

## 2014 Annual Results

### GROWTH IN ALL DIVISIONS AND ALL GEOGRAPHIC ZONES

### RECORD OPERATING MARGIN

### STRONG GROWTH IN NET PROFIT

- **Sales: 22.53 billion euros**
  - +3.7% like-for-like
  - +1.8% based on reported figures
  - +4.1% at constant exchange rates
- **Operating profit: 3.891 billion euros, representing 17.3% of sales**
- **Net profit after non-controlling interests: 4.910 billion euros**
- **Net earnings per share\*: 5.34 euros**
- **Dividend\*\*: +8% at 2.70 euros**

The Board of Directors of L'Oréal met on February 12<sup>th</sup>, 2015 under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2014.

Commenting on the annual results, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

*"As anticipated and announced, L'Oréal recorded in the fourth quarter its strongest growth of the year. In a volatile economic context and a less dynamic market, the Group posted growth in all its Divisions and regions of the world.*

*L'Oréal Luxe and Active Cosmetics achieved very good growth and outperformed their market significantly. The Professional Products Division continued to improve. Meanwhile, in a slowing market, the Consumer Products Division saw a temporary sag in its growth, particularly in the United States.*

*2014 was also a year of transformation for L'Oréal, in particular through the acceleration of our digital transformation and strategic acquisitions such as Magic, NYX, Decléor, Carita and Niely\*\*\*, which complement our brand portfolio in key categories and regions of the world.*

*Despite adverse currency effects, operating margin increased once again in 2014 highlighting the strength of our business model. Following the capital gain realised upon the disposal of Galderma as part of the strategic transaction with Nestlé, net profit has grown strongly.*

*We are looking to the future with confidence, driven by our "Beauty for All" mission and our "Universalisation" strategy towards our ambition of winning one billion new consumers.*

*In an economic environment that is uncertain, but more favourable on the monetary front, all our teams are focused to ensure L'Oréal outperforms the market in 2015, and to deliver sales and profit growth."*

The Board of Directors has decided to propose to the Annual General Meeting of Wednesday, April 22<sup>nd</sup>, 2015, the renewal of the tenure of Mr Charles-Henri Filippi.

After 8 years of active participation in the work of the Board, Mrs Annette Roux has decided not to seek the renewal of her tenure which expires at the end of the 2015 Annual General Meeting. The Board warmly thanks Mrs Roux for the quality of her contribution to the Board's debates and decisions.

The Board will propose to the Annual General Meeting the appointment as new Board Director of Mrs Sophie Bellon who is in charge of the Research, Development and Innovation Strategy of Sodexo and Vice Chairman of its Board of Directors.

\* Diluted net earnings per share, based on net profit from continuing operations, excluding non-recurring items, attributable to owners of the company.

\*\* Proposed at the Annual General Meeting of April 22<sup>nd</sup>, 2015.

\*\*\* Acquisition which is currently being finalised.

## A – 2014 sales

**Like-for-like**, i.e. based on a comparable structure and constant exchange rates, the sales trend of the L'Oréal Group was +3.7%.

**The net impact of changes in consolidation** amounted to +0.4%.

**Currency fluctuations** had a negative impact of -2.3%.

**Growth at constant exchange rates** was +4.1%.

**Based on reported figures**, the Group's sales, at December 31<sup>st</sup>, 2014, amounted to 22.53 billion euros, an increase of +1.8%.

### Sales by Operational Division and Geographic Zone

The announcement on February 11<sup>th</sup>, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Innéov has been consolidated under the equity method as of January 1st, 2014. All figures for earlier periods have been restated accordingly.

	4 <sup>th</sup> quarter 2014			At December 31 <sup>st</sup> , 2014		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<b><u>By Operational Division</u></b>						
Professional Products	782.1	1.9%	7.7%	3,032.4	2.6%	2.0%
Consumer Products	2,710.0	3.0%	6.3%	10,767.5	1.6%	-1.0%
L'Oréal Luxe	1,795.5	8.6%	12.2%	6,197.9	7.1%	5.7%
Active Cosmetics	359.2	7.5%	7.1%	1,660.4	8.7%	5.3%
<b>Cosmetics Divisions total</b>	<b>5,646.7</b>	<b>4.8%</b>	<b>8.3%</b>	<b>21,658.2</b>	<b>3.8%</b>	<b>1.7%</b>
<b><u>By Geographic Zone</u></b>						
Western Europe	1,921.9	4.3%	6.7%	7,697.7	2.4%	3.1%
North America	1,443.4	1.9%	11.1%	5,389.4	1.1%	0.6%
New Markets, of which:	2,281.4	7.2%	8.1%	8,571.1	6.9%	1.3%
- Asia, Pacific	1,235.2	4.6%	13.5%	4,563.6	5.3%	4.1%
- Latin America	511.3	13.9%	8.6%	1,853.7	10.0%	-1.7%
- Eastern Europe <sup>(1)</sup>	390.9	5.4%	-9.5%	1,585.4	6.0%	-6.3%
- Africa, Middle East <sup>(1)</sup>	144.1	12.5%	20.3%	568.4	13.5%	12.5%
<b>Cosmetics Divisions total</b>	<b>5,646.7</b>	<b>4.8%</b>	<b>8.3%</b>	<b>21,658.2</b>	<b>3.8%</b>	<b>1.7%</b>
The Body Shop	319.6	6.0%	11.4%	873.8	1.6%	4.6%
<b>Group total</b>	<b>5,966.4</b>	<b>4.9%</b>	<b>8.5%</b>	<b>22,532.0</b>	<b>3.7%</b>	<b>1.8%</b>

(1) As of July 1<sup>st</sup>, 2013, Turkey and Israel, which were previously included in the Africa, Middle East Zone, were transferred to the Eastern Europe Zone. All figures for earlier periods have been restated to allow for this change.

