

BUY:  
COTY

Current Price:  
\$11.93

Target Price:  
\$14.50

Upside:  
22%

## Coty Inc (NYSE: COTY)

---

Consumer Staples | Personal & Household Products

Sector Head: Torrey Jacobson-Evans

Subsector Head: Bethany Goldstein

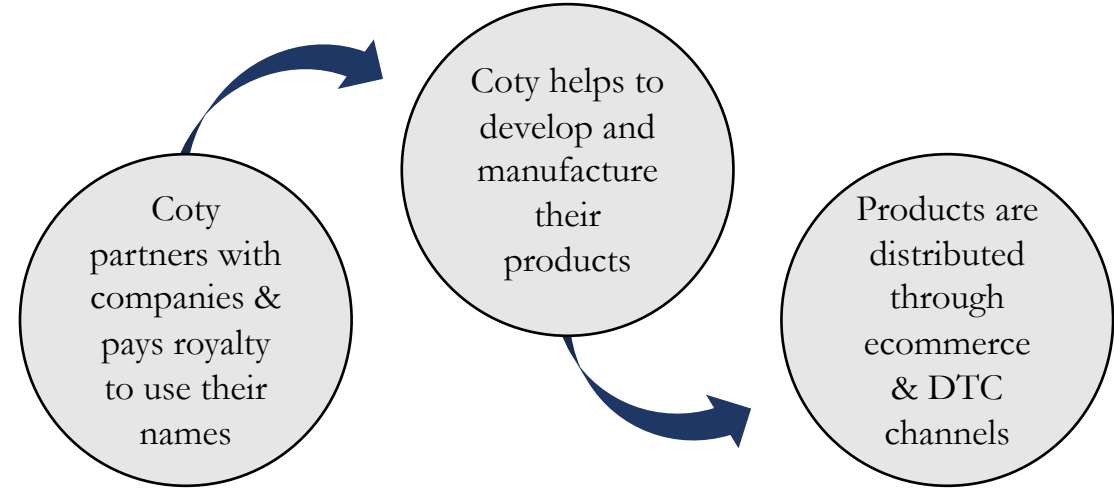
Junior Analysts: Ryan Faude & Joseph LoRubbio

# Company Overview

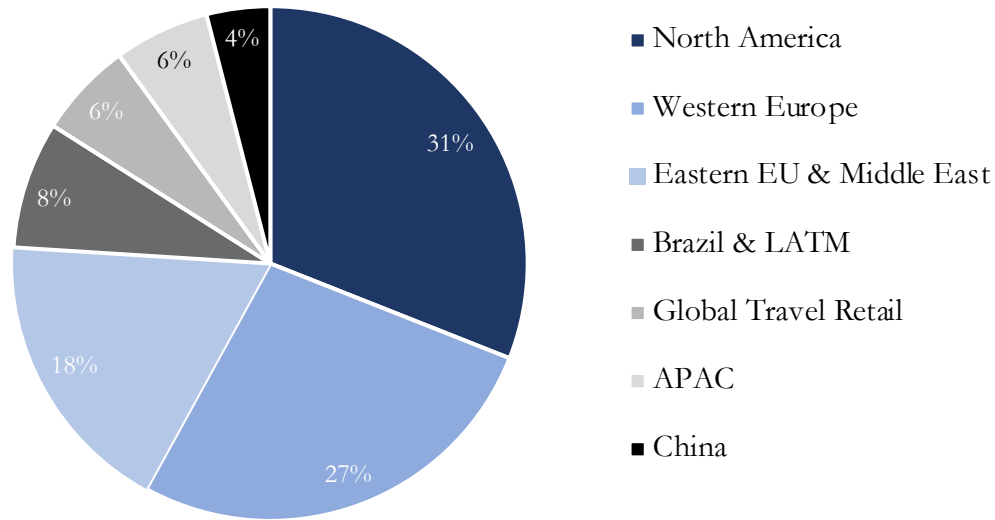
## Company Analysis

- Coty manufactures, markets, sells, and distributes branded beauty products globally
- Products range from fragrances, color cosmetics, and skin/body products
- With their vast product portfolio, Coty appeals to consumers of all income ranges

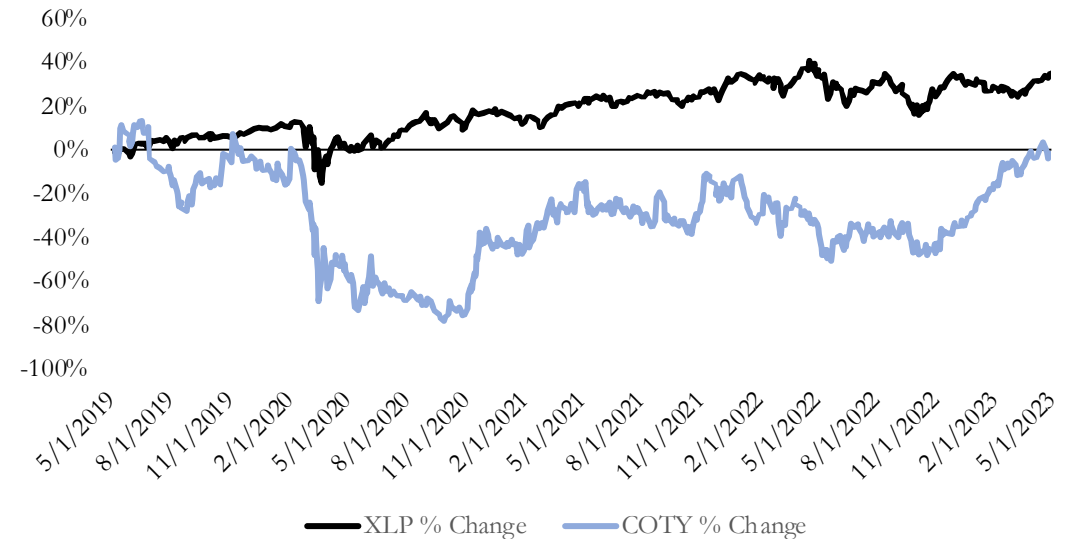
## Operational Breakdown



## Revenue Streams



## Historical Stock Performance



# Industry Analysis

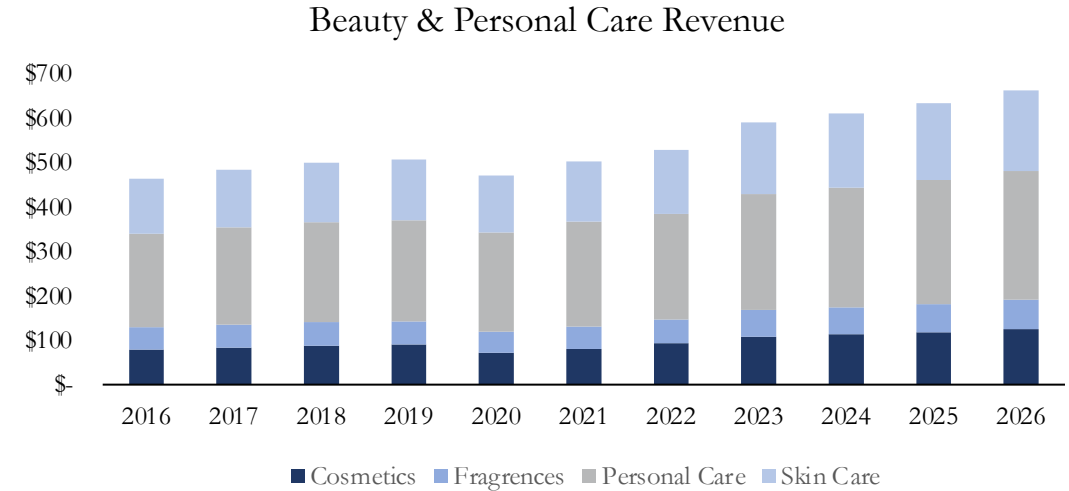
## Beauty and Personal Products Overview

- 1 Items in this industry include beauty cosmetics for the face, lips, skin care, and personal products like hair care, deodorant, and shaving products
- 2 With recent inflation, 7 in 10 consumers stated that they did not plan on cutting prestige beauty expenses
- 3 Many higher income consumers have loyalty to these prestige beauty brands, in addition to younger consumers who use these brands to fuel confidence and mental health initiatives




## Competitors



## Revenue Growth



## Emerging Trends

-  **Prestige Fragrances** → consumers are buying prestige fragrances, but 40% of those are at sizes less than 1oz
-  **Sustainability** → Gen Z consumers want sustainable products, specifically those that are water-free cosmetics / plastic free packaging
-  **Skinification** → Consumers not only want a product based on how they look, but value the skin benefits that the provides

# Investment Thesis



# Business Turnaround

## *Business Restructuring*

### Prior Company Issues

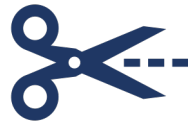


5 Different CEOs from 2015-2020



P&G Acquired Brands Faced Declining Sales

### Cost-Cutting Adjustments



Reduce annual expenses by \$200 million



Decreased staffing and products sold

## *Expanding Cruelty-Free Offerings*



Leaping Bunny Initiative: Internationally recognizes cruelty-free products promoting **consumer trust**

