

**First-half 2013 results**

**RECORD OPERATING PROFIT:  
2.043 BILLION EUROS AT 17.4% OF SALES,  
UP BY +7.7%**

- Sales: +5.4% like-for-like\*
- Strong growth in gross profit at 71.7% of sales
- Sustained investments in Research & Innovation and in Advertising and Promotional growth drivers
- Net profit after non-controlling interests: +5.2%
- EPS\*\*: +7.1%, at 2.94 euros

**CONFIDENCE IN A FURTHER YEAR OF GROWTH  
IN SALES, RESULTS AND PROFITABILITY**

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

*"In the first half, in a market whose growth slowed down slightly, L'Oréal has continued to record good sales dynamics, and achieved further growth in profits.*

*The Group's competitiveness has improved once again, and is reflected in market share gains across all divisions and zones. Operating profit has reached a historically high level, with a good quality gross profit and an ongoing policy of sustained investments in Research & Innovation and in Advertising and Promotional growth drivers.*

*These performances demonstrate the relevance of our business model and the quality of our fundamentals: the ability of our research to create major innovations and stimulate the market, and the vitality and quality of our brand portfolio. We are thus ambitious and optimistic as we continue to implement our strategy of the "universalisation of beauty" and conquer the next billion consumers.*

*We are confirming our targets for 2013 and remain confident in the Group's ability to once again outperform the market, and to achieve a further year of growth in sales, results and profitability."*

\* +4.7% based on reported figures.

\*\* Diluted net earnings per share, based on net profit excluding non-recurring items after non-controlling interests.

## A – First-half 2013 sales

- Based on reported figures, the Group's sales, at June 30<sup>th</sup>, 2013, amounted to 11.738 billion euros, an increase of +4.7%. Like-for-like, i.e. based on a comparable structure and identical exchange rates, the L'Oréal sales growth was +5.4%. The net impact of changes in consolidation was +1.0%. Currency fluctuations had a negative impact of -1.7%. Growth at constant exchange rates was +6.4%.
- If the current exchange rates, i.e. €1 = \$1.334 are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations on sales would be approximately -3.6% for the whole of 2013.
- The news release of July 16<sup>th</sup>, 2013 details the activity for the first half of 2013. This news release is available and can be downloaded from the [www.loreal-finance.com](http://www.loreal-finance.com) website.

### Sales by operational division and geographic zone

	2 <sup>nd</sup> quarter 2013			1 <sup>st</sup> half 2013		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<b><u>By operational division</u></b>						
Professional Products	779.3	2.7%	1.5%	1,531.8	1.4%	0.6%
Consumer Products	2,802.2	6.1%	4.7%	5,723.0	6.3%	5.1%
L'Oréal Luxe	1,404.7	5.5%	5.1%	2,826.8	6.4%	6.6%
Active Cosmetics	409.5	8.6%	7.2%	907.1	7.8%	6.6%
<b>Cosmetics total</b>	<b>5,395.7</b>	<b>5.6%</b>	<b>4.5%</b>	<b>10,988.7</b>	<b>5.7%</b>	<b>4.9%</b>
<b><u>By geographic zone</u></b>						
Western Europe	1,908.5	1.7%	1.3%	3,899.0	1.7%	1.6%
North America	1,371.7	4.5%	4.9%	2,743.2	5.4%	6.7%
New Markets, of which:	2,115.4	10.3%	7.3%	4,346.6	9.9%	7.0%
- <i>Asia, Pacific</i>	1,051.8	8.2%	4.5%	2,240.2	8.0%	5.1%
- <i>Latin America</i>	507.7	15.2%	13.2%	966.3	13.5%	9.6%
- <i>Eastern Europe</i>	355.4	7.5%	5.1%	745.1	8.4%	6.7%
- <i>Africa, Middle East</i>	200.6	15.1%	12.8%	394.9	15.1%	12.3%
<b>Cosmetics total</b>	<b>5,395.7</b>	<b>5.6%</b>	<b>4.5%</b>	<b>10,988.7</b>	<b>5.7%</b>	<b>4.9%</b>
The Body Shop	186.9	-0.8%	-3.4%	368.8	0.5%	-1.4%
Dermatology <sup>(1)</sup>	223.9	0.8%	4.2%	380.6	0.3%	3.3%
<b>Group total</b>	<b>5,806.5</b>	<b>5.2%</b>	<b>4.2%</b>	<b>11,738.1</b>	<b>5.4%</b>	<b>4.7%</b>

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

## B – First-half 2013

The half-year consolidated accounts have undergone a limited examination by the Statutory Auditors.

