

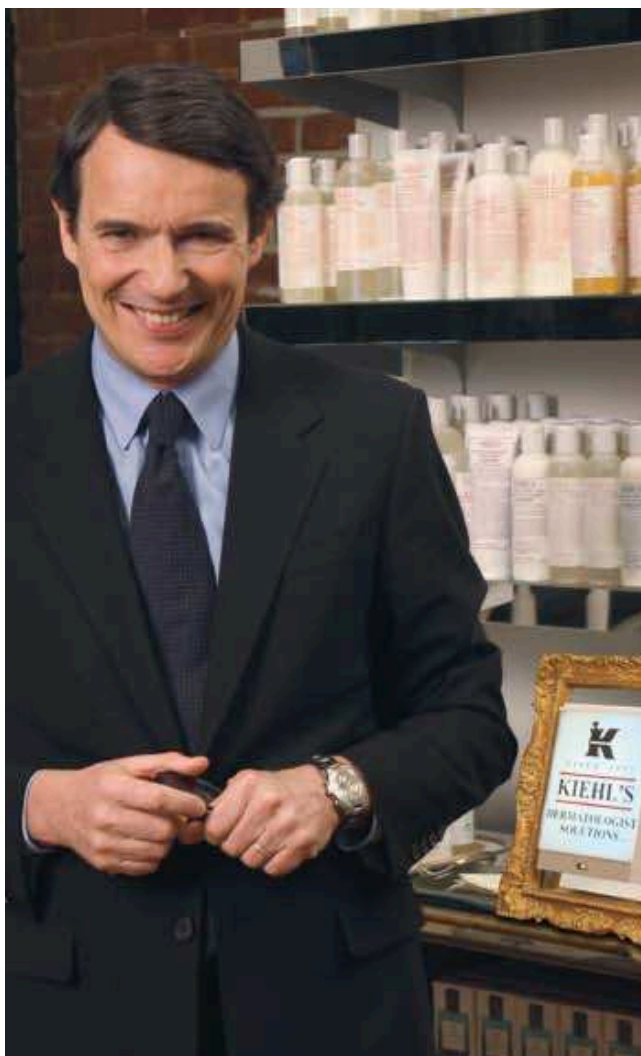
Luxury

PRODUCTS

LANCÔME
GIORGIO ARMANI
YVES SAINT LAURENT
BIOTHERM
RALPH LAUREN
CACHAREL
HELENA RUBINSTEIN
KIEHL'S
SHU UEMURA
DIESEL
ROGER & GALLET
VIKTOR & ROLF
BOUCHERON
YUE SAI
OSCAR DE LA RENTA
STELLA MC CARTNEY
ERMENEGILDO ZEGNA







An unrivalled range of luxury cosmetics

“The Luxury Products Division today has a unique portfolio of highly complementary global brands, enabling it to expand in the three major luxury cosmetics businesses: skincare, make-up and fragrances. Each brand has its own business model, but all benefit from an image of excellence based on technological expertise, substantial marketing and commercial resources, and a close relationship with distribution. Thanks to its strong positions in dynamic new markets such as Asia and Latin America, and the integration in 2008 of the YSL Beauté brands, the division now has the opportunity to become the world’s number 1 group in luxury cosmetics.”

Marc Menesguen
President
Luxury Products

2008 REVIEW

The Luxury Products Division’s worldwide sales grew by +0.7% like-for-like in 2008. In Western Europe, the division held on to its number 1 market share thanks to initiatives with a strong innovative focus, particularly in fragrances and make-up. In North America, sales contracted against a background of declining footfall in department stores and stock reductions, despite successes for major perfume launches and for *Öscillation* mascara by LANCÔME. Growth in 2008 was driven by the Rest of the World zone, particularly by Eastern Europe, and once again by excellent growth rates in Asia, the Middle East and Latin America. The most dynamic category was skincare (+3.4% like-for-like), especially in the anti-ageing and men’s segments. Make-up continued to register increased growth, with unchallenged leadership in mascara.

2009 OUTLOOK

In 2009, the Luxury Products Division should take advantage of its outstanding capacity for innovation, and strong momentum from the 2008 launches, to resist the market slowdown. The operational integration of the YSL Beauté brands, set to benefit in distribution from the strong positions and support of the division across the globe, will be a source of growth. LANCÔME, world number 1 in selective beauty, and the division’s three major designer brands—GIORGIO ARMANI, YVES SAINT LAURENT and RALPH LAUREN—will continue to reinforce their development. The division will continue to support its “growth-relay” brands with their strong potential for expansion, such as KIEHL’S, BIODERM, SHU UEMURA and DIESEL. Lastly, it will deliver revolutionary innovations, particularly in skincare and make-up, confirming its role as a trailblazer in the selective market.

CONSOLIDATED SALES BY GEOGRAPHIC ZONE

€ millions	2007	2008	% of 2008 sales	Growth 2008/2007	
				Like-for-like	Published figures
Western Europe	1,734.7	1,929.6	46.3%	-1.9%	+11.2%
North America	1,053.2	954.2	22.9%	-7.3%	-9.4%
Rest of the World	1,140.0	1,285.9	30.8%	+12.4%	+12.8%
TOTAL	3,927.9	4,169.6	100%	+0.7%	+6.2%

CONSOLIDATED SALES BY BUSINESS SEGMENT

€ millions	2007	2008	% of 2008 sales	Growth 2008/2007	
				Like-for-like	Published figures
Skincare	1,423.0	1,443.5	34.6%	+3.4%	+1.4%
Fragrances	1,641.6	1,781.9	42.7%	-2.1%	+8.5%
Make-up	863.3	944.2	22.6%	+2.3%	+9.4%
TOTAL	3,927.9	4,169.6	100%	+0.7%	+6.2%

08 highlights

CACHAREL with Amor Amor Tentation enters the top 10 in France and Spain.

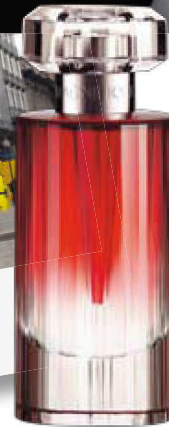
RALPH LAUREN launches Notorious, a new prestige fragrance for women.



The division continues its global expansion: GIORGIO ARMANI moves into Beijing Civic and Hangzhou in China, and opens 120 perfumeries in Italy. KIEHL's starts up in Japan and Latin America.



LANCÔME launches the Magnifique fragrance and hits the headlines with Oscillation, the first-ever vibrating powermascara by LANCÔME, with no less than four patents to its name.



A MILESTONE YEAR WITH THE ACQUISITION OF YVES SAINT LAURENT BEAUTÉ

The Luxury Products Division significantly enhanced its portfolio in 2008 with the acquisition of YSL Beauté, consolidated since June 30th, 2008. Reinforcing its leadership in fragrances, where it is number 1, not only in the men's but now also in the women's market, it is consolidating its strategic positions in make-up with the Yves Saint Laurent brand. Through this acquisition, the group now has the opportunity of becoming world number 1 in the luxury cosmetics market, with an extensive array of complementary brands with strong identities. Backed up by the group's research and a considerable international presence, the division is opening up attractive future growth prospects for the YSL brands.

THE SIX YSL BEAUTÉ BRANDS



YVES SAINT LAURENT
The eponymous iconic brand.



BOUCHERON
The jeweller perfumer.



STELLA MCCARTNEY
The designer brand strongly committed to sustainable development.



ERMELEGILDO ZEGNA
The Italian ready-to-wear designer brand.



ROGER & GALLET
The art of refined fragrances since 1862.



OSCAR DE LA RENTA
The unique charm of the Spanish-American designer.



—LANCÔME
China.

A unique brand portfolio

LANCÔME

World number 1 in the selective beauty market, LANCÔME is continuing its development, driven by technological innovation, the creativity of its make-up, and French-style elegance. The brand hit the headlines with the launch of Ôscillation, the first-ever vibrating permascara, which proved an unprecedented success. The arrival of the visionary artist Aaron de Mey as artistic director for make-up marked a new era of creativity, with the first Pink Irreverence collection. The new women's fragrance Magnifique, with its ambassador Anne Hathaway, made its mark in every country across the globe as the number 1 women's fragrance launch of the year. The Rénergie line reinforced LANCÔME's position as an anti-ageing skincare specialist with strong growth, particularly in Asia.

GIORGIO ARMANI

The symbol of Italian-style elegance, GIORGIO ARMANI maintained growth, particularly in Europe, travel retail and Asia. The brand confirmed its position as world leader in men's fragrances with Acqua di Gio, number 1 for the eighth year in a row, and Armani Code for men, which is in third position. 2008 saw the high-profile launch of Emporio Armani Diamonds for Men fragrance, embodied by actor Josh Hartnett. Its success is promising, as in less than a month it reached the top 5 in the United States and the top 10 in Germany, Italy and Spain.



—LANCÔME
The cutting-edge formula of Absolu Premium Bx with Pro-Xylane™ targets the extra-cellular matrix to rejuvenate the skin at every level, restoring both firmness and volume.



—GIORGIO ARMANI
Face Fabric, an unprecedented cosmetic textile, is an invisible make-up that transforms the complexion.



—YVES SAINT LAURENT
Rouge Volupté: 18 colours to illuminate the lips with a glamorous touch.



—BIOTHERM
Rides Repair is the first-ever pure silicon, dermobiocytic wrinkle repair treatment.

YVES SAINT LAURENT

2008 marked the 30th anniversary of Yves Saint Laurent make-up, which recorded very strong growth for the seventh year in a row, driven by the uninterrupted rise of its cult products Touche Eclat and Mascara Volume Effet Faux Cils, and the success of new products such as Rouge Volupté, represented by Kate Moss. Fragrance sales continued to grow thanks to good performances from L'Homme, the roll-out of the fragrance *elle*, reinforced by the launch of *elle* Intense, and the brand's other mainstays which held up well. In skincare, the brand launched the Top Secrets line, blending high performance with gestures perfected by make-up artists.



Yves Saint Laurent is the legendary symbol of French elegance and luxury, not only in *haute couture* design but also in fragrances and cosmetics. He revolutionised women's fashion and beauty, and succeeded in passing on his inspiration, passion and aesthetic vision to the whole world. He will always be the ultimate symbol of daring, creativity and timelessness.

BIOTHERM

Launched in countries including Vietnam and Romania in 2008, BIOTHERM maintained its growth momentum and its international roll-out. The flagship Aquasource facial skincare line performed extremely well in Asia, supported by a new TV advertising campaign. In the anti-ageing segment, BIOTHERM's launch of Rides Repair produced very good results, especially in Germany and Spain. In bodycare, Celluli Laser boosted the brand's position in the slimming segment, and is the number 1 slimming product in both Italy and Canada. Another success was Eau Pure, which topped fragrance sales in Germany when it was launched. Lastly, the Biotherm Homme range, world leader in men's skincare in selective channels, maintained its positions in existing markets. The brand asserted its

Partnership



ÔSCILLATION WORLDWIDE PREVIEW IN LONDON

For the launch of Ôscillation, the revolutionary vibrating power mascara, LANCÔME staged a worldwide preview in London where the product went on sale exclusively to customers of London's Selfridges department store. This unprecedented initiative with a distributor was showcased with a high-profile coverage of the brand in the British press. Selfridges also gave tremendous visibility to the event by setting up special podiums in London and around the country, together with a month-long Oxford Street window display. As a result, more than 100 mascaras were sold per day. A perfect opportunity to strengthen the exclusive links between brand and department store.



—GIORGIO ARMANI
Poland.

anti-ageing expertise across Europe with Force Suprême, and extended its territory with the creation of Regenetic, its first anti-hair loss serum.

RALPH LAUREN

RALPH LAUREN consolidated its major classics especially the Polo men's fragrances range—including Polo Blue and Polo Classic, which celebrated its 30th anniversary with an updated version, Polo Modern Reserve—and Romance in its women's fragrances. RALPH LAUREN strengthened its position in women's fragrances with the global launch of Notorious. With Laetitia Casta as its ambassador, Notorious draws inspiration from the classic American "film noir", and the glamour of Hollywood stars.

CACHAREL

Embodied by tender-hearted but audacious and seductive strangely unsettling heroines, CACHAREL has always been an integral part of special moments in women's lives. In 2008, the launch of Amor Amor Tentation further confirmed the success of the Amor range and boosted the brand's positions with young people especially in France and Spain. For its thirtieth anniversary, Anais Anais was treated to a special make-over by designer duo Eley Kishimoto.



—HELENA RUBINSTEIN
Italy.

HELENA RUBINSTEIN

Benchmark anti-ageing brand, HELENA RUBINSTEIN offers products that combine boldness, high technology and glamour to achieve enduring assertive beauty, embodied by Demi Moore and summed up in the vibrant slogan "Live brilliantly". In 2008, the brand recorded dynamic growth with Lash Queen Feline Blacks, now a cult mascara, successfully relaunched its Collagenist skincare line, and launched Prodigy Re-Plasty, inspired by the Mesolift concept clinical research developed in partnership with Laclinic-Montreux. The new brand identity generated double-digit growth in sales outlets where it was introduced.



—RALPH LAUREN
To celebrate its 30th anniversary, the emblematic men's fragrance Polo was given a make-over with Polo Modern Reserve.



—HELENA RUBINSTEIN
Lash Queen Feline Blacks went waterproof in 2008, giving the eyes a magnificent feline look that is irresistibly fascinating at all times.



—SHU UEMURA
Australia.



—KIEHL'S
Mexico.

