

## FIRST QUARTER 2018 SALES

### STRONG SALES GROWTH: +6.8%<sup>1</sup>

- **Sales: 6.78 billion euros**
  - +6.8% like-for-like<sup>1</sup>
  - -1.0% based on reported figures<sup>2</sup>
- **Acceleration at L'Oréal Luxe and Active Cosmetics**
- **New Markets grew by +14.9%<sup>1</sup>, driven by Asia Pacific**
- **Sharp contrasts between Divisions and geographic Zones**

Commenting on the figures, Mr Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

*"The L'Oréal group has started 2018 with very dynamic like-for-like growth, which continues to reflect sharp contrasts.*

*All the Divisions are growing. L'Oréal Luxe has delivered an impressive performance by accelerating its growth, thanks to the power of its four major global brands - Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's - all posting growth of more than 10%. The Active Cosmetics Division, with double-digit growth, is driven by the success of its La Roche-Posay and SkinCeuticals brands, the new impetus of Vichy and the dynamism of CeraVe. The Consumer Products Division has begun the year with growth that is still moderate and sharply contrasted between the regions, with outstanding performances in China, a situation that is still difficult in France, and an improved sell-out in the United States. L'Oréal Paris is notably performing well across all its categories. The gradual transformation of the Professional Products Division is producing its first positive results, held back however by the sluggishness of some major markets in Western Europe.*

*In geographic terms, the highlight of the first quarter is the return to strong growth in the New Markets, especially in the Asia Pacific Zone, where, in China, consumers' aspirations for iconic brands remain just as strong.*

*The Group's digital acceleration has moved up a gear with the acquisition of the Canadian company ModiFace, which provides the most innovative technologies to enhance services and the beauty experience for all our brands. Furthermore, e-commerce sales<sup>3</sup> at +33.8% continue to increase rapidly, and now account for 8.8% of sales.*

*In a currency context that remains unfavourable, the first quarter demonstrates the vitality of our organic growth, auguring well for the future. For the full year, we are confident in our ability to outperform the market and achieve significant growth in our like-for-like sales, while increasing our profitability."*

<sup>1</sup> Like-for-like: based on a comparable scope of consolidation and constant exchange rates.

<sup>2</sup> 2017 sales excluding The Body Shop. The disposal of The Body Shop, completed on 7 September 2017, led to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule. The Group's reported sales for the first quarter of 2017 included The Body Shop sales amounting to 197.2 million euros. The change compared to reported sales for the first quarter of 2017 is -3.8%.

<sup>3</sup> Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data); like-for-like growth.

## First quarter 2018 sales

**Like-for-like**, i.e. based on a comparable scope of consolidation and constant exchange rates, the growth of L'Oréal group sales came out at +6.8%.

**The net impact of changes in the scope of consolidation** was +0.6% <sup>4</sup>.

**Growth at constant exchange rates** amounted to +7.4% <sup>4</sup>.

**Currency fluctuations** had a negative impact of -8.4%. Extrapolating from the exchange rates on 31 March 2018, i.e. with €1 = \$1.2232 up to 31 December, the impact of currency fluctuations on sales for the full year 2018 would be approximately -5.2%.

**Based on reported figures**, the Group's sales, at 31 March 2018, amounted to 6.78 billion euros, that is -1.0%, based on 2017 sales excluding The Body Shop. The disposal of The Body Shop, completed on 7 September 2017, led to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations. The Group's reported sales for the first quarter 2017 included The Body Shop sales amounting to 197.2 million euros. The change compared to reported sales for the first quarter 2017 is -3.8%.

### Sales by operational Division and geographic Zone

€ million	Quarterly sales		Growth	
	1 <sup>st</sup> quarter 2017	1 <sup>st</sup> quarter 2018	Like-for-like	Reported
<b><u>By operational Division</u></b>				
Professional Products	858.2	797.3	+1.9%	-7.1%
Consumer Products	3,229.2	3,070.5	+2.6%	-4.9%
L'Oréal Luxe	2,157.1	2,252.5	+14.0%	+4.4%
Active Cosmetics	603.2	658.4	+10.2%	+9.1%
<b>Operational Divisions total</b>	<b>6,847.8</b>	<b>6,778.6</b>	<b>+6.8%</b>	<b>-1.0%</b>
<b><u>By geographic Zone</u></b>				
Western Europe	2,136.6	2,124.8	+0.4%	-0.6%
North America	1,917.0	1,735.7	+2.5%	-9.5%
New Markets, of which:	2,794.2	2,918.1	+14.9%	+4.4%
- <i>Asia Pacific</i>	<i>1,671.4</i>	<i>1,838.5</i>	<i>+21.1%</i>	<i>+10.0%</i>
- <i>Latin America</i>	<i>474.7</i>	<i>426.6</i>	<i>+0.2%</i>	<i>-10.1%</i>
- <i>Eastern Europe</i>	<i>481.5</i>	<i>477.5</i>	<i>+6.7%</i>	<i>-0.8%</i>
- <i>Africa, Middle East</i>	<i>166.5</i>	<i>175.6</i>	<i>+18.3%</i>	<i>+5.4%</i>
<b>Operational Divisions total</b>	<b>6,847.8</b>	<b>6,778.6</b>	<b>+6.8%</b>	<b>-1.0%</b>
<b>Group total</b>	<b>6,847.8 <sup>4</sup></b>	<b>6,778.6</b>	<b>+6.8%</b>	<b>-1.0%</b>

