Clichy, 6 February 2020 at 6.00 p.m.

L'ORÉAL

2019 ANNUAL RESULTS

BEST SALES GROWTH OF THE DECADE: +8.0%[1]
RECORD OPERATING MARGIN: 18.6%

News Release

- **Sales: 29.87 billion euros**
  - +8.0% like-for-like [1]
  - +8.8% at constant exchange rates
  - +10.9% based on reported figures
- **Operating profit: 5.54 billion euros, an increase of +12.7% [2]**
- **Earnings per share [3]: 7.74 euros, an increase of +9.3%**
- **Operating cash flow [4]: 5.03 billion euros, an increase of +29.8%**
- **Dividend [5]: 4.25 euros, an increase of +10.4%**

The Board of Directors of L'Oréal met on 6 February 2020, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2019.

Commenting on the Annual Results, Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

"L'Oréal closed the decade with its best year for sales growth since 2007, at +8.0% like-for-like [1], and an excellent fourth quarter, in a beauty market that remains very dynamic.

All Divisions are growing. L'Oréal Luxe sales exceeded 11 billion euros, driven by the strong dynamism of its four big brands – Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's – which all posted double-digit growth. The Active Cosmetics Division had its best year ever, with La Roche-Posay sales exceeding one billion euros. Growth at the Consumer Products Division was boosted by L'Oréal Paris which had a great year. Lastly, growth improved in the Professional Products Division; the highlight was the double-digit performance of Kérastase.

Performances by geographic Zone were contrasted. The New Markets posted their strongest growth for more than 10 years [1]. Asia Pacific became the Group's number one Zone, with a remarkable end to the year in China, but also good growth in South Korea, India, Indonesia and Malaysia. Eastern Europe maintained its strong growth rate, and Western Europe returned to growth last year. North America was impacted by the poor performance in makeup.

E-commerce and Travel Retail, which are also powerful growth drivers, contributed strongly to the Group's success. E-commerce grew spectacularly by +52.4% [6] and accounts for 15.6% of sales. Travel Retail maintained its strong momentum and posted growth of +25.3% [1].

…/…

[1] *Like-for-like: based on a comparable structure and identical exchange rates.*
[2] *Growth amounts to 11.8% after excluding the impact of the IFRS 16 accounting rule.*
[3] *Diluted net earnings per share, excluding non-recurring items, after non-controlling interests.*
[4] *Operating cash flow = Gross cash flow + changes in working capital - investments.*
[5] *Proposed at the Annual General Meeting of 21 April 2020.*
[6] *Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).*

…/…

2019 also saw good growth in our profits. The strong growth in sales and the increase in gross profit, combined with the lower weight of operating expenses, enabled us both to invest more in our brands and to improve our profitability.

Once again this year, the strength of L'Oréal's well-balanced business model paid off. It is the universal presence of L'Oréal, which covers the whole beauty market, combined with its talented teams all over the world, which enable the Group to keep on achieving profitable and sustainable growth, while again strengthening its position as the beauty market leader.

Meanwhile, in a world that was hit particularly hard by climate-related uncertainties in 2019, L'Oréal is continuing its initiatives to promote responsible and sustainable growth. For the fourth consecutive year, CDP awarded the Group three A ratings for its initiatives in tackling climate change, sustainable water management and combating deforestation. L'Oréal was also recognised, for the tenth time, as one of the world's most ethical companies by Ethisphere Institute. And lastly, the Group is playing a major role in gender equality, and its leadership in this field has been recognised by Equileap and Bloomberg. These extra-financial performances are a source of pride for the Group, which is firmly committed to promoting a responsible and sustainable model.

The coming weeks will certainly be challenging for the people of China in their battle against the coronavirus epidemic, and we want to convey our deepest solidarity with them. We are of course fully supportive and united with our Chinese teams, and are carefully monitoring the situation. We trust the Chinese authorities to take effective and appropriate measures to best contain this epidemic.

This context will have a temporary impact on the beauty market in the region and therefore on our business in China and Travel Retail Asia, even if it is too early to assess it. The experiences we have had with similar situations in the past (SARS, MERS, etc.) show that, after a period of disturbance, consumption resumes stronger than before. Therefore, at this stage, and assuming that this epidemic follows a similar pattern, we are confident in our capacity this year again to outperform the beauty market and achieve another year of growth in both sales and profits."

The Board of Directors will propose to the Annual General Meeting of 21 April 2020 the renewal of the tenure as director of Ms Béatrice Guillaume-Grabisch and Mr Jean-Victor Meyers for a term of four years.

The tenure of Mr Jean-Pierre Meyers, a director of L'Oréal since 1987, Vice-Chairman of the Board of Directors since 1994, and a member of the Strategy and Sustainable Development, Human Resources and Remuneration, and Appointments and Governance Committees, expires at the end of this Annual General Meeting. Mr Jean-Pierre Meyers has informed the Board that he does not wish to request the renewal of his tenure as director, and declared that this seemed an opportune moment after 33 years of tenure to enable the continuation of the family connection, while stressing the family's profound and lasting attachment to L'Oréal. Mr Jean-Paul Agon, on behalf of the Board of Directors, warmly thanked Mr Jean-Pierre Meyers for his outstanding contribution to the work of the Board and of its Committees over so many years. He paid tribute in particular to Mr Meyers' profound knowledge of the company, his constant determination to preserve its values, his insistence on the highest standards of governance, and the support he has provided for the Group's development and international success. On a personal note, Mr Jean-Paul Agon expressed his gratitude to Mr Meyers for his constant availability and for his advice, which has always been invaluable and wise.

