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Brief presentation of the L'Oréal Group in 2022 and key figures

KEY FIGURES 2022

No 1
IN BEAUTY

150+ countries

International presence

36

International brands including
11 billionaire brands

114 years

Created in 1909

87,369
employees

Recognised for the 13th time as one
of the world's most ethical companies
by the **Ethisphere Institute**

Recognised for the 5th 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.

€38.26 billion

2022 sales

(+18,5% based on reported figures, +10,9% like-for-like⁽¹⁾)

€7.46 billion

Operating profit (19,5% of the sales)

€11.26

Net earnings per share⁽²⁾ (on increase +27,6%)

€6.00

Dividend per share⁽³⁾ (on increase +25%)

14% per year

Total annual shareholder return on L'Oréal shares over 10 years

€178.5 billion

Market capitalisation at 31/12/2022

€1,139 million

Research and innovation budget

561

patents

110

Group sites achieved carbon neutrality

97%

of the Group's products are eco-designed

-57%*

CO₂ emissions (industrial sites)

-6%*

Water consumption (industrial sites)

(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 21 April 2023.

* Versus 2019, see Chapter 4 of the 2022 Universal Registration Document.

The 5 geographic zones

3 Zones with sales of more than €10 billion	2 Zones promising future growth	+150 Countries International presence
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€10.16 billion

