

No. 82  
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2022

# THE LETTER TO SHAREHOLDERS



PERFORMANCE &  
NEWS

**VIVATECH 2022:**  
L'ORÉAL UNVEILS  
THE FUTURE  
OF BEAUTY

A LOOK BACK AT  
THE **BOURSOLIVE**  
E-FAIR

**L'ORÉAL**  
FINANCE



“  
L'Oréal grew twice  
as fast as the market  
and has strengthened  
its position as the world's  
No.1 beauty company.  
Our performance  
is increasingly  
balanced.”

**NICOLAS HIERONIMUS**  
Chief Executive Officer of L'Oréal

**D**ear Shareholders,  
Your Group published its half-year results on 28 July. L'Oréal performed remarkably well in the first half of the year, with growth of +13.5% like-for-like and +20.9% reported.

After two years of the pandemic, consumers confirm their desire to socialise and indulge themselves with innovative and superior beauty products, which in turn is fuelling the growth of the beauty market. L'Oréal grew twice as fast as the market and has strengthened its position as the world's No.1 beauty company.

Our performance is increasingly balanced. Balanced between volume and value growth. Balanced between offline growth, with the reopening of retail outlets in most countries, and e-commerce<sup>(1)</sup> growth which continues at a double-digit pace. Balanced between geographic Zones, all of which posted double-digit growth, with strong performance in emerging markets (SAPMENA-SSA<sup>(2)</sup>, Latin America) and outstanding performance in mainland China in a very challenging context, thanks to our expertise in e-commerce. Balanced across our Divisions, with our three selective Divisions achieving double-digit growth and the Consumer Products Division recording a significant acceleration in the second quarter. Lastly, every major category achieved double-digit growth.

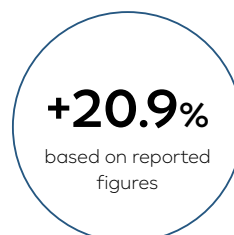
Our proven capacity to valorise our portfolio through innovation and control our costs allowed us to absorb the impact of higher raw material prices, mitigate supply chain pressures, and continue to invest efficiently in our brands, while improving profitability and creating sustainable value.

Our L'Oréal for the Future programme reached an important milestone: after the United-States in 2021, we achieved carbon neutrality across all our sites in the North Asia Zone. In addition, the success of our third employee share ownership plan, rolled out in more than 60 countries, demonstrates the strong commitment of our employees worldwide.

Mindful of the current uncertainties and instability, we are convinced that our unique, balanced model, our incredible innovation capacity, our strong brand portfolio, the passion and agility of our teams and our financial strength are the assets that will enable us to pursue our profitable and sustainable growth strategy.

We remain optimistic about the outlook for the global beauty market and confident in our ability to outperform in 2022 and achieve another year of growth in sales and profits.

## 2022 HALF-YEAR RESULTS



More information on [loreal-finance.com](https://loreal-finance.com)

(1) Sales achieved on our brands' websites and with e-commerce pure players + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

(2) SAPMENA-SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

(3) Like-for-like: based on a comparable structure and identical exchange rates.



## JEAN-PAUL AGON HONOURED BY THE PRESTIGIOUS APPEAL OF CONSCIENCE AWARDS

Jean-Paul Agon, Chairman of L'Oréal, has been awarded the 2022 Award from the Appeal of Conscience Foundation, an organisation that has been advancing an inspiring vision of peace for over 50 years. With this prestigious award, the foundation recognises his leadership and commitment to respecting human dignity, diversity and inclusion.

## L'ORÉAL CREATES BOLD FEMALE FOUNDERS TO INVEST IN STARTUPS LAUNCHED BY WOMEN ENTREPRENEURS

L'Oréal announced the launch of a venture and entrepreneurship funding initiative which reflects the Group's commitment to promote gender equity. The initiative will be developed by the Group's venture capital fund BOLD, Business Opportunities for L'Oréal Development, through a dedicated initial allocation of 25 million euros. BOLD Female Founders will focus on investment opportunities worldwide across the wider beauty ecosystem, including brands, beauty tech, biotech, and green science.

## CHRISTOPHE BABULE SPEAKS AT ETORO THE BULL CLUB WEBINAR

L'Oréal's Chief Financial Officer spoke live during The Bull Club Conversations with Leaders webinar organised by eToro, a social investment network whose ambition is to revolutionise the way people invest and improve their financial literacy. On this occasion, Christophe Babule shed light on the outlook for the beauty market, as well as on digital, e-commerce and innovation, which are at the heart of the Group's strategy.



