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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 THREE MONTHS ENDED 30 JUNE 2016

L'Occitane International S.A. (the "Company") is pleased to present the unaudited 2016/2017 ("FY2017") trading update of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2016. 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 at constant exchange rates grew by 0.5% for the first three months of FY2017, as compared to a high base of 7.8% same period last year
- Due to unfavourable foreign exchange impacts, net sales at reported rates declined by 2.2%
- The soft performance was mainly due to global economic downturn together with overall unfavourable foreign exchange impact
- Japan posted a growth of 13.8% at reported rates, benefited from the relatively stronger Japanese Yen
- US sales growth returned to positive territory, up 0.6% year-on-year in local currency despite gloomy retail sentiment
- China posted flattish same store sales performance in a declining market
- Brazil was the fastest growing country with 17.5% growth in local currency, followed by Russia with 14.4% growth in local currency
- Brazil and Russia posted the highest same store sales growth of 13.2% and 9.6% respectively

#### 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 three months ended 30 June 2016:

#### Sales and % of total sales

	30 Jun 2016		30 Jun 2015	
	€ '000	%	€ '000	%
Sell-out	200,433	74.7	202,258	73.7
Sell-in	68,020	25.3	72,359	26.3
<b>Total</b>	<b>268,453</b>	<b>100.0</b>	<b>274,618</b>	<b>100.0</b>

#### Year-on-year growth

	Growth		Contribution to	
	€ '000	%	Growth <sup>(2)</sup>	Overall Growth <sup>(2)</sup>
			%	%
<b>Sell-out</b>	<b>(1,826)</b>	<b>(0.9)</b>	<b>1.9</b>	<b>292.2</b>
Comparable Stores	(6,531)	(3.9)	(1.3)	(173.9)
Non-comparable Stores & others <sup>(1)</sup>	4,705	14.3	18.3	466.1
<b>Sell-in</b>	<b>(4,339)</b>	<b>(6.0)</b>	<b>(3.4)</b>	<b>(192.2)</b>
<b>Overall Growth</b>	<b>(6,165)</b>	<b>(2.2)</b>	<b>0.5</b>	<b>100.0</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 three months ended 30 June 2016 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales							
	30 Jun 2016		30 Jun 2015		Growth		Contribution to Overall Growth <sup>(1)</sup>	
	€ '000	%	€ '000	%	€ '000	%	Growth <sup>(1)</sup> %	Growth <sup>(1)</sup> %
Japan	51,419	19.2	45,191	16.5	6,228	13.8	3.2	113.4
Hong Kong <sup>(2)</sup>	22,847	8.5	28,478	10.4	(5,630)	(19.8)	(17.9)	(395.4)
China	24,060	9.0	25,407	9.3	(1,347)	(5.3)	1.9	37.4
Taiwan	7,167	2.7	8,584	3.1	(1,417)	(16.5)	(10.5)	(69.8)
France	22,645	8.4	22,742	8.3	(97)	(0.4)	(0.4)	(7.5)
United Kingdom	13,305	5.0	15,012	5.5	(1,707)	(11.4)	(3.3)	(38.0)
United States	36,218	13.5	36,814	13.4	(596)	(1.6)	0.6	16.7
Brazil	10,980	4.1	10,924	4.0	56	0.5	17.5	148.4
Russia	8,569	3.2	9,602	3.5	(1,033)	(10.8)	14.4	107.2
Other countries <sup>(3)</sup>	71,241	26.5	71,864	26.2	(623)	(0.9)	3.4	187.7
<b>All countries</b>	<b>268,453</b>	<b>100.0</b>	<b>274,618</b>	<b>100.0</b>	<b>(6,165)</b>	<b>(2.2)</b>	<b>0.5</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 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 same store sales growth for the three months ended 30 June 2016 compared to the three months ended 30 June 2015:

	Own Retail Stores				% contribution to Overall Growth <sup>(1)(2)</sup>			Same Store Sales Growth % <sup>(2)</sup>
	Net openings YTD		Net openings YTD		Non-comparable Stores	Comparable Stores	Total Stores	
	30 Jun 2016	Jun 2016	30 Jun 2015	Jun 2015				
Japan <sup>(3)</sup>	128	5	115	4	180.9	(52.1)	128.8	(1.9)
Hong Kong <sup>(4)</sup>	36	-	35	(1)	(45.7)	(68.3)	(114.0)	(11.7)
China <sup>(5)</sup>	195	8	169	8	117.6	(5.6)	111.9	(0.4)
Taiwan <sup>(6)</sup>	56	1	55	-	(12.6)	(36.4)	(49.0)	(8.4)
France <sup>(7)</sup>	81	-	81	-	(1.9)	(54.3)	(56.2)	(6.6)
United Kingdom	74	(1)	73	-	7.0	(38.6)	(31.6)	(4.8)
United States	215	(2)	214	-	7.7	(0.2)	7.5	0.0
Brazil <sup>(8)</sup>	96	4	83	2	64.3	73.7	138.0	13.2
Russia <sup>(9)</sup>	103	-	107	-	32.1	44.8	76.9	9.6
Other countries <sup>(10)</sup>	502	8	479	14	1351	(36.7)	98.4	(1.2)
<b>All countries</b>	<b>1,486</b>	<b>23</b>	<b>1,411</b>	<b>27</b>	<b>484.5</b>	<b>(173.9)</b>	<b>310.6</b>	<b>(1.3)</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 15 and 21 Melvita stores as at 30 June 2015 and 30 June 2016 respectively.

(4) Includes 3 L'Occitane stores in Macau and 9 Melvita stores in Hong Kong as at 30 June 2015 and 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 June 2016.

(5) Includes 5 and 10 Melvita stores as at 30 June 2015 and 30 June 2016 respectively.

(6) Includes 1 Erborian store as at 30 June 2016.

(7) Includes 5 Melvita stores and 1 Erborian store as at 30 June 2015 and 4 Melvita stores and 1 Erborian store as at 30 June 2016.

(8) Includes 6 and 15 au Brésil stores as at 30 June 2015 and 30 June 2016 respectively.

(9) Includes 1 Erborian store as at 30 June 2016.

(10) Includes 7 Melvita stores as at 30 June 2015 and 10 Melvita and 2 Erborian stores as at 30 June 2016.

Under the backdrop of global economic uncertainties and markets turmoil, the Group managed to sustain overall sales performance through quality product offerings, enhanced CRM capability and integrated online/offline marketing campaigns to boost demand in various channels. At constant exchange rates, the Group delivered a sales growth of 0.5% (as compared to 7.8% growth same period last year). With volatile exchange rates during the period under review, sales were negatively affected in most of the key countries in the Group. The Group's net sales at reported rates for the first three months of FY2017 were €268.5 million, a decrease of 2.2% as compared to a high base of 17.5% growth same period last year. Overall foreign currency had an unfavourable impact of 2.7% on the reported sales growth. Note also that historically the first quarter is the lowest sales quarter of the financial year, and it is not indicative of the whole year sales trend.

During the first three months of FY2017, Sell-out sales accounted for 74.7% of the net sales and amounted to €200.4 million, posting a growth of 1.9% at constant rates as compared to the same period last year. This growth was primarily contributed by Non-comparable Stores and other sales, including new stores opened and stores renovated in these 2 years, marketplaces, cafés and spa businesses, altogether posted a growth of 18.3% at constant exchange rates. As compared to the same period last year, the Group's E-commerce channels grew by 8.8% at constant exchange rates and reached 10.3% of the total retail sales during the first three months of FY2017. Same store sales growth for the first three months of FY2017 was -1.3% amid a turbulent global economy.

Sell-in sales accounted for 25.3% of the Group's total sales and amounted to €68.0 million, and posted a decrease of 3.4% at constant exchange rates as compared to the same period last year. The soft performance was mainly due to lower sales to travel retail operators in Asia region.

In terms of geographical areas, Brazil, Russia and Japan were among countries with highest sales growth in local currencies. For the three months ended 30 June 2016, sales in Brazil grew by 17.5% in local currency, contributed by both Comparable and Non-comparable Stores, with same store sales growth at 13.2%. Russia had a growth of 14.4% in local currency with same store sales growth at 9.6%. Japan had a growth of 3.2% in local currency. As a result of a stronger Japanese Yen compared to last year, the sales growth in Japan was 13.8% at reported rates.

For the three months ended 30 June 2016, the Group maintained its selective global retail expansion with 23 net stores opened (27 in the same period last year).

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

Hong Kong, 19 July 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 (Vice-Chairman & Managing Director Asia-Pacific), Mr. Domenico Trizio (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration) and Mr. Karl Guénard (Joint Company Secretary), 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.*