

# Regional Key Account Strategy

**L'ORÉAL NORTH AMERICA**



04.08.2012

# L'ORÉAL GROUP

## Company Background

- The L'Oréal Group is the world's largest cosmetics and beauty company. It's headquarters is located in France.
- Concentrating on hair color, skin care, sun protection, make-up, perfumes and hair care, the company is active in the dermatological, tissue engineering and pharmaceutical fields and is the top nanotechnology patent-holder in the United States.



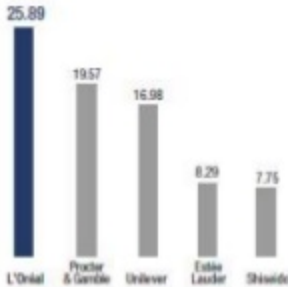
### Net debt

|   | 12.31.2010 | 12.31.2011          |
|---|------------|---------------------|
| Net financial debt <sup>(2)</sup><br>(€ millions) | 41         | -504 <sup>(3)</sup> |
| Net financial debt/Equity                         | 0.3%       | -2.9%               |

### Short-term ratings

|                |                   |           |
|----------------|-------------------|-----------|
| <b>A-1</b> *   | STANDARD & POOR'S | JUNE 2011 |
| <b>Prime 1</b> | MOODY'S           | JUNE 2011 |
| <b>F1</b> *    | FITCH RATINGS     | JULY 2011 |

### Main worldwide players<sup>(2)</sup> (in billion of US dollars)



Sources: 2011 Annual Report, Euromonitor, & (2) "Beauty's Top 100" WWD, August 2010 & 11 sales.

# Sales Performance by Market

## NORTH AMERICA

23.3% OF GROUP COSMETICS SALES

+5.5% Sales growth in 2011<sup>(1)</sup>

+4.3% Market growth in 2011<sup>(2)</sup>

Sales: 4,406 M€

Operating profit: 18.4% (% of sales)

## WESTERN EUROPE

38.4% OF GROUP COSMETICS SALES

+0.6% Sales growth in 2011<sup>(1)</sup>

+0.7% Market growth in 2011<sup>(2)</sup>

Sales: 7,247 M€

Operating profit: 20.9% (% of sales)

## LATIN AMERICA

8.9%  
of Group cosmetics sales

+13.2% Sales growth  
in 2011<sup>(1)</sup>

+10.9% Market growth  
in 2011<sup>(2)</sup>

Sales: 1,681 M€

## AFRICA, MIDDLE EAST

3.1%  
of Group cosmetics sales

+10.5% Sales growth  
in 2011<sup>(1)</sup>

+6.3% Market growth  
in 2011<sup>(2)</sup>

Sales: 581 M€

## EASTERN EUROPE

7.1%  
of Group cosmetics sales

- 2.8% Sales growth  
in 2011<sup>(1)</sup>

+3.9% Market growth  
in 2011<sup>(2)</sup>

Sales: 1,337 M€

## ASIA, PACIFIC

19.2%  
of Group cosmetics sales

+13.0% Sales growth  
in 2011<sup>(1)</sup>

+4.4% Market growth  
in 2011<sup>(2)</sup>

Sales: 3,619 M€

## NEW MARKETS

38.3% OF GROUP COSMETICS SALES

+9.5% Sales growth in 2011<sup>(1)</sup>

+5.8% Markets growth in 2011<sup>(2)</sup>

Sales: 7,218 M€

Operating profit: 18.4% (% of sales)

(1) Like-for-like.

(2) Source: L'Oréal estimate.

### L'Oréal's Broken Into 4 Divisions 2011 Global Sales %

|                       |       |
|-----------------------|-------|
| Consumer Products     | 52.1% |
| L'Oréal Luxury        | 25.5% |
| Professional Products | 14.9% |
| Active Cosmetics      | 7.5%  |



# L'ORÉAL – R&D, a Key to Success

## RESEARCH & DEVELOPMENT

• L'Oréal is one of the most innovative beauty companies in the world. In 2011 the company increased its R&D budget by 8.4% to €721 million, and registered 613 patents. The company's ability to introduce numerous products with technological advantages at all price points is crucial to its strong position. Its mass-market L'Oréal and Maybelline brands benefit from having access to the latest R&D undertaken for its premium Lancôme and Kiehl's brands. L'Oréal has invested in efforts to understand the scientific mechanisms of skin and hair, including substantial investments in nanotechnology application in beauty care.

### Research and innovation budget

(€ millions, including 50% of Galderma research expenses)

|      |     |
|------|-----|
| 2009 | 609 |
| 2010 | 665 |
| 2011 | 721 |

### Research employees

(including 50% of Galderma research employees)

|      |       |
|------|-------|
| 2009 | 3,313 |
| 2010 | 3,420 |
| 2011 | 3,676 |

### Number of patents

(cosmetics and dermatological research)

|      |     |
|------|-----|
| 2009 | 674 |
| 2010 | 612 |
| 2011 | 613 |

### Operating profitability and consolidated income statement

|  | 2010       |         | 2011       |         |
|--|------------|---------|------------|---------|
|  | € millions | % sales | € millions | % sales |
| Sales  | 19,496     | 100%    | 20,343     | 100%    |
| Cost of sales                                | -5,697     | 29.2%   | -5,851     | 28.8%   |
| Gross profit                                 | 13,799     | 70.8%   | 14,492     | 71.2%   |
| Research and development expenses            | -665       | 3.4%    | -720       | 3.5%    |
| Advertising and promotion expenses           | -6,029     | 30.9%   | -6,292     | 30.9%   |
| Selling, general and administrative expenses | -4,049     | 20.8%   | -4,187     | 20.6%   |
| Operating profit                             | 3,057      | 15.7%   | 3,293      | 16.2%   |

- Research expenses increased by 8.4%, representing 3.5% of sales. This latest increase reflects the strategic decision to make significant investments in research.
- Advertising and promotion expenses came out at 30.9% of sales, which is identical to the 2010 level.

# L'ORÉAL – R&D, a Key to Success (cont.)

## STRATEGIC DIRECTION:

Research and Innovation : inventing the future of beauty

- L'Oréal places research and innovation at the centre of its development model. With 19 research and 16 evaluation centres on all continents, the Group has developed more than 130 molecules during the last 40 years. 3,676 researchers play their part in developing new formulae and filed 613 patents in 2011.
- L'Oréal is now entering the era of universalisation and beauty for everyone. The exploration of new scientific and technological territories is being enriched by this global dimension: with its in-depth knowledge of skin and hair in all latitudes, L'Oréal research creates cosmetics products adapted to the world's diversity.

Research sites worldwide



## Local research and adaptation of products

To adapt to consumers all over the world, L'Oréal's research teams are present in all geographic zones through its 19 cosmetics and dermatological research centres and 16 evaluation centres. They are grouped together in 5 regional hubs: in France, the United States, China, Japan and Brazil. In symbiosis with the local environment, they identify cosmetic needs, expertise and practices. All this data then enables the

researchers to develop new products that are perfectly in tune with needs. The innovations developed will then be shared with the other research centres, and needs identified in one country may subsequently lead to success right around the world.

# L'ORÉAL in North America

## STRATEGIC DIRECTION

- L'Oréal seeks to increase its sales both organically (through technological innovation and marketing) and through acquisition.

## PRODUCTION

- The company maintains six production facilities in the US.

