

Sales at September 30th, 2013

L'ORÉAL CONTINUES TO IMPROVE ITS WORLDWIDE POSITIONS

- **Sales: 17.21 billion euros**
 - +6.0% at constant exchange rates
 - +4.9% like-for-like
 - +2.9% based on reported figures
- **Dynamics maintained in the New Markets**
- **Solid growth in Western Europe**
- **North America impacted by market slowdown and inventory reduction in distribution**
- **Confidence in a further year of growth in sales, results and profitability**

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

“Since the start of the year, L'Oréal has been winning market share across all divisions and geographic zones, thus strengthening its world number one position.

In the 3^d quarter, demand for the Group's products remained strong, driven by major product initiatives and their global roll-out: Olia by Garnier and Elvive by L'Oréal Paris in the Consumer Products Division, Sì by Giorgio Armani and Dreamtone by Lancôme at L'Oréal Luxe, and Idéalia by Vichy in the Active Cosmetics Division.

In Western Europe, the Group recorded solid growth, particularly in France and Germany. In North America, Consumer Products Division sales were affected by market slowdown and inventory reductions in distribution that exceeded our expectations. The Group is maintaining its good dynamics across all the New Markets, particularly in China, India, Brazil and Russia.

The economic context remains subject to some uncertainties about the market trend, and to the negative impact of currencies. But our growth prospects, supported by the innovations and the globalisation of our major brands, combined with a strategy of targeted and complementary acquisitions, enable us to look to the future with confidence.

We confirm our targets for 2013 and our ambition of achieving a further year of growth in sales, results and profitability.”

A – Sales at September 30th, 2013

Like-for-like, i.e. based on a comparable structure and identical exchange rates, L'Oréal Group's sales rose +4.9%.

The net impact of changes in consolidation was +1.1%.

Currency fluctuations had a negative impact of -3.1% at September 30th, 2013 and -6.0% in the 3rd quarter, due to the depreciation of a number of currencies including: the US dollar, the Brazilian real, the Japanese yen, the Indian rupee and the Argentinian peso.

Growth at constant exchange rates was +6.0%. If current exchange rates (i.e. €1=\$1.38) are extrapolated up to December 31st, the impact of currency fluctuations would be -3.8% for the whole of 2013.

Based on reported figures, the Group's sales, at September 30th, 2013, amounted to 17.213 billion euros, an increase of +2.9%.

Sales by operational division and geographic zone

	3 rd quarter 2013			At September 30 th , 2013		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
By operational division						
Professional Products	715.8	2.9%	-2.9%	2,247.7	1.8%	-0.6%
Consumer Products	2,600.2	3.4%	-2.0%	8,323.2	5.3%	2.8%
L'Oréal Luxe	1,438.2	5.9%	2.7%	4,265.0	6.2%	5.3%
Active Cosmetics	356.0	8.5%	3.1%	1,263.1	8.0%	5.6%
Cosmetics total	5,110.3	4.4%	-0.5%	16,099.0	5.3%	3.1%
By geographic zone						
Western Europe	1,781.2	2.6%	1.4%	5,680.1	2.0%	1.5%
North America	1,313.6	0.6%	-2.7%	4,056.8	3.8%	3.4%
New Markets, of which:	2,015.5	8.6%	-0.7%	6,362.1	9.4%	4.4%
- Asia, Pacific	1,053.8	8.2%	-1.2%	3,294.0	8.0%	3.0%
- Latin America	455.6	8.5%	-3.1%	1,421.9	11.8%	5.2%
- Eastern Europe ⁽¹⁾	380.9	7.6%	1.1%	1,260.8	9.3%	6.3%
- Africa, Middle East ⁽¹⁾	125.1	15.4%	8.1%	385.3	13.1%	8.2%
Cosmetics total	5,110.3	4.4%	-0.5%	16,099.0	5.3%	3.1%
The Body Shop	179.9	0.1%	-5.8%	548.7	0.4%	-2.9%
Dermatology ⁽²⁾	184.9	0.0%	-3.1%	565.4	0.2%	1.1%
Group total	5,475.1	4.1%	-0.8%	17,213.2	4.9%	2.9%

(1) As of July 1st, 2013, Turkey and Israel, which had previously been recorded under the Africa, Middle East zone, were transferred to the Eastern Europe zone. All figures for earlier periods have been restated to allow for this change.

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

At September 30th, the Professional Products Division reported +1.8% like-for-like and -0.6% based on reported figures. The mature markets are still difficult, particularly Southern Europe. The Division is maintaining its dynamics in the New Markets.

