



# DEUTSCHE BANK

13 June 2018

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Mr. Christian Mulliez

Chief Financial Officer

L'ORÉAL



2018

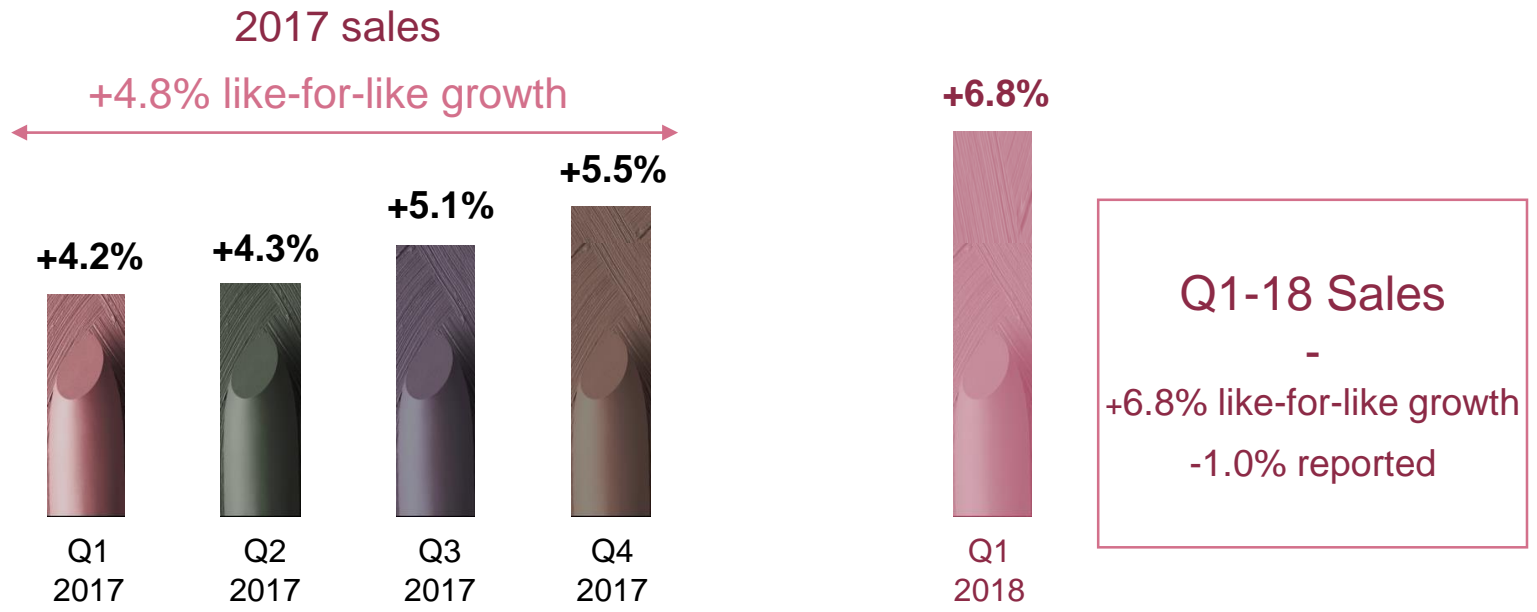
A very dynamic 1<sup>st</sup> quarter

Like-for-like  
sales growth

**+6.8%**



# Like-for-like sales growth accelerated over the past 5 quarters





# Q1-2018 sales continue to reflect sharp contrasts

## Acceleration at L'Oréal Luxe

-

+10.5%\* in 2017  
+14.0%\* in Q1-18



Still moderate growth at the Consumer Products Division

-

Professional Products Division held back by sluggishness of some markets in Western Europe

## Very strong Active Cosmetics Division

-

+5.8%\* in 2017  
+10.2%\* in Q1-18



\* like-for-like sales growth





# Strong growth in the new markets

## Outperformance in the New Markets

-  
+8.9%\* in 2017  
+14.9%\* in Q1-18

## Sustained growth in Asia Pacific

-  
+12.3%\* in 2017  
+21.1%\* in Q1-18



\* like-for-like sales growth



# Sustained growth in Asia Pacific, especially in China



Leader in 6 categories or channels

#1 Skincare<sup>(1)</sup>

#1 Makeup<sup>(1)</sup>

#1 Luxury Products<sup>(2)</sup>

#1 Dermocosmetics<sup>(3)</sup>

#1 Professional Products<sup>(4)</sup>

#1 Men's Skincare<sup>(5)</sup>

\* Like-for-like sales growth

(1) Euromonitor BPC Panel 2016

(2) Beauté research luxe sell-out panel (DS + Boutiques) / Beauté research Luxe sell-in Panel (all channels)

(3) Euromonitor Dermocosmetics market study 2017

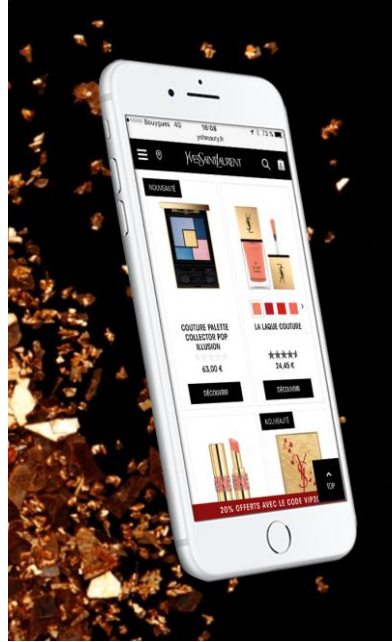
(4) Kline salon hair study 2016

(5) Euromonitor BPC Panel 2016 / Kantar individual panel 2017



# Two powerful growth drivers

E-commerce  
 +33%\*  
 -  
 8.8% of sales



Travel Retail  
 +28%\*\*  
 -  
 7% of sales

\* Q1-2018 like-for-like sales growth. Sales achieved on our brands' own websites and estimated sales achieved by our brands corresponding to sales through retailers' websites (non-audited data)

