



# L'ORÉAL

## THE POWER OF BEAUTY

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Jean-Paul AGON

Chairman & Chief Executive Officer

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Autumn Conference – Kepler Cheuvreux

September 12<sup>th</sup>, 2019

# KEY INDICATORS 2018

SALES  
**26.9 BILLION €**

**#1 BEAUTY PLAYER  
WORLDWIDE**

OPERATING MARGIN  
**18.3%**

NET PROFIT<sup>1</sup>  
**4 BILLION €**

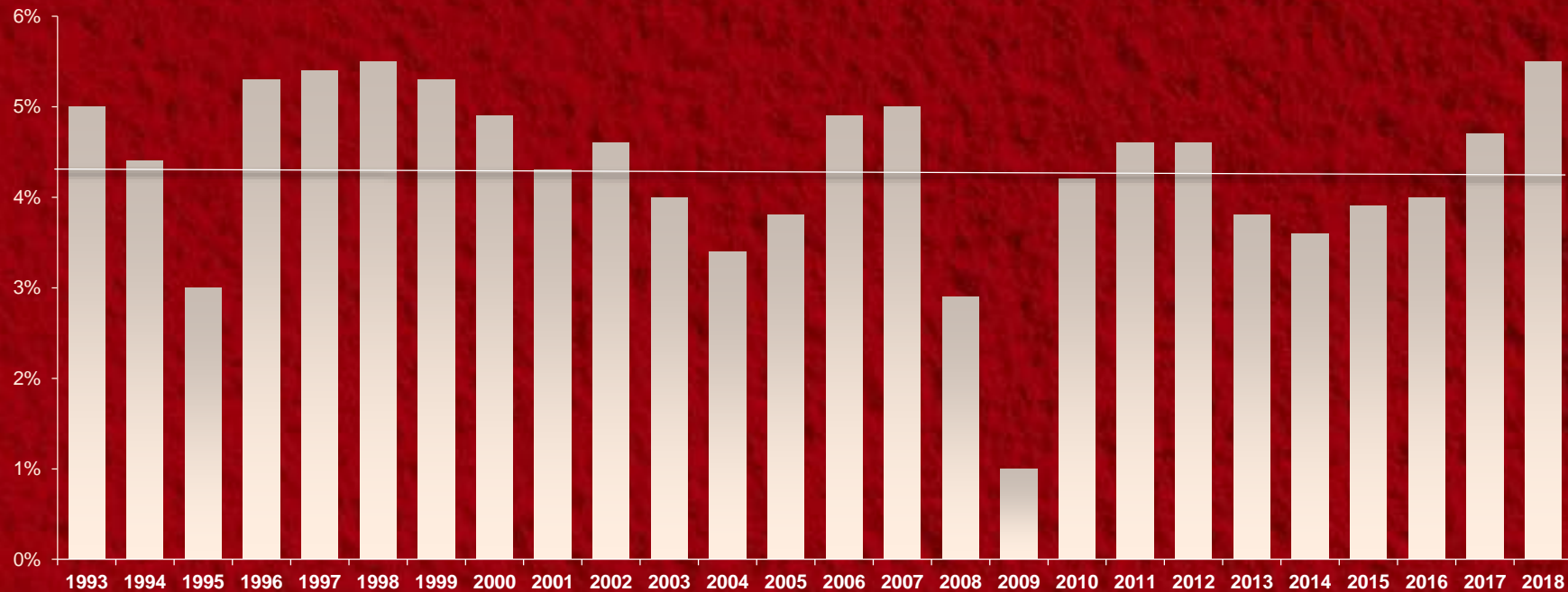
NET CASH FLOW<sup>2</sup>  
**3.9 BILLION €**

EARNINGS PER SHARE<sup>3</sup>  
**7.08 €**

MARKET CAPITALIZATION<sup>4</sup>  
**141 BILLION €**

<sup>1</sup>Net profit, excluding non-recurring items after non-controlling interests. <sup>2</sup>Net cash flow = Gross cash flow + changes in working capital - capital expenditure.  
<sup>3</sup>Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests. <sup>4</sup>Based on 2 September 2019 closing price of €251.20

# THE POWER OF A DYNAMIC MARKET



≈ +5.5%<sup>1</sup>  
H1 2019

<sup>1</sup>L'Oréal worldwide beauty market estimates, excluding razors, soaps and toothpastes. Half-Year 2019 provisional estimates, at constant exchange rates.





FIRST-HALF

# L'ORÉAL IS OUTPERFORMING THE BEAUTY MARKET

H1 2019

≈ +5.5%<sup>1</sup>

BEAUTY MARKET

+7.3%<sup>2</sup>

L'ORÉAL

<sup>1</sup>L'Oréal worldwide beauty market estimates, excluding razors, soaps and toothpastes. Half-Year 2019 provisional estimates, at constant exchange rates.

<sup>2</sup>H1-2019 like-for-like sales growth

L'ORÉAL

CONSOLIDATED  
GROUP SALES

**+7.3%**<sup>1</sup>

OPERATING  
PROFIT

**+12.1%**

OPERATING  
MARGIN

**19.5%**

# A STRONG FIRST HALF

**+7.2%**

EARNINGS  
PER SHARE<sup>2</sup>

**+23.2%**

NET  
CASH FLOW

<sup>1</sup>H1-2019 like-for-like sales growth

<sup>2</sup>Diluted earnings per share, excluding non-recurring items, attributable to owners of the company



STRATEGIC CHOICE N°1

**WIN ON  
THE ⑥ MOST POWERFUL  
GROWTH ENGINES**

**TO OUTPERFORM THE MARKET**

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# GROWTH ENGINE 1 ASIA PACIFIC

