



# L'ORÉAL

Annual Results 2008

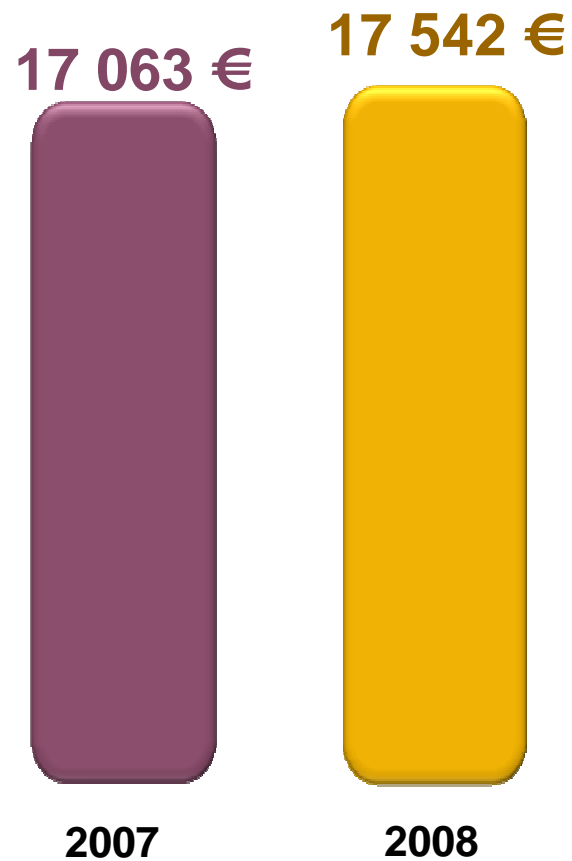
February 17th, 2009

Mr. Christian MULLIEZ

Executive Vice-President  
Administration & Finance



# 2008 consolidated group sales



- **Growth at constant exchange rates** **+6.6%**  
of which:
  - Like-for-like growth **+3.1%**
  - External growth impact **+3.5%**
- **Exchange rate impact** **-3.8%**
- **Published growth figures** **+2.8%**

# Some significant examples of exchange rates evolution (Euro parity)



	Weight in Consolidated sales 2008	Average rate 2007	Average rate 2008	Growth 2008 / 2007
US DOLLAR	21.7 %	0.730	0.683	- 6.5 %
POUND STERLING	7.0 %	1.461	1.258	- 13.9 %
CHINESE YUAN	3.9 %	0.096	0.098	+ 2.5 %
RUSSIAN ROUBLE	3.6 %	0.028	0.027	- 3.9 %
CANADIAN DOLLAR	3.0 %	0.682	0.642	- 5.8 %
BRAZILIAN REAL	2.7 %	0.376	0.376	+ 0.1 %
YEN (100)	2.1 %	6.203	6.644	+ 7.1 %
MEXICAN PESO	1.8 %	0.067	0.062	- 8.0 %

*NB : The Euro Zone represents 35.4 % of consolidated sales in 2008*

# 2008 consolidated sales (in millions of euros)



## Growth

	2007	2008	Like-for-like	at constant exchange rates	Published figures
Professional Products	2 392	2 472	+ 1.3 %	+ 7.3 %	+ 3.3 %
Consumer Products	8 280	8 355	+ 4.1 %	+ 4.5 %	+ 0.9 %
Luxury Products	3 928	4 170	+ 0.7 %	+ 9.9 %	+ 6.2 %
Active Cosmetics	1 248	1 289	+ 4.2 %	+ 4.2 %	+ 3.3 %
<b>Cosmetics total</b>	<b>15 908</b>	<b>16 359</b>	<b>+ 2.7 %</b>	<b>+ 6.3 %</b>	<b>+ 2.8 %</b>
The Body Shop	787	756	+ 4.6 %	+ 6.1 %	- 3.9 %
Dermatology* / Galderma	367	427	+ 17.1 %	+ 22.4 %	+ 16.2 %
<b>Consolidated total</b>	<b>17 063</b>	<b>17 542</b>	<b>+ 3.1 %</b>	<b>+ 6.6 %</b>	<b>+ 2.8 %</b>

\* group share, i.e. 50 %

# 2008 cosmetics sales by geographic zone (in millions of euros)



## Growth

	<b>2007</b>	<b>2008</b>	Like-for-like	at constant exchange rates	Published figures
Western Europe	7 250	7 382	- 0.3 %	+ 3.6 %	+ 1.8 %
North America	4 003	3 739	- 4.8 %	- 0.2 %	- 6.6 %
Rest of the world	4 654	5 238	+ 13.8 %	+ 15.8 %	+ 12.5 %
<b>Cosmetics total</b>	<b>15 908</b>	<b>16 359</b>	<b>+ 2.7 %</b>	<b>+ 6.3 %</b>	<b>+ 2.8 %</b>

# Cosmetics sales in the rest of the world (in millions of euros)



## Growth

	<b>2008</b>	Like-for-like	at constant exchange rates	Published figures
Asia excluding Japan	1 477	+ 20.2 %	+ 20.5 %	+ 16.7 %
Japan	367	+ 2.9 %	+ 9.0 %	+ 16,7 %
Eastern Europe	1 380	+ 21.1 %	+ 21.5 %	+ 20.8 %
Latin America	1 151	+ 6.7 %	+ 6.7 %	+ 2.4 %
Africa-Orient-Pacific	862	+ 8.1 %	+ 15.6 %	+ 6.7 %
<b>Rest of the world total</b>	<b>5 238</b>	<b>+ 13.8 %</b>	<b>+ 15.8 %</b>	<b>+ 12.5 %</b>

# Consolidated profit and loss accounts

## From sales to operating profit

(in millions of euros)



	12.31.2007	% of Sales	12.31.2008	% of Sales
<b>Sales</b>	<b>17 062.6</b>	<b>100.0 %</b>	<b>17 541.8</b>	<b>100 %</b>
<b>Costs of sales</b>	<b>- 4 941</b>	<b>29.0 %</b>	<b>- 5 240.1</b>	<b>29.9 %</b>
<b>Gross profit</b>	<b>12 121.6</b>	<b>71.0 %</b>	<b>12 301.7</b>	<b>70.1 %</b>
<b>Research and development</b>	<b>- 559.9</b>	<b>3.3 %</b>	<b>- 581.3</b>	<b>3.3 %</b>
<b>Advertising and promotion</b>	<b>- 5 126.7</b>	<b>30.0 %</b>	<b>- 5 274.5</b>	<b>30.1 %</b>
<b>Selling, general and admin. expenses</b>	<b>- 3 618.2</b>	<b>21.2 %</b>	<b>- 3 779.4</b>	<b>21.5 %</b>
<b>Foreign exchange gains and losses</b>	<b>+ 10.4</b>	<b>0.1 %</b>	<b>+ 58.2</b>	<b>0.3 %</b>
<b>Operating profit</b>	<b>2 827.2</b>	<b>16.6 %</b>	<b>2 724.6</b>	<b>15.5 %</b>

Excl. YSL  
15.8 %

# Consolidated profit and loss accounts

## Costs of Sales and Gross profit



	12.31.2007	% of Sales	12.31.2008	% of Sales
<b>Sales</b>	<b>17 062.6</b>	<b>100.0 %</b>	<b>17 541.8</b>	<b>100 %</b>
<b>Costs of sales</b>	<b>- 4 941.0</b>	<b>29.0 %</b>	<b>- 5 240.1</b>	<b>29.9 %</b>
<b>Gross profit</b>	<b>12 121.6</b>	<b>71.0 %</b>	<b>12 301.7</b>	<b>70.1 %</b>

# Gross profit analysis (as % of sales)



	2007	2008	
<b>Gross profit</b>	<b>71.0 %</b>	<b>70.1 %</b>	<b>- 90 basis points</b>
<b>Ajusted of foreign exchange gains and losses*</b>	<b>71.1 %</b>	<b>70.4 %</b>	<b>- 70 basis points</b>
<b>Ajusted of foreign exchange gains and losses and before the consolidation of YSL Beauté</b>	<b>71.1 %</b>	<b>70.6 %</b>	<b>- 50 basis points</b>

\* Estimated at 78 % of total foreign exchange gains and losses concerning gross profit in 2007, and 75% in 2008.

