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L'OCCITANE

EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

*49, Boulevard Prince Henri L-1724 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
(Stock code: 973)*

PROFIT WARNING AND UNAUDITED TRADING UPDATE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

PROFIT WARNING

This announcement is made by L'Occitane International S.A. (the "Company") and its subsidiaries (the "Group") pursuant to the provision of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Based on the preliminary review of the draft unaudited financial statements for the six months ended 30 September 2013 available to the board of directors (the "Board") of the Company, the profit of the Group for that period is materially less than that of the same period last year. Slower sales growth resulting from a slowdown in Japan, one of the Group's key markets, foreign currency exchange impacts from a weak Japanese yen and strong Euro combined with the pressure on profitability driven by increased spending and investments in distribution, marketing and the new brands were the key factors in a decline of the Group's business performance during the six months ended 30 September 2013.

The Board would like to highlight that due to seasonal variances in the Group's sales and operating profit, the operating performance of the Group in the second half of each financial year has historically had a greater effect on the Group's full year results than that of the first half. Although the currency uncertainty will remain, the Board expects that, due to the upcoming holiday season, that trend will continue this year.

The Board would like to remind potential investors and shareholders of the Company that the information contained in this announcement is a preliminary assessment made by the Board with reference to information currently available and the draft unaudited financial statements of the Group for the six months ended 30 September 2013. Further details of the Group's performance will be disclosed during its interim results announcement for the six months ended 30 September 2013 which is expected to be published in late November 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

**UNAUDITED TRADING UPDATE
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

The Company presents the unaudited 2013/2014 (“FY2014”) trading update of the Group for the six months ended 30 September 2013.

Highlights

- Group’s net sales were €446.4 million. At constant exchange rates, sales growth was 7.2% as compared to the six months ended 30 September 2012
- Growth was primarily driven by the United States, China, France and Russia. China and Russia were among the fastest growing countries (18.7% and 17.0% respectively)
- Overall Same Store Sales Growth was 0.9%
- The net own-store openings were 76 in the six months ended 30 September 2013 (compared to 57 over the same period last year), excluding the acquisition of distributors
- The upgraded and renovated stores were 50 during the six months ended 30 September 2013 (compared to 28 same period last year)

Business Segments

The following tables provide a breakdown of the net sales and year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for the six months ended 30 September 2013:

	Sales and % of total sales			
	30 September 2013		30 September 2012	
	€ '000	%	€ '000	%
Sell-out	327,444	73.4	331,389	73.8
Sell-in	<u>118,917</u>	<u>26.6</u>	<u>117,838</u>	<u>26.2</u>
Total	<u>446,361</u>	<u>100.0</u>	<u>449,227</u>	<u>100.0</u>
	€ '000	% Growth	% Growth ⁽²⁾	% Contribution to Overall Growth ⁽²⁾
Sell-out	(3,944)	(1.2)	8.0	82.4
Comparable Stores	(19,967)	(7.8)	0.9	7.0
Non-comparable Stores	16,688	24.3	34.7	74.0
Other ⁽¹⁾	(665)	(10.1)	6.7	1.4
Sell-in	<u>1,078</u>	<u>0.9</u>	<u>4.8</u>	<u>17.6</u>
Overall Growth	<u>(2,866)</u>	<u>(0.6)</u>	<u>7.2</u>	<u>100.0</u>

⁽¹⁾ Includes mail-order and other sales.

⁽²⁾ Excludes the impact of foreign currency translation effects.

Geographic Areas

The following table presents our net sales and net sales growth for the six months ended 30 September 2013 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

€ '000	Sales and % of total sales		Growth		%		Contribution to Overall Growth ⁽¹⁾	
	30 September 2013	30 September 2012	Growth	%	%	Growth ⁽¹⁾	%	
Japan	76,579	17.2	104,193	23.2	(27,614)	(26.5)	(4.9)	(16.0)
Hong Kong ⁽²⁾	46,562	10.4	47,205	10.5	(643)	(1.4)	2.3	3.4
China	31,485	7.1	26,703	5.9	4,782	17.9	18.7	15.6
Taiwan	14,857	3.3	14,582	3.3	275	1.9	5.3	2.4
France	40,166	9.0	36,271	8.1	3,895	10.7	10.7	12.1
United Kingdom	24,106	5.4	23,514	5.2	593	2.5	9.2	6.7
United States	54,316	12.2	50,887	11.3	3,429	6.7	10.8	17.1
Brazil	19,678	4.4	20,118	4.5	(440)	(2.2)	10.2	6.4
Russia	21,936	4.9	19,938	4.4	1,998	10.0	17.0	10.5
Other Countries ⁽³⁾	116,675	26.1	105,815	23.6	10,860	10.3	12.7	41.9
All countries	446,361	100.0	449,227	100.0	(2,866)	(0.6)	7.2	100.0

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from our own retail store sales.

(2) Includes sales in Macau.

(3) Includes sales from Luxembourg.

