

SALES AT 30 SEPTEMBER 2018

STRONG GROWTH: +6.8% OVER THE FIRST NINE MONTHS ¹

- **Sales: 19.86 billion euros**
 - +6.8% like-for-like ¹
 - +7.4% at constant exchange rates
 - +1.8% based on reported figures
- **Strong growth at L'Oréal Luxe and Active Cosmetics**
- **Performance remains contrasted by Division and by geographic Zone**
- **Reduced impact of exchange rate effects**

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

"After an acceleration in the third quarter, with the highest quarterly growth rate for 10 years, L'Oréal's sales have shown strong growth over the first nine months of the year.

In a beauty market that continues to accelerate, driven by robust growth in skincare, the Group maintains its strong momentum, with contrasted performances between the Divisions. L'Oréal Luxe is showing dynamic growth, underpinned in particular by its four biggest brands, Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's. The Active Cosmetics Division, which continues to post double-digit growth, is being driven worldwide by consumer aspirations for dermocosmetics and the quality of its brand portfolio. The Consumer Products Division is held back by persistent difficulties in some countries. The L'Oréal Paris and Maybelline New York brands are however maintaining their good momentum. The performance of the Professional Products Division, which is continuing its transformation, is stable.

This quarter also confirms the power of our major global brands, which are delivering an excellent performance at a time when the offer in beauty products is particularly rich.

Across the geographic Zones, the New Markets are accelerating once again. The Group is growing rapidly in Asia, especially in China where the boom in luxury products continues. The pace of growth remains moderate in North America, while the situation of sales in Western Europe is still difficult, particularly in the United Kingdom.

Travel Retail is also posting rapid growth at +29.9% ¹.

The acceleration in the growth of the Group, combined with that of the market, is also the result of L'Oréal's lead in digital beauty, particularly in e-commerce ², which has grown by +38.3% ¹ and represents 9.7% of sales.

Overall, L'Oréal's good performance during the quarter and in the first nine months reinforces our confidence in the dynamism of the cosmetics market and in our ability to outperform it, in order to achieve significant like-for-like sales growth ¹ this year, together with an increase in our profitability."

¹ Like-for-like: based on a comparable structure and identical exchange rates.

² Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

Sales at 30 September 2018

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales growth was +6.8%.

The net impact of changes in the scope of consolidation was +0.6%.

Growth at constant exchange rates was +7.4%.

Currency fluctuations had a negative impact of -5.6%. If the exchange rates at 28 September 2018, i.e. €1 = \$1.158, are extrapolated up to 31 December 2018, the impact of currency fluctuations on sales would be approximately -4.7% for the whole of 2018.

Based on reported figures, the Group's sales, at 30 September 2018, amounted to 19.86 billion euros, an increase of +1.8%.

Sales by operational Division and geographic Zone

	3 rd quarter 2018			At 30 September 2018		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<u>By operational Division</u>						
Professional Products	773.7	+1.5%	-0.7%	2,405.2	+1.6%	-4.5%
Consumer Products	2,853.7	+2.3%	+1.2%	8,990.5	+2.4%	-2.4%
L'Oréal Luxe	2,324.3	+15.6%	+14.8%	6,715.7	+14.2%	+8.8%
Active Cosmetics	521.6	+13.1%	+9.7%	1,752.5	+11.9%	+8.8%
Group total	6,473.3	+7.5%	+6.2%	19,864.0	+6.8%	+1.8%
<u>By geographic Zone</u>						
Western Europe	1,855.9	-0.7%	-1.0%	5,989.9	-0.8%	-1.4%
North America	1,820.7	+2.7%	+3.2%	5,385.1	+2.9%	-3.6%
New Markets, of which:	2,796.7	+17.1%	+13.7%	8,489.0	+15.9%	+8.2%
- Asia Pacific	1,794.2	+25.8%	+26.2%	5,342.3	+23.3%	+17.2%
- Latin America ³	438.7	+1.3%	-8.5%	1,321.3	+0.6%	-9.8%
- Eastern Europe	400.6	+11.7%	+2.1%	1,300.0	+9.2%	-0.1%
- Africa, Middle East ⁴	163.2	-1.6%	-2.2%	525.3	+7.6%	+0.6%
Group total	6,473.3	+7.5%	+6.2%	19,864.0	+6.8%	+1.8%

³ The Group has applied the IAS 29 accounting rule (Financial Reporting in Hyperinflationary Economies) to Argentina from 1 July 2018 onwards. The negative impact of this adjustment amounts to 360 basis points on like-for-like growth in Latin America and to 20 basis points on the growth of the whole L'Oréal group in the third quarter of 2018.

⁴ The application of the IFRS 15 accounting rule from 1 January 2018 has resulted in the restatement of sales with distributors when they operate as agents and not on their own behalf. The impact of this restatement amounted to 9.0 million euros on the sales of the Africa, Middle East Zone in the third quarter of 2018. The effect of this new accounting method on the profit and loss account and the balance sheet is not material.

