



L'Oréal S.A. (LRLCF)

Updated May 4th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$420	5 Year Annual Expected Total Return:	11.4%	Market Cap:	\$229 B
Fair Value Price:	\$413	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	04/30/2026
% Fair Value:	102%	5 Year Valuation Multiple Estimate:	-0.3%	Dividend Payment Date:	05/04/2026
Dividend Yield:	2.0%	5 Year Price Target	\$666	Years Of Dividend Growth:	26 ¹
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	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 12th, 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 April 22nd, 2026, L'Oréal released its Q1 results for the period ending March 31st, 2026. For the quarter, sales were \$14.02 billion, reflecting +7.6% like-for-like growth, +6.7% adjusted like-for-like growth and +3.6% reported growth, with a strong start to the year supported by growth across all divisions and regions on an adjusted basis. L'Oréal significantly outperformed the global beauty market, with Europe the largest contributor, emerging markets growing double digits, and continued momentum in the US and China. E-commerce continued to grow at double-digit rates, driven by emerging markets and Europe.

Division-wise, Professional Products delivered strong +13.1% adjusted like-for-like growth, with sales of \$1.69 billion, significantly outperforming the professional beauty market. Consumer Products grew +4.1% adjusted like-for-like, with sales of \$5.04 billion, driven by haircare, makeup innovation and strong emerging market momentum. L'Oréal Luxe posted +5.6% adjusted like-for-like growth, with sales of \$4.74 billion, confirming its recovery and benefiting from strong fragrance momentum and China growth. Dermatological Beauty remained a key contributor, growing +10.2% adjusted like-for-like, with sales of \$2.56 billion, supported by a strong innovation pipeline and continued momentum from La Roche-Posay, CeraVe, SkinCeuticals and Vichy. We have set our FY2026 EPS estimate to \$15.90.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$5.79	\$7.62	\$7.93	\$7.47	\$7.74	\$9.34	\$11.36	\$12.72	\$12.38	\$13.44	\$15.90	\$25.61
DPS	\$3.47	\$4.26	\$4.41	\$4.32	\$4.89	\$5.46	\$6.42	\$7.29	\$7.25	\$8.46	\$8.46	\$12.72
Shares²	564.5	563.5	563.1	562.8	561.6	560.0	537.7	537.0	536.1	535.4	533.8	500.0

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%

¹ In its original, Euro declaration

² Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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intermediate growth rate, assuming no impacts from FX. Dividends are paid once annually. L'Oréal boasts one of the 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	26.4	26.0
Avg. Yld.	2.0%	2.0%	1.8%	1.5%	1.5%	1.3%	1.9%	1.7%	1.7%	2.0%	2.0%	1.9%

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

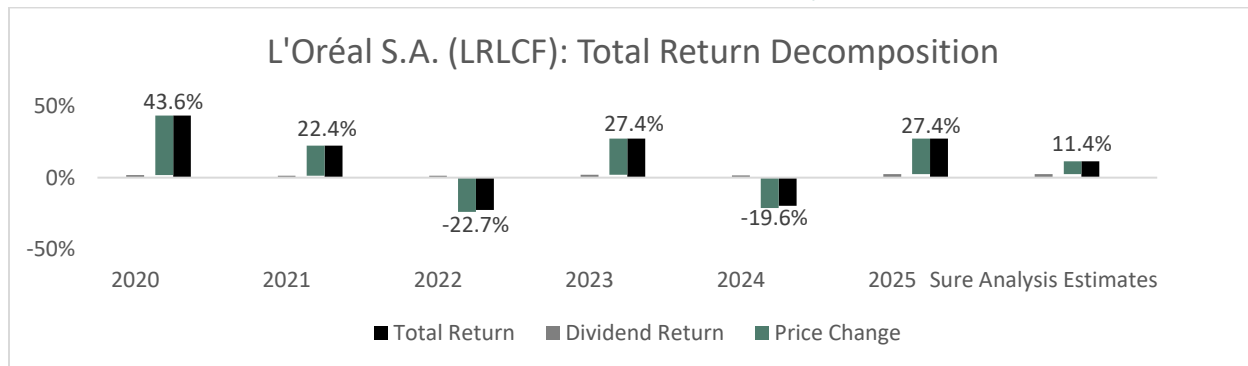
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	60%	56%	56%	58%	63%	58%	57%	57%	59%	63%	53%	50%

