



EXANE BNP PARIBAS

14 June 2018

Mr. Christian Mulliez

Chief Financial Officer

L'ORÉAL



2018

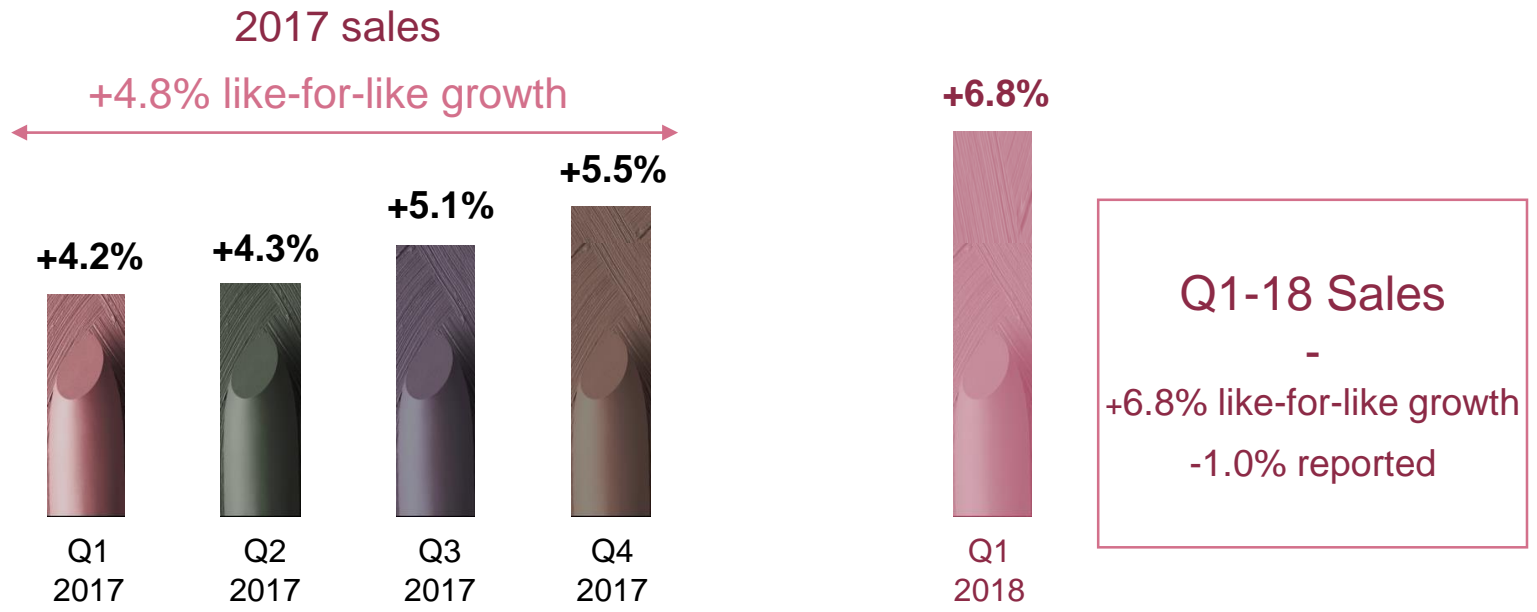
A very dynamic 1st quarter

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⁽¹⁾

#1 Makeup⁽¹⁾

#1 Luxury Products⁽²⁾

#1 Dermocosmetics⁽³⁾

#1 Professional Products⁽⁴⁾

#1 Men's Skincare⁽⁵⁾

* 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

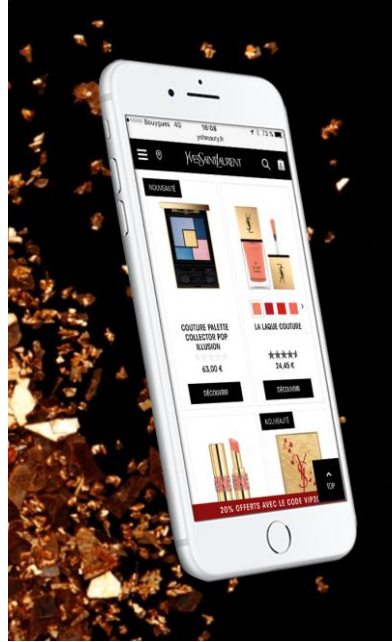
(4) Kline salon hair study 2016

(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)

