COTY INC.
Form 10-Q
May 10, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q
(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2017

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 001-35964

COTY INC.
(Exact name of registrant as specified in its charter)

Delaware	13-3823358
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
350 Fifth Avenue, New York, NY	10118
(Address of principal executive offices)	(Zip Code)

(212) 389-7300
Registrant’s telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨	(Do not check if a smaller reporting company)
	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No ý

At May 3, 2017, 747,638,332 shares of the registrant's Class A Common Stock, $0.01 par value, were outstanding.

COTY INC.
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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Net revenues	$2,032.1	$950.7	$5,409.0	$3,273.5
Cost of sales	816.1	369.0	2,153.2	1,280.4
Gross profit	1,216.0	581.7	3,255.8	1,993.1
Selling, general and administrative expenses	1,092.4	494.2	2,741.5	1,493.9
Amortization expense	102.6	20.9	219.0	59.0
Restructuring costs	155.8	6.6	179.0	79.3
Acquisition-related costs	57.7	37.0	275.1	98.3
Asset impairment charges	—	—	—	5.5
Operating (loss) income	(192.5)	23.0	(158.8)	257.1
Interest expense, net	60.8	25.1	159.1	55.7
Loss on early extinguishment of debt	—	—	—	3.1
Other (income) expense, net	(0.5)	6.6	0.2	30.4
(Loss) income before income taxes	(252.8)	(8.7)	(318.1)	167.9
(Benefit) provision for income taxes	(93.4)	11.6	(220.6)	(42.5)
Net (loss) income	(159.4)	(20.3)	(97.5)	210.4
Net income attributable to noncontrolling interests	3.5	2.4	14.2	12.1
Net income attributable to redeemable noncontrolling interests	1.3	4.1	5.7	10.4
Net (loss) income attributable to Coty Inc.	$(164.2)	$(26.8)	$(117.4)	$187.9
Net (loss) income attributable to Coty Inc. per common share:				
Basic	$(0.22)	$(0.08)	$(0.19)	$0.54
Diluted	(0.22)	(0.08)	(0.19)	0.53
Weighted-average common shares outstanding:				
Basic	747.3	337.9	607.9	347.8
Diluted	747.3	337.9	607.9	356.9
Cash dividend declared per common share	$0.125	$—	$0.525	$0.250

See notes to Condensed Consolidated Financial Statements.

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COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Net (loss) income	$(159.4)	$(20.3)	$(97.5)	$210.4
Other comprehensive income (loss):				
Foreign currency translation adjustment	87.1	57.4	(9.2)	38.6
Net unrealized derivative gains on cash flow hedges, net of taxes of $(1.8) and $1.0, and $(10.5) and $0.3 during the three and nine months ended, respectively	3.0	(21.9)	44.9	(14.6)
Pension and other post-employment benefits (losses) adjustment, net of tax of nil and nil, and $(5.8) and nil during the three and nine months ended, respectively	—	—	10.1	0.2
Total other comprehensive income, net of tax	90.1	35.5	45.8	24.2
Comprehensive (loss) income	(69.3)	15.2	(51.7)	234.6
Comprehensive income attributable to noncontrolling interests:				
Net income	3.5	2.4	14.2	12.1
Foreign currency translation adjustment	0.3	1.2	(0.2)	0.9
Total comprehensive income attributable to noncontrolling interests	3.8	3.6	14.0	13.0
Comprehensive income attributable to redeemable noncontrolling interests:				
Net income	1.3	4.1	5.7	10.4
Foreign currency translation adjustment	—	0.2	—	0.2
Total comprehensive income attributable to redeemable noncontrolling interests	1.3	4.3	5.7	10.6
Comprehensive (loss) income attributable to Coty Inc.	$(74.4)	$7.3	$(71.4)	$211.0

See notes to Condensed Consolidated Financial Statements.

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COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)
(Unaudited)

	March 31, 2017	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$767.0	$372.4
Restricted cash	25.0	—
Trade receivables—less allowances of $81.7 and $35.2, respectively	1,380.9	682.9
Inventories	1,034.3	565.8
Prepaid expenses and other current assets	380.4	206.8
Deferred income taxes	158.6	110.5
Total current assets	3,746.2	1,938.4
Property and equipment, net	1,555.8	638.6
Goodwill	8,111.8	2,212.7
Other intangible assets, net	8,968.8	2,050.1
Deferred income taxes	100.9	15.7
Other noncurrent assets	289.8	180.1
TOTAL ASSETS	$22,773.3	$7,035.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$1,456.5	$921.4
Accrued expenses and other current liabilities	1,558.7	748.4
Short-term debt and current portion of long-term debt	193.0	161.8
Income and other taxes payable	9.7	18.7
Deferred income taxes	39.8	4.9
Total current liabilities	3,257.7	1,855.2
Long-term debt, net	6,909.3	3,936.4
Pension and other post-employment benefits	603.6	230.6
Deferred income taxes	1,480.2	339.2
Other noncurrent liabilities	385.5	233.8
Total liabilities	12,636.3	6,595.2
COMMITMENTS AND CONTINGENCIES (Note 22)		
REDEEMABLE NONCONTROLLING INTERESTS	506.4	73.3
EQUITY:		
Preferred Stock, $0.01 par value; 20.0 shares authorized, 4.2 and 1.7 issued and outstanding at March 31, 2017 and June 30, 2016, respectively	—	—
Class A Common Stock, $0.01 par value; 1,000.0 and 800.0 shares authorized, 812.6 and 138.7 issued and 747.6 and 75.1 outstanding, at March 31, 2017 and June 30, 2016, respectively	8.1	1.4
Class B Common Stock, $0.01 par value; 0.0 and 262.0 shares authorized, 0.0 and 262.0 issued and outstanding at March 31, 2017 and June 30, 2016, respectively	—	2.6
Additional paid-in capital	11,391.5	2,038.4
Accumulated deficit	(154.4)	(37.0)
Accumulated other comprehensive loss	(193.7)	(239.7)
Treasury stock—at cost, shares: 65.0 and 63.6 at March 31, 2017 and June 30, 2016, respectively	(1,441.8)	(1,405.5)
Total Coty Inc. stockholders' equity	9,609.7	360.2
Noncontrolling interests	20.9	6.9

Total equity	9,630.6	367.1
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	$22,773.3	$7,035.6

See notes to Condensed Consolidated Financial Statements.

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COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
For the Nine Months Ended March 31, 2017
(In millions, except per share data)
(Unaudited)

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in	(Accumulated	Accumulated Other Comprehensive	Treasury Stock		Total Coty Inc. Stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit)	Loss	Shares	Amount	Equity	Interests	Equit
BALANCE—July 1, 2016	1.7	$—	138.7	$1.4	262.0	$2.6	$2,038.4	$(37.0)	$(239.7)	63.6	$(1,405.5)	$360.2	$6.9	$367
Issuance of Class A Common Stock for business combination			409.7	4.1			9,624.5					9,628.6		9,628
Issuance of Preferred Stock	2.5	—												
Conversion of Class B to Class A Common Stock			262.0	2.6	(262.0)	(2.6)	—					—		—
Purchase of Class A Common Stock										1.4	(36.3)	(36.3)		(36.3
Exercise of employee stock options and restricted stock units and related tax benefits			2.2	—			19.5					19.5		19.5
Share-based compensation expense							15.2					15.2		15.2
Dividends							(281.2)					(281.2)		(281.
Net (loss) income								(117.4)				(117.4)	14.2	(103.
Other comprehensive (loss) income									46.0			46.0	(0.2)	45.8
Distribution to noncontrolling interests, net														
Redeemable noncontrolling interest due to business combination (Note 3)														
Adjustment of redeemable noncontrolling							(24.9)					(24.9)		(24.9

interests to redemption value														
Adjustment to repurchase of redeemable noncontrolling interests														
BALANCE—March 31, 2017	4.2	$—	812.6	$8.1	—	$—	$11,391.5	$(154.4)	$(193.7)	65.0	$(1,441.8)	$9,609.7	$20.9	$9,63

See notes to Condensed Consolidated Financial Statements.

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COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS
For the Nine Months Ended March 31, 2016
(In millions, except per share data)
(Unaudited)

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in	(Accumulated	Accumulated Other Comprehensive	Treasury Stock		Total Coty Inc. Stockholders'	Noncontrolling	Total	R N
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit)	Loss	Shares	Amount	Equity	Interests	Equity	In
BALANCE—July 1, 2015	1.9	—	134.0	$1.3	262.0	$2.6	$2,044.4	$(193.9)	$(274.0)	35.2	$(610.6)	$969.8	$14.9	$984.7	$
Cancellation of Preferred Stock	(0.2)						(0.1)					(0.1)		(0.1)	
Purchase of Class A Common Stock										25.9	(727.9)	(727.9)		(727.9)	
Reclassification of Class A Common Stock from liability to APIC							13.8					13.8		13.8	
Exercise of employee stock options and restricted stock units and related tax benefits			3.9	0.1			36.7					36.8		36.8	
Series A Preferred share-based compensation expense							1.1					1.1		1.1	
Share-based compensation expense							17.3					17.3		17.3	
Dividends							(89.7)					(89.7)		(89.7)	
Net income								187.9				187.9	12.1	200.0	1
Other comprehensive loss									23.1			23.1	0.9	24.0	0.
Distribution to noncontrolling interests, net													(16.3)	(16.3)	(6
Adjustment of redeemable noncontrolling interests to redemption value							11.3					11.3		11.3	(1

BALANCE—March 31, 2016	1.7	—	137.9	$1.4	262.0	$2.6	$2,034.8	$(6.0)	$(250.9)	61.1	$(1,338.5)	$443.4	$11.6	$455.0	$

See notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$(97.5)	$210.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	414.9	171.0
Asset impairment charges	—	5.5
Deferred income taxes	(298.3)	(102.6)
Provision for bad debts	23.3	1.9
Provision for pension and other post-employment benefits	44.7	9.3
Share-based compensation	19.1	18.4
Loss on early extinguishment of debt	—	3.1
Other	(0.6)	13.1
Change in operating assets and liabilities, net of effects from purchase of acquired companies:		
Trade receivables	(216.2)	(0.9)
Inventories	172.6	25.0
Prepaid expenses and other current assets	(6.5)	10.9
Accounts payable	339.3	50.4
Accrued expenses and other current liabilities	345.4	39.9
Income and other taxes payable	3.1	(31.0)
Other noncurrent assets	9.9	8.8
Other noncurrent liabilities	(46.5)	12.1
Net cash provided by operating activities	706.7	445.3
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(324.0)	(115.1)
Payment for business combinations, net of cash acquired	(742.6)	(897.3)
Proceeds from sale of asset	10.5	—
Payments related to loss on foreign currency contracts	—	(29.6)
Net cash used in investing activities	(1,056.1)	(1,042.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term debt, original maturity more than three months	9.5	17.0
Repayments of short-term debt, original maturity more than three months	(9.7)	(22.2)
Net (repayments) proceeds from short-term debt, original maturity less than three months	(48.7)	6.1
Proceeds from revolving loan facilities	1,809.4	1,590.0
Repayments of revolving loan facilities	(1,624.4)	(620.0)
Proceeds from term loans	1,075.0	2,979.6
Repayments of term loans	(95.7)	(2,474.7)
Dividend paid	(279.2)	(89.0)
Net proceeds from issuance of Class A Common Stock and Series A Preferred Stock and related tax benefits	19.5	36.8
Payments for purchases of Class A Common Stock held as Treasury Stock	(36.3)	(727.9)
Net proceeds from foreign currency contracts	3.8	8.9
Payments for mandatorily redeemable noncontrolling interests	—	(1.7)

Purchase of additional noncontrolling interests	(9.8)	—
Distributions to noncontrolling interests and redeemable noncontrolling interests	(7.5)	(23.5)
Payment of deferred financing fees	(24.8)	(56.3)
Other	—	(1.4)
Net cash provided by financing activities	781.1	621.7
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(12.1)	0.3
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	419.6	25.3
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of period	372.4	341.3
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of period	$792.0	$366.6
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		

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Cash paid during the period for interest	$132.9	$57.8
Cash paid during the period for income taxes, net of refunds received	63.6	89.0
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:		
Accrued capital expenditure additions	$70.8	$39.5
Non-cash Common Stock issued for business combination	9,628.6	—
Non-cash debt assumed for business combination	1,943.0	—
Non-cash capital contribution associated with special share purchase transaction	—	13.8
Non-cash redeemable noncontrolling interest for business combinations	410.9	—

See notes to Condensed Consolidated Financial Statements

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COTY INC. & SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
($ in millions, except per share data)
(Unaudited)

1. DESCRIPTION OF BUSINESS

Coty Inc. and its subsidiaries (collectively, the "Company" or "Coty") manufacture, market, sell and distribute branded beauty products, including fragrances, color cosmetics, hair care products and skin & body related products. Coty is a global beauty company and a new leader and challenger in the beauty industry.

