

Sales at September 30th, 2012

STRONG SALES GROWTH: +10.9%

- **9-month sales: 16.73 billion euros**
 - +10.9% based on reported figures
 - +6.2% excluding currency fluctuations
 - +5.6% like-for-like
- **Dynamism of L'Oréal Luxe**
- **Strong growth continues in North America**
- **Solid growth in New Markets**
- **Full-year 2012 targets confirmed**

Commenting on these figures, Mr Jean-Paul Agon, Chairman & CEO of L'Oréal, said:

"The quarter confirms the good growth in our sales observed since the start of the year. In a market which reflects highly contrasting trends in different geographic zones and distribution channels, L'Oréal is maintaining its course.

Despite the market slowdown observed in Asia and in Travel Retail, L'Oréal Luxe is proving highly dynamic, thanks to the vitality of its brands and major launches such as "La vie est belle" by Lancôme. The Consumer Products Division is recording solid growth quarter after quarter, and Active Cosmetics is accelerating, driven by its international expansion.

In geographic terms, L'Oréal is continuing its conquests in North America, and in the New Markets. In Asia, the group continues to grow faster than the market. Eastern Europe is gradually recovering, and Latin America is accelerating. The figure for Western Europe reflects good performances in several major countries, and the difficult situations in the southern countries.

Overall, in the current economic environment, the group is outperforming its market, thanks to the quality and diversity of its brand portfolio, and its innovation power.

We confirm our targets for 2012, and our ambition to achieve another year of growth in sales, results and profitability."

A – Sales at September 30th, 2012

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was +5.6%.

The net impact of changes in consolidation was +0.6%.

Currency fluctuations had a positive impact of +4.7%.

Growth at constant exchange rates was +6.2%. If current exchange rates (basis €1=\$1.2907) are extrapolated up to December 31st, the impact of currency fluctuations would be +4.3% for the whole of 2012.

Based on reported figures, the group's sales, at September 30th, 2012, amounted to 16.732 billion euros, an increase of +10.9%.

Sales by operational division and geographic zone

	3 rd quarter 2012			At September 30 th , 2012		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
By operational division						
Professional Products	737.5	0.1%	7.0%	2,260.9	2.0%	7.2%
Consumer Products	2,654.6	4.9%	10.9%	8,099.8	4.8%	9.0%
L'Oréal Luxe	1,399.9	6.6%	16.7%	4,051.5	9.1%	17.4%
Active Cosmetics	345.4	5.6%	8.4%	1,196.1	5.5%	7.2%
Cosmetics total	5,137.4	4.7%	11.7%	15,608.3	5.5%	10.7%
By geographic zone						
Western Europe	1,757.4	-0.6%	1.4%	5,594.6	0.4%	1.7%
North America	1,350.5	7.1%	22.8%	3,921.7	7.2%	19.4%
New Markets, of which:	2,029.5	8.1%	14.9%	6,092.0	9.5%	14.4%
- Asia-Pacific	1,067.0	7.3%	19.1%	3,197.9	10.7%	20.9%
- Eastern Europe	325.7	5.4%	7.9%	1,023.8	3.9%	4.3%
- Latin America	470.1	11.4%	10.2%	1,351.9	9.4%	7.5%
- Africa, Middle East	166.7	9.6%	17.2%	518.3	14.7%	17.9%
Cosmetics total	5,137.4	4.7%	11.7%	15,608.3	5.5%	10.7%
The Body Shop	191.1	5.1%	15.3%	565.0	5.3%	12.3%
Dermatology ⁽¹⁾	190.7	3.1%	10.9%	559.1	8.2%	16.7%
Group total	5,519.3	4.6%	11.8%	16,732.4	5.6%	10.9%

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

At September 30th, the Professional Products Division posted growth of +2.0% like-for-like, and +7.2% based on reported figures. The market in Western Europe was tougher during the 3rd quarter, but the division is continuing its roll-out in the New Markets.

