



2018 Annual Results

8 February 2019

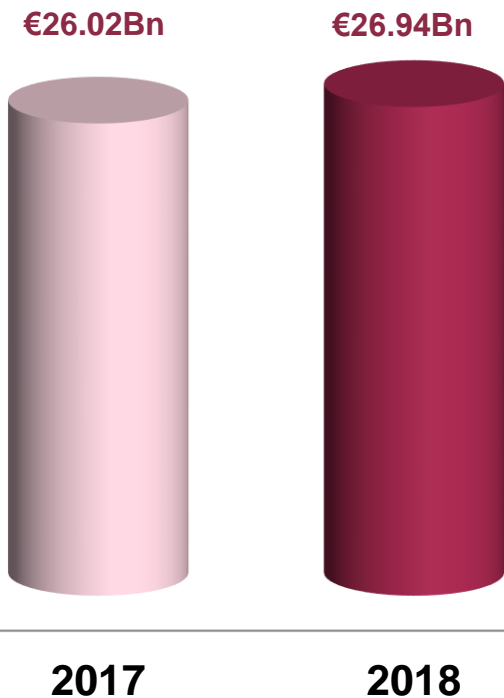
Mr Christian Mulliez

Chief Financial Officer

L'ORÉAL



2018 consolidated group sales (in million euros)



| | |
|--|--------------|
| Growth at constant exchange rates | +8.0% |
|--|--------------|

Of which:

| | |
|-------------------------------|--------------|
| - Like-for-like growth | +7.1% |
|-------------------------------|--------------|

| | |
|--------------------------|-------|
| - external growth impact | +0.9% |
|--------------------------|-------|

| | |
|----------------------|-------|
| Exchange rate impact | -4.5% |
|----------------------|-------|

| | |
|-----------------|-------|
| Reported growth | +3.5% |
|-----------------|-------|



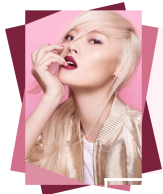
Changes in exchange rates (against the euro)

| | Weight in 2018 consolidated sales | Average rate 2017 | Average rate 2018 | % change 2018 vs. 2017 |
|----------------------------|--------------------------------------|-------------------|-------------------|---------------------------|
| Euro | 23.5% | — | — | — |
| US Dollar (1 € =) | 25.0% | 1.127 | 1.180 | -4.5% |
| Chinese Yuan | 10.4% | 0.131 | 0.128 | -2.4% |
| Sterling Pound | 4.6% | 1.142 | 1.130 | -1.0% |
| Canadian Dollar | 2.5% | 0.683 | 0.653 | -4.4% |
| Brazilian Real | 2.5% | 0.278 | 0.233 | -16.3% |
| Russian Ruble | 2.4% | 0.015 | 0.014 | -11.2% |
| Japanese Yen (1000) | 1.8% | 7.910 | 7.672 | -3.0% |
| Mexican Peso | 1.5% | 0.047 | 0.044 | -6.2% |
| Australian Dollar | 1.4% | 0.680 | 0.633 | -6.9% |



2018 consolidated sales (in million euros)

| | 2017 | 2018 | % change | | |
|------------------------|-----------------|-----------------|---------------|----------------------------|--------------|
| | | | Like-for-like | At constant exchange rates | Reported |
| Professional Products | 3 350.4 | 3 262.5 | +2.0% | +1.7% | -2.6% |
| Consumer Products | 12 118.7 | 12 032.2 | +2.5% | +4.0% | -0.7% |
| L'Oréal Luxe | 8 471.7 | 9 367.2 | +14.4% | +14.5% | +10.6% |
| Active Cosmetics | 2 082.9 | 2 275.5 | +11.9% | +13.9% | +9.2% |
| Divisions Total | 26 023.7 | 26 937.4 | +7.1% | +8.0% | +3.5% |



