

Coty's 4Q24 Script

August 20, 2024

Sue Nabi, Chief Executive Officer

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Welcome everyone

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- Our FY24 results set a new milestone in Coty's sustained track record of top-notch execution and market outperformance
- In a dynamic macroeconomic backdrop, beauty maintains its privileged position
- Beauty is neither a consumer goods industry nor a luxury goods industry
- Instead, beauty is at the sweet-spot of desire, well-being, self-confidence, affordability, ritual, indulgence, and many new things that we and our consumers will invent
- This is what fuels the strong global beauty growth that we continue to see to this day and which we expect to continue for the quarters and years to come
- In fact, beauty is a fundamental desire that has sustained over the millennia, and this desire has only accelerated in the recent years, with growing sophistication and premiumization, and is here to stay and to amplify
- At Coty, having transformed our organization and strategic path several years ago, we are now performing as a beauty leader and more and more as a beauty trendsetter, which we believe is an opening for a new era for Coty as a beauty powerhouse
- Importantly, a key element of this outperformance has been our unwavering strong investment into our marketing, regardless of the macroeconomic volatility, because we believe that this is what will create value for our brands for the long term
- Since we began our transformation, we have maintained our A&CP levels in the high 20s percentage, and going forward we will make use of the levers at our disposal to allow us to maintain this level of support at a minimum, even as we expand our profitability

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- In a year filled with many milestones for Coty, let me summarize the 4 key achievements of FY24

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- First, we once again grew ahead of the underlying beauty market, fueled by our leadership in fragrances, strengthened performance in our core cosmetics business, and overdriving our growth channels, markets, and categories
- Second, we are building unique and hopefully best-in-class expertise in each of our core categories. For example, our unrivaled expertise in fragrances was exemplified by the blockbuster launch of Burberry Goddess, which was not only the biggest fragrance launch in Coty's history, but also the number 1 female fragrance launch for the industry
- Third, we are becoming an advocacy-led company, reaching our consumers through the platforms where they discover newness and build connections with brands. With the earned media value for both Rimmel and CoverGirl over 400% higher than a year ago and closing the gap with leading peers, we are seeing the strong results from this transformation. The next step is co-creating the trends that will shape the global beauty industry in the coming quarters and years.
- And fourth, we have once again delivered double digit growth in our LFL sales, adjusted EBITDA and adjusted EPS, excluding the swap impact
- This marks the third consecutive year of double-digit growth in LFL sales and EPS
- The power of our financial algorithm has been on full display in recent years and reflected in our outlook, anchored on 6-8% LFL revenue growth, 9-11% adjusted EBITDA growth, and close to 20% adjusted EPS growth. And this is building on the exceptional delivery in FY24 of 11% LFL revenue growth, 12% adjusted EBITDA growth, and 26% adjusted EPS growth excluding the equity swap

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- We grew our FY24 LFL revenues by 11%, once again outperforming the beauty market which grew approximately 9%
- Our FY24 sales were also at the high end of guidance, reinforcing Coty's balanced growth agenda

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- In 8 out of the last 12 quarters, we have delivered LFL growth which is ahead of leading global beauty companies, including L'Oreal, Estee Lauder, Shiseido, and LVMH's Perfumes & Cosmetics division

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- Our best-in-class performance is evident on the slide shown here
- While each of our peers have their own strengths and weaknesses when it comes to category, geographic and channel exposure, Coty's consistent outperformance confirms that our top-notch growth is a result of our strategic vision, strong execution and our ability to not only seize but create big and fundamental beauty trends that are here to stay
- As we compete in an offer-driven industry, it is our responsibility to create beauty products which surprise and delight our consumers, which help them look and feel better, shaping the beauty of tomorrow

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- Let me now hand the call over to Laurent to take you through our financial results and FY25 guidance

