THE POWER OF BEAUTY

Jean-Paul AGON
Chairman & Chief Executive Officer

CAGNY
22 FEBRUARY 2019
### KEY INDICATORS

**2018**

<table>
<thead>
<tr>
<th><strong>SALES</strong></th>
<th>26.9 BILLION €</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>18.3%</td>
</tr>
<tr>
<td><strong>NET CASH FLOW</strong></td>
<td>3.9 BILLION €</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>4 BILLION €</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE</strong></td>
<td>7.08 €</td>
</tr>
<tr>
<td><strong>MARKET CAPITALIZATION</strong></td>
<td>124 BILLION €</td>
</tr>
</tbody>
</table>

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*Net profit, excluding non-recurring items after non-controlling interests.*

*Net cash flow = Gross cash flow + changes in working capital - capital expenditure.*

* Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests. * Based on 15 February 2019 closing price of 221.80€.
A Powerful Desire for Beauty
BEAUTY MARKET

THE BEST GROWTH

IN 20 YEARS

$\approx +5.5\%^{1}$

'2018 L’Oreal provisional estimates - Excluding razors, soaps and toothpastes, at constant exchange rates
<table>
<thead>
<tr>
<th>BY REGION&lt;sup&gt;1&lt;/sup&gt;</th>
<th>LUXURY</th>
<th>DERMOCOSMETICS</th>
<th>SKINCARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIA PACIFIC</td>
<td>≈ +10%</td>
<td>≈ +6%</td>
<td>≈ +9%</td>
</tr>
<tr>
<td>E-COMMERCE</td>
<td>≈ +25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRAVEL RETAIL</td>
<td>≈ +22%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup>2018 L’Oreal provisional estimates-Excluding razors, soaps and toothpastes, at constant exchange rates
THE MARKET HAS ACCELERATED THANKS TO STRONG UNDERLYING TRENDS

BEAUTY MARKET

ACCELERATION DUE TO STRONG UNDERLYING TRENDS

≃+5.5%¹

¹2018 L’Oreal provisional estimates-Excluding razors, soaps and toothpastes, at constant exchange rates
ACCELERATION THANKS TO STRONG UNDERLYING TRENDS

1

BEAUTY IS A PERMANENT QUEST

Pleasure  Well-being
HAPPINESS  Confidence
SELF-ESTEEM

22 February 2019
2

PREMIUMIZATION

CONSUMERS ARE READY TO TRADE UP

EXCITING NEW BENEFITS BETTER PERFORMANCE SUPERIOR QUALITY
DIGITAL

ACCELERATION THANKS TO STRONG UNDERLYING TRENDS
BEAUTY

ONE OF THE MOST ENGAGING CATEGORIES ONLINE

EXPLOSION OF SHARING AND SELF-EXPRESSION ON SOCIAL MEDIA

ACCELERATION THANKS TO STRONG UNDERLYING TRENDS
ACCELERATION THANKS TO STRONG UNDERLYING TRENDS

E-COMMERCE
EXTENDING OUR REACH
FAR BEYOND TRADITIONAL DISTRIBUTION
A POWERFUL YEAR
THE BEST YEAR IN A DECADE

+7.1%¹
OUTPERFORMED THE MARKET FOR THE 8\textsuperscript{TH} CONSECUTIVE YEAR

- Skincare: +24\%\textsuperscript{1}
- E-commerce\textsuperscript{2}: +42\%\textsuperscript{1}
  16\% of Sales

4 BILLIONAIRE BRANDS GROWING DOUBLE-DIGIT\textsuperscript{1}

\textsuperscript{1}2018 like-for-like sales growth
\textsuperscript{2}Sales achieved by our brands’ own websites + estimated sales achieved by our brands corresponding to sales through our retailers’ websites (non-audited data).
ACTIVE COSMETICS: +11.9%¹

STRONGEST GROWTH SINCE 2006  
x2 THE MARKET

#1 Dermatologists Recommended Skincare Brand in the USA²
Launched in more than 30 Countries

