category for categories, such as foundation and mascara too. When it comes to the second part of your question about the metrics. What I can tell you is that we are really, really following very, very carefully and in new assets we are producing. If I take one example, which is the Niki Taylor, Simply Ageless advertising that just restarted in the U.S. beginning of August.

This one is probably honestly, I think, it's probably one of the best testing advertising that not only Coty has done on the CoverGirl, but including probably, in the past of CoverGirl, where the brand was a number one brand in the U.S. And the metrics we are following such as purchase intention, ability to convert people from interest to purchase et cetera, are among the highest ever seen into the database of the companies that does the testings for us. So, we are super-super confident that the new generation of advertising

behind products that are those that people are looking for today again Clean Beauty, makeup powered by skin care, et cetera is the winning recipe and that's the reason why the brand has been growing market share now, for three months in a row and has not lost any shelf space for the second year in a row and you'll see a lot of new things arriving in fall around CoverGirl.

Operator

And we will take our next question from Steve Powers with Deutsche Bank. Your line is now open.

Q - Steve Powers {BIO 20734688 <GO>}

Yes. Hey, thank you very much. I guess, my question just wanted to dig into in this frame your outlook a bit more for fiscal '22, starting with the first quarter, you talked about strong double-digit growth in July and August. And then obviously, the high-teens outlook for the first quarter, which I think implies just some September decelerations. So, just maybe, you could just frame that for us and any key drivers you'd call out. And similarly, for the full year, while I do appreciate the base year comparisons get progressively more difficult relative to a clean sort of '19 base adjusting for the Wella sale. I'm not sure that they do, but anything they make it a bit easier. So maybe, just better frame the drivers there any implied discoloration versus that pre-COVID base. Thank you.

A - Laurent Mercier {BIO 22079608 <GO>}

Thank you, Steve. So again, when it comes to the first part of your question, about what you think would be a deceleration in September, it's not a function of sewing and demand, comes to do get more difficult by definition. But like what we can tell you is that the start of the new initiatives in the pipeline we have on the market today with Gucci Flora, Gorgeous Gardenia with Burberry Hero with the relaunch of Kylie Cosmetics. Honestly, the figures are absolutely outstanding. If I can give you one or two figures that we commented during the speech, Gucci Flora, for example in Canada, we just received the information that it was the number one best-selling fragrance in the market, top three in the U.S. Kylie Cosmetics again, the momentum has been huge and its continuing CKD 5 that we launched it everywhere in the world is having the same kind of outperforming our best, I would say, estimates.

So again, I don't see this, I wouldn't describe it the way you describe it. We are just, having still watch out just to make sure we are ready for any kind of things that could happen, but we are super confident. That's the reason why, we have laid out this low-teens growth for the fiscal '22 year, because these launches are going to be of course, outperforming the market hopefully for the remaining of the year.

So, in fact what I can tell you, when it comes to how we are building fiscal '22, the good news is that we are delivering on our six pillars strategy. So again, stabilizing Consumer Beauty, I just said a few words about CoverGirl, but I could say words about Rimmel having its highest market share for the last 10 months. I could say that which stabilized Consumer Beauty business in Europe for the first time in five years. Max Factor has gained

market share for the first time in four years and this is prior to the big relaunch that's starting honestly, right now in stores.

So, stabilizing Consumer Beauty was the number one, I would say requirement to allow us to take full advantage of the huge potential and the huge growth we are already seeing on the prestige part of the business between the U.S. and China, but also in Europe. So, these two together coupled with a stronger, I would say, become expertise and capabilities that we've been building during the last year is clearly, giving a strong confidence about the commitment of high low-teens growth for the fiscal '22.

Operator

And we will take our next question from Chris Carey with Wells Fargo.

