

Annual Results 2013

FURTHER STRENGTHENING OF WORLDWIDE POSITIONS RECORD OPERATING MARGIN

- **Sales: 22.98 billion euros**
 - +5.0% like-for-like
 - +2.3% based on reported figures
 - +6.0% at constant exchange rates
- **Operating profit: 3.875 billion euros, representing 16.9% of sales**
- **Net profit after non-controlling interests: +3.2%**
- **Net earnings per share*: +4.4% at 5.13 euros**
- **Dividend**: +8.7% at 2.50 euros**

The Board of Directors of L'Oréal met on February 10th, 2014 under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2013.

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

"2013 was another year of robust growth for L'Oréal. The Group achieved sustained sales growth and, in a market whose expansion was more moderate in 2013, accelerated its outperformance versus the market. L'Oréal is strengthening its worldwide positions across all divisions and all geographic zones.

The Consumer Products Division, L'Oréal Luxe and the Active Cosmetics Division are maintaining a good momentum, thanks to the performances of their major brands. The Professional Products Division is gradually improving.

In terms of geographic zones, the Group's growth is well balanced: Western Europe remains very solid, North America recorded another year of growth and market share gains in a less buoyant market context, and the New Markets excluding Japan posted double-digit growth.

Lastly, profitability reached a record level in 2013, confirming the relevance of our business model.

The quality of these results illustrates the Group's ability to continue to deliver sustainable and profitable growth. We are starting 2014 with confidence, driven by our mission of "Beauty for All", the power of our research and innovations, the strength of our portfolio of complementary brands and the globalisation of our major brands.

In an economic context that is still marked by uncertainties, particularly on the monetary front, L'Oréal is confident in its ability to outperform the market once again in 2014, and to achieve another year of sales and profit growth."

The Board of Directors has decided to propose to the Annual General Meeting of Thursday, April 17th, 2014 the payment of a dividend of €2.50 per share, an increase of 8.7% compared with the previous year. The Board will also propose to the Annual General Meeting the renewal of the terms of office of Mr Jean-Paul Agon and Mr Xavier Fontanet.

Mr Marc Ladreit de Lacharrière has not requested the renewal of his term of office which expires at the end of the 2014 Annual General Meeting. The Board wishes to convey to Mr Marc Ladreit de Lacharrière its deep gratitude for his active participation in the work of the Board during these last 30 years. The Board will propose to the Annual General Meeting the appointment as new Board Director of Mrs Belen Garijo, of Spanish nationality, President and CEO of Merck Serono, pharmaceutical subsidiary of the German group Merck.

* Diluted net earnings per share, based on net profit excluding non-recurring items after non-controlling interests.

** Proposed at the Annual General Meeting of April 17th, 2014.

A – 2013 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal Group was +5.0%.

The net impact of changes in consolidation amounted to +1.0%.

Currency fluctuations had a negative impact of -3.7%.

Growth at constant exchange rates was +6.0%.

Based on reported figures, the Group's sales, at December 31st, 2013, amounted to 22.977 billion euros, an increase of +2.3%.

Sales by operational division and geographic zone

	4 th quarter 2013			At December 31 st , 2013		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By operational division</u>						
Professional Products	726.1	3.3%	-2.1%	2,973.8	2.1%	-1.0%
Consumer Products	2,550.0	3.7%	-2.4%	10,873.2	4.9%	1.5%
L'Oréal Luxe	1,600.2	8.4%	5.5%	5,865.2	6.8%	5.3%
Active Cosmetics	339.2	7.2%	2.2%	1,602.4	7.8%	4.9%
Cosmetics total	5,215.5	5.2%	0.2%	21,314.5	5.2%	2.4%
<u>By geographic zone</u>						
Western Europe	1,803.3	1.6%	-0.1%	7,483.4	1.9%	1.1%
North America	1,299.3	3.7%	0.8%	5,356.1	3.8%	2.8%
New Markets, of which:	2,112.9	9.4%	0.2%	8,475.0	9.4%	3.3%
- Asia, Pacific	1,088.1	9.7%	-0.1%	4,382.2	8.4%	2.2%
- Latin America	472.5	10.8%	-0.5%	1,894.5	11.5%	3.7%
- Eastern Europe ⁽¹⁾	432.5	5.2%	-1.4%	1,693.3	8.2%	4.2%
- Africa, Middle East ⁽¹⁾	119.8	18.0%	11.7%	505.1	14.3%	9.0%
Cosmetics total	5,215.5	5.2%	0.2%	21,314.5	5.2%	2.4%
The Body Shop	287.0	2.9%	-1.1%	835.8	1.2%	-2.3%
Dermatology ⁽²⁾	260.9	12.9%	10.4%	826.3	3.9%	3.9%
Group total	5,763.4	5.4%	0.6%	22,976.6	5.0%	2.3%

(1) As of July 1st, 2013, Turkey and Israel, which were previously included in the Africa, Middle East zone, were transferred to the Eastern Europe zone. All figures for earlier periods have been restated to allow for this change.