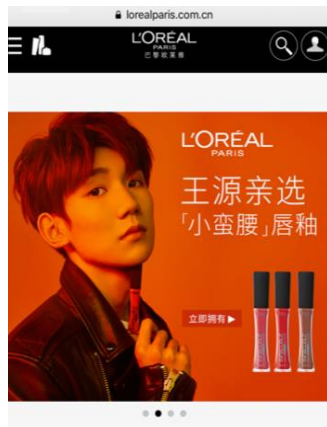
** Q1-2018 like-for-like sales growth



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

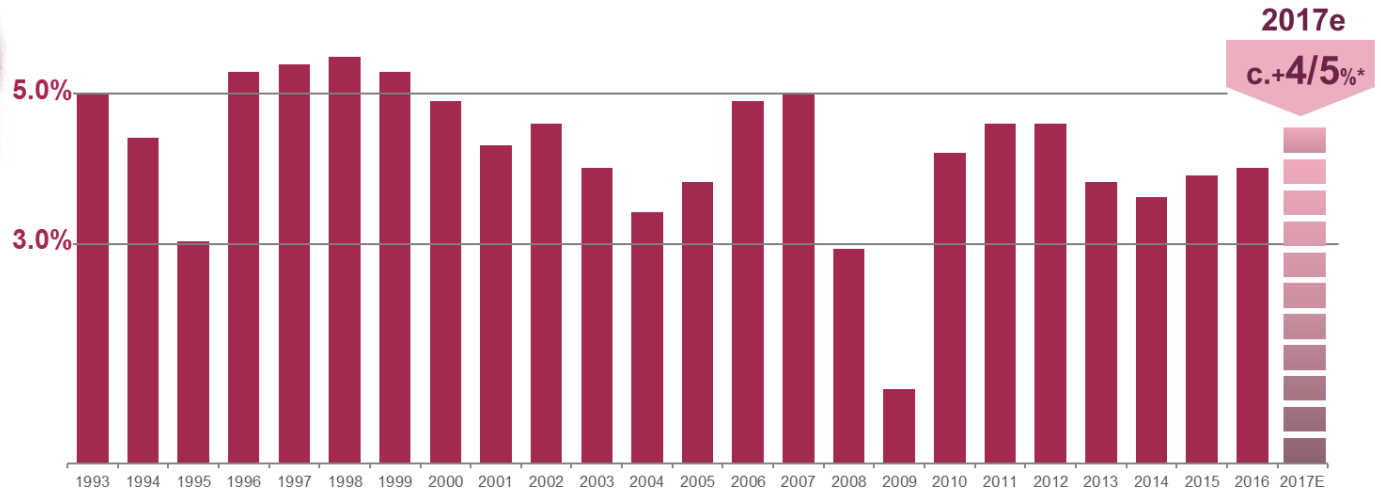
L'ORÉAL



Reasons for confidence in the future



1. A constantly growing beauty market

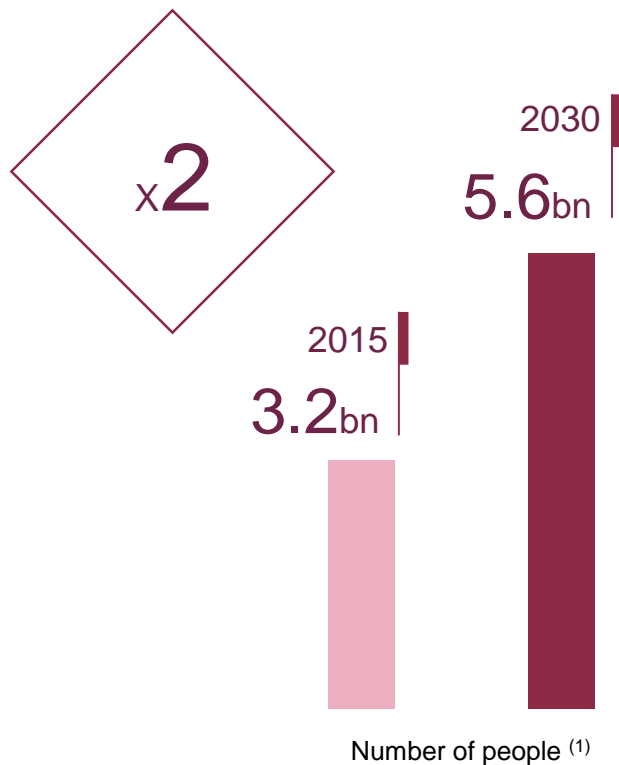


* Beauty market annual growth, excluding soaps, toothpastes and razors, at constant exchange rate
Source: L'Oréal estimates



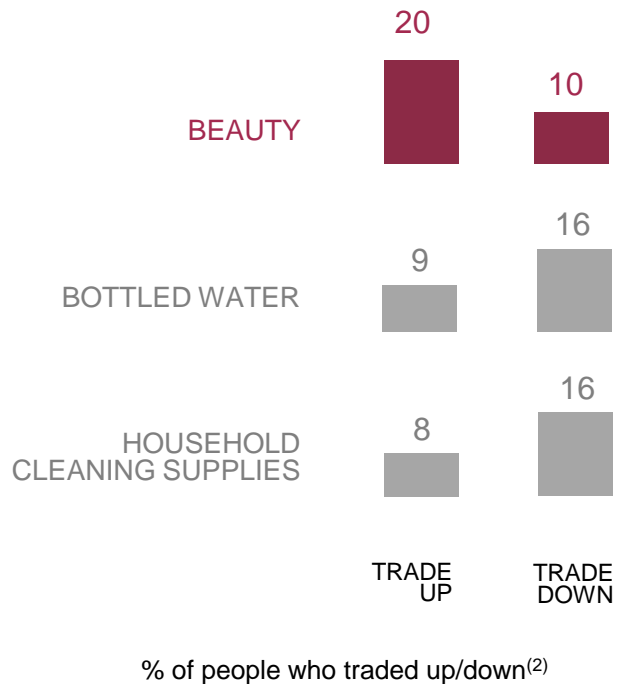
Growing middle class & high propensity to trade up

