Clichy, November 5th, 2009 at 5.55 pm

L'ORÉAL

News Release

Sales at September 30th, 2009

L'OREAL RETURNS TO GROWTH IN THIRD QUARTER

- **Cosmetics sales back to growth in 3rd quarter**
  Strong progression in Consumer Products
  Growth accelerates in new markets, particularly in Asia
  Improved performance in Professional Products and Active Cosmetics Divisions
- **9-month sales growth: +0.7% at 13 billion euros** (+0.5% at constant exchange rates*; -1.9% like-for-like)
- **Confidence in continuing improvement of performance**

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

"Although the market remains difficult, the return to cosmetics sales growth in the 3rd quarter is very encouraging, and confirms the gradual improvement in sales we had announced.

Each division has improved its performance compared with the first half. The Consumer Products Division is clearly accelerating. The Professional Products and Active Cosmetics Divisions are recovering, while the contrasting trends have continued in Luxury Products.

Growth in the Rest of the World zone is accelerating thanks to rapid expansion in Asia, India and Latin America. The new markets, and the BRIMC countries in particular, are playing their growth-relay role and we are continuing to win strategic positions in these markets.

The implementation of our 5 strategic thrusts and a substantial plan of initiatives and business drivers in the 4th quarter make us confident that sales will continue to improve."

** based on constant translation rates: 2009 data at 2009 rates / 2008 data at 2009 rates*

Sales at September 30th, 2009

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was -1.9%.
The net impact of changes in consolidation, as a result of the acquisitions of YSL Beauté, CollaGenex Pharmaceuticals and the 100% consolidation of Club des Créateurs de Beauté, amounted to +2.4%.
Currency fluctuations had a positive impact of +0.2% (at current exchange rates, the negative impact would be -1.2% for the whole of 2009).
Growth at constant exchange rates was +0.5%.
Based on reported figures, the group's sales, at September 30th, 2009, amounted to 13.004 billion euros, an increase of +0.7%.

Sales by operational division and geographic zone

	3rd quarter 2009			At September 30th 2009		
		Growth			Growth	
	€m	Like-for-like	Reported	€m	Like-for-like	Reported
By operational division						
Professional Products	589.2	-1.4 %	-1.7 %	1 806.9	-3.9 %	-2.2 %
Consumer Products(1)	2 077.8	5.9 %	3.2 %	6 480.4	2.5 %	2.1 %
Luxury Products	1 024.6	-6.0 %	-5.4 %	2 919.8	-10.6 %	0.9 %
Active Cosmetics	273.5	1.1 %	-3.0 %	973.7	-2.1 %	-4.5 %
Cosmetics total	**3 965.1**	**1.1 %**	**-0.3 %**	**12 180.8**	**-2.3 %**	**0.6 %**
By geographic zone						
Western Europe	1 683.0	-2.4 %	-3.5 %	5 321.9	-6.3 %	-3.9 %
North America	955.0	-1.3 %	3.2 %	2 897.3	-4.2 %	6.1 %
Rest of the World, of which:	1 327.1	8.0 %	1.5 %	3 961.6	5.4 %	3.1 %
- *Asia*	*512.8*	*11.4 %*	*18.5 %*	*1 588.0*	*6.8 %*	*21.2 %*
- *Eastern Europe*	*285.8*	*3.4 %*	*-15.3 %*	*877.0*	*0.6 %*	*-14.9 %*
- *Latin America*	*300.5*	*11.4 %*	*-3.8 %*	*818.4*	*11.5 %*	*-2.9 %*
- *Africa-Orient-Pacific*	*228.0*	*2.6 %*	*1.2 %*	*678.2*	*1.7 %*	*2.9 %*
Cosmetics total	**3 965.1**	**1.1 %**	**-0.3 %**	**12 180.8**	**-2.3 %**	**0.6 %**
The Body Shop	162.2	-4.1 %	-8.0 %	485.4	-0.9 %	-4.8 %
Dermatology(2)	107.5	-5.2 %	-3.6 %	337.9	9.2 %	16.6 %
Group total	**4 234.8**	**0.8 %**	**-0.7 %**	**13 004.1**	**-1.9 %**	**0.7 %**

