News Release

Clichy, February 16th, 2009 at 6:15 pm

2008 Annual Results

IN A DIFFICULT ENVIRONMENT, L'ORÉAL IS PROVING RESILIENT AND CONTINUES TO GROW

- **Increase in Sales to 17.542 billion euros**
  + 2.8% based on reported figures
  + 3.1% like-for-like
  + 6.6% at constant exchange rates*
- **Rise in net earnings per share(1) to 3.49 euros**
  + 3.8% based on reported figures
  + 6.8% at constant exchange rates*
- **Strengthened worldwide market share****
  15.8% (15.2% in 2007)
- **Growth in dividend*** to 1.44 euro**
  + 4.3%

COMMENTS:

The Board of Directors of L'Oréal met on February 16th, 2009 under the chairmanship of Sir Lindsay Owen-Jones and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2008.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said:
"In an environment made very difficult in 2008 by the economic crisis, L'Oréal is proving resilient and is continuing to grow in terms of sales, net earnings per share and market share.
With annual sales growth of +3.1% like-for-like and +6.6% at constant exchange rates, L'Oréal continued to strengthen its positions in 2008 and increased its worldwide market share.
In a year when the downturn in markets was combined with the adverse impact of currency fluctuations and costs in raw materials, the group's net profit held up well, and growth in net earnings per share of +3.8% based on reported figures and +6.8% at constant exchange rates is practically in line with the target announced in October.
We are tackling 2009 with realism, confidence and resolve. Realism because the economic environment will certainly still be difficult and we are prepared for this. Confidence because the cosmetics market has always shown resilience at times of crisis, and because L'Oréal's fundamentals are strong and our financial situation is robust. But also resolve, because thanks to our product innovation momentum, the unique quality of our brand portfolio, our possibilities for geographic expansion and our determination to strengthen our business drivers and control our costs, we are confident in L'Oréal's ability to successfully weather this adverse economic climate and to even emerge stronger than before."

Furthermore, the Board of Directors has decided to propose to the Annual General Meeting on April 16th 2009 the payment of a dividend of €1.44 per share, an increase of + 4.3% compared with 2007.
At the end of the board meeting, Sir Lindsay Owen-Jones said: "*The group's 2008 results reflect L'Oréal's remarkable* capacity for *resilience in an exceptionally difficult environment, the quality of the management of Jean-Paul Agon and his teams, and the determination to prepare for 2009 in the best possible conditions. The Board of Directors' proposal to pay a dividend of 1.44 euro expresses our confidence in the group's solidity, and our legitimate concern to achieve the right balance.*"

** based on constant translation rates: 2008 data at 2008 rates / 2007 data at 2008 rates*
*** L'Oréal estimate.* 2008 with YSL Beauté over a full year
**** proposed at the Annual General Meeting on April 16th, 2009*
(1) diluted net earnings per share, based on net profit excluding non-recurrent items attributable to the group.

A – 2008 Sales trends

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the increase in the sales of the L'Oréal group was +3.1%.
The net impact of changes in consolidation, mainly as a result of the acquisitions of *YSL Beauté*, and of *PureOlogy*, *Beauty Alliance*, *Maly's West*, *Columbia Beauty Supply*, *CollaGenex Pharmaceuticals* in the United States, amounted to +3.5%.
Currency fluctuations had a negative impact of -3.8%.
Growth at constant exchange rates was +6.6%.
Based on reported figures, the group's sales, at December 31st 2008, amounted to 17.542 billion euros, an increase of +2.8%.

	4th quarter 2008			At December 31st 2008		
		Growth			Growth	
	€m	**Like-for-like**	**Reported**	**€m**	**Like-for-like**	**Reported**
By operational division						
Professional Products	623.3	- 2.2%	+ 0.1%	2,471.7	+ 1.3%	+ 3.3%
Consumer Products	2,052.8	+ 2.5%	+ 3.2%	8,354.9	+ 4.1%	+ 0.9%
Luxury Products	1,275.7	- 6.3%	+ 10.4%	4,169.6	+ 0.7%	+ 6.2%
Active Cosmetics	269.3	+ 2.1%	+ 2.2%	1,289.3	+ 4.2%	+ 3.3%
Cosmetics total	**4,246.5**	**- 1.0%**	+ **5.0%**	**16,358.9**	+ **2.7%**	+ **2.8%**
By geographic zone						
Western Europe	1,841.9	- 1.9%	+ 4.0%	7,381.5	- 0.3%	+ 1.8%
North America	1,009.7	- 11.6%	-2.5%	3,739.3	- 4.8%	- 6.6%
Rest of the World, of which:	1,394.8	+ 9.0%	+ 12.7%	5,238.1	+ 13.8%	+ 12.5%
- *Asia*	*533.6*	*+ 11.8%*	*+ 29.6%*	*1,844.3*	*+ 16.3%*	*+ 16.7%*
- *Eastern Europe*	*349.2*	*+ 8.2%*	*+ 6.9%*	*1,380.3*	*+ 21.1%*	*+ 20.8%*
- *Latin America*	*308.6*	*+ 8.7%*	*+ 1.6%*	*1,151.2*	*+ 6.7%*	*+ 2.4%*
- *Africa-Orient-Pacific*	*203.4*	*+ 4.9%*	*+ 4.0%*	*862.2*	*+ 8.1%*	*+ 6.7%*
Cosmetics total	**4,246.5**	**- 1.0%**	+ **5.0%**	**16,358.9**	+ **2.7%**	+ **2.8%**
The Body Shop	245.9	- 0.9%	- 7.6%	756.0	+ 4.6%	- 3.9%
Dermatology(1)	137.1	+ 15.4%	+ 22.0%	426.9	+ 17.1%	+ 16.2%
Group total	**4,629.5**	**- 0.6%**	+ **4.7%**	**17,541.8**	+ **3.1%**	+ **2.8%**