# Consolidated profit and loss accounts

## From sales to operating profit

(in millions of euros)



	12.31.2007	% of Sales	12.31.2008	% of Sales
<b>Sales</b>	<b>17 062.6</b>	<b>100.0 %</b>	<b>17 541.8</b>	<b>100 %</b>
<b>Costs of sales</b>	<b>- 4 941</b>	<b>29.0 %</b>	<b>- 5 240.1</b>	<b>29.9 %</b>
<b>Gross profit</b>	<b>12 121.6</b>	<b>71.0 %</b>	<b>12 301.7</b>	<b>70.1 %</b>
<b>Research and development</b>	<b>- 559.9</b>	<b>3.3 %</b>	<b>- 581.3</b>	<b>3.3 %</b>
<b>Advertising and promotion</b>	<b>- 5 126.7</b>	<b>30.0 %</b>	<b>- 5 274.5</b>	<b>30.1 %</b>
<b>Selling, general and admin. expenses</b>	<b>- 3 618.2</b>	<b>21.2 %</b>	<b>- 3 779.4</b>	<b>21.5 %</b>
<b>Foreign exchange gains and losses</b>	<b>+ 10.4</b>	<b>0.1 %</b>	<b>+ 58.2</b>	<b>0.3 %</b>
<b>Operating profit</b>	<b>2 827.2</b>	<b>16.6 %</b>	<b>2 724.6</b>	<b>15.5 %</b>

Excl.  
YSLB  
15.8 %

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



	2007	2008	2008 Excl. YSL Beauté
Professional Products	21.0 %	21.0 %	
Consumer Products	19.1 %	18.9 %	
Luxury Products	21.5 %	18.4 %	20.0 %
Active Cosmetics	20.5 %	20.1 %	
<b>Cosmetics divisions total</b>	<b>20.0%</b>	<b>19.0 %</b>	<b>19.4 %</b>
<i>Non allocated *</i>	<i>- 3.0 %</i>	<i>- 3.1 %</i>	<i>- 3.1 %</i>
<b>Cosmetics branch total</b>	<b>17.0 %</b>	<b>15.9 %</b>	<b>16.3 %</b>
The Body Shop	8.1 %	4.8 %	-
Dermatology branch / Galderma	16.9 %	18.7 %	-
<b>Group</b>	<b>16.6 %</b>	<b>15.5 %</b>	<b>15.8 %</b>

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

# Cosmetics – Operating profit Geographic zones



<b>Operating profit</b>	<b>2007</b>		<b>2008</b>		<b>2008</b>
	<b>€m</b>	<b>% of sales</b>	<b>€m</b>	<b>% of sales</b>	<b>Excl. YSLB % of sales</b>
<b>Western Europe</b>	<b>1 633.1</b>	<b>22.5 %</b>	<b>1 633.6</b>	<b>22.1 %</b>	<b>22.8 %</b>
<b>North America</b>	<b>773.5</b>	<b>19.3 %</b>	<b>593.0</b>	<b>15.9 %</b>	<b>16.0 %</b>
<b>Rest of the world</b>	<b>773.9</b>	<b>16.6 %</b>	<b>883.7</b>	<b>16.9 %</b>	<b>17.1 %</b>
<b>Total of geographic zones</b>	<b>3 180.4</b>	<b>20.0 %</b>	<b>3 110.3</b>	<b>19.0 %</b>	<b>19.4 %</b>

