COTY

BEAUTY, CELEBRATED & LIBERATED

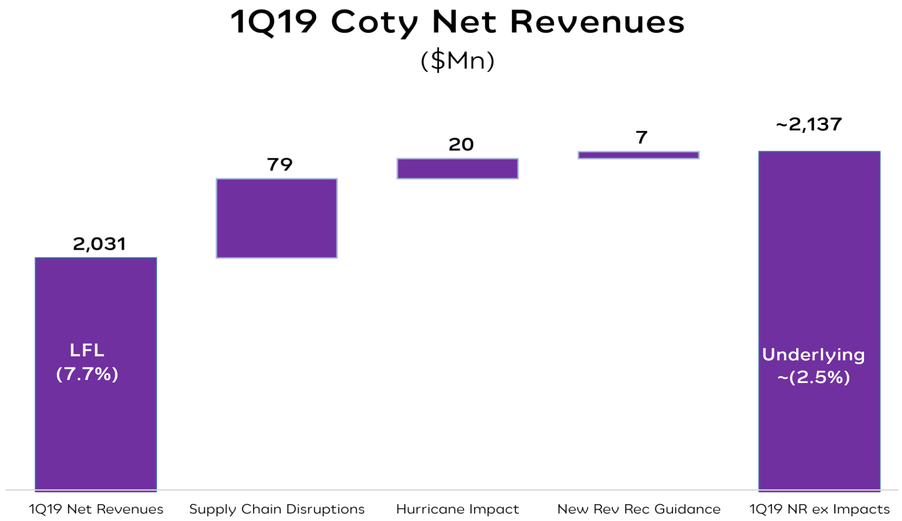
1Q19 FINANCIAL RESULTS

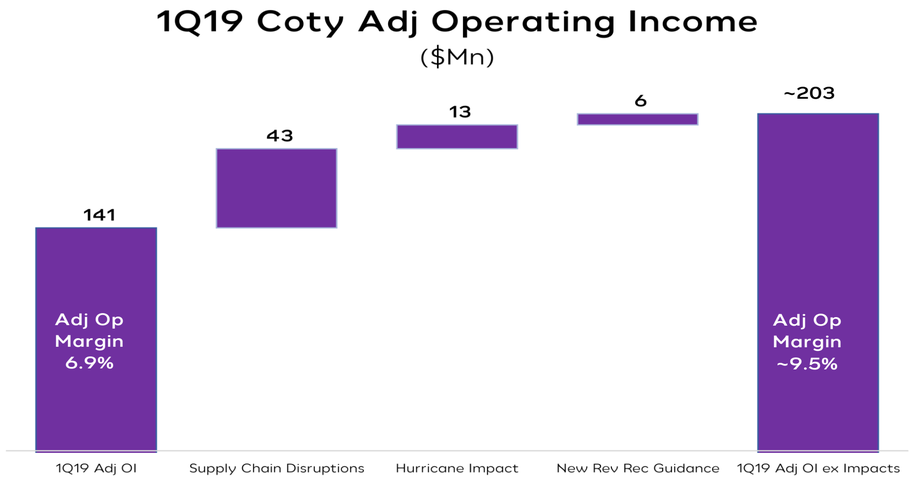
November 7, 2018



1Q19 FINANCIAL HIGHLIGHTS

A CHALLENGING QUARTER REFLECTING IMPACT OF DISRUPTION





- 1Q19 Net Revenue LFL (7.7%), or ~(2.5%) when excluding temporary external and internal supply chain disruptions related to:
  - Supply chain footprint consolidation
  - Supplier component shortages
  - U.S. hurricane
- Adjusted gross margin of 60.4% (-120bps), driven primarily by these factors
- Adjusted operating income of $141M (-28% YoY), or ~$203M (+4% YoY) excluding these impacts
- Adjusted EPS of $0.11 (+10%)

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* Supply chain impacts are calculated on the basis of estimated lost net revenues and gross profit, with no assumed impact to other operating expenses

