



Annual General Meeting held on April 26th, 2013, at the *Palais des Congrès* in Paris.

L'Oréal's Annual General Meeting was attended by some 1,800 shareholders. In all, more than 11,000 shareholders were present or represented, accounting for more than 81.73% of the company's share capital with voting rights.

Resolutions adopted by more than 93%

■ All the resolutions put to the shareholder vote were approved by a very large majority. The resolutions included the approval of the 2012 annual financial statements and declaration of the dividend. A new board member was appointed, Ms Virginie Morgon, member of the Executive Board of Eurazeo, and the tenures of Mrs Françoise Bettencourt Meyers, Mr Peter Brabeck-Letmathe and Mr Louis Schweitzer were renewed. Sir Lindsay Owen-Jones, Honorary Chairman of the Board of Directors, notified his decision to end his term of office as director at the end of the AGM, as expressed last March.

Increase in dividend

■ The quality of the results and the balance sheet, presented by Mr Christian Mulliez, Executive Vice-President, Administration and Finance, led the Board to propose a further tangible increase in the dividend of +15%, representing €2.30 per share. The policy of strong growth in the dividend

over the past 15 years has led to a further increase in the pay-out ratio, which this year stands at a record level of 46.8%.

The new Beauty Planet

■ Mr Thierry Prévot, Group General Manager, Financial Communications and Strategic Prospective Analysis, presented to the shareholders the cosmetics market's perspectives and trends.

Confidence in L'Oréal's future

■ Mr Jean-Paul Agon, Chairman and Chief Executive Officer, renewed his confidence in the group's strategic prospects. Confidence in the strength of L'Oréal's mission "Beauty for all", in its unique universalisation strategy and in the group's goal to conquer a billion new consumers over the years to come.



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Address

JEAN-PAUL AGON

Chairman and Chief Executive Officer of L'Oréal

PERFORMANCE

“2012 has been another year of strong performance by your group in the context of a solid worldwide cosmetics market.”

5 reasons to be satisfied about 2012

1 - L'Oréal's capacity to outperform the market and to strengthen its global leadership

■ “Our four divisions strengthened their positions in their respective channels. Geographically, we continued to develop our positions, even in the most difficult and challenging markets, such as Western Europe and the United States.”

2 - A very good vintage for innovation and new products

■ “More than ever, it is through innovation and the extra quality and performance that we can win over and secure the loyalty of growing numbers of consumers.”

3 - The renewal of many of our great brands

■ “YVES SAINT LAURENT, elected brand of the year by the American magazine WWD; VICHY, rejuvenated with its new territory of the “ideal skin”; GARNIER, a modern, attractive, accessible brand.

Meanwhile, our brand catalogue was enriched in 2012, with new acquisitions to complete our coverage of the beauty market.”

4 - The acceleration of our international development

■ “For the first time in the history of L'Oréal, the New Markets have become the first geographic zone, representing some 40% of cosmetics sales.”

5 - Strong value creation

■ “2012 was a year of strong value creation and growth in financial results, which illustrate the strength and efficiency of the L'Oréal business model.”

**FRANCE,
LAND OF INVESTMENT
AND EXCELLENCE**



“In France, the birthplace of our company, we continue to invest, expand our presence and conquer new market shares.”

WATCH THE REPORT ON
“L'ORÉAL IN FRANCE” (IN FRENCH ONLY)
magazine.loreal-finance.com

A WARM TRIBUTE BY JEAN-PAUL AGON TO SIR LINDSAY OWEN-JONES, THE “ARCHITECT” OF THE L'ORÉAL GROUP



As he expressed in a letter sent to Jean-Paul Agon on March 18th, Sir Lindsay Owen-Jones, Honorary Chairman of the Board of Directors, decided to end his term of office as director at the end of this AGM.

“For 25 years, Lindsay Owen-Jones built up L'Oréal to be the great company that it is today, as dreamt by Eugène Schueller and François Dalle. He turned a French then European company into a global business, operating on all continents. He is the architect behind the concept of the international portfolio of brands, the visionary who accelerated the company's globalisation and he committed L'Oréal to be a good corporate citizen. He has left a lasting mark on the history of L'Oréal.”

JEAN-PAUL AGON

Chairman and Chief Executive Officer of L'Oréal

TRANSFORMATION

“2012 has also been a year of change and great progress in adapting L'Oréal to a rapidly changing world.”

Transformation of our Research and Innovation

■ “It is without a doubt the most cutting edge and the most powerful in the cosmetics industry. In March 2012, we inaugurated our new Global Hair Research Centre at Saint-Ouen in France and we continued the development of our regional Research and Innovation centres throughout the world.”

