

First-half 2013 sales

GROUP'S GOOD GROWTH DYNAMICS CONTINUE

- **Sales: 11.7 billion euros**
 - +6.4% excluding currency fluctuations
 - +5.4% like-for-like
 - +4.7% based on reported figures
- **Further market share gains in Western Europe and North America**
- **Strong growth in the New Markets**
- **Dynamism of the Group's major brands**
- **Confidence in a further year of sales and profit growth**

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

“Although market growth has been slightly slowing down, L'Oréal continued to demonstrate its good dynamics and recorded a solid first half. Each division and zone is growing and outperforming its market.

The Consumer Products Division and L'Oréal Luxe are growing strongly, driven by L'Oréal Paris, Garnier, Lancôme, Giorgio Armani and Kiehl's. The Professional Products Division, still held back by a difficult market, is picking up slightly. The Active Cosmetics Division is performing very well, particularly in Western Europe, while accelerating its international roll-out.

The trends of the Group's flagship brands are favourable, and more than ever before, our major product initiatives are really making a difference. They are enabling significant breakthroughs in Western Europe and North America. And in the New Markets, the four regions are achieving strong growth and are contributing to improve our positions.

In view of these dynamics, we remain confident in our ability to achieve another year of growth in both sales and profits.”

A – First-half 2013 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +5.4%.

The net impact of changes in consolidation was +1.0%.

Currency fluctuations had a negative impact of -1.7%. If the exchange rates at June 28th, 2013, i.e. €1 = \$1.308, are extrapolated up to December 31st, the impact of currency fluctuations on sales would be approximately -2.8% for the whole of 2013.

Growth at constant exchange rates was +6.4%.

Based on reported figures, the Group's sales at June 30th, 2013 amounted to 11.738 billion euros, an increase of +4.7%.

Sales by operational division and geographic zone

	2 nd quarter 2013			1 st half 2013		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<u>By operational division</u>						
Professional Products	779.3	2.7%	1.5%	1,531.8	1.4%	0.6%
Consumer Products	2,802.2	6.1%	4.7%	5,723.0	6.3%	5.1%
L'Oréal Luxe	1,404.7	5.5%	5.1%	2,826.8	6.4%	6.6%
Active Cosmetics	409.5	8.6%	7.2%	907.1	7.8%	6.6%
Cosmetics total	5,395.7	5.6%	4.5%	10,988.7	5.7%	4.9%
<u>By geographic zone</u>						
Western Europe	1,908.5	1.7%	1.3%	3,899.0	1.7%	1.6%
North America	1,371.7	4.5%	4.9%	2,743.2	5.4%	6.7%
New Markets, of which:	2,115.4	10.3%	7.3%	4,346.6	9.9%	7.0%
- Asia, Pacific	1,051.8	8.2%	4.5%	2,240.2	8.0%	5.1%
- Latin America	507.7	15.2%	13.2%	966.3	13.5%	9.6%
- Eastern Europe	355.4	7.5%	5.1%	745.1	8.4%	6.7%
- Africa, Middle East	200.6	15.1%	12.8%	394.9	15.1%	12.3%
Cosmetics total	5,395.7	5.6%	4.5%	10,988.7	5.7%	4.9%
The Body Shop	186.9	-0.8%	-3.4%	368.8	0.5%	-1.4%
Dermatology ⁽¹⁾	223.9	0.8%	4.2%	380.6	0.3%	3.3%
Group total	5,806.5	5.2%	4.2%	11,738.1	5.4%	4.7%

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division recorded growth of +1.4% like-for-like and +0.6% based on reported figures. The mature markets are still proving difficult, particularly in southern Europe, while the Division continues to be dynamic in the New Markets and is actively pursuing its policy of recruiting new salons.

- In the luxury haircare segment, *Kérastase*, which is growing strongly, is introducing a new category - "Couture Styling" - with Kate Moss as its ambassador. Haircare sales are growing, driven by hair oils and the launch of *Biologie Advanced by Matrix* in the United States. In hair colourants, the revolutionary ODS2 technology is now being rolled out across the Division's three major brands (*L'Oréal Professionnel*, *Matrix* and *Redken*).
Essie professional nail care products are continuing their development.
- The Division, which remains strongly exposed to mature markets, did however improve its positions in the second quarter. In the New Markets excluding Japan, all the zones are continuing to grow strongly, particularly in Russia, Brazil, India, Indonesia and Africa, Middle East.

CONSUMER PRODUCTS

The Consumer Products Division posted sales growth of +6.3% like-for-like and +5.1% based on reported figures, and is continuing to gain market share thanks to the substantial progress achieved by its major brands and major product initiatives.