2018

**COVERGIRL**

2022

**RIMMEL**  
LONDON  
**RISQUÉ**  
MANHATTAN

2023

**philosophy**

## *Premium Brands*

Skincare portfolio revenues on track to double to \$500-600 million by FY25

### Brand Portfolio

- Lancaster
- Orveda
- Kylie Skin
- SKKN By Kim

Philosophy comeback built around **healthification** and **dermatologic** focus

## *Technologically Innovative Future*

Board appoint L Rochet who “wired” L’Oréal’s digital 2010 - 2018

E-commerce sales rose 40% in the Prestige channel roughly 10% in the Mass channels

Hugo Boss Digital Stores provides customer digital experience

# Diversified Consumer Base

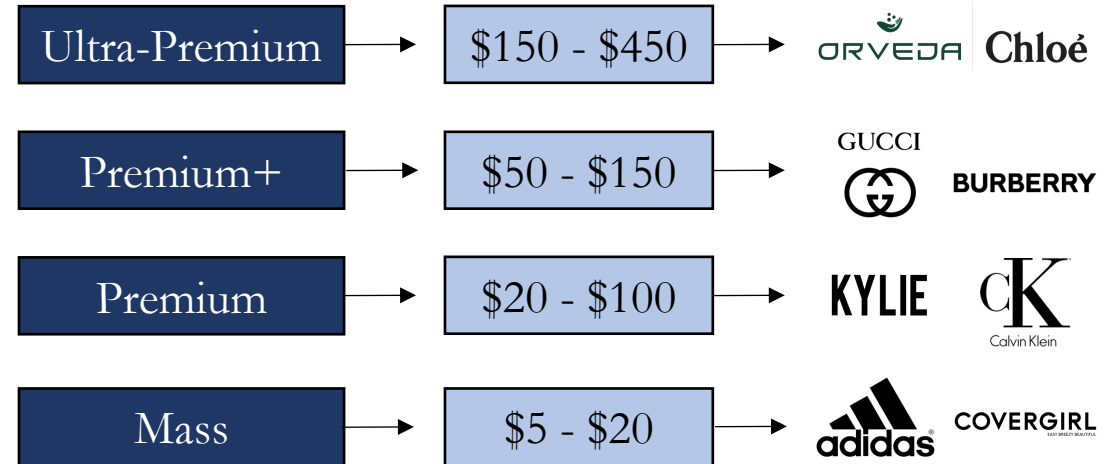
## Consumer Preferences

**“Lipstick Index”**  
During tougher financial times, people still spend money on small luxuries

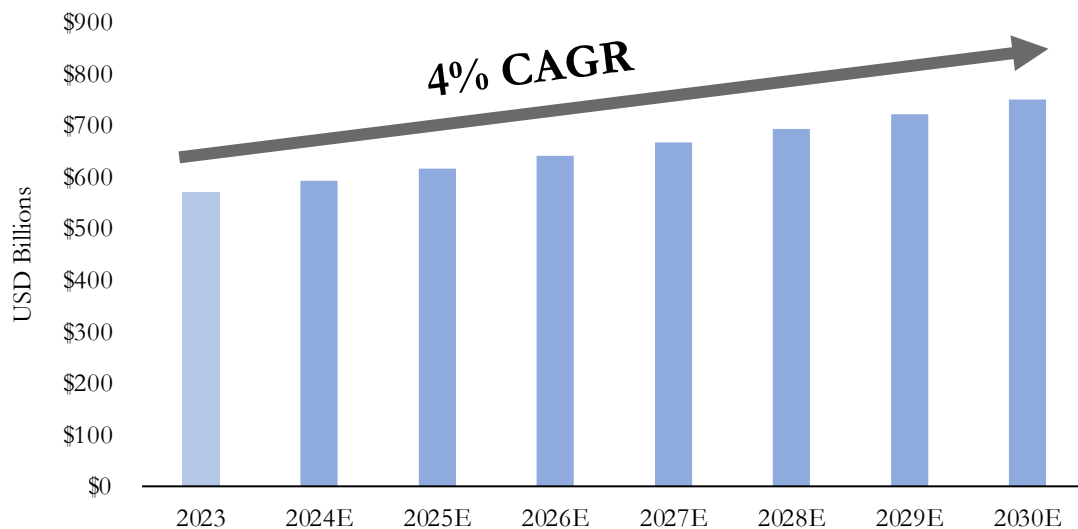
Fragrance sales were up over 16% in 2023 Q1 vs the prior year

Mass beauty market generated \$7 billion in Q1, representing 10% growth YoY

## Diversified Product Portfolio




## Global Beauty & Personal Products Market




## Global Reach


Long-term licensing deals with major prestige players lasting for the next 11 years



Through their many brands, Coty reaches customers in over 130 different countries and territories



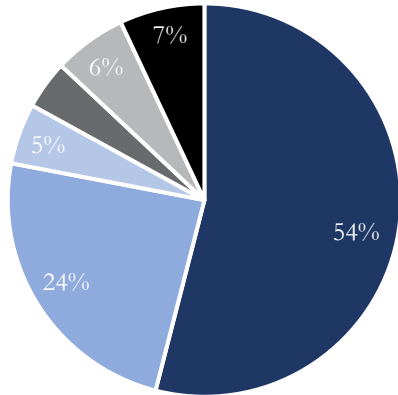
Acquired 20% of KKW Beauty in 2021 helping to improve marketing and increase the customer base



# Luxury Trade-Ups

## Unique Exposure

- Prestige Fragrances
- Consumer Beauty Cosmetics
- Prestige & Mass Skincare
- Prestige Cosmetics
- Body Care

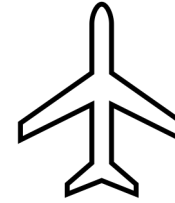


Beauty Grew 8-10% in 2022: Prestige +15% with new rollouts

COTY is taking market share from comps with 4 quarters of expansion

Key fragrance launches received top positions

## International Travel Favoring Trade-Ups



Asia travel traffic up 377% in January and 67% internationally; travel index at 84 compared to 2019 giving runway for continued growth

International travel favors luxury brands, revenge travel and self-care are major tailwinds, similar trend in domestic US market with Kylie Cosmetics, Burberry, and Gucci

## China Reopening Overlaps With Premium Launch

# LANCASTER

Lancaster revamp: March ultra premium skincare launch with Monaco royalty collab

20% sales increase since launch in China, growing Hainan penetration as Estee Lauder loses out on tougher comp and new products

China is the world's largest cosmetics market  
"Shift towards new brands is stronger than ever"  
– CEO Sue Nabi

## Strong Data Leading up to Quarterly Print

### Bullish Data Going Into Quarterly Print

Strong reinvestments into Fragrances by Macy's (50% fragrance market)

Improved service levels vs glass shortages last year, meeting reorders

MSD% price increases in Q1

Gucci brand franchiser **Kering** reported +16% royalty revenue growth in Q1 (where COTY sales roll up)

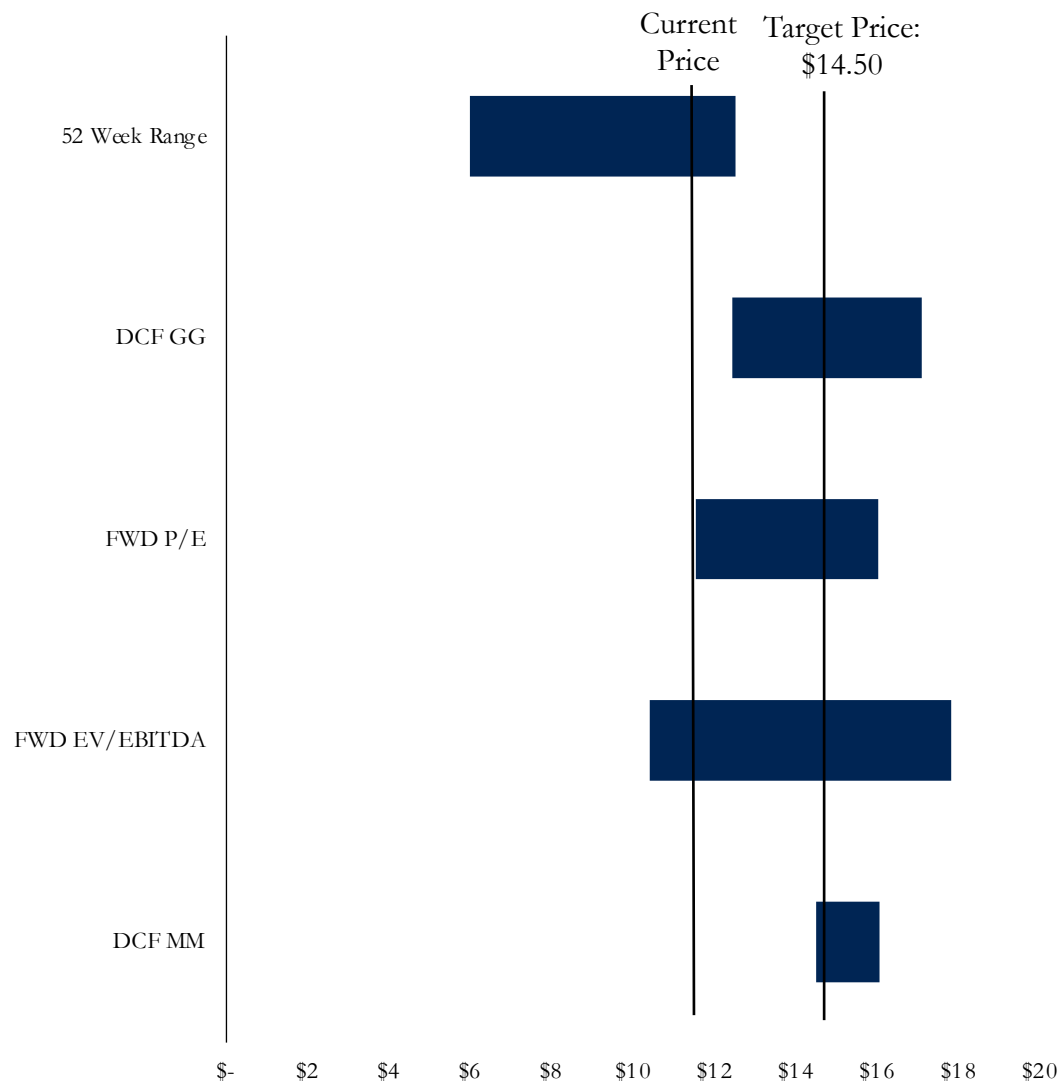
IRI data points to +9% US Price/Mix benefit

