

# Autumn Conference

Kepler Cheuvreux

15 September 2017

**JEAN-PAUL AGON**

Chairman and Chief Executive Officer

**L'ORÉAL**

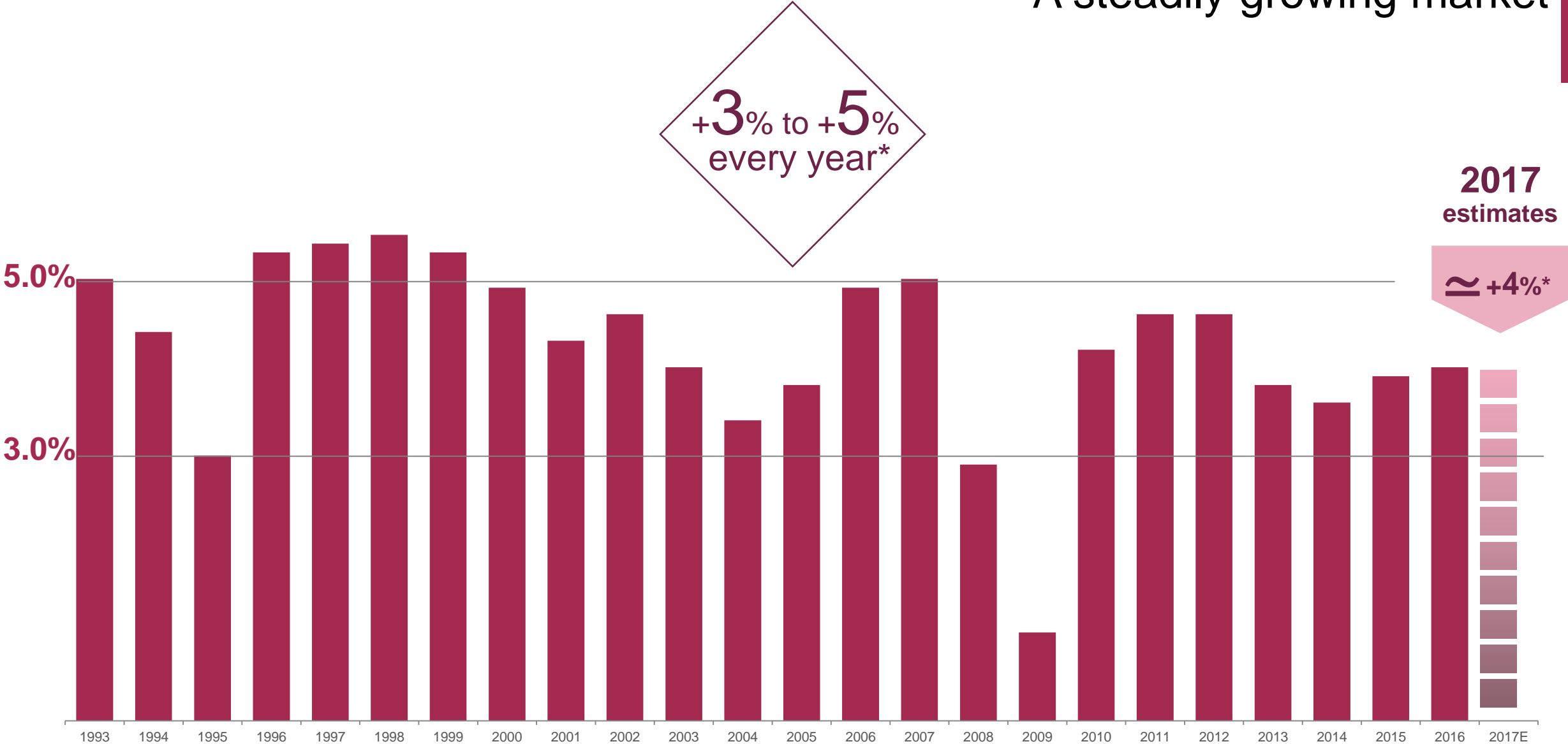


## I. BEAUTY

# A VIBRANT, EVER-EXPANDING MARKET

# A steadily growing market

+3% to +5%  
every year\*



2017  
estimates  
≈ +4%\*

\* Beauty market annual growth, excluding soaps, toothpastes and razors, at constant exchange rate

Source: L'Oréal estimates



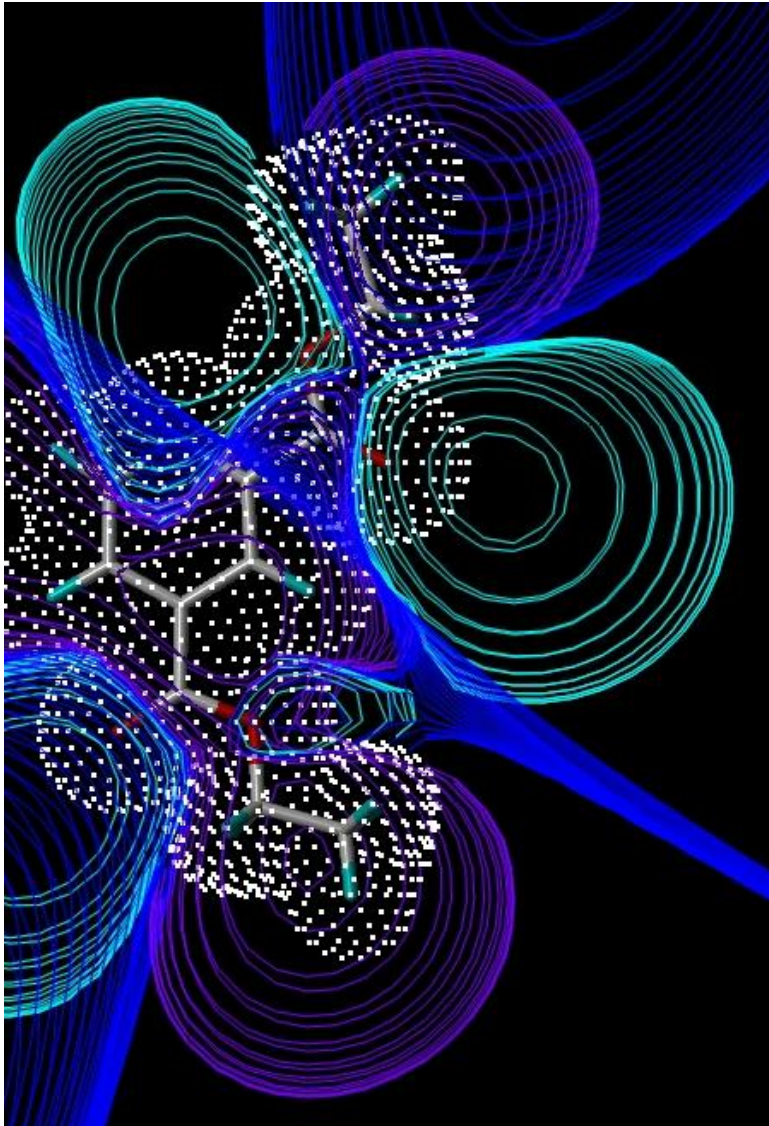
Driven by the infinite diversity  
of consumers' aspirations



L'ORÉAL



Fueled by Innovation



SCIENCE  
MAKING  
BEAUTY DREAMS  
A REALITY



Constantly rejuvenated  
by new generations, new consumption trends, new technologies



NEW GENERATIONS

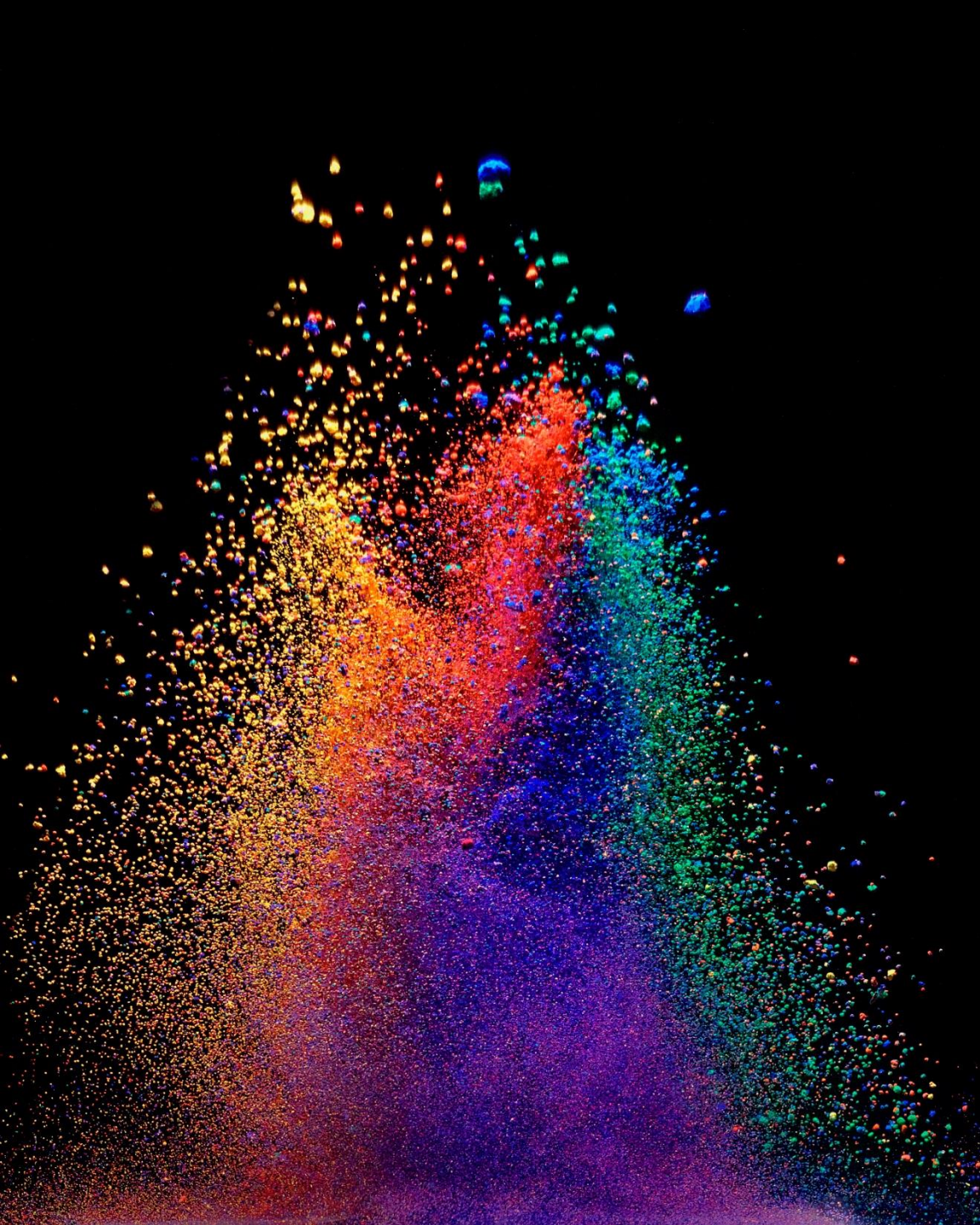


NEW CONSUMPTION TRENDS



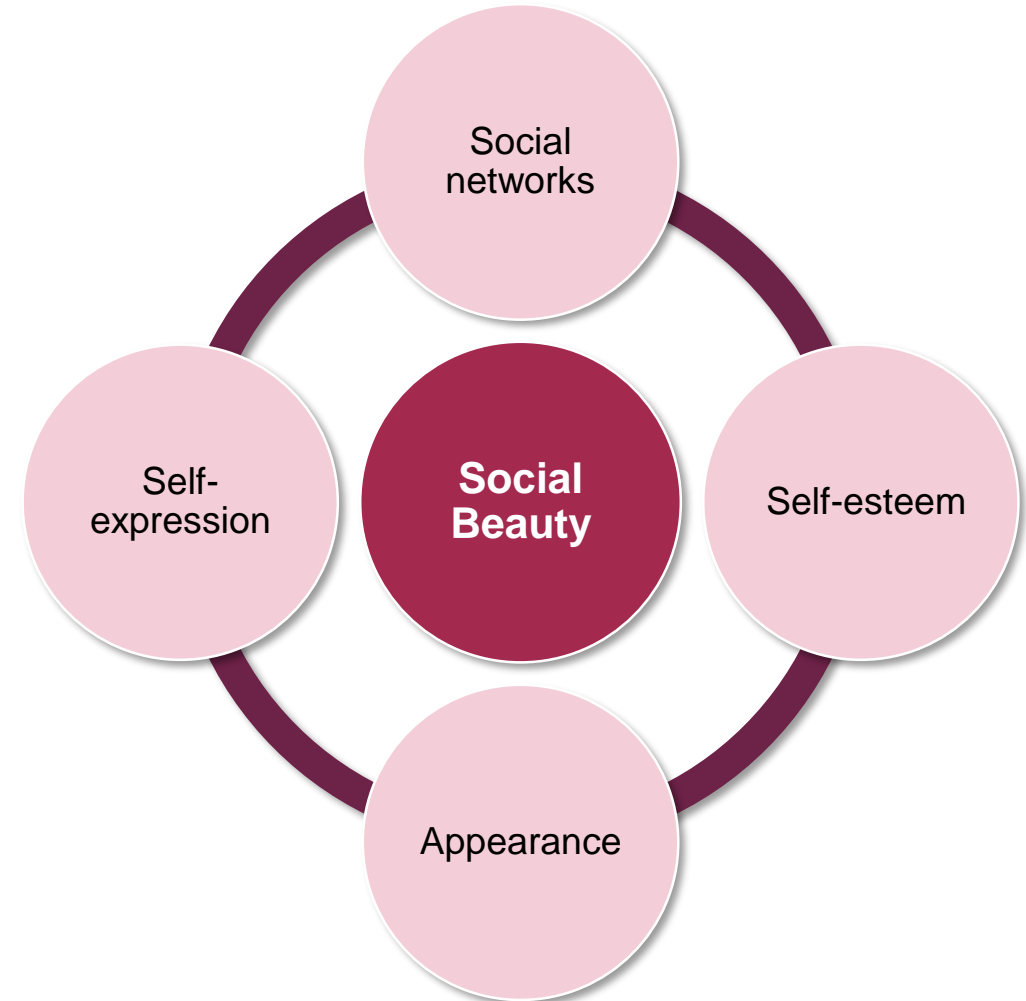
NEW TECHNOLOGIES





BEAUTY HAS A BRIGHT FUTURE

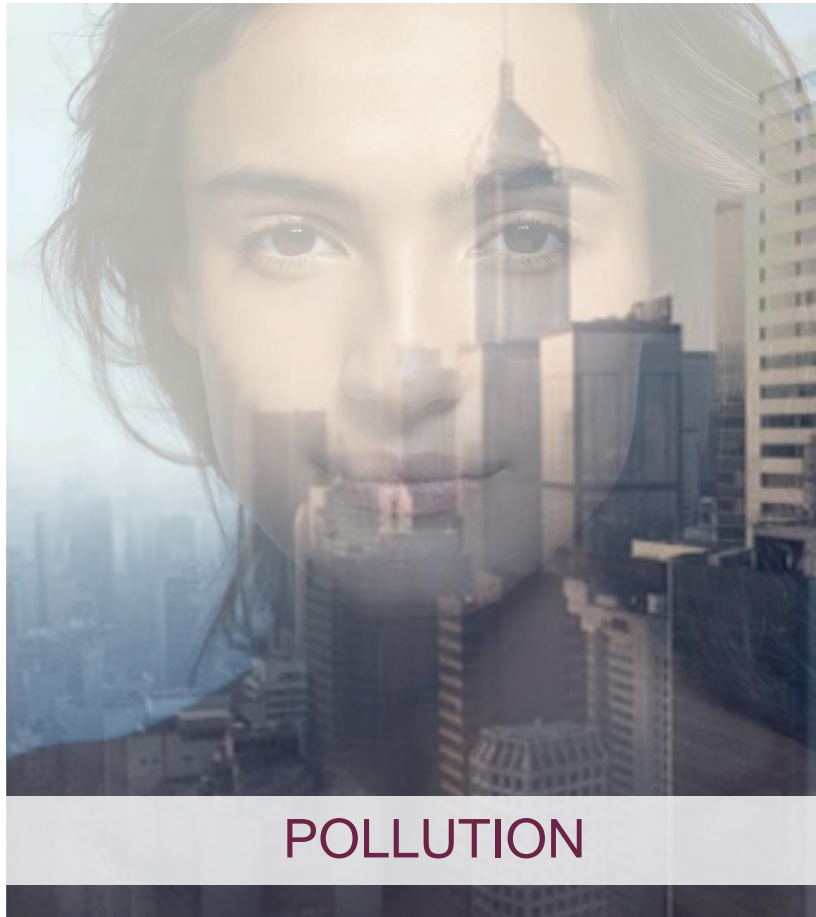
... because the digital era places appearance and self-expression at center-stage



\*Source: We Are Social 2017



... because urbanisation is accelerating,  
creating new needs and desires



URBAN  
POPULATION

5bn\*  
CITYZENS BY 2030



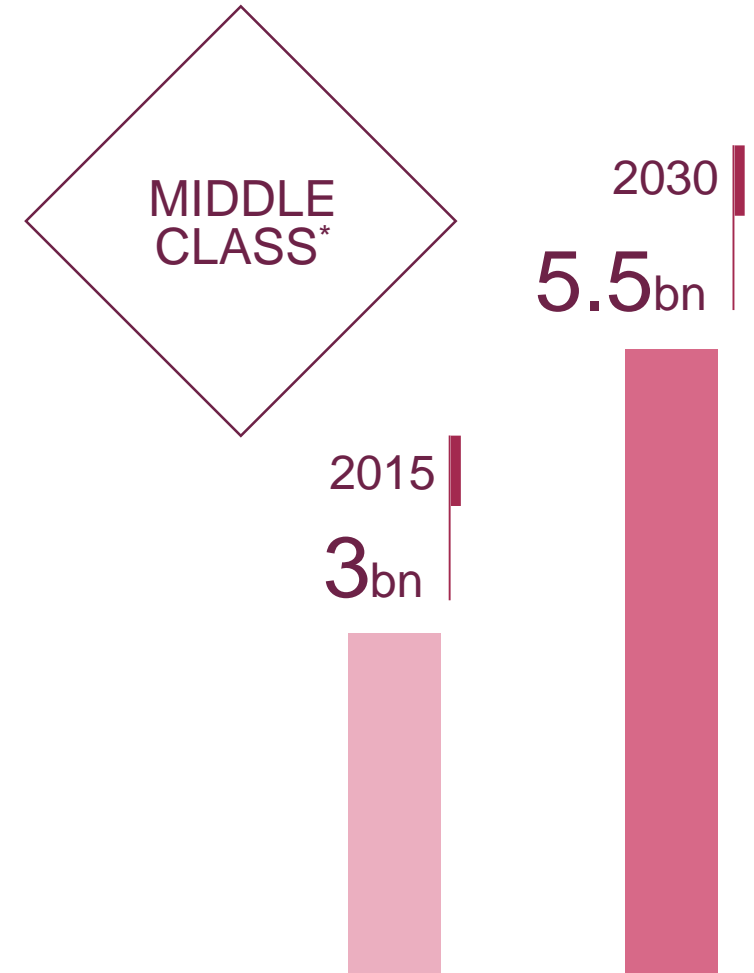
\*Source: Euromonitor

... because of the gap in beauty spend per head  
... and 2.5 bn more people expected in the Middle class by 2030

