L’Occitane International S.A.
FY2024 Annual Results Webcast

Company Participants

- Laurent Marteau, Executive Director and Chief Executive Officer
- Samuel Antunes, Chief Financial Officer

Other Participants

- Host (Matthew Schultz, Think Alliance Group)
- Chris Gao, CLSA
- Bertrand Demole, Pictet Asset Management SA
- Sunny Chow, Macquarie
- Anne Ling, Jefferies
- Ivan Su, Morningstar
- Blair Huang, JP Morgan Representative (on behalf of Offeror)

Presentation

Host

Welcome, everyone. Thank you for joining L'Occitane International S.A.'s FY2024 Annual Results Conference Call for investors and analysts. This is Matthew Schultz from Think Alliance Group and I will be your host today. I am here with L'Occitane International S.A.'s CEO, Laurent Marteau, and CFO, Samuel Antunes. We will start with an opening remark from Laurent and then delve into the financial results with Samuel. Then Laurent will take us through the strategic review and outlook.

The presentation will be followed by a Q&A session. To ask a question, please use the raise hand function, at the top right-hand corner of the webcast page. Feel free to submit your questions at any point during the presentation; we will be going through them after the presentation during the Q&A session. So to start, let me turn the call over to Laurent Marteau, L'Occitane International S.A.'s CEO, to say a few words.

Laurent, please.

Laurent Marteau

Thank you, Matthew and thank you for joining us today. As you know, I have recently taken on the role of CEO at L'Occitane International S.A. I am honoured and excited to lead this incredible company, and I look forward to discussing our recent performance and sharing my thoughts on the strategic direction of L'Occitane International S.A.

But first, I want to acknowledge the work of my predecessor, André Hoffmann, who has done a tremendous job laying the groundwork to transform the Group into a geographically balanced, multi-brand organisation. André remains fully committed to the Group's success as Executive Director and member of the Board. As I step into the role of CEO, I am committed to building on this foundation and driving further progress hand-in-hand with our Chairman, Reinold Geiger, the entire Board of Directors and our teams all over the world.

With that, I will now ask Samuel to walk you through our financial results for the past year. Afterwards, I will return to provide some strategic updates and a business outlook. Thank you.

Samuel, over to you.

Samuel Antunes

Thank you, Matthew and Laurent. Good morning and good afternoon to all. First, we start with the financial highlights. The Group continued its strong sales momentum in FY2024, with net sales exceeding €2.5 billion, representing a growth of 19% at reported rates. Gross profit margin remained high at 79.3%, although it fell by 1.2 points as compared to last year. This was mostly due to a brand mix effect as Sol de Janeiro and ELEMIS have a higher wholesale mix.

Operating profit decreased by 2.5% to €233 million, while the operating profit margin decreased to 9.2%. This was largely due to a significant increase in marketing expenses and some non-operational items. Note that on a management basis, the operating profit margin was 12.1%. We will explain more in the following slides.

Profit for the period was roughly €102 million. Meanwhile, the net debt increased 13.8% to €736.6 million.

The sales mix is similar to last quarter. L'OCCITANE en Provence's sales mix remained around 55% and Sol de Janeiro accounted for a quarter of our sales due to its rapid growth. In terms of sales by region, the Americas continues to be our largest region at 43% of the Group's sales, mainly contributed by Sol de Janeiro. APAC was second at 35%, while the EMEA accounted for 22%.

By single markets, the US was the largest single market, accounting for around 38% of overall sales, followed by China at 13% and the UK at 8%.

Wholesale and others channel was still our fastest growing channel at 40%, thanks to Sol de Janeiro, while the remaining 60% was split between Online and Retail channels.

L'OCCITANE en Provence was negative at reported rates, but grew 2.7% at constant rates in the year, due to mixed performances across regions. APAC grew mid-single digits, mostly contributed by China's 15% growth, which showed a slowdown quarter-to-quarter, linked to the overall market decline. Americas grew single digits, mainly because of the better performance in the US online channels.

