

L'ORÉAL

CAPITAL MARKET DAYS **2017**



AGENDA

1

Germany Country
Transformation

unique mix of strong, deeply rooted values
and progressive, modern mindset

2

German
Consumers

3

L'Oréal Germany
Conquest

4

Sustaining
Success



1

Chapter One

Germany Country Transformation

unique mix of strong, deeply rooted values
and progressive, modern mindset

[› HAVE A LOOK](#)

GERMANY IS CHANGING

But hey, everyone is.

What makes Germany's
transformation **different?**

Successful? Faster?

More **sustainable?**





A VERY SIMPLE FORMULA

**Merkel, Berlin, Cars and Beer...
and the other German virtues.**

According to a study the five most frequently mentioned things when asked other nationalities about Germany.

A close-up portrait of Angela Merkel, looking directly at the camera with a neutral expression. She has short, light brown hair and is wearing a dark blue blazer. The background is a plain, light grey.

MERKEL



BERLIN



CARS



BEER

OTHER GERMAN VIRTUES

Strong and prospering, connected
and open to the world

Life is sustainable

Life is digital

Entrepreneurship &
start-up economy



A woman with short brown hair, wearing a teal patterned shirt and a multi-strand beaded necklace, is smiling and looking at her smartphone. She is outdoors, with a blurred background of green foliage and a building. The lighting is bright, suggesting a sunny day.

STRONG AND PROSPERING

and open to the world.

STRONG AND PROSPERING

The economy is prospering.
Unemployment very low.
Salaries continue to increase.

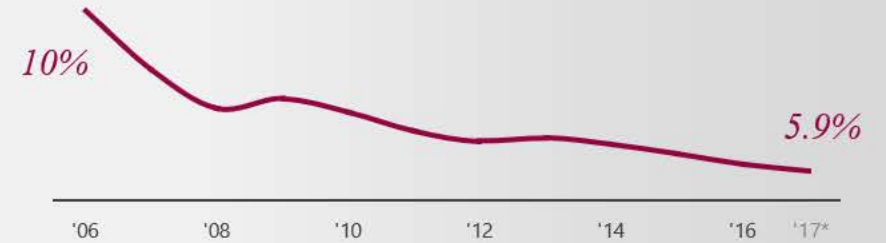
GDP in billion €

(Statistisches Bundesamt, 2016)



Unemployment

(Bundesagentur für Arbeit, 2017)



Development of salaries

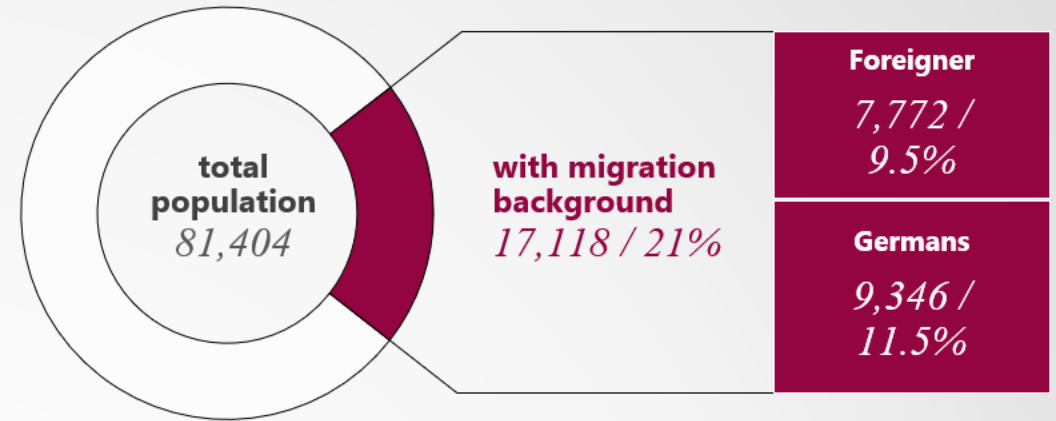
(Statistisches Bundesamt, 2015)



STRONG AND PROSPERING

Becoming a more **open society** and **embracing migration** is a joint effort of the German government, administration, society and economy.

without migration background
64,286 / 79%



(Bundeszentrale für politische Bildung based on Statistisches Bundesamt, 2015)

FACTS AND FIGURES

ECONOMY

Over the last five years, more than **half** of all German **companies** have employed people with a **migration background**. (Zeit, 2017)

SOCIETY

The **social commitment** in Germany is **growing** significantly: "About a third of all Germans use part of their leisure time for voluntary services" (ARAG, 2015)



LIFE

is sustainable.



LIFE

is sustainable.

Germany **invented** the
environmental movement.

Sustainability is now
mainstream.

FACTS AND FIGURES

The term

ECOLOGY

was invented in Germany.

In 1866.

(The Telegraph, 2015)



LIFE

is sustainable.

The Germans are the **world champions** in recycling their waste.

(FAZ based on OECD, 2016)

#1 in the world.

LIFE

is sustainable.

