

No. 83
WINTER
2022/
2023

THE LETTER TO SHAREHOLDERS

L'Oréal Professionnel
Kérastase
Redken
Matrix
Pureology
Pulp Riot
L'Oréal Paris
Garnier
Maybelline New York
NYX Professional Makeup
Stylenanda
Essie
Mixa
Dark and Lovely
Lancôme
Yves Saint Laurent
Giorgio Armani
Kiehl's
Helena Rubinstein
Biotherm
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NICOLAS HIERONIMUS
ANSWERS QUESTIONS
FROM SHAREHOLDERS
ON BOURSORAMA

L'ORÉAL
FINANCE



“
The combination
of a robust business
model, agility and the
commitment of its teams
allowed L'Oréal to again
significantly outperform
the market.”

NICOLAS HIERONIMUS

Chief Executive Officer of L'Oréal

Dear Shareholders,
On 20 October, your Group published its sales at 30 September 2022. In a context of unprecedented volatility, marked by the public health restrictions in China and inflation in the Western world, L'Oréal achieved a very solid third quarter, continuing at a steady pace of growth compared to 2019. Benefiting from its rebalancing strategy, particularly in terms of geographic footprint, at the end of September 2022 the Group reported strong growth of +20.5%, with a significant positive impact of foreign exchange, and +12.0% like-for-like.

The global beauty market remained dynamic, and consumers' appetite for beauty products is intact. The combination of a robust business model, agility and the commitment of its teams across the world allowed L'Oréal to again significantly outperform the market and strengthen its position as the world's No.1 beauty company.

The figures show a rebalance in the Group's geographic footprint. All Zones made progress, including North Asia, despite the turbulence in the Chinese ecosystem. The other Zones achieved double-digit growth, with a significant leap in emerging markets (SAPMENA-SSA⁽¹⁾, Latin America) and remarkable performance in Europe. Growth is also balanced across Divisions, each of which outperformed its market. The Consumer

Products Division has continued to accelerate since the beginning of the year and our three selective Divisions recorded double-digit growth over the first nine months. The performance of L'Oréal Luxe was temporarily impacted by a number of factors in the third quarter (repeated lockdowns in mainland China and Hainan, and anticipated Travel Retail invoicing in the second quarter). Nevertheless, the Division reaccelerated in September and reached record market share in mainland China in the third quarter.

The Group is benefiting from its valorisation strategy, rolled out at the start of the year, the effects of which are accelerating particularly in Europe and North America.

In line with our dual ambition of achieving economic and societal excellence, we are proud to have been awarded the Platinum medal by EcoVadis, which ranked L'Oréal in the world's top 1% of best companies in terms of environmental and social performance. Our efforts were also recognised by Refinitiv, with L'Oréal again included in its global Diversity & Inclusion Top 100.

Despite the current uncertainties, we remain confident in the outlook for the global beauty market, which has again confirmed its resilience; confident in our power to innovate; and confident in our ability to outperform the market and achieve another year of growth in sales and profits in 2022.

SALES AT 30 SEPTEMBER 2022

€27.94

Bn

+20.5%

based on reported
figures

+12.0%

like-for-like⁽²⁾

Growth
in all Divisions
and all geographic
Zones

More information on loreal-finance.com

(1) SAPMENA - SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.
(2) Like-for-like: based on comparable structures and identical exchange rates.



ACQUISITION OF SKINBETTER SCIENCE

In October, L'Oréal finalised the acquisition of Skinbetter Science, a US physician-dispensed skincare brand backed by cutting-edge dermatological research, available through a network of dermatology, plastic surgery and medical aesthetics practices.

L'ORÉAL AWARDED FOR ITS ENVIRONMENTAL AND SOCIAL PERFORMANCE



L'Oréal was awarded the EcoVadis Platinum medal, with a score of 83/100, for its environmental and social performance. This puts L'Oréal in the world's top 1% highest-performing companies (out of over 100,000 assessed) in these areas. The Group has notably increased its score in ethics, sustainable sourcing and human rights.

