



# 2017 Annual Results

9 February 2018

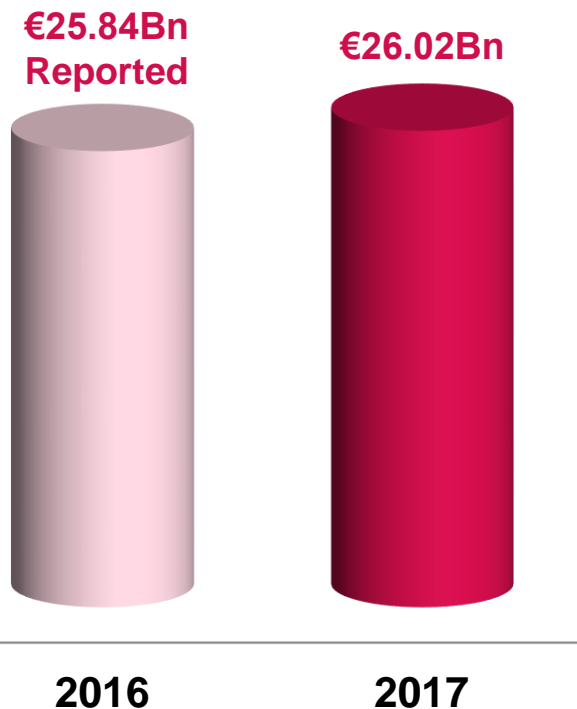
M. Christian MULLIEZ

Chief Financial Officer

L'ORÉAL



## 2017 consolidated group sales (in million euros)



<b>Like-for-like growth</b>	<b>+4.8%</b>
- external growth impact	+0.9%
- TBS disposal impact	-3.7%
<b>Growth at constant exchange rates</b>	<b>+2.0%</b>
Exchange rate impact	-1.3%
<b>Reported growth</b>	<b>+0.7%</b>



## Changes in exchange rates (against the euro)

	Weight in 2017 consolidated sales	Average rate 2016	Average rate 2017	Change 2017 vs. 2016
<b>Euro</b>	24.3%	—	—	—
<b>US Dollar (1 € =)</b>	26.4%	1.106	1.127	-1.9%
<b>Chinese Yuan</b>	8.3%	0.136	0.131	-3.5%
<b>Sterling Pound</b>	4.9%	1.225	1.142	-6.8%
<b>Brazilian Real</b>	2.9%	0.261	0.278	+6.7%
<b>Canadian Dollar</b>	2.7%	0.682	0.683	+0.2%
<b>Russian Ruble</b>	2.7%	0.014	0.015	+12.2%
<b>Japanese Yen (1000)</b>	1.8%	8.329	7.910	-5.0%
<b>Australian Dollar</b>	1.6%	0.672	0.680	+1.1%
<b>Mexican Peso</b>	1.6%	0.048	0.047	-3.1%



## 2017 consolidated sales (in million euros)

	2016 Reported	2017	Change		
			Like-for-like	At constant exchange rates	Reported
Professional Products	3 399.7	3 350.4	+0.2%	-0.2%	-1.4%
Consumer Products	11 993.4	12 118.7	+2.2%	+2.1%	+1.0%
L'Oréal Luxe	7 662.4	8 471.7	+10.5%	+12.4%	+10.6%
Active Cosmetics	1 860.7	2 082.9	+5.8%	+12.2%	+11.9%
<b>Divisions Total</b>	<b>24 916.3</b>	<b>26 023.7</b>	<b>+4.8%</b>	<b>+5.7%</b>	<b>+4.4%</b>
The Body Shop	920.8	—			
<b>Consolidated Total</b>	<b>25 837.1</b>	<b>26 023.7</b>	<b>+4.8%</b>	<b>+2.0%</b>	<b>+0.7%</b>



## 2017 total divisions sales by region\* (in million euros)

	2016 reported	2017	Change		
			Like-for-like	At constant exchange rate	Reported
Western Europe	8 008.0	8 125.3	+2.6%	+2.6%	+1.5%
North America	7 098.8	7 350.5	+1.7%	+5.3%	+3.5%
New Markets	9 809.5	10 547.8	+8.9%	+8.4%	+7.5%
<b>Divisions Total</b>	<b>24 916.3</b>	<b>26 023.7</b>	<b>+4.8%</b>	<b>+5.7%</b>	<b>+4.4%</b>

\* As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western European region, was transferred to the Asia, Pacific region. Figures for earlier periods have been restated to allow for this change.



