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L'OCCITANE INTERNATIONAL S.A.

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R.C.S. Luxembourg: B80359

(Incorporated under the laws of Luxembourg with limited liability)

(Stock code: 973)

UNAUDITED QUARTERLY UPDATE FOR THE PERIOD ENDED 31 MARCH 2020

L'Occitane International S.A. (the “Company”) is pleased to present the unaudited 2019/2020 (“FY2020”) quarterly update of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2020 (“FY2020 Q4”) and twelve months ended 31 March 2020 (“FY2020 12M”). 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

- The outbreak of COVID-19 significantly affected the sales performance in FY2020 Q4, mainly in China, Hong Kong and Japan. After three strong quarters, the Group's net sales in FY2020 Q4 decreased by 0.7% at reported rates and 1.6% at constant exchange rates.
- In FY2020 12M, the Group's net sales grew by 15.2% at reported rates and 12.8% at constant exchange rates.
- Growth by geographic area in FY2020 12M at reported rates: led by the UK (+165.1%), the US (+27.3%) and Russia (+14.4%).
- Growth by brand in FY2020 12M at reported rates: L'Occitane en Provence, ELEMIS, LimeLife and other brands posted growth of 3.9%, more than 20% (unaudited), 1.2% and 2.5% respectively.
- Despite widespread store closures in FY2020 Q4, the Group's Web Sell-out channels performed strongly, growing at 41.8% in FY2020 12M (including ELEMIS).

Performance by Business Segment

The following tables provide a breakdown of the net sales and net sales growth by business segment for the periods indicated:

	FY2020 Q4		FY2019 Q4		Growth at reported rates	Growth at constant rates
	€'000	%	€'000	%	%	%
Sell-out	241,881	71.6	261,829	76.9	(7.6)	(8.4)
Sell-in	96,162	28.4	78,618	23.1	22.3	21.3
Total	338,043	100.0	340,447	100.0	(0.7)	(1.6)

	FY2020 12M		FY2019 12M		Growth at reported rates	Growth at constant rates
	€'000	%	€'000	%	%	%
Sell-out	1,137,921	69.2	1,075,580	75.4	5.8	3.4
Sell-in	506,162	30.8	351,294	24.6	44.1	41.6
Total	1,644,083	100.0	1,426,874	100.0	15.2	12.8

Performance by Brand

The following tables present the net sales and net sales growth by brand for the periods indicated:

	FY2020 Q4		FY2019 Q4		Growth at reported rates	Growth at constant rates
	€'000	%	€'000	%	%	%
L'Occitane en Provence	261,477	77.4	295,509	86.8	(11.5)	(12.1)
ELEMIS ⁽¹⁾	35,389	10.5	—	—	n/a	n/a
LimeLife	19,318	5.7	21,075	6.2	(8.3)	(11.0)
Others ⁽²⁾	21,859	6.4	23,863	7.0	(8.4)	(8.1)
Total	338,043	100.0	340,447	100.0	(0.7)	(1.6)

	FY2020 12M		FY2019 12M		Growth at reported rates	Growth at constant rates
	€'000	%	€'000	%	%	%
L'Occitane en Provence	1,295,188	78.8	1,247,153	87.4	3.9	1.7
ELEMIS ⁽¹⁾	165,809	10.1	—	—	n/a	n/a
LimeLife	84,790	5.1	83,780	5.9	1.2	(2.7)
Others ⁽²⁾	98,296	6.0	95,941	6.7	2.5	1.1
Total	1,644,083	100.0	1,426,874	100.0	15.2	12.8

(1) ELEMIS was acquired on 1 March 2019 but its sales and profits have not been consolidated by the Group until April 2019. ELEMIS's sales in March 2019 were then reported together in the first quarter ended 30 June 2019.

(2) Others include the emerging brands Melvita, Erborian, and L'Occitane au Brésil.

