

欧莱雅中国
L'ORÉAL
CHINA

WINNING

Through

CONSUMER
OBSESSION

Stéphane RINDERKNECH

CEO of L'Oréal China
November 2018





“
Our mission is to put a lipstick in the hands of every Chinese woman.
”

— Lindsay OWEN-JONES
Chairman and CEO of L'Oréal Group (1988-2006)



“
I believe that one day China will become the No.1 country in the world in terms of economy and also for L'Oréal, I have this vision!
”

— Jean-Paul AGON
Then APAC President of L'Oréal Group
Present Chairman and CEO of L'Oréal Group

PHASE I: GAINED INITIAL SUCCESS AFTER CHINA'S REFORM AND OPENING-UP (1997-1999)



Head Office in Shanghai
Wholly-Owned Company

Suzhou Plant Started
Production

Six Beauty Brands
Entered in China

L'ORÉAL
PARIS

VICHY 薇姿
LABORATOIRES

MAYBELLINE
NEW YORK

巴黎欧莱雅沙龙专属

L'ORÉAL
PROFESSIONNEL
PARIS

LANCÔME
PARIS

KÉRASTASE
PARIS
VERY PERSONAL CARE FOR EXCEPTIONAL HAIR

1997

1999 L'Oréal China Was Ready to Accelerate
Its Beauty Journey

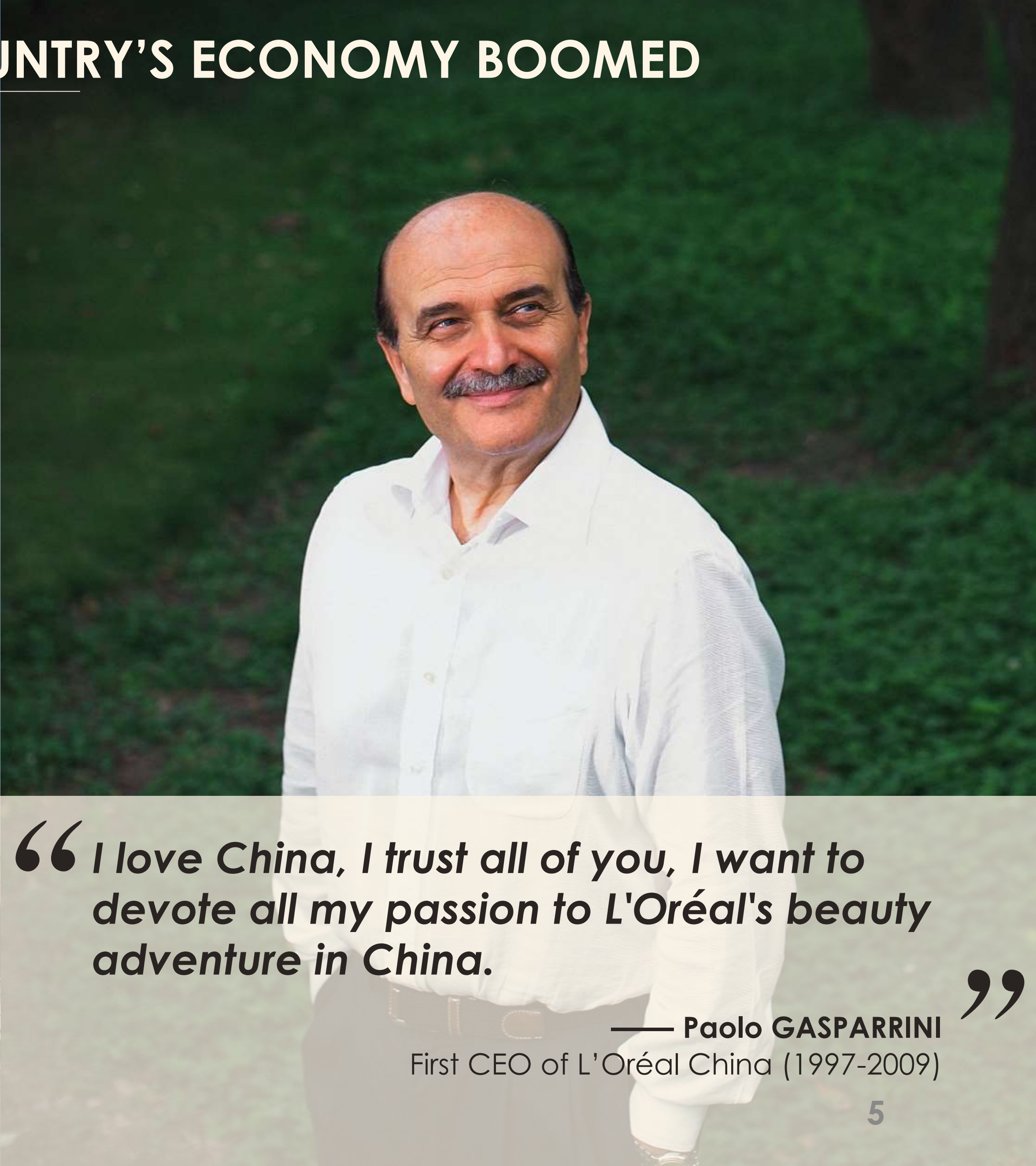
**From the Tips of Your Nails
to the Ends of Your Hair -
L'Oréal Inspired Chinese Women's
Desire for Beauty.**



PHASE II: ROOTED IN CHINA AS THE COUNTRY'S ECONOMY BOOMED (2000-2007)



- ◆ China joined the WTO in 2001
- ◆ GDP grew over 10% per annum over 5 years



“ I love China, I trust all of you, I want to devote all my passion to L'Oréal's beauty adventure in China. ”

— Paolo GASPARRINI
First CEO of L'Oréal China (1997-2009)



L'Oréal's Beauty Empire Established in China

**Beauty Is Not Only a Necessity,
It Brings Consumers Confidence,
Happiness and Fulfillment.**



PHASE III: FLOURISHING WITH THE RISE OF CHINA (2008-2012)



◆ In 2010, China became the world's 2nd largest economy



“ *With this team, the sky is the limit!* ”

— Alexis PERAKIS-VALAT
Second CEO of L'Oréal China (2010-2015)
President Consumer Products Division of L'Oréal Group (2016-Present)



Strong Growth Was Achieved in China

**Consumers' desire for a better life,
excellent brands and products.**

PHASE IV: WINNING WITH HIGH QUALITY IN THE NEW NORMAL (2013-FUTURE)



- ◆ Internet Plus
- ◆ The Belt and Road Initiatives
- ◆ Supply-side Reform



NEW
L'Oréal China

1 CHINA
HEAD OFFICE

1 R&I
CENTER

21 BRANDS

2 PLANTS

**FOOTPRINT
EXPANDED**
WITH CHINA'S
ECONOMIC BOOM

5 REGIONAL
OFFICES

5 DISTRIBUTION
CENTERS

9,700 EMPLOYEES

1 ACADEMY



欧莱雅中国
L'ORÉAL
CHINA

**NO. 1 BEAUTY GROUP
IN CHINA**
(since 2016)

Source: Euromonitor

L'ORÉAL CHINA GAINING SHARE TO NO.1

2008

2017

1 Competitor 1 14.3%

L'Oréal China 9.8% ↗

2 **L'Oréal China** 8.8%

Competitor 1 8.8% ↘

3 Competitor 2 4.1%

Competitor 2 3.5% ↘

Source: Euromonitor 2017 (released in Apr 2018)
*Beauty Market (incl. E-Commerce): Cosmetics Market plus Shaving (excl. Razor & Blades) & Sets/Kits

MARKET SHARE - TOP 10 BEAUTY GROUPS

2008			2017		
1	Competitor 1	14.3	➔	L'Oréal China	9.8
2	L'Oréal China	8.8		Competitor 1	8.8
3	Competitor 2	4.1	Competitor 2	3.5	
4	Competitor 3	3.2	Competitor 10 <i>new</i>	3.0	
5	Competitor 4	3.1	Competitor 11 <i>new</i>	2.9	
6	Competitor 5	3.0	Competitor 12 <i>new</i>	2.8	
7	Competitor 6	2.9	Competitor 13 <i>new</i>	2.7	
8	Competitor 7	2.7	Competitor 14 <i>new</i>	2.5	
9	Competitor 8	2.3	Competitor 8	2.5	
10	Competitor 9	2.0	Competitor 5	2.4	

Source: Euromonitor 2017 (released in Apr 2018)

*Beauty Market (incl. E-Commerce): Cosmetics Market plus Shaving (excl. Razor & Blades) & Sets/Kits



