

No. 86  
WINTER  
2023

# THE LETTER TO SHAREHOLDERS



PERFORMANCE &  
NEWS

L'ORÉAL, FRENCH CHAMPION  
& GLOBAL LEADER

INVESTIR DAY, MEETING  
OUR SHAREHOLDERS

L'ORÉAL  
FINANCE



“  
The beauty market remains exceptionally dynamic, and L'Oréal continues to outperform and reinforce its global leadership.”

**NICOLAS HIERONIMUS**  
Chief Executive Officer of L'Oréal

**D**ear Shareholders,  
On 19 October, your Group published its sales at 30 September 2023. I am very proud of the performance of our teams in the first nine months. The beauty market remains exceptionally dynamic, and L'Oréal continues to outperform and reinforce its global leadership.

Despite the slower than expected recovery of the beauty market in mainland China and the reset in Asia Travel Retail, L'Oréal kept its double-digit pace.

We did so thanks to our broad-based regional footprint, our successful innovation pipeline, and our agility to rapidly allocate investment to the areas where we see the highest growth.

In a context of continued economic and geopolitical uncertainty, we remain confident in our ability to keep outperforming the market and achieve in 2023 another year of growth in sales and profits. We are optimistic about the outlook for the beauty market and remain ambitious for the future.

## SALES AT 30 SEPTEMBER 2023

**€30.57**

billion

**+12.6%**

like-for-like<sup>(1)</sup>

**+9.4%**

based on reported figures

Like-for-like growth **in all Divisions and Regions<sup>(1)</sup>**

More information at [loreal-finance.com](https://loreal-finance.com)

<sup>(1)</sup> Like-for-like: based on a comparable structure and identical exchange rates.



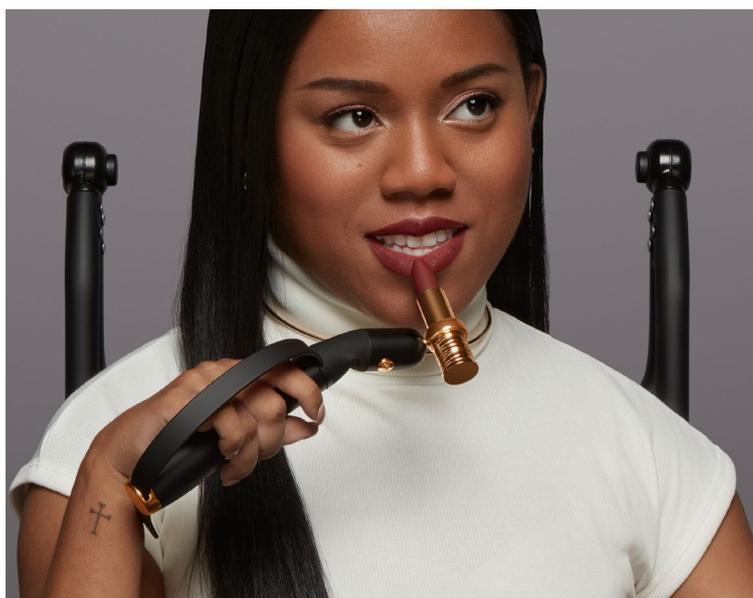
## BEAUTY TECH: L'ORÉAL INVESTS IN SHINEHIGH INNOVATION

In September, L'Oréal announced an agreement to make a minority investment in SHINEHIGH INNOVATION, an innovation-led biotech company in China, to establish a long-term partnership for the co-development of novel and sustainable beauty solutions. This is L'Oréal's first open innovation investment in China, backed by its venture capital fund, BOLD (Business Opportunities for L'Oréal Development).

## L'ORÉAL HAPTA INNOVATION NAMED A 'TIME BEST INVENTION 2023'

HAPTA is the first smart makeup device designed for people with limited arm mobility. Created by L'Oréal for Lancôme, this innovation has been included in the Best Inventions 2023 by TIME magazine under the accessibility category.

L'Oréal innovations have been selected for five consecutive years in the annual TIME Best Inventions list, underlining the Group's belief that the future of beauty lies at the intersection of science and technology.



## L'ORÉAL CREATES CLIMATE EMERGENCY FUND

The Group announced a new €15 million L'Oréal Climate Emergency Fund to support vulnerable communities through partnerships with both local organisations and international NGOs. The fund builds on L'Oréal's longstanding commitment to address growing humanitarian and environmental challenges, bringing the Group's total investments to more than €200 million.