Performance by Geographic Area

The following tables present the net sales and net sales growth by geographic area for the periods indicated:

	FY2020 Q4		FY2019 Q4		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€'000	%	€'000	%	%	%	%
Japan	58,590	17.3	61,845	18.2	(5.3)	(8.8)	(102.4)
Hong Kong ⁽¹⁾	17,926	5.3	30,819	9.1	(41.8)	(43.3)	(249.8)
China	41,050	12.1	50,923	15.0	(19.4)	(18.1)	(172.2)
Taiwan	9,509	2.8	8,554	2.5	11.2	5.6	8.9
France	19,444	5.8	21,574	6.3	(9.9)	(9.9)	(39.9)
United Kingdom ⁽²⁾	30,731	9.1	11,504	3.4	167.1	164.5	354.4
United States ⁽²⁾	59,681	17.7	50,703	14.9	17.7	14.4	136.6
Brazil	9,030	2.7	11,283	3.3	(20.0)	(11.0)	(23.2)
Russia	15,431	4.6	14,813	4.4	4.2	3.8	10.7
Other geographic areas ⁽³⁾	76,651	22.6	78,429	23.0	(2.3)	(1.6)	(23.1)
Total	338,043	100.0	340,447	100.0	(0.7)	(1.6)	(100.0)

Performance by Geographic Area (cont'd)

	FY2020 12M		FY2019 12M		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€'000	%	€'000	%	%	%	%
Japan	231,870	14.1	222,119	15.6	4.4	(1.7)	(2.0)
Hong Kong ⁽¹⁾	124,822	7.6	136,973	9.6	(8.9)	(12.6)	(9.5)
China	197,159	11.9	178,072	12.5	10.7	10.5	10.2
Taiwan	41,074	2.5	38,186	2.7	7.6	3.6	0.8
France	104,148	6.3	102,952	7.2	1.2	1.2	0.7
United Kingdom ⁽²⁾	160,835	9.8	60,659	4.3	165.1	163.0	54.2
United States ⁽²⁾	295,786	18.0	232,404	16.3	27.3	22.3	28.4
Brazil	57,591	3.5	57,589	4.0	0.0	3.3	1.0
Russia	58,642	3.6	51,247	3.6	14.4	9.5	2.7
Other geographic areas ⁽³⁾	372,156	22.7	346,673	24.2	7.4	7.1	13.5
Total	1,644,083	100.0	1,426,874	100.0	15.2	12.8	100.0

(1) Includes sales in Macau and to distributors and travel retail customers in Asia.

(2) Growth in the United Kingdom and the United States included contribution from ELEMIS.

(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 FY2020 12M compared to the same period last year:

	Own Retail Stores				% contribution to Overall Growth ⁽¹⁾⁽²⁾			
	Net openings YTD		Net openings YTD		Non- comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % ⁽²⁾
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019				
Japan ⁽³⁾	163	9	154	10	1.0	(3.7)	(2.7)	(4.5)
Hong Kong ⁽⁴⁾	35	(1)	36	2	(3.6)	(4.0)	(7.6)	(32.3)
China ⁽⁵⁾	203	13	190	(7)	0.4	(2.0)	(1.5)	(3.3)
Taiwan	55	2	53	1	0.6	0.3	0.9	2.9
France ⁽⁶⁾	87	1	86	4	0.5	(0.6)	(0.1)	(2.1)
United Kingdom	72	(2)	74	—	8.6	(0.1)	8.6	(0.3)
United States	172	(12)	184	(12)	5.6	(3.2)	2.4	(5.7)
Brazil ⁽⁷⁾	199	17	182	16	2.2	(0.7)	1.6	(3.2)
Russia ⁽⁸⁾	112	5	107	4	0.6	0.3	0.8	1.5
Other geographic areas ⁽⁹⁾	510	4	506	(1)	1.7	2.0	3.7	2.1
Total⁽¹⁰⁾	1,608	36	1,572	17	17.7	(11.6)	6.1	(2.9)

(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 36 and 35 Melvita stores as at 31 March 2019 and 31 March 2020 respectively.

(4) Includes 3 L'Occitane stores in Macau and 9 Melvita stores in Hong Kong as at 31 March 2019 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2020.