## BEAUTY ANNUAL SPEND PER HEAD\*\*

New markets: US\$ 33

Mature markets: US\$ 182

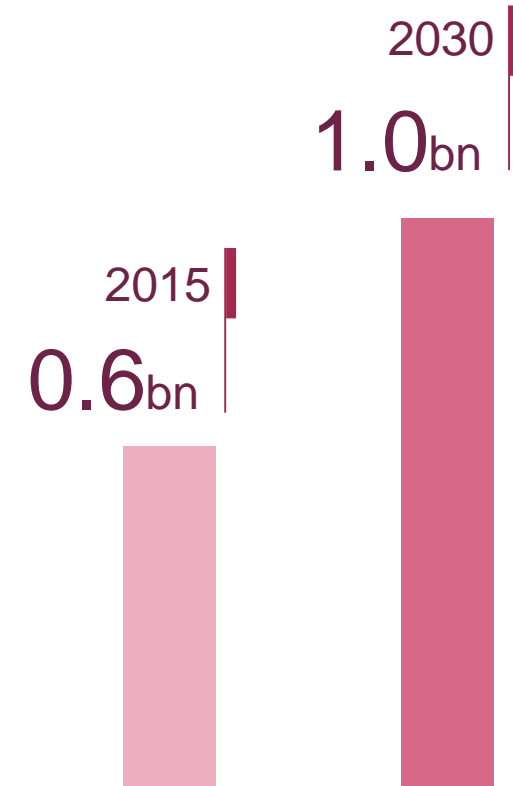
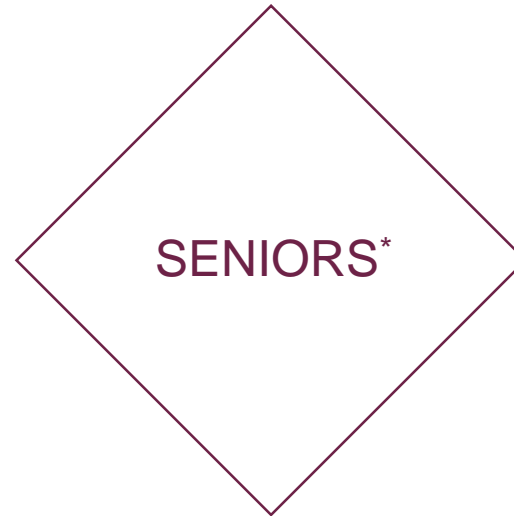


\*Brookings/World Data Lab

\*\* Source: Euromonitor



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



\*Source: Euromonitor

... because of the never-ending quest for 'new, different and better'



