

# Autumn Conference

Kepler Cheuvreux

September 15<sup>th</sup>, 2016

Mr. Christian Mulliez

Chief Financial Officer

L'ORÉAL



# L'Oréal: pure player and leader in beauty

## 2015 Key Figures

**€25.26** billion sales in 2015

**12.5%** market share\*

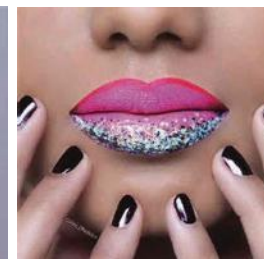
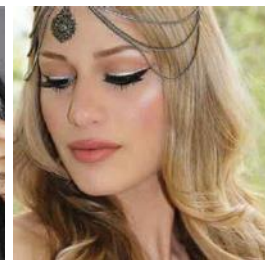
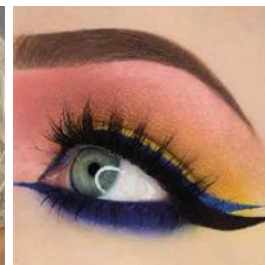
**140** countries

**82 881** employees

**17.4%** operating margin

**€6.18** EPS\*\*, **+15.7%**

**3<sup>rd</sup>** worldwide advertiser\*\*\*



\* BMS: L'Oréal estimates; \*\* Diluted earning per share based on net profit of continuing operations excluding non-recurring items, after non-controlling interests

\*\*\* Adage ranking- 2014

# Agenda



Solid performance in a volatile context

Accelerating our transformation

Confidence in future prospects

# Agenda



Solid performance in a volatile context

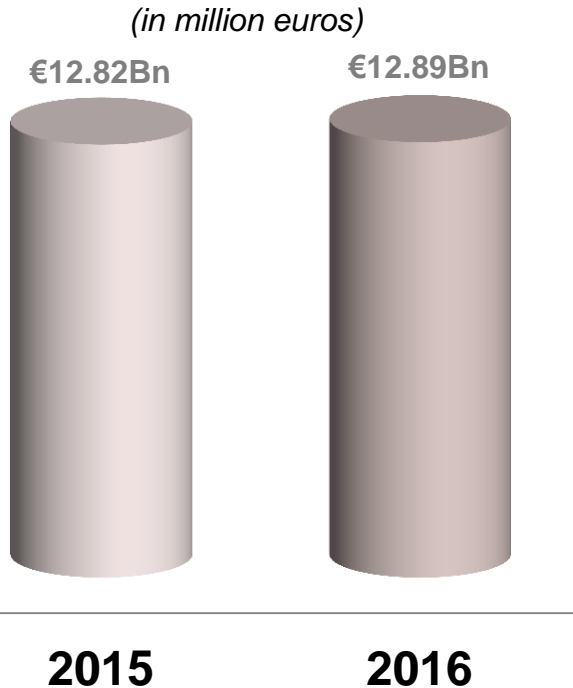
Accelerating our transformation

Confidence in future prospects



# Solid performance in a volatile context

## Consolidated group sales at the end of June 2016



**Growth at constant exchange rates** **+4.5%**

*Of which:*

- *like-for-like growth* **+4.2%**

- *external growth impact* **+0.3%**

**Exchange rate impact** **-3.9%**

**Reported growth** **+0.6%**



# H1-2016 key financial figures

	1 <sup>st</sup> Half 2015 (in €m)	1 <sup>st</sup> Half 2016 (in €m)	Growth (%)	
			Reported	At constant exchange rates*
<b>Sales</b>	12 818.9	12 894.6	+0.6%	+4.5%
<b>Operating Profit</b>	2 323.0	2 363.6	+1.7%	+5.1%
<b>Net profit**</b>	1 957.3	2 025.4	+3.5%	+6.6%
<b>EPS** (diluted, €)</b>	3.47	3.59	+3.4%	+6.6%
<b>Net operating cash flow</b>	1 042.1	1 325.4	+27.2%	

\* 2016 figures at 2016 rates / 2015 figures at 2016 rates

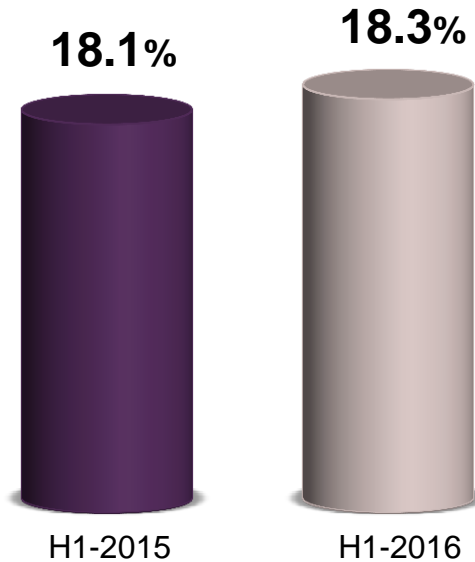
\*\* Excluding non-recurring items, after non-controlling interests



# Solid financial results in H1-2016

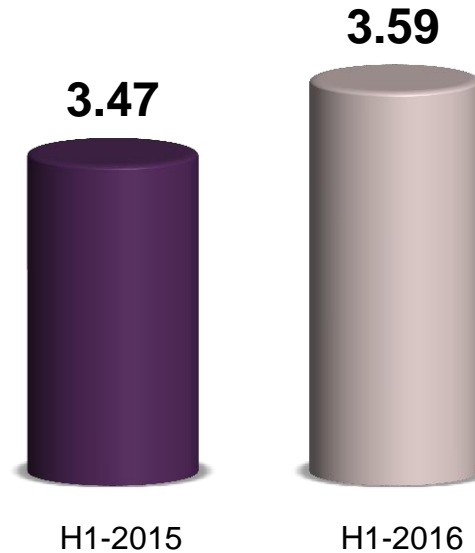
## Operating margin

(as a % of sales)



## Earnings per share\*

(in euros)