L'ORÉAL BOOST: A NEW GLOBAL PROGRAMME FOR YOUTH EMPLOYMENT

A year after the launch of its L'Oréal for Youth programme, which aims to provide 25,000 work opportunities each year, the Group is continuing its action to foster the success of future generations. The new L'Oréal BOOST programme will offer 20,000 students each year access to a selection of on-demand digital courses from Coursera, a leading provider of online learning for students and employees. The objective is to give young people from under-represented backgrounds, access to certifications from the world's most prestigious universities.



TOP 100 COMPANY 2022
Diversity and Inclusion Index

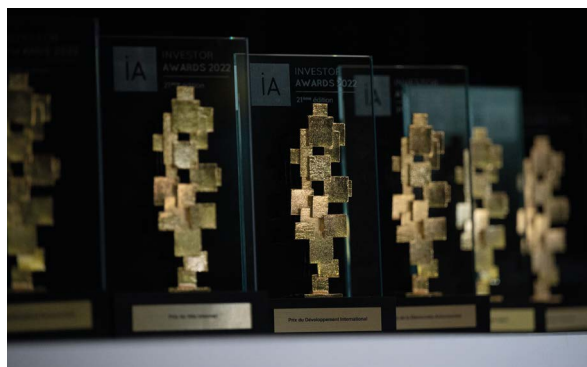
DIVERSITY AND INCLUSION: L'ORÉAL RECOGNISED BY REFINITIV

On 29 September, L'Oréal was ranked 14th in the 2022 Refinitiv Diversity & Inclusion Index, which identifies the top 100 most diverse and inclusive companies out of 12,000 global companies assessed according to 24 separate metrics.

L'ORÉAL STANDS OUT IN THE TOP 5 OF THE MOST ATTRACTIVE COMPANIES WORLDWIDE



L'Oréal took 5th place in the Universum global ranking of business students' favourite companies, thereby positioning the Group as the No.1 European company.



L'ORÉAL FINANCE WEBSITE RECEIVES AWARD

For the second year running, L'Oréal was named the CAC 40 company with the best website at the 21st Investor Awards ceremony. The distinction recognises L'Oréal's digital financial communication ecosystem, based on the results of an Opinion Way survey of nearly 35,000 participants from the Boursorama, F2iC and EDHEC communities.

Scan QR code

to explore the L'Oréal Finance site





“
We have built
the strongest
and most diverse
brand portfolio in
the global beauty
industry.”

CHRISTOPHE BABULE,
Chief Financial Officer, L'Oréal



Scan QR code

to watch Christophe Babule's
interview at Investir Day



INVESTIR DAY: MEETING INVESTORS

As an official partner of Investir Day, L'Oréal was actively involved in the exhibition for individual investors held on 29 November at the Carrousel du Louvre in Paris. Dive into the day's proceedings with contributions from Group experts who enlivened the event.

Three questions to Christophe Babule at Investir Day:

What are the prospects for the beauty market in general and L'Oréal's assets in particular?

L'Oréal is a unique company in a unique market: the beauty market - a vast, dynamic market, driven by a growing demographic and an expanding middle class in pursuit of premiumisation⁽¹⁾. The global context calls for caution in the short term but we are very confident in the long term, given the strength of our innovations, our digital leadership and consumers' appetite for beauty. The middle and upper classes continue to grow and experts estimate they will grow by a further billion worldwide by 2030.

Despite inflation, the beauty industry remains dynamic and the market buoyant, with strong

growth in fragrance and makeup in particular, the easing of public health measures and the return of social life.

In order to build on its position as the global beauty leader, L'Oréal is transforming itself and constantly adapting, boosted by its strategically concentrated yet operationally decentralised organisation. Our balanced growth model is based on powerful drivers in the form of our four Divisions, five Zones and the categories in which we operate.

Our ability to valorise our offer through innovation while controlling costs, absorbing the impact of rising raw materials prices and relieving the pressure on the supply chain is a real asset. And we will continue to invest effectively



(1) More upmarket and exclusive products.

in our brands, to make them more desirable. Our Group developed initially through organic growth, then, thanks to targeted acquisitions, we expanded our brand portfolio to meet the full range of beauty aspirations of people around the world. In this way, we have built the strongest and most diverse portfolio in the global beauty industry, which now comprises 80 complementary brands, including 35 global brands; eight of them have already generated more than a billion euros.

How do you reconcile growth with social and environmental responsibility?