## 2017 total divisions sales New Markets\*

	2017 (€ million)	Change		
		Like-for-like	At constant exchange rate	Reported
Asia, Pacific	6 151.8	+12.3%	+11.4%	+9.2%
Latin America	1 952.9	+5.6%	+5.2%	+6.2%
Eastern Europe	1 750.8	+8.6%	+8.6%	+11.4%
Africa, Middle-East	692.4	-7.1%	-7.1%	-9.4%
<b>Total New Markets</b>	<b>10 547.8</b>	<b>+8.9%</b>	<b>+8.4%</b>	<b>+7.5%</b>

\* As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western European region, was transferred to the Asia, Pacific region. H1-2016 figures have been restated to allow for this change.



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

(in million euros)

	2016 reported	As a % of sales	2017	As a % of sales	Change
<b>Sales</b>	<b>25 837.1</b>	<b>100.0%</b>	<b>26 023.7</b>	<b>100.0%</b>	+0.7%
Cost of sales	-7 341.7	28.4%	-7 359.2	28.3%	
<b>Gross profit</b>	<b>18 495.4</b>	<b>71.6%</b>	<b>18 664.5</b>	<b>71.7%</b>	<b>+10bp</b>
Research and development expenses	-849.8	3.3%	-877.1	3.4%	
Advertising and promotion expenses	-7 498.7	29.0%	-7 650.6	29.4%	
Selling, general and administrative expenses	-5 607.0	21.7%	-5 460.5	21.0%	
<b>Operating profit</b>	<b>4 539.9</b>	<b>17.6%</b>	<b>4 676.3</b>	<b>18.0%</b>	<b>+40bp</b>



## Operating profit margin by division

<i>(as a % of sales)</i>	2015	2016 reported	2017
Professional Products	20.0%	20.3%	20.0%
Consumer Products	20.1%	20.2%	20.0%
L'Oréal Luxe	20.7%	21.2%	21.9%
Active Cosmetics	22.8%	23.2%	22.6%
<b>Total divisions before non-allocated expenses</b>	<b>20.5%</b>	<b>20.7%</b>	<b>20.8%</b>
Non-allocated expenses*	-2.6%	-2.6%	-2.8%
<b>Total divisions after non-allocated expenses</b>	<b>17.8%</b>	<b>18.1%</b>	<b>18.0%</b>
The Body Shop	5.7%	3.7%	—
<b>Group</b>	<b>17.4%</b>	<b>17.6%</b>	<b>18.0%</b>

\* Central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items as a % of total divisions sales





## Operating profit margin by region\*

<i>(as a % of sales)</i>	<b>2015</b>	<b>2016 reported</b>	<b>2017</b>
Western Europe	22.6%	22.9%	22.9%
North America	18.9%	19.6%	19.2%
New Markets	19.9%	19.7%	20.3%
<b>Total divisions</b>	<b>20.5%</b>	<b>20.7%</b>	<b>20.8%</b>

\* As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western European region, was transferred to the Asia, Pacific region. Figures for earlier periods (2015 and H1-2016) have been restated to allow for this change.



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

(in million euros)

	2016 Reported	2017	Change
<b>Operating profit</b>	<b>4 539.9</b>	<b>4 676.3</b>	<b>+40bp</b>
Financial revenues-expenses before dividends received	-19.3	- 22.9	
Sanofi dividends	346.5	350.0	
<b>Profit before tax and associates, excluding non-recurring items</b>	<b>4 867.1</b>	<b>5 003.3</b>	<b>+40bp</b>
Income tax excluding non-recurring items	-1 216.8	-1 250.5	
Share of profit in associates, excluding non-recurring items	-0.1	-0.1	
Non-controlling interests	-3.0	-3.9	
<b>Net profit excluding non-recurring items, attributable to owners of the company</b>	<b>3 647.2</b>	<b>3 748.7 <sup>(1)</sup></b>	
<b>Earnings per share (in euros)</b>	<b>6.46 <sup>(2)</sup></b>	<b>6.65 <sup>(3)</sup></b>	<b>+3.0%</b>
Diluted average number of shares	564 509 135	563 528 502	

