



2013 Annual Results

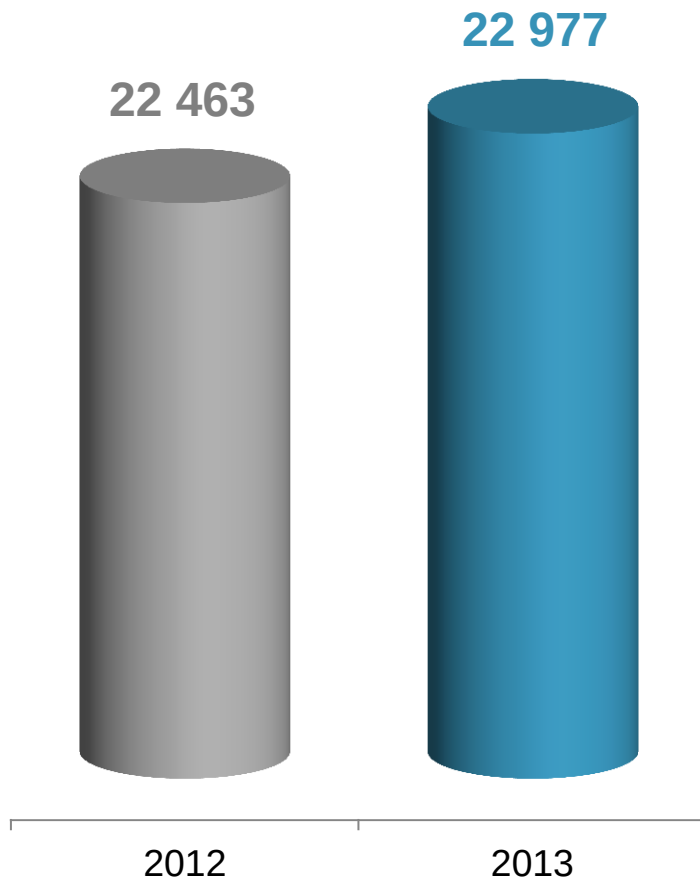
Tuesday, February 11th 2014

Mr. Christian Mulliez
Executive Vice-President
Administration and Finance

L'ORÉAL



Consolidated group sales 2013 (in million euros)



Growth at constant exchange rates	+6.0%
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of which:

– like-for-like growth	+5.0%
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– external growth impact	+1.0%
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Exchange rate impact	-3.7%
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Reported growth	+2.3%
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Changes in exchange rates (against the euro)

	Weight in consolidated sales 2013	Average rate 2012	Average rate 2013	% change against the euro
US Dollar	23.7%	1.285	1.328	-3.2%
Chinese Yuan	7.1%	0.123	0.122	-0.7%
Sterling Pound	6.1%	1.233	1.178	-4.5%
Brazilian Real	3.6%	0.400	0.351	-12.1%
Russian Ruble	3.2%	0.025	0.024	-5.5%
Canadian Dollar	3.1%	0.778	0.732	-6.0%
Japanese Yen (1000)	1.9%	9.755	7.733	-20.7%
Mexican Peso	1.8%	0.059	0.059	-0.1%

The euro represents 26.8% of 2013 consolidated sales (26.9% of 2012 consolidated sales)



2013 consolidated sales (in million euros)

			Growth		
	2012	2013	Like-for-like	At constant exchange rates	Reported
Professional Products	3 003	2 974	+2.1%	+3.4%	-1.0%
Consumer Products	10 713	10 873	+4.9%	+5.2%	+1.5%
L'Oréal Luxe	5 568	5 865	+6.8%	+8.8%	+5.3%
Active Cosmetics	1 528	1 602	+7.8%	+7.8%	+4.9%
Cosmetics Total	20 812	21 315	+5.2%	+6.1%	+2.4%
The Body Shop	855	836	+1.2%	+1.2%	-2.3%
Dermatology* / Galderma	795	826	+3.9%	+8.3%	+3.9%
Consolidated Total	22 463	22 977	+5.0%	+6.0%	+2.3%

*Group share, i.e. 50%

2013 cosmetics sales by region (in million euros)

	2012	2013	Growth		
			Like-for-like	At constant exchange rates	Reported
Western Europe	7 400	7 483	+1.9%	+1.9%	+1.1%
North America	5 211	5 356	+3.8%	+6.5%	+2.8%
New Markets	8 202	8 475	+9.4%	+9.9%	+3.3%
Cosmetics Total	20 812	21 315	+5.2%	+6.1%	+2.4%

