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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

HIGHLIGHTS

- Despite a challenging retail backdrop, the Group made encouraging progress in key emerging markets, emerging brands and online channels. Group's net sales were €548.2 million, an increase of 1.1% at constant exchange rates; like-for-like sales growth was 2.3%.
- China and Brazil were among the fastest growing countries, with sales growth at constant rates of 22.7% and 13.2% respectively.
- Gross profit margin reached 82.8%, 0.6 points higher than same period last year.
- Operating margin reduced by 1.0 point of net sales, due mainly to currency exchange headwinds, one-off and phasing effects.
- Gains from the Web and Sell-in channels, pricing and production costs compensated for most of the effect of soft retail environment on the distribution costs.
- Due to the Group's strong seasonality and phasing effects combined with foreign exchange losses, which are largely unrealized, profit for the period ended at €10.7 million.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of L'Occitane International S.A. (the "Company") is pleased to announce the consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2017 together with comparative figures for the six months ended 30 September 2016. The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 September	*Notes*	2017 *€ '000*	2016 *€ '000*
Net Sales	**2**	**548,210**	**551,663**
Cost of sales		(94,263)	(98,230)
Gross profit		**453,947**	**453,433**
% of net sales		82.8%	82.2%
Distribution expenses		(296,987)	(289,448)
Marketing expenses		(77,770)	(77,296)
Research & development expenses		(7,682)	(7,476)
General and administrative expenses		(58,601)	(60,647)
Share of gain / (losses) from joint venture accounted for using the equity method		405	(27)
Other gains, net	3	468	832
Operating profit	**4**	**13,780**	**19,371**
Finance costs, net	5	(809)	(118)
Foreign currency (losses) / gains		(2,980)	649
Profit before income tax		**9,991**	**19,902**
Income tax credit	6	736	6,545
Profit for the period from continuing operations		**10,727**	**26,447**
Attributable to:			
Equity owners of the company		11,077	25,989
Non-controlling interests		(350)	458
Total		**10,727**	**26,447**
Effective tax rate		-7.4%	-32.9%
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in Euros per share)*			
Basic		0.008	0.018
Diluted		0.008	0.018
Number of shares used in earnings per share calculation			
Basic	7	1,461,435,471	1,464,559,221
Diluted	7	1,463,011,450	1,466,793,552

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	*Notes*	**30 September 2017** *€ '000*	**31 March 2017** *€ '000*
ASSETS			
Property, plant and equipment, net		172,802	172,357
Goodwill		130,268	138,676
Intangible assets, net		75,899	56,677
Deferred income tax assets		89,366	80,058
Investments in associates		114,316	—
Other non-current receivables		41,264	41,449
Non-current assets		**623,915**	**489,217**
Inventories, net	9	156,760	138,096
Trade receivables, net	10	99,014	107,983
Other current assets		57,446	55,162
Derivatives financial instruments		845	153
Cash and cash equivalents		303,203	452,751
Current assets		**617,268**	**754,145**
TOTAL ASSETS		**1,241,183**	**1,243,362**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(88,359)	(66,125)
Retained earnings		563,657	598,845
Capital and reserves attributable to the equity owners		**862,458**	**919,880**
Non-controlling interests		175	465
Total equity		**862,633**	**920,345**
Borrowings		87,448	70,572
Deferred income tax liabilities		3,493	3,973
Other financial liabilities		6,033	5,603
Other non-current liabilities		30,478	31,405
Non-current liabilities		**127,452**	**111,553**
Trade payables	11	104,417	102,429
Salaries, wages, related social items and other tax liabilities		56,376	64,339
Current income tax liabilities		6,904	9,496
Borrowings		2,424	2,468
Other current liabilities		68,454	18,024
Derivatives financial instruments		647	442
Provisions for other liabilities and charges		11,876	14,266
Current liabilities		**251,098**	**211,464**
TOTAL EQUITY AND LIABILITIES		**1,241,183**	**1,243,362**
NET CURRENT ASSETS		**366,170**	**542,681**
TOTAL ASSETS LESS CURRENT LIABILITIES		**990,085**	**1,031,898**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of preparation**

This condensed consolidated interim financial information ("consolidated interim financial information") for the six-month period ended 30 September 2017 ("period ended 30 September 2017") has been prepared in accordance with IAS 34, 'Interim financial reporting' as issued by the International Accounting Standards Board. The consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 March 2017, except as described below:

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- Interpretations and amendments to IFRSs effective for the financial period beginning 1 April 2017 do not have any material impact on the consolidated financial statements.

2. **Net sales and segment information**

Management assesses the performance of two operating segments, which are Sell-out and Sell-in:

- Sell-out comprises the sales of products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's websites;
- Sell-in comprises the sales of products to intermediates. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers, airline companies and hotels.

From a geographical perspective, management assesses the performance of the individual countries.

2.1 **Operating segments**

For the six months ended 30 September 2017

In thousands of Euros	**Sell-Out**	**Sell-In**	**Other reconciling items**	**Total**
Net sales	**397,077**	**151,133**	**—**	**548,210**
In %	*72.4%*	*27.6%*	*—*	*100.0%*
Gross profit	**349,525**	**104,422**	**—**	**453,947**
% of sales	88.1%	69.1%	—	82.8%
Distribution expenses	(243,672)	(26,684)	(26,631)	(296,987)
Marketing expenses	(23,055)	(4,005)	(50,710)	(77,770)
Research & development expenses	—	—	(7,682)	(7,682)
General and administrative expenses	—	—	(58,601)	(58,601)
Share of profit from joint operations	—	—	405	405
Other gains / (losses), net	46	(8)	430	468
Operating profit	**82,844**	**73,725**	**(142,789)**	**13,780**
% of sales	*20.9%*	*48.8%*	*—*	*2.5%*

For the six months ended 30 September 2016

In thousands of Euros	**Sell-Out**	**Sell-In**	**Other reconciling items**	**Total**
Net sales	**400,549**	**151,114**	**—**	**551,663**
In %	72.6%	27.4%	—	100.0%
Gross profit	**349,712**	**103,721**	**—**	**453,433**
% of sales	87.3%	68.6%	—	82.2%
Distribution expenses	(236,283)	(27,913)	(25,252)	(289,448)
Marketing expenses	(24,233)	(4,897)	(48,166)	(77,296)
Research & development expenses	—	—	(7,476)	(7,476)
General and administrative expenses	—	—	(60,647)	(60,647)
Share of loss from joint operations	—	—	(27)	(27)
Other gains, net	308	1	523	832
Operating profit	**89,504**	**70,912**	**(141,045)**	**19,371**
% of sales	22.3%	46.9%	—	3.5%

2.2. **Geographic areas**

Net sales are allocated based on the country of the invoicing subsidiary.

