Clichy, October 30th 2008 – 5:45pm

N e w s r e l e a s e

SALES AT SEPTEMBER 30th 2008: 12.912 billion euros

+7.4% at constant exchange rates*,
+4.4% like-for like,
+2.2% based on reported figures

- **At 9 months, L'Oréal continues to strengthen its worldwide position and grow very rapidly in the new markets.**
- **Confident in its development strategy, L'Oréal is maintaining strong advertising and promotional support for its brands despite the tougher economic environment.**
- **2008 targets:**
  - **Like-for-like sales growth of approximately +4%**
  - **Net Earnings per share(1) growth of approximately +7% to +8% at constant exchange rates*.**

* *
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Like-for-like, i.e. based on a comparable structure and identical exchange rates, the increase in the sales of the L'Oréal group was +4.4%.
The net impact of changes in consolidation, mainly as a result of the acquisitions of *YSL Beauté*, of *PureOlogy*, *Beauty Alliance*, *Maly's West*, *Columbia Beauty Supply*, *CollaGenex Pharmaceuticals* in the United States and of *Canan* in Turkey, amounted to +3.0%.
Currency fluctuations had a negative impact of -5.2% (at current exchange rates, the impact would be - 3.7% for the whole of 2008).
Growth at constant exchange rates was +7.4%.
Based on reported figures, the group's sales, at September 30th 2008, amounted to 12.912 billion euros, an increase of +2.2%.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said:
"We had anticipated that the growth at the end of June would continue in the 3rd quarter; however, since September, we have noted a clear slowdown in some markets in Western Europe and North America, and have been confronted with a contraction of purchasing by some distributors in view of the current economic crisis.
With like-for-like 9-months sales growth of +4.4%, and +7.4% at constant exchange rates, we are continuing to increase our worldwide market share; our 4th quarter will be bolstered by numerous initiatives developed by our brands, which are off to a good start.*
In view of this tougher environment which remains uncertain, we now consider it more prudent to forecast 2008 like-for-like sales growth close to that reached at 9 months- i.e. approximately +4%.
Nevertheless, we have made the decision to maintain strong advertising and promotional support for our brands in the 4th quarter in order to prepare for 2009 in the best possible conditions.
As a result, our target for 2008 is now to achieve net earnings per share (1) growth of approximately +7% to +8% at constant exchange rates. This represents a further significant improvement compared with 2007, particularly allowing for the dilutive impact of the consolidation of Yves Saint Laurent.*
Confident in our development strategy, we are looking ahead to 2009 with realism, but also with the determination to continue strengthening our worldwide position thanks to the quality of our innovations and the richness of our brand portfolio."

** based on constant translation rates:*
2008 data at 2008 rates / 2007 data at 2008 rates
(1) excluding non-recurrent items

Sales by operational division and geographic zone

	3rd quarter 2008			At September 30th 2008		
		Growth			Growth	
	€m	Like-for-like	Reported	€m	Like-for-like	Reported
By operational division						
Professional Products	599.4	+ 0.2%	- 2.7%	1,848.4	+ 2.6%	+ 4.5%
Consumer Products	1,995.4	+ 2.3%	- 0.9%	6,302.1	+ 4.6%	+ 0.2%
Luxury Products	1,082.7	+ 2.5%	+ 15.3%	2,893.9	+ 4.0%	+ 4.4%
Active Cosmetics	281.9	+ 5.4%	+ 5.1%	1,020.0	+ 4.7%	+ 3.6%
Cosmetics total	**3,978.2**	**+ 2.1%**	**+ 3.4%**	**12,112.5**	**+ 4.0%**	**+ 2.1%**
By geographic zone						
Western Europe	1,744.6	- 1.8%	+ 3.9%	5,539.6	+ 0.3%	+ 1.1%
North America	925.7	- 5.7%	- 10.8%	2,729.6	- 2.3%	- 8.0%
Rest of the World, of which:	1,308.0	+ 15.0%	+ 15.6%	3,843.3	+ 15.5%	+ 12.5%
- *Asia*	*432.9*	*+ 15.2%*	*+ 13.9%*	*1,310.7*	*+ 18.1%*	*+ 12.2%*
- *Eastern Europe*	*337.6*	*+ 27.5%*	*+ 29.6%*	*1,031.1*	*+ 26.4%*	*+ 26.4%*
- *Latin America*	*312.2*	*+ 7.6%*	*+ 6.9%*	*842.6*	*+ 5.7%*	*+ 2.8%*
- *Other countries*	*225.3*	*+ 9.3%*	*+ 13.1%*	*658.8*	*+ 9.1%*	*+ 7.6%*
Cosmetics total	**3,978.2**	**+ 2.1%**	**+ 3.4%**	**12,112.5**	**+ 4.0%**	**+ 2.1%**
The Body Shop	176.2	+ 8.1%	- 2.2%	510.1	+ 7.6%	- 2.0%
Dermatology(1)	111.5	+ 17.9%	+ 16.4%	289.8	+ 17.7%	+ 13.6%
Group total	**4,266.0**	**+ 2.7%**	**+ 3.4%**	**12,912.3**	**+ 4.4%**	**+ 2.2%**

(1) Group share, i.e. 50 %

Cosmetics Branch
Sales trends by division and zone

- The **Professional Products** Division achieved like-for-like growth of +2.6%. The Division is winning market share by conquering new salons and launching new services.
  - The luxury brands are continuing to prove highly dynamic. *Kérastase* is expanding with the success of *Chroma Riche* for hair with highlights, and of *Nectar Thermique* for damaged hair. *Shu Uemura Art of Hair*, the premium Japanese haircare brand, is launching its new line *Muroto Volume* for fine hair.
  - *L'Oréal Professionnel* is moving into the buoyant segment of natural products with the haircare line *Série Nature* and is introducing two innovative hair colourants: *Les Rouges Rubilane* and the lightening paste *Platinium Plus*.
  - *Redken 5th Avenue* is launching *Real Control*, a haircare line specially developed for South American and Mediterranean hair.
  - *Kéraskin Esthetics*, the new professional skincare brand, is now present in 4 countries.

- The **Consumer Products** Division grew by +2.3% in the 3rd quarter, with like-for-like growth over the first 9 months reaching +4.6%. As we had previously announced, 3rd quarter growth has been held back both by launch phasing and by early *Maybelline/Garnier* invoicing in the USA in the 2nd quarter, due to the introduction of the SAP information system on July 1st, which had an unfavourable impact of 1.7% on the division's 3rd quarter growth.
  - In skincare, the success of *Skin Genesis* from *L'Oréal Paris* is continuing, with roll-out in the Rest of the World zone, and the launch of cleansing products. At *Garnier*, the launch of *Eye Roll-on Caffeine,* a new eyecare routine, is proving highly successful.

- In make-up, the excellent start of *Volume Collagene* mascara and *Infallible* powder from *L'Oréal Paris*, together with *Superstay PowerGloss* lipstick from *Maybelline*, should be confirmed in the 4th quarter.
- *Casting Crème Gloss* hair colourant from *L'Oréal Paris* is proving increasingly successful worldwide, and *Excell 10'*, with new 10-minute permanent colouration technology, is already helping to bolster the European market.
- *Elsève Re-Nutrition* by *L'Oréal Paris* in Europe, *Total Reparaçao 5* in Latin America, *Fructis Blond Care* and *Soft Waves* from *Garnier* are strengthening the division's positions in haircare.

- The worldwide sales of the **Luxury Products** Division have grown by +4.0% up to the end of September. Growth has been driven by the Rest of the World zone, and particularly by Eastern Europe, while growth rates are again excellent in Asia, the Middle East and Latin America.
  - In fragrances, the Division is reaping the benefits of the promising launch of *Magnifique* by *Lancôme* and the very good performance of *Emporio Armani Diamonds for Men*. The launch of *Notorious* by *Ralph Lauren* should consolidate the brand's performance, and the same is true of *Diesel Unlimited* in women's fragrances.
  - The Division is strengthening its positions in skincare, with launches including *Prodigy Re-Plasty* by *Helena Rubinstein* and the success of the *Rénergie* line by *Lancôme.* There was also a very strong performance in men's skincare, with *Facial Fuel* from *Kiehl's* proving particularly successful
  - In make-up, the Division is continuing its conquests, with the launches of *Ôscillation*, the first powermascara by micro-oscillation, for which 4 patents have been filed, and *Absolu Rouge* by *Lancôme* and *Rouge Volupté* from *Yves Saint Laurent*.

- After accelerating in the 3rd quarter with a growth rate of +5.4%, the **Active Cosmetics** Division has achieved like-for-like growth of +4.7%. Its results are driven by the good performances in the Rest of the World zone.
  - *Vichy* is continuing to advance in the new markets, and is introducing major innovations such as *Liftactiv CxP,* the first "biological lifting", and *Aminexil Energy*.
  - *La Roche-Posay* is maintaining its rapid growth thanks to the success of its facial skincare line as well as *Physiological Cleansers* and the launch of *Kerium Anti-hairloss*.
  - *Innéov* is growing strongly with the launch of *Innéov homme anti-hairloss.*
  - The gradual roll-out of *SkinCeuticals* is continuing in Europe.

Western Europe

At the end of September, the group achieved like-for-like growth of +0.3% in **Western Europe**, in a market whose growth has slowed.

- The *Professional Products* Division is continuing to win market share, particularly in Germany, the United Kingdom and the Scandinavian countries.
- The *Consumer Products* Division is consolidating its positions in skincare and make-up. *L'Oréal Paris* is winning market share thanks to *Excell 10*' and *Elsève Re-Nutrition*. Germany is recording a good performance, as is Northern Europe. France and Spain are particularly affected by the changing economic environment.
- The performances of the *Luxury Products* Division are being bolstered by a set of targeted initiatives, particularly in fragrances and make-up, and by the dynamism of the relay brands *Kiehl's* and *Shu Uemura*. The highest growth rates are being recorded in the United Kingdom and the Netherlands.
- The *Active Cosmetics* Division recorded a better performance in the 3rd quarter, boosted by the powerful innovations of the *Vichy* brand.

North America

North America had a difficult 3rd quarter, with -2.3%, like-for-like, at the end of September, in the context of a negative 3rd quarter market trend, and stock reductions by distributors.

- The *Professional Products* Division is strengthening its hair colourant positions by conquering new salons. Salon retail sales have been slower, affected by a sharp drop in salon visits. *Kérastase*, *Shu Uemura Art of Hair* and *Mizani* are maintaining high growth rates in top-end salons.

- The *Consumer Products* Division trend was negative in the 3rd quarter, partly because of additional invoicing of *Maybelline* and *Garnier* products at the end of June. In a highly competitive context, the Division's facial skincare breakthrough is continuing, and it is strengthening its leadership in make-up.
- The sales of the *Luxury Products* Division are contracting, reflecting a decline in department store footfall and inventory reductions, despite the successful launches of *Lancôme*, *Ralph Lauren* and *Giorgio Armani* fragrances.
- The *Active Cosmetics* Division is continuing the upmarket roll-out of the *Vichy* and *La Roche Posay* brands in American drugstores, while *SkinCeuticals* is successfully launching its new anti-oxidant skincare line *Phloretine CF*.

Rest of the World

Dynamic growth is continuing in the Rest of the World zone at +15.5%, where the group continues to strengthen its positions significantly.

Over the first nine months, growth in the **Asia** zone amounted to +18.1%, with +22.0% outside Japan. The group is winning market share not only in Northern Asia, but also in China and the countries of South-East Asia.

- In Japan, despite some contraction in the market over the summer, the group is performing well thanks to the good figures of *Kérastase Noctogeniste*, *Shu Uemura*, and the anti-ageing skincare products of *Lancôme*.
- In South Korea and Hong Kong, particularly rapid growth rates reflect the breakthroughs made by the *Luxury Products* Division brands.
- In China, *L'Oréal Paris* is strengthening its leadership in its distribution universe, thanks to the expansion of the *Revitalift* anti-ageing skincare line and the *Men Expert* skincare line. *Matrix* is continuing its rapid roll-out in Chinese hair salons.
- In South-East Asia, the 3 brands of the *Consumer Products* Division all produced good performances. The *Garnier* facial skincare range is now on sale in the main countries of the region.

The **Eastern Europe** zone has again been highly dynamic, with like-for-like growth of +26.4%.

- Very rapid expansion is continuing in Russia across all the group's divisions. In the *Consumer Products* Division, the very rapid growth rate stems from products such as *Casting Crème Gloss* by *L'Oréal Paris* and *Affinitone* foundation by *Maybelline. Lancôme* and the *Giorgio Armani* men's fragrances are enabling the *Luxury Products* Division to strengthen its positions, and the same is true of *Kérastase* in the *Professional Products* Division.
- Growth rates remain high in Poland, Ukraine, Romania, Slovenia and Croatia.

