

2020 HALF-YEAR RESULTS

RESILIENT BUSINESS AND SOLID RESULTS

- **Sales: 13.07 billion euros**
 - -11.7% like-for-like¹ and based on reported figures
- **Growth continues in China: +17.5%¹**
- **Strong growth in e-commerce: +64.6%²**
- **Operating margin at 18%**
- **Earnings per share³ at 3.82 euros**

Commenting on these figures, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

"The L'Oréal group has shown great resilience during this first half of 2020, marked by the crisis of the Covid-19 pandemic.

The Group's first priority during this period was to ensure the health and welfare of its employees everywhere in the world, to protect its small clients and suppliers with credit and payment facilities, and to be in solidarity with healthcare workers with the donation of more than 15 million units of hand sanitiser gel and moisturising hand cream.

The consumption of beauty products over the period was strongly impacted by the closure of millions of points of sale (hair salons, perfumeries, department stores, airport stores, etc.) which caused a real crisis of supply, rather than demand, with consumers temporarily unable to purchase products and services.

In these exceptionally difficult circumstances, each Division of L'Oréal has demonstrated great business resilience. The Active Cosmetics Division has managed to maintain good growth. The Consumer Products Division limited the impact on sales despite its heavy weight in makeup, which was the category that slowed the most. The L'Oréal Luxe and Professional Products Divisions were remarkably successful at maintaining relatively solid activity, thanks to e-commerce, despite the closure of almost all of their points of sale. As a result, the Group overall has managed to outperform the beauty market over the period. It has seen its activity accelerate month after month since April, and is progressively returning to growth.

This business resilience was made possible by several key strengths of the Group. First of all, our lead in the field of digital and e-commerce, which proved to be crucial during the crisis and is now even bigger, with e-commerce growing by +64.6%² over the first half. L'Oréal's performance in mainland China was also decisive, with growth in the second quarter of +30%¹. Finally, the power of our brands

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

² Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' e-commerce websites (non-audited data).

³ Diluted net earnings per share, excluding non-recurring items, after non-controlling interests.

and our major products, which are a true refuge for consumers in these troubled times. We must also underline the tremendous mobilisation and remarkable agility of our teams throughout the world.

At the same time, the Group was able to deliver results that demonstrate solid resistance: profitability at 18% close to the annual level of 2019, limited decline in earnings per share, and overall a very well preserved profit and loss account, with a high gross margin, lower costs, and investment in research and business drivers maintained in relative value.

We approach this second half with lucidity, confidence and resolve. Lucidity because the global health crisis is unfortunately not over. Confidence because consumers' appetite for beauty is intact, access to points of sale should be easier going forward, and e-commerce will continue to get stronger. And finally resolve because in this second half of the year, we are embarking on an aggressive plan of new product launches and business drivers to stimulate, in partnership with our retail partners, the return of the consumption of beauty products. We are therefore determined to outperform the market, find again the path to growth if the sanitary conditions allow it, and deliver solid profitability.”

2020 Half-Year sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales of the L'Oréal group was at -11.7%.

The net impact of changes in the scope of consolidation was +0.3%.

Evolution at constant exchange rates amounted to -11.4%.

Currency fluctuations had a negative impact of -0.3%. If the exchange rates at 30 June 2020, i.e. €1 = \$1.121, are extrapolated until 31 December 2020, the impact of currency fluctuations on sales would be approximately -1.5% for the whole of 2020.

Based on reported figures, the Group's sales at 30 June 2020 amounted to 13.07 billion euros, i.e. -11.7%.

Sales by Division and geographic Zone

	2 nd quarter 2020			1 st half 2020		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By Division</u>						
Professional Products	590.6	-31.7%	-32.8%	1,341.7	-21.3%	-21.7%
Consumer Products	2,680.9	-15.2%	-17.4%	5,850.7	-9.4%	-10.4%
L'Oréal Luxe	1,917.7	-24.7%	-22.4%	4,382.2	-16.8%	-14.9%
Active Cosmetics	662.0	+ 4.3%	-0.6%	1,501.9	+ 9.0%	+ 6.0%
Group total	5,851.3	-18.8%	-19.4%	13,076.5	-11.7%	-11.7%
<u>By geographic Zone</u>						
Western Europe	1,555.8	-24.8%	-23.9%	3,553.5	-16.1%	-15.6%
North America	1,460.4	-25.4%	-23.5%	3,307.7	-15.2%	-13.1%
New Markets, of which:	2,835.0	-11.0%	-14.3%	6,215.4	-6.9%	-8.5%
- <i>Asia Pacific</i>	<i>2,133.4</i>	<i>-4.1%</i>	<i>-4.3%</i>	<i>4,468.5</i>	<i>-3.9%</i>	<i>-3.4%</i>
- <i>Latin America</i>	<i>264.4</i>	<i>-27.3%</i>	<i>-42.1%</i>	<i>659.2</i>	<i>-13.9%</i>	<i>-25.0%</i>
- <i>Eastern Europe</i>	<i>319.3</i>	<i>-23.7%</i>	<i>-28.7%</i>	<i>798.9</i>	<i>-12.1%</i>	<i>-14.2%</i>
- <i>Africa, Middle East</i>	<i>118.0</i>	<i>-30.0%</i>	<i>-32.4%</i>	<i>288.8</i>	<i>-17.4%</i>	<i>-19.1%</i>
Group total	5,851.3	-18.8%	-19.4%	13,076.5	-11.7%	-11.7%