(1): Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company

(2): Diluted earnings per share, excluding non-recurring items, attributable to owners of the company, reported in 2016

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



## Impact of foreign exchange\*

	2016 reported (in €m)	2017 (in €m)	Growth		impact
			Reported	At constant exchange rates <sup>(1)</sup>	
Sales	25 837.1	26 023.7	+0.7%	+2.0%	-1.3%
Operating Profit	4 539.9	4 676.3	+3.0%	+4.4%	-1.4%
Net profit <sup>(2)</sup>	3 647.2	3 748.7 <sup>(3)</sup>	+2.8%	+4.1%	-1.3%
Earning per share (in euros)	6.46	6.65 <sup>(3)</sup>	+3.0%	+4.3%	-1.3%

\* Conversion at constant exchange rates

(1): 2017 figures at 2017 rates / 2016 figures at 2017 rates.

(2): Net profit excluding non-recurring items, attributable to owners of the company.

(3): Net profit of continuing operations, excluding non-recurring items, attributable to owners of the company, on a diluted number of shares.

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



<i>(in million euros)</i>	2016 reported	2017	Change
<b>Net profit excluding non-recurring items, attributable to owners of the company</b>	<b>3 647.2</b>	<b>3 748.7 <sup>(1)</sup></b>	<b>+2.8%</b>
<b>Total non-recurring items</b>	<b>-541.5</b>	<b>-167.2</b>	
- of which:			
Impact of the disposal of The Body Shop		-240.1	
Other non-recurring items		+72.9	
- <i>other income and expenses</i>	-543.7	-276.3	
- <i>non-recurring tax items</i>	+2.2	+349.2	
<b>Net profit attributable to owners of the company</b>	<b>3 105.8</b>	<b>3 581.4</b>	<b>+15.3%</b>

*(1) Net profit from continuing operations excluding non-recurring items, attributable to owners of the company*



# Cash flow statements

<i>(in million euros)</i>	<b>2016 Reported</b>	<b>2017</b>	<b>Change</b>
Net profit	3 108.7	3 585.5	+ 15.3%
Depreciation, amortisation and provisions	1 424.5	1 218.5	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+184.0	-72.0	
Net profit of discontinued operations		+240.1	
Share of profit in associates, net of dividends received	+0.1	+0.1	
<b>Cash flow</b>	<b>4 717.3</b>	<b>4 972.2</b>	<b>+5.4%</b>
Changes in working capital	-12.7	+261.1	
Investments	-1 386.5	-1 263.5	
<b>Operating net cash flow</b>	<b>3 318.1</b>	<b>3 969.8</b>	<b>+19.6%</b>
Dividends paid	-1 832.9	-1 870.7	
Acquisitions and disposals	-1 209.3	-166.5	
Acquisitions of treasury stock	-499.1	-499.2	
Capital increase	+163.2	+118.3	
Others <sup>(1)</sup>	-14.8	-64.5	
<b>Residual cash flow after acquisitions</b>	<b>-74.7</b>	<b>+1 487.2</b>	

(1): Others include disposal of treasury stock and purchase of non-controlling interests



