

CAGE

March 18<sup>th</sup>, 2015

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Jean-Paul AGON

Chairman and CEO

| L'ORÉAL



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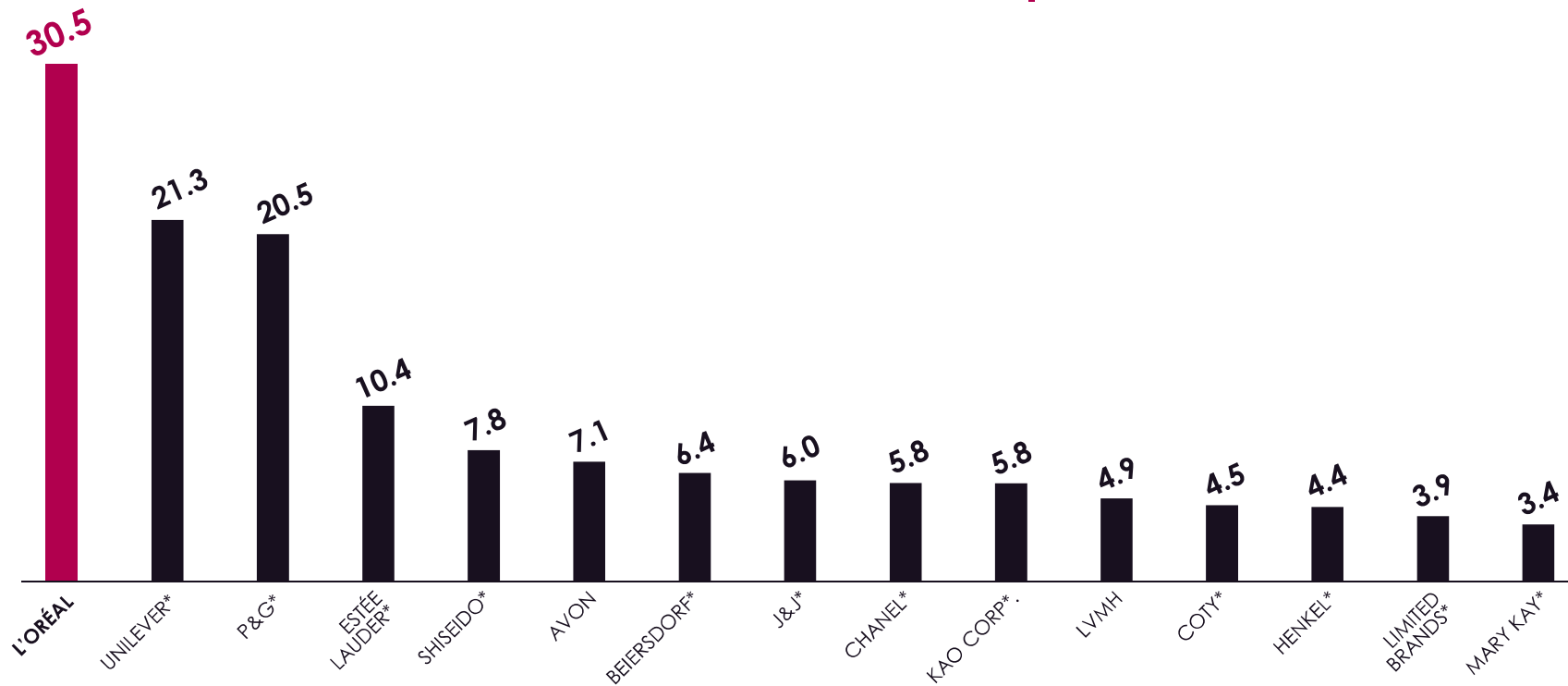
Who  
we are

2 - March 18<sup>th</sup> 2015

L'ORÉAL

# L'Oréal, the world leader in beauty

WWD Beauty Biz ranking August 2014  
"Beauty's Top 100"  
2013 sales in billion US Dollars



\*Estimates

3 - March 18<sup>th</sup> 2015

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A Strategy based on  
R&D, Innovation  
and Quality

**3 782** Researchers  
**761** M€ budget in 2014  
**130** Molecules invented in 40 years



4 - March 18<sup>th</sup> 2015

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# A unique portfolio | of complementary brands

	Professional Products	Consumer Products	L'Oréal Luxe	Active Cosmetics
	<b>L'ORÉAL</b> PROFESSIONNEL PARIS <b>CARITA</b> PARIS <b>KÉRASTASE</b> PARIS <b>DECLÉOR</b> PARIS	<small>l'après-que vous la voyez, on.</small> <b>L'ORÉAL</b> PARIS  <b>GARNIER</b>	<b>LANCÔME</b> PARIS <b>BIOtherm</b> <b>GIORGIO ARMANI</b> <b>VIKTOR&amp;ROLF</b> <b>LANCÔME</b> PARIS <b>BIOtherm</b> <b>GIORGIO ARMANI</b> <b>VIKTOR&amp;ROLF</b>	<b>cacharel</b> <b>VICACHAREL</b> <b>YVES SAINT LAURENT</b> <b>DIESEL</b> <b>ROGER &amp; GALLET</b> PARIS <b>VICHY</b> LABORATOIRES <b>LA ROCHE-POSAY</b> LABORATOIRE DERMATOLOGIQUE 
				
	<b>REDKEN</b> 5TH AVENUE NYC <b>MATRIX</b> AMERICAN TREATS FOR YOUR HAIR <b>essie</b>	<b>MAYBELLINE</b> NEW YORK <b>essie</b> <b>SOFTSHEEN   CARSON</b> LABORATORIES <b>NYX</b> PROFESSIONAL MAKEUP	<b>Kiehl's</b> SINCE 1851 <b>URBAN DECAY</b> <b>shu uemura</b> <b>RALPH LAUREN</b> FRAGRANCES <b>clarisonic</b> <b>YUE-SAI</b>	<b>SKINCEUTICALS</b> ADVANCED PROFESSIONAL SKINCARE
		<b>mg</b> <b>Niely</b> <sup>*</sup> <b>Nice &amp; Lovely</b>		
				
				

\*Acquisition that is currently being finalised.

