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Brief presentation of the L'Oréal Group in 2023 and key figures

KEY FIGURES 2023

No1 IN BEAUTY

150+ countries

International presence

37

international brands

115 years

Created in 1909

94,605
employees

Recognised for the 14th time as one of the world's most ethical companies by the Ethisphere Institute

Recognised for the 6th time by the Bloomberg Gender-Equality Index acknowledging the most advanced companies in the area of gender parity

L'Oréal For Youth:

25,000 work opportunities per year for under-30s.

€41.18 billion

2023 sales

(+7.6% based on reported figures, +11.0% like-for-like⁽¹⁾)

€8.14 billion

Operating profit (19.8% of the sales)

€12.08

Net earnings per share⁽²⁾ (on increase +7.3%)

€6.60

Dividend per share⁽³⁾ (on increase +10%)

19% per year

Total annual shareholder return on L'Oréal shares over 5 years

€241 billion

Market capitalisation at 31/12/2023

€1,288 million

Research and innovation budget

610

patents filed in 2023

91%

renewable energy for its operated sites⁽⁴⁾

96%

of the Group's new and renovated products are eco-designed

-9.7%

CO₂ emissions linked to the transport of our products (on average and per finished product, compared to 2016)

-10%

Water withdrawal (industrial sites, compared to 2019)

(1) Like-for-like: based on a comparable structure and identical exchange rates.

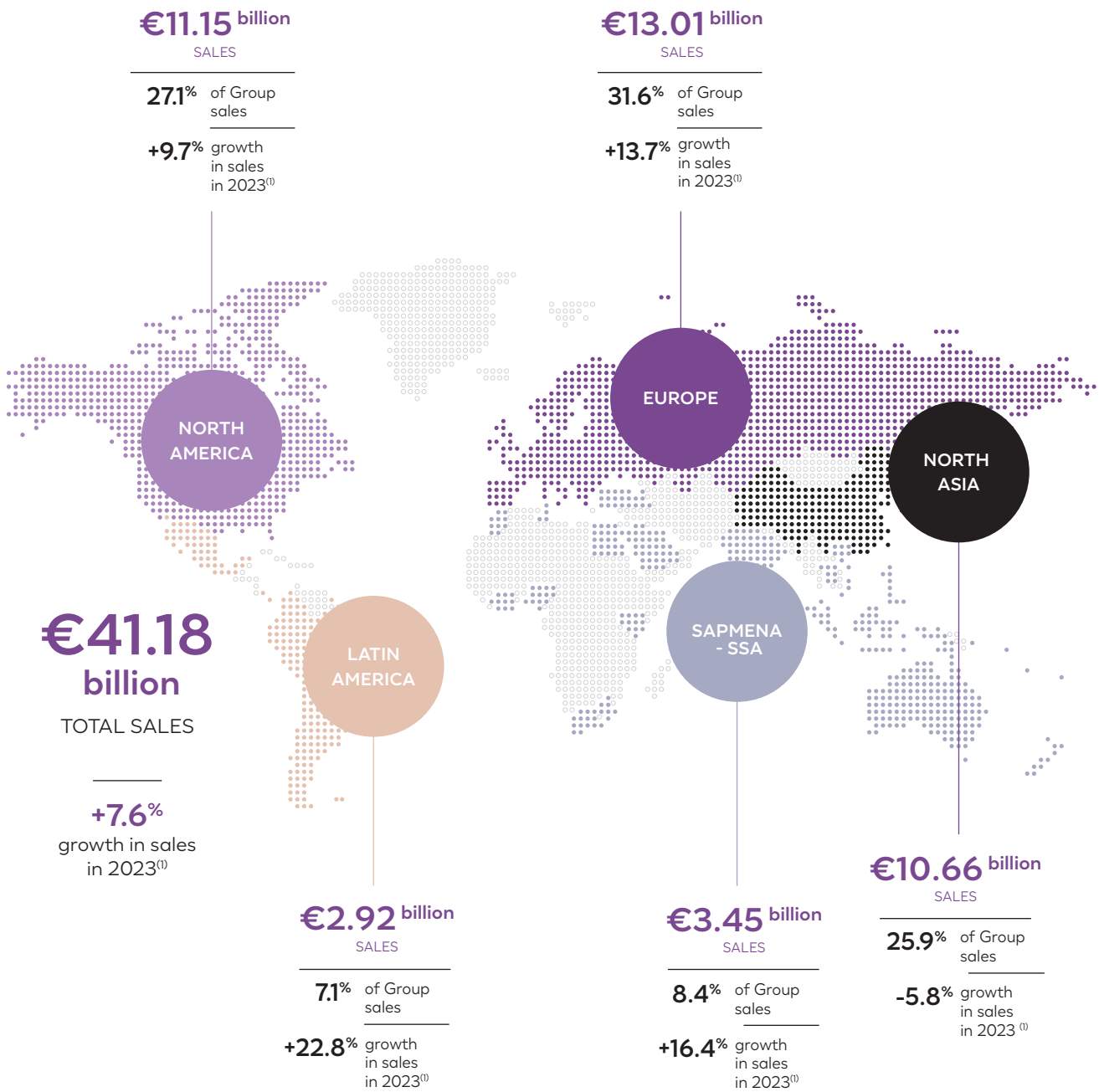
(2) Diluted net earnings per share excluding non-recurring items after non controlling interests.