On the proposal of Ms Françoise Bettencourt Meyers and her family, the Board will propose to the Annual General Meeting the candidacy of Mr Nicolas Meyers as a new director for a term of four years.

Mr Bernard Kasriel, a L'Oréal director since 2004 and a member of the Strategy and Sustainable Development Committee, has informed the Board of Directors that he does not wish to request the renewal of his tenure. The Board expressed its gratitude to Mr Bernard Kasriel for the quality of his contribution during his 16 years of tenure. He brought to the Board his experience as an executive of a large international industrial group. The Board thanks him for his commitment, his great freedom of judgement and his contribution of proposals for the work of the various Committees of which he has been a member or Chairman.

Ms Eileen Naughton, a L'Oréal director since 2016, has informed the Board of Directors that she does not wish to request the renewal of her term of office. The Board thanks Ms Eileen Naughton for her participation in the debates of the Board and in the work of the Human Resources & Remuneration Committee of which she was a member.

The Board will propose to the Annual General Meeting the candidacy as a new independent director of Ms Ilham Kadri, CEO of the Solvay group.

If the Annual General Meeting approves the proposed renewals of tenure and candidacies, the number of independent directors will be 6 out of 12 directors appointed by the Annual General Meeting, that is 50%, and the number of women on the Board of Directors will be 7 out of 12, which corresponds to a women's representation rate of 58% [7].

As the appointments and renewals of tenure have an impact on the composition of the Committees, this is set out in detail in the table below, subject to the approval of the renewals of tenure and candidacies at the Annual General Meeting on 21 April 2020.

Projected composition of the Board and Committees at the end of the Annual General Meeting of 21 April 2020

		Date of expiry of tenure	Board Committees			
			Strategy and Sustainable Development	Audit	HR and Remuneration	Appointments and Governance
Mr Jean-Paul Agon	Chairman and CEO	2022	P			
Ms Françoise Bettencourt Meyers	Vice-President	2021	●		●	●
Mr Paul Bulcke	Vice-President	2021	●		●	●
Ms Ana Sofia Amaral	Director repr. employees	2022			●	
Ms Sophie Bellon	■	2023		●	P	P
Mr Patrice Caine	■	2022	●			●
Ms Fabienne Dulac	■	2023		●	●	
Ms Belén Garijo	■	2022			●	
Ms Béatrice Guillaume-Grabisch		2024		●		
Ms Ilham Kadri	■	2024				
Mr Georges Liarokapis	Director repr. employees	2022		●		
Mr Jean-Victor Meyers		2024	●	●		
Mr Nicolas Meyers		2024				
Ms Virginie Morgon	■	2021		P		

■ *Independence within the meaning of the criteria of the AFEP-MEDEF Code*
P *Committee Chairman/Chairwoman*
● *Committee Member*

[7] *The two directors representing employees are not taken into account in calculating these percentages, in accordance with the AFEP-MEDEF Code.*

2019 Sales

Like-for-like, i.e. based on a comparable scope of consolidation and constant exchange rates, the sales growth of the L'Oréal group was +8.0%.
The net impact of changes in the scope of consolidation amounted to +0.8%.
Growth at constant exchange rates was +8.8%.
At the end of 2019, **currency fluctuations** had a positive impact of +2.1%.
Based on reported figures, the Group's sales, at 31 December 2019, amounted to 29.87 billion euros, an increase of +10.9%.

Sales by Division and Geographic Zone

	4th quarter 2019			At 31 December 2019		
		Growth			Growth	
	€m	Like-for-like	Reported	€m	Like-for-like	Reported
By Division						
Professional Products	906.6	+3.9%	+5.8%	3,441.9	+3.2%	+5.5%
Consumer Products	3,214.3	+4.4%	+5.7%	12,748.2	+3.3%	+ 6.0%
L'Oréal Luxe	3,117.8	+15.1%	+17.6%	11,019.8	+13.8%	+17.6%
Active Cosmetics	640.6	+20.9%	+22.5%	2,663.7	+15.5%	+17.1%
Group total	**7,879.3**	**+9.6%**	**+11.4%**	**29,873.6**	**+8.0%**	**+10.9%**
By Geographic Zone						
Western Europe	2,135.7	+2.3%	+2.9%	8,277.1	+1.8%	+2.6%
North America	1,866.6	-2.0%	+0.9%	7,567.0	-0.8%	+4.6%
New Markets, of which:	3,876.9	+21.1%	+23.1%	14,029.5	+17.9%	+20.5%
- *Asia Pacific*	*2,751.0*	*+30.5%*	*+33.3%*	*9,658.0*	*+25.5%*	*+30.4%*
- *Latin America* [8]	*450.6*	*+0.6%*	*-2.8%*	*1,773.1*	*+2.0%*	*-0.7%*
- *Eastern Europe*	*510.6*	*+8.4%*	*+12.4%*	*1,909.7*	*+9.0%*	*+8.9%*
- *Africa, Middle East*	*164.7*	*-4.4%*	*-2.1%*	*688.7*	*-4.1%*	*-0.7%*
Group total	**7,879.3**	**+9.6%**	**+11.4%**	**29,873.6**	**+8.0%**	**+10.9%**

[8] *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 340 basis points on like-for-like growth in Latin America and to 20 basis points on the growth of the whole L'Oréal group in the full-year 2019.*

