

A close-up portrait of Jean-Paul Agon, a man with dark hair and a serious expression, wearing a red blazer. The background is a solid red color.

# L'ORÉAL

## IN POLE POSITION FOR THE DECADE AHEAD

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Jean-Paul AGON  
CHAIRMAN & CHIEF EXECUTIVE OFFICER

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21 February 2020

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# KEY INDICATORS 2019

SALES  
€29.9 Bn

#1 BEAUTY PLAYER  
WORLDWIDE<sup>1</sup>

OPERATING MARGIN  
18.6%

NET PROFIT<sup>2</sup>  
€4.4 Bn

OPERATING CASH FLOW<sup>3</sup>  
€5 Bn

EARNINGS PER SHARE<sup>4</sup>  
€7.74

MARKET CAPITALIZATION<sup>5</sup>  
**c. €150 BILLION**

# BEST GROWTH

in 12 years

+8%  
LIKE-FOR-LIKE

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A very dynamic  
BEAUTY MARKET

1



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WORLDWIDE BEAUTY MARKET  
**+5.0% / +5.5%**



# ECONOMIC, DEMOGRAPHIC & SOCIOLOGICAL fundamental evolutions



MIDDLE & UPPER CLASSES



AGEING POPULATION

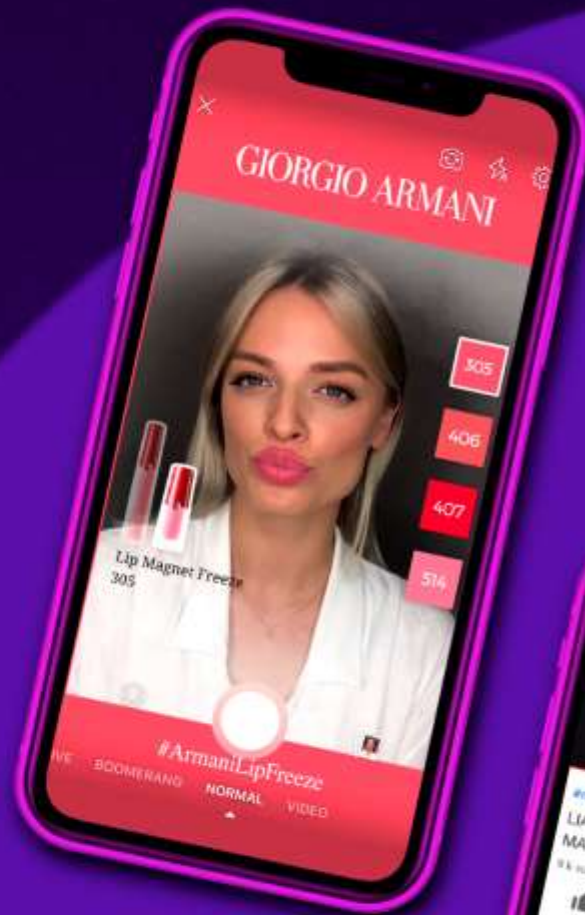


MEN'S CONSUMPTION

1

# DIGITAL REVOLUTION in Beauty

BEAUTY IS  
VISUAL & SOCIAL





2

# LEAPFROG

of traditional  
distribution



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3

# Appetite for beauty of YOUNG GENERATIONS



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4

# STRONG PREMIUMIZATION of the market



# Beauty market

## 6 POWERFUL ENGINES

by region<sup>1</sup>

ASIA PACIFIC

≈ +9%

by sector<sup>1</sup>

LUXURY

≈ +10%

DERMOCOSMETICS

≈ +7%

E-COMMERCE

≈ +27%

TRAVEL RETAIL

≈ +22%

by category<sup>1</sup>

SKINCARE

≈ +8%

A woman with long dark hair, wearing a black leather off-the-shoulder dress and a large earring, is shown in profile against a red background.

OUR STRATEGY  
to concentrate on the  
fastest growing segments  
and to outperform them  
HAS BEEN VERY SUCCESSFUL

2

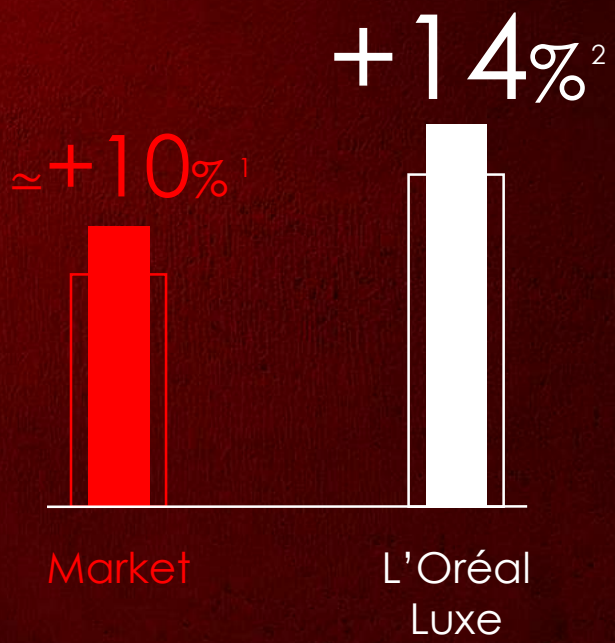
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GROWTH ENGINE (1)

# LUXURY



A UNIQUE PORTFOLIO  
OF ICONIC BRANDS

LANCÔME  
PARIS

YVES SAINT LAURENT

ARMANI

Kiehl's  
SINCE 1851

4 BILLIONAIRE BRANDS

+17%<sup>1</sup>

STRONG  
INNOVATIONS



SKINCARE

+22%<sup>2</sup>

DIGITAL AT THE CENTER OF  
THE MARKETING MODEL



E-COMMERCE

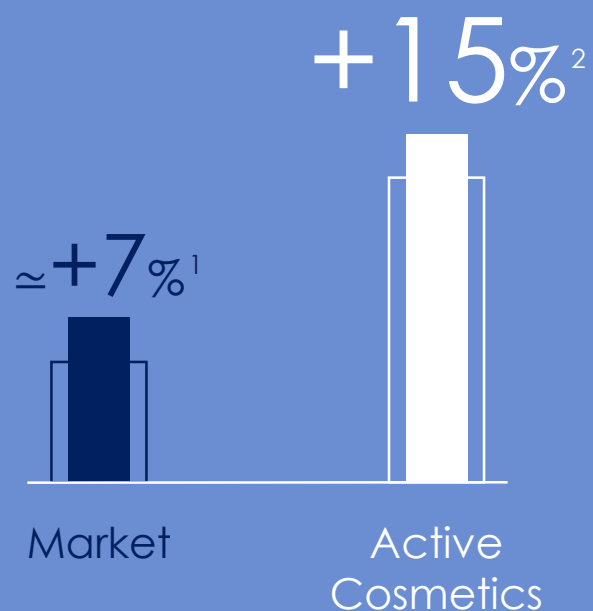
21%<sup>3</sup> OF SALES

<sup>1</sup>2019 combined like-for-like sales growth. <sup>2</sup>2019 like-for-like sales growth. <sup>3</sup>Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).



