



L'ORÉAL

A COMPANY LIKE NO OTHER
IN A SECTOR LIKE NO OTHER

Kepler Cheuvreux Autumn Conference

12 September 2018

JEAN-PAUL AGON

Chairman & Chief Executive Officer

KEY INDICATORS - 2017

SALES
26 BILLION €

#1 BEAUTY PLAYER
WORLDWIDE

OPERATING MARGIN¹
18%

NET PROFIT²
3.7 BILLION €

NET CASH FLOW
4 BILLION €

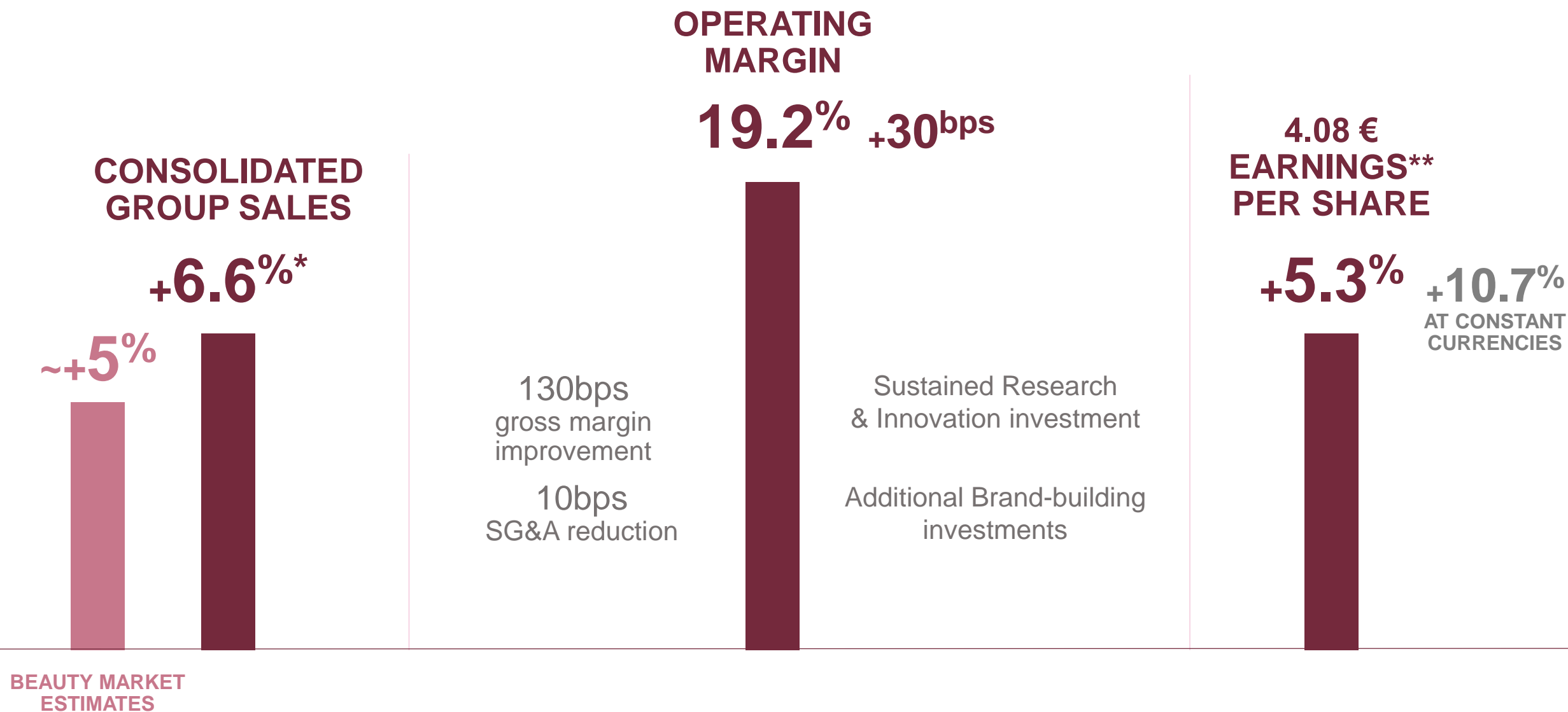
EARNINGS PER SHARE³
6.65 €

MARKET CAPITALIZATION
117 BILLION €⁴

¹As a % of sales. ²Net profit excluding non-recurring items, attributable to owners of the company. ³Diluted earnings per share based on net profit excluding non-recurring items, attributable to owners of the company. ⁴Based on 29 August 2018 closing price of 209.1€

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2018 - A STRONG FIRST HALF



2018 - LOOKING TO H2 WITH CONFIDENCE



FY 2018

CONFIDENCE IN OUR ABILITY TO:

- **OUTPERFORM ONCE AGAIN THE BEAUTY MARKET IN 2018**
- **ACHIEVE SIGNIFICANT LIKE-FOR-LIKE SALES GROWTH**
- **DELIVER AN INCREASE IN PROFITABILITY**

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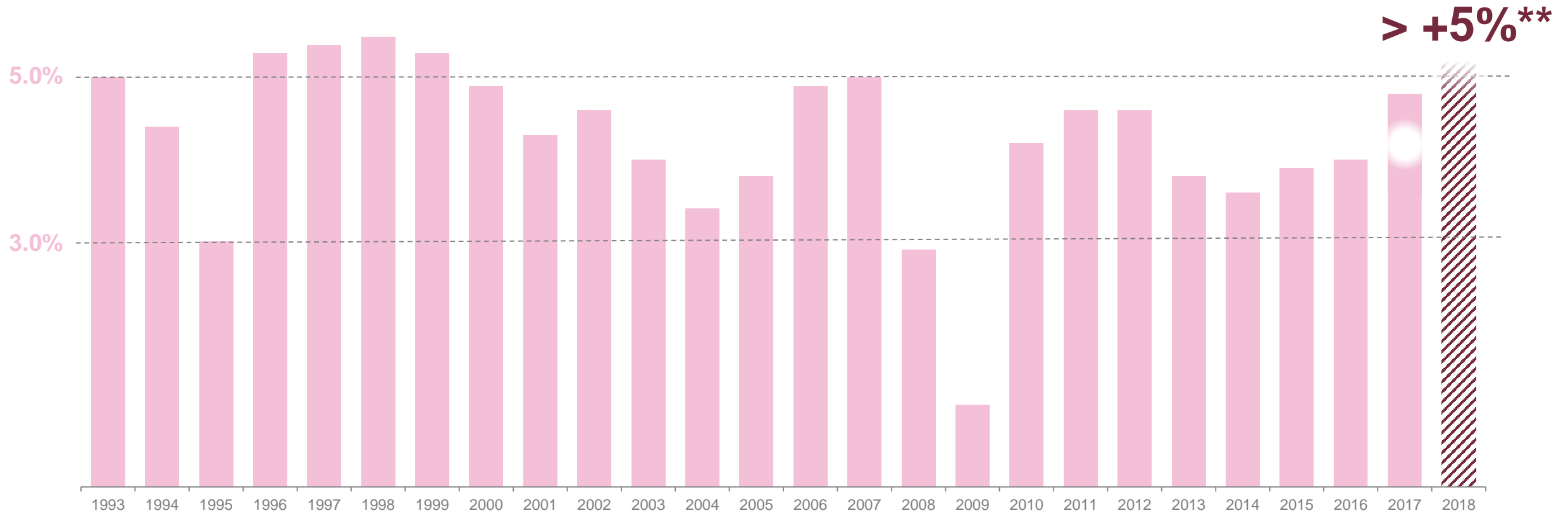
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**A COMPANY
LIKE NO OTHER
IN A SECTOR
LIKE NO OTHER**