- In the luxury haircare segment, *Kérastase* recorded another quarter of growth. The new *Couture Styling* range is confirming its success.
The good development of the haircare category is continuing, thanks to the successful hair oils and the roll-out of the *Biologie Advanced* range by *Matrix* in the United States.
In hair colourants, ODS2 technology - used in three of the Division's brands (*L'Oréal Professionnel*, *Matrix* and *Redken*) - is continuing its development. *Essie*, which is growing strongly, is strengthening its professional nailcare expert positioning thanks to the launch of *Essie Gel* in the United States.
- In geographic terms, the Division is consolidating its positions in Western Europe and in the United States, in markets still affected by the lower number of salon visits. In the New Markets excluding Japan, all zones are continuing to grow, with particularly good figures in Russia, Brazil, South Korea, India, Indonesia and Africa, Middle East.

CONSUMER PRODUCTS

The Consumer Products Division achieved sales growth at end-September of +5.3% like-for-like, and +2.8% based on reported figures. The Division is continuing to win market share worldwide.

- The trends of all the Division's brands are favourable. *L'Oréal Paris* is maintaining its dynamics with its successful globalisation of *Elvive*. In facial skincare, the brand is accelerating its growth thanks to *Revitalift Laser*, *Revitalift Miracle Blur* and *Age Perfect Cell Renewal*.
Garnier is significantly reinforcing its positions in hair colourants, thanks to the success of *Olia*, now in the global roll-out phase, while in facial skincare the BB creams are continuing to recruit new consumers.
Maybelline is posting strong performances in the lipstick and nail varnish segments.
- In Western Europe, the 3rd quarter was good for the Division. In North America, activity was affected by inventory adjustments by distributors, but the Division is continuing to improve its market shares, thanks in particular to *L'Oréal Paris Advanced Haircare*.
Brazil, China, Turkey and the Middle East all performed well.

L'ORÉAL LUXE

With a solid 3rd quarter, L'Oréal Luxe posted sales growth at end-September of +6.2% like-for-like and +5.3% based on reported figures. L'Oréal Luxe is gaining market share in all regions.

- One year after its launch, *Lancôme* is continuing to enjoy worldwide success with *La Vie est Belle*, and is strengthening its skincare sales with the renewal of *Advanced Génifique* and the launch in September of a particularly innovative product: *Dreamtone*, a pigmentation corrector.
Giorgio Armani is maintaining its growth dynamics thanks to the launch of its new women's fragrance, *Si*. *Yves Saint Laurent* is accelerating in Asia with *Vernis à Lèvres Rebel Nudes*, and its new mascara, *Volume Effet Faux Cils Baby Doll*.
The three American brands *Kiehl's*, *Clarisonic* and *Urban Decay* are growing very strongly across all continents. Amongst the designer fragrance brands, *Viktor&Rolf* is performing strongly worldwide thanks to the success of *Flowerbomb* and *Spicebomb*. *Diesel* is launching *Loverdose Tattoo*, and *Polo Red* by *Ralph Lauren* is a success.

- Business remains lively in North America, in the New Markets, and in the Travel Retail channel, where L'Oréal Luxe is gaining market share.

ACTIVE COSMETICS

At end-September, the Active Cosmetics Division is continuing its strong growth, with scores of +8.0% like-for-like and +5.6% based on reported figures.

- Trends for the major brands are favourable: *La Roche-Posay* is recording double-digit growth, with good performances across all continents. *Vichy* is continuing its recovery, with the further development of its *Idéalia* franchise, boosted by the launch of *Idéalia Life Serum*. *SkinCeuticals* is continuing its global roll-out.
- Overall, the Division is continuing to gain market shares worldwide. The dynamics are particularly strong in Western Europe and Latin America.

Multi-division summary by geographic zone

WESTERN EUROPE

In a flat market, L'Oréal posted growth of +2.0% like-for-like and +1.5% based on reported figures at end-September. There were sharp contrasts in performances, as figures were good in Northern Europe, while Southern Europe is still proving difficult.

The Consumer Products Division is continuing to gain market shares in haircare and hair colourants. The Active Cosmetics Division recorded very good performances with its major brands, particularly *La Roche-Posay*. At L'Oréal Luxe, the successes of *Kiehl's* and *Urban Decay* are worth noting.

NORTH AMERICA

At September 30th, L'Oréal recorded growth of +3.8% like-for-like and +3.4% based on reported figures.

The Consumer Products Division is continuing to grow faster than the market, thanks to the successful launch of *Advanced Hair Care* by L'Oréal Paris, *Olia* by Garnier and *Big Eyes* by Maybelline. Nevertheless, the Division's performances have been affected by the slowdown in the market and by the increase in inventory reductions by some distributors. At L'Oréal Luxe, the trends of *Kiehl's*, *Urban Decay* and *Clarisonic* are favourable, and *Red* by Ralph Lauren has become one of the Top 3 men's fragrances. In the Active Cosmetics Division, *SkinCeuticals* is confirming its success.