Q - Chris Carey {BIO 21810941 <GO>}

Hi, thanks for the question. Just following up on that just a little bit the bridge for fiscal '22 -- or excuse me fiscal '21 revenue had included about \$1.2 billion from COVID impacts on the core business? And I wonder if you can just talk to the concept of recovering some of those sales and this is after accounting for M&A with Younique and Kylie, and low-quality reductions and reductions in low-quality channels and prestige. So, can you just talk to that impact of the business from COVID? How much maybe, you expect to recover? How much you had done, let's say, streamline the portfolio, improve the quality of the portfolio, exit businesses further or would you expect to overtime get those sales back that kind of come out of the base? And if I could just one quick question, just on the fiscal '22. What are you implying for AnCP spend in your outlook? Thanks very much for those.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Thank you, Chris for the question. So, let's start with the end of the question. When it comes to the AnCP, as Laurent laid out during this presentation, there is a sequential acceleration of our work in media, which is clearly the key part of AnCP, 26% of growth during the last quarter. And of course, we are going to continue to invest behind the huge and the early successes we are seeing today behind Gucci, behind Burberry, Calvin Klein, Kylie Cosmetics, but also CoverGirl, Rimmel and Max Factor just to name a few.

So clearly, we're going to continue to step up the investment in fiscal '22, particularly on working media. Three things, I can tell you around fiscal '22 compared to -- fiscal '21 compared to fiscal '19, you were talking about sales, recovery et cetera. The first one is when we compare the sell-ins and the sell-outs we are seeing on the market, sell-ins that we just shared with you and sell-outs on a six-month basis, which is clearly, when we restarted the acceleration of the company, starting in Jan of this calendar year, you could see that prestige business is growing two times faster than the market.

So that's also an indicator about how the health of the prestige business of Coty is compared to peers. This is the first thing. The second thing, even if we should look at Consumer Beauty, we have seen that our Consumer Beauty for the last six months has grown by 7%, which is slightly ahead of what the market is doing. So, in both divisions, we are seeing a strong, I would say, outperformance versus the sell-outs of the market, which

is for me, the best way to assess what the market is doing and therefore what the competitors are doing.

Another thing I can tell you compared to fiscal '19 is the improvement in our EBITDA again. The EBITDA margin has been growing by 300 basis points versus 2019 and based on a lower days of sales. So again, as you can see on all metrics specifically sell-out progression of sales, EBITDA and working media versus '19, we are clearly, recovering much faster than what we thought at the beginning of last year in fact.

Operator

And we'll take our next question from Steph Wissink with Jefferies. Your line is open.

Q - Stephanie Wissink {BIO 17692025 <GO>}

Thank you. Good morning, everyone. I have a follow-up question on the AnCP. I guess maybe, this is two-part, tactical and philosophical. But on the tactical side as you do invest a bit more in AnCP and demand activation, what are the two or three key metrics you're looking for beyond sales? Maybe, more in terms of sales quality, that will continue to reinforce that investment. And then Laurent for you, maybe as you think about upside in the year. Is your plan to reinvest the upside into incremental working media or are you at a point, where you feel like you can start to see some of that upside balance through and drop through to the bottom line? Thank you.

A - Laurent Mercier {BIO 22079608 <GO>}

Thank you. So, I would start on second part on your question. So definitely, what we -- and this is what you are asking already in Q4, which we explained that our label of the AnCP, H1 '21 was 20%, Q3 grew up to 23% and our Q4 is 26% of the AnCP on net sales. So, we are not giving any guidance on AnCP for fiscal '22, but you can easily understand that the savings we are delivering next year that we are really using the savings on fixed costs and the gross margin to refuel the growth and to support the strategic initiatives that Sue has just explained.

Now, to go deeper in this level of the AnCP, in this bucket, there are different plans. So, you have media -- working media and the older AnCP. We keep very strict discipline on the older AnCP, where we can see -- if I take the example of samples, textures, I mean all these lines we keep optimizing and it's a part of our productivity plan and at the same time, using this money to refuel and we need to focus on working media. So, when we're actually rating AnCP -- within AnCP, it's even much, much faster on working media. And here, we have very, very tight discipline on this.

On your question, if we see any upside, definitely and this is a weekly description we have together with Sue and the leadership team is indeed when we get -- when we see additional outside in profit. We are making the decisions. Okay, we're to relocate this money. This is what we did this year for example on CoverGirl and you see now the results, and this is definitely what we will continue in fiscal '22. What we are doing now is a great initiative. We're re-fueling so it's real daily and weekly work again, managing at the

same time fueling the works and creating these vectors across, and also delivering the EBITDA. So that's really what we started to do this year and we continue next year.

