

A woman with long brown hair, wearing a white, long-sleeved, backless dress, is walking away from the camera through a field of tall grass. She is carrying a woven basket filled with green olives. The background consists of rows of olive trees under a clear blue sky.

Groupe
L'OCCITANE
L'OCCITANE INTERNATIONAL S.A.

FY2021

Annual Results

For the Year ended 31 March 2021

Highlights

	FY2020	FY2021	Change
Net sales (million €)	1,644.1	1,537.8	
Growth at reported rates ⁽¹⁾			-6.5%
Like-for-like growth at constant rates ⁽²⁾			-1.1%
Operating profit	187.3	220.2	+17.6%
Operating profit margin	11.4%	14.3%	+2.9 pp
Profit for the year	115.2	157.0	+36.3%
Net profit margin	7.0%	10.2%	+3.2 pp
Earnings per share (€ per share)	0.080	0.105	+32.5%
Dividend per share (€ per share) ⁽³⁾	0.02228	0.03687	+65.5%
Dividend payout ratio	27.9%	35.0%	+7.1 pp
Net debt (million €)	(730.3)	(395.6)	-45.8%
Free cash flow excluding IFRS 16 items (million €)	170.5	278.1	+63.1%

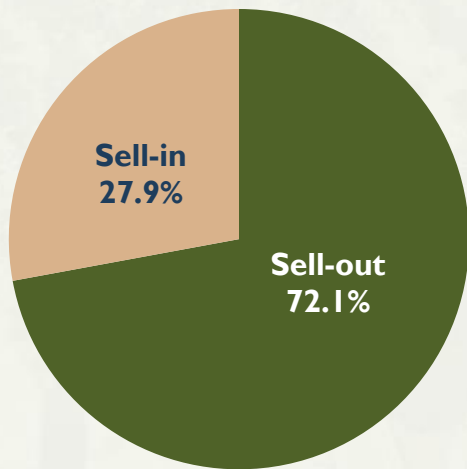
(1) If including sales of L'Occitane, Inc. in Feb and Mar 2021, net sales growth would be -5.7% at reported rates and -1.7% at constant rates.

(2) Like-for-like sales includes sales of L'Occitane, Inc. in Feb and Mar 2021, and excludes ELEMIS's sales in March 2019 of FY2020.

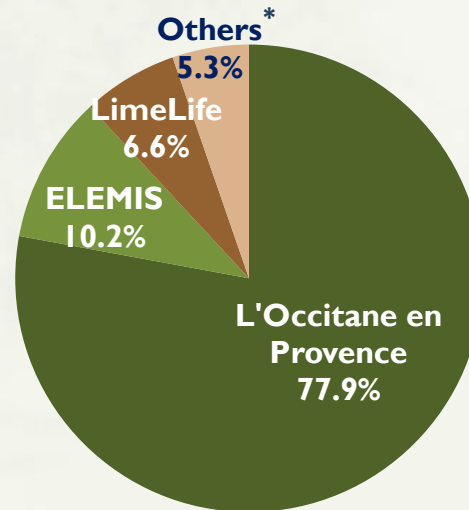
(3) Proposed dividend of FY2021 is subject to shareholders' approval at the AGM in September 2021.

