

SALES AT 30 SEPTEMBER 2020

L'ORÉAL RETURNS TO GROWTH

- **Sales: 20.11 billion euros**
 - -7,4% like-for-like ¹
 - -6,9% at constant exchange rates
 - -8,6% based on reported figures
- **Growth in the third quarter: +1.6% like-for-like ¹**
- **Exceptional growth of the Active Cosmetics Division: +15.2% like-for-like ¹**
- **Power and growth in e-commerce ²: 23.7% of sales, +61.6% ¹**
- **Strong growth in mainland China: +20.8% like-for-like ¹**

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

"In the context of the ongoing epidemic crisis, L'Oréal's absolute priority continues to be to protect the health of all its employees worldwide.

The Group was able to return to growth as soon as this third quarter thanks to the determination and the relevance of the strategic choices taken in all Divisions and geographic Zones.

After a first half marked by a crisis of supply, linked to the closure of points of sale around the world, L'Oréal put everything in place, as early as June, to stimulate demand for its brands and products and to re-engage all its business drivers. All of the launches initially planned went ahead, business drivers and media investments were strengthened, and "Back to Beauty" plans were deployed with our distribution partners everywhere, in brick-and-mortar and e-commerce, to stimulate the return to consumption. This return to growth is evidence of consumers' robust appetite for beauty products and our innovations. It is also the fruit of the remarkable commitment of all the teams, who were mobilised in all areas of the Group and in all countries.

All these initiatives enabled us to significantly outperform a beauty market which is still on the road to recovery. The Professional Products Division posted its best quarter in many years, thanks to the reopening of salons and the acceleration of e-commerce. Despite its extensive exposure to the makeup category, the Consumer Products Division returned to growth thanks to a number of commercial operations. L'Oréal Luxe significantly outperformed its market thanks to a very strong launch plan and its unique portfolio of complementary brands. Finally, the Active Cosmetics Division achieved a record quarterly growth, driven by the remarkable success of all its brands. All Divisions were able to seize market opportunities, particularly in the skincare category, where our brands are on the offensive. The teams also harnessed the power of e-commerce ², which grew at a rate of +61.6% ¹.

In geographic terms, North America and all of the new markets returned to growth in this quarter, with remarkable performances in certain countries, such as China and Brazil.

As a result, in a sanitary environment which remains difficult and uncertain, our performance in the third quarter strengthens our ambition to achieve like-for-like growth for the second half, and to deliver solid profitability."

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

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

Sales at 30 September 2020

Like-for-like, i.e. based on a comparable structure and identical exchange rates, L'Oréal group sales came out at -7.4%.

The net impact of changes in the scope of consolidation was +0.5%.

Growth at constant exchange rates came out at -6.9%.

Currency fluctuations had a negative impact of -1.7%. If the exchange rates at 30 September 2020, i.e. €1 = \$1.17, are extrapolated to 31 December, the impact of currency fluctuations on sales would be approximately -2.6% for the whole of 2020.

Based on reported figures, the Group's sales, at 30 September 2020, amounted to 20.11 billion euros, i.e. -8.6%.

Sales by Division and geographic Zone

	3 rd quarter 2020			At 30 September 2020		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By Division</u>						
Professional Products	861.7	+11.0%	+5.0%	2,203.4	-10.9%	-13.1%
Consumer Products	2,861.8	+0.8%	-4.7%	8,712.5	-6.2%	-8.6%
L'Oréal Luxe	2,575.6	-6.2%	-6.4%	6,957.8	-13.1%	-11.9%
Active Cosmetics	737.7	+29.9%	+21.7%	2,239.6	+15.2%	+10.7%
Group total	7,036.8	+1.6%	-2.0%	20,113.3	-7.4%	-8.6%
<u>By geographic Zone</u>						
Western Europe	1,915.4	-2.5%	-0.7%	5,468.9	-11.8%	-10.9%
North America	1,854.3	+1.3%	-2.1%	5,162.0	-9.7%	-9.4%
New Markets, of which:	3,267.0	+4.2%	-2.8%	9,482.4	-3.2%	-6.6%
- <i>Asia Pacific</i>	2,236.2	+2.4%	-1.9%	6,704.7	-1.8%	-2.9%
- <i>Latin America</i>	408.1	+8.7%	-8.1%	1,067.3	-6.0%	-19.3%
- <i>Eastern Europe</i>	455.4	+7.7%	-2.6%	1,254.3	-5.5%	-10.3%
- <i>Africa, Middle East</i>	167.3	+8.6%	0.0%	456.0	-9.2%	-13.0%
Group total	7,036.8	+1.6%	-2.0%	20,113.3	-7.4%	-8.6%

PROFESSIONAL PRODUCTS

At the end of September, the Professional Products Division was at -10.9% like-for-like and -13.1% reported.