# Balance sheet (in billion euros)

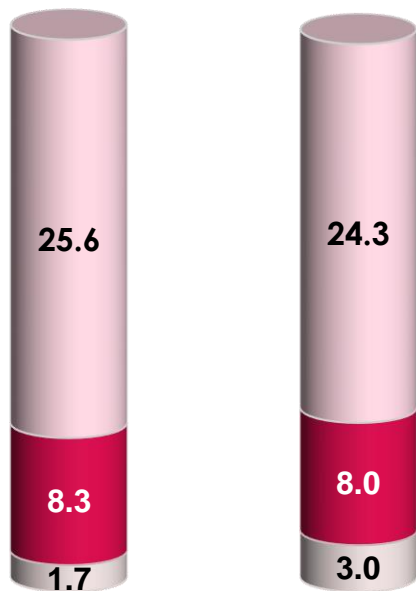
## Assets

31 Dec. 2016  
Reported

31 Dec. 2017

- Non-current assets
- Current assets
- Cash & cash equivalents

**Total Assets**



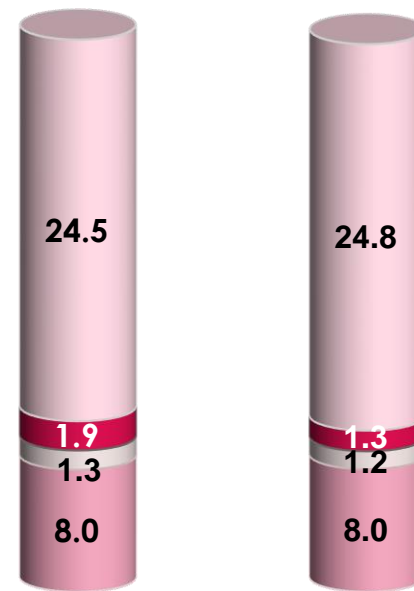
## Liabilities

31 Dec. 2016  
Reported

31 Dec. 2017

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

**Total Liabilities**





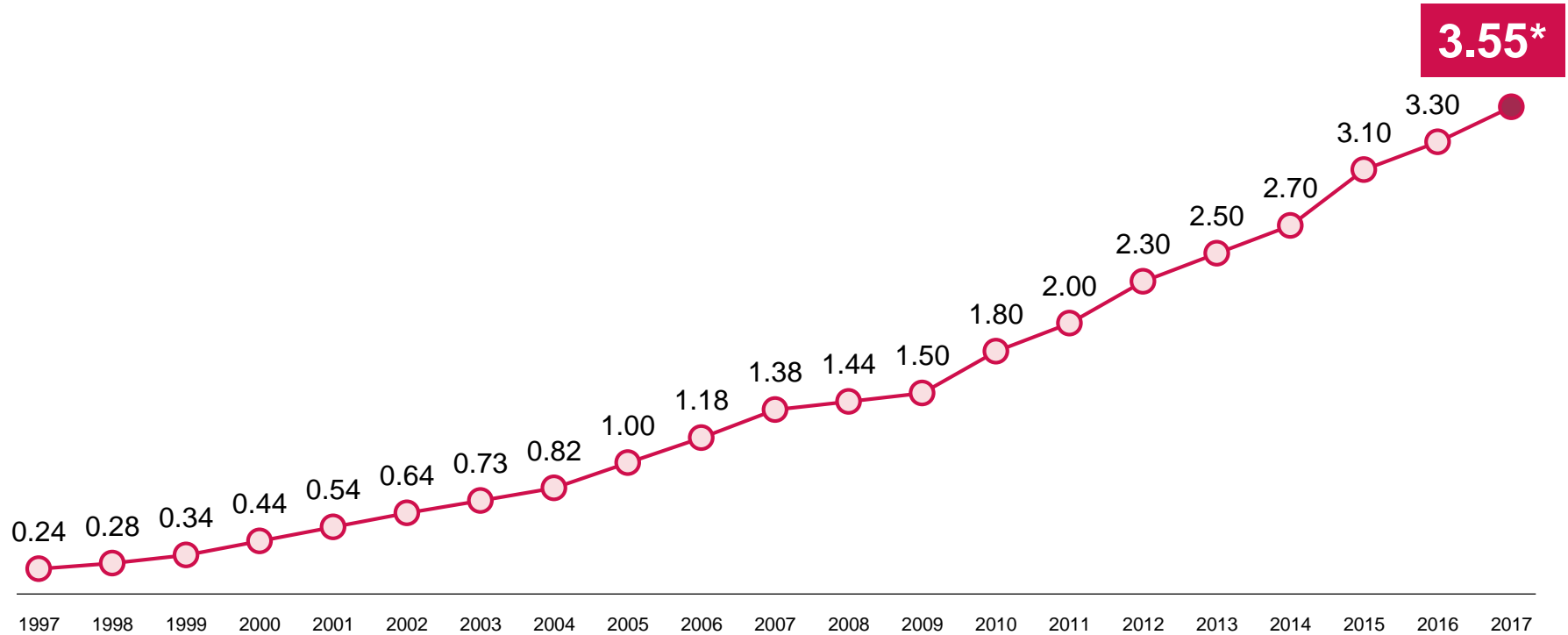
## Net cash/net debt and gearing

<i>(in million euros)</i>	<b>31 December 2016 Reported</b>	<b>31 December 2017</b>
<b>Net cash</b>	<b>481</b>	<b>1 872</b>
<b>Gearing*</b>	<b>N.A.</b>	<b>N.A.</b>