## ASIA PACIFIC

STRONG POTENTIAL EVERYWHERE

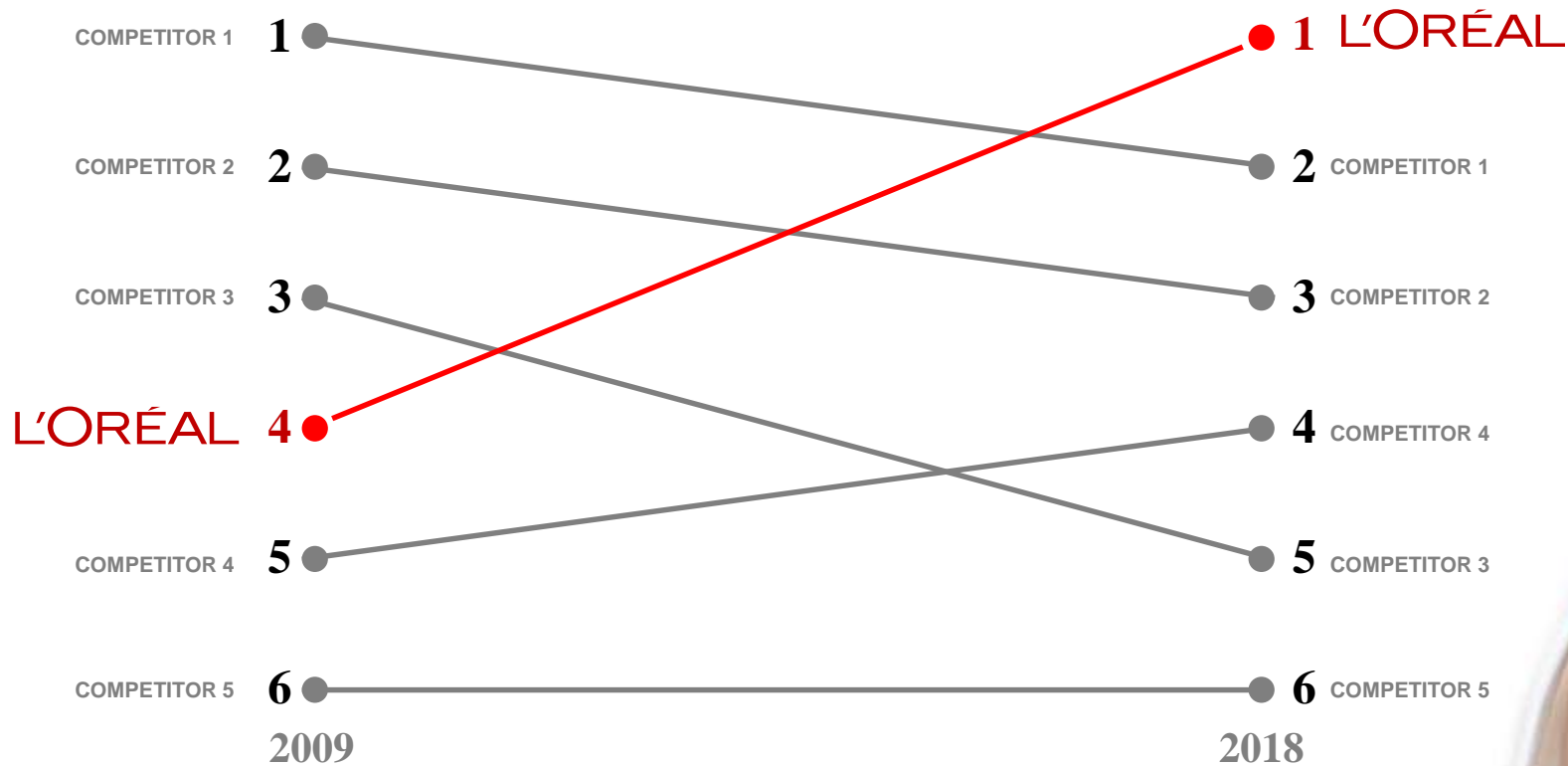


<sup>1</sup>L'Oréal Half-Year 2019 provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates. <sup>2</sup>H1-2019 like-for-like sales growth

GROWTH ENGINE **1** ASIA PACIFIC

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# BEST PERFORMER IN ASIA



Source: Euromonitor 2018, excluding razors, soaps and toothpastes, APAC 14 Countries

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GROWTH ENGINE **1** ASIA PACIFIC

#1 ZONE

LEADER WITH  
STRONG POTENTIAL

8.7%<sup>1</sup>  
MARKET SHARE

<sup>1</sup>2018 L'Oréal estimates, excluding razors, soaps and toothpastes, at constant exchange rates

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GROWTH ENGINE **2** *L'ORÉAL LUXE*

# L'ORÉAL LUXE



H1 2019

<sup>1</sup>L'Oréal Half-Year 2019 provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates. <sup>2</sup>H1-2019 like-for-like sales growth

# BIG BRANDS ARE WINNING BRANDS

LANCÔME  
PARIS

YVES SAINT LAURENT

+16%<sup>1</sup>  
COMBINED GROWTH

GIORGIO ARMANI

*Kiehl's*  
SINCE 1851

<sup>1</sup>H1-2019 like-for-like sales growth



# GROWTH ENGINE **3** SKINCARE

## SKINCARE



≈ +8%<sup>1</sup>

+18%<sup>2</sup>

MARKET

L'ORÉAL

H1 2019



<sup>1</sup>L'Oréal Half-Year 2019 provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates. <sup>2</sup>H1-2019 like-for-like sales growth.



GROWTH ENGINE **4** TRAVEL RETAIL

**+21%**<sup>1</sup>  
SALES GROWTH  
H1 2019

**SALES x3.5**  
SINCE 2009

<sup>1</sup>H1-2019 like-for-like sales growth

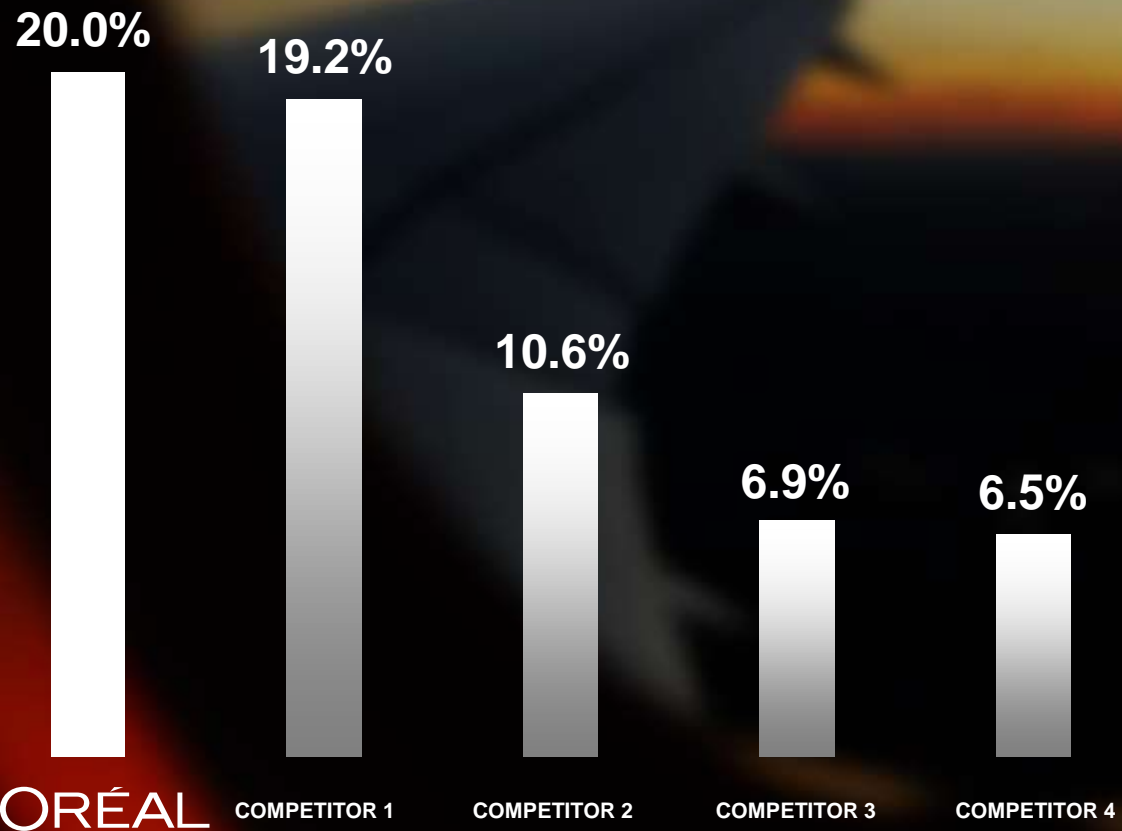
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# GROWTH ENGINE 4 TRAVEL RETAIL