Current market dynamics towards premiumisation



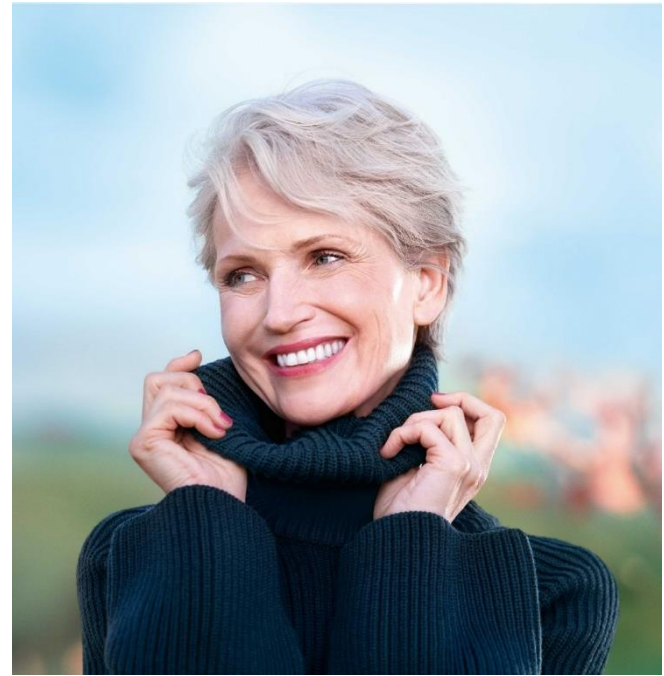
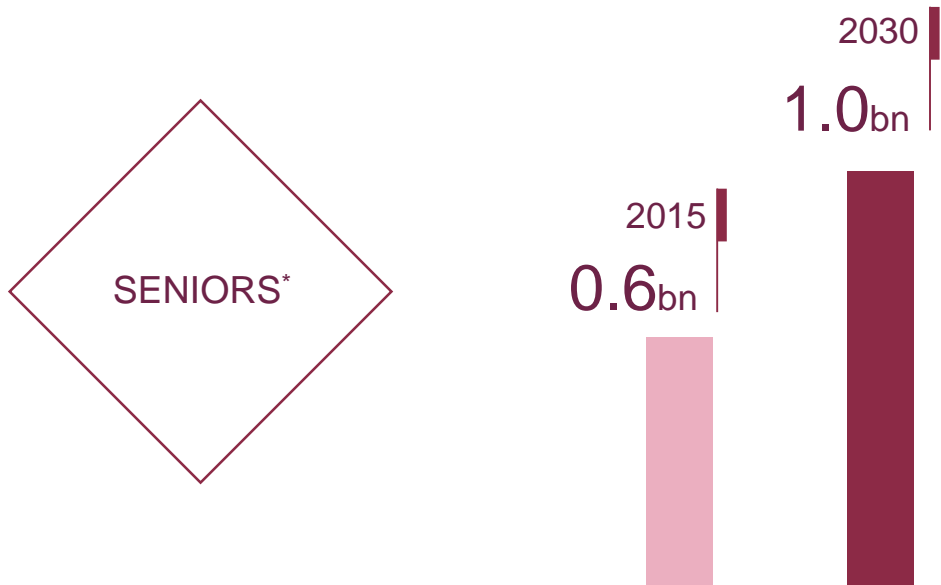
(1) World Data Lab for L'Oréal

(2) McKinsey Global Consumer Sentiment Survey, 2016





... 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%*

L'ORÉAL
PROFESSIONNEL
PARIS



REDKEN
27th AVENUE NYC



MATRIX
INSPIRED BY THE WAY YOUR HAIR BEHAVES



KÉRASTASE
PARIS



PUREOLOGY
serious colour care



DECLÉOR
PARIS



Consumer products 46.6%*

L'ORÉAL
PARIS



GARNIER



MAYBELLINE
NEW YORK



NYX
PROFESSIONAL MAKEUP



essie



Nivea



3G



Dark
and
Lovely



L'Oréal Luxe 32.6%*

LANCÔME
PARIS



GIORGIO ARMANI



URBAN DECAY



it COSMETICS



shu uemura



VIKTOR&ROLF



DIESEL



YUESAI



YVES SAINT LAURENT
BEAUTE



Kiehl's
SINCE 1851



BIOtherm



RALPH LAUREN
FRAGRANCES



clarisonic



HR
HEALTH REGENERATION



cacharel



Active cosmetics 8.0%*

LA ROCHE-POSAY
LABORATOIRE PHARMACEUTIQUE



VICHY
LABORATOIRES



CeraVe
DEVELOPED WITH DERMATOLOGISTS



SKINCEUTICALS



* 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



Botanea

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

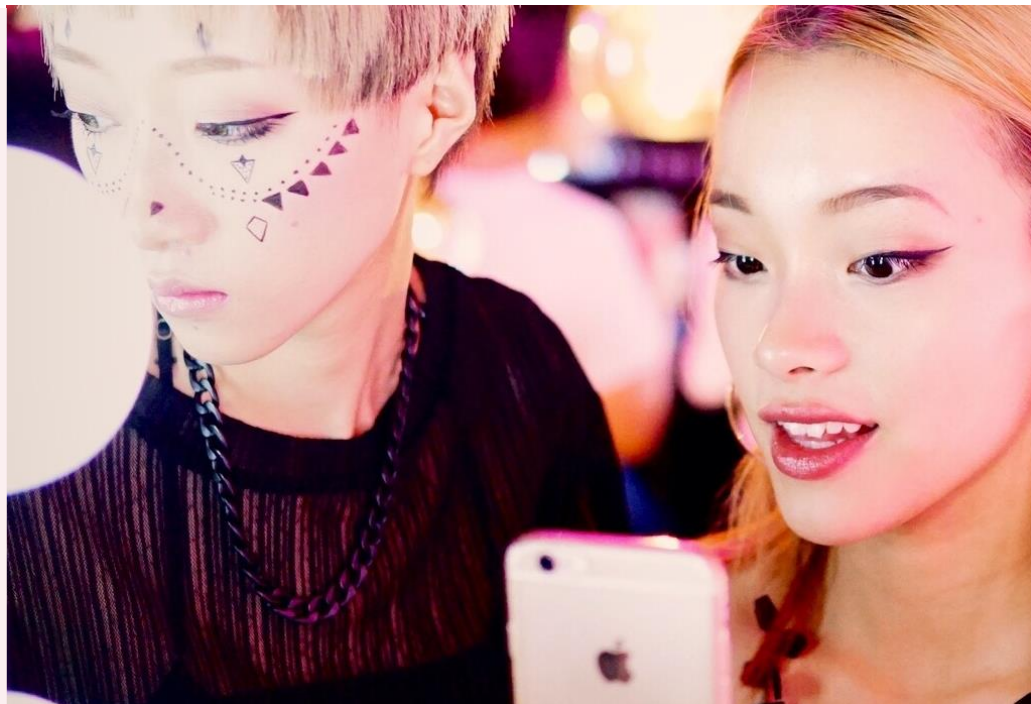
17,000

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%

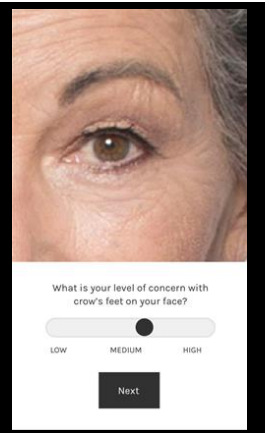
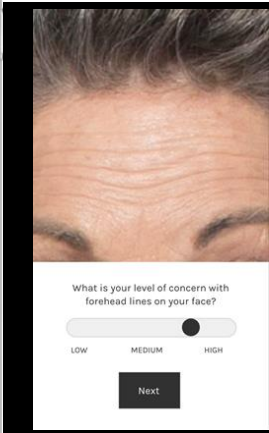
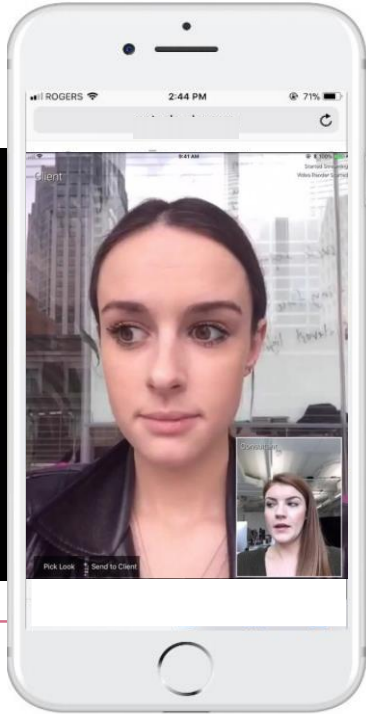
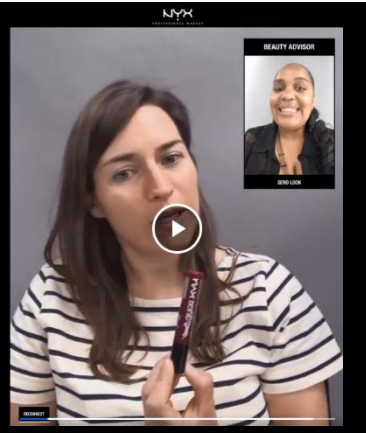
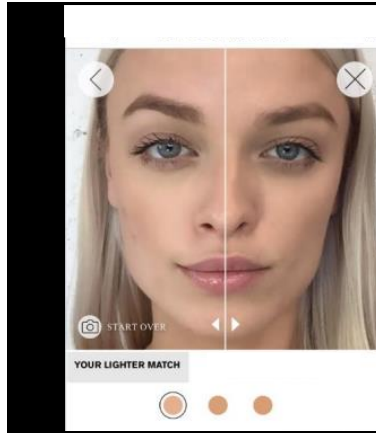
of group Sales

