

## First-half 2012 sales

### STRONG SALES GROWTH

- **11.2 billion euros:**
  - +10.5% based on reported figures
  - +6.7% excluding currency fluctuations
  - +6.0% like-for-like
- **Strong growth at L'Oréal Luxe**
- **A dynamic North America**
- **Strategic breakthroughs continue in Asia and Africa, Middle East**
- **Confidence in another year of solid growth in both sales and profits**

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

*"L'Oréal recorded a good first half. In a market which reflects contrasting trends but is favourable overall, all branches, divisions and geographic zones achieved growth.*

*L'Oréal Luxe is confirming its very good performance, thanks to the major successes of Lancôme, Yves Saint Laurent, Kiehl's and the Designer Fragrances. Active Cosmetics is accelerating significantly, driven by its international dynamics. The Consumer Products Division has achieved solid growth. The rejuvenation of The Body Shop is generating more substantial growth.*

*The rise of the New Markets, now our number one geographic zone, is continuing, driven by the dynamism of Asia and Africa, Middle East. North America is growing fast, with large market share gains and the strategic acquisition of Clarisonic. Eastern Europe is continuing its recovery, and the group is improving its positions in the major countries of Western Europe.*

*The first half confirms the relevance of our strategic thrusts, and the innovative power of L'Oréal. Our initiatives plan is solid.*

*Despite the uncertain economic environment, we are confident in the group's ability to outperform the market in 2012, and to achieve another year of solid growth in both sales and profits."*

## A – First-half 2012 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +6.0%.

**The net impact of changes in consolidation** was +0.7%.

**Currency fluctuations** had a positive impact of 3.8%. If the exchange rates at June 29<sup>th</sup>, 2012, i.e. €1 = \$1.2683, are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations on sales would be approximately +4.2% for the whole of 2012.

**Growth at constant exchange rates** was +6.7%.

**Based on reported figures**, the group's sales at June 30<sup>th</sup>, 2012 amounted to 11.21 billion euros, an increase of +10.5%.

### Sales by operational division and geographic zone

	2 <sup>nd</sup> quarter 2012			1 <sup>st</sup> half 2012		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<b><u>By operational division</u></b>						
Professional Products	767.9	2.7%	9.0%	1,523.4	2.9%	7.3%
Consumer Products	2,675.7	4.2%	9.1%	5,445.2	4.7%	8.1%
L'Oréal Luxe	1,336.1	8.7%	17.9%	2,651.5	10.4%	17.9%
Active Cosmetics	382.1	6.4%	8.4%	850.7	5.4%	6.6%
<b>Cosmetics total</b>	<b>5,161.8</b>	<b>5.3%</b>	<b>11.1%</b>	<b>10,470.9</b>	<b>5.9%</b>	<b>10.2%</b>
<b><u>By geographic zone</u></b>						
Western Europe	1,883.2	-0.1%	1.5%	3,837.2	0.8%	1.9%
North America	1,307.8	7.9%	22.7%	2,571.2	7.3%	17.8%
New Markets, of which:	1,970.8	9.1%	14.4%	4,062.5	10.2%	14.2%
- <i>Asia, Pacific</i>	1,006.6	9.2%	21.1%	2,130.9	12.5%	21.9%
- <i>Eastern Europe</i>	338.1	4.3%	3.9%	698.2	3.1%	2.7%
- <i>Latin America</i>	448.3	7.9%	5.0%	881.8	8.2%	6.2%
- <i>Africa, Middle East</i>	177.8	23.5%	27.5%	351.6	17.2%	18.2%
<b>Cosmetics total</b>	<b>5,161.8</b>	<b>5.3%</b>	<b>11.1%</b>	<b>10,470.9</b>	<b>5.9%</b>	<b>10.2%</b>
The Body Shop	193.5	7.0%	15.3%	373.9	5.4%	10.8%
Dermatology <sup>(1)</sup>	214.9	14.3%	21.0%	368.4	11.0%	19.9%
<b>Group total</b>	<b>5,570.2</b>	<b>5.7%</b>	<b>11.6%</b>	<b>11,213.2</b>	<b>6.0%</b>	<b>10.5%</b>

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

# 1) Cosmetics sales

## PROFESSIONAL PRODUCTS

The Professional Products Division posted growth of +2.9% like-for-like and +7.3% based on reported figures. The first-half highlight was the division's good performance in the New Markets, particularly in Asia and Eastern Europe.

