

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

(in millions, except per share data)	Three Months Ended September 30,	
	2017	2016
<b>Net revenues</b>	<b>\$ 2,238.3</b>	<b>\$ 1,080.2</b>
Cost of sales	874.3	444.8
<i>as % of Net revenues</i>	39.1%	41.2%
<b>Gross profit</b>	<b>1,364.0</b>	<b>635.4</b>
<i>Gross margin</i>	60.9%	58.8%
Selling, general and administrative expenses	1,191.8	478.9
<i>as % of Net revenues</i>	53.2%	44.3%
Amortization expense	78.2	21.2
Restructuring costs	11.2	7.4
Acquisition-related costs	54.1	81.5
<b>Operating income</b>	<b>28.7</b>	<b>46.4</b>
<i>as % of Net revenues</i>	1.3%	4.3%
Interest expense, net	66.4	40.4
Other expense, net	3.7	1.3
<b>(Loss) income before income taxes</b>	<b>(41.4)</b>	<b>4.7</b>
<i>as % of Net revenues</i>	(1.8%)	0.4%
Benefit for income taxes	(25.3)	(5.1)
<b>Net (loss) income</b>	<b>(16.1)</b>	<b>9.8</b>
<i>as % of Net revenues</i>	(0.7%)	0.9%
Net (loss) income attributable to noncontrolling interests	(2.2)	8.2
Net income attributable to redeemable noncontrolling interests	5.8	1.6
<b>Net (loss) income attributable to Coty Inc.</b>	<b>\$ (19.7)</b>	<b>\$ —</b>
<i>as % of Net revenues</i>	(0.9%)	—%
<b>Net (loss) income attributable to Coty Inc. per common share:</b>		
Basic	\$ (0.03)	\$ —
Diluted	\$ (0.03)	\$ —
<b>Weighted-average common shares outstanding:</b>		
Basic	748.6	336.3
Diluted	748.6	336.3
<b>Cash dividend declared per common share</b>	<b>\$ 0.125</b>	<b>\$ 0.275</b>

**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, 2017					
(in millions)	Reported (GAAP)	Adjustments <sup>(a)</sup>	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
<b>Net revenues</b>	\$ 2,238.3		\$ 2,238.3	\$ (43.0)	\$ 2,195.3
<b>Gross profit</b>	1,364.0	14.0	1,378.0	(24.6)	1,353.4
<i>Gross margin</i>	60.9%		61.6%		61.6%
<b>Operating income</b>	28.7	166.4	195.1	1.0	196.1
<i>as % of Net revenues</i>	1.3%		8.7%		8.9%
<b>Net income attributable to Coty Inc.</b>	\$ (19.7)	\$ 96.0	\$ 76.3		
<i>as % of Net revenues</i>	(0.9%)		3.4%		
<b>EPS (diluted)</b>	\$ (0.03)		\$ 0.10		

  

Three Months Ended September 30, 2016				
(in millions)	Reported (GAAP)	Adjustments <sup>(a)</sup>	Adjusted (Non-GAAP)	
<b>Net revenues</b>	\$ 1,080.2		\$ 1,080.2	
<b>Gross profit</b>	635.4	0.2	635.6	
<i>Gross margin</i>	58.8%		58.8%	
<b>Operating income</b>	46.4	120.0	166.4	
<i>as % of Net revenues</i>	4.3%		15.4%	
<b>Net income attributable to Coty Inc.</b>	\$ —	\$ 78.3	\$ 78.3	
<i>as % of Net revenues</i>	—%		7.2%	
<b>EPS (diluted)</b>	\$ —		\$ 0.23	

<sup>(a)</sup> Adjustments to Gross profit for the three months ended September 30, 2017 are related to the impact of inventory buybacks associated with distributor terminations relating to the acquisition of the P&G Beauty Business, the impact of the revaluation of acquired inventory from the Younique acquisition and the impact of accelerated depreciation of buildings and equipment associated with plant closures related to the Global Integration Activities Program. For other adjustments to Operating income and Net (loss) income attributable to Coty Inc, see "Reconciliation of Reported Operating Income to Adjusted Operated Income" and "Reconciliation of Reported Net Income to Adjusted Net Income", respectively, for a detailed description of adjusted items.

