L’OREAL

DIGITAL, THE FUEL FOR GROWTH

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KEPLER CHEUVREUX — SEPTEMBER 8, 2020
## 2019: LANDING ON THE CRITICAL PATH OF THE FIRST PHASE OF DIGITAL TRANSFORMATION

### ECOMMERCE (AS % OF TOTAL SALES)
- 20% ECOMMERCE
- 15.6%

### PRECISION ADVERTISING
- 50% PRECISION ADVERTISING
- 49% DIGITAL MEDIA

### LOVE BRANDS
- 100% LOVE BRANDS
- 25% SHARE OF YOUTUBE
- 12% SHARE OF WEB TRAFFIC
- 13% SHARE OF INFLUENCERS ENGAGEMENTS + VIEWS

### TALENTS & ORGANIZATION
- +33K PEOPLE TRAINED AS OF 2019/12/31
- 2281 DIGITAL HEADCOUNT AS OF 2019/12/31

### DATA
- 1.2Bn COOKIES
- 240M IDENTIFIED DATA

### DIGITAL FACTORIES
- 150 WEBSITES
- 510 MODIFACE SERVICES
- 850K ASSETS

### STRATEGIC OBJECTIVES

### “ENABLERS”

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C1 Internal use
COVID-19 DROVE A POWERFUL ACCELERATION OF THE CONSUMER EXPERIENCE DIGITALIZATION

+50% TIME SPENT ON YOUTUBE

+70% USE OF INSTAGRAM

+70% USE OF MESSENGING APPS

2Bn DOWNLOADS OF TIKTOK

+15% ONLINE BEAUTY CONVERSATIONS

+20% WEB TRAFFIC

+68%* TOTAL US E-RETAIL GROWTH

*Source: McKinsey report May 2020
… THAT FAVORED THOSE WHO HAD ANTICIPATED THE IMPORTANCE OF DIGITAL TRANSFORMATION
BEING AHEAD OF THE PACK IN DIGITAL HAS ALLOWED US TO COMPENSATE FOR THE EFFECTS OF THE CRISIS

- Absorb decline in brick and mortar
- Ensure our brands visibility (77% digital media at peak in April)
- Maintain and develop the connection with our consumers (5-6M monthly online conversations)

Our competitive edge in digital has allowed us to ensure business continuity and to gain market shares
AGENDA

1. HISTORICAL ECOMMERCE ACCELERATION AND “CHANNEL SHIFT”

2. CONTINUOUS ACCELERATION OF OUR BUSINESS DRIVERS DIGITALIZATION

3. ACCELERATION OF THE DIGITALIZATION OF OUR RELATIONSHIPS WITH CONSUMERS

4. ACCELERATION OF DIGITALIZATION OF OUR BRICK AND MORTAR ECOSYSTEM – PAVING THE WAY FOR O+O
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OUR ECOMMERCE HAS ABSORBED THE SHOCK OF THE CRISIS AND HAS ESTABLISHED ITSELF AS A LEADING CHANNEL FOR THE GROUP

€3.3Bn
TURNOVER

65%*
GROWTH

25% OF TURNOVER

X1.8 MARKET

*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)
A SPECTACULAR ACCELERATION WHICH IS NOT SHOWING SIGNS OF WEAKENING
ECOMMERCE GROWTH IS ACCELERATING DESPITE THE END OF LOCKDOWN

COVID-19 ECOMMERCE WAS NOT A BUBBLE IT'S THE NEW BASELINE

2020/2019 ECOMMERCE GROWTH % VS PRIOR YEAR*

<table>
<thead>
<tr>
<th>Month</th>
<th>A19 vs LY</th>
<th>A20 vs LY</th>
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<tbody>
<tr>
<td>Jan.</td>
<td>41%</td>
<td>49%</td>
</tr>
<tr>
<td>Feb.</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Mar.</td>
<td>45%</td>
<td>67%</td>
</tr>
<tr>
<td>April</td>
<td>38%</td>
<td>63%</td>
</tr>
<tr>
<td>May - June</td>
<td>63%</td>
<td>79%</td>
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</tbody>
</table>

*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)
REST OF THE WORLD IS SHARPLY INCREASING AND BECOMING THE FIRST CONTRIBUTOR TO ECOMMERCE GROWTH …