LEADER OF THE MARKET<sup>1</sup>

STRONG POTENTIAL FOR ALL DIVISIONS



CONSUMER PRODUCTS



PROFESSIONAL PRODUCTS



ACTIVE COSMETICS



L'ORÉAL LUXE

<sup>1</sup>Source: Generation 2018



GROWTH ENGINE 4 TRAVEL RETAIL

# TRAVEL RETAIL

A BOOMING MARKET

3.7 Bn

PASSENGERS IN 2018<sup>1</sup>

5%

OF THE BEAUTY MARKET<sup>2</sup>

+11%

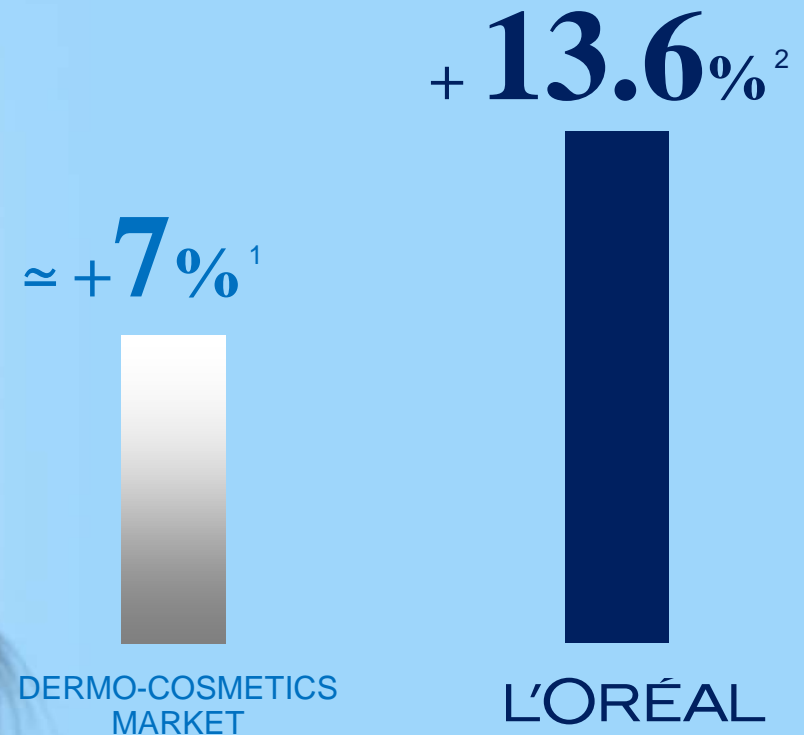
CAGR 2008 -2018<sup>3</sup>

<sup>1</sup>Source: Air4cast. <sup>2</sup>Source: 2019 L'Oréal provisional estimates, excluding razors, soaps and toothpastes. <sup>3</sup>Source: Generation and internal panel.



GROWTH ENGINE **5** *DERMO-COSMETICS*

GAINING SHARE  
IN EVERY ZONE



H1 2019

<sup>1</sup>L'Oréal Half-Year 2019 provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates. <sup>2</sup>H1-2019 like-for-like sales growth



GROWTH ENGINE **5** *DERMO-COSMETICS*

# DERMO-COSMETICS

SAFETY

HEALTH

AUTHENTICITY

NATURALNESS

WELL-BEING



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GROWTH ENGINE **6** E-COMMERCE

# E-COMMERCE

A POWERFUL  
ACCELERATOR  
FOR GROWTH



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# GROWTH ENGINE 6 E-COMMERCE

+48.5%<sup>2</sup>

≈ +25%<sup>1</sup>

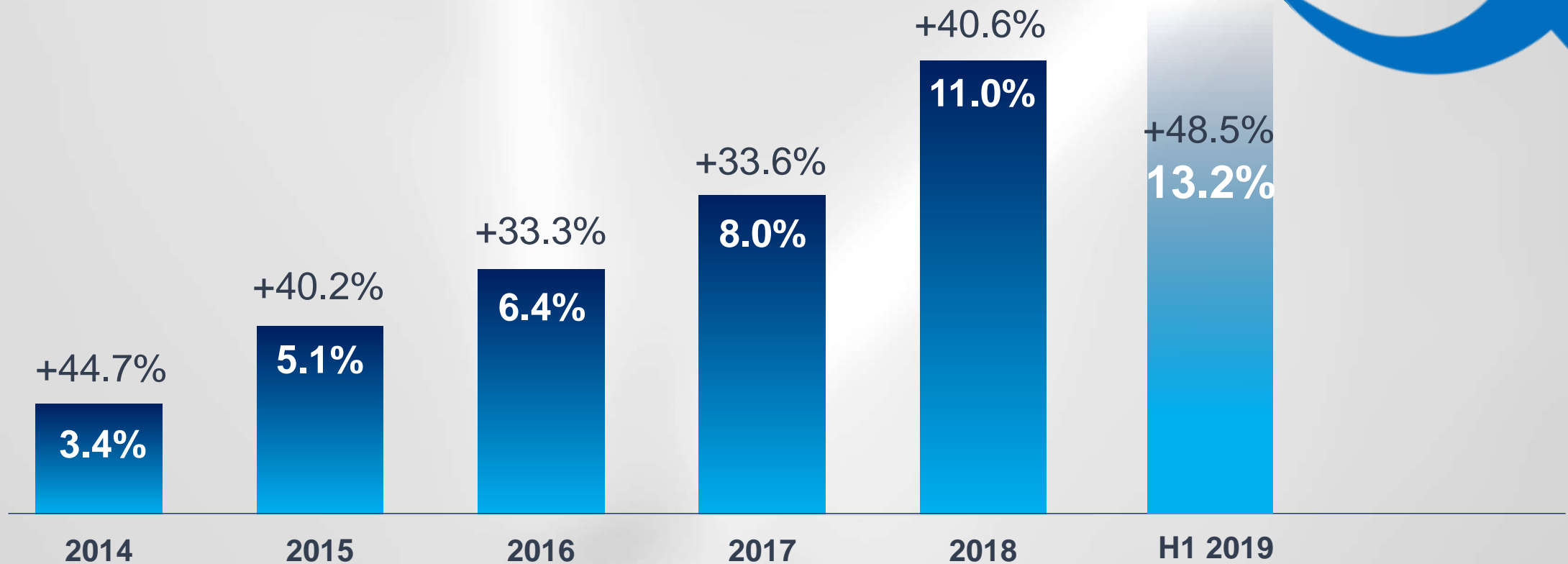
13.2%<sup>2</sup>  
OF GROUP SALES

MARKET L'ORÉAL  
H1 2019

<sup>1</sup>L'Oréal Half-Year 2019 provisional estimates, excluding razors, soaps and toothpastes, at constant exchange rates.  
<sup>2</sup>H1-2019 like-for-like sales growth. Sales achieved by our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

# IT IS JUST THE BEGINNING OF THE STORY

LIKE-FOR-LIKE GROWTH OF E-COMMERCE SALES AND % OF GROUP SALES<sup>1</sup>



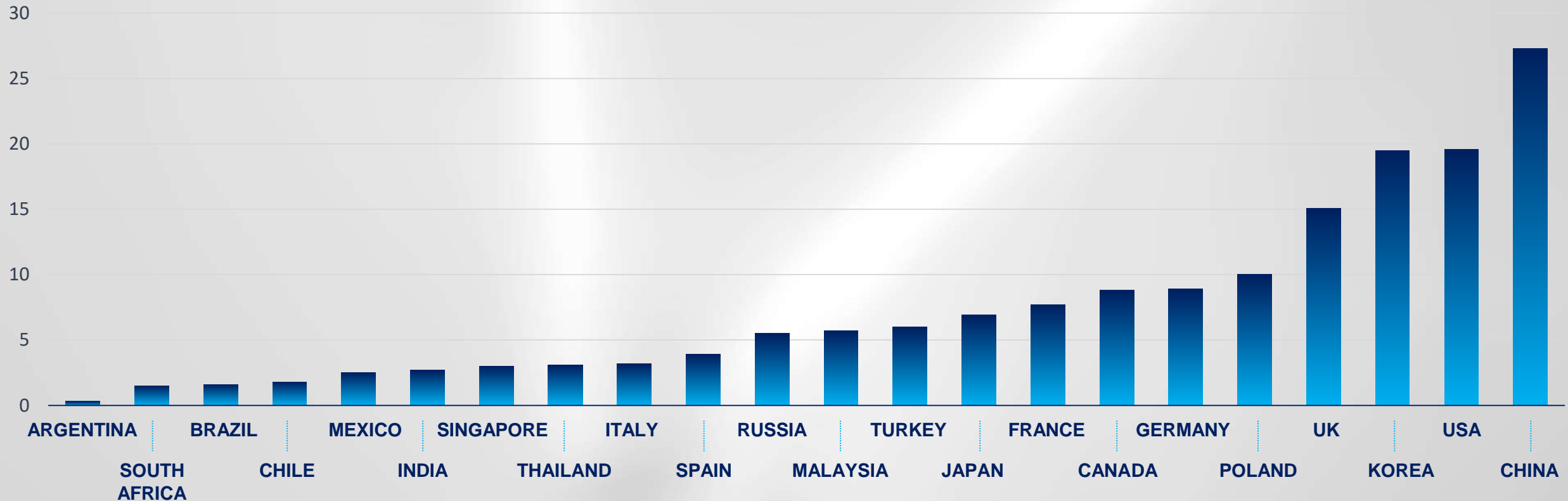
<sup>1</sup>Sales achieved by our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).



