February 6, 2024

The Board of Directors
L'Occitane International SA
Chemin du Pré-Fleuri, 5
CP 165
1228 Plan-les-Ouates
Geneva, Switzerland

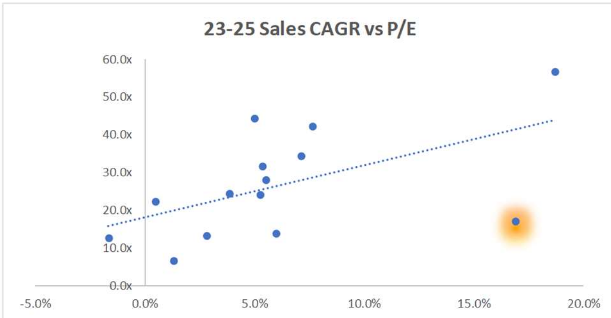
Dear Members of the Board:

A fund (the "Fund") managed by Butler Hall Capital LLC ("Butler Hall", "we", or "our") is a shareholder of L'Occitane International ("L'Occitane" or the "Company") with current ownership of 1,500,000 shares. We have seen news that suggests Blackstone Inc. and the controlling shareholder of L'Occitane may be considering a potential offer for the Company. We believe any offer below HK$45 per share would materially undervalue the Company. We have been extremely impressed with the acquisition and brilliant execution of Sol de Janeiro ("Sol") and remain excited about the enormous growth opportunities ahead. Our analysis indicates that Sol could be valued at more than $8 billion if it were an independently listed company on a U.S. exchange [1]. As such, unless the prevailing offer is for more than HK$45 per share, we believe the Company's board of directors (the "Board") should pursue a relisting of L'Occitane in the U.S. and evaluate a spin-off of its ownership in Sol as a separate publicly listed company. We believe such actions are likely to result in over 100% upside to the Company's stock [2].

L'Occitane is a global beauty and skin care company that we expect to grow at twice the rate of peers, (~17% CAGR from FY2024-FY2026 vs. peer average of ~9%) but is currently trading at half the peer multiple (~17x our estimate of earnings/free cash flow vs. peer average of ~40x) [1][2]. We believe this discount can be largely attributed to the fact that the Company is listed on an exchange in Hong Kong. This is the wrong market for a primary listing as the vast majority of its revenues are generated outside of Asia (65% North America and EMEA) and its most important asset is situated in the U.S. (Sol) [1]. While Sol has grown sales from $100mm in 2021 to more than $600 million in 2023, it has done so without having a presence in many key US distributors or in several of the major global markets for beauty [1]. It is rare to see a brand growing 200% off such a high revenue base while still so underpenetrated. We believe such a fantastic business could only achieve fair value in the U.S.

<u>Pursue a Listing of the Company' Shares in the U.S. Market:</u>

We understand management's logic to pursue an initial public offering ("IPO") in Hong Kong in 2010. At the time it made sense as the Company was initially valued at roughly the same P/E multiple as L'Oreal S.A. ("L'Oreal"), which owns the well-known French brand of the same name. However, the appeal for a Hong Kong listed security has changed, resulting in a widening discount between L'Occitane and global beauty companies. Despite far superior growth potential, the market has valued L'Occitane at 17x P/E [2], or half the multiple of L'Oreal. A closer look at the comparable company universe points to roughly double the valuation for companies with inferior growth relative to L'Occitane (see chart below). Not only will listing on the right exchange attract many active investors that are currently unwilling to allocate capital to Hong Kong, but it should also drive substantial interest from many passive funds.



Comparable Company Analysis:	'23-'25 Sales CAGR	2024 P/E
L'OREAL	7.1%	34.4x
ESTEE LAUDER COMPANIES-CL A	7.6%	42.3x
ELF BEAUTY INC	18.7%	56.8x
COTY INC-CL A	5.2%	24.0x
SHISEIDO CO LTD	5.0%	44.2x
Average	**8.7%**	**40.4x**
L'OCCITANE INTERNATIONAL SA*	**16.9%**	**17.1x**

**Peers Sales CAGR reflects CY23-CY-25 vs. L'Occitane reflecting FY24-F26 as L'Occitane FY ends in March*
Source: Bloomberg, Company Disclosures, Butler Hall Estimates

Source: Butler Hall Estimates, Bloomberg, L'Occitane Filings. Note: L'Occitane stock price and multiple based on the unaffected price as of 2/5/24.