Cosmetics sales: New Markets

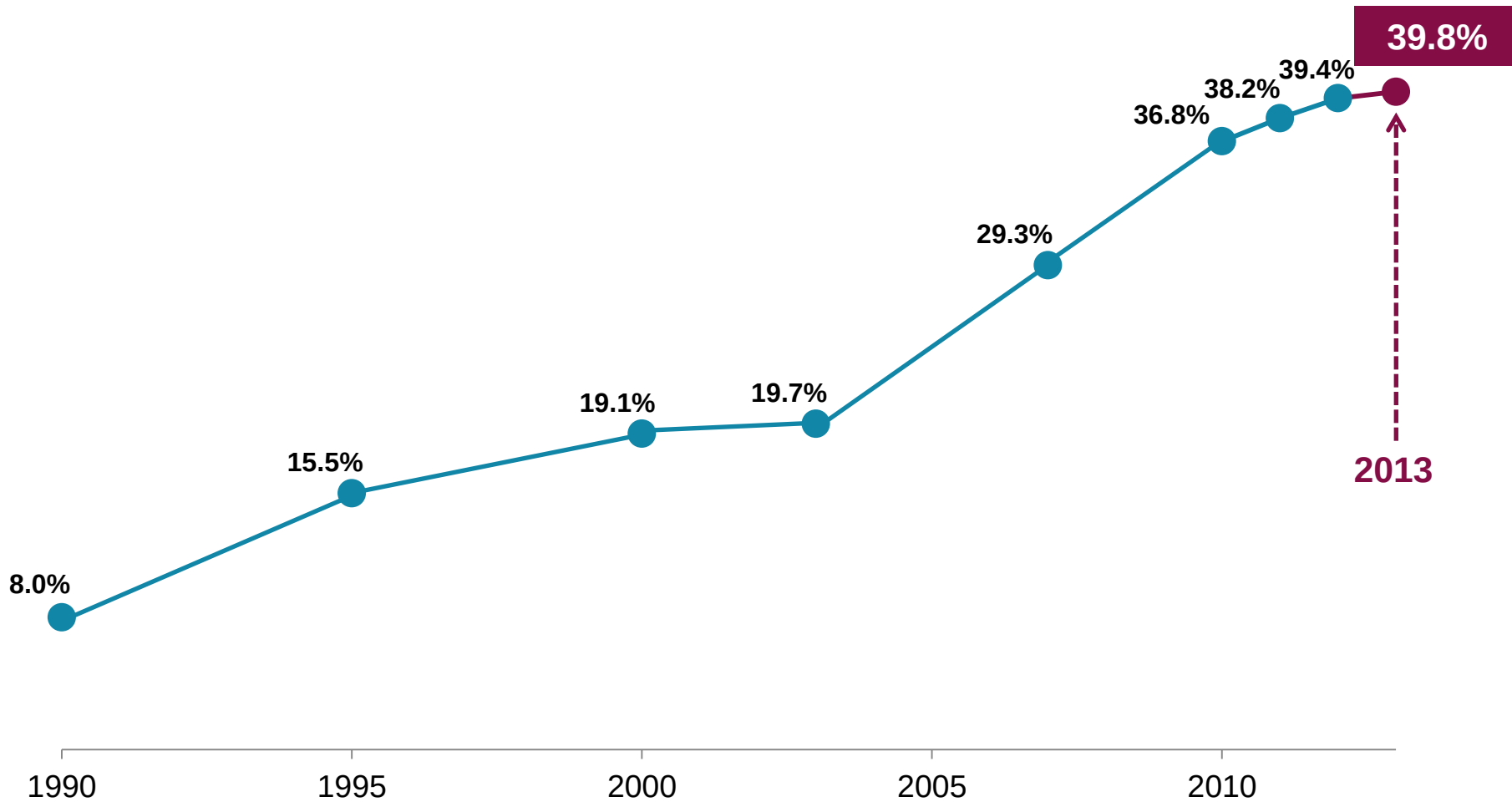
(in million euros)

	2013	Growth		
		Like-for-like	At constant exchange rates	Reported
Asia, Pacific	4 382	+8.4%	+8.3%	+2.2%
- of which Asia, Pacific excl. Japan	3 952	+9.5%	+9.5%	+5.9%
Latin America	1 894	+11.5%	+13.5%	+3.7%
Eastern Europe*	1 693	+8.2%	+8.2%	+4.2%
Africa, Middle East*	505	+14.3%	+17.1%	+9.0%
Total New Markets	8 475	+9.4%	+9.9%	+3.3%

* As of July 1st 2013, Turkey and Israel, which had previously been recorded under the Africa, Middle East zone were transferred to the Eastern Europe zone. All figures for earlier periods have been restated to allow for this change.