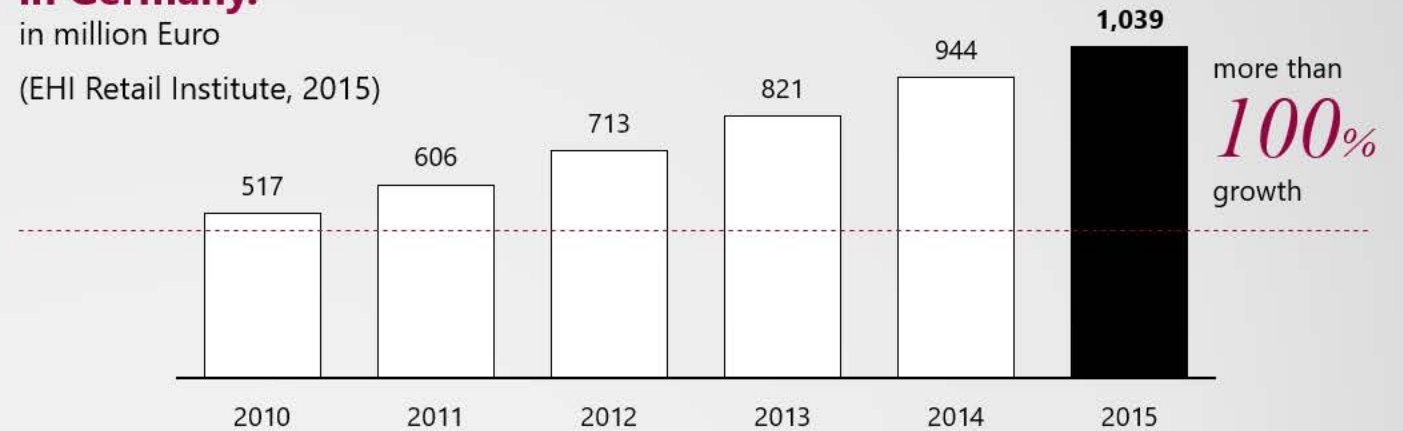
The **organic food movement** was started in Germany in the 1920s. Today, Germany is still a pioneer and the segment is still growing.

(Konrad Adenauer Stiftung, 2017)

Sales of the biggest "organic-supermarkets" in Germany.

in million Euro

(EHI Retail Institute, 2015)



LIFE

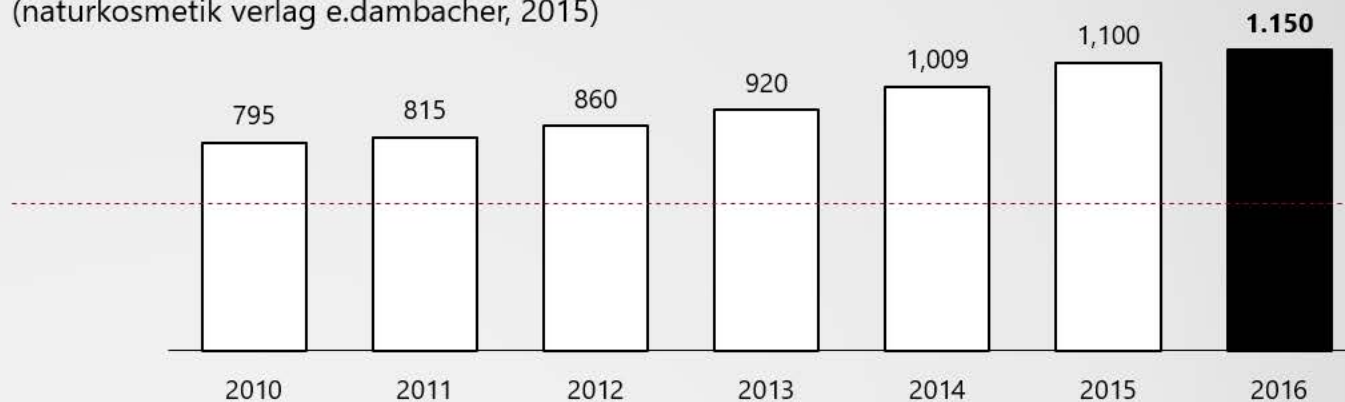
is sustainable.

Same with
natural cosmetics.

Sales of natural cosmetics in Germany.

in million Euro

(naturkosmetik verlag e.dambacher, 2015)





CHANGING

(media) consumption.

CHANGING

(media) consumption.

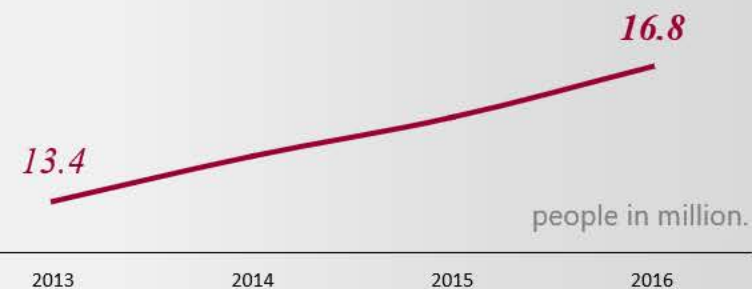
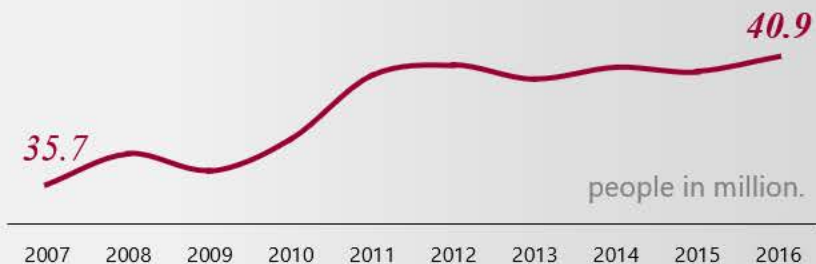
Quality and brand are increasingly relevant to German consumers. As opposed to price.

