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# L'ORÉAL

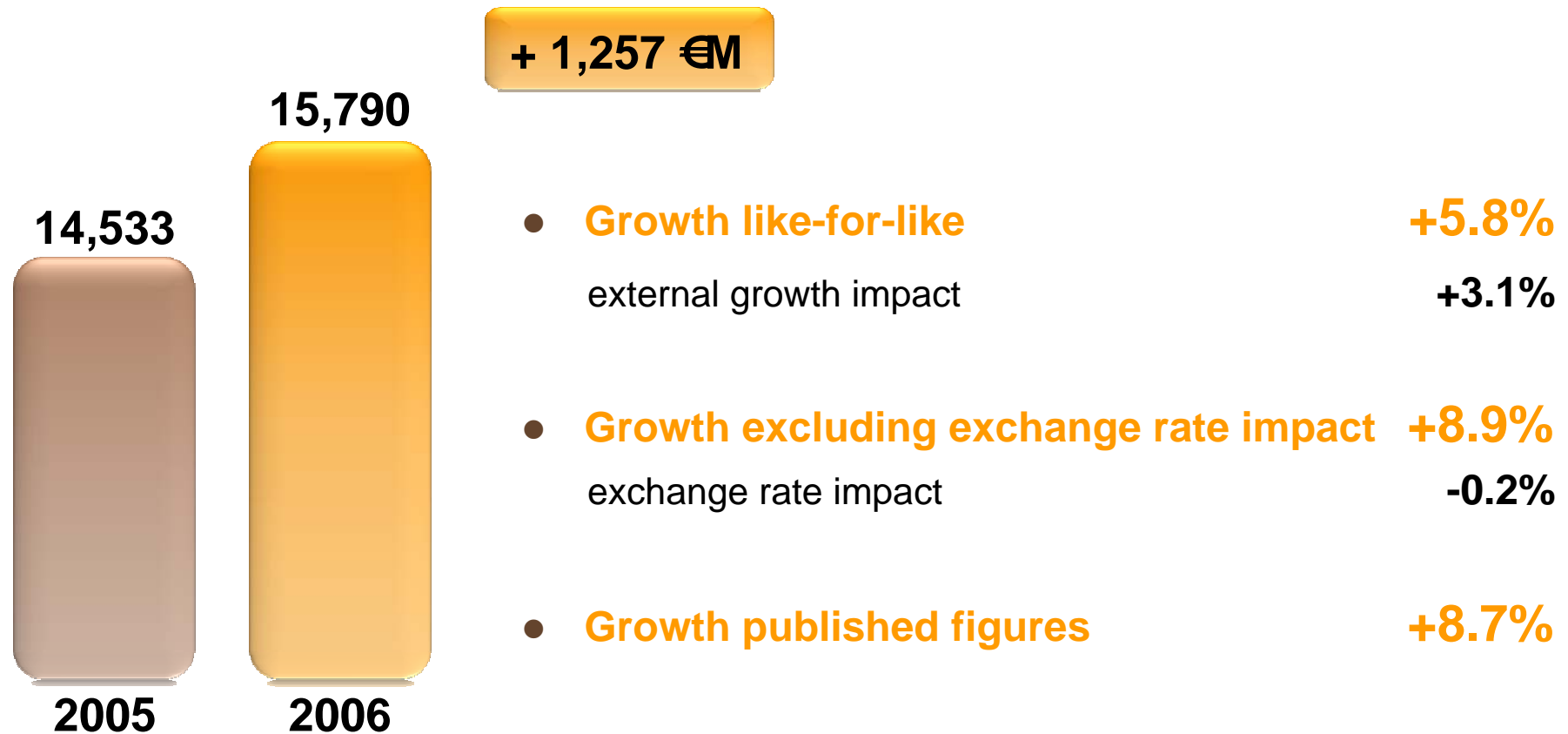
## Annual Results 2006

Annual General Meeting, April 24<sup>th</sup>, 2007

**Mr. Christian MULLIEZ**

Executive Vice-President.  
Administration & Finance

## 2006 consolidated group sales (in millions of euros)



## 2006 consolidated sales (in millions of euros)

### Growth

	2005	2006	Like-for-like	Published figures
Professional Products	2,061	2,126	+ 3.8%	+ 3.2%
Consumer Products	7,499	7,903	+ 5.8%	+ 5.4%
Luxury Products	3,582	3,773	+ 5.1%	+ 5.3%
Active Cosmetics	986	1,128	+ 12.2%	+ 14.4%
<b>Cosmetics total</b>	<b>14,215</b>	<b>15,011</b>	<b>+ 5.6%</b>	<b>+ 5.6%</b>
The Body Shop		435	+ 9.7%	-
Dermatology*	318	344	+ 8.6%	+ 8.1%
<b>Consolidated total</b>	<b>14,533</b>	<b>15,790</b>	<b>+ 5.8%</b>	<b>+ 8.7%</b>

