



# L'ORÉAL THE POWER OF BEAUTY

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Jean-Paul AGON  
Chairman & Chief Executive Officer

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## CAGNY

22 FEBRUARY 2019

# KEY INDICATORS

## 2018

**SALES**  
26.9 BILLION €

**#1 BEAUTY PLAYER  
WORLDWIDE**

**OPERATING MARGIN**  
18.3%

**NET PROFIT<sup>1</sup>**  
4 BILLION €

**NET CASH FLOW<sup>2</sup>**  
3.9 BILLION €

**EARNINGS PER SHARE<sup>3</sup>**  
7.08 €

**MARKET CAPITALIZATION**  
124 BILLION €<sup>4</sup>



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A  
**POWERFUL**  
DESIRE FOR BEAUTY



BEAUTY MARKET  
THE BEST GROWTH  
IN 20 YEARS



≈ +5.5%<sup>1</sup>

BEAUTY MARKET  
ACCELERATION DUE TO  
**KEY BOOSTERS**

BY REGION<sup>1</sup>

ASIA PACIFIC

≈ **+10%**

BY SECTOR<sup>1</sup>

LUXURY

≈ **+11%**

DERMO-COSMETICS

≈ **+6%**

BY CATEGORY<sup>1</sup>

SKINCARE

≈ **+9%**

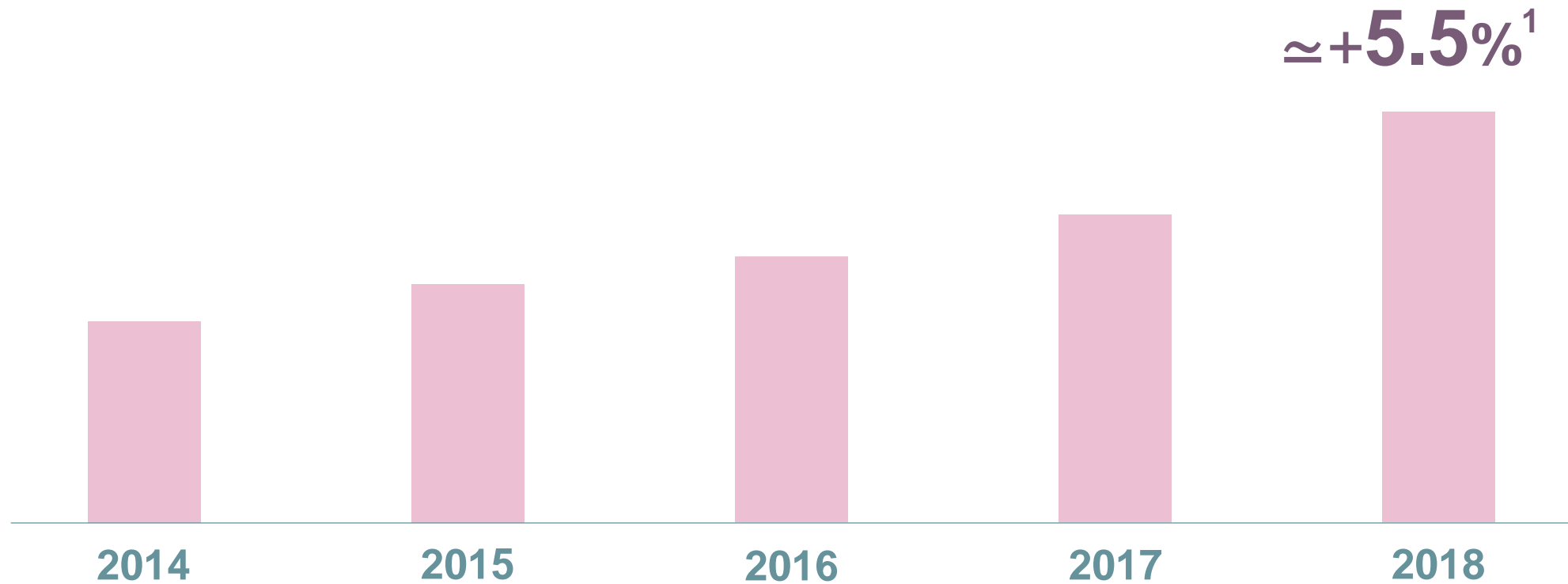
E-COMMERCE

≈ **+25%**

TRAVEL RETAIL

≈ **+22%**

BEAUTY MARKET  
ACCELERATION DUE TO  
**STRONG UNDERLYING TRENDS**







ACCELERATION THANKS TO  
STRONG UNDERLYING TRENDS

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1

BEAUTY IS A  
**PERMANENT QUEST**

Pleasure *Well-being*  
**HAPPINESS**  
SELF-ESTEEM *Confidence*

2

# PREMIUMIZATION

CONSUMERS ARE READY  
TO TRADE UP

EXCITING NEW BENEFITS  
BETTER PERFORMANCE SUPERIOR  
QUALITY





ACCELERATION THANKS TO  
STRONG UNDERLYING TRENDS

3

# DIGITAL







ACCELERATION THANKS TO  
STRONG UNDERLYING TRENDS

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# BEAUTY

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ONE OF THE MOST  
ENGAGING CATEGORIES  
ONLINE

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EXPLOSION OF SHARING  
AND SELF-EXPRESSION  
ON SOCIAL MEDIA

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ACCELERATION THANKS TO STRONG UNDERLYING TRENDS

4 INCREASED  
**PENETRATION**

**E-COMMERCE**

EXTENDING OUR REACH  
FAR BEYOND TRADITIONAL DISTRIBUTION





# A POWERFUL YEAR




22 February 2019

L'ORÉAL



# THE BEST YEAR IN A DECADE



**+7.1%<sup>1</sup>**





**L'ORÉAL LUXE: +14.4%<sup>1</sup>**

**OUTPERFORMED THE MARKET  
FOR THE 8<sup>TH</sup> CONSECUTIVE YEAR**

- Skincare: +24%<sup>1</sup>
- E-commerce<sup>2</sup>: +42%<sup>1</sup>  
16% of Sales

**4 BILLIONAIRE BRANDS  
GROWING DOUBLE-DIGIT<sup>1</sup>**

<sup>1</sup>2018 like-for-like sales growth

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



# ACTIVE COSMETICS: +11.9%<sup>1</sup>



## STRONGEST GROWTH SINCE 2006 x2 THE MARKET



#1 Dermatologists Recommended  
Skincare Brand in the USA<sup>2</sup>  
Launched in more than 30 Countries



#1 Dermo-cosmetic Brand<sup>3</sup>  
Double-digit Growth



#1 US Medical Aesthetic Skincare  
Brand Worldwide<sup>4</sup>  
+33%<sup>1</sup>