SALES

26.6% share of Group sales

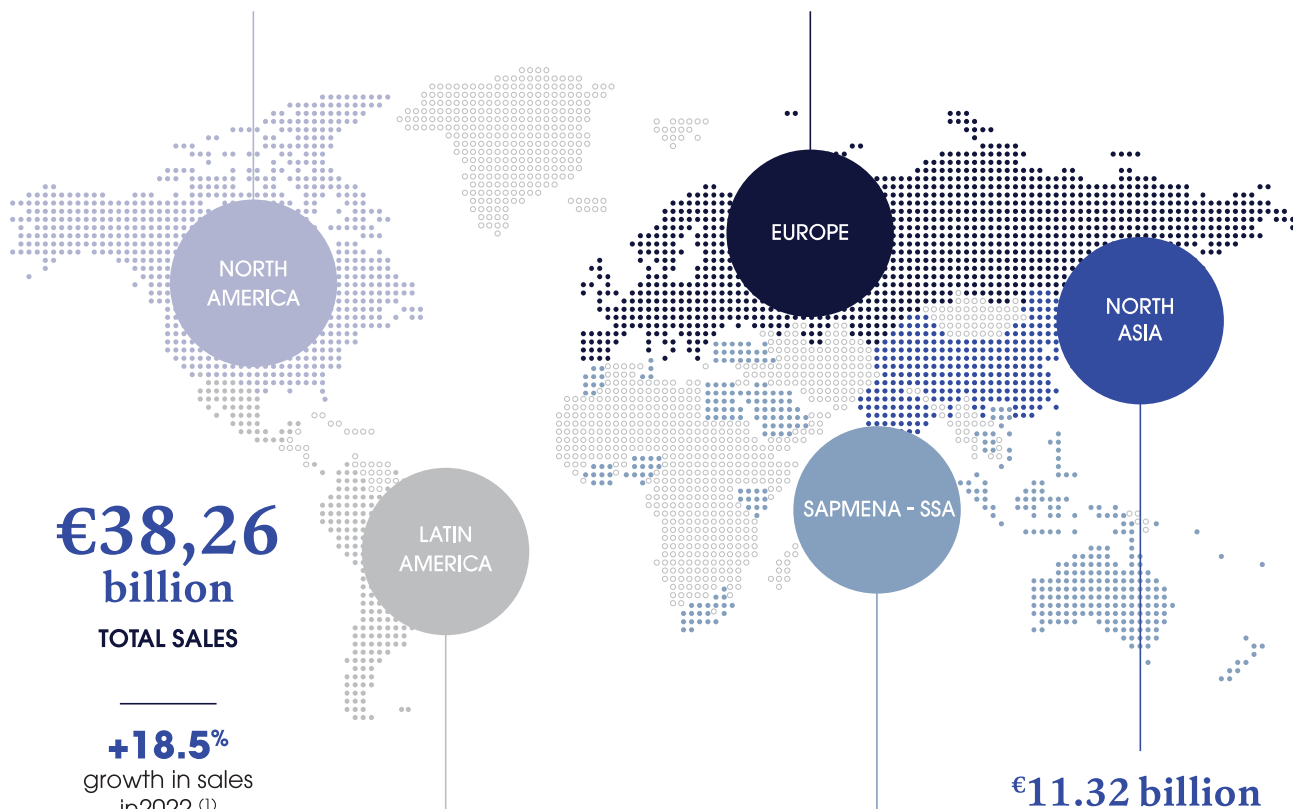
+24.6% sales growth in 2022⁽¹⁾

€11.44 billion

SALES

29.9% share of Group sales

+12.3% sales growth in 2022⁽¹⁾



€38,26 billion

TOTAL SALES

+18.5% growth in sales in 2022⁽¹⁾

€2.38 billion

SALES

6.2% share of Group sales

+34.1% sales growth in 2022⁽¹⁾

€2.96 billion

SALES

7.7% share of Group sales

+28.1% sales growth in 2022⁽¹⁾

€11.32 billion

SALES

29.6% share of Group sales

+14.8% sales growth in 2022⁽¹⁾

(1) Based on reported figures.

COMMENTS

Commenting on the figures, Nicolas Hieronimus, CEO of L'Oréal, said⁽¹⁾: “We achieved a remarkable performance this year, thanks to our innovation leadership, our highly desirable brands, our operational agility and the tremendous commitment of our teams. Comparable growth vs. 2019 accelerated quarter after quarter and reached +23% over the full year. Our balanced growth across Divisions and regions once again demonstrates the relevance of our multipolar model: strategically centralised and operationally decentralised with a strong entrepreneurial mindset, this model is ideally suited to the current environment.

We have emerged stronger from 2022 and reinforced our position as the world's leading beauty company. These high-quality results allow us to consistently support our social and environmental commitments, in line with our dual ambition of economic and corporate performance. Mindful of the current uncertainties, we remain ambitious for the future, optimistic about the outlook for the beauty market, and confident in our ability to keep outperforming the market and achieve in 2023 another year of growth in sales and profits.”

OVERVIEW OF THE RESULTS FOR 2022

- **Sales: 38.26 billion euros**,
 - +18.5% reported,
 - +10.9% like-for-like⁽²⁾;
 - a comparable increase of +23.4% vs 2019.
- **Strengthening global leadership in the beauty market.**
- **Well-balanced growth between volume and value. 28% of sales in e-commerce.**
- **Strong improvement in operating margin: 19.5%** (+40 bps); operating profit: 7,456.9 million euros.
- **Earnings per share⁽³⁾: 11.26 euros**, up by +27.6%.
- **Dividend⁽⁴⁾: 6.00 euros.**
- **Third employee share ownership plan** successfully rolled out in more than 60 countries.
- **L'Oréal For Youth:** 25,000 work opportunities per year for under-30s.
- **L'Oréal Fund for Women:** already €30.8 million allocated to support over 1.2 million women in vulnerable situation throughout the world.
- **Solidarity Sourcing programme** benefiting 85,000 workers from discriminated communities.
- **Sustainability leader:** only company in the world to have been awarded a **'AAA' rating by CDP** for seven 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.
- Named for the 13th year as one of the world's most ethical companies by **Ethisphere**.

(1) Press release of 9 February 2023.

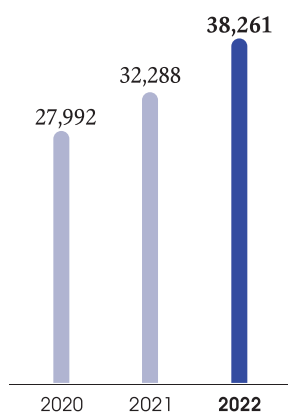
(2) Like-for-like: based on a comparable scope of consolidation and identical exchange rates.

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

(4) To be proposed at the Annual General Meeting of 21 April 2023.

