

## First-half 2015 results

**STRONG SALES INCREASE: +14.7%**

**12.82 billion euros, i.e. +3.8% like-for-like and +5% at constant exchange rates**

**STRONG OPERATING PROFIT GROWTH: +14.5%**

**2.32 billion euros, at 18.1% of sales**

**STRONG RISE IN NET EPS\*: +18.9% at 3.47 euros**

- **Very positive currency effect**
- **Gradual improvement in sales in Western Europe and North America**
- **Solid sales in New Markets excluding Brazil**

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

*"At the end of June, our reported growth is the strongest recorded for the last twenty years, with a very positive currency effect.*

*All Divisions are growing. L'Oréal Luxe is significantly outperforming a dynamic worldwide market with a double-digit growth of its brands Giorgio Armani, Yves Saint Laurent and Kiehl's. Professional Products are showing a clear rebound thanks to the performance at L'Oréal Professionnel and the success of Redken. The Active Cosmetics Division is also greatly strengthening its worldwide position, driven in particular by its La Roche-Posay brand, whose success is continuing in all regions. Finally, growth in the Consumer Products Division is improving slightly, due especially to the renewed dynamism of its make-up brand Maybelline.*

*Among the geographic zones, sales are improving in Western Europe and North America. The New Markets are experiencing solid momentum, excluding Brazil where the economic context is very unfavourable.*

*The strong increase in sales has been achieved alongside good quality first-half results. As announced, operating profit growth is very strong and our operating profitability is practically stable at a high level. We are continuing to make significant investments in accelerating the digital transformation and in the development of our brands. In all, the EPS increased +18.9%.*

*Thanks in particular to a rich innovation portfolio, prospects of rapid e-commerce growth and the continuing roll-out of recently acquired brands, we are projecting an acceleration in growth in the second half. We are confident in our ability to outperform the beauty market and achieve a year of significant growth in both sales and profits."*

\* Diluted earnings per share of continuing operations, after non-controlling interests, excluding non-recurring items.

## A – First-half 2015 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, sales growth was +3.8%.

**The net impact of changes in the scope of consolidation** was +1.2%.

**Growth at constant exchange rates** was +5.0%.

**Currency fluctuations** had a positive impact of +9.7%. If the exchange rates at June 30, 2015, i.e. €1 = \$1.119, are extrapolated up to December 31, the impact of currency fluctuations on sales would be approximately +7.8% for the whole of 2015.

**Based on reported figures**, the Group's sales at June 30, 2015 amounted to 12.82 billion euros, up by +14.7%.

### Sales by operational Division and geographic Zone

	2 <sup>nd</sup> quarter 2015			1 <sup>st</sup> half 2015		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<b><u>By operational Division</u></b>						
Professional Products	887.7	3.5%	15.3%	1,740.3	3.5%	15.6%
Consumer Products	3,083.0	2.0%	13.2%	6,161.4	1.9%	12.4%
L'Oréal Luxe	1,732.9	5.8%	20.1%	3,486.7	6.7%	20.1%
Active Cosmetics	459.4	6.5%	11.1%	1,018.6	7.1%	10.6%
<b>Cosmetics Divisions total</b>	<b>6,163.1</b>	<b>3.6%</b>	<b>15.2%</b>	<b>12,407.0</b>	<b>3.8%</b>	<b>14.8%</b>
<b><u>By geographic Zone</u></b>						
Western Europe	2,060.4	2.6%	5.1%	4,160.9	1.9%	4.5%
North America	1,704.3	2.9%	28.4%	3,326.3	2.7%	26.8%
New Markets, of which:	2,398.4	5.1%	16.4%	4,919.9	6.3%	16.9%
- <i>Asia, Pacific</i>	1,311.8	4.1%	24.3%	2,787.9	5.0%	25.5%
- <i>Latin America</i>	489.9	1.5%	5.1%	950.1	5.3%	8.3%
- <i>Eastern Europe</i>	406.6	10.0%	2.3%	803.2	9.7%	-2.6%
- <i>Africa, Middle East</i>	190.1	13.2%	34.5%	378.8	12.3%	33.1%
<b>Cosmetics Divisions total</b>	<b>6,163.1</b>	<b>3.6%</b>	<b>15.2%</b>	<b>12,407.0</b>	<b>3.8%</b>	<b>14.8%</b>
The Body Shop	219.5	1.5%	17.1%	411.9	2.8%	13.2%
<b>Group total</b>	<b>6,382.6</b>	<b>3.6%</b>	<b>15.3%</b>	<b>12,818.9</b>	<b>3.8%</b>	<b>14.7%</b>

## PROFESSIONAL PRODUCTS

**At the end of June, the Professional Products Division posted growth of +3.5% like-for-like and +15.6% based on reported figures, with improvements particularly in the United States.**

- Haircare, the number one contributor to growth, is being driven by the success of *Thérapeute* at *Kérastase*, *Frizz Dismiss* at *Redken*, *Biologie Cleansing Conditioner* at *Matrix* and the very good start made by *Pro Fiber* at *L'Oréal Professionnel*. Hair colour is benefiting from the strong momentum of *Redken* and *Matrix* and the solid sales of *Majirel* and *Inoa* at *L'Oréal Professionnel*. *Essie* is growing strongly in Europe. Growth in professional skincare with *Carita* and *Decléor* is promising in Western Europe.
- All the geographic Zones are growing. The main contributors to growth are the United States, India and the United Kingdom.

