

## First quarter 2011 sales

### GOOD START TO THE YEAR

- **Sales: 5.16 billion euros**
  - +9.3% based on reported figures
  - +5.8% like-for-like
- **Strong growth in Consumer Products and Luxury Products**
- **Good performance in North America**
- **Continuing dynamism in New Markets**

Commenting on the figures, Mr Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

*"The start to this year is encouraging, as it confirms the group's good dynamics, to which all divisions are contributing, particularly Consumer Products and Luxury Products, driven by the vitality of their major brands: L'Oréal Paris and Maybelline on the one hand, and Lancôme, Giorgio Armani and Kiehl's, on the other.*

*In geographic terms, North America is accelerating strongly. Growth continues to be robust in the New Markets, particularly in Latin America, in Asia excluding Japan, and in Africa, Middle East. However, the situation remains more contrasting across Europe.*

*These performances reflect the quality of our innovations, the force and diversity of the brand portfolio, and the right balance in our geographic positions.*

*Although it is not possible to extrapolate from these figures, and despite an uncertain exchange rate environment, the first months of the year give us confidence in our ability to outperform the market in 2011, strengthen our worldwide positions, and achieve another year of growth in both sales and profits."*

## A – First quarter 2011 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +5.8%.

**The net impact of changes in consolidation** was +0.6%.

**Currency fluctuations** had a positive impact of +2.9%.

**Growth at constant exchange rates** was +6.4%.

**Based on reported figures**, the group's sales at March 31<sup>st</sup>, 2011 amounted to 5.16 billion euros, an increase of +9.3%.

### Sales by operational division and geographic zone

€million	Quarterly sales		Growth	
	1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2011	Like-for-like	Reported
<b><u>By division</u></b>				
Professional Products	653	716	3.1%	9.6%
Consumer Products	2,363	2,584	6.3%	9.4%
Luxury Products	1,013	1,117	7.7%	10.3%
Active Cosmetics	417	445	4.9%	6.7%
<b>Cosmetics total</b>	<b>4,445</b>	<b>4,861</b>	<b>6.0%</b>	<b>9.4%</b>
<b><u>By geographic zone</u></b>				
Western Europe	1,883	1,910	0.5%	1.5%
North America	998	1,117	7.2%	11.9%
New Markets, of which:	1,565	1,833	11.6%	17.2%
- <i>Asia, Pacific</i>	772	917	11.7%	18.8%
- <i>Eastern Europe</i>	352	355	-1.5%	0.7%
- <i>Latin America</i>	307	404	24.1%	31.5%
- <i>Africa, Middle East</i>	134	158	16.0%	18.4%
<b>Cosmetics total</b>	<b>4,445</b>	<b>4,861</b>	<b>6.0%</b>	<b>9.4%</b>
The Body Shop	164	170	0.8%	3.2%
Dermatology <sup>(1)</sup>	112	130	5.9%	15.5%
<b>Group total</b>	<b>4,722</b>	<b>5,160</b>	<b>5.8%</b>	<b>9.3%</b>

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

# 1) Cosmetics sales

## PROFESSIONAL PRODUCTS

In the first quarter the Professional Products Division posted growth of +3.1% like-for-like, faster than the market trend, and +9.6% based on reported figures (after taking into account the impact of currency fluctuations and of changes in consolidation due to the acquisition of distributors in the United States). It continued its expansion with an additional 20,000 active salons compared to the first quarter of 2010.

- *L'Oréal Professionnel* is continuing to prove dynamic, thanks to the worldwide success of the *Inoa* hair colourant and the new franchise *Inoa Supreme*, the first ammonia-free anti-ageing hair colourant. *Redken* is reinforcing its leadership in acidic hair colourants, with the launch of *Shades EQ Cream*, and *Matrix* is rolling out *SoColor* and *WonderBrown* in accessible price formats. At *Kérastase*, *Elixir Ultime*, a beautifying oil launched at the end of 2010, and *Chroma Sensitive*, are proving extremely successful.
- In Western Europe and in North America, the division's sales are growing slightly in a lacklustre market context. In the New Markets, the division's brands are producing very good performances in Latin America, Asia, Pacific, and Africa, Middle East.

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## CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth of +6.3% like-for-like, and +9.4% based on reported figures. The division is continuing to strongly advance in North America and in the New Markets.

- *L'Oréal Paris* made a good start to the year, with major innovations: *Sublime Mousse* hair colourant, *Elsève Volume collagen* shampoo, *Lash Architect 4D* mascara and the new *Youth Code* skincare. *Garnier* launched its haircare line *Fructis Pure Clean*, and *Intensive 7 days* body lotions. The powerful momentum of *Maybelline* is continuing with *Lash by Lash* mascara, *Superstay 24* lipstick and *Fit Me* foundations and powders.
- The West European market is flat, except in make-up, where the division is continuing to win market share. In North America, where the market is growing slightly, the division is improving its positions in all categories. In Latin America, the market trend remains very favourable, and the division is advancing, particularly in deodorants. In Asia excluding Japan, where markets are also growing, the division is being boosted by the haircare and make-up segments. There is a contrasting situation in Eastern Europe, because of the difficulties in Central European markets, and the phasing of launches in Russia.

