

# 1.

## BRIEF PRESENTATION OF THE L'ORÉAL GROUP IN 2020 AND KEY FIGURES

### KEY FIGURES 2020

2020 SALES  
**27.99**

billion euros

(-6.3% based on reported figures,  
-4.1% like-for-like <sup>(1)</sup>)

OPERATING  
PROFIT  
**5.20**

billion euros

(18.6% of the sales)

NET EARNINGS  
PER SHARE <sup>(2)</sup>  
**7.30**

euros

OPERATING  
CASH-FLOW <sup>(3)</sup>  
**5.48**

billion euros

(on increase +8.9%)

DIVIDEND <sup>(4)</sup>  
**4.00**

euros per share

(on increase +3.9%)

(1) Like-for-like: based on a comparable structure dans identical exchange rates.  
(2) Diluted net earnings per share excluding non-recurring items after non-controlling interests.  
(3) Net cash flow = Gross cash flow + changes in working capital - capital expenditure.  
(4) Proposed at the Annual General Meeting of 20 April 2021.

**n°1**  
in  
beauty

**150**  
countries  
International  
presence

**112**  
years  
Created in 1909



**96%**  
of new updated products  
have an improved social profile

**79%**  
of brands identify with an  
environmental or social cause  
and have carried out awareness-  
raising activities on this subject  
among their consumers

**-81%\***  
CO<sub>2</sub> emission  
(plants and distribution centres)

**-37%\***  
Reduction in waste  
(plants and distribution centres)

**-49%\***  
Water consumption  
(plants and distribution centres)

\* Versus 2005 (see chapter 4 URD 2020).



**85,392** employees

Recognised for the 11<sup>th</sup> time  
as one of the world's most ethical  
companies by the **Ethisphere  
Institute**

Recognised for the 4<sup>th</sup> time by the  
**Bloomberg Gender-Equality  
Index** acknowledging the most  
advanced companies in the area  
of gender equality

