

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**UNAUDITED TRADING UPDATE
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

L'Occitane International S.A. (the "Company") is pleased to present the unaudited 2017/2018 ("FY2018") trading update of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2017. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Highlights

- Group's net sales grew by 3.0% at constant rates and -0.6% at reported rates
- On a like-for-like basis (i.e. excluding Le Couvent des Minimes and one-off deal of L'Occitane au Brésil last year), sales grew by 3.9% at constant rates and 0.3% at reported rates
- The third quarter saw significant improvement in retail sales and same store sales growth in most key countries, thanks to the strong brand visibility during the festive seasons with attractive offerings and key flagship openings
- Momentum in China continued to outperform with 23.4% growth in local currency, and same store sales growth further accelerated to 17.4%
- Brazil grew by 12.5% in local currency, with 4.6% same store growth rate
- Hong Kong posted a growth of 9.7% at constant exchange rates, driven mainly by travel retail business in the region and stabilization in retail sales
- Web Sell-out channels (own E-commerce and marketplaces) delivered encouraging growth of 21.2% and reached 14.3% of the total Sell-out sales

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 nine months ended 31 December 2017:

Sales and % of total sales

	31 Dec 2017		31 Dec 2016	
	€ '000	%	€ '000	%
Sell-out	741,924	74.1	752,630	74.7
Sell-in	<u>258,969</u>	<u>25.9</u>	<u>254,587</u>	<u>25.3</u>
Total	<u>1,000,893</u>	<u>100.0</u>	<u>1,007,217</u>	<u>100.0</u>

Year-on-year growth

	Growth		Contribution to Overall Growth ⁽²⁾	
	€ '000	%	%	%
Sell-out				
Comparable Stores	(10,706)	(1.4)	2.5	62.6
Non-comparable Stores & others ⁽¹⁾	(13,804)	(2.5)	1.4	26.1
	3,099	1.6	5.8	36.5
Sell-in	<u>4,382</u>	<u>1.7</u>	<u>4.4</u>	<u>37.4</u>
Overall Growth	<u>(6,324)</u>	<u>(0.6)</u>	<u>3.0</u>	<u>100.0</u>

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

(2) Excludes the impact of foreign currency translation effects

Geographic Areas

The following table presents the net sales and net sales growth for the nine months ended 31 December 2017 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales							
	31 Dec 2017		31 Dec 2016		Growth		Contribution to Overall Growth ⁽¹⁾	
	€ '000	%	€ '000	%	€ '000	%	Growth ⁽¹⁾ %	Growth ⁽¹⁾ %
Japan	161,489	16.1	174,334	17.3	(12,845)	(7.4)	0.9	5.0
Hong Kong ⁽²⁾	97,164	9.7	93,695	9.3	3,469	3.7	9.7	29.9
China	114,057	11.4	96,803	9.6	17,254	17.8	23.4	75.1
Taiwan	30,792	3.1	31,404	3.1	(612)	(1.9)	(2.1)	(2.2)
France	80,761	8.1	79,431	7.9	1,330	1.7	1.7	4.4
United Kingdom	49,108	4.9	52,942	5.3	(3,834)	(7.2)	(2.6)	(4.5)
United States	121,666	12.2	136,204	13.5	(14,538)	(10.7)	(6.0)	(27.1)
Brazil	49,798	5.0	44,861	4.5	4,937	11.0	12.5	18.5
Russia	36,617	3.7	33,870	3.4	2,747	8.1	3.8	4.2
Other countries ⁽³⁾	259,442	25.9	263,673	26.2	(4,232)	(1.6)	(0.4)	(3.3)
All countries	1,000,893	100.0	1,007,217	100.0	(6,324)	(0.6)	3.0	100.0

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from the 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 own retail stores, their contribution percentage to overall growth and same store sales growth for the nine months ended 31 December 2017 compared to the nine months ended 31 December 2016:

	Own Retail Stores				% contribution to Overall Growth ⁽¹⁾⁽²⁾			
	Net openings		Net openings		Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % ⁽²⁾
	31 Dec 2017	YTD 31 Dec 2017	31 Dec 2016	YTD 31 Dec 2016				
Japan ⁽³⁾	143	9	131	8	14.0	2.3	16.2	0.6
Hong Kong ⁽⁴⁾	36	2	34	(2)	(6.0)	0.3	(5.7)	0.4
China ⁽⁵⁾	198	(4)	200	13	5.8	36.4	42.2	17.4
Taiwan ⁽⁶⁾	51	(5)	56	1	(0.3)	(1.3)	(1.6)	(2.1)
France ⁽⁷⁾	83	3	82	1	5.2	(4.0)	1.1	(3.6)
United Kingdom	76	2	75	—	(2.0)	0.3	(1.8)	0.2
United States	205	(2)	214	(3)	(17.4)	(10.5)	(27.9)	(3.7)
Brazil ⁽⁸⁾	124	1	119	27	11.7	4.6	16.3	4.6
Russia ⁽⁹⁾	102	(2)	102	(1)	0.6	(0.3)	0.3	(0.5)
Other countries ⁽¹⁰⁾	512	12	506	12	0.1	(1.6)	(1.5)	(0.4)
All countries⁽¹¹⁾	1,530	16	1,519	56	11.6	26.1	37.7	1.4

(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 23 and 31 Melvita stores as at 31 December 2016 and 31 December 2017 respectively.

