

## 2016 ANNUAL RESULTS

### GROWTH ACCELERATION<sup>1</sup> ANOTHER YEAR OF MARKET SHARE GAINS RECORD OPERATING MARGIN

- **Sales: 25.84 billion euros**
  - +2.3% based on reported figures
  - +5.1% at constant exchange rates
  - +4.7% like-for-like<sup>1</sup>
- **Operating profit: 4.54 billion euros, representing 17.6% of sales**
- **Earnings per share<sup>2</sup>: 6.46 euros, an increase of +4.6%**
- **Net cash flow<sup>3</sup>: 3.3 billion euros, an increase of +9.5%**
- **Dividend<sup>4</sup>: 3.30 euros, an increase of +6.45%**

The Board of Directors of L'Oréal met on 9 February 2017, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2016.

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

*"L'Oréal achieved another good year, with a significant growth in sales and robust profits.*

*In a generally favourable cosmetics market, the Group has once again accentuated its worldwide beauty leadership thanks to market share gains in its three main geographic Zones.*

*All the Divisions recorded sales growth, especially L'Oréal Luxe which is significantly strengthening its positions. The Active Cosmetics Division also performed well, winning market share around the world. As announced, the Consumer Products Division, driven by its successful strategic choices, saw a clear acceleration in sales and outperformed its market.*

*As for the geographic Zones, L'Oréal has accelerated sales and increased its lead in North America. The Group has further accentuated its leadership in Europe, outperforming the market despite the difficult situation in France. Growth in the New Markets has remained solid.*

*In terms of results, operating margin and cash flows have set new records, confirming that our business model is set to deliver robust performance and create significant value.*

.../...

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

<sup>2</sup> Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

<sup>3</sup> Net cash flow = Gross cash flow + changes in working capital - capital expenditure.

<sup>4</sup> Proposed at the Annual General Meeting of 20 April 2017.

2016 was also another year that strengthened L'Oréal's leadership in connected beauty. Our e-commerce<sup>5</sup> sales rose by +33%, and the digital dynamism of our brands – in both communications and services – means they can develop increasingly strong and personalised interactions with consumers.

The strategic acquisition of IT Cosmetics, and the one in progress of CeraVe, strengthen our unique portfolio of brands and will more than ever enable us to meet our consumers' beauty aspirations. As part of this brand portfolio optimisation, it has been decided to explore all strategic options regarding The Body Shop's ownership in order to give it the best opportunities and full ability to continue its development. No decision has been taken so far.

All in all, the fundamentals of L'Oréal are unique advantages in the bright new world of beauty that is emerging: clearly defined mission and strategy, highly engaged expert teams, a global flotilla of emblematic brands, a long-haul investment in research and innovation, a critical engagement in digital, a unique, flexible and agile organisation, and a strong entrepreneurial culture.

In an economic context that is still volatile and uncertain, L'Oréal is confident that it will once again outperform the beauty market in 2017 and achieve another year of sales and profit growth."

The Board will also propose to the Annual General Meeting on Thursday 20 April 2017, the renewal of the tenure as Directors of Mrs Françoise Bettencourt Meyers and Mrs Virginie Morgon.

The tenure of Mr Peter Brabeck-Letmathe will expire at the end of the Annual General Meeting on 20 April 2017. Mr Jean-Paul Agon has expressed the Board's deep gratitude to Mr Peter Brabeck-Letmathe for his active participation in its work over the last twenty years: *"Both visionary and pragmatic, Peter Brabeck-Letmathe has made an outstanding contribution to our Board. His unfailing support, his strategic input and his insistence on the highest standards of governance have been most valuable. His penetrating consumer insights, his multi-cultural openness and his rigorous intellectual approach have been strong assets that have helped L'Oréal to take up the key challenges of the last two decades."*

The Board will propose to the Annual General Meeting the appointment as director of Mr. Paul Bulcke.

Moreover, the Board of Directors has decided, under the authorisation voted by the Annual General Meeting of 20 April 2016, to set up a share buyback programme amounting to a maximum of 500 million euros during the first half of 2017. All the shares bought back will be cancelled<sup>6</sup>.

<sup>5</sup> Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data); like-for-like growth.

<sup>6</sup> The L'Oréal Registration Document filed with the AMF (Autorité des Marchés Financiers) on 15 March 2016 includes, on pages 323 and 324, the other pieces of information that must appear in the share buyback programme description pursuant to Article 241-2 of the General Regulation of the AMF.

## 2016 Sales

**Like-for-like**, i.e. based on a comparable structure and constant exchange rates, the sales trend of the L'Oréal Group was +4.7%.

**The net impact of changes in the scope of consolidation** amounted to +0.4%.

**Currency fluctuations** had a negative impact of -2.8%.

**Growth at constant exchange rates** was +5.1%.

**Based on reported figures**, the Group's sales, at 31 December 2016, amounted to 25.84 billion euros, an increase of +2.3%.

