

Clichy, July 12<sup>th</sup>, 2010 at 6:00 p.m.

## First-half 2010 sales

### STRONG SALES GROWTH

- **+10.2% based on reported figures**  
**+6.3% like-for-like**
- **Dynamism in all four divisions**
- **Good performance in North America**
- **Breakthroughs continue in New Markets**
- **Very positive impact of currency fluctuations\***

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

*“The strong first-half sales growth reflects a return to a good like-for-like sales trend, and a very positive exchange rate impact, which might increase in the course of this year.*

*All divisions are recording dynamic trends, thanks to major innovations which are proving very successful: the roll-out of the new Inoa hair colourant from L'Oréal Professionnel is continuing in salons all over the world, Yves Saint Laurent is experiencing a complete renaissance with one of the highest growth rates amongst major luxury brands, and Maybelline, the world leader in make-up, is growing strongly across all continents.*

*L'Oréal has once again strengthened its geographic positions, thanks to the group's good performance in North America, and major breakthroughs in the New Markets, particularly in China, Brazil, Russia, India and Indonesia.*

*These results bear out our major strategic choices, and mean that we can tackle the second half with confidence”.*

\* +3.6% at end-June. If current exchange rates (basis €1=\$1.25) are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations would be +6.8% for the whole of 2010.

## A – First-half 2010 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +6.3%.

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

**Currency fluctuations** had a positive impact of +3.6%.

**Growth at constant exchange rates** was +6.6%.

**Based on reported figures**, the group's sales, at June 30<sup>th</sup>, 2010, amounted to 9.67 billion euros, an increase of +10.2%.

### Sales by operational division and geographic zone

	2 <sup>nd</sup> quarter 2010			1 <sup>st</sup> half 2010		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<b><u>By operational division</u></b> <sup>(1)</sup>						
Professional Products	709.9	4.7%	15.1%	1 362.6	5.3%	11.9%
Consumer Products	2 459.7	4.1%	11.3%	4 822.3	5.6%	9.5%
Luxury Products	1 091.4	7.6%	13.6%	2 104.0	9.7%	12.0%
Active Cosmetics	355.8	6.7%	12.2%	773.1	4.7%	7.9%
<b>Cosmetics total</b>	<b>4 616.8</b>	<b>5.2%</b>	<b>12.5%</b>	<b>9 062.0</b>	<b>6.4%</b>	<b>10.3%</b>
<b><u>By geographic zone</u></b> <sup>(2)</sup>						
Western Europe	1 829.6	1.1%	1.9%	3 712.3	2.0%	2.6%
North America	1 120.8	4.2%	14.7%	2 118.8	4.9%	8.8%
New Markets, of which:	1 666.4	11.1%	25.2%	3 230.9	13.0%	22.0%
- Asia, Pacific	768.7	11.0%	25.6%	1 540.2	12.8%	20.0%
- Eastern Europe	354.3	8.9%	19.0%	706.7	11.4%	19.5%
- Latin America	397.2	18.4%	37.5%	704.2	19.7%	35.1%
- Africa, Middle East	146.2	0.0%	10.6%	279.8	3.5%	10.7%
<b>Cosmetics total</b>	<b>4 616.8</b>	<b>5.2%</b>	<b>12.5%</b>	<b>9 062.0</b>	<b>6.4%</b>	<b>10.3%</b>
The Body Shop	170.0	-0.1%	5.5%	334.3	0.2%	3.4%
Dermatology <sup>(3)</sup>	158.3	11.9%	18.0%	270.5	14.1%	17.4%
<b>Group total</b>	<b>4 945.1</b>	<b>5.2%</b>	<b>12.4%</b>	<b>9 666.8</b>	<b>6.3%</b>	<b>10.2%</b>

On January 1<sup>st</sup>, 2010, the divisions and geographic zones were reclassified as stated below. All figures for earlier periods have been restated to allow for these changes.

(1) The Roger & Gallet activity has been transferred from the Luxury Products Division to the Active Cosmetics Division.

(2) The Travel Retail business of YSL Beauté, which was previously recorded 100% under Western Europe, has now been broken down between the Western Europe, North America and New Markets zones.

