

L'ORÉAL

L'Oréal Acquires Kiehl'S: Deal Expands L'Oréal'S Role In Prestige Market

L'Oréal S.A., the world's leading beauty company, and Kiehl's Since 1851, Inc., today announced that they had signed an agreement whereby Cosmair, Inc., L'Oréal's wholly owned U.S. subsidiary, would acquire Kiehl's. For nearly 150 years, Kiehl's has been a distinctive, family-owned beauty company, known in the U.S. for quality, personal service and technical excellence.

Founded in 1851 as an apothecary business in New York City, Kiehl's has established a unique reputation in the prestige cosmetics market. Today, the Kiehl's legacy is carried on by Jami Morse Heidegger, whose grandfather purchased the business from its founder in 1921, and by her husband Klaus Heidegger. In addition to its store on Third Avenue and 13th Street that is virtually a New York City landmark, Kiehl's products are sold through selective distribution channels including Bergdorf Goodman, Neiman Marcus, Saks Fifth Avenue and Barney's. Kiehl's also has limited distribution in international markets in the United Kingdom, France and Asia.

"L'Oréal is the perfect vehicle for accomplishing Kiehl's goals," said Jami Morse Heidegger. "After years of growth, Kiehl's is ready for another phase of expansion. L'Oréal's commitment to quality and excellence reflects our own philosophy. This partnership will allow us to retain the core values and spirit upon which Kiehl's was built while utilizing L'Oréal's extraordinary technology and resources to improve upon and expand our own product line. I am excited to work together with the L'Oréal team to help Kiehl's realize this vision."

"We have enormous admiration for the Heideggers' accomplishments," said Guy Peyrelongue, president and CEO of Cosmair. "Both L'Oréal and Kiehl's have a solid, unwavering tradition of quality and attention to the needs of its customers."

According to Gilles Weil, vice president of L'Oréal in charge of Luxury Products Division, "We are very happy to welcome Kiehl's within our Luxury Products Division as the brand has an original and different approach to this market. Kiehl's is an ideal complement to our luxury brands. The company has exceptional potential for development in the U.S. and worldwide."

By harnessing the power of relationship marketing and sampling, Kiehl's has created a deeply loyal following for its prestige hair and skincare products. This business model and the leadership of the Heideggers have combined to produce a thriving company with a current year sales estimate of \$40 million.

Jami Morse Heidegger and Klaus Heidegger will remain co-presidents of the company. Kiehl's will be a separate Cosmair division following the mission and strategy of its founders. This new division will report to Philip Shearer, president of Cosmair's Luxury Products Division.

The completion of the acquisition is subject to the waiting period under the Hart-Scott-Rodino Act.

L'Oréal S.A., based in Paris, is the world's largest beauty company, with 1999 consolidated sales of Euro 10.7 billion. Operating in more than 150 countries and employing more than 42,000 people, L'Oréal Group companies manufacture and market such well known brands as L'Oréal, Lancôme, Maybelline, Laboratoires Garnier, Redken 5th Ave, Soft Sheen, Ralph Lauren Fragrances, Giorgio Armani Parfums, Biotherm and Helena Rubinstein.

Cosmair, Inc. is headquartered in New York City and manages U.S. research, administration, manufacturing and distribution facilities in New Jersey, Kentucky, Arkansas, Illinois and Colorado, as well as in the Caribbean.

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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