Laurent Mercier, Chief Financial Officer

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- Thank you, Sue
- Our full fiscal year 2024 net revenues grew a very strong 11% LFL, coming at the upper end of our fiscal 2024 guidance of 9 to 11%
- This growth included approximately 1% contribution from the hyperinflationary environment in Argentina
- In the second half, which largely balances out the difficult comparisons in Q4, our LFL revenues grew 8%
- And in Q4, our LFL revenues grew 5%, which was at the upper end of our expectation of low-to-mid single-digit percentage growth and as anticipated, included several points of headwind from prior year comparisons when our revenues grew 17% LFL
- These Q4 results reflect a LFL CAGR of approximately 10% versus FY22, largely consistent with the LFL CAGR level in Q3, and re-affirming that our underlying sales growth trends remain steady

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- We have also continued to deliver strong and consistent margin expansion
- Our fiscal '24 adjusted gross margin grew strongly by 50 basis points to 64.4%, ahead of our guidance of modest expansion in FY24, and included 140 basis points of adjusted gross margin expansion in Q4
- Our FY24 and Q4 adjusted gross margin improvement was driven by ongoing premiumization of the portfolio coupled with the benefit from pricing and continuous supply chain productivity, partially offset by COGS inflation and excess & obsolescence impact at the start of the year

- In fact, with our FY24 adjusted gross margins reaching 64.4%, we have reached the mid 60s gross margin target we had set at our 2021 Investor Day a full year ahead of schedule
- The strong gross margin expansion allowed us to sustain our strong investment behind our brands, with our A&CP investments remaining at 27% for the year
- In total, we expanded our FY24 adjusted operating margin by 80 basis points to 14.1% and our adjusted EBITDA margin by 30 basis points to 17.8%, which was also at the upper end of our FY24 guidance of 10-30 basis points of margin growth

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- Our strong and consistent margin expansion has been fueled by growing profitability in both of our divisions
- The adjusted operating margin in Prestige reached 19% in FY24, up 40 basis points year-on-year but also close to 600 basis points higher than in FY21
- And in Consumer Beauty, our adjusted operating margin reached 5.7% in FY24, up 80 basis points year-on-year and 170 basis points higher than in FY21
- In the coming years, as we overdrive our Consumer Beauty profit pools – including mass fragrances and nail – we expect a bigger step change in the profitability of the division

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- Our FY24 adjusted EBITDA grew 12% year-over-year to \$1,091 million, even as we absorbed the profit loss from the divestiture of Lacoste
- Importantly, we outperformed the midpoint of the FY24 adjusted EBITDA guidance we gave at the start of the fiscal year by over \$20 million at the midpoint and also exceeded our recently raised EBITDA guidance of the high end of \$1,080-1,090 million

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- Our fiscal '24 adjusted EPS excluding the swap totaled 48 cents, growing a very strong 26% year-over-year, and ahead of guidance for EPS to be at the high end of 44 to 47 cents
- The upside in EPS in FY24 was driven by upside in EBITDA and operating income, as well as a \$38 million discrete tax benefit in Q4 related to Swiss income tax credits, which more than offset the \$24 million discrete tax hurt we incurred in Q1, from a change in the Swiss statutory tax rate
- These discrete tax impacts benefitted our FY24 adjusted EPS by about 2 cent on a net basis
- Looking ahead to FY25, I would like to outline certain drivers of our adjusted EPS
 - First, we expect depreciation to be in the mid \$200 million level
 - Second, we anticipate net interest expense for the year to be in the low \$200 millions
 - Third, we anticipate the adjusted effective tax rate for fiscal 2024 to be in the 28-29% range and above the FY24 effective tax rate which benefitted from a \$14 million net discrete tax benefit
 - Finally on share count, we remain committed to reducing our share count toward 800 million by FY27
 - While we have 2 equity swaps in place to lock in attractive pricing for future share buybacks, deleveraging towards our targeted levels remains a key priority for our organic cash flow generation
 - Of course, the eventual divestiture of Wella will provide flexibility for more active share buyback activity, which will be further amplified in the medium term, once we reach our target leverage, by our ongoing cash flow generation