### Sales by Operational Division and Geographic Zone

	4 <sup>th</sup> quarter 2016			At 31 December 2016		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<b><u>By Operational Division</u></b>						
Professional Products	866.8	2.1%	2.2%	3,399.7	1.8%	0.0%
Consumer Products	2,979.0	4.2%	3.3%	11,993.4	4.4%	1.3%
L'Oréal Luxe	2,208.7	7.1%	8.4%	7,662.4	6.9%	6.0%
Active Cosmetics	413.6	6.5%	6.5%	1,860.7	5.7%	2.4%
<b>Cosmetics Divisions total</b>	<b>6,468.1</b>	<b>5.0%</b>	<b>5.0%</b>	<b>24,916.3</b>	<b>4.9%</b>	<b>2.6%</b>
<b><u>By Geographic Zone</u></b>						
Western Europe <sup>7</sup>	2,027.5	4.6%	1.7%	8,008.0	2.4%	0.5%
North America	1,883.6	6.3%	10.4%	7,098.8	5.8%	6.7%
New Markets, of which:	2,556.9	4.4%	4.1%	9,809.5	6.3%	1.5%
- Asia, Pacific <sup>7</sup>	1,445.7	1.3%	1.7%	5,635.4	3.6%	1.8%
- Latin America	493.5	8.5%	5.9%	1,838.0	11.1%	-1.8%
- Eastern Europe	428.2	11.9%	11.2%	1,571.5	10.4%	2.7%
- Africa, Middle East	189.4	2.8%	2.8%	764.5	7.9%	5.0%
<b>Cosmetics Divisions total</b>	<b>6,468.1</b>	<b>5.0%</b>	<b>5.0%</b>	<b>24,916.3</b>	<b>4.9%</b>	<b>2.6%</b>
The Body Shop	321.3	0.8%	-6.3%	920.8	0.6%	-4.8%
<b>Group total</b>	<b>6,789.3</b>	<b>4.8%</b>	<b>4.4%</b>	<b>25,837.1</b>	<b>4.7%</b>	<b>2.3%</b>

<sup>7</sup> As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.

## PROFESSIONAL PRODUCTS

**The Professional Products Division recorded growth of +1.8% like-for-like. It is stable based on reported figures.**

In a market that is gradually improving, the Division posted a contrasted year, with good growth in Europe, Africa, Middle East and Latin America, but a mixed performance in North America. The top growth contributor countries are India, Russia and the United Kingdom.

The Division's four major brands are all growing. Hair colour, the top growth contributor, is maintaining its momentum thanks to the core franchises *Shades EQ* by *Redken*, *SoColor Beauty* and *Color Sync* by *Matrix*, and *Inoa* and *Dia* by *L'Oréal Professionnel*. In skincare, the *Decléor* brand, which focuses on naturalness, has recorded double-digit growth.

## CONSUMER PRODUCTS

**The Consumer Products Division is strengthening its growth at +4.4% like-for-like and +1.3% based on reported figures. It is outperforming the global market.**

As announced, the Division's growth accelerated sharply in 2016 thanks to the success of its two strategic choices. First in make-up, the Division achieved double-digit growth thanks to the outstanding success of *NYX Professional Makeup*, clearly becoming a new major global make-up brand, and to the continuing development of *Maybelline*, *L'Oréal Paris* and *Essie*. Secondly, in haircare, with the worldwide roll-out of *Ultra Doux* and the success of key *Elsève* launches.

2016 was also a fine vintage for innovations in other categories, with the worldwide success in skincare of *Micellar Cleansing Waters* by *Garnier* as well as *Pure Clay Masks* and *Magic Retouch* in hair colour for *L'Oréal Paris*.

The Division has delivered an excellent performance in North America, where it is significantly strengthening its leadership. It is growing exceptionally strongly in the United Kingdom, and is also accelerating in Spain and Germany. The Division's expansion in the New Markets is continuing.

## L'ORÉAL LUXE

**L'Oréal Luxe posted growth of +6.9% like-for-like and +6.0% based on reported figures, with an excellent second half at +8.1% like-for-like. The Division is outperforming its market and has been further strengthened by the acquisition of two new brands: *Atelier Cologne* and *IT Cosmetics*.**

*Yves Saint Laurent* has achieved an exceptional year, with sales breaking the one billion euro mark, thanks to the strong dynamism of its make-up and success in fragrances, with *Black Opium* and the new women's perfume *Mon Paris*. *Giorgio Armani* had a very good year, driven by make-up and the success of the men's fragrance *Code Profumo*. *Urban Decay*, today in 45 countries, is growing strongly, and is launching *Vice Lipstick* worldwide. The rise of *Kiehl's* in skincare is continuing. *Lancôme*, the number one luxury brand for women, has posted another year of growth with notably *Absolu Rouge*, *Énergie de Vie* skincare for Millennials<sup>8</sup> and *La Vie Est Belle*, number one in Europe and already in the top 5 women's fragrances in the United States.