On October 1, 2016, the Company completed its acquisition of certain assets and liabilities related to The Procter & Gamble Company's ("P&G") global fine fragrances, salon professional, cosmetics and retail hair color businesses, along with select hair styling brands (the "P&G Beauty Business"). The P&G Beauty Business manufactures, markets and sells various branded beauty products globally including professional and retail hair care, coloring and styling products, fine fragrances and color cosmetics primarily through salons, mass merchandisers, grocery stores, drug stores, department stores and distributors. Refer to Note 3—Business Combinations.

After the closing of the P&G Beauty Business acquisition, the Company reorganized its business into three new divisions: the Luxury division, focused on prestige fragrances, premium skin care and premium cosmetics; the Consumer Beauty division, focused on color cosmetics, retail hair coloring and styling products, mass fragrance, mass skin care and body care; and the Professional Beauty division, focused on hair and nail care products for professionals. In this new organizational structure, each division has full end-to-end responsibility to optimize consumers' beauty experience in the relevant categories and channels. The three divisions also comprise the Company's operating and reportable segments.

The Company operates on a fiscal year basis with a year-end of June 30. Unless otherwise noted, any reference to a year preceded by the word "fiscal" refers to the fiscal year ended June 30 of that year. For example, references to "fiscal 2017" refer to the fiscal year ending June 30, 2017.

The Company's revenues generally increase during the second fiscal quarter as a result of increased demand associated with the holiday season. Accordingly, the Company's financial performance, working capital requirements, cash flow and borrowings experience seasonal variability during the three to six months preceding this season.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and include consolidated domestic and international subsidiaries. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited interim Condensed Consolidated Financial Statements and accompanying footnotes should be read in conjunction with the Company's Consolidated Financial Statements as of and for the year ended June 30, 2016. In the opinion of management, all adjustments, of a normal recurring nature, considered necessary for a fair presentation have been included in the Condensed Consolidated Financial Statements. The results of operations for the three and nine months ended March 31, 2017 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending June 30, 2017. All dollar amounts (other than per share amounts) in the following discussion are in millions of United States ("U.S.") dollars, unless otherwise indicated.

Restricted Cash

Restricted cash represents funds that are not readily available for general purpose cash needs due to contractual limitations. Restricted cash is classified as a current or long-term asset based on the timing and nature of when or how the cash is expected to be used or when the restrictions are expected to lapse. As of March 31, 2017 and June 30, 2016, the Company had restricted cash of $25.0 and $0.0, respectively, included in Restricted cash in the Condensed Consolidated Balance Sheets. The restricted cash balance as of March 31, 2017 provides collateral for certain bank guarantees on rent, customs and duty accounts. Restricted cash is included as a component of Cash, cash equivalents, and restricted cash in the Condensed Consolidated Statement of Cash Flows.

Customer Loans

Following the closing of the P&G Beauty Business acquisition, the Company now provides loans to certain customers to help finance salon openings, renovations and other improvements. In exchange for this financing, customers become contractually obligated to purchase products from the Company. Certain customer loans may be provided at favorable rates, including interest-free or with below-market interest rates. Customer loans are initially recorded at fair value not to exceed the face value of the loan. The fair value is based on a market based measurement using published market interest rates in the

country of loan origin. The difference between the face value (generally the amount advanced) and fair value of the loan at origination is reported as a reduction in net sales in the Condensed Consolidated Statements of Operations. The value of the loan after initial recognition is reduced for principal repayments, net of any allowances for uncollectibility. Customer loan payments are allocated between principal and related interest, as appropriate. Payments are received either in the form of scheduled cash payments or via partial or complete offset against rebates or other allowances earned by customers from product purchases. Allowances for uncollectible loans are recorded based on management's assessment of objective evidence of potential uncollectibility. The portion of customer loans due within one year, net of an allowance for uncollectible loans was $15.9 as of March 31, 2017 and is recorded within Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheet. The portion of customer loans due in greater than one year, net of an allowance for uncollectible loans was $17.0 as of March 31, 2017 and is recorded within Other noncurrent assets in the Condensed Consolidated Balance Sheet.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Significant accounting policies that contain subjective management estimates and assumptions include those related to revenue recognition, the market value of inventory, the fair value of acquired assets and liabilities associated with acquisitions, the fair value of share-based compensation, the fair value of the Company's reporting units, and the assessment of goodwill, other intangible assets and long-lived assets for impairment, the valuation of redeemable noncontrolling interests, income taxes and pension and post-employment benefits. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from those estimates and assumptions. Significant changes, if any, in those estimates and assumptions resulting from continuing changes in the economic environment will be reflected in the Condensed Consolidated Financial Statements in future periods.

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued authoritative guidance amending the classification and presentation of restricted cash on the statement of cash flows. The amendments will require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company early adopted this guidance in the second quarter of fiscal 2017 and has applied a retrospective transition method for each period presented. Accordingly, restricted cash and restricted cash equivalents has been reclassified as a component of Cash, cash equivalents, and restricted cash in the Condensed Consolidated Statement of Cash Flows for all periods presented.

In April 2015, the FASB issued authoritative guidance on the treatment of debt issuance costs. The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company adopted this guidance as of the first quarter ended September 30, 2016. With respect to the Company's Revolving Credit Facility (as defined in Note 13 - Debt), the Company has elected to classify unamortized debt issuance costs within the liability section of the balance sheet (as a contra-liability). In circumstances where the unamortized debt issuance costs exceeds the outstanding balance of the Coty Revolving Credit Facility or the Galleria Revolving Credit Facility, the amount of unamortized debt issuance costs exceeding the outstanding balance will be reclassified to assets. The Company has applied the change in accounting principle with retrospective application to prior periods. As such, the amounts previously reported as Other noncurrent assets and Long-term debt, net in the Condensed Consolidated Balance Sheet as of June 30, 2016 were decreased by $64.6, respectively, for the reclassification of debt issuance costs from assets to liabilities. The change in accounting principle does not have an impact on the Company's Condensed Consolidated Statements of Operations, Statements of Cash Flows and Condensed Consolidated Statements of Equity and Redeemable Noncontrolling Interests.

In April 2015, the FASB issued authoritative guidance to clarify the accounting treatment for fees paid by a customer in cloud computing arrangements. Under the revised guidance, if a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The revised guidance will not change a customer's accounting for service contracts. The Company adopted this guidance as of the first quarter ended September 30, 2016 on a prospective basis. The adoption of this guidance did not have a material impact on the Company's Condensed Consolidated Financial Statements.

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Recently Issued Accounting Pronouncements

In May 2017, the FASB issued authoritative guidance regarding changes to terms or conditions of share-based payment awards that require an entity to apply modification accounting. Under this amendment, an entity should not account for the effects of a modification if all of the following conditions are met: i) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified and original award (immediately before modification) is the same; ii) the vesting conditions of the modified and original award (immediately before modification) are the same; iii) the classification of the modified and original award (immediately before modification) as an equity or a liability instrument is the same. Early adoption is permitted and the amendment will be effective for the Company in fiscal 2019. The Company is currently evaluating the impact this guidance will have on the Company's Consolidated Financial Statements.

In March 2017, the FASB issued authoritative guidance that requires an employer to report the service cost component of an employee benefits plan in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net periodic benefit cost as defined in the current guidance are required to be presented in the income statement separately from the service cost component and outside the subtotal of income from operations, if one is presented. If separate line item or items are not used, the line item or items used in the income statement to present the other components of net periodic benefit cost must be disclosed. The amendment allows only the service cost component to be eligible for capitalization, when applicable. Early adoption is permitted and the amendment will be effective for the Company in fiscal 2019. The Company is currently evaluating the impact this guidance will have on the Company's Consolidated Financial Statements.

In January 2017, the FASB issued authoritative guidance that simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under this amendment, an entity should recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendment also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform step two of the goodwill impairment test. Early adoption is permitted and the amendment will be effective for the Company in fiscal 2021. The Company does not expect this guidance to impact the Company's Consolidated Financial Statements.

In October 2016, the FASB issued authoritative guidance that amends accounting guidance for intra-entity transfer of assets other than inventory to require the recognition of taxes when the transfer occurs. The amendment will be effective for the Company in fiscal 2019 with early adoption permitted as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. The Company is currently evaluating the impact this guidance will have on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued authoritative guidance that changes the classification and presentation of certain items within the statement of cash flows including but not limited to debt prepayment or debt extinguishment costs; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies and distributions received from equity method investees. The amendment will be effective for the Company in fiscal 2019 with early adoption permitted. The Company is currently evaluating the effect that this guidance will have on the Company's Consolidated Financial Statements.

In June 2014, and as further amended, the FASB issued authoritative guidance that implements a common revenue model that will enhance comparability across industries and require enhanced disclosures. The new standard introduces a five step principles based process to determine the timing and amount of revenue ultimately expected to be received. The standard will be effective for the Company in fiscal 2019 with either retrospective or modified retrospective treatment applied. Early adoption is permitted for the Company beginning in fiscal 2018. The Company is in the early stages and has an implementation team in place that is performing a comprehensive evaluation of the impact this standard will have on its Consolidated Financial Statements and related disclosures. The Company has selected the modified retrospective transition method, but has not yet determined the effect of the standard on its ongoing financial reporting.

In February 2016, the FASB issued authoritative guidance requiring that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in its balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The amendment will be effective for the Company in fiscal 2020 with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company has not yet started its analysis of the impact this standard will have on the Company's Consolidated Financial Statements.

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3. BUSINESS COMBINATIONS

P&G Beauty Business Acquisition

On October 1, 2016, pursuant to the Transaction Agreement (as defined below), the Company completed the Transactions (as defined below) and acquired the P&G Beauty Business in order to further strengthen the Company's position in the global beauty industry. The purchase price was $11,570.4 and consisted of $9,628.6 of total equity consideration and $1,941.8 of assumed debt.

The P&G Beauty Business acquisition was completed pursuant to the Transaction Agreement, dated July 8, 2015 (the "Transaction Agreement"), by and among the Company, P&G, Galleria Co. ("Galleria") and Green Acquisition Sub Inc., a wholly-owned subsidiary of the Company ("Merger Sub"). On October 1, 2016, (i) Merger Sub was merged with and into Galleria, with Galleria continuing as the surviving corporation and a direct, wholly-owned subsidiary of the Company (the "Merger") and (ii) each share of Galleria common stock was converted into the right to receive one share of the Company's common stock (the Merger, together with the other transactions contemplated by the Transaction Agreement, the "Transactions").

The Company issued 409.7 million shares of common stock to the former holders of Galleria common stock, together with cash in lieu of fractional shares. Immediately after consummation of the Merger, approximately 54% of the fully-diluted shares of the Company's common stock was held by pre-Merger holders of Galleria common stock, and approximately 46% of the fully-diluted shares of the Company's common stock was held by pre-Merger holders of the Company's common stock. Coty Inc. is considered to be the acquiring company for accounting purposes.

The Company estimated the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information currently available. The Company is still evaluating the fair value of the assets and liabilities assumed in the Transactions. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments are recognized.

