

Coty to sell majority stake in brands including Wella, OPI and ghd

US investment firm KKR has agreed to inject \$750m into debt-laden multinational cosmetics maker Coty Inc. in the first step towards a broader deal that would see the KKR buy a majority stake in the company's professional beauty and haircare division.



In a statement issued on Monday, Coty announced that it signed a memorandum of understanding (MOU) with KKR for the sale of a majority stake in its professional beauty and retail hair businesses including the Wella, Clairol, OPI and ghd brands (together, Wella) in a deal valued at \$4.3bn.

Under the terms of the MOU, Coty will carve out Wella into a standalone company in which KKR will acquire a 60% stake and Coty will retain the remaining 40% interest. Coty said this transaction would result in \$3bn in cash payments flowing back to it.

On signing of the Wella transaction, KKR will also make an incremental convertible preferred investment of \$250m in Coty.

"Together with the initial \$750m investment, these transactions will result in significant deleveraging of Coty's balance sheet and position the company for long-term growth and investment in its core portfolio. Coty's mass beauty business in Brazil will remain a fully owned business of Coty," Coty said.



Coty buys controlling stake in Kylie Cosmetics for \$600m

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The cosmetics maker also laid out plans to cut costs by \$700m, suspended its dividend and said KKR would invest \$1bn in Coty through the sale of convertible preferred shares.

Coty reported a wider-than-expected loss and revenue down 23% for the three months ended March 31, including a 14% fall in its professional beauty division.

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