

L'ORÉAL

Impact Of Transition To IFRS Standards

Clichy, Thursday April 28th 2005 –5.45 p.m.

IMPACT OF TRANSITION TO IFRS STANDARDS ON L'OREAL CONSOLIDATED FINANCIAL STATEMENTS

The change in accounting standards has called for a substantial preparation and training effort, which began in 2002 in the various entities of the L'Oréal group. The presentation of the 2004 consolidated financial statements in accordance with IFRS standards has been subjected to auditing procedures by the Statutory Auditors. The main items affected by the change are summarised below.

Main impacts:

On the Balance Sheet at December 31st 2004: a strengthening of the structure

- Consolidated shareholders' equity increased by €1.26 billion to reach €11.8 billion, that is +11.9%. This change is mainly the result of the revaluation of Sanofi-Aventis investment at market value and the reclassification of L'Oréal treasury stock.

- Net debt, which previously amounted to €1.47 billion, is now €1.57 billion at December 31st 2004.

- The gearing is now 13.3% at December 31st 2004.

On the 2004 Profit and Loss Account: a slight improvement in net earnings per share

- The reclassification of charges, which are deducted from sales, results in sales of €13,641 million for 2004 instead of €14,534 million, that is -6.1%. This reclassification has no impact on earnings.

- Adjusted operating profit amounted to €2,162 million, or 14.9% of sales, using French accounting standards. Using IFRS standards, operating profit is now €2,089 million, representing 15.3% of sales.

- Net income after minority interests, up by €344 million, is now €3,970 million using IFRS standards, instead of €3,626 million using French accounting standards.

- 2004 net operational profit after minority interests amounted, using French accounting standards, to €1,656 million or 11.4% of sales and €2.46 per share after dilution. Net profit before non-recurrent items after minority interests comes out, using IFRS standards, at €1,609 million, or 11.8% of sales and €2.48 per share after dilution.

The number of shares taken into account to calculate diluted net earnings per share has changed from 673,547,541 shares to 649,598,404 shares.

- Diluted net earnings per share excluding non-recurrent items, Sanofi-Aventis deconsolidated, now amounts to €2.29, instead of €2.23.

A detailed presentation of the impact of transition to IFRS standards on L'Oréal consolidated financial statements is available in both French and English on the Internet site:

www.loreal-finance.com. [Download the pdf](#)

"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 [which are also available in English on our Internet site: 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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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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