OVERVIEW OF TEMPORARY Q1 SUPPLY HEADWINDS

	Internal Supply Chain Consolidation – ~2/3 of Impact	External Supply Disruption – ~1/3 of Impact	
Issue	• European planning hub • European warehouse • U.S. warehouse	• Certain component shortages (pumps and glass bottles)	• U.S. Hurricane Florence impacting North Carolina warehouse
Resolution	• Largely resolved in 2Q19, with residual impact in 3Q19	• Expect to extend into 3Q19	• Impact fully reverses in 2Q19

1Q19 RESULTS MASK UNDERLYING PERFORMANCE

STRONG CONSUMER DEMAND IN 2 DIVISIONS

- Supply chain headwinds are a temporary setback in achieving our financial targets
- We continue to see strong underlying consumer demand in Luxury and Professional Beauty
- Consumer Beauty results not where they should be; we are accelerating a number of strategic interventions

EARNINGS MODEL TO REACH HIGH TEEN ADJUSTED OPERATING MARGIN
UNDERPINS OUR STRATEGIC CHOICES

Top line growth

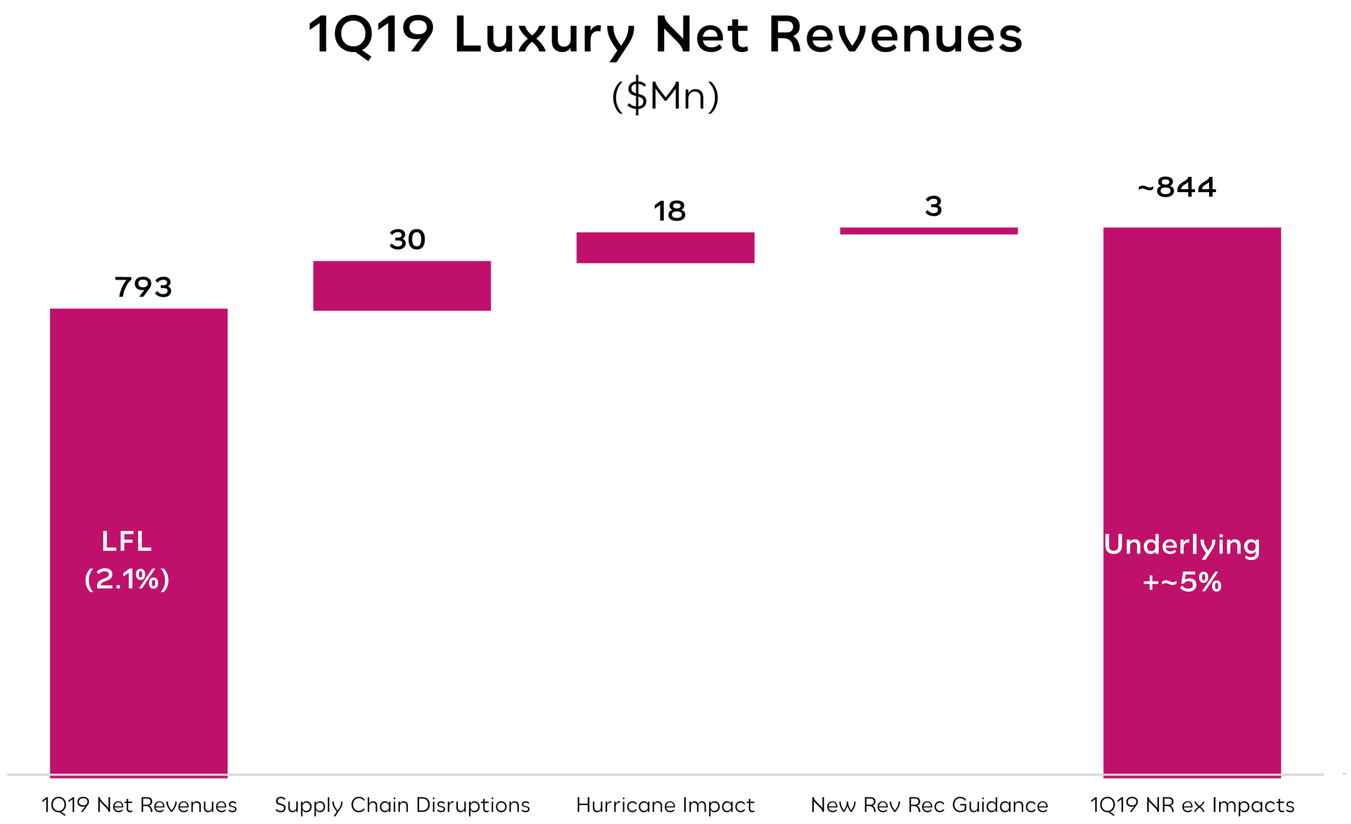
Luxury	Sustain above-market top line expansion through strong innovation capabilities, geographic expansion & development of prestige skincare and colour cosmetics offering
Professional Beauty	Accelerate growth of untapped potential of OPI and ghd and capitalize on Wella's market-leading position
Consumer Beauty	Stabilize the business by driving aggressive growth from new channels, new markets, and new businesses, & by improving our share performance in Western Europe & North America