The growth was partially offset by EMEA, which declined by single digits due mostly to the exit of Russia and exiting the pharmacy distribution in France. L'OCCITANE en Provence was also impacted by a high single digit decline in the travel retail channel. Travel retail accounts for roughly 9% of the brand's sales. Excluding Russia, L'OCCITANE en Provence grew 3.2% in FY2024.

ELEMIS posted a sales decline of 24.7% at constant rates in Q4, dropped from double digit growth in Q3, contributed by the largest market in the UK and the US. The sales in UK ended with high-single-digit growth but showed a slowdown in Q4, mainly due to sales phasing in web partners. The growth in US was entirely offset by the sales drop in the maritime channel due to a stock rebalancing operated by OneSpaWorld. Excluding this effect, the US domestic business grew 15.7% in the year. This was mainly driven by the online channels, with the key driver being successful campaigns on Amazon, consumer targeting and the halo effect of increased marketing activity.

Sol de Janeiro more than doubled its last year sales and grew by 167% at constant rates in the year, although slightly slowed down in Q4. The growth was contributed by the successful launch of new products, the entrance into Ulta which is a significant multi-brand partner in the US, and continued expansion of distribution and overperformance of wholesale channels, in particular with Sephora.

The other brands together posted a further growth of 14.7% at constant rates for the year. Erborian and L’OCCITANE au Brésil performed very well and maintained their growth rate over 35% at constant rates. Melvita showed a significant improvement from sales decline in Q1 to double-digits growth in Q4 and eventually ended the year with 3% growth at constant rates. On the other hand, LimeLife continued to be weak, declining by nearly 20%.

We saw foreign currency headwinds for the year that impacted our sales by five percentage points.

APAC showed a growth of 6.3% at constant rates, mostly driven by L’OCCITANE en Provence's steady growth in China and ELEMIS' continued development there. Although there was a slight slowdown compared to Q3, China kept high-teens sales growth at constant rates in FY2024.

Americas was again the fastest growing region with 63% growth at constant rates, mainly thanks to Sol de Janeiro in the US, but also a double-digit growth from L’OCCITANE en Provence in Q4.

EMEA grew 4% at constant rates, thanks to the strong double-digit sales growth of Erborian in France, new contribution of Sol de Janeiro in Europe and also ELEMIS in the UK. Excluding Russia, EMEA grew by 6% at constant rates.

Retail sales was slightly negative at reported rates, seeing a 3% increase at constant rates due mostly to the improved conditions in China. Excluding Russia, the retail growth was 4% at constant rates.

Wholesale and others were once again the fastest growing channel with 45.7% growth at constant rates, contributed mostly by wholesale chains and international distribution.

Online channels posted a solid 25.2% growth at constant rates, mainly driven by Sol de Janeiro, ELEMIS and Douyin, China's newly launched marketplace channel for L’OCCITANE en Provence in China.

Now I will provide an overview of the profitability. Our gross profit margin decreased by 1.2 points, due mainly to a brand mix effect. We significantly increased our marketing investments, especially for L’OCCITANE en Provence, but we were able to partly offset that with a better distribution expenses ratio, primarily due to the brand mix.

The “Others” items include share of profits and losses from associates and joint ventures and some other exceptional items, mainly additional impairments on LimeLife. As a result, our reported operating profit margin declined by two points to 9.2%. Excluding these exceptional items, among others, the management operating profit margin fell by 3.7 points to 12.1%, in line with our expectations. We will go into more detail in the following slides.

The gross profit margin decreased by 1.2 points to 79.3%, due mostly to the following factors: unfavourable brand mix for 1.6 points, mostly from Sol de Janeiro, as it has a higher wholesale mix; unfavourable FX impact for 0.5 points; and higher obsolescence due to increase of slow movers for 0.3 points.

The decrease was partly offset by: price increase for 0.5 points; industrial cost decrease on raw material and packaging for 0.4 points; and freight and duties cost decrease for 0.3 points.

