

L'ORÉAL

L'Oréal Opens Its First Factory In Russia To Service Growing Demand

L'Oréal announced today the opening of its first factory in Russia, located 85 km south of Moscow, in the Kaluga region. In line with the Group's target to reach one billion new consumers in the next ten years, the factory will respond to increased demand at local level. With sales of 563 million euros in 2009, L'Oréal Russia is the market leader and shows great business potential for the coming years. It registered a sales growth of + 17.6% in the first-half of 2010.

A unique facility dedicated to consumer products

Completed in just over one year from the start of construction to production-line testing, the L'Oréal Russia factory is located between the business hubs of Moscow and Kaluga. The plant, which is the newest of the 38 L'Oréal factories worldwide, will manufacture shampoos, hair conditioners, and hair-dyes for the L'Oréal Paris and Garnier brands, to be distributed in Russia, Ukraine and in the CEI countries.

A part of the Varsino industrial park, the factory boasts a surface area of 10,000 m². The factory's initial output will reach up to 120 million units per year, with the potential for production to more than double as demand continues to evolve. The plant features high-speed production lines and an advanced technology water treatment plant.

"This opening reflects L'Oréal's commitment to locate industrial operations teams as close as possible to key markets to seize opportunities more effectively and to be more responsive, bringing success to product launches in Russia," said Jean-Philippe Blanpain, L'Oréal Operations(1) Managing Director.

"Since 2004, L'Oréal Russia has tripled its sales in local currency. It is the 8th market for the Group in terms of sales and is one of L'Oréal's fastest growing markets. L'Oréal's first factory in Russia will play a key role in responding to the growing demand in Russia, in Ukraine and in the CEI countries," added Pekka Huttunen, L'Oréal Russia General Manager.

An important contribution to the local economy

Today, the L'Oréal Russia factory employs more than 60 people, and will employ up to 300 people in the future. The factory, which plans to expand according to market need, will recruit specialists from the region to adapt its production on a local level, and will use local materials and suppliers as much as possible. The factory is also currently working to develop partnerships with colleges, schools and

universities in Kaluga to optimise recruitment programmes.

L'Oréal also signed a partnership with the Kaluga government before beginning the project, resulting in an optimal construction process (one year from ground-breaking to production-line testing).

"L'Oréal, the world leader in the beauty industry, is the second French company to open a factory in Russia in the cross year of France in Russia and Russia in France. The Group's decision to support and pursue business growth in Eastern Europe is not only an important decision for business, but also a step toward a stronger partnership between two nations" commented Anatoly Artamonov, Governor of Kaluga.

Industrial Operations Key Figures 2009

- 38 factories
- 146 distribution centres
- € 188 million industrial and logistical investment for the Group's cosmetics branch
- 85 packaging patents
- 4,4 billion units delivered

More than 90% of production is manufactured under ISO certification : ISO 9001 (quality) ; ISO 14001 (environment) ; OHSAS 18001 (security)

About L'Oréal

L'Oréal, the world's leading cosmetics company, has catered to all forms of beauty in the world for over 100 years. The Group's unrivalled portfolio of 23 international, diverse and complementary brands, available in mass-market channels (L'Oréal Paris, Garnier, Maybelline New-York, Softsheen-Carson), in hair salons (L'Oréal Professionnel, Redken, Kérastase, Matrix), in selective distribution (Lancôme, Giorgio Armani, Yves Saint Laurent, Biotherm, Ralph Lauren, Kiehl's, Shu Uemura, Helena Rubinstein, Cacharel, Diesel) and in pharmacies (Vichy, La Roche-Posay, Innéov, SkinCeuticals), and The Body Shop.

Present in 130 countries, L'Oréal employed 64,600 people and sales amounted 17.5 billion euros in 2009.

With the largest R&D budget in the beauty industry, L'Oréal considers innovation as the focus of its strategy to anticipate consumers' needs and develop products with high added value.

About L'Oréal Russia

L'Oréal is present in Russia since 1990s. The Russian affiliate was founded in 1994 as ZAO 'Rusbel' and later on changed for ZAO L'Oréal. Today the branch is present all over Russia and in all distribution channels with 22 international brands, available in massmarket channels (L'Oréal Paris, Garnier, Maybelline New-York), in hair salons (L'Oréal Professionnel, Redken, Kérastase, Matrix), in selective distribution (Lancôme, Giorgio Armani, Yves Saint Laurent, Biotherm, Ralph Lauren, Kiehl's, Shu Uemura, Helena Rubinstein, Cacharel, Diesel) and in pharmacies (Vichy, La Roche-Posay, Innéov, SkinCeuticals, Sanoflore), in 2009 L'Oréal Russia sales amounted 563 million euros.

(1)L'Oréal Operations consist of seven activities: purchasing, production, quality, environment-health-safety activities, logistics, packaging and development, and real estate.

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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

"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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