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

Sales

1) Cosmetics sales trends by division

- **The cosmetics market slowed in 2008 but remained positive,**
- **L'Oréal strengthens its worldwide positions in each of its divisions**

PROFESSIONAL PRODUCTS

The Professional Products Division achieved like-for-like growth of +1.3% in 2008, +7.3% at constant exchange rates, after a final quarter affected in the developed countries by the impact of the economic crisis on salon visits. Despite this slowdown, the division has significantly strengthened its worldwide leadership with market share gains in its 3 main zones.

- This achievement is the result of the comprehensive range of complementary brands, making the Professional Products Division the partner of choice for a growing number of hair salons. From luxury hair care (*Kérastase, Shu Uemura Art of Hair, Mizani*) to affordable services with *Matrix*, together with the major core brands *(Redken* and *L'Oréal Professionnel*), each type of salon can find a solution for its needs.
  Hair care is growing strongly, driven by *Kérastase*, and the successes of *Nature's Therapy* by *L'Oréal Professionnel* and *Real Control* by *Redken. Pureology*, acquired in 2007, is confirming its ranking as the number 1 professional hair care brand in the United States.
  In styling and texture, 2008 was notable for the successes of the "alternative" *Play Ball* range, and the launch of *Texture Expert* at *L'Oréal Professionnel;* meanwhile, permanent wave and hair smoothing sales are growing in Asia and Latin America.
  In hair colourants, growth is being driven by major technological innovations. *Platinium* + lightening paste, the new *Rubilane* range of patented high fidelity red hair colourants, and *Cover 5*, a service for men which covers grey hair in 5 minutes. The new version of *So Color Beauty* and *Wonderbrown* from Matrix and *Shades EQ* by *Redken* are establishing themselves as a must for professionals.

- Western Europe achieved very slight growth with a contrast in results between Northern Europe where the division is making significant market share gains, and Southern European countries, more severely affected by the economic slowdown. The highlights of the year were the success of *L'Oréal Professionnel* for men, and the launch of *Kéraskin Esthetics*.
  In North America, the sharply negative market trend, and the division's intense anti-diversion efforts, affected amounts invoiced for salon retail sales of shampoos and skincare products. The +6% growth in the sell-out of technical hair colourant products reflects the conquest of new salons and the effectiveness of the distribution strategy.
  The Rest of the World is growing very strongly, driven by Eastern Europe where the division is strongly boosting its leadership. Growth is spectacular in China and India, thanks to the local adaptation of the range. Latin America is dynamic, driven by the successes in Argentina and Brazil, where *Force Relax* by *L'Oréal Professionnel* has proved a winner with hair relaxer users.

CONSUMER PRODUCTS

The Consumer Products Division achieved annual like-for-like growth of +4.1%, following a 4th quarter figure of +2.5%, in a market which has slowed slightly since September. The division's three worldwide brands performed well, consolidating the division's worldwide market share.

- The skincare category is the number one growth driver thanks to the success of the *Skin Genesis* range from *L'Oréal Paris*, and the new *Skin Genesis Pore Minimizing* line in particular, together with *Caffeine Eye Roll-On* by *Garnier* which has taken top spot in the eye care market of the countries where it has been launched.
  Make-up is also highly dynamic with the success of *Colossal* mascara by *Maybelline*, *Infaillible* lipstick from *L'Oréal Paris* and *Mineral Power* powders by *Maybelline*.
  Hair colourants have also achieved good growth, particularly with the launch of *Excell 10'* in Europe and the worldwide growth of *Casting Crème Gloss*.
  Hair care sales have been bolstered by *L'Oréal Paris* product initiatives such as *Elsève Re-Nutrition* with royal jelly.