Net sales breakdown

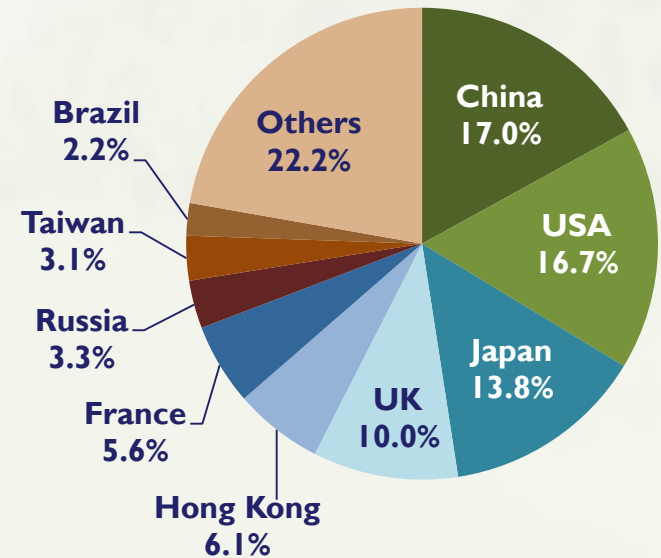
By Segment



By Brand



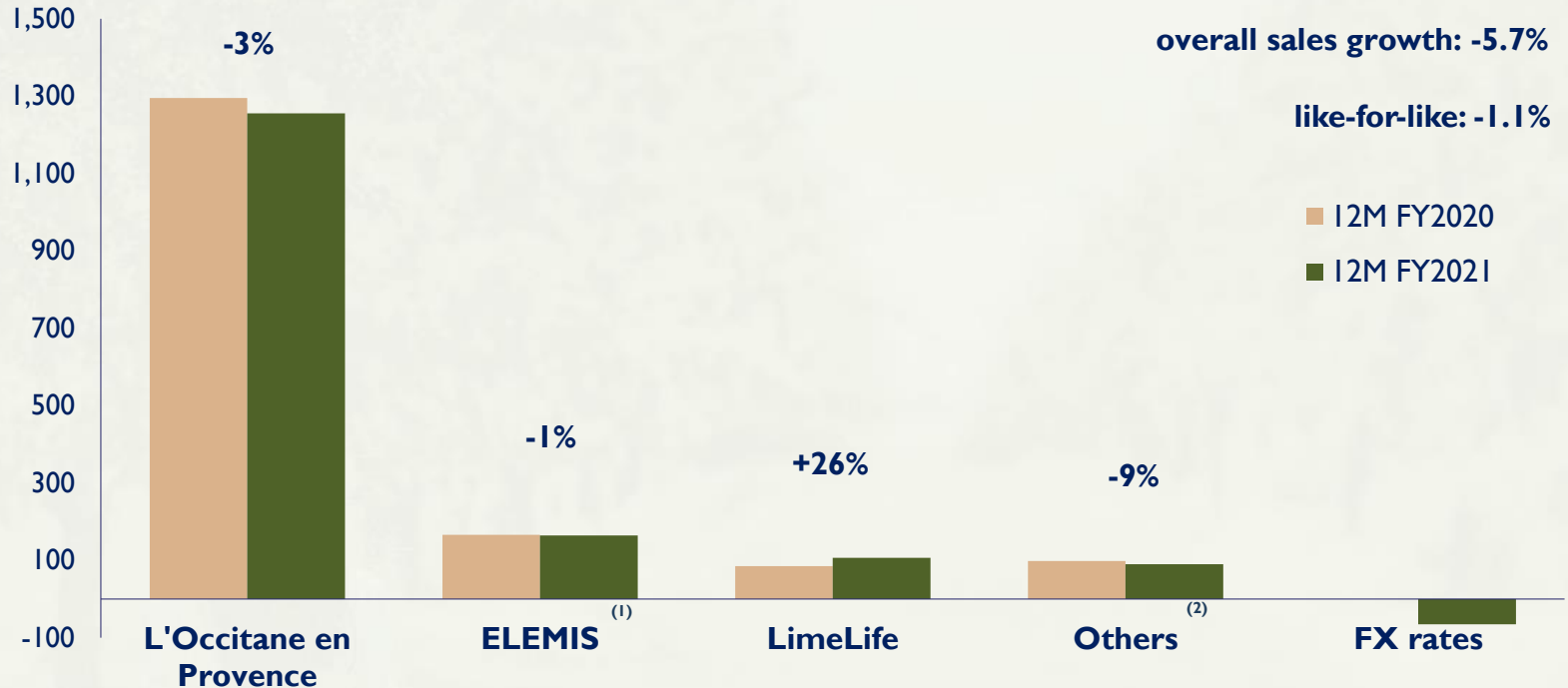
By Geography



* Others include Melvita, Erborian and L'Occitane au Brésil.

Net sales by brand

million €



local currency growth: -1.7%

overall sales growth: -5.7%

like-for-like: -1.1%

■ 12M FY2020

■ 12M FY2021

Contribution to growth⁽³⁾:

-142%

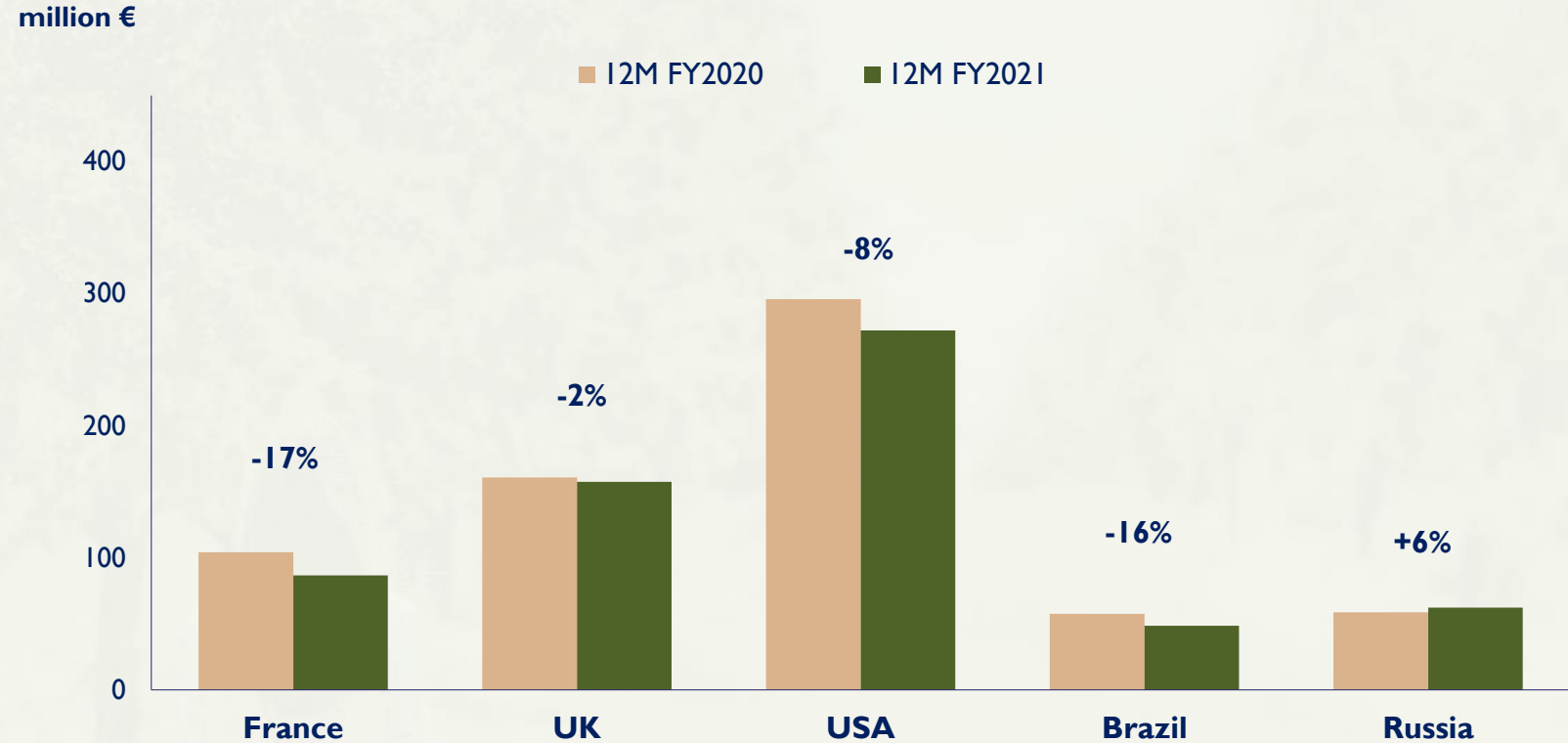
-4%

78%

-31%

- (1) ELEMIS's comparable sales growth in FY2021 was +5.8%.
- (2) Others include Melvita, Erborian and L'Occitane au Brésil.
- (3) Excluding the impact of foreign currency translation effects.