\* Group's share, i.e. 50%

## 2006 cosmetics sales by geographic zone (in millions of euros)

	2005	2006	Growth	
			Like-for-like	Published figures
Western Europe	6,742	6,992	+ 3.5%	+ 3.7%
North America	3,868	3,954	+ 2.7%	+ 2.2%
Rest of the world	3,604	4,065	+ 12.7%	+ 12.8%
<b>Cosmetics total</b>	<b>14,215</b>	<b>15,011</b>	<b>+ 5.6%</b>	<b>+ 5.6%</b>

# Consolidated profit and loss accounts without The Body Shop

## From sales to operating profit

(in millions of euros)

	31.12.2005	% of Sales	31.12.2006 without The Body Shop	% of Sales	
<b>Sales</b>	<b>14,532.5</b>	<b>100%</b>	<b>15,355.1</b>	<b>100%</b>	<b>+ 5.7%</b>
<b>Cost of sales</b>	<b>- 4,347.3</b>	<b>29.9%</b>	<b>- 4,414.4</b>	<b>28.7%</b>	
<b>Gross profit</b>	<b>10,185.2</b>	<b>70.1%</b>	<b>10,940.7</b>	<b>71.3%</b>	<b>+ 7.4%</b>
<b>Research and development</b>	<b>- 496.2</b>	<b>3.4%</b>	<b>- 531.0</b>	<b>3.5%</b>	
<b>Advertising and promotion</b>	<b>- 4,367.2</b>	<b>30.1%</b>	<b>- 4,717.6</b>	<b>30.7%</b>	
<b>Selling. general and adm. expenses</b>	<b>- 3,009.2</b>	<b>20.7%</b>	<b>- 3,153.2</b>	<b>20.5%</b>	
<b>Operating profit before foreign exchange gains and losses</b>	<b>2,312.6</b>	<b>15.9%</b>	<b>2,538.9</b>	<b>16.5%</b>	<b>+ 9.8%</b>
<b>Foreign exchange gains and losses</b>	<b>- 46.6</b>	<b>0.3%</b>	<b>- 56.3</b>	<b>0.4%</b>	
<b>Operating profit</b>	<b>2,266.0</b>	<b>15.6%</b>	<b>2,482.6</b>	<b>16.2%</b>	<b>+ 9.6%</b>

## The Body Shop – 2<sup>nd</sup> Half

### From sales to operating profit

(in millions of euros)

	2 <sup>nd</sup> Half 2006	% of Sales
<b>Sales</b>	<b>435</b>	<b>100%</b>
<i>Cost of sales</i>	154.7	35.6%
<b>Gross profit</b>	<b>280.2</b>	<b>64.6%</b>
<i>Research and development</i>	- 1.5	0.4%
<i>Advertising and promotion</i>	- 65.4	15.0%
<i>Selling. general and adm. expenses</i>	- 156.1	35.9%
<b>Operating profit before foreign exchange gains and losses</b>	<b>57.2</b>	<b>13.2%</b>
<b>Foreign exchange gains and losses</b>	+ 1.1	
<b>Operating profit</b>	<b>58.3</b>	<b>13.4%</b>

# Consolidated profit and loss accounts

## From sales to operating profit

(in millions of euros)

	31.12.2005	% of Sales	31.12.2006 including The Body Shop	% of Sales	
<b>Sales</b>	<b>14,532.5</b>	<b>100%</b>	<b>15,790.1</b>	<b>100%</b>	<b>+ 8.7%</b>
<b>Cost of sales</b>	<b>- 4,347.3</b>	<b>29.9%</b>	<b>- 4,569.1</b>	<b>28.9%</b>	
<b>Gross profit</b>	<b>10,185.2</b>	<b>70.1%</b>	<b>11,221.0</b>	<b>71.1%</b>	<b>+ 10.2%</b>
<b>Research and development</b>	<b>- 496.2</b>	<b>3.4%</b>	<b>- 532.5</b>	<b>3.4%</b>	
<b>Advertising and promotion</b>	<b>- 4,367.2</b>	<b>30.1%</b>	<b>- 4,783.0</b>	<b>30.3%</b>	
<b>Selling. general and adm. expenses</b>	<b>- 3,009.2</b>	<b>20.7%</b>	<b>- 3,309.4</b>	<b>21.0%</b>	
<b>Operating profit before foreign exchange gains and losses</b>	<b>2,312.6</b>	<b>15.9%</b>	<b>2,596.1</b>	<b>16.4%</b>	<b>+ 12.3%</b>
<b>Foreign exchange gains and losses</b>	<b>- 46.6</b>	<b>0.3%</b>	<b>- 55.2</b>	<b>0.3%</b>	
<b>Operating profit</b>	<b>2,266.0</b>	<b>15.6%</b>	<b>2,540.9</b>	<b>16.1%</b>	<b>+ 12.1%</b>