It's no longer a question of "reconciling" but of changing "mindset". Because you can't have one without the other. Nowadays, you can only grow responsibly and sustainably, otherwise you will eventually disappear. This approach absolutely affects the whole life of the company: from the way we manage sourcing and production, through our contribution to restoring damaged natural ecosystems, to sharing value and supporting vulnerable communities. Our commitments are measured and audited, and recognised by independent external experts such as the CDP⁽²⁾, S&P Global Ratings and UN Global Compact LEAD. And, of course, we play our part in France's drive to reduce energy consumption by 10%. Our L'Oréal for the Future programme goes further, to ensure we grow our business within the boundaries of the planet's resources and combine financial value with environmental & social value.

What role do individual shareholders play at L'Oréal?

Shareholder stability is one of L'Oréal's assets. L'Oréal's shareholding structure include 208,000 individual shareholders, accounting for 4.62% of the capital at the end of 2021. We have introduced a dynamic shareholder policy, paying regular dividends and offering a +10% loyalty bonus to shareholders who have held registered shares for two years⁽³⁾.

Also, 1.6% of our shareholders are employees. To continue closely involving L'Oréal employees in France and around the world in the Group's development, in May 2022, we launched our third Employee Share Ownership Plan, rolled out in more than 60 countries. The success of this operation demonstrates the strong commitment of our employees worldwide, their attachment to L'Oréal's values and their confidence in our Group's performance and prospects.

(2) The CDP is an independent international organisation that evaluates the environmental performance of companies.

(3) For shareholders who have held their shares continuously in registered form for a minimum of two full calendar years at 31 December 2022, up to a maximum of 0.5% of the capital for the same shareholder.

Expert testimonials



“ BOLD helps L'Oréal connect to a global ecosystem of startups and gain early access to disruptive technologies and brands to create the beauty that moves the world. Our ambition: beyond investing, we seek to provide smart support to our startups. ”

Muriel Atias,

Chief Investment Officer, BOLD Business Opportunities for L'Oréal Development



“ Since 2018, our Beauty Tech Atelier accelerator based in Station F campus in Paris has accelerated 67 startups from 14 countries. 60% were co-founded by women and 30% provide positive-impact solutions. ”

Sanda Mosanu,

Global Head of Digital Open Innovation



“ Data lies at the heart of L'Oréal's strategy to champion Beauty Tech. We actively draw on our unparalleled data heritage, we enrich and activate it to create products and services tailored to the individual needs of our consumers while at the same time giving our employees highly effective decision-making tools. ”

Stéphane Lannuzel,

Beauty Tech Programme Director

Did you know that a digital version of the Letter to Shareholders is also available?

You can read it by scanning this QR code or by visiting the Shareholders page on the L'Oréal Finance website.

Help us to reduce paper consumption by switching to the 100% digital version!

To subscribe to the digital version and no longer receive the printed version, just send an email with your full contact details to info@loreal-finance.com



NICOLAS HIERONIMUS ANSWERS QUESTIONS FROM SHAREHOLDERS ON BOURSORAMA

“
What makes
us feel optimistic
and confident for
the future is the
fact that the beauty
market is constantly
growing. Beauty
is an essential
human need.”

NICOLAS HIERONIMUS,
Chief Executive Officer of L'Oréal



Scan QR code

to watch the full replay
of the webinar (in French)



On 21 September, L'Oréal's Chief Executive Officer was invited to talk to Laurent Grassin, Media Director at Boursorama. During the shareholder event, Nicolas Hieronimus spoke about L'Oréal's strategy and its twofold success in achieving financial performance while meeting ambitious social and environmental goals. Here are some extracts from their discussion.

How would you define L'Oréal's identity today?

L'Oréal is the world's No.1 beauty company, with more than 7 billion products sold annually and sales of 32 billion euros⁽¹⁾, representing 14% of the global beauty market. What sets us apart is having a single line of business; we focus only on beauty but we cover all of beauty, in line with our purpose: Create the beauty that moves the world. L'Oréal was established more than 110 years ago by Eugène Schueller, a chemist and entrepreneur. His unwavering belief - which became the main growth driver for L'Oréal - was in product superiority fuelled by Research & Innovation, with 4,000 researchers worldwide and an annual budget of more than a billion euros.