The Rest of the World zone has become the New Markets zone with the following distribution:

Australia, India and New Zealand, which were previously in the Africa, Orient, Pacific zone have been included in the Asia zone which has become Asia, Pacific zone. The Africa, Orient, Pacific zone has become the Africa, Middle East zone.

(3) Group share, i.e. 50%.

# 1) Cosmetics sales

## PROFESSIONAL PRODUCTS

The Professional Products Division recorded first-half sales growth of +5.3% like-for-like and +11.9% based on reported data, after taking into account the impact of currency fluctuations and of changes in consolidation due to the acquisition of distributors in the United States. The division's worldwide leadership is increasing.

- The hair colourant category is expanding strongly, driven by the spectacular success of *Inoa*, currently being rolled out worldwide, and of *SoColor Beauty* by *Matrix* with its highly accessible positioning. These technical products are enabling *L'Oréal Professionnel* and *Matrix* to win over large numbers of new salons. Haircare is growing with major innovations such as *Chronologiste* and the men's line *Capital Force* by *Kérastase*, *Fiberceutic with Intra-Cylane* by *L'Oréal Professionnel* and *Time Reset* by *Redken* for mature hair.
- Thanks to its hair colourant successes, the conquest of new salons and a favourable comparison base, the division is returning to growth in Western Europe, despite sluggish markets. In North America, the first half was marked by the new dynamism of *Matrix* and the breakthrough made by *L'Oréal Professionnel*, boosted by the *Inoa* launch. New Markets, particularly the BRIC and the Middle East countries, are growing in all categories.

## CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth of +5.6% like-for-like at the end of June. All major brands have increased sales, particularly *Maybelline*. The division is winning market share worldwide.

- *L'Oréal Paris* has successfully launched the *Youth Code* facial skincare range, *Volume Million Lashes* mascara and *Matte Morphose* foundation. In the *Men Expert* range, the deodorants and *Excell 5* hair colourant are off to a good start. *Garnier* is strengthening its position in deodorants in Eastern Europe with the launch of *Mineral for Men* and is establishing its *Mineral* range in Western Europe; in skincare, *Garnier* has launched its *Exfo-Brusher* cleansing gel in the *Pure Active* range. *Maybelline* has achieved very strong growth, thanks in particular to the launch of *Volum' Express Falsies* mascara and *Lasting Drama* eyeliner gel, initially created in Japan.
- The 2<sup>nd</sup> quarter in Western Europe gave mixed results, as the phasing of launches was stronger in the 1<sup>st</sup> quarter, while markets were sluggish. Market share gains are continuing, particularly in make-up, skincare and haircare. The dynamic trend is continuing in North America, particularly in make-up and hair colourants. The New Markets remain robust. The growth rate is high in Latin America, thanks to deodorants, haircare products and hair colourants. Eastern Europe is launching the *Garnier Ultra Doux* shampoo range with core market positioning. Growth is continuing in India.

## LUXURY PRODUCTS

The first-half sales of the Luxury Products Division grew by +9.7% like-for-like and +12.0% based on reported figures. The strategy of concentrating on the division's major brands and iconic products is paying off. The division is achieving good sell-out in stores, particularly in the skincare category, in a selective market showing a clear upturn.

- The *Lancôme* sales trend was very favourable, thanks to the worldwide success of *Génifique* skincare, the breakthroughs of *UV Expert* in Asia, *Hypnôse Precious Cells* mascara, and its new women's fragrance *Trésor in Love*.  
*Yves Saint Laurent* is gaining market share in the United States and Europe, thanks to its men's and women's fragrances. The mascaras and foundations are also contributing to the brand's growth.  
At *Giorgio Armani*, the launch in June of the fragrance *Acqua di Gioia* looks promising.  
*Kiehl's* is continuing to achieve very strong growth in all markets worldwide, and is extending its distribution, particularly in Asia.
- All zones recorded significant growth up to the end of June. In Western Europe, France, the United Kingdom and Germany are posting good growth rates, thanks in particular to the dynamism of *Lancôme*. In North America, *Yves Saint Laurent*, *Kiehl's* and *Viktor & Rolf* are winning market share.  
The New Markets zone is growing fast, thanks largely to strong performances in Asia, Latin America and Travel Retail. The Eastern Europe zone is again proving highly dynamic.

