L'ORÉAL

Clichy, February 10th, 2011 at 7:00 pm

News Release

2010 Annual Results

STRONG GROWTH
IN SALES AND PROFITS

- **2010 sales: 19.5 billion euros**
  - +11.6% based on reported figures
  - +5.6% like-for-like
- **Operating profit: +18.6%**
- **Net earnings per share*: +17.2%**
- **Confidence in a new year of sales and profit growth**
- **Increase in dividend**: +20% at 1.80 euro**

The Board of Directors of L'Oréal met on February 10th, 2011 under the chairmanship of Sir Lindsay Owen-Jones and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2010.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said: *"In the context of an upturn in the cosmetics market, L'Oréal achieved strong sales growth. The group advanced in all zones, all channels and all business segments; more dynamic than the market, it bolstered its position as the world number one in beauty.*
2010 was a year of conquests for the group, with several of our brands achieving spectacular breakthroughs: L'Oréal Professionnel with its hair colourant Inoa, Maybelline in mass-market make-up, Yves Saint Laurent which is experiencing a true renaissance, and La Roche-Posay which is continuing its expansion.
The group is growing in Western Europe, clearly improving its positions in North America, and continuing its conquest of the new strategic markets, particularly in Asia and Latin America. In 2010, L'Oréal China became the group's number three cosmetics subsidiary, with sales of more than one billion euros.
These performances confirm the relevance of the strategic thrusts adopted at the end of 2008: accessible innovation, new product categories, accelerated globalisation of our brands, and strengthening of our R&D and advertising & promotional investments.
2010 was also a year of strong profit growth; the actions taken over the last two years to improve operating efficiency are continuing to pay off.
Well prepared to seize all strategic opportunities, and driven by the ambition of winning a further one billion new consumers, L'Oréal is turning a new page in its history: the page of universalisation and beauty for everyone.
Supported by an encouraging start to the year, we are confident in the group's ability to achieve a new year of sales and profit growth in 2011."

Furthermore, the Board of Directors has decided to propose to the Annual General Meeting on April 22nd, 2011 the payment of a dividend of 1.80 euro per share, an increase of +20% compared with 2009.

The Board will also propose to the Annual General Meeting on April 22nd 2011 the renewal of the terms of office of Mrs Liliane BETTENCOURT, Mrs Annette ROUX and Mr Charles-Henri FILIPPI.

At the end of the board meeting, Sir Lindsay Owen-Jones said: *"With this level of growth and results, the group produced a good performance in 2010. Thanks to their drive and imagination, Jean-Paul Agon and his teams have succeeded in opening up new areas for growth and profitability, which are also paving the way for the future. The proposal by the Board of Directors to pay a dividend of 1.80 euro is an expression of our confidence in the group's solidity and dynamism."*

** diluted net earnings per share, based on net profit excluding non-recurring items attributable to the group.*
*** proposed at the Annual General Meeting of April 22nd, 2011.*

A – 2010 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was +5.6%.
The net impact of changes in consolidation amounted to +0.4%.
Currency fluctuations had a positive impact of +5.6%.
Growth at constant exchange rates was +6.0%.
Based on reported figures, the group's sales, at December 31st, 2010, amounted to 19.496 billion euros, an increase of +11.6%.

Sales by operational division and geographic zone

	4th quarter 2010			At December 31st 2010		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
By operational division[1]						
Professional Products	670.3	3.0%	15.3%	2,717.1	4.1%	13.8%
Consumer Products	2,315.4	4.6%	11.6%	9,529.9	5.5%	11.4%
Luxury Products	1,258.3	4.0%	9.8%	4,506.6	7.0%	11.5%
Active Cosmetics	304.6	5.9%	11.3%	1,385.6	4.7%	8.9%
Cosmetics total	**4,548.5**	**4.3%**	**11.6%**	**18,139.1**	**5.6%**	**11.6%**
By geographic zone[2]						
Western Europe	1,753.3	1.5%	2.7%	7,181.0	1.7%	2.6%
North America	1,043.3	2.6%	15.0%	4,291.5	4.1%	12.5%
New Markets, of which:	1,752.0	8.2%	19.8%	6,666.6	11.3%	22.4%
- *Asia, Pacific*	*843.3*	*8.5%*	*23.1%*	*3,192.2*	*11.2%*	*22.9%*
- *Eastern Europe*	*374.7*	*6.9%*	*11.6%*	*1,398.9*	*8.1%*	*15.3%*
- *Latin America*	*402.6*	*13.0%*	*25.3%*	*1,517.7*	*17.5%*	*32.6%*
- *Africa, Middle East*	*131.5*	*-2.4%*	*8.9%*	*557.8*	*4.1%*	*13.8%*
Cosmetics total	**4,548.5**	**4.3%**	**11.6%**	**18,139.1**	**5.6%**	**11.6%**
The Body Shop	248.5	-3.0%	3.1%	754.9	-1.1%	3.9%
Dermatology[3]	180.3	10.9%	19.2%	601.7	16.1%	23.0%
Group total	**4,977.3**	**4.1%**	**11.4%**	**19,495.8**	**5.6%**	**11.6%**

