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# L'OCCITANE

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## 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)

### UNAUDITED TRADING UPDATE FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

L'Occitane International S.A. (the "Company") is pleased to present the unaudited 2015/2016 ("FY2016") trading update of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2015. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### Highlights

- Group's net sales were €984.7 million, recording an increase of 11.6% for the first nine months of FY2016. At constant exchange rates, the growth was 5.8%
- With 19.1% growth in local currency, China remained the fastest growing country and the primary contributor to the overall growth, followed by France, Brazil, Russia and Japan
- France posted an overall growth of 12.9% with Same Store Sales Growth at 7.9% at constant exchange rates
- The E-commerce sales continued to outperform with a 17.7% growth at constant exchange rates and reached 10.0% as compared to retail sales
- Overall Same Store Sales Growth was 1.8%

#### Business Segments

The following tables provide a breakdown of the net sales and year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for the nine months ended 31 December 2015:

##### Sales and % of total sales

	31 Dec 2015	%	31 Dec 2014	%
	€ '000		€ '000	
Sell-out	737,636	74.9	660,307	74.8
Sell-in	<u>247,042</u>	<u>25.1</u>	<u>222,034</u>	<u>25.2</u>
<b>Total</b>	<b><u>984,678</u></b>	<b><u>100.0</u></b>	<b><u>882,341</u></b>	<b><u>100.0</u></b>

##### Year-on-year growth

	Growth	Growth	Growth <sup>(2)</sup>	Contribution to Overall Growth <sup>(2)</sup>
	€ '000	%	%	%
<b>Sell-out</b>	<b>77,328</b>	<b>11.7</b>	<b>5.9</b>	<b>76.4</b>
Comparable Stores	37,479	7.6	1.8	17.1
Non-comparable Stores & others <sup>(1)</sup>	39,850	23.4	17.8	59.4
<b>Sell-in</b>	<b><u>25,008</u></b>	<b><u>11.3</u></b>	<b><u>5.4</u></b>	<b><u>23.6</u></b>
<b>Overall Growth</b>	<b><u>102,336</u></b>	<b><u>11.6</u></b>	<b><u>5.8</u></b>	<b><u>100.0</u></b>

(1) Others include marketplaces, mail-orders and other service sales.

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

## Geographic Areas

The following table presents the net sales and net sales growth for the nine months ended 31 December 2015 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales				Growth €'000	Growth %	Growth <sup>(1)</sup> %	Contribution to Overall Growth <sup>(1)</sup> %
	31 Dec 2015		31 Dec 2014					
	€ '000	%	€ '000	%				
Japan	148,428	15.1	133,934	15.2	14,494	10.8	5.6	14.6
Hong Kong <sup>(2)</sup>	104,355	10.6	97,787	11.1	6,568	6.7	(9.7)	(18.5)
China	94,810	9.6	69,277	7.9	25,532	36.9	19.1	25.9
Taiwan	32,060	3.3	28,785	3.3	3,276	11.4	0.5	0.3
France	80,887	8.2	71,651	8.1	9,236	12.9	12.9	18.1
United Kingdom	62,646	6.4	54,618	6.2	8,028	14.7	3.7	4.0
United States	137,828	14.0	117,793	13.4	20,034	17.0	(0.7)	(1.7)
Brazil	35,441	3.6	39,755	4.5	(4,314)	(10.9)	11.1	8.7
Russia	33,128	3.4	38,196	4.3	(5,068)	(13.3)	8.7	6.5
Other countries <sup>(3)</sup>	255,094	25.9	230,545	26.1	24,549	10.6	9.3	42.1
<b>All countries</b>	<b>984,678</b>	<b>100.0</b>	<b>882,341</b>	<b>100.0</b>	<b>102,336</b>	<b>11.6</b>	<b>5.8</b>	<b>100.0</b>

(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.

(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 Same Store Sales Growth for the nine months ended 31 December 2015 compared to the nine months ended 31 December 2014:

	Own Retail Stores				% contribution to Overall Growth <sup>(1) (2)</sup>			Same Store Sales Growth % <sup>(2)</sup>
	Net openings YTD Dec		Net openings YTD Dec		Non- comparable Stores	Comparable Stores	Total Stores	
	31 Dec 2015	2015	31 Dec 2014	2014				
Japan <sup>(3)</sup>	121	10	109	3	8.7	6.0	14.7	3.5
Hong Kong <sup>(4)</sup>	38	2	36	4	(3.4)	(8.8)	(12.2)	(17.3)
China <sup>(5)</sup>	183	22	155	19	10.0	1.4	11.4	1.5
Taiwan	56	1	55	1	(0.3)	(0.9)	(1.2)	(2.5)
France <sup>(6)</sup>	83	2	81	6	2.8	5.4	8.2	7.9
United Kingdom	75	2	72	4	2.2	1.7	4.0	3.0
United States	218	4	215	18	3.0	(1.6)	1.5	(0.9)
Brazil	92	11	80	2	3.6	3.7	7.3	8.6
Russia <sup>(7)</sup>	107	—	109	(1)	2.0	3.0	5.0	6.8
Other countries <sup>(8)</sup>	494	29	465	26	16.0	7.1	23.1	3.1
<b>All countries</b>	<b>1,467</b>	<b>83</b>	<b>1,377</b>	<b>82</b>	<b>44.6</b>	<b>17.1</b>	<b>61.7</b>	<b>1.8</b>

(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 18 Melvita stores as at 31 December 2014 and 31 December 2015 respectively.