## CONSUMER PRODUCTS

**In the first half, the Consumer Products Division recorded growth of +1.9% like-for-like and +12.4% based on reported figures. Excluding Brazil, the Division is accelerating, from +1.7% in the first quarter to +2.9% in the second quarter.**

- The Division is boosting its growth in make-up with the launches of *Infallible Gloss* and *False Lash Superstar* by *L'Oréal Paris*, with eyebrow make-up and palettes by *Maybelline*. In addition, *NYX* is expanding very quickly.  
In haircare, the globalisation of *L'Oréal Paris* is continuing thanks to the successful launches of *Hyaluron Moisture* in China and *Nutri-Gloss* in Western Europe and North America. *Ultra Doux* by *Garnier* is maintaining its winning momentum.  
The men's skincare ranges *L'Oréal Men Expert* and *Garnier Men* are growing in Asia.  
In hair colour, the successful launch of *Excellence Age Perfect* by *L'Oréal Paris* shows it is well suited to the senior target group.
- The Division is still being held back by a sluggish European market but is winning market share in the New Markets.

## L'ORÉAL LUXE

**L'Oréal Luxe posted solid growth at +6.7% like-for-like and +20.1% based on reported figures. The Division is continuing to win market share.**

- *Lancôme* is expanding thanks to the successes of its fragrances "*La vie est belle*" and *La Nuit Trésor*, its innovative *Miracle Cushion* foundation launched all over the world, *Grandiose* mascara and the relaunch of the star skincare *Génifique*. *Giorgio Armani* is posting double-digit growth thanks to the upsurge in its fragrances *Si Eau de Toilette* and *Acqua di Giò Profumo*. *Yves Saint Laurent* is growing very quickly thanks to *Black Opium* and the quality of its make-up initiatives. *Urban Decay* is now being rolled out internationally. The American skincare brand *Kiehl's* is maintaining a very high growth level, confirming the relevance of its business model. *Shu Uemura* is successfully developing its Asian make-up artistry concept.
- L'Oréal Luxe is outperforming the world market, particularly in Western Europe, in Asia thanks to the strategically important Chinese market, in the Middle East and in Latin America. Travel Retail also remains very robust.

## ACTIVE COSMETICS

**At +7.1% like-for-like and +10.6% based on reported figures, the Active Cosmetics Division is continuing to grow very strongly and reinforcing its worldwide position.**

- *Vichy* is boosting its *Idealia* franchise with the successful launch of *Idealia Skin Sleep* and is strengthening its position in the body care segment with the success of *Ideal Body*. *La Roche-Posay* is demonstrating its great vitality with double-digit growth in all Zones, building on the success of its franchises *Lipikar* in body care and *Anthelios* in sun protection.

*SkinCeuticals* is gaining share in all geographic Zones.  
*Roger & Gallet* has successfully launched its perfume *Fleur de Figuier*.

- All Zones are contributing to growth, with outstanding performances in Brazil, the United States and China.

## Multi-division summary by geographic Zone

### WESTERN EUROPE

Growth amounted to +1.9% like-for-like and +4.5% based on reported figures. L'Oréal Luxe made a major contribution to this performance by outstripping the growth of the dynamic selective channel. In a mass-market channel which remains lacklustre, the Consumer Products Division is making progress in the haircare, and skincare and facial cleansing categories. Both Divisions are making large market share gains in Germany and the United Kingdom.

### NORTH AMERICA

L'Oréal recorded +2.7% like-for-like and +26.8% based on reported figures. L'Oréal Luxe and the Active Cosmetics and Professional Products Divisions are driving growth, with several brands – including *Kiehl's*, *Giorgio Armani* and *La Roche-Posay* – posting an increase of more than 10%. The Consumer Products Division is continuing to strengthen its positions in make-up. Meanwhile, its two recent acquisitions *NYX* and *Carol's Daughter* are maintaining momentum with market share gains.

### NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded growth of +5.0% like-for-like and +25.5% based on reported figures. Despite a slowdown in Hong Kong, L'Oréal Luxe posted good growth, still driven by *Kiehl's*, *Yves Saint Laurent* and *Giorgio Armani*, and by the dynamism of the Japanese market. The Consumer Products Division remains dynamic in the countries of South-East Asia. In China, *L'Oréal Paris* is growing thanks to the success of its launches. Another highlight of the first half was the very good performance of Active Cosmetics Division, thanks to *La Roche-Posay*.
- **Latin America:** Sales grew by +5.3% like-for-like and +8.3% based on reported figures. Excluding Brazil, sales achieved double-digit growth, thanks to *L'Oréal Paris*, *Maybelline* and *Lancôme*. In a difficult economic environment, the Brazilian market is also being held back by the recent reform of the IPI (Tax on Industrialised Products).
- **Eastern Europe:** The Zone posted +9.7% like-for-like and -2.6% based on reported figures, with an acceleration in the second quarter, reflecting good performances from the Consumer Products and Professional Products Divisions. The four Divisions are gaining market share. Russia and Turkey, whose sales rose by more than 10% over the period, are the largest contributors to growth.
- **Africa, Middle East:** Growth amounted to +12.3% like-for-like and +33.1% based on reported figures. The Group is outperforming the market in the Zone, and posting strong market share gains in Saudi Arabia, South Africa and Pakistan. This performance is being driven by *Elvive* by *L'Oréal Paris*, *Color Naturals* by *Garnier* and *Maybelline* in Consumer Products Division. In other Divisions, the fragrances of *Giorgio Armani*, the brands *Yves Saint Laurent*, *Kérastase*, *Vichy* and *La Roche-Posay* are achieving double-digit growth.

### THE BODY SHOP

The Body Shop recorded growth of +2.8% like-for-like and +13.2% based on reported figures. The strategy based on innovation, service, digital communication and point-of-sale optimisation is reaping rewards. Europe, the Americas and the Middle East are continuing to expand, while growth in some key Asian countries remains difficult. The integration of the Australian franchisee and the reorganisation in the United States are on track.

## **B – Important events during the period 04/01/15 to 06/30/15**

- On April 16, L'Oréal unveiled the first results of its Sharing Beauty With All programme for sustainable development, including a 50% reduction of CO<sub>2</sub> emissions from the Group's production in absolute terms, from a 2005 baseline.
- At the Annual General Meeting on April 22 at the Palais des Congrès in Paris, L'Oréal shareholders adopted all the resolutions by a very large majority, including the appointment of Mrs Sophie Bellon as a Director, the renewal of the tenure of Mr Charles-Henri Filippi as a Director and the decision to maintain simple voting rights. At its meeting at the end of the Annual General Meeting, the Board of Directors decided to cancel 2,905,000 shares acquired under the buyback programme approved by the Board on November 29, 2013.
- On June 3, L'Oréal announced the signing of a license agreement with *Proenza Schouler* for the creation and development of fine fragrances. A New York-based women's wear brand, *Proenza Schouler* was founded by designers Jack McCollough and Lazaro Hernandez in 2002, and is considered to be one of today's most exciting American fashion brands.

## **C – First-half 2015 results**

The half-year consolidated accounts have undergone a limited examination by the Statutory Auditors.

### **1) Operating profitability at 18.1% of sales**

Consolidated profit and loss account: from sales to operating profit.

<i>In € million</i>	06/30/14	As % of sales	12/31/14	As % of sales	06/30/15	As % of sales	Change H1-2015 vs. H1-2014
<b>Sales</b>	<b>11,174.6</b>	<b>100.0%</b>	<b>22,532.0</b>	<b>100.0%</b>	<b>12,818.9</b>	<b>100.0%</b>	<b>+14.7%</b>
<i>Cost of sales</i>	-3,151.2	28.2%	-6,500.7	28.9%	-3,630.3	28.3%	
<b>Gross profit</b>	<b>8,023.4</b>	<b>71.8%</b>	<b>16,031.3</b>	<b>71.1%</b>	<b>9,188.6</b>	<b>71.7%</b>	<b>+14.5%</b>
<i>R&amp;D expenses</i>	-367.2	3.3%	-760.6	3.4%	-379.7	3.0%	
<i>Advertising and promotion expenses</i>	-3,270.9	29.3%	-6,558.9	29.1%	-3,753.3	29.3%	
<i>Selling, general and administrative expenses</i>	-2,356.2	21.1%	-4,821.1	21.4%	-2,732.6	21.3%	
<b>Operating profit</b>	<b>2,029.0</b>	<b>18.2%</b>	<b>3,890.7</b>	<b>17.3%</b>	<b>2,323.0</b>	<b>18.1%</b>	<b>+14.5%</b>

**Gross profit**, at 9,189 million euros, has come out at 71.7% of sales, compared with 71.8% in the first half of 2014, representing a decrease of 10 basis points. At constant exchange rates, gross profit would have posted a noticeable increase as a percentage of sales.

**Research and Development expenses**, at 380 million euros, i.e. 3.0% of sales, decreased in relative value due to the impact of currency conversion, as the largest part of Research is carried out in the Euro zone.

