



2022

ANNUAL RESULTS

L'ORÉAL
GROUPE

Christophe BABULE



2022 Highlights – Another excellent performance

+10.9%

Like-for-like growth

19.5%

Operating margin

+40bps

+27.6%

Earnings per share*

€11.26

** Diluted earnings per share attributable to owners of the company, excluding non-recurring items*

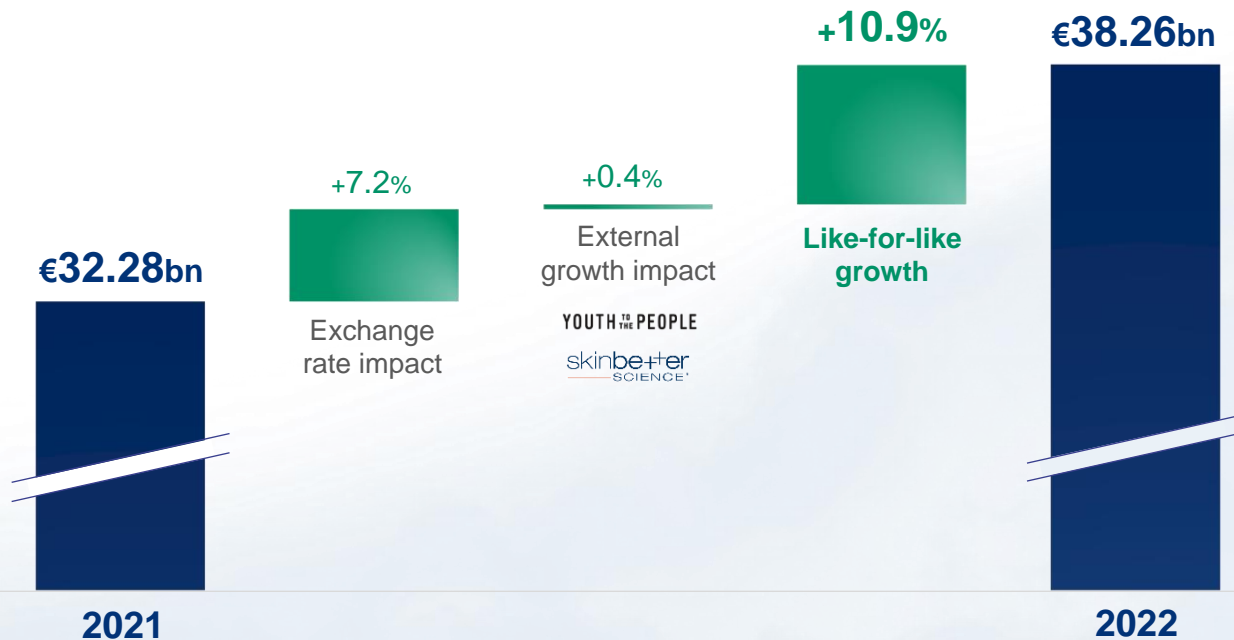
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2022 Consolidated sales - Momentum remains strong