(3) Proposed at the Annual General Meeting of 23 April 2024.

(4) On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data" of the 2023 Universal Registration Document.

THE 5 GEOGRAPHIC ZONES

<p>3</p> <p>Zones with sales of over €10 billion</p>	<p>2</p> <p>Zones promising future growth</p>	<p>150+ countries</p> <p>International presence</p>
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(1) Reported figures.

Comments

Commenting on the figures, Nicolas Hieronimus, CEO of L'Oréal, said:

"2023 was a very successful year for the group. I am immensely grateful to our teams. Their creativity, entrepreneurship and passion enabled us to report a third consecutive year of double-digit like-for-like growth, once again outperforming a dynamic beauty market. We set a new operating margin record and delivered +7.3% EPS⁽¹⁾ growth. In a challenging environment of geopolitical tensions, inflationary pressures, and a stagnating beauty market in China, we delivered our best like-for-like growth in more than 20 years (excluding 2021). This is a clear vindication of the power of our multi-polar model, and I am particularly pleased with the strong acceleration in emerging markets.

As we head into 2024, we remain optimistic about the outlook for the beauty market, and confident in our ability to keep outperforming it and to achieve another year of growth in sales and profits.

More than ever, L'Oréal is looking to the future – a future that will have Beauty Tech at its very core. Beauty Tech will shape our industry and enable us to further strengthen our leadership. It will allow us to know our consumers ever-better, to bring them ever-more impactful and sustainable products and services and to become ever-sharper in our execution."

Overview of the results for 2023

- **Sales: €41.18 billion**, +7.6% reported and +11.0% like-for-like⁽²⁾.
- **Continued outperformance** of a dynamic global beauty market.
- **Like-for-like growth in all Divisions** with particularly noteworthy performances in Consumer Products and Dermatological Beauty.
- **The L'Oréal Luxe Division** has become the global market leader (in sales) in luxury beauty.
- **Double-digit like-for-like growth all regions** except North Asia which continued to be impacted by the market softness in mainland China and the reset in Travel Retail.
- **Continued growth** in value and volume.
- **Further operating margin improvement: 19.8%** (+30 bps); operating profit: €8,143.3 million.
- **Earnings per share: €12.08**, up by +7.3%.
- **Dividend⁽³⁾: €6.60**, an increase of +10.0%.
- **Net cash flow: €6.1 billion**, up by +23.9%.
- **Creation of the €15 million L'Oréal Climate Emergency fund** to help vulnerable communities prepare for and recover from climate disasters.
- **Sustainability leader**: only company in the world to have been awarded a triple 'A' rating by CDP for eight years in a row; platinum medal by EcoVadis, which ranked L'Oréal in the global top 1% of best companies in terms of environmental and social performance.