Distribution expenses improved by 3.1 points to 33.7% of net sales, due mainly to: favourable brand mix effect for 3.7 points, mostly from Sol de Janeiro and Erborian, which have a lower level of distribution costs; and efficiencies thanks to network rationalisation and fewer renovations, a decrease in freight costs and leverage of fixed costs for 1.1 points.

The improvement was partly offset by: higher investment in organisation and staff, warehousing costs, increase in travel and entertainment costs and depreciation for OneSpaWorld for 1.5 points; and one-off items for 0.2 points.

Marketing expenses increased significantly by 5.6 points to 22.8% of net sales. The increase was mostly due to: higher strategic marketing investments to capture growth opportunities for all of our brands for 4 points, of which 2.5 points went to L'OCCITANE en Provence, mainly allocated to China, US and Japan, and 1.5 points went to the other brands, including 0.7 points that went to Sol de Janeiro and 0.5 points to ELEMIS in China; brand mix for 1.2 points, mainly driven by Sol de Janeiro and Erborian; higher investment in staff in marketing organisations for 0.2 points; and increase in promotional tools inventory for 0.2 points.

General and administrative expenses increased by 0.8 points to 10.2% of net sales. On the unfavourable side, we had: higher investment in organisation and staff, salary increase and IT costs for 0.8 points; higher bonus and incentives mainly for Sol de Janeiro's performance for 0.7 points; higher operation costs on T&E, recruitment and legal fees for 0.6 points; one-off items and others, like the Dr. Vranjes Firenze acquisition costs, for 0.4 points; and unfavourable FX for 0.2 points. The decrease was offset by 1.9 points from favourable brand mix and higher sales leverage.

The other operating income and losses decreased by 2.4 points, attributable to the following: lower impairment on non-performing brands for 1.1 points; impacts from the exit of Russia for 0.7 points; capital gain of €10.5 million arising from the disposal of Grown Alchemist, representing 0.4 points; an increase in the share of loss in associates for 0.2 points; capital gain arising from the change in the percentage of interest in Good Glamm Group for 0.1 points; partly offset by loss on disposal of CAPSUM for 0.1 point.

All in all, the operating profit margin decreased by 2 points to 9.2% of net sales. The decrease is explained by: increase in marketing investments to sustain the development of the brands for 4 points; increase in operating costs, one-off items and others for 1.5 points; and higher bonus and long-term incentives for 0.7 points. This decrease was partly offset by exceptional items for 2.5 points; and brand mix and growth for 1.7 points.

There were several items considered to be exceptional that impacted the operating profit margin this year. These are: impairments on LimeLife's goodwill, the share of losses of Good Glamm Group and CAPSUM, and the net loss from CAPSUM's disposal. Hence in this slide, we also provide a management version of our OP for a more representative view.

On a management basis, the operating profit margin decreased by 3.7 percentage points, from 15.8% to 12.1%, in line with our expectations.

Now we look at the operating profit by brand. L'OCCITANE en Provence's OP margin decreased from 14.6% to 9.5%, due mainly to the significant increase in strategic marketing investments in key markets and channels. Some non-operational items, such as the share of losses from

Good Glamm Group and CAPSUM, were allocated to the L'OCCITANE en Provence brand. Excluding these items, the management OP margin of L'OCCITANE en Provence was 10.5%.

Sol de Janeiro had an exceptional operating profit margin of 23.6% and was the largest contributor to the Group's operating profit.

ELEMIS's operating profit margin decreased from 20.2% to 7.8%, as a result of increasing marketing investments and distribution expenses, and a significant sales drop of OneSpaWorld.

The other brands together ended the year with an operating loss of €80 million, which was mainly due to underperforming brands and related impairments, partly compensated by the positive performance of Erborian.

Capital expenditures amounted to €66.3 million for FY2024, an increase of €20 million as compared to last year. This is mainly related to increased committed investment in the Mirova Climate Fund for Nature, a nature-based solution carbon fund for €4 million this year, new US warehouse for €6 million, increased investment in production lines and warehouses in France for €5 million.

