

Clichy, May 6th 2009, 5.50 pm

1st quarter 2009 sales

SLIGHT INCREASE IN SALES IN A DIFFICULT ECONOMIC ENVIRONMENT

- **Sales growth of +0.3% at 4.37 billion euros**
At constant exchange rates*: -0.4%
Like-for-like: -4.3%
- **Resilience in the Consumer Products and Active Cosmetics Divisions, and at The Body Shop**
- **Strong impact of crisis on Luxury Products Division**
- **Prospect of a gradual improvement in performance in the course of 2009**

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

"The quality of the innovations, the strength of our brands, the group's balanced presence across the major global markets, and the acquisition of YSL Beauté have enabled us to achieve a very slight increase in sales in the first quarter.

As we had anticipated, performances across the divisions are extremely differentiated: Consumer Products, Active Cosmetics and The Body Shop are proving resilient. The Professional Products markets have continued to slow. As for the Luxury Products Division, its sales have felt the strong impact, particularly in Western Europe, of very large inventory adjustments by distributors, after a disappointing end-of-year holiday period. Meanwhile, Galderma is continuing to record a remarkable growth rate.

To weather this crisis and indeed emerge stronger than before, the group is implementing 5 main strategic thrusts: developing accessible innovation to broaden the consumer base, opening up new product categories, accelerating globalisation, ensuring sustained advertising and promotional investments, and lastly reducing costs.

Thanks to the quality of its fundamentals and the implementation of these 5 major strategic thrusts, the group should gradually improve its performances in the course of 2009."

* based on constant translation rates: 2009 data at 2009 rates / 2008 data at 2009 rates

A – 1st quarter 2009 sales trends

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was -4.3%.

The net impact of changes in consolidation, mainly as a result of the acquisitions of *YSL Beauté* and *CollaGenex Pharmaceuticals*, amounted to +3.9%.

Currency fluctuations had a positive impact of +0.7%.

Growth at constant exchange rates was -0.4%.

Based on reported figures, the group's sales, at March 31st 2009, amounted to 4.37 billion euros, an increase of +0.3%.

€million	Quarterly sales		Growth	
	1 st quarter 2008	1 st quarter 2009	Like-for-like	Reported
By division				
Professional Products	620	601	-5.3%	-3.2%
Consumer Products ⁽¹⁾	2 159	2 193	+1.0%	+1.6%
Luxury Products	930	926	-17.5%	-0.4%
Active Cosmetics	408	392	-2.1%	-3.9%
Cosmetics total	4 118	4 112	-5.0%	-0.2%
By geographic zone				
Western Europe	1 939	1 834	-9.3%	-5.4%
North America	893	968	-5.0%	+8.3%
Rest of the World, of which:	1 286	1 310	+1.8%	+1.8%
- Asia	464	574	+4.8%	+23.6%
- Eastern Europe	359	293	-4.6%	-18.2%
- Latin America	243	230	+9.7%	-5.2%
- Africa-Orient-Pacific	220	212	-4.4%	-3.9%
Cosmetics total	4 118	4 112	-5.0%	-0.2%
The Body Shop	168	162	+2.5%	-3.3%
Dermatology ⁽²⁾	73	96	+18.6%	+32.0%
Group total	4 359	4 370	-4.3%	+0.3%

(1) 1st quarter 2008 sales include the group's share of Club des Créateurs de Beauté

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

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1) Cosmetics sales trends

- Consumer Products and Active Cosmetics prove resilient
- Difficulties in luxury and hair salon markets

PROFESSIONAL PRODUCTS

In the context of a sharp slowdown in hair salon activity, the Professional Products Division's 1st quarter like-for-like sales trend was -5.3%, and -3.2% based on reported figures, which was better than the estimated market trend. Thanks to its brand portfolio and the dynamism of its anti-crisis initiatives, the division was able to recruit a record number of salons and thus strengthen its leadership. The growth-relay countries are continuing to play their part.

