



# 2014 Half-year Results

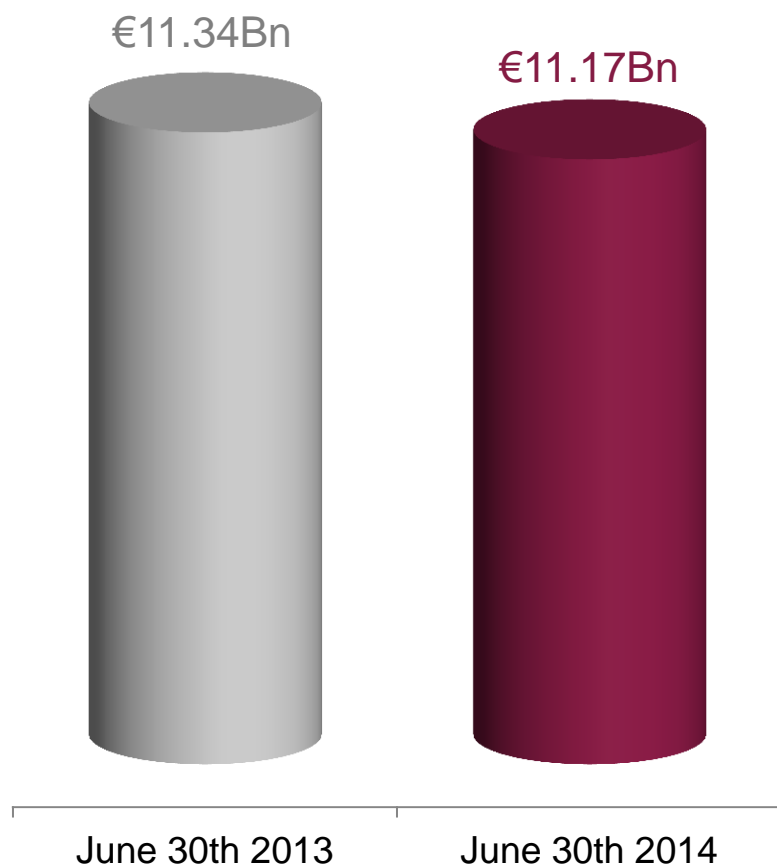
August 1<sup>st</sup> 2014

Mr. Christian Mulliez  
Executive Vice-President  
Chief Financial Officer

L'ORÉAL



# Consolidated group sales at the end of June 2014



<b>Growth at constant exchange rates</b>	<b>+3.6%</b>
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*of which:*

- |                                 |       |
|---------------------------------|-------|
| – <i>like-for-like growth</i>   | +3.8% |
| – <i>external growth impact</i> | -0.2% |

<b>Exchange rate impact</b>	<b>-5.1%</b>
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<b>Reported growth</b>	<b>-1.5%</b>
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*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.*



## Changes in exchange rates (against the euro)

	Weight in consolidated sales at June 30 <sup>th</sup> , 2014	Average rate January - June 2013	Average rate January - June 2014	Change 2014 / 2013
<b>Euro</b>	29.1%	-	-	-
<b>US Dollar</b>	22.8%	1.313	1.371	-4.2%
<b>Chinese Yuan</b>	7.9%	0.123	0.118	-3.8%
<b>Sterling Pound</b>	6.0%	1.176	1.218	+3.6%
<b>Brazilian Real</b>	3.2%	0.375	0.318	-15.3%
<b>Russian Ruble</b>	3.0%	0.025	0.021	-15.1%
<b>Canadian Dollar</b>	2.8%	0.750	0.665	-11.2%
<b>Japanese Yen (1000)</b>	1.7%	7.991	7.121	-10.9%
<b>Mexican Peso</b>	1.7%	0.061	0.056	-8.3%



## Consolidated sales at the end of June 2014

	Million euros	Growth	
		Like-for-like	Reported
Professional Products	1 505.1	+3.0%	-1.7%
Consumer Products	5 481.5	+2.0%	-4.2%
L'Oréal Luxe	2 903.3	+7.4%	+2.7%
Active Cosmetics	920.9	+8.1%	+3.2%
<b>Cosmetics Total</b>	<b>10 810.8</b>	<b>+4.0%</b>	<b>-1.5%</b>
The Body Shop	363.8	-1.7%	-1.4%
<b>Consolidated Total</b>	<b>11 174.6</b>	<b>+3.8%</b>	<b>-1.5%</b>

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## Cosmetics sales by region at the end of June 2014