**Advertising and promotion expenses**, at 3,753 million euros, are flat as a percentage of sales, which corresponds to a stronger investment in volume.

**Selling, general and administrative expenses** have increased in percentage of sales, due in particular to the acceleration of our digital transformation.

Overall, the **operating profit**, at 2,323 million euros, amounted to 18.1% of sales, representing a very strong increase of +14.5%.

## 2) Operating profit by operational Division

	06/30/14		12/31/14		06/30/15	
	€m	% of sales	€m	% of sales	€m	% of sales
<b>By operational Division</b>						
Professional Products	294.7	19.6%	608.8	20.1%	332.0	19.1%
Consumer Products	1,157.2	21.1%	2,186.2	20.3%	1,313.1	21.3%
L'Oréal Luxe	590.6	20.3%	1,269.2	20.5%	716.0	20.5%
Active Cosmetics	259.5	28.2%	376.4	22.7%	280.2	27.5%
<b>Total Divisions before non-allocated</b>	<b>2,302.0</b>	<b>21.3%</b>	<b>4,440.6</b>	<b>20.5%</b>	<b>2,641.3</b>	<b>21.3%</b>
<i>Non-allocated<sup>(1)</sup></i>	-275.7	-2.6%	-615.2	-2.8%	-311.1	-2.5%
<b>Total Divisions after non-allocated</b>	<b>2,026.3</b>	<b>18.7%</b>	<b>3,825.4</b>	<b>17.7%</b>	<b>2,330.2</b>	<b>18.8%</b>
The Body Shop	2.7	0.8%	65.3	7.5%	-7.2	-1.8%
<b>Group</b>	<b>2,029.0</b>	<b>18.2%</b>	<b>3,890.7</b>	<b>17.3%</b>	<b>2,323.0</b>	<b>18.1%</b>

(1) Non-allocated expenses = Central Group expenses, fundamental research expenses, stock option and free grant of shares expenses and miscellaneous items. As a % of total Divisions sales.

The **Professional Products Division's** profitability has declined from 19.6% to 19.1% following the consolidation of *Decléor* and *Carita* brands.

At 21.3% of sales, the profitability of the **Consumer Products Division** has further improved by 20 basis points.

**L'Oréal Luxe** also improved its profitability by 20 basis points.

The **Active Cosmetics Division**, with a profitability of 27.5%, has re-balanced its profitability which reached a record level of 28.2% in the first half of 2014.

**The Body Shop** is affected by the technical impact of the first time consolidation of its Australian franchisee.

## 3) Net profit from continuing operations

Consolidated profit and loss account: from operating profit to net profit excluding non-recurring items.

<i>In € million</i>	06/30/14	12/31/14	06/30/15	Change H1-2015 vs. H1-2014
<b>Operating profit</b>	<b>2,029.0</b>	<b>3,890.7</b>	<b>2,323.0</b>	<b>+14.5%</b>
<i>Financial revenues and expenses excluding dividends received</i>	-8.1	-24.1	-9.8	
Sanofi dividends	331.0	331.0	336.9	
Profit before tax and associates excluding non-recurring items	2,352.0	4,197.6	2,650.1	+12.7%
<i>Income tax excluding non-recurring items</i>	-575.4	-1,069.5	-692.1	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	-1.5	-3.0	—	
<i>Non-controlling interests</i>	-1.6	+0.1	-0.6	
<b>Net profit from continuing operations, excluding non-recurring items, after non-controlling interests<sup>(1)</sup></b>	<b>1,773.5</b>	<b>3,125.3</b>	<b>1,957.3</b>	<b>+10.4%</b>
<b>Net EPS<sup>(2)</sup> (€)</b>	<b>2.92</b>	<b>5.34</b>	<b>3.47</b>	<b>+18.9%</b>
Net profit after non-controlling interests	1,734.8	4,910.2	1,882.6	
Diluted earnings per share after non-controlling interests (€)	2.85	8.39	3.34	
<b>Diluted average number of shares</b>	<b>607,667,507</b>	<b>585,238,674</b>	<b>564,094,688</b>	

(1) Net profit from continuing operations, excluding non-recurring items after non-controlling interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, as well as competition litigation, tax effects and non-controlling interests. (2) Diluted earnings per share of continuing operations, after non-controlling interests, excluding non-recurring items.



**Overall finance costs** amounted to 9.8 million euros, compared with 8.1 million euros in the first half of 2014.

**Sanofi dividends** amounted to 337 million euros.

**Income tax excluding non-recurring items** amounted to 692 million euros, i.e. a tax rate of 26.1%, slightly above that of the first half of 2014.

**Net profit from continuing operations, excluding non-recurring items, after non-controlling interests**, amounted to 1,957 million euros, up by 10.4% compared with the first half of 2014.

**Net EPS** rose 18.9% to 3.47 euros.

Net profit after non-controlling interests rose 8.5% to 1,883 million euros.

