

First quarter 2012 sales

A PROMISING START TO THE YEAR

- **Sales: 5.64 billion euros**
 - +9.4% based on reported figures
 - +7.1% at constant exchange rates
 - +6.4% like-for-like
- **Growth in all branches and divisions**
- **Strong dynamism at L'Oréal Luxe**
- **Solid growth in North America**
- **Continuing fast growth in the New Markets, particularly in Asia.**

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

"These first months augur well for the year, as all divisions and all geographic zones are expanding. The worldwide cosmetics market remains strong, and trends are favourable for all brands. L'Oréal Luxe is achieving remarkable growth, bolstered in particular by the dynamism of Lancôme, the success of the designer fragrances, and the vitality of Kiehl's.

During the first quarter, the New Markets have become the number one geographic zone for the group, driven by very strong performances in Asia. North America is still achieving sustained growth. In Western Europe, in a sluggish market context, the group is growing and improving its positions. Finally, the new initiatives in Eastern Europe are beginning to pay off.

These performances demonstrate the relevance of our strategic thrusts and the solidity of the L'Oréal business model, based on excellence in research and creativity in marketing.

Although it is not possible to extrapolate from these figures, and despite the economic environment which remains uncertain, the first three months have reinforced our confidence in the group's ability to outperform the market in 2012, to strengthen its global positions, and to achieve another year of growth in both sales and profits."

A – First quarter 2012 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +6.4%.

The net impact of changes in consolidation was +0.7%.

Currency fluctuations had a positive impact of +2.3%.

Growth at constant exchange rates was +7.1%. If current exchange rates (basis €1=\$1.33) are extrapolated up to December 31st, the impact of currency fluctuations would be +2.5% for the whole of 2012.

Based on reported figures, the group's sales at March 31st, 2012 amounted to 5.643 billion euros, an increase of +9.4%.

Sales by operational division and geographic zone

€ million	Quarterly sales		Growth	
	1 st quarter 2011	1 st quarter 2012	Like-for-like	Reported
<u>By division</u>				
Professional Products	715.5	755.6	3.1 %	5.6 %
Consumer Products	2,583.8	2,769.5	5.1 %	7.2 %
L'Oréal Luxe	1,116.6	1,315.5	12.2 %	17.8 %
Active Cosmetics	445.2	468.6	4.7 %	5.3 %
Cosmetics total	4,861.0	5,309.1	6.4 %	9.2 %
<u>By geographic zone</u>				
Western Europe	1,910.4	1,953.9	1.7 %	2.3 %
North America	1,117.3	1,263.4	6.6 %	13.1 %
New Markets, of which:	1,833.4	2,091.7	11.2 %	14.1 %
- <i>Asia, Pacific</i>	916.9	1,124.3	15.5 %	22.6 %
- <i>Eastern Europe</i>	354.7	360.0	2.1 %	1.5 %
- <i>Latin America</i>	403.6	433.5	8.5 %	7.4 %
- <i>Africa, Middle East</i>	158.2	173.8	11.4 %	9.9 %
Cosmetics total	4,861.0	5,309.1	6.4 %	9.2 %
The Body Shop	169.6	180.4	3.9 %	6.4 %
Dermatology ⁽¹⁾	129.6	153.5	6.6 %	18.4 %
Group total	5,160.2	5,643.0	6.4 %	9.4 %

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division posted growth of +3.1% like-for-like in the first quarter, and +5.6% based on reported figures, thanks to the dynamism of the New Markets and the success of its launches in hair colourants and haircare.

- In hair colourants, the new ODS 2 technology (Oil Delivery System 2) is enabling *L'Oréal Professionnel* to continue the *Inoa* roll-out, with a new formula, simplified application for hairdressers and a colour result which is winning customers over. With its new permanent hair colourant *Chromatics*, *Redken* is capitalising on the same technological breakthrough and is progressing. *Kérastase* is accelerating, driven by the global roll-out of *Fusio-Dose* and *Force Architecte*. Launched by all the divisions' brands, hair oils are moving into all regions of the world.
- In Europe and in North America, the division is consolidating its leadership. The dynamism of the New Markets has been driven by the success of product initiatives in hair colourants and professional haircare. Asia in particular is accelerating strongly, driven by the growth of *Matrix* in China and in India.

CONSUMER PRODUCTS

In the first quarter the Consumer Products Division achieved growth of +5.1% like-for-like, and +7.2% based on reported figures. All the division's brands and all geographic zones posted increased sales.