#1 in China
E-Commerce Beauty Market

ONLINE MARKET SHARE

2x

Over Next Competitor



10%



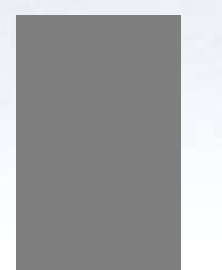
L'Oréal

5%

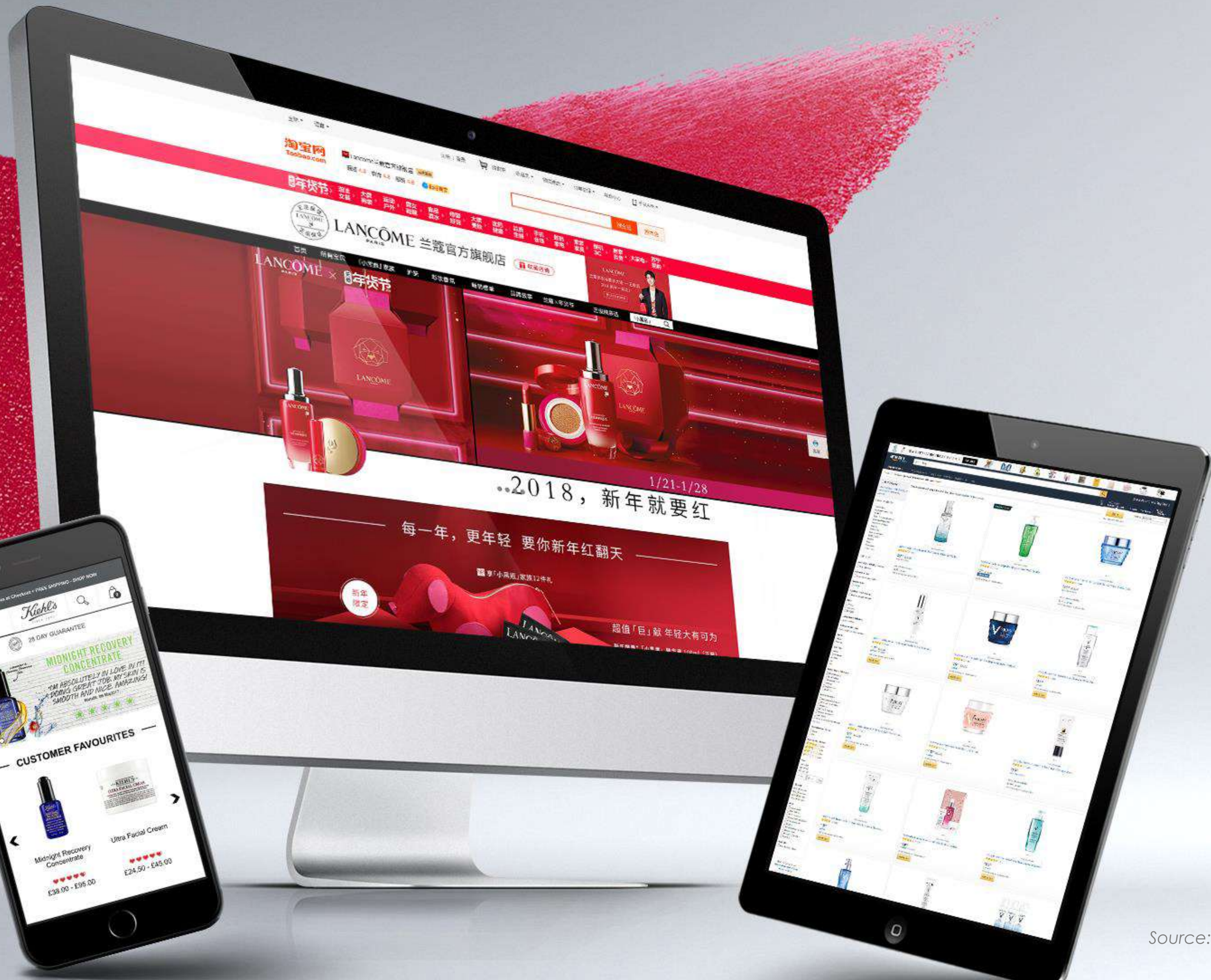


Competitor 1

4%



Competitor 2



ONLINE MARKET SHARE: LEAD IN EACH SECTOR

Mass Market



8%

L'Oréal CPD

5%

Competitor 1

4%

Competitor 2

Selective Market



22%

L'Oréal Luxe

19%

Competitor 1

13%

Competitor 2

Source: Smartpath B2C, 2018 YTD Aug

L'ORÉAL BRANDS IMPROVED TMALL RANKING ON 11.11



	2016	2017	2018
1	Competitor 1	Competitor 1	Lancôme
2	Competitor 2	Lancôme	Competitor 9
3	Competitor 3	Competitor 4	L'Oréal Paris
4	Competitor 4	Competitor 3	Competitor 4
5	Competitor 5	Competitor 9	Competitor 3
6	Lancôme	Competitor 5	Competitor 1
7	Competitor 6	Competitor 10	Competitor 5
8	Competitor 7	L'Oréal Paris	Competitor 12
9	L'Oréal Paris	Competitor 7	Competitor 8
10	Competitor 8	Competitor 11	Competitor 11

Source: 2018 Tmall; 2017 QBT; 2016 Smartpath

**A FLOTILLA OF 21
CONSUMER-LOVED
BRANDS**

L'ORÉAL PARIS
MAYBELLINE NEW YORK
LANCÔME PARIS
巴黎欧莱雅沙龙专属
L'ORÉAL PROFESSIONNEL PARIS
VICHY 薇姿 LABORATOIRES

BIOHERM
HR HELENA RUBENSTADT
KÉRASTASE PARIS
VERY PERSONAL CARE FOR EXCEPTIONAL HAIR

LA ROCHE-POSAY
LABORATOIRE DERMATOLOGIQUE
理肤泉

YUESAI
shu uemura

GIORGIO ARMANI beauty

Kiehl's SINCE 1851

SKINCEUTICALS 修丽可

YVES SAINT LAURENT BEAUTE
clarisonic 科莱丽

mg 美即面膜

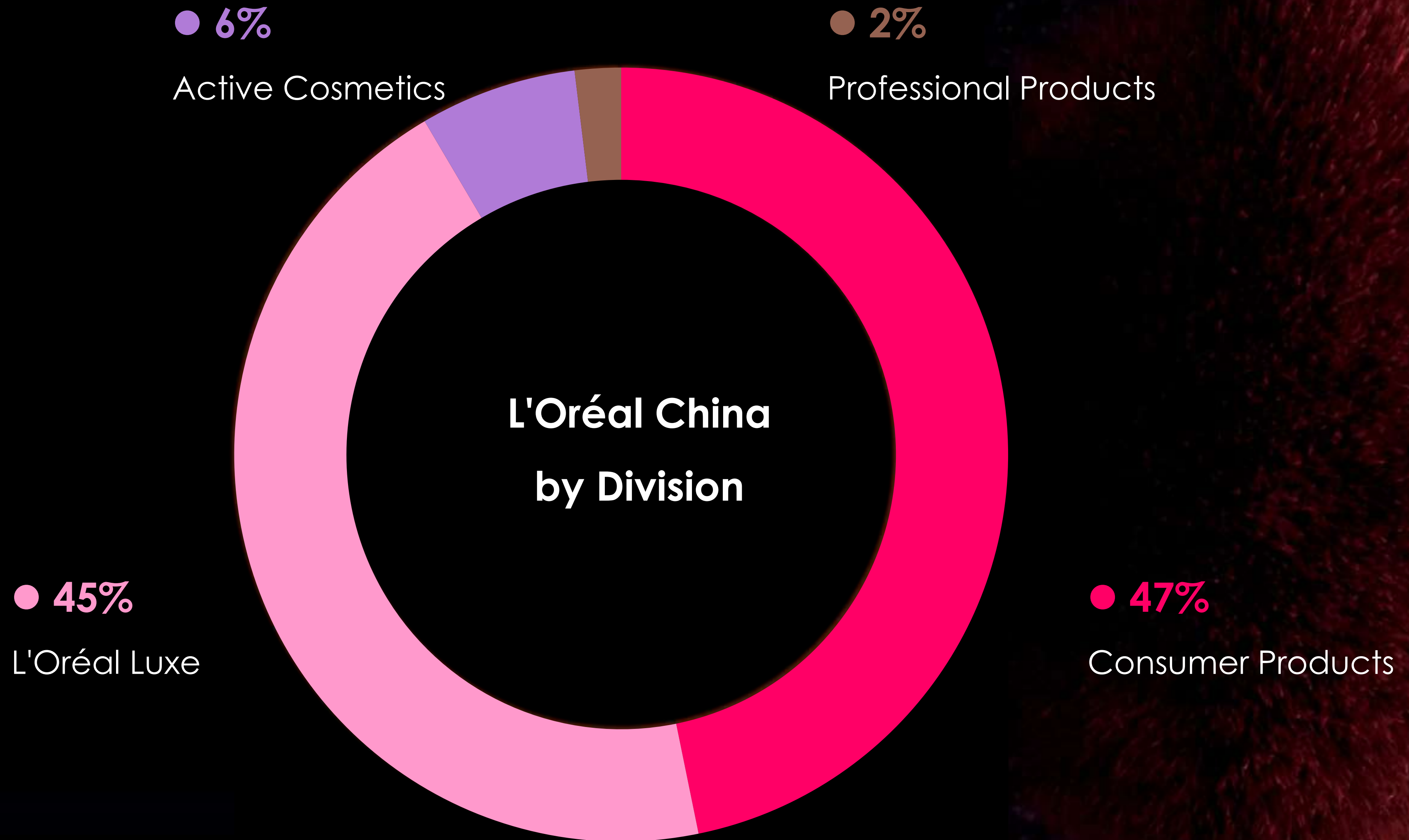
ROGER & GALLET
Atelier Cologne
Maison de Parfum PARIS