The following table summarizes the estimated allocation of the purchase price to the net assets of the P&G Beauty Business as of the October 1, 2016 acquisition date:

	Estimated fair value as previously reported [(a)]	Measurement period adjustments [(b)]	Estimated fair value adjusted	Estimated useful life (in years)
Cash and cash equivalents	$387.6	$ —	$387.6	
Inventories	506.7	(38.3)	468.4	
Property, plant and equipment	770.4	(8.0)	762.4	3 - 40
Goodwill	5,081.8	60.2	5,142.0	Indefinite
Trademarks — indefinite	1,890.0	—	1,890.0	Indefinite
Trademarks — finite	879.1	5.6	884.7	10 - 30
Customer relationships	1,795.8	11.3	1,807.1	1.5 - 17
License agreements	1,836.0	1.0	1,837.0	10 - 30
Product formulations	183.8	—	183.8	5 - 29
Other net working capital	65.8	(27.6)	38.2	
Net other assets	54.9	(5.3)	49.6	
Unfavorable contract liabilities	(130.0)	—	(130.0)	
Pension liabilities	(394.9)	(9.8)	(404.7)	
Tax indemnification liability	(55.0)	—	(55.0)	
Deferred tax liability, net	(1,301.6)	10.9	(1,290.7)	
Total purchase price	$11,570.4	$ —	$11,570.4	

[(a)] As previously reported in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016.

[b] The Company recorded measurement period adjustments in the third quarter of fiscal 2017 to account for a decrease of $38.3 in the estimated fair value of the P&G Beauty Business inventory primarily related to a decrease in the inventory step-up due to updated valuation assumptions. The measurement period adjustments of $17.9 related to finite-lived trademarks, customer relationships and license

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agreements was a result of the decrease in the estimated fair value of inventory acquired. Additional measurement period adjustments were recorded as a result of obtaining new facts and circumstances about certain acquired assets and liabilities that existed as of the acquisition date, primarily related to working capital. All measurement period adjustments were offset against goodwill.

Goodwill is primarily attributable to the anticipated company-specific synergies and economies of scale expected from the operations of the combined company. The synergies include certain cost savings, operating efficiencies, and leverage of the acquired brand recognition to be achieved as a result of the Transactions. Goodwill is not expected to be deductible for tax purposes. Goodwill of $351.6, $4,276.5, and $513.9 is allocated to the Luxury, Consumer Beauty and Professional Beauty segments, respectively. The allocation of goodwill to segments was based on the relative fair values of synergies.

For the three months ended March 31, 2017, Net revenues and Net income of the P&G Beauty Business included in the Company's Condensed Consolidated Statements of Operations were $975.7 and $55.7, respectively. For the nine months ended March 31, 2017, Net revenues and Net income of the P&G Beauty Business included in the Company's Condensed Consolidated Statements of Operations from the date of acquisition were $2,086.9 and $110.9, respectively. Net income for the three and nine months ended March 31, 2017 was impacted by the amortization of certain asset values based on the estimated fair values of the acquired assets as determined during the initial purchase accounting, such as the amortization of inventory step-up. Such amortization activity had an impact to Net income for the three and nine months ended March 31, 2017 of $(9.5) and $(37.6), net of tax, respectively.

The Company recognized acquisition-related costs of $52.0 and $35.1 during the three months ended March 31, 2017 and 2016, respectively and $264.4 and $91.1 for the nine months ended March 31, 2017 and 2016, respectively, which were included in Acquisition-related costs in the Condensed Consolidated Statements of Operations.

ghd Acquisition

On November 21, 2016, the Company completed the acquisition of 100% of the equity interest of Lion/Gloria Topco Limited which held the net assets of ghd ("ghd") which stands for "Good Hair Day", a premium brand in high-end hair styling appliances, pursuant to a sale and purchase agreement. The ghd acquisition is expected to further strengthen the Company's professional hair category and is included in the Professional Beauty segment's results after the acquisition date. The total cash consideration paid net of acquired cash and cash equivalents was £430.2 million, the equivalent of $531.5, at the time of closing, which was funded through cash on hand and available debt.

The Company estimated the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information currently available. The Company is still evaluating the fair value of the assets and liabilities assumed from the ghd acquisition. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments are recognized.

The following table summarizes the estimated allocation of the purchase price to the net assets of ghd as of the November 21, 2016 acquisition date:

	Estimated fair value as previously reported [a]	Measurement period adjustments [b]	Estimated fair value adjusted	Estimated useful life (in years)
Cash and cash equivalents	$ 7.1	$ —	$ 7.1	
Inventories	79.8	—	79.8	
Property, plant and equipment	11.3	—	11.3	3 - 10
Goodwill	175.5	(7.4)	168.1	Indefinite
Indefinite-lived other intangibles assets	163.8	—	163.8	Indefinite
Customer relationships	44.2	(7.6)	36.6	11 - 24
Technology	138.6	8.0	146.6	11 - 16
Other net working capital	(7.4)	7.1	(0.3)	
Net other assets	0.9	—	0.9	

Deferred tax liability, net	(75.3)	(0.1)	(75.4)
Total purchase price	$ 538.5	$ —	$ 538.5

[(a)] As previously reported in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016.

(b) The Company recorded measurement period adjustments in the third quarter of fiscal 2017 to account for a decrease to customer relationships of $7.6 and an increase to technology of $8.0 due to changes in valuation assumptions and an increase in the estimated other net working capital of $7.1 as of the November 21, 2016 acquisition date. These adjustments were offset against Goodwill.

Goodwill is not expected to be deductible for tax purposes. The goodwill is attributable to expected synergies resulting from integrating ghd's products into the Company's existing sales channels.

For the three months ended March 31, 2017, Net revenues and Net income (loss) of ghd included in the Company's Condensed Consolidated Statements of Operations were $45.2 and $(41.6), respectively. For the nine months ended March 31, 2017, Net revenues and Net income (loss) of ghd included in the Company's Condensed Consolidated Statements of Operations from the date of acquisition were $89.6 and $(47.9), respectively. Net income for the three and nine months ended March 31, 2017 was impacted by the amortization of certain asset values based on the estimated fair values of acquired assets as determined during the initial purchase accounting, such as the amortization of inventory step-up. Such amortization activity had an impact to Net income (loss) for the three and nine months ended March 31, 2017 of $(26.0) and $(39.8), net of tax, respectively.

The Company recognized acquisition-related costs of $3.1 and $4.9 during the three and nine months ended March 31, 2017, respectively, which are included in Acquisition-related costs in the Condensed Consolidated Statements of Operations.

Younique Acquisition

On February 1, 2017, the Company completed its acquisition of 60% of the membership interest in Foundation, LLC ("Foundation") which held the net assets of Younique, LLC, a Utah limited liability company ("Younique"), for cash consideration of $600.0, net of acquired cash and debt assumed. The existing Younique membership holders contributed their 100% membership interest in Younique to Foundation in exchange for a 40% membership interest in Foundation and $600.0 of cash consideration. The purchase consideration is subject to normal working capital adjustments. Younique is expected to strengthen the Consumer Beauty division's color cosmetics and skin and body care product offerings. The acquisition was funded with a combination of cash on hand and borrowings under available debt facilities. The Company accounts for the noncontrolling interest portion of the acquisition as a redeemable noncontrolling interest. Refer to Note 21 — Noncontrolling Interests and Redeemable Noncontrolling Interests for information regarding valuation method and significant assumptions used to calculate the fair value.

The Company estimated the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information currently available. The Company is still evaluating the fair value of the assets and liabilities assumed from the Younique acquisition. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments are recognized.

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The following table summarizes the estimated allocation of the purchase price to the net assets of Younique as of the February 1, 2017 acquisition date:

	Estimated fair value	Estimated useful life (in years)
Cash and cash equivalents	$ 17.5	
Inventories	106.5	
Property, plant and equipment	64.1	3 - 7
Goodwill	559.5	Indefinite
Trademark — finite	121.0	20
Product formulations	0.6	5
Customer relationships	184.0	9 - 15
Other net working capital	(24.8)	
Short-term and long-term debt	(1.2)	
Total equity value	1,027.2	
Redeemable noncontrolling interest	410.9	
Net cash and debt acquired	16.3	
Total purchase price	$ 600.0	

Goodwill is expected to be deductible for tax purposes. The goodwill is attributable to expected synergies resulting from certain manufacturing and supply chain cost savings.

For the three and nine months ended March 31, 2017, Net revenues and Net income (loss) of Younique were included in the Company’s Condensed Consolidated Statements of Operations from the date of acquisition were $79.6 and $(1.4), respectively. Net income for the three and nine months ended March 31, 2017 was impacted by the amortization of certain asset values based on the estimated fair values of the acquired assets as determined during the initial purchase accounting, such as the amortization of inventory step-up. Such amortization activity had an impact to Net income (loss) for the three and nine months ended March 31, 2017 of $(17.6), net of tax.

The Company recognized acquisition-related costs of $0.1 and $0.8 during the three and nine months ended March 31, 2017, respectively, which are included in Acquisition-related costs in the Condensed Consolidated Statements of Operations.

Brazil Acquisition

On February 1, 2016, the Company completed the acquisition of 100% of the net assets of the personal care and beauty business of Hypermarcas S.A. (the “Brazil Acquisition”) pursuant to a share purchase agreement in order to further strengthen its position in the Brazilian beauty and personal care market. The total consideration of R$3,599.5 million, the equivalent of $901.9, at the time of closing, was paid during fiscal 2016.

The Company has finalized the valuation of assets acquired and liabilities assumed for the Brazil Acquisition. The Company recognized certain measurement period adjustments as disclosed below during the quarter ended September 30, 2016. The measurement period for the Brazil Acquisition was closed as of September 30, 2016.

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The following table summarizes the allocation of the purchase price to the net assets acquired as of the February 1, 2016 acquisition date:

	Estimated fair value as previously reported [a]	Measurement period adjustments [b]	Estimated fair value as adjusted	Estimated useful life (in years)
Cash and cash equivalents	$ 11.1	$ —	$ 11.1	
Inventories	45.6	—	45.6	
Property, plant and equipment	95.4	—	95.4	2 - 40
Goodwill	553.7	(16.6)	537.1	Indefinite
Trademarks — indefinite	147.1	—	147.1	Indefinite
Trademarks — finite	10.3	—	10.3	5 - 15
Customer relationships	44.6	—	44.6	13 - 28
Product formulations	12.8	—	12.8	3
Other net working capital	0.7	—	0.7	
Net other assets	2.1	(0.7)	1.4	
Deferred tax liability, net	(21.5)	17.3	(4.2)	
Total purchase price	$ 901.9	$ —	$ 901.9	

[a] As previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016.
[b] The Company recorded measurement period adjustments in the first quarter of fiscal 2017 to account for a $0.7 asset retirement obligation, as well as a net decrease in net deferred tax liability of $17.3 as of the February 1, 2016 acquisition date. These adjustments were offset against Goodwill.
The Company has completed the local tax requirements allowing approximately $500.0 of goodwill and $44.6 of customer relationships assets to be tax deductible.
The Company recognized acquisition-related costs of $0.0 and $1.1 during the three and nine months ended March 31, 2017, respectively, and $1.7 and $2.3 during the three and nine months ended March 31, 2016, respectively which are included in Acquisition-related costs in the Condensed Consolidated Statements of Operations.
Unaudited Pro Forma Information
The unaudited pro forma financial information in the table below summarizes the combined results of the Company and the P&G Beauty Business, Younique and the Brazil Acquisition (the "Pro Forma Acquisitions") as though the companies had been combined on July 1, 2015. The three and nine months ended March 31, 2017 and 2016 include pro forma adjustments for all the Pro Forma Acquisitions.
The pro forma adjustments include incremental amortization of intangible assets and depreciation adjustment of property, plant and equipment, based on preliminary values of each asset as well as costs related to financing the Pro Forma Acquisitions. The unaudited pro forma information also includes non-recurring acquisition-related costs as well as amortization of the inventory step-up. Pro forma adjustments were tax-effected at the Company's statutory rates. For the pro forma basic and diluted earnings per share calculation, 409.7 million shares issued in connection with the P&G Beauty Business acquisition were considered as if issued on July 1, 2015. The pro forma information is presented for informational purposes only and may not be indicative of the results of operations that would have been achieved if the Pro Forma Acquisitions had taken place on July 1, 2015 or that may occur in the future, and does not reflect future synergies, integration costs, or other such costs or savings. The pro forma information for the three months ended March 31, 2017 and 2016 and nine months ended March 31, 2017 and 2016, respectively, are as follows:

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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017 [(a)]	2016 [(b)]	2017 [(a)]	2016 [(b)]
Pro forma Net revenues	$2,063.7	$2,070.4	$6,647.9	$7,049.4
Pro forma Net income (loss)	(77.5)	(28.6)	68.9	126.0
Pro forma Net income (loss) attributable to Coty Inc.	(89.7)	(47.2)	37.4	102.6
Pro forma Net income (loss) attributable to Coty Inc. per common share:				
Basic	$(0.12)	$(0.06)	$0.05	$0.14
Diluted	$(0.12)	$(0.06)	$0.05	$0.13

(a) For the three and nine months ended March 31, 2017, the pro forma information excluded $62.2 and $378.9 of non-recurring acquisition-related costs and $34.5 and $71.0 of amortization of inventory step up, respectively.