COTY raised Q3 LFL sales guidance to 10% on March 15

Consensus estimates rooted at 5%

# Valuation

## Football Field

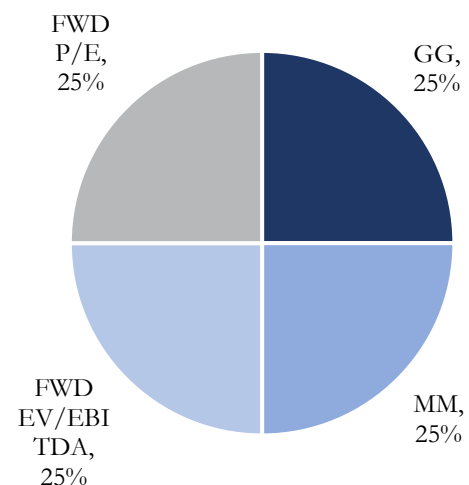


## Sensitivity Analysis

		Terminal Growth Rate				
		1.50%	2.00%	2.50%	3%	3.50%
WACC	7.18%	15.80	17.10	18.68	20.64	23.14
	7.68%	14.06	15.11	16.37	17.89	19.77
	8.18%	12.59	13.45	14.46	15.66	17.12
	8.68%	11.32	12.03	12.86	13.83	14.98
	9.18%	10.22	10.82	11.50	12.29	13.22

		Terminal Multiple				
		19.01x	19.51x	20.01x	20.51x	21.01x
WACC	7.18%	15.78	16.15	16.53	16.91	17.28
	7.68%	15.17	15.53	15.89	16.26	16.62
	8.18%	14.58	14.93	15.28	15.63	15.98
	8.68%	14.01	14.35	14.69	15.03	15.36
	9.18%	13.46	13.79	14.12	14.44	14.77

## Assumptions



**WACC:**  
8.18%

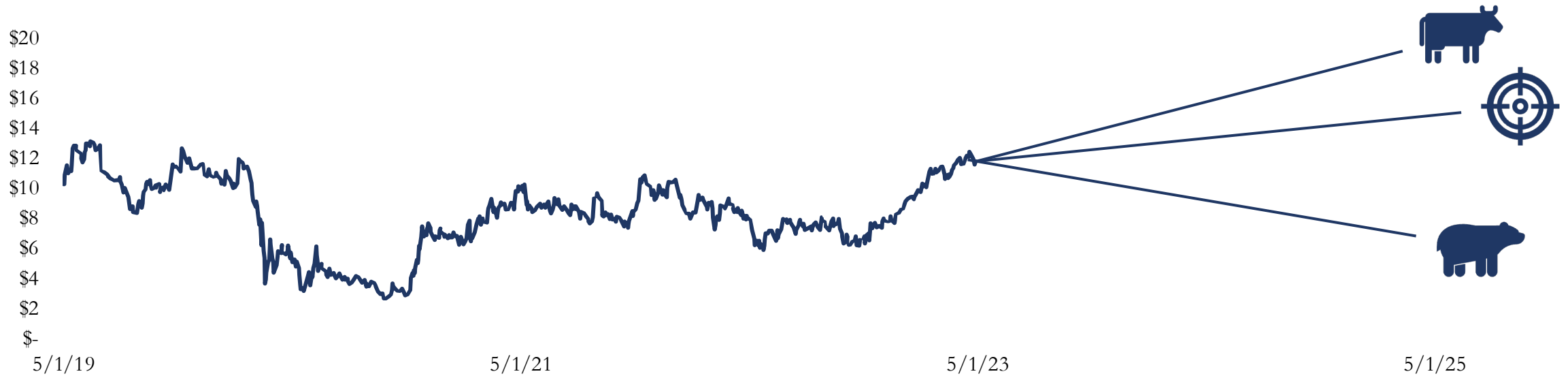
**Beta:** 1.51

**EV/EBITDA:** 20x

**Terminal Growth Rate:**  
2.50%



# Investment Analysis



## Bear Case

- Failed acquisitions and partnerships occur, creating increases in costs rather than decreasing
- Consumer base and loyalty starts to decrease as travel slows and trade-ups diminish



## Base Case

- Coty continues to transform the structure of their company, decreasing cost factors and developing unique and successful partnerships
- Consumer base expands as expected, luxury emphasis



## Bull Case

- Partnerships and cost structure renovation that exceeds expectation
- Consumer base expands as consumer loyalty expands beyond expectation

BUY:  
COTY

Current Price:  
\$11.93

Target Price:  
\$14.50

Upside:  
22%

**Thank You! Questions?**

---

# Appendix

---

Appendix A: Balance Sheet

Appendix B: Income Statement

Appendix C: Cash Flow Statement

Appendix D: Net Working Capital

Appendix E: WACC & Beta

Appendix F: DCF

Appendix G: Comparable Companies

Appendix I: Brand Portfolio

Appendix J: Regional Distribution

Appendix K: Strategic Partnerships

Appendix L: Market Share Expansion

Appendix M: Strengthened Capital Structure

Appendix N: Long-Term Algorithm

Appendix O: Raised Outlook

# Appendix A: Balance Sheet

Balance Sheet	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Current assets:</b>								
Cash and cash equivalents	341	372	535	332	340	308	254	233
Restricted cash	680	683	35	31	40	44	57	31
Trade receivables	558	566	1,470	1,536	859	440	348	365
Inventories	191	207	1,053	1,149	860	678	651	662
Prepaid expenses and other current assets	87	111	488	604	398	412	474	392
Current assets held for sale	-	-	-	-	773	4,613	-	-
<b>Total current assets</b>	<b>1,856</b>	<b>1,938</b>	<b>3,582</b>	<b>3,651</b>	<b>3,271</b>	<b>6,495</b>	<b>1,783</b>	<b>1,682</b>
Property and equipment, net	500	639	1,632	1,681	1,333	1,082	918	716
Goodwill	1,531	2,213	8,556	8,607	4,167	3,974	4,118	3,915
Other intangible assets, net	1,914	2,050	8,425	8,284	4,531	4,372	4,463	3,903
Equity investments	-	-	-	-	-	-	1,276	843
Operating lease right-of-use assets	-	-	-	-	-	371	319	321
Deferred income taxes	10	16	73	107	110	362	759	652
Other noncurrent assets	208	245	281	300	103	72	56	86
Noncurrent assets held for sale	-	-	-	-	4,196	-	-	-
<b>Total Assets</b>	<b>6,019</b>	<b>7,100</b>	<b>22,548</b>	<b>22,630</b>	<b>17,710</b>	<b>16,729</b>	<b>13,691</b>	<b>12,116</b>
<b>Current liabilities:</b>								
Accounts payable	748	921	1,732	1,929	1,584	1,190	1,166	1,268
Accrued expenses and other current liabilities	719	748	1,796	1,844	1,189	1,112	1,096	1,097
Short-term debt and current portion of long-term debt	29	162	209	219	194	188	24	23
Current operating lease liabilities	-	-	-	-	-	105	76	68
Income and other taxes payable	22	19	66	52	53	34	53	109
Deferred income taxes	7	5	-	-	-	-	-	-
Current liabilities held for sale	-	-	-	-	457	957	-	-
<b>Total current liabilities</b>	<b>1,526</b>	<b>1,855</b>	<b>3,804</b>	<b>4,044</b>	<b>3,475</b>	<b>3,586</b>	<b>2,415</b>	<b>2,566</b>
Long-term operating lease liabilities	-	-	-	-	-	317	269	282
Long-term debt, net	2,606	4,001	6,928	7,305	7,470	7,892	5,401	4,409
Pension and other post-employment benefits	207	231	549	533	448	400	421	292
Deferred income taxes	353	339	925	843	351	175	675	669
Other noncurrent liabilities	257	234	473	389	398	335	328	340
Noncurrent liabilities held for sale	-	-	-	-	523	-	-	-
<b>Total Liabilities</b>	<b>4,948</b>	<b>6,660</b>	<b>12,679</b>	<b>13,114</b>	<b>12,665</b>	<b>12,705</b>	<b>9,509</b>	<b>8,558</b>
Commitments and Contingencies	-	-	-	-	-	-	-	-
Convertible Series B Preferred Stock	-	-	-	-	-	716	1,036	142
Redeemable Noncontrolling Interests	86	73	551	661	452	79	84	70
<b>Equity:</b>								
Preferred stock	-	-	-	-	0	-	-	-
Common Stock	4	4	8	8	8	8	8	9
Additional paid-in capital	2,044	2,038	11,203	10,751	10,621	10,447	10,376	10,806
Accumulated deficit	(194)	(37)	(459)	(626)	(4,541)	(5,549)	(5,756)	(5,496)
Accumulated other comprehensive loss	(274)	(240)	4	159	(59)	(456)	(322)	(718)
Treasury stock—at cost, shares	(611)	(1,406)	(1,442)	(1,442)	(1,442)	(1,446)	(1,446)	(1,446)
<b>Total Coty Inc. stockholders' equity</b>	<b>970</b>	<b>360</b>	<b>9,315</b>	<b>8,850</b>	<b>4,587</b>	<b>3,005</b>	<b>2,861</b>	<b>3,155</b>
Noncontrolling interests	15	7	3	6	7	224	202	191
<b>Total equity</b>	<b>985</b>	<b>367</b>	<b>9,318</b>	<b>8,856</b>	<b>4,593</b>	<b>3,229</b>	<b>3,062</b>	<b>3,346</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>6,019</b>	<b>7,100</b>	<b>22,548</b>	<b>22,630</b>	<b>17,710</b>	<b>16,729</b>	<b>13,691</b>	<b>12,116</b>

