

# L'ORÉAL

## First Quarter 2008 Sales

News Release

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L'Oréal Finance .tinycss {font-family: Verdana, Arial, Helvetica, sans-serif;
font-size:12px} .tinycss p {text-align:left !important} div, p, ul, li, span, font { font-family: Verdana,
Arial, Helvetica, sans-serif; !important; font-size: 12px; } a {font-family: Verdana, Arial, Helvetica,
sans-serif; !important;} /* Tableau pour communiqués */ table.data {border:0;
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!important; padding:2px; border:1px solid #795841} table.data th {padding:2px; border:1px solid
#795841; color:#fff !important} table.data thead th {color: #fff !important; font-weight:bold;
text-decoration: none} table.data tbody th {color: #fff !important; font-weight:normal; text-align:left
!important} /* OPTIN */ a.btoptin {font-family: Arial, Helvetica, sans-serif; border:1px solid
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!important; text-decoration:none !important;} span.btoptin {font-family: Arial, Helvetica, sans-serif;
border:0px solid red; padding:5px; height:40px; margin:0 10px 0 10px; font-size:11px;
color:#AC672F;} html>body .btoptin {float:left;} //
***** // Impression d'une zone DOM: IE5+
Mozilla NN6 Win // pascal.itos@wanadoo.fr // http://www.dev35.com //
***** function PSR_imprimer () { var PSR_f1 =
; var PSR_content=document.getElementById('PSR_print').parentNode.innerHTML; var
PSR_title=document.getElementsByTagName('title')[0].innerText; if (PSR_f1) {if(!PSR_f1.closed)
PSR_f1.close();} PSR_f1 = window.open (","PSR_f1",
"height=500,width=600,menubar=yes,scrollbars=yes,resizable=yes,,left=10,top=10"); ;
PSR_f1.document.open(); PSR_f1.document.write("" + PSR_title + ""+PSR_content+"");
PSR_f1.document.close(); PSR_f1.document.getElementById('PSR_print').style.visibility='hidden';
PSR_f1.focus(); } 4.359 billion euros
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Globally Satisfactory Start to the Year

+5.1% like-for-like

+7.5% excluding North America

Confidence in Growth Acceleration

## OVER THE UPCOMING QUARTERS

### ANNUAL TARGETS CONFIRMED

During the 1st Quarter:

CONTINUATION OF VERY STRONG GROWTH IN NEW MARKETS

GOOD START IN WESTERN EUROPE

TEMPORARY CONTRACTION IN NORTH AMERICA

The sales of the L'Oréal group, at March 31st 2008, amounted to 4.359 billion euros, an increase of +2.1% (based on reported figures). Like-for-like (i.e. based on a comparable structure and identical exchange rates) the increase in the group's sales was +5.1%. The net impact of changes in consolidation, mainly as a result of the acquisitions in the United States of *PureOlogy*, *Beauty Alliance*, *Maly's West*, *Columbia Beauty Supply* and *Canan* in Turkey amounted to +2.0%. Currency fluctuations had a negative impact of -5.0% (at the exchange rate of March 31st 2008 the impact would be -6% for the whole of 2008). Growth excluding the exchange rate impact was +7.1%. Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said: *"In the first quarter, we achieved globally satisfactory growth: excluding North America, where the environment was exceptionally difficult, the group achieved growth of +7.5% in line with our projections. The Rest of the World Zone continued to grow very strongly, particularly in Asia and Eastern Europe, and is fully playing its role as a powerful growth relay. In Western Europe, the start of the year is in line with our expectations in a market which remains solid. In North America, after an exceptional 4th quarter 2007, we had been anticipating a lacklustre 1st quarter; in fact, it turned out to be more difficult because of lower footfall in department stores and larger than expected inventory reductions by our distributors. We are confident in our ability to accelerate our growth over the coming quarters thanks to favourable launch phasing, better prospects in North America, and continuing dynamism in the other Zones. We are therefore able to confirm our annual like-for-like growth target range of +6% to +8%."*

Sales growth by operational division and geographic zone

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€ million Quarterly sales Quarterly sales Growth Growth

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1st quarter 2006 1st quarter 2007 Like-for-like Reported

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#### **By operational division**

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Professional Products 5,426 20 +5.1% +14.5%

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Consumer Products 2,147 2,147 +4.7% 0.0%

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Luxury Products 928930 +5.8% +0.2%

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Active Cosmetics 393408 +4.8% +3.8%

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**Cosmetics total 4,030,118 +4.8% +2.2%**

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### **By geographic zone**

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Western Europe 1,920,939 +2.3% +1.0%

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North America 963,893 -3.9% -7.2%

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Rest of the world. of which: 1,147,128 +16.7% +12.1%

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- Asia 408,464 +21.9% +13.7%

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- Eastern Europe 289,359 +25.9% +24.1%

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- Latine America 244,243 +3.3% -0.5%

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- Other countries 206,220 +9.4% +7.2%

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**Cosmetics total 4,030,118 +4.8% +2.2%**

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The Body Shop 169,168 +7.4% -0.5%

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Dermatology(1) 69,733 +13.2% +5.8%

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**Group total 4,268,435 +5.1% +2.1%** (1) Group share, i.e. 50%