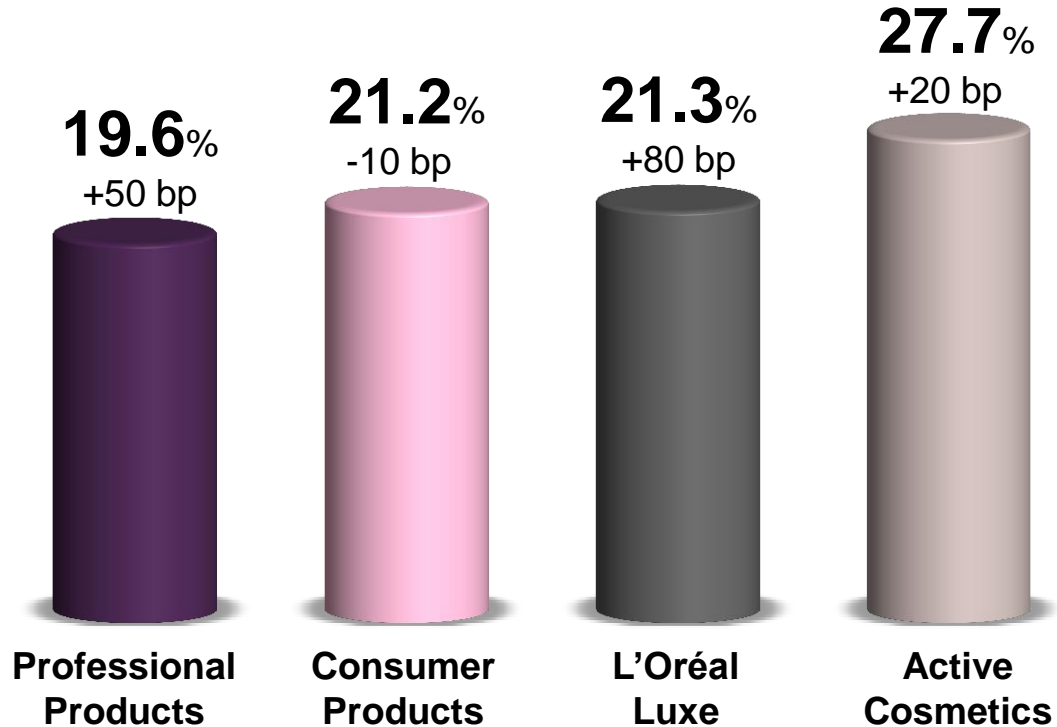


\* Diluted earnings per share based on net profit excluding non-recurring items, after non-controlling interests



# H1-2016 operating margin by division\*

(as a % of sales)

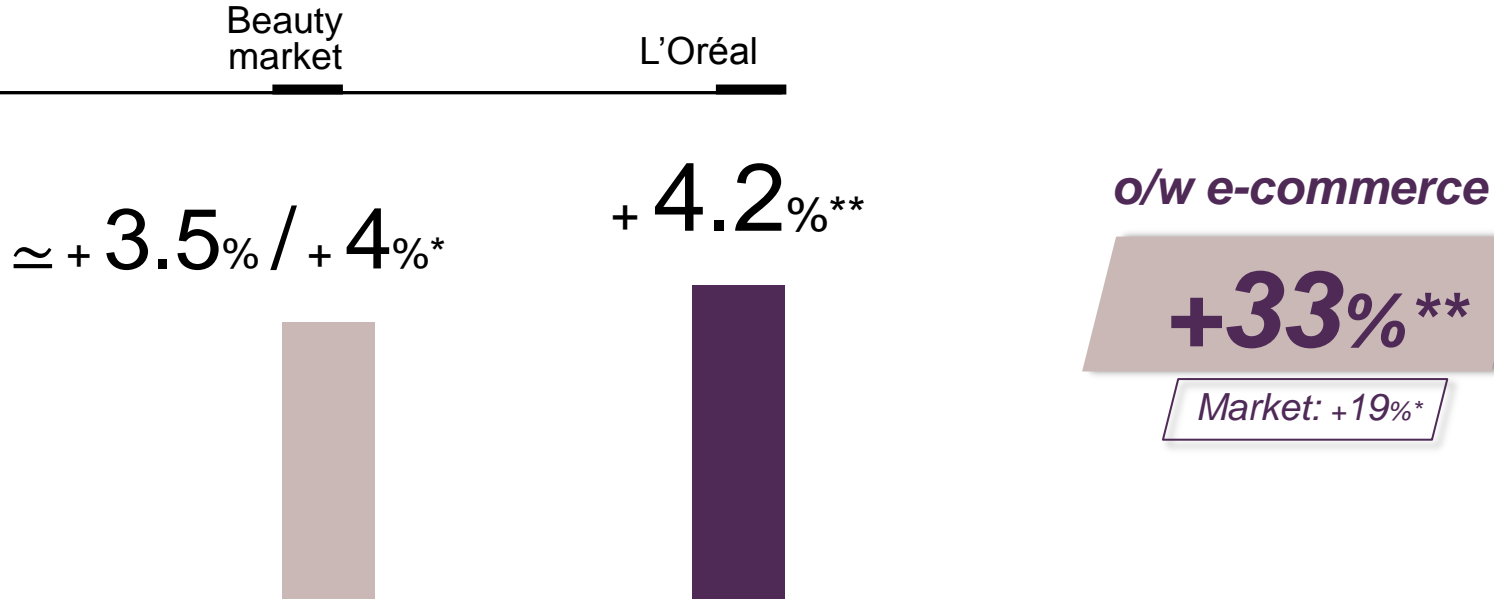


\* Before central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total divisions sales.





# L'Oréal continued to gain share in a market that remains dynamic



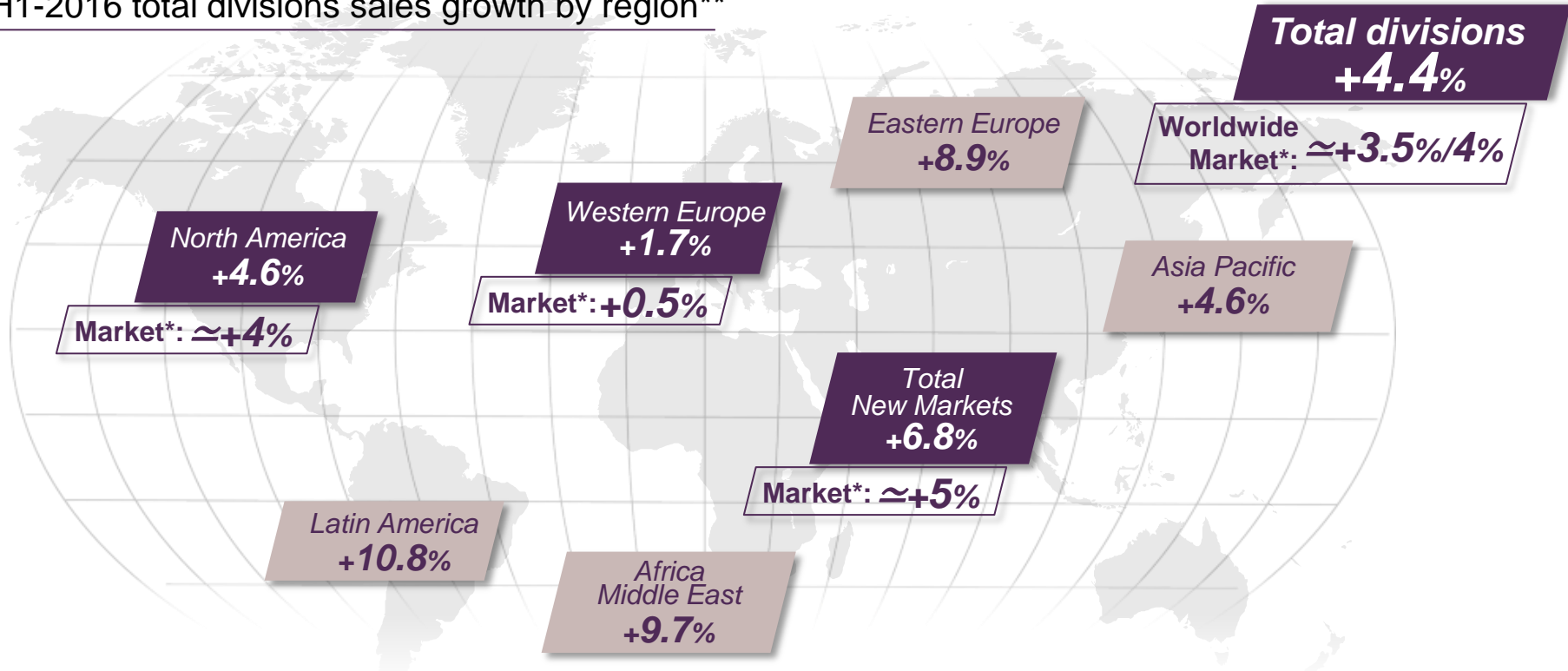
\*Excluding razors, soaps and toothpastes. H1-2016 provisional estimates. At constant exchange rates Source: L'Oréal estimates