In the third quarter, the Division recorded its best quarterly growth for 20 years at +11.0% like-for-like. Thanks to its far-reaching transformation, which has already led to significant market share gains, and to its solidarity initiatives to support hairdressers, the Division has emerged from the health crisis with an even greater advantage over competitors and a stronger leadership position in the industry.

The Division's performance was driven by an acceleration on e-commerce and a return to growth in brick-and-mortar points of sale. Its performance was particularly strong in North America and Europe, with double-digit growth in the third quarter, and in China, which continued to accelerate following an excellent first half. The number one category for growth was haircare, spearheaded by a particularly buoyant *Kérastase* and by the successful launch of *Genesis*, as well as by the success of *Pro Longer* by *L'Oréal Professionnel*. Hair colour grew significantly in the third quarter, driven by *Blond Studio* by *L'Oréal Professionnel* and *Shades EQ* by *Redken*.

CONSUMER PRODUCTS

At the end of September, the Consumer Products Division was at -6.2% like-for-like and -8.6% reported.

The Division returned to growth in the third quarter at +0.8% like-for-like. During the quarter, *Garnier* achieved double-digit growth and *L'Oréal Paris* returned to growth despite its exposure to the sluggish makeup market. The Division capitalised on its "Back to Beauty" plans and on innovations to accelerate in the third quarter in all major categories.

In the third quarter, in hair colour, the Division gained market share in a particularly dynamic category; in haircare, it achieved double-digit growth thanks to the successful launches of *Fructis Hair Food* and *Elvive Dream Lengths*; and also accelerated in face care thanks to the launch of concentrated serums rich in active dermatological ingredients by *L'Oréal Paris* and to the success of *Garnier Tissue Masks* —an increasingly accessible home beauty ritual. Though the global makeup category remains sluggish, *NYX Professional Makeup* gained market shares and *Maybelline New York* successfully launched several products, including *Lifter Gloss*, in a market where demand is picking up among younger consumers. In the nail colour category, *Essie* grew strongly, riding the wave of the home manicure trend.

All regions, except for South Asia, returned to growth with particularly encouraging results in mainland China, Brazil, the United Kingdom, Germany and France.

Finally, our digital advance enabled us to accelerate our e-commerce ² conquest, growing sales in the channel by +49.2% ¹.

L'ORÉAL LUXE

At the end of September, L'Oréal Luxe was at -13.1% like-for-like and -11.9% reported in a global luxury beauty market down approximately 19%.

L'Oréal Luxe outperformed the market in all three of its categories. In skincare, it made significant strides driven by its powerful, complementary brands *Lancôme*, *Kiehl's*, *Helena Rubinstein* and *Biotherm*. In fragrances, excellent initial sales of three new women's perfumes, *Angel Nova* by *Mugler*, *Voce Viva* by *Valentino* and *My Way* by *Giorgio Armani*, were major highlights, alongside the continued success of *Libre* by *Yves Saint Laurent* and *Idôle* by *Lancôme*.

At the end of September, L'Oréal Luxe had gained market shares in almost all Zones. Strong performances were recorded in Asia Pacific, driven by mainland China, which once again posted remarkable growth, as well as in Western Europe, Eastern Europe and Latin America. North America confirmed its progressive recovery. Travel Retail remained heavily impacted by the limited air traffic.

The Division continued to accelerate strongly in e-commerce ², with global growth of +60.5% ¹.

ACTIVE COSMETICS

At the end of September, Active Cosmetics was at +15.2% like-for-like and +10.7% reported, despite the slow dermocosmetics market.

The Division accelerated in the third quarter to reach record growth of +29.9%. The major brands and all geographic Zones grew, and the Division recorded market share gains.

Growth was driven by a major acceleration plan based on a dynamic activation strategy with prescribers, retailers and consumers, both online and offline. The Division's investments in digital platforms and e-commerce in recent years helped to make the online distribution channel its biggest growth contributor. At the same time, focused post-confinement initiatives at points of sale enabled the sector to return to growth in the third quarter.

