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L'OCCITANE

EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg

R.C.S. Luxembourg: B80359

(Incorporated under the laws of Luxembourg with limited liability)

(Stock code: 973)

MAJOR TRANSACTION

ACQUISITION OF ELEMIS

INTRODUCTION

The Company is pleased to announce that on 11 January 2019 (after trading hours), Steiner Leisure and Nemo UK as sellers, Steiner Leisure as seller representative and the Company as buyer entered into the Purchase Agreement, pursuant to which, among other things, the Company agreed to purchase “ELEMIS” by way of acquisition of (i) 100% equity interest in Elemis USA from Steiner Leisure; and (ii) 100% equity interest in Elemis Limited from Nemo UK.

The Closing of the Acquisition is subject to the satisfaction (or waiver) of the Conditions Precedent, including the signing of the Cosmetics Ltd Transfer Agreement, pursuant to which all of the outstanding equity securities of Cosmetics Ltd will be transferred to the Company.

After the closing of the Acquisition and the Cosmetics Ltd Acquisition, Elemis USA, Elemis Limited and Cosmetics Ltd will become wholly-owned subsidiaries of the Company.

The estimated maximum sum of the Purchase Price payable by the Company under the Purchase Agreement, having taken into account the maximum potential adjustments, is approximately US\$900,000,000 (equivalent to approximately HK\$7,020,000,000).

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Acquisition and the Cosmetics Ltd Acquisition are more than 25% but less than 100%, the Acquisition together with the Cosmetics Ltd Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition and the Cosmetics Ltd Acquisition.

As at the date of this announcement, LOG and Mr. Reinold Geiger (chairman of the Board and an executive Director) are a closely allied group of Shareholders interested in approximately 74.23% of the Company's issued share capital. The Company has obtained the written approval of LOG and Mr. Reinold Geiger for the Acquisition and the Cosmetics Ltd Acquisition pursuant to Rule 14.44 of the Listing Rules and, as a result, no extraordinary general meeting will be convened to consider the Acquisition and the Cosmetics Ltd Acquisition.

GENERAL

Rule 14.41(a) of the Listing Rules requires the Company to dispatch, within 15 business days after the publication of this announcement, a circular containing, among other things, further details of the Acquisition and the Cosmetics Ltd Acquisition and the relevant financial information about the Target Companies and Cosmetics Ltd to the Shareholders. It is expected that additional time is required by the Company to prepare the relevant financial information, including in particular the relevant financial information of the companies being acquired for the financial year ended 31 December 2018, which are currently expected to be available on or around 31 March 2019. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) to extend the despatch date of the circular. Subject to the waiver being granted, the circular is expected to be despatched on or before 15 April 2019.

Completion of the Acquisition is conditional upon the satisfaction or, if applicable, waiver of the Conditions Precedent. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Company is pleased to announce that on 11 January 2019 (after trading hours), Steiner Leisure and Nemo UK as sellers, Steiner Leisure as seller representative and the Company as buyer entered into the Purchase Agreement, pursuant to which, among other things, the Company agreed to purchase ELEMIS by way of acquisition of (i) 100% equity interest in Elemis USA from Steiner Leisure; and (ii) 100% equity interest in Elemis Limited from Nemo UK.

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THE ACQUISITION

Set out below is a summary of the principal terms and conditions of the Purchase Agreement and the transactions contemplated thereunder:

Date

11 January 2019 (after trading hours)

Parties

- (a) the Company, as buyer;
- (b) Steiner Leisure, as seller and representative of the Sellers; and
- (c) Nemo UK, as seller.

Acquisition of the Target Companies

The Company agreed to purchase and the respective Sellers agreed to sell (i) 100% equity interest in Elemis USA from Steiner Leisure; (ii) 100% equity interest in Elemis Limited from Nemo UK.

Purchase Price

The Purchase Price, subject to adjustments pursuant to the terms of the Purchase Agreement, is (i) US\$900,000,000 (equivalent to approximately HK\$7,020,000,000), plus (ii) the amount of cash and cash equivalents of the Target Group at the Adjustment Time, plus (iii) the amount of the Net Working Capital Adjustment, minus (iv) the amount of indebtedness of the Target Group as of the Adjustment Time, minus (v) the Company Expenses.

The Purchase Price was arrived at after arm's length commercial negotiations between the Parties. The Purchase Price is based on market conditions, the net asset value of the Target Companies and the prospects of ELEMIS.

The estimated maximum sum of the Purchase Price payable by the Company under the Purchase Agreement, having taken into account the maximum potential adjustments, is approximately US\$900,000,000 (equivalent to approximately HK\$7,020,000,000).

The Purchase Price will be funded by the Company's cash on hand and bank borrowings.