#### 4) Operating cash flow and balance sheet

**Gross cash flow** amounted to 2,370 million euros, up by +12.4% compared with the first half of 2014.

The **change in working capital** amounted to 816 million euros. As it is the case every year, it includes the impact of the seasonality of part of the business on the trade receivables. In the first half of 2015, it takes also into account the payment of the fine linked with the decision of the French Competition Authority.

**Investments**, at 512 million euros, represented 4% of sales.

**Operating cash flow** has come out at 1,042 million euros.

After payment of the dividend and acquisitions, the **residual cash flow** amounted to -701 million euros.

At June 30, 2015, **net debt** amounted to 1,394 million euros, higher than the level of December 31, 2014, mainly due, as is the case every year, to the payment of the annual dividend in the first half.

The balance sheet structure is particularly solid: **shareholders' equity** of 22.9 billion euros is stronger than the level at December 31, 2014.

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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."*

*This a free translation into English of the First-half 2015 results news release issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.*

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## D – Appendices

Appendix 1: L'Oréal Group sales 2014/2015 (€ millions)

	2014	2015
<u>First quarter:</u>		
Cosmetics Divisions	5,462.2	6,243.9
The Body Shop	176.4	192.4
<b>First quarter total</b>	<b>5,638.6</b>	<b>6,436.3</b>
<u>Second quarter:</u>		
Cosmetics Divisions	5,348.5	6,163.1
The Body Shop	187.4	219.5
<b>Second quarter total</b>	<b>5,536.0</b>	<b>6,382.6</b>
<u>First half:</u>		
Cosmetics Divisions	10,810.8	12,407.0
The Body Shop	363.8	411.9
<b>First half total</b>	<b>11,174.6</b>	<b>12,818.9</b>
<u>Third quarter:</u>		
Cosmetics Divisions	5,200.7	
The Body Shop	190.4	
<b>Third quarter total</b>	<b>5,391.1</b>	
<u>Nine months:</u>		
Cosmetics Divisions	16,011.4	
The Body Shop	554.2	
<b>Nine months total</b>	<b>16,565.7</b>	
<u>Fourth quarter:</u>		
Cosmetics Divisions	5,646.7	
The Body Shop	319.6	
<b>Fourth quarter total</b>	<b>5,966.4</b>	
<u>Full year</u>		
Cosmetics Divisions	21,658.2	
The Body Shop	873.8	
<b>Full year total</b>	<b>22,532.0</b>	



## Appendix 2: Compared consolidated income statements

€ millions	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2014	2014
<b>Net sales</b>	<b>12,818.9</b>	<b>11,174.6</b>	<b>22,532.0</b>
Cost of sales	-3,630.3	-3,151.2	-6,500.7
<b>Gross profit</b>	<b>9,188.6</b>	<b>8,023.4</b>	<b>16,031.3</b>
Research and development	-379.7	-367.2	-760.6
Advertising and promotion	-3,753.3	-3,270.9	-6,558.9
Selling, general and administrative expenses	-2,732.6	-2,356.2	-4,821.1
<b>Operating profit</b>	<b>2,323.0</b>	<b>2,029.0</b>	<b>3,890.7</b>
Other income and expenses	-47.9	-48.0	-307.2
<b>Operational profit</b>	<b>2,275.1</b>	<b>1,981.1</b>	<b>3,583.5</b>
Finance costs on gross debt	-13.6	-13.0	-31.4
Finance income on cash and cash equivalents	27.6	23.1	42.3
<b>Finance costs, net</b>	<b>14.0</b>	<b>10.1</b>	<b>11.0</b>
Other financial income (expenses)	-23.8	-18.2	-35.1
Sanofi dividends	336.9	331.0	331.0
<b>Profit before tax and associates</b>	<b>2,602.2</b>	<b>2,304.0</b>	<b>3,890.4</b>
Income tax	-721.7	-607.1	-1,111.0
Share of profit in associates	2.7	-1.5	-13.5
<b>Net profit from continuing operations</b>	<b>1,883.2</b>	<b>1,695.4</b>	<b>2,765.9</b>
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>41.0</b>	<b>2,142.7</b>
<b>Net profit</b>	<b>1,883.2</b>	<b>1,736.4</b>	<b>4,908.6</b>
Attributable to:			
• owners of the company	1,882.6	1,734.8	4,910.2
• non-controlling interests	0.6	1.6	-1.6
Earnings per share attributable to owners of the company (euros)	3.39	2.89	8.51
Diluted earnings per share attributable to owners of the company (euros)	3.34	2.85	8.39
Earnings per share of continuing operations attributable to owners of the company (euros)	3.39	2.82	4.79
Diluted earnings per share of continuing operations attributable to owners of the company (euros)	3.34	2.79	4.73
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.52	2.96	5.41
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.47	2.92	5.34

