



L'Occitane International S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

L'Occitane Announces FY2022 Annual Results

Record operating profit of €310.7 million

Highest operating profit margin since listing

Board recommends raising dividend payout ratio from 35% to 40%

1. The Group delivers an outstanding set of financial results, despite ongoing turbulence in the operating environment.
2. Reported net sales grew 15.8% to €1,781.4 million.
3. Record operating profit of €310.7 million, or 17.4% of net sales, driven by better operating leverage, gains from restructuring efforts, and targeted investments in key channels and countries. Net profit grew 57.5% to a record €241.9 million, or 13.6% of net sales.
4. The very strong operational performance of L'OCCITANE en Provence and the development of the Group's other brands, notably ELEMIS, contributed to the record results.
5. Due to the exceptional results and confidence in the Group's future prospects, the Board proposes to raise the dividend payout ratio from 35% to 40%, representing a final dividend of €0.06585 per share or an increase of 78.6%.

FINANCIAL HIGHLIGHTS

(million €, unless otherwise stated)	FY2022 reported	FY2021 restated*	Change
Net sales	1,781.4	1,537.8	+15.8%
Gross profit	1,463.4	1,277.1	+14.6%
<i>Gross profit margin</i>	82.2%	83.0%	-0.8 pp
Operating profit	310.7	216.8	+43.3%
<i>Operating profit margin</i>	17.4%	14.1%	+3.3 pp
Profit for the year	241.9	153.6	+57.5%
<i>Net profit margin</i>	13.6%	10.0%	+3.6 pp
Basic EPS (€)	0.165	0.103	+60.2%
Dividend per share (€)	0.06585	0.03687	+78.6%
Return on capital employed (%)	12.8%	10.1%	+2.7 pp
Return on equity (%)	19.1%	12.7%	+6.4 pp
Gearing ratio (%)	34.0%	32.8%	+1.2 pp
Net debt	(660.8)	(395.6)	+67.0%

* The accounting treatment of Good Glamm Group was corrected from financial investment at fair value through other comprehensive income to associates accounted for under the equity method during FY2022. Thus, the share of profit from associates accounted for using the equity method in FY2021 was restated to include the loss incurred by Good Glamm Group amounting to €3,399,000.

(27 June 2022, 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 2022 ("FY2022").

Despite continued turbulence in the macroeconomic environment, the Group delivered a set of outstanding results in FY2022. Sales grew a solid 15.8%, reaching €1,781.4 million. Excluding the accounting effect of the deconsolidation of L'Occitane, Inc., the Group's net sales were €1,810.0 million in FY2022, representing growth of 16.7% at reported rates, 14.6% at constant rates or 13.0% on a like-for-like basis (excluding Sol de Janeiro's sales from January to March 2022).

More importantly, the Group achieved record profitability, with its operating profit and operating profit margin reaching the highest levels since listing at €310.7 million and 17.4% respectively. The Group also delivered a record net profit of €241.9 million, up 57.5% and representing 13.6% of net sales.

Sales momentum remained robust through most of FY2022, supported by the continued improvement of the Group's business environment as countries in Europe and the Americas lifted COVID-19 related restrictive measures. Retail channels saw a strong rebound in footfall while online channels remained dynamic and, indeed, continued to grow in FY2022. However, in FY2022 Q4, the macroeconomic conditions turned challenging, with the return of COVID-19 lockdowns in China, the Group's largest market, as well as the geopolitical situation in Ukraine and Russia.

The exceptional operating profitability was achieved through tighter control of distribution expenses and operational leverage, alongside a sensible step-up of marketing investments in profitable and promising brands and markets. Certain one-off items, including gains from the Chapter 11 process, also benefited the operating results. Excluding one-off items, the operating profit margin was still strong at 17.0%.

The Group's core brand, L'OCCITANE en Provence, remained the Group's largest growth contributor in FY2022. It showed broad-based improvement with balanced contributions from all regions and growth across all product categories. In line with its targeted marketing strategy, close to half of the Group's annual media and marketing budget was geared towards major campaigns and special projects. Further, the core brand attained a world-class operating margin of 19.8%, thanks to better operating leverage, a favourable channel mix, and gains from restructuring efforts.

Thanks to the Group's omni-channel presence to reach customers across all touchpoints, online sales continued to grow despite the normalisation of offline traffic in many key markets. The Group expects its online mix to remain at the current high level of roughly one-third of total sales, as digitally-centric or digitally-native brands, including ELEMIS, LimeLife and Sol de Janeiro grow. Through a harmonised promotion strategy between all channels, continued online developments will contribute positively and further support the Group's omni-channel strategy.

Sales growth at ELEMIS accelerated in FY2022, driven by the rebound of its spa and wholesale businesses, strong online sales in both the US and the UK, and the return of its maritime and in-flight businesses. ELEMIS is also gearing up for the next phase of development in China, as the exclusivity period with its retail partner comes to an end. Following drastic cost cuts during the pandemic, ELEMIS maintained its lean and agile structure while prudently resuming marketing investments along with new market roll-outs.

Despite these investments during the brand's growth phase, ELEMIS continued to deliver a stellar operating profit margin of 22.8% in FY2022.

At the same time, the Group continued to strengthen the foundation it has laid for delivering sustainable growth and profitability. The addition of Sol de Janeiro to its brand portfolio provided a new source of profitable growth, and along with its most recent acquisition, Grown Alchemist, the Group advanced its transformation into a multi-brand and geographically-balanced group.

Finally, with the Group well positioned for a sustainable future, it concluded a planned management transition. Earlier in FY2022, Mr. André Hoffmann succeeded Mr. Reinold Geiger as the Group's Chief Executive Officer, with the latter remaining Chairman and Executive Director. Further, effective from 30 June 2022, Mr. Thomas Levilion will retire from his position as Chief Financial Officer of the Group. The Group would like to express its sincere gratitude to Mr. Levilion for his valuable contribution during his tenure and looks forward to his continued guidance as a Non-executive Director. The Group extends a warm welcome to Mr. Christian-Matthias Klever who will succeed Mr. Levilion.

Mr. André Hoffmann, Vice-Chairman and Chief Executive Officer of L'Occitane, said, "We are proud to report a set of impressive financial results, an excellent outcome that once again demonstrates the resilience of the Group's brands and teams, as well as our ability to withstand and overcome market turbulences. At the same time, we are keeping a strong eye on the future, with the acquisition of two strong brands in FY2022 that will accelerate our reach into new markets and appeal to younger consumers."

"Given our record results and promising prospects, the Board is glad to recommend raising our dividend payout ratio to reward our longstanding shareholders. Looking ahead to FY2023, our management is hyper focused on delivering sustainable value to shareholders, even as the global economy faces uncertainties. Having passed the €1 billion sales mark in FY2013, we expect to pass the €2 billion sales milestone in FY2023 while retaining healthy profitability."

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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 approximately 1,500 owned stores, and is present in 90 countries. Through its eight brands – L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone, ELEMIS, Sol de Janeiro and Grown Alchemist – 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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