Terms of payment

At Closing, the Company shall pay, or cause to be paid:

- (i) to the account(s) designated by the Seller Representative, by wire transfer of immediately available funds, an amount equal to the portion of the Company Expenses owing to the persons set forth in the Funds Flow;
- (ii) to the account(s) designated in the relevant payoff letter(s), by wire transfer of immediately available funds, an amount equal to the portion of the indebtedness of the Target Group owing to the persons in accordance with such payoff letters, as set forth in the Funds Flow (if any);
- (iii) to the account designated in writing by the Seller Representative, by wire transfer of immediately available funds, (A) the Escrow Amount, and (B) if the Seller Representative has not delivered a letter of credit notice on or prior to the date that is five business days prior to Closing, US\$15,000,000, to an escrow agent in accordance with the Purchase Agreement;
- (iv) to the account(s) designated by the Seller Representative and for the benefit of the applicable Seller, by wire transfer of immediately available funds, an amount equal to, with respect to each Seller, the product of (A) the Purchase Price estimated by the Sellers in accordance with the Purchase Agreement minus the Escrow Amount, multiplied by (B) such Seller's Pro Rata Portion.

Adjustments

No later than 90 days after the date of Closing, the Company shall deliver a closing statement containing its calculation of the Purchase Price to the Seller Representative to determine the Final Purchase Price, and upon the Parties' agreement on the Final Purchase Price, the entire amount of any excess or shortfall of the Purchase Price determined after such post-closing adjustment shall be paid within five business days after such amount has been finally determined pursuant to the Purchase Agreement.

Conditions Precedent and Closing

Closing is conditional upon the satisfaction (or waiver) of the Conditions Precedent, including but not limited to the following:

- (a) any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and any Designated Foreign Antitrust Laws relating to the transactions contemplated by the Purchase Agreement shall have expired or been terminated;
- (b) no order or law issued by any court of competent jurisdiction or other governmental entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated by the Purchase Agreement shall be in effect; provided, however, that each of the Company and the Sellers shall have used reasonable best efforts (unless another standard of efforts is expressly required by the Purchase Agreement, in which case such Party shall have used such required effort) to prevent the entry of any such order and to appeal as promptly as possible any such order that may be entered; and
- (c) the execution of the Cosmetics Ltd Transfer Agreement.

Closing is expected to take place in the first quarter of 2019.

Steiner Leisure Guarantee

Pursuant to the Purchase Agreement, Steiner Leisure absolutely, unconditionally and irrevocably guarantees the payment and performance obligations of the Sellers under the Purchase Agreement on the terms and subject to the conditions set forth in the Purchase Agreement.

INFORMATION ABOUT ELEMIS, THE TARGET COMPANIES

ELEMIS

ELEMIS is a global distributor and innovator in the fields of beauty and skincare. ELEMIS sells premium quality beauty products both directly to consumers through its websites and wholesale to various distribution channels. ELEMIS also provides services including traditional and alternative massage and body and skin treatment options.

Elemis Limited

Elemis Limited is a private limited company incorporated in England and Wales which principal business activity is investment holding and the innovation and sale of premium quality beauty products both directly to consumers through its websites and wholesale to various distribution channels in the United Kingdom. Elemis Limited is a wholly-owned subsidiary of Nemo UK and an indirect wholly-owned subsidiary of Steiner Leisure. Upon Closing, Elemis Limited will become a wholly-owned subsidiary of the Company.

Elemis USA

Elemis USA is a corporation incorporated under the laws of Florida which principal business activity is investment holding and the innovation and sale of premium quality beauty products both directly to consumers through its websites and wholesale to various distribution channels in the USA. Elemis USA is a wholly-owned subsidiary of Steiner Leisure. Upon Closing, Elemis USA will become a wholly-owned subsidiary of the Company.

Financial Information of ELEMIS

The net profits of ELEMIS (on a combined basis) for the two years ended 31 December 2017 are set out below:

	For the year ended 31 December 2017 US\$	For the year ended 31 December 2016 US\$
Net profit before taxation and extraordinary items	2,738,000*	24,778,000
Net profit after taxation and extraordinary items	8,761,000*	23,021,000

* In view of the sale of a subsidiary of Steiner Leisure which is expected to be concluded in 2019, adjustment has been made to the above audited financial information of ELEMIS for the year ended December 2017 to provide a better measure of the sales and financial performance of ELEMIS. As adjusted, ELEMIS's unaudited pro forma net sales and EBITDA for the year ended December 2017 were US\$110,600,000 and US\$27,600,000 respectively. Prepared on the same basis, ELEMIS's estimates of the net sales and EBITDA for the year ended December 2018 were US\$140,200,000 and US\$39,900,000 respectively.

As at 31 December 2017, the audited net assets of ELEMIS (on a combined basis) amounted to approximately US\$296,453,000 (equivalent to approximately HK\$2,312,333,400).

INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE PURCHASE AGREEMENT

The Group

The Group is a global, natural ingredient-based cosmetics and well-being products manufacturer and retailer with origins and true stories from Provence and around the world. The Group has five main brands (L'Occitane en Provence, Melvita, Erborian, L'Occitane au Brésil and LimeLife) in its portfolio and is committed to developing and retailing high quality products that are rich in natural ingredients of traceable origins, while also respecting the environment.

Steiner Leisure

Steiner Leisure is an international business company incorporated under the laws of the Commonwealth of The Bahamas which principal business activity is investment holding.

