

COTY INC.
SUPPLEMENTAL SCHEDULES INCLUDING NON-GAAP FINANCIAL MEASURES

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

(in millions, except per share data)	Three Months Ended December 31,		Six Months Ended December 31,	
	2018	2017	2018	2017
Net revenues	\$ 2,511.2	\$ 2,637.6	\$ 4,542.5	\$ 4,875.9
Cost of sales	956.7	1,024.9	1,765.8	1,899.1
<i>as % of Net revenues</i>	38.1%	38.9%	38.9%	38.9%
Gross profit	1,554.5	1,612.7	2,776.7	2,976.8
<i>Gross margin</i>	61.9%	61.1%	61.1%	61.1%
Selling, general and administrative expenses	1,284.0	1,319.2	2,406.3	2,510.3
<i>as % of Net revenues</i>	51.1%	50.0%	53.0%	51.5%
Amortization expense	88.5	89.6	181.0	167.8
Restructuring costs	21.5	21.7	37.0	32.9
Acquisition-related costs	—	7.0	—	61.1
Asset impairment charges	965.1	—	977.7	—
Operating (loss) income	(804.6)	175.2	(825.3)	204.7
<i>as % of Net revenues</i>	(32.0%)	6.6%	(18.2%)	4.2%
Interest expense, net	68.3	60.3	132.4	126.7
Other expense, net	4.8	4.2	7.5	8.7
(Loss) income before income taxes	(877.7)	110.7	(965.2)	69.3
<i>as % of Net revenues</i>	(35.0%)	4.2%	(21.2%)	1.4%
Provision (benefit) for income taxes	78.3	(7.9)	0.9	(33.2)
Net (loss) income	(956.0)	118.6	(966.1)	102.5
<i>as % of Net revenues</i>	(38.1%)	4.5%	(21.3%)	2.1%
Net income (loss) attributable to noncontrolling interests	0.6	(1.9)	1.8	(4.1)
Net income attributable to redeemable noncontrolling interests	4.0	11.3	4.8	17.1
Net (loss) income attributable to Coty Inc.	\$ (960.6)	\$ 109.2	\$ (972.7)	\$ 89.5
<i>as % of Net revenues</i>	(38.3%)	4.1%	(21.4%)	1.8%
Net (loss) income attributable to Coty Inc. per common share:				
Basic	\$ (1.28)	\$ 0.15	\$ (1.30)	\$ 0.12
Diluted	\$ (1.28)	\$ 0.15	\$ (1.30)	\$ 0.12
Weighted-average common shares outstanding:				
Basic	751.1	749.6	751.0	749.1
Diluted	751.1	752.7	751.0	752.5

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 December 31, 2018					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
Net revenues	\$ 2,511.2		\$ 2,511.2	\$ 83.7	\$ 2,594.9
Gross profit	1,554.5	4.6	1,559.1	45.5	1,604.6
<i>Gross margin</i>	61.9%		62.1%		61.8%
Operating (loss) income	(804.6)	1,126.9	322.3	12.3	334.6
<i>as % of Net revenues</i>	(32.0%)		12.8%		12.9%
Net (loss) income attributable to Coty Inc.	\$ (960.6)	\$ 1,142.5	\$ 181.9		
<i>as % of Net revenues</i>	(38.3%)		7.2%		
EPS (diluted)	\$ (1.28)		\$ 0.24		
Three Months Ended December 31, 2017					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)		
Net revenues	\$ 2,637.6		\$ 2,637.6		
Gross profit	1,612.7	11.3	1,624.0		
<i>Gross margin</i>	61.1%		61.6%		
Operating income	175.2	173.1	348.3		
<i>as % of Net revenues</i>	6.6%		13.2%		
Net income attributable to Coty Inc.	\$ 109.2	\$ 128.0	\$ 237.2		
<i>as % of Net revenues</i>	4.1%		9.0%		
EPS (diluted)	\$ 0.15		\$ 0.32		