**100,905** people from  
underprivileged communities  
gained access to employment



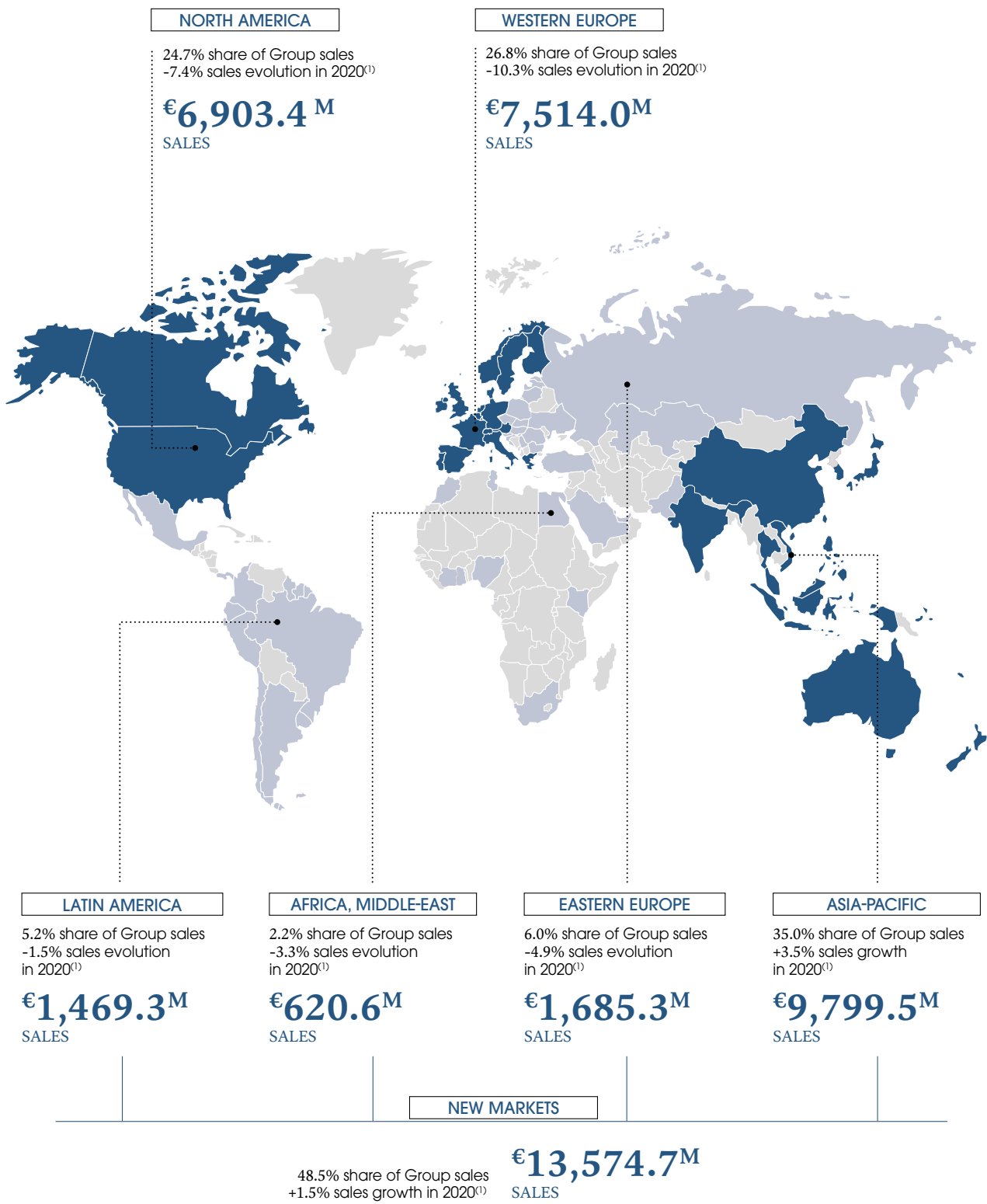
**€174 billion**

Market capitalisation  
as of 12.31.2020

**€964 million**

Research and Innovation  
budget

**500**  
patents



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

## COMMENTS

"In 2020, the Covid-19 pandemic, which spread across the world, triggered a crisis of supply due to the widespread closure of points of sale which led to an unprecedented, if temporary, decline of the beauty market.

Throughout the year, L'Oréal made the protection of all its employees as well as its customers and suppliers an absolute priority and mobilised to produce millions of units of hand sanitiser and hand cream for donation to healthcare and other frontline workers.

Thanks to the outstanding commitment of its employees, L'Oréal has traversed this crisis in the best possible condition and has even grown stronger. As anticipated and announced, the Group returned to growth in the second half, with a fourth quarter in acceleration at +4.8%<sup>(1)</sup>, and won significant market shares.

Thanks to its strength in digital and e-commerce, which has again increased considerably during the crisis, L'Oréal has been able to maintain a close relationship with all its consumers and compensate to a large extent for the closure of points of sale. As a result, sales achieved in e-commerce<sup>(2)</sup> rose sharply by +62%<sup>(2)</sup>, across all Divisions and all regions, reaching the record level of 26.6% of the total Group's sales for the year.

The Active Cosmetics Division had a record year driven by a dynamic skincare market and the remarkable success of its brands, recommended by healthcare professionals. The Consumer Products Division returned to equilibrium in the second half of the year despite the weight of makeup, and increased its market share in the other major categories. The Professional Products Division, significantly impacted by the closure of salons in the first half of the year, bounced back strongly in the second and significantly outperformed the market over the year as a whole. L'Oréal Luxe, in an extremely difficult context, also outperformed the market and even returned to growth in the last quarter.

By geographic Zone, performance was contrasted. In Western Europe and North America, growth was impacted by the development of the pandemic and public health measures, but L'Oréal gained market share in many countries. In the New Markets, the Group saw a return to growth in all Zones in the second half of the year. The performance of China is spectacular and its contribution to the performance of the Group is important.

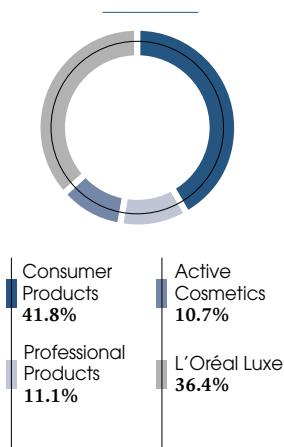
After demonstrating its resistance over the first half of the year, the Group engaged the second half with a determined and virtuous dynamic: launching major innovations, reinvesting in business drivers leading to a return to growth like-for-like, with flexibility and rigorous cost control allowing for an improvement in profitability. Over the year as a whole, and in spite of the crisis, L'Oréal maintained an operating margin of 18.6%, and generated strong operating cash flow.

