



L'ORÉAL PROFESSIONNEL
KÉRASTASE
REDKEN
MATRIX
PUREOLOGY
SHU UEMURA ART OF HAIR
MIZANI
KÉRASKIN ESTHETICS

Professional

PRODUCTS



Creativity and services for each salon

“Supporting the development of increasingly professional hair salons in the “growth-relay” countries and providing new leverage for the development of salons in the mature countries are the major challenges for the Professional Products Division. It draws on a portfolio of brands, highly complementary both in technical and artistic inspiration and price positioning, to meet the needs of all salons, whatever their stages of development. Education, the driving force for professionalisation, is adapted to suit each region of the world. A thorough knowledge of specific consumer needs, and collaboration with top hairdressers, enable the division to deliver powerful innovations each year in products, services and businesses. The launch of KÉRAKIN ESTHETICS, an exclusively professional skincare line, has thus opened up a new market for hair salons.”

Nicolas Hieronimus
Managing Director
Professional Products

2008 REVIEW

The Professional Products Division strengthened its number 1 position in a market whose growth slowed substantially over the year. In Western Europe, growth (+0.6%) was driven by Northern Europe (Germany, the United Kingdom, the Netherlands, Scandinavia) where the division has been gaining significant market share. The luxury brands (SHU UEMURA ART OF HAIR, KÉRASTASE, MIZANI), MATRIX with its accessible positioning, and the alternative brand REDKEN are the major growth drivers. In North America (–6.3%), the severe recession and the intense anti-diversion efforts should not overshadow the success in hair colourants (+6.0% in salon sales), rewarding the distributor strategy which is particularly effective in conquering new salons. The Rest of the World zone is continuing its rapid expansion (+14.7%) thanks to the success of L'ORÉAL PROFESSIONNEL, KÉRASTASE and MATRIX. Russia (+36.2%), Brazil (+16.4%) and China (+32.9%) are the three major contributors to this growth rate. Japan (+5.0%) is confirming its dynamism, while India (+28.8%) is accelerating.

2009 OUTLOOK

2009 should be marked by a slowdown in the world hairdressing market, even though it is traditionally one of the first to return to growth when the economy rebounds. Salons will be looking to accentuate their differentiation and appeal. In this setting, the diversity of the brand portfolio will come into its own. The luxury brands will continue to serve all the needs of upmarket salons. The accessible positioning of MATRIX will appeal to large numbers of salons eager to combine quality with competitive prices, while REDKEN and L'ORÉAL PROFESSIONNEL will cultivate their flair for artistic and technical innovation.

The international roll-out of the PUREOLOGY brand acquired in 2007, Série Nature and the L'ORÉAL PROFESSIONNEL men's line will tap into two strong consumption trends: natural products and men's beauty. 2009 will be a year of innovation for all the brands, and a year for conquering new territories, particularly in South-East Asia, North Africa and the Near and Middle East.

CONSOLIDATED SALES BY GEOGRAPHIC ZONE

| | 2007 | 2008 | % of 2008 sales | Growth 2008/2007 Like-for-like | Published figures |
|-------------------|----------------|----------------|--------------------|--------------------------------------|----------------------|
| € millions | | | | | |
| Western Europe | 1,017.8 | 1,002.6 | 40.6% | +0.6% | –1.5% |
| North America | 802.0 | 830.3 | 33.6% | –6.3% | +3.5% |
| Rest of the World | 572.1 | 638.8 | 25.8% | +14.7% | +11.7% |
| TOTAL | 2,391.9 | 2,471.7 | 100% | +1.3% | +3.3% |

CONSOLIDATED SALES BY BUSINESS SEGMENT

| | 2007 | 2008 | % of 2008 sales | Growth 2008/2007 Like-for-like | Published figures |
|-----------------------|----------------|----------------|--------------------|--------------------------------------|----------------------|
| € millions | | | | | |
| Hair colourants | 887.6 | 876.5 | 35.5% | +0.5% | –1.2% |
| Styling and textures | 360.3 | 350.5 | 14.2% | –2.5% | –2.7% |
| Shampoos and haircare | 1,144.0 | 1,244.7 | 50.4% | +3.0% | +8.8% |
| TOTAL | 2,391.9 | 2,471.7 | 100% | +1.3% | +3.3% |

08 highlights

Acquisition of a third distributor in the United States,

Columbia Beauty Supply, completing the division's territorial coverage, following the acquisition of Maly's West and Beauty Alliance in 2007. This strategic initiative enables the division to build closer technical and commercial relationships with hairdressers, control distribution, raise its standards of service, and increase its market share.

