

SALES AT 30 SEPTEMBER 2019

STRONG RHYTHM OF GROWTH MAINTAINED

- **Sales: 21.99 billion euros**
 - +7.5% like-for-like ¹
 - +8.5% at constant exchange rates
 - +10.7% based on reported figures
- **Strong growth of L'Oréal Luxe and Active Cosmetics Divisions**
- **Main growth drivers remain dynamic: Asia Pacific, skincare, Travel Retail and e-commerce**

Commenting on the figures, Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

"L'Oréal achieved an excellent third quarter at +7.8% like-for-like ¹, the highest level of growth in more than a decade, and continues to outperform the beauty market, which is still proving highly dynamic. The high growth rate was maintained in an environment which remains contrasted.

All of the Divisions are growing, especially L'Oréal Luxe and Active Cosmetics which are particularly dynamic. Performance was mixed in the Consumer Products Division with strong growth in Asia on the one hand, but on the other, a context that remains difficult in the United States, as announced. The Professional Products Division continues to improve. Across the geographic Zones, Asia Pacific maintained its powerful momentum, particularly in China, India, South-East Asia and Japan. Eastern Europe is accelerating and the improvement in Western Europe is ongoing.

The Group's other powerful growth drivers – skincare, e-commerce and Travel Retail – continue to fuel performance. E-commerce ² posted growth of +47.5% ¹, and represented 13.5% of sales. Travel Retail meanwhile grew by +20.8% ¹.

Overall, L'Oréal's strong performance during the quarter and in the first nine months reinforces our confidence in the dynamism of the cosmetics market, despite a volatile and contrasted environment, and in our ability to outperform it, in order to achieve another year of growth in our sales and profit."

¹ Like-for-like: based on a comparable structure and identical exchange rates.

² Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

Sales at 30 September 2019

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales growth was +7.5%.

The net impact of changes in the scope of consolidation was +1.0%.

Growth at constant exchange rates was +8.5%.

Currency fluctuations had a positive impact of +2.2%. If the exchange rates at 30 September 2019, i.e. €1 = \$1.0903, are extrapolated to 31 December, the impact of currency fluctuations on sales would be approximately +2.2% for the whole of 2019.

Based on reported figures, the Group's sales, at 30 September 2019, amounted to 21.99 billion euros, an increase of +10.7%.

Sales by Division and geographic Zone

	3 rd quarter 2019			At 30 September 2019		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<u>By Division</u>						
Professional Products	821.1	+3.9%	+6.1%	2,535.3	+3.0%	+5.4%
Consumer Products	3,003.4	+2.7%	+5.2%	9,533.9	+3.0%	+6.0%
L'Oréal Luxe	2,751.9	+13.8%	+18.4%	7,902.0	+13.4%	+17.7%
Active Cosmetics	606.4	+14.2%	+16.3%	2,023.1	+13.8%	+15.4%
Group total	7,182.8	+7.8%	+11.0%	21,994.3	+7.5%	+10.7%
<u>By geographic Zone</u>						
Western Europe	1,928.7	+3.2%	+3.9%	6,141.4	+1.7%	+2.5%
North America	1,894.6	-1.3%	+4.1%	5,700.3	-0.4%	+5.9%
New Markets, of which:	3,359.5	+16.7%	+20.1%	10,152.6	+16.7%	+19.6%
- Asia Pacific	2,280.5	+22.6%	+27.1%	6,906.9	+23.7%	+29.3%
- Latin America ³	443.9	+2.8%	+1.2%	1,322.5	+2.4%	+0.1%
- Eastern Europe	467.8	+12.8%	+16.8%	1,399.1	+9.2%	+7.6%
- Africa, Middle East	167.3	-0.6%	+2.5%	524.0	-4.0%	-0.2%
Group total	7,182.8	+7.8%	+11.0%	21,994.3	+7.5%	+10.7%

³ The Group has applied the IAS 29 accounting rule (Financial Reporting in Hyperinflationary Economies) to Argentina from 1 July 2018 onwards. The negative impact of this adjustment amounts to 360 basis points on like-for-like growth in Latin America and to 20 basis points on the growth of the whole L'Oréal group at the end of September 2019.

PROFESSIONAL PRODUCTS

At the end of September, the Professional Products Division posted +3.0% like-for-like growth and +5.4% based on reported figures.

The Division's growth accelerated, driven by sustained performance in the United States and the Asia Pacific Zone, where it is continuing to win market share. Eastern Europe maintained its momentum, while Latin America and Western Europe are still impacted by the sluggishness of some markets.

Haircare is the number one contributor to growth, boosted by the very strong momentum of *Kérastase*, which is growing across all geographic Zones, and by the robust performance of the *Total Results* range by *Matrix*. Hair colour is benefiting once again from the success of *Shades EQ* at *Redken*, still delivering double-digit growth, and the success of the iconic franchises *Inoa* and *Dia*, driven by *Dialight*, at *L'Oréal Professionnel*.