30 September	**2017**		**2016**	
In thousands of Euros	*Total*	*In % of total*	*Total*	*In % of total*
Japan	99,448	18.1%	104,460	18.9%
United States	62,989	11.5%	70,838	12.8%
China	60,041	11.0%	50,797	9.2%
Hong Kong [(1)]	51,147	9.3%	50,927	9.2%
France	44,664	8.1%	43,826	7.9%
Luxembourg - Swiss branch [(2)]	34,954	6.4%	36,027	6.5%
Brazil	26,703	4.9%	22,478	4.1%
United Kingdom	23,470	4.3%	26,475	4.8%
Russia	18,976	3.5%	17,248	3.1%
Taiwan	15,292	2.8%	15,871	2.9%
Other countries	110,526	20.2%	112,716	20.4%
Net sales	**548,210**	**100%**	**551,663**	**100%**

(1) Includes sales in Macau and to distributors and travel retail customers in Asia.

(2) Sales invoiced by the Company to distributors and travel retail customers in Europe, Middle-East and the Americas.

3. **Gains / (Losses) on sale of assets, net**

30 September	**2017** *€ '000*	**2016** *€ '000*
Net (losses) / gains on sale of assets	(238)	268

4. **Depreciation, amortization and impairment**

Operating profit is arrived at after charging the following:

30 September	**2017** *€ '000*	**2016** *€ '000*
Depreciation, amortization and impairment	30,586	31,616

5. **Finance costs, net**

30 September	**2017** *€ '000*	**2016** *€ '000*
Interest on cash and cash equivalents	739	1,213
Finance income	**739**	**1,213**
Interest expense	(1,118)	(953)
Unwinding of discount of financial liabilities	(430)	(378)
Finance costs	**(1,548)**	**(1,331)**
Finance costs, net	**(809)**	**(118)**

6. **Taxation**

Reconciliation between the reported income tax result and the theoretical amount that would arise using a standard tax rate is as follows:

30 September	**2017** *€ '000*	**2016** *€ '000*
Profit before income tax and excluding results of joint ventures	9,586	19,902
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 27.08% as at 30 September 2017 and 29.22% as at 30 September 2016)*	(2,596)	(5,815)
Effect of different tax rates in foreign countries	6,067	13,890
Effect of unrecognized tax assets	(1,465)	(1,599)
Expenses not deductible for taxation purposes	(1,242)	210
Effect of unremitted tax earnings	(28)	(141)
Income tax credit	**736**	**6,545**

7. **Earnings per share**

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €11.1 million for the six months ended 30 September 2017 (as compared to €26.0 million for the six months ended 30 September 2016) and the weighted average number of shares in issue of 1,461,435,471 (basic) and 1,463,011,450 (diluted) for the period ended 30 September 2017 and 1,464,559,221 (basic) and 1,466,793,552 (diluted) for the period ended 30 September 2016.

8. **Dividends**

In line with its policy to declare and pay only a final dividend each year, the Board has recommended that no distribution would be made from the profits of the six months ended 30 September 2017.

9. **Inventories, net**

Inventories, net consist of the following items:

	30 Sep 2017 *€ '000*	**31 Mar 2017** *€ '000*	**30 Sep 2016** *€ '000*
Raw materials and supplies	22,406	22,120	20,350
Finished goods and work in progress	145,265	127,856	147,494
Inventories, gross	167,671	149,976	167,844
Less: allowance	(10,911)	(11,880)	(11,935)
Inventories, net	**156,760**	**138,096**	**155,909**

10. **Trade receivables, net**

Ageing analysis of trade receivables from due date at the respective balance sheet dates is as follows:

	30 Sep 2017 *€ '000*	**31 Mar 2017** *€ '000*	**30 Sep 2016** *€ '000*
Current and past due within 3 months	98,749	108,670	102,441
Past due from 3 to 6 months	648	755	933
Past due from 6 to 12 months	296	33	509
Past due over 12 months	375	445	299
Allowance for doubtful accounts	(1,054)	(1,920)	(1,346)
Trade receivables, net	**99,014**	**107,983**	**102,836**

The Group considers that there is no recoverability risk on the net receivables after allowance for doubtful accounts.

11. **Trade payables**

Ageing analysis of trade payables from due date at the respective balance sheet dates is as follows:

	30 Sep 2017 *€ '000*	**31 Mar 2017** *€ '000*	**30 Sep 2016** *€ '000*
Current and past due within 3 months	103,307	101,406	85,150
Past due from 3 to 6 months	993	339	47
Past due from 6 to 12 months	22	7	25
Past due over 12 months	95	677	352
Trade payables	**104,417**	**102,429**	**85,574**

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

For the six months ended 30 September	2017	2016
Net sales (€'M)	548.2	551.7
Operating profit (€'M)	13.8	19.4
Profit for the period (€'M)	10.7	26.4
Gross profit margin (% to sales)	82.8%	82.2%
Operating profit margin (% to sales)	2.5%	3.5%
Net profit margin (% to sales)	2.0%	4.8%

Definitions:

Comparable Stores means existing retail stores which have been opened before the start of the previous financial year, including Company owned e-commerce websites and excluding renovated stores.

Non-comparable Stores & others means all stores that are not Comparable Stores, i.e. stores opened, closed and renovated during the previous or the current financial period under discussion, together with other sales from marketplaces, mail-orders and services.

Comparable Store Sales means net sales from Comparable Stores during the financial period under discussion. Unless otherwise indicated, discussion of Comparable Store Sales excludes foreign currency translation effects.