← Reported growth +18.5% →





Strong Q4 2022 and continued acceleration over 3 years

Q4 2022 vs Q4 2021



Comparable growth 2022 vs 2019



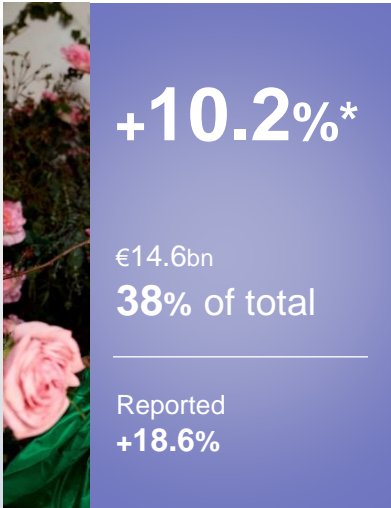
Professional Products



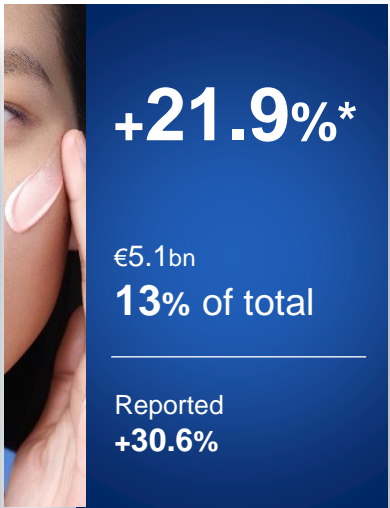
Consumer Products



L'Oréal Luxe



Active Cosmetics

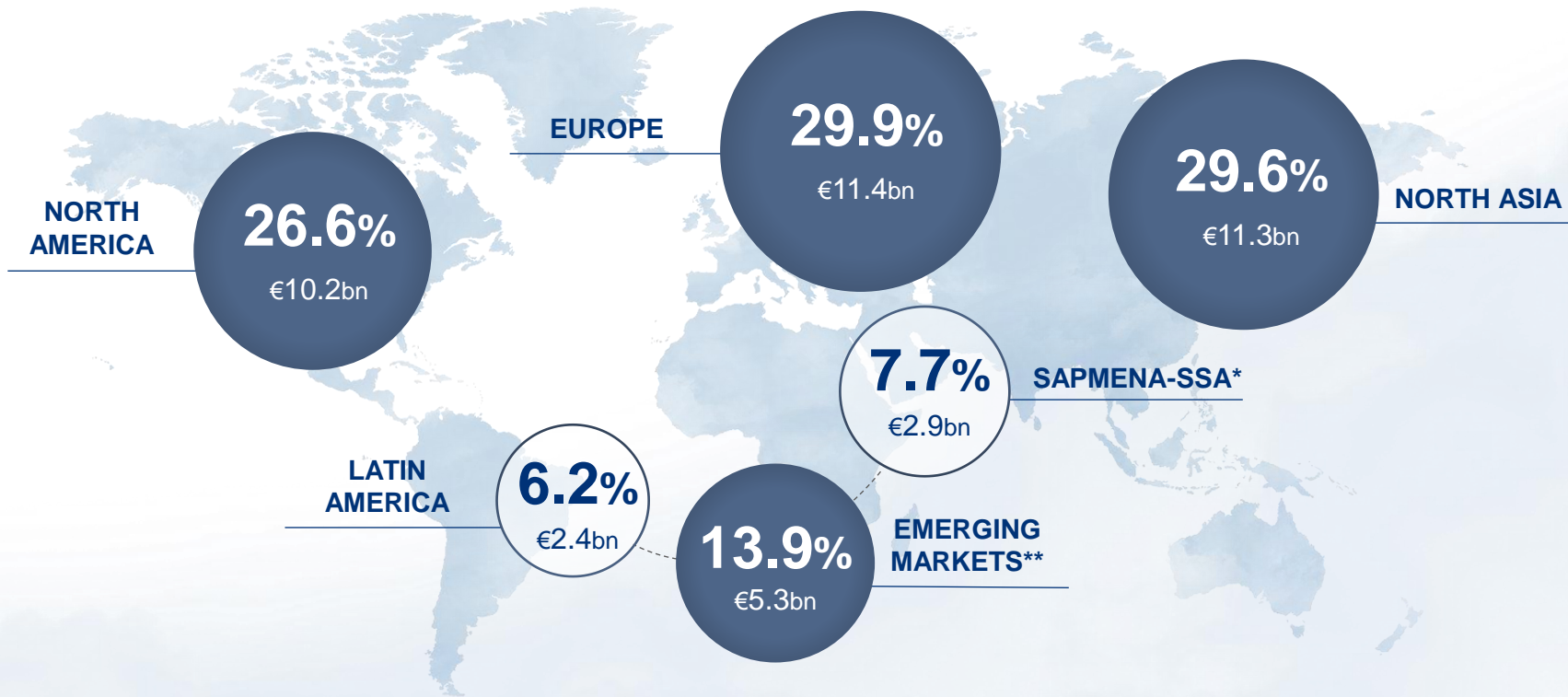


* Like-for-like vs 2021



Sales by region

(as a % of total sales, in billion euros)

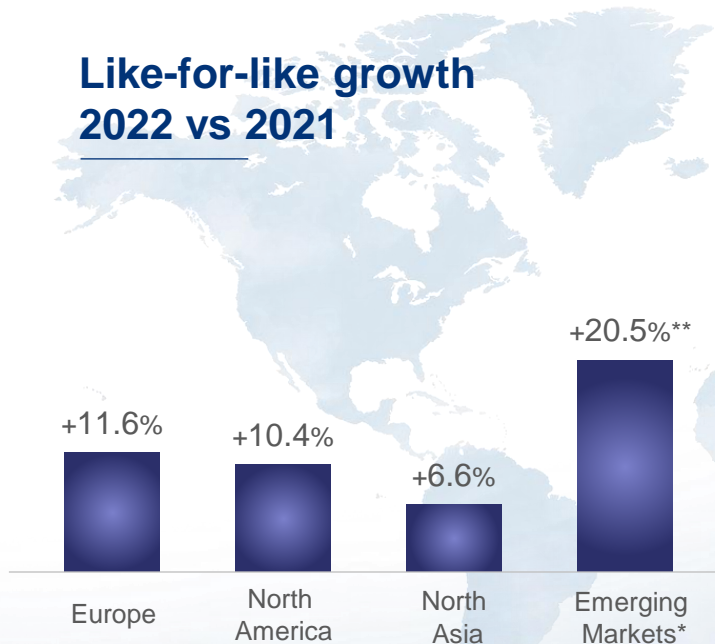


* South Asia Pacific, Middle-East, North Africa - Sub-Saharan Africa
** Emerging Markets combine the Latin America and the SAPMENA-SSA Zones

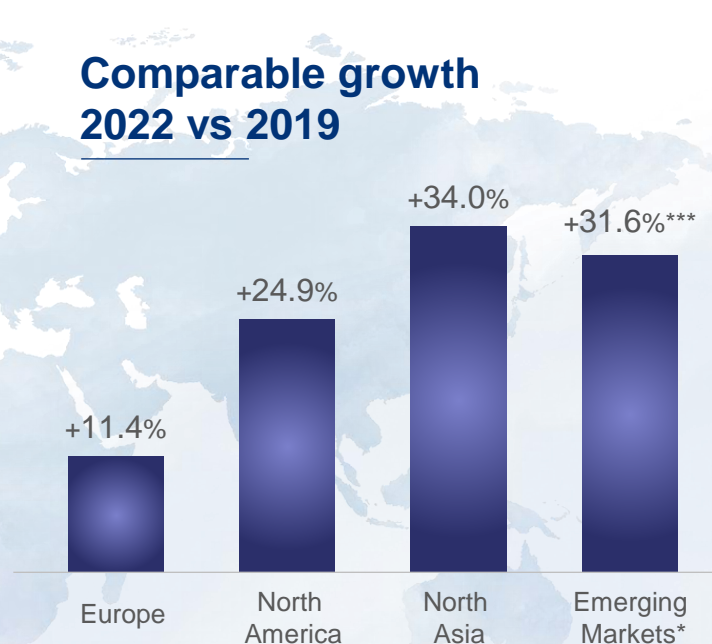


Strong dynamism in all regions

Like-for-like growth 2022 vs 2021



Comparable growth 2022 vs 2019



* Emerging Markets combine the Latin America and the SAPMENA-SSA Zones

** 2022 vs 2021: composed of SAPMENA-SSA: +22.0% and Latin America: +18.6%

*** 2022 vs 2019: composed of SAPMENA-SSA: +25.6% and Latin America: +40.9%

Sales by category - All major categories are growing

Skincare



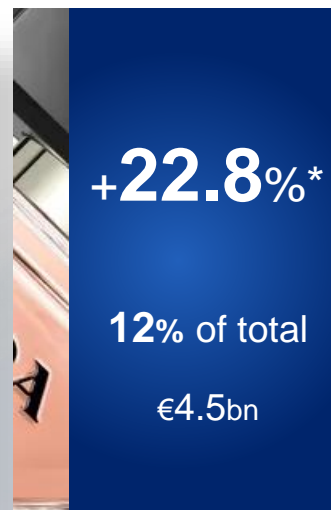
Make-up



Haircare



Fragrances



Hair colour



* Like-for-like growth vs 2021

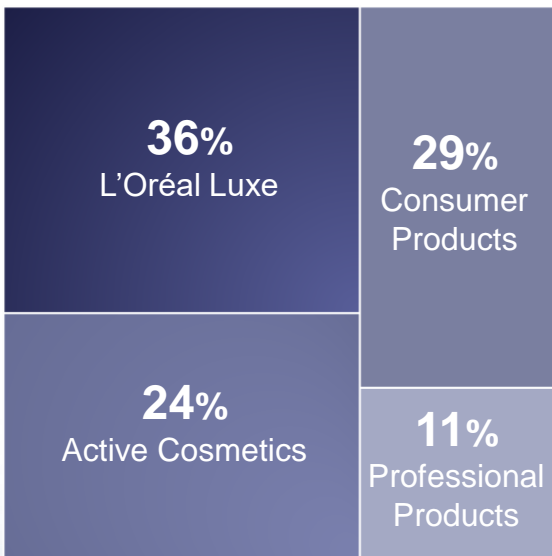
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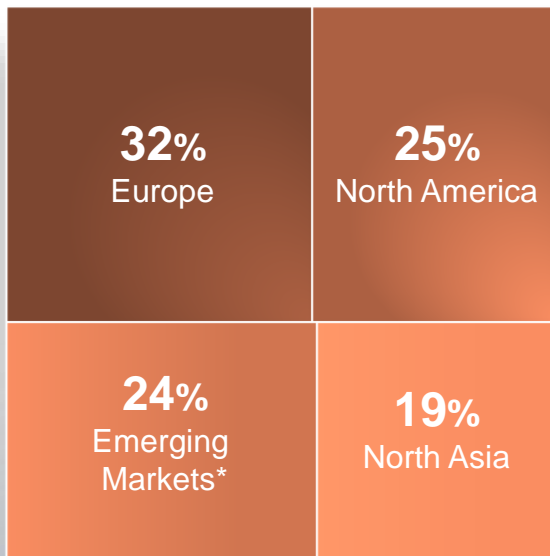
Contribution to growth – The key word is ‘Balance’

(%, like-for-like growth)

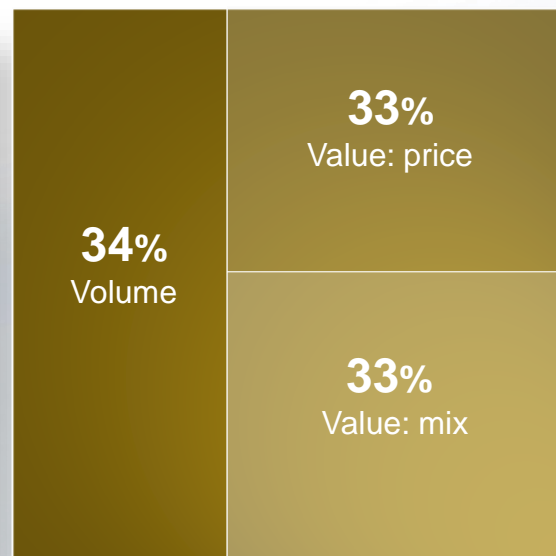
By Division



By Region



By Component of growth



* Emerging Markets combine the Latin America and the SAPMENA-SSA Zones

Profit and loss account

From sales to operating profit

(in million euros)

	2021	% of sales	2022	% of sales	% Change
Sales	32 287.6	100.0%	38 260.6	100.0%	+18.5%
Cost of sales	-8 433.3	26.1%	-10 577.4	27.6%	
Gross profit	23 854.3	73.9%	27 683.3	72.4%	+16.1%
Research and innovation expenses	-1 028.7	3.2%	-1 138.6	3.0%	+10.7%
Advertising and promotion expenses	-10 591.0	32.8%	-12 059.0	31.5%	+13.9%
Selling, general and administrative expenses	-6 074.2	18.8%	-7 028.8	18.4%	
Operating profit	6 160.3	19.1%	7 456.9	19.5%	+40bp*

* In 2022, the operating margin was negatively impacted by -20bp, as the group expensed in 2022 the cost of configuring and customizing software used in Software as a Service (SaaS) mode



Operating margin by division

(as a % of sales)

	2021	2022
Professional Products	21.3%	21.3%
Consumer Products	20.2%	19.8%
L'Oréal Luxe	22.8%	22.9%
Active Cosmetics	25.2%	25.4%
Total before non-allocated expenses	21.9%	21.9%
Non-allocated expenses*	-2.8%	-2.4%
Group	19.1%	19.5%

In 2022, the operating margin was negatively impacted by -40bp in each division and by -20bp at group level:

- a. -20bp in each division, due to the reallocation of certain central costs to divisions, offset by symmetry by a 20bp decline in non-allocated expenses
- b. -20bp in each division and at group level, as the group expensed in 2022 the cost of configuring and customizing software used in Saas mode, in accordance with IFRIC's April 2021 decision

* Central group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items as a % of total sales



