



2020 Annual Results

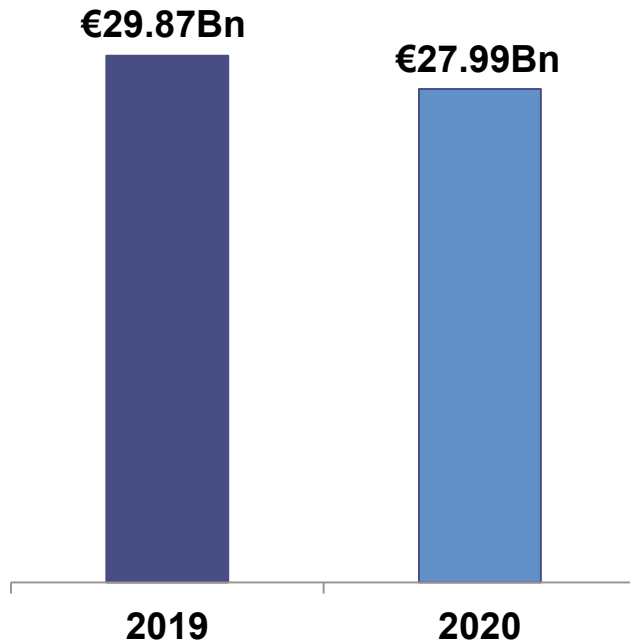
12 February 2021

Mr Christophe Babule
Chief Financial Officer

L'ORÉAL



2020 consolidated group sales



* Like-for-like

Like-for-like growth	-4.1%
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Of which:

➤ external growth impact	+0.5%
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Growth at constant exchanges rates constant	-3.6%
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➤ Exchange rate impact	-2.7%
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Reported growth	-6.3%
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+3.2%* in the second half
+4.8%* in the fourth quarter



Changes in exchanges rates (against the euro)

	Weight in 2020 consolidated sales	Average rate 2019	Average rate 2020	% Change 2020 vs. 2019
Euro	20.7%	—	—	—
US Dollar (1 € =)	22.8%	1.119	1.139	-1.8%
Chinese Yuan	18.2%	0.129	0.127	-1.7%
Pound Sterling	4.2%	1.140	1.125	-1.3%
Canadian Dollar	2.3%	0.673	0.654	-2.8%
Russian Rouble	2.1%	0.013	0.012	-11.6%
Brazilian Real	2.0%	0.226	0.172	-24.1%
Japanese Yen (1000)	1.6%	8.195	8.215	+0.3%
Korean Won (1000)	1.5%	0.766	0.743	-3.0%
Australian Dollar	1.4%	0.621	0.604	-4.6%



Consolidated sales by division

(in million euros)

	2019	2020	% Change		
			Like-for-like	At constant exchange rate	Reported
Professional Products	3 441.9	3 097.3	-6.4%	-7.4%	-10.0%
Consumer Products	12 748.2	11 703.8	-4.7%	-4.9%	-8.2%
L'Oréal Luxe	11 019.8	10 179.9	-8.1%	-6.1%	-7.6%
Active Cosmetics	2 663.7	3 011.1	+18.9%	+17.7%	+13.0%
Total	29 873.6	27 992.1	-4.1%	-3.6%	-6.3%



Consolidated sales by region

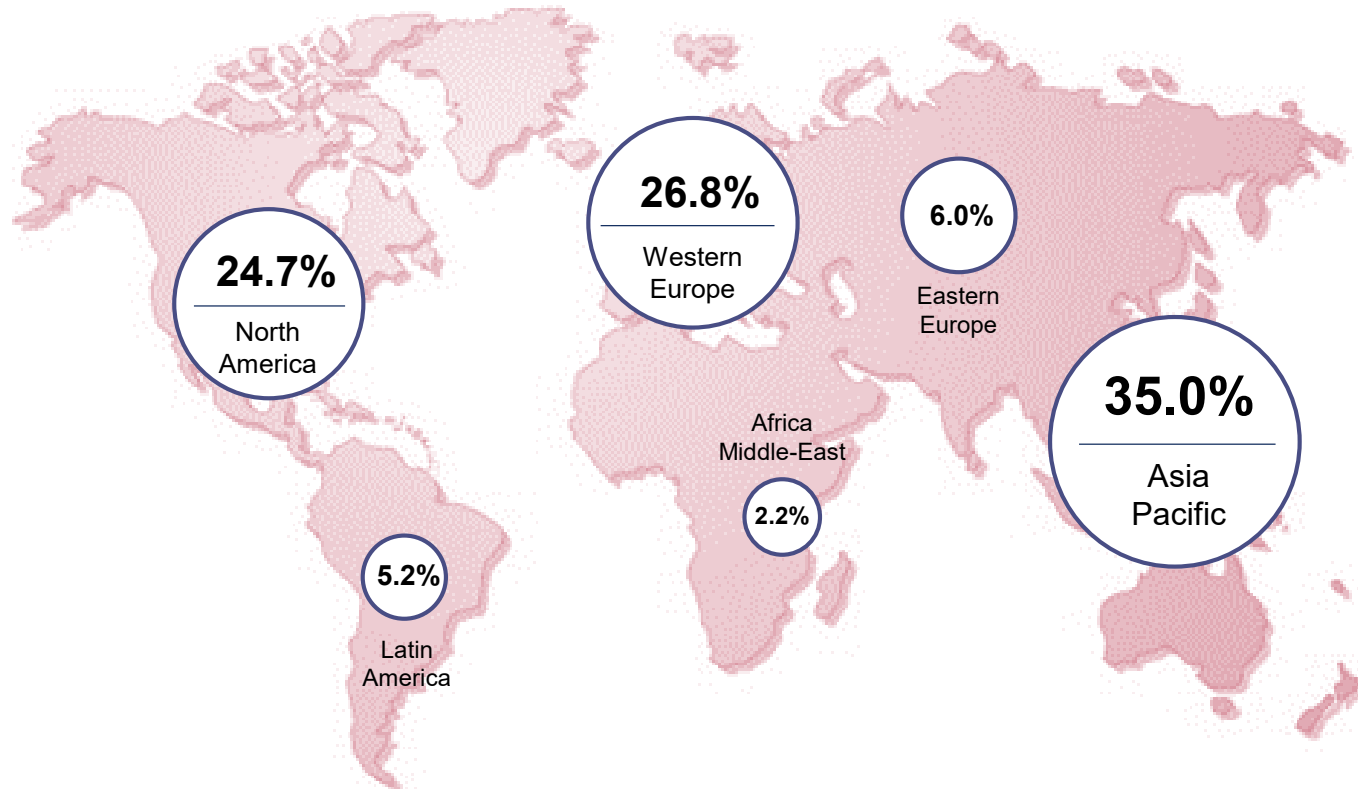
(in million euros)

	2019	2020	% Change	
			Like-for-like	Reported
Western Europe	8 277.1	7 514.0	-10.3%	-9.2%
North America	7 567.0	6 903.4	-7.4%	-8.8%
New Markets	14 029.5	13 574.7	+1.5%	-3.2%
<i>Of which:</i>				
- <i>Asia, Pacific</i>	9 658.0	9 799.5	+3.5%	+1.5%
- <i>Eastern Europe</i>	1 909.7	1 685.3	-4.9%	-11.8%
- <i>Latin America</i>	1 773.1	1 469.3	-1.5%	-17.1%
- <i>Africa, Middle-East</i>	688.7	620.6	-3.3%	-9.9%
Total	29 873.6	27 992.1	-4.1%	-6.3%



Breakdown of sales by geographic zone

(as a % of total sales)





Sales by category (in million euros)

	2020	Like-for-like	Weight (% sales)
Skincare	11 052	+8.7%	39.5%
Make-up	5 969	-21.6%	21.3%
Hair Care	4 254	-0.8%	15.2%
Hair Colouring	2 972	+2.3%	10.6%
Fragrances	2 529	-15.4%	9.0%
Others	1 216	-1.8%	4.3%