“QUALITY IS MORE IMPORTANT THAN PRICE (IN MOST CATEGORIES).”

(VuMA, 2016)

“BRAND IS MORE IMPORTANT THAN PRICE.”

(VuMA, 2016)



CHANGING

(media) consumption.

However, consumers still shop for their daily needs at their favorite discount supermarkets.

62% do so once a week.

(Horizont; Mentor Deutschland GmbH; Clinic im Centrum, 2009)

FACTS AND FIGURES

42.1%

market share of discounters. (GfK; IRI, 2016)

53m

Aldi started to advertise in 2016 and invested... (Nielsen, 2016)



96m

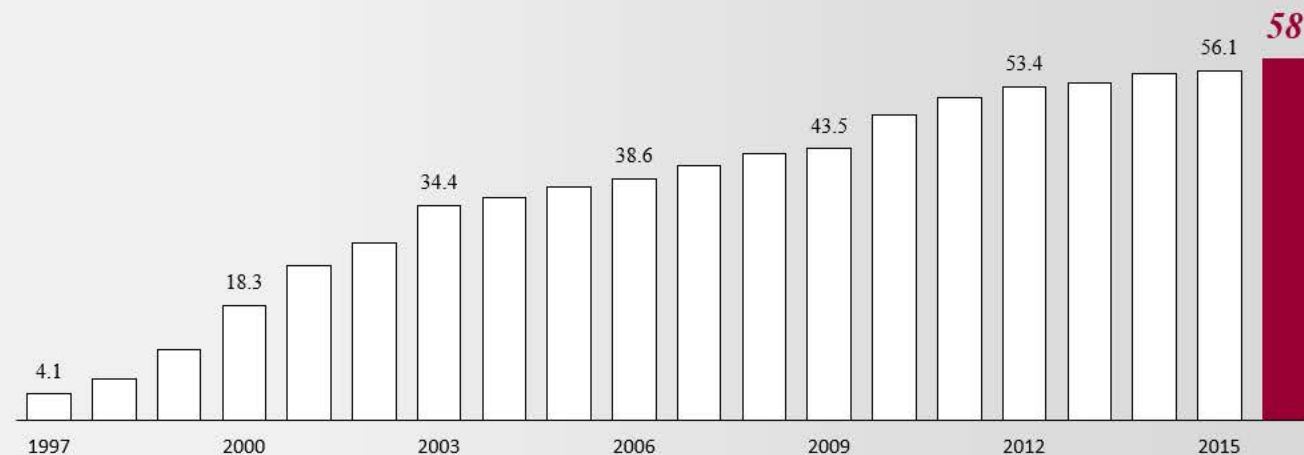
Lidl started to advertise in 2015 and invested... (Nielsen, 2016)



CHANGING

(media) consumption.

But of course, the use of Internet keeps increasing.



(ARD; ZDF, 2016)

FACTS AND FIGURES

79% of Germans using the World Wide Web.
(Initiative D21, 2016)

54m growth 1997-2016.
(ARD; ZDF, 2016)



LIFE

is digital.

DIGITAL LIFE

There are **more mobile phones** around in Germany **than people** (WELT, 2006)



69%

of the Germans use social media. (Age group 25-44, Destatis)

#5

Even 18% of the Germans between 65-74 years used social networks in 2015. Just behind Denmark, the Netherlands, UK and Sweden. (Statistisches Bundesamt, 2016)



DIGITAL LIFE

Commerce is increasingly electronic:



82%

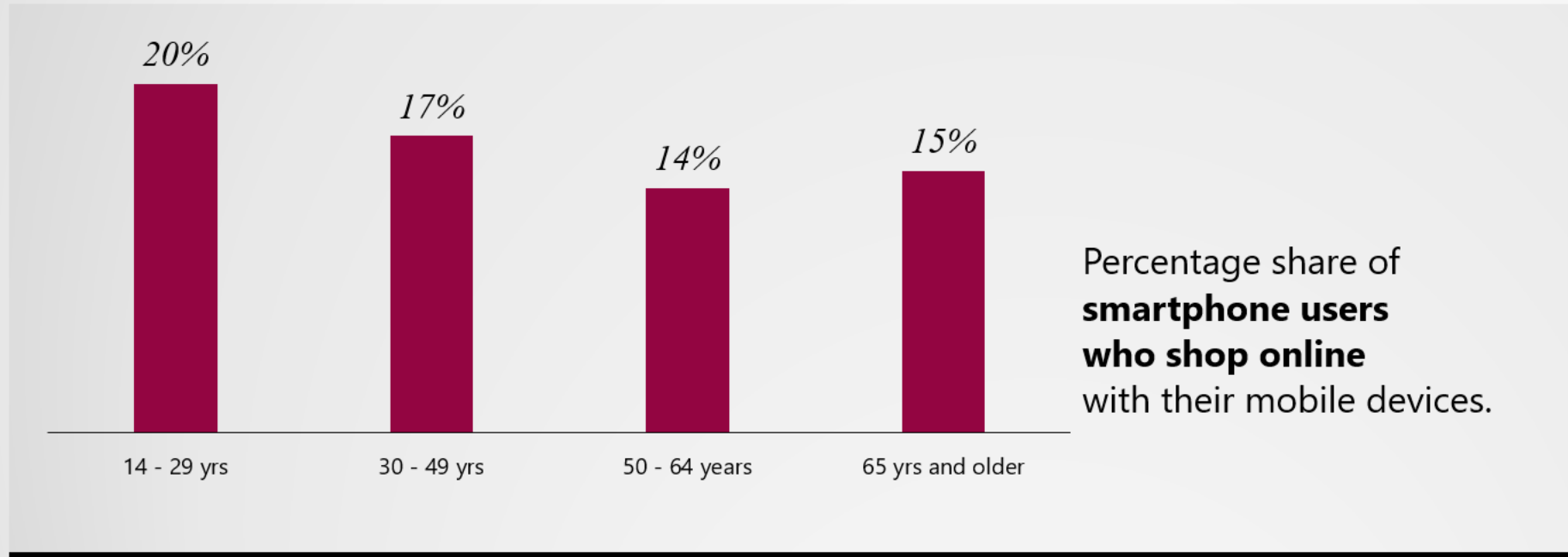
of the Germans shopped online in 2016.