Sales in **Latin America** advanced in the 3rd quarter, reaching +5.7% at the end of September, with contrasting situations from one country to another:

- Strong growth is continuing in Argentina, Venezuela, Chile and Uruguay.
- Brazil returned to a positive growth trend in the 3rd quarter, galvanised by the success of *Casting Crème Gloss* and the launch of *Elsève Total Reparaçao 5* by *L'Oréal Paris*. *Innéov*, which has just been launched, is being rapidly rolled out.
- Mexico remains difficult because of market conditions, and significant stock reductions by distributors. The sell-out trend in sales outlets remains positive.

The **Other Countries** zone achieved like-for-like growth of +9.1%.

- The Middle East, Morocco and Lebanon are driving growth.
- Growth is continuing in South Africa, thanks in particular to *Soft-Sheen Carson* and *Garnier.*
- Growth in Australia is satisfactory.
- Contrasting trends were again recorded in India.

The Body Shop

The like-for-like sales of **The Body Shop** increased by +7.6%.
Retail sales (1) increased by +5.0%. With a comparable store base (2), the increase in sales amounted to +0.3%.
The brand has recorded significant successes in Russia, the Middle East and Asia, but is having to cope with lower consumption in its stores in the United Kingdom and the United States as a result of the economic environment.
With a new communication approach and new visual media in sales outlets, The Body Shop is reasserting its philosophy as a natural and ethical brand: "Nature's way to beautiful".

65 stores have been opened since the start of the year, taking the total to 2,491.

(1) Retail sales: total sales to consumers through all channels.
(2) Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to September 30th 2007 and over the same period in 2008.

Dermatology

Galderma's like-for-like sales increased by +17.7%. Contribution from several strategic brands **-** *Differin*® (acne), *Oracea*® (rosacea), a key product from the 2008 acquisition of *CollaGenex*, *Rozex*®/*Metro*® (rosacea), *Clobex*® (psoriasis), *Cetaphil*® (therapeutic skin care product line), and *Dysport*® (hyperfunctional facial lines) - was well balanced.
Epiduo®*,* the new combination treatment for acne, which was recently launched in several European and Latin American countries, provided additional growth.
Differin® 0.1% gel was approved as the first retinoid for acne in Japan, the world's 2nd largest market in dermatology, where the product is highly anticipated.

Important events during Q3

Under the share buyback programme decided by the Board of Directors on June 19th 2008, 4,351,000 shares were acquired between July 1st and September 30th 2008 for a total amount of €301.9 million.

In accordance with the 8th resolution approved by the Annual General Meeting on April 22nd 2008, the Board of Directors decided, on August 28th 2008, to cancel 8,410,400 shares. The share capital of L'Oréal is fixed at €120,482,562, divided into 602,412,810 shares of €0.2 each.

YSL Beauté has been consolidated since June 30th 2008. Its consolidation will have a dilutive impact of slightly more than 1% on 2008 net earnings per share.

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Annexe:

L'Oréal group sales 2007/2008
(€ millions)

	2007	**2008**
First quarter:		
Cosmetics	4 030	4 118
The Body Shop	169	168
Dermatology	69	73
First quarter total	**4 268**	**4 359**
Second quarter:		
Cosmetics	3 984	4 016
The Body Shop	172	166
Dermatology	90	105
Second quarter total	**4 246**	**4 287**
First half:		
Cosmetics	8 014	8 134
The Body Shop	341	334
Dermatology	159	178
First half total	**8 514**	**8 646**
Third quarter:		
Cosmetics	3 849	3 978
The Body Shop	180	176
Dermatology	96	112
Third quarter total	**4 125**	**4 266**
Nine months:		
Cosmetics	11 863	12 112
The Body Shop	521	510
Dermatology	255	290
Nine months total	**12 639**	**12 912**
Fourth quarter:		
Cosmetics	4 045	
The Body Shop	266	
Dermatology	112	
Fourth quarter total	**4 423**	
Full year		
Cosmetics	15 908	
The Body Shop	787	
Dermatology	368	
Full year total	**17 063**	