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L'OCCITANE

EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

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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 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 nine months ended 31 December 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 grew by 2.3% at reported rates and 1.7% at constant rates for the first nine months of FY2017, both saw improvement from the first half of FY2017
- The improvement was mainly contributed by web channels and non-comparable stores
- The emerging brands also posted encouraging growth
- Brazil remained the fastest growing country with 19.9% growth, followed by China with 8.3% growth (both in local currency)
- Japan posted a growth rate of 17.5% at reported rates due to stronger Japanese Yen

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 2016:

Sales and % of total sales

	31 Dec 2016		31 Dec 2015	
	€ '000	%	€ '000	%
Sell-out	752,630	74.7	737,636	74.9
Sell-in	254,587	25.3	247,042	25.1
Total	<u>1,007,217</u>	<u>100.0</u>	<u>984,678</u>	<u>100.0</u>

Year-on-year growth

	Growth	Growth	Growth ⁽²⁾	Contribution to Overall Growth ⁽²⁾
	€ '000	%	%	%
Sell-out	14,994	2.0	1.0	45.3
Comparable Stores	(4,656)	(0.8)	(1.7)	(58.7)
Non-comparable Stores & others ⁽¹⁾	19,650	11.7	10.4	104.0
Sell-in	<u>7,545</u>	<u>3.1</u>	<u>3.7</u>	<u>54.7</u>
Overall Growth	<u>22,539</u>	<u>2.3</u>	<u>1.7</u>	<u>100.0</u>

(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 2016 and contribution to overall sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Sales and % of total sales							Contribution to Overall Growth ⁽¹⁾
	31 Dec 2016		31 Dec 2015		Growth		Growth ⁽¹⁾	
	€ '000	%	€ '000	%	€ '000	%	%	
Japan	174,334	17.3	148,428	15.1	25,906	17.5	3.6	31.5
Hong Kong ⁽²⁾	93,695	9.3	104,355	10.6	(10,661)	(10.2)	(10.2)	(63.2)
China	96,803	9.6	94,810	9.6	1,993	2.1	8.3	47.1
Taiwan	31,404	3.1	32,060	3.3	(656)	(2.0)	(3.4)	(6.6)
France	79,431	7.9	80,887	8.2	(1,457)	(1.8)	(1.8)	(8.7)
United Kingdom	52,942	5.3	62,646	6.4	(9,704)	(15.5)	(1.3)	(4.8)
United States	136,204	13.5	137,828	14.0	(1,624)	(1.2)	(1.3)	(10.4)
Brazil	44,861	4.5	35,441	3.6	9,420	26.6	19.9	42.0
Russia	33,870	3.4	33,128	3.4	742	2.2	5.6	11.0
Other countries ⁽³⁾	263,673	26.2	255,094	25.9	8,579	3.4	4.1	62.1
All countries	1,007,217	100.0	984,678	100.0	22,539	2.3	1.7	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 same store sales growth for the nine months ended 31 December 2016 compared to the nine months ended 31 December 2015:

	Own Retail Stores				% contribution to Overall Growth ^{(1) (2)}			Same Store Sales Growth % ⁽²⁾
	Net openings YTD		Net openings YTD		Non-comparable Stores	Comparable Stores	Total Stores	
	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015				
Japan ⁽³⁾	131	8	121	10	40.3	(10.0)	30.3	(1.6)
Hong Kong ⁽⁴⁾	34	(2)	38	2	(23.9)	(20.7)	(44.6)	(14.7)
China ⁽⁵⁾	200	13	183	22	28.2	2.2	30.4	0.6
Taiwan ⁽⁶⁾	56	1	56	1	(2.0)	(3.4)	(5.4)	(2.7)
France ⁽⁷⁾	82	1	83	2	(0.6)	(12.4)	(13.0)	(5.5)
United Kingdom	75	—	75	2	1.4	(5.0)	(3.6)	(2.1)
United States	214	(3)	218	4	(9.4)	(6.5)	(15.9)	(1.1)
Brazil ⁽⁸⁾	119	27	92	11	15.5	12.5	28.0	9.2
Russia ⁽⁹⁾	102	(1)	107	—	4.0	1.1	5.0	1.0
Other countries ⁽¹⁰⁾	506	12	494	29	24.1	(16.5)	7.6	(2.1)
All countries⁽¹¹⁾	1,519	56	1,467	83	77.7	(58.7)	19.0	(1.7)

(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 18 and 23 Melvita stores as at 31 December 2015 and 31 December 2016 respectively.