### Appendix 3: Consolidated statement of comprehensive income

€ millions	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2014	2014
<b>Consolidated net profit for the period</b>	<b>1,883.2</b>	<b>1,736.4</b>	<b>4,908.6</b>
<i>Financial assets available-for-sale</i>	1,487.3	54.4	-172.7
<i>Cash flow hedges</i>	-80.0	-73.8	-17.2
<i>Cumulative translation adjustments</i>	507.8	69.3	584.0
<i>Income tax on items that may be reclassified to profit or loss</i> <sup>(1)</sup>	-35.7	18.3	7.3
<b>Items that may be reclassified to profit or loss</b>	<b>1,879.4</b>	<b>68.2</b>	<b>401.4</b>
<i>Actuarial gains and losses</i>	345.7	-139.8	-672.7
<i>Income tax on items that may not be reclassified to profit or loss</i> <sup>(1)</sup>	-119.4	49.3	225.1
<b>Items that may not be reclassified to profit or loss</b>	<b>226.3</b>	<b>-90.5</b>	<b>-447.6</b>
<b>Other comprehensive income</b>	<b>2,105.7</b>	<b>-22.3</b>	<b>-46.2</b>
<b>Consolidated comprehensive income</b>	<b>3,988.9</b>	<b>1,714.1</b>	<b>4,862.4</b>
Attributable to:			
• owners of the company	<b>3,988.7</b>	<b>1,712.2</b>	<b>4,864.3</b>
• non-controlling interests	0.2	1.9	-1.9

<sup>(1)</sup> The tax effect is as follows:

€ millions	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2014	2014
<i>Financial assets available-for-sale</i>	-61.5	-2.3	7.2
<i>Cash flow hedges</i>	25.8	20.6	0.1
<b>Items that may be reclassified to profit or loss</b>	<b>-35.7</b>	<b>18.3</b>	<b>7.3</b>
<i>Actuarial gains and losses</i>	-119.4	49.3	225.1
<b>Items that may not be reclassified to profit or loss</b>	<b>-119.4</b>	<b>49.3</b>	<b>225.1</b>
<b>Total</b>	<b>-155.1</b>	<b>67.6</b>	<b>232.4</b>

## Appendix 4: Compared consolidated balance sheets

### Assets

€ millions	06.30.2015	06.30.2014 <sup>(1)</sup>	12.31.2014 <sup>(1)</sup>
<b>Non-current assets</b>	<b>25,642.9</b>	<b>22,047.0</b>	<b>23,284.2</b>
Goodwill	8,180.6	6,941.6	7,525.5
Other intangible assets	2,901.9	2,157.5	2,714.6
Property, plant and equipment	3,283.8	2,982.6	3,141.1
Non-current financial assets	10,535.1	9,262.1	9,069.0
Investments in associates	-	0.8	-
Deferred tax assets	741.5	702.4	834.0
<b>Current assets</b>	<b>9,725.5</b>	<b>12,026.7</b>	<b>8,774.6</b>
<b>Current assets excluding assets held for sale</b>	<b>9,725.5</b>	<b>11,593.7</b>	<b>8,774.6</b>
Inventories	2,446.9	2,217.4	2,262.9
Trade accounts receivable	3,980.4	3,576.7	3,297.8
Other current assets	1,410.8	1,615.1	1,199.3
Current tax assets	122.3	41.7	97.6
Cash and cash equivalents	1,765.1	4,142.8	1,917.0
<b>Assets held for sale</b>	<b>-</b>	<b>433.0</b>	<b>-</b>
<b>Total</b>	<b>35,368.4</b>	<b>34,073.7</b>	<b>32,058.8</b>

<sup>(1)</sup> The balance sheets at June 30<sup>th</sup>, 2014 and December 31<sup>st</sup>, 2014 have been restated to reflect the change in accounting policies on recognition of levies resulting from the application of IFRIC 21.

### Equity & liabilities

€ millions	06.30.2015	06.30.2014 <sup>(1)</sup>	12.31.2014 <sup>(1)</sup>
<b>Equity</b>	<b>22,916.1</b>	<b>22,921.4</b>	<b>20,196.9</b>
Share capital	112.2	121.7	112.3
Additional paid-in capital	2,496.5	2,222.3	2,316.8
Other reserves	12,789.9	15,739.2	9,773.3
Other comprehensive income	5,343.9	4,278.5	3,745.9
Cumulative translation adjustments	525.9	-497.4	17.8
Treasury stock	-237.1	-685.3	-683.0
Net profit attributable to owners of the company	1,882.6	1,734.8	4,910.2
<b>Equity attributable to owners of the company</b>	<b>22,913.9</b>	<b>22,913.8</b>	<b>20,193.3</b>
Non-controlling interests	2.2	7.6	3.6
<b>Non-current liabilities</b>	<b>2,366.0</b>	<b>2,014.4</b>	<b>2,595.6</b>
Provisions for employee retirement obligations and related benefits	1,106.8	1,019.4	1,479.7
Provisions for liabilities and charges	233.5	175.8	193.6
Deferred tax liabilities	954.5	733.9	855.2
Non-current borrowings and debt	71.2	85.3	67.1
<b>Current liabilities</b>	<b>10,086.3</b>	<b>9,137.9</b>	<b>9,266.3</b>
Trade accounts payable	3,688.1	3,253.1	3,452.8
Provisions for liabilities and charges	737.1	514.7	722.0
Other current liabilities	2,413.1	2,049.0	2,403.2
Income tax	159.8	185.4	167.1
Current borrowings and debt	3,088.2	3,135.7	2,521.2
<b>Total</b>	<b>35,368.4</b>	<b>34,073.7</b>	<b>32,058.8</b>