- In Western Europe, where there has been a clear trend towards inventory reductions by distributors, the division ended the year with positive growth, thanks to increases in Germany, the Netherlands and the Scandinavian countries. In France as in Spain, the situation at the end of the year was more difficult. The division's total sell-out grew slightly faster than the market, thanks to the continuing leadership of *L'Oréal Paris* and *Garnier* in facial skincare and toiletries, and the good growth of *L'Oréal Paris* and *Maybelline* make-up.
  In the United States, in a stable market, also affected by inventory reductions by some large distributors, the division is increasing its market share, with significant advances in facial skincare with *Revitalift* by *L'OréalParis* and the increasingly successful *Garnier Nutritionist*, launched in 2007.
  Growth is very high in the Rest of the World. China and the ASEAN countries are advancing very strongly, driven by extremely important breakthroughs by *L'Oréal Paris* and *Garnier* in facial skincare. In Eastern Europe, the three brands have achieved very strong growth. Growth in Russia and Ukraine was particularly high until October. In Latin America, growth has remained very strong in Argentina and Chile. After a difficult start to the year, there was a gradual acceleration in Brazil towards the end of the year. In the Africa-Orient-Pacific zone, good growth in the Middle East and South Africa is worth noting.

LUXURY PRODUCTS

In the context of a very clear slowdown in the selective market in the final quarter, the sales of the Luxury Products Division contracted by -6.3% in the 4th quarter, but increased by +0.7% like-for-like in 2008. After the consolidation of *YSL Beauté* from July 1st 2008, and at constant exchange rates, sales grew by +9.9%. With this acquisition, three of the division's brands are now in the top ten of the selective market, and the division ranks world leader in its distribution channel.

- Sales grew in the skincare category, bolstered by the success in the anti-ageing segment of *Prodigy Re-Plasty* by *Helena Rubinstein*, *Rides Repair* by *Biotherm* and *Rénergie Morpholift Nuit R.A.R.E.* serum by *Lancôme*. The international expansion of the *Kiehl's* brand is continuing with six new countries, including Japan.
  In make-up, the division is strengthening its leadership in mascara with *Ôscillation* by *Lancôme*, the revolutionary powermascara by micro-oscillation. The division is also scoring successes in lipstick with *Rouge Volupté* by *Yves Saint Laurent* and *Absolu Rouge* by *Lancôme*, the winner of a Prix d'Excellence award from Marie-Claire. *Face Fabric* foundation by *Giorgio Armani* is another award winner. Lastly, *Shu Uemura* is accelerating its worldwide growth.
  In fragrances, the division has benefited from the success of its two worldwide launches - *Magnifique* by *Lancôme* and *Emporio Armani Diamonds For Men* by *Giorgio Armani* - together with the launch of *Elle Intense* by *Yves Saint Laurent*. The market fell substantially in the 4th quarter.

- In Western Europe, the division recorded a slight decline in invoicing, in the context of inventory adjustments by distributors. The division held on to its market share, particularly in France and increased it in key countries such as the United Kingdom.
  In North America, the division had a difficult 4th quarter, held back by a significant decline in store footfall, and a high comparison base due to new perfume launches at the end of 2007. The division's sales were slightly below the market trend.
  The Rest of the World zone achieved excellent performances in Eastern Europe, Asia, the Middle East and Latin America. However the 4th quarter saw a lower growth rate in some zones such as Eastern Europe and Dubai.

ACTIVE COSMETICS

The sales of the Active Cosmetics Division at December 31st grew by +4.2% like-for-like. These results reflect market share gains across the world, achieved through growth in new market positions.

Sales

- *Vichy* is once again demonstrating its leadership in pharmacies, thanks to substantial advertising and promotional investments on major initiatives in the 2nd half. The launch of *Liftactiv CxP* in October has enabled *Vichy* to consolidate its number one position in anti-ageing skincare sales in pharmacies throughout Europe.
  La Roche-Posay registered another year of double-digit growth, thanks to the brand's success across all categories, particularly in skincare with the success of the Physiologique make-up remover range.
  Innéov has confirmed its number one position in oral cosmetics in Europe. This reflects the strong breakthrough made in the hair care segment. *Innéov* has made a spectacular start in Brazil.
  Lastly, the division has continued the roll-out of its *SkinCeuticals* and *Sanoflore* brands in major European countries.

- There are contrasting trends in the results of the geographic zones:
  Sales in Western Europe are down slightly due to a slowdown in market growth, combined with a disappointing performance by *Vichy* in seasonal markets, and the concentration of launches in the final quarter.
  Expansion is continuing in North America, despite a significant reduction in footfall, particularly in spas and medispas at the end of the year.
  The Rest of the World remains highly dynamic, even though the financial difficulties of some distributors had a negative impact on the last 2 months of the year.

Multi-division summary by geographic zone

WESTERN EUROPE

- Western Europe is at -0.3% like-for-like. While still growing, the market has slowed significantly; it deteriorated gradually quarter by quarter in France and in several countries in Southern Europe, particularly in the luxury channel. The group's sales trend is favourable in the United Kingdom and Germany, and sales are growing strongly in several countries in Northern Europe. The group has bolstered its overall market share in Western Europe. However, very strict inventory management by distributors has had an impact on sales.

