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Emcee: Good afternoon everyone and welcome to L'Occitane's FY2014 results presentation and the presentation today is being recorded and webcast. Joining by conference today, we have Mr Reinold Geiger, our chairman and CEO and Mr Thomas Levilion, our Group CFO. In Hong Kong today, we have Mr Andre Hoffmann, our Managing Director and Executive Director and of course Ms Winnie Chin our Investor Relations Director.

At first Thomas will walk us through the presentation to discuss the results for FY2014 and then we'll move on to the Q&A session and I will now turn it over to Thomas. Thomas, please.

Thomas Levilion: Thank you Winnie, good afternoon. So we'll start with the highlights. Start at the top line, the top line grew by 9.4% at constant rates and by 1.1% at actual rates and our overall same store sales growth increased to 3.7% compared to 2.4% last year.

The growth was primarily driven by the expansion in the US and China, in Russia and in Brazil. Brazil, China and Russia were the fastest growing countries, whilst Japan resumed growth in local currency.

We continued our investment in our future sales growth, particularly in stores and store renovations, digital marketing, e-commerce and R&D. We benefited from positive contributions from the brands' positioning in terms of prices and product mix and also from our efforts in the field of logistics and production costs.

The adverse currency situation impacted the Group's operating margin, FX results and effective tax rates. As a result, the operating profit declined by 16% and the net profit decreased by 26.3%. The proposed dividend is €0.0213 per share, leading to a payout ratio of 35%.

Now some more details, first with the net sales breakdown. The share of sell-out and sell-in in our total sales remained stable at 75% and 25% respectively. The e-commerce delivered a very strong performance with its sales growing by 29.7% at constant rates and now representing 7.1% of our retail sales. Within sell-in, our wholesale activities grew by 10.7% at constant rates, with the contribution of our brands L'Occitane and also Melvita and Erborian.

Our sales to distributors grew by 9% at constant rates, thanks to Erborian and a new development in Russia and Brazil. Travel retail was soft, primarily due to the weak yen, the slowdown in Korean and Japanese travellers in Asia.

From a country standpoint, Japan's contribution to overall sales has been reduced as a result of the softer sales and the weak yen, obviously. China, Russia, USA and the other countries increased their share in our total sales as a result of their dynamic developments. France and Brazil also increased their share in our total sales with material contributions from the new brands.

The unfavourable exchange rates reduced our top line by €86 million which negatively impacted our growth by 8.3 points. The Japanese yen, on average, was approximately 21% weaker than last year and other key currencies like the Russian ruble and the Brazilian real decreased by approximately 10% and 14% on average against the euro respectively.

Our growth at constant rates was 9.4% and was driven by the non-comparable stores primarily as a result of our investment in new stores and store renovations and relocations. The comparable store sales grew by 3.7% which was a noticeable improvement from the first nine months of the financial year.

Sales growth by geography, first with Americas and Europe, France grew by about 6% driven by the solid performance of the L'Occitane brand in retail, e-commerce and sell-in, as well as the new brands, notably Erborian. The healthy growth in the UK and USA resulted from strong e-commerce sales and good retail performance, notably led by the non-comparable stores and also healthy same stores sales growth. Brazil achieved a very encouraging 20.8% growth at constant rates, notably driven by L'Occitane au Brésil and the contribution of the stores opened over the last two years. The growth in Russia remained strong at 17.4% in local currency, primarily from the non-comparable stores and the expansion of wholesale and concession in this country.

Asia and other countries, Japan continued to improve throughout the third and fourth quarter and achieved a 2% growth on the full financial year with successful operations in November and December and also achieved strong sales in the fourth quarter, notably March; however this was partly driven by the anticipation of the sales tax increase in April.

The revenue for Hong Kong was impacted by the slowdown in travel retail for Asia due to the lower traffic of Korean and Japanese travellers. But the Hong Kong sell-out activities grew by a healthy 10.2% thanks to the contribution of the non-comparable stores.

China achieved a strong performance with acceleration of its growth, even against the almost 19% growth achieved in FY13. This performance was attributable to good same stores sales growth, despite the clearly challenging market and of course to the major contribution of the non-comparable stores as a result of the aggressive store openings over the past two years.

Taiwan was dynamic throughout the year and achieved a very strong Q4 and the other countries were dynamic, as demonstrated on the following slide. You'll see that among the other countries, Canada, Malaysia, Korea, Germany and Australia were among the strongest performers and Canada achieved an outstanding performance with 30% growth. Malaysia and Korea grew by 16% despite the challenging environment in Asia and as demonstrated by the solid performances in Germany and Australia, we continue to deliver strong results in all major developed countries.