North America has achieved a very good year. In the New Markets, the Division recorded double-digit growth in China, Japan, Russia and several countries in South-East Asia. Western Europe performed very well, especially Spain and the United Kingdom.

## ACTIVE COSMETICS

**With growth of +5.7% like-for-like and +2.4% based on reported figures, the Active Cosmetics Division ended the year on a very dynamic note. It is further increasing its share of the worldwide market.**

All the Geographic Zones have contributed to growth, with outstanding performances in North America and Latin America.

*La Roche-Posay* is posting its seventh consecutive year of double-digit growth, with a strong contribution from its *Effaclar*, *Cicaplast* and *Toleriane* franchises. *Vichy* is rolling out *Slow Âge*, an innovative facial skincare line stemming from advances made by L'Oréal Research in the exposome field. *SkinCeuticals* is accelerating both in its home market and internationally, and its *Triple Lipid Restore 2:4:2* launch is very well received. Lastly, *Roger&Gallet* is growing in Asia, particularly in Japan, and more recently in China.

<sup>8</sup> Generation born between 1980 and 2000.

## Multi-division summary by Geographic Zone

### WESTERN EUROPE

Despite the continuing difficult environment in France, Western Europe posted growth of +2.4% like-for-like, and +0.5% based on reported figures, and is further extending its leadership. The Consumer Products Division is strengthening its positions. The United Kingdom and Spain had a particularly dynamic year, while Germany and Italy delivered solid growth, outperforming their respective markets. Make-up is the number one growth driver, fuelled especially by the *NYX Professional Makeup* and *Urban Decay* brands.

### NORTH AMERICA

In a dynamic market, North America posted growth of +5.8% like-for-like and +6.7% based on reported figures. L'Oréal Luxe is growing faster than its market, driven by the strong growth of *Urban Decay* and *Yves Saint Laurent*, as well as good performances from *Lancôme* and *IT Cosmetics*. The Consumer Products Division is significantly strengthening its leadership: the continuing success of *NYX Professional Makeup* has been added to the momentum of *Maybelline* and *Essie*, and *Garnier* is accelerating thanks to its *Whole Blends (Ultra Doux)* and *Micellar Cleansing Waters* launches.

### NEW MARKETS

**Asia, Pacific:** this Zone recorded growth of +3.6% like-for-like and +1.8% based on reported figures. In Northern Asia, Taiwan and South Korea are posting good growth. In China, L'Oréal Luxe maintains its momentum, but the Consumer Products Division, in a transitional phase, has been slowed down by the difficulties of *Magic* and the progressive adjustment to the evolving distribution channels. In Southern Asia, growth remains sustained thanks, in particular, to dynamic trends in Australia and Indonesia, and the development of *NYX Professional Makeup* and *Garnier*.

**Latin America:** the Zone posted growth of +11.1% like-for-like, and -1.8% based on reported figures. The acceleration is continuing in Mexico, Colombia and Peru, thanks to the strong growth of the make-up brands *Vogue*, *Maybelline* and *L'Oréal Paris*, and the good results of *L'Oréal Professionnel* and *Kérastase*. In Brazil, the Active Cosmetics Division is outperforming the market, and the Consumer Products Division is taking advantage of the successful integration of *Niely*.

**Eastern Europe:** the Zone recorded growth of +10.4% like-for-like and +2.7% based on reported figures. Russia, Poland and Ukraine are driving growth in this Zone. The Professional Products Division, L'Oréal Luxe and Consumer Products are outperforming their markets.

**Africa, Middle East:** sales growth amounted to +7.9% like-for-like and +5.0% based on reported figures. Activity in the Zone slowed down at the end of the year, particularly because of Saudi Arabia where the market decelerated. On the other hand, Egypt and Pakistan are maintaining very strong momentum. Against this background, the Divisions together have gained market shares.

### THE BODY SHOP

The Body Shop recorded growth of +0.6% like-for-like, and -4.8% based on reported figures. Momentum was good in Europe, especially in the United Kingdom, the brand's home market, and in Latin America where The Body Shop opened up recently in Chile. The brand has also benefited from sustained growth in e-commerce. Skincare growth is continuing, with a strong contribution from the range of five new facial skincare masks. The difficult context in Saudi Arabia and Hong Kong, however, is continuing to impact overall performance.

## Important events during the period 1/10/16 to 31/12/16 and a post-closing event

- On 25 October 2016, for the fourth consecutive year, L'Oréal has been recognised in the annual CDP<sup>9</sup> rankings. This year, L'Oréal was awarded the best possible score, an A rating, in each field of environmental protection: combating climate change, sustainable water management and preventing deforestation.
- On 27 December 2016, L'Oréal announced a strategic investment in the early stage fund Partech International Venture VII managed by Partech Ventures, a venture capitalist firm headquartered in Paris. This investment complements L'Oréal's comprehensive strategy to connect to the world's hottest startup scenes and to participate in the financing of the most promising early stage digital businesses.
- On 10 January 2017, L'Oréal announced the signing of a definitive agreement with Valeant to acquire the skincare brands *CeraVe*, *AcneFree* and *Ambi* for a cash purchase price of 1.3 billion US dollars. The three brands *CeraVe*, *AcneFree* and *Ambi* have annualised combined revenue of approximately 168 million US dollars.