Summary by Division

PROFESSIONAL PRODUCTS

At the end of June, the Professional Products Division is at -21.3% like-for-like and -21.7% reported.

After a good start to the year, particularly with its biggest brand, *L'Oréal Professionnel*, the Professional Products Division saw its activity penalised by the health crisis, with the sudden closure of hair salons worldwide. Towards the end of the quarter, the Division's performance progressively improved. With the gradual reopening of hair salons, many countries returned to growth, particularly the United States, Germany and China. *Kérastase* continued to outperform the market, thanks to the successful launch of *Genesis* and its omni-channel development.

E-commerce posted record growth in the first half, confirming the acceleration of the Division's digital transformation. The support provided to hairdressers during the crisis, by freezing debts, providing online education and making masks and hand sanitiser gels available, has strengthened L'Oréal's position as both the market and industry leader.

CONSUMER PRODUCTS

The Consumer Products Division is at -9.4% like-for-like and -10.4% reported in the first half.

The health crisis triggered a sharp deceleration in the makeup market, with a negative impact on the performance of *Maybelline New York* and *NYX Professional Makeup* in particular. The Division's business overall is stable excluding makeup. In haircare, *Fructis* maintained its strong growth thanks to *Fructis Hair Food*. In face care, *L'Oréal Paris* continued to grow and outperformed the market, thanks to the launch of serums in the *Revitalift* range. Furthermore, the Division made market share gains in the highly dynamic home-use hair colour market. The Division delivered an excellent performance in China, particularly with *3CE Stylenanda* in makeup, and made market share gains in most of the major European countries. The good performance in Brazil, which ended the first half in positive territory, is also worth noting.

The Group's digital leadership has enabled it to make the most of e-commerce all over the world, in China for example, but also in the United States, where online sales more than doubled in the first half. All the geographic Zones have drawn up a powerful acceleration plan for the second half, focused on three priorities: accelerating the pace of innovation, major "*Back to Beauty*" initiatives, and the intensification of media investments to stimulate demand.

L'ORÉAL LUXE

The L'Oréal Luxe Division ended the first half at -16.8% like-for-like and -14.9% reported, in a luxury beauty market that contracted by some 23%.

The Division continued to make market share gains, harnessing the power of its top brands, especially those with strong positions in skincare, such as *Kiehl's*, *Lancôme* and *Helena Rubinstein*. The latest fragrance launches, such as *Libre* by *Yves Saint Laurent*, also performed strongly, alongside the historic pillars. Makeup remains the category most affected by the crisis.

L'Oréal Luxe is making market share gains across all Zones, with the sole exception of North America. At the end of the first half, the first encouraging signs of upturn were confirmed in the major luxury markets, particularly in Asia and especially in China, where the Division returned to growth of more than 30% ¹. But this is also true of Western Europe (France, Germany) where Mother's Day and Father's Day triggered an upturn in consumption.

The Division has continued to see very strong growth in e-commerce, which worldwide has increased by more than 65% ². Travel Retail however continues to be severely affected by the low level of air traffic.

The gradual reopening of brick-and-mortar outlets and the sustained plan of major global launches in the second half should enable L'Oréal Luxe to benefit from the rebound in business and to outperform the market.

ACTIVE COSMETICS

In a sluggish dermocosmetics market, the Active Cosmetics Division posted sustained growth at +9.0% like-for-like and +6.0% reported, at the end of June.

In the second quarter, the Division produced a robust performance at +4.3%¹. This was the result of the strong mobilisation of the teams, who used digital leverage to intensify brand activation and strengthen relationships with prescribers and consumers. The Division benefited from its expertise in e-commerce, which became the number one growth driver in all Zones. The Division's performance was particularly strong in Asia and in North America, where *CeraVe*, *SkinCeuticals*, and *La Roche-Posay* posted double-digit growth and new market share gains.

These same brands have also produced an excellent performance on a global level. *CeraVe*, in particular, the number one brand in terms of contribution to the Division's growth, posted double-digit growth in all Zones.

Summary by geographic Zone

WESTERN EUROPE

The Zone is at -16.1% like-for-like and -15.6% reported. The market in Western Europe has been heavily impacted by lockdown measures, and by the closure of hair salons, department stores and perfumeries in almost all countries. Since mid-May, the market has started to pick up, particularly in the haircare and skincare categories. The upturn is however more gradual in makeup and sun care. The southern countries, such as Spain and Italy, have felt the strongest impact, because the lockdown there was longer and e-commerce structurally less developed, while Germany, the Netherlands, and the Scandinavian countries proved more resilient.

In this difficult context, the Consumer Products Division doubled its online sales, and performed very strongly in home-use hair colour. *Garnier* strengthened its positions, with a particularly good start for the *Fructis Hair Food* line. L'Oréal Luxe outperformed its market, especially in fragrances and in skincare with *Biotherm*. At the end of June, the Active Cosmetics Division posted growth for its brands *La Roche-Posay* and *SkinCeuticals*. *CeraVe* accelerated very strongly, but *Vichy* has been held back by a contraction in the anti-ageing market. The Professional Products Division has been hit by hair salon closures, but the recovery is encouraging. E-commerce was very dynamic in the second quarter at +91%², even after lockdown measures were eased.

NORTH AMERICA

The Zone is at -15.2% like-for-like and -13.1% reported. The second quarter was severely impacted by lockdown measures. If the market is showing encouraging signs of recovery since the progressive re-opening of points of sale, uncertainty remains due to a contrasted sanitary situation between different States in the United States. The most notable achievement is the considerable e-commerce acceleration in all Divisions that remains very dynamic even after point of sales reopening.

The Consumer Products Division was penalised by its strong footprint in makeup. It reinforced its leadership in hair colour and accelerated in skincare thanks to *L'Oréal Paris Revitalift Hyaluronic Acid Serum* and *10% Pure Glycolic Acid Serum*. The Division had strong market share gains online with triple digit growth. L'Oréal Luxe mitigated the impact of store closures with an acceleration of its skincare, thanks to *Kiehl's*, *Lancôme* and *IT Cosmetics*, and e-commerce which more than doubled in the second quarter. The Professional Products Division suffered during April and May, but saw a rebound in June with the reopening of the hair salons. The Division reinforced its partnership with hair salons through financial support during the crisis, especially through SalonCentric with double-digit growth in June. The Active Cosmetics Division continued to record double-digit growth and significant market share gains. *CeraVe* had great momentum at more than 50%, supported by digital investment. *SkinCeuticals* also posted double-digit growth.

NEW MARKETS

Asia Pacific: the Zone is at -3.9 % like-for-like and -3.4 % reported, most countries still being impacted by the pandemic during the second quarter.

Mainland China is at +17.5% like-for-like and +16.2% reported.

The Chinese beauty market rebounded into positive territory in the second quarter. The appetite of Chinese consumers for big brands, quality, and products they can trust, remains very strong. Various shopping festivals, online and offline, also helped to stimulate the rapid recovery of the market. L'Oréal China accelerated its growth in the second quarter, outperforming the market, and gained market shares in all Divisions and in the skincare, makeup and haircare categories. Following a strong first quarter, online sales remained dynamic. Since May, sales in department stores and boutiques also returned to growth. During the important online shopping festival on 18 June, L'Oréal gained significant market share, thanks to its expertise in digital activation. *L'Oréal Paris* and *Lancôme* took the top two positions in the Tmall shopping day ranking.

In the rest of the **Asia Pacific Zone**, the situation remains contrasted in most countries. The countries least hit by the pandemic such as South Korea, Taiwan, Australia, New Zealand and Vietnam, were back to growth in the month of June, while Japan and South Asia were still affected by their high exposure to the makeup category. Due to the total absence of tourism, Hong Kong (SAR) remains significantly under the 2019 sales. The evolution of the pandemic in India remains progressive and is affecting consumption significantly.

Despite this overall difficult situation, the L'Oréal Luxe and Active Cosmetics Divisions gained market share in all major markets, especially in the skincare category.

E-commerce is, for all the Divisions and markets, another strong growth driver achieving close to 60%² growth across the Zone.

Latin America: the Zone is at -13.9% like-for-like and -25.0% reported, with contrasted situations by country. It is worth noting the good performance of the Consumer Products Division in Brazil, and the Active Cosmetics Division, driven by *CeraVe*. After a widespread lockdown in April and May, there were signs of recovery in all of the Zone's markets in June. This was driven by a gradual reopening of points of sale, but also by the acceleration of e-commerce in the second quarter, which posted triple-digit growth. Skincare growth was strong. Hair colour recorded sustained growth in the Consumer Products Division, whilst the Professional Products Division was held back by the closure of hair salons in most countries throughout the second quarter. The Active Cosmetics Division was stable. L'Oréal Luxe continued to gain market shares in the Zone.

Eastern Europe: the Zone is at -12.1% like-for-like and -14.2% reported. While the health situation is improving in Central Europe, where most retail channels are open, Russia, Turkey and Ukraine are still facing an acceleration of the pandemic, and have therefore been more impacted by the crisis. Only the Active Cosmetics Division posted growth in the second quarter, while the other Divisions saw sales decrease, especially the Professional Products Division following the closure of hair salons. In June however, there were very encouraging signs of an upturn, especially for the L'Oréal Luxe and Active Cosmetics Divisions which both increased sales. E-commerce was dynamic, accounting for more than 16% of sales.

Africa, Middle East: the Zone is at -17.4% like-for-like and -19.1% reported. The Middle East continues to be affected by the pandemic, particularly Saudi Arabia, Egypt and Pakistan, where retail outlets have been facing recurring point of sales closures. The pandemic started later in Sub-Saharan Africa, but accelerated strongly in May and June. All the Divisions are feeling its impact, with Active Cosmetics being the one least affected.

Important events during the period 1/4/20 to 30/6/20

- On 14 May, L'Oréal announced the appointment of Myriam Cohen-Welgryn, who joined the Group as President of the Active Cosmetics Division and thus became a member of the Executive Committee. She succeeds Brigitte Liberman, who elected to retire at the end of the year, following 34 years within the Group.
- On 18 June, L'Oréal announced the signing of an agreement to acquire Thayers Natural Remedies, a US-based natural skincare brand, from Henry Thayer Company. The brand will be integrated into L'Oréal's Consumer Products Division.
- On 25 June, L'Oréal launched its new sustainability programme "L'Oréal for the Future", laying down the Group's latest set of ambitions for 2030. In view of increasingly urgent environmental and social challenges, L'Oréal is accelerating its transformation in the fields of sustainability and inclusion.
- On 29 June, L'Oréal finalised the sale of the Roger & Gallet brand to the French investment holding Impala, following the announcement on 4 February 2020
- On 30 June, the Annual General Meeting of L'Oréal was held behind closed doors. All the resolutions were approved, including the dividend at 3.85 euros per share, the same as 2019.

2020 Half-Year results

The limited review procedures of the half-year consolidated accounts have been completed. The limited review report is being prepared by the Statutory Auditors.

Operating profitability at 18.0% of sales

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

<i>In € million</i>	30/6/19	As % of sales	31/12/19	As % of sales	30/6/20	As % of sales	Change H1-2020 vs. H1-2019
Sales	14,811.5	100.0%	29,873.6	100.0%	13,076.5	100.0%	-11.7%
<i>Cost of sales</i>	<i>-3,988.5</i>	<i>26.9%</i>	<i>-8,064.7</i>	<i>27.0%</i>	<i>-3,512.3</i>	<i>26.9%</i>	
Gross profit	10,823.0	73.1%	21,808.9	73.0%	9,564.2	73.1%	Stable
<i>R&D expenses</i>	<i>-459.7</i>	<i>3.1%</i>	<i>-985.3</i>	<i>3.3%</i>	<i>-455.3</i>	<i>3.5%</i>	
<i>Advertising and promotion expenses</i>	<i>-4,471.7</i>	<i>30.2%</i>	<i>-9,207.8</i>	<i>30.8%</i>	<i>-3,986.5</i>	<i>30.5%</i>	
<i>Selling, general and administrative expenses</i>	<i>-3,003.3</i>	<i>20.3%</i>	<i>-6,068.3</i>	<i>20.3%</i>	<i>-2,765.2</i>	<i>21.1%</i>	
Operating profit	2,888.4	19.5%	5,547.5	18.6%	2,357.2	18.0%	-150 bps

Gross profit, at 9,564 million euros, came out at 73.1% of sales, stable compared to the first half of 2019.

Research and Development expenses, at 455 million euros, came out at 3.5% of sales.

Advertising and promotion expenses came out at 30.5% of sales, an increase of 30 basis points.

Selling, general and administrative expenses, at 21.1% of sales, have increased by 80 basis points compared to the 2019 first half.

Overall, **operating profit** came out at 2,357 million euros, an increase of 150 basis points compared to the 2019 first half, at 18.0% of sales.

