

## 2019 HALF-YEAR RESULTS

**STRONG GROWTH CONTINUES: +7.3% <sup>1</sup>**

**SUBSTANTIAL INCREASE IN OPERATING PROFIT: +12.1% <sup>2</sup>**

- **Sales: 14.81 billion euros**
  - +7.3% like-for-like <sup>1</sup>
  - +8.4% at constant exchange rates
  - +10.6% based on reported figures
- **Double-digit growth at L'Oréal Luxe and Active Cosmetics**
- **Very dynamic growth in Asia Pacific**
- **Strong progression of the main growth drivers: Asia, Travel Retail, e-commerce and skincare**
- **Substantial increase in operating profit: +12.1% <sup>2</sup> at 2,888 million euros**
- **Record operating margin of 19.5%**
- **Operating cash flow up +23.2%**

Commenting on these figures, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

*"L'Oréal has delivered its strongest first half like-for-like growth <sup>1</sup> in more than a decade at +7.3%, outperforming a dynamic market which has, for the second year running, posted one of its highest-ever growth rates.*

*All the Divisions are growing, and notably the L'Oréal Luxe and Active Cosmetics Divisions which posted double-digit growth. The progression of L'Oréal Luxe is being driven by its four big brands: Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's. The Active Cosmetics Division continues to benefit from the growing appetite for healthy beauty and is posting geographically balanced growth. The performance of the Consumer Products Division is improving semester by semester, thanks especially to the success of L'Oréal Paris, the world's number one beauty brand. Meanwhile, the transformation of the Professional Products Division is ongoing.*

*Across the geographic Zones, the New Markets are growing very strongly, particularly the Asia Pacific Zone, which is now the Group's number one Zone. China is maintaining its pace of growth, and India, Malaysia, Indonesia and Vietnam are all posting double-digit growth. North America is still being held back by the slowdown in makeup. Sales are increasing in Western Europe, in a market which remains difficult.*

*Digital continues to boost growth and reinforces our relationship with our consumers. At the same time, e-commerce <sup>3</sup> is up by +48.5% <sup>1</sup>, and represents 13.2% of total sales. Travel Retail, another of the Group's growth drivers, has grown by +21.2% <sup>1</sup>.*

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

<sup>2</sup> The increase came out at 11.3 % excluding the impact of IFRS 16.

<sup>3</sup> Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

*Operating profit has increased strongly by +12.1%, setting a new record in operating margin of 19.5%. Net earnings per share <sup>4</sup> is up +7.2% at 4.38 euros. After allowing for 139 million euros of non-recurring items, net profit comes out at 2,326 million euros. Operating cash flow is up +23.2%.*

*In a volatile and contrasted environment, this good first half gives us confidence in our capacity to outperform the market in 2019 and achieve another year of growth in sales and profits.”*

Moreover, the Board of Directors has decided, under the authorisation voted by the Annual General Meeting of 18 April 2019, to set up a share buyback programme amounting to a maximum of 750 million euros and with a maximum number of shares to be acquired of 3 million during the second half of 2019. All the shares bought back will be cancelled <sup>5</sup>.

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<sup>4</sup> Diluted net profit per share, excluding non-recurring items, after non-controlling interests.

<sup>5</sup> The L'Oréal Registration Document filed with the AMF (Autorité des Marchés Financiers) on 14 March 2019 includes, on pages 370 and 371, the other pieces of information that must appear in the share buyback programme description pursuant to Article 241-2 of the General Regulation of the AMF.

## 2019 Half-Year sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, sales of the L'Oréal group grew by +7.3%.

**The net impact of changes in the scope of consolidation** was +1.1%.

**Growth at constant exchange rates** amounted to +8.4%.

**Currency fluctuations** had a positive impact of +2.2%. If the exchange rates at 30 June 2019, i.e. €1 = \$1.138, are extrapolated until 31 December 2019, the impact of currency fluctuations on sales would be approximately +1.5% for the whole of 2019.

**Based on reported figures**, the Group's sales at 30 June 2019 amounted to 14.81 billion euros, i.e. +10.6%.

### Sales by Division and geographic Zone

	2 <sup>nd</sup> quarter 2019			1 <sup>st</sup> half 2019		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<b>By Division</b>						
Professional Products	878.9	+2.7%	+5.4%	1,714.2	+2.5%	+5.1%
Consumer Products	3,245.9	+2.8%	+5.9%	6,530.5	+3.1%	+6.4%
L'Oréal Luxe	2,470.4	+12.2%	+15.5%	5,150.1	+13.2%	+17.3%
Active Cosmetics	665.7	+14.4%	+16.3%	1,416.7	+13.6%	+15.1%
<b>Group total</b>	<b>7,261.0</b>	<b>+6.8%</b>	<b>+9.8%</b>	<b>14,811.5</b>	<b>+7.3%</b>	<b>+10.6%</b>
<b>By geographic Zone</b>						
Western Europe	2,043.6	+0.9%	+1.7%	4,212.6	+1.0%	+1.9%
North America	1,910.3	-1.1%	+4.5%	3,805.7	0.0%	+6.8%
New Markets, of which:	3,307.1	+16.5%	+19.2%	6,793.1	+16.6%	+19.3%
- Asia Pacific	2,228.4	+25.5%	+30.3%	4,626.4	+24.3%	+30.4%
- Latin America <sup>6</sup>	456.3	+0.2%	+0.1%	878.6	+1.9%	-0.5%
- Eastern Europe	447.8	+7.9%	+6.1%	931.3	+7.5%	+3.5%
- Africa, Middle East	174.6	-9.7%	-6.4%	356.7	-5.4%	-1.5%
<b>Group total</b>	<b>7,261.0</b>	<b>+6.8%</b>	<b>+9.8%</b>	<b>14,811.5</b>	<b>+7.3%</b>	<b>+10.6%</b>