CeraVe 适乐肤
HOUSE 99

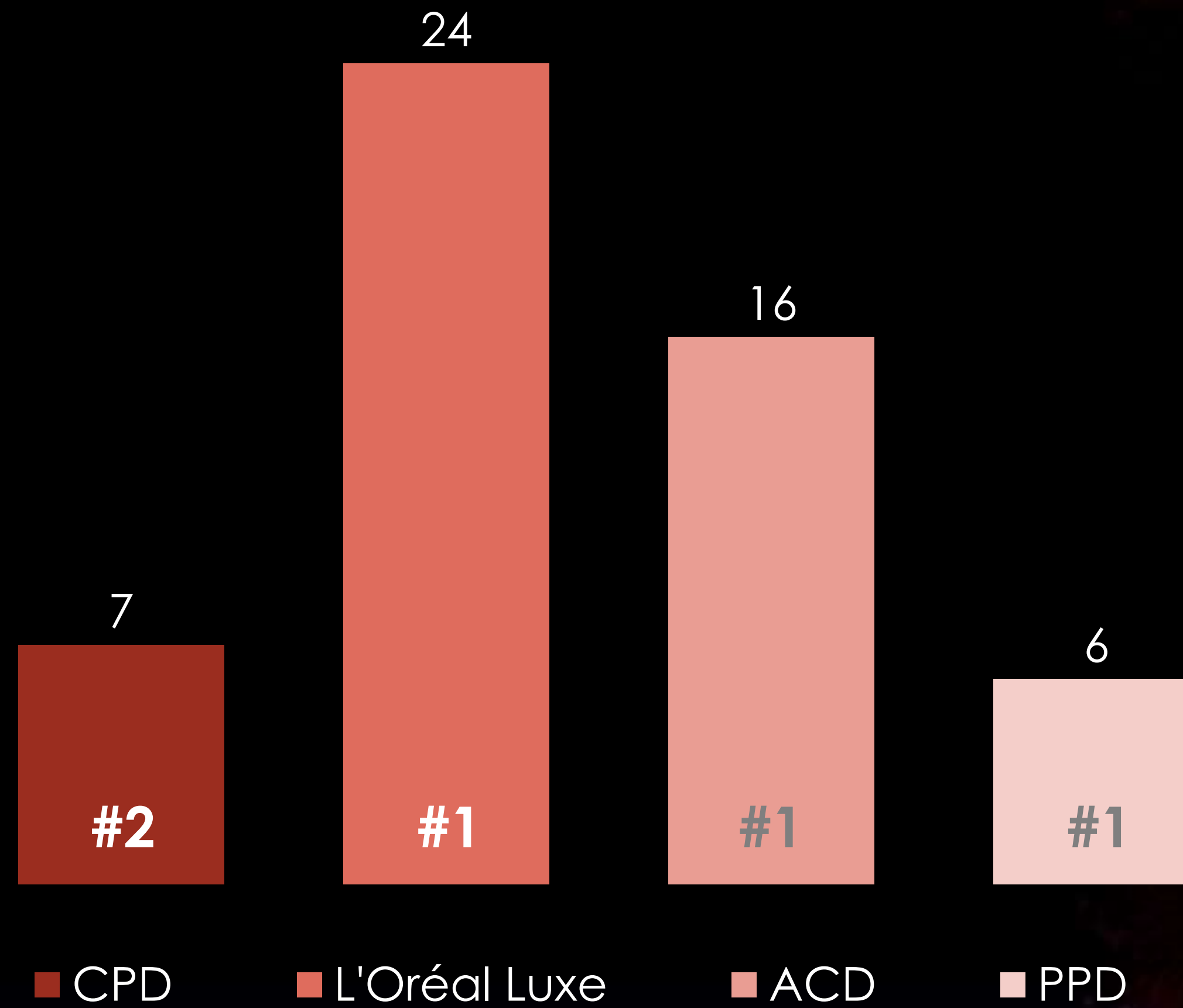


x100

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018



L'ORÉAL MARKET SHARE BY DIVISION





WE REACH

> 100mn

CONSUMERS

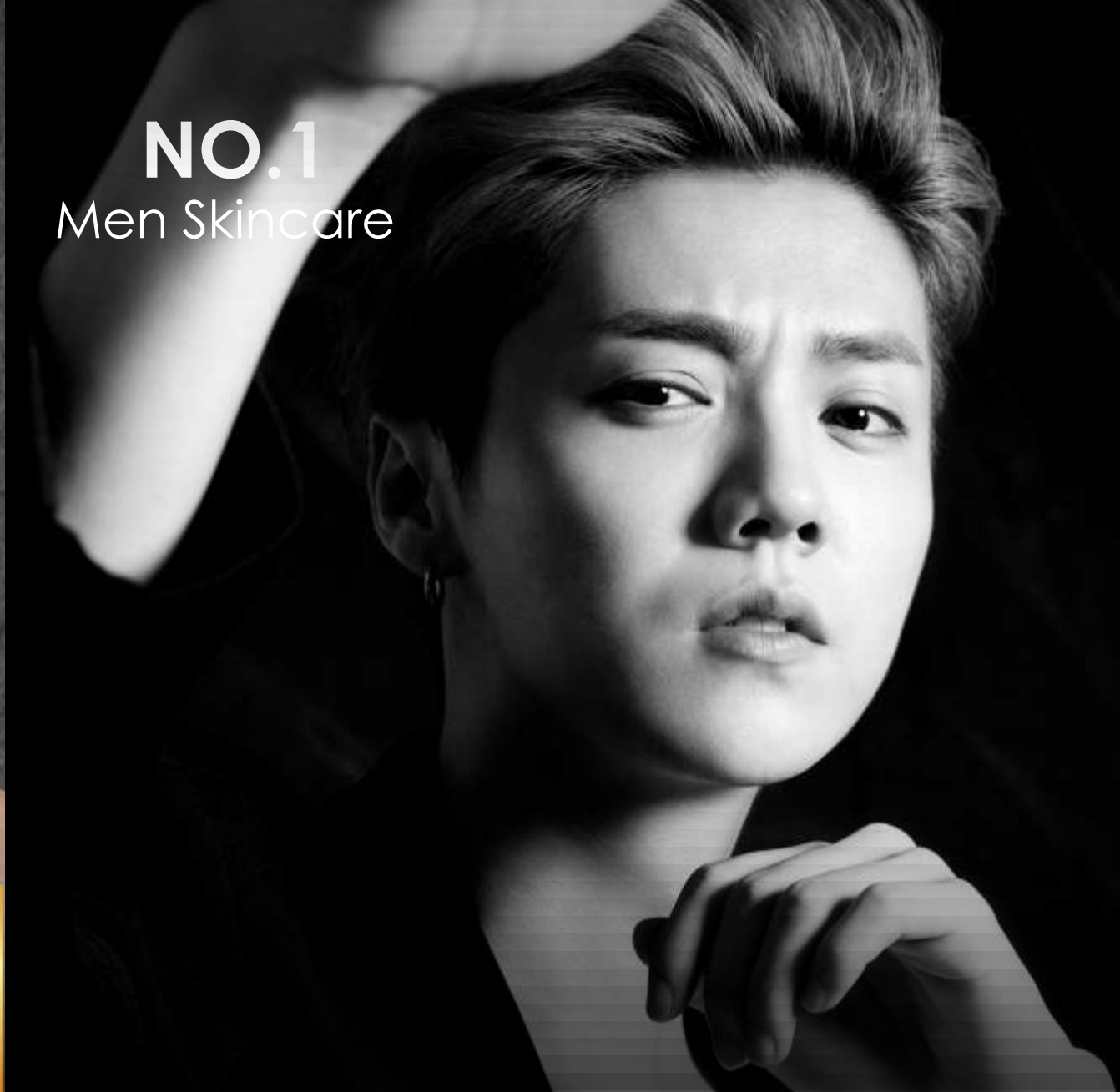
NO.1
Skincare



NO.1
Make-up



NO.1
Men Skincare

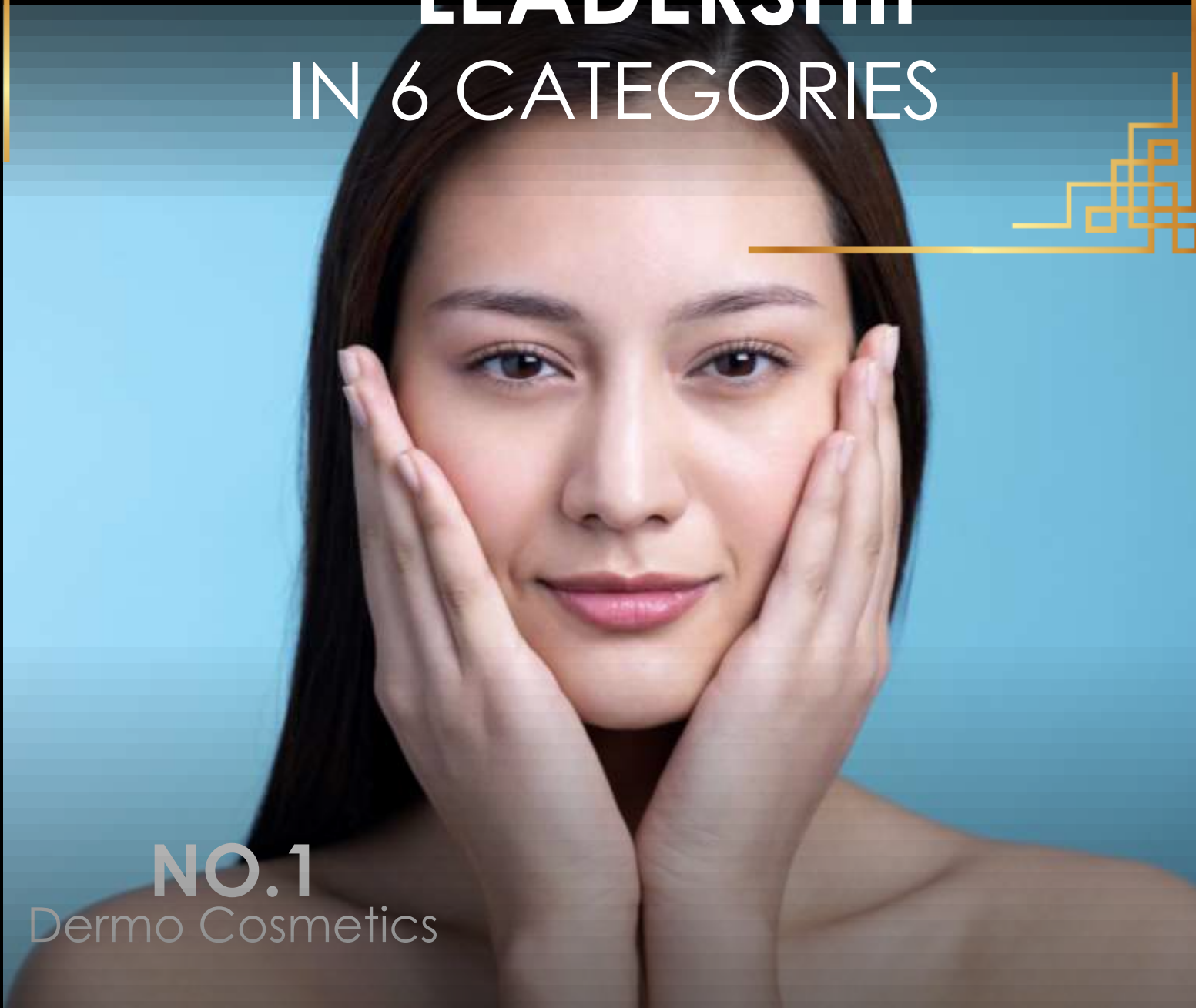


**MARKET
LEADERSHIP
IN 6 CATEGORIES**

NO.1
Luxury Beauty



NO.1
Dermo Cosmetics



NO.1
Professional Hair Products





OUR SECRET BEHIND SUCCESS

is...