#1 Dermo-cosmetic Brand³
Double-digit Growth

#1 US Medical Aesthetic Skincare Brand Worldwide⁴
+33%¹

¹2018 like-for-like sales growth. ²Source: Quintiles/IMS using Provoice Survey fielded 12 months ending Q4 2018. ³Source: L’Oréal, French dermo-cosmetic brands 2017 worldwide sell-in. ⁴Source: Euromonitor; Medical Aesthetic skincare: brands included only if founded in the USA; research conducted in February and March 2018.
SELL-OUT ACCELERATION IN Q4

STRONG GROWTH OF BIG BRANDS

E-COMMERCE ACCELERATION +38%

SEIZE WHAT’S STARTING

Natural & Organic

2018 like-for-like sales growth. 2L’Oréal internal estimates, sell-out in value. 3Sales achieved by our brands’ own websites + pure players & estimated sales achieved by our brands corresponding to sales through our retailers’ websites (non-audited data).

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ACCELERATION IN Q4: +3.5%

LAUNCH OF NATURAL BEAUTY

RAPID GROWTH OF KERASTASE

ACQUISITION OF PULP RIOT

CONTINUED TRANSFORMATION STRATEGY

SELECTIVE OMNI-CHANNEL APPROACH

DRIVE MORE CONSUMERS TO SALONS

DEVELOP OUR E-LEARNING PLATFORM

PROFESSIONAL PRODUCTS: +2%¹

¹2018 like-for-like sales growth
A POWERFUL VALUE-CREATING BUSINESS MODEL

RECORD OPERATING MARGIN: 18.3%

STRONG IMPROVEMENT IN GROSS MARGIN: +110bps

SUSTAINED INVESTMENT IN GROWTH DRIVERS

2017 2018
18.0% 18.3%
## BALANCED BUSINESS MODEL

### 2018 OPERATING MARGIN\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>Operating Margin (As a % of Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>20.9%</td>
</tr>
<tr>
<td>North America</td>
<td>19.8%</td>
</tr>
<tr>
<td>New Markets</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

**Total Operating Margin:** 21.1%

### 2018 OPERATING MARGIN\(^1\)

<table>
<thead>
<tr>
<th>Division</th>
<th>Operating Margin (As a % of Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional</td>
<td>20.0%</td>
</tr>
<tr>
<td>Consumer</td>
<td>20.2%</td>
</tr>
<tr>
<td>L'Oréal Luxe</td>
<td>22.1%</td>
</tr>
<tr>
<td>Active Cosmetics</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

\(^1\)Before central group expenses, fundamental research expenses, stock-option and free grant of shares expenses and miscellaneous items, as a % of total divisions sales.
SIGNIFICANTLY OUTPERFORMED THE MARKET

IN THE MOST PROMISING AND STRATEGIC AREAS FOR THE FUTURE
Strongly reinforced in ASIA PACIFIC

+24%¹

¹2018 like-for-like sales growth.
CHINA +33%¹

¹2018 like-for-like sales growth.
LEADER in ASIA PACIFIC

8.7%¹ MARKET SHARE

1 L’Oréal provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates.

22 February 2019
OUTPERFORMED in SKINCARE

L’ORÉAL +16%¹
MARKET ≃+9%²

¹2018 like-for-like sales growth.
²Excluding razors, soaps and toothpastes. 2018 provisional estimates - Source: L’Oréal estimates.
STRENGTHENED LEADERSHIP IN 2 BOOMING CHANNELS
Sales achieved on our brands’ own websites and estimated sales achieved by our brands corresponding to sales through retailers’ websites (non-audited data).

2018 like-for-like sales growth.

E-COMMERCE

+41%²
SALES GROWTH

11%
OF SALES

EQUIVALENT TO OUR #2 COUNTRY

¹Sales achieved on our brands’ own websites and estimated sales achieved by our brands corresponding to sales through retailers’ websites (non-audited data).