On the metrics and Sue gave a few elements, we are very -- we are getting very, very professional in the way, we are spending our working media. So, we are testing the copy and we have very strict KPIs with purchase intent and we are making clear decision, we have scores and this is what we are using we need to make a decision, where we are looking at money and this is the case for Consumer Beauty, for prestige for all categories again, and this is what we are doing as a team. So yes, we have very specific metrics on purchase intent, awareness, and so on and all these specific KPIs to allocate their resource.

Operator

And we'll take our next question from Andrea Teixeira with JPMorgan.

Q - Andrea Teixeira {BIO 1941397 <GO>}

Thank you, good morning. I want you go back -- and congrats on the results. So, I wanted you come back to the Kylie Cosmetics and (inaudible) back in July. And I think you've spoken maybe, positively about that. What is the run rate for sales and dollar spend for this brand from an annual perspective? What is embedded in your guidance? And then if you can as a follow up or the -- before above rationalization that you believe. To understand that, telling clients to be a sizeable chunk of your fragrances business. I just want to understand how we should be thinking (inaudible) in terms of your all portfolio and now we should be thinking going forward? Thank you.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Thank you for the question. So again, on Kylie, again, I'm not going to comment on individual brands. But I can tell you that launch that we have done during this summer with the cosmetics signs for the first time sold on the same brand side as the skincare line has really been, I would say, outpacing all the key metrics that we used in C and what we call celebrity led brands. In fact, the member itself that is seen for example, during the first 15 minutes was huge, 300 orders per minute during the first 15 minutes. And one thing, we have done the life shopping session that she's been doing during the relaunch.

We had KPIs that got three times higher in terms of baskets and conversion versus what we monitor on the rest of the market. And last but not least, in fact this was not a surprise, because during the last year, even if it was a quite year for the makeup that, I would say industry that Kylie has been gaining something like 60 million followers on her different social media and you could also see that in terms of what we call interactions, likes, comments et cetera. It was more than 90 million of these interactions, comments or likes that happen on the different channels of Kylie, which was a great preparation for the relaunch that we've done during the summer.

And today, the feedbacks we are seeing including qualitative feedbacks, because the line is now a 100% vegan, cruelty-free of course, and we've been removing something like 1,000 contested ingredients from the formulations or the feedbacks are absolutely, all

outstanding. So, when it comes to our fiscal '22 outlook, it embeds broad-based growth across the different brands, the different markets, and of course, the different channels.

Operator

And we will take our next question from Mark Astrachan with Stifel.

Q - Mark Astrachan {BIO 15313233 <GO>}

Thanks and good morning or afternoon, everyone. I wanted to ask about sales growth progression. So obviously, strong 4Q sales, but really comparison, driven -- if you look at the underlying or to your staff or CAGR growth, I think it was a little bit less strong sequentially than maybe some of your peers, but conversely, your guidance for the September quarter and then for the year would imply a pretty strong acceleration in that underlying growth. So, I guess the question is what is really driving that at this point, in terms of the strong acceleration is it -- if you're done lapping some of the exits of these lower profile channel brands, is it the AnCP is really starting to work. And maybe, if you can give a bit more comments there would be helpful? Thank you.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Thank you, Mark for the question. So again, if I understand your question, what's driving our outlook for fiscal '22. Clearly, the first thing is that we are seeing strong again, strong progress on our pillar. We have multiple strong initiatives again, being the number one prestige fragrance maker when on the same year, you have the relaunch of what's going to be the biggest launch at Coty this year, which is CoverGirl, Gorgeous Gardenia, Gucci, Burberry Hero, Defy, Kylie Cosmetics relaunch, Sally Hansen relaunch; also, we are seeing that fragrance, demand continues to improve very, very strongly with in the U.S., in China and now in Europe. Again, this give us confidence that there is something happening behind the brands' prior to quarter one. But also this launchers add a new layer of confidence that they are going to probably be best-selling launchers, again, I come back to Flora by Gucci, the figures we've got to some Canada one day ago, showed that this is two or three times bigger than what we had one year ago with perfect by Marc Jacobs, which you can of course, remember was the best-selling fragrance last year in the U.S. And Coty's biggest launch in the last 10 years. So, we are building momentum on all momentum that we started during the second half of fiscal '21.

Operator

And we will take our next question from Olivia Tong with Raymond James.