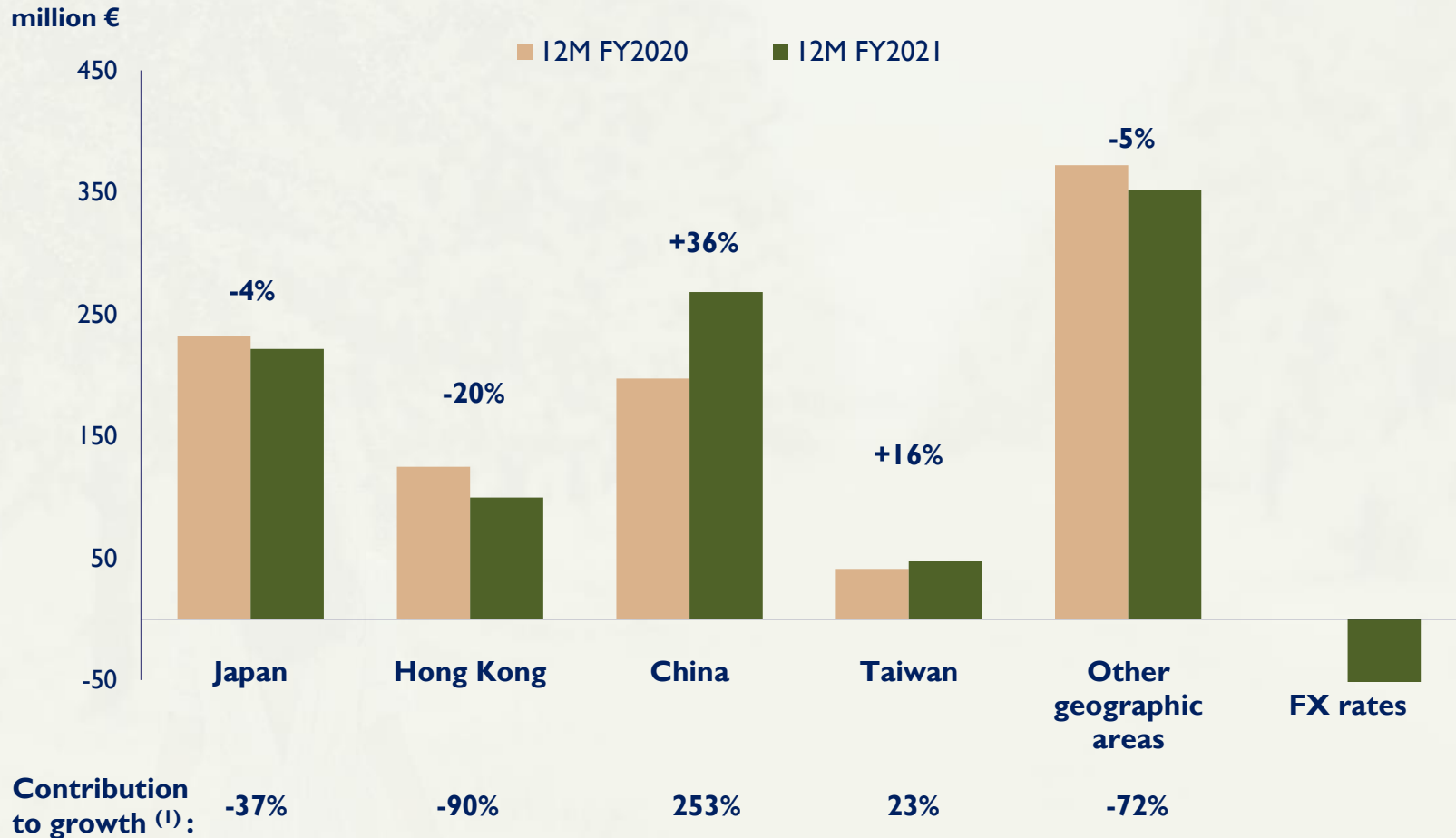
Sales growth by geography – Americas and Europe (at constant rates)



Geography	Contribution to growth (1):
France	-62%
UK	-12%
USA	-84%
Brazil	-33%
Russia	13%

(1) Excluding foreign currency translation effects.

Sales growth by geography – Asia and others (at constant rates)

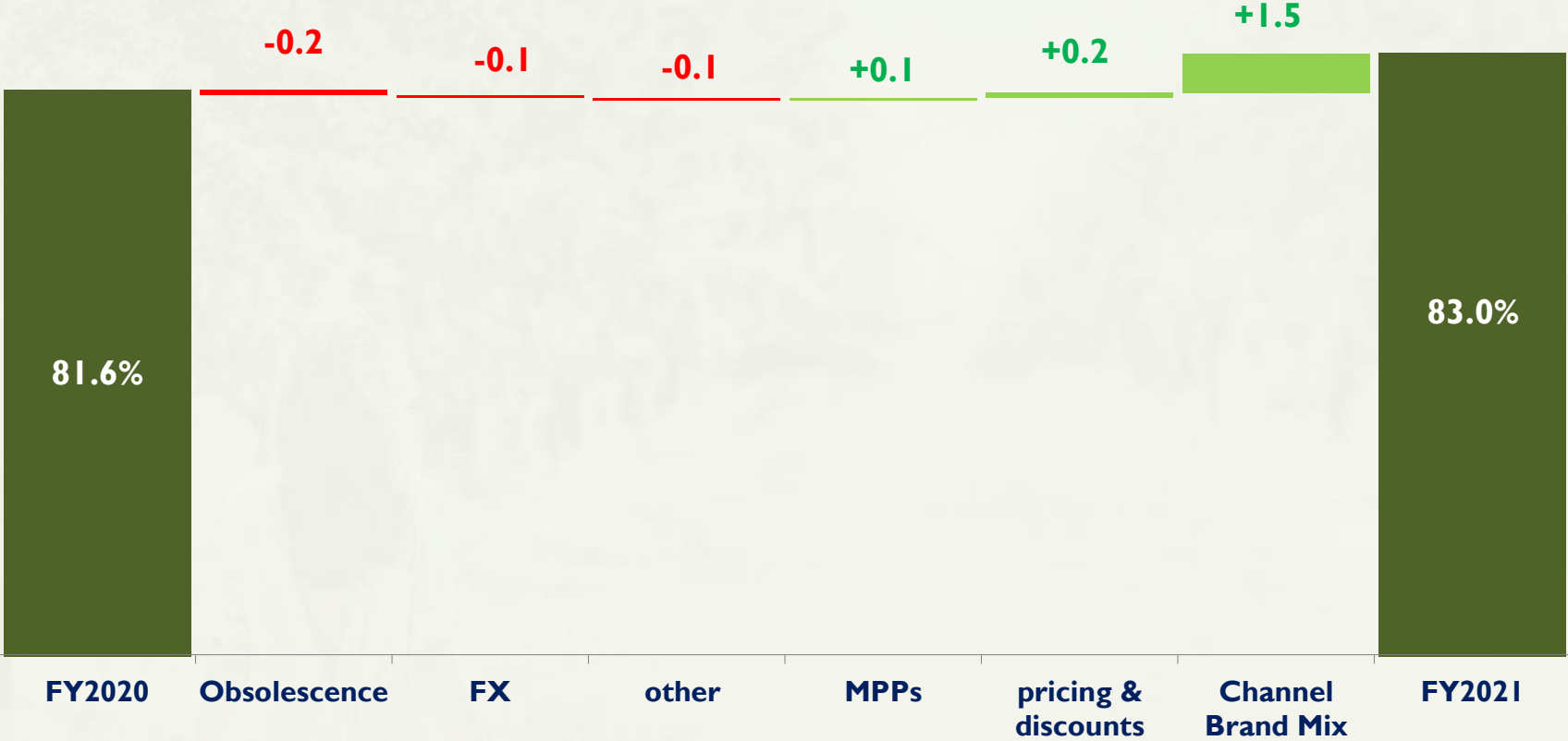


(I) Excluding foreign currency translation effects.