Sales

PROFESSIONAL PRODUCTS

The Professional Products Division recorded annual growth of +3.2% like-for-like and +5.5% based on reported figures.
The year was marked by the Division's return to a growth rate stronger than the market, with a clear acceleration in the second half. Haircare, the largest contributor to growth, benefited from the spectacular dynamism of the *Kérastase* brand, growing double-digit, combining the success of *Blond Absolu* with the solid performance of *Fusio-Dose* in salons, and the robust growth of the *Total Results* range from *Matrix*. Hair colour was boosted by *Shades EQ* at *Redken*, which recorded another year of double-digit growth, and by the success of the *L'Oréal Professionnel* iconic franchises *Inoa* and *Dia*, driven by *Dialight*.
The Division strengthens its positions worldwide, driven by sustained growth in the United States and in the Asia Pacific Zone. Eastern Europe maintained its dynamism.
In addition, the Division is accelerating strongly in e-commerce [6].

CONSUMER PRODUCTS

The Consumer Products Division ended the year at +3.3% like-for-like and +6.0% based on reported figures.
L'Oréal Paris achieved its strongest growth since 2007, thanks to major launches such as *Rouge Signature* in makeup and *Revitalift Filler* with hyaluronic acid in skincare, rolled out all over the world in ampoule and serum format. *Garnier* recorded growth, driven by emerging countries, the worldwide success of *Tissue Masks* and *Micellar Cleansing Water*, and its initiatives in organic and natural such as *Garnier Organic* and *Fructis Hair Food*. Furthermore, *3CE Stylenanda* continued to prove highly successful in Asia.
Skincare recorded significant growth. In makeup, the market slowed in the developed countries, especially in the United States. In this more difficult context, *Maybelline New York* continued the successful roll-out of *Fit Me!* and *Superstay Matte Ink*, and achieved strong growth in the New Markets.
The Division has accelerated further in e-commerce [6] and in Travel Retail.

L'ORÉAL LUXE

L'Oréal Luxe has grown by +13.8% like-for-like and +17.6% based on reported figures.
The Division outperformed the market and confirmed its success in skincare and fragrances. The Division's four billionaire brands posted double-digit growth. *Lancôme* was driven notably by its excellent performance in skincare, with the *Génifique* new formula and the *Absolue* range, and by the success of its new fragrance *Idôle*. *Yves Saint Laurent* and *Giorgio Armani* had a very good year in fragrance with the successful launch of *Libre* and good performances from *Black Opium*, *Y* and *Sì Passione*, and also in the foundation category. *Atelier Cologne* continued to accelerate and *Valentino* made a good start. L'Oréal Luxe also confirmed its success in skincare with, among other achievements, the strong performance of *Helena Rubinstein* and *Kiehl's*, driven by the success of the *Calendula* range and *Ultra Facial Cream*.
Overall, L'Oréal Luxe is winning market share, particularly in Asia Pacific and Western Europe, despite the more difficult context in the United States. The Division also performed well in a dynamic Travel Retail market, in Eastern Europe and in Latin America.
Meanwhile, the Division continued to accelerate in e-commerce [6] which now accounts for more than 20% of its sales.

ACTIVE COSMETICS

The Active Cosmetics Division achieved record growth of +15.5% like-for-like, the Division's highest growth rate for 20 years. Growth based on reported figures is at +17.1%.
The Division's sales grew at rapid pace, twice that of the dermocosmetics market. *La Roche-Posay* recorded double-digit growth, won market share across all Zones, and passed the one billion euro sales mark. *Vichy* continued to grow, with particularly good performances in Eastern Europe and Latin America. The brand is launching *Liftactiv Peptide-C*, an innovative anti-ageing product in ampoule format. *SkinCeuticals* is growing across all Zones, especially in the United States and in China, where sales have almost tripled in one year. *Discoloration Defense*, rolled out internationally, has already become the brand's fifth best seller. *CeraVe*, which is recording spectacular growth in the United States, continues to expand worldwide.
All the Zones contributed to growth, with strong performances in Asia and North America in particular.
The Division is growing in all distribution channels, and continues to accelerate in e-commerce [6].

Summary by Geographic Zone

WESTERN EUROPE

The Zone recorded growth of +1.8% like-for-like and +2.6% based on reported figures.
L'Oréal Luxe outperformed its market thanks to the successful launch of the fragrances *Libre* by *Yves Saint Laurent* and *Idôle* by *Lancôme*, the dynamism of the *Giorgio Armani* and *Kiehl's* brands, and the good start made by *IT Cosmetics* in several countries. *Lancôme* has become the number one brand in the women's selective market. The Active Cosmetics Division also confirmed its vitality, with high growth from *La Roche-Posay* and *SkinCeuticals*, and the development of *CeraVe*. In a sluggish market, the Consumer Products Division won market share in several key countries, especially in Germany, the United Kingdom, Spain and the Netherlands, and maintained its very strong position in France. The Division also outperformed the makeup and facial skincare markets. The transformation of the Professional Products Division continued, which should pay off from 2020.