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<sup>9</sup> CDP is an independent not-for-profit organisation that provides a global system for measuring and disclosing environmental information and evaluates companies in terms of their efforts to combat climate change.

## 2016 Results

Audited financial statements, certification in progress.

### Operating profitability at 17.6% of sales

Consolidated profit and loss accounts: from sales to operating profit.

	2015		2016	
	€m	% sales	€m	% sales
<b>Sales</b>	<b>25,257.4</b>	<b>100.0%</b>	<b>25,837.1</b>	<b>100.0%</b>
<i>Cost of sales</i>	-7,277.4	28.8%	-7,341.7	28.4%
<b>Gross profit</b>	<b>17,980.0</b>	<b>71.2%</b>	<b>18,495.4</b>	<b>71.6%</b>
<i>R&amp;D expenses</i>	-794.1	3.1%	-849.8	3.3%
<i>Advertising and promotion expenses</i>	-7,359.6	29.1%	-7,498.7	29.0%
<i>Selling, general and administrative expenses</i>	-5,438.6	21.5%	-5,607.0	21.7%
<b>Operating profit</b>	<b>4,387.7</b>	<b>17.4%</b>	<b>4,539.9</b>	<b>17.6%</b>

**Gross profit**, at 18,495 million euros, came out at 71.6% of sales, compared with 71.2% in 2015, that is an increase of 40 basis points.

**Research and Development** expenses, at 3.3% of sales, have increased in relative value.

**Advertising and promotion expenses** came out at 29.0% of sales, close to the 2015 level.

**Selling, general and administrative expenses**, at 21.7% of sales, have come out at a slightly higher level compared to 2015.

Overall, **operating profit**, at 4,540 million euros, has grown by 3.5%, and amounts to 17.6% of sales.

### Operating profit by Operational Division

	2015		2016	
	€m	% sales	€m	% sales
<b><u>By Operational Division</u></b>				
Professional Products	678.5	20.0%	688.6	20.3%
Consumer Products	2,385.8	20.1%	2,417.1	20.2%
L'Oréal Luxe	1,497.5	20.7%	1,622.8	21.2%
Active Cosmetics	414.7	22.8%	431.5	23.2%
<b>Cosmetics Divisions total</b>	<b>4,976.4</b>	<b>20.5%</b>	<b>5,160.0</b>	<b>20.7%</b>
<i>Non-allocated<sup>10</sup></i>	-643.6	2.6%	-653.9	2.6%
The Body Shop	54.8	5.7%	33.8	3.7%
<b>Group</b>	<b>4,387.7</b>	<b>17.4%</b>	<b>4,539.9</b>	<b>17.6%</b>

The profitability of the **Professional Products Division**, at 20.3%, is up by 30 basis points.

The profitability of the **Consumer Products Division** came out at 20.2%, representing an increase of 10 basis points compared with 2015.

The profitability of **L'Oréal Luxe**, at 21.2%, strongly increased in 2016, which is an increase of 50 basis points.

At **Active Cosmetics Division**, there was a further increase in profitability reaching 23.2%.

The profitability of **The Body Shop** in 2016 fell to 3.7%.

<sup>10</sup> Non-allocated = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.



## Profitability by Geographic Zone

Operating profit	2015		2016	
	€m	% sales	€m	% sales
Western Europe <sup>11</sup>	1,800.5	22.6%	1,831.5	22.9%
North America	1,256.8	18.9%	1,392.3	19.6%
New Markets <sup>11</sup>	1,919.2	19.9%	1,936.2	19.7%
<b>Cosmetics Zones total<sup>12</sup></b>	<b>4,976.4</b>	<b>20.5%</b>	<b>5,160.0</b>	<b>20.7%</b>

Profitability in **Western Europe** improved by 30 basis points to 22.9%.

In **North America**, profitability strongly increased to 19.6%, representing +70 basis points.

And in the **New Markets**, profitability fell slightly to 19.7% due to the negative impact of currency fluctuations in Latin America.

## Net profit

Consolidated profit and loss accounts: from operating profit to net profit excluding non-recurring items.