Weight of New Markets in cosmetics sales





Cosmetics sales by business segment

	Million euros	Weight	Like-for-like Growth
Skincare	6 329	29.7%	+7.5%
Make-up	4 616	21.7%	+4.5%
Hair Care	4 422	20.7%	+5.4%
Hair Colour	2 931	13.8%	+3.7%
Perfumes	2 029	9.5%	+3.6%
Other*	987	4.6%	+1.4%
Cosmetics	21 315	100.0%	+5.2%

** Other includes hygiene products and the sales of third party brands by the US professional products distributors*



Consolidated profit and loss account: From sales to operating profit (in million euros)

	2012	as a % of sales	2013	as a % of sales	% change
Sales	22 462.7	100.0%	22 976.6	100.0%	+2.3%
Cost of sales	-6 587.7	29.3%	-6 601.8	28.7%	
Gross profit	15 875.0	70.7%	16 374.8	71.3%	+60bp
Research and development	-790.5	3.5%	-857.0	3.7%	
Advertising and promotion	-6 776.3	30.2%	-6 886.2	30.0%	
Selling, general and administrative expenses	-4 610.9	20.5%	-4 756.8	20.7%	
Operating profit	3 697.3	16.5%	3 874.8	16.9%	+40bp



Pro-forma consolidated P&L account*: Galderma and Inneov consolidated under the equity method From sales to operating profit (in million euros)

	2012	as a % of sales	2013	as a % of sales	% change
Sales	21 638.4	100.0%	22 124.2	100.0%	+2.2%
Cost of sales	-6 388.3	29.5%	-6 379.4	28.8%	
Gross profit	15 250.1	70.5%	15 744.8	71.2%	+70bp
Research and development	-680.4	3.1%	-748.3	3.4%	
Advertising and promotion	-6 531.6	30.2%	-6 621.7	29.9%	
Selling, general and administrative expenses	-4 479.7	20.7%	-4 614.4	20.9%	
Operating profit	3 558.4	16.4%	3 760.4	17.0%	+60bp

* From January 1st 2014, Galderma and Inneov, both 50% owned subsidiaries, will be consolidated under the equity method, in application of IFRS 11.



Operating profit margin – Branches and divisions (as a % of sales)

	2011	2012	2013	Change 2013/2012
Professional Products	20.6%	20.5%	20.5%	
Consumer Products	18.9%	19.1%	19.9%	
L'Oréal Luxe	19.3%	19.3%	20.0%	
Active Cosmetics	20.2%	20.4%	21.2%	
Total cosmetics divisions	19.3%	19.5%	20.1%	
Non allocated*	-2.9%	-2.8%	-2.8%	
Cosmetics branch total	16.5%	16.7%	17.3%	+60bp
The Body Shop	8.9%	9.1%	8.6%	
Dermatology / Galderma	17.0%	17.9%	14.1%	
Group	16.2%	16.5%	16.9%	+40bp

* Central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items – as a % of total cosmetics sales