Cash cycle increased by 5 days to 59 days of net sales, mainly driven by higher inventory, partly offset by trade payables turnover.

Inventory value increased by €133 million, to €450 million as compared to last year. Average inventory turnover increased by 12 days to 267 days.

This concludes my section of the presentation. Now, let me hand it over to Laurent for the strategic review and the outlook.

Laurent Marteau

Thank you, Samuel. We maintained a positive momentum and achieved a solid sales growth of 24% at constant rates, further accelerating from a strong FY2023 and mainly driven by our two largest brands, L'OCCITANE en Provence and Sol de Janeiro, but also very positive performances of Erborian and L'OCCITANE au Brésil.

To maintain and invigorate the market shares in such a hyper-competitive environment and intense competition in the global skincare and cosmetic industry, we significantly invested in our brands this year to capture growth opportunities.

A significant portion of the incremental marketing expenditures were allocated to L'OCCITANE en Provence in China, our largest market for the brand, and the results were satisfactory. Sales grew at a double-digit rate consistently and faster than the market growth since the second half of the financial year, although a slowdown has been noted.

While the increase in marketing investments is dilutive on our margins near-term, we are convinced it is necessary to take the development of all our brands to the next level and to gain market shares in difficult times.

Sol de Janeiro continued their robust performance and maintained triple-digit growth at constant rate, driven by a strategic expansion of its distribution and launch of new products and channels, while continuing their focus on their hero products.

With the support of decent growth of L'OCCITANE en Provence and fast-growing Sol de Janeiro, our sales achieved our target this year, as we take a further step to transforming into a multi-billion-euro group.

As Samuel explained, we achieved our target margin. Our sales grew over 20%, with a management operating margin of 12% – a decent performance, in line with management's expectations, thanks to the strong contribution from Sol de Janeiro.

We will now look at another strategic achievement of FY2024, which is our B Corp certification. We have a clear focus on delivering against the triple bottom line – people, planet and profit. In 2023, our Group became a certified B Corporation, a unique marker of leadership for a company of our size and scale. This milestone builds on our commitments to empowering communities, preserving biodiversity and mitigating climate change. Each B Corp must recertify every three years, encouraging us to continuously enhance the way we operate and raise our standards across all areas.

We have set ourselves the major ambition to pay each team member worldwide a living wage by FY2026. And we continue to roll out our global parental leave policy, giving 20 weeks of paid leave to primary caregivers and 12 weeks to secondary caregivers.

Furthermore, we continue to work on reducing our carbon footprint and plastic pollution, promoting a circular economy for plastics and strengthening our collaboration with suppliers to ensure responsible social and environmental impact management throughout our value chain.

We are committed to ensuring that our newly acquired brands, Sol de Janeiro and Dr. Vranjes Firenze, achieve B Corp certification by 2026. This is very much in line with our multi-brand portfolio strategy.

We continue building and expanding our portfolio of leading premium beauty and fragrance brands, making it more geographically balanced and appealing to Millennial and Gen Z consumers. Sol de Janeiro and ELEMIS, together, are now taking up more than a third of our net sales which has diversified our brand mix.

To build a portfolio of premium beauty brands and expand our presence in the fast-growing niche fragrance and home fragrance diffuser market, we also acquired Dr. Vranjes Firenze. This strengthens our position as a geographically balanced multi-brand group.

On the other brands, Erborian and L'OCCITANE au Brésil continued their outstanding performances and increased over 35% at constant rates in two consecutive years.

For the underperforming brands on which we took impairments last year, LimeLife continued to be weak, declining by nearly 20%.

Melvita, on the other hand, has shown its first positive signs of sales growth, although it remains loss-making. The brand narrowed its sales decline from high-single-digit percentage last year to low-single-digit percentage sales growth this year after a promising rebranding. Melvita is undergoing a repositioning, aiming to be at the vanguard of organic and efficacious beauty while attracting a younger audience with a new, vibrant, and fresh brand image. In one of its largest markets, France, we saw an impressive result with over 40% sales increase in March, mainly driven by the relaunch of anti-ageing *Argan Bio-Active* range. We had also an excellent performance in mainland China, doubling our business.