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- We ended FY24 with net debt of approximately \$3.6 billion and leverage of 3.3x, down 0.8 turns from FY23, all of which excludes our Wella stake valued at approximately \$1.1 billion
- In the last 4 years, since this leadership team has been in place, Coty has reduced our net debt by over \$4 billion fueled by organic cash generation and asset sales
- Our FY24 debt reduction included approximately \$370 million in free cash flow for the year
- This was a modest decrease versus the prior year primarily due to the payment of income taxes for prior years, which totaled nearly \$90 million in FY24, plus an increase in capex of over \$20 million primarily related to the company's transition to SAP S/4HANA at the end of the year
- Relative to our initial expectations, the FY24 free cash flow was approximately \$30 million lower than expected due to this SAP S/4HANA transition
- This transition was a major milestone, representing the first major SAP transition across the full company in over a decade
- Importantly, with this transition, over 90% of Coty is now running on one single instance of SAP S/4HANA, including commercial, supply chain, finance and master data core activities
- Importantly, the S/4HANA transition went off without a hitch and we were up and running in a matter of days, confirming the strength of our planning and execution
- Specific to the impact on our free cash flow, while our transition to S/4HANA was planned for some time, it was difficult to quantify in advance how much inventory would be needed as an extra build up to enable a seamless transition
- Therefore, the approximately \$30 million buffer inventory build required for our migration to SAP S/4HANA was not included in our free cash flow guidance for FY24
- Of course, this inventory impact should reverse in FY25
- Therefore, in FY25, we expect free cash flow to grow strongly to the low to mid \$400s on stronger profit and lower cash tax payments

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- In support of our profit expansion and our reinvestment in our growth initiatives, we continue to identify and deliver savings in the business
- We generated savings of over \$115 million in FY24 and continue to target \$75 million of savings in FY25

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- And that brings me to our outlook for fiscal 25

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- We expect fiscal 25 LFL revenues to grow in line with our medium-term target range of 6-8% LFL, with outperformance by Prestige
- Fiscal 25 reported revenues are expected to include a low single digit headwind from FX and a 1% scope headwind in the first half from the divestiture of the Lacoste license
- We target another year of gross margin expansion in FY25
- Consistent with our medium-term algorithm, we are targeting 9-11% growth in our FY25 adjusted EBITDA to \$1,186-1,208M, ahead of consensus expectations, which includes the expected headwind from FX and the profit headwind in the first half from the divestiture of the Lacoste license
- This translates to adjusted EBITDA margin expansion of 10-30 basis points in FY25, as we continue our steady track record of ongoing margin expansion
- We are estimating total FY25 adjusted EPS, excluding equity swap, of 54 to 57 cents, implying strong +15-20% growth year-on-year. This translates to a 19-22% CAGR on a 2-year basis, which removes the comparison impact of FY24, which includes 2 cent of net discrete tax benefits

- We are targeting FY25 free cash flow in the low to mid \$400 million, driven by the combination of higher profit and lower cash taxes, partially offset by certain cash benefits recognized in fiscal 24 which will not re-occur
- While in the near-term, the close management of cash and inventory by retailers is contributing to some fluctuation in our estimated cash flow in the first half, we expect to end CY24 with leverage close to 2.5x
- And we continue to target further reduction in leverage toward approximately 2x exiting calendar 25

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- Let me also share some context on our first quarter and first half fiscal '25 outlook
- While in the short term we see retailers placing orders with caution and in Q1 we also face the elevated prior year comparisons related to the strong innovation pipe fill last year, our growth outlook remains strong
- Our outlook is supported by the continued solid end demand, geographic expansion of our FY24 innovations, and a very strong FY25 innovation calendar
- We expect Q1 LFL sales growth to be around 6%, which contemplates the elevated prior year comparisons, when our revenues grew 18% LFL
- At the same time, this Q1 outlook reflects a sequential acceleration from Q4, inline with our previous guidance, and also implies a strong LFL CAGR of approximately 10% versus fiscal '22, which removes the supply chain distortions of the last 2 years and implies that CAGR trends remain consistent with the last few quarters
- For the first half of fiscal 25, we anticipate LFL revenue growth of 6-8%, consistent with our full year outlook
- For reported revenues, we expect a low single digit FX headwind to revenues and a 1% scope headwind in the first half from the divestiture of the Lacoste license
- On the profit side, we expect continued gross margin expansion in the quarter and first half

- We anticipate adjusted EBITDA growth of 7-9% in the first half, well ahead of the implied reported revenue growth and slightly above consensus expectations, resulting in adjusted EBITDA margin expansion of 10-30 basis points
- With the expected revenue growth in Q1 a little lower than in Q2 due to the elevated prior year comparisons, we expect Q1 EBITDA growth and EBITDA margin expansion to also be at the lower end of the range
- Looking to the second half, however, with no impact from the Lacoste divestiture and what looks to be a more neutral FX backdrop at current rates, we expect even stronger EBITDA growth, supporting our outlook for 9-11% EBITDA growth for the year
- Finally, we expect adjusted EPS in the first half of 41 to 44 cents, inline with expectations
- Let me turn it back to Sue to discuss Coty's competitive advantages and growth outlook

Sue Nabi, Chief Executive Officer

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Thank you, Laurent

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- In today's complex and fast paced macro and beauty environment, Coty's competitive advantages position Coty to continue to both grow and outperform regardless of fluctuations in the market

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- First, we have a balanced portfolio, allowing us to capture demand growth across price points, channels, categories and markets, further reinforced by our global manufacturing and distribution footprint

- Second, we have unrivaled fragrance expertise, which we will continue to infuse across our full range of brands
- Third, we are re-igniting our iconic brands with a robust growth playbook across advocacy marketing and fast innovation
- And finally, we have significant growth opportunities in front of us, as we capture our fair share across many parts of the beauty market where we are currently under-indexed

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- Let me share more details about our truly differentiated balanced portfolio and balanced growth model

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- We're pursuing sustainable and balanced growth

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- As you can see here, our strong 11% LFL growth in FY24 was generated in a very healthy and balanced way
- We delivered momentum across our Prestige and Consumer Beauty businesses, across each of our regions, and also with expansion in volume, price and mix

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- We also delivered strong growth across channels
- Brick & mortar, which accounts for approximately 80% of our sales, grew solidly by approximately 9%
- And e-commerce grew at double this rate at approximately 20%

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- Complementing our growth channels are our growth engine markets, which include Brazil, Mexico, the rest of LATAM, India, China, Southeast Asia, Africa, and Saudi Arabia
- Together, these growth engine markets now account for 22% of our sales and are growing rapidly, with approximately 17% LFL growth in FY24
- Even excluding the contribution from the hyperinflationary environment in Argentina, our sales in growth engine markets grew 13%
- And in addition to these growth engine markets, we also have our rapidly growing Travel Retail channel, which grew 21% LFL in FY24
- Our sales in mature markets grew 8% LFL

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- Our broad portfolio spanning all price points is also allowing us to capture the diverging growth trends across all consumer income levels
- As high income consumers upgrade to more concentrated and sophisticated beauty, we are capturing this growth with our ultra premium fragrance collections like Chloe Atelier des Fleurs, niche collections like Infiniment Coty, and ultra premium skincare with Orveda
- And for lower to middle income consumers who want to indulge in the beauty trends at a more affordable price point, we are overdriving our entry prestige fragrance brands like Calvin Klein and Davidoff, cool mass brands like adidas, and entry prestige skincare like philosophy

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- Our diverse geographic footprint also limits our exposure to geopolitical risk

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- First, our revenues are broad-based across markets and regions, and our small presence in China has protected our performance given the current pressure in the market
- At the same time, our global manufacturing base is also an asset
- Our plant in China has been designed to produce for local consumption only, and our supplier base is also quite diversified including a small portion sourced from China