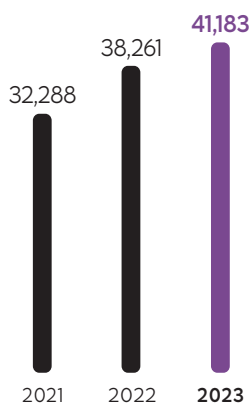
(1) Diluted earnings per share (EPS), based on net profit, excluding non-recurring items, after non-controlling interests.

(2) Like-for-like sales growth: based on a comparable structure and identical exchange rates.

(3) To be proposed at the Annual General Meeting of 23 April 2024.

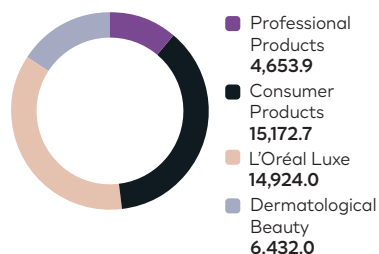
2023 sales

CONSOLIDATED SALES
(€ millions)

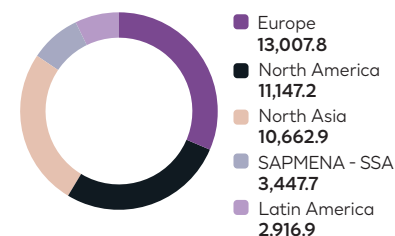


BREAKDOWN OF SALES
(€ millions)

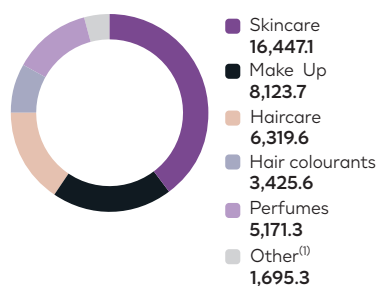
BY OPERATIONAL DIVISION



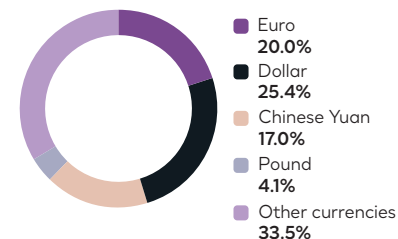
BY GEOGRAPHIC ZONE



BY BUSINESS SEGMENT

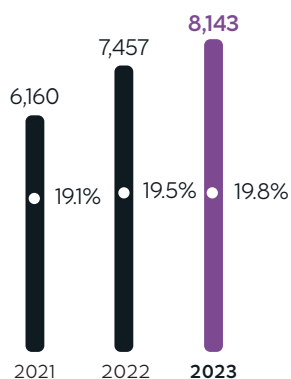


BY CURRENCY



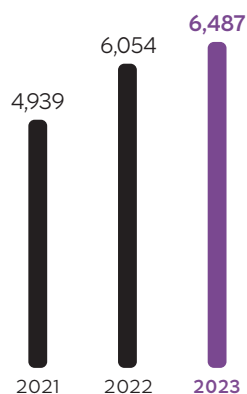
(1) "Other" includes hygiene products and sales made by American distributors with non-Group brands.

OPERATING PROFIT
(€ millions)

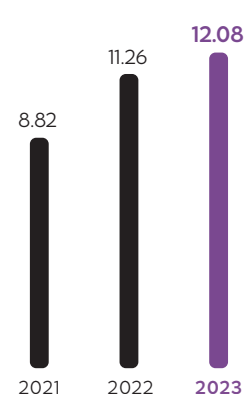


○ Operating margin as a % of sales

NET PROFIT EXCLUDING
NON-RECURRING ITEMS⁽¹⁾
ATTRIBUTABLE TO THE OWNERS
OF THE COMPANY
(€ millions)



EARNINGS PER SHARE⁽²⁾
(€)



(1) Non-recurring items primarily include capital gains or losses on disposals of long-term assets, impairment of assets, restructuring costs and clearly identified, non-recurring income and expense items that are material to the consolidated financial statements. See note 11.4 of the Consolidated financial statements.

(2) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

1 Brief presentation of the L'Oréal Group in 2023 and key figures

2023 Consolidated sales

2023 Consolidated sales

Sales amounted to €41.18 billion at 31 December 2023, up +7.6% reported.