We're now moving to the stores network. The total network reached 2,572 points of sales which was an increase of 9% over March 2013 and the own store network now has 1,295 stores, an increase of 97 from March 2013.

On the next chart, we clarify our net store opening numbers, so again, our net store openings during the financial year 2014 was 97, but this number includes the acquisition of six stores from our former distributor in South Africa. We also switched eight stores in China from retail to wholesale accounts and we rationalised Melvita network, which resulted in closing down or disposing of 16 stores. As a result, our comparable net store openings was 115 which compares to 135 last year.

Asia Pacific was a primary contributor to the 115 comparable net store openings, with 52 net store openings as compared to 50 in FY13. The decrease in the number of net openings in Europe was due to the stabilisation of the network in Russia, Germany and Spain after several years of dynamic expansion in these countries.

We maintained a very high pace of opening in China with 25 net openings, excluding eight stores converted to sale accounts. We were more selective in the other BRIC countries but still Brazil, Russia and India together represented an additional for net 27 stores. We continued to selectively open stores in the more developed countries, notably in the USA but also in the UK, in Japan, in France and several other countries.

In terms of same store sales growth, our fourth quarter confirmed the acceleration achieved in Q3. The overall same store sales growth improved from 2.5% at the end of December, to 3.7% on a year to date basis. Japan remained slightly negative at minus 1.4% on a year to date basis, but continued to improve with a stronger Q4. March, as you know, was however boosted by the anticipation of the sales tax increase in April. Russia has been struggling with the uncertainty of the Russian economy, combined with the softness of ruble and this hit the whole retail sector. In this context, we managed to maintain positive same store sales growth over very high comps last year.

Despite the weak economy in Brazil and Taiwan, the two countries continued to show a clear improvement from last year and we were very pleased with our performance in China, which was a very strong performance considering the exceptionally high level reached the last year. We benefited from successful windows and new SKUs, that would be also that we continued to gain market share, however in a more and more challenging market.

The Western countries, particularly the USA, achieved again a very good performance, notably helped from the strong results in e-commerce. The performance in the USA was, however, affected in Q4 by the adverse weather conditions in January and February.

We're now switching to the profitability analysis. In the context of continued strong investment in our future sales growth, unfavourable currencies and softer growth in some countries, our operating margin decreased by 2.6 points of net sales to 12.6% and this is explained in the following slides.

First, with our gross margin, our gross profit margin decreased by 0.9 points to 81.1%, essentially due to the exchange rates from the Russian effect for 1.1 points of net sales. The reclassifications of labelling and packing quality check costs previously accounted for in the distribution costs and other effects was 0.5 points. The phasing of deliveries negatively impacting freight and duties was 0.2 points and softer sales affecting our country mix for 0.1 point. This was mitigated by gains in production costs for 0.5 points and price increases and favourable product and channel mix effects for 0.5 points.

Our distribution expenses increased by 0.9 points to 46.7% of net sales, which is attributable to a combination of the consequences of the softer sales growth, on personnel expenses, rent and occupation costs for 0.6 points, unfavourable channel mix effects for 0.3 points and investments in our sell-in and sell-out segments related to store openings, store renovations and relocations and to the strengthening of our sales organisations impacting for 0.6 points. This was partly offset by lower logistic costs for 0.1 points and reclassification to the cost of sales as mentioned before and all other effects for 0.5 points.

Our marketing expenses as a percentage of net sales increased by 0.5 points to 10.8% of net sales and this increase was essentially attributable to our investments in digital media, notably in Japan, US, France and UK for 0.3 points; mailings and CRM activities, particularly in France, USA, UK for 0.2 points; and samples, windows and other communication tools for 0.1 points. On the other hand, we had less intensive efforts in traditional media which allowed for 0.2 points and we benefited from a positive brand mix effect with the development of our new brands for 0.1 points.

General and administrative expenses increased by 0.2 points of net sales which was due to the unfavourable exchange rates effects, which was compensated partly by favourable one-time effects.

So in short, the decrease in our operating profit margin by 2.6 points to 12.6% is explained by unfavourable exchange rates effects for 1.5 points; investment in our future sales growth and increased efforts in R&D, digital media and marketing tools for a total of 1.2 points; and the effect of the softer sales growth essentially impacting our distribution expenses for 0.7 points. But we also have favourable evolutions as a result of our strategies and efforts with the effect of improved product mix and price increases for a total of 0.5 points and gains in production and logistic costs and other gains for 0.6 points.

A few words now on our working capital ratios. The cash cycle in days of net sales increased slightly but remained low at 47 days. This was driven primarily by an increase in our inventories. The inventory turnover days increased by six days as a result of increased turnover days of raw material, components and finished goods at the factories, and this was related to inventory revaluations and the anticipation of earlier deliveries. And we also have increased turnover days in Brazil, particularly due to the development of the L'Occitane au Brésil product range. This was partly offset by favourable FX rates effects and also higher allowances.