## COMPETITIVE POSITIONING

- In NORAM, L'Oréal was the second player in beauty and personal care in the in 2011, accounting for a 12.2% value share. The company is a powerhouse in hair care, in which it accounted for a 25.3% share of retail value sales in 2011. In each of the key categories L'Oréal competes in, it has maintained or gained share from 2010 – '11.

| World Rankings           |                          |            |                        | NORAM Rankings           |            |                        |
|--------------------------|--------------------------|------------|------------------------|--------------------------|------------|------------------------|
| Beauty and Personal Care |                          |            |                        | Beauty and Personal Care |            |                        |
| Rank                     | Company                  | 2011 Share | 2010 - 11 Share Change | Company                  | 2011 Share | 2010 - 11 Share Change |
| 1                        | Procter & Gamble Co, The | 11.5       | -0.1                   | Procter & Gamble Co, The | 17.5       | -0.4                   |
| 2                        | L'Oréal Groupe           | 9.7        | 0.0                    | L'Oréal Groupe           | 12.2       | 0.2                    |
| 3                        | Unilever Group           | 7.8        | 0.7                    | Estée Lauder Cos Inc     | 7.2        | 0.2                    |
| 4                        | Colgate-Palmolive Co     | 3.8        | 0.1                    | Unilever Group           | 6.1        | 1.2                    |
| 5                        | Avon Products Inc        | 3.2        | -0.1                   | Johnson & Johnson Inc    | 4.9        | -0.4                   |
| 6                        | Beiersdorf AG            | 3.1        | -0.1                   | Coty Inc                 | 3.2        | 0.0                    |
| 7                        | Estée Lauder Cos Inc     | 2.9        | 0.0                    | Colgate-Palmolive Co     | 3.0        | 0.0                    |
| 8                        | Johnson & Johnson Inc    | 2.8        | -0.1                   | Mary Kay Inc             | 2.4        | 0.2                    |
| 9                        | Shiseido Co Ltd          | 2.5        | 0.0                    | Limited Brands Inc       | 2.1        | -0.1                   |
| 10                       | Kao Corp                 | 2.1        | 0.0                    | Avon Products Inc        | 2.1        | -0.2                   |



# L'ORÉAL in North America

(cont.)



| World Rankings  |                       |            |                        | NORAM Rankings        |            |                        |
|-----------------|-----------------------|------------|------------------------|-----------------------|------------|------------------------|
| Bath and Shower |                       |            |                        | Bath and Shower       |            |                        |
| Rank            | Company               | 2011 Share | 2010 - 11 Share Change | Company               | 2011 Share | 2010 - 11 Share Change |
| 1               | Unilever Group        | 20.8       | 0.0                    | Unilever Group        | 22.9       | 1.5                    |
| 2               | Colgate-Palmolive     | 9.1        | 0.6                    | Colgate-Palmolive     | 8.7        | 0.0                    |
| 3               | Procter & Gamble      | 5.2        | -0.3                   | Procter & Gamble      | 8.7        | -1.2                   |
| 4               | Henkel AG & Co        | 3.4        | -0.2                   | Henkel AG & Co        | 7.5        | -0.4                   |
| 5               | Beiersdorf AG         | 2.8        | 0.2                    | Limited Brands Inc    | 6.9        | 0.0                    |
| 6               | Kao Corp              | 2.5        | 0.0                    | Johnson & Johnson     | 2.5        | 0.1                    |
| 7               | Johnson & Johnson     | 2.5        | 0.0                    | Avon Products Inc     | 2.1        | -0.2                   |
| 8               | Reckitt Benckiser Plc | 1.8        | 0.2                    | <b>L'Oréal Groupe</b> | <b>1.7</b> | <b>0.0</b>             |
| 9               | Avon Products Inc     | 1.6        | -0.1                   | Beiersdorf AG         | 1.7        | 0.5                    |
| 10              | Natura Cosméticos     | 1.5        | 0.1                    | Kao Corp              | 1.1        | 0.0                    |

| World Rankings |                        |             |                        | NORAM Rankings        |             |                        |
|----------------|------------------------|-------------|------------------------|-----------------------|-------------|------------------------|
| Hair Care      |                        |             |                        | Hair Care             |             |                        |
| Rank           | Company                | 2011 Share  | 2010 - 11 Share Change | Company               | 2011 Share  | 2010 - 11 Share Change |
| 1              | Procter & Gamble       | 19.5        | -0.2                   | <b>L'Oréal Groupe</b> | <b>25.3</b> | <b>0.4</b>             |
| 2              | <b>L'Oréal Groupe</b>  | <b>17.1</b> | <b>-0.1</b>            | Procter & Gamble      | 24.9        | -0.5                   |
| 3              | Unilever Group         | 13.2        | 2.3                    | Unilever Group        | 12.8        | 5.9                    |
| 4              | Henkel AG & Co         | 6.0         | 0.3                    | John Paul Mitchell    | 5.1         | 0.0                    |
| 5              | Kao Corp               | 2.9         | 0.0                    | Estée Lauder Cos      | 2.7         | 0.0                    |
| 6              | Shiseido Co Ltd        | 1.7         | -0.1                   | Johnson & Johnson     | 1.7         | -0.2                   |
| 7              | Colgate-Palmolive      | 1.5         | 0.0                    | Kao Corp              | 1.6         | 0.0                    |
| 8              | Beiersdorf AG          | 1.4         | -0.1                   | Combe Inc             | 1.6         | 0.0                    |
| 9              | Avon Products Inc      | 1.0         | -0.1                   | Colomer Group         | 1.4         | -0.1                   |
| 10             | Niely do Brasil Indust | 0.9         | 0.1                    | Revlon Inc            | 1.3         | 0.0                    |

| World Rankings |                       |             |                        | NORAM Rankings        |             |                        |
|----------------|-----------------------|-------------|------------------------|-----------------------|-------------|------------------------|
| Skin Care      |                       |             |                        | Skin Care             |             |                        |
| Rank           | Company               | 2011 Share  | 2010 - 11 Share Change | Company               | 2011 Share  | 2010 - 11 Share Change |
| 1              | <b>L'Oréal Groupe</b> | <b>10.9</b> | <b>0.2</b>             | Estée Lauder Cos      | 12.4        | 0.5                    |
| 2              | Beiersdorf AG         | 6.9         | -0.1                   | Johnson & Johnson     | 11.7        | -1.2                   |
| 3              | Shiseido Co Ltd       | 5.0         | 0.0                    | <b>L'Oréal Groupe</b> | <b>10.2</b> | <b>0.3</b>             |
| 4              | Unilever Group        | 5.0         | 0.9                    | Procter & Gamble      | 8.4         | -0.5                   |
| 5              | Procter & Gamble      | 4.8         | 0.0                    | Guthy-Renker Corp     | 4.3         | -0.1                   |
| 6              | Estée Lauder Cos      | 4.3         | 0.0                    | Avon Products Inc     | 3.7         | -0.4                   |
| 7              | Johnson & Johnson     | 3.6         | -0.2                   | Beiersdorf AG         | 3.5         | 0.0                    |
| 8              | Kao Corp              | 3.5         | 0.0                    | Mary Kay Inc          | 3.4         | 0.0                    |
| 9              | Avon Products Inc     | 3.5         | -0.2                   | Unilever Group        | 3.4         | 0.7                    |
| 10             | Kosé Corp             | 1.9         | 0.0                    | Kao Corp              | 3.0         | -0.1                   |

| World Rankings |                       |             |                        | NORAM Rankings        |            |                        |
|----------------|-----------------------|-------------|------------------------|-----------------------|------------|------------------------|
| Sun Care       |                       |             |                        | Sun Care              |            |                        |
| Rank           | Company               | 2011 Share  | 2010 - 11 Share Change | Company               | 2011 Share | 2010 - 11 Share Change |
| 1              | <b>L'Oréal Groupe</b> | <b>15.0</b> | <b>-0.3</b>            | Energizer Holdings    | 22.5       | 0.0                    |
| 2              | Beiersdorf AG         | 11.8        | 0.0                    | Merck & Co Inc        | 21.4       | 0.0                    |
| 3              | Johnson & Johnson     | 11.5        | 0.4                    | Johnson & Johnson     | 16.4       | 0.0                    |
| 4              | Energizer Holdings    | 5.9         | -0.2                   | <b>L'Oréal Groupe</b> | <b>6.2</b> | <b>0.1</b>             |
| 5              | Merck & Co Inc        | 5.7         | 0.0                    | Estée Lauder Cos      | 2.6        | 0.0                    |
| 6              | Shiseido Co Ltd       | 2.9         | -0.1                   | Sun & Skin Care Res   | 1.7        | 0.0                    |
| 7              | AmorePacific Corp     | 2.1         | 0.1                    | Mary Kay Inc          | 1.5        | 0.0                    |
| 8              | Avon Products Inc     | 1.8         | -0.2                   | Australian Gold SA    | 1.3        | 0.2                    |
| 9              | Estée Lauder Cos      | 1.4         | -0.1                   | Clarins SA            | 1.0        | 0.0                    |
| 10             | Kao Corp              | 1.4         | -0.1                   | Shiseido Co Ltd       | 1.0        | 0.1                    |

