

[For Immediate Release]



L'Occitane International S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

L'Occitane Announces FY2018 Annual Results

Net sales grew 4.6% at constant rates
Gross margin remained high at 83.3%
Dividend payout ratio increased from 35% to 45%

1. Net sales were €1,319.4 million, an increase of 4.6% at constant rates and slight decrease of 0.3% at reported rates.
2. Gross margin remained high at 83.3%.
3. Operating profit and net profit were €141.0 million and €96.5 million, respectively, both decreased from last year. The decrease was partly due to unfavourable foreign exchange effects and consequences from tax reform in the US. Despite the unfavourable foreign exchange effects, operating profit margin was 10.7%.
4. China, Brazil, the US and Hong Kong were the fastest-growing markets.
5. Same Store Sales Growth was 1.7%, a clear improvement in the second half of FY2018.
6. Web sell-out sales (including e-commerce and marketplaces) grew 19.2%, equivalent to 13.7% of total sell-out sales.
7. Emerging brands (Melvita, L'Occitane au Brésil, Erborian) delivered double-digit growth, while LimeLife sales grew more than three-fold in the last calendar year.
8. In view of the Group's strong net cash position, the Board recommends an increase in the dividend payout ratio from 35% to 45%, with proposed final dividend of €0.0297 per share.

FINANCIAL HIGHLIGHTS

For the year ended 31 March

(in million €, unless otherwise stated)

	2018	2017	Change
Net sales	1,319.4	1,323.2	-0.3%
Gross profit	1,098.4	1,102.4	-0.4%
<i>Gross margin</i>	83.3%	83.3%	--
Operating profit	141.0	168.3	-16.2%
<i>Operating margin</i>	10.7%	12.7%	-2.0 pp
Profit for the year	96.5	132.4	-27.1%
<i>Net profit margin</i>	7.3%	10.0%	-2.7 pp
Basic EPS (€)*	0.066	0.090	-26.7%
Dividend per share (€)*	0.0297	0.0316	-6.0%
Dividend payout ratio (%)*	45.0%	35.0%	+10.0 pp
Return on capital employed (%)	15.1%	24.6%	-9.5 pp
Return on equity (ROE) (%)	10.3%	14.3%	-4.0 pp
Gearing ratio (%)	6.8%	5.9%	+0.9 pp
Net Cash	297.7	379.7	-21.6%

*The figure illustrates dividends declared for the period indicated, not actual dividends paid during the period indicated. Final dividend of €0.0297 per share proposed for the year ended 31 March 2018 is subject to the approval of the shareholders of the Group at the forthcoming Annual General Meeting.

(11 June 2018, Hong Kong) L'Occitane International S.A. ("L'Occitane" or the "Group"; SEHK stock code: 973), a global, natural ingredient-based cosmetics and well-being products company with true stories from Provence, France and around the world, today announces its annual results for the year ended 31 March 2018 ("FY2018").

The Group recorded net sales of €1,319.4 million for FY2018, an improvement of 4.6% at constant rates, while falling a slight 0.3% at actual rates, compared to FY2017. On a like-for-like basis (i.e. excluding Le Couvent des Minimes¹, a one-off deal concerning L'Occitane au Brésil last year¹ and LimeLife²), the Group's net sales improved by a healthy 3.7%.

Gross profit fell 0.4% to €1,098.4 million in FY2018, while the gross profit margin remained high at 83.3%. The flat gross profit margin reflected lower production and freight costs, a more favourable price and product mix, and a reduction of obsolescence. However, these gains were offset by unfavourable foreign exchange rates and other factors.

The Group recorded an operating profit of €141.0 million, and net profit of €96.5 million, both decreased from last year. This was mostly due to unfavourable foreign exchange rates, strengthened investments in marketing and brand ambassador campaigns and one-off costs for new flagship stores. The decrease in net profitability was also due to the consequences of tax reform in the US. Despite the unfavourable foreign exchange effects, the Group's operating profit margin was 10.7%.

Sell-out sales accounted for 74.9% of the Group's total sales in FY2018, amounting to €987.8 million, an increase of 4.8% at constant exchange rates and a decrease of 0.5% at actual rates. This growth at constant rates was primarily driven by the Group's new stores opened and renovated in the past two years, and Web Sell-out channels, such as marketplace platforms in China and South Korea. Same Store Sales Growth also showed clear improvement in the second half of FY2018, from -0.1% in the first half to 1.7% for the full year. The Group's own retail store network expansion remained selective, with a net addition of 41 stores to 1,555 as at the end of FY2018, while Web Sell-out channels continued to expand with 19.2% growth at constant exchange rates, equivalent to 13.7% of the total Sell-out sales.

