

## First quarter 2016 sales

### A SOLID FIRST QUARTER THAT FURTHER STRENGTHENS OUR CONFIDENCE

- **Sales: 6.55 billion euros**
  - +4.2% like-for-like
  - +1.8% based on reported figures
  - +4.6% at constant exchange rates

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

*“The Group made a solid start in the first quarter, with growth in all our divisions and geographic zones: the Consumer Products Division accelerated at the start of the year, recording its best quarter for almost three years. L'Oréal Luxe started the year well in line with expectations, despite a difficult comparison base in Hong Kong and in the Travel Retail channel, and is continuing to roll out its brand portfolio worldwide. Sales in the Professional Products and Active Cosmetics Divisions should strengthen over the coming quarters.*”

*Across the geographic zones, North America is confirming its dynamism, Western Europe remains solid and the New Markets are proving resilient.*

*The Group's digital acceleration is continuing, with growth of +35% in e-commerce\*, which is expanding strongly in each division.*

*To conclude, in an economic and monetary environment that remains volatile, we are confident that the power of our innovations, the international roll-out of our brands and the commitment of our teams will lead us to outperform the cosmetics market in 2016. We are confirming our ambition of achieving another year of sales and profit growth.”*

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

## A – First quarter 2016 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal Group was +4.2%.

**The net impact of changes in consolidation** was +0.4%.

**Currency fluctuations** had a negative impact of -2.8%.

**Growth at constant exchange rates** was +4.6%. If end of March exchange rates (€1 at \$1.1385) are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations would be -3.8% for the whole of 2016.

**Based on reported figures**, the Group's sales at March 31<sup>st</sup>, 2016 amounted to 6.55 billion euros, an increase of +1.8%.

### Sales by operational Division and geographic Zone

€ million	Quarterly sales		Growth	
	1 <sup>st</sup> quarter 2015	1 <sup>st</sup> quarter 2016	Like-for-like	Reported
<b><u>By operational Division</u></b>				
Professional Products	852.6	854.3	2.5%	0.2%
Consumer Products	3,078.3	3,106.0	3.9%	0.9%
L'Oréal Luxe	1,753.7	1,831.4	5.5%	4.4%
Active Cosmetics	559.2	560.7	4.5%	0.3%
<b>Cosmetics Divisions total</b>	<b>6,243.9</b>	<b>6,352.4</b>	<b>4.2%</b>	<b>1.7%</b>
<b><u>By geographic Zone</u></b>				
Western Europe	2,100.4	2,127.5	2.0%	1.3%
North America	1,622.0	1,715.9	4.3%	5.8%
New Markets, of which:	2,521.5	2,509.0	6.1%	-0.5%
- <i>Asia, Pacific</i>	1,476.1	1,510.4	4.5%	2.3%
- <i>Latin America</i>	460.2	409.0	8.5%	-11.1%
- <i>Eastern Europe</i>	396.6	390.6	9.5%	-1.5%
- <i>Africa, Middle East</i>	188.7	198.9	8.0%	5.4%
<b>Cosmetics Divisions total</b>	<b>6,243.9</b>	<b>6,352.4</b>	<b>4.2%</b>	<b>1.7%</b>
The Body Shop	192.4	200.1	2.1%	4.0%
<b>Group total</b>	<b>6,436.3</b>	<b>6,552.4</b>	<b>4.2%</b>	<b>1.8%</b>

## PROFESSIONAL PRODUCTS

**At the end of March, the Professional Products Division posted growth of +2.5% like-for-like and +0.2% based on reported figures.**

- Western Europe started the year with slight growth. Brazil remains very difficult but Eastern Europe and the Africa, Middle East Zone are continuing to deliver double-digit growth. The United States, India and Russia are the top contributors to growth.
- The hair colour category, the largest contributor to growth, has been strongly boosted by the *Redken* and *Matrix* brands, and by the ongoing success of *Inoa* and *Diacolor* at *L'Oréal Professionnel*. Haircare is continuing to expand, driven by the success of *Total Results* by *Matrix*, *Pro Fiber* by *L'Oréal Professionnel* and *Discipline Curl Ideal* by *Kérastase*.