Consolidated profit and loss account: from sales to operating profit

<i>(in million euros)</i>	2019	As a % of sales	2020	As a % of sales	% Change
Sales	29 873.6	100.0%	27 992.1	100.0%	-6.3%
Cost of sales	-8 064.7	27.0%	-7 532.3	26.9%	
Gross profit	21 808.9	73.0%	20 459.8	73.1%	+10bps
Research and innovation expenses	-985.3	3.3%	-964.4	3.4%	+10bps
Advertising and promotion expenses	-9 207.8	30.8%	-8 647.9	30.9%	+10bps
Selling, general and administrative expenses	-6 068.3	20.3%	-5 638.5	20.1%	-20bps
Operating profit	5 547.5	18.6%	5 209.0	18.6%	Stable



Operating profit margin by division

<i>(as a % sales)</i>	2019	2020
Professional Products	20.1%	18.8%
Consumer Products	20.2%	20.4%
L'Oréal Luxe	22.6%	22.4%
Active Cosmetics	23.3%	25.4%
Total before non-allocated expenses	21.4%	21.5%
Non-allocated expenses*	-2.8%	-2.9%
Group	18.6%	18.6%

* Central group expenses, fundamental research expenses, stock-option & free grant of shares expenses and miscellaneous items as a % of total divisions sales



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

<i>(in million euros)</i>	2019	2020	% Change
Operating profit	5 547.5	5 209.0	-6.1%
Financial revenues/expenses before dividends received	-62.7	-95.9	
Sanofi dividends	363.0	372.4	
Profit before tax and associates, excluding non-recurring items	5 847.9	5 485.5	-6.2%
Income tax excluding non-recurring items	-1 486.7	-1 383.1	
Net profit excl. non-recurring items of equity consolidated companies	+1.0	+0.9	
Non-controlling interests	-5.4	-4.2	
Net profit excluding non-recurring items after non-controlling interests	4 356.9	4 099.0	
Earnings per share (in euros)*	7.74	7.30	-5.7%
Diluted average number of shares	562 813 129	561 635 963	

* Diluted earnings per share, excluding non-recurring items, after non-controlling interests



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

<i>(in million euros)</i>	2019	2020
Net profit excluding non-recurring items, attributable to owners of the company	4 356.9	4 099.0
Non-recurring items	-606.9	-535.7
<i>of which:</i>		
- other income and expenses	-436.5	-709.0
- non-recurring tax items	-170.4	+173.3
Net profit attributable to owners of the company	3 750.0	3 563.4



Cash flow statements

(in million euro)

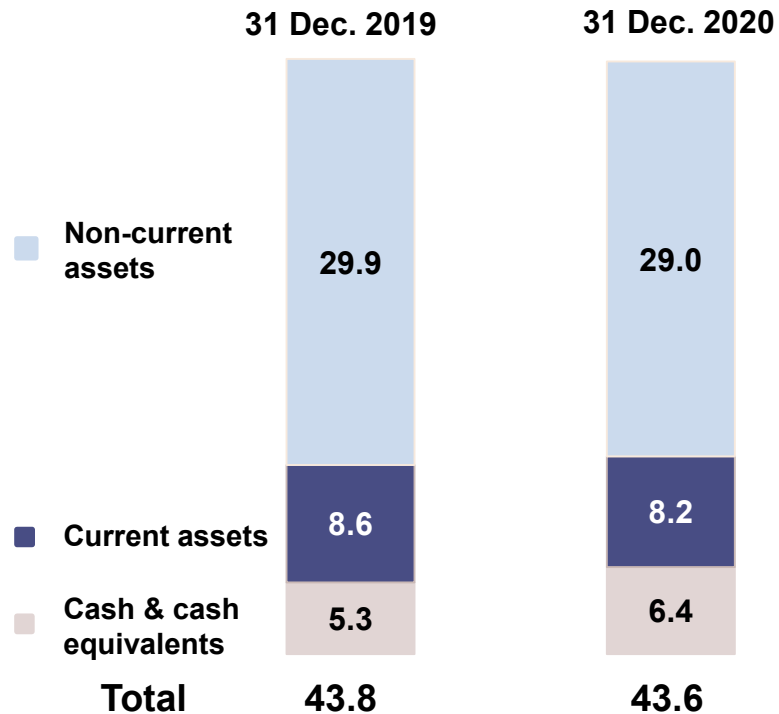
	2019	2020	% Change
Net profit	3 755.2	3 567.6	
Depreciation, amortisation and provisions	1 958.2	2 028.1	
Capital gains and losses on disposals of assets, changes in deferred taxes and others	+89.9	+129.0	
Share of profit in associates, net of dividends received	-1.0	-0.6	
Cash flow	5 802.3	5 724.1	-1.3%
Changes in working capital	+460.4	+729.2	
Investments	-1 231.0	-972.4	
Operating net cash flow	5 031.8	5 480.9	+8.9%
Dividends paid	-2 221.1	-2 190.6	
Acquisitions	-9.4	-1 626.8	
Lease debt repayment	-425.8	-451.8	
Acquisitions of treasury stock	-747.3		
Capital increase	+60.0	+129.7	
Others	-49.2	-39.9	
Residual cash flow	+1 639.1	+1 301.5	



