

1st quarter 2010 sales

BACK TO GROWTH

- **Strong growth: +8% based on reported figures at €4.7 billion**
 - +7.4% like-for-like
 - +7.6% at constant exchange rates*
- **Sustained growth in Consumer Products**
- **Rebound in Luxury Products and Professional Products**
- **Very strong dynamism in New Markets.**

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

"The first quarter was very encouraging as it marks a clear return to growth, even though the figures must be seen in the context of a weak comparison base, and continuing uncertainties in some markets.

The Consumer Products Division is pursuing its strong growth, and there has been a clear rebound in the Luxury Products and Professional Products Divisions. The powerful dynamism is continuing in the New Markets, where L'Oréal has again significantly strengthened its positions; in North America, the group is growing in all divisions, while there remains a more contrasting situation in Western Europe.

These performances bear out our major strategic choices: the broadening of our consumer base with the target of gaining a billion new consumers, the thorough transformation of the company to make it stronger and more flexible, and the maintaining of a high level of investments in R&D and advertising & promotion to support the conquests made by our brands.

The first months of the year give us confidence for the full year 2010."

* based on constant translation rates: 2010 data at 2010 rates / 2009 data at 2010 rates

A – 1st quarter 2010 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +7.4%.

The net impact of changes in consolidation was +0.2%.

Currency fluctuations had a positive impact of +0.4%.

Growth at constant exchange rates was +7.6%.

Based on reported figures, the group's sales at March 31st, 2010 amounted to 4.72 billion euros, an increase of +8.0%.

€million	Quarterly sales		Growth	
	1 st quarter 2009	1 st quarter 2010	Like-for-like	Reported
By division⁽¹⁾				
Professional Products	601	653	5.8%	8.7%
Consumer Products	2 193	2 363	6.9%	7.7%
Luxury Products	918	1 013	11.8%	10.3%
Active Cosmetics	400	417	3.0%	4.4%
Cosmetics total	4 112	4 445	7.4%	8.1%
By geographic zone⁽²⁾				
Western Europe	1 824	1 883	2.8%	3.2%
North America	970	998	5.7%	2.8%
New Markets, of which:	1 318	1 565	14.8%	18.7%
- Asia, Pacific	671	772	14.4%	14.9%
- Eastern Europe	293	352	13.6%	20.1%
- Latin America	232	307	21.2%	32.1%
- Africa, Middle East	121	134	7.2%	10.9%
Cosmetics total	4 112	4 445	7.4%	8.1%
The Body Shop	162	164	0.6%	1.3%
Dermatology ⁽³⁾	96	112	17.2%	16.6%
Group total	4 370	4 722	7.4%	8.0%

On January 1st, 2010, the divisions and geographic zones were reclassified as stated below. All figures for earlier periods have been restated to allow for these changes.

(1) The Roger & Gallet activity has been transferred from the Luxury Products Division to the Active Cosmetics Division.

(2) The Travel Retail business of YSL Beauté, which was previously recorded 100% under Western Europe, has now been broken down between the Western Europe, North America and New Markets zones.

The Rest of the World zone has become the New Markets zone with the following distribution:

Australia, India and New Zealand, which were previously in the Africa, Orient, Pacific zone have been included in the Asia zone which has become Asia, Pacific zone. The Africa, Orient, Pacific zone has become the Africa, Middle East zone.

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division recorded 1st quarter sales growth of +5.8% like-for-like and +8.7% based on reported figures after taking into account the impact of changes in consolidation due to the acquisition of distributors in the United States, in a market which picked up very slightly at the end of the quarter. The division is continuing its policy based on innovation and converting new salons to its brands.