Reduced costs

Cost synergies	Fully deliver remaining cost synergies and continued operating leverage
Cost saving Program	New program to drive simplicity and generate flexibility in our P&L to fuel strategic investments

High teen adjusted operating margin in FY23

LUXURY 1Q19 RESULTS



- 1Q19 Net Revenue LFL (2.1%), or up ~5% when excluding temporary external and internal supply chain disruptions
- Adjusted operating income of $102M (+13% YoY), reaching 12.8% adjusted operating margin
- Share gains in core brands Gucci, Tiffany, Marc Jacobs and Chloe

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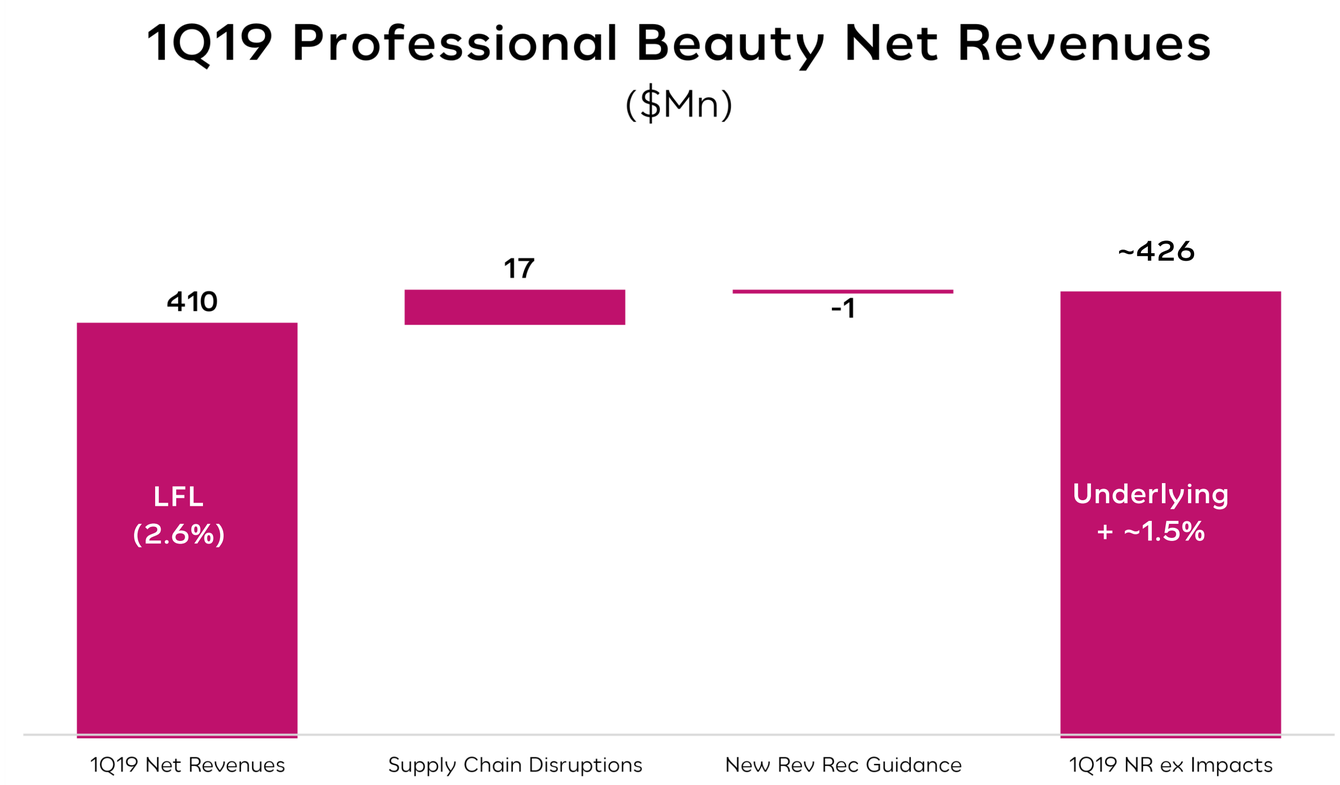
LUXURY HIGHLIGHTS