GROWTH ENGINE (2)

# DERMOCOSMETICS



STRONGEST  
GROWTH  
IN 20 YEARS

ALL REGIONS  
ALL CHANNELS  
ALL BRANDS



# GROWTH ENGINE (2) DERMOCOSMETICS

NEW BILLIONAIRE

LA ROCHE POSAY  
LABORATOIRE DERMATOLOGIQUE

NEW GROWTH RELAYS

CeraVe  
DEVELOPED WITH DERMATOLOGISTS

SKINCEUTICALS  
ADVANCED PROFESSIONAL SKINCARE

VICHY  
LABORATOIRES

>40%<sup>1</sup>



E-COMMERCE

+55%<sup>2</sup>



TRUSTED  
BRANDS

RECOMMENDED  
BY 160,000  
DOCTORS

RETAIL  
EXCELLENCE

E-COMMERCE  
& DIGITAL

<sup>1</sup>2019 like-for-like sales growth. <sup>2</sup>2019 like-for-like sales growth. Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

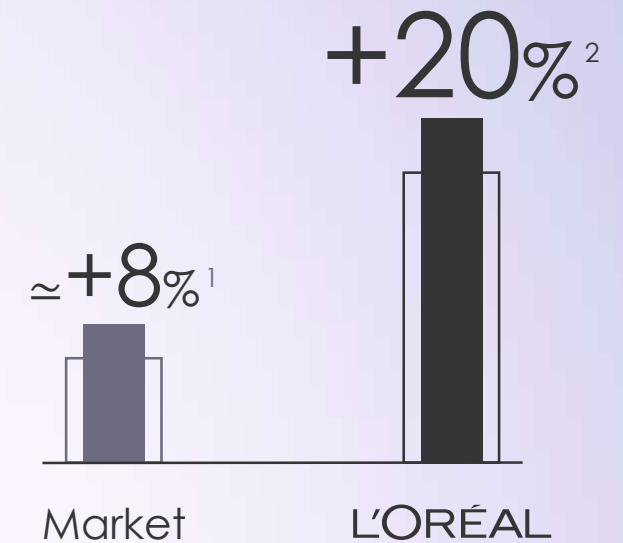


GROWTH ENGINE (3)

# SKINCARE

#1 CATEGORY  
35% OF SALES

#1 GROWTH DRIVER



<sup>1</sup>Source: L'Oréal 2019 estimates. Excluding razors, soaps and toothpastes. At constant exchange rates. <sup>2</sup>2019 like-for-like sales growth.



GROWTH ENGINE (3) SKINCARE

# THE POWER OF INNOVATION



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GROWTH ENGINE (4)

# ASIA PACIFIC



DOUBLE-DIGIT  
GROWTH IN  
MANY COUNTRIES



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GROWTH ENGINE (3) ASIA PACIFIC

#1 ZONE

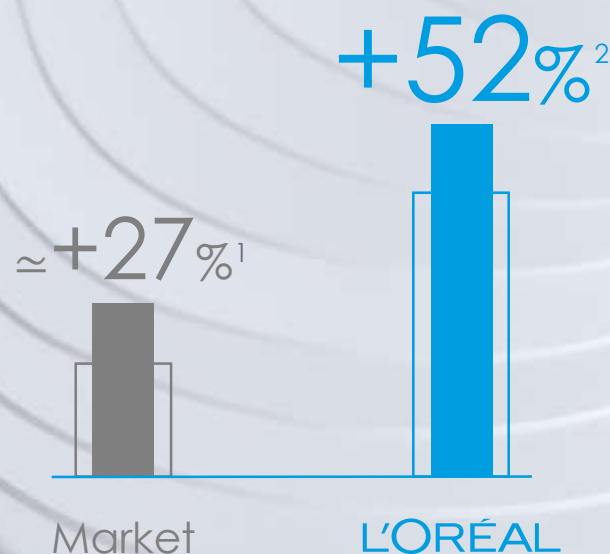
LEADER WITH  
STRONG POTENTIAL



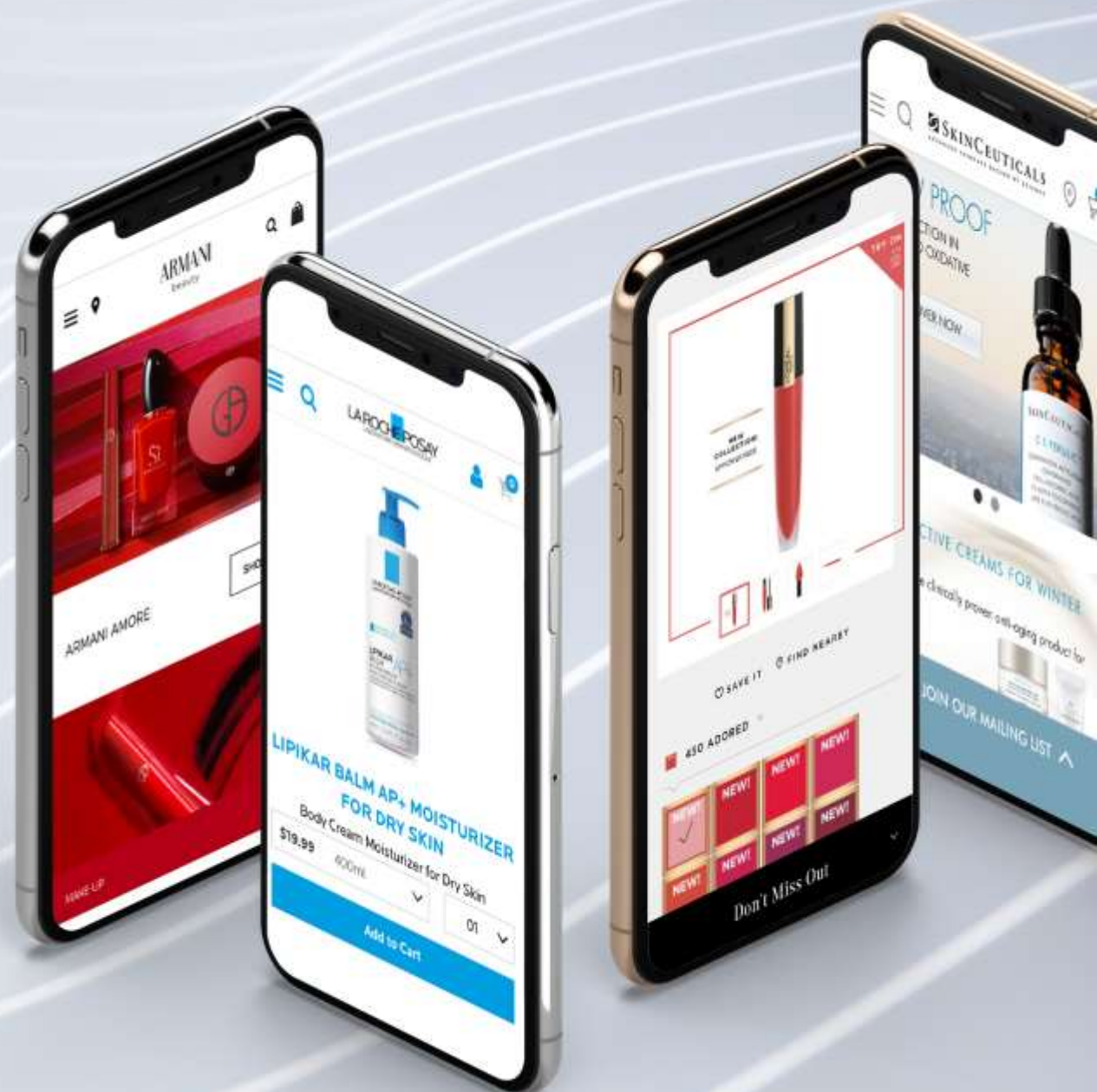


GROWTH ENGINE (5)

# E-COMMERCE



ALL DIVISIONS  
ALL REGIONS  
ALL FORMATS



GROWTH ENGINE (6)