2019 to 2022 - From strength to strength

> €38bn

Sales

+28%
reported

—
+23%
comparable

€7.5bn

Operating profit

+34%

19.5%

Operating margin

+90bps

> €12bn

A&P spend

+31%
in value

—
+70bps
relative*

* Relative to sales: from 30.8% in 2019 to 31.5% in 2022

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Profit and loss account

From operating profit to net profit excluding non-recurring items

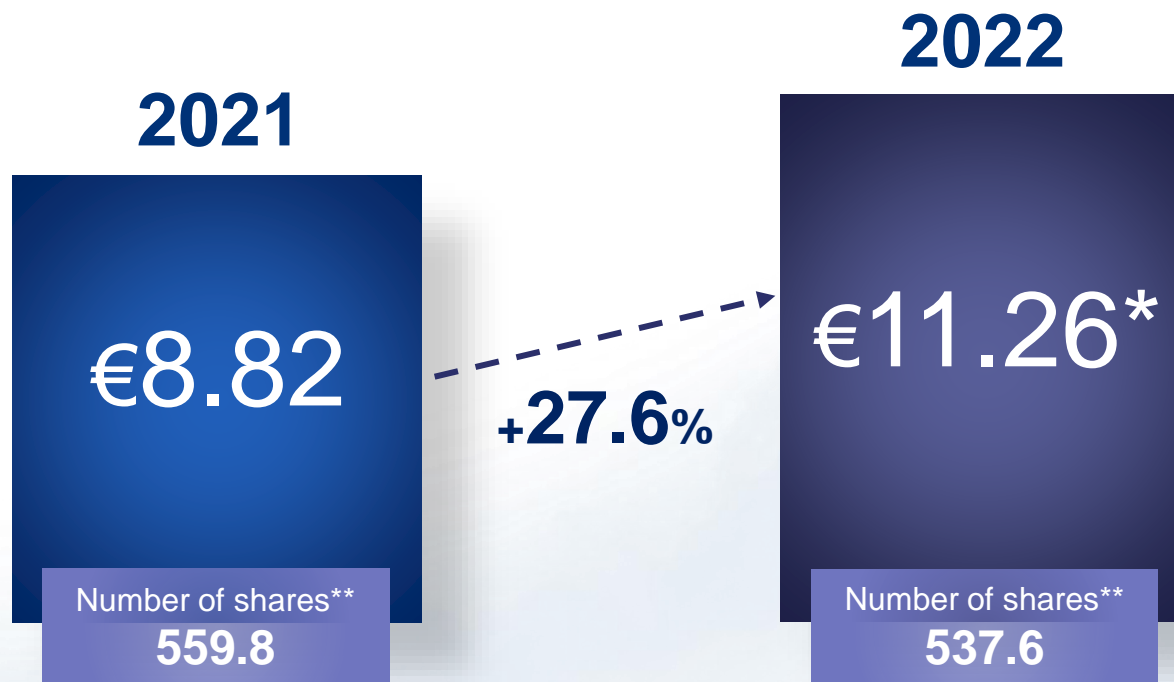
(in million euros)

	2021	2022	% Change
Operating profit	6 160.3	7 456.9	+21.0%
Financial revenues/expenses before dividends received	-59.6	-73.0	
Sanofi dividends	378.3	468.2	
Profit before tax and associates, excluding non-recurring items	6 478.9	7 852.1	+21.2%
Income tax excluding non-recurring items	-1 535.6	-1 793.4	
Net profit excluding non-recurring items of equity consolidated companies	+0.6	+1.5	
Non-controlling interests	-5.5	-6.1	
Net profit excluding non-recurring items after non-controlling interests	4 938.5	6 054.1	
Earnings per share (in euros)*	8.82	11.26	+27.6%
Diluted average number of shares	559 791 545	537 657 548	

* Diluted earnings per share attributable to owners of the company, excluding non-recurring items



A substantial increase in earnings per share (in euros)