NORTH AMERICA

- North America at -4.8% like-for-like had a difficult end to the year, with a clear deterioration in the market during the fourth quarter, particularly in department stores, where sales were disappointing over the year-end holiday period, and in salons, as the number of visits continued to decline. Overall, the group was slightly below the market trend, but still strengthened its positions in Consumer Products, Professional Products and Active Cosmetics.

REST OF THE WORLD

- **Asia:** L'Oréal's like-for-like growth reached +16.3% in 2008 after a slowdown in the 4th quarter, with the group continuing to outperform the market significantly. In Japan, the group is winning market share. Outside Japan, annual growth amounted to +20.2%. Dynamic growth is continuing in China (+27.7%) and in the countries of South-East Asia, particularly Thailand, Indonesia and Malaysia. The group is growing more than three times faster than the market across Asia as a whole.
- **Eastern Europe:** L'Oréal is maintaining its very strong momentum, with like-for-like growth of +21.1% across all the divisions, but the pace changed in the 4th quarter, reflecting the difficulties of some distributors in Russia and Ukraine.
- **Latin America:** Sales have grown by +6.7% like-for-like, and are improving quarter by quarter, but there are sharp contrasts in trends. Argentina, Venezuela, Chile and Uruguay are growing strongly. Brazil returned to growth in the second half. The situation in Mexico remains difficult.
- **Africa-Orient-Pacific**: The year was marked by the creation of a multi-division zone to accelerate the group's entry into new markets. Sales grew by +8.1% like-for-like. Growth is being driven by the excellent performance of North Africa and the Middle East, and the good growth in South Africa. Growth in Australia is satisfactory. There are contrasting trends in India, with a highly dynamic year for the Professional Products Division, and a year of consolidation for Consumer Products. Lastly, the group set up a multi-division subsidiary in Egypt at the end of the year.

2) The Body Shop sales trend

The like-for-like sales of **The Body Shop** increased by +4.6%.
Retail sales[1] increased by +1.9%. With a comparable store base[2], the sales were down by -2.3%.
The brand recorded good results in Sweden, Switzerland, the Middle East, Hong Kong, Singapore, Korea, Indonesia and India. However, due to a lower consumption in its stores because of the difficult economic climate during the 4th quarter, sales were disappointing in Great Britain, Spain and North America.
With new communications based on “Nature’s way to beautiful”, The Body Shop is reasserting its philosophy as a natural and ethical brand and re-energising the customer experience.
The brand launched four *Wellbeing* ranges that each contain natural ingredients based on traditional remedies, *Nature’s Minerals*™ make-up range, as well as *Moringa*, a body care range rich in moisturising Community Trade ingredients.
124 stores were opened in 2008, taking the total to 2 550.

(1) Retail sales: total sales to consumers through all channels.
(2) Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to December 31st 2007 and over the same period in 2008.

3) Galderma sales trend

Galderma achieved record sales, with a like-for-like increase of +17.1%. Growth in North America amounted to +18.5%. Sales have risen by +7.3% in Europe and +26.3% in the Rest of the World.
Galderma continued to gain market share thanks to its leading brands *Differin*® and *Epiduo*® (acne), *Rozex*®/*Metro*® (rosacea), *Clobex*® (psoriasis), *Oracea*® (rosacea), *Dysport*® (hyperfunctional facial lines) and *Cetaphil*® (therapeutic skin care product line).
With the acquisition of *CollaGenex* in the US, Galderma reinforced its portfolio of therapeutic solutions for rosacea with *Oracea*®, the first systemic antibiotic approved for the treatment of rosacea in the US. *Oracea*® was also approved by the European health authorities. Galderma significantly expanded its presence in the corrective and aesthetic dermatology segment with Dysport® in Brazil and Argentina. Epiduo® was a significant contributor to growth in Europe and Latin America, where the product was launched, and received the FDA approval at the end of the year. Differin® Gel 0.1 % was launched in Japan where it is the first topical retinoid approved for acne.

B – 2008 Results

1) Operating profitability and Consolidated profit and loss account

€M	12.31.2007	As % of sales	12.31.2008	As % of sales
Sales	**17,063**	**100%**	**17,542**	**100%**
Cost of sales	-4,941	29.0%	-5,240	29.9%
Gross profit	**12,122**	**71.0%**	**12,302**	**70.1%**
Research and development expenses	-560	3.3%	-581	3.3%
Advertising and promotion expenses	-5,127	30.0%	-5,275	30.1%
Selling, general and administrative expenses	-3,618	21.2%	-3,779	21.5%
Foreign exchange gains and losses	10	0.1%	58	0.3%
Operating profit	**2,827**	**16.6%**	**2,725**	**15.5%**

15.8% excl. YSLB

Gross profit amounted to 70.1% of sales, compared with 71.0% in 2007.
After allocating exchange gains and losses which are related to gross profit for 2007 and 2008, and if the impact of consolidating *YSL Beauté* is excluded, gross profit was down by 50 basis points.

Research and development expenses, stable as a percentage of sales at 3.3%, increased by some +4%.