Non-comparable Store Sales means net sales from Non-comparable Store Sales during the financial period under discussion. Non-comparable Store Sales also include sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.

Same Store Sales Growth represents a comparison between Comparable Store Sales for two financial periods. Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.

Overall Growth means the total worldwide net sales growth for the financial period(s) presented excluding foreign currency translation effects.

Seasonality of operations

The Group is subject to seasonal variances in sales, which are significantly higher in our third financial quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the six months ended 30 September 2016, the level of sales represented 41.7% of the annual level of sales in the year ended 31 March 2017 ("FY2017") and the level of operating profit represented 11.5% of the annual operating profit in the year ended 31 March 2017. Yet these ratios are not representative of the annual results for the year ending 31 March 2018 ("FY2018").

Seasonality also has an impact on the production schedule and the use of working capital. We generally use a significant part of our working capital between April and November in order to increase the production in anticipation of increased sales and new product launches during the Christmas holiday season.

REVENUE ANALYSIS

The Group's net sales at reported rates were €548.2 million, reduced by 0.6% over the same period last year. At constant exchange rates, sales growth was 1.1%. During FY2017, the Company disposed of Le Couvent des Minimes and there was a one-off deal of L'Occitane au Brésil in September 2016. On a like-for-like basis (i.e. excluding Le Couvent des Minimes and the one-off deal), the Group's sales grew by 2.3% at constant rates and 0.5% at reported rates.

The Group increased the total number of retail locations where its products are sold from 3,037 as at 31 March 2017 to 3,104 as at 30 September 2017, an increase of 67 locations or 2.2%. The Group maintained its selective global retail expansion strategy and increased the number of its own retail stores from 1,514 as at 31 March 2017 to 1,519 as at 30 September 2017, representing a net increase of 5 stores or 0.3%.

Geographically, China, Brazil, Japan, Hong Kong and France were the key contributing countries to Overall Growth.

Business Segments

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for the six months ended 30 September 2017:

	Year-on-year growth			
	Growth	*Growth*	*Growth*[(2)]	*Contribution to Overall Growth*[(2)]
	€ '000	*%*	*%*	*%*
Sell-out	**(3,473)**	**(0.9)**	**1.1**	**74.2**
Comparable Stores	(6,355)	(2.0)	(0.1)	(6.6)
Non-comparable Stores & others [(1)]	2,883	3.2	5.2	80.8
Sell-in	**19**	**0.0**	**1.0**	**25.8**
Overall Growth	**(3,453)**	**(0.6)**	**1.1**	**100.0**

[(1)] Others include marketplaces, mail-orders and other service sales.

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

Sell-out

During the first half of FY2018, Sell-out sales accounted for 72.4% of the net sales and amounted to €397.1 million, a decrease of 0.9% at reported rates as compared to same period last year. At constant rates, the growth was 1.1%. This growth was primarily contributed by Non-comparable Stores and other sales, including new stores and stores renovated in last year and this year, marketplaces and spa businesses. The growth was 5.2% at constant exchange rates. As compared to last year, sales of the Group's Web Sell-out channels (including own e-commerce and marketplaces) grew by 22.6% at constant exchange rates, equivalent to 12.9% of the total Sell-out sales. The Group's same store sales for the six months ended 30 September 2017 decreased by 0.1%, but improved from -0.6% for the first quarter of FY2018 and -2.5% for the same period last year, thanks to the double-digit same store sales growth in China and overall improvements in key countries.

There was a net addition of 5 own stores during the six months ended 30 September 2017. The number of stores in Asia Pacific was unchanged during the period, with 7 openings in Japan, 2 openings each in Australia and India, 1 opening in Macau and offset by certain closings in the region. In China, 3 Melvita and 2 L'Occitane en Provence net stores were closed due to performance issues. In Americas, there were net closings of 3 stores in which 2 stores in the US were closed at the end of lease and 1 L'Occitane au Brésil store was converted to franchise in Brazil. In Europe & Africa, there were net 8 openings, with 2 openings each in France and the UK, and 1 opening each in Germany, Spain, Belgium and South Africa. The Group continued to upgrade its retail network with 78 stores refurbished during the six months ended 30 September 2017, a clear acceleration from 39 stores in the same period last year.

Sell-in

Sell-in sales accounted for 27.6% of the Group's total sales and amounted to €151.1 million, an increase of 1.0% at constant exchange rates as compared to last year. Like-for-like growth was 5.4%. The increase was primarily driven by the dynamic growth in travel retail, distribution, B2B and web-partner channels of L'Occitane en Provence brand. Travel retail saw good growth during the first half of FY2018, in particular in China, Japan, Germany, North America and inflight sales. In addition, the emerging brands Melvita and Erborian also drove overall sales growth, each delivering double-digit growth. Excluding the one-off deal last year, L'Occitane au Brésil remained in strong growth at mid-double digit.

Geographic Areas

The following table presents our net sales growth for the six months ended 30 September 2017 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales							
	30 Sep 2017		30 Sep 2016		Growth	Growth	Growth[(1)]	Contribution to Overall Growth[(1)]
	€ '000	%	€ '000	%	€ '000	%	%	%
Japan	99,448	18.1	104,460	18.9	(5,012)	(4.8)	1.8	31.7
Hong Kong[(2)]	51,147	9.3	50,927	9.2	220	0.4	2.6	22.6
China	60,041	11.0	50,797	9.2	9,244	18.2	22.7	197.9
Taiwan	15,292	2.8	15,871	2.9	(578)	(3.6)	(7.1)	(19.4)
France	44,664	8.1	43,826	7.9	838	1.9	1.9	14.4
United Kingdom	23,470	4.3	26,475	4.8	(3,005)	(11.4)	(4.7)	(21.2)
United States	62,989	11.5	70,838	12.8	(7,849)	(11.1)	(10.2)	(123.8)
Brazil	26,703	4.9	22,478	4.1	4,225	18.8	13.2	51.1
Russia	18,976	3.5	17,248	3.1	1,727	10.0	(0.8)	(2.5)
Other countries [(3)]	145,480	26.5	148,742	27.0	(3,262)	(2.2)	(2.0)	(50.7)
All countries	**548,210**	**100.0**	**551,663**	**100.0**	**(3,453)**	**(0.6)**	**1.1**	**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 and to distributors and travel retail customers in Asia.