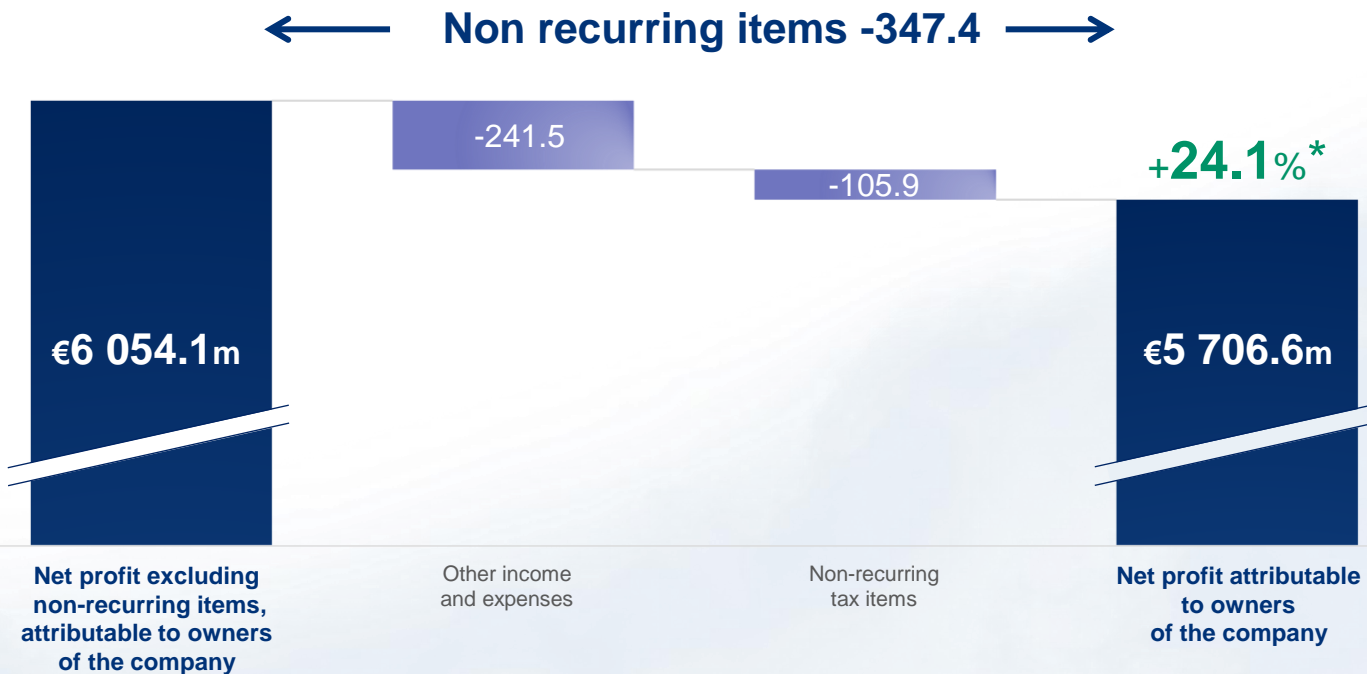
* Impact of the distribution of the EuroAPI dividend of €0.13 per share

** Diluted average number of shares in million



Profit and loss account

From net profit excluding non-recurring items to net profit



* vs 2021

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Cash flow statement

(in million euros)

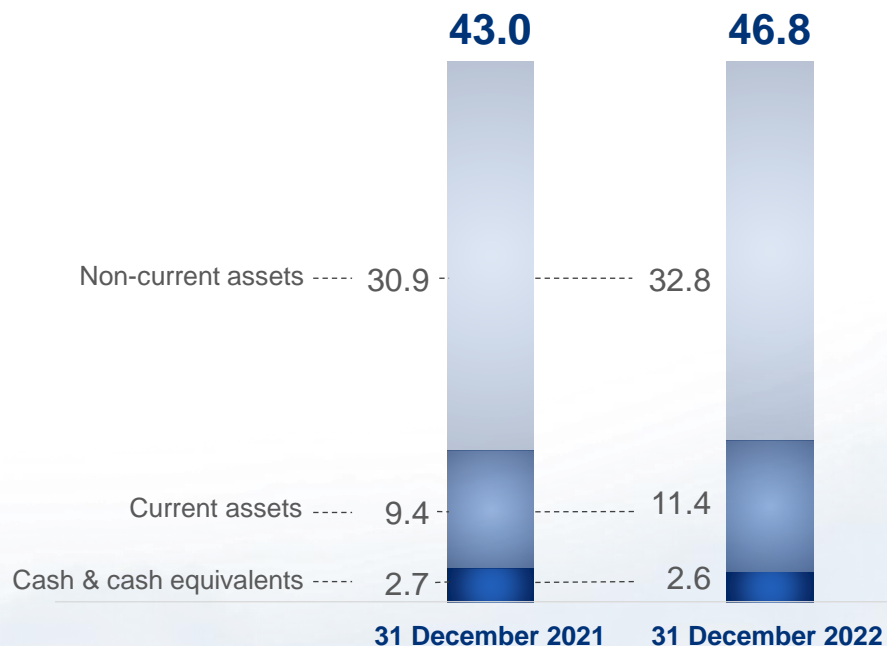
	2021	2022	% Change
Net profit	4 602.2	5 712.6	
Depreciation, amortisation and provisions	1 781.0	1 536.1	
Capital gains / losses on disposals of assets, changes in deferred taxes, other	+255.9	+41.1	
Share of profit in associates, net of dividends received	+1.3	-0.5	
Cash flow	6 640.4	7 289.3	+9.8%
Changes in working capital	+88.0	-1 011.0	
Investments	-1 075.2	-1 343.2	
Operating net cash flow	5 653.3	4 935.1	-12.7%
Dividends paid	-2 352.1	-2 689.9	
Acquisitions	-455.7	-746.9	
Lease debt repayment	-396.4	-446.9	
Acquisitions of treasury stock	-10 060.9	-502.3	
Capital increase	+5.8	+103.1	
Others	-102.8	-133.7	
Residual cash flow	-7 708.8	+518.5	