# CONSUMER PRODUCTS: +2.5%<sup>1</sup>

**SELL-OUT ACCELERATION IN Q4<sup>2</sup>**

**STRONG GROWTH OF BIG BRANDS**

**L'ORÉAL**  
PARIS

MAYBELLINE  
NEW YORK

**E-COMMERCE<sup>3</sup> ACCELERATION +38%<sup>1</sup>**

**SEIZE WHAT'S STARTING**

Natural & Organic



K-Beauty





# PROFESSIONAL PRODUCTS: +2%<sup>1</sup>

## ACCELERATION IN Q4: +3.5%

LAUNCH OF  
NATURAL BEAUTY



RAPID GROWTH OF  
KERASTASE



ACQUISITION OF  
PULP RIOT



## CONTINUED TRANSFORMATION STRATEGY

SELECTIVE  
OMNI-CHANNEL  
APPROACH



DRIVE MORE  
CONSUMERS  
TO SALONS

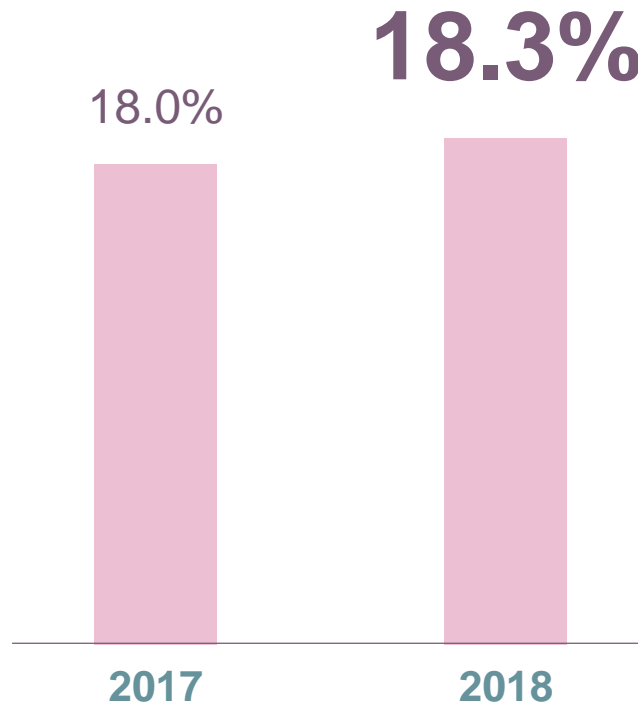


DEVELOP OUR  
E-LEARNING  
PLATFORM





## RECORD OPERATING MARGIN: 18.3%



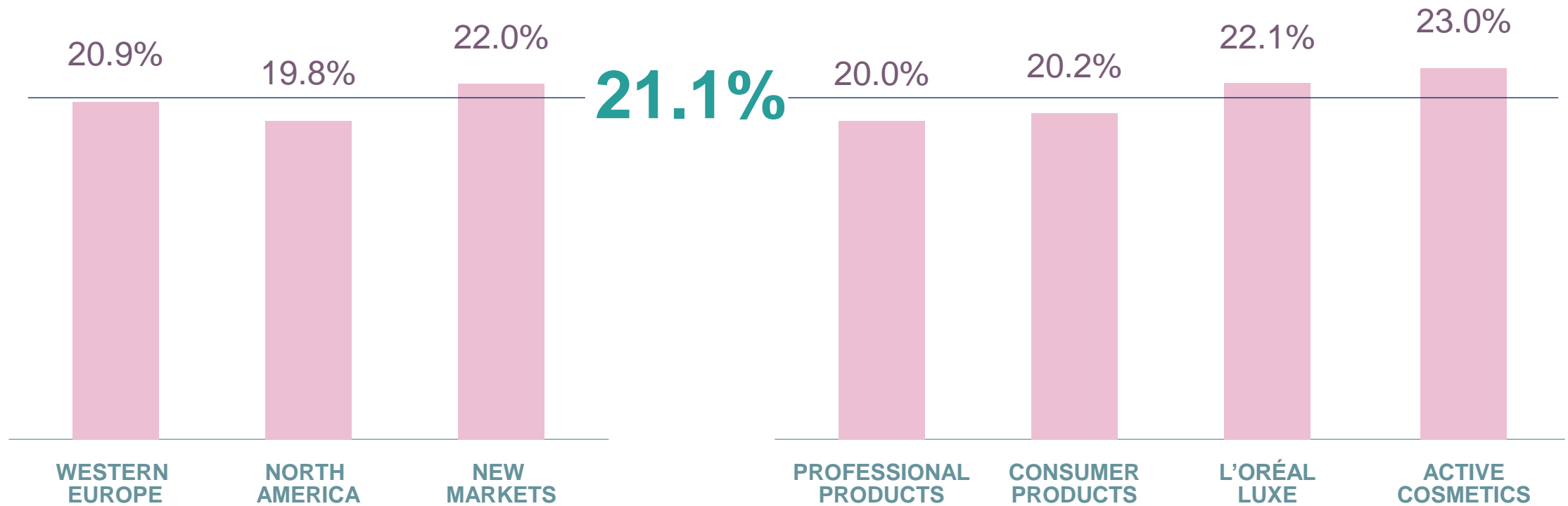
STRONG IMPROVEMENT  
IN GROSS MARGIN: **+110bps**

SUSTAINED INVESTMENT  
IN GROWTH DRIVERS

# BALANCED BUSINESS MODEL

2018  
OPERATING MARGIN<sup>1</sup>  
BY REGION  
(AS A % OF SALES)

2018  
OPERATING MARGIN<sup>1</sup>  
BY DIVISION  
(AS A % OF SALES)







**SIGNIFICANTLY OUTPERFORMED  
THE MARKET**

**IN THE MOST PROMISING AND  
STRATEGIC AREAS FOR THE FUTURE**



Strongly  
**REINFORCED**  
in ASIA PACIFIC

**+24%<sup>1</sup>**



臻宠挚礼 致美新年  
巴黎欧莱雅新年限量版

L'ORÉAL PARIS



CHINA  
+33%<sup>1</sup>



KÉRASTASE PARIS

「猪」事顺意 红运当「头」

全场至高享7件新年礼



EAU THERMALE  
舒缓调理喷雾

温泉水愈力  
每日修护肌肤微损伤

点击查看更多优惠

适用于敏感肌肤

LA ROCHE-POSAY  
EAU THERMALE  
THERMAL SPRING WATER

爸爸去哪儿 第五季  
“爸爸去哪儿”明星父女同歌

<sup>1</sup>2018 like-for-like sales growth.



#2 ZONE  
SOON #1

**LEADER**  
in ASIA PACIFIC

**8.7%**<sup>1</sup>  
MARKET SHARE



# OUTPERFORMED in SKINCARE

L'ORÉAL +16%<sup>1</sup>  
MARKET ≈ +9%<sup>2</sup>



<sup>1</sup>2018 like-for-like sales growth.  
<sup>2</sup>Excluding razors, soaps and toothpastes. 2018 provisional estimates - Source: L'Oréal estimates.