- With its new hair colourant *Inoa* currently being rolled out worldwide, *L'Oréal Professionnel* is significantly strengthening its positions in this category. *Matrix* is accelerating with its accessible initiatives and new hair colourant *Dream Age*, and its business trend is again dynamic in the United States. *Redken* is continuing its hair colourant expansion with the North American launch of *Cover Fusion* for mature women. At *Kérastase*, the *Age Premium* range, launched at the end of 2009, is continuing to prove extremely successful.
- Although sales were still slow in hair salons in the developed countries, the division returned to growth in Western Europe, Japan and North America, boosted by hair colourant successes, the recruitment of new salons and a favourable comparison base. In Western Europe, Germany, Austria and France produced good performances. The New Markets are accelerating, with very good results in particular for the BRIC countries and the Middle East.

CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth of +6.9% like-for-like and +7.7% based on reported figures, with a good start for its three main brands, in particular *Maybelline* and *Garnier*.

- *L'Oréal Paris* launched the *Youth Code* facial skincare range, developed from gene science, the new *Matte Morphose* foundation, and *Men Expert* initiatives in the new categories of hair colourants and deodorants. *Garnier* launched its *Garnier Mineral* deodorant line in Western Europe, following its successes in Eastern Europe and Latin America. *Maybelline* rolled out its *ColorStay 24h* foundation all over the world, and launched *Volum' Express Falsies* mascara.
- Growth rates in Western Europe were satisfactory, particularly in France and the United Kingdom. The main growth drivers were make-up, where the division is strengthening its positions in a market that remains buoyant, and skincare. The division made a good start to the year in North America, where it is continuing to win market share. *L'Oréal Paris* moved into facial cleansing for the first time with the launch of *Go 360° Clean*. The New Markets remain highly dynamic. Growth in Latin America is accelerating thanks to haircare and deodorants. Asia is continuing to expand: the success of *L'Oréal Paris* haircare in China is promising, *Maybelline* is growing strongly in Japan, bolstered by the good start made by *Mineral* foundation, and India's very strong growth rate is continuing.

LUXURY PRODUCTS

The sales of the Luxury Products Division grew by +11.8% like-for-like and +10.3% based on reported figures, thanks to good sell-out in the stores during the end-of-year holiday period, which also accelerated in the 1st quarter, and a favourable comparison base.

- *Lancôme* confirmed its success in facial skincare with its *Génifique* and *Absolue Precious Cells* lines, and the arrival of *Rénergie Lift Volumetry*, inspired by growth factor research. The *Hypnôse Precious Cells* mascara, embodied by Julia Roberts, is also making an excellent start. *Yves Saint Laurent* remains extremely dynamic both in fragrances, with *La Nuit de l'Homme* and *Parisienne*, and in make-up.

Giorgio Armani started the year well with firm sales trends for its men's fragrances *Acqua di Giò* and *Code Homme*.

Kiehl's accelerated in all zones, thanks to the success of the *Açaí* line and the new *Midnight Recovery Concentrate* skincare serum.

- In Western Europe, there were good performances in France and the United Kingdom. Growth was driven by the skincare category, thanks to *Lancôme*, *Biotherm*, and *Kiehl's*. In North America, in a market where department store sales are no longer contracting, the men's fragrances of *Yves Saint Laurent*, and the skincare lines of *Lancôme* and *Kiehl's* are the driving force for the division. In the New Markets, the division's growth was still faster than the market trend in Asia, thanks to dynamic trends in China, South Korea and the ASEAN countries. The Middle East and Russia are recovering.

ACTIVE COSMETICS

The Active Cosmetics Division sales trend grew by +3.0% like-for-like and +4.4% based on reported figures. In a market context comparable with the end of 2009, the division confirmed its global leadership.

- *Vichy* is continuing to grow in facial skincare, with the success of *Neovadiol GF* and the launch of *Liftactiv Retinol HA Night. Essentielles*, *Vichy's* entry-level range, is contributing to growth by attracting new consumers. *La Roche-Posay* sales increased significantly, reflecting the growing momentum of *Effaclar Duo* and *Lipikar Balm*. *SkinCeuticals* and *Innéov* also recorded strong sales increases worldwide.
- All zones achieved growth on a like-for-like basis. North America and Latin America grew strongly. Eastern Europe remains difficult, despite the recent revival in Russia.