Development of our production facility

■ “To accompany our conquest of the New Markets, we inaugurated a plant in Indonesia and another in Mexico. We are currently opening a plant in Egypt, which will allow us to supply all the markets in the Middle East, where we are undergoing rapid acceleration.”

The digital revolution

■ “It is a major initiative, offering huge scope for growth in sales, interacting with consumers and productivity of our resources. Digital communications now account for about 10% of our net media spending.”

OUTLOOK

“We have every reason to be optimistic and confident about the future of your company.”



“I would like to inform you that we are confident about your group's strategic prospects and the project that will drive L'Oréal forward over the coming years:

- Confidence in the positive dynamics of the beauty market;
- Confidence in our ability to once again deliver a year of growth in sales and profits in 2013;
- Confidence in the strength of our mission statement: offering the best of beauty for all;
- Confidence in our strategy: the universalisation of beauty;
- Confidence in the fundamentals of L'Oréal: our Research and Innovation, our unique brand catalogue, the economic strength of our business model and the unique strength of our teams.”

RESPONSIBILITY

“L'Oréal has made progress in all fields of sustainable development, in order to build sustainable, responsible and inclusive growth.”

Environmental objectives

■ “We have cut our CO₂ emissions by almost 39% since 2005, whilst our business continued to grow.”

Societal commitments

■ “We celebrated the 15th anniversary of our programme “For Women In Science”, a major partnership with UNESCO. Over 1,700 women researchers from some 110 countries have benefited from this programme.”

Awards

■ “We are delighted to have been recognised as one of the most ethical companies in the world for the fourth time by the Institut Ethisphère and Covalence, a company which specialises in monitoring ethical reputations, has just awarded us the AA rating.”

A very solid 1st quarter 2013

€5.93 Bn

OF SALES **+5.5%** LIKE-FOR-LIKE

■ STRONG GROWTH IN THE DIVISIONS:

CONSUMER PRODUCTS **+6.5%**⁽¹⁾

L'ORÉAL LUXE **+7.2%**⁽¹⁾

ACTIVE COSMETICS **+7.2%**⁽¹⁾

■ SUSTAINED DYNAMICS IN THE NEW MARKETS **+9.4%⁽¹⁾**

“Your company is experiencing a very strong start to the year.”

CHRISTIAN MULLIEZ

Executive Vice-President, Administration and Finance

⁽¹⁾ Like-for-like sales growth.

STRATEGIC PROSPECTIVE ANALYSIS

Cosmetics market

The new BEAUTY PLANET



The cosmetics market is a solid market which is constantly changing. At the dawn of a new historic phase, its outlook is vast.

Thierry Prévot, Group General Manager, Financial Communications and Strategic Prospective Analysis, presented to the shareholders the emergence of “The new Beauty Planet”. Extracts.

A 100,000-year-old market, a 100-year-young industry

■ “Beauty has been around for as long as humanity itself. The earliest groups of humans made beauty a language, expressing their beliefs and aspirations. From prehistoric times, people chose colours to adorn themselves and made their bodies into a form of expression. However, what we can truly call the cosmetics industry was born only 100 years ago, and its development has been bolstered by a combination of three major dynamic forces: the constantly renewed aspirations of consumers, changes in the social and cultural environment, and leaps in the innovation of cosmetics made possible through science.”

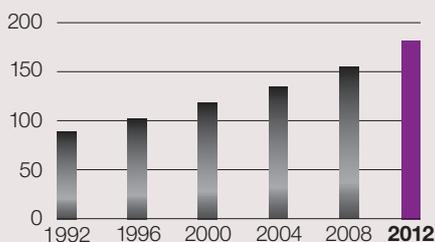
Almost limitless potential

■ “The cosmetics market has almost limitless potential, driven by a dual phenomenon. Firstly, the growth in the number of consumers, due to a combination of improved sanitation and access to water worldwide, and rising living standards. Secondly, the increase in cosmetics spending per consumer, particularly in the emerging markets. Consumption of cosmetics per capita today is five times higher in the new markets than in mature markets. Education, travel, and the availability of high-quality products mean that consumption rituals are becoming more sophisticated.”