STRENGTHENED  
**LEADERSHIP**  
IN 2 BOOMING CHANNELS



# E-COMMERCE<sup>1</sup>

**+41%**<sup>2</sup>  
SALES GROWTH

**11%**  
OF SALES

EQUIVALENT TO OUR  
**#2 COUNTRY**



LANCÔME  
PARIS



**TRAVEL  
RETAIL**

**>2Bn €**

SALES

**+27%<sup>1</sup>**

SALES GROWTH





# THE POWER OF BIG BRANDS



# BIG BRANDS GOT BIGGER

TOP 8 BRANDS

**+8.4%**<sup>1</sup>

LANCÔME  
PARIS

YVES SAINT LAURENT

MAYBELLINE  
NEW YORK

*Kiehl's*  
SINCE 1851

L'ORÉAL  
PARIS

by GARNIER,  
*Naturally!*

GIORGIO ARMANI  
beauty

L'ORÉAL  
PROFESSIONNEL  
PARIS

LANCÔME  
PARIS

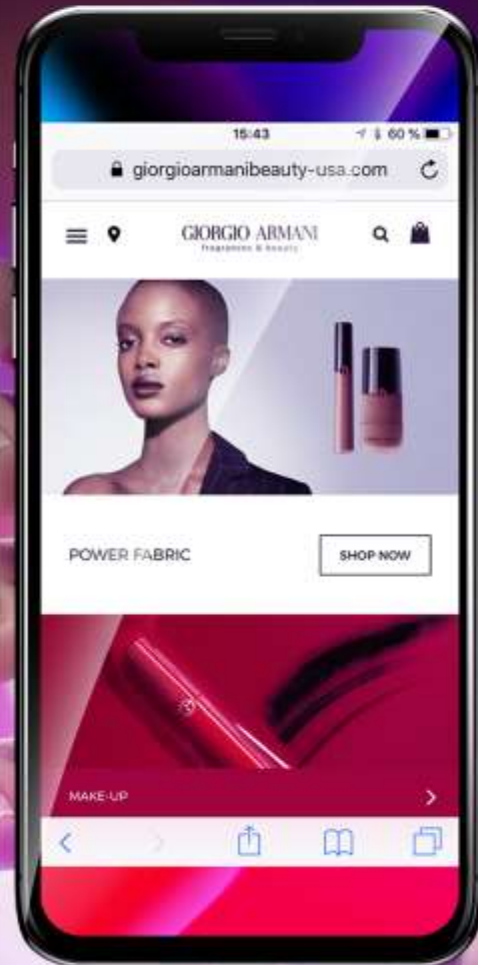
L'ORÉAL  
PARIS

CHINA  
RANKED IN THE TOP 3  
ON TMALL DURING 11.11





# THE POWER OF DIGITAL

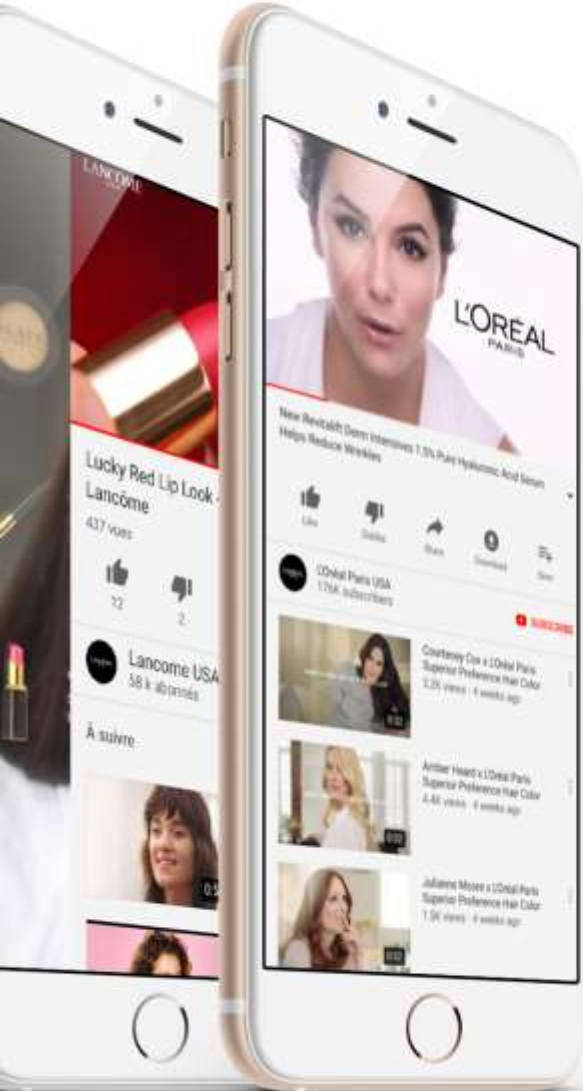




# DIGITAL IS BOOSTING OUR POWER TO CONNECT WITH CONSUMERS



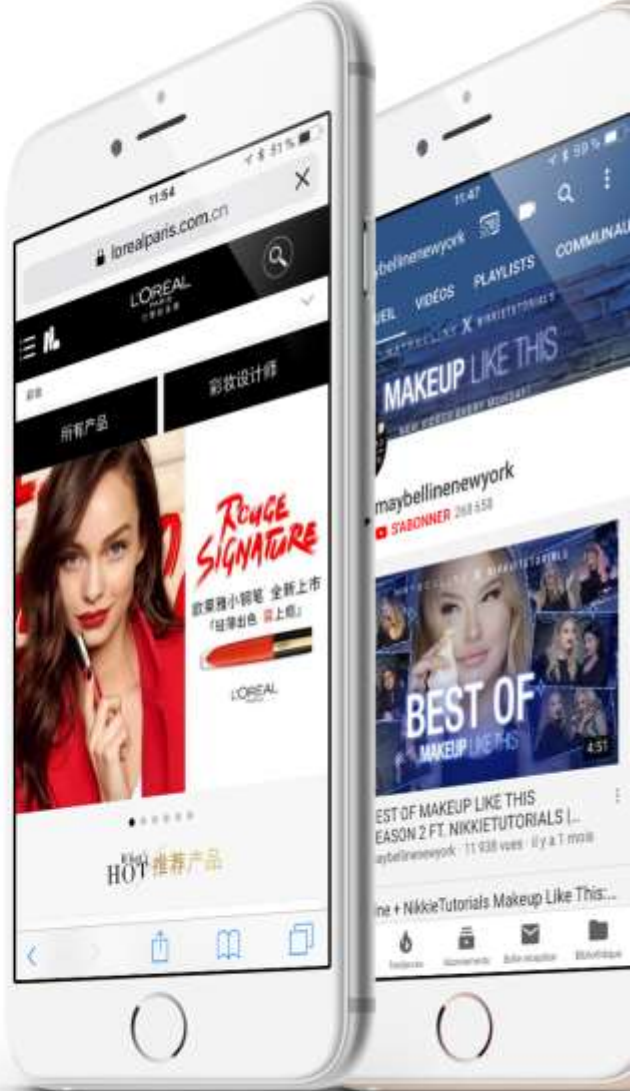
DIGITAL IS BOOSTING OUR POWER  
TO CONNECT WITH CONSUMERS



 YouTube

**1/3** OF THE GLOBAL  
BEAUTY VIEWS

**1.2** Bn VISITORS  
ON OUR WEBSITES





DIGITAL IS BOOSTING OUR POWER  
TO CONNECT WITH CONSUMERS

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GARTNER L2 DIGITAL IQ INDEX<sup>1</sup>  
**4 BRANDS** IN THE **TOP 10**  
**6** IN THE **TOP 20**