- *L'Oréal Paris* is gaining momentum, thanks in particular to the successful globalisation of *Elvive*. In facial skincare, *Revitalift Laser* is building on its success, while the hair colourants category is receiving a boost from *Préférence Mousse Absolue* and *Préférence les Ombrés*.
At *Garnier*, the success of *Olia*, now being rolled out worldwide, is contributing to the strong growth of the hair colourant category. In haircare, *Fructis* is returning to positive growth and *Ultra-Doux* is continuing its very solid sales growth.
Maybelline is confirming its appeal among the younger generation with the worldwide success of *Baby Lips*, and the launch of *Color Show* in the nail varnish segment.
- The Division is well oriented and records particularly significant market share gains in Western Europe, North America, and Latin America.

L'ORÉAL LUXE

At end-June, L'Oréal Luxe sales increased by +6.4% like-for-like and +6.6% based on reported figures. The Division is growing significantly faster than the market, thanks to the advances of all its core brands, the success of its recent acquisitions, and a remarkable performance in women's fragrances.

- Continuing their trends from the start of the year, *Lancôme*, *Giorgio Armani* and *Kiehl's* are maintaining their growth dynamics. In addition to the ongoing success of *La Vie est Belle*, *Teint Touche Eclat* and *Rouge Pur Couture* lipstick by *Yves Saint Laurent*, the Division is enhancing its offering with major innovations such as *Advanced Génifique* and *Teint Visionnaire* by *Lancôme*, and *Powerful Wrinkle Reducing Cream* by *Kiehl's*.
Clarisonic is continuing its global roll-out. *Urban Decay*, the new make-up brand of L'Oréal Luxe, is growing strongly and is launching *Naked BB Cream*.
- In Western Europe, a stagnant market, the Division is improving its positions, and in North America it is achieving solid growth. Although the South Korean market remains depressed, dynamic sales trends are continuing in China, Russia, the Middle East and Travel Retail.

ACTIVE COSMETICS

In the first half, the Active Cosmetics Division continued to build momentum, with sales increasing by +7.8% like-for-like (+6.6% based on reported figures), driven by the recovery of *Vichy* and the strong and sustained growth of *La Roche-Posay*.

- *Vichy* is continuing to perform well, particularly in Western Europe and in skincare, with the launch of *Idealia BB Cream*. *La Roche-Posay* is once again posting very strong growth in Western Europe and across all the New Markets.
- In Western Europe, the Division is growing significantly faster than the market. All the geographic zones are growing, with an outstanding performance in Latin America, driven by Brazil in particular.

Multi-division summary by geographic zone

WESTERN EUROPE

The European market is declining slightly, with a negative southern Europe, and the rest of Europe remaining more or less stable. Against this background, L'Oréal recorded growth of +1.7% like-for-like, and +1.6% based on reported figures, thanks to substantial market share gains by the Consumer Products and Active Cosmetics Divisions. Germany, France and the countries of northern Europe are all contributing to growth; Spain and Portugal are gradually recovering. *L'Oréal Paris*, *Garnier*, *Lancôme*, *Kiehl's*, *Vichy* and *La Roche-Posay* are all making strong progress.

NORTH AMERICA

North America achieved growth of +5.4% like-for-like and +6.7% based on reported figures. Group sales are increasing nearly twice as fast as the market. In an American market that is growing slightly slower than in 2012, the Consumer Products Division is making strategic breakthroughs with *L'Oréal Paris Advanced Haircare*, *Olia* hair colourant by *Garnier*, and the ramp-up of *Essie*. At L'Oréal Luxe, *Urban Decay* and *Kiehl's* are expanding strongly, and the new men's fragrance *Red* by *Ralph Lauren* is making a good start. The Active Cosmetics Division is continuing to expand, thanks to the opening of new sales outlets and the continuing success of *SkinCeuticals*.

NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded growth of +8.0% like-for-like and +5.1% based on reported figures. If Japan is excluded, like-for-like growth reached +9.2%. The contrasting trends in this zone are continuing, with a negative market trend in South Korea, while in China, India and the ASEAN countries, the market remains favourable.
The Group is strengthening its positions, thanks in particular to the strong performance of *L'Oréal Paris* in the Consumer Products Division, and *Lancôme*, *Yves Saint Laurent* and *Kiehl's* at L'Oréal Luxe. *Yves Saint Laurent* has been launched in China. Amongst the countries, Indonesia, India and China in particular are contributing to the strong performance in this zone.
- **Latin America:** Latin America recorded growth of +13.5% like-for-like and +9.6% based on reported figures. Each Division is performing well and gaining market shares. Brazil is returning to strong growth, thanks to the solid performance of the Consumer Products Division, in haircare with *Elvive* by *L'Oréal Paris*, in hair colourants with *Casting Crème Gloss* and the acceleration in the roll-out of *Maybelline*.
The Active Cosmetics Division is continuing to grow faster than the market. The Professional Products Division is accelerating, thanks to the launch in Brazil of *Serie Expert Absolut Control* and *Matrix Biolage Repair Inside*.
- **Eastern Europe:** This zone recorded growth of +8.4% like-for-like and +6.7% based on reported figures in a market that has slowed down slightly. Growth in this zone is being driven by Russia and Ukraine, while Poland is now recovering. L'Oréal Luxe performed well in Russia thanks to *Lancôme* and *Giorgio Armani*, and the trends of all the Consumer Product Division brands are favourable. Professional Products is continuing its conquest of new hair salons.