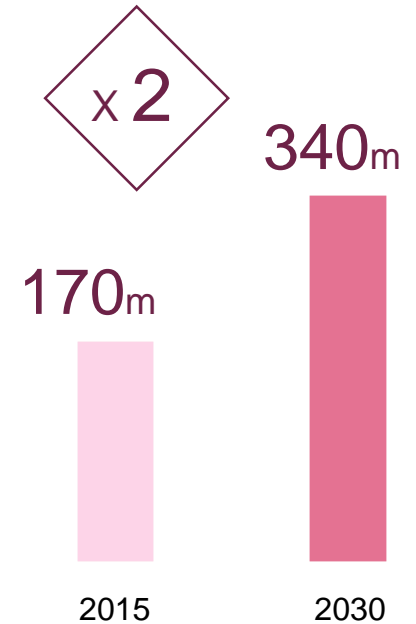


# ... and because of Premiumisation



HIGHEST PROPENSITY TO TRADE UP

UPPER CLASS GROWTH

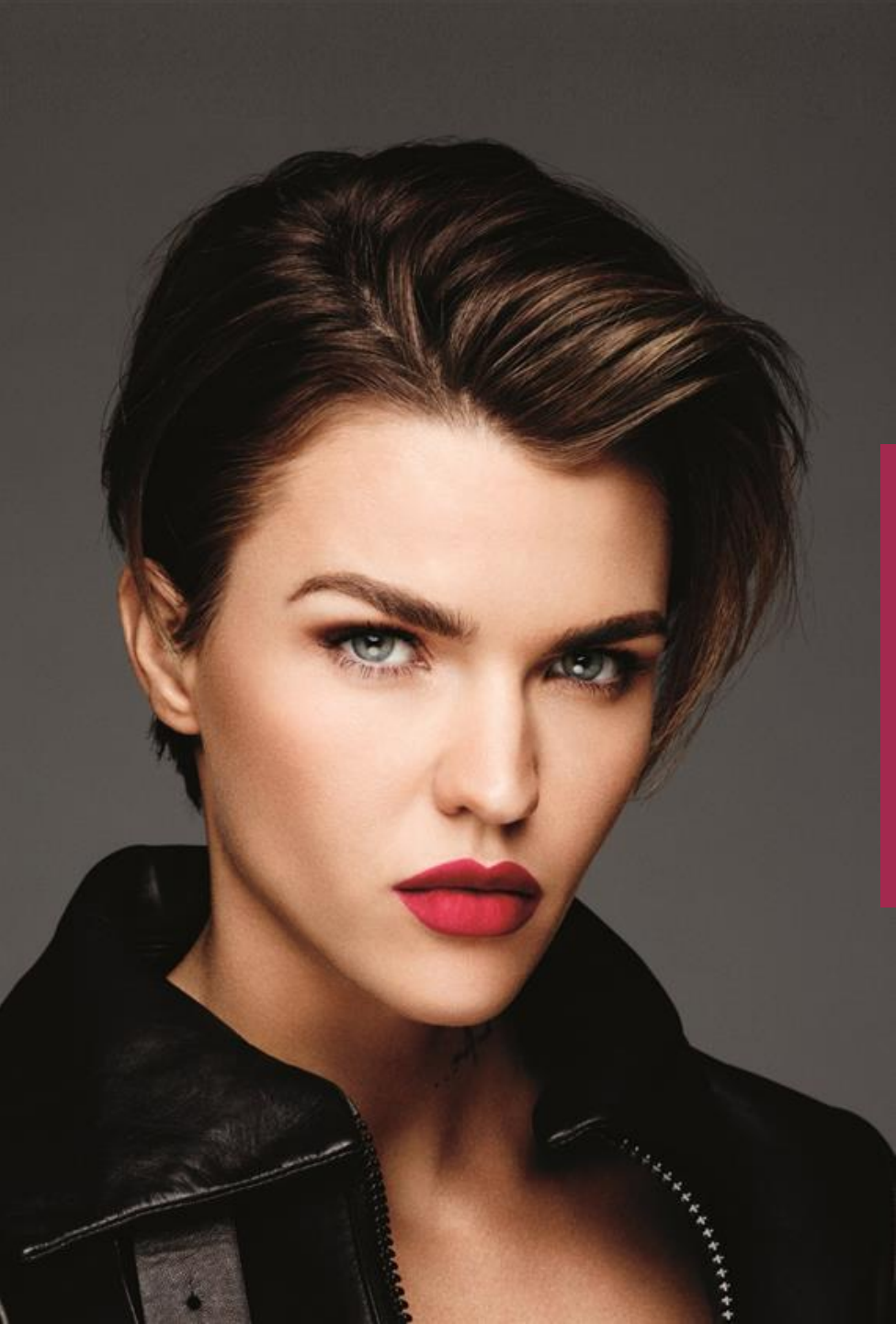


% of people who traded up/down\*

Number of people\*\*

\*McKinsey Global Consumer Sentiment Survey, 2016

\*\*Source: The Rising Global Middle Class study from World Data Lab, 2017



## II. L'ORÉAL, THE CHAMPION OF BEAUTY



# L'Oréal: 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



HAIRCARE HAIRCOLOR SKINCARE FRAGRANCE MAKE-UP

Across all beauty categories

Across all price segments

Across all regions

WESTERN EUROPE

NORTH AMERICA

NEW MARKETS

# Mapped out through a global flotilla of emblematic brands

## PROFESSIONAL PRODUCTS



## CONSUMER PRODUCTS



## L'ORÉAL LUXE

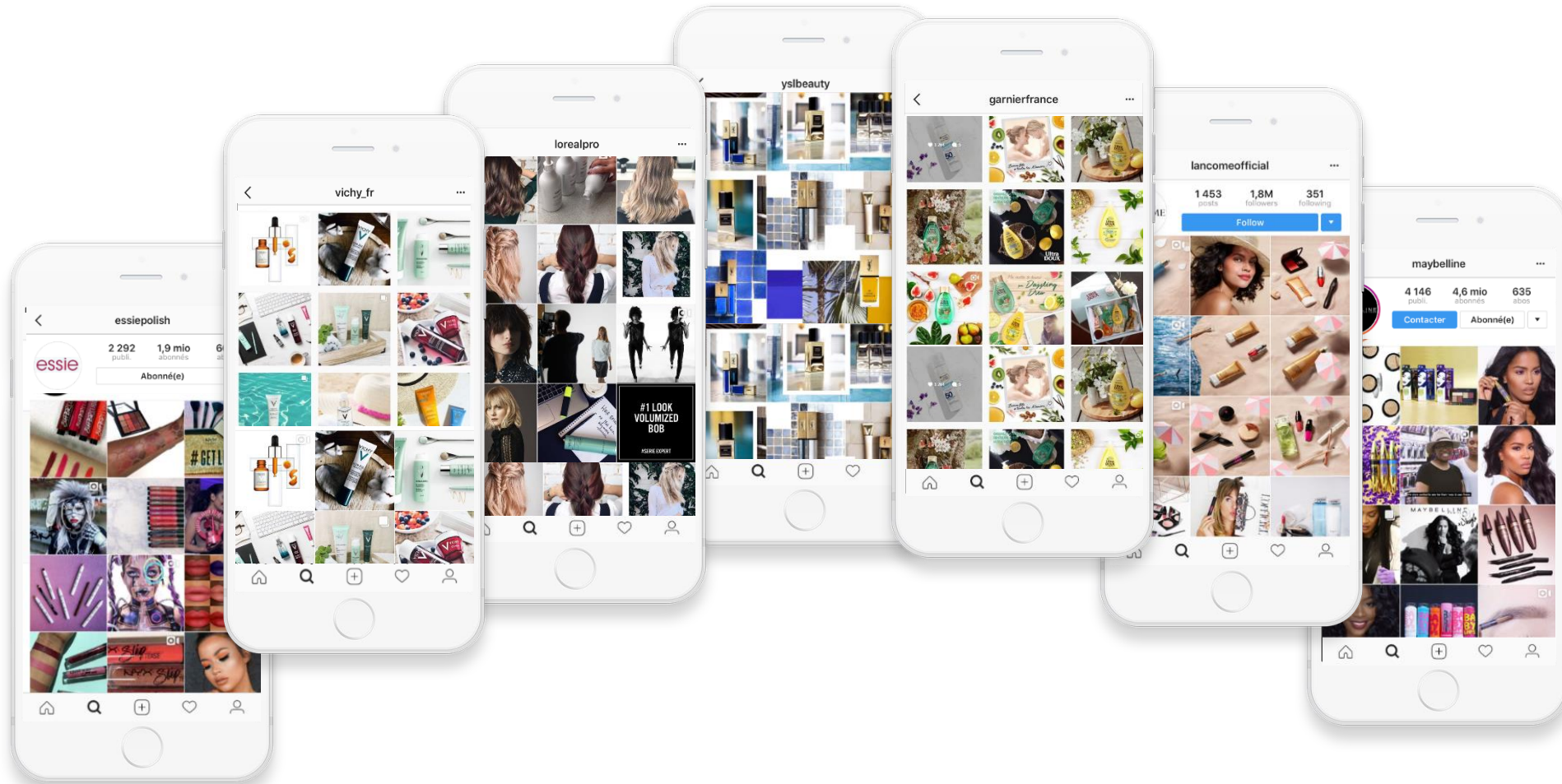


## ACTIVE COSMETICS





Giving us a unique ability  
to spot and seize emerging trends



# L'Oréal, the Champion of Digital Beauty

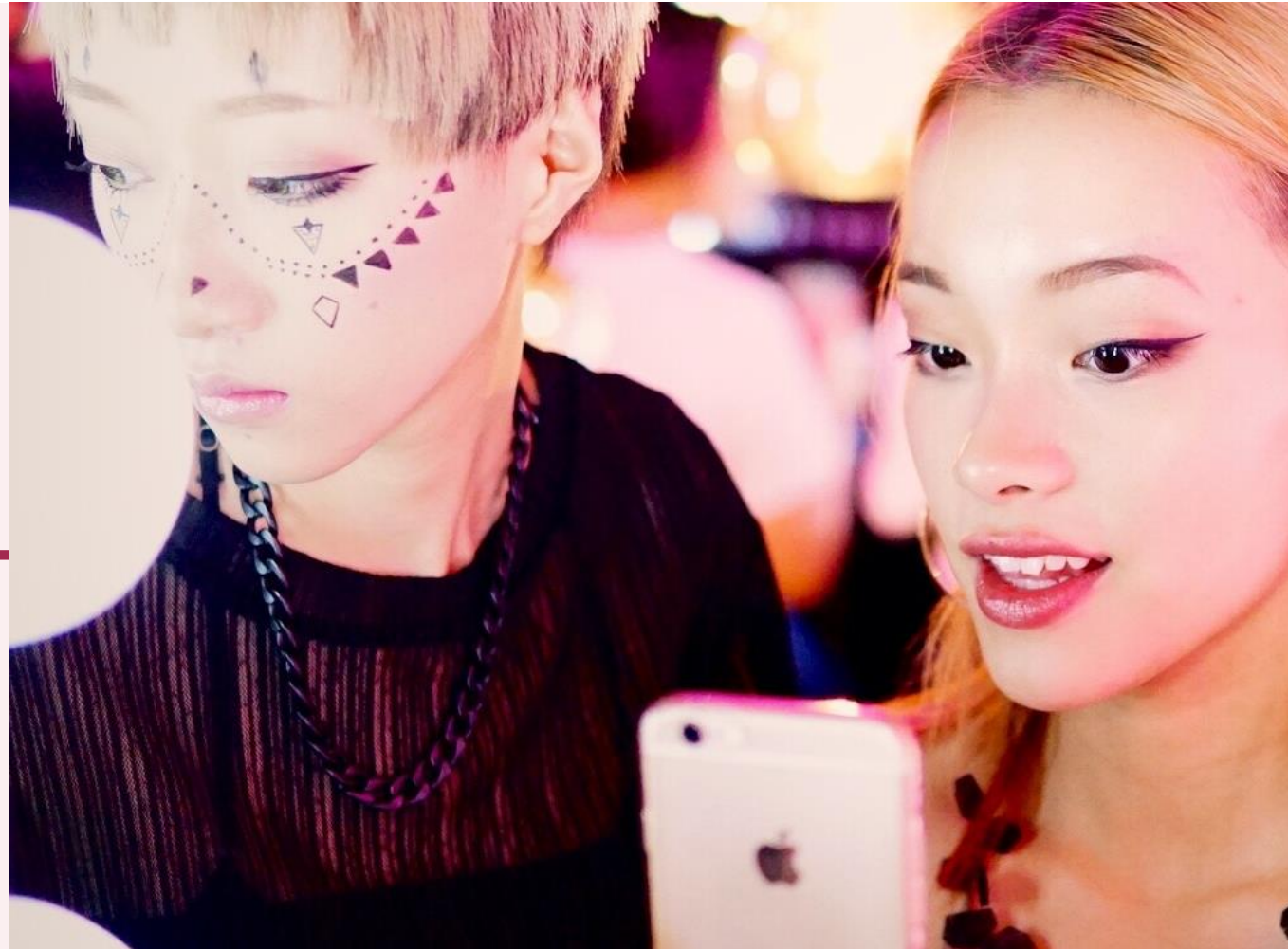
**1 700**  
experts

**15 000**  
upskilled

**L2 Digital IQ**

US, China, France, Germany

**2 to 3** brands  
in the Top 5



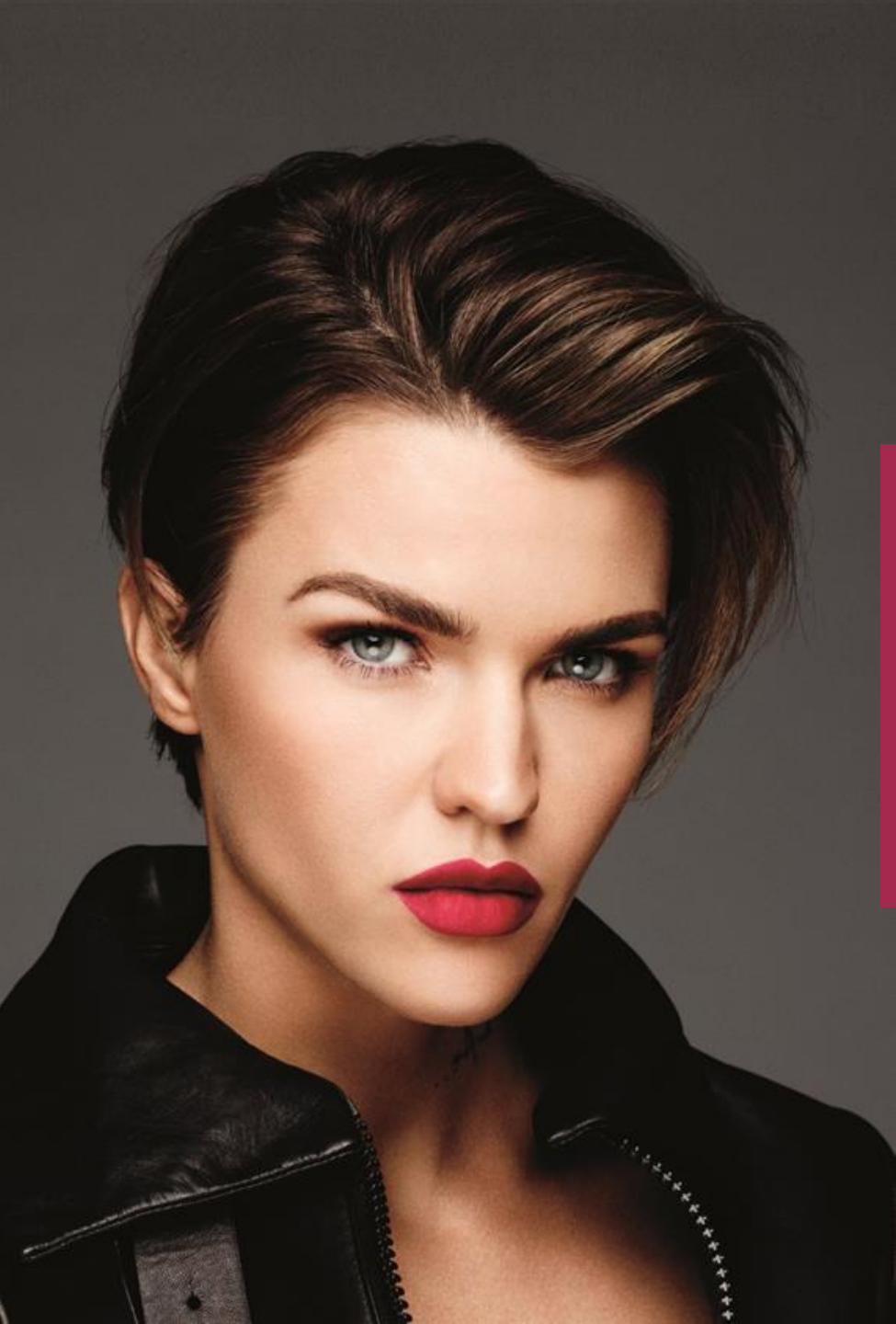
**35%**  
of our Media  
spend

**+30%\***  
e-commerce  
Sales Growth

e-commerce  
**7%**  
of Group Sales

\* H1 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)