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## LUXURY PRODUCTS

The Luxury Products Division recorded growth of +7.7% like-for-like and +10.3% based on reported figures. The division's sell-out accelerated significantly in the United States, and remained very dynamic in the New Markets.

- *Lancôme* is continuing to score successes in skincare with *Génifique* and *Absolue*; the brand is accelerating in make-up thanks to *Teint Miracle* and the *Color Design* eye shadow range. *Yves Saint Laurent* remains dynamic in sell-out terms, particularly in men's fragrances, and its sales should gradually build up throughout the year in view of its launch phasing. *Giorgio Armani* continued its breakthrough in women's fragrances with *Acqua di Gioia*, and is bolstering its leadership in men's fragrances with *Acqua di Giò* and *Armani Code* which will be strengthened as of April with the launch of *Armani Code Sport*. The strategic launch of the skincare line *Régénescence* is confirming *Giorgio Armani's* expansion in all beauty fields. *Kiehl's* is continuing its global expansion at a very dynamic rate in all zones, thanks to its facial skincare lines. Lastly, *Biotherm* is hitting the headlines with its anti-fatigue line *Skin'Ergetic*, a major innovation in fresh cosmetics.

- In Western Europe, the division's sales were boosted by *Yves Saint Laurent* and *Kiehl's*, which is improving its geographical presence. In a dynamic North American market, sales trends are extremely favourable, thanks to *Lancôme*, *Giorgio Armani* and *Ralph Lauren* as well as the success of *Kiehl's*. In the New Markets, the division's strong growth is continuing, particularly in China, Hong Kong and South Korea. *Lancôme*, *Shu Uemura*, *Kiehl's* – which has just been launched in India – and *Helena Rubinstein* are driving the division's growth in Asia. Sales are also rising substantially in Latin America, Russia and the Middle East.

## ACTIVE COSMETICS

**The sales of the Active Cosmetics Division at end-March grew by +4.9% like-for-like and +6.7% based on reported figures, thanks to the dynamism of the New Markets, particularly Latin America.**

- *La Roche-Posay* is continuing its strong growth in the New Markets (Brazil, Russia and the Gulf states). Facial skincare is being driven by the launch of *Tolériane Ultra*, designed for ultra-sensitive and allergic skin, and *Substiane [+]* for mature skin. *Vichy* kicked off the year with a major facial skincare initiative, *LiftActiv Derm Source*, and is expanding its share of the bodycare market with *Nutri-Extra*. *Innéov* is continuing its international development with outstanding performances in Latin America. The new product *Anti-Fatigue Integral* has made a promising start in Europe. *SkinCeuticals* is continuing its global roll-out, and is now arriving in China and Brazil. *Roger&Gallet* is successfully continuing its internationalisation in Europe, and is now moving into Canada and Brazil, thanks in particular to its latest fragrance *Fleur d'Osmanthus*.
- As the market trend is lacklustre in Western Europe, growth is being driven by the New Markets, with strong performances in Latin America and Africa, Middle East, as well as by North America.

## Multi-division summary by geographic zone

### WESTERN EUROPE

- In a globally flat market, the group achieved growth of +0.5% like-for-like, and +1.5% based on reported figures, thanks in particular to the United Kingdom, Northern Europe, and continuing dynamism in Travel Retail. The situation is more uncertain in some South European countries.

### NORTH AMERICA

- In the first quarter, North America achieved growth of +7.2% like-for-like and +11.9% based on reported figures. All divisions recorded positive growth. The Luxury Products Division made a good start to the year, with in particular a rebound at *Lancôme*, while the Consumer Products Division is making clear market share gains in all categories.

### NEW MARKETS

With growth of +11.6% like-for-like and +17.2% based on reported figures, the group is continuing to strengthen its positions. Excluding Japan, the New Markets zone is at +13.0% like-for-like.

- **Asia, Pacific:** the group recorded growth of +11.7% like-for-like and +18.8% based on reported figures. In Japan, where a severe earthquake hit the east of the country, our teams demonstrated great solidarity and responded with a remarkable ability to rally round. The employees of L'Oréal Japan were not directly affected, and the facilities were not damaged. The sales trend was at -5.9% like-for-like (+5.0% based on reported figures) at end-March, but it is too early to evaluate the impact on the full year. Excluding Japan, the growth rate was +14.7%, as the good performances are continuing not only in China, Hong Kong, Taiwan and South Korea, but also in the ASEAN countries and India.