- The affordable brand *Matrix* is growing strongly outside North America, particularly in Western Europe and the new markets. Its new skincare line *Biolage Rejuvathérapie*, for mature women, is proving highly successful.
Pureology is strengthening its position as the number 1 professional colour care brand in the United States, thanks to the successful launch of *Essential Repair*. The brand is beginning its global roll-out in Europe.
Redken made a good start to the year across all continents, particularly in technical haircare.
At *L'Oréal Professionnel*, the new styling range *Texture Expert* is making a very good start, and *Majirel* hair colourant is taking advantage of the resilience of salon technical services.
Kérastase is innovating with its unique hair slimming technology, *Oléo-Relax Slim*.
All the division's brands have introduced a pro-active promotional offer policy, making innovation more affordable, and a policy of strengthening the appeal of professional hairdressing services.
- In geographic terms, sales have contracted in the mature countries but increased in the growth-relay countries, particularly in Brazil, India, China, the Philippines and Poland.
In Western Europe, the good results in Germany, where the division is continuing to win market share, are worth noting.
In North America, the division is winning market share in salon sales and is continuing to successfully apply its anti-diversion policy.

CONSUMER PRODUCTS

The Consumer Products Division achieved like-for-like growth of +1%, proving resilient in the North American and West European markets, and making significant market share gains in the Rest of the World. The division's impetus comes in particular from the good performance of *Garnier*.

- The impact of launches was substantial in all categories. Particular emphasis has been placed on affordable innovation, a strategy which will pay off over the coming quarters.
- In Western Europe, the division's growth was slightly faster than the market trend; sales growth was strong in Germany, Italy and Northern Europe. Trends in France and Spain were again negative, with the combined effect of a slowdown in consumption in both countries and inventory reductions. In make-up, the division is winning market share with the launch of *L'Oréal Extra Volume Collagen Mascara*, *Visible Lift Serum Inside* foundation and *Maybelline Lash Stiletto*. Hair colourants are performing well, with the success of *Excell' 10* and the launch of *Garnier Herbashine*, a 10-minute highlight colourant. Skincare remains dynamic, thanks to the launch of *L'Oréal Paris Resubstanceur Peau*, *Collagen Lip Filler*, and *Garnier Vital Restore*. In haircare, where the market is more difficult, *Garnier* launched *Fructis Volume Restructure* and *Fructis* lacquer with bamboo extract at a very affordable price.

In North America, the market remained stable in the 1st quarter. The division's overall market share proved resilient, with gains in facial skincare both for *L'Oréal Paris* and *Garnier*. *L'Oréal Paris* launched *Ever Pure*, the first mass-market sulphate-free shampoo and haircare range, and *Excellence to Go*, a 10-minute permanent hair colourant. *Maybelline* launched the lengthening mascara *Lash Stiletto* and *Dream Liquid Mousse* foundation. The promotional activity of the division has been sustained. In the Rest of the World, the strong growth rate has continued. In Asia, the division recorded double-digit growth and is continuing to make market share gains. In Latin America, Brazil, Argentina and Chile have started the year well, particularly in haircare. In Russia and India, 1st quarter growth was encouraging. South Africa has posted double-digit growth. In North Africa the division has launched *Garnier Color Naturals*, particularly in Morocco and the new Egyptian subsidiary.

LUXURY PRODUCTS DIVISION

The 1st quarter of 2009 was sharply hit by distributor inventory reductions, following disappointing end-of-year sales, by a sharp fall in air traffic which affected Travel Retail, and by a very large drop in consumption in countries such as Russia and Dubai. Inventory reduction has a disproportionate impact on sales in the 1st quarter, when sales are traditionally at their lowest. In this context, the sales of the Luxury Products Division contracted by -17.5% like-for-like, and by -0.4% based on published figures, thanks to the consolidation of *YSL Beauté*. A strengthened launch plan, greater commercial aggressivity, the conquest of alternative distribution channels and a growing focus on young-lifestyle, affordable brands have enabled the division to defend its positions.

