

[For Immediate Release]



## L'Occitane International S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

### L'Occitane Announces Unaudited Quarterly Update For the Period Ended 31 March 2020

**The Group is actively supporting the global fight against COVID-19**  
**FY2020 net sales grew 15.2% at reported rates**  
**Web Sell-out sales grew strongly at 41.8% in FY2020**

(5 May 2020, 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 the unaudited quarterly update for the period ended 31 March 2020.

Despite the rapid development of the COVID-19 pandemic in the last few months, the Group still registered three strong quarters in FY2020. Net sales in the year ended 31 March 2020 ("FY2020 12M") were €1,644.1 million, an improvement of 12.8% at constant rates and 15.2% at reported rates compared to last year.

The Group maintained good sales momentum in January 2020, but its business operations in the subsequent two months were seriously interrupted by restrictive measures imposed by governments around the world in response to the COVID-19 pandemic such as travel bans, lockdowns and shop closures mostly in China, Hong Kong and Japan. Its retail, travel retail and B2B channels were the most affected. On the other hand, e-commerce, marketplace, web partners and TV channels all posted significant growth and compensated for some of the decline in brick and mortar channels. Net sales for the three months ended 31 March 2020 ("FY2020 Q4") were €338.0 million, a decline of 1.6% at constant rates and 0.7% at reported rates compared to last year.

#### Performance by brand:

€'000	Q4		% Growth	% Growth <sup>(1)</sup>
	FY2020	FY2019		
L'OCCITANE en Provence	<b>261,477</b>	295,509	(11.5)	(12.1)
ELEMIS <sup>(2)</sup>	<b>35,389</b>	-	-	-
LimeLife	<b>19,318</b>	21,075	(8.3)	(11.0)
Others <sup>(3)</sup>	<b>21,859</b>	23,863	(8.4)	(8.1)
<b>Total</b>	<b>338,043</b>	340,447	(0.7)	(1.6)

€'000	12M		% Growth	% Growth <sup>(1)</sup>
	FY2020	FY2019		
L'OCCITANE en Provence	<b>1,295,188</b>	1,247,153	3.9	1.7
ELEMIS <sup>(2)</sup>	<b>165,809</b>	-	-	-
LimeLife	<b>84,790</b>	83,780	1.2	(2.7)
Others <sup>(3)</sup>	<b>98,296</b>	95,941	2.5	1.1
<b>Total</b>	<b>1,644,083</b>	1,426,874	15.2	12.8

<sup>(1)</sup> Excludes foreign currency translation effects.

<sup>(2)</sup> 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.

<sup>(3)</sup> Others include the emerging brands Melvita, Erborian and L'OCCITANE au Brésil.

## Performance by geographic area:

€'000	Q4		% Growth	% Growth <sup>(1)</sup>
	FY2020	FY2019		
Japan	<b>58,590</b>	61,845	(5.3)	(8.8)
Hong Kong	<b>17,926</b>	30,819	(41.8)	(43.3)
China	<b>41,050</b>	50,923	(19.4)	(18.1)
Taiwan	<b>9,509</b>	8,554	11.2	5.6
France	<b>19,444</b>	21,574	(9.9)	(9.9)
UK <sup>(2)</sup>	<b>30,731</b>	11,504	167.1	164.5
US <sup>(2)</sup>	<b>59,681</b>	50,703	17.7	14.4
Brazil	<b>9,030</b>	11,283	(20.0)	(11.0)
Russia	<b>15,431</b>	14,813	4.2	3.8
Other geographic areas	<b>76,651</b>	78,429	(2.3)	(1.6)
<b>Total</b>	<b>338,043</b>	340,447	(0.7)	(1.6)

€'000	12M		% Growth	% Growth <sup>(1)</sup>	% SSS Growth <sup>(1)</sup>
	FY2020	FY2019			
Japan	<b>231,870</b>	222,119	4.4	(1.7)	(4.5)
Hong Kong	<b>124,822</b>	136,973	(8.9)	(12.6)	(32.3)
China	<b>197,159</b>	178,072	10.7	10.5	(3.3)
Taiwan	<b>41,074</b>	38,186	7.6	3.6	2.9
France	<b>104,148</b>	102,952	1.2	1.2	(2.1)
UK <sup>(2)</sup>	<b>160,835</b>	60,659	165.1	163.0	(0.3)
US <sup>(2)</sup>	<b>295,786</b>	232,404	27.3	22.3	(5.7)
Brazil	<b>57,591</b>	57,589	0.0	3.3	(3.2)
Russia	<b>58,642</b>	51,247	14.4	9.5	1.5
Other geographic areas	<b>372,156</b>	346,673	7.4	7.1	2.1
<b>Total</b>	<b>1,644,083</b>	1,426,874	15.2	12.8	(2.9)

<sup>(1)</sup> Excludes foreign currency translation effects.

<sup>(2)</sup> Growth in the UK and US included contribution from ELEMIS.

In FY2020 12M, Web Sell-out channels continued to excel and grew by 41.8% (including ELEMIS) at constant rates, equivalent to 19.0% of the total Sell-out sales. Excluding ELEMIS, sales growth of the Group's Web Sell-out channels accelerated to 21.8% at constant rates, equivalent to 16.8% of the total Sell-out sales.

Despite the impact of COVID-19, L'OCCITANE en Provence still delivered growth of 3.9% at reported rates in FY2020 12M, thanks to attractive product offerings online and offline, particularly during the festive season. ELEMIS remained robust throughout the year and grew more than 20% (unaudited), driven by its e-commerce and TV channels. Meanwhile, LimeLife and other brands grew by 1.2% and 2.5% respectively at reported rates.

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

## **Managing the impact of the COVID-19 crisis**

The Group is providing an update on the initiatives it is undertaking to manage the social and financial impact of the current COVID-19 pandemic.

Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "The global COVID-19 pandemic is an extremely challenging period for all of humankind. We are committed to doing everything we can to meaningfully support healthcare authorities and healthcare workers around the world. We also take the welfare and safety of our workforce and customers extremely seriously and we are following the advice and guidance of local authorities closely. I continue to be inspired by the resilience and solidarity shown by our team in donating hand sanitizer and other hygiene products to support the global relief effort, in line with our corporate values, while still maintaining our day-to-day operations."

### 1. Commitment to support health authorities and healthcare workers

The Group stands firmly alongside the global community in the fight against COVID-19 and in the support of healthcare workers.

The Group reassigned some of its manufacturing facilities in Manosque to the production of hand sanitizer, and has donated a million bottles of care products in support of healthcare workers, including:

- 300,000 bottles of hand sanitizer to the health authorities in several European countries; and
- 700,000 hand hygiene products around the world – first in China in February, and subsequently in Japan, Brazil, Russia, several European countries and the United States.

### 2. Supporting natural ingredients producers

In the face of the crisis, the Group's long-term contracts and pre-financing of 50–80% of cost before harvest is more valuable to our producers than ever, giving them the security of being able to sell their stocks and securing their revenues:

- In Burkina Faso, pandemic-related government restrictions have disrupted the end of the shea harvest. To support the communities of women who supply L'Occitane, the Group postponed some delivery dates to ensure the women's safety while maintaining their cash flow.
- In Provence, producers are struggling to recruit workers. To remedy this, the Group's staff have volunteered to assist with the orange blossom harvest.

### 3. Adapting operations to ensure staff safety and business continuity

The Group implemented protective measures for its staff at a very early stage of the crisis and is complying with all recommendations and legal obligations to protect its employees' safety and health. Although close to 75% of the Group's store network is closed (throughout Europe, the Americas, as well as a majority of stores in Japan and Australia), the Group is ensuring business continuity through:

- Driving e-commerce operations worldwide and identifying pockets of growth, particularly for products related to hand care and personal hygiene.
- Re-opening stores as soon as possible, following guidance from health and government authorities. All stores in Mainland China are now re-opened. Some stores in Austria and Germany re-opened in recent weeks.
- Implementing more stringent protocols in all facilities (stores, offices, factories and warehouses) to protect its staff and customers. These include requiring the use of face masks onsite, enforcing a minimum distance of 1 metre from others, and daily temperature checks.

- Developing new products to adapt to new consumer demands. 75mL bottles of hand-purifying gel will be available for sale in key markets in Asia, Europe, as well as in travel retail.

#### 4. Increasing financial flexibility

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.

Mr. Reinold Geiger concluded, "While it is too early to gauge how the COVID-19 pandemic will impact our ongoing performance, we are taking various steps to minimize the fallout from the very serious turndown in business. This includes optimizing our cost structure while ensuring that we maintain the capacity to resume growth as strongly as possible when the conditions allow. We believe that the inherent strength of our brands, our careful management and our passion for our work will lead us back to growth in the future."

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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.

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