The Group's non-financial performance was equally remarkable. For the fifth consecutive year, L'Oréal was recognised by the CDP as a global leader in sustainable development for its actions to fight climate change, protect forests and manage water sustainably. In addition, the Group was ranked in the top ten among 9,000 companies evaluated by the Refinitiv Diversity & Inclusion Index. L'Oréal was also recognised, for the eleventh time, as one of the world's most ethical companies by the Ethisphere Institute. Finally, in 2020, L'Oréal launched its L'Oréal for the Future programme with ambitious new sustainability commitments for 2030.

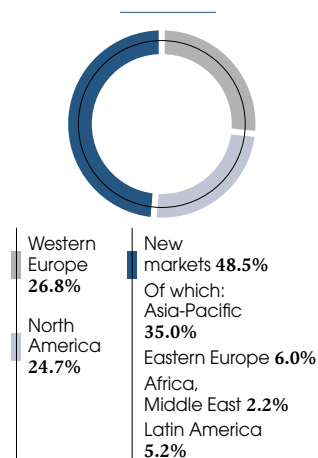
Driven by the strength of its strategic choices and a determined dynamic across the year, L'Oréal has adapted to this unprecedented context and terrible pandemic with speed and agility, accelerated all of its transformations and will emerge stronger."

### | 2020 SALES

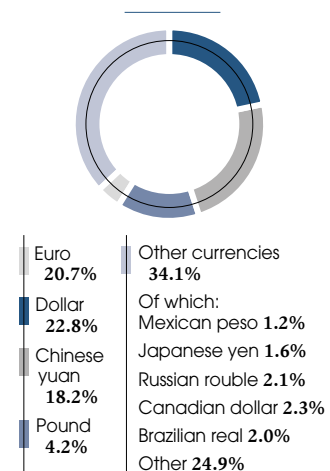
By operational division



By geographic zone



By currency



(1) Like-for-like sales growth : based on a comparable structure and identical exchanges rates.

(2) Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

## 2020 SALES

**Like-for-like**, i.e. based on a comparable scope of consolidation and constant exchange rates, the sales evolution of the L'Oréal group was -4.1%.

**The net impact of changes in the scope of consolidation** amounted to +0.5%.

**Evolution at constant exchange rates** was -3.6%.

At the end of 2020, **currency fluctuations** had a negative impact of -2.7%.

**Based on reported figures**, the Group's sales, at 31 December 2020, amounted to €27.99 billion, i.e -6.3%.

### | SALES BY OPERATIONAL DIVISION AND BY GEOGRAPHIC ZONE

€ millions	2018	2019	2020	% 2020 sales	2019/2020 progression	
					Like-for-like	Reported figures
<b>By Division</b>						
Professional Products	3,262.5	3,441.9	3,097.3	11.1%	-6.4%	-10.0%
Consumer Products	12,032.2	12,748.2	11,703.8	41.8%	-4.7%	-8.2%
L'Oréal Luxe	9,367.2	11,019.8	10,179.9	36.4%	-8.1%	-7.6%
Active Cosmetics	2,275.5	2,663.7	3,011.1	10.7%	+18.9%	+13.0%
<b>Group total</b>	<b>26,937.4</b>	<b>29,873.6</b>	<b>27,992.1</b>	<b>100%</b>	<b>-4.1%</b>	<b>-6.3%</b>
<b>By geographic zone</b>						
Western Europe	8,065.1	8,277.1	7,514.0	26.8%	-10.3%	-9.2%
North America	7,234.3	7,567.0	6,903.4	24.7%	-7.4%	-8.8%
New Markets, of which:	11,638.1	14,029.5	13,574.7	48.5%	+1.5%	-3.2%
• Asia, Pacific	7,405.6	9,658.0	9,799.5	35.0%	+3.5%	+1.5%
• Latin America <sup>(1)</sup>	1,784.8	1,773.1	1,469.3	5.2%	-1.5%	-17.1%
• Eastern Europe	1,754.2	1,909.7	1,685.3	6.0%	-4.9%	-11.8%
• Africa, Middle East	693.5	688.7	620.6	2.2%	-3.3%	-9.9%
<b>GROUP TOTAL</b>	<b>26,937.4</b>	<b>29,873.6</b>	<b>27,992.1</b>	<b>100%</b>	<b>-4.1%</b>	<b>-6.3%</b>

(1) The Group has applied IAS 29 (Financial Reporting in Hyperinflationary Economies) to Argentina since 1 July 2018. The negative impact of this adjustment is 270 basis points on like-for-like growth in Latin America and 10 basis points on that of the entire L'Oréal Group in 2020.