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

1) Cosmetics sales

PROFESSIONAL PRODUCTS

The Professional Products Division recorded growth of +2.1% like-for-like and -1.0% based on reported figures in a channel that was still affected by declining salon visits in the mature markets, but remains dynamic in the New Markets.

- In the very buoyant luxury haircare segment, *Kérastase*, the Division's number one brand in terms of growth contribution, had a very good year, thanks to "*Couture Styling*" and *Initialiste*. Haircare is continuing to grow strongly, thanks to the success of the hair oils and the launch of *Biologie Advanced by Matrix*. Hair colourants have been driven by *Hairchalk* from *L'Oréal Professionnel*, the first-ever make-up for hair, and the ramp-up of ODS 2 technology. *Essie* continues to grow; its recent launch, *Essie Gel*, is a resounding success.
- In geographic terms, the Division's brands are maintaining their positions in mature markets which remain lacklustre. The Division is growing strongly across all the New Markets excluding Japan. Brazil, Russia and India were amongst the largest contributors to growth.

CONSUMER PRODUCTS

The Consumer Products Division posted growth of +4.9% like-for-like and +1.5% based on reported figures. The Division is outperforming the global market and winning market share.

- The trends of all the Division's brands were favourable, and all grew faster than the market. Growth at *L'Oréal Paris* is accelerating, and the brand is strengthening its worldwide leadership, thanks to a very strong performance in haircare. The brand is also growing strongly in facial skincare with *Age Perfect Cell Renew* and has chalked up successes in hair colourants with *Préférence Wild Ombrés* and in make-up with *Butterfly* mascara. *Garnier* recorded double-digit growth in hair colourants, thanks to *Olia*. The brand's growth in facial skincare is continuing with the BB creams. *Maybelline* posted strong growth in the lipstick category with the launch of *Rouge Elixir* and in more accessible categories such as nail varnishes and eyeliners. *SoftSheen.Carson* is making progress thanks to the launch of *Amla Legend*.
- The Division had a very good year in Western Europe, where it continues to improve its leadership position. In North America, business was affected by the market slowdown and the adjustment in distributors' inventories, but sell-out increased two and a half times faster than the market. Brazil, India, Indonesia, Turkey and the Gulf states all performed very well.

L'OREAL LUXE

After a strong end to the year, L'Oréal Luxe grew by +6.8% like-for-like and +5.3% based on reported figures. The Division is significantly outperforming selective market growth.

- *Lancôme* delivered another solid year in fragrances with *La Vie est Belle*, which established itself as a top seller, and in skincare its sales were highly dynamic, with the innovative *Advanced Génifique* and *Dreamtone*. Asserting its status as a major luxury brand, *Giorgio Armani* posted a very strong year thanks to the success of its women's fragrance *Sì*, already in the European top 5, and to its Armani Beauty line, which made a real breakthrough this year. *Yves Saint Laurent* is extending its reach in Asia, particularly in China, and has a global success on its hands with *Vernis à Lèvres Rebel Nudes*. *Kiehl's*, *Clarisonic* and *Urban Decay* are recording very strong growth on all continents. Their latest launches – respectively *Super Multicorrective Cream*, *Pedi Sonic Foot Transformation System* and the *Naked 3* make-up palette – have all been big successes. As for the designer fragrance brands, *Ralph Lauren* is proving extremely successful in North America and Latin America with the launch of *Polo Red*. *Viktor&Rolf* continued its strong growth.

- Over the full year, L'Oréal Luxe outperformed the market in all its major zones, and in Travel Retail.

ACTIVE COSMETICS

In 2013, the Division recorded strong sales growth of +7.8% like-for-like and +4.9% based on reported figures, clearly strengthening its position as the world leader in the dermocosmetics market.