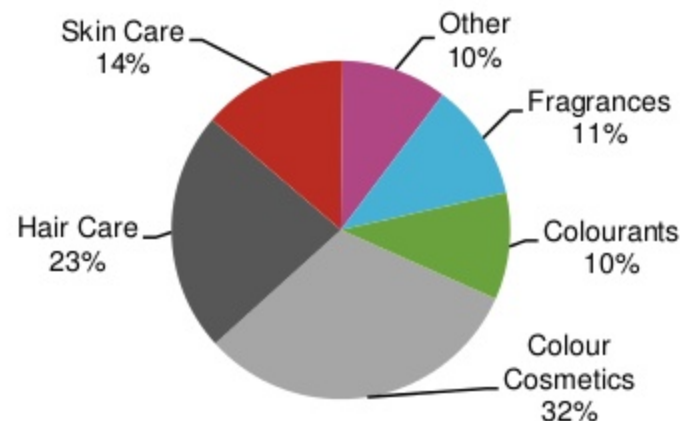
- Bath & Shower in NORAM is a huge opportunity for L'Oreal.
- Although it's competing with several heavyweight companies, it's managed to outperform them in other categories.
- The Category is projected to grow from US\$5.7BB in 2011 to US\$6.4BB in '16 (+13.3%), led by the Body Wash/Shower Gel segment. This segment is projected to make up 48% of category sales in 2016; growing 38.4% from '11 – '16.

# Overview : North America

## Key Financial Figures NA –Q1-12

- North American Sales = 23.8% of Global Sales (\$1.3BB of \$5.3BB in Q1)
- NA is still achieving sustained growth at +6.6% vs PY
- NA sales bolstered in particular by the success of Garnier skincare initiatives.
- Actives - growth bolstered by the good results of SkinCeuticals & extension of distribution of Vichy & La Roche-Posay, into American drugstores.

## NA Sales as a % of Total BPC



Effective 2011 (in USD)

## North American

-Ranked #2 in BPC with 11.6 share

### COMPANY RANKING ⓘ

Retail Value RSP, % breakdown, 2011



## Operational Goals (see backup)

- From sourcing to delivery, continuous improvement of industrial efficiency
- A well-oiled industrial model
- Continuous improvement and optimization of production
- Long-term partnerships with suppliers
- L'Oréal and its partners: working together to innovate
- Strong commitments with regard to social responsibility and safety
- Environmental protection at the heart of production



## SWOT – L'Oréal Groupe

### Dedicated focus on BPC

- Unlike its key competitors, L'Oréal's sole portfolio comprises beauty and personal care, which means it has greater resources to invest in the development of more advanced technology.

### Products across different pricing tiers

- L'Oréal has a wide spectrum of brands that gives it the flexibility to market across different channels as well as to different income groups – an important element for emerging markets where consumers have limited affordability.

### Not utilising The Body Shop opportunity

- Despite the growing health and awareness trend, L'Oréal has not been able to make the most of The Body Shop, which not only is naturally positioned, but a pioneer in this field.

### Organization

- A decentralized organizational structure that can make control difficult.

### Strengths

### Weaknesses

### Opportunities

### Threats

### Naturally-positioned cosmetics

- With a growing health and wellness trend, L'Oréal can benefit from naturally-positioned cosmetics. It is doing so with Kiehl's, but can also use the opportunity to expand The Body Shop particularly in China, India and Brazil.

### Value-seeking consumers

- L'Oréal is rightly tapping into the value-seeking consumer trend, offering sophisticated products in its mass range. This is more evident in developed markets, but this trend will help in emerging markets as well.

### Growing competition in the emerging countries

- L'Oréal is targeting emerging countries to drive growth, but so are other companies – thus intensifying competition in these markets.

### Economic Issues

- L'ORÉAL's products are mainly luxuries that could be hurt by continued economic instability.

## Strategic objectives and challenges

### Doubling of consumer base

L'Oréal's key objective is to increase its consumer base from 1 billion to 2 billion by 2020/2025. The company is targeting emerging markets, but there are challenges. Competition is intensifying as other companies target the same. In addition, consumption pattern and distribution coverage are different to the Western markets. L'Oréal has made impressive strides in global expansion, customising its products to suit regional preferences, but coverage of modern retail infrastructure is limited. An issue to consider is if a potential acquisition of a direct seller can facilitate further expansion - in line with recent rumours of a potential Avon acquisition by L'Oréal.

### Category expansion

L'Oréal stated its plan to expand into new categories – deodorants, men's grooming and body care. L'Oréal made good progress in expanding its deodorant operation across the world, but faces mounting competition from Unilever. Beiersdorf too has been growing its deodorants business. L'Oréal introduced men's grooming in Asia Pacific, which it continued to expand in 2010. Some men could potentially judge L'Oréal to be too feminine, but this is not so much a case in the Asian markets, and L'Oréal's strong brand credibility can override these challenges.

### Regional expansion

In expanding global coverage, L'Oréal's greater focus are the BRIMC markets, but does not confine itself to them, opening subsidiaries in Egypt and Pakistan in 2009. In total it has identified an additional 15 growth markets including Philippines, Vietnam, Columbia, Argentina. According to L'Oréal, consumers in emerging countries on average consume 10 times fewer cosmetics than those in developed markets, but GDP in developing markets is increasing. By setting up operations now in Egypt and Pakistan, L'Oréal could potentially benefit from first-mover advantage. However, the challenge is that these markets can be politically volatile.

### Sustainable development

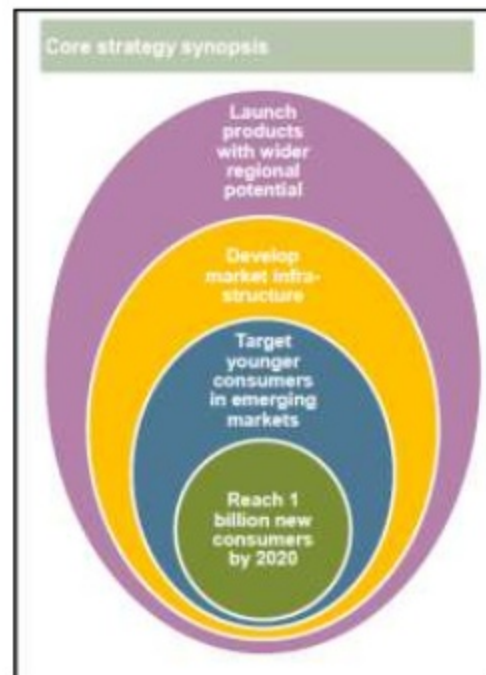
L'Oréal's sustainable development programme includes eco-responsible strategies and is ranked amongst the top 100 most sustainable companies. In 2009, the company announced three environmental goals – to cut by half its greenhouse gas emissions, water consumption and waste generated in its factories and distribution centres. While L'Oréal has made good technological strides to help it meet its environmental goals, the next challenge is to manufacture products which are both naturally/ organically placed and effective. The company has good scope to make better use of its The Body Shop brand.



