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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 2017

L'Occitane International S.A. (the "Company") is pleased to present the unaudited 2017/2018 ("FY2018") trading update of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2017. 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 4.1% at reported rates and 2.7% at constant rates; both rates improved from the financial year ended 31 March 2017 ("FY2017")
- Excluding Le Couvent des Minimes, sales grew by 4.6% at reported rates and 3.2% at constant rates
- China posted impressive growth of 26.9% in local currency, with same store sales growth of 14.7%
- Brazil and Japan grew in local currency by 13.7% and 4.0% respectively
- Web Sell-out channels (own E-commerce and Marketplaces) delivered encouraging growth of 27.3% and now reached 13.2% of the total Sell-out sales

#### 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 2017:

#### Sales and % of total sales

	30 Jun 2017		30 Jun 2016	
	€ '000	%	€ '000	%
Sell-out	206,364	73.8	200,433	74.7
Sell-in	73,171	26.2	68,020	25.3
<b>Total</b>	<b>279,534</b>	<b>100.0</b>	<b>268,453</b>	<b>100.0</b>

#### Year-on-year growth

	Growth		Contribution to Overall Growth <sup>(2)</sup>	
	€ '000	%	Growth <sup>(2)</sup> %	Overall Growth <sup>(2)</sup> %
<b>Sell-out</b>	<b>5,931</b>	<b>3.0</b>	<b>1.5</b>	<b>41.6</b>
Comparable Stores	1,191	0.7	(0.6)	(14.2)
Non-comparable Stores & others <sup>(1)</sup>	4,740	15.0	12.7	55.8
<b>Sell-in</b>	<b>5,150</b>	<b>7.6</b>	<b>6.2</b>	<b>58.4</b>
<b>Overall Growth</b>	<b>11,082</b>	<b>4.1</b>	<b>2.7</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 2017 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 <sup>(1)</sup>	
	30 Jun 2017		30 Jun 2016		Growth		Growth <sup>(1)</sup>	Growth <sup>(1)</sup>
	€ '000	%	€ '000	%	€ '000	%	%	%
Japan	53,189	19.0	51,419	19.2	1,769	3.4	4.0	28.6
Hong Kong <sup>(2)</sup>	24,076	8.6	22,847	8.5	1,228	5.4	2.9	9.3
China	29,805	10.7	24,060	9.0	5,745	23.9	26.9	89.6
Taiwan	7,743	2.8	7,167	2.7	576	8.0	(2.1)	(2.0)
France	22,902	8.2	22,645	8.4	257	1.1	1.1	3.6
United Kingdom	11,396	4.1	13,305	5.0	(1,909)	(14.3)	(6.3)	(11.5)
United States	33,573	12.0	36,218	13.5	(2,645)	(7.3)	(9.7)	(48.7)
Brazil	14,068	5.0	10,980	4.1	3,088	28.1	13.7	20.9
Russia	9,657	3.5	8,569	3.2	1,088	12.7	(4.7)	(5.6)
Other countries <sup>(3)</sup>	73,126	26.2	71,241	26.5	1,884	2.6	1.6	15.9
<b>All countries</b>	<b>279,534</b>	<b>100.0</b>	<b>268,453</b>	<b>100.0</b>	<b>11,082</b>	<b>4.1</b>	<b>2.7</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 2017 compared to the three months ended 30 June 2016:

	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 2017	30 Jun 2017	30 Jun 2016	30 Jun 2016				
Japan <sup>(3)</sup>	139	5	128	5	26.8	13.7	40.5	2.4
Hong Kong <sup>(4)</sup>	35	1	36	—	(12.5)	(3.7)	(16.2)	(4.1)
China <sup>(5)</sup>	199	(3)	195	8	8.9	36.0	44.9	14.7
Taiwan <sup>(6)</sup>	54	(2)	56	1	(0.2)	(2.3)	(2.4)	(3.5)
France <sup>(7)</sup>	81	1	81	—	3.2	(10.7)	(7.6)	(7.8)
United Kingdom	74	—	74	(1)	0.6	(3.8)	(3.2)	(2.9)
United States	206	(1)	215	(2)	(20.0)	(25.2)	(45.3)	(6.9)
Brazil <sup>(8)</sup>	123	—	96	4	15.0	2.2	17.3	2.0
Russia <sup>(9)</sup>	103	(1)	103	—	(0.9)	(5.0)	(5.9)	(6.4)
Other countries <sup>(10)</sup>	504	4	502	8	1.9	(15.4)	(13.5)	(2.8)
<b>All countries<sup>(11)</sup></b>	<b>1,518</b>	<b>4</b>	<b>1,486</b>	<b>23</b>	<b>22.9</b>	<b>(14.2)</b>	<b>8.6</b>	<b>(0.6)</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 21 and 28 Melvita stores as at 30 June 2016 and 30 June 2017 respectively.

