

[For Immediate Release]



## 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)

### L'Occitane Announces FY2019 Annual Results

**Net sales rose 8.7% at constant rates**  
**Targeted investments drove net profit growth of 21.8% to €117.6 million**

1. Under the "Pulse" strategy, the Group improved sales momentum and maintained profitability despite broad macroeconomic uncertainties and investment in new brands.
2. Net sales were €1,426.9 million, an increase of 8.7% at constant rates and 8.1% at reported rates. Like-for-like sales growth was 4.2%, compared to 3.7% in FY2018.
3. Gross margin remained high at 83.2%.
4. Operating margin was stable at 10.6%, despite an unfavourable brand mix effect, mostly from the investment in LimeLife. Excluding LimeLife, the Group's operating profit margin improved by 0.8 points as a result of improved sales momentum and the Group's targeted investments.
5. Net profit rose 21.8% to €117.6 million.
6. U.S., Russia and China were the fastest-growing markets with sales growth at constant rates of 31.8%, 12.2% and 12.1%, respectively.
7. LimeLife's unaudited sales growth in the U.S. was 18.2% in local currency, while emerging brands (Melvita, Erborian and L'OCCITANE au Brésil) altogether posted 10.8% growth at constant rates.
8. The Board recommends a final dividend of €0.0297 per share, the same amount as in FY2018.

#### FINANCIAL HIGHLIGHTS

For the year ended 31 March (million €, unless otherwise stated)	2019	2018	Change
<b>Net sales</b>	<b>1,426.9</b>	1,319.4	+8.1%
<b>Gross profit</b>	<b>1,187.0</b>	1,098.4	+8.1%
<i>Gross profit margin</i>	<b>83.2%</b>	83.3%	-0.1 pp
<b>Operating profit</b>	<b>150.7</b>	141.0	+6.9%
<i>Operating profit margin</i>	<b>10.6%</b>	10.7%	-0.1 pp
<b>Profit for the year</b>	<b>117.6</b>	96.5	+21.8%
<i>Net profit margin</i>	<b>8.2%</b>	7.3%	+0.9 pp
<b>Basic EPS (€)</b>	<b>0.081</b>	0.066	+22.7%
<b>Dividend per share (€)*</b>	<b>0.0297</b>	0.0297	--
<b>Return on capital employed (%)</b>	<b>15.9%</b>	15.1%	+0.8 pp
<b>Return on equity (%)</b>	<b>11.6%</b>	10.3%	+1.3 pp
<b>Gearing ratio (%)</b>	<b>29.4%</b>	6.8%	+22.6 pp

\*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 2019 is subject to the approval of the shareholders of the Group at the forthcoming Annual General Meeting.

(17 June 2019, Hong Kong) L'Occitane International S.A. ("L'Occitane" or the "Group"; SEHK stock code: 973), an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients, today announces its annual results for the year ended 31 March 2019 ("FY2019").

The Group recorded net sales of €1,426.9 million for FY2019, an improvement of 8.7% at constant rates and 8.1% at reported rates, compared to FY2018. On a like-for-like basis (i.e. excluding LimeLife<sup>1</sup>, Le Couvent des Minimes and at constant rates), the Group's net sales improved by 4.2%, an improvement from 3.7% last year.

Gross profit rose 8.1% to €1,187.0 million in FY2019, while the gross profit margin remained high at 83.2%, a slight decrease of 0.1 point compared to FY2018. The slightly lower gross profit margin reflected an unfavourable brand mix (mainly from LimeLife), but it was offset by lower production and freight costs, as well as price increases and product mix effects.

During the year, the Group faced broad macroeconomic uncertainties and invested in the development of LimeLife, yet it maintained profitability thanks to its targeted investments. In particular, the Group managed to accelerate sales growth, while lowering marketing expenses by 0.6 points to 13.0% of net sales. Operating profit rose 6.9% to €150.7 million, while the operating margin was stable at 10.6%, despite an unfavourable brand mix effect, mostly from the investment in LimeLife. Excluding LimeLife, the Group's operating profit margin improved by 0.8 points. Net profit rose 21.8% to €117.6 million.

Sell-out sales accounted for 75.4% of the Group's total sales in FY2019, amounting to €1,075.6 million, an increase of 9.4% at constant rates. This growth in Sell-out sales was primarily contributed by other sales, principally LimeLife, as well as marketplaces in China, the U.S. and Korea. Under its selective omni-channel expansion strategy, the Group's own retail store network grew by 17 net stores to a total of 1,572 during FY2019. Sales through the Group's Web Sell-out channels (including own E-commerce and marketplaces) grew by 11.2% at constant rates, equivalent to 13.9% of total Sell-out sales. The Group's overall Same Store Sales Growth ("SSSG") in FY2019 was 1.8%, with China posting the highest SSSG rate of 6.9%, followed by Brazil with a SSSG rate of 5.9%.

Sell-in sales accounted for 24.6% of the Group's total sales in FY2019, amounting to €351.3 million, an increase of 6.5% at constant rates. The increase was primarily driven by the dynamic growth in the web partner, travel retail and distributor channels of the L'OCCITANE en Provence brand. The Group's Erborian and L'OCCITANE au Brésil brands also expanded in this segment.

