

[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 FY2021 Annual Results

Sales performance and profitability exceeded expectations

Operating margin expanded by 2.9 points to 14.3%

Net profit increased 36.3% to a record €157 million

1. During a year marked by the significant disruptions caused by COVID-19, the Group's agility and adaptability led to its resilience, with both sales performance and profitability exceeding expectations in FY2021.
2. Net sales reached €1,537.8 million, representing a decrease of 1.1% on a like-for-like basis.
3. Operating profit hit a record €220.2 million, while the operating profit margin expanded by 2.9 points to 14.3%.
4. The Group delivered its highest ever net profit of €157.0 million, up 36.3% and representing 10.2% of net sales.
5. Free cash flow (excluding IFRS 16 impact) reached a record €278.1 million, as compared to €170.5 million last year.
6. The Board proposes a final dividend of €0.03687 per share, up 65.5% and equivalent to a payout ratio of 35.0%.

FINANCIAL HIGHLIGHTS

For the year ended 31 March

(million €, unless otherwise stated)

	2021	2020	Change
Net sales	1,537.8	1,644.1	-6.5% ⁽¹⁾
Gross profit	1,277.1	1,341.2	-4.8%
<i>Gross profit margin</i>	83.0%	81.6%	+1.4 pp
Operating profit	220.2	187.3	+17.6%
<i>Operating profit margin</i>	14.3% ⁽²⁾	11.4%	+2.9 pp
Profit for the year	157.0	115.2	+36.3%
<i>Net profit margin</i>	10.2%	7.0%	+3.2 pp
Basic EPS (€)	0.105	0.080	+32.5%
Dividend per share (€)	0.03687	0.02228	+65.5%
Dividend payout ratio (%)	35.0%	27.9%	+7.1 pp
Net debt	(395.6)	(730.3)	-45.8%
Free cash flow ex. IFRS 16	278.1	170.5	+63.1%

⁽¹⁾ Net sales decreased 1.1% on a like-for-like basis (i.e. including sales from its subsidiary in the US, L'Occitane, Inc., in February and March 2021 and excluding ELEMIS's sales in March 2019 of FY2020).

⁽²⁾ If L'Occitane, Inc. was treated as if there was no Chapter 11 proceeding, the operating profit margin would be 13.6%.

(28 June 2021, 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 annual results for the year ended 31 March 2021 ("FY2021").

During a year marked by the ongoing challenges from the COVID-19 pandemic, the Group managed to deliver a strong set of results in FY2021, exceeding its expectations in terms of both sales and profitability. Thanks to the Group's agility and adaptability in a socially-distant world, the strong sales recovery in the second half of the year helped recover most of the ground lost earlier in the year. In FY2021, the Group's net sales reached €1,537.8 million, a decline of 6.5% at constant rates and a slight decline of 1.1% on a like-for-like basis (i.e. including sales from the Group's US subsidiary in February and March 2021 and excluding ELEMIS's sales in March 2019 of FY2020).

Importantly, the Group made tremendous progress in expanding its bottom line. Although gross profit declined by 4.8% to €1,277.1 million, the gross profit margin increased by 1.4 points to 83.0%. This improvement was mainly due to a favourable channel and country mix with an increased proportion from online channels, and from countries in Asia that have a higher gross margin.

Further, the Group's operating profit in FY2021 grew 17.6% to a record €220.2 million, while its operating profit margin expanded by 2.9 points to 14.3%. This was attributed to cost reductions achieved through the Group's proactive management of the COVID-19 crisis, its strong performance in Asia, the solid profit contribution from ELEMIS and LimeLife, the increase in online sales, and gains from deconsolidating L'Occitane, Inc. after its Chapter 11 proceeding. If L'Occitane, Inc. was treated as if there was no Chapter 11 proceeding, the operating profit margin would be 13.6%.

The above factors cumulated in the Group delivering its highest ever net profit of €157.0 million, up 36.3% and representing 10.2% of net sales.

In FY2021, sales through the Group's online channels expanded 69.2% and accounted for more than one-third of the Group's total sales. These strong online sales compensated for most of the sales lost through the Group's brick-and-mortar stores, of which more than 75% were shuttered at the peak of the COVID-19 pandemic. The Group's proactive approach to social selling underpinned the successful pivot to online sales, enabling it to maintain and strengthen its human approach to beauty despite the need for social distance. In Europe, the Group rolled out 68 social selling projects while launching a pilot clienteling program in the US. Meanwhile, South Korea had one of the highest online sales mix across the Group's key markets, backed by L'OCCITANE en Provence's No. 1 position in the beauty category on the Kakao Gifting platform.