## RECONCILIATION OF REPORTED OPERATING INCOME TO ADJUSTED OPERATING INCOME

(in millions)	Three Months Ended September 30,		
	2017	2016	Change
<b>Reported Operating Income</b>	<b>28.7</b>	<b>46.4</b>	<b>(38%)</b>
<i>% of Net revenues</i>	1.3%	4.3%	
Costs related to acquisition activities <sup>(a)</sup>	57.6	83.3	(31%)
Amortization expense <sup>(b)</sup>	78.2	21.2	>100%
Restructuring and other business realignment costs <sup>(c)</sup>	30.6	12.4	>100%
Pension settlement charge <sup>(d)</sup>	—	3.1	(100%)
Total adjustments to Reported Operating Income	166.4	120.0	39%
<b>Adjusted Operating Income</b>	<b>195.1</b>	<b>166.4</b>	<b>17%</b>
<i>% of Net revenues</i>	8.7%	15.4%	

<sup>(a)</sup> In the three months ended September 30, 2017, we incurred \$57.6 of costs related to acquisition activities. We recognized Acquisition-related costs of \$54.1, included in the Condensed Consolidated Statements of Operations. These costs were primarily incurred in connection with the acquisition of P&G Beauty Business and Younique included in the Condensed Consolidated Statements of Operations. These costs may include finder's fees, legal, accounting, valuation, and other professional or consulting fees, including fees related to transitional services, and other internal costs which may include compensation related expenses for dedicated internal resources. We also incurred \$3.5 in Cost of sales primarily reflecting revaluation of acquired inventory in connection with the Younique acquisition in the Condensed Consolidated Statements of Operations. In the three months ended September 30, 2016, we incurred \$83.3 of costs related to acquisition activities. We recognized Acquisition-related costs of \$81.5, included in the Condensed Consolidated Statements of Operations. These costs primarily consist of legal and consulting fees associated with the acquisition of the P&G Beauty Business. We also incurred \$1.8 of costs related to acquisition activities, included in Selling, general and administrative expense in the Consolidated Statements of Operations

<sup>(b)</sup> In the three months ended September 30, 2017, amortization expense increased to \$78.2 from \$21.2 in the three months ended September 30, 2016 primarily as a result of the acquisitions of the P&G Beauty Business, ghd, and Younique. In the three months ended September 30, 2017, amortization expense of \$33.2, \$26.4, and \$18.6 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively. In the three months ended September 30, 2016, amortization expense of \$14.9, \$4.3, and \$2.0 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively.

<sup>(c)</sup> In the three months ended September 30, 2017, we incurred restructuring and other business structure realignment costs of \$30.6. We incurred restructuring costs of \$11.2 primarily related to Global Integration Activities, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$19.4 primarily related to our Global Integration Activities. This amount primarily includes \$10.5 in Cost of sales and \$8.9 in Selling, general and administrative expense. In the three months ended September 30, 2016, we incurred Restructuring costs of \$7.4 primarily related to Organizational Redesign and Acquisition Integration Program costs, included in the Condensed Consolidated Statements of Operations and business structure realignment costs of \$8.1 primarily related to our Organizational Redesign and certain other programs, included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

<sup>(d)</sup> During the three months ended September 30, 2016, in connection with the partial settlement of the U.S. Del Laboratories, Inc. pension plan, the Company recognized a settlement loss of \$3.1 as a result of accelerated recognition of losses previously deferred within accumulated other comprehensive loss.

## RECONCILIATION OF REPORTED INCOME BEFORE INCOME TAXES AND EFFECTIVE TAX RATES TO ADJUSTED INCOME BEFORE INCOME TAXES, EFFECTIVE TAX RATES AND CASH TAX RATES

(in millions)	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	(Loss) Income Before Income Taxes	(Benefit) Provision for Taxes	Effective Tax Rate	Income Before Income Taxes	Provision for Taxes	Effective Tax Rate
<b>Reported (Loss) Income Before Taxes</b>	<b>\$ (41.4)</b>	<b>\$ (25.3)</b>	<b>61.1%</b>	<b>\$ 4.7</b>	<b>\$ (5.1)</b>	<b>(108.5)%</b>
Adjustments to Reported Operating Income <sup>(a) (b)</sup>	166.4	59.6		120.0	42.6	
Adjustments to Interest expense <sup>(b) (c)</sup>	—	—		1.4	0.5	
<b>Adjusted Income Before Taxes</b>	<b>\$ 125.0</b>	<b>\$ 34.3</b>	<b>27.4%</b>	<b>\$ 126.1</b>	<b>\$ 38.0</b>	<b>30.1%</b>

<sup>(a)</sup> See "Reconciliation of Reported Operating Income to Adjusted Operating Income"

<sup>(b)</sup> The tax effects of each of the items included in adjusted income are calculated in a manner that results in a corresponding income tax expense/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 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.