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

Six Months Ended December 31, 2018						
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency	
Net revenues	\$ 4,542.5	\$ —	\$ 4,542.5	\$ 140.9	\$ 4,683.4	
Gross profit	2,776.7	9.8	2,786.5	74.1	2,860.6	
Gross margin	61.1%		61.3%		61.1%	
Operating (loss) income	(825.3)	1,288.4	463.1	19.7	482.8	
as % of Net revenues	(18.2%)		10.2%		10.3%	
Net (loss) income attributable to Coty Inc.	\$ (972.7)	\$ 1,235.1	\$ 262.4			
as % of Net revenues	(21.4%)		5.8%			
EPS (diluted)	\$ (1.30)		\$ 0.35			
Six Months Ended December 31, 2017						
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)			
Net revenues	\$ 4,875.9		\$ 4,875.9			
Gross profit	2,976.8	25.3	3,002.1			
Gross margin	61.1%		61.6%			
Operating income	204.7	339.5	544.2			
as % of Net revenues	4.2%		11.2%			
Net income attributable to Coty Inc.	\$ 89.5	\$ 224.0	\$ 313.5			
as % of Net revenues	1.8%		6.4%			
EPS (diluted)	\$ 0.12		\$ 0.42			

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

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

(in millions)	Three Months Ended December 31,			Six Months Ended December 31,		
	2018	2017	Change	2018	2017	Change
Reported Operating (Loss) Income	(804.6)	175.2	NM	(825.3)	204.7	NM
% of Net revenues	(32.0%)	6.6%		(18.2%)	4.2%	
Asset impairment charges ^(a)	965.1	—	N/A	977.7	—	N/A
Amortization expense ^(b)	88.5	89.6	(1%)	181.0	167.8	8%
Restructuring and other business realignment costs ^(c)	73.3	75.6	(3%)	129.7	106.2	22%
Costs related to acquisition activities ^(d)	—	7.9	(100%)	—	65.5	(100%)
Total adjustments to Reported Operating Income	1,126.9	173.1	>100%	1,288.4	339.5	>100%
Adjusted Operating Income	322.3	348.3	(7%)	463.1	544.2	(15%)
% of Net revenues	12.8%	13.2%		10.2%	11.2%	

^(a) In the three months ended December 31, 2018 we incurred \$965.1 of asset impairment charges primarily due to \$832.5 related to goodwill, \$90.8 related to indefinite-lived other intangible assets (mainly related to the CoverGirl and Clairol trademarks) and \$7.0 related to finite-lived other intangible assets. Additionally, the Company identified indicators of impairment related to the philosophy trademark that is part of the Luxury reporting unit and recorded an asset impairment charge of \$22.8. The Company also fully impaired a Corporate equity security investment and recorded an asset impairment charge of \$12.0.

In three months ended December 31, 2017, we did not incur asset impairment charges.

In the six months ended December 31, 2018, we incurred \$977.7 of asset impairment charges primarily due to \$832.5 related to goodwill, \$90.8 related to indefinite-lived other intangible assets (mainly related to the CoverGirl and Clairol trademarks) and \$7.0 related to finite-lived other intangible assets. Additionally, the Company identified indicators of impairment related to the philosophy trademark that is part of the Luxury reporting unit and recorded an asset impairment charge of \$22.8 and a \$12.6 charge in the first quarter due to an acquired trademark associated with a terminated pre-existing license as a result of the acquisition. The Company also fully impaired a Corporate equity security investment and recorded an asset impairment charge of \$12.0.

In six months ended December 31, 2017, we did not incur asset impairment charges.

^(b) In the three months ended December 31, 2018, amortization expense decreased to \$88.5 from \$89.6 in the three months ended December 31, 2017. In the three months ended December 31, 2018, amortization expense of \$40.5, \$30.7, and \$17.3 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively. In the three months ended December 31, 2017, amortization expense of \$40.3, \$32.6, and \$16.7 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively.