### 1) Operating profitability at 17.4% of sales

Consolidated profit and loss account: from sales to operating profit.

<i>In €m</i>	06/30/12	As % of sales	12/31/12	As % of sales	06/30/13	As % of sales	Growth 06/30/12 06/30/13
<b>Sales</b>	<b>11,213.2</b>	<b>100.0%</b>	<b>22,462.7</b>	<b>100.0%</b>	<b>11,738.1</b>	<b>100.0%</b>	<b>+4.7%</b>
<i>Cost of sales</i>	-3,247.2	29.0%	-6,587.7	29.3%	-3,318.7	28.3%	+2.2%
<b>Gross Profit</b>	<b>7,966.0</b>	<b>71.0%</b>	<b>15,875.0</b>	<b>70.7%</b>	<b>-8,419.4</b>	<b>71.7%</b>	<b>+5.7%</b>
<i>R&amp;D expenses</i>	-386.5	3.4%	-790.5	3.5%	-420.3	3.6%	+8.8%
<i>Advertising and promotion expenses</i>	-3,403.6	30.4%	-6,776.3	30.2%	-3,544.2	30.2%	+4.1%
<i>Selling, general and administrative expenses</i>	-2,279.4	20.3%	-4,610.9	20.5%	-2,411.9	20.5%	+5.8%
<b>Operating profit</b>	<b>1,896.5</b>	<b>16.9%</b>	<b>3,697.3</b>	<b>16.5%</b>	<b>2,042.9</b>	<b>17.4%</b>	<b>+7.7%</b>

**Gross profit**, at 8,419 million euros, came out at 71.7% of sales, compared with 71.0% in the first half of 2012, representing an improvement of 70 basis points.

**Research and Development expenses** increased from 3.4% to 3.6% as a percentage of sales, and have grown by 8.8%. This increase reflects the Group's constant determination to support its investments in Research and Innovation.

**Advertising and promotion expenses** came out at 30.2% of sales, which is the same as the figure for the first half of 2012 at constant exchange rates and scope of consolidation.

**Selling, general and administrative expenses**, at 20.5% of sales, were slightly higher, by 20 basis points, than in the first half of 2012.

**Operating profit** grew by 7.7%, with a further 50 basis point improvement in profitability, and amounted to 17.4% of sales, which is a record level for a half-year.

### 2) Operating profit by branch and division

	06/30/12		12/31/12		06/30/13	
	€m	% of sales	€m	% of sales	€m	% of sales
<b><u>By operational division</u></b>						
Professional Products	303.2	19.9%	615.2	20.5%	307.3	20.1%
Consumer Products	1,081.7	19.9%	2,050.8	19.1%	1,190.2	20.8%
L'Oréal Luxe	517.2	19.5%	1,077.0	19.3%	566.2	20.0%
Active Cosmetics	221.9	26.1%	311.2	20.4%	247.9	27.3%
<b>Cosmetics divisions total</b>	<b>2,123.9</b>	<b>20.3%</b>	<b>4,054.3</b>	<b>19.5%</b>	<b>2,311.6</b>	<b>21.0%</b>
<i>Non-allocated*</i>	-279.7	-2.7%	-577.2	-2.8%	-294.8	-2.7%
<b>Cosmetics branch total</b>	<b>1,844.2</b>	<b>17.6%</b>	<b>3,477.1</b>	<b>16.7%</b>	<b>2,016.8</b>	<b>18.4%</b>
<b>The Body Shop</b>	11.6	3.1%	77.5	9.1%	9.8	2.7%
<b>Dermatology branch**</b>	40.7	11.0%	142.6	17.9%	16.2	4.3%
<b>Group</b>	<b>1,896.5</b>	<b>16.9%</b>	<b>3,697.3</b>	<b>16.5%</b>	<b>2,042.9</b>	<b>17.4%</b>

\* *Non-allocated* = Central Group expenses, fundamental research expenses, stock option and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.