Now we will have a closer look at the strategic initiatives of our three main brands.

Our heritage brand, L'OCCITANE en Provence, performed steadily with 3% growth at constant rates, mainly driven by a double-digit sales growth in China, a key market and driver of L'OCCITANE en Provence's growth.

The brand underperformed relative to the Group's other brands in terms of global growth and profitability, despite receiving the largest portion of the increased marketing investments. Investments went into both traditional and social media, as well as marketing events, focusing on key markets and channels to sustain L'OCCITANE en Provence's sales growth and maintain market shares.

The largest portion of the marketing budget went to China and to the US, focusing on key categories and ranges such as *Almond*, *Shea Butter* and *Immortelle Divine Cream*.

In China, the brand focused its campaigns on key Chinese festivals. With this, we successfully maintained the leadership position in body care and in the face cream category, we achieved +40% sales growth with *Immortelle Divine Cream*.

L'OCCITANE en Provence significantly accelerated strategic investments in social and digital campaigns. The brand has successfully launched its marketplace channel on Douyin in China, with social media content featuring celebrities.

L'OCCITANE en Provence started inviting top influencers from China to the south of France, to bring to life the brand's story and legacy to consumers via online live streaming. This initiative not only enhanced consumers' understanding and love of the brand and its heritage, but also boosted sales in key categories – body care, face care and hair care.

These robust marketing expenditures generated high awareness and interest from our customers and delivered above market growth in China in a competitive premium beauty market and muted consumption growth in the overall economy.

In the US, L'OCCITANE en Provence saw high-single-digit growth in FY2024 following successful social media strategies and increased marketing spending with key partners such as Amazon and Sephora, that resulted in sustained growth in sales, both online and offline.

Although the operating profit margin was not favourable in FY2024, these significant marketing investments have driven steady growth, and we believe they will contribute to maintain and expand L'OCCITANE en Provence's market shares.

From a customer perspective, the brand continues to refine its distribution channels, elevate omni-channel and retail experiences to drive both recruitment and retention. As an example, investments in China successfully drove new recruitments, winning over 200,000 new customers.

In January, L'OCCITANE en Provence launched an immersive and interactive pop-up hotel experience in Haitang Bay Block C of China Duty Free Group, in Hainan. This initiative was the first experiential concept in travel retail and across China, after a successful implementation in the Malaysia, Singapore and Hong Kong local markets. It provided visitors with an enchanting interactive experience, to explore all our categories: body care, face care and hair care, via specific services. This coincides with the opening of the brand's new boutique in Haitang Bay Block C, in partnership with China Duty Free Group.

In the coming months and years, the L'OCCITANE en Provence is fully dedicated to elevating its brand positioning by investing in strengthening its brand equity, redesigning packaging and elevating both its retail and digital experiences. These efforts are all part of the preparations for celebrating the brand's upcoming 50th anniversary in 2026, a milestone that underscores its pioneering commitment to excellence, innovation and sustainability.

However, these additional investments in marketing, store refurbishment, IT infrastructure and supply, and attracting talent will continue to weigh on our profit margins in the months and years ahead. These investments remain necessary for building upon the existing strengths of L'OCCITANE en Provence to grow and maintain its market position.

We now move on to our second largest brand in the Group, Sol de Janeiro.

Sol de Janeiro sustained strong performance and achieved triple digit sales growth at constant rates. It is now our Group's largest contributor to its profitability.

To drive brand awareness and a strong brand presence globally, Sol de Janeiro crafted various global campaigns this year. The Summer Brand Campaign and the brand's first global investment behind the perfume mist category delivered a significant increase in brand search interest and a boost in new user brand site traffic, compared to the previous year. These effective marketing campaigns contributed to the brand's sales acceleration, while ensuring a strong global brand presence beyond the US.