<sup>6</sup> The Group has applied the IAS 29 accounting rule (Financial Reporting in Hyperinflationary Economies) to Argentina from 1 July 2018 onwards. The negative impact of this adjustment amounts to 420 basis points on like-for-like growth in Latin America and to 30 basis points on the growth of the whole L'Oréal group in the first half of 2019.

## PROFESSIONAL PRODUCTS

**At the end of June, the Professional Products Division is at +2.5% like-for-like and +5.1% based on reported figures.**

The Division continues to grow, driven by the acceleration in the United States and in the Asia Pacific Zone, where it is winning market share. Eastern Europe remains dynamic, while Latin America and Western Europe are penalised by the inertia of certain markets.

Haircare, the number one contributor to growth, is being boosted by the strong growth of *Kérastase*, fuelled by the success of *Resistance Extentioniste* and *Blond Absolu* and by the solid performance of the *Total Results* range at *Matrix*. Hair colour is benefiting from the outstanding double-digit growth of *Shades EQ* at *Redken* and the strong acceleration of *Inoa* at *L'Oréal Professionnel*.

## CONSUMER PRODUCTS

**In the first half, the Division posted growth of +3.1% like-for-like and +6.4% based on reported figures.**

*L'Oréal Paris* maintains good growth momentum, thanks to the strong performance of face care, with the successful launch of *Revitalift Filler* ampoules and the international roll-out of *Elvive Dream Lengths* and the very good start of *Elvive Colour Protect Purple* shampoo. The resounding success of *Rouge Signature* in makeup is worth noting. *Garnier* is growing, driven by skincare with the strong worldwide growth of *Micellar Cleansing Water* and *Tissue Masks*, and the promising start of *Garnier Organic* in Western Europe. The Korean makeup brand *3CE Stylenanda* is starting very well in China. The *NYX Professional Makeup* brand meanwhile is implementing a reworking of its distribution channels.

The Division is performing well in Western and Eastern Europe, particularly in Russia. It is clearly accelerating in Asia, particularly in China, India and Indonesia. It is however being held back by the sluggish makeup market in the United States.

Travel Retail and e-commerce are strong growth drivers.

## L'ORÉAL LUXE

**At the end of June, L'Oréal Luxe confirmed its excellent start to the year, posting growth of +13.2% like-for-like and +17.3% based on reported figures, driven by its good performances in skincare.**

The dynamism of the Division's top four brands continues, and once again recorded double-digit growth in the first half. *Lancôme*, thanks to its iconic lines *Génifique* and *Absolue*, and *Kiehl's* with the *Ultra Facial* and *Calendula* lines, delivered excellent performances over the period. *Giorgio Armani* and *Yves Saint Laurent* are taking advantage respectively of the success, in the lip segment, of *Lip Maestro* and *Rouge Pur Couture The Slim*, and in fragrances of *Si* and *Black Opium*. *Helena Rubinstein* is confirming its success in the ultra-premium skincare market, and *Atelier Cologne* continues to expand rapidly.

L'Oréal Luxe is posting strong growth in Asia Pacific, particularly in China and in Travel Retail. Eastern Europe and Latin America are also performing well. The Division's sales remain sluggish however in North America.

As for e-commerce sales, the Division is continuing to accelerate.

## ACTIVE COSMETICS

**The Active Cosmetics Division had an outstanding first half at +13.6% like-for-like and +15.1% based on reported figures.**

All Zones are contributing to growth, with Asia Pacific, North America and Latin America performing particularly well.

All the major brands are contributing to growth. *La Roche-Posay*, posting double-digit growth, continues to accelerate in anti-ageing, with the continuing success of *Hyalu B5* and the successful launch of *Pure Vitamin C10* serum. *Vichy* is maintaining momentum, particularly with its star product *Minéral 89*, which continues to grow. The brand is also reinforcing its anti-ageing expertise by offering *Vichy SkinConsult<sup>AI</sup>*, the first algorithm for analysing signs of ageing from a selfie, which has been developed with dermatologists. *SkinCeuticals* is growing very fast across all Zones, with a record performance in Asia. *CeraVe* is winning market share across all the Zones where the brand is present, with a sharp acceleration in America, the brand's original market. The brand has been successfully launched in China.