*\*Net debt / equity attributable to owners of the company*



# Dividend from 1997 to 2017 (in euros)



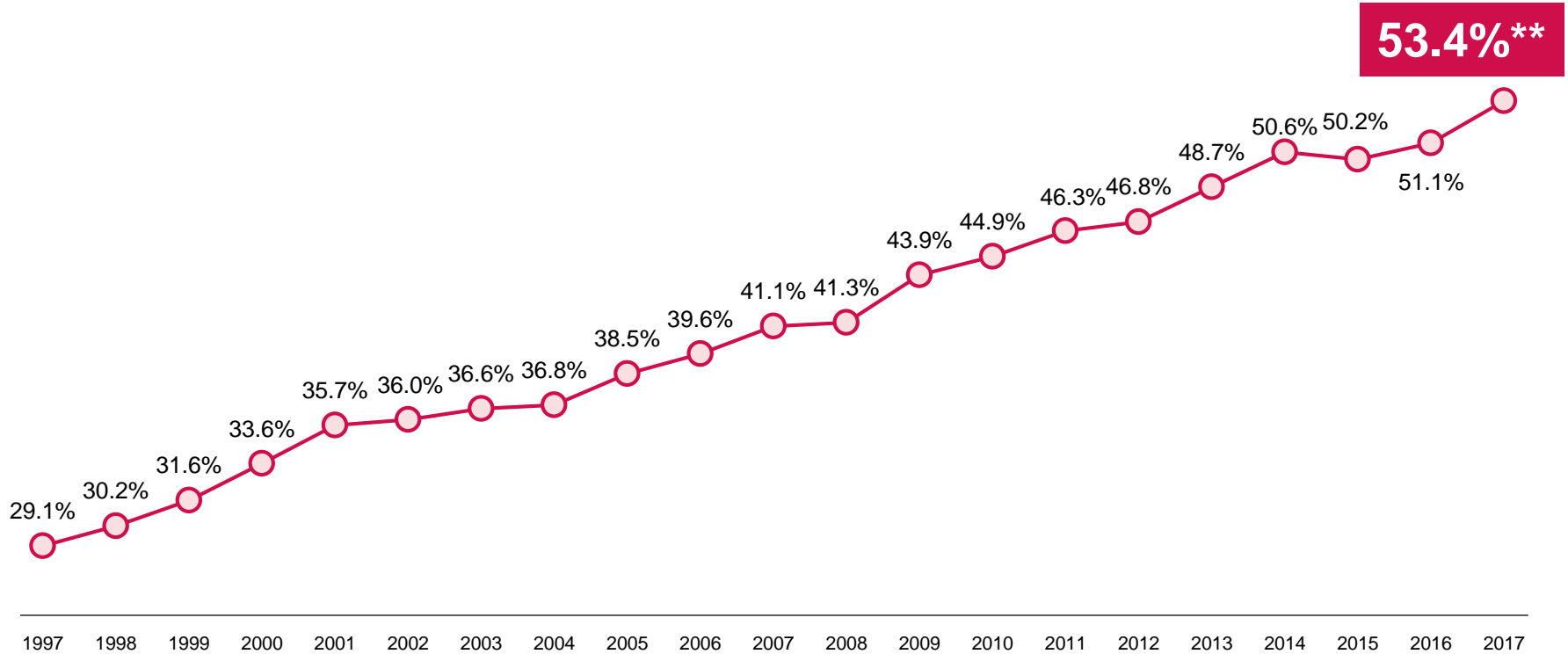
\* Proposed at the shareholders' meeting to be held on 17 April 2018

