

SALES AT SEPTEMBER 30TH, 2016

GOOD SALES MOMENTUM OVER THE FIRST NINE MONTHS

+4.7% LIKE-FOR-LIKE*

- **Sales: 19.05 billion euros**
 - +4.9% at constant exchange rates
 - +4.7% like-for-like
 - +1.6% based on reported figures
- **Renewed momentum of the Consumer Products Division confirmed**
- **Excellent performance of L'Oréal Luxe and the Active Cosmetics Division**
- **Strong growth in North America**

Commenting on the figures, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

"L'Oréal delivered a dynamic third quarter with sales up by +5.6% like-for-like, reflecting the solidity of our growth.

The Consumer Products Division is maintaining its momentum and outperforming its market, driven by the acceleration in make-up with the breakthrough of the NYX Professional Makeup brand, the global roll-out of Ultra Doux by Garnier, and an excellent performance in North America. L'Oréal Luxe posted a very good third quarter, thanks to its success in make-up, its fragrance initiatives, and is winning market share, especially in China and the United States. The Active Cosmetics Division's growth is rising in the context of a slowdown in the dermocosmetics market in Europe.

In North America, L'Oréal is accelerating substantially and is outperforming its market more strongly. Western Europe is growing, faster than the market, except for France where the environment remains very sluggish. The New Markets are maintaining their pace of growth, with good performances in many countries in Southern Asia, Latin America and Eastern Europe.

*The Group's digital edge and continuing targeted acquisitions, two strategic growth levers, have led to a sustained increase in e-commerce sales at +32%** and to the recent integration of IT Cosmetics, an American make-up brand that is expanding our global portfolio.*

These good performances confirm our ambition to post higher growth in the second half than in the first, and strengthen our confidence in our ability to deliver, in 2016, another year of growth in both sales and profits."

** Like-for-like: based on a comparable structure and constant exchange rates.*

*** Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data); like-for-like growth.*

Sales at September 30th, 2016

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales growth was +4.7%.

The net impact of changes in consolidation was +0.2%.

Growth at constant exchange rates was +4.9%.

Currency fluctuations had a negative impact of -3.3%. If end of September exchange rates (€1 at \$1.12) are extrapolated up to December 31st, the impact of currency fluctuations would be -3.3% for the whole of 2016.

Based on reported figures, the Group's sales at September 30th, 2016, amounted to 19.05 billion euros, an increase of +1.6%.

Sales by operational Division and geographic Zone

	3 rd quarter 2016			At September 30 th , 2016		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By operational Division</u>						
Professional Products	808.5	0.9%	-0.3%	2,532.9	1.8%	-0.7%
Consumer Products	2,859.5	4.7%	2.1%	9,014.4	4.4%	0.6%
L'Oréal Luxe	1,858.5	9.3%	9.0%	5,453.7	6.8%	5.0%
Active Cosmetics	425.7	6.5%	4.0%	1,447.1	5.4%	1.3%
Cosmetics Divisions total	5,952.2	5.6%	4.0%	18,448.2	4.8%	1.7%
<u>By geographic Zone</u>						
Western Europe*	1,845.8	2.2%	-0.5%	5,980.4	1.7%	0.1%
North America	1,755.2	7.5%	8.2%	5,215.2	5.6%	5.4%
New Markets, of which:	2,351.3	7.1%	4.5%	7,252.6	7.0%	0.6%
- Asia, Pacific*	1,324.2	3.2%	2.9%	4,189.8	4.4%	1.8%
- Latin America	481.1	15.0%	5.8%	1,344.5	12.1%	-4.3%
- Eastern Europe	369.6	11.7%	8.0%	1,143.3	9.8%	-0.2%
- Africa, Middle East	176.3	9.7%	6.9%	575.1	9.7%	5.8%
Cosmetics Divisions total	5,952.2	5.6%	4.0%	18,448.2	4.8%	1.7%
The Body Shop	200.9	2.8%	-5.4%	599.5	0.5%	-4.0%
Group total	6,153.2	5.6%	3.6%	19,047.8	4.7%	1.6%

* As of July 1st, 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.

PROFESSIONAL PRODUCTS

At the end of September, the Professional Products Division posted growth of +1.8% like-for-like, i.e. -0.7% based on reported figures.