(b) For the three months ended March 31, 2016, the pro forma information excluded $64.8 of non-recurring acquisition-related costs and $4.9 of amortization of inventory step up. For the nine months ended March 31, 2016, the pro forma information included $54.7 of non-recurring acquisition-related costs and $104.1 of amortization of inventory step up.

4. SEGMENT REPORTING

Operating and reportable segments (referred to as "segments") reflect the way the Company is managed and for which separate financial information is available and evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. The Company has designated its Chief Executive Officer as the CODM.

In connection with the Company's acquisition of the P&G Beauty Business, the Company realigned its operations and determined management's internal and external reporting based on the following three divisions – Luxury, Consumer Beauty and Professional Beauty. The new organizational structure is category focused, putting the consumer first, by specifically targeting how and where they shop and what and why they purchase. Each division has full end-to-end responsibility to optimize consumers' beauty experience in the relevant categories and channels. The Company has determined that its three divisions are its operating segments and reportable segments. The operating and reportable segments are:

Luxury — focused on prestige fragrances, premium skin care and premium cosmetics;

Consumer Beauty — focused on color cosmetics, retail hair coloring and styling products, mass fragrance, mass skin care and body care;

Professional Beauty — focused on hair and nail care products for professionals.

Additionally, in connection with the Company's acquisition of the P&G Beauty Business, the Company reorganized its geographical structure into three regions: North America (Canada and the United States), Europe and ALMEA (Asia, Latin America, the Middle East, Africa and Australia).

As a result of this change in segment reporting, the Company restated prior period results, by segment, to conform to current period presentation. Prior to the realignment, the Company operated and managed its business as four operating and reportable segments: Fragrances, Color Cosmetics, Skin & Body Care, and the Brazil Acquisition.

Certain revenues and shared costs and the results of corporate initiatives are being managed outside of the three segments by Corporate. The items within Corporate relate to corporate-based responsibilities and decisions and are not used by the CODM to measure the underlying performance of the segments. Corporate primarily includes restructuring costs, costs related to acquisition activities and certain other expense items not attributable to ongoing operating activities of the segments.

With the exception of goodwill and acquired intangible assets, the Company does not identify or monitor assets by segment. The Company does not present assets by reportable segment since various assets are shared between reportable segments. The allocation of goodwill and acquired intangible assets by segment is presented in Note 10.

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SEGMENT DATA	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Net revenues:				
Luxury	$634.6	$405.9	$1,918.6	$1,433.4
Consumer Beauty	988.6	488.5	2,562.2	1,653.7
Professional Beauty	408.9	56.3	928.2	186.4
Total	$2,032.1	$950.7	$5,409.0	$3,273.5
Operating (loss) income:				
Luxury	$60.9	$29.7	$203.6	$206.1
Consumer Beauty	63.0	39.2	178.6	210.2
Professional Beauty	(18.2)	12.8	81.5	53.4
Corporate	(298.2)	(58.7)	(622.5)	(212.6)
Total	$(192.5)	$23.0	$(158.8)	$257.1
Reconciliation:				
Operating (loss) income	$(192.5)	$23.0	$(158.8)	$257.1
Interest expense, net	60.8	25.1	159.1	55.7
Loss on early extinguishment of debt	—	—	—	3.1
Other (income) expense, net	(0.5)	6.6	0.2	30.4
(Loss) income before income taxes	$(252.8)	$(8.7)	$(318.1)	$167.9

GEOGRAPHIC DATA	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Net revenues:				
North America	$685.1	$311.1	$1,727.4	$1,072.8
Europe	848.4	402.0	2,429.4	1,494.8
ALMEA	498.6	237.6	1,252.2	705.9
Total	$2,032.1	$950.7	$5,409.0	$3,273.5

Long-lived assets:	March 31, 2017	June 30, 2016
United States [(a)]	$13,472.8	$2,688.7
Switzerland	1,917.2	508.0
All other	3,246.4	1,713.6
Total	$18,636.4	$4,910.3

[(a)] Includes the intangible assets recognized as part of the P&G Beauty Business acquisition which have not been allocated geographically out of the United States as of March 31, 2017. The Company is currently in the process of determining the geographic allocation of these intangible assets.

The table above presents long-lived assets, by our major countries and all other countries. A major country is defined as a group of subsidiaries within a country with combined long-lived assets greater than 10% of consolidated long-lived assets or as otherwise deemed significant. Long-lived assets include property and equipment, goodwill and other intangible assets.

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Presented below are the revenues associated with Company's product categories:

PRODUCT CATEGORY	Three Months Ended March 31, 2017	2016	Nine Months Ended March 31, 2017	2016
Fragrance	32.1 %	43.8 %	38.5 %	48.6 %
Color Cosmetics	31.4	39.6	28.9	34.9
Skin & Body Care	10.0	16.6	12.4	16.5
Hair Care	26.5	—	20.2	—
Total Coty Inc.	100.0%	100.0%	100.0%	100.0%

5. RESTRUCTURING COSTS

Restructuring costs for the three and nine months ended March 31, 2017 and 2016 are presented below:

	Three Months Ended March 31, 2017	2016	Nine Months Ended March 31, 2017	2016
Global Integration Activities	$156.5	$—	$170.1	$—
Acquisition Integration Program	(0.7)	1.4	3.9	47.0
Organizational Redesign	(0.1)	4.6	4.4	28.0
Other Restructuring	0.1	0.6	0.6	4.3
Total	$155.8	$6.6	$179.0	$79.3

Global Integration Activities

In connection with the acquisition of the P&G Beauty Business, the Company anticipates that it will incur restructuring and related costs aimed at integrating and optimizing the combined organization ("Global Integration Activities").

Of the expected costs, the Company incurred $183.7 related to approved initiatives in the nine months ended March 31, 2017:

	Cost of sales [a]	Selling, general and administrative [b]	Restructuring	Total
Nine months ended March 31,	$ 8.1	$ 5.5	$ 170.1	$183.7

[a] Primarily related to inventory buyback associated with the conversion of P&G distributors and accelerated depreciation.

[b] Other business realignment costs, including legal and consulting costs.

The related liability balance and activity for the Global Integration Activities restructuring costs are presented below:

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2016	$ —	$ —	$—	$—
Restructuring charges	158.7	10.6	0.8	170.1
Acquisition [a]	1.8	—	10.0	11.8
Payments	(6.6)	—	(2.1)	(8.7)
Effect of exchange rates	(0.9)	—	—	(0.9)

Balance—March 31, 2017	$ 153.0	$ 10.6	$ 8.7	$ 172.3

[(a)] The Company incurred exit and disposal costs primarily related to an acquired lease, as well as employee separations initiated as a result of the P&G Beauty Business acquisition.

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The Company currently estimates that the total remaining accrual of $172.3 will result in cash expenditures of approximately $32.9, $111.4, $22.5 and $5.5 in fiscal 2017, 2018, 2019 and 2020, respectively.

Acquisition Integration Program

In the first quarter of fiscal 2016, the Company's Board of Directors (the "Board") approved an expansion to a restructuring program in connection with the acquisition of the Bourjois brand (the "Acquisition Integration Program"). Actions associated with the program were initiated after the acquisition of Bourjois and are expected to be substantially completed by the end of fiscal 2017. The Company anticipates the Acquisition Integration Program will result in pre-tax restructuring and related costs of approximately $65.0, all of which will result in cash payments. The Company incurred $61.5 of restructuring costs life-to-date as of March 31, 2017, which have been recorded in Corporate.

Restructuring costs in the Company's Condensed Consolidated Statements of Operations for the three months ended September 30, 2016 included a curtailment gain of $1.8, recognized in connection with involuntary employee terminations as part of the Acquisition Integration Program. This gain resulted in a corresponding decrease to the net pension liability as of March 31, 2017. Refer to Note 16 — Employee Benefit Plans for further information.

The related liability balance and activity for the Acquisition Integration Program costs are presented below:

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2016	$ 35.7	$ 7.6	$0.1	$ 43.4
Restructuring charges	0.8	—	6.6	7.4
Payments	(8.7)	(3.7)	(2.0)	(14.4)
Changes in estimates	(0.8)	(0.9)	—	(1.7)
Effect of exchange rates	(1.0)	(0.1)	(0.4)	(1.5)
Balance—March, 31, 2017	$ 26.0	$ 2.9	$4.3	$ 33.2

The Company currently estimates that the total remaining accrual of $33.2 will result in cash expenditures of approximately $4.5, $26.1, $1.3 and $1.3 in fiscal 2017, 2018, 2019 and 2020, respectively.

Organizational Redesign

During the fourth quarter of fiscal 2014, the Board approved a program associated with a new organizational structure ("Organizational Redesign") that aims to reinforce the Company's growth path and strengthen its position as a new global leader and challenger in the beauty industry. The Company anticipates that the Organizational Redesign will result in pre-tax restructuring and related costs of $145.0 to $180.0, all of which will result in cash payments. The Company anticipates substantial completion of all project activities by the end of fiscal 2017, with the remaining costs primarily charged to Corporate. The Company incurred $110.5 of restructuring costs life-to-date as of March 31, 2017, which have been recorded in Corporate. The Company incurred $35.3 of other business realignment costs life-to-date as of March 31, 2017 which have been primarily reported in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations in Corporate.

The related liability balance and activity for the Organizational Redesign costs are presented below:

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2016	$ 33.6	$ 0.4	$0.5	$ 34.5
Restructuring charges	6.2	—	—	6.2
Payments	(27.6)	—	(0.2)	(27.8)
Changes in estimates	(1.8)	—	—	(1.8)
Effect of exchange rates	—	—	(0.2)	(0.2)
Balance—March, 31, 2017	$ 10.4	$ 0.4	$0.1	$ 10.9

The Company currently estimates that the total remaining accrual of $10.9 will result in cash expenditures of $6.0 and $4.9 in fiscal 2017 and 2018, respectively.

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Other Restructuring
Other restructuring primarily relates to the Company's programs to integrate supply chain and selling activities, which were substantially completed during fiscal 2016 with cash payments expected to continue through fiscal 2018. The Company incurred expenses of $0.6 and $4.3 during the nine months ended March 31, 2017 and 2016, respectively. The related liability balances were $4.5 and $6.2 at March 31, 2017 and June 30, 2016, respectively. The Company currently estimates that the total remaining accrual of $4.5 will result in cash expenditures of approximately $3.2 and $1.3 in fiscal 2017 and 2018, respectively.
In connection with the acquisition of the P&G Beauty Business, the Company assumed restructuring liabilities of approximately $8.8 at October 1, 2016. The Company estimates that the remaining accrual of $7.1 at March 31, 2017 will result in cash expenditures of $4.9 and $2.2 in fiscal 2017 and 2018, respectively.
6. ACQUISITION-RELATED COSTS
Acquisition-related costs, which are expensed as incurred, represent non-restructuring costs directly related to acquiring and integrating an entity, for both completed and contemplated acquisitions and can include finder's fees, legal, accounting, valuation, other professional or consulting fees, and other internal costs which can include compensation related expenses for dedicated internal resources. The Company recognized acquisition-related costs of $57.7 and $37.0 for the three months ended March 31, 2017 and 2016, respectively, and $275.1 and $98.3 for the nine months ended March 31, 2017 and 2016, respectively, which have been recorded in Acquisition-related costs in the Condensed Consolidated Statements of Operations.

