

First quarter 2015 sales

STRONG SALES INCREASE: +14.1% based on reported figures

VERY POSITIVE CURRENCY IMPACT

GROWTH IN ALL DIVISIONS AND GEOGRAPHIC ZONES

➤ **Sales: 6.44 billion euros**

- +14.1% based on reported figures
- +4.0% like-for-like
- +5.2% at constant exchange rates

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

"As announced, first quarter sales grew very strongly by +14.1%, in a very favourable monetary environment. With like-for-like growth of +4%, the Group has made an encouraging start to the year, with performances remaining contrasted by Division.

L'Oréal Luxe continues to prove very dynamic and to outperform its market. Active Cosmetics maintains its strong momentum. The Professional Products Division is confirming its gradual improvement. The Consumer Products Division started the year as forecast, in a mass market that declined slightly in Western Europe while still growing moderately in North America.

The Group has finalised the acquisition of Niely in Brazil and is integrating Magic, NYX, Decléor and Carita, the strategic brands acquired in 2014, which complement and strengthen its international portfolio in key regions and categories.

L'Oréal is also accelerating its digital transformation, especially in terms of brand activation and e-commerce development.

In an economic context that is still volatile, we confirm that we are confident in our ability to outperform the market this year once again, and to achieve growth in sales and profit."

A – First quarter 2015 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +4.0%.

The net impact of changes in consolidation was +1.2%.

Currency fluctuations had an impact of +8.9%.

Growth at constant exchange rates was +5.2%. If end of March exchange rates (€1 at \$1.076) are extrapolated up to December 31st, the impact of currency fluctuations would be +9.3% for the whole of 2015.

Based on reported figures, the Group's sales at March 31st, 2015 amounted to 6.44 billion euros, an increase of +14.1%.

Sales by operational Division and geographic Zone

€ million	Quarterly sales		Growth	
	1 st quarter 2014	1 st quarter 2015	Like-for-like	Reported
<u>By operational Division</u>				
Professional Products	735.2	852.6	3.5%	16.0%
Consumer Products	2,758.9	3,078.3	1.7%	11.6%
L'Oréal Luxe	1,460.8	1,753.7	7.5%	20.1%
Active Cosmetics	507.4	559.2	7.6%	10.2%
Cosmetics Divisions total	5,462.2	6,243.9	4.0%	14.3%
<u>By geographic Zone</u>				
Western Europe	2,019.9	2,100.4	1.3%	4.0%
North America	1,295.2	1,622.0	2.4%	25.2%
New Markets, of which:	2,147.2	2,521.5	7.5%	17.4%
- Asia, Pacific	1,166.4	1,476.1	5.8%	26.6%
- Latin America	410.9	460.2	10.0%	12.0%
- Eastern Europe	426.8	396.6	9.2%	-7.1%
- Africa, Middle East	143.1	188.7	11.3%	31.8%
Cosmetics Divisions total	5,462.2	6,243.9	4.0%	14.3%
The Body Shop	176.4	192.4	4.2%	9.1%
Group total	5,638.6	6,436.3	4.0%	14.1%

PROFESSIONAL PRODUCTS

At the end of March, the Professional Products Division recorded growth of +3.5% like-for-like and +16.0% based on reported figures.

- Haircare, still the number one contributor to growth, has been boosted by the success of *Serioxyl* at *L'Oréal Professionnel*, *Chronologiste* at *Kérastase*, *Cérafill* at *Redken* and *Biologie Cleansing Conditioner* at *Matrix*. Hair colour is benefiting from the strong momentum of *Redken* and the solid sales of *Inoa* at *L'Oréal Professionnel*. *Essie* is growing strongly in Western Europe and the United States. The integration of *Carita* and *Decléor* is continuing.
- In geographic terms, the United States and Western Europe continue to grow. In the New Markets, the Division is maintaining its dynamism. The largest contributors to growth are the United States, India and Brazil.

CONSUMER PRODUCTS

In the first quarter, the Consumer Products Division posted growth of +1.7% like-for-like and +11.6% based on reported figures.

