

Sales at September 30th, 2011

GROUP'S GOOD DYNAMICS CONTINUE

- **9-month sales: 15.087 billion euros**
 - +3.9% based on reported figures
 - +5.1% like-for-like
 - +5.7% excluding currency fluctuations
- **Very strong growth in Asia**
- **Solid growth in Latin America and North America**
- **Strong dynamism of Luxury Division**
- **Full-year 2011 targets confirmed**

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

"With a solid 3rd quarter, the group is confirming its good dynamics, in a market which again reflected contrasting trends in geographic zones and distribution channels.

Across the divisions, L'Oréal Luxury produced an outstanding performance, bolstered by the dynamism of Kiehl's, Giorgio Armani, Diesel, and also Lancôme, which is making the headlines with Visionnaire, a breakthrough innovation symbolising the renewal of the brand and the quality of our Research. The Consumer Products Division trend is positive, thanks in particular to Maybelline. The Professional Products and Active Cosmetics Divisions are improving their performances in markets that have once again shown modest growth.

In geographic terms, L'Oréal is confirming its dynamism in Asia, reflecting high performances not only in China, but also in India and South-East Asia. Growth remains strong in Latin America, despite a deceleration in Brazil. In North America, L'Oréal is continuing to increase faster than the market. In Western Europe, the group is in line with a market trend reflecting highly contrasting situations.

With a favourable cosmetics market trend despite the uncertainties facing the worldwide economy, we are tackling the last quarter with confidence.

We confirm our aim of outperforming the market in 2011, and achieving another year of growth in both sales and profitability."

A - Sales at September 30th, 2011

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was +5.1%.

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

Currency fluctuations had a negative impact of -1.8%.

Growth at constant exchange rates was +5.7%. If current exchange rates (basis €1=\$1.388) are extrapolated up to December 31st, the impact of currency fluctuations would be -1.7% for the whole of 2011.

Based on reported figures, the group's sales, at September 30th, 2011, amounted to 15.087 billion euros, an increase of +3.9%.

Sales by operational division and geographic zone

	3 rd quarter 2011			At September 30 th , 2011		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
By operational division						
Professional Products	689.0	2.6%	0.7%	2,109.2	2.3%	3.0%
Consumer Products	2,392.6	3.4%	0.0%	7,430.0	4.6%	3.0%
L'Oréal Luxury	1,199.9	8.8%	4.9%	3,449.7	8.6%	6.2%
Active Cosmetics	318.5	5.4%	3.5%	1,116.2	3.8%	3.3%
Cosmetics total	4,600.0	4.8%	1.6%	14,105.1	5.1%	3.8%
By geographic zone						
Western Europe	1,733.1	1.1%	1.0%	5,498.4	0.9%	1.3%
North America	1,100.1	4.6%	-2.6%	3,283.6	5.4%	1.1%
New Markets, of which:	1,766.8	8.8%	4.9%	5,323.1	9.7%	8.3%
- <i>Asia-Pacific</i>	869.2	13.6%	10.8%	2,644.3	13.1%	12.6%
- <i>Eastern Europe</i>	301.8	-1.5%	-4.9%	981.9	-2.8%	-4.1%
- <i>Latin America</i>	426.6	8.0%	3.8%	1,257.2	14.0%	12.7%
- <i>Africa, Middle East</i>	142.2	6.8%	-3.0%	439.8	8.9%	3.2%
Cosmetics total	4,600.0	4.8%	1.6%	14,105.1	5.1%	3.8%
The Body Shop	165.8	2.4%	-3.7%	503.2	2.6%	-0.6%
Dermatology ⁽¹⁾	171.9	8.1%	13.9%	479.1	6.3%	13.7%
Group total	4,937.8	4.8%	1.8%	15,087.4	5.1%	3.9%

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division recorded 9-month sales growth of +2.3% like-for-like and +3.0% 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. The division increased its worldwide leadership and accelerated in the 3rd quarter thanks to a solid launch portfolio.

- Following the successful launch of *Inoa* and *Inoa Suprême* in permanent hair colour, *L'Oréal Professionnel* is reinventing tone-on-tone colour with *DiaRichesse* and *DiaLight*. In addition, *Redken* is launching *Color Fusion Extra Lift*, a formula with unrivalled lightening power. The hair oils *Elixir Ultime* by *Kérastase* and *Mythic Oil* by *L'Oréal Professionnel* have once again been highly successful. *Kérastase* is developing ultra-personalised professional salon haircare with *Fusio-Dose*, the first-ever system with highly concentrated active ingredients prepared individually for each client. *Matrix* is continuing to prove successful with *Total Results*, a range of accessible professional haircare products launched in Europe and the New Markets.
- In Europe and the United States, in sluggish markets, the division is continuing to improve its positions by conquering new salons. In the New Markets, the division is making rapid progress, particularly in Latin America, India and the countries of South-East Asia. In the 3rd quarter, *Matrix* launched *Biolage Oiltherapie* in India, a product specially developed for this market.