#3

Leading to Germany being **#3 in Europe** (after UK and Denmark), up from #4 in 2012. (eurostat, 2017)

DIGITAL LIFE

Not only the “**millennials**”, but also people from the **older generation**, are pretty **savvy** regarding mobile shopping.





BREEDING GROUND

for new business and Startups



*ENTREPRENEUR-
SHIP & START-UP
ECONOMY*

Germany has a long
and **proud history**
of **ingenuity &**
entrepreneurship.



*ENTREPRENEUR-
SHIP & START-UP
ECONOMY*

Berlin is Europe's **#1 city for venture capital.**
Even before Brexit.
(EY, 2016)

FACTS & FIGURES

2145 m€ (EY, 2016)

#1 Berlin
#5 Hamburg
#6 Munich
(EY, 2016)

1773 m€ #2 London

992 m€ #3 Stockholm

687 m€ #4 Paris

Source: EY start up barometer 2016'



ENTREPRENEUR- SHIP & START-UP ECONOMY

**Mobility & Artificial
Intelligence** is another
field in which Germany
aims high.

Audi, BMW and *Daimler* bought *Nokia Map
Services* for **2.8 billion** – to take on Google on
autonomous driving.

(Handelsblatt, 2015)

71% want autonomous test-drives on
German streets. (bitkom, 2017)

61% won't buy an own car – if it's possible to
get a self driving car via app. (bitkom, 2017)



START-UP ECONOMY

The German **start-up scene** is not only successful, but also increasingly **international**.

82 % of DSM-start-ups are planning internationalization of their markets.
(Deutscher Startup Monitor, 2016)



The logo for Rocket, consisting of the word "ROCKET" in all caps, white, sans-serif font, centered within a dark grey rectangular box.



WE EMBRACE CHANGE

*HOW DID THE L'ORÉAL GROUP CAPTURE THE
CHANGES AND EMBARK ON THIS CHANGING
ENVIRONMENT?*



2

Chapter Two

German Consumers

› GET TO KNOW



IT ALL STARTS WITH OUR CONSUMERS

We **analyzed almost 9.5 Mio posts of consumers on** beauty topics they post and discuss **in the web.**

We **interview(ed)** in 2017 almost **40,000 German consumers** on their dreams and aspirations.

EXAMPLE
3 BEAUTY
ENERGIES



BEST SELF

Of course, I want to present myself in the **best** light.

I'm ready to do an **effort**, and wish to get **guidance** from **brands and tools**.

However I always want to **look real**.



SMART EXPERIENCE

I want to gather **knowledge**
from the things I do

Brands shall offer me **interesting
experiences.**

- Which I can later **share** with friends



●
BE UNIQUE

Fun and freedom of expression,
Allowing consumers to **crush stereotypes**
and experience **the joys of exploration.**