PROFESSIONAL BEAUTY 1Q19 RESULTS



- 1Q19 Net Revenue LFL (2.6%), or up ~1.5% when excluding temporary supply chain headwinds
- Adjusted operating income of $24M (+41% YoY), with adjusted operating margin of 5.8%
- Continued growth of Coty's largest brand Wella (over $1B in sales), fueled by launch of breakthrough Wella Koleston Perfect with ME+

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PROFESSIONAL BEAUTY HIGHLIGHTS

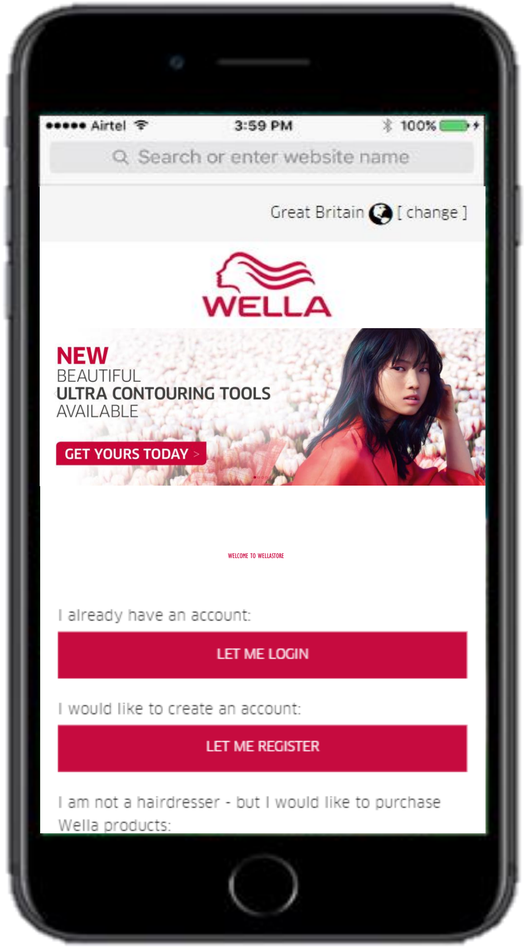


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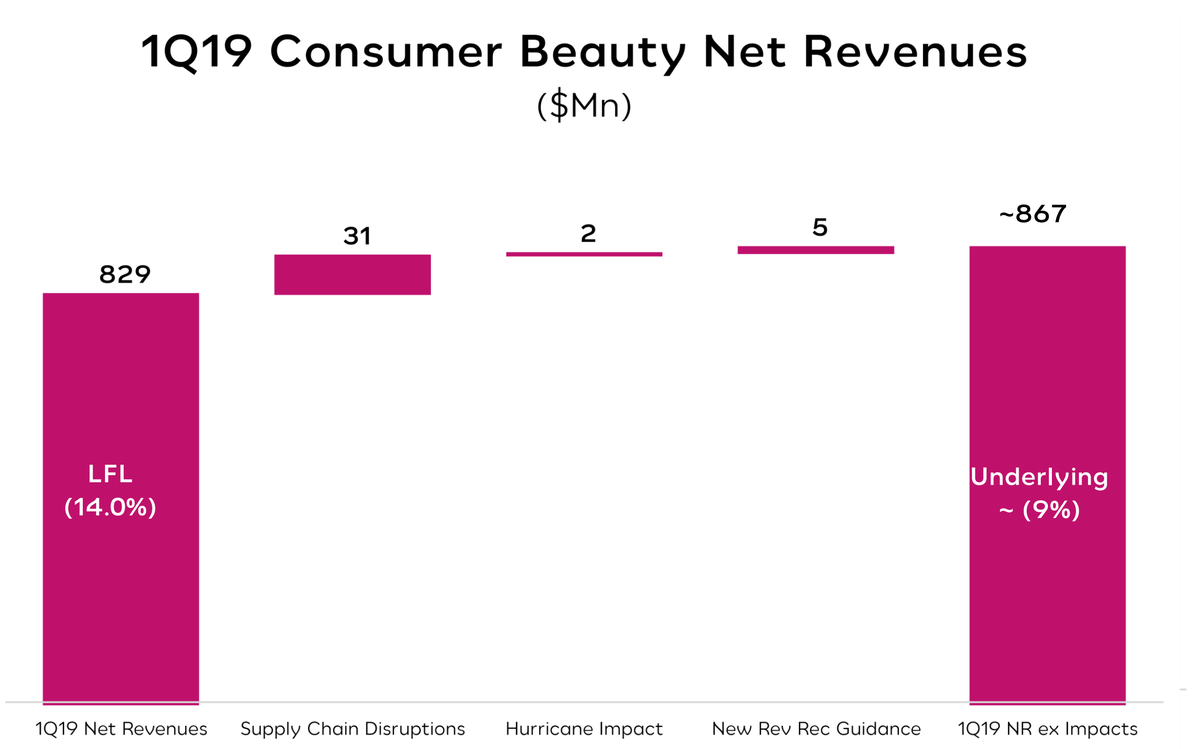


ghd
good hair day





CONSUMER BEAUTY 1Q19 RESULTS



- 1Q19 Net Revenue LFL (14.0%), or down ~(9%) when excluding temporary headwinds
- Adjusted operating income of $15M (-83% YoY)
- Strong growth in Brazil and Middle East & Africa
- Strong innovation performance in Wella retail and CoverGirl
- Division is operating with a significant sense of urgency to strengthen operational discipline and re-allocate investments towards higher potential brand-country combinations