# Detailed strategies to expand consumer base

## Reach one billion new consumers

- At the heart of L'Oréal's strategies is to reach **one billion new consumers by 2020**, reaching out to young consumers whose beauty practices are at formative stages in the emerging markets.
- To L'Oréal's advantage are its highly recognizable brands. Its growing distribution infrastructure is increasingly facilitating the sale of its brands in the emerging markets. In addition, it has set up regional research and development centers, customizing its products to suit regional preferences. One of the challenges was to make its products more accessible to the lower income group in markets such as India, Philippines and Indonesia. In 2010, the company made greater use of sachets in these markets, thus making it accessible to a wider consumer group. For markets such as China and Brazil, L'Oréal offers large value packs as consumers are able to pay more in absolute terms but prefer to save on scale.
- Going forward, L'Oréal will be facing greater competitive challenges in the emerging markets as other companies target these markets to drive growth. A key issue to consider is if any form of acquisition can help facilitate its expansion.





# L'ORÉAL Portfolio of Brands

## OUR Brands

We want people everywhere to have easy access to our products through a presence in outlets that match their individual lifestyles.



### CONSUMER PRODUCTS

- ☒ L'Oréal Paris
- ☒ Garnier
- ☒ Maybelline New York
- ☒ Softsheen-Carson
- ☒ Club des créateurs de beauté
- ☒ Essie



### PROFESSIONAL PRODUCTS

- ☒ L'Oréal Professionnel
- ☒ Redken
- ☒ Kérastase
- ☒ Matrix
- ☒ Pureology
- ☒ Shu Uemura Art of Hair
- ☒ Mizani
- ☒ Keraskin Esthetics
- ☒ Essie



### LUXURY PRODUCTS

- ☒ Lancôme
- ☒ Giorgio Armani
- ☒ Yves Saint Laurent
- ☒ Biotherm
- ☒ Kiehl's
- ☒ Ralph Lauren
- ☒ Shu Uemura
- ☒ Cacharel
- ☒ Helena Rubinstein
- ☒ Diesel
- ☒ Viktor & Rolf
- ☒ Stella McCartney
- ☒ Maison Martin Margiela



### ACTIVE COSMETICS

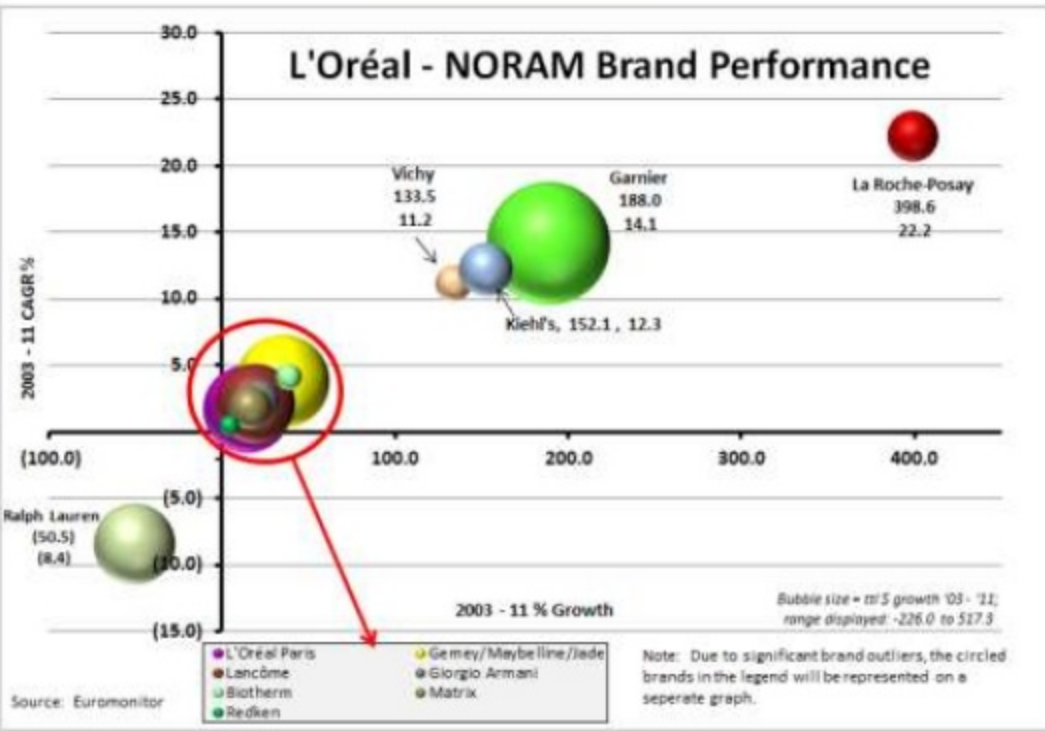
- ☒ Vichy
- ☒ La Roche-Posay
- ☒ SkinCeuticals
- ☒ Innéov
- ☒ Roger&Gallet
- ☒ Sanoflore