MAYBELLINE  
NEW YORK

NYX  
PROFESSIONAL MAKEUP

UD  
URBAN DECAY

L'ORÉAL  
PARIS

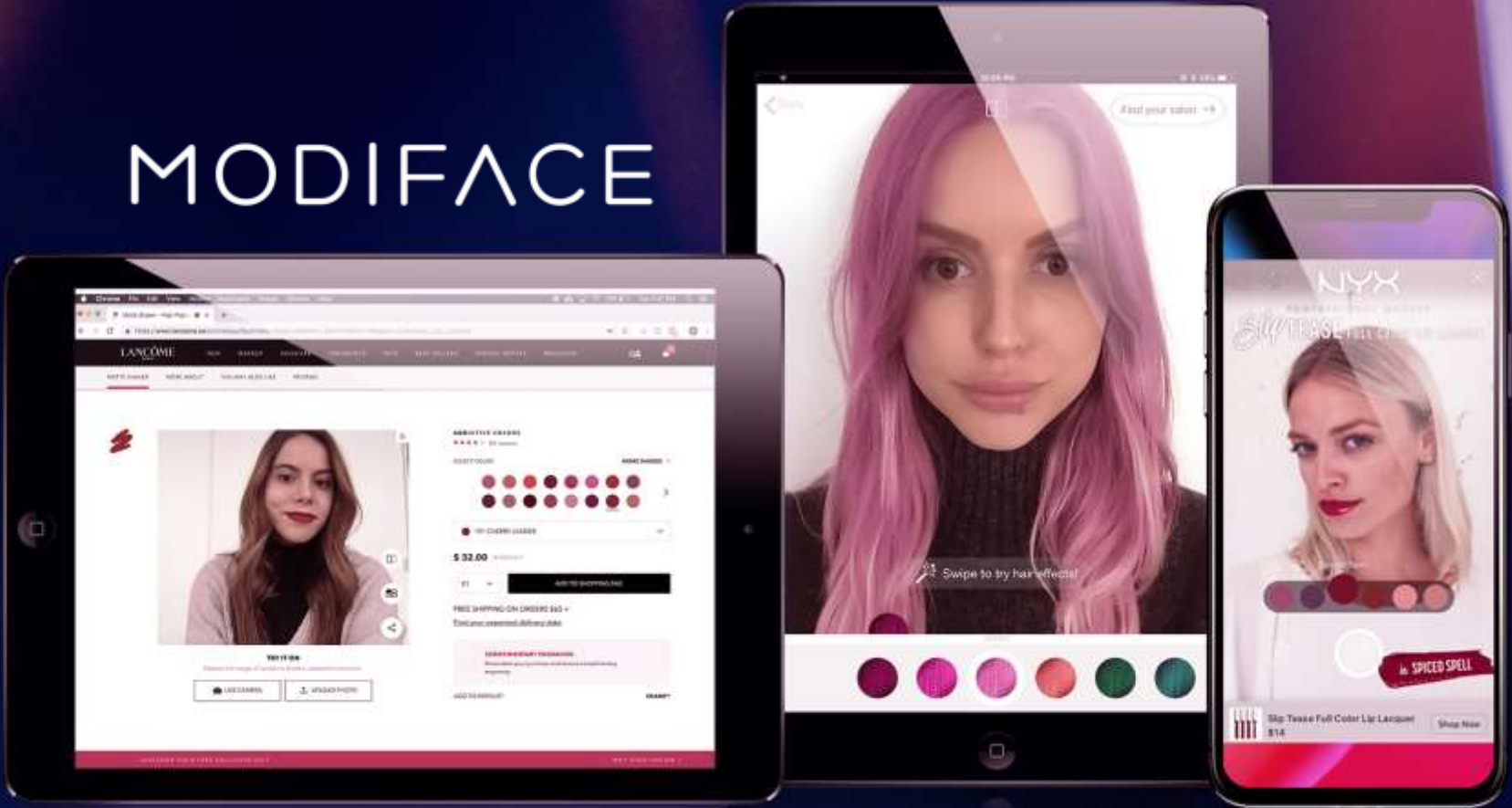
LANCÔME  
PARIS

Kiehl's  
SINCE 1851

DIGITAL IS BOOSTING OUR POWER  
TO CONNECT WITH CONSUMERS

# ENRICHING SERVICES

## MODIFACE





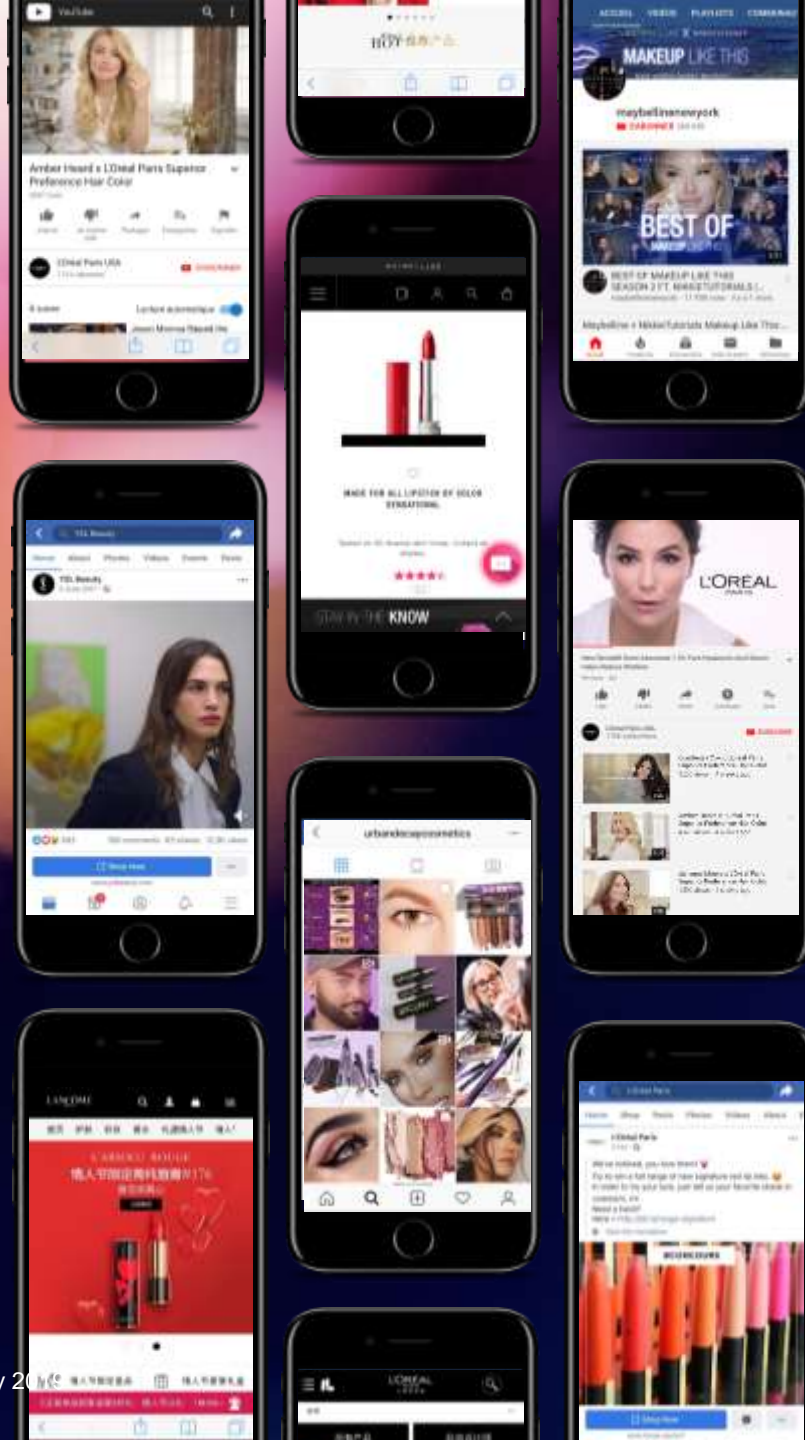
DIGITAL IS BOOSTING  
MEDIA EFFICIENCY

DIGITAL COCKPIT



ENHANCING ROI

**43%**  
OF MEDIA SPEND  
ON DIGITAL  
  
OF WHICH  
  
**3/4**  
ON PRECISION  
ADVERTISING





DIGITAL IS TOTALLY  
**EMBEDDED**  
IN OUR TEAMS

**2,000**

DIGITAL EXPERTS

**22,000**

EMPLOYEES UPSKILLED





**DIGITAL**

**A POWERFUL  
ACCELERATOR  
FOR GROWTH**

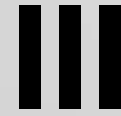


BEYOND DIGITAL

L'ORÉAL  
**LEADER**  
OF THE NEW