## Summary by Divisions

### Professional Products

The Professional Products Division ended the year at -6.4% like-for-like and -10.0% based on reported figures.

### Consumer Products

The Consumer Products Division ended the year at -4.7% like-for-like and -8.2% based on reported figures.

### L'Oréal Luxe

At year-end, L'Oréal Luxe was at -8.1% like-for-like and -7.6% reported in a global luxury beauty market down approximately 14%.

### Active Cosmetics

For the second year running, the Active Cosmetics Division achieved record growth of +18.9% like-for-like and +13.0% based on reported figures, with sales exceeding the €3-billion mark.

## Summary by Geographic Zone

### Western Europe

The Zone ended the year at -10.3% like-for-like, and -9.2% based on reported figures.

### North America

The Zone ended the year at -7.4% like-for-like and -8.8% based on reported figures.

### New Markets

**Asia Pacific:** the Zone grew by +3.5% like-for-like and +1.5% based on reported figures.

**Latin America:** the Zone is at -1.5% like-for-like and -17.1% based on reported figures. The Zone was severely impacted by the pandemic with the widespread closure of points of sale.

**Eastern Europe:** the Zone was at -4.9% like-for-like and -11.8% based on reported figures.

**Africa, Middle East:** the Zone was at -3.3% like-for-like and -9.9% based on reported figures, with good performance in the second half, despite the lockdown measures implemented in the countries.

## 2020 RESULTS

### Operating profitability and consolidated income statement

	2018		2019		2020	
	€ million	% 2018 sales	€ million	% 2019 sales	€ million	% 2020 sales
<b>Net sales</b>	<b>26,937.4</b>	<b>100.0%</b>	<b>29,873.6</b>	<b>100.0%</b>	<b>27,992.1</b>	<b>100%</b>
Cost of sales	-7,331.6	27.2%	-8,064.7	27.0%	-7,532.3	26.9%
<b>Gross profit</b>	<b>19,605.8</b>	<b>72.8%</b>	<b>21,808.9</b>	<b>73.0%</b>	<b>20,459.8</b>	<b>73.1%</b>
Research and innovation	-914.4	3.4%	-985.3	3.3%	-964.4	3.4%
Advertising and promotion	-8,144.7	30.2%	-9,207.8	30.8%	-8,647.9	30.9%
Selling, general and administrative expenses	-5,624.7	20.9%	-6,068.3	20.3%	-5,638.5	20.1%
<b>OPERATING PROFIT</b>	<b>4,922.0</b>	<b>18.3%</b>	<b>5,547.5</b>	<b>18.6%</b>	<b>5,209.0</b>	<b>18.6%</b>

**Gross profit**, at €20,459 million, came out at 73.1% of sales, compared with 73.0% in 2019, an improvement of 10 basis points.

**Research & Innovation expenses** increased by 10 basis points, at 3.4% of sales.

**Advertising and promotion expenses** increased by 10 basis points, at 30.9% of sales.

**Selling, general and administrative expenses**, at 20.1% of sales, have been reduced by 20 basis points.

Overall, **operating profit** decreased by 6.1% to €5,209 million, and amounted to 18.6% of sales, stable compared to 2019.

