

Clichy, April 18th, 2013 at 6 p.m.

## First quarter 2013 sales

### A VERY SOLID FIRST QUARTER

- **Sales: 5.93 billion euros**
  - +6.5% excluding currency fluctuations
  - +5.5% like-for-like
  - +5.1% based on reported figures
- **Strong growth in the Consumer Products, L'Oréal Luxe and Active Cosmetics divisions**
- **Weakness of the Professional Products market**
- **New records for market shares in Western Europe and North America**
- **Sustained dynamics in the New Markets**
- **Confidence in another year of sales and profit growth**

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

*"L'Oréal has made a solid start to the year, with good organic growth, along with really significant market share gains.*

*The Consumer Products, L'Oréal Luxe and Active Cosmetics divisions are growing strongly, driven by major innovations such as Olia by Garnier, L'Oréal Paris Advanced Haircare, La Vie est Belle by Lancôme, or Idéalia by Vichy. All our brands are on the offensive, and this has enabled the group to post new records for market shares, especially in Western Europe and North America. Growth trends in the New Markets are homogeneous and sustained. The Professional Products Division meanwhile is still being held back by the very difficult market context, particularly in Southern Europe.*

*These strategic advances, together with the quality of initiatives across all divisions, both in developed countries and the New Markets, make us confident in our ability to outperform the market in 2013, and to achieve another year of growth in both sales and profits."*

## A – First quarter 2013 sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +5.5%.

**The net impact of changes in consolidation** was +1.0%.

**Currency fluctuations** had a negative impact of -1.4%.

**Growth at constant exchange rates** was +6.5%. If end of March current exchange rates (€1 at \$1.2813) are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations would be -1.0% for the whole of 2013.

**Based on reported figures**, the group's sales at March 31<sup>st</sup>, 2013 amounted to 5.932 billion euros, an increase of +5.1%.

### Sales by operational division and geographic zone

€million	Quarterly sales		Growth	
	1 <sup>st</sup> quarter 2012	1 <sup>st</sup> quarter 2013	Like-for-like	Reported
<b><u>By division</u></b>				
Professional Products	755.6	752.6	0.0%	-0.4%
Consumer Products	2,769.5	2,920.8	6.5%	5.5%
L'Oréal Luxe	1,315.5	1,422.0	7.2%	8.1%
Active Cosmetics	468.6	497.6	7.2%	6.2%
<b>Cosmetics total</b>	<b>5,309.1</b>	<b>5,593.0</b>	<b>5.8%</b>	<b>5.3%</b>
<b><u>By geographic zone</u></b>				
Western Europe	1,953.9	1,990.4	1.7%	1.9%
North America	1,263.4	1,371.4	6.3%	8.5%
New Markets, of which:	2,091.7	2,231.1	9.4%	6.7%
- <i>Asia, Pacific</i>	1,124.3	1,188.4	7.7%	5.7%
- <i>Latin America</i>	433.5	458.7	11.8%	5.8%
- <i>Eastern Europe</i>	360.0	389.7	9.2%	8.2%
- <i>Africa, Middle East</i>	173.8	194.3	15.0%	11.8%
<b>Cosmetics total</b>	<b>5,309.1</b>	<b>5,593.0</b>	<b>5.8%</b>	<b>5.3%</b>
The Body Shop	180.4	181.9	1.8%	0.8%
Dermatology <sup>(1)</sup>	153.5	156.7	-0.4%	2.1%
<b>Group total</b>	<b>5,643.0</b>	<b>5,931.6</b>	<b>5.5%</b>	<b>5.1%</b>

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

# 1) Cosmetics sales

## PROFESSIONAL PRODUCTS

At end-March, the Professional Products Division is stable in like-for-like terms, posting -0.4% based on reported figures. Markets in mature countries remain difficult, particularly in Southern Europe, and salon visits in the United States have contracted. The dynamic trend of the New Markets is continuing.

- The luxury haircare segment remains buoyant, and is reflected by the growth at *Kérastase*, bolstered by the launches of *Densifique*, the hair density activator with Stemoxydine®, and *Initialiste* hair beauty serum.  
In the hair colourant category, the worldwide roll-out of ODS technology is continuing with *INOA Suprême* by *L'Oréal Professionnel*, *ColorInsider* by *Matrix* and *Chromatics Beyond Cover* by *Redken*. The accessibly priced hair colourant *Socolor* by *Matrix* is being rolled out in Asia.
- The division, historically exposed to mature markets, is above all feeling the effects of economic sluggishness in Italy, Spain and Portugal, with a very sharp fall in salon visits. In the New Markets, the division is strengthening its positions in Russia, and is growing strongly in India, Indonesia and Africa-Middle East.