On January 1st, 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

In a hairdressing market which picked up slightly, the Professional Products Division achieved growth in 2010 of +4.1% like-for-like, and +13.8% based on reported figures. Its initiatives, rolled out through a portfolio of highly complementary brands, enabled the conversion of more than 35,000 new salons. More than ever before, the division is asserting its role as the unchallenged leader in this channel.

- In 2010, the initiatives introduced in technical products brought decisive success.
  In hair colourants, *Inoa* by *L'Oréal Professionnel* is a worldwide success, both in recruiting consumers and hairdressers and winning their loyalty. Repositioned at a more accessible price per application, *SoColor* by *Matrix* is conquering many salons in Europe, while *Wonderbrown*, a colourant for dark hair, is expanding in the United States.
  In textures, *Optistraight* by *Matrix* and *Dulcia Advanced* perm by *L'Oréal Professionnel* are winning over Asia. In the West, *X-Tenso Moisturist* by *L'Oréal Professionnel* is driving the worldwide development of "Brazilian straightening".
  Haircare is growing, supported by innovative launches: *Kérastase Chronologiste*, a luxury haircare line with caviar, *L'Oréal Professionnel Fiberceutic* with intracylane and *Colourist Solutions* by *Pureology*.
  L'Oréal Professionnel and *Matrix* are driving the division's growth; *Kérastase* is gradually accelerating, while *Redken* is strengthening its leadership in the United States.

- In Western Europe, the division is winning market share, with significant growth in Germany, the United Kingdom, Sweden and France. In North America, 2010 saw a return to growth for *Matrix*, and dynamic growth for *Mizani* and *Pureology*. The acquisition of two distributors, CB Sullivan and Peel's, has completed the SalonCentric network.
  The New Markets are dynamic, with strong growth rates in India, China, Indonesia, and also in the Middle East and Brazil, where *L'Oréal Professionnel* is helping to build the professional markets of the future by opening its first institute for the training of young hairdressers.

CONSUMER PRODUCTS

The Consumer Products Division recorded growth of +5.5% like-for-like and +11.4% based on reported figures. It is winning market share in North America and the New Markets. The dynamism of the make-up market, the number one category in this division, stimulated growth across all zones. All the brands are growing, and above all *Maybelline* which achieved growth of +13.3% like-for-like.

- *L'Oréal Paris* had a good year in haircare with strong growth in Latin America, the United States and Asia. In skincare, *Youth Code* achieved good scores. In make-up, *Volume Million Lashes* mascara proved to be a worldwide success.
  Garnier is strengthening its leadership in the facial skin cleanser segment for young people with the launch of *Pure Active Exfo-Brusher*. The brand is continuing its progress in the new category of deodorants: it is consolidating the positions it has won in Latin America and in Eastern Europe, and is moving into Western Europe.
  Maybelline is growing strongly in all regions. It became the make-up market leader in the United States thanks to the success of *Falsies* mascara and *Instant Age Rewind The Eraser* foundation. In Asia, the tinted skincare line *BB Cream* is proving highly successful.
  Finally, the division is making considerable progress in the men's skincare category, particularly in Western Europe where *Men Expert* is now number 1 in the market, and in Asia where the *Garnier Men* launch complements the *L'Oréal Paris Men Expert* range.

- In Western Europe, in a sluggish market, the division advanced thanks to make-up, haircare and deodorants, particularly in the United Kingdom, Germany and Scandinavia.
  In North America, in a market which was also stable, the division significantly improved its positions with market share gains in make-up, hair colourants, haircare and styling.
  The New Markets are being galvanised by powerful regional initiatives: in Brazil and Argentina, thanks to *L'Oréal Paris* haircare and *Garnier* deodorants, and in China, India, Indonesia and the Philippines thanks to *L'Oréal Paris* haircare, make-up, and *L'Oréal Paris* and *Garnier* men's skincare.