## Summary by geographic Zone

### WESTERN EUROPE

The Zone recorded growth of +1.0% like-for-like and +1.9% based on reported figures. In a mass market that is growing moderately, the Consumer Products Division is winning market share, particularly in makeup and face care with a good start from the *Garnier Organic* line and the success of *Revitalift Filler* ampoules by *L'Oréal Paris*. L'Oréal Luxe is dynamic in Germany, Scandinavia and across Southern Europe, but the second quarter was difficult in France. Growth in the Active Cosmetics Division is being driven by *La Roche-Posay*, which continues to outperform its market. The Professional Products Division is still being held back by a slowdown in sales in France and a difficult market in Italy.

### NORTH AMERICA

The Zone is stable at 0.0% like-for-like and +6.8% based on reported figures. In a slowing market, the skincare and fragrances categories are still growing. The Active Cosmetics Division continues to post double-digit growth. L'Oréal Luxe performed well in skincare and fragrances, driven by the *Kiehl's* and *Yves Saint Laurent* brands, but is being held back by the decline in makeup. The Professional Products Division is winning market share and growing in hair colour, thanks to *Redken* and *Pulp Riot*. The Consumer Products Division is winning market share in skincare with *L'Oréal Paris* but is struggling with a strong footprint in makeup.

### NEW MARKETS

**Asia Pacific:** Growth in this Zone was +24.3% like-for-like and +30.4% based on reported figures. All Divisions achieved double-digit growth, with the most outstanding performances for the L'Oréal Luxe and Active Cosmetics Divisions. Growth is still being driven by Chinese consumers, and even more powerfully by the increasing success of e-commerce in China and across the whole Asia Pacific Zone. The premium skincare brands are performing particularly well, especially *Lancôme*, *Yves Saint Laurent*, *Giorgio Armani* and *Helena Rubinstein*. Growth in the Consumer Products Division meanwhile is being driven by the performance of *L'Oréal Paris* and the roll-out of *3CE Stylenanda*. In Southern Asia, L'Oréal is posting strong growth and winning market share.

**Latin America:** The Zone is at +1.9% like-for-like and -0.5% based on reported figures. Like-for-like growth in this Zone is being held back by Argentina. Sales are accelerating, especially in Mexico and Chile. In Brazil, the Consumer Products Division continues to face difficulties, while the other Divisions are growing. Across the Zone as a whole, the L'Oréal Luxe and Active Cosmetics Divisions continue to grow, with a double-digit increase for Active Cosmetics, driven by the dynamism of its big brands. In the Consumer Products Division, the makeup brands *Maybelline New York* and *Vogue* are performing well. *Kérastase*, in the Professional Products Division, is recording double-digit growth.

**Eastern Europe:** The Zone recorded growth of +7.5% like-for-like and +3.5% based on reported figures. Russia, Turkey and Central European countries such as Romania and Ukraine are driving growth in this Zone. The Consumer Products and Active Cosmetics Divisions have the highest growth rates, thanks respectively to *Maybelline New York* and *NYX Professional Makeup*, as well as *La Roche-Posay*.

**Africa, Middle East:** The Zone is down by -5.4% like-for-like and -1.5% based on reported figures. The luxury market remains difficult in the Middle East. Egypt, Morocco and Pakistan are growing, as well as the countries in sub-Saharan Africa. The Active Cosmetics Division is recording good growth, driven by *La Roche-Posay* and *SkinCeuticals*.

## Important events during the period 1/4/19 to 30/6/19 and post-closing events

- From 16 to 18 May at the fourth edition of Viva Technology, L'Oréal presented its latest technological innovations, and its vision of the future of beauty and customer experience at its Limitless Beauty stand.
- On 6 June, L'Oréal inaugurated at Aulnay-sous-Bois in France "MYT – Make Your Technology", the first 4.0 technology incubator dedicated to the industry and supply chain of the future.
- On 19 June, Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal was voted No.1 in the Glassdoor France Top CEO 2019 ranking, by the employees of the ranked companies.
- On 26 June, BOLD (Business Opportunities for L'Oréal Development), the corporate venture capital fund launched by L'Oréal in December 2018, took a minority stake in Carbios, a startup pioneering a solution for the recycling of plastic packaging.
- On 2 July, L'Oréal announced it had entered into exclusive negotiation with the Clarins group with a view to acquiring the *Mugler* and *Azzaro* brands.
- On 12 July, L'Oréal announced the appointment of three new members to its Executive Committee: Alexandra Palt, Chief Corporate Responsibility Officer and Executive Vice-President of the Fondation L'Oréal, and Vincent Boinay, General Manager for Travel Retail Worldwide, will join L'Oréal's Executive Committee as of 1<sup>st</sup> September. Fabrice Megarbane, President L'Oréal China, joined L'Oréal's Executive Committee on 1<sup>st</sup> July.

## 2019 Half-Year results

The limited review procedures of the half-year consolidated accounts have been completed. The limited review report is being prepared by the Statutory Auditors.

### Operating profitability at 19.5% of sales

Consolidated profit and loss account: from sales to operating profit.