<sup>4</sup> Excluding The Body Shop.

## PROFESSIONAL PRODUCTS

**At the end of March, the Professional Products Division posted growth of +1.9% like-for-like and -7.1% based on reported figures.**

The recovery in the United States is continuing, and the Asia Pacific Zone has returned to growth. Eastern Europe is maintaining its momentum, however Western Europe is held back by the sluggishness of some major markets. Latin America is accelerating, driven by significant growth in Brazil.

Hair colour is continuing to benefit from the strong growth of *Shades EQ* by *Redken* and the dynamism of *Dialight* by *L'Oréal Professionnel*, along with *SoColor* by *Matrix*. In haircare, the renewal of the *Série Expert* lines by *L'Oréal Professionnel* is continuing to prove successful, as well as the customised in-salon treatment, *Fusio-Dose* by *Kérastase*.

## CONSUMER PRODUCTS

**In the first quarter, the Consumer Products Division recorded growth of +2.6% like-for-like and -4.9% based on reported figures.**

*L'Oréal Paris* is accelerating its growth thanks to successful recent launches, such as the lipstick *Color Riche Shine*, and good performances in skincare. The brand is accelerating, especially in China and the United States where the relaunch of *Elvive* in haircare is promising. There are also good results in makeup for the recent launches of *Maybelline New York*, such as *Total Temptation* mascara and *SuperStay Matte Ink* lipstick.

The Division has good momentum in China, India and the Africa, Middle East Zone. But it is facing persistent difficulties in France and Brazil.

Lastly, it is maintaining its strong growth in e-commerce.

## L'ORÉAL LUXE

**At the end of March, L'Oréal Luxe achieved growth of +14.0% like-for-like and +4.4% based on reported figures, in a selective market that remains extremely dynamic.**

Skincare is accelerating, reflecting the excellent performances of *Lancôme* with the success of the *Génifique* franchise, boosted by the launch of *Génifique HydroGel Mask*, and *Kiehl's* with the *Powerful-Strength Line-Reducing Concentrate*. *Giorgio Armani*, with its licence extended until 2050, is posting strong growth, thanks to successes in fragrances and in makeup, with the *My Armani To Go Cushion Foundation*. *Lancôme* and *Yves Saint Laurent* are achieving rapid growth in face makeup. The first quarter was also notable for the promising start of *House 99* by David Beckham in the United Kingdom, the success in France of *Yes I Am* by *Cacharel* and the launch of the first *Proenza Schouler* fragrance, *Arizona*, in the United States.

Growth in this Division is driven strongly by Asia, especially China and Hong Kong, and by Travel Retail. L'Oréal Luxe has made a solid start to the year in Western Europe, particularly in Spain.

The Division is continuing to perform well in e-commerce.

## ACTIVE COSMETICS

**The Active Cosmetics Division began the year very strongly, with growth of +10.2% like-for-like and +9.1% based on reported figures.**

All the Zones have contributed to growth, with a striking acceleration in Asia and North America.

*La Roche-Posay* is launching *Hyalu B5*, the new anti-wrinkle dermatological corrector for sensitive skin, and is continuing to grow in all its markets. *Vichy* is maintaining good momentum, benefiting from the sustained success of its recent launches *Minéral 89*, *Liftactiv anti-oxydant & anti-fatigue fresh shot* and *Neovadiol Rose Platinum*, particularly in Asia, North America and Latin America. *SkinCeuticals* is continuing to post outstanding growth figures, especially in North America, and has doubled its sales in Asia. *CeraVe* continues to accelerate strongly in North America, while significantly increasing its market share.

## Summary by geographic Zone

### WESTERN EUROPE

The Zone posted growth of +0.4% like-for-like and -0.6% based on reported figures, in a lacklustre global market, still difficult in France.

