

From
June
4 to 18
2018



EMPLOYEE SHARE OWNERSHIP PLAN



EMPLOYEE &
SHAREHOLDER
**COUNT.
ME IN!**



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Message

BY JEAN-PAUL AGON

L'ORÉAL CEO



Dear employees,

L'Oréal has been passionate about Beauty for more than a century. This is a collective adventure. Our success and strength rely, above all, on your personal commitment to us fulfilling our mission: Beauty for all.

Beauty is an eternal quest. It is also a constantly changing and growing market and we possess solid assets enabling us to continue to consolidate our leadership: our clear strategic plan, international network, highly committed teams, constant investment in Research and Innovation, stable shareholding and governance and the widest brand range in the industry.

In a radically changing world, we are pursuing our transformation into a more digital, efficient, agile and sustainable L'Oréal. Every day and in every country, you contribute to this transformation.

This year, we are inviting you to participate in our first Employee Share Plan and become an indirect L'Oréal shareholder via the "Employee Shareholding" compartment of the L'Oréal Employee Share Plan.

L'Oréal has always wished to involve its employees in the Group's success and prosperity. This is the Group's first employee shareholding plan, the Employee Share Plan, and offers you a new way to assist in Group growth and take part in its strategic plan, should you choose. It demonstrates our ambition to involve you more in the future of the Group.

This is a key moment in the life of L'Oréal and I am pleased to share it with you.

I sincerely hope that this offer will be highly popular with you all.

Thank you for your commitment and your trust.

L'Oréal

IN BRIEF

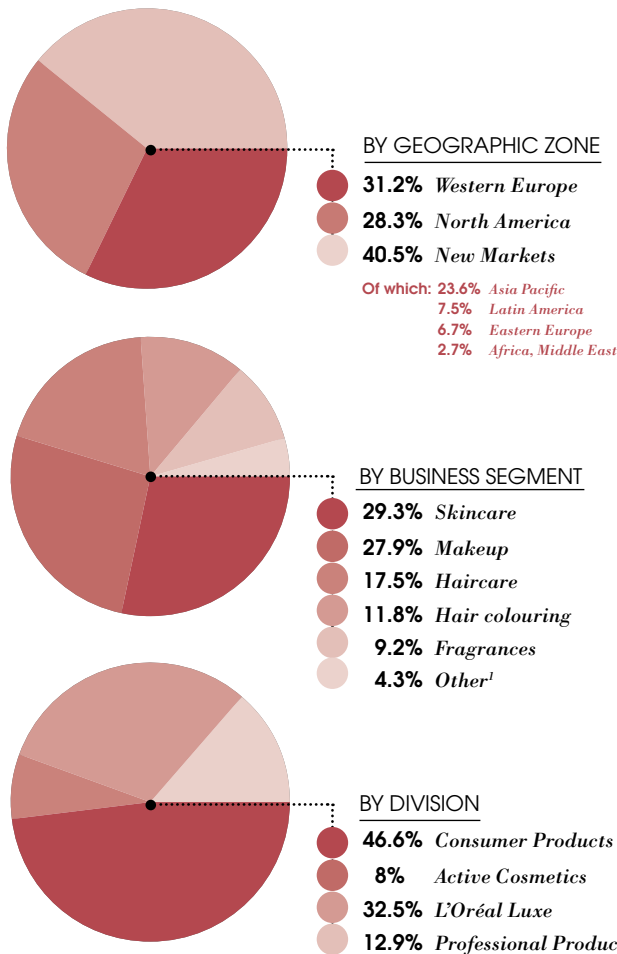
■ L'ORÉAL, THE WORLD LEADER IN BEAUTY

For more than a century, L'Oréal has devoted its energy and competencies solely to one business: beauty. We are the world's leading beauty group. Beauty drives the Group. It enables all individuals to gain self-confidence, express their personalities and open up to others and contributes to personal and collective well-being.

The Group caters for every beauty aspiration worldwide through its international flotilla of 34 complementary brands.

L'Oréal is found in all distribution channels and earned 26.02 billion euros in sales in 2017 thanks to its 82,600 employees worldwide.

■ BREAKDOWN OF 2017 SALES



¹ "Other" includes hygiene products as well as sales by American professional distributors with non-Group brands.