L'Oréal has 35 global brands across four Divisions, and is active in all distribution channels, at all price points and in four key categories: skincare, haircare and hair colour, makeup and fragrance, a booming category in which we are the global leader⁽²⁾.

It's a company that is constantly transforming itself and has become digital-first: digital is both a means of talking to our consumers and also of distributing our products; 27% of our sales are generated by e-commerce. Another significant area of transformation is sustainable development: our financial success enables us to invest in our social and environmental commitments. The latest transformation now underway is in Beauty Tech: harnessing technology to enhance beauty performance. L'Oréal is a company I speak about passionately, because I've been here for 35 years, and I have seen it constantly transform itself while remaining true to its values and its vocation; this is the basis of its success today.

How do you remain the leader in such a competitive market?

Competition spurs us on! What makes us feel optimistic and confident for the future is the fact that the beauty market is constantly growing. Beauty is an essential human need. L'Oréal has set itself the goal of outperforming the market, thanks to the quality of our teams and their extraordinary level of commitment, and thanks to innovation. Our portfolio of complementary brands enables us to meet all beauty expectations. Our balanced geographic footprint is a key strength. Investment in research and new technologies, like artificial intelligence, enables us to remain at the forefront. Finally, our strategic vision and shareholder stability - with the founding family as the main shareholder, another key reference shareholder, and more than 200,000 loyal individual shareholders - give us the ability to constantly adapt and stay on course in the long term.

(1) 32.28 billion euros in 2021.

(2) Prestige and/or high-end fragrances, excluding travel retail. Source: Euromonitor 2020.



The shift towards digital has accelerated further since the pandemic. How has L'Oréal addressed, or perhaps anticipated, this change?

At L'Oréal, one of our favourite mottos is "*savoir saisir ce qui commence*", or "seize new opportunities". My predecessor, Jean-Paul Agon, declared 2010 the "year of digital" at L'Oréal. We hired experts and trained thousands of employees in e-commerce, the internet, etc. Agility is one of our greatest strengths. In 2018, we purchased the Canadian startup ModiFace, which developed augmented reality to try on different shades of lipstick and makeup virtually with a smartphone, which we have rolled out across all our brands. Since last year, this technology has also been able to perform skin analysis and make personalised product recommendations. Beauty is becoming more and more personalised, with increasing emphasis on custom products. The next step in L'Oréal's digital development may well be the metaverse.

How do you see L'Oréal's business evolving in an increasingly complex global context?

In the current context, it is my role and that of our teams to be vigilant and anticipate different scenarios. During the Covid-19 crisis, we demonstrated our ability to adapt very

quickly. For the medium and long term, we remain confident in the prospects for the global beauty market, which has average annual growth of between 4% and 5% (apart from 2019, the only year it was negative). Consumers' appetite for beauty remains intact; the "lipstick effect" shows that consumption of beauty products such as lipstick remains significant even in hard times because it's an affordable product that brings pleasure and makes you feel good about yourself. This is something we are seeing at the moment with fragrances. Emerging countries also represent a tremendous source of growth. Virtual try-on and e-commerce enable us to win over new consumers.

How does L'Oréal successfully combine financial, social and environmental performance goals?

I am convinced that financial performance and environmental and social performance are now inextricably linked. Financial performance gives us the means to transform ourselves, to invest and innovate for a more sustainable approach to beauty. We have made commitments for 2030 as part of our L'Oréal for the Future programme. For example, 95% of the active ingredients we use in our products will be biosourced - derived from abundant minerals or from circular processes - by 2030. And 100% of our plastic packaging will come from recycled or bio-based sources. We have already achieved significant results: between 2005 and 2021, we reduced our carbon emissions by 87%, while the number of manufactured units increased by 37%. All our sites in the United States and in the North Asia Zone are now "carbon neutral", ahead of our 2025 objective. L'Oréal for the Future is a companywide project to which all of our employees are actively committed. It also encompasses the variable remuneration of our executives, which is dependent on achieving social and environmental objectives.

L'Oréal's Individual Shareholder Consultation Committee aims to strengthen relations with individual

shareholders, better understand their expectations and improve communication with them. The Committee's third meeting of 2022 was held at L'Oréal headquarters in Clichy (France) on 3 October.

