Clichy, July 31st, 2014 at 6:00 pm

L'ORÉAL

First-half 2014 results

A SOLID FIRST HALF

GOOD OPERATING PROFITABILITY PROGRESSION
GROWTH CONTRASTED BY DIVISION

News Release

- **Operating profitability at 18.2% of sales, a profit of 2.029 billion euros**
- **Sales: 11.17 billion euros**
  - +3.8% like-for-like
  - -1.5% based on reported figures
- **Very strong performance continues at L'Oréal Luxe and Active Cosmetics Division**
- **Gradual improvement of the Professional Products Division**
- **Consumer Products Division held back by a sluggish market in the United States**
- **Confidence in another year of sales and profit growth**

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

"A good progression in operating profitability was once again achieved in the first half, at 18.2% of sales, further illustrating the robustness of L'Oréal's strong value-creating business model.

First-half sales showed contrasts by distribution channel. L'Oréal Luxe is growing rapidly, driven by the vitality of the novel brands Urban Decay, Kiehl's and Clarisonic and by the success of fragrances with Lancôme, "La Vie est Belle" and Giorgio Armani, "Sì". The Active Cosmetics Division also delivered a very good performance thanks to La Roche-Posay, which this year once again is growing very strongly, the continuing recovery of Vichy, and the roll-out of SkinCeuticals. The Professional Products Division is confirming its gradual improvement across all its brands. The Consumer Products Division's growth is held back by a sluggish American market and, to a certain extent, by a slowdown in the New Markets, but remains solid in Western Europe.

In an uncertain economic and monetary environment, we are confident in the Group's ability to once again outperform the market in 2014 and to post another year of like-for-like sales growth, improved profitability and increased net earnings per share.

Following the finalisation on July 8th, 2014 of the strategic transaction between L'Oréal and Nestlé, the Group will record this year a capital gain of more than 2 billion euros. The cancellation of 48.5 million shares will have an accretive impact of more than 5% on net earnings per share on a full year basis."

Note: The announcement on February 11th, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method of January 1st, 2014. All figures for earlier periods have been restated accordingly.

A – First-half 2014 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth was +3.8%.
The net impact of changes in consolidation was -0.2%.
Currency fluctuations had a negative impact of -5.1%. If the exchange rates at June 30th, 2014, i.e. €1 = $1.366, are extrapolated up to December 31st, the impact of currency fluctuations on sales would be approximately -3.5% for the whole of 2014.
Growth at constant exchange rates was +3.6%.
Based on reported figures, the Group's sales at June 30th, 2014 amounted to 11.17 billion euros, a decrease of -1.5%.

Sales by operational Division and geographic Zone

The announcement on February 11th, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method of January 1st, 2014. All figures for earlier periods have been restated accordingly.

	2nd quarter 2014			1st half 2014		
		Growth			Growth	
	€m	Like-for-like	Reported	€m	Like-for-like	Reported
By operational Division						
Professional Products	769.9	+2.2%	-1.2%	1,505.1	+3.0%	-1.7%
Consumer Products	2,722.6	+2.8%	-2.8%	5,481.5	+2.0%	- 4.2%
L'Oréal Luxe	1,442.5	+7.5%	+2.7%	2,903.3	+7.4%	+2.7%
Active Cosmetics	413.5	+7.4%	+2.4%	920.9	+8.1%	+3.2%
Cosmetics Divisions total	**5,348.5**	**+4.3%**	**-0.8%**	**10,810.8**	**+4.0%**	**-1.5%**
By geographic Zone						
Western Europe	1,961.0	+2.8%	+2.9%	3,980.9	+2.8%	+2.4%
North America	1,327.1	+2.4%	-3.3%	2,622.3	+0.9%	-4.4%
New Markets, of which:	2,060.4	+7.0%	-2.5%	4,207.6	+7.3%	-3.1%
- *Asia, Pacific*	*1,055.5*	*+6.3%*	*+0.4%*	*2,221.9*	*+6.6%*	*-0.8%*
- *Latin America*	*466.1*	*+7.6%*	*-7.8%*	*876.9*	*+7.8%*	*-8.9%*
- *Eastern Europe(1)*	*397.5*	*+5.9%*	*-6.4%*	*824.3*	*+6.1%*	*-6.2%*
- *Africa, Middle East(1)*	*141.3*	*+14.0%*	*+7.9%*	*284.5*	*+14.5%*	*+9.3%*
Cosmetics Divisions total	**5,348.5**	**+4.3%**	**-0.8%**	**10,810.8**	**+4,0%**	**-1.5%**
The Body Shop	187.4	0.0%	+0.3%	363.8	-1.7%	-1.4%
Group total	**5,536.0**	**+4.1%**	**-0.7%**	**11,174.6**	**+3.8%**	**-1.5%**

(1) As of July 1st, 2013, Turkey and Israel, which were previously included in 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.