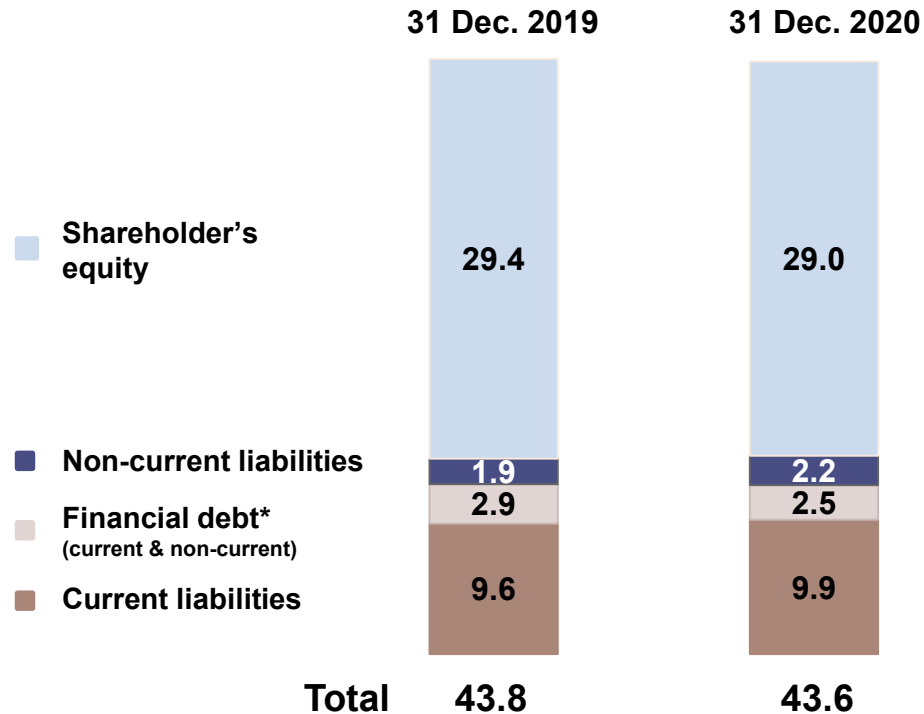
Balance sheet

(in billion euros)

Assets



Liabilities



* Of which €1 682 m due to financial lease debt at the end of December 2020 (IFRS 16) and of €2 036 m at the end of December 2019



Net cash/net debt and gearing

<i>(in million euros)</i>	31 December 2019	31 December 2020
Net cash	2 399.3	3 859.4
Net cash excluding financial lease debt	4 435.2	5 541.0
Gearing*	N.A.	N.A.

