



# 2014 Annual Results

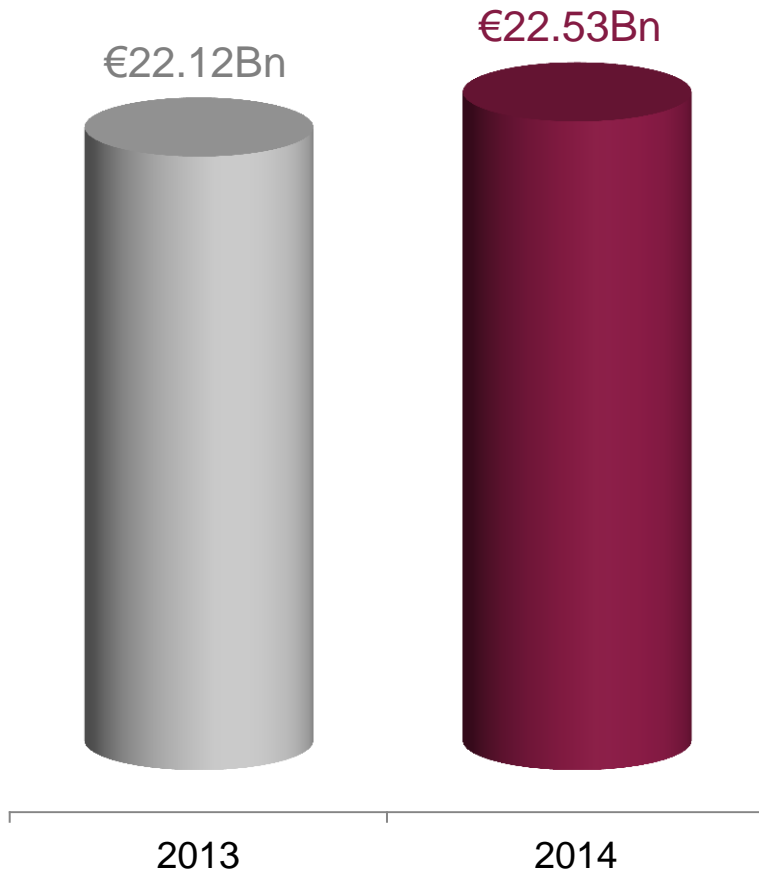
Friday, February 13<sup>th</sup> 2015

Mr. Christian Mulliez  
Executive Vice-President  
Chief Financial Officer

L'ORÉAL



# 2014 consolidated group sales



<b>Growth at constant exchange rates</b>	<b>+4.1%</b>
<i>of which:</i>	
– like-for-like growth	+3.7%
– external growth impact	+0.4%
<b>Exchange rate impact</b>	<b>-2.3%</b>
<b>Reported growth</b>	<b>+1.8%</b>

The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.



## Changes in exchange rates (against the euro)

	<b>Weight in consolidated sales 2014</b>	<b>Average rate 2013</b>	<b>Average rate 2014</b>	<b>% change 2014 / 2013</b>
<b>Euro</b>	27.4%	-	-	-
<b>US Dollar</b>	23.3%	1.33	1.33	+0.1%
<b>Chinese Yuan</b>	7.8%	0.12	0.12	-0.1%
<b>Sterling Pound</b>	6.7%	1.18	1.24	+5.3%
<b>Brazilian Real</b>	3.4%	0.35	0.32	-8.7%
<b>Canadian Dollar</b>	2.9%	0.73	0.68	-6.7%
<b>Russian Ruble</b>	2.8%	0.02	0.02	-16.0%
<b>Japanese Yen (1000)</b>	1.7%	7.73	7.13	-7.9%
<b>Mexican Peso</b>	1.7%	0.06	0.06	-4.1%



