

L'ORÉAL

L'Oréal: Profits Surge Ahead For The 15Th Consecutive Year net Profit: + 15.1% Dividend: + 20.5% One By Ten Share Split

At its meeting of Wednesday 5th April, 2000, chaired by Mr Lindsay OWEN-JONES and held in the presence of the statutory auditors, L'OREAL's Board of Directors approved the group's consolidated financial statements and reviewed those of its parent company, L'OREAL S.A., for the 1999 financial year.

FF billions Euro billions % growth 1998/1997

Sales 70,52 10,75 + 12,1 %(1)

Operating profit 8,57 1,30 + 18,1 %

Adjusted operating profit (2) 8,33 1,27 + 13,5 %

Profit on ordinary activities before taxation and employee profit sharing 8,33 1,27 + 13,5 %

Net profit before capital gains and losses and after minority interests 5,43 0,83 +15,1 %

Earnings per share (FF and Euro) 80,28 FF 12,24 euros + 15,1 %

Net dividend (FF and Euro) 22,30 FF 3,40 euros + 20,5 % (1) Calculated on a pro-forma basis, i.e. excluding Synthélabo which was consolidated by the equity method for the first half of 1999 (at 56.6 %). On 18th May, Synthélabo merged with Sanofi ; the new entity created by the merger was consolidated by the equity method (at 19.6%) for the second half of 1999. The contributions from Synthélabo, and subsequently from Sanofi-Synthélabo, are included in net profit before capital gains and losses, after minority interests and in earnings per share.

(2) Operating profit including exchange gains and losses.

- Results

The finalised results for the year confirm the figures published on 23rd February 2000 and remain in line with forecasts. Profit on ordinary activities before taxation and employee profit sharing rose to FF

7.58 billion (Euro 1.15 billion), an increase of 14.6% - the fifteenth consecutive year of double-digit profit growth for the group. Despite a 14.3% increase in the group's tax charge, net profit before capital gains and losses and after minority interests reached FF 5.43 billion (Euro 0.83 billion), an increase of 15.1%. The group's share of net profits from associated companies contributed FF 895 million (Euro 136 million) to net profit before capital gains and losses and after minority interests in 1999, as compared with FF 776 million (Euro 118 million) in 1998 - an increase of 15.3%.

- Cosmetics

Consolidated cosmetics sales totalled FF 68.75 billion (Euro 10.48 billion), an increase of 11.9% compared with 1998 (and 11.5% excluding the impact of exchange rate fluctuations). On a like-for-like basis, the growth rate was 11%: the sector's best performance since 1990. In Western Europe, cosmetics sales grew by 9.8%, with exceptional levels of sales growth in Greece (21%), Spain (15%), Norway (15%), the Netherlands (17%) and Sweden (24%).

In North America, the cosmetics sector achieved sales growth of 18.3% (12.5% excluding the impact of exchange rate fluctuations). L'OREAL holds market-leading positions in this region, notably in hair colourants and make-up. In the rest of the world, L'OREAL pursued its strategy of fast-paced globalisation, despite varying economic cycles in different regions worldwide. Especially strong rates of expansion were recorded in Mexico (30%), Poland (18%), China (49%) and Australia (34%), and in India, where L'OREAL recorded growth of 99%. Research and Development expenditure grew by 13.3% during the year - substantially ahead of the rise in cosmetics sales. Our decision to specialise in a limited number of major product categories with a high technology content involves a consistent policy of rapidly expanding R&D endeavours in these areas. The group's production centres continued their drive for increased efficiency while keeping pace with the strong development in hair colourant, make-up and skincare ranges. At the same time the group increased its production capacities - the Spanish plant is now entirely dedicated to the Professional Products Division and a new plant has come on stream in China.

- Internet Initiatives

The highlight of the year in this respect was the availability of products from the Consumer Products Division on a large number of websites operated by its distributors. In addition, two original e-commerce concepts were initiated. Within the group during the year. Within the Consumer Products Division, "Le Club des Créateurs de Beauté" launched its e-commerce website www.ccb-paris.com in three markets: the United States, France and Germany - and Germany - substantial investments are channelled into this initiative during 2000 with the aim of establishing a strong presence in the online marketplace. The Luxury Products Division has also recently opened a LANCOME e-commerce website (www.lancome.com) for consumers in the United States, who can now order the products they desire on-line ; the group should also be able to learn a lot from this initiative during the year 2000.

- Dermatology

In 1999, GALDERMA's net sales increased by 31.6% (+30.9% excluding the impact of exchange rate fluctuations) to more than FF 2.6 billion (Euro 398 million)(3). The acquisition of "Loceryl", the leading topical treatment for onychomycosis, strengthens GALDERMA's presence in a key market

within the dermatology sector. GALDERMA's leading dermatological products such as "Differin Gel", "Rozex" and "Metrogel" continued to make substantial headway in markets with strong growth potential. Globalisation was significantly boosted by the launches of new products such as "Mistamin" and "Silkis". GALDERMA strengthened its market presence in Scandinavia and Asia during the year, and a new plant has recently been opened in Canada.

- Pharmaceuticals

In late 1998, L'OREAL and Elf Aquitaine announced their intention to merge their two pharmaceuticals subsidiaries to form a new company, Sanofi-Synthélabo. This new pharmaceuticals group - the second-largest pharmaceuticals group in France and the seventh-largest in Europe - came into being on 18th May, 1999. As a result, L'OREAL changed the consolidation method for its pharmaceuticals sector with effect from 1st January, 1999: for the first half of the year, Synthélabo was consolidated by the equity method (at 56.6%) and for the second half Sanofi-Synthélabo was consolidated by the same method (at 19.6%).

- Annual General Meeting

At the Annual General Meeting the Board of Directors will propose :
a net dividend of Euro 3.40 (approximately FF 22.30) plus tax credit of Euro 1.70 (approximately FF 11.15) - an increase of 20.5% , this compares with a net dividend of FF 18.50 paid in 1998, on the same number of shares as last year (67,606,216) ; dividends will be payable as of 15th June, 2000; the nomination of Mr Rainer E. GUT to the Board of Directors in place of Mr Helmut MAUCHER, and the ratification of Mr Michel SOMNOLET's election in place of Mr Pascal CASTRES SAINT MARTIN ; the Board of Directors would like to express their warmest gratitude to Mr CASTRES SAINT MARTIN and to Mr MAUCHER for their considerable contribution to the group's international expansion ; after the date of payment of the dividend, there will be a one by ten share split in order to enhance the stock liquidity. (3) L'OREAL's interest, i.e. 50%.

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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