- **Africa, Middle East:** The Africa, Middle East zone continued its solid growth at +15.1% like-for-like and +12.3% based on reported figures, with strong performances from all the Divisions. By country, sales are particularly dynamic in Saudi Arabia, the United Arab Emirates and Turkey. Egypt is posting solid growth despite the difficult context. The acquisition of Interconsumer Products Limited (ICP) is strengthening the Group's presence in the markets of Eastern Africa.

2) The Body Shop sales

At end-June, The Body Shop recorded like-for-like growth of +0.5% and -1.4% based on reported figures. Dynamic sales trends are continuing in Southern Asia, the Middle East and Eastern Europe, while western countries are facing a more difficult environment.

In the first half, The Body Shop was impacted by the phasing of launches, which will occur in the second half. The brand is continuing the international roll-out of "Pulse", its innovative store concept, and the expansion of its development in e-commerce, now with 21 online sales sites.

At June 30th, 2013, The Body Shop has a total of 2,840 stores.

3) Galderma sales

Galderma's sales trends were +0.3% like-for-like, and +3.3% based on reported figures, with strongly contrasting performances in the geographic zones.

Growth remains solid in the New Markets, particularly in Asia, Pacific, in Latin America and in Russia.

Metrogel 1% (rosacea) in the United States, along with *Loceryl* (nail mycosis) and *Tetralysal* (acne) in Western Europe, are facing competition from generics.

Epiduo (acne) and *Clobex Spray* (psoriasis) are performing very well.

In the over-the-counter market, the dynamism of *Loceryl* and *Cetaphil* (a hydrating and cleansing skincare range) is continuing.

Aesthetic and corrective medical solutions are being driven by the good performances in Asia, Pacific of *Azzalure* (muscle relaxant) and of *Restylane* (a hyaluronic acid-based dermal filler).

B – Important events during the period 4/1/2013 to 6/30/2013

- On April 15th, 2013, L'Oréal announced the acquisition of the Hygiene and Beauty business of Interconsumer Products Limited (ICP) in Kenya. ICP, a major player in the Kenyan beauty market, is strengthening the Group's position in Eastern Africa.
- On April 26th, 2013, the Annual General Meeting of L'Oréal approved the appointment of Mrs Virginie Morgon as a new board member and renewed the tenure of Mrs Françoise Bettencourt Meyers, Mr Peter Brabeck-Letmathe and Mr Louis Schweitzer. Furthermore, the Annual General Meeting approved the payment of a dividend of €2.30 per share, representing an increase of +15% compared with 2012.
- On May 17th, 2013, L'Oréal announced several appointments to its Executive Committee: Mr Jean-Jacques Lebel retired on July 1st; Mr Marc Menesguen succeeds him as President Consumer Products Division. Mr Nicolas Hieronimus is appointed President Selective Divisions (L'Oréal Luxe, Professional Products, Active Cosmetics, The Body Shop). Mr Frédéric Rozé is appointed Executive Vice-President of the Americas Zone, which includes North and Latin America. Mr Alexandre Popoff is appointed Executive Vice-President Eastern Europe Zone. Mr Jochen Zaumseil is appointed Executive Vice-President Western Europe Zone. Lastly, Mr Alexis Perakis-Valat is appointed Executive Vice-President for the Asia, Pacific Zone. These appointments are effective as of July 1st, 2013.

"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 First-half 2013 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 2012/2013 (€ millions)

	2012	2013
<u>First quarter:</u>		
Cosmetics	5,309	5,593
The Body Shop	180	182
Dermatology	154	157
First quarter total	5,643	5,932
<u>Second quarter:</u>		
Cosmetics	5,162	5,396
The Body Shop	194	187
Dermatology	215	224
Second quarter total	5,570	5,806
<u>First half:</u>		
Cosmetics	10,471	10,989
The Body Shop	374	369
Dermatology	368	381
First half total	11,213	11,738
<u>Third quarter:</u>		
Cosmetics	5,137	
The Body Shop	191	
Dermatology	191	
Third quarter total	5,519	
<u>Nine months:</u>		
Cosmetics	15,608	
The Body Shop	565	
Dermatology	559	
Nine months total	16,732	
<u>Fourth quarter:</u>		
Cosmetics	5,204	
The Body Shop	290	
Dermatology	236	
Fourth quarter total	5,730	
<u>Full year</u>		
Cosmetics	20,812	
The Body Shop	855	
Dermatology	796	
Full year total	22,463	