L'OCCITANE EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
(Stock code: 973)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 March 2015

HIGHLIGHTS

- Net sales were €1,177.9 million, a growth of 11.7%. At constant exchange rates, sales growth was 10.3%
- Overall Same Store Sales Growth increased to 5.7% (compared to 3.7% last year)
- Growth was primarily driven by China, Japan, Hong Kong, and the United States. China, Hong Kong, Brazil and Russia were among the fastest growing countries at constant exchange rates (20.1%, 13.1%, 10.6% and 10.4% respectively)
- Operating margin rose to 13.9% (compared to 12.6% last year)
- Net profit for the year was €125.6 million, an increase of 35.7%
- Positive results from the brands' positioning, pricing, online activities and favourable exchange rates
- Net cash inflow from operations increased by 72.1% to €206.1 million
- Proposed final dividend of €0.0291 per share, maintain payout ratio of 35.0%
- Proposed special dividend of €0.0340 per share

ANNUAL RESULTS

The board of directors (the "Board") of L'Occitane International S.A. (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015 ("FY2015") together with comparative figures for the year ended 31 March 2014 ("FY2014"). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March	*Notes*	2015 *€ '000*	2014 *€ '000*	% Change
Net Sales	2	**1,177,877**	**1,054,872**	**11.7**
Cost of sales		(214,661)	(199,279)	7.7
Gross profit		**963,216**	**855,593**	**12.6**
% of net sales		*81.8%*	*81.1%*	*n/a*
Distribution expenses		(544,316)	(493,032)	10.4
Marketing expenses		(130,344)	(113,867)	14.5
Research & development expenses		(13,038)	(10,936)	19.2
General and administrative expenses		(111,077)	(104,389)	6.4
Share of (losses) from joint venture accounted for using the equity method		(14)	(10)	40.0
Other (losses), net	3	(284)	(438)	-35.2
Operating profit	4	**164,143**	**132,921**	**23.5**
Finance costs, net	5	(4,578)	(1,376)	232.6
Foreign currency gains / (losses)		8,896	(12,197)	-172.9
Profit before income tax		**168,460**	**119,347**	**41.2**
Income tax expense	6	(42,882)	(26,825)	59.9
Profit for the year		**125,578**	**92,522**	**35.7**
Attributable to:				
Equity Owners of the company		122,382	89,349	37.0
Non-controlling interests		3,196	3,173	0.7
Total		**125,578**	**92,522**	**35.7**
Effective Tax rate		25.5%	22.5%	n/a
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in Euros per share)*				
Basic		0.083	0.061	37.0
Diluted		0.083	0.061	36.9
Number of shares used in earnings per share calculation				
Basic	7	1,470,309,391	1,470,309,391	0.0
Diluted	7	1,471,886,682	1,470,943,111	0.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	*Notes*	31 March 2015 *€'000*	31 March 2014 *€'000*
ASSETS			
Property, plant and equipment, net		184,722	177,424
Goodwill		138,228	134,789
Intangible assets, net		67,656	69,748
Deferred income tax assets		68,702	57,169
Investments in joint ventures		(4)	10
Other non-current receivables		31,634	25,594
Non-current assets		**490,938**	**464,733**
Inventories, net	9	159,947	148,723
Trade receivables, net	10	106,978	85,315
Other current assets		56,361	56,613
Derivatives financial instruments		1	313
Cash and cash equivalents		395,128	319,253
Current assets		**718,415**	**610,218**
TOTAL ASSETS		**1,209,353**	**1,074,951**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(25,432)	(31,060)
Retained earnings		492,092	401,296
Capital and reserves attributable to the equity owners		**853,819**	**757,396**
Non-controlling interests		6,372	5,388
Total equity		**860,191**	**762,784**
Borrowings		107,373	73,552
Deferred income tax liabilities		4,730	3,127
Other financial liabilities		7,452	6,900
Other non-current liabilities		27,089	19,530
Non-current liabilities		**146,644**	**103,109**
Trade payables	11	93,426	91,253
Salaries, wages, related social items and other tax liabilities		64,703	47,862
Current income tax liabilities		13,347	7,533
Borrowings		2,803	5,811
Other current liabilities		11,758	51,570
Derivatives financial instruments		1,215	121
Provisions for other liabilities and charges		15,266	4,908
Current liabilities		**202,518**	**209,058**
TOTAL EQUITY AND LIABILITIES		**1,209,353**	**1,074,951**
NET CURRENT ASSETS		**515,897**	**401,160**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,006,835**	**865,893**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS.

The amended standards and interpretations that are effective for the first time for the Group for the financial year ended 31 March 2015 do not have any material impact on the consolidated financial statements.

2. Net sales and segment information

The management assesses the performance of the two operating segments, which are Sell-out and Sell-in:

- Sell-out comprises the sales of products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's websites;

- Sell-in comprises the sales of products to intermediates. These intermediates are mainly distributors, wholesalers, and travel retailers. This segment also comprises sales of products to corporate customers, airline companies and hotels.

From a geographical perspective, the management assesses the performance of different countries.

2.1. Operating segments

For the year ended 31 March 2015

	Sell-out	**Sell-in**	**Other reconciling items**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net sales	883,381	294,496	—	1,177,877
In %	*75.0%*	*25.0%*	—	*100.0%*
Gross profit	759,739	203,476	—	963,216
% of net sales	*86.0%*	*69.1%*	—	*81.8%*
Distribution expenses	(447,881)	(50,179)	(46,255)	(544,316)
Marketing expenses	(48,883)	(8,263)	(73,198)	(130,344)
Research & development expenses	—	—	(13,038)	(13,038)
General and administrative expenses	—	—	(111,077)	(111,077)
Share of profit / (losses) from joint operations	—	—	(14)	(14)
Other (losses) / gains-net	(94)	(84)	(106)	(284)
Operating profit	**262,881**	**144,950**	**(243,688)**	**164,143**
% of net sales	*29.8%*	*49.2%*	*n/a*	*13.9%*

For the year ended 31 March 2014

	Sell-out	Sell-in	Other reconciling items	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net sales	795,672	259,200	—	1,054,872
In %	*75.4%*	*24.6%*	—	*100.0%*
Gross profit	680,177	175,416	—	855,593
% of net sales	*85.5%*	*67.7%*	—	*81.1%*
Distribution expenses	(404,140)	(44,039)	(44,852)	(493,032)
Marketing expenses	(44,911)	(7,643)	(61,313)	(113,867)
Research & development expenses	—	—	(10,936)	(10,936)
General and administrative expenses	—	—	(104,389)	(104,389)
Share of profit / (losses) from joint operations	—	—	(10)	(10)
Other (losses) / gains-net	(711)	(41)	314	(438)
Operating profit	**230,415**	**123,692**	**(221,186)**	**132,921**
% of net sales	*29.0%*	*47.7%*	*n/a*	*12.6%*

2.2. Geographic areas

Net sales are allocated based on the country of the invoicing subsidiary.

