

# L'Oréal announces best sales growth in 10 years; travel retail sales break US\$2.27 billion mark



L'Oréal's Chairman and CEO, Jean-Paul Agon said the company had its best sales growth in over 10 years, with total annual sales in 2018 hitting US\$30.5 billion

L'Oréal reported the best growth in over 10 years, with total annual sales for 2018 soaring to 26.9 billion euros (US\$30.5 billion). The total annual sales increased by 7.1% like-for-like (+8% at constant exchange rates and +3.5% based on reported figures). Its 2018 travel retail sales also rose by 27.1% to reach 2 billion euros (US\$2.27 billion). The company shared its 2018's annual results yesterday (February 7).

According to L'Oréal's press release, operating profit was at 4.92 billion euros (US\$5.58 billion), representing 18.3% of sales. Commenting on the annual results, Jean-Paul Agon, Chairman and CEO of L'Oréal, said: "In a beauty market that accelerated significantly in 2018, L'Oréal marked its best year of growth since 2007, at + 7.1% 1, following a strong fourth-quarter increase of +7.7%." He noted that all divisions were growing, in particular, L'Oréal Luxe and Active Cosmetics recorded double-digit growth. Additionally, Lancôme's sales also crossed the 3 billion euros (US\$3.4 billion) mark. L'Oréal's four divisions are Professional Products, Consumer Products, L'Oréal Luxe and Active Cosmetics.

The Active Cosmetics Division achieved its highest growth for more than 10 years in a very dynamic skincare market. In the Consumer Products Division, 2018 was a good year for L'Oréal Paris and Maybelline New York. The Professional Products Division meanwhile recorded a modest increase in sales, thanks to a significant acceleration in the final quarter," Agon continued.

"2018 was another very good year for two of our most powerful growth drivers. Firstly, e-commerce which advanced by +40.6%, and now accounts for 11% of Group sales. Secondly, Travel Retail, which broke the 2 billion euros barrier with an increase of +27.1%," Agon said.

Ultimately, Agon credited the stunning sales performance to the strength of L'Oréal's robust and well-balanced business model, which covered all circuits, all categories, all price points and addressed all

consumers, that enabled the Group to seize opportunities.

“All over the world, our teams are alert and listening to consumers’ needs and desires. They adapt and allocate resources with great agility, always in the pursuit of excellence,” said Agon.

### **Strong performance in new markets**

Agon shared that performance by geographic zones remained differentiated. He explained that progress in Western Europe was held back by difficulties in some markets while growth in North America improved as compared with the previous year. He also shared that L’Oréal’s ‘New Markets’ – Africa, Asia Pacific, Latin America, Eastern Europe and the Middle East achieved their best performance since 2007, and the Asia Pacific Zone, driven by China, has now overtaken North America with sales exceeding 7 billion euros (US\$7.94 billion).

Growth in the Asia Pacific region rose by 24.1% like-for-like and 20.4% reported. All four divisions in this region saw an increase in market share. L’Oréal attributed the growth to three factors – the dynamism of Chinese consumers, combined with the good performance of premium brands and rapid growth in several other South-East Asian markets as well as in Travel Retail. The four Divisions posted robust fourth-quarter figures, as a result of the success of Singles’ Day (11/11) sales in China. The acquisition of Stylenanda in June also strengthened L’Oréal’s position in the Zone.