\*\* Group share, i.e. 50%.

The profitability rates of each of the Divisions improved during the first half:

The profitability of **Professional Products Division** increased from 19.9% to 20.1%, in a difficult market context.

The profitability of the **Consumer Products Division** increased from 19.9% to 20.8%, that of **L'Oréal Luxe** from 19.5% to 20.0%, and that of the **Active Cosmetics Division** from 26.1% to 27.3%.

The profitability of the **cosmetics branch**, at 18.4%, grew by 80 basis points in the first half.

The profitability of **The Body Shop**, which is mainly achieved in the second half, came out at 2.7% in the first half.

**Dermatology**, whose profitability is traditionally stronger in the second half of each year, came out at 4.3%.

### 3) Net earnings per share\*\*: 2.94 euros

Consolidated profit and loss account: from operating profit to net profit excluding non-recurring items.

<i>In €m</i>	06/30/12	12/31/12	06/30/13	% change 06/30/12 06/30/13
<b>Operating profit</b>	<b>1,896.5</b>	<b>3,697.3</b>	<b>2,042.9</b>	<b>+7.7%</b>
<i>Financial revenues and expenses excluding dividends received</i>	-4.7	-11.0	-18.0	
Sanofi dividends	313.3	313.4	327.5	
Profit before tax excluding non-recurring items	2,205.2	3,999.7	2,352.4	
<i>Income tax excluding non-recurring items</i>	-545.0	1,025.3	-560.8	
<i>Non-controlling interests</i>	-1.6	-2.7	-1.7	
<b>Net profit excluding non-recurring items after non-controlling interests*</b>	<b>1,658.6</b>	<b>2,971.7</b>	<b>1,789.9</b>	<b>+7.9%</b>
<b>Net EPS ** (€)</b>	<b>2.75</b>	<b>4.91</b>	<b>2.94</b>	<b>+7.1%</b>
Net profit after non-controlling interests	1,625.2	2,867.7	1,708.9	+5.2%
Diluted net EPS after non-controlling interests (€)	2.69	4.74	2.81	
<b>Diluted average number of shares</b>	<b>603,384,895</b>	<b>605,305,458</b>	<b>607,829,132</b>	

\* Net profit excluding non-recurring items after non-controlling interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, as well as competition litigation, and tax effects or non-controlling interests.

\*\* Diluted net earnings per share excluding non-recurring items after non-controlling interests.

**Overall finance costs** amounted to 18.0 million euros, compared with 4.7 million euros in the first half of 2012. This increase is mainly the result of the restatement of the financial component of the retirement expense in the financial cost and of the modification of the IAS 19 standard on employee benefits schemes.

**The dividends received from Sanofi** amounted to 327.5 million euros.

**Income tax excluding non-recurring items** amounted to 560.8 million euros, representing a rate of 23.8%, slightly below the rate for the first half of 2012, which was 24.7%.

**Net profit excluding non-recurring items after non-controlling interests** came out at 1,789.9 million euros, up by 7.9%.

**Net EPS** amounted to 2.94 euros, an increase of 7.1%.

**Net profit after allowing for non-recurring items and after non-controlling interests** amounted to 1,708.9 million euros, an increase of 5.2%.

## 4) Operating cash flow and balance sheet

**Gross cash flow** amounted to 2,115 million euros; an increase of 7.8% compared with the first half of 2012.

The **change in working capital** increased significantly, as it does in the first half of each year, reflecting the seasonality of our business. In the first half of 2013, the increase was slightly below the figure for the first half of 2012.

**Investments** amounted to 524 million euros, that is 4.5% of sales.

**Total cash flow from operating activities** came out at 943 million euros, an increase of 22.7%.

Finally, after payment of the dividend and acquisitions, consisting mainly of the acquisition of Vogue in Colombia, of the Beauty business of Interconsumer Products in Kenya and of Spirig at Galderma, the **residual cash flow** came out at -1,017 million euros.

At June 30<sup>th</sup>, 2013, **net cash** was positive at 572 million euros.

The balance sheet structure is particularly robust, as **shareholders' equity** represents approximately 71% of total assets.

## 5) Post-closing event

On August 15<sup>th</sup>, 2013, L'Oréal and Magic Holdings International Limited have announced L'Oréal's proposal to acquire all of the shares of Magic Holdings International Limited, a company listed in the Hong Kong Stock Exchange. The proposed price is 6.30 HK dollars per share.