2017 KEY FIGURES



1ST COSMETICS
group worldwide



Operates in
150 countries



26.02 BILLION
EUROS
in sales



82,600
employees



A Research and Innovation
budget of
€877 MILLION

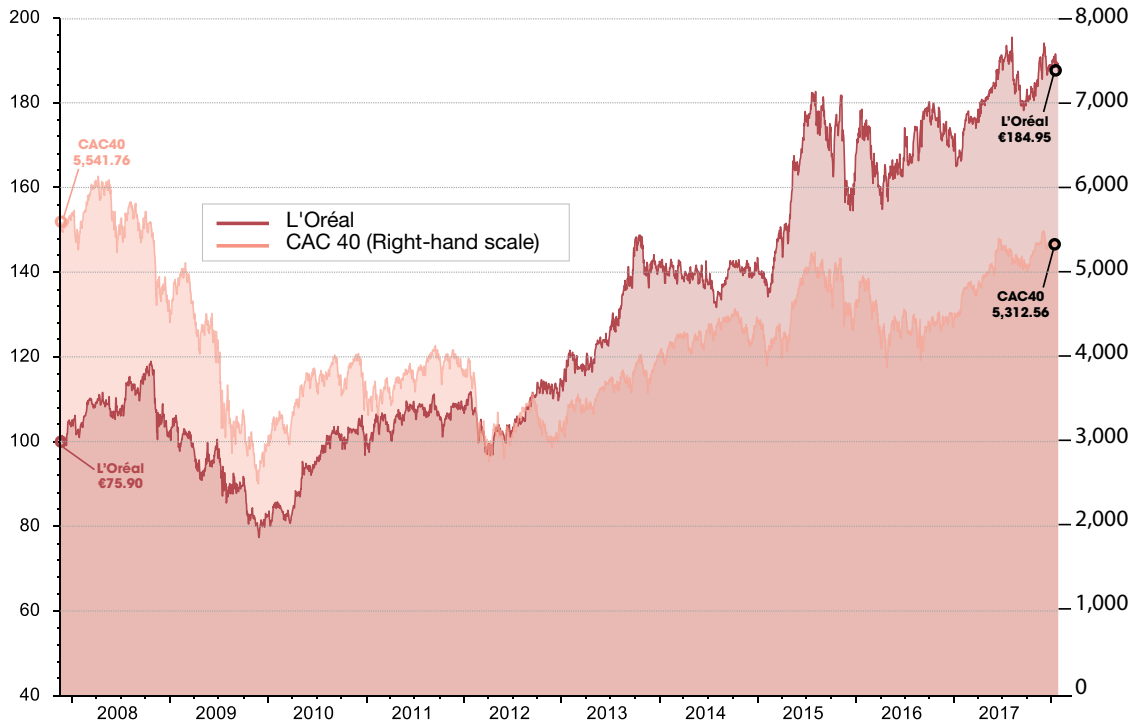


34 complementary
brands

■ SALES GROWTH FROM 2007 TO 2017 (IN BILLIONS OF EUROS)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
17,063	17,542	17,473	19,496	20,343	21,638	22,124	22,532	25,257	25,837	26,024

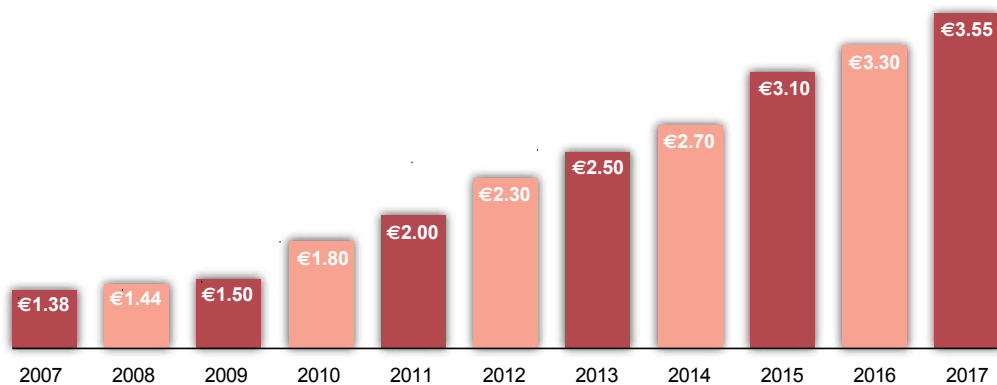
■ L'ORÉAL SHARE PRICE (IN EUROS) BETWEEN 2007 AND 2017



Source : Thomas Reuters Datastream

■ UNIT DIVIDEND (IN EUROS) BETWEEN 2007 AND 2017

The dividend corresponds to the portion of the Group net profit that is distributed to shareholders. The dividend is not paid automatically; its payment is decided at the General Meeting of Shareholders.