(4) Includes 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 December 2014 and 3 L'Occitane stores in Macau, 1 Erborian and 9 Melvita stores in Hong Kong as at 31 December 2015.

(5) Includes 8 Melvita stores as at 31 December 2015.

(6) Includes 5 Melvita stores as at 31 December 2014 and 5 Melvita stores and 1 Erborian store as at 31 December 2015.

(7) Includes 2 Melvita stores as at 31 December 2014 and 1 Erborian store as at 31 December 2015.

(8) Includes 7 L'Occitane stores from the acquisition of distributor in Norway and 7 Melvita stores as at 31 December 2014 and 10 Melvita and 2 Erborian stores as at 31 December 2015.

The Group's net sales for the first nine months of FY2016 were €984.7 million, an increase of 11.6% as compared to the same period last year. At constant exchange rates, the Group delivered sales growth of 5.8%. Under the backdrop of global economic uncertainties and markets turmoil, the group managed to maintain a decent growth rate through successful festive season product offerings, enhanced CRM capability and integrated online/offline marketing campaigns to boost sales performance in various channels. With volatile exchange rates during the period under review, sales growth of the Group was negatively affected in certain countries. Yet overall foreign currency had a favourable impact of 5.8% on the sales growth.

During the first nine months of FY2016, Sell-out sales accounted for 74.9% of net sales and amounted to €737.6 million, an increase of 11.7% at reported exchange rates or 5.9% at constant rates as compared to the same period last year, contributed 76.4% to overall growth. This growth was primarily contributed by Non-comparable Stores and other sales, including new stores opened and stores renovated in these 2 years, as well as T-mall in China and marketplace operators in Korea, together posted a growth of 17.8% at constant exchange rates. As compared to the same period last year, the Group's E-commerce channels grew by 17.7% at constant exchange rates during the first nine months of FY2016 and reached 10.0% as compared to the retail sales. Same Store Sales Growth for the first nine months of FY2016 was 1.8%, improved slightly from 1.6% of the first six months of FY2016.

Sell-in sales accounted for 25.1% of the Group's total sales and amounted to €247.0 million, an increase of 11.3% at reported exchange rates or 5.4% at constant exchange rates as compared to the same period last year, with a strong contribution from wholesale, distributors and B2B channels.

In terms of geographical areas, China, France, Brazil, Russia and Japan were among the countries with highest sales growth in local currencies. For the nine months ended 31 December 2015, China had the highest sales growth of the Group at 19.1% in local currency, mainly contributed by the Non-comparable Stores. Other sales including sales from T-mall also accelerated growth during the period.

France posted a sales growth of 12.9% despite slowing traffic at touristic stores after the Paris terrorist attacks in mid-November 2015. Retail channel posted a healthy growth with same store sales growth at 7.9%, fueled by both resilient demand at brick-and-mortar stores and strong E-commerce growth. New products and festive season offerings were well received by both local and tourist customers. In Sell-in segment, encouraging growth was recorded in various wholesale channels such as department stores, pharmacies and web partners as the Group continued to expand exposure. Growth of the Group's emerging brands also accelerated in the country.

Hong Kong retail operation was affected by the sluggish retail sentiment, a drop in mainland Chinese tourists and relatively strong Hong Kong dollars. Total retail sales in Hong Kong and Macau dropped by 14.5%. Hong Kong travel retail business also suffered from the lower traffic in the Greater China region. Overall sales decline in Hong Kong narrowed to 9.7% during the period.

For the nine months ended 31 December 2015, the Group maintained its selective global retail expansion with 83 net stores opened (75 in the same period last year, excluding the 7 stores acquired from a distributor in Norway), and the Group also continued to upgrade its retail network with 89 stores renovated or relocated (86 in the same period last year).

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

Hong Kong, 26 January 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. André Hoffmann (Managing Director Asia-Pacific), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration), Mr. Domenico Trizio (Group Managing Director), Mr. Karl Guénard (Joint Company Secretary) and Mr. Nicolas Veto (Group Human Resources Executive VP), the non-executive director of the Company is Mr. Martial Lopez and the independent non-executive directors of the Company are Mrs. Valérie Bernis, Mr. Charles Mark Broadley, Mr. Pierre Milet and Mr. Jackson Chik Sum Ng.*

## **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.*