	Million euros	Growth	
		Like-for-like	Reported
Western Europe	3 980.9	+2.8%	+2.4%
North America	2 622.3	+0.9%	-4.4%
New Markets	4 207.6	+7.3%	-3.1%
– Asia, Pacific	2 221.9	+6.6%	-0.8%
– Latin America	876.9	+7.8%	-8.9%
– Eastern Europe <sup>(1)</sup>	824.3	+6.1%	-6.2%
– Africa, Middle-East <sup>(1)</sup>	284.5	+14.5%	+9.3%
<b>Cosmetics Total</b>	<b>10 810.8</b>	<b>+4.0%</b>	<b>-1.5%</b>

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*(1) As of July 1<sup>st</sup> 2013, Turkey and Israel, which were previously included in the Africa, Middle East zone, were transferred to the Eastern Europe zone. All figures for earlier periods have been restated accordingly.*



## Cosmetics sales by business segment at the end of June 2014

	Million euros	Weight	Like-for-like Growth
Skincare	3 372	31.2%	+4.4%
Make-up	2 349	21.7%	+4.7%
Hair Care	2 237	20.7%	+3.9%
Hair Colour	1 442	13.3%	+1.1%
Perfumes	898	8.3%	+6.5%
Other <sup>(1)</sup>	513	4.7%	+2.8%
<b>Cosmetics</b>	<b>10 811</b>	<b>100.0%</b>	<b>+4.0%</b>

*(1) Other includes hygiene products and the sales of third party brands by the US professional products distributors.  
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## Consolidated profit and loss accounts: From sales to operating profit

<i>(in million euros)</i>	<b>H1-2013</b>	<b>As a % of sales</b>	<b>FY-2013</b>	<b>As a % of sales</b>	<b>H1-2014</b>	<b>As a % of sales</b>	<b>Change H1-2014 vs. H1-2013</b>
<b>Sales</b>	<b>11 342.4</b>	<b>100.0%</b>	<b>22 124.2</b>	<b>100.0%</b>	<b>11 174.6</b>	<b>100.0%</b>	<b>-1.5%</b>
Cost of sales	-3 212.7	28.3%	-6 379.4	28.8%	-3 151.2	28.2%	
<b>Gross profit</b>	<b>8 129.7</b>	<b>71.7%</b>	<b>15 744.8</b>	<b>71.2%</b>	<b>8 023.4</b>	<b>71.8%</b>	<b>+10bp</b>
Research and Development	-364.4	3.2%	-748.3	3.4%	-367.2	3.3%	
Advertising & Promotion	-3 400.5	30.0%	-6 621.7	29.9%	-3 270.9	29.3%	
Selling, general and administrative expenses	-2 338.9	20.6%	-4 614.4	20.9%	-2 356.2	21.1%	
<b>Operating profit</b>	<b>2 025.9</b>	<b>17.9%</b>	<b>3 760.4</b>	<b>17.0%</b>	<b>2 029.0</b>	<b>18.2%</b>	<b>+30bp</b>

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## Operating profit margin – Branches and divisions

(as a % of sales)	H1-2013	Full year 2013	H1-2014
Professional Products	20.1%	20.5%	19.6%
Consumer Products	20.8%	19.9%	21.1%
L'Oréal Luxe	20.0%	20.0%	20.3%
Active Cosmetics	27.7%	21.7%	28.2%
<b>Total divisions before non-allocated expenses</b>	<b>21.1%</b>	<b>20.2%</b>	<b>21.3%</b>
Non allocated expenses <sup>(1)</sup>	-2.7%	-2.8%	-2.6%
<b>Total divisions after non-allocated expenses</b>	<b>18.4%</b>	<b>17.3%</b>	<b>18.7%</b>
The Body Shop	2.7%	8.6%	0.8%
<b>Group</b>	<b>17.9%</b>	<b>17.0%</b>	<b>18.2%</b>

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(1) Central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total cosmetics sales





# Consolidated profit and loss accounts: From operating profit to net profit excluding non-recurring items

(in million euros)