## CONSUMER PRODUCTS

In the first quarter, the Consumer Products Division achieved growth of +6.5% like-for-like and +5.5% based on reported figures, driven by the success of its major product initiatives and significant market share gains in key countries.

- The L'Oréal Paris brand made a good start to the year, boosted by major launches such as *Préférence Mousse Absolue* hair colourant, *Age Perfect Renaissance Cellulaire* skincare, and – in the United States - the *L'Oréal Advanced Haircare* range. *Garnier* has made a real breakthrough thanks to *Olia* hair colourant with ODS, and its worldwide roll-out is under way. *Maybelline* meanwhile has launched *Volume Express Rocket* mascara.
- All these innovations enabled the division to make historic breakthroughs in haircare, hair colourants and facial skincare, both in Western Europe and North America. In the New Markets, growth is improving, thanks especially to the new dynamism in Brazil and Russia.

## L'OREAL LUXE

At end-March, L'Oréal Luxe has advanced by +7.2% like-for-like and +8.1% based on reported figures, including the first time consolidation of the *Urban Decay* brand. L'Oréal Luxe is growing faster than the market, thanks to good growth trends for the major brands in the portfolio, and its performances in the New Markets and in North America.

- The division's four top brands - *Lancôme*, *Giorgio Armani*, *Yves Saint Laurent* and *Kiehl's* – have been highly dynamic at the start of this year. In addition to the resounding success of *La Vie est Belle*, *Manifesto*, *Rouge Pur Couture* lipstick and *Maestro* foundation, the quarter was marked by new initiatives such as *Rénergie Multi-lift Reviva-Plasma* and *Teint Visionnaire* by *Lancôme*, *Eau pour Homme* and *Eau de Nuit* by *Giorgio Armani*, along with *Rouge Volupté Shine* and *Forever Light Creator* by *Yves Saint Laurent*. *Urban Decay* and *Clarisonic* posted very good growth over the quarter.
- While Western Europe remains lacklustre, the United States, China and the Gulf States are growing strongly.

## ACTIVE COSMETICS

In the first quarter, the sales of the Active Cosmetics Division clearly accelerated at +7.2% like-for-like (+6.2% based on reported figures), thanks to the recovery of *Vichy* and the continuing strong growth of *La Roche-Posay*.

- *Vichy* started the year with very good performances, especially in haircare (*Neogénic*) and anti-ageing (*LiftActiv Eyes and Lashes Serum*, and *Néovadiol Magistral*). *La Roche-Posay* continues to record double-digit growth, even in Europe. In addition, *SkinCeuticals* is continuing its international roll-out with a strong focus on the bodycare segment.
- The first part of the year has been marked by a very good start in Western Europe, where the division wins market share, even in Southern Europe. Trends in North America and South America remain robust.

## Multi-division summary by geographic zone

### WESTERN EUROPE

The European context is still adversely affected by declining markets in the Southern countries, especially in hair salons and the selective market. Thanks to strong market share gains by the Consumer Products and Active Cosmetics divisions, good growth in Germany and France, and a turnaround in Spain, L'Oréal recorded growth of +1.7% like-for-like and +1.9% based on reported figures.

### NORTH AMERICA

L'Oréal posted growth of +6.3% like-for-like and +8.5% based on reported figures. The good results are continuing in the Consumer Products Division, thanks to the launches of *Advanced Haircare* and *Miracle Blur* by *L'Oréal Paris*, and *Olia* by *Garnier*. L'Oréal Luxe also produced a solid performance, thanks to *Clarisonic*, *Kiehl's*, *Yves Saint Laurent* and *Viktor&Rolf*, together with *Urban Decay*, which was consolidated for the first time. *Vichy* and *SkinCeuticals* made a good start to the year in Active Cosmetics.