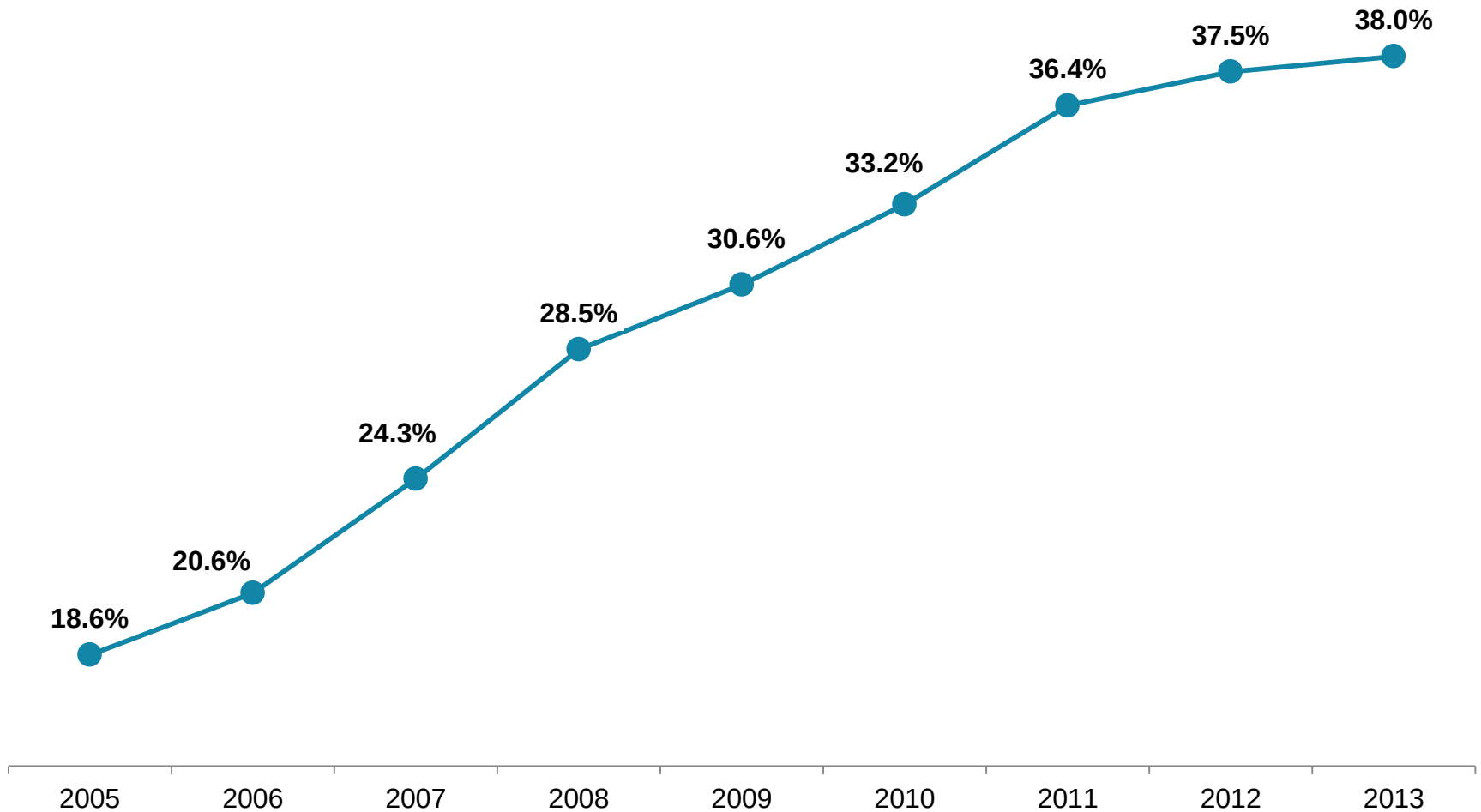
Cosmetics operating profit by geographic zone (as a % of sales)

	2011	2012	2013
Western Europe	20.9%	21.3%	22.2%
North America	18.4%	18.4%	18.7%
New Markets	18.4%	18.5%	19.2%
Total geographic zones*	19.3%	19.5%	20.1%

** Before non allocated*



Weight of the New Markets in the cosmetics operating profit*



* Before non allocated



Consolidated profit and loss account: From operating profit to net profit (excluding non-recurring items)

(in million euros)	2012	2013	% change
Operating profit	3 697.3	3 874.8	+4.8%
Financial revenues/expenses before dividends received	-11.0	-42.7	
Sanofi dividends	313.4	327.5	
Profit before tax and non-recurring items	3 999.7	4 159.6	+4.0%
Income tax excluding non-recurring items	-1 025.3	-1 038.9	
Non-controlling interests	-2.7	-3.2	
Net profit excluding non-recurring items attributable to owners of the company	2 971.7	3 117.5	
Earnings per share* (in euros)	4.91	5.13	+4.4%
Diluted average number of shares	605 305 458	608 001 407	

* Diluted earnings per share based on net profit 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)	2012	2013	% change
Net profit excluding non-recurring items*	2 971.7	3 117.5	+4.9%
Non-recurring items	-104.0	-159.2	
<i>of which:</i>			
– <i>other income and expenses</i>	-123.8	-135.2	
– <i>taxes on non-recurring items</i>	+19.8	-24.1	
Net profit*	2 867.7	2 958.2	+3.2%

* Attributable to owners of the company



Cash flow statement (in million euros)