PROFESSIONAL PRODUCTS

At the end of September, the Professional Products Division posted +1.6% like-for-like growth and -4.5% based on reported figures.

All the geographic Zones are growing, except for Western Europe, still impacted by the sluggishness of some markets. The United States and the Asia Pacific Zone, driven by India and China, continue to grow.

Hair colour is benefiting from the strong growth of *Shades EQ* by *Redken*, the dynamic contribution of *SoColor Cult* by *Matrix* and the launch of *Botanée*, the plant-based hair colour by *L'Oréal Professionnel*. Haircare is driven by *Kérastase*, boosted by the success of *Resistance Extentioniste* and the robust performance of *Fusio-Dose*, the customised in-salon haircare treatment. At *L'Oréal Professionnel*, the *Source Essentielle* natural haircare range roll-out continues.

CONSUMER PRODUCTS

The Consumer Products Division achieved a growth rate of +2.4% like-for-like at the end of September, and -2.4% based on reported figures.

The *L'Oréal Paris* and *Maybelline New York* brands are very dynamic. Facial skincare is accelerating, thanks to the success of *L'Oréal Paris* in anti-ageing with the *Revitalift Filler* and *Laser* launches, and the successful expansion of *Garnier* in facial cleansing with *Micellar Cleansing Waters* and the *Pure Active* range. The success of *Men Expert* by *L'Oréal Paris* is also contributing to the acceleration of men's facial skincare. Makeup is being driven by the good momentum of *L'Oréal Paris* and *Maybelline New York*, whose *Superstay Matte Ink* lipstick is very successful all over the world. In haircare, *Elseve* is accelerating thanks to *Dream Lengths* and *Fructis* is speeding up thanks to the *Hair Foods* launch.

The Division is still facing challenges in Western Europe, although there was an improvement in the third quarter. It continues to face a tough market in Brazil. It is growing in the other geographic Zones, thanks to good performances in China, India and Turkey in particular.

E-commerce sales are growing strongly.

L'ORÉAL LUXE

L'Oréal Luxe posted growth of +14.2% like-for-like and +8.8% based on reported figures at the end of September, after excellent third quarter growth of +15.6% like-for-like.

The Division is outperforming the market and continuing to accelerate strongly in facial skincare.

Lancôme is setting new records thanks to its successes in skincare, with the *Génifique* and *Absolue* franchises, and in makeup with *Teint Idole Ultra*. *Kiehl's* is accelerating in skincare, with an excellent performance from *Line-Reducing Concentrate*. *Yves Saint Laurent* and *Giorgio Armani* are posting double-digit growth thanks to their success in fragrances, with *Black Opium*, *Si Passione* and *Acqua di Giò Absolu*, and in foundations. *IT Cosmetics* continues to expand with the launch of the brand in France and Germany. The good start made by *Atelier Cologne* in Asia is continuing.

L'Oréal Luxe is growing strongly in Asia Pacific⁵, especially in China and Hong Kong, and in Travel Retail. Eastern Europe and Latin America are both performing well. Furthermore, the e-commerce acceleration is continuing, thanks in particular to our brands' successes on Tmall.

ACTIVE COSMETICS

The Active Cosmetics Division continued to accelerate for the fourth consecutive quarter, and at the end of September posted growth of +11.9% like-for-like and +8.8% based on reported figures.

The Division is winning market share in all geographic Zones, with particularly dynamic growth in North America and Asia.

All the major brands are contributing to the Division's growth. *La Roche-Posay* posted solid double-digit growth at the end of September, and its *Hyalu B5*, *Anthélios*, *Tolériane* and *Effaclar* franchises are among the top contributors to the Division's growth. At *Vichy*, growth is still being driven by the success of *Minéral 89* and the promising launch of its *Liftactiv Collagen Specialist* range. *SkinCeuticals* continues to post spectacular growth, especially in Asia. *CeraVe* is now available in 30 countries outside North America and is maintaining its sustained growth in the United States.

⁵ In view of the launch of the Travel Retail ERP system on 1 October 2018, advance billings of 30 million euros were recorded in the third quarter.

Summary by geographic Zone

WESTERN EUROPE

The Zone posted growth of -0.8% like-for-like and -1.4% based on reported figures. It is still being held back by the market slowdown in the United Kingdom.

L'Oréal Luxe is winning market share in fragrances and skincare, thanks to the dynamic growth of the *Giorgio Armani*, *Kiehl's* and *Lancôme* brands in particular. Growth in the Active Cosmetics Division has accelerated thanks to *La Roche-Posay* and the roll-out of the *CeraVe* brand. The Consumer Products Division has been winning back market share in France since the summer and strengthening its leadership in makeup with the *Maybelline New York* and *Essie* brands. Its skincare market share however dropped slightly. The launches of *Elseve Dream Lengths* by *L'Oréal Paris* and *Fructis Hair Food* by *Garnier* are continuing to prove successful.