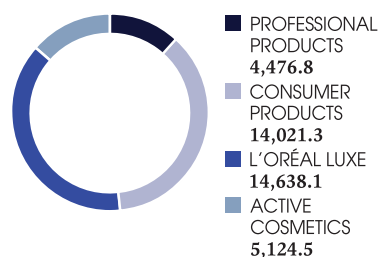
2022 SALES

Consolidated sales (€ millions)

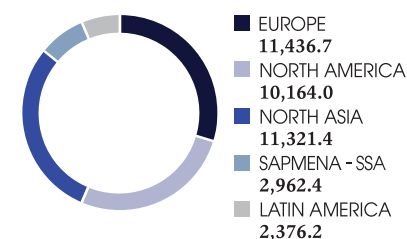


Breakdown of sales (€ millions)

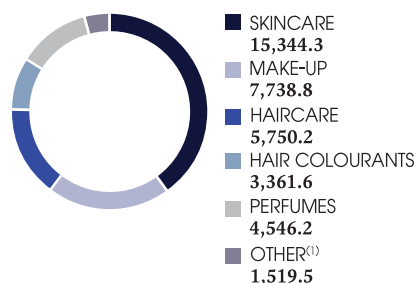
BY OPERATIONAL DIVISION



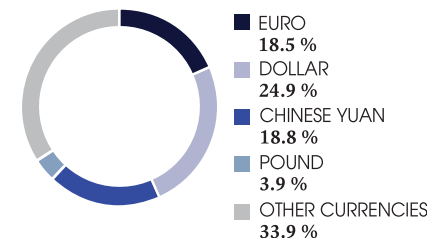
BY GEOGRAPHIC ZONE



BY BUSINESS SEGMENT

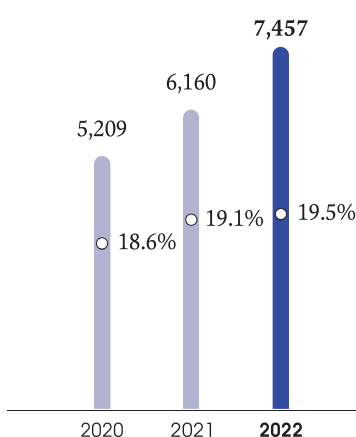


BY CURRENCY



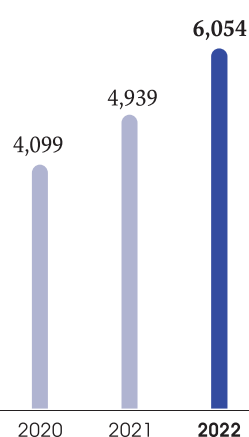
(1) "Other" includes hygiene products and sales made by American distributors with non-Group brands.

Operating profit (€ millions)

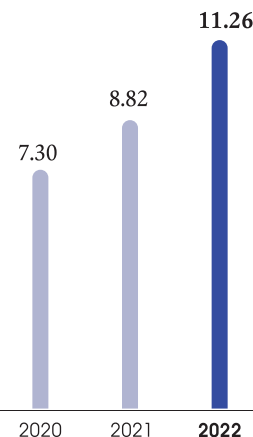


○ Operating margin as a % of sales.

Net profit excluding non-recurring items⁽²⁾ attributable to the owners of the company (€ millions)



Earnings per share⁽³⁾ (€)



(2) 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 of the 2022 Universal Registration Document.

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

OVERVIEW OF THE RESULTS FOR 2022

Sales amounted to **38,26 billion euros** at 31 December 2022, up by +18.5% reported.

Like-for-like, i.e. based on a comparable scope of consolidation and identical exchange rates, the growth of L'Oréal group sales was +10.9%.

The net impact of changes in the scope of consolidation was +0.4%.

At the end of 2022, **currency fluctuations** had an impact of +7.2%.