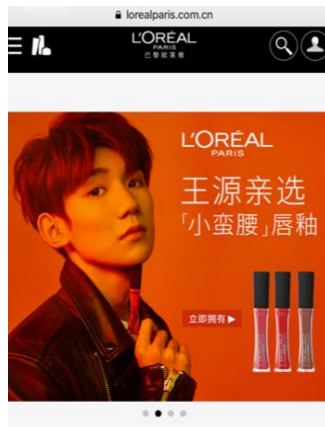
\*\* Q1-2018 like-for-like sales growth



# Our big brands are strong contributors to growth

In China,

LANCÔME and L'ORÉAL  
PARIS  
are the top contributors to growth



In the US mass cosmetics market

L'ORÉAL  
PARIS became the  
**#2\*** brand in 2017,  
behind the **#1\***  
MAYBELLINE  
NEW YORK



\*Source: US make-up AC Nielsen full year 2017



# Now 8 billionaire brands



L'ORÉAL  
PARIS



LANCÔME  
PARIS



GARNIER



MAYBELLINE  
NEW YORK



YVES SAINT LAURENT



L'ORÉAL  
PROFESSIONNEL  
PARIS



GIORGIO ARMANI



Kiehl's  
SINCE 1851

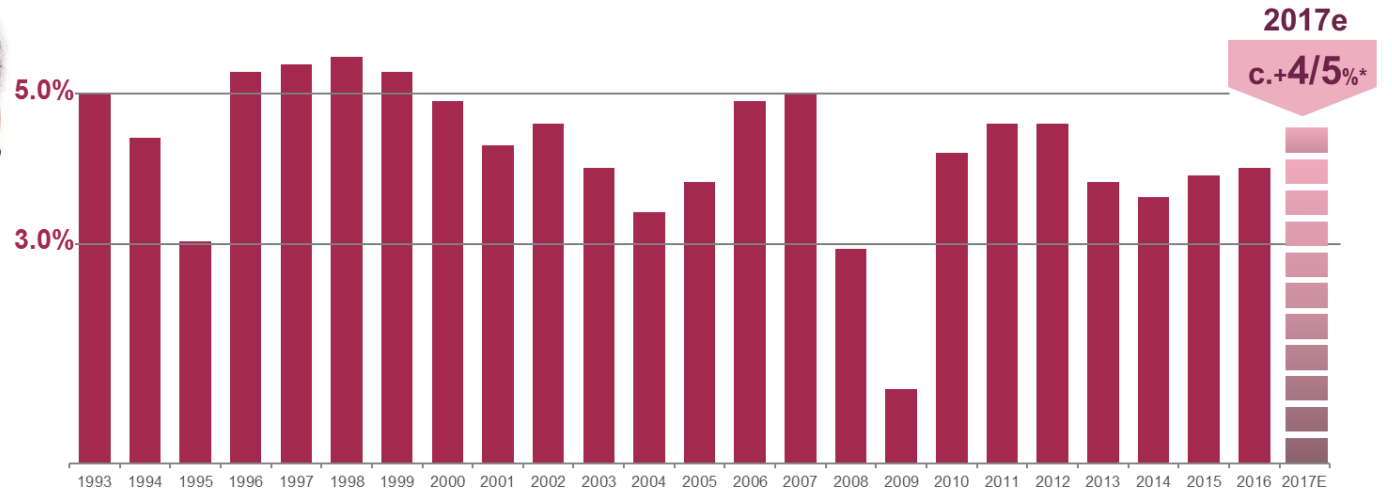
L'ORÉAL



## Reasons for confidence in the future



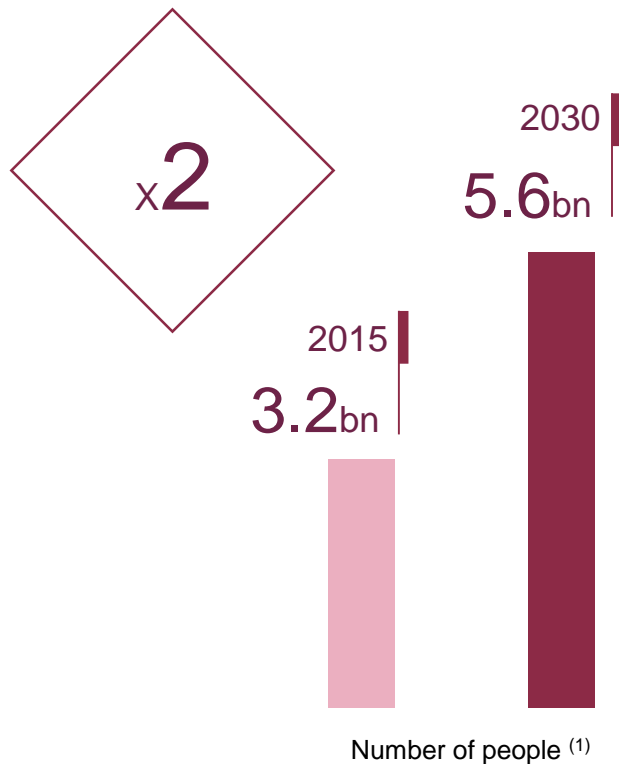
# 1. A constantly growing beauty market



\* Beauty market annual growth, excluding soaps, toothpastes and razors, at constant exchange rate  
Source: L'Oréal estimates



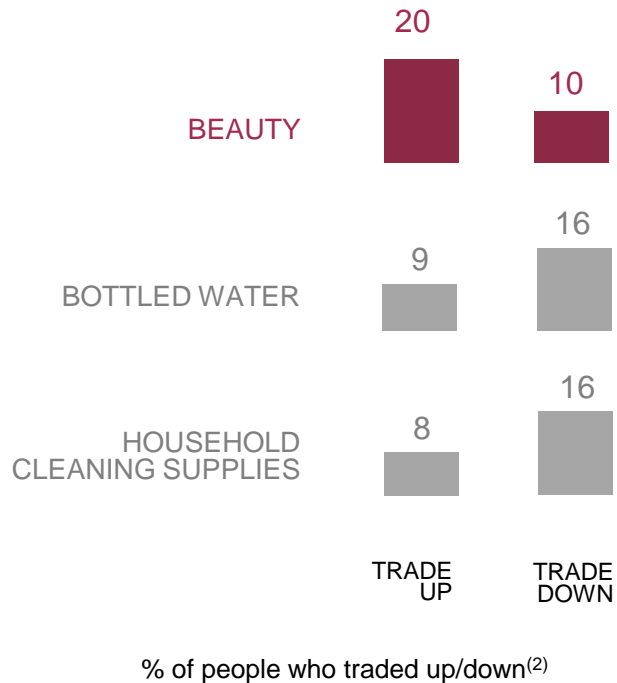
# Growing middle class & high propensity to trade up