The Group's core L'OCCITANE en Provence brand grew a healthy 3.5% in FY2019 at constant rates and accounted for 87.4% of total net sales. The brand's sales momentum strengthened markedly following the launch of the *Immortelle Reset* serum in the third quarter of FY2019. Meanwhile, LimeLife's sales, which have been consolidated into the Group's total sales since the final quarter of FY2018, accounted for 5.9% of total net sales. If comparing FY2018 and FY2019, LimeLife's unaudited sales growth in the U.S. was 18.2% in local currency. The Group's other emerging brands posted 10.8% growth at constant rates, with Erborian and L'OCCITANE au Brésil performing particularly well.

Geographically, the U.S., Russia and China were the fastest-growing markets in FY2019, with sales growth at constant exchange rates of 31.8%, 12.2% and 12.1%, respectively. Sales growth in the U.S. was mainly driven by LimeLife, while growth in Russia was driven by healthy SSSG, new store openings and the further development of wholesale and B2B channels.

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<sup>1</sup> LimeLife by Alcone ('LimeLife') became a subsidiary of the Group in January 2018 and its sales have been consolidated since.

The Group's solid growth in China was driven by strong Sell-out sales, despite having 7 fewer stores than in FY2018. It was also driven by the strong performance of its marketplace channel, especially during key festivals such as Singles' Day, Chinese New Year and Women's Day. Sales in Hong Kong rose 8.6% at constant rates supported by dynamic travel retail sales and the launch of the *Immortelle Reset* serum. This counteracted a marked downturn in the Hong Kong retail market after the first quarter of FY2019 as a result of current macroeconomic uncertainties.

In FY2019, the Group introduced its new "Pulse" strategy that pursues sustainable growth, enhanced profitability and the building of trust. The strategy is anchored by five pillars: empowering teams; executing fundamentals especially in a retail context; adopting an omni-channel, mobile and digital approach; engaging customers; and strengthening brand commitments. In line with this strategy, the Group has focused on investing in a disciplined and targeted manner, and seeking efficiency gains.

On top of this initiative for improving its existing business, the Group also sought to unlock new markets and sales channels through its acquisition of ELEMIS, its largest acquisition to date, extending its efforts to build a leading portfolio of premium beauty brands. It also strengthened the face care image of its L'OCCITANE en Provence brand with the highly successful launch of the *Immortelle Reset* serum. More than 800,000 units of this product were sold globally in FY2019, making it the Group's best-ever selling face care product.

The Group bolstered its performance in key markets with targeted and innovative marketing campaigns, differentiated to match local tastes in key markets such as the U.S., China and Japan. It also continued to invest in memorable online and offline customer experiences that offer a convenient and seamless path-to-purchase, while unveiling unique retail concepts in the world's premier shopping districts.

Meanwhile, the Group strived to build an agile and efficient organization. One measure was to encourage an entrepreneurial culture, tying incentives to growth and profitability while empowering teams to make decisions based on their local expertise. During the year, the Group also rolled out a new "ship from store" initiative in Western Europe, where web orders were shipped from stores. Thanks to its extensive store network, the Group was able to offer same day delivery and lower logistics costs.

In FY2019, the Group turned from a net cash position to a net debt position as a result of loan financing for the ELEMIS acquisition. The gearing ratio increased to 29.4% for the same reason. Yet, the Group's balance sheet remained healthy, and the Board is pleased to propose a final dividend of €0.0297 per share.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "In the first year of implementing our new Pulse strategy, we are already witnessing early results. Sales growth for our namesake brand, L'OCCITANE en Provence has accelerated and we have maintained our profitability despite broad macroeconomic uncertainties and investing in LimeLife's development. In fact, excluding LimeLife, our operating margin improved significantly in FY2019.

"Following the material improvements we have made to L'OCCITANE en Provence and combining this with the largely accretive consolidation of ELEMIS' sales into our overall revenue in FY2020, we expect to see better profitability in FY2020 and beyond. Despite the ongoing risk to consumer sentiment posed by macroeconomic developments, we are confident about our future profitability and our ability to deliver value to shareholders."

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### **About L'Occitane International S.A.**

L'Occitane International S.A. is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. A global leader in the premium beauty market, the Group has more than 3,000 retail outlets, including over 1,500 owned stores, and is present in 90 countries. Through its six brands – L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone and ELEMIS – the Group offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

*Note to the editor: The Group's acquisition of ELEMIS, a global distributor and innovator in the fields of beauty and skincare, closed in March 2019. The Group will start consolidating ELEMIS' sales in FY2020.*

#### **Media Contact**

##### **Think Alliance Group**

Mr. Matthew Schultz / Henry Chow

Tel: (852) 3978 5321 / 3978 5323

Email: [loccitane@think-alliance.com](mailto:loccitane@think-alliance.com)

#### **Analyst Contact**

##### **L'Occitane International S.A.**

Ms. Janis Lai

Investor Relations Manager

Tel: (852) 2899 4106

Email: [Janis.LAI@loccitane.com](mailto:Janis.LAI@loccitane.com)