In addition, Sol de Janeiro introduced the *Delicia Drench Body Butter* with a global 360-degree campaign that kicked off in December 2023. This new deep moisturising body product fills a gap in the brand's product portfolio. Global activations for the accompanying fragrance range, *Cheirosa 59 Perfume Mist*, as well as support across the entire body cream category were launched.

In March, Sol de Janeiro expanded into a new strategic product category, introducing a body sun care line, leveraging the brand's equity in summer and body. The global 360 campaign featured American model and influencer Sofia Richie Grainge.

Sol de Janeiro is also actively expanding its network of partners and venturing into international markets to bring Sol de Janeiro to people worldwide. The brand has established itself as a preferred partner for major beauty retailers in key markets and continues to work on its partnership with Sephora in many countries.

The brand also further penetrated its home market in the US with the launch at Ulta Beauty. In addition, Sol de Janeiro accelerated its promotional rollout in travel retail at major airports worldwide including a dynamic activation at Paris Charles de Gaulle Airport. The 360-degree promotional pop-up campaign, strong visual merchandising and immersive experience helped introduce products and attracted global customers.

Now let's take a look at ELEMIS.

ELEMIS continued to further accelerate its premiumisation strategy, reducing discounting depth and frequency on its own website but also with key marketplaces. Although sales in the UK and US declined due to the various reasons mentioned previously by Samuel, ELEMIS continues to rank in the top 5 face care brands in the UK, top 15 in the US and top 10 earned media value worldwide.

The *Pro-Collagen* franchise remained the number one franchise in the UK and was in the top 10 in the US in Q4, demonstrating the momentum of the brand.

In February, ELEMIS also started a new partnership with Sephora in North America, in the US and Canada. This will bring additional customers to the brand and become a go-to offline distribution for all the maritime customers experiencing the brand and its treatments on cruise ships. It also enables the brand to start talking to Gen Z consumers purchasing at Sephora North America.

This concludes our brand highlights. We will now move to the global outlook.

Looking ahead, the Group remains cautiously optimistic about its performance in FY2025, as the competition in the global skincare and cosmetics industry continues to intensify with the entry of new international and local brands and the cost of customer acquisition continues to increase, in particular in China.

Each of our brands face different market and industry-specific challenges that require brand tailored and geography specific strategies to grow or maintain their market position. Additional investments in marketing, store refurbishment, IT infrastructure and supply chains and attracting talent will continue to weigh on our Group's profit margins in the months and years ahead. These investments remain necessary to build upon the existing strengths of our brands.

Our guidance for FY2025, we expect to achieve low-teens sales growth and a slight improvement of the operating profit margin compared to FY2024, with the continuation of higher marketing investments, IT and supply infrastructure, and people and planet investments, which will continue to weigh on profit margins.

With our portfolio of strong and unique premium beauty and fragrance brands and our commitment to invest for the long-term, we are well positioned to drive sustainable growth and profitability as a multi-billion-euro group.

We are in the process of adjusting our strategy to focus our resources and attention on our major brands, particularly our heritage brand L'OCCITANE en Provence, and to accelerate the expansion of our smaller brands, which hold considerable potential for scalability, profitability and strategic enhancement of our portfolio.

As you are aware, our Board received a proposal from our controlling shareholder, L'Occitane Groupe S.A., expressing intention to delist the entity from the Hong Kong Stock Exchange and fully privatise the Group. Our Board has established an Independent Board Committee to evaluate the offer and they will make a recommendation to shareholders soon.

Before we conclude this presentation, on behalf of Samuel and our entire leadership team, I want to thank all our team members, partners and investors around the world for their dedication and commitment to our company and our customers.

With that, let's open the floor for your questions.

Host

Thank you, Laurent. As a reminder, to ask a question, please use the raise hand function at the top right-hand corner of the webcast page. We will start by taking questions about the annual results. Any questions or parts of questions about the offer, that is the privatisation offer, that have already been submitted will be asked at the end of the Q&A session.