31 March	**2015**		**2014**	
In thousands of Euros	**Total**	*In % of total*	**Total**	*In % of total*
Japan	188,325	*16.0%*	177,749	*16.9%*
United States	153,578	*13.0%*	133,264	*12.6%*
Hong-Kong [(1)]	134,180	*11.4%*	110,674	*10.5%*
China	102,975	*8.7%*	79,893	*7.6%*
France	91,279	*7.7%*	87,142	*8.3%*
United Kingdom	67,198	*5.7%*	58,582	*5.6%*
Luxembourg [(2)]	58,566	*5.0%*	52,591	*5.0%*
Russia	50,400	*4.3%*	59,034	*5.6%*
Brazil	49,265	*4.2%*	45,992	*4.4%*
Taiwan	38,985	*3.3%*	36,338	*3.4%*
Other countries	243,125	*20.6%*	213,612	*20.3%*
Net sales	**1,177,877**	**100%**	**1,054,872**	**100%**

[(1)] Includes sales in Macau and to distributors and travel retail customers in Asia.

[(2)] Sales invoiced by the Company to distributors and travel retail customers in Europe, Middle-East and Americas.

3. Profit / (losses) on sale of assets, net

31 March	**2015**	**2014**
	€ '000	*€ '000*
Net (losses) on sale of assets	(1,641)	(1,179)

4. Operating profit

Operating profit is arrived at after charging and (crediting) the following:

31 March	**2015**	**2014**
	€ '000	*€ '000*
Employee benefit expenses	328,365	297,034
Rent and occupancy	214,395	190,953
Raw materials and consumables used	97,909	112,978
Change in inventories of finished goods and work in progress	(2,295)	(20,555)
Advertising costs	106,207	97,041
Professional fees	64,657	63,362
Depreciation, amortization and impairment	62,211	50,306
Transportation expenses	53,944	52,620
Auditor's remuneration	1,242	1,103
Other expenses	86,781	76,660
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses	1,013,417	921,503

5. Finance costs, net

31 March	**2015**	**2014**
	€ '000	*€ '000*
Interest on cash and cash equivalents	2,336	3,075
Finance income	**2,336**	**3,075**
Interest expense on:		
- Interest expenses	(2,049)	(2,220)
- Finance lease	(220)	(310)
- Unwinding of discount on financial liabilities	(552)	(1,921)
- Depreciation of cash balance at the SB Bank, Russia	(4,093)	—
Finance costs	**(6,914)**	**(4,451)**
Finance costs, net	**(4,578)**	**(1,376)**

6. Taxation

The components of income tax expense are as follows:

31 March	2015	2014
	€ '000	*€ '000*
Current income tax	(48,387)	(34,958)
Deferred income tax	5,505	8,133
Total tax expense	(42,882)	(26,825)

Reconciliation between the reported income tax expense and the theoretical amount that would arise using a standard tax rate is as follows:

31 March	2015	2014
	€ '000	*€ '000*
Profit before tax and share of loss from joint ventures accounted for using the equity method	168,474	119,357
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 29.22% as at 31 March 2015 and 31 March 2014)*	(49,228)	(34,876)
Effect of different tax rates in foreign countries	20,724	12,842
Effect of unrecognized tax assets	(3,093)	(2,729)
Expenses not deductible for taxation purposes	(1,509)	(537)
Provisions for tax risks	(8,000)	—
Effect of unremitted tax earnings	(1,375)	(1,101)
Minimum tax payments	(401)	(424)
Income tax expense	(42,882)	(26,825)

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €122.4 million for FY2015 (€89.3 million for FY2014) and the weighted average number of shares in issue of 1,470,309,391 (basic) and 1,471,886,682 (diluted) in the year ended 31 March 2015 and 1,470,309,391 (basic) and 1,470,943,111 (diluted) in the year ended 31 March 2014.

8. Dividends

At the Board meeting held on 1 June 2015, the Board recommended a distribution of gross final dividend of €0.0291 per share for a total amount of €42.8 million or 35.0% of the net profit attributable to the equity owners of the Company.

The Board further recommended a distribution of special dividend of €0.034 per share for a total amount of €50.0 million or 40.9% of the net profit attributable to the equity owners of the Company.

The amounts of the proposed final and special dividends are based on 1,470,309,391 shares in issue excluding 6,655,500 treasury shares as at 1 June 2015.

9. Inventories, net

Inventories, net consist of the following items:

31 March	2015 *€ '000*	2014 *€ '000*
Raw materials and supplies	24,400	25,623
Finished goods and work in progress	151,166	138,397
Inventories, gross	175,566	164,020
Less: allowance	(15,619)	(15,297)
Inventories, net	159,947	148,723

10. Trade receivables, net

Ageing analysis of trade receivables from due date at the respective balance sheet date is as follows:

31 March	2015 *€ '000*	2014 *€ '000*
Current and past due within 3 months	105,157	83,996
Past due from 3 to 6 months	1,148	475
Past due from 6 to 12 months	673	443
Past due over 12 months	—	401
Trade receivables, net	106,978	85,315

The Group's sales to end customers are retail sales and no credit terms are granted to the end customers. For customers in the Sell-in segment, sales are made with credit terms generally from 60 to 90 days.

11. Trade payables

Ageing analysis of trade payables from due date at the respective balance sheet date is as follows:

31 March	2015 *€ '000*	2014 *€ ' 000*
Current and past due within 3 months	91,975	90,296
Past due from 3 to 6 months	797	102
Past due from 6 to 12 months	212	855
Past due over 12 months	442	—
Trade payables	93,426	91,253

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

For the year ended 31 March	**2015**	**2014**
	€' million or %	*€' million or %*
Net sales	1,177.9	1,054.9
Operating profit	164.1	132.9
Profit for the year	125.6	92.5
Gross profit margin	81.8%	81.1%
Operating profit margin	13.9%	12.6%
Net profit margin	10.7%	8.8%
Net cash inflow from operations	206.1	119.6

Definitions:

Comparable Stores means existing retail stores which have been open for at least 24 months before the end of the financial year under discussion, including E-commerce and excluding renovated stores.