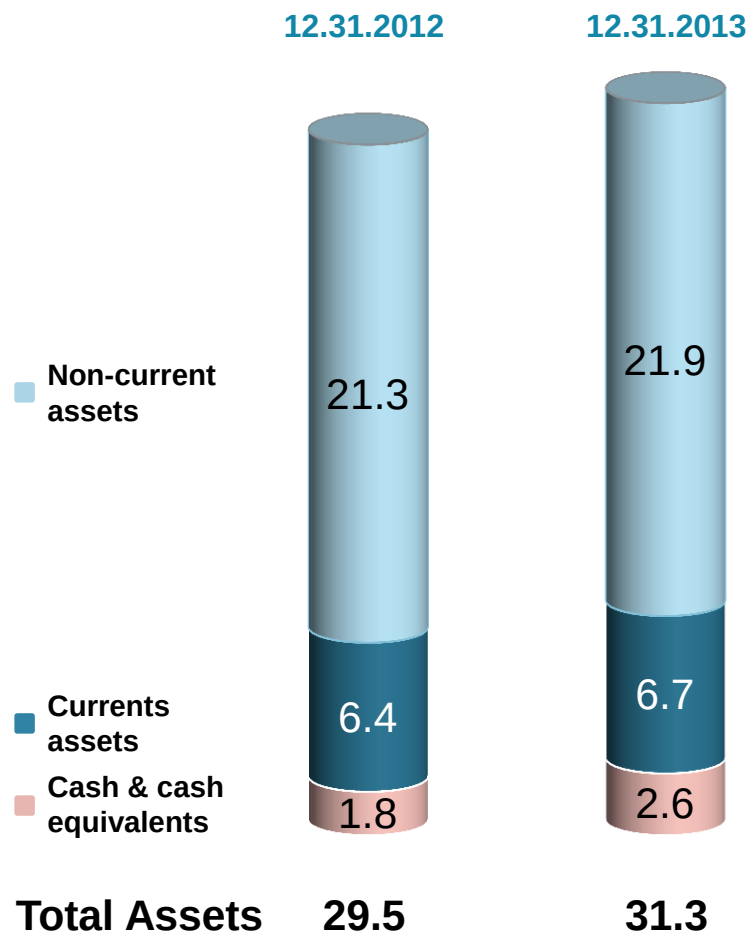
	2012	2013	% change
Net profit	2 870.4	2 961.4	
Depreciation, amortisation and provisions	691.6	840.1	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+99.4	+104.6	
Cash flow	3 661.4	3 906.0	+6.7%
Changes in working capital	-129.1	-155.8	
Investments	-955.0	-1 060.5	
Operating net cash	2 577.3	2 689.7	+4.4%
Dividends paid	-1 268.2	-1 426.5	
Divestments and others	+113.1	-79.2	
Acquisitions	-466.2	-229.5	
Capital increase of the parent company*	+151.1	-237.2	
Residual cash flow after acquisitions	+1 107.1	+717.2	

* Including disposal (acquisition) of treasury stock

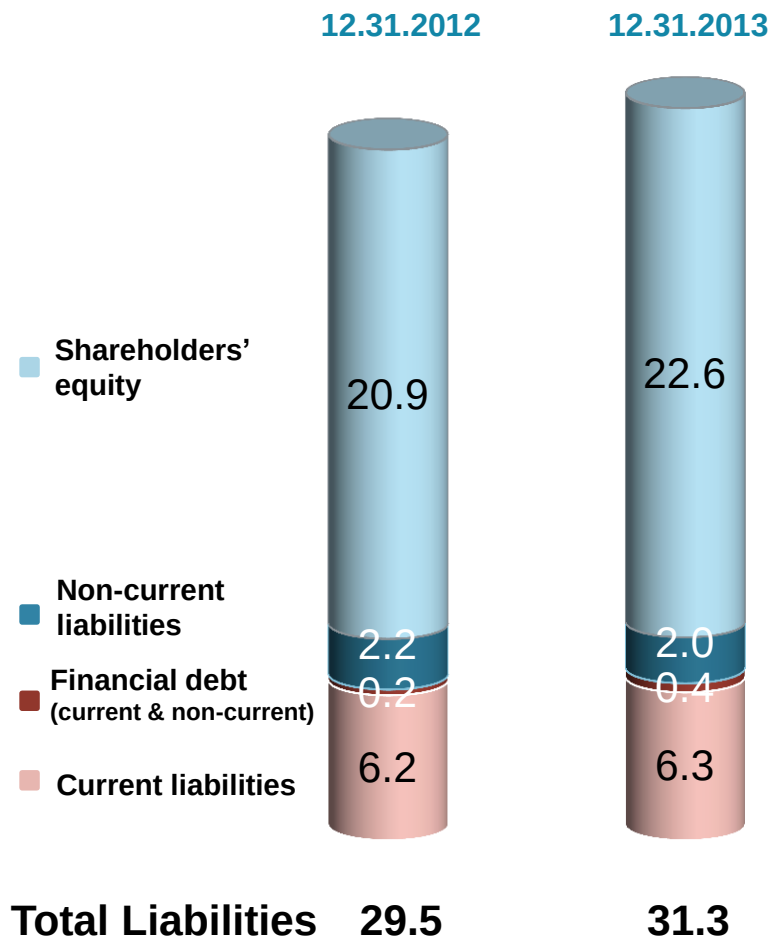


Balance sheet (in billion euros)