- The Vichy brand is going from strength to strength in skincare with the continuing development of its *Idealia* franchise (*BB Cream*, *Life Serum*) and the launch of *Néovadiol Magistral*. In the haircare segment, *Dercos Neogenic*, a treatment which redensifies the hair, is proving successful. *La Roche-Posay* posted another year of double-digit growth, with a series of successes in all regions of the world. The brand's growth is being driven by the solid roll-out of benchmark franchises prescribed by dermatologists, such as *Effaclar* and *Lipikar*, and the more recent launches of *Redermic R*, *Substiane Serum* and *Iso Urea MD*. *SkinCeuticals* is achieving good performances, and is continuing its rapid expansion. The brand is launching a bodycare range to be used in association with aesthetic procedures, and is thus beginning the conquest of a new segment.
- Across the regions, the Division's trends remain favourable in Western Europe, growing twice as fast as the market. The New Markets are proving highly dynamic, particularly in Brazil and China.

Multi-division summary by geographic zone

WESTERN EUROPE

In a context that remained difficult, particularly in Southern Europe, growth came out at +1.9% like-for-like and +1.1% based on reported figures.

All the Divisions are making market share gains, particularly in France, Germany and the United Kingdom. L'Oréal Luxe sales are being driven by *Lancôme*, *Giorgio Armani* and *Kiehl's*, and Consumer Products Division sales by *Garnier* and *L'Oréal Paris*. The success of *La Roche-Posay* and *Vichy* is enabling the Active Cosmetics Division to reinforce its number one position.

NORTH AMERICA

Sales advanced by +3.8% like-for-like and by +2.8% based on reported figures. In a market that was less dynamic than in 2012, the Group made market share gains. The Consumer Products Division consolidated its market leader position thanks to strong growth at *L'Oréal Paris* with the success of *Advanced Hair Care*. L'Oréal Luxe outperformed its market, thanks in particular to the very good results of its American brands *Urban Decay*, *Clarisonic* and *Kiehl's*. In the Professional Products Division, the launches of *Diamond Oil* by *Redken* and *Essie Gel* are very promising.

NEW MARKETS

- **Asia, Pacific:** L'Oréal recorded annual growth of +8.4% like-for-like and +2.2% based on reported figures. Excluding Japan, like-for-like growth reached +9.5%. Except for South Korea, the markets remain dynamic, despite slower growth in China and India. Market share is increasing in this zone, reflecting in particular the good performance of *L'Oréal Paris* in China in the facial skincare and haircare categories, and of *Garnier* in the same categories in South-East Asia. L'Oréal is also performing very well in luxury products, thanks to the strong growth of *Lancôme* and *Kiehl's* and the roll-out of *Yves Saint Laurent* and *Clarisonic*.
- **Latin America:** L'Oréal recorded growth of +11.5% like-for-like and +3.7% based on reported figures. The Consumer Products Division is driven by *Bi-O* deodorants by *Garnier*, *Maybelline* make-up, the success of the BB creams at *L'Oréal Paris* and haircare, with the renewal of *Elvive* and *Fructis*. The Active Cosmetics Division very clearly outperformed its market. In Brazil, all the Divisions made market share gains.

- **Eastern Europe:** Sales increased by +8.2% like-for-like and +4.2% based on reported figures, significantly outperforming the market trend. The Consumer Products Division is winning market share once again, thanks to *Olia* hair colourants by *Garnier* and *Dermo-Expertise* skincare with *Revitalift Laser*. The Professional Products Division and L'Oréal Luxe made market share gains. The Active Cosmetics Division is growing faster than the market in Russia, thanks to the dynamic sales of *La Roche-Posay*.
- **Africa, Middle East:** Sales increased by +14.3% like-for-like and +9.0% based on reported figures, reflecting the good performances of the new subsidiary in Saudi Arabia, strong growth in the Gulf states, Egypt and Pakistan and the recent acquisition of Interbeauty in Kenya. All the Divisions recorded double-digit growth in 2013. Performances were particularly encouraging for *Lancôme*, *Giorgio Armani*, *Kérastase*, *Garnier*, *Maybelline* and *Vichy*, all of which posted growth significantly higher than the market.

2) The Body Shop sales

The Body Shop recorded +1.2% like-for-like sales and -2.3% based on reported figures. The strategic body, skincare and makeup categories grew driven by iconic ranges and innovations such as *Honeymania* bodycare with organic Community Fair Trade honey from Ethiopia.

The Body Shop secured a good Christmas trading around its "Give Joy" programme.

The Body Shop multi-channel strategy delivered sustained growth in ecommerce, particularly in the United Kingdom and in the United States.

Geographically, the main markets which contributed to the brand's development were South Asia and Northern Europe.

3) Galderma sales

Galderma sales increased by +3.9% like-for-like and +3.9% based on reported figures, confirming the success of its innovative medical solutions in its three fields of activity.