<sup>(c)</sup> See the "Reconciliation of Reported Net (Loss) Income to Adjusted Net Income."

## RECONCILIATION OF REPORTED NET INCOME TO ADJUSTED NET INCOME

(in millions)	Three Months Ended September 30,		
	2017	2016	Change
<b>Reported Net (Loss) Income Attributable to Coty Inc.</b>	<b>\$ (19.7)</b>	<b>\$ —</b>	<b>NM</b>
% of Net revenues	(0.9%)	—%	
Adjustments to Reported Operating Income <sup>(a)</sup>	166.4	120.0	39%
Adjustments to Interest Expense <sup>(b)</sup>	—	1.4	(100%)
Adjustments to noncontrolling interest expense <sup>(c)</sup>	(10.8)	—	NM
Change in tax provision due to adjustments to Reported Net Income (Loss) Attributable to Coty Inc.	(59.6)	(43.1)	(38%)
<b>Adjusted Net Income Attributable to Coty Inc.</b>	<b>\$ 76.3</b>	<b>\$ 78.3</b>	<b>(3%)</b>
% of Net revenues	3.4%	7.2%	

### Per Share Data

Adjusted weighted-average common shares			
Basic	748.6	336.3	
Diluted	752.3	342.5	
Adjusted Net Income Attributable to Coty Inc. per Common Share			
Basic	\$ 0.10	\$ 0.23	
Diluted	\$ 0.10	\$ 0.23	

<sup>(a)</sup> See "Reconciliation of Reported Operating Income to Adjusted Operating Income" in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<sup>(b)</sup> In the three months ended September 30, 2016, the amount represents a net loss of \$1.4 incurred in connection with the Hypermecas Brands and subsequent intercompany loans, included in Interest expense, net in the Consolidated Statements of Operations.

<sup>(c)</sup> 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,	
	2017	2016
<b>Net cash used in operating activities</b>	<b>\$ (8.9)</b>	<b>\$ (15.0)</b>
Capital expenditures	(111.4)	(86.8)
<b>Free cash flow</b>	<b>\$ (120.3)</b>	<b>\$ (101.8)</b>

## NET REVENUES AND ADJUSTED OPERATING INCOME BY SEGMENT

(in millions)	Three Months Ended September 30,									
	Net Revenues		Change			Reported Operating Income		Adjusted Operating Income		
	2017	2016	Actual Year - over - Year	Combined Company Year-Over-Year	Combined Company Constant Currency	2017	Change	2017	Change	
Luxury	\$ 764.4	\$ 449.0	70%	6%	4%	\$ 56.7	(25%)	\$ 89.9	(1%)	
Consumer Beauty	1,043.4	571.9	82%	4%	2%	61.9	16%	88.3	54%	
Professional	430.5	59.3	> 100%	15%	13%	(1.7)	NM	16.9	(8%)	
Corporate	—	—	N/A	N/A	N/A	(88.2)	11%	—	N/A	
<b>Total</b>	<b>\$ 2,238.3</b>	<b>\$ 1,080.2</b>	<b>&gt;100%</b>	<b>7%</b>	<b>5%</b>	<b>\$ 28.7</b>	<b>(38%)</b>	<b>\$ 195.1</b>	<b>17%</b>	

## NET REVENUES BY GEOGRAPHIC REGION

(in millions)	Three Months Ended September 30,				
	Net Revenues		Change		
	2017	2016	Reported Basis	Combined Company Year-over-Year	Combined Company Constant Currency
North America	\$ 767.6	\$ 343.1	>100%	13%	12%
Europe	964.5	446.9	>100%	5%	1%
ALMEA	506.2	290.2	74%	1%	0%
<b>Total</b>	<b>\$ 2,238.3</b>	<b>\$ 1,080.2</b>	<b>&gt;100%</b>	<b>7%</b>	<b>5%</b>

