



L'ORÉAL

Deutsche Bank
June 2007

L'ORÉAL

<http://www.loreal-finance.com>

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Strong fundamentals : 2006 key figures

- Consolidated sales : 15 790 M€
 - Organic Growth : + 5,8 %
 - Reported Growth : + 8,7 %
- Gross Profit : 10 941 M€
 - + 120 bp (exc. The Body Shop)
- Operating Profit : 2 541 M€ , + 12,1 %
- Net Profit * : 1 833 M€ , + 11,9 %
- EPS : 2,98 € , + 14,7 %
- Operating Net Cash : 1 731 M€, + 20,9 %
- Dividend : 1,18 €, + 18 %

* Excluding non-recurrent items, after minority interests

2007 first quarter consolidated sales

4,268 M€

- **Like-for-like growth** **+ 7.9 %**
external growth impact **+ 4.6 %**
- **Growth excluding exchange rate impact** **+ 12.5 %**
exchange rate impact **- 4.1 %**
- **Like-for-like growth** **+ 8.4 %**

Evolution of the top line growth (by Division)

Consolidated sales Like-for-like growth	2005	2006	Q1 2007
Professional Products	+ 6.1%	+ 3.8%	+ 7.5%
Consumer Products	+ 4.6%	+ 5.8%	+ 8.2%
Luxury Products	+ 2.7%	+ 5.1%	+ 7.5%
Active Cosmetics	+ 13.5%	+ 12.2%	+ 10.2%
Cosmetics total	+ 4.8%	+ 5.6%	+ 8.0%
The Body Shop		+ 9.7%	+ 6.4%
Dermatology*	+ 6.3%	+ 8.6%	+ 10.3%
Consolidated total	+ 4.8%	+ 5.8%	+ 7.9%

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

Evolution of the top line growth (by geographic Zone)

Cosmetics sales by geographic zone Like-for-like growth	2005	2006	Q1 2007
Western Europe	+ 0.1%	+ 3.5%	+ 4.0%
North America	+ 6.4%	+ 2.7%	+ 3.7%
Rest of the world	+ 12.6%	+ 12.7%	+ 19.9%
Cosmetics total	+ 4.8%	+ 5.6%	+ 8.0%

L'Oréal : a pure player in cosmetics

- Worldwide leader in Cosmetics
- 2006 Sales : 15 790 M€
- A unique expertise :
 - A **Pure Player** in Beauty
 - Focused on **5 added-value categories**



Haircare



Haircolor



Skincare



Make-up



Fragrances

- Our goal : 6 % to 8 % mid / long-term yearly sales growth

L'Oréal and its business model

1

Long-term sustained growth of the cosmetics market

2

Ability to grow sustainably faster than the market

3

Ability to improve margins for increasingly profitable growth

4

Ability to boost cash flows regularly and significantly

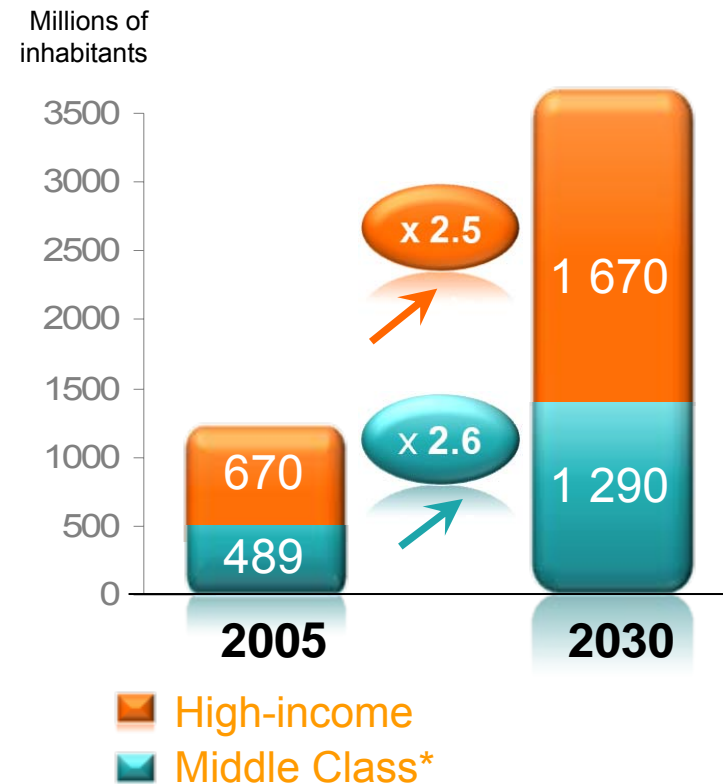
1

Long term sustained growth of the cosmetics market

Global market 2006

- A good year : +4.8%
- **Emerging markets**, acceleration of the growth: +10%
 - 60% of the global growth
 - 70 millions new customers per year