Nemo UK

Nemo UK is a private limited company incorporated in England and Wales which principal business activity is investment holding. Nemo UK is indirectly wholly-owned by Steiner Leisure.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Steiner Leisure, Nemo UK and their ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

REASONS AND BENEFITS OF THE TRANSACTION

The Acquisition (and the Cosmetics Ltd Acquisition) is in line with the Group's strategy of building a leading portfolio of premium cosmetics brands. ELEMIS is a strategic fit for the Group in terms of brand recognition and identity, product quality, management capability, as well as growth and profitability prospects. ELEMIS' digital presence and established skincare business in the UK and USA will help the Group strengthen those segments. Meanwhile, ELEMIS will leverage on the Group's geographical presence to expand into new markets.

The Board believes the Acquisition is complementary to the Group's existing business strategy and will be accretive to the Group's future growth globally.

The Board considers that the terms of the Purchase Agreement and the Acquisition (and the Cosmetics Ltd Acquisition) are fair and reasonable, and are in the interest of the Group and its Shareholders as a whole.

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To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the Cosmetics Ltd Acquisition and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition and the Cosmetics Ltd Acquisition.

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Target Companies by the Company pursuant to the terms of the Purchase Agreement
“Adjustment Time”	12.01 a.m. New York time on the date of Closing
“Board”	the board of Directors
“Closing”	the completion of the Acquisition in accordance with the terms and conditions of the Purchase Agreement
“Company”	L’Occitane International S.A., a company incorporated in Luxembourg with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00973)

“Company Expenses”	the amount of certain outstanding expenses payable by the Target Group at the Adjustment Time as specified under the Purchase Agreement
“Conditions Precedent”	the conditions precedent to Closing as set out in the Purchase Agreement
“Cosmetics Ltd.”	Cosmetics Ltd., an international business company incorporated under the laws of the Commonwealth of The Bahamas
“Cosmetics Ltd Acquisition”	the acquisition of Cosmetics Ltd by the Company pursuant to the Cosmetics Ltd Transfer Agreement
“Cosmetics Ltd Transfer Agreement”	the share transfer agreement with respect to the transfer of all of the outstanding equity securities of Cosmetics Ltd to the Company
“Designated Foreign Antitrust Laws”	the Hart-Scott-Rodino Antitrust Improvements Act and any applicable antitrust or other competition laws of any non-U.S. jurisdictions
“Director(s)”	the director(s) of the Company
“ELEMIS”	the business of the beauty and skincare brand ELEMIS
“Elemis USA”	Elemis USA, Inc, a corporation incorporated under the laws of Florida
“Escrow Amount”	The sum of (i) US\$5,500,000 plus (ii) an amount equal to the lessor of (A) US\$4,500,000 and (B) one half of the amount of retention under a representation and warranty insurance policy being purchased (or expected to be purchased) by the Company prior to the time of Closing
“Final Purchase Price”	the final amount of the Purchase Price as adjusted in accordance with the terms of the Purchase Agreement

“Funds Flow”	a flow of funds to be provided by the Seller Representative setting forth the amounts to be paid pursuant to the Purchase Agreement, which shall be calculated in accordance with the terms and conditions of the Purchase Agreement, along with wire instructions therefor and all legally required “know your client” information that the Company may reasonably request for each wire transfer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LOG”	L’Occitane Groupe S.A., a company incorporated under the laws of Luxembourg with limited liability and the controlling shareholder of the Company
“Nemo UK”	Nemo (UK) Holdco, Ltd., a private limited company incorporated in England and Wales
“Net Working Capital Adjustment”	(i) the amount by which the net working capital of the Target Group as of the Adjustment Time exceeds US\$17,850,000, (ii) the amount by which the net working capital of the Target Group as of the Adjustment Time is less than the US\$16,150,000 or (iii) \$0, in the event that the net working capital of the Target Group as of the Adjustment Time does not exceed US\$17,850,000 and is not less than US\$16,150,000
“Parties”	the parties to the Purchase Agreement, and each a “Party”
“Pro Rata Portion”	with respect to a Seller, the percentage reflecting the valuations of the Target Companies agreed by the Parties as set out in the Purchase Agreement
“Purchase Agreement”	the equity purchase agreement entered into among the Sellers, the Seller Representative and the Company for the purchase of the Target Companies dated 11 January 2019

“Purchase Price”	the consideration payable by the Company to the Sellers for the purchase of the Target Companies under the Purchase Agreement
“Seller Representative”	Steiner Leisure
“Sellers”	together, Steiner Leisure and Nemo UK
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares in the issued share capital of the Company
“Steiner Leisure”	Steiner Leisure Limited, an international business company incorporated under the laws of the Commonwealth of The Bahamas
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	together, Elemis USA and Elemis Limited
“Target Group”	together, the Target Companies and their subsidiaries
“USA”	the United States of America
“US\$”	United States dollars, the lawful currency of the USA

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.80 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK\$ has been, could have been or may be converted at such or any other rates or at all.

By order of the Board of
L’Occitane International S.A.
Reinold Geiger
Chairman

Luxembourg, 13 January 2019

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. Silvain Desjonquères (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration) and Mr. Karl Guénard (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.