In the prescription drug market, where competition from generics is having an impact on the performance of Galderma in Europe and the United States, *Epiduo* posted strong growth, confirming its position as the world's number one prescription product in the topical acne treatment market. *Mirvaso*, a major innovation in the treatment of rosacea-associated erythema, was successfully launched in the United States. The portfolio of self-medication products continues to grow strongly, thanks in particular to *Cetaphil* and *Loceryl*. The good performances of the aesthetic and corrective medical solutions are being driven by the strong growth of *Azzalure* and the growth of *Restylane*.

The particularly solid growth recorded in the New Markets, notably in Asia, Pacific, Russia and Latin America, is bolstering the global expansion of Galderma.

B – Important events during the period 10/01/13 - 12/31/13

- On October 15th, L'Oréal announced the acquisition by The Body Shop of a majority stake in Emporio Body Store in Brazil, with the option of increasing its shareholding to 80% by 2019. Following approval by the Brazilian anti-trust authority CADE, the acquisition was completed on December 12th.
- On October 17th, 2013, L'Oréal announced that it had been granted exclusive negotiation rights by Shiseido for the acquisition of the *Decléor* and *Carita* brands.
- On November 19th, 2013, Beauté Créateurs, a subsidiary that distributes brands specific to the mail order business, announced its intention to cease its mail order activity during the first half of 2014.
- On November 21st, 2013, L'Oréal announced that it was creating a Group Travel Retail Division encompassing all the brands sold in the Travel Retail channel, whose growth is particularly dynamic.

- On November 29th, 2013, the Board of Directors meeting chaired by Mr Jean-Paul Agon decided to buy back L'Oréal shares for an amount of 500 million euros between November 30th and the end of the first quarter of 2014.

C – Results 2013

Audited financial statements, certification in progress.

1) Operating profitability at 16.9% of sales

Consolidated profit and loss account: from sales to operating profit.

	2012		2013	
	€m	% sales	€m	% sales
Sales	22,462.7	100.0%	22,976.6	100.0%
<i>Cost of sales</i>	-6,587.7	29.3%	-6,601.8	28.7%
Gross profit	15,875.0	70.7%	16,374.8	71.3%
<i>Research and development expenses</i>	-790.5	3.5%	-857.0	3.7%
<i>Advertising and promotion expenses</i>	-6,776.3	30.2%	-6,886.2	30.0%
<i>Selling, general and administrative expenses</i>	-4,610.9	20.5%	-4,756.8	20.7%
Operating profit	3,697.3	16.5%	3,874.8	16.9%

Gross profit, at 16,374 million euros, came out at 71.3% of sales, compared with 70.7% in 2012, that is an improvement of 60 basis points.

This improved figure reflects on the one hand the positive effects of improvements in the production costs of products and in the product mix effect, as well as currency fluctuations, and on the other hand, the negative impact of the consolidation of the American companies *Urban Decay* and *Emiliani*.

Research expenses increased strongly at 8.4% and thus increased as a percentage of sales from 3.5% to 3.7%.

Advertising and promotion expenses came out at 30% of sales, almost identical to the 2012 level. Excluding acquisitions, expenses remained stable as a percentage of sales.

Selling, general and administrative expenses, at 20.7% of sales, came out slightly higher, by 20 basis points, than in 2012.

Overall, **operating profit**, at 3,874 million euros, increased by 4.8% at 16.9% of sales. On a constant exchange rate basis, operating growth would have been +7.8%.

2) Operating profit by branch and division

	2012		2013	
	€m	% sales	€m	% sales
<u>By operational division</u>				
Professional Products	615.2	20.5%	609.5	20.5%
Consumer Products	2,050.8	19.1%	2,166.7	19.9%
L'Oréal Luxe	1,077.0	19.3%	1,174.2	20.0%
Active Cosmetics	311.2	20.4%	340.2	21.2%
Cosmetics divisions total	4,054.3	19.5%	4,290.6	20.1%
<i>Non-allocated*</i>	-577.2	-2.8%	-604.5	-2.8%
Cosmetics branch total	3,477.1	16.7%	3,686.1	17.3%
The Body Shop	77.5	9.1%	71.9	8.6%
Dermatology branch**	142.6	17.9%	116.8	14.1%
Group	3,697.3	16.5%	3,874.8	16.9%

* Non-allocated = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.

** Group share, i.e. 50%.

The profitability of the Professional Products Division at 20.5% is in line with previous years.

The profitability of the Consumer Products Division, at 19.9%, improved by 80 basis points.

The profitability of L'Oréal Luxe grew by 70 basis points.