(1) World Data Lab for L'Oréal

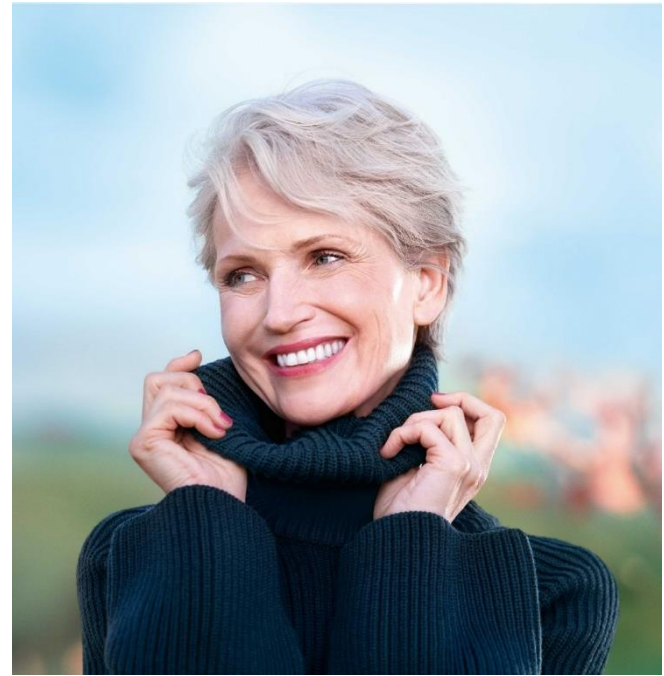
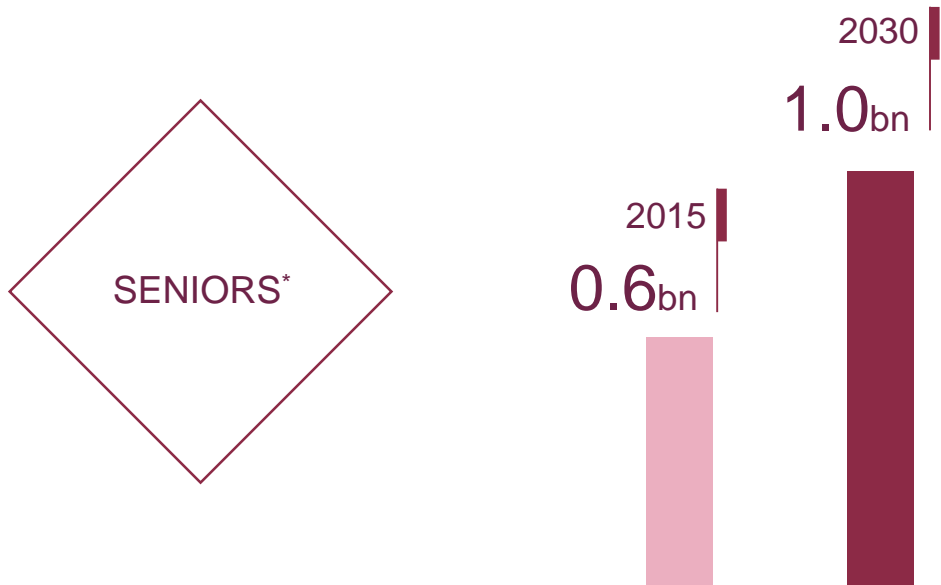
(2) McKinsey Global Consumer Sentiment Survey, 2016

## Current market dynamics towards premiumisation





... the number of Seniors is projected to almost double, reaching 1bn by 2030



\*Source: Euromonitor





... urbanization creates new needs and desires



POLLUTION

URBAN  
POPULATION

5bn\*  
CITY-ZENS BY 2030



SOCIALISATION

\*Source: Euromonitor



## 2. L'Oréal: beauty pure player for over 108 years



**Passion  
for beauty**

**Consumer  
expertise**

**Scientific  
knowledge**

**Data**



# 3. Only beauty, all about beauty

HAIR SALONS



MASS MARKET



DEPARTMENT STORES  
PERFUMERIES



PHARMACIES  
DRUGSTORES  
MEDISPAS



BRANDED  
RETAIL



TRAVEL RETAIL



E-COMMERCE



Across  
all  
distribution  
channels

Across  
all  
beauty  
categories



HAIRCARE



HAIR COLOR



SKINCARE



FRAGRANCES



MAKEUP

WESTERN  
EUROPE

NORTH AMERICA

NEW MARKETS

Across  
all regions



# Our unique, strong portfolio of complementary brands

## Professional products 12.9%\*



## Consumer products 46.6%\*



## L'Oréal Luxe 32.6%\*



## Active cosmetics 8.0%\*



\* as a % of 2017 consolidated sales





# Further enhanced by targeted acquisitions

## CeraVe



Dermatologist-recommended skincare brand  
Contains three ceramides to restore skin's natural barriers

ACD

## Armani\*



Iconic Italian brand recognized for its elegance and the perfection of its style

L'Oréal Luxe

## Stylenanda



Korean lifestyle make-up company  
Highly desirable brand among Korean & Chinese millennials

CPD

## Pulp Riot



Professional haircolor brand  
Unique creative artistry and stylist powered education

PPD

## Valentino\*

VALENTINO

Long-term license agreement  
Unique blend of prestige and modernity

L'Oréal Luxe

\*Long-term licenses





# 4. Our fundamentals are more relevant than ever

**Research and innovation**

3,885 researchers

€877m budget

20 research centres

A strong centre  
6 regional hubs

## INNOVATION & QUALITY *are winning*

**By Jennifer**  
★★★★★

another hit from Lancôme  
Lancôme makes the best mascaras and this one is no exception. Great fluffy brush and typical amazing quality you'd expect from a Lancôme mascara.

**By Marie**  
★★★★★

C'est vraiment un accord parfait, unifie le teint, pas de démarcation et léger à porter

**By Stella**  
★★★★★

This product does exactly what it says! I usually use a few drop of this mixed with Marula oil and my face is completely rehydrated. Love Kiehl's

**By Julie**  
★★★★★

Un soin devenu incontournable de ma routine, aide vraiment ma peau à maintenir son hydratation, m'a aussi aidé à réguler ma peau mixte, je suis vraiment ultra convaincue et le rachèterai.