In the six months ended December 31, 2018, amortization expense increased to \$181.0 from \$167.8 in the six months ended December 31, 2017. In the three months ended December 31, 2018, amortization expense of \$80.8, \$64.1, and \$36.1 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively. In the six months ended December 31, 2017, amortization expense of \$73.5, \$59.0, and \$35.3 was reported in the Luxury, Consumer Beauty and Professional Beauty segments, respectively.

(c) In the three months ended December 31, 2018, we incurred restructuring and other business structure realignment costs of \$73.3. We incurred Restructuring costs of \$21.5 primarily related to Global Integration Activities and 2018 Restructuring Actions, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$51.8 primarily related to our Global Integration Activities and certain other programs. This amount primarily includes \$47.2 in Selling, general and administrative expense and \$4.6 in Cost of sales. In the three months ended December 31, 2017, we incurred restructuring and other business structure realignment costs of \$75.6. We incurred Restructuring costs of \$21.7 primarily related to Global Integration Activities, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$53.9 primarily related to our Global Integration Activities. This amount primarily includes \$43.7 in Selling, general and administrative expense and \$10.2 in Cost of sales.

In the six months ended December 31, 2018, we incurred restructuring and other business structure realignment costs of \$129.7. We incurred Restructuring costs of \$37.0 primarily related to Global Integration Activities and 2018 Restructuring Actions, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$92.7 primarily related to our Global Integration Activities and certain other programs. This amount primarily includes \$82.9 in Selling, general and administrative expense and \$9.8 in Cost of sales. In the six months ended December 31, 2017, we incurred restructuring and other business structure realignment costs of \$106.2. We incurred Restructuring costs of \$32.9 primarily related to Global Integration Activities, included in the Condensed Consolidated Statements of Operations. We incurred business structure realignment costs of \$73.3 primarily related to our Global Integration Activities. This amount primarily includes \$52.6 in Selling, general and administrative expense and \$20.7 in Cost of sales.

(d) In the three months ended December 31, 2018, we did not incur costs related to acquisition activities. In the three months ended December 31, 2017, we incurred \$7.9 of costs related to acquisition activities. We recognized Acquisition-related costs of \$7.0, included in the Condensed Consolidated Statements of Operations. These costs may include finder's fees, legal, accounting, valuation, and other professional or consulting fees, and other internal costs which may include compensation related expenses for dedicated internal resources. We also incurred approximately \$0.9 in Costs of sales primarily reflecting revaluation of acquired inventory in connection with the acquisition of the Burberry Beauty Business in the Condensed Consolidated Statements of Operations.

In the six months ended December 31, 2018, we did not incur costs related to acquisition activities. In the six months ended December 31, 2017, we incurred \$65.5 of costs related to acquisition activities. We recognized Acquisition-related costs of \$61.1, included in the Condensed Consolidated Statements of Operations. These costs were primarily incurred in connection with the acquisition of P&G Beauty Business. These costs include amounts paid for external consulting fees and internal costs for converting the data received from P&G during the transition period to satisfy the Company's internal and external financial reporting, regulatory and other requirements, as well as legal, accounting, and valuation services, and fees paid directly to P&G. We also incurred \$3.5 and \$0.9 in Costs of sales primarily reflecting revaluation of acquired inventory in connection with the acquisitions of Younique and the Burberry Beauty Business, respectively in the Condensed Consolidated Statements of Operations.

RECONCILIATION OF REPORTED (LOSS) 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 December 31, 2018			Three Months Ended December 31, 2017		
	(Loss) Income Before Income Taxes	Provision for Taxes	Effective Tax Rate	Income Before Income Taxes	(Benefit) Provision for Taxes	Effective Tax Rate
Reported (Loss) Income Before Taxes	\$ (877.7)	\$ 78.3	(8.9)%	\$ 110.7	\$ (7.9)	(7.1)%
Adjustments to Reported Operating Income ^{(a)(b)}	1,126.9	(19.2)		173.1	37.2	
Adjusted Income Before Taxes	\$ 249.2	\$ 59.1	23.7%	\$ 283.8	\$ 29.3	10.3%

(a) See a description of adjustments under "Reconciliation of Reported Operating Income 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 23.7% for the three months ended December 31, 2018 compared to 10.3% for the three months ended December 31, 2017. The differences were primarily due to the resolution of a foreign uncertain tax position of approximately \$43.0 in the prior period.