On the agenda was the presentation of the 2022 half-year results and Group news, followed by a discussion with Nicolas Hieronimus, Chief Executive Officer of L'Oréal, and Christophe Babule, Chief Financial Officer, who answered questions from Committee members. This was followed by a presentation on the history, strategy and commitments of Lancôme, one of the Group's iconic brands, by its Global Brand President, Françoise Lehmann.

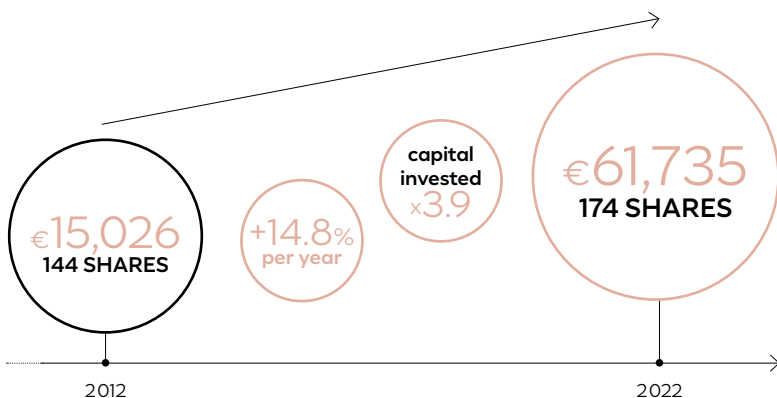
Scan QR code

to watch the video of the last Committee meeting



TOTAL SHAREHOLDER RETURN⁽¹⁾

Amongst the various economic and financial measures of value creation, L'Oréal prefers Total Shareholder Return (TSR). This indicator is based on a range of criteria, including the share price and revenue received in the form of dividends excluding taxes on capital gains and dividends, based on the closing share price on 30 November 2022.



HYPOTHESIS

Total Shareholder Return over 10 years, for nearly €15,000 invested in L'Oréal shares, including reinvestment of dividends, excluding bank charges and tax.

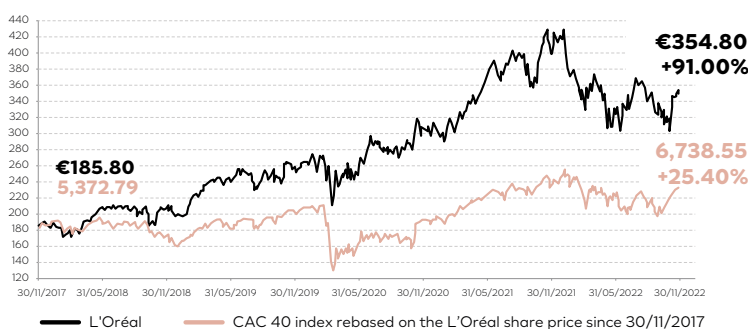
TOTAL ANNUAL RETURN

Based on the share price on 30 November 2022



OVER 5 YEARS, THE L'ORÉAL SHARE HAS OUTPERFORMED THE CAC 40 INDEX

L'Oréal vs CAC 40 from 30 November 2017 to 30 November 2022⁽²⁾



Change from 30 November 2017 to 30 November 2022

L'ORÉAL SHARE PRICE:

+91.00%

CAC 40 INDEX:

+25.40%

(1) Total Shareholder Return of the investment, assuming that the shares are sold at the closing price on 31 November 2022. (2) CAC40 index rebased on the L'Oréal share price since 30/11/2017 // Source: Refinitiv, share price on 30/11/2022.

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A TEAM THAT IS ATTENTIVE TO SHAREHOLDERS' VIEWS

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AGENDA

9 February 2023:

2022 annual results (after stock market closing)

21 April 2023:

Annual General Meeting at Palais des Congrès, Porte Maillot, Paris

For other key dates, please visit our website: loreal-finance.com

THE CONNECTED SHAREHOLDER

Download the L'Oréal Finance app⁽³⁾ and keep up to date with live news about your company.



To receive the Letter to Shareholders

by email, fill in your email address at: loreal-finance.com/eng/keep-informed

(3) Available for free on the App Store and Google Play.

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