(3) Includes sales from Luxembourg.

The following table provides a breakdown, by geographic area, of the number of our own retail stores, their percentage contribution to Overall Growth and the Same Store Sales Growth for the six months ended 30 September 2017 compared to the six months ended 30 September 2016:

	Own Retail Stores				% contribution to Overall Growth[(1) (2)]			
	30 Sep 2017	Net openings YTD 30 Sep 2017	30 Sep 2016	Net openings YTD 30 Sep 2016	Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth %[(2)]
Japan[(3)]	141	7	130	7	50.1	17.2	67.2	1.4
Hong Kong[(4)]	35	1	34	(2)	(30.3)	(11.1)	(41.5)	(5.1)
China[(5)]	197	(5)	195	8	20.3	93.8	114.1	15.8
Taiwan[(6)]	54	(2)	56	1	(2.8)	(13.6)	(16.4)	(7.9)
France[(7)]	82	2	81	—	8.7	(15.0)	(6.3)	(4.9)
United Kingdom	76	2	75	—	(5.2)	(5.6)	(10.8)	(1.9)
United States	205	(2)	215	(2)	(54.3)	(48.3)	(102.6)	(6.1)
Brazil[(8)]	122	(1)	101	9	35.3	9.8	45.1	3.6
Russia[(9)]	103	(1)	107	4	(1.0)	(8.5)	(9.5)	(4.8)
Other countries[(10)]	504	4	501	7	(0.2)	(25.4)	(25.6)	(2.0)
All countries [(11)]	**1,519**	**5**	**1,495**	**32**	**20.6**	**(6.6)**	**13.9**	**(0.1)**

(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 22 and 30 Melvita stores as at 30 September 2016 and 30 September 2017 respectively.

(4) Includes 2 L'Occitane stores in Macau and 9 Melvita stores in Hong Kong as at 30 September 2016 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 September 2017.

(5) Includes 10 and 7 Melvita stores as at 30 September 2016 and 30 September 2017 respectively.

(6) Includes 1 Erborian store as at 30 September 2016.

(7) Includes 4 Melvita and 1 Erborian stores as at 30 September 2016 and 3 Melvita and 1 Erborian stores as at 30 September 2017.

(8) Includes 18 and 35 L'Occitane au Brésil stores as at 30 September 2016 and 30 September 2017 respectively.

(9) Includes 1 and 3 Erborian stores as at 30 September 2016 and 30 September 2017 respectively.

(10) Include 9 Melvita and 2 Erborian stores as at 30 September 2016 and 2 Melvita and 1 Erborian stores as at 30 September 2017.

(11) Include 54 Melvita, 18 L'Occitane au Brésil and 5 Erborian stores as at 30 September 2016 and 52 Melvita, 35 L'Occitane au Brésil and 5 Erborian stores as at 30 September 2017.

Japan

Japan's net sales for the six months ended 30 September 2017 were €99.4 million, a decrease of 4.8% as compared to the same period last year. At constant exchange rates, the growth was 1.8%. Same Store Sales Growth was 1.4%. During the second quarter of FY2018, Japan saw a slow-down from the first quarter, due mainly to weaker-than-expected marketing windows during the summer season, as well as a high number of typhoon hits that caused store closure days. However, e-commerce performed very well with low double-digit growth. Melvita remained the growth engine in Japan with mid-double-digit growth, mainly contributed by the double-digit same store growth as well as the new stores. At the end of September 2017, Japan had 30 Melvita stores.

Hong Kong

Hong Kong's net sales for the six months ended 30 September 2017 were €51.1 million, an increase of 0.4% as compared to the same period last year. At constant exchange rates, the growth was 2.6%. The growth was driven mainly by travel retail channel. During the first half of FY2018, travel retail channel saw good growth on sales to duty free operators and airlines in China and Japan. On the other hand, the retail market remained sluggish in the context of weak traffic, and retail sales were also affected by the closures of two underperforming stores as well as some temporary closings for renovation.

China

China's net sales for the six months ended 30 September 2017 were €60.0 million, an increase of 18.2% as compared to the same period last year. At constant exchange rates, the growth was 22.7%. The impressive growth was driven mainly by Same Store Sales Growth of 15.8%, thanks to the retail market recovery as well as the successful marketing campaign with Chinese artist Lu Han continued to draw traffic both online and offline. Sales in T-mall continued to grow at triple digits and were ahead of plan. B2B also delivered an excellent performance, thanks to growing orders from independent hotels and Shangri-la.

Taiwan

Taiwan's net sales for the six months ended 30 September 2017 were €15.3 million, a decrease of 3.6% as compared to the same period last year. At constant exchange rates, the decrease was 7.1%. Same Store Sales deteriorated to -7.9% from the first quarter of FY2018. Retail sales were hindered by the less generous summer promotion offered by the department stores, a couple of mediocre launches and the timing difference in anniversary sale in department stores. Nonetheless, sales of skin care products remained strong in particular the Immortelle and Reine Blanche ranges.

France

France's net sales for the six months ended 30 September 2017 were €44.7 million, an increase of 1.9% as compared to the same period last year. Excluding Le Couvent des Minimes, like-for-like growth was 4.0%. The growth was primarily driven by Melvita and Erborian. L'Occitane en Provence also resumed to growth, thanks to the wholesale and distribution channels. The second quarter saw improvement in retail sentiment as well as sales with positive growth against the same quarter last year, which was affected by terrorist threats. Same Store Sales Growth improved from -7.8% in the previous quarter to -4.9% in the first half of FY2018. Sell-in posted an encouraging growth of 7.0%. The two emerging brands, Melvita and Erborian, continued to grow through existing wholesale networks together with new doors.

United Kingdom

The United Kingdom's net sales for the six months ended 30 September 2017 were €23.5 million, a decrease of 11.4% as compared to the same period last year. This was driven mainly by a weak Great British Pound. At constant exchange rates, the growth was -4.7%. UK saw a slight improvement in retail sales in the second quarter. Own e-commerce and B2B remained in healthy growth. Yet TV channel sales dropped as a result of reduced activities.

United States

The United States' net sales for the six months ended 30 September 2017 were €63.0 million, a decrease of 11.1% as compared to the same period last year. At constant exchange rates, the growth was -10.2%. Sell-out channel recorded a decrease of 9.4% at constant exchange rates, mainly attributable to closures of 10 underperforming stores together with weak Same Store Sales Growth. The retail market remained challenging as a result of declining traffic and stiff competition. Wholesale sales were affected by phasing of promotional activities. On the contrary, web-related channels, such as marketplace and web-partner channels were growing strongly notably with Amazon Direct.

Brazil

Brazil's net sales for the six months ended 30 September 2017 were €26.7 million, an increase of 18.8% as compared to the same period last year. At constant exchange rates, the growth was 13.2%. Brazil was one of the fastest growing countries of the Group with growth contributed by all main channels and by both L'Occitane en Provence and L'Occitane au Brésil brands. Sell-out grew by 15.0%, contributed by the new and renovated stores opened in these two years. We had 122 stores in Brazil at the end of September 2017, including 35 L'Occitane au Brésil stores. Own e-commerce continued to drive growth for both brands. The encouraging results were attributable to the marketing and CRM (customer relationship management) actions which stimulated online traffic and boosted conversion rate and average ticket value.

Russia

Russia's net sales for the six months ended 30 September 2017 were €19.0 million, an increase of 10.0% as compared to the same period last year. The increase in net sales was due to favorable foreign currency movements, i.e. stronger Russian Ruble against Euro. At constant rates, the growth was -0.8%. Sell-out sales were affected by competitive market sentiment with heavy discounts among retailers. Besides, there were 4 stores less than same period last year. Sell-in sales, however, posted good results, with healthy growth in chain wholesale and B2B.

Other countries

Other countries' net sales for the six months ended 30 September 2017 were €145.5 million, a decrease of 2.2%. At constant exchange rates, the growth was 2.0%. Sell-out segment recorded a drop of 1.1% at constant rates. Same Store Sales Growth was -2.0%. Australia, Mexico and Malaysia posted good results. During the six months ended 30 September 2017, the number of own stores in other countries increased from 501 to 504. Sell-in segment posted a growth of -3.4% at constant rates. The decrease was due mainly to a one-off deal of L'Occitane au Brésil recorded in the Luxembourg Swiss branch in September 2016. Excluding this one-off deal last year as well as Le Couvent des Minimes, the Sell-in segment indeed posted a growth of 5.3%, contributed by distribution, travel retail and B2B channels.

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales reduced by 4.0%, or €4.0 million to €94.3 million for the six months ended 30 September 2017 as compared to the same period last year. The gross profit margin increased by 0.6 points to 82.8% for the period ended 30 September 2017, mainly due to the following factors:

- reduction in production costs for 0.5 points;
- price increase in certain key countries for 0.3 points; and
- reduction in obsolescence for 0.2 points.

The gross profit margin improvement was partly offset by unfavourable foreign exchange impact for 0.2 points, reduction in margin of post-disposal production of Le Couvent des Minimes for 0.1 points and the one-off deal of L'Occitane au Brésil last year for another 0.1 points.

Distribution expenses

Distribution expenses increased by 2.6%, or €7.5 million, to €297.0 million for the period ended 30 September 2017 as compared to the same period last year. As a percentage of net sales, the distribution expenses increased by 1.7 points to 54.2% of net sales for the period ended 30 September 2017. This increase was attributable to a combination of:

- deleverage under tough retail environment in particular from rent and personnel costs for 1.2 points;
- pre-opening costs for flagship stores and closing of non-performing stores for 0.5 points;
- investment in and operation of the Asia Central Warehouse for 0.3 points; and
- brand mix effect for 0.1 points and foreign exchange impact and others for another 0.1 points.

The operating pressure was partly offset by:

- favourable channel mix for 0.4 points, as a result of higher share of Web and Sell-in channels; and
- others including the disposal of Le Couvent des Minimes for 0.1 points.

Marketing expenses

Marketing expenses increased by 0.6%, or €0.5 million, to €77.8 million for the period ended 30 September 2017 as compared to the same period last year. The marketing expenses as a percentage of net sales increased by 0.2 points, to 14.2% of net sales for the six months ended 30 September 2017. This increase was attributable to:

- investment in marketing for a total 0.2 points, particularly in a brand ambassador in China, media influencers in the USA and new product launches such as Divine Youth Oil and Terre de Lumière. Such investments were partly offset by savings in direct mailers, emails and flower show;
- phasing of marketing materials shipped to subsidiaries before holiday seasons for another 0.2 points;
- further investment in the marketing teams for 0.1 points.

The increase in spending was largely offset by:

- leverage from higher sales of emerging brands for 0.2 points; and
- reduction in professional fees for 0.1 points.

Research & development expenses

Research and development ("R&D") expenses increased by 2.8%, or €0.2 million, to €7.7 million for the period ended 30 September 2017 compared to the same period last year. The R&D expenses as a percentage of net sales remained at 1.4% for the period ended 30 September 2017.

General and administrative expenses

General and administrative expenses decreased by 3.4%, or €2.0 million, to €58.6 million compared to the same period last year. As a percentage of net sales, general and administrative expenses decreased by 0.3 points to 10.7% for the period ended 30 September 2017. This improvement was attributable to a combination of:

- reduction in personnel costs after various reorganization projects at group and subsidiary levels for 0.2 points;
- decrease in information technology expenses, notably in the USA and at headquarters for 0.1 points; and
- one-off items of tax reliefs, subsidies, litigations, and credit recoveries and other for 0.2 points.

This was partly offset by increase in consulting, tax and legal fees on various projects for 0.1 points, and unfavourable exchange rates for 0.1 points.

