

L'ORÉAL

L'Oréal: 1997 Results

FF billions % Growth

1997/1996

Sales 69,12 + 14,5 %

Operating profit 8,69 + 18,2 %

Profit on ordinary activities

before taxation and employee profit sharing 7,76 + 17,0 %

Net profit before capital gains and losses,

after minority interests 4,21 + 12,8 %

Earnings per share 62,21 FF + 12,8 %

Cash flow 6,77 + 10,3 %

Shareholders' equity 30,1 + 13,7 %

Debt to equity ratio 1 15,6 % + 9,8 % 1 Net debt over shareholders' equity, minority interests and provisions

BUSINESS BY SECTOR IN 1997

Cosmetics

Consolidated cosmetics sales rose 14.6% to FF 56.16 billion. Growth was driven by the increased pace of expansion in new markets, stronger positions for our U.S. subsidiary, which is established as the Group's second world centre, and the return to growth in Western Europe. Excluding the impact of exchange rates, cosmetics sales were up 9.3%, outstripping the increase for the world market as in previous years, according to our estimates.

Our U.S. subsidiary confirmed its status as the Group's second centre for creative strategy after Paris, enhancing the international scope of our brands. US sales exceeded US\$ 2 billion. The

increase expressed in French francs was nearly 23%. The Group, which currently generates a quarter of its sales in North America, has taken its place among the front-runners in make-up, hair colour and skin care in this zone and worldwide.

In several European countries, particularly in the United Kingdom, sales rose at similar rates to those recorded in new markets. We expanded sales by nearly 8% in Western Europe.

Emerging markets already account for more than 15% of sales. We are continuing to step up our drive into these markets with growth of 27% in Asia excluding Japan, 35% in Latin America and 45% in Eastern Europe. Despite the economic fluctuations experienced by these countries, we firmly believe in their potential for rapid expansion, particularly in Asia, where the Group currently generates less than 6% of its total cosmetics sales.

Our determination to position L'ORÉAL PARIS amongst the world's top brands in the four corners of the world is expressed by the slogan: "L'ORÉAL, because I'm worth it". Globalisation depends on the competitiveness of our products. We have therefore stepped up our research and development endeavours and have organised our laboratories around the Group's core businesses.

Hand in hand with this international expansion, the Group rounded out its industrial facilities, notably in China, Poland, and Brazil. Value analysis endeavours were also continued during the year.

Dermatology

This sector's sales climbed to over FF 1.5 billion, up 52.6% (L'ORÉAL share: 50%). DIFFERIN treatment for mild acne, the first product developed by GALDERMA's research centre, has achieved very significant market share worldwide. The acquisition of the German company, BASOTHERM, has enabled us to establish a strong market presence in this country.

Pharmaceuticals

In 1997, SYNTHÉLABO increased turnover 12.6% to FF 11.74 billion, accounting for 14% of consolidated Group sales. SYNTHÉLABO's core strategy hinges on advanced research in three specialist fields (Central Nervous System, Cardiovascular and Internal Medicine) and on a strong market presence in Europe. The company is developing activities in cardiac pacing, urological devices, generic medicines and OTC products.

DIVIDEND At the Annual General Meeting, the Board of Directors of L'ORÉAL will propose a net dividend of FF 16 plus tax credit of FF 8, payable on 12 June 1998. This compares with a net dividend of FF 14 paid in 1997, on the same number of shares and investment certificates as last year (67,606,216).

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

"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.

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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