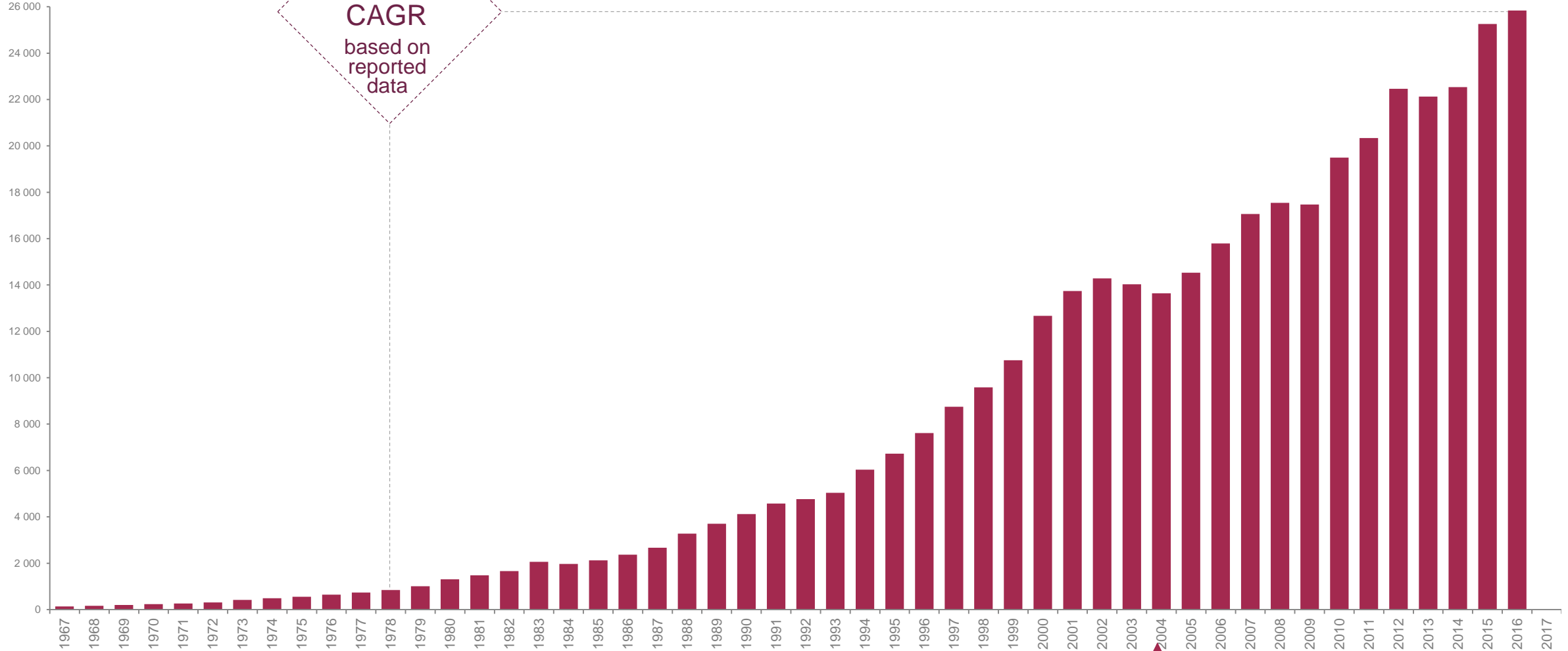


### III. OUR LONG-STANDING STRATEGIC PRIORITY: GROWTH

# Sustained Topline Expansion

Consolidated sales (€m)

+ 9.4%  
CAGR  
based on  
reported  
data



20

IFRS norms from 2004

Autumn 2017

L'ORÉAL



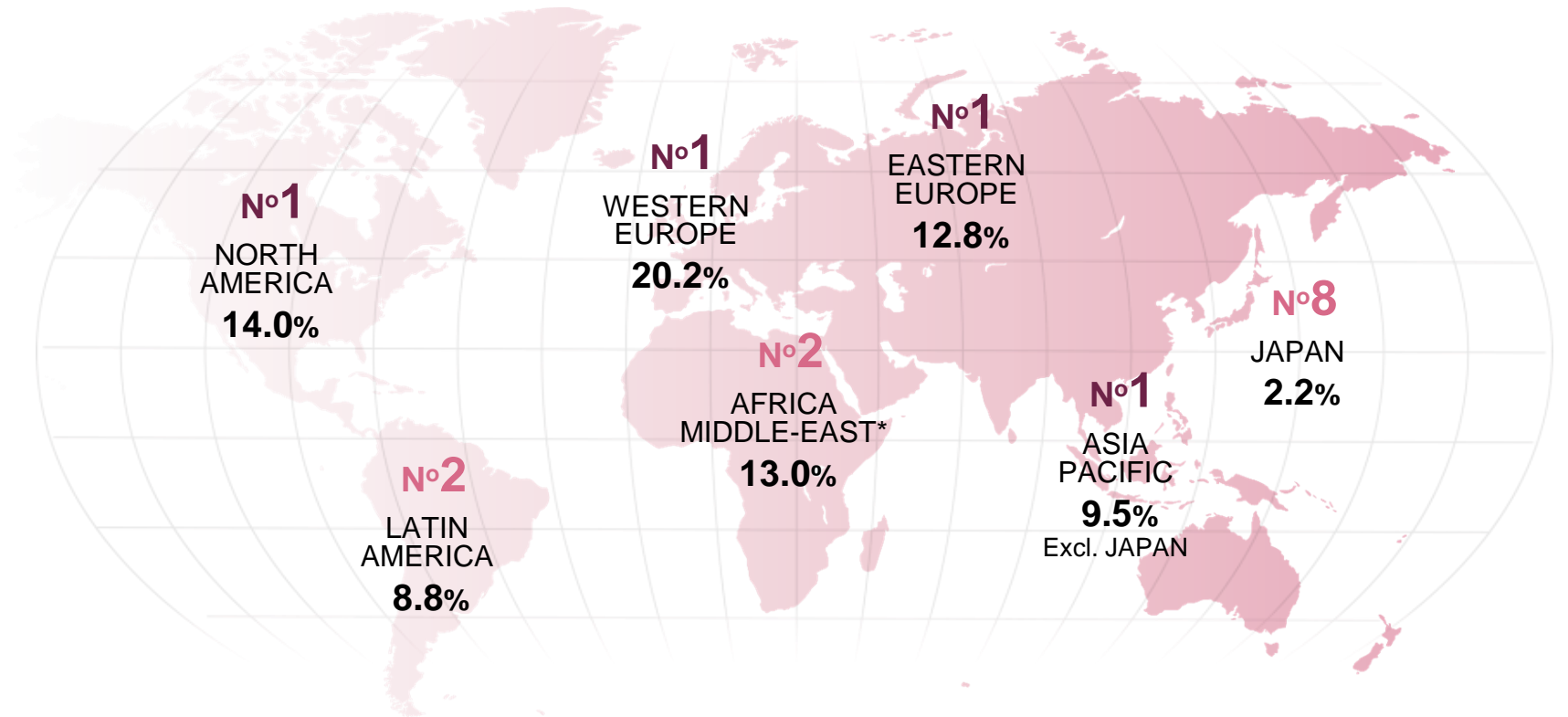
# L'Oréal has significant potential ahead