Cosmetics Division

Sales trends by division and by geographic zone

\* The **Professional Products Division** made a good start to the year at +5.1% like-for-like. The Division is continuing to win market share on all continents. - *L'Oréal Professionnel* is continuing its conquest of new target groups. After targeting seniors with *Color Suprême*, *L'Oréal Professionnel Homme* is offering salons a complete product line for their substantial male customer base, particularly with *Cover 5*, a technological breakthrough which covers grey hair in just 5 minutes. *L'Oréal Professionnel Homme* is already present in some 20,000 European salons. - *Matrix* is playing its part as a growth relay, and is expanding strongly in Western Europe and the BRIMC countries. The *Biologie* skincare and *So Color Beauty* hair colour lines are winning over new salons and building

brand loyalty. - *Redken 5th Avenue* is continuing to grow in the U.S. and in Europe in hair colour with *Metallic Glam* and in men's products with the *Mint* line by *Redken for Men*. The division's luxury brands are expanding very strongly. - *Kerastase* is continuing to move upmarket, and is accelerating in all countries with the successful launch of *Chroma Riche* for hair with highlights. - Even further upmarket, *Shu Uemura Art of Hair* is gradually extending its penetration in the most exclusive European and North American salons. \* The **Consumer Products Division** achieved like-for-like growth of +4.7%. - In skincare, the division is continuing to record very strong growth and significant market share gains. At *L'Oréal Paris*, *Skin Genesis* is confirming its major and lasting success, and the launch of *Revitalift Deep-set Wrinkles* has reinforced the world number 1 position of *Revitalift* in the anti-wrinkle segment. Initial results for *UltraLift Pro-X* by *Garnier* are promising. - In make-up, *Maybelline New York* increased sales substantially with the launch of *Mineral Power* foundation and new formulas for *Define-a-Lash* mascara and *Superstay* lipstick. *L'Oréal Paris* is continuing to prove its dynamism with the launches of *Glam Shine 6h* and *Infallible* lipsticks and the solid performance of *Bare Naturale*. - In seasonal products (sun protection and slimming) 1st quarter sales were affected by high distributor inventory levels because of the unfavourable season in 2007. - In haircare, this year's major launches, for the brands *Elsève* by *L'Oréal Paris* and *Fructis* by *Garnier*, are scheduled for the 2nd quarter. \* At the end of March, the like-for-like growth of the **Luxury Products Division** amounted to +5.8%. Growth was sustained in Western Europe, and gathered speed in the Rest of the World zone, with good scores in Asia, particularly in Japan and South Korea. The North America zone was adversely affected by market slowdowns and inventory adjustments. - In skincare, the Division's brands were particularly dynamic thanks to successful launches for *Collagenist* by *Helena Rubinstein*, *Rides Repair* by *Biotherm*, and *Rénergie Refill* from *Lancôme* in the anti-ageing segment. *Kiehl's* and *Shu Uemura* posted their highest worldwide growth rates for 3 years, and are establishing core products such as *Dermatologist Solutions* from *Kiehl's*, and *Phyto-Black Lift* from *Shu Uemura*. - In make-up, the dynamism of 2007 is continuing, with the mascaras *Virtuose* and *Hypnôse Onyx* from *Lancôme*, and *Lash Queen Féline Blacks* from *Helena Rubinstein*. The big success stories in lipstick were *Color Fever Gloss* by *Lancôme* and *Rouge Unlimited Shine* from *Shu Uemura*, and in foundations *Teint Idôle Ultra* and *Photogenic Lumessence* by *Lancôme*. - The *Diesel Fuel for Life* men's fragrance and the women's perfume *Emporio Diamonds* by *Giorgio Armani* again proved highly successful. *Trésor* by *Lancôme*, embodied by actress Kate Winslet, is continuing to generate double-digit growth. \* **Active Cosmetics** achieved like-for-like growth of +4.8%, boosted by good performances in the "Rest of the World" zone, and Asia in particular, despite slower growth in Western Europe. - *Vichy* is continuing to advance in the new markets, especially thanks to the success of the latest *Aqualia Thermal* and *Vichy Homme* launches. - *La Roche-Posay* is maintaining 2-digit growth thanks to the success of *Physiologique*, its facial skincare and toiletry lines. - *Innéov* is growing very strongly, confirming its European leadership in oral cosmetics sold in pharmacies. - The roll-out of *Sanoflore* and *SkinCeuticals* is continuing in Europe.

#### Western Europe

With like-for-like growth of +2.3%, the start of the year in **Western Europe** was in line with the group's projections. They took account of the slow start made by sun protection and slimming products in mass-market outlets and pharmacies, because of the poor weather in summer 2007,

which led to a build-up of inventories in distribution channels. In sell-through terms, trends in European markets remained generally favourable.

\* The **Professional Products Division** made a good start to the year with the successful launch of *L'Oréal Professionnel Homme*, and the strong development of the U.S. brands *Matrix* and *Redken* which are winning over new salons. Performances were good across all the division's brands in Germany, Great Britain and the Scandinavian countries. \* The **Consumer Products Division** is continuing to win market share in the skincare category, particularly with *L'Oréal Paris* which is confirming its number 1 position. *Maybelline New York* is recording strong growth in make-up. Growth is being driven by Germany, Spain and the Netherlands. The impact of the poor summer weather on sales of sun protection products in 2007, and the start of 2008, was particularly strong in Great Britain. \* The **Luxury Products Division** is maintaining its sustained growth rate, thanks in particular to an excellent start to the year in France, in Great Britain, Belgium and the Scandinavian countries. Growth in Europe is bolstered by all the brands, and particularly by *Giorgio Armani* with the high-profile arrival of *Emporio Diamonds*, *Diesel* fragrances, and the development of the Division's new brands such as *Kiehl's* and *Shu Uemura*. \* **The Active Cosmetics Division** recorded contrasting sales growth scores in the 1st quarter, boosted by the rapid development of

## 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](http://www.loreal.com)

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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."*

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