2018 total divisions sales by region (in million euros)

| | 2018 | % change | | |
|-------------------------|-----------------|---------------|----------------------------|--------------|
| | | Like-for-like | At constant exchange rates | Reported |
| Western Europe | 8 065.1 | -0.3% | -0.3% | -0.7% |
| North America | 7 234.3 | +2.7% | +3.1% | -1.6% |
| New Markets | 11 638.1 | +16.1% | +18.2% | +10.3% |
| of which: | | | | |
| - Asia, Pacific | 7 405.6 | +24.1% | +25.3% | +20.4% |
| - Latin America* | 1 784.8 | -0.4% | +7.2% | -8.6% |
| - Eastern Europe | 1 754.2 | +9.1% | +9.2% | +0.2% |
| - Africa, Middle-East** | 693.5 | +4.9% | +5.1% | +0.2% |
| Divisions Total | 26 937.4 | +7.1% | +8.0% | +3.5% |

* The group has applied the IAS29 accounting rule (financial reporting in hyperinflationary economies) to Argentina from 1 July 2018 onwards. The negative impact of this adjustment amounts to 200 bp on like-for-like growth in Latin America and to 10 bp on the group's growth in FY 2018.

** The application of the IFRS 15 accounting rule from 1 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 7.6 million euros on the sales of the Africa, Middle-East zone in Q4-2018. The effect of this accounting method on the P&L account and the balance sheet is not material.



Consolidated profit and loss account: from sales to operating profit

(in million euros)

| | 2017 | As a % of sales | 2018 | As a % of sales | Change 2018 vs. 2017 |
|--|-----------------|--------------------|-----------------|--------------------|-------------------------|
| Sales | 26 023.7 | 100.0% | 26 937.4 | 100.0% | |
| Cost of sales | -7 359.2 | 28.3% | -7 331.6 | 27.2% | |
| Gross profit | 18 664.5 | 71.7% | 19 605.8 | 72.8% | +110 bps |
| Research and development expenses | -877.1 | 3.4% | -914.4 | 3.4% | |
| Advertising and promotion expenses | -7 650.6 | 29.4% | -8 144.7 | 30.2% | |
| Selling, general and administrative expenses | -5 460.5 | 21.0% | -5 624.7 | 20.9% | |
| Operating profit | 4 676.3 | 18.0% | 4 922.0 | 18.3% | +30 bps |



Operating profit margin by division

| <i>(as a % of sales)</i> | 2016 reported | 2017 | 2018 |
|--|--------------------------|--------------|--------------|
| Professional Products | 20.3% | 20.0% | 20.0% |
| Consumer Products | 20.2% | 20.0% | 20.2% |
| L'Oréal Luxe | 21.2% | 21.9% | 22.1% |
| Active Cosmetics | 23.2% | 22.6% | 23.0% |
| Total before non-allocated expenses | 20.7% | 20.8% | 21.1% |
| Non-allocated expenses* | -2.6% | -2.8% | -2.8% |
| Total after non-allocated expenses | 18.1% | 18.0% | 18.3% |
| The Body Shop | 3.7% | – | – |
| Group | 17.6% | 18.0% | 18.3% |

* 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> | 2016 | 2017 | 2018 |
|--------------------------|--------------|--------------|--------------|
| Western Europe | 22.9% | 22.9% | 20.9% |
| North America | 19.6% | 19.2% | 19.8% |
| New Markets | 19.7% | 20.3% | 22.0% |
| Total | 20.7% | 20.8% | 21.1% |



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

| <i>(in million euros)</i> | 2017 | 2018 | Change |
|--|------------------------------|------------------------------|--------------|
| Operating profit | 4 676.3 | 4 992.0 | +5.3% |
| Financial revenues/expenses before dividends received | -22.9 | -1.9 | |
| Sanofi dividends | 350.0 | 358.3 | |
| Profit before tax and associates, excluding non-recurring items | 5 003.3 | 5 278.4 | +5.5% |
| Income tax excluding non-recurring items | -1 250.5 | -1 286.8 | |
| Share of profit in associates, excluding non-recurring items | -0.1 | +0.1 | |
| Non-controlling interests | -3.9 | -4.1 | |
| Net profit excluding non-recurring items, attributable to owners of the company | 3 748.7⁽¹⁾ | 3 987.6⁽³⁾ | +6.4% |
| Earnings per share (in euros) | 6.65 ⁽²⁾ | 7.08⁽⁴⁾ | +6.5% |
| Diluted average number of shares | 563 528 502 | 563 098 506 | |

