

[For Immediate Release]



## L'Occitane International S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

### L'Occitane Announces FY2017 Annual Results

**Group posts record profit since listing: €132.4 million, up 16.6%**  
**Net sales up 3.2% and E-commerce sales up 11.8%**

1. Net profit up 16.6% to €132.4 million, the highest since its listing
2. Gross margin reached a historical high, up 0.5 points to 83.3%
3. Net sales were €1,323.2 million, an improvement of 3.2% at actual rates
4. Encouraging growth in emerging countries, E-commerce channels and emerging brands, largely offsetting the weakness brought by economic uncertainties and unfavorable retail conditions
5. Brazil, China and Japan were the best performing markets in local currencies
6. E-commerce sales grew 11.8%, equivalent to 11.0% of the Group's retail sales
7. Continued investment in E-commerce, marketing, brand positioning and R&D to boost brand awareness
8. Net cash increased by 13.0% to €379.7 million
9. Proposed final dividend of €0.0316 per share, an increase of 8.6% compared to FY2016

#### FINANCIAL HIGHLIGHTS

##### For the year ended 31 March

(in million €, unless otherwise stated)

	2017	2016	Change
<b>Net sales</b>	<b>1,323.2</b>	1,282.7	+3.2%
<b>Gross profit</b>	<b>1,102.4</b>	1,061.5	+3.9%
<i>Gross margin</i>	<b>83.3%</b>	82.8%	+0.5 pp
<b>Operating profit</b>	<b>168.3</b>	168.0	+0.2%
<i>Operating margin</i>	<b>12.7%</b>	13.1%	-0.4 pp
<b>Profit for the year</b>	<b>132.4</b>	113.6	+16.6%
<i>Net profit margin</i>	<b>10.0%</b>	8.9%	+1.1 pp
<b>Basic EPS (€)*</b>	<b>0.090</b>	0.075	+20.0%
<b>Dividend per share (€)*</b>	<b>0.0316</b>	0.0291	+8.6%
<b>Dividend payout ratio (%)*</b>	<b>35.0%</b>	38.7%	-3.7 pp
<b>Return on capital employed (%)</b>	<b>24.6%</b>	22.2%	+2.4 pp
<b>Return on equity (ROE) (%)</b>	<b>14.3%</b>	13.0%	+1.4 pp
<b>Gearing ratio (%)</b>	<b>5.9%</b>	7.5%	-1.6 pp
<b>Net Cash</b>	<b>379.7</b>	335.9	+13.0%

\*The figure illustrates dividends declared for the period indicated, not actual dividends paid during the period indicated. Final dividend of €0.0316 per share proposed for the year ended 31 March 2017 is subject to the approval of the shareholders of the Group at the forthcoming Annual General Meeting.

(12 June 2017, Hong Kong) L'Occitane International S.A. ("L'Occitane" or the "Group"; SEHK stock code: 973), a global, natural ingredient-based cosmetics and well-being products company with true stories from Provence, France and around the world, today announces its annual results for the year ended 31 March 2017 ("FY2017").

The Group recorded net sales of €1,323.2 million for FY2017, an improvement of 1.7% at constant rates and 3.2% at actual rates compared to FY2016. The improvement in net sales was mostly attributable to the Group's new stores and newly renovated stores, the good performance of its web channels and own E-commerce business, and double-digit growth in the Group's emerging brands.

Gross profit rose 3.9% to €1,102.4 million in FY2017, which was mainly attributable to more efficient supply chain management, better price and product mix and favourable FX effects. Gross profit margin expanded by 0.5 points to 83.3% in FY2017.

The Group recorded an operating profit of €168.3 million for FY2017; an increase of 0.2% with operating profit margin decreasing 0.4 points to 12.7%, due mostly to continuous investments in R&D, brand awareness and emerging brands. Net profit rose by 16.6% to €132.4 million – the Group's highest ever profit since its listing – reflecting the management's ability to expand sales despite the challenging operating environment, the absence of a one-off, non-cash foreign currency loss that was recorded during last year, favourable FX effects and a lower effective tax rate.