- With the recent launch of the *Génifique* skincare line, *Lancôme* has marked the dawn of the era of genomics and proteomics, and is enjoying unprecedented success particularly in the United States, the United Kingdom and France. The brand's performance has also been boosted by the success of *Ôscillation* powermascara with micro-oscillation, a phenomenal success in the United States, and *Absolu Rouge* lipstick. The new *Magnifique* eau de toilette has also made a promising start. *Kiehl's* has achieved double-digit growth across the world, thanks in particular to its very strong performance in Asia. *Yves Saint Laurent* sales are growing in North America and Asia. *La Nuit de l'Homme*, the brand's first fragrance launch since its integration into the division, has made an excellent start and has been the top-selling fragrance in France since its launch. The brand is also proving successful in make-up with *Rouge Volupté*. The success of *Diesel* is continuing with *Only the Brave*, the trendsetting new fragrance, which has made a very good start.
- In Western Europe, the distributor inventory adjustment effect has been particularly strong. The division's sell-out is holding up well in the two key markets of France and the United Kingdom. *Lancôme* made a good start to the year thanks to the launch of the *Génifique* skincare line in March. In North America, where the context was still unfavourable with the decline in department store footfall and the sharp drop in Travel Retail sales, the division's sales performance is close to the market trend. *Lancôme* and *Yves Saint Laurent* are winning market share. The Rest of the World zone has been particularly affected by the difficulties in Russia, Dubai, and in Travel Retail in Asia. Nevertheless, the division's sell-out is growing faster than the market. The division is performing particularly well in South Korea, and in China where the *Lancôme* brand has further strengthened its number 1 position.

ACTIVE COSMETICS

The sales of the Active Cosmetics Division were down by -2.1% like-for-like. This reflects the trend in the dermocosmetics market, which was negative for the first time in Western Europe, and the cautious stance taken by pharmacies. In this context, the division recorded market share gains, particularly in Western Europe and in the new markets.

- *Vichy* has reaffirmed its leadership in pharmacy sales, thanks to substantial advertising and promotional investments in the major product initiatives, *Liftactiv CxP* and *Liftactiv Retinol HA*. *La Roche-Posay* is growing strongly and winning market share, thanks to good performances across all categories and the launch of the *XY* range for men. *Innéov* has confirmed its position as number 1 in oral cosmetics in Europe, and is again winning market share, thanks to the strong breakthrough made in the haircare segment. The brand has made a spectacular start in Brazil. *SkinCeuticals* is growing very strongly, boosted by its global roll-out.

- There are contrasting trends in the geographic zones:
 Sales in Western Europe were down as a result of the market contraction. Market share is improving, particularly in facial skincare.
 Expansion is continuing in North America, despite a significant reduction in footfall, particularly in spas and medi-spas since the end of 2008.
 The Rest of the World remains dynamic, although markets are now growing less rapidly. The financial difficulties of some distributors had a negative impact in Eastern Europe in the 1st quarter.

Multi-division summary by geographic zone

WESTERN EUROPE

- Western Europe is at -9.3% like-for-like, largely because of the lower sales of the Luxury Products Division. The group produced very good performances in Germany and the United Kingdom. But the market situation in Spain, and inventory reductions in France had a considerable impact on the 1st quarter. In sell-out, the group has held on to its positions thanks in particular to strong performances by *Maybelline*, *La Roche-Posay* and *Kiehl's*.

NORTH AMERICA

- The like-for-like sales trend in North America in the 1st quarter was -5% in a market which was down significantly, as in the previous quarter. The slowdown had a particularly strong impact on hair salons and department stores. During the quarter, the group's situation gradually improved thanks to the continuing breakthrough of *Garnier*, the very good start to the year made by *Lancôme* and the strengthening of positions in the Professional Products Division.

REST OF THE WORLD

- Asia:** In a slower market, L'Oréal's like-for-like growth reached +4.8%. The group is continuing to strengthen its positions, particularly in skincare. If Japan and Travel Retail are excluded, the zone's growth rate was +12.3%, thanks to the very strong growth of *Garnier*, *L'Oréal Paris*, *Maybelline*, *Matrix* and *Kiehl's*. Dynamic growth is continuing in China, where the group has taken the number 1 spot in men's skincare. Growth was again high in the countries of South-East Asia. South Korea is growing very strongly in all divisions, particularly in Luxury Products.
- Latin America:** Growth is gradually improving, reaching +9.7% like-for-like at end-March, driven forward by launches in the Consumer Products Division brands, such as *Garnier* and *Maybelline*, and by the *La Roche Posay* and *Matrix* brands. Argentina and Chile are growing strongly. Sales have again increased significantly in Brazil. The situation remains difficult in Mexico.
- Eastern Europe:** The group's sales have contracted by -4.6%, affected by the sharp drop in Luxury Products invoicing in Russia. If the Luxury Products Division is excluded, the zone achieved very slight growth, and is improving its positions in a slower market context.
- Africa-Orient-Pacific:** The 1st quarter trend was -4.4% like-for-like, reflecting the impact of the sharp drop in sales of Luxury Products in Dubai. Excluding Luxury Products, the zone's growth accelerated thanks to very good results in South Africa, and the confirmation of the upturn in India at +8.9%, boosted by the success of *Garnier Fructis Fall Fight* and *Skin Naturals Light Eye Roll-On*. The newly created subsidiary in Egypt began invoicing in February.

