

## **Strategic Transaction Approved by Boards of Nestlé and L'Oréal**

Paris and Vevey, February 11<sup>th</sup>, 2014 — Nestlé and L'Oréal announced today that their respective Boards of Directors, in meetings held on February 10<sup>th</sup>, 2014, have approved by unanimous decision of their voting members a strategic transaction for both companies under which L'Oréal will buy 48.5 million of its own shares (8% of its share capital) from Nestlé. This buyback will be financed:

- Partially through the disposal by L'Oréal to Nestlé of its 50% stake in Swiss dermatology pharmaceuticals company Galderma (a 50/50 joint venture between L'Oréal and Nestlé) for an enterprise value of 3.1 billion euros (2.6 billion euros of equity value), paid by Nestlé in L'Oréal shares (21.2 million shares)
- For the remainder, corresponding to 27.3 million L'Oréal shares held by Nestlé, in cash for an amount of 3.4 billion euros

The price per L'Oréal share retained for this transaction is the average of its closing prices between Monday November 11<sup>th</sup>, 2013 and Monday February 10<sup>th</sup>, 2014: 124.48 euros.

All the shares bought back by L'Oréal will be cancelled. Following the transaction, Nestlé's stake in L'Oréal will be reduced from 29.4% to 23.29% of the share capital and the Bettencourt Meyers family's stake in L'Oréal will increase from 30.6% to 33.31%. In order to reflect the change of Nestlé's stake in L'Oréal's governance, the number of Nestlé representatives on L'Oréal's Board of Directors will be adjusted from 3 to 2 Directors, and the ownership ceiling provisions of the shareholders' agreement between Nestlé and the Bettencourt Meyers family will apply to their respective new holdings.

The transaction will be accretive by more than 5% on L'Oréal's recurring earnings per share on a full year basis. The buyback will be exclusively financed with L'Oréal's available cash and through the issuance of commercial paper. It will not require the disposal of Sanofi shares held by L'Oréal.

The transaction is subject to customary conditions, including the prior consultation of Galderma's and L'Oréal's works councils and the clearance of relevant antitrust authorities. It is expected to close before the end of the first semester of 2014.

**Mr. Peter BRABECK-LETMATHE, Chairman of Nestlé, said:**

*“With this proposed acquisition of 50% of Galderma, Nestlé will pursue its strategic development in Nutrition, Health, and Wellness, by expanding its activities to medical skin treatments.*

*In this respect, Nestlé will create a new centre of activities in this area, through a new entity: Nestlé Skin Health SA. Galderma will be the foundation of this entity which will be run by Galderma’s management.*

*As a wholly owned subsidiary of Nestlé, Galderma will have all the required means for its development which will benefit to the company, its employees as well as all other stakeholders.*

*Following the decrease of its stake in L’Oréal, Nestlé will continue to support the development of L’Oréal as in the past 40 years. In this context, Nestlé will continue to act in concert with the Bettencourt Meyers family and the existing agreements, adapted to the new situation, will remain in place.”*

**Mr. Jean-Paul AGON, Chairman and Chief Executive Officer of L’Oréal, said:**

*“This transaction represents a very positive strategic move for L’Oréal, its employees and its shareholders.*

*L’Oréal will focus exclusively on its Cosmetics business and its “Beauty for all” mission, its universalisation strategy and its ambition to win one billion new consumers.*

*L’Oréal will indeed benefit from a very significant and reinforced presence from the founding Bettencourt Meyers family, who will continue to fully support the company as it always did in the past*

*L’Oréal will also continue to benefit from the support of Nestlé, which has always been a loyal and constructive shareholder.*

*Lastly, all of L’Oréal’s shareholders will benefit from this transaction with an accretive impact on the company’s earnings, resulting from the buyback and subsequent cancellation of L’Oréal shares held by Nestlé.”*

*Nestlé & L’Oréal Press Conference*

*February 11, 2014 at 8:00 am (CET)*

*Mr. Jean-Paul Agon and Peter Brabeck-Letmathe  
are pleased to invite journalists  
to L’Oréal headquarters, 41 rue Martre, Clichy*

*The press conference will be webcast via:*

*[www.loreal-finance.com/eng/annual-results](http://www.loreal-finance.com/eng/annual-results)*

## **About L'Oréal**

L'Oréal has devoted itself to beauty for over 105 years. With its unique portfolio of 28 international, diverse and complementary brands, the Group generated sales amounting to 23 billion euros in 2013 and employs 77,500 people worldwide. As the world's leading beauty company, L'Oréal is present across all distribution networks: mass market, department stores, pharmacies and drugstores, hair styling salons, travel retail and branded retail.

Research and innovation, and a dedicated research team of 4,000 people, are at the core of L'Oréal's strategy, working to meet beauty aspirations all over the world and attract one billion new consumers in the years to come. L'Oréal's new sustainability commitment for 2020 "Sharing beauty with all" sets out ambitious sustainable development objectives across the Group's value chain. [www.loreal.com](http://www.loreal.com)

## **About Nestlé**

Nestlé is the world leader in nutrition, health, and wellness. The enterprise aims to improve the quality of life of consumers through healthier and tastier food and beverage choices throughout all the stages of their lives and at any time of day. With the recent creation of Nestlé Health Science, Nestlé has reinforced its strategic direction in giving it the capacity to develop nutritional solutions based on science to help prevent and treat various health problems.

Nestlé, founded nearly 150 years ago in Vevey, Switzerland, where it still has its headquarters, has 339,000 employees in more than 150 countries and in which it has 465 manufacturing facilities.

With revenues of 92.2 billion Swiss Francs in 2012, Nestlé offers an unmatched product portfolio, with more than 2,000 brands, both local and global. Seventy per cent of revenues are generated by brands with over one billion Swiss Francs in sales.

## **About Galderma**

Galderma is a Swiss company, created in 1981, specializing in innovative medical solutions in dermatology for people throughout their lives, working closely with medical professionals. The company employs 4,000 in 31 affiliates and benefits from a worldwide network of exclusive distributors. Its extensive product portfolio, available in 70 countries, treat skin diseases including acne, rosacea, onychomycosis, psoriasis, and other steroid-responsive dermatoses, pigmentary diseases, skin cancer, and include medical solutions for skin senescence.

- **Contacts at L'Oréal**

**Individual shareholders and market authorities**

Mr Jean Régis CAROF  
Tel.: +33 1 47 56 83 02  
jean-regis.carof@loreal.com

**Financial analysts and institutional investors**

Mrs Françoise LAUVIN  
Tel.: +33 1 47 56 86 82  
francoise.lauvin@loreal.com

**Journalists**

Mrs Stephanie CARSON-PARKER  
Tel.: +33 1 47 56 76 71  
stephanie.carsonparker@loreal.com

- **Contacts at Nestlé**

**Media**

Robin Tickle  
Tel.: +41 21 924 22 00

**Investors**

Roddy Child-Villiers  
Tel.: +41 21 924 36 22