Hair colour, the largest contributor to growth, is maintaining its momentum, thanks to solid core franchises in all the brands – *Shades Eq* by *Redken*, *SoColor Beauty* by *Matrix*, *Inoa* and *Dia* by *L'Oréal Professionnel* – and the success of the *Blond Studio* and *Hair Touch Up* launches by *L'Oréal Professionnel*. In professional skincare, *Decléor* is continuing its expansion in Western Europe.

The resilience in Western Europe is continuing. Eastern Europe, Spanish-speaking Latin America and the Africa, Middle East Zone, are growing strongly. The Division's performance has been affected by the temporary slowdown in the United States. India and Russia are the main contributors to growth.

CONSUMER PRODUCTS

At the end of September, the Consumer Products Division is outperforming the market, with growth of +4.4% like-for-like and +0.6% based on reported figures.

The Division's growth is being fuelled by the success of its strategic initiatives.

On the one hand in make-up – with the breakthrough of *NYX Professional Makeup*, now being rolled out globally, and *Maybelline*, which is growing especially in the United States – and on the other hand, in haircare, where growth has been bolstered by the globalisation of *Ultra Doux*.

Skincare is being strengthened by the ongoing success of *Micellar Cleansing Waters* by *Garnier* and the innovation of clay masks by *L'Oréal Paris*. Hair colour is returning to growth thanks to *Magic Retouch* by *L'Oréal Paris*.

The Division is increasing its worldwide market share, outperforming the market substantially in North America and performing well in Western Europe, especially in the United Kingdom, Spain and Germany.

L'ORÉAL LUXE

At the end of September, L'Oréal Luxe has grown by +6.8% like-for-like and by +5.0% based on reported figures, after an excellent third quarter at +9.3% like-for-like.

The Division is accelerating with strong growth in make-up and success in fragrances. *Lancôme* is strengthening its position with *Absolu Rouge*, and is performing well in foundation make-up, and in fragrances with *La Vie est Belle*. *Yves Saint Laurent* is continuing to deliver strong growth with the excellent start made by its fragrance *Mon Paris*, on top of the success of *Black Opium*, and extremely dynamic make-up sales. *Giorgio Armani* is enjoying a great year, with strong expansion in skincare and make-up. *Urban Decay* has been launched in ten new countries this year, and its growth is strong, thanks to its new lipstick *Vice*. *Kiehl's* is continuing its expansion, and has created its customised skincare *Apothecary Preparations*. L'Oréal Luxe is expanding its brand portfolio with the acquisition of *IT Cosmetics* and *Atelier Cologne*.

L'Oréal Luxe is continuing to make market share gains worldwide: in Asia, particularly in China, and in many other countries such as the United States, Russia, Spain and the United Kingdom.

ACTIVE COSMETICS

At the end of September, the Active Cosmetics Division is maintaining its growth momentum. Sales are up by +5.4% like-for-like and +1.3% based on reported figures.

Despite the persistent slowdown in markets in Europe and Asia, the Division is accelerating.

La Roche-Posay maintained its strong growth in the third quarter, fuelled by *Effaclar* which is launching *Effaclar Duo+ Unifying*, its anti-blemish tinted line. *Vichy* is innovating with the launch of *Slow Âge*, and in the anti-hair loss treatment segment with *Dercos Aminexil Clinical 5*. *Roger&Gallet* is moving into facial skincare with *Aura Mirabilis*, enriched with 18 distilled and officinal plants.

The Division's performance is particularly strong in North America and Latin America.

Multi-division summary by geographic Zone

WESTERN EUROPE

Growth amounted to +1.7% like-for-like and +0.1% based on reported figures. The Group is outperforming the market, with particularly good performances in the United Kingdom, Germany and Spain. The French market remains difficult, with consumer spending still sluggish.

Make-up is a major growth driver, with very good momentum for *Urban Decay*. *NYX Professional Makeup* is proving successful in each country it moves into. Note also in facial skincare the very promising start made by the clay masks of *L'Oréal Paris* and the *Moisture Bomb* tissue masks from *Garnier*.

NORTH AMERICA

In a dynamic market, the Zone recorded growth of +5.6% like-for-like and +5.4% based on reported figures. The Group is increasing its market share, particularly in the Consumer Products Division which is outperforming the market, with strong growth for *NYX Professional Makeup*, the growth of *Maybelline*, and *Garnier* whose *Whole Blends (Ultra Doux)* launch has made a good start. L'Oréal Luxe is also delivering good performances, and is outperforming its market, driven by the quality of its brand portfolio, particularly with *Urban Decay*, *Yves Saint Laurent* and *Kiehl's*.