Continuing to globalise “growth-relay” brands

KIEHL'S

KIEHL'S SINCE 1851, the cult New York brand, continued across the globe to roll out its unique values and expand on its rich heritage as a former pharmacy by offering skincare products based on mild, natural ingredients for the whole family. Service, quality, generosity and respect for the environment are the key to lie at the core of the brand's success. In 2008, the brand was launched in six new countries, which contributed to its very strong double-digit sales growth. For the launch of its new 100%-biodegradable Liquid Body Cleanser, KIEHL'S teamed up with the JPF Eco Systems charity foundation, created with Brad Pitt, to support an environmental initiative drawing on an exclusive technological breakthrough (see details on next page).

SHU UEMURA

Created over 25 years ago by Mr Shu Uemura, a legendary make-up artist and cosmetics specialist, SHU UEMURA draws inspiration from the art of beauty. In 2008, Kakuyasu Uchiide, trained by the master for two decades and his spiritual heir, became the brand's international artistic director. Cleansing oils proved extremely successful, with the launch of the first skin clarifying treatment in the brightening skincare category and the relaunch of its original, classic, flagship product. The brand also launched a new fluid foundation, Face Architect, based on SHU UEMURA'S own unique architectural approach to the face. The brand has set up many artistic partnerships, for example with Viktor & Rolf and the famous Japanese photographer Mika Ninagawa. Extremely dynamic in all its categories, the SHU UEMURA brand recorded strong growth.



—KIEHL'S
Eco-efficient 100%-biodegradable Liquid Body Cleanser is launched in conjunction with the JPF Eco Systems foundation, created with Brad Pitt.



—SHU UEMURA
Face Architect produces a second-skin effect, thanks to a unique formula including 40% of Depsea water.

Commitments

Kiehl's supports ecological initiatives

In 2008, KIEHL'S joined forces with Brad Pitt to launch a 100%-biodegradable and eco-efficient bodycare product. All profits from this cleansing product with aloe vera, certified Cradle to Cradle^{CM(1)}, will be passed on to JPF Eco Systems, a charitable foundation set up with Brad Pitt to support global ecological initiatives. The first project initiated by JPF Eco Systems supports the efforts of Make it Right, a charity which helps finance ecologically sustainable and financially affordable housing for the victims of hurricane Katrina.



DIESEL

DIESEL epitomises the alternative to classic luxury products. When it launched Fuel for Life in 2007, the brand shook up market codes with its offbeat creativity that appeals to young people. In 2008, DIESEL created an unprecedented offer whereby the bottle can be customised and each customer has the chance of personalising the fragrance by choosing a "pouch" from a range available on the web or in the sales outlet. The brand also created a new women's fragrance, Fuel for Life Unlimited, a perfect illustration of the sensual codes of femininity. One year after its first launch, DIESEL is still growing, and Fuel for Life for Him features in the top fifteen men's fragrances in many markets.

VIKTOR & ROLF

In barely fifteen years, the VIKTOR & ROLF brand has become a byword in the world of luxury and designer creativity. In 2008, the two designers took centre stage in a show at London's Barbican Centre, and celebrated their first fragrances with limited, numbered editions of Flowerbomb and Antidote. Since their launch, the success of VIKTOR & ROLF fragrances has been particularly boosted by the continuing growth of Flowerbomb across all markets. In the United States, it features among the 20 best-sellers in fragrance bars, even though it is only available in fewer than 500 sales outlets.

YUE SAI

An expression of the Chinese approach to beauty, YUE SAI has consolidated its positions through the success of its Vital Essential Water skincare line. The launch of Empower Active Regenerating Cream, blending Tibetan ginseng with the renowned anti-ageing molecule Pro-Xylane[™], has enabled YUE SAI to win rightful recognition as a Chinese skincare specialist. Meanwhile, with Silky Moist Magnificent Ruby lipstick, the brand has successfully entered the lipstick segment. With these flagship products, YUE SAI succeeded in posting double digit-growth in department stores and is now the number 1 Chinese brand in the selective distribution channel.



—YUE SAI
China.

(1) Cradle to Cradle^{CM} is an MBDC LLC (McDonough Braungart Design Chemistry) brand which certifies formulations that minimise environmental impact and optimise recycling, creating an eco-efficient product.



—DIESEL
In a new take on the Roaring Twenties, Fuel for Life Unlimited is designed for women seeking pleasure, power and unlimited experience.



—VIKTOR & ROLF
The Flowerbomb fragrance reflects the world of its designers: an explosive bouquet of flowers delicately radiating a million new sensations.



—YUE SAI
Empower is a truly global anti-ageing product containing Pro-Xylane[™] blended with Tibetan ginseng, royal jelly, and jasmine and cedar extracts.