Non-comparable Stores means new retail stores opened, including renovated stores, within the 24 months before the end of the financial period under discussion and stores closed within this period.

Comparable Store Sales means net sales from Comparable Stores and internet sales during the financial period under discussion. Unless otherwise indicated, discussion of Comparable Store Sales excludes foreign currency translation effects.

Non-comparable Store Sales means net sales from Non-comparable Stores during the financial period under discussion. Non-comparable Store Sales also include sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.

Same Store Sales Growth represents a comparison between Comparable Store Sales for two financial periods. Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.

Overall Growth means the total worldwide net sales growth for the financial period(s) presented excluding foreign currency translation effects.

REVENUE ANALYSIS

The Group's net sales were €1,177.9 million in FY2015, an increase of €123.0 million or 11.7% as compared to FY2014. In FY2015, net sales in Sell-out and Sell-in segments (representing 75.0% and 25.0% of total net sales, respectively) increased by 9.8% and 11.6% respectively, excluding foreign currency translation effects. At constant exchange rates, the net sales growth was 10.3%. The Company increased the total number of retail locations from 2,572 as at 31 March 2014 to 2,797 as at 31 March 2015, an increase of 225 or 8.7%. The Company remained on track with its selective global retail expansion strategy and increased the number of its own retail stores from 1,295 as at 31 March 2014 to 1,384 as at 31 March 2015, representing a net increase of 89 own stores or 6.9%. The net own store openings included 41 in Asia Pacific, 25 in Europe and South Africa and 23 in the Americas.

At constant exchange rates, Comparable Stores, Non-comparable Stores and Sell-in segments contributed 28.0%, 44.3% and 27.7% respectively to Overall Growth in FY2015. The Company's sales in China, Japan, Hong Kong and the United States were the driving factors of net sales growth in FY2015.

Business Segments

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for FY2015:

	Year-on-year growth			
	€'000 Growth	*% Growth*	*% Growth[2]*	*% Contribution to Overall Growth[2]*
Sell-out	87,709	11.0	9.8	72.3
Comparable Stores	37,206	7.0	5.7	28.0
Non-comparable Stores[1]	50,502	19.0	18.0	44.3
Sell-in	35,296	13.6	11.6	27.7
Overall Growth	**123,005**	**11.7**	**10.3**	**100.0**

(1) Includes mail-order and other sales.

(2) Excludes the impact of foreign currency translation effects.

Sell-out

The Sell-out business segment accounted for 75.0% of the Group's total sales and amounted to €883.4 million, an increase of 11.0% as compared to FY2014 and a 9.8% increase at constant exchange rates. The growth was contributed by both Comparable Stores and Non-comparable Stores.

There was a net addition of 89 own stores during FY2015, including net additions of 25 stores in China, 17 stores in USA, 6 stores in France, 5 stores each in Japan and the UK and 7 stores acquired from a distributor in Norway in August 2014.

Sell-out segment contributed 72.3% to Overall Growth in FY2015, with 28.0% from Comparable Stores and 44.3% from Non-comparable Stores and other Sell-out. The Group's online retail sales remained dynamic with a growth of 31.0% at constant exchange rates and sales from this online channel accounted for more than 8.7% of its overall global retail sales in FY2015.

Sell-in

The Sell-in business segment accounted for 25.0% of the Group's total sales and amounted to €294.5 million, an increase of 13.6% as compared to FY2014 and an 11.6% increase at constant exchange rates. Sell-in segment contributed 27.7% to Overall Growth. The growth was mainly contributed by travel retail in particular in Japan, Asia and the Americas. Web partners, department stores and distributor channels also contributed to the Overall Growth in FY2015.

Geographic Areas

The following table presents the net sales growth for FY2015 and contribution to net overall growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2015 Compared to FY2014			
	€ '000 Growth	*% Growth*	*% Growth[1]*	*% Contribution to Overall Growth[1]*
Japan	10,576	6.0	8.8	14.4
Hong Kong[2]	23,506	21.2	13.1	13.4
China	23,082	28.9	20.1	14.8
Taiwan	2,647	7.3	2.6	0.9
France	4,137	4.7	4.7	3.8
United Kingdom	8,616	14.7	7.0	3.8
United States	20,314	15.2	7.7	9.5
Brazil	3,273	7.1	10.6	4.5
Russia	(8,634)	(14.6)	10.4	5.7
Other countries [3]	35,487	13.3	11.9	29.2
All countries	**123,005**	**11.7**	**10.3**	**100.0**

[1] Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from the own retail store sales.

[2] Includes sales in Macau and to distributors and travel retail customers in Asia.

[3] Includes sales from Luxembourg.

The following table provides a breakdown, by geographic area, of the number of own retail stores, their contribution percentage to Overall Growth and the Same Store Sales Growth for periods indicated:

	FY2015 compared to FY2014							
	Own Retail Stores				% contribution to Overall Growth(1)(2)			
	31 Mar 2015	*Net openings YTD Mar 2015*	*31 Mar 2014*	*Net openings YTD Mar 2014*	*Non-comparable Stores*	*Comparable Stores*	*Total Stores*	*Same(2) store sales Growth*
Japan(3)	111	5	106	6	6.1	6.9	13.0	8.7
Hong Kong(4)	36	4	32	1	3.1	(0.2)	2.9	(1.1)
China	161	25	136	17	3.8	6.1	9.9	12.6
Taiwan	55	1	54	(7)	(0.8)	1.0	0.2	6.1
France(5)	81	6	75	5	2.3	1.1	3.4	3.0
United Kingdom	73	5	68	6	1.5	1.0	2.6	3.7
United States	214	17	197	11	5.4	2.7	8.1	3.1
Brazil	81	3	78	8	2.3	0.4	2.7	1.9
Russia(6)	107	(3)	110	11	3.7	3.6	7.3	11.9
Other countries(7)	465	26	439	39	12.8	5.5	18.3	4.4
All countries	**1,384**	**89**	**1,295**	**97**	**40.2**	**28.0**	**68.3**	**5.7**

(1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and total stores for the geographic area and period indicated.

(2) Excludes foreign currency translation effects.

(3) Includes 11 and 13 Melvita stores as at 31 March 2014 and 31 March 2015 respectively.

(4) Includes 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2014 and 31 March 2015.

(5) Includes 4 and 5 Melvita stores as at 31 March 2014 and 31 March 2015 respectively.