NORTH AMERICA

The Zone is at -0.8% like-for-like and +4.6% based on reported figures, with contrasting performances across the Divisions. The persistent difficulties of the makeup market held back the Consumer Products Division and L'Oréal Luxe. These Divisions are however benefiting from the dynamism of skincare, where they are winning market share with the ranges *Revitalift Derm Intensives* by *L'Oréal Paris*, *Ultra Facial* by *Kiehl's* and *Confidence* by *IT Cosmetics*. L'Oréal Luxe also outperformed in the fragrances segment, thanks in particular to the very good results of *Idôle* by *Lancôme* and *Libre* by *Yves Saint Laurent*. The Active Cosmetics Division continues to make inroads into the North American market with double-digit growth, thanks to all its brands and especially *CeraVe*, *La Roche-Posay* and *SkinCeuticals*, all of which achieved double-digit increases. The Professional Products Division also performed very well, driven by hair colour with *Shades EQ* by *Redken* and haircare.

NEW MARKETS

Asia Pacific: the Zone grew by +25.5% like-for-like and +30.4% based on reported figures. All the Divisions are posting double-digit growth. Fourth-quarter growth was driven in particular by the exceptional performance of Singles' Day (11/11) in China, where sales have been growing throughout the year, and the Group is making significant market share gains. Sales in Hong Kong have been strongly affected by the social context, particularly in the fourth quarter. Growth in the Zone is also being driven by the countries of South-East Asia, especially India, Indonesia and Malaysia, and by the luxury brands *Lancôme*, *Kiehl's, Yves Saint Laurent* and *Giorgio Armani*. The Consumer Products Division benefited from a good year at *L'Oréal Paris*, the success of the Korean brand *3CE Stylenanda* as well as the good performance of *Garnier* in many Asian countries. As for the Professional Products Division, growth is being driven in particular by the *Kérastase* brand and hair colour. The Active Cosmetics Division continued to post good growth across all markets, thanks in particular to the success of *La Roche-Posay* and *SkinCeuticals*.

Latin America: the Zone is at +2.0% like-for-like and -0.7% based on reported figures. The year was marked by the sharp contrast between Divisions. On the one hand, the L'Oréal Luxe and Active Cosmetics Divisions recorded good growth, with Active Cosmetics winning market share, while the Consumer Products and Professional Products Divisions found it hard to progress. The skincare category, which is benefiting from a dynamic market, has become the main growth driver for the Zone. In Brazil, the contrast between Divisions is particularly pronounced, with strong growth for the L'Oréal Luxe and Active Cosmetics Divisions. Mexico and Chile contributed to the growth of the Zone.

Eastern Europe: the Zone recorded growth of +9.0% like-for-like and +8.9% based on reported figures, driven by Russia, Turkey, Ukraine and Romania. The Consumer Products, L'Oréal Luxe and Active Cosmetics Divisions have won market share, with, at the Group level, gains in makeup, skincare and hair. E-commerce continued to grow strongly, and now represents 10% of sales in this Zone.

Africa, Middle East: the Zone is at -4.1% like-for-like and -0.7% based on reported figures.
The Zone was affected by a sharp fourth-quarter deceleration in the countries of the Levant, and Lebanon in particular. Over the year, Pakistan, Egypt, Saudi Arabia and Morocco recorded double-digit growth. The Active Cosmetics Division has driven growth, with market share gains in the Maghreb-Middle East and in Sub-Saharan Africa.

Important events during the period 1/10/19 to 31/12/19 and post-closing events

- On 21 October, L'Oréal and Clarins Group signed an agreement, following consultation with employee representatives of both parties, for the sale of the Mugler brands and Azzaro fragrances through the acquisition of the fragrance division of Clarins by L'Oréal. The acquisition is subject to the standard conditions precedent and should be completed within the first quarter 2020 after customary regulatory approvals.

- On 11 December, Prada S.p.A. and L'Oréal signed a long-term license agreement for the creation, development and distribution of luxury beauty products for the Prada brand. The license agreement, having obtained the applicable customary regulatory approvals, will come into effect on 1 January 2021.

- On 23 December, L'Oréal China was awarded the Grand ONE Business Award, the highest recognition for digital transformation across all industries of Alibaba Group. The award recognises L'Oréal's digital pioneering underpinned by consumer-centricity in new marketing, new retail, data and artificial intelligence as well as digital talent, culture and organisation.

- On 3 February, for the 4th year in a row, L'Oréal has been highlighted as a world leader in corporate sustainability by the international non-profit organisation CDP, whose annual environmental disclosure and scoring process is recognised as the gold standard of corporate environmental transparency. The Group achieved a place on the 'A' List for all three environmental issues covered by CDP scores: climate change, water security and forests.

- On 4 February, following a strategic review regarding the best development options for the Roger & Gallet brand, L'Oréal announced that it has entered in exclusive negotiation with the French investment holding Impala for the sale of the Roger & Gallet brand. This project will be submitted for consultation to employee representatives of L'Oréal and could be completed this summer.

2019 Results

Audited financial statements, certification in progress.

Operating profitability at 18.6% of sales

Consolidated profit and loss accounts: from sales to operating profit.

	2018		2019	
	€m	**% sales**	**€m**	**% sales**
Sales	**26,937.4**	**100.0%**	**29,873.6**	**100.0%**
Cost of sales	*-7,331.6*	*27.2%*	*-8,064.7*	*27.0%*
Gross profit	**19,605.8**	**72.8%**	**21,808.9**	**73.0%**
R&I expenses	*-914.4*	*3.4%*	*-985.3*	*3.3%*
Advertising and promotion expenses	*-8,144.7*	*30.2%*	*-9,207.8*	*30.8%*
Selling, general and administrative expenses	*-5,624.7*	*20.9%*	*-6,068.3*	*20.3%*
Operating profit	**4,922.0**	**18.3%**	**5,547.5**	**18.6%**

Gross profit, at 21,808 million euros, came out at 73.0% of sales, compared with 72.8% in 2018, which is an improvement of 20 basis points.