€m	2015	2016	Évolution
<b>Operating profit</b>	<b>4,387.7</b>	<b>4,539.9</b>	<b>+3.5%</b>
<i>Financial revenues and expenses excluding dividends received</i>	-13.8	-19.3	
<i>Sanofi dividends</i>	336.9	346.5	
Profit before tax excluding non-recurring items	4,710.8	4,867.1	+3.3%
<i>Income tax excluding non-recurring items</i>	-1,219.7	-1,216.8	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	-	-0.1	
<i>Non-controlling interests</i>	-1.3	-3.0	
<b>Net profit excluding non-recurring items after non-controlling interests<sup>13</sup></b>	<b>3,489.8</b>	<b>3,647.2</b>	<b>+4.5%</b>
<b>EPS<sup>14</sup> (€)</b>	<b>6.18</b>	<b>6.46</b>	<b>+4.6%</b>
<b>Net profit after non-controlling interests</b>	<b>3,297.4</b>	<b>3,105.8</b>	
Diluted EPS after non-controlling interests (€)	5.84	5.50	
<b>Diluted average number of shares</b>	<b>564,891,388</b>	<b>564,509,135</b>	

**Finance expenses** came out at 19 million euros.

**Sanofi dividends** amounted to 346 million euros.

**Income tax excluding non-recurring items** amounted to 1,216 million euros. This represents a tax rate of 25.0%, slightly lower than that of 2015 which came out at 25.9%.

**Net profit excluding non-recurring items after non-controlling interests** amounted to 3,647 million euros.

**Earnings per Share**, at 6.46 euros, is up by 4.6%.

**Non-recurring items after non-controlling interests** amounted to 541 million euros net of tax, which corresponds mostly to the *Magic* and *Clarisonic* impairment impact operated during the first half of 2016, and to the French tax of 3.0% on dividends distributed.

**Net profit** came out at 3,105 million euros.

<sup>11</sup> As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.

<sup>12</sup> Before non-allocated.

<sup>13</sup> Net profit excluding non-recurring items after non-controlling interests does not include impairment of assets, restructuring costs, tax effects or non-controlling interests.

<sup>14</sup> Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.



## Cash flow statement, Balance sheet and Cash position

**Gross cash flow** amounted to 4,717 million euros, an increase of 7.2%.

The **working capital requirement** increased very modestly by 12.7 million euros.

**Investments** amounted to 1,386 million euros, representing 5.4% of sales, higher than in 2015, when it represented 4.6% of sales.

The **net cash** is positive again and came out, at 31 December 2016, at 481 million euros.

The **balance sheet** remains particularly solid with shareholders' equity amounting to 24.5 billion euros.

## Proposed dividend at the Annual General Meeting of 20 April 2017

The Board of Directors has decided to propose to the Shareholders' Annual General Meeting of 20 April 2017 a dividend of 3.30 euros per share, an increase of +6.45% compared with the dividend paid in 2016. The dividend will be paid on 3 May 2017 (ex-dividend date 28 April 2017 at 0:00 a.m., Paris time).

## Share capital

As of 31 December 2016, the capital of the company is formed by **561,855,741** shares, each with one voting right.

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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 a free translation into English of the 2016 Annual Results 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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## Appendices

### Appendix 1: L'Oréal group sales 2015/2016 (€ millions)

	2015	2016
<u>First quarter:</u>		
Cosmetics Divisions	6,243.9	6,352.4
The Body Shop	192.4	200.1
<b>First quarter total</b>	<b>6,436.3</b>	<b>6,552.4</b>
<u>Second quarter:</u>		
Cosmetics Divisions	6,163.1	6,143.6
The Body Shop	219.5	198.5
<b>Second quarter total</b>	<b>6,382.6</b>	<b>6,342.2</b>
<u>First half:</u>		
Cosmetics Divisions	12,407.0	12,496.0
The Body Shop	411.9	398.6
<b>First half total</b>	<b>12,818.9</b>	<b>12,894.6</b>
<u>Third quarter:</u>		
Cosmetics Divisions	5,725.1	5,952.2
The Body Shop	212.5	200.9
<b>Third quarter total</b>	<b>5,937.5</b>	<b>6,153.2</b>
<u>Nine months:</u>		
Cosmetics Divisions	18,132.1	18,448.2
The Body Shop	624.3	599.5
<b>Nine months total</b>	<b>18,756.4</b>	<b>19,047.8</b>
<u>Fourth quarter:</u>		
Cosmetics Divisions	6,158.1	6,468.1
The Body Shop	342.9	321.3
<b>Fourth quarter total</b>	<b>6,501.0</b>	<b>6,789.3</b>
<u>Full year</u>		
Cosmetics Divisions	24,290.2	24,916.3
The Body Shop	967.2	920.8
<b>Full year total</b>	<b>25,257.4</b>	<b>25,837.1</b>

