

Clichy, July 30th 2009, 5.45 p.m.

1st half 2009 sales

L'ORÉAL PROVES RESILIENT AND CONFIRMS THE GRADUAL IMPROVEMENT OF ITS SALES

- **Growth in sales: +1.4% at 8.77 billion euros**
(+0.4% at constant exchange rates*; -3.2% like-for-like)
- **Improvement in second quarter sales: +2.6%**
Consumer Products Division holds up well
Upturn in New Markets
- **Confidence to continue the improvement in performance in the second half.**

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

"The improved performances in the second quarter reflect the success of the latest innovations, the acceleration of initiatives across all regions, and a lower inventory reduction by distributors. Over the first half, the group achieved positive growth, in a market context which remains difficult.

Sales trends remain extremely differentiated across the divisions: the Consumer Products Division is accelerating its growth and strengthening its worldwide positions. In markets which are still down, the Professional Products Division is significantly increasing its penetration in hair salons, and the Luxury Products Division is achieving notable successes with its latest launches, particularly at Lancôme.

Furthermore, thanks to our range of initiatives, all the New Markets are growing in the second quarter. India is accelerating, China and Brazil are maintaining their strong dynamism, Mexico is recovering and the situation in Russia is improving.

The 5 main strategic thrusts – accessible innovation, opening up new product categories, accelerating globalisation, ensuring sustained advertising and promotional investments, and reducing costs – are starting to pay off.

We are confirming our confidence in a gradual improvement in performance in the course of 2009."

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

A – 1st half 2009 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was -3.2%.

The net impact of changes in consolidation, mainly as a result of the acquisitions of YSL Beauté, CollaGenex Pharmaceuticals and the 100% consolidation of Club des Créateurs de Beauté, amounted to +3.6%.

Currency fluctuations had a positive impact of +1.0% (at current exchange rates, the negative impact would be -0.7% for the whole of 2009).

Growth at constant exchange rates was +0.4%.

Based on reported figures, the group's sales, at June 30th 2009, amounted to 8.77 billion euros, an increase of +1.4%.

Sales by operational division and geographic zone

	2nd quarter 2009			1st half 2009		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By operational division</u>						
Professional Products	617	-4.8%	-1.9%	1 218	-5.0%	-2.5%
Consumer Products ⁽¹⁾	2 209	+0.9%	+1.6%	4 403	+1.0%	+1.6%
Luxury Products	969	-8.3%	+10.0%	1 895	-13.0%	+4.6%
Active Cosmetics	309	-4.9%	-6.7%	700	-3.3%	-5.1%
Cosmetics total	4 104	-2.7%	+2.2%	8 216	-3.9%	+1.0%
<u>By geographic zone</u>						
Western Europe	1 805	-6.6%	-2.8%	3 639	-8.0%	-4.1%
North America	974	-6.3%	+7.0%	1 942	-5.6%	+7.7%
Rest of the World, of which:	1 325	+6.3%	+6.1%	2 635	+4.1%	+3.9%
- Asia	501	+4.3%	+21.2%	1 075	+4.6%	+22.5%
- Eastern Europe	298	+3.9%	-11.1%	591	-0.5%	-14.8%
- Latin America	288	+12.7%	+0.0%	518	+11.4%	-2.4%
- Africa-Orient-Pacific	238	+6.6%	+11.8%	450	+1.2%	+3.9%
Cosmetics total	4 104	-2.7%	+2.2%	8 216	-3.9%	+1.0%
The Body Shop	161	-1.2%	-3.0%	323	+0.7%	-3.2%
Dermatology ⁽²⁾	134	+18.0%	+27.4%	230	+18.1%	+29.3%
Group total	4 399	-2.1%	+2.6%	8 769	-3.2%	+1.4%

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

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

In the context of a sharp slowdown in hair salon activity and widespread inventory reduction, the Professional Products Division's first half sales trend was -5.0% like-for-like, and -2.5% based on reported figures, which was better than the estimated market trend. Thanks to its brand portfolio and the dynamism of its anti-crisis initiatives, the division was able to recruit a record number of salons and thus strengthen its leadership. The growth-relay countries are continuing to play their part-