(1) 2008 and 2009 sales include the group's share of Club des Créateurs de Beauté
(2) Group share, i.e. 50%

1) Cosmetics sales

PROFESSIONAL PRODUCTS

In the context of continuing difficulties for hair salon activity, the Professional Products Division improved its performance in the 3rd quarter thanks to the launch of major product initiatives and a slight salon activity rebound in Western Europe. The momentum in salon conquests is continuing, and enabling the division to strengthen its worldwide leadership. The growth-relay countries are continuing to play their part.

- Strong initiatives in hair colourants in the division's 3 major brands and the continuing offensive in hairstyling products with long-lasting hold in Asia and Latin America have enabled the division to step up its presence in technical products for salons.
  L'Oréal Professionnel hit the headlines in September when it launched *Inoa,* a revolutionary ammonia-free and odour-free permanent hair colourant which uses a new patented technology (ODS). The exceptional start it has made in Western Europe is enabling *L'Oréal Professionnel* to win over large numbers of new salons.
  Matrix is continuing to expand in the new markets, and has relaunched *Socolor* hair colourant in the United States.
  Redken is proving resilient, and is launching a new hair colourant, *Cover Fusion*, for women over 50.
  Kérastase has launched the new haircare line *Age Premium* to combat hair porosity, aimed at women over 60, and it has made a good start.

- In **Western Europe**, which has seen a slight upturn in salon activity, it is worth noting the good results in Germany, where the division is continuing to win market share.
  In **North America**, the division is gaining ground thanks to a more direct link with salons, through its distribution network Salon Centric.
  Sales are growing rapidly in the **growth-relay countries**, particularly in Brazil, India, China, South Korea, Ukraine and Poland.

CONSUMER PRODUCTS

Following 3rd quarter growth of +5.9% like-for-like, the Consumer Products Division has recorded aggregate sales growth of +2.5% at end-September. The solid performance of the *Garnier* and *Maybelline* brands, and the dynamism of the new markets, contributed to a clear acceleration in the 3rd quarter.

- *Garnier* has a particularly substantial launch plan, with *Garnier Essentials* facial skincare products priced below €5, *Fructis* hair lacquer and *HerbaShine* hair colourant.
  The *L'Oréal Paris* launches have achieved good scores, particularly *Revitalift face and neck contours*. The roll-out of the new *Elsève Total Repair 5* line is producing very encouraging results.
  Franck Provost haircare products are winning a significant place in the accessible product segment.
  Maybelline has launched *Pulse Perfection*, the first-ever mass-market vibrating mascara and *Color Sensational* lipstick.

- In **Western Europe** quarterly sales reflected the favourable impact of the normalisation of distributors' stocks, even though markets remained stable.
  In the **United States**, where the market also remained stable, quarterly sales reflected the impact of the major launches at *Maybelline* and the launch of *Garnier Fructis Triple Nutrition*. Skincare sales are continuing to grow both at *L'Oréal Paris* and *Garnier*.
  In the **Rest of the World** zone, where markets were again dynamic, it is worth noting the high growth in Latin America, driven by haircare lines and deodorants. Eastern Europe produced good scores in all categories, particularly in deodorants where *Garnier* has made a promising start. Growth is continuing in Asia: China has launched *L'Oréal Paris* haircare lines, and sales in India are growing very strongly in skincare products, particularly following the introduction of *Garnier Men* skincare.

LUXURY PRODUCTS

The Luxury Products Division is at -10.6% like-for-like at end-September, and +0.9% based on reported figures with the consolidation of YSL Beauté. The division consolidated its market share in the 3rd quarter, more especially in skincare, thanks to a strategy based on innovation, accessibility and accelerating globalisation. It also benefited from a less substantial distributor inventory reduction effect. The fragrances market remains difficult however.

- *Lancôme* outperformed the market thanks to the *Génifique* and *Absolue Precious Cells* skincare lines, *Hypnôse Drama* mascara, and the *Hypnôse Senses* fragrance. *Giorgio Armani* is rolling out its new fragrance *Idole* alongside *Eyes to Kill* mascara and *Rouge d'Armani*. After seizing the initiative in men's fragrances with *La Nuit de L'Homme, Yves Saint Laurent* has just launched *Parisienne* with very good initial results, capturing the number 1 spot in France in September for example.
  Kiehl's recorded double-digit sales growth, boosted by the success of store openings in Japan and China. *Skin Vivo* by *Biotherm* is a remarkable technological advance in skincare.
  Furthermore, the recent women's fragrance launches *Eau Mega* by *Viktor & Rolf*, and *Scarlett* by *Cacharel,* and the success of *Diesel Only The Brave*, launched in the spring, are consolidating the division's positions in this category.

- The **Western Europe** zone improved in the 3rd quarter thanks to accelerating sales in Northern Europe, even though sales in Southern Europe, where inventory reduction is most significant, remain difficult.
  In **North America**, where the market trend remained negative, the division won market share in skincare and make-up, but was hit by the clear decline in the fragrances market.
  The division was mainly driven in the 3rd quarter by the return to growth in the **Rest of the World** zone, with strong acceleration in Asia, particularly, where there were good performances in skincare and a return to growth in Travel Retail. The markets in Russia and the Gulf states remained sharply negative.

ACTIVE COSMETICS

At the end of September, the sales of the Active Cosmetics Division were at -2.1% like-for-like, against a background of flat consumption and distributor inventory reduction. The 3rd quarter showed an improvement at +1.1%. Worldwide, the division is winning market share.

- *La Roche-Posay* is expanding strongly in all geographic zones, across all categories.
  Vichy is maintaining its leadership thanks to initiatives aimed at winning new customers and high sales of facial skincare lines, in particular *Liftactiv* and *Aqualia Thermal*.
  SkinCeuticals is growing strongly thanks to the success of its new serum *Phloretin CF* and the roll-out of the brand outside the United States.

- Sales in **Western Europe** were down at the end of September, reflecting inventory reductions by wholesalers and parapharmacies, as well as the difficulties of *Vichy* and *Innéov* with their seasonal products.
  In **North America** the division is continuing to win market share in the context of a sharp slowdown in the activity of doctors and spas.
  The **Rest of the World** remained slightly negative because of the financial difficulties of certain distributors in Eastern Europe. Nevertheless, the division strengthened its positions. Note the strong growth achieved by all the brands in Latin America.

2) Multi-division summary by geographic zone

WESTERN EUROPE

- Performance improved in the 3rd quarter with a rate of -2.4% like-for-like, giving a 9-month figure of -6.3%. Each division has advanced compared with the 1st half. The inventory reduction effect was less significant in the third quarter. The group's sales trend is still favourable in Germany and the United Kingdom, while France, Italy, and particularly Spain and Travel Retail are continuing to weigh on performances in this zone.

NORTH AMERICA

- After 9 months, sales are at -4.2% like-for-like, with a 3rd quarter at -1.3% (-4.8% excluding the SAP effect). The market trend remains negative, particularly affected by the difficulties of department stores and hair salons. In this context, the group improved its market share in all divisions.

REST OF THE WORLD

- **Asia:** In a context which remains difficult, the group accelerated its growth to +11.4% in the 3rd quarter like-for-like. Excluding Japan, the 9-month growth rate was +10.2%. Market share gains are substantial in Consumer Products skincare, where the group's growth is three times the market growth rate. South Korea is continuing its very rapid expansion, as is China, where the group is now leader in men's skincare and has launched *L'Oréal Paris Hair Expert*.

- **Eastern Europe**: After a better third quarter, the group's 9-month sales are back in positive territory. Sales in Russia grew very slightly thanks to Consumer Products, and the fast growth rate in Ukraine is continuing. The Consumer Products Division is growing thanks to hair colourants and the success of *Garnier Mineral* deodorants. In a market context which remains very tough, sales of luxury products are gradually picking up and the Professional Products Division is winning over large numbers of salons. All four divisions are increasing their market share.

- **Latin America:** 3rd quarter growth is in line with the first half. Brazil is continuing to accelerate, Argentina is also growing rapidly, and the recovery is continuing in Mexico. Growth is boosted by the performances of the Consumer Products Division's brands, particularly *Garnier* in Brazil and *L'Oréal Paris,* whose *Elsève* range is performing strongly in all countries in this zone. The *La Roche-Posay* and *Matrix* brands are also recording substantial growth.

- **Africa-Orient-Pacific:** The first-half trend is continuing with strong growth for the Consumer Products Division thanks to the *Garnier* brand, driven by its facial skincare success stories, such as *Garnier Light*, *Eye roll-on*, and *Garnier Men*. Sales in India are accelerating compared with the second quarter at +26.3% like-for-like for the first 9 months. The Gulf states remain strongly affected in terms of luxury products.

3) The Body Shop sales

At the end of September, The Body Shop sales trend stood at -0.9% like-for-like. Retail sales[1], stable at +0%, reflect the brand's resilience, particularly in the developed countries. In the Rest of the World, Australia, India and Indonesia are particularly dynamic. On a comparable store base[2], the sales trend was -2.4%.
The brand is continuing its innovation strategy with the launch of *Nutriganics,* its first organic skincare range, and its fragrance *Love etc.* These innovations were launched towards the end of the quarter.
At September 30th 2009, the total number of stores was 2,533.

(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 September 30th 2008 and over the same period in 2009.

4) Galderma sales

With like-for-like sales advancing by +9.2% over the first nine months of the year, Galderma is strengthening its leadership in the worldwide dermatology market and now holds record market share. While sell-through has remained solid in the United States, an adjustment of American distributors' inventories led to a decline in sales of -5.2% in the 3rd quarter.

North American sales grew by +6.3% like-for-like at September 30th, driven by the launch of *Epiduo* for the treatment of acne, and *Vectical* for psoriasis, while sales of *Oracea* remained solid. Sales were boosted in Western Europe by the success of *Epiduo* and *Clobex shampoo* (for psoriasis), and by the launches of *Oracea* and *Azzalure*, and in Latin America by the success of *Epiduo, Dysport* and *Differin 0.3 %*. In the Asia-Pacific zone, sales growth has been strong thanks to *Differin 0.1%* in Japan and Epiduo in the other countries.

Sales

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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."

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Annex

L'Oréal group sales 2008/2009 (€ millions)

	2008	2009
First quarter:		
Cosmetics	4 118	4 112
The Body Shop	168	162
Dermatology	73	96
First quarter total	**4 359**	**4 370**
Second quarter:		
Cosmetics	4 016	4 104
The Body Shop	166	161
Dermatology	105	134
Second quarter total	**4 287**	**4 399**
First half:		
Cosmetics	8 134	8 216
The Body Shop	334	323
Dermatology	178	230
First half total	**8 646**	**8 769**
Third quarter:		
Cosmetics	3 978	3 965
The Body Shop	176	162
Dermatology	112	108
Third quarter total	**4 266**	**4 235**
Nine months:		
Cosmetics	12 112	12 181
The Body Shop	510	485
Dermatology	290	338
Nine months total	**12 912**	**13 004**
Fourth quarter:		
Cosmetics	4 247	
The Body Shop	246	
Dermatology	137	
Fourth quarter total	**4 630**	
Full year:		
Cosmetics	16 359	
The Body Shop	756	
Dermatology	427	
Full year total	**17 542**	