## ACTIVE COSMETICS

The sales of the Active Cosmetics Division grew by +4.7% like-for-like in the first half and +7.9% based on reported figures. There was a clear acceleration in the 2<sup>nd</sup> quarter, particularly in Western Europe. In a worldwide market, which estimates suggest has grown slightly, the division is confirming its number one position.

- *Vichy* posted slight growth thanks to its major skincare franchises *Liftactiv*, *Neovadiol* and *Aqualia Essentielles*, the entry-level range, is helping to attract new consumers to the brand.  
*La Roche Posay* sales are growing strongly, driven by major product successes such as *Lipikar Balm*, *Effaclar* and *Redermic*. Finally, *Skinceuticals* is contributing to the division's expansion as it is rolled out in Europe.
- All zones are recording growth, particularly Latin America and Africa, Middle East.

## Multi-division summary by geographic zone

### WESTERN EUROPE

**Western Europe** recorded growth of +2.0% like-for-like and +2.6% based on reported figures over the first six months, thanks in particular to France, the United Kingdom and Northern Europe.

### NORTH AMERICA

**North America** achieved first-half growth of +4.9% like-for-like and +8.8% based on reported figures, in a market whose trend was very slightly positive. All divisions recorded sales growth.

### NEW MARKETS

- **Asia, Pacific:** The group is continuing to gain market share, and recorded growth of +12.8% like-for-like in the first half. Excluding Japan, the growth rate is +14.9%. Sales in India, South Korea and Indonesia are growing strongly. Growth remains high in China, and the group is continuing to outperform the market in Japan.

- **Eastern Europe:** Sales increased by +11.4% like-for-like, with extremely contrasting situations in the different countries. Russia and Ukraine are still achieving strong growth, and Poland's growth trend remains favourable. Market share gains are continuing.
- **Latin America:** At the end of June, growth amounted to +19.7% like-for-like, thanks to the sustained dynamism of Brazil, Argentina, Mexico and Colombia. The sales of the Consumer Products Division are increasing substantially.
- **Africa, Middle East:** Sales grew by +3.5% like-for-like, with double-digit growth in North Africa and the Middle East. In Africa, sales are declining, as South Africa is still feeling the impact of the economic crisis.

## 2) The Body Shop sales

At end-June, the like-for-like sales of The Body Shop increased by +0.2%. Retail sales <sup>(1)</sup> fell by -2.1%. On a comparable store base <sup>(2)</sup>, the sales trend was -2.4%.

There are sharp contrasts in retail sales trends, with on one hand very dynamic countries such as India, Russia, Indonesia and Saudi Arabia, together with on-line sales which are growing strongly, and on the other a more difficult situation in the United Kingdom, North America and Japan.

Continuing its strategy of militant innovations, The Body Shop created *DeoDry*<sup>™</sup>, the first refillable, aluminium salt free deodorant with volcanic minerals. *Nutrganics*<sup>™</sup>, the organically certified skincare range was launched in Asia, and its successful roll out is continuing worldwide.

At June 30<sup>th</sup>, 2010, the total number of stores was 2,562.

<sup>(1)</sup> Retail sales: total sales to consumers through all channels, including franchisees.

<sup>(2)</sup> Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1<sup>st</sup> to June 30<sup>th</sup>, 2009 and over the same period in 2010, including franchisees.

## 3) Galderma sales

Galderma extended its leadership position in dermatology, with like-for-like sales increasing by +14.1%, reflecting balanced growth and market share gains throughout the world.

Galderma's strategic brands delivered strong results, with *Epiduo*<sup>®</sup>, a unique drug combination for the treatment of acne, *Clobex*<sup>®</sup>, the first corticosteroid-based shampoo for scalp psoriasis which showed excellent results, *Oracea*<sup>®</sup>, an innovative anti-inflammatory product for rosacea and a significant contributor to growth, and *Azzalure*<sup>®</sup>/*Dysport*<sup>®</sup>, a botulinum toxin type A specifically developed for the correction of glabellar lines. In the U.S., *Differin*<sup>®</sup> 0.1% Lotion was successfully launched.