- *Matrix*, an affordable brand particularly well suited to the current context, is growing strongly in the Rest of the World zone. This is particularly true in Asia, thanks to the specific perm lines *Opti-Straight* and *Opti-Thermic Curl*.
Redken is successfully launching its *Blonde Glam* hair colourant and haircare line.
At *L'Oréal Professionnel*, the rapid roll-out of the *Texture Expert* styling range is continuing, and in the large permanent hair straightening markets of Asia and Latin America *X-Tenso Moisturist* is proving highly successful. In June, some 4000 hairdressers from all over the world met in Paris to share a vision of the professional beauty of tomorrow, and to see a preview of the new hair colourant which *L'Oréal Professionnel* will be launching during the last quarter.
Kérastase is responding to the unfavourable climate for salon sales by developing innovative services in the retail sector such as *Volumorphose* with *Intra-Cylane*, the first hair filler.
- In geographic terms, the division's sales have remained very sluggish in the mature countries, but sales are increasing in the growth-relay countries, particularly Brazil, India, China, the Philippines and Poland.
In Western Europe, the good results in Germany, where the division is continuing to gain market share, are worth noting.
In North America, the acquisition of the distributor Idaho has built up the division's presence in the West of the United States, and strengthened its direct links with salons.

CONSUMER PRODUCTS

At end-June, the Consumer Products Division achieved growth of +1.0% like-for-like. Excluding the SAP effect in the United States*, the second quarter of 2009 saw an acceleration to +2.6% like-for-like, resulting in a half-year at +1.8%, driven by *Garnier* and *Maybelline*.

- Launch activity remained substantial:
For *L'Oréal Paris*, with *Elsève Renutrition Highlights* and *Revitalift* face and neck contours.
At *Garnier*, with *Fructis Oil Repair* triple nutrition, and the *Garnier Soins Essentiels* initiative, a line of skincare and cleansing products priced below €5.
At *Maybelline*, the great success of *Stiletto* mascara and *Dream Liquid* foundation is continuing.
A new shampoo and haircare range bearing the *Franck Provost* brand has been launched at very attractive prices.
Club des Créateurs de Beauté is achieving strong growth.
- In Western Europe, in markets whose growth slowed slightly in the second quarter, the division is winning market share in make-up and hair colourant. Growth in volumes accelerated in the second quarter. Results by country are mixed, with Germany and Italy on one side achieving growth, and France and Spain on the other which remain negative.
In North America, the division's sell-out growth is higher than market growth, thanks in particular to large market share gains by *L'Oréal Paris* and *Garnier* in skincare. It is also worth noting a clear acceleration in the second quarter in haircare and hair colourant.

* The introduction of the SAP information system in the United States on July 1st 2008 led to the transfer of amounts invoiced for *Maybelline* and *Garnier* from the third quarter to the second quarter of 2008.

In the Rest of the World, the 5 BRIMC countries recorded substantial growth rates: Brazil has been boosted by the success of haircare and deodorant product initiatives. Mexico has returned to growth thanks to these two categories, and is launching *Garnier* skincare products. Russia is performing better than in the first quarter, and the division is launching a range of *Garnier* deodorants there, and in Central and Eastern Europe. In China, growth is continuing in *L'Oréal Men Expert* and *Garnier* skincare lines and the initial results of *Maybelline* skincare products are very encouraging. In India, the division is returning to growth in all categories, particularly in skincare. The strong growth in South Africa is also worth noting, together with the launch of the bodycare range of *Dark & Lovely*, which was previously exclusively a haircare brand.

LUXURY PRODUCTS

In the first 6 months, the sales of the Luxury Products Division contracted by -13.0% like-for-like, but advanced by +4.6% based on reported figures, thanks to the consolidation of *YSL Beauté*. Boosted by the quality of the latest innovations, the second quarter saw a significant improvement in the division's performances. The market context is still negative, but the distributor inventory reduction effect is clearly less pronounced than in the first quarter.