Advertising and promotion expenses, at 30.1% of sales, increased by 10 basis points compared with 2007, after a second half at 30.4%, significantly higher than the first half, as we had announced.

Selling, general and administrative expenses represented 21.5% of sales. They included over the full year the impact of the operating costs of distributors of professional products to American salons, the increase in depreciation of intangible assets, and the mix effect linked to conversion rates.

After an exchange gain of 58 million euros, operating profit amounted to 2 725 million euros, representing 15.5% of sales, and would have represented 15.8% of sales without the dilutive impact of consolidating YSL Beauté.

2) Operating profit by branch and division

	2007		2008		
	€m	% of sales	€m	% of sales	
<u>By operational division</u>					
Professional Products	502	21.0%	519	21.0%	
Consumer Products	1,582	19.1%	1,578	18.9%	
Luxury Products	844	21.5%	767	18.4%	20.0 % excl. YSLB
Active Cosmetics	256	20.5%	259	20.1%	
Cosmetics divisions total	**3,180**	**20.0%**	**3,110**	**19.0%**	
Non-allocated (1)	*-479*	*-3.0%*	*-502*	*-3.1%*	
Cosmetics branch total	**2,701**	**17.0%**	**2,608**	**15.9%**	16.3 % excl. YSLB
The Body Shop	**64**	**8.1%**	**36**	**4.8%**	
Dermatology branch (2)	**62**	**16.9%**	**80**	**18.7%**	
Group	**2,827**	**16.6%**	**2,725**	**15.5%**	15.8 % excl. YSLB

(1) Non-allocated = Central group expenses, fundamental research expenses, stock option expenses and miscellaneous items. As % of total sales.
(2) Group share, i.e. 50%

The profitability of the Professional Products Division remained stable in 2008 at 21% of sales.
The profitability of the Consumer Products Division was slightly lower at 18.9%, compared with 19.1% in 2007.
Half of the decrease in the profitability of the Luxury Products Division is attributable to the YSL Beauté consolidation.
Active Cosmetics profitability amounted to 20.1%.
The Body Shop, which makes all its profits in the 2nd half of each year, was particularly affected this year by lower store footfall at the end of the year.
And finally, the profitability of the Dermatology branch, Galderma, grew strongly in 2008 to reach 18.7%.

3) Profitability by geographic zone: another strong improvement in the Rest of the World

Operating profit	2007		2008		2008 excl. YSLB
	€m	% of sales	€m	% of sales	% of sales
Western Europe	1,633	22.5%	1,634	**22.1%**	22.8%
North America	774	19.3%	593	**15.9%**	16.0%
Rest of the World	774	16.6%	884	**16.9%**	17.1%
Cosmetics zones total	**3,180**	**20.0%**	**3,110**	**19.0%**	**19.4%**

After excluding the dilutive impact of consolidating YSL Beauté, the profitability trends by zone were as follows:

Further improvement in profitability in Western Europe at 22.8%,
Significant deterioration in profitability in North America, which had a tough year, particularly in its Luxury Products and Professional Products businesses.
Another increase in the profitability of the Rest of the World zone to 17.1%.

4) Net earnings per share: +6.8% at constant exchange rates

€m	12.31.2007	12.31.2008	
Operating profit	**2,827**	**2,725**	
Finance costs	*-175*	*-174*	
Other financial income (expense)	*- 7.6*	*-7.2*	
Sanofi-Aventis dividends	250.3	244.7	
Share in net profit (loss) of equity affiliates	0.1	-	
Pre-tax profit excluding non-recurrent items	**2,896**	**2,788**	
Income tax excluding non-recurrent items	*-856*	*-722*	
Minority interests	*-1.5*	*-2.7*	
Net profit excluding non-recurrent items after minority interests (1)	**2,039**	**2,064**	
EPS (2) (€)	**3.36**	**3.49**	+6.8% at constant exchange rates
Diluted net profit per share (group share) (€)	**606,012,471**	**590,920,078**	

(1) Net profit excluding non-recurrent items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, associated tax effects or minority interests.
(2) Diluted net earnings per share excluding non-recurrent items, after minority interests.

The cost of net debt remained stable at 174 million euros. The slight increase in the average interest rate of the debt in euros was offset by the sharp decline in the cost of our debt in dollars.
Dividends received from Sanofi-Aventis remained almost stable at 244.7 million euros.
Tax amounted to 721.5 million euros. The tax rate at 25.9% is significantly lower than the 2007 rate of 29.5%, thanks in particular to the research tax credit and lower tax rates in some countries.
In all, net profit excluding non-recurrent items after minority interests totalled 2 064 million euros, up by +1.2%.
After the accretive effect of share buybacks, net earnings per share amounted to €3.49, an increase of +3.8%, i.e. +6.8% at constant exchange rates, very close to the target indicated in October 2008. Excluding the dilutive impact of YSL Beauté, mainly generated by the step-up in inventories, net earnings per share would have amounted to € 3.52.