# TRAVEL RETAIL

+25%

EXTENDING  
OUR LEADERSHIP

PORTFOLIO OF BRANDS  
COVERING ALL NEEDS





L'ORÉAL significantly  
**OUTPERFORMED**  
the market

+5.0% / +5.5%<sup>1</sup>  
Beauty market

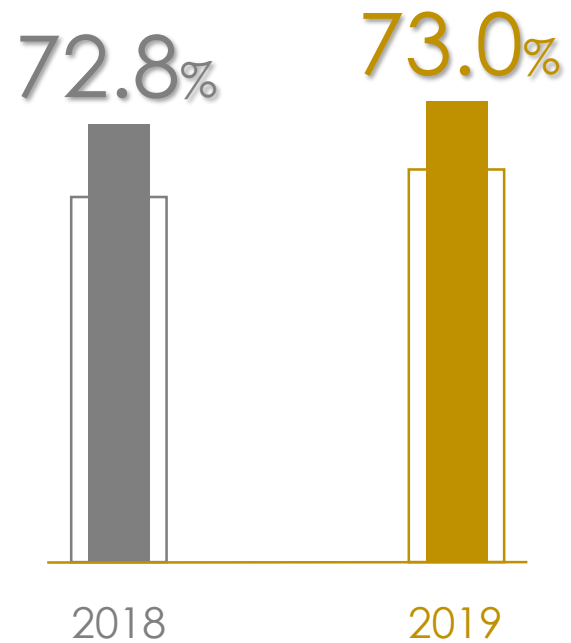
**+8%<sup>2</sup>**  
L'ORÉAL



L'ORÉAL

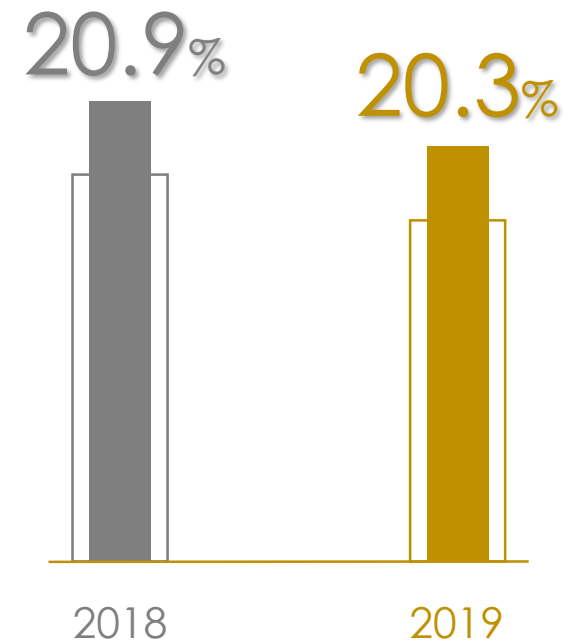
## IMPROVEMENT IN GROSS MARGIN

(% SALES)



## REDUCTION IN SG&As<sup>1</sup>

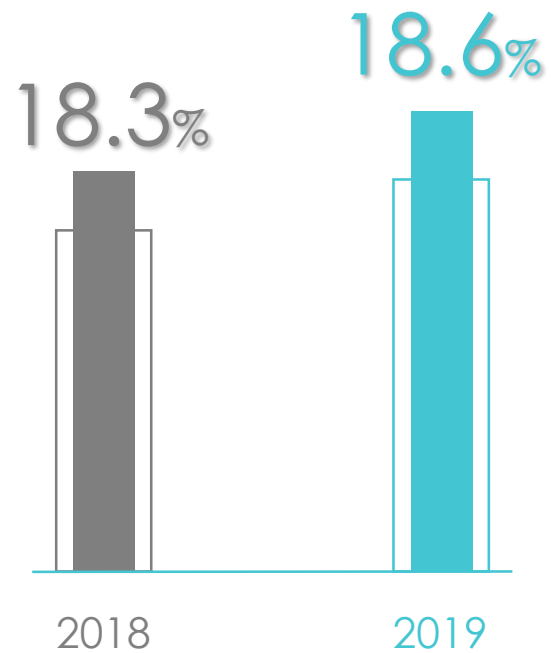
(% SALES)



<sup>1</sup>Selling, general and administrative expenses

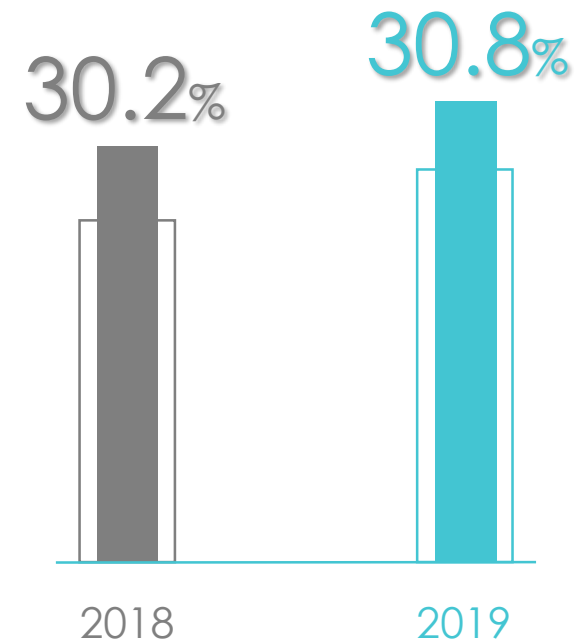
## OPERATING MARGIN

(% SALES)



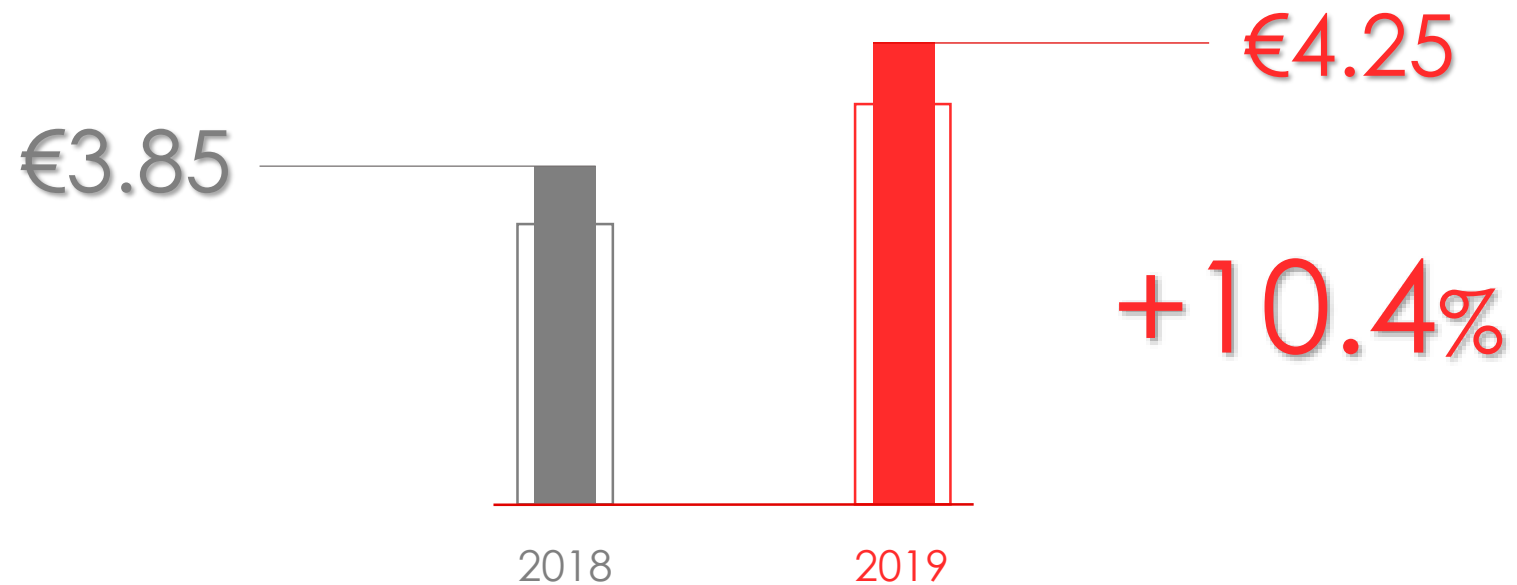
## ADVERTISING & PROMOTION EXPENSES

(% SALES)





# DIVIDEND PER SHARE



L'ORÉAL  
perfectly positioned  
FOR THE NEXT  
DECADE

3



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# A LEADER WITH STRONG POTENTIAL

MARKET SHARE<sup>1</sup> AND RANKING<sup>2</sup> BY GEOGRAPHIC ZONE



<sup>1</sup>Source: L'Oréal 2019 estimates. Excluding razors, soaps and toothpastes. At constant exchange rates.