- *L'Oréal Paris* is continuing to launch major initiatives in all categories: in make-up with *Lumi Magique* foundation and *Nude Magique* BB cream, in skincare with *Youth Code Lumière* and in haircare with *Nutri Gloss Cristal*.
Garnier is accelerating its sales through the geographic expansion of *Miracle Skin Perfector* (BB cream), and the launch of *Nutrisse Mousse*, the first-ever nourishing colourant foam.
Maybelline is continuing its growth across all continents, with a non-stop flow of innovations, including *Superstay 14hr One Step* lipstick, *Dream Foam* foundation and *Illegal Lengths* mascara.
In nail make-up, *essie* has been successfully launched in several European countries.
- In Western Europe, in a sluggish market, the division is increasing its sales and improving its market share, particularly in France, Germany, Italy and the Nordic countries. The situation remains more difficult in the Southern countries.
The division made a very good start to the year in North America, bolstered in particular by the success of *Garnier* skincare initiatives.
In the New Markets, the trend is positive in all regions. Growth in Asia has been driven by the dynamism of *L'Oréal Paris* and *Men Expert* skincare in China. The *L'Oréal Paris* haircare line is proving successful in India.
The division's sales are picking up in Eastern Europe, thanks to the launch of *Elsève Triple Resist shampoo enriched in Arginine* by *L'Oréal Paris*, and BB cream and *Color Sensation* hair colourant from *Garnier*. In Latin America, the division made a solid start to the year, thanks to success in deodorants and hair colourants. The year started well in the Africa, Middle East zone, thanks in particular to the Gulf countries.

L'OREAL LUXE

In the first quarter of 2012, L'Oréal Luxe sales increased by +12.2% like-for-like and by +17.8% based on reported figures, helped by the positive impact of the *Clarisonic*® acquisition. Sell-out is accelerating and the division is making market share gains.

- *Lancôme* made an excellent start to the year, thanks in particular to the worldwide success of its two serums *Génifique* and *Visionnaire*, and is asserting its modernity in make-up with the launch of *Rouge in love* lipstick and the long-lasting foundation *Teint Idole Ultra 24h*.

Yves Saint Laurent is growing strongly thanks to *Rouge Pur Couture* lip gloss and its brand new technology, and has high expectations following the Asian launch of its Forever Youth Liberator skincare line, which is already a success in Europe.

Giorgio Armani is continuing its luxury-focused strategy with *Acqua di Gioia*, and is extending its beauty offering with *Régénessence High Lift* skincare.

Kiehl's has started the year with strong sales growth, driven by the success of facial skincare, and by the launch of *Clearly Corrective*.

Viktor & Rolf is building up momentum, drawing on the strength of its two flagship products, *Flowerbomb* and *Spicebomb*, its new men's fragrance.

Clarisonic®, the latest acquisition by L'Oréal Luxe, is already contributing to the division's good performances.

- In Western Europe, in a market with a slightly negative trend, the division is advancing and winning market share, thanks in particular to *Lancôme*, *Yves Saint Laurent* and *Kiehl's*. In North America, L'Oréal Luxe is proving very dynamic, thanks to *Clarisonic*®, *Yves Saint Laurent*, *Ralph Lauren*, *Kiehl's* and *Viktor & Rolf*.

In the New Markets, the division's growth is still very strong, particularly in Greater China. The *Lancôme* brand is proving dynamic there, *Yves Saint Laurent* has been successful with the strategic launch of its skincare line *Forever Youth Liberator*, *Kiehl's* is continuing to grow and *Yue Sai* has also recorded strong growth. Note also the good advances made in the Middle East and in Latin America.

ACTIVE COSMETICS

In the first quarter, the sales of the Active Cosmetics Division grew by +4.7% like-for-like and by +5.3% based on reported figures. The division's growth is clearly accelerating in North America and the New Markets.

- *La Roche-Posay* is continuing to prove dynamic. The brand is winning market share on all continents, driven in particular by the success of daily skincare products and by *Cicaplast Baume B5* in the skin repair segment.
Vichy has started the year in Europe with the success of *Lift Activ Sérum 10*, and the launch of *Idealia* day skincare.
SkinCeuticals is continuing its growth in the United States and Europe with the extension of the professional channel (prescribing doctors, spas and medi-spas).
- In North America, the division's growth has been bolstered by the good results of *SkinCeuticals* and the extension of the distribution of *Vichy* and *La Roche-Posay*, which now includes American drugstores. Asia has started the year very well and Latin America has also grown strongly, driven by *Vichy*, *La Roche-Posay* and *Innéov*. Europe continues to reflect contrasting trends.

Multi-division summary by geographic zone

WESTERN EUROPE

In a market with a very slightly negative trend, L'Oréal is at +1.7% like-for-like and +2.3% based on reported figures, with good growth in France, Germany, the United Kingdom and Travel Retail. The situation is more difficult in the countries of Southern Europe, particularly in Greece and Portugal.