Research and Development expenses, at 985 million euros, have increased by 7.8% compared with 2018.

Advertising and promotion expenses increased by 60 basis points, at 30.8% of sales.

Selling, general and administrative expenses, at 20.3% of sales, have been reduced by 60 basis points.

Overall, **operating profit** has grown by +12.7% to 5,547 million euros, and amounts to 18.6% of sales, representing an increase of 30 basis points. Excluding the impacts of applying the IFRS 16 accounting rule, this growth amounted to 11.8%.

Operating profit by Division

	2018		2019	
	€m	**% sales**	**€m**	**% sales**
By Division				
Professional Products	651.5	20.0%	691.6	20.1%
Consumer Products	2,428.1	20.2%	2,574.6	20.2%
L'Oréal Luxe	2,072.4	22.1%	2,493.7	22.6%
Active Cosmetics	523.0	23.0%	620.8	23.3%
Divisions total	**5,675.0**	**21.1%**	**6,380.7**	**21.4%**
Non-allocated [9]	*-753.1*	*-2.8%*	*-833.2*	*-2.8%*
Group	**4,922.0**	**18.3%**	**5,547.5**	**18.6%**

The profitability of the **Professional Products Division** came out at 20.1%, an improvement of 10 basis points.

The profitability of the **Consumer Products Division** was stable at 20.2%.

The profitability of **L'Oréal Luxe**, at 22.6%, increased by 50 basis points.

The profitability of the **Active Cosmetics Division** came out at 23.3%, representing an increase of 30 basis points.

Non-allocated expenses amounted to 833 million euros, which is stable in relative value.

[9] *Non-allocated = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items. As a % of sales.*

Net profit

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

€m	2018	2019	Growth
Operating profit	**4,922.0**	**5,547.5**	**+12.7%**
Financial revenues and expenses excluding Sanofi dividends	*-1.9*	*-62.7*	
Sanofi dividends	*358.3*	*363.0*	
Profit before tax excluding non-recurring items	5,278.4	5,847.9	+10.8%
Income tax excluding non-recurring items	*-1,286.8*	*-1,486.7*	
Net profit excluding non-recurring items of equity consolidated companies	*+0.1*	*+1.0*	
Non-controlling interests	*-4.1*	*-5.4*	
Net profit excluding non-recurring items after non-controlling interests	**3,987.6**	**4,356.9**	**+9.3%**
EPS [10] (€)	**7.08**	**7.74**	**+9.3%**
Net profit after non-controlling interests	**3,895.4**	**3,750.0**	
Diluted EPS after non-controlling interests (€)	6.92	6.66	
Diluted average number of shares	**563,098,506**	**562,813,129**	

Net finance costs amount to 62 million euros, of which 54 million euros is the result of applying the IFRS 16 accounting rule.

Sanofi dividends amounted to 363 million euros.

Income tax excluding non-recurrent items amounted to 1,486 million euros, representing a tax rate of 25.4%.

Net profit excluding non-recurring items after non-controlling interests amounted to 4,356 million euros, an increase of +9.3%.

Earnings per share, at 7.74 euros, is up by +9.3%.

Non-recurring items after non-controlling interests [11] amounted to 606 million euros net of tax.

Net profit after non-controlling interests came out at 3,750 million euros.

Cash flow statement, Balance sheet and Cash position

Gross cash flow amounted to 5,802 million euros, an increase of 12.1%.

The **working capital requirement** decreased by 460 million euros.

At 1,230 million euros, **investments** represented 4.1% of sales.

Net cash flow [12] at 5,031 million euros, increased by 29.8%.

The **balance sheet** is particularly solid, with shareholders' equity amounting to 29.4 billion euros. After allowing for finance lease liabilities in an amount of 2,035 million euros, **net cash** came out at 2,399 million euros at 31 December 2019.

Proposed dividend at the Annual General Meeting of 21 April 2020

The Board of Directors has decided to propose to the shareholders' Annual General Meeting of 21 April 2020 a dividend of 4.25 euros per share, an increase of +10.4% compared with the dividend paid in 2019. The dividend will be paid on 30 April 2020 (ex-dividend date 28 April 2020 at 0:00 a.m., Paris time).

[10] *Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.*
[11] *Non-recurring items include impairment of assets, net profit of discontinued operations, restructuring costs and tax effects of non-recurring items.*
[12] *Operational cash flow = Gross cash flow + changes in working capital - capital expenditure.*

Share capital

At 31 December 2019, the capital of the company is formed by 558,117,205 shares, each with one voting right.

"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 2019 Annual Results 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

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

Financial analysts and Institutional investors

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

Journalists

Ms Domitille FAFIN
Tel: +33 1 47 56 76 71
domitille.fafin@loreal.com

For more information, please contact your bank, broker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers, 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.

