

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in millions, except per share data)	Three Months Ended September 30,	
	2019	2018
Net revenues	\$ 1,942.8	\$ 2,031.3
Cost of sales	738.4	809.1
<i>as % of Net revenues</i>	38.0%	39.8%
Gross profit	1,204.4	1,222.2
<i>Gross margin</i>	62.0%	60.2%
Selling, general and administrative expenses	1,072.6	1,122.3
<i>as % of Net revenues</i>	55.2%	55.3%
Gain on sale of business	(84.5)	—
Amortization expense	84.3	92.5
Restructuring costs	6.0	15.5
Asset impairment charges	—	12.6
Operating income (loss)	126.0	(20.7)
<i>as % of Net revenues</i>	6.5%	(1.0%)
Interest expense, net	77.4	64.1
Other expense, net	2.2	2.7
Income (loss) before income taxes	46.4	(87.5)
<i>as % of Net revenues</i>	2.4%	(4.3%)
Benefit for income taxes	(9.9)	(77.4)
Net income (loss)	56.3	(10.1)
<i>as % of Net revenues</i>	2.9%	(0.5%)
Net income attributable to noncontrolling interests	2.8	1.2
Net income attributable to redeemable noncontrolling interests	1.2	0.8
Net income (loss) attributable to Coty Inc.	\$ 52.3	\$ (12.1)
<i>as % of Net revenues</i>	2.7%	(0.6%)
Net income (loss) attributable to Coty Inc. per common share:		
Basic	\$ 0.07	\$ (0.02)
Diluted	\$ 0.07	\$ (0.02)
Weighted-average common shares outstanding:		
Basic	754.2	750.8
Diluted	758.9	750.8

COTY INC.
SUPPLEMENTAL SCHEDULES INCLUDING NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF REPORTED TO ADJUSTED RESULTS FOR THE CONSOLIDATED STATEMENTS OF OPERATIONS

These supplemental schedules provide adjusted Non-GAAP financial information and a quantitative reconciliation of the difference between the Non-GAAP financial measure and the financial measure calculated and reported in accordance with GAAP.

Three Months Ended September 30, 2019					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
Net revenues	\$ 1,942.8	—	\$ 1,942.8	\$ 48.6	\$ 1,991.4
Gross profit	1,204.4	—	1,204.4	31.4	1,235.8
<i>Gross margin</i>	62.0%		62.0%		62.1%
Operating income	126.0	28.7	154.7	6.0	160.7
<i>as % of Net revenues</i>	6.5%		8.0%		8.1%
Net income attributable to Coty Inc.	\$ 52.3	\$ (1.8)	\$ 50.5		
<i>as % of Net revenues</i>	2.7%		2.6%		
EPS (diluted)	\$ 0.07		\$ 0.07		
Three Months Ended September 30, 2018					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)		
Net revenues	\$ 2,031.3	—	\$ 2,031.3		
Gross profit	1,222.2	5.2	1,227.4		
<i>Gross margin</i>	60.2%		60.4%		
Operating (loss) income	(20.7)	161.5	140.8		
<i>as % of Net revenues</i>	(1.0%)		6.9%		
Net (loss) income attributable to Coty Inc.	\$ (12.1)	\$ 92.6	\$ 80.5		
<i>as % of Net revenues</i>	(0.6%)		4.0%		
EPS (diluted)	\$ (0.02)		\$ 0.11		

^(a) See "Reconciliation of Reported Operating Income (Loss) to Adjusted Operated Income" and "Reconciliation of Reported Net Income (Loss) to Adjusted Net Income" for a detailed description of adjusted items.

RECONCILIATION OF REPORTED OPERATING INCOME (LOSS) TO ADJUSTED OPERATING INCOME

(in millions)	Three Months Ended September 30,		
	2019	2018	Change
Reported Operating Income (Loss)	126.0	(20.7)	>100%
<i>% of Net revenues</i>	6.5%	(1.0%)	
Amortization expense ^(a)	84.3	92.5	(9%)
Restructuring and other business realignment costs ^(b)	28.9	56.4	(49%)
Gain on sale of business ^(c)	(84.5)	—	N/A
Asset impairment charges ^(d)	—	12.6	(100%)
Total adjustments to Reported Operating Income	28.7	161.5	(82%)
Adjusted Operating Income	154.7	140.8	10%
<i>% of Net revenues</i>	8.0%	6.9%	

^(a) In the three months ended September 30, 2019, amortization expense decreased to \$84.3 from \$92.5 in the three months ended September 30, 2018. In the three months ended September 30, 2019, amortization expense of \$38.0, \$29.1, and \$17.2 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively. In three months ended September 30, 2018, amortization expense of \$40.3, \$33.4, and \$18.8 was reported in the Luxury, Consumer Beauty, and Professional Beauty segments, respectively.