Operating profit by Division

	30/6/19		31/12/19		30/6/20	
	€m	% of sales	€m	% of sales	€m	% of sales
By Division						
Professional Products	327.9	19.1%	691.6	20.1%	140.0	10.4%
Consumer Products	1,351.1	20.7%	2,574.6	20.2%	1,243.7	21.3%
L'Oréal Luxe	1,227.3	23.8%	2,493.7	22.6%	892.0	20.4%
Active Cosmetics	376.1	26.5%	620.8	23.3%	433.8	28.9%
Total Divisions before non-allocated	3,282.3	22.2%	6,380.7	21.4%	2,709.5	20.7%
<i>Non-allocated</i> ⁴	-393.9	-2.7%	-833.2	-2.8%	-352.3	-2.7%
Group	2,888.4	19.5%	5,547.5	18.6%	2,357.2	18.0%

The L'Oréal group is managed on an annual basis. This means that half-year operating profits cannot be extrapolated for the whole year.

The profitability of the **Professional Products Division** has gone from 19.1% to 10.4%.

The profitability of the **Consumer Products Division** improved by 60 basis points at 21.3%.

L'Oréal Luxe posted a profitability of 20.4% compared to 23.8% in the first half of 2019.

The profitability of the **Active Cosmetics Division** increased again to achieve a very high level at 28.9%.

⁴ Non-allocated expenses = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of total Divisions sales.

Net profit excluding non-recurring items

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

<i>In € million</i>	30/6/19	31/12/19	30/6/20	Change H1-2020 vs. H1-2019
Operating profit	2,888.4	5,547.5	2,357.2	-18.4%
<i>Financial revenues and expenses excluding dividends received</i>	-30.2	-62.7	-36.5	
<i>Sanofi dividends</i>	363.0	363.0	372.4	
Profit before tax and associates excluding non-recurring items	3,221.1	5,847.9	2,693.0	-16.4%
<i>Income tax excluding non-recurring items</i>	-748.8	-1,486.7	-547.9	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	0.0	+1.0	+0.7	
<i>Non-controlling interests</i>	-6.1	-5.4	-1.1	
Net profit excluding non-recurring items, after non-controlling interests ⁵	2,466.2	4,356.9	2,144.8	
EPS ³ (€)	4.38	7.74	3.82	-12.7%
Diluted average number of shares	563,247,153	562,813,129	561,233,745	

Overall financial expenses came out at 36.5 million euros.

Sanofi dividends amounted to 372 million euros.

Income tax excluding non-recurring items came out at 547 million euros, i.e. a tax rate of 20.3%, lower than the 2019 first half.

Net profit excluding non-recurring items after non-controlling interests came out at 2,144 million euros.

Earnings per share, at 3.82 euros, has decreased by -12.7% compared with the first half of 2019.

⁵ Net profit excluding non-recurring items, after non-controlling interests, excludes mostly capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, tax effects and non-controlling interests.

Net profit

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

<i>In € million</i>	30/6/19	31/12/19	30/6/20
Net profit excluding non-recurring items, after non-controlling interests ⁵	2,466.2	4,356.9	2,144.8
Non-recurring items	-139.5	-606.9	-322.3
of which:			
o <i>other income and expenses</i>	<i>-170.3</i>	<i>-436.5</i>	<i>-407.1</i>
o <i>tax effect</i>	<i>+30.8</i>	<i>-170.4</i>	<i>+84.8</i>
Net profit after non-controlling interests	2,326.7	3,750.0	1,822.5

Non-recurring items amounted to 322 million euros, net of tax, of which 407 million euros other income and expenses, principally made of:

- Asset depreciation for 90 million euros,
- Restructuring charges of 133 million euros,
- And costs generated by the sanitary crisis for 140 million euros, including health protection measures for employees and expenses derived from the decisions made by the different government authorities, to impose a sudden and total closing of some of our businesses due to lockdown measures over a defined period of time.

Operating cash flow and balance sheet

Gross cash flow amounted to 2,668 million euros. Its evolution is in line with the net profit.

The **change in working capital** amounted to 889 million euros.

Investments, at 504 million euros, represented 3.8% of sales.

Operating cash flow amounted to 1,274 million euros.

At 30 June 2020, after taking into account finance lease liabilities for 1,858 million euros, **net cash** amounted to 2,161 million euros.

"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.

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 is a free translation into English of the 2020 Half-Year 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.

Contacts at L'ORÉAL (switchboard: 01.47.56.70.00)

Individual shareholders and market authorities

Mr Christian MUNICH
Tel.: +33 1 47 56 72 06
christian.munich2@loreal.com

Financial analysts and institutional investors

Ms Françoise LAUVIN
Tel.: +33 1 47 56 86 82
francoise.lauvin@loreal.com

Journalists

Ms Domitille FAFIN
Tel.: +33 1 47 56 76 71
domitille.fafin@loreal.com

For further information, please contact your bank, stockbroker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers or magazines or the Internet site for shareholders and investors, www.loreal-finance.com, the L'Oréal Finance app or call the toll-free number from France: 0 800 66 66 66.