(6) Includes 6 Melvita stores as at 31 March 2014.

(7) Includes 6 Melvita stores as at 31 March 2014 and 31 March 2015. The net openings include 6 stores from the acquisition of distributor in South Africa as at 31 March 2014 and 7 stores from the acquisition of distributor in Norway as at 31 March 2015.

Japan

Japan's net sales for FY2015 were €188.3 million, an increase of 6.0% as compared to FY2014. At constant exchange rates, the growth was 8.8%, contributing 14.4% to Overall Growth. Sell-out sales growth in local currency was 9.2%, contributing 13.9% to Overall Growth. The growth was driven by both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 8.7% in FY2015, compared to -1.4% in FY2014. Comparable Stores contributed 6.9% to Overall Growth. During FY2015, Japan had a net addition of 5 stores. Non-comparable Store Sales contributed 6.1% to Overall Growth. Sell-in sales increased by 4.0% at constant exchange rate, contributing 0.5% to Overall Growth. Throughout FY2015, Japan showed an improvement as a result of successful product launches, new store openings and renovations, increased media and marketing investments and an overall increase in tourist purchases.

Hong Kong

Hong Kong's net sales for FY2015 were €134.2 million, an increase of 21.2% as compared to FY2014. At constant exchange rates, the growth was 13.1%, contributing 13.4% to Overall Growth. Sell-out segment contributed 3.2% to Overall Growth. Same Store Sales Growth was -1.1%. The growth in Sell-out segment was mainly contributed by the 3 renovated stores and the 4 net openings in FY2015. The softer retail sales performance was mainly due to challenging retail sentiments, especially less traffic from mainland Chinese tourists during the last quarter of the financial year. Sell-in sales increased by 18.8% at constant exchange rates, contributing 10.1% to Overall Growth. The strong performance form the Sell-in segment was mainly driven by a more dynamic travel retail business, particularly wholesale sales to Japan and North Asia.

China

China's net sales for FY2015 were €103.0 million, an increase of 28.9% as compared to FY2014. At constant exchange rates, the growth was 20.1%, contributing 14.8% to Overall Growth. Sell-out sales growth was 17.4%, at constant exchange rates, mainly contributed by Comparable Stores with Same Store Sales Growth at 12.6%. The Group's own retail network in China reached 161 stores at the end of FY2015, with a net increase of 25 stores opened during the year. The encouraging result can be attributable to a combination of factors including an increase in product offerings with more SKUs made available for sale, enhanced marketing activities at retail stores, the launch of a flagship boutique on the Tmall platform, new store openings and relocations. Sell-in sales also performed well with an increase of 41.5% in local currency contributing 3.5% to Overall Growth.

Taiwan

Taiwan's net sales for FY2015 were €39.0 million, an increase of 7.3% as compared to FY2014. At constant exchange rates, the growth was 2.6%, contributing 0.9% to Overall Growth. The growth rates in local currency for Sell-out and Sell-in were 1.8% and 10.3% respectively. The growth of Sell-out sales was mainly driven by Comparable Stores, with Same Store Sales Growth at 6.1%. The healthy Same Store Sales Growth was attributable to successful new product launches, and an improvement in the retail store network. Non-comparable Stores, however, recorded a drop of 6.2% mainly due to the disposal of the Melvita business to a local distributor in FY2014. Sell-in sales grew by 10.3% in local currency. The growth was mainly supported by development in distributor and B-to-B channels.

France

France's net sales for FY2015 were €91.3 million, an increase of 4.7% as compared to FY2014, contributing 3.8% to Overall Growth. Even in a tough economic environment, Sell-out sales growth was 7.5%, with Same Store Sales Growth of 3.0%. Non-comparable Stores also contributed 2.3% to Overall Growth. Non-comparable store sales growth was mainly driven by the 6 and 5 net own stores opened in FY2015 and FY2014, respectively. Growth in E-commerce sales was strong mainly due to continued efforts to develop the digital channel. Sell-in sales increased by 1.6% and contributed 0.6% to Overall Growth. The growth was driven by the extension of distribution and wholesale networks for both L'Occitane and Melvita.

United Kingdom

United Kingdom's net sales for FY2015 were €67.2 million, an increase of 14.7% as compared to FY2014. At constant exchange rates, the local currency growth was 7.0%, contributing 3.8% to Overall Growth. The Sell-out segment contributed 2.6% to Overall Growth, driven by both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 3.7% in local currency, contributing 1.0% to Overall Growth. Non-comparable Stores contributed 1.5% to Overall Growth mainly from the 5 and 6 net openings in FY2015 and FY2014 respectively and the good performance of the renovated stores. Sell-in sales increased by 10.6% at constant exchange rates, contributing 1.2% to Overall Growth, as a result of good collaboration with certain existing and new department stores clients.

United States

United States' net sales for FY2015 were €153.6 million, an increase of 15.2% as compared to FY2014. At constant exchange rates, the local currency growth was 7.7%, contributing 9.5% to Overall Growth. The strong performance was driven by both Sell-out and Sell-in segments. Comparable Stores Sales Growth was 3.1%, contributing 2.7% to Overall Growth. The E-commerce channel posted a strong growth during the year, mainly supported by corporate initiatives to improve digital marketing and enhance customer relationship management. Non-comparable Store Sales contributed 5.4% to Overall Growth mainly contributed by the 17 and 11 net stores opened in FY2015 and FY2014, respectively. Sell-in segment grew in local currency by 11.3%, contributing 1.7% to Overall Growth, which was mainly driven by web partner channel.

Brazil

Brazil's net sales for FY2015 were €49.3 million, an increase of 7.1% as compared to FY2014. At constant exchange rates, the growth was 10.6%, contributing 4.5% to Overall Growth. The results were affected by both the challenging economic environment and weak Brazilian Real. However, growth in local currency was recorded in both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 1.9% to last year's high growth rate of 14%. Non-comparable Stores achieved a growth of 14.9% in local currency, mainly contributed by the 3 and 8 net new stores opened in FY2015 and FY2014, respectively. Sell-in Sales experienced strong growth of 29.5% in local currency, contributing 1.7% to Overall Growth. With new products launches and network expansion, L'Occitane au Brésil drove growth in both Sell-in and Sell-out channels.