## 2014 consolidated sales (in million euros)

			Growth		
	2013	2014	Like-for-like	At constant exchange rates	Reported
Professional Products	2 974	3 032	+2.6%	+4.4%	+2.0%
Consumer Products	10 873	10 768	+1.6%	+2.0%	-1.0%
L'Oréal Luxe	5 865	6 198	+7.1%	+6.9%	+5.7%
Active Cosmetics	1 576	1 660	+8.7%	+8.7%	+5.3%
<b>Cosmetics Total</b>	<b>21 288</b>	<b>21 658</b>	<b>+3.8%</b>	<b>+4.2%</b>	<b>+1.7%</b>
The Body Shop	836	874	+1.6%	+2.8%	+4.6%
<b>Consolidated Total</b>	<b>22 124</b>	<b>22 532</b>	<b>+3.7%</b>	<b>+4.1%</b>	<b>+1.8%</b>

*The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*



## 2014 cosmetics sales by region (in million euros)

	2013	2014	Growth		
			Like-for-like	At constant exchange rates	Reported
Western Europe	7 468	7 698	+2.4%	+2.5%	+3.1%
North America	5 356	5 389	+1.1%	+1.4%	+0.6%
New Markets	8 465	8 571	+6.9%	+7.7%	+1.3%
<b>Cosmetics Total</b>	<b>21 288</b>	<b>21 658</b>	<b>+3.8%</b>	<b>+4.2%</b>	<b>+1.7%</b>

*In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*



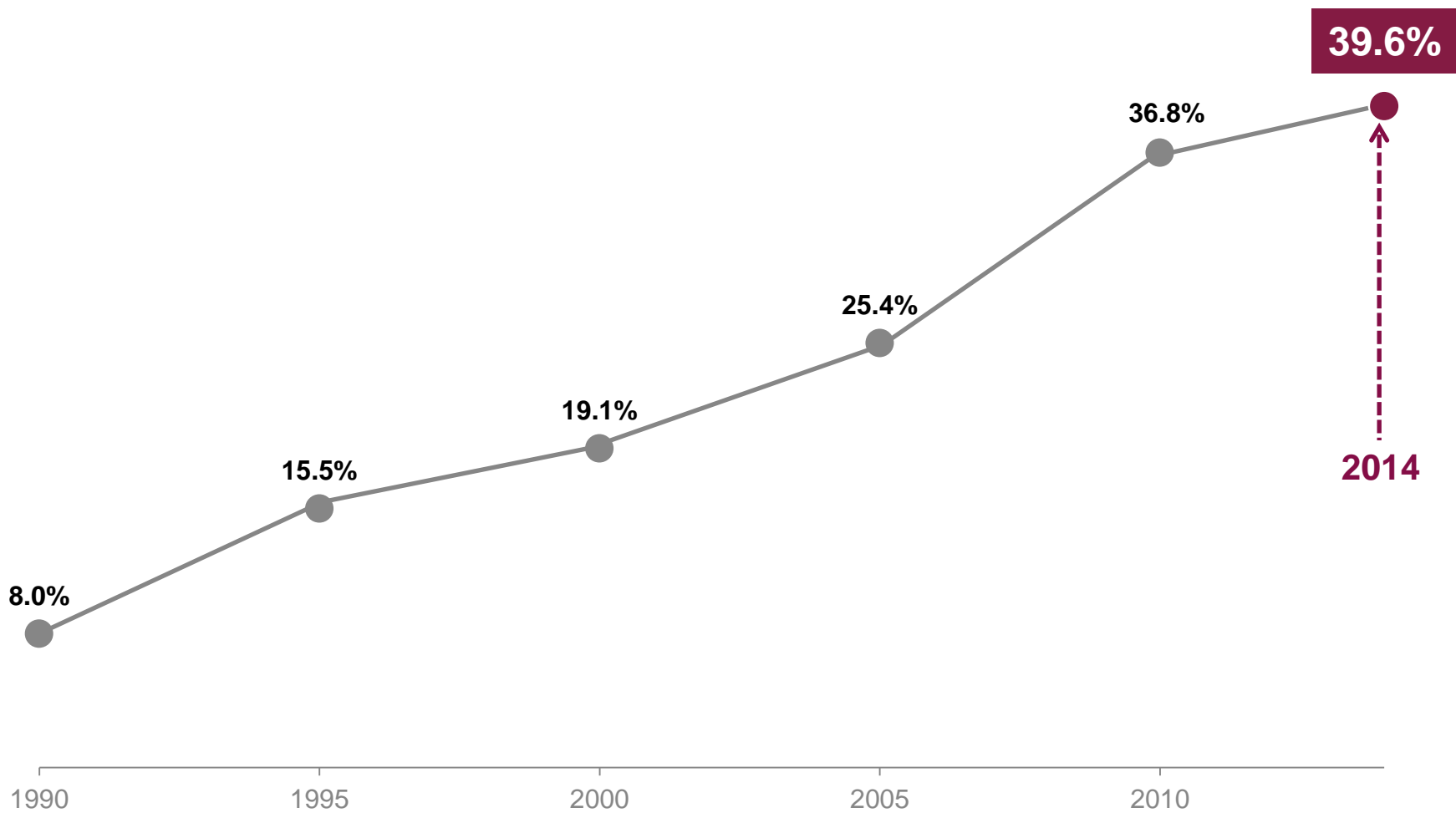
## Cosmetics sales: New Markets (in million euros)