## L'ORÉAL RECOGNISED FOR ITS ESG PERFORMANCE

L'Oréal ranks third in the "Top 25 Most Diverse & Inclusive Companies", a list compiled by Refinitiv, which assesses companies based on a series of Diversity & Inclusion criteria. The Group is now the number one French company featured in the index.

L'Oréal was also awarded the EcoVadis Platinum medal for its environmental and social performance, with a score of 83 out of 100. This once again puts the Group in the top 1% of the world's best-performing companies on issues including the environment, ethics and human rights (out of 100,000 assessed).



## L'ORÉAL GROUP APPOINTMENTS

**L'Oréal has announced a number of important moves within the Groupe's Executive Committee**, in addition to the creation of the new role of Deputy CEO in Charge of Divisions - L'Oréal China.

These appointments will take effect in the first trimester of 2024.

**Fabrice Megarbane** will be appointed Chief Global Growth Officer. He will succeed Frédéric Rozé, and will be in charge of accelerating growth, leading transformation projects and animating the Group's five Zones.

**Vincent Boinay** will succeed Fabrice Megarbane as President of the North Asia Zone and Chief Executive Officer of L'Oréal China. **Laurence Ma**, currently General Manager of L'Oréal Luxe China, will be appointed Deputy Chief Executive Officer in Charge of Divisions - L'Oréal China, a position newly created in light of the increased complexity of the Chinese market.

**Emmanuel Goulin** will succeed Vincent Boinay as President of Travel Retail and will join the Group's Executive Committee.



“  
**Le Visionnaire is the ideal bridge between the past and the future of L'Oréal. The space reflects our values and our absolute belief in innovation and our love of cultural transmission. The futuristic quality of its architecture invites audacity and an avant-garde spirit, with one ambition: to cultivate together our ability to constantly reinvent ourselves, in order to adapt for a changing world. The L'Oréal adventure will continue to write itself here, in the place where it all started.**”

**JEAN-PAUL AGON,**  
 Chairman of the Board  
 of Directors of L'Oréal

## L'ORÉAL, FRENCH CHAMPION AND WORLD NUMBER ONE



### Le Visionnaire – Espace François Dalle

Inaugurated on 28 September 2023 after two years of construction and transformation, this 4,200 m<sup>2</sup> space nestles within L'Oréal's historical headquarters. It invites visitors to explore an entirely new universe devoted to conveying the culture, inspiration and creativity in shaping the future of beauty.

Le Visionnaire is a feat of architecture, technology and entrepreneurship, and the perfect embodiment of the L'Oréal soul. Like François Dalle, who demonstrated his taste for adventure and challenge, the project was born from the ideas and creative spirit of all those who take part in the L'Oréal adventure. The site, at 14 Rue Royale in Paris, is dedicated to welcoming L'Oréal employees and partners from all over the world. Le Visionnaire also serves as a showcase for the new Hairdressing Academy, highlighting L'Oréal's original métier, offering a highly digitalised training space to share cutting-edge expertise and a unique experience.

### Venecy inauguration: at the cutting-edge of tech and sustainability commitments

With its strategic, scientific and industrial presence, L'Oréal is an essential player in the economic development and influence of France. In September, L'Oréal France inaugurated a new 35,000 m<sup>2</sup> facility at the Venecy Cosmetic Park to better serve clients of the Consumer Products and Luxe Divisions. Its product assembly approach enhances agility and limits the site's energy footprint while reducing road transport and optimising energy and waste management.

Showcasing eco-friendly developments, this Venecy hub has earned the BREEAM EXCELLENT rating, an international standard used to assess the environmental impact of buildings, and LEED GOLD certification, which is awarded to green architecture and buildings that attain high environmental quality.

# 94,000

jobs generated in France<sup>(1)</sup>

We employ 15,000 people in France, where we have 11 manufacturing plants that make products sold around the globe. We also generate another 79,000 indirect and induced jobs across our value chain.



(1) Data collected by L'Oréal and used by the Asterès Impact Model to assess the full extent of L'Oréal's economic footprint in France (including products sold in the domestic market and exported), based on data from INSEE's "supply and use" tables. The model quantifies the economic impact over four years based on 2022 expenditure.

## MEETING OUR SHAREHOLDERS

In November, L'Oréal was awarded the **“Pedagogy Prize” at the Boursorama 2023 Investor Awards** for the quality of its shareholder communications. The Group has always prioritised dialogue as part of a drive to support, inform and build the loyalty of its investors. This year, in addition to the Annual General Meeting, L'Oréal has stepped up in-person opportunities to meet shareholders, strengthen ties and deepen understanding.

In the second half of the year, L'Oréal held two shareholder meetings with Air Liquide in Annecy and Bordeaux, attracting more than 750 participants.