Operating profit

Operating profit decreased by 28.9%, or €5.6 million, to €13.8 million for the period ended 30 September 2017 and the operating profit margin decreased by 1.0 point to 2.5% of net sales. The decrease in operating profit margin is explained by a combination of:

- one-off effects primarily due to pre-opening and closing costs and L'Occitane au Brésil deal last year for 0.5 points;
- FX and others for 0.4 points;
- unfavourable leverage in retail largely offset by efficiency gains in production and general and administrative expenses for 0.3 points;
- phasing effects for 0.2 points;
- increase in advertising & marketing, partly balanced by the leveraging of existing structures in the emerging brands, for net 0.1 points;
- other investments essentially related to the implementation of the new Asian warehouse for 0.3 points.

This was partly offset by:

- favourable channel mix for 0.4 points;
- positive price and product mix for 0.3 points; and
- gain from the joint venture with Limelight for 0.1 points.

Finance costs, net

Net finance costs were €0.8 million for the period ended 30 September 2017, €0.7 million higher than same period last year. The key reasons were the investments in LimeLight and our flagship stores.

Foreign currency gains/losses

Net foreign currency losses amounted to €3.0 million for the six months ended 30 September 2017, as compared to net currency gains of €0.6 million for the same period last year. The losses this year were mainly unrealized and resulted from period-end conversion of bank and intercompany trade balances. During the period, the foreign currency losses were mainly from US Dollar, Korean Won, Chinese Yuan, Russian Ruble and Taiwanese Dollar, which were partly offset by gains in Brazilian Real.

Income tax expense

Income tax resulted in a tax credit of €0.7 million for the period ended 30 September 2017, as compared to a tax credit of €6.5 million same period last year, representing an effective income tax rate of -7.4% for the period ended 30 September 2017. The decrease in income tax credit this year is mainly due to the lower deferred tax assets related to intercompany margins, which is explained by the phasing of intercompany sales and exchange rates effects.

Profit for the period

For the aforementioned reasons, net profit for the six months ended 30 September 2017 decreased by 59.4% or €15.7 million to €10.7 million, as compared to the same period last year. For the period ended 30 September 2017, the basic and diluted earnings per share both decreased by 55.6%.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2017, the Group had cash and cash equivalents of €303.2 million, as compared to €390.3 million as at 30 September 2016 and €452.8 million as at 31 March 2017.

As at 30 September 2017, the aggregate amount of undrawn borrowing facilities was €327.3 million. As at 30 September 2017, the total borrowings, including finance lease liabilities, current accounts with minority shareholders and bank overdrafts, amounted to €89.9 million, as compared to €73.0 million as at 31 March 2017.

The financings were mainly arranged with commercial banks and based on Euribor or Libor rates plus a margin. No financings were arranged with fixed interest rates.

Investing activities

Net cash used in investing activities was €176.8 million for the six months ended 30 September 2017, as compared to €24.8 million same period last year, representing an increase of €151.9 million. The increase was mainly related to the investment in Limelight by Alcone, key money for a flagship shop to be opened in Paris on Champs-Élysées and addition of machinery and equipment for the factories in Brazil and Manosque.

The capital expenditures during the period were primarily related to:

- acquisition of 40% of Limelight USA for €114.2 million;
- investments in L'Occitane Innovation Lab, a wholly-owned subsidiary engaged in acquisition and investment in startup businesses in biotech and digital fields, for €5.0 million;
- additions of key money, leasehold improvements and other tangible assets relating to stores for €40.5 million; and
- work-in-progress and purchases of machinery and equipment for the factories in Brazil and Manosque for €9.1 million.

Financing activities

Financing activities resulted in a net inflow of €14.8 million for the six months ended 30 September 2017. During the same period last year, it was a net cash outflow of €6.1 million. The net inflow this year was due mainly to an increase of cash needs at subsidiaries, which is reflected in higher outstanding borrowings at the end of the period. The net outflow last year was mainly explained by the bought back of €7.3 million treasury shares in June and July of 2016.

Inventories

The following table sets out a summary of the average inventory days for the periods indicated:

For the period ended 30 September	2017	2016
Average Inventory turnover days[1]	285	272

[1] Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.

Inventory net value was €156.8 million as at 30 September 2017, an increase of €0.9 million or 0.5% as compared to €155.9 million as at 30 September 2016. The increase in inventory turnover days by 13 days was due to:

- increase in raw materials and work-in-progress at the factories by net 6 days;
- increase in finished goods in Asian distribution centre, at the factories, in Japan and Brazil for a total of 6 days;
- increase in Mini Products and Pouches ("MPP") and boxes inventory for 5 days;

  and offset partly by:

- favourable foreign exchange rate effects for 4 days.

Trade receivables

The following table sets out a summary of the turnover of trade receivables for the periods indicated:

For the period ended 30 September	2017	2016
Turnover days of trade receivables[1]	34	33

[1] Turnover days of trade receivables equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.

The slight increase in turnover days of trade receivables by 1 day for the period ended 30 September 2017 was mainly attributed to the Sell-in segment.

Trade payables

The following table sets out a summary of the turnover of trade payables for the periods indicated:

For the period ended 30 September	2017	2016
Turnover days of trade payables[1]	200	165

[1] Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 182.5. Average trade payables equals the average of trade payables at the beginning and end of a given period.

The increase in turnover day of trade payables for the period ended 30 September 2017 was mainly attributed to the increase in trade payables and accrued expenses at the factory and some key subsidiaries.

BALANCE SHEET RATIOS

The Group's profitability ratios for the six months ended 30 September 2017 deteriorated as compared to the same period last year. Return on capital employed for the six months ended 30 September 2017 decreased to 1.7% as compared to 4.5% for the same period last year. The decrease was mainly explained by a decrease in net profit for the period. The Group's liquidity and capital adequacy ratios remained healthy as a result of high net cash position.

