

L'ORÉAL

2001 Results: Strong Growth Achieved. Net Profit: Up By 19.6%

Clichy, Thursday 21st February 2002, 8:00 am

Consolidated net sales for the year, at € 13.7 billion, grew by 8.4 % over 2000.

Net profit before capital gains and losses and after minority interests (1), which is used to calculate earnings per share, reached € 1,229 million, an increase of 19.6%.

Mr Lindsay Owen-Jones, L'Oréal's Chairman and Chief Executive Officer, said: "numerous brand-related initiatives combined with the strong momentum of international growth have compensated for the impact of world events. Robust internal growth, together with a further increase in profit margins, has enabled L'Oréal to enjoy a very good year in 2001 and to begin 2002 with confidence".

(1) Provisional results

Notable events in 2001

Numerous new initiatives to drive forward internal growth

Accelerated progress in key countries responsible for driving growth

Rapid integration of acquisitions

A further improvement in margins

Excellent contribution from Sanofi-Synthélabo

Numerous new initiatives to drive forward internal growth

L'Oréal's major strategic brands continued to improve their positions, gaining market share in the group's core business segments. Thanks to their constant innovation they were able to: attract new customers, among younger consumers (Lumia colourant by Garnier, White by Giorgio Armani) and mature consumers (Absolue by Lancôme, Elsève Regenium by L'Oréal Paris) as well as men (Vichy and Biotherm ranges for men, Miracle Homme by Lancôme); establish a presence in new market segments such as mass market bodycare – notably with Plénitude Body Expertise by L'Oréal Paris; develop targeted products meeting local needs (Bi White by Vichy) and adapt their technologies to the needs of consumers in different countries (Age Fitness by Biotherm); strengthen their partnership with their customers by means of new services and products (Oleo-Relax by Kerastase). **Accelerated progress in key countries responsible for driving growth**

The group's brands continued to expand in key countries responsible for driving growth, where

L'Oréal now achieves nearly one fifth of consolidated sales.

Sales in China grew by 26% in 2001, representing total growth of 228% in this market since 1997.

Launches by Garnier, Helena Rubinstein, Biotherm and La Roche-Posay successfully consolidated the group's presence and in particular the market leadership positions of L'Oréal Paris in colourants, Maybelline in mass market make-up, Vichy in pharmacies and Lancôme in the main department stores.

In Russia, following growth of 47% in 2000, sales saw a further very strong increase in 2001 (52%), exceeding the € 100 million mark for the first time.

The group also achieved significant advances in South Africa (+27%), Thailand (+26%), India (+21%) and Mexico (+20%).

Rapid integration of acquisitions

The companies acquired in 2000, mainly Matrix, Carson and Kiehl's, were very swiftly integrated into their respective divisions. Those brands represented sales of € 523 million, in line with group forecasts.

From 2001, their level of adjusted operating profit approached that of cosmetics as a whole.

Given the financial expenses, the impact of these acquisitions is positive, ahead of our objectives.

A further improvement in margins

Adjusted operating profit ⁽²⁾ increased by 12.7% to € 1,669 million, representing 12.1% of consolidated sales, compared with 11.7% in 2000.

This further improvement in margins reflects the group's concentration on the international expansion of strategic brands – an expansion that continues to generate substantial economies of scale – and on controlling industrial costs (value analysis, reorganisation of plants, efficient purchasing strategies). It also reflects a further significant improvement in profit margins in the group's new markets, building on a trend that began in 2000.

Adjusted operating profit⁽¹⁾ ⁽²⁾ by branch

At 31st December 2001 As % of sales

Cosmetics € 1,604.2 m 12.0 %

Dermatology ⁽³⁾ € 61.8 m 21.2 %

Consolidated total € 1,669.0 m 12.1 %

(1) Provisional results.

(2) i.e. including exchange rate gains and losses.

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

Net financial expenses (excluding exchange rate gains and losses) amounted to € 167.3 million, as compared with € 159.3 million in 2000.

Consequently the pre-tax profit of fully consolidated companies increased by 13.6% to € 1,501.7 million.

Corporate taxes at group level increased by 9.7% to € 535.9 million.

Net profit (before capital gains and losses) of fully consolidated companies was € 965.9 million, increasing by 15.9%.

Excellent contribution from SANOFI-SYNTHELABO

The group share of net profit from equity affiliates amounted to € 269.7 million. SANOFI-SYNTHELABO's contribution to consolidated profit was € 268.8 million, an increase of 43.7%.

An even stronger balance sheet

The cash flow generated in 2001 enabled group debt levels to be reduced. Net financial debt as a proportion of shareholders' funds fell from 28.4% at the end of 2000 to 12.6% the end of 2001.

Main annual indicators⁽¹⁾

At 31st December 2000

in € million At 31st December 2001

in € million Growth

in %

Consolidated sales 12,671.2 13,740.4 + 8.4 %

Operating profit 1,540.8 1,626.0 + 5.5 %

Adjusted operating profit⁽²⁾ 1,481.3 1,669.0 + 12.7 %

Pre-tax profit of fully consolidated companies 1,222.1 1,501.7 + 13.6 %

Net profit (before capital gains and losses) of fully consolidated companies 833.5 965.9 + 15.9 %

Group share of net profit of equity affiliates 199.9 269.7 + 34.9%

Net profit before capital gains and losses and after minority interests 1,027.8 1,229.0 +

19.6 %

Earnings per share (in €) 1.52 1.82 + 19.6 %

(¹) Provisional results.

(²) i.e. including exchange rate gains and losses.

The Board of Directors examined these provisional results on 20th February 2002, in conjunction with the Statutory Auditors, and they will be approved on 26th March 2002.

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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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