5) Net profit after minority interests: €1,948m

€m	12.31.2007	12.31.2008	Growth
Net profit excluding non-recurrent items after minority interests	2,039	2,064	-
Non-recurrent items	617	- 115	-
Net profit after minority interests	**2,656**	**1,948**	**-26.6%**
Diluted earnings per share (€)	4.38	3.30	-24.8%

After allowing for non-recurrent items, which amounted to a charge of 115 million euros, compared with a profit of 617 million euros in 2007 (capital gain of 643 million euros on the sale of Sanofi-Aventis shares in November 2007), net profit came out at 1,948 million euros.

The charge of 115 million euros mainly reflects the industrial reorganisation in Europe, with the transfer project for the factories at Llantrisant in the United Kingdom and the closure of the Monaco factory, but also the rationalisation of *YSL Beauté* product distribution contracts, the reorganisation of the L'Oréal USA subsidiary, the consolidation of the American company CollaGenex acquired by *Galderma*, and the accelerated depreciation of intangible assets relating to *Yue Saï* goodwill and the *Biomedic* brand.

Results

6) Cash flow Statement, Balance sheet and Debt

Gross cash flow amounted to 2,745 million euros, up by + 1%.
Working capital requirement amounted to 148 million euros.
Capital expenditure, at 745 million euros, decreased by some 4%, representing 4.3% of sales, compared with 4.5% in 2007.
After dividend payment, acquisitions (primarily YSL Beauté and CollaGenex), and net share buybacks amounting to 912 million euros, the residual cash flow amounts to -1,209 million euros.

The balance sheet structure is very robust, with shareholders equity representing 52% of total assets.

Net financial debt amounted to 3,700 million euros. Its increase is mainly the result of the acquisition of YSL Beauté in 2008.
Financial debt is well secured. It consists of some 2.5 billion euros of medium-term bank loans, most of which mature between 2011 and 2012, with the rest consisting of short-term paper and commercial paper, which are well secured by standby lines.

7) Proposed dividend at the Annual General Meeting on April 16th, 2009

The Board of Directors has decided to propose that the Annual General Meeting of Shareholders of April 16th, 2009 should approve a dividend of €1.44 per share, representing an increase of +4.3% compared with the dividend paid in 2008. This dividend will be paid on Friday April 24th, 2009.

C - Important events during the period 10/01/08 - 12/31/08

- Under the share buyback programme decided by the Board of Directors on June 19th 2008, 1,120,000 shares were acquired between October 1st and December 31st 2008 for a total amount of €69.4 million.

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For more information, please contact your bank, broker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers, and the Internet site for shareholders and investors, http://www.loreal-finance.com, or its mobile version on your cell phone, http://mobile.loreal-finance.com; alternatively, call +33.1.40.14.80.50.

D - Annexes

Annexe 1: L’Oréal group sales 2007/2008 (€ millions)

	2007	2008
First quarter:		
Cosmetics	4,030	4,118
The Body Shop	169	168
Dermatology	69	73
First quarter total	**4,268**	**4,359**
Second quarter:		
Cosmetics	3,984	4,016
The Body Shop	172	166
Dermatology	90	105
Second quarter total	**4,246**	**4,287**
First half:		
Cosmetics	8,014	8,134
The Body Shop	341	334
Dermatology	159	178
First half total	**8,514**	**8,646**
Third quarter:		
Cosmetics	3,849	3,978
The Body Shop	180	176
Dermatology	96	112
Third quarter total	**4,125**	**4,266**
Nine months:		
Cosmetics	11,863	12,112
The Body Shop	521	510
Dermatology	255	290
Nine months total	**12,639**	**12,912**
Fourth quarter:		
Cosmetics	4,045	4,247
The Body Shop	266	246
Dermatology	112	137
Fourth quarter total	**4,423**	**4,630**
Full year		
Cosmetics	15,908	16,359
The Body Shop	787	756
Dermatology	368	427
Full year total	**17,063**	**17,542**

Annexes

Annexe 2: Compared consolidated profit and loss accounts

€ millions	**2008**	**2007**	**2006**
Net sales	**17,541.8**	**17,062.6**	**15,790.1**
Cost of sales	-5,240.1	-4,941.0	-4,569.1
Gross profit	**12,301.7**	**12,121.6**	**11,221.0**
Research and development	-581.3	-559.9	-532.5
Advertising and promotion	-5,274.6	-5,126.7	-4,783.0
Selling, general and administrative expenses	-3,779.4	-3,618.2	-3,309.4
Operating profit before foreign exchange gains and losses	**2,666.4**	**2,816.8**	**2,596.1**
Foreign exchange gains and losses	58.2	10.4	-55.2
Operating profit	**2,724.6**	**2,827.2**	**2,540.9**
Other income and expenses	-156.3	621.6	-60.8
Operational profit	**2,568.3**	**3,448.8**	**2,480.1**
Finance costs	-174.2	-174.5	-115.9
Other financial income (expense)	-7.2	-7.6	-3.6
Sanofi-Aventis dividends	244.7	250.3	217.4
Share in net profit (loss) of equity affiliates	-	0.1	-1.2
Profit before tax and minority interests	**2,631.6**	**3,517.2**	**2,576.8**
Income tax	-680.7	-859.7	-514.7
Net profit	**1,950.9**	**2,657.5**	**2,062.1**
Attributable to:			
- group share	1,948.3	2,656.0	2,061.0
- minority interests	2.6	1.5	1.1
Net profit attributable to the group per share (euros)	3.31	4.42	3.36
Diluted net profit attributable to the group per share (euros)	3.30	4.38	3.35
Net profit excluding non-recurrent items attributable to the group per share (euros)	3.50	3.39	2.99
Diluted net profit excluding non-recurrent items attributable to the group per share (euros)	**3.49**	**3.36**	**2.98**

