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(Incorporated under the laws of Luxembourg with limited liability)

L’Occitane Announces FY2021 Interim Results

Solid results achieved despite challenging conditions
Gross margin expanded to 82.1%, operating margin reached 5.3%

1. The Group’s performance in FY2021 H1 continued to be affected by the restrictive measures of COVID-19. Yet, thanks to the Group’s resilience, adaptability and online strength, net sales decline in FY2021 Q2 narrowed significantly to -4.5%, compared to -22.2% in FY2021 Q1. As a result, net sales dropped by 13.1% at constant rates to €616.6 million in FY2021 H1.

2. Gross profit margin improved by 0.9 points to 82.1%, due to a favourable channel mix with an increase in proportion of online channels.

3. Despite the highly challenging operating conditions, the Group’s operating profit remained positive and operating profit margin decreased only slightly by 0.4 points to 5.3% of net sales. This was attributed to the Group’s strong performance in Asia, the solid profit contribution from ELEMIS and LimeLife, online sales growth and swift cost control measures.

4. The Group’s financial position remains healthy. Free cash flow improved by €28.4 million to €107.6 million, while net debt decreased by €206.7 million to €698.7 million.

FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>(million €, unless otherwise stated)</th>
<th>FY2021 H1</th>
<th>FY2020 H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>616.6</td>
<td>727.2</td>
<td>-15.2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>506.2</td>
<td>590.1</td>
<td>-14.2%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>82.1%</td>
<td>81.2%</td>
<td>+0.9 pp</td>
</tr>
<tr>
<td>Operating profit</td>
<td>32.9</td>
<td>41.8</td>
<td>-21.2%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>5.3%</td>
<td>5.7%</td>
<td>-0.4 pp</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>17.3</td>
<td>25.2</td>
<td>-31.6%</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>2.8%</td>
<td>3.5%</td>
<td>-0.7 pp</td>
</tr>
<tr>
<td>Basic EPS (C)</td>
<td>0.011</td>
<td>0.017</td>
<td>-35.3%</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>1.5%</td>
<td>1.7%</td>
<td>-0.2 pp</td>
</tr>
<tr>
<td>Return on equity (%)</td>
<td>1.5%</td>
<td>2.5%</td>
<td>-1.0 pp</td>
</tr>
<tr>
<td>Gearing ratio (%)</td>
<td>37.8%</td>
<td>39.6%</td>
<td>-1.8 pp</td>
</tr>
<tr>
<td>Net debt</td>
<td>(698.7)</td>
<td>(905.4)</td>
<td>-22.8%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>107.6</td>
<td>79.2</td>
<td>+35.9%</td>
</tr>
</tbody>
</table>
L’Occitane Announces FY2021 Interim Results
30 November 2020, Page 2

(30 November 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 its interim results for the six months ended 30 September 2020 (“FY2021 H1”).

Despite the challenges posed by the COVID-19 pandemic, the Group delivered a solid set of financial results in FY2021 H1, beating management’s expectations. Thanks to the Group’s resilience, adaptability and online strength, sales decline in the second quarter of FY2021 (“FY2021 Q2”) narrowed significantly to -4.5%, compared to -22.2% in the first quarter of FY2021 (“FY2021 Q1”). As a result, net sales reached €616.6 million in FY2021 H1, a decline of 13.1% at constant rates compared to the same period of last year. The Group also remained profitable, and expanded its gross profit margin.

Although gross profit declined by 14.2% to €506.2 million in FY2021 H1, the gross profit margin increased by 0.9 points to 82.1%. This improvement was mainly due to a favourable channel mix with an increased proportion of online channels.

The Group’s ongoing strategies cushioned the impact of the pandemic on its profitability. Its operating profit remained positive at €32.9 million, and operating profit margin decreased only slightly by 0.4 points to 5.3%. This was attributed to the Group’s strong performance in Asia, the solid profit contribution from ELEMIS and LimeLife, the increase in online sales and swift cost control measures. The net profit was €17.3 million, or 2.8% of net sales.

Against the widespread store closures, social distancing and other restrictive measures brought on by COVID-19 throughout FY2021 H1, online and omni-channel sales were the star of the show. Online sales grew 80.8% and accounted for 40.7% of the Group’s net sales in FY2021 H1, with social selling and clienteling becoming a mainstay of its operations. As of the end of September 2020, the Group has initiated close to 50 social selling projects globally. Notably in the US, the Group’s largest market, a clienteling pilot program was launched for in-store beauty advisors to communicate with customers online. This initiative showed promising results, with clienteling representing more than 10% of retail sales.

