

L'ORÉAL

2000 Results : Another Year Of Strong Growth Net Profit : Up By 24.2 %

Consolidated sales, at €12.7 billion, grew by 17.9% compared to 1999.

Net profit before capital gains and losses after minority interests(1), used to calculate earnings per share, amounted to €1,027.8 million, growing by 24.2 %.

Mr Lindsay OWEN-JONES, Chairman and Chief Executive Officer of L'Oréal, said :

Notable Events in 2000

Successful new "star products" developed by the group research division
Increasing global development of strategic brands, especially in Japan, North America, and in several new markets where significant breakthroughs were achieved
Strategic acquisitions and alliances, which are a new source of growth for L'Oréal
Further improvement in profit margins
Excellent profit contribution from equity consolidated associates. The success of star products

The group successfully launched several star products, including Water Shine lipstick and Full n'Soft mascara by Maybelline, Age Perfect skin care by L'Oréal Paris, the Fructis range of styling products by Laboratoires Garnier, and L'Oréal Professionnel's Maji-Contrast hair colouring range. In fragrances, Ralph by Ralph Lauren and Miracle by Lancôme were launched, as was the Vinéfit skin care range by Lancôme, Nutrilogie by Vichy and the Giorgio Armani make-up range.

All these products are innovations developed by L'Oréal Research. Once again the growth in Research expenditure was greater than that in turnover.

(1) Provisional results

Increased global development of the group's brands

L'Oréal continued rapid internationalisation of its strategic brands with major breakthroughs in several markets :

In Japan, the world's third largest cosmetics market, sales have increased by 46%, mainly as a result of the success of Maybelline, which, at the end of last year, occupied first place in the market in every make-up category.

In North America, sales grew by 31.4 %. There was particularly strong growth in the United States, where sales exceeded \$ 3 billion for the first time.

Outstanding results were also achieved in numerous markets, such as Korea (+70%), Poland

(+41%), Russia (+47%), Turkey (+28%) and Brazil (+44%). Strategic acquisitions and alliances

Several acquisitions, completed in 2000, offer to the group outstanding growth potential.

3 American brands : CARSON INC, world leader in ethnic cosmetics with a strong presence in the United States and South Africa, MATRIX ESSENTIALS, the North American leader in salon products, and KIEHL'S, a world-renowned skin care brand, founded in 1851 in New York.

2 local acquisitions : Laboratoires YLANG SA, the leader in mass market cosmetics in Argentina and RESPONS, one of the three leading hair-care brands in Scandinavia.

A strategic alliance with SHU UEMURA, a pioneering Japanese brand in the art of make-up and skin care, which becomes the first Asian brand in the L'Oréal brands portfolio. SHU UEMURA will be consolidated from 1st January, 2001. A further improvement in profit margins

Adjusted operating profit increased by 20.4 % to 1,481.3 € million. This represents 11.7 % of consolidated sales, compared with 11.4 % in 1999.

Both main sectors contributed to the improvement.

Adjusted Operating Profit by sector⁽¹⁾ ⁽²⁾

Year 2000 % Sales Growth

Cosmetics 1,426.3 M€ 11.6 % + 19.3 %

Dermatology ⁽³⁾ 57.3 M€ 21.8 % + 45.2 %

Consolidated Total 1,481.3 M€ 11.7 % + 20.4 %

⁽¹⁾ Provisional results

⁽²⁾ Including exchange rate gains and losses

⁽³⁾ Group share, i.e. 50 %

The net financial charge, excluding exchange rate gains and losses, amounted to 159.3 € million compared with 104.7 € million in 1999. This takes into account the financing of acquisitions, completed mainly during the second half of the year. In line with the information given in September 2000, these acquisitions had a marginal effect on the results.

Consequently consolidated pre-tax profit increased by 17.5 % to € 1,322 million.

Corporate taxes have increased by 14% to € 488.6 million.

Net profit before capital gains and losses of fully consolidated companies increased by 19.7 % to € 833.5 million.

An excellent profit contribution from equity consolidated associates

Share of profits from equity consolidated associates amounted to €199.9 millions, of which SANOFI-SYNTHELABO accounted for €187.1 millions, a 45.7 % growth. This performance illustrates the success of the 1999 merger.

GROUP ANNUAL PERFORMANCE (1)

Year 1999

(new criteria) (4)

in millions of € Year 2000

in millions of € %

Growth

Consolidated Sales 10,750.7 12,671.2 + 17.9 %

Operating profit (4) 1,265.9 1,540.8 + 21.7 %

Adjusted operating profit (2) (4) 1,229.9 1,481.3 + 20.4 %

Pre-tax profit of fully consolidated companies (4) 1,125.3 1,322.1 + 17.5 %

Net profit of fully consolidated companies 696.6 833.5 + 19.7 %

Group share of net profit of equity associates 136.5 199.9 + 46.5 %

Net profit before capital gains and losses, after minority interests 827.4 1,027.8 + 24.2 %

Earnings per share (€) 1.22 1.52 + 24.2 %

(1) Provisional results.

(2) Including exchange rate gains and losses.

(4) In accordance with French Regulation 99-02, employee profit sharing had been reclassified under Personnel expenses ; in addition, exceptional income and expenses linked to current operations have been reclassified under Other operating income and expenses.

The Board of Directors has examined these provisional results on 21 February, 2001, in conjunction with the Statutory Auditors, and will approve them on 28 March 2001.

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About L'Oréal

L'Oréal has devoted itself to beauty for over 100 years. With its unique international portfolio of 34 diverse and complementary brands, the Group generated sales amounting to 25.8 billion euros in 2016 and employs 89,300 people worldwide. As the world's leading beauty company, L'Oréal is present across all distribution networks: mass market, department stores, pharmacies and drugstores, hair salons, travel retail, branded retail and e-commerce.

Research and innovation, and a dedicated research team of 3,870 people, are at the core of L'Oréal's strategy, working to meet beauty aspirations all over the world. L'Oréal's sustainability commitment for 2020 "Sharing Beauty With All" sets out ambitious sustainable development objectives across the Group's value chain. www.loreal.com

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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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