



## L'Oréal Q2 sales rise as China rebound offsets

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L'Oréal Group's sales rose 2.4 per cent on a like-for-like basis in the second quarter of 2025 to €10.7 billion, the company reported on Tuesday, bolstered by an improved performance in China. The results narrowly missed analyst estimates of 2.7 per cent.

“As anticipated, L'Oréal's like-for-like growth accelerated between the first and second quarter [like-for-like sales were up 3.5 per cent in Q1]. The ongoing strength in emerging markets, the slight rebound in Mainland China and the gradual recovery in North America more than offset the expected slowdown in Europe, once again validating our multi-polar model,” said L'Oréal Group CEO Nicolas Hieronimus in a statement. He added: “The acceleration was supported by a gradual improvement in global beauty market growth, which we expect to continue in the next two quarters.”

L'Oréal is second in the line of beauty conglomerates set to report their quarterly earnings in the coming weeks. Like Puig, the big beauty player posted moderate sales growth, while falling short of market expectations, as it remains hesitant about US tariffs and susceptible to ongoing macro headwinds. Estée Lauder Companies (ELC) will report the outcome of its latest quarter on 20 August. (Analysts have forecasted a strong performance for ELC, following CEO Stéphane de la Faverie's bullish turnaround plan.)

By category, L'Oréal's professional products division was a standout, growing 11.5 per cent like-for-like in Q2. Performance continued to be fuelled by product ranges focused on hair health, including Kérastase's hair-strengthening Genesis franchise; Metal Detox (to protect hair from metal in waters) by L'Oréal Professionnel; and bond-rebuilding range Acidic Bonding Concentrate by Redken. Newly acquired haircare brand Color Wow also joined the category in June, further strengthening L'Oréal's foothold in the hair health market.

### **The make up industry needs a makeover. Can it pull one off?**

As growth slows for the colour cosmetic category, a rethink is on the cards. But for the biggest brands, it may not be an easy turnaround.

Consumer products (a portfolio of brands including Garnier, Nyx Cosmetics and Maybelline New York) posted growth of 3.3 per cent in the quarter. Again, sales momentum was led by haircare, including the March launch of L'Oréal Paris's Growth Booster (designed to reduce hair thinning) and Keratin Sleek from Garnier Fructis, which debuted in April. Within the same portfolio, skincare sustained momentum thanks to the February debut of Garnier's Pimple Patch and L'Oréal Paris's latest Revitalift Laser antiageing serum. The group reported that in a currently less dynamic makeup market, cosmetic performance was supported by mascara, lip oil and setting spray launches from L'Oréal Paris, as well as Nyx Professional's Lip IV stain.





Dermatological beauty (including brands like La Roche-Posay, Cerave and Medik8) grew 3.5 per cent in the second quarter. La Roche-Posay continued as the category's growth engine, powered by the ongoing success of its barrier-repair Cicaplast franchise and the Mela B3 anti-pigmentation range. Skinceuticals maintained its double-digit growth, while the conglomerate said Cerave is regaining traction in its key market, the US, thanks to product innovations in haircare.

On the other hand, L'Oréal's luxe division declined 1.9 per cent, which the group credited to difficulties in the wider prestige market. But new product launches, including Yves Saint Laurent's Make Me Blush and The Inks, have driven its luxe portfolio, alongside the global market rollout of luxe fragrance brands Prada and Valentino Beauty, each growing double digits as a result and driving category momentum.

From a market perspective, North Asia continues to struggle, declining 8.8 per cent like-for-like. According to the company, early growth signals from Mainland China, "reversed from a slight decline in the first quarter to around 3 per cent", suggest performance in the region could be rebounding after two years of headwinds. Japan also benefited from inbound tourism, with growth in the region led by Kérastase, as well as double-digit growth from La Roche-Posay, Skinceuticals and Cerave.

Growth in Europe slowed to 3.4 per cent from 4.3 per cent in the first quarter. Performance was led by haircare brands Kérastase and Garnier, as well as L'Oréal's higher end fragrance brands, especially Armani Stronger With You and Valentino Born in Roma. Dermatological beauty, notably La Roche-Posay, was "significantly penalised by last year's suncare phasing", said the group, thanks to poor weather in the region, which softened consumer demand for SPF products.

North America showed signs of improvement in the second quarter, following tariff-related headwinds in Q1. Sales were up 8.3 per cent, fuelled by haircare from Kérastase and L'Oréal Paris. Makeup stabilised thanks to launches from Maybelline New York and L'Oréal Paris in an otherwise challenging market dogged by dupes.

Meanwhile, Latin America grew 12.4 per cent, driven by strong sales in fragrance and haircare across Mexico, Brazil and Chile. Sales in South Asia-Pacific, the Middle East, North Africa and Sub-Saharan Africa (SAPMENA-SSA) were up 10.5 per cent like-for-like in the quarter, driven by particularly strong growth at La Roche-Posay and Cerave.

### **Big beauty's 2025 to-do list**

As we wrap up the 2024 earnings reports, analysts weigh in on how beauty conglomerates should go about reinvigorating sales.

Hieronimus said L'Oreal's performance in Q2 was boosted by the "early success" of its Beauty Stimulus Plan, launched in October last year and focusing on bringing new products to market to stimulate growth amid a subdued beauty landscape, "which will become ever more impactful as we continue to rollout our most recent blockbusters and as we have many exciting launches in the second half of the year". Those launches will include a Prada men's fragrance, alongside the first Miu Miu scent.

The executive said he remains cautious as the group navigates the second half of the year, amid ongoing economic and geopolitical tensions, including tariffs. However, he concluded: "I am confident that we will continue to outperform the global beauty market, which we expect to grow, even amid the current economic and geopolitical tensions, and to achieve another year of growth in sales and an increase in our profitability."