	H1-2013	FY-2013	H1-2014	Change H1-2014 vs. H1-2013
<b>Operating profit</b>	<b>2 025.9</b>	<b>3 760.4</b>	<b>2 029.0</b>	<b>+30bp</b>
Financial revenues/expenses before dividends received	-12.9	-31.4	-8.1	
Sanofi dividends	327.5	327.5	331.1	
<b>Profit before tax and associates, before non-recurring items</b>	<b>2 340.4</b>	<b>4 056.6</b>	<b>2 352.0</b>	<b>+40bp</b>
Income tax excluding non-recurring items	-564.8	-1 018.1	-575.4	
Share of profit of associates, excluding non-recurring items	+0.6	-3.0	-1.5	
Non-controlling interests	-1.7	-3.2	-1.6	
<b>Net profit from continuing operations, excl. non-recurring items, attrib. to owners of the company</b>	<b>1 774.5</b>	<b>3 032.4</b>	<b>1 773.5</b>	
<b>Earnings per share<sup>(1)</sup> (in euros)</b>	<b>2.92</b>	<b>4.99</b>	<b>2.92</b>	<b>—</b>
Diluted average number of shares	607 829 132	608 001 407	607 667 507	

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(1) Diluted earnings per share based on net profit from continuing operations excluding non-recurring items, attributable to owners of the company



# Earnings per share

(in million euros)

	H1-2013	FY-2013	H1-2014	Change H1-2014 vs. H1-2013
<b>Net profit from continuing operations excl. non-recurring items, attrib. to owners of the company</b>	<b>1 774.5</b>	<b>3 032.4</b>	<b>1 773.5</b>	
2013 contribution of Galderma to net profit excluding non-recurring items	15.4	85.1	-	
Reported net profit excluding non-recurring items, attributable to owners of the company	1 789.9	3 117.5	1 773.5	
Theoretical net financial cost linked with the strategic transaction	-	-	-3.3	
Net profit excluding non-recurring items, attributable to owners of the company	1 789.9 <sup>(1)</sup>	3 117.5 <sup>(1)</sup>	1 770.2 <sup>(2)</sup>	
<b>EPS (in €)</b>	<b>2.94<sup>(3)</sup></b>	<b>5.13<sup>(3)</sup></b>	<b>3.17<sup>(4)</sup></b>	<b>+7.5%</b>
Diluted average number of shares used to calculate the EPS	607 829 132	608 001 407	559 167 507	

(1) Reported net profit excluding non-recurring items, attributable to owners of the company.

(2) Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company adjusted for the strategic transaction as from January 1<sup>st</sup>, 2014.

(3) Diluted earnings per share based on reported net profit excluding non-recurring items, attributable to owners of the company.

(4) Diluted earnings per share based on net profit from continuing operations, excluding non-recurring items, attributable to owners of the company adjusted for the strategic transaction as from January 1<sup>st</sup>, 2014.



## Consolidated profit and loss accounts: From net profit excluding non-recurring items to net profit

(in million euros)

	H1-2013	FY-2013	H1-2014	Change H1-2014 vs. H1-2013
<b>Net profit from continuing operations excluding non-recurring items<sup>(1)</sup></b>	<b>1 774.5</b>	<b>3 032.4</b>	<b>1 773.5</b>	
<b>Non-recurring items</b>	<b>-79.6</b>	<b>-154.1</b>	<b>-79.7</b>	
<i>of which:</i>				
– other income and expenses	-28.5	-128.6	-48.0	
– taxes on non-recurring items	-51.1	-25.5	-31.7	
<b>Net profit from continuing operations<sup>(1)</sup></b>	<b>1 694.9</b>	<b>2 878.3</b>	<b>1 693.8</b>	
Net profit from discontinued operations	+14.0	+80.0	+41.0	
<b>Net profit<sup>(1)</sup></b>	<b>1 708.9</b>	<b>2 958.2</b>	<b>1 734.8</b>	<b>+1.5%</b>

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(1) Attributable to owners of the company



# Cash flow statement

<i>(in million euros)</i>	H1-2013	FY-2013	H1-2014	Change H1-2014 vs. H1-2013
Net profit	1 710.6	2 961.4	1 736.4	
Depreciation, amortisation and provisions	325.0	767.8	334.4	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+49.6	+113.2	+76.9	
Net profit of discontinued operations	-14.0	-80.0	-41.0	
Share of profit of associates, net of dividends received	-8.1	-4.6	+1.5	
<b>Cash flow</b>	<b>2 063.0</b>	<b>3 757.9</b>	<b>2 108.2</b>	<b>+2.2%</b>
Changes in working capital	-592.1	-67.6	-598.0	
Investments	-502.6	-1 018.8	-484.8	
<b>Operating net cash</b>	<b>968.3</b>	<b>2 671.5</b>	<b>1 025.4</b>	<b>+5.9%</b>
Dividends paid	-1 414.3	-1 425.4	-1 539.8	
Divestments and others	-448.9	-456.3	-130.1	
Dividends received from discontinued operations	+56.3	+56.3	+41.7	
Acquisitions	-83.2	-138.4	-750.4	
Capital increase of the parent company <sup>(1)</sup>	-324.8	-237.2	+6.6	
<b>Residual cash flow after acquisitions</b>	<b>- 1 246.5</b>	<b>+470.5</b>	<b>-1 346.6</b>	

