

COTY UNVEILS GROWTH ACCELERATION STRATEGY AT INVESTOR UPDATE EVENT

- *Accelerates Company's luxury business across its leading fragrance portfolio, complemented by growing contributions from skincare and prestige cosmetics led by Gucci and Burberry*
- *Repositions and rejuvenates globally-renowned beauty brands, including CoverGirl, Rimmel and Max Factor, with plans already demonstrating positive results*
- *Unveils major new campaign for CoverGirl Simply Ageless – the number one anti-aging foundation in the U.S.*
- *Reaffirms Company is on track to reach near term revenue, adjusted EBITDA and deleveraging targets*

NEW YORK, APRIL 23, 2021 – Coty Inc. (NYSE: COTY), one of the world's leading beauty companies and the global leader in fragrance, today unveiled its long-term strategy, underpinned by six priorities for sustainable growth. These initiatives build on the actions taken by Coty over the past year that have accelerated its shift to sustainable and profitable growth, with greater cost controls and a more competitive market position.

In a presentation to investors, Coty Chief Executive Officer, Sue Y. Nabi, will be outlining how the business is already delivering enhanced performance against these strategic priorities:

- Stabilization of Consumer Beauty make-up brands and Mass fragrances
- Acceleration of luxury fragrances and establishing Coty as a key player in Prestige make-up
- Building a Skincare portfolio across Prestige and Mass divisions
- Enhancing e-commerce and Direct-to-Consumer (DTC) capabilities
- Expanding in China through Prestige and select Consumer Beauty brands
- Establishing Coty as an industry leader in sustainability

Sue Y. Nabi, CEO of Coty Inc., commented:

“Coty is ideally positioned to accelerate sales and profit through our six strategic priorities, that will reposition and expand our portfolio to meet the great opportunities ahead. We anticipate a rebound in demand for beauty products as pandemic restrictions ease, led by luxury beauty, clean beauty, China and skincare. Our performance will be supported by a purpose-led and highly focused portfolio: anchored in luxury with highly desirable brands and delivered through innovative omnichannel activations.” She added, *“Across our business, we are harnessing sustainability as the ultimate driver of innovation – enabling our brands to capitalize on growing consumer demand for outstanding beauty products that are clean and green. We intend to use this strategy to build Coty into a truly global beauty powerhouse.”*

STRENGTHENING CONSUMER BEAUTY AND MASS FRAGRANCES

Coty intends to strengthen the performance of its Consumer Beauty business by rejuvenating and repositioning several key brands, allowing it to capture new growth opportunities. This involves plans to bolster CoverGirl, Sally Hansen, Rimmel, Max Factor, and adidas through a focus on brand equity, key trends, clear consumer targets, in-store execution, product innovation, and ensuring that each brand has a distinctive purpose.

A FRESH APPROACH FOR COVERGIRL

Coty expects to strengthen CoverGirl's appeal to a broader U.S. consumer base. The objective will be to build on the brand's heritage of pioneering key beauty trends – including clean makeup and makeup/skincare hybrid products – supported by new launches and innovative marketing. CoverGirl, which this year celebrates its 60th anniversary, is already benefiting from this repositioning and is delivering improved sales.

To support this strategy, Coty will be unveiling a major new marketing campaign for CoverGirl 'Simply Ageless': the number one anti-aging foundation in the U.S. Targeting the growing demand for skincare-

powered make-up, the campaign sees the return of Niki Taylor, who was a CoverGirl Ambassador in the 1990s.

The new campaign will begin to air next week in the U.S. and demonstrates CoverGirl's healthy fresh take on traditional beauty advertising – with the content based on images and footage taken by Niki herself in her family home.

