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L'OCCITANE

EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

(Stock code: 973)

UNAUDITED TRADING UPDATE FOR THE YEAR ENDED 31 MARCH 2018

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 year ended 31 March 2018. 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 4.6% at constant rates and -0.3% at reported rates, both saw improvements from the first nine months of FY2018
- Sales from LimeLife are consolidated after it became a subsidiary of the Group during the last quarter of FY2018
- On a like-for-like basis, sales grew by 3.7% at constant rates and -1.0% at reported rates
- China continued to outperform with 20.5% growth in local currency, and strong same store sales growth at 15.1%
- Brazil grew by 11.3% in local currency, with 4.5% same store growth rate
- The US turned positive, due mainly to LimeLife as well as a significant pick-up in retail in the last quarter of FY2018
- Hong Kong posted 8.3% growth at constant exchange rates, driven by travel retail business in the region and further improvement in retail sales
- Web Sell-out channels (own E-commerce and marketplaces) delivered encouraging growth of 19.2% and reached 13.7% 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 FY2018:

Sales and % of total sales

	FY2018		FY2017	
	€ '000	%	€ '000	%
Sell-out	987,789	74.9	992,512	75.0
Sell-in	331,578	25.1	330,665	25.0
Total	1,319,366	100.0	1,323,177	100.0

Year-on-year growth

	Growth	Growth	Growth ⁽²⁾	Contribution to
	€ '000	%	%	Overall Growth ⁽²⁾
Sell-out	(4,723)	(0.5)	4.8	78.4
Comparable Stores	(22,133)	(3.2)	1.7	19.6
Non-comparable Stores & others ⁽¹⁾	17,410	6.0	12.4	58.9
Sell-in	912	0.3	4.0	21.6
Overall Growth	(3,811)	(0.3)	4.6	100.0

(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 FY2018 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales							Contribution to Overall Growth ⁽¹⁾
	FY2018		FY2017		Growth	Growth	Growth ⁽¹⁾	
	€ '000	%	€ '000	%	€ '000	%	%	
Japan	218,932	16.6	238,795	18.0	(19,862)	(8.3)	0.1	0.2
Hong Kong ⁽²⁾	124,584	9.4	124,329	9.4	255	0.2	8.3	17.0
China	159,118	12.1	139,012	10.5	20,106	14.5	20.5	46.6
Taiwan	39,433	3.0	41,555	3.1	(2,122)	(5.1)	(3.3)	(2.2)
France	102,177	7.7	100,478	7.6	1,699	1.7	1.7	2.8
United Kingdom	59,837	4.5	64,816	4.9	(4,979)	(7.7)	(3.5)	(3.7)
United States	172,160	13.0	171,198	12.9	962	0.6	8.8	24.6
Brazil	60,208	4.6	56,509	4.3	3,698	6.5	11.3	10.5
Russia	50,493	3.8	48,973	3.7	1,520	3.1	3.6	2.9
Other countries ⁽³⁾	<u>332,425</u>	<u>25.2</u>	<u>337,513</u>	<u>25.5</u>	<u>(5,088)</u>	<u>(1.5)</u>	<u>0.2</u>	<u>1.4</u>
All countries	<u>1,319,366</u>	<u>100.0</u>	<u>1,323,177</u>	<u>100.0</u>	<u>(3,811)</u>	<u>(0.3)</u>	<u>4.6</u>	<u>100.0</u>

(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 FY2018 compared to FY2017:

	Own Retail Stores				% contribution to Overall Growth ^{(1) (2)}			Same Store Sales Growth % ⁽²⁾
	Net openings YTD		Net openings YTD		Non-comparable Stores	Comparable Stores	Total Stores	
	31 Mar 2018	31 Mar 2018	31 Mar 2017	31 Mar 2017				
Japan ⁽³⁾	144	10	134	11	7.2	0.7	7.9	0.3
Hong Kong ⁽⁴⁾	34	—	34	(2)	(2.9)	0.8	(2.2)	1.5
China ⁽⁵⁾	197	(5)	202	15	3.5	22.9	26.4	15.1
Taiwan ⁽⁶⁾	52	(4)	56	1	(0.5)	(1.1)	(1.6)	(2.7)
France ⁽⁷⁾	82	2	80	(1)	4.6	(1.8)	2.8	(2.9)
United Kingdom	74	—	74	(1)	(0.9)	0.2	(0.8)	0.2
United States	196	(11)	207	(10)	(8.2)	(4.5)	(12.7)	(2.7)
Brazil ⁽⁸⁾	166	43	123	31	6.3	2.7	9.0	4.5
Russia ⁽⁹⁾	103	(1)	104	1	0.8	0.2	1.0	0.4
Other countries ⁽¹⁰⁾	<u>507</u>	<u>7</u>	<u>500</u>	<u>6</u>	<u>(0.2)</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>(0.2)</u>
All countries⁽¹¹⁾	<u>1,555</u>	<u>41</u>	<u>1,514</u>	<u>51</u>	<u>9.7</u>	<u>19.6</u>	<u>29.2</u>	<u>1.7</u>

