

**Sales at September 30<sup>th</sup>, 2010**

**L'OREAL SHOWS CONTINUING STRONG GROWTH**

- **9-month sales:**
  - +11.6% based on reported figures
  - +6.2% like-for-like
- **Solid growth in the 4 divisions**
  - Dynamism in Consumer Products Division**
  - Strong growth in the New Markets**

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

*“Organic growth remained sustained in the 3<sup>d</sup> quarter, despite a higher comparison base. This performance confirms the clear upturn in sales recorded since the start of the year.*

*All the divisions are contributing to this expansion. Consumer Products are significantly strengthening their positions, thanks in particular to the very strong dynamism of Maybelline. Luxury Products are being bolstered by the vitality of the division's major brands - Lancôme, Yves Saint Laurent and Giorgio Armani – and by the success of its latest fragrance launches and the global roll-out of Kiehl's. Professional Products are continuing their conquest of new salons, thanks, in particular, to the powerful roll-out of the new hair colourant Inoa.*

*In geographical terms, growth is solid in North America and the group is strongly reinforcing its positions in the New Markets, particularly in Latin America and Asia.*

*Overall, the growth rate for the first 9 months bears out our major strategic choices. In a growing cosmetics market, and despite a less favourable monetary context, we are confirming our aim of strengthening, over the full-year, our worldwide positions and the profitability of our businesses.”*

## A - Sales at September 30<sup>th</sup>, 2010

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was +6.2%.

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

**Currency fluctuations** had a positive impact of +5.1%.

**Growth at constant exchange rates** was +6.5%. If current exchange rates (basis €1=\$1.40) are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations would be +5.2% for the whole of 2010.

**Based on reported figures**, the group's sales, at September 30<sup>th</sup>, 2010, amounted to 14.52 billion euros, an increase of +11.6%.

### Sales by operational division and geographic zone

	3rd quarter 2010			At September 30 <sup>th</sup> , 2010		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<b><u>By operational division</u><sup>(1)</sup></b>						
Professional Products	684.2	2.9%	16.1%	2 046.8	4.5%	13.3%
Consumer Products	2 392.2	6.5%	15.1%	7 214.5	5.9%	11.3%
Luxury Products	1 144.3	5.7%	12.6%	3 248.3	8.3%	12.2%
Active Cosmetics	307.9	3.4%	9.3%	1 081.0	4.3%	8.3%
<b>Cosmetics total</b>	<b>4 528.6</b>	<b>5.5%</b>	<b>14.2%</b>	<b>13 590.6</b>	<b>6.1%</b>	<b>11.6%</b>
<b><u>By geographic zone</u><sup>(2)</sup></b>						
Western Europe	1 715.5	1.5%	2.6%	5 427.8	1.8%	2.6%
North America	1 129.4	3.8%	17.8%	3 248.2	4.6%	11.8%
New Markets, of which:	1 683.6	11.3%	26.2%	4 914.6	12.4%	23.4%
- Asia, Pacific	808.7	11.5%	28.5%	2 348.9	12.3%	22.8%
- Eastern Europe	317.6	2.9%	11.1%	1 024.3	8.6%	16.8%
- Latin America	410.9	18.2%	35.9%	1 115.1	19.2%	35.4%
- Africa, Middle East	146.6	12.4%	25.5%	426.3	6.3%	15.4%
<b>Cosmetics total</b>	<b>4 528.6</b>	<b>5.5%</b>	<b>14.2%</b>	<b>13 590.6</b>	<b>6.1%</b>	<b>11.6%</b>
The Body Shop	172.1	-0.6%	6.2%	506.4	-0.1%	4.3%
Dermatology <sup>(3)</sup>	151.0	27.1%	40.4%	421.4	18.4%	24.7%
<b>Group total</b>	<b>4 851.7</b>	<b>5.8%</b>	<b>14.6%</b>	<b>14 518.4</b>	<b>6.2%</b>	<b>11.6%</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 the 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 9-month sales growth of +4.5% like-for-like and +13.3% 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 is increasing its worldwide leadership through strong growth in technical products (colourants and texture) and the conversion of salons to its brands.