5 - March 18<sup>th</sup> 2015

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## Key figures



**22.5** Billion € sales in 2014

**12.5%** Market share

**130** Countries

**78 610** Employees

**17.3%** Operating margin

**3<sup>rd</sup>** Worldwide advertiser\*

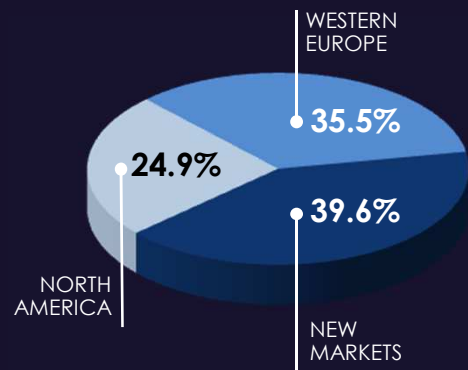
6 - March 18<sup>th</sup> 2015

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\* Adage – 2013 Global Marketers

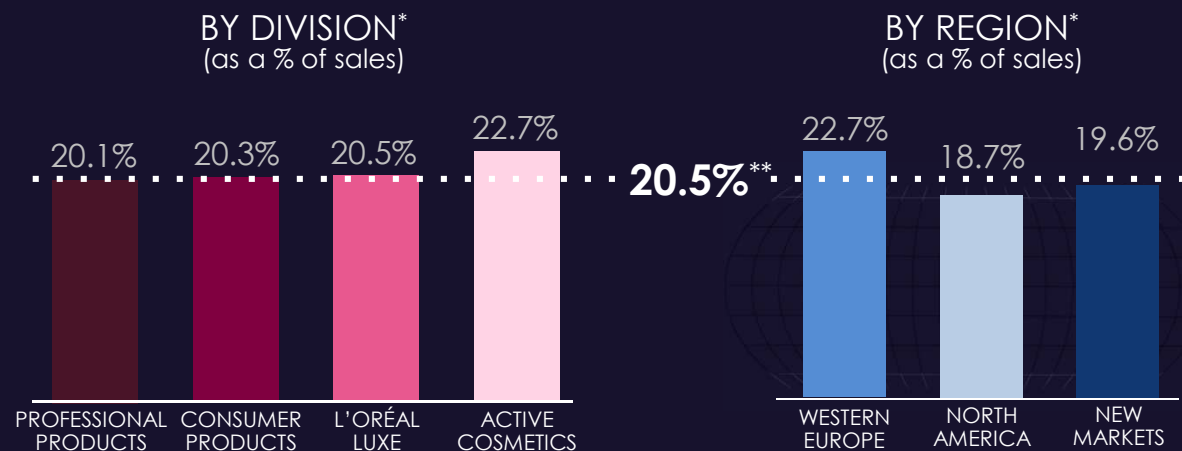
# A very balanced business model

## BALANCED GEOGRAPHIC POSITIONS



breakdown of 2014 cosmetics sales by region

## BALANCED OPERATING PROFIT



\* Before central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total cosmetics sales. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1st 2014. All figures for earlier periods have been restated accordingly.

\*\* Cosmetics divisions total

7 - March 18<sup>th</sup> 2015

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# Ongoing organisational and operational improvements

## Organisations

Optimisation of support functions and systems

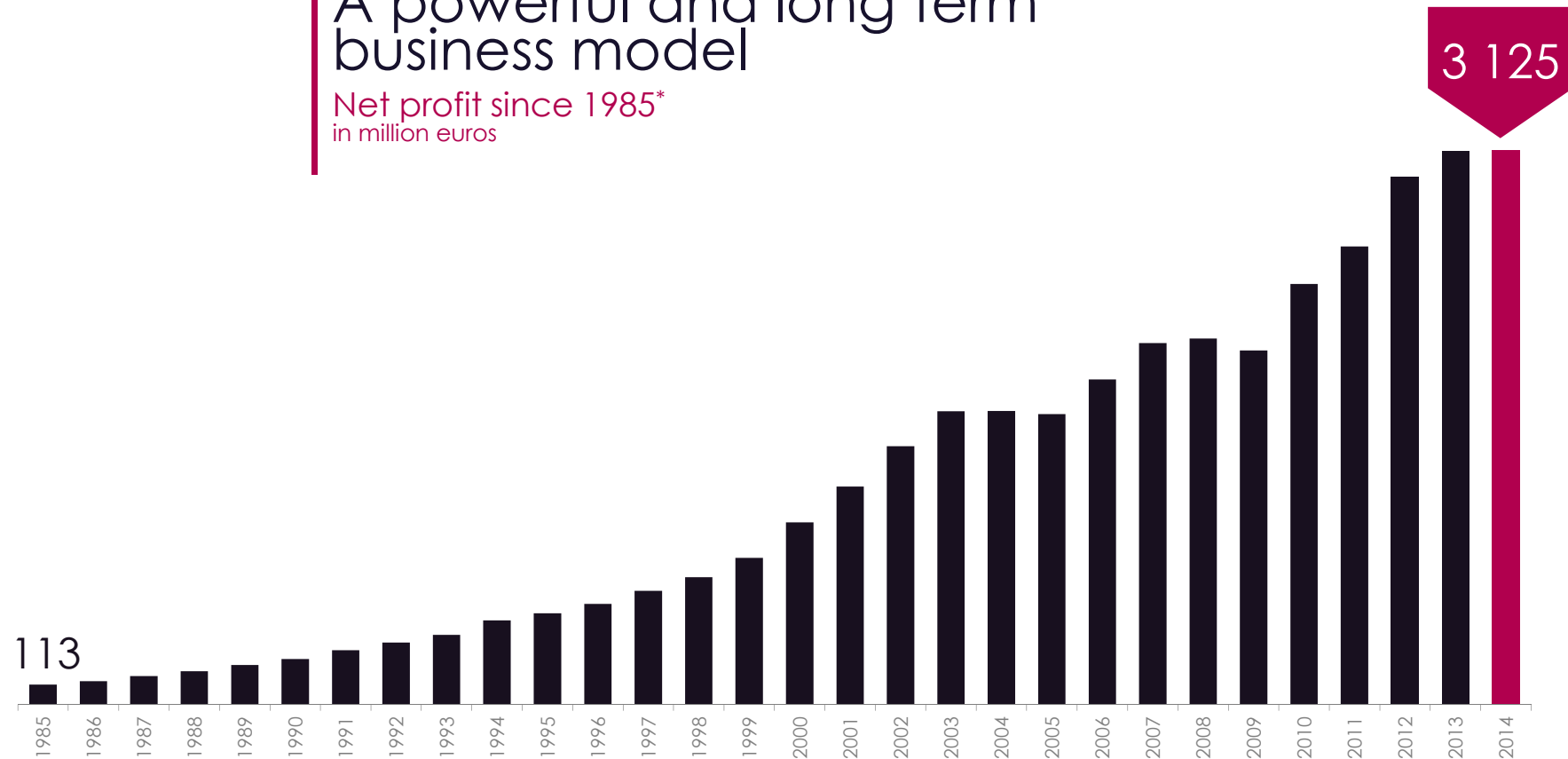
## Operations

Industrial footprint  
Logistics network  
Procurement



# A powerful and long term business model

Net profit since 1985\*  
in million euros



\* Net operating profit, excl. non-recurring items attributable to owners of the company, with Synthelabo consolidated fully up to 1998; net profit excl. non recurring items attributable to owners of the company, with Sanofi-Synthelabo 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

9 - March 18<sup>th</sup> 2015

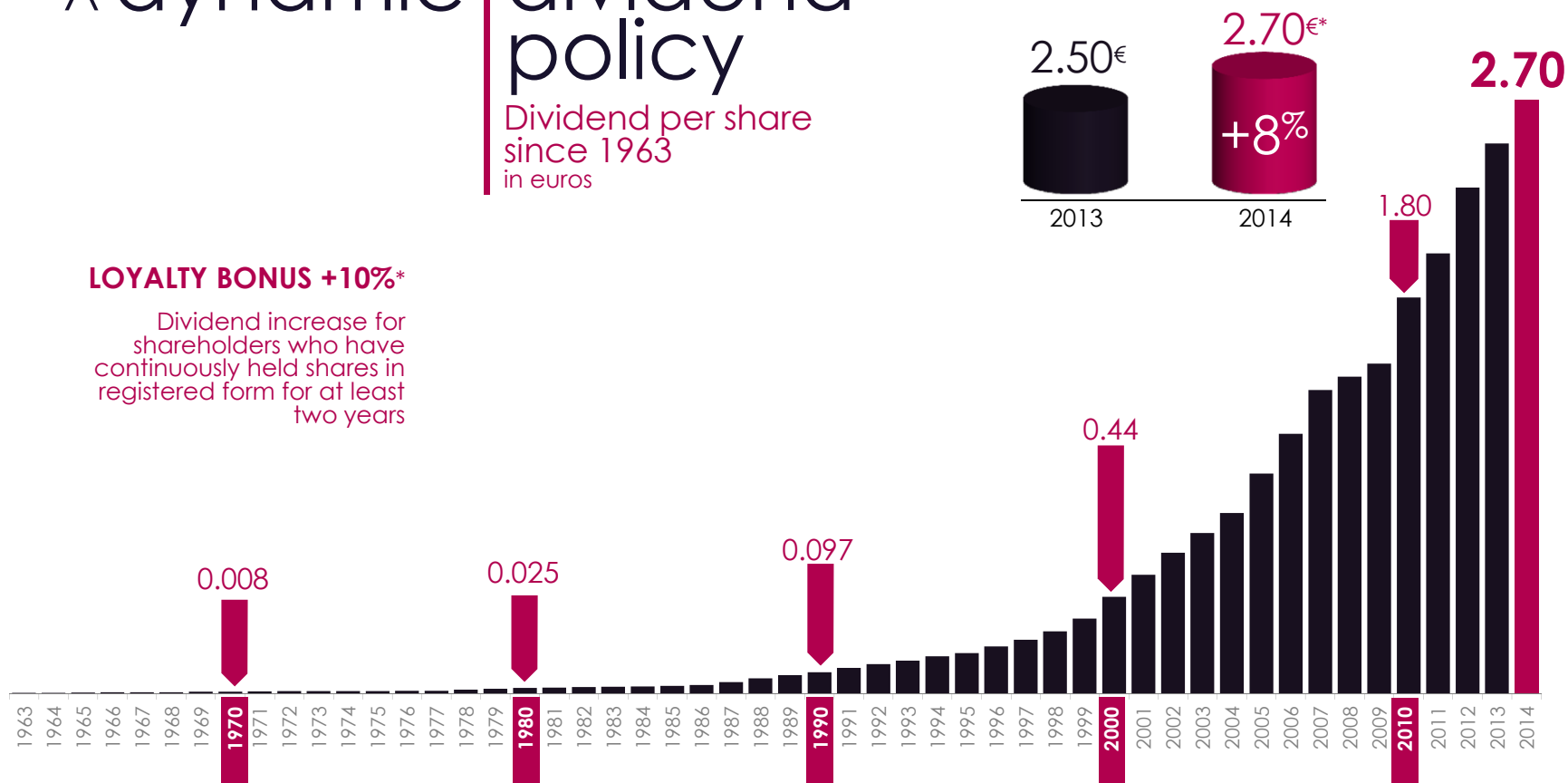
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# A dynamic dividend policy

Dividend per share  
since 1963  
in euros

## LOYALTY BONUS +10%\*

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



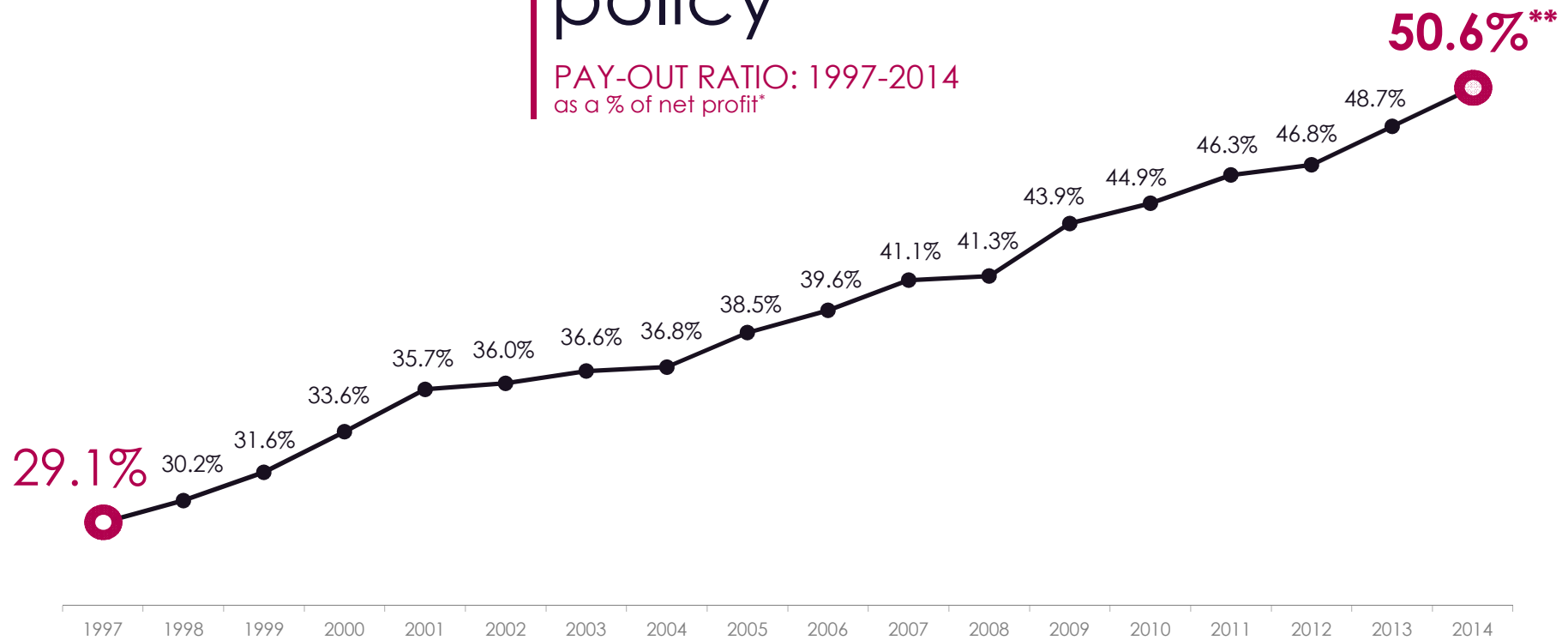
10 - March 18<sup>th</sup> 2015

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\*Proposed at the shareholders' meeting to be held on April 22nd, 2015

# A dynamic dividend policy

PAY-OUT RATIO: 1997-2014  
as a % of net profit\*



11 - March 18<sup>th</sup> 2015

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\* Taking into account the Sanofi history with regards to the dividends  
\*\* Based on the dividend proposed at the shareholders' meeting to be held on April 22nd, 2015





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2014: solid  
performance

12 - March 18<sup>th</sup> 2015

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Worldwide  
beauty market\*  $\approx +3.5\%$   
2014

Luxury  $+5\%$

Mass  
Market  $+3.5\%$

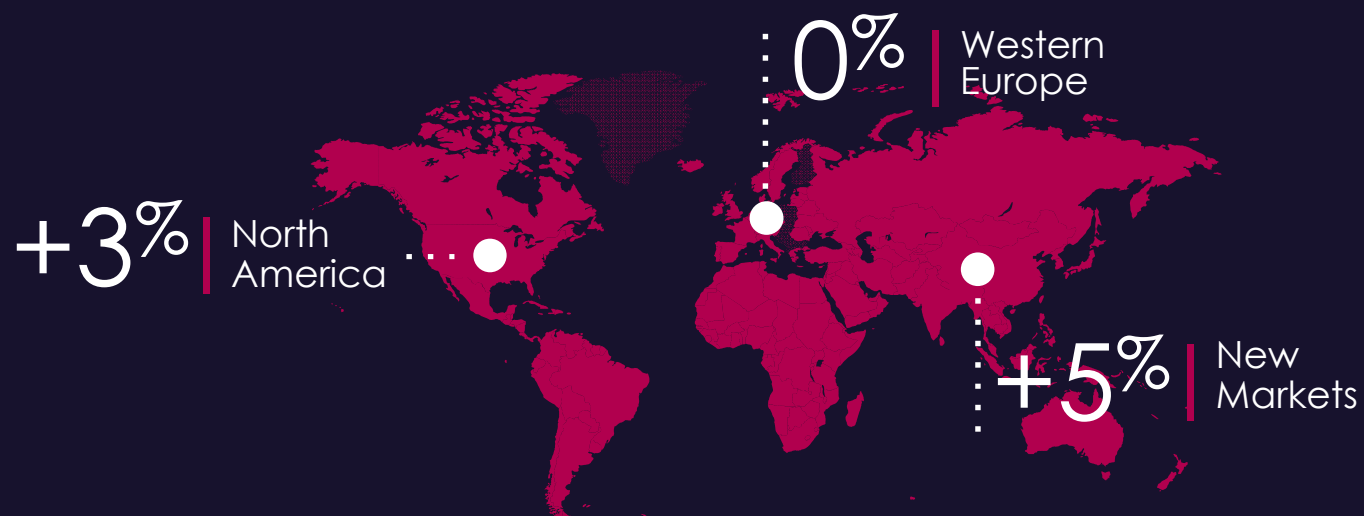
Door-  
to-door  $+2\%$

Dermo  
Cosmetics  $+5\%$

Hair  
Salons  $+1\%$

E-commerce  $+18\%$

Worldwide  
beauty market\*  $\approx +3.5\%$   
2014



14 - March 18<sup>th</sup> 2015

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\*\*Excluding soaps, toothpastes and razors.  
2014 provisional estimates.  
Source: L'Oréal estimates. Excluding  
exchange rate impact.

# 2014 | Group sales

consolidated

<b>Growth at constant exchange rate</b>	<b>+4.1%</b>
of which:	
like-for-like growth	+3.7%
external growth impact	+0.4%
<b>Exchange rate impact</b>	<b>-2.3%</b>
<b>Reported growth</b>	<b>+1.8%</b>

**A strong 4<sup>th</sup> quarter:**

Like-for-like growth

**+4.9%**

Reported growth

**+8.5%**

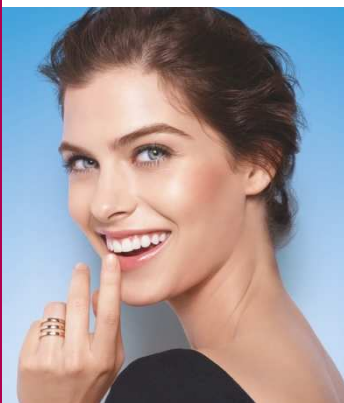
The announcement on February 11th 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations.  
In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1st 2014. All figures for earlier periods have been restated accordingly.

