

# L'ORÉAL

## Strong Increase In 2002 Results

NEWS RELEASE

Clichy, Thursday 20th February 2003 7.30 a.m.

### **Strong increase in 2002 Results**

#### **Net profit before exceptionals: up 18.5%**

Consolidated sales reached € 14.3 billion. Like-for-like growth was +8.9% on 2001.

**Net profit before exceptionals, i.e. before capital gains and losses and after minority interests(1), used to calculate earnings per share, reached € 1,456 million, an increase of +18.5%.**

Adjusted operating profit (2) advanced by +10.3% to € 1,841 million. Pre-tax profit of fully consolidated companies rose +13.1% to € 1,698 million.

**Mr Lindsay OWEN-JONES, Chairman and Chief Executive Officer of L'Oréal, said: "Despite significant currency fluctuations and a difficult economic climate in some markets, L'Oréal was able to maintain strong organic growth momentum in 2002 thanks to its policy of international innovations. Good currency hedging and strict cost control enabled us to continue to improve our margins. Overall, we achieved further strong growth in our net profit. This achievement means that, despite the monetary difficulties, we can look forward to 2003 with confidence".**

#### **Continuing margin improvement**

Adjusted operating profit (2) increased by +10.3% to € 1,841 million, representing 12.9% of consolidated sales, compared with 12.1% in 2001.

The continuing margin improvement in all markets reflects the successful international development of the core brands and constant efforts to control manufacturing and administrative costs.

### **CONSOLIDATED GROUP**

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#### **Adjusted operating profit (2) by branch**

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**At 31st December 2002    As % of sales**

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**Cosmetics    € 1,768 m    12.7%**

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**Dermatology** <sup>(3)</sup> € 65 m 20.3%

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**Consolidated total** € 1,841 m 12.9%

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(<sup>1</sup>) Unaudited financial statements.

(<sup>2</sup>) i.e including exchange gains and losses.

(<sup>3</sup>) Group share, i.e 50 %.

## **COSMETICS BRANCH**

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### **Adjusted operating profit (<sup>2</sup>) by geographical zone (As % of sales)**

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**2001 2002**

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**Western Europe** 13.3% 13.9%

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**North America** 12.3% 12.7%

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**Rest of the World** 8.1% 9.5%

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**Cosmetics total** 12.0% 12.7%

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(<sup>2</sup>) i.e including exchange gains and losses.

As a result of the decline in the group's debt together with lower interest rates, net financial expenses (excluding exchange gains and losses) amounted to € 142 million compared with € 167 million in 2001.

Consequently, pre-tax profit of fully consolidated companies increased by +13.1% to € 1,698 million.

Corporate taxes at group level increased by +8.2% to € 580 million.

Net profit (before capital gains and losses) of fully consolidated companies was € 1,119 million, increasing by +15.8%.

### **Strong contribution from Sanofi-Synthélabo**

The group share of net profit from equity affiliates amounted to € 345 million, representing an increase of +28%. This reflects the contribution of SANOFI-SYNTHELABO which once again achieved strong earnings growth.

### **A sound balance sheet**

The cash flow generated in 2002 enabled group debt levels to be reduced once again. The debt-to-equity ratio fell from 12.6% at the end of 2001 to 4.8% at the end of 2002.

### THE GROUP'S MAIN ANNUAL INDICATORS<sup>(1)</sup>

<b>Main annual indicators <sup>(1)</sup></b>			
<b>At 31st December 2001</b>			
<b>€ million</b>	<b>At 31st December 2002</b>		
<b>€ million</b>	<b>%</b>	<b>Growth</b>	
<b>Consolidated sales</b>	<b>13,740</b>	<b>14,288</b>	<b>+4.0%</b>
<b>Operating profit</b>	<b>1,626</b>	<b>1,778</b>	<b>+9.4%</b>
<b>Adjusted operating profit <sup>(2)</sup></b>	<b>1,669</b>	<b>1,841</b>	<b>+10.3%</b>
<b>Pre-tax profit of fully consolidated companies</b>	<b>1,502</b>	<b>1,698</b>	<b>+13.1%</b>
<b>Net profit (before capital gains and losses) of fully consolidated companies</b>	<b>966</b>	<b>1,119</b>	<b>+15.8 %</b>
<b>Group share of net profit from equity affiliates</b>	<b>270</b>	<b>345</b>	<b>+28.0%</b>
<b>Net profit before capital gains and losses and after minority interests</b>	<b>1,229</b>	<b>1,456</b>	<b>+18.5%</b>
<b>Earnings per share (€)</b>	<b>1.82</b>	<b>2.15</b>	<b>+18.5%</b>

*<sup>(1)</sup> Unaudited financial statements.*

*<sup>(2)</sup> i.e including exchange rate gains and losses.*

Net book profit after minority interests reached € 1,277 million. The difference between net profit before capital gains and losses and minority interests and net book profit stems mainly from provisions for L'Oréal shares held by the group itself (€ 80 million) and from amortisation of goodwill (€ 50 million), together with various restructuring costs and capital gains or losses.

The Board of Directors reviewed these provisional financial statements on 19th February

2003 and will close them on 25th March 2003.

Contact at L'ORÉAL :

Mr Lorrain KRESSMANN

tel: +33 (0)1.47.56.40.24

<http://www.loreal.com>

*For further information, please contact your bank, broker or financial institution, and consult your usual newspapers, the Internet site for shareholders and investors, <http://www.loreal-finance.com>, or the mobile website for PDA: [loreal-finance.com](http://www.loreal-finance.com) mobile edition. Alternatively, call the phone number: +33 1 58 13 51 36. - L'OREAL – 41 rue Martre – 92117 CLICHY–France.*

## 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](http://www.loreal.com)

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*"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](http://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."*

## **Contacts L'OREAL** (switchboard + 33 1.47.56.70.00)

### **Individual shareholders and market authorities**

Jean Régis CAROF  
Tel : + 33 (0)1.47.56.83.02  
[jean-regis.carof@loreal.com](mailto:jean-regis.carof@loreal.com)

### **Financial analysts and institutional investors**

Françoise LAUVIN  
Tel : +33 (0)1.47.56.86.82  
[francoise.lauvin@loreal.com](mailto:francoise.lauvin@loreal.com)

### **Journalists**

Stéphanie Carson-Parker  
Tel : + 33 (0)1 47 56 76 71  
[stephanie.carsonparker@loreal.com](mailto:stephanie.carsonparker@loreal.com)

For further information, please contact your bank, stockbroker or financial institution (I.S.I.N. code: FR0000120321), and consult your usual newspapers or magazines or the Internet site for shareholders and investors, [www.loreal-finance.com](http://www.loreal-finance.com), the L'Oréal Finance app or call the toll-free number from France: 0.800.66.66.66.

Anne-Laure RICHARD  
Tél : +33 (0)1.47.56. 80.68  
[annelaure.richard@loreal.com](mailto:annelaure.richard@loreal.com)

Polina Huard  
Tél : +33 (0)1 47 56 87 88  
[polina.huard@loreal.com](mailto:polina.huard@loreal.com)

Vanessa Wang  
Tel : +33 (0)1 47 56 76 88  
[vanessa.wang@loreal.com](mailto:vanessa.wang@loreal.com)