- The hair colourant category is continuing to expand strongly, with *Inoa* by *L'Oréal Professionnel* which is completing its global roll-out and achieving outstanding performances on all continents, and the new colourant *SoColor Beauty* by *Matrix* for salons offering more accessible products. In the texture category, *X-Tenso Moisturist* (long-lasting straightener) and the *Dulcia Advanced* permanent wave from *L'Oréal Professionnel*, together with *Opti-Straight* by *Matrix*, are accelerating sales in the New Markets.
- Despite the comparison base following the *Inoa* launch, Western Europe is maintaining its dynamism, and the division is winning market share in this zone. In North America, the division is being driven by the strong growth of *L'Oréal Professionnel*, thanks to *Inoa*, and the dynamism of *Matrix* and *Mizani*. The New Markets, particularly the BRIC and the Middle East countries, are growing strongly.

## CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth of +6.5% like-for-like in the 3<sup>rd</sup> quarter. At 9 months, sales growth was at +5.9% like-for-like and +11.3% based on reported figures. The division's market shares grew in all regions of the world. All major brands are reporting growth, with a particularly good performance from *Maybelline*.

- *L'Oréal Paris* is strengthening its positions in make-up with *Volume Million Lashes* mascara and *Smoothing Resurfacing Primer*, and in haircare with the continuing success of *Full Restore 5* in all zones, and of *Elsève Hydra-Max Colágeno* in Latin America. The *Go Clean 360°* facial cleansing range is proving highly successful in the United States. *Men Expert* is increasing its leadership in Asia. *Garnier* is continuing to advance in deodorants in Western Europe, Latin America and Eastern Europe, and has revamped its *UltraLift with Pro-Retinol* skincare line. *Maybelline* is growing strongly, thanks in particular to the success of *Volum' Express Falsies* mascara and *Instant Age Rewind Eraser* foundation.
- In a stable Western European market, the division is winning market share, particularly in haircare, facial skincare, make-up and deodorants. In North America, where the market is also stable, the division is growing significantly faster than the market, particularly in hair colourants, make-up and haircare. The division is strengthening its positions in all the New Markets.

## LUXURY PRODUCTS

The sales of the Luxury Products Division grew by +8.3% like-for-like at end-September, and by +12.2% based on reported figures. Sell-out in stores increased sharply in the 3<sup>rd</sup> quarter.

- *Lancôme* is growing fast thanks to the success of its skincare lines *Génifique* and *Absolue Precious Cells*, along with *Blanc Expert Age Fight* in Asia, as well as the new *Teint Miracle*, whose ambassador is Julia Roberts. *Yves Saint Laurent* is strengthening its positions thanks in particular to its breakthroughs in fragrances. The launch of *Rouge Pur Couture* is also confirming the brand's dynamism in make-up. The division is proving successful in fragrances: *Trésor in Love* by *Lancôme* is winning over a new target group of young customers, *Armani Acqua di Gioia* is a resounding success, *The Big Pony Collection* by *Ralph Lauren* is amongst the best-selling lines wherever it has been launched, and there has been a high-profile launch for *Belle d'Opium* by *Yves Saint Laurent* in the European market. *Kiehl's* is continuing its worldwide conquest.
- All zones have recorded growth at end-September. The division is still strongly outperforming the market in Asia. The dynamism of Travel Retail is continuing thanks to the rebound in air travel and the strong growth in sales in Asia.