BUILDING A COMPREHENSIVE SKINCARE PORTFOLIO

Coty intends to build its skincare portfolio across Mass and Prestige: capitalizing on key trends like regenerative medicine and creating products that are truly green, clean and sustainable. Coty currently has three skincare brands, with a fourth brand, SKKN by Kim, launching in Fiscal Year 2022. Each brand occupies distinct positioning, price tiers, and geographic strengths. Coty now sees an opportunity to extend several of its designer brands and consumer beauty brands into the skincare portfolio.

Within its existing skincare portfolio, Coty is repositioning its brands for greater success. Lancaster, which has a rich history related to innovative skincare technology and protection, including unique IP, intends to transform from a regional UV protection brand to a leader in skincare enhancement and renewal. Philosophy – which produces Purity, the number one facial cleanser product in the U.S. – is expected to move from being a U.S.-centric wellbeing beauty brand to a leader in green, clean 'ceutical' skincare.

ACCELERATING GROWTH IN PRESTIGE AND CHINA

Coty intends to enhance the performance of its luxury business, by accelerating its core Prestige fragrance business and capturing new opportunities in Prestige cosmetics and skincare. By Fiscal Year 2025, Coty is targeting: skincare to increase from approximately 6% to over 10% of the revenue mix; Prestige cosmetics to increase from approximately 3% to a high-single digit percent of the revenue mix; and, lastly, China's contribution to triple to over 10% of the revenue mix. With Prestige fragrances, Prestige cosmetics, skincare and China operations delivering above-corporate margins, this targeted portfolio mix is expected to drive profitability and margin expansion.

Coty maintains a leading position in luxury fragrances, with three of the top 10 female fragrances brands and two of the top 10 male fragrances of 2020 within its portfolio. Coty expects to bring more iconic female fragrances to market and expand its presence in artisanal fragrances. The Company will also confirm that it has no major Luxury licenses expiring based on their terms over the next five years. Additionally, many of Coty's licensing agreements with luxury brands enable the potential for extension into additional beauty categories, such as cosmetics and skincare.

Coty demonstrated the growth opportunity of Prestige through the success of Gucci Beauty. In the last nine months, Gucci cosmetics sell-out grew over 110% in the U.S. and by over 50% in Asia Pacific, while Gucci foundation sold more than 60,000 units in two months. Gucci Beauty has also seen outstanding success since opening the brand's Tmall flagship, making it one of Tmall's top four luxury beauty brand openings since 2018. Coty also noted the significant growth opportunity for leading artisanal fragrance brands in China, including Chloe, Tiffany & Co., and Bottega Veneta.

The performance of its brands in China and its growing footprint in emerging Travel Retail destinations (like Hainan) reinforce Coty's confidence in its ability to capture market share and growth in the region. Coty also expects a rebound in the Travel Retail sector after a challenging 12 months, with indicators suggesting strong pent-up demand for international travel.

E-COMMERCE FUELING LUXURY AND MASS GROWTH

Coty plans to accelerate its e-commerce and Direct To Consumer (DTC) growth, through a transformed approach to its digital strategy. In 2Q21, the Company recorded 40% e-commerce sales growth driven by its Prestige and Mass businesses. Coty's newly integrated digital approach is designed to build on this momentum and harness industry-leading innovations, including social listening and social commerce.



BECOMING AN INDUSTRY LEADER IN SUSTAINABILITY

Coty aims to create a more sustainable and inclusive world through its 'Beauty That Lasts' platform. The 'Beauty That Lasts' strategy is built on three key pillars: product, planet, and people. To integrate sustainability within its product development process, Coty has announced its 'Beauty That Lasts' Index, a measure that sees Coty's R&D division integrate robust sustainability criteria into the packaging and formula development of every new product.

REAFFIRMED FINANCIAL GUIDANCE

Ahead of Coty's 3Q21 earnings announcement on May 10, 2021, the Company is reaffirming its current financial guidance. Coty anticipates an adjusted EBITDA of approximately \$750m for FY21, and remains on-track to end the financial year with net revenues of between \$4.5bn to \$4.6bn. The Company reaffirmed its target of driving leverage towards 5x exiting CY21.