Q - Olivia Tong {BIO 7481692 <GO>}

Great. Thank you. I wanted to revisit your comment in the press release about always being on the lookout for value creation. So first, can you just talk about the genesis of your decision to IPO part of Brazil and if there's any P&L impact of that and whether (inaudible) just thinking about the rest of the -- are there other brands or geographies in your view that may not fit in the traditional sense in your portfolio. You're obviously discussed quite a number of brands on the call. So, should we assume that if you didn't

mention the brand in your prepared remarks that maybe, those are more likely to be potential candidates for strategic alternatives? And then I have a follow-up. Thank you.

A - Laurent Mercier {BIO 22079608 <GO>}

Okay. So, let me comments on your first question on the picture of IPO. So first of all, so easily that we keep -- we made clear that we keep the control and we keep majority. There is no -- the consolidation of this operation. So, it's definitely a decision with the goal of supporting the growth of the Brazil business and Coty's personal care brands. So -- and so, it's really an important strategic decisions we are making. Then, I cannot -- I will not comment more on P&L and other elements considering the local regulation. If you want more information about this operation, you can refer to the CVM website in Brazil.

Operator

And we will take our next question from William Reuter with Bank of America.

Q - William Reuter {BIO 15032746 <GO>}

Hi. I just have one. In terms of -- I'm wondering where travel retail was as a percentage of historical levels in the prestige segment. I guess I'm wondering what type of a tail end we would still have in this segment as travel returns to pre-pandemic levels.

A - Sue Y. Nabi {BIO 21845588 <GO>}

So again on travel retail clearly, the bright spot has been, what we call, domestic travel retail, namely Hainan. And even with the most recent restrictions, we haven't seen any slowdown in this kind of distribution when it comes to our brands. More globally in terms of travel retails, now they are in low single digits, used to be high single digits. Of course, there is more growth to come as you said restrictions around travel is more and more. But the great news for us is that we've used this key locations such as Hainan in China to test and relaunched some key brands specifically, in skincare. As you can imagine, skincare is a key segment for travel retail and moreover in APAC and China travel retail. And again, we got great news, we've seen that the line is a top-three skincare line in Hainan. Now, it's a top-20 skincare line in front of big brands that have been there for decades et cetera. This gives us great confidence that we are going to add a new growth engines to our travel retail growth, namely skincare and specifically, high-end skincare in the region, where we were relying mainly on fragrances.

Q - William Reuter {BIO 15032746 <GO>}

Thank you.

Operator

And we will take our next question from (inaudible) with JPMorgan.

Q - Analyst

Hi. So, you mentioned in the Brazil potential listing, I'm curious and you mentioned that could partially help you delever. Have you or when -- at one point, do you revisit Wella and whether you sell additional stake in that to either help deliver or use for growth in the core business and are there any restrictions on that? And I have one follow-up just in terms of the leverage.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Thanks. Thanks for your questions. First of all, I want to remind that indeed, we see really some value increase in the Wella stake as you remember. So from 1.2, we are now 1.270. So there was a 50 value increase in Q3 and now then on talking to for. So, this 40% in our balance sheet, we see value increasing and this will continue. Second, this is why we explain that indeed in our leverage, so we have engaged with financial net debt. But this is really, an asset while we show our economic net debt and our economic net debt, we're taking now about 4 billion. To answer your point, there is no specific agenda. But definitely, we are contemplating that is where this opportunity, which will be interesting in terms of value. This is something that we will be ready to explore. But at this stage, there is no specific agenda on this.

Q - Olivia Tong {BIO 7481692 <GO>}

Okay. And then you gave your net debt to EBITDA and your guidance, where does your current covenant net debt leverage stand?

A - Laurent Mercier {BIO 22079608 <GO>}

Yes. So today, our covenant net debt is we are in very good situations. So, we keep things under control. So, it's increasing our roadmap on EBITDA and our roadmap on our leverage, on net debt, which really covenant calculation -- and a very good calculation.

Operator

We have no further questions on the line at this time. I will turn the call back over to Sue for any additional or closing remarks.

A - Sue Y. Nabi {BIO 21845588 <GO>}

Thank you, everyone again. We are all super proud of our great performance, delivered by an amazing team and I'd take this opportunity to say thank you to everyone at Coty. Thank you very much.

Operator

This does conclude today's program. Thank you for your participation. You may disconnect at any time and have a wonderful day.

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