Annexe 3: Compared consolidated balance sheets

€ millions	12.31.2008	12.31.2007	12.31.2006
ASSETS			
Non-current assets	**16,308.7**	**16,979.6**	**19,155.4**
Goodwill	5,532.5	4,344.4	4,053.9
Other intangible assets	2,038.2	1,959.2	1,792.8
Tangible assets	2,753.3	2,651.1	2,628.4
Non-current financial assets	5,557.4	7,608.9	10,168.5
Investments in equity affiliates	-	-	82.0
Deferred tax assets	427.3	416.0	429.8
Current assets	**6,648.2**	**6,220.7**	**5,627.6**
Inventories	1,635.5	1,547.6	1,404.4
Trade accounts receivable	2,694.6	2,617.5	2,558.5
Other current assets	1,107.4	926.4	851.8
Current tax assets	133.6	42.5	31.7
Cash and cash equivalents	1,077.1	1,086.7	781.2
Total	**22,956.9**	**23,200.3**	**24,783.0**

€ millions	12.31.2008	12.31.2007	12.31.2006
LIABILITIES			
Shareholders' equity	**11,828.7**	**13,621.8**	**14,624.2**
Capital stock	120.5	123.6	127.9
Additional paid-in capital	965.5	963.2	958.5
Other reserves	9,331.5	8,695.8	8,974.4
Items directly recognised in equity	1,433.6	3,408.9	5,066.9
Cumulative translation adjustments	-563.1	-441.1	-70.3
Treasury stock	-1,410.6	-1,787.2	-2,496.3
Net profit attributable to the group	1,948.3	2,656.0	2,061.0
Shareholders' equity excluding minority interests	**11,825.7**	**13,619.2**	**14,622.1**
Minority interests	2.9	2.5	2.1
Non-current liabilities	**3,771.8**	**3,978.5**	**3,396.9**
Provisions for employee retirement obligation and related benefits	694.4	755.3	837.9
Provisions for liabilities and charges	111.4	148.5	154.1
Deferred tax liabilities	459.4	491.6	512.5
Non-current borrowings and debts	2,506.6	2,583.0	1,892.4
Current liabilities	**7,356.4**	**5,600.1**	**6,761.9**
Trade accounts payable	2,656.6	2,528.7	2,485.0
Provisions for liabilities and charges	431.1	285.7	272.0
Other current liabilities	1,838.4	1,732.5	1,613.9
Current tax liabilities	159.7	176.5	173.0
Current borrowings and debts	2,270.6	876.8	2,218.0
Total	**22,956.9**	**23,200.3**	**24,783.0**