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- Our second competitive advantage is our unrivaled fragrance expertise, all anchored on our own internal development, our understanding of consumers and even more, our ability now to create new trends
- Over the last several years we have put in place a best-in-class ecosystem that has enabled us to launch one blockbuster after another, while at the same time, assuring that each new launch is incremental and lays the foundation for long-standing iconic franchises
- We have been consistently growing each of our major brands and importantly, the success of our fragrance brands is de-coupled from the business dynamics on the fashion side
- This not only assures that we are able to consistently build out our fragrance business irrespective of the more pressured luxury market, but also that we can grow scaled beauty businesses under brands where the fashion side is relatively small
- This is a key reason why we are excited about the size of the opportunity for our recently signed new luxury licenses, and other discussions underway

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- At the start of the year, we launched Burberry Goddess, the biggest female fragrance launch for the industry in FY24

- Burberry Goddess ranked as the #1 or Top 3 female fragrance launch across all major markets in North America and Europe
- And with its recent launch in the Middle East, it is performing exceptionally well in that region as well
- Goddess is a perfect example of Coty spearheading an industry trend, in this case an exclusive-quality vanilla-based fragrance, which has now rippled into many more vanilla-based fragrance launches first across Coty including recent mega hits like the ambery-vanilla Cosmic Kylie Jenner and then also across the broader industry
- Importantly, the strength of Goddess and the halo it is providing to the broader Burberry fragrance portfolio, including the Hero and Her franchises, have propelled the overall Burberry fragrance brand rankings to increase by 4 to 11 ranks across the major markets

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- In the second half of the year, we followed the success of Goddess with two key launches
- Marc Jacobs Daisy Wild now ranks as the #1 female fragrance launch in the U.S. in value, building on the iconic Daisy franchise
- Daisy Wild has resonated with consumers through its craveable packaging and its exclusive gourmand juice, which is another trend spearheaded by Coty, first with our exclusive-quality vanilla-based scents and then with the banana flower scent at the heart of Daisy Wild

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- At the same time, the first ever Kylie fragrance – Cosmic Kylie Jenner – is also performing exceptionally well
- In the U.S., Cosmic Kylie Jenner with its ambery-vanilla juice, has become the #4 female fragrance launch by value and the #1 launch by volume

- Similarly in the U.K., where the fragrance launched only recently through select retailer exclusivities, Cosmic Kylie Jenner has just become the #2 female fragrance launch by value and the #1 launch by volume

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- While we will continue to support these key fiscal '24 launches in the coming year, we have an equally exciting launch plan for fiscal '25
- In the last couple of months we have launched Gucci Flora Gorgeous Orchid, the 4th fragrance under the Gucci Flora collection
- The launch of this exclusive-quality vanilla-based fragrance is off to a fantastic start, already becoming the #1 female fragrance at Sephora worldwide, which is an unprecedented accomplishment

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- Finally, we are leveraging our best-in-class fragrance expertise and our position as the global leader in mass fragrances, to launch a game-changing fragrance collection under adidas
- Adidas Vibes, which is coming to market soon, is the first mass fragrance line designed and scientifically proven to enhance one's mood, once again highlighting Coty's leading fragrance R&D
- And in fact, the Vibes collection of 6 fragrances includes 2 different interpretations of vanilla scents
- This will be a major step in our ambition to accelerate our mass fragrance business, further diversifying and strengthening the margins of our Consumer Beauty business

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- Our third competitive advantage is our portfolio of iconic brands, particularly in Consumer Beauty, which we are accelerating through a proven growth playbook

- These brands have also closed the penetration gap with Gen Z consumers while staying strong with the significant base of Millennial and Gen X consumers, in contrast to other insurgent beauty brands

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- The first phase of our Consumer Beauty acceleration plan has been step-changing our social media influencer and organic advocacy marketing
- Our advocacy marketing is multi-faceted and multi-tiered, including product mailers to micro and nano influencers, paid influencers partnerships, brand-sponsored events, and of course, our dedicated influencer studios which have proven to be a point of differentiation for Coty
- You can see the great results on this slide
- Rimmel's earned media value is now 4 times higher than last year, with the fastest growth amongst its peer set brands, and the EMV rank rising to #4
- The combination of this social media momentum and Rimmel's leading innovations, including Thrill Seeker Extreme mascara and Better Than Filters new foundation, fueled strong Rimmel results globally as the brand consistently grew global market share over the past 6 months