\*\* H1-2016 Like-for-like growth . For e-commerce: sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non audited data)



In a volatile context,  
performances are solid across regions

## H1-2016 total divisions sales growth by region\*\*



\* Excluding razors, soaps and toothpastes. H1-2016 provisional estimates. At constant exchange rates. Source: L'Oréal estimates

\*\* Like-for-like. Total New Markets include: Latin America, Eastern Europe, Asia Pacific and Africa Middle East



# Further outperforming the market



**Professional Products**  
Energising the market

**+2.2%\*\*** Market\*: +2%/+2.5%



**Consumer Products**  
Acceleration confirmed

**+4.3%\*\*** Market\*: +4%



**L'Oréal Luxe**  
Sustained growth

**+5.6%\*\*** Market\*: +5%



**Active Cosmetics**  
Driving its market

**+5%\*\*** Market\*: +4%

\*Excluding razors, soaps and toothpastes. H1-2016 provisional estimates. At constant exchange rates Source: L'Oréal estimates

\*\* H1-2016 Like-for-like growth .



# H1-2016 first highlight: make-up is booming...

essie  
THE NAIL  
TRENDSETTER



# +12%

## H1-2016 Sales\*



\* Like-for-like growth



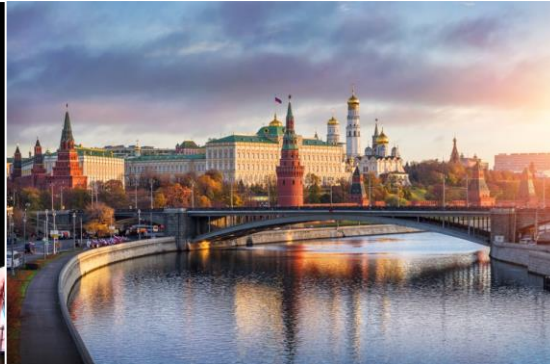
...everywhere



USA

**Mature  
make-up market**

-----  
>20% of beauty  
+8% growth\*



Russia

**Moderately developed  
make-up market**

-----  
15% of beauty  
+9% growth\*



China

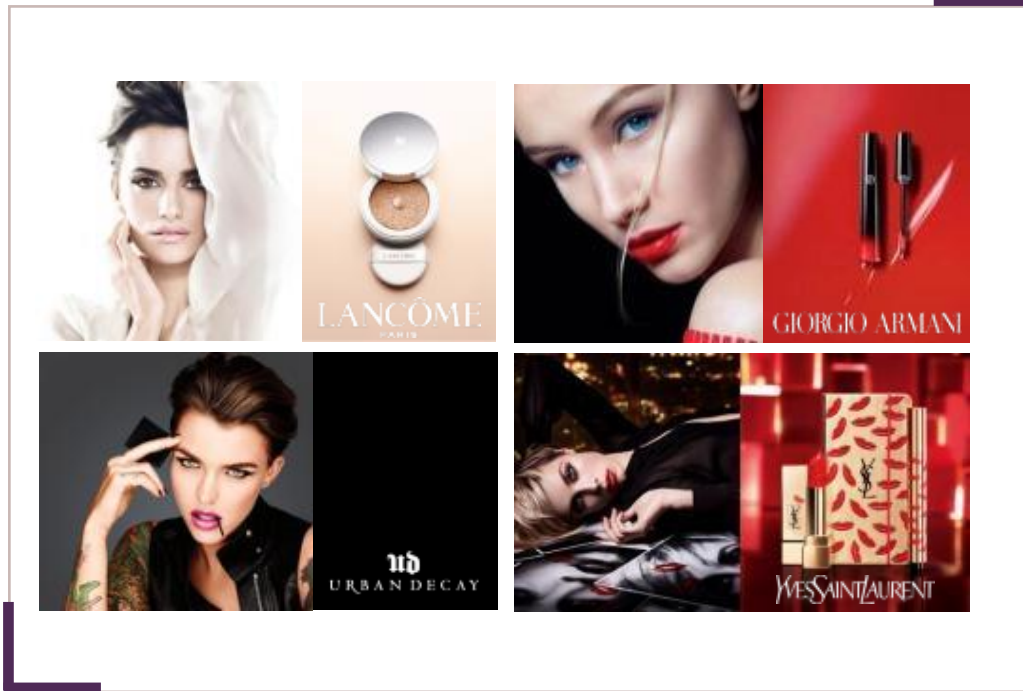
**High potential  
make-up market**

-----  
10% of beauty  
+8% growth\*

*\*H1 2016 market growth at constant exchange rates*



# It Cosmetics Further empowering the L'Oréal Luxe make-up portfolio



**it** COSMETICS®

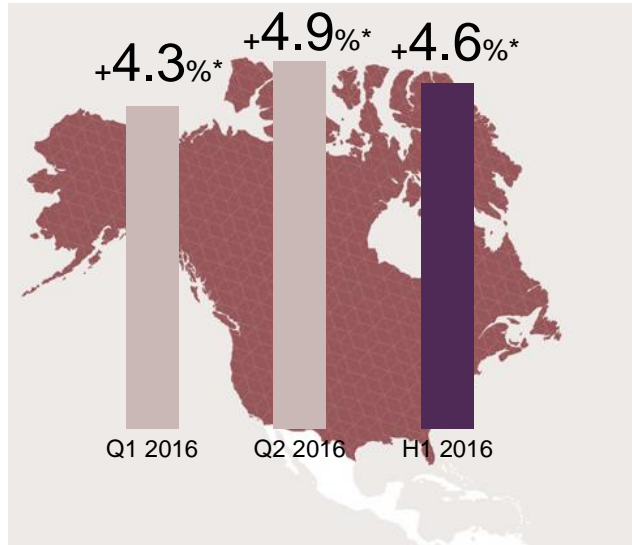
*“High performance skin-loving,  
problem solution”*