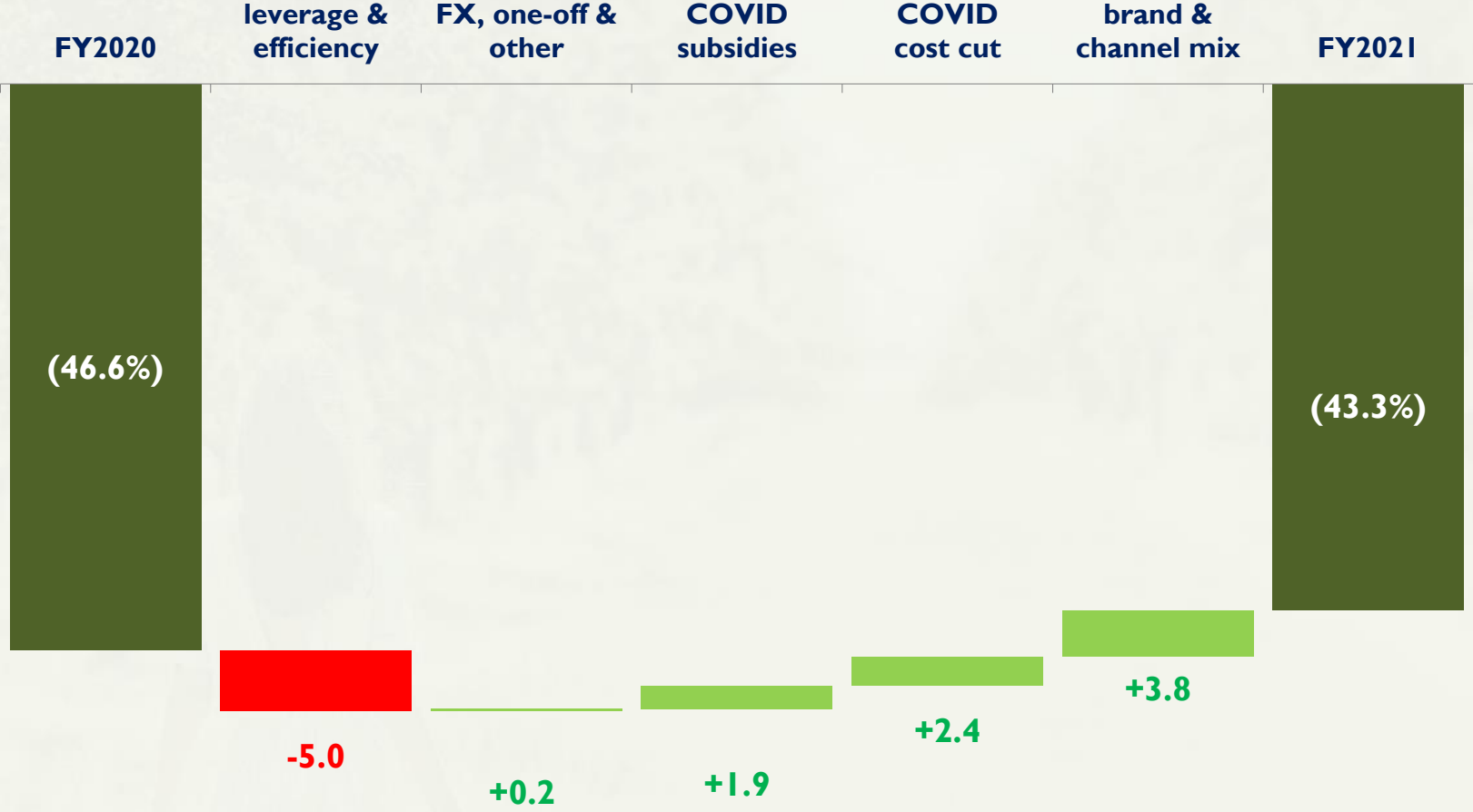
Profitability analysis

	% of net sales		
	FY2020	FY2021	Change
Gross profit margin	81.6	83.0	1.4
Distribution expenses	(46.6)	(43.3)	3.3
Marketing expenses	(12.6)	(13.9)	(1.3)
Research & development expenses	(1.3)	(1.1)	0.2
General & administrative expenses	(9.7)	(9.6)	0.1
Others	(0.0)	(0.8)	(0.8)
Operating profit margin	11.4	14.3	2.9