3

Chapter Three

L'Oréal Germany
Conquest

> TAKE A PEEK

L'ORÉAL GERMANY

1,25

Billion EURO in
Revenues

No 4

Country within
the L'Oréal Group

2350

Employees

55

Nationalities

34

Brands organized
within 4 divisions

#1

Beauty Player

HEAD OFFICE

Karlsruhe

CORPORATE OFFICES

Düsseldorf

*DISTRIBUTION
CENTERS & PLANTS*

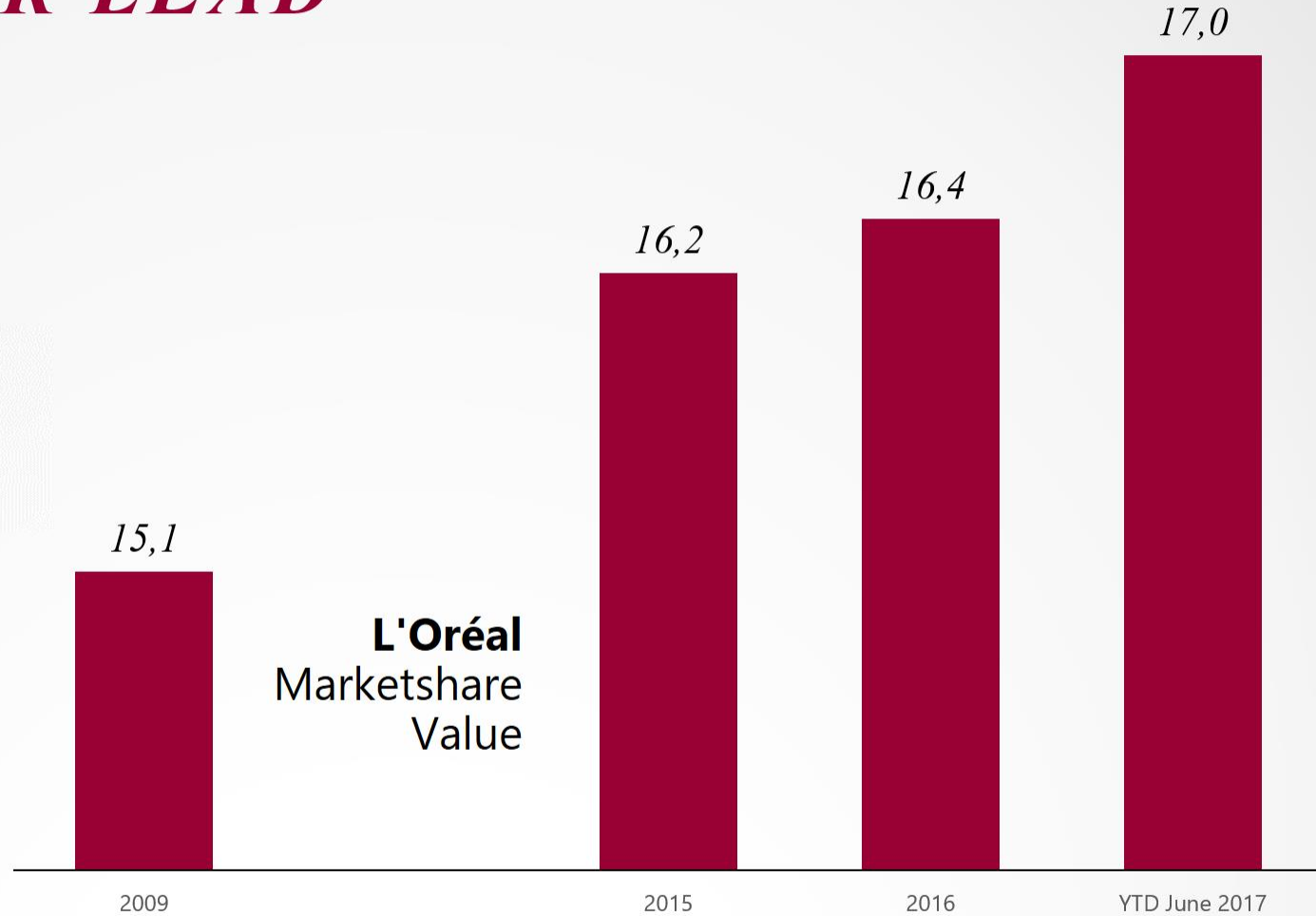
**Mönchengladbach
Karlsruhe/Hagsfeld**

*HAIRDRESSING
ACADEMIES*

Düsseldorf

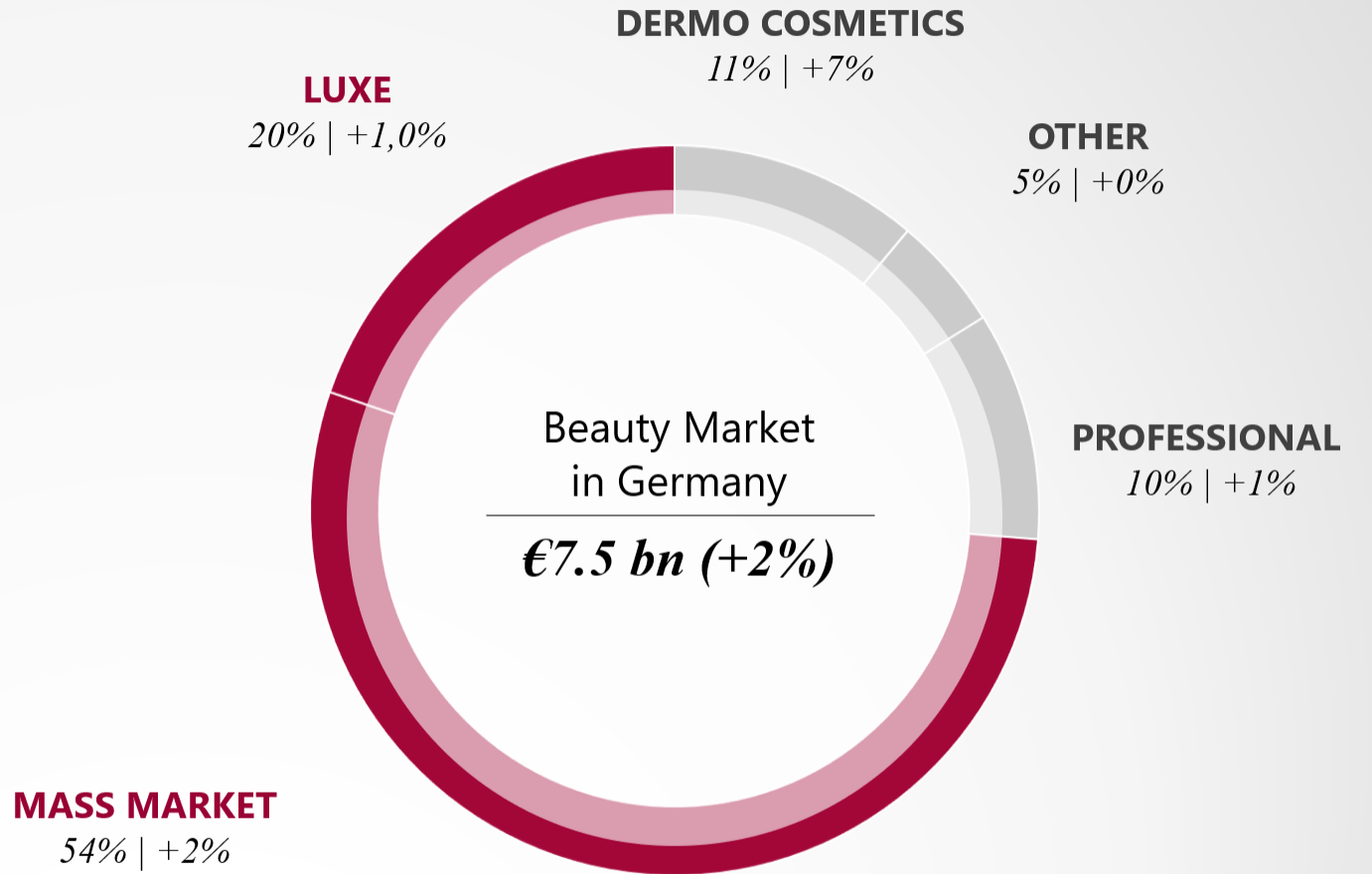
L'ORÉAL EXTENDING OUR LEAD

Value Market Share (%)