<i>In € million</i>	30/6/18	As % of sales	31/12/18	As % of sales	30/6/19	As % of sales	Change H1-2019 vs. H1-2018
<b>Sales</b>	<b>13,390.7</b>	<b>100.0%</b>	<b>26,937.4</b>	<b>100.0%</b>	<b>14,811.5</b>	<b>100.0%</b>	<b>+10.6%</b>
<i>Cost of sales</i>	<i>-3,598.3</i>	<i>26.9%</i>	<i>-7,331.6</i>	<i>27.2%</i>	<i>- 3,988.5</i>	<i>26.9%</i>	
<b>Gross profit</b>	<b>9,792.4</b>	<b>73.1%</b>	<b>19,605.8</b>	<b>72.8%</b>	<b>10,823.0</b>	<b>73.1%</b>	
<i>R&amp;D expenses</i>	<i>-447.2</i>	<i>3.3%</i>	<i>-914.4</i>	<i>3.4%</i>	<i>-459.7</i>	<i>3.1%</i>	
<i>Advertising and promotion expenses</i>	<i>-4,018.3</i>	<i>30.0%</i>	<i>-8,144.7</i>	<i>30.2%</i>	<i>-4,471.7</i>	<i>30.2%</i>	
<i>Selling, general and administrative expenses</i>	<i>-2,751.0</i>	<i>20.5%</i>	<i>-5,624.7</i>	<i>20.9%</i>	<i>-3,003.3</i>	<i>20.3%</i>	
<b>Operating profit</b>	<b>2,575.9</b>	<b>19.2%</b>	<b>4,922.0</b>	<b>18.3%</b>	<b>2,888.4</b>	<b>19.5%</b>	<b>+12.1%</b>

**Gross profit**, at 10,823 million euros, came out at 73.1% of sales, stable compared to the first half of 2018.

**Research and Development expenses**, at 459 million euros, came out at 3.1% of sales.

**Advertising and promotion expenses** came out at 30.2% of sales, an increase of 20 basis points, compared to the first half of 2018.

**Selling, general and administrative expenses**, at 20.3% of sales, have decreased by 20 basis points.

Overall, **operating profit** increased by +12.1%, at 2,888 million euros, and amounted to 19.5% of sales, an increase of 30 basis points. Excluding the impacts related to the application of the IFRS 16 accounting rule, this increase comes out at +11.3%.

## Operating profit by Division

	30/6/18		31/12/18		30/6/19	
	€m	% of sales	€m	% of sales	€m	% of sales
<b>By Division</b>						
Professional Products	313.4	19.2%	651.5	20.0%	327.9	19.1%
Consumer Products	1,275.4	20.8%	2,428.1	20.2%	1,351.1	20.7%
L'Oréal Luxe	1,026.7	23.4%	2,072.4	22.1%	1,227.3	23.8%
Active Cosmetics	326.2	26.5%	523.0	23.0%	376.1	26.5%
<b>Total Divisions before non-allocated</b>	<b>2,941.7</b>	<b>22.0%</b>	<b>5,675.0</b>	<b>21.1%</b>	<b>3,282.3</b>	<b>22.2%</b>
<i>Non-allocated</i> <sup>7</sup>	-365.7	-2.7%	-753.1	-2.8%	-393.9	-2.7%
<b>Group</b>	<b>2,575.9</b>	<b>19.2%</b>	<b>4,922.0</b>	<b>18.3%</b>	<b>2,888.4</b>	<b>19.5%</b>

The L'Oréal group is managed on an annual basis. This means that half-year operating profits cannot be extrapolated for the whole year.

The profitability of the **Professional Products Division** came out at 19.1%.

The **Consumer Products Division's** profitability came out at 20.7%.

**L'Oréal Luxe** improved its profitability at 23.8%, an increase of 40 basis points.

The **Active Cosmetics Division** remains at a very high profitability level at 26.5%.

<sup>7</sup> Non-allocated expenses = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of total Divisions sales.

## Net profit excluding non-recurring items

Consolidated profit and loss account: from operating profit to net profit excluding non-recurring items.

<i>In € million</i>	30/6/18	31/12/18	30/6/19	Change H1-2019 vs. H1-2018
<b>Operating profit</b>	<b>2,575.9</b>	<b>4,922.0</b>	<b>2,888.4</b>	<b>+12.1%</b>
<i>Financial revenues and expenses excluding dividends received</i>	+14.5	-1.9	-30.2	
<i>Sanofi dividends</i>	358.3	358.3	363.0	
Profit before tax and associates excluding non-recurring items	2,948.7	5,278.4	3,221.1	+9.2%
<i>Income tax excluding non-recurring items</i>	-646.7	-1,286.8	-748.8	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	-0.1	+0.1	0.0	
<i>Non-controlling interests</i>	-1.4	-4.1	-6.1	
<b>Net profit excluding non-recurring items, after non-controlling interests <sup>8</sup></b>	<b>2,300.6</b>	<b>3,987.6</b>	<b>2,466.2</b>	<b>+7.2%</b>
<b>EPS <sup>9</sup> (€)</b>	<b>4.08</b>	<b>7.08</b>	<b>4.38</b>	
<b>Diluted average number of shares</b>	<b>563,242,060</b>	<b>563,098,506</b>	<b>563,247,153</b>	

**Overall financial expenses** came out at 30 million euros, of which 26 million euros are related to the application of the IFRS 16 accounting standard.

