

2017 HALF-YEAR RESULTS

28 July 2017

Mr. Christian Mulliez

Chief Financial Officer

L'ORÉAL



Consolidated group sales at the end of June 2017

€12.89Bn
Reported



2016

€13.41Bn



2017

Growth at constant exchange rates

+4.3%

- *external growth impact*

+1.0%

- *TBS disposal impact*

-3.1%

Exchange rate impact

+1.8%

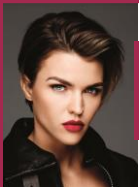
Reported growth

+4.0%



Changes in exchange rates (against the euro)

	Weight in consolidated sales at 30 June 2017	Average rate January – June 2016	Average rate January – June 2017	Change H1-2017 vs. H1-2016
Euro	24.5%	—	—	—
US Dollar (1 € =)	26.3%	1.115	1.082	+3.1%
Chinese Yuan	8.2%	0.137	0.134	-1.9%
Sterling Pound	5.6%	1.285	1.163	-9.5%
Brazilian Real	2.8%	0.242	0.291	+20.0%
Russian Ruble	2.7%	0.013	0.016	+24.5%
Canadian Dollar	2.7%	0.674	0.693	+2.9%
Japanese Yen (1000)	1.7%	8.039	8.224	+2.3%
Australian Dollar	1.6%	0.657	0.697	+6.1%
Mexican Peso	1.5%	0.050	0.048	-4.0%



Consolidated sales by division at the end of June 2017

	H1-2016 Reported (€ million)	H1-2017 (€ million)	% change		
			Like-for-like	At constant exchange rates	Reported
Professional Products	1 724	1 739	-0.7%	-1.1%	+0.9%
Consumer Products	6 155	6 389	+1.9%	+1.8%	+3.8%
L'Oréal Luxe	3 595	4 149	+10.5%	+13.5%	+15.4%
Active Cosmetics	1 021	1 135	+4.6%	+9.0%	+11.1%
Divisions Total	12 496	13 412	+4.3%	+5.3%	+7.3%
The Body Shop	399				
Consolidated Total	12 895	13 412	+4.3%		+4.0%



Total divisions sales by region at the end of June 2017*

	In € million	% change	
		Like-for-like	Reported
Western Europe	4 202.7	+3.0%	+1.6%
North America	3 824.8	+3.1%	+10.5%
New Markets	5 384.4	+6.2%	+9.9%
of which:			
- <i>Asia, Pacific</i>	3 135.4	+8.1%	+9.4%
- <i>Latin America</i>	985.1	+5.9%	+14.1%
- <i>Eastern Europe</i>	908.5	+9.4%	+17.4%
- <i>Africa, Middle-East</i>	355.4	-13.2%	-10.9%
Divisions Total	13 411.9	+4.3%	+7.3%

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



Consolidated profit and loss account: from sales to operating profit

<i>(in million euros)</i>	H1-2016	As a % of sales	2016	As a % of sales	H1-2017	As a % of sales	Change H1-2017 vs. H1-2016	
Sales	12 894.6	100.0%	25 837.1	100.0%	13 411.9	100.0%	+4.0%	
Cost of sales	-3 561.2	27.6%	-7 341.7	28.4%	-3 780.5	28.2%		
Gross profit	9 333.4	72.4%	18 495.4	71.6%	9 631.4	71.8%	+3.2%	
Research and development expenses	-414.2	3.2%	-849.8	3.3%	-425.1	3.2%		
Advertising and promotion expenses	-3 790.9	29.4%	-7 498.7	29.0%	-3 913.5	29.2%		
Selling, general and administrative expenses	-2 764.7	21.4%	-5 607.0	21.7%	-2 762.4	20.6%		
Operating profit	2 363.6	18.3%	4 539.9	17.6%	2 530.4	18.9%	+7.1%	+60bp



Operating profit margin by division

<i>(as a % of sales)</i>	H1-2016 reported	2016 reported	H1-2017
Professional Products	19.6%	20.3%	18.4%
Consumer Products	21.2%	20.2%	19.8%
L'Oréal Luxe	21.3%	21.2%	23.4%
Active Cosmetics	27.7%	23.2%	26.7%
Total divisions before non-allocated expenses	21.6%	20.7%	21.3%
Non-allocated expenses*	-2.5%	-2.6%	-2.5%
Total divisions after non-allocated expenses	19.1%	18.1%	18.9%
The Body Shop	-5.6%	3.7%	—
Group	18.3%	17.6%	18.9%

* 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

(in million euros)

