



2018 Half-year results

27 July 2018

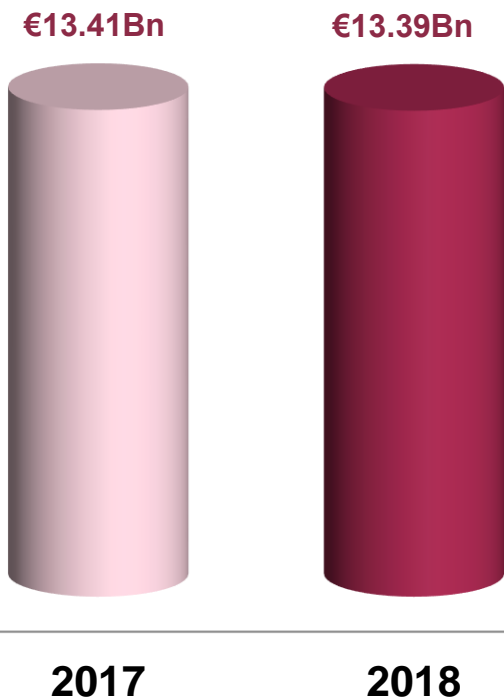
Mr Christian Mulliez

Chief Financial Officer

L'ORÉAL



Consolidated sales at the end of June 2018



Growth at constant exchange rates	+7.0%
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Of which:

- Like-for-like growth	+6.6%
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- external growth impact	+0.4%
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Exchange rate impact	-7.2%
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Reported growth	-0.2%
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Changes in exchange rates (against the euro)

	Weight in consolidated sales at 30 June 2018	Average rate January – June 2017	Average rate January – June 2018	% change H1-2018 vs. H1-2017
Euro	24.7%	—	—	—
US Dollar (1 € =)	24.9%	1.082	1.210	-10.6%
Chinese Yuan	10.4%	0.134	0.130	-3.5%
Sterling Pound	4.4%	1.163	1.137	-2.2%
Canadian Dollar	2.5%	0.693	0.647	-6.7%
Russian Ruble	2.4%	0.016	0.014	-12.8%
Brazilian Real	2.4%	0.291	0.242	-16.9%
Japanese Yen (1000)	1.7%	8.224	7.601	-7.6%
Mexican Peso	1.5%	0.048	0.043	-9.0%
Australian Dollar	1.4%	0.697	0.637	-8.6%



Consolidated sales by division at the end of June 2018

(in million euros)

	H1-2017	H1-2018	% change		
			Like-for-like	At constant exchange rates	Reported
Professional Products	1 739.3	1 631.5	+1.6%	+1.1%	-6.2%
Consumer Products	6 389.3	6 136.8	+2.5%	+3.0%	-4.0%
L'Oréal Luxe	4 149.5	4 391.4	+13.5%	+13.6%	+5.9%
Active Cosmetics	1 135.9	1 231.0	+11.4%	+14.2%	+8.5%
Divisions Total	13 411.9	13 390.7	+6.6%	+7.0%	-0.2%



Total sales by region at the end of June 2018

	H1-2018 (In € million)	% change	
		Like-for-like	Reported
Western Europe	4 134.1	-0.8%	-1.6%
North America	3 564.4	+3.0%	-6.8%
New Markets	5 692.2	+15.2%	+5.7%
of which:			
- <i>Asia, Pacific</i>	3 548.1	+22.0%	+13.2%
- <i>Latin America</i>	882.7	+0.6%	-10.4%
- <i>Eastern Europe</i>	899.4	+8.1%	-1.0%
- <i>Africa, Middle-East*</i>	362.1	+12.2%	+1.9%
Divisions Total	13 390.7	+6.6%	-0.2%

* The application of the IFRS 15 accounting rule from 1st January 2018 has resulted in the restatement of sales with distributors when they operate as agents and not on their own behalf. The impact of this restatement amounted to 11.6 million euros on the sales of Africa, Middle East Zone in the 2nd quarter and the 1st half of 2018. The effect of this new accounting method on the profit and loss account and the balance sheet is not material.