Our capital expenditures. As planned, they decreased by almost €22 million to €79 million as compared to more than €100 million in FY2013. The decrease is explained by the lower spending in our factories, R&D and warehousing facilities as we have successfully finalised our renovation and expansion programs. We increased our CAPEX dedicated to our store network to €44 million as a consequence of our almost steady store opening program and accelerated renovations. Our increased spending in IT is due to the go-live of SAP in our factories and in Japan and the preparation of the SAP implementation in China, in Brazil and Switzerland. And we also have seen further expansion of the POS system and the CRM and digital capabilities.

The cash flow analysis. The net cash inflow from operating activities decreased by €25 million or 17.2% as a result principally of the top line and operating profit changes as commented before, and the lower impact of the increase in working capital and income tax paid. We used €22 million less than last year on our investing activities but we spent approximately €21 million more in financing activities and this is explained principally by almost €7 million increased dividend to our shareholders; and €17 million from the decrease of our borrowings following an increase in FY2012. So our cash and cash equivalents remained almost stable at €319 million and our net cash increased slightly to €240 million as compared to €237 million as at March 2013.

Our balance sheet ratios. The return on capital employed and return on equity ratios decreased in FY14, primarily because of the decrease in net operating profit after tax, but as a consequence of our high net cash position our liquidity and capital adequacy ratio remain very favourable.

To sum up our strategic review and prospects, the Group achieved encouraging growth figures amid a difficult economic environment in many countries, and the adverse exchange rates. In this context we pursued our strategy to step up digital marketing investment and CRM programs, to encourage - to drive greater traffic, retail sales conversion and purchase frequency, both in-store and online. To invest also in new stores or flagships, upgrading the retail network via renovations and relocations with a focus on growth for the future. Create a steady pipeline of innovative new products for our portfolio brands and to increase production capacity and implement initiatives to develop greater operational efficiencies, as illustrated by the savings and improvements this year in logistics and production costs.

We will continue to build on these drivers for long term growth and profits and we will seize opportunities to develop our portfolio of natural cosmetic brands. So this concludes our presentation and opens the ground for Q&A. Thank you very much for your attention.

Winnie Chin: Thank you, Thomas. Ladies and gentlemen, we will now open the floor for questions. Before you ask your question, we would please ask everyone to identify yourself by name and firm. We will first take any questions from the floor and then move onto any online questions. First, in the front of the room.

Erwan Rambourg, HSBC: Hi, Erwan, HSBC. Three questions. One of them is a long term one and then two short term ones. The very long term question is about your margin profile - so your operating margin was down last year which was a combination of FX but also investments at a time when the sales were slowing.- At the moment of the IPO, you had high-teens operating margins, you ended last year with 12 point-something. In the outlook you talk about accelerating renovation. You also talk about trying to get more efficiencies, cost cutting et cetera. So I'm just wondering how should we think over the next three to five years about your margin profile and can you go back to a sort of high teens operating margin profile eventually?

That's the long term question, and I guess associated to that is maybe a sort of trend, if I could say, which is regarded as the store expansion program. I think this is probably you're looking to open about 150 a year, with probably the ones that e-commerce and being more selective, and just wondering, what would be that ongoing in the future. Sorry, that was quite a long question.

Two very short though. Firstly, you ended the year very strongly in Q4. I'm just wondering if you can give an update around current trading. Obviously maybe for tactical reasons Japan might be slowing. We've also been reading a lot in the press around a Hong Kong slow down at the same time we're hearing about a Taiwan pickup. So if you can give a short update on what you're seeing on the ground. Then thirdly, with L'Occitane au Brésil, I was seeing a headline on *Bloomberg Report*, having the internet, you were looking to open 400 stores over the next four or five years. I'm just wondering if you could give a few metrics or a few targets in terms of where you see this development going in future. Thank you. Sorry for taking so much time.

Andre Hoffmann: Okay. I think that Thomas, you'll handle the margin question. I'll deal with the store opening and the current trading as specifically relating to Japan and Hong Kong and then we'll let Reinold handle au Brésil, okay? Thomas, why don't you go first?

Thomas Levilion: Yes, okay. Thank you very much. Hello again, everyone. So long term, your question was about the long term operating margin and remind me that the time of our IPO, we were in a range of 18% to be precise, it was after our IPO, it was the first year after. But anyway, it's true that we have been impacted by the FX this year. We have been impacted by our investment and this was already the case for previous years. Also the softer sales that we have seen in the first part of FY2014.

