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L'Oreal's billion-dollar brands see double-digit growth

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Cate Blanchett is returning as the face of Armani S Passione. Image credit: Armani Beauty

By STAFF REPORTS

Beauty group L'Oreal's luxury division grew 10.6 percent in 2018, aided by strong performance of mega brands including Lancme, Armani Beauty and YSL Beauty.

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Lancme in particular saw its sales surpass 3 billion euros, or about \$3.4 billion at current exchange. L'Oreal Luxe found particular success at travel retail, in Eastern Europe and Latin America.

"In a beauty market that accelerated significantly in 2018, L'Oral marked its best year of growth since 2007, at 7.1 percent [like-for-like], following a strong fourth-quarter increase of 7.7 percent," said Jean-Paul Agon, chairman and CEO of L'Oral, in a statement.

"All divisions are growing, especially L'Oral Luxe and Active Cosmetics, which both recorded double-digit growth," he said. The big brands are the star performers, particularly in the L'Oral Luxe Division, where Lancme sales crossed the 3 billion euro mark."

Luxury lead

L'Oreal Luxe outperformed the group average growth of 3.5 percent. Taken on a like-for-like comparable basis at constant exchange rates, the group's sales grew 7.1 percent throughout the year to a total 26.9 billion euros, or about \$30.5 billion.

The high-end beauty brands under the L'Oreal umbrella saw even stronger growth during the fourth quarter, with sales up 15.3 percent. The division's total sales for the year were 9.4 billion euros, or about \$10.6 billion at current exchange.

North America and Western Europe saw slight sales declines across the group during the year. However, the luxury brands outperformed, with consumers in Western Europe gravitating towards Lancme, Giorgio Armani and Kiehl's and North American shoppers snapping up high-end perfumes.



YSL Beauty touts its Paris fragrance; Image credit: YSL Beauty

Similarly, luxury brands did well in Latin America, a region that saw a decline of 8.6 percent throughout the year. Africa and the Middle East and Eastern Europe both saw slight increases, while Asia-Pacific sales climbed 20.4 percent for the group.

For the year, L'Oreal Luxe's profitability reached 22 percent, a growth of 20 basis points.

"In an economic context that remains volatile and uncertain, we are confident, thanks to our innovations, powerful brands, digital excellence and in particular our outstanding teams all over the world, that we can pursue our corporate social responsibility commitments, outperform the beauty market in 2019 and achieve another year of growth in both sales and profits," Mr. Agnon said.

Last year, Lancme broke a Guinness World Record for the "most people matched with foundation in eight hours."

The stunt saw Lancme matching more than 1,300 people with foundations that fit their skin tones over the course of an eight-hour period. In doing so, Lancme called attention to its commitment to personalizing customer service and finding the perfect product for each individual ([see story](#)).

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