* 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

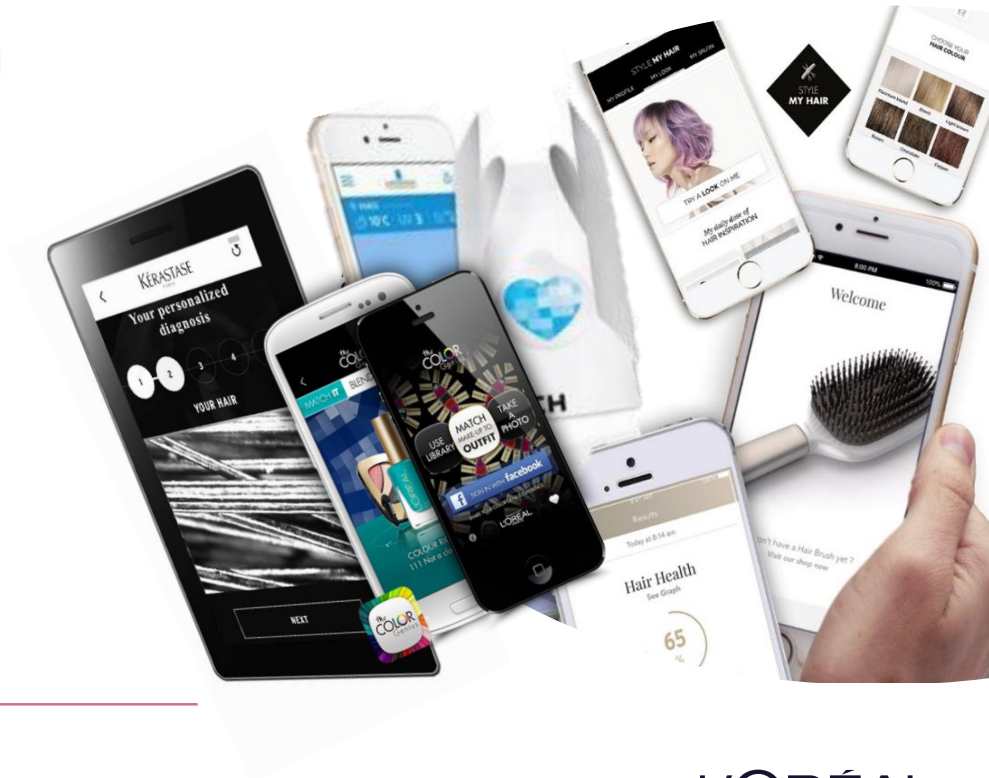




In an ecosystem of partnerships & startups



STATION F





6. Leading responsibility conscience & performance





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 CO₂ 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