# Appendix B: Income Statement

Income Statement	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
<b>Net revenues</b>	4,395	4,349	7,650	9,398	8,649	4,718	4,630	5,304	5,776	6,409	7,169	8,010	8,891	9,803	10,732	11,665
Cost of sales	1,757	1,746	3,029	3,608	3,307	1,991	1,862	1,935	2,049	2,223	2,451	2,698	2,950	3,204	3,454	3,696
% of net revenues	39.98%	40.15%	39.59%	38.40%	38.23%	42.21%	40.21%	36.48%	35.48%	34.68%	34.18%	33.68%	33.18%	32.68%	32.18%	31.68%
<b>Gross profit</b>	2,638	2,603	4,622	5,790	5,342	2,727	2,768	3,369	3,726	4,186	4,718	5,312	5,941	6,599	7,278	7,969
Selling, general and administrative expenses	2,066.10	2,027.80	4,060	5,009.60	4,563.90	3,120	2,363.20	2,881.30	\$ 3,128	\$ 3,465	\$ 3,869	\$ 4,315	\$ 4,780	\$ 5,261	\$ 5,749	\$ 6,237
% of sales	47%	47%	53%	53%	53%	66%	51%	54%	54%	54%	54%	54%	54%	54%	54%	53%
Amortization expense	74.7	79.5	275.1	352.8	353.5	233.1	251.2	207.4	226	251	280	313	348	383	420	456
% of sales	2%	2%	4%	4%	4%	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Restructuring costs	75	87	372	173	44	130	64	(7)	-	-	-	-	-	-	-	-
Acquisition- and divestiture- related costs	34	174	355	64	-	157	139	15	-	-	-	-	-	-	-	-
Asset impairment charges	-	6	-	-	3,852	434	-	31	-	-	-	-	-	-	-	-
Gain on divestitures	(7)	(25)	(3)	29	-	(112)	-	-	-	-	-	-	-	-	-	-
<b>Operating income (loss)</b>	395	254	(438)	161	(3,472)	(1,237)	(49)	240	372	470	569	684	812	954	1,109	1,276
Interest expense, net	73	81.9	218.6	265	275.7	242.7	235.1	224	\$ 220.79	\$ 200.14	\$ 173.69	\$ 146.02	\$ 126.52	\$ 119.88	\$ 109.78	\$ 95.99
% of sales	2%	2%	3%	3%	3%	5%	5%	4%	4%	3%	2%	2%	1%	1%	1%	1%
Loss on early extinguishment of debt	89	3	-	11	-	-	-	-	-	-	-	-	-	-	-	-
Other income, net	-	30	2	38	31	(12)	(44)	(410)	(124)	(137)	(153)	(172)	(190)	(210)	(230)	(250)
% of sales	0%	1%	0%	0%	0%	0%	-1%	-8%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
<b>Income (loss) from continuing operations before income taxes</b>	233	139	(658)	(153)	(3,778)	(1,468)	(240)	426	274	407	549	709	876	1,044	1,229	1,430
Provision (benefit) for income taxes on continuing operations	(26)	(40)	(260)	(25)	(9)	(378)	(172)	165	-	-	-	-	-	-	-	-
% of sales	1%	1%	3%	0%	0%	8%	4%	3%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net income (loss) from continuing operations</b>	259	179	(399)	(128)	(3,770)	(1,091)	(68)	261	274	407	549	709	876	1,044	1,229	1,430
Net income (loss) from discontinued operations	-	-	-	-	-	87	(137)	6	-	-	-	-	-	1	2	3
% of sales	0%	0%	0%	0%	0%	2%	-3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net income (loss)</b>	259	179	(399)	(128)	(3,770)	(1,003)	(206)	267	274	407	549	709	876	1,045	1,231	1,433
Net (loss) income attributable to noncontrolling interests	15	8	15	2	3	5	(16)	(5)	(5)	(5)	(6)	(6)	(7)	(8)	(8)	(9)
% of sales	0.3%	0.2%	0.2%	0.0%	0.0%	0.1%	-0.3%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Net income (loss) attributable to redeemable noncontrolling interests	12	15	8	39	12	(1)	12	13	14	16	18	20	22	25	27	29
% of sales	0.3%	0.3%	0.1%	0.4%	0.1%	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
<b>Net income (loss) attributable to Coty Inc.</b>	233	157	(422)	(169)	(3,784)	(1,007)	(202)	259	264	396	536	695	861	1,029	1,213	1,413
<b>Net (loss) income attributable to Coty Inc. per common share:</b>																
Basic (dollars per shares)	\$ 0.66	\$ 0.45	\$ (0.66)	\$ (0.23)	\$ (5.04)	\$ (1.33)	\$ (0.26)	\$ 0.32	\$ 0.32	\$ 0.48	\$ 0.65	\$ 0.85	\$ 1.05	\$ 1.25	\$ 1.48	\$ 1.72
Diluted (dollars per shares)	\$ 0.64	\$ 0.44	\$ (0.66)	\$ (0.23)	\$ (5.04)	\$ (1.33)	\$ (0.26)	\$ 0.31	\$ 0.32	\$ 0.47	\$ 0.64	\$ 0.83	\$ 1.03	\$ 1.23	\$ 1.45	\$ 1.69
<b>Weighted-average common shares outstanding:</b>																
Basic (in shares)	353.3	345.5	642.8	749.7	751.2	759.1	764.8	820.6	820.6	820.6	820.6	820.6	820.6	820.6	820.6	820.6
Diluted (in shares)	362.9	354.2	642.8	749.7	751.2	759.1	764.8	834.1	834.1	834.1	834.1	834.1	834.1	834.1	834.1	834.1