## PROFESSIONAL PRODUCTS

**The Professional Products Division recorded sales growth of +2.6% like-for-like and +2.0% based on reported figures in a market that remains difficult. The Division is strengthening its positions in Western Europe and continues to develop in the New Markets.**

- Haircare, the number 1 contributor to sales growth, is continuing to expand, boosted by the success of *Densifique* and *Discipline* at *Kérastase*, *Absolut Repair Lipidium* and *Serioxyl* at *L'Oréal Professionnel*, and *Biolage* and *Oil Wonders* at *Matrix*. Hair colour - a category in which all the brands are growing - benefits from the dynamism of *Majirel* and *Inoa* at *L'Oréal Professionnel*, *Color Graphics* at *Matrix* and *Chromatics* at *Redken*. Styling has returned to a good growth level, thanks to *L'Oréal Professionnel* and *Redken* which have renewed their product line-ups.
- In geographic terms, the United States and Western Europe have confirmed their return to growth. The Division is growing across all the New Markets excluding Japan. The United States, Brazil, India and Russia are the largest contributors to growth.

## CONSUMER PRODUCTS

**In a market that slowed in 2014, the Consumer Products Division posted +1.6% like-for-like and -1.0% based on reported figures, with an improvement at the end of the year.**

- The Division's three major global brands are progressing. The two 2014 acquisitions, *NYX* and *Magic*, are growing strongly. *L'Oréal Paris* is proving very dynamic in haircare with its *Extraordinary Oils* range, and is increasing make-up sales with the launch of its new "Makeup Designer" platform and *Miss Manga* mascara. *Ultra Doux* by *Garnier* is continuing to expand thanks to its *Honey Treasures* range and the brand's successful United Kingdom launch. In Southern Asia, *Garnier* is maintaining its facial skincare momentum with the success of *Sakura White* and *Garnier Men*. *Maybelline* is rolling out its eyebrow make-up innovations worldwide, and is now growing again in the United States with the launch of the *Nudes Palette*.
- In a flat European market, the Division is increasing its sales and strengthening its number 1 position. In North America, the Consumer Products Division gained market share in haircare and make-up. In the New Markets, the Division is outperforming the overall market trend, and winning market share in Eastern Europe and the Africa, Middle East Zone.

## L'ORÉAL LUXE

**Following accelerating sales in the final quarter, L'Oréal Luxe recorded growth of +7.1% like-for-like and +5.7% based on reported figures. The Division is continuing to clearly outperform the selective market. The make-up and women's fragrance categories are particularly dynamic.**

- *Yves Saint Laurent* is continuing to grow with a double-digit increase in 2014, thanks to the women's fragrance *Black Opium*, make-up and Asia. *Giorgio Armani* also had a very good year with its successful fragrance *Si* and its make-up products. *Lancôme* delivered a solid performance in fragrances with "*La vie est belle*", the number 1 selling fragrance in France, and number 2 in Europe. The brand is currently revamping its point-of-sales identity, advertising campaigns and ambassadors. The skincare cream *Visionnaire* and *Grandiôse* mascara, winner of the Prix d'Excellence Marie Claire, are very successful. The alternative lifestyle brands *Urban Decay*, *Kiehl's*, *Clarisonic* and *Shu Uemura* are also boosting the Division's growth. Amongst the designer fragrance brands, *Midnight Romance* by *Ralph Lauren* and *Bonbon*, the new women's perfume from *Viktor & Rolf*, are proving to be clear winners.
- In 2014, L'Oréal Luxe outperformed the market in all its main Zones, particularly in Europe, China, the Middle East and the United States. E-commerce sales are growing very strongly.

## ACTIVE COSMETICS

In 2014, the Division accelerated its growth, with sales advancing by +8.7% like-for-like and +5.3% based on reported figures, outperforming a healthy market. Like-for-like growth rates were higher than in 2013 on every continent.

- The *Vichy* brand is continuing to expand particularly in skincare, underpinned by the growth of its major franchises, particularly *Liftactiv Supreme* and *Neovadiol* in the anti-ageing segment. With another year of double-digit growth, *La Roche-Posay* is maintaining its growth in all regions and across its product range, with outstanding performances from its two pillar ranges, *Anthelios* and *Effaclar*. *SkinCeuticals* is confirming its success both in its original market, the United States, and in the new geographies where it is expanding.
- All the regions are contributing to the Division's dynamism. The significant scores in France, the world's largest dermocosmetics market, Brazil, where the Division is contributing to the development of the market, and China are particularly worth noting.