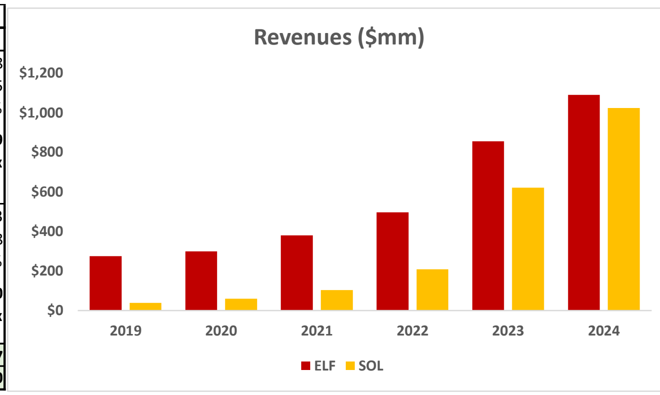
Unless the Company can garner a substantial premium from its buyout talks, we believe that the Board can, and should, take the necessary steps to successfully relist the shares in the United States. The U.S. is currently the most liquid and highest valued market in the world. Given the scarcity of established high growth consumer companies, we believe U.S. investors are ready and willing to pay a substantial premium for a company like L'Occitane. Moreover, there have been many successful companies that have exhibited significant multiple expansion from simply relisting shares in the U.S. from their legacy markets. Recently, CRH PLC ("CRH"), an Irish cement and aggregates company, has appreciated more than 60% following its announcement to relist to the U.S. last March [1]. To reiterate, we believe a successful relisting away from Hong Kong should drive the stock price north of HK$45 per share.

Sol de Janeiro:

Today, Sol is primarily a U.S. company with very little presence in Asia. We estimate that 70% of its revenues are generated in the United States which remains the primary growth market for the brand. We believe a spin-off of Sol in the U.S. market could command a valuation in excess of $8 billion, a representing significantly more than the Company's current enterprise value.

Despite growing 214% (constant currency) in Q3'F24 and 199% in the last 9 months, the market has yet to appreciate the potential of Sol. We doubt that the analysts covering the stock, which are generally based in Hong Kong, understand the true growth profile of a brand like Sol. There are only a few companies in the U.S. market with a record of hyper growth, strong margins, and long runway of growth ahead of them. One such company, which we also believe to be the closest peer for Sol, is e.l.f. Beauty Inc. ("ELF"). Currently, ELF trades at 10x sales yet Sol is the one with faster growth, better margins, and far lower penetration in the United States. Applying ELF's current EV/Sales multiple to Sol suggests a value of HK$32-$41/share to L'Occitane from Sol alone.

Sol Value based on ELF:	ELF	Sol
FY2024:		
Revenues	$ 917.5	$ 760.8
EBIT	$ 187.5	$ 183.5
EBIT Margin	20.4%	24.1%
Enterprise Value	**$ 8,865.0**	**$ 7,350.9**
EV/Sales	**9.7x**	**9.7x**
FY2025:		
Revenues	$ 1,133.0	$ 1,179.3
EBIT	$ 246.0	$ 294.8
EBIT Margin	21.7%	25.0%
Enterprise Value	**$ 8,865.0**	**$ 9,227.0**
EV/Sales	**7.8x**	**7.8x**
Value of Sol	**$ 7,351**	**$ 9,227**
Value/L'Occitane Share	**HK$ 32.26**	**HK$ 40.50**



Source: Butler Hall Estimates, Bloomberg, L'Occitane Filings. Note: L'Occitane stock price and multiple based on the unaffected price as of 2/5/24.

More importantly, we believe the brