Clichy, Tuesday April 15th, 2008 - 5:45pm

N e w s r e l e a s e

L'ORÉAL

FIRST QUARTER 2008 SALES: 4.359 billion euros

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GLOBALLY SATISFACTORY START TO THE YEAR
+5.1% like-for-like
+7.5% excluding North America

CONFIDENCE IN GROWTH ACCELERATION OVER THE UPCOMING QUARTERS

ANNUAL TARGETS CONFIRMED

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During the 1st Quarter:

CONTINUATION OF VERY STRONG GROWTH IN NEW MARKETS

GOOD START IN WESTERN EUROPE

TEMPORARY CONTRACTION IN NORTH AMERICA

The sales of the L'Oréal group, at March 31st 2008, amounted to 4.359 billion euros, an increase of +2.1% (based on reported figures).
Like-for-like (i.e. based on a comparable structure and identical exchange rates) the increase in the group's sales was +5.1%.
The net impact of changes in consolidation, mainly as a result of the acquisitions in the United States of *PureOlogy, Beauty Alliance, Maly's West, Columbia Beauty Supply* and *Canan* in Turkey amounted to +2.0%.

Currency fluctuations had a negative impact of -5.0% (at the exchange rate of March 31st 2008 the impact would be -6% for the whole of 2008).
Growth excluding the exchange rate impact was +7.1%.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said: *"In the first quarter, we achieved globally satisfactory growth: excluding North America, where the environment was exceptionally difficult, the group achieved growth of +7.5% in line with our projections.*
The Rest of the World Zone continued to grow very strongly, particularly in Asia and Eastern Europe, and is fully playing its role as a powerful growth relay. In Western Europe, the start of the year is in line with our expectations in a market which remains solid.
In North America, after an exceptional 4th quarter 2007, we had been anticipating a lacklustre 1st quarter; in fact, it turned out to be more difficult because of lower footfall in department stores and larger than expected inventory reductions by our distributors.
We are confident in our ability to accelerate our growth over the coming quarters thanks to favourable launch phasing, better prospects in North America, and continuing dynamism in the other Zones.
We are therefore able to confirm our annual like-for-like growth target range of +6% to +8%."

Sales growth by operational division and geographic zone

€m	Quarterly sales 1st quarter 2007	Quarterly sales 1st quarter 2008	Growth Like-for-like	Growth Reported
By operational division				
Professional Products	542	620	+5.1 %	+14.5 %
Consumer Products	2,147	2,147	+4.7 %	0.0 %
Luxury Products	928	930	+5.8 %	+0.2 %
Active Cosmetics	393	408	+4.8 %	+3.8 %
Cosmetics total	**4,030**	**4,118**	**+4.8 %**	**+2.2 %**
By geographic zone				
Western Europe	1,920	1,939	+2.3 %	+1.0 %
North America	963	893	-3.9 %	-7.2 %
Rest of the World, of which:	1,147	1,286	+16.7 %	+12.1%
- Asia	*408*	*464*	*+21.9 %*	*+13.7 %*
- Eastern Europe	*289*	*359*	*+25.9 %*	*+24.1 %*
- Latin America	*244*	*243*	*+3.3 %*	*-0.5 %*
- Other countries	*206*	*220*	*+9.4 %*	*+7.2 %*
Cosmetics total	**4,030**	**4,118**	**+4.8 %**	**+2.2 %**
The Body Shop	169	168	+7.4 %	-0.5 %
Dermatology(1)	69	73	+13.2 %	+5.8 %
Group total	**4,268**	**4,359**	**+5.1 %**	**+2.1 %**

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

Cosmetics Division
Sales trends by division and by geographic zone

- The **Professional Products Division** made a good start to the year at +5.1% like-for-like. The Division is continuing to win market share on all continents.
  - *L'Oréal Professionnel* is continuing its conquest of new target groups. After targeting seniors with *Color Suprême*, *L'Oréal Professionnel Homme* is offering salons a complete product line for their substantial male customer base, particularly with *Cover 5*, a technological breakthrough which covers grey hair in just 5 minutes. *L'Oréal Professionnel Homme* is already present in some 20,000 European salons.
  - *Matrix* is playing its part as a growth relay, and is expanding strongly in Western Europe and the BRIMC countries. The *Biolage* skincare and *So Color Beauty* hair colour lines are winning over new salons and building brand loyalty.
  - *Redken 5th Avenue* is continuing to grow in the U.S. and in Europe in hair colour with *Metallic Glam* and in men's products with the *Mint* line by *Redken for Men*.

  The division's luxury brands are expanding very strongly.
  - *Kerastase* is continuing to move upmarket, and is accelerating in all countries with the successful launch of *Chroma Riche* for hair with highlights.
  - Even further upmarket, *Shu Uemura Art of Hair* is gradually extending its penetration in the most exclusive European and North American salons.