Ends

NOTES TO EDITORS

The full Investor Day presentation can be [downloaded here](#).

Coty's next quarterly earnings will be announced on May 10, 2021. For more detail, please visit [Coty's Investor Relations section](#) of its website.

About Coty Inc.

Coty is one of the world's largest beauty companies with an iconic portfolio of brands across fragrance, color cosmetics, and skin and body care. Coty is the global leader in fragrance, and number three in color cosmetics. Coty's products are sold in over 150 countries around the world. Coty and its brands are committed to a range of social causes as well as seeking to minimize its impact on the environment. For additional information about Coty Inc., please visit www.coty.com.

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Forward Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current views with respect to, among other things, the Company's future operations and strategy (including the expected implementation and related impact of its strategic priorities), the impact of COVID-19 and potential recovery scenarios (including recovery of the travel retail sector), the Company's e-commerce, direct-to-consumer and digital initiatives, the Company's sustainability initiatives, the Company's brand strategy and brand repositioning (including the timing and impact thereof), product innovations (including the timing and impact thereof), investments, licenses and portfolio changes, strategic planning, targets, segment reporting and outlook for future reporting periods (including the extent and timing of revenue, expense and profit trends and changes in operating cash flows and cash

flows from operating activities and investing activities, and expected drivers of sales and profitability in future periods), the Company's comprehensive transformation agenda (the "Transformation Plan"), ongoing and future cost efficiency, optimization and restructuring initiatives and programs, strategic transactions (including their expected timing and impact), the Company's capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof), synergies, savings, performance, cost, timing and integration of acquisitions, including the strategic partnership with Kylie Jenner and the strategic partnership with Kim Kardashian, future cash flows, liquidity and borrowing capacity, timing and size of cash outflows and debt deleveraging, the availability of local government funding or reimbursement programs in connection with COVID-19 (including expected timing and amounts), the timing and extent of any future impairments, and synergies, savings, impact, cost, timing and implementation of the Company's Transformation Plan, including operational and organizational structure changes, operational execution and simplification initiatives, fixed cost reductions, supply chain changes, and the priorities of senior management. These forward-looking statements are generally identified by words or phrases, such as "anticipate", "are going to", "estimate", "plan", "project", "expect", "believe", "intend", "foresee", "forecast", "will", "may", "should", "outlook", "continue", "temporary", "target", "aim", "potential", "goal" and similar words or phrases. These statements are based on certain assumptions and estimates that we consider reasonable, but are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual events or results (including our financial condition, results of operations, cash flows and prospects) to differ materially from such statements, including risks and uncertainties relating to:

- the impact of COVID-19 (or future similar events), including demand for the Company's products, illness, quarantines, government actions, facility closures, store closures or other restrictions in connection with the COVID-19 pandemic, and the extent and duration thereof, the availability and widespread distribution of a safe and effective vaccine, related impact on the Company's ability to meet customer needs and on the ability of third parties on which the Company relies, including its suppliers, customers, contract manufacturers, distributors, contractors, commercial banks and joint-venture partners, to meet their obligations to the Company, in particular collections from customers, the extent that government funding and reimbursement programs in connection with COVID-19 are available to the Company, and the ability to successfully implement measures to respond to such impacts;
- the Company's ability to successfully implement its multi-year Transformation Plan, including its management realignment, reporting structure changes, operational and organizational changes, and the initiatives to further reduce the Company's cost base, and to develop and achieve its global business strategies (including mix management, select price increases, more disciplined promotions, and foregoing low value sales), compete effectively in the beauty industry, achieve the benefits contemplated by its strategic initiatives (including revenue growth, cost control, gross margin growth and debt deleveraging) and successfully implement its strategic priorities (including innovation performance in prestige and mass channels, strengthening its positions in core markets, accelerating its digital and e-commerce capabilities, building on its skincare portfolio, and expanding its presence in China) in each case within the expected time frame or at all;
- the Company's ability to anticipate, gauge and respond to market trends and consumer preferences, which may change rapidly, and the market acceptance of new products, including new products related to Kylie Jenner's or Kim Kardashian's existing beauty business, any repositioned brands or relaunched or rebranded products and the anticipated costs and discounting associated with such repositioning, relaunched and rebrands, and consumer receptiveness to our current and future marketing philosophy and consumer engagement activities (including digital marketing and media);
- use of estimates and assumptions in preparing the Company's financial statements, including with regard to revenue recognition, income taxes (including the expected timing and amount of the release of any tax valuation allowance), the assessment of goodwill, other intangible and long-lived assets for impairments, the market value of inventory, the fair value of the equity investment, and the fair value of acquired assets and liabilities associated with acquisitions;
- the impact of any future impairments;