For the period ended	**30 September 2017** *€ '000*	**31 March 2017** *€ '000*	**30 September 2016** *€ '000*
Profitability			
Net operating profit after tax (NOPAT)[(1)]	11,596	132,997	26,604
Capital employed[(2)]	695,483	540,634	587,069
Return on capital employed (ROCE)[(3)]	1.7%	24.6%	4.5%
Return on equity (ROE)[(4)]	1.3%	14.3%	3.1%
Liquidity			
Current ratio (times)[(5)]	2.46	3.57	3.08
Quick ratio (times)[(6)]	1.83	2.91	2.40
Capital adequacy			
Gearing ratio[(7)]	7.2%	5.9%	7.5%
Debt to equity ratio[(8)]	net cash position	net cash position	net cash position

(1) (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)

(2) Non-current assets - (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital. Note that working capital excludes financial liabilities such as dividends and acquisition payment.

(3) NOPAT / capital employed

(4) Net profit attributable to equity owners of the Company / shareholders' equity at period end excluding minority interest

(5) Current assets / current liabilities

(6) (Current assets - inventories) / current liabilities

(7) Total debt / total assets

(8) Net debt / (total assets - total liabilities)

FOREIGN EXCHANGE RISK MANAGEMENT

The Group enters into forward foreign exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2017, the Group had foreign exchange derivatives net assets of €0.2 million in the form of foreign exchange forward contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of the outstanding sales forward exchange derivatives and outstanding purchase forward exchange derivatives were €81.4 million and €5.1 million respectively.

DIVIDENDS

At the Board meeting held on 12 June 2017, the Board recommended a distribution of a gross final dividend of €0.0316 per share for an aggregated sum of €46.2 million or 35.0% of the net profit attributable to the equity owners of the Company. The amount of the final dividend was based on 1,461,435,471 shares in issue as at 27 September 2017 excluding 15,529,420 treasury shares. The shareholders of the Company approved the final dividend at the annual general meeting held on 27 September 2017. The dividend was paid on 19 October 2017.

In line with its policy to declare and pay only a final dividend each year, the Board has recommended that no distribution would be made from the profits of the six months ended 30 September 2017.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that require to be reported.

Strategic Review

In the first six months ended 30 September 2017 (the "first half of FY2018"), the Group stayed focused on its multiple strategies to achieve long-term growth, anchored by three main objectives: boosting brand appeal, enchanting more customers by providing exceptional experiences — both offline and online, as well as improving operational efficiency.

Despite encountering some short-term challenges from unseasonable weather, a toughening retail environment in some key markets, and foreign exchange headwinds, the Group made considerable progress in each of these areas. The Group also continued to perform well in key growth markets in Asia and South America, as well as on online channels, positioning it well for future sustainable growth.

Due to L'Occitane's strong gifting and holiday image, sales are normally positively stewed towards the third financial quarter (between 1 October and 31 December). The strong seasonality is also reflected in the production schedule and use of working capital, and magnified the impact of lower operating leverage during a time when the retail environment was also challenging. As a result, the Group's performance in the first half of the financial year should not be representative of the annual results.

Boosting brand appeal

The Group continued to refine its merchandising strategy, promoting iconic and best-selling products that have been, historically, highly effective in attracting new customers and retaining existing ones. This included showcasing selected 'hero products' across all distribution formats, by streamlining the number of animations yet increasing the visibility of each.

One recent example of this strategy was the re-launch of 'Divine Youth Oil' — an existing product with a newly refined formula — during the first half of FY2018. This product drove promising growth in Asia within a few weeks of its launch, indicating early success of this strategy and deepening our skincare expertise image.

Leveraging on its recent investment in LimeLight by Alcone, the Group also continued to explore new product streams, such as colour cosmetics, in order to appeal to a wider audience, including younger consumers.

Enchanting customers with exceptional omni-channel experiences

The Group continued to invest in upgrading its physical stores, self-owned e-commerce websites, third-party marketplaces, and social media platforms in order to provide customers with a seamless, surprising, and memorable online and offline shopping experience.

At the core of the Group's omni-channel sales strategy is the 'Sunshine Concept', which aims to bring the essence of Provence into the Group's stores and online channels. Retaining the use of the Group's signature yellow, the new concept incorporates the use of light to bring customers into the heart of the south of France, featuring a modernized look and easier navigation of its storefronts.

The Group is also set to open two new flagship stores on Regent Street in London and on the Avenue des Champs-Élysées in Paris, with the latter being a one-of-a-kind concept store in partnership with famous French pastry chef, Pierre Hermé.

Elements of the 'Sunshine Concept' have also been incorporated into the Group's new e-commerce websites, which debuted in late August and already showed improving conversion rates. This digital presence, complemented by working closely with third-party marketplaces such as T-mall, have supported the strong 22.6% growth of the Group's Web Sell-out sales, equivalent to 12.9% of total Sell-out sales in the first half of FY2018.

Increased renovation activity as part of selective network expansion

The Group's store network expansion remained selective, handpicking quality locations in promising markets while rationalizing its store network in others to adapt to shifting shopping behaviour. In the first half of FY2018, the Group opened a net of 5 own stores to reach a total of 1,519 stores globally. At the same time, the Group significantly stepped up its renovation activity, refurbishing a total of 78 stores during the first half of FY2018, compared with 39 in the same period last year. These renovations delivered a refreshed layout that incorporates more digital features and in-store technology, driving more return traffic.

The Group also continued to foster a growing network of its emerging brands, for instance in Japan where a net of 4 Melvita stores were opened during the period.

Multi-brand strategy yielding positive results

The Group's multi-brand strategy continued to achieve results, with each of its emerging brands, Melvita, L'Occitane au Brésil and Erborian achieving double-digit growth. This growth was seen primarily in the Japan, France and Brazil markets where there is strong demand for superior quality products at reasonable price points.

LimeLight by Alcone, the U.S.-based natural skincare and personalized makeup company in which the Group acquired a minority stake, continued to grow briskly during the first half of FY2018 while remaining profitable. The Group continues to support this rising brand in product development, infrastructure setup and competitive mapping, for eventual international rollout. In keeping with its established strategy, the Group will continue to explore other potential investments and M&A opportunities as well as grow the contribution from emerging brands.