*Developed with leading plastic surgeons*





# Second highlight: North America is accelerating as expected



\* Like-for-like growth

CPD  
----  
outperforming its  
market



L'Oréal Luxe  
----  
posting good  
performance





# Third highlight: Universalisation of Ultra Doux







# Fourth highlight: New Markets maintain the good pace of growth\*



Africa, Middle East  
+9.7%  
---  
spearheading  
research for the African  
continent



Asia Pacific  
+4.6%  
---  
L'Oréal Paris China  
#1 beauty brand both  
online and offline

Latin America  
+10.8%  
---  
double digit  
growth



Eastern Europe  
+8.9%  
---  
well ahead  
of the market



\* H1-2016 like-for-like

# Agenda



Solid performance in a volatile context

Accelerating our transformation

Confidence in future prospects



# Digital at the heart of all touch points



30% of media  
invested in digital\*

E-commerce  
6%\*\*  
of total  
Group Sales

> 1 400 digital  
specialists

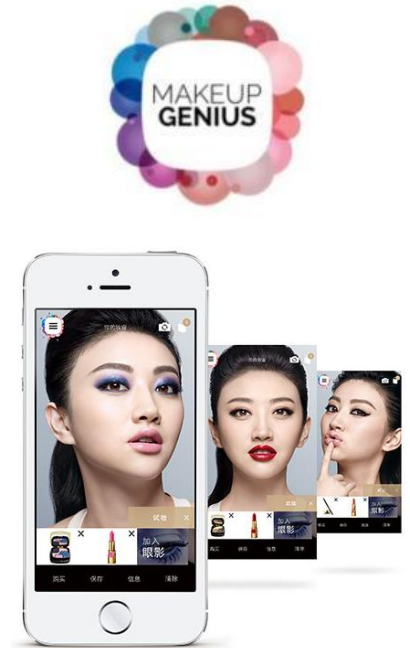
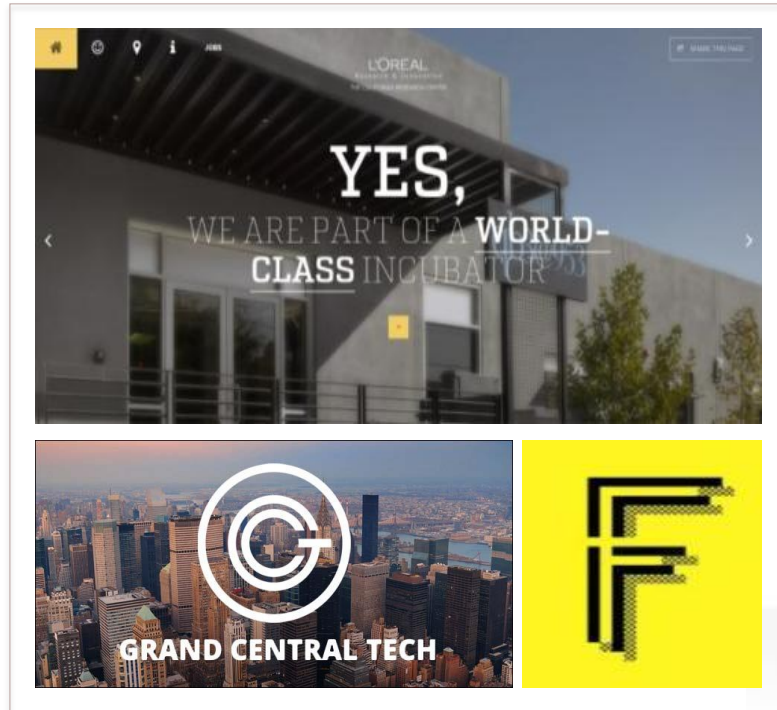
Social Listening  
----  
Precision advertising  
----  
Enhancing  
brand desirability

\*As of H1-2016

\*\*Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non audited data); H1-2016 like-for like growth



# Connecting with digital pioneers\*



\*F: on 12<sup>th</sup> May 2016, L'Oréal announced a strategic investment in Founders Factory, a leading global multi sector digital accelerator and incubator, based in London.