**BEAUTY TECH**  
WORLD





# POWERING AHEAD

22 February 2019

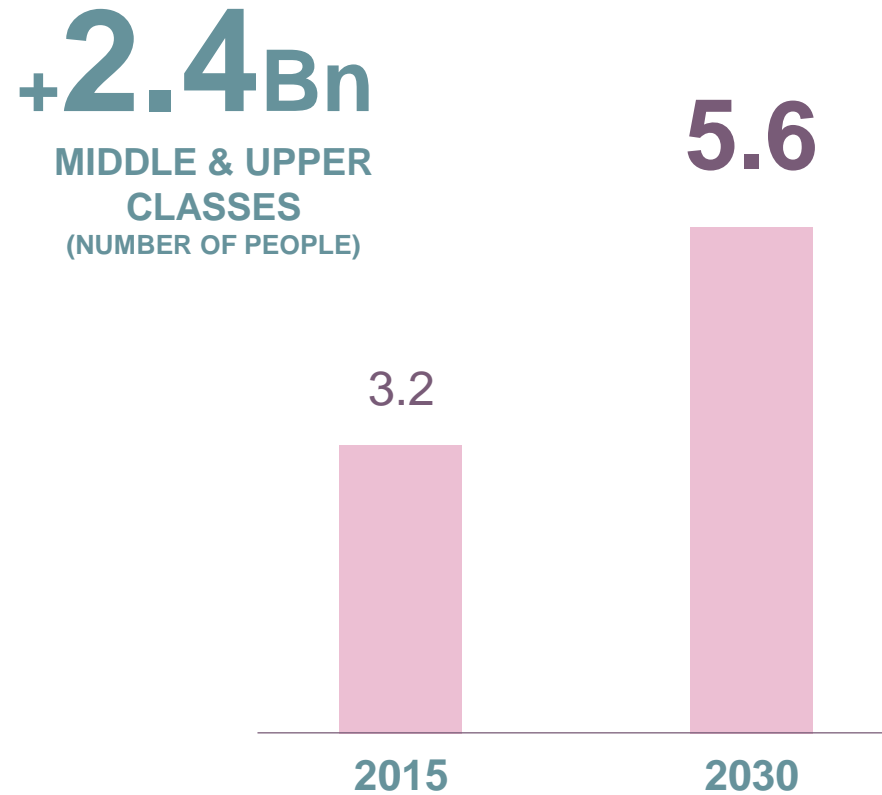
L'ORÉAL



WE ARE CONFIDENT THAT  
THE **MARKET** WILL  
CONTINUE TO  
**GROW**  
AT A GOOD PACE



# RISE OF THE MIDDLE & UPPER CLASSES<sup>1</sup>



## UPPER MIDDLE + UPPER CLASSES SPENDING BY 2030



# HUGE POTENTIAL TO INCREASE CONSUMPTION

BEAUTY CONSUMPTION PER CAPITA INDEX<sup>1</sup>

**100**

NORTH AMERICA  
WESTERN EUROPE  
JAPAN

**<35**

EASTERN EUROPE  
LATIN AMERICA

**<20**

ASIA  
MIDDLE-EAST

**<10**

AFRICA



THE NUMBER OF SENIORS  
WILL ALMOST DOUBLE



SENIORS

**1Bn<sup>1</sup>**

BY 2030

URBANIZATION CREATES  
NEW NEEDS AND NEW DESIRES



URBAN POPULATION

**5Bn<sup>1</sup>**

BY 2030