<sup>2</sup>Ranking based on Euromonitor 2018 figures, excluding soaps, razors and toothpastes.

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# 8 WINNING ASSETS

- 1 CUTTING EDGE R&I
- 2 POWERFUL BRANDS
- 3 DIGITAL EXCELLENCE
- 4 E-COMMERCE LEADERSHIP
- 5 PERFECT BALANCE
- 6 UNIQUE CULTURE & ORGANIZATION
- 7 LONG-TERM BUSINESS MODEL
- 8 EXEMPLARY RESPONSIBILITY



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CUTTING EDGE R&I

1

# THE WORLD'S LARGEST RESEARCH FORCE dedicated to beauty

4,100  
R&I EXPERTS

€1 Bn  
R&D EXPENSES

L'ORÉAL

CUTTING EDGE R&I

1

# Leading the way on technologies that are REVOLUTIONIZING BEAUTY



GREEN SCIENCES



EXPOSOME



MICROBIOME



## UNIQUE PORTFOLIO OF BRANDS

PROFESSIONAL  
PRODUCTSL'ORÉAL  
PROFESSIONNEL  
PARISREDKEN  
5TH AVENUE NYCKÉRASTASE  
PARIS

MATRIX

PUREOLOGY  
serious colour careCONSUMER  
PRODUCTSL'ORÉAL  
PARIS

GARNIER

MAYBELLINE  
NEW YORKNYX  
PROFESSIONAL MAKEUP

essie

Dark  
and  
Lovely

Nelly



mg

L'ORÉAL  
LUXELANCÔME  
PARISYVES SAINT LAURENT  
BEAUTE

ARMANI

Kiehl's  
SINCE 1851

BIOTHERM

URBAN DECAY



shu uemura

it COSMETICS™

HR  
THE UNUSUAL BEAUTYRALPH LAUREN  
FRAGRANCES

VIKTOR &amp; ROLF

cacharel



DIESEL

clarisonic



YUESAI

Atelier Cologne



VALENTINO

ACTIVE  
COSMETICSLA ROCHE POSAY  
LABORATOIRE DERMATOLOGIQUEVICHY  
LABORATOIRESSKINCEUTICALS  
ADVANCED PROFESSIONAL SKINCARECeraVe  
DEVELOPED WITH DERMATOLOGISTSDECLÉOR  
PARIS

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2

POWERFUL BRANDS

9 BILLIONAIRE BRANDS

+9%

L'ORÉAL  
PARIS

by GARNIER,  
*Naturally!*

MAYBELLINE  
NEW YORK

L'ORÉAL  
PROFESSIONNEL  
PARIS

LANCÔME  
PARIS

YVES SAINT LAURENT

ARMANI

Kiehl's  
SINCE 1851

LA ROCHE POSAY  
LABORATOIRE DERMATOLOGIQUE



2

POWERFUL BRANDS

2 BRANDS  
CHANGING DIVISIONS

2 NEW BRANDS  
FOR L'ORÉAL LUXE

PRADA LICENSE  
IN 2021



PRADA

L'ORÉAL



3

DIGITAL EXCELLENCE

# MASTERING THE NEW MARKETING MODEL

PRECISION  
MARKETING

≈ 50%

OF MEDIA SPEND  
ON DIGITAL

≈ 80%

ON PRECISION  
ADVERTISING



PERFORMANCE  
OPTIMIZED IN REAL TIME

PROPRIETARY DIGITAL COCKPIT,  
STRONGLY ENHANCING ROI

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3

DIGITAL EXCELLENCE

## POWER TO ENGAGE

1.3 Bn

CONSUMER  
DATA POINTS<sup>1</sup>

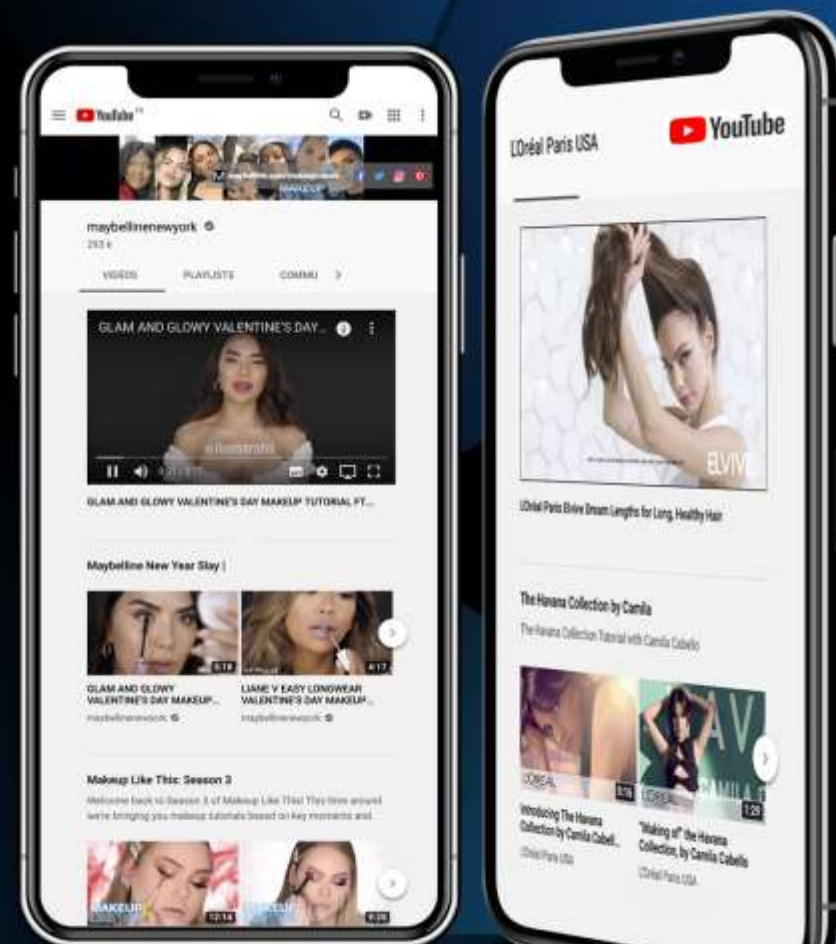
1.2 Bn

VISITORS ON  
OUR WEBSITES

25%

BEAUTY GLOBAL TRAFFIC  
ON YOUTUBE

7.4 Bn

VIDEO VIEWS ON  
YOUTUBE

L'OREAL

3

DIGITAL EXCELLENCE

# SERVICES & EXPERIENCE

## MODIFACE

20 SERVICES  
20 BRANDS  
70 COUNTRIES







3

DIGITAL EXCELLENCE

More than  
30,000 managers  
**UPSKILLED**

Many capabilities  
**INTERNALIZED**

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3

DIGITAL EXCELLENCE

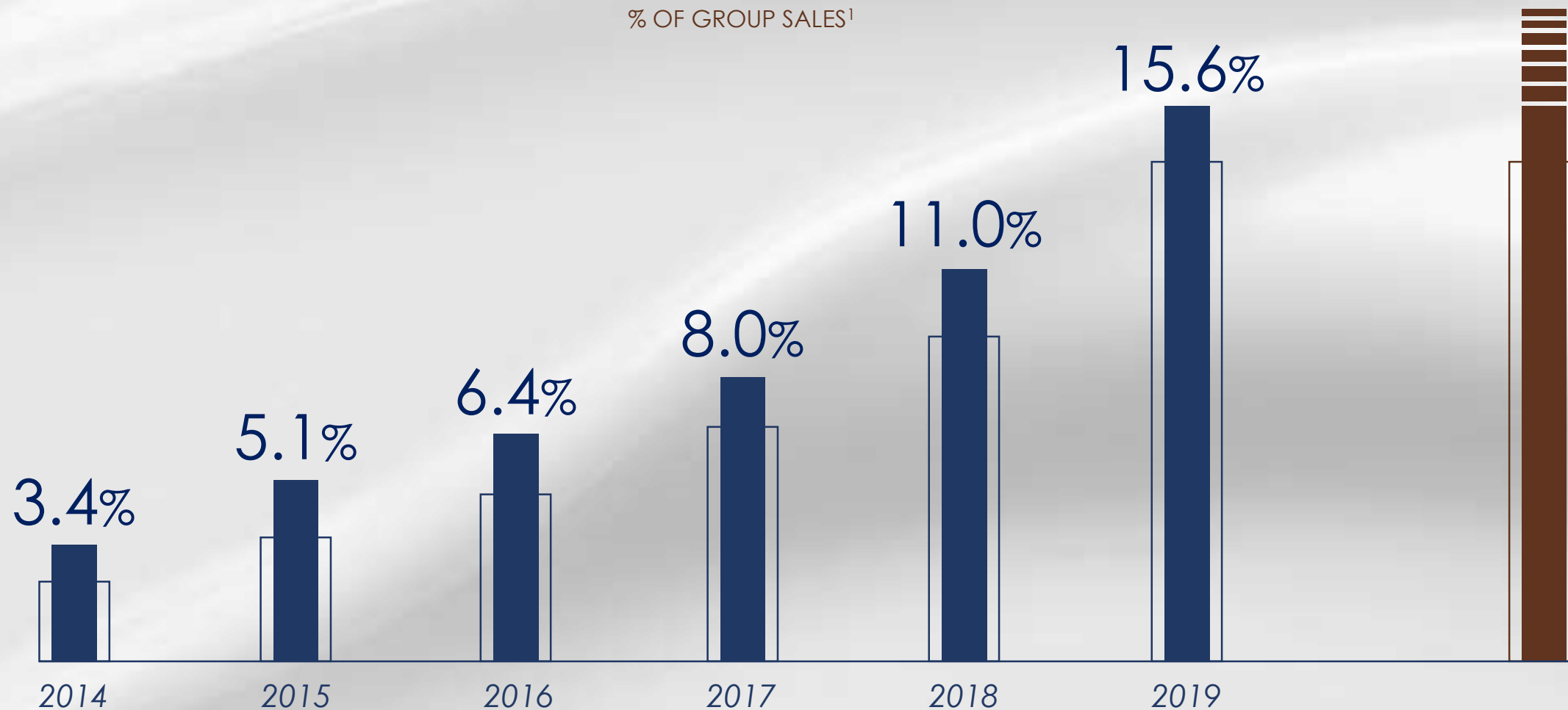
LEADER OF THE NEW  
BEAUTY TECH  
WORLD



L'ORÉAL

# Mastering THE NEW E-COMMERCE MODEL

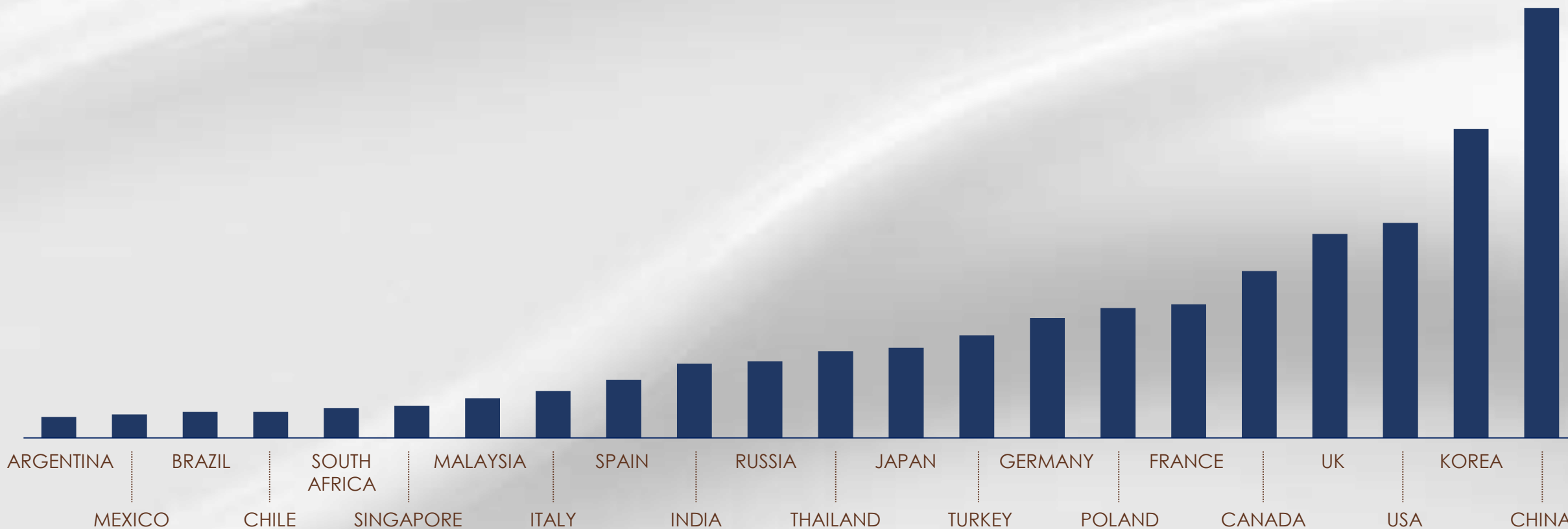
% OF GROUP SALES<sup>1</sup>





# ONLY THE BEGINNING OF THE E-COMMERCE JOURNEY

WEIGHT OF E-COMMERCE IN THE BEAUTY MARKET (IN %)