	H1-2016 Reported	2016 Reported	H1-2017	Change H1-17 vs. H1-16
Operating profit	2 363.6	4 539.9	2 530.4	+7.1%
Financial revenues-expenses before dividends received	+1.8	-19.3	-9.9	
Sanofi dividends	346.5	346.5	350.0	
Profit before tax and associates, excluding non-recurring items	2 711.9	4 867.1	2 870.5	+5.8%
Income tax excluding non-recurring items	-684.1	-1 216.8	-687.5	
Share of profit in associates, excluding non-recurring items	-0.1	-0.1	-	
Non-controlling interests	-2.4	-3.0	+2.8	
Net profit excluding non-recurring items, attributable to owners of the company	2 025.4	3 647.2	2 185.8 ⁽¹⁾	+7.9%
Earnings per share (in euros)	3.59 ⁽²⁾	6.46 ⁽²⁾	3.88 ⁽³⁾	+8.1%
Diluted average number of shares	564 258 226	564 509 135	563 423 701	

(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 H1-2016 and 2016

(3): Diluted earnings per share based on net profit from continuing operations, 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)

	H1-2016 reported	2016 reported	H1-2017	Change H1-17 vs. H1-16
Net profit excluding non-recurring items, attributable to owners of the company	2 025.4	3 647.2	2 185.8 ⁽¹⁾	+7.9%
Non-recurring items	-545.9	-541.5	-119.1	
- of which:				
- other income and expenses	-522.3	-543.7	-96.2	
- taxes on non-recurring items	-23.6	+2.2	-22.8	
Impact on net profit attributable to owners of the company of applying IFRS 5 regarding discontinued operations			-29.1	
Net profit attributable to owners of the company	1 479.5	3 105.8	2 037.5	+37.7%

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



Cash flow statements

(in million euros)

	H1-2016 Reported	2016 Reported	H1-2017	Change H1-17 vs. H1-16
Net profit	1 481.8	3 108.7	2 034.7	
Depreciation, amortisation and provisions	888.2	1 424.5	556.9	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+97.7	+184.0	+42.5 ⁽¹⁾	
Share of profit in associates, net of dividends received	—	+0.1	+0.2	
Cash flow	2 467.7	4 717.3	2 634.3	+6.8%
Changes in working capital	-545.6	-12.7	-362.8	
Investments	-596.7	-1 386.5	-641.9	
Operating net cash	1 325.4	3 318.1	1 629.6	+23.0%
Dividends paid	-1 796.6	-1 832.9	-1 899.7	
Acquisitions	-20.7	-1 209.3	-1 240.0	
Acquisitions of treasury stock	-499.1	-499.1	-499.4	
Capital increase	+89.4	+163.2	+72.3	
Others ⁽²⁾	-21.9	-14.8	-17.4	
Residual cash flow after acquisitions	-923.5	-74.7	-1 954.6	

(1): including the impact on net profit of applying IFRS 5 to discontinued operations.

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



Balance sheet (in billion euros)

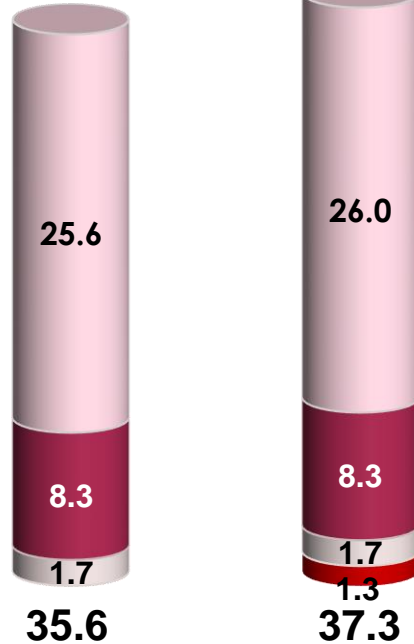
Assets

31 Dec. 2016
Reported

30 June 2017

- Non-current assets
- Current assets
- Cash & cash equivalents
- Assets for disposal

Total Assets



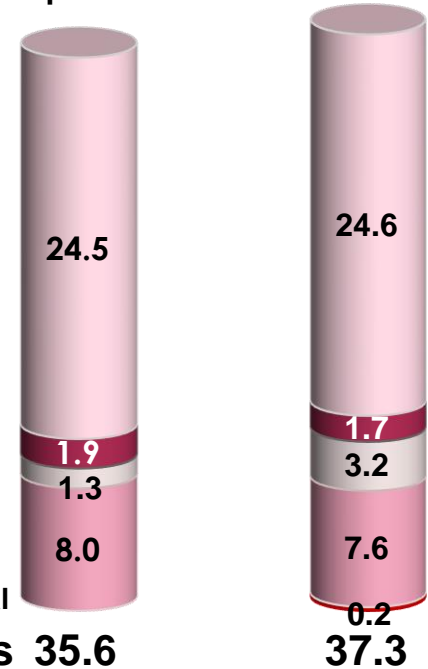
Liabilities

31 Dec. 2016
Reported

30 June 2017

- Shareholders' equity
- Non-current liabilities
- Financial debt (current & non-current)
- Current liabilities
- Liabilities relating to assets held for disposal