**By Heather**  
★★★★★

This quickly became my favorite mascara of all time. It lifts my lashes. I don't even curl my lashes when I use this. It thickens them. It lengthens them. It's very black. What more could I ask for. Will forever buy this, unless something better comes out. :)

**By Deborah**  
★★★★★


Excellent!!!! love it :)

**By Sandy**  
★★★★★

Love this stuff!


**By Romain**  
★★★★★

Adepte de cette marque, belle performance pour ce produit. Pénétration très rapide; je l'utilise après une lotion et avant ma crème de jour. Effet très agréable à l'application. Le produit dure assez longtemps : 2 pressions pour l'ensemble du visage et cou.




**1266 reviews**

5 stars	██████████
4 stars	██████
3 stars	██
2 stars	█
1 stars	




**560 reviews**

5 stars	██████████
4 stars	██████
3 stars	██
2 stars	█
1 stars	



**166 reviews**

5 stars	██████████
4 stars	██████
3 stars	██
2 stars	█
1 stars	



**620 reviews**

5 stars	██████████
4 stars	██████
3 stars	██
2 stars	█
1 stars	

In a world of ratings, reviews & advocacy, superior quality is a paramount advantage



# 4. Our fundamentals are more relevant than ever



In the era of algorithms, hero products win



# Continuously innovating

L'ORÉAL  
PROFESSIONNEL  
PARIS



Botanéa

LANCÔME  
PARIS



Genifique sensitive

L'ORÉAL  
PARIS



Lash Paradise



Revitalift – Filler HA

VICHY  
LABORATOIRES



Mineral 89

MAYBELLINE  
NEW YORK



Superstay Matte Ink

GIORGIO ARMANI



Si Passione



Cushion

YVES SAINT LAURENT



Tatouage couture

GARNIER

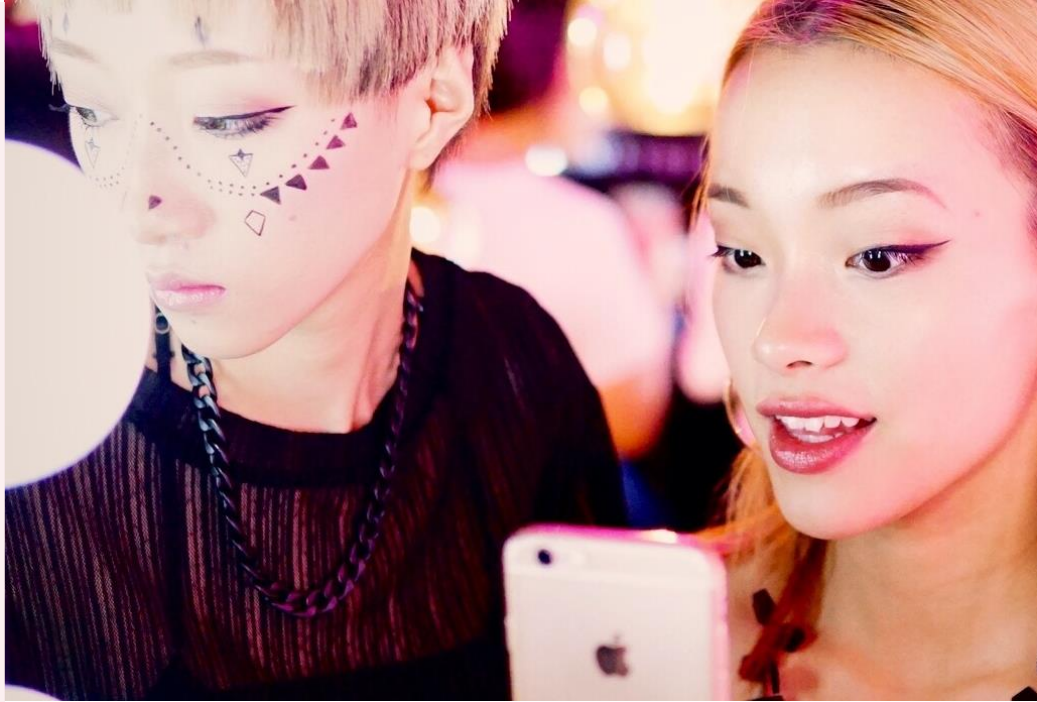


Fructis Hair Food Banana



# 5. L'Oréal leading the digital beauty

## Digital is at the heart of our business



**17,000**

upskilled

4 L'Oréal brands  
in the top 10 EMV

150 million  
of qualified contacts

1.1Bn  
consumer data  
records

**38%**

of our Media  
spend

Strong ROI focus

**+34%\***

e-commerce  
Sales Growth

e-commerce

**8%**

of group Sales

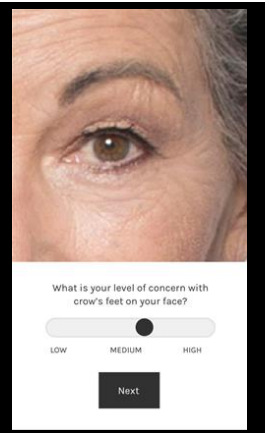
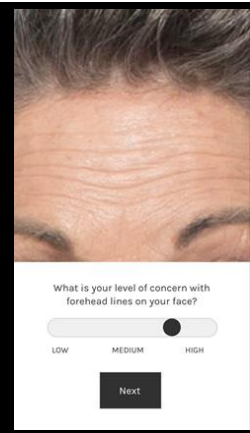
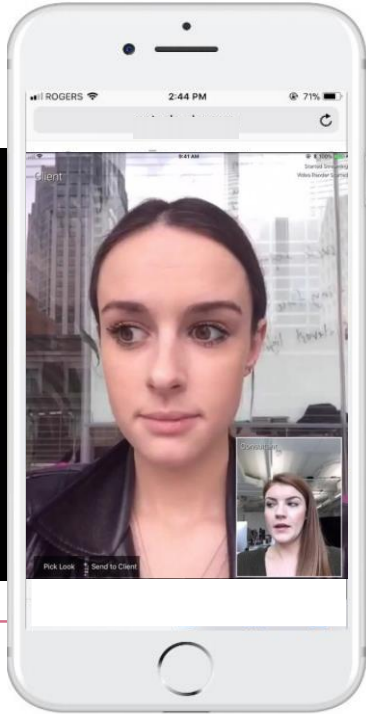
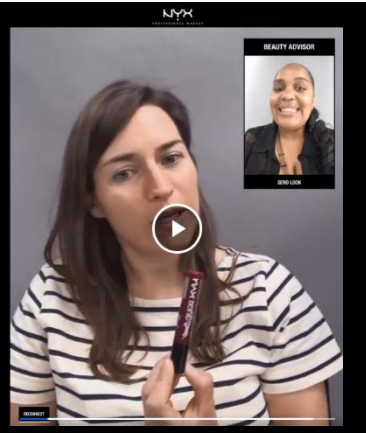
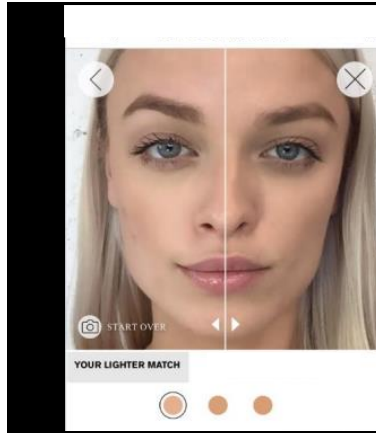
\* 2017 Like-for-like sales growth. Sales achieved on our brands' own websites and estimated sales achieved by our brands corresponding to sales through retailers' websites (non audited data)