²2018 like-for-like sales growth.
TRAVEL RETAIL

>2Bn € SALES

+27% \(^1\) SALES GROWTH

22 February 2019

\(^1\) 2018 like-for-like sales growth
THE POWER OF BIG BRANDS
THE POWER OF BIG BRANDS

BIG BRANDS GOT BIGGER

TOP 8 BRANDS

+8.4%\(^1\)

\(^1\)2018 like-for-like sales growth.
CHINA
RANKED IN THE TOP 3
ON TMALL DURING 11.11
THE POWER OF DIGITAL
DIGITAL IS BOOSTING OUR POWER TO CONNECT WITH CONSUMERS
DIGITAL IS BOOSTING OUR POWER TO CONNECT WITH CONSUMERS

1/3 OF THE GLOBAL BEAUTY VIEWS

1.2 Bn VISITORS ON OUR WEBSITES

22 February 2019
GARTNER L2 DIGITAL IQ INDEX¹
4 BRANDS IN THE TOP 10
6 IN THE TOP 20
ENRICHING SERVICES

DIGITAL IS BOOSTING OUR POWER TO CONNECT WITH CONSUMERS

MODIFACE
ENHANCING ROI

DIGITAL COCKPIT

DIGITAL IS BOOSTING MEDIA EFFICIENCY

43% OF MEDIA SPEND ON DIGITAL

OF WHICH

3/4 ON PRECISION ADVERTISING

72 February 2019
DIGITAL IS TOTALLY EMBEDDED IN OUR TEAMS

2,000 DIGITAL EXPERTS
22,000 EMPLOYEES UPSKILLED
DIGITAL

A POWERFUL ACCELERATOR FOR GROWTH
BEYOND DIGITAL

L’ORÉAL LEADER OF THE NEW BEAUTY TECH WORLD
POWERING AHEAD
WE ARE CONFIDENT THAT
THE MARKET WILL CONTINUE TO GROW
AT A GOOD PACE
RISE OF THE MIDDLE & UPPER CLASSES¹

MIDDLE & UPPER CLASSES (NUMBER OF PEOPLE)

+2.4 Bn

2015
3.2

2030
5.6

UPPER MIDDLE + UPPER CLASSES SPENDING BY 2030

x1.5 WESTERN EUROPE

x2 LATIN AMERICA

x3 AFRICA MIDDLE-EAST

x3 ASIA

¹Source: World Data Lab for L’Oréal
HUGE POTENTIAL TO INCREASE CONSUMPTION

BEAUTY CONSUMPTION PER CAPITA INDEX

100
NORTH AMERICA
WESTERN EUROPE
JAPAN

<35
EASTERN EUROPE
LATIN AMERICA

<20
ASIA
MIDDLE-EAST

<10
AFRICA

THE MARKET WILL CONTINUE TO GROW

URBANIZATION CREATES NEW NEEDS AND NEW DESIRES

THE NUMBER OF SENIORS WILL ALMOST DOUBLE

MEN: STILL THE BEGINNING

THE MARKET WILL CONTINUE TO GROW

SENIORS
1Bn\(^1\)
BY 2030

URBAN POPULATION
5Bn\(^1\)
BY 2030

MEN’S MARKET
<10%\(^2\)
OF THE BEAUTY MARKET

\(^1\) Source: Euromonitor \(^2\) L’Oréal 2017 BMS estimates - excluding soaps, toothpastes and razors. Net manufacturing price (sell-in) at constant exchange rates.
5 FUNDAMENTAL PRINCIPLES
ABSOLUTE FAITH IN THE SUPERIOR QUALITY OF OUR PRODUCTS
A CONTINUOUS STRATEGIC FOCUS ON RESEARCH & INNOVATION

R&D EXPENSES IN MILLION €

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>680</td>
</tr>
<tr>
<td>2013</td>
<td>748</td>
</tr>
<tr>
<td>2014</td>
<td>761</td>
</tr>
<tr>
<td>2015</td>
<td>794</td>
</tr>
<tr>
<td>2016</td>
<td>850</td>
</tr>
<tr>
<td>2017</td>
<td>877</td>
</tr>
<tr>
<td>2018</td>
<td>914</td>
</tr>
</tbody>
</table>
FOCUS ON TOPLINE GROWTH