# Appendix C: Cash Flow Statement

Statement of Cash Flows	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Net income (loss)	\$ 259	\$ 179	\$ (399)	\$ (128)	\$ (3,770)	\$ (1,003)	\$ (206)	\$ 267
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>								
Depreciation and amortization	230.9	232	555.1	737	736	716.5	585	516.4
as a % of CapEx	135.11%	154.56%	128.41%	165.10%	172.53%	267.95%	336.57%	296.61%
Non-cash lease expense	-	6	-	-	-	105	81	79
Asset impairment charges	-	-	-	-	3,852	434	-	31
Deferred income taxes	(87)	(139)	(390)	(102)	(176)	(343)	(218)	12
Provision (release) for bad debts	5	22	23	24	12	55	(13)	21
Provision for pension and other post-employment benefits	16	9	54	32	30	16	18	13
Share-based compensation	31	22	25	31	15	30	30	196
(Gain) loss on sale of business in discontinued operations and other business divestiture	(7)	(25)	(3)	29	-	(112)	246	(6)
(Gains) losses on disposals of long-lived assets, net	-	-	-	16	28	38	15	(116)
Loss on early extinguishment of debt	89	3	-	11	-	-	-	-
Realized and unrealized gains from equity investments, net	-	-	-	-	-	-	(70)	(400)
Foreign exchange effects	-	-	-	(17)	(4)	31	27	(17)
Other	21	13	26	(0)	47	27	55	5
<b>Change in operating assets and liabilities, net of effects from purchase of acquired companies:</b>								
Trade receivables	(44)	(45)	(280)	(80)	345	425	11	(77)
Inventories	29	27	162	(60)	(22)	124	81	(48)
Prepaid expenses and other current assets	6	7	(106)	(108)	12	26	(137)	(13)
Accounts payable	7	148	541	160	(127)	(374)	(50)	141
Accrued expenses and other current liabilities	16	23	479	(23)	(378)	(36)	(46)	130
Operating lease liabilities	-	-	-	-	-	(107)	(125)	(71)
Income and other taxes payable	128	16	85	(83)	66	(46)	20	92
Other noncurrent assets	(137)	9	23	(18)	25	1	40	(7)
Other noncurrent liabilities	(36)	(6)	(39)	(8)	(50)	(58)	(26)	(21)
Net cash provided by (used in) operating activities	526	501	758	414	640	(52)	318	726
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Capital expenditures	(171)	(150)	(432)	(446)	(427)	(267)	(174)	(174)
% of Sales	3.89%	3.45%	5.65%	4.75%	4.93%	5.67%	3.76%	3.28%
Proceeds from sale of long-lived assets, including assets under restructuring programs	15	29	11	37	13	1	4	179
Proceeds related to sale of discontinued business, net of cash disposed	-	-	-	-	-	-	2,374	34
Additions of goodwill	(30)	-	-	-	-	-	-	-
Return of capital from equity investments	-	-	-	-	-	-	448	231
Payments for equity investment, business combinations and asset acquisitions, net of cash acquired	12	(909)	(743)	(278)	(41)	(592)	(200)	-
Proceeds from sale of business, net of cash disposed	-	-	-	-	-	26	27	-
Termination of currency swaps designated as net investment hedges	-	-	-	-	-	-	(38)	-
Payments related to loss on foreign currency contracts	-	(30)	-	-	-	-	-	-
Other	3.2	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	\$ (171)	\$ (1,059)	\$ (1,164)	\$ (688)	\$ (454)	\$ (833)	\$ 2,442	\$ 270
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>								
Net proceeds (repayments) of short-term debt, original maturity less than three months	652	19	10	-	-	-	-	-
Repayments of short-term debt, original maturity more than three months	(655)	(28)	(10)	-	-	-	-	-
Net proceeds from (repayments of) short-term debt, original maturity less than three months	12	25	(49)	21	(21)	(4)	-	1
Proceeds from revolving loan facilities	853	1,940	2,244	3,186	2,183	4,681	2,760	943
Repayments of revolving loan facilities	(1,616)	(1,430)	(2,074)	(3,643)	(1,729)	(4,044)	(3,593)	(1,339)
Proceeds from issuance of other long term debt	801	3,506	1,075	7,467	-	-	1,749	542
Repayments of term loans and other long term debt	(785)	(2,499)	(136)	(6,493)	(190)	(186)	(3,895)	(868)
Dividend payments on Class A Common Stock and Convertible Series B Preferred Stock	(71)	(89)	(373)	(376)	(346)	(197)	(26)	(57)
Payments for purchases of Class A Common Stock held as Treasury Stock	49	45	23	23	6	3	-	-
Payments for purchases of Class A Common Stock held as Treasury Stock	(263)	(795)	(36)	-	-	(5)	-	-
Proceeds from issuance of Convertible Series B Preferred Stock	-	-	-	-	-	725	227	-
Net (payments) proceeds for foreign currency contracts	(38)	(10)	(1)	12	(0)	0	19	(179)
Payment for business combinations – contingent consideration	(1)	-	-	-	-	-	-	-
Proceeds from mandatorily redeemable noncontrolling interests and noncontrolling interests	2	-	-	-	-	-	-	-
Distributions to mandatorily redeemable financial interests, redeemable noncontrolling interests and noncontrolling interests	(21)	(33)	(42)	(66)	(38)	(25)	(9)	(17)
Purchase of remaining mandatorily redeemable financial interest	(16)	(1)	(10)	-	-	(45)	-	(7)
Payment of deferred financing fees	(11)	(58)	(24)	(55)	(17)	(14)	(22)	(40)
All other	-	-	-	(6)	(7)	(11)	(5)	(14)
Net cash (used in) provided by financing activities	(1,109)	593	595	69	(160)	877	(2,795)	(1,034)
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(114)	(4)	9	(4)	(7)	(21)	(7)	(9)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(897)	31	198	(209)	18	(28)	(42)	(47)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	1,238	341	372	571	362	381	352	310
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	341	372	571	362	381	352	310	264
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>								
Cash paid during the year for interest	65	90	190	243	291	281	231	215
Cash received during the period for settlement of interest rate swaps	-	-	-	-	43	-	-	-
Cash paid during the year for income taxes, net of refunds received	105	118	90	125	110	123	16	97

# Appendix D: Net Working Capital

Net Working Capital Adjustments	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net revenues	4,395	4,349	7,650	9,398	8,649	4,718	4,630	5,304	5,776	6,409	7,169	8,010	8,891	9,803	10,732	11,665
Total Expenses	2,244	2,349	5,060	5,629	8,814	3,964	2,817	3,129	2,049	2,223	2,451	2,698	2,950	3,204	3,454	3,696
Current assets:																
Trade receivables	558	566	1,470	1,536	859	440	348	365	429	511	611	726	855	996	1,149	1,313
AR Days	46.32	47.48	70.15	59.66	36.25	34.05	27.43	25.09	27.09	29.09	31.09	33.09	35.09	37.09	39.09	41.09
Inventories	191.0	206.8	1,052.6	1,148.9	860.1	678.2	650.8	661.5	(689)	(735)	(797)	(863)	(928)	(990)	(1,048)	(1,101)
Inventory Days	39.68	43.23	126.86	116.21	94.95	124.32	127.59	124.77	122.77	120.77	118.77	116.77	114.77	112.77	110.77	108.77
Prepaid expenses and other current assets	86.7	110.5	487.9	603.9	398.2	411.6	473.9	392.0	507.3	562.9	629.7	703.6	781.0	861.0	942.6	1024.6
As a % of Sales	2%	3%	6%	6%	5%	9%	10%	7%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%
<b>Total current assets</b>	<b>\$ 836</b>	<b>\$ 883</b>	<b>\$ 3,011</b>	<b>\$ 3,289</b>	<b>\$ 2,117</b>	<b>\$ 1,530</b>	<b>\$ 1,473</b>	<b>\$ 1,418</b>	<b>\$ 247</b>	<b>\$ 338</b>	<b>\$ 443</b>	<b>\$ 567</b>	<b>\$ 708</b>	<b>\$ 867</b>	<b>\$ 1,044</b>	<b>\$ 1,236</b>
Current liabilities:																
Accounts payable	748.4	921.4	1,732	1,929	1,584	1,190	1,166	1,268	1,332	1,432	1,566	1,709	1,853	1,994	2,131	2,260
AP Days	155.47	192.62	208.76	195.08	174.80	218.19	228.62	239.22	237.22	235.22	233.22	231.22	229.22	227.22	225.22	223.22
Accrued expenses and other current liabilities	719	748	1,796	1,844	1,189	1,112	1,096	1,097	1,195	1,326	1,483	1,657	1,839	2,028	2,220	2,413
As a % of Total Expenses	16.36%	17.21%	23.48%	19.63%	13.74%	23.56%	23.67%	20.68%	20.68%	20.68%	20.68%	20.68%	20.68%	20.68%	20.68%	20.68%
Current operating lease liabilities	-	-	-	-	-	105	76	68	(44)	(48)	(53)	(58)	(64)	(69)	(75)	(80)
As a % of Total Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	2.65%	2.69%	2.17%	2.17%	2.17%	2.17%	2.17%	2.17%	2.17%	2.17%	2.17%
Income and other taxes payable	22.4	18.7	66.0	52.1	52.9	33.8	53.4	109.4	(71.7)	(77.7)	(85.7)	(94.3)	(103.2)	(112.0)	(120.8)	(129.2)
As a % of Sales	1.00%	0.80%	1.30%	0.93%	0.60%	0.85%	1.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Deferred income taxes	352.6	339.2	924.9	842.5	351.3	175.1	674.9	669.0	(438.2)	(475.3)	(524.0)	(576.9)	(630.8)	(685.0)	(738.5)	(790.2)
As a % of Total Expenses	15.72%	14.44%	18.28%	14.97%	3.99%	4.42%	23.96%	21.38%	21.38%	21.38%	21.38%	21.38%	21.38%	21.38%	21.38%	21.38%
<b>Total current liabilities</b>	<b>\$ 1,843</b>	<b>\$ 2,028</b>	<b>\$ 4,519</b>	<b>\$ 4,668</b>	<b>\$ 3,176</b>	<b>\$ 2,616</b>	<b>\$ 3,066</b>	<b>\$ 3,212</b>	<b>\$ 1,972</b>	<b>\$ 2,157</b>	<b>\$ 2,386</b>	<b>\$ 2,636</b>	<b>\$ 2,894</b>	<b>\$ 3,155</b>	<b>\$ 3,417</b>	<b>\$ 3,673</b>
<b>Net Working Capital</b>	<b>\$ (1,007)</b>	<b>\$ (1,145)</b>	<b>\$ (1,509)</b>	<b>\$ (1,379)</b>	<b>\$ (1,059)</b>	<b>\$ (1,086)</b>	<b>\$ (1,593)</b>	<b>\$ (1,794)</b>	<b>\$ (1,726)</b>	<b>\$ (1,819)</b>	<b>\$ (1,943)</b>	<b>\$ (2,070)</b>	<b>\$ (2,186)</b>	<b>\$ (2,288)</b>	<b>\$ (2,373)</b>	<b>\$ (2,437)</b>
Changes in NWC	\$ (138)	\$ (364)	\$ 130	\$ 320	\$ (27)	\$ (508)	\$ (200)	\$ 68	\$ (93)	\$ (124)	\$ (127)	\$ (116)	\$ (102)	\$ (85)	\$ (64)	
% Change		13.65%	31.80%	-8.60%	-23.19%	2.54%	46.74%	12.56%	-3.79%	5.39%	6.83%	6.52%	5.62%	4.66%	3.71%	2.70%