<sup>(1)</sup> The balance sheets at June 30<sup>th</sup>, 2014 and December 31<sup>st</sup>, 2014 have been restated to reflect the change in accounting policies on recognition of levies resulting from the application of IFRIC 21.

## Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2013</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,179.0</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,637.0</b>	<b>5.8</b>	<b>22,642.8</b>
Changes in accounting policies at 01.01.2014 <sup>(1)</sup>				8.2				8.2		8.2
<b>At 01.01.2014</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,187.2</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,645.2</b>	<b>5.8</b>	<b>22,651.0</b>
Consolidated net profit for the period				4,910.2				4,910.2	-1.6	4,908.6
Financial assets available-for-sale					-165.5			-165.5		-165.5
Cash flow hedges					-17.0			-17.0	-0.1	-17.1
Cumulative translation adjustments							584.2	584.2	-0.2	584.0
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-182.5</b>		<b>584.2</b>	<b>401.7</b>	<b>-0.3</b>	<b>401.4</b>
Actuarial gains and losses					-447.6			-447.6		-447.6
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-447.6</b>			<b>-447.6</b>	<b>-</b>	<b>-447.6</b>
<b>Consolidated comprehensive income</b>				<b>4,910.2</b>	<b>-630.1</b>		<b>584.2</b>	<b>4,864.3</b>	<b>-1.9</b>	<b>4,862.4</b>
Capital increase	3,828,502	0.8	215.6	-0.1				216.3	2.3	218.6
Cancellation of Treasury stock		-9.7		-6,035.9		6,045.6		-	-	-
Dividends paid (not paid on Treasury stock)				-1,507.3				-1,507.3	-2.8	-1,510.1
Share-based payment				113.5				113.5		113.5
Net changes in Treasury stock	-49,380,654			0.2		-6,160.5		-6,160.3		-6,160.3
Purchase commitments for minority interests				21.0				21.0	-2.3	18.7
Changes in scope of consolidation								-	2.5	2.5
Other movements				-5.3	5.9			0.6		0.6
<b>At 12.31.2014</b>	<b>554,241,878</b>	<b>112.3</b>	<b>2,316.8</b>	<b>14,683.5</b>	<b>3,745.9</b>	<b>-683.0</b>	<b>17.8</b>	<b>20,193.3</b>	<b>3.6</b>	<b>20,196.9</b>
Consolidated net profit for the period				1,882.6				1,882.6	0.6	1,883.2
Financial assets available-for-sale					1,425.8			1,425.8		1,425.8
Cash flow hedges					-54.1			-54.1	-0.1	-54.2
Cumulative translation adjustments							508.1	508.1	-0.3	507.8
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>1,371.7</b>		<b>508.1</b>	<b>1,879.8</b>	<b>-0.4</b>	<b>1,879.4</b>
Actuarial gains and losses					226.3			226.3		226.3
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>226.3</b>			<b>226.3</b>	<b>-</b>	<b>226.3</b>
<b>Consolidated comprehensive income</b>				<b>1,882.6</b>	<b>1,598.0</b>		<b>508.1</b>	<b>3,988.8</b>	<b>0.2</b>	<b>3,988.9</b>
Capital increase	2,533,663	0.5	179.7					180.2		180.2
Cancellation of Treasury stock		-0.6		-362.8		363.4		-		-
Dividends paid (not paid on Treasury stock)				-1,511.4				-1,511.4	-2.7	-1,514.1
Share-based payment				58.5				58.5		58.5
Net changes in Treasury stock	1,021,865			-77.3		82.5		5.2		5.2
Purchase commitments for minority interests				-0.9				-0.9	1.1	0.2
Changes in scope of consolidation								-		-
Other movements				0.3				0.3		0.3
<b>At 06.30.2015</b>	<b>557,797,406</b>	<b>112.2</b>	<b>2,496.5</b>	<b>14,672.5</b>	<b>5,343.9</b>	<b>-237.1</b>	<b>525.9</b>	<b>22,913.9</b>	<b>2.2</b>	<b>22,916.1</b>

<sup>(1)</sup> Taking into account the change in accounting policies on recognition of levies resulting from the application of IFRIC 21.