- *L'Oréal Professionnel* is reinforcing its positions in hair colourants with the success of *INOA 2*, the arrival of *Infinie Platine* and the launch of *Mythic Oil*, a range of highly sensorial services. *Kérastase* is recording good growth, thanks in particular to the new *Cristalliste* line. *Redken* is launching *Chromatics*, a hair colourant with ODS 2. At *Matrix*, growth is being driven by haircare, with *Total Results* and the launch of *Exquisite Oil*, inspired by traditional Indian hair oil rituals. *Essie* professional nail care products, now launched in Europe, recorded good scores in the first half, and this was also the case for *Kéraskin* skincare.
- Across the geographic zones, the division is maintaining its positions in Western Europe in a difficult market. In North America, the good results of *SalonCentric* enabled the division to outperform the market. In the New Markets, countries such as India and China, along with Argentina, Russia and Poland, are contributing strongly to the division's growth.

## CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth of +4.7% like-for-like, and +8.1% based on reported figures, and made substantial market share gains in Western Europe and North America.

- *L'Oréal Paris* confirmed the success of *Elvive Triple Resist enriched with Arginine* and has launched *Elvive ExtraOrdinary Oil*. In make-up, *Rouge Caresse* lipstick has made a very good start, and the same is true of *Color Riche* nail varnish. The *Youth Code Luminize* and *Revitalift BB Cream* skincare lines are boosting facial skincare sales. At *Garnier*, *Miracle Skin Perfector* (BB Cream) is continuing its spectacular success in Europe, and now in North America. Already a big hit in the United States, *Dark Spot Corrector* skincare is arriving in Europe. *Ultra Doux* and *Fructis* dry shampoos have made a promising start. For *Maybelline*, the first half has been marked by the launch of the new *Superstay 14hr One Step* lipstick technology in the United States and *Fit me* foundations in Europe.
- In Western Europe, in a flat market, the division is making significant market share gains, particularly in France, Germany, Italy and the Scandinavian countries. In North America, the division recorded strong growth in all categories. In the New Markets, all the regions are achieving positive growth. Eastern Europe has returned to growth, thanks to the new hair colourant *Color Sensation* and BB cream, both from *Garnier*, and to *L'Oréal Paris Elvive Triple Resist enriched with Arginine* haircare. In Latin America, the division is confirming the dynamic sales trend in Mexico, Argentina and Chile, but is suffering from a highly competitive market in Brazil. Asia, Pacific is recording good scores in China, Thailand and Indonesia. Australia was affected by a one-off operational problem. Finally, the Africa, Middle East zone is growing strongly.

## L'ORÉAL LUXE

Sales of the L'Oréal Luxe Division increased by +10.4% like-for-like. Growth based on reported figures came out at +17.9%, reflecting the impact of the acquisition of *Clarisonic*. L'Oréal Luxe is growing in all categories, and is making substantial market share gains.

- *Lancôme* had a very good first half, particularly in facial skincare with its two serums *Génifique* and *Visionnaire*, and the new and highly exclusive *Absolue L'Extrait*. In make-up, *Rouge in love*, and the long-lasting foundation *Teint Idole Ultra 24h* are continuing to prove successful.

At Yves Saint Laurent, the strategic launch of *Forever Youth Liberator* facial skincare is driving the brand's growth in Asia. *Rouge Pur Couture* lip varnish has been acknowledged as a major innovation.

*Giorgio Armani* strengthened its position in men's fragrances with the launch of *Acqua di Giò Essenza*, and continued its strategic advances in make-up and facial skincare.

*Kiehl's* is continuing its rapid growth on all continents. *Clearly Corrective*, a great innovation in anti-blemish skincare, has had a very good start.

The Designer Fragrance brands had a very good first half: *Ralph Lauren* with *The Big Pony Fragrance Collection for Women*, *Viktor & Rolf* with *Flowerbomb*, and *Spicebomb*, one of this year's biggest hits in men's products.

*Clarisonic*, acquired in December, continued to grow strongly in the United States.

- In Western Europe, in a slightly negative market, the division is advancing and winning market share, particularly in France, Germany and the United Kingdom, thanks to *Lancôme*, *Yves Saint Laurent*, *Kiehl's* and *Diesel*.

In North America, L'Oréal Luxe recorded strong growth, driven by *Clarisonic*, *Yves Saint Laurent*, *Ralph Lauren* and *Kiehl's*, along with *Viktor & Rolf*.