The following table provides a breakdown, by geographic area, of the number of own Retail stores, their contribution percentage to overall growth and Same Store Sales Growth for the periods indicated:

	Own retail stores				% contribution to Overall Growth ^{(1) (2)}			Same Store Sales Growth ⁽²⁾
	30 Sep 2013	Net openings YTD Sep 2013	30 Sep 2012	Net openings YTD Sep 2012	Non-comparable Stores	Comparable stores	Total Stores	
Japan ⁽³⁾	102	2	95	5	0.8	(15.8)	(15.0)	(7.2)
Hong Kong ⁽⁴⁾	34	3	30	1	2.5	2.8	5.4	11.6
China	141	22	102	9	15.2	2.9	18.1	5.2
Taiwan ⁽⁵⁾	61	—	63	1	1.4	0.3	1.7	1.2
France ⁽⁶⁾	73	3	66	—	3.9	1.4	5.4	3.1
United Kingdom ⁽⁷⁾	66	4	60	3	4.4	2.6	7.0	5.5
United States ⁽⁸⁾	196	10	173	3	10.3	5.9	16.2	5.0
Brazil	75	5	67	4	3.3	1.5	4.8	3.4
Russia ⁽⁹⁾	105	6	85	9	5.6	0.2	5.8	0.7
Other Countries ⁽¹⁰⁾	427	27	379	32	26.6	5.1	31.7	2.9
All countries	1,280	82	1,120	67	74.0	7.0	81.0	0.9

(1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Total Stores for the geographic area and period indicated.

(2) Excludes foreign currency translation effects.

(3) Includes 10 and 12 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.

(4) Includes 1 L'Occitane store in Macau and 9 Melvita stores in Hong Kong as at 30 September 2012 and 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 September 2013.

(5) Includes 9 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.

(6) Includes 4 Melvita stores as at 30 September 2012 and 30 September 2013.

(7) Includes 2 Melvita stores as at 30 September 2012.

(8) Includes 2 and 1 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.

(9) Includes 8 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.

(10) Includes 10 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively. The net openings include 10 stores from the acquisition of distributor in Ireland as at 30 September 2012 and 6 stores from the acquisition of distributor in South Africa as at 30 September 2013.

As the Group will be accelerating its store renovation policy, the Same Store Sales Growth is now calculated excluding renovated stores. The table below provides a comparison of the Group's Same Store Sales Growth excluding and including renovated stores for the periods indicated:

	Same Store Sales Growth ⁽¹⁾			
	30 September 2013		30 September 2012	
	excluding renovated stores	including renovated stores	excluding renovated stores	including renovated stores
Japan	(7.2)	(7.6)	(6.5)	(6.5)
Hong Kong	11.6	7.6	10.0	7.0
China	5.2	4.3	7.9	6.8
Taiwan	1.2	0.4	(3.5)	(4.3)
France	3.1	3.5	3.9	4.8
United Kingdom	5.5	4.0	9.7	9.7
United States	5.0	4.8	11.8	11.7
Brazil	3.4	2.2	(1.5)	(1.2)
Russia	0.7	(0.3)	14.6	13.8
Other countries	2.9	3.4	5.0	4.6
All countries	0.9	0.7	2.6	2.6

⁽¹⁾ excludes foreign currency translation effects

The Group's net sales were €446.4 million for the six months ended 30 September 2013, a 0.6% decline as compared to the six months ended 30 September 2012. At constant exchange rates, the Group generated sales growth of 7.2%.

During the six months ended 30 September 2013, the sell-out sales accounted for 73.4% of the Group's total sales and amounted to €327.4 million, a decrease of 1.2% (+8.0% at constant exchange rates) as compared to the same period last year. This growth was mainly contributed by Non-comparable Stores. The Same Store Sales Growth for the six months ended 30 September 2013 was 0.9%. The Group's online retail channel maintained its momentum with a 23.9% growth at constant exchange rates during the first six months of FY2014 as compared to the same period last year.

The sell-in sales accounted for 26.6% of the Group's total sales and amounted to €118.9 million, an increase of 0.9% (+4.8% at constant exchange rates) as compared to the same period last year. The sell-in business continued to grow in a challenged operating environment and accounted for 17.6% of the Group's overall growth.

In terms of geographical areas, China, Russia, the United States, France and Brazil were among countries with highest sales growth at constant exchange rates. Japan showed an improvement in its sales performance during the period under review - the Japanese affiliate recorded sales decline of 4.9% for the six months ended 30 September 2013 as compared to a decline of 7.0% for the three months ended 30 June 2013. Hong Kong, the United Kingdom, China, the United States and Brazil were among countries with strong Same Store Sales Growth for the six months ended 30 September 2013.

The Group maintained its pace of global retail expansion during the first half of FY2014 with 76 stores opened, as compared to 57 stores during the same period last year, excluding acquisition of distributors. The Group continued its retail network upgrade with 50 stores renovated or relocated during the first half of FY2014 as compared to 28 stores during the same period last year.

By Order of the Board
L'Occitane International S.A.
Reinold Geiger
Chairman

Hong Kong, 24 October 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. Emmanuel Laurent Jacques Osti (Managing Director), Mr. André Joseph Hoffmann (Managing Director Asia-Pacific), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration), Mr. Domenico Luigi Trizio (Chief Operating Officer) and Mr. Karl Guénard, the non-executive Director of the Company is Mr. Martial Thierry Lopez and the independent non-executive Directors of the Company are Mrs. Valérie Irène Amélie Monique Bernis, Mr. Charles Mark Broadley, Mr. Pierre Maurice Georges Milet and Mr. Jackson Chik Sum Ng.

Disclaimer

The financial information and certain other information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.