### Operating profit, by Operational Division

	2018		2019		2020	
	€ millions	% 2018 sales	€ millions	% 2019 sales	€ millions	% 2020 sales
Professional Products	652	20.0%	691	20.1%	582	18.8%
Consumer Products	2,428	20.2%	2,575	20.2%	2,388	20.4%
L'Oréal Luxe	2,072	22.1%	2,494	22.6%	2,276	22.4%
Active Cosmetics	523	23.0%	621	23.3%	766	25.4%
<b>COSMETICS DIVISIONS TOTAL</b>	<b>5,675</b>	<b>21.1%</b>	<b>6,381</b>	<b>21.4%</b>	<b>6,012</b>	<b>21.5%</b>
Non-allocated <sup>(1)</sup>	-753	-2.8%	-833	-2.8%	-803	-2.9%
<b>GROUP TOTAL</b>	<b>4,922</b>	<b>18.3%</b>	<b>5,548</b>	<b>18.6%</b>	<b>5,209</b>	<b>18.6%</b>

<sup>(1)</sup> Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free share grant costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

The profitability of the **Professional Products Division** came out at 18.8% in 2020, compared to 20.1% in 2019.

The profitability of the **Consumer Products Division** increased by 20 basis points, at 20.4%.

The profitability of **L'Oréal Luxe**, at 22.4%, decreased by 20 basis points.

The profitability of the **Active Cosmetics Division** came out at 25.4%, a rise of 210 basis points.

**Non-allocated expenses** amounted to €803 million.

## Net profit

### From operating profit to net profit excluding non-recurring items:

€ millions	2018	2019	2020	Evolution
<b>Operating profit</b>	<b>4,922.0</b>	<b>5,547.5</b>	<b>5,209.0</b>	<b>-6.1%</b>
Financial revenues and expenses excluding Sanofi dividends	-1.9	-62.7	-95.9	
Sanofi dividends	358.3	363.0	372.4	
<b>Profit before tax excluding non-recurring items</b>	<b>5,278.4</b>	<b>5,847.9</b>	<b>5,485.5</b>	<b>-6.2%</b>
Income tax excluding non-recurring items	-1,286.8	-1,486.7	-1,383.1	
Net profit excluding non-recurring items of equity consolidated companies	+0.1	+1.0	+0.9	
Non-controlling interests	-4.1	-5.2	-4.2	
<b>Net profit excluding non-recurring items after non-controlling interests<sup>(1)</sup></b>	<b>3,987.6</b>	<b>4,356.9</b>	<b>4,099.0</b>	<b>-5.9%</b>
EPS <sup>(2)</sup> (€)	7.08	7.74	7.30	-5.7%
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>3,895.4</b>	<b>3,750.0</b>	<b>3,563.4</b>	<b>-5.0%</b>
Diluted earnings per share attributable to owners of the Company (€)	6.92	6.66	6.34	
Diluted average number of shares	563,098,506	562,813,129	561,635,963	

(1) Net profit excluding non-recurring items attributable to owners of the Company excludes impairment losses, restructuring costs, tax effects and minority interests.

(2) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

**Net finance costs** amounted to €95 million.

**Sanofi dividends** amounted to €372 million.

**Income tax excluding non-recurrent items** amounted to €1,383 million, representing a tax rate of 25.2%.

**Net profit excluding non-recurring items after non-controlling interests** amounted to €4,099 million.

**Earnings per share**, at €7.30, dropped by 5.7%.

**Non-recurring items after non-controlling interests<sup>(1)</sup>** amounted to €535 million net of tax.

**Net profit after non-controlling interests** came out at €3,563 million.

## Gross cash flow, Balance sheet and Cash position

**Gross cash flow** amounted to €5,724 million, a decrease of 1.3%.

**The working capital requirement** decreased by €729 million.

At €972 million, **investments** represented 3.5% of sales.

**Net cash flow<sup>(2)</sup>** at €5,480 million, increased by 8.9%.

The **balance sheet** is particularly solid, with shareholders' equity amounting to €29 billion. After allowing for finance lease liabilities in an amount of €1,681 million, **net cash** came out at €3,859 million at 31 December 2020.

## Proposed dividend at the Annual General Meeting of 20 April 2021

The Board of Directors has decided to propose to the shareholders' Annual General Meeting of 20 April 2021 a dividend of €4.00 per share, an increase of +3.9% compared with the dividend paid in 2020. The dividend will be paid on 29 April 2021 (ex-dividend date 27 April at 0:00 a.m., Paris time).

## Share capital and additional paid in capital

At 31 December 2020, the capital of the Company is formed by 559,871,580 shares, each with one voting right.

(1) Non-recurring items include impairment of assets, net profit of discontinued operations, restructuring costs and tax effects of non-recurring items.

(2) Net cash flow = Gross cash flow + changes in working capital - capital expenditure.