- The **Consumer Products Division** achieved like-for-like growth of +4.7%.
  - In skincare, the division is continuing to record very strong growth and significant market share gains. At *L'Oréal Paris*, *Skin Genesis* is confirming its major and lasting success, and the launch of *Revitalift Deep-set Wrinkles* has reinforced the world number 1 position of *Revitalift* in the anti-wrinkle segment. Initial results for *UltraLift Pro-X* by *Garnier* are promising.
  - In make-up, *Maybelline New York* increased sales substantially with the launch of *Mineral Power* foundation and new formulas for *Define-a-Lash* mascara and *Superstay* lipstick. *L'Oréal Paris* is continuing to prove its dynamism with the launches of *Glam Shine 6h* and *Infallible* lipsticks and the solid performance of *Bare Naturale.*
  - In seasonal products (sun protection and slimming) 1st quarter sales were affected by high distributor inventory levels because of the unfavourable season in 2007.
  - In haircare, this year's major launches, for the brands *Elsève* by *L'Oréal Paris* and *Fructis* by *Garnier*, are scheduled for the 2nd quarter.

- At the end of March, the like-for-like growth of the **Luxury Products Division** amounted to +5.8%.
  Growth was sustained in Western Europe, and gathered speed in the Rest of the World zone, with good scores in Asia, particularly in Japan and South Korea. The North America zone was adversely affected by market slowdowns and inventory adjustments.
  - In skincare, the Division's brands were particularly dynamic thanks to successful launches for *Collagenist* by *Helena Rubinstein*, *Rides Repair* by *Biotherm*, and *Rénergie Refill* from *Lancôme* in the anti-ageing segment. *Kiehl's* and *Shu Uemura* posted their highest worldwide growth rates for 3 years, and are establishing core products such as *Dermatologist Solutions* from *Kiehl's*, and *Phyto-Black Lift* from *Shu Uemura*.
  - In make-up, the dynamism of 2007 is continuing, with the mascaras *Virtuôse* and *Hypnôse Onyx* from *Lancôme,* and *Lash Queen Féline Blacks* from *Helena Rubinstein*. The big success stories in lipstick were *Color Fever Gloss* by *Lancôme* and *Rouge Unlimited Shine* from *Shu Uemura*, and in foundations *Teint Idôle Ultra* and *Photogenic Lumessence* by *Lancôme*.
  - The *Diesel Fuel for Life* men's fragrance and the women's perfume *Emporio Diamonds* by *Giorgio Armani* again proved highly successful. *Trésor* by *Lancôme*, embodied by actress Kate Winslet, is continuing to generate double-digit growth.

- **Active Cosmetics** achieved like-for-like growth of +4.8%, boosted by good performances in the "Rest of the World" zone, and Asia in particular, despite slower growth in Western Europe.
  - *Vichy* is continuing to advance in the new markets, especially thanks to the success of the latest *Aqualia Thermal* and *Vichy Homme* launches.
  - *La Roche-Posay* is maintaining 2-digit growth thanks to the success of *Physiologique,* its facial skincare and toiletry lines.
  - *Innéov* is growing very strongly, confirming its European leadership in oral cosmetics sold in pharmacies.
  - The roll-out of *Sanoflore* and *SkinCeuticals* is continuing in Europe.

Western Europe

With like-for-like growth of +2.3%, the start of the year in **Western Europe** was in line with the group's projections. They took account of the slow start made by sun protection and slimming products in mass-market outlets and pharmacies, because of the poor weather in summer 2007, which led to a build-up of inventories in distribution channels. In sell-through terms, trends in European markets remained generally favourable.

- The **Professional Products Division** made a good start to the year with the successful launch of *L'Oréal Professionnel Homme,* and the strong development of the U.S. brands *Matrix* and *Redken* which are winning over new salons.
  Performances were good across all the division's brands in Germany, Great Britain and the Scandinavian countries.
- The **Consumer Products Division** is continuing to win market share in the skincare category, particularly with *L'Oréal Paris* which is confirming its number 1 position. *Maybelline New York* is recording strong growth in make-up.
  Growth is being driven by Germany, Spain and the Netherlands. The impact of the poor summer weather on sales of sun protection products in 2007, and the start of 2008, was particularly strong in Great Britain.
- The **Luxury Products Division** is maintaining its sustained growth rate, thanks in particular to an excellent start to the year in France, in Great Britain, Belgium and the Scandinavian countries. Growth in Europe is bolstered by all the brands, and particularly by *Giorgio Armani* with the high-profile arrival of *Emporio Diamonds*, *Diesel* fragrances, and the development of the Division's new brands such as *Kiehl's* and *Shu Uemura.*

- **The Active Cosmetics Division** recorded contrasting sales growth scores in the 1st quarter, boosted by the rapid development of *La Roche-Posay* and *Innéov*. *SkinCeuticals* and *Sanoflore* are continuing to win over new sales outlets. *Vichy* however had a slower 1st quarter because of a less favourable phasing of launches.