Asia and North America continue to be the main growth engines of the Division. The brands *CeraVe*, *SkinCeuticals* and *La Roche-Posay* posted double-digit growth, as well as market shares gains. *CeraVe*, in particular, is the first contributor to growth with market share gains all over the world and in the major markets.

Summary by geographic Zone

WESTERN EUROPE

At the end of September, the Zone was at -11.8% like-for-like and -10.9% reported. Most countries returned to growth in the third quarter, with France, Germany and the United Kingdom leading the way. On the other hand, Spain was negatively impacted by the drop in summer tourism, and Travel Retail has suffered from the decrease in air travel.

During the third quarter, the consumption of beauty products recovered gradually, though the makeup category remains depressed. All Divisions rolled out major recovery plans to enhance brand visibility during the period. At the same time, e-commerce growth² remained buoyant. The Consumer Products Division grew steadily, significantly outperforming the market in the third quarter. *Garnier* continued to gain market shares, particularly in haircare with the success of its new *Fructis Hair Food* range, and in hair colour. *L'Oréal Paris* strengthened its positions in face care, thanks in particular to the excellent start made by its *Revitalift Filler* serum. *L'Oréal Luxe* also gained market shares, especially in the fragrance category with the very encouraging launches of *Angel Nova* by *Mugler* and *My Way* by *Giorgio Armani*. The dynamic *La Roche-Posay* and *CeraVe* brands enabled the Division to return to balance at the end of September. Finally, the Professional Products Division saw very dynamic growth in the quarter.

NORTH AMERICA

At the end of September, the Zone recorded -9.7% like-for-like and -9.4% reported.

It made progress in the third quarter. All Divisions maintained growth in the e-commerce channel. The Consumer Products Division is back to growth, despite a sluggish makeup market. It achieved triple-digit growth in e-commerce, has strengthened its leadership position in hair colour, and has improved in the skincare category thanks in particular to *Revitalift Glycolic Acid* and *10% Pure Hyaluronic Acid* by *L'Oréal Paris*, and to the *Garnier Micellar Waters* range. Despite the challenges linked to brick-and-mortar distribution, *L'Oréal Luxe* outpaced its competitors in e-commerce, and outperformed the market in the fragrance category. With double-digit growth in the third quarter, the Professional Products Division confirmed the first signs of recovery noted in June. *SalonCentric* proved to be a key asset in this robust performance. The Division boosted its digital footprint with *Kérastase* and more than doubled its sales on Amazon with *Matrix* and *Redken*. The Active Cosmetics Division recorded extraordinary growth of over 50% in the third quarter thanks to *CeraVe*, *La Roche-Posay* and *SkinCeuticals*, and to triple-digit growth in e-commerce.

NEW MARKETS

Asia Pacific: The Zone was at -1.8% like-for-like and -2.9% reported, with a return to growth in the third quarter. All Divisions improved their performance. L'Oréal continued to improve and gain market shares during the third quarter outside of mainland China, despite the impact of the pandemic. This improvement was led by skincare, which is the first category of the market. *La Roche-Posay* and *CeraVe* gained market share. The major luxury brands recorded strong e-commerce growth. *Garnier* outperformed the market with new launches in emerging markets. E-commerce continued to accelerate. Offline sales also showed some improvement. Australia, New Zealand and Vietnam all returned to growth by the end of the nine months. Despite a significant increase in the number of Covid-19 cases in India, the country showed signs of improvement with an increase in sales in the third quarter. Hong Kong continues to suffer due to the absence of tourists.

Mainland China recorded +20.8% like-for-like and +18.1% reported at the end of September, significantly outperforming the market, which continued to recover with growth in the third quarter. The speed of recovery varied significantly depending on the distribution channel and category, but the increase in sales in offline stores and in the selective makeup market was particularly encouraging. L'Oréal China outperformed the market and strengthened its position as the e-commerce and selective distribution leader. All Divisions gained market share.

L'Oréal Luxe outperformed the market, particularly in skincare with *Lancôme*, *Kiehl's* and *Helena Rubinstein*, but also in makeup thanks to the Chinese Valentine's Day, during which *Yves Saint Laurent* became the leading selective brand. The Consumer Products Division performed well in haircare thanks to the launch of the *Hyaluronic Acid* range by *L'Oréal Paris*, as well as in skincare. The Active Cosmetics Division recorded strong growth driven by *SkinCeuticals* and *La Roche-Posay*. The Professional Products Division returned to double-digit growth in the third quarter.