- *Kérastase*, the unrivalled benchmark for luxury professional haircare, is being bolstered by *Cristalliste* and by the launch of *Elixir Ultime Les Grands Crus*, a range of perfumed hair oils. *L'Oréal Professionnel* is continuing the worldwide roll-out of *Inoa* hair colourant with ODS 2 technology. *Redken* unveiled *Smooth Lock*, the first professional semi-permanent blow-dry service. *Matrix* continued to expand in the New Markets, with accessible ranges such as *Wonder.black* in India and *Socolor.Beauty* in Indonesia. *Essie* is being rolled out in nail bars worldwide.
- In geographic terms, the division is consolidating its position in Western Europe and in the United States, in markets that have been affected by a drop in the number of hair salon visits. The New Markets are supporting the division's growth, particularly in India, China, Indonesia, Russia, Poland, Ukraine and the Gulf states.

CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth at end-September of +4.8% like-for-like and +9.0% based on reported figures. The division continues to make market share gains in Western Europe and in North America.

- *L'Oréal Paris* continued its conquests with *Elvive Triple Resist enriched with Arginine* and launched *Elvive ExtraOrdinary* hair oil and *Revitalift Triple Power LZR* facial skincare, with highly concentrated Pro-Xylane. *Garnier* is confirming its facial skincare successes, and has made a breakthrough with *Olia*, the first mass-market permanent hair colourant to feature ammonia-free ODS 2 technology. *Maybelline* is innovating in the mascara segment with *Volum' Express the Mega Plush*, a gel-mousse mascara which combines volume, comfort and softness. Driven by the fashion for colour, *Essie* is continuing its internationalisation process in the mass-market segment.
- In Western Europe, in a sluggish market, the division is strengthening its positions through haircare and facial skincare, particularly in France, the United Kingdom, Germany and in Northern Europe. The southern countries are still proving difficult in a depressed market context. In North America, the division reinforced its positions in a market which is growing slightly. Activity in Eastern Europe is improving, with the rebound of *Garnier* in facial skincare and hair colourants. Latin America is accelerating, thanks to the strong growth of *Maybelline* and the success of *Elvive Triple Resist enriched with Arginine*. Asia-Pacific is posting good scores in China, India, Thailand and Indonesia. The Africa, Middle East zone is continuing its roll-out, driven by the Gulf states and Turkey.

L'OREAL LUXE

L'Oréal Luxe sales grew at end-September by +9.1% like-for-like and +17.4% based on reported figures, thanks in particular to the acquisition of *Clarisonic*. In a market which has slowed slightly, L'Oréal Luxe is continuing to win market share worldwide, thanks to its innovations, and its increasingly high-end customer experience.

- Lancôme* continued to grow strongly, thanks in particular to the launch of the fragrance *La Vie est Belle*, with Julia Roberts as its ambassador. The brand is still making strong progress in anti-ageing skincare with *Visionnaire*, *Absolue L'Extrait*, and now *Génifique Yeux Light Pearl*. *Yves Saint Laurent* is launching *Manifesto*, its new women's fragrance, and is continuing its success in facial skincare with *Forever Youth Liberator*, and in make-up with *Teint Touche Eclat*. *Giorgio Armani* is consolidating its men's fragrance business with *Acqua di Gio Essenza*. *Kiehl's* is growing strongly on all continents. *Biotherm* launched *Blue Therapy* skincare, which symbolises its new "Beauty from the deep" message. The Designer Fragrance brands, particularly *Viktor & Rolf*, are maintaining their momentum. *Clarisonic*, acquired in December 2011, is continuing its very rapid expansion in the United States, and is starting up operations in France.
- In Western Europe, where the market is sluggish, the division is advancing, thanks to the dynamism of its major brands and the success of the Designer Fragrances, such as *Diesel Only the Brave Tattoo*. In North America, L'Oréal Luxe is winning market share with *Clarisonic*, *Ralph Lauren*, *Yves Saint Laurent*, *Kiehl's* and *Viktor & Rolf*. In the New Markets, the division's growth continues to be strong and higher than the market trend, particularly in Asia and the Middle East. *Kiehl's* is building up its sales substantially in Japan, following on from its successes in South Korea and China. In Asia, *Lancôme* continued to prove dynamic, and this was also the case for *Yves Saint Laurent*. In the Middle East, *Giorgio Armani* is advancing with its premium perfume line *Armani Privé*. In Latin America, *Kiehl's* is continuing its roll-out in Brazil, and *Ralph Lauren* is improving its positions. In Travel Retail, in a market which, as expected, is decelerating, the division is maintaining its leadership.