Warning: past performance does not predict future performance

L'Oréal periodically publishes documents, including financial information, on its website (www.loreal-finance.com). You are invited to consult these documents, which contain important information on subjects including the Group's business, strategy and objectives, the risk factors inherent in the Group and its business, and its financial results.

The employee **SHARE PLAN**

AN INVESTMENT IN L'ORÉAL SHARES IN THE INTERNATIONAL EMPLOYEE SHARE PLAN

In this first L'Oréal employee shareholding plan, you are invited to purchase L'Oréal shares via the "L'Oréal Employee Share Plan" FCPE² on preferential terms.

The "L'Oréal Employee Share Plan" FCPE is a collective investment fund restricted to Group employees wishing to invest in L'Oréal shares. It was created specifically for the Plan.

Each employee will receive the number of FCPE shares proportional to their investment.

A supervisory board consisting of L'Oréal employees and representatives of the enterprise is responsible for examining the FCPE's management³.



ADVANTAGE 1

20% discount

As an employee, you benefit from a subscription price that includes a 20% reduction off the share's reference price. This reduction is called the "discount". The reference price is the average opening listed price of the L'Oréal shares between May 4 and 31, 2018 and will be fixed on June 1, 2018.



ADVANTAGE 2

**Up to
4 BONUS SHARES**

L'Oréal gives you up to four bonus L'Oréal shares in addition to your subscription. This is a contribution made by the company. You will be given the bonus shares at the end of the lock-in period, i.e., on July 24, 2023, if you are still a L'Oréal Group employee on that date (or in the special cases mentioned in the "Local Supplement").



Use the online simulator on
www.invest2018-loreal.com
to calculate your investment.

²The "L'Oréal Employee Share Plan" employee shareholding fund (FCPE) is invested in L'Oréal shares. As a result, subscribers are recommended to assess the need to diversify their savings. It is essential that you read the Key Investor Information Document (KIID) on the "L'Oréal Employee Share Plan" FCPE.

³ See the FCPE rules.

BONUS SHARE RULE

If you purchase in 2018:	+	L'Oréal will give you as a bonus in 2023:	=	TOTAL of your investment in 2023:
1 share		1 share		2 shares
2 shares		1 share		3 shares
3 shares		2 shares		5 shares
4 shares		2 shares		6 shares
5 shares		2 shares		7 shares
6 shares		2 shares		8 shares
7 shares		3 shares		10 shares
8 shares		3 shares		11 shares
9 shares		3 shares		12 shares
10 shares		4 shares		14 shares

The maximum bonus is 4 L'Oréal shares. If you purchase more than 10 shares, the planned bonus is restricted to the maximum of 4 shares.

If you purchase **3 shares in 2018** + L'Oréal will give you **2 bonus shares in 2023⁴** = bringing your total investment to **5 shares in 2023**

In this hypothetical example in which the **reference price is €180 per L'Oréal share**, the share purchase price would be **€180 - the 20% discount = €144, i.e., a payment of €432 for 3 L'Oréal shares.**

If we suppose that the L'Oréal share price is again **€180 on July 24, 2023**, your investment **would be worth €900 in 2023.**

You pay in 2018 **3 x €144 = €432** + L'Oréal gives you as a bonus in 2023 **2 x €180 = €360** = Total value of your investment in 2023 **5 x €180 = €900**

THE VALUE OF YOUR INVESTMENT WILL VARY DEPENDING ON THE L'ORÉAL SHARE PRICE.

IN THIS EXAMPLE, BY PURCHASING 3 SHARES:

You pay in 2018		If the L'Oréal share price in trading on July 24, 2023	The value of your investment in 2023*
€432		Is 15% down on the reference price, i.e., €153	€765
€432		Is equal to the reference price, i.e., €180	€900
€432		Is 15% up on the reference price, i.e., €207	€1,035

⁴If you are still a Group employee.

* Excluding taxes and dividends

■ VOTING RIGHTS ATTACHED TO YOUR SHARES

The “L’Oréal Employee Share Plan” FCPE supervisory board will exercise the voting rights attached to your shares on your behalf at General Meetings.

■ PAYMENT FACILITIES FOR FINANCING YOUR SUBSCRIPTION

Payment details appear in your local supplement, which can be downloaded from www.invest2018-loreal.com.

■ POTENTIAL DIVIDENDS

Any dividends⁵ paid by L’Oréal will automatically be reinvested in the FCPE, increasing the value of your shares as a result. These dividends will be increased by 10% after you have held your registered shares via the FCPE for two years.