Regarding questions about the Offer, because the composite document has not been published and the Offers are not yet open for acceptance, responses to questions at this stage will be limited to what has already been published in the announcement of 17 June 2024. We strongly encourage everyone to read this announcement in the meantime. Key representatives from the Offeror's financial adviser, JP Morgan, are also on the call today to address any offer-related questions at the end of this session.

Once again, we'll start by asking questions about the annual results first. Please allow us a moment to collate your questions.

Host (on behalf of Chris Gao)

The first questions come from Chris Gao of CLSA. Regarding the financial results she asks, one, what is your full-year guidance for FY2025 for your top line and OPM on a Group-wide basis and also by brands?

Her second question is, how did the core brand perform during the recent 618 promotion? Thank you.

Laurent Marteau

Thank you, Matthew. I suggest that maybe Samuel takes the first part and I will take the second part of the question.

Samuel Antunes

Thank you for the questions, Chris.

Regarding the guidance for FY2025, Group-wide, as mentioned by Laurent, we see low-teens growth, 13% to 15%. In terms of OPM, we expect an improvement around one point compared to FY2024.

In terms of brands, for L'OCCITANE en Provence, we see low to mid-single digit [top-line growth]. On the OPM side, we see high single-digits to double-digits.

For Sol de Janeiro, sales guidance we see strong double-digit growth, and in terms of OPM, in line with FY24.

For ELEMIS in terms of sales, we see high-teens growth and in terms of operating profit margin, low teens.

Laurent, you can take the second question.

Laurent Marteau

Thank you, Chris, for the question. We don't have final results yet for 618, but we can share with you our performance for L'OCCITANE en Provence in Q1 FY2025. Our net sales are landing at +4.7% versus last year, which is 2.6 points below our budget.

Overall, we've seen 618 being challenging for all brands. We're waiting for the net results, because we have only the gross results before returns. What we can say is that we gained one ranking on our site during the period, but overall this period showed an adverse slowdown in China.

Host

Thank you. As a reminder, to ask a question please use the raise hand function at the top right-hand corner of the webcast page.

Host (on behalf of Bertrand Demole)

We have one more question about the annual results from Bertrand Demole from Pictet. They ask, what is the level of debt acceptable for the Company and envisaged for FY2025?

Laurent Marteau
Samuel, I let you can take this one.

Samuel Antunes
Yes, absolutely. As you may know, you have all the elements in the announcement in terms of debt and if you compare the level of debt, excluding IFRS 16 impact, L’Occitane International S.A. has not an important leverage. We expect to keep this level of leverage for L'Occitane International S.A.

Host (on behalf of Anne Ling)
Thank you. There are two questions from Anne Ling of Jefferies.

One, what is the long-term to mid-term sales CAGR growth for FY2024 to FY2026? Has this been maintained? Is the 16% OPM for FY2026 also maintained?

Second, are we planning any more impairments? Is there any plan to dispose of LimeLife or Melvita at this stage? Thank you.

Laurent Marteau
Thank you, Anne. For both questions, Samuel should be able to give you the projections and the situation on impairments.

Samuel Antunes
Absolutely, thank you, Laurent. Thank you, Anne, for your questions.

We updated indeed the mid-term guidance to FY2027, so as you know our goal is to transform the Group into a geographically balanced and multi-brand organisation. In terms of Group CAGR, we see low-teens, 12% to 14% CAGR. For L’OCCITANE en Provence, we see low to mid-single digits. For Sol de Janeiro, strong double-digit growth. For ELEMIS, high-teens growth and for the other brands, together, high-teens also.

In terms of share of total sales, we see in FY2027 L’OCCITANE en Provence around 45%, Sol de Janeiro 35% and ELEMIS around 10%. In terms of operating profit margin, we expect to be back in FY2027 close to 15%, with L’OCCITANE en Provence at low-teens, ELEMIS reaching mid-teens and Sol de Janeiro in line with the current OPM – so over 20% between, precisely, 21% and 22%. We expect Melvita to be breakeven in FY2027.