# Consolidated profit and loss accounts

## From operating profit to net profit

### excluding non-recurrent items (in millions of euros)



	12.31.2007	12.31.2008
<b>Operating profit</b>	<b>2 827.2</b>	<b>2 724.6</b>
Finance costs	- 174.5	- 174.2
Other financial income (expenses)	- 7.6	- 7.2
Sanofi-Aventis dividends	250.3	244.7
Share in net profit (loss) of equity affiliates	0.1	-
<b>Profit before tax and non-recurrent items</b>	<b>2 895.6</b>	<b>2 787.9</b>
Tax on profit before non-recurrent items	- 855.5	- 721.5
Minority interests	- 1.5	- 2.7
<b>Net profit excluding non-recurrent items after minority interests</b>	<b>2 038.6</b>	<b>2 063.6</b>
<b>Per share* (in euros)</b>	<b>3.36</b>	<b>3.49</b> →
<b>Average diluted number of shares</b>	<b>606 012 471</b>	<b>590 920 078</b>

**+ 6.8 %  
at constant  
exchange  
rates**

\* Diluted net earnings per share based on net profit excluding non-recurrent items

# Consolidated profit and loss accounts

## From net profit excluding non-recurrent items to net profit (in millions of euros)



	12.31.2007	12.31.2008
<b>Net profit excluding non-recurrent items</b>	2 038.6	2 063.6
<b>Non-recurrent items</b>	+ 617.4	- 115.5
<i>of which other income and expenses</i>	+ 621.6*	- 156.3
<i>taxes on non-recurrent items</i>	- 4.2	+40.8
<b>Net profit</b>	2 656.0	1 948.3

\* Of which 642.8 €m from disposal of Sanofi-Aventis shares.

# Cash flow statement

(in millions of euros)