L'Oréal China 5-POWER Model



1.

WINNING FUNDAMENTALS

*Aspirational Brands & Products With
High Quality*



POWER

Of

LOVE
BRANDS

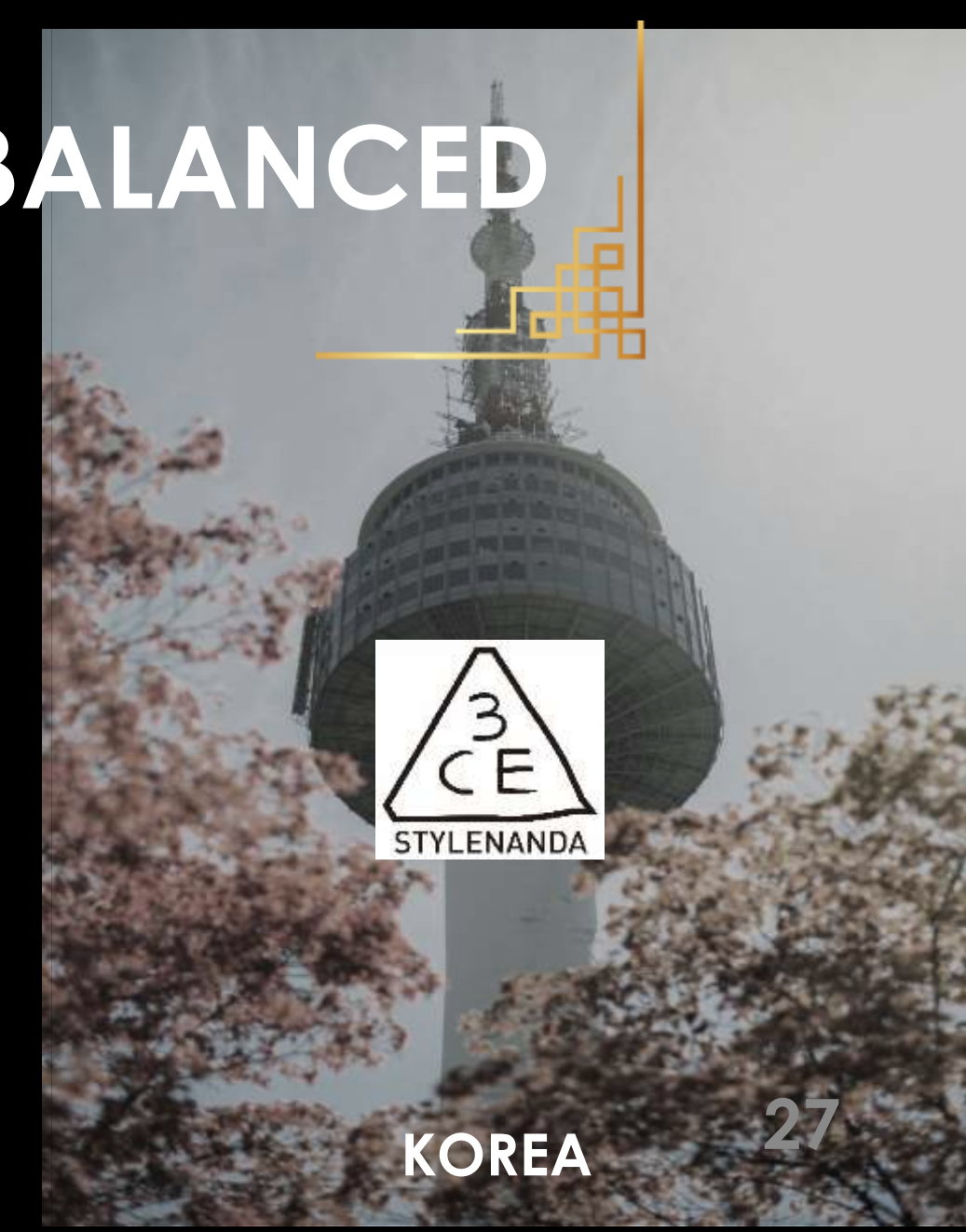
爱





UNIQUE PORTFOLIO

POWERFUL, ASPIRATIONAL, BALANCED





LANCÔME
PARIS

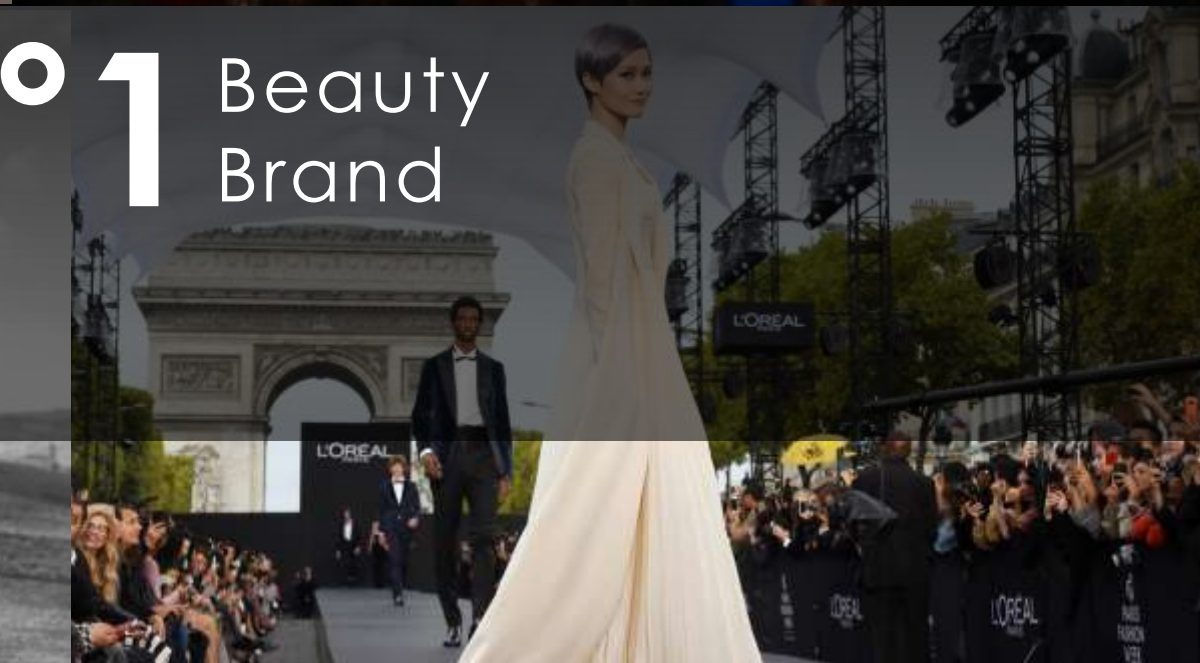
THE BIG

L'ORÉAL
PARIS

N°1 Selective
Beauty Brand

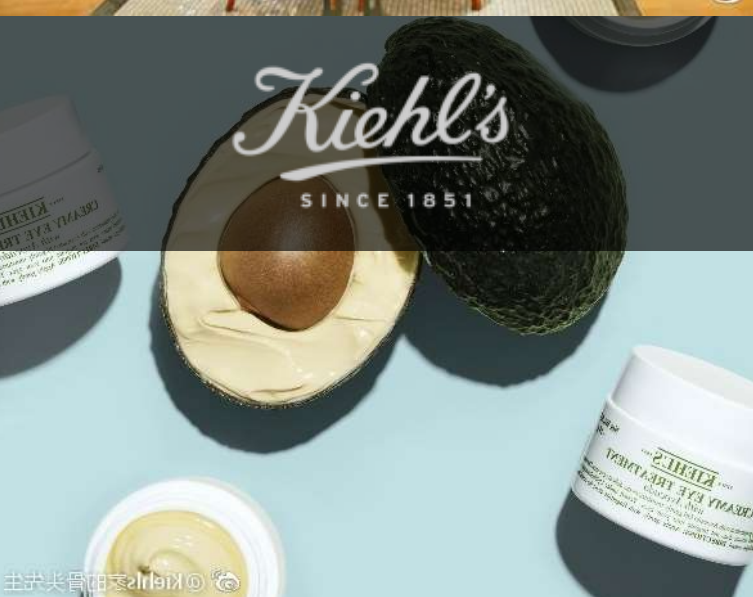
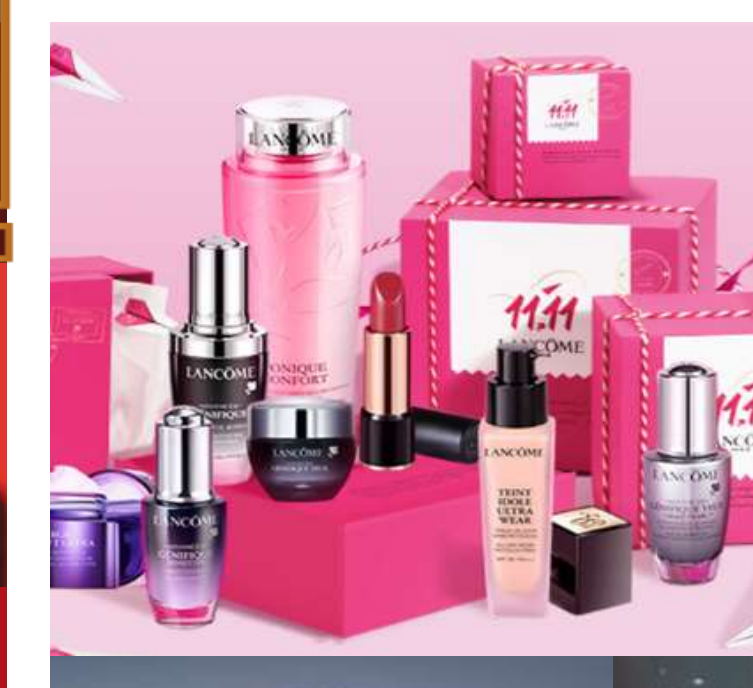
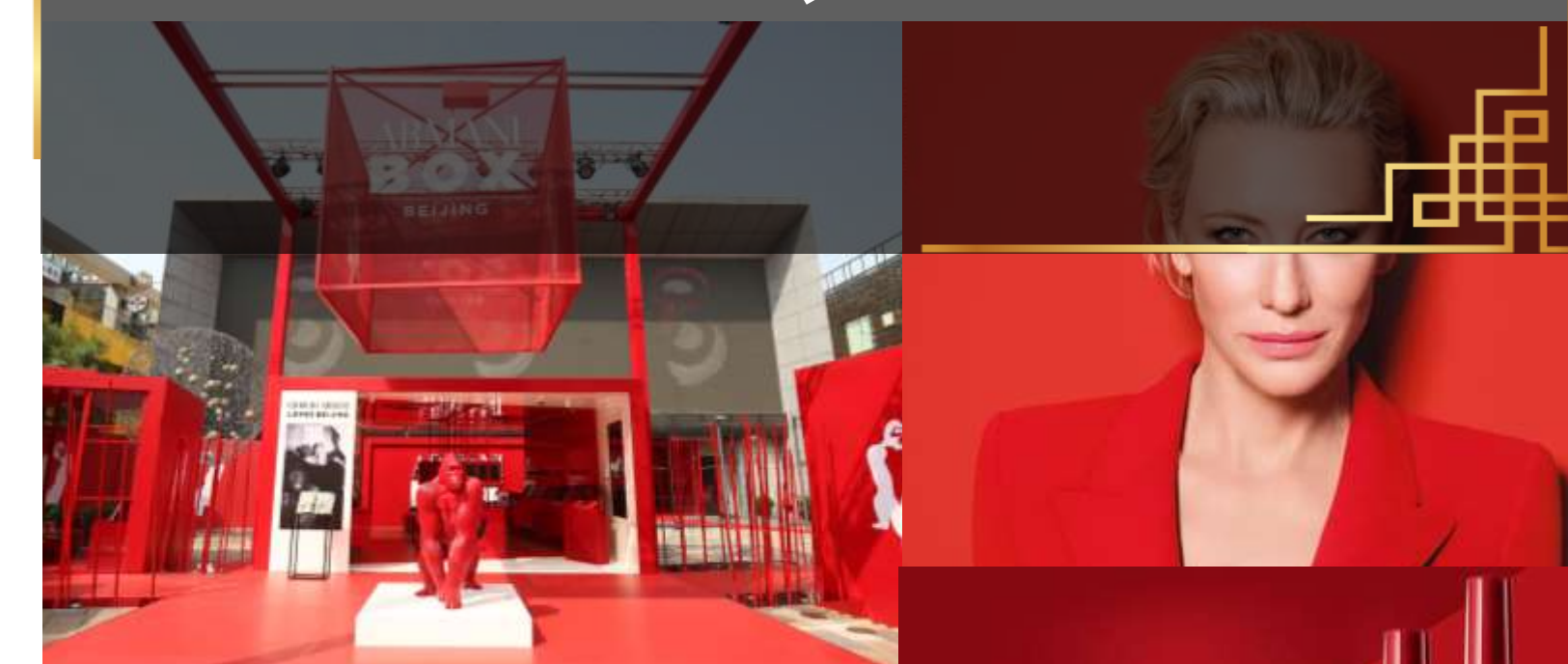
GET BIGGER

