



# L'Oréal S.A. (LRLCF)

Updated February 16<sup>th</sup>, 2026, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$448	<b>5 Year Annual Expected Total Return:</b>	10.4%	<b>Market Cap:</b>	\$236 B
<b>Fair Value Price:</b>	\$422	<b>5 Year Growth Estimate:</b>	10.0%	<b>Ex-Dividend Date:</b>	04/30/2026
<b>% Fair Value:</b>	106%	<b>5 Year Valuation Multiple Estimate:</b>	-1.2%	<b>Dividend Payment Date:</b>	05/04/2026
<b>Dividend Yield:</b>	1.9%	<b>5 Year Price Target</b>	\$679	<b>Years Of Dividend Growth:</b>	26 <sup>1</sup>
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Hold

## Overview & Current Events

L'Oréal is one of the world's largest cosmetics groups, with a portfolio of 37 global brands. The French company offers shampoos, hair-care and skincare products, shower gels, cleansers, styling and make-up items, perfumes and related goods. Its globally recognised brands include Garnier, Maybelline New York, Giorgio Armani Beauty, Kiehl's, Urban Decay, Biotherm and Ralph Lauren. L'Oréal holds a 7.2% stake in the share capital of Sanofi and controls 13.1% of its voting rights. L'Oréal generated nearly \$52 billion sales last year and is based in Paris, France. All figures in this report have been converted to USD unless otherwise noted.

On February 12<sup>th</sup>, 2026, L'Oréal increased its dividend by +2.9% to €7.20 (\$8.46). Also, the loyalty bonus (see below) increased the payout by 10%, bringing it to €7.92, with a correspondingly higher amount in USD. Note that the much larger increase compared to FY2024's dividend in USD terms is due to the appreciation of the Euro during this period.

On the same day, L'Oréal released its results for the full year ending December 31<sup>st</sup>, 2025. For the year, sales reached \$51.7 billion, reflecting +4.0% like-for-like growth and +1.3% reported growth, with acceleration confirmed through the second half and broad-based growth across all divisions and regions.

L'Oréal delivered improved profitability, with operating margin rising to 20.2% of sales (+20 bps) and EPS reaching \$8.46. E-commerce continued to grow at double-digit rates, surpassing 30% of total sales, and net cash flow increased to €7.2 billion. Division-wise, Professional Products delivered strong +7.5% like-for-like growth, significantly outperforming the professional beauty market and surpassing €5 billion in sales for the first time. Consumer Products grew +3.5% like-for-like, driven by acceleration in innovation across haircare and makeup. L'Oréal Luxe posted +2.8% like-for-like growth, strengthening its global leadership position and benefiting from strong momentum in fragrances. Dermatological Beauty remained a key contributor, growing +5.5% like-for-like, with a marked acceleration in the fourth quarter.

We have set our FY2026 EPS estimate to \$16.22.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$5.79	\$7.62	\$7.93	\$7.47	\$7.74	\$9.34	\$11.36	\$12.72	\$12.38	\$13.44	<b>\$16.22</b>	<b>\$26.12</b>
<b>DPS</b>	\$3.47	\$4.26	\$4.41	\$4.32	\$4.89	\$5.46	\$6.42	\$7.29	\$7.25	\$8.46	<b>\$8.46</b>	<b>\$12.72</b>
<b>Shares<sup>2</sup></b>	564.5	563.5	563.1	562.8	561.6	560.0	537.7	537.0	536.1	535.4	<b>535.4</b>	<b>500.0</b>

L'Oréal's EPS and DPS, as shown in the table, have both been affected by FX over the past decade when expressed in U.S. dollars. The company's EPS and DPS have grown by around 10% and 12% over the last five years, respectively. Earnings should keep growing at a strong pace, powered by organic growth, price increases, and the gross profit margin expansion due to L'Oréal's economies of scale. The company is a consumer staples behemoth not only in Europe, but also globally, enjoying massive scale capabilities that can dominate global demand trends. We are forecasting a 10% intermediate growth rate, assuming no impacts from FX. Dividends are paid once annually. L'Oréal boasts one of the

<sup>1</sup> In its original, Euro declaration

<sup>2</sup> Share count is in millions.

