

First-half 2011 sales**GOOD GROWTH DYNAMICS**

- **Sales: 10.15 billion euros**
 - +5.0% based on reported figures
 - +5.2 % like-for-like
 - +5.9 % excluding currency fluctuations
- **Strong growth in Asia and Latin America**
- **Sustained growth in North America**
- **Strong dynamism of Luxury Products Division**
- **Solid performance in Consumer Products Division**
- **Full-year 2011 targets confirmed**

Commenting on the figures, Mr Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

“Performance in the first half of 2011 confirms the group’s good growth dynamics, in a market that reflects contrasts across distribution channels and geographic zones.

In the divisions, Luxury Products are performing well, bolstered by Lancôme, Giorgio Armani and Kiehl’s, which are all proving remarkably robust. Consumer Products are recording solid growth, with the global conquests of Maybelline and L’Oréal Paris. The Professional Products and Active Cosmetics Divisions are posting more modest performances in less positive markets.

In geographic terms, L’Oréal is continuing to make inroads into the major strategic markets of Asia and Latin America, and is achieving sustained growth in North America. In Western Europe, where there are contrasting trends in different countries, the group is consolidating its positions. After several years of growth, the sales trend in Eastern Europe is disappointing in all the countries of this zone, particularly in Russia and Ukraine.

With an overall favourable global market trend, and with a rich programme of initiatives in the second half across all divisions, we are tackling the second half of the year with confidence.

We can confirm our goal of outperforming the market in 2011, and achieving another year of growth in both sales and profits”.

A – First-half 2011 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +5.2%.

The net impact of changes in consolidation was +0.7%.

Currency fluctuations had a negative impact of -0.9%. If the exchange rates at the end of June, i.e. €1 = \$1.447, are extrapolated up to December 31st, the impact of currency fluctuations on sales would be approximately -2.2% for the whole of 2011.

Growth at constant exchange rates was +5.9%.

Based on reported figures, the group's sales at June 30th, 2011 amounted to 10.15 billion euros, an increase of +5.0%.

Sales by operational division and geographic zone

	2 nd quarter 2011			1 st half 2011		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<u>By operational division</u>						
Professional Products	704.6	1.2%	-0.7%	1,420.2	2.1%	4.2%
Consumer Products	2,453.4	4.0%	-0.3%	5,037.2	5.2%	4.5%
Luxury Products	1,133.3	9.5%	3.8%	2,249.8	8.5%	6.9%
Active Cosmetics	352.6	1.2%	-0.9%	797.7	3.2%	3.2%
Cosmetics total	4,643.9	4.6%	0.6%	9,504.9	5.3%	4.9%
<u>By geographic zone</u>						
Western Europe	1,854.9	1.2%	1.4%	3,765.3	0.8%	1.4%
North America	1,066.0	4.4%	-4.9%	2,183.3	5.8%	3.0%
New Markets, of which:	1,723.0	8.6%	3.4%	3,556.3	10.1%	10.1%
- <i>Asia, Pacific</i>	831.2	14.4%	8.1%	1,748.1	13.0%	13.5%
- <i>Eastern Europe</i>	325.3	-5.4%	-8.2%	680.0	-3.4%	-3.8%
- <i>Latin America</i>	427.1	11.7%	7.5%	830.7	17.3%	18.0%
- <i>Africa, Middle East</i>	139.4	4.3%	-4.6%	297.6	10.1%	6.4%
Cosmetics total	4,643.9	4.6%	0.6%	9,504.9	5.3%	4.9%
The Body Shop	167.9	4.5%	-1.3%	337.4	2.6%	0.9%
Dermatology ⁽¹⁾	177.5	4.9%	12.2%	307.2	5.3%	13.6%
Group total	4,989.3	4.6%	0.9%	10,149.5	5.2%	5.0%

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division posted growth of +2.1% like-for-like and +4.2% based on reported figures in the first half of 2011 (after taking into account the impact of currency fluctuations and of changes in consolidation due to the acquisition of distributors in the United States). In a professional market reflecting sharp contrasting trends, the division strengthened its worldwide leadership, thanks to its growth in the New Markets, and the continuing conquest of hair salons in Europe.

- At *L'Oréal Professionnel*, *Inoa* is now recognised as the new market standard for hair colourants. In haircare, *Absolut Repair Cellular*, a range of products enriched with lactic acid, and *Mythic Oil*, are proving highly successful. At *Kérastase*, *Elixir Ultime* has become the flagship product in the hair oil market. *Redken* is reinforcing its leadership in hair colourants with *Shades EQ Cream* and *Matrix* is launching *Total Results*, a range of professional haircare products at accessible prices.
- The division is slightly outperforming the market in North America and Western Europe, where the context remains difficult. In the New Markets, which are still proving dynamic, the division is making progress, particularly in hair colourants.
- The division is launching *Salonworld.com*, the first website to focus on the inspiration behind the hairdressing profession, and on exchanges between hairdressing professionals.