L'Oréal's proposal is supported by Magic's Board of Directors. Six key shareholders, representing 62.3% of the company's equity, are already committed to supporting L'Oréal's proposal.

The implementation of the transaction is subject to the approval of the Ministry of Commerce of the People's Republic of China (MOFCOM).

A specialist in cosmetic facial masks, Magic's turnover in 2012 was approximately 150 million euros. Facial masks are one of China's beauty market's fastest growing areas with very promising development prospects. Magic's MG brand is one of China's leading brands in this category.

*This paragraph is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the above mentioned proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of Magic Holdings International Limited in any jurisdiction in contravention of applicable law. The proposal, if made, will be made solely through the Scheme Document, which will contain the full terms and conditions of the proposal, including details of how to vote in favour of the proposal and restrictions applicable to the proposal. Any response to the proposal, acceptance included, should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made, as the case may be.*

*"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site [www.loreal-finance.com](http://www.loreal-finance.com).*

*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."*

*This is a free translation into English of the First-Half 2013 Results press release issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.*

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## **C – Appendices**

### **I. Compared consolidated income statements**

<i>€ millions</i>	<b>1<sup>st</sup> half 2013</b>	<b>1<sup>st</sup> half 2012</b>	<b>2012</b>
<b>Net sales</b>	<b>11,738.1</b>	<b>11,213.2</b>	<b>22,462.7</b>
Cost of sales	-3,318.7	-3,247.2	-6,587.7
<b>Gross profit</b>	<b>8,419.4</b>	<b>7,966.0</b>	<b>15,875.0</b>
Research and development	-420.3	-386.5	-790.5
Advertising and promotion	-3,544.2	-3,403.6	-6,776.3
Selling, general and administrative expenses	-2,411.9	-2,279.4	-4,610.9
<b>Operating profit</b>	<b>2,042.9</b>	<b>1,896.5</b>	<b>3,697.3</b>
Other income and expenses	-30.2	-55.6	-123.8
<b>Operational profit</b>	<b>2,012.7</b>	<b>1,840.9</b>	<b>3,573.5</b>
Finance costs on gross debt	-13.0	-18.7	-34.5
Finance income on cash and cash equivalents	17.2	16.3	31.3
<b>Finance costs, net</b>	<b>4.2</b>	<b>-2.4</b>	<b>-3.2</b>
Other financial income (expenses)	-22.2	-2.2	-7.8
Sanofi dividends	327.5	313.3	313.4
<b>Profit before tax and non-controlling interests</b>	<b>2,322.2</b>	<b>2,149.6</b>	<b>3,875.9</b>
Income tax	-611.6	-522.8	-1,005.5
<b>Net profit</b>	<b>1,710.6</b>	<b>1,626.8</b>	<b>2,870.4</b>
attributable to:			
- owners of the company	1,708.9	1,625.2	2,867.7
- non-controlling interests	1.7	1.6	2.7
Earnings per share attributable to owners of <i>the</i> company ( <i>euros</i> )	2.86	2.72	4.79
Diluted earnings per share attributable to owners of the company ( <i>euros</i> )	2.81	2.69	4.74
Earnings per share attributable to owners of the company excluding non-recurring items ( <i>euros</i> )	2.99	2.78	4.97
Diluted earnings per share attributable to owners of the company excluding <i>non-recurring items</i> ( <i>euros</i> )	2.94	2.75	4.91