Assets



Liabilities



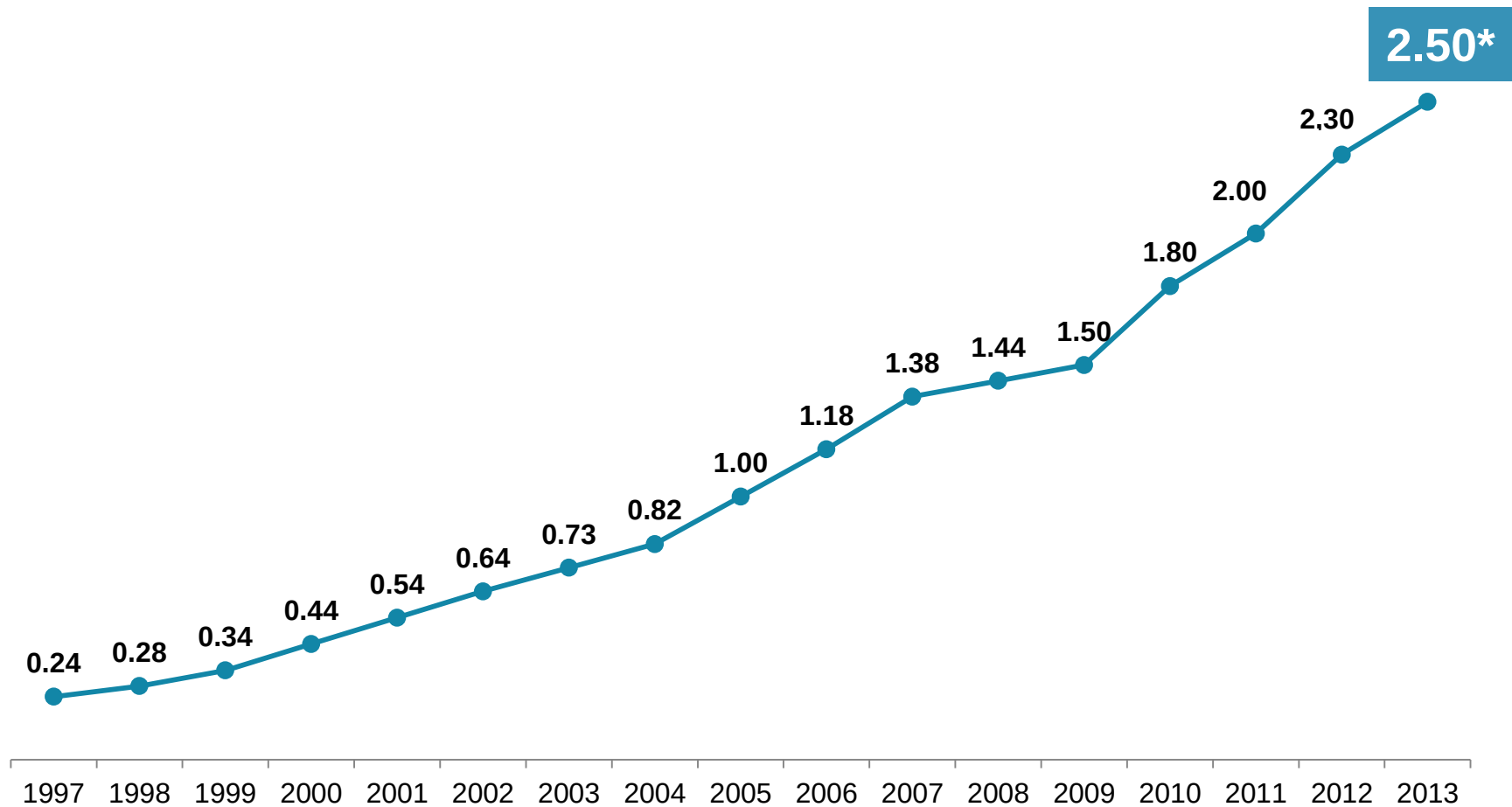


Net cash

	12.31.2012	12.31.2013
Net cash (in million euros)	1 575	2 215



Dividend from 1997 to 2013 (in euro)