	2014	Growth		
		Like-for-like	At constant exchange rates	Reported
Asia, Pacific	4 564	+5.3%	+6.4%	+4.1%
- of which Asia, Pacific excl. Japan	4 185	+5.8%	+7.6%	+5.9%
Latin America	1 854	+10.0%	+10.1%	-1.7%
Eastern Europe*	1 585	+6.0%	+5.8%	-6.3%
Africa, Middle-East*	568	+13.5%	+15.3%	+12.5%
<b>New Markets Total</b>	<b>8 571</b>	<b>+6.9%</b>	<b>+7.7%</b>	<b>+1.3%</b>

In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.  
\* As of July 1<sup>st</sup> 2013, Turkey and Israel, which were previously included in the Africa, Middle-East zone, were transferred to the Eastern Europe zone. All figures for earlier periods have been restated accordingly.



# Weight of New Markets in cosmetics sales





## 2014 cosmetics sales by business segment

	Million euros	Weight	Like-for-like Growth
Skincare	6 489	30.0%	+3.1%
Make-up	4 751	21.9%	+5.6%
Hair Care	4 449	20.5%	+3.2%
Hair Colour	2 860	13.2%	+0.9%
Perfumes	2 123	9.8%	+6.7%
Other*	986	4.6%	+5.2%
<b>Cosmetics</b>	<b>21 658</b>	<b>100.0%</b>	<b>+3.8%</b>

*\* Other includes hygiene products and the sales of third party brands by the US professional products distributors.  
In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*





## Consolidated profit and loss accounts: From sales to operating profit

<i>(in million euros)</i>	<b>2013</b>	<b>As a % of sales</b>	<b>2014</b>	<b>As a % of sales</b>	<b>Change 2014 / 2013</b>
<b>Sales</b>	<b>22 124.2</b>	<b>100.0%</b>	<b>22 532.0</b>	<b>100.0%</b>	<b>+1.8%</b>
Cost of sales	-6 379.4	28.8%	-6 500.7	28.9%	
<b>Gross profit</b>	<b>15 744.8</b>	<b>71.2%</b>	<b>16 031.3</b>	<b>71.1%</b>	<b>+1.8%</b>
Research & Development	-748.3	3.4%	-760.6	3.4%	
Advertising & Promotion	-6 621.7	29.9%	-6 558.9	29.1%	
Selling, general & administrative expenses	-4 614.4	20.9%	-4 821.1	21.4%	
<b>Operating profit</b>	<b>3 760.4</b>	<b>17.0%</b>	<b>3 890.7</b>	<b>17.3%</b>	<b>+30bp</b>

*The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*



# Operating profit margin by division

<i>(as a % of sales)</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Professional Products	20.5%	20.5%	20.1%
Consumer Products	19.1%	19.9%	20.3%
L'Oréal Luxe	19.3%	20.0%	20.5%
Active Cosmetics	21.0%	21.7%	22.7%
<b>Total divisions before non-allocated expenses</b>	<b>19.5%</b>	<b>20.2%</b>	<b>20.5%</b>
Non-allocated expenses *	-2.8%	-2.8%	-2.8%
<b>Total divisions after non-allocated expenses</b>	<b>16.7%</b>	<b>17.3%</b>	<b>17.7%</b>
The Body Shop	9.1%	8.6%	7.5%
<b>Group</b>	<b>16.4%</b>	<b>17.0%</b>	<b>17.3%</b>

*The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*

*\* Central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total cosmetics sales.*



## Cosmetics operating profit margin by region

<i>(as a % of sales)</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Western Europe	21.4%	22.3%	22.7%
North America	18.4%	18.7%	18.7%
New Markets	18.5%	19.2%	19.6%
<b>Total regions*</b>	<b>19.5%</b>	<b>20.2%</b>	<b>20.5%</b>

*In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.*

*\* Before non-allocated*



## Consolidated profit and loss accounts: From operating profit to net profit excluding non-recurring items

(in million euros)

	2013	2014	% change
<b>Operating profit</b>	<b>3 760.4</b>	<b>3 890.7</b>	<b>+3.5%</b>
Financial revenues/expenses before dividends received	-31.4	-24.1	
Sanofi dividends	327.5	331.0	
<b>Profit before tax and associates, before non-recurring items</b>	<b>4 056.6</b>	<b>4 197.6</b>	
Income tax excluding non-recurring items	-1 018.1	-1 069.5	
Share of profit of associates, excluding non-recurring items	-3.0	-3.0	
Non-controlling interests	-3.2	+0.1	
2013 contribution of Galderma to net profit excluding non-recurring items	+85.1	-	
<b>Net profit from continuing operations, excl. non- recurring items, after non-controlling interests*</b>	<b>3 117.5</b>	<b>3 125.3</b>	
<b>Earnings per share ** (in euros)</b>	<b>5.13</b>	<b>5.34</b>	<b>+4.1%</b>
Diluted average number of shares	608 001 407	585 238 674	

The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations.  
In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.

\* 2013 net profit excluding non-recurring items after non-controlling interests as well as 2013 diluted earnings per share are as reported in 2013 accounts

\*\* Diluted earnings per share based on net profit from continuing operations excluding non-recurring items, after non-controlling interests



## Consolidated profit and loss accounts: From net profit excluding non-recurring items to net profit

<i>(in million euros)</i>	<b>2013</b>	<b>2014</b>	<b>% change</b>
<b>Net profit from continuing operations excluding non-recurring items*</b>	<b>3 117.5</b>	<b>3 125.3</b>	
<b>Non-recurring items</b>	<b>-159.3</b>	<b>-357.7</b>	
<i>of which:</i>			
– <i>other income and expenses</i>	-135.2	-316.2	
– <i>taxes on non-recurring items</i>	-24.1	-41.5	
Net profit from discontinued operations	--	+2 142.7	
<b>Net profit**</b>	<b>2 958.2</b>	<b>4 910.2</b>	<b>+66.0%</b>

The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.

\* 2013 net profit excluding non-recurring items after non-controlling interests is as reported in 2013 accounts

\*\* After non-controlling interests



## Cash flow statement

<i>(in million euros)</i>	2013	2014	% change 2014 / 2013
Net profit	2 961.4	4 908.6	
Depreciation, amortisation and provisions	767.8	856.2	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+113.2	+172.6	
Net profit of discontinued operations	-80.0	-2 142.7	
Share of profit of associates, net of dividends received	-4.6	+13.5	
<b>Cash flow</b>	<b>3 757.9</b>	<b>3 808.2</b>	<b>+1.3%</b>
Changes in working capital	-67.6	+55.9	
Investments	-1 018.8	-1 008.2	
<b>Operating net cash</b>	<b>2 671.5</b>	<b>2 855.9</b>	<b>+6.9%</b>
Dividends paid	-1 425.4	-1 589.3	
Acquisitions	-138.5	-1 298.2	
Discontinued operations: disposal and dividends received	+56.3	+2 533.9	
Net acquisition of treasury stock	-660.6	-6 160.3	
Capital increase	+423.4	+218.7	
Others	-456.3	+422.1	
<b>Residual cash flow after acquisitions</b>	<b>+470.5</b>	<b>-3 017.2</b>	