# At the forefront of Beauty tech services

**MODIFACE**  
A L'ORÉAL GROUP COMPANY



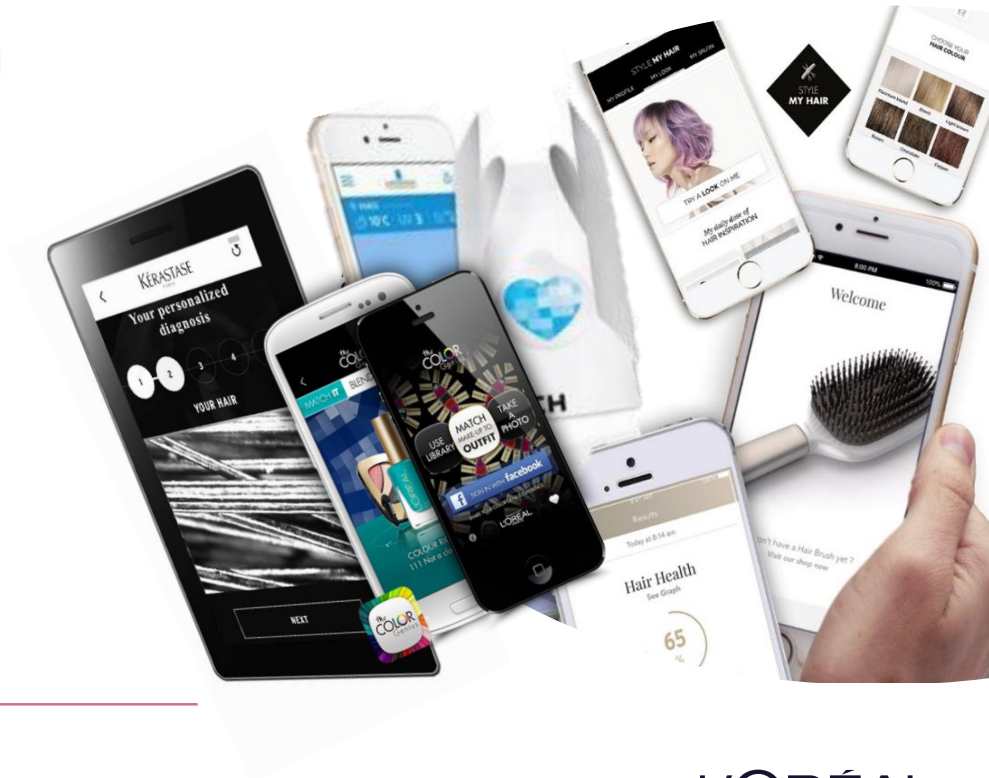




In an ecosystem of partnerships & startups



# STATION F





## 6. Leading responsibility conscience & performance



Ambitious  
Environmental & Social  
Commitments



# Sharing Beauty With All: 2017 achievements

## Sustainable Innovation

100%\*

76%

of new or renovated products have an **improved environmental or social impact** (1)



## Sustainable Consumption

100%\*

46%

of brands have implemented **initiatives to raise consumer awareness** (3)



## Sustainable Production

-60%\*

-73%

**reduction in CO<sub>2</sub>** emissions in factories and distribution centres since 2005 (2)  
New commitments within the framework of Science Based Targets initiative



## Developing sustainably with...

Employees

Suppliers

Communities

\* 2020 targets

(1) In 2017, SPOT tool replaced the mechanisms previously used to evaluate the social and environmental progress of formulas and packaging. SPOT takes more criteria into account, and enables a more comprehensive and rigorous analysis, whereby the diverse impacts are considered in term of their contribution to the product's overall impact; vs. 82% in 2016.

(2) The percentage reduction is calculated in absolute terms for scopes 1 and 2 in line with the GHG Protocol standard; vs. -67% in 2016.

(3) Calculated as a percentage of consolidated sales 2016; vs. 46% in 2016 calculated as a percentage of consolidated 2015 sales.



# Acknowledged leadership in CSR and ethics

**CDP A LIST 2017**  
CLIMATE   FORESTS   WATER

**N°1**  
NEWSWEEK GREEN RANKING 2017

**N°1**  
EQUILEAP TOP 200 — 2017 —  
MAKING PROGRESS TOWARDS GENDER EQUALITY

**9TH YEAR**  
2018 WORLD'S MOST ETHICAL COMPANIES™  
WWW.ETHISPHERE.COM

**vigeo eiris**

**N°1 HPC**  
Covalence  
EthicalQuote.com



# New Science Based Targets commitments



## SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



WORLD  
RESOURCES  
INSTITUTE

**Commitment to  
comply with the Paris  
Agreement**

Limiting the temperature  
increase below 2°C

### L'Oréal's new commitments

**By 2030, reduce by -25% in absolute terms, all our direct and indirect greenhouse gas emissions, compared with 2016 (scope 1,2,3).**

By 2025, all our industrial, administrative and research sites will be required to achieve carbon neutrality.