N°1 Beauty
Brand



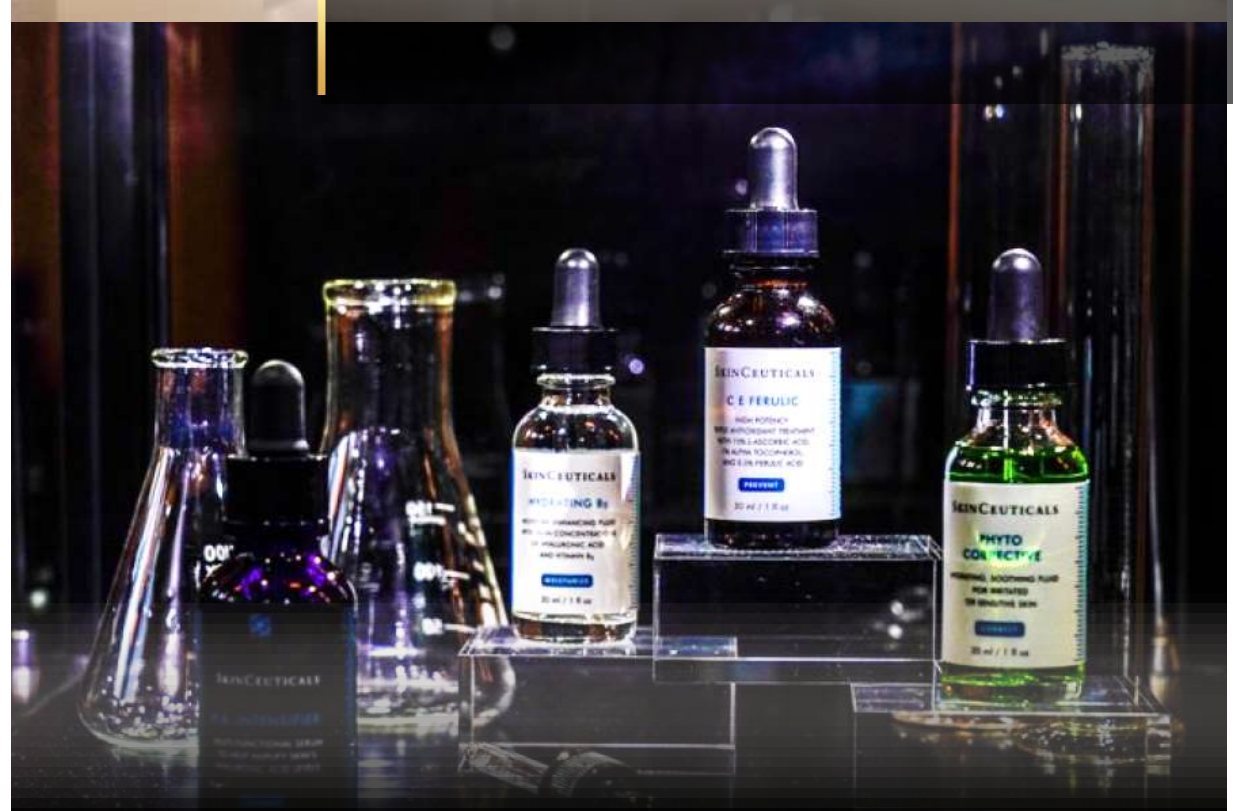


6 BRANDS > 1 bn RMB





LA ROCHE-POSAY
LABORATOIRE DERMATOLOGIQUE
理 肤 泉



SKINCEUTICALS 修丽可



#ARM MY SKIN
抵御 · 修护 捍卫年轻

HR
HELENA RUBINSTEIN



殿堂级护发传奇
卡诗神仙精油

巴黎卡诗中国区
© 2017 L'Oréal Paris



KÉRASTASE 30
PARIS
VERY PERSONAL CARE FOR EXCEPTIONAL HAIR

RICH SOURCE OF
FUTURE GROWTH



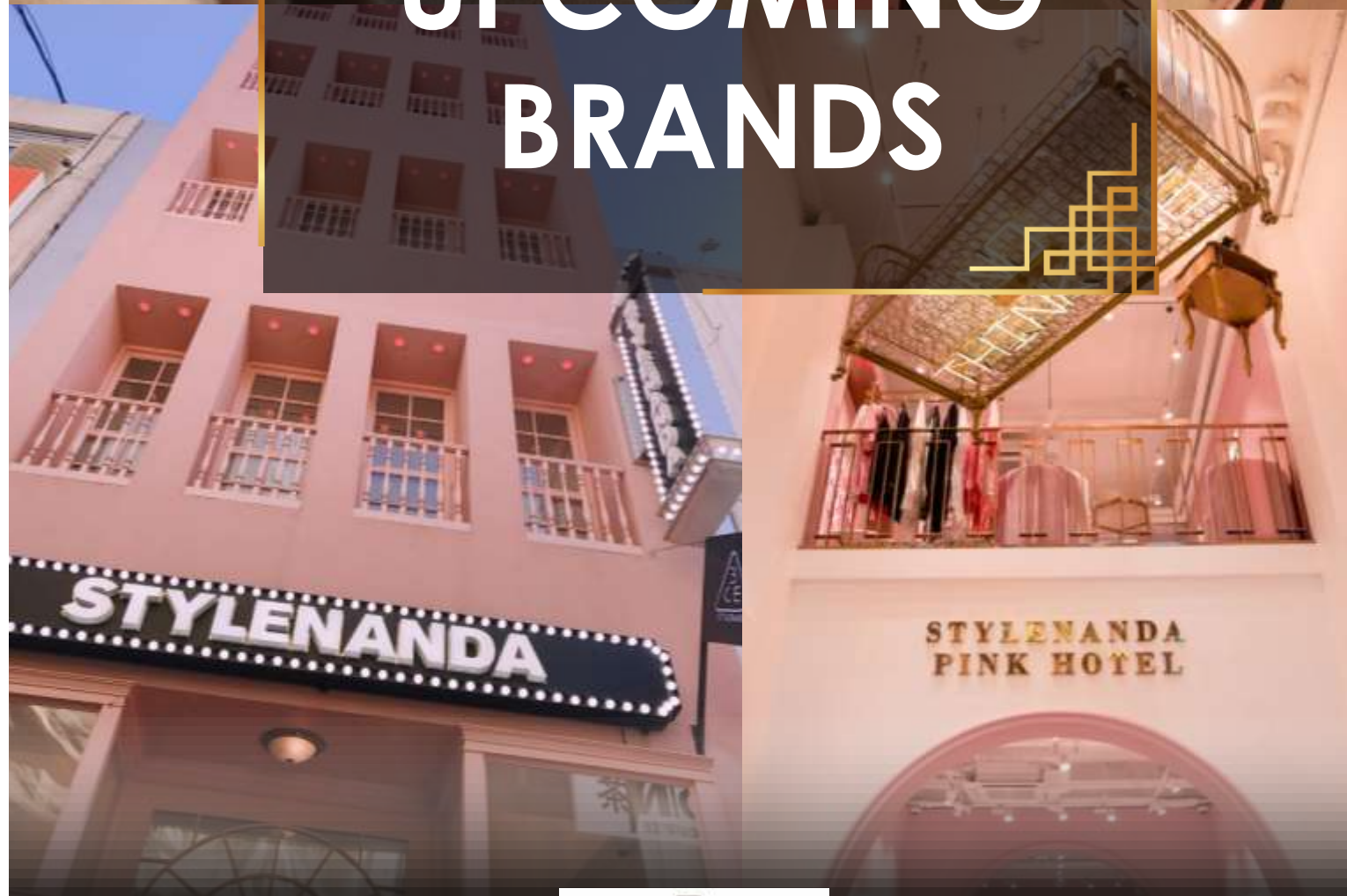
SAINT-GERVAIS
MONT BLANC
EAU THERMALE



SAINT-GERVAIS
MONT BLANC
勃朗圣泉



UPCOMING
BRANDS



3
CE
STYLENANDA



CeraVe
DEVELOPED WITH DERMATOLOGISTS
适乐肤

干敏肌
屏障修护专家

#1 美国皮肤学专家
推荐的保湿产品



CeraVe
DEVELOPED WITH DERMATOLOGISTS