LUXURY PRODUCTS

The Luxury Products Division recorded growth of +7% like-for-like and +11.5% based on reported figures. In the context of an upturn in the selective market, the division posted sell-out growth in line with the market trend. It thus consolidated its worldwide positions, and particularly its leadership in Travel Retail. Its major core brands delivered good performances.

- *Lancôme* returned to strong growth, bolstered by the success of its skincare lines, particularly *Génifique*, but also by the launch of *Teint Miracle* foundation, the product of ten years of research, which won the Prix d'Excellence Marie-Claire. The fragrance *Trésor* by *Lancôme* is growing strongly, thanks to a new advertising campaign and the launch of *Trésor in Love*.
  Yves Saint Laurent is experiencing a renaissance, with double-digit growth: the brand has had a string of successes in fragrances - *L'Homme Yves Saint Laurent*, *La Nuit de L'Homme*, the relaunch of *Opium* and the arrival of *Belle d'Opium* – and is making a strong comeback in make-up with the launch of *Rouge Pur Couture*.
  Giorgio Armani had a very good year, driven by the success of the new women's fragrance *Acqua di Gioia*, not forgetting *Giorgio Armani Cosmetics*, with *Eyes to kill Excess* mascara proving a hit with consumers.
  Lastly, *Kiehl's* achieved an exceptional breakthrough in 2010 on all continents.

- In Western Europe, the division is clearly number one, and sales are in line with the market trend. Its momentum is boosted by France, Germany, the United Kingdom and the Scandinavian countries. The good performances of the *Yves Saint Laurent*, *Kiehl's* and *Ralph Lauren* brands are also worth noting.
  In North America, the situation is more contrasting, yet the *Yves Saint Laurent*, *Kiehl's* and *Viktor & Rolf* brands are posting strong sales growth. *Ralph Lauren* showed outstanding performance with *The Big Pony Collection*.
  In the New Markets, the division is growing faster than the market: in Asia, thanks to the dynamism of Travel Retail, China, and the good performances of *Lancôme*, *Kiehl's*, *Giorgio Armani* and *Shu Uemura*; and in Eastern Europe, where the division is continuing to make conquests.

ACTIVE COSMETICS

The annual sales of the Active Cosmetics Division grew by +4.7% like-for-like and +8.9% based on reported figures. All the brands and all the zones achieved growth. Across the world, the division confirmed its position as number one in dermocosmetics.

- *La Roche-Posay* achieved double-digit growth, thanks in particular to *Redermic[+]*, and is winning market share everywhere.
  Vichy saw the success of the *LiftActiv* franchise confirmed in the anti-ageing market on all continents, and particularly in China. Launched at the end of the year in Western Europe, *NutriExtra* bodycare has been very well received. This initiative is enabling the brand to reinforce its position in bodycare, which is a very strategic segment for pharmacies.
  Thanks to a dynamic last quarter in hair products, *Innéov* strengthened its leadership in Western Europe and achieved a spectacular breakthrough in Brazil.
  SkinCeuticals recorded very strong growth, thanks to its roll-out in European markets, and the opening up of China, Canada and Brazil.
  The integration of *Roger & Gallet* into the division is extremely encouraging, and internationalisation has begun in Western Europe and Brazil.

- All the zones ended the year with positive growth, and this was particularly clear in Western Europe.
  The division is accelerating in the New Markets. Latin America produced a good performance, thanks in particular to Brazil.

Sales

Multi-division summary by geographic zone

WESTERN EUROPE

- With performances of +1.7% like-for-like, and +2.6% based on reported figures, the group's growth was very slightly faster than the market trend, particularly in the United Kingdom, Germany, Sweden and France, and in Travel Retail. All divisions recorded positive growth.

NORTH AMERICA

- 2010 brought significant growth, far exceeding the market growth trend, at +4.1% like-for-like and +12.5% based on reported figures. The Consumer Products Division produced a very strong performance, thanks in particular to the excellent results of *Maybelline*. The Luxury Products Division continued the recovery which began at the end of 2009. The Professional Products Division had a very good year thanks to the success of *Inoa*.

NEW MARKETS

With growth of +11.3% like-for-like, and +22.4% based on reported figures, the group is growing twice as fast as the market. The main driving forces are Asia and Latin America.

- **Asia, Pacific**: Over the full year, the group recorded +11.2% growth in this zone like-for-like, +22.9% based on reported figures, and +13.2% excluding Japan, like-for-like. The group is continuing to win market share, particularly in India, the Philippines, Indonesia, and also in South Korea and Taiwan. With another year of double-digit growth, L'Oréal China, driven by the dynamism of its Men's lines, make-up, and haircare initiatives, continued to win market share, and exceeded the 1 billion euros of sales mark, thus becoming the group's number three cosmetics subsidiary.