PERFECT BALANCE

5

PERFECT  
BALANCE



L'ORÉAL

PERFECT BALANCE

5

# ABSOLUTE COVERAGE

## 7 DISTRIBUTION CHANNELS

HAIR SALONS



MASS RETAIL



DEPARTMENT STORES  
PERFUMERIES



PHARMACIES  
DRUGSTORES  
MEDISPAS



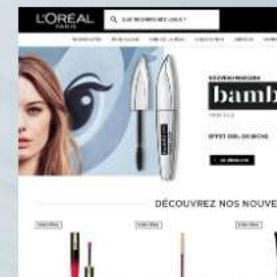
BRANDED RETAIL



TRAVEL RETAIL



E-COMMERCE



## 5 BEAUTY CATEGORIES



HAIRCARE



HAIR COLOR



SKINCARE



FRAGRANCES



MAKE-UP

ALL PRICE  
SEGMENTS

ALL  
REGIONS

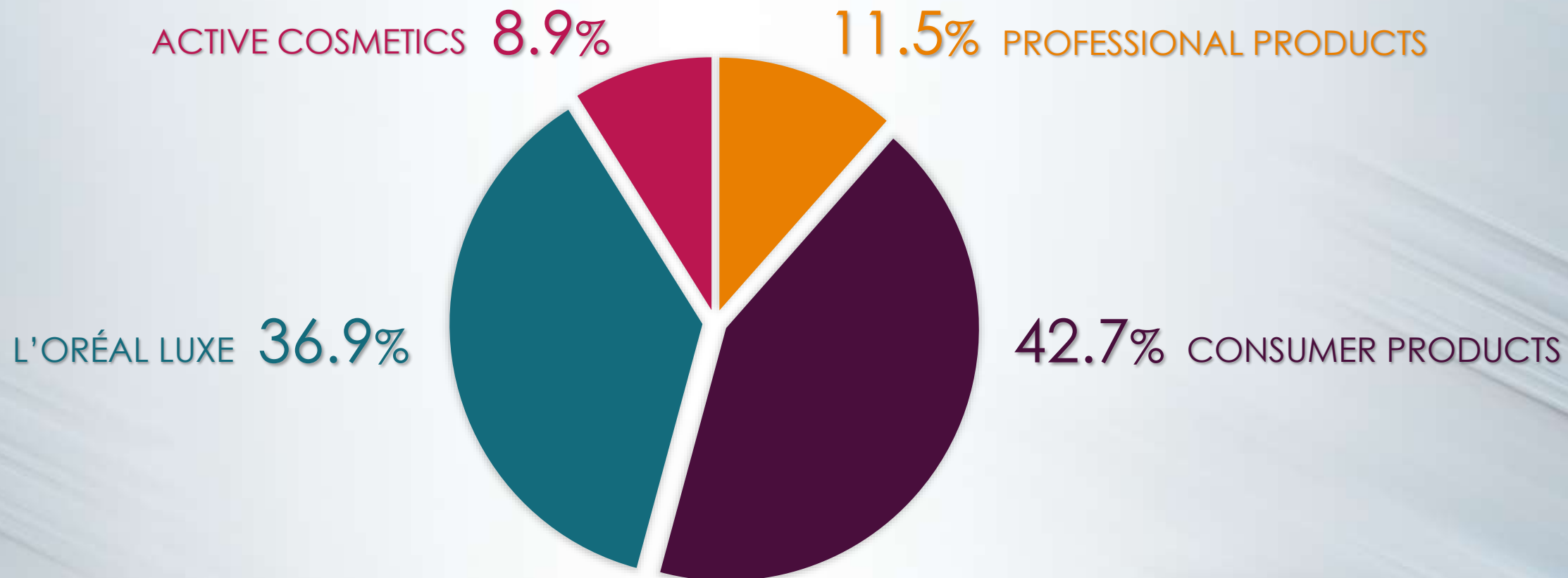
ALL  
PSYCHOGRAPHICS

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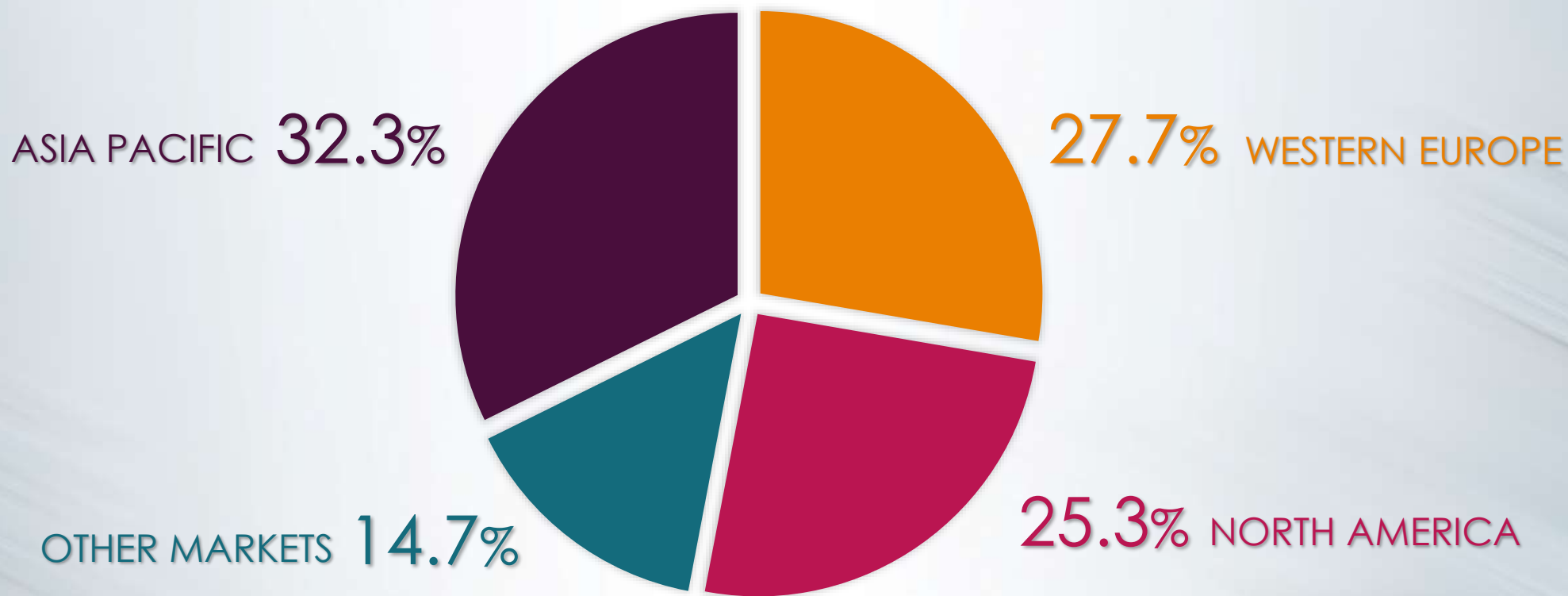
# PERFECT BALANCE