# Appendix E: Revenue Build

Product Revenues	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Fragrances	2,180	6,506	2,762	3,458	3,416	2,618	2,658	3,124	3,500	3,991	4,572	5,204	5,872	6,568	7,280	7,996
% Growth			-57.55%	25.23%	-1.22%	-23.35%	1.50%	17.56%	12.03%	14.03%	14.54%	13.84%	12.84%	11.84%	10.84%	9.84%
% of total Revenue	49.60%	149.60%	36.10%	36.80%	39.50%	55.50%	57.40%	58.90%	60.60%	62.28%	63.77%	64.97%	66.05%	67.00%	67.83%	68.55%
Color Cosmetics	1,446	1,548	2,264	2,650	2,249	1,467	1,357	1,522	1,594	1,701	1,849	2,028	2,215	2,407	2,605	2,805
% Growth		7.07%	46.26%	17.03%	-15.15%	-34.75%	-7.54%	12.22%	4.70%	6.70%	8.70%	9.70%	9.20%	8.70%	8.20%	7.70%
% of total Revenue	32.90%	35.60%	29.60%	28.20%	26.00%	31.10%	29.30%	28.70%	27.60%	26.54%	25.79%	25.32%	24.91%	24.56%	24.27%	24.05%
Skin & Body Care	769	692	949	949	822	613	616	658	681	717	749	778	804	828	848	864
% Growth		-10.10%	37.18%	0.06%	-13.44%	-25.35%	0.40%	6.82%	3.61%	5.21%	4.41%	3.91%	3.41%	2.91%	2.41%	1.91%
% of total Revenue	17.50%	15.90%	12.40%	10.10%	9.50%	13.00%	13.30%	12.4%	11.80%	11.19%	10.44%	9.71%	9.05%	8.44%	7.90%	7.41%
Hair Care	-	-	1,675	2,340	2,162	19	-	-	-	-	-	-	-	-	-	-
% Growth		0.00%	0.00%	39.67%	-7.61%	-99.13%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% of total Revenue	0.00%	0.00%	21.90%	24.90%	25.00%	0.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net Revenues</b>	<b>4,395</b>	<b>8,842</b>	<b>7,650</b>	<b>9,398</b>	<b>8,649</b>	<b>4,718</b>	<b>4,630</b>	<b>5,304</b>	<b>5,776</b>	<b>6,409</b>	<b>7,169</b>	<b>8,010</b>	<b>8,891</b>	<b>9,803</b>	<b>10,732</b>	<b>11,665</b>
% Growth		101.17%	-13.47%	22.84%	-7.98%	-45.45%	-1.86%	14.57%	8.88%	10.97%	11.86%	11.74%	11.00%	10.25%	9.48%	8.69%



# Appendix F: WACC & Beta

Covariance	0.000316
Variance	0.000209
<b>Beta</b>	<b>1.513011</b>

COTY (NYSE: COTY)	
<b>WACC</b>	
Risk Free Rate	4.000%
Beta	1.51
Equity Risk Premium	3.00%
Expected Market Return	7.00%
Weight of Equity	69.76%
Cost of Equity	8.54%
Credit Spread	4.55%
Implied Tax Rate	14%
Weight of Debt	30.2%
Cost of Debt	7.37%
<b>WACC</b>	<b>8.18%</b>
MV Equity	\$ 10,171.52
<i>Share Price</i>	\$ 11.93
<i>Shares Outstanding</i>	853
MV Debt	\$ 4,409

# Appendix G: DCF

COTY													
Discounted Cash Flow													
Figures in Millions USD													
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Revenue	9,398	8,649	4,718	4,630	5,304	\$5,775.52	6,409	7,169	8,010	8,891	9,803	\$10,732.16	11,665
% Growth		-8.67%	-83.32%	-1.90%	12.72%	8.16%	9.88%	10.60%	10.50%	9.91%	9.30%	8.66%	8.00%
EBIT	161	(3,472)	(1,237)	(49)	240	372	470	569	684	812	954	1,109	1,276
EBIT Margin	1.71%	-40.14%	26.22%	1.06%	4.53%	6.43%	6.43%	6.43%	6.43%	6.43%	6.43%	6.43%	6.43%
NOPAT	138	(2,991)	(1,066)	(42)	207	320	405	490	589	700	822	956	1,099
Tax Rate	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
Plus: D&A	737	736	717	585	516	500	461	419	371	320	287	250	216
Less: CapEx	(446)	(427)	(267)	(174)	(174)	(181)	(187)	(193)	(199)	(205)	(210)	(215)	(219)
Less: Change in NWC	130	320	(27)	(508)	(200)	68	(93)	(124)	(127)	(116)	(102)	(85)	(64)
<b>FCFF</b>	<b>299</b>	<b>(3,001)</b>	<b>(590)</b>	<b>877</b>	<b>749</b>	<b>571</b>	<b>772</b>	<b>840</b>	<b>888</b>	<b>932</b>	<b>1,001</b>	<b>1,076</b>	<b>1,160</b>
Discount Factor						0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5

Terminal Value (growth)													19899
Terminal Value (multiple)													21148
Cash Flows (growth)						571	772	840	888	932	1,001	1,076	21,059
Cash Flows (multiple)						571	772	840	888	932	1,001	1,076	22,309
PV of CF (growth)						549.17	686.26	689.67	674.40	654.11	649.67	645.39	11,673.87
PV of CF (multiple)						549.17	686.26	689.67	674.40	654.11	649.67	645.39	12,366.32

Terminal Growth Rate	2.50%
Terminal Multiple (EV/EBITDA)	20.01
WACC	8.18%

Gordon Growth	
Enterprise Value	16,222.56
Less: Debt	\$ 4,410.00
Plus: Cash	\$233.30
Less: Minority Interest	\$ -
Equity Value	12,045.86
Diluted Shares Outstanding	834
Price per Share	14.44

Weighted Share Price		
Method	Share Price	Weight
GG	\$ 14.44	25%
MM	\$ 15.27	25%
FWD EV/EBITDA	\$ 14.47	25%
FWD P/E	\$ 13.52	25%
<b>Share Price</b>	<b>\$ 14.43</b>	

Terminal Multiple (EV/EBITDA)	
Enterprise Value	16,915.00
Less: Debt	\$ 4,410.00
Plus: Cash	\$233.30
Less: Minority Interest	\$ -
Equity Value	12,738.30
Diluted Shares Outstanding	834
Price per Share	15.27

# Appendix H: Comparable Companies

COTY Comparable Companies										
Company	Ticker	Price	Shares Outstanding	Market Cap	Cash	Debt	Minority Interests	EV		
Coty Inc	COTY	\$ 11.93	853	\$ 10,171.52	\$ 233.30	\$ 4,410.00	\$ -	\$ -	\$ -	\$ 14,348.22
Inter Parfums Inc	IPAR	\$ 151.16	32	\$ 4,832.13	\$ 255.50	\$ 209.70	\$ 171.40	\$ -	\$ -	\$ 4,957.73
Estee Lauder Companies	EL	\$ 247.37	357	\$ 88,343.74	\$ 3,725.00	\$ 7,477.00	\$ 819.00	\$ -	\$ -	\$ 92,914.74
Elf Beauty	ELF	\$ 92.21	53	\$ 4,902.34	\$ 87.00	\$ 84.70	\$ -	\$ -	\$ -	\$ 4,900.04
Beauty Health Co	SKIN	\$ 11.13	132	\$ 1,470.89	\$ 568.20	\$ 751.80	\$ -	\$ -	\$ -	\$ 1,654.49
Loreal	LRLCY	\$ 94.93	535	\$ 50,805.30	\$ 2,640.80	\$ 5,650.90	\$ 8.00	\$ -	\$ -	\$ 53,823.40