- **Eastern Europe**: Growth remains sustained, at +8.1% like-for-like and +15.3% based on reported figures, despite the highly contrasting market situations in different countries. Ukraine and Russia are the most dynamic countries, particularly thanks to make-up, *Garnier*, and the continuing advances of the Luxury Products Division.

- **Latin America**: Sales advanced by +17.5% like-for-like and +32.6% based on reported figures. All the major countries in this zone are growing, particularly Brazil and Argentina. Mexico has returned to growth. The Consumer Products Division is the driving force of this expansion, through haircare and deodorants.

- **Africa, Middle East**: Sales grew by +4.1% like-for-like and +13.8% based on reported figures, with contrasting trends. While the situation remains difficult in South Africa and Turkey, Lebanon and Morocco recorded strong growth.

2) The Body Shop sales

The Body Shop ended the year with like-for-like growth at –1.1%. Retail sales[(1)] are at -2.6%. The Body Shop had a year of contrasting performances, with trends differing between the developed countries and the New Markets.
2010 was a year of transition for The Body Shop, which completed its strategic reorganisation.
The brand is stepping up its militant approach to innovation, with launches including *Natrulift*, a firming skincare line with organic pomegranate, *Dreams Unlimited*, a fragrance with Community Fair Trade Ecuadorean alcohol and also *Rainforest*, an eco-conscious haircare range.
Above all, The Body Shop is accelerating its expansion into the New Markets, particularly in Eastern Europe, Asia, and India where the brand has doubled the number of its stores. The brand has also extended its distribution into new channels, such as the Internet and Travel Retail, to increase its reach and its visibility.
Lastly, the actions taken on the operational front continue to deliver: The Body Shop is steadily improving its profitability.
At the end of 2010, The Body Shop has a total of 2,605 stores.

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

3) Galderma sales

Galderma achieved record sales, with a like-for-like increase of +16.1% and +23.0% based on reported figures, re-enforcing its position as a worldwide leader in dermatology. The company recorded double-digit growth in all regions across the world.
Sell-out is growing twice as fast as the market.

Strategic prescription brands *Epiduo* (acne), *Oracea* (rosacea), *Clobex* (scalp psoriasis), *Metvix* (skin cancer), *Rozex/Metro* (rosacea) and *Loceryl* (onychomycosis) have all shown excellent results. Galderma also significantly expanded its presence in the corrective and aesthetic dermatology segment. The company continued to successfully launch *Azzalure* (a botulinum toxin type A developed for use in aesthetic medicine) in several European countries and broadened its product portfolio with the pre-launch of *Emervel*, a hyaluronic acid dermal filler range.

B – Important events during the period 10/01/10 - 12/31/10

- On December 10th 2010, the group's subsidiary L'Oréal USA, acquired, via its SalonCentric division, the salon distribution business of Peel's Salon Services, a Nebraska-based company which operates in 12 central states of the U.S. With this new acquisition, L'Oréal USA's SalonCentric division is extending its distribution, which now covers the vast majority of U.S. territory.

- On December 13th 2010, the pharmaceutical company Galderma, a 50:50 joint venture between L'Oréal and Nestlé, announced the launch of a bid for the Swedish company Q-Med, which specialises in corrective and aesthetic dermatology. This acquisition should enable Galderma to accelerate its development in the highly dynamic segment of corrective and aesthetic dermatology. After receiving the support of 77.79% of Q-Med shareholders, Galderma has indicated today, February 10th, in a statement, that its offer has been extended by 15 days and increased to SEK 79 per share.

Results

C – 2010 Results

Audited financial statements, certification in progress.

1) Operating profitability and Consolidated profit and loss account

	2009		2010	
	€m	% sales	€m	% sales
Sales	**17,473**	**100%**	**19,496**	**100%**
Cost of sales	*-5,162*	*29.5%*	*-5,697*	*29.2%*
Gross profit	**12,311**	**70.5%**	**13,799**	**70.8%**
Research and development expenses	*-609*	*3.5%*	*-665*	*3.4%*
Advertising and promotion expenses	*-5,389*	*30.8%*	*-6,029*	*30.9%*
Selling, general and administrative expenses	*-3,736*	*21.4%*	*-4,049*	*20.8%*
Operating profit	**2,578**	**14.8%**	**3,057**	**15.7%**

Gross margin increased by +12.1% and came out at 70.8% of sales, compared with 70.5% in 2009, representing an improvement of 30 basis points.
Several factors had a favourable impact, including:

- the significant improvement in manufacturing cost, achieved in particular through strong growth in volumes and good performances in purchasing,
- better inventory management which led to a reduction in provisions for obsolete and slow-moving inventories,
- the reduction in physical distribution costs.