Sell-out sales accounted for 75.0% of the Group's total sales in FY2017, amounting to €992.5 million, an increase of 1.3% at constant exchange rates. This growth was primarily driven by new stores and newly renovated stores, as well as the growth and development of the Group's E-commerce channels, especially marketplaces. Under its selective omni-channel expansion strategy, the Group's global own retail store network grew to a total of 1,514 stores during the year, while its E-commerce presence continued to expand.

Sell-in sales accounted for 25.0% of the Group's total sales in FY2017, amounting to €330.7 million, an increase of 3.1% at constant exchange rates. This growth was driven by dynamic growth in web partners, wholesale, distribution and B2B channels and in the emerging brands – L'Occitane au Brésil, Melvita and Erborian.

Brazil and Japan registered the largest growth at actual rates, with sales growing 30.0% and 15.5% (due to the stronger Brazilian Real and Japanese Yen) respectively. Local currency sales in Brazil also grew by 18.4%, which was driven by both the L'Occitane en Provence and L'Occitane au Brésil brands. Sales in Japan benefited from a well-received TV advertising campaigns and improving sales growth in the Group's own E-commerce business and web-partners.

In terms of local currency sales, China was also stand out market for the Group in FY2017, with sales growing 11.0% compared to FY2016, as a result of accelerated growth at its physical and online stores (such as its flagship on TMall) and B2B, particularly in the last quarter of FY2017. Much of this great result was driven by a highly successful brand ambassador campaign that took place in the second half of the year.

Sales in Hong Kong continued to be negatively affected by falling numbers of inbound tourists, heavy discounting and the strong Hong Kong Dollar, while sales in France remained sluggish due to terrorism fears, the recent presidential election and poor retail sentiment. However, E-commerce and wholesale sales in the United Kingdom grew as the result of well-received Christmas and holiday offerings.

The development of the Group's emerging brands – L'Occitane au Brésil, Melvita and Erborian – remained on track and contributed more to overall growth during FY2017, with some of these brands achieving double-digit or even triple-digit growth by tapping audiences and followings, especially in the Japan, France and Brazil markets.

As part of its omni-channel sales strategy, the Group continued to significantly invest in its self-owned E-commerce websites, mobile sites, third-party marketplaces and social media platforms to drive traffic, conversion, sales and growth to its online platforms and physical stores. It also continued to push forward marketing initiatives and gifting strategies to safeguard its performance in markets with a more uncertain economic situation, including the United States, United Kingdom and other European countries.

As part of its multi-brand strategy, the Group recently invested US\$128 million in a 40% stake in LimeLight by Alcone, a fast-growing US-based natural skincare and personalized makeup company selling through "social commerce", with the objective to develop its business model worldwide, and to speed up the Group's expansion into the colour cosmetics sector. It will also seek to expand into other product streams to cater for a wider customer audience, including millennials.

The Group's balance sheet remained healthy during the year under review, with its net cash position amounting to €379.7 million as at 31 March 2017. L'Occitane is pleased to propose a final dividend of €0.0316 per share, representing a dividend pay-out ratio of 35.0% in FY2017.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "Despite ongoing external challenges in many of the markets where we operate, we are extremely pleased to report our highest ever profit since our listing. This result demonstrates that our omni-channel sales strategy and brand building efforts have really come to the fore."

"This result is solid proof of our commitment to deliver comforting and luxurious products to our customers, who seek offerings made from socially-conscious, high-quality, natural and sustainable ingredients. The result is also a strong reflection of the trust we place in our people, to whom we continue to give autonomy and the means to become strong professionals, making sure that they have a strong sense of accountability."

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## **About L'Occitane International S.A.**

L'Occitane International S.A. (the "Company") is a world's leading natural ingredient-based cosmetics and well-being products company with true stories from Provence, France and around the world. A global leader in the premium beauty market, L'Occitane produces and retails best quality products, produced with cutting-edge technology under four brands, including L'Occitane en Provence, Melvita, Erborian and L'Occitane au Brésil. Its products are rich in natural ingredients of traceable origins, while also respecting the environment.

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