(in millions)	Six Months Ended December 31, 2018			Six Months Ended December 31, 2017		
	(Loss) Income Before Income Taxes	Provision for Income Taxes	Effective Tax Rate	Income Before Income Taxes	(Benefit) Provision for Income Taxes	Effective Tax Rate
Reported (Loss) Income Before Taxes	\$ (965.2)	\$ 0.9	(0.1)%	\$ 69.3	\$ (33.2)	(47.9)%
Adjustments to Reported Operating Income ^{(a)(b)}	1,288.4	45.9		339.5	96.8	
Adjusted Income Before Taxes	\$ 323.2	\$ 46.8	14.5%	\$ 408.8	\$ 63.6	15.6%

(a) See a description of adjustments under "Reconciliation of Reported Operating Income 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 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.

The adjusted effective tax rate was 14.5% for the six months ended December 31, 2018 compared to 15.6% for the six months ended December 31, 2017. The differences were primarily due to the resolution of foreign uncertain tax positions.

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

(in millions)	Three Months Ended December 31,			Six Months Ended December 31,		
	2018	2017	Change	2018	2017	Change
Reported Net (Loss) Income Attributable to Coty Inc.	\$ (960.6)	\$ 109.2	NM	\$ (972.7)	\$ 89.5	NM
<i>% of Net revenues</i>	(38.3%)	4.1%		(21.4%)	1.8%	
Adjustments to Reported Operating Income ^(a)	1,126.9	173.1	>100%	1,288.4	339.5	>100%
Adjustments to noncontrolling interests ^(b)	(3.6)	(7.9)	54%	(7.4)	(18.7)	60%
Change in tax provision due to adjustments to Reported Net Income Attributable to Coty Inc.	19.2	(37.2)	>100%	(45.9)	(96.8)	53%
Adjusted Net Income Attributable to Coty Inc.	\$ 181.9	\$ 237.2	(23%)	\$ 262.4	\$ 313.5	(16%)
<i>% of Net revenues</i>	7.2%	9.0%		5.8%	6.4%	

Per Share Data

Adjusted weighted-average common shares

Basic	751.1	749.6	751.0	749.1
Diluted	752.5	752.7	752.6	752.5

Adjusted Net Income Attributable to Coty Inc. per Common Share

Basic	\$ 0.24	\$ 0.32	\$ 0.35	\$ 0.42
Diluted	\$ 0.24	\$ 0.32	\$ 0.35	\$ 0.42

(a) See a description of adjustments under "Reconciliation of Reported Operating Income 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 December 31,		Six Months Ended December 31,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$ 319.6	\$ 316.7	\$ 237.7	\$ 307.8
Capital expenditures	(125.7)	(120.8)	(259.3)	(232.2)
Free cash flow	\$ 193.9	\$ 195.9	\$ (21.6)	\$ 75.6

RECONCILIATION OF TOTAL DEBT TO NET DEBT

(in millions)	December 31, 2018
Total debt	\$ 7,906.0
Cash	417.5
Net debt	\$ 7,488.5

RECONCILIATION OF ADJUSTED OPERATING INCOME TO ADJUSTED EBITDA

(in millions)	Twelve Months Ended December 31, 2018
Adjusted operating income ^(a)	\$ 919.5
Depreciation ^(b)	377.4
Pension Adjustment ^(c)	(0.8)
Adjusted EBITDA	1,296.9

^a Adjusted operating income for the twelve months ended December 31, 2018 represents the summation of the adjusted operating income for each of the three months ended March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018. 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 December 31, 2018 represents the summation of depreciation expense for each of the three months ended March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018 as adjusted by \$4.0, \$3.4, \$1.8 and \$1.6, respectively, for accelerated depreciation.