7. INCOME TAXES
The effective income tax rate for the three months ended March 31, 2017 and 2016 was 36.9% and (133.3)%, respectively, and 69.3% and (25.3)% for the nine months ended March 31, 2017 and 2016, respectively.
The effective tax rate for the three months ended March 31, 2017 includes an increase in the accrual for unrecognized tax benefits, the expiration of foreign statutes of limitation and audit settlements.
The effective income tax rate for the three months ended March 31, 2016 includes the impact of additional U.S. losses with minimal tax benefit, the decrease in the accrual for unrecognized tax benefits, audit settlements and the expiration of foreign statutes of limitation.
The effective tax rate for the nine months ended March 31, 2017 includes the release of a valuation allowance in the US as a result of the P&G Beauty Business acquisition of $111.2. The negative effective income tax rate for the nine months ended March 31, 2016 was primarily the result of the net impact of the settlements with the Internal Revenue Service ("IRS") as described below.
The effective income tax rate for the nine months ended March 31, 2016 included the final settlement with the IRS in connection with the 2004 - 2012 examination periods. The settlement primarily related to the acquisition of the Calvin Klein fragrance business. In connection with the settlement, the Company recognized a tax benefit of approximately $193.9 of which $164.2 was mainly due to the recognition of additional deferred tax assets related to the basis of the Calvin Klein trademark, and approximately $29.7 resulted from the reduction of gross unrecognized tax benefits. Of the $193.9 tax benefit, $113.0 was offset by a valuation allowance due to on-going operating losses in the U.S.
There was an increase of $1,042.6 in deferred tax liability for the nine months ended March 31, 2017 compared to fiscal year ended June 30, 2016. The increase was primarily due to the acquisition of the P&G Beauty Business and the step up in the book basis of certain assets.
The effective income tax rates vary from the U.S. federal statutory rate of 35% due to the effect of (i) jurisdictions with different statutory rates, (ii) adjustments to the Company's unrealized tax benefits ("UTBs") and accrued interest, (iii) non-deductible expenses, (iv) audit settlements and (v) valuation allowance changes.
As of March 31, 2017 and June 30, 2016, the gross amount of UTBs was $237.4 and $228.9, respectively. As of March 31, 2017, the total amount of UTBs that, if recognized, would impact the effective income tax rate was $226.6. As of March 31, 2017 and June 30, 2016, the liability associated with UTBs, including accrued interest and penalties, was $154.7 and $131.9, respectively, which was recorded in Income and other taxes payable and Other non-current liabilities in the Condensed Consolidated Balance Sheets. The total interest and penalties recorded in the Condensed Consolidated Statements of Operations related to UTBs for the three months ended March 31, 2017 and 2016 was

$(0.6) and $0.7, and for the nine months ended March 31, 2017 and 2016 was $0.4 and $2.7, respectively. The total gross accrued interest and penalties recorded in the Condensed Consolidated Balance Sheets as of March 31, 2017 and June 30, 2016 was $10.6 and $9.9, respectively. On the basis of the information available as of March 31, 2017, it is reasonably possible that a decrease of up to $9.0 in UTBs may occur within 12 months as a result of projected resolutions of global tax examinations and a potential lapse of the applicable statutes of limitations.

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8. INVENTORIES

Inventories as of March 31, 2017 and June 30, 2016 are presented below:

	March 31, 2017	June 30, 2016
Raw materials	$ 241.9	$ 159.8
Work-in-process	34.0	9.5
Finished goods	758.4	396.5
Total inventories	$ 1,034.3	$ 565.8

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of March 31, 2017 and June 30, 2016 are presented below:

	March 31, 2017	June 30, 2016
Land, buildings and leasehold improvements	$623.7	$284.8
Machinery and equipment	812.3	523.1
Marketing furniture and fixtures	427.8	295.2
Computer equipment and software	469.6	346.7
Construction in progress	244.6	79.6
Property and Equipment, gross	2,578.0	1,529.4
Accumulated depreciation and amortization	(1,022.2)	(890.8)
Property and equipment, net	$1,555.8	$638.6

Depreciation and amortization expense of property and equipment totaled $82.0 and $37.1 for the three months ended March 31, 2017 and 2016, respectively, and $195.9 and $111.9 for the nine months ended March 31, 2017 and 2016, respectively, and are recorded in Cost of sales and Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

10. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

Goodwill as of March 31, 2017 and June 30, 2016 is presented below:

	Luxury	Consumer Beauty	Professional Beauty	Total
Gross balance at June 30, 2016	$1,294.5	$1,288.2	$ 270.8	$2,853.5
Accumulated impairments	(403.7)	(237.1)	—	(640.8)
Net balance at June 30, 2016	$890.8	$1,051.1	$ 270.8	$2,212.7
Changes during the period ended March 31, 2017:				
Measurement Period Adjustments [a]	4.2	33.4	(1.4)	36.2
Acquisitions [b]	347.4	4,786.0	683.4	5,816.8
Foreign currency translation	4.8	37.0	4.3	46.1
Gross balance at March 31, 2017	$1,650.9	$6,144.6	$ 957.1	$8,752.6
Accumulated impairments	(403.7)	(237.1)	—	(640.8)
Net balance at March 31, 2017	$1,247.2	$5,907.5	$ 957.1	$8,111.8

[a] Includes measurement period adjustments in connection with the Brazil Acquisition, P&G Beauty Business and ghd acquisitions (Refer to Note 3 — Business Combinations).

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[b] Includes goodwill resulting from the P&G Beauty Business, ghd and Younique acquisitions during the nine months ended March 31, 2017 (Refer to Note 3 — Business Combinations).

As described in Note 4 — Segment Reporting, the Company changed its segments during the second quarter ended December 31, 2016. As a result, the Company allocated goodwill to the new segments using a relative fair value approach. In addition, the Company completed an assessment of any potential goodwill impairment for all reporting units immediately prior to the reallocation and determined that no impairment existed. Further, the Company recast the goodwill and indefinite-lived intangible asset tables for the new segments.

Other Intangible Assets, net

Other intangible assets, net as of March 31, 2017 and June 30, 2016 are presented below:

	March 31, 2017	June 30, 2016
Indefinite-lived other intangible assets	$3,442.8	$1,417.0
Finite-lived other intangible assets, net	5,526.0	633.1
Total Other intangible assets, net	$8,968.8	$2,050.1

The changes in the carrying amount of indefinite-lived other intangible assets are presented below:

	Luxury	Consumer Beauty	Professional Beauty	Total
Gross balance at June 30, 2016	$401.2	$551.5	$ 662.1	$1,614.8
Accumulated impairments	(118.8)	(75.9)	(3.1)	(197.8)
Net balance at June 30, 2016	282.4	475.6	659.0	1,417.0
Changes during the period ended March 31, 2017:				
Acquisitions [a]	—	1,390.0	663.8	2,053.8
Foreign currency translation	(10.9)	(14.2)	(2.9)	(28.0)
Gross balance at March 31, 2017	390.3	1,927.3	1,323.0	3,640.6
Accumulated impairments	(118.8)	(75.9)	(3.1)	(197.8)
Net balance at March 31, 2017	$271.5	$1,851.4	$ 1,319.9	$3,442.8

[a] Includes Indefinite-lived other intangible assets resulting from the P&G Beauty Business and ghd acquisitions during the nine months ended March 31, 2017 (Refer to Note 3 — Business Combinations).

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Intangible assets subject to amortization are presented below:

	Cost	Accumulated Amortization	Accumulated Impairment	Net
June 30, 2016				
License agreements	$798.3	$ (532.2)	$ —	$266.1
Customer relationships	611.7	(274.2)	(5.5)	332.0
Trademarks	128.3	(108.6)	—	19.7
Product formulations	48.0	(32.7)	—	15.3
Total	$1,586.3	$ (947.7)	$ (5.5)	$633.1
March 31, 2017				
License agreements [(a)]	$2,542.7	$ (585.5)	$ —	$1,957.2
Customer relationships [(a)]	2,633.5	(389.4)	(5.5)	2,238.6
Trademarks [(a)]	1,133.0	(131.2)	—	1,001.8
Product formulations and technology[(a)]	380.6	(52.2)	—	328.4
Total	$6,689.8	$ (1,158.3)	$ (5.5)	$5,526.0

[(a)] Includes License agreements, Customer relationships, Trademarks, and Product formulations and technology of $1,837.0, $2,027.7, $1,005.7 and $331.0, respectively resulting from the P&G Beauty Business, ghd and Younique acquisitions during the nine months ended March 31, 2017 (Refer to Note 3 — Business Combinations).

Amortization expense totaled $102.6 and $20.9, for the three months ended March 31, 2017 and 2016, respectively, and $219.0 and $59.0 for the nine months ended March 31, 2017 and 2016, respectively.

Intangible assets subject to amortization are amortized principally using the straight-line method and have the following weighted-average remaining lives:

Description	
License agreements	25.9 years
Customer relationships	13.5 years
Trademarks	23.5 years
Product formulations and technology	11.1 years

As of March 31, 2017, the remaining weighted-average life of all intangible assets subject to amortization is 19.6 years.

The estimated aggregate amortization expense for each of the following fiscal years ending June 30 is presented below:

2017, remaining	$104.4
2018	403.3
2019	359.9
2020	354.7
2021	346.0
2022	329.0

License Agreements

The Company records assets for license agreements (“licenses”) acquired in transactions accounted for as business combinations. These licenses provide the Company with the exclusive right to manufacture and market on a worldwide and/or regional basis certain of the Company’s products which comprise a significant portion of the Company’s revenues. These licenses have initial terms covering various periods. Certain licenses provide for automatic extensions ranging from 2 to 18 year terms, at the Company’s discretion.

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11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of March 31, 2017 and June 30, 2016 are presented below:

	March 31, 2017	June 30, 2016
Advertising, marketing and licensing	$ 430.2	$ 180.2
Customer returns, discounts, allowances and bonuses	306.5	164.8
Compensation and other compensation related benefits	270.6	157.5
Restructuring costs	183.4	60.8
VAT, sales and other non-income taxes	58.4	36.2
Tax indemnification liability	55.0	—
Acquisition-related costs	39.4	42.4
Deferred income	25.3	3.8
Interest	17.4	9.4
Audit and consulting	9.1	6.3
Lease related liabilities	4.4	3.7
Derivative liabilities	3.0	20.9
Other	156.0	62.4
Total accrued expenses and other current liabilities	$ 1,558.7	$ 748.4

12. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities as of March 31, 2017 and June 30, 2016 are presented below:

	March 31, 2017	June 30, 2016
Noncurrent income tax liabilities	$ 154.2	$ 131.9
Unfavorable contract liabilities	108.2	—
Deferred rent	47.5	47.2
Restructuring	44.6	23.5
Other	31.0	31.2
Total other noncurrent liabilities	$ 385.5	$ 233.8

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13. DEBT

The Company's debt balances consisted of the following as of March 31, 2017 and June 30, 2016, respectively:

	March 31, 2017	June 30, 2016
Short-term debt	$3.4	$19.8
Galleria Credit Agreement		
Galleria Revolving Credit Facility due September 2021	—	—
Galleria Term Loan A Facility due September 2021	944.3	—
Galleria Term Loan B Facility due September 2023	1,000.0	—
Coty Credit Agreement		
Coty Revolving Credit Facility due October 2020	825.0	670.0
Coty Term Loan A Facility due October 2020	1,806.3	1,883.6
Coty Term Loan A Facility due October 2021	962.8	—
Coty Term Loan B Facility due October 2022	1,641.6	1,596.0
Other long-term debt and capital lease obligations	1.4	0.7
Total debt	7,184.8	4,170.1
Less: Short-term debt and current portion of long-term debt	(193.0)	(161.8)
Total Long-term debt	6,991.8	4,008.3
Less: Unamortized debt issuance costs [(a)] [(b)]	(71.7)	(64.6)
Less: Discount on Long-term debt	(10.8)	(7.3)
Total Long-term debt, net	$6,909.3	$3,936.4

[(a)] Consists of unamortized debt issuance costs of $18.8 and $22.7 for the Coty Revolving Credit Facility, $34.9 and $30.3 for the Coty Term Loan A Facility and $11.6 and $11.6 for the Coty Term Loan B Facility as of March 31, 2017 and June 30, 2016, respectively.
[(b)] Consists of unamortized debt issuance costs of $3.1 and $0.0 for the Galleria Term Loan A Facility and $3.3 and $0.0 for the Galleria Term Loan B Facility as of March 31, 2017 and June 30, 2016, respectively. Unamortized debt issuance costs of $4.9 for the Galleria Revolving Credit Facility were classified as Other noncurrent assets in the Condensed Consolidated Balance Sheets as of March 31, 2017.