NORTH AMERICA

In North America, L'Oréal achieved growth of +6.6% like-for-like and +13.1% based on reported figures in the first quarter of 2012. L'Oréal Luxe made a good start to the year, thanks in particular to *Yves Saint Laurent*, the launch of *The Big Pony Fragrance Collection for Women* by *Ralph Lauren* and the integration of *Clarisonic*®. The Consumer Products Division is continuing to make market share gains in all categories.

NEW MARKETS

At end-March 2012, the New Markets have grown by +11.2% like-for-like and +14.1% based on reported figures.

- **Asia, Pacific:** L'Oréal recorded growth of +15.5% like-for-like and +22.6% based on reported figures. All divisions are growing strongly and are winning market share, particularly L'Oréal Luxe, despite the slowdown in the South Korean market. This dynamism reflects the breakthroughs made by *Lancôme*, *Kiehl's*, and also *Yves Saint Laurent*, which is strengthening its positions thanks to the launch of the *Forever Youth Liberator* facial skincare line. In Consumer Products, *L'Oréal Paris* and *Maybelline* are continuing to make market share gains.
- **Eastern Europe:** In the first quarter of 2012, the group is at 2.1% like-for-like. L'Oréal is recording contrasting performances in sales outlets across the divisions. The Professional Products Division is winning new hair salons and in Consumer Products, the programme of adapted initiatives is beginning to pay off, particularly for *Garnier*.
- **Latin America:** L'Oréal has started the year with an increase in sales of +8.5% like-for-like. The trend in Brazil is slower than at the end of 2011 because of the very high comparison base. All other countries in the zone have strongly positive trends, particularly Mexico and countries in Central America.
- **Africa, Middle East:** In the first quarter, the zone achieved growth of +11.4% like-for-like, thanks to the dynamism of the Middle East. In Turkey, Egypt and Saudi Arabia, sales have risen strongly.

2) The Body Shop sales

At end-March, The Body Shop sales recorded like-for-like growth at +3.9%. Retail sales⁽¹⁾ are growing at +4.7%.

The Body Shop achieved strong growth in the New Markets, particularly in the Middle East, and South East Asia. In mature markets performance was solid in the Nordics and North America. The brand continues to accelerate its growth in e-commerce, and now has 17 online stores.

The Body Shop continues to boost its militant approach to innovation, with the launch of *Chocomania*, a multi-sensorial bodycare range containing 45% of the highest quality Community Fair Trade ingredients, and *Drops of Youth*, a certified organic skincare serum using the latest plant stem cell technology.

The brand has started the global roll-out of its ground-breaking new Pulse boutique format, following successful trials of the concept in 2011.

At end-March 2012, The Body Shop has a total of 2,753 stores.

(1) Retail sales: total sales to consumers through all channels, including franchisees.

3) Galderma sales

Galderma's sales increased by +6.6%, like-for-like and +18.4% based on reported figures. *Epiduo* (acne), *Restylane* (hyaluronic acid-based dermal filler) and *Azzalure* (muscle relaxant for frown lines) all recorded strong growth.

The Asia, Pacific zone showed strong growth led by outstanding performance in China. In Europe, solid growth in Germany was partially offset by the increase in sales of *Loceryl* generics in France. Growth in the United States was impacted by the anticipated entrance of *Clobex* shampoo and lotion generics, but *Oracea* (rosacea) et *Différine 0.3%* (acne) boasted excellent results. *Epiduo*, *Oracea*, *Restylane* and *Azzalure* showed vigorous market share gains.

B – Important events during the period 01/01/12 - 03/31/12

- To the best of the company's knowledge, no events or changes occurred during the period which could significantly modify the group's financial situation.

"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."

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C - Appendix

L'Oréal group sales 2011/2012 (€ millions)

	2011	2012
<u>First quarter:</u>		
Cosmetics	4,861	5,309
The Body Shop	170	180
Dermatology	130	154
First quarter total	5,160	5,643
<u>Second quarter:</u>		
Cosmetics	4,644	
The Body Shop	168	
Dermatology	177	
Second quarter total	4,989	
<u>First half:</u>		
Cosmetics	9,505	
The Body Shop	337	
Dermatology	307	
First half total	10,150	
<u>Third quarter:</u>		
Cosmetics	4,600	
The Body Shop	166	
Dermatology	172	
Third quarter total	4,938	
<u>Nine months:</u>		
Cosmetics	14,105	
The Body Shop	503	
Dermatology	479	
Nine months total	15,087	
<u>Fourth quarter:</u>		
Cosmetics	4,766	
The Body Shop	264	
Dermatology	226	
Fourth quarter total	5,256	
<u>Full year</u>		
Cosmetics	18,871	
The Body Shop	768	
Dermatology	705	
Full year total	20,343	