North America

North America had a difficult start to the year at -3.9% like-for-like through a combination of three factors: an exceptionally strong 4th quarter 2007, a flat or even very negative market in some channels, and a very cautious inventory management approach by distributors.

- The **Professional Products Division** continued to increase sales in hair colour, and strengthened control of its distribution by acquiring *Columbia Beauty Supply*, a professional product distributor in the south-east of the United States. The strong growth of *Kerastase* and the expansion of *Shu Uemura Art of Hair* in the most prestigious American salons are strengthening the division's presence in this fast-growing segment. In the United States, the division is making encouraging progress in its battle against parallel sales.
- The **Consumer Products Division** recorded negative growth, reflecting firstly a 2007 comparison base boosted by the strategic launch of *Nutritioniste* by *Garnier*, and secondly a very sluggish market combined with very strict inventory management by distributors. It strengthened its leadership in make-up, thanks to the success of *Bare Naturale* and *Infallible Lip* by *L'Oréal Paris*, and the promising launch of *Mineral Power* from *Maybelline*. In facial skincare, *Nutritioniste* by *Garnier* is achieving strong sell-through growth thanks to the successful launch of *Skin Renew Anti-Sun Damage*. Launch phasing will be more favourable in the 2nd quarter.
- The **Luxury Products Division** sales contracted in the wake of the exceptional 4th quarter 2007, which had seen the launches of the fragrances *Diesel*, *Emporio Armani Diamonds*, and *Ralph Lauren Explore*r, and because of the very sharp decline in footfall in department stores, which also led to large inventory reductions. In this environment, the division strengthened its positions in skincare thanks to the success of *Renergie* and the launch of *Absolue Ultimate Serum* by *Lancôme*, *Phytoblack* by *Shu Uemura* and *Crema Nera* by *Giorgio* Armani. The division is consolidating its leadership in men's fragrances with the success of *Diesel*.
- **The Active Cosmetics Division** is continuing its conquest of American distribution with the roll-out of the premium brands *Vichy* and *La Roche Posay* in American drugstores and the launch of the *SkinCeuticals* sales website.

New markets

With like-for-like growth of +16.7%, the "Rest of the World" zone is again making an important contribution to the group's growth.

- **The Asia Zone** made a very good start to the year with +21.9% like-for-like growth, with +3.7% in Japan and +26.3% outside Japan. Growth is extremely dynamic across all divisions.
  - Japan confirmed its positive trend, thanks in particular to the dynamism of *Lancôme* and *Shu Uemura* in luxury products, and of *Kerastase* in Professional Products.
  - South Korea recorded double-digit growth.
  - China is continuing to achieve growth rates in excess of 30%. *L'Oréal Paris* is continuing to achieve very strong growth, bolstered by *Revitalift* anti-wrinkle skincare, *True Match* foundation and *Men Expert* skincare. *L'Oréal Paris* has moreover significantly increased its leadership in its distribution universe.
  - The ASEAN countries, particularly Thailand, Malaysia and Indonesia, are continuing to accelerate, thanks to the very good performance of the *Garnier* brand and its whitening facial skincare initiatives

- The **East Europe Zone** with like-for-like growth at +25.9%, is continuing to see very strong growth across all countries, particularly in Russia, Poland and Ukraine, but also in Slovenia and Croatia.
  - The Professional Products Division is continuing to win substantial market share. *Matrix* is continuing its remarkable breakthrough, and *Redken*, although still small, is proving extremely dynamic, and more than doubled its sales.
  - The growth of the Consumer Products Division has remained at a very high level. All the countries are moving forward very rapidly, particularly Russia, Ukraine and Romania.
    Growth trends are homogeneous for the Division's three brands, bolstered by skincare and hair colour.

- The level of growth in the Luxury Products Division is also very high, and special mention should be made of Russia and Poland. A subsidiary has been set up in Slovenia to develop the promising markets in Romania, Slovenia and Croatia.
  Diesel has made fast inroads into all markets, with *Diesel Homme* ranked in the top 5.
- The trend at Active Cosmetics remained dynamic. The division launched *La Roche Posay* in Ukraine and *SkinCeuticals* in Russia and Poland; initial results are very encouraging.