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 11.4% per annum, driven by 10% growth in earnings and the 2.0% dividend yield, offset by a 0.3% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	27,576	29,472	31,808	33,443	31,968	38,208	40,350	44,580	47,070	49,720
Gross Profit	19,753	21,138	23,151	24,415	23,366	28,220	29,190	32,930	34,920	36,970
Gross Margin	71.6%	71.7%	72.8%	73.0%	73.1%	73.9%	72.3%	73.9%	74.2%	74.4%
SG&A Exp.	13,835	14,848	16,259	17,102	16,315	19,720	20,130	22,720	24,050	25,350
D&A Exp.	1,530	1,380	1,310	2,192	2,316	2,107	1,620	1,857	2,008	2,051
Operating Profit	4,987	5,296	5,812	6,210	5,949	7,289	7,864	8,816	9,403	10,050
Operating Margin	18.1%	18.0%	18.3%	18.6%	18.6%	19.1%	19.5%	19.8%	20.0%	20.2%
Net Profit	3,437	4,056	4,600	4,198	4,069	5,439	6,018	6,695	6,936	6,922
Net Margin	12.5%	13.8%	14.5%	12.6%	12.7%	14.2%	14.9%	15.0%	14.7%	13.9%
Free Cash Flow	3,730	4,454	4,577	5,633	6,259	6,689	5,205	6,621	7,191	8,082
Income Tax	1,343	1,021	1,517	1,855	1,382	1,710	2,003	1,960	2,181	2,667

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	36,857	37,667	42,396	43,992	49,074	48,700	50,240	57,320	58,640	72,610
Cash & Equivalents	1,530	1,846	3,655	4,566	5,921	3,073	2,807	4,740	4,217	11,590
Accounts Receivable	3,966	4,167	4,707	4,556	4,578	4,553	5,100	5,629	5,829	6,460
Inventories	2,668	2,853	2,993	3,228	3,272	3,586	4,375	4,955	4,818	5,633
Goodwill & Int. Ass.	12,130	12,656	13,738	14,510	14,281	16,460	16,470	19,220	18,710	22,950
Total Liabilities	11,036	11,762	12,622	13,182	16,112	21,990	21,080	25,170	24,160	31,500
Accounts Payable	4,296	4,372	4,968	5,205	5,218	6,870	6,805	7,016	6,731	7,901
Long-Term Debt	822	1,311	1,400	1,413	953	5,242	4,322	7,559	6,835	11,590
Shareholder's Equity	25,817	25,902	29,771	30,803	32,955	26,700	29,150	32,140	34,480	41,050
LTD/E Ratio	0.03	0.05	0.05	0.05	0.03	0.20	0.15	0.24	0.20	0.34

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.6%	9.2%	10.1%	10.6%	9.0%	10.6%	12.2%	12.5%	12.0%	10.6%
Return on Equity	14.5%	13.3%	14.6%	15.2%	13.2%	17.4%	21.6%	21.8%	20.8%	18.4%
ROIC	13.5%	12.8%	13.9%	14.5%	12.7%	15.8%	18.4%	18.3%	17.1%	14.1%
Shares Out.	565	565	564	563	563	560	538	537	536	535
Revenue/Share	47.72	48.85	52.30	56.49	59.42	68.24	75.05	83.02	87.80	92.86
FCF/Share	6.03	6.61	7.90	8.13	10.01	11.95	9.68	12.33	13.41	15.10

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

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