## CONSUMER PRODUCTS

**The Consumer Products Division is accelerating, with growth of +3.9% like-for-like and +0.9% based on reported figures.**

- In Western Europe the Division is being held back by a difficult market in France, but it is accelerating in North America, and winning market shares in Asia, Pacific, Eastern Europe and Africa, Middle East.
- The strong momentum of make-up is being driven by major launches such as *Infallible Sculpt* by *L'Oréal Paris* and *Vivid Matte Liquid* by *Maybelline*, and by the very fast growth of *NYX Professional Makeup*.  
In the hair category, *L'Oréal Paris* is innovating with *Elvive Extraordinary Clay* and *Magic Retouch*. *Garnier* is posting significant growth, thanks to the launch of *Delicate Oat* by *Ultra Doux* and is starting to roll out the brand in North America.  
In skincare, *Garnier* is sharply increasing its market share in the United States in facial cleansing thanks to the success of its *Micellar Waters*. The Division is growing in China with the launch of *Hydra-Fresh Anti-Ox* by *L'Oréal Paris*.

## L'ORÉAL LUXE

**In a market that remains dynamic, L'Oréal Luxe starts the year with growth of +5.5% like-for-like and +4.4% based on reported figures.**

- Despite a very difficult market in Hong Kong and a challenging comparison base in the Travel Retail channel, the Division grew across all Zones in the first quarter. L'Oréal Luxe outperformed particularly strongly in China where it grew twice as fast as the market. It made a solid start to the year in North America and a very good start in Japan and Europe.
- *Yves Saint Laurent* is maintaining its strong momentum thanks to the continuing success of *Black Opium* and the excellent start of the new *Rouge Volupté Shine*. *Giorgio Armani* is delivering sustained growth and is developing its men's fragrances with *Code Profumo*. For *Lancôme*, the success of *La Vie Est Belle* is continuing. In the first quarter, *Urban Decay* was once again a major growth driver for the Division.

## ACTIVE COSMETICS

In the first quarter, the Active Cosmetics Division grew faster than the market, with sales up +4.5% like-for-like and +0.3% based on reported figures.

- Despite a rather slow start in Western Europe, all Zones made a positive contribution to the Division's growth. Asia, Pacific, Latin America and Africa, Middle East are delivering significant growth.
- *La Roche-Posay* is continuing to achieve double-digit growth, bolstered by its franchises *Anthelios*, *Effaclar* and *Lipikar*. *Vichy* is continuing to innovate with the launch of *Neovadiol Compensating Complex Night*. *Roger&Gallet* recorded good growth in Western Europe and Japan. *Sanoflore* is pursuing its conquest of the French market.

## Multi-division summary by Geographic Zone

### WESTERN EUROPE

In the first quarter, the Zone grew by +2.0% like-for-like and +1.3% based on reported figures. In an environment that remains highly competitive between mass market retailers in France, sales in Western Europe are continuing to grow, driven mainly by L'Oréal Luxe and very good performances of the four Divisions in the United Kingdom and Spain.

### NORTH AMERICA

L'Oréal grew by +4.3% like-for-like and +5.8% based on reported figures. The Consumer Products Division started the year very well, driven in make-up by the very strong growth of *NYX Professional Makeup* and *Maybelline* but also in haircare by the launch of *Whole Blends* by *Garnier*. L'Oréal Luxe and the Professional Products and Active Cosmetics Divisions are also delivering good growth, thanks to the strong performances of *Urban Decay* and *Yves Saint Laurent*, *Redken* and *Matrix*, and *SkinCeuticals*.