Active Cosmetics once again improved its profitability, which amounted to 21.2%.

The profitability of The Body Shop declined by 50 basis points in 2013 to 8.6%.

Finally, the profitability of Galderma, at 14.1%, reflects the impact of a difficult year in the United States.

3) Profitability by geographic zone

Operating profit	2012		2013	
	€m	% sales	€m	% sales
Western Europe	1,576.2	21.3%	1,658.6	22.2%
North America	959.7	18.4%	1,003.1	18.7%
New Markets	1,518.4	18.5%	1,628.9	19.2%
Cosmetics zones total*	4,054.3	19.5%	4,290.6	20.1%

* Before non-allocated.

Profitability in Western Europe improved by 90 basis points at 22.2%.

Profitability in North America increased by 30 basis points, at 18.7%.

Profitability in the New Markets increased by 70 basis points at 19.2%.

4) Net earnings per share^{**} : 5.13 euros

Consolidated profit and loss accounts: from operating profit to net profit excluding non-recurring items.

€m	2012	2013	% change
Operating profit	3,697.3	3,874.8	+4.8%
<i>Financial revenues and expenses excluding dividends received</i>	-11.0	-42.7	
Sanofi dividends	313.4	327.5	
Profit before tax excluding non-recurring items	3,999.7	4,159.6	+4.0%
<i>Income tax excluding non-recurring items</i>	-1,025.3	-1,038.9	
<i>Non-controlling interests</i>	-2.7	-3.2	
Net profit excluding non-recurring items after non-controlling interests*	2,971.7	3,117.5	
Net EPS** (€)	4.91	5.13	+4.4%
Net profit after non-controlling interests	2,867.7	2,958.2	+3.2%
Diluted net EPS after non-controlling interests (€)	4.74	4.87	
Diluted average number of shares	605,305,458	608,001,407	

* Net profit excluding non-recurring items after non-controlling interests does not include impairment of assets, restructuring costs, tax effects or non-controlling interests.

** Diluted net earnings per share excluding non-recurring items after non-controlling interests.

Total financial costs amounted to 42 million euros.

Dividends from Sanofi amounted to 327 million euros.

Income tax excluding non-recurring items amounted to 1,038 million euros, representing a rate of 25%, slightly below the 2012 rate of 25.6%.

Net profit excluding non-recurring items after non-controlling interests amounted to 3,117 million euros.

Net earnings per share, at 5.13 euros, increased by 4.4%.

After allowing for non-recurring items, representing in 2013 a charge, net of tax, of 159 million euros, **net profit after non-controlling interests** amounted to 2,958 million euros, an increase of 3.2%.

5) Cash flow statement, Balance sheet and Net financial situation

Gross cash flow amounted to 3,906 million euros, an increase of 6.7%.

The **working capital requirement** increased, in 2013, by 155 million euros.

Inventories increased slightly as a percentage of sales, rising from 9.1% at end-2012 to 9.4% at end-2013. **Trade accounts receivable** declined slightly, from 14.3% of sales at end-2012 to 14.2% at end-2013.

Investments, at 1,060 million euros, amounted to 4.6% of sales, slightly up on 2012, when they amounted to 4.3% of sales.

As a result, **operating cash flow**, at 2,689 million euros, increased by 4.4%.

After dividend payment and acquisitions (primarily Vogue, InterConsumer Products, Emporio Body Store and Spirig), the Group recorded, at December 31st, 2013, a net cash surplus of 2,215 million euros, compared with 1,575 million euros at end-2012.

The balance sheet is extremely solid. The reinforcement of shareholders' equity compared with end-2012 is mainly the result of the profit allocated to reserves and the increase in value of the Sanofi shares, valued at market price.

6) Proposed dividend at the Annual General Meeting of April 17th, 2014

The Board of Directors has decided to propose that the Shareholders' Annual General Meeting of April 17th, 2014 should approve a dividend of 2.50 euros per share, an increase of 8.7% compared with the dividend paid in 2013. The dividend will be paid on May 5th, 2014 (ex-dividend date April 29th, 2014 at 0:00 a.m., Paris time).

7) Share capital

As of January 31st, 2014, the capital of the company is formed by **606,059,384** shares, each with one voting right.

"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 2013 Annual Results press release 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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Practical Information:

The **Results Presentation for analysts** will be held **tomorrow at 9:00 am local time** at L'Oréal Headquarters, 41 rue Martre in Clichy.

A **Press Briefing for journalists** with **Jean-Paul Agon** will be held **at 8:00 am local time** at L'Oréal Headquarters.