TOTAL E-COM. VS EVOLUTION QUARTER PER CHANNEL*

- Total
- All local markets excluding China
- China

*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)
…SHOWING A STRONG, SUSTAINABLE AND ACCRETIVE GROWTH POTENTIAL FOR THE YEARS TO COME

- USA: +83%*, WEIGHT: 23%
- CANADA: +100%*, WEIGHT: 14%
- SPAIN: +84%*, WEIGHT: 10%
- UNITED KINGDOM: +62%*, WEIGHT: 32%
- CHINA: +59%*, WEIGHT: 56%
- JAPAN: +112%*, WEIGHT: 24%
- BRAZIL: +138%*, WEIGHT: 10%

*Ecommerce H1 growth like-for-like
ECOMMERCE A STRATEGIC COMPETITIVE ADVANTAGE FOR THE GROUP

+10Pts OF WOB IN 6 MONTHS

x2 ECOMMERCE FOOTPRINT IN THE US

1st CHANNEL AHEAD OF FOOD IN EU5

>35% LUXE

+82% ACTIVE COSMETICS

3 DIGIT ACCELERATION ON BRANDS.COM

3 DIGIT GROWTH IN LATIN AMERICA AND AFRICA MIDDLE EAST

For H1 2020
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A VERY DISCIPLINED AND AGILE APPROACH TO MANAGING OUR MEDIA THROUGHOUT THE CRISIS
MEDIA SHIFTED TO >60% DIGITAL SETTING A NEW STANDARD

WORLDWIDE S1 MEDIA O+O

- Online Media
- Offline Media

- JAN 20
- FEB 20
- MAR 20
- APR 20
- MAY 20
- JUN 20
A REAL-TIME ADAPTATION OF OUR MEDIA MIX TO THE NEW CONTEXT,
ACCELERATING ON LOWER FUNNEL HIGH-PERFORMANCE MEDIA

<table>
<thead>
<tr>
<th>Country</th>
<th>Platforms</th>
<th>ROAS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>FB Collaborative Ads</td>
<td>23</td>
</tr>
<tr>
<td>USA</td>
<td>FB D2C</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Amazon Sponsored Ads</td>
<td>5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Shopping Ads</td>
<td>7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>SCwP</td>
<td>4</td>
</tr>
</tbody>
</table>

*Return On Add Spend

L’Oréal Turkey, April 2020 campaign
L’Oréal US, July 2020
L’Oréal UK, April 2020
L’Oréal Taiwan, March 2020
L’Oréal UK, July 2020
OUR DIGITAL A&PS ARE CONSTANTLY MONITORED & OPTIMIZED IN THROUGH THE STRATEGIC “EXCELLENCE IN EXECUTION” PROGRAM AT GROUP LEVEL

**DIGITAL COCKPIT KEY NUMBERS**

- 20 global sources
- X 80+ countries
- X 36 brands

= TOTAL 500 Million data points in the platform

- 5000+ users
- 4500+ monthly connections
EXPLOITING “BIG DATA” ALLOWS DEFINING GOLDEN RULES FOR DIGITAL OPERATIONAL EXCELLENCE, WHOSE ROLL-OUT PROMOTES R.O.I.

OPERATIONAL EXCELLENCE GOLDEN RULES FOR MEDIA*

REAL TIME MONITORING IN COCKPIT
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THANKS TO OUR PRE-EXISTING DIGITAL CAPABILITIES AND TEST AND LEARN MINDSET, L’OREAL BRANDS HAVE RE-ENGINEERED THEIR APPROACH TO MARKETING - FAST

- **LIVE AND CONVERSATIONAL**
- **SINCERE AND AUTHENTIC TONE OF VOICE**
- **SERVICE-BASED**
- **TRANSPARENT AND COMMITTED**
THANKS TO OUR PRE-EXISTING DIGITAL CAPABILITIES AND TEST AND LEARN MINDSET
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L’ORÉAL BRANDS SUCCESSFULLY RODE THE WAVE OF LIVESTREAMING WHICH IS BECOMING A MAINSTREAM CONSUMER ENGAGEMENT CHANNEL

- Livestreaming commerce sales in China (estimation)
  - Before Covid: 61 Bn US $
  - During Covid: 129 Bn US $

- User size of live streaming in China: 433 M

- Livestreaming commerce estimated in China: +50-70% more viewers of Instagram/Facebook livestreaming after the first week of lockdown.