Sales by Division and Geographic Zone

€ millions	2020	2021	2022	% 2022 sales	2021/2022 progression	
					Like-for-like	Reported figures
By Division						
Professional Products	3,097.3	3,783.9	4,476.8	11.7%	+10.1%	+18.3%
Consumer Products	11,703.8	12,233.5	14,021.3	36.6%	+8.3%	+14.6%
L'Oréal Luxe	10,179.9	12,346.2	14,638.1	38.3%	+10.2%	+18.6%
Active Cosmetics	3,011.1	3,924.0	5,124.5	13.4%	+21.9%	+30.6%
Group total	27,992.1	32,287.6	38,260.6	100%	+10.9%	+18.5%
By geographic Zone						
Europe	9,199.3	10,184.8	11,436.7	29.9%	+11.6%	+12.3%
North America	6,903.4	8,155.9	10,164.0	26.6%	+10.4%	+24.6%
North Asia	8,318.1	9,863.3	11,321.4	29.6%	+6.6%	+14.8%
SAPMENA – SSA ⁽¹⁾	2,101.9	2,312.0	2,962.4	7.7%	+22.0%	+28.1%
Latin America	1,469.3	1,771.5	2,376.2	6.2%	+18.6%	+34.1%
GROUP TOTAL	27,992.1	32,287.6	38,260.6	100%	+10.9%	+18.5%

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

Summary by Division

Professional products

The Professional Products Division recorded strong growth, at +10.1% like-for-like and +18.3% reported.

Consumer products

The Consumer Products Division posted its best growth in 20 years: +8.3% like-for-like and +14.6% reported.

L'Oréal Luxe

L'Oréal Luxe recorded strong growth, at +10.2% like-for-like and +18.6% reported, outperforming a global luxury beauty market that proved dynamic again this year.

Active cosmetics⁽¹⁾

The Active Cosmetics Division ended the year with outstanding growth, at +21.9% like-for-like and +30.6% based on reported figures.

Summary by geographic Zone

Europe

The Zone achieved growth of +11.6% like-for-like and +12.3% reported.

North America

The Zone ended the year at +10.4% like-for-like and +24.6% reported reaching the 10 billion euro mark in sales.

North Asia

The Zone ended the year at +6.6% like-for-like and +14.8% based on reported figures.

SAPMENA – SSA⁽²⁾

The Zone grew strongly, at +22.0% like-for-like and +28.1% reported.

Latin America

The Zone posted strong growth, at +18.6% like-for-like and +34.1% based on reported figures.

(1) "Dermatological Beauty" Division, as announced on 10 February 2023. Previously "Active Cosmetics" Division.

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

2022 CONSOLIDATED RESULTS

Operating profitability and consolidated income statement

	2020		2021		2022	
	€ millions	% 2020 sales	€ millions	% 2021 sales	€ millions	% 2022 sales
Sales	27,992.1	100.0%	32,287.6	100.0%	38 260.6	100.0%
Cost of sales	-7,532.3	26.9%	-8,433.3	26.1%	- 10 577.4	27.6%
Gross profit	20,459.8	73.1%	23,854.3	73.9%	27 683.3	72.4%
R&I expenses	-964.4	3.4%	-1,028.7	3.2%	- 1 138.6	3.0%
Advertising and promotion expenses	-8,647.9	30.9%	-10,591.0	32.8%	12 059.0	31.5%
Selling, general and administrative expenses	-5,638.5	20.1%	-6,074.2	18.8%	7 028.8	18.4%
OPERATING PROFIT	5,209.0	18.6%	6,160.3	19.1%	7 456.9	19.5%

Gross profit, at 27,683.3 million euros, came out at 72.4% of sales, compared with 73.9% in 2021, a difference of 150 basis points.

Research & Innovation expenses, at 3% of sales, increased by more than +10%.

Advertising and promotion expenses accounted for 31.5% of sales, a decrease of 130 basis points.

Selling, general and administrative expenses, at 18.4% of sales, decreased by 40 basis points.

Overall, **operating profit** increased by +21.0% to 7,456.9 million euros, and amounted to 19.5% of sales, an improvement of 40 basis points.