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- Similarly, CoverGirl's earned media value is now 6 times higher than last year, with the fastest growth amongst its peer set brands, and the brand's EMV rank rising to #5
- This momentum in social media advocacy coupled with CoverGirl's disruptive innovation, including Simply Ageless Skin Perfector Essence and Outlast Lipstain, have driven CoverGirl to outperform the omnichannel U.S. mass cosmetics market in the past quarter
- As we look to FY25, we plan to leverage the key learnings on our social media advocacy activations behind these two brands to fuel the broader portfolio, including mass fragrances

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- The next phase of our growth playbook is launching an agile innovation model in Consumer Beauty
- In the past month, we formed a multi-functional stand-alone organization within Coty whose mission is to supplement our core Consumer Beauty R&D and commercialization processes with agile innovation model flywheel
- The team will be seizing upon beauty trends real time and bringing them to market under our various brands in a matter of months
- Effectively, the team will function like a start-up within the broader Coty machine, positioning Coty as the more agile of the beauty giants
- In fact, we've already begun bringing new launches to market under this model and across our categories, including Rimmel Thrill Seeker mascara, Sally Hansen nail strips, and the Chanson D'Eau collection of mass fragrances
- With the new set up, our goal is to double Consumer Beauty's innovation contribution in the next couple of years, including a big step up in innovation this year

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- Our final competitive advantage is the immense numbers of growth opportunities still in front of us and a portfolio of brands, regions, channels, and divisions which allow us to be as derisked as possible
- These channel, category and market opportunities have been key areas of growth for us already, and will continue to be major growth drivers for us in the coming years, supporting our targets to continue to outperform the global beauty market

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- Our e-commerce momentum was a key highlight of the business in FY24

- Sales in e-commerce grew by approximately 20% during the year, with double-digit growth across both Prestige and Consumer Beauty, and broad-based growth across markets
- As a result, the e-commerce penetration increased by 170 basis points this year, reaching approximately 20% of our overall business
- Importantly, we continued to gain e-commerce market share across both Prestige and Consumer Beauty supported by strength in retail.com customers and key pureplay e-retailers such as Amazon
- While many prestige beauty brands have recently listed on Amazon, it's important to remind that Coty was a first mover when we launched some of our Prestige brands on Amazon back in 2015, which is a true competitive advantage versus these new entrants

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- Our second high growth channel remains Travel Retail, as we continue to benefit from our broad-based geographic footprint in Travel Retail, our multi-category expansion and our collaborative partnerships with the key retailers
- Travel Retail now accounts for approximately 9% of our sales and grew over 20% LFL in FY24, even as we lapped over 30% growth last year, with strong growth across all regions

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- We are also continuing to build and amplify our focus on prestige skincare brands, Lancaster, philosophy and Orveda, while at the same time tapping into the body scenting trend with our Brazilian brand Paixao
- Our skincare business accounted for approximately 4% of sales in FY24, with our core skincare lines growing over 10%
- This is only a tiny fraction of the \$70B global skincare market, speaking to the immense potential in front of us
- We have exciting plans for fiscal '25

- First, we are revamping Lancaster in Europe, where it remains the #1 prestige sun care brand, through new launches and new merchandising
- Lancaster continues to set the trend in prestige skincare behind photo protection and photo repair skincare, in contrast to traditional skincare which does not address these key consumer needs
- Second, we are accelerating philosophy through new launches and online community engagement
- Philosophy is leading the trend when it comes to skinified body serums, with now the #1 retinol body serum on the market
- And finally, we plan for significant global distribution expansion for Orveda in fiscal '25

