

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____, Individually and On Behalf
of All Others Similarly Situated,

Plaintiff,

v.

COTY INC., CAMILLO PANE, PIERRE
LAUBIES, PATRICE DE TALHOUËT,
and PIERRE-ANDRÉ TERISSE,

Defendants.

Case No.: DRAFT

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Law Offices of Howard G. Smith

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Coty Inc. (“Coty” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Coty; and (c) review of other publicly available information concerning Coty.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Coty securities between August 22, 2017 and July 1, 2019, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Coty is a beauty company with three reporting segments: Consumer Beauty, which is primarily focused on color cosmetics, retail hair coloring and styling products, body care and mass fragrances; Luxury Beauty, which is primarily focused on prestige fragrances, premium skincare, and premium cosmetics; and Professional Beauty, which is primarily focused on hair and nail care products for salon professionals. In October 2016, the Company acquired The Procter & Gamble Company’s fine fragrance, color cosmetics, salon professional and hair color and certain styling businesses.

3. On November 7, 2018, the Company disclosed the Consumer Beauty segment suffered continued decline due to “category weakness in developed markets, continued competitive pressure and performance challenges with some of [its] brands, as well as the repercussions of [its] severe supply chain disruptions on [the] Consumer Beauty gross-to-net, including customer penalties and increased promotional support.”

4. On this news, the Company’s share price fell \$2.52, or nearly 23%, to close at \$8.66 per share on November 7, 2018, on unusually heavy trading volume.

5. On July 1, 2019, the Company disclosed that it expected to record a \$3 billion

impairment charge in light of its Turnaround Plan.

6. On this news, the Company's share price fell \$1.81, or nearly 14%, to close at \$11.59 per share on July 1, 2019, on unusually heavy trading volume.

7. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company was unable to successfully integrate the P&G Beauty Businesses; (2) that the Company's brands were negatively impacted by competition from ecommerce brands; (3) that, as a result, the Company was likely to incur impairment charges; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

8. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this district.

12. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the

United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

13. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased Coty securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

14. Defendant Coty is incorporated under the laws of Delaware with its principal executive offices located in New York, New York. Coty's shares trades on the New York Stock Exchange ("NYSE") under the symbol "COTY."

15. Defendant Camillo Pane ("Pane") was the Chief Executive Officer ("CEO") of the Company from October 2016 to November 2018.

16. Defendant Pierre Laubies ("Laubies") has been the CEO since November 2018.

17. Defendant Patrice de Talhouët ("de Talhouët") was the Chief Financial Officer ("CFO") of the Company from 2014 to mid-September 2018.

18. Defendant Pierre-André Terisse ("Terisse") has been the CFO since February 2019.

19. Defendants Pane, Laubies, de Talhouët, and Terisse, (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false

statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

20. Coty is a beauty company with three reporting segments: Consumer Beauty, which is primarily focused on color cosmetics, retail hair coloring and styling products, body care and mass fragrances; Luxury Beauty, which is primarily focused on prestige fragrances, premium skincare, and premium cosmetics; and Professional Beauty, which is primarily focused on hair and nail care products for salon professionals. In October 2016, the Company acquired The Procter & Gamble Company's fine fragrance, color cosmetics, salon professional and hair color and certain styling businesses (the "P&G Beauty Business").

Materially False and Misleading Statements Issued During the Class Period

21. The Class Period begins on August 22, 2017. On that day, the Company announced its fourth quarter and full year 2017 financial results in a press release, reporting net revenues of \$7.65 billion and net loss of \$422.2 million. The press release also stated, in relevant part:

Our Q4 results continued to demonstrate that our Professional and Luxury divisions are performing well. Professional Beauty's positive performance was driven by continued growth in Wella and improving trends at OPI, and the Luxury division delivered strong growth for the second quarter in a row supported by Hugo Boss, Gucci, Chloe and philosophy. On the other hand, our Consumer Beauty division remains under pressure and its recovery is a key priority for us.

* * *

Regarding the P&G Beauty Business, our integration efforts are proceeding well and we remain on track with the synergy delivery. In Q4, we've achieved another significant milestone as Europe successfully exited its TSA on July 1, following North America's TSA exit on May 1. ALMEA continues to progress well towards the final TSA exit expected in September. . . ."