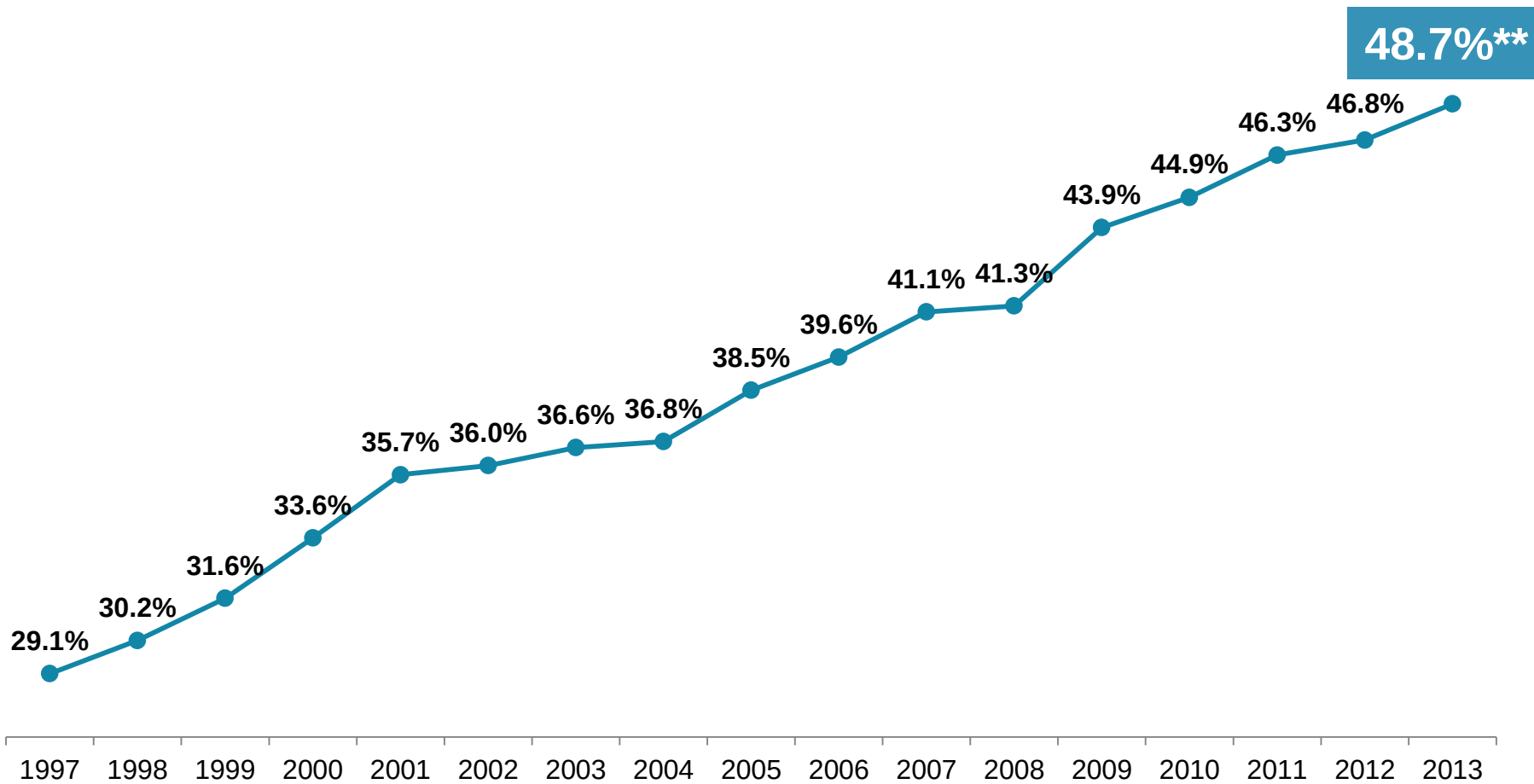


* Proposed at the shareholders' meeting to be held on April 17th, 2014

2012: first pay-out of the 10% loyalty bonus (preferential dividend of 10%), for shares held in registered form since 2009



Payout ratio 1997-2013 (as % of net profit*)



* Taking into account the Sanofi history with regards to the dividends

** Based on the dividend proposed at the shareholders' meeting to be held on April 17th, 2014



Transaction structure

Buy-back of €6.0bn of L'Oréal shares owned by Nestlé

48.5 million shares
8.0% of L'Oréal's share capital
124.48€/share

Disposal of our 50% stake in Galderma to Nestlé

- Enterprise value (for 50%): **€3.13bn**
Implied 2012 EV/EBITDA: ~15.5x
Implied 2013 EV/EBITDA: ~17.5x
- Equity value (for 50%): **€2.64bn**