## Multi-division summary by Geographic Zone

### WESTERN EUROPE

In a flat market, and a highly competitive environment between mass-market retailers, growth came out at +2.4% like-for-like and +3.1% based on reported figures. This increase is particularly encouraging because L'Oréal accelerated in the fourth quarter, and is growing both in Northern and Southern Europe, particularly in Germany, the United Kingdom and Spain. All Divisions are contributing to the sales increase, with a special mention for L'Oréal Luxe and Active Cosmetics.

### NORTH AMERICA

After a strong momentum over the last few years, growth in 2014 was more moderate because of the Consumer Products Division. Sales increased by +1.1% like-for-like and +0.6% based on reported figures. The Professional Products Division, Active Cosmetics and L'Oréal Luxe are continuing to develop, thanks, among others, to the American brands *Redken*, *SkinCeuticals*, *Urban Decay* and *Kiehl's*. In a market that improved in the second half, the Consumer Products Division increased its sales, in particular from the contribution of *L'Oréal Paris*. The recent acquisitions of the very fast-growing brands *NYX* and *Carol's Daughter* complement the Consumer Products Division, and boost its product offering.

### NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded annual growth of +5.3% like-for-like and +4.1% based on reported figures. Excluding Japan, like-for-like growth came out at +5.8%.  
The Group is strengthening its positions further with very good performances from *Kiehl's*, *Yves Saint Laurent*, *Giorgio Armani*, *La Roche-Posay* and *Clarisonic*. By country, India, Indonesia, Hong Kong and Australia are all recording high growth. *Magic*, acquired in China in the first half, is growing solidly in the beauty mask market.
- **Latin America:** L'Oréal recorded +10.0% like-for-like and -1.7% based on reported figures. The Professional Products Division, Active Cosmetics and L'Oréal Luxe recorded double-digit growth, underpinned by their major brands *L'Oréal Professionnel*, *Lancôme*, *Giorgio Armani*, *La Roche-Posay* and *Vichy*. Consumer Products Division growth is being driven by *L'Oréal Paris* with its *Elsève* brand and *Maybelline*, thanks in particular to the kiosks initiative in Brazil.
- **Eastern Europe:** The Zone recorded +6.0% like-for-like and -6.3% based on reported figures, and is growing significantly faster than the market, thanks to the good momentum of L'Oréal Luxe and the Professional Products Division. The Consumer Products Division is winning total Zone market share with a very good performance in hair colour, driven by the launch of *Prodigy* by *L'Oréal Paris*, and in deodorants thanks to *Néo* by *Garnier*. Active Cosmetics is outperforming the market in Russia and Turkey.

- **Africa, Middle East:** Sales rose by +13.5% like-for-like and +12.5% based on reported figures. All Divisions recorded double-digit growth and gained market share. South Africa, the Gulf states, as well as growth-relay countries like Egypt, Saudi Arabia and Pakistan posted strong performance. *L'Oréal Paris*, *Maybelline*, *Lancôme*, *Giorgio Armani* and *Vichy* contributed to the Zone's good score, along with the more recently launched brands *Kiehl's* and *SkinCeuticals*.

## THE BODY SHOP

The Body Shop had a satisfactory end to the year in all its categories.

The brand recorded growth of +1.6% like-for-like and +4.6% based on reported figures. The strategic priority given to skincare is continuing to pay off, thanks in particular to the fourth quarter launch of *Drops of Youth Eye Concentrate*. The Americas' region that now includes the addition of the Emporio Body Store stores in Brazil, drove the highest growth.

## **B – Important events during the period 10/01/14 – 12/31/14**

- On October 20<sup>th</sup>, L'Oréal USA announced the acquisition of *Carol's Daughter*, an American multi-cultural beauty brand with a pioneering heritage in the natural beauty movement. The brand caters to a diverse, rapidly growing market and has established a loyal consumer following throughout the United States. For the last 12 months to end September, *Carol's Daughter* had net sales of US \$27 million.
- On November 27<sup>th</sup>, L'Oréal and Nestlé announced their project to end the operations of their joint venture *Innéov* in the first quarter 2015.
- On December 18<sup>th</sup>, L'Oréal stated that it had been informed of the French Competition Authority's decision to rule against manufacturers of household and hygiene products concerning events which took place in the early 2000s. L'Oréal has appealed this decision.
- Currently undergoing finalisation in the first half of 2015, the acquisition of Niely Cosmetics, announced on September 8<sup>th</sup>, 2014, has been approved by the Brazilian regulatory authorities. Niely Cosmetics is the largest independent hair colour and haircare company in Brazil, with a net revenue of 140 million euros in 2013.

## C – 2014 Results

Audited financial statements, certification in progress.

The announcement on February 11<sup>th</sup>, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Inneov has been consolidated under the equity method of January 1<sup>st</sup>, 2014. All figures for earlier periods have been restated accordingly.

### 1) Operating profitability at 17.3% of sales

Consolidated profit and loss account: from sales to operating profit.

