

- Double-digit growth in pre-tax profit for the 20th consecutive year
- Profitability sharply improved once again in 2004
- Proposed dividend up by +12.3%
- Lindsay OWEN-JONES presents plan for his succession

L'ORÉAL

- Market share gains and high sales growth: up by +6.2% like-for-like
- Strong growth in operating profit: €2,116 m, up by +16.3%
- Improved profitability in all geographic zones
- Pre-tax profit of consolidated companies: €2,063m, up by +10.3%
- Net income after minority interests: €3,626m, up by +143%
- Share buyback programme extended to €1,250m
- Appointment of two new directors proposed: Mr Louis Schweitzer, Chairman and CEO of Renault and Mr Werner Bauer, Executive Vice President of Nestlé.

“In 2004, thanks to the innovations of its laboratories and the success of its brands, L'Oréal once again increased its sales, by +6.8% excluding the impact of currency fluctuations, a rate considerably higher than the growth of the cosmetics market. Our strategy of retail channel diversification and strong presence in new fast-growing markets has led to another year of strong growth. This expansion, combined with strict cost control, has enabled us once again to significantly improve our profitability. The merger of Sanofi-Synthelabo with Aventis has allowed us to deconsolidate our stake in pharmaceuticals, thus clarifying our focus on the core cosmetics business.”

Lindsay OWEN-JONES, Chairman and Chief Executive Officer

The Board of Directors of L'Oréal, which met on Wednesday, February 16th 2005, under the chairmanship of Mr Lindsay OWEN-JONES, decided on the draft resolutions to be submitted to the Annual General Meeting on April 26th 2005. The AGM will be asked to approve the 2004 financial statements, the allocation of income and the attribution of the dividend.

The Board of Directors will propose that the tenure of the following directors should be renewed: Mrs Françoise BETTENCOURT MEYERS, Mr Peter BRABECK-LETMATHE and Mr Jean-Pierre MEYERS.

Mr François DALLE has decided not to request the renewal of his tenure as director. Mr OWEN-JONES, speaking both on his own behalf and that of the Board, paid a special tribute to Mr DALLE, emphasising the remarkable contribution he has made in the construction of the group, its growth and its worldwide expansion.

Mr Rainer E. GUT has decided to step down as director at the end of the Annual General Meeting of April 26th 2005. The Board thanked him warmly in recognition of the high quality of his participation and work.

The Board will propose to the AGM the appointment of two new directors: Mr Louis SCHWEITZER, Chairman and Chief Executive Officer of Renault Mr Werner BAUER, Executive Vice President of Nestlé.

Furthermore, Mr. OWEN-JONES has shared with the Board of Directors his proposals for his succession, having first submitted them to the Management and Remuneration Committee.

Mr. OWEN-JONES will propose to the meeting of the Board of Directors which will follow the Annual General Meeting of April 2006, to separate the functions of Chairman and of Chief Executive Officer. He will recommend as Chief Executive Officer Mr Jean-Paul AGON.

In his declaration, Mr OWEN-JONES said: “I am keen to organize a smooth and transparent transition of the Group's Management, reflecting the continuity of our results and our strategy. It is my duty to initiate this transition and to ensure its success. Jean-Paul AGON is the ideal candidate. He is a natural team leader and is endowed with great human qualities. His track record has been rich, diverse and unfailingly successful. He enjoys my full confidence.”

Main annual indicators

	At December 31st 2003 (€m)	At December 31st 2004 (€m)	Growth (%)
Sales	14,029	14,534	+3.6
Operating profit	1,819	2,116	+16.3
Exchange gains and losses	144	46	-
Adjusted operating profit ⁽¹⁾	1,964	2,161	+10.1
Pre-tax profit of consolidated companies	1,870	2,063	+10.3
Share in net operational profit of equity affiliates ⁽²⁾	420	292	-
Net operational profit after minority interests	1,653	1,656	+0.1
Net earnings per share (€)	2.45	2.46	-
Dividend (€)	0.73	0.82⁽³⁾	+12.3
Net income after minority interests	1,491	3,626	+143

(1) Operating profit including exchange gains and losses

(2) Share in profit of Sanofi-Synthelabo, deconsolidated on August 12th 2004

(3) Dividend to be proposed to AGM on April 26th 2005.



The full text of this news release is available on L'Oréal's financial Internet site, in its Shareholder's Corner:

www.loreal-finance.com



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