Russia

Russia's net sales for FY2015 were €50.4 million, a decrease of 14.6% as compared to FY2014. At constant exchange rates, the growth was 10.4%, contributing 5.7% to Overall Growth. The business was impacted by economic slowdown, sanctions and sharp depreciation of the ruble against major world currencies, in particular, in the last quarter of FY2015. In order to drive growth under such a tough environment, the Company increased retail prices, accelerated marketing activities and improved the E-commerce platform. The growth in the Sell-out segment was 17.2% with Same Store Sales Growth at 11.9%. The Non-comparable Store Sales contributed 3.7% to Overall Growth, mainly contributed by the 11 net new stores opened in FY2014. At constant exchange rates, the Sell-in segment decreased by 16%, mainly due to last year's strong increase of 54.1%.

Other countries

Other countries' net sales for FY2015 were €301.7 million, an increase of 13.3% as compared to FY2014. At constant exchange rates, the growth was 11.9%, contributing 29.2% to Overall Growth. The Sell-out segment contributed 19.5% to Overall Growth, with 5.5% contributed by Comparable stores and 14.0% by Non-comparable Store and Other Retail. Same Store Sales Growth was 4.4%. During FY2015, the net openings in Other countries were 26 (6 in Asia, 3 in Americas and 17 in Europe & Africa), including an acquisition from a distributor in Norway for 7 stores. Net sales in Canada, Australia and Germany grew by 25.6%, 14.8% and 10.1% respectively, in local currency. At constant exchange rates, Sell-in sales increased by 12.2% and contributed 9.8% to Overall Growth. This was mainly due to an increase in sales to wholesalers and travel retail customers in Europe and Americas.

PROFITABILITY ANALYSIS

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 7.7%, or €15.4 million, to €214.7 million in FY2015. The gross profit margin rose by 0.7 points to 81.8%, as a result of the following factors:

- favourable price mix effect for 0.3 points;
- saving from freights & duties from tighter inventory management for 0.3 points; and
- favourable foreign currency translation effect for 0.2 points and other effects for 0.1 point.

The rise in gross profit margin was partly offset by higher investment in MPPs & boxes for 0.2 points.

DISTRIBUTION EXPENSES

Distribution expenses increased by 10.4%, or €51.3 million, to €544.3 million in FY2015. As a percentage of net sales, distribution expenses decreased by 0.5 points to 46.2%. The improvement is attributable to a combination of:

- leverage on higher sales and efficiency gains from restructuring efforts in stores and warehouses for 0.4 points;
- favourable channel mix effects for 0.3 points; and
- favourable currency conversion and other effects for a total 0.4 points.

This improvement was partly offset by investments in Sell-out, in particular large format stores rents and depreciation, digital, wholesale and travel retail management and sales forces, for 0.3 points. In addition, one-off costs notably related to the rationalization of the store network impacted for another 0.3 points.

MARKETING EXPENSES

Marketing expenses increased by 14.5%, or €16.5 million, to €130.3 million in FY2015. As a percentage of net sales, marketing expenses increased by 0.3 points to 11.1% of net sales. This increase was attributable to:

- a brand mix effect mainly from the development of the new brands for 0.1 point;
- investment in advertising and digital media for 0.3 points notably in Japan, the USA, France and the UK; and

- investment in customer relationship management ("CRM"), PR and other tools, particularly in France, the USA and the UK, for 0.2 points.

This was mitigated by lower investment in other traditional media for 0.2 points and favourable exchange rates conversion for 0.1 point.

RESEARCH & DEVELOPMENT EXPENSES

Research and development ("R&D") expenses increased by 19.2%, or €2.1 million, to €13.0 million in FY2015, mainly due to increased investments dedicated to new brands and strategic product developments.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 6.4%, or €6.7 million, to €111.1 million in FY2015. As a percentage to net sales, general and administrative expenses decreased by 0.5 points of net sales. The improvement was mainly due to savings and leverage effects in FY2015 and one-off spending last year.

OTHER GAINS AND LOSSES

Other losses were €0.3 million in FY2015 (FY2014: €0.4 million). The losses mainly related to the write-off of a warehouse in Lagorce for €1.2 million and losses on other tangible assets for €0.5 million. The losses were largely offset by net gains principally relating to the R&D tax credit of €1.4 million granted by the French government.

OPERATING PROFIT

Operating profit increased by 23.5%, or €31.2 million, to €164.1 million in FY2015, and the operating profit margin increased by 1.3 points of net sales to 13.9%. The improvement in the operating profit margin is explained by:

- favourable channel mix for 0.3 points;
- favourable exchange rates effects and others for 0.4 points;
- favourable price and product mix for 0.3 points; and
- leverage and other improvements for 1.4 points.

and partly offset by

- investments for future sales growth and increased efforts in R&D, digital media and marketing tools for a total 0.9 points; and
- unfavourable brand mix for 0.2 points.

FINANCE INCOME AND COSTS, NET

Net finance costs were €4.6 million in FY2015, as compared to €1.4 million in FY2014. The net of interest income on cash balances and interest expenses on borrowings resulted in an income of €0.1 million, as compared to an income of €0.5 million in FY2014. There was also an increase in non-cash bookings of €0.6 million at the year end of FY2015, principally due to the recognition of increased liabilities in relation to a put option granted to minority shareholders in Erborian. In addition, during FY2015 a provision of €4.1 million was recorded relating to a bank deposit placed with a Russian bank whose business license was revoked by the Russian Central Bank.

FOREIGN CURRENCY GAINS/LOSSES

Net foreign currency gains amounted to €8.9 million in FY2015 and were explained by €5.7 million realized gains and €3.2 million unrealized gains on:

- the US Dollar and currencies linked to the US Dollar for €10.9 million ; and
- the Japanese Yen, British Pound and other currencies for €3.0 million.

Such gains were partly offset by losses on the financing of our operations in Brazil and Russia, for €2.0 million and €3.0 million, respectively, primarily due to the depreciation of the Brazilian Real and Russian Ruble against Euro as at 31 March 2015.

INCOME TAX EXPENSE

The effective income tax rate was 25.5% for FY2015, as compared to 22.5% for FY2014. This increase in effective income tax rate of 3.0 points is explained by:

- a provision for €8.0 million recorded for the tax litigation with the French tax authorities, impacting for 5.0 points. Considering the new position from the French tax authorities, the Company and its tax advisor consider the risk as "probable". Therefore the outflow has been estimated through several scenarios. The maximum exposure is also disclosed in the contingencies section; and
- favourable exchange rates, country mix and other effects for 2.0 points.