# Sharing Beauty With All sustainable development as a strategic pillar



**@LOrealCommitted**

# Agenda



Solid performance in a volatile context

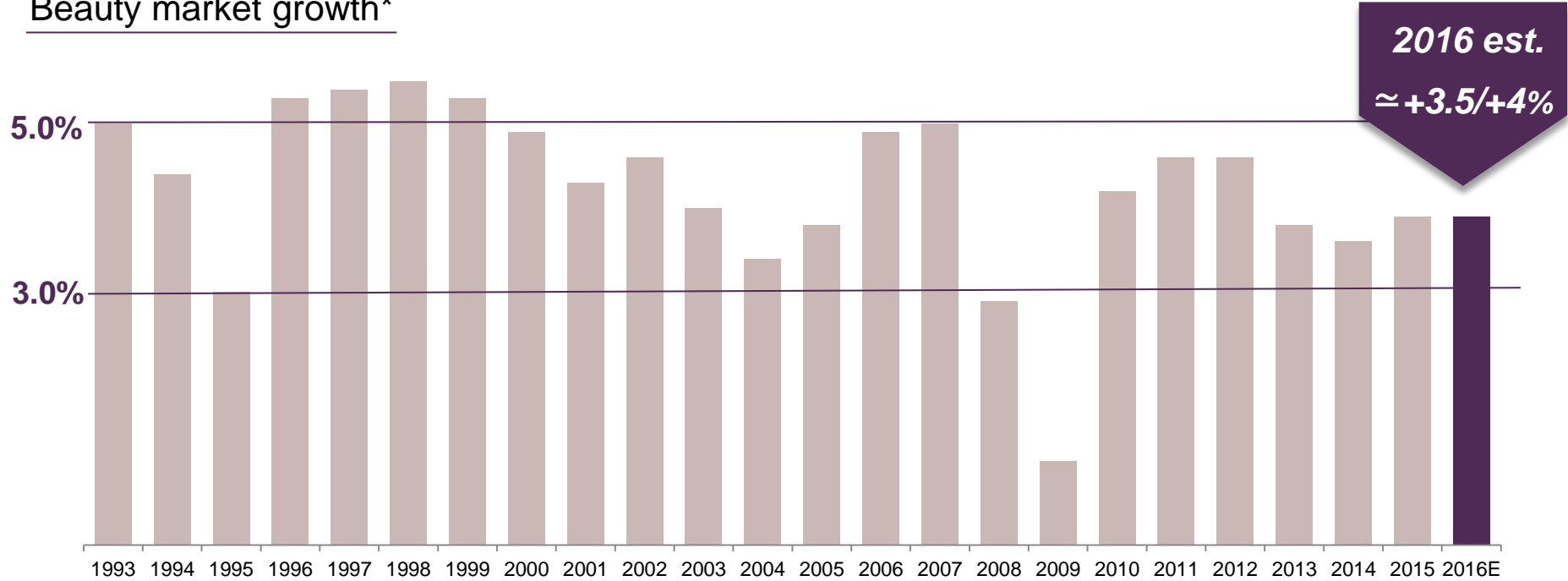
Actively pushing our transformation

Confidence in future prospects



# The beauty market continues to develop

## Beauty market growth\*



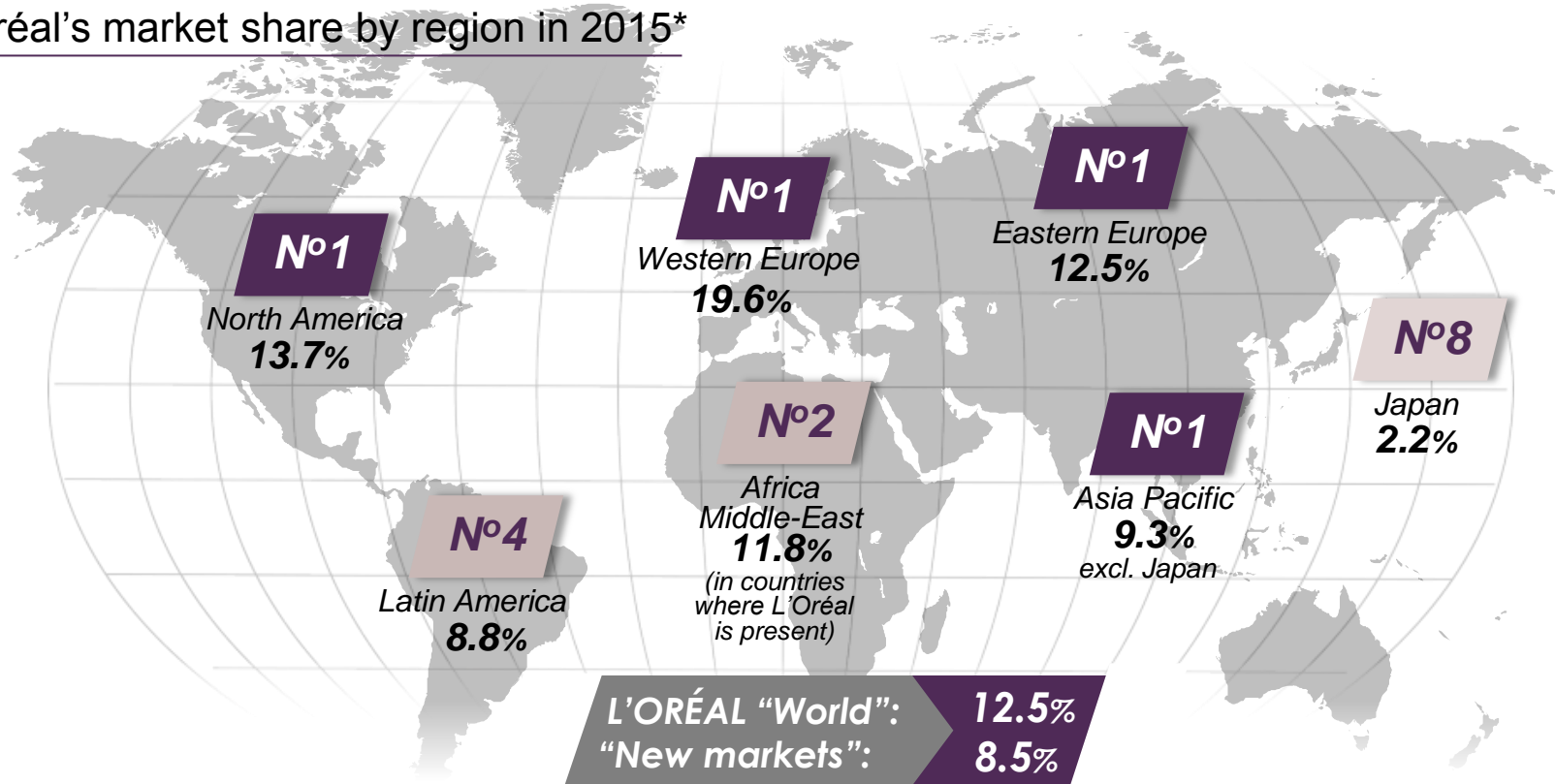
\*L'Oréal BMS estimates - excluding soap, toothpaste and razors. Net manufacturing price (sell-in) - provisional estimate. Growth at constant exchange rate





# Leader in beauty with high potential

## L'Oréal's market share by region in 2015\*



\*Excluding soaps, razors, blades and toothpastes - L'Oréal Estimates BMS. Ranking based on Euromonitor 2015 figures.



# A unique, diverse portfolio of brands to connect with a multi-faceted consumer base

## Professional Products 13.5%\*



## Consumer Products 46.9%\*



## L'Oréal Luxe 28.6%\*



## Active Cosmetics 7.2%\*

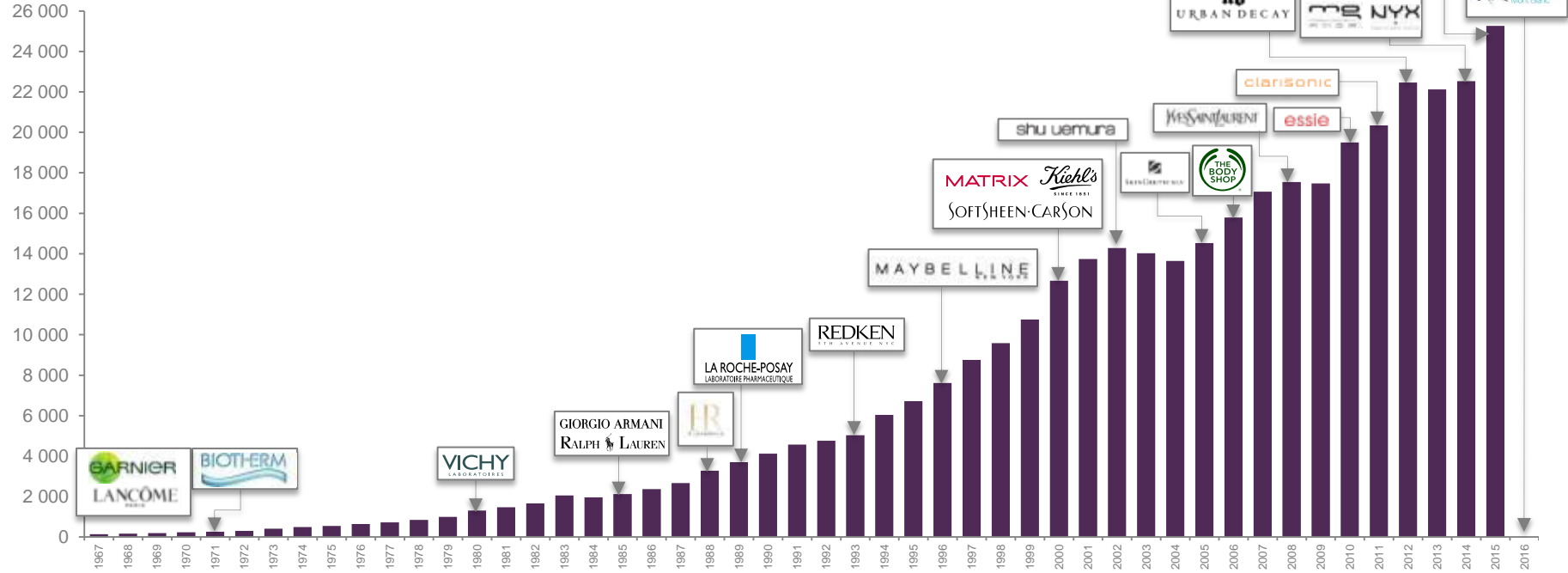


\* as a % of 2015 consolidated sales



# Acquisitions to foster our future organic growth

Consolidated sales (€m)