## Appendix 2: Compared consolidated income statements

€ millions	2016	2015	2014
<b>Net sales</b>	<b>25,837.1</b>	<b>25,257.4</b>	<b>22,532.0</b>
Cost of sales	-7,341.7	-7,277.4	-6,500.7
<b>Gross profit</b>	<b>18,495.4</b>	<b>17,980.0</b>	<b>16,031.3</b>
Research and development	-849.8	-794.1	-760.6
Advertising and promotion	-7,498.7	-7,359.6	-6,558.9
Selling, general and administrative expenses	-5,607.0	-5,438.6	-4,821.1
<b>Operating profit</b>	<b>4,539.9</b>	<b>4,387.7</b>	<b>3,890.7</b>
Other income and expenses	-543.8	-193.4	-307.2
<b>Operational profit</b>	<b>3,996.1</b>	<b>4,194.3</b>	<b>3,583.5</b>
Finance costs on gross debt	-32.6	-23.7	-31.4
Finance income on cash and cash equivalents	39.1	55.6	42.3
<b>Finance costs, net</b>	<b>6.5</b>	<b>31.9</b>	<b>11.0</b>
Other financial income (expenses)	-25.8	-45.7	-35.1
Sanofi dividends	346.5	336.9	331.0
<b>Profit before tax and associates</b>	<b>4,323.4</b>	<b>4,517.4</b>	<b>3,890.4</b>
Income tax	-1,214.6	-1,222.9	-1,111.0
Share of profit in associates	-0.1	4.0	-13.5
<b>Net profit from continuing operations</b>	<b>3,108.7</b>	<b>3,298.5</b>	<b>2,765.9</b>
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>2,142.7</b>
<b>Net profit</b>	<b>3,108.7</b>	<b>3,298.5</b>	<b>4,908.6</b>
Attributable to:			
• owners of the company	3,105.8	3,297.4	4,910.2
• non-controlling interests	2.9	1.1	-1.6
Earnings per share attributable to owners of the company (euros)	5.55	5.92	8.51
Diluted earnings per share attributable to owners of the company (euros)	5.50	5.84	8.39
Earnings per share of continuing operations attributable to owners of the company (euros)	5.55	5.92	4.79
Diluted earnings per share of continuing operations attributable to owners of the company (euros)	5.50	5.84	4.73
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	6.52	6.26	5.41
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	6.46	6.18	5.34

### Appendix 3: Consolidated statements of comprehensive income

€ millions	2016	2015	2014
<b>Consolidated net profit for the period</b>	<b>3,108.7</b>	<b>3,298.5</b>	<b>4,908.6</b>
<i>Financial assets available-for-sale</i>	-201.0	347.6	-172.7
<i>Cash flow hedges</i>	-124.0	60.1	-17.2
<i>Cumulative translation adjustments</i>	19.6	373.7	584.0
<i>Income tax on items that may be reclassified to profit or loss <sup>(1)</sup></i>	86.3	-28.9	7.3
<b>Items that may be reclassified to profit or loss</b>	<b>-219.1</b>	<b>752.5</b>	<b>401.4</b>
<i>Actuarial gains and losses</i>	-1.3	598.1	-672.7
<i>Income tax on items that may not be reclassified to profit or loss <sup>(1)(2)</sup></i>	-39.3	-205.3	225.1
<b>Items that may not be reclassified to profit or loss</b>	<b>-40.6</b>	<b>392.8</b>	<b>-447.6</b>
<b>Other comprehensive income</b>	<b>-259.7</b>	<b>1,145.3</b>	<b>-46.2</b>
<b>Consolidated comprehensive income</b>	<b>2,849.0</b>	<b>4,443.8</b>	<b>4,862.4</b>
Attributable to:			
• owners of the company	<b>2,845.6</b>	<b>4,443.1</b>	<b>4,864.3</b>
• non-controlling interests	3.4	0.7	-1.9
<i>(1) The tax effect is as follows:</i>			
€ millions	2016	2015	2014
<i>Financial assets available-for-sale</i>	41.7	-14.4	7.2
<i>Cash flow hedges</i>	44.6	-14.4	0.1
<b>Items that may be reclassified to profit or loss</b>	<b>86.3</b>	<b>-28.9</b>	<b>7.3</b>
<i>Actuarial gains and losses</i>	-39.3	-205.3	225.1
<b>Items that may not be reclassified to profit or loss</b>	<b>-39.3</b>	<b>-205.3</b>	<b>225.1</b>
<b>TOTAL</b>	<b>47.0</b>	<b>-234.1</b>	<b>232.4</b>

*(2) Including €19.7 million relating to the revaluation of deferred tax in France following the 2020 rate change.*

## Appendix 4: Compared consolidated balance sheets

### ASSETS

€ millions	12.31.2016	12.31.2015	12.31.2014
<b>Non-current assets</b>	<b>25,584.6</b>	<b>24,457.6</b>	<b>23,284.2</b>
Goodwill	8,792.5	8,151.5	7,525.5
Other intangible assets	3,179.4	2,942.9	2,714.6
Property, plant and equipment	3,756.9	3,403.5	3,141.1
Non-current financial assets	9,306.5	9,410.9	9,069.0
Investments in associates	1.0	1.0	-
Deferred tax assets	548.3	547.9	834.0
<b>Current assets</b>	<b>10,045.6</b>	<b>9,253.7</b>	<b>8,774.6</b>
Inventories	2,698.6	2,440.7	2,262.9
Trade accounts receivable	3,941.8	3,627.7	3,297.8
Other current assets	1,420.4	1,486.9	1,199.3
Current tax assets	238.8	298.6	97.6
Cash and cash equivalents	1,746.0	1,399.8	1,917.0
<b>TOTAL</b>	<b>35,630.2</b>	<b>33,711.3</b>	<b>32,058.8</b>