## II. Consolidated statements of net profit and gains and losses recognised directly in equity

€ millions	1 <sup>st</sup> half 2013	1 <sup>st</sup> half 2012	2012
<b>Consolidated net profit for the period</b>	<b>1,710.6</b>	<b>1,626.8</b>	<b>2,870.4</b>
<i>Financial assets available for sale</i>	973.0	353.5	1,730.9
<i>Cash flow hedges</i>	-18.6	6.7	103.0
<i>Cumulative translation adjustments</i>	-104.2	98.6	-134.3
<i>Income tax on items that may be reclassified to profit or loss <sup>(1)</sup></i>	-35.1	-13.7	-116.9
Items that may be reclassified to profit or loss	815.1	445.1	1,582.7
<i>Actuarial gains and losses</i>	-	-410.3	-271.9
<i>Income tax on items that may not be reclassified to profit or loss <sup>(1)</sup></i>	-	142.5	86.7
Items that may not be reclassified to profit or loss	-	-267.8	-185.2
<b>Changes in gains and losses recognised directly in equity</b>	<b>815.1</b>	<b>177.3</b>	<b>1,397.5</b>
<b>Total net profit and gains and losses recognised directly in equity</b>	<b>2,525.7</b>	<b>1,804.1</b>	<b>4,267.9</b>
attributable to:			
- owners of the company	2,524.0	1,802.5	4,265.1
- non-controlling interests	1.7	1.6	2.8

<sup>(1)</sup> The tax effect is as follows:

€ millions	1 <sup>st</sup> half 2013	1 <sup>st</sup> half 2012	2012
<i>Financial assets available for sale</i>	-40.2	-12.2	-90.0
<i>Cash flow hedges</i>	5.1	-1.5	-26.9
Items that may be reclassified to profit or loss	-35.1	-13.7	-116.9
<i>Actuarial gains and losses</i>	-	142.5	86.7
Items that may not be reclassified to profit or loss	-	142.5	86.7
<b>Total</b>	<b>-35.1</b>	<b>128.8</b>	<b>-30.2</b>

### III. Compared consolidated balance sheets

#### Assets

€ millions	06.30.2013	06.30.2012 <sup>(1)</sup>	12.31.2012 <sup>(1)</sup>
<b>Non-current assets</b>	<b>22,457.8</b>	<b>20,001.8</b>	<b>21,321.3</b>
Goodwill	6,554.0	6,439.5	6,478.2
Other intangible assets	2,598.3	2,500.8	2,625.4
Property, plant and equipment	3,054.6	2,987.9	2,962.8
Non-current financial assets	9,506.1	7,254.8	8,531.3
Deferred tax assets	744.8	818.8	723.6
<b>Current assets</b>	<b>8,379.8</b>	<b>8,233.5</b>	<b>8,209.6</b>
<b>Current assets excluding assets held for sale</b>	<b>8,379.8</b>	<b>8,202.5</b>	<b>8,209.6</b>
Inventories	2,225.0	2,109.5	2,033.8
Trade accounts receivable	3,678.9	3,494.2	3,208.8
Other current assets	1,128.5	1,056.2	1,006.6
Current tax assets	102.9	74.0	137.2
Cash and cash equivalents	1,244.5	1,468.6	1,823.2
<b>Assets held for sale</b>	<b>-</b>	<b>31.0</b>	<b>-</b>
<b>Total</b>	<b>30,837.6</b>	<b>28,235.3</b>	<b>29,530.9</b>

<sup>(1)</sup> The balance sheets at June 30<sup>th</sup>, 2012 and December 31<sup>st</sup>, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised).

#### Equity & Liabilities

€ millions	06.30.2013	06.30.2012 <sup>(1)</sup>	12.31.2012 <sup>(1)</sup>
<b>Equity</b>	<b>21,788.0</b>	<b>18,672.3</b>	<b>20,925.5</b>
Share capital	121.2	121.2	121.8
Additional paid-in capital	1,839.6	1,475.4	1,679.0
Other reserves	14,713.8	13,636.8	13,679.7
Items recognised directly in equity	4,505.7	2,133.4	3,586.4
Cumulative translation adjustments	-213.6	123.5	-109.4
Treasury stock	-891.5	-445.8	-904.5
Net profit attributable to owners of the company	1,708.9	1,625.2	2,867.7
<b>Equity attributable to owners of the company</b>	<b>21,784.1</b>	<b>18,669.7</b>	<b>20,920.7</b>
Non-controlling interests	3.9	2.6	4.8
<b>Non-current liabilities</b>	<b>2,233.2</b>	<b>2,386.5</b>	<b>2,236.0</b>
Provisions for employee retirement obligations and related benefits	1,177.8	1,488.7	1,242.7
Provisions for liabilities and charges	194.0	169.5	181.7
Deferred tax liabilities	818.0	674.2	764.7
Non-current borrowings and debt	43.4	54.1	46.9
<b>Current liabilities</b>	<b>6,816.4</b>	<b>7,176.5</b>	<b>6,369.5</b>
Trade accounts payable	3,442.2	3,210.8	3,318.0
Provisions for liabilities and charges	518.7	552.9	552.3
Other current liabilities	2,030.2	2,022.5	2,141.1
Income tax	196.4	210.1	157.0
Current borrowings and debt	628.9	1,180.2	201.1
<b>Total</b>	<b>30,837.6</b>	<b>28,235.3</b>	<b>29,530.9</b>

<sup>(1)</sup> The balance sheets at June 30<sup>th</sup>, 2012 and December 31<sup>st</sup>, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised).