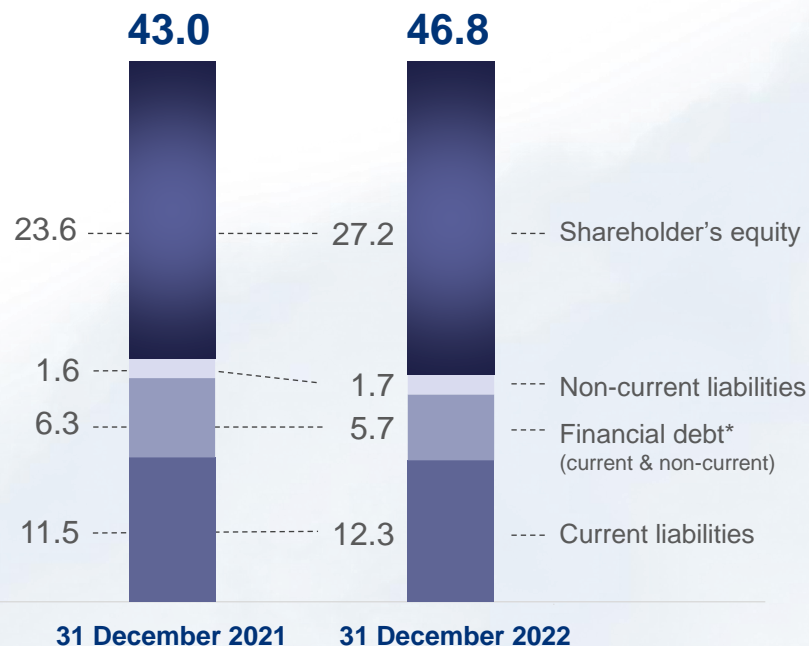
A robust balance sheet

(in billion euros)

Assets



Liabilities



* Of which €1 620m due to financial lease debt at the end of December 2022 (IFRS 16) and of €1 670m at the end of December 2021



Net debt – a healthy financial situation

(in million euros)



Gearing*

11.2%
(vs 15.2%)

Leverage (net debt/EBITDA)

0.3x
(vs 0.5x)

* Net debt/equity attributable to owners of the company (5.2% excluding financial lease debt)