适乐肤



ASPIRATIONAL
BRANDED EVENTS &
IN-STORE EXECUTION





**SUPERIOR & UNIQUE
INNOVATION**

2. *Not only meet consumer demands,
but also create new desires*

**Scientific expertise of our
worldwide research
centres, combined with
our China innovation hub**

Established in 2005

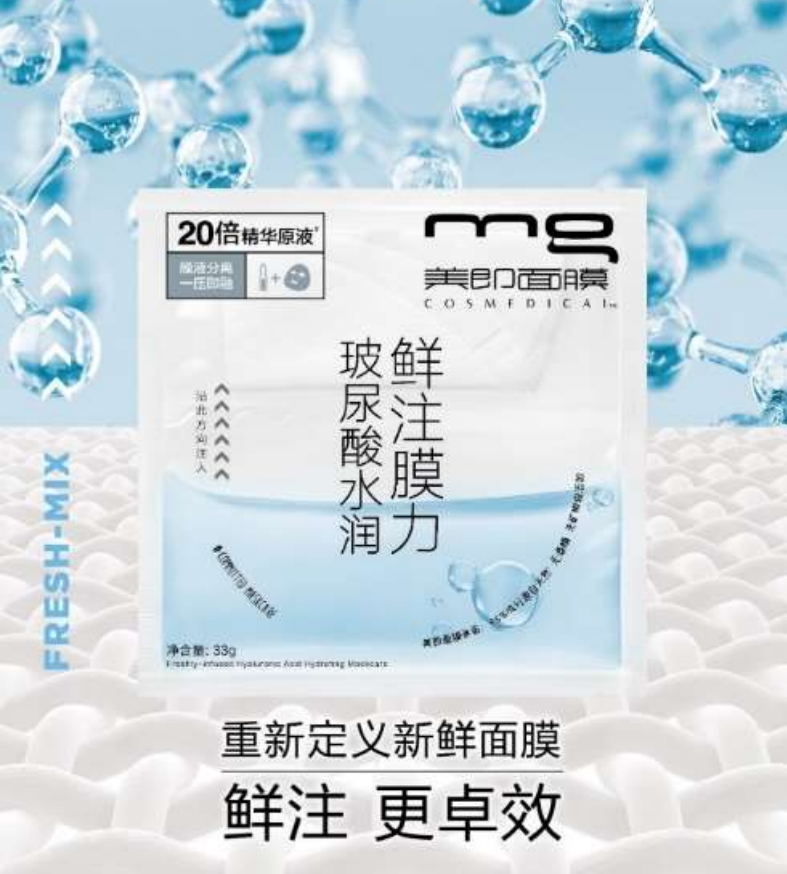
**Over 20,000
Square Meters**

About 360 Experts

Multi-polar Organization

**Connect & Leverage Global Resources
(Scientists & Partners)**

**Deep Understanding of Chinese Consumers'
Skin, Scalp, Hair and Desire**



CHINA R&I CENTRE

Since 2005

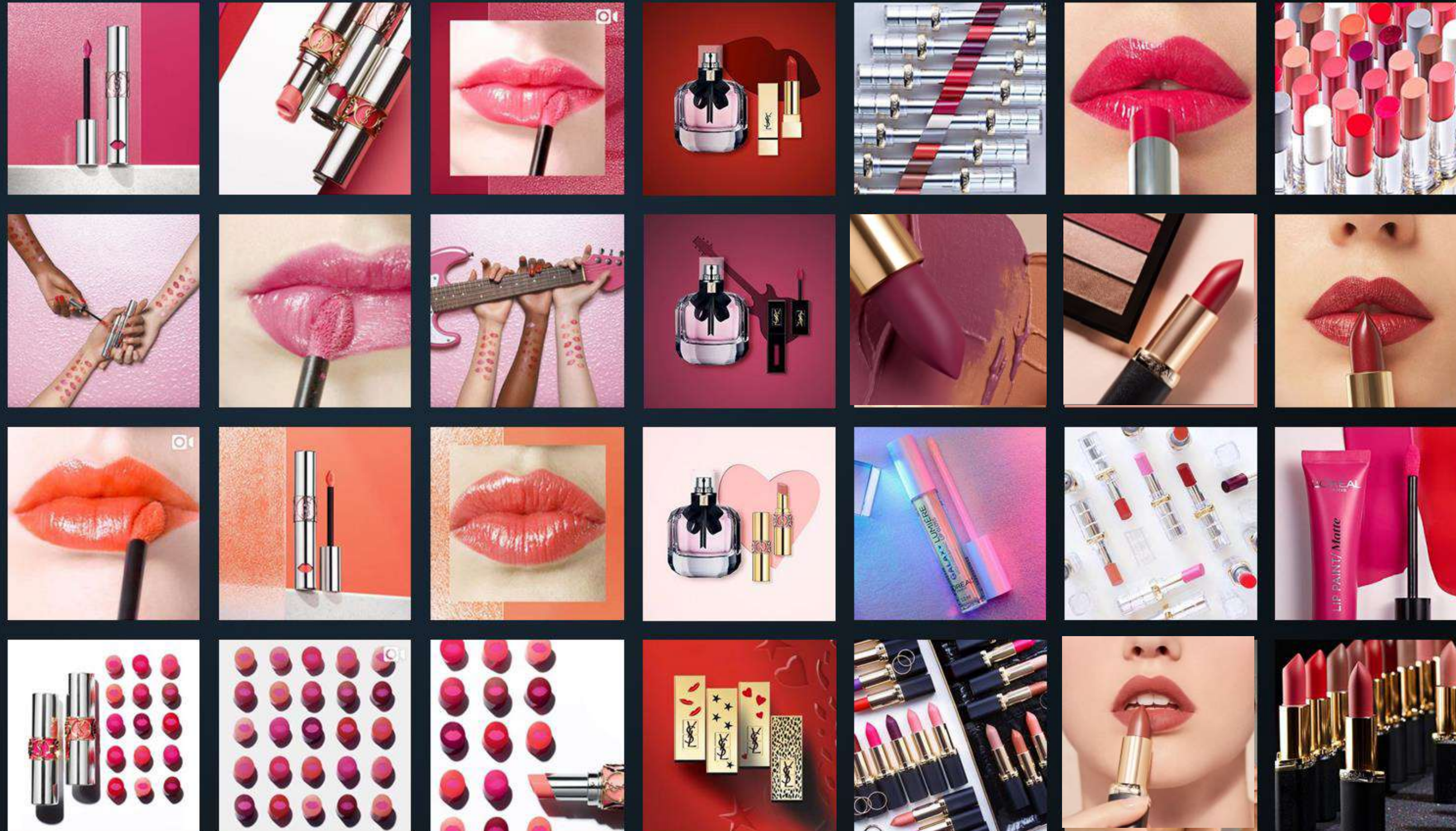




3.