Pascale Guerin, Director of Individual Shareholder Relations explains:

“ These events are an opportunity to enrich our interaction with shareholders. We shared what makes the Group successful, attractive prospects in the beauty market, and how L'Oréal continues to outperform and create sustainable value for stakeholders. ”

### Join the Shareholder Consultation Committee!

Take the opportunity to explore the many facets of L'Oréal by joining the **Shareholder Consultation Committee**. The committee currently has 12 members, one third of whom are renewed annually.

In 2023, Committee members took a deep dive into L'Oréal brands by visiting the Retail Lab, which serves as a laboratory to develop in-store customer experiences for the Group's brands.

In September, during an informal event with Nicolas Hieronimus, Chief Executive Officer of L'Oréal, and Christophe Babule, Chief Financial Officer, shareholders were able to ask questions on a range of topics and explore the L'Oréal for the Future programme.

In November, to meet growing shareholder interest for more information on the Group, its brands and operations, L'Oréal organised an exclusive tour of its Vichy production facility in France for shareholders in the region.

Dedicated to the L'Oréal Dermatological Beauty Division, the plant makes skincare and hygiene products — using thermal spa water — for brands such as Vichy, La Roche-Posay, CeraVe and SkinCeuticals. 80% of production is exported to more than 60 countries. Vichy teams have in-depth knowledge and expertise in dermatological skincare. The facility and its high-tech hub demonstrate how agile industrial operations have driven the exceptional growth of the Dermatological Beauty Division over the past three years.



If you would like to join the Committee, complete the questionnaire to apply

scan this QR code

## SPOTLIGHT ON INVESTIR DAY, THE GATHERING FOR INDIVIDUAL INVESTORS IN FRANCE

“  
Beauty has been the sole focus of our business, our expertise and our passion for nearly 115 years.

L'Oréal's success is underpinned by its strategy to be a pure player in beauty.”

CHRISTOPHE BABULE,  
Chief Financial Officer of L'Oréal



L'Oréal was an official partner of the fifth Investir Day in Paris this year, providing an opportunity to demonstrate the Group's many strengths and showcase its value-creation strategy to individual investors through a series of conferences and meetings with our experts.

**Three questions for Christophe Babule, Chief Financial Officer, L'Oréal, at Investir Day:**

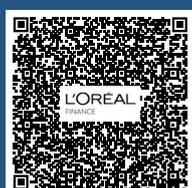
### What makes the beauty market so promising?

L'Oréal operates in a vast, unique market, because beauty is a fundamental human need and a universal aspiration that transcends generations, countries and cultures. It's a dynamic market that has consistently weathered economic uncertainty, achieving average annual growth of 3% to 5% over the last two decades. This growth is driven partly by the world's emerging middle classes (estimates suggest an additional 800 million people by 2030) and partly by steady consumer demand for quality and innovation. Despite the inflationary environment, consumers continue to show a strong appetite for high-quality, increasingly premium products. Widespread innovations across all categories stimulate the beauty market, which is primarily supply-driven, through a combination of creativity and science. L'Oréal's strength in innovation and our digital edge allow us to outperform the market and reinforce our global leadership.



Scan this QR code

to watch Christophe Babule's  
interview at Investir Day



### What is L'Oréal's winning strategy to remain the global beauty leader?

Beauty has been the sole focus of our business, our expertise and our passion for nearly 115 years. L'Oréal's success is underpinned by its strategy to be a pure player in beauty. We often talk about six key pillars: the power of our Research & Innovation, with 4,000 researchers worldwide; our unique portfolio of 37 diverse and complementary global brands, 11 of which already have sales of more than €1 billion; our unrivalled digital leadership, with continuous e-commerce growth; and our industrial capabilities, with 38 plants worldwide. What is more, prudent management of our financial performance has enabled us to improve profitability and invest in future growth drivers. Lastly, we are proud of the unwavering commitment of our 87,400 employees, all of whom share the same culture, strong values and purpose: create the beauty that moves the world. L'Oréal is also among the five most attractive companies in France<sup>(1)</sup>.

For L'Oréal, extra-financial performance is inseparable from economic performance. Our strong results allow us to continue investing in our social and environmental commitments, in line with our L'Oréal for the Future sustainability targets for 2030.

### What makes L'Oréal such a solid investment?

Beyond our track record of outperforming the market, we are confident in the growth prospects for the beauty market in 2023 and beyond. With a 14% share of the global market, there is still significant scope to expand, especially in emerging countries and in new categories of products and services.