### THE BODY SHOP



# Historic Brand Growth – Global vs. North America

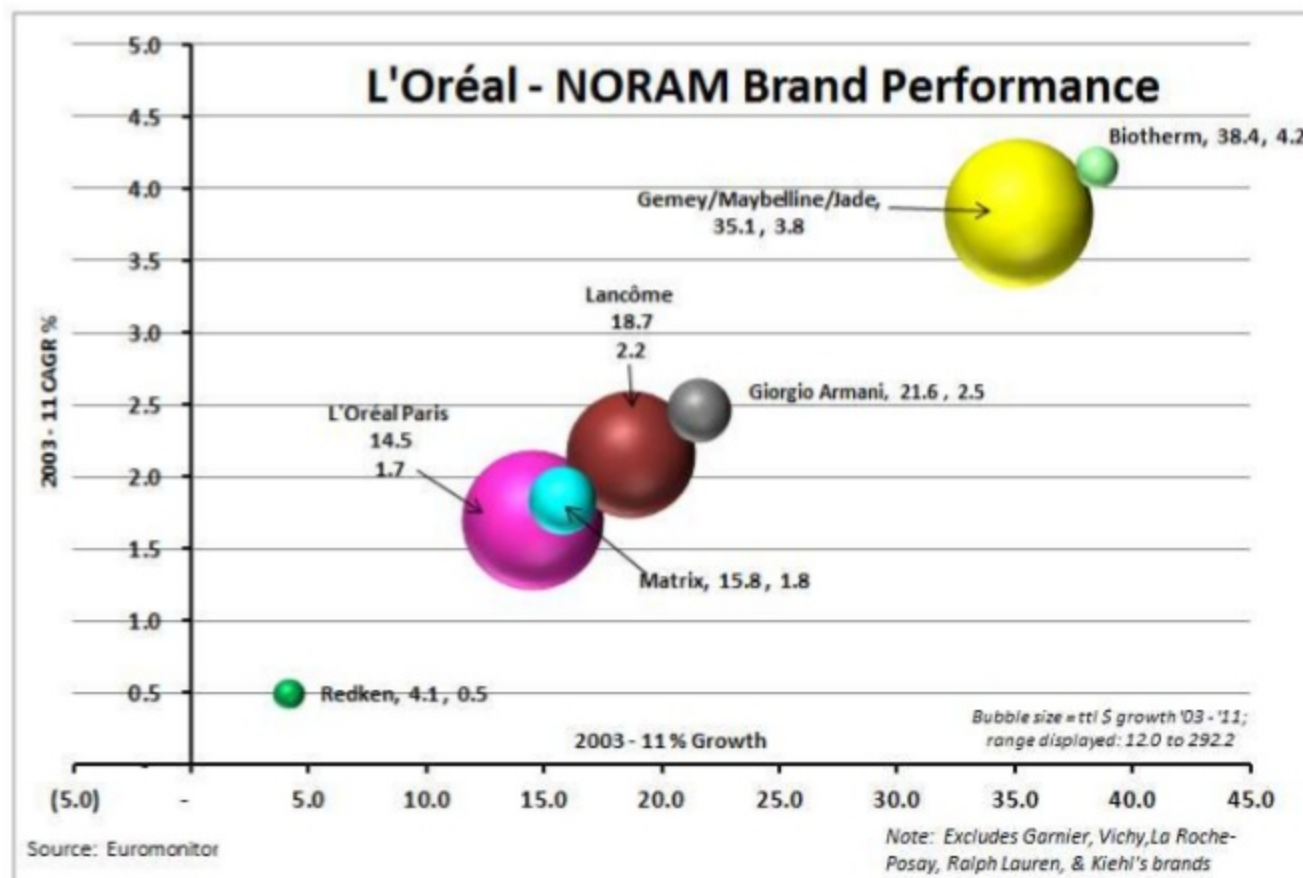


- Generally, global brand growth is outperforming NORAM.
- The majority of brands sold in NORAM are experiencing solid growth but appear negligible due to the very high performance of 4 brands.
- Kiehl's, La Roche-Posay, and Vichy grew significantly but accounted for a combined total of 4.5% of L'Oreal NORAM 2011 sales.
- Garnier makes up 10.6% of L'Oreal NORAM sales and is showing very strong growth.
- Garnier Skin Care products, introduced to the NORAM region in 2007, is the primary driver, making up 38% of 2011 brand sales. Organic growth of Hair Care is strong with a CAGR of 11.7% led by Styling agents at 20.2% CAGR.



# Historic Brand Growth – Global vs. North America (cont.)

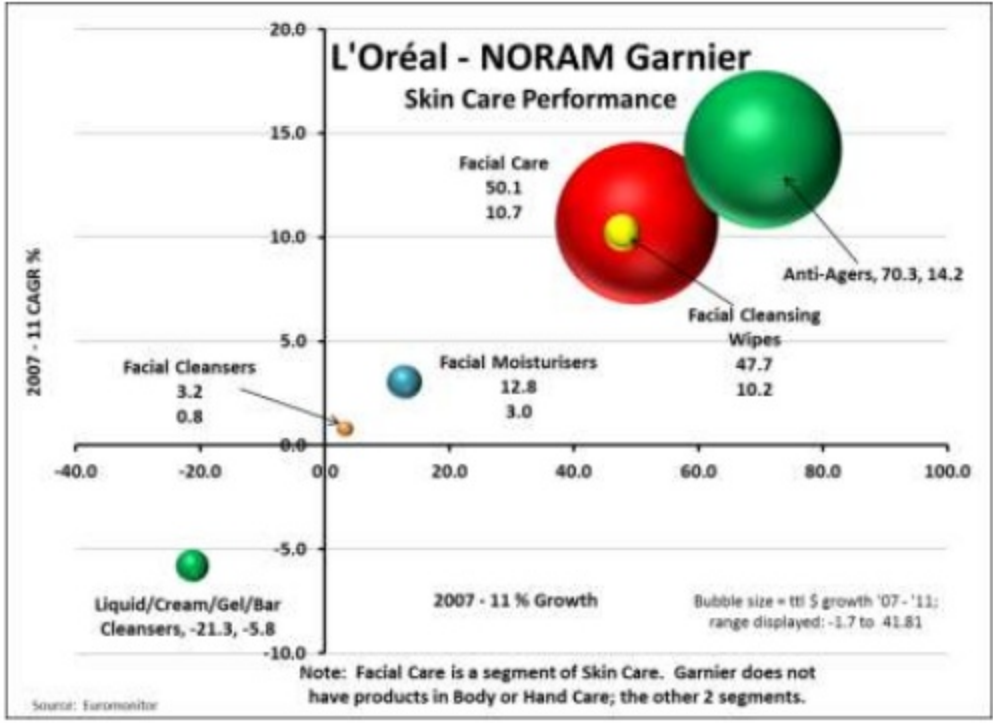
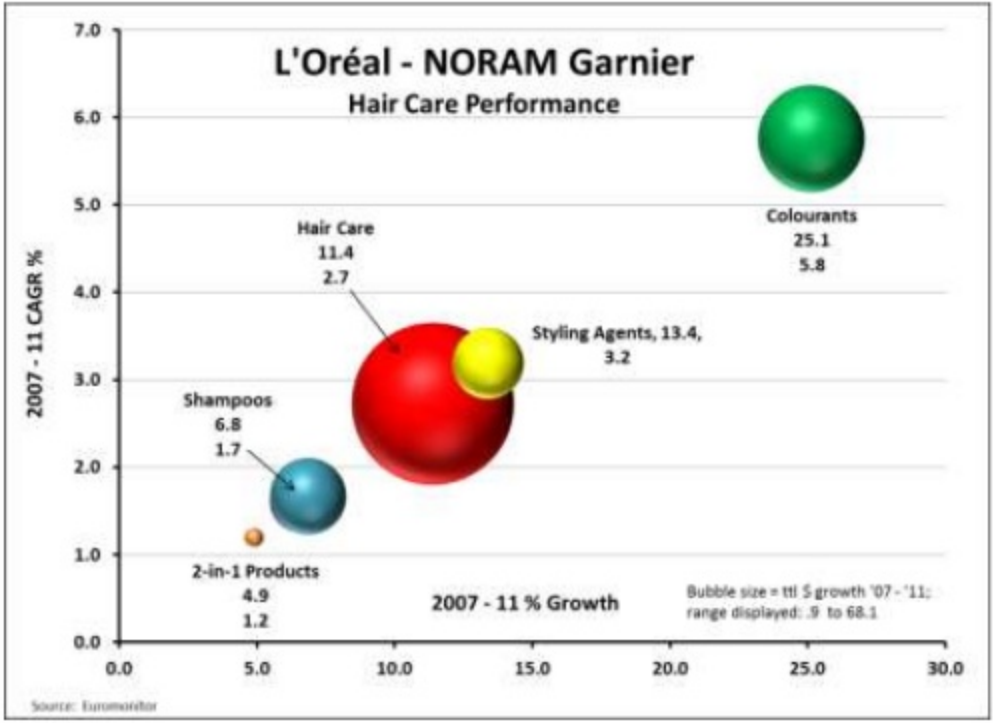
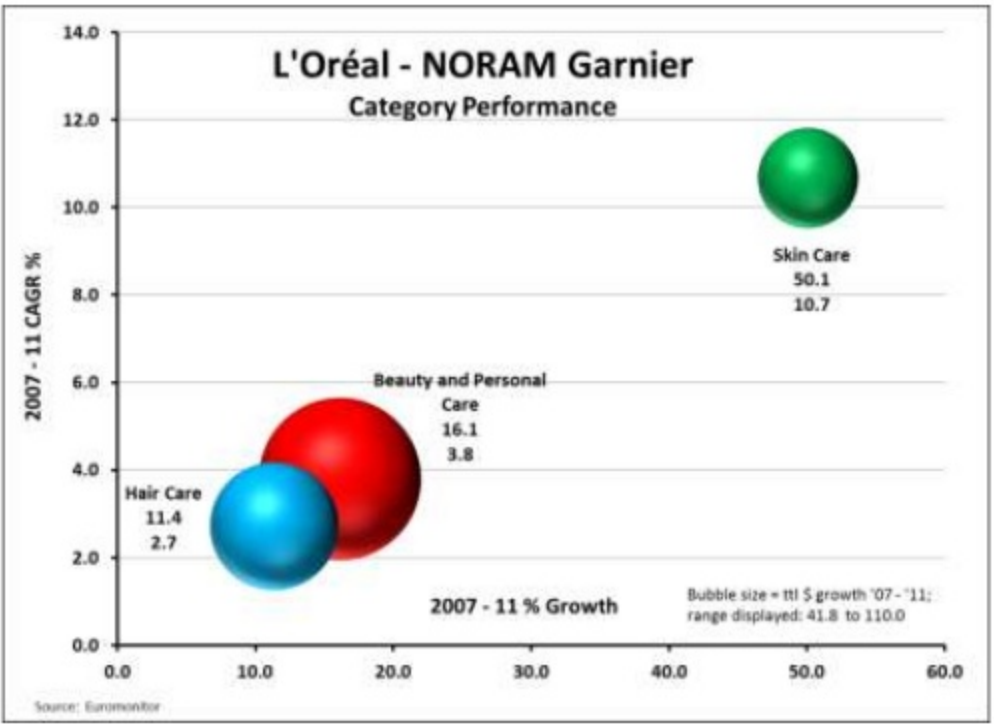
- The previously noted brands, while not experiencing double digit CAGR's, are still showing respectable growth.
- Most are mature brands with Skin Care and Sun Care appearing to be principal contributors to growth.