CONSUMER PRODUCTS

The Consumer Products Division achieved a growth rate of +3.0% like-for-like at the end of September, and +6.0% based on reported figures.

L'Oréal Paris is enjoying sustained growth, and *Garnier* is performing well. Skincare accelerated across all geographic Zones, thanks to the success of our innovations: *Revitalift Filler* ampoules and serum with hyaluronic acid from *L'Oréal Paris*, the successful launch of *Garnier Bio*, the success of tissue masks worldwide and of *Garnier Men* in Southern Asia. In makeup, the Division is winning market share thanks to successful launches such as *Rouge Signature* by *L'Oréal Paris* and *Superstay Matte Ink* by *Maybelline New York*. In haircare, *L'Oréal Paris* is capitalising on the global roll-out of *Elvive Dream Lengths* and the excellent start made by *Elvive Colour Protect Purple*. The *Hair Food* innovation is boosting growth at *Garnier*.

The Division is winning market share in Europe and growing rapidly in Asia, especially in China, India, Korea and Indonesia, thanks in particular to the success of *3CE* by *Stylenanda*. It is being held back by the United States, where the makeup market is still slow.

Travel Retail and e-commerce are continuing to show strong growth.

L'ORÉAL LUXE

At the end of September, L'Oréal Luxe posted growth of +13.4% like-for-like and +17.7% based on reported figures.

The Division outperformed the market and its top four brands maintained their strong rhythm of growth. L'Oréal Luxe skincare continues to be successful, with the launches of new-formula *Génifique* by *Lancôme* and *Calendula Serum-Infused Water Cream* by *Kiehl's*. *Helena Rubinstein* continues to accelerate in the ultra-premium skincare market. In fragrances, the highlight of the period was the excellent start made by two new women's fragrances, *Idôle* by *Lancôme* and *Libre* by *Yves Saint Laurent*, complementing the established success of *La Vie est Belle* and *Black Opium*. *Si Passione* by *Giorgio Armani* continues to win market share.

Growth at L'Oréal Luxe is still being driven by Asia Pacific and Travel Retail, but the very good performances in Europe and Latin America are also worth noting. The market in North America however remains difficult.

Meanwhile, the Division continues to expand rapidly in e-commerce.

ACTIVE COSMETICS

The Active Cosmetics Division posted growth of +13.8% like-for-like and +15.4% based on reported figures at the end of September.

All Zones continue to grow rapidly, and the Division is outperforming a dermo-cosmetics market that remains extremely dynamic. *La Roche-Posay*, with double-digit growth, continues to accelerate sharply across all continents, thanks especially to its *Anthélios*, *Effaclar* and *Hyalu B5* franchises. *SkinCeuticals* posted a record performance, with double-digit growth in all Zones. The brand is innovating with the roll-out of *Discoloration Defense* serum in Europe and Asia. *CeraVe* continues to grow quickly, with robust growth across all Zones, including the United States. Thanks to its star product ranges, *Liftactiv* and *Minéral 89*, *Vichy* continues to grow, particularly in Eastern Europe and Latin America.

Summary by geographic Zone

WESTERN EUROPE

This Zone posted solid growth at +1.7% like-for-like and +2.5% based on reported figures, and accelerated in the third quarter. It is benefiting from the introduction of the fragrances *Idôle* by *Lancôme* and *Libre* by *Yves Saint Laurent*, whose initial results are highly promising. The growth of *Kiehl's* and *Giorgio Armani* is also contributing to the excellent third-quarter dynamism of L'Oréal Luxe. The Active Cosmetics Division has also accelerated, driven by *La Roche-Posay* which is continuing to win market share. The Consumer Products Division continues to record market share gains in makeup and skincare.

NORTH AMERICA

The Zone is at -0.4% like-for-like and +5.9% based on reported figures. In a difficult market context, the Consumer Products Division is still very much impacted by its wide exposure to the makeup market currently flat, but is posting good growth in skincare thanks to *L'Oréal Paris* with *Revitalift Triple Power*. L'Oréal Luxe, also adversely affected by makeup, is however taking advantage of a dynamic fragrance market, with *Yves Saint Laurent* and *Lancôme* significantly outperforming the category, thanks in particular to the *Libre* and *Idôle* launches. The Professional Products Division is outperforming the market, driven by the *Redken* and *Pulp Riot* hair colour brands, and by the double-digit growth *Kérastase* is still maintaining. The Active Cosmetics Division ended the quarter with double-digit growth, and expanded its footprint in the North American market thanks to all its brands.