Historic opportunity for L'Oréal



* Annual income per capita between 4 000 and 17 000 \$ PPP

2

Ability to grow faster than the market

L'Oréal market share*



* Excluding soaps and toothpastes
2006 provisional estimate

The 6 cylinders driving the growth engine

- Technological innovation
- Creation of blockbusters
- Product value enhancement
- Brand power
- Acquisitions
- Globalisation

Brand Power

Professional Products



KÉRASTASE
PARIS



L'ORÉAL
PROFESSIONNEL
PARIS



REDKEN
5TH AVENUE NYC



MATRIX



MIZANI



PUREOLOGY
serious colour care

Consumer Products



L'ORÉAL
PARIS



GARNIER



SOFTSHEEN·CARSON

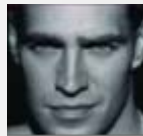


MAYBELLINE
NEW YORK

Luxury Products



LANCÔME
PARIS



BIOThERM



HR HELENA
RUBINSTEIN



GIORGIO ARMANI



RALPH LAUREN



cacharel



Kiehl's
SINCE 1851



shu uemura



VIKTOR&ROLF

Active Cosmetics



VICHY
LABORATOIRES



LA ROCHE-POSAY
LABORATOIRE PHARMACEUTIQUE



innėov



SKINCEUTICALS



SANOFLORE
LABORATOIRE BIO

The Body Shop



**THE
BODY
SHOP**

Brand Power

**Garnier has doubled its sales
every 5 years**

2011

2006
2 B €

2001
1 B €

1996
500 Mio €

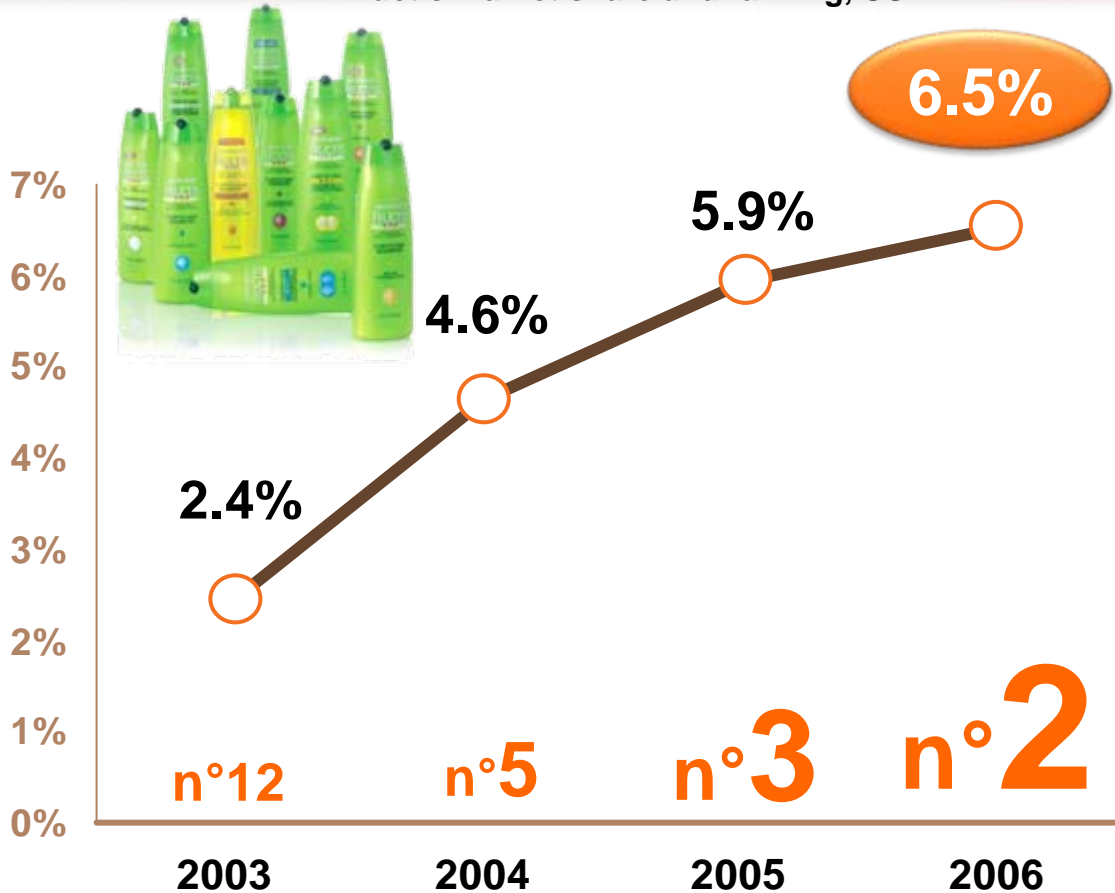


A brand totally in tune with emerging countries



Strong Potential in « developed countries »

Fructis market share and ranking, USA



2007

Source AC Nielsen
Shampoo, haircare, conditioners

The 6 cylinders driving the growth engine

- Technological innovation
- Creation of blockbusters
- Product value enhancement
- Brand power
- **Acquisitions**
- Globalisation

Acquisitions



June 2006



July 2006



November 2006



May 2007

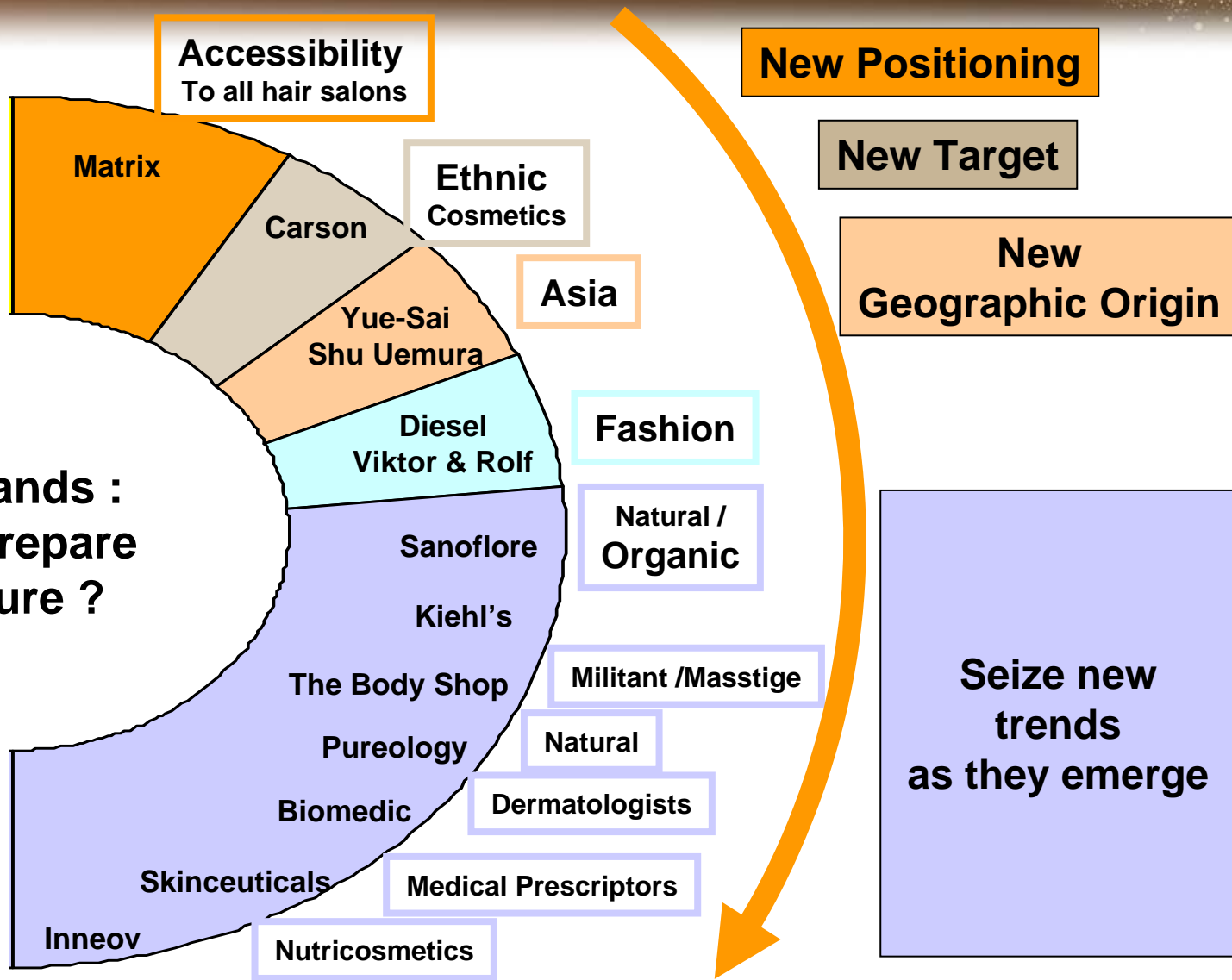
Brand Portfolio : 10 year's perspective ?