Major innovations in

hair colourants with the launches of Rubilane®, a hair colourant which produces intense and lasting copper red colours, and Platinum Plus lightening paste, which combines safety with comfort.

L'Oréal strongly reinforces its leadership in Eastern Europe

thanks to the success of KÉRASTASE and L'ORÉAL PROFESSIONNEL in the luxury segment, and MATRIX in the affordable segment.



Strong worldwide growth in the luxury brands

SHU UEMURA ART OF HAIR, KÉRASTASE and MIZANI, which combine superior quality with the benefits of a unique experience.

Rapid growth in the emerging countries

thanks to hairdresser education, the success of MATRIX and local breakthroughs for L'ORÉAL PROFESSIONNEL, with Hair Spa in Asia and Force Relax in Brazil.

Success for men's

haircare with the new lines L'Oréal Professionnel Homme and its Cover 5' product for grey hair, and the Mint line by Redken for Men.

Launch of KÉRASKIN ESTHETICS,

the ultra-selective skincare line, in hair salons with skincare booths and luxury aesthetic institutes.



—KÉRASTASE
Russia.

L'ORÉAL PROFESSIONNEL

A premium brand featuring the most advanced technologies, L'ORÉAL PROFESSIONNEL is the privileged partner and the source of inspiration of top hairdressers all over the world.

In 2008, the growth of L'ORÉAL PROFESSIONNEL outpaced the market. In hair colourants, the brand strengthened its leadership thanks to solid performances from the star products Majirel and Luo Color, combined with the success of Color Suprême anti-ageing hair colourant, Platinum Plus lightening paste and the launch of Rubilane®, a patented hair colourant, which for the first time ever offers intense and lasting copper red colours.

In haircare, Série Expert is confirming its dynamism around the world, thanks to the launches of Liss Ultime, a range dedicated to unruly hair, and Volume Expand, the first range to benefit from mineral technology. The launch of the Série Nature range, entirely designed around natural ingredients, is another growth vector.

In styling, the growth of L'ORÉAL PROFESSIONNEL has been driven by the extremely successful Play Ball, a young, alternative styling range, while the premium styling brand Texture Expert is continuing its conquest of the United States and is moving into Asia.

The brand is entering the men's market for the first time with the launch of L'Oréal Professionnel Homme. This extremely comprehensive haircare range includes the new product Cover 5', a major technological innovation which very naturally covers grey hair in just five minutes. For salons this is a new add-on service which has been enthusiastically welcomed by hairdressers.

KÉRASTASE

The KÉRASTASE brand again reinforced its position as the world leader in professional haircare. In 2008, its strong growth was driven by markets outside Europe, primarily by Japan and the United States. Throughout the year, the brand's positioning has been modernised with a new communication format and the introduction of luxury codes. Breakthrough technologies have been deployed, with the

launches of Biotic, the first range to strengthen the scalp's natural defences, and Chroma Riche, a new panoply of haircare products for damaged colour-treated hair. Distribution selectivity, which guarantees the quality of service offered around KÉRASTASE products, has again been strengthened.

REDKEN

REDKEN 5TH AVENUE delivered a very strong performance, boosting its global reach. Its revolutionary products, its link-up with Fashion Week in New York and its commitment to hairdresser education are driving its growth. The major initiatives of 2008 are the successful launch of Real Control haircare, the 20th anniversary of Shades EQ hair colourants, and the partnership with world-famous hair stylist Guido Palau.