Appendices

Appendix 1: L'Oréal group sales 2019/2020 (€ million)

	2019	2020
First quarter	7,550.5	7,225.2
Second quarter	7,261.0	5,851.3
First half total	14,811.5	13,076.5
Third quarter	7,182.8	
Nine months total	21,994.3	
Fourth quarter	7,879.3	
Full year total	29,873.6	

Appendix 2: compared consolidated income statements

€ millions	1 st half 2020	1 st half 2019	2019
Net sales	13,076.5	14,811.5	29,873.6
Cost of sales	-3,512.3	-3,988.5	-8,064.7
Gross profit	9,564.2	10,823.0	21,808.9
Research and innovation expenses	-455.3	-459.7	-985.3
Advertising and promotion expenses	-3,986.5	-4,471.7	-9,207.8
Selling, general and administrative expenses	-2,765.2	-3,003.3	-6,068.3
Operating profit	2,357.2	2,888.4	5,547.5
Other income and expenses	-407.1	-170.4	-436.5
Operational profit	1,950.1	2,718.0	5,111.0
Finance costs on gross debt	-33.3	-40.7	-75.4
Finance income on cash and cash equivalents	10.6	18.3	28.7
Finance costs, net	-22.7	-22.4	-46.7
Other financial income and expenses	-13.8	-7.8	-16.0
Sanofi dividends	372.4	363.0	363.0
Profit before tax and associates	2,286.0	3,050.8	5,411.4
Income tax	-463.1	-718.1	-1,657.2
Share of profit in associates	0.7	-	1.0
Net profit	1,823.6	2,332.7	3,755.2
Attributable to:			
• owners of the company	1,822.5	2,326.7	3,750.0
• non-controlling interests	1.1	6.0	5.2
Earnings per share attributable to owners of the company (euros)	3.26	4.15	6.70
Diluted earnings per share attributable to owners of the company (euros)	3.25	4.13	6.66
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.84	4.40	7.78
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.82	4.38	7.74

Appendix 3: consolidated statement of comprehensive income

€ millions	1 st half 2020	1 st half 2019	2019
Consolidated net profit for the period	1,823.6	2,332.7	3,755.2
Cash flow hedges	106.6	-6.9	2.9
Cumulative translation adjustments	-271.8	79.7	188.2
Income tax on items that may be reclassified to profit or loss ⁽¹⁾	-27.9	4.5	-1.9
Items that may be reclassified to profit or loss	-193.1	77.3	189.2
Financial assets at fair value through profit or loss	129.1	29.6	1,650.6
Actuarial gains and losses	-159.2	-131.3	-327.7
Income tax on items that may not be reclassified to profit or loss ⁽¹⁾	36.5	33.0	29.7
Items that may not be reclassified to profit or loss	6.4	-68.7	1,352.6
Other comprehensive income	-186.7	8.6	1,541.8
Consolidated comprehensive income	1,636.9	2,341.3	5,297.0
Attributable to:			
• owners of the company	1,635.8	2,335.4	5,291.9
• non-controlling interests	1.1	5.9	5.1

(1) The tax effect is as follows:

€ millions	1 st half 2020	1 st half 2019	2019
Cash flow hedges	-27.9	4.5	-1.9
Items that may be reclassified to profit or loss	-27.9	4.5	-1.9
Financial assets at fair value through profit or loss	-3.4	-0.9	-51.7
Actuarial gains and losses	39.9	33.9	81.4
Items that may not be reclassified to profit or loss	36.5	33.0	29.7
TOTAL	8.6	37.5	27.8

Appendix 4: compared consolidated balance sheets

ASSETS

€ millions	30.06.2020	30.06.2019	31.12.2019
Non-current assets	30,806.3	28,054.8	29,893.3
Goodwill	10,856.5	9,571.1	9,585.6
Other intangible assets	3,066.7	3,014.1	3,163.8
Right-of-use assets	1,723.7	2,009.9	1,892.3
Property, plant and equipment	3,418.0	3,598.6	3,644.3
Non-current financial assets	10,932.2	9,157.8	10,819.1
Investments in associates	11.4	9.5	10.9
Deferred tax assets	797.8	693.8	777.3
Current assets	15,045.7	12,438.3	13,916.5
Inventories	2,947.6	2,930.1	2,920.8
Trade accounts receivable	3,756.1	4,514.4	4,086.7
Other current assets	1,698.1	1,529.3	1,474.9
Current tax assets	202.3	78.2	148.1
Cash and cash equivalents	6,441.6	3,386.3	5,286.0
TOTAL	45,852.0	40,493.1	43,809.8