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division has posted growth of +3.0% like-for-like and -1.7% based on reported figures. The Division's growth was weaker in Asia, but has been confirmed in Western Europe and the United States.

- Haircare, driven by the new *Biolage* by *Matrix*, and hair colourants, boosted by the further success of ODS^2 technology, are the main contributors to growth. Styling is growing strongly, thanks to the relaunch of *TecniArt* by *L'Oréal Professionnel* and *Redken'*s styling range.

- The return to growth in mature markets has been confirmed. The Division is maintaining good momentum in the New Markets (excluding Japan), which are still dynamic, especially in India, Russia and Brazil.

CONSUMER PRODUCTS

The Consumer Products Division recorded growth of +2.0% like-for-like and -4.2% based on reported figures. Well-positioned to benefit from the gradual improvement in European markets, the Division was nevertheless held back by an American mass market that has been slow to pick up, and, to a certain extent, by slower growth of the market in the emerging countries.

- Recent launches, which have provided a strong boost in hair where the Division is continuing to win market share, have been less effective in facial skincare in the first part of the year. The Division is maintaining its very good momentum in haircare, particularly in China, in Europe with the launches of *Fibralogy* by *L'Oréal Paris* and *Ultimate Blends* by *Garnier*, and in the United States with sustained growth on both *L'Oréal Paris Advanced Haircare* and *Garnier Fructis*. In hair colourants, the roll-out of *Garnier Olia* continues. In make-up, *L'Oréal Paris* is expanding well, and is innovating with *Butterfly* and *Miss Manga* mascaras.

- Amongst the geographic Zones, North America has been held back by a sluggish market and a high comparison base. The Division has posted solid growth in Western Europe and Brazil. The Division continues to be dynamic in Southern Asia, Eastern Europe and Africa, Middle East, where it is gaining market share.

L'ORÉAL LUXE

The sales of L'Oréal Luxe grew by +7.4% like-for-like and +2.7% based on reported figures at end-June. The Division is continuing to make strong market share gains.

- *Urban Decay*, the Californian L'Oréal Luxe brand, driven by its cult *Naked Palette* product, is recording very strong growth, and the same is true of the American alternative brands *Kiehl's* and *Clarisonic*. *Giorgio Armani*, with its women's fragrance "*Sì"*, *Yves Saint Laurent*, with its lip make-up, and *Ralph Lauren*, thanks to its fragrances *Polo Red* and *Midnight Romance*, are maintaining their dynamism. *Lancôme'*s fragrance "*La Vie est belle"* is now number one, both in the French market and in the five major European markets combined, and the brand has successfully launched *Visionnaire Crème*.

- The Division is expanding in all its strategic categories and is gaining market shares across all geographic Zones, particularly in the New Markets, notably China, and in the United States and Western Europe.

ACTIVE COSMETICS

In the first half, the Active Cosmetics Division continued its sustained growth at +8.1% like-for-like and +3.2% based on reported figures.

- The first-half headline was the very good start made by sun protection, both at *Vichy* (*Capital Soleil*) and at *La Roche-Posay* (*Anthelios*). *Vichy* is maintaining its momentum with the launch of *Aqualia Thermal* and the roll-out of *Teint Idéal*.
  La Roche-Posay has posted once again double-digit growth on every continent. Note the launch of *Effaclar Duo [+]*, an anti-blemish corrective skincare line that unclogs pores and targets marks. It is

strengthening the *Effaclar* franchise for acne-prone skin, one of the main reason of dermatological consultations. *Roger&Gallet* successfully launched a new fresh fragrance, *Gingembre Rouge*, in the second quarter.

- All the geographic Zones are contributing to growth, with strong market share gains in France, Russia, Brazil and China.

Multi-division summary by geographic Zone

WESTERN EUROPE

In Western Europe, the Group is maintaining its growth trend at +2.8% like-for-like and +2.4% based on reported figures. All the Divisions contributed to growth. The strong market share gains made by L'Oréal Luxe and the Active Cosmetics Division are worth noting. The Consumer Products Division is winning market share in haircare and hair colourants, and is continuing to prove dynamic with market share gains in Spain and Portugal.

NORTH AMERICA

In the first half, L'Oréal posted growth of +0.9% like-for-like and -4.4% based on reported figures. The Professional Products, Active Cosmetics and L'Oréal Luxe Divisions are gaining market shares. *Urban Decay* is growing very strongly, establishing itself as the number two L'Oréal Luxe brand, after *Lancôme*. In a sluggish mass market environment in the first half of 2014, the Consumer Products Division was faced with a high 2013 comparison base. In hair, *L'Oréal Paris Advanced Haircare* and *Garnier Fructis* are winning market share, while *L'Oréal Paris* make-up is strengthening its position thanks to the new *Butterfly* mascara.

NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded growth of +6.6% like-for-like and -0.8% based on reported figures. The market in this Zone is still dynamic, despite a slight slowdown, and the Group is continuing to win market share. The first half was marked by very good performances from the *Kiehl's*, *Yves Saint Laurent*, *Giorgio Armani*, *La Roche Posay* and *Clarisonic* brands. By country, India, Hong Kong and Australia are contributing particularly strongly to this performance. Magic Holdings, the recent acquisition in China, posted solid sales growth over the period.

- **Latin America:** In the first half, L'Oréal recorded growth of +7.8% like-for-like and -8.9% based on reported figures. The growth of the Consumer Products Division is being driven by the good performances of *Elsève* and *Maybelline*. The three selective Divisions are performing well, with double-digit growth for L'Oréal Luxe and the Active Cosmetics Division. Growth is being driven by the success of *L'Oréal Professionnel* hair colourants, sun protection in all the Active Cosmetics brands, and fragrances at L'Oréal Luxe, such as "*La Vie est Belle"*, *Polo Red* and *"Sì"*.

- **Eastern Europe:** The Zone has posted growth of +6.1% like-for-like and -6.2% based on reported figures. L'Oréal Luxe and the Professional Products Division are proving highly dynamic in almost all countries in this Zone. The Consumer Products Division is winning market share across the Zone as a whole, reflecting the leadership now attained in hair colourants and the strong dynamism of deodorants.

- **Africa, Middle East:** The Zone achieved growth of +14.5% like-for-like and +9.3% based on reported figures, outperforming the market in the region. The good growth figures in Egypt, Pakistan and Saudi Arabia, and the acceleration in Nigeria and South Africa, are worth noting.
  Market share gains are also accelerating in fragrances for L'Oréal Luxe, and in hair colourants and make-up for the Consumer Products Division. The Active Cosmetics brands are also recording strong growth in the Middle East.

2) The Body Shop sales

At end-June, The Body Shop recorded sales of -1.7% like-for-like and -1.4% based on reported figures. Business in Europe, North America, the Middle East, Africa and Brazil, was driven by innovations. The strategic priority given to skincare is delivering, driving growth in this category. Asia is still facing challenges in certain markets, that are affecting performances.
At June 30th, 2014, The Body Shop has 3,041 points of sale, including those of Emporio Body Store.

B – Important events during the period 04/01/14 to 06/30/14

- On April 8th, 2014, the acquisition of Magic Holdings was finalised. This move marks L'Oréal's largest investment to date in the Chinese beauty market.
- On April 17th, 2014, the Annual General Meeting of L'Oréal shareholders renewed the tenure of Mr Jean-Paul Agon as Director. The Board of Directors, which met at the end of the Annual General Meeting, decided to renew the duties of Mr Jean-Paul Agon as Chairman and Chief Executive Officer.
- On April 30th, 2014, the acquisition of the *Decléor* and *Carita* brands was finalised. The new brands provide the Professional Products Division with a key position in the worldwide professional skincare market in beauty institutes, spas and hair salons.
- On June 18th, 2014, L'Oréal announced the signing of a definitive agreement to acquire NYX Cosmetics, a mass market brand rooted in professional make-up artistry with its headquarters in Los Angeles.

C – First-half 2014 results

The half-year consolidated accounts have undergone a limited examination by the Statutory Auditors.

The announcement on February 11th, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method of January 1st, 2014. All figures for earlier periods have been restated accordingly.

1) Operating profitability at 18.2% of sales

Consolidated profit and loss account: from sales to operating profit.

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

In € million	**06/30/13**	**As % of sales**	**12/31/13**	**As % of sales**	**06/30/14**	**As % of sales**	**Change H1-2014 vs. H1-2013**
Sales	**11,342.4**	**100.0%**	**22,124.2**	**100.0%**	**11,174.6**	**100.0%**	**-1.5%**
Cost of sales	*-3,212.7*	*28.3%*	*-6,379.4*	*28.8%*	*-3,151.2*	*28.2%*	
Gross profit	**8,129.7**	**71.7%**	**15,744.8**	**71.2%**	**8,023.4**	**71.8%**	**+10bp**
R&D expenses	*-364.4*	*3.2%*	*-748.3*	*3.4%*	*-367.2*	*3.3%*	
Advertising and promotion expenses	*-3,400.5*	*30.0%*	*-6,621.7*	*29.9%*	*-3,270.9*	*29.3%*	
Selling, general and administrative expenses	*-2,338.9*	*20.6%*	*-4,614.4*	*20.9%*	*-2,356.2*	*21.1%*	
Operating profit	**2,025.9**	**17.9%**	**3,760.4**	**17.0%**	**2,029.0**	**18.2%**	**+30bp**

Gross profit, at 8,023 million euros, has come out at 71.8% of sales, compared with 71.7% in the first half of 2013, representing an improvement of 10 basis points.