Accelerating returns from digital marketing and brand awareness investments

The Group started seeing increased returns from its ongoing digital marketing and brand awareness investments. Most notable was the highly successful brand ambassador campaign in China, featuring singer Lu Han, which was one of the driving forces behind the rapid growth achieved on its Web Sell-out channels in the first half of FY2018, particularly on T-mall. The success of this campaign highlighted the Group's ability to appeal to a new generation of online-savvy consumers in emerging markets.

The Group also continued to ramp up its collaboration with beauty bloggers and vloggers to target this new generation of consumers, as well as its use of social media platforms including WeChat in China, Line in Japan and Kakao Talk in South Korea.

Operational efficiency

The Group further optimized its management structure and operations during the first half of FY2018 in order to control costs and increase efficiency. It managed to expand its gross profitability despite investments in innovation. It also continued to implement a controlled pricing and discount strategy to safeguard and strengthen its brand integrity, proposition, and profitability. The Group also continued to identify new growth opportunities and ways to achieve operational excellence.

Recognizing its role in Corporate Social Responsibility

The Group recognizes its responsibility to be respectful of both mankind and the environment. It is committed to using natural and organic ingredients, all of which are sourced and produced in a way that is sustainable and eco-friendly.

The Group also takes seriously its responsibility to protect the interests of its employees and the natural heritage of the lands from which it is inspired. The Group is also heavily involved in various charities and charitable causes.

For more information on the Group's business ethics, values and responsible purchasing policies in the areas of social responsibility and environmental sustainability, please refer to its annually-published 'Environmental, Social and Governance' report.

Outlook

Looking forward to the second half of FY2018 and beyond, the Group will stay on course to implement its marketing, store revamp and efficiency-enhancing strategies. Its omni-channel expansion will remain a pillar of its activity, as it seeks to create frictionless physical and online shopping experiences while raising the visibility of its brands. One reflection of this is the extension of the "Click and Collect" services to additional markets in Asia and the Americas — where customers are taken on a unified brand journey online with the new e-commerce website, to offline with the 'Sunshine Concept'. At the same time, the Group will continue to leverage on its new 'Learning Management System' — a digital training platform for in-store beauty advisors to further reinforce customer-centricity.

Another facet of the Group's strategy is to reinvigorate brand appeal. Key to achieving this will be continued investment in new brand ambassadors and other marketing initiatives in order to build on the Group's recent success in increasing online and offline sales in emerging markets. It recently re-signed Lu Han for 2018 to promote the Group's body care products in China, and it will soon bring on board a new female brand ambassador to promote its face care products in its three main Greater China markets: Mainland China, Hong Kong and Taiwan, as well as within its travel retail channels.

In light of the seasonality of its operations, the Group is poised to captivate customers through exciting marketing actions focused in the second half of the year, especially during the upcoming holiday season. The Group will seek to capitalize on the initial successes of its new 'Divine Youth Oil' and 'Terre de Lumière' fragrance, as well as the sought-after Advent Calendar to further strengthen its foothold in the natural beauty market.

The Group will also continue to leverage its investment in LimeLight by Alcone to support its efforts to gain greater exposure in product ranges such as colour cosmetics, as well as to the online direct sales — or 'social commerce' — business model.

These selected initiatives, coupled with the Group's commitment to drive operational efficiencies, will continue to underpin its ability to deliver long-term and sustainable value to investors.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (the "Listing Rules"), the Company has an audit committee ("Audit Committee") comprising of three non-executive Directors, two of whom are independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for the six months ended 30 September 2017.

CORPORATE GOVERNANCE

The Board reviews its corporate governance practices regularly in order to meet the rising expectations of shareholders, to comply with increasingly stringent regulatory requirements and to fulfil its commitment to excellence in corporate governance. The Board is committed to maintaining a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining shareholders' returns.

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2017 save as disclosed below:

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of the Chief Executive Officer (the "CEO") of the Group has been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. This deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are four independent non-executive Directors in the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the Board committees (Audit Committee, Nomination Committee and Remuneration Committee) and each Board committee is composed of a majority of independent non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by Mr. André Hoffmann, Managing Director Asia-Pacific and Vice-Chairman of the Board and by Mr. Domenico Trizio, Group Chief Operating Officer and Group Managing Director of the Company. Mr. Geiger is responsible to the Board and focuses on Group strategies and Board issues, ensuring a cohesive working relationship between members of the Board and management. The two Managing Directors have full executive responsibilities in the business directions and operational efficiency of the business units under their respective responsibilities and are accountable to Mr. Geiger.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO. Mr. Karl Guénard ("Mr. Guénard"), joint company secretary of the Company, is based in Luxembourg and reports to Mr. Thomas Levilion ("Mr. Levilion"), an executive Director and the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because both Mr. Guénard and Mr. Levilion work closely together on a day-to-day basis including dealing with matters relating to corporate governance and other Board-related matters. Ms. Ming Wai Mok ("Ms. Mok"), the other joint company secretary of the Company, is based in Hong Kong. Ms. Mok works in coordination with Mr. Guénard in the discharge of all company secretarial duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during the six months ended 30 September 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 1 April 2017, the Company held 14,244,670 shares in treasury. During the first half of FY2018, the Company repurchased a total of 1,284,750 shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with an aggregate amount of HK$20,365,960.68, which were transferred to treasury on 27 September 2017.

Details of the shares repurchased during the period are set out as follows:

Month of Repurchases	Number of shares purchased	Price paid per share		Aggregate consideration paid
		Highest	Lowest	
June 2017	1,284,750	HK$16.14	HK$15.62	HK$20,365,960.68

The Company held 15,529,420 shares in treasury on 30 September 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2017.

GENERAL INFORMATION

The consolidated financial statements of the Group for the six months ended 30 September 2017 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM REPORT

The interim results announcement of the Company is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) in due course.

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

Hong Kong, 20 November 2017

As at the date of this announcement, the executive Directors are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. André Hoffmann (Vice-Chairman & Managing Director Asia-Pacific), Mr. Domenico Trizio (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration) and Mr. Karl Guénard (Joint Company Secretary), the non-executive Director is Mr. Martial Lopez and the independent non-executive Directors are Mrs. Valérie Bernis, Mr. Charles Mark Broadley, Mr. Pierre 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.