(4) Includes 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 June 2016 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 June 2017.

(5) Includes 10 and 9 Melvita stores as at 30 June 2016 and 30 June 2017 respectively.

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

(7) Includes 4 Melvita and 1 Erborian stores as at 30 June 2016 and 3 Melvita and 1 Erborian stores as at 30 June 2017.

(8) Includes 15 and 36 L'Occitane au Brésil stores as at 30 June 2016 and 30 June 2017 respectively.

(9) Includes 1 and 3 Erborian stores as at 30 June 2016 and 30 June 2017 respectively.

(10) Include 10 Melvita and 2 Erborian stores as at 30 June 2016 and 4 Melvita and 1 Erborian stores as at 30 June 2017.

(11) Include 55 Melvita, 15 L'Occitane au Brésil and 5 Erborian stores as at 30 June 2016 and 54 Melvita, 36 L'Occitane au Brésil and 5 Erborian stores as at 30 June 2017.

The Group's net sales at reported rates were €279.5 million, grew by 4.1% over the same period last year. At constant exchange rates, sales growth was 2.7%. During FY2017, the Company disposed of Le Couvent des Minimes. Excluding Le Couvent des Minimes, the Group's sales growth at reported rates and constant rates were 4.6% and 3.2%.

During the first three months of FY2018, Sell-out sales accounted for 73.8% of the net sales and amounted to €206.4 million, posted a growth of 3.0% at reported rates as compared to same period last year. At constant rates, the growth was 1.5%. 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 12.7% at constant exchange rates. As compared to last year, sales of the Group's Web Sell-out channels (including own E-commerce and Marketplaces) grew by 27.3% at constant exchange rates, now equivalent to 13.2% of the total Sell-out sales\*. The Group's same store sales for the three months ended 30 June 2017 decreased by 0.6%, yet still improved from -1.3% for the same period last year, thanks to double-digit same store growth in China.

Sell-in sales accounted for 26.2% of the Group's total sales and amounted to €73.2 million, posted an increase of 6.2% at constant exchange rates as compared to last year. The increase was primarily driven by the dynamic growth in distribution, travel retail, B2B and webpartners channels of L'Occitane brand. The emerging brands - L'Occitane au Brésil, Melvita and Erborian — also drove overall sales growth.

In terms of geographical areas, China, Brazil and Japan were among countries with highest sales growth in local currencies. For the three months ended 30 June 2017, China sales had an impressive growth of 26.9% in local currency, thanks to accelerated growth in retail with same store growth of 14.7%. The marketing campaign with Chinese artist Lu Han started in May 2017 and got great success in drawing traffic online and offline. Marketplaces in China recorded a staggering 250% growth in the first three months of FY2018. Sales in Brazil grew by 13.7% 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. In Japan, sales growth remained healthy at 4.0% in local currency, with same store sales growth of 2.4%. Own E-commerce channel performed well which was partly contributed by the new LINE promotion campaigns and partly by the attractive offerings. In addition, Melvita continued to post encouraging growth in Japan. Hong Kong saw a sales growth of 2.9%, mainly contributed by travel retail and distribution channels.

The Group maintained its selective global retail expansion with 4 net stores opened during the three months ended 30 June 2017 (same period last year: 23). The Group also continued to renovate its retail network with 20 stores refurbished (same period last year: 13).

\* In previous communications, the Group used to disclose its own E-commerce sales growth and ratio to retail sales, for the three months ended 30 June 2017, such indicators were 14.2% and 11.8%, respectively.

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

Hong Kong, 25 July 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.*