**By 2025, 100% of the Group's plastic packaging will be refillable, reusable, recyclable or compostable.**



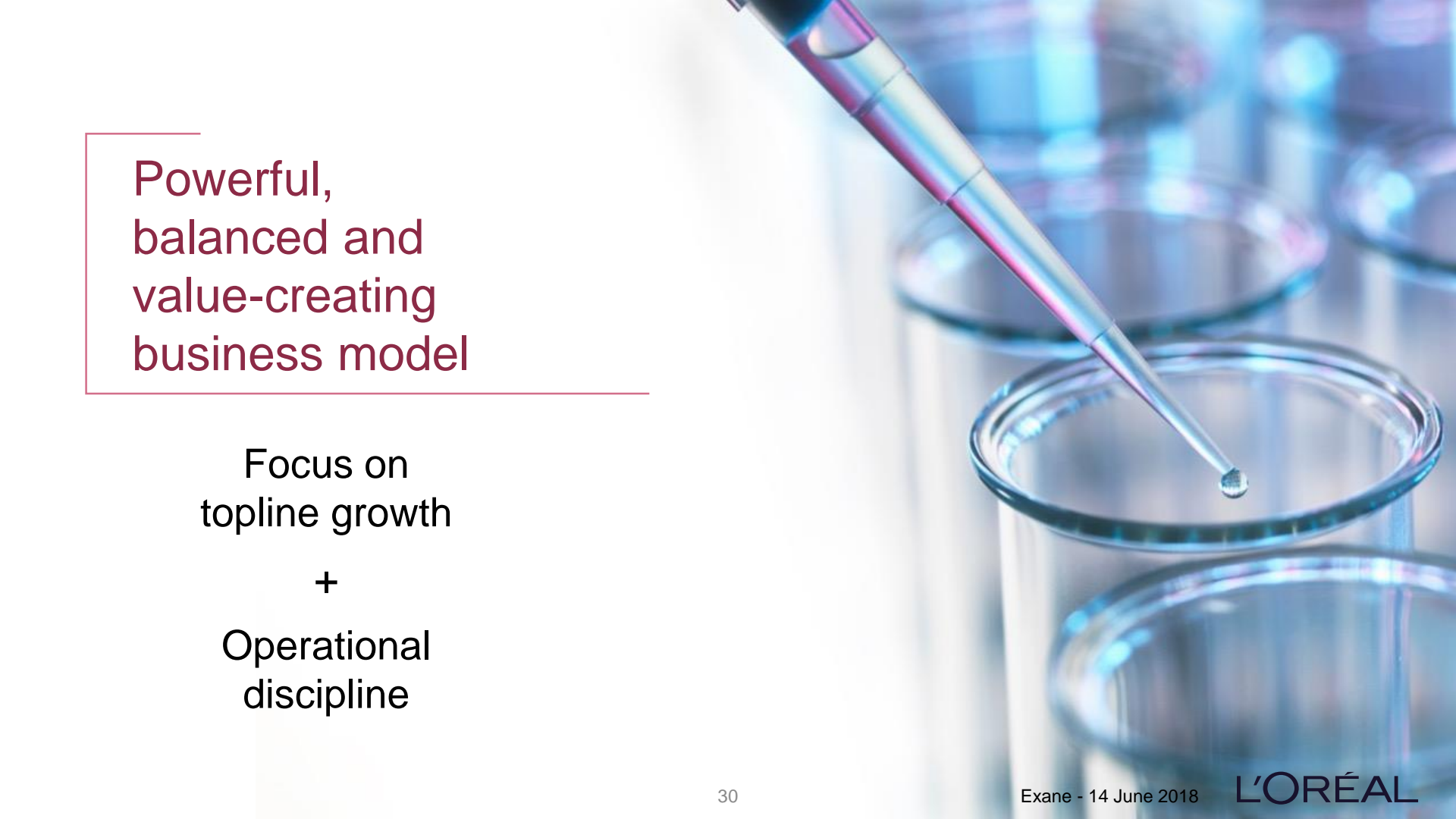


# 7. A unique culture, organization & quality of the talents



**83,000 beauty experts**  
Unique culture  
Decentralized organisation





Powerful,  
balanced and  
value-creating  
business model

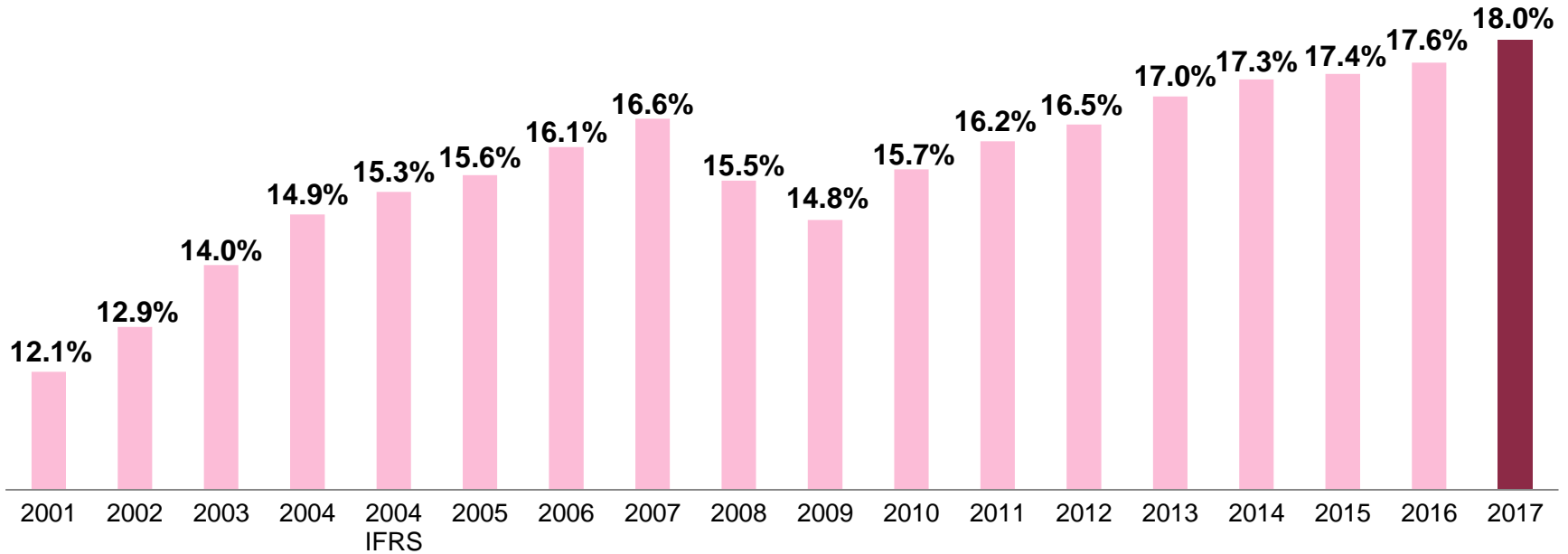
Focus on  
topline growth

+

Operational  
discipline



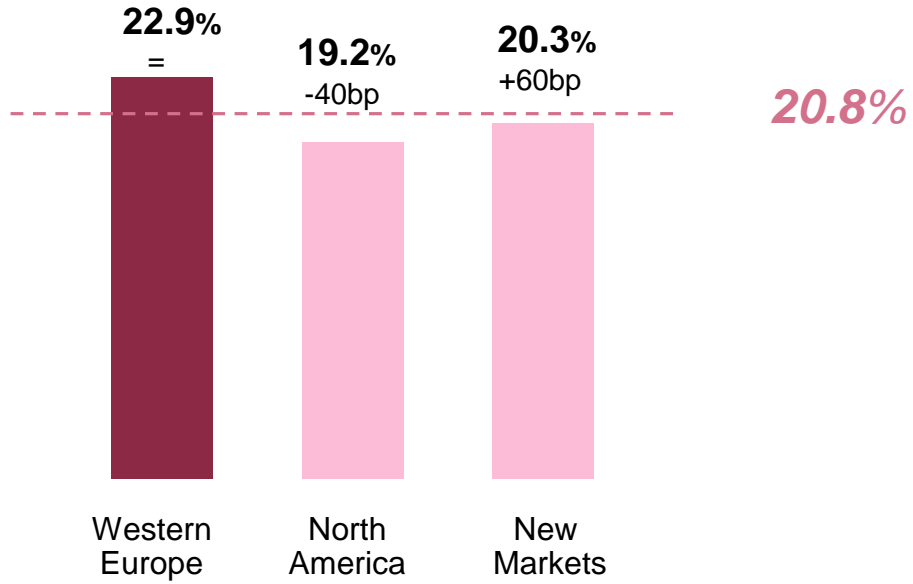
# A robust, long term successful business model: Operating margin (as a % of sales)