Operating profit by Division⁽¹⁾

	2020		2021		2022	
	€ millions	% 2020 sales	€ millions	% 2021 sales	€ millions	% 2022 sales
Professional Products	582	18.8%	807	21.3%	954	21.3%
Consumer Products	2,388	20.4%	2,466	20.2%	2,775	19.8%
L'Oréal Luxe	2,276	22.4%	2,816	22.8%	3,350	22.9%
Active Cosmetics	766	25.4%	991	25.2%	1,303	25.4%
DIVISIONS TOTAL	6,012	21.5%	7,080	21.9%	8,382	21.9 %
Non-allocated ⁽¹⁾	-803	-803	-920	-2.8%	-925	- 2.4%
GROUP	5,209	18.6%	6,160	19.1%	7,457	19.5%

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

The profitability of the **Professional Products Division** came out at 21.3%, stable compared with 2021.

The profitability of the **Consumer Products Division** came out at 19.8%, vs 20.2% in 2021.

The profitability of **L'Oréal Luxe** improved by 10 basis points, at 22.9%.

The profitability of the **Active Cosmetics Division** increased by 20 basis points to 25.4%.

Non-allocated expenses amounted to 925.1 million euros.

(1) In 2022, the operating margin was negatively impacted by -40bp in each division and by -20bp at group level:

a. -20bp in each division, due to the reallocation of certain central costs to divisions, offset by symmetry by a 20bp decline in non-allocated expenses;

b. -20bp in each division and at group level, as the group expensed in 2022 the cost of configuring and customizing software used in SaaS mode, in accordance with IFRIC's April 2021 decision.

Net profit

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

€ millions	2020	2021	2022	Evolution
Operating profit	5,209.0	6,160.3	7,456.9	+21%
Financial revenues and expenses excluding Sanofi dividends	-95.9	-59.6	-73.0	
Sanofi dividends	372.4	378.3	468.2	
Profit before tax excluding non-recurring items	5,485.5	6,478.9	7 852.1	+21.2%
Income tax excluding non-recurring items	-1,383.1	-1,535.6	-1,793.4	
Net profit excluding non-recurring items of equity consolidated companies	+0.9	+0.6	+1.5	
Non-controlling interests	-4.2	-5.5	-6.7	
Net profit excluding non-recurring items after non-controlling interests	4,099.0	4,938.5	6,054.1	+22.6%
EPS ⁽¹⁾ (€)	7.30	8.82	11.26	+27.6%
NET PROFIT AFTER NON-CONTROLLING INTERESTS	3,563.4	4,597.1	5,706.6	+ 24.10%
Diluted EPS after non-controlling interests (€)	6.34	8.21	10.61	
Diluted average number of shares	561,635,963	559,791,545	537,657,548	

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

Net finance costs amounted to 73 million euros.

Sanofi dividends totalled 468.2 million euros. This year, in addition to the annual dividend of 393.7 million euros, Sanofi paid an additional dividend-in-kind in the form of newly listed Euroapi shares for an amount of 74.5 million euros.

Income tax excluding non-recurrent items amounted to 1,793 million euros, representing a tax rate of 22.8%.

Net profit excluding non-recurring items after non-controlling interests stood at 6,054 million euros.

Earnings per share⁽¹⁾, at 11.26 euros, increased by +27.6%.

Non-recurring items after non-controlling interests⁽²⁾ amounted to 347 million euros net of tax.

Net profit after non-controlling interests came out at 5,706 million euros, increasing by +24.1%.

Cash flow statement, Balance sheet and Cash position

Gross cash flow amounted to 7,289 million euros, an increase of +9.8%.

The **working capital requirement** increased by 1,010 million euros.

At 1,343.2 million euros, **investments** represented 3.5% of sales.

Net cash flow⁽³⁾, at 4,935 million euros, decreased by 12.7%.

The **balance sheet** remains strong, with shareholders' equity amounting to 27.2 billion euros.

Proposed dividend at the Annual General Meeting of 21 April 2023

The Board of Directors has decided to propose a dividend of 6.00 euros per share at the shareholders' Annual General Meeting of 21 April 2023, an increase of +25% compared with the dividend paid in 2022. The dividend will be paid on 28 April 2023 (ex-dividend date 26 April at 0:00am, Paris time).

Share capital

At 31 December 2022, the capital of the company is formed by 535,186,562 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.