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longest dividend growth records amongst European firms, with its latest dividend increase of 2.9% marking 26 years of annual increases (in Euros). The company offers a unique perk to its long-term shareholders. Those holding shares for at least two calendar years receive a 10% “loyalty bonus” on the original dividend. We are forecasting DPS growth of around 8.5% through 2031.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	29.9	27.3	30.9	37.4	41.1	41.5	28.8	32.1	35.5	31.6	<b>27.6</b>	<b>26.0</b>
Avg. Yld.	2.0%	2.0%	1.8%	1.5%	1.5%	1.3%	1.9%	1.7%	1.7%	2.0%	<b>1.9%</b>	<b>1.9%</b>

L'Oréal has traded at elevated multiples over the past decade, reflecting investors' willingness to pay a premium for its qualities, market dominance, and growth. The company's "loyalty bonus" discourages share sales, further contributing to sustained valuation premiums. The valuation has normalized recently. Still, we believe the stock is slightly overvalued at its current levels. We are still utilizing a more reasonable P/E of 26 in our estimates, which we believe is a fair multiple for the French giant.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

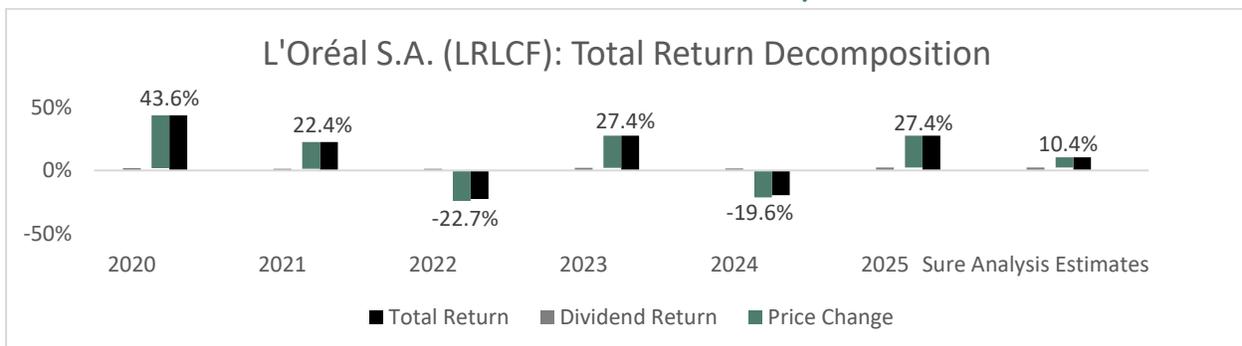
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	60%	56%	56%	58%	63%	58%	57%	57%	59%	63%	<b>52%</b>	<b>49%</b>

L'Oréal's dividend should be considered very safe. The company benefits from consistent profitability, which allowed it to keep raising its payout even during the Great Financial Crisis. The payout ratio currently stands at a healthy level of 52%. L'Oréal's competitive advantage lies in its sheer size, which has resulted in the company accumulating a significant market share. Its companies have massive brand values, generating consistent sales globally. Hence investors should expect a relatively stable performance even under a harsh recession, as was the case during 2007-2008. The company proved totally insulated during the COVID-19 pandemic as well. Finally, L'Oréal has a pristine balance sheet, with its long-term debt/equity ratio standing at about 0.3.