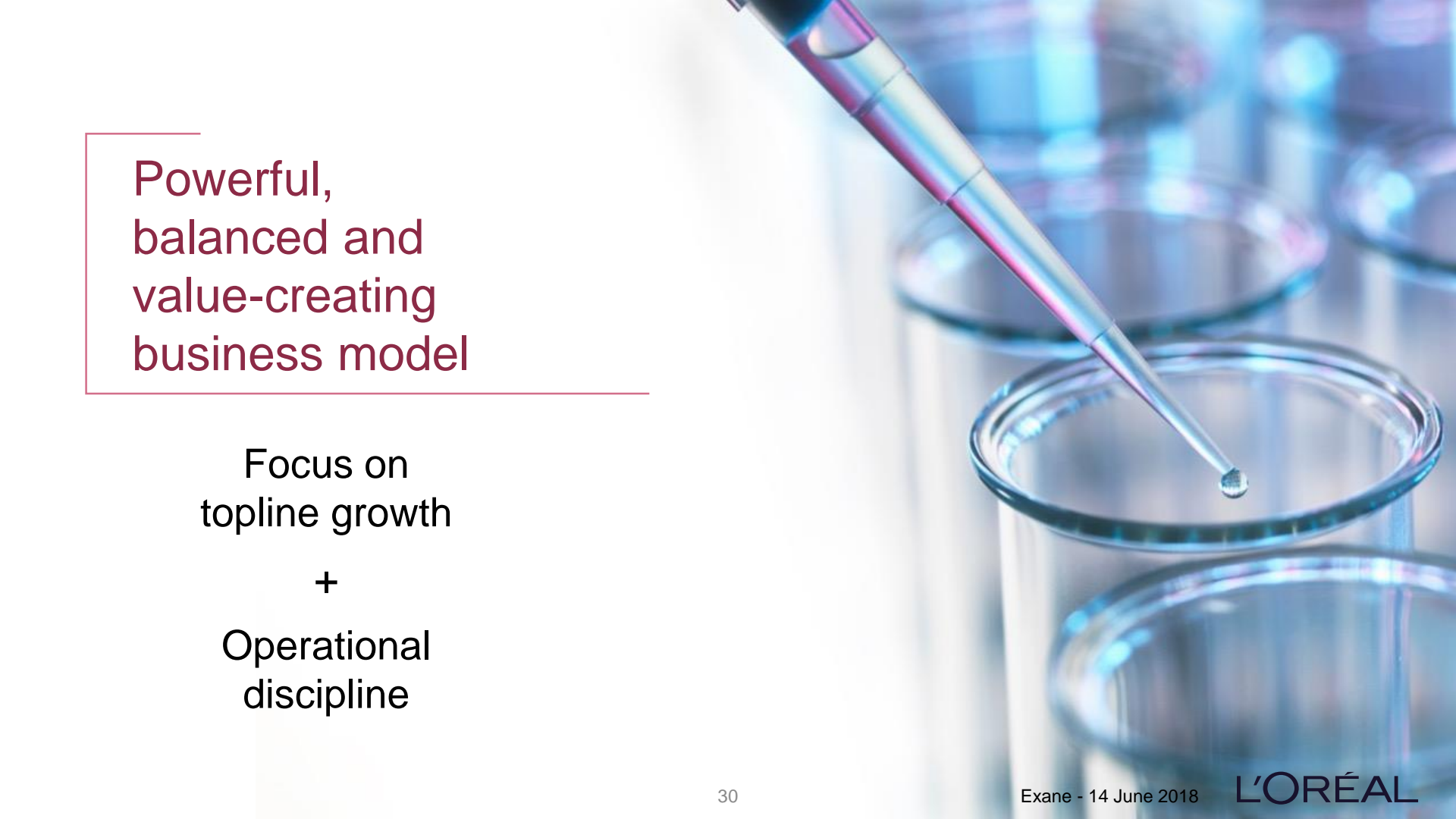


83,000 beauty experts

Unique culture

Decentralized organisation





Powerful,
balanced and
value-creating
business model

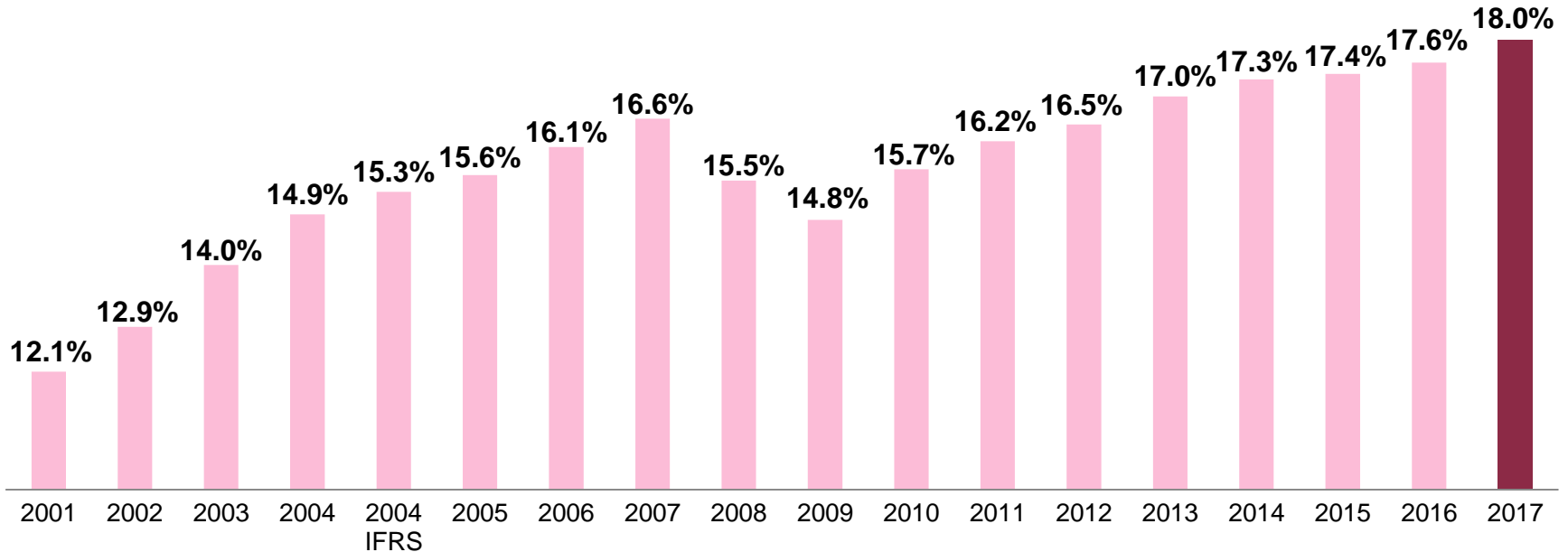
Focus on
topline growth

+

Operational
discipline



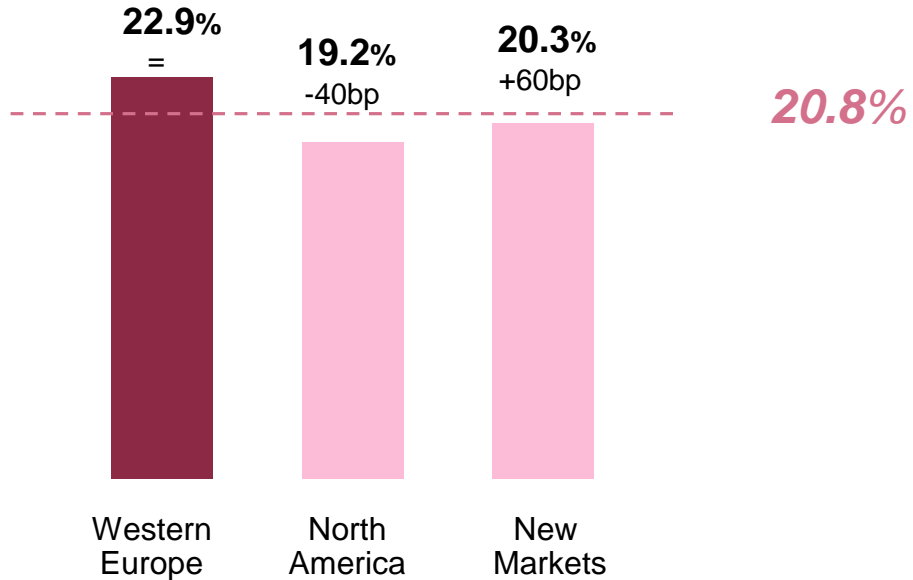
A robust, long term successful business model: Operating margin (as a % of sales)