Research and Development expenses have increased from 3.2% to 3.3% as a percentage of sales. This increase illustrates the Group's constant determination to support its Research and Innovation effort.

Advertising and promotion expenses came out at 29.3% of sales, which is 70 basis points below the first-half 2013 level, as announced at the beginning of the year.

Selling, general and administrative expenses, at 21.1% of sales, have come to a higher level, by 50 basis points, compared to the first half of 2013.

Overall, the **operating profit** at 2,029 million euros, has grown by 0.2%, and amounts to 18.2% of sales. At constant exchange rates, operating profit growth would have been +4.5%.

2) Operating profit by operational Division

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

	06/30/13		12/31/14		06/30/14	
	€m	**% of sales**	**€m**	**% of sales**	**€m**	**% of sales**
By operational Division						
Professional Products	307.3	20.1%	609.5	20.5%	294.7	19.6%
Consumer Products	1,190.2	20.8%	2,166.7	19.9%	1,157.2	21.1%
L'Oréal Luxe	566.2	20.0%	1,174.2	20.0%	590.6	20.3%
Active Cosmetics	247.1	27.7%	342.6	21.7%	259.5	28.2%
Total Divisions before non-allocated	**2,310.8**	**21.1%**	**4,293.0**	**20.2%**	**2,302.0**	**21.3%**
Non-allocated(1)	*-294.8*	*-2.7%*	*-604.5*	*-2.8%*	*-275.7*	*-2.6%*
Total Divisions after non-allocated	**2,016.1**	**18.4%**	**3,688.5**	**17.3%**	**2,026.3**	**18.7%**
The Body Shop	9.8	2.7%	71.9	8.6 %	2.7	0.8%
Group	**2,025.9**	**17.9 %**	**3,760.4**	**17.0 %**	**2,029.0**	**18.2%**

(1) Non-allocated expenses = Central Group expenses, fundamental research expenses, stock option and free grant of shares expenses and miscellaneous items. As a % of total Divisions sales.

With the exception of the **Professional Products Division**, whose profitability has declined from 20.1% to 19.6%, the profitability of each of the Divisions has increased during the first half:

- The **Consumer Products Division**, from 20.8% to 21.1%, representing a rise of 30 basis points.

- **L'Oréal Luxe**, from 20.0% to 20.3%, representing plus 30 basis points.

- And the **Active Cosmetics Division**, from 27.7% to 28.2%, that is plus 50 basis points.

The Body Shop makes most of its profit in the second half, as it does every year. The first-half trend is therefore not significant.

3) Net profit from continuing operations

Consolidated profit and loss account: from operating profit to net profit excluding non-recurring items.

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

In € million	**06/30/13**	**12/31/13**	**06/30/14**	**Change H1-2014 vs. H1-2013**
Operating profit	**2,025.9**	**3,760.4**	**2,029.0**	**+30bp**
Financial revenues and expenses excluding dividends received	*-12.9*	*-31.4*	*-8.1*	
Sanofi dividends	327.5	327.5	331.1	
Profit before tax and associates excluding non-recurring items	2,340.4	4,056.6	2,352.0	
Income tax excluding non-recurring items	*-564.8*	*-1,018.1*	*-575.4*	
Net profit excluding non-recurring items of equity consolidated companies	*+0.6*	*-3.0*	*-1.5*	
Non-controlling interests	*-1.7*	*-3.2*	*-1.6*	
Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company[1]	**1,774.5**	**3,032.4**	**1,773.5**	
Net EPS[2] (€)	**2.92**	**4.99**	**2.92**	**–**
Net profit attributable to owners of the company	1,708.9	2,958.2	1,734.8	+1.5%
Diluted earnings per share attributable to owners of the company (€)	2.81	4.87	2.85	+1.5%
Diluted average number of shares	**607,829,132**	**608,001,407**	**607,667,507**	

(1) Net profit from continuing operations, excluding non-recurring items after non-controlling interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, as well as competition litigation, and tax effects or non-controlling interests. (2) Diluted earnings per share of continuing operations, attributable to owners of the company, excluding non-recurring items.

Overall finance costs amounted to 8.1 million euros, compared with 12.9 million euros in the first half of 2013. This decline reflected the continuing strengthening of our financial structure in the first half.

The **Sanofi dividends** amounted to 331 million euros.

Income tax excluding non-recurring items amounted to 575 million euros, representing a taxation rate of 24.5%, slightly above the rate of the first half of 2013, which came out at 24.1%.

Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company, which amounted to 1,773.5 million euros, is flat compared to that of the first half of 2013.

Net EPS, calculated at this stage without taking into account the impact of the strategic transaction with Nestlé, amounted to 2.92 euros. It is flat compared to that of the first half of 2013.

Net profit attributable to owners of the company, amounted to 1,734.8 million euros, an increase of 1.5%.

4) Net earnings per share[4]: 3.17 euros, up by +7.5%

It is the comparison of net profit per share, excluding non-recurring items, attributable to owners of the company - as it was reported in 2013 - with the net profit per share, excluding non-recurring items, attributable to owners of the company, for the first half of 2014, adjusted for the strategic transaction between L'Oréal and Nestlé as from January 1st, 2014.

In € million	**06/30/13**	**12/31/13**	**06/30/14**	**Change H1-2014 vs. H1-2013**
Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company	**1,774.5**	**3,032.4**	**1,773.5**	
2013 contribution of Galderma to net profit excluding non-recurring items	15.4	85.1	–	
Reported net profit excluding non-recurring items, attributable to owners of the company	1,789.9[1]	3,117.5[1]	1,773.5[2]	
Theoritical net financial costs linked with the strategic transaction	–	–	-3.3	
Net profit excluding non-recurring items, attributable to owners of the company	–	–	1,770.2	
EPS (€)	**2.94[3]**	**5.13[3]**	**3.17[4]**	**+7.5%**
Diluted average number of shares used to calculate the EPS	607,829,132	608,001,407	559,167,507	

(1) Reported net profit excluding non-recurring items, attributable to owners of the company at June 30th, 2013 and Dec.31st, 2013.

(2) Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company, for the first half of 2014.
(3) Diluted earnings per share based on reported net profit excluding non-recurring items, attributable to owners of the company.
(4) Diluted earnings per share based on net profit of continuing operations, excluding non-recurring items, attributable to owners of the company, adjusted for the strategic transaction as from January 1st, 2014.

5) Operating cash flow and balance sheet

Gross cash flow amounted to 2,108 million euros, up by 2.2% compared with the first half of 2013.

As is the case each year in the first half, the **change in working capital** has increased significantly. In this half, the increase is very close to that of the first half of 2013, at 598 million euros.

Investments at 484 million euros, represent 4.3% of sales.

Operating cash flow has come out at 1,025 million euros, up by 5.9%.

After payment of the dividend and acquisitions, consisting mainly of the acquisitions of Magic Holdings, *Decléor* and *Carita*, the **residual cash flow** amounts to -1,346 million euros.

At June 30th, 2014, **net cash** is positive at 922 million euros.

The balance sheet structure is particularly robust, as **shareholders' equity** amounted to 22.9 billion euros, has been strengthened compared with December 31st, 2013.

Results

6) Post-closing events

- The strategic transaction with Nestlé announced on February 11th, 2014, was finalised on July 8th, 2014: the buyback and cancellation by L'Oréal of 48.5 million of its own shares (representing 8% of its share capital) and the disposal by L'Oréal to Nestlé of its stake in Galderma. The sale of Galderma will result, in the second half, in a capital gain net of tax of about 2.1 billion euros.

- The acquisition of NYX Cosmetics, a mass market brand rooted in professional make-up artistry with its headquarters in Los Angeles, announced on June 18th, 2014, was finalised on July 30th, 2014.

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D – Appendices

Appendix 1: L'Oréal Group sales 2013/2014 (€ millions)

The announcement on February 11th, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method of January 1st, 2014. All figures for earlier periods have been restated accordingly.

	2013	2014
First quarter:		
Cosmetics Divisions	5,583.6	5,462.2
The Body Shop	181.9	176.4
First quarter total	**5,765.5**	**5,638.6**
Second quarter:		
Cosmetics Divisions	5,390.0	5,348.5
The Body Shop	186.9	187.4
Second quarter total	**5,576.9**	**5,536.0**
First half:		
Cosmetics Divisions	10,973.6	10,810.8
The Body Shop	368.8	363.8
First half total	**11,342.4**	**11,174.6**
Third quarter:		
Cosmetics Divisions	5,103.2	
The Body Shop	179.9	
Third quarter total	**5,283.1**	
Nine months:		
Cosmetics Divisions	16,076.8	
The Body Shop	548.7	
Nine months total	**16,625.5**	
Fourth quarter:		
Cosmetics Divisions	5,211.7	
The Body Shop	287.0	
Fourth quarter total	**5,498.7**	
Full year		
Cosmetics Divisions	21,288.5	
The Body Shop	835.8	
Full year total	**22,124.2**	