15 - March 18<sup>th</sup> 2015

**L'ORÉAL**

# Contrasted growth | by division

+8.7%\*



Active  
Cosmetics

+7.1%\*



L'Oréal  
Luxe

+2.6%\*



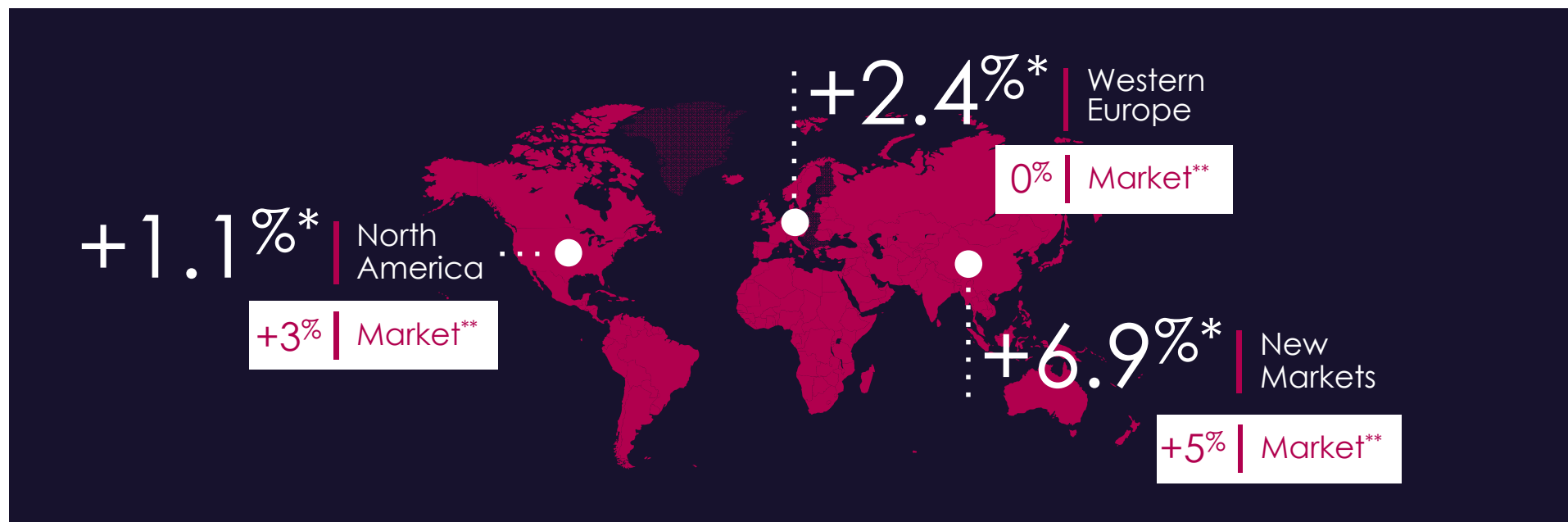
Professional  
Products

+1.6%\*



Consumer  
Products

# Contrasted growth | by region



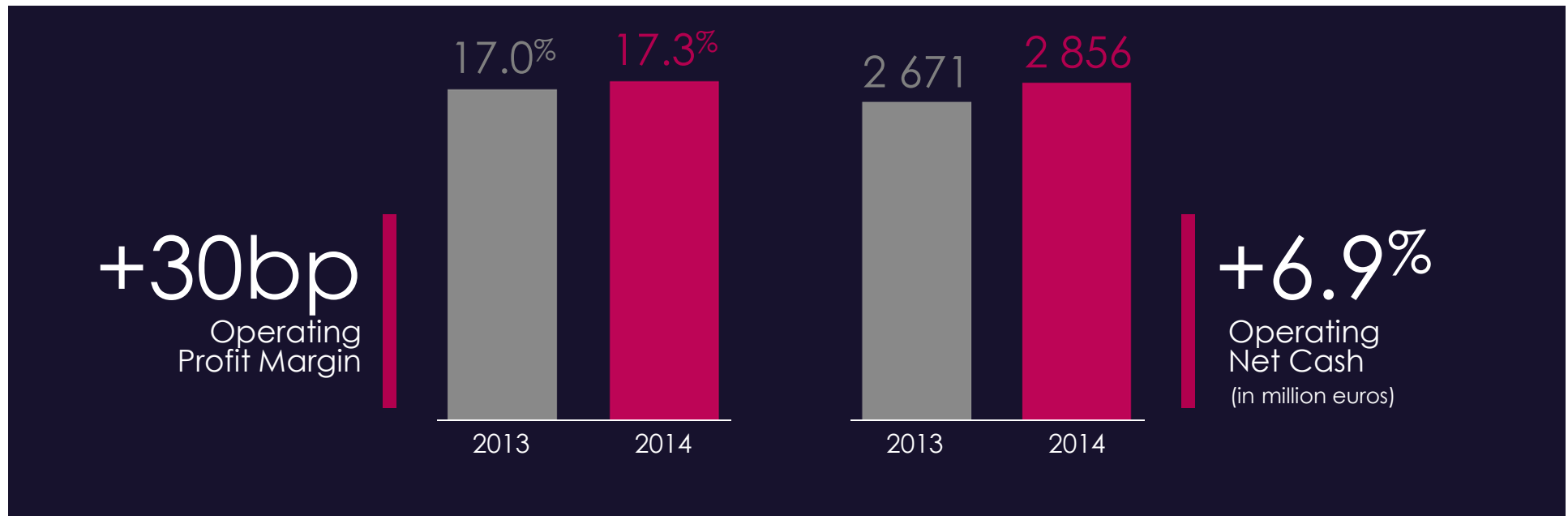
\*\*Excluding soaps, toothpastes and razors.  
2014 provisional estimates.  
Source: L'Oréal estimates. Excluding  
exchange rate impact.

17 - March 18<sup>th</sup> 2015

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\*Like-for-like cosmetics sales growth  
In accordance with IFRS 11 accounting rule, Inneov  
has been consolidated under the equity method as  
of January 1<sup>st</sup> 2014. All figures for earlier periods have  
been restated accordingly.

# Strong | financial results\*

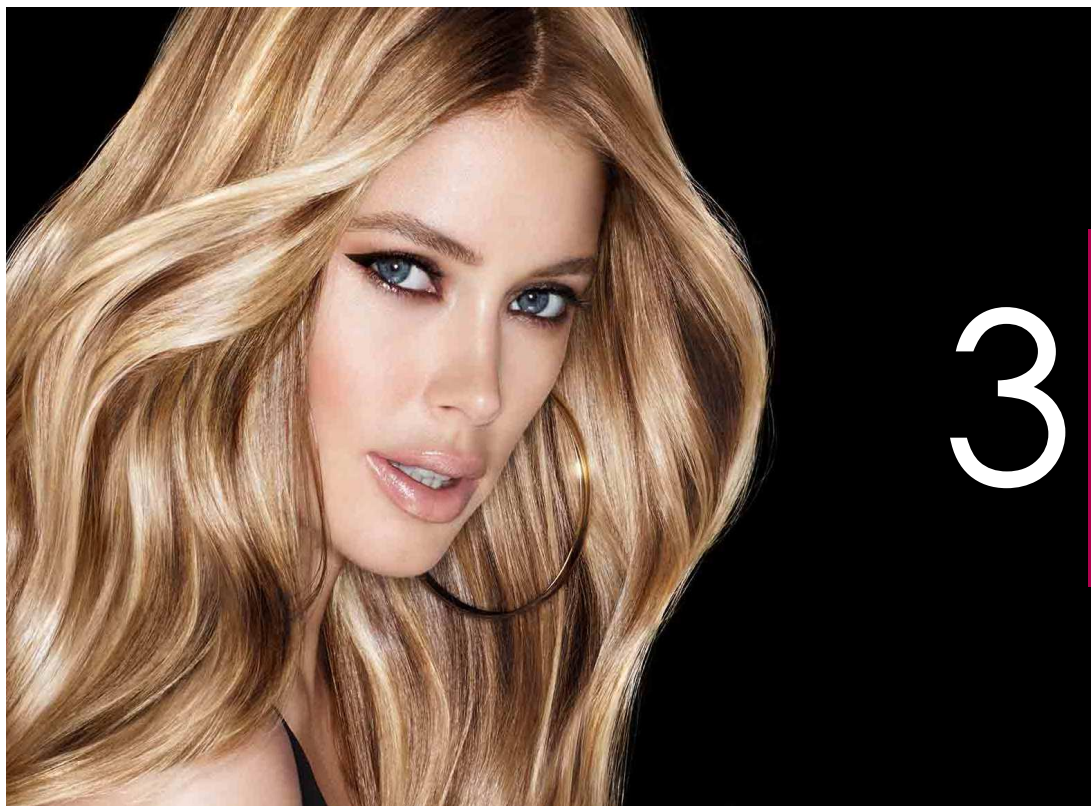


\*The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. All figures for earlier periods have been restated accordingly.

18 - March 18<sup>th</sup> 2015

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2014:  
A year of major  
progress and  
transformation

19 - March 18<sup>th</sup> 2015

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# strengthen our presence and potential on key strategic markets

