

[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 FY2020 Interim Results

**Net sales rose 22.1% at reported rates; operating profit rose 618.7%
Strong profit growth supported by targeted investments and ELEMIS**

1. Strong growth in profitability delivered by strong sales momentum across all brands and key geographies, targeted investments and ELEMIS.
2. Net sales rose 22.1% at reported rates and 19.0% at constant rates.
3. Gross margin remained high at 81.2%.
4. Operating profit rose 618.7% to €41.8 million, while operating margin rose 4.7 percentage points ("pp") to 5.7%.
5. Net profit rose 351.6% to €25.2 million, while net profit margin rose 2.6 pp to 3.5%.
6. UK and US were the fastest growing markets, with sales growth of 234.7% and 26.0% respectively, mainly due to the contribution from ELEMIS.
7. Sales in China accelerated on dynamic online business. Sales decline in Hong Kong was more than offset by travel retail sales.

FINANCIAL HIGHLIGHTS

	FY2020 H1	FY2019 H1	Change	FY2020 H1 excl. IFRS 16*
(million €, unless otherwise stated)				
Net sales	727.2	595.4	+22.1%	727.2
Gross profit	590.1	490.5	+20.3%	590.1
<i>Gross profit margin</i>	81.2%	82.4%	-1.2 pp	81.2%
Operating profit	41.8	5.8	+618.7%	39.8
<i>Operating profit margin</i>	5.7%	1.0%	+4.7 pp	5.5%
Profit for the period	25.2	5.6	+351.6%	29.3
<i>Net profit margin</i>	3.5%	0.9%	+2.6 pp	4.0%
Basic EPS (€)	0.017	0.005	+240.0%	0.020
Return on capital employed (%)	1.7%	1.3%	+0.4 pp	2.1%
Return on equity (%)	2.5%	0.8%	+1.7 pp	2.9%
Gearing ratio (%)	39.6%	7.1%	+32.5 pp	25.9%
Net cash / (debt)	(905.4)	164.4	-650.7%	(473.6)

*The Group adopted IFRS 16 Lease accounting from April 2019 without restating last year's figures. This column excludes the impact of IFRS 16 for the current period for comparison purposes.

(25 November 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 interim results for the six months ended 30 September 2019 ("the first half of FY2020").

The Group recorded net sales of €727.2 million for the first half of FY2020, an improvement of 22.1% at reported rates and 19.0% at constant rates compared to the same period of last year. This encouraging performance was due to decent growth in the second quarter of FY2020 across all brands and all key geographic areas. The Group's major channels also recorded growth, with key contributions from retail, marketplace, web partners and wholesale sales.

Gross profit rose 20.3% to €590.1 million in the first half of FY2020, while the gross profit margin decreased by 1.2 points to 81.2%. The lower gross profit margin was mainly due to an unfavourable brand mix, partly offset by favourable foreign exchange rates and production efficiency gains.

The Group made progress in expanding its profitability in the first half of FY2020. Operating profit increased by 618.7% to €41.8 million for the period, supported by the addition of ELEMIS, operational efficiency gains and targeted investments. These factors also supported a 351.6% increase in net profit to €25.2 million.

Sell-out sales accounted for 66.1% of the Group's net sales in the first half of FY2020, amounting to €480.9 million, an increase of 7.1% at constant rates. This growth was mainly contributed by Non-comparable Stores and others sales, including new stores opened or renovated last year and this year, marketplaces, spas, cafés, LimeLife and the own E-commerce of ELEMIS (non-comparable in FY2020), which altogether grew 19.8% at constant rates. Web Sell-out channels grew 40.8% (including ELEMIS) at constant rates, equivalent to 16.2% of total Sell-out sales. Same store sales growth was 1.7%.

Sell-in sales accounted for 33.9% of the Group's total sales in the first half of FY2020, amounting to €246.2 million, an increase of 51.5% at constant rates. The increase was primarily driven by wholesale sales by ELEMIS and dynamic growth in web partners, TV and department stores channels of L'OCCTIANE en Provence and Erborian.

The growth of the Group's core L'OCCITANE en Provence brand was robust at 5.7% in the first half of FY2020 and accounted for 76.3% of the Group's sales. This result was supported by attractive new product launches and the continuous global success of the *Immortelle Reset* serum.

ELEMIS is now the Group's second largest brand – with more than €84.2 million in sales and accounting for 11.6% of the Group's sales. The brand's unaudited sales growth in the first half of FY2020 was around 25.0%. LimeLife sales returned to growth in the second quarter of FY2020, as a result of new launches and the fading out of the high base impact resulting from its rebranding exercise last year. Other brands continued to perform well, together recording growth of 7.6%, with Erborian, in particular, recording more than 35.0% growth in the first half of FY2020.

In terms of geographic areas, the UK and the US were the Group's fastest-growing markets during the first half of FY2020, growing 234.7% and 26.0% respectively, which was mainly contributed by ELEMIS. China, Brazil and Russia also posted double-digit growth in the first half of FY2020.

The Group's sales growth in China accelerated in the second quarter of FY2020 thanks to a recovering corporate gifting business in retail, and also a dynamic online business with effective campaigns on Tmall and JD.com, alongside the launch of a WeChat mini programme and a new official website. Meanwhile, sales in Hong Kong declined as economic and social factors dampened consumer sentiment, although this impact was offset by higher travel retail sales in the region.

In the first half of FY2020, the Group continued to execute its "Pulse" strategy to build trust, pursue sustainable growth and drive profitability, enabling accelerated sales growth and improved profitability.

ELEMIS was a strong growth driver and contributed to the Group's flourishing skincare image. The Group plans to introduce ELEMIS into new markets in a disciplined manner, notably in Asia and Russia as first steps. ELEMIS has already opened a store on Tmall Global (with plans to launch domestically in China sometime in 2020), alongside selective retail presence in the near future.

With six brands under its portfolio, the Group encourages each brand to be autonomous while seeking synergies. In the first half of FY2020, L'OCCITANE en Provence accounted for 76.3% of the Group's sales, down from 85.9% in the same period last year. This diversification is expected to continue as each brand builds on their unique identities.

As part of the focus on profitability under the Pulse strategy, the Group made a conscious effort to concentrate marketing investments, with close to half of its total marketing spending in the first half of FY2020 only supporting major campaigns, products and channels. This focus was evident in highly visible and culturally-relevant marketing campaigns, as well as exciting retail experiences in key markets.

Following the acquisition of ELEMIS in FY2019, the Group turned from a net cash position to a net debt position. The gearing ratio increased to 39.6% for the same reason. However, the Group's balance sheet remains healthy.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "The improved profitability in the first half demonstrates the accretive impact of ELEMIS, as well as the effectiveness of our targeted investments. This leaves us well positioned to maximise the upcoming peak holidays sales period."

"Notwithstanding various macroeconomic conditions in different markets, we are confident that the initial achievements made in the first half will carry on for the rest of the year and beyond. By focusing on improving the fundamentals of our business, we are safeguarding our future profitability and ability to deliver value to our 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.

Media Contact

Think Alliance Group

Mr. Matthew Schultz / Henry Chow

Tel: (852) 3978 5321 / 3978 5323

Email: loccitane@think-alliance.com

Analyst Contact

L'Occitane International S.A.

Ms. Janis Lai

Investor Relations Director

Tel: (852) 2899 4106

Email: Janis.LAI@loccitane.com