^(b) In the three months ended September 30, 2019, we incurred restructuring and other business structure realignment costs of \$28.9. We incurred Restructuring costs of \$6.0 primarily related to the Turnaround Plan, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of 22.9 primarily related to the Turnaround Plan, included in Selling, general and administrative expenses in the Consolidated Statement of Operations. In the three months ended September 30, 2018, we incurred restructuring and other business structure realignment costs of \$56.4. We incurred Restructuring costs of \$15.5 primarily related to our global integration activities and 2018 restructuring actions, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$40.9 primarily related to our Global Integration Activities and certain other programs. This amount primarily includes \$35.7 in Selling, general and administrative expense and \$5.2 in Cost of sales

^(c) In the three months ended September 30, 2019, we completed the divestiture of Younique resulting in income of \$84.5 included in Gain on sale of business in the Condensed Consolidated Statements of Operations. In three months ended September 30, 2018, we did not divest any business.

^(d) In the three months ended September 30, 2019, we did not incur any asset impairment charges. In the three months ended September 30, 2018, the Company acquired a trademark associated with a preexisting license. As a result of the acquisition, the preexisting license was effectively terminated, and accordingly the Company recorded \$12.6 of asset impairment charges in the Condensed Consolidated Statement of Operations related to the license agreement.

RECONCILIATION OF REPORTED INCOME (LOSS) BEFORE INCOME TAXES AND EFFECTIVE TAX RATES TO ADJUSTED INCOME BEFORE INCOME TAXES AND ADJUSTED EFFECTIVE TAX RATES

(in millions)	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Income Before Income Taxes	(Benefit) Provision for Taxes	Effective Tax Rate	(Loss) Income Before Income Taxes	(Benefit) Provision for Taxes	Effective Tax Rate
Reported Income (Loss) Before Taxes	\$ 46.4	\$ (9.9)	(21.3)%	\$ (87.5)	\$ (77.4)	88.5 %
Gain on sale of business adjustment ^{(a) (b)}	(84.5)	4.8				
Other adjustments to reported operating income ^{(a) (b)}	113.2	22.7		161.5	65.1	
Adjusted Income Before Taxes	\$ 75.1	\$ 17.6	23.4%	\$ 74.0	\$ (12.3)	(16.6%)

^(a) See a description of adjustments under "Reconciliation of Reported Operating Income (Loss) to Adjusted Operating Income".

^(b) The tax effects of each of the items included in adjusted income are calculated in a manner that results in a corresponding income tax benefit/provision for adjusted income. In preparing the calculation, each adjustment to reported income is first analyzed to determine if the adjustment has an income tax consequence. The benefit/provision for taxes is then calculated based on the jurisdiction in which the adjusted items are incurred, multiplied by the respective statutory rates and offset by the increase or reversal of any valuation allowances commensurate with the non-GAAP measure of profitability.

The adjusted effective tax rate was 23.4% for the three months ended September 30, 2019 compared to (16.6%) for the three months ended September 30, 2018. The differences were primarily due to a \$30.0 tax benefit recognized as a result of a favorable Swiss tax ruling in the prior period.

RECONCILIATION OF REPORTED NET INCOME (LOSS) TO ADJUSTED NET INCOME

(in millions)	Three Months Ended September 30,		
	2019	2018	Change
Reported Net Income (Loss) Attributable to Coty Inc.	\$ 52.3	\$ (12.1)	>100%
<i>% of Net revenues</i>	2.7%	(0.6%)	
Adjustments to Reported Operating Income ^(a)	28.7	161.5	(82%)
Adjustments to noncontrolling interests ^(b)	(3.0)	(3.8)	21%
Change in tax provision due to adjustments to Reported Net Income Attributable to Coty Inc.	(27.5)	(65.1)	58%
Adjusted Net Income Attributable to Coty Inc.	\$ 50.5	\$ 80.5	(37%)
<i>% of Net revenues</i>	2.6%	4.0%	

Per Share Data

Adjusted weighted-average common shares		
Basic	754.2	750.8
Diluted	758.9	752.7
Adjusted Net Income Attributable to Coty Inc. per Common Share		
Basic	\$ 0.07	\$ 0.11
Diluted	\$ 0.07	\$ 0.11

^(a) See a description of adjustments under "Reconciliation of Reported Operating Income (Loss) to Adjusted Operating Income".