**Sanofi dividends** amounted to 363 million euros.

**Income tax excluding non-recurring items** came out at 748 million euros, i.e. a tax rate of 23.2%, slightly above that of the first half of 2018, which was 21.9%.

**Net profit excluding non-recurring items after non-controlling interests** came out at 2,466 million euros, an increase of +7.2% compared with the net profit excluding non-recurring items reported on 30 June 2018.

**Earnings per share**, at 4.38 euros, has risen by +7.2% compared with the first half of 2018.

<sup>8</sup> Net profit excluding non-recurring items, after non-controlling interests, does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, tax effects and non-controlling interests.

<sup>9</sup> Diluted net profit per share, excluding non-recurring items, after non-controlling interests.

## Net profit

Consolidated profit and loss account: from net profit excluding non-recurring items to net profit.

<i>In € million</i>	30/6/18	31/12/18	30/6/19	Change H1-2019 vs. H1-2018
<b>Net profit excluding non-recurring items, after non-controlling interests <sup>8</sup></b>	<b>2,300.6</b>	<b>3,987.6</b>	<b>2,466.2</b>	<b>+7.2%</b>
<b>Non-recurring items</b>	<b>-25.4</b>	<b>-92.2</b>	<b>-139.5</b>	
of which:				
o <i>other income and expenses</i>	<i>-40.4</i>	<i>-94.7</i>	<i>-170.3</i>	
o <i>tax effect</i>	<i>+15.0</i>	<i>+2.5</i>	<i>+30.8</i>	
<b>Net profit after non-controlling interests</b>	<b>2,275.2</b>	<b>3,895.4</b>	<b>2,326.7</b>	<b>+2.3%</b>

Non-recurring items mainly take into account costs relating to the reworking of the *NYX Professional Makeup* distribution channels, and *Clarisonic's* goodwill and brand impairment.

## Operating cash flow and balance sheet

**Gross cash flow** amounted to 3,305 million euros, up by +18.9% compared with the first half of 2018. The amount includes a depreciation value of 209 million euros with regard to the right-of-use assets (IFRS 16).

The **change in working capital** amounted to 813 million euros.

**Investments**, at 559 million euros, represented 3.8% of sales.

**Operating cash flow** amounted to 1,932 million euros, an increase of +23.2%.

After payment of the dividend, the **residual cash flow** came out at -248 million euros.

At 30 June 2019, after taking into account finance lease liabilities for 2,151 million euros, **net cash** amounted to 200 million euros, compared with 362 million euros at 30 June 2018.

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"This news release 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, also available in English on our Internet site [www.loreal-finance.com](http://www.loreal-finance.com).

This news release 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."

This a free translation into English of the 2019 Half-Year results news release issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

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## Appendices

### Appendix 1: L'Oréal group sales 2018/2019 (€ million)

	2018	2019
<b>First quarter</b>	6,778.6	7,550.5
<b>Second quarter</b>	6,612.1	7,261.0
<b>First half total</b>	13,390.7	14,811.5
<b>Third quarter</b>	6,473.3	
<b>Nine months total</b>	19,864.0	
<b>Fourth quarter</b>	7,073.4	
<b>Full year total</b>	26,937.4	

## Appendix 2: compared consolidated income statements

€ millions	1 <sup>st</sup> half 2019	1 <sup>st</sup> half 2018	2018
<b>Net sales</b>	<b>14,811.5</b>	<b>13,390.7</b>	<b>26,937.4</b>
Cost of sales	-3,988.5	-3,598.3	-7,331.6
<b>Gross profit</b>	<b>10,823.0</b>	<b>9,792.4</b>	<b>19,605.8</b>
Research and development	-459.7	-447.2	-914.4
Advertising and promotion	-4,471.7	-4,018.3	-8,144.7
Selling, general and administrative expenses	-3,003.3	-2,751.0	-5,624.7
<b>Operating profit</b>	<b>2,888.4</b>	<b>2,575.9</b>	<b>4,922.0</b>
Other income and expenses	-170.4	-40.4	-94.7
<b>Operational profit</b>	<b>2,718.0</b>	<b>2,535.5</b>	<b>4,827.3</b>
Finance costs on gross debt	-40.7	-11.3	-34.8
Finance income on cash and cash equivalents	18.3	33.5	47.9
<b>Finance costs, net</b>	<b>-22.4</b>	<b>22.2</b>	<b>13.1</b>
Other financial income (expenses)	-7.8	-7.7	-15.0
Sanofi dividends	363.0	358.3	358.3
<b>Profit before tax and associates</b>	<b>3,050.8</b>	<b>2,908.3</b>	<b>5,183.7</b>
Income tax	-718.1	-631.6	-1,284.3
Share of profit in associates		-0.1	0.1
<b>Net profit</b>	<b>2,332.7</b>	<b>2,276.6</b>	<b>3,899.5</b>
Attributable to:			
♦ owners of the company	2,326.7	2,275.2	3,895.4
♦ non-controlling interests	6.0	1.4	4.1
Earnings per share attributable to owners of the company (euros)	4.15	4.07	6.96
Diluted earnings per share attributable to owners of the company (euros)	4.13	4.04	6.92
Earnings per share attributable to owners of the company, excluding non-recurring items (euros)	4.40	4.11	7.13
Diluted earnings per share attributable to owners of the company, excluding non-recurring items (euros)	4.38	4.08	7.08