Latin America: The Zone was at -6.0% like-for-like and -19.3% reported at the end of September. Three Divisions returned to growth in the third quarter. Brazil accelerated in the third quarter, with double-digit growth in all Divisions. All other countries significantly improved sales with Argentina, Uruguay and Chile leading the way. The main growth driver was e-commerce, which more than quadrupled sales in the third quarter. The "Back to Beauty" plan rolled out in most countries maximised opportunities as brick-and-mortar stores slowly reopened. Key innovations, particularly in haircare, *Genesis* by *Kérastase* and *Série Expert Pro Longer* in Professional Products and *Dream Lengths* in Consumer Products, drove sales. The skincare category achieved double-digit growth driven by *CeraVe* in the Active Cosmetics Division and by *Hyaluro* and *SkinActive* in the Consumer Products Division. L'Oréal Luxe became the market leader thanks to a strong acceleration in e-commerce and the strategic launch of the fragrance *Libre* by *Yves Saint Laurent*.

Eastern Europe: At the end of September, the Zone was at -5.5% like-for-like and -10.3% based on reported figures. Markets recovered gradually, particularly in Central Europe, but remained negative in Russia. Bounce back plans were rolled out in June, with promotions and media, as well as new launches in all Divisions and countries.

All Divisions posted growth in the third quarter with particularly strong performances by Active Cosmetics and Professional Products; in terms of countries, the Czech Republic, Hungary, Israel and Romania achieved significant growth.

E-commerce contributed significantly to growth, accounting for 16% of sales.

Africa, Middle East: The Zone was at -9.2% like-for-like and -13.0% reported. In the Middle East, the situation remains difficult, particularly in Saudi Arabia. In Sub-Saharan Africa, the market is steadily improving in South Africa. Recovery plans focused on strong online and offline activations, and on the "Back to Beauty" programme. The Active Cosmetics, Consumer Products and L'Oréal Luxe Divisions drove growth in the Zone, as did the Levant countries, Egypt and Morocco.

Important events during the period 1/7/20 to 30/9/20 and post-closing events

- On 31 August, L'Oréal announced the launch of its second Employee Share Ownership Plan. The plan, rolled out in 57 countries, gives L'Oréal employees, in France and internationally, the possibility to be even more closely linked to the Group's development.
- On 16 September, L'Oréal announced that it had been named one of the world's top 10 companies by the 2020 Refinitiv Diversity & Inclusion Index that ranks the top 100 organisations globally on a wideranging set of Diversity & Inclusion metrics among the over 9,000 international organisations it assesses.
- On 1 October, L'Oréal announced that it took 10th place in the Universum 2020 global rankings of business students' and graduates' favourite companies, moving up two spots from 2019. L'Oréal is the only French and European company in the top 10 of this prestigious ranking.
- On 8 October, L'Oréal announced the appointment of Barbara Lavernos as President, Research, Innovation and Technologies. Antoine Vanlaeys is appointed Chief Operations Officer. These nominations will be effective as of 1 February 2021.
- On 14 October, L'Oréal announced the succession of Jean-Paul Agon as Chief Executive Officer from 1 May 2021. L'Oréal's Board of Directors met under the chairmanship of Jean-Paul Agon. Following the recommendations of the Appointments and Governance Committee, the Board decided on new governance and a succession plan at the head of the Group. As the Company's articles of association do not provide for any exception to the legal retirement age of 65 years, Jean-Paul Agon must hand over his duties as Chief Executive Officer before July 2021. In this context, the Board of Directors announced its intention to dissociate the functions of Chairman and Chief Executive Officer. The Board announced its intention to renew Jean-Paul Agon's mandate as Chairman, a position he has held since 2011, and to appoint Nicolas Hieronimus as Chief Executive Officer.

Furthermore, in his exchanges with the Appointments and Governance Committee, Jean-Paul Agon, with the agreement of the Board of Directors and the full support of Nicolas Hieronimus, wished to maintain the role of Deputy CEO, a position held by Nicolas Hieronimus at his side since 2017. Barbara Lavernos, who will lead Research, Innovation, Technology from February 2021, will be appointed Deputy CEO on 1 May 2021.

"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 2020 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 2019/2020 (€ million)

	2019	2020
First quarter	7,550.5	7,225.2
Second quarter	7,261.0	5,851.3
First half total	14,811.5	13,076.5
Third quarter	7,182.8	7,036.8
Nine months total	21,994.3	20,113.3
Fourth quarter	7,879.3	
Full year total	29,873.6	