L'ORÉAL  
WORLDWIDE

12.6%

L'ORÉAL  
NEW MARKETS

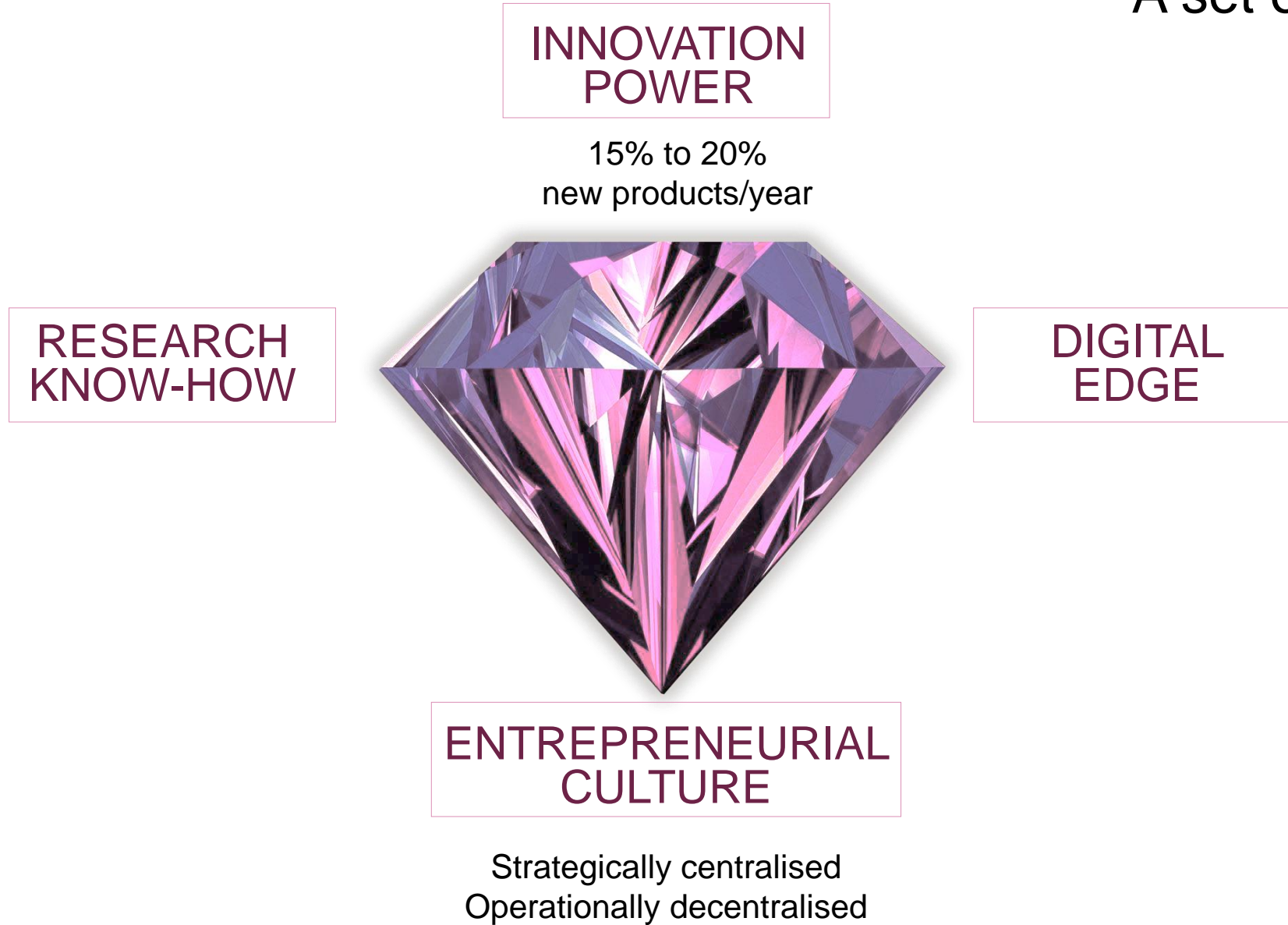
8.5%



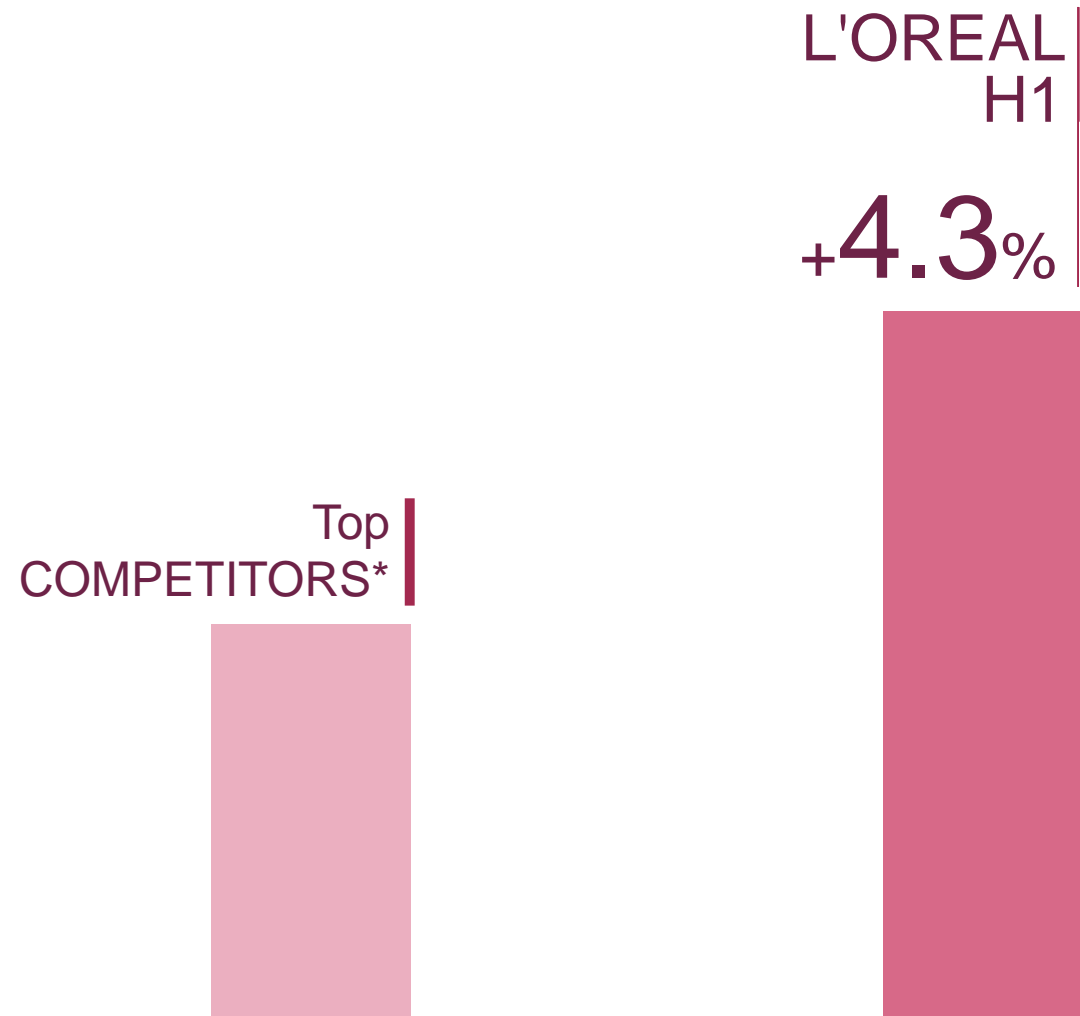
\* Perimeter: countries where L'Oréal is present

L'Oréal BMS Estimates, shares of the beauty market, excluding soaps, razors, blades and oral care