Appendix 2: Compared consolidated income statements

€ millions	1st half 2014	1st half 2013 [(1)]	2013 [(1)]
Net sales	**11,174.6**	**11,342.4**	**22,124.2**
Cost of sales	-3,151.2	-3,212.7	-6,379.4
Gross profit	**8,023.4**	**8,129.7**	**15,744.8**
Research and development	-367.2	-364.4	-748.3
Advertising and promotion	-3,270.9	-3,400.5	-6,621.7
Selling, general and administrative expenses	-2,356.2	-2,338.9	-4,614.4
Operating profit	**2,029.0**	**2,025.9**	**3,760.4**
Other income and expenses	-48.0	-28.5	-128.6
Operational profit	**1,981.1**	**1,997.4**	**3,631.8**
Finance costs on gross debt	-13.0	-10.3	-23.1
Finance income on cash and cash equivalents	23.1	18.6	36.4
Finance costs, net	**10.1**	**8.3**	**13.3**
Other financial income (expenses)	-18.2	-21.2	-44.7
Sanofi dividends	331.1	327.5	327.5
Profit before tax and associates	**2,304.0**	**2,311.9**	**3,928.0**
Income tax	-607.1	-615.9	-1,043.6
Share of profit in associates	-1.5	0.6	-3.0
Net profit from continuing operations	**1,695.4**	**1,696.6**	**2,881.4**
Net profit from discontinued operations	**41.0**	**14.0**	**80.0**
Net profit	**1,736.4**	**1,710.6**	**2,961.4**
Attributable to:			
• owners of the company	1,734.8	1,708.9	2,958.2
• non-controlling interests	1.6	1.7	3.2
Earnings per share attributable to owners of the company *(euros)*	2.89	2.86	4.95
Diluted earnings per share attributable to owners of the company *(euros)*	2.85	2.81	4.87
Earnings per share of continuing operations attributable to owners of the company *(euros)*	2.82	2.84	4.82
Diluted earnings per share of continuing operations attributable to owners of the company *(euros)*	2.79	2.79	4.73
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (*euros*)	2.96	2.97	5.07
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items *(euros)*	2.92	2.92	4.99

[(1)] *The consolidated income statements for full-year 2013 and first-half 2013 have been restated to reflect the impacts of IFRS 5 concerning discontinued operations along with the impact of applying IFRS 11.*

Appendix 3: Consolidated statement of comprehensive income

€ millions	1st half 2014	1st half 2013	2013
Consolidated net profit for the period	**1,736.4**	**1,710.6**	**2,961.4**
Financial assets available-for-sale	*54.4*	*973.0*	*677.4*
Cash flow hedges	*-73.8*	*-18.6*	*13.2*
Cumulative translation adjustments	*69.3*	*-104.2*	*-457.0*
Income tax on items that may be reclassified to profit or loss (1)	*18.3*	*-35.1*	*-32.1*
Items that may be reclassified to profit or loss	68.2	815.1	201.5
Actuarial gains and losses	*-139.8*	-	*188.9*
Income tax on items that may not be reclassified to profit or loss (1)	*49.3*	-	*-63.8*
Items that may not be reclassified to profit or loss	-90.5	-	125.1
Other comprehensive income	-22.3	815.1	326.6
Consolidated comprehensive income	**1,714.1**	**2,525.7**	**3,288.0**
Attributable to:			
• **owners of the company**	**1,712.2**	**2,524.0**	**3,284.9**
• non-controlling interests	1.9	1.7	3.1

(1) *The tax effect is as follows:*

€ millions	1st half 2014	1st half 2013	2013
Financial assets available-for-sale	*-2.3*	*-40.2*	*-28.0*
Cash flow hedges	*20.6*	*5.1*	*-4.1*
Items that may be reclassified to profit or loss	18.3	-35.1	-32.1
Actuarial gains and losses	*49.3*	-	*-63.8*
Items that may not be reclassified to profit or loss	49.3	-	-63.8
Total	**67.6**	**-35.1**	**-95.9**

Appendix 4: Compared consolidated balance sheets

ASSETS

€ millions	06.30.2014	06.30.2013 (1)	12.31.2013 (1)
Non-current assets	**22,051.2**	**21,910.8**	**21,489.3**
Goodwill	6,941.6	6,299.1	6,206.0
Other intangible assets	2,157.5	2,135.5	2,105.4
Property, plant and equipment	2,982.6	2,894.2	2,891.2
Non-current financial assets	9,262.1	9,499.7	9,204.0
Investments in associates	0.8	370.9	435.2
Deferred tax assets	706.6	711.4	647.5
Current assets	**12,026.7**	**8,542.0**	**9,389.6**
Current assets excluding assets held for sale	***11,593.7***	***8,542.0***	***9,389.6***
Inventories	2,217.4	2,146.9	2,085.2
Trade accounts receivable	3,576.7	3,484.1	3,022.8
Other current assets	1,615.1	1,500.1	1,500.2
Current tax assets	41.7	62.6	122.1
Cash and cash equivalents	4,142.8	1,348.3	2,659.3
Assets held for sale	***433.0***	-	-
Total	**34,077.9**	**30,452.8**	**30,878.9**