Watch the full webinar  
(available in French only)

Scan QR code



## 2022 GENERAL MEETING AND GENDER BALANCE AWARDS: L'ORÉAL RECOGNISED BY THE INSTITUT DU CAPITALISME RESPONSABLE

L'Oréal received the Award for Purpose and ESG Commitments at the 2022 General Meeting and Gender Balance Awards ceremony, organised by the *Institut du Capitalisme Responsable*. At the event, Christophe Babule, L'Oréal's Chief Financial Officer, took part in a round table hosted by Nicole Notat. He spoke of the vital role the Group's purpose plays in guiding its actions and commitments on a daily basis, and strengthening its development model, which aims to combine financial value creation with social and environmental value creation.



# +10%

Become a registered shareholder and receive:

- a **LOYALTY BONUS** of +10%

A preferential dividend of €5.28<sup>(1)</sup> instead of €4.80<sup>(2)</sup>

- **FINANCIAL INFORMATION** from L'Oréal directly

For more information, consult the Shareholders section of our

website [loreal-finance.com](https://loreal-finance.com)

<sup>(1)</sup> For shareholders who continuously hold their shares in registered form for a minimum of two full calendar years at 31 December 2022.

<sup>(2)</sup> Dividend approved at the Annual General Meeting of 21 April 2022.



## VIVATECH 2022: L'ORÉAL UNVEILS THE FUTURE OF BEAUTY

The L'Oréal group participated in Viva Technology (VivaTech) 2022, the largest European technology industry conference and exhibition, which took place in Paris in June. On this occasion, visitors discovered beauty in the age of Web3 and the metaverse<sup>(1)</sup>, as well as innovations to try out at home, in a shop or in a salon.

L'Oréal took part in the sixth edition of VivaTech with a state-of-the-art, 325m<sup>2</sup> stand featuring immersive beauty experiences from top brands across its luxury, mass consumer, professional haircare and active cosmetics portfolio.

L'Oréal continues to shape the future of beauty, leveraging over a century of industry expertise to create unique, multi-sensory beauty experiences. Having pioneered Web2-enabled advances in skin diagnostics, teleconsultation and virtual

try-ons, L'Oréal is laying the foundations for Web3 beauty experiences, to reach a new generation of consumers. "On-chain beauty" signifies where beauty consumers and creators will converge on emerging platforms to participate in the new beauty economy.

Visitors to VivaTech were able to experience the future of beauty on site at the L'Oréal stand (see below).

(1) A metaverse is a fictitious, virtual world. The term is used to describe a future iteration of the internet, made up of persistent, shared, 3D virtual spaces linked into a perceived virtual universe.



## BEAUTY TECH AUGMENTS THE LANCÔME EXPERIENCE

**Lancôme** reimagines the future of retail with products and services spanning physical, digital and virtual consumer touchpoints. Absolve Dual-LED Youth Treatment is a new, in-store device that uses patented LED light therapy to dispense a luxury formula to treat skin and reduce the appearance of fine lines and wrinkles.

## “ON-CHAIN” BEAUTY

**NYX Professional Makeup** empowers the next generation of 3D beauty creators by aiming to become the first-ever decentralised record label for creators in Web3, redefining beauty in the metaverse.

The **Mugler** brand celebrated the anniversary of its iconic Angel fragrance with its very first NFT drop that will feature a crypto-art collection of 3D angels designed by a digital artist. True to its brand DNA, “The real world is not enough,” Mugler is elevating on-chain loyalty with these collectible NFTs.

## LUXE TECH FRAGRANCE

Created in partnership with leading neurotech company EMOTIV, **Yves Saint Laurent Beauté Scent-Sation** is a first-of-its kind, in-store experience which helps people navigate the vast world of fragrance. It uses a multi-sensor, EEG-based headset that tracks consumers’ emotional responses to different scent families and analyses these to identify and select their perfect scent.

## SALON OF THE FUTURE POWERED BY TECH

**L’Oréal Water Saver**, named one of Time magazine’s 100 Best Inventions of 2021, is a groundbreaking showerhead that uses rocket engine technology to create a luxurious and efficient hair washing experience, while reducing water consumption by 61% compared to standard methods.



## L’ORÉAL SHAREHOLDER CONSULTATION COMMITTEE AT VIVATECH

On 16 June 2022, L’Oréal held its Shareholder Consultation Committee during the VivaTech expo in Paris.

Following a startup-focused “Explorer Tour” of the exhibition, the Consultation Committee joined staff at the L’Oréal booth for a look at the digital innovations and services shaping every aspect of the beauty market, from in-lab product design to in-store beauty experiences.

Whether by creating a Rouge Sur Mesure by Yves Saint Laurent, carrying out a skin diagnosis based on artificial intelligence by Lancôme, or measuring the environmental impact of Gjoså’s Water Saver showerhead, participants were able to see concretely how L’Oréal is integrating technology, artificial intelligence, augmented reality or data to invent the future of beauty.