### NEW MARKETS

- **Asia-Pacific:** L'Oréal recorded growth of +7.7% like-for-like and +5.7% based on reported figures. If Japan is excluded, like-for-like growth came out at +8.9%. The group is continuing to gain market share, thanks especially to L'Oréal Luxe. There are contrasting trends in markets in this region: South Korea is strongly negative, but China, India and the ASEAN countries remain buoyant. At L'Oréal Luxe the first quarter reflected continuing strong growth in China. The Consumer Products Division posted, with *L'Oréal Paris*, good performances in China and India, and proved dynamic in Indonesia and Thailand.
- **Eastern Europe:** The zone posted growth of +9.2% like-for-like and +8.2% based on reported figures. Growth in this zone is driven by Russia and Ukraine, while the other countries, such as Poland, are still sluggish. The Consumer Products Division's turnaround is continuing, the Professional Products Division is actively pursuing its conquest of hair salons, and L'Oréal Luxe has made a good start to the year.
- **Latin America:** L'Oréal has started the year with an increase in sales of +11.8% like-for-like and +5.8% based on reported figures. Brazil is accelerating, driven by market share gains in haircare, thanks to *Elsève* at *L'Oréal Paris*, and in hair colourants, thanks to *Mini Kit Nutrisse Cor Intensa* by *Garnier*. Market share is also increasing in Mexico and Chile. The Active Cosmetics division is continuing to grow very strongly in this zone.
- **Africa-Middle East:** This zone made a solid start to 2013 with growth of +15.0% like-for-like and +11.8% based on reported figures. Saudi Arabia and Egypt are growing strongly, and the same is true of Turkey. In Sub-Saharan Africa, the group is strengthening its positions with the acquisition of the Hygiene and Beauty business of Interconsumer Products Limited (ICP) in Kenya.

## 2) The Body Shop sales

At end-March, *The Body Shop* recorded sales growth of +1.8% like-for-like, and +0.8% based on reported figures. The Middle East and South-East Asia posted good growth while sales in mature markets are being affected by the depressed economic environment.

Internet sales are clearly proving to be a strategic channel for recruiting new consumers.

*The Body Shop* is launching *Absinthe*, a range of handcare products.

## 3) Galderma sales

*Galderma* sales decreased by -0.4% like-for-like, and +2.1% based on reported figures.

The first quarter was affected by a combination of negative factors, especially pressure from generics in Europe which, as announced, is impacting *Tetralysal* (acne). *Loceryl* (fungal nail infections) is also experiencing stiffer competition in Germany and Russia.

Sales of prescription products are increasing. *Epiduo*, the world's first prescription treatment in the topical acne market, and *Clobex* (psoriasis) are growing strongly, especially in North America. Medical solutions in aesthetic and corrective dermatology are continuing to advance, driven by the strong growth of *Azzalure* (muscle relaxant), particularly in Asia-Pacific.

Spirig has been consolidated since 1<sup>st</sup> March, 2013.

## **B – Important events during the period 01/01/13 to 03/31/13**

- On January 10<sup>th</sup>, L'Oréal inaugurated its new Research and Innovation centre in India, in Mumbai and Bangalore,
- On January 31<sup>st</sup>, L'Oréal completed the acquisition of the *Vogue* brand in Colombia,
- On February 11<sup>th</sup>, the Board of Directors decided to set up a share buyback program amounting to €500 million in the 1<sup>st</sup> half of 2013,
- On February 27<sup>th</sup>, *Galderma* completed the acquisition of Spirig in Switzerland,
- And further, on April 15<sup>th</sup>, L'Oréal announced the acquisition of the Hygiene and Beauty business of Interconsumer Products Limited (ICP) in Kenya.

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*"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](http://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 a free translation into English of the First Quarter 2013 press 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 2012/2013 (€millions)

	2012	2013
<u>First quarter:</u>		
Cosmetics	5,309	5,593
The Body Shop	180	182
Dermatology	154	157
<b>First quarter total</b>	<b>5,643</b>	<b>5,932</b>
<u>Second quarter:</u>		
Cosmetics	5,162	
The Body Shop	194	
Dermatology	215	
<b>Second quarter total</b>	<b>5,570</b>	
<u>First half:</u>		
Cosmetics	10,471	
The Body Shop	374	
Dermatology	368	
<b>First half total</b>	<b>11,213</b>	
<u>Third quarter:</u>		
Cosmetics	5,137	
The Body Shop	191	
Dermatology	191	
<b>Third quarter total</b>	<b>5,519</b>	
<u>Nine months:</u>		
Cosmetics	15,608	
The Body Shop	565	
Dermatology	559	
<b>Nine months total</b>	<b>16,732</b>	
<u>Fourth quarter:</u>		
Cosmetics	5,204	
The Body Shop	290	
Dermatology	236	
<b>Fourth quarter total</b>	<b>5,730</b>	
<u>Full year</u>		
Cosmetics	20,812	
The Body Shop	855	
Dermatology	796	
<b>Full year total</b>	<b>22,463</b>	