I think one thing as - and we have been discussing this quite a lot of times - we are seeing more and more competition, more than we had at the time of the IPO, and I think that this is one of the reasons why we want absolutely to invest for our future sales growth and this is really what we have to do, otherwise we'll possibly provide with you nicer numbers on the short term but we may face some difficulty in the future. So we believe this is wise because we are thinking long term and besides the currencies thing, and accepting this, we believe that what we are doing will help us continue to improve our profitability from this point.

Again, at constant rates and so I would say that a reasonable assumption would be to say of course I cannot provide you with precise numbers, but would be to say that we will see incremental gains in our operating margin in the future. This again, because we want to make sure that we dedicate enough resources too, in the future as well, investments in our portfolio of brands, in our store network, in the digital and in the products as again we are convinced of the importance of the products and the quality of the products.

Andre: Okay, thank you Thomas. So this is Andre Hoffmann. I'll deal with the store program. So it's correct, Erwan, that in the past we talked about 130 to 150 stores and that was certainly our plan, our five-year plan that we made three years ago, but the reality is the economies have really softened, especially in Europe, and in southern Europe like Spain and Italy, it just didn't make sense for us to go as fast with store openings. We did not stop store openings but we were much more selective. We felt that because of the tough conditions a lot of attractive stores that became available on the market and they were kind of once-in-a-generation opportunities for us, so those we did pursue. If you looked at our expansion in China, 25 net stores, this we didn't slow down.

So it's really case-by-case but we all know that the internet and our e-commerce business is transforming retail and I think with the growth that we are anticipating from the web, perhaps we don't need to have as many stores as we did in the past. But as Reinold alluded to earlier, some bigger stores where we can generate higher levels of sales and also create more of a wow effect are in the cards for us. So I think that in terms of stores, maybe instead of 120, 130, 150. 100 to 120 is the new number that we should be looking at. But this is a moving target and we're very opportunistic as you know so we're not going to be held to that.

Concerning current trading conditions, I have to say that we took a lot of heat from different analysts about our results in Japan and I took it very personally, but the reality is we improved every quarter of last fiscal year in Japan. Trading conditions in the beginning of this year are showing much improvement. I can't give you precise numbers but they are significantly better than last year. What we said we were going to do last year is renovate our stores, bring a wow effect to the brand, launch new products targeted toward Asians and Japanese consumers and invest in digital and we're sticking to our plan. So I am looking and anticipating to have a much improved result in Japan for the full year.

Hong Kong has slowed down; we see it in malls, we see it in our stores and we talk to other people who are experiencing the same thing, but we still have a very, very solid business. We are renovating stores and we are budgeting to deliver pretty strong growth for the full fiscal year. Taiwan and Korea have been very, very strong. Korea L'Occitane has continued to gain market share and based on the information that we see, of premium brands and department stores, L'Occitane has been one of the highest growth brands over the past three years.

So we've gained market share, we've gained ranking in the top department stores so we're pretty happy with our growth in Korea. Taiwan turned around last year as we know from the previous year. So I think in the northern Asian markets we're pretty happy. China delivered very strong growth two years ago and followed up this year with close to 20% top line. We do see a slowing down in China for the overall market but we have a lot of initiatives in terms of new flagship stores, renovation and relocation of existing stores and a big, big growth in our web business which will happen starting from Q3 of this year. So all in all, we think northern Asia is looking pretty optimistic. And concerning the last question, Reinold, will you handle the Brazilian question?

Reinold Geiger: The au Brésil project for sure is a long term project because we are working on developing the products now since over three years, probably about close to four years. To repeat, it is partly a totally different brand to L'Occitane en Provence because all the ingredients are from Brazil, which is a country which has a very rich nature in terms of ingredients and obviously the store concept is completely different and delivery is completely different. Today we have three stores and about 30 counters. We have approximately 60 SKUs. So even showing this is not enough to really make a functional store. We reckon that we wanted to open up other stores, we wanted to feel how it is doing and because we thought that there are so many things that need to change, to improve and so on. Within about one year, we want to have about 200 products, now, then obviously enough - we reckon enough to make actions to ensure stores work properly.

The sales results are very positive in the fact that the three stores are doing pretty well. They are already very close to breakeven. Even so I would say they do not have enough product. So we did develop this first of all because we reckon that Brazil itself is a very big market because of problems today which - most of you have certainly heard about or read about. The Brazilians are very positive because they think that those problems will force the government to make reforms which the country needs very badly. And we will continue is to serve the - country for cosmetic purpose today. It is forecasted that very soon we will be the second. So there is a very big consumption.