## IV. Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items recognised directly in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2011</b>	<b>594,386,423</b>	<b>120.6</b>	<b>1,271.4</b>	<b>14,807.2</b>	<b>2,054.7</b>	<b>-644.4</b>	<b>24.9</b>	<b>17,634.4</b>	<b>3.1</b>	<b>17,637.5</b>
Changes in accounting methods at 01.01.2012	-	-	-	-10.9	-	-	-	-10.9	-	-10.9
<b>At 01.01.2012 <sup>(1)</sup></b>	<b>594,386,423</b>	<b>120.6</b>	<b>1,271.4</b>	<b>14,796.3</b>	<b>2,054.7</b>	<b>-644.4</b>	<b>24.9</b>	<b>17,623.5</b>	<b>3.1</b>	<b>17,626.6</b>
Consolidated net profit for the period				2,867.7				2,867.7	2.7	2,870.4
<i>Financial assets available for sale</i>					1,640.9			1,640.9		1,640.9
<i>Cash flow hedges</i>					76.0			76.0	0.1	76.1
<i>Cumulative translation adjustments</i>							-134.3	-134.3		-134.3
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					1,716.9		-134.3	1,582.6	0.1	1,582.7
<i>Actuarial gains and losses</i>					-185.2			-185.2		-185.2
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-185.2			-185.2		-185.2
<b>Total net profit and gains and losses recognised directly in equity</b>				<b>2,867.7</b>	<b>1,531.7</b>		<b>-134.3</b>	<b>4,265.1</b>	<b>2.8</b>	<b>4,267.9</b>
Capital increase	5,826,745	1.2	407.6					408.8	1.4	410.2
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,204.3				-1,204.3	-2.5	-1,206.8
Share-based payment				86.4				86.4		86.4
Net changes in Treasury stock	-1,856,506			2.4		-260.1		-257.7		-257.7
Other movements				-1.1				-1.1		-1.1
<b>At 12.31.2012 <sup>(1)</sup></b>	<b>598,356,662</b>	<b>121.8</b>	<b>1,679.0</b>	<b>16,547.4</b>	<b>3,586.4</b>	<b>-904.5</b>	<b>-109.4</b>	<b>20,920.7</b>	<b>4.8</b>	<b>20,925.5</b>
Consolidated net profit for the period				1,708.9				1,708.9	1.7	1,710.6
<i>Financial assets available for sale</i>					932.8			932.80		932.80
<i>Cash flow hedges</i>					-13.5			-13.50		-13.50
<i>Cumulative translation adjustments</i>							-104.2	-104.20		-104.20
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					919.3		-104.2	815.10		815.10
<i>Actuarial gains and losses</i>					-			-		-
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-			-		-
<b>Total net profit and gains and losses recognised directly in equity</b>				<b>1,708.9</b>	<b>919.3</b>		<b>-104.2</b>	<b>2,524.0</b>	<b>1.7</b>	<b>2,525.7</b>
Capital increase	2,206,942	0.4	160.6					161.0		161.0
Cancellation of Treasury stock		-1.0		-498.2		499.2		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				44.7				44.7		44.7
Net changes in Treasury stock	-3,829,135			0.5		-486.2		-485.7		-485.7
Other movements									-0.1	-0.1
<b>At 06.30.2013</b>	<b>596,734,469</b>	<b>121.2</b>	<b>1,839.6</b>	<b>16,422.7</b>	<b>4,505.7</b>	<b>-891.5</b>	<b>-213.6</b>	<b>21,784.1</b>	<b>3.9</b>	<b>21,788.0</b>

<sup>(1)</sup> Taking into account the change in accounting policies resulting from the amendment to IAS 19 (revised).