Like-for-like, *i.e.* based on a comparable structure and identical exchange rates, sales grew by +11.0%.

The net impact of changes in the scope of consolidation was +1.6%.

Growth at constant exchange rates came out at +12.6%.

Currency fluctuations had a negative impact of -5.0% at the end of 2023.

SALES BY DIVISION AND GEOGRAPHIC ZONE

€ millions	2021	2022	2023	% 2023 sales	2022/2023 progression	
					Like-for-like	Reported figures
By Division						
Professional Products	3,783.9	4,476.8	4,653.9	11.3%	+7.6%	+4.0%
Consumer Products	12,233.5	14,021.3	15,172.7	36.8%	+12.6%	+8.2%
L'Oréal Luxe	12,346.2	14,638.1	14,924.0	36.2%	+4.5%	+2.0%
Dermatological Beauty ⁽¹⁾	3,924.0	5,124.5	6,432.0	15.6%	+28.4%	+25.5%
GROUP TOTAL	32,287.6	38,260.6	41,182.5	100.0%	+11.0%	+7.6%
By Region						
Europe	10,184.8	11,436.7	13,007.8	31.6%	+16.0%	+13.7%
North America	8,155.9	10,164.0	11,147.2	27.1%	+11.8%	+9.7%
North Asia	9,863.3	11,321.4	10,662.9	25.9%	-0.9%	-5.8%
SAPMENA - SSA ⁽²⁾	2,312.0	2,962.4	3,447.7	8.4%	+23.2%	+16.4%
Latin America	1,771.5	2,376.2	2,916.9	7.1%	+24.4%	+22.8%
GROUP TOTAL	32,287.6	38,260.6	41,182.5	100.0%	+11.0%	+7.6%

(1) Formerly known as the Active Cosmetics Division.

(2) SAPMENA - SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

Summary by Division

Professional Products

The Professional Products Division reported robust growth of +7.6% like-for-like and +4.0% reported.

Consumer Products

The Consumer Products Division had its best growth in more than 30 years at +12.6% like-for-like and +8.2% reported.

L'Oréal Luxe

L'Oréal Luxe grew +4.5% like-for-like, +2.0% reported and has become the global number one in luxury beauty.

Dermatological Beauty

The Dermatological Beauty Division had spectacular growth of +28.4% like-for-like and +25.5% reported.

Summary by Region

Europe

Sales in Europe saw outstanding growth of +16.0% like-for-like and +13.7% reported.

North America

Sales in North America advanced strongly, +11.8% like-for-like and +9.7% reported.

North Asia

Sales in North Asia contracted, -0.9% like-for-like and -5.8% reported.

SAPMENA - SSA

Sales in SAPMENA-SSA had outstanding growth of +23.2% like-for-like and +16.4% reported.

Latin America

Sales in Latin America achieved outstanding growth of +24.4% like-for-like and +22.8% reported.

2023 Consolidated results

Operating profitability and consolidated income statement

	2021		2022		2023	
	€ millions	% CA	€ millions	% CA	€ millions	% CA
Sales	32,287.6	100.0%	38,260.6	100.0%	41,182.5	100.0%
Cost of sales	-8,433.3	26.1%	-10,577.4	27.6%	-10,767.0	26.1%
Gross profit	23,854.3	73.9%	27,683.3	72.4%	30,415.5	73.9%
R&I expenses	-1,028.7	3.2%	-1,138.6	3.0%	-1,288.9	3.1%
Advertising and promotion	-10,591.0	32.8%	-12,059.0	31.5%	-13,356.6	32.4%
Selling, general and administrative expenses	-6,074.2	18.8%	-7,028.8	18.4%	-7,626.7	18.5%
OPERATING PROFIT	6,160.3	19.1%	7,456.9	19.5%	8,143.3	19.8%

Gross profit, at 73.9% of sales, improved by 150 basis points.

Research & Innovation expenses increased by 10 basis points to 3.1% of sales.

Advertising and promotional expenses increased by 90 basis points to 32.4% of sales, equivalent to an increase of more than 10% year-on-year.

Selling, general and administrative expenses increased by 10 basis points to 18.5% of sales.