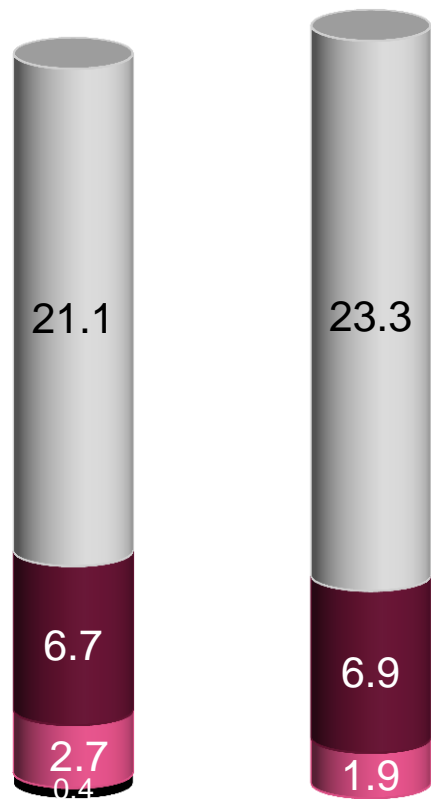


# Balance sheet (in billion euros)

## Assets

31 Dec. 2013      31 Dec. 2014

- Non-current assets
- Current assets
- Cash & cash equivalents
- Assets for disposal



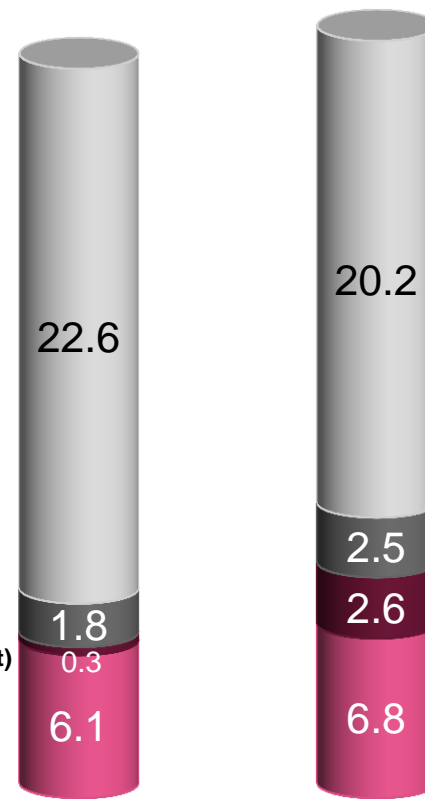
**Total Assets**      30.9

**Total Assets**      32.1

## Liabilities

31 Dec. 2013      31 Dec. 2014

- Shareholders' equity
- Non-current liabilities
- Financial debt (current & non-current)
- Current liabilities



**Total Liabilities**      30.9

**Total Liabilities**      32.1



## Net cash/debt and gearing

<i>(in million €)</i>	<b>31 Dec. 2013</b>
<b>Net cash</b>	<b>2 320</b>
<b>Gearing*</b>	<b>N.A.</b>

<i>(in million €)</i>	<b>31 Dec. 2014</b>
<b>Net debt</b>	<b>671</b>
<b>Gearing*</b>	<b>3.3%</b>