## Operating profit – Branches and divisions (as % of sales)

	2005	2006
Professional Products	19.7 %	20.8 %
Consumer Products	17.2 %	18.0 %
Luxury Products	20.2 %	20.6 %
Active Cosmetics	19.0 %	19.6 %
<b>Cosmetics divisions total</b>	<b>18.4 %</b>	<b>19.1 %</b>
<i>Non allocated*</i>	- 2.8 %	- 2.9 %
<b>Cosmetics branch total</b>	<b>15.6 %</b>	<b>16.1 %</b>
The Body Shop 2 <sup>nd</sup> Half	-	13.4 %
Dermatology branch	16.9 %	17.3 %
<b>Group</b>	<b>15.6 %</b>	<b>16.1 %</b>

\* Group central expenses, fundamental research expenses, stock option costs and misc.  
As % of total sales.

# Consolidated profit and loss accounts

## From operating profit to net profit

(in millions of euros)

	31.12.2005	31.12.2006 including The Body Shop	
<b>Operating profit</b>	<b>2,266.0</b>	<b>2,540.9</b>	<b>+ 12.1%</b>
Finance costs	- 63.8	- 116.0	
Other net financial expenses	- 3.3	- 3.7	
Sanofi-Aventis dividends	171.6	217.5	
Share in net income of equity affiliates	- 0.7	- 1.2	
<b>Profit before tax and non-recurrent items</b>	<b>2,369.8</b>	<b>2,637.6</b>	<b>+ 11.3%</b>
Tax on profit before non-recurrent items	- 730.4	- 803.1	
Minority interests	- 0.9	- 1.1	
<b>Net profit excluding non-recurrent items after minority interests</b>	<b>1,638.5</b>	<b>1,833.4</b>	<b>+ 11.9%</b>
<b>Per share* (in euros)</b>	<b>2.60</b>	<b>2.98</b>	<b>+ 14.7%</b>
<b>Average diluted number of shares</b>	<b>630,892,470</b>	<b>615,723,220</b>	

\* Diluted net earnings per share based on net profit excluding non-recurrent item after minority interest

# Consolidated profit and loss accounts

## From net profit excluding non-recurrent items to net profit

(in millions of euros)

	31.12.2005	31.12.2006
<b>Net profit excluding non-recurrent items after minority interests</b>	1,638.5	1,833.4
<b>Non-recurrent items</b>	333.8	227.6
<i>of which other income and expenses</i>	9.3	- 60.8
<i>taxes on non-recurrent items</i>	324.5	288.4
<b>Net profit</b>	1,972.3	2,061.0
<b>Per share (€)</b>	3.13	3.35
<b>Average diluted number of shares</b>	630,892,470	615,723,220

# Cash flow statement

(in millions of euros)