CONSUMER PRODUCTS

The Consumer Products Division has achieved sales growth of +4.6% like-for-like and +3.0% based on reported figures. *Maybelline* is continuing to grow strongly and *L'Oréal Paris* is accelerating.

- *L'Oréal Paris* is continuing to score successes with its hair colourant *Sublime Mousse* and the facial skincare line *Revitalift Total Repair 10*. *Maybelline* is performing very well in all regions of the world, with the success of *Falsies Flared* and *Colossal Cat Eyes* mascaras, *Color Explosion* eye shadow, and *SuperStay 24h* lipstick. *Garnier* is continuing its initiatives with *Miracle Skin Perfector*, bringing the BB cream phenomenon from Asia to Europe for the first time, and *Dark Spot Corrector* anti-blemish skincare in North America.
- In Western Europe, the contrasting national situations are continuing, with a relatively positive trend in France and Northern Europe, but a more difficult context in Southern Europe. The quarter was marked by the revamp of the *Elvive* range by *L'Oréal Paris* and the launch of *Elvive Triple Resist enriched with Arginine*. In North America, the division is continuing to win market share, driven in particular by the successes of *Garnier* and *Maybelline*. In addition, the launch of *Essie* nail varnish in the mass market is extremely promising. In Eastern Europe, the situation is gradually returning to normal. In Latin America, the growth rate remains high, although there has been a slowdown in Brazil and in Mexico. In Asia, and in China in particular, growth remains strong, with large market share gains.

L'OREAL LUXURY

L'Oréal Luxury sales grew at end-September by +8.6% like-for-like, and by +6.2% based on reported figures. The division produced particularly strong performances in the New Markets, the United States and Travel Retail. This achievement reflects a dynamic retail sales trend, and the introduction of the major year-end launches in the 3rd quarter.

- *Lancôme* is hitting the headlines with *Visionnaire*, the first advanced skin corrector, protected by 20 patents. Meanwhile, the brand is continuing to make advances thanks to its flagship products *Génifique*, *Rénergie* and *Teint Miracle*, and the launch of *Hypnôse Doll Eyes* mascara. *Giorgio Armani* is achieving strong growth with *Code Sport*, *Acqua di Gioia* and the skincare line *Régénéssence*. *Yves Saint Laurent* is progressing in men's fragrances with a trilogy comprising *L'Homme*, *La Nuit de L'Homme*, and now *L'Homme Libre*. *Kiehl's* is continuing to record very dynamic growth, and sustaining the pace of its sales outlet openings all over the world. After the success of *Rosa Arctica*, the brand is launching a new skincare line, *Ultra Facial Oil Free*. *Biotherm* is launching *Skin Vivo Uniformity*, an anti-ageing skincare line which ensures an even skin tone.
- Sales in Western Europe are being boosted by the launch of *Visionnaire* and the successes of *Yves Saint Laurent* in men's fragrances. *Kiehl's* is continuing to record lively growth, alongside *Diesel*, whose new women's fragrance, *Loverdose*, has quickly become one of the best-selling products on the market. In North America, the division's sales trend is favourable, bolstered by *Lancôme*, *Giorgio Armani* and *Kiehl's*. *Yves Saint Laurent* is accelerating thanks to its make-up products. In the New Markets, the division's growth is being bolstered by Asia, and particularly by South Korea, China and Hong Kong. Sell-out is increasing strongly in the Middle East. Travel Retail is continuing to prove extremely dynamic.

ACTIVE COSMETICS

At end-September, the sales of the Active Cosmetics Division grew by +3.8% like-for-like and +3.3% based on reported figures, with a good 3rd quarter, reflecting a good sun products season and the introduction of year-end launches.

- *La Roche Posay* is maintaining its momentum across all markets with a sustained plan of initiatives. In particular, the brand is launching *Cicaplast B5* in the scarring segment. *Vichy* is making two major launches in Europe: *LiftActiv Sérum 10* in anti-ageing skincare and *Dercos Aminexil* in anti-hair loss. *SkinCeuticals* is fully playing its role as a growth relay.
- In Western Europe, the situation still reflects contrasting trends, but improved in the 3rd quarter, thanks in particular to *La Roche Posay*, *SkinCeuticals* and *Roger&Gallet*. In North America, *SkinCeuticals* sales are growing strongly. The New Markets are continuing to generate strong growth, particularly in Latin America, with *Vichy* and *Innéov*, and the Middle East. Difficulties are continuing in the pharmacy channel in Eastern Europe.

Multi-division summary by geographic zone

WESTERN EUROPE

In a market which remained flat overall, L'Oréal recorded a growth rate of +0.9% like-for-like and +1.3% based on reported figures, with satisfactory performances in France, the United Kingdom, Northern Europe and Travel Retail. The situation remains more difficult in Southern Europe, particularly in Greece and Portugal.