PROFIT FOR THE PERIOD

For the aforementioned reasons, profit for the year increased by 35.7% or €33.1 million to €125.6 million in FY2015, as compared to FY2014. Basic and diluted earnings per share in FY2015 increased by 37.0% and 36.9% respectively to €0.083 (FY2014: €0.061). The numbers of basic and diluted shares used in the calculations of earnings per share in FY2015 were 1,470,309,391 and 1,471,886,682 respectively, (FY2014: basic 1,470,309,391 and diluted 1,470,943,111).

BALANCE SHEET AND CASH-FLOW REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2015, the Group had cash and cash equivalents of €395.1 million, as compared to €319.3 million as at 31 March 2014.

As at 31 March 2015, the aggregate amount of undrawn borrowing facilities was €311.7 million.

As at 31 March 2015, total borrowings, including finance lease liabilities, current accounts with non-controlling interests and related parties and bank overdrafts, amounted to €110.2 million, as compared to €79.4 million as at 31 March 2014. The increase was mainly due to needs of operating funds in local currencies of certain subsidiaries.

SUMMARIZED CASH-FLOW STATEMENT

For the year ended 31 March	2015	2014
	€'000	*€'000*
Profit before tax, adjusted for non-cash items	247,606	174,486
Changes in working capital	587	(16,478)
Income tax paid	(42,085)	(38,400)
Net cash inflow from operating activities	206,108	119,608
Net cash (outflow) from investing activities	(69,027)	(79,081)
Net cash (outflow) from financing activities	(45,291)	(49,479)
Effect of exchange rate changes	(15,915)	8,397
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	75,875	(555)

Net increase in cash or cash equivalents was €75.9 million in FY2015, as compared to FY2014. The improvement was largely contributed by higher top-line and operating profit during FY2015 together with lower investing and financing activities.

INVESTING ACTIVITIES

Net cash used in investing activities was €69.0 million in FY2015, as compared to €79.1 million in FY2014, representing a decrease of €10.1 million. This reflected capital expenditures primarily related to:

- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €39.8 million;
- the additions in information technology software and equipment for €8.8 million, including €1.1 million for the implementation of SAP as the Group's enterprise resources planning system;
- the addition of machinery, equipment, construction, fittings and others to the Group's factories, R&D and warehousing facilities for €11.8 million; and
- the acquisition of the Norway distributor for €5.6 million.

FINANCING ACTIVITIES

Net cash used in financing activities in FY2015 was €45.3 million (FY2014: €49.5 million). Net cash used during the year mainly reflected the following:

- dividend payments to non-controlling interests in subsidiaries, for €3.3 million;
- payment of dividend during the year for €31.3 million;
- transaction with non-controlling interests of the Russia subsidiary for €41.3 million; and
- increase in net borrowing for €30.4 million due to natural hedging on cash needs at subsidiary level.

INVENTORIES

The following table sets out a summary of average inventory days for the periods indicated:

	FY2015	FY2014
Average Inventory turnover days(1)	262	262

(1) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365. Average inventory equals the average of net inventory at the beginning and end of a given period.

Inventory value increased by €11.2 million to €159.9 million as at 31 March 2015, or 7.5% over FY2014. Inventory turnover remained the same as a result of:

- reduced turnover days of raw material, components and finished goods at the factories for 8 days, in relation to improvement in inventory management and the anticipation of deliveries; and
- reduced turnover days of finished goods for 3 days in countries such as Hong Kong, the UK and Taiwan.

This was offset by higher inventory of MPPs and boxes for 6 days, higher inventory in Brazil mainly due to development of the L'Occitane au Brésil products for 3 days and unfavourable exchange rates impact for 2 days.

TRADE RECEIVABLES

The following table sets out a summary of turnover of trade receivables for the periods indicated:

	FY2015	FY2014
Turnover days of trade receivables(1)	30	30

(1) Turnover days of trade receivable equals to average trade receivables divided by net sales and multiplied by 365. Average trade receivables equals to the average of net trade receivables at the beginning and end of a given period.

Turnover days of trade receivables remained at 30 days for FY2015. A drop in days of receivables can be noted in both Sell-in and Sell-out channels. The improvement was around 2 days which was offset by foreign exchange effect and a drop in the doubtful debt provision.

TRADE PAYABLES

The following table sets out a summary of average trade payables days for the periods indicated:

	FY2015	FY2014
Turnover days of trade payables[1]	157	171

[1] Turnover days of trade payables equals to the average trade payables divided by cost of sales and multiplied by 365. Average trade payables equals to the average of trade payables at the beginning and end of a given period.

The decrease in turnover days of trade payables was mainly due to a decrease in trade payables at the factory level.

BALANCE SHEET RATIOS

Return on capital employed increased in FY2015 mainly because of the increase in net operating profit after tax with only a slight increase of 1.9% in working capital and net non-current assets. The capital and reserves attributable to the equity owners increased by €96.3 million from 31 March 2014 to 31 March 2015 primarily due to a combination of the Group's profit during this period partly offset by the dividend payment during the year. As a result the return on equity ratio rose to 14.3%. The Group remained in high net cash position with favourable liquidity and capital adequacy ratio. The gearing ratio increased slightly to 9.1%, mainly due to increase in net borrowing for the hedging needs at subsidiary level.

		FY2015	FY2014
Profitability			
Net operating profit after tax (NOPAT)[1]	*€'000*	128,991	93,589
Capital employed[2]	*€'000*	575,238	564,198
Return on capital employed (ROCE)[3]		22.4%	16.6%
Return on equity (ROE)[4]		14.3%	11.8%
Liquidity			
Current ratio (times)[5]		3.55	2.92
Quick ratio (times)[6]		2.76	2.21
Capital adequacy			
Gearing ratio[7]		9.1%	7.4%
Debt to equity ratio[8]		Net cash position	Net cash position

[1] (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)

[2] Non-current assets - (deferred tax liabilities + other non-current liabilities) + working capital

[3] NOPAT / Capital employed

[4] Net profit attributable to equity owners of the Company / shareholders' equity at period end excluding minority interest

[5] Current assets / current liabilities

[6] (Current assets - inventories) / current liabilities

[7] Total debt / total assets

[8] Net debt / (total assets - total liabilities)

* please note that in previous communications, the calculation of working capital included current financial liabilities such as dividends and acquisition payments. These are now excluded to show only working capital relating to operations. Thus the capital employed and ROCE for 31 March 2014 has been restated.

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2015, the Company had foreign exchange derivatives net liabilities of €1.2 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2015 were primarily Japanese Yen for an equivalent of €12.8 million, US Dollar for €7.1 million, Chinese Yuan for €4.4 million, British Pound for €3.7 million and Australian Dollar for €2.3 million.