\* Les Thermes Saint-Gervais Mont Blanc agreement to acquire

IFRS norms from 2004



# Confidence for 2016 Recent, complementary acquisitions\*

Atelier Cologne  
Maison de Parfum  
PARIS



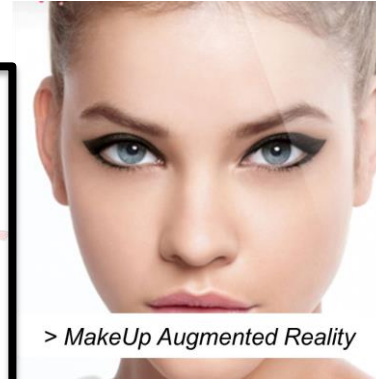
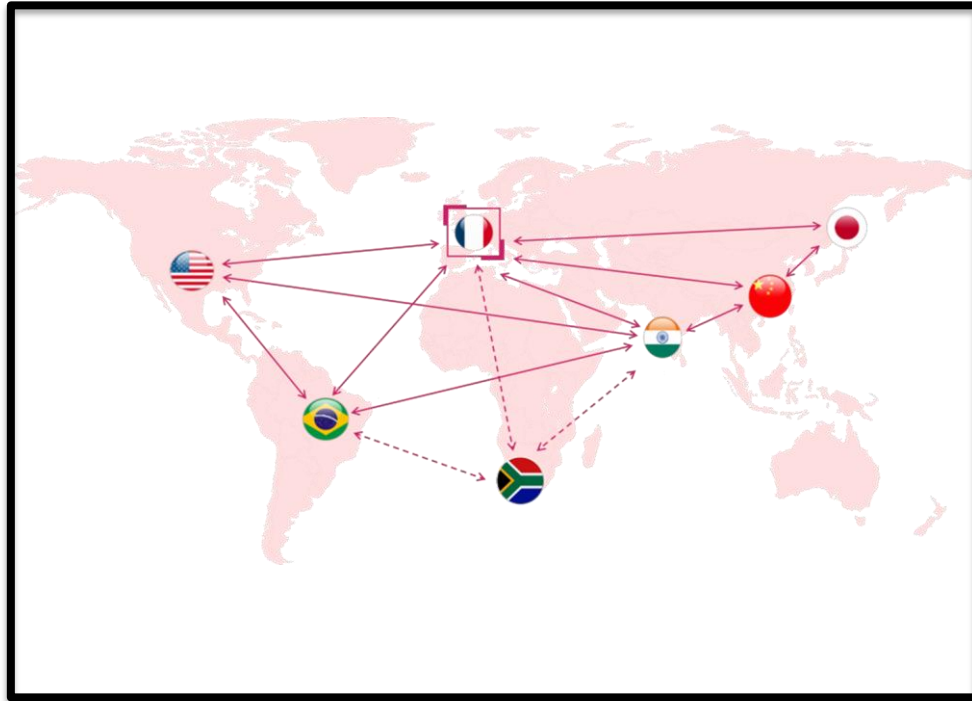
it COSMETICS®



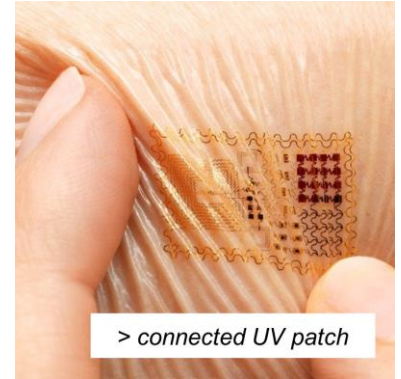
\* Les Thermes Saint-Gervais Mont Blanc: agreement to acquire



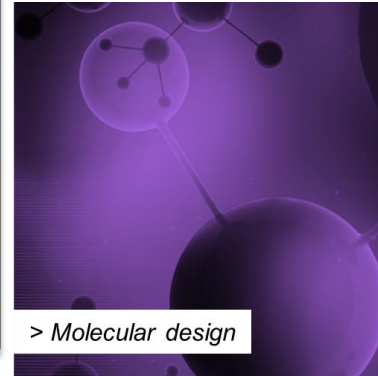
# Big data amplifying our scientific knowledge, and pushing the boundaries of product performance



> *MakeUp Augmented Reality*



> *connected UV patch*



> *Molecular design*



> *Skin Profiler*



# A robust innovation plan

**ACTIVATE THE POWER OF PERSONALIZED SKINCARE**

PERSONALIZED BY SKINCARE  
ACTIVELY ACTIVATED BY YOU

**KIEHL'S**  
APOTHECARY PREPARATIONS  
Personalized Facial Concentrates

INTRODUCING  
APOTHECARY PREPARATIONS  
Personalized Facial Concentrates for Your Unique Skin Concerns

(IMPURITIES) TOO MUCH SHINER - NO  
PURIFY AND MATTIFY WITH AN EXPERT DETOX - YES.

**L'ORÉAL**  
SKIN EXPERT PARIS

PURE CLAY MASK

EFFORTLESS FROM EVERY ANGLE.

NEW  
**GRANDIÔSE**  
LINER & MASCARA  
#BENEFIT-KERLES

**LANCÔME**  
PARIS

**MATRIX BIOLAGE**

Feel Young. Age Slow.  
Change visibly the predictive course of skin's ageing.

**BIOLAGE**

**MEN EXPERT**

CLEAN 100%  
-4°C  
100%  
INVINCIBLE 100%  
5 IN 1

Now, targeted highlighting to add dimensional glow.  
Discover the strobe effect!

**MAYBELLINE**  
NEW YORK

Light it up.  
It's time to go in.

**MON PARIS**  
A NOUVEAU MATRIEUX PARFUM

**YVES SAINT LAURENT**

**VICHY**  
LABORATOIRES

Feel Young. Age Slow.  
Change visibly the predictive course of skin's ageing.