MG



Skincare in China  
and Asia

Niely\*



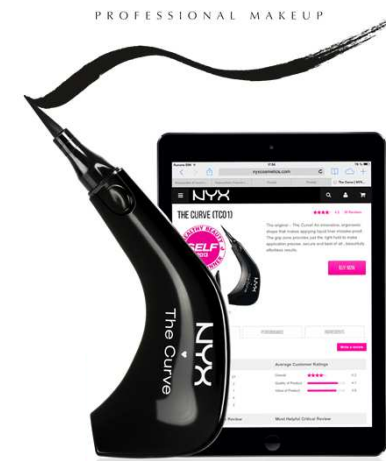
Haircolor in Brazil  
and Latin America

Carol's Daughter



Beauty for people of  
multicultural origin

NYX  
PROFESSIONAL MAKEUP



Make-up in America  
and worldwide

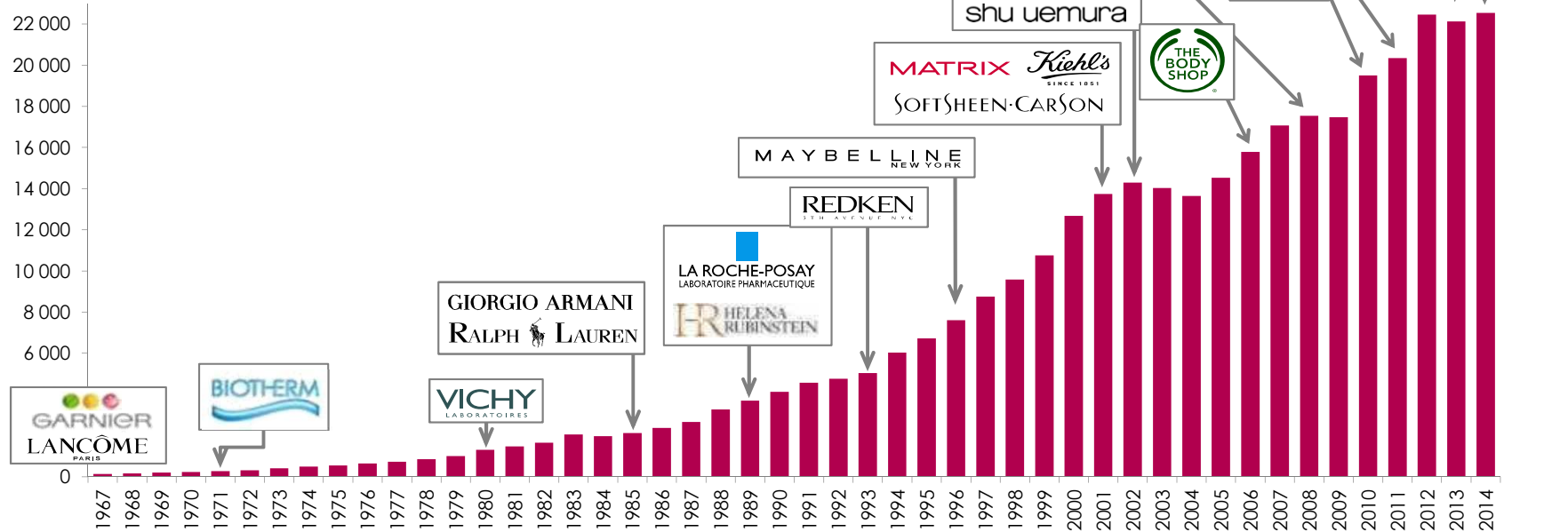
20 - March 18<sup>th</sup> 2015

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\*Acquisition that is currently being finalised.

# Acquisitions to Foster our future organic growth

Consolidated sales  
(€m)



The announcement on February 11<sup>th</sup> 2014 of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with FRS 11 accounting rule, Inneov has been consolidated under the equity method as of January 1<sup>st</sup> 2014. 2013 figures have been restated accordingly.

IFRS norms from 2004

21 - March 18<sup>th</sup> 2015

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# Digital: a fantastic opportunity for beauty



**4.5Bn**

Beauty queries per year on Google



**14.8Bn**

views on Beauty on YouTube/quarter



**160M**

addressable beauty addicts on Facebook

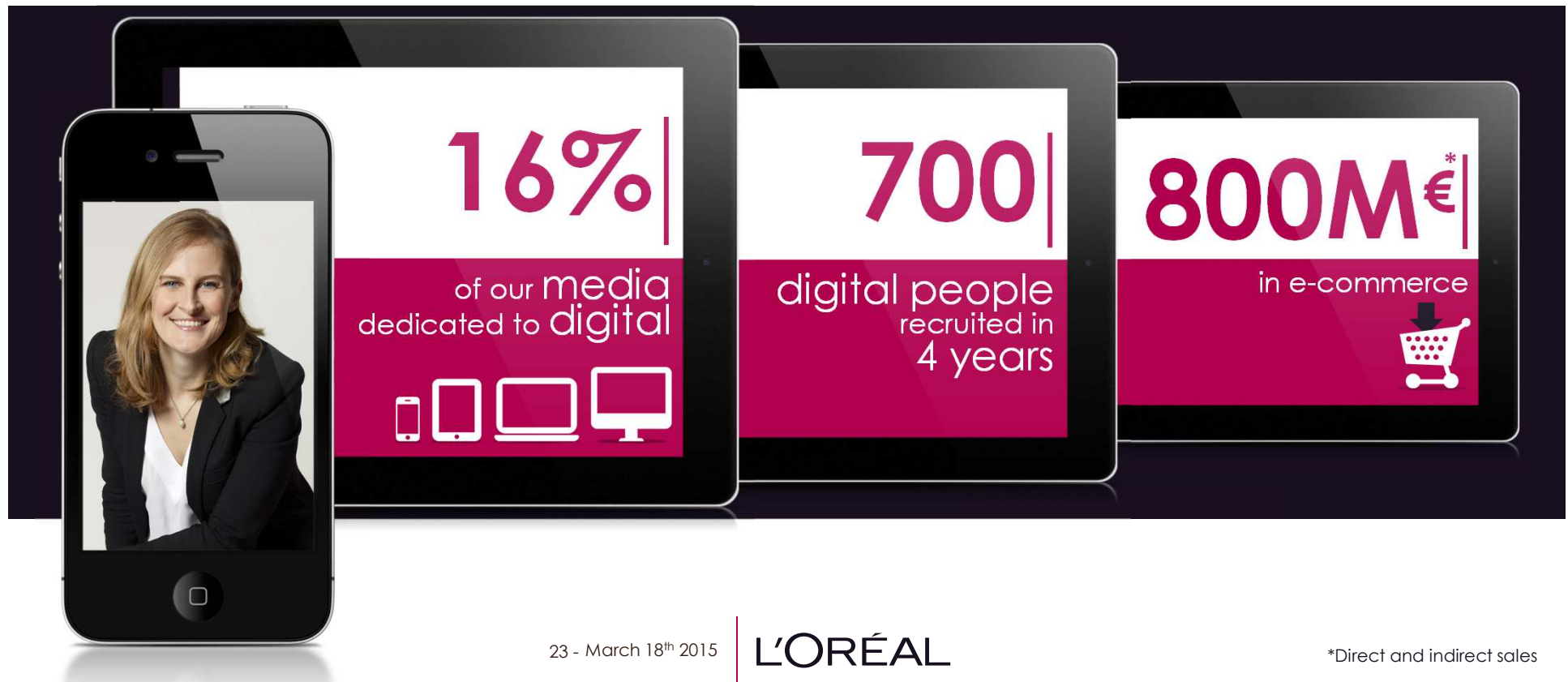
More inspiration

Richer Brand experience

Customised service

Personalised relationships

# Accelerating Group digitalisation





# Pioneering and leading e-commerce

China

Women skincare



N°4  
mG



Men skincare



Make-up



24 - March 18<sup>th</sup> 2015

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# Pioneering and leading e-commerce | China



**10%**  
of CPD sales in  
e-commerce

**17%**  
of ACD sales in  
e-commerce

25 - March 18<sup>th</sup> 2015

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Be the leader of “digital beauty”



26 - March 18<sup>th</sup> 2015

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# Perfect match with L'Oréal culture



Decentralised organisation

Entrepreneurial spirit

Multi-brand /  
multi-channel approach

27 - March 18<sup>th</sup> 2015

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# SHARING BEAUTY WITH ALL

## INNOVATING SUSTAINABLY

**67%** of new products assessed have an **improved environmental or social impact** <sup>(1)</sup>

## PRODUCING SUSTAINABLY

**-50%** **reduction in CO2** emissions in factories and distribution centres <sup>(2)</sup>

## CONSUMING SUSTAINABLY

**25%** of brands have implemented **initiatives to raise consumer awareness** <sup>(3)</sup>

## SHARING OUR GROWTH

**85%** of L'Oréal's permanent employees have **health insurance coverage in line with the best practices** in each country.