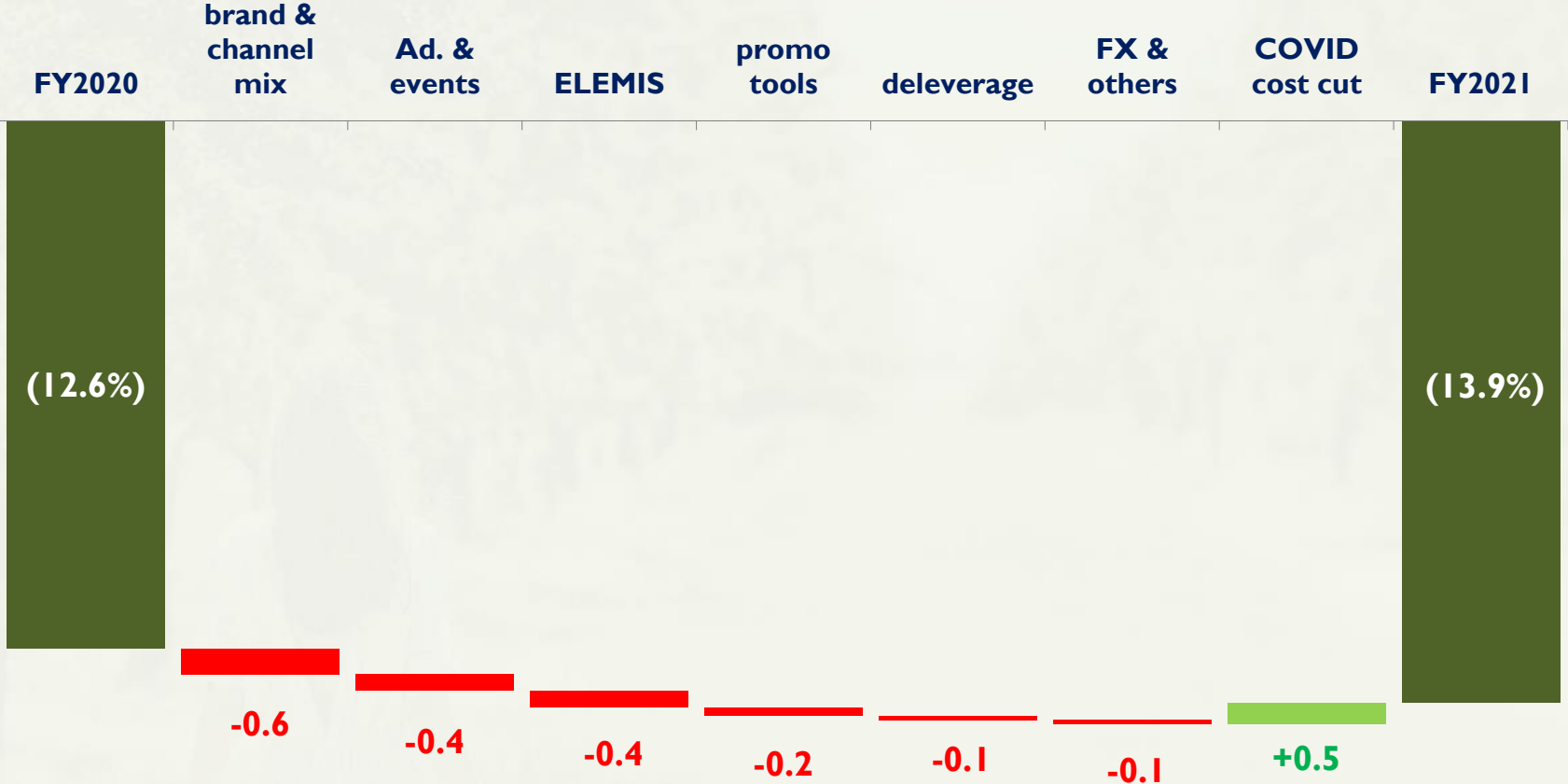
Gross margin (as % of net sales)



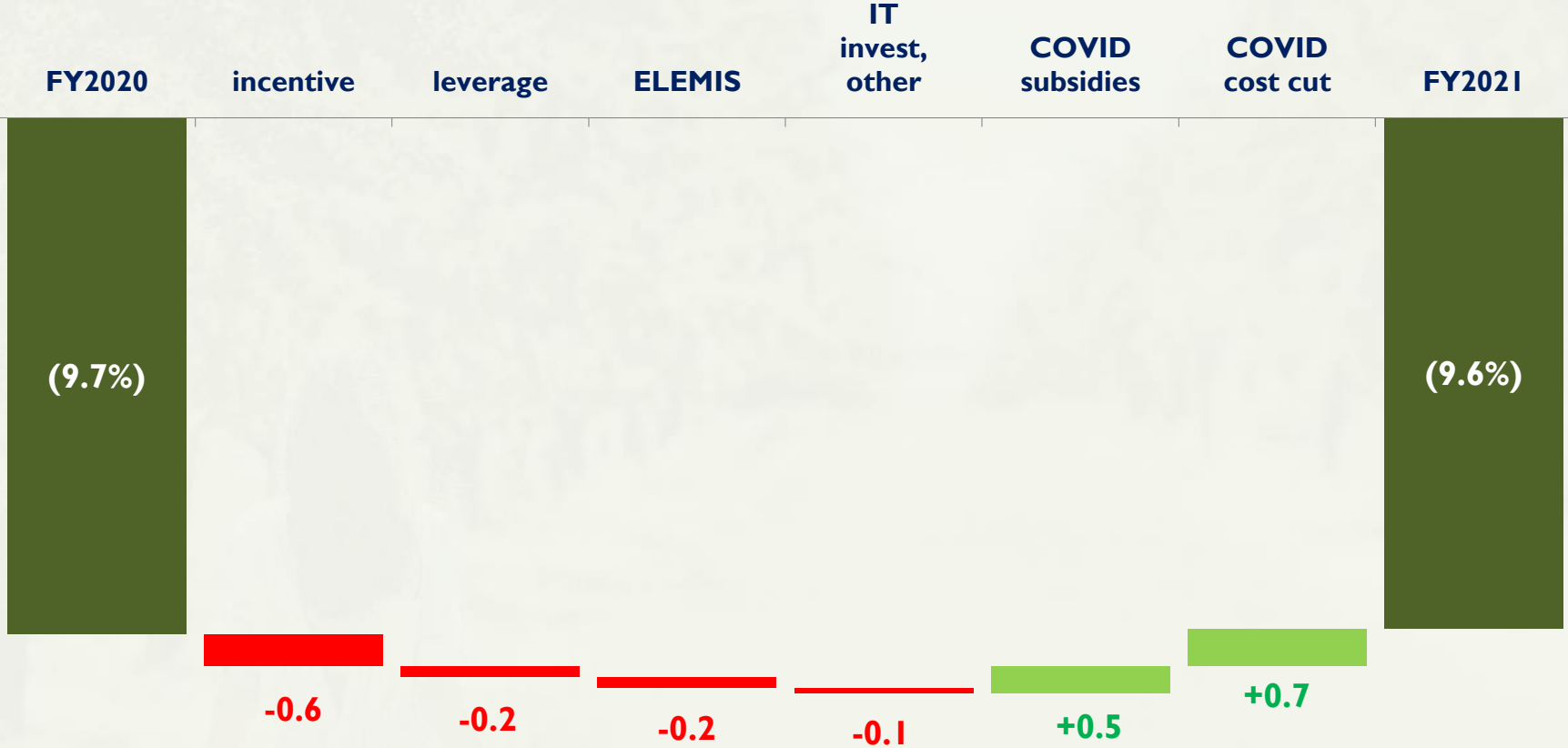
Distribution expenses (as % of net sales)