### EQUITY & LIABILITIES

€ millions	12.31.2016	12.31.2015	12.31.2014
<b>Equity</b>	<b>24,504.0</b>	<b>23,617.0</b>	<b>20,196.9</b>
Share capital	112.4	112.6	112.3
Additional paid-in capital	2,817.3	2,654.4	2,316.8
Other reserves	13,951.6	12,873.4	9,773.3
Other comprehensive income	4,237.6	4,517.5	3,745.9
Cumulative translation adjustments	410.9	391.9	17.8
Treasury stock	-133.6	-233.3	-683.0
Net profit attributable to owners of the company	3,105.8	3,297.4	4,910.2
<b>Equity attributable to owners of the company</b>	<b>24,501.9</b>	<b>23,613.9</b>	<b>20,193.3</b>
Non-controlling interests	2.1	3.1	3.6
<b>Non-current liabilities</b>	<b>1,918.9</b>	<b>1,920.6</b>	<b>2,595.6</b>
Provisions for employee retirement obligations and related benefits	711.8	807.2	1,479.7
Provisions for liabilities and charges	333.3	195.9	193.6
Deferred tax liabilities	842.9	876.8	855.2
Non-current borrowings and debt	30.9	40.8	67.1
<b>Current liabilities</b>	<b>9,207.3</b>	<b>8,173.7</b>	<b>9,266.3</b>
Trade accounts payable	4,135.3	3,929.0	3,452.8
Provisions for liabilities and charges	810.7	754.6	722.0
Other current liabilities	2,854.4	2,597.3	2,403.2
Income tax	173.2	151.9	167.1
Current borrowings and debt	1,233.7	741.0	2,521.2
<b>TOTAL</b>	<b>35,630.2</b>	<b>33,711.3</b>	<b>32,058.8</b>

## Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2013</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,187.2</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,645.2</b>	<b>5.8</b>	<b>22,651.0</b>
Consolidated net profit for the period				4,910.2				4,910.2	-1.6	4,908.6
<i>Financial assets available-for-sale</i>					-165.5			-165.5		-165.5
<i>Cash flow hedges</i>					-17.0			-17.0	-0.1	-17.1
<i>Cumulative translation adjustments</i>							584.2	584.2	-0.2	584.0
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-182.5</b>		<b>584.2</b>	<b>401.7</b>	<b>-0.3</b>	<b>401.4</b>
<i>Actuarial gains and losses</i>					-447.6			-447.6		-447.6
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-447.6</b>			<b>-447.6</b>		<b>-447.6</b>
<b>Consolidated comprehensive income</b>				<b>4,910.2</b>	<b>-630.1</b>		<b>584.2</b>	<b>4,864.3</b>	<b>-1.9</b>	<b>4,862.4</b>
Capital increase	3,828,502	0.8	215.6	-0.1				216.3	2.3	218.6
Cancellation of Treasury stock		-9.7		-6,035.9		6,045.6		-		-
Dividends paid (not paid on Treasury stock)				-1,507.3				-1,507.3	-2.8	-1,510.1
Share-based payment				113.5				113.5		113.5
Net changes in Treasury stock	-49,380,654			0.2		-6,160.5		-6,160.3		-6,160.3
Purchase commitments for minority interests				21.0				21.0	-2.3	18.7
Changes in scope of consolidation								-	2.5	2.5
Other movements				-5.3	5.9			0.6		0.6
<b>At 12.31.2014</b>	<b>554,241,878</b>	<b>112.3</b>	<b>2,316.8</b>	<b>14,683.5</b>	<b>3,745.9</b>	<b>-683.0</b>	<b>17.8</b>	<b>20,193.3</b>	<b>3.6</b>	<b>20,196.9</b>
Consolidated net profit for the period				3,297.4				3,297.4	1.1	3,298.5
<i>Financial assets available-for-sale</i>					333.2			333.2		333.2
<i>Cash flow hedges</i>					45.6			45.6		45.6
<i>Cumulative translation adjustments</i>							374.1	374.1	-0.4	373.7
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>378.8</b>		<b>374.1</b>	<b>752.9</b>	<b>-0.4</b>	<b>752.5</b>
<i>Actuarial gains and losses</i>					392.8			392.8		392.8
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>392.8</b>			<b>392.8</b>		<b>392.8</b>
<b>Consolidated comprehensive income</b>				<b>3,297.4</b>	<b>771.6</b>		<b>374.1</b>	<b>4,443.1</b>	<b>0.7</b>	<b>4,443.8</b>
Capital increase	4,657,959	0.9	337.6					338.5		338.5
Cancellation of Treasury stock		-0.6		-362.8		363.4		-		-
Dividends paid (not paid on Treasury stock)				-1,511.4				-1,511.4	-2.6	-1,514.0
Share-based payment				117.6				117.6		117.6
Net changes in Treasury stock	1,088,341			-77.1		86.3		9.2		9.2
Purchase commitments for minority interests				23.5				23.5	1.5	25.0
Changes in scope of consolidation								-		-
Other movements				0.1				0.1	-0.1	-
<b>At 12.31.2015</b>	<b>559,988,178</b>	<b>112.6</b>	<b>2,654.4</b>	<b>16,170.8</b>	<b>4,517.5</b>	<b>-233.3</b>	<b>391.9</b>	<b>23,613.9</b>	<b>3.1</b>	<b>23,617.0</b>
Consolidated net profit for the period				3,105.8				3,105.8	2.9	3,108.7
<i>Financial assets available-for-sale</i>					-159.3			-159.3		-159.3
<i>Cash flow hedges</i>					-79.3			-79.3	-0.1	-79.4
<i>Cumulative translation adjustments</i>							19.0	19.0	0.6	19.6
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-238.6</b>		<b>19.0</b>	<b>-219.6</b>	<b>0.5</b>	<b>-219.1</b>
<i>Actuarial gains and losses</i>					-40.6			-40.6		-40.6
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-40.6</b>			<b>-40.6</b>		<b>-40.6</b>
<b>Consolidated comprehensive income</b>				<b>3,105.8</b>	<b>-279.2</b>		<b>19.0</b>	<b>2,845.6</b>	<b>3.4</b>	<b>2,849.0</b>
Capital increase	2,074,893	0.4	162.8					163.2		163.2
Cancellation of Treasury stock		-0.6		-498.9		499.5		-		-
Dividends paid (not paid on Treasury stock)				-1,741.9				-1,741.9	-3.4	-1,745.2
Share-based payment				120.4				120.4		120.4
Net changes in Treasury stock	-1,964,675			-99.3		-399.8		-499.1		-499.1
Purchase commitments for non-controlling interests								-	-0.1	-0.1
Changes in scope of consolidation				-0.8				-0.8	-0.9	-1.7
Other movements				1.2	-0.7			0.6	-0.1	0.5
<b>At 12.31.2016</b>	<b>560,098,396</b>	<b>112.4</b>	<b>2,817.3</b>	<b>17,057.3</b>	<b>4,237.6</b>	<b>-133.6</b>	<b>410.9</b>	<b>24,501.9</b>	<b>2.1</b>	<b>24,504.0</b>

