

Asia

L'Oréal is growing four times faster than the market in Asia as a whole, with a +16.3% rise in sales like-for-like. The group made progress in Northern Asia and China as well as in South-East Asia, particularly in Thailand, Indonesia and the Philippines. This achievement is largely due to successful initiatives in skincare across all divisions. In Japan, a solid performance by the hairdressing brands, and the success of MAYBELLINE NEW YORK and SHU UEMURA have enabled the group to win market share. South Korea experienced rapid growth thanks to breakthroughs by Luxury Products Division brands. In China, the group is advancing rapidly, driven in particular by the success of L'ORÉAL PARIS. The "growth-relay" brands such as SHU UEMURA and KIEHL'S, are gradually being rolled out across the zone.

L'Oréal Paris embracing Chinese beauty

Building on strong double-digit growth in China, L'ORÉAL PARIS has become the leading beauty brand in its distribution universe. China is now the brand's largest market in the world in the skincare category. Available in only 6,800 sales outlets in 450 cities, the brand can tap into a vast reservoir of growth potential in the years ahead.

The success of L'ORÉAL PARIS stems from three strategic choices made when it was first launched in China. Firstly, a targeted roll-out in three segments with high added technological value: skincare, make-up and colourants. Secondly, the determination to introduce its major global franchises, particularly Revitalift and Derma Genesis. Lastly, product ranges specifically adapted to the needs of Chinese skin, exemplified by UV Perfect, giving protection against UV and pollution, and the moisturiser HydraFresh.

LOCAL ADAPTATION

To better understand consumer expectations, L'ORÉAL PARIS conducted thousands of tests in 2008, while drawing on the work of researchers at the L'Oréal laboratories in Pudong. As a result, the brand is now recognised as an expert in Chinese skin properties. A second strategic choice was the distribution of products through department stores, counting on the appeal of an affordable luxury brand for the fast-rising middle classes.

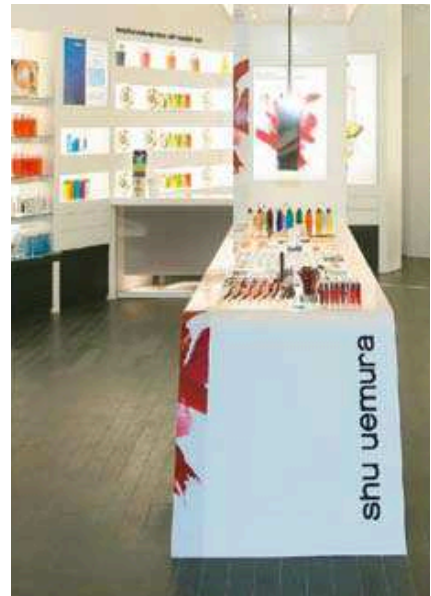


L'ORÉAL CHINA: 11 YEARS OF CONQUEST

L'Oréal China was founded in 1997 and is the country's second largest cosmetics company. In the space of 11 years, L'Oréal has introduced most of its major international brands. The group is number 1 in the hair salon channel and in luxury products, where LANCÔME is the market leader. The group has built up the dermocosmetics category in drugstores through its VICHY and LA ROCHE-POSAY brands. In Consumer Products, L'ORÉAL PARIS is number 1 in its distribution universe, in addition to the successes of GARNIER and MAYBELLINE NEW YORK, the leader in make-up. In 2008, the group continued to grow very rapidly in China, with an increase in like-for-like sales of +27.7%, especially in skincare where it is now the outright leader, all channels combined.



With its full brand portfolio, L'Oréal has risen to the number 1 spot in the Chinese skincare market, all channels combined.



SHU UEMURA generates more than 70% of its sales outside its original market and is now the Japanese brand with the greatest international reach in its universe.

PRESTIGE AND PROXIMITY

The Mandarin for L'ORÉAL PARIS is *Bali Oulayia*, or "Elegance from Europe". It is perceived as a prestigious, modern and innovative brand, representing the quintessence of quality and refinement at an affordable price. Today, it is recognised across the globe, and is appreciated for its proximity to Chinese women. A proximity which the spokespersons of L'ORÉAL PARIS—actresses Gong Li, Li Bing Bing and Zhang Zilin—help to generate.

FOR MEN TOO

Launched two years ago, the Men Expert range has been hugely successful, thanks primarily to Hydra Energetic Turbo Booster, launched in 2008, and its spokesman, Chinese actor Daniel Wu.

Initially sold exclusively through department stores, where it became the top-selling men's skincare line in 2008, the Men Expert range is now being rolled out in mass-market outlets to reach a broader range of customers.



Kiehl's moves to Tokyo

After Malaysia, the Philippines and Thailand, the cult New York brand opened its first sales outlet in Japan in November 2008 in the Isetan Shinjuku department store in Tokyo.



High quality advice, customer proximity and the widely acknowledged skincare expertise of KIEHL'S is driving its success throughout Asia, with spectacular growth in South Korea, Singapore and Hong Kong. In 2008, KIEHL'S opened 24 new sales outlets.

In 2009, the brand will accelerate its roll-out in Japan and the other Asian countries.

Shu Uemura makes its mark in Asia

In June 2008, SHU UEMURA celebrated the 25th anniversary of its first store in Tokyo. An opportunity for the brand to get back to the roots of the Japanese art of beauty, by organising an exhibition. Also in 2008, it recorded its highest growth rate in Japan since it was acquired by L'Oréal in 2001. Initially almost exclusively focused on Japan, SHU UEMURA then moved into almost all Asian countries. Today it generates over 70% of its sales outside its original market, with strong positions in South Korea, Taiwan and Hong Kong. Its successes in skincare with cleansing oils and the Phytoblack anti-ageing skincare line are strengthening its positions in this key category across the region.