CONTINGENCIES

1. Legal proceedings

The Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

2. Tax risks

In July 2012, the French tax authorities started an audit of the tax returns filed by Laboratoires M&L (previously named L'Occitane SA) for the years ended in March 2009, 2010 and 2011. In December 2012 and in December 2013, the company received tax reassessments proposals for a total amount of €33,700,000 plus the late payment of interest and penalties relating to the year ended in March 2009, 2010 and 2011. The French tax authorities questioned the level of intercompany transactions and mainly the trademark royalties between subsidiaries. For the fiscal year ended 31 March 2014, the Group considered that the French tax authorities' position was unfounded and challenged those reassessments. Therefore, no provision was recorded as at 31 March 2014.

In March 2015, the tax authorities responded to the Company: some items of the tax reassessment were abandoned. For the fiscal years ended in March 2009, 2010 and 2011, the revised tax proposed reassessments eventually amounted to €20,300,000 plus the late payment of interest and penalties. The Group continues to challenge the French tax authorities' position. Nevertheless, after consulting its tax advisors, the Group considers that the risk is "probable". Consequently, after having estimated several scenarios, an amount of €8,000,000 (including late interest) was provided as at 31 March 2015. The provision was recorded in the income tax expense in the statement of income.

For the fiscal years ended 31 March 2012 to 2015, no tax audit has been started. Furthermore, considering the uncertainty as to the possible legal grounds for future tax audits, the Group cannot assess any reliable estimate for such a risk. Therefore, the risk is considered as "not probable" as at 31 March 2015 and no provision was accordingly made.

Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such tax audits or related litigation could vary significantly from the Group's provisions.

DIVIDENDS

At the Board meeting held on 10 June 2014, the Board recommended a gross dividend distribution of €0.0213 per share for a total amount of €31.3 million or 35.0% of the net profit attributable to the equity owners of the Company. The amount of the proposed dividend was based on 1,470,309,391 shares in issue as at 10 June 2014 excluding 6,655,500 treasury shares. The shareholders approved this dividend at a meeting held on 24 September 2014. The dividend was paid on 22 October 2014.

Considering the performance delivered during FY2015, the Board is pleased to recommend a gross final dividend of €0.0291 per share. The total amount of the dividend is €42.8 million, representing 35.0% of the net profit attributable to the equity owners of the Company. The same ratio was also 35.0% in FY2014.

The Board further recommends a special dividend of €0.034 per share, with a total of €50.0 million, representing 40.9% of the net profit attributable to the equity owners of the Company.

Both proposed final dividend and special dividend are based on 1,470,309,391 shares in issue as at 1 June 2015 excluding 6,655,500 treasury shares.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that require to be reported.

USE OF PROCEEDS FROM THE COMPANY'S LISTING

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 7 May 2010. The gross proceeds from the Company's issue of 202,568,500 new shares (including 20,508,500 new shares issued upon exercise of an over-allotment option) amounted to HKD3,055 million. The net proceeds after deducting underwriting commission and related expenses amounted to €298.9 million (the "Net Proceeds"). As at 31 March 2015, the Company had utilised the total Net Proceeds as follows:

- new store openings and store renovations for €171.2 million;
- extension and improvement of manufacturing plants and R&D equipment for €77.8 million;
- increase in R&D operating expenses for €9.1 million;
- development of internet and E-commerce channel for €11.3 million; and
- general corporate purposes for €29.5 million dedicated to the implementation of SAP as enterprise resources planning system.

Such utilisation of the Net Proceeds was in accordance with the proposed allocations set out in the section headed "Use of Proceeds" in the Company's prospectus dated 26 April 2010 (the "Prospectus").

STRATEGIC REVIEW

In FY2015, the management team continued to build a company which aims to deliver sustainable growth for the long term. The Group posted strong financial performance for the year which was built upon its vision to strengthen the business platform through investments and efforts to improve operational and production efficiency.

The continued investments in product innovation, merchandising, digital and CRM initiatives, marketing as well as sales distribution channels enabled the Group to cater the growing demand for our high quality products. The management has adopted a selective multi-channel approach to boost sales and expects investments in the digital and travel retail channels as key drivers of future growth.

The continuous upgrading and expanding of our retail network, selectively and carefully, through store renovations and relocations has started to bear fruits. All key markets delivered growth in local currency - China, Hong Kong, Brazil and Russia were the best performing markets growing at 20.1%, 13.1%, 10.6% and 10.4% respectively.

As part of the selective multi-channel strategy, the Group increased the total number of own retail stores to 1,384 (FY2014: 1,295) in FY2015. During the same period, the Group renovated and relocated 108 stores (compared to 121 during FY2014). The focus to further integrate the physical and digital platforms to create the "customer centric" brand experience across all touch points will encourage customer engagement and sales conversion, both in-store and online. Sell-in segment also performed well, supported by outperformed travel retail.

Through investing in digital marketing and CRM, the Group not only enhances brand awareness but also facilitates pleasant online shopping experience. The refined retail CRM program allowed us to utilise analytics and insights in pursuit of customer experience excellence. The program also favoured our fastest growing channel, E-commerce, which accounts for more than 8.7% of our retail sales. The goal to tap into China's growing digital space has been attained with the successful launch of the L'Occitane brand's digital flagship boutique on the Tmall marketplace, one of the most efficient E-commerce platforms in China.

The turnaround in Japan market reflected management's endeavor in executing a consistent strategy in the past few years and to enhance the brand's premium positioning in Japan which is the biggest market of the Group. The strong growth of Melvita in Japan also presents a great opportunity to further build this emerging brand and unlock its full potential.

The major progress the Group achieved in pursuing operational excellence is the successful implementation of SAP in our factories and key markets. Other key developments in FY2015 included efforts to develop the supply chain infrastructure, technology and process investments. For instances, the factory in Manosque has increased production capacity and adopted further initiatives to deliver greater operational efficiencies. The supply chain infrastructure was developed to support the emerging brands, with resources across sourcing, logistics and distribution to optimize inventory management.

The management continued to invest in technology to enable the front and back-end applications required to support the Group's digital strategy and growth ambition. The focus on process improvements and the implementation of "Operations Roadmap" drove further efficiencies and cost savings in logistics and productions.