CONSUMER PRODUCTS

The Consumer Products Division, achieved sales growth of +5.2% like-for-like, and +4.5% based on reported figures. *Maybelline* is confirming its dynamism and *L'Oréal Paris* is accelerating.

- *L'Oréal Paris* confirmed the success of its *Lash Architect 4D* mascara, *Sublime Mousse* hair colourant and *Elsève Volume Collagen* shampoo. The launch of *Revitalift Total Repair 10* skincare is very promising.
Maybelline is performing well in all countries, particularly in Asia thanks to the *BB Cream* and *Clear Smooth* initiatives.
Garnier, after good starts for *Fructis Pure Clean* shampoo and *Intensive 7 Days* body lotion, is continuing its initiatives with *Fructis anti-dandruff, anti-bacteria* shampoo.
- In Western Europe, in a flat market, the results are very encouraging in France, Germany and the Northern countries. In Greece and Portugal the difficulties are continuing.
In North America, the division produced a very good performance, with significant market share gains.
Eastern Europe has suffered a setback linked to the dismal economic environment, and partly to the phasing of business activity, particularly for *Garnier*.
Latin America, in a lively market, is recording good results thanks to *L'Oréal Paris* hair colourants and haircare, along with *Garnier* deodorants.
The markets are also buoyant in Asia excluding Japan, where the division is winning market share: *Maybelline* has proven particularly dynamic in this zone.

LUXURY PRODUCTS

The first half sales of the Luxury Division increased by +8.5% like-for-like and by +6.9% based on reported figures. Sell-out trends are dynamic, particularly in Asia, the United States and in Travel Retail.

- *Lancôme* is expanding in all categories, with the launch of *Absolu Nu* lipstick and the success of *Teint Miracle* in make-up, *Génifique* and *Rénergie Multiple Lift Yeux* in facial skincare, and *Trésor in Love* in fragrances.
Giorgio Armani is performing extremely well, reflecting the scores of its emblematic fragrances, the confirmed success of *Acqua di Gioia* and the launch of *Code Sport*. The skincare line *Régénescence*, a strategic launch, is confirming its good start.

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Yves Saint Laurent is consolidating its positions in make-up and in men's fragrances with *L'Homme* and *La Nuit de L'Homme*.

Kiehl's is continuing its very strong growth worldwide, thanks to its unique positioning and the success in skincare of *Rosa Arctica*, and *Double Strength Deep Wrinkle Filler*.

Ralph Lauren and *Viktor & Rolf* are confirming their international dynamism.

- In Western Europe, *Yves Saint Laurent* and *Kiehl's* posted very good sell-out figures. In the first half, sales take into account an insurance benefit of 13.5 million euros received to offset the loss of sales resulting from partial damage which occurred in our Luxury Division dispatching centre. In the dynamic North American market, the division's sales have been bolstered by *Lancôme*, *Kiehl's*, *Viktor & Rolf* and *Giorgio Armani*. In the New Markets, the division's growth is still very strong, particularly in Asia (South Korea, China, Taiwan and Hong Kong). Growth in this zone is bolstered by *Lancôme*, *Kiehl's*, *Giorgio Armani* and *Shu Uemura*. The division's sales are also growing substantially in Travel Retail and in Latin America.

ACTIVE COSMETICS

The Active Cosmetics Division delivered first-half growth of +3.2% like-for-like and +3.2% based on reported figures, driven by its successes in Latin America, and the worldwide advances of *La Roche-Posay*.

- *La Roche-Posay* is expanding on all continents in facial skincare in general, and was particularly successful with the launches of *Tolériane Ultra* and *Substiane[+]*, and the *Anthélios* with *Mexoplex®* sun protection range. At *Vichy*, the *Capital Soleil* range of sun protection products is recording good scores. *SkinCeuticals* and *Roger&Gallet* are successfully continuing their internationalisation.
- In Western Europe, there are contrasting trends: *La Roche-Posay*, *Roger&Gallet* and *SkinCeuticals* are posting good growth rates, but the trend at *Vichy* is less dynamic. Growth in the New Markets is very strong in Latin America, and lively in Asia and in the Africa, Middle East zone. The pharmacy channel is experiencing difficulties in Eastern Europe.

Multi-division summary by geographic zone

WESTERN EUROPE

In a globally flat market, L'Oréal achieved growth of +0.8% like-for-like and +1.4% based on reported figures, thanks to good scores in France, Germany and Northern Europe, and in Travel Retail. The situation is tougher in the countries of Southern Europe, particularly Greece and Portugal.

NORTH AMERICA

In the first half, North America achieved good like-for-like growth at +5.8%, in an expanding market. The Luxury Products Division made a very good start to the year, thanks in particular to the rebound at *Lancôme* and another period of strong growth for *Kiehl's* and for fragrances. The Consumer Products Division is making clear market share gains in haircare, facial skincare and make-up. The sales growth at *Essie* augurs well for the future.