- managerial, transformational, operational, regulatory, legal and financial risks, including diversion of management attention to and management of cash flows, expenses and costs associated with the Company's response to COVID-19, the Transformation Plan, the Wella TSA, the integration of the King Kylie transaction and the KKW transaction, and future strategic initiatives, and, in particular, the Company's ability to manage and execute many initiatives simultaneously including any resulting complexity, employee attrition or diversion of resources;
- the timing, costs and impacts of divestitures and the amount and use of proceeds from any such transactions;
- future divestitures and the impact thereof on, and future acquisitions, new licenses and joint ventures and the integration thereof with, our business, operations, systems, financial data and culture and the ability to realize synergies, avoid future supply chain and other business disruptions, reduce costs (including through the Company's cash efficiency initiatives), avoid liabilities and realize potential efficiencies and benefits (including through our restructuring initiatives) at the levels and at the costs and within the time frames contemplated or at all;
- increased competition, consolidation among retailers, shifts in consumers' preferred distribution and marketing channels (including to digital and prestige channels), distribution and shelf-space resets or reductions, compression of go-to-market cycles, changes in product and marketing requirements by retailers, reductions in retailer inventory levels and order lead-times or changes in purchasing patterns, impact from COVID-19 on retail revenues, and other changes in the retail, e-commerce and wholesale environment in which the Company does business and sells its products and the Company's ability to respond to such changes (including its ability to expand its digital, direct-to-consumer and e-commerce capabilities within contemplated timeframes or at all);
- the Company and its joint ventures', business partners' and licensors' abilities to obtain, maintain and protect the intellectual property used in its and their respective businesses, protect its and their respective reputations (including those of its and their executives or influencers), public goodwill, and defend claims by third parties for infringement of intellectual property rights, and specifically in connection with the strategic partnerships with Kylie Jenner and Kim Kardashian, risks related to the entry into a new distribution channel, the potential for channel conflict, risks of retaining customers and key employees, difficulties of integration (or the risks associated with limiting integration), risks related to regulation of multi-level marketing business models, ability to protect trademarks and brand names, litigation or investigations by governmental authorities, and changes in law, regulations and policies that affect KKW Holdings, LLC's ("KKW Holdings") business or products, including risk that direct selling laws and regulations may be modified, interpreted or enforced in a manner that results in a negative impact to KKW Holdings' business model, revenue, sales force or business;
- any change to the Company's capital allocation and/or cash management priorities, including any change in the Company's dividend policy or, if the Company's Board declares dividends, the Company's stock dividend reinvestment program;
- any unanticipated problems, liabilities or integration or other challenges associated with a past or future acquired business, joint ventures or strategic partnerships which could result in increased risk or new, unanticipated or unknown liabilities, including with respect to environmental, competition and other regulatory, compliance or legal matters;
- the Company's international operations and joint ventures, including enforceability and effectiveness of its joint venture agreements and reputational, compliance, regulatory, economic and foreign political risks, including difficulties and costs associated with maintaining compliance with a broad variety of complex local and international regulations;
- the Company's dependence on certain licenses (especially in the fragrance category) and the Company's ability to renew expiring licenses on favorable terms or at all;
- the Company's dependence on entities performing outsourced functions, including outsourcing of distribution functions, and third-party manufacturers, logistics and supply chain suppliers, and other suppliers, including third-party software providers, web-hosting and e-commerce providers;