# GROWTH ENGINE **6** *E-COMMERCE*

## POTENTIAL FOR INCREASED PENETRATION

WEIGHT OF E-COMMERCE IN THE BEAUTY MARKET (in %)



Source: L'Oréal BMS estimates 2018.

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GROWTH ENGINE **6** *E-COMMERCE*

**EXTENDING OUR REACH FAR BEYOND  
TRADITIONAL DISTRIBUTION**

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## STRATEGIC CHOICE N°2

**DRIVE**  
**⑥ POWERFUL PILLARS**  
**TO MAXIMIZE GROWTH AND SUSTAIN**  
**LONG-TERM LEADERSHIP**



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PILLAR **1** *RESEARCH & INNOVATION*

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# THE POWER OF INNOVATION

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PILLAR 1 RESEARCH & INNOVATION

A CONTINUOUS STRATEGIC FOCUS  
ON RESEARCH & INNOVATION



ABSOLUTE FAITH IN SUPERIOR QUALITY

# PILLAR 1 RESEARCH & INNOVATION

## THE POWER OF INNOVATIONS



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PILLAR ② *BIG BRANDS*

L'ORÉAL  
PARIS

**THE POWER OF  
BIG BRANDS**

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## PILLAR (2) *BIG BRANDS*

# BIG BRANDS ARE WINNING BRANDS

+8%<sup>1</sup>

## TOP 8 BRANDS

L'ORÉAL  
PARIS

by GARNIER,  
*Naturally!*

MAYBELLINE  
NEW YORK

L'ORÉAL  
PROFESSIONNEL  
PARIS

LANCÔME  
PARIS

YVES SAINT LAURENT

GIORGIO ARMANI  
beauty

*Kiehl's*  
SINCE 1851

<sup>1</sup>H1 2019 like-for-like sales growth

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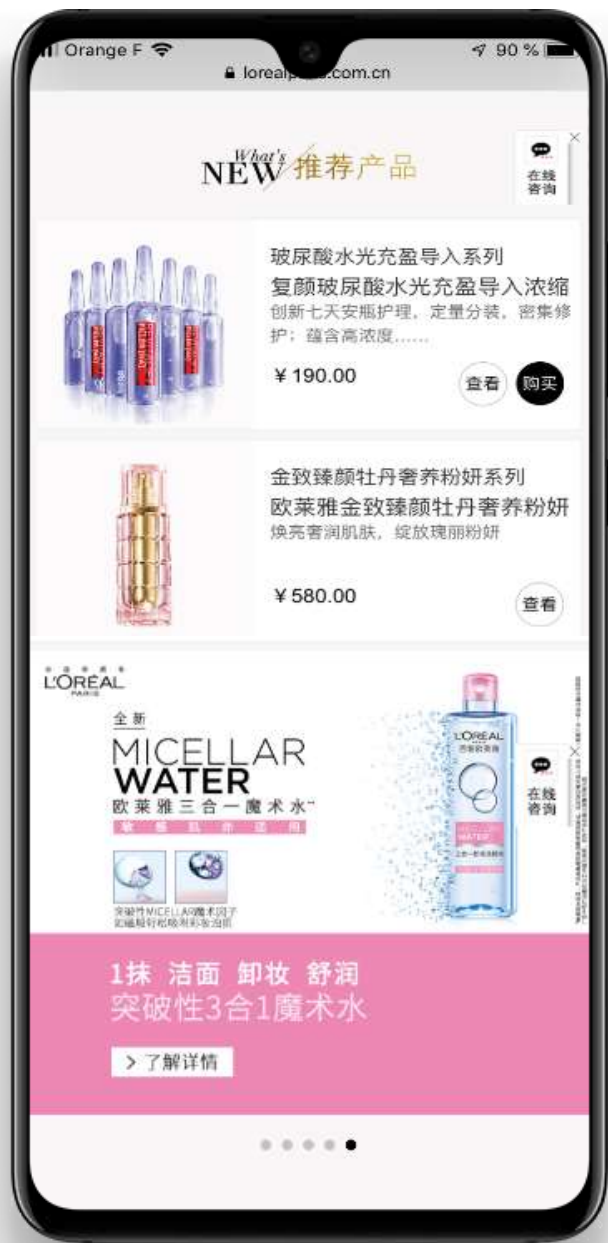
PILLAR ③ DIGITAL