L'ORÉAL

THE BEAUTY MARKET IS PERMANENTLY EXPANDING

BEAUTY: +4% AVERAGE ANNUAL GROWTH*



> +5%**

THE BEAUTY MARKET IS PERMANENTLY EXPANDING

A VITAL HUMAN
BEHAVIOUR,
STARTED WITH
HUMANITY



THE BEAUTY MARKET IS PERMANENTLY EXPANDING



**BEAUTY IS
A PERMANENT QUEST**

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THE BEAUTY MARKET IS ONLY PARTIALLY EXPLOITED

BEAUTY CONSUMPTION PER CAPITA INDEX*

100

**NORTH AMERICA
WESTERN EUROPE
JAPAN**

< 35

**EASTERN EUROPE
LATIN AMERICA**

< 20

**ASIA
MIDDLE-EAST**

< 10

AFRICA

THE BEAUTY MARKET IS ONLY PARTIALLY EXPLOITED



AWAKENING OF MAKEUP IN CHINA*

MAKEUP WEIGHT IN THE CHINESE MARKET: **11%**

VS

MAKEUP WEIGHT IN THE US MARKET: **26%**

MAKEUP CONSUMPTION PER CAPITA IN THE US:
ALMOST **20** TIMES THAT OF CHINA

THE BEAUTY MARKET IS ONLY PARTIALLY EXPLOITED

THE NUMBER OF SENIORS
WILL ALMOST DOUBLE

URBANIZATION CREATES
NEW NEEDS AND NEW DESIRES

MEN:
STILL THE BEGINNING



SENIORS

1 bn*
by 2030



URBAN POPULATION

5 bn*
by 2030



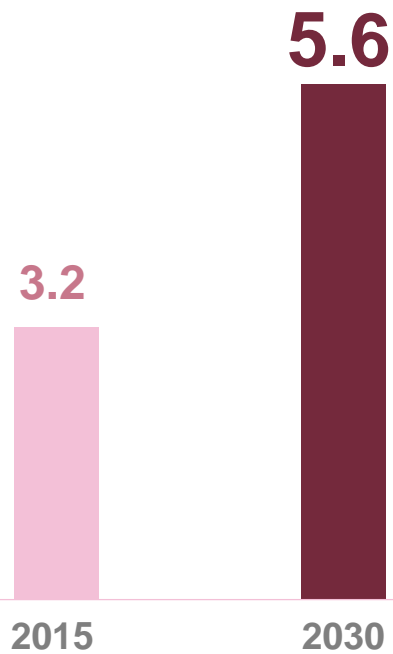
MEN'S MARKET

< 10%**
of the beauty market

THE BEAUTY MARKET IS ONLY PARTIALLY EXPLOITED

RISE OF THE MIDDLE & UPPER CLASSES

+2.4 Bn
MIDDLE & UPPER CLASSES
(NUMBER OF PEOPLE)



UPPER MIDDLE +
UPPER CLASSES
SPENDING BY 2030

x1.5 WESTERN EUROPE
NORTH AMERICA

x2 LATIN AMERICA
AFRICA MIDDLE-EAST

x3 ASIA



THE BEAUTY MARKET IS PREMIUMIZING

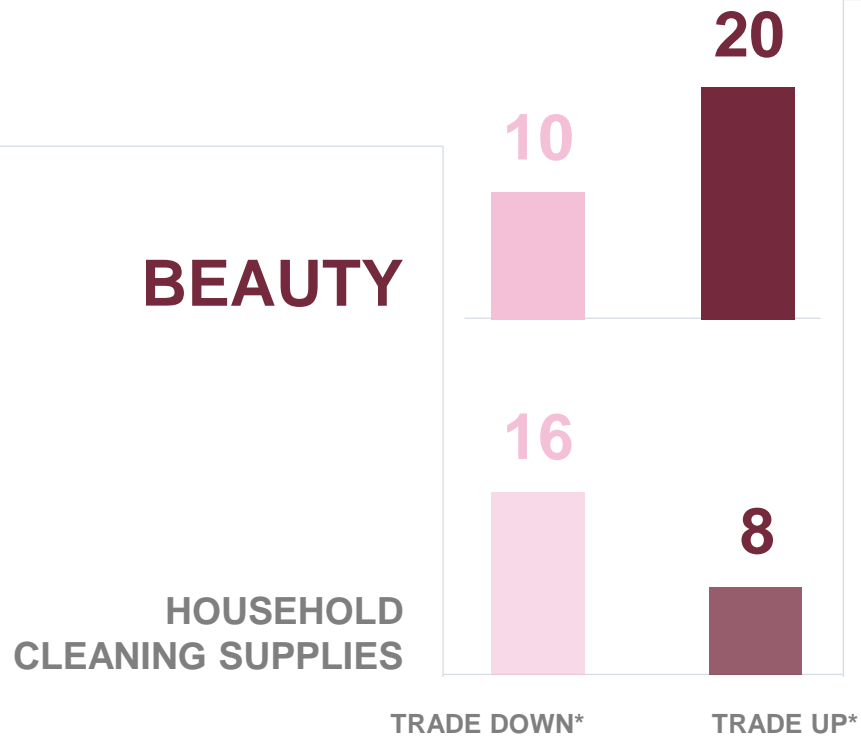


**MORE THAN A FUNCTIONAL NEED,
BEAUTY IS AN ASPIRATION**

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THE BEAUTY MARKET IS PREMIUMIZING