(4) Includes 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 December 2016 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 December 2017.

(5) Includes 10 and 7 Melvita stores as at 31 December 2016 and 31 December 2017 respectively.

(6) Includes 1 Erborian store as at 31 December 2016.

(7) Includes 3 Melvita and 1 Erborian stores as at 31 December 2016 and 31 December 2017 respectively.

(8) Includes 35 L'Occitane au Brésil stores as at 31 December 2016 and 31 December 2017 respectively.

(9) Includes 1 Erborian store as at 31 December 2016 and 4 Erborian stores as at 31 December 2017.

(10) Include 8 Melvita and 2 Erborian stores as at 31 December 2016 and 4 Melvita and 1 Erborian stores as at 31 December 2017.

(11) Include 54 Melvita, 35 L'Occitane au Brésil and 5 Erborian stores as at 31 December 2016 and 55 Melvita, 35 L'Occitane au Brésil and 6 Erborian stores as at 31 December 2017.

The Group's net sales reached €1.0 billion, or 3.0% growth at constant rates for the nine months ended 31 December 2017. Due to unfavourable foreign exchange rates, sales at reported rates reduced by 0.6% over the same period last year. During the financial year ended 31 March 2017, the Company disposed of Le Couvent des Minimes and there was a one-off deal of L'Occitane au Brésil in September 2016. Excluding Le Couvent des Minimes and the one-off deal, the Group's sales growth at reported rates and constant rates were 0.3% and 3.9% respectively.

For the first nine months of FY2018, Sell-out sales accounted for 74.1% of the net sales and amounted to €741.9 million, a decrease of 1.4% at reported rates as compared to the same period last year. At constant rates, the growth was 2.5%. This growth was primarily contributed by positive same store growth as well as Non-comparable Stores and other sales, including new stores and stores renovated last year and this year, marketplaces and spa businesses. As compared to last year, sales of the Group's Web Sell-out channels (including own E-commerce and marketplaces) grew by 21.2% at constant exchange rates, equivalent to 14.3% of the total Sell-out sales*. The Group's same store sales growth for the nine months ended 31 December 2017 further improved to 1.4% as compared to -0.1% for the six months ended 30 September 2017. The improvement was mainly contributed by the successful launches of holiday offerings during festive seasons in the third quarter which fueled same store sales growth in China, Hong Kong, Taiwan, Russia and other key countries. The Group also strengthened its brand image and created excitement through flagship store openings in France, United Kingdom and Canada.

Sell-in sales accounted for 25.9% of the Group's total sales and amounted to €259.0 million, posted an increase of 4.4% at constant exchange rates as compared to last year. Like-for-like growth was 8.2%. The increase was primarily driven by the dynamic growth in travel retail, distribution, B2B and web-partner channels of L'Occitane en Provence brand. The emerging brands Melvita and Erborian continued double-digit growth and contributed to overall sales growth. Excluding the one-off deal last year, L'Occitane au Brésil remained in strong mid-double-digit growth.

In terms of geographical areas, China, Brazil and Hong Kong were the countries with highest sales growth in local currencies. For the nine months ended 31 December 2017, China sales had an impressive growth of 23.4% in local currency with same store sales growth of 17.4%, thanks to the continual success in the marketing campaigns with artist Lu Han and the attractive festive season offerings. Brazil grew by 12.5% in local currency, contributed by both Sell-in and Sell-out channels, and driven by both L'Occitane en Provence and L'Occitane au Brésil. Hong Kong posted a growth of 9.7% at constant exchange rates, thanks to the strong travel retail sales in Asia in particular in Greater China, Korea and Japan.

The Group maintained selective openings of 16 net stores and renovated 118 stores during the first nine months of FY2018 (same period last year: 56 net stores opened and 79 stores renovated).

* In previous communications, the Group used to disclose its own E-commerce sales growth and ratio to retail sales, for the nine months ended 31 December 2017, such indicators were 11.7% and 12.4%, respectively.

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

Hong Kong, 22 January 2018

As at the date of this announcement, the executive directors of the Company are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. André Hoffmann (Vice-Chairman), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration) and Mr. Karl Guénard (Joint Company Secretary), the non-executive director of the Company is Mr. Martial Lopez and the independent non-executive directors of the Company 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.