	1997	1998 - 2007
Professional Products	Kérastase Redken L'Oréal Professionnel	Pureology Matrix
Consumer Products	L'Oréal Paris Garnier Maybelline	Carson Garnier (local addition) → Respons (Scandinavia) → Delial (Spain, Germany) → Mininurse (China) Maybelline (local addition) → Colorama (Brazil) → Miss Ylang (Argentina)
Luxury Products	Lancôme Helena Rubinstein Biotherm Giorgio Armani Cacharel Ralph Lauren	Kiehl's (USA) Shu Uemura (Japan) Yue-Sai (China) Viktor & Rolf (Netherlands) Diesel (Italy)
Active Cosmetics	Vichy La Roche-Posay	La Roche-Posay (Biomédic USA) Skinceuticals (USA) Inneov Sanoflore (France)
The Body Shop		The Body Shop (UK)
Number of brands	14	+ 13

10 global brands
acquired

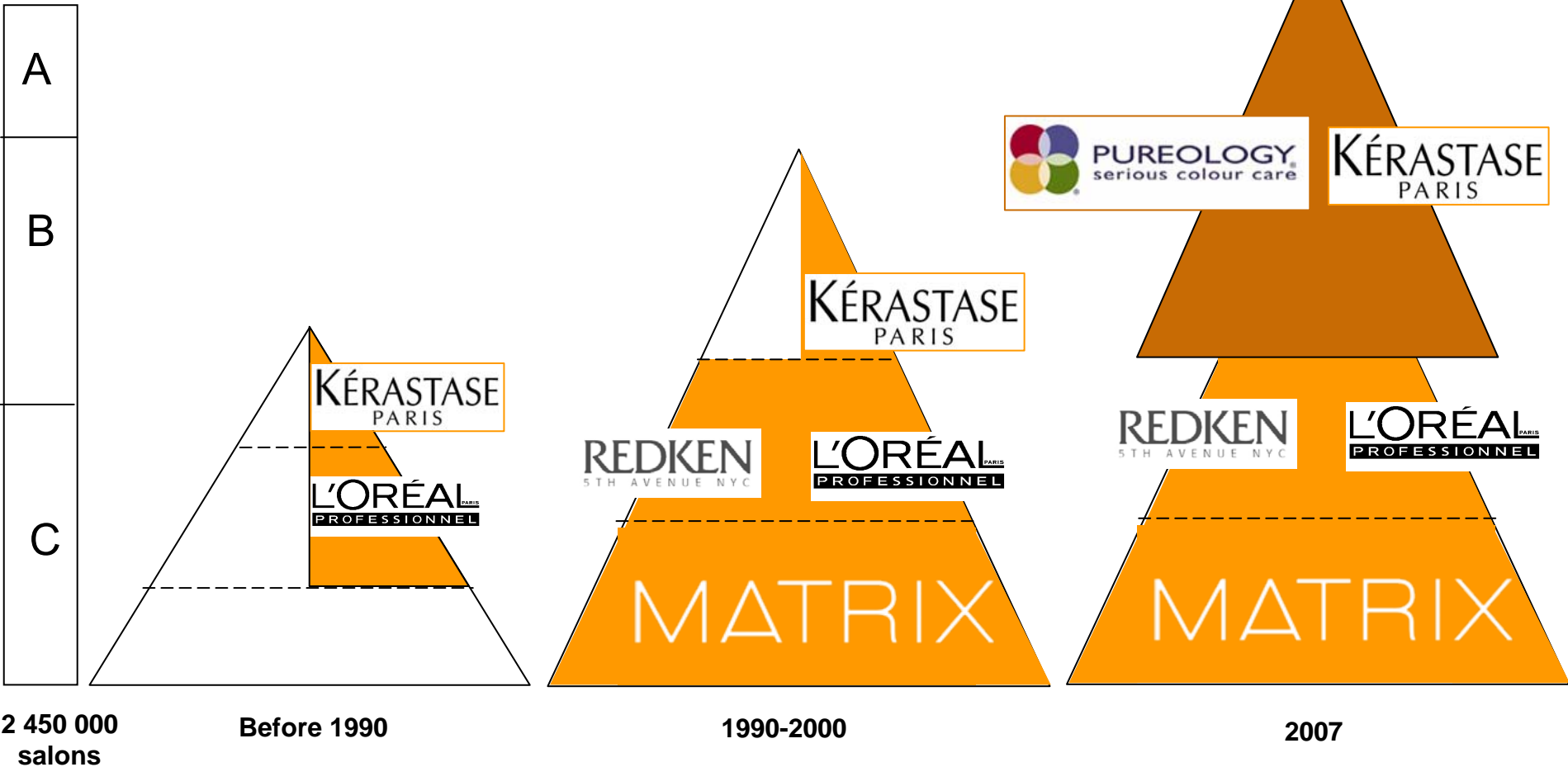
3 new brands created

**New brands :
how to prepare
the future ?**



Professional Products Division : construction of a brand portfolio

Salons
Universe



The 6 cylinders driving the growth engine

- Technological innovation
- Creation of blockbusters
- Product value enhancement
- Brand power
- Acquisitions
- Globalisation

Cosmetics sales

Weight of geographic zones

1990-2006

	1990*	1995	2000	2006
Western Europe	72.9%	64.3%	50.6%	46.6%
North America	19.1%	20.2%	30.3%	26.3%
Rest of the World	8.0%	15.5%	19.1%	27.1%

* The 1990 sales figures includes the sales of L'Oréal USA and L'Oréal Canada – French gaap.

L'Oréal : well positioned in all Brimc countries to seize all opportunities of growth

	Brazil 2006	Russia 2006	India 2006	Mexico 2006	China 2006