- The Division's growth was reinforced in make-up, thanks to the launches of *Infallible Matte* foundation by *L'Oréal Paris*, *Lash Sensational* mascara by *Maybelline* and the powerful dynamism of its new brand *NYX*.
In haircare, the successful international roll-out of the *Extraordinary Oils* range from *L'Oréal Paris* is continuing. *Ultra Doux* by *Garnier* is growing strongly and is launching *Olive Mythique*.
In skincare, the Division is growing, thanks to the good start made by *Revitalift Filler* at *L'Oréal Paris* and the success of *Micellar Cleansing Waters* at *Garnier*.
- The Division is being held back by the European market, which has a difficult start to the year. The Division is winning market share in North America, Eastern Europe and Spanish-speaking Latin America.

L'ORÉAL LUXE

L'Oréal Luxe continues to be very dynamic with growth of +7.5% like-for-like and +20.1% based on reported figures in the first quarter of 2015.

- *Yves Saint Laurent* is recording strong double-digit growth, thanks to the success of the women's fragrance *Black Opium*, and of make-up innovations such as *Volupté Tint-in-Oil* and the new *Volume Effet Faux Cils* mascara. *Giorgio Armani* is growing rapidly in the beauty category, but also thanks to its women's fragrance range *Si* and the launch of the men's fragrance *Acqua di Giò Profumo*. *Lancôme* started the year well in Europe with the women's fragrances *La vie est belle* and *La Nuit Trésor*, the launch of its *Miracle Cushion* foundation, and the continuing success of *Visionnaire* skincare cream. *Kiehl's* and *Urban Decay* are continuing their strong international expansion.
- L'Oréal Luxe has recorded good growth overall, and is outperforming the worldwide market, especially in Western Europe and in Asia.

ACTIVE COSMETICS

At the end of March, the Active Cosmetics Division remains very dynamic, with sales at +7.6% like-for-like and +10.2% based on reported figures.

- For *Vichy*, the first-quarter highlights were the confirmed success of *Liftactiv Supreme* with consumers, in the central anti-ageing segment, and the bodycare offensive with the promising launch of *Ideal Body*.
La Roche-Posay, with double-digit growth on all continents, is continuing to demonstrate the success of its business model, with its very solid flagship products and the launch of *Toleriane Ultra Yeux*.
SkinCeuticals is continuing to grow with its innovative launch *Metacell Renewal B3*, an everyday corrector for first signs of photo-ageing.

- All Zones are dynamic, and the Division is also moving into the Travel Retail channel, with the opening of its first point of sale in Hong Kong.

Multi-division summary by Geographic Zone

WESTERN EUROPE

Despite the sluggish economic environment in Western Europe, the Group recorded first quarter growth of +1.3% like-for-like and +4.0% based on reported figures, and is consolidating its market share. In a mass market channel that remains tense, the Consumer Products Division has gained market share, thanks to its innovations, in the skincare and haircare segments. L'Oréal Luxe is continuing to win market share in a channel that has made a good start to the year.

NORTH AMERICA

L'Oréal posted growth at +2.4% like-for-like and +25.2% based on reported figures. The Selective Divisions are driving growth with increases of more than 10% for several of their brands, including *Kiehl's*, *Giorgio Armani* and *La Roche-Posay*. The Consumer Products Division is bolstering its positions in haircare and make-up, and is achieving strong growth with its two recent acquisitions *NYX* and *Carol's Daughter*.

NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded growth of +5.8% like-for-like and +26.6% based on reported figures. Excluding Japan, like-for-like growth reached to +6.5%. The first-quarter highlights included the very good performance by L'Oréal Luxe, especially in Greater China, driven in particular by *Kiehl's*, *Yves Saint Laurent* and *Giorgio Armani*. The Consumer Products Division is being driven by its performance in Southern Asia and by e-commerce in China. In the Active Cosmetics Division, *La Roche-Posay* posted very strong growth across the Zone.
- **Latin America:** L'Oréal achieved growth of +10.0% like-for-like and +12.0% based on reported figures. The Professional Products Division, Active Cosmetics and L'Oréal Luxe recorded double-digit growth, driven by their major brands *L'Oréal Professionnel*, *Lancôme*, *Giorgio Armani*, *Vichy* and *La Roche-Posay*. Growth in the Consumer Products Division significantly outperformed the market in the Hispanic zone, driven by the performance of *Elvive* by *L'Oréal Paris*, and *Nutrisse* and *BI-O* by *Garnier*.
- **Eastern Europe:** The Zone posted +9.2% like-for-like and -7.1% based on reported figures. Growth is driven by Russia, Turkey, Ukraine and Poland. All Divisions are contributing to our dynamism in this region. The Consumer Products and Professional Products Divisions, as well as L'Oréal Luxe, are increasing their overall market share in the Zone. The Active Cosmetics Division is winning market share in Russia and Turkey, capitalising on the very good performance of *La Roche-Posay*.
- **Africa, Middle East:** The Africa, Middle East zone recorded growth of +11.3% like-for-like and +31.8% based on reported figures. Its growth outperformed the markets, which in most cases have slowed since the end of 2014. The first-quarter trend was particularly strong in the haircare segment, with *Elvive* by *L'Oréal Paris* and *Ultra Doux* by *Garnier*, which is currently being launched in the Gulf States. *Kérastase* has also built up good momentum in the Professional Products Division. *Giorgio Armani* fragrances are growing strongly, as are all the brands in the Active Cosmetics Division.

THE BODY SHOP

The Body Shop recorded growth of +4.2% like-for-like and +9.1% based on reported figures. The brand is building up its momentum in key regions and categories.

The strategy to amplify innovation and drive skincare is reaping rewards in the first quarter with visible results in Europe, the Middle East, North America and Latin America, while some of the Asian countries remain more difficult. The launch of *Drops of Youth Bouncy Sleeping Mask*, with its innovative texture, was one of the growth drivers in the quarter.

B – Important events during the period 01/01/15 to 03/31/15

- On February 2nd, 2015, The Body Shop announced the acquisition of its Australian franchisee Adidem Pty Limited, which operates 91 stores in Australia.
- On March 6th, 2015, L'Oréal and CFAO announced the signing of a protocol agreement covering the production and distribution of cosmetic products in Ivory Coast. This new partnership will enable L'Oréal to step up the presence and accelerate the expansion of its brands in Ivory Coast and French-speaking West Africa.
- On March 31st, 2015, L'Oréal finalised the acquisition of Niely Cosméticos in Brazil, announced on September 8th, 2014, for which the regulatory authorities' approval was obtained in January 2015.
- In addition, on April 16th, 2015, L'Oréal unveiled the first results of its Sharing Beauty With All sustainable development programme.

"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 is a free translation into English of the First quarter 2015 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 2014/2015 (€ millions)

	2014	2015
<u>First quarter:</u>		
Cosmetics Divisions	5,462.2	6,243.9
The Body Shop	176.4	192.4
First quarter total	5,638.6	6,436.3
<u>Second quarter:</u>		
Cosmetics Divisions	5,348.5	
The Body Shop	187.4	
Second quarter total	5,536.0	
<u>First half:</u>		
Cosmetics Divisions	10,810.8	
The Body Shop	363.8	
First half total	11,174.6	
<u>Third quarter:</u>		
Cosmetics Divisions	5,200.7	
The Body Shop	190.4	
Third quarter total	5,391.1	
<u>Nine months:</u>		
Cosmetics Divisions	16,011.4	
The Body Shop	554.2	
Nine months total	16,565.7	
<u>Fourth quarter:</u>		
Cosmetics Divisions	5,646.7	
The Body Shop	319.6	
Fourth quarter total	5,966.4	
<u>Full year</u>		
Cosmetics Divisions	21,658.2	
The Body Shop	873.8	
Full year total	22,532.0	