## ACTIVE COSMETICS

**At end-September, the sales of the Active Cosmetics Division grew by +4.3% like-for-like and +8.3% based on reported figures. The division has confirmed its position as market leader.**

- *Vichy* is strengthening its position in the anti-ageing segment, with its *LiftActiv* and *Neovadiol* franchises, and its *Essentielles* range is proving successful. *La Roche-Posay* is posting double-digit growth, by clearly outperforming the market in Western Europe, and quickly expanding in the New Markets. Well established in France, *Roger & Gallet* has started its roll-out in Western Europe; its new *Huile Sublime Bois d'Orange* line is a success.
- All the geographic zones are recording growth. The excellent 3<sup>rd</sup> quarter performances in Latin America and the Middle East are worth noting.

## 2) Multi-division summary by geographic zone

### WESTERN EUROPE

**Western Europe** recorded a 9-month growth rate of +1.8% like-for-like and +2.6% based on reported figures, thanks in particular to the performances in the United Kingdom and France. Sales are growing in all divisions.

### NORTH AMERICA

**North America** achieved growth of +4.6% like-for-like at end-September and +11.8% based on reported figures, boosted by the Consumer Products and Luxury Products Divisions, while the market trend was very slightly positive.

### NEW MARKETS

- **Asia, Pacific:** The group is continuing to strengthen its positions with 9-month sales growth at +12.3% like-for-like. Excluding Japan, where the group is winning market share, the growth rate was +14.3% at end-September. The zone continues to be driven by India, China, Hong Kong, South Korea and Taiwan, as well as the ASEAN countries.
- **Eastern Europe:** In a market which is slowing down, sales at end-September grew by +8.6% like-for-like, with sharply contrasting trends across the different countries. Market share gains are continuing. L'Oréal inaugurated its first factory in Russia.
- **Latin America:** At end-September growth stood at +19.2% like-for-like, boosted once again by Brazil, and Argentina, and with a good growth trend in Mexico. The Consumer Products and Active Cosmetics Divisions are driving growth.
- **Africa, Middle East:** 9-month sales growth amounted to +6.3% like-for-like, with a clear 3<sup>rd</sup> quarter rebound at +12.4%, thanks to the recovery in South Africa, the performances in Lebanon and Morocco as well as breakthroughs in Egypt.

## 3) The Body Shop sales

At end-September, The Body Shop sales trend stood at -0.1% like-for-like. Retail sales<sup>(1)</sup> were at -2.0%. On a comparable store base<sup>(2)</sup>, retail sales were at -2.4%.

The brand is performing well in Northern Europe and the Middle East, with continued expansion of its store presence in the New Markets such as India and Russia. Trading in the United States, Japan and the United Kingdom remains challenging.

The Body Shop launched the Rainforest hair care, its first range of products to feature the brand's new 'eco-conscious' product symbol.

At September 30<sup>th</sup>, 2010, the total number of stores was 2,567.

<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 September 30<sup>th</sup>, 2009 and over the same period in 2010, including franchisees.

## 4) Galderma sales

Galderma recorded 9-month sales growth of +18.4% like-for-like, and +27.1% in the 3<sup>rd</sup> quarter, on a favourable comparison base.

Sales in Western Europe grew strongly thanks in particular to the performance of the United Kingdom and Germany, and the success of *Curanail* (fungal nail infections) which was a significant contributor to growth. In North America, sales were driven by the *Oracea* (rosacea), *Metrogel* (rosacea) and *Clobex* (psoriasis) product franchises. In Latin America, which is also showing strong growth, *Epiduo* (acne), *Dysport* (glabellar lines) and *Loceryl* (fungal nail infections) were the most significant contributors to the growth particularly in Brazil. Sales in the Asia, Pacific zone were driven by the growth of *Epiduo* and *Loceryl* and, in Japan, by *Differin 0.1%* gel (acne).

## **B – Important events during the period 07/01/10 - 09/30/10**

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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*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 – 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	4 529
The Body Shop	162	172
Dermatology	108	151
<b>Third quarter total</b>	<b>4 235</b>	<b>4 852</b>
<u>Nine months:</u>		
Cosmetics	12 181	13 591
The Body Shop	485	506
Dermatology	338	421
<b>Nine months total</b>	<b>13 004</b>	<b>14 518</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>	