The problem with the imported products is that they are much too expensive because of an addition of different taxes. So for us manufacturing locally, the Brazilian market itself is a really - has an enormous potential, with two big local companies who are - have become very strong and significantly important. We have also started especially because of the World Cup which is starting in a few days to sell the products in some - in many of the stores around the world.

The idea was to do the workshop during the World Cup and the actual result is very positive in the stores where we have merchandise and so it is a very typical, normal project. We reckon that because of all the transaction of the cosmetic companies in these - that we saw in the last three to four years, we're jumping because we're of 100 or so, and 300, and the display was really so big. We reckon it is more important or more interesting or financially more justifiable to go through the long period of the start-up and instead of paying much too much and existing already a more important company.

So as a result, we are very positive. It's still too early to say that it's a great victory, but I mean all the indications there are that it should become a great success.

Emcee: Next question from the floor?

Erica Werkun Poon, UBS: Hi, Erica Werkun from UBS. Wanted just to check on the renovation schedule - Did you say that renovation peaked in last fiscal year and what should we expect this year, considering your slower store opening plan. That's the first question. Second, I was wondering if you can comment on the schedule of the new product launches? I notice that apparently L'Occitane au Brésil has been introduced in Hong Kong, has it also been introduced in other Asian markets? Wanted to also just check with Andre about the China web business, can you give a little bit more detail? And then for Thomas, to describe, as you mentioned the initiative to improve operating efficiencies, so just wondering what initiatives Thomas was referring to? Thank you.

Andre Hoffmann: Okay this is Andre Hoffmann. I'll handle the - I mean the renovations have not peaked compared to last year. In fact as we shared with you earlier, most of the renovations that we had planned in Japan last year, we had to push back to this fiscal year. So I think this will be the first year in the history of the Company that globally we will renovate more stores than we will open new stores. So I think we were a little bit slow to renovate, but part of that was linked to some commercial decisions about the whole mall being renovated and we are trying to upgrade our location.

We had a new store concept which is just being rolled out now, so we had some delays to build up furniture and fit outs, but that is going ahead full speed, not just in Asia of course but globally. Concerning the web business, we are completely revamping our China website. It will be much more user friendly to the Chinese consumer. The website is going to have a lot of enhanced features, so we are projecting a very aggressively launch to this campaign in Q3.

At the same time, we are, I would say, 90% - maybe 95% there to finalise an agreement with a very large and important third party website. I mean we've been talking to them for a few years, but an abundant supply of counterfeit products and grey market products on their site sort of hindered our cooperating. So we're very, very likely to conclude a deal and to start business with them in Q3 and it's a very significant potential business for us, not just in China but I think all throughout Asia you will see enhanced digital efforts.

We talked a lot about expanding marketing investments with digital and actually we're doing it. So I think that you will see a much improved performance from web throughout Asia this year.

Thomas Levilion: I think - it's Thomas speaking - correct me if I'm wrong but your last question was about the initiatives in terms of the efficiencies. So without maybe going into too many details, there are basically two sides, two aspects to this. One is, as you know we have invested a lot of - recently in our factories, in our logistics set up, so it's not only the capacity thing. It's not only the quality thing. It's also a lot about productivity. So we have been implementing various things, important programs to increase the productivity both at our production and logistic operation at our new central warehouse and the fact that we build this new warehouse from scratches is helping; to which this newer level of productivity. So - and whilst of course taking advantage, now starting to take advantage of the SAP investments.

So all these together is our investment starting to pay off in terms of productivity. We also investing by the way in human resources and we have been doing that quite consistently over the time. We are not only on the sales side but also on the production side. And the other one would be it's a more mid, long term thing. We have been looking in detail at all our back office structures throughout the Company, and we have identified quite a lot of improvements, synergies, efficiency that we can gain.

We have launched some projects already. This I think is more mid to long term because in the first stage we have to investigate a bit in the efficiency and in these projects, but we are confident that we'll continue to generate savings and synergies from these projects.

Reinold Geiger: I would like to make a comment about our renovation of the stores. Can you hear me?

Erica Werkun Poon, UBS: Yes.

Reinold Geiger: One of the reasons why we are accelerating is I mean obviously we always try to make the best looking stores possible, and we always worked on it since we had opened the first stores. We are convinced that for the stores to remain contemporary, you cannot leave them. You have to think of changing, you have to work on them all the time. But it happens that the last 12 to 18 months, our concept team have made a fabulous improvement and the later stores make a real difference compared to the older stores.

The first one which is very significant in this direction is a variation to our existing stores we opened in Shanghai. So believe that the store content we have today is a very, very significant improvement and this is another reason why we'll accelerate the renovation plan.

Andre Hoffmann: Sorry?

Erica Werkun Poon, UBS: Also on product launches?

Andre Hoffmann: Yes, excuse me. The question was what?