in terms of sector



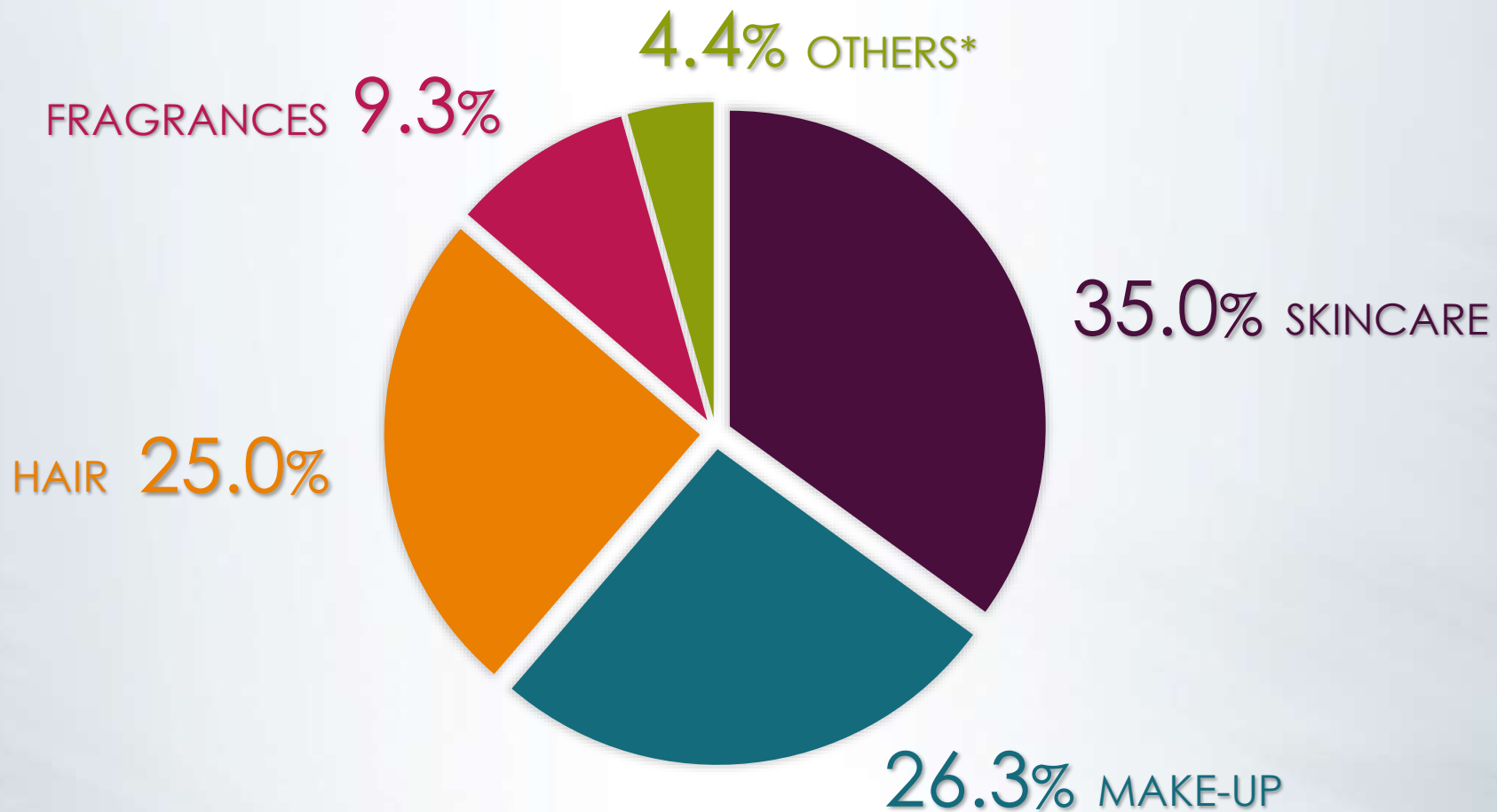
BREAKDOWN OF 2019 SALES BY DIVISION

## PERFECT BALANCE in terms of region



BREAKDOWN OF 2019 SALES BY GEOGRAPHIC ZONE

# PERFECT BALANCE in terms of category



BREAKDOWN OF 2019 SALES BY BUSINESS SEGMENT



6

UNIQUE CULTURE & ORGANIZATION

A LEADER WITH THE SPIRIT  
OF A CHALLENGER

---

A LARGE COMPANY WITH  
THE SPIRIT OF A START-UP

UNIQUE  
APPROACH

LONG-TERM  
VISION

---

SHORT-TERM  
PRAGMATISM

6

UNIQUE CULTURE & ORGANIZATION

EMPOWERED  
LOCAL TEAMS

UNIQUE  
ORGANIZATION

STRATEGICALLY  
CONCENTRATED

AGILITY & EXCELLENCE  
ON THE FIELD

OPERATIONALLY  
DECENTRALIZED

L'ORÉAL

7

LONG-TERM BUSINESS MODEL

# LONG-TERM BUSINESS MODEL

to deliver consistent, sustainable  
& reliable growth



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7

LONG-TERM BUSINESS MODEL



## TOPLINE GROWTH

The best route to value creation

FOCUS ON TOPLINE GROWTH

+

OPERATIONAL DISCIPLINE

# CONSISTENT GROWTH IN OPERATING MARGIN



## SUSTAINED PROFIT INCREASE

NET PROFIT SINCE 1989 IN MILLION EUROS



<sup>1</sup>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



# A DYNAMIC DIVIDEND POLICY

DIVIDEND PER SHARE SINCE 1998 IN EUROS

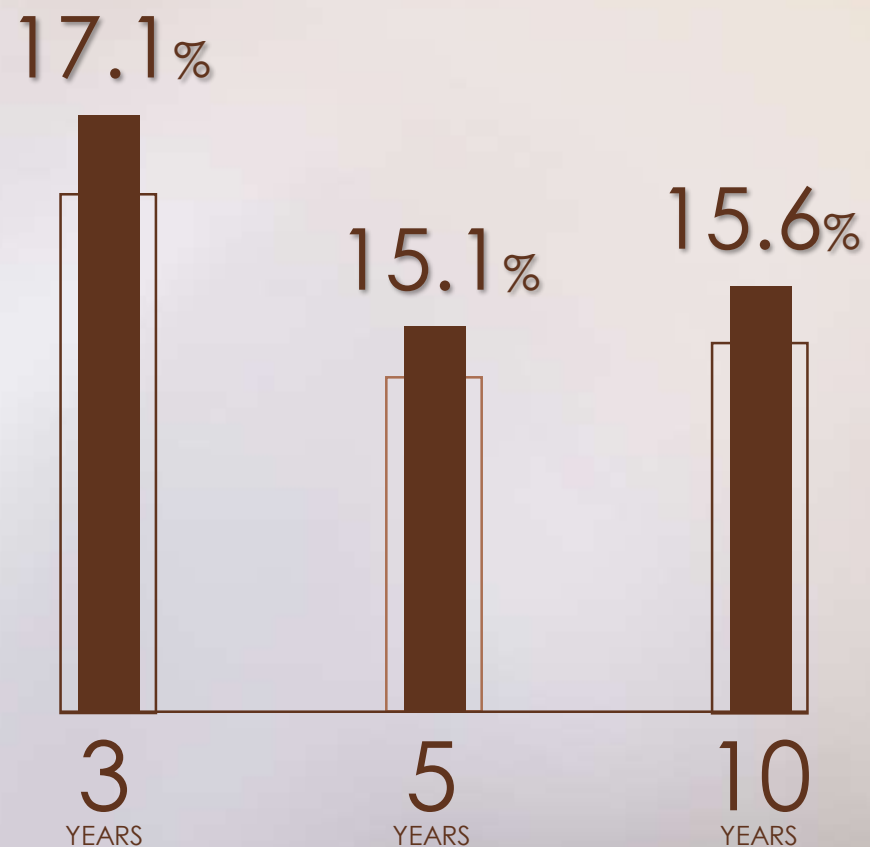
**+10%**  
LOYALTY BONUS

DIVIDEND INCREASE FOR  
SHAREHOLDERS WHO HAVE  
CONTINUOUSLY HELD SHARES  
IN REGISTERED FORM FOR AT  
LEAST 2 CALENDAR YEARS