### NEW MARKETS

- **Asia, Pacific:** L'Oréal grew by +4.5% like-for-like and +2.3% based on reported figures. All the big markets in the region maintained their dynamic, except for Hong Kong where the comparison base for this quarter is high and where the environment remains very difficult. Growth is being fuelled by the very good performances of the *Yves Saint Laurent* and *Giorgio Armani* brands at L'Oréal Luxe. The Consumer Products Division is accelerating in Southern Asia and is benefiting from the dynamism of *L'Oréal Paris*, especially in China. The Active Cosmetics Division is also posting substantial growth, thanks to the strong expansion of *La Roche-Posay*.
- **Latin America:** The Zone posted +8.5% like-for-like and -11.1% based on reported figures. *Maybelline*, *Niely* and *Vogue* recorded double-digit growth in the Consumer Products Division. The Luxury Division is being driven by the very robust performances of *Lancôme*, *Giorgio Armani*, *Yves Saint Laurent* and *Kiehl's*. In Brazil, the economic situation is continuing to put pressure on the professional and mass market sectors. Excluding Brazil, the Zone would have recorded strong double-digit like-for-like growth.
- **Eastern Europe:** The Zone recorded +9.5% like-for-like and -1.5% based on reported figures. The Consumer Products and Professional Products Divisions, together with L'Oréal Luxe, are delivering strong growth driven by Russia, Ukraine and Kazakhstan, whilst sales in Poland prove resilient. The three Divisions are making market share gains. Make-up is the most dynamic category, boosted by *L'Oréal Paris* and *Maybelline* in the Consumer Products Division, and by *Urban Decay* and *Yves Saint Laurent* at L'Oréal Luxe.

- **Africa, Middle East:** The Zone delivered growth of +8.0% like-for-like and +5.4% based on reported figures. In Africa, expansion is solid, particularly in Kenya and South Africa. Middle Eastern markets' growth has slowed significantly but sell-out remains clearly higher than the market trend in all Divisions. Egypt and Pakistan are continuing to grow strongly.

## THE BODY SHOP

The Body Shop delivered growth of +2.1% like-for-like and +4.0% based on reported figures. The focus on skincare is continuing with the launch of the innovative *Drops of Youth Essence* product. The body care category saw the launch of the iconic *British Rose* range for Mother's Day. To celebrate The Body Shop's 40<sup>th</sup> Anniversary a sustainability and ethics commitment was launched worldwide.

## **B – Important events during the period 01/01/16 to 03/31/16**

- On January 4<sup>th</sup>, 2016, L'Oréal USA announced the acquisition de Raylon Corporation, a full-service wholesale distributor of salon professional products. The acquisition expands the SalonCentric distribution network and extends coverage of American hair salons.
- Between February 15<sup>th</sup> and March 18<sup>th</sup>, 2016, L'Oréal purchased 3,202,500 of its own shares for the purpose of their cancellation, in accordance with the authorisation approved by the Annual General Meeting of April 22<sup>nd</sup>, 2015, and with the decision of the Board of Directors of February 11<sup>th</sup>, 2016.

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*"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 a free translation into English of the First quarter 2016 sales 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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## C – Appendix

L'Oréal Group sales 2015/2016 (€ millions)

	2015	2016
<u>First quarter:</u>		
Cosmetics Divisions	6,243.9	6,352.4
The Body Shop	192.4	200.1
<b>First quarter total</b>	<b>6,436.3</b>	<b>6,552.4</b>
<u>Second quarter:</u>		
Cosmetics Divisions	6,163.1	
The Body Shop	219.5	
<b>Second quarter total</b>	<b>6,382.6</b>	
<u>First half:</u>		
Cosmetics Divisions	12,407.0	
The Body Shop	411.9	
<b>First half total</b>	<b>12,818.9</b>	
<u>Third quarter:</u>		
Cosmetics Divisions	5,725.1	
The Body Shop	212.5	
<b>Third quarter total</b>	<b>5,937.5</b>	
<u>Nine months:</u>		
Cosmetics Divisions	18,132.1	
The Body Shop	624.3	
<b>Nine months total</b>	<b>18,756.4</b>	
<u>Fourth quarter:</u>		
Cosmetics Divisions	6,158.1	
The Body Shop	342.9	
<b>Fourth quarter total</b>	<b>6,501.0</b>	
<u>Full year</u>		
Cosmetics Divisions	24,290.2	
The Body Shop	967.2	
<b>Full year total</b>	<b>25,257.4</b>	

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