MEN:  
STILL THE BEGINNING



MEN'S MARKET

**<10%<sup>2</sup>**

OF THE BEAUTY MARKET



FUNDAMENTAL  
**PRINCIPLES**

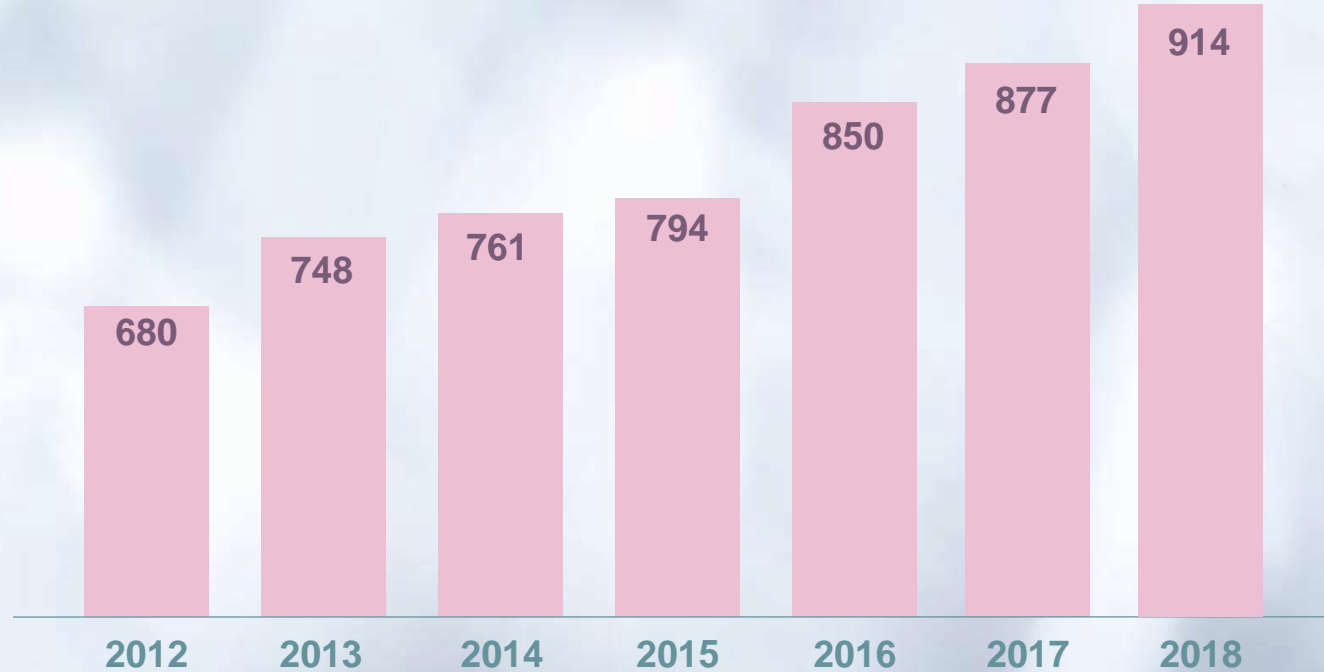


1

# ABSOLUTE FAITH IN THE SUPERIOR QUALITY OF OUR PRODUCTS



# A CONTINUOUS STRATEGIC FOCUS ON RESEARCH & INNOVATION



R&D EXPENSES IN MILLION €



2

# TOPLINE GROWTH

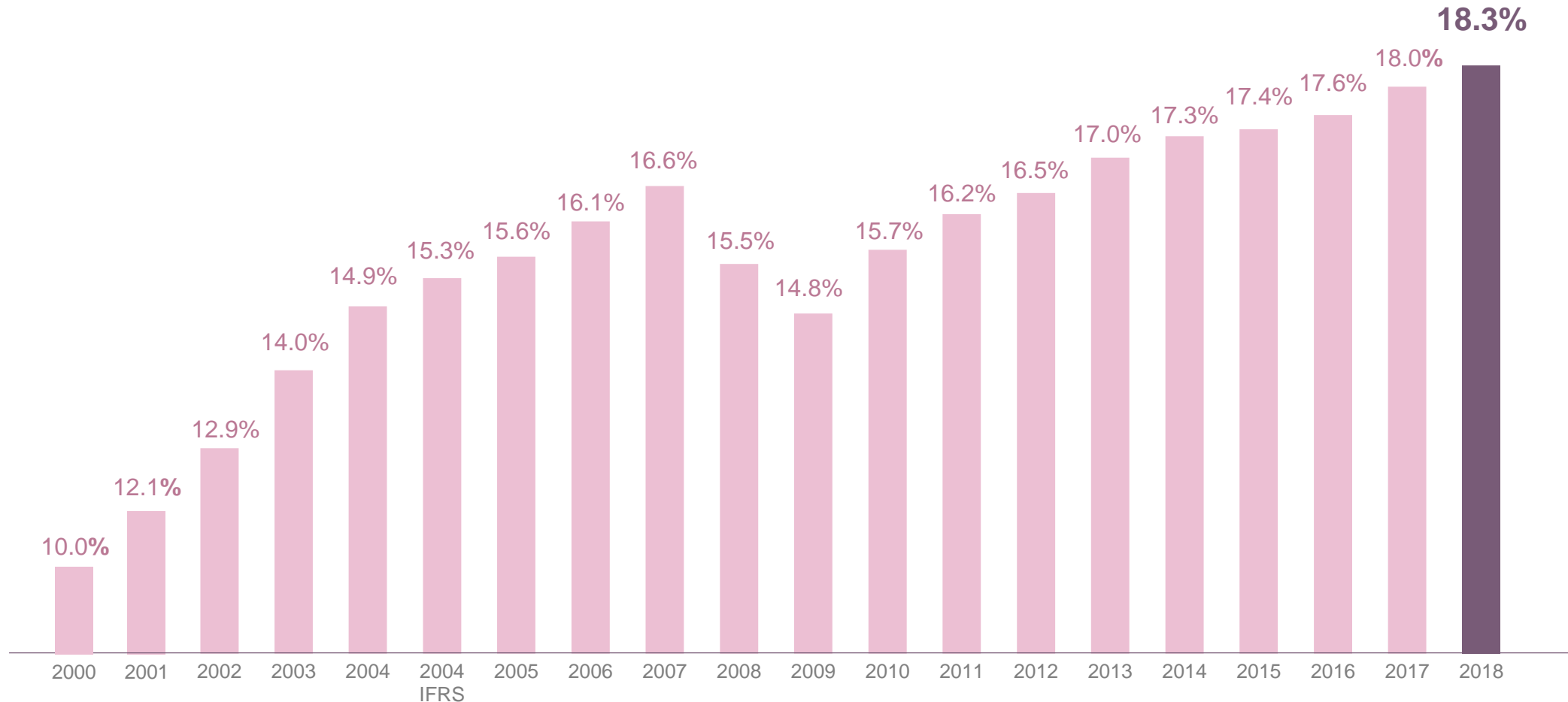
THE BEST ROUTE TO VALUE CREATION

**1** FOCUS ON TOPLINE GROWTH

+

**2** OPERATIONAL DISCIPLINE

# CONSISTENT GROWTH IN OPERATING MARGIN

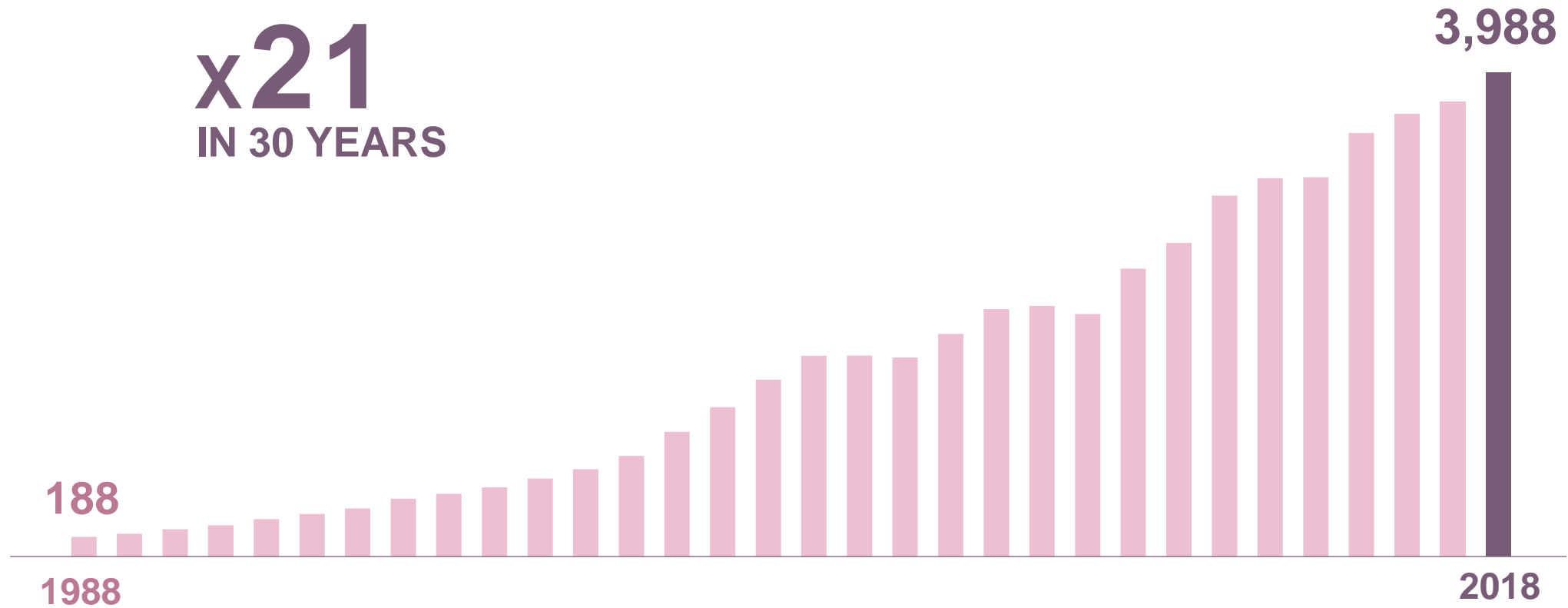




# SUSTAINED PROFIT INCREASE<sup>1</sup>

NET PROFIT SINCE 1988 IN MILLION EUROS

**x21**  
IN 30 YEARS