**EMBRACING
NEW
MARKETING**

L'ORÉAL CHINA IS SURFING THE DIGITAL TSUNAMI



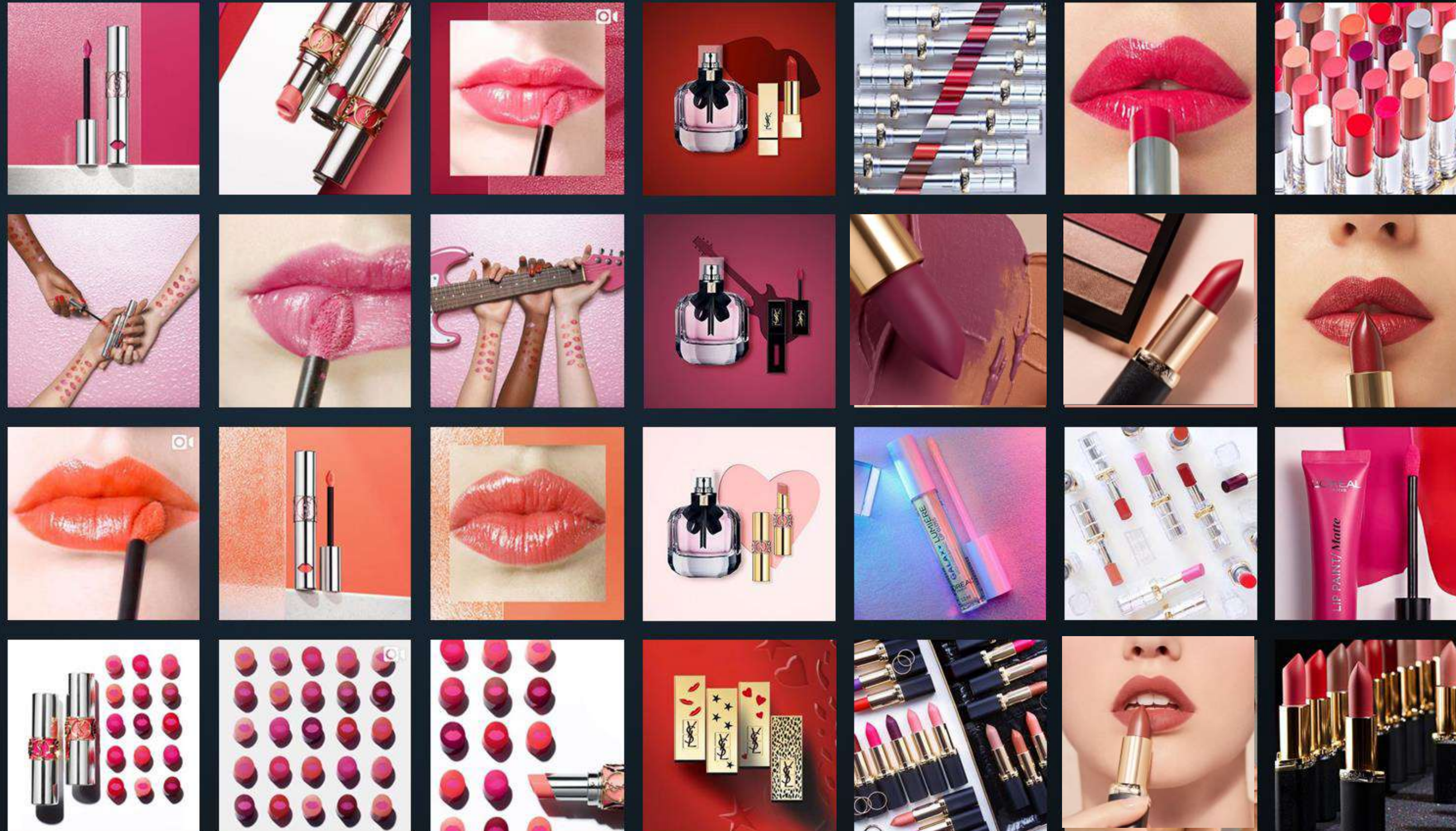
#1

Share of Search



Source: Admaster

L'ORÉAL CHINA IS SURFING THE DIGITAL TSUNAMI



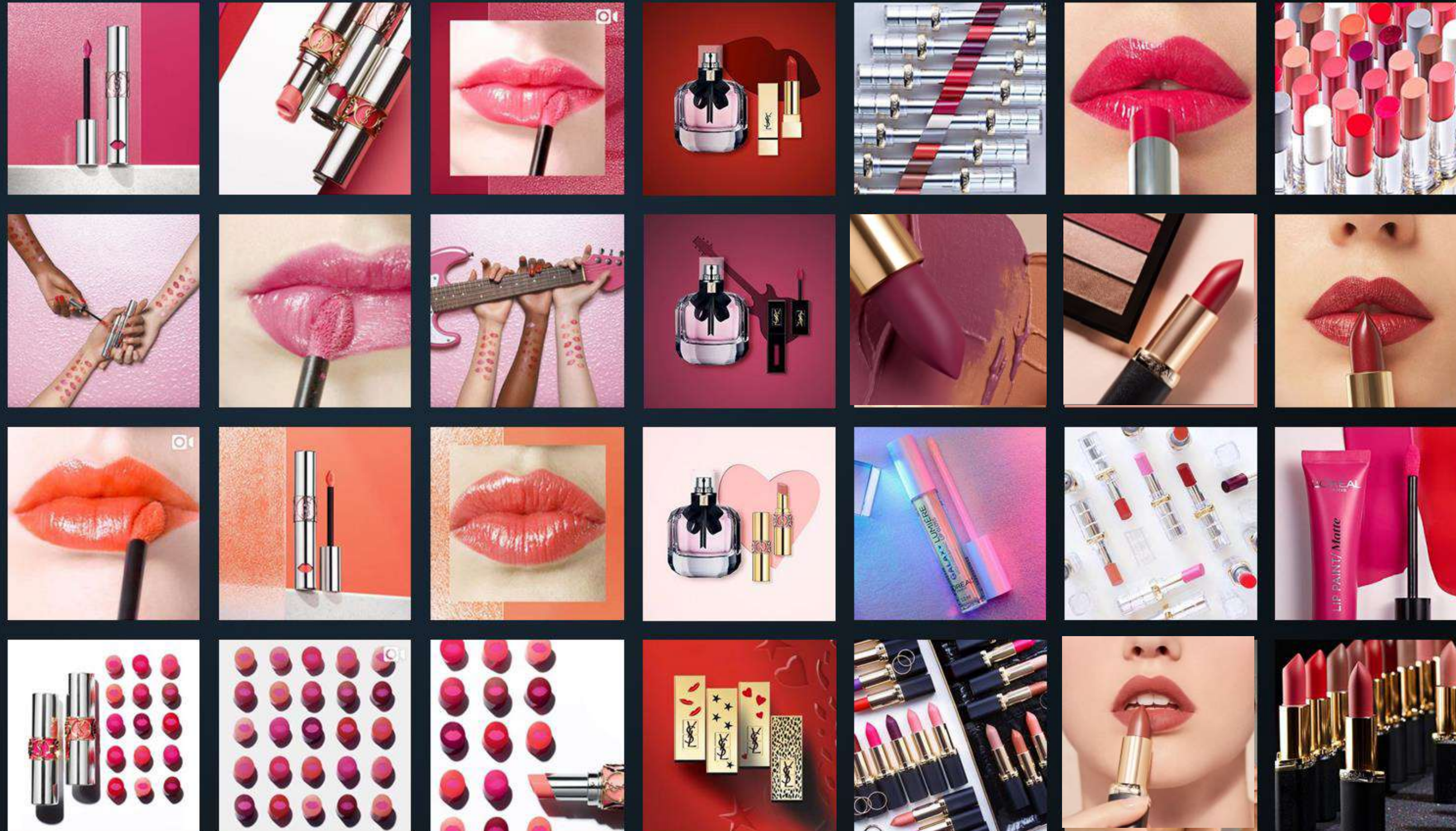
#1

Share of Buzz



Source: Admaster

L'ORÉAL CHINA IS SURFING THE DIGITAL TSUNAMI

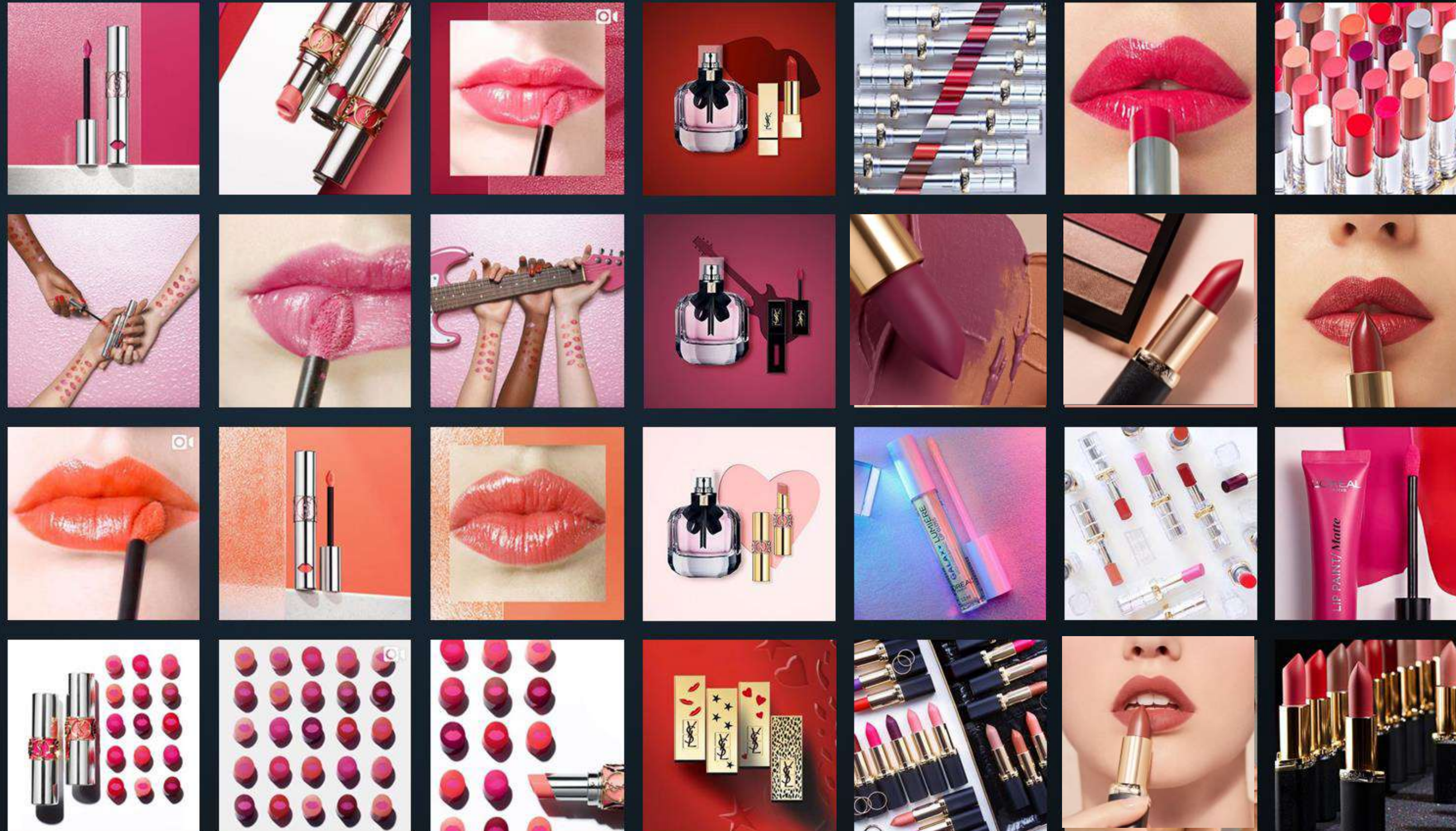


3
of Top 5
Digital IQ (L2)



Source: L2 2017

L'ORÉAL CHINA IS SURFING THE DIGITAL TSUNAMI



Access to

>500mn

Data Assets



Source: Internal data



Customized
Disruptive
Content



Right Consumer
Right Time



Optimize
ROI



FW
PARIS
FASHION
WEEK
PARTENAIRE OFFICIEL
X
L'ORÉAL
PARIS


1 bn
Impressions

Source: Outreach



LANCÔME PARIS

LANCÔME
PARIS

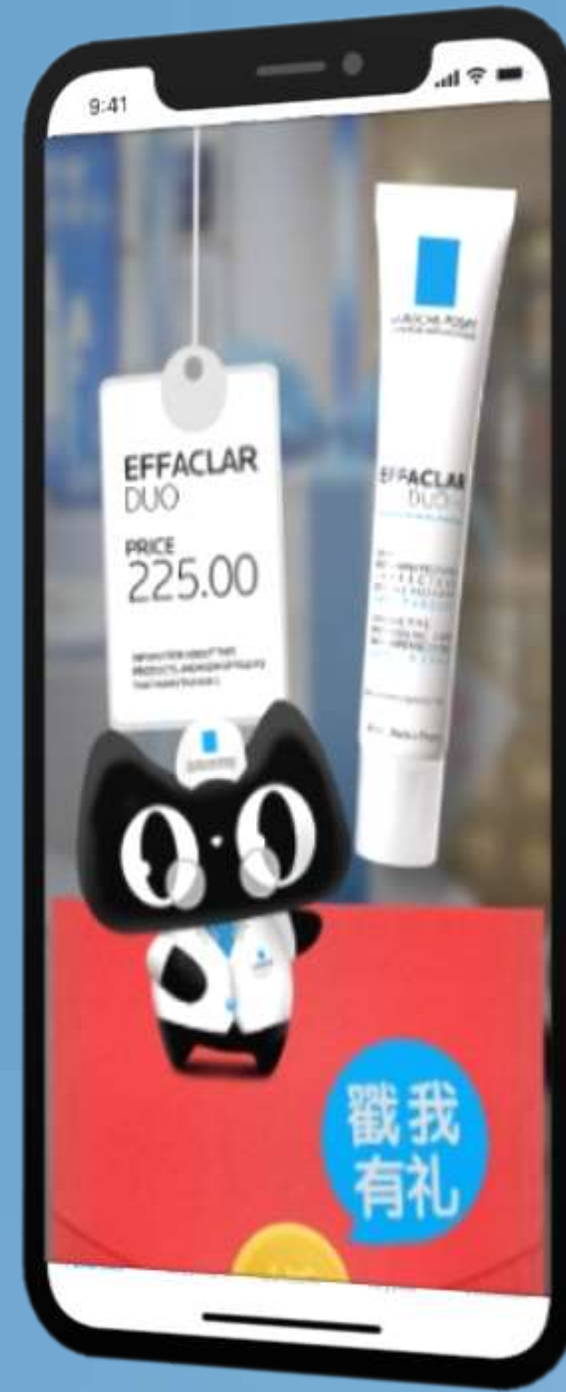
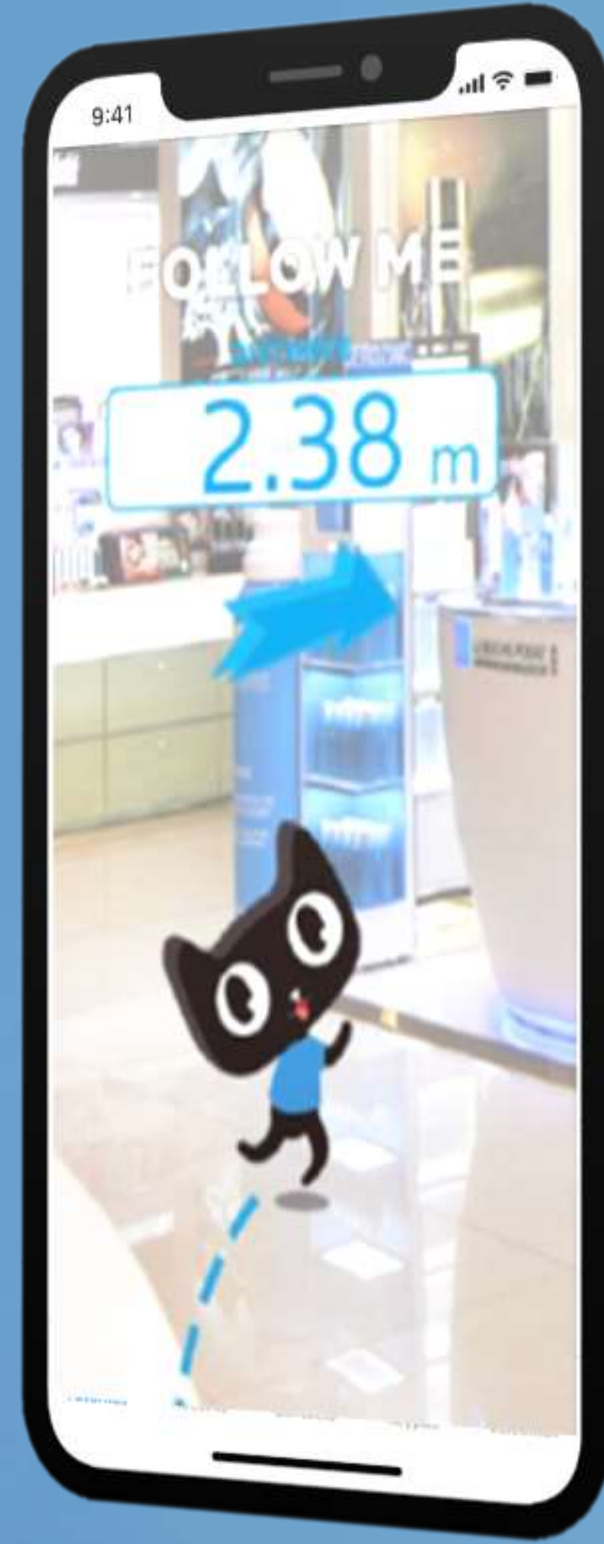


4.

**PIONEERING
NEW RETAIL**

*All-in experience at all
touchpoints*

LA ROCHE-POSAY
LABORATOIRE DERMATOLOGIQUE
理 肤 泉



Catch the Cat

AR Game-guide to counter/redeem discount



Unmanned Store

Thermal Spring Water vending machine

LANCÔME
PARIS

Attract Me
Cloud Shelf