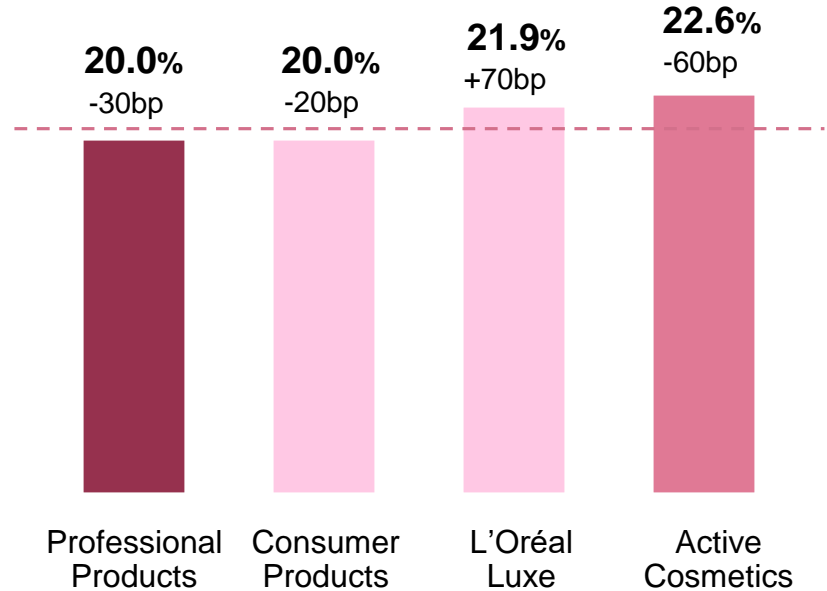


Balanced profitability in 2017

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



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

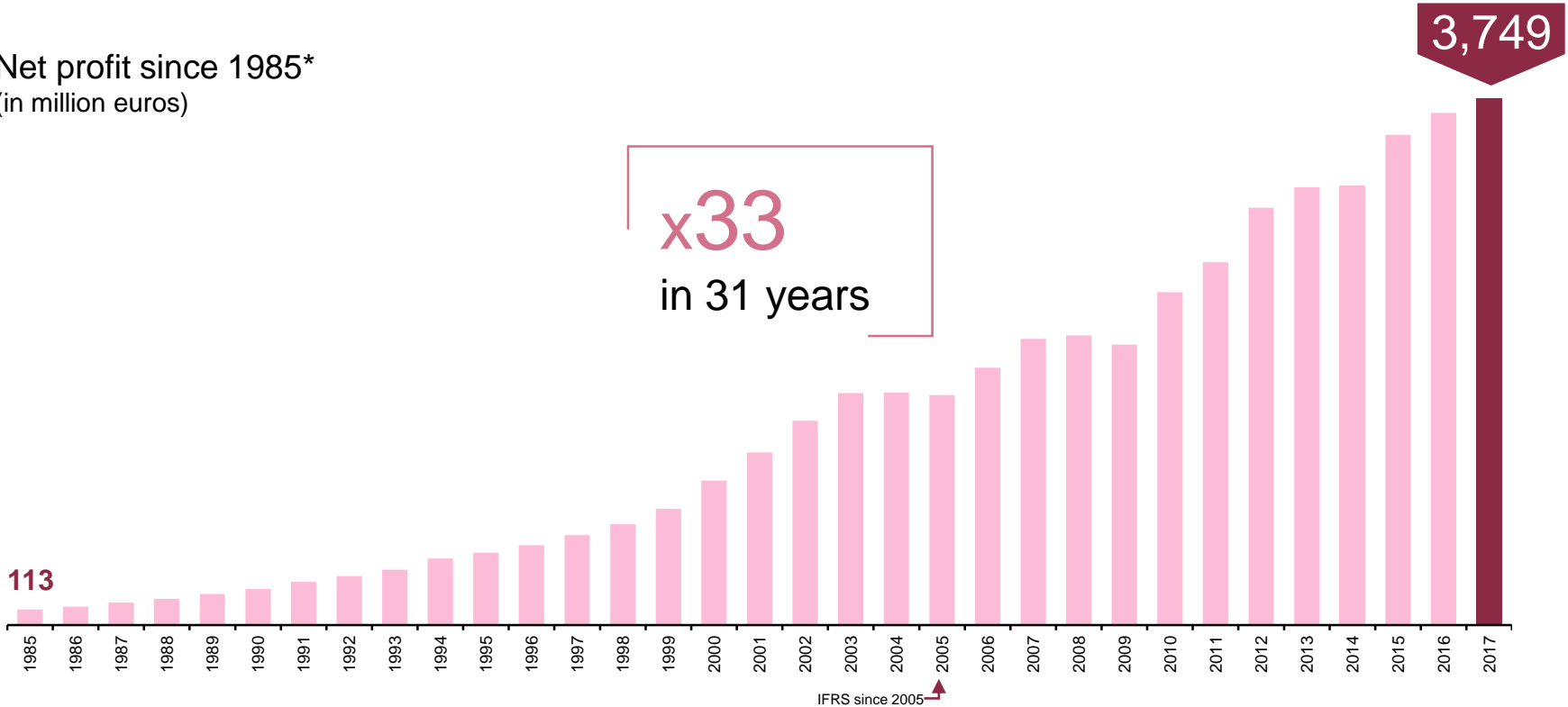


* Before central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total divisions sales; as of July 1st, 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe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