Total Liabilities



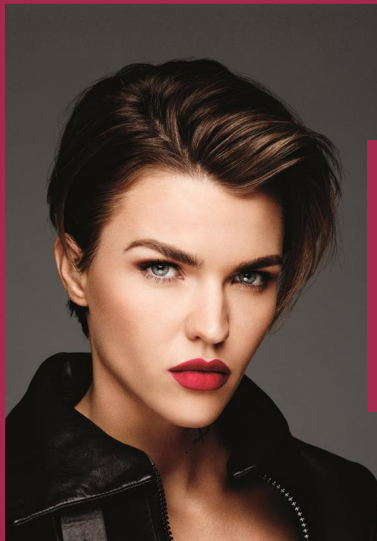


Net cash/net debt and gearing

<i>in million euros</i>	30 June 2016 Reported	30 June 2017
Net debt	344	1 492
Gearing*	1.6%	6.1%

<i>in million euros</i>	31 Dec. 2016 Reported
Net cash	481
Gearing*	N.A.

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



Appendix



Appendix: Compared consolidated income statements From sales to operating profit

<i>(in million euros)</i>	H1-2016	As a % of sales	2016	As a % of sales	H1-2017	As a % of sales
Sales	12 496.0	100.0 %	24 916.3	100.0 %	13 411.9	100.0 %
Cost of sales	-3 447.7	27.6 %	-7 068.6	28.4 %	-3 780.5	28.2 %
Gross profit	9 048.3	72.4 %	17 847.7	71.6 %	9 631.4	71.8 %
Research and development expenses	-409.7	3.3 %	-841.2	3.4 %	-425.1	3.2 %
Advertising and promotion expenses	-3 677.8	29.4 %	-7 264.4	29.2 %	-3 913.5	29.2 %
Selling, general & administrative expenses	-2 575.1	20.6 %	-5 236.0	21.0 %	-2 762.4	20.6 %
Operating profit	2 385.7	19.1 %	4 506.1	18.1 %	2 530.4	18.9 %

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 at 30 June 2017. 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>	H1-2016	2016	H1-2017
Operating profit	2 385.7	4 506.1	2 530.4
Financial revenues-expenses before dividends received	+3.7	-14.1	-9.9
Sanofi dividends	346.5	346.5	350.0
Profit before tax and associates, excluding non- recurring items	2 735.9	4 838.5	2 870.5
Income tax excluding non-recurring items	-687.1	-1 215.8	-687.5
Share of profit in associates, excluding non-recurring items	-0.1	-0.1	-
Non-controlling interests	-2.4	-3.0	+2.8
Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company	2 046.3	3 619.6	2 185.8
Earnings per share ⁽¹⁾ (in euros)	3.63	6.41	3.88
Diluted average number of shares	564 258 226	564 509 135	563 423 701

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 at 30 June 2017.

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



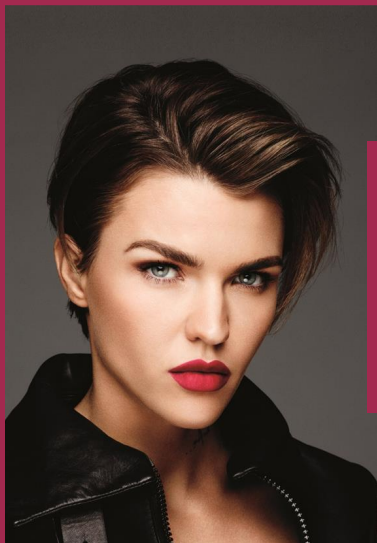
Appendix: Compared Cash flow statements

<i>(in million euros)</i>	H1-2016	2016	H1-2017	Change H1-17 vs. H1-16
Net profit	1 481.8	3 108.7	2 034.7	+37.3%
Depreciation, amortisation and provisions	869.1	1 382.3	556.9	
Capital gains and losses on disposals of assets, changes in deferred taxes and others ⁽¹⁾	+120.3	+165.4	+42.5	
Share of profit in associates, net of dividends received	—	+0.1	+0.2	
Cash flow	2 471.2	4 656.5	2 634.3	+6.6%
Changes in working capital	-510.9	+4.3	-362.8	
Investments	-574.5	-1 334.9	-641.9	
Operating net cash	1 385.8	3 325.9	1 629.6	+17.6%
Dividends paid	-1 796.5	-1 832.9	-1 899.7	
Acquisitions	-20.7	-1 209.0	-1 240.0	
Acquisitions of treasury stock	-499.1	-499.1	-499.4	
Capital increase	+89.4	+163.2	+72.3	
Others ⁽²⁾	-15.2	-8.8	-17.4	
Residual cash flow after acquisitions	-856.3	-60.7	-1 954.6	

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 at 30 June 2017.

(1): including the impact on net profit of applying IFRS 5 to discontinued operations.

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



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