Consolidated profit and loss account: from sales to operating profit

<i>(in million euros)</i>	H1-2017	As a % of sales	2017	As a % of sales	H1-2018	As a % of sales	Change H1-2018 vs. H1-2017
Sales	13 411.9	100.0%	26 023.7	100.0%	13 390.7	100.0%	
Cost of sales	-3 780.5	28.2%	-7 359.2	28.3%	-3 598.3	26.9%	
Gross profit	9 631.4	71.8%	18 664.5	71.7%	9 792.4	73.1%	+130bp
Research and development expenses	-425.1	3.2%	-877.1	3.4%	-447.2	3.3%	
Advertising and promotion expenses	-3 913.5	29.2%	-7 650.6	29.4%	-4 018.3	30.0%	
Selling, general and administrative expenses	-2 762.4	20.6%	-5 460.5	21.0%	-2 751.0	20.5%	
Operating profit	2 530.4	18.9%	4 676.3	18.0%	2 575.9	19.2%	+30bp



Operating profit margin by division

<i>(as a % of sales)</i>	H1-2017	2017	H1-2018
Professional Products	18.4%	20.0%	19.2%
Consumer Products	19.8%	20.0%	20.8%
L'Oréal Luxe	23.4%	21.9%	23.4%
Active Cosmetics	26.7%	22.6%	26.5%
Total before non-allocated expenses	21.3%	20.8%	22.0%
Non-allocated expenses*	-2.5%	-2.8%	-2.7%
Total after non-allocated expenses	18.9%	18.0%	19.2%

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



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

<i>(in million euros)</i>	H1-2017	2017	H1-2018	change
Operating profit	2 530.4	4 676.3	2 575.9	+30bp
Financial revenues-expenses before dividends received	-9.9	-22.9	+14.5	
Sanofi dividends	350.0	350.0	358.3	
Profit before tax and associates, excluding non-recurring items	2 870.5	5 003.3	2 948.7	+60bp
Income tax excluding non-recurring items	-687.5	-1 250.5	-646.7	
Share of profit in associates, excluding non-recurring items	-	-0.1	-0.1	
Non-controlling interests	+2.8	-3.9	-1.4	
Net profit excluding non-recurring items, attributable to owners of the company	2 185.8 ⁽¹⁾	3 748.7⁽¹⁾	2 300.6	+5.2%
Earnings per share (in euros)	3.88 ⁽²⁾	6.65 ⁽²⁾	4.08	+5.3%
Diluted average number of shares	563 423 701	563 528 502	563 242 060	

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

(2): 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 rates

	H1-2017 (in €m)	H1-2018 (en €m)	Change (%)		
			Reported	At constant exchange rates ⁽¹⁾	impact
Sales	13 411.9	13 390.9	-0.2%	+7.0%	-7.2%
Operating Profit	2 530.4	2 575.9	+1.8%	+8.1%	-6.3%
Net profit ⁽²⁾	2 185.8	2 300.6	+5.2%	+10.6%	-5.4%
Earning per share (in euros) ⁽³⁾	3.88	4.08	+5.3%	+10.7%	-5.4%

* Conversion at constant exchange rates

(1): 2018 figures at 2018 rates / 2017 figures at 2018 rates.

(2): H1-2017 net profit from continuing operations, excluding non-recurring items, attributable to owners of the company; H1-2018, net profit excluding non-recurring items, attributable to owners of the company.