For FY2015, the Group had posted strong financial results with a balanced development focus on revenue growth and further investments. It continues to hold a net cash position and its cash balance unchanged while funding the investing activities. In view of the business performance and financial position, the Board maintained its 35% dividend payout ratio and recommended a special divided to show the Group's ongoing focus on creating shareholder value. During FY2015, management continued its global assessment project to optimize and drive infrastructure efficiency, with clear objectives to track the performance of cost-saving projects that have been undertaken.

OUTLOOK

In the year ended 2016 ("FY2016") and beyond, the Group will continue to pursue its corporate strategy of achieving sustainable growth with greater efficiency. L'Occitane's evolving culture and innovative capability allows it to remain adaptive and attractive in the ever-changing global consumer markets.

- **Expand product portfolio in natural space**

  The Group will continue to develop cosmetic brands based on high quality ingredients and unique heritage. Leveraging on its strong research and development, marketing and merchandising capability, the Group plan to deliver decent growth in the natural beauty and personal care space.

  In particular, the Group will develop and expand the offering of higher margin products, such as perfume and face care, supported by its vertically integrated business model.

- **Strengthen worldwide brand positioning**

  With its ongoing commitment to multi-brand strategy, the Group will further strengthen brand recognition, especially for emerging brands like Melvita, L'Occitane Au Brésil and Erborian, through effective marketing campaigns. The Group will continue to revamp its Melvita brand and to introduce its Erborian brand to more markets, in turn further grow its brand portfolio.

  In FY2016, the Group plans to implement a new marketing program to enhance the L'Occitane brand awareness in global markets. It will adopt measures focusing on digital marketing, marketing communication, product sampling as well as the opening of appealing flagships with optimised footfall and sales conversion. More details and progress will be reported on a regular basis.

- **Adopt multi-channel approach with a focus of E-commerce and travel retail**

  The Group will continue to preserve and enhance the identity of its star brand L'Occitane en Provence as well as other emerging brands through multiple channels. Besides its directly owned, renovated retail shops, the Group is focusing on retailing its natural ingredient based well-being products through travel retail, on-line marketplace, as well as efficient wholesale channels.

  The booming trend of travel retail around the world and ever-growing E-commerce market in China allows us opportunity for market outreach. The Group will adopt effective marketing approaches, online and offline, in order to further lift up its brand profile and to cater the growing demand in these platforms.

- **Pursue sustainable growth with greater efficiency**

  The Group is devoted to cultivate the innovative culture with committed human capital, and focus on: entrepreneurship coaching, team building, competitive remuneration policy, organizational initiatives and cultural diversity. At the same time, it aim to improve operational efficiency through necessary initiatives. Following the initial success in its efficiency program launched since FY2014, the Group expects more benefits will come from logistics and supply chain efficiency in FY2016.

  Recognized as the exemplary company by United Nations and as a member of the United Nations Global Compact since FY2011, the Group continuously supports the ten principles governed by the platform. This is in line with its mission to develop and market products that are increasingly respectful of man and the environment. The Group aims to achieve long term business success through caring and sustainable approaches.

Looking ahead, the global macro-economic outlook may remain challenging, particularly with currency volatility. Nevertheless, the management and the Board believe that the future is dependent upon the dedication and hard work of the management and global team. The Group believes that a focused and disciplined approach to build the company for the future, together with its policy to reward management on a basis which is aligned to sustainable long term performance, will drive growth and deliver lasting value in the interest of the shareholders.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), the Company has an Audit Committee comprising of three non-executive Directors, two of whom are independent non-executive Directors. The Audit Committee together with external auditor has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for FY2015.

CORPORATE GOVERNANCE

The Board reviews its corporate governance practices regularly in order to meet the rising expectations of shareholders, to comply with increasingly stringent regulatory requirements and to fulfil its commitment to excellence in corporate governance. The Board is committed to maintaining a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining shareholders' returns.

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules throughout FY2015 save as disclosed below:

The role of the Chief Executive Officer ("CEO") of the Group has been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. This deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are four independent non-executive Directors in the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the committees (Audit Committee, Nomination Committee, and Remuneration Committee) and each committee is composed of a majority of independent non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by Mr. André Hoffmann, Managing Director Asia-Pacific. Mr. Geiger is responsible to the Board and focuses on Group strategies and Board issues, ensuring a cohesive working relationship between members of the Board and management. The Managing Director has full executive responsibilities in the business directions and operational efficiency of the business units under their respective responsibilities and is accountable to Mr. Geiger.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO.

Mr. Karl Guénard ("Mr. Guénard"), joint company secretary of the Company, is based in Luxembourg and reports to Mr. Thomas Levilion ("Mr. Levilion"), an Executive Director and the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because both Mr. Guénard and Mr. Levilion work closely together on a day-to-day basis including dealing with matters relating to corporate governance and other Board-related matters. Ms. Yung Mei Yee ("Ms. Yung"), joint company secretary of the Company, is based in Hong Kong. Ms. Yung works in coordination with Mr. Guénard in the discharge of all company secretarial duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in the Securities of the Company by the Directors of the Company. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during FY2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2015 have been reviewed by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 September 2015 to Wednesday, 30 September 2015, both days inclusive, during which period no share transfers can be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM of the Company will be Wednesday, 30 September 2015 (the "AGM Record Date"). All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 23 September 2015.

Subject to the shareholders approving the recommended final dividend and special dividend at the AGM of the Company, such dividends will be payable on Thursday, 22 October 2015 to shareholders whose names appear on the register of members on Monday, 12 October 2015 (the "Dividend Record Date"). To determine eligibility for the final and special dividends, the register of members will be closed from Wednesday, 7 October 2015 to Monday, 12 October 2015, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the final and special dividends, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 6 October 2015.

PUBLICATION OF FINAL RESULTS AND FY2015 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) in due course.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 30 September 2015. A notice convening the AGM will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) and will be dispatched to the shareholders of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors
Reinold Geiger *(Chairman and Chief Executive Officer)*
André Hoffmann *(Managing Director Asia-Pacific)*
Domenico Trizio (*Chief Operating Officer)*
Thomas Levilion (*Group Deputy General Manager, Finance and Administration)*
Karl Guénard *(Company Secretary)*
Nicolas Veto *(Group Human Resources Executive VP)*

Non-executive Director
Martial Lopez

Independent Non-executive Directors
Valérie Bernis
Charles Mark Broadley
Pierre Milet
Jackson Chik Sum Ng

By Order of the Board
L'Occitane International S.A.
Reinold Geiger
Chairman

Hong Kong, 1 June 2015

Disclaimer

The financial information and certain other information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.