Appendices

Appendix 1: L'Oréal group sales 2018/2019 (€ millions)

	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	7,879.3
Full year total	26,937.4	29,873.6

Appendix 2: Compared consolidated income statements

€ millions	2019	2018	2017 [1]
Net sales	**29,873.6**	**26,937.4**	**26,023.7**
Cost of sales	-8,064.7	-7,331.6	-7,359.2
Gross profit	**21,808.9**	**19,605.8**	**18,664.5**
Research and innovation	-985.3	-914.4	-877.1
Advertising and promotion	-9,207.8	-8,144.7	-7,650.6
Selling, general and administrative expenses	-6,068.3	-5,624.7	-5,460.5
Operating profit	**5,547.5**	**4,922.0**	**4,676.3**
Other income and expenses	-436.5	-94.7	-276.3
Operational profit	**5,111.0**	**4,827.3**	**4,400.0**
Finance costs on gross debt	-75.4	-34.8	-35.5
Finance income on cash and cash equivalents	28.7	47.9	38.5
Finance costs, net	**-46.7**	**13.1**	**3.1**
Other financial income (expenses)	-16.0	-15.0	-26.0
Sanofi dividends	363.0	358.3	350.0
Profit before tax and associates	**5,411.4**	**5,183.7**	**4,727.0**
Income tax	-1,657.2	-1,284.3	-901.3
Share of profit in associates	1.0	0.1	-0.1
Net profit from continuing operations	**3,755.2**	**3,899.5**	**3,825.6**
Net profit from discontinued operations	**-**	**-**	**-240.1**
Net profit	**3,755.2**	**3,899.5**	**3,585.5**
Attributable to:			
• owners of the company	3,750.0	3,895.4	3,581.4
• non-controlling interests	5.2	4.1	4.1
Earnings per share attributable to owners of the company *(euros)*	6.70	6.96	6.40
Diluted earnings per share attributable to owners of the company *(euros)*	6.66	6.92	6.36
Earnings per share of continuing operations attributable to owners of the company *(euros)*	6.70	6.96	6.83
Diluted earnings per share of continuing operations attributable to owners of the company *(euros)*	6.66	6.92	6.78
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items *(euros)*	7.78	7.13	6.70
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items *(euros)*	7.74	7.08	6.65

(1) The consolidated income statement for 2017 is presented to reflect the impacts of IFRS 5 regarding discontinued operations, restating The Body Shop activity on a single line "Net profit from discontinued operations.

Appendix 3: Consolidated statements of comprehensive income

€ millions	2019	2018	2017*
Consolidated net profit for the period	**3,755.2**	**3,899.5**	**3,585.5**
Financial assets available-for-sale	*-*	*-*	*-597.1*
Cash flow hedges	*2.9*	*-60.3*	*88.9*
Cumulative translation adjustments	*188.2*	*126.4*	*-824.8*
Income tax on items that may be reclassified to profit or loss (1) (2)	*-1.9*	*14.8*	*4.5*
Items that may be reclassified to profit or loss	**189.2**	**80.9**	**-1,328.5**
Financial assets at fair value through profit or loss	*1,650.6*	*450.5*	*-*
Actuarial gains and losses	*-327.7*	*-58.5*	*280.0*
Income tax on items that may not be reclassified to profit or loss (1) (2)	*29.7*	*0.5*	*-107.9*
Items that may not be reclassified to profit or loss	**1,352.6**	**392.5**	**172.1**
Other comprehensive income	**1,541.8**	**473.4**	**-1,156.5**
Consolidated comprehensive income	**5,297.0**	**4,372.9**	**2,428.9**
Attributable to:			
• **owners of the company**	**5,291.9**	**4,368.7**	**2,424.8**
• non-controlling interests	5.1	4.2	4.1

* *Including The Body Shop for eight months in 2017.*

(1) *Including in 2017, respectively €20.4 million and -€21.5 million arising on the remeasurement of deferred tax in France further to the planned change in the tax rate by 2022 and the deferred tax in the United States further to the change in the tax rate at 1 January 2018.*

(2) *The tax effect is as follows:*

€ millions	2019	2018	2017
Financial assets available-for-sale	*-*	*-*	*37.3*
Cash flow hedges	*-1.9*	*14.8*	*-32.8*
Items that may be reclassified to profit or loss	**-1.9**	**14.8**	**4.5**
Financial assets at fair value through profit or loss	*-51.7*	*-14.0*	*-*
Actuarial gains and losses	*81.4*	*14.5*	*-107.9*
Items that may not be reclassified to profit or loss	**29.7**	**0.5**	**-107.9**
TOTAL	**27.8**	**15.4**	**-103.4**

Appendix 4: Compared consolidated balance sheets

ASSETS

€ millions	**31.12.2019**	31.12.2018	31.12.2017 (1)
Non-current assets	**29,893.3**	**25,991.2**	**24,320.1**
Goodwill	9,585.6	9,597.1	8,872.3
Other intangible assets	3,163.8	3,087.3	2,579.1
Right-of-use assets	1,892.3	-	-
Property, plant and equipment	3,644.3	3,624.6	3,571.1
Non-current financial assets	10,819.1	9,100.5	8,766.2
Investments in associates	10.9	9.0	1.1
Deferred tax assets	777.3	572.7	530.3
Current assets	**13,916.5**	**12,466.3**	**11,019.0**
Inventories	2,920.8	2,821.9	2,494.6
Trade accounts receivable	4,086.7	3,983.2	3,923.4
Other current assets	1,474.9	1,509.1	1,393.8
Current tax assets	148.1	160.1	160.6
Cash and cash equivalents	5,286.0	3,992.0	3,046.6
TOTAL	**43,809.8**	**38,457.5**	**35,339.1**