Talking about Melvita and the impairments, you mentioned also LimeLife, we took an additional impairment on LimeLife, as you will see the announcement of €61 million. No additional impairment on Melvita and as mentioned also, we have seen the very first positive sign on Melvita, especially on Q4, with +15% growth on Q4 ending the financial year with a positive trend of 3%, which is positive.

On LimeLife, clearly still underperforming, behind the target we had last year. Right now, we are evaluating, especially for LimeLife, different options. For Melvita, with this positive sign, we continue to look at it and we will look more closely probably at the end of next year. That's it for your questions about Melvita and LimeLife.

Host (on behalf of Anne Ling)
Thank you. We also have a follow-up question from Anne Ling.

She asks if you can share with us some of the quarter-to-date sales performance by brand. Thank you.

Laurent Marteau
Samuel, I'll let you do that as well.

Samuel Antunes
For sure, with the last trends, we are seeing almost at the end of June. So for L'OCCITANE en Provence, we see a slight positive in terms of sales. On ELEMIS, we have double-digit growth. On Sol de Janeiro, we still see strong double-digit growth.

Host (on behalf of Sunny Chow)
Thank you. We have two questions from Sunny Chow of Macquarie.

Firstly, can he double confirm if the FY2025 OPM expansion guidance of one percentage point is based on the management's OPM, i.e. 12% in FY2024?

The second question is, can you share some colour on sales trends from the first quarter of FY2025 to date, by region and by brand? Thank you.

Laurent Marteau
Samuel, you take the first one.

Samuel Antunes
Yes, sure. The first one, confirmed – while we say expecting a one point improvement, it's compared to the FY2024 management operating profit margin, meaning 12% plus one point at 13% confirmed.

Laurent Marteau
For the second one, as we've already given by brands, do you want to give it by regions as well?

Samuel Antunes
I can give a bit of colour, especially on L'OCCITANE en Provence. We see still a positive trend, even if we mention some decline in the Chinese market, for Q1 around mid-single digits. Positive also, slightly positive, and close to flat in Japan. Very positive in the US with double digit growth. In the UK, positive also, with high single-digit growth, and still negative in France.

Host
Thank you. As a reminder, to ask a question please use the raise hand function at the top right-hand corner of the webcast page. We'll be taking questions about the annual results first.

As there are currently no more questions about the annual results, I'll read out some questions regarding the Offer. We have two questions submitted by Chris Gao of CLSA and Ivan Su of Morningstar. I'll combine them.

Host (on behalf of Chris Gao and Ivan Su)
First of all, what is the status and timeline of the privatisation to be expected now? What other updates can you provide about the privatisation?

I'll hand this over to JP Morgan, thank you.

JP Morgan Representative

Thank you, Matthew, we will take these questions.

As of now, the latest update is that the Company, the Offeror, which is L'Occitane Holding S.A., a subsidiary of the controlling shareholder and parent L'Occitane Groupe S.A., have published an announcement on 17 June setting out revised details of the voluntary general offers. As of 21 June, one of the conditions to the Offer, which is approval of disposal of Grown Alchemist brand by disinterested shareholders and SFC, have been satisfied.

As of now, the offers are not yet open for acceptance. The Company and the Offeror, L'Occitane Holding, will publish a composite document. It will be an actual offer document setting out more detailed information about the Offer's timetable and procedures for acceptance. This is currently targeted to be published on or before 2 July. We would like to remind everybody to refer to any updates and announcements about this timetable on the website of Hong Kong Stock Exchange.

Host

Thank you. Once again as a reminder, to ask a question, please use the raise hand function at the top right-hand corner of the webcast page. We will pause for a moment to see if there are further questions.

At this stage, there appear to be no more questions.

With that, this concludes our call for today. On behalf of L'Occitane International S.A., we would like to thank you for your participation in today's investor conference call. If you have any follow-up questions, please do not hesitate to contact the Investor Relations department. Thank you for joining us today.

Laurent Marteau

Thank you all for joining.

Samuel Antunes

Thank you all, have a good day.