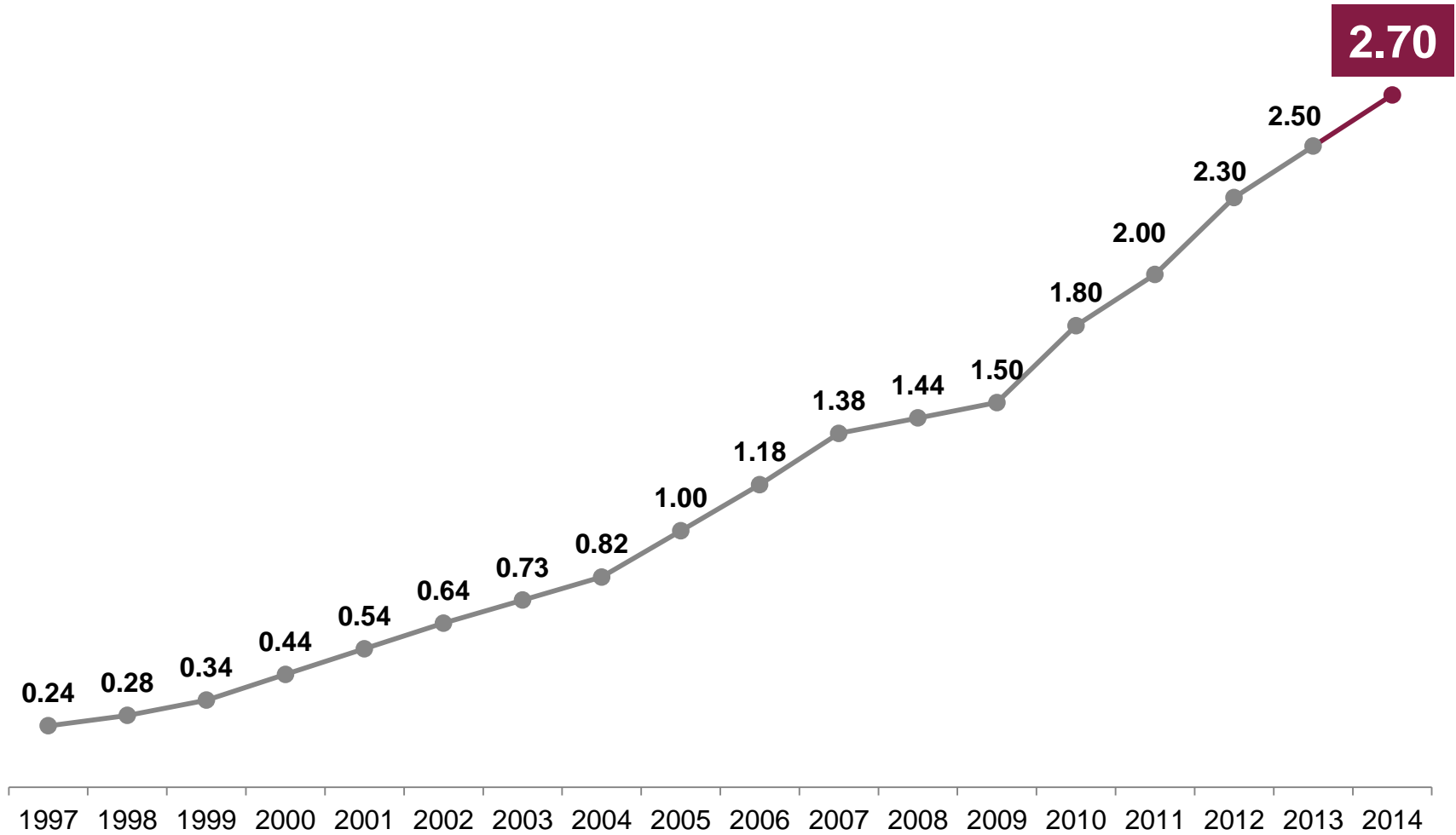
\* Net debt / equity attributable to owners of the company

The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.