- 70% of L’Oréal brands launched a livestreaming on social (FB/IG/YT)

- 1000 live sessions

- 80M cumulated viewers yearly projection

Sources: China Livestreaming Intro deck L’Oréal CDO audit Facebook Data
EVERYWHERE LIVESTREAMING AND SOCIAL COMMERCE IS GAINING TRACTION CREATING ALTERNATIVES TO “CLASSICAL ECOMMERCE”

FIRST RESULTS

LIVE SHOPPING: VERY PROMISING RESULTS WITHIN THE FIRST SESSIONS

1.5 X DAILY TURNOVER IN 1 HOUR

6 to 11% CONVERSION RATE

40% NEW CLIENTS

32 to 57% ADD TO CART
THE NATURE OF OUR CONSUMERS’ INTERACTIONS WITH OUR BRANDS DURABLY CHANGED AND ARE HAPPENING ESSENTIALLY ONLINE NOW

CIRCA 5-6M conversations
Monthly

+28% Conversations

+200% Ecommerce requests
+100% compliments
+180% Ingredients claim

A significant increase of “society related” questions and comments

x2 REPLY RATE

OBJECTIVE:
100% REPLY RATE
THANKS TO OUR PRE-EXISTING DIGITAL CAPABILITIES AND TEST AND LEARN MINDSET
L’OREAL BRANDS HAVE RE-ENGINEERED THEIR APPROACH TO MARKETING - FAST
OUR BRANDS HAVE ADAPTED TO THESE NEW COMMUNICATIONS CODES AND EARNED CONSUMERS’ LOVE
THANKS TO OUR PRE-EXISTING DIGITAL CAPABILITIES AND TEST AND LEARN MINDSET L’OREAL BRANDS HAVE RE-ENGINEERED THEIR APPROACH TO MARKETING - FAST

- Live and Conversational
- Sincere and Authentic Tone of Voice
- Services-Based
- Transparent and Committed
OUR MODIFACE SERVICES HAVE CONFIRMED THEIR EFFICACY IN ENGAGING WITH OUR CONSUMERS, BUILDING A NEW COMPETITIVE ADVANTAGE FOR THE GROUP

- **MAKE UP VTO & VIRTUAL TESTER**
  - 70,000 shades available
  - 23 brands in 80 countries
  - Already +1Bn usages
  - X2 Engagement, x3 Conversion

- **HAIR COLOR VTO**

- **SKIN DIAGNOSTIC**
  - Already 1 Million skin diagnoses collected on Vichy alone

- **LIVE STREAM**
  - 4 weeks of development
  - 5 brands launched in the US, Canada, the UK

- **TELE CONSULTATION**
  - Already available on Tmall China for Maybelline

- **SHADE FINDER**
THE DIGITAL SERVICES FACTORY IS DOUBLING DOWN EFFORTS TO LAUNCH NEW SERVICES ACROSS ALL CATEGORIES TO WIN ON DATA

- MAKE-UP TUTORIALS
- HAIRCOLOR DIAG
- NAILS TRY ON
- HAIRCARE DIAG
- FIND YOUR PERFECT HAIR CARE ROUTINE

In a few questions, Kérastase helps you analyze your unique hair concerns & goals, and recommends the perfect care for your hair.

- START HAIR ANALYSIS

- FACE ARCHITECT
- E-SAMPLING
- MY HAIR DIAGNOSTIC
- MY MAKE-UP TUTORIALS
- MY NAILS TRY ON
L’OREAL IS INVESTING IN NEW BUSINESS MODELS “SERVICES FIRST”
THANKS TO OUR PRE-EXISTING DIGITAL CAPABILITIES AND TEST AND LEARN MINDSET L’OREAL BRANDS HAVE RE-ENGINEERED THEIR APPROACH TO MARKETING - FAST
A GROWING DEMAND FOR TRANSPARENCY FULLY INTEGRATED INTO OUR WEBSITES AND SERVICES DESIGN

IOP « INSIDE OUR PRODUCTS »

IN FRAGRANCE FRAGRANCE LABELLING

PIL « PRODUCT IMPACT LABELLING »

AUGMENTED PRODUCTS & QR CODES

C1 Internal use
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L’ORÉAL AS CATEGORY CAPTAIN FOR THE DIGITAL AGE

- Supporting our retail partners has always been part of L’Oréal’s DNA. Digital is now one of the core key assets L’Oréal can share with its ecosystem.