Multi-division summary by geographic zone

WESTERN EUROPE

Growth in Western Europe came out at +2.8% like-for-like, and +3.2% based on reported figures, with strong contributions from France, the United Kingdom and Travel Retail.

NORTH AMERICA

1st quarter growth in North America amounted to +5.7% like-for-like and +2.8% based on reported figures, in a market which is stabilising. All cosmetics divisions achieved sales growth.

NEW MARKETS

- **Asia, Pacific:** Growth continued to accelerate, reaching +14.4% like-for-like, and +16.3% excluding Japan. The group achieved very good scores in India, South Korea, China and Indonesia, and continued to outperform the market in Japan.
- **Eastern Europe:** The group's sales grew by +13.6% like-for-like, with sharp contrasts between countries in this zone. Russia's trend is increasing strongly.
- **Latin America:** Growth is accelerating at +21.2% like-for-like, thanks to strong performances in Brazil, Argentina and Mexico.
- **Africa, Middle East:** Sales grew by +7.2% like-for-like, reflecting on the one hand a Luxury Products rebound in the Gulf countries, and on the other a negative trend in South Africa due to a very difficult business environment.

2) The Body Shop sales trend

At end-March, the like-for-like sales of The Body Shop increased by +0.6% like-for-like. Retail sales⁽¹⁾ were -2.4%. On a comparable store base⁽²⁾, retail sales were -1.2%.

With a comparable store base, The Body Shop is achieving sustained growth in Germany, and in the Africa, Middle East zone. The situation is stabilising in the United States, but the United Kingdom, and the countries of Southern Europe, are still feeling the impact of the difficult economic environment.

The new *Nutriganics* skincare range launched in Europe and in the Asia, Pacific zone recorded excellent results.

At March 31st, 2010 the total number of stores was 2,549.

⁽¹⁾ Retail sales: total sales to consumers through all channels, including franchisees.

⁽²⁾ Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to March 31st, 2009 and over the same period in 2010, including franchisees.

3) Galderma sales trend

Galderma's like-for-like sales increased by +17.2% with continued market share gains, globally.

Several core brands confirmed their success at a global level: *Epiduo*®, the reference treatment for acne, *Clobex*®, the first corticosteroid-based shampoo for scalp psoriasis, and *Oracea*®, an innovative anti-inflammatory product for rosacea. In the corrective and aesthetic dermatology segment, *Azzalure*®/*Dysport*®, a botulinum toxin type A specifically developed for the correction of glabellar lines, performs very well in Europe and Latin America. In the United States, *Differin*® *Lotion 0.1%*, first-ever lotion formulation of adapalene for the treatment of acne, was approved during the quarter.

B – Important events during the period 01/01/10 - 03/31/10

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 – Annexe

L'Oréal group sales 2009/2010 (€millions)

	2009	2010
<u>First quarter:</u>		
Cosmetics	4 112	4 445
The Body Shop	162	164
Dermatology	96	112
First quarter total	4 370	4 722
<u>Second quarter:</u>		
Cosmetics	4 104	
The Body Shop	161	
Dermatology	134	
Second quarter total	4 399	
<u>First half:</u>		
Cosmetics	8 216	
The Body Shop	323	
Dermatology	230	
First half total	8 769	
<u>Third quarter:</u>		
Cosmetics	3 965	
The Body Shop	162	
Dermatology	108	
Third quarter total	4 235	
<u>Nine months:</u>		
Cosmetics	12 181	
The Body Shop	485	
Dermatology	338	
Nine months total	13 004	
<u>Fourth quarter:</u>		
Cosmetics	4 076	
The Body Shop	241	
Dermatology	151	
Fourth quarter total	4 469	
<u>Full year</u>		
Cosmetics	16 257	
The Body Shop	726	
Dermatology	489	
Full year total	17 473	