⁵The dividends are not paid automatically and depend on the Group’s profits. They are decided in General Meetings.



Financial advantages

L’Oréal pays the account management fees.

PARTICIPATING

IN THE EMPLOYEE SHARE PLAN

*The value of your investment depends
on the share price*



INVESTING IN L'ORÉAL SHARES IS A PERSONAL DECISION

Before you decide to invest in this Plan, we invite you to consult the latest annual or half-yearly reports by the L'Oréal Group. These documents contain important information on the Group and its strategy, performance and financial position.

The details contained in this brochure are provided solely for information and do not constitute financial or investment advice from L'Oréal. Your decision to participate in this operation is a free and strictly personal one.

THE VALUE OF YOUR INVESTMENT DEPENDS ON THE SHARE PRICE

IMPORTANT: Your investment will follow the L'Oréal share price, which will may go down as well as up. As a result, investing in the L'Oréal Employee Share Plan involves some risk of capital loss.

Consequently, the value of your assets on exit may be less than your personal contribution, depending on the share price.

As the L'Oréal Employee Share Plan fund is invested in L'Oréal shares, you are recommended to evaluate the need to diversify your savings in order to spread the risks. We recommend that you seek personal financial advice before investing in the L'Oréal Employee Share Fund.

YOUR INVESTMENT WILL BE LOCKED IN FOR 5 YEARS

Your investment will be locked in until July 24, 2023 except in the early release situations mentioned in the "Local Supplement".

You will be given the bonus shares at the end of the lock-in period, i.e., on July 24, 2023, if you are still a L'Oréal Group employee on that date (or in the special cases mentioned in the "Local Supplement"). In Ireland, for income tax purposes, the taxable amount is abated by 50% on the basis that the shares are locked up for a minimum of five years. In order for the abatement to apply, early termination must be limited to the death of the employee and or certain share reorganisations. For further information about the tax consequences of your investment, it is important to refer to the "Local Supplement".

After the five-year lock-in period, you can:

- either keep your "L'Oréal Employee Share Plan" FCPE assets for as long as you want or
- request the full or partial redemption of your assets.



For further information

on early release situations,
please consult the website
amundi.ee.fr

SUBSCRIPTION TERMS and conditions

WHO CAN SUBSCRIBE?

Any employees recorded as having worked for 24 months for a L'Oréal group company participating in the International Employee Share Plan on June 18, 2018 and still a Group employee on the last day of the subscription period, i.e., June 18, 2018.

HOW MUCH SHOULD YOU SUBSCRIBE?



AT A MINIMUM:
one L'Oréal share.



AT A MAXIMUM:
25% of your 2018 gross annual salary⁶.

At the end of the subscription period, your subscription choices will be final and can no longer be modified.



HOW DO EMPLOYEES SUBSCRIBE?

You can subscribe
in a few clicks:

- 1 - Visit the**
www.invest2018-loreal.com
website
- 2 - Click the** "Subscribe"
button
- 3 - Login using** your ID and
password
- 4 - Fill in** the online subscription
form
- 5 - Do not forget to confirm**
your subscription



A simulator is available
on the website.

www.invest2018-loreal.com

WHAT HAPPENS IF THE SHARES ARE OVERSUBSCRIBED?

If more shares are requested than are proposed under the L'Oréal Employee Share Plan, the biggest subscriptions (*including any bonus shares*) will be reduced until the number of units in the operation is reached.

This is done before the shares are definitively allocated and paid for.

⁶This includes your fixed and variable compensation together with all bonuses received or due during the year.

OFFER schedule

Subscription price and exchange rate fixed

You will be informed of them on the website www.invest2018-loreal.com, by e-mail and on display. Register now in the "E-mail alerts" module on www.invest2018-loreal.com to receive them by e-mail.



**JUNE 1,
2018**

**JUNE 4-18
2018**
(PARIS TIME)



Subscription period

During this period, you can subscribe on the website www.invest2018-loreal.com by clicking "Subscribe".

Capital increased and shares delivered

During the weeks after this is done, you will receive a confirmation of your subscription including the number of "L'Oréal Employee Share Plan" FCPE shares you hold.



**JULY 24,
2018**

**JULY 24,
2023**



Asset availability date

(after a five-year lock-in period)

On this date, you can choose to either:

- Request the redemption of your assets,
- Keep your assets in the "L'Oréal Employee Share Plan" FCPE.

WWW.INVEST2018-LOREAL.COM
L'ORÉAL