MATRIX

For MATRIX, the number 1 brand in North America, the acceleration of its global conquest, particularly in the BRIC countries⁽¹⁾ has counterbalanced the difficulties faced in North America with the economic context and its anti-diversion efforts. Hair colourants enjoyed strong growth thanks to the international restage of core range Socolor.beauty and the successful launch of Color Sync Sheer Pastels. In the brown segment, Wonderbrown again proved dynamic in Asia and was also successful in India. In haircare, Biolage extended its reach in Europe, and grew with the launch of Forte thérapie and new services. The accessible haircare range Matrix Essentials was boosted by the worldwide success of Sleek.look. With 280,000 salons, MATRIX is now present in 53 countries.



—L'ORÉAL PROFESSIONNEL
Launched in Brazil, the Force Relax haircare range offers precise hair relaxation with the injection of active nutri-lipidic ingredients.



—SHU UEMURA ART OF HAIR
Enriched with Depsea Water, Muroto Volume haircare is formulated to meet the needs of fine hair.



—KÉRASTASE
With Chroma Riche, the fibre is filled with active emollients and light refracting ingredients.



—MATRIX
Biolage Forte thérapie increases the strength of hair that is moderately fine to thick, damaged or colour-treated, weakened or brittle.

(1) Brazil, Russia, India, China.



—L'ORÉAL PROFESSIONNEL
Brazil.



—MATRIX
China.

Partnership

L'ORÉAL PROFESSIONNEL ADVANCED TRAINING WINS OVER HAIRDRESSERS ACROSS THE GLOBE

The new "H3" cutting and styling education programme focuses on the three facets of the hairdressing business: "Heart" for artistic inspiration, "Hand" for technical expertise, and "Head" for salon development. A team of six top international hairdressers, which is changed each year, creates a collection of hair styles using L'ORÉAL PROFESSIONNEL styling products. Information on the techniques is distributed to the training teams in each country, and they are then passed on to hairdressers in L'ORÉAL PROFESSIONNEL salons. This unique approach has met with unprecedented success in the profession. It has enabled the training of more than 15,000 hairdressers in the latest styling techniques, the most modern trends and the use of the products.

Commitments

The science of natural ingredients

In its new Série Nature range, L'ORÉAL PROFESSIONNEL is committed to replacing chemical compounds by ingredients of natural origin whenever possible, without compromising efficacy and cosmetic performance. Driven forward by the group's Advanced Research, Série Nature offers formulas which embellish and protect the hair while respecting its fiber. Furthermore, all Série Nature products are developed at our factory in Burgos, which is equipped with solar panels and a rainwater and waste recycling system.

PUREOLOGY

As the number 1 colour care brand in the United States, the brand offers ZeroSulfate haircare products based on 100% vegan ingredients. In 2008, PUREOLOGY launched the first anti-dandruff system for coloured hair, and received the prize for the best professional shampoo in the North American Stylist Choice Awards for the 5th consecutive year. The brand is also participating in the national "Break the silence about ovarian cancer" campaign.

SHU UEMURA ART OF HAIR

One year after its launch, SHU UEMURA ART OF HAIR has confirmed its outstanding success in the world's most prestigious salons. Based on the ancestral values of Japanese haircare, the brand offers the ultimate in haircare and service in an exceptional environment, as well as products based on rare natural ingredients. In 2008, the brand launched the Muroto Volume range, based on Depsea Water, taken from the depths of the ocean off the coast of Japan, which is rich in volume-enhancing minerals.

MIZANI

In 2008, MIZANI achieved double-digit growth, strengthening its original positioning as a salon-exclusive expert brand for Afro and multi-textured hair. MIZANI means "balance" in Swahili. All its products are formulated to balance hydration and protein, such as haircare products Scalp Care and Renew Strength, and the Butter Blend Sensitive Scalp Relaxer system, launched in 2008.

KÉRASKIN ESTHETICS

The new professional skincare brand made a high-profile entrance into luxury aesthetics. In this extremely dynamic market, KÉRASKIN ESTHETICS is aiming to support the development of upmarket salons and aesthetics centres. In 2008, the brand was launched in eight countries in Western Europe, Russia and Asia. The original combination of L'Oréal's advanced research with the expertise of the top aesthetics professionals has given rise to a new professional approach to beauty. KÉRASKIN ESTHETICS offers a range consisting of seven rituals, 30 professional products and tools, and professional excellence training programmes.