N° 1	Natura	Avon	Unilever	L'Oréal 13,0%	P & G
N° 2	Avon	Oriflame	L'Oréal 7,4 %	P & G	L'Oréal 9,3 %
N° 3	Unilever	L'Oréal 6,7 %	Marico	Avon	Amway
N° 4	L'Oréal 6,8 %	P&G	Dabur	Jafra	Mary Kay
N° 5	Boticario	Unilever	P & G	Unilever	Shiseido
N° 6	P&G & Colgate	Henkel	Cavinkare	Colgate	Unilever

3

Gradual improvement of margin and cash flows

4

- A strategic vision : enhance the value of products through innovation
- Economies of scale through growing brand globalization.
- « Permanent Restructuration » concept.
- Settlement of subsidiaries mostly complete.

Cosmetics branch operating margin

	2000	2001	2002	2003	2004	2004 IFRS	2005	2006
Cosmetics sales (in millions of euros)	12,317	13,394	13,952	13,704	14,220	13,348	14,215	15,011
Adjusted operating profit* (in millions of euros)	1,426	1,604	1,768	1,900	2,099	2,038	2,212	2,423
Operating margin (in %)	11.6 %	12.0 %	12.7 %	13.9 %	14.8 %	15.3 %	15.6 %	16.1 %

* After foreign exchange gains and losses

Operating profit – 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%
Cosmetics divisions total	18.4%	19.1%

Cosmetics – Operating profit

Geographic zones

	2005	2006
	<i>% Sales</i>	<i>% Sales</i>
Western Europe	21.0%	21.8%
North America	18.3%	18.8%
Rest of the world	13.5%	14.5%
Total of geographic zones	18.4%	19.1%

Conclusion

- A unique and strong business model
- A powerful brand portfolio
- Strengthened by acquisitions
- Well positioned in all emerging countries
- Strong potential for sustainable growth of the top line and of the bottom line.

L'ORÉAL