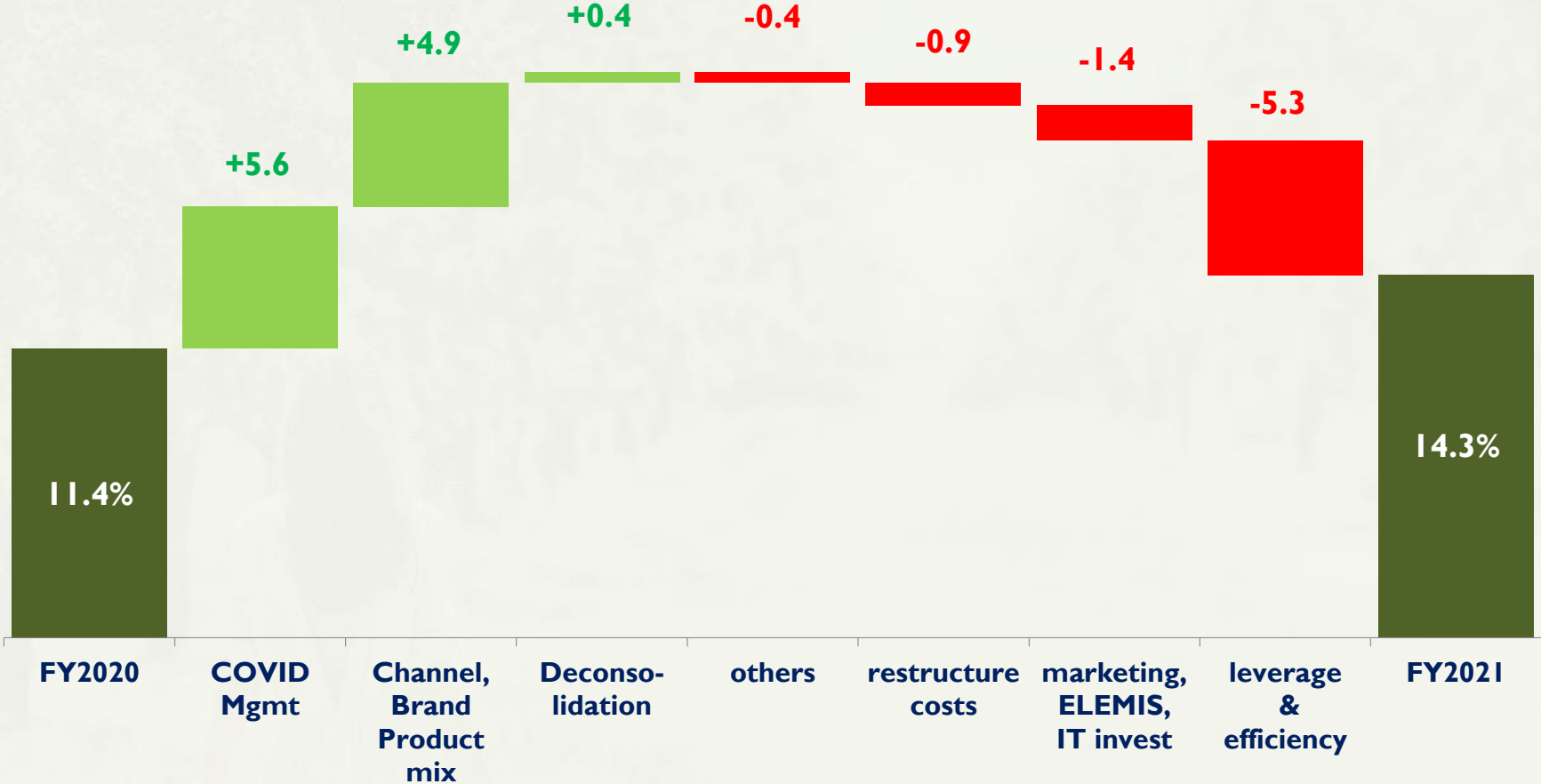
Marketing expenses (as % of net sales)



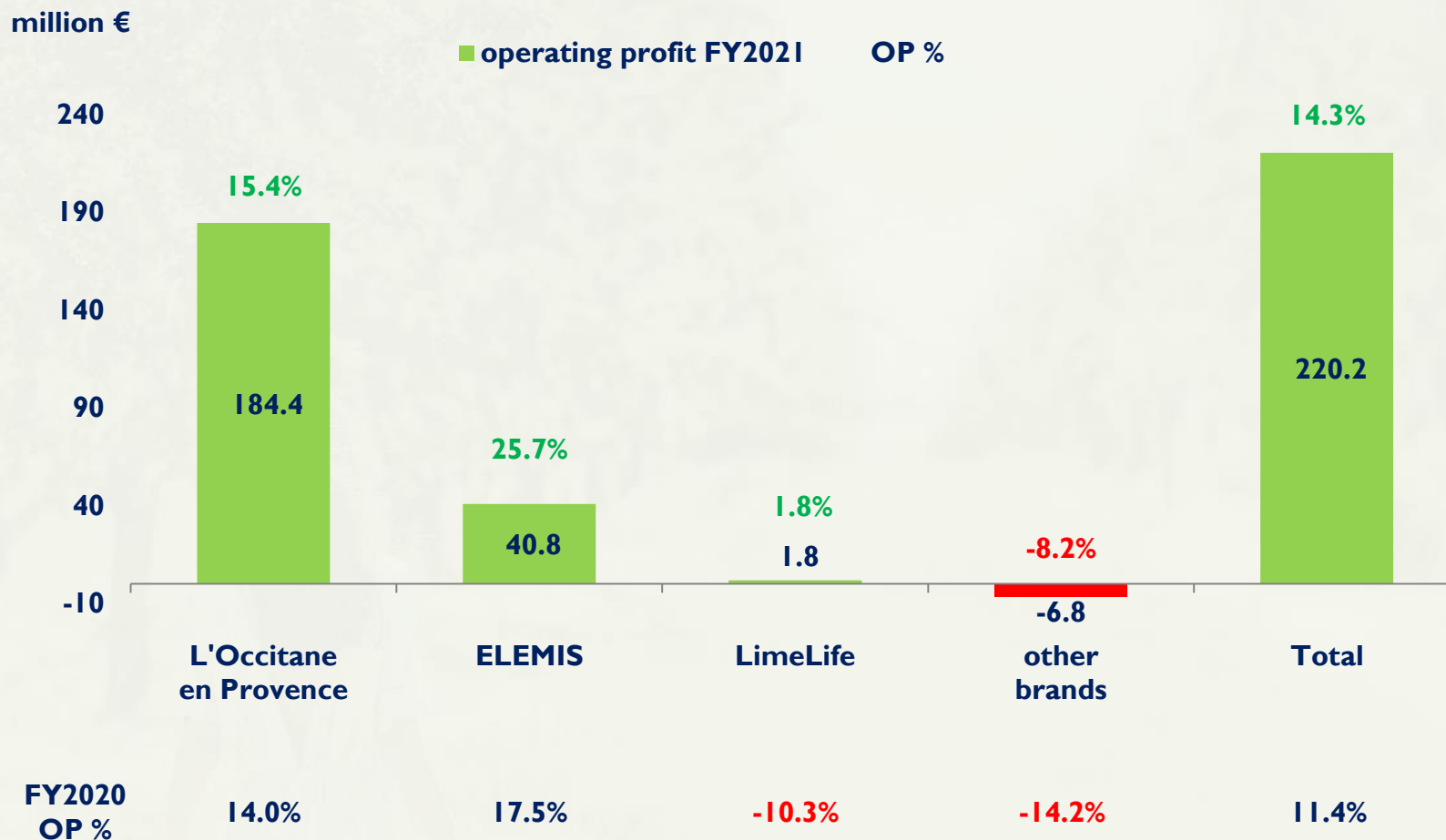
General and administrative expenses (as % of net sales)



