

COMMERCE

## Up 10pc y-o-y, prestige category carries Coty earnings

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*The drop marks a first for both the company and the global fragrance market. Image credit: Coty*

By LUXURY DAILY NEWS SERVICE

U.S. beauty group Coty has beat sales expectations for the period ending March 31, 2023, prompting the company to raise the bar on projected revenues.

The company garnered \$1.29 billion in net revenues throughout the last quarter, up 9 percent year-over-year on a reported basis. The licensor of fragrances from British fashion house Burberry and Italian fashion label Gucci, among other luxury names, appears to be putting its deals to good use revenues from Coty's luxury beauty roster increased 10 percent y-o-y reported, growing 16 percent on a like-for-like basis.

"In Prestige, demand for prestige fragrances accelerated in the quarter across developed markets, once again confirming the structural changes in global consumption as more consumers enter the category, use fragrances more frequently, and opt for longer-lasting and more premium products," said Sue Y. Nabi, CEO of Coty, in a statement.

"Against this backdrop, we continue to grow the fragrance category and 'premiumize' our business through our portfolio of icons and leading launches, such as Burberry Hero and Her, Gucci Flora Gorgeous Jasmine and Gorgeous Gardenia, Boss Bottled Parfum and Chloe Atelier des Fleurs," she said. "This momentum is underpinned by the growing agility of our supply chain, as we've increased supply and expanded our dual-sourcing initiatives in the midst of continued constraints in fragrance components.

"The momentum in our established prestige fragrance and consumer beauty businesses, coupled with strong savings generation in the quarter of close to \$60M, are fueling the next key pillar in our strategy: our skincare business."

Beauty is back

For the period it refers to as the Q3 fiscal, Coty has delivered strong results.

The company's latest results suggest consumer demand for prestige fragrances grew at a rate of 10 percent reported, and 16 percent on a like-for-like basis, bouncing back from the preceding quarter. For the period ending Dec. 31, 2022, which the company refers to as Q2, prestige beauty slipped by 5 percent year-over-year in net revenues

(see story).

Launches such as the release of Gucci's "Where My Heart Beats" fragrance in April, the beauty group became the first company to come out with a globally distributed fragrance made from 100 percent recycled carbon emissions (see story) pushed the company's overall performance.

Coty reports 3Q23 results with performance well ahead of expectations and recently raised guidance, marking the eleventh consecutive quarter of progress. Follow the link to read the press release <https://t.co/9vQ32e1xSH> [pic.twitter.com/Fmk9tYuEmv](https://pic.twitter.com/Fmk9tYuEmv)

Coty Inc. (@COTYInc) May 9, 2023

Coty has once again raised its outlook due to sales jumps, now targeting a growth rate of between 9 and 10 percent like-for-like for the core business, up from previous projections of between 6 and 8 percent growth on a like-for-like basis.

"We are once again proud to report strong operational and financial performance, with today's Q3 results marking the eleventh consecutive quarter of results in line to ahead of expectations," said Ms. Nabi, in a statement.

"We are delivering on our balanced growth agenda, with strong LFL growth across both divisions and all regions, with growth contribution from volume, price and mix, and from our key categories including fragrances, cosmetics, and body care," she said. "In a complex global environment, beauty remains an advantaged category with consumers, at the sweet spot of affordable luxury, self-care, and confidence boosting.

"This dynamic reinforces our confidence in global beauty consumption outperforming in a variety of macroeconomic scenarios, with Coty well placed to succeed, supported by our positions as a leader in fragrances and cosmetics, and significant untapped potential in skincare, China and Travel Retail."

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