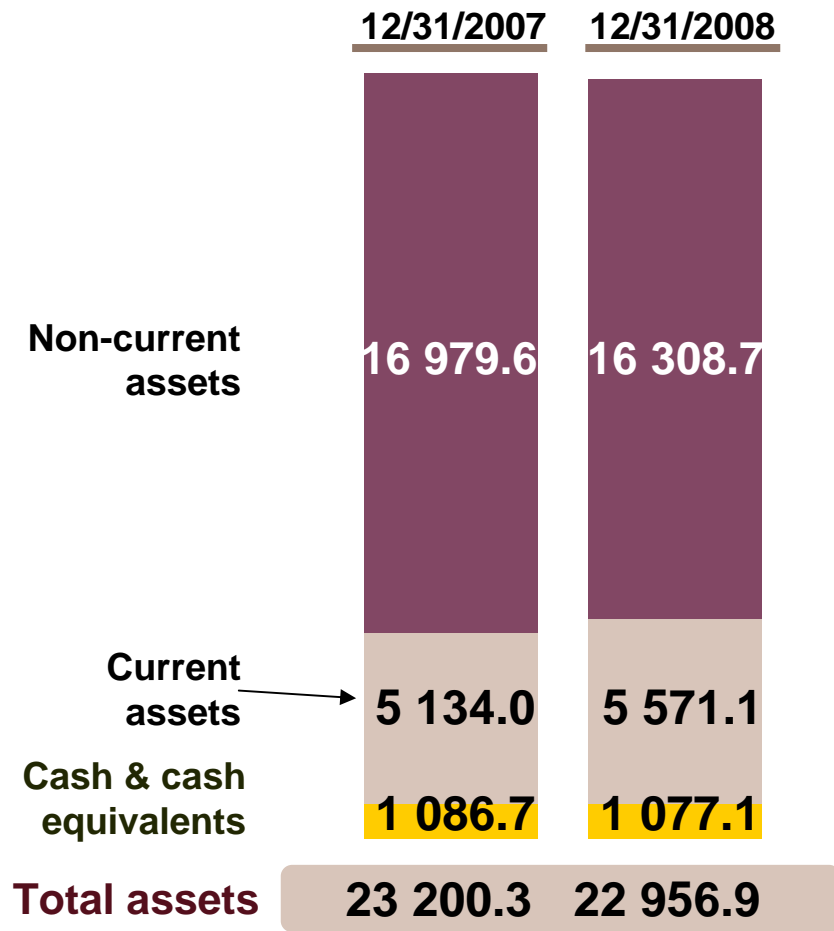


	12.31.2007	12.31.2008
Net profit	2 657.5	1 950.9
Depreciations and provisions	598.5	706.1
Gains and losses on disposal of assets, change in deferred tax and others	- 535.7	88.9
<b>Cash flow</b>	<b>2 720.4</b>	<b>2 745.9</b>
Change in working capital requirement	- 76.3	- 148.8
Investments	- 776.0	- 745.9
<b>Operating net cash</b>	<b>1 868.1</b>	<b>1 851.2</b>
Dividends paid	- 725.7	- 849.2
Divestments and others	+ 19.9	- 0.2
<b>Residual cash flow (before acquisitions or disposals)</b>	<b>1 162.3</b>	<b>1 001.8</b>
Acquisitions	- 604.4	- 1 299.1
Disposal of Sanofi Aventis shares	1 465.3	-
Share buy back (net)	- 1 001.6	- 912.6
Residual cash flow after acquisitions	+ 1 021.6	- 1 209.9

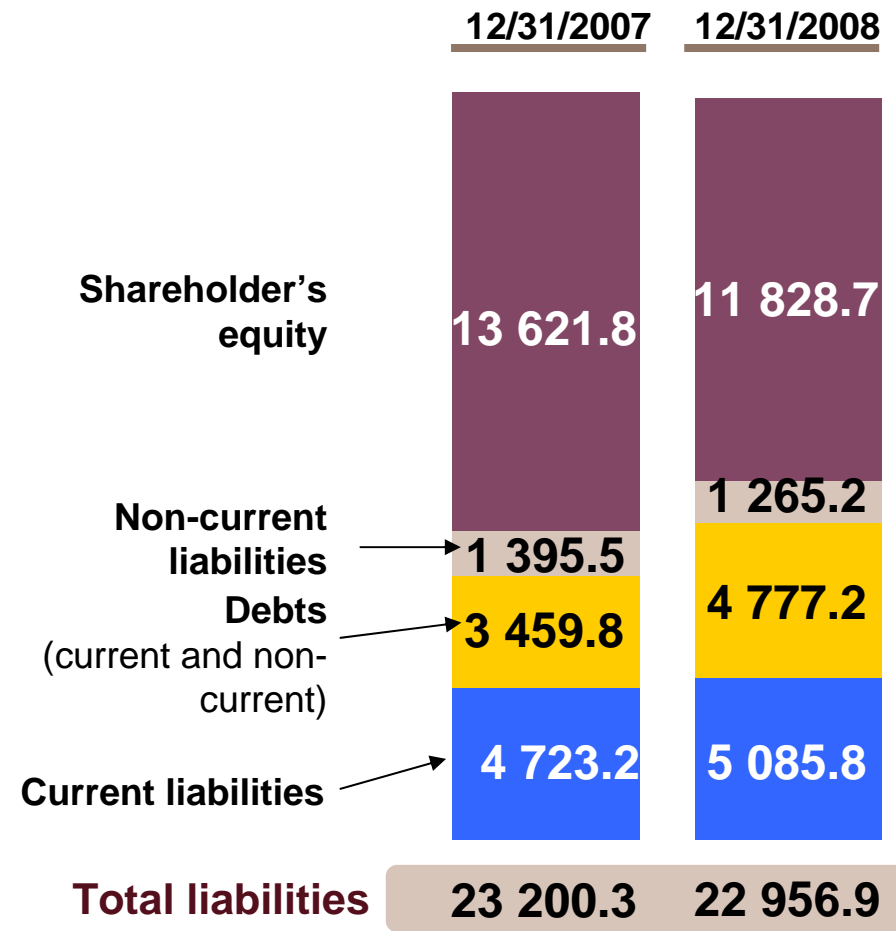
# Balance sheet (in millions of euros)