(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

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

(4): Diluted earnings per share, excluding non-recurring items, attributable to owners of the company



Impact of foreign exchange rates

| | 2017 (in €m) | 2018 (in €m) | Change (%) | | |
|---|--------------|--------------|------------|---|--------|
| | | | Reported | At constant exchange rates ⁽¹⁾ | impact |
| Sales | 26 023.7 | 26 937.4 | +3.5% | +8.0% | -4.5% |
| Operating Profit | 4 676.3 | 4 922.0 | +5.3% | +9.2% | -3.9% |
| Net profit ⁽²⁾ | 3 748.7 | 3 987.6 | +6.4% | +10.0% | -3.6% |
| Earning per share (in euros) ⁽³⁾ | 6.65 | 7.08 | +6.5% | +10.1% | -3.6% |

* Conversion at constant exchange rates

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

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

(3): Net earning per share of continuing operations, excluding non-recurring items, attributable to owners of the company, on a diluted number of shares in 2017; Net earning per share excluding non-recurring items, attributable to owners of the company in 2018



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

| <i>(in million euros)</i> | 2017 | 2018 | % Change |
|--|------------------------------|------------------------------|--------------|
| Net profit excluding non-recurring items, attributable to owners of the company | 3 748.7⁽¹⁾ | 3 987.6⁽²⁾ | |
| Non-recurring items | -167.2 | -92.2 | |
| - of which: | | | |
| Impact of the disposal of The Body Shop | -240.1 | - | |
| Other non-recurring items | +72.9 | -92.2 | |
| - other income and expenses | -276.3 | -94.7 | |
| - non-recurring tax items | +349.2 | +2.5 | |
| Net profit attributable to owners of the company | 3 581.4 | 3 895.4 | +8.8% |

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

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



Cash flow statements

| <i>(in million euros)</i> | 2017 | 2018 | % Change |
|--|-----------------|----------------|--------------|
| Net profit | 3 585.5 | 3 899.5 | |
| Depreciation, amortisation and provisions | 1 218.5 | 1 109.3 | |
| Capital gains and losses on disposals of assets, changes in deferred taxes and others | -72.0 | +169.4 | |
| Net profit of discontinued operations | +240.1 | | |
| Share of profit in associates, net of dividends received | +0.1 | -0.1 | |
| Cash flow | 4 972.2 | 5 178.1 | +4.1% |
| Changes in working capital | +261.1 | +113.8 | |
| Investments | -1 263.5 | -1 416.1 | |
| Operating net cash | 3 969.8 | 3 875.8 | |
| Dividends paid | -1 870.7 | -2 061.4 | |
| Acquisitions | -166.5 | -666.5 | |
| Acquisitions of treasury stock | -499.2 | -499.4 | |
| Capital increase | +118.3 | +135.3 | |
| Others ⁽¹⁾ | -64.5 | +66.6 | |
| Residual cash flow after acquisitions | +1 487.2 | +850.4 | |

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



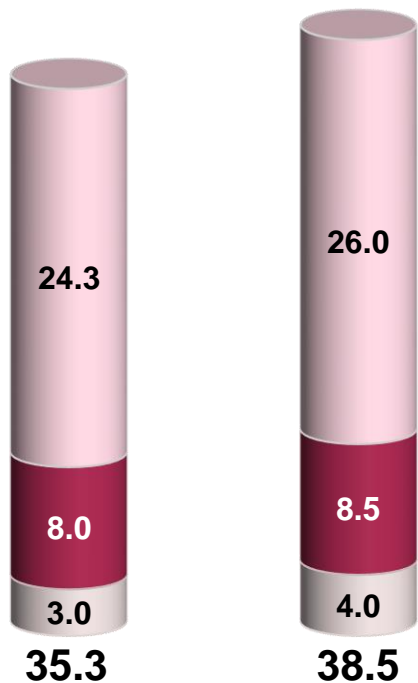
Balance sheet* (in billion euros)