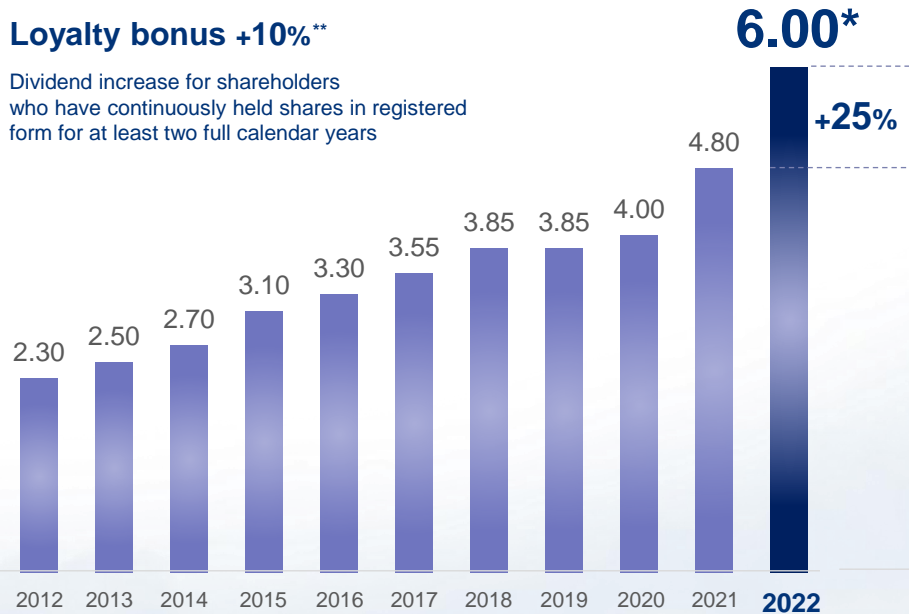


Dividend and payout ratio

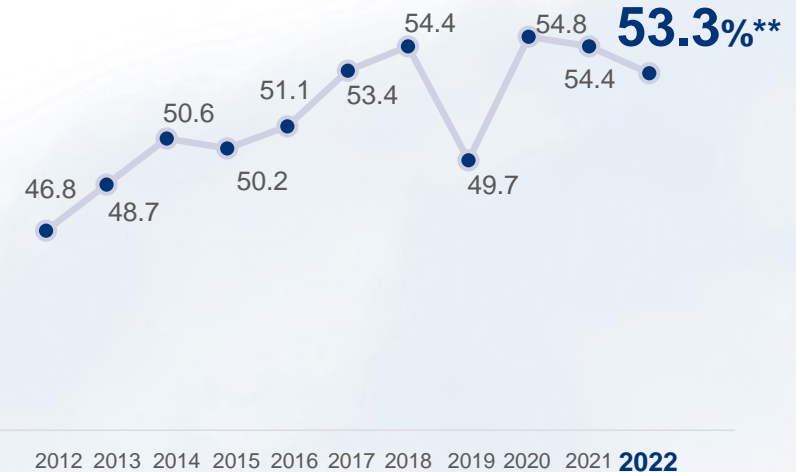
Dividend in euros

Loyalty bonus +10%**

Dividend increase for shareholders who have continuously held shares in registered form for at least two full calendar years



Payout ratio in %



* Proposed at the shareholders' meeting to be held on 21 April 2023

** 2022 dividend paid in 2023: pay-out of the 10% loyalty bonus (preferential dividend of +10%) for shares held in registered form since 2020

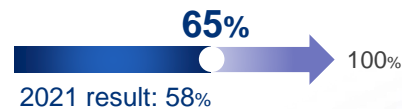


Corporate Social & Environmental Responsibility

L'Oréal for the Future

Climate

By **2025**, all of our sites will achieve **carbon** neutrality* by improving energy efficiency and using **100%** renewable energy.



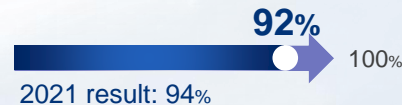
Water

By **2030**, **100%** of the **water** used in our industrial processes will be recycled and reused in a loop.



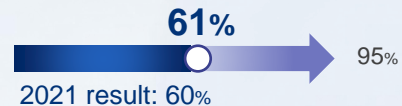
Biodiversity

By **2030**, **100%** of the biobased **ingredients** for formulas and packaging materials will be traceable and will come from sustainable sources, none will be linked to deforestation.



Resources

By **2030**, **95%** of our **ingredients** in formula will be biobased, derived from abundant minerals or from circular processes.



By **2030**, **100%** of our **plastic packaging** will be either from recycled or biobased sources (we will reach **50%** in 2025).



* A site can claim "carbon neutral" status if it meets the following requirements: 1) Direct CO2 (Scope 1) = 0, with the exception of the gas used for catering, the fuel oil used for sprinkler tests, fossil energy consumptions during maintenance of on-site renewable facilities, cooling gas leaks if they are lower than 130 tons CO2eq./year; and 2) Indirect CO2 Market Based (Scope 2) = 0. The renewable energy sources must be located on site or less than 500 kilometres from the site and be connected to the same distribution network. The "carbon neutral" status, as defined above, is achieved without carbon offsetting.



Corporate Social & Environmental Responsibility

Ratings and awards

ESG Rating Agencies

S&P Global
Ratings

Score of 85/100

MOODY'S
ESG Solutions

1st in the "Luxury & Personal goods" sector



Low risk score



FTSE4Good



For the 11th year in a row

Environmental



CLIMATE FORESTS WATER

For the 7th year in a row

Employer attractiveness



5th in the world ranking
(Business schools)

Ethical and social



For the 13th time



For the 6th year in a row



TOP 100 COMPANY 2022
Diversity and Inclusion Index

For the 7th year in a row

APPENDIX

Avertissement / Disclaimer

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Changes in exchange rates

(against the euro)

	Weight in 2022 consolidated sales	Average rate 2021	Average rate 2022	% Change 2022 vs. 2021
Euro	18.5%	—	—	—
US Dollar (1 € =)	24.9%	1.182	1.051	+12.5%
Chinese Yuan	18.8%	0.131	0.141	+7.8%
Pound Sterling	3.9%	1.163	1.173	+0.9%
Canadian Dollar	2.4%	0.674	0.730	+8.3%
Brazilian Real	2.1%	0.156	0.184	+17.6%
Russian Rouble	2.0%	0.011	0.014	+23.6%
Mexican Peso	1.7%	0.041	0.047	+13.4%
Australian Dollar	1.4%	0.635	0.659	+3.9%
Indian Rupee	1.3%	0.011	0.012	+5.8%

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