HIGHEST PROPENSITY TO TRADE UP



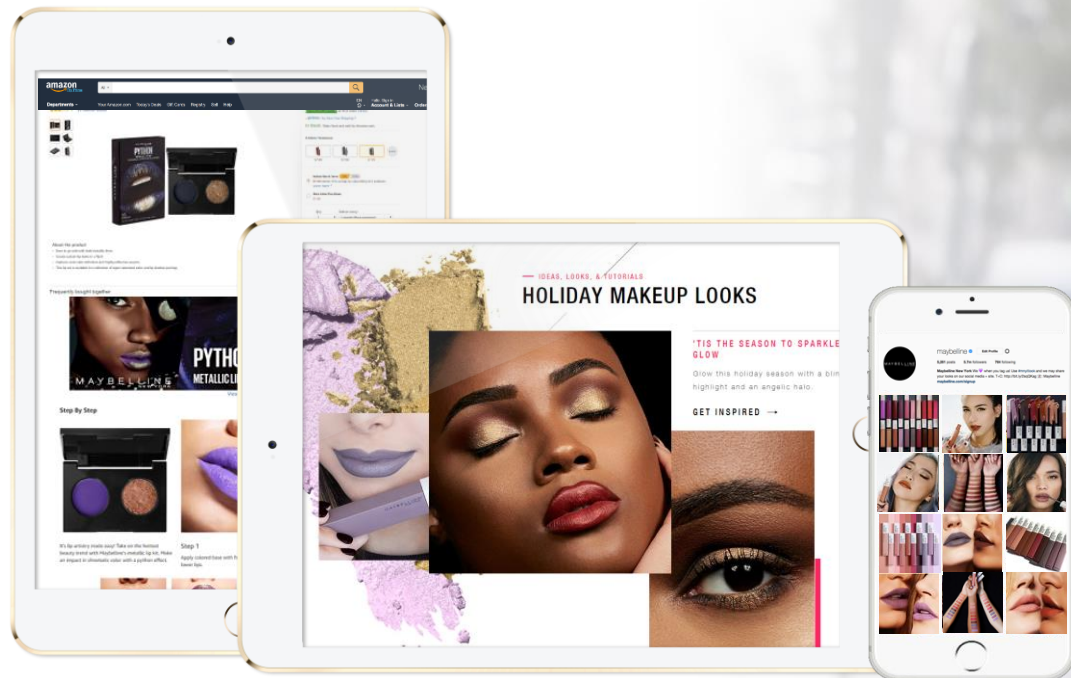
L'ORÉAL, CHAMPION OF BEAUTY WITH A PREMIUM



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DIGITAL & BEAUTY: A PERFECT MATCH

**THE ERA OF 'SOCIAL BEAUTY'
ENHANCES THE IMPORTANCE
OF SELF-CARE**



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**L'ORÉAL
A COMPANY
LIKE NO OTHER**



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ONLY BEAUTY ...

L'OREAL

... ALL ABOUT BEAUTY

7 DISTRIBUTION CHANNELS

HAIR SALONS



MASS RETAIL



DEPARTMENT STORES
PERFUMERIES



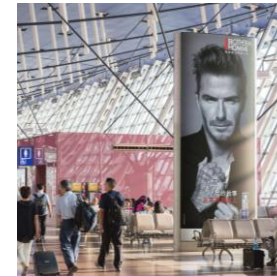
PHARMACIES DRUGSTORES
MEDSPAS



BRANDED RETAIL



TRAVEL RETAIL



E-COMMERCE



5 BEAUTY CATEGORIES



HAIRCARE



HAIR COLOR



SKINCARE



FRAGRANCES



MAKEUP

ALL PRICE
SEGMENTS

ALL
REGIONS

ALL
PSYCHOGRAPHICS

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3 STRONG FUNDAMENTALS



**POWER OF
OUR BRANDS**



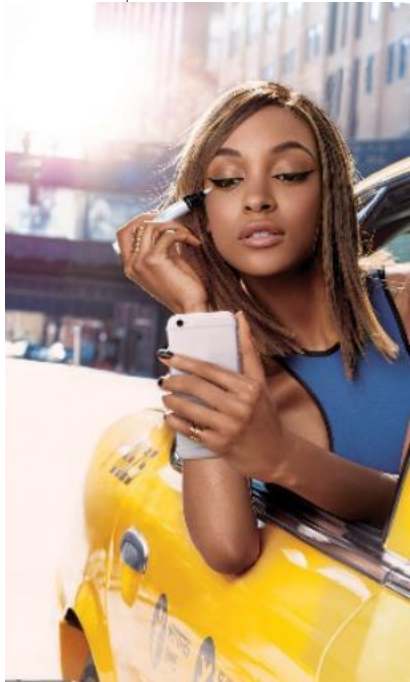
**PRIORITY
TO RESEARCH**



**83,000 BEAUTY
EXPERTS**

ADAPTING IN REAL TIME

SEIZE WHAT STARTS AND SCALE IT



**MAKEUP
BOOM**



**ASPIRATION FOR
HEALTH & WELL-BEING**

**NEW
NATURALS**



PERSONALIZATION



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ADAPTING IN REAL TIME

15% TO 20%
NEW PRODUCTS / YEAR

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UNRIVALLED FLOTILLA OF ICONIC BRANDS

PROFESSIONAL PRODUCTS

L'ORÉAL
PROFESSIONNEL
PARIS



REDKEN
5TH AVENUE NYC



MATRIX
IMAGINEZ TOUT CE QUE VOUS POUVEZ ÊTRE



KÉRASTASE
PARIS



PUREOLOGY®
serious colour care



DECLÉOR
PARIS



CONSUMER PRODUCTS

L'ORÉAL
PARIS



GARNIER



MAYBELLINE
NEW YORK



NYX
PROFESSIONAL MAKEUP



essie



Niely



mg
mass moment
美印面膜



Dark
and
Lovely



L'ORÉAL LUXE

LANCÔME
PARIS



YVES SAINT LAURENT
BEAUTE



GIORGIO ARMANI



Kiehl's
SINCE 1851



ud
URBAN DECAY



BIOThERM



it COSMETICS™



RALPH LAUREN
FRAGRANCES



shu uemura



clarisonic



VIKTOR@ROLF



HR
HUTTENBACH



DIESEL



cacharel



YUESAI



ACTIVE COSMETICS

LA ROCHE-POSAY
LABORATOIRE PHARMACEUTIQUE



VICHY
LABORATOIRES



CeraVe
DEVELOPED WITH DERMATOLOGISTS



SKINCEUTICALS



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ACQUISITIONS TO CAPTURE NEW BEAUTY DESIRES

DIGITAL PROFESSIONAL BEAUTY

PULPRIOT



MASS MEDICAL

VALENTINO*



LUXURY

ORGANIC & NATURALS



K-BEAUTY



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L'ORÉAL: DIGITAL IS A BOOSTER