<sup>(1)</sup> Including disposal (acquisition) of treasury stock

August 1st, 2014



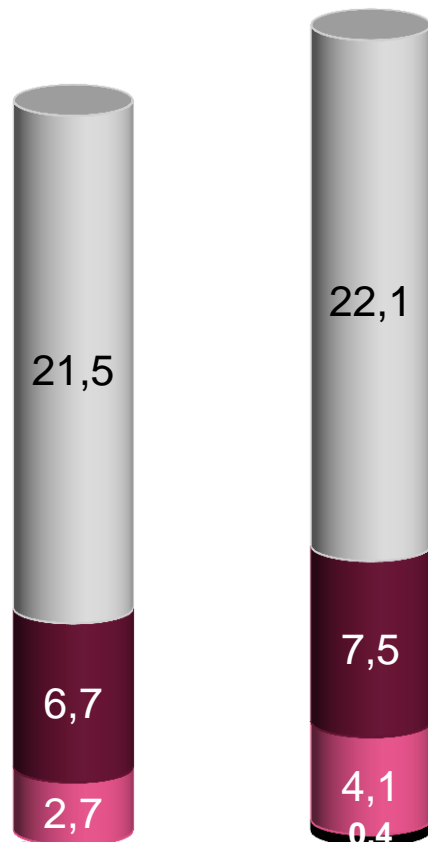
# Balance sheet (in billion euros)

## Assets

31 Dec. 2013

30 June 2014

- Non-current assets
- Current assets
- Cash & cash equivalents
- Assets for disposal



**Total Assets** 30.9

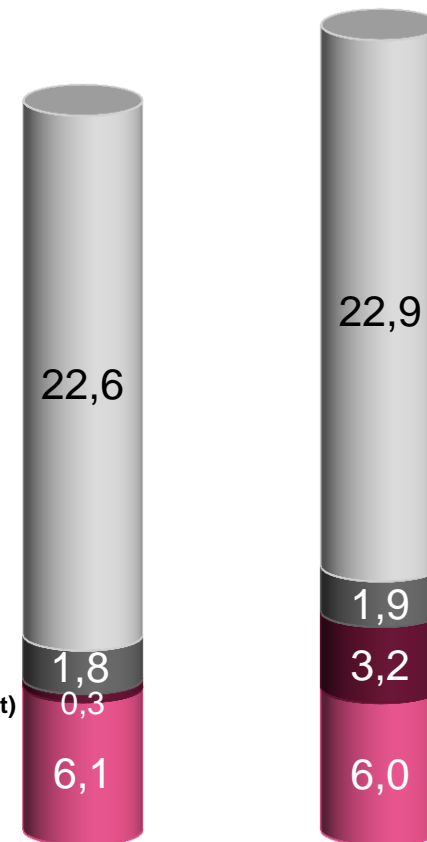
**34.1**

## Liabilities

31 Dec. 2013

30 June 2014

- Shareholders' equity
- Non-current liabilities
- Financial debt (current & non-current)
- Current liabilities



**Total liabilities** 30.9

**34.1**



## Net cash and gearing

	30 June 2013	31 Dec. 2013	30 June 2014
<b>Net cash (in million €)</b>	<b>707</b>	<b>2 320</b>	<b>922</b>
<b>Gearing<sup>(1)</sup></b>	<b>-3.2%</b>	<b>-10.2%</b>	<b>-4.0%</b>

*(1) Net debt / equity attributable to owners of the company*

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## Impact of the strategic transaction (in billion euros)

### ➤ Impact on the balance sheet

Impact on Assets	In Bn €
Assets for disposal	-0.4
<b>Impact on current assets</b>	<b>-0.4</b>

Impact on shareholder's funds	In Bn €
Net capital gain on the disposal of 50% of Galderma	+2.1
Buy-back / cancellation of 48.5 million L'Oréal shares	-6.0
<b>Impact on shareholders' equity</b>	<b>-3.9</b>

	In Bn €
<b>Impact on net cash/debt position</b>	<b>-3.5</b>

### ➤ Impact on the earnings per share

**Accretive impact over full year EPS <sup>(1)</sup> +5.7%**

*(1) Based on 2013 earnings*



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