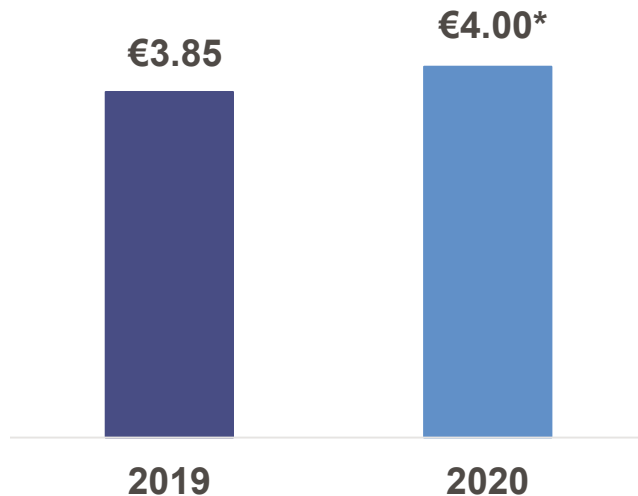
* Net debt/equity attributable to owners of the company



Dividend and payout ratio

Dividend

+3.9%



Loyalty Bonus: +10%*

Dividend increase for shareholders who have continuously held shares in registered form for at least two years

Payout ratio: 54.8%

* Will be proposed at the shareholders' meeting to be held on 20 April 2021



2020

Sharing Beauty With All: 2013-2020 An in-depth transformation programme

-81%

CO₂ emissions generated by factories and distribution centres compared to 2005
Objective: -60% by the end of 2020

72

sites achieved carbon neutrality, including 19 factories (100% renewable energy)

96%

of our new or renovated products have an improved environmental or social profile in 2020
Objective: 100% of our new or renovated products in 2020

89%

of our brands have assessed their environmental and social impact
Objective: All brands, present in the group in 2013, will have assessed their environment and social impact and made commitments to improve it

100 905

People from underprivileged communities gained access to employment
Objective: 100 000 people in 2020



Extra-financial performances

For the 5th
consecutive year



In the Top 10
among 9 000
companies



For the 11th time



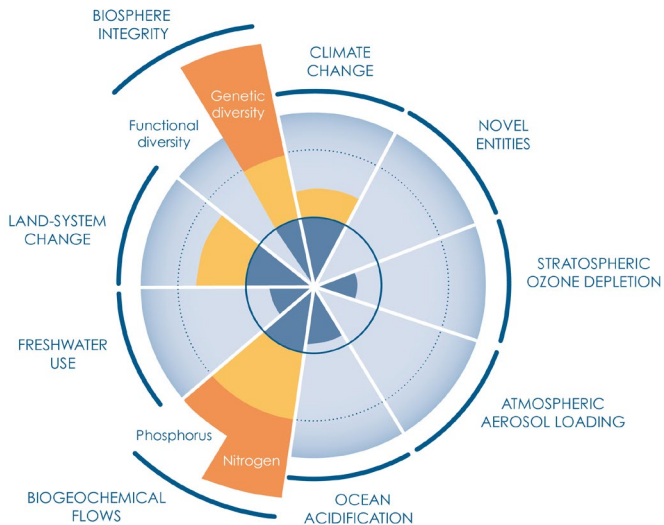
For the 4th
consecutive year





New ambitions for sustainable development

L'Oréal for the Future Transforming our activities to respect the planet's limits



Accelerating the transformation of our business model

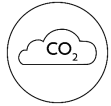


Empowering our business ecosystem helping it transition to a more sustainable world

Contributing to solving the challenges of the world



Ambitious objectives for 2025 and 2030



- **Climate:** by 2025, all of our sites will achieve carbon neutrality, by improving energy efficiency and using 100% renewable energy.



- **Water:** by 2030, 100% of the water used in our industrial processes will be recycled and reused in a loop.



- **Biodiversity:** by 2030, 100% of the biobased ingredients for formulas and packaging materials will be traceable and will come from sustainable sources, none of them will be linked to deforestation.



- **Resources:** by 2030, 100% of the plastic used in our packaging will be either from recycled or biobased sources (we will reach 50% by 2025).



- **Social commitments:** by 2030, we will help 100 000 people from disadvantaged communities gain access to employment

150 million euros to address urgent environmental & social needs

50 million euros in a charitable endowment fund
(within 3 years)

50 million euros in L'Oréal fund for nature regeneration
(by 2030)

50 million euros in projects to promote a circular economy



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