“  
Our aim is to combine financial performance and social and environmental performance, because the two go hand in hand. These are fundamental issues for our planet and for the common good.”

**CHRISTOPHE BABULE,**  
Chief Financial Officer of L'Oréal

## REPORT ON L'ORÉAL'S PARTICIPATION IN BOURSOLIVE, THE E-FAIR FOR INDIVIDUAL INVESTORS

On 27 and 28 June, L'Oréal took part in BoursoLive, the e-fair for individual investors. Participants were able to explore L'Oréal's virtual booth, interact and browse the Group's documentation.

**This edition focused on helping individual investors make the right investment choices in an unprecedented economic context marked by inflation, rising interest rates and geopolitical tensions, which are driving up the cost of raw materials.**

**Christophe Babule, the Group's Chief Financial Officer, presented the L'Oréal business model and took questions from shareholders participating online.**

**Despite L'Oréal's reputation, consumers and investors are not always aware of the scope of the Group's activities. Can you tell us more?**

**Christophe Babule:** L'Oréal was established more than 110 years ago by a chemist, Eugène Schueller. The Group has continued to grow ever since and is now the world's number one beauty company, with the most impressive portfolio of around 80 brands, including 35 global brands.

Our largest Division is L'Oréal Luxe, which includes Lancôme,

Yves Saint Laurent, Giorgio Armani and "Couture" brands such as Valentino and Prada, which were recently added to our other fragrance brands, such as Mugler, Azzaro and Ralph Lauren.

Our second biggest Division, and by far the biggest in terms of volume, is Consumer Products, with a number of brands available through mass market channels, including L'Oréal Paris, Garnier, Maybelline New York, Mixa in France, and many more.

Our third largest Division is Professional Products, which you find in hair salons. They include L'Oréal Professionnel, as well as more premium brands like Kérastase and Redken.

And finally, our Active Cosmetics Division, whose brands, including La Roche-Posay, Vichy and CeraVe, are available through pharmacies.

The majority of these brands have gradually become part of the Group through targeted acquisitions. The market is constantly growing and L'Oréal's share of this market is estimated at more than 14%. With its 85,400 employees and a presence across all sectors of the beauty industry in more than 150 countries, our company had sales of 32.28 billion euros in 2021, with ambitions to increase our market share even further.



**How can the Group cope with this inflationary period without damaging its profitability?**

**C.B.:** L'Oréal has a very strong balance sheet, which enabled us to weather the Covid-19 crisis with aplomb. Thanks to this financial strength, we have been able to support our partners, such as hairdressers and suppliers. We're facing strong headwinds, but we know how to manage this type of situation. At L'Oréal, thanks to our capacity for innovation, we launch 10-15% new products each year, which allows us to better valorise our product lines in the eyes of consumers. This leads to growth not just in volume but also in valorisation.

Innovation is part of the DNA of L'Oréal, which has its origins in Research. L'Oréal Research & Innovation represents an annual budget of more than a billion euros, with more than 4,000 researchers worldwide and 517 patents filed in 2021. We firmly believe this scope for innovation will enable us to maintain and strengthen our number one position.

**Sustainable development has become one of your company's strengths. What steps are you taking to support biodiversity and seize development opportunities?**

**C.B.:** Through our L'Oréal for the Future programme, we are bringing about a profound transformation to establish L'Oréal's leadership in sustainable development. Recently, for the sixth year running, we were awarded the top score (AAA) by CDP<sup>(1)</sup> for our climate change, forest conservation and water security initiatives. We have also achieved carbon neutrality across all our sites in the United States and in the North Asia Zone (scopes 1 & 2). In addition, we have invested in impact funds, making 50 million euros available for nature regeneration projects. We are well aware that biodiversity plays a vital role in achieving our overall objectives, which are rooted in science-based targets. Our aim is to combine financial performance and social and environmental performance, because the two go hand in hand. These are fundamental issues for our planet and for the common good.



Access the full replay of the webinar (French only)

Scan QR code



(1) CDP is a non-profit organisation that encourages companies to publish their environmental data and scores their performance in sustainability and environmental transparency.



**“Women make up 69% of our workforce and we are looking at the gender pay gap for equivalent jobs across the entire company.”**

**Margaret Johnston-Clarke, L'Oréal's Chief Diversity and Inclusion Officer, also spoke at the round table on “investing from a woman's perspective”.**

**How does L'Oréal avoid the bias and the glass ceiling that can hold women back from progressing in their careers?**

We have been monitoring this for 20 years in all the countries where the Group operates, which allows us to pinpoint any hurdles. We have implemented concrete measures, such as analysing pay gaps, which we have been doing since 2007 in France, and for a few years globally. We have put tools in place to prevent these gaps, because, despite what we thought, there were disparities. This has enabled us to identify and rectify them. Women make up 69% of our workforce and we are of course aiming for equal pay for equivalent jobs across the entire company.

