

From  
June  
4 to 18  
2018



EMPLOYEE SHARE OWNERSHIP PLAN



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



**CONTENTS**

**4**

**L'ORÉAL IN BRIEF**

**9**

**PARTICIPATING  
IN THE SHARE PLAN**

**11**

**OFFER SCHEDULE**

**3**

**MESSAGE BY  
JEAN-PAUL AGON**

**6**

**THE L'ORÉAL  
EMPLOYEE  
SHARE PLAN**

**10**

**SUBSCRIPTION  
TERMS AND  
CONDITIONS**

# *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 with the opportunity to become a L'Oréal shareholder.

L'Oréal has always wished to involve its employees in the Group's success and prosperity. This is the Group's first Employee Share Plan and offers you a new way to assist in Group growth and take part in its strategic plan, should you decide to participate. 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

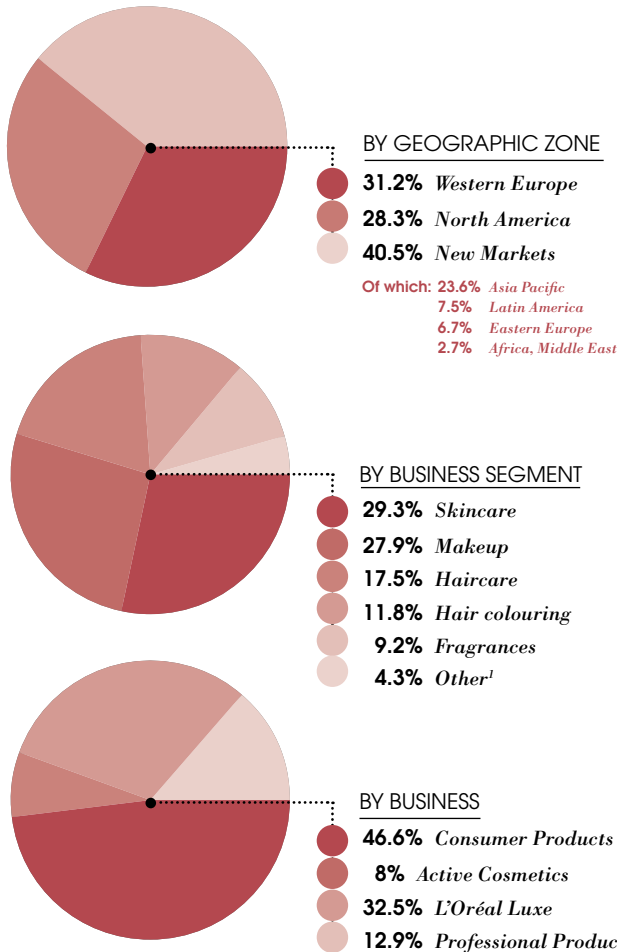
### ■ L'ORÉAL, THE WORLD LEADER IN BEAUTY

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 to every beauty aspiration worldwide through its international compilation 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