<sup>(1)</sup> Formulas produced in L'Oréal factories in 2014, excluding make-up and perfume.

<sup>(2)</sup> In absolute value, 2005-2014.

<sup>(3)</sup> Calculated as a percentage of consolidated sales 2013.



4

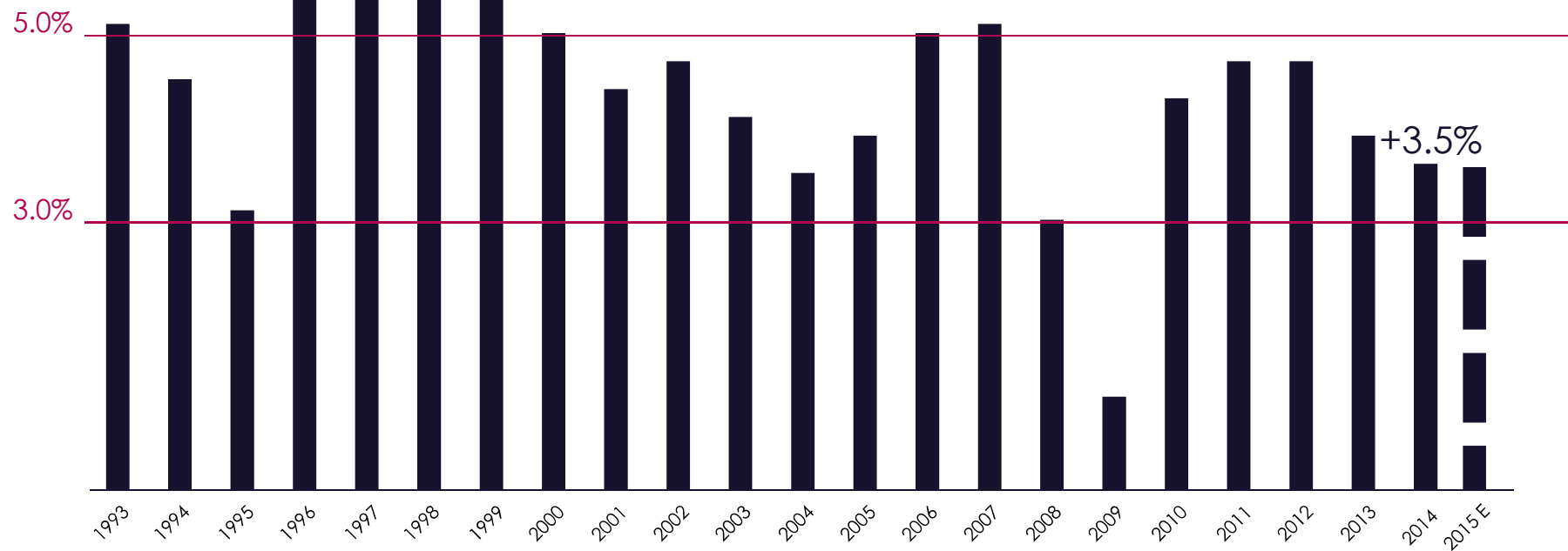
## 2015: Confidence and ambition

29 - March 18<sup>th</sup> 2015

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# Continuing Growth of the Cosmetics market

Worldwide Cosmetics  
Market 1993-2014\*



\*Excluding soaps, toothpastes and razors.  
2014 provisional estimates.  
Source: L'Oréal estimates. Excluding exchange rate impact.

30 - March 18<sup>th</sup> 2015

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31 - March 18<sup>th</sup> 2015

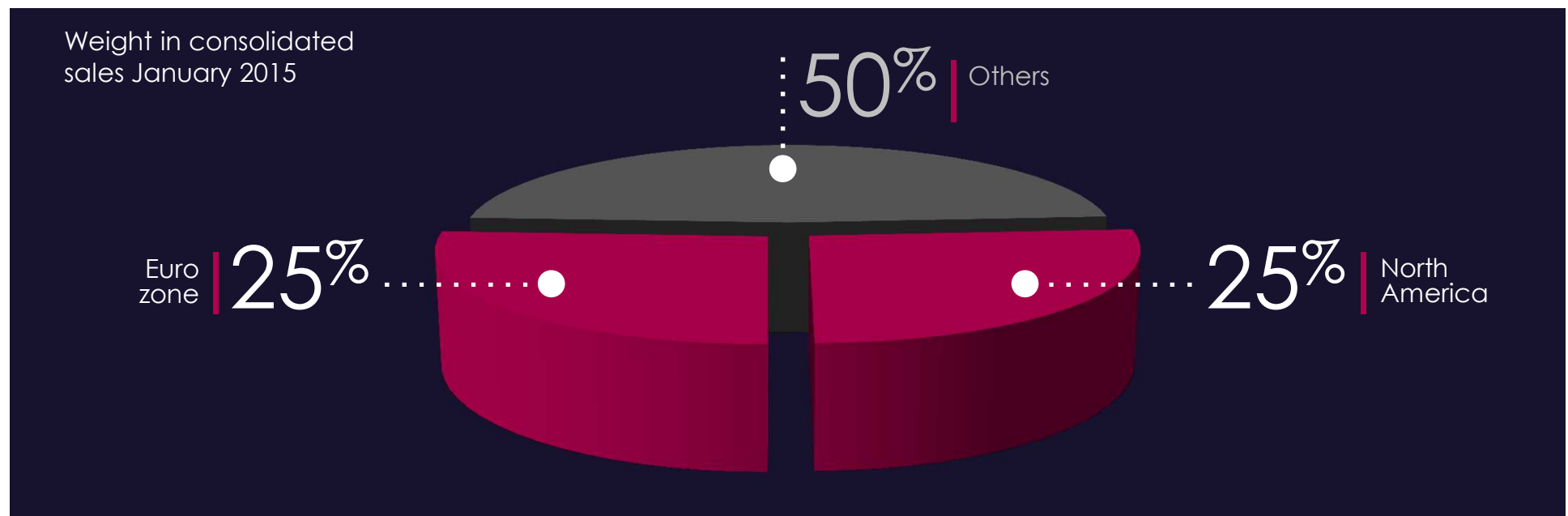
# Major launches Consumer Products

## L'ORÉAL





# Favourable impact of the monetary environment



2015  
Ambition



Strengthen our positions  
Substantial increase in profits  
Moderate increase in  
profitability