NEW MARKETS

Asia, Pacific: the Zone posted growth of +4.4% like-for-like and +1.8% based on reported figures.

In Northern Asia, the Group is growing in Japan and is continuing to advance in South Korea and Taiwan. In China, where the Consumer Products market is affected by a slowdown in some of the traditional distribution channels, L'Oréal Luxe is performing well and is continuing to outperform a dynamic market, especially thanks to the *Yves Saint Laurent* and *Giorgio Armani* brands.

Results are good in Southern Asia, with substantial gains in the make-up category, thanks to *L'Oréal Paris* and the roll-out of *NYX Professional Makeup*. In skincare, *Garnier* is continuing to expand.

Latin America: the Zone recorded growth of +12.1% like-for-like, i.e. -4.3% based on reported figures. Spanish-speaking Latin America accelerated further with a particularly good performance in Mexico, and advances in Peru and Colombia. The Consumer Products Division is spurring growth, thanks particularly to *Maybelline* and *Vogue*. Brazil is recovering from the effects of the IPI tax reform in 2015, and is returning to growth with an acceleration at *Niely*, while *La Roche-Posay* is winning market share.

Eastern Europe: growth in this Zone is at +9.8% like-for-like, i.e. -0.2% based on reported figures.

The Group is outperforming the market, with particularly good performances in Russia and Poland. Make-up is the category that contributes most to growth, both at L'Oréal Luxe with *Urban Decay* and *Yves Saint Laurent*, and in the Consumer Products Division with *Maybelline* and *NYX Professional Makeup*.

Africa, Middle East: like-for-like sales in this Zone are growing at +9.7%, with growth of +5.8% based on reported figures. L'Oréal is continuing to win market share, despite a slowdown in markets in the Middle East.

THE BODY SHOP

The Body Shop recorded sales increases of +0.5% like-for-like, i.e. -4.0% based on reported figures, with improved growth in North America. Market slowdowns in Hong Kong and Saudi Arabia are continuing to have an impact on global growth. Skincare is continuing to expand, thanks to the launch of a range of five new facial skincare masks.

Important events during the period July 1st, 2016 to September 30th, 2016

- On July 13th, L'Oréal made a firm offer to the Rivadis group for the acquisition of Société des Thermes de Saint-Gervais-les-Bains and the licence of the *Saint-Gervais Mont Blanc* brand. The approval of the Municipality of Saint-Gervais-les-Bains was obtained on August 3rd. The acquisition was finalised on November 2nd, 2016.
- On July 21st, L'Oréal inaugurated a new Research and Innovation Centre in Johannesburg, dedicated to the specific properties of African skin and hair, and to the beauty rituals and expectations of consumers in Sub-Saharan Africa.
- On July 22nd, L'Oréal announced the signing of a definitive agreement to acquire IT Cosmetics, one of the fastest growing prestige beauty brands in the United States, for a cash purchase price of 1.2 billion US dollars. The acquisition was finalised on August 31st, 2016.

"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."

This is a free translation into English of the news release of the Sales at September 30th, 2016 issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

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Appendix

L'Oréal Group sales 2015/2016 (€ millions)

	2015	2016
<u>First quarter:</u>		
Cosmetics Divisions	6,243.9	6,352.4
The Body Shop	192.4	200.1
First quarter total	6,436.3	6,552.4
<u>Second quarter:</u>		
Cosmetics Divisions	6,163.1	6,143.6
The Body Shop	219.5	198.5
Second quarter total	6,382.6	6,342.2
<u>First half:</u>		
Cosmetics Divisions	12,407.0	12,496.0
The Body Shop	411.9	398.6
First half total	12,818.9	12,894.6
<u>Third quarter:</u>		
Cosmetics Divisions	5,725.1	5,952.2
The Body Shop	212.5	200.9
Third quarter total	5,937.5	6,153.2
<u>Nine months:</u>		
Cosmetics Divisions	18,132.1	18,448.2
The Body Shop	624.3	599.5
Nine months total	18,756.4	19,047.8
<u>Fourth quarter:</u>		
Cosmetics Divisions	6,158.1	
The Body Shop	342.9	
Fourth quarter total	6,501.0	
<u>Full year</u>		
Cosmetics Divisions	24,290.2	
The Body Shop	967.2	
Full year total	25,257.4	

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