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



2017 KEY FIGURES



**1<sup>ST</sup> COSMETICS**  
group worldwide



Operates in  
**150** countries



**26.02** BILLION  
EUROS  
in sales



**82,600**  
employees



A Research and Innovation  
budget of  
**€877** MILLION

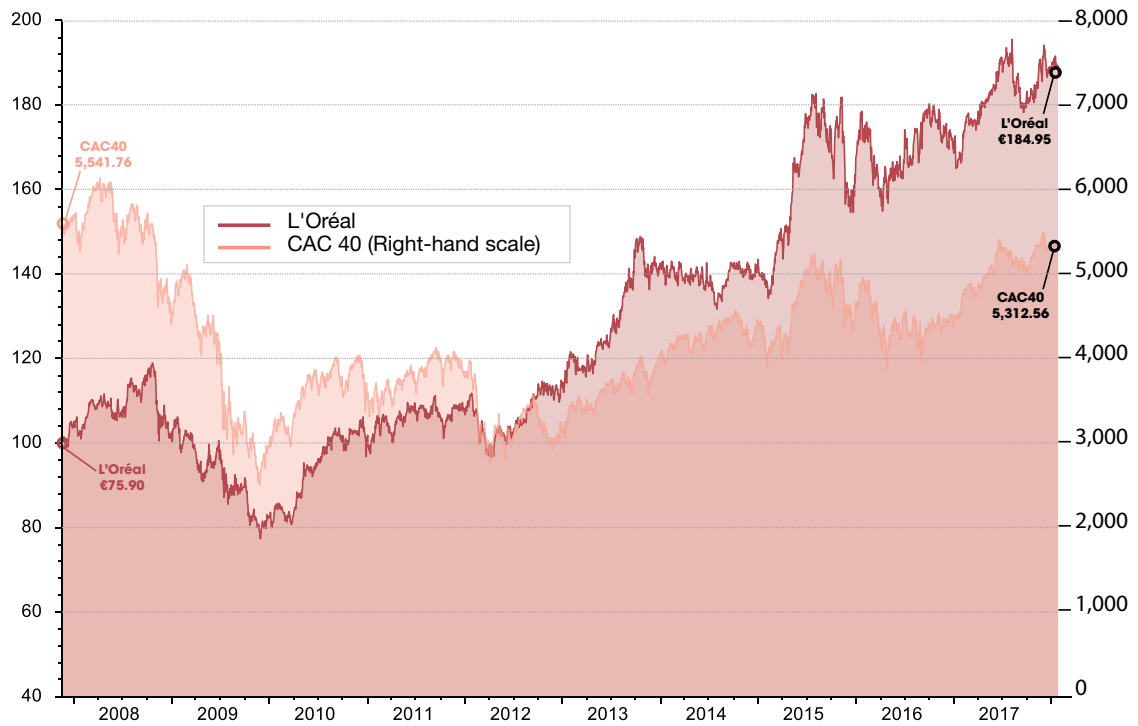


**34** complementary  
brands

## 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

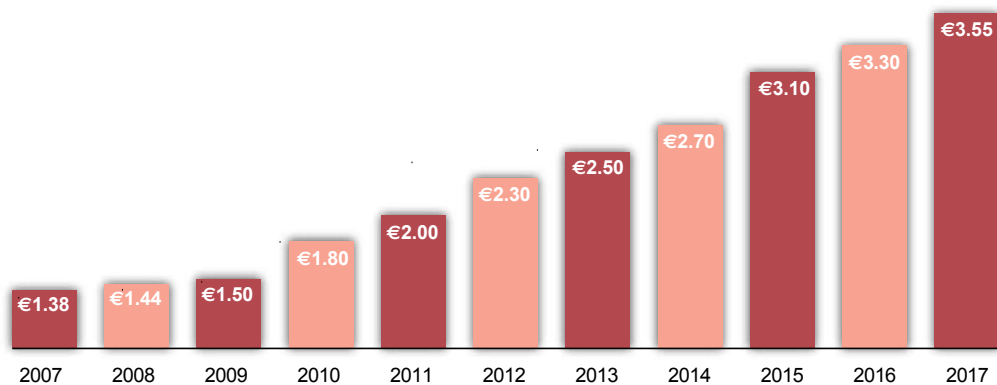
## L'ORÉAL SHARE PRICE (IN EUROS) BETWEEN 2007 AND 2017



Source: Thomson 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](http://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 the first employee share plan offered by L'Oréal, you can purchase L'Oréal shares on preferential terms. L'Oréal has reserved 500,000 shares to be available for the Employee Share Plan.

If you choose to subscribe to shares in the Employee Share Plan, they will be recorded under your name in a share account. These shares may not be sold (they are "locked in") for five years except in the specified early release situations.



### 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, 2018 and May 31, 2018 and will be set 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").

The number of bonus shares you receive is based upon the number of shares you purchase, as specified below.



Use the online simulator on  
[www.invest2018-loreal.com](http://www.invest2018-loreal.com)  
to calculate your investment.

## 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 2023<sup>4</sup>** = 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 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 (including bonus shares) in 2023 will be*
<b>€432</b>		Is 15% below the reference price, i.e., <b>€153</b>	<b>€765</b>
<b>€432</b>		Is equal to the reference price, i.e., <b>€180</b>	<b>€900</b>
<b>€432</b>		Is 15% greater than the reference price, i.e., <b>€207</b>	<b>€1,035</b>

<sup>4</sup> If you are still a Group employee (or in the special cases mentioned in the "Local Supplement" for your country).

\* Excluding taxes and dividends.



### ■ VOTING RIGHTS ATTACHED TO YOUR SHARES

As a shareholder, you can exercise the voting rights attached to each of your shares in General Meetings.

### ■ PAYMENT FACILITIES FOR FINANCING YOUR SUBSCRIPTION

Payment details appear in your “Local Supplement”, which can be downloaded from [www.invest2018-loreal.com](http://www.invest2018-loreal.com).

### ■ POTENTIAL DIVIDENDS

You will receive any dividends<sup>5</sup> paid by L’Oréal. The dividend amount per share will be increased by 10% after you have held your registered shares for two calendar years.

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

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Financial benefits

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L’Oréal pays the account management fees.

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# PARTICIPATING

## IN THE EMPLOYEE SHARE PLAN

*for a long-term investment*



### 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 and will have no effect, neither positive or negative, on your employment.

#### THE VALUE OF YOUR INVESTMENT DEPENDS ON THE SHARE PRICE

Your investment will follow the L'Oréal share price up and down. As a result, you may incur a capital loss.

Consequently, the value of your assets at the time you sell your shares may be less than your personal contribution, depending on the share price.

#### 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 share(s) 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").

#### At the end of the five-year lock-in period:

- you can either keep your shares for as long as you want or you can sell them.

#### Note

*As L'Oréal shares are listed in euros on the Paris Stock Exchange, the value of your investment will vary as the exchange rate between the euro and your currency fluctuates over the term of your investment. If the value of the euro rises against your currency, the value of your shares will rise in your currency. Conversely, if the value of the euro drops against your currency, the value of your shares will drop in your currency.*



#### For further information

on early release situations, please consult the "Local Supplement".

# 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.

## ARE THERE LIMITS TO MY SUBSCRIPTION?



**AT A MINIMUM:**  
one L'Oréal share.



**AT A MAXIMUM:**  
25 % of your 2018 gross annual salary<sup>6</sup>.

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



## HOW DO EMPLOYEES SUBSCRIBE?

You can subscribe  
in a few clicks:

- 1 - Visit the**  
[www.invest2018-loreal.com](http://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](http://www.invest2018-loreal.com)**

## WHAT HAPPENS IF THE SHARES ARE OVERSUBSCRIBED?

L'Oréal has allotted 500,000 shares for the Employee Share Plan. If more shares are requested than are proposed under the Employee Share Plan, the biggest subscriptions (*including any bonus shares*) will be reduced until the allotted number of shares reserved for the Plan is reached.

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

<sup>6</sup>This includes your annual base salary and all bonuses received or due during the year.

# OFFER schedule

## Subscription price and exchange rate fixed

You will be informed of the subscription price and exchange rate on the website **www.invest2018-loreal.com**, and by e-mail. 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 the close of the subscription period, you will receive a confirmation of your subscription including the number of 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:

- Sell your shares, or
- Keep your shares.

WWW.INVEST2018-LOREAL.COM  
**L'ORÉAL**