# THE POWER OF DIGITAL





# PILLAR ③ DIGITAL



# L'ORÉAL

# A DIGITAL-FIRST COMPANY



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# PILLAR ③ DIGITAL

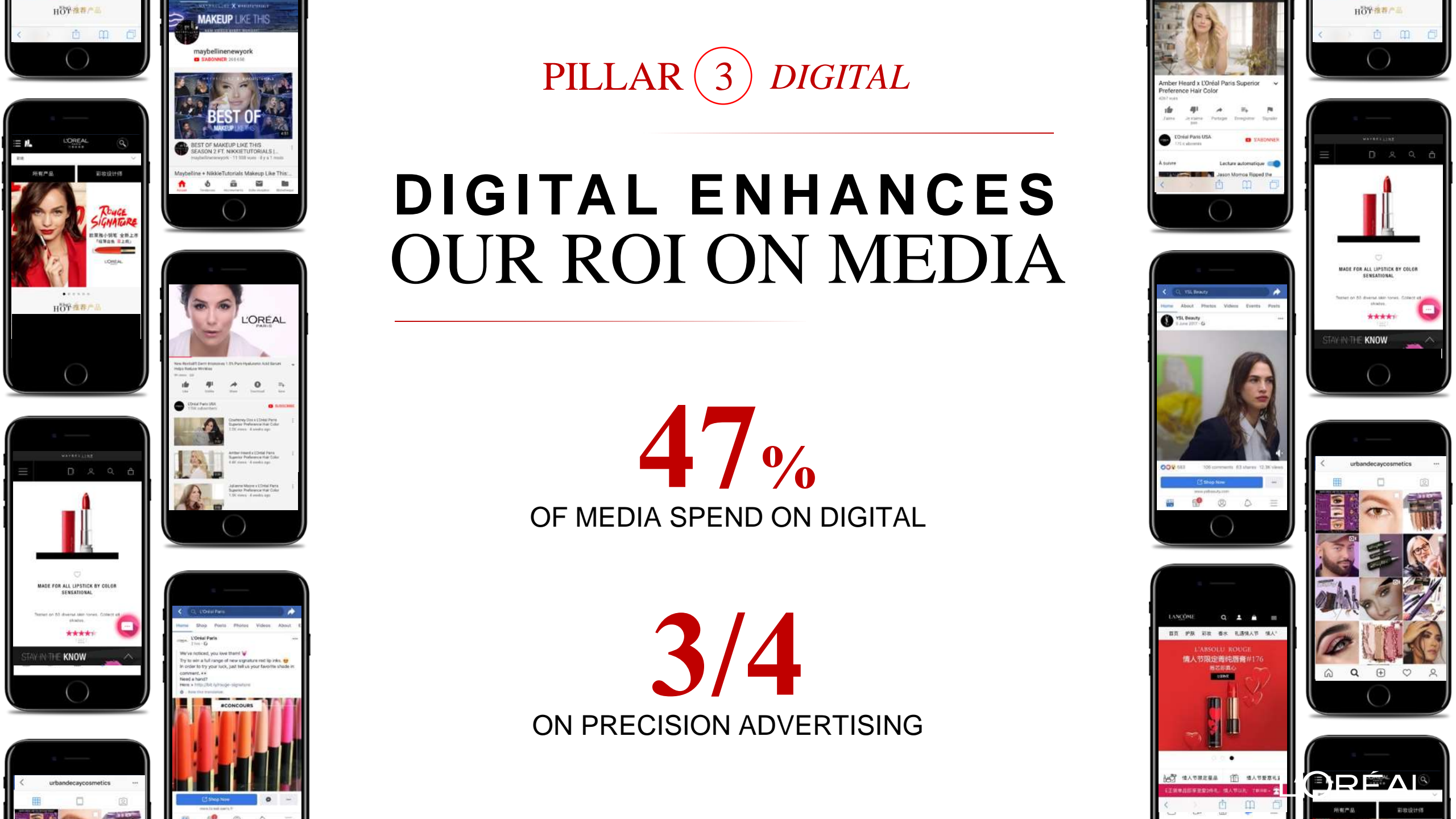
# DIGITAL ENHANCES OUR ROI ON MEDIA

# 47%

OF MEDIA SPEND ON DIGITAL

# 3/4

ON PRECISION ADVERTISING

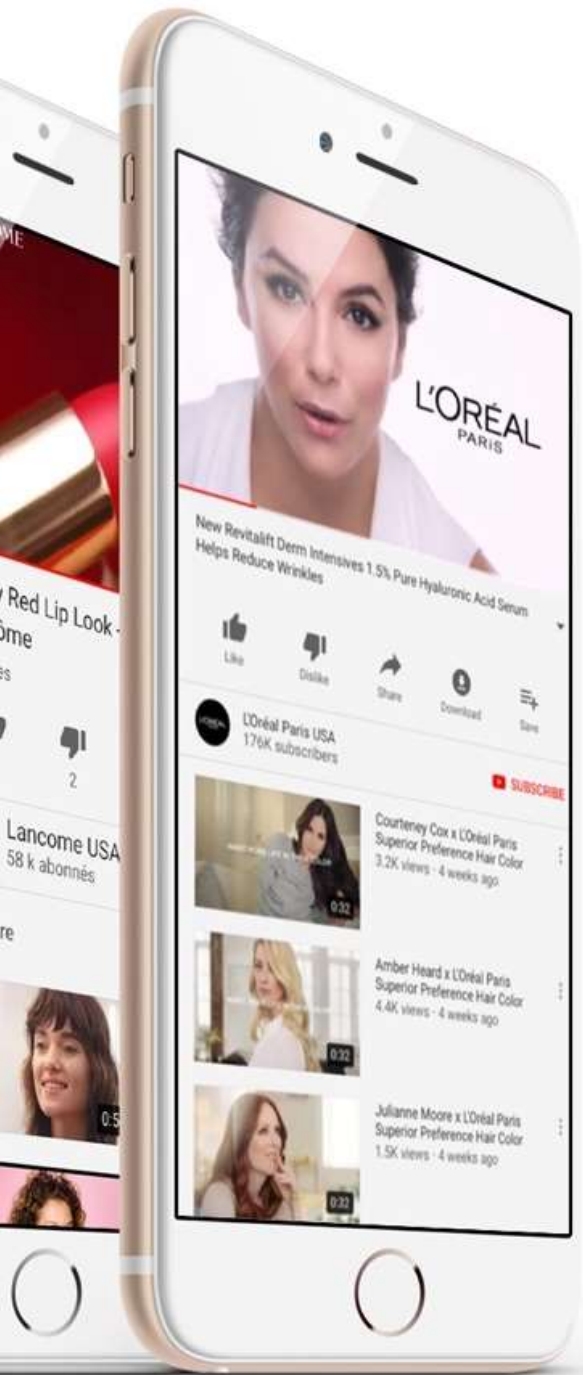


PILLAR ③ DIGITAL

DIGITAL LEADS TO  
MORE RELEVANT CONTENT

1 Million  
PIECES OF CONTENT PER YEAR

80%  
DEVELOPED FOR DIGITAL PLATFORM



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PILLAR ③ DIGITAL

DIGITAL ENHANCES  
CONSUMER ENGAGEMENT

**350** Million  
RATINGS & REVIEWS

**1.3** Billion  
CONSUMER DATA POINTS<sup>1</sup>

**4** Brands  
IN THE TOP 10 DIGITAL IQ<sup>2</sup>

<sup>1</sup>Mass personalization of marketing and consumer interactions <sup>2</sup>Gartner L2 Digital IQ Index beauty ranking 2018

PILLAR ③ DIGITAL

# DIGITAL IS CONNECTING US WITH MORE PEOPLE

L'ORÉAL VIEWS

You  **1/3**  
OF THE GLOBAL BEAUTY VIEWS

**1.2 Billion**  
VISITORS TO OUR WEBSITES



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PILLAR ③ DIGITAL

**DIGITAL IS CREATING  
AMAZING NEW SERVICES  
AND EXPERIENCES**

MODIFACE

**20** brands

**65** countries

FINE LINES  
YOUR STRENGTH

UNDER-EYE  
WRINKLES  
YOUR PRIORITY

LACK OF  
FIRMNESS





PILLAR ③ DIGITAL

L'ORÉAL

LEADER OF THE NEW  
BEAUTY TECH WORLD

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PILLAR 4 *CULTURE & ORGANIZATION*

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**THE POWER OF  
OUR CULTURE  
AND ORGANIZATION**

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PILLAR 4 *CULTURE & ORGANIZATION*

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

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

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PILLAR 4 *CULTURE & ORGANIZATION*

**UNIQUE  
APPROACH**

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LONG-TERM  
VISION

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SHORT-TERM  
PRAGMATISM



**UNIQUE  
ORGANIZATION**

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STRATEGICALLY  
CONCENTRATED

---

OPERATIONALLY  
DECENTRALIZED

PILLAR 4 *CULTURE & ORGANIZATION*

VICTORIES ARE WON ON THE  
**THE BATTLEFIELD**

**EMPOWERED LOCAL TEAMS**

CONSUMER RELEVANCE

RESOURCES DEPLOYMENT

**AGILITY & EXCELLENCE  
ON THE FIELD**



PILLAR 5 *UNIVERSAL FOOTPRINT*

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**THE POWER OF  
OUR UNIVERSAL FOOTPRINT**

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# PILLAR 5 UNIVERSAL FOOTPRINT

**ABSOLUTE COVERAGE OF THE MARKET**

**MAXIMUM FLEXIBILITY TO SEIZE GROWTH**

## 7 DISTRIBUTION CHANNELS

HAIR SALONS



MASS RETAIL



DEPARTMENT STORES  
PERFUMERIES



PHARMACIES  
DRUGSTORES  
MEDISPAS



BRANDED RETAIL



TRAVEL RETAIL



E-COMMERCE



## 5 BEAUTY CATEGORIES



HAIRCARE



HAIR COLOR



SKINCARE



FRAGRANCES



MAKEUP

**ALL PRICE SEGMENTS**

**ALL REGIONS**

**ALL PSYCHOGRAPHICS**

**L'ORÉAL**



An aerial photograph of a lush green forest with a winding river cutting through it. The river is a light blue-grey color and forms a large, irregular loop in the center of the image. The trees are a vibrant green, and the overall scene is serene and natural.