(5) Includes 3 Melvita stores as at 31 March 2019.

(6) Includes 6 Melvita and 2 Erborian stores as at 31 March 2019 and 7 Melvita and 2 Erborian stores as at 31 March 2020.

(7) Includes 86 and 90 L'Occitane au Brésil stores as at 31 March 2019 and 31 March 2020 respectively.

(8) Includes 9 and 11 Erborian stores as at 31 March 2019 and 31 March 2020 respectively.

(9) Include 6 Melvita and 2 Erborian stores as at 31 March 2019 and 8 Melvita and 2 Erborian stores as at 31 March 2020.

(10) Include 60 Melvita, 86 L'Occitane au Brésil and 13 Erborian stores as at 31 March 2019 and 60 Melvita, 90 L'Occitane au Brésil and 15 Erborian stores as at 31 March 2020.

For FY2020 12M, the Group's net sales reached €1,644.1 million, representing growth of 15.2% at reported rates and 12.8% at constant exchange rates. The growth was mainly driven by ELEMIS and our core brand L'Occitane en Provence. The Group's Web Sell-out channels continued to excel and grew by 41.8% (including ELEMIS) at constant exchange rates, equivalent to 19.0% of the total Sell-out sales. Excluding ELEMIS, sales of the Group's Web Sell-out channels further accelerated growth to 21.8% at constant exchange rates, equivalent to 16.8% of the total Sell-out sales.

Sales momentum started well in January 2020. Yet in the subsequent two months, as COVID-19 was rapidly evolving globally, business operations were seriously interrupted by the corresponding restrictive measures such as travel bans, lockdowns and shop closures mostly in China, Hong Kong and Japan. Retail, travel retail and B2B business were the most affected channels. E-commerce, marketplace, web partners and TV channels, on the other hand, all posted significant growth and compensated for some of the decline in brick and mortar channels. L'Occitane en Provence and LimeLife saw a decrease of 12.1% and 11.0% respectively in FY2020 Q4. ELEMIS remained robust throughout the year and grew more than 20% in FY2020 Q4, thanks to the strong growth in E-commerce and TV channels. The Group's overall sales in FY2020 Q4 ended with a decrease of 0.7% at reported rates and 1.6% at constant exchange rates.

In terms of geographic areas, the fastest-growing market in FY2020 Q4 was the UK with 164.5% growth, followed by the US with 14.4% growth. Growth in both countries was driven by ELEMIS. Taiwan achieved a growth of 5.6% in FY2020 Q4, thanks to its timely campaign that boosted sales of hand care products. Russia grew 3.8% in FY2020 Q4, mainly contributed by Erborian. Among the other geographic areas, Korea posted the fastest growth of 18.8% in FY2020 Q4, as a result of continuous success in marketplace campaigns especially in hand washes, hand creams and pillow mists.

Impact of COVID-19

Based on the sales momentum and trends before the pandemic, internal forecasts, number of closed stores, reduction in store opening hours as well as the orders halted by Sell-in customers, the Group estimates that the total loss of sales attributed to COVID-19 was approximately €56 million, or approximately 17% of the total sales in FY2020 Q4.

In view of the uncertain environment, the Group will implement the following initiatives to achieve cost savings and increase financial flexibility:

- A 25% reduction from base compensation for Directors and Senior management.
- The Board recommends to reduce dividend by 25% for FY2020.
- Control costs by:
 - Renegotiating commercial rents;
 - Reducing staff costs through temporary unpaid leave or furlough and short-term working schemes;
 - Optimizing or postponing discretionary expenditures, such as marketing and promotion investments;
 - Reducing capital expenditures, such as by delaying or cancelling store openings and renovations.

As at 31 March 2020, the Group has central cash and cash equivalents of roughly €100 million and an undrawn amount of €230 million under its revolving credit facility. As a precaution, the Group is also finalizing additional liquidity lines.

The Group continues to closely monitor the situation and will take appropriate actions as and when necessary.

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

Hong Kong, 5 May 2020

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.

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.