22. On August 23, 2017, the Company filed its annual report on Form 10-K for the period ended June 30, 2017, affirming the previously reported financial results. Defendants Pane and de Talhouët signed certifications pursuant to the Sarbanes Oxley Act of 2002 ("SOX")

attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud. Moreover, regarding integration of the P&G Beauty Business, the report stated, in relevant part:

We have incurred significant costs associated with the acquisition of the P&G Beauty Business (the "Transactions") that could affect our period-to-period operating results, and we may not realize the benefits that we expect from our Post-Merger Reorganization (as defined below).

We anticipate that we will incur a total of approximately \$1.2 billion of operating expenses and capital expenditures of approximately \$500 million in connection with the Transactions. Through June 30, 2017, we incurred life-to-date operating expenses and capital expenditures against these estimates of approximately \$850 million and \$250 million, respectively, and we expect the remaining operating expenses, including any anticipated restructuring activities, and capital expenditures to be incurred in future periods through fiscal 2020. Some of the factors affecting the costs associated with the Transactions and potential impact on our operations and financials, include the length of time during which the remaining transition services are provided to us by P&G, the resources required in optimizing the integration of the P&G Beauty Business with our existing businesses following the termination of the transition services provided to us by P&G, management and employee changes, reliance on financial and other data from P&G and integration of IT systems and the integration of employees in jurisdictions where we did not previously have operations. . . . If our management is not able to effectively manage the integration process, address fixed and other costs, or if any significant business activities are interrupted as a result of the integration process, our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities may be materially adversely affected. . . .

Moreover, following the close of the Transactions on October 1, 2016, we reorganized our business into three new divisions: Luxury, Consumer Beauty and Professional Beauty (the "Post-Merger Reorganization"). The successful implementation of our Post-Merger Reorganization presents significant organizational challenges and uncertainties and requires successful negotiations with third parties, including labor organizations, suppliers, distributors and other business partners. We may not be successful in these negotiations. As a result, we may not be able to realize the anticipated benefits from our Post-Merger Reorganization. Events and circumstances such as financial or strategic difficulties, unexpected employee turnover and delays may occur or continue, resulting in new, unexpected or increased costs that could result in us not realizing all of the anticipated benefits on our expected timetable or at all. Any failure to implement the Post-Merger Reorganization in accordance with our expectations could adversely affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

23. On November 9, 2017, the Company announced its first quarter 2018 financial

results in a press release, reporting net revenues of \$2.24 billion and net loss of \$19.7 million.

The press release also stated, in relevant part:

Commenting on Coty's performance, Camillo Pane, Coty CEO said:

"Q1 was a much better quarter. We saw strong growth in Luxury, continued positive momentum in Professional and a reduced net revenue decline in the Consumer Beauty division. While results are likely to be a bit uneven from quarter to quarter going forward, the improving revenue trend gives me confidence that the growth strategy I outlined earlier this year is moving Coty gradually onto a path of full recovery.

We also delivered significant improvement in profits, driven by better gross margin performance and strong financial discipline on the cost structure.

I am pleased to announce that, as of September 1, we have exited our third and final TSA with P&G for the ALMEA region and now have control of processes, systems and data across the new Coty. . . ."

24. On February 8, 2018, the Company announced its second quarter 2018 financial results in a press release, reporting net revenues of \$2.64 billion and net income of \$109.2 million. The press release also stated, in relevant part:

Commenting on Coty's performance, Camillo Pane, Coty CEO said:

"Q2 was a very strong quarter marked by Coty's return to organic top line growth. We delivered excellent growth in Luxury, an acceleration in positive momentum in Professional Beauty and a significant improvement in Consumer Beauty. Our recent acquisitions continue to have strong performance. Across each of our three businesses we continue to see improving results with our strong performance in Q2 directly linked to our growth strategy. Recent innovations are working well, e-commerce is performing ahead of the market and we are working to implement better in-store execution.

"Fiscal 2018 continues to be a year of stabilization and this is what our results have shown so far. While I am pleased with our performance, there is still much work to be done before we achieve the consistency that we seek as we still need to relaunch many brands, deliver our synergies and continue with our integration of the P&G Beauty business.

"Based on the much improved results to date, we have refined our revenue growth objectives for the remainder of the fiscal year. While revenue recovery will not be a straight line, we now aim to deliver positive but modest net revenue growth for the second half of the year. For margin, we continue to aim for a healthy improvement in the second half of the year versus the prior year, with most of the impact coming in Q4, as we continue to deliver on our merger synergies.

25. On May 9, 2018, the Company announced its third quarter 2018 financial results in a press release, reporting net revenues of \$2.22 billion and net loss of \$77 million.