ACTIVE COSMETICS

At end-September, the Active Cosmetics Division posted sales growth of +5.5% like-for-like and +7.2% based on reported figures. The division achieved slight growth in Western Europe and is continuing to accelerate in North America.

- La Roche Posay* is performing well in all geographic zones, bolstered by the success of its whole catalogue. *Vichy* is confirming its recovery, with a new advertising campaign and the successful launch of *Idéalia*. *Roger&Gallet* is continuing its global roll-out with the success of its new fragrance, *Rose imaginaire*, and *SkinCeuticals*, which is expanding in international markets, while remaining extremely dynamic in the United States.
- At the end of September, all the geographic zones have achieved growth. In Western Europe, the division is winning market share. North America is accelerating, particularly in the United States, thanks to the opening of new sales outlets at Walgreens. The New Markets remain dynamic, despite the slowdown in Asia.

Multi-division summary by geographic zone

WESTERN EUROPE

At end-September, the market in Western Europe reflects highly contrasting trends: growth rates in Southern Europe are negative, while in the other countries in this zone growth is slightly positive. Against this background, L'Oréal is making market share gains, and recorded growth of +0.4% like-for-like and +1.7% based on reported figures, driven by good performances in France, the United Kingdom, Germany and Travel Retail.

NORTH AMERICA

At September 30th, 2012, L'Oréal recorded growth in North America of +7.2% like-for-like, and +19.4% based on reported figures.

The good performance of L'Oréal Luxe reflects the successes scored by *Clarisonic*, *Kiehl's*, *Yves Saint Laurent* and *Viktor & Rolf*. The Consumer Products Division is continuing to make market share gains thanks to good performances in hair products, *Garnier* facial skincare and *L'Oréal Paris* and *Essie* make-up. The Active Cosmetics Division is continuing to extend its distribution.

NEW MARKETS

At end-September 2012, the New Markets recorded growth of +9.5% like-for-like, and +14.4% based on reported figures.

- **Asia-Pacific:** At end-September, L'Oréal posted growth in Asia-Pacific of +10.7% like-for-like and +20.9% based on reported figures. Despite a market slowdown in the luxury channel in South Korea, Taiwan as well as Travel Retail, the group is still proving dynamic and is making market share gains, particularly thanks to *Lancôme*, *Kiehl's* and *Yves Saint Laurent*. In Consumer Products, *Maybelline* is contributing to the group's growth in the ASEAN markets, particularly in Indonesia and Thailand, and in China and India. *Kérastase* and *La Roche Posay* are driving the growth of their respective divisions, Professional Products and Active Cosmetics.
- **Eastern Europe:** With sales growth at +3.9% like-for-like and +4.3% based on reported figures, the group's recovery is continuing in Eastern Europe, particularly in Russia and Ukraine. In this zone, the Professional Products Division is performing well, and is continuing its conquest of new hair salons. In Consumer Products, *Color Sensation* hair colourant and *Garnier* BB Cream are continuing to prove successful, and the same is true of *L'Oréal Paris* haircare.
- **Latin America:** At September 30th, 2012, the Latin America zone recorded growth of +9.4% like-for-like, and +7.5% based on reported figures. The L'Oréal Luxe and Active Cosmetics divisions are enjoying good momentum, and the Consumer Products Division is accelerating, driven by the upturn in Brazil and Argentina. *Maybelline* make-up is proving very dynamic, in particular with its *Fit Me* foundation. The success of *L'Oréal Paris* with *Elvive Triple Resist enriched with Arginine* is continuing. At *Garnier*, the *Nutrisse Cor Intensa* hair colourant mini-kit has made a promising start.
- **Africa, Middle East:** At the end of the 3rd quarter 2012, the Africa, Middle East zone recorded growth of +14.7% like-for-like and +17.9% based on reported figures, driven by the Consumer Products Division and the success of prestige fragrances at L'Oréal Luxe. The group is continuing its rapid roll-out in this zone, particularly in the Gulf states, Turkey and Egypt. Following the subsidiary in Kenya, a new subsidiary has been set up in Saudi Arabia, a market with strong potential.