## Changes in first-half 2014

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2013</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,179.0</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,637.0</b>	<b>5.8</b>	<b>22,642.8</b>
Changes in accounting policies at 01.01.2014 <sup>(1)</sup>				8.2				8.2		8.2
<b>At 01.01.2014</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,187.2</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,645.2</b>	<b>5.8</b>	<b>22,651.0</b>
Consolidated net profit for the period				1,734.8				1,734.8	1.6	1,736.4
<i>Financial assets available-for-sale</i>					52.1			52.1		52.1
<i>Cash flow hedges</i>					-53.2			-53.2		-53.2
<i>Cumulative translation adjustments</i>							69.0	69.0	0.3	69.3
<b>Other comprehensive income that may be reclassified to profit and loss</b>					<b>-1.1</b>		<b>69.0</b>	<b>67.9</b>	<b>0.3</b>	<b>68.2</b>
<i>Actuarial gains and losses</i>					-90.5			-90.5		-90.5
<b>Other comprehensive income that may not be reclassified to profit and loss</b>					<b>-90.5</b>			<b>-90.5</b>		<b>-90.5</b>
<b>Consolidated comprehensive income</b>				<b>1,734.8</b>	<b>-91.6</b>		<b>69.0</b>	<b>1,712.2</b>	<b>1.9</b>	<b>1,714.1</b>
Capital increase	2,397,512	0.5	121.1					121.6	2.3	123.9
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,507.3				-1,507.3	-2.9	-1,510.2
Share-based payment				54.5				54.5		54.5
Net changes in Treasury stock	-921,177					-117.2		-117.2		-117.2
Purchase commitments for minority interests				4.7				4.7	0.8	5.5
Changes in scope of consolidation								-	-0.3	-0.3
Other movements				0.1				0.1		0.1
<b>At 06.30.2014</b>	<b>601,270,365</b>	<b>121.7</b>	<b>2,222.3</b>	<b>17,474.0</b>	<b>4,278.5</b>	<b>-685.3</b>	<b>-497.4</b>	<b>22,913.8</b>	<b>7.6</b>	<b>22,921.4</b>

<sup>(1)</sup> Taking into account the change in accounting policies on recognition of levies resulting from the application of IFRIC 21.

## Appendix 6: Compared consolidated statements of cash flows

€ millions	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2014	2014
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	1,882.6	1,734.8	4,910.2
Non-controlling interests	0.6	1.6	-1.6
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	410.2	334.4	856.2
• changes in deferred taxes	20.6	22.6	60.0
• share-based payment (including free shares)	58.5	54.5	113.5
• capital gains and losses on disposals of assets	0.2	-0.2	-0.9
Net profit from discontinued operations	-	-41.0	-2,142.7
Share of profit in associates net of dividends received	-2.7	1.5	13.5
<b>Gross cash flow</b>	<b>2,370.0</b>	<b>2,108.2</b>	<b>3,808.2</b>
Changes in working capital	-815.9	-598.0	55.9
<b>Net cash provided by operating activities (A)</b>	<b>1,554.1</b>	<b>1,510.2</b>	<b>3,864.1</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-512.0	-484.8	-1,008.2
Disposals of property, plant and equipment and intangible assets	5.7	13.1	18.7
Changes in other financial assets (including investments in non-consolidated companies)	13.2	-143.2	403.4
Dividends received from discontinued operations	-	41.7	41.7
Effect of changes in the scope of consolidation	-412.8	-750.4	1,194.0
<b>Net cash (used in) from investing activities (B)</b>	<b>-905.9</b>	<b>-1,323.6</b>	<b>649.6</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-1,535.0	-1,539.8	-1,589.3
Capital increase of the parent company	180.2	121.5	216.4
Capital increase of subsidiaries	-	2.3	2.3
Disposal (acquisition) of Treasury stock	5.2	-117.2	-6,160.3
Issuance (repayment) of short-term loans	553.7	2,856.0	2,225.0
Issuance of long-term borrowings	-	0.2	0.2
Repayment of long-term borrowings	-5.9	-10.0	-13.0
<b>Net cash (used in) from financing activities (C)</b>	<b>-801.8</b>	<b>1,313.0</b>	<b>-5,318.7</b>
<b>Net cash (used in) from discontinued operations (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net effect of changes in exchange rates and fair value (E)	1.7	-16.1	62.7
<b>Change in cash and cash equivalents (A+B+C+D+E)</b>	<b>-151.9</b>	<b>1,483.5</b>	<b>-742.3</b>
<b>Cash and cash equivalents at beginning of the year (F)</b>	<b>1,917.0</b>	<b>2,659.3</b>	<b>2,659.3</b>
<i>Change in cash and cash equivalents of discontinued operations (G)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E+F+G)</b>	<b>1,765.1</b>	<b>4,142.8</b>	<b>1,917.0</b>