Operating profit margin (as % of net sales)



Operating profit by brand



Impact of deconsolidating L'Occitane, Inc.

	Reported ⁽¹⁾		Management ⁽²⁾		Variance	
	€ mil	% to sales	€ mil	% to sales	€ mil	pp
Net sales	1,537.8		1,550.9		(13.0)	
Gross profit	1,277.1	83.0%	1,289.2	83.1%	(12.1)	-0.1
SG&A ⁽³⁾	(1,045.2)	-68.0%	(1,060.7)	-68.3%	15.4	0.3
Share of profit / (loss) from associates	(4.1)	-0.3%	(0.1)	0.0%	(4.0)	-0.3
Deconsolidation of L'Occitane, Inc.	5.8	0.4%	-	0.0%	5.8	0.4
Restructuring expenses	(13.2)	-0.9%	(16.9)	-1.1%	3.6	0.2
Operating profit	220.2	14.3%	211.6	13.6%	8.6	0.7

Favourable variance of €8.6 million due to:

Derecognition of the US assets and liabilities	2.7
Reclass. to P&L of previous currency translation differences, from equity	<u>3.0</u>
	5.8
Other accounting effects	1.8
Tax gain reported in Share of associates, therefore in operating profit	<u>1.0</u>
	8.6

(1) Reported FY2021 – sales and operating expenses of L'Occitane, Inc. in February and March 2021 were not consolidated but instead treated as associate under the equity method, due to the Chapter 11 proceedings.

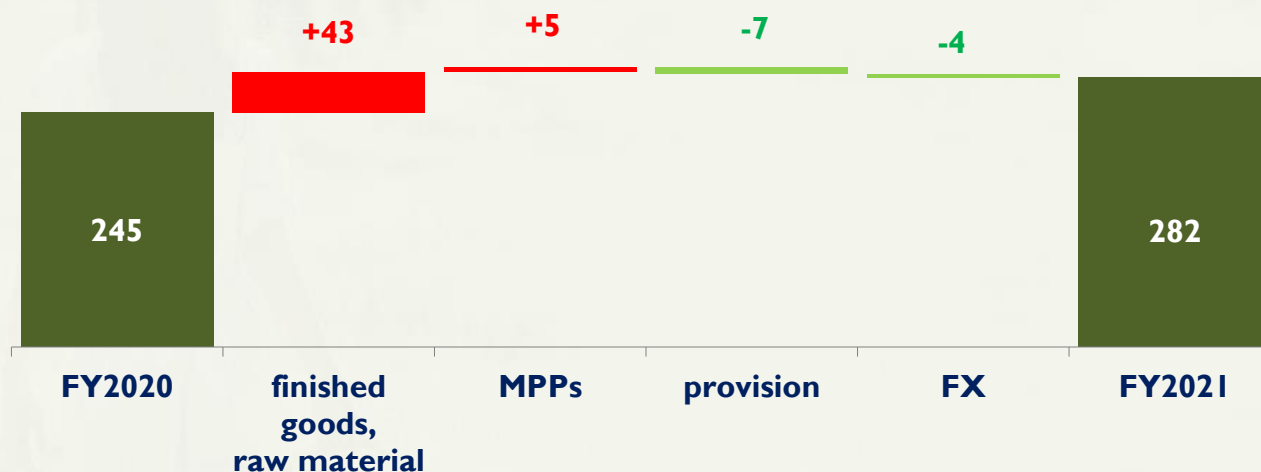
(2) Management FY2021 – assuming L'Occitane, Inc. remained part of the Group and its results in February and March 2021 were consolidated into the Group's results. The management believes that this management version provides a truer view of the financial performance in FY2021 and is thus more comparable to the reported results of FY2020.

(3) Distribution, marketing, R&D, general & administrative expenses and other gains & losses

Working capital ratios

as at:	FY2020	FY2021	Change
Inventory turnover days (based on cost of sales)	245	282	37
Trade receivables turnover days (based on net sales)	31	32	1
Trade payables turnover days (based on cost of sales)	173	215	42
Cash Cycle (days of net sales)	44	43	-1