Overall, **operating profit** increased by +9.2% to €8,143.3 million, and amounted to 19.8% of sales, an improvement of 30 basis points.

Operating profit by Division

	2021		2022		2023	
	€ millions	% CA	€ millions	% CA	€ millions	% CA
By Division						
Professional Products	807	21.3%	953.6	21.3%	1,005.3	21.6%
Consumer Products	2,466	20.2%	2,774.9	19.8%	3,114.7	20.5%
L'Oréal Luxe	2,816	22.8%	3,350.4	22.9%	3,331.8	22.3%
Dermatological Beauty ⁽¹⁾	991	25.2%	1,303.0	25.4%	1,670.9	26.0%
DIVISIONS TOTAL	7,080	21.9%	8,381.9	21.9%	9,122.7	22.2%
Non-allocated ⁽²⁾	-920	-2.8%	-925.1	-2.4%	-979.4	-2.4%
GROUP	6,160	19.1%	7,456.9	19.5%	8,143.3	19.8%

(1) Non-allocated = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items.

The profitability of the **Professional Products Division** came out at 21.6% of sales, up 30 basis points.

The profitability of the **Consumer Products Division** came out at 20.5% of sales, up 70 basis points.

The profitability of the **Luxe Division** came out at 22.3% compared to 22.9% in 2022.

The profitability of the **Dermatological Beauty Division** came out at 26.0%, up 60 basis points.

Non-allocated expenses amounted to €979.4 million.

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2023 Consolidated results

Net profit

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

€ millions	2021	2022	2023	Evolution
Operating profit	6,160.3	7,456.9	8,143.3	+9.2%
Financial revenues and expenses excluding Sanofi dividends	-59.6	-73.0	-113.4	
Sanofi dividends	378.3	468.2	420.9	
Profit before tax excluding non-recurring items	6,478.9	7,852.1	8,450.8	+7.6%
Income tax excluding non-recurring items	-1,535.6	-1,793.4	-1,957.8	
Net profit excluding non-recurring items of equity consolidated companies	+0.6	+1.5	+0.2	
Non-controlling interests	-5.5	-6.1	-6.7	
Net profit after non-controlling interests excluding non-recurring items	4,938.5	6,054.1	6,486.6	+7.1%
EPS ⁽¹⁾ (in euros)	8.82	11.26	12.08	+7.3%
NET PROFIT AFTER NON-CONTROLLING INTERESTS	4,597.1	5,706.6	6,184.0	+8.4%
Diluted EPS after non-controlling interests (in euros)	8.21	10.61	11.52	
Diluted average number of shares	559,791,545	537,657,548	537,021,039	

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

Net finance costs amounted to €113 million.

Sanofi dividends totalled €420.9 million.

Income tax excluding non-recurrent items amounted to €1,958 million, representing a tax rate of 23.2%.

Net profit excluding non-recurring items after non-controlling interests stood at €6,487 million.

Earnings per share⁽¹⁾, at €12.08, increased by +7.3%.

Non-recurring items after non-controlling interests⁽²⁾ amounted to €302 million net of tax.

Net profit after non-controlling interests came out at €6,184 million, increasing by +8.4%.

Cash flow statement, Balance sheet and Cash position

Gross cash flow amounted to €7,999 million, an increase of +9.7%. The **working capital requirement** increased by €395 million.

At €1,488.7 million, **investments** represented 3.6% of sales.

Net cash flow⁽³⁾, at €6,116 million, increased by 23.9%.

The **balance sheet** remains strong, with shareholders' equity amounting to €29.1 billion.

Proposed dividend at the Annual General Meeting of 23 April 2024

The Board of Directors has decided to propose a dividend of €6.60 per share at the shareholders' Annual General Meeting of 23 April 2024, an increase of +10.0% compared with the dividend paid in 2023. The dividend will be paid on 30 April 2024 (ex-dividend date 26 April at 0:00am, Paris time).

Share capital

At 31 December 2023, the capital of the company is formed by 534,725,475 shares.

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

(2) Non-recurring items include impairment of assets, capital gains and losses on disposals of long-term assets, restructuring costs and tax effects of non-recurring items.

(3) Net cash flow = Gross cash flow + changes in working capital - capital expenditure.