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CONSUMER BEAUTY HIGHLIGHTS







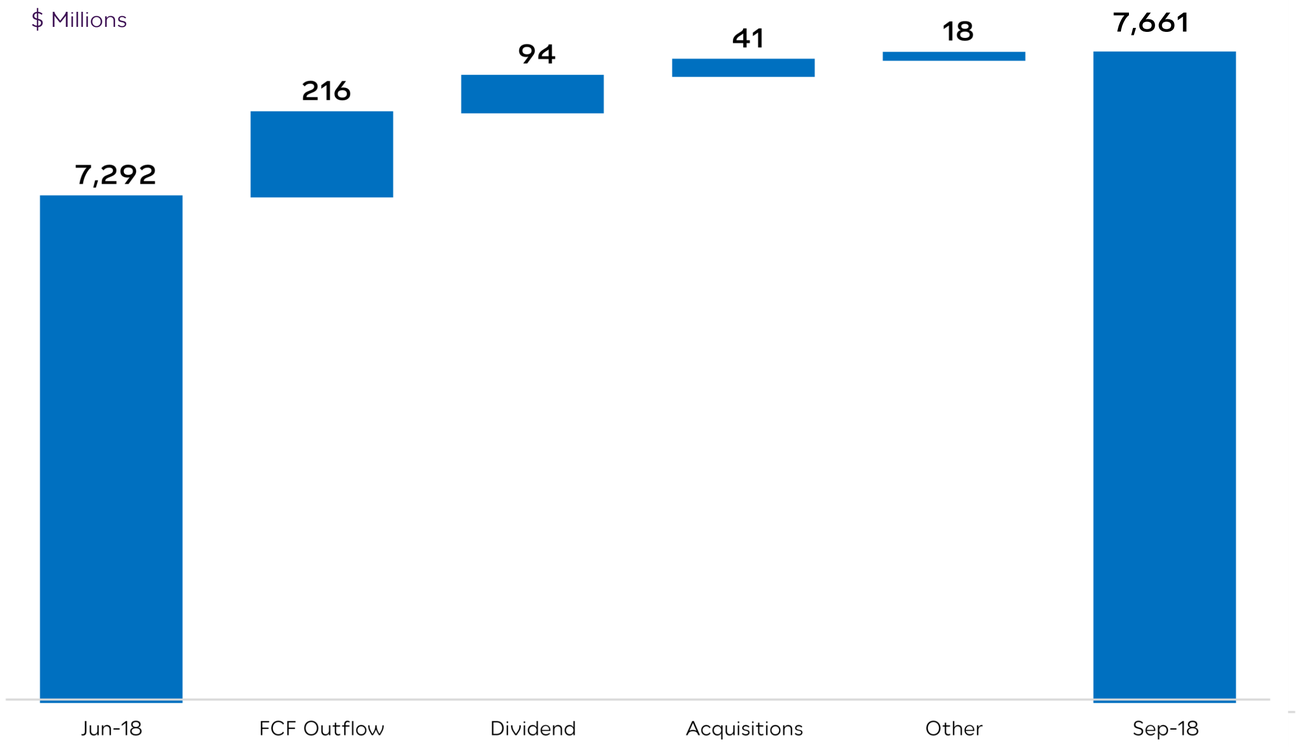
COVERGIRL®

Cruelty Free INTERNATIONAL™

CONSUMER BEAUTY TURNAROUND PLAN

Critical First Steps – Strengthening Operational Discipline	FY19 Actions – Strategic Changes
Restoring service levels	Refocusing investment to higher-potential businesses
Innovation focus and execution	Continued fixed cost savings
Greater discipline in trade and promo spend	Investment in new growth channels

NET DEBT INCREASE IN 1Q19 LARGELY TIED TO SUPPLY CHAIN DISRUPTION



- Net Debt increased by $370M in 1Q19, resulting in Net Debt / Adj. EBITDA ratio of 5.8x
- Supply chain disruptions had significant repercussions on working capital, driving poor Free Cash Flow result in 1Q19
- Expect positive free cash flow remaining quarters & in FY19
- Deleveraging remains a top priority in FY19 and beyond. We remain committed to our target of achieving a Net Debt/ Adj. EBITDA ratio of below 4.0x by the end of calendar 2020

OUTLOOK

2Q19	FY19
• Expect an **improved LFL trend** vs. 1Q19, across **all three divisions**, inclusive of expected supply chain headwinds • Expect Luxury and Professional Beauty to **return to LFL growth**, while Consumer Beauty trends vs. prior year should improve to a **high single digit decline** • Expect **adjusted operating income to be moderately lower YoY**, driven by remaining supply chain impacts and FX headwinds • **EPS comparison will be pressured** by the $42 million positive tax settlement recorded in 2Q18.	• Continue to expect **operating profit and margin growth**, driven by significant progress in fixed cost reductions and synergy delivery • **Maintain synergies commitment** of $225 million in FY19 and $750 million total by the end of FY20 • **Need more time to assess the financial impacts of the continuing supply disruptions**; not providing any further guidance, but expect to update on outlook on the next earnings call • Committed to target of **Net Debt/ Adj. EBITDA ratio of below 4.0x by the end of calendar 2020** • Expect **positive free cash flow** in the **remaining quarters** and **in FY19**

1Q19: KEY TAKE-AWAYS

- 1Q19 was a setback in achieving our financial targets and bold strategic goals, driven by our temporary supply chain headwinds
- We remain absolutely convinced that the fast paced and ambitious transformational agenda we are pursuing is ultimately building a much stronger Coty for the long term
- We will increasingly shift our focus from internal to external as we overcome the internal supply headwinds and complete all other major integration related milestones
- We see tremendous potential for Coty to create significant value for our shareholders and consumers in the coming years