Assets

31 Dec. 2017

31 Dec. 2018

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

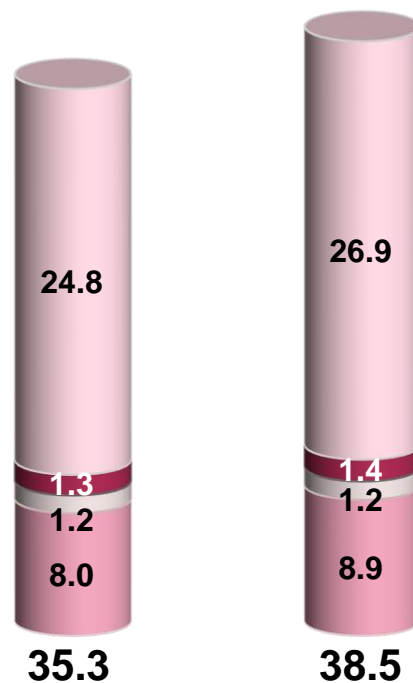


Liabilities

31 Dec. 2017

31 Dec. 2018

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



* The balance sheet at 31 December 2017 has been restated to reflect a change in accounting policies resulting from the application of IFRS9 "financial instruments"



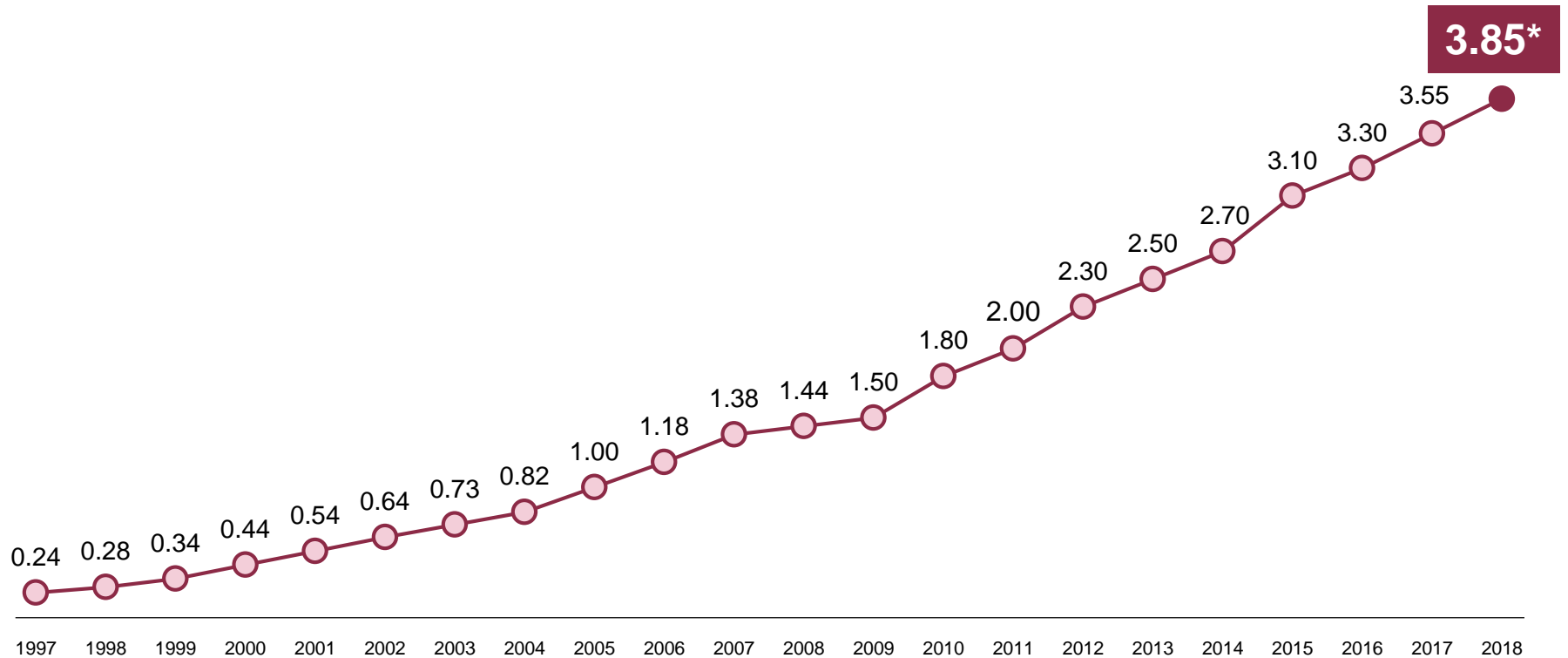
Net cash/net debt and gearing

| <i>(in million euros)</i> | 31 December 2017 | 31 December 2018 |
|---------------------------|-------------------------|-------------------------|
| Net cash | 1 872 | 2 751 |
| Gearing* | N.A. | N.A. |