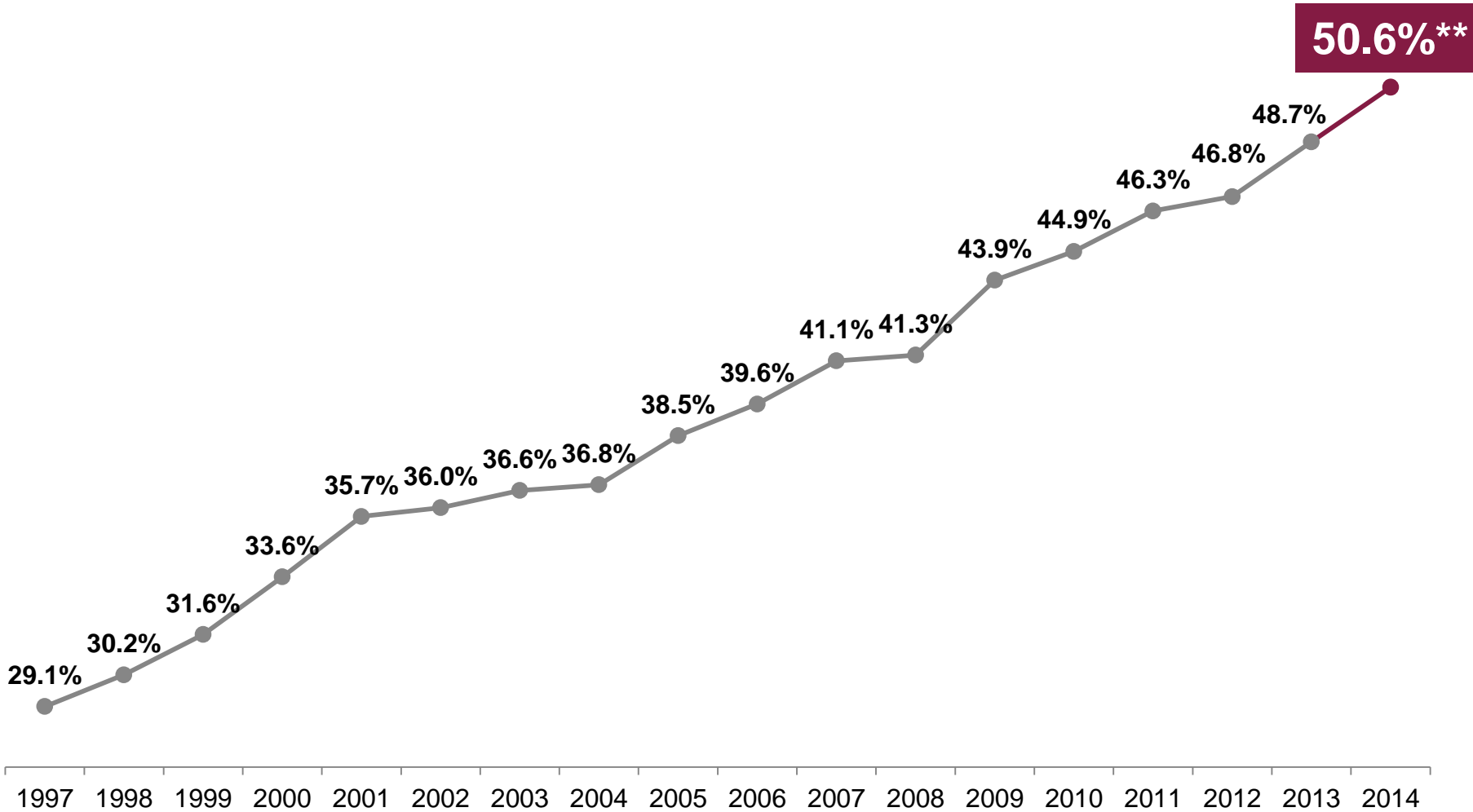
# Dividend from 1997 to 2014 (in euros)



*\* Proposed at the shareholders' meeting to be held on April 22<sup>nd</sup>, 2015  
2014 dividend paid in 2015: pay-out of the 10% loyalty bonus (preferential dividend of 10%), for shares held in registered form since 2012.*



# Payout ratio from 1997 to 2014 (as % of net profit\*)



\* Taking into account the Sanofi history with regards to the dividends

\*\* Based on the dividend proposed at the shareholders' meeting to be held on April 22<sup>nd</sup>, 2015



-----Avertissement / Disclaimer -----

« Ce document ne constitue pas une offre de vente ou la sollicitation d'une offre d'achat de titres L'Oréal. Si vous souhaitez obtenir des informations plus complètes concernant L'Oréal, nous vous invitons à vous reporter aux documents publics déposés en France auprès de l'Autorité des Marchés Financiers (également disponibles en version anglaise sur notre site Internet [www.loreal-finance.com](http://www.loreal-finance.com)). Ce document peut contenir certaines déclarations de nature prévisionnelle. Bien que la Société estime que ces déclarations reposent sur des hypothèses raisonnables à la date de publication du présent communiqué, elles sont par nature soumises à des risques et incertitudes pouvant donner lieu à un écart entre les chiffres réels et ceux indiqués ou induits dans ces déclarations. »

*"This document does not constitute an offer to sell, or a solicitation of an offer to buy, L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers (which are also available in English on our Internet site: [www.loreal-finance.com](http://www.loreal-finance.com)). This document may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."*