2017 dividend paid in 2018: pay-out of the 10% loyalty bonus (preferential dividend of 10%), for shares held in registered form since 2015





# Payout ratio from 1997 to 2017 (as a % of net profit\*)



\* Taking into account the Sanofi history with regards to the dividends

\*\* Based on the dividend approved at the shareholders' meeting held on 17 April 2018



## Appendix

# Appendix: Compared consolidated income statements

## From sales to operating profit



(in million euros)

	2016	As a % of sales	2017	As a % of sales
<b>Sales</b>	<b>24 916.3</b>	<b>100.0%</b>	<b>26 023.7</b>	<b>100.0%</b>
Cost of sales	-7 068.6	28.4%	-7 359.2	28.3%
<b>Gross profit</b>	<b>17 847.7</b>	<b>71.6%</b>	<b>18 664.5</b>	<b>71.7%</b>
Research and development expenses	-841.2	3.4%	-877.1	3.4%
Advertising and promotion expenses	-7 264.4	29.2%	-7 650.6	29.4%
Selling, general & administrative expenses	-5 236.0	21.0%	-5 460.5	21.0%
<b>Operating profit</b>	<b>4 506.1</b>	<b>18.1%</b>	<b>4 676.3</b>	<b>18.0%</b>

The announcement on 27 June 2017 of the signing of the contract for the sale of The Body Shop leads to applying IFRS 5 accounting rule to discontinued operations. 2016 accounts are presented to reflect the impacts of these accounting rules.



## Appendix: Compared consolidated income statements from operating profit to net profit excluding non-recurring items

<i>(in million euros)</i>	2016	2017
<b>Operating profit</b>	<b>4 506.1</b>	<b>4 676.3</b>
Financial revenues-expenses before dividends received	-14.1	-22.9
Sanofi dividends	346.5	350.0
<b>Profit before tax and associates, excluding non- recurring items</b>	<b>4 838.5</b>	<b>5 003.3</b>
Income tax excluding non-recurring items	-1 215.8	-1 250.5
Share of profit in associates, excluding non-recurring items	-0.1	-0.1
Non-controlling interests	-3.0	-3.9
<b>Net profit of continuing operations, excluding non-recurring items, attributable to owners of the company</b>	<b>3 619.6</b>	<b>3 748.7</b>
<b>Earnings per share <sup>(1)</sup> (in euros)</b>	<b>6.41</b>	<b>6.65</b>
Diluted average number of shares	564 509 135	563 528 502

The announcement on 27 June 2017 of the signing of the contract for the sale of The Body Shop leads to applying IFRS 5 accounting rule to discontinued operations. 2016 accounts are presented to reflect the impacts of these accounting rules.

(1): based on the net profit of continuing operations excluding non-recurring items, attributable to owners of the company, diluted number of shares.



## Appendix: Compared Cash flow statements

<i>(in million euros)</i>	2016	2017	Change 2016/2017
Net profit	3 108.7	3 585.5	+15.3%
Depreciation, amortisation and provisions	1 382.3	1 218.5	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+190.7	-72.0	
Net profit of discontinued operations	-25.3	+240.1	
Share of profit in associates, net of dividends received	+0.1	+0.1	
<b>Cash flow</b>	<b>4 656.4</b>	<b>4 972.2</b>	<b>+6.8%</b>
Changes in working capital	+4.3	+261.1	
Investments	-1 334.9	-1 263.5	
<b>Operating net cash flow</b>	<b>3 325.8</b>	<b>3 969.8</b>	<b>+19.4%</b>
Dividends paid	-1 832.9	-1 870.7	
Acquisitions and disposals	-1 209.0	-166.5	
Acquisitions of treasury stock	-499.1	-499.2	
Capital increase	+163.2	+118.3	
Others <sup>(1)</sup>	-8.7	-64.5	
<b>Residual cash flow after acquisitions</b>	<b>-60.7</b>	<b>1 487.2</b>	

The announcement on 27 June 2017 of the signing of the contract for the sale of The Body Shop leads to applying IFRS 5 accounting rule to discontinued operations. 2016 accounts are presented to reflect the impact of this accounting rule.

(1): Others include disposal of treasury stock and purchase of non-controlling interests. 21



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