(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 26 and 33 Melvita stores as at 31 March 2017 and 31 March 2018 respectively.

(4) Includes 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2017 and 3 L'Occitane stores in Macau and 8 Melvita stores in Hong Kong as at 31 March 2018.

(5) Includes 10 and 7 Melvita stores as at 31 March 2017 and 31 March 2018 respectively.

(6) Includes 1 Erborian store as at 31 March 2017.

(7) Includes 3 Melvita and 1 Erborian stores as at 31 March 2017 and 31 March 2018.

(8) Includes 36 and 78 L'Occitane au Brésil stores as at 31 March 2017 and 31 March 2018 respectively.

(9) Includes 2 and 5 Erborian stores as at 31 March 2017 and 31 March 2018 respectively.

(10) Include 5 Melvita and 1 Erborian stores as at 31 March 2017 and 4 Melvita and 1 Erborian stores as at 31 March 2018.

(11) Include 54 Melvita, 36 L'Occitane au Brésil and 5 Erborian stores as at 31 March 2017 and 55 Melvita, 78 L'Occitane au Brésil and 7 Erborian stores as at 31 March 2018.

The Group's net sales reached €1.3 billion, grew 4.6% at constant rates in FY2018. Due to unfavourable foreign exchange rates, net sales at reported rates reduced by 0.3% over 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. In addition, LimeLife became a subsidiary of the Group in January 2018 and its sales are consolidated since. Excluding Le Couvent des Minimes, the one-off deal and LimeLife, the Group's sales growth at reported rates and constant rates were -1.0% and 3.7% respectively. The emerging brands Melvita, Erborian and L'Occitane au Brésil (excluding one-off deal) continued double-digit growth.

In FY2018, Sell-out sales accounted for 74.9% of the net sales and amounted to €987.8 million, a decrease of 0.5% at reported rates as compared to last year. At constant rates, the growth was 4.8%. This growth was primarily contributed by positive same store sales 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 19.2% at constant exchange rates, equivalent to 13.7% of the total Sell-out sales*. The Group's same store sales growth for FY2018 further improved to 1.7% as compared to 1.4% for the nine months ended 31 December 2017. The improvement was mainly driven by China together with stabilization of same store sales in Hong Kong, France, the UK, the US, Russia and other countries.

Sell-in sales accounted for 25.1% of the Group's total sales and amounted to €331.6 million, posted an increase of 4.0% at constant exchange rates as compared to last year. Like-for-like growth was 7.0%. The increase was primarily driven by the dynamic growth in travel retail, B2B, web-partner and distributor channels of L'Occitane en Provence brand.

In terms of geographical areas, China, Brazil, the US and Hong Kong were the markets with highest sales growth in local currencies. China delivered impressive sales growth of 20.5% in local currency with same store sales growth of 15.1%, as it maintained strong momentum online and offline. Brazil grew by 11.3% in local currency, contributed by both L'Occitane en Provence and L'Occitane au Brésil. The US saw positive growth, contributed mainly by LimeLife, strong web sell-out and improved retail performance in the last quarter of FY2018. Hong Kong posted a growth of 8.3% at constant exchange rates, thanks to the strong travel retail sales in Asia and retail market rebound.

The Group maintained selective openings of 41** net stores and renovated 153 stores during FY2018 (last year: 51 net stores opened and 104 stores renovated).

* In previous communications, the Group used to disclose its own E-commerce sales growth and ratio to retail sales, for the year ended 31 March 2018, such indicators were 10.9% and 12.0% respectively.

** Includes 28 L'Occitane au Brésil stores that were reclassified as own retail stores.

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

Hong Kong, 23 April 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.