^c The pension expense adjustment for the twelve months ended December 31, 2018 represents the summation of the non-service cost components of net periodic pension cost for each of the three months ended December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018.

NET DEBT/ADJUSTED EBITDA

(in millions)	Twelve Months Ended December 31,
Net Debt	7,488.5
EBITDA	1,296.9
Net Debt/Adjusted EBITDA	5.77

NET REVENUES AND ADJUSTED OPERATING INCOME BY SEGMENT

(in millions)	Three Months Ended December 31,							
	Net Revenues		Change		Reported Operating Income (Loss)		Adjusted Operating Income	
	2018	2017	Reported Basis	Constant Currency	2018	Change	2018	Change
Luxury	\$ 1,017.5	\$ 951.2	7%	10%	\$ 113.6	33%	\$ 176.9	41%
Consumer Beauty	967.8	1,138.6	(15%)	(11%)	(906.9)	NM	54.1	(59%)
Professional	525.9	547.8	(4%)	(1%)	73.8	0%	91.1	1%
Corporate	—	—	N/A	—%	(85.1)	(3%)	0.2	(75%)
Total	\$ 2,511.2	\$ 2,637.6	(5%)	(2%)	\$ (804.6)	NM	\$ 322.3	(7%)

(in millions)	Six Months Ended December 31,							
	Net Revenues		Change		Reported Operating Income		Adjusted Operating Income	
	2018	2017	Reported Basis	Constant Currency	2018	Change	2018	Change
Luxury	\$ 1,810.4	\$ 1,715.6	6%	8%	\$ 162.3	14%	\$ 278.5	29%
Consumer Beauty	1,796.6	2,182.0	(18%)	(14%)	(925.5)	NM	68.9	(69%)
Professional	935.5	978.3	(4%)	(2%)	78.8	10%	114.9	7%
Corporate	—	—	N/A	—%	(140.9)	17%	0.8	(50%)
Total	\$ 4,542.5	\$ 4,875.9	(7%)	(4%)	\$ (825.3)	NM	\$ 463.1	(15%)

NET REVENUES BY GEOGRAPHIC REGION

Three Months Ended December 31,				
Net Revenues			Change	
(in millions)	2018	2017	Reported Basis	Constant Currency
North America	\$ 742.2	\$ 741.8	0%	0%
Europe	1,201.6	1,297.6	(7%)	(4%)
ALMEA	567.4	598.2	(5%)	2%
Total	\$ 2,511.2	\$ 2,637.6	(5%)	(2%)

Six Months Ended December 31,				
Net Revenues			Change	
(in millions)	2018	2017	Reported Basis	Constant Currency
North America	\$ 1,387.1	\$ 1,494.3	(7%)	(7%)
Europe	2,073.8	2,264.1	(8%)	(6%)
ALMEA	1,081.6	1,117.5	(3%)	4%
Total	\$ 4,542.5	\$ 4,875.9	(7%)	(4%)

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

Three Months Ended December 31, 2018					
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
OPERATING INCOME (LOSS)					
Luxury	\$ 113.6	\$ (63.3)	\$ 176.9	\$ 4.6	\$ 181.5
Consumer Beauty	(906.9)	(961.0)	54.1	4.0	58.1
Professional Beauty	73.8	(17.3)	91.1	3.7	94.8
Corporate	(85.1)	(85.3)	0.2	—	0.2
Total	\$ (804.6)	\$ (1,126.9)	\$ 322.3	\$ 12.3	\$ 334.6
OPERATING MARGIN					
Luxury	11.2%		17.4%		17.4%
Consumer Beauty	(93.7%)		5.6%		5.8%
Professional Beauty	14.0%		17.3%		17.4%
Corporate	N/A		N/A		N/A
Total	(32.0%)		12.8%		12.9%