## RECONCILIATION OF REPORTED OPERATING INCOME TO ADJUSTED OPERATING INCOME BY SEGMENT

(in millions)	Three Months Ended September 30, 2017				
	Reported (GAAP)	Adjustments <sup>(a)</sup>	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
<b>OPERATING INCOME (LOSS)</b>					
Luxury	\$ 56.7	\$ (33.2)	\$ 89.9	\$ (0.2)	\$ 89.7
Consumer Beauty	61.9	(26.4)	88.3	0.4	88.7
Professional Beauty	(1.7)	(18.6)	16.9	0.8	17.7
Corporate	(88.2)	(88.2)	—	—	—
<b>Total</b>	<b>\$ 28.7</b>	<b>\$ (166.4)</b>	<b>\$ 195.1</b>	<b>\$ 1.0</b>	<b>\$ 196.1</b>

<b>OPERATING MARGIN</b>					
Luxury	7.4%		11.8%		12.0%
Consumer Beauty	5.9%		8.5%		8.7%
Professional Beauty	(0.4%)		3.9%		4.2%
Corporate	N/A		N/A		N/A
<b>Total</b>	<b>1.3%</b>		<b>8.7%</b>		<b>8.9%</b>

(in millions)	Three Months Ended September 30, 2016		
	Reported (GAAP)	Adjustments <sup>(a)</sup>	Adjusted (Non-GAAP)
<b>OPERATING INCOME (LOSS)</b>			
Luxury	\$ 75.7	\$ (14.9)	\$ 90.6
Consumer Beauty	53.2	(4.3)	57.5
Professional Beauty	16.3	(2.0)	18.3
Corporate	(98.8)	(98.8)	—
<b>Total</b>	<b>\$ 46.4</b>	<b>\$ (120.0)</b>	<b>\$ 166.4</b>

<b>OPERATING MARGIN</b>		
Luxury	16.9%	20.2%
Consumer Beauty	9.3%	10.1%
Professional Beauty	27.5%	30.9%
Corporate	N/A	N/A
<b>Total</b>	<b>4.3%</b>	<b>15.4%</b>

<sup>(a)</sup> See "Reconciliation of Reported Operating Income to Adjusted Operated Income" for a detailed description of adjusted items.

## RECONCILIATION OF REPORTED NET REVENUES TO COMBINED COMPANY AND LIKE-FOR-LIKE NET REVENUES

### Three Months Ended September 30, 2017 vs. Three Months Ended September 30, 2016 Net Revenue Change

Net Revenues Change YoY	Reported Basis vs Legacy Coty	Combined Company Reported <sup>1</sup>	Combined Company Reported at Constant Currency	of which	
				Impact from Acquisitions <sup>2</sup>	Combined Company Organic (LFL)
Luxury	70%	6%	4%	—%	4 %
Consumer Beauty	82%	4%	2%	10%	(8)%
Professional Beauty	>100%	15%	13%	12%	1%
<b>Total Company</b>	<b>&gt;100%</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>	<b>(2)%</b>

<sup>1</sup> Combined Company reflects combined Legacy-Coty and P&G Beauty Business net revenues in the current and prior-year period.

<sup>2</sup> Acquisitions reflect the net revenue contribution in the current period from the acquisitions of the P&G Beauty Business, Younique and ghd