• The **Latin America Zone** had a start to the year which reflected contrasting trends at +3.3% like-for-like.
  - Argentina, Venezuela, Chile, Uruguay and Peru are growing strongly.
  - In Mexico, the market is still dynamic in sell-through terms, and the group's brands are seeing strong advances in market share. Mass-market retailers, like professional products distributors, have sharply reduced their inventories.
  - Sales in Brazil meanwhile were very severely disrupted in February and March, as a new tax law came into force in the state of Sao Paolo affecting cosmetics products.
    Trends should gradually return to normal in the 2nd quarter as the disruptions are temporary, and there is a strong launch programme.

• The **Other Countries Zone** achieved sustained like-for-like growth at +9.4%.
  - The most dynamic region is North Africa/Middle East, driven by excellent performances in Morocco, Lebanon and the Gulf states.
  - South Africa made a good start to the year, bolstered by the *SoftSheen Carson* brand.
  - Growth in Australia is very dynamic, with the increasing success of the *Elsève* brand. India made a slow start to the year, because of the phasing of launches.

The Body Shop

At the end of March, like-for-like sales growth at *The Body Shop* amounted to +7.4%.
Retail sales (1) increased by +6.4%. With a comparable store base (2), the increase in sales amounted to +1.9%.
All the geographic zones except North America made a solid start to the year, with particularly strong performances in Russia, Romania, Thailand, Malaysia, Sweden and the United Arab Emirates.
The success of recent launches such as the *Moringa* bodycare range and the new *Fleurs de Printemps* make-up line contributed to the dynamic growth trend.
16 stores have been opened since the start of the year, taking the total to 2442 in 59 countries.

(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 March 31st 2007 and over the same period in 2008.

Dermatology

Galderma is continuing to expand, with like-for-like sales increasing by +13.2%,.
Its core brands *Differin®, Clobex®, Loceryl®, and Cetaphil®,* the increase in the number of prescriptions for *Differin ® 0.3%*, as well as the launch of three innovative products, have all contributed to this growth.
In the therapeutic dermatology market, *Epiduo*®, a unique combination treatment for different types of acne has been successfully launched.
In the corrective and aesthetic dermatology segment, *Galderma* has launched *Dysport*®, a new botulinum toxin type A. This product was launched in Brazil and Argentina, with a strong acceptance from the market.
Pliaglis®, a topical anaesthetic cream, has been put on the US market. An extension agreement to cover worldwide rights for this product has also been signed.

Furthermore, between February 26th and April 7th 2008, following a tender offer, *Galderma* acquired 97% of the equity of the U.S. company *Collagenex Pharmaceuticals*, an American pharmaceutical company which markets Oracea, the first systemic treatment for rosacea.

Important events during the period

- On January 7th 2008, L'Oréal USA acquired 100% of *Columbia Beauty Supply,* a distributor of professional products to hair salons in four states in the south-eastern part of the U.S.

- On January 23rd 2008, L'Oréal published a project for a strategic agreement with *PPR* with a view to acquiring *YSL Beauté Holding* and the *Roger & Gallet* brand; the agreement also relates to the obtaining of exclusive worldwide licences for the use of the *Yves Saint Laurent, Boucheron, Stella McCartney, Oscar de la Renta* and *Ermenegildo Zegna* brands.
  The agreement should be signed in the coming weeks, once the institutions representing PPR's staff have been consulted.
  This operation is submitted for approval by the appropriate authorities.

- On March 3rd 2008, L'Oréal concluded an agreement with *3 Suisses International* under whose terms *L'Oréal* will acquire the 50% stake in *Créateurs de Beauté* held by *3 Suisses International*.
  This agreement is subject to the customary governmental review, including antitrust clearance.

- On March 17th 2008, L'Oréal's Luxury Products Division announced the signing of a partnership agreement with *Maison Martin Margiela* for the creation of a first line of perfumes.

- L'Oréal, continuing the share buyback programme decided on by the Board of Directors on June 27th 2007, purchased, between January 2nd and March 31st 2008, 2,827,000 shares for an amount of €236.4m.

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Appendix:

L'Oréal sales 2007/2008
(€ millions)

	2007	**2008**
First quarter:		
Cosmetics	4,030	4,118
The Body Shop	169	168
Dermatology	69	73
First quarter total	**4,268**	**4,359**
Second quarter:		
Cosmetics	3,984	
The Body Shop	172	
Dermatology	90	
Second quarter total	**4,246**	
First half:		
Cosmetics	8,014	
The Body Shop	341	
Dermatology	159	
First half total	**8,514**	
Third quarter:		
Cosmetics	3,849	
The Body Shop	180	
Dermatology	96	
Third quarter total	**4,125**	
Nine months:		
Cosmetics	11,863	
The Body Shop	521	
Dermatology	255	
Nine months total	**12,639**	
Fourth quarter:		
Cosmetics	4,045	
The Body Shop	266	
Dermatology	112	
Fourth quarter total	**4,423**	
Full year		
Cosmetics	15,908	
The Body Shop	787	
Dermatology	368	
Full year total	**17,063**	