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- Prestige makeup is another growth engine
- Our sales grew by a low-teens percentage LFL in FY24, led by Burberry and Kylie Cosmetics
- It's been very encouraging to see that Kylie Cosmetics continues to resonate globally, across markets and ethnicities
- As we've opened new doors across our growth engine markets, whether it's India, Singapore, Middle East or South Africa, Kylie Cosmetics is consistently ranking as one of the top makeup brands in those stores
- In total, prestige makeup currently accounts for only 4% of our sales, leaving significant room for expansion in the \$30B global market

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- We are also capturing the white space opportunities created by the bifurcation in consumer demand
- As higher income consumers have migrated to more sophisticated niche scents with higher concentrations, the multi-billion-dollar ultra premium niche fragrance market has been booming

- For Coty, ultra premium fragrances still account for only 1% of our sales and are growing double digits
- We are seeing growth across Chloe Atelier des Fleurs, Burberry Signature, Boss the Collection and now Infiniment Coty, which is off to a fantastic start above our expectations and has become a best-selling niche fragrance brand at a famous London department store
- In the coming years, we aim to capture our fair share in this market, which presents a multi hundred-million-dollar opportunity

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- Similarly, with lower and middle income consumers under financial pressure but still desiring to participate in the fragrance category, we will be overdriving our entry premium brands including Hugo Boss, Calvin Klein and Davidoff
- These brands grew by a double digit percentage LFL in FY24, and we see significant room for these brands as well as our higher end mass fragrances to grow even faster, by offering consumers quality and desirable fragrances priced at under \$100

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- Another key growth opportunity is our growth engine markets, which include Brazil, Mexico, the rest of LATAM, India, China, Southeast Asia, Africa, and Saudi Arabia

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- Together, these growth engine markets now account for 22% of our sales and are growing rapidly, with approximately 17% LFL growth in FY24
- Brazil remains one of our biggest growth contributors but also the market with some of the biggest future potential for Coty
- Brazil accounts for a high single digit percentage of our sales and delivered around 20% growth in FY24, led by both the mass and prestige brands, all while expanding profitability, as we increased gross margins in Brazil by 400 basis points in the past year

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- All of these growth engines will be reinforced by the strength of our innovation pipeline for FY25
- Our key fiscal '25 launches include Burberry Goddess Intense, Chloe Signature Intense, Gucci Flora Gorgeous Orchid, Lancaster Golden Lift, CoverGirl Eye Enhancer 3D Mascara as well as adidas Vibes

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- While Laurent provided our granular FY25 guidance, I want to take a minute to provide a framework for our growth outlook for the coming year
- While we are mindful of the very complex macroeconomic and geopolitical backdrop, we are encouraged by the fact that beauty demand remains resilient on a global basis, even in the most recent months
- We expect our fiscal '25 financial results to be consistent with our medium-term algorithm, with our fiscal '25 outlook further reinforced by the strength of our innovation pipeline, our many white space opportunities and our robust commercial plans
- We anticipate beauty demand in mature markets to expand in the mid single digits, including prestige fragrance growth above this range and mass beauty growth below this range, all supported by strong e-commerce momentum
- Within this backdrop for the mature market, which account for less than 70% of our sales, we are targeting to perform in line to ahead of the market

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- At the same time, we target double-digit percentage revenue growth in our growth engine markets, such as Brazil, LATAM, Mexico, Africa, and Saudi Arabia, and the high growth travel retail channel, which together account for over 30% of our business

- Given these growth markets and the high growth Travel Retail channel grew close to 20% in fiscal '24, we see double-digit growth in this part of the business for fiscal '25 as quite reasonable, particularly as global travel trends remain robust and as we actively expand distribution of both our Prestige and Consumer Beauty brands in these growth engine markets

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- To sum up, we are confident in delivering another year of growth in line with our medium-term targets, steady margin expansion, cash flow improvement and deleveraging progress
- As we strengthen our position as a global beauty powerhouse, acting with the agility of smaller brands but also creating the beauty trends of today and tomorrow, Coty remains one of, if not the most compelling investment opportunity in our industry