## Final Thoughts & Recommendation

L'Oréal is one of the most respected European stocks, featuring an incredibly consistent record of shareholder returns. The company's capital returns have been growing for years without interruption, while its “loyalty bonus” program has been a phenomenal strategy to reduce share price fluctuations over time. Total return potential comes in at 10.4% per annum, driven by 10% growth in earnings and the 1.9% dividend yield, offset by a negative 1.2% annual valuation headwind. Note that France applies a dividend withholding tax of 12.8% to non-residents under typical circumstances, which could hamper our expected returns. However, the loyalty bonus would boost them. L'Oréal earns a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	26,955	27,576	29,472	31,808	33,443	31,968	38,208	40,350	44,580	47,070
<b>Gross Profit</b>	19,193	19,753	21,138	23,151	24,415	23,366	28,220	29,190	32,930	34,920
<b>Gross Margin</b>	71.2%	71.6%	71.7%	72.8%	73.0%	73.1%	73.9%	72.3%	73.9%	74.2%
<b>SG&amp;A Exp.</b>	13,511	13,835	14,848	16,259	17,102	16,315	19,720	20,130	22,720	24,050
<b>D&amp;A Exp.</b>	1,008	1,530	1,380	1,310	2,192	2,316	2,107	1,620	1,857	2,008
<b>Operating Profit</b>	4,808	4,987	5,296	5,812	6,210	5,949	7,289	7,864	8,816	9,403
<b>Operating Margin</b>	17.8%	18.1%	18.0%	18.3%	18.6%	18.6%	19.1%	19.5%	19.8%	20.0%
<b>Net Profit</b>	3,659	3,437	4,056	4,600	4,198	4,069	5,439	6,018	6,695	6,936
<b>Net Margin</b>	13.6%	12.5%	13.8%	14.5%	12.6%	12.7%	14.2%	14.9%	15.0%	14.7%
<b>Free Cash Flow</b>	3,408	3,730	4,454	4,577	5,633	6,259	6,689	5,205	6,621	7,191
<b>Income Tax</b>	1,364	1,343	1,021	1,517	1,855	1,382	1,710	2,003	1,960	2,181

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	38,984	36,857	37,667	42,396	43,992	49,074	48,700	50,240	57,320	58,640
<b>Cash &amp; Equivalents</b>	2,331	1,530	1,846	3,655	4,566	5,921	3,073	2,807	4,740	4,217
<b>Accounts Receivable</b>	4,010	3,966	4,167	4,707	4,556	4,578	4,553	5,100	5,629	5,829
<b>Inventories</b>	2,752	2,668	2,853	2,993	3,228	3,272	3,586	4,375	4,955	4,818
<b>Goodwill &amp; Int. Ass.</b>	12,452	12,130	12,656	13,738	14,510	14,281	16,460	16,470	19,220	18,710
<b>Total Liabilities</b>	14,424	11,036	11,762	12,622	13,182	16,112	21,990	21,080	25,170	24,160
<b>Accounts Payable</b>	4,199	4,296	4,372	4,968	5,205	5,218	6,870	6,805	7,016	6,731
<b>Long-Term Debt</b>	3,110	822	1,311	1,400	1,413	953	5,242	4,322	7,559	6,835
<b>Shareholder's Equity</b>	24,555	25,817	25,902	29,771	30,803	32,955	26,700	29,150	32,140	34,480
<b>LTD/E Ratio</b>	0.13	0.03	0.05	0.05	0.05	0.03	0.20	0.15	0.24	0.20

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	16.0%	9.6%	9.2%	10.1%	10.6%	9.0%	10.6%	12.2%	12.5%	12.0%
<b>Return on Equity</b>	23.4%	14.5%	13.3%	14.6%	15.2%	13.2%	17.4%	21.6%	21.8%	20.8%
<b>ROIC</b>	22.0%	13.5%	12.8%	13.9%	14.5%	12.7%	15.8%	18.4%	18.3%	17.1%
<b>Shares Out.</b>	585	565	565	564	563	563	560	538	537	536
<b>Revenue/Share</b>	51.20	47.72	48.85	52.30	56.49	59.42	68.24	75.05	83.02	87.80
<b>FCF/Share</b>	6.49	6.03	6.61	7.90	8.13	10.01	11.95	9.68	12.33	13.41

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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