26. On August 21, 2018, the Company announced its fourth quarter and full year 2018 financial results, reporting full year net revenues of \$9.398 billion and net loss of \$168.8 million. The Company also disclosed that Defendant de Talhouët had resigned.

27. The same day, the Company filed its annual report on Form 10-K for the period ended June 30, 2018, affirming the previously reported financial results. Defendants Pane and de Talhouët signed certifications pursuant to SOX attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud. Moreover, regarding integration of the P&G Beauty Business, the report stated, in relevant part:

We have incurred significant costs associated with the acquisition and integration of the P&G Beauty Business and simplifying our business that could affect our period-to-period operating results.

We anticipate that we will incur a total of approximately \$1.3 billion of operating expenses and capital expenditures of approximately \$500 million in connection with the acquisition of the P&G Beauty Business. Through June 30, 2018, we incurred life-to-date operating expenses and capital expenditures against these estimates of approximately \$1,150 million and \$370 million, respectively, and we expect the remaining operating expenses, including any anticipated restructuring activities, and capital expenditures to be incurred in future periods through fiscal 2021. The cash usage associated with such, and similar, expenses usually occurs in subsequent periods and could impact our ability to execute our business strategies or deleverage. In addition, independent of the final stages of our integration of the P&G Beauty Business, we are implementing a cost restructuring program, which will combine and expand existing initiatives, in order to reduce fixed costs and enable further investment in the business. We expect that this cost restructuring program will result in total pre-tax restructuring costs of approximately \$250.0 million. If our management is required to devote a substantial amount of time and attention to this cost restructuring program, its implementation could divert attention from ongoing operations and affect our period-to-period operating results. If our management is not able to effectively manage these initiatives, address fixed and other costs, we incur additional operating expenses or capital expenditures to realize these synergies, simplifications and cost savings, or if any significant business activities are interrupted as a result of these initiatives, our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities may be materially adversely affected. The amount and timing of the above-referenced charges and management distraction could further adversely

affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. In addition, the ongoing integration of acquisitions and continuing restructuring initiatives may impact our ability to anticipate future business trends and accurately forecast future results.

Moreover, the diversion of resources to the integration of the P&G Beauty Business and the exit of all three stages of our transition services agreement with The Procter and Gamble Company (“P&G”) (the “TSA exit”) in fiscals 2017 and 2018 together with changes in our management teams as we reorganized our business, negatively impacted our fiscal year 2017 and 2018 results. In particular, we incurred significantly higher costs in the fourth fiscal quarter of 2017 due, in part, to the lack of visibility into the operating cash needs of the P&G Beauty Business while the transition services agreement was in place. Although we have instituted initiatives to deliver meaningful, sustainable expense and cost management results, events and circumstances such as financial or strategic difficulties, unexpected employee turnover, business disruption and delays may occur or continue, resulting in new, unexpected or increased costs that could result in us not realizing all of the anticipated benefits of the integration on our expected timetable or at all. In addition, we are executing many initiatives simultaneously, which may result in further diversion of our resources and business disruption (including further supply chain disruptions), and may adversely impact the execution of such initiatives. Any failure to implement the integration, our cost restructuring program and other initiatives in accordance with our expectations could adversely affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

28. The truth began to emerge on November 7, 2018 when the Company disclosed the Consumer Beauty segment suffered continued decline. In a press release reporting first quarter 2019 financial results, the Company stated, in relevant part:

- 1Q19 reported net revenues of \$2,031.3 million decreased 9.2%, with a like-for-like (LFL) revenue decline of 7.7% as we encountered several temporary supply chain-related headwinds. We estimate these factors cumulatively negatively impacted LFL by approximately 5%, implying an underlying 1Q19 decline in the low single digits, with underlying declines limited to the Consumer Beauty division.

* * *

Consumer Beauty’s underlying high single digit revenue decline clearly reflects category weakness in developed markets, continued competitive pressure and performance challenges with some of our brands, as well as the repercussions of our severe supply chain disruptions on our Consumer Beauty gross-to-net, including customer penalties and increased promotional support. From here, the pathway to stabilization of Consumer Beauty will focus on: 1) strengthening operational discipline, including restoring service levels; 2) actively improving

gross-to-net as supply chain headwinds abate; 3) refocusing investment from lower priority to higher-potential brand-country combinations; 4) an increased focus on cost structure to reflect the top-line trajectory; and 5) a more pronounced shift in investments towards new growth channels.