NEW MARKETS

Asia Pacific: Growth in this Zone was +23.7% like-for-like and +29.3% based on reported figures. China, as well as India, Malaysia and Indonesia, continue to achieve strong growth. All Divisions are posting double-digit increases. In the L'Oréal Luxe Division, the brands *Lancôme*, *Yves Saint Laurent*, *Kiehl's*, *Giorgio Armani* and *Helena Rubinstein* maintained their strong growth rates. *L'Oréal Paris* and *3CE* by *Stylenanda*, whose roll-out is ongoing, are driving the pace of growth at the Consumer Products Division. Growth in the Active Cosmetics Division is being boosted by the strong development of *SkinCeuticals* and *La Roche-Posay* across the whole Zone. Meanwhile, the performance of *Kérastase* in China is contributing to the success of the Professional Products Division in this Zone.

Latin America: In this Zone, growth was +2.4% like-for-like and +0.1% based on reported figures. The Zone's performance is contrasted, with Mexico and Chile recording good growth, while Brazil and Argentina remain difficult. The brands *Garnier* in the Consumer Products Division, *La Roche-Posay* and *Vichy* in the Active Cosmetics Division, and *Lancôme* and *Kiehl's* at L'Oréal Luxe, have tapped into the dynamism of the skincare category in the different markets of this Zone.

Eastern Europe: The Zone recorded growth of +9.2% like-for-like and +7.6% based on reported figures, driven by the growth in Russia, Turkey and the countries of Central Europe (Ukraine, Romania and Czech Republic). The Consumer Products Division is accelerating, thanks to the dynamism in haircare with the launch of *Dream Lengths* and the robust performance of *Fructis*. The Active Cosmetics Division continues to achieve very strong growth, thanks to the dynamism of *La Roche-Posay*, boosted by the *Hyalu B5* launch.

Africa, Middle East: This Zone is at -4.0% like-for-like and -0.2% based on reported figures. Egypt, Morocco, Pakistan and Saudi Arabia are growing, while the United Arab Emirates market remains difficult. The Active Cosmetics Division continues to prove dynamic, thanks in particular to *Anthélios* and *Effaclar* by *La Roche-Posay*.

Important events during the period 1/7/19 to 30/9/19 and post-closing event

- On 2 July, L'Oréal announced it had entered into exclusive negotiations with Clarins Group for the acquisition of the iconic brands Mugler and Azzaro. On 21 October, L'Oréal and Clarins Group, following consultation with employee representatives of both parties, signed an agreement for the sale of the Mugler brands and Azzaro fragrances. The acquisition should be closed, subject to the standard conditions precedent and after customary regulatory approvals, within the first quarter 2020.
- On 30 July, the Board of Directors decided, under the authorisation voted by the Annual General Meeting of 18 April 2019, to set up a share buyback programme amounting to a maximum of 750 million euros and with a maximum number of shares to be acquired of 3 million during the second half of 2019. Following this decision, 3,000,000 L'Oréal shares were bought back between 28 August and 7 October 2019. At its meeting on 15 October, the Board of Directors decided to cancel the shares bought back, as well as 771,125 shares previously held by L'Oréal.
- On 2 August, L'Oréal released its 2019 Half-Year Financial Report online via its website www.loreal-finance.com.
- On 20 September, L'Oréal announced the conclusion of constructive discussions with the French tax authorities mainly relating to the tax base of three of its subsidiaries, for fiscal years 2014 to 2018, without incurring tax penalties. The financial impact of this agreement amounts to 320 million euros, which will be recorded as an exceptional charge for 2019. At Group level, there will be no significant recurrent impact in the future.
- On 24 September, at the United Nations Climate Action Summit in New York, L'Oréal was recognised as Global Compact LEAD for its contribution to fighting climate change and for committing to zero-net emissions by 2050.
- On 2 October, at the 10th Ceremony of the *Grands Prix*, the L'Oréal group received the *Grand Prix de la Transparence* All Categories, for the quality of its regulated information and its financial and extra-financial communication practices.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

This is a free translation into English of the Sales at 30 September 2019 news release issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

Contacts at L'ORÉAL (Switchboard: +33 1 47 56 70 00)

Individual shareholders and market authorities

Jean Régis CAROF
Tel: +33 1 47 56 83 02
jean-regis.carof@loreal.com

Financial analysts and Institutional investors

Françoise LAUVIN
Tel: +33 1 47 56 86 82
francoise.lauvin@loreal.com

Journalists

Stephanie CARSON-PARKER
Tel: +33 1 47 56 76 71
stephanie.carsonparker@loreal.com

For more information, please contact your bank, broker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers, and the Internet site for shareholders and investors, www.loreal-finance.com or the L'Oréal Finance app, alternatively, call +33 1 40 14 80 50.

Appendix

L'Oréal group sales 2018/2019 (€ million)

	2018	2019
First quarter	6,778.6	7,550.5
Second quarter	6,612.1	7,261.0
First half total	13,390.7	14,811.5
Third quarter	6,473.3	7,182.8
Nine months total	19,864.0	21,994.3
Fourth quarter	7,073.4	
Full year total	26,937.4	