

CAPITAL
MARKET
DAYS



27-28
November 2018
SHANGHAI

**WINNING THROUGH
CONSUMER OBSESSION**

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Financial Communication & Strategic Prospective

L'ORÉAL



CHINA, AN AWE-INSPIRING COUNTRY *for beauty*

SIZE

#2 beauty market worldwide¹

Almost 60% of the US¹

#1 skincare market worldwide¹

In facial skincare, China = N. America + W. Europe¹

L'Oréal #1 beauty player in China²

L'Oréal China close to 10% of L'Oréal Group sales

CHINA, AN AWE-INSPIRING COUNTRY *for beauty*

GROWTH

CHINA BEAUTY MARKET

Double-digit pace 2010-2012

Decelerated to mid-single digit through to 2016

Re-accelerated to double-digit since 2017

Influx of new consumers + premiumisation

Acceleration in both Luxury and Mass





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POTENTIAL

Huge untapped potential

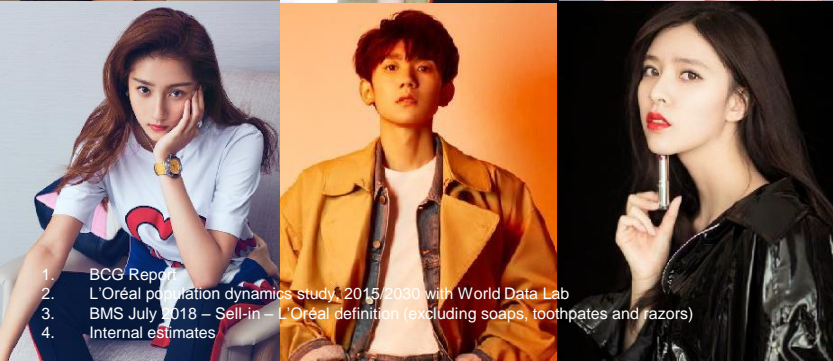
Middle class projection: **+150 million** people 2015/2020¹

Upper-middle+Upper class spending estimate: **x9** 2015-2030²

Beauty consumption/capita: China still **5 times** lower than the average of Western Europe/US/Japan³

Makeup: Consumption/capita **20 times** less than in the US³

China beauty market to **more than double** in size by 2030⁴



1. BCG Report
2. L'Oréal population dynamics study, 2015-2030 with World Data Lab
3. BMS July 2018 – Sell-in – L'Oréal definition (excluding soaps, toothpastes and razors)
4. Internal estimates

CHINA, THE MOST TESTING MARKET

SPEED & SCALE

New consumption trends emerge **faster**
than anywhere else

Multiple **shifts**: beauty adoption, shopping patterns,
services, communications

'Behavioural' generations **< 10 years**

SPOT, Intimate knowledge of consumers is a decisive headstart

SEIZE... Local, operational agility is critical

& SCALE Fire power is decisive



CHINA, THE MOST TESTING MARKET

DIGITAL LEAD

CHINA LEAP-FROGGED INTO DIGITAL

Digital media and social media boom

38 billion messages sent on WeChat everyday¹

Spectacular e-commerce growth

+38% CAGR 2013-2017 in Beauty²

666 million Taobao users³

95% of beauty e-com is on mobile⁴

1. Tencent press release Q3 2017
2. Internal estimates
3. Alibaba press release Q3 2018
4. Internal estimates

CHINA, THE MOST TESTING MARKET

DIGITAL LEAD

Inspiring environment in which to hone our digital edge and extend our lead, leveraging our scale

Unique portfolio of diverse, **aspirational** brands

Expertise to innovate hero products and step-changing services

Richness of granular data to extract **actionable insights** and identify winning plays





AGENDA

DAY 1

China: a new golden era for Beauty

L'Oréal China

e-market visit

11 store visits

Shanghai evening

DAY 2

Keynote: Jet Jing, President Tmall

L'Oréal's Digital Edge

Insights into the Divisions

L'Oréal HR & CSR

L'Oréal R&I and Labs visit

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27 November 2018

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