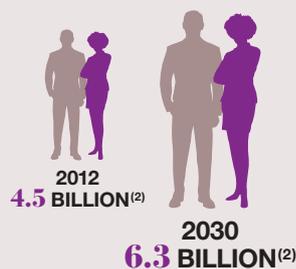
€180 Bn

WORLDWIDE COSMETICS MARKET IN 2012⁽¹⁾

■ COSMETICS MARKET
GROWTH 1992-2012⁽¹⁾
(in billions of euros)



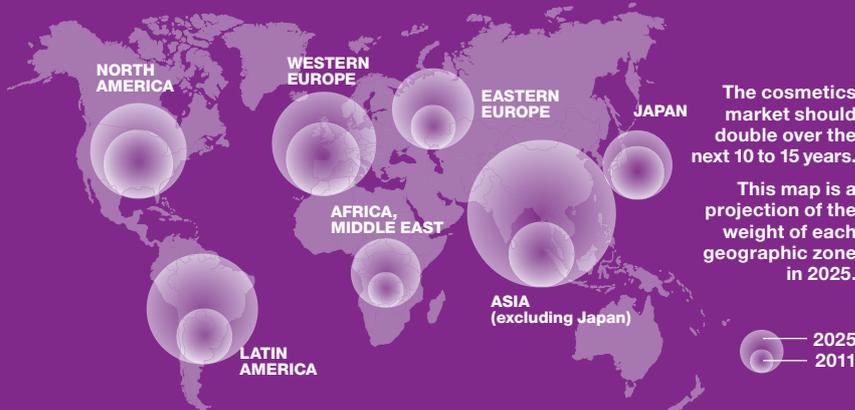
■ GROWTH IN THE NUMBER
OF CONSUMERS



The cosmetics market
is constantly growing.
On average over the
last 15 years, it has grown
by +4.3%⁽¹⁾.



The geography of the cosmetics world in 2025⁽¹⁾



The cosmetics industry is rolling back its frontiers

■ “Consumers aspire to ever-higher quality; it is thus a world of new challenges for our laboratories. There are unsatisfied cosmetics needs, which represent sources of inspiration and new performances, from which the whole world will benefit. The cosmetics products of today are significantly more effective than those of the past, and those of tomorrow will offer even greater performance.

The first ammonia-free oil-activated hair colourant, which colours and takes care of hair? Olia by GARNIER was launched at the end of 2012. The combination of an instrument and a formula for optimal performance on the face? It has been made possible with CLARISONIC and its 42 patents. There are no limits to innovation, creation, emotion, and the appetite for the consumption of cosmetics. The future of the beauty market is bright.”

(1) Excluding soap, toothpaste and razors - L'Oréal estimates. (2) Number of potential cosmetics products consumers - L'Oréal estimates.

HIGHLIGHTS

Annual General Meeting

All resolutions adopted by more than 93%

- Approval of the parent company financial statements (99.65%) and the consolidated financial statements for 2012 (99.78%).
- Allocation of the company's net income for 2012 and declaration of the dividend at €2.30 per share (99.82%).
- Appointment as director of Ms Virginie Morgon (99.61%).
- Renewal of tenures as director of Mrs Françoise Bettencourt Meyers (99.09%), Mr Peter Brabeck-Letmathe (97.45%), and Mr Louis Schweitzer (99.63%).
- Authorisation for the company to buy back its own shares (99.68%).
- Delegations of authority to the Board of Directors in view of a possible increase of the share capital with maintenance of preferential subscription rights (96.72%), and an eventual capital increase reserved for employees (99.19%).
- Authorisation given to the Board of Directors to make free grants to employees and corporate officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right (93.90%).

Remuneration of corporate officers

- Mr Bernard Kasriel, Chairman of the Human Relations and Remuneration Committee, made a presentation about the remuneration of the Chairman and Chief Executive Officer. You can read all the details in the 2012 Registration Document, on pages 60 to 65.

QUESTIONS & ANSWERS

Shareholders' views

Shareholders GIVE THEIR VIEWS



The Annual General Meeting featured a highly informative Q&A session between L'Oréal and its shareholders. Jean-Paul Agon spent an hour answering written questions as well as questions from the audience on various themes. Read the excerpts.

RESEARCH AND INNOVATION

"I would like to highlight the weight of research at L'Oréal in relation to sales, which is 3.5%. Could you give us one example of a recent innovation from your research that has benefited a launch?"

■ **Jean-Paul Agon:** You are right in pointing out that research is one of the areas which differentiates L'Oréal from the competition. We have by far the most advanced research, at the cutting edge of industry. Why? From the beginning, since Eugène Schueller, we believe that it is in the invention of specific compounds that we can create products that have the extra quality and performance compared to the competition. There are so many examples in the history of L'Oréal, such as the sun filter Mexoryl SX. A more recent example is our Visionnaire product, which is one of the greatest successes for LANCÔME in the last ten years, that benefits from a molecule called LR 2412.

NEW MARKETS

"Does the increase in sales in the New Markets, such as Brazil and China, come from the fact that these are emerging markets or from a better foothold in these geographic zones?"