Coty Credit Agreement

On October 27, 2015, the Company entered into a Credit Agreement (the "Coty Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent. The Coty Credit Agreement provides for senior secured credit facilities comprised of (i) a revolving credit facility in an aggregate principal amount up to $1,500.0 (the "Coty Revolving Credit Facility") which includes up to $80.0 in swingline loans available for short term borrowings, (ii) a $1,750.0 term loan A facility ("Coty Term Loan A Facility") and (iii) a term loan B facility comprising of a $500.0 tranche and a €665.0 million tranche ("Coty Term Loan B Facility"). The Coty Term Loan B Facility was issued at a 0.50% discount.
On April 8, 2016, the Company entered into an Incremental Assumption Agreement and Amendment No. 1 (the "Incremental Credit Agreement") to the Coty Credit Agreement. The Incremental Credit Agreement provides for an additional €140.0 million in commitments under the Coty Term Loan A Facility and an additional €325.0 million in commitments under the Coty Term Loan B Facility of the Coty Credit Agreement (the "Incremental Term Loans"). The terms of the €140.0 million and €325.0 million portions of the Incremental Term Loans are substantially the same as the respective existing Coty Term Loan A Facility and Euro denominated portion of the Coty Term Loan B Facility.
On October 28, 2016, the Company entered into an Incremental Assumption Agreement and Refinancing Amendment (the "Incremental and Refinancing Agreement"), which amended the Coty Credit Agreement. The Incremental and Refinancing Agreement provides for: (i) an additional Coty Term Loan A Facility in aggregate principal amount of $975.0 in commitments (the "Incremental Term A Facility"), (ii) an additional Coty Term Loan B Facility in aggregate principal amount of $100.0 in commitments (the "Incremental Term B Facility") and (iii) a refinancing of the previously existing USD and Euro denominated Coty Term Loan B Facility loans (the "Refinancing Facilities") under the Coty Credit Agreement.

The loans made under the Incremental Term A Facility have terms that are substantially identical to the existing Coty Term Loan A Facility except that the loans will mature on the date that is five years after October 28, 2016. The loans under the Incremental Term B Facility and the Refinancing Facilities have substantially identical terms as the term B loans existing under the Coty Credit Agreement prior to effectiveness of the Incremental and Refinancing Agreement, except that, among other things: (i) the interest rate with respect to the USD denominated tranche of the Refinancing Facilities and the Incremental Term

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B Facility will be, at the Company's option, either the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 2.50% or an alternate base rate ("ABR") equal to the highest of (1) JPMorgan Chase Bank N.A.'s prime rate, (2) the federal funds rate plus 0.50% and (3) one-month LIBOR plus 1.0%, in each case plus an applicable margin of 1.50% and (ii) the LIBOR floor with respect to the LIBOR loans under the Incremental Term B Facility and the Refinancing Facilities is 0.00%.

The Company recognized $12.4 of deferred debt issuance costs in connection with the Incremental and Refinancing Agreement.

The Coty Credit Agreement is guaranteed by Coty Inc.'s wholly-owned domestic subsidiaries and secured by a first priority lien on substantially all of the assets of Coty Inc. and its wholly-owned domestic subsidiaries, in each case subject to certain carve outs and exceptions.

Galleria Credit Agreement

On October 1, 2016, at the closing of the Transactions, the Company assumed the debt facilities available under the Galleria Credit Agreement (the "Galleria Credit Agreement") which was initially entered into by Galleria on January 26, 2016. The Galleria Credit Agreement provides for the senior secured credit facilities comprised of (i) a $2,000.0 five year term loan A facility ("Galleria Term Loan A Facility"), (ii) a $1,000.0 seven year term loan B facility ("Galleria Term Loan B Facility") and (iii) a $1,500.0 five year revolving credit facility ("Galleria Revolving Facility"). The Galleria Term Loan B Facility was issued at a 0.5% discount. In connection with the closing of the Transactions, the Company assumed $1,941.8 of aggregate debt outstanding consisting of $944.3 Galleria Term Loan A Facility, $995.0 Galleria Term Loan B Facility, net of a discount and $0.0 outstanding under the Galleria Revolving Facility, as well as $2.5 in assumed fees payable. At the closing of the Transactions, the remaining unused loan commitments for the Galleria Term Loan A Facility expired.

The Company recognized $12.4 of deferred debt issuance costs in connection with the Galleria Credit Agreement.

The Galleria Credit Agreement is guaranteed by Coty Inc. and its wholly-owned domestic subsidiaries (other than Galleria) and secured by a first priority lien on substantially all of the assets of Coty Inc. and its wholly-owned domestic subsidiaries, in each case subject to certain carve outs and exceptions.

Interest Terms:

The Galleria Credit Agreement facilities will bear interest at rates equal to, at the Company's option, either:

- the LIBOR of the applicable qualified currency plus the applicable margin; or
- ABR plus the applicable margin.

In the case of the Galleria Term Loan A Facility and Galleria Revolving Facility, the applicable margin means a percentage per annum to be determined in accordance with a leverage-based pricing grid below:

Pricing Tier	Total Net Leverage Ratio:	LIBOR plus:	Alternative Base Rate Margin:
1.0	Greater than or equal to 5.00:1	2.000%	1.000%
2.0	Less than 5.00:1 but greater than or equal to 4.00:1	1.750%	0.750%
3.0	Less than 4.00:1 but greater than or equal to 2.75:1	1.500%	0.500%
4.0	Less than 2.75:1 but greater than or equal to 2.00:1	1.250%	0.250%
5.0	Less than 2.00:1 but greater than or equal to 1.50:1	1.125%	0.125%
6.0	Less than 1.50:1	1.000%	—%

In the case of the Galleria Term Loan B Facility, the applicable margin means 3.00% per annum, in the case of LIBOR loans, and 2.00% per annum, in the case of ABR loans. With respect to the Galleria Term Loan B Facility, in no event will (i) LIBOR be deemed to be less than 0.75% per annum and (ii) ABR be deemed to be less than 1.75% per annum.

Scheduled Amortization

Beginning in the second quarter of fiscal 2018 and ending at maturity, the Company will make quarterly repayments of 1.25% and 0.25% of the initial aggregate Galleria Term Loan A Facility and Galleria Term Loan B Facility, respectively. The remaining balance of the initial aggregate Galleria Term Loan A Facility and Galleria Term Loan B Facility amount will be payable on the maturity date for each facility, respectively.

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Fair Value of Debt

	March 31, 2017		June 30, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Galleria Credit Agreement	$1,944.3	$1,949.0	$ —	$ —
Coty Credit Agreement	5,235.7	5,244.9	4,149.6	4,106.9

The Company uses the market approach to value the Coty Credit Agreement and the Galleria Credit Agreement. The Company obtains market values for comparable instruments from independent pricing services and infers the fair value of these debt instruments. Based on the assumptions used to value these liabilities at fair value, these debt instruments are categorized a Level 2 in the fair value hierarchy.

Debt Maturities Schedule

Aggregate maturities of the Company's long-term debt, including current portion of long-term debt and excluding capital lease obligations as of March 31, 2017, are presented below:

Fiscal Year Ending June 30	
2017, remaining	$40.0
2018	203.2
2019	217.5
2020	217.5
2021	2,445.2
Thereafter	4,056.6
Total	$7,180.0

Debt Covenants

The Company is required to comply with certain affirmative and negative covenants contained within the Coty Credit Agreement and the Galleria Credit Agreement (collectively the "Agreements"). The Agreements include a financial covenant that requires the Company to maintain a total net leverage ratio (as defined therein), equal to or less than 5.25 to 1.00 for each fiscal quarter through June 30, 2017 subject to certain agreed step-downs thereafter. In the four fiscal quarters following the closing of any material acquisition (as defined in the Agreements respectively), including the fiscal quarter in which such material acquisition occurs, the maximum total net leverage ratio shall be the lesser of (i) 5.95 to 1.00 and (ii) 1.00 higher than the otherwise applicable maximum total net leverage ratio for such quarter (as described in the prior sentence). Immediately after any such four fiscal quarter period, there shall be at least two consecutive fiscal quarters during which the Company's total net leverage ratio is no greater than the maximum total net leverage ratio that would otherwise have been required in the absence of such material acquisition, regardless of whether any additional material acquisitions are consummated during such period. As of March 31, 2017, the Company was in compliance with all covenants within the Agreements.

14. LEASE COMMITMENTS

The Company leases various buildings and equipment. The leases generally provide for payment of additional rent based upon increases in items such as real estate taxes and insurance. Certain lease agreements have renewal options for periods typically ranging between two and five years. Certain lease agreements have escalation clauses for rent, which have been straight-lined over the life of the respective lease agreements. The minimum rental lease commitments for non-cancellable operating leases as of March 31, 2017 are presented below:

Fiscal Year Ending June 30	
2017, remaining	$32.6
2018	124.0
2019	110.4
2020	94.4
2021	81.6
Thereafter	375.2
	818.2

Less: sublease income	(32.3)
Total minimum payments required	$785.9

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The Company incurred rent expense of $42.9 and $20.5 relating to operating leases during the three months ended March 31, 2017 and 2016 respectively and $103.6 and $60.2 during the nine months ended March 31, 2017 and 2016 respectively.

15. INTEREST EXPENSE, NET

Interest expense, net for the three and nine months ended March 31, 2017 and 2016 is presented below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Interest expense	$59.0	$33.1	$157.9	$73.4
Foreign exchange (gains) losses, net of derivative contracts[a]	2.6	(6.2)	3.8	(14.9)
Interest income	(0.8)	(1.8)	(2.6)	(2.8)
Total interest expense, net	$60.8	$25.1	$159.1	$55.7

[a] During the nine months ended March 31, 2016 the Company recorded a gain of $11.1 related to short-term forward contracts to exchange Euros for U.S. Dollars related to the Euro tranche of the Coty Term Loan B Facility debt issued during the quarter. These short-term forward contracts were entered into to facilitate the repayment of the Company's then existing U.S. Dollar denominated term loans as part of the Company's fiscal 2016 debt refinancing. Fluctuations in exchange rates between the dates the short-term forward contracts were entered into and the settlement date resulted in a gain upon settlement of $11.1 included within Foreign exchange (gains) losses, net of derivative contracts for the nine months ended March 31, 2016.

