

Results Of Operations – Consolidated

	Years ended December 31			Basis Point Change	
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Select Consolidated Financial Information					
Total revenue	\$5,571.3	\$5,715.6	\$5,717.7	(3)%	–%
Cost of sales	2,364.0	2,203.3	2,257.0	7%	(2)%
SG&A expenses	2,972.1	3,231.0	3,136.9	(8)%	3%
Operating profit	235.2	281.3	323.8	(16)%	(13)%
Interest expense	134.6	140.8	136.6	(4)%	3%
Loss (gain) on extinguishment of debt	0.7	–	(1.1)	*	*
Interest income	(15.3)	(14.8)	(15.8)	3%	(6)%
Other expense, net	7.1	34.6	172.9	(79)%	(80)%
Income from continuing operations, before taxes	108.1	120.7	31.2	(10)%	*
Income (loss) from continuing operations, net of tax	(21.8)	20.0	(93.4)	*	*
Net income (loss) attributable to Avon	\$ (19.5)	\$ 22.0	\$ (107.6)	*	*
Diluted income (loss) per share from continuing operations	\$ (.10)	\$ (.00)	\$ (.25)	*	*
Diluted income (loss) per share attributable to Avon	\$ (.10)	\$ (.00)	\$ (.29)	*	*
Advertising expenses ⁽¹⁾	\$ 127.6	\$ 118.4	\$ 108.9	8%	9%
Reconciliation of Non-GAAP Financial Measures					
Total revenue	\$5,571.3	\$5,715.6	\$5,717.7	(3)%	–%
<i>Brazil IPI tax release</i>	(168.4)	–	–		
Adjusted revenue	5,402.9	5,715.6	5,717.7	(5)%	–%
Gross margin	57.6%	61.5%	60.5%	(3.9)	1.0
<i>Brazil IPI tax release</i>	(1.3)	–	–	(1.3)	–
<i>CTI restructuring</i>	1.6	–	–	1.6	–
Adjusted gross margin	57.9%	61.5%	60.5%	(3.6)	1.0
SG&A expenses as a % of total revenue	53.3%	56.5%	54.9%	(3.2)	1.6
<i>Brazil IPI tax release</i>	1.7	–	–	1.7	–%
<i>CTI restructuring</i>	(1.6)	(1.0)	(1.3)	(.6)	.3
<i>Loss contingency</i>	–	(.3)	–	.3	(.3)
<i>Legal settlement</i>	–	–	.5	–	(.5)
Adjusted SG&A expenses as a % of total revenue	53.4%	55.2%	54.0%	(1.8)	1.2
Operating profit	\$ 235.2	\$ 281.3	\$ 323.8	(16)%	(13)%
<i>Brazil IPI tax release</i>	(168.4)	–	–		
<i>CTI restructuring</i>	180.5	60.2	77.4		
<i>Loss contingency</i>	–	18.2	–		
<i>Legal settlement</i>	–	–	(27.2)		
Adjusted operating profit	\$ 247.3	\$ 359.7	\$ 374.0	(31)%	(4)%
Operating margin	4.2%	4.9%	5.7%	(.7)	(.8)
<i>Brazil IPI tax release</i>	(2.8)	–	–		
<i>CTI restructuring</i>	3.2	1.1	1.4	2.1	(.3)
<i>Loss contingency</i>	–	.3	–	(.3)	.3
<i>Legal settlement</i>	–	–	(.5)	–	.5
Adjusted operating margin	4.6%	6.3%	6.5%	(1.7)	(.2)
Change in Constant \$ Adjusted operating margin ⁽²⁾				(140)	(40)
Income before taxes	108.1	120.7	31.2	(10)%	*
<i>Brazil IPI tax release</i>	(194.7)	–	–		
<i>CTI restructuring</i>	180.5	60.2	77.4		
<i>Loss contingency</i>	–	18.2	–		
<i>Legal settlement</i>	–	–	(27.2)		
<i>Venezuelan special items</i>	–	–	120.5		
<i>Other items</i>	–	–	(1.1)		
Adjusted income before taxes	93.9	199.1	200.8	(53)%	(1)%
Income taxes	(129.9)	(100.7)	(124.6)	29%	(19)%
<i>Brazil IPI tax release</i>	66.2	–	–		
<i>CTI restructuring</i>	(17.4)	(1.7)	(13.5)		
<i>Special tax items</i>	21.1	(49.8)	(27.8)		
Adjusted income taxes	(60.0)	(152.2)	(165.9)	(61)%	(8)%
Effective tax rate	120.2%	83.4%	*		
Adjusted effective tax rate	63.9%	76.4%	82.6%		
Performance Metrics					
Change in Active Representatives				(5)%	(3)%
Change in units sold				(6)%	(4)%
Change in Ending Representatives				(8)%	–%

Amounts in the table above may not necessarily sum due to rounding.

* Calculation not meaningful

⁽¹⁾ Advertising expenses are recorded in SG&A expenses.

⁽²⁾ Change in Constant \$ Adjusted operating margin for all years presented is calculated using the current-year Constant \$ rates.