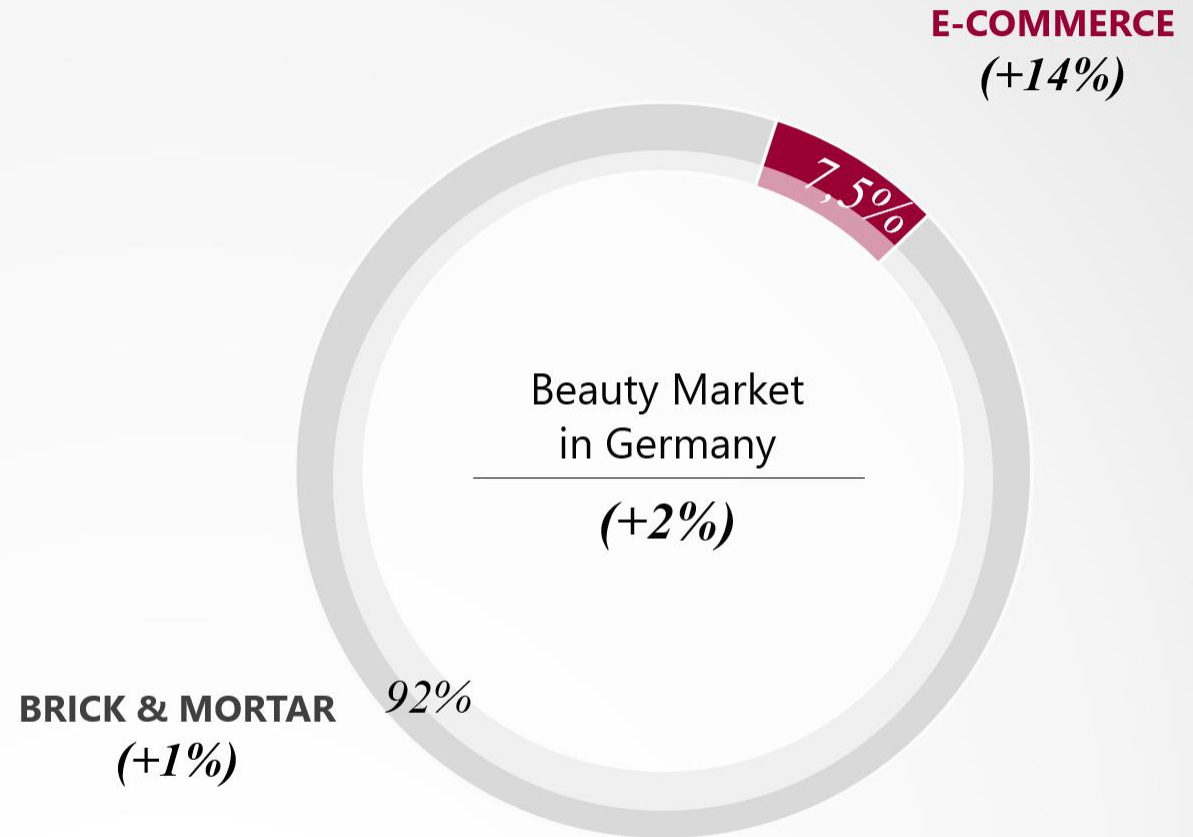
Source: L'Oréal estimates – sell in

*MASS AND LUXE
ACCOUNT FOR
74% OF THE TOTAL
BEAUTY MARKET*



Source: L'Oréal estimates – sell in

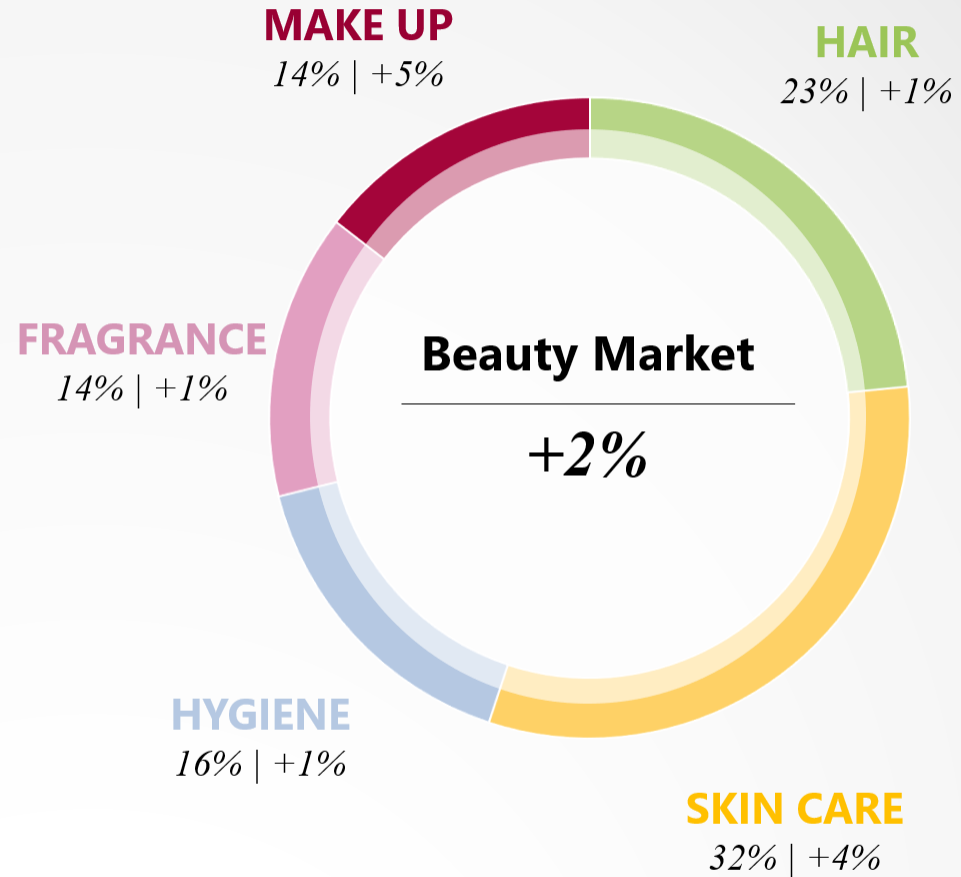
ECOM IN DOUBLE DIGIT



L'ORÉAL ECOM 8,0%, GROWING +19%
SOURCE: L'ORÉAL ESTIMATES SELL IN 2017

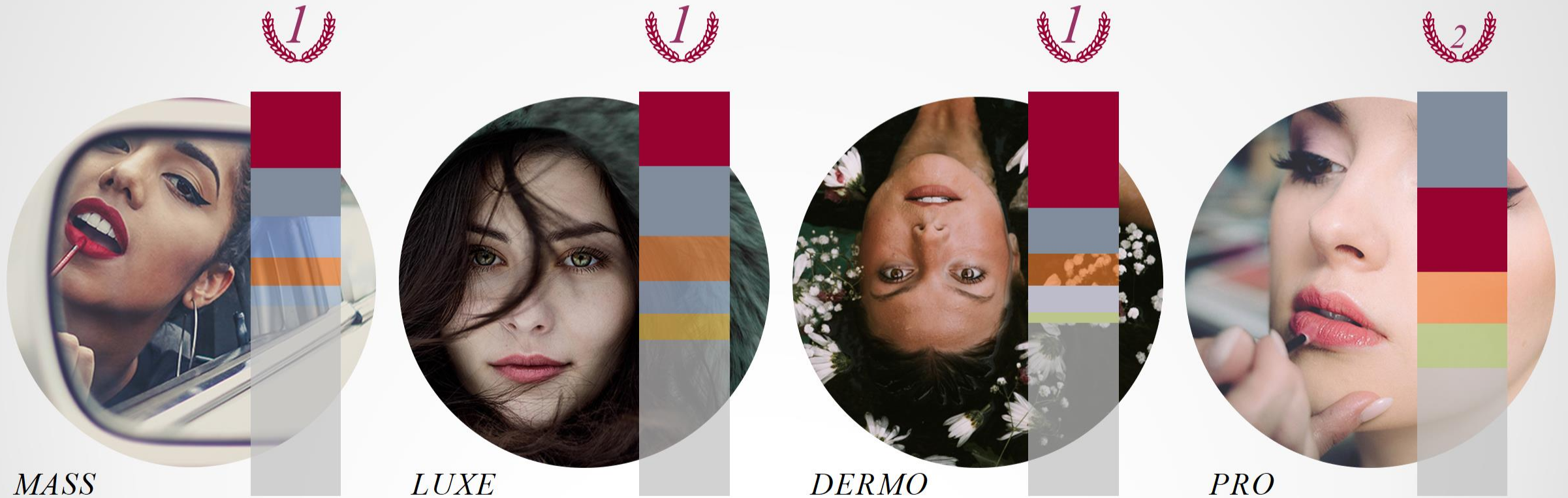
Source: L'Oréal estimates – sell in

MAKE-UP & SKINCARE DRIVE MARKET GROWTH



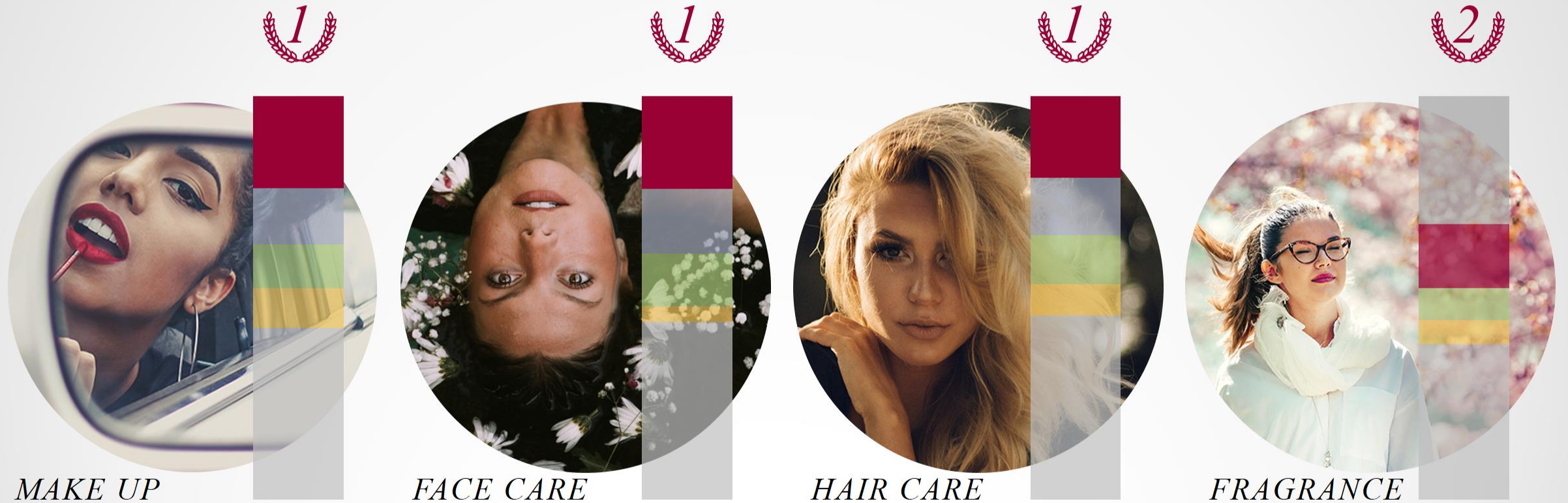
Source: L'Oréal estimates S1 2017 (FY 2016 data)

L'ORÉAL VS COMPETITION



Source: Nielsen, Luxe Sharepoint, QuintilesIMS, Kline, internal estimations, YTD June 2017

L'ORÉAL VS COMPETITION



Sources: Consolidated data from Nielsen, IRI, QuintilesIMS, Kline, GfK, Internal estimations, YTD June 2017



4

Chapter Four

Sustaining
Success

> TAKE A PEEK



***SHARING
BEAUTY
WITH ALL***

***OUR GROUP AMBITION
RESONATES VERY
STRONGLY WITH THE
GERMAN TEAM***

SHARING WITH COMMUNITIES

creating projects to foster the