On the other hand, two factors had an unfavourable impact on this item:

- the impact of changes in monetary parities,
- the moderate increase in promotional offers to customers, which are deducted from sales.

Research and development expenses increased by +9.1% based on reported figures (+8.9% like-for-like) and represented 3.4% of sales.

Advertising and promotion expenses came out at 30.9% of sales.

Selling, general and administrative expenses grew significantly less rapidly than sales, at +2.7% based on a comparable structure and identical exchange rates. They improved by 60 basis points compared with 2009.

Overall, operating profit grew by +18.6% and came out at 3 057 million euros, that is 15.7% of sales, an improvement of 90 basis points compared with 2009.

2) Operating profit by branch and division

	2009		2010	
	€m	% sales	€m	% sales
By operational division				
Professional Products	477	20.0%	552	20.3%
Consumer Products	1,577	18.4%	1,765	18.5%
Luxury Products(1)	612	15.1%	791	17.5%
Active Cosmetics(1)	255	20.0%	278	20.1%
Cosmetics divisions total	**2,921**	**18.0%**	**3,385**	**18.7%**
Non-allocated(2)	*-482*	*-3.0%*	*-513*	*-2.8%*
Cosmetics branch total	**2,439**	**15.0%**	**2,872**	**15.8%**
The Body Shop	**54**	**7.4%**	**65**	**8.7%**
Dermatology branch(3)	**85**	**17.4%**	**119**	**19.8%**
Group	**2,578**	**14.8%**	**3,057**	**15.7%**

(1) At January 1st, 2010, Roger & Gallet was transferred from the Luxury Products Division to the Active Cosmetics Division. Figures for 2009 have been adjusted to allow for this change.
(2) Non-allocated = Central group expenses, fundamental research expenses, stock option expenses and miscellaneous items. As % of total sales.
(3) Group share, i.e. 50%.

All the divisions achieved growth in their operating profitability, particularly the Luxury Products Division, whose operating profit increased from 15.1% to 17.5%.
There were also substantial improvements at the following levels:

- non-allocated expenses, which declined to 2.8% of sales,
- The Body Shop, which continued its recovery with profitability at 8.7%,
- Galderma, whose operating profitability continued to grow at 19.8%.

3) Profitability by geographic zone

Operating profit	2009		2010	
	€m	% sales	€m	% sales
Western Europe	1,472	21.0%	1,552	21.6%
North America	555	14.5%	709	16.5%
New Markets	894	16.4%	1,125	16.9%
Cosmetics zones total(1)	**2,921**	**18.0%**	**3,385**	**18.7%**

(1) Previously non-allocated.
At January 1st, 2010: The Travel Retail sales of YSL Beauté, previously included under Western Europe, have been allocated to the different zones.
The Rest of the World zone has become the New Markets zone.
Figures for 2009 have been adjusted to allow for these changes.

There was an improvement in profitability in all zones.

4) Net earnings per share(2): 4.01 €

€m	2009	2010
Operating profit	**2,578**	**3,057**
Finance costs	*-89*	*-36*
Sanofi-Aventis dividends	260	284
Pre-tax profit excluding non-recurring items	**2,749**	**3,305**
Income tax excluding non-recurring items	*-749*	*-932*
Minority interests	*-2.7*	*-2.3*
Net profit excluding non-recurring items after minority interests(1)	**1,997**	**2,371**
EPS(2) (€)	**3.42**	**4.01**
Diluted net earnings per share (group share)	**583,797,566**	**591,392,449**

(1) Net profit excluding non-recurring items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, and in 2010 competition litigation, associated tax effects or minority interests..
(2) Diluted net earnings per share excluding non-recurring items after minority interests.

Finance costs amounted to 35.6 million euros, representing a sharp reduction, mainly because of the very significant decrease in net debt.

Dividends received from Sanofi-Aventis amounted to 284 million euros, up by +9.1%.

Tax amounted to 932 million euros, representing a rate of 28.2%, slightly above the 2009 rate which was 27.3%.

Net profit excluding non-recurring items after minority interests totalled 2,371 million euros, up by +18.7%.

Net earnings per share, at 4.01 euros, increased by +17.2%.