In terms of geographic areas, the Group continued to see strong growth momentum in Asia, particularly in China, Taiwan and Korea, where sales grew 30.5%, 15.3% and 37.4% respectively at constant rates in FY2021 H1. China had fantastic growth across all channels. Traffic increased across the Group’s brick and mortar channels while its online business outperformed with Tmall seeing mid-double-digit growth, while JD.com grew more than 100%. Sales in the Taiwan market was underpinned by successful promotional campaigns for the Immortelle Reset and Immortelle Divine hero products, as well as hand care items. Meanwhile, sales in Hong Kong continued to be hampered by ongoing restrictive measures and travel bans, although the travel retail business in China and Korea began to recover resulting from the travel boom in Hainan province and online collaborations with Korean duty free operators respectively.

The Group’s core L’OCCITANE en Provence brand was particularly resilient amidst the COVID-19 crisis. Its sales decline at constant rates narrowed to -4.1% at constant rates in FY2021 Q2, from -25.7% in FY2021 Q1, ending FY2021 H1 with a sales decline of 14.6% at constant rates. Its online channels showed dynamic growth across all geographic areas, with 107.0% growth in FY2021 H1. The brand’s performance was also buoyed by its iconic status in premium body and hand care, which saw increased demand throughout the COVID-19 pandemic. The brand’s leading position in these key product segments was
cemented further during the Double 11 campaign in China, during which sales grew more than 40% from a year earlier, with the brand securing No. 1 status in both body care and hand care across the whole Tmall platform.

ELEMIS, the Group’s second-largest brand, saw sales decline by 22.0% at constant rates in FY2021 H1. Half of the decrease was due to a non-comparable base last year, which included March 2019. Excluding this month, the sales decline at constant rates was 11.1% in FY2021 H1. The other half of the decrease was due to stagnant sales in its spas and maritime channels, which were heavily impacted by travel bans and restrictive measures in the UK and the US.

Despite experiencing this setback as a consequence of the COVID-19 pandemic, ELEMIS continued to focus on its digital-first strategy and on materialising synergies with L’OCCITANE en Provence as it entered new markets globally. ELEMIS’s launch in China was a major highlight, launching exclusively into Sephora both online and offline in 125 physical stores. Since its launch in July 2020, ELEMIS’ performance in China has been highly encouraging. FY2021 H1 also saw the rapid expansion of ELEMIS into new markets, launching e-commerce websites in important markets in Europe, such as France, Germany and Italy, and in Asia, including Hong Kong, Taiwan, Singapore and Thailand. At the same time, ELEMIS’ lean and agile structure enabled it to act swiftly and cut costs early on in the pandemic, contributing to its record high operating profit margin of 30.5%.

LimeLife’s sales bounced back strongly in FY2021 H1, showing encouraging growth of 34.9% at constant rates and turning profitable. In addition to leveraging its social media-based business model during a time of lockdowns, the growth was attributed to new product launches, a successful flash sale promotion and the launch of a new mobile app for beauty guides.

The Group’s other brands together recorded a decline of 21.5% at constant rates in FY2021 H1, a notable improvement from a decline of 35.3% in FY2021 Q1. Each brand suffered from the impact of the crisis to varying degrees, yet Erborian was resilient and remained profitable in FY2021 H1.

Despite the encouraging progress the Group is making on multiple fronts, the business environment in the remainder of FY2021 will be no less challenging. To safeguard its resilience and financial flexibility, the Group is undertaking a reorganisation process to accelerate its transformation, which may lead the loss of approximately 300 positions globally from its total workforce of 9,000. The Group is also actively addressing loss areas, with restructures for L’OCCITANE au Brésil and Melvita well underway, and a likely acceleration of store rationalisation in markets such as the US. These actions will allow the Group to be more efficient and flexible to face the ever-evolving conditions.

In the meantime, the Group is closely monitoring the length and severity of the COVID-19 lockdowns recently announced in various countries around the world, given the centrality of the holiday season to its profitability and marketing calendar. The Group is tirelessly anticipating and preparing for the consequent accelerated channel shift to online. Its I.T. and logistics are well coordinated with the customer service and web teams, who will continue to leverage on its social selling initiatives to capture the surge in online demand and deliver a strong holiday season.

The Group remains highly cash generative, with free cash flow improving by €28.4 million to €107.6 million. The Group’s net debt also decreased by €206.7 million to €698.7 million.
Mr. Reinold Geiger, Chairman and Chief Executive Officer of L’Occitane, said, “COVID-19 has been one of the most challenging events ever to face the globe. Yet, as a result of our adaptability and solidarity, we saw many bright spots during the period that we will continue to build on.”

“With many places around the world currently experiencing a new wave of COVID-19 infections, the success of our online initiatives remain critical. We firmly believe that the effectiveness of our targeted investments, pivot to online marketing activities and the inherent strength of our brands will steer us through the current challenges. Combined with our focus and determination to gain efficiencies, empower our teams and prioritise an omni-channel approach, we are confident to accelerate growth and improve profitability from here onwards.”

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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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