EQUITY & LIABILITIES

€ millions	30.06.2020	30.06.2019	31.12.2019
Equity	28,987.0	27,122.1	29,426.0
Share capital	111.9	112.3	111.6
Additional paid-in capital	3,158.2	3,108.8	3,130.2
Other reserves	18,581.3	17,659.5	16,930.9
Other comprehensive income	5,680.9	4,171.0	5,595.8
Cumulative translation adjustments	-371.0	-207.5	-99.2
Treasury shares	-	-56.5	-
Net profit attributable to owners of the company	1,822.5	2,326.7	3,750.0
Equity attributable to owners of the company	28,983.8	27,114.3	29,419.3
Non-controlling interests	3.2	7.8	6.7
Non-current liabilities	3,414.2	3,350.5	3,515.3
Provisions for employee retirement obligations and related benefits	941.4	552.5	772.9
Provisions for liabilities and charges and other non-current liabilities	308.7	354.1	367.1
Deferred tax liabilities	693.8	685.7	737.7
Non-current borrowings and debt	9.6	9.4	9.6
Non-current lease debt	1,460.7	1,748.8	1,628.0
Current liabilities	13,450.8	10,020.5	10,868.5
Trade accounts payable	4,124.6	4,498.8	4,658.4
Provisions for liabilities and charges	1,029.6	1,016.9	1,117.8
Other current liabilities	5,160.1	2,767.7	3,508.5
Income tax	326.9	309.7	334.8
Current borrowings and debt	2,411.5	1,025.2	841.2
Current lease debt	398.1	402.2	407.9
TOTAL	45,852.0	40,493.1	43,809.8

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 shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 31.12.2018	559,625,527	112.1	3,070.3	19,847.8	4,242.1	-56.5	-287.4	26,928.4	5.2	26,933.6
Change in accounting policy at 01.01.2019				-81.5				-81.5		-81.5
At 01.01.2019 ⁽¹⁾	559,625,527	112.1	3,070.3	19,766.3	4,242.1	-56.5	-287.4	26,847.0	5.2	26,852.2
Consolidated net profit for the period				3,750.0				3,750.0	5.2	3,755.2
<i>Cash flow hedges</i>					1.1			1.1	-0.1	1.0
<i>Cumulative translation adjustments</i>							174.1	174.1		174.1
<i>Hyperinflation</i>							14.1	14.1	0.0	14.1
Other comprehensive income that may be reclassified to profit and loss					1.1		188.2	189.3	-0.1	189.2
<i>Financial assets at fair value through profit or loss</i>								1,598.9		1,598.9
<i>Actuarial gains and losses</i>								-246.3		-246.3
Other comprehensive income that may not be reclassified to profit and loss					1,352.6			1,352.6		1,352.6
Consolidated comprehensive income				3,750.0	1,353.7		188.2	5,291.9	5.1	5,297.0
Capital increase	1,491,678	0.3	59.9	-0.1				60.0		60.0
Cancellation of Treasury shares		-0.8		-803.0		803.8		-		-
Dividends paid (not paid on Treasury shares)				-2,176.7				-2,176.7	-3.6	-2,180.3
Share-based payment				144.4				144.4		144.4
Net changes in Treasury shares	-3,000,000					-747.3		-747.3		-747.3
Changes in scope of consolidation								-		-
Other movements				-0.1				-0.1		-0.1
At 31.12.2019	558,117,205	111.6	3,130.2	20,680.9	5,595.8	-	-99.2	29,419.3	6.7	29,426.0
Consolidated net profit for the period				1,822.5				1,822.5	1.1	1,823.6
<i>Cash flow hedges</i>					78.7			78.7		78.7
<i>Cumulative translation adjustments</i>							-276.8	-276.8		-276.8
<i>Hyperinflation</i>							5.0	5.0		5.0
Other comprehensive income that may be reclassified to profit and loss					78.7		-271.8	-193.1		-193.1
<i>Financial assets at fair value through profit or loss</i>								125.7		125.7
<i>Actuarial gains and losses</i>								-119.3		-119.3
Other comprehensive income that may not be reclassified to profit and loss					6.4			6.4	-	6.4
Consolidated comprehensive income				1,822.5	85.1		-271.8	1,635.8	1.1	1,636.9
Capital increase	1,180,975	0.2	28.0	-0.2				28.1		28.1
Cancellation of Treasury shares								-		-
Dividends paid (not paid on Treasury shares) ⁽²⁾				-2,166.5				-2,166.5	-4.9	-2,171.3
Share-based payment				67.3				67.3		67.3
Net changes in Treasury shares								-		-
Changes in scope of consolidation								-	0.3	0.3
Other movements				-0.3				-0.3		-0.3
At 30.06.2020	559,298,180	111.9	3,158.2	20,403.8	5,680.9	-	-371.0	28,983.8	3.2	28,987.0

(1) After taking into account of the change in accounting policy pertaining to IFRS 16 "Leases".

