

SALES AT 30 SEPTEMBER 2017

STRENGTHENING GROWTH: +4.5% OVER THE FIRST NINE MONTHS LIKE-FOR-LIKE ¹

- **Sales: 19.5 billion euros**
 - +4.5% like-for-like ¹
 - +2.4% based on reported figures ²
- **Sales still highly differentiated by Division**
- **Excellent performance of L'Oréal Luxe and growth momentum of the Active Cosmetics Division confirmed**
- **Growth acceleration in the New Markets, particularly in Asia Pacific**
- **Solid performance in Western Europe**

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

"As announced, there was an acceleration in the third quarter with growth at +5.1% like-for-like. Overall, the Group outperformed the market and strengthened its position.

L'Oréal Luxe delivered an excellent performance with double-digit growth, driven by the robust health of its four key brands: Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's, and the momentum of its recent acquisition, IT Cosmetics. The Active Cosmetics Division is growing significantly, reflecting the quality of its launches and the good performance of CeraVe. The Consumer Products Division is reinforcing its positions in several major Zones, but is still being slowed down by continuing difficulties in the American and French markets.

The highlight of the quarter is the acceleration of our sales in the New Markets, which posted double-digit growth, with strong performances in Asia Pacific, particularly in China, but also in Latin America and Eastern Europe. Western Europe is continuing to deliver a solid performance.

The growth in sales continues to be boosted by our digital lead, particularly with the sustained expansion of e-commerce sales at +31.6% ³.

These good performances strengthen our confidence in our ability to once again outperform the cosmetics market in 2017, and to achieve growth in both our sales and profits."

¹ Like-for-like: based on a comparable structure and constant exchange rates, see details on page 2.

² In the third quarter of 2016 and at 30 September 2016, reported Group sales included The Body Shop sales in respective amounts of 200.9 million euros and 599.5 million euros.

³ Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data); like-for-like growth.

Sales at 30 September 2017

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales growth was +4.5%. **The net impact of changes in the scope of consolidation** was -2.2%, corresponding to:

- +1.0% from acquisitions,
- -3.2% from the sale of The Body Shop.

Currency fluctuations had a positive impact of +0.1%. If the exchange rates at 29 September 2017, i.e. €1 = \$1.18, are extrapolated up to 31 December 2017, the impact of currency fluctuations on sales would be approximately -1.3% for the whole of 2017.

Growth at constant exchange rates was +2.3%.

Based on reported figures, the Group's sales, at 30 September 2017, amounted to 19.5 billion euros, an increase of +2.4%.

Sales by operational Division and geographic Zone

	3 rd quarter 2017			At 30 September 2017		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<u>By operational Division</u>						
Professional Products	779.3	+0.5%	-3.6%	2,518.6	-0.3%	-0.6%
Consumer Products	2,818.7	+2.3%	-1.4%	9,208.0	+2.0%	+2.1%
L'Oréal Luxe	2,024.2	+11.2%	+8.9%	6,172.7	+10.8%	+13.2%
Active Cosmetics	475.7	+6.2%	+11.7%	1,610.6	+5.0%	+11.3%
Operational Divisions total	6,097.9	+5.1%	+2.4%	19,509.9	+4.5%	+5.8%
<u>By geographic Zone</u>						
Western Europe ⁴	1,873.7	+2.6%	+1.5%	6,076.5	+2.8%	+1.6%
North America	1,764.3	+1.3%	+0.5%	5,589.1	+2.5%	+7.2%
New Markets, of which:	2,459.9	+10.2%	+4.6%	7,844.3	+7.4%	+8.2%
- Asia, Pacific ⁴	1,421.3	+14.7%	+7.3%	4,556.6	+10.1%	+8.8%
- Latin America	479.3	+3.4%	-0.4%	1,464.4	+5.0%	+8.9%
- Eastern Europe	392.4	+7.8%	+6.2%	1,301.0	+8.9%	+13.8%
- Africa, Middle East	166.9	+0.4%	-5.3%	522.3	-9.0%	-9.2%
Operational Divisions total	6,097.9	+5.1%	+2.4%	19,509.9	+4.5%	+5.8%
Group total	6,097.9	+5.1%	-0.9%	19,509.9	+4.5%	+2.4%

In the third quarter of 2016 and at 30 September 2016, reported Group sales included The Body Shop sales in respective amounts of 200.9 million euros and 599.5 million euros.