## ASSETS



## LIABILITIES



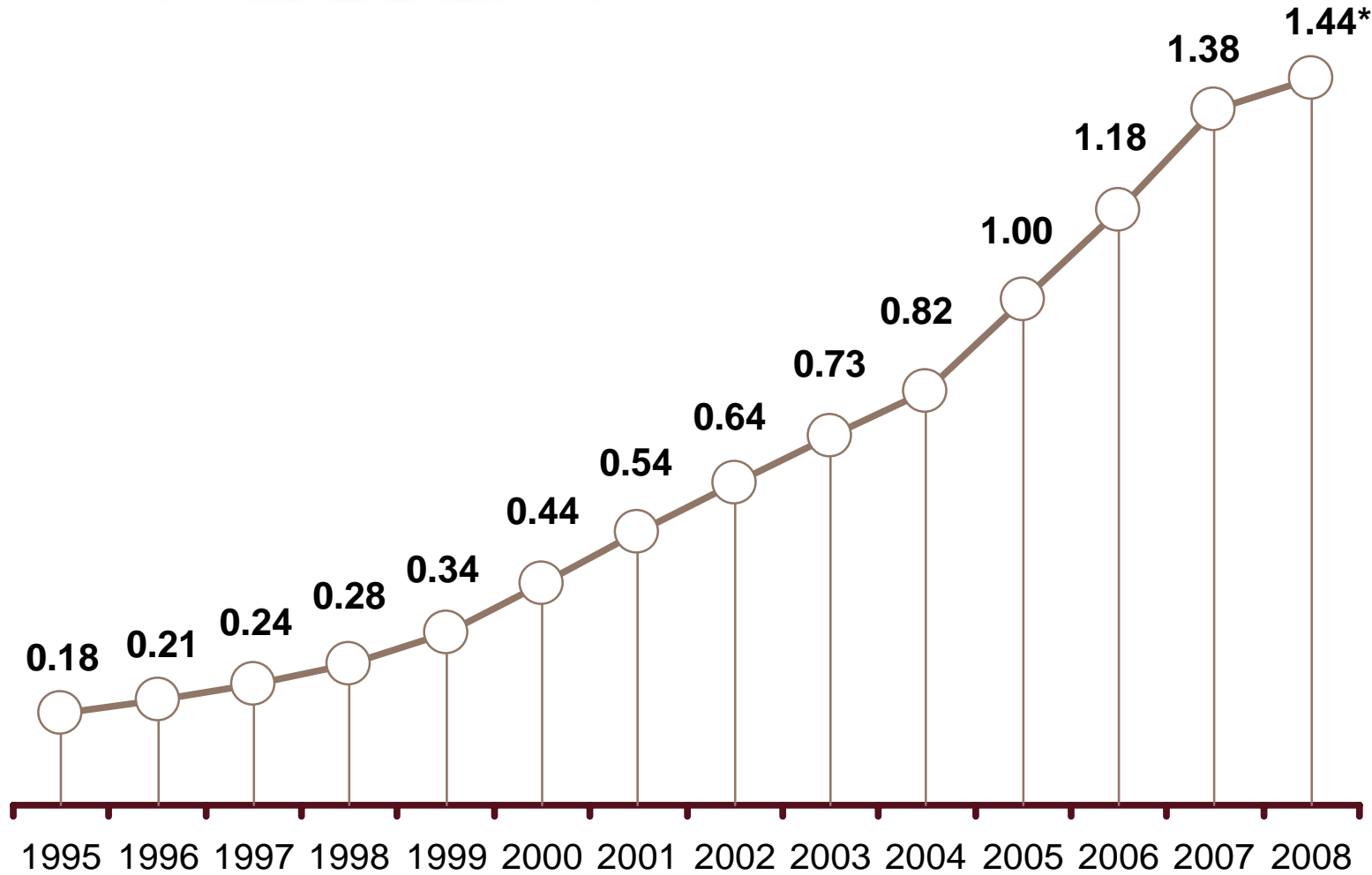
# Net debt and gearing



	12.31.2007	12.31.2008
<b>Net debt</b>	<b>2 373 €m</b>	<b>3 700 €m</b>
<b>Gearing*</b>	<b>17.4 %</b>	<b>31.3 %</b>