NEW MARKETS

In the first half, the New Markets recorded like-for-like growth of +10.1%. There is a contrast between growth rates in Asia and Latin America on the one hand, whose strong dynamism has been confirmed, and Eastern Europe on the other, now seeing a sharp slowdown.

- **Asia, Pacific:** Despite the disaster in Japan and its consequences, in the first half, the group still recorded good growth figures of +13.0% like-for-like and +13.5% based on reported figures. If Japan is excluded, growth in this zone came out at +16.1% like-for-like and +15.6% based on reported figures. L'Oréal is continuing to win market share across the whole of the Asia, Pacific zone.

The Luxury Products Division recorded very positive growth in China, South Korea, Hong Kong and Taiwan, thanks in large part to *Lancôme*, *Kiehl's* and *Shu Uemura* which are very clearly improving their positions in dynamic markets.

The Consumer Products Division is expanding thanks to accessibly priced innovations which are enabling it to extend its distribution, primarily in India, China, and the emerging countries of the South-East, such as Indonesia, Thailand and the Philippines.

- **Eastern Europe:** After several years of sustained growth, the zone's like-for-like growth came out at -3.4% in a dismal economic environment, where consumer confidence and market dynamism proved more difficult than expected, particularly in mass-market and the pharmacy channel. Furthermore, in this zone, launch phasing tends to be focused on the final months of the year.
- **Latin America:** Growth was very strong in Latin America in the first half at +17.3% like-for-like, with very dynamic trends in all countries, except Venezuela, and across all divisions.
- **Africa, Middle East:** The Africa, Middle East zone posted growth of +10.1% like-for-like in the first half. Turkey and the countries of the Levant are the main growth drivers. The new subsidiaries in Pakistan and Egypt are developing well. Conversely, the pace of growth in South Africa remains modest.

2) The Body Shop sales

At end June, The Body Shop sales recorded like-for-like growth at +2.6%. Retail sales⁽¹⁾ are at +2.0%.

The Body Shop pursued its expansion programme in the New Markets, accelerated the pace of its growth in e-commerce and further boosted its visibility in Travel Retail. The brand is delivering strong growth in the Middle East, Eastern Europe and Southern Asia. Western Europe remains constricted by local economic influences.

The Body Shop is bolstering its militant approach to innovations, with launches including *Brush with Fashion*, a *Cruelty Free limited edition* make-up range and *Body Butter Duos* packed with Community Fair Trade ingredients.

The Body Shop continued to rally unprecedented customer engagement and support for its campaign to Stop Sex Trafficking of Children and Young People, and presented the biggest Human Rights petition ever to the European Union.

At end June 2011, The Body Shop has a total of 2,645 stores.

(1) Retail sales: total sales to consumers through all channels, including franchisees.

3) Galderma sales

Galderma's sales increased by +5.3%, like-for-like, and +13.6% based on reported figures.

Epiduo (acne), *Clobex* (scalp psoriasis), *Azzalure* (muscle relaxant for frown lines), *Restylane* (dermal filler for wrinkles) and *Cetaphil* (therapeutic skincare line) recorded double-digit growth rates.

While growth in the United States and Western Europe was challenged by pricing pressure from payers and by erosion from generic forms of some of Galderma's mature products, growth in Asia, Pacific and Latin America was particularly strong.

Q-Med, the Swedish medical device company acquired in March 2011, recorded sales growth of +18.1%.

B – Important events during the period 4/1/2011 to 6/30/2011

- To the best of the company's knowledge, no events or changes occurred during the period which could significantly modify the group's financial situation.

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This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

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C - Appendix

Appendix 1: L'Oréal group sales 2010/2011 (€millions)

	2010	2011
<u>First quarter:</u>		
Cosmetics	4,445	4,861
The Body Shop	164	170
Dermatology	112	130
First quarter total	4,722	5,160
<u>Second quarter:</u>		
Cosmetics	4,617	4 644
The Body Shop	170	168
Dermatology	158	177
Second quarter total	4,945	4,989
<u>First half:</u>		
Cosmetics	9,062	9,505
The Body Shop	334	337
Dermatology	271	307
First half total	9,667	10,150
<u>Third quarter:</u>		
Cosmetics	4,529	
The Body Shop	172	
Dermatology	151	
Third quarter total	4,852	
<u>Nine months:</u>		
Cosmetics	13,591	
The Body Shop	506	
Dermatology	421	
Nine months total	14,518	
<u>Fourth quarter:</u>		
Cosmetics	4,549	
The Body Shop	249	
Dermatology	180	
Fourth quarter total	4,977	
<u>Full year</u>		
Cosmetics	18,139	
The Body Shop	755	
Dermatology	602	
Full year total	19,496	