(1) *Includes the impact of applying IFRS 11.*

EQUITY & LIABILITIES

€ millions	06.30.2014	06.30.2013 (1)	12.31.2013 (1)
Equity	**22,913.2**	**21,788.0**	**22,642.8**
Share capital	121.7	121.2	121.2
Additional paid-in capital	2,222.3	1,839.6	2,101.2
Other reserves	15,731.0	14,713.8	14,220.8
Other comprehensive income	4,278.5	4,505.7	4,370.1
Cumulative translation adjustments	-497.4	-213.6	-566.4
Treasury stock	-685.3	-891.5	-568.1
Net profit attributable to owners of the company	1,734.8	1,708.9	2,958.2
Equity attributable to owners of the company	**22,905.6**	**21,784.1**	**22,637.0**
Non-controlling interests	7.6	3.9	5.8
Non-current liabilities	**2,014.4**	**2,085.4**	**1,928.6**
Provisions for employee retirement obligations and related benefits	1,019.4	1,121.3	939.6
Provisions for liabilities and charges	175.8	188.4	174.5
Deferred tax liabilities	733.9	740.4	730.6
Non-current borrowings and debt	85.3	35.3	83.9
Current liabilities	**9,150.3**	**6,579.4**	**6,307.5**
Trade accounts payable	3,253.1	3,347.7	3,249.7
Provisions for liabilities and charges	514.7	494.7	528.8
Other current liabilities	2,061.4	1,942.5	2,095.5
Income tax	185.4	188.6	178.3
Current borrowings and debt	3,135.7	605.9	255.2
Total	**34,077.9**	**30,452.8**	**30,878.9**

(1) *Includes the impact of applying IFRS 11.*

Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjust-ments	Equity attributable to owners of the company	Non-control-ling interests	Total equity
At 12.31.2012	**598,356,662**	**121.8**	**1,679.0**	**16,547.4**	**3,586.4**	**-904.5**	**-109.4**	**20,920.7**	**4.8**	**20,925.5**
Consolidated net profit for the period				2,958.2				2,958.2	3.2	2,961.4
Financial assets available-for-sale					*649.5*			*649.5*		*649.5*
Cash flow hedges					*9.1*			*9.1*	*-0.1*	*9.0*
Cumulative translation adjustments							*-457.0*	*-457.0*		*-457.0*
Other comprehensive income that may be reclassified to profit and loss					658.6		-457.0	201.6	-0.1	201.5
Actuarial gains and losses					*125.1*			*125.1*		*125.1*
Other comprehensive income that may not be reclassified to profit and loss					125.1			125.1	-	125.1
Consolidated comprehensive income				**2,958.2**	**783.7**		**-457.0**	**3,284.9**	**3.0**	**3,288.0**
Capital increase	6,199,701	1.2	422.2					423.4		423.4
Cancellation of Treasury stock		-1.8		-996.7		998.5		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				97.2				97.2		97.2
Net changes in Treasury stock	-4,762,333			1.4		-662.1		-660.7		-660.7
Purchase commitments for minority interests				-48.3				-48.3	-0.9	-49.2
Changes in scope of consolidation								-	1.4	1.4
Other movements				0.4				0.4	-	0.4
At 12.31.2013	**599,794,030**	**121.2**	**2,101.2**	**17,179.0**	**4,370.1**	**-568.1**	**-566.4**	**22,637.0**	**5.8**	**22,642.8**
Consolidated net profit for the period				1,734.8				1,734.8	1.6	1,736.4
Financial assets available-for-sale					*52.1*			*52.1*		*52.1*
Cash flow hedges					*-53.2*			*-53.2*		*-53.2*
Cumulative translation adjustments							*69.0*	*69.0*	*0.3*	*69.3*
Other comprehensive income that may be reclassified to profit and loss					-1.1		69.0	67.9	0.3	68.2
Actuarial gains and losses					*-90.5*			*-90.5*		*-90.5*
Other comprehensive income that may not be reclassified to profit and loss					-90.5			-90.5		-90.5
Consolidated comprehensive income				**1,734.8**	**-91.6**		**69.0**	**1,712.2**	**1.9**	**1,714.1**
Capital increase	2,397,512	0.5	121.1					121.6	2.3	123.9
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,507.3				-1,507.3	-2.9	-1,510.2
Share-based payment				54.5				54.5		54.5
Net changes in Treasury stock	-921,177					-117.2		-117.2		-117.2
Purchase commitments for minority interests				4.7				4.7	0.8	5.5
Changes in scope of consolidation								-	-0.3	-0.3
Other movements				0.1				0.1		0.1
At 06.30.2014	**601,270,365**	**121.7**	**2,222.3**	**17,465.8**	**4,278.5**	**-685.3**	**-497.4**	**22,905.6**	**7.6**	**22,913.2**