2) The Body Shop

At the end of September, The Body Shop recorded like-for-like sales growth at +5.3%.

The Body Shop is growing strongly in the New Markets, especially in the Middle East and in South East Asia. In the mature markets, the brand is feeling the impact of the tougher economic environment in Southern Europe, but maintains a solid performance in the rest of Europe.

The brand has launched several important innovations such as *BB Cream All-in-One*, a one-of-a-kind texture which transforms on application, as well as *Pore Minimiser* in its iconic *Tea Tree* range featuring Community Fair Trade organic tea tree oil from Kenya.

The Body Shop continues to recruit new customers particularly through the rapid development of its e-commerce channel, with 20 sites now live. The brand is rolling out its innovative Pulse boutique concept globally, focused on story-selling and a unique and interactive consumer experience.

At September 30th, 2012, The Body Shop has a total of 2,787 stores.

3) Galderma sales

Despite increased competitive intensity from generic competition, Galderma recorded sales at September 30th, 2012, up by +8.2% like-for-like and +16.7% based on reported figures.

With regard to the prescription business, increased competition from generics to several of Galderma's mature brands (*Differin*, *Clobex*, *Loceryl*, *Tetralysal* and *MetroGel*) undermined the growth from newer innovative products such as *Epiduo* and *Oracea*, both of which are on track to deliver record performances in 2012.

The non-prescription drug business delivered strong results for the quarter and the medical Aesthetic & Corrective business continued to gain market share, led by the *Restylane* dermal filler franchise and *Azzalure*, the muscle relaxant.

In geographic terms, growth in Asia and Latin America was particularly robust and was partially offset by results from Europe.

B – Important events during the period 7/1/12 to 9/30/12

To the best of the company's knowledge, no events or changes occurred during the period which could significantly modify the group's financial situation.

"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."

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C – Appendix

L'Oréal group sales 2011/2012 (€ millions)

	2011	2012
<u>First quarter:</u>		
Cosmetics	4,861	5,309
The Body Shop	170	180
Dermatology	130	154
First quarter total	5,160	5,643
<u>Second quarter:</u>		
Cosmetics	4,644	5,162
The Body Shop	168	194
Dermatology	177	215
Second quarter total	4,989	5,570
<u>First half:</u>		
Cosmetics	9,505	10,471
The Body Shop	337	374
Dermatology	307	368
First half total	10,150	11,213
<u>Third quarter:</u>		
Cosmetics	4,600	5,137
The Body Shop	166	191
Dermatology	172	191
Third quarter total	4,938	5,519
<u>Nine months:</u>		
Cosmetics	14,105	15,608
The Body Shop	503	565
Dermatology	479	559
Nine months total	15,087	16,732
<u>Fourth quarter:</u>		
Cosmetics	4,766	
The Body Shop	264	
Dermatology	226	
Fourth quarter total	5,256	
<u>Full year</u>		
Cosmetics	18,871	
The Body Shop	768	
Dermatology	705	
Full year total	20,343	