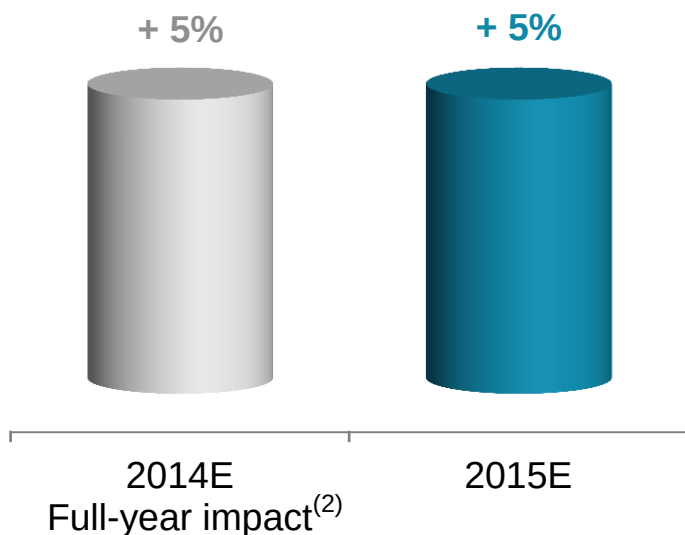
Cash payment to Nestlé

- Amount : **€3.40bn**



Key financial impacts

EPS⁽¹⁾ Impact



✓ Capital gain of €2.2bn in 2014E

Net debt impact

Net cash as of 31/12/2013 before transaction	€2.2bn
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Transaction financing	- €3.4bn
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Galderma deconsolidation / Repayment of current account granted to Galderma ⁽³⁾	+ €0.5bn
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Net debt as of 31/12/2013 pro forma of transaction	- €0.7bn
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Net financial debt / EBITDA 2013 PF	0.2x
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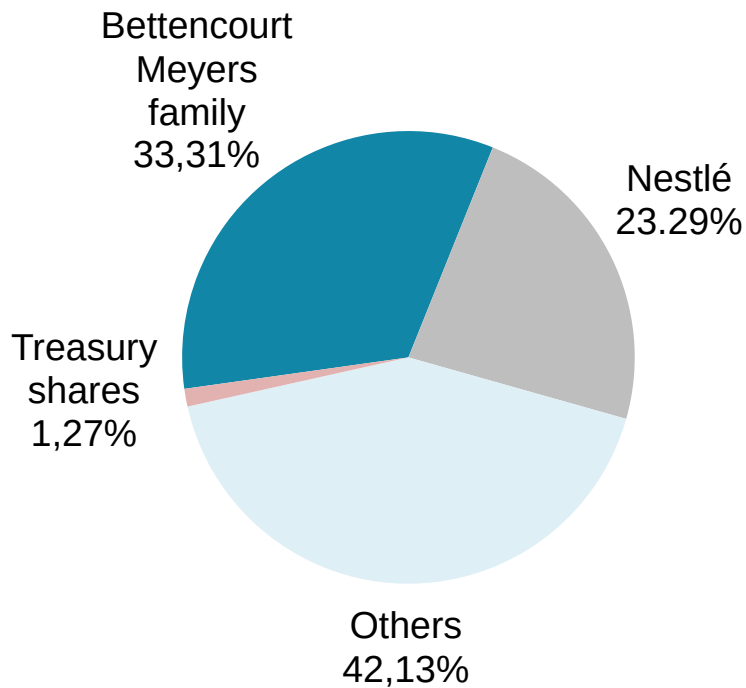
(1) Diluted earnings per share based on net profit excluding non-recurring items, attributable to owners of the company

(2) Actual impact depending on the closing date of the transaction

(3) including the repayment of the current account granted by L'Oréal to Galderma (€0.6bn as of 31/12/2013)

Shareholding and governance evolution

New shareholding structure ⁽¹⁾ ⁽²⁾



New governance

- ✓ **Shareholders' pact adapted to reflect new shareholding structure:**
 - ✓ 2 board members representing Nestlé
 - ✓ Standstill adjusted for the Bettencourt Meyers family's and Nestlé's pro forma stakes
- ✓ **Concerted action between the Bettencourt Meyers family and Nestlé confirmed**

(1) % of share capital based on a total number of shares of 606,059,384 as of 31/01/2014

(2) After cancellation of the repurchased shares



✓ **Disposal of Galderma:**

- ✓ Consultation of Galderma's and L'Oréal's works councils
- ✓ Antitrust approval

✓ **Share buy-back:**

- ✓ Implemented under the on-going program

✓ **Simultaneous closing of Galderma disposal and L'Oréal share buy-back**



Transaction expected to close by the end of H1 2014



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