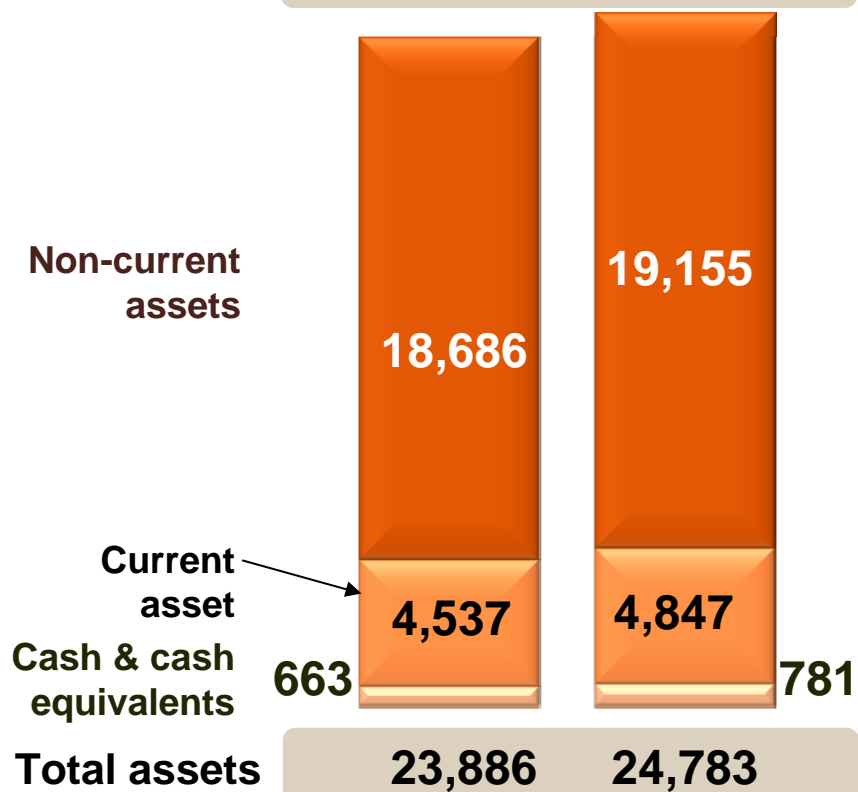
	31.12.2005	31.12.2006	
Net income	1,973.2	2,062.1	
Depreciation and provisions	426.9	579.4	
Gains and losses on disposals of assets. change in deferred tax and others	- 270.5	- 231.2	
<b>Cash flow</b>	<b>2,129.6</b>	<b>2,410.3</b>	→ + 13.2%
Change in working capital requirement	- 35.7	+ 65.6	
Investments	- 662.3	- 745.2	
<b>Operating net cash</b>	<b>1,431.6</b>	<b>1,730.7</b>	→ + 20.9%
Dividends paid	- 563.3	- 633.8	
Divestments and others	- 25.8	+ 25.0	
<b>Residual cash flow (before acquisitions or disposals)</b>	<b>842.5</b>	<b>1,121.9</b>	
Acquisitions	- 181.7	- 1,065.7	
Residual cash flow after acquisitions	660.8	56.2	

# Balance sheet

(in millions of euros)

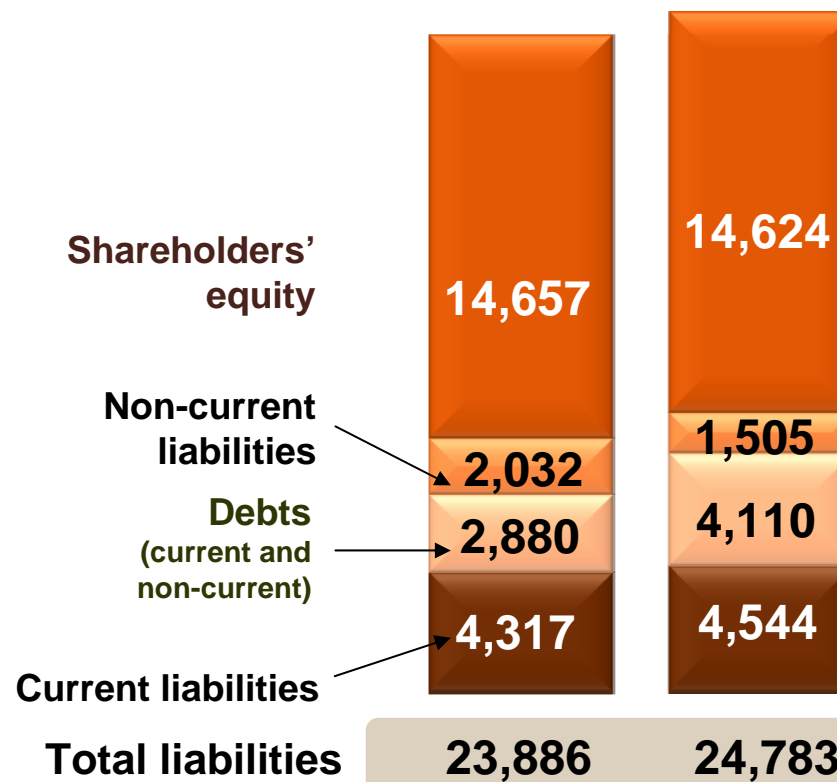
## ASSETS

31/12/2005    31/12/2006



## LIABILITIES

31/12/2005    31/12/2006



## Dividend 2006

**Dividend per share**



**€1.18**

**Growth**



**+18%**

**Payout ratio**



**39.6%**

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# L'ORÉAL

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