L'Oréal Luxe made a good start to the year, driven by *Giorgio Armani* fragrances and *Kiehl's* facial skincare. The Active Cosmetics Division is outperforming its market, thanks particularly to the dynamism of *La Roche-Posay*. The Consumer Products Division is maintaining its growth momentum in makeup, but *L'Oréal Paris* has been affected by a challenging comparison base in terms of launch plan.

### NORTH AMERICA

The Zone posted growth of +2.5% like-for-like and -9.5% based on reported figures.

The Consumer Products Division has won market share at the start of the year. *L'Oréal Paris* made a good start to the year with the relaunch of *Elvive* in haircare, and thanks to the robustness of its hair colour and makeup. In a dynamic market, boosted by skincare, L'Oréal Luxe is maintaining its growth with the brands *Lancôme*, *Yves Saint Laurent*, *Giorgio Armani* and *Kiehl's*, held back by a slowdown of *Urban Decay*. The Professional Products Division's sales are increasing, thanks in particular to the dynamism of the *Redken* and *Matrix* brands. The Active Cosmetics Division is winning market share and posting double-digit growth, driven by the outstanding performance of *CeraVe* and the acceleration of the *SkinCeuticals* and *La Roche-Posay* brands.

### NEW MARKETS

**Asia Pacific:** the Zone posted growth of +21.1% like-for-like and +10.0% based on reported figures. Growth is being driven by Northern Asia, thanks to the very strong dynamism in China and Hong Kong, where all the Divisions are growing, with a very strong performance by the major brands such as *Lancôme*, *Yves Saint Laurent* and *L'Oréal Paris*, the number one beauty brand in China <sup>5</sup>. The Active Cosmetics Division's skincare brands are performing very well across the whole Zone. In Southern Asia, growth is solid, especially in India.

**Latin America:** the Zone has remained stable, at +0.2% like-for-like and -10.1% based on reported figures, put at a disadvantage by the Consumer Products Division in Brazil. The Professional Products Division has posted an excellent performance, and L'Oréal Luxe has achieved double-digit growth, bolstered by *L'Oréal Professionnel* and *Matrix* on the one hand, and *Giorgio Armani*, *Lancôme* and *Yves Saint Laurent* on the other. *Vichy* is posting good figures, with double-digit growth, thanks to the success of *Minéral 89*.

**Eastern Europe:** the Zone is posting growth of +6.7% like-for-like and -0.8% based on reported figures. Turkey and the countries of Central Europe are continuing to drive growth; sales in Russia are temporarily down because of phasing effects.

**Africa, Middle East:** the Zone is at +18.3% like-for-like and +5.4% based on reported figures. In difficult markets, the Gulf States are growing strongly, thanks to a favourable comparison base, and all Divisions have returned to market share growth. In Egypt, growth is continuing. In Sub-Saharan Africa, South Africa has made a satisfactory start to the year.

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<sup>5</sup> Source: Euromonitor 2016.

## Important events during the period 1/1/18 to 31/3/18

- On 16 March, L'Oréal announced the acquisition of the Canadian company ModiFace, an internationally recognised leader in augmented reality and artificial intelligence applied to the beauty industry.
- On 22 March, L'Oréal and Giorgio Armani announced the signing of an agreement to renew their licence until 2050.

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*"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site [www.loreal-finance.com](http://www.loreal-finance.com).*

*This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."*

*This is a free translation into English of the First quarter 2018 sales news release issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.*

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## Appendix

### L'Oréal Group sales 2017/2018 (€ million)

	2017 <sup>6</sup>	2018
<u>First quarter:</u>		
Operational Divisions	6,847.8	6,778.6
The Body Shop	197.2	
<b>First quarter total</b>	<b>7,045.0</b>	<b>6,778.6</b>
<u>Second quarter:</u>		
Operational Divisions	6,564.2	
The Body Shop		
<b>Second quarter total</b>	<b>6,564.2</b>	
<u>First half:</u>		
Operational Divisions	13,411.9	
The Body Shop		
<b>First half total</b>	<b>13,411.9</b>	
<u>Third quarter:</u>		
Operational Divisions	6,097.9	
The Body Shop		
<b>Third quarter total</b>	<b>6,097.9</b>	
<u>Nine months:</u>		
Operational Divisions	19,509.9	
The Body Shop		
<b>Nine months total</b>	<b>19,509.9</b>	
<u>Fourth quarter:</u>		
Operational Divisions	6,513.8	
The Body Shop		
<b>Fourth quarter total</b>	<b>6,513.8</b>	
<u>Full year</u>		
Operational Divisions	26,023.7	
The Body Shop		
<b>Full year total</b>	<b>26,023.7</b>	

<sup>6</sup> The Group's reported sales for the first quarter of 2017 included The Body Shop sales amounting to 197.2 million euros.