D – Appendices

Appendix 1: L'Oréal Group sales 2012/2013 (€ millions)

	2012	2013
<u>First quarter:</u>		
Cosmetics	5,309	5,593
The Body Shop	180	182
Dermatology	154	157
First quarter total	5,643	5,932
<u>Second quarter:</u>		
Cosmetics	5,162	5,396
The Body Shop	194	187
Dermatology	215	224
Second quarter total	5,570	5,806
<u>First half:</u>		
Cosmetics	10,471	10,989
The Body Shop	374	369
Dermatology	368	381
First half total	11,213	11,738
<u>Third quarter:</u>		
Cosmetics	5,137	5,110
The Body Shop	191	180
Dermatology	191	185
Third quarter total	5,519	5,475
<u>Nine months:</u>		
Cosmetics	15,608	16,099
The Body Shop	565	549
Dermatology	559	565
Nine months total	16,732	17,213
<u>Fourth quarter:</u>		
Cosmetics	5,204	5,216
The Body Shop	290	287
Dermatology	236	261
Fourth quarter total	5,730	5,763
<u>Full year</u>		
Cosmetics	20,812	21,315
The Body Shop	855	836
Dermatology	796	826
Full year total	22,463	22,977

Appendix 2: Compared consolidated income statements

€ millions	2013	2012	2011
Net sales	22,976.6	22,462.7	20,343.1
Cost of sales	-6,601.8	-6,587.7	-5,851.5
Gross profit	16,374.8	15,875.0	14,491.6
Research and development	-857.0	-790.5	-720.5
Advertising and promotion	-6,886.2	-6,776.3	-6,291.6
Selling, general and administrative expenses	-4,756.8	-4,610.9	-4,186.9
Operating profit	3,874.8	3,697.3	3,292.6
Other income and expenses	-135.2	-123.8	-96.3
Operational profit	3,739.6	3,573.5	3,196.3
Finance costs on gross debt	-29.1	-34.5	-48.1
Finance income on cash and cash equivalents	33.5	31.3	28.5
Finance costs, net	4.4	-3.2	-19.6
Other financial income (expenses)	-47.1	-7.8	-5.6
Sanofi dividends	327.5	313.4	295.6
Profit before tax and non-controlling interests	4,024.4	3,875.9	3,466.7
Income tax	-1,063.0	-1,005.5	-1,025.8
Net profit	2,961.4	2,870.4	2,440.9
Attributable to:			
• owners of the company	2,958.2	2,867.7	2,438.4
• non-controlling interests	3.2	2.7	2.5
Earnings per share attributable to owners of the company (euros)	4.95	4.79	4.11
Diluted earnings per share attributable to owners of the company (euros)	4.87	4.74	4.08
Earnings per share attributable to owners of the company excluding non-recurring items (euros)	5.22	4.97	4.36
Diluted earnings per share attributable to owners of the company excluding non-recurring items (euros)	5.13	4.91	4.32

Appendix 3: Consolidated statements of comprehensive income

€ millions	2013	2012	2011
Consolidated net profit for the period	2,961.4	2,870.4	2,440.9
Financial assets available-for-sale	677.4	1,730.9	1,051.6
Cash flow hedges	13.2	103.0	-6.0
Cumulative translation adjustments	-457.0	-134.3	114.5
Income tax on items that may be reclassified to profit or loss ⁽¹⁾	-32.1	-116.9	-62.8
Items that may be reclassified to profit or loss	201.5	1,582.7	1,097.3
Actuarial gains and losses	188.9	-271.9	-172.4
Income tax on items that may not be reclassified to profit or loss ⁽¹⁾	-63.8	86.7	56.2
Items that may not be reclassified to profit or loss	125.1	-185.2	-116.2
Other comprehensive income	326.6	1,397.5	981.1
Consolidated comprehensive income	3,288.0	4,267.9	3,422.0
Attributable to:			
• owners of the company	3,284.9	4,265.1	3,419.5
• non-controlling interests	3.1	2.8	2.5

⁽¹⁾ The tax effect is as follows:

€ millions	2013	2012	2011
Financial assets available-for-sale	-28.0	-90.0	-63.9
Cash flow hedges	-4.1	-26.9	1.1
Items that may be reclassified to profit or loss	-32.1	-116.9	-62.8
Actuarial gains and losses	-63.8	86.7	56.2
Items that may not be reclassified to profit or loss	-63.8	86.7	56.2
Total	-95.9	-30.2	-6.6