Changes in first half 2013

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjust-ments	Equity attributable to owners of the company	Non-control-ling interests	Total equity
At 12.31.2012	**598,356,662**	**121.8**	**1,679.0**	**16,547.4**	**3,586.4**	**-904.5**	**-109.4**	**20,920.7**	**4.8**	**20,925.5**
Consolidated net profit for the period				1,708.9				1,708.9	1.7	1,710.6
Financial assets available-for-sale					*932.8*			*932.8*		*932.8*
Cash flow hedges					*-13.5*			*-13.5*		*-13.5*
Cumulative translation adjustments							*-104.2*	*-104.2*		*-104.2*
Other comprehensive income that may be reclassified to profit and loss					919.3		-104.2	815.1		815.1
Actuarial gains and losses					-			-		-
Other comprehensive income that may not be reclassified to profit and loss					-		-	-	-	-
Consolidated comprehensive income				**1,708.9**	**919.3**		**-104.2**	**2,524.0**	**1.7**	**2,525.7**
Capital increase	2,206,942	0.4	160.6					161.0		161.0
Cancellation of Treasury stock		-1.0		-498.2		499.2		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				44.7				44.7		44.7
Net changes in Treasury stock	-3,829,135			0.5		-486.2		-485.7		-485.7
Other movements									-0.1	-0.1
At 06.30.2013	**596,734,469**	**121.2**	**1,839.6**	**16,422.7**	**4,505.7**	**-891.5**	**-213.6**	**21,784.1**	**3.9**	**21,788.0**

Appendix 6: Compared consolidated statements of cash flows

€ millions	1st half 2014	1st half 2013 (1)	2013 (1)
Cash flows from operating activities			
Net profit attributable to owners of the company	1,734.8	1,708.9	2,958.2
Non-controlling interests	1.6	1.7	3.2
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	334.4	325.0	767.8
• changes in deferred taxes	22.6	7.0	15.9
• share-based payment (including free shares)	54.5	44.8	97.2
• capital gains and losses on disposals of assets	-0.2	-2.3	0.1
Net profit from discontinued operations	-41.0	-14.0	-80.0
Share of profit in associates net of dividends received	1.5	-8.1	-4.6
Gross cash flow	**2,108.2**	**2,063.0**	**3,757.9**
Changes in working capital	-598.0	-592.1	-67.6
Net cash provided by operating activities (A)	**1,510.2**	**1,470.9**	**3,690.3**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-484.8	-502.6	-1,018.8
Disposals of property, plant and equipment and intangible assets	13.1	5.3	8.5
Changes in other financial assets (including investments in non-consolidated companies)	-143.2	-454.2	-464.8
Dividends received from discontinued operations	41.7	56.3	56.3
Effect of changes in the scope of consolidation	-750.4	-83.2	-138.4
Net cash (used in) from investing activities (B)	**-1,323.6**	**-978.4**	**-1,557.2**
Cash flows from financing activities			
Dividends paid	-1,539.8	-1,414.3	-1,425.4
Capital increase of the parent company	121.5	161.0	423.4
Capital increase of subsidiaries	2.3	-	-
Disposal (acquisition) of Treasury stock	-117.2	-485.8	-660.6
Issuance (repayment) of short-term loans	2,856.0	374.4	48.9
Issuance of long-term borrowings	0.2	-	-
Repayment of long-term borrowings	-10.0	-16.4	-19.7
Net cash (used in) from financing activities (C)	**1,313.0**	**-1,381.1**	**-1,633.4**
Net cash (used in) from discontinued operations (D)	***-***	***10.5***	***23.0***
Net effect of changes in exchange rates and fair value (E)	-16.1	1.7	-75.6
Change in cash and cash equivalents (A+B+C+D+E)	**1,483.5**	**-876.4**	**447.1**
Cash and cash equivalents at beginning of the year (F)	**2,659.3**	**2,235.2**	**2,235.2**
Change in cash and cash equivalents of discontinued operations (G)	*-*	*-10.5*	*-23.0*
Cash and cash equivalents at the end of the period (A+B+C+D+E+F+G)	**4,142.8**	**1,348.3**	**2,659.3**

(1) *The statements of cash flows for full-year 2013 and first-half 2013 have been restated to reflect the impacts of IFRS 5 concerning discontinued operations along with the impact of applying IFRS 11.*