Three Months Ended December 31, 2017			
(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
OPERATING INCOME (LOSS)			
Luxury	\$ 85.1	\$ (40.3)	\$ 125.4
Consumer Beauty	99.3	(32.6)	131.9
Professional Beauty	73.5	(16.7)	90.2
Corporate	(82.7)	(83.5)	0.8
Total	\$ 175.2	\$ (173.1)	\$ 348.3
OPERATING MARGIN			
Luxury	8.9%		13.2%
Consumer Beauty	8.7%		11.6%
Professional Beauty	13.4%		16.5%
Corporate	N/A		N/A
Total	6.6%		13.2%

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

Six Months Ended December 31, 2018

(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)	Foreign Currency Translation	Adjusted Results at Constant Currency
OPERATING INCOME (LOSS)					
Luxury	\$ 162.3	\$ (116.2)	\$ 278.5	\$ 8.0	\$ 286.5
Consumer Beauty	(925.5)	(994.4)	68.9	6.4	75.3
Professional Beauty	78.8	(36.1)	114.9	5.3	120.2
Corporate	(140.9)	(141.7)	0.8	—	0.8
Total	\$ (825.3)	\$ (1,288.4)	\$ 463.1	\$ 19.7	\$ 482.8
OPERATING MARGIN					
Luxury	9.0%		15.4%		15.5%
Consumer Beauty	(51.5%)		3.8%		4.0%
Professional Beauty	8.4%		12.3%		12.5%
Corporate	N/A		N/A		N/A
Total	(18.2%)		10.2%		10.3%

Six Months Ended December 31, 2017

(in millions)	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
OPERATING INCOME (LOSS)			
Luxury	\$ 141.8	\$ (73.5)	\$ 215.3
Consumer Beauty	161.2	(59.0)	220.2
Professional Beauty	71.8	(35.3)	107.1
Corporate	(170.1)	(171.7)	1.6
Total	\$ 204.7	\$ (339.5)	\$ 544.2
OPERATING MARGIN			
Luxury	8.3%		12.5%
Consumer Beauty	7.4%		10.1%
Professional Beauty	7.3%		10.9%
Corporate	N/A		N/A
Total	4.2%		11.2%

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

**Three Months Ended December 31, 2018 vs. Three Months Ended December 31, 2017
Net Revenue Change**

Net Revenues Change YoY	Reported Basis	Constant Currency	Impact from Divestitures ¹	Organic (LFL)
Luxury	7 %	10 %	(1)%	11 %
Consumer Beauty	(15)%	(11)%	(4)%	(7)%
Professional Beauty	(4)%	(1)%	—%	(1)%
Total Company	(5)%	(2)%	(3)%	1 %

¹ Divestitures reflect the net revenue reduction from the termination of Guess and the divestitures of the license of Playboy and the license of Cerruti in the three months ended December 31, 2017.

Six Months Ended December 31, 2018 vs. Six Months Ended December 31, 2017 Net Revenue Change

Net Revenues Change YoY	Reported	Constant Currency	Impact from the Acquisition and Divestitures ¹	Organic (LFL)
Luxury	6 %	8 %	3 %	5 %
Consumer Beauty	(18)%	(14)%	(4)%	(10)%
Professional Beauty	(4%)	(2)%	—%	(2%)
Total Company	(7)%	(4)%	(1)%	(3)%

¹ Acquisitions reflect the net revenue contribution from the acquisition of Burberry in the three months ended September 30, 2018 and the net revenue reduction from the termination of Guess and the divestitures of the license of Playboy and the license of Cerruti in the six months ended December 31, 2017.