^(b) The amounts represent the impact of non-GAAP adjustments to Net income attributable to noncontrolling interest related to the Company's majority-owned consolidated subsidiaries. The amounts are based on the relevant noncontrolling interest's percentage ownership in the related subsidiary, for which the non-GAAP adjustments were made.

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

(in millions)	Three Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 39.9	\$ (81.9)
Capital expenditures	(86.4)	(133.6)
Free cash flow	\$ (46.5)	\$ (215.5)

RECONCILIATION OF TOTAL DEBT TO NET DEBT

(in millions)	September 30, 2019
Total debt	\$ 7,716.5
Cash and cash equivalents	350.4
Net debt	\$ 7,366.1

RECONCILIATION OF ADJUSTED OPERATING INCOME TO ADJUSTED EBITDA

(in millions)	Twelve Months Ended September 30, 2019
Adjusted operating income ^(a)	\$ 963.6
Depreciation ^(b)	382.4
Pension Adjustment ^(c)	1.5
Adjusted EBITDA	1,347.5

^a Adjusted operating income for the twelve months ended September 30, 2019 represents the summation of the adjusted operating income for each of the three months ended December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019. For a reconciliation of adjusted operating income to operating income for each of those periods, see the tables entitled "Reconciliation of Reported Operating Income to Adjusted Operating Income" and "Reconciliation of Reported Operating Income to Adjusted Operating Income by Segment" for each of those periods.

^b The depreciation adjustment for the twelve months ended September 30, 2019 represents the summation of depreciation expense for each of the three months ended December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019 as adjusted by \$1.5, \$0.2, \$0, and \$0.2 respectively, for accelerated depreciation.

^c The pension expense adjustment for the twelve months ended September 30, 2019 represents the summation of the non-service cost components of net periodic pension cost for each of the three months ended December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019.

NET DEBT/ADJUSTED EBITDA

	September 30, 2019
Net Debt	7,366.1
EBITDA	1,347.5
Net Debt/Adjusted EBITDA	5.47

NET REVENUES AND ADJUSTED OPERATING INCOME BY SEGMENT

(in millions)	Three Months Ended September 30,							
	Net Revenues		Change		Reported Operating Income		Adjusted Operating Income	
	2019	2018	Reported Basis	Constant Currency	2019	Change	2019	Change
Luxury	\$ 806.7	\$ 792.9	2%	4%	\$ 90.3	85%	\$ 128.3	26%
Consumer Beauty	716.5	828.8	(14%)	(12%)	(43.3)	<(100%)	(14.2)	<(100)%
Professional	419.6	409.6	2%	5%	24.4	>100%	41.6	75%
Corporate	—	—	N/A	—%	54.6	>100%	(1.0)	<(100)%
Total	\$ 1,942.8	\$ 2,031.3	(4%)	(2%)	\$ 126.0	>100%	\$ 154.7	10%

NET REVENUES BY GEOGRAPHIC REGION

(in millions)	Three Months Ended September 30,			
	Net Revenues		Change	
	2019	2018	Reported Basis	Constant Currency
North America	\$ 586.6	\$ 644.9	(9%)	(9%)
Europe	869.6	872.2	—%	4%
ALMEA	486.6	514.2	(5%)	(3%)
Total	\$ 1,942.8	\$ 2,031.3	(4%)	(2%)

RECONCILIATION OF REPORTED OPERATING INCOME (LOSS) TO ADJUSTED OPERATING INCOME BY SEGMENT

Three Months Ended September 30, 2019					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
OPERATING INCOME (LOSS)					
Luxury	\$ 90.3	\$ (38.0)	\$ 128.3	\$ 0.6	\$ 128.9
Consumer Beauty	(43.3)	(29.1)	(14.2)	3.1	(11.1)
Professional Beauty	24.4	(17.2)	41.6	2.3	43.9
Corporate	54.6	55.6	(1.0)	—	(1.0)
Total	\$ 126.0	\$ (28.7)	\$ 154.7	\$ 6.0	\$ 160.7
OPERATING MARGIN					
Luxury	11.2%		15.9%		15.6%
Consumer Beauty	(6.0%)		(2.0%)		(1.5%)
Professional Beauty	5.8%		9.9%		10.2%
Corporate	N/A		N/A		N/A
Total	6.5%		8.0%		8.1%

Three Months Ended September 30, 2018					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)		
OPERATING (LOSS) INCOME					
Luxury	\$ 48.7	\$ (52.9)	\$ 101.6		
Consumer Beauty	(18.6)	(33.4)	14.8		
Professional Beauty	5.0	(18.8)	23.8		
Corporate	(55.8)	(56.4)	0.6		
Total	\$ (20.7)	\$ (161.5)	\$ 140.8		
OPERATING MARGIN					
Luxury	6.1%		12.8%		
Consumer Beauty	(2.2%)		1.8%		
Professional Beauty	1.2%		5.8%		
Corporate	N/A		N/A		
Total	(1.0%)		6.9%		

^(a) See "Reconciliation of Reported Operating Income (Loss) to Adjusted Operated Income" for a detailed description of adjusted items.