- Guiding and supporting our Brick & Mortar partners towards digital and Ecommerce is a key strategic focus for us. It allows us to create alternatives to pure players.

- The diversity and richness of our ecosystem of professional prescribers (Make up artists, Beauty Advisors, Derm Advisors, hairdressers, expert influencers) is a major competitive advantage to play in the context of social commerce. L’Oréal must commit to their upskilling and to providing them with services and contents to help their digital transition along.
COVID-19 CONTRIBUTED TO THE DIGITAL ACCELERATION OF OUR “BRICK AND MORTAR” CUSTOMERS, MAKING OF O+O A REALITY BEYOND CHINA

OUR BRICK AND MORTAR CLIENTS ARE BOOSTING THEIR ECOMMERCE

L’ORÉAL HAS FULLY PLAYED ITS PART AS “CATEGORY CAPTAIN” BY GUIDING & SUPPORTING THE DIGITALIZATION OF ITS ECOSYSTEM DURING THE CRISIS

OUR BEAUTY ADVISERS ARE BECOMING E- BEAUTY ADVISERS

OUR SALONS & HAIRDRESSERS ARE SWITCHING TO DIGITAL
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L’ORÉAL IS SUPPORTING THE DIGITALIZATION OF ITS BRICK AND MORTAR DISTRIBUTORS BY GIVING THEM ACCESS TO OUR SERVICES CATALOG

16 RETAILERS EQUIPPED
29 COUNTRIES
5 SERVICES ALREADY AVAILABLE

CONSTRUCTION OF “BEAUTY SERVICE APP-STORE”

A BEAUTY SERVICE OFFER FOR AN ENRICHED ECOMMERCE BEAUTY EXPERIENCE: VIRTUAL TRY-ON, SKIN, HAIRCARE, HAIRCOLOR DIAGNOSIS, TELECONSULTATION…
L’ORÉAL IS SUPPORTING THE DIGITALIZATION OF ITS BRICK AND MORTAR DISTRIBUTORS BY MULTIPLYING « BACK TO BEAUTY » DIGITAL OPERATIONS & REDIRECTING TRAFFIC TO THE SHOPS

- +463% TURNOVER (vs. MAY 19 DAILY SALES)
- 3.1% CONVERSION RATE
- 14 ROAS IN FACEBOOK ADS
COVID-19 CONTRIBUTED TO THE DIGITAL ACCELERATION OF OUR “BRICK AND MORTAR” CLIENTS, MAKING O+O A REALITY BEYOND CHINA

OUR BRICK AND MORTAR CLIENTS ARE BOOSTING THEIR ECOMMERCE

OUR BEAUTY ADVISERS ARE BECOMING BEAUTY E-ADVISERS

OUR SALONS & HAIRDRESSERS ARE SWITCHING TO DIGITAL

L’ORÉAL HAS FULLY PLAYED ITS PART AS “CATEGORY CAPTAIN” BY GUIDING & SUPPORTING THE DIGITALIZATION OF ITS ECOSYSTEM DURING THE CRISIS
IN CHINA, L’ORÉAL IS HELPING OUR BEAUTY ADVISERS BECOME INFLUENCERS AND SELL OUR PRODUCTS ONLINE

The era of livestreaming and social commerce

285 L’Oréal China employees support L’Oréal store livestream

Provided BAs and trainers with content to be published on social media (e.g. Armani daily post, YSL Douyin Makeup class)

700+ BAs join WeChat contents creation program
COVID-19 contributed to the digital acceleration of our “brick and mortar” clients, making O+O a reality beyond China.

Our brick and mortar clients are boosting their e-commerce.

Our beauty advisers are becoming beauty e-advisers.

Our salons & hairdressers are switching to digital.

L’Oréal has fully played its part as “category captain” by guiding & supporting the digitalization of its ecosystem during the crisis.
PPD is supporting salons and stylists in their digital transition and helping them become influencers and sell our products online.
CONCLUSION
L’OREAL HAS ALL THE ASSETS AND CAPABILITIES TO THRIVE IN THIS NEW WORLD

- We are maximizing and leading in e-commerce, the growth channel of today and tomorrow.

- We are leveraging our lead in digital to transform consumers’ beauty experience of our brands (more connection, more service, more relevance).

- We are constantly learning, enhancing performance and driving ROI.

- We have the capabilities, talent, culture, and learnings to extend our lead in digital, and continue to drive growth and share gains.
THANK YOU

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