EQUITY & LIABILITIES

€ millions	**31.12.2019**	31.12.2018	31.12.2017 (1)
Equity	**29,426.0**	**26,933.6**	**24,818.5**
Share capital	111.6	112.1	112.1
Additional paid-in capital	3,130.2	3,070.3	2,935.3
Other reserves	16,930.9	15,952.5	14,761.8
Other comprehensive income	5,595.8	4,242.1	3,895.0
Cumulative translation adjustments	-99.2	-287.4	-413.5
Treasury shares	-	-56.5	-56.5
Net profit attributable to owners of the company	3,750.0	3,895.4	3,581.4
Equity attributable to owners of the company	**29,419.3**	**26,928.4**	**24,815.7**
Non-controlling interests	6.7	5.2	2.8
Non-current liabilities	**3,515.3**	**1,412.2**	**1,347.2**
Provisions for employee retirement obligations and related benefits	772.9	388.9	301.9
Provisions for liabilities and charges and other non-current liabilities	367.1	336.1	434.9
Deferred tax liabilities	737.7	673.7	597.0
Non-current borrowings and debt	9.6	13.5	13.4
Non-current lease debt	1,628.0	-	-
Current liabilities	**10,868.5**	**10,111.6**	**9,173.4**
Trade accounts payable	4,658.4	4,550.0	4,140.8
Provisions for liabilities and charges	1,117.8	979.8	889.2
Other current liabilities	3,508.5	3,138.9	2,823.9
Income tax	334.8	215.1	158.5
Current borrowings and debt	841.2	1,227.8	1,161.0
Current lease debt	407.9	-	-
TOTAL	**43,809.8**	**38,457.5**	**35,339.1**

(1) The balance sheets at 31 December 2017 have been restated to reflect the change in accounting policies resulting from the application of IFRS 9 "Financial Instruments"

Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other compre-hensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-control-ling interests	Total equity
At 31.12.16 (1)	**560,098,396**	**112.4**	**2,817.3**	**17,067.6**	**4,227.3**	**-133.6**	**410.9**	**24,501.9**	**2.1**	**24,504.0**
Consolidated net profit for the period				3,581.4				3,581.4	4.1	3,585.5
Financial assets available-for-sale					*-559.7*			*-559.7*		*-559.7*
Cash flow hedges					*55.5*			*55.5*	*0.4*	*55.9*
Cumulative translation adjustments							*-824.5*	*-824.5*	*-0.3*	*-824.8*
Other comprehensive income that may be reclassified to profit and loss					**-504.2**		**-824.5**	**-1,328.7**	**0.1**	**-1,328.6**
Actuarial gains and losses					*172.1*			*172.1*		*172.1*
Other comprehensive income that may not be reclassified to profit and loss					**172.1**			**172.1**	**-**	**172.1**
Consolidated comprehensive income				**3,581.4**	**-332.2**		**-824.5**	**2,424.8**	**4.1**	**2,428.9**
Capital increase	1,509,951	0.3	118.0					118.3		118.3
Cancellation of Treasury shares		-0.6		-498.6		499.2		-		-
Dividends paid (not paid on Treasury shares)				-1,857.7				-1,857.7	-3.5	-1,861.2
Share-based payment				128.8				128.8		128.8
Net changes in Treasury shares	-1,860,384			-77.2		-422.0		-499.2		-499.2
Changes in scope of consolidation				-1.3				-1.3		-1.3
Other movements				0.3				0.2		0.2
At 31.12.2017 (1)	**559,747,963**	**112.1**	**2,935.3**	**18,343.3**	**3,895.0**	**-56.5**	**-413.5**	**24,815.7**	**2.8**	**24,818.5**
Changes in accounting policy at 01.01.2018				-12.0				-12.0	-0.9	-12.9
At 31.12.2018 (2)	**559,747,963**	**112.1**	**2,935.3**	**18,331.3**	**3,895.0**	**-56.5**	**-413.5**	**24,803.7**	**1.9**	**24,805.6**
Consolidated net profit for the period				3,895.4				3,895.4	4.1	3,899.5
Cash flow hedges					*-45.3*			*-45.3*	*-0.2*	*-45.5*
Cumulative translation adjustments							*114.5*	*114.5*	*0.3*	*114.8*
Hyperinflation							*11.6*	*11.6*		*11.6*
Other comprehensive income that may be reclassified to profit and loss					**-45.3**		**126.1**	**80.8**	**0.1**	**80.9**
Financial assets at fair value through profit or loss					*436.5*			*436.5*		*436.5*
Actuarial gains and losses					*-44.0*			*-44.0*		*-44.0*
Other comprehensive income that may not be reclassified to profit and loss					**392.5**			**392.5**	**-**	**392.5**
Consolidated comprehensive income				**3,895.4**	**347.2**		**126.1**	**4,368.7**	**4.2**	**4,372.9**
Capital increase	2,375,378	0.5	135.0	-0.2				135.3		135.3
Cancellation of Treasury shares		-0.5		-498.9		499.4		-		-
Dividends paid (not paid on Treasury shares)				-2,006.6				-2,006.6	-3.8	-2,010.4
Share-based payment				126.4				126.4		126.4
Net changes in Treasury shares	-2,497,814					-499.4		-499.4		-499.4
Changes in scope of consolidation				-2.9				-2.9	2.9	
Other movements				3.4	-0.1			3.3		3.3
At 31.12.2018	**559,625,527**	**112.1**	**3,070.3**	**19,847.8**	**4,242.1**	**-56.5**	**-287.4**	**26,928.4**	**5.2**	**26,933.6**

(1) After taking account of the change in accounting policy pertaining to IFRS 9 Financial Instruments.
(2) After taking account of the change in accounting policy pertaining to IFRS 15 Revenue from Contracts with Customers.
(3) After taking account of the change in accounting policy pertaining to IFRS 16 Leases.

