

Strong increase in 1st half results

Net profit +21.9%

Strengthened confidence in full-year earnings

L'ORÉAL

- **Upturn in sales growth (8.7%)**
- **Substantial improvement in gross profit**
- **Each division contributes to strong operating profit growth (19.6%)**
- **Large increase in EPS (25.2%)**

“ Over the first half of 2006 there has been a clear upturn in sales growth, thanks to the return to growth in Western Europe and the strong advances still being made in the new markets, particularly in Latin America and Eastern Europe. The efforts made in cost control, in enhancing the value of our products and the favourable impact of currency fluctuations have resulted in a large increase in the gross profit and operating profit of each of the Divisions, thus contributing to a large increase in net profit. Although once again it is important to emphasise that the significance of half-year figures is limited, the quality of these results and the prospect of sustained growth in the second half mean that we are very confident of achieving another year of double-digit earnings per share growth in 2006. ”

Jean-Paul Agon, Chief Executive Officer

Key indicators

€M	At June 30th 2005	At June 30th 2006	Growth
Sales	7,164	7,785	+8.7%
Operating profit before foreign exchange gains and losses	1,123	1,377	+22.6%
Operating profit (EBIT) ⁽¹⁾	1,115	1,333	+19.6%
Pre-tax profit	1,257	1,505	+19.8%
Net profit after minority interests	892	1,087	+21.9%
Net profit excluding non-recurrent items ⁽²⁾	892	1,086	+21.8%
Net earnings per share ⁽³⁾ (in euros)	1.40	1.76	+25.2%

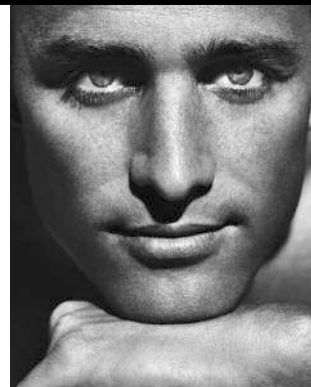
(1) EBIT: Profit before interest, tax and other income and expenses.

(2) Net profit excluding non-recurrent items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, associated tax effects or minority interests.

(3) Net earnings per share: diluted net earnings per share based on net profit excluding non-recurrent items after minority interests.

➔ The full text of this news release is available on L'Oréal's financial Internet site:

www.loreal-finance.com and on its mobile edition for PDA



L'ORÉAL
PROFESSIONNEL
PARIS

KÉRASTASE
PARIS

REDKEN
5TH AVENUE NYC

MATRIX

L'ORÉAL
PARIS

●●● **GARNIER**

MAYBELLINE
NEW YORK
MAYBE SHE'S BORN WITH IT. MAYBE IT'S MAYBELLINE.

SOFTSHEEN-CARSON™

LANCÔME
PARIS

HELENA
RUBINSTEIN

BIOThERM

GIORGIO ARMANI
PARFUMS

RALPH LAUREN

cacharel

Kiehl's
SINCE 1851

shu uemura

VICHY
LABORATOIRES

LA SANTÉ PASSE AUSSI PAR LA PEAU.

LA ROCHE-POSAY
LABORATOIRE PHARMACEUTIQUE