A powerful, value-creating business model

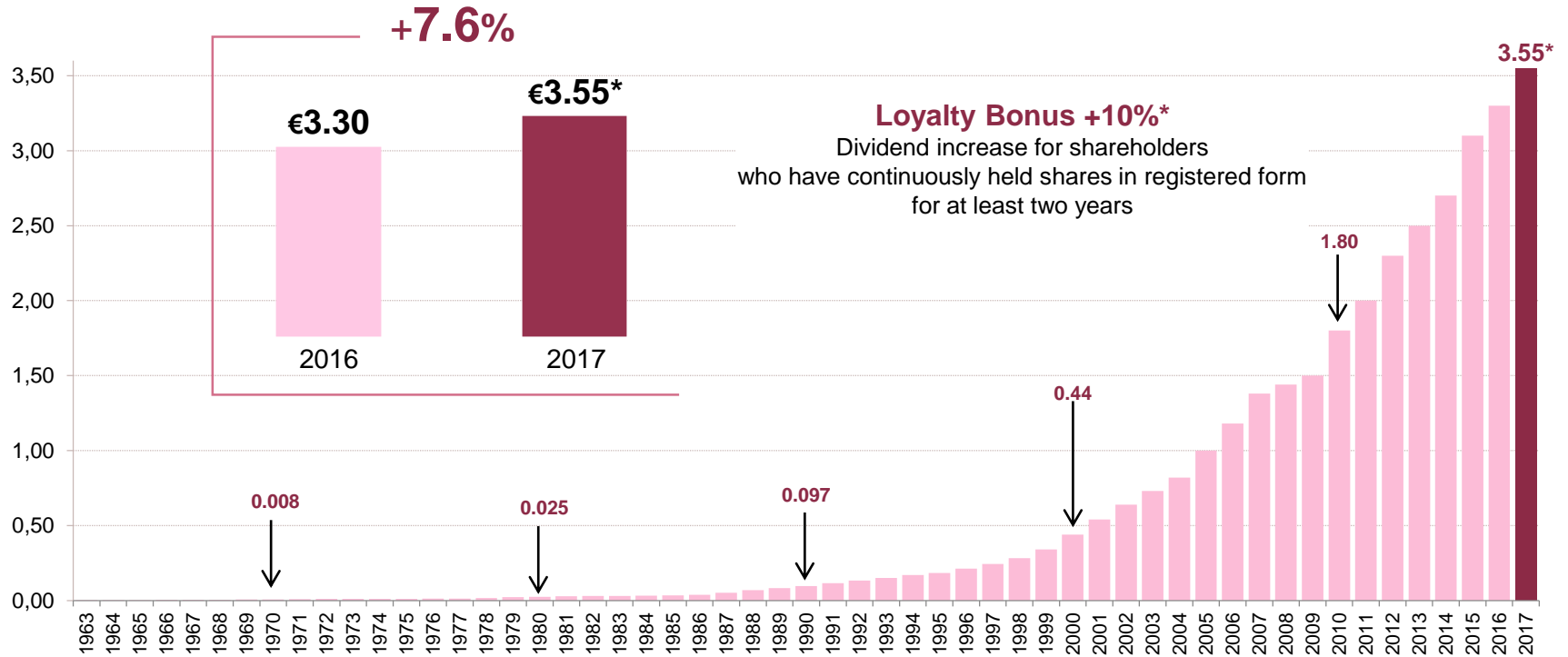
Net profit since 1985*
(in million euros)



*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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http://www.loreal-finance.com/en/annual-report-2017?utm_source=loreal-finance&utm_medium=actualite_en

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