(3): H1-2017, diluted earnings per share, based on net profit of continuing operations, excluding non-recurring items, attributable to owners of the company; H1-2018 diluted EPS based on net profit excluding non-recurring items, attributable to owners of the company,



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

(in million euros)

	H1-2017	2017	H1-2018	% change H1-18/H1-17
Net profit excluding non-recurring items, attributable to owners of the company	2 185.8⁽¹⁾	3 748.7⁽¹⁾	2 300.6	+5.2%
Non-recurring items	-148.3	-167.2	-25.4	
- of which:				
Impact of the disposal of The Body Shop	-29.1	-240.1		
Other non-recurring items	-119.1	+72.9	-25.4	
- other income and expenses	-96.2	-276.3	-40.4	
- non-recurring tax items	-22.8	+349.2	+15.0	
Net profit attributable to owners of the company	2 037.5	3 581.4	2 275.2	+11.7%

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



Cash flow statements

(in million euros)

	H1-2017	2017	H1-2018	change (%) H1-18 vs. H1-17
Net profit	2 034.7	3 585.5	2 276.6	
Depreciation, amortisation and provisions	556.9	1 218.5	467.3	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+13.4	-72.0	+35.7	
Net profit of discontinued operations	+29.1	+240.1	—	
Share of profit in associates, net of dividends received	+0.2	+0.1	+0.1	
Cash flow	2 634.3	4 972.2	2 779.7	+5.5%
Changes in working capital	-362.8	+261.1	-431.2	
Investments	-641.9	-1 263.5	-780.0	
Operating net cash	1 629.6	3 969.8	1 568.5	-3.7%
Dividends paid	-1 899.7	-1 870.7	-2 035.4	
Acquisitions	-1 240.0	-166.7	-553.0	
Acquisitions of treasury stock	-499.4	-499.2	-499.4	
Capital increase	+72.3	+118.3	+42.5	
Others ⁽¹⁾	-17.4	-64.5	-13.5	
Residual cash flow after acquisitions	-1 954.6	+1 487.2	-1 490.3	

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



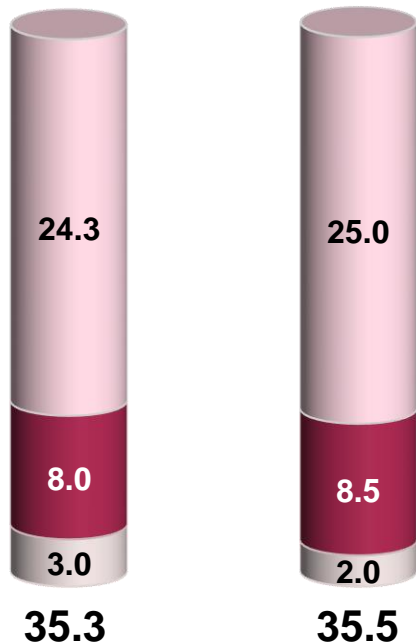
Balance sheet (in billion euros)

Assets

31 Dec. 2017

30 June 2018

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

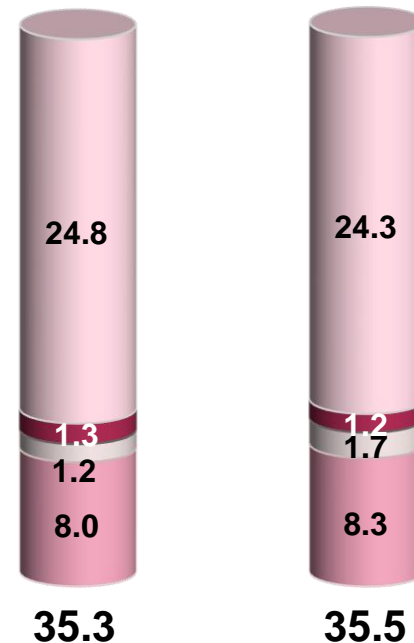


Liabilities

31 Dec. 2017

30 June 2018

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



* The balance sheets at 31 December 2017 has been restated to reflect the change in accounting policies resulting from the application of the IFRS9 « Financial Instruments ».



Net cash/net debt and gearing

<i>(in million euros)</i>	31 December 2017	30 June 2018
Net cash	1 872	363
Gearing*	N.A.	N.A.

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



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