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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 SIX MONTHS ENDED 30 SEPTEMBER 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 six months ended 30 September 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 1.3% at constant exchange rates and 0.9% at reported rates for the first six months of FY2017, both growth rates saw improvement from the first quarter of FY2017
- The improvement was mainly contributed by the stores opened last year and this year, marketplaces, wholesale and distribution
- The emerging brands also posted encouraging growth
- Brazil remained the fastest growing country with 20.5% growth, followed by Russia with 10.6% growth (both in local currency)
- Japan posted a growth rate of 15.9% at reported rates due to strengthening Japanese Yen
- Local currency growth in China accelerated slightly to 5.4% despite challenging retail environment due to severe weather
- Overall growth was hindered by sluggish retail sales in some markets such as Hong Kong, the UK and France

#### 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 six months ended 30 September 2016:

#### Sales and % of total sales

	30 Sep 2016		30 Sep 2015	
	€ '000	%	€ '000	%
Sell-out	400,549	72.6	398,180	72.8
Sell-in	151,114	27.4	148,519	27.2
<b>Total</b>	<b>551,663</b>	<b>100.0</b>	<b>546,699</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>2,369</b>	<b>0.6</b>	<b>0.6</b>	<b>34.3</b>
Comparable Stores	(8,406)	(2.6)	(2.5)	(112.8)
Non-comparable Stores & others <sup>(1)</sup>	10,775	13.9	13.7	147.1
<b>Sell-in</b>	<b>2,594</b>	<b>1.7</b>	<b>3.2</b>	<b>65.7</b>
<b>Overall Growth</b>	<b>4,963</b>	<b>0.9</b>	<b>1.3</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 six months ended 30 September 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 Sep 2016		30 Sep 2015		Growth		Contribution to Overall Growth <sup>(1)</sup>	
	€ '000	%	€ '000	%	€ '000	%	Growth <sup>(1)</sup> %	Growth <sup>(1)</sup> %
Japan	104,460	18.9	90,113	16.5	14,348	15.9	1.3	16.3
Hong Kong <sup>(2)</sup>	50,927	9.2	58,103	10.6	(7,176)	(12.4)	(11.2)	(90.0)
China	50,797	9.2	51,438	9.4	(641)	(1.2)	5.4	38.6
Taiwan	15,871	2.9	16,658	3.0	(787)	(4.7)	(2.9)	(6.8)
France	43,826	7.9	45,005	8.2	(1,179)	(2.6)	(2.6)	(16.3)
United Kingdom	26,475	4.8	31,648	5.8	(5,173)	(16.3)	(4.9)	(21.3)
United States	70,838	12.8	72,277	13.2	(1,439)	(2.0)	(0.7)	(6.7)
Brazil	22,478	4.1	19,539	3.6	2,939	15.0	20.5	55.4
Russia	17,248	3.1	17,969	3.3	(721)	(4.0)	10.6	26.3
Other countries <sup>(3)</sup>	148,742	27.0	143,950	26.3	4,793	3.3	5.2	104.4
<b>All countries</b>	<b>551,663</b>	<b>100.0</b>	<b>546,699</b>	<b>100.0</b>	<b>4,963</b>	<b>0.9</b>	<b>1.3</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 six months ended 30 September 2016 compared to the six months ended 30 September 2015:

	Own Retail Stores				% contribution to Overall Growth <sup>(1)(2)</sup>			
	Net openings YTD		Net openings YTD		Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % <sup>(2)</sup>
	30 Sep 2016	30 Sep 2016	30 Sep 2015	30 Sep 2015				
Japan <sup>(3)</sup>	130	7	117	6	58.0	(37.4)	20.6	(4.1)
Hong Kong <sup>(4)</sup>	34	(2)	38	2	(21.1)	(27.6)	(48.7)	(13.7)
China <sup>(5)</sup>	195	8	180	19	43.4	(8.2)	35.3	(1.7)
Taiwan <sup>(6)</sup>	56	1	55	-	(1.7)	(1.5)	(3.2)	(1.0)
France <sup>(7)</sup>	81	-	81	-	(2.6)	(21.0)	(23.7)	(7.3)
United Kingdom	75	-	75	2	3.4	(12.7)	(9.3)	(4.5)
United States	215	(2)	216	2	(3.2)	(9.6)	(12.8)	(1.3)
Brazil <sup>(8)</sup>	101	9	88	7	17.8	21.1	38.9	11.4
Russia <sup>(9)</sup>	107	4	106	(1)	8.1	8.0	16.2	5.6
Other countries <sup>(10)</sup>	501	7	485	20	36.6	(23.9)	12.7	(2.3)
<b>All countries<sup>(11)</sup></b>	<b>1,495</b>	<b>32</b>	<b>1,441</b>	<b>57</b>	<b>138.8</b>	<b>(112.8)</b>	<b>25.9</b>	<b>(2.5)</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 17 and 22 Melvita stores as at 30 September 2015 and 30 September 2016 respectively.

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

(5) Includes 8 and 10 Melvita stores as at 30 September 2015 and 30 September 2016 respectively.

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

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

(8) Includes 8 and 18 au Brésil stores as at 30 September 2015 and 30 September 2016 respectively.

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

(10) Include 8 Melvita and 1 Erborian stores as at 30 September 2015 and 9 Melvita and 2 Erborian stores as at 30 September 2016.

(11) Include 48 Melvita, 8 Au Brésil and 2 Erborian stores as at 30 September 2015 and 54 Melvita, 18 Au Brésil and 5 Erborian stores as at 30 September 2016.

The Group's net sales at reported rates were €551.7 million, grew 0.9% over the same period last year. At constant exchange rates, sales growth was 1.3%. Both growth rates improved from the first quarter of FY2017.

During the first six months of FY2017, Sell-out sales accounted for 72.6% of the net sales and amounted to €400.5 million, posting a growth of 0.6% 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 last year and this year, marketplaces, café and spa businesses, altogether posted a growth of 13.7% at constant exchange rates. As compared to the same period last year, the Group's E-commerce channels grew by 6.8% at constant exchange rates and reached 10.1% of the total retail sales during the first six months of FY2017. The Group's same store sales for the first six months of FY2017 fell 2.5% under the backdrops of uncertainties brought by the weak global economy, threats of terrorist attacks in France and other European countries, economic uncertainties in the UK, depressed retail market in Hong Kong as well as severe weather in some markets all added to the difficult retail environment globally.

During the first six months of FY2017, sell-in sales accounted for 27.4% of the Group's total sales and amounted to €151.1 million, and posted an increase of 3.2% at constant exchange rates as compared to the same period last year. The increase was primarily driven by the dynamic growth in wholesale and distribution channels of the emerging brands, in particular, au Brésil, Melvita and Erborian.

In terms of geographical areas, Brazil, Russia and China were among countries with highest sales growth in local currencies. For the six months ended 30 September 2016, sales in Brazil grew by 20.5% in local currency, contributed by both Comparable and Non-comparable Stores, with same store sales growth at 11.4%. Franchise distribution and E-commerce also posted encouraging results for both L'Occitane en Provence and L'Occitane au Brésil brands. Russia posted a growth of 10.6% in local currency with same store sales growth at 5.6%. China had a growth of 5.4% in local currency despite severe weather in the second quarter of FY2017, with growth mainly contributed by the stores opened last year and this year, marketplaces and B2B. As a result of a stronger Japanese Yen compared to last year, the sales growth in Japan was 15.9% at reported rates. Retail sales in France and the UK were impacted by terrorist attacks and economic uncertainties respectively, while sales in Hong Kong remained weak due to a sluggish retail market.

For the six months ended 30 September 2016, the Group maintained its selective global retail expansion with 32 net stores opened (57 in the same period last year).

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

Hong Kong, 25 October 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.*