Erica Werkun Poon, UBS: Product launches.

Andre Hoffmann: I mean like every year, we have a marketing calendar and there will be some significant launches in the face-care category with a range that is very much targeted towards the Asian consumer. We think it's quite ground-breaking in terms of its efficiency and quality. It will be a very strong holiday campaign or something very, very unique related to Provence, but the key - one of the key things for us has always been how quickly we can get new product ranges into China.

There we've made significant progress and our goal starting from fiscal year 2016 is to have half of the ranges that we launch globally launched in China simultaneously. So this is something we've never been able to achieve before. The best we ever achieved was two years ago. We had the Holiday season launched the same time.

Unfortunately last year, due to last minute regulatory changes, we couldn't launch Holiday in China the same time as the rest of the year, so we launched it for Chinese New Year. Still sold very well, but it wasn't the same Christmas spirit. Aaron, you had a question?

Emcee: Yes, next question from Aaron.

Aaron Fischer, CLSA: I had the same sort of question as Erica and also Erwan. Just want to go back to what we were saying about the store renovation. I think there's a really important point there. Is it possible for Winnie, or someone, send around photos of some of the new stores or -

Andre Hoffmann: Absolutely.

Aaron Fischer, CLSA: Or maybe someone can describe exactly how the new stores are different from the old ones and I know Reinhold mentioned that they are more modern, more contemporary, can you talk about how they've changed?

Andre Hoffmann: I think one of the things that we did is - I mean in our former concept we - I mean the idea was to have a cookie cut model which allowed us to go from a handful of stores to roughly 2,000 stores around the world. Now we could never have opened stores up so quickly if every store would have been a one-off. So we tried to have a standard concept with some adjustments in size, whether it was a boutique or a department store. Now we've come to the realisation that having stores with a separate identity, having some special elements not only is good for the consumer and takes out a little bit of the monotony of seeing the same thing, but more and more shopping malls are demanding this.

The perfect example is IFC where we are creating and we will renovate IFC starting in July. The new store will open end of August, early September. It will be one of a kind in the world. It will probably be one of our more expensive fit outs we've ever done, but this is in sort of the spirit of the mall, where it's a more luxury mall than perhaps some of the other stores that we’re in.

But I think that what you'll see is the new concept is warmer. I mean the tones of the woods and materials is warmer and it'll be more friendly. I think the store will have a much bigger emphasis on face care with a more dedicated skin care consultation area. You'll see a difference. I think we can absolutely send to you - I think there's been about I would say 50 stores renovated around the world with this new concept year to date. So we can send you these, Aaron.

Aaron Fischer, CLSA: Thanks a lot. Just in terms of the product launches, can you talk a bit about what products were launched in Japan? Because obviously a lot of this related to the nice recovery from Japan. So I think, you talk about new products and you talk about new stores, but can you just provide a bit of information about exactly what happened there?

Andre Hoffmann: Well I think that in Japan we've shared with you - I mean we had two launches last year that - I mean the combined launches, our negative comps were about 20%. If I take those two window campaigns out of the picture, we have positive same store - we obviously have positive same store growth in Japan last year. Nevertheless, this was part of a global initiative to reposition our fragrance category to a more premium level. I'm talking about the Grasse collection. The Grasse did very well in Europe, did very well in North America and did exceptionally well in some Asian countries, like Taiwan, so we're sticking with it.

There is a new fragrance from Grasse that we launched in Hong Kong in May called Neroli Orchid. It was the biggest success we've had within the Grasse collection so far in terms of the penetration we got from that fragrance so we've continued that. That will be launched in Japan this summer, but specifically the ranges that did really well in Japan were face care products.

We had Immortelle Brightening range in April. We launched the new Almond collection which had a lighter texture and lighter scent, because Almond as a category is our number one selling body range globally, it works everywhere. In Japan it doesn't because they felt the fragrance was too sweet, and the texture a little bit too rich.

So our laboratory came out with a lighter version of that and that's been having a phenomenal success. We're talking about 200% growth of the category compared to last year for the campaign. So it's these types of initiatives that are driving our business in Japan too.

Aaron Fischer, CLSA: Yes I have two more questions. Could you provide a bit more information on China as well? Do we see any discrepancies in performance in different regions or channels or product areas?

Andre Hoffmann: What we saw last year, and I'm pretty certain that it's continuing this year, is Shanghai was one of the worst performing markets in China. I don't believe it's necessarily linked to saturation in terms of number of stores. I just feel people in Shanghai are probably the most sophisticated in terms of travelling overseas and shopping on the web. We know that the web is hurting our business, like it's hurting everybody in the cosmetic industry. When you look at the just explosive growth of the beauty category on Taobao, on JD, on all the different third party websites, it's sucking a huge amount of business out of department stores and traditional malls.