## V. Changes in first half 2012

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items recognised directly in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2011</b>	594,386,423	120.6	1,271.4	14,807.2	2,054.7	-644.4	24.9	17,634.4	3.1	17,637.5
Changes in accounting methods at 01.01.2012	-	-	-	-10.9	-	-	-	-10.9	-	-10.9
<b>At 01.01.2012 <sup>(*)</sup></b>	594,386,423	120.6	1,271.4	14,796.3	2,054.7	-644.4	24.9	17,623.5	3.1	17,626.6
Consolidated net profit for the period				1,625.2				1,625.2	1.6	1,626.8
<i>Financial assets available for sale</i>					341.3			341.3		341.3
<i>Cash flow hedges</i>					5.2			5.2		5.2
<i>Cumulative translation adjustments</i>							98.6	98.6		98.6
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					346.5		98.6	445.1		445.1
<i>Actuarial gains and losses</i>					-267.8			-267.8		-267.8
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-267.8			-267.8		-267.8
<b>Total net profit and gains and losses recognised directly in equity</b>				<b>1,625.2</b>	<b>78.7</b>		<b>98.6</b>	<b>1,802.5</b>	<b>1.6</b>	<b>1,804.1</b>
Capital increase	3,030,584	0.6	204.0					204.6		204.6
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,204.3				-1,204.3	-2.5	-1,206.8
Share-based payment				43.9				43.9		43.9
Net changes in Treasury stock	2,637,446			1.7		198.6		200.3		200.3
Other movements				-0.8				-0.8	0.4	-0.4
<b>At 06.30.2012 <sup>(*)</sup></b>	<b>600,054,453</b>	<b>121.2</b>	<b>1,475.4</b>	<b>15,262.0</b>	<b>2,133.4</b>	<b>-445.8</b>	<b>123.5</b>	<b>18,669.7</b>	<b>2.6</b>	<b>18,672.3</b>

<sup>(\*)</sup> Taking into account the change in accounting policies resulting from the amendment to IAS 19 (revised).

## VI. Compared consolidated statements of cash flows

€ millions	1 <sup>st</sup> half 2013	1 <sup>st</sup> half 2012	2012
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	1,708.9	1,625.2	2,867.7
Non-controlling interests	1.7	1.6	2.7
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	361.7	310.3	691.6
• changes in deferred taxes	0.4	-14.0	17.3
• share-based payment (including free shares)	44.7	43.9	86.4
• capital gains and losses on disposals of assets	-2.3	-4.4	-4.3
<b>Gross cash flow</b>	<b>2,115.1</b>	<b>1,962.6</b>	<b>3,661.4</b>
Changes in working capital	-647.5	-711.2	-129.1
<b>Net cash provided by operating activities (A)</b>	<b>1,467.6</b>	<b>1,251.4</b>	<b>3,532.3</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-524.4	-482.7	-955.0
Disposals of property, plant and equipment and intangible assets	5.4	1.9	7.3
Changes in other financial assets (including investments in non-consolidated companies)	-48.0	0.6	105.8
Effect of changes in the scope of consolidation	-177.1	-178.3	-466.2
<b>Net cash (used in) from investing activities (B)</b>	<b>-744.1</b>	<b>-658.5</b>	<b>-1,308.1</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-1416.4	-1,236.0	-1,268.2
Capital increase of the parent company	161.0	204.6	408.8
Capital increase of subsidiaries	-	-	1.4
Disposal (acquisition) of Treasury stock	-485.7	200.3	-257.7
Issuance (repayment) of short-term loans	455.7	45.6	-906.7
Issuance of long-term borrowings	-	-	-
Repayment of long-term borrowings	-16.9	-7.2	-13.4
<b>Net cash (used in) from financing activities (C)</b>	<b>-1,302.3</b>	<b>-792.7</b>	<b>-2,035.8</b>
Net effect of changes in exchange rates and fair value (D)	0.1	16.2	-17.4
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>-578.7</b>	<b>-183.6</b>	<b>171.0</b>
<b>Cash and cash equivalents at beginning of the year (E)</b>	<b>1,823.2</b>	<b>1,652.2</b>	<b>1,652.2</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>	<b>1,244.5</b>	<b>1,468.6</b>	<b>1,823.2</b>