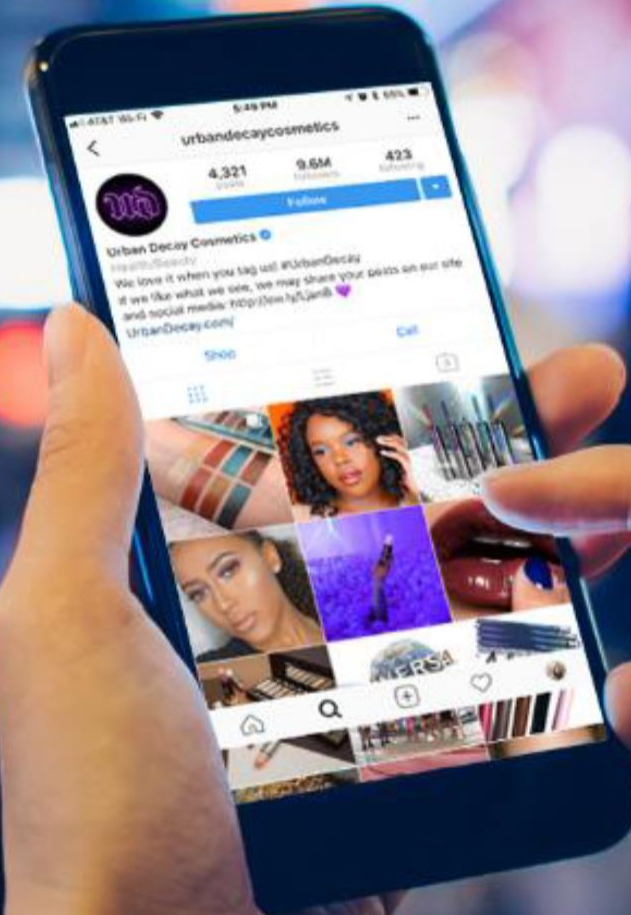
BOOSTING CONSUMER ENGAGEMENT

1 BILLION VISITS ON OUR WEBSITES

300 MILLION SOCIAL FOLLOWERS

4 BRANDS IN THE EMV TOP 10

3 BRANDS IN L2 DIGITAL IQ TOP 5
USA / CHINA



L'ORÉAL: DIGITAL IS A BOOSTER

BOOSTING BRANDS



166 reviews



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

**SUPERIOR
QUALITY
WINS**



**HERO
PRODUCTS
WIN**



**STRONG
BRANDS
WIN**

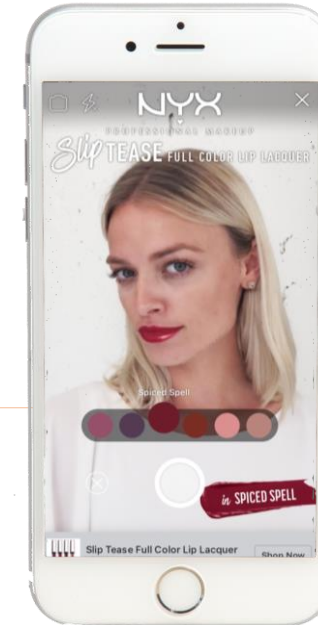
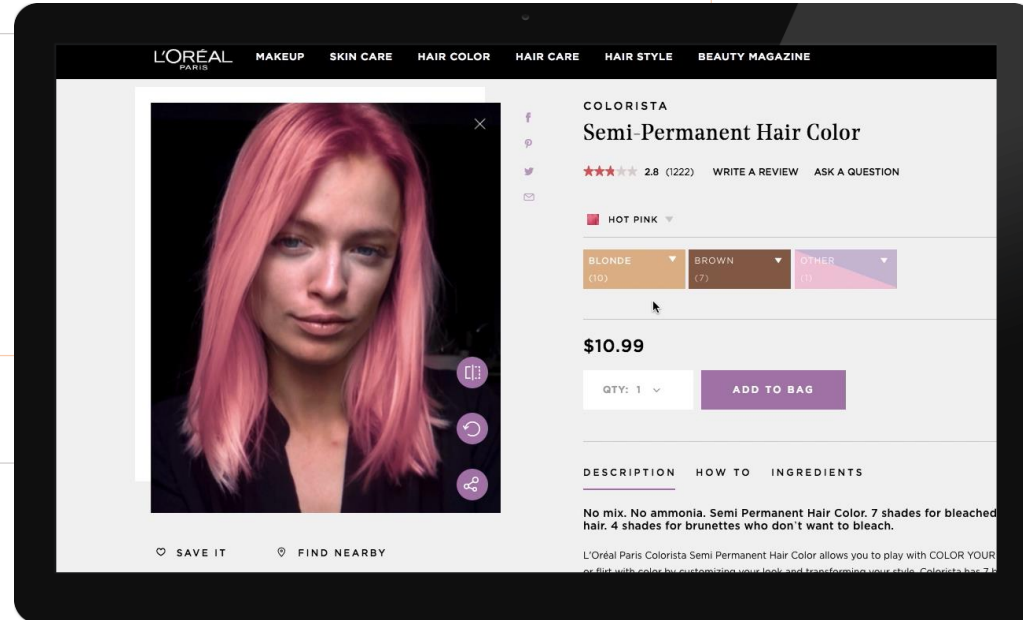
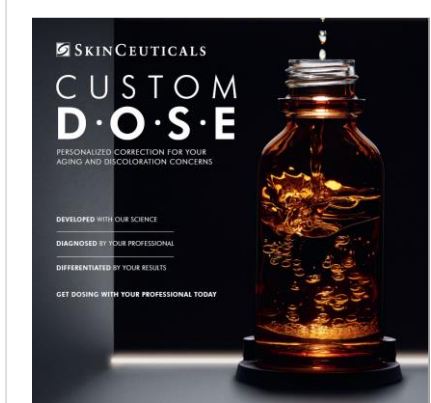
IN A WORLD OF RATINGS, REVIEWS AND ALGORITHMS