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

	2013		2014	
	€m	% sales	€m	% sales
<b>Sales</b>	<b>22,124.2</b>	<b>100%</b>	<b>22,532.0</b>	<b>100%</b>
Cost of sales	-6,379.4	28.8%	-6,500.7	28.9%
<b>Gross profit</b>	<b>15,744.8</b>	<b>71.2%</b>	<b>16,031.3</b>	<b>71.1%</b>
R&D expenses	-748.3	3.4%	-760.6	3.4%
Advertising and promotion expenses	-6,621.7	29.9%	-6,558.9	29.1%
Selling, general and administrative expenses	-4,614.4	20.9%	-4,821.1	21.4%
<b>Operating profit</b>	<b>3,760.4</b>	<b>17.0%</b>	<b>3,890.7</b>	<b>17.3%</b>

**Gross profit**, at 16,031 million euros, came out at 71.1% of sales, compared with 71.2% in 2013, that is a decrease of 10 basis points. Foreign exchange effects had a negative impact of 30 basis points: the other factors represented a positive impact of 20 basis points.

**Research and Development expenses** remained stable as a percentage of sales at 3.4%.

**Advertising and promotion expenses**, as announced one year ago, came out as a lower percentage of sales compared with 2013. At 29.1% of sales, that is a decrease of 80 basis points.

**Selling, general and administrative expenses**, at 21.4% of sales, have come out at a higher level, by 50 basis points compared with 2013, as they did in the first half of 2014.

Overall, the **operating profit**, at 3,890 million euros, has grown by 3.5% and amounts to 17.3% of sales. At constant exchange rates, operating profit growth would have been +5.5%.

### 2) Operating profit by Operational Division

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

	2013		2014	
	€m	% sales	€m	% sales
<b><u>By Operational Division</u></b>				
Professional Products	609.5	20.5%	608.8	20.1%
Consumer Products	2,166.7	19.9%	2,186.2	20.3%
L'Oréal Luxe	1,174.2	20.0%	1,269.2	20.5%
Active Cosmetics	342.6	21.7%	376.4	22.7%
<b>Cosmetics Divisions total</b>	<b>4,293.0</b>	<b>20.2%</b>	<b>4,440.6</b>	<b>20.5%</b>
Non-allocated*	-604.5	-2.8%	-615.2	-2.8%
<b>The Body Shop</b>	<b>71.9</b>	<b>8.6%</b>	<b>65.3</b>	<b>7.5%</b>
<b>Group</b>	<b>3,760.4</b>	<b>17.0%</b>	<b>3,890.7</b>	<b>17.3%</b>

\* Non-allocated = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.



- The profitability of the **Professional Products Division** at 20.1% is down by 40 basis points, due mainly to the dilutive effect of the consolidation of *Decléor* and *Carita*.
- The profitability of the **Consumer Products Division** once again improved very significantly at 20.3%, up by 40 basis points.
- The profitability of **L'Oréal Luxe** grew by 50 basis points, at 20.5% in 2014.
- At **Active Cosmetics**, there was a further increase in profitability at 22.7%. That is a 100 basis point improvement.
- The profitability of **The Body Shop** weakened in 2014, to 7.5%.

### 3) Profitability by Geographic Zone

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

Operating profit	2013		2014	
	€m	% sales	€m	% sales
Western Europe	1,661.8	22.3%	1,746.1	22.7%
North America	1,003.1	18.7%	1,010.4	18.7%
New Markets	1,628.2	19.2%	1,684.1	19.6%
<b>Cosmetics Zones total*</b>	<b>4,293.0</b>	<b>20.2%</b>	<b>4,440.6</b>	<b>20.5%</b>

\* Before non-allocated.

Profitability in **Western Europe** improved by 40 basis points to reach 22.7%.

In **North America**, profitability remains stable at 18.7%.

And in **the New Markets**, profitability again increased this year, by 40 basis points, to reach 19.6%.

### 4) Net profit from continuing operations

Consolidated profit and loss accounts: from operating profit to net profit excluding non-recurring items.

(2013 figures restated in accordance with IFRS 5 and IFRS 11 accounting rules)

€m	2013	2014	% change
<b>Operating profit</b>	<b>3,760.4</b>	<b>3,890.7</b>	<b>+3.5%</b>
<i>Financial revenues and expenses excluding dividends received</i>	-31.4	-24.1	
<i>Sanofi dividends</i>	327.5	331.1	
Profit before tax excluding non-recurring items	4,056.4	4,197.7	+3.5%
<i>Income tax excluding non-recurring items</i>	-1,018.0	-1,069.5	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	-3.0	-3.0	
<i>Non-controlling interests</i>	-3.2	+0.1	
<b>Net profit excluding non-recurring items after non-controlling interests*</b>	<b>3,032.4</b>	<b>3,125.3</b>	<b>+3.1%</b>
<b>Net EPS** (€)</b>	<b>4.99</b>	<b>5.34</b>	<b>+7.1%</b>
<b>Net profit after non-controlling interests</b>	<b>2,958.2</b>	<b>4,910.2</b>	<b>+66%</b>
Diluted net EPS after non-controlling interests (€)	4.87	8.39	
<b>Diluted average number of shares</b>	<b>608,001,407</b>	<b>585,238,674</b>	

\* Net profit excluding non-recurring items after non-controlling interests does not include impairment of assets, restructuring costs, tax effects or non-controlling interests.

\*\* Diluted net earnings per share excluding non-recurring items after non-controlling interests.