PILLAR **6** *SUSTAINABILITY LEADERSHIP*

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**THE POWER OF OUR  
SUSTAINABILITY  
LEADERSHIP**

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# PILLAR ⑥ SUSTAINABILITY LEADERSHIP

## OUTSTANDING EXTRA-FINANCIAL PERFORMANCE

### INNOVATING SUSTAINABLY



**79%** OF NEW PRODUCTS<sup>1</sup>

HAVE AN IMPROVED  
ENVIRONMENTAL  
OR SOCIAL PROFILE

### PRODUCING SUSTAINABLY



**-77%**<sup>2</sup> REDUCTION IN CO<sub>2</sub>

**+38% PRODUCTION INCREASE**

WE DECOUPLE OUR  
ENVIRONMENTAL IMPACT  
FROM OUR GROWTH

### DEVELOPING SUSTAINABLY



**63,584** PEOPLE

FROM UNDERPRIVILEGED  
COMMUNITIES WERE  
PROVIDED WITH ACCESS  
TO WORK

<sup>1</sup>New or renovated products <sup>2</sup>Emissions from plants and distribution centres since 2005



# PILLAR ⑥ SUSTAINABILITY LEADERSHIP

## OUR PERFORMANCE IS RECOGNIZED

### ENVIRONMENT



**L'ORÉAL,  
ONLY COMPANY WITH 3 "A"  
FOR THE 3<sup>rd</sup> YEAR RUNNING**

### GENDER EQUALITY



**#1 IN EUROPE  
GENDER EQUALITY**

### ETHICS



**#1 WORLDWIDE  
2018 ETHICALQUOTE  
REPUTATION INDEX<sup>1</sup>**



<sup>1</sup>Ranking date: November 2018

## PILLAR ⑥ *SUSTAINABILITY LEADERSHIP*

# NEW COMMITMENTS

### CLIMATE CHANGE

By 2030, reduce by -25% in absolute terms, all our direct and indirect greenhouse gas emissions, compared with 2016 (scope 1,2,3).

By 2025, all our industrial, administrative and research sites will be required to achieve carbon neutrality.

### PLASTICS



By 2025, 100% of the Group's plastic packaging will be refillable, reusable, recyclable or compostable.





STRATEGIC CHOICE N°3

**OUR BUSINESS MODEL**  
**TO DELIVER CONSISTENT & RELIABLE**  
**GROWTH OVER THE LONG-TERM**

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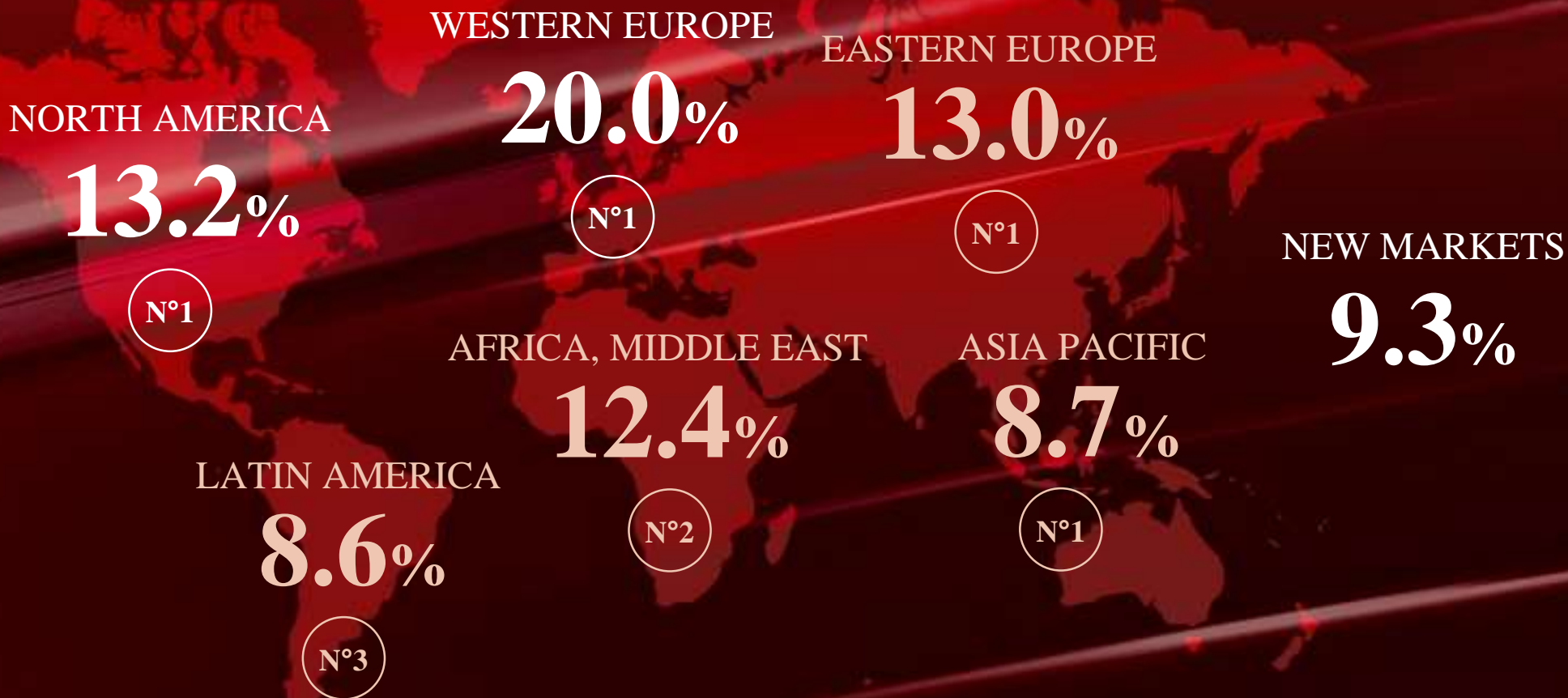
**COMMITMENT  
TO OUTPERFORM  
THE MARKET  
OVER THE  
LONG-TERM**

**L'ORÉAL**



# A LEADER WITH STRONG POTENTIAL

MARKET SHARE<sup>1</sup> AND RANKING<sup>2</sup> BY GEOGRAPHIC ZONE 2018



<sup>1</sup>L'Oréal estimates excluding razors, soaps and toothpastes. <sup>2</sup>Ranking based on Euromonitor 2018 figures, excluding soaps, razors and toothpastes.