The Group's core brand, L'OCCITANE en Provence proved particularly resilient in FY2021. Demand for products such as soaps and hand and body moisturisers spiked as the COVID-19 pandemic stimulated awareness of hygiene around the world. At the same time, key markets in Asia, especially China, Taiwan and South Korea, still delivered growth in FY2021. Overall, China was undisputedly the Group's best-performing market and one of the first markets to emerge from COVID-19. In FY2021, sales in China grew 36.0% and became the Group's largest market. Meanwhile, sales in Hong Kong continued to be affected by COVID-19 restriction measures, a plunge in tourist traffic and store closures. The travel retail business in Asia also faced challenges, but improved in the latter part of the year as a result of a domestic travel boom.

FY2021 saw the rapid expansion of ELEMIS into new markets under a digital-first strategy, materialising on synergies with L'OCCITANE en Provence where possible. One of the highlights was China, where ELEMIS launched in all 269 stores of its exclusive retail partner, Sephora. Since its launch in July 2020, ELEMIS's performance in China has gone from strength to strength and is highly profitable. Elsewhere, ELEMIS continued to roll out in new markets across Asia, Europe and the Middle East. It also launched more than a dozen e-commerce websites in key markets including France, Germany and Italy, as well as Hong Kong, Taiwan, Singapore and Thailand.

ELEMIS also delivered strong results in its heritage markets of the US and the UK, where the momentum across digital and home shopping channels greatly offset its severely impacted brick-and-mortar businesses. The brand's resilient performance in FY2021 underscored the soundness of the Group's multi-brand strategy, with its lean and agile structure enabling it to swiftly cut costs early on in the pandemic and contribute to its stellar operating profit margin of 25.7%.

LimeLife was the Group's fastest-growing brand, posting sales growth of 25.7% at constant rates in FY2021 and turned profitable, benefiting from its online-only and social media-based business model. The performance of the Group's emerging brands, Melvita, L'OCCITANE au Brésil and Erborian improved as a whole as FY2021 progressed, posting an overall decline of 8.8% at constant rates. The improvement was mostly led by Erborian, which grew 14% in FY2021 and maintained its profitability. L'OCCITANE au Brésil showed signs of a turnaround towards the end of the year by focusing on key customer groups, recruitment and the development of new channels, with growth returning in the fourth quarter of FY2021. Melvita continued to face challenges, yet also showed sales improvement quarter after quarter. Both L'OCCITANE au Brésil and Melvita are well advanced in their restructures and continued to close underperforming stores during the year as they aim to improve profitability.

In addition to driving top-line performance, the Group undertook two major restructuring actions in FY2021 to accelerate its transformation, address loss-making areas and increase the efficiency of its investments. Over the coming years, this will allow the Group to become a much more efficient and agile organisation.

In October 2020, the Group announced a reorganisation that led to the loss of approximately 300 positions globally out of its total workforce of 9,000, mostly at its corporate offices. Subsequently in January 2021, the Group's US subsidiary, L'Occitane, Inc., commenced a voluntary Chapter 11 case to accelerate its store rationalisation process. As of the end of FY2021, the case was progressing well and resulted in a net closure of 25 underperforming stores. The Group expects a successful Chapter 11 case to deliver savings of around €9 to €10 million on an annual basis for the next four to five years.

Heading into FY2022, the global fight against COVID-19 remains a concern. As physical stores in Europe re-opened following new waves of infections earlier in 2021, stores in several Asian markets, including Japan, Taiwan and Malaysia, have been forced to close due to new local lockdowns. However, the Group's performance should remain resilient as it continues to benefit from the accelerated shift to online channels globally, as well as its unparalleled self-care, skincare and hand care image.

Despite the ongoing impact of COVID-19 on its business operations, the Group remains highly cash generative. Free cash flow (excluding IFRS 16 impact) reached a record €278.1 million, as compared to €170.5 million last year. The Board is pleased to propose a final dividend of €0.03687 per share, an increase of 65.5% and equivalent to a payout ratio of 35.0%.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "Our resilience and adaptability in the face of the incredible challenges of COVID-19 has seen our business blossom in terms of its development and profitability. This is a credit to the solidarity and passion of our teams around the world."

"While the impacts from COVID-19 may still linger, we expect online sales and sales in high-growth Asian markets to remain robust. With the inherent strength of our brands, the determination and focus of our management team, as well as our targeted investments, we believe we have laid a strong foundation to accelerate growth and expand profitability further in the coming years."

- End -

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) 3481 1161

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