**SLOW ÂGE**  
SLOW DOWN THE PREDICTIVE COURSE OF SKIN'S AGEING.

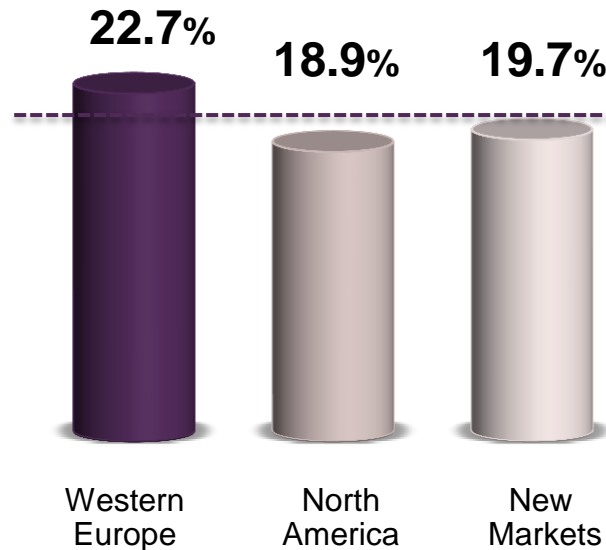
**VICHY**



# A strong and balanced business model

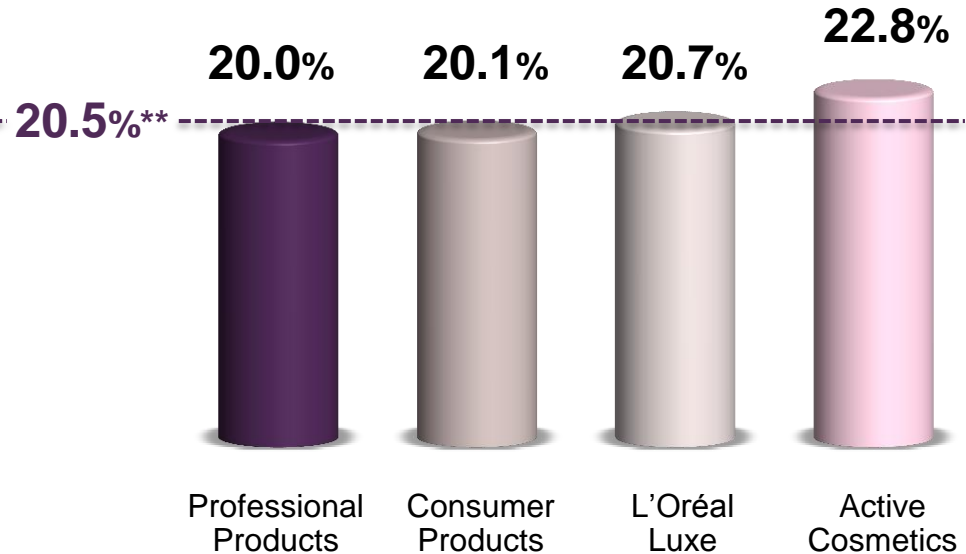
## 2015 operating margin by region\*

(as a % of sales)



## 2015 operating margin by division\*

(as a % of sales)



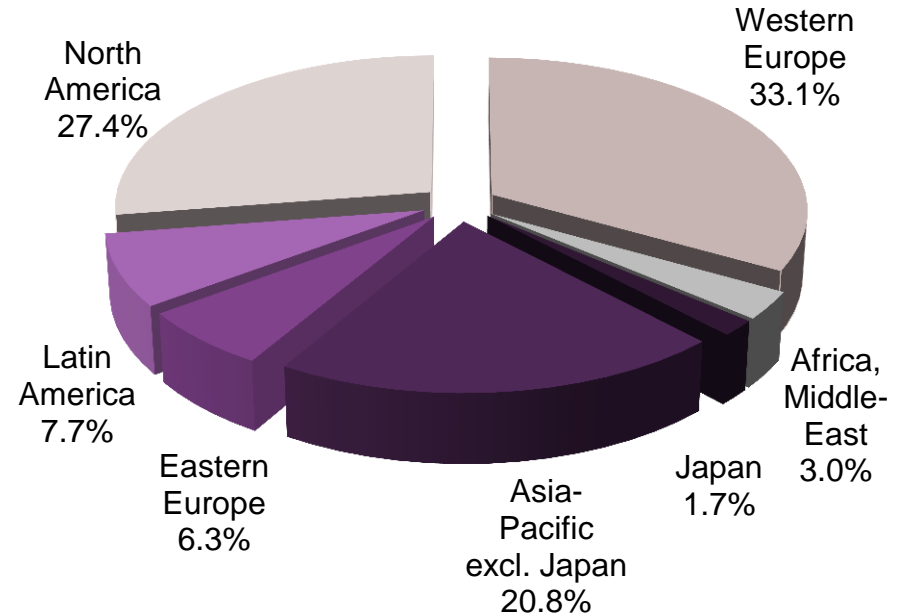
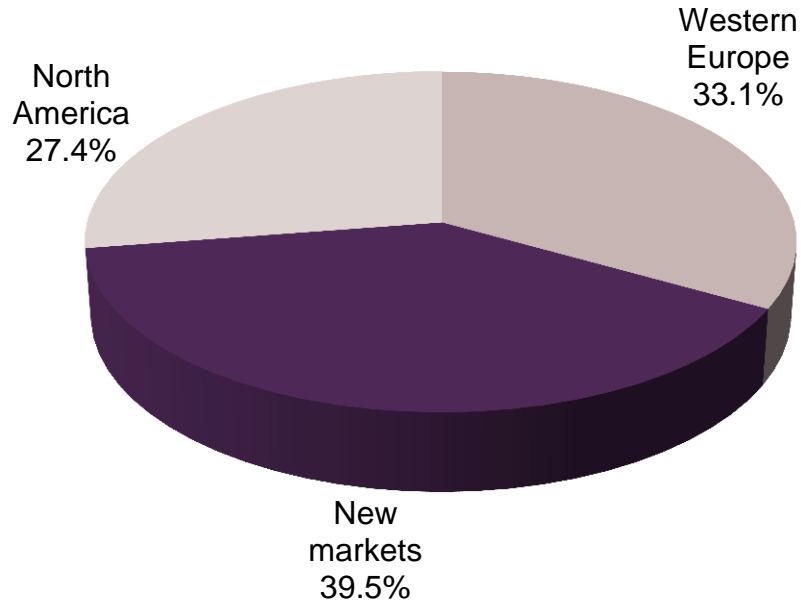
\*Before central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total cosmetics divisions sales.

\*\*Total cosmetics divisions.