(2) As the Annual General Meeting to approve the financial statements as at 31 December 2019 was held on 30 June 2020, the dividends for financial year 2019 were not paid at 30 June 2020 and are presented on the balance sheet in "Other current liabilities".

CHANGES IN FIRST-HALF 2019

<i>€ millions</i>	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 31.12.2018	559,625,527	112.1	3,070.3	19,847.8	4,242.1	-56.5	-287.4	26,928.4	5.2	26,933.6
Changes in accounting policy at 01.01.2019				-81.8				-81.8		-81.8
At 01.01.2019 ⁽¹⁾	559,625,527	112.1	3,070.3	19,766.1	4,242.1	-56.5	-287.4	26,846.7	5.2	26,851.9
Consolidated net profit for the period				2,326.7				2,326.7	6.0	2,332.7
<i>Cash flow hedges</i>					-2.4			-2.4		-2.4
<i>Cumulative translation adjustments</i>							67.8	67.8	-0.1	67.8
<i>Hyperinflation</i>							12.0	12.0		12.0
Other comprehensive income that may be reclassified to profit and loss					-2.4		79.9	77.5	-0.1	77.4
<i>Financial assets at fair value through profit or loss</i>					28.6			28.6		28.6
<i>Actuarial gains and losses</i>					-97.4			-97.4		-97.4
Other comprehensive income that may not be reclassified to profit and loss					-68.8			-68.8	-	-68.8
Consolidated comprehensive income				2,326.7	-71.2		79.9	2,335.4	5.9	2,341.3
Capital increase	1,226,092	0.2	38.5	-0.1				38.6		38.6
Cancellation of Treasury shares								-		-
Dividends paid (not paid on Treasury shares)				-2,176.7				-2,176.7	-3.6	-2,180.3
Share-based payment				70.0				70.0		70.0
Net changes in Treasury shares								-		-
Changes in scope of consolidation								-	0.3	0.3
Other movements				0.3				0.3		0.3
AT 30.06.2019	560,851,619	112.3	3,108.8	19,986.3	4,171.0	-56.5	-207.5	27,114.3	7.8	27,122.1

(1) After taking into account of the change in accounting policy pertaining to IFRS 16 "Leases".

Appendix 6: compared consolidated statements of cash flows

€ millions	1 st half 2020	1 st half 2019	2019
Cash flows from operating activities			
Net profit attributable to owners of the company	1,822.5	2,326.7	3,750.0
Non-controlling interests	1.1	6.0	5.2
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation, provisions and other non-current liabilities	787.4	923.8	1,958.3
• changes in deferred taxes	-16.3	-20.9	-42.5
• share-based payment (including free shares)	67.3	70.0	144.4
• capital gains and losses on disposals of assets	4.5	-1.9	-14.0
Other non-cash transactions	2.9	1.6	1.9
Share of profit in associates net of dividends received	-0.7	-	-1.0
Gross cash flow	2,668.6	3,305.3	5,802.3
Changes in working capital	-889.2	-813.0	460.5
Net cash provided by operating activities (A)	1,779.4	2,492.3	6,262.8
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-504.8	-559.8	-1,231.0
Disposals of property, plant and equipment and intangible assets	18.6	8.1	16.6
Changes in other financial assets (including investments in non-consolidated companies)	6.6	-22.1	-65.9
Effect of changes in the scope of consolidation	-1,316.5	-7.2	-9.3
Net cash from investing activities (B)	-1,796.0	-581.0	-1,289.6
Cash flows from financing activities			
Dividends paid	-82.6	-2,198.2	-2,221.1
Capital increase of the parent company	28.1	38.6	60.0
Capital increase of subsidiaries	-	-	-
Disposal (acquisition) of Treasury shares	-	-	-747.3
Purchase of non-controlling interests	-	-	-
Issuance (repayment) of short-term loans	1,509.3	-82.9	-354.9
Issuance of long-term borrowings	-	-	-
Repayment of long-term borrowings	-	-0.6	-0.6
Repayment of lease debt	-219.7	-158.3	-425.8
Net cash from financing activities (C)	1,235.1	-2,401.4	-3,689.6
Net effect of changes in exchange rates and fair value (D)	-62.8	-115.6	10.5
Change in cash and cash equivalents (A+B+C+D)	1,155.6	-605.7	1,294.0
Cash and cash equivalents at beginning of the period (E)	5,286.0	3,992.0	3,992.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6,441.6	3,386.3	5,286.0