### Appendix 3: consolidated statement of comprehensive income

€ millions	1 <sup>st</sup> half 2019	1 <sup>st</sup> half 2018	2018
<b>Consolidated net profit for the period</b>	<b>2,332.7</b>	<b>2,276.6</b>	<b>3,899.5</b>
Cash flow hedges	-6.9	-6.6	-60.3
Cumulative translation adjustments	79.7	46.8	126.4
Income tax on items that may be reclassified to profit or loss <sup>(1)</sup>	4.5	1.0	14.8
<b>Items that may be reclassified to profit or loss</b>	<b>77.3</b>	<b>41.2</b>	<b>80.9</b>
Financial assets at fair value through profit or loss	29.6	-378.3	450.5
Actuarial gains and losses	-131.3	-	-58.5
Income tax on items that may not be reclassified to profit or loss <sup>(1)</sup>	33.0	10.8	0.5
<b>Items that may not be reclassified to profit or loss</b>	<b>-68.7</b>	<b>-367.5</b>	<b>392.5</b>
<b>Other comprehensive income</b>	<b>8.6</b>	<b>-326.3</b>	<b>473.4</b>
<b>Consolidated comprehensive income</b>	<b>2,341.3</b>	<b>1,950.3</b>	<b>4,372.9</b>
Attributable to:			
♦ owners of the company	2,335.4	1,948.9	4,368.7
♦ non-controlling interests	5.9	1.4	4.2

(1) The tax effect is as follows:

€ millions	1 <sup>st</sup> half 2019	1 <sup>st</sup> half 2018	2018
Cash flow hedges	4.5	1.0	14.8
<b>Items that may be reclassified to profit or loss</b>	<b>4.5</b>	<b>1.0</b>	<b>14.8</b>
Financial assets at fair value through profit or loss	-0.9	11.8	-14.0
Actuarial gains and losses	33.9	-1.0	14.5
<b>Items that may not be reclassified to profit or loss</b>	<b>33.0</b>	<b>10.8</b>	<b>0.5</b>
<b>TOTAL</b>	<b>37.5</b>	<b>11.8</b>	<b>15.4</b>

## Appendix 4: compared consolidated balance sheets

### ASSETS

€ millions	30.06.2019	30.06.2018	31.12.2018
<b>Non-current assets</b>	<b>28,054.8</b>	<b>24,980.8</b>	<b>25,991.2</b>
Goodwill	9,571.1	9,551.0	9,597.1
Other intangible assets	3,014.1	2,884.8	3,087.3
Right-of-use assets	2,009.9	-	-
Property, plant and equipment	3,598.6	3,582.0	3,624.6
Non-current financial assets	9,157.8	8,390.3	9,100.5
Investments in associates	9.5	9.9	9.0
Deferred tax assets	693.8	562.8	572.7
<b>Current assets</b>	<b>12,438.3</b>	<b>10,506.9</b>	<b>12,466.3</b>
Inventories	2,930.1	2,689.4	2,821.9
Trade accounts receivable	4,514.4	4,334.4	3,983.2
Other current assets	1,529.3	1,400.6	1,509.1
Current tax assets	78.2	69.0	160.1
Cash and cash equivalents	3,386.3	2,013.5	3,992.0
<b>TOTAL</b>	<b>40,493.1</b>	<b>35,487.7</b>	<b>38,457.5</b>

### EQUITY & LIABILITIES

€ millions	30.06.2019	30.06.2018	31.12.2018
<b>Equity</b>	<b>27,122.1</b>	<b>24,349.2</b>	<b>26,933.6</b>
Share capital	112.3	112.4	112.1
Additional paid-in capital	3,108.8	2,977.7	3,070.3
Other reserves	17,659.5	16,382.0	15,952.5
Other comprehensive income	4,171.0	3,521.9	4,242.1
Cumulative translation adjustments	-207.5	-366.9	-287.4
Treasury shares	-56.5	-555.9	-56.5
Net profit attributable to owners of the company	2,326.7	2,275.2	3,895.4
<b>Equity attributable to owners of the company</b>	<b>27,114.3</b>	<b>24,346.5</b>	<b>26,928.4</b>
Non-controlling interests	7.8	2.8	5.2
<b>Non-current liabilities</b>	<b>3,350.5</b>	<b>1,219.6</b>	<b>1,412.2</b>
Provisions for employee retirement obligations and related benefits	552.5	327.4	388.9
Provisions for liabilities and charges	354.1	295.8	336.1
Deferred tax liabilities	685.7	583.5	673.7
Non-current borrowings and debt	9.4	12.9	13.5
Non-current lease debt	1,748.8	-	-
<b>Current liabilities</b>	<b>10,020.5</b>	<b>9,918.8</b>	<b>10,111.6</b>
Trade accounts payable	4,498.8	4,396.7	4,550.0
Provisions for liabilities and charges	1,016.9	948.5	979.8
Other current liabilities	2,767.7	2,682.0	3,138.9
Income tax	309.7	254.0	215.1
Current borrowings and debt	1,025.2	1,637.6	1,227.8
Current lease debt	402.2	-	-
<b>TOTAL</b>	<b>40,493.1</b>	<b>35,487.7</b>	<b>38,457.5</b>