**Finance expenses** amounted to 24 million euros.

**Sanofi dividends** amounted to 331 million euros.

**Income tax excluding non-recurring items** amounted to 1,069 million euros. This represents a tax rate of 25.5%, slightly higher than that of 2013 which came out at 25.1%.

**Net profit excluding non-recurring items** amounted to 3,125 million euros.

**Net Earnings per Share**, at 5.34 euros, is up by 7.1%, compared to Net Earnings per Share for 2013 restated from discontinued operations.

**Non-recurring items** amounted to a charge net of tax of 357 million euros, due in part to the decision by the French Competition Authority.

After the capital gain on the disposal of Galderma, 2.1 billion euros, **net profit** came out at 4,910 million euros, which represents a large increase of 66%.

## 5) Net earnings per share<sup>(4)</sup>: 5.34 euros, up by 4.1%

It is the comparison of net profit per share, excluding non-recurring items, attributable to owners of the company - as it was reported in 2013 - with the net profit per share, excluding non-recurring items, attributable to owners of the company, for the year 2014.

<i>In € million</i>	12/31/13	12/31/14	Change
<b>Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company</b>	<b>3,032.4</b>	<b>3,125.3</b>	
2013 contribution of Galderma to net profit excluding non-recurring items	85.1	—	
Reported net profit excluding non-recurring items, attributable to owners of the company	3,117.5 <sup>(1)</sup>	3,125.3 <sup>(2)</sup>	
<b>EPS (€)</b>	<b>5.13<sup>(3)</sup></b>	<b>5.34<sup>(4)</sup></b>	<b>+4.1%</b>
Diluted average number of shares used to calculate the EPS	608,001,407	585,238,674	

*(1) Reported net profit excluding non-recurring items, attributable to owners of the company at Dec.31st, 2013.*

*(2) Net profit from continuing operations, excluding non-recurring items, attributable to owners of the company, for the year 2014.*

*(3) Diluted earnings per share based on reported net profit excluding non-recurring items, attributable to owners of the company at Dec.31st, 2013.*

*(4) Diluted earnings per share based on net profit of continuing operations, excluding non-recurring items, attributable to owners of the company.*

## 6) Cash flow statement, Balance sheet and Net financial situation

**Gross cash flow** amounted to 3,808 million euros.

The **working capital requirement** in 2014 was reduced by 55 million euros.

**Investments**, amounted to 1,008 million euros, representing 4.5% of sales, slightly less than in 2013, when it represented 4.6% of sales.

Finally, after payment of the dividend, acquisitions, and the purchase of shares from Nestlé, the **net debt** came out, at December 31<sup>st</sup>, 2014, at 671 million euros.

With a shareholders' equity amounting to 20 billion euros, the balance sheet remains particularly solid, after the purchase of 8% of the capital from Nestlé for 6 billion euros.



## 7) Proposed dividend at the Annual General Meeting of April 22<sup>nd</sup>, 2015

The Board of Directors has decided to propose that the Shareholders' Annual General Meeting of April 22<sup>nd</sup>, 2015 should approve a dividend of 2.70 euros per share, an increase of 8% compared with the dividend paid in 2014. The dividend will be paid on May 7<sup>th</sup>, 2015 (ex-dividend date May 5<sup>th</sup>, 2015 at 0:00 a.m., Paris time).

## 8) Share capital

As of December 31<sup>st</sup>, 2014, the capital of the company is formed by **561,230,389** shares, each with one voting right.

---

*"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 2014 Annual Results 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.*

### **Contacts at L'ORÉAL** (Switchboard: +33 1 47 56 70 00)

#### **Individual shareholders and market authorities**

Mr Jean Régis CAROF  
Tel: +33 1 47 56 83 02  
[jean-regis.carof@loreal.com](mailto:jean-regis.carof@loreal.com)

#### **Financial analysts and Institutional investors**

Mrs Françoise LAUVIN  
Tel: +33 1 47 56 86 82  
[francoise.lauvin@loreal.com](mailto:francoise.lauvin@loreal.com)

#### **Journalists**

Mrs Stephanie CARSON-PARKER  
Tel: +33 1 47 56 76 71  
[stephanie.carsonparker@loreal.com](mailto:stephanie.carsonparker@loreal.com)

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>, alternatively, call +33.1.40.14.80.50.

---

## D – Appendices

### Appendix 1: L'Oréal Group sales 2013/2014 (€ millions)

The announcement on February 11<sup>th</sup>, 2014, of the disposal of 50% of Galderma leads to account for this business in accordance with IFRS 5 accounting rule on discontinued operations. In accordance with IFRS 11 accounting rule, Innéov has been consolidated under the equity method as of January 1<sup>st</sup>, 2014. All figures for earlier periods have been restated accordingly.