inclusion of people in our society

1

providing access to work
for people with special needs

**RELEVANCE AS
EMPLOYER**

2

helping women in difficult life
stages to feel beautiful & confident

**RELEVANCE FOR
BUSINESS & SOCIETY**

3

enabling a fair chance to work
for people seeking asylum

**RELEVANCE FOR
BUSINESS & SOCIETY**

4

fostering social cohesion
to overcome discrimination

**RELEVANCE FOR
BUSINESS & SOCIETY**



Amel Abou Jamra, Damaskus

Elias Steileh, D...

***GIVING A FAIR CHANCE TO
REFUGEES TO FACILITATE
CAREER OPPORTUNITIES***



***SHARING
BEAUTY***
WITH ALL

***IMPROVEMENT ON
ENVIRONMENTAL
FOOTPRINT***

SUSTAINABLE PERFORMANCE

FACTORY

Since 08.2017

CO2 neutral production

thanks to:

100%

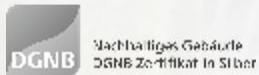
Green electricity
since 2011

100%

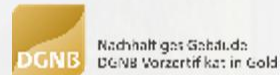
District Heating
since 2012/13



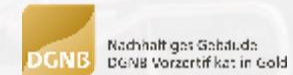
***NEW LUXE HUB
SINCE 2016***



***OUR NEW OFFICE
2017***



***NEW CAMPUS DC
2019***





2350

ENGAGED TEAM MEMBERS

55 DIFFERENT NATIONALITIES

GERMAN TALENTS WORKING ABROAD

250+

DIGITAL

MINDSET

We embraced the strategic decision
to embark on the journey early on

Upskill our teams in a huge
variety of training formats

*Basecamps, Digital Schools,
Hackathons, Expert Sessions,
Online Learnings*

Enabling our teams to be close
to the consumer in real time

*Realtime Data Visualisation,
Consumer Chat*



WHY WE ARE
WINNING

1

Winning richness and
complementary of our
brand portfolio

**UNIQUE FLOTILLA
OF BRANDS**

2

Successfully reinventing our
marketing models and
relationship with consumers

**DIGITAL
TRANSFORMATION**

3

Deep understanding of the
German consumer through
innovative ways to connect

**CONSUMER AT
THE HEART**

4

Market success based on **strong
collaboration** and cooperative
development with key partners

**PARTNER
RELATIONSHIPS**



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