# A set of unique assets

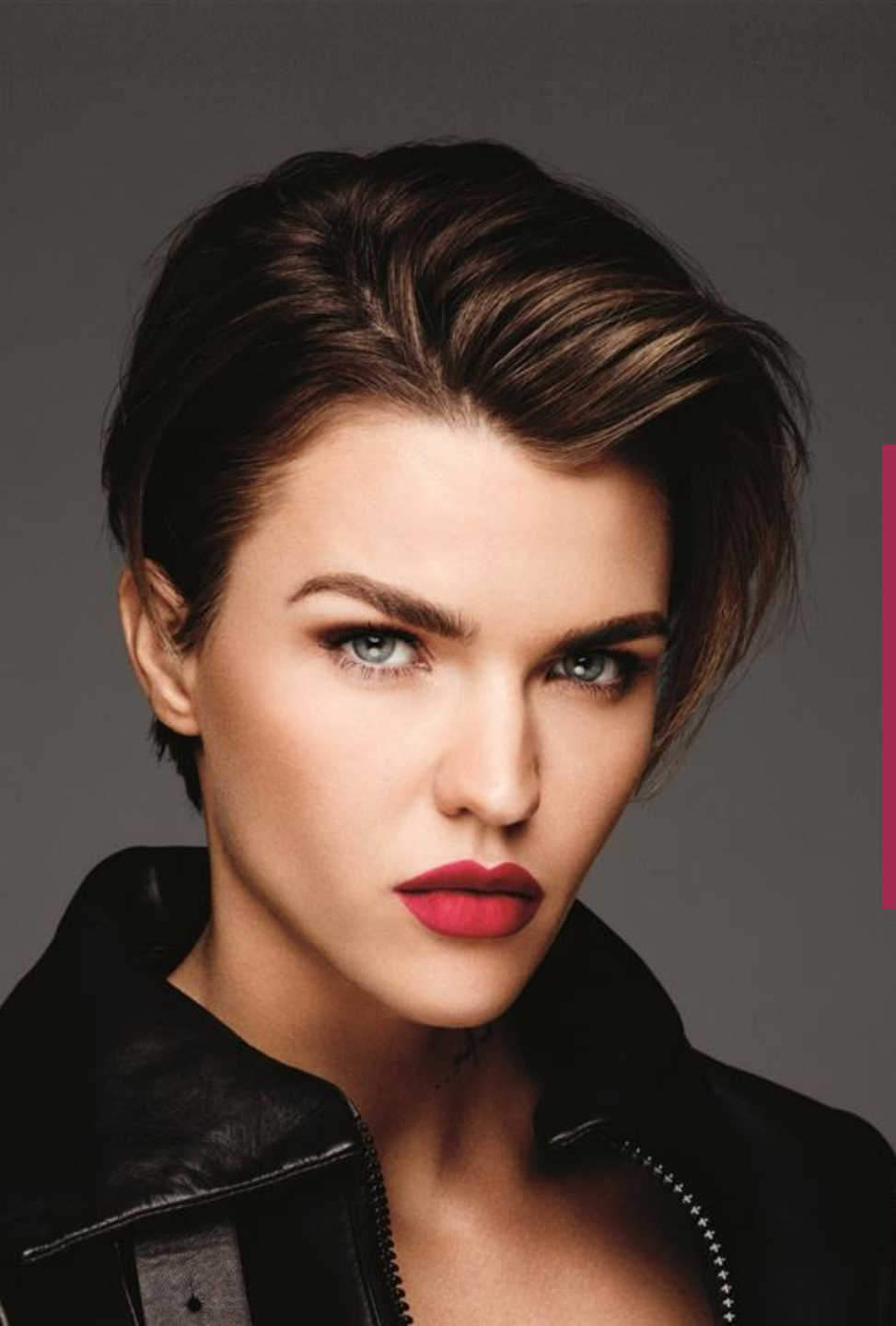


# Growth is, more than ever, our priority



\* 21 listed competitors among WWD Top 30





## IV. L'OREAL

### A POWERFUL, VALUE-CREATING BUSINESS MODEL

# A powerful, value-creating business model

PRIORITY  
TO GROWTH + OPERATIONAL  
DISCIPLINE  
=  
OUR RECIPE  
FOR  
SUSTAINED VALUE-CREATION







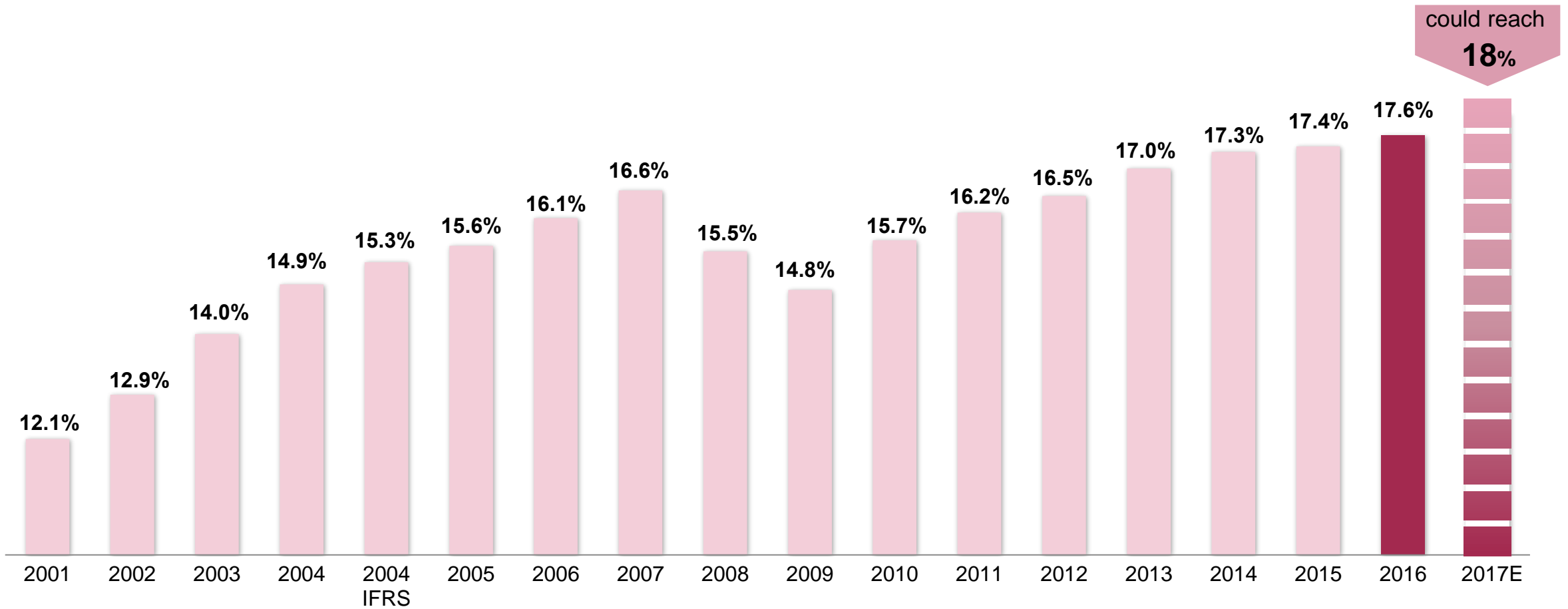
# Operational discipline

## ONGOING RE-ENGINEERING OF OUR ORGANISATION

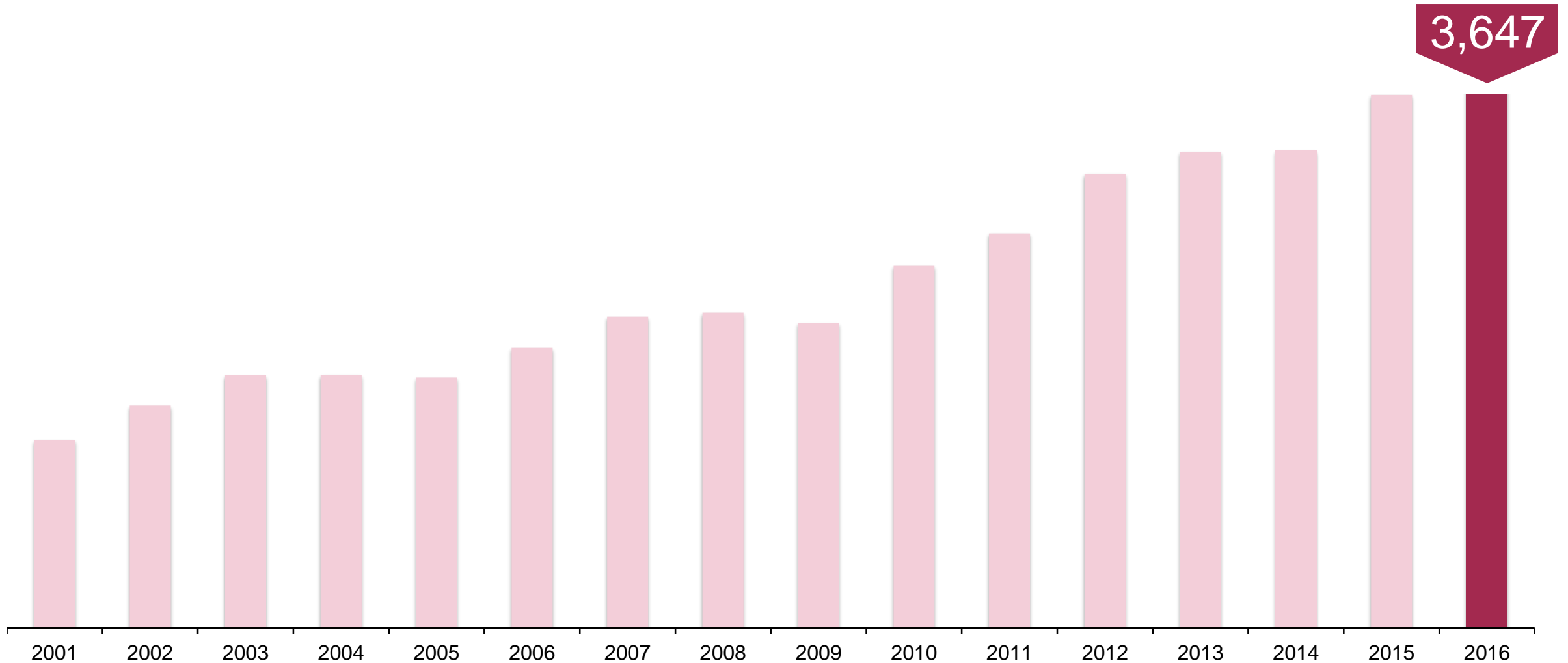
- Almost the same number of factories as 20 years ago but double the number of brands
- Combining sourcing centers for both direct and indirect purchasing
- Global roll-out of information systems
- Deployment of cutting-edge digital cockpits and frameworks
- Pooling of non-customer facing functions
- Permanent 'pruning' : disposal of The Body Shop



# L'Oréal, a powerful, value-creating business model: Operating margin

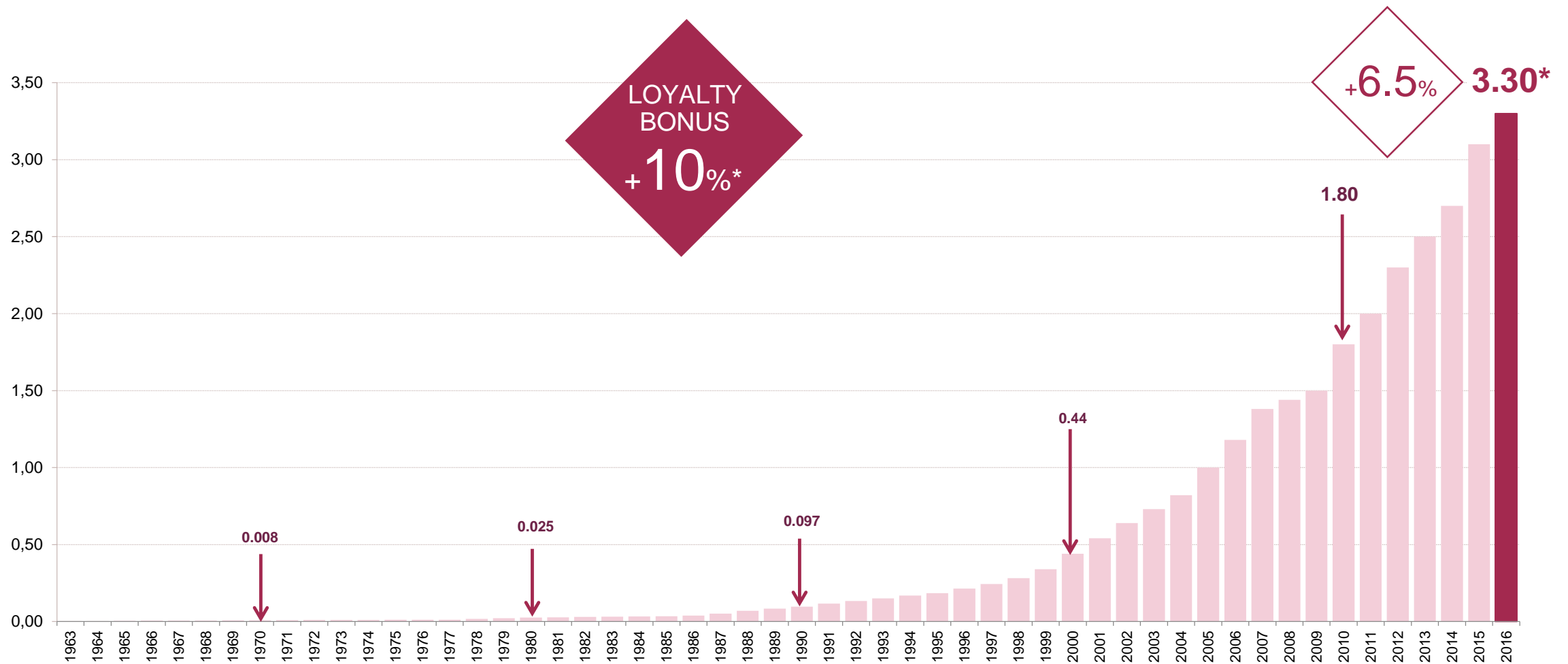


# L'Oréal, a powerful, value-creating business model: Net profit\*



\*Net profit excl. non-recurring items attributable to owners of the company, with Sanofi-Synthélabo equity consolidated from 2001 to 2004; net profit excl. non-recurring items attributable to owners of the company including Sanofi dividend from 2004; IFRS since 2005