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# TOPLINE GROWTH

THE BEST ROUTE TO VALUE CREATION

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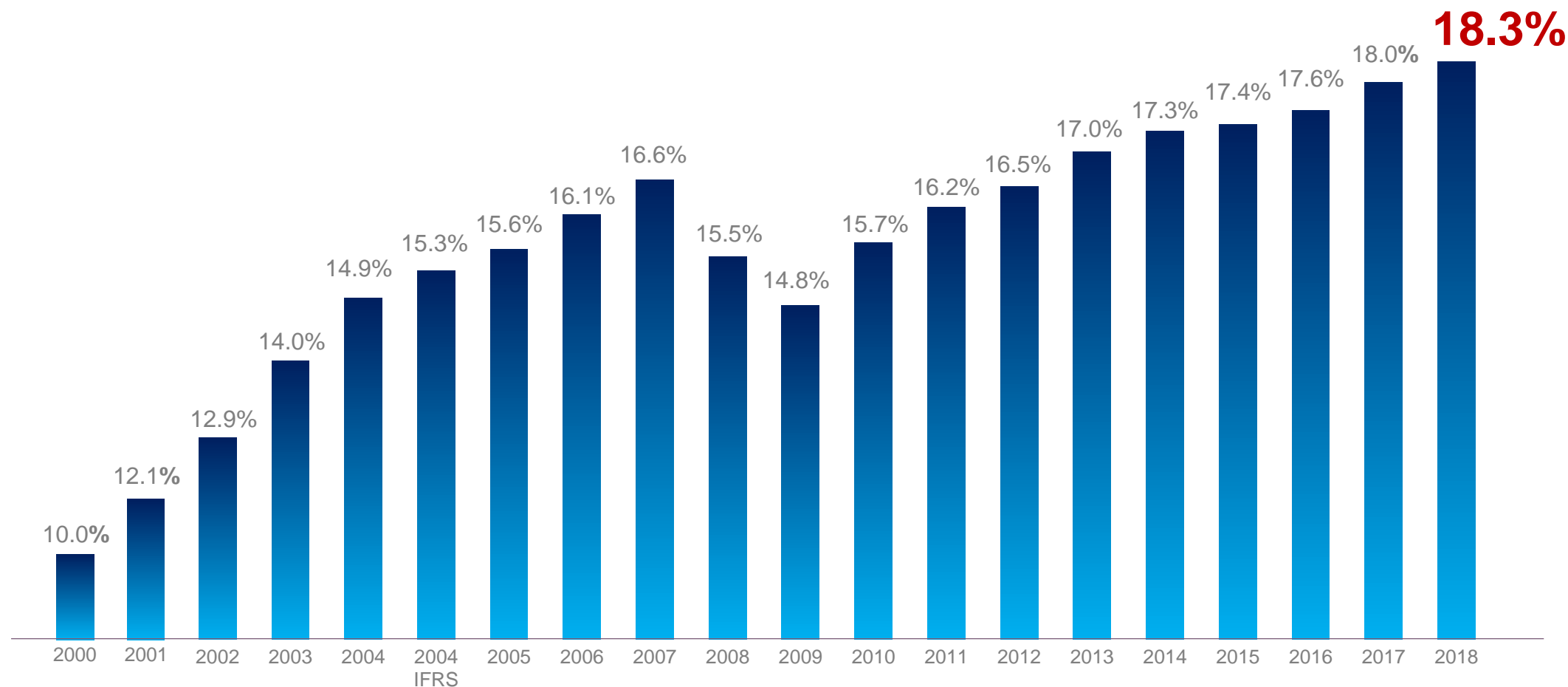
**FOCUS ON TOPLINE GROWTH**