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

(in millions)	September 30, 2017	June 30, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 919.2	\$ 535.4
Restricted cash	25.4	35.3
Trade receivables—less allowances of \$67.4 and \$58.5, respectively	1,609.5	1,470.3
Inventories	1,172.0	1,052.6
Prepaid expenses and other current assets	523.4	487.9
<b>Total current assets</b>	<b>4,249.5</b>	<b>3,581.5</b>
<b>Property and equipment, net</b>	<b>1,633.8</b>	<b>1,632.1</b>
<b>Goodwill</b>	<b>8,738.0</b>	<b>8,555.5</b>
<b>Other intangible assets, net</b>	<b>8,493.9</b>	<b>8,425.2</b>
<b>Deferred income taxes</b>	<b>158.2</b>	<b>72.6</b>
<b>Other noncurrent assets</b>	<b>299.7</b>	<b>281.3</b>
<b>TOTAL ASSETS</b>	<b>\$ 23,573.1</b>	<b>\$ 22,548.2</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,768.3	\$ 1,732.1
Accrued expenses and other current liabilities	1,827.6	1,796.4
Short-term debt and current portion of long-term debt	223.3	209.1
Income and other taxes payable	129.3	66.0
<b>Total current liabilities</b>	<b>3,948.5</b>	<b>3,803.6</b>
<b>Long-term debt, net</b>	<b>7,541.9</b>	<b>6,928.3</b>
<b>Pension and other post-employment benefits</b>	<b>564.1</b>	<b>549.2</b>
<b>Deferred income taxes</b>	<b>937.4</b>	<b>924.9</b>
<b>Other noncurrent liabilities</b>	<b>565.0</b>	<b>473.4</b>
<b>Total liabilities</b>	<b>13,556.9</b>	<b>12,679.4</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>REDEEMABLE NONCONTROLLING INTERESTS</b>	<b>562.5</b>	<b>551.1</b>
<b>EQUITY:</b>		
Preferred Stock	—	—
Common Stock	8.1	8.1
Additional paid-in capital	11,113.1	11,203.2
Accumulated deficit	(470.6)	(459.2)
Accumulated other comprehensive loss	243.5	4.4
Treasury stock	(1,441.8)	(1,441.8)
<b>Total Coty Inc. stockholders' equity</b>	<b>9,452.3</b>	<b>9,314.7</b>
<b>Noncontrolling interests</b>	<b>1.4</b>	<b>3.0</b>
<b>Total equity</b>	<b>9,453.7</b>	<b>9,317.7</b>
<b>TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>	<b>\$ 23,573.1</b>	<b>\$ 22,548.2</b>

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

(in millions)	Three Months Ended September 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (16.1)	\$ 9.8
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	168.7	59.9
Deferred income taxes	(81.6)	(6.9)
Provision for bad debts	9.2	2.5
Provision for pension and other post-employment benefits	11.1	6.5
Share-based compensation	6.9	3.1
Other	8.4	6.2
Change in operating assets and liabilities, net of effects from purchase of acquired companies:		
Trade receivables	(124.0)	(86.9)
Inventories	(97.5)	(48.7)
Prepaid expenses and other current assets	(21.0)	(6.1)
Accounts payable	21.0	60.2
Accrued expenses and other current liabilities	14.3	4.6
Income and other taxes payable	65.5	(18.7)
Other noncurrent assets	(21.3)	5.5
Other noncurrent liabilities	47.5	(6.0)
<b>Net cash used in operating activities</b>	<b>(8.9)</b>	<b>(15.0)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(111.4)	(86.8)
Payment for business combinations, net of cash acquired	(7.5)	—
Proceeds from sale of asset	2.9	—
<b>Net cash used in investing activities</b>	<b>(116.0)</b>	<b>(86.8)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from short-term debt, original maturity more than three months	—	3.2
Repayments of short-term debt, original maturity more than three months	—	(3.2)
Net (repayments) proceeds of short-term debt, original maturity less than three months	(0.5)	(4.8)
Proceeds from revolving loan facilities	778.4	355.0
Repayments of revolving loan facilities	(150.0)	(70.0)
Repayments of term loans	(40.6)	(27.9)
Dividend payment	(94.3)	(92.4)
Net proceeds from issuance of Class A Common Stock and Series A Preferred Stock	11.2	6.1
Payments for employee taxes related to net settlement of equity awards	(3.1)	—
Payments for purchases of Class A Common Stock held as Treasury Stock	—	(36.3)
Net proceeds from foreign currency contracts	(2.3)	1.7
Distributions to noncontrolling interests and redeemable noncontrolling interests	(6.4)	—
<b>Net cash provided by financing activities</b>	<b>492.4</b>	<b>131.4</b>
<b>EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>	<b>6.4</b>	<b>1.0</b>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>373.9</b>	<b>30.6</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period</b>	<b>570.7</b>	<b>372.4</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period</b>	<b>\$ 944.6</b>	<b>\$ 403.0</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid during the period for interest	\$ 61.0	\$ 35.3
Cash paid during the period for income taxes, net of refunds received	32.8	15.2
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:</b>		
Accrued capital expenditure additions	\$ 90.3	\$ 59.4