# L'ORÉAL NORAM Garnier Brand Composition

- Garnier launched it's Facial Care line in 2007.
- The data in this chart reflects the launch and begins that year.
- Anti-Agers in Facial Care and Colourants in Hair Care are primary drivers for the brand.



# L'ORÉAL NORAM - Garnier Brand Sales Results

## L'Oréal North America

### Garnier Brand

#### Category & Segment Sales

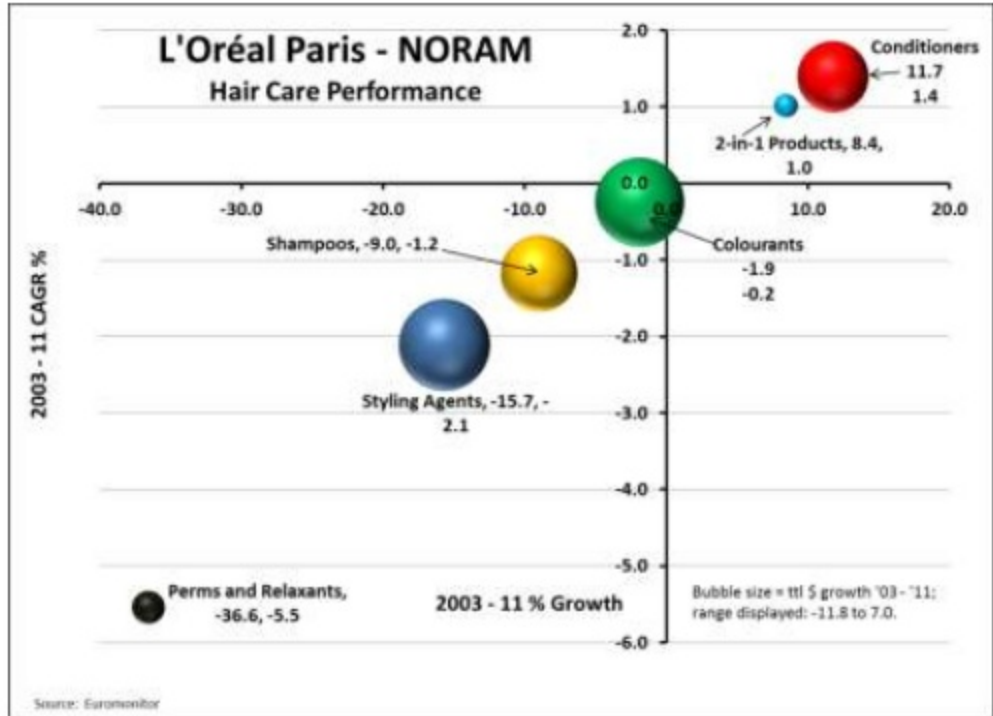
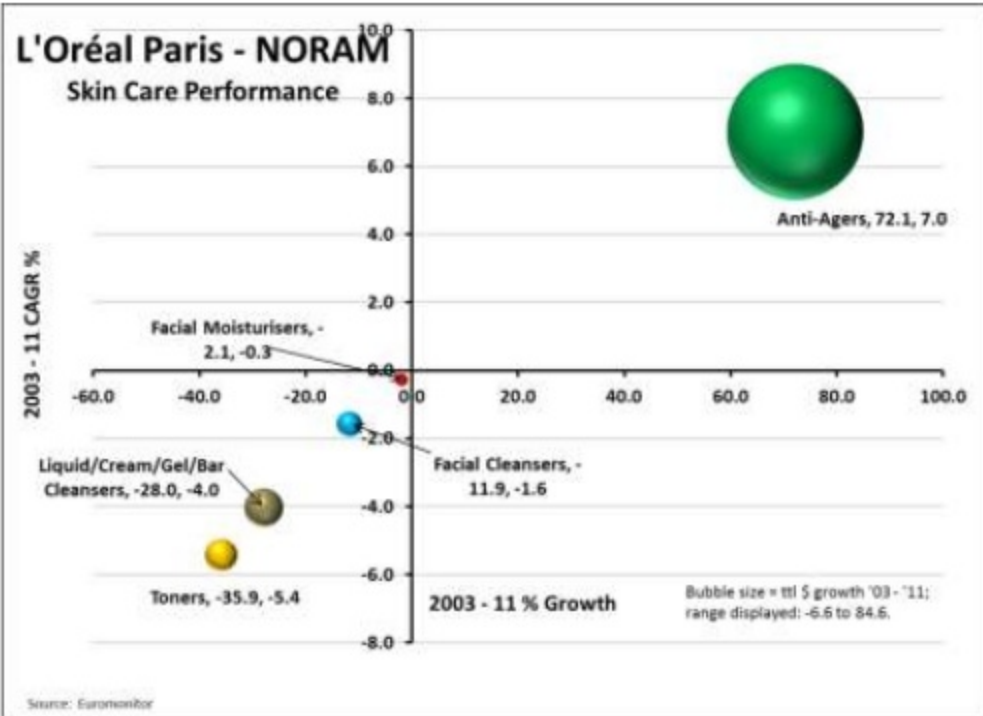
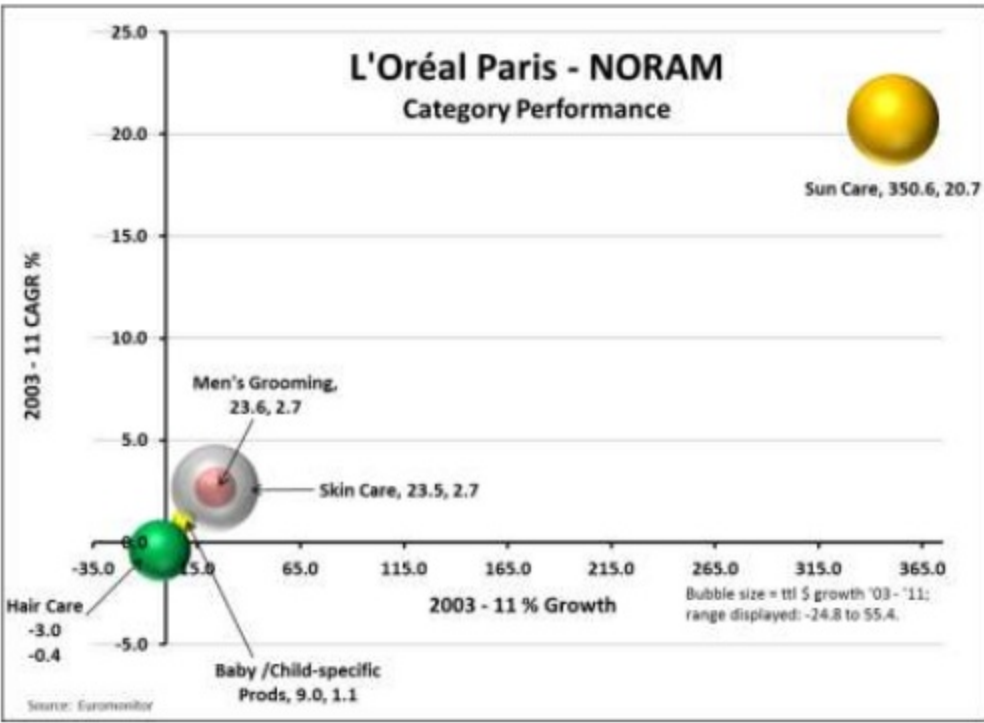
| Categories               | Sub-Categories                 | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2003-11 % | 2003-11 CAGR % | 2003-11 Absolute |
|--------------------------|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|----------------|------------------|
| Beauty and Personal Care | Beauty and Personal Care       | 250.6 | 395.1 | 486.8 | 560.2 | 682.4 | 747.5 | 727.8 | 747.7 | 792.4 | 16.1      | 3.8            | 110.0            |
| Hair Care                | Hair Care                      | 250.6 | 395.1 | 486.8 | 560.2 | 598.9 | 629.7 | 606.6 | 630.0 | 667.0 | 11.4      | 2.7            | 68.1             |
| Hair Care                | 2-in-1 Products                | 10.3  | 15.8  | 18.2  | 17.6  | 18.4  | 18.7  | 17.8  | 18.5  | 19.3  | 4.9       | 1.2            | 0.9              |
| Hair Care                | Colourants                     | 81.5  | 82.7  | 94.4  | 108.7 | 117.1 | 131.6 | 132.4 | 141.3 | 146.5 | 25.1      | 5.8            | 29.4             |
| Hair Care                | Conditioners                   | 55.9  | 98.4  | 116.1 | 137.3 | 147.2 | 148.3 | 145.7 | 149.6 | 156.9 | 6.6       | 1.6            | 9.7              |
| Hair Care                | Shampoos                       | 83.5  | 136.5 | 177.9 | 205.6 | 219.2 | 227.8 | 213.7 | 216.8 | 234.2 | 6.8       | 1.7            | 15.0             |
| Hair Care                | Standard Shampoos              | 83.5  | 136.5 | 177.9 | 205.6 | 219.2 | 227.8 | 213.7 | 216.8 | 234.2 | 6.8       | 1.7            | 15.0             |
| Hair Care                | Styling Agents                 | 19.4  | 61.7  | 80.1  | 91.0  | 97.1  | 103.2 | 97.1  | 103.9 | 110.1 | 13.4      | 3.2            | 13.0             |
| Skin Care                | Skin Care                      | -     | -     | -     | -     | 83.5  | 117.8 | 121.2 | 117.6 | 125.3 | 50.1      | 10.7           | 41.8             |
| Skin Care                | Facial Care                    | -     | -     | -     | -     | 83.5  | 117.8 | 121.2 | 117.6 | 125.3 | 50.1      | 10.7           | 41.8             |
| Skin Care                | Facial Cleansers               | -     | -     | -     | -     | 12.4  | 15.3  | 15.0  | 13.9  | 12.8  | 3.2       | 0.8            | 0.4              |
| Skin Care                | Liquid/Cream/Gel/Bar Cleansers | -     | -     | -     | -     | 8.0   | 9.0   | 8.4   | 7.4   | 6.3   | -21.3     | -5.8           | -1.7             |
| Skin Care                | Facial Cleansing Wipes         | -     | -     | -     | -     | 4.4   | 6.3   | 6.6   | 6.4   | 6.5   | 47.7      | 10.2           | 2.1              |
| Skin Care                | Facial Moisturisers            | -     | -     | -     | -     | 14.9  | 20.7  | 16.1  | 15.1  | 16.8  | 12.8      | 3.0            | 1.9              |
| Skin Care                | Anti-Agers                     | -     | -     | -     | -     | 56.2  | 81.8  | 90.1  | 88.7  | 95.7  | 70.3      | 14.2           | 39.5             |