So I think this is a trend that's not likely to change course in the short term, which is why we are speeding up our embracing of third party websites in China.

Aaron Fischer, CLSA: This is the last question about Melvita because I think you closed a number of Melvita stores. So you could you just provide an update on where you stand on that ground?

Andre Hoffmann: Yes, well, I have to say, I mean you know you see the glass half empty or half filled, but for us there is probably the highest level of enthusiasm from the board of our company for Melvita than there has been in a long time, primarily because we've made great progress this last fiscal year in cutting the losses. I mean we're close to - we've cut them by close to 50%. We've had some real breakthroughs.

Japan for the last several months has been trending very, very high double-digit growth for the Melvita, double-digit same store growth for the Melvita brand. We have lots of department stores contacting us saying, "Hey, would you like to consider opening a Melvita counter within our department store"? July 1st you'll see Melvita listed onboard Cathay Pacific, Japan Airlines and Dragon Air for in-flight duty-free sales. September 1st you'll see ANA, China Airlines and EVA Airlines. We're in negotiations with several airport operators in the region.

So we see a lot of very positive things, and please remember last year we took a significant hit, not just by closing unprofitable stores, but also in restructuring the product ranges. We discontinued close to 50% of the product portfolio that was basically not giving us the level of margin we needed. So these products are now being replaced this fiscal year.

Last year we had less than a handful of new SKUs being launched. We repackaged new ranges right, the face oils and the floral waters, new packaging, but in terms of new SKUs, there was virtually none last year. They're being launched this year.

There's a new anti-aging range this fall, there's a new hair care range, there's a new shower gel range, so we have a lot of new launches for Melvita which generally generate significant increases of turnover in new ones. So I think we're pretty optimistic we'll have some new progress.

The stores that we closed last year, they were dragging us down, and I think that it's better to focus on the markets where we really have potential to grow, but let's not lose sight of the fact that the business we've developed in Hong Kong which is profitable, we've done it without a China presence.

We will launch Melvita in China with two stores in Beijing in March 2015, and the reason we've taken so long is because of all these changes in the product ranges, we'll need to go through the regulatory hassle of registering products that are going to be discontinued after one year.

So I think the launch in China will give a really nice boost to the business in Hong Kong and globally for travel retail.

Emcee: Thank you. We will now take the first online question. The question comes from Anne Ling of Deutsche Bank. She wants to ask management has a five year plan to double net profits by 2017. Would you share with us does management have a revised five year plan?

Andre Hoffmann: Thomas would you like to handle that?

Thomas Levilion: Yes certainly. Hello Anne, yes, we are in the process of revising our long term plan, so I can't provide you with totally final numbers. With what we have seen notably with the impact of the currencies recently, we simply - we can certainly not any more better than doubling the top line.

We still believe that of course we have a very significant room for growth and we continue to bet on the significant long term growth which, let's say, would be in the range of 10% to 15% CAGR.

So at the same time, we targeted doubling our sales which was by March 17. We believe that we have chances to increase our sales from the same talking point by 45%. So still very strong increase.

In terms of growth at comparable rates, I think it's pretty close to what we had before. It's still lower, but of course we have to take into account the step down which is driven by the currencies. Obviously, I mean currencies can change and if by chance the trend reverses, then we may see much bigger numbers in the end and who knows, maybe even reach the initial target, but we have to take this into account.

For the moment with the currencies we have, we still believe that we continue to have this strong average growth thanks to these currencies.

Emcee: Thank you, Thomas. The second question online comes from Elaine Lai of Macquarie. For the China business, you mentioned about selling your products on a third party website. Compared to operating a physical store, how much savings in operating costs would you expect? Or rather, to rephrase the question, what would be the operating margin of selling online, compared to selling in physical stores?

Andre Hoffmann: Well we don't really breakdown margins by channel so Elaine shame on you for asking that, but what we can say is obviously in our digital channel we don't have the store costs, what we call the occupation costs, and we don't have the sales goals. However, in some markets, in China being the case, where we use third party logistics providers and these companies that host the server, it can have significant cost, but we do believe that the operating margins coming out of digital in China will be significantly higher than our retail margins.

Emcee: Thank you and we will take any last questions from the floor. Yes, Tina.

Tina Long, Bank of America Merrill Lynch: Hi this is Tina from Merrill Lynch. Just a couple technical, financial questions. I noticed, actually, that the tax rate went up to 22%, from previously 19, 20%. So I just want to know what guidance you have for next year? And also your CAPEX number for the next two years, including breakdown of your store renovations, versus other things? Lastly, on SAP implementation, which other countries are you going to implement? Are you about to finalize SAP?