In the New Markets, the division achieved very strong growth, particularly in Asia where market share gains were significant. *Lancôme* is proving highly dynamic there, along with *Yves Saint Laurent* and *Helena Rubinstein*. *Giorgio Armani* is growing in the Middle East, with its premium fragrance line *Armani Privé*. In Latin America, *Ralph Lauren* is proving highly successful with *The Big Pony Collection for Women* and *Kiehl's* is continuing its roll-out, particularly in Brazil.

The division's sales in Travel Retail are dynamic.

## ACTIVE COSMETICS

**In the first half, the Active Cosmetics Division delivered growth of +5.4% like-for-like and +6.6% based on reported figures. The division's sales are accelerating in North America and the New Markets.**

- *La Roche-Posay* is continuing to expand strongly in all geographic zones, thanks to the whole of its product catalogue, including *Cicaplast Baume B5* in the skin repair segment.  
*Vichy* is continuing its recovery, with a new marketing campaign and the success of *Idealia*, a new generation of facial skincare which transforms skin quality.  
*Roger & Gallet* is being rolled out in Europe, particularly with the launch of *Eau des Bienfaits*.  
Finally, *SkinCeuticals* is continuing to prove highly dynamic.
- At the end of the first-half 2012, all the geographic zones are growing. North America, Latin America, Asia and Africa, Middle East are continuing their very strong growth. Western Europe is improving its performance thanks to the advances made by *Vichy*.

## Multi-division summary by geographic zone

### WESTERN EUROPE

In a flat to slightly negative market, L'Oréal recorded positive sales growth at +0.8% like-for-like and +1.9% based on reported figures. This figure reflects contrasting trends, with good scores in the United Kingdom, France, Germany and Travel Retail and negative trends in the countries of Southern Europe.

### NORTH AMERICA

In North America, L'Oréal achieved growth of +7.3% like-for-like and +17.8% based on reported figures in the first half of 2012. L'Oréal Luxe made a very good start to the year, thanks to *Yves Saint Laurent*, the launch of *The Big Pony Fragrance Collection for Women* by *Ralph Lauren* and the integration of *Clarisonic*. The Consumer Products Division continued to make market share gains, particularly with *Maybelline*, *L'Oréal Paris* and *Essie* in make-up, and *Garnier* in facial skincare. The Professional Products Division is growing faster than the market, thanks to the good scores of *Kérastase* and the relaunch of *Pureology*. The Active Cosmetics Division is continuing its breakthrough in the United States, driven by *SkinCeuticals*.

## NEW MARKETS

At end-June 2012, the New Markets recorded growth of +10.2% like-for-like and +14.2% based on reported figures.

- **Asia, Pacific:** L'Oréal recorded growth figures of +12.5% like-for-like and +21.9% based on reported figures. Despite a slowdown in South Korea and Taiwan, and to a lesser extent China, the group's sales trend remains lively, particularly in China, Hong Kong, Indonesia and Thailand. Japan meanwhile is recovering, following the disaster which hit the country in the spring of 2011. Overall, L'Oréal is continuing to outperform its market, strengthening its positions in this zone. All the divisions are growing, particularly L'Oréal Luxe, with *Kiehl's*, *Lancôme* and *Yves Saint Laurent*. At Consumer Products, *Maybelline* is performing very well in China, in India and the ASEAN countries.
- **Eastern Europe:** With sales growth of +3.1% like-for-like at end-June, L'Oréal has returned to growth, particularly in Russia and Ukraine. Kazakhstan is still extremely dynamic. The Professional Products Division is continuing to win over new hair salons. The Consumer Products Division has introduced winning initiatives: the new hair colourant *Color Sensation* and BB Cream by *Garnier*; and *Elvive Triple Resist enriched with Arginine* haircare by *L'Oréal Paris*.
- **Latin America:** Latin America recorded first half growth of +8.2% like-for-like, driven by L'Oréal Luxe and Active Cosmetics. Trends were favourable in all the countries in this zone, particularly in Central America, Argentina and Mexico, thanks in particular to the dynamic sales trends of *Maybelline* and the success of *Elvive Triple Resist enriched with Arginine* by *L'Oréal Paris*. The trend in Brazil is still suffering from a very high comparison base, and stiffer competition in haircare.
- **Africa, Middle East:** In the first half, the zone recorded growth of +17.2% like-for-like, and +18.2% based on reported figures, boosted by the Consumer Products and L'Oréal Luxe divisions, and by the good dynamics in the Middle East. Several countries in this zone are growing very strongly, particularly the United Arab Emirates, Saudi Arabia, Egypt, Turkey and Pakistan. The new L'Oréal subsidiary based in Kenya is beginning its expansion in East Africa.