# L'ORÉAL NORAM

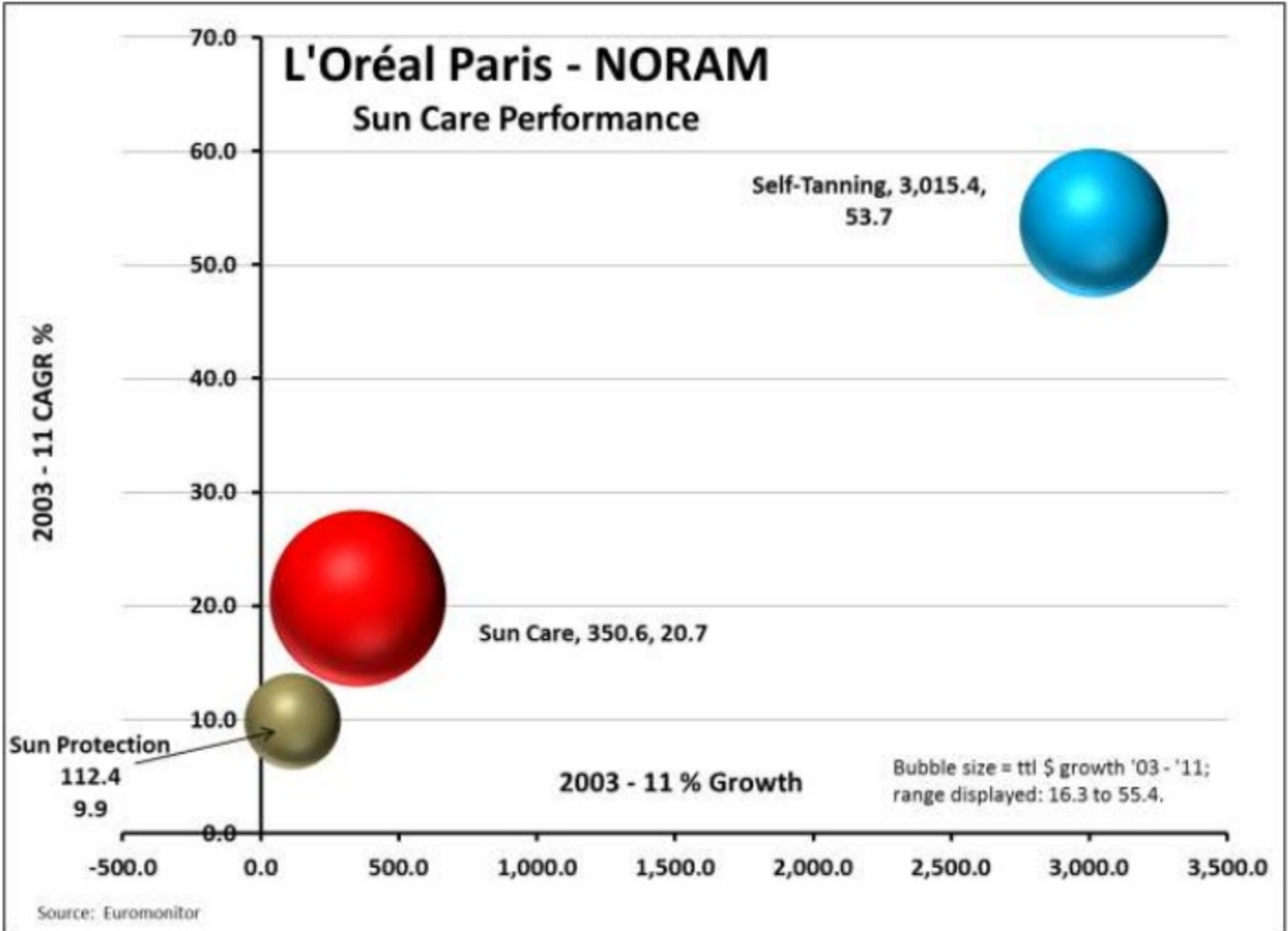
## L'Oréal Paris

### Brand Composition

- Overall brand growth is 20.3% with a CAGR of 2.3%.
- 43% of L'oreal Paris sales are in Cosmetics; a category we do not participate but the key growth driver.
- Hair Care was hit hard by the recession. Sales since 2009 have grown 7.5% though.