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L'ORÉAL: DIGITAL IS A BOOSTER

BOOSTING THE BEAUTY EXPERIENCE

PERSONALIZATION



AR & AI

VOICE



MODIFACE

3D VIRTUAL TRY-ONS
1-1 CONSULTATIONS

LIVE STREAMINGS
CONVERSATIONAL COMMERCE

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L'ORÉAL: DIGITAL IS A BOOSTER

BOOSTING MEDIA EFFICIENCY

**PRECISION
ADVERTISING**

**42% OF MEDIA
IS DIGITAL***

ROI OBSESSION

**DIGITAL
COCKPIT**



L'ORÉAL: DIGITAL IS A BOOSTER

E-COMMERCE ACCELERATION

+36% H1-2018*

9.5% OF SALES

LEADING O+O



*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)

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L'ORÉAL: A FULLY DIGITIZED COMPANY

**DIGITAL
AT THE CORE**

20K
UPSKILLED
IN REAL TIME



2K
EXPERTS &
DATA SCIENTISTS

**PARTNERING WITH
THE BEST TECH TEAMS
& START UP HUBS**

MODIFACE



FOUNDERS
FACTORY



GRAND
CENTRAL
TECH



WOMEN IN
DIGITAL
L'ORÉAL



PARTECH
VENTURES

STATION F

L'ORÉAL



L'ORÉAL THE FIRST BEAUTY TECH COMPANY

L'ORÉAL

UNIQUE CULTURE & ORGANIZATION



**A LEADER
WITH THE SPIRIT
OF A CHALLENGER**

**A LARGE COMPANY
WITH THE SPIRIT
OF A START-UP**

UNIQUE CULTURE & ORGANIZATION

UNIQUE ORGANIZATION

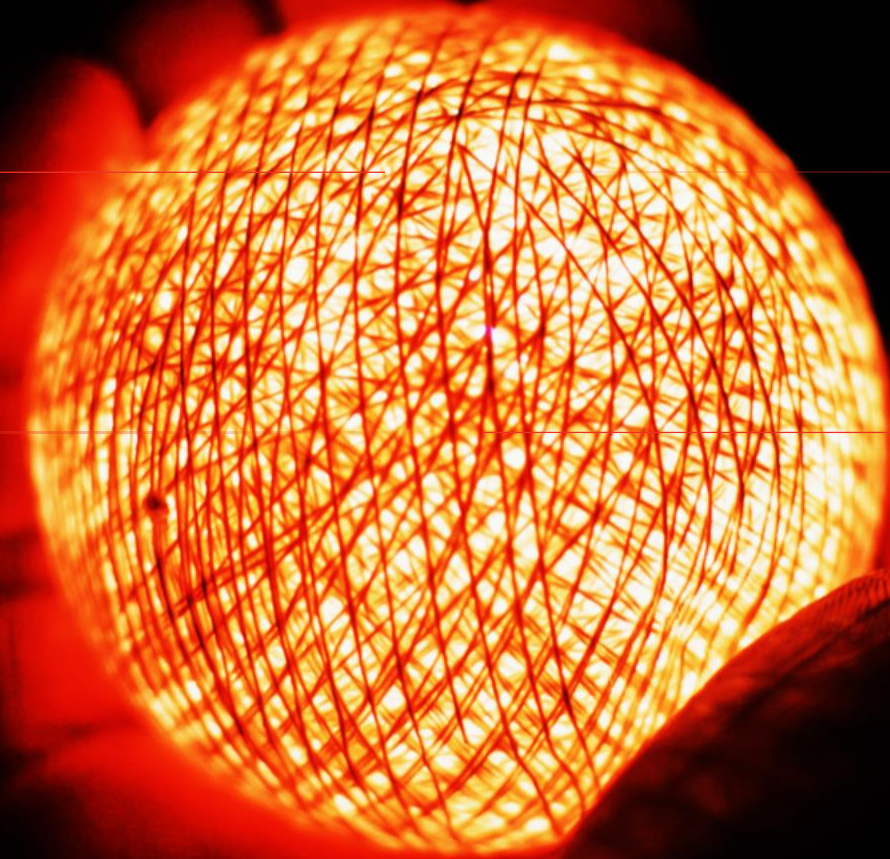
**STRATEGICALLY
CONCENTRATED**

**OPERATIONALLY
DECENTRALIZED**

ORIGINAL APPROACH

**SHORT-TERM
PRAGMATISM**

**LONG-TERM
VISION**



VALUE-CREATING, ROBUST BUSINESS MODEL

1

**FOCUS ON
TOPLINE GROWTH**

+

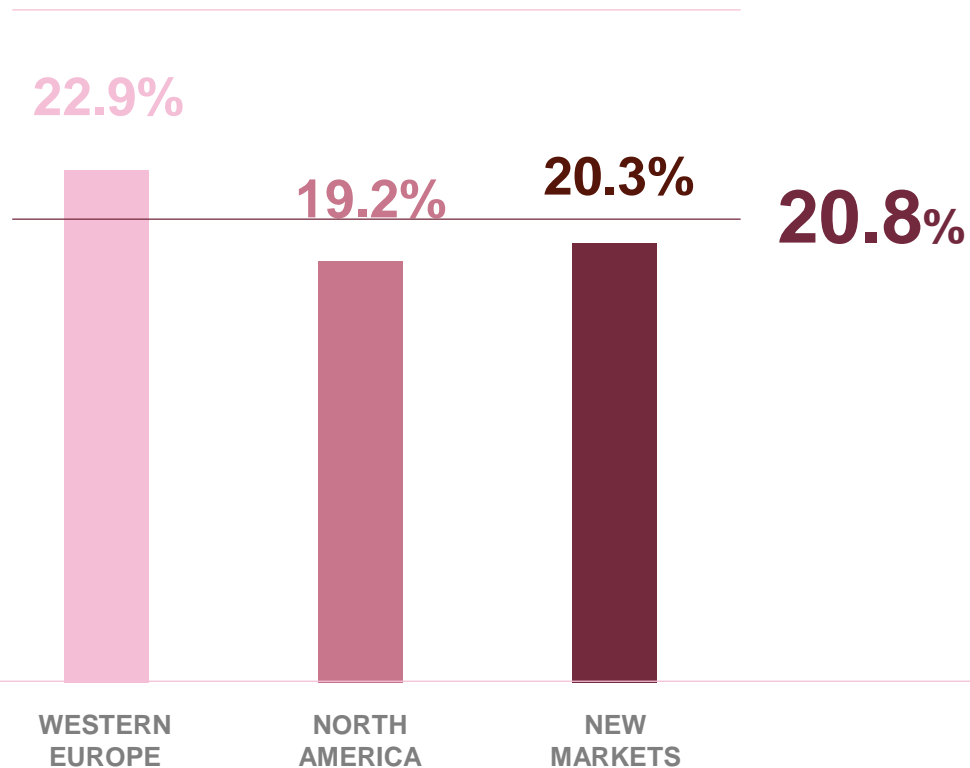
2

**OPERATIONAL
DISCIPLINE**

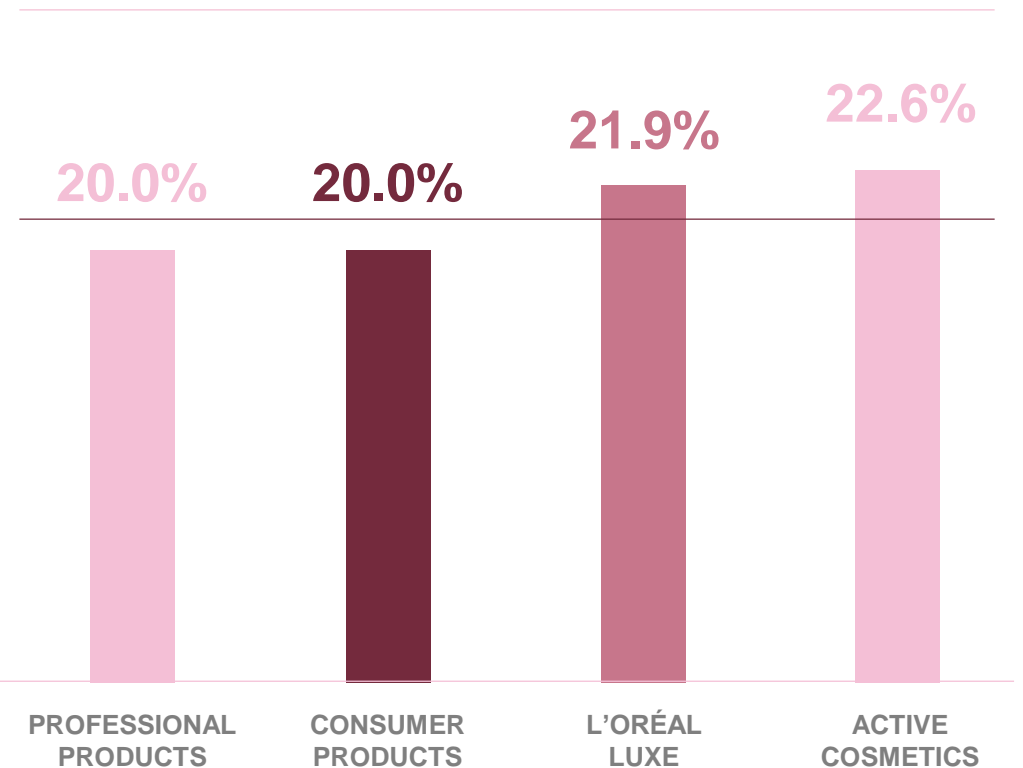
VALUE-CREATING, ROBUST BUSINESS MODEL

BALANCED PROFITABILITY

2017
OPERATING MARGIN
BY REGION*
(AS A % OF SALES)



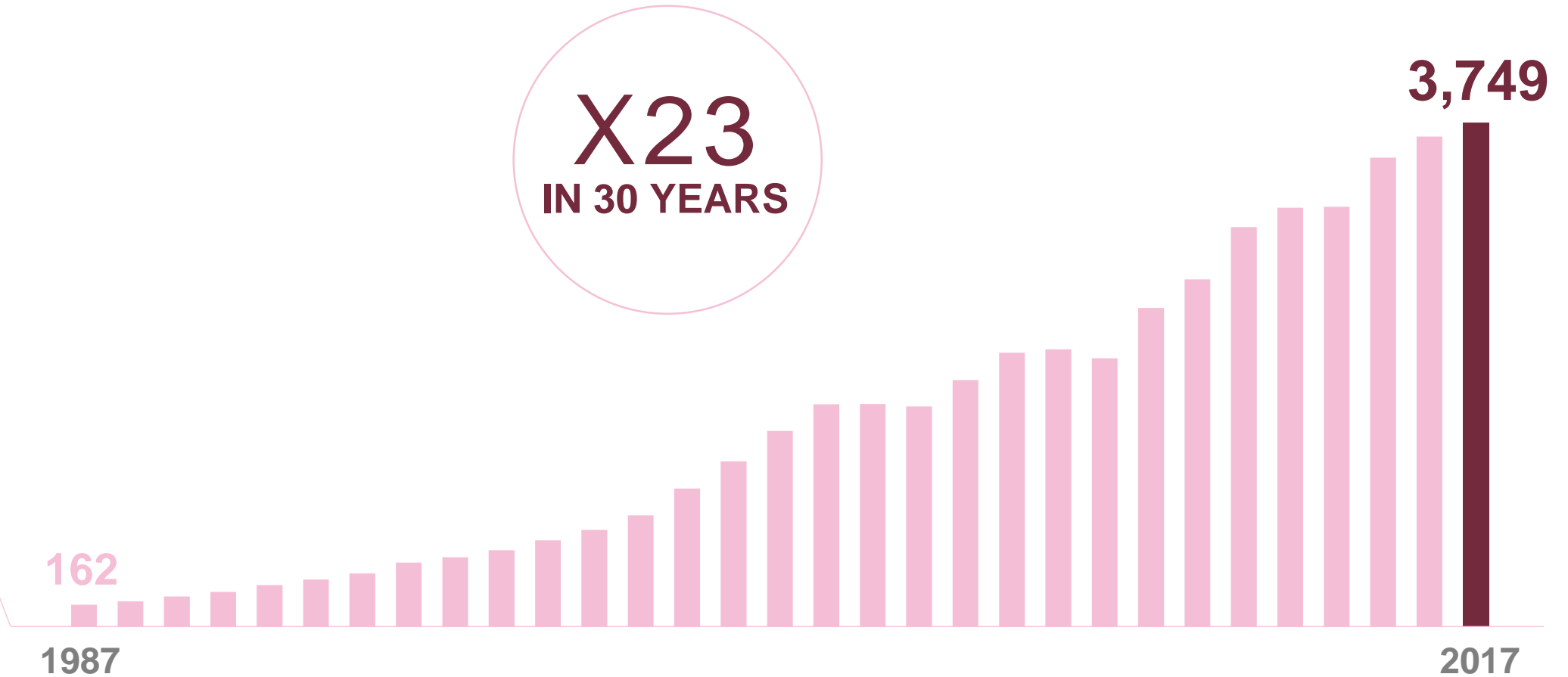
2017
OPERATING MARGIN
BY DIVISION*
(AS A % OF SALES)