NEW MARKETS

- **Asia, Pacific:** At end-September, L'Oréal posted growth of +8.0% like-for-like and 3.0% based on reported figures. Excluding Japan, like-for-like growth reached +9.2%. The market is still declining in South Korea and is slowing, although still dynamic, in China, India and South-East Asia. The Group is strengthening its positions thanks to the performances in the Consumer Products Division of *Maybelline* and *L'Oréal Paris*, which is accelerating in the facial skincare and haircare categories, particularly in China. At L'Oréal Luxe, growth is being driven by *Lancôme*, *Kiehl's*, *Giorgio Armani* and the roll-out of *Yves Saint Laurent* and *Clarisonic*. Amongst the countries, Indonesia, Hong Kong, India and China are contributing to the good performance in this zone.
- **Latin America:** This zone posted growth of +11.8% like-for-like and +5.2% based on reported figures. Brazil's good dynamics are continuing, thanks to all the Divisions and the *Garnier*, *Vichy* and *La Roche-Posay* brands in particular. The zone's sales dynamics remain positive, despite the impact of a slowdown in Mexico.

- **Eastern Europe:** The zone recorded scores of +9.3% like-for-like and +6.3% based on reported figures. In the Consumer Products Division, the hair colourants category is growing, thanks to the launch of *Olia*, along with make-up, thanks to *Volume Million Lashes Excess* mascara by *Maybelline*. The Professional Products Division is continuing to grow thanks to the conquest of new salons, the innovations of *L'Oréal Professionnel* and the success of *Matrix* in more affordable salons. L'Oréal Luxe meanwhile is benefitting from the good performances of *Lancôme*, *Yves Saint Laurent* and *Giorgio Armani*. Turkey, Russia and Ukraine are major contributors to growth in this zone.
- **Africa, Middle East:** At end-September, sales in this zone grew by +13.1% like-for-like and +8.2% based on reported figures. This increase was achieved thanks to the good performances of the Consumer Products Division, of L'Oréal Luxe and to the acceleration of the Active Cosmetics Division. The countries of the Middle East (Egypt, Pakistan, the countries of the Levant and Saudi Arabia) recorded strong growth rates and market share gains. The acquisition of the hygiene-beauty business of Interconsumer Products in Kenya led to a good acceleration of sales in the markets of Eastern Africa.

2) The Body Shop sales

At the end of September, The Body Shop recorded +0.4% like-for-like and -2.9% based on reported figures. The Body Shop is performing well in Indonesia, India, Malaysia, Eastern Europe and is affected by the countries of Southern Europe and the United States.

New launches will take place in the 4th quarter, with the new bodycare range *Honeymania*, featuring community fair trade honey from Ethiopia, and the fragrance *White Musk Smoky Rose*.

The brand is continuing the global roll-out of its new "*Pulse*" store concept, and the development of its digital offering. The brand now has 22 e-commerce websites.

At September 30th, 2013, The Body Shop had a total of 2,849 stores.

3) Galderma sales

Galderma's sales rose +0.2% like-for-like and +1.1% based on reported figures, with continuing sharp contrasts between performances in the geographic zones.

Growth remains particularly solid in the New Markets, especially in Asia, Pacific, Latin America and Russia. In the United States, where the market remains extremely competitive, sales of prescription products are still impacted by more intense competition from generics. *Epiduo* (acne) is however recording good growth figures, while the FDA has approved *Mirvaso* for the treatment of the erythema associated with rosacea. The product was immediately launched on the market.

Cetaphil (a hydrating and cleansing skincare range) and *Loceryl* (onchymycosis) are continuing to grow strongly in the over-the-counter market.

The aesthetic and corrective medical solutions are also recording solid advances, driven by the strong growth of *Azzalure* (muscle relaxant) and *Restylane* (dermal filler).

B – Important events during the period 7/1/13 to 9/30/13

- On August 15th, 2013, L'Oréal announced its intention to acquire all the shares of Magic Holdings Limited, a Chinese company listed on the Hong Kong Stock Exchange, specialising in cosmetic facial masks.*
- On September 20th, 2013, L'Oréal India announced the acquisition of Cheryl's Cosmeceuticals, a Mumbai-based company operating in professional haircare products for beauty salons.

C – Post-closing events

- On October 15th, 2013, L'Oréal announced the acquisition by The Body Shop of a majority stake in Emporio Body Store in Brazil.
- On October 17th, 2013, L'Oréal announced that the Japanese group Shiseido had granted it exclusive negotiation rights for the acquisition of the Decléor and Carita brands.
- On October 23rd, 2013, L'Oréal announced the sustainability commitments the Group has set itself for 2020: "Sharing Beauty with All".

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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 is a free translation into English of the press release of the Sales at September 30th, 2013 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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D – 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	5,110
The Body Shop	191	180
Dermatology	191	185
Third quarter total	5,519	5,475
<u>Nine months:</u>		
Cosmetics	15,608	16,099
The Body Shop	565	549
Dermatology	559	565
Nine months total	16,732	17,213
<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	