## Appendix 5: consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 31.12.2017 <sup>(1)</sup></b>	<b>559,747,963</b>	<b>112.1</b>	<b>2,935.3</b>	<b>18,343.3</b>	<b>3,895.0</b>	<b>-56.5</b>	<b>-413.5</b>	<b>24,815.7</b>	<b>2.8</b>	<b>24,818.5</b>
Changes in accounting policy at 01.01.2018				-12.0				-12.0	-0.9	-12.9
<b>At 01.01.2018 <sup>(2)</sup></b>	<b>559,747,963</b>	<b>112.1</b>	<b>2,935.3</b>	<b>18,331.3</b>	<b>3,895.0</b>	<b>-56.5</b>	<b>-413.5</b>	<b>24,803.7</b>	<b>1.9</b>	<b>24,805.6</b>
Consolidated net profit for the period				3,895.4				3,895.4	4.1	3,899.5
Cash flow hedges					-45.3			-45.3	-0.2	-45.5
Cumulative translation adjustments							114.5	114.5	0.3	114.8
Hyperinflation							11.6	11.6		11.6
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-45.3</b>		<b>126.1</b>	<b>80.8</b>	<b>0.1</b>	<b>80.9</b>
Financial assets at fair value through profit or loss					436.5			436.5		436.5
Actuarial gains and losses					-44.0			-44.0		-44.0
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>392.5</b>			<b>392.5</b>	<b>-</b>	<b>392.5</b>
<b>Consolidated comprehensive income</b>				<b>3,895.4</b>	<b>347.2</b>		<b>126.1</b>	<b>4,368.7</b>	<b>4.2</b>	<b>4,372.9</b>
Capital increase	2,375,378	0.5	135.0	-0.2				135.3		135.3
Cancellation of Treasury shares		-0.5		-498.9		499.4		-		-
Dividends paid (not paid on Treasury shares)				-2,006.6				-2,006.6	-3.8	-2,010.4
Share-based payment				126.4				126.4		126.4
Net changes in Treasury shares	-2,497,814					-499.4		-499.4		-499.4
Changes in scope of consolidation				-2.9				-2.9	2.9	-
Other movements				3.4	-0.1			3.3		3.3
<b>At 31.12.2018</b>	<b>559,625,527</b>	<b>112.1</b>	<b>3,070.3</b>	<b>19,847.8</b>	<b>4,242.1</b>	<b>-56.5</b>	<b>-287.4</b>	<b>26,928.4</b>	<b>5.2</b>	<b>26,933.6</b>
Changes in accounting policy at 01.01.2019				-81.8				-81.8		-81.8
<b>At 01.01.2019 <sup>(3)</sup></b>	<b>559,625,527</b>	<b>112.1</b>	<b>3,070.3</b>	<b>19,766.1</b>	<b>4,242.1</b>	<b>-56.5</b>	<b>-287.4</b>	<b>26,846.7</b>	<b>5.2</b>	<b>26,851.9</b>
Consolidated net profit for the period				2,326.7				2,326.7	6.0	2,332.7
Cash flow hedges					-2.4			-2.4		-2.4
Cumulative translation adjustments							67.8	67.8	-0.1	67.8
Hyperinflation							12.0	12.0		12.0
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-2.4</b>		<b>79.9</b>	<b>77.5</b>	<b>-0.1</b>	<b>77.4</b>
Financial assets at fair value through profit or loss					28.6			28.6		28.6
Actuarial gains and losses					-97.4			-97.4		-97.4
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-68.8</b>			<b>-68.8</b>	<b>-</b>	<b>-68.8</b>
<b>Consolidated comprehensive income</b>				<b>2,326.7</b>	<b>-71.2</b>		<b>79.9</b>	<b>2,335.4</b>	<b>5.9</b>	<b>2,341.3</b>
Capital increase	1,226,092	0.2	38.5	-0.1				38.6		38.6
Cancellation of Treasury shares								-		-
Dividends paid (not paid on Treasury shares)				-2,176.7				-2,176.7	-3.6	-2,180.3
Share-based payment				70.0				70.0		70.0
Net changes in Treasury shares								-		-
Changes in scope of consolidation								-	0.3	0.3
Other movements				0.3				0.3		0.3
<b>At 30.06.2019</b>	<b>560,851,619</b>	<b>112.3</b>	<b>3,108.8</b>	<b>19,986.3</b>	<b>4,171.0</b>	<b>-56.5</b>	<b>-207.5</b>	<b>27,114.3</b>	<b>7.8</b>	<b>27,122.1</b>

(1) After taking account of the change in accounting policy pertaining to IFRS 9 Financial Instruments.

(2) After taking account of the change in accounting policy pertaining to IFRS 15 Revenue from Contracts with Customers.

(3) After taking account of the change in accounting policy pertaining to IFRS 16 Leases.