Appendix 4: Compared consolidated balance sheets

ASSETS

€ millions	12.31.2013	12.31.2012 ⁽¹⁾	12.31.2011 ⁽¹⁾
Non-current assets	21,944.2	21,321.3	19,140.9
Goodwill	6,457.6	6,478.2	6,204.6
Other intangible assets	2,547.7	2,625.4	2,477.3
Property, plant and equipment	3,054.1	2,962.8	2,880.8
Non-current financial assets	9,208.3	8,531.3	6,900.9
Deferred tax assets	676.5	723.6	677.3
Current assets	9,354.1	8,209.6	7,722.6
Inventories	2,158.6	2,033.8	2,052.1
Trade accounts receivable	3,253.5	3,208.8	2,996.2
Other current assets	1,167.9	1,006.6	904.1
Current tax assets	166.8	137.2	118.0
Cash and cash equivalents	2,607.3	1,823.2	1,652.2
Total	31,298.3	29,530.9	26,863.5

⁽¹⁾ The balance sheets at December 31st, 2011 and December 31st, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised).

EQUITY & LIABILITIES

€ millions	12.31.2013	12.31.2012 ⁽¹⁾	12.31.2011 ⁽¹⁾
Equity	22,642.8	20,925.5	17,626.9
Share capital	121.2	121.8	120.6
Additional paid-in capital	2,101.2	1,679.0	1,271.4
Other reserves	14,220.8	13,679.7	12,358.2
Other comprehensive income	4,370.1	3,586.4	2,054.7
Cumulative translation adjustments	-566.4	-109.4	24.9
Treasury stock	-568.1	-904.5	-644.4
Net profit attributable to owners of the company	2,958.2	2,867.7	2,438.4
Equity attributable to owners of the company	22,637.0	20,920.7	17,623.8
Non-controlling interests	5.8	4.8	3.1
Non-current liabilities	2,060.9	2,236.0	2,106.7
Provisions for employee retirement obligations and related benefits	980.5	1,242.7	1,145.0
Provisions for liabilities and charges	182.7	181.7	226.1
Deferred tax liabilities	804.0	764.7	678.1
Non-current borrowings and debt	93.7	46.9	57.5
Current liabilities	6,594.6	6,369.5	7,129.9
Trade accounts payable	3,346.0	3,318.0	3,247.7
Provisions for liabilities and charges	557.8	552.3	500.7
Other current liabilities	2,189.8	2,141.1	2,066.7
Income tax	202.1	157.0	224.0
Current borrowings and debt	298.9	201.1	1,090.8
Total	31,298.3	29,530.9	26,863.5

⁽¹⁾ The balance sheets at December 31st, 2011 and December 31st, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised).

Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non- controlling interests	Total equity
At 12.31.2010	589,655,903	120.2	1,148.3	13,346.8	1,188.1	-850.9	-89.6	14,862.9	2.9	14,865.8
Changes in accounting policies at 01.01.2011	-	-	-	-8.1	-	-	-	-8.1	-	-8.1
At 01.01.2011 ⁽¹⁾	589,655,903	120.2	1,148.3	13,338.7	1,188.1	-850.9	-89.6	14,854.8	2.9	14,857.7
Consolidated net profit for the period				2,438.4				2,438.4	2.5	2,440.9
Financial assets available-for-sale					987.7			987.7		987.7
Cash flow hedges					-4.9			-4.9		-4.9
Cumulative translation adjustments							114.5	114.5		114.5
Other comprehensive income that may be reclassified to profit and losses					982.8		114.5	1,097.3		1,097.3
Actuarial gains and losses					-116.2			-116.2		-116.2
Other comprehensive income that may not be reclassified to profit and losses					-116.2			-116.2		-116.2
Consolidated comprehensive income				2,438.4	866.6		114.5	3,419.5	2.5	3,422.0
Capital increase	1,991,497	0.4	123.1					123.5		123.5
Cancellation of Treasury stock										
Dividends paid (not paid on Treasury stock)				-1,065.3				-1,065.3	-2.2	-1,067.5
Share-based payment				86.8				86.8		86.8
Net changes in Treasury stock	2,739,023			1.7		206.5		208.2		208.2
Other movements				-3.7				-3.7	-0.1	-3.8
At 12.31.2011 ⁽¹⁾	594,386,423	120.6	1,271.4	14,796.6	2,054.7	-644.4	24.9	17,623.8	3.1	17,626.9
Consolidated net profit for the period				2,867.7				2,867.7	2.7	2,870.4
Financial assets available-for-sale					1,640.9			1,640.9		1,640.9
Cash flow hedges					76.0			76.0	0.1	76.1
Cumulative translation adjustments							-134.3	-134.3		-134.3
Other comprehensive income that may be reclassified to profit and losses					1,716.9		-134.3	1,582.6	0.1	1,582.7
Actuarial gains and losses					-185.2			-185.2		-185.2
Other comprehensive income that may not be reclassified to profit and losses					-185.2			-185.2		-185.2
Consolidated comprehensive income				2,867.7	1,531.7		-134.3	4,265.1	2.8	4,267.9
Capital increase	5,826,745	1.2	407.6					408.8	1.4	410.2
Cancellation of Treasury stock										
Dividends paid (not paid on Treasury stock)				-1,204.3				-1,204.3	-2.5	-1,206.8
Share-based payment				86.4				86.4		86.4
Net changes in Treasury stock	-1,856,506			2.4		-260.1		-257.7		-257.7
Other movements				-1.4				-1.4		-1.4
At 12.31.2012 ⁽¹⁾	598,356,662	121.8	1,679.0	16,547.4	3,586.4	-904.5	-109.4	20,920.7	4.8	20,925.5
Consolidated net profit for the period				2,958.2				2,958.2	3.2	2,961.4
Financial assets available-for-sale					649.5			649.5		649.5
Cash flow hedges					9.1			9.1	-0.1	9.0
Cumulative translation adjustments							-457.0	-457.0		-457.0
Other comprehensive income that may be reclassified to profit and losses					658.6		-457.0	201.6	-0.1	201.5
Actuarial gains and losses					125.1			125.1		125.1
Other comprehensive income that may not be reclassified to profit and losses					125.1			125.1		125.1
Consolidated comprehensive income				2,958.2	783.7		-457.0	3,284.9	3.0	3,288.0
Capital increase	6,199,701	1.2	422.2					423.4		423.4
Cancellation of Treasury stock		-1.8		-996.7		998.5		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				97.2				97.2		97.2
Net changes in Treasury stock	-4,762,333			1.4		-662.1		-660.7		-660.7
Purchase commitments for minority interests				-48.3				-48.3	-0.9	-49.2
Changes in scope of consolidation									1.4	1.4
Other movements				0.4				0.4		0.4
At 12.31.2013	599,794,030	121.2	2,101.2	17,179.0	4,370.1	-568.1	-566.4	22,637.0	5.8	22,642.8

⁽¹⁾ Taking into account the change in accounting policies resulting from the amendment to IAS 19 (revised).

Appendix 6: Compared consolidated statements of cash flows

€ millions	2013	2012	2011
Cash flows from operating activities			
Net profit attributable to owners of the company	2,958.2	2,867.7	2,438.4
Non-controlling interests	3.2	2.7	2.5
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	840.1	691.6	614.3
• changes in deferred taxes	7.3	17.3	85.9
• share-based payment (including free shares)	97.2	86.4	86.8
• capital gains and losses on disposals of assets	-	-4.3	-1.7
Gross cash flow	3,906.0	3,661.4	3,226.2
Changes in working capital	-155.8	-129.1	-322.0
Net cash provided by operating activities (A)	3,750.2	3,532.3	2,904.2
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-1,060.5	-955.0	-865.7
Disposals of property, plant and equipment and intangible assets	8.7	7.3	15.2
Changes in other financial assets (including investments in non-consolidated companies)	-87.9	105.8	-1.2
Effect of changes in the scope of consolidation	-229.5	-466.2	-717.4
Net cash (used in) from investing activities (B)	-1,369.2	-1,308.1	-1,569.1
Cash flows from financing activities			
Dividends paid	-1,426.5	-1,268.2	-1,107.6
Capital increase of the parent company	423.4	408.8	123.5
Capital increase of subsidiaries	-	1.4	-
Disposal (acquisition) of Treasury stock	-660.6	-257.7	208.2
Purchase of non-controlling interests	-	-	-
Issuance (repayment) of short-term loans	158.9	-906.7	852.8
Issuance of long-term borrowings	-	-	-
Repayment of long-term borrowings	-13.8	-13.4	-1,333.6
Net cash (used in) from financing activities (C)	-1,518.6	-2,035.8	-1,256.7
Net effect of changes in exchange rates and fair value (D)	-78.3	-17.4	23.4
Change in cash and cash equivalents (A+B+C+D)	784.1	171.0	101.8
Cash and cash equivalents at beginning of the year (E)	1,823.2	1,652.2	1,550.4
Cash and cash equivalents at end of the year (A+B+C+D+E)	2,607.3	1,823.2	1,652.2