THE BEST ROUTE TO VALUE CREATION

1  FOCUS ON TOPLINE GROWTH

2  OPERATIONAL DISCIPLINE
CONSISTENT GROWTH IN OPERATING MARGIN

A POWERFUL VALUE-CREATING BUSINESS MODEL

CONSISTENT GROWTH IN OPERATING MARGIN


10.0%  12.1%  12.9%  14.0%  14.9%  15.3%  15.6%  16.1%  16.6%  15.5%  14.8%  15.7%  16.2%  16.5%  17.0%  17.3%  17.4%  17.6%  18.0%  18.3%
SUSTAINED PROFIT INCREASE¹
NET PROFIT SINCE 1988 IN MILLION EUROS

x21
IN 30 YEARS

188
1988

3,988
2018

¹Net 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
DIVIDEND INCREASE FOR SHAREHOLDERS WHO HAVE CONTINUOUSLY HELD SHARES IN REGISTERED FORM FOR AT LEAST 2 YEARS

+ 10% LOYALTY BONUS

DIVIDEND PER SHARE SINCE 1998 IN EUROS

A DYNAMIC DIVIDEND POLICY

PAYOUT RATIO: 54.4%

+8.5%

1 To be proposed at the Annual General Meeting on 18 April 2019.
2 Based on the dividend proposed at the AGM to be held on 18 April 2019.
A POWERFUL VALUE-CREATING BUSINESS MODEL

DOUBLE-DIGIT TSR
ANNUAL TOTAL SHAREHOLDER RETURN

+11.0%
+11.5%
+14.7%

3 YEARS
5 YEARS
10 YEARS

*Takes into account the value of the share and the dividend income received. At 31 December 2018.
TEN YEAR EVOLUTION OF THE SHARE PRICE

Source: Nasdaq Thomson Reuters Eikon, stock price 15 February 2019
VICTORIES ARE WON ON THE BATTLEFIELD
STRATEGICALLY CONCENTRATED

OPERATIONALLY DECENTRALIZED
AGILITY & EXCELLENCE
ON THE FIELD

EMPOWERED LOCAL TEAMS
CONSUMER RELEVANCE
RESOURCES DEPLOYMENT

VICTORIES ARE WON ON THE BATTLEFIELD

22 February 2019
7 DISTRIBUTION CHANNELS

- PHARMACIES
- DRUGSTORES
- MEDISPAS
- HAIR SALONS
- MASS RETAIL
- DEPARTMENT STORES
- PERFUMERIES

5 BEAUTY CATEGORIES

- HAIRCARE
- HAIR COLOR
- SKINCARE
- FRAGRANCES
- MAKEUP

ALL PRICE SEGMENTS
ALL REGIONS
ALL PSYCHOGRAPHICS

CATCH THE GROWTH WHEREVER IT STARTS

ABSOLUTE COVERAGE OF THE MARKET
MAXIMUM FLEXIBILITY TO SEIZE GROWTH

22 February 2019
ACQUISITIONS TO CAPTURE
NEW BEAUTY DESIRES

MASS MEDICAL

DIGITAL PROFESSIONAL BEAUTY

ORGANIC & NATURAL

K-BEAUTY

LUXURY

CATCH THE GROWTH WHEREVER IT STARTS

CeraVe

PULP RIOT

LOGOCOS

K-Beauty

VALENTINO

22 February 2019

1 Long term license
POWER TO POSITIVELY IMPACT
OUR PERFORMANCE IS RECOGNIZED

ENVIRONMENT

GENDER EQUALITY

ETHICS

L’ORÉAL, ONLY COMPANY WITH 3 “A” FOR THE 3rd YEAR RUNNING

#1 IN EUROPE GENDER EQUALITY

#1 WORLDWIDE 2018 ETHICALQUOTE REPUTATION INDEX

1 Ranking date: November 2018
A VERY DIFFERENT AND UNIQUE COMPANY

PERFECTLY ADAPTED AND IN TUNE WITH THE EVOLUTION OF THE WORLD
OFFERING TO ALL WOMEN AND MEN ON THE PLANET THE BEST OF BEAUTY IN TERMS OF QUALITY, EFFICACY, SAFETY AND RESPONSIBILITY
More optimistic
CONFIDENT
DETERMINED than ever

22 February 2019
CONFIDENCE IN OUR ABILITY TO OUTPERFORM THE BEAUTY MARKET AND ACHIEVE ANOTHER YEAR OF GROWTH IN BOTH SALES AND PROFITS
THANK YOU

MERCI
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22 February 2019