VALUE-CREATING, ROBUST BUSINESS MODEL

SUSTAINED PROFIT INCREASE*

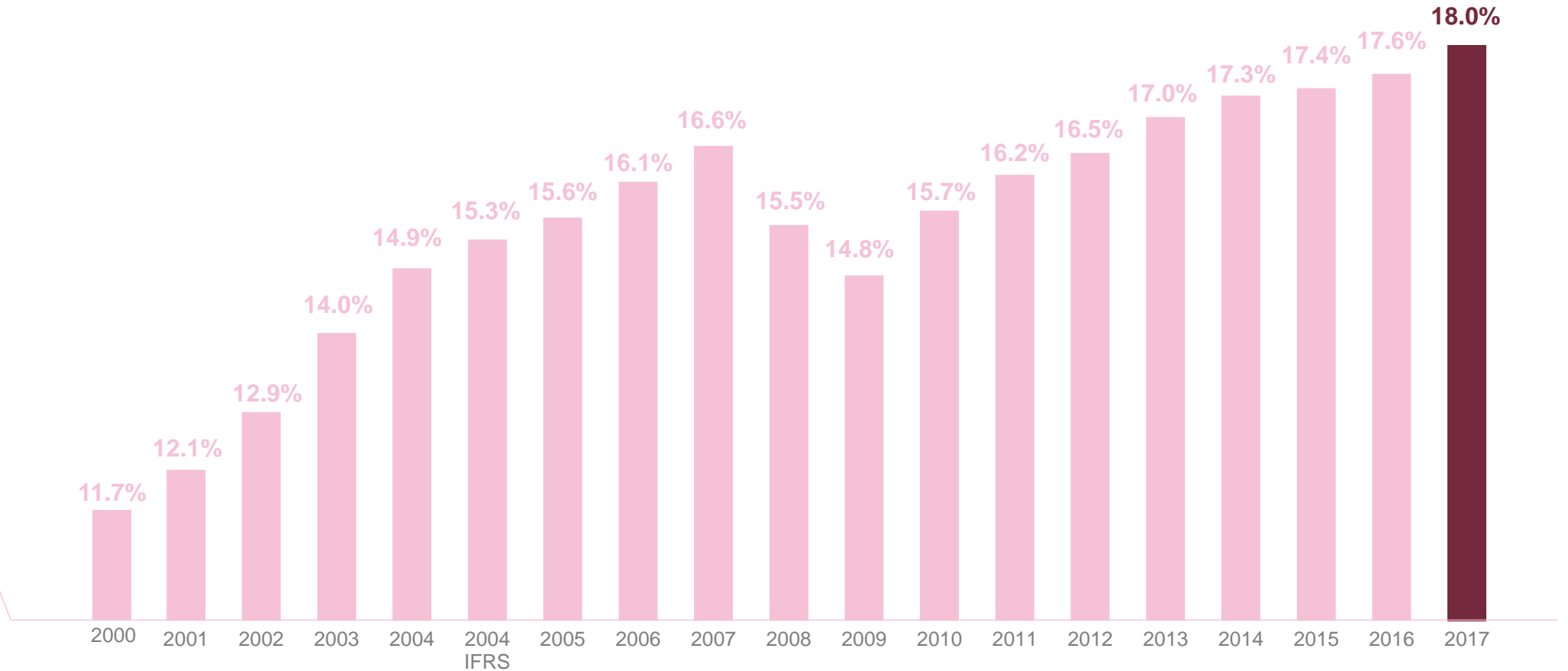
NET PROFIT SINCE 1987 IN MILLION EUROS



*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; IFRS since 2005

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OPERATING MARGIN



VALUE-CREATING, ROBUST BUSINESS MODEL

A DYNAMIC DIVIDEND POLICY

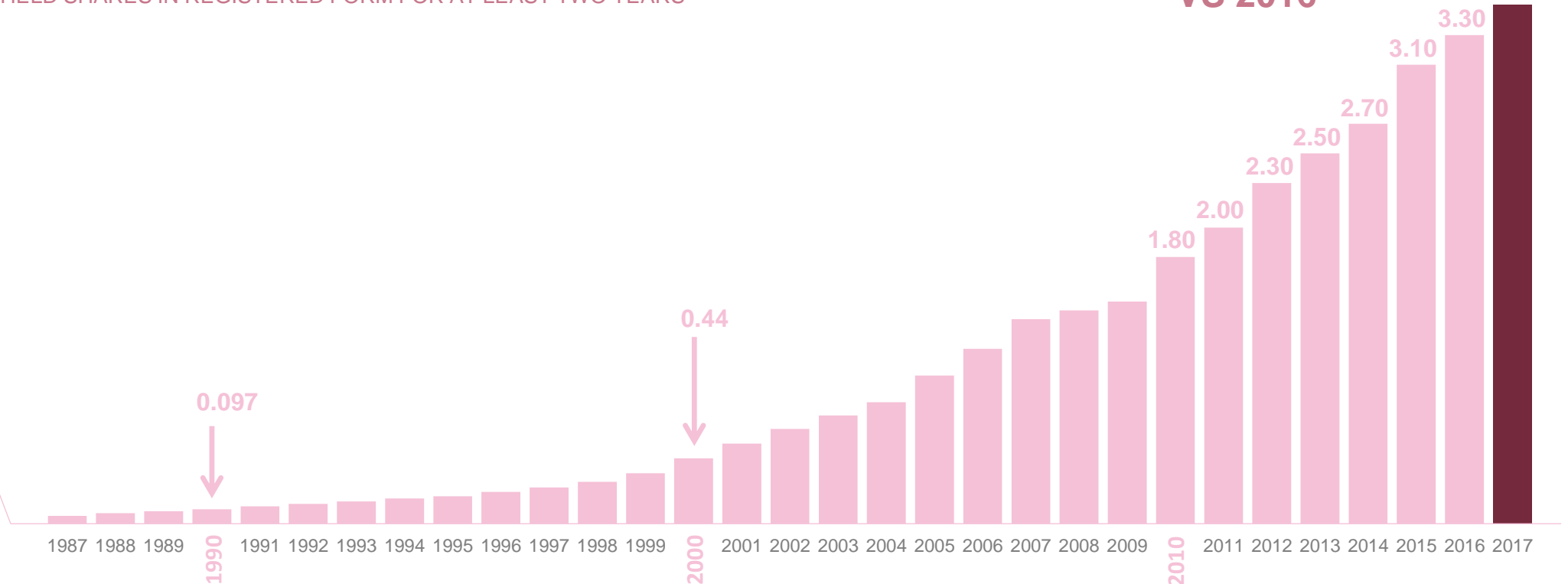
DIVIDEND PER SHARE SINCE 1987 IN EUROS

LOYALTY BONUS: +10%

DIVIDEND INCREASE FOR SHAREHOLDERS WHO HAVE CONTINUOUSLY HELD SHARES IN REGISTERED FORM FOR AT LEAST TWO YEARS

+7.6%
VS 2016

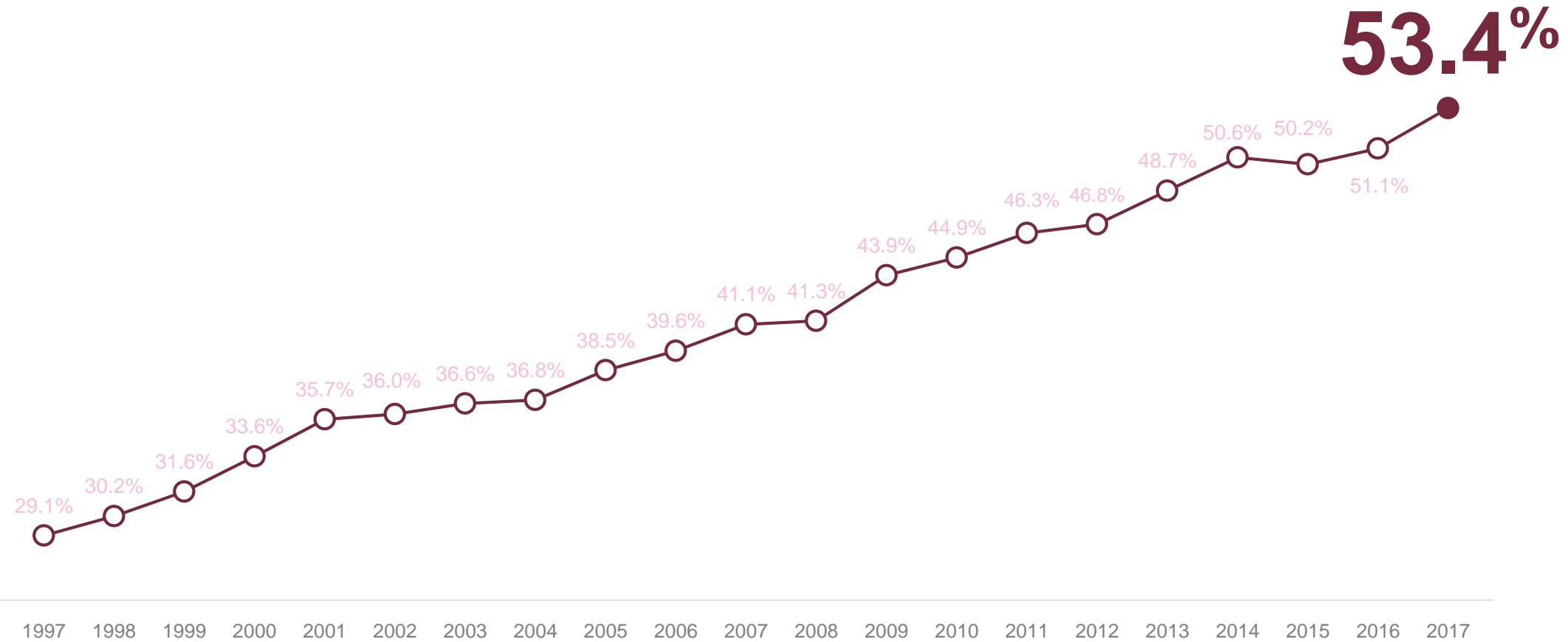
3.55*



VALUE-CREATING, ROBUST BUSINESS MODEL

PAYOUT RATIO

AS A % OF NET PROFIT



OUTSTANDING PERFORMANCE IN NON-FINANCIAL FIELDS

SHARING BEAUTY WITH ALL 2017 RESULTS



**76% OF NEW PRODUCTS
HAVE AN IMPROVED