Help Me
Product Trial

Make It Easy
Vending Machine





O+O NEW RETAIL
INNOVATION TO SERVE
AUGMENTED CONSUMERS



5.

SOCIAL VALUE

Giving New Meaning To Beauty





L'ORÉAL

**EXEMPLARY
RESPONSIBLE**
Factories



Inclusive & Well-being



GREEN RETAIL

for a

Sustainable Environment

**CHINA STRIDING TOWARD
CHINESE DREAM**



*Hand in hand to create a more
beautiful life
and to realize Chinese dream*





STRONG
ON WHAT
does not
change

不变在心



ADAPTING
RAPIDLY
to change

变革在行

THANKS TO OUR AMAZING TALENTS & TEAMS

Pioneer

Passion

Fighting Spirit

Entrepreneurship

Collaboration



#1 IN CHINA BEAUTY MARKET

EVER-CHANGING CHINA MARKET

- Rising Middle Class
- Accelerating Urbanization
- Consumption Upgrade
- Craving for Quality & Experience
- Pursuing Green Life
- Digital Tsunami
- E-Commerce Boom

5-POWER OF L'ORÉAL CHINA

- Aspirational Brands & Products
- Superior Innovation
- New Marketing
- O+O New Retail
- Sharing Beauty with All

欧莱雅中国
L'ORÉAL
CHINA

美的
的新时代
A NEW GOLDEN
ERA FOR BEAUTY

欧莱雅中国
L'ORÉAL
CHINA

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