COTY INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions)	<u>December 31, 2018</u>	<u>June 30, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 417.5	\$ 331.6
Restricted cash	27.5	30.6
Trade receivables—less allowances of \$72.8 and \$81.8, respectively	1,542.7	1,536.0
Inventories	1,164.6	1,148.9
Prepaid expenses and other current assets	562.1	603.9
Total current assets	3,714.4	3,651.0
Property and equipment, net	1,625.7	1,680.8
Goodwill	7,665.0	8,607.1
Other intangible assets, net	7,929.4	8,284.4
Deferred income taxes	182.7	107.4
Other noncurrent assets	153.5	299.5
TOTAL ASSETS	\$ 21,270.7	\$ 22,630.2
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,818.9	\$ 1,928.6
Accrued expenses and other current liabilities	1,738.8	1,844.4
Short-term debt and current portion of long-term debt	255.7	218.9
Income and other taxes payable	51.6	52.1
Total current liabilities	3,865.0	4,044.0
Long-term debt, net	7,560.9	7,305.4
Pension and other post-employment benefits	519.6	533.3
Deferred income taxes	840.6	842.5
Other noncurrent liabilities	385.7	388.5
Total liabilities	13,171.8	13,113.7
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS	487.6	661.3
EQUITY:		
Preferred Stock	—	—
Common Stock	8.1	8.1
Additional paid-in capital	10,734.9	10,750.8
Accumulated deficit	(1,729.7)	(626.2)
Accumulated other comprehensive income	33.6	158.8
Treasury stock	(1,441.8)	(1,441.8)
Total Coty Inc. stockholders' equity	7,605.1	8,849.7
Noncontrolling interests	6.2	5.5
Total equity	7,611.3	8,855.2
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	\$ 21,270.7	\$ 22,630.2

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

(in millions)	Six Months Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (966.1)	\$ 102.5
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	367.7	350.5
Deferred income taxes	(55.9)	(75.1)
Provision for bad debts	9.4	9.0
Provision for pension and other post-employment benefits	18.2	22.2
Share-based compensation	8.2	16.2
Asset impairment charges	977.7	—
Non-cash restructuring charges	23.8	0.2
Other	26.4	(5.3)
Change in operating assets and liabilities, net of effects from purchase of acquired companies:		
Trade receivables	(45.5)	(246.6)
Inventories	(35.2)	(22.2)
Prepaid expenses and other current assets	19.7	(47.6)
Accounts payable	(28.6)	18.7
Accrued expenses and other current liabilities	(87.4)	185.6
Income and other taxes payable	12.8	19.5
Other noncurrent assets	24.7	(14.9)
Other noncurrent liabilities	(32.2)	(4.9)
Net cash provided by operating activities	237.7	307.8
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(259.3)	(232.2)
Payment for business combinations and asset acquisitions, net of cash acquired	(40.8)	(264.6)
Proceeds from sale of asset	—	2.8
Net cash used in investing activities	(300.1)	(494.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from short-term debt, original maturity less than three months	39.7	71.5
Proceeds from revolving loan facilities	1,076.6	1,437.0
Repayments of revolving loan facilities	(644.8)	(1,166.4)
Repayments of term loans and other long-term debt	(95.6)	(95.5)
Dividend payment	(188.4)	(188.1)
Net proceeds from issuance of Class A Common Stock and Series A Preferred Stock	0.9	13.7
Net proceeds from foreign currency contracts	2.4	8.2
Distributions to noncontrolling interests, redeemable noncontrolling interests and mandatorily redeemable financial instruments	(22.9)	(40.0)
Payment of debt issuance costs	(10.7)	(4.0)
Other	(3.5)	(3.2)
Net cash provided by financing activities	153.7	33.2
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(8.5)	8.0
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	82.8	(145.0)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	362.2	570.7
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 445.0	\$ 425.7
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the period for interest	\$ 140.7	\$ 129.4
Cash received during the period for settlement of interest rate swaps	43.2	—
Cash paid during the period for income taxes, net of refunds received	57.6	57.5
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:		
Accrued capital expenditure additions	\$ 83.3	\$ 72.6
Non-cash contingent consideration for business combination	—	5.0