LTM								FWD 2024							
EPS	LTM Revenue	LTM EBIT	LTM EBITDA	LTM EV/Revenue	LTM EV/EBIT	LTM EV/EBITDA	LTM P/E	FWD EPS	FWD Revenue	FWD EBIT	FWD EBITDA	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E
\$ 0.31	\$ 5,304.40	\$ 240.32	\$ 756.72	2.70	59.71	18.96	38.43	\$ 0.48	6,409	470	931	2.24	30.53	15.41	24.72
\$ 3.97	\$ 1,086.70	\$ 194.30	\$ 221.20	4.56	25.52	22.41	38.08	4.83	1,366	260	247	3.63	19.07	20.06	31.30
\$ 5.22	\$ 16,357.00	\$ 2,034.00	\$ 2,756.00	5.68	45.68	33.71	47.39	7.30	18,916	3,586	4,414	4.91	25.91	21.05	33.89
\$ 0.97	\$ 496.60	\$ 62.30	\$ 90.20	9.87	78.65	54.32	95.06	1.62	635	122	137	7.71	40.23	35.82	56.92
\$ 0.11	\$ 365.90	\$ (24.30)	\$ 10.30	4.52	-68.09	160.63	101.14	0.47	548	82	122	3.02	20.13	13.55	23.67
\$ 10.91	\$ 38,260.60	\$ 7,630.10	\$ 9,104.10	1.41	7.05	5.91	8.70	13.07	43,682	8,766	10,549	1.23	6.14	5.10	7.26

	Share Price	EV	EPS	LTM Revenue	LTM EBIT	LTM EBITDA	LTM EV/Revenue	LTM EV/EBIT	LTM EV/EBITDA	LTM P/E
Min	\$ 11.13	\$ 31.97	\$ 0.11	\$ 365.90	\$ (24.30)	\$ 10.30	1.41	-68.09	5.91	8.70
Q1	\$ 92.21	\$ 53.17	\$ 0.97	\$ 496.60	\$ 62.30	\$ 90.20	3.16	11.67	19.82	38.16
Median	\$ 94.93	\$ 132.22	\$ 3.97	\$ 1,086.70	\$ 194.30	\$ 221.20	4.54	35.60	28.06	42.91
Q3	\$ 151.16	\$ 357.13	\$ 5.22	\$ 16,357.00	\$ 2,034.00	\$ 2,756.00	5.40	56.20	49.17	83.14
Max	\$ 247.37	\$ 535.19	\$ 10.91	\$ 38,260.60	\$ 7,630.10	\$ 9,104.10	9.87	78.65	160.63	101.14
Mean	\$ 119.36	\$ 221.93	\$ 4.24	\$ 11,313.36	\$ 1,979.28	\$ 2,436.36	4.79	24.75	49.33	54.80

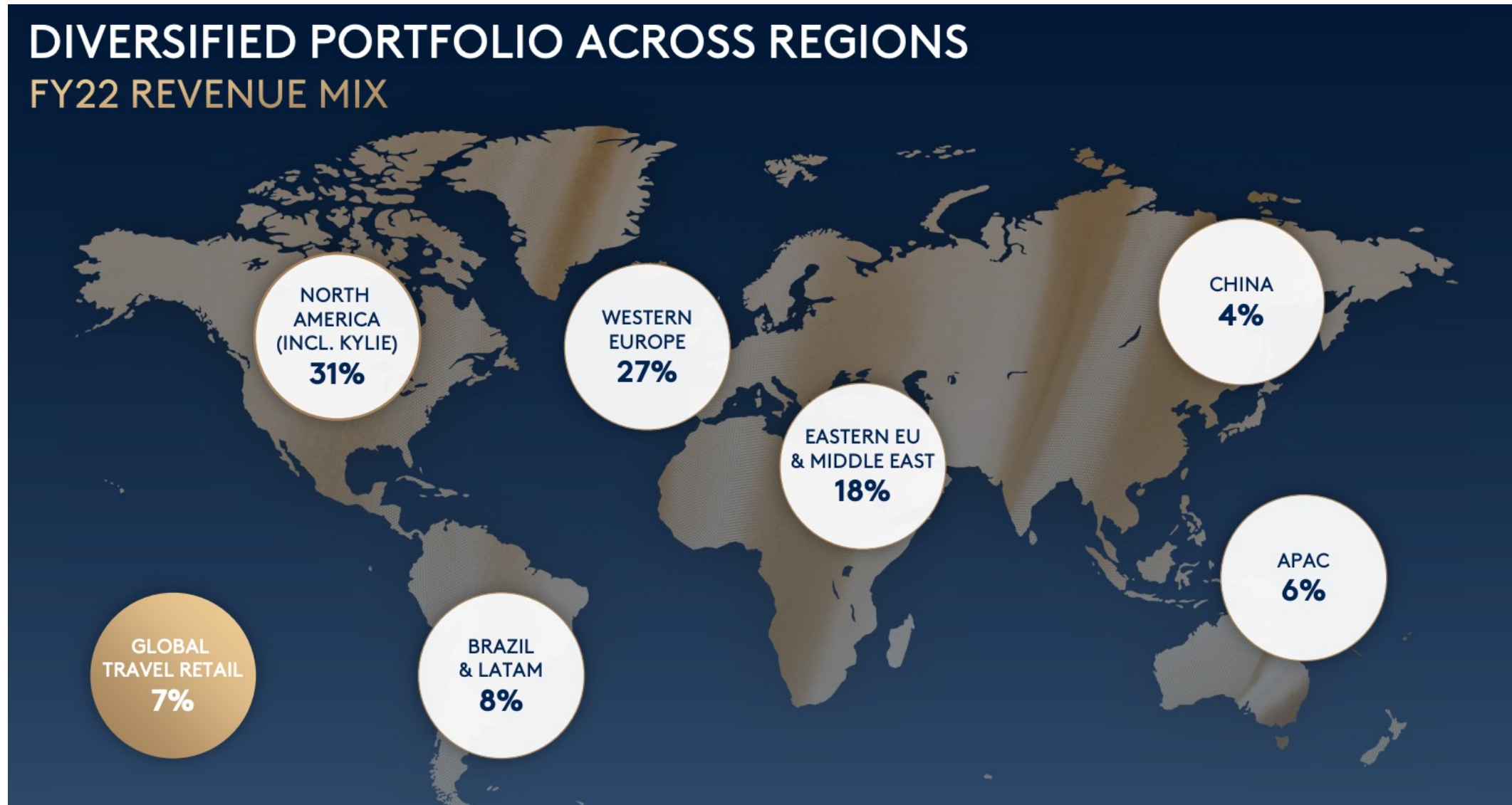
	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E
Min	1.23	6.14	5.10	7.26
Q1	2.43	19.33	14.01	23.93
Median	3.33	23.02	17.73	28.01
Q3	4.59	29.37	20.80	33.24
Max	7.71	40.23	35.82	56.92
Mean	3.79	23.67	18.50	29.63

Min	\$ 3.85	\$ (24.09)	\$ 0.35	\$ 2.70	
Q1	\$ 14.76	\$ (1.61)	\$ 12.70	\$ 11.85	
Median	\$ 23.36	\$ 5.14	\$ 20.01	\$ 13.32	
Q3	\$ 28.70	\$ 10.94	\$ 38.74	\$ 25.81	
Max	\$ 56.49	\$ 17.27	\$ 137.67	\$ 31.39	
Mean	\$ 24.91	\$ 2.08	\$ 38.88	\$ 17.01	

# Appendix I: Brand Portfolio



# Appendix J: Regional Distribution



# Appendix K: Strategic Partnerships

## **Licensing agreement with Orveda**

Coty announced a licensing agreement with a luxury brand Orveda, expanding its reach in the premium skincare market. As part of the agreement, Coty plans to integrate Orveda into its prestige portfolio, with Coty developing, manufacturing and distributing the full range of Orveda products globally.

## **Multi-channel agreement with Perfect Corp.**

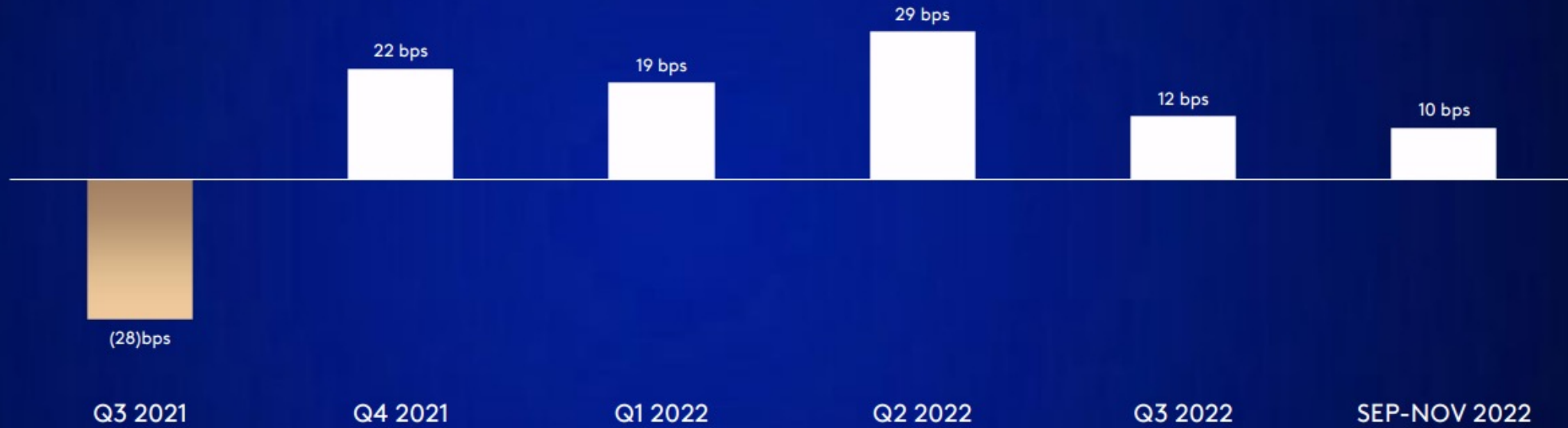
Coty entered into a long-term agreement with global beauty tech provider, Perfect Corp., to offer augmented reality and artificial intelligence-powered shopping experiences across its portfolio of brands, including CoverGirl, Sally Hansen and philosophy.