<sup>1</sup>Net operating profit, excl. non-recurring items attributable to owners of the company, with Synthélabo consolidated fully up to 1998; net profit excl. non-recurring items attributable to owners of the company, with Sanofi-Synthélabo equity consolidated from 1999 to 2004; net profit excl. non-recurring items attributable to owners of the company including Sanofi dividend from 2004; IFRS since 2005

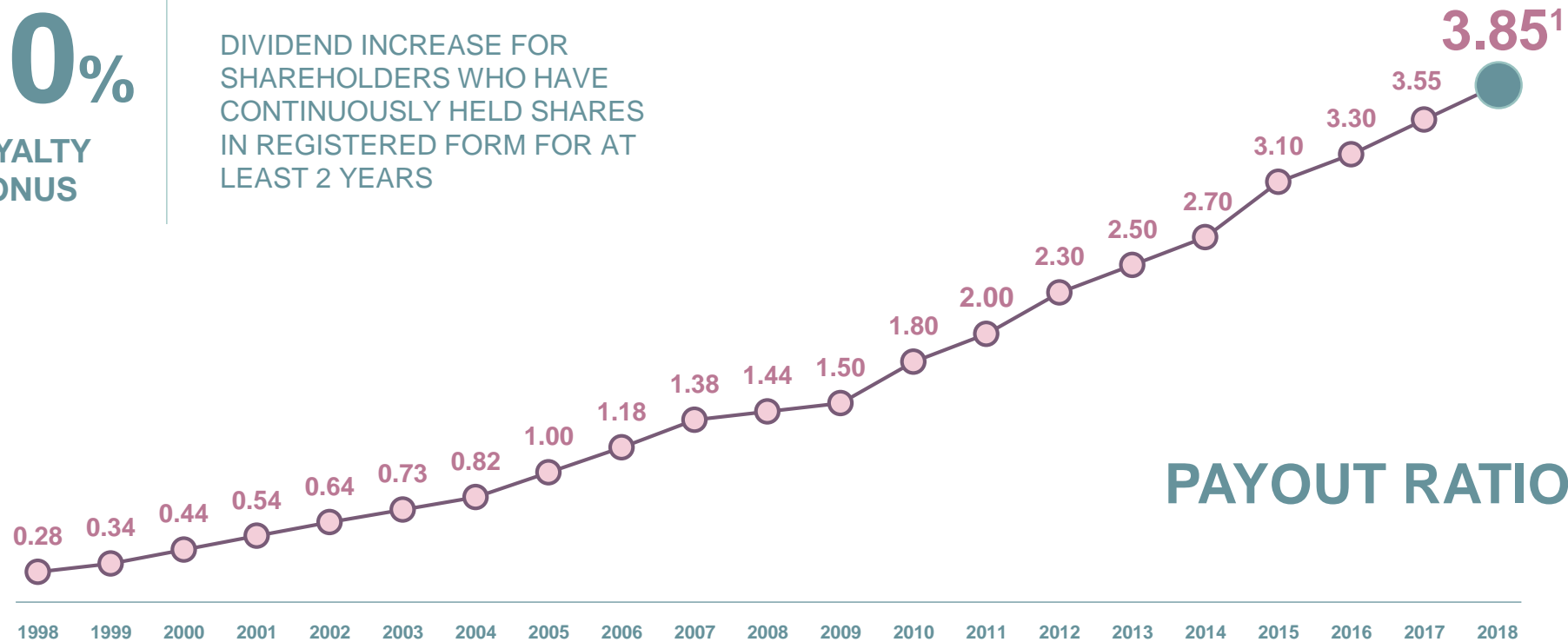
# A DYNAMIC DIVIDEND POLICY

DIVIDEND PER SHARE SINCE 1998 IN EUROS

+8.5%

**+10%**  
LOYALTY  
BONUS

DIVIDEND INCREASE FOR  
SHAREHOLDERS WHO HAVE  
CONTINUOUSLY HELD SHARES  
IN REGISTERED FORM FOR AT  
LEAST 2 YEARS



**PAYOUT RATIO: 54.4%<sup>2</sup>**

<sup>1</sup>To be proposed at the Annual General Meeting on 18 April 2019.