## CHANGES IN THE FIRST HALF OF 2018

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other compre- hensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non- controlling interests	Total equity
<b>At 31.12.2017 <sup>(1)</sup></b>	<b>559,747,963</b>	<b>112.1</b>	<b>2,935.3</b>	<b>18,343.3</b>	<b>3,895.0</b>	<b>-56.5</b>	<b>-413.5</b>	<b>24,815.7</b>	<b>2.8</b>	<b>24,818.5</b>
Changes in accounting policy at 01.01.2018				-12.0				-12.0	-0.9	-12.9
<b>At 01.01.2018 <sup>(2)</sup></b>	<b>559,747,963</b>	<b>112.1</b>	<b>2,935.3</b>	<b>18,331.3</b>	<b>3,895.0</b>	<b>-56.5</b>	<b>-413.5</b>	<b>24,803.7</b>	<b>1.9</b>	<b>24,805.6</b>
Consolidated net profit for the period				2,275.2				2,275.2	1.4	2,276.6
Cash flow hedges					-5.4			-5.4	-0.2	-5.6
Cumulative translation adjustments							46.6	46.6	0.2	46.8
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-5.4</b>		<b>46.6</b>	<b>41.2</b>	<b>-</b>	<b>41.2</b>
Financial assets at fair value through profit or loss					-366.6			-366.6		-366.6
Actuarial gains and losses					-0.9			-0.9		-0.9
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-367.5</b>			<b>-367.5</b>	<b>-</b>	<b>-367.5</b>
<b>Consolidated comprehensive income</b>				<b>2,275.2</b>	<b>-372.9</b>		<b>46.6</b>	<b>1,948.9</b>	<b>1.4</b>	<b>1,950.3</b>
Capital increase	1,582,725	0.3	42.4	-0.2				42.5		42.5
Cancellation of Treasury shares								-		-
Dividends paid (not paid on Treasury shares)				-2,006.6				-2,006.6	-3.7	-2,010.3
Share-based payment				57.6				57.6		57.6
Net changes in Treasury shares	-2,497,814					-499.4		-499.4		-499.4
Purchase commitments for non-controlling interests								-	0.3	0.3
Changes in scope of consolidation				-2.9				-2.9	2.9	-
Other movements				2.8	-0.2			2.6		2.6
<b>AT 30.06.2018</b>	<b>558,832,874</b>	<b>112.4</b>	<b>2,977.7</b>	<b>18,657.2</b>	<b>3,521.9</b>	<b>-555.9</b>	<b>-366.9</b>	<b>24,346.5</b>	<b>2.8</b>	<b>24,349.2</b>

(1) After taking account of the change in accounting policy pertaining to IFRS 9 Financial Instruments.

(2) After taking account of the change in accounting policy pertaining to IFRS 15 Revenue from Contracts with Customers.

## Appendix 6: compared consolidated statements of cash flows

€ millions	1 <sup>st</sup> half 2019	1 <sup>st</sup> half 2018	2018
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	2,326.7	2,275.2	3,895.4
Non-controlling interests	6.0	1.4	4.1
Elimination of expenses and income with no impact on cash flows:			
♦ depreciation, amortisation and provisions	923.8	467.3	1,109.3
♦ changes in deferred taxes	-20.9	-22.0	43.0
♦ share-based payment (including free shares)	70.0	57.6	126.4
♦ capital gains and losses on disposals of assets	-1.9	0.1	-2.7
Other non-cash transactions	1.6	-	2.7
Share of profit in associates net of dividends received	-	0.1	-0.1
<b>Gross cash flow</b>	<b>3,305.3</b>	<b>2,779.7</b>	<b>5,178.1</b>
Changes in working capital	-813.0	-431.2	113.8
<b>Net cash provided by operating activities (A)</b>	<b>2,492.3</b>	<b>2,348.5</b>	<b>5,291.9</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-559.8	-780.0	-1,416.1
Disposals of property, plant and equipment and intangible assets	8.1	1.8	5.6
Changes in other financial assets (including investments in non-consolidated companies)	-22.1	-15.3	61.0
Effect of changes in the scope of consolidation	-7.2	-553.0	-666.5
<b>Net cash (used in) from investing activities (B)</b>	<b>-581.0</b>	<b>-1,346.5</b>	<b>-2,016.0</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-2,198.2	-2,035.4	-2,061.4
Capital increase of the parent company	38.6	42.5	135.3
Disposal (acquisition) of Treasury shares	-	-499.4	-499.4
Issuance (repayment) of short-term loans	-82.9	457.5	62.3
Repayment of long-term borrowings	-0.6	-2.1	-4.3
Repayment of lease debt	-158.3	-	-
<b>Net cash (used in) from financing activities (C)</b>	<b>-2,401.4</b>	<b>-2,036.9</b>	<b>-2,367.5</b>
Net effect of changes in exchange rates and fair value (D)	-115.6	1.8	36.9
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>-605.7</b>	<b>-1,033.1</b>	<b>945.4</b>
<b>Cash and cash equivalents at beginning of the period (E)</b>	<b>3,992.0</b>	<b>3,046.6</b>	<b>3,046.6</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3,386.3</b>	<b>2,013.5</b>	<b>3,992.0</b>