## **Renewal and long-term extension of Davidoff license agreement**

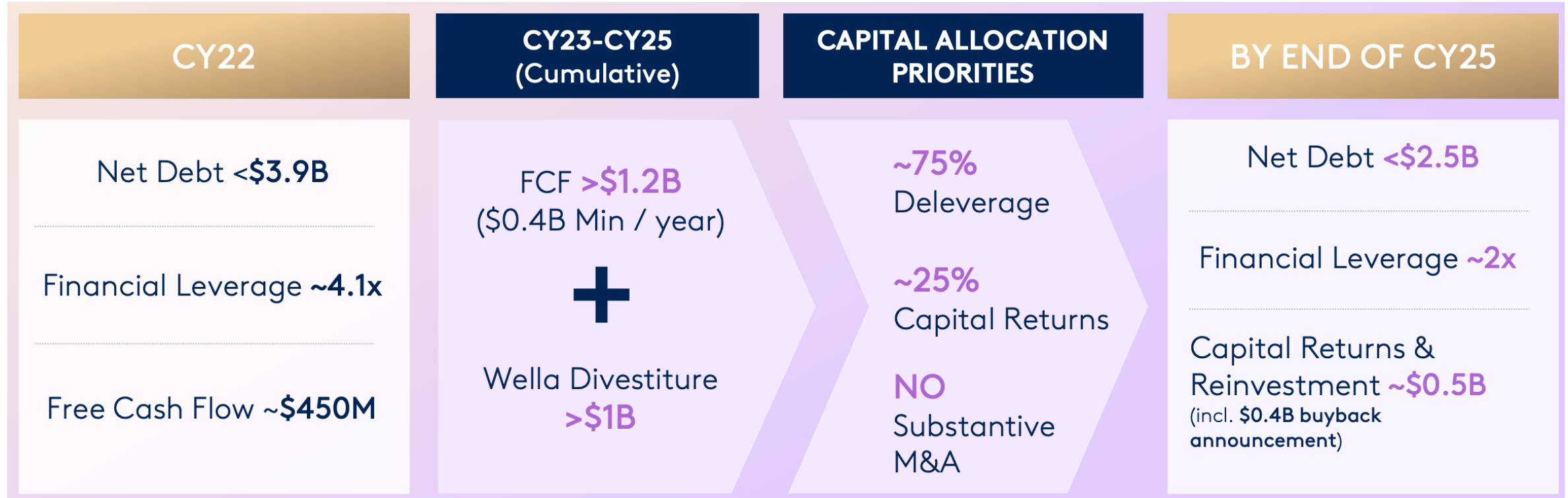
The renewal of this iconic license paves the way to update the brand's leading fragrance, Davidoff Cool Water, as well as the creation of new innovations. The brand strategy will include a premiumized offer and echo the growth of Davidoff's portfolio of projects. The extended partnership provides a strong foundation for further geographic expansion, cementing Davidoff's position as a true global fragrance leader.

# Appendix L: Market Share Expansion

## CONSUMER BEAUTY: OVER A YEAR OF MARKET SHARE EXPANSION

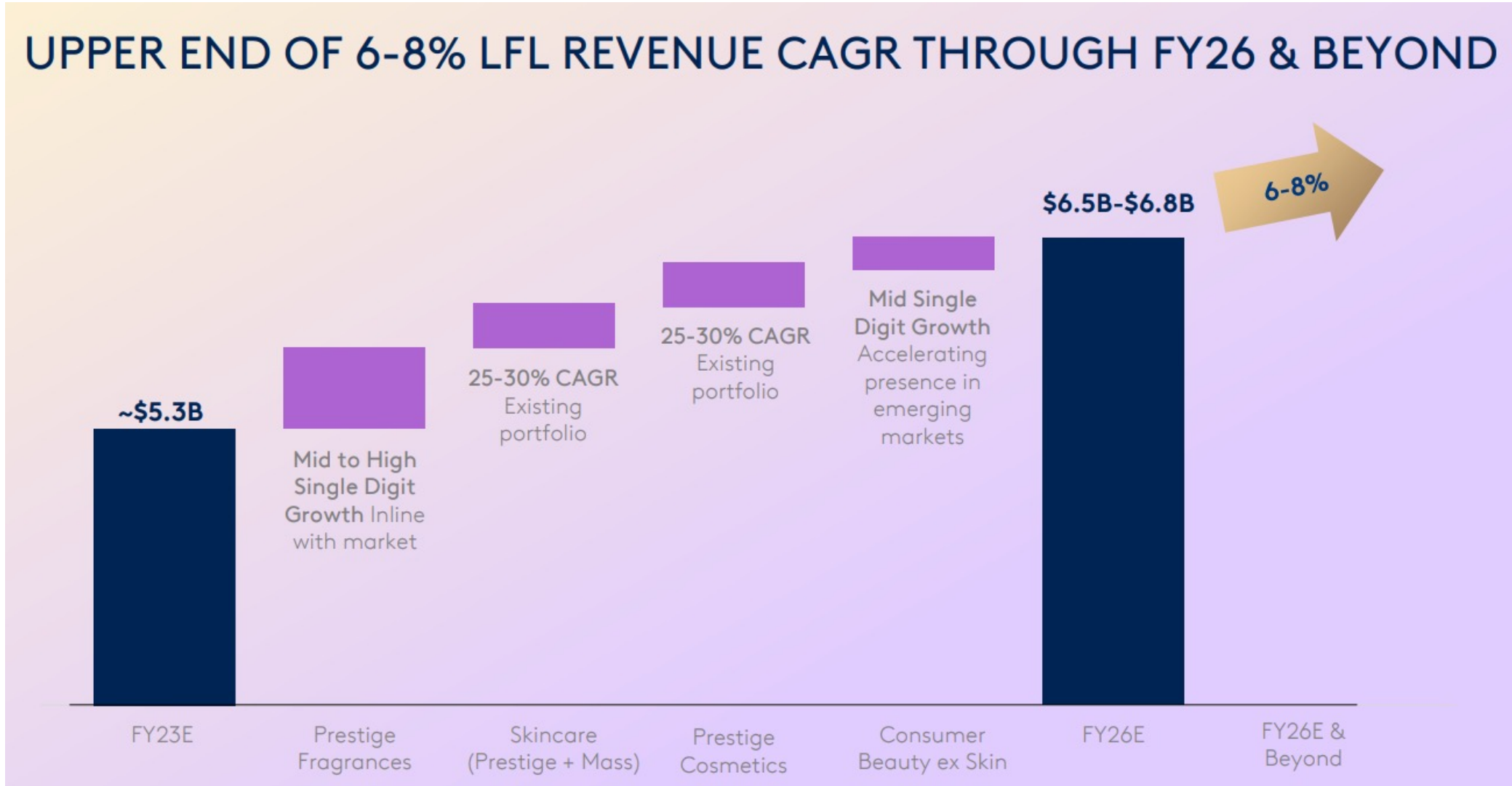


# Appendix M: Strengthened Capital Structure





# Appendix N: Long-Term Algorithm



# Appendix O: Raised Outlook

## INCREASED FY23 REVENUE OUTLOOK, WHILE REBALANCING Q3 / Q4 PROFITABILITY

	Q3E	Q4E	FY23E
<b>NET REVENUE CORE LFL GROWTH</b>	~10%	+6-8%	Upper end of +6-8% core LFL guidance
<b>RUSSIA IMPACT</b>	(2%)	N/A	(2%)
<b>FX IMPACT</b>	(LSD)	(LSD)	(MSD)
<b>ADJ GROSS MARGIN</b>	~63%	62-63%	~64%
<b>YOY Drivers</b>	<ul style="list-style-type: none"> <li>- ~100bps benefit LY from Wella TSA exit</li> <li>- COGS inflation ~2-2.5% of NR</li> <li>- Pricing at end of Q3</li> </ul>	<ul style="list-style-type: none"> <li>- Full benefit from Q3 pricing</li> <li>- COGS inflation ~2-2.5% of NR</li> </ul>	<ul style="list-style-type: none"> <li>- Modest expansion YoY, consistent with prior outlook</li> </ul>
<b>ADJ EBITDA</b>	~\$180M	~\$150-160M	\$955-965M