DISCLAIMER

Forward-Looking Statements

Certain statements in this presentation are forward-looking statements. These forward-looking statements reflect Coty Inc.'s ("Coty's") current views with respect to, among other things, Coty's targets and outlook for future reporting periods (including the extent and timing of revenue and profit trends and the Consumer Beauty division's stabilization), establishing Coty as a global leader and challenger in beauty, its future operations and strategy (including brand relaunches and performance in emerging markets and channels), synergies, savings, performance, cost, timing and integration relating to our recent acquisitions (including The Proctor & Gamble Company's beauty business (the "P&G Beauty Business")), ongoing and future cost efficiency and restructuring initiatives and programs (including the expected timing and impact), strategic transactions (including mergers and acquisitions, joint ventures, investments, divestitures, licenses and portfolio rationalizations), future cash flows and liquidity, future performance in digital and e-commerce and the expected impact of our digital transformation agenda, future effective tax rates, timing and size of cash outflows and debt deleveraging, and impact and timing of supply chain disruptions. 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" 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 the control of Coty, which could cause actual results to differ materially from such statements. Such risks and uncertainties are identified in the Earnings Release dated November 7, 2018 to which this presentation relates, including, but not limited to: Coty's ability to achieve its global business strategies, compete effectively in the beauty industry and achieve the benefits contemplated by its strategic initiatives within the expected time frame or at all, the continued integration of the P&G Beauty Business and other recent acquisitions with Coty's business, operations, systems, financial data and culture and the ability to realize synergies, avoid future supply chain and other business disruptions, reduce costs and realize other potential efficiencies and benefits (including through its restructuring initiatives) at the levels and at the costs and within the time frames contemplated or at all, and managerial, integration, operational, regulatory, legal and financial risks, including diversion of management attention to and management of cash flows, expenses and costs associated with multiple ongoing and future strategic initiatives, internal reorganizations and restructuring activities.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included elsewhere. More information about potential risks and uncertainties that could affect Coty's business and financial results is included under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Coty's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and other periodic reports Coty has filed and may file with the Securities and Exchange Commission (the "SEC") from time to time. Any forward-looking statements made in this presentation are qualified in their entirety by these cautionary statements. All forward-looking statements are made only as of the date of this presentation, and, Coty undertakes no obligation, other than as may be required by applicable law, 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.

Non-GAAP Financial Measures

In this presentation, Coty presents certain-GAAP financial measures that we believe enable management and investors to analyze and compare the underlying business results from period to period. Adjusted and pro forma metrics exclude nonrecurring items, purchase price accounting related amortization, acquisition-related costs, restructuring costs and certain other information as noted within this presentation. These non-GAAP financial measures should not be considered in isolation, or as a substitute for, or superior to, financial measures calculated in accordance with GAAP. A reconciliation from reported to adjusted results can be found in our Earnings Release dated November 7, 2018, available in the "Investor Relations" section of our website at Coty.com.

Outlook Information

In this presentation, Coty presents outlook information as of November 7, 2018, as reported in its Earnings Release of such date.

Definitions and Notes

Fiscal year represents Coty's fiscal year ended June 30.

APPENDIX

RECONCILIATION OF REPORTED TO LFL AND UNDERLYING NR & REPORTED TO ADJUSTED OPERATING INCOME

	1Q FY19 Net Revenue Change YoY QTD							
	Reported Basis	Foreign Exchange	Impact from Acquisitions	**Organic LFL NR**	Supply Chain Disruptions	Hurricane Impact	New Revenue Recognition Guidance	**Underlying NR**
Coty Inc.	(9.2)%	2.5 %	(1.0)%	(7.7)%	3.9 %	1.0 %	0.3 %	(2.5)%

(in millions)		1QFY19
Reported Operating Loss	**$**	**(21)**
Amortization Expense		93
Restructuring and other business realignment costs		56
Asset Impairment		13
Adjusted Operating Income	**$**	**141**
Supply Chain Disruptions		43
Hurricane Impact		13
New Revenue Recognition Guidance		6
Q1 19 Adj OI excl Impacts	**$**	**203**

*Refer to the September 30, 2018 Earnings Release for the full reconciliation of Reported Operating Loss to Adjusted Operating Income. Supply chain impacts are calculated on the basis of estimated lost net revenues and gross profit, with no assumed impact to other operating expenses.