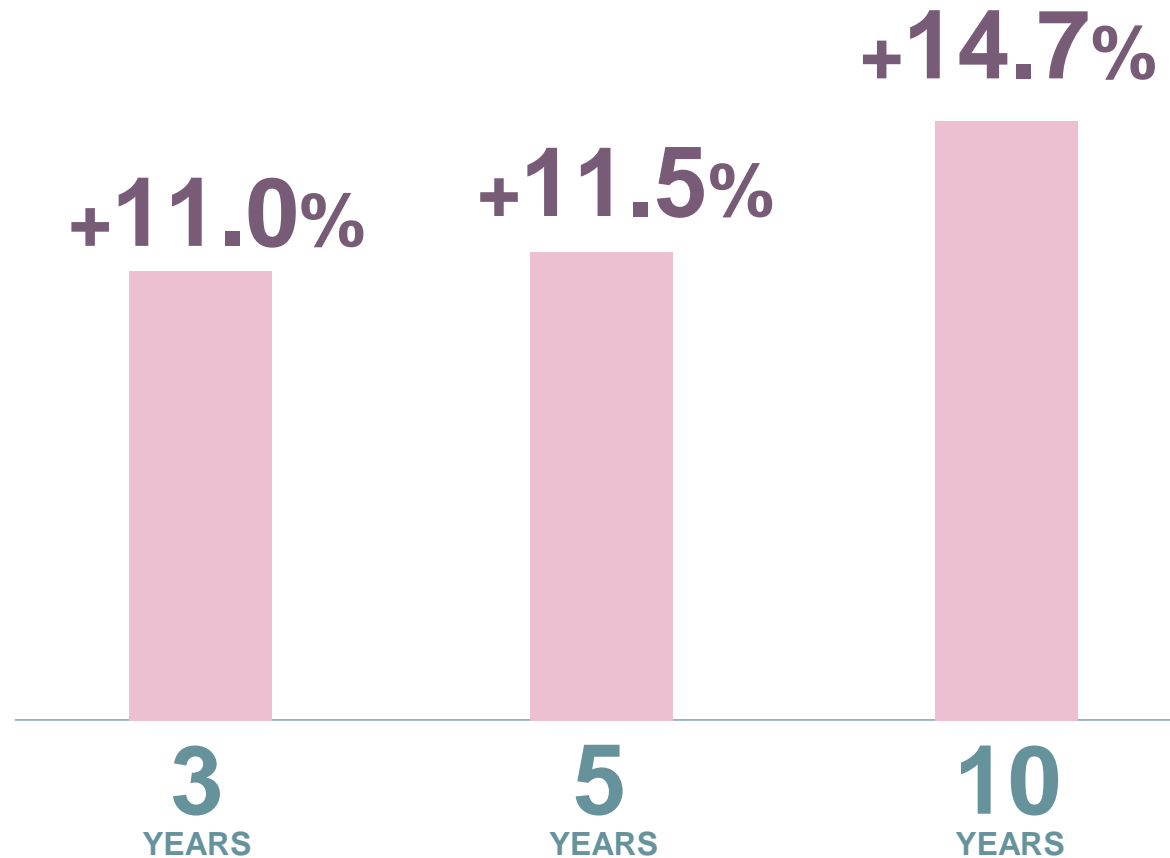
2018 dividend paid in 2019: pay-out of the 10% loyalty bonus (preferential dividend of 10%), for shares held in registered form since 2016

<sup>2</sup>Based on the dividend proposed at the AGM to be held on 18 April 2019.



# DOUBLE-DIGIT TSR

ANNUAL TOTAL SHAREHOLDER RETURN<sup>1</sup>



# TEN YEAR EVOLUTION OF THE SHARE PRICE



3

# VICTORIES ARE WON ON THE BATTLEFIELD





VICTORIES ARE WON ON THE BATTLEFIELD

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STRATEGICALLY  
**CONCENTRATED**

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OPERATIONALLY  
**DECENTRALIZED**

VICTORIES ARE WON ON THE BATTLEFIELD



**EMPOWERED LOCAL TEAMS**

CONSUMER RELEVANCE

RESOURCES DEPLOYMENT

**AGILITY & EXCELLENCE  
ON THE FIELD**



4

# CATCH THE GROWTH

WHEREVER IT STARTS



CATCH THE GROWTH WHEREVER IT STARTS

## ABSOLUTE COVERAGE OF THE MARKET

## MAXIMUM FLEXIBILITY TO SEIZE GROWTH

### 7 DISTRIBUTION CHANNELS

HAIR SALONS



MASS RETAIL



DEPARTMENT STORES  
PERFUMERIES



PHARMACIES  
DRUGSTORES  
MEDISPAS



BRANDED RETAIL



TRAVEL RETAIL



E-COMMERCE



### 5 BEAUTY CATEGORIES



HAIRCARE



HAIR COLOR



SKINCARE



FRAGRANCES



MAKEUP

ALL PRICE SEGMENTS

ALL REGIONS

ALL PSYCHOGRAPHICS

CATCH THE GROWTH WHEREVER IT STARTS

# ACQUISITIONS TO CAPTURE NEW BEAUTY DESIRES

MASS  
MEDICAL



DIGITAL  
PROFESSIONAL  
BEAUTY



ORGANIC &  
NATURAL



K-BEAUTY



LUXURY





5

# POWER TO POSITIVELY IMPACT



# OUR PERFORMANCE IS RECOGNIZED

## ENVIRONMENT



**L'ORÉAL,  
ONLY COMPANY WITH 3 "A"  
FOR THE 3<sup>rd</sup> YEAR RUNNING**

## GENDER EQUALITY



**#1 IN EUROPE  
GENDER EQUALITY**

## ETHICS



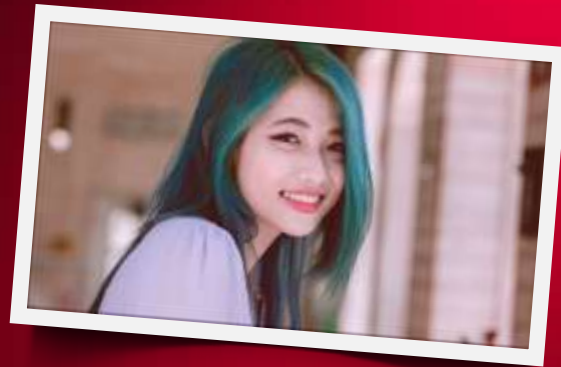
**#1 WORLDWIDE  
2018 ETHICALQUOTE  
REPUTATION INDEX<sup>1</sup>**





**A VERY DIFFERENT  
AND UNIQUE COMPANY**

**PERFECTLY ADAPTED  
AND IN TUNE WITH THE  
EVOLUTION OF THE WORLD**



**OFFERING TO  
ALL WOMEN AND MEN  
ON THE PLANET  
THE BEST OF BEAUTY  
IN TERMS OF QUALITY, EFFICACY,  
SAFETY AND RESPONSIBILITY**





More *optimistic*  
**CONFIDENT**  
DETERMINED *than ever*



**CONFIDENCE IN OUR ABILITY  
TO OUTPERFORM THE BEAUTY MARKET  
AND  
ACHIEVE ANOTHER YEAR OF GROWTH  
IN BOTH SALES AND PROFITS**

**THANK  
YOU**

**MERCI**



# Q&A

----- Disclaimer -----

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