2) The Body Shop sales trend

At end-March, the like-for-sales of The Body Shop increased by +2.5%. Retail sales (1) grew by +3.1%. On a comparable store base (2), sales were down by -1.2%.

The brand proved resilient in Western Europe, and produced excellent performances in the Rest of the World, particularly in Asia.

The Body Shop successfully launched its *Moroccan Rose* fragrance line, and the *Wild Cherry* bodycare range.

At March 31st 2009 the total number of stores was 2,536.

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

⁽²⁾ Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to March 31st 2008 and over the same period in 2009.

3) Galderma sales trend

Galderma achieved a like-for-like sales increase of +18.6%.

In North America, sales growth reached +24.9% thanks to the continuing success of *Oracea*®, an innovative product for the treatment of rosacea, and the launch of two new products: *Epiduo*™, a unique drug combination for the treatment of acne, and *Vectical*®, the first calcitriol-based drug available in the United-States for psoriasis.

Sales in Europe increased by +10.5% thanks to the growing success of *Epiduo*®, and *Clobex*® shampoo an innovative formulation of the first corticosteroid-based shampoo approved to treat mild psoriasis of the scalp.

In Asia, sales grew by +38.9%, particularly thanks to *Differin*® Gel 0.1%, introduced in Japan at the end of 2008 for acne treatment, which has made a major contribution to the growth rate.

In the corrective and aesthetic dermatology market segment, *Azzalure*®, a botulinum toxin type A product for the treatment of frown lines, received national marketing authorizations in the United-Kingdom, Denmark, France and Portugal.

B – Important events during the period 01/01/09 - 03/31/09

- On March 26th 2009, the Luxury Products Division of L'Oréal presented a project designed to strengthen the growth of its brands across the world, aimed at:
 - Creating a European Pole of Industrial Excellence in the Nord Picardie region, grouping together all the European production of the Luxury Products Division. The industrial activity of the Albesa site in Spain would be transferred to France, and the Spanish site would become the logistics centre for Luxury Products in Spain. All the division's European industrial operations would be divided between the sites at Lassigny (Oise), Caudry (Nord) and Gauchy (Aisne).
 - Creating a large international logistics centre with a floor area of 40,000 square metres at Roye (Somme) to serve the whole world. The centre would be operational by the 4th quarter of 2010.
 - Merging the organisational structures of *YSL Beauté* and the Luxury Products Division to enable the *YSL Beauté* brands to take advantage of the division's experience, and thus accelerate their development.

- The Board of Directors decided, on February 16th 2009 to cancel 3,970,600 shares. The share capital now consists of 598,445,210 shares with a par value of €0.2 each, representing a total of €119,689,042.

"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.

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 - Annex

L'Oréal group sales 2008/2009 (€ millions)

	2008	2009
<u>First quarter:</u>		
Cosmetics	4 118	4 112
The Body Shop	168	162
Dermatology	73	96
First quarter total	4 359	4 370
<u>Second quarter:</u>		
Cosmetics	4 016	
The Body Shop	166	
Dermatology	105	
Second quarter total	4 287	
<u>First half:</u>		
Cosmetics	8 134	
The Body Shop	334	
Dermatology	178	
First half total	8 646	
<u>Third quarter:</u>		
Cosmetics	3 978	
The Body Shop	176	
Dermatology	112	
Third quarter total	4 266	
<u>Nine months:</u>		
Cosmetics	12 112	
The Body Shop	510	
Dermatology	290	
Nine months total	12 912	
<u>Fourth quarter:</u>		
Cosmetics	4 247	
The Body Shop	246	
Dermatology	137	
Fourth quarter total	4 630	
<u>Full year:</u>		
Cosmetics	16 359	
The Body Shop	756	
Dermatology	427	
Full year total	17 542	

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