NORTH AMERICA

The Zone recorded growth of +2.9% like-for-like and -3.6% based on reported figures. The Consumer Products Division is winning market share thanks to *L'Oréal Paris*, *Maybelline New York* and *Essie*, and performing very strongly in makeup and hair colour. L'Oréal Luxe is maintaining its impetus thanks to strong growth at *Kiehl's*. Growth is also being driven by fragrance sales with the *Giorgio Armani* and *Yves Saint Laurent* brands. In the Professional Products Division, *Redken* and *Matrix* are posting good growth rates, particularly in hair colour, and the new acquisition, *Pulp Riot*, is growing rapidly. The Active Cosmetics Division is matching its strong first-half performance with the *CeraVe*, *SkinCeuticals*, *La Roche-Posay* and *Vichy* brands.

NEW MARKETS

Asia Pacific: Growth in this Zone was +23.3% like-for-like and +17.2% based on reported figures. This acceleration in growth is boosted by strong demand from Chinese consumers, and the dynamic sales of the *Lancôme*, *Kiehl's*, *Giorgio Armani*, *Yves Saint Laurent* and *L'Oréal Paris* brands. In Northern Asia, the key factor remains the strong growth in China and Hong Kong, and in Travel Retail. In Southern Asia, sustained growth is continuing, particularly in India and Malaysia.

Latin America: In this Zone, growth amounted to +0.6% like-for-like and -9.8% based on reported figures. The situation in Brazil is gradually improving. The adjustment for hyperinflation from 1 July in Argentina had a negative impact of 3.6% on Latin America Zone like-for-like growth in the third quarter. The L'Oréal Luxe and Active Cosmetics Divisions are winning market share and posting double-digit growth. The launch of *CeraVe* enabled the Active Cosmetics Division to report quarterly growth of +17.1% like-for-like. Professional Products Division sales are increasing sharply in Brazil.

Eastern Europe: The Zone recorded growth of +9.2% like-for-like and -0.1% based on reported figures. Growth is being driven by Central Europe and Turkey. The Active Cosmetics, L'Oréal Luxe and Consumer Products Divisions are all posting good growth and increasing their market share. E-commerce is contributing strongly to growth.

Africa, Middle East: This Zone posted growth of +7.6% like-for-like and +0.6% based on reported figures. Saudi Arabia, Egypt and Morocco are driving growth in the Maghreb/Middle East region, and South Africa in Sub-Saharan Africa. The Active Cosmetics and Consumer Products Divisions are delivering good growth, and all the Divisions are winning market share.

Important events during the period 1/7/18 to 30/9/18 and post-closing event

- On 1 August, L'Oréal announced the project of acquisition for Société des Thermes de La Roche-Posay. This acquisition sustains and reinforces the dermatological positioning of the La Roche-Posay brand.
- On 1 August, L'Oréal announced the signing of an agreement to acquire the German beauty company Logocos Naturkosmetik AG, a pioneer in natural and organic cosmetics with brands including Logona and Sante. The acquisition was finalised on 17 October.
- On 21 September, L'Oréal announced an investment in the fund Partech Africa. This investment is an addition to the Group's previous investments in venture capital funds (Partech International Ventures, Founders Factory, Raise Investissement).
- On 24 September, L'Oréal was recognised as Global Compact Lead. This award, made by the United Nations Global Compact, rewards the Group's ongoing commitment to the world's largest corporate sustainability initiative.
- On 4 October, L'Oréal received the First Prize for Europe from Equileap as the top gender-balanced company. This award recognises the Group's efforts to promote gender equality all over the world.

"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.

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 a free translation into English of the Sales at 30 September 2018 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 ⁶	2018
<u>First quarter:</u>		
Operational Divisions	6,847.8	6,778.6
The Body Shop	197.2	
First quarter total	7,045.0	6,778.6
<u>Second quarter:</u>		
Operational Divisions	6,564.2	6,612.1
The Body Shop		
Second quarter total	6,564.2	6,612.1
<u>First half:</u>		
Operational Divisions	13,411.9	13,390.7
The Body Shop		
First half total	13,411.9	13,390.7
<u>Third quarter:</u>		
Operational Divisions	6,097.9	6,473.3
The Body Shop		
Third quarter total	6,097.9	6,473.3
<u>Nine months:</u>		
Operational Divisions	19,509.9	19,864.0
The Body Shop		
Nine months total	19,509.9	19,864.0
<u>Fourth quarter:</u>		
Operational Divisions	6,513.8	
The Body Shop		
Fourth quarter total	6,513.8	
<u>Full year:</u>		
Operational Divisions	26,023.7	
The Body Shop		
Full year total	26,023.7	

⁶ In the first quarter 2017, reported Group sales included The Body Shop sales, which amounted to 197.2 million euros.