In the interest of simplification, so as to bring external communication into line with internal performance analysis reporting, and in view of its low impact, the introduction of the GST (Goods & Services Tax) in India has resulted in a restatement. The impact amounts to +0.1% on the Group's sales growth in the third quarter, with zero impact on sales growth over the first nine months.

⁴ As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia Pacific Zone. All figures for earlier periods have been restated to allow for this change.

PROFESSIONAL PRODUCTS

At the end of September, the Professional Products Division is at -0.3% like-for-like and -0.6% based on reported figures.

Sales improved slightly in the third quarter, driven by Eastern Europe and Latin America.

In haircare, the revamping of the *Série Expert* ranges at *L'Oréal Professionnel* and of the core franchises at *Redken* (*Extreme* and *All Soft*) are galvanising the category, while *Aura Botanica* at *Kérastase* and *Biologie* at *Matrix* are continuing to prove highly successful, surfing on the trend for naturalness. Hair colour is still benefiting from the launch of *Colorfulhair* at *L'Oréal Professionnel* and the strong momentum of *Shades EQ* by *Redken*.

CONSUMER PRODUCTS

The Consumer Products Division posted third-quarter growth of +2.3% like-for-like, and ended September at +2.0% like-for-like, and +2.1% based on reported figures.

Make-up is maintaining its good momentum thanks to the successful mascara *Lash Paradise* and the lipsticks *Color Riche Mat* by *L'Oréal Paris*, and *SuperStay Matte Ink* by *Maybelline New York*, along with the blockbuster *Total Control Drop* foundation and *Epic Ink* eyeliner at *NYX Professional Makeup*.

Facial skincare is accelerating thanks to the robust health of our *L'Oréal Paris* anti-ageing franchises and the success of *Garnier* products, especially *Micellar Cleansing Waters*.

In hair colour, the success of the two new beauty steps, *Magie Retouch* and *Colorista* from *L'Oréal Paris*, is continuing.

The Division is winning market share in Western Europe, Eastern Europe and Spanish-speaking America. In Asia, the Division accelerated in the third quarter. In the United States, the Division has been facing a particularly tough market since the beginning of the year.

L'ORÉAL LUXE

At the end of September, L'Oréal Luxe has grown by +10.8% like-for-like and by +13.2% based on reported figures, after an excellent third quarter at +11.2% like-for-like.

The Division continues to accelerate in make-up and facial skincare. *Lancôme* is strengthening its growth, with the success of *Monsieur Big* mascara, strong performances from *Teint Idole* foundation, and the launch of *Advanced Génifique Sensitive* skincare and the fragrance *La Vie Est Belle L'Éclat*. *Yves Saint Laurent* is continuing to grow strongly, in make-up with the latest launches *Encre de Peau All Hours* in foundation and *Tatouage Couture* for the lips, and in fragrances with the new men's line *Y*. *Giorgio Armani* is accelerating, driven by the *Emporio Armani* fragrance duo and the boom in make-up. *Kiehl's* is continuing to deliver double-digit growth and *Urban Decay* is being boosted by the launch of the new *Naked Heat* palette. *IT Cosmetics* is posting rapid growth.

L'Oréal Luxe is continuing to gain market share with double-digit growth in Asia Pacific, especially in China and Hong Kong, and in Travel Retail and e-commerce.

ACTIVE COSMETICS

At the end of September, the Active Cosmetics Division is continuing to accelerate, with sales up by +11.3% based on reported figures and by +5.0% like-for-like.

La Roche-Posay posted solid growth in all Zones in the third quarter, and is innovating with the launch of *Lipikar Stick AP+* anti-itch for sensitive skin.

Vichy confirms the success of *Minéral 89* in every market where it has been rolled-out, and is launching *Liftactiv* anti-oxidant and anti-fatigue fresh shot.

The American brands, *SkinCeuticals* and *CeraVe* in North America, are maintaining their strong momentum in the third quarter with double-digit growth.

The Division achieved very good third-quarter performance in Asia, driven by successful launches and the strong expansion of e-commerce.

Summary by geographic Zone

WESTERN EUROPE

In this Zone, growth amounted to +2.8% like-for-like and +1.6% based on reported figures. Growth is extremely dynamic in the United Kingdom, Spain and Germany, and in the Netherlands and Greece. In France, sales continue to be held back by a difficult market. The Consumer Products and L'Oréal Luxe Divisions are outperforming their respective markets, and the make-up category remains a strong growth driver for the region.