Andre Hoffmann: Okay, Thomas, could you handle that please?

Thomas Levilion: I'm sorry I did not get the first two questions. I think the third one was about the SAP.

Andre Hoffmann: Yes the first question was on the tax rate, that Tina noticed it went up to 22% from 19%, and her second question was the breakdown on CAPEX for stores or CAPEX guidance for the fiscal year, and then the SAP progress.

Thomas Levilion: Just to make sure the similar question about CAPEX for stores the breakdown between stores and other CAPEX.

Andre Hoffmann: Yes. Basically store renovation CAPEX and others. Just a general updating, guidance.

Thomas Levilion: Okay, so in terms of tax rate we have - you're right to say that we are - so this is Thomas speaking, I'm saying for the recording. So the tax rate increased by about three points from the previous year, and we have - as you can imagine - lots of different effects or reasons behind this. But one of the key drivers of this was simply, let's say, was impacted by the different tax aspects on inventory margin in Asia, so we have, let's say, depreciation or relative depreciation of the tax assets that are related to the inventory margin in Asia. This is largely related to Japan, because we had a combination of the exchange rate effect. So let's say that out of the almost 2.5 points difference in tax rate, you have more than 2.8 coming from this in different tax assets on inventory margin depreciation and half of that or 1.5 points is related to the exchange rate. So it's again an exchange rate effect, and this is why, in the highlights I mentioned that the exchange rate also impacted or affected tax rate.

The rate is also linked to Japan for different effects, with the slightly lower inventories in Japan relatively to the sales volume and there is also on effect that is impact us is the fact that Japan will reduce its tax rate, corporate income tax rate, in the future, and this results in a lower level of default tax asset competed in Japan. So it's very technical, I'm sorry about that, but it's essentially coming from this effect. So if you want to summarise it's almost half of it coming from FX and the rest coming from Japan, and FX being essentially Japan as well because it's the Yen. So that's for the tax rate. In terms of guidance -

Andre Hoffmann: Thomas, excuse me.

Thomas Levilion: Yes.

Tina Long, Bank of America Merrill Lynch: Just to interrupt, so, assuming FX rates resume to the previous level, this tax rate will return to the 19, 20%, is that right?

Thomas Levilion: Yes. So in terms of guidance - and again not taking into account any FX effects it's a bit difficult to say. I think that this level that we see is pretty high and notably because one of the other reasons I did not mention is that we have taken the provision on some tax losses guide for work in Brazil. This is not very big but it was - it's smaller one time. So in the future it's very difficult to say. We should be back to a lower level. But at the same time we all know that there is more and more pressure from the governments throughout the world to get more taxes. In some countries like France and there is also much more increased pressure from the - from various tax additions and I can tell you that we are seeing more and more tax release in the different countries. So this may in the end also impact us, so how much exactly I don't know. In the past we have seen our tax rate between 19% to 22% so it's not the first time that we see a 22%. I mean this is for me is more reasonable. 19% would be more difficult to reach in the future I think. So that's for the tax rate.

In terms of CAPEX, I told you we had about €45 million CAPEX for the stores, and that's combining with store renovations and store openings. Let's say that I expect about the same number or slightly higher in 2015, FY2015. Possibly with more than half or about half of the CAPEX coming from the renovations, and next year we'll have actually more renovations than store openings. Renovations tend to be a little less than openings in terms of CAPEX but actually next year would be peak of our renovation year as compared to openings. So we may have more CAPEX related to renovations than to store openings.

Finally for SAP I think said during the presentation, we have - we went live with SAP in Japan in FY2014, and also with our two factories. So this was - both go lives were very important steps for one. At the same time we were getting ready for China, and China went live extremely smoothly in the beginning of May. It was really a very strong performance of the local team and the central SAP team and we were very satisfied with this. We are at the same time preparing for Brazil. It's a little less smooth to be transparent, so we are postponing a little bit possibly to this quarter to October 3 the go live in Brazil. When this is done I think we've a couple of small countries like central Europe that will have done most of our implementation plan in most of our countries.

For the time being we will stop implementing SAP which means that we will not go to all the small countries we have around the planet because this is relatively expensive with a limited gain, and we'll prefer to focus what we will do after we have successfully done it with Brazil. We've focused on making all the progress and the steps forward that we can expect and that we have planned from the implementation of SAP. So I think the next big frontier if you want will be all the savings and efficiency that we can gain from SAP.

Emcee: Thank you Thomas, and with this we would like to wrap up the presentation. Thank you everyone for participating today. Thank you management.

Andre Hoffmann: Thank you.

Thomas Levilion: Thank you very much.

End of Transcript