29. The Company also announced that Defendant Pane had resigned as CEO, effective immediately.

30. On this news, the Company's share price fell \$2.52, or nearly 23%, to close at \$8.66 per share on November 7, 2018, on unusually heavy trading volume.

31. On February 8, 2019, the Company announced second quarter 2019 financial results, reporting net revenues of \$2.51 billion and net loss of \$960.6 million. The Company also reported operating loss of \$804.6 million, which resulted from "a \$965.1 million non-cash impairment charge primarily connected to the Consumer Beauty division and select brand trademarks."

32. On May 8, 2019, the Company announced third quarter 2019 financial results, reporting net revenues of \$1.99 billion and net loss of \$12.1 million.

33. The above statements identified in ¶¶21-29, 31-32 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company was unable to successfully integrate the P&G Beauty Businesses; (2) that the Company's brands were negatively impacted by competition from ecommerce brands; (3) that, as a result, the Company was likely to incur impairment charges; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

34. On July 1, 2019, the Company disclosed that it expected to record a \$3 billion impairment charge in light of its Turnaround Plan. In a press release, the Company stated, in relevant part:

Coty Inc. (NYSE: COTY) today announced a Turnaround Plan to drive substantial improvement in Consumer Beauty while also further optimizing Luxury and Professional Beauty. The Plan focuses on three strategic pillars:

rediscover growth, regain operational leadership and build a culture of pride and performance, with the objective to steadily improve gross margin and operating margin, more in line with Coty's peer group, as well as to drive free cash flow and reduce leverage.

* * *

To implement the turnaround, Coty expects to incur one-time cash costs of approximately \$600 million spread over fiscal years 2020 through to 2023, in addition to approximately \$160 million connected to previous programs.

As part of these financial targets, Coty expects the following for Fiscal Year 2020 (vs. Fiscal Year 2019):

- Moderating decline in net revenues;
- Constant currency adjusted operating income up 5% to 10%; and
- Moderate free cash flow improvement.

Other Financial Updates

- Coty is in the process of completing its annual testing for impairment in light of the Turnaround Plan and related projections, and expects to record an impairment of its intangible assets of approximately \$3 billion. The final amount will be reflected in Coty's Fiscal Year 2019 earnings.

35. On this news, the Company's share price fell \$1.81, or nearly 14%, to close at \$11.59 per share on July 1, 2019, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Coty securities between August 22, 2017 and July 1, 2019, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Coty's shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be

ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Coty shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Coty or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

38. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

39. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

40. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Coty; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

41. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

42. The market for Coty's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Coty's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Coty's securities relying upon the integrity of the market price of the Company's securities and market information relating to Coty, and have been damaged thereby.

43. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Coty's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Coty's business, operations, and prospects as alleged herein.

44. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Coty's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

45. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

46. During the Class Period, Plaintiff and the Class purchased Coty's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

47. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Coty, their control over, and/or receipt and/or modification of Coty's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Coty, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

48. The market for Coty's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Coty's securities traded at artificially inflated prices during the Class Period. On February 15, 2018, the Company's share price closed at a Class Period high of \$21.53 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Coty's securities and market information relating to Coty, and have been damaged thereby.

49. During the Class Period, the artificial inflation of Coty's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Coty's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Coty and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

50. At all relevant times, the market for Coty's securities was an efficient market for the following reasons, among others:

(a) Coty shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Coty filed periodic public reports with the SEC and/or the NYSE;

(c) Coty regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Coty was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

51. As a result of the foregoing, the market for Coty's securities promptly digested current information regarding Coty from all publicly available sources and reflected such information in Coty's share price. Under these circumstances, all purchasers of Coty's securities

during the Class Period suffered similar injury through their purchase of Coty's securities at artificially inflated prices and a presumption of reliance applies.

52. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

53. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Coty who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

54. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

55. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Coty's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

56. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Coty's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

57. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Coty's financial well-being and prospects, as specified herein.

58. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Coty's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Coty and its business

operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

59. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

60. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Coty's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

61. As a result of the dissemination of the materially false and/or misleading

information and/or failure to disclose material facts, as set forth above, the market price of Coty's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Coty's securities during the Class Period at artificially high prices and were damaged thereby.

62. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Coty was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Coty securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

63. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

64. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

65. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

66. Individual Defendants acted as controlling persons of Coty within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's

operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

67. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

68. As set forth above, Coty and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2019

By: _____ *Draft*

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