NORTH AMERICA

The Zone recorded growth of +2.5% like-for-like and +7.2% based on reported figures, despite the United States economy experiencing multiple setbacks since the start of the year.

In a difficult market environment, the Consumer Products Division is expanding in new distribution channels, and thanks to successful *L'Oréal Paris* launches: *Lash Paradise* mascara and *Infallible* foundation. L'Oréal Luxe is continuing to grow with *Yves Saint Laurent* and *IT Cosmetics*. The *Redken* brand is performing well in the Professional Products Division. The Active Cosmetics Division is continuing to post double-digit growth, thanks in particular to the recent acquisition of *CeraVe*, as well as the *SkinCeuticals* and *La Roche-Posay* brands.

NEW MARKETS

Asia, Pacific: the Zone posted growth of +10.1% like-for-like and +8.8% based on reported figures. In Northern Asia, China is achieving sustained growth, driven by L'Oréal Luxe, and by the strong vitality of e-commerce sales. Hong Kong is also growing strongly, with Chinese tourists continuing to return. In Southern Asia, growth is spurred on by Thailand, Malaysia and Indonesia, thanks to the strength of our make-up brand portfolio in the Consumer Products Division.

Latin America: the Zone posted growth of +5.0% like-for-like and +8.9% based on reported figures. Mexico is maintaining its momentum. Argentina and Uruguay are achieving double-digit growth. Business in Brazil however, continues to be challenging.

Eastern Europe: the Zone is growing at +8.9% like-for-like and + 13.8% based on reported figures. Strong growth is continuing in Central Europe and Turkey. All Divisions are gaining market share. The make-up category is the most dynamic, thanks to *NYX Professional Makeup*, *Maybelline New York*, *Yves Saint Laurent* and *Urban Decay*. In Russia, extension work on the Vorsino plant began in July in order to increase capacity and roll out skincare technology.

Africa, Middle East: like-for-like in this Zone is at -9.0%, and -9.2% based on reported figures. The situation is gradually improving, with a third quarter up by +0.4% like-for-like, thanks to a gradual recovery in the Gulf States. Egypt is growing strongly. The Consumer Products and L'Oréal Luxe Divisions are gaining market share in the Maghreb - Middle East region.

Important events during the period 01/07/17 to 30/09/17

- On 7 September 2017, after obtaining the necessary authorisations from the relevant authorities, L'Oréal and Natura Cosmetics finalised the definitive agreement for the sale of The Body Shop to Natura, in accordance with the terms of the project announced on 9 June 2017.
- On 19 September 2017, L'Oréal was awarded the second prize for Diversity in Senior Management Bodies at the Corporate Governance Grand Prix ceremony organised by l'AGEFI.
- On 21 September 2017, L'Oréal was awarded first prize for its Code of Ethics at the Labrador *Grands Prix de la Transparence* ceremony.

"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.

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 a free translation into English of the Sales at 30 September 2017 news 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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Appendix

L'Oréal Group sales 2016/2017 (€ million)

	2016 ⁵	2017 ⁶
<u>First quarter:</u>		
Operational Divisions	6,352.4	6,847.8
The Body Shop	200.1	197.2
First quarter total	6,552.4	7,045.0
<u>Second quarter:</u>		
Operational Divisions	6,143.6	6,564.2
The Body Shop	198.5	
Second quarter total	6,342.2	6,564.2
<u>First half:</u>		
Operational Divisions	12,496.0	13,411.9
The Body Shop	398.6	
First half total	12,894.6	13,411.9
<u>Third quarter:</u>		
Operational Divisions	5,952.2	6,097.9
The Body Shop	200.9	
Third quarter total	6,153.2	6,097.9
<u>Nine months:</u>		
Operational Divisions	18,448.2	19,509.9
The Body Shop	599.5	
Nine months total	19,047.8	19,509.9
<u>Fourth quarter:</u>		
Operational Divisions	6,468.1	
The Body Shop	321.3	
Fourth quarter total	6,789.3	
<u>Full year:</u>		
Operational Divisions	24,916.3	
The Body Shop	920.8	
Full year total	25,837.1	

⁵ In the third quarter of 2016 and at 30 September 2016, reported Group sales included The Body Shop sales in respective amounts of 200.9 million euros and 599.5 million euros.

⁶ In the first quarter 2017, reported Group sales included The Body Shop sales, which amounted to 197.2 million euros.