## Appendix 6: Compared consolidated statements of cash flows

<i>€ millions</i>	2016	2015	2014
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	3,105.8	3,297.4	4,910.2
Non-controlling interests	2.9	1.1	-1.6
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	1,424.5	933.8	856.2
• changes in deferred taxes	79.8	53.4	60.0
• share-based payment (including free shares)	120.4	117.6	113.5
• capital gains and losses on disposals of assets	-16.2	0.2	-0.9
Net profit from discontinued operations	-	-	-2,142.7
Share of profit in associates net of dividends received	0.1	-4.0	13.5
<b>Gross cash flow</b>	<b>4,717.3</b>	<b>4,399.5</b>	<b>3,808.2</b>
Changes in working capital	-12.7	-196.4	55.9
<b>Net cash provided by operating activities (A)</b>	<b>4,704.6</b>	<b>4,203.1</b>	<b>3,864.1</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-1,386.5	-1,172.1	-1,008.2
Disposals of property, plant and equipment and intangible assets	34.2	6.5	18.7
Changes in other financial assets (including investments in non-consolidated companies)	-42.9	-35.2	403.4
Dividends received from discontinued operations	-	-	41.7
Effect of changes in the scope of consolidation	-1,209.3	-435.3	1,194.0
<b>Net cash (used in) from investing activities (B)</b>	<b>-2,604.5</b>	<b>-1,636.1</b>	<b>649.6</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-1,832.9	-1,534.8	-1,589.3
Capital increase of the parent company	163.2	338.6	216.4
Capital increase of subsidiaries	-	-	2.3
Disposal (acquisition) of Treasury stock	-499.1	9.2	-6,160.3
Purchase of non-controlling interests	-6.1	-	-
Issuance (repayment) of short-term loans	449.8	-1,832.4	2,225.0
Issuance of long-term borrowings	1.8	1.1	0.2
Repayment of long-term borrowings	-17.5	-5.8	-13.0
<b>Net cash (used in) from financing activities (C)</b>	<b>-1,740.8</b>	<b>-3,024.1</b>	<b>-5,318.7</b>
Net effect of changes in exchange rates and fair value (D)	-13.1	-60.1	62.7
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>346.2</b>	<b>-517.2</b>	<b>-742.3</b>
<b>Cash and cash equivalents at beginning of the year (E)</b>	<b>1,399.8</b>	<b>1,917.0</b>	<b>2,659.3</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)</b>	<b>1,746.0</b>	<b>1,399.8</b>	<b>1,917.0</b>