## **B – Important events during the period 04/01/10 au 06/30/10**

- On April 20<sup>th</sup>, 2010, L'Oréal USA, a subsidiary of L'Oréal SA, signed an agreement to acquire Essie Cosmetics, the ultimate nail color authority in the US, founded by Essie Weingarten, and mainly sold in American salons and spas. Essie's net sales through the last 12-month period were \$28 million. This acquisition became effective on June 25<sup>th</sup>, 2010.
- The Annual General Meeting held on April 27<sup>th</sup>, 2010 approved in particular the parent-company financial statements and the consolidated financial statements for 2009, decided on the payment of a dividend of €1.50 per share, payable from May 5<sup>th</sup>, and renewed the tenure as directors of Sir Lindsay Owen-Jones, Jean-Paul Agon, Francisco Castañer-Basco, Charles-Henri Filippi, Xavier Fontanet and Marc Ladreit de Lacharrière. The Board of Directors' meeting, held at the end of the Annual General Meeting, decided, as previously announced on February 15<sup>th</sup>, to continue with the separation of the roles of the Chairman and the Chief Executive Officer, and to renew the duties of Sir Lindsay Owen-Jones as Chairman of the Board, and of Mr Jean-Paul Agon as Chief Executive Officer of L'Oréal.
- On June 1<sup>st</sup>, 2010, L'Oréal USA, a subsidiary of L'Oréal SA, acquired, for its SalonCentric division, 100% of the capital of C.B. Sullivan, a company which supplies hair salons in 6 states across the North East of the United States. The company's net sales for the fiscal year 2009 were approximately \$50 million. With this acquisition, the SalonCentric division of L'Oréal USA is extending its US hair salon distribution network.

---

*"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](http://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."*

### **Contacts at L'ORÉAL** (Switchboard: +33 1 47 56 70 00)

#### **Individual shareholders and market authorities**

Mr Jean Régis CAROF  
Tel: +33 1 47 56 83 02  
[jcarof@dgaf.loreal.com](mailto:jcarof@dgaf.loreal.com)

#### **Financial analysts and institutional investors**

Mrs Caroline MILLOT  
Tel: +33 1 47 56 86 82  
[cmillot@dgaf.loreal.com](mailto:cmillot@dgaf.loreal.com)

#### **Journalists**

Mrs Stephanie CARSON-PARKER  
Tel: +33 1 47 56 76 71  
[scarsonparker@dgf.loreal.com](mailto:scarsonparker@dgf.loreal.com)

For more information, please contact your bank, broker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers, and the Internet site for shareholders and investors, <http://www.loreal-finance.com>, or its mobile version on your cell phone, <http://loreal-finance.mobi>; alternatively, call +33.1.40.14.80.50.

---

## C – Annexe

### L'Oréal group sales 2009/2010 (€millions)

	2009	2010
<u>First quarter:</u>		
Cosmetics	4 112	4 445
The Body Shop	162	164
Dermatology	96	112
<b>First quarter total</b>	<b>4 370</b>	<b>4 722</b>
<u>Second quarter:</u>		
Cosmetics	4 104	4 617
The Body Shop	161	170
Dermatology	134	158
<b>Second quarter total</b>	<b>4 399</b>	<b>4 945</b>
<u>First half:</u>		
Cosmetics	8 216	9 062
The Body Shop	323	334
Dermatology	230	271
<b>First half total</b>	<b>8 769</b>	<b>9 667</b>
<u>Third quarter:</u>		
Cosmetics	3 965	
The Body Shop	162	
Dermatology	108	
<b>Third quarter total</b>	<b>4 235</b>	
<u>Nine months:</u>		
Cosmetics	12 181	
The Body Shop	485	
Dermatology	338	
<b>Nine months total</b>	<b>13 004</b>	
<u>Fourth quarter:</u>		
Cosmetics	4 076	
The Body Shop	241	
Dermatology	151	
<b>Fourth quarter total</b>	<b>4 469</b>	
<u>Full year</u>		
Cosmetics	16 257	
The Body Shop	726	
Dermatology	489	
<b>Full year total</b>	<b>17 473</b>	