## 2) The Body Shop sales

At end-June, The Body Shop recorded like-for-like growth at +5.4% and +10.8% based on reported figures.

The Body Shop is growing strongly in the New Markets, particularly in South-East Asia where the dynamic sales trend is continuing in India and Indonesia, and sales are accelerating in Russia and in Saudi Arabia. In the developed countries, the brand is feeling the impact of the tough environment in Southern Europe, but its performance in Northern Europe has been solid.

The brand has continued to recruit new customers and accelerate its development in e-commerce, and now has 20 online sales sites.

The Body Shop is continuing its policy of sensorial innovations and militant launches, with *Beauty Oils*, a range of bodycare oils with Community Fair Trade ingredients, and a new capsule collection created with *Lily Cole* for her "zero cruelty" make-up line.

In addition, the brand is successfully continuing the international roll-out of Pulse, its innovative store concept, focused on story-selling and a highly interactive consumer experience.

At June 30<sup>th</sup>, 2012, The Body Shop has a total of 2,781 stores.

## 3) Galderma sales

Galderma's sales increased by +11.0% like-for-like, and +19.9% based on reported figures.

*Oracea* (rosacea), *Azzalure* (muscle relaxant for frown lines) and *Cetaphil* recorded very strong growth.

The Asia, Pacific and Latin America zones, with double-digit growth, were the main contributors to sales growth in the first half. Growth was particularly strong in Brazil and South Korea, where the product ranges in Galderma's three fields of activity (prescription drugs, OTC drugs and aesthetic and corrective products) are proving highly successful with health professionals.

The situation in Europe reflected more marked contrasts, as the economic environment has not been conducive to growth in aesthetic and corrective products. Germany achieved strong growth, thanks to the very good performance of *Loceryl* (an over-the-counter treatment for nail mycosis).

In North America, growth was strong in Canada, thanks in particular to the launch of *Epiduo* (acne). In the United States, the good performances of *Epiduo* and *Oracea* partly offset the impact on growth of the arrival on the market of generics of *Clobex* lotion and shampoo (psoriasis).

## **B – Important events during the period 4/1/2012 to 6/30/2012**

- On April 26<sup>th</sup>, 2012, L'Oréal closed the acquisition of 100% of Cadum, the majority of which had been held by investment fund Milestone.

Cadum, which mainly markets hygiene and toiletry products, achieved consolidated sales of 58 million euros, mainly with the brand *Cadum*. This new business has joined France's Consumer Products Division.

On July 13<sup>th</sup>, 2012, L'Oréal announced that it has completed the sale of the home care business from the Cadum Group to Eau Ecarlate SAS. This business achieved a turnover of 17 million euros in 2011, two thirds of which in France.

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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 – Appendix

L'Oréal group sales 2011/2012 (€ millions)

	2011	2012
<u>First quarter:</u>		
Cosmetics	4,861	5,309
The Body Shop	170	180
Dermatology	130	154
<b>First quarter total</b>	<b>5,160</b>	<b>5,643</b>
<u>Second quarter:</u>		
Cosmetics	4,644	5,162
The Body Shop	168	194
Dermatology	177	215
<b>Second quarter total</b>	<b>4,989</b>	<b>5,570</b>
<u>First half:</u>		
Cosmetics	9,505	10,471
The Body Shop	337	374
Dermatology	307	368
<b>First half total</b>	<b>10,150</b>	<b>11,213</b>
<u>Third quarter:</u>		
Cosmetics	4,600	
The Body Shop	166	
Dermatology	172	
<b>Third quarter total</b>	<b>4,938</b>	
<u>Nine months:</u>		
Cosmetics	14,105	
The Body Shop	503	
Dermatology	479	
<b>Nine months total</b>	<b>15,087</b>	
<u>Fourth quarter:</u>		
Cosmetics	4,766	
The Body Shop	264	
Dermatology	226	
<b>Fourth quarter total</b>	<b>5,256</b>	
<u>Full year</u>		
Cosmetics	18,871	
The Body Shop	768	
Dermatology	705	
<b>Full year total</b>	<b>20,343</b>	