Inventory turnover days



Cash flow

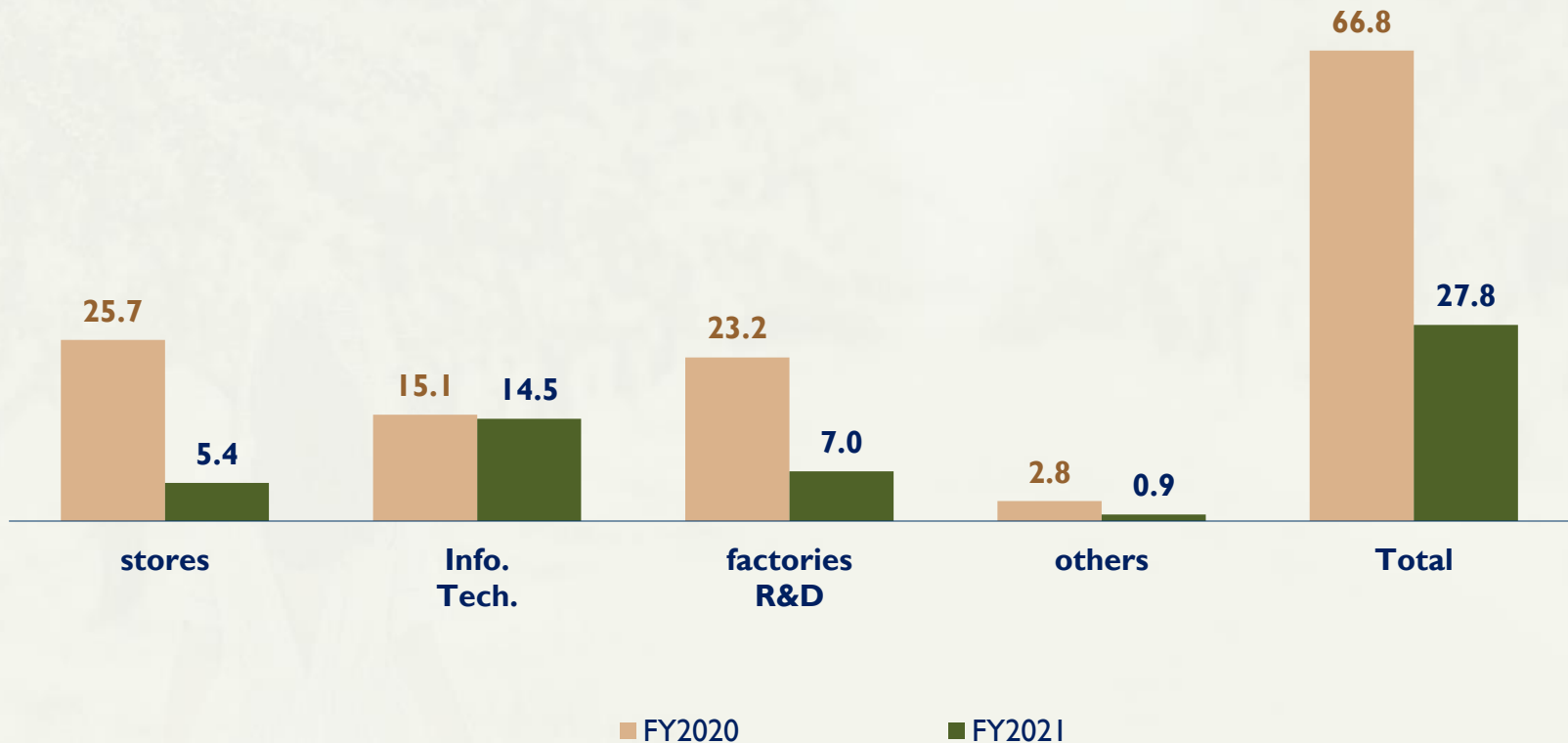
(million €)	FY2020	FY2021	Change
Profit before tax, adj. for non-cash items	385.8	421.2	35.4
Changes in working capital	18.0	36.3	18.3
Income tax paid	<u>(34.3)</u>	<u>(28.0)</u>	<u>6.3</u>
Net cash flow from operations	369.5	429.5	60.0
Cash outflow from CAPEX	(67.5)	(27.8)	39.7
Free cash flow *	<u>302.0</u>	<u>401.7</u>	<u>99.7</u>
Invest in new ventures and fin. assets	(4.1)	(50.6)	(46.5)
Cash flow from financing	(275.4)	(97.2)	178.2
Effect of the exchange rate changes	<u>(0.6)</u>	<u>1.0</u>	<u>1.6</u>
Net change in cash and cash equivalents	21.9	254.9	233.0

* Free cash flow excluding IFRS 16 items for FY2020 and FY2021 are €170.5 mil and €278.1 mil respectively.

Capital expenditures

- excl. acquisitions of subsidiaries and financial investments

million €



Balance sheet ratios

	FY2020	FY2021
Profitability		
Return on Capital Employed (ROCE) ⁽¹⁾	6.9%	10.2%
Return on equity (ROE) ⁽²⁾	10.6%	12.9%
Liquidity		
Current ratio (times) ⁽³⁾	1.2	0.9
Quick ratio (times) ⁽⁴⁾	0.7	0.7
Capital adequacy		
Gearing ratio ⁽⁵⁾	37.2%	32.7%
Debt to equity ratio ⁽⁶⁾	62.1%	30.9%

(1) Net Operating Profit After Tax # / Capital Employed

(2) Net profit attributable to equity owners / shareholders' equity excluding minority interest

(3) Current assets / current liabilities

(4) Current assets - stocks / current liabilities

(5) Total debt / total assets

(6) Net debt / (total assets - total liabilities) * 100%

NOPAT = (Operating Profit + foreign currency net gains or losses) × (1 - effective tax rate)

Capital Employed = Non-current assets - (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital

Strategic review



- Strong online sales compensated for lost sales in physical stores, and drove profitability
- Successful pivot to online sales underpinned by social selling initiatives



- Further diversification of brand mix is expected
- LimeLife was the fastest-growing brand and turned profitable
- Erborian led the growth of other brands and remained profitable



- Demand for core brand's key product categories spiked as a result of COVID-19
- Resilience in markets in Asia, with China becoming the Group's largest market



- Operating margin expanded by 2.9 points
- Two major restructuring actions taken to accelerate transformation and address loss-making areas



- ELEMIS was a key growth and profitability driver
- Digital-first strategy allowed for rapid and efficient expansion
- Achieved impressive operating margin of 25.7%



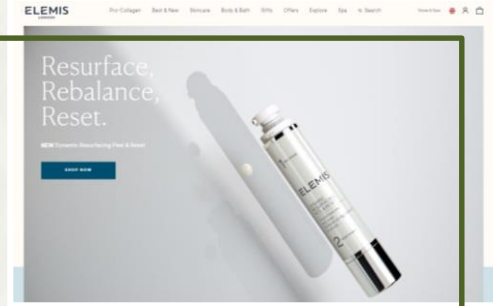
- Identified three priority areas: mitigate the climate crisis; protect and restore biodiversity; and empower communities
- Target to become carbon neutral across the Group by 2030

Outlook



Complete Restructuring

- Two **restructuring** actions will allow the Group to become more efficient and agile
- Expect to emerge from the **Chapter 11** process in the US in a few months' time



Digital Acceleration

- Monitoring the latest wave of COVID-19 in various markets around the world
- Ready to meet evolving customer needs and create engaging content through **accelerating digital initiatives**



Growth & Profitability

- Although impacts from COVID-19 may linger, the Group will continue to build **trust**, achieve **sustainable growth** and enhance **profitability**

The Group remains confident that its resilience, backed by the inherent strength of its brands, targeted investments and focused management, will further drive growth and profitability

Disclaimer

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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.

A woman with long brown hair, wearing a white, long-sleeved, backless dress, is walking away from the camera through an olive grove. She is carrying a woven basket filled with green olives. The grove consists of rows of olive trees with dense green foliage. The ground is covered in dry grass and small white flowers. The sky is a clear, bright blue. The overall scene is peaceful and rural.

THANK YOU