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other compre-hensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-control-ling interests	Total equity
At 31.12.2018	**559,625,527**	**112.1**	**3,070.3**	**19,847.8**	**4,242.1**	**-56.5**	**-287.4**	**26,928.4**	**5.2**	**26,933.6**
Changes in accounting policies at 01.01.2019				-81.5				-81.5		-81.5
At 01.01.2019 [3]	**559,625,527**	**112.1**	**3,070.3**	**19,766.3**	**4,242.1**	**-56.5**	**-287.4**	**26,847.0**	**5.2**	**26,852.2**
Consolidated net profit for the period				3,750.0				3,750.0	5.2	3,755.2
Cash flow hedges					*1.1*			*1.1*	*-0.1*	*1.0*
Cumulative translation adjustments							*174.1*	*174.1*		*174.1*
Hyperinflation							*14.1*	*14.1*	*0.0*	*14.1*
Other comprehensive income that may be reclassified to profit and loss					**1.1**		**188.2**	**189.3**	**-0.1**	**189.2**
Financial assets at fair value through profit or loss					*1,598.9*			*1,598.9*		*1,598.9*
Actuarial gains and losses					*-246.3*			*-246.3*		*-246.3*
Other comprehensive income that may not be reclassified to profit and loss					**1,352.6**			**1,352.6**	**-**	**1,352.6**
Consolidated comprehensive income				**3,750.0**	**1,353.7**		**188.2**	**5,291.9**	**5.1**	**5,297.0**
Capital increase	1,491,678	0.3	59.9	-0.1				60.0		60.0
Cancellation of Treasury shares		-0.8		-803.0		803.8		-		-
Dividends paid (not paid on Treasury shares)				-2,176.7				-2,176.7	-3.6	-2,180.3
Share-based payment				144.4				144.4		144.4
Net changes in Treasury shares	-3,000,000					-747.3		-747.3		-747.3
Purchase commitments for non-controlling interests								-		-
Changes in scope of consolidation								-		-
Other movements				-0.1				-0.1		-0.1
AT 31.12.2019	**558,117,205**	**111.6**	**3,130.2**	**20,680.9**	**5,595.8**	**0.0**	**-99.2**	**29,419.3**	**6.7**	**29,426.0**

(1) After taking account of the change in accounting policy pertaining to IFRS 9 Financial Instruments.

(2) After taking account of the change in accounting policy pertaining to IFRS 15 Revenue from Contracts with Customers.

(3) After taking account of the change in accounting policy pertaining to IFRS 16 Leases.

Appendix 6: Compared consolidated statements of cash flows

€ millions	**2019**	2018	2017 [1]
Cash flows from operating activities			
Net profit attributable to owners of the company	3,750.0	3,895.4	3,581.4
Non-controlling interests	5.2	4.1	4.1
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	1,958.3	1,109.3	1,218.5
• changes in deferred taxes	-42.5	43.0	-194.8
• share-based payment (including free shares)	144.4	126.4	126.7
• capital gains and losses on disposals of assets	-14.0	-2.7	-3.9
Other non-cash transactions	1.9	2.7	-
Net profit from discontinued operations	-	-	240.1
Share of profit in associates net of dividends received	-1.0	-0.1	0.1
Gross cash flow	**5,802.3**	**5,178.1**	**4,972.2**
Changes in working capital	460.5	113.8	261.1
Net cash provided by operating activities from discontinued operations	-	-	-36.7
Net cash provided by operating activities (A)	**6,262.8**	**5,291.9**	**5,196.6**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-1,231.0	-1,416.1	-1,263.5
Disposals of property, plant and equipment and intangible assets	16.6	5.6	8.2
Changes in other financial assets (including investments in non-consolidated companies)	-65.9	61.0	-70.7
Effect of changes in the scope of consolidation	-9.3	-666.5	-166.5
Net cash (used in) from investing activities from discontinued operations	-	-	-24.4
Net cash (used in) from investing activities (B)	**-1,289.6**	**-2,016.0**	**-1,516.9**
Cash flows from financing activities			
Dividends paid	-2,221.1	-2,061.4	-1,870.7
Capital increase of the parent company	60.0	135.3	118.3
Disposal (acquisition) of Treasury shares	-747.3	-499.4	-499.2
Purchase of non-controlling interests	-	-	-2.0
Issuance (repayment) of short-term loans	-354.9	62.3	-86.6
Issuance of long-term borrowings	-	-	-
Repayment of long-term borrowings	-0.6	-4.3	-7.0
Repayment of lease debt	-425.8	-	-
Net cash (used in) from financing activities from discontinued operations	-	-	71.5
Net cash (used in) from financing activities (C)	**-3,689.6**	**-2,367.5**	**-2,275.7**
Net effect of changes in exchange rates and fair value (D)	10.5	36.9	-65.3
Change in cash and cash equivalents (A+B+C+D)	**1,294.0**	**945.4**	**1,338.7**
Cash and cash equivalents at beginning of the year (E)	**3,992.0**	**3,046.6**	**1,746.0**
Net effect of changes in cash and cash equivalents of discontinued operations (F)	-	-	-38.1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E+F)	**5,286.0**	**3,992.0**	**3,046.6**

(1) The consolidated statement of cash flows for 2017 is presented to reflect the impacts of IFRS 5 regarding discontinued operations.