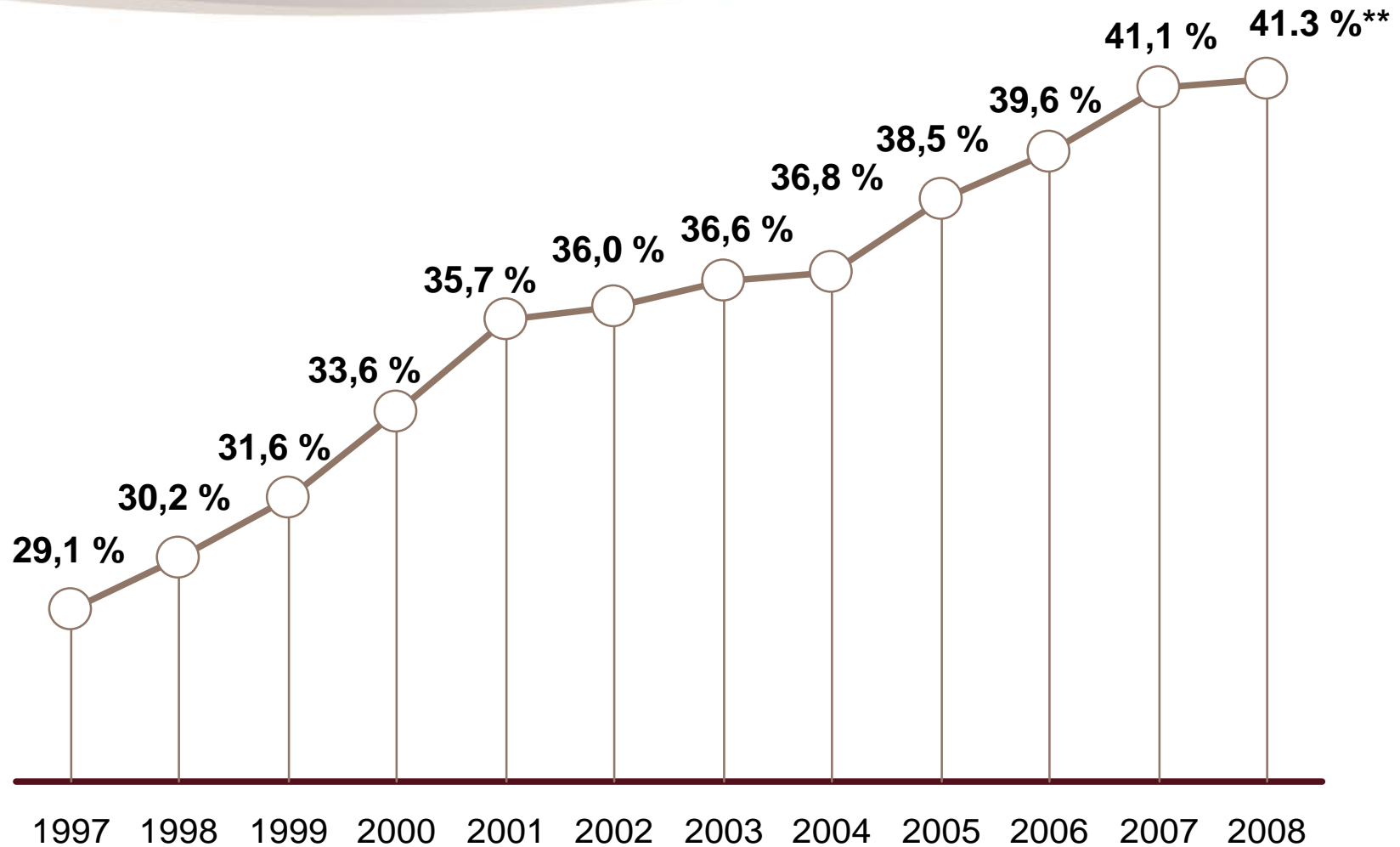
\* *Net debt / equity*

# Dividend from 1995 to 2008 (in euro)



\* Proposed at the Shareholders' meeting to be held on April 16th, 2009

# Payout ratio 1997-2008 as % of net profit\*



\* taking into account the Sanofi-Synthélabo history with regards to the dividends

\*\* Based on dividend proposed at the Shareholders' meeting to be held on April 16th, 2009



# L'ORÉAL

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