ENVIRONMENTAL
OR SOCIAL PROFILE**



**DECOUPLE OUR
ENVIRONMENTAL IMPACT
FROM OUR GROWTH**

**-73% REDUCTION IN CO₂ EMISSIONS
FROM PLANTS AND DISTRIBUTION
CENTRES SINCE 2005**

+33% PRODUCTION INCREASE



53,500 PEOPLE

**FROM UNDERPRIVILEGED
COMMUNITIES WERE PROVIDED
WITH ACCESS TO WORK**

SOCIAL & ENVIRONMENTAL RESPONSIBILITY

OUR PERFORMANCE IS RECOGNIZED



CLIMATE



FORESTS



WATER



L'ORÉAL IS #1 OUT OF 3,000 COMPANIES FOR GENDER EQUALITY



9TH YEAR "ONE OF THE MOST ETHICAL COMPANIES IN THE WORLD"



#1 NEWSWEEK GREEN RANKING 2017



#1 PERSONAL & HOUSEHOLD GOODS CATEGORY

#2 GLOBAL COMPANIES FOR ALL INDUSTRIES COMBINED

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IN A SECTOR LIKE NO OTHER

THE BEST IS YET TO COME

L'ORÉAL



Kepler Cheuvreux Autumn Conference

Q&A

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