Annexe 4: – Consolidated statement of changes in shareholders' equity

€ millions	Common share outstanding	Capital stock	Additionnal paid-in capital	Retained earnings and net income	Items directly recognised in equity	Treasury stock	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At 12.31.2005	**619,973,610**	**131.7**	**953.9**	**10,797.1**	**5,197.2**	**-2,638.2**	**214.0**	**14,655.7**	**1.5**	**14,657.2**
Capital increase	76,000	-	4.6					4.6		4.6
Cancellation of treasury stock		-3.8		-1,255.6		1,259.4		-		-
Dividends paid (not paid in treasury stock)				-616.1				-616.1	-0.9	-617.0
Cumulative translation adjustments							*-284.3*	*-284.3*	*0.2*	*-284.1*
Financial assets available for sale					*-194.5*			*-194.5*		*-194.5*
Cash flows hedging					*64.2*			*64.2*		*64.2*
Items directly recognised in equity					-130.3		-284.3	-414.6	0.2	-414.4
Consolidated net income of the period				2,061.0				2,061.0	1.1	2,062.1
Total income and expenses				**2,061.0**	**-130.3**		**-284.3**	**1,646.4**	**1.3**	**1,647.7**
Deferred share-based payment				49.4				49.4		49.4
Net changes in treasury stock	-14,327,500			-1.5		-1,117.5		-1,119.0		-1,119.0
Other movements				1.1				1.1	0.2	1.3
At 12.31.2006	**605,722,110**	**127.9**	**958.5**	**11,035.4**	**5,066.9**	**-2,496.3**	**-70.3**	**14,622.1**	**2.1**	**14,624.2**
Capital increase	75,050	-	4.7					4.7		4.7
Cancellation of treasury stock		-4.3		-1,704.8		1,709.1		-		-
Dividends paid (not paid in treasury stock)				-711.6				-711.6	-0.9	-712.5
Cumulative translation adjustments							*-370.8*	*-370.8*		*-370.8*
Financial assets available for sale					*-1,685.9*			*-1,685.9*		*-1,685.9*
Cash flows hedging					*27.9*			*27.9*		*27.9*
Items directly recognised in equity		-			-1,658.0	-	-370.8	-2,028.8	-	-2,028.8
Consolidated net income of the period				2,656.0				2,656.0	1.5	2,657.5
Total income and expenses	**-**	**-**	**-**	**2,656.0**	**-1,658.0**	**-**	**-370.8**	**627.2**	**1.5**	**628.7**
Deferred share-based payment				69.1				69.1		69.1
Net changes in treasury stock	-10,486,487			-1.6		-1,000.0		-1,001.6		-1,001.6
Other movements				9.3				9.3	-0.1	9.2
At 12.31.2007	**595,310,673**	**123.6**	**963.2**	**11,351.8**	**3,408.9**	**-1,787.2**	**-441.1**	**13,619.2**	**2.5**	**13,621.8**
Capital increase	37,600	-	2.3					2.3		2.3
Cancellation of treasury stock		-3.1		-1,285.8		1,288.9		-		-
Dividends paid (not paid in treasury stock)				-817.1				-817.1	-1.1	-818.2
Cumulative translation adjustments							*-122.0*	*-122.0*		*-122.0*
Financial assets available for sale					*-2,046.2*			*-2,046.2*		*-2,046.2*
Cash flows hedging					*70.9*			*70.9*		*70.9*
Items directly recognised in equity		-			-1,975.3	-	-122.0	-2,097.3	-	-2,097.3
Consolidated net income of the period				1,948.3				1,948.3	2.6	1,950.9
Total income and expenses	**-**	**-**	**-**	**1,948.3**	**-1,975.3**	**-**	**-122.0**	**-149.0**	**2.6**	**-146.4**
Deferred share-based payment				85.9				85.9		85.9
Net changes in treasury stock	-12,207,805			-0.2		-912.3		-912.5		-912.5
Other movements				-3.1				-3.1	-1.1	-4.2
At 12.31.2008	**583,140,468**	**120.5**	**965.5**	**11,279.8**	**1,433.6**	**-1,410.6**	**-563.1**	**11,825.7**	**2.9**	**11,828.7**

Annexe 5: Compared consolidated statements of cash flows

€ millions	2008	2007	2006
Cash flows from operating activities			
Net profit attributable to the group	1,948.3	2,656.0	2,061.0
Minority interests	2.6	1.5	1.1
Elimination of expenses and income with no impact on cash flows :			
depreciation and charges to provisions	706.1	598.5	579.4
changes in deferred taxes	6.6	38.3	-273.3
share-based payment	85.9	69.1	49.4
capital gains and losses on sale of assets	-3.6	-11.7	-8.5
capital gain on Sanofi-Aventis sale, net of tax	-	-631.9	
share in net income of equity affiliates net of dividend received	-	0.5	1.2
Gross cash flow	**2,745.9**	**2,720.4**	**2,410.3**
Cash (used in) from working capital	-148.8	-76.3	65.6
Net cash provided by operating activities (A)	**2,597.1**	**2,644.0**	**2,475.9**
Cash flows from investing activities			
Investments in tangible and intangible assets	-745.9	-776.0	-745.2
Disposals of tangible and intangible assets	9.2	30.1	28.9
Disposal of Sanofi-Aventis, net of tax	-	1,465.3	
Changes in other financial assets (including investments in non-consolidated companies)	-9.4	-10.2	-3.9
Effect of changes in the scope of consolidation	-1,299.1	-604.4	-1,065.7
Net cash (used in) from investing activities (B)	**-2,045.2**	**104.8**	**-1,785.9**
Cash flows from financing activities			
Dividends paid	-849.2	-725.7	-633.8
Capital increase of the parent company	2.3	4.7	4.6
Disposal (acquisition) of treasury stock	-912.6	-1,001.6	-1,119.0
Issuance (repayment) of short-term loans	1,262.5	-1,439.1	209.3
Issuance of long-term borrowings	1.1	753.2	1,563.5
Repayment of long-term borrowings	-62.8	-10.1	-577.0
Net cash (used in) from financing activities (C)	**-558.7**	**-2,418.7**	**-552.4**
Net effect of exchange rate changes and fair value changes (D)	-2.8	-24.6	-19.6
Change in cash and cash equivalents (A+B+C+D)	**-9.6**	**305.5**	**118.0**
Cash and cash equivalents at beginning of the year (E)	**1,086.7**	**781.2**	**663.2**
Cash and cash equivalents at end of the year (A+B+C+D+E)	**1,077.1**	**1,086.7**	**781.2**