

L'ORÉAL

Growth Gathers Speed. 1st Half Sales: +6.4% Like-For-Like

Clichy, Thursday July 8th, 2004 – 6:00 p.m.

GROWTH GATHERS SPEED 1st HALF SALES: +6.4% LIKE-FOR-LIKE NEGATIVE IMPACT OF CURRENCY FLUCTUATIONS SHARPLY REDUCED FULL-YEAR TARGETS CONFIRMED

The consolidated sales of L'Oréal, at June 30th 2004, amounted to € 7.4 billion, up by 3.6% compared with 1.4% at the end of March. Growth in the second quarter was +6.1%.

In the first half-year, like-for-like sales growth - that is, based on a comparable structure and identical exchange rates - was +6.4%, with a 7.5% increase in the 2nd quarter.

Currency fluctuations amounted to -4.5% at the end of March, and -1.8% in the 2nd quarter. Over the half-year up to the end of June, the total impact of currency fluctuations was -3.3%.

The net impact of changes in consolidation (in China, the consolidation of Mininurse and Yue Sai; and in Japan the 100% consolidation of Shu Uemura) was +0.5% at the end of June.

Sales growth by operational division and geographic zone was as follows:

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€ M 1st half 2004

Growth like-for-like Growth reported

By operational division

Professional Products 1,027 +7.3% +4.9%

Consumer Products 4,039 +5.1% +2.2%

Luxury Products 1,640 +6.9% +4.0%

Active Cosmetics 498 +17.5% +16.0%

Cosmetics total 7,254 +6.5% +3.8%

By geographic zone

Western Europe 3,902 +1.7% +1.8%

North America 1,823 +6.2% -2.7%

Rest of the World, of which : 1,528 +21.4% +19.1%

- Asia 626 +22.1% +23.3%

- Latin America 344 +17.9% +8.3%

- Eastern Europe 256 +33.4% +28.3%

- Other countries 302 +15.2% +17.0%

Cosmetics total 7,254 +6.5% +3.8%

Dermatology(1) 131 +0.5% -5.6%

Group total 7,397 +6.4% +3.6% (1) Group share, i.e. 50%

With like-for-like growth of +6.5%, the increase in L'Oréal cosmetic sales once again clearly outstripped market growth in the first half-year. The performance in North America was particularly noteworthy, with sales rising by 6.2%.

In Western Europe however, consumer spending was sluggish in several countries, including France, Germany and Italy. The revival in the consumption of Luxury Products was held back by stock reductions in selective distribution channels.

Lastly, like-for-like growth was very strong at +21.4% in the Rest of the World. Sales growth was particularly dynamic in Asia at +22.1% (with an increase of +85.3% for China), in Latin America, at +17.9% (with a rise of +16.3% in Mexico) and lastly in Eastern Europe at +33.4% (with sales in the Russian Federation rising by +46.3%).

All L'Oréal's divisions actively contributed to the group's growth momentum:

- The **Professional Products Division** launched Redken For Men and the completely revamped techn.art styling line from L'Oréal Professionnel.

- In the **Consumer Products Division**, L'Oréal Paris scored successes with the new colourant Color Pulse, the Happyderm skincare lines, Kiss Proof lipsticks, True Match and Cashmere Perfect foundations; at Garnier, the new Fructis shampoos and styling gels also proved extremely popular. In

China furthermore, the first Garnier products in the Mininurse skincare range were launched just six weeks after the acquisition of the Chinese brand. Lastly, Maybelline New-York had a resounding success with its Turbo Boost mascara and Colorama nail varnish lines.

- Several significant innovations bolstered the growth of the **Luxury Products Division**: Life Pearl cream from Helena Rubinstein, the Oleosource skincare line from Biotherm, and at Lancôme, Color ID make-up and Hypnôse mascara.

This Division's sales also benefited from the upturn in air travel.

- Lastly, in the **Active Cosmetics Department**, the Rosaliac skincare line from La Roche Posay and the Liposyne slimming line from Vichy made very encouraging starts.

Commenting on the figures, Mr Lindsay OWEN-JONES, Chairman and Chief Executive Officer of L'Oréal, said: "After gathering speed in the second quarter, L'Oréal achieved encouraging first-half sales growth, in line with our expectations. The good organic growth achieved by our brands, our continuing rapid expansion in new markets and the numerous initiatives planned for the second half make us optimistic about the full-year figures. We confirm our sales and earnings targets for 2004".

Contact at L'ORÉAL

Journalists

Mr Mike RUMSBY

Tel : +33.1.47.56.76.71

For further 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>, or [loreal-finance.com](http://www.loreal-finance.com) mobile edition on your PDA; alternatively, call +33.1.58.13.51.36.

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."

Contacts L'OREAL (switchboard + 33 1.47.56.70.00)

Individual shareholders and market authorities

Jean Régis CAROF
Tel : + 33 (0)1.47.56.83.02
jean-regis.carof@loreal.com

Financial analysts and institutional investors

Françoise LAUVIN
Tel : +33 (0)1.47.56.86.82
francoise.lauvin@loreal.com

Journalists

Stéphanie Carson-Parker
Tel : + 33 (0)1 47 56 76 71
stephanie.carsonparker@loreal.com

For further information, please contact your bank, stockbroker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers or magazines or the Internet site for shareholders and investors, www.loreal-finance.com, the L'Oréal Finance app or call the toll-free number from France: 0.800.66.66.66.

Anne-Laure RICHARD
Tél : +33 (0)1.47.56. 80.68
annelaure.richard@loreal.com

Polina Huard
Tél : +33 (0)1 47 56 87 88
polina.huard@loreal.com

Vanessa Wang
Tel : +33 (0)1 47 56 76 88
vanessa.wang@loreal.com