RECONCILIATION OF REPORTED NET REVENUES TO LIKE-FOR-LIKE NET REVENUES

Three Months Ended September 30, 2019 vs. Three Months Ended September 30, 2018				
Net Revenue Change				
Net Revenues Change YoY	Reported Basis	Constant Currency	Impact from Divestiture ¹	Organic (LFL)
Luxury	2 %	4 %	— %	4 %
Consumer Beauty	(14)%	(12)%	(2)%	(10)%
Professional Beauty	2 %	5 %	— %	5%
Total Company	(4)%	(2)%	(1)%	(1)%

¹ Divestiture reflects the incremental net revenues in the three months ended September 30, 2018 for the full month of September 2018 as compared to a 16 day contribution during the month ended September 2019 from *Younique* during the three months ended September 30, 2019.

COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions)	September 30, 2019	June 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 350.4	\$ 340.4
Restricted cash	31.0	40.0
Trade receivables	1,036.6	1,161.2
Inventories	1,150.8	1,153.3
Prepaid expenses and other current assets	563.9	577.8
Total current assets	3,132.7	3,272.7
Property and equipment, net	1,469.9	1,600.6
Goodwill	4,917.3	5,073.8
Other intangible assets, net	6,963.8	7,422.3
Operating lease right-of-use assets^(a)	491.9	—
Other noncurrent assets	307.9	296.0
TOTAL ASSETS	\$ 17,283.5	\$ 17,665.4
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,548.1	\$ 1,732.7
Short-term debt and current portion of long-term debt	185.4	193.8
Current operating lease liabilities ^(a)	96.5	—
Other current liabilities	1,407.4	1,550.6
Total current liabilities	3,237.4	3,477.1
Long-term debt, net	7,453.5	7,469.9
Long-term operating lease liabilities^(a)	457.9	—
Other noncurrent liabilities	1,575.8	1,673.2
Total liabilities	12,724.6	12,620.2
REDEEMABLE NONCONTROLLING INTERESTS		
Total Coty Inc. stockholders' equity	4,455.0	4,586.9
Noncontrolling interests	9.3	6.5
Total equity	4,464.3	4,593.4
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	\$ 17,283.5	\$ 17,665.4

^(a) Reflects the July 1, 2019 modified retrospective adoption of ASU 2016-02, Leases.

COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)	Three Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 56.3	\$ (10.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	179.2	185.6
Operating lease right-of-use asset amortization ^(a)	26.1	—
Deferred income taxes	(32.6)	(99.8)
Share-based compensation	6.2	6.4
Gain on sale of business	(84.5)	—
Other	31.2	39.3
Change in operating assets and liabilities, net of effects from purchase of acquired companies and sale of business:		
Trade receivables	71.7	35.6
Inventories	(72.9)	(109.5)
Accounts payable	(103.2)	(83.2)
Operating lease liabilities ^(a)	(26.7)	—
Other	(10.9)	(46.2)
Net cash provided by (used in) operating activities	39.9	(81.9)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(86.4)	(133.6)
Proceeds from sale of business, net of cash disposed ^(b)	25.6	—
Payment for asset acquisitions	—	(40.8)
Net cash used in investing activities	(60.8)	(174.4)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt, net	146.6	466.2
Dividend payment	(63.3)	(93.8)
Purchase of remaining mandatorily redeemable noncontrolling interest	(45.0)	—
Other financing activities	(1.6)	(20.6)
Net cash provided by financing activities	36.7	351.8
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(14.8)	(4.5)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1.0	91.0
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	380.4	362.2
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 381.4	\$ 453.2

^(a) Reflects the July 1, 2019 modified retrospective adoption of ASU 2016-02, Leases.

^(b) On August 27, 2019, the Company entered into a Contribution and Redemption Agreement to transfer all of its membership interest in Foundation, LLC ("Foundation"), which held the net assets of Younique, LLC ("Younique"), to an existing noncontrolling interest holder. Consideration received at the Closing Date consisted of \$50.0 cash and a secured promissory note with a face value of \$27.9.