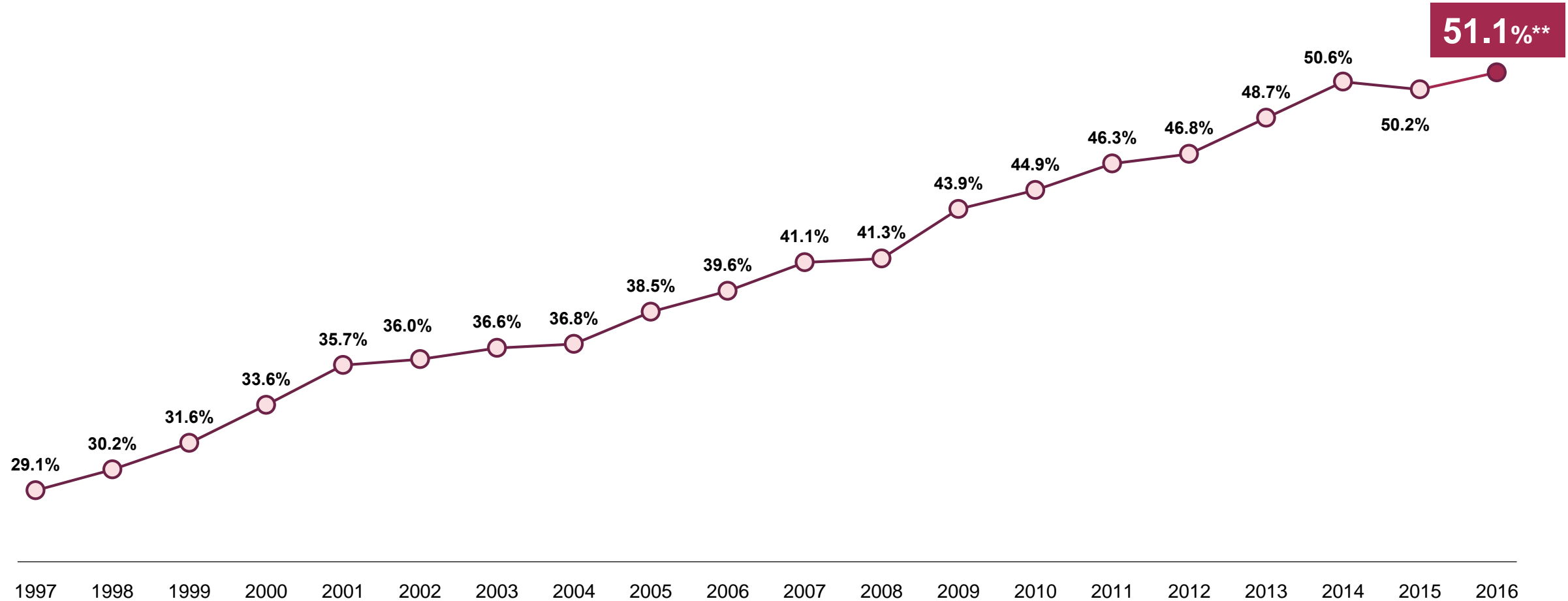
# L'Oréal, a powerful, value-creating business model: Dividend per share



\*Approved at the shareholders' meeting held on April 20<sup>th</sup>, 2017  
Dividend increase for shareholders who have continuously held shares in registered form for at least two years



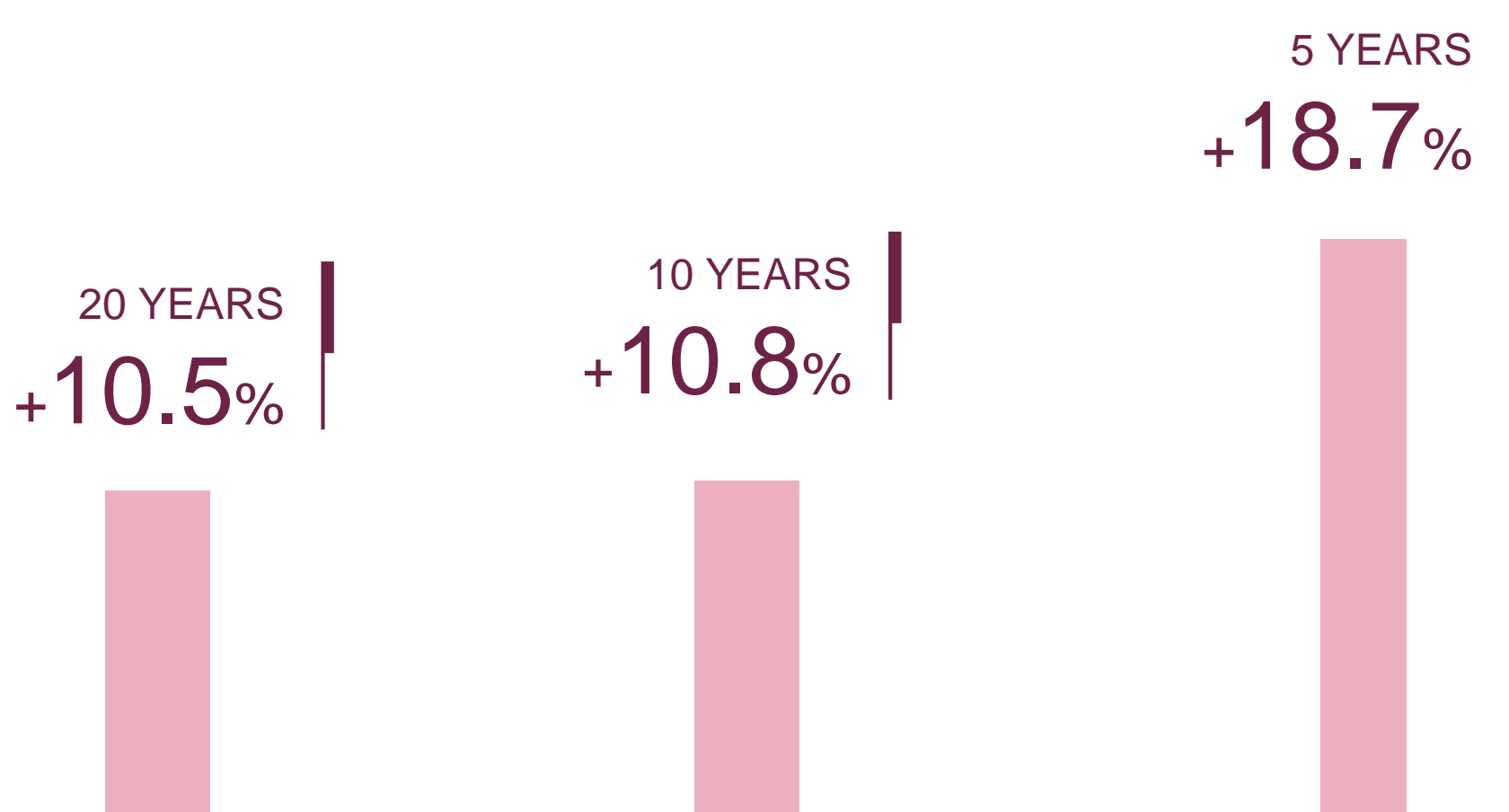
# L'Oréal, a powerful, value-creating business model: Payout ratio\*



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

\*\* Based on the dividend approved at the shareholders' meeting held on April 20<sup>th</sup>, 2017

# L'Oréal, a powerful, value-creating business model: Double-digit Total Shareholder Return



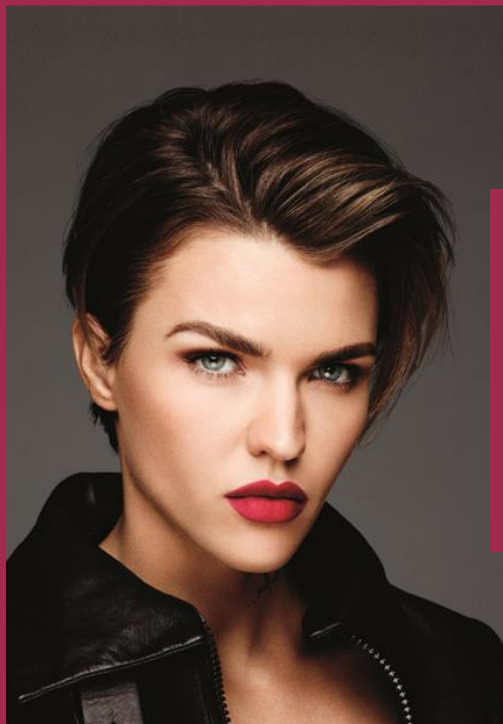
Source: L'Oréal's share price as of 31 December 2016 = €173.4  
Thomson Reuters Datastream



CONFIDENCE  
FOR  
THE FUTURE

2017  
ANOTHER YEAR OF INCREASE  
IN SALES, PROFIT & PROFITABILITY





# Thank you

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Q&A