The stability of the Group's governance allows us to devise and deploy a long-term strategy. L'Oréal has proven itself a resilient growth investment. Meanwhile, the Group continues to pursue a dynamic shareholder policy, with a steady increase in dividends since 1973. Total shareholder return as of 31 October 2023 was +16.1% over 5 years and +13.8% over 10 years.

(1) 2022 Universum ranking of the most attractive employers based on a survey of business schools in 10 countries.

### Expert testimonials



“

With its Beauty Tech transformation, L'Oréal augments its offer with online services and innovative devices. We create the Beauty of the Future, offering personalised, sustainable, and inclusive beauty experiences. In constant alignment with consumers' individual needs, enforcing our “beauty for each” objective, our transformation is also paving the way for new business models.”

**Nathalie Cabut**, Head of Beauty Tech Services  
**Quentin Ghiene**, Beauty Tech Group Business Value Manager



“

With 4,000 researchers worldwide, L'Oréal is the largest research powerhouse in the cosmetics industry, allowing us to provide our brands and consumers with the very best in beauty science.”

**Pascale Mora**,  
Scientific Communication Director, Research & Innovation



“

L'Oréal is capitalising on technology innovations, particularly Artificial Intelligence. We develop services for our consumers as well as strategic tools for our employees – truly disruptive revolutions in our ways of working that create tangible value for L'Oréal.”

**Charlotte Catimel**,  
Tech Accelerator Manager



### Spotlight on L'Oréal's industrial strength

**Antoine Vanlaeys**, Group Chief Operations Officer, shared his perspectives on the central role of Operations during an interview with Boursorama's Laurent Grassin in December.

“L'Oréal is a 114-year industrial Group which has created and continues to create the industry of the future by combining performance, science and technology, sustainability and inclusivity. The know-how, operational excellence and unique expertise of our teams, together with our global industrial network, ensure our resilience and responsiveness in a highly volatile global context.”

To watch the replay

scan this QR code



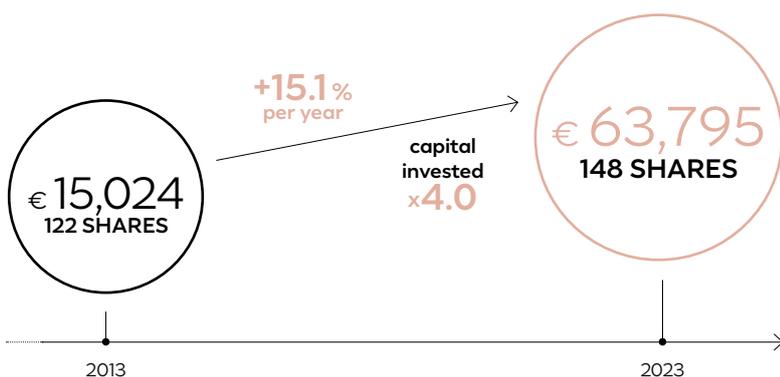
## TOTAL SHAREHOLDER RETURN<sup>(1)</sup>

Amongst the various economic and financial measures of value creation, L'Oréal prefers Total Shareholder Return (TSR).

This indicator is based on a range of criteria, including the share price and revenue received in the form of dividends excluding taxes on capital gains and dividends, based on the closing share price on 30 November 2023.

### Hypothesis

Total Shareholder Return over 10 years, for €15,000 invested in L'Oréal shares, including reinvestment of dividends, excluding bank charges and tax.



## TOTAL ANNUAL RETURN

Based on the share price on 30 November 2023



## OVER 5 YEARS, THE L'ORÉAL SHARE HAS OUTPERFORMED THE CAC 40 INDEX

L'Oréal vs CAC 40 from 30 November 2018 to 30 November 2023<sup>(2)</sup>



(1) Total Shareholder Return of the investment, assuming that the shares are sold at the closing price on 30 November 2023. (2) CAC40 index rebased on the L'Oréal share price since 30/11/2018 // Source : Refinitiv, share price on 30/11/2023.

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## A TEAM THAT IS ATTENTIVE TO SHAREHOLDERS' VIEWS

### PASCALE GUERIN

Director of Individual Shareholder and Market Authority Relations

### ANGÉLIQUE FRUCHTENREICH

Individual Shareholder Relations Manager

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## AGENDA

**8 February 2024:** 2023 annual results (after stock market closing)

**23 April 2024:** Annual General Meeting at Palais des Congrès, Porte Maillot, Paris

For other key dates, please visit our website: [loreal-finance.com](http://loreal-finance.com)

## THE CONNECTED SHAREHOLDER

Download the L'Oréal Finance app<sup>(3)</sup> and keep up to date with live news about your company.



(3) Available for free on the App Store and Google Play.

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