	2013	2014
<u>First quarter:</u>		
Cosmetics Divisions	5,583.6	5,462.2
The Body Shop	181.9	176.4
<b>First quarter total</b>	<b>5,765.5</b>	<b>5,638.6</b>
<u>Second quarter:</u>		
Cosmetics Divisions	5,390.0	5,348.5
The Body Shop	186.9	187.4
<b>Second quarter total</b>	<b>5,576.9</b>	<b>5,536.0</b>
<u>First half:</u>		
Cosmetics Divisions	10,973.6	10,810.8
The Body Shop	368.8	363.8
<b>First half total</b>	<b>11,342.4</b>	<b>11,174.6</b>
<u>Third quarter:</u>		
Cosmetics Divisions	5,103.2	5,200.7
The Body Shop	179.9	190.4
<b>Third quarter total</b>	<b>5,283.1</b>	<b>5,391.1</b>
<u>Nine months:</u>		
Cosmetics Divisions	16,076.8	16,011.4
The Body Shop	548.7	554.2
<b>Nine months total</b>	<b>16,625.5</b>	<b>16,565.7</b>
<u>Fourth quarter:</u>		
Cosmetics Divisions	5,211.7	5,646.7
The Body Shop	287.0	319.6
<b>Fourth quarter total</b>	<b>5,498.7</b>	<b>5,966.4</b>
<u>Full year</u>		
Cosmetics Divisions	21,288.5	21,658.2
The Body Shop	835.8	873.8
<b>Full year total</b>	<b>22,124.2</b>	<b>22,532.0</b>

## Appendix 2: Compared consolidated income statements

€ millions	2014	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
<b>Net sales</b>	<b>22,532.0</b>	<b>22,124.2</b>	<b>21,638.4</b>
Cost of sales	-6,500.7	-6,379.4	-6,388.3
<b>Gross profit</b>	<b>16,031.3</b>	<b>15,744.8</b>	<b>15,250.1</b>
Research and development	-760.6	-748.3	-680.4
Advertising and promotion	-6,558.9	-6,621.7	-6,531.6
Selling, general and administrative expenses	-4,821.1	-4,614.4	-4,479.7
<b>Operating profit</b>	<b>3,890.7</b>	<b>3,760.4</b>	<b>3,558.4</b>
Other income and expenses	-307.2	-128.6	-121.1
<b>Operational profit</b>	<b>3,583.5</b>	<b>3,631.8</b>	<b>3,437.3</b>
Finance costs on gross debt	-31.4	-23.1	-27.3
Finance income on cash and cash equivalents	42.3	36.4	35.0
<b>Finance costs, net</b>	<b>11.0</b>	<b>13.3</b>	<b>7.7</b>
Other financial income (expenses)	-35.1	-44.7	-6.0
Sanofi dividends	331.0	327.5	313.4
<b>Profit before tax and associates</b>	<b>3,890.4</b>	<b>3,928.0</b>	<b>3,752.3</b>
Income tax	-1,111.0	-1,043.6	-985.4
Share of profit in associates	-13.5	-3.0	-4.6
<b>Net profit from continuing operations</b>	<b>2,765.9</b>	<b>2,881.4</b>	<b>2,762.3</b>
<b>Net profit from discontinued operations</b>	<b>2,142.7</b>	<b>80.0</b>	<b>108.1</b>
<b>Net profit</b>	<b>4,908.6</b>	<b>2,961.4</b>	<b>2,870.4</b>
Attributable to:			
• owners of the company	4,910.2	2,958.2	2,867.7
• non-controlling interests	-1.6	3.2	2.7
Earnings per share attributable to owners of the company (euros)	8.51	4.95	4.79
Diluted earnings per share attributable to owners of the company (euros)	8.39	4.87	4.74
Earnings per share of continuing operations attributable to owners of the company (euros)	4.79	4.82	4.61
Diluted earnings per share of continuing operations attributable to owners of the company (euros)	4.73	4.73	4.56
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	5.41	5.07	4.78
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	5.34	4.99	4.73

<sup>(1)</sup> The consolidated income statements for 2013 and 2012 have been restated to reflect the impacts of IFRS 5 concerning discontinued operations along with the impact of applying IFRS 11.

### Appendix 3: Consolidated statement of comprehensive Income

€ millions	2014	2013	2012
<b>Consolidated net profit for the period</b>	<b>4,908.6</b>	<b>2,961.4</b>	<b>2,870.4</b>
<i>Financial assets available-for-sale</i>	-172.7	677.4	1,730.9
<i>Cash flow hedges</i>	-17.2	13.2	103.0
<i>Cumulative translation adjustments</i>	584.0	-457.0	-134.3
<i>Income tax on items that may be reclassified to profit or loss <sup>(1)</sup></i>	7.3	-32.1	-116.9
Items that may be reclassified to profit or loss	401.4	201.5	1,582.7
<i>Actuarial gains and losses</i>	-672.7	188.9	-271.9
<i>Income tax on items that may not be reclassified to profit or loss <sup>(1)</sup></i>	225.1	-63.8	86.7
Items that may not be reclassified to profit or loss	-447.6	125.1	-185.2
<b>Other comprehensive income</b>	<b>-46.2</b>	<b>326.6</b>	<b>1,397.5</b>
<b>Consolidated comprehensive income</b>	<b>4,862.4</b>	<b>3,288.0</b>	<b>4,267.9</b>
Attributable to:			
• owners of the company	<b>4,864.3</b>	<b>3,284.9</b>	<b>4,265.1</b>
• non-controlling interests	-1.9	3.1	2.8

<sup>(1)</sup> The tax effect is as follows:

€ millions	2014	2013	2012
<i>Financial assets available-for-sale</i>	7.2	-28.0	-90.0
<i>Cash flow hedges</i>	0.1	-4.1	-26.9
Items that may be reclassified to profit or loss	7.3	-32.1	-116.9
<i>Actuarial gains and losses</i>	225.1	-63.8	86.7
Items that may not be reclassified to profit or loss	225.1	-63.8	86.7
<b>Total</b>	<b>232.4</b>	<b>-95.9</b>	<b>-30.2</b>

## Appendix 4: Compared consolidated balance sheets

### Assets

€ millions	12.31.2014	12.31.2013 <sup>(1)</sup>	12.31.2012 <sup>(1)</sup>
<b>Non-current assets</b>	<b>23,288.4</b>	<b>21,489.3</b>	<b>20,902.7</b>
Goodwill	7,525.5	6,206.0	6,270.1
Other intangible assets	2,714.6	2,105.4	2,164.0
Property, plant and equipment	3,141.1	2,891.2	2,832.4
Non-current financial assets	9,069.0	9,204.0	8,526.2
Investments in associates	-	435.2	414.8
Deferred tax assets	838.2	647.5	695.2
<b>Current assets</b>	<b>8,774.6</b>	<b>9,389.6</b>	<b>8,331.4</b>
Inventories	2,262.9	2,085.2	1,971.1
Trade accounts receivable	3,297.8	3,022.8	3,051.7
Other current assets	1,199.3	1,500.3	969.4
Current tax assets	97.6	122.1	104.0
Cash and cash equivalents	1,917.0	2,659.3	2,235.2
<b>Total</b>	<b>32,063.0</b>	<b>30,878.9</b>	<b>29,234.1</b>

<sup>(1)</sup> Includes the impact of applying IFRS 11.

### Equity & liabilities

€ millions	12.31.2014	12.31.2013 <sup>(1)</sup>	12.31.2012 <sup>(1)</sup>
<b>Equity</b>	<b>20,188.7</b>	<b>22,642.8</b>	<b>20,925.5</b>
Share capital	112.3	121.2	121.8
Additional paid-in capital	2,316.8	2,101.2	1,679.0
Other reserves	9,765.1	14,220.8	13,679.7
Other comprehensive income	3,745.9	4,370.1	3,586.4
Cumulative translation adjustments	17.8	-566.4	-109.4
Treasury stock	-683.0	-568.1	-904.5
Net profit attributable to owners of the company	4,910.2	2,958.2	2,867.7
<b>Equity attributable to owners of the company</b>	<b>20,185.1</b>	<b>22,637.0</b>	<b>20,920.7</b>
Non-controlling interests	3.6	5.8	4.8
<b>Non-current liabilities</b>	<b>2,595.6</b>	<b>1,928.6</b>	<b>2,114.3</b>
Provisions for employee retirement obligations and related benefits	1,479.7	939.6	1,191.2
Provisions for liabilities and charges	193.6	174.5	181.8
Deferred tax liabilities	855.2	730.6	694.3
Non-current borrowings and debt	67.1	83.9	47.0
<b>Current liabilities</b>	<b>9,278.7</b>	<b>6,307.6</b>	<b>6,194.3</b>
Trade accounts payable	3,452.8	3,249.7	3,230.7
Provisions for liabilities and charges	722.0	528.8	533.8
Other current liabilities	2,415.6	2,095.5	2,055.6
Income tax	167.1	178.3	134.0
Current borrowings and debt	2,521.2	255.3	240.2
<b>Total</b>	<b>32,063.0</b>	<b>30,878.9</b>	<b>29,234.1</b>

<sup>(1)</sup> Includes the impact of applying IFRS 11.

## Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2012</b>	<b>598,356,662</b>	<b>121.8</b>	<b>1,679.0</b>	<b>16,547.4</b>	<b>3,586.4</b>	<b>-904.5</b>	<b>-109.4</b>	<b>20,920.7</b>	<b>4.8</b>	<b>20,925.5</b>
Consolidated net profit for the period				2,958.2				2,958.2	3.2	2,961.4
<i>Financial assets available-for-sale</i>					649.5			649.5		649.5
<i>Cash flow hedges</i>					9.1			9.1	-0.1	9.0
<i>Cumulative translation adjustments</i>							-457.0	-457.0		-457.0
Other comprehensive income that may be reclassified to profit and loss					658.6		-457.0	201.6	-0.1	201.5
<i>Actuarial gains and losses</i>					125.1			125.1		125.1
Other comprehensive income that may not be reclassified to profit and loss					125.1			125.1		125.1
<b>Consolidated comprehensive income</b>				<b>2,958.2</b>	<b>783.7</b>		<b>-457.0</b>	<b>3,284.9</b>	<b>3.0</b>	<b>3,288.0</b>
Capital increase	6,199,701	1.2	422.2					423.4		423.4
Cancellation of Treasury stock		-1.8		-996.7		998.5		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				97.2				97.2		97.2
Net changes in Treasury stock	-4,762,333			1.4		-662.1		-660.7		-660.7
Purchase commitments for minority interests				-48.3				-48.3	-0.9	-49.2
Changes in scope of consolidation								-	1.4	1.4
Other movements				0.4				0.4		0.4
<b>At 12.31.2013</b>	<b>599,794,030</b>	<b>121.2</b>	<b>2,101.2</b>	<b>17,179.0</b>	<b>4,370.1</b>	<b>-568.1</b>	<b>-566.4</b>	<b>22,637.0</b>	<b>5.8</b>	<b>22,642.8</b>
Consolidated net profit for the period				4,910.2				4,910.2	-1.6	4,908.6
<i>Financial assets available-for-sale</i>					-165.5			-165.5		-165.5
<i>Cash flow hedges</i>					-17.0			-17.0	-0.1	-17.1
<i>Cumulative translation adjustments</i>							584.2	584.2	-0.2	584.0
Other comprehensive income that may be reclassified to profit and loss					-182.5		584.2	401.7	-0.3	401.4
<i>Actuarial gains and losses</i>					-447.6			-447.6		-447.6
Other comprehensive income that may not be reclassified to profit and loss					-447.6			-447.6		-447.6
<b>Consolidated comprehensive income</b>				<b>4,910.2</b>	<b>-630.1</b>		<b>584.2</b>	<b>4,864.3</b>	<b>-1.9</b>	<b>4,862.4</b>
Capital increase	3,828,502	0.8	215.6	-0.1				216.3	2.3	218.6
Cancellation of Treasury stock		-9.7		-6,035.9		6,045.6		-		-
Dividends paid (not paid on Treasury stock)				-1,507.3				-1,507.3	-2.8	-1,510.1
Share-based payment				113.5				113.5		113.5
Net changes in Treasury stock	-49,380,654			0.2		-6,160.5		-6,160.3		-6,160.3
Purchase commitments for minority interests				21.0				21.0	-2.3	18.7
Changes in scope of consolidation								-	2.5	2.5
Other movements				-5.3	5.9			0.6		0.6
<b>At 12.31.2014</b>	<b>554,241,878</b>	<b>112.3</b>	<b>2,316.8</b>	<b>14,675.3</b>	<b>3,745.9</b>	<b>-683.0</b>	<b>17.8</b>	<b>20,185.1</b>	<b>3.6</b>	<b>20,188.7</b>



## Appendix 6: Compared consolidated statements of cash flows

€ millions	2014	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	4,910.2	2,958.2	2,867.7
Non-controlling interests	-1.6	3.2	2.7
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	856.2	767.8	623.4
• changes in deferred taxes	60.0	15.9	34.9
• share-based payment (including free shares)	113.5	97.2	86.4
• capital gains and losses on disposals of assets	-0.9	0.1	-4.3
Net profit from discontinued operations	-2,142.7	-80.0	-108.1
Share of profit in associates net of dividends received	13.5	-4.6	4.6
<b>Gross cash flow</b>	<b>3,808.2</b>	<b>3,757.9</b>	<b>3,507.3</b>
Changes in working capital	55.9	-67.6	-108.6
<b>Net cash provided by operating activities (A)</b>	<b>3,864.1</b>	<b>3,690.3</b>	<b>3,398.7</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-1,008.2	-1,018.8	-923.3
Disposals of property, plant and equipment and intangible assets	18.7	8.5	7.1
Changes in other financial assets (including investments in non-consolidated companies)	403.4	-464.8	443.6
Dividends received from discontinued operations	41.7	56.3	48.0
Effect of changes in the scope of consolidation	1,194.0	-138.4	-464.7
<b>Net cash (used in) from investing activities (B)</b>	<b>649.6</b>	<b>-1,557.2</b>	<b>-889.3</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-1,589.3	-1,425.4	-1,267.8
Capital increase of the parent company	216.4	423.4	408.8
Capital increase of subsidiaries	2.3	-	1.4
Disposal (acquisition) of Treasury stock	-6,160.3	-660.6	-257.7
Issuance (repayment) of short-term loans	2,225.0	48.9	-792.8
Issuance of long-term borrowings	0.2	-	-
Repayment of long-term borrowings	-13.0	-19.7	-13.1
<b>Net cash (used in) from financing activities (C)</b>	<b>-5,318.7</b>	<b>-1,633.4</b>	<b>-1,921.2</b>
<b>Net cash (used in) from discontinued operations (D)</b>	<b>-</b>	<b>23.0</b>	<b>-20.4</b>
Net effect of changes in exchange rates and fair value (E)	62.7	-75.6	-17.2
<b>Change in cash and cash equivalents (A+B+C+D+E)</b>	<b>-742.3</b>	<b>447.1</b>	<b>550.6</b>
<b>Cash and cash equivalents at beginning of the year (F)</b>	<b>2,659.3</b>	<b>2,235.2</b>	<b>1,664.2</b>
Change in cash and cash equivalents of discontinued operations (G)	-	-23.0	20.4
<b>Cash and cash equivalents at end of the year (A+B+C+D+E+F+G)</b>	<b>1,917.0</b>	<b>2,659.3</b>	<b>2,235.2</b>

<sup>(1)</sup> The statements of cash flows for 2013 and 2012 have been restated to reflect the impacts of IFRS 5 concerning discontinued operations along with the impact of applying IFRS 11.