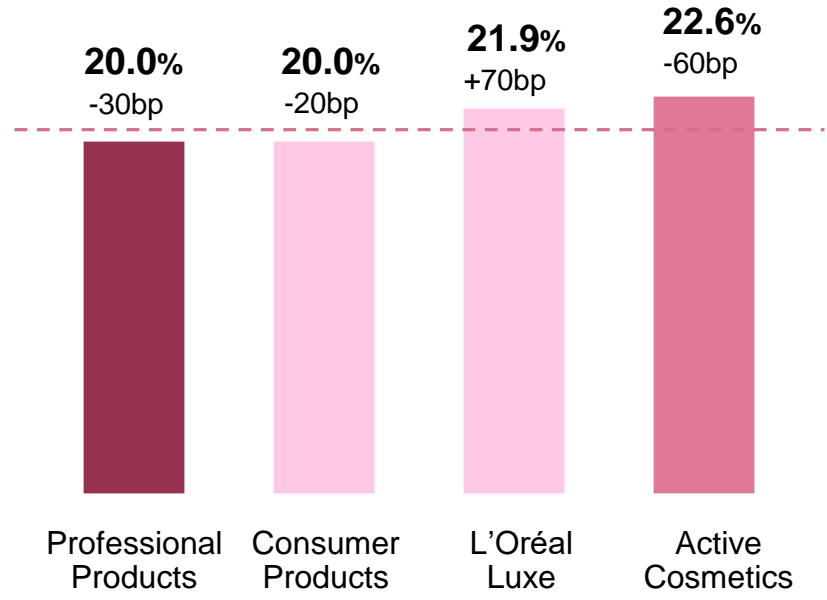


# Balanced profitability in 2017

## Operating profit by region\* (as a % of sales)



## Operating profit by division\* (as a % of sales)

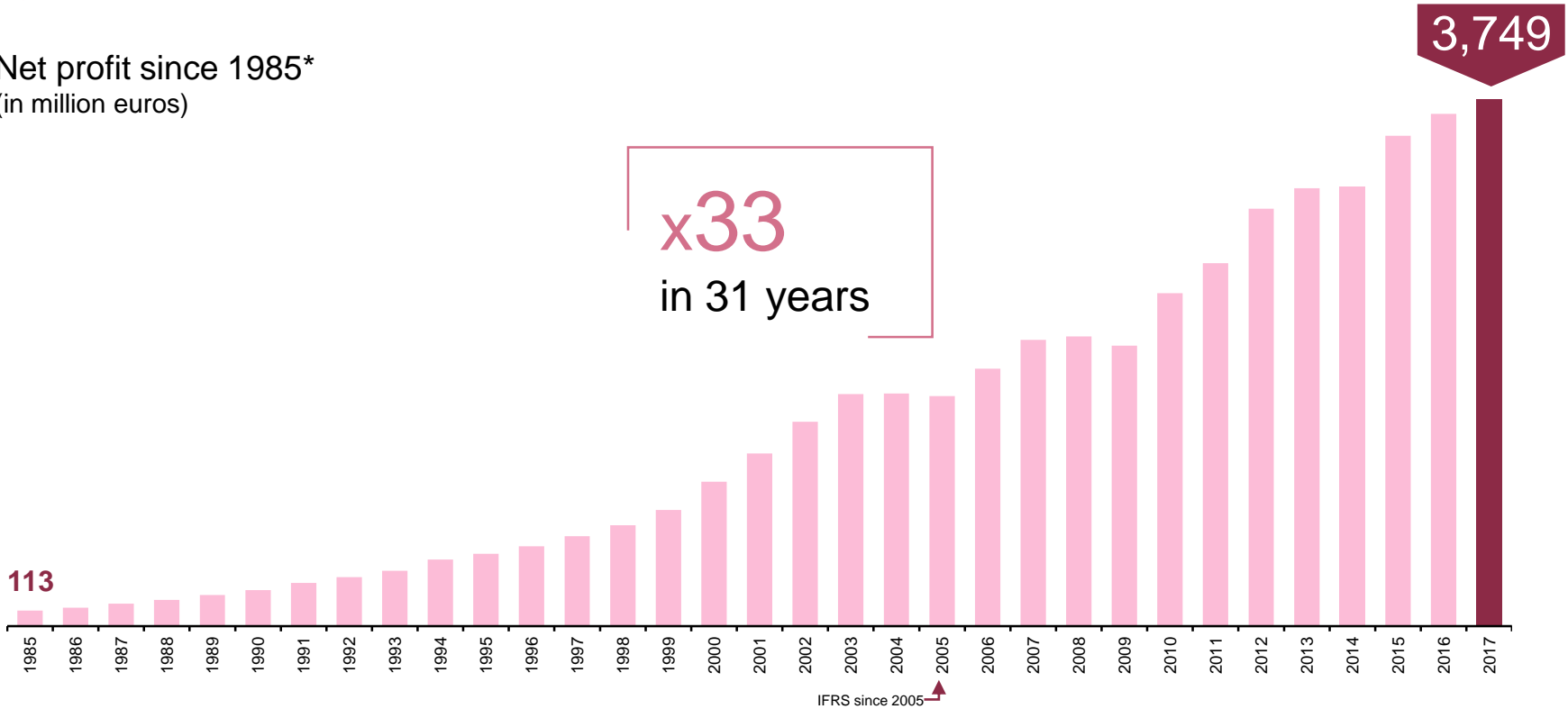


\* Before central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total divisions sales; as of July 1<sup>st</sup>, 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific.



# A powerful, value-creating business model

Net profit since 1985\*  
(in million euros)

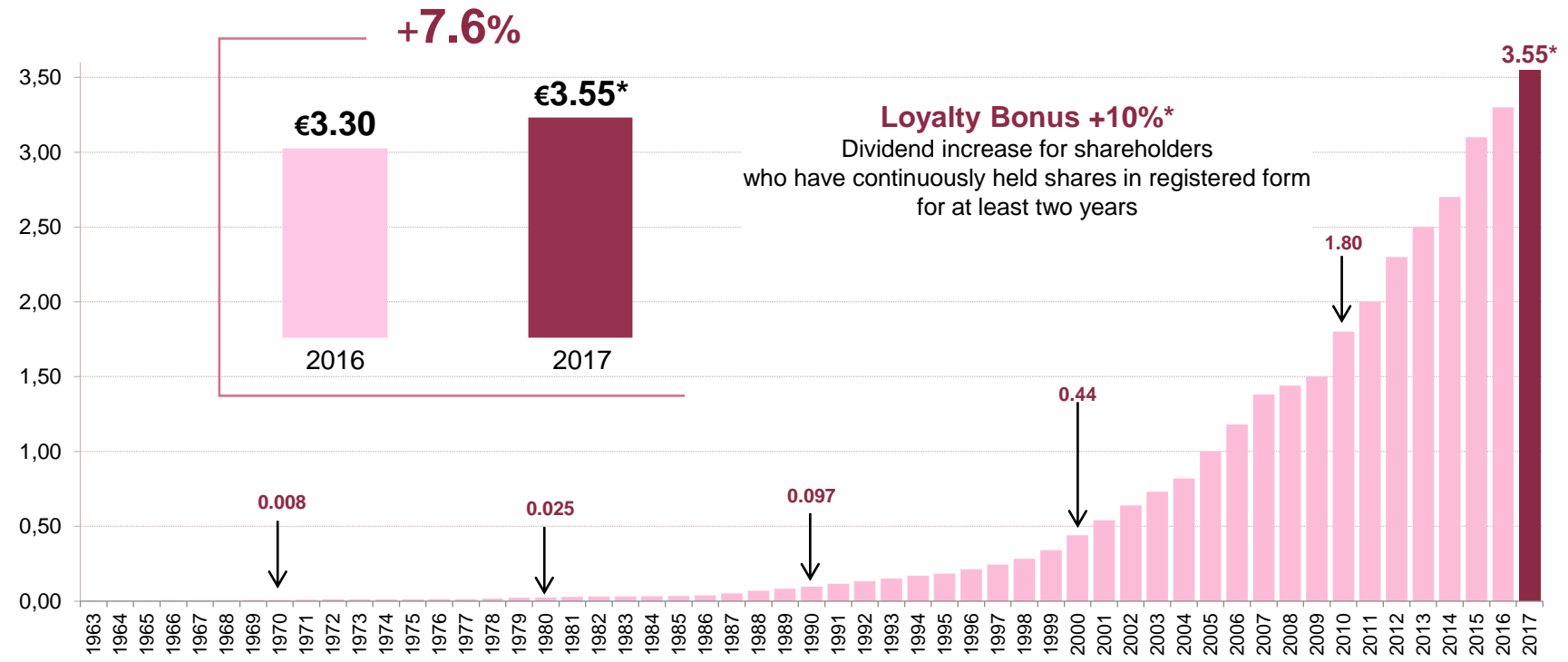


\*Net operating profit, excl. non-recurring items attributable to owners of the company, with Synthélabo consolidated fully up to 1998; net profit excl. non-recurring items attributable to owners of the company, with Sanofi-Synthélabo equity consolidated from 1999 to 2004; net profit excl. non-recurring items attributable to owners of the company including Sanofi dividend from 2004





# Continuously rewarding the shareholder (dividend in euros)



\* Approved at the shareholders' meeting to be held on 17 April 2018



**For 2018, confidence in...**

**...our ability to outperform the market...**

**...and to achieve...**

**...significant like-for-like growth,  
while increasing profitability.**



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<https://sharingbeautywithall.loreal.com/>

[http://www.loreal-finance.com/en/annual-report-2017?utm\\_source=loreal-finance&utm\\_medium=actualite\\_en](http://www.loreal-finance.com/en/annual-report-2017?utm_source=loreal-finance&utm_medium=actualite_en)

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