# L'ORÉAL NORAM - L'Oreal Paris Brand Sales

## L'Oréal North America

### L'Oréal Paris Brand

#### Category & Segemnt Sales

| Categories                       | Sub-Categories                    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2003-11 % | 2003-11 CAGR % | 2003-11 Absolute |
|----------------------------------|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|----------------|------------------|
| Beauty and Personal Care         | Beauty and Personal Care          | 1,724.8 | 1,811.8 | 1,905.5 | 1,930.1 | 1,983.7 | 2,007.0 | 1,946.8 | 1,988.8 | 2,074.5 | 20.3      | 2.3            | 349.7            |
| Baby and Child-specific Products | Baby and Child-specific Products  | 41.2    | 40.8    | 42.0    | 43.7    | 42.8    | 42.8    | 43.0    | 44.0    | 44.9    | 9.0       | 1.1            | 3.7              |
| Baby and Child-specific Products | Baby and Child-specific Hair Care | 40.5    | 40.0    | 41.1    | 42.6    | 41.6    | 41.6    | 41.7    | 42.5    | 43.3    | 6.9       | 0.8            | 2.8              |
| Baby and Child-specific Products | Baby and Child-specific Sun Care  | 0.7     | 0.8     | 1.0     | 1.1     | 1.2     | 1.3     | 1.2     | 1.5     | 1.6     | 128.6     | 10.9           | 0.9              |
| Hair Care                        | Hair Care                         | 825.2   | 832.3   | 848.5   | 839.3   | 825.0   | 794.8   | 744.6   | 766.0   | 800.4   | -3.0      | -0.4           | -24.8            |
| Hair Care                        | 2-in-1 Products                   | 9.5     | 10.2    | 10.3    | 10.1    | 10.2    | 9.7     | 9.4     | 9.8     | 10.3    | 8.4       | 1.0            | 0.8              |
| Hair Care                        | Colourants                        | 584.8   | 569.3   | 581.5   | 583.9   | 576.5   | 565.1   | 540.8   | 554.6   | 573.6   | -1.9      | -0.2           | -11.2            |
| Hair Care                        | Conditioners                      | 59.6    | 79.7    | 80.2    | 75.8    | 75.9    | 71.6    | 60.0    | 60.4    | 66.6    | 11.7      | 1.4            | 7.0              |
| Hair Care                        | Perms and Relaxants               | 4.1     | 3.8     | 3.7     | 3.6     | 3.3     | 3.4     | 2.9     | 2.8     | 2.6     | -36.6     | -5.5           | -1.5             |
| Hair Care                        | Shampoos                          | 92.1    | 94.6    | 93.3    | 90.2    | 90.6    | 79.0    | 70.0    | 76.3    | 83.8    | -9.0      | -1.2           | -8.3             |
| Hair Care                        | Standard Shampoos                 | 92.1    | 94.6    | 93.3    | 90.2    | 90.6    | 79.0    | 70.0    | 76.3    | 83.8    | -9.0      | -1.2           | -8.3             |
| Hair Care                        | Styling Agents                    | 75.2    | 74.8    | 79.5    | 75.7    | 68.6    | 65.9    | 61.4    | 62.1    | 63.4    | -15.7     | -2.1           | -11.8            |
| Men's Grooming                   | Men's Grooming                    | 46.1    | 52.9    | 64.3    | 73.4    | 76.4    | 68.7    | 63.6    | 62.2    | 57.0    | 23.6      | 2.7            | 10.9             |
| Men's Grooming                   | Men's Toiletries                  | 46.1    | 52.9    | 64.3    | 73.4    | 76.4    | 68.7    | 63.6    | 62.2    | 57.0    | 23.6      | 2.7            | 10.9             |
| Men's Grooming                   | Men's Hair Care                   | 46.1    | 52.9    | 54.4    | 57.6    | 47.8    | 39.6    | 36.7    | 35.1    | 34.8    | -24.5     | -3.5           | -11.3            |
| Men's Grooming                   | Men's Skin Care                   | -       | -       | 10.0    | 15.9    | 28.6    | 29.1    | 26.9    | 27.1    | 22.2    | NA        | NA             | NA               |
| Skin Care                        | Skin Care                         | 213.8   | 233.0   | 247.2   | 250.4   | 246.7   | 261.9   | 269.3   | 257.6   | 264.0   | 23.5      | 2.7            | 50.2             |
| Skin Care                        | Facial Care                       | 213.8   | 233.0   | 247.2   | 250.4   | 246.7   | 261.9   | 269.3   | 257.6   | 264.0   | 23.5      | 2.7            | 50.2             |
| Skin Care                        | Acne Treatments                   | 26.3    | 18.6    | 15.4    | 14.8    | 7.2     | -       | -       | -       | -       | NA        | NA             | NA               |
| Skin Care                        | Facial Cleansers                  | 23.6    | 26.2    | 26.4    | 23.4    | 21.9    | 22.9    | 17.8    | 18.9    | 20.8    | -11.9     | -1.6           | -2.8             |
| Skin Care                        | Liquid/Cream/Gel/Bar Cleansers    | 23.6    | 26.2    | 26.4    | 23.4    | 21.9    | 18.8    | 13.6    | 14.9    | 17.0    | -28.0     | -4.0           | -6.6             |
| Skin Care                        | Facial Cleansing Wipes            | -       | -       | -       | -       | -       | 4.1     | 4.2     | 4.1     | 3.9     | NA        | NA             | NA               |
| Skin Care                        | Facial Moisturisers               | 33.8    | 22.8    | 23.9    | 25.0    | 31.9    | 38.8    | 31.0    | 30.4    | 33.1    | -2.1      | -0.3           | -0.7             |
| Skin Care                        | Anti-Agers                        | 117.3   | 153.0   | 169.3   | 175.3   | 174.3   | 189.4   | 210.9   | 199.4   | 201.9   | 72.1      | 7.0            | 84.6             |
| Skin Care                        | Toners                            | 12.8    | 12.3    | 12.2    | 11.8    | 11.4    | 10.8    | 9.7     | 8.9     | 8.2     | -35.9     | -5.4           | -4.6             |
| Sun Care                         | Sun Care                          | 15.8    | 40.4    | 59.3    | 57.9    | 58.6    | 58.3    | 57.0    | 64.8    | 71.2    | 350.6     | 20.7           | 55.4             |
| Sun Care                         | Self-Tanning                      | 1.3     | 25.9    | 43.1    | 39.9    | 38.3    | 34.5    | 33.9    | 37.5    | 40.5    | 3015.4    | 53.7           | 39.2             |
| Sun Care                         | Sun Protection                    | 14.5    | 14.5    | 16.3    | 18.0    | 20.3    | 23.8    | 23.1    | 27.2    | 30.8    | 112.4     | 9.9            | 16.3             |



# L'ORÉAL NORTH AMERICA

## **BACKUP**

04.08.2012