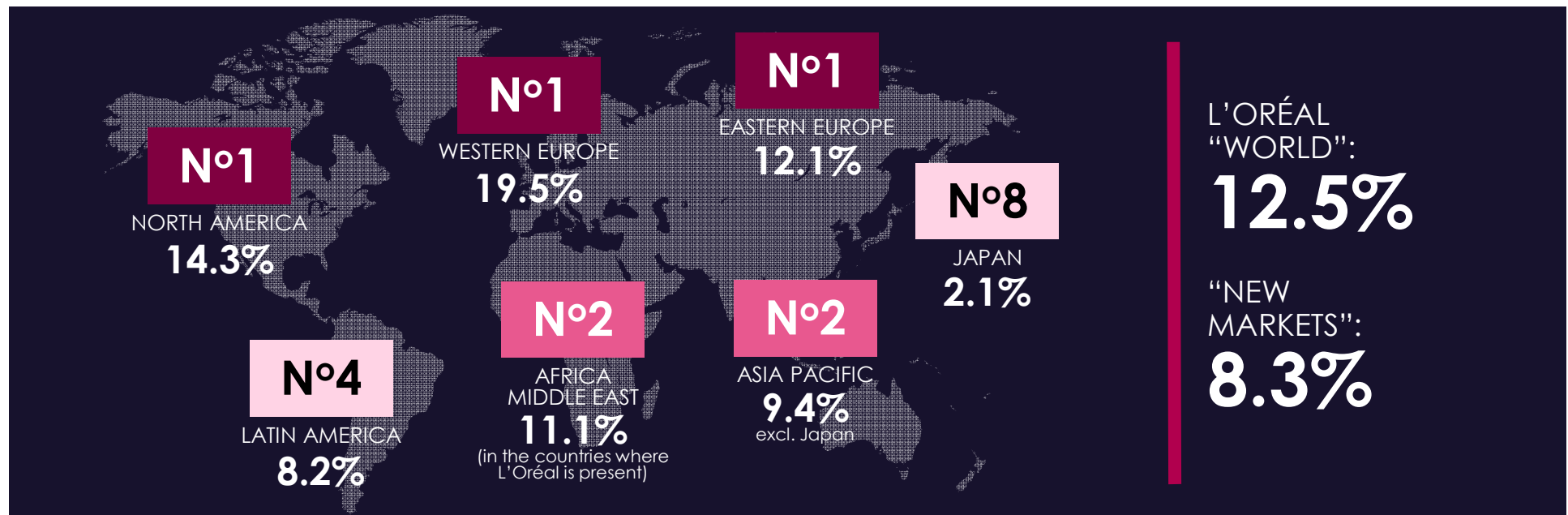
## Compelling Prospects

35 - March 18<sup>th</sup> 2015

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# L'Oréal, leader with a strong potential

L'Oréal market share  
by geographic zone 2014\*



\*Excluding soaps, razors and toothpastes. L'Oréal Estimates BMS  
Ranking based on euromonitor 2013 figures

# New Frontiers

## NEW CONSUMPTION ASPIRATIONS

**Digital**  
increases penetration  
amongst young people

**83 to 89%**

(penetration H&B products. Women under  
25 years old 2012-2014. Europe)

## NEW TARGETS

**Middle class**  
**1.8 to 3.2bn** (2009 -2020)

**Men:** skincare penetration  
Mature Markets: <30% China: >50%

**Seniors** (65+)  
**0.6 to 1.1bn** (2013-2030)

## NEW DISTRIBUTIONS

**E-commerce**  
**Travel retail**  
**Spas**

= Double digit  
growth in 2014





# A leader with the spirit of a challenger

## ORGANISATION

*"A flotilla of small boats"*

## CULTURE

*"Seize up-and-coming trends"*  
*"Test and learn"*

**FAST, AGILE AND REACTIVE**



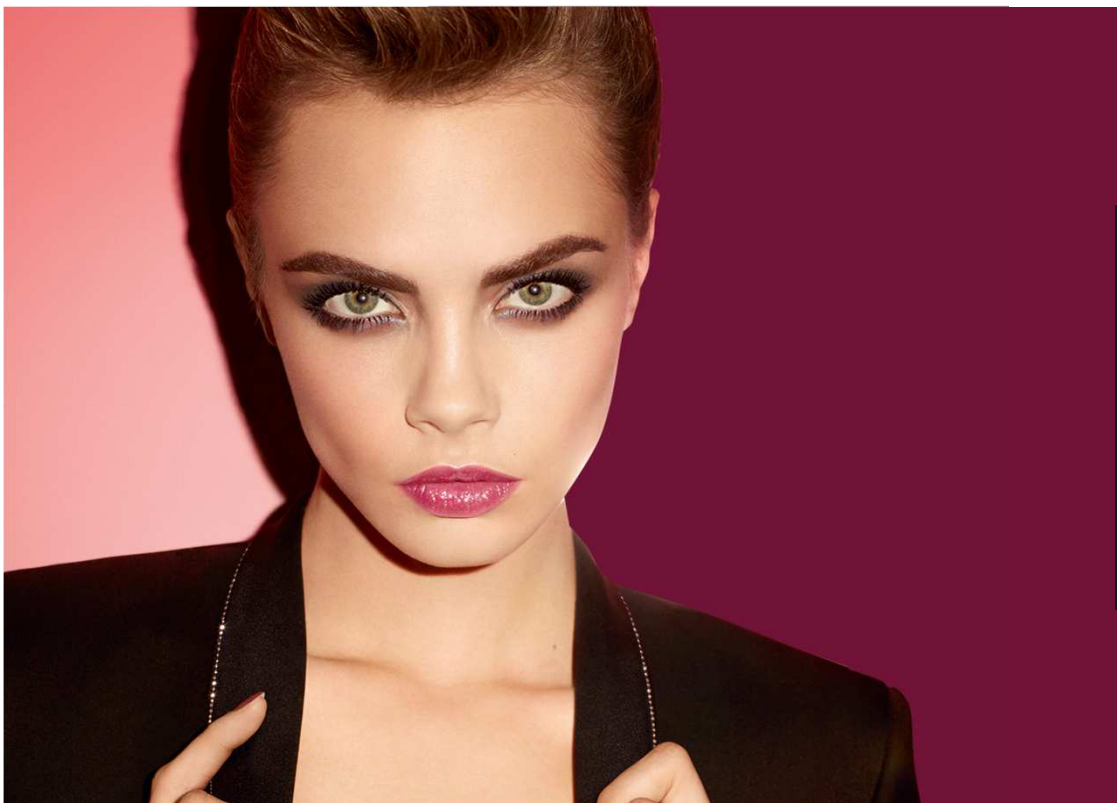
New L'Oréal  
of the 21<sup>st</sup> century

Universal  
Digital  
Sustainable



39 - March 18<sup>th</sup> 2015

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