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



Dividend from 1997 to 2018 (in euros)

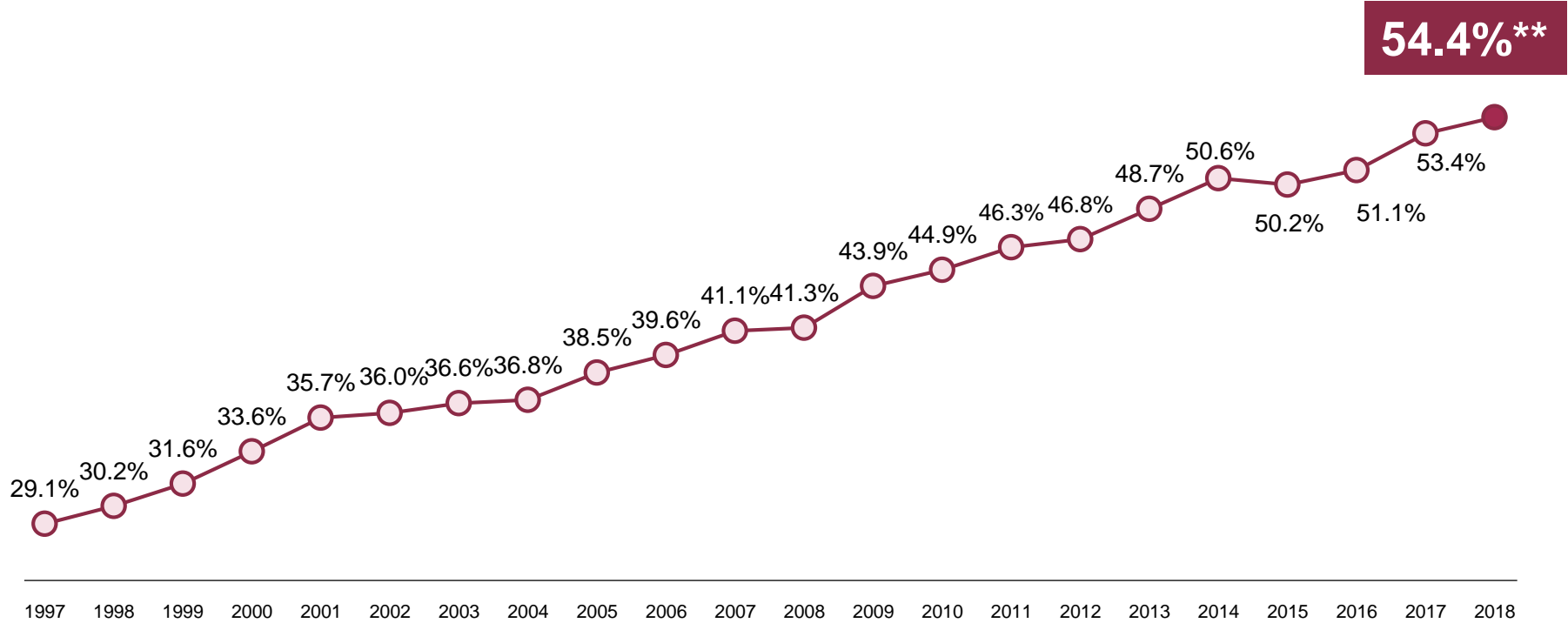


*Approved at the shareholders' meeting to be held on 18 April 2019

2018 dividend paid in 2019: pay-out of the 10% loyalty bonus (preferential dividend of 10%), for shares held in registered form since 2016



Payout ratio from 1997 to 2018 (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 April 18th, 2019



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