16. EMPLOYEE BENEFIT PLANS

The components of net periodic benefit cost for pension plans and other post-employment benefit plans recognized in the Condensed Consolidated Statements of Operations are presented below for the three and nine months ended March 31, 2017 and 2016:

	Three Months Ended March 31,									
	Pension Plans				Other Post-Employment Benefits					
	U.S.		International		U.S.		International		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	$—	$—	$15.4	$1.7	$0.3	$0.3	$ 0.3	$ —	$16.0	$2.0
Interest cost	0.2	0.8	2.0	0.9	0.4	0.5	0.1	—	2.7	2.2
Expected return on plan assets	—	(0.6)	(2.6)	(0.3)	—	—	—	—	(2.6)	(0.9)
Amortization of prior service cost (credit)	—	—	0.1	0.1	(1.5)	(1.4)	—	—	(1.4)	(1.3)
Amortization of net loss	0.4	0.3	1.1	0.8	—	—	—	—	1.5	1.1
Settlement loss recognized	—	—	—	—	—	—	—	—	—	—
Net periodic benefit cost (credit)	$0.6	$0.5	$16.0	$3.2	$(0.8)	$(0.6)	$ 0.4	$ —	$16.2	$3.1

	Nine Months Ended March 31,									
	Pension Plans				Other Post-Employment Benefits					
	U.S.		International		U.S.		International		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	$—	$—	$24.5	$5.1	$0.9	$0.9	$ 0.6	$ —	$26.0	$6.0
Interest cost	1.5	2.4	4.7	2.7	1.2	1.5	0.2	—	7.6	6.6
Expected return on plan assets	(0.9)	(1.8)	(4.4)	(0.9)	—	—	—	—	(5.3)	(2.7)
Amortization of prior service cost (credit)	—	—	0.3	0.3	(4.5)	(4.2)	—	—	(4.2)	(3.9)
Amortization of net loss	1.4	0.9	3.3	2.4	—	—	—	—	4.7	3.3
Settlement loss recognized	15.9	—	—	—	—	—	—	—	15.9	—

Net periodic benefit cost (credit)	$17.9	$1.5	$28.4	$9.6	$(2.4)	$(1.8)	$ 0.8	$ —	$44.7	$9.3

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U.S. Del Laboratories, Inc. Pension Plan Settlement

The Company settled obligations to U.S. Del Laboratories, Inc. pension plan (the "Plan") participants during the first and second quarters of fiscal year 2017 resulting in the recognition of pre-tax settlement losses of $15.9, included in Selling, general and administrative expenses in the Condensed Consolidated Statement of Operations for the nine months ended March 31, 2017. The settlement occurred in two phases as described below. In the first phase, lump sum payments were made to a group of plan participants and in the second phase, the Company transferred the remainder of the Plan's obligation to a third-party insurance company by purchasing annuity contracts. As of December 31, 2016 the Plan had been fully terminated as a result of these actions.

In the first phase, which occurred during the three months ended September 30, 2016, the Plan's assets and benefit obligation were remeasured, immediately prior to lump sum payments, using a discount rate of 3.7% compared to 3.8% as of June 30, 2016. As a result of the re-measurement, the net pension liability decreased by $2.9 as compared to the June 30, 2016 net pension liability. The net pension liability decrease was primarily a result of differences in interest rate and mortality assumptions used by Company to measure the plan liability as of June 30, 2016 compared to those assumptions used to determine lump sum benefits to be paid to participants, as mandated by the IRS. The decrease in the Plan's net pension liability resulted in a corresponding increase in other comprehensive (loss) income for the three months ended September 30, 2016. In connection with this partial settlement the Company recognized a pre-tax settlement loss of $3.1, during the three months ended September 30, 2016, due to accelerated recognition of losses previously deferred within accumulated other comprehensive loss.

In the second phase, which occurred during the three months ended December 31, 2016, the Company transferred the remainder of the Plan's pension obligation to a third-party insurance provider by purchasing annuity contracts. The settlement was facilitated by a cash contribution of $8.8 followed by liquidation of the Plan's assets totaling $47.0 at the settlement date. As a result of this transaction the Company recognized a pre-tax settlement loss of $12.8, during the three months ended December 31, 2016, due to accelerated recognition of losses previously deferred within accumulated other comprehensive loss.

During the three months ended September 30, 2016, the Company recognized a curtailment gain of $1.8 in connection with involuntary employee terminations as part of the Acquisition Integration Program, which significantly reduced the expected years of future service of employees within one of the Company's international pension plans. The curtailment gain is included in Restructuring costs in the Company's Condensed Consolidated Statements of Operations for the nine months ended March 31, 2017. Refer to Note 5 - Restructuring Costs for further information about the Acquisition Integration Program.

P&G Beauty Business Employee Benefit Plans

In connection with the P&G Beauty Business acquisition, the Company assumed certain international pension and other post-employment benefit plan obligations and assets. The following is a summary of the preliminary fair value of the acquired pension and other post-employment plan obligations and assets as of the October 1, 2016 acquisition date:

	Pension Plans	Other Post-Employment Benefits	Total
Benefit obligation	$545.9	$ 15.4	$561.3
Fair value of plan assets	156.2	0.4	156.6
Funded status	$(389.7)	$ (15.0)	$(404.7)

With respect to the acquired pension and other post-employment benefit plans, amounts recognized in the Company's Condensed Consolidated Balance Sheet as of October 1, 2016 are presented below:

	Pension Plans	Other Post-Employment Benefits	Total
Noncurrent assets	$—	$ —	$—
Current liabilities	(0.9)	—	(0.9)

Noncurrent liabilities	(388.8)	(15.0)	(403.8)
Funded Status	(389.7)	(15.0)	(404.7)
Net amount recognized	$(389.7)	$ (15.0)	$(404.7)

The accumulated benefit obligation for the defined benefit pension plans acquired was $479.1 as of October 1, 2016.

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Pension plans acquired with accumulated benefit obligations in excess of plan assets and projected benefit obligations in excess of plan assets as of October 1, 2016 are presented below:

	Pension plans with accumulated benefit obligations in excess of plan assets	Pension plans with projected benefit obligations in excess of plan assets
Projected benefit obligation	$ 545.9	$ 545.9
Accumulated benefit obligation	479.1	479.1
Fair value of plan assets	156.2	156.2

Pension and Other Post-Employment Benefit Assumptions

The weighted-average assumptions used to determine the Company's projected benefit obligation above are presented below:

	Pension Plans	Other Post-Employment Benefits
Discount rates	1.1 %	1.6 %
Future compensation growth rates	2.5 %	4.2 %

The weighted-average assumptions used to determine the Company's net periodic benefit cost for the three months ended March 31, 2017 are presented below:

	Pension Plans	Other Post-Employment Benefits
Discount rates	1.1 %	1.6 %
Future compensation growth rates	2.5 %	4.2 %
Expected long-term rates of return on plan assets	4.4 %	6.0 %

Asset Allocations

The target asset allocations for the acquired P&G Beauty Business pension plans as of March 31, 2017 and by asset category are presented below:

	Target	% of Plan Assets October 1, 2016
Equity securities	56.3%	32.9 %
Fixed income securities	35.7%	20.8 %
Cash and other investments	8.1 %	46.3 %

Contributions

The Company plans to contribute approximately $16.0 to fund the acquired pension plans in fiscal 2017.

17. DERIVATIVE INSTRUMENTS

Derivative and non-derivative financial instruments which are designated as hedging instruments:

The accumulated gain (loss) on foreign currency borrowings classified as net investment hedges in the foreign currency translation adjustment component of Accumulated other comprehensive income (loss) ("AOCI/(L)") was $26.6 and $(2.5) as of March 31, 2017 and June 30, 2016, respectively.

The amount of gains and losses recognized in Other comprehensive income (loss) ("OCI") in the Condensed Consolidated Balance Sheets related to the Company's derivative and non-derivative financial instruments which are

designated as hedging instruments for the three and nine months ended March 31, 2017 and 2016 is presented below:

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Gain (Loss) Recognized in OCI	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Foreign exchange forward contracts	$(0.9)	$(2.1)	$(0.3)	$5.5
Interest rate swap contracts	2.8	(22.1)	48.1	(19.6)
Net investment hedge	(9.0)	(26.1)	29.1	(17.0)

As of March 31, 2017, all of the Company's remaining foreign currency forward contracts designated as hedges were highly effective. The accumulated gain (loss) on derivative instruments classified as cash flow hedges in AOCI/(L), net of tax, was $16.0 and $(28.9) as of March 31, 2017 and June 30, 2016, respectively. The estimated net loss related to these effective hedges that is expected to be reclassified from AOCI/(L) into earnings, net of tax, within the next twelve months is $1.2.

The amount of gains and losses reclassified from AOCI/(L) to the Condensed Consolidated Statements of Operations related to the Company's derivative financial instruments which are designated as hedging instruments during the three and nine months ended March 31, 2017 and 2016 is presented below:

Condensed Consolidated Statements of Operations Classification of Gain (Loss) Reclassified from AOCI/(L)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Foreign exchange forward contracts:				
Net revenue	$0.5	$1.7	$2.1	$4.5
Cost of sales	(1.5)	0.3	(1.2)	0.4
Interest rate swap contracts:				
Interest expense	$(1.9)	$(3.3)	$(8.5)	$(4.1)

Derivatives not designated as hedging:

The amount of gains and losses related to the Company's derivative financial instruments not designated as hedging instruments during the three and nine months ended March 31, 2017 and 2016 is presented below:

Condensed Consolidated Statements of Operations Classification of Gain (Loss) Recognized in Operations	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Selling, general and administrative expenses	$(2.3)	$(0.1)	(1.9)	1.2
Interest expense, net	(5.9)	(39.3)	4.1	(15.6)
Other (expense) income, net [a]	(0.1)	(5.4)	(0.5)	(29.6)

[a] During the three and nine months ended March 31, 2016, the Company recognized $5.4 and $29.6 of realized losses, respectively, on foreign currency forward contracts related to an advance payment for the Brazil Acquisition.

18. EQUITY

Common Stock

As of March 31, 2017, the Company's common stock consisted of Class A Common Stock with a par value of $0.01 per share. The holders of Class A Common Stock are entitled to one vote per share. Prior to September 30, 2016, the Company had Class B Common Stock outstanding, which had special voting rights.

On September 29, 2016, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation amending the Amended and Restated Certificate of Incorporation of the Company to increase the number of authorized shares of Class A Common Stock from 800.0 million shares to 1,000.0 million shares.

Prior to October 1, 2016, the Company was a majority-owned subsidiary of JAB Cosmetics B.V. ("JABC"). Both JABC and the shares of the Company held by JABC are indirectly controlled by Lucresca SE, Agnaten SE and JAB

Holdings B.V. (“JAB”). On August 1, 2016, JABC, began to purchase the Company’s Class A Common Stock in open market purchases on the New York Stock Exchange. During the nine months ended March 31, 2017, JABC acquired 2.6 million shares of Class A Common Stock. The Company did not receive any proceeds from these stock purchases conducted by JABC.