PAYOUT RATIO: 54.9%<sup>2</sup>

## DOUBLE-DIGIT TSR

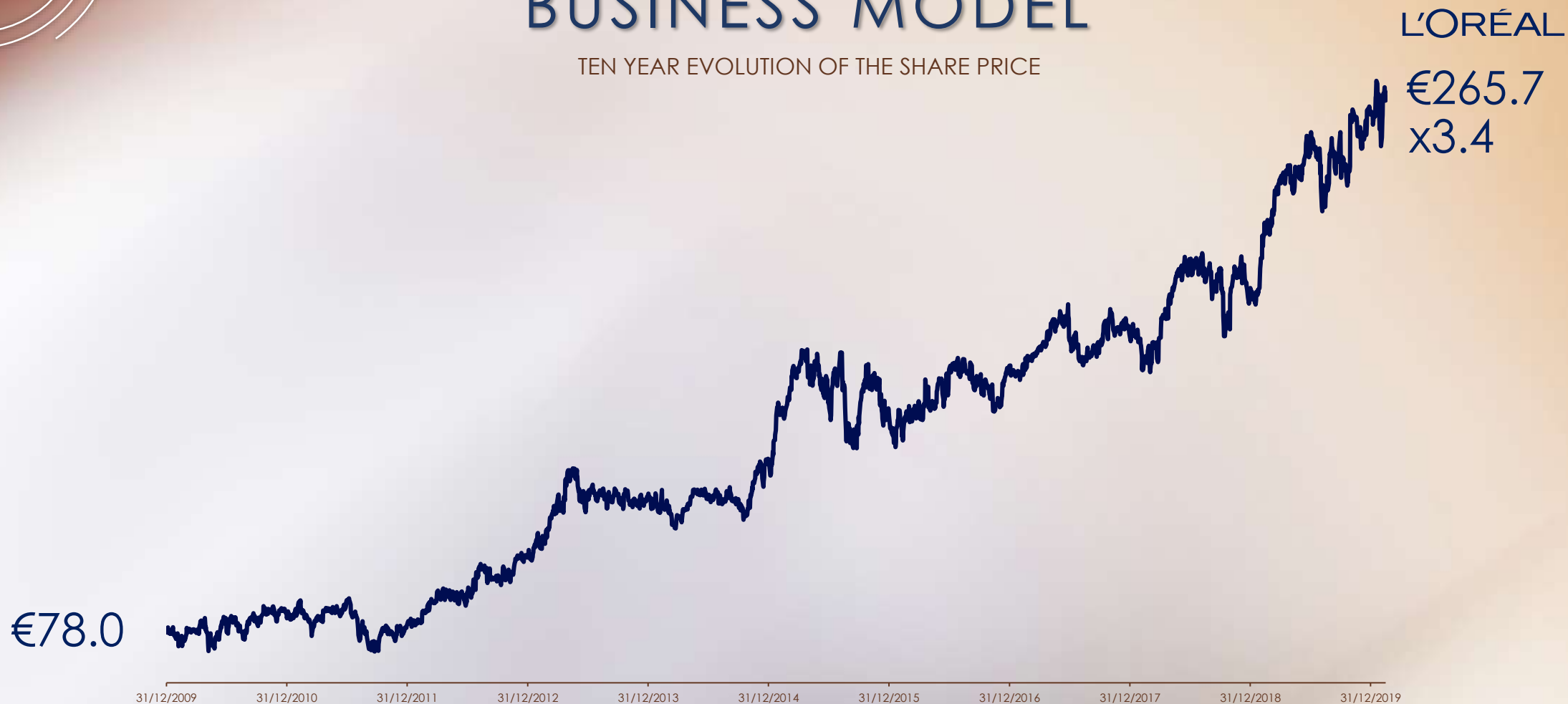


7

LONG-TERM BUSINESS MODEL

# A POWERFUL VALUE-CREATING BUSINESS MODEL

TEN YEAR EVOLUTION OF THE SHARE PRICE





8

EXEMPLARY RESPONSIBILITY

## Extending our lead in **SUSTAINABILITY**



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8

EXEMPLARY RESPONSIBILITY

## DEEP TRANSFORMATION

**We offer products  
that combine  
performance with  
sustainability**

**85% OF NEW  
PRODUCTS<sup>1</sup>**

**have an improved  
environmental  
or social profile**



**We decouple  
our environmental  
impact from  
our growth**

**-78%<sup>2</sup> CO<sub>2</sub>  
+37%<sup>3</sup> PRODUCTION**



**We provide access  
to work to people  
from underprivileged  
communities**

**90,635 PEOPLE**



8

EXEMPLARY RESPONSIBILITY

# L'ORÉAL, A SUSTAINABLE COMPANY



ONLY COMPANY WITH 3 "A" FOR THE 4<sup>th</sup> YEAR IN A ROW



8

EXEMPLARY RESPONSIBILITY

# L'ORÉAL, AN INCLUSIVE COMPANY



World leader  
gender equality



L'ORÉAL

# L'ORÉAL, AN ETHICAL COMPANY

**covalence**  
ESG ratings

#1 worldwide  
Ethical Quote  
Reputation Index

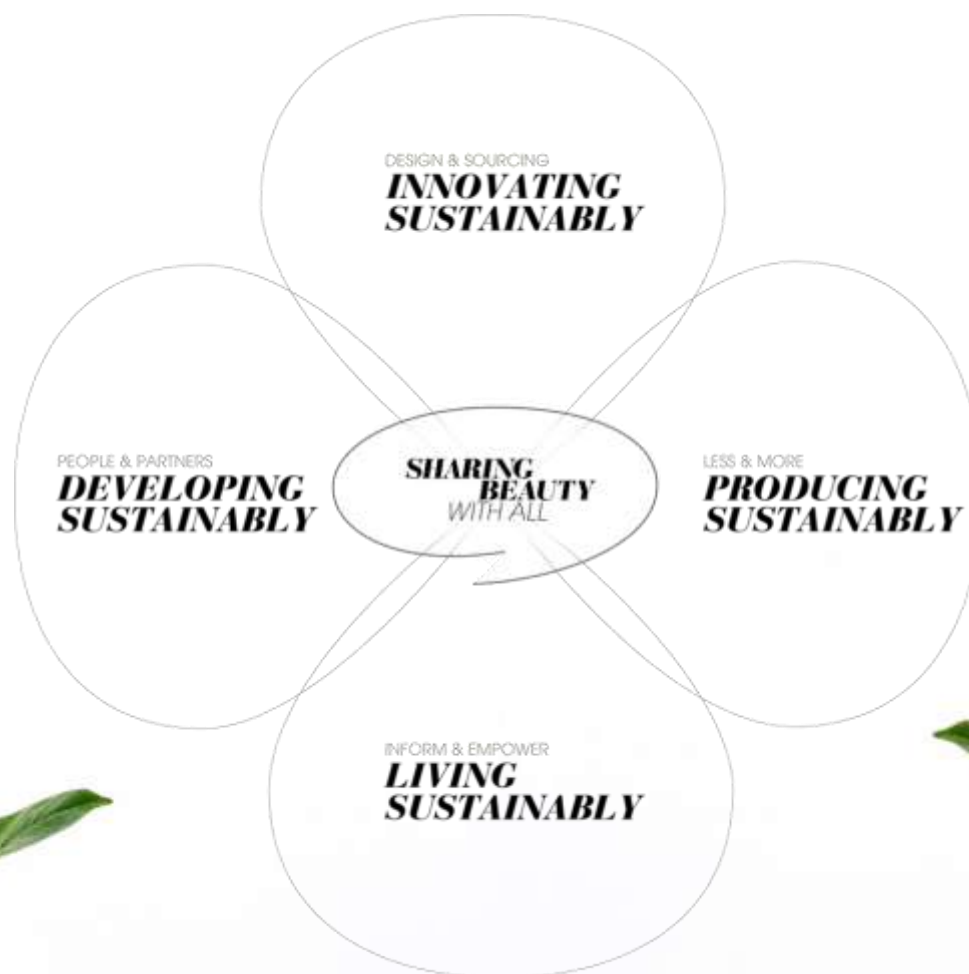




8

EXEMPLARY RESPONSIBILITY

# New, extremely ambitious 2030 COMMITMENTS



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STARTING THIS NEW YEAR  
AND NEW DECADE  
Stronger than ever

4

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Deep solidarity with Chinese people



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After a period of disturbance  
consumption resumes  
**STRONGER THAN BEFORE**



L'ORÉAL



Assuming that the epidemic  
follows a similar pattern,  
Confidence in our capacity  
to outperform the market  
and  
Achieve another year of growth  
in both sales and profits



THANK YOU  
MERCI



# Q&A

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