As an example, for L'Oréal in France, the median pay gap has been reduced to zero since 2019. Our efforts were recognised in 2022 by the Bloomberg Gender-Equality Index (GEI), for the fifth consecutive year.

To help us measure and move forward more quickly, we also use third-party certifications such as GEEIS and EDGE. L'Oréal head office and our subsidiaries in more than 30 countries work with these organisations. This lets us establish a roadmap to target any inequalities between women and men.

Currently, women account for almost 60% of our global brand directors, around 49% of our expatriate executives and more than 55% of our key positions around the world.



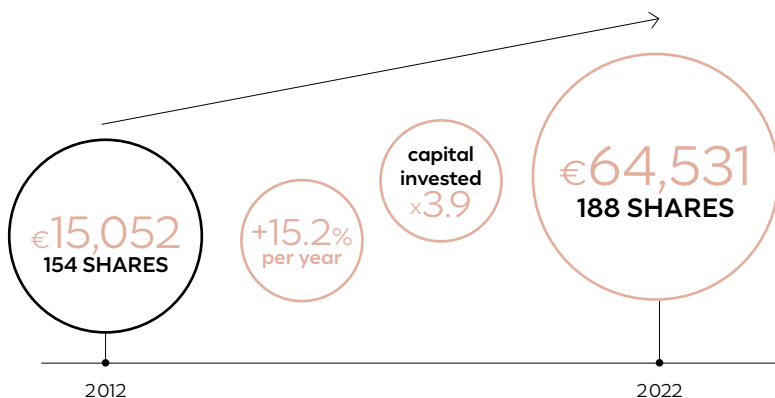
Access the full replay of the round table (French only)

Scan QR code



## TOTAL SHAREHOLDER RETURN<sup>(1)</sup>

Amongst the various economic and financial measures of value creation, L'Oréal prefers Total Shareholder Return (TSR). This indicator is based on a range of criteria, including the share price and revenue received in the form of dividends excluding taxes on capital gains and dividends, based on the closing share price on 31 August 2022.



## HYPOTHESIS

Total Shareholder Return over 10 years, for €15,000 invested in L'Oréal shares, including reinvestment of dividends, excluding bank charges and tax.

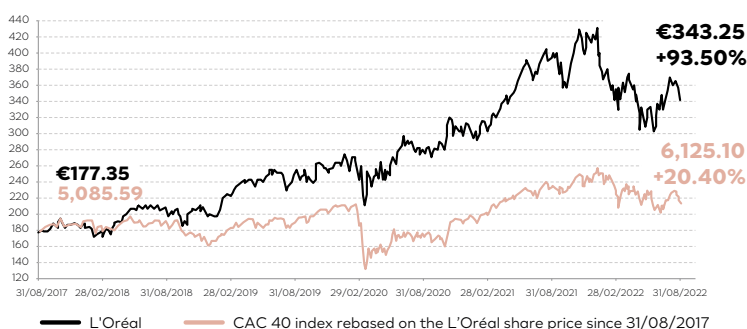
## TOTAL ANNUAL RETURN

Based on the share price on 31 August 2022



## OVER 5 YEARS, THE L'ORÉAL SHARE HAS OUTPERFORMED THE CAC 40 INDEX

L'Oréal vs CAC 40 from 31 August 2017 to 29 August 2022<sup>(2)</sup>



Change from 31 August 2017 to 31 August 2022



(1) Total Shareholder Return of the investment, assuming that the shares are sold at the closing price on 31 August 2022. (2) CAC40 index rebased on the L'Oréal share price since 31/08/2017 // Source: Refinitiv, share price on 31/08/2022.

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## A TEAM THAT IS ATTENTIVE TO SHAREHOLDERS' VIEWS

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Director of Individual Shareholder and Market Authority Relations

### ANGÉLIQUE FRUCHTENREICH

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## AGENDA

### 20 October 2022:

Sales at 30 September 2022

For other key dates, please visit our website: [loreal-finance.com](http://loreal-finance.com)

## INDIVIDUAL SHAREHOLDER CONSULTATION COMMITTEE

Each year, one-third of the members of the Individual Shareholder Consultation Committee is renewed.

If you would like to join the committee, please apply on our website: [loreal-finance.com/eng/consultation-committee](http://loreal-finance.com/eng/consultation-committee)

## THE CONNECTED SHAREHOLDER

Download the L'Oréal Finance app<sup>(3)</sup> and keep up to date with live news about your company.



To receive the Letter to Shareholders by e-mail, fill in your e-mail address at: [loreal-finance.com/eng/keep-informed](http://loreal-finance.com/eng/keep-informed)

(3) Available for free on the App Store and Google Play.