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On September 30, 2016, JABC converted all of its shares of Class B Common Stock of the Company into shares of Class A Common Stock of the Company. The Company issued approximately 262.0 million shares of Class A Common Stock to JABC upon the conversion of JABC’s shares of Class B Common Stock.
On October 1, 2016 the Company issued 409.7 million shares of Class A Common Stock in connection with the closing of the Transactions as described in Note 3 — Business Combinations.
As of March 31, 2017, total authorized shares of Class A Common Stock was 1,000.0 million and total outstanding shares of Class A Common Stock was 747.6 million. As of March 31, 2017, the Company was no longer a majority-owned subsidiary of JAB.
Preferred Stock
As of March 31, 2017, the Company’s preferred stock consisted of Series A Preferred Stock with a par value of $0.01 per share. The Series A Preferred Stock is not entitled to receive any dividends and has no voting rights except as required by law. Series A Preferred Stock were accounted for partially as a liability and partially as equity as of March 31, 2017.
On November 25, 2016, the Company sold 1.0 million shares of Series A Preferred Stock for $0.01 par value to Camillo Pane (“Mr. Pane”), the Company’s Chief Executive Officer. Under the terms provided in the subscription agreement, the holder of the vested Series A Preferred Stock is entitled to exchange the Series A Preferred Stock into either cash or shares, at the election of the Company, equal to the fair market value of a share of Class A Common Stock based on the 10-day trailing average closing price on the date of conversion less $22.34. If the holder does not exchange the vested Series A Preferred Stock by a certain expiration date, the Company must automatically exchange the Series A Preferred Stock into cash or shares, at the election of the Company. Additionally, Mr. Pane is entitled to a cash bonus of $2.60 per share upon exchanging shares of Series A Preferred stock if the market value of Class A Common Stock on the date of conversion exceeds $22.34.
On December 21, 2016, the Company filed with the Secretary of State of the State of Delaware (i) a Certificate of Retirement with respect to 5,493,894 shares of Series A Preferred Stock previously retired, cancelled and redeemed by the Company and (ii) filed a Certificate of Increase to increase the number of shares designated as Series A Preferred Stock from 3,506,106 to 6,506,106.
On February 16, 2017, the Company sold 0.5 million shares of Series A Preferred Stock for $0.01 par value to Sebastien Froidefond (“Mr. Froidefond”), the Company’s Chief Human Resources Officer. Under the terms provided in the subscription agreement, the holder of the vested Series A Preferred Stock is entitled to exchange the Series A Preferred Stock into either cash or shares, at the election of the Company, equal to the fair market value of a share of Class A Common Stock based on the 10-day trailing average closing price on the date of conversion less $22.66. If the holder does not exchange the vested Series A Preferred Stock by a certain expiration date, the Company must automatically exchange the Series A Preferred Stock into cash or shares, at the election of the Company. Additionally, Mr. Froidefond is entitled to a cash bonus of $2.62 per share upon exchanging shares of Series A Preferred Stock if the market value of Class A Common Stock on the date of conversion exceeds $22.66.
On March 27, 2017, the Company sold 1.0 million shares of Series A Preferred Stock for $0.01 par value to Lambertus J.H. Becht (“Mr. Becht”), the Company’s Chairman of the Board. Under the terms provided in the subscription agreement, the Series A Preferred Stock immediately vests on the grant date and the holder is entitled to exchange the vested Series A Preferred Stock after the fifth anniversary of the grant date into either cash or shares, at the election of the Company equal to the fair market value of a share of Class A Common Stock based on the 10-day trailing average closing price on the date of conversion less $22.39. If the holder does not exchange the vested Series A Preferred Stock by a certain expiration date, the Company must automatically exchange the Series A Preferred Stock into cash or shares, at election of the Company. The Company requires shareholder approval to settle the conversion in shares. The award is accounted for as a liability as of March 31, 2017 and recorded an expense of $3.6 in Selling, general and administrative expense on the Condensed Consolidated Statements of Operations.
As of March 31, 2017, total authorized shares of Series A Preferred Stock are 6.5 million and total outstanding shares of Series A Preferred Stock are 4.2 million. Of the 4.2 million outstanding shares of Series A Preferred Stock, 1.0 million shares vested on March 27, 2017, 1.7 million shares vest on April 15, 2020, 1.0 million shares vest on November 25, 2021 and 0.5 million shares vest on February 16, 2022. As of March 31, 2017, the Company classified

$1.1 Series A Preferred Stock as equity, and $4.7 as a liability recorded in Other noncurrent liabilities in the Condensed Consolidated Balance Sheet.

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Treasury Stock - Share Repurchase Program

On February 3, 2016, the Board authorized the Company to repurchase up to $500.0 of its Class A Common Stock (the "Incremental Repurchase Program"). Subject to certain restrictions on repurchases of shares through September 30, 2018 imposed by the tax matters agreement, dated October 1, 2016, as amended, between the Company and P&G entered into in connection with the P&G Beauty Business acquisition, repurchases may be made from time to time at the Company's discretion, based on ongoing assessments of the capital needs of the business, the market price of its Class A Common Stock, and general market conditions. For the three and nine months ended March 31, 2017, the Company has repurchased nil and 1.4 million shares, respectively, of its Class A Common Stock. The shares were purchased in multiple transactions at prices ranging from $25.35 to $27.40. The aggregate fair value of shares repurchased during the nine months ended March 31, 2017 was $36.3, and was recorded as an increase to Treasury stock in the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Equity and Redeemable Noncontrolling Interests. As of March 31, 2017, the Company had $396.8 remaining under the Incremental Repurchase Program.

Dividends

On August 1, 2016, the Company declared an annual cash dividend of $0.275 per share, or $93.4 on its Common Stock, restricted stock units (the "RSUs") and phantom units. Of the $93.4, $92.4 was paid on August 19, 2016 to holders of record of Common Stock on August 11, 2016. The remaining $1.0 is payable upon settlement of the RSUs and phantom units outstanding as of August 11, 2016.

On December 9, 2016, the Company declared a quarterly cash dividend of $0.125 per share, or $94.0 on its Common Stock, RSUs and phantom units. Of the $94.0, $93.4 was paid on December 28, 2016 to holders of record of Common Stock on December 19, 2016. The remaining $0.6 is payable upon settlement of the RSUs and phantom units outstanding as of December 19, 2016.

On February 9, 2017, the Company declared a quarterly cash dividend of $0.125 per share, or $94.0 on its Common Stock, RSUs and phantom units. Of the $94.0, $93.4 was paid on March 10, 2017 to holders of record of Common Stock on February 28, 2017. The remaining $0.6 is payable upon settlement of the RSUs and phantom units outstanding as of February 28, 2017.

Additionally, the Company decreased the dividend accrual recorded in a prior period by $0.2 to adjust for accrued dividends on RSUs no longer expected to vest, which was recorded as an increase to APIC in the Condensed Consolidated Balance Sheet as of March 31, 2017. Total accrued dividends on unvested RSUs and phantom units of $1.0 and $2.8 are included in Accrued expense and other current liabilities and Other noncurrent liabilities, respectively, in the Condensed Consolidated Balance Sheet as of March 31, 2017.

Accumulated Other Comprehensive Loss

	Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Adjustments		Pension and Other Post-Employment Benefit Plans	Total
		Gain (Loss) on Net Investment Hedges	Other Foreign Currency Translation Adjustments		
Balance—July 1, 2016	$(28.9)	$(2.5)	$(164.0)	$(44.3)	$(239.7)
Other comprehensive (loss) income before reclassifications	40.7	29.1	(38.1)	0.4	32.1
Net amounts reclassified from AOCI/(L)	4.2	—	—	9.7	13.9
Net current-period other comprehensive (loss) income	44.9	29.1	(38.1)	10.1	46.0
Balance—March 31, 2017	$16.0	$26.6	$(202.1)	$(34.2)	$(193.7)

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	Losses on Cash Flow Hedges	Foreign Currency Translation Adjustments Loss on Net Investment Hedge	Foreign Currency Translation Adjustments	Pension and Other Post-Employment Benefit Plans	Total
Balance—July 1, 2015	$(0.1)	$—	$(249.3)	$(24.6)	$(274.0)
Other comprehensive (loss) income before reclassifications	(14.7)	(17.0)	54.5	0.2	23.0
Net amounts reclassified from AOCI/(L)	0.1	—	—	—	0.1
Net current-period other comprehensive (loss) income	(14.6)	(17.0)	54.5	0.2	23.1
Balance—March 31, 2016	$(14.7)	$(17.0)	$(194.8)	$(24.4)	$(250.9)

19. SHARE-BASED COMPENSATION PLANS

Total share-based compensation expense was $10.4 and $12.4 for the three months ended March 31, 2017 and 2016, respectively, $22.7 and $29.3 for the nine months ended March 31, 2017 and 2016, respectively, which is included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations. As of March 31, 2017, the total unrecognized share-based compensation expense related to unvested stock options, Series A Preferred Stock, and restricted and other share awards is $27.1, $5.2 and $61.8, respectively. The unrecognized share-based compensation expense related to unvested stock options, Series A Preferred stock, and restricted and other share awards is expected to be recognized over a weighted-average period of 4.62, 4.02 and 3.20 years, respectively.

Restricted Share Units

The Company granted approximately nil and 2.8 million RSUs during the three and nine months ended March 31, 2017, respectively, with a weighted-average grant date fair value per share of $24.60, which vests on the fifth anniversary of the grant date. The RSUs granted are accompanied by dividend equivalent rights and, as such, were valued at the closing market price of the Company’s Class A Common Stock on the date of grant. The Company recognized share-based compensation expense of $4.4 and $12.7 for the three and nine months ended March 31, 2017, respectively. The Company recognized share-based compensation expense of $4.0 and $15.4 for the three and nine months ended March 31, 2016, respectively.

Series A Preferred Stock

The Company granted 1.5 million and 2.5 million shares of Series A Preferred Stock during the three and nine months ended March 31, 2017, respectively, which are accounted for partially as a liability and partially as equity. Refer to Note 18 — Equity for additional information about Series A Preferred grants during the period. The Company recognized share-based compensation expense of $4.0 and $3.3 for the three and nine months ended March 31, 2017, respectively. The Company recognized share-based compensation expense of $0.6 and $1.3 for the three and nine months ended March 31, 2016, respectively.

The Series A Preferred Stock have previously been accounted for using the Black-Scholes valuation model. During the nine months ended March 31, 2017, the Company granted Series A Preferred Stock that include cash bonus payments tied to the exercise of the awards. Due to the addition of cash bonus payments in connection with the grant of Series A Preferred Stock to certain executives in fiscal 2017, the Company began estimating the fair value of the Series A Preferred Stock using a binomial lattice model to value the equity and cash bonus components of the combined instrument as of March 31, 2017. The lattice structure the Company uses to value the exchange option consists of (i) a common stock lattice that models the possible stock price movements from the valuation date to the maturity date consistent with the stock price and estimated volatility on the valuation date; (ii) a share exchange lattice that calculates the value of the common stock received on conversion; (iii) a cash exchange lattice that calculates the value of the cash bonus; and (iv) a continuation value lattice that tracks the holding value of the combined instrument. The significant assumptions the Company uses in its binomial lattice model are further described below.

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	March 31, 2017
Historical volatility	30.9%
Implied volatility	32.3%
Risk-free rate of return	1.94% - 2.22%
Dividend yield on Class A Common Stock	2.8%
Yield on cash	4.9%

Historical volatility - The Company calculates historical volatility based on volatility of the daily historical prices of the common stock for the longest look-back period with available data.

Implied volatility - The Company calculates implied volatility based on publicly traded at the market options maturing January 2019 that track the Company's Class A Common Stock.

Risk-free rate of return - The Company bases the risk-free rate of return on the US Constant Maturity Treasury Rate.

Dividend yield on Class A Common Stock - The Company calculates the dividend yield on shares using the annualized dividend rate calculated based on the per share cash dividend paid quarterly and the stock price as of the valuation date.

Yield on cash - The Company calculates the yield of comparable securities with a similar credit rating to the Company.

Non-Qualified Stock Options

The Company granted nil and 8.2 million non-qualified stock options during the three and nine months ended March 31, 2017, respectively, with a weighted average grant date fair value of $6.42 per share. The options become exercisable five years from the date of the grant. The Company recognized share-based compensation expense of $2.0 and $6.7 for the three and nine months ended March 31, 2017, respectively. The Company recognized share-based compensation expense of $7.8 and $12.6 for the three and nine months ended March 31, 2016, respectively.

20. NET INCOME ATTRIBUTABLE TO COTY INC. PER COMMON SHARE

Reconciliation between the numerators and denominators of the basic and diluted EPS computations is presented below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions, except per share data)			
Net income (loss) attributable to Coty Inc.	$(164.2)	$(26.8)	$(117.4)	$187.9
Weighted-average common shares outstanding—Basic	747.3	337.9	607.9	347.8
Effect of dilutive stock options and Series A Preferred Stock [a]	—	—	—	6.1
Effect of restricted stock and RSUs [b]	—	—	—	3.0
Weighted-average common shares outstanding—Diluted	747.3	337.9	607.9	356.9
Net income attributable to Coty Inc. per common share:				
Basic	$(0.22			