5) Net profit excluding non-recurring items after minority interests: €2,371m

€m	2009	2010	
Net profit excluding non-recurring items after minority interests	**1,997**	**2,371**	
Non-recurring items net of tax	*-205*	*-131*	
Net profit after minority interests	1,792	2,240	**+25%**
Diluted earnings per share (€)	3.07	3.79	

Excluding non-recurring items, which amounted to a charge, net of tax, of 131 million euros, net profit amounted to 2,240 million euros, an increase of +25%.

6) Cash flow Statement, Balance sheet and Debt

Gross cash flow amounted to 3,171 million euros, up by +15% compared with 2009. There was a very positive change in the working capital requirement, which decreased in 2010, for the second consecutive year, by 132 million euros.

Capital expenditure continued to be contained, at 3.5% of sales.

After dividend payment and purchases of investments, and allowing for the exercise of options, the residual cash flow comes out at 1,891 million euros.

The balance sheet, whose structure was already robust, has been strengthened, with shareholders' equity representing 62% of total assets.

Net financial debt amounted to 41 million euros, representing 0.3% of shareholders' equity.

7) Proposed dividend at the Annual General Meeting on April 22nd, 2011

The Board of Directors has decided to propose that the Annual General Meeting of Shareholders of April 22nd, 2011 should approve a dividend of 1.80 euro per share, an increase of +20% compared with the dividend paid in 2010. This dividend will be paid on May 4th, 2011 (ex-dividend date April 29th at 0:00 am).

8) Share capital

Finally, the Board of Directors has set the amount of the share capital at December 31st, 2010: 600,992,585 shares with a par value of 0.20 euro, representing a total of 120,198,517 euros.

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D – Appendices

Appendix 1: L'Oréal group sales 2009/2010 (€ millions)

	2009	2010
First quarter:		
Cosmetics	4,112	4,445
The Body Shop	162	164
Dermatology	96	112
First quarter total	**4,370**	**4,722**
Second quarter:		
Cosmetics	4,104	4,617
The Body Shop	161	170
Dermatology	134	158
Second quarter total	**4,399**	**4,945**
First half:		
Cosmetics	8,216	9,062
The Body Shop	323	334
Dermatology	230	271
First half total	**8,769**	**9,667**
Third quarter:		
Cosmetics	3,965	4,529
The Body Shop	162	172
Dermatology	108	151
Third quarter total	**4,235**	**4,852**
Nine months:		
Cosmetics	12,181	13,591
The Body Shop	485	506
Dermatology	338	421
Nine months total	**13,004**	**14,518**
Fourth quarter:		
Cosmetics	4,076	4,549
The Body Shop	241	249
Dermatology	151	180
Fourth quarter total	**4,469**	**4,977**
Full year		
Cosmetics	16,257	18,139
The Body Shop	726	755
Dermatology	489	602
Full year total	**17,473**	**19,496**

Appendix 2: Consolidated profit and loss accounts

€ millions	**2010**	**2009**	**2008**
Net sales	**19,495.8**	**17,472.6**	**17,541.8**
Cost of sales	(5,696.5)	(5,161.6)	(5,187.2)
Gross profit	**13,799.3**	**12,311.0**	**12,354.6**
Research and development	(664.7)	(609.2)	(587.5)
Advertising and promotion	(6,029.1)	(5,388.7)	(5,269.1)
Selling, general and administrative expenses	(4,048.6)	(3,735.5)	(3,773.4)
Operating profit	**3,056.9**	**2,577.6**	**2,724.6**
Other income and expenses	(153.2)	(277.6)	(156.3)
Operational profit	**2,903.7**	**2,299.9**	**2,568.3**
Finance costs on gross debt	(43.8)	(92.0)	(208.8)
Finance income on cash and cash equivalents	17.2	16.0	34.6
Finance costs, net	**(26.6)**	**(76.0)**	**(174.2)**
Other financial income (expenses)	(9.0)	(13.0)	(7.2)
Sanofi-Aventis dividends	283.8	260.1	244.7
Profit before tax and non-controlling interests	**3,151.9**	**2,471.0**	**2,631.6**
Income tax	(909.9)	(676.1)	(680.7)
Net profit	**2,242.0**	**1,794.9**	**1,950.9**
attributable to:			
- owners of the Company	2,239.7	1,792.2	1,948.3
- non-controlling interests	2.3	2.7	2.6
Earnings per share attributable to owners of the Company *(€)*	3.82	3.07	3.31
Diluted earnings per share attributable to owners of the Company *(€)*	3.79	3.07	3.30
Earnings per share attributable to owners of the Company excluding non-recurring items *(€)*	4.04	3.42	3.50
Diluted earnings per share attributable to owners of the Company excluding non-recurring items *(€)*	4.01	3.42	3.49