- administrative, product development and other difficulties in meeting the expected timing of market expansions, product launches, re-launches and marketing efforts, including in connection with new products related to Kylie Jenner's or Kim Kardashian West's existing beauty businesses;
- global political and/or economic uncertainties, disruptions or major regulatory or policy changes, and/or the enforcement thereof that affect the Company's business, financial performance, operations or products, including the impact of Brexit (and related business or market disruption), the current U.S. administration and recent election, changes in the U.S. tax code, and recent changes and future changes in tariffs, retaliatory or trade protection measures, trade policies and other international trade regulations in the U.S., the European Union and Asia and in other regions where the Company operates;
- currency exchange rate volatility and currency devaluation;
- the number, type, outcomes (by judgment, order or settlement) and costs of current or future legal, compliance, tax, regulatory or administrative proceedings, investigations and/or litigation, including litigation relating to the tender offer by Cottage Holdco B.V. (the "Cottage Tender Offer") and product liability cases (including asbestos), and litigation or investigations relating to the strategic partnerships with Kylie Jenner and Kim Kardashian;
- the Company's ability to manage seasonal factors and other variability and to anticipate future business trends and needs;
- disruptions in operations, sales and in other areas, including due to disruptions in our supply chain, restructurings and other business alignment activities, the Wella Transaction and related carve-out and transition activities, manufacturing or information technology systems, labor disputes, extreme weather and natural disasters, impact from COVID-19 or similar global public health events, and the impact of such disruptions on the Company's ability to generate profits, stabilize or grow revenues or cash flows, comply with its contractual obligations and accurately forecast demand and supply needs and/or future results;
- restrictions imposed on the Company through its license agreements, credit facilities and senior unsecured bonds or other material contracts, its ability to generate cash flow to repay, refinance or recapitalize debt and otherwise comply with its debt instruments, and changes in the manner in which the Company finances its debt and future capital needs;
- increasing dependency on information technology, including as a result of remote working in response to COVID-19, and the Company's ability to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, including ransomware attacks, costs and timing of implementation and effectiveness of any upgrades or other changes to information technology systems, and the cost of compliance or the Company's failure to comply with any privacy or data security laws (including the European Union General Data Protection Regulation, the California Consumer Privacy Act and the Brazil General Data Protection Law) or to protect against theft of customer, employee and corporate sensitive information;
- the Company's ability to attract and retain key personnel and the impact of senior management transitions and organizational structure changes;
- the distribution and sale by third parties of counterfeit and/or gray market versions of the Company's products;
- the impact of the Transformation Plan as well as the Wella Transaction on the Company's relationships with key customers and suppliers and certain material contracts;
- the Company's relationship with Cottage Holdco B.V., as the Company's majority stockholder, and its affiliates, and any related conflicts of interest or litigation;
- the Company's relationship with KKR, whose affiliates KKR Rainbow Aggregator L.P. and KKR Bidco are respectively a significant stockholder in Coty and an investor in the Wella Business, and any related conflicts of interest or litigation;
- future sales of a significant number of shares by the Company's majority stockholder or the perception that such sales could occur; and
- other factors described elsewhere in this document and in documents that the Company files with the SEC from time to time.



When used herein, the term “includes” and “including” means, unless the context otherwise indicates, “including without limitation”. More information about potential risks and uncertainties that could affect the Company’s business and financial results is included under the heading “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Quarterly Report on Form 10-K for the year ended June 30, 2020 and other periodic reports the Company has filed and may file with the SEC from time to time.

All forward-looking statements made in this release are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this release, and the Company does not undertake any obligation, other than as may be required by applicable law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance unless expressed as such, and should only be viewed as historical data.