■ **Jean-Paul Agon:** It really depends on the country and the region, the L'Oréal group's market share varies from region to region. L'Oréal's average market share is 12%. It varies, for example, from 8.4% in Latin America to 18.9% in Western Europe⁽¹⁾. Our market share in the New Markets is increasing. The very good news from 2012 is that not only were we able to increase our market shares in those regions, but we also continued the trend in developed areas. This includes Western Europe and North America. There is much left to be conquered, we therefore have our work cut out and our objectives.

**FINANCE**

“What is the advantage for the L'Oréal company to use cash flow for share buy-back rather than investing in productive investments?”

■ **Jean-Paul Agon:** The two main uses of cash in L'Oréal include first dividend payout and then acquisitions. Indeed, we ran a strong acquisitions programme in 2012, as we bought CADUM, VOGUE and URBAN DECAY. The buy-back programmes that we did were mostly to offset the dilution created by the stock options.

SANOFI

“The investment in Sanofi is at 8.8%, representing about €8bn, 10% of L'Oréal's capitalisation. Could you tell us what advantages it represents for L'Oréal?”

■ **Christian Mulliez:** As you know, Sanofi is a story that goes back to the early 70s. Today the Sanofi share is worth about €80, we acquired it at a price of €3.50. This year, it brought in a dividend of €2.77; the profitability of Sanofi for L'Oréal is therefore very significant.

SAFETY

“Regarding the risks linked to product security, how is your company protected?”

■ **Jean-Paul Agon:** In terms of responsibility, we sell 6 billion products a year which are applied to skin and hair. That is why our foremost priority has always been safety. No product is marketed until it has been tested very safely with ingredients that are validated by our research teams. A very large proportion of our 3,600 scientists work on the safety of products. It is our prime concern to make sure that quality and safety are paramount.

BRANDS

“I wanted to ask what is the positioning of the SKINCeUTICALS brand, which is rather expensive in pharmacies?”

■ **Jean-Paul Agon:** We have indeed launched the American brand SKINCeUTICALS in pharmacies in France. Its products benefit from a concentration of active ingredients that is the highest of all our skincare brands. It is a high-end, expensive brand, but those pharmacies and dermatologists that have decided to take it are very satisfied.

(1) Excluding soap, toothpaste and razors - L'Oréal estimates.

L'ORÉAL AND YOU

Close relationship with our shareholders

The financial communication materials and resources have had a make-over!

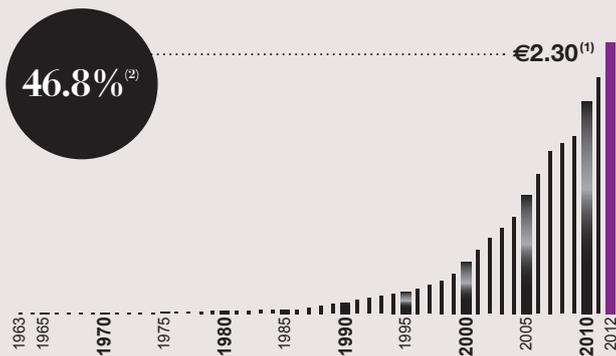
■ Browse through the various L'Oréal Finance communication materials and resources, which underwent major changes at the beginning of 2013 in order to better fulfil your expectations.

■ Check out the L'Oréal Finance Magazine and the special edition dedicated to the 2012 Annual Report. You will find videos, multimedia and interactive content, interviews with managers and exclusive articles on L'Oréal's business in 2012.



TO RE-DISCOVER THEM, VISIT:
magazine.loreal-finance.com

A DIVIDEND THAT INCREASES REGULARLY (IN €)



(1) Dividend approved at the Annual General Meeting of April 26th, 2013.
(2) Distribution rate based on the dividend approved at the AGM.

“During the course of the past 50 years, that is, since the company was listed, we have systematically paid out a dividend and we have increased it regularly; it is also one of the characteristics of our business model.”

JEAN-PAUL AGON
Chairman and CEO

L'ORÉAL SHARE versus CAC 40

From June 1st, 2008 to June 1st, 2013

+66.65%
L'Oréal share variation since June 1st, 2008

-21.25%
CAC 40 variation since June 1st, 2008

€136.65



Your shareholder events in the second half of 2013

- Bordeaux** on 06/25
- Toulouse** on 10/17
- Rennes** on 10/21
- Strasbourg** on 11/26
- Lille** on 12/12

“VILLAGE DES ACTIONNAIRES”
Paris on 09/27

ACTIONARIA FAIR
Paris on 11/22 and 11/23

www.loreal-finance.com/eng/shareholder-meetings

CONTACTS

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