Appendix 3: Consolidated statements of net profit and gains and losses directly recognised in equity

€ millions	**2010**	**2009**	**2008**
Consolidated net profit for the period	**2,242.0**	**1,794.9**	**1,950.9**
Financial assets available for sale	*(852.3)*	*1,142.5*	*(2,083.9)*
Cash flow hedges	*(8.0)*	*(154.3)*	*88.3*
Actuarial gains and losses	*(213.5)*	*(142.9)*	*(160.4)*
Tax effect on items directly recognised in equity [(1)]	*92.0*	*61.4*	*78.6*
Cumulative translation adjustments	*463.3*	*6.5*	*(124.5)*
Changes in gains and losses directly recognised in equity	**(518.5)**	**913.2**	**(2,201.9)**
Total net profit and gains and losses directly recognised in equity	**1,723.5**	**2,708.1**	**(251.0)**
Attributable to:			
- owners of the Company	**1,721.2**	**2,705.4**	**(253.6)**
- non-controlling interests	2.3	2.7	2.6

[(1)] *The tax effect is as follows:*

€ millions	**2010**	**2009**	**2008**
Financial assets available for sale	14.6	(19.8)	37.7
Cash flow hedges	1.1	39.6	(17.4)
Actuarial gains and losses	76.3	41.6	58.3
Total	**92.0**	**61.4**	**78.6**

Appendix 4: Consolidated balance sheets

Assets

€ millions	December 31, 2010	December 31, 2009	December 31, 2008
Non-current assets	**17,048.2**	**17,350.4**	**16,380.3**
Goodwill	5,729.6	5,466.0	5,532.5
Other intangible assets	2,177.5	2,042.4	2,038.2
Tangible assets	2,677.5	2,599.0	2,753.3
Non-current financial assets	5,837.5	6,672.2	5,557.4
Deferred tax assets	626.1	570.8	498.9
Current assets	**6,996.3**	**5,941.1**	**6,526.5**
Inventories	1,810.1	1,476.7	1,635.5
Trade accounts receivable	2,685.3	2,443.3	2,694.6
Other current assets	846.0	732.8	985.8
Current tax assets	104.5	115.2	133.6
Cash and cash equivalents	1,550.4	1,173.1	1,077.1
Total	**24,044.5**	**23,291.5**	**22,906.9**

Equity & Liabilities

€ millions	December 31, 2010	December 31, 2009	December 31, 2008
Equity	**14,865.8**	**13,598.3**	**11,562.5**
Share capital	120.2	119.8	120.5
Additional paid-in capital	1,148.3	996.5	965.5
Other reserves	11,107.1	10,141.3	9,232.1
Items directly recognised in equity	1,188.1	2,169.9	1,263.2
Cumulative translation adjustments	(89.6)	(552.9)	(559.4)
Treasury stock	(850.9)	(1,071.6)	(1,410.6)
Net profit attributable to owners of the Company	2,239.7	1,792.2	1,948.3
Equity attributable to owners of the Company	**14,862.9**	**13,595.2**	**11,559.6**
Non-controlling interests	2.9	3.1	2.8
Non-current liabilities	**2,596.6**	**4,306.6**	**3,978.0**
Provisions for employee retirement obligations and related benefits	1,129.0	1,021.4	961.6
Provisions for liabilities and charges	181.3	125.6	111.4
Deferred tax liabilities	462.0	418.0	398.4
Non-current borrowings and debt	824.3	2,741.6	2,506.6
Current liabilities	**6,582.1**	**5,386.5**	**7,366.4**
Trade accounts payable	3,153.5	2,603.1	2,656.6
Provisions for liabilities and charges	536.9	510.0	431.1
Other current liabilities	1,958.1	1,750.5	1,848.4
Income tax	166.6	133.2	159.7
Current borrowings and debt	767.0	389.7	2,270.6
Total	**24,044.5**	**23,291.5**	**22,906.9**

Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items directly recognised in equity	Treasury stock	Cumulative translation adjustments	Equity to attributable owners of the Company	Non-controlling interests	Total equity
At December 31, 2008	**583,140,468**	**120.5**	**965.5**	**11,180.4**	**1,263.2**	**(1,410.6)**	**(559.4)**	**11,559.6**	**2.8**	**11,562.5**
Consolidated net profit for the period				1,792.2				1,792.2	2.7	1,794.9
Financial assets available for sale					*1,122.7*			*1,122.7*		*1,122.7*
Cash flow hedges					*(114.7)*			*(114.7)*		*(114.7)*
Actuarial gains and losses					*(101.3)*			*(101.3)*		*(101.3)*
Cumulative translation adjustments							*6.5*	*6.5*		*6.5*
Change in gains and losses directly recognised in equity					906.7		6.5	913.2		913.2
Total net profit and gains and losses directly recognised in equity				**1,792.2**	**906.7**		**6.5**	**2,705.4**	**2.7**	**2,708.1**
Capital increase	527,200	0.1	31.0					31.1		31.1
Cancellation of treasury stock		(0.8)		(271.5)		272.3				
Dividends paid (not paid on treasury stock)				(839.7)				(839.7)	(2.4)	(842.1)
Share-based payment				76.7				76.7		76.7
Net changes in treasury stock	1,067,992			(1.7)		66.7		65.0		65.0
Other movements				(2.9)				(2.9)		(2.9)
At December 31, 2009	**584,735,660**	**119.8**	**996.5**	**11,933.5**	**2,169.9**	**(1,071.6)**	**(552.9)**	**13,595.2**	**3.1**	**13,598.3**
Consolidated net profit for the period				2,239.7				2,239.7	2.3	2,242.0
Financial assets available for sale					*(837.7)*			*(837.7)*		*(837.7)*
Cash flow hedges					*(6.8)*			*(6.8)*		*(6.8)*
Actuarial gains and losses					*(137.3)*			*(137.3)*		*(137.3)*
Cumulative translation adjustments							*463.3*	*463.3*		*463.3*
Change in gains and losses directly recognised in equity					(981.8)		463.3	(518.5)		(518.5)
Total net profit and gains and losses directly recognised in equity				2,239.7	(981.8)		463.3	1,721.2	2.3	1,723.5
Capital increase	2,520,175	0.5	151.8					152.3		152.3
Cancellation of treasury stock		(0.1)		(37.8)		37.9				
Dividends paid (not paid on treasury stock)				(878.8)				(878.8)	(2.2)	(881.0)
Share-based payment				84.8				84.8		84.8
Net changes in treasury stock	2,400,068			1.1		182.8		183.9		183.9
Purchase of non-controlling interests				(2.9)				(2.9)		(2.9)
Other movements				7.2				7.2	(0.3)	6.9
At December 31, 2010	**589,655,903**	**120.2**	**1,148.3**	**13,346.8**	**1,188.1**	**(850.9)**	**(89.6)**	**14,862.9**	**2.9**	**14,865.8**

Appendix 6: Consolidated statements of cash flows

€ millions	2010	2009	2008
Cash flows from operating activities			
Net profit attributable to owners of the Company	2,239.7	1,792.2	1,948.3
Non-controlling interests	2.3	2.7	2.6
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	734.2	834.0	706.1
• changes in deferred taxes	110.0	51.7	6.6
• share-based payment	84.8	76.7	85.9
• capital gains and losses on disposals of assets	0.1	0.9	(3.6)
Gross cash flow	**3,171.1**	**2,758.2**	**2,745.9**
Changes in working capital	132.5	466.3	(148.8)
Net cash provided by operating activities (A)	**3,303.6**	**3,224.5**	**2,597.1**
Cash flows from investing activities			
Investments in tangible and intangible assets	(677.9)	(628.0)	(745.9)
Disposal of tangible and intangible assets	18.3	27.5	9.2
Changes in other financial assets (including investments in non-consolidated companies)	2.3	36.7	(9.4)
Effect of changes in the scope of consolidation	(160.7)	(160.2)	(1,299.1)
Net cash (used in) from investing activities (B)	**(818.0)**	**(723.9)**	**(2,045.2)**
Cash flows from financing activities			
Dividends paid	(921.6)	(851.5)	(849.2)
Capital increase of the parent company	152.3	31.1	2.3
Disposal (acquisition) of treasury stock	184.0	65.0	(912.6)
Purchase of non-controlling interests	(8.7)	-	-
Issuance (repayment) of short-term loans	(132.6)	(1,886.0)	1,262.5
Issuance of long-term borrowings	4.0	350.3	1.1
Repayment of long-term borrowings	(1,462.5)	(98.4)	(62.8)
Net cash (used in) from financing activities (C)	**(2,185.1)**	**(2,389.4)**	**(558.7)**
Net effect of changes in exchange rates and fair value (D)	76.9	(15.3)	(2.8)
Change in cash and cash equivalents (A+B+C+D)	**377.4**	**96.0**	**(9.6)**
Cash and cash equivalents at beginning of the year (E)	**1,173.1**	**1,077.1**	**1,086.7**
Cash and cash equivalents at end of the year (A+B+C+D+E)	**1,550.4**	**1,173.1**	**1,077.1**