**OPERATIONAL DISCIPLINE**

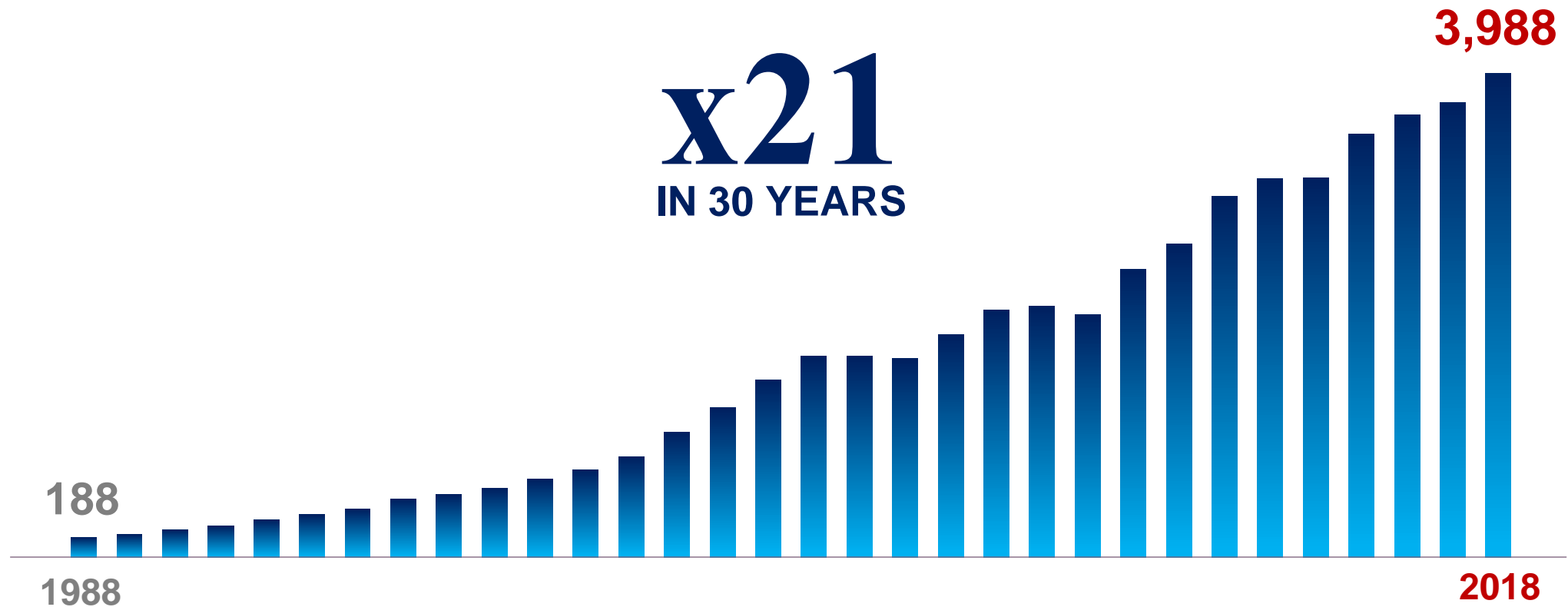


# CONSISTENT GROWTH IN OPERATING MARGIN



# SUSTAINED PROFIT INCREASE<sup>1</sup>

NET PROFIT SINCE 1988 IN MILLION EUROS



<sup>1</sup>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

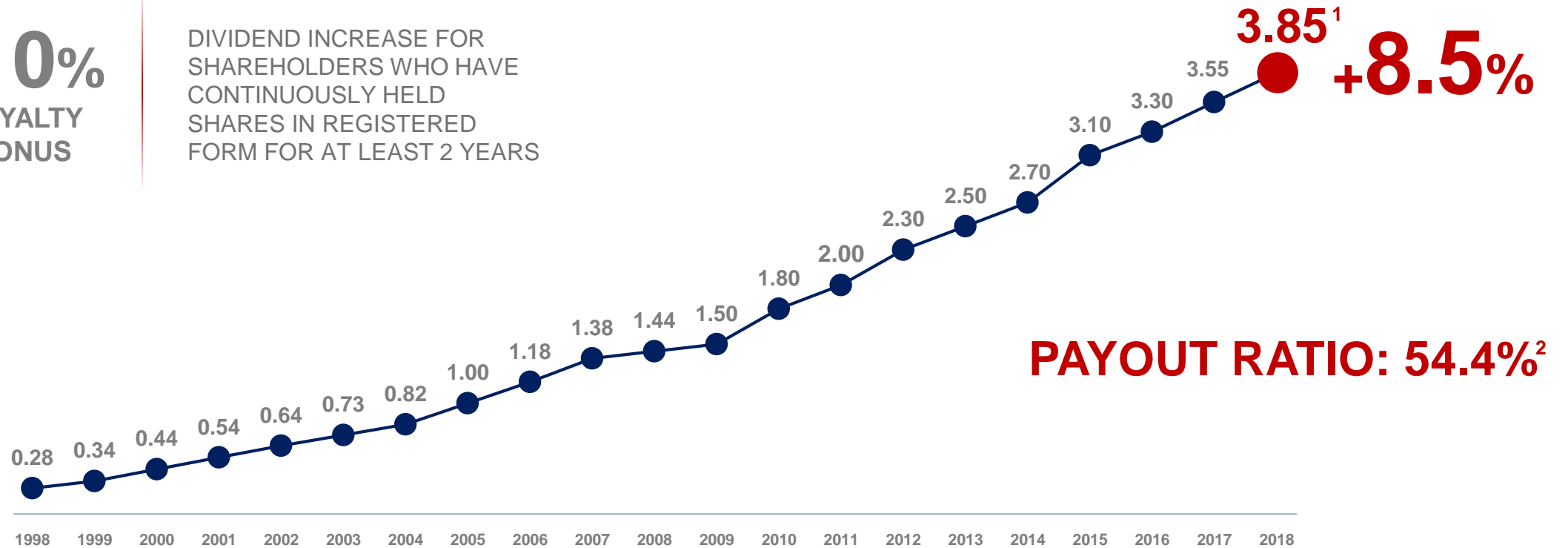


# A DYNAMIC DIVIDEND POLICY

DIVIDEND PER SHARE SINCE 1998 IN EUROS

**+10%**  
LOYALTY  
BONUS

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



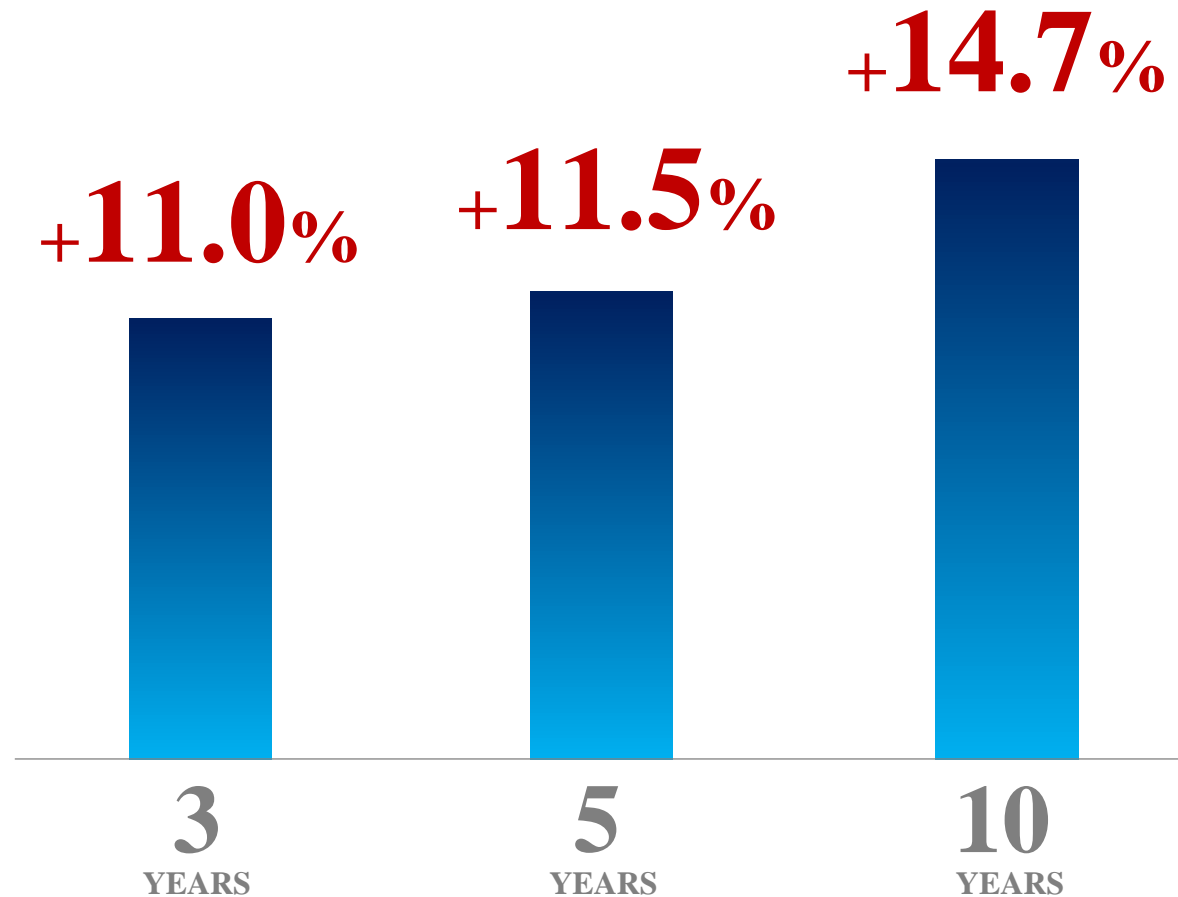
**PAYOUT RATIO: 54.4%<sup>2</sup>**

<sup>1</sup>Approved at the Annual General Meeting on 18 April 2019.

2018 dividend paid in 2019: pay-out of the 10% loyalty bonus, for shares held in registered form since 2016.

<sup>2</sup>Based on the dividend approved at the Annual General Meeting on 18 April 2019.

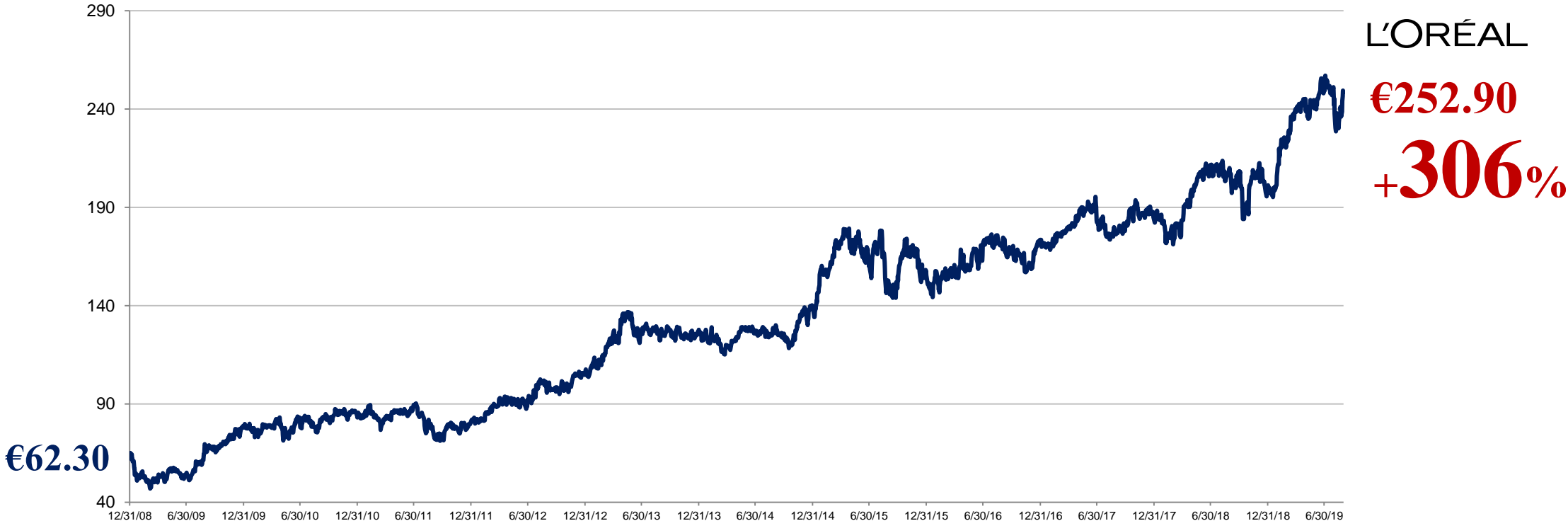
# DOUBLE-DIGIT TSR<sup>1</sup>



<sup>1</sup>Takes into account the value of the share and the dividend income received. At 31 December 2018

# A POWERFUL VALUE-CREATING BUSINESS MODEL

TEN YEAR EVOLUTION OF THE SHARE PRICE



Source: Nasdaq Thomson Reuters Eikon, stock prices from 12/31/2008 to 09/03/2019





*More*  
**OPTIMISTIC  
CONFIDENT  
DETERMINED**  
*than ever*

L'ORÉAL

**THANK YOU**  
— **MERCI** —

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# Q&A

----- **Disclaimer** -----

*"This document does not constitute an offer to sell, or a solicitation of an offer to buy, L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers (which are also available in English on our Internet site: [www.loreal-finance.com](http://www.loreal-finance.com)). This document may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."*

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