(4) Includes 3 L'Occitane stores in Macau, 9 Melvita and 1 Erborian stores in Hong Kong as at 31 December 2015 and 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 December 2016.

(5) Includes 8 and 10 Melvita stores as at 31 December 2015 and 31 December 2016 respectively.

(6) Includes 1 Erborian store as at 31 December 2016

(7) Includes 5 Melvita and 1 Erborian stores as at 31 December 2015 and 3 Melvita and 1 Erborian stores as at 31 December 2016.

(8) Includes 12 and 35 L'Occitane au Brésil stores as at 31 December 2015 and 31 December 2016 respectively.

(9) Includes 1 Erborian store as at 31 December 2015 and 31 December 2016.

(10) Include 10 Melvita and 2 Erborian stores as at 31 December 2015 and 8 Melvita and 2 Erborian stores as at 31 December 2016.

(11) Include 50 Melvita, 12 L'Occitane au Brésil and 5 Erborian stores as at 31 December 2015 and 54 Melvita, 35 L'Occitane au Brésil and 5 Erborian stores as at 31 December 2016.

The Group's net sales at reported rates were €1,007.2 million, grew by 2.3% over same period last year. At constant exchange rates, sales growth was 1.7%. Both growth rates improved from the first half of FY2017.

During the first nine months of FY2017, Sell-out sales accounted for 74.7% of the net sales and amounted to €752.6 million, posted a growth of 2.0% at reporting rates as compared to the same period last year. At constant rates, the growth was 1.0%. This growth was primarily contributed by Non-comparable Stores and other sales, including new stores opened and stores renovated in last year and this year, marketplaces, café and spa businesses, altogether posted a growth of 10.4% at constant exchange rates. As compared to the same period last year, the Group's own E-commerce channel grew by 11.2% at constant exchange rates and reached 11.2% of the total retail sales. Group's same store sales for the first nine months of FY2017 decreased by 1.7%, yet still improved from -2.5% for the first six months of FY2017. The third quarter saw some improvements in overall same store sales, mainly contributed by Japan, China and Western Europe.

Sell-in sales accounted for 25.3% of the Group's total sales and amounted to €254.6 million, and posted an increase of 3.7% at constant exchange rates as compared to the same period last year. The increase was primarily driven by the dynamic growth in wholesale, distribution and B2B channels of the emerging brands, in particular, L'Occitane au Brésil, Melvita and Erborian.

In terms of geographical areas, Brazil, China, Russia and Japan were among countries with highest sales growth in local currencies. For the nine months ended 31 December 2016, sales in Brazil grew by 19.9% in local currency, contributed by both sell-in and sell-out channels and also by both L'Occitane en Provence and L'Occitane au Brésil brands. China had a good growth of 8.3% in local currency thanks to dynamic sales performance in new stores, marketplaces and B2B. Same store sales growth in China was 0.6%, recovered from -1.7% for the first half of FY2017. With healthy growth in distribution and web business, Russia posted a growth of 5.6% in local currency. As a result of a stronger Japanese Yen as compared to last year, the sales growth in Japan was 17.5% at reported rates. E-commerce in Japan continued to improve and saw encouraging growth. During the third quarter of FY2017, same store sales growth had improved as compared to the first six months of FY2017 in key Western European countries such as the UK, France, Germany and Italy, thanks to the attractive Christmas offerings and dynamic own E-commerce sales.

For the nine months ended 31 December 2016, the Group maintained its selective global retail expansion with 56 net stores opened (83 in the same period last year).

Reference is made to the announcement of the Company on 17 January 2017 relating to the disposal of the brand Le Couvent des Minimes. The Group's like-for-like sales growth (excluding Le Couvent des Minimes) at reported rates and constant rates remained unchanged at 2.3% and 1.7% respectively for the nine months ended 31 December 2016.

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

Hong Kong, 23 January 2017

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.