- *Lancôme* is hitting the skincare headlines with *Génifique*, marking the dawn of the era of geneomics and proteomics. *Génifique* is amongst the top-selling skincare products in the United States and in Europe, and is currently being launched in Asia. *Óscillation* powermascara with micro-oscillation is continuing to prove successful month after month in the United States, and has been followed up by the launch of *Óscillation Power Booster*.
Kiehl's recorded double-digit worldwide growth at the end of June, thanks in particular to its very strong performances in Asia. After Japan, the brand has just been launched in China.
Yves Saint Laurent is steadily improving its sales, thanks in particular to the performances of its latest fragrance *La Nuit de l'Homme*, and of the whole make-up range.
Only the Brave by *Diesel* has made an excellent start in the men's fragrance market.
- In Western Europe, following the severe distributor inventory adjustment effect in the first quarter, the situation is gradually returning to normality. The division's sell-out trend is still favourable in the United Kingdom and France, and are improving in Germany. The recent launch of the *Hypnôse Senses* fragrance is promising, as is the new women's fragrance *Scarlett* by *Cacharel* currently being launched. In North America, where the market again contracted in the second quarter, the division is consolidating its market share. *Lancôme* and *Yves Saint Laurent* have strengthened their positions, but there are still difficulties in fragrance performances.
The Rest of the World zone continues to be held back by market difficulties in Russia and Dubai, but it recovered spectacularly in the second quarter. The division is growing rapidly in Asia, with very strong performances in South Korea and China.
Travel Retail continues to be severely affected by the decline in air traffic.

ACTIVE COSMETICS

The sales trend of the Active Cosmetics Division was -3.3% like-for-like. This figure reflects the negative trend in the global dermocosmetics market, which became more pronounced in the second quarter, and the cautious stance taken by pharmacists and distributors. In this context, the division is maintaining its positions.

- *Vichy* has reaffirmed its leadership in pharmacy sales, thanks to high sales with the main product initiatives in facial skincare, particularly *Liftactiv CxP* and *Liftactiv Retinol HA*, but is having difficulties in the other categories.
La Roche-Posay is winning market share, thanks to good performances across all categories.
Innéov has gained market share, thanks to the strong breakthrough made in the haircare segment. The brand's spectacular growth in Brazil is continuing.
SkinCeuticals is growing very strongly, boosted by its global roll-out.
- Sales in Western Europe are down because of the market contraction, and inventory reductions by wholesalers and parapharmacies, and also because of the difficulties of *Vichy* in seasonal products. Expansion for all brands is continuing in North America, despite a significant reduction in footfall, particularly in spas and medi-spas since the end of 2008.
The Rest of the World is slightly negative, reflecting the financial difficulties of some distributors, particularly in Eastern Europe.

2) Multi-division summary by geographic zone

WESTERN EUROPE

- Growth in Western Europe was at -8.0% like-for-like, and -4.1% based on reported figures, particularly affected by the decline in the sales of the Luxury Products Division. The group's trends are still favourable in Germany and the United Kingdom, while Spain, France and Italy are continuing to severely depress performances in this zone. The European market deteriorated slightly in the second quarter, but the effect of distributor inventory reduction was less substantial. *Maybelline*, *Matrix*, *Diesel* and *Kiehl's* achieved strong growth.

NORTH AMERICA

- North America achieved first half like-for-like sales growth of -5.6%, with a second quarter at -6.3% (-2.9% excluding the SAP effect). Based on reported figures, the growth rate was +7.7%. The market trend remains negative, particularly affected by the difficulties of the department stores and specialty doors, as well as hair salons. In this context, the group is improving its market share in all its divisions.

REST OF THE WORLD

- **Asia:** With contrasting trends across the countries, the Asia zone achieved growth of +4.6% like-for-like in the first half. Excluding Japan and Travel Retail, the growth rate was +11.8%, enabling the group to continue to win market share, with very strong growth particularly thanks to *Matrix*, *Garnier* and *Kiehl's*. South Korea is continuing its very rapid growth in all divisions and especially in luxury brands. Growth was again high in China, where a large number of product initiatives were introduced. Finally, the group is continuing its market conquests in Thailand and Indonesia. The Japanese market continues to be severely affected by lower consumer spending.
- **Eastern Europe:** After a first quarter at -4.6% like-for-like, the group's sales picked up in the second quarter to +3.9%, with a clear rebound in Russia and the continuation of strong growth in Ukraine. The mass market channels are proving resilient, and the many product initiatives of the Consumer Products Division, particularly at *Garnier* and *Maybelline*, are enabling very significant market share gains. In a very difficult context for hair salons and luxury retail, the two divisions are increasing their market share. Luxury products achieved a clear improvement in the second quarter. The group created a subsidiary in Kazakhstan.
- **Latin America:** Sales continued to pick up in the second quarter, reaching +11.4% at end-June, driven by the performances of the 3 main brands of the Consumer Products Division, and by the successes of *La Roche-Posay* and *Matrix*. Brazil is growing strongly, and the trend in Mexico has again become positive. The high growth rates in Chile and Argentina are continuing.
- **Africa-Orient-Pacific:** Growth in the second quarter was significantly higher than in the first quarter, with like-for-like growth of +6.6%, resulting in a first half growth rate of +1.2%. The Consumer Products Division is driving growth, thanks in particular to *Garnier* and *SoftSheen.Carson*. India picked up very significantly, with growth of +16% in the first 6 months. Following the opening of a subsidiary in Egypt in the first quarter, the group has set up a subsidiary in Pakistan.