Sell-in sales accounted for 25.1% of the Group's total sales in FY2018, amounting to €331.6 million, an increase of 4.0% at constant exchange rates and an increase of 0.3% at actual rates. The increase was primarily driven by the dynamic growth in travel retail, B2B, web-partner and distributor channels.

China, Brazil, the US and Hong Kong were the fastest-growing markets in FY2018 at constant rates. China continued to be the standout market, supported by a successful celebrity campaign that has maintained strong momentum both online and offline. Sales in China grew 20.5%, while same store sales grew 15.1%. Local currency sales in Brazil rose 11.3%, contributed by the L'Occitane en Provence and L'Occitane au Brésil brands. Meanwhile, the US turned positive with 8.8% sales growth in local currency terms, due mainly to LimeLife and a significant pick-up in retail during the last fiscal quarter. Local currency sales in Hong Kong grew 8.3%, thanks to strong travel retail sales in Asia and a local retail market rebound.

The performances of the Group's emerging brands, Melvita, L'Occitane au Brésil, and Erborian, strengthened considerably in FY2018, with each recording double-digit growth. This growth was seen primarily in Japan, Brazil and France, where there is strong demand for superior quality products at reasonable price points.

¹ During the financial year ended 31 March 2017, the Company disposed of Le Couvent des Minimes and there was a one-off deal concerning L'Occitane au Brésil in September 2016.

² LimeLife by Alcone ('LimeLife') became a subsidiary of the Group in January 2018 and its sales have been consolidated since.

The Group's acquisition of LimeLife launched its foray into the colour cosmetics space, with the brand achieving exceptional sales growth of more than three-fold during the past calendar year. LimeLife has expanded beyond its home market in the United States, launching in Canada in March 2018 and in the United Kingdom in June 2018, under the same direct-sales model. The brand remains profitable.

During FY2018, the Group remained focused on executing clear strategies to achieve long-term growth, namely re-enchanting audiences to the roots of its core brand, providing an extraordinary customer experience – both offline and online, as well as by driving operational efficiency.

Under its omni-channel strategy, the Group continued to re-orient its physical store network to deliver a more unforgettable shopping experience. It also opened several high-profile flagship stores in Paris, London and Toronto. In line with its aim to create fluid on- and offline customer journeys, the Group launched a new e-commerce website during FY2018 that is streamlined, mobile-friendly and incorporates features such as a 'Click-and-Collect' service in some markets (where customers collect their online purchases in-store) that has increased conversion rates.

The Group also focused on fewer, but larger-scale, product launches in FY2018, which were synchronised across all countries and sales channels. These strategic products – which included the re-launch of Immortelle Divine Youth Oil and the brand-new Aqua Réotier range – greatly improved the Group's visibility and reputation in the face care product category and was effective in trading up existing customers, and also attracting new ones, including younger customers. Together with innovative co-branding and brand ambassador campaigns, the Group successfully attracted widespread attention and supported brand heat in key markets.

The Group's balance sheet remained healthy during FY2018, with its net cash position amounting to €297.7 million as at 31 March 2018. L'Occitane is pleased to propose a final dividend of €0.0297 per share, representing a dividend payout ratio of 45% in FY2018, from 35% in FY2017.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "Despite ongoing foreign exchange headwinds and challenging retail environments in key markets, we made solid progress in emerging markets such as China, online channels, emerging brands and completed the acquisition of the exciting brand, LimeLife."

"We will continue to boost our appeal and build customer engagement through powerful story-telling as well as targeted and disciplined investments. We have strong confidence the Group is well-positioned to deliver profitable growth and lasting value to our shareholders."

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About L'Occitane International S.A.

L'Occitane International S.A. is the world's leading natural ingredient-based cosmetics and well-being products company with origins and true stories from Provence, France and around the world. A global leader in the premium beauty market, L'Occitane produces and retails best quality products, produced with cutting-edge technology under five brands, including L'Occitane en Provence, Melvita, Erborian, L'Occitane au Brésil and LimeLife by Alcone. Its products are rich in natural ingredients of traceable origins, while also respecting the environment.

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