NORTH AMERICA

In North America, L'Oréal achieved growth at end-September of +5.4% like-for-like, outperforming a market trend which remained buoyant. L'Oréal Luxury achieved lively growth, reflecting the advances made by *Lancôme* and a new period of strong growth for *Kiehl's* and for fragrances. The Consumer Products Division is clearly gaining market share in haircare, skincare and make-up. The development of *Essie* is very promising.

NEW MARKETS

At end-September, the New Markets recorded growth of +9.7% like-for-like. Excluding Japan, the New Markets achieved growth of +10.8%, with the Asia-Pacific zone proving particularly dynamic.

- **Asia-Pacific:** L'Oréal recorded a growth rate of +13.1% like-for-like, and is thus continuing to make significant market share gains across the whole Asia-Pacific zone. Excluding Japan, growth in this zone amounted to +16.3% like-for-like. The group is being driven by the good performances of L'Oréal Luxury in China, South Korea, Taiwan and Hong Kong, and by the Consumer Products Division, which is posting good results in China, India and South-East Asia, where it is continuing to extend its distribution.
- **Eastern Europe:** The group sales trend at end-September was -2.8% like-for-like, after an improvement in the 3rd quarter. In the dismal economic context which has left no country unscathed, consumer confidence is weak and markets are proving difficult. The group is taking action with a specially adapted launch programme, particularly in the Consumer Products Division.
- **Latin America:** At end-September the group's growth stood at +14.0% like-for-like. There is strong momentum in all divisions and across all countries, particularly in Argentina, Mexico and Colombia. In Brazil, growth remains high; however a deceleration has been observed over the last few months.
- **Africa, Middle East:** The Africa and Middle East zone recorded growth of +8.9% like-for-like at end-September. Turkey and the countries of the Levant are the main growth drivers, alongside the Gulf states which have now returned to growth. The new subsidiaries in Egypt and Pakistan are expanding, and the group has just opened new subsidiaries in Kenya and Nigeria.

2) The Body Shop sales

At end-September, The Body Shop achieved like-for-like sales growth of +2.6%. Retail sales⁽¹⁾ also increased by +2.6%.

The Body Shop launched *Extra Virgin Minerals*, an innovative range of 100% pure mineral foundations containing Community Fair Trade extra virgin olive oil from Italy. The brand also hit the headlines when it handed over a petition of 7 million signatures to the United Nations – its largest petition ever - in support of its ground-breaking campaign to Stop Sex Trafficking of Children and Young People.

The brand continues to perform well in New Markets, such as the Middle East and Eastern Europe, with particularly good performances in Saudi Arabia and Russia. In Western Europe growth remains overall sluggish, hampered by the economies of Greece, Italy and Portugal.

The Body Shop continues to accelerate its expansion of e-commerce. Global Travel Retail reach now extends to more than 40 countries.

At September 30th, 2011, the total number of stores was 2,693.

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

3) Galderma sales

Galderma's sales increased by +6.3% like-for-like and +13.7% based on reported figures.

During the 3rd quarter, Galderma completed the operational integration of Q-Med, makers of the world-class filler *Restylane*, allowing for market optimization of the company's fast growing medical aesthetic business.

The strategic brands *Epiduo* (acne), *Azzalure* (muscle relaxant for frown lines), *Cetaphil* (therapeutic skincare) and *Restylane* (hyaluronic acid dermal filler) recorded double-digit growth.

Asia-Pacific and Latin America drove global performance by boasting strong double-digit growth. Particularly strong performance in Germany and Russia partly offset the erosion of *Loceryl* nail lacquer by generics in France. North America generated moderate growth in light of the entry of generics of *Differin* 0.1% gel and cream (acne) in the United States but prescriptions for *Epiduo* are quickly ramping up.

B – Important events during the period 7/1/2011 to 9/30/2011

To the best of the company's knowledge, no events or changes occurred during the period which could significantly modify the group's financial situation.

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C - Appendix

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
First quarter total	4,722	5,160
<u>Second quarter:</u>		
Cosmetics	4,617	4 644
The Body Shop	170	168
Dermatology	158	177
Second quarter total	4,945	4,989
<u>First half:</u>		
Cosmetics	9,062	9,505
The Body Shop	334	337
Dermatology	271	307
First half total	9,667	10,150
<u>Third quarter:</u>		
Cosmetics	4,529	4,600
The Body Shop	172	166
Dermatology	151	172
Third quarter total	4,852	4,938
<u>Nine months:</u>		
Cosmetics	13,591	14,105
The Body Shop	506	503
Dermatology	421	479
Nine months total	14,518	15,087
<u>Fourth quarter:</u>		
Cosmetics	4,549	
The Body Shop	249	
Dermatology	180	
Fourth quarter total	4,977	
<u>Full year</u>		
Cosmetics	18,139	
The Body Shop	755	
Dermatology	602	
Full year total	19,496	