## A balanced geographical presence

### Breakdown of 2015 total divisions sales by region\*

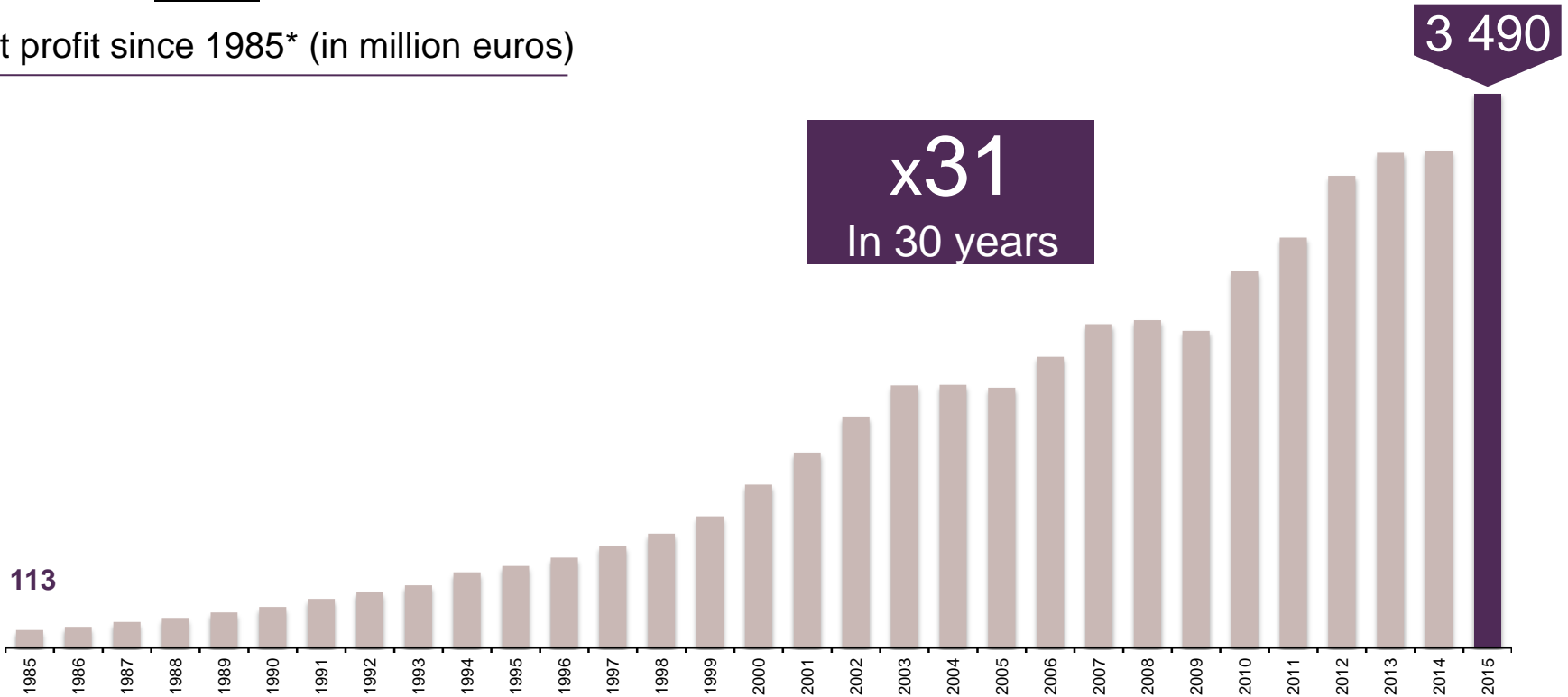






# A long term successful business model

Net profit since 1985\* (in million euros)



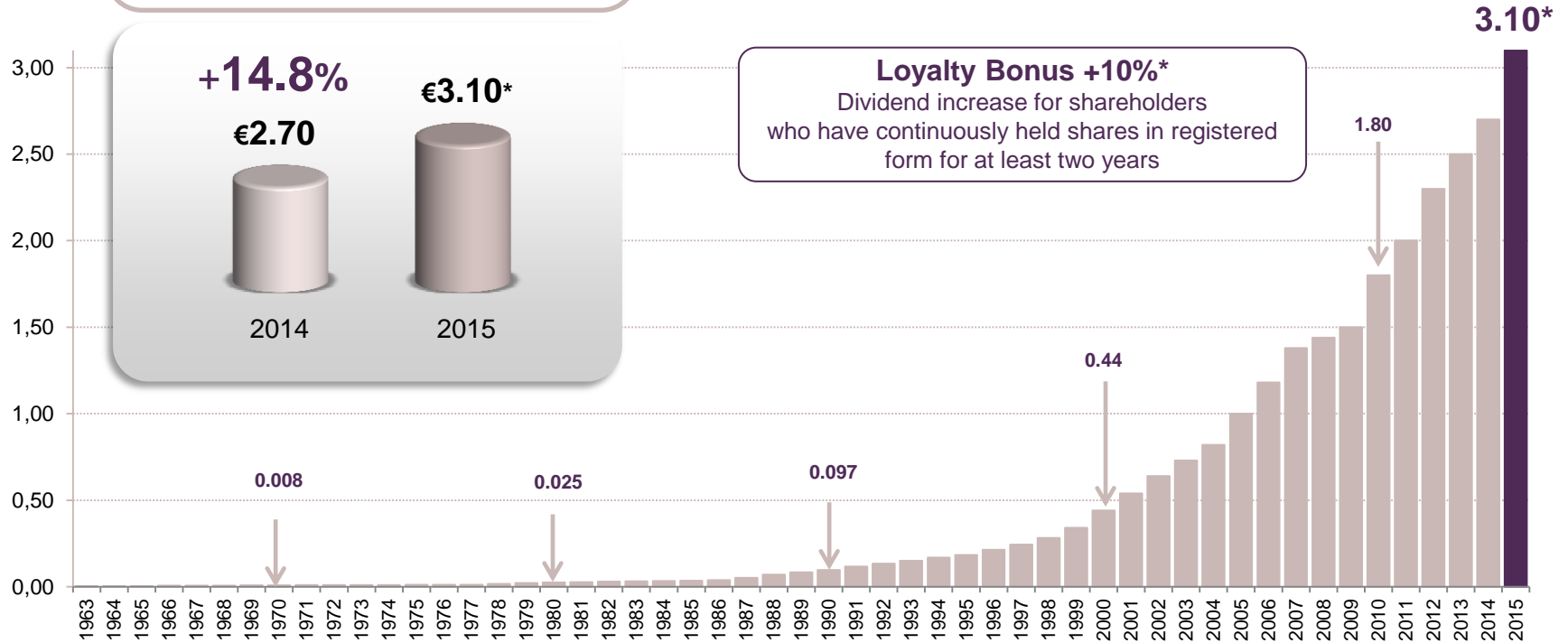
\*Net operating profit, excl. non-recurring items attributable to owners of the company, with Synthélabo consolidated fully up to 1998; net profit excl. non-recurring items attributable to owners of the company, with Sanofi-Synthélabo equity consolidated from 1999 to 2004; net profit excl. non-recurring items attributable to owners of the company including Sanofi dividend from 2004; IFRS since 2005



# Dividend per share since 1963

(in euros)

## 2015 dividend per share



\*Approved at the shareholders' meeting held on April 20<sup>th</sup>, 2016



## Confidence for 2016

Outperform the  
cosmetics  
market

Achieve another  
year of sales and  
profit growth



## Sophie Gasperment

Group General Manager, Financial Communication  
Strategic Prospective  
Tel.: + 33 1 47 56 86 22  
email: sophie.gasperment@loreal.com

## Françoise Lauvin

Head of Investor Relations  
Tel.: + 33 1 47 56 86 82  
email: francoise.lauvin@loreal.com

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