- **Eastern Europe:** this zone recorded -1.5% like-for-like, with a strong comparison base, and with launch phasing focused more on the coming months. There is a contrast in results between Ukraine and Russia on the one hand, and the countries of Central Europe on the other, which are more difficult.
- **Latin America:** there was a good start to the year, with sales growing by +24.1% like-for-like and +31.5% based on reported figures. Growth is strong in all countries, particularly in Brazil and Argentina. The four divisions are continuing to prove very dynamic, although the comparison base had taken an impact from the effects of the earthquake in Chile.
- **Africa, Middle East:** sales increased by +16.0% like-for-like, with strong growth in South Africa, boosted by favourable commercial phasing. Turkey is extremely dynamic. Events in North Africa and the Middle East have up to now had a limited impact on growth in this zone.

## 2) The Body Shop sales

At end-March, The Body Shop sales recorded like-for-like growth at +0.8%. Retail sales<sup>(1)</sup> are at +0.9%.

The Body Shop is recording very strong growth rates in the New Markets, particularly in the Middle East, Eastern Europe and Southern Asia, and is continuing to extend its distribution in these areas. The brand is also making great strides forward in e-commerce and in Travel Retail, where its visibility is increasing. On the other hand, the brand is feeling the impact of an environment seriously affected by natural disasters in Japan and Australia.

The Body Shop is stepping up its militant approach to innovations, with launches including *Earthlovers*, a range of eco-designed, 100%-biodegradable shower gels.

At end-March 2011, The Body Shop has a total of 2,613 stores.

*(1) Retail sales: total sales to consumers through all channels, including franchisees.*

## 3) Galderma sales

Galderma's sales increased by +5.9%, like-for-like.

*Epiduo* (acne), *Azzalure* (muscle relaxant for frown lines) and *Cetaphil* (therapeutic skincare) recorded double digit growth and compensated sales erosion due to the entry of generics of *Differin 0.1%* gel and cream (acne) in the United States, and *Loceryl* nail lacquer (onychomycosis) in France. Southeast Asia and South Korea in particular show solid growth, as do Canada, Brazil and Argentina. There was a slowdown in sales in Galderma's traditional markets in Europe and the United States.

The main event of the last quarter was the completion on February 25<sup>th</sup>, 2011 of the cash offer for the acquisition of Q-Med launched on January 3<sup>rd</sup>, 2011. Q-Med is the leader in developing and commercialising medical device products based on hyaluronic acid which includes the facial dermal filler *Restylane* and *Macrolane* for body contouring. The expanded portfolio accelerates Galderma's strategy for growing its aesthetic procedures business, catapulting the company into a leading position in the global market for injectables and allowing the company to more effectively meet the needs of doctors and patients. Q-Med has been consolidated in Galderma's financial statements since March 1<sup>st</sup>, 2011.

## **B – Important events during the period 01/01/11 - 03/31/11**

- Sir Lindsay Owen-Jones informed the Board of Directors, at its meeting on February 10<sup>th</sup>, 2011, that he wished to complete the transfer of his responsibilities to his successor before his 65<sup>th</sup> birthday, as planned from the outset and announced at the Annual General Meeting in 2005. The Board voted unanimously in favour of appointing Mr Jean-Paul Agon as Chairman and CEO of L'Oréal. This appointment became effective as of March 17<sup>th</sup>, 2011.

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*"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."*

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## C - Appendix

### Appendix 1: L'Oréal group sales 2010/2011 (€millions)

	2010	2011
<u>First quarter:</u>		
Cosmetics	4,445	4,861
The Body Shop	164	170
Dermatology	112	130
<b>First quarter total</b>	<b>4,722</b>	<b>5,160</b>
<u>Second quarter:</u>		
Cosmetics	4,617	
The Body Shop	170	
Dermatology	158	
<b>Second quarter total</b>	<b>4,945</b>	
<u>First half:</u>		
Cosmetics	9,062	
The Body Shop	334	
Dermatology	271	
<b>First half total</b>	<b>9,667</b>	
<u>Third quarter:</u>		
Cosmetics	4,529	
The Body Shop	172	
Dermatology	151	
<b>Third quarter total</b>	<b>4,852</b>	
<u>Nine months:</u>		
Cosmetics	13,591	
The Body Shop	506	
Dermatology	421	
<b>Nine months total</b>	<b>14,518</b>	
<u>Fourth quarter:</u>		
Cosmetics	4,549	
The Body Shop	249	
Dermatology	180	
<b>Fourth quarter total</b>	<b>4,977</b>	
<u>Full year</u>		
Cosmetics	18,139	
The Body Shop	755	
Dermatology	602	
<b>Full year total</b>	<b>19,496</b>	