3) The Body Shop sales

At end-June, in an environment which continued to be difficult, the like-for-like sales of The Body Shop increased by +0.7%. Retail sales ⁽¹⁾ grew by +0.4%. On a comparable store base ⁽²⁾, the sales trend was -2.2%.

The brand has been boosted by several countries in Northern Europe, and by the very strong performances in a large number of countries in the Rest of the World zone, particularly in the Middle East, Asia and Australia.

At June 30th 2009, the total number of stores was 2 516.

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

⁽²⁾ Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to June 30th 2008 and over the same period in 2009.

4) Galderma sales

Galderma continued its growth momentum with a like-for-like increase in sales of +18.1% for the first 6 months, and continued to record market share gains in all regions of the world. In the first half, the company launched three new products (*Epiduo*, *Vectical* and *Azzalure*) and thus strengthened its leadership.

In North America, sales grew by +22.6%, confirming the success of the launches of *Epiduo* for the treatment of acne and of *Vectical* for psoriasis.

In Western Europe, sales grew by +8.0%, thanks to the continuing success of *Epiduo* and *Clobex* shampoo, the first corticosteroid-based shampoo for the treatment of mild psoriasis of the scalp. The launches of *Oracea* in Germany and *Azzalure* (glabellar lines) in France and the United Kingdom will provide further growth for the zone.

In Latin America, the brands *Epiduo* and *Dysport* (*Azzalure* in Europe) confirmed their success. The launch in Brazil of *Differin 0.3%*, to treat acne, contributed to the dynamic trend in this region.

In Japan, *Differin 0.1%*, launched at the end of 2008, has emerged as the number one product for the topical treatment of acne.

B – Important events during the period 04/01/09 - 06/30/09

- On April 9th, L'Oréal USA signed an agreement for the acquisition of Idaho Barber and Beauty Supply (IBB), a distributor of professional products to hair salons in several states in the North West of the United States, particularly Idaho, Montana and Washington. Idaho Barber and Beauty Supply achieved sales of \$16m in 2008.
- The Annual General Meeting held on April 16th 2009 approved in particular the parent-company financial statements and the consolidated financial statements for 2008, decided on the payment of a dividend of €1.44 per share, payable from April 24th, and renewed the tenure as directors of Ms Françoise Bettencourt Meyers, Mr Jean-Pierre Meyers, Mr Peter Brabeck-Letmathe, Mr Werner Bauer and Mr Louis Schweitzer. Furthermore, the Annual General Meeting amended the Articles of Association to include the granting of a preferential dividend to shareholders whose shares have been in registered form for at least two years and not exceeding 0.5% of the share capital.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

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C - Annex

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

	2008	2009
<u>First quarter:</u>		
Cosmetics	4 118	4 112
The Body Shop	168	162
Dermatology	73	96
First quarter total	4 359	4 370
<u>Second quarter:</u>		
Cosmetics	4 016	4 104
The Body Shop	166	161
Dermatology	105	134
Second quarter total	4 287	4 399
<u>First half:</u>		
Cosmetics	8 134	8 216
The Body Shop	334	323
Dermatology	178	230
First half total	8 646	8 769
<u>Third quarter:</u>		
Cosmetics	3 978	
The Body Shop	176	
Dermatology	112	
Third quarter total	4 266	
<u>Nine months:</u>		
Cosmetics	12 112	
The Body Shop	510	
Dermatology	290	
Nine months total	12 912	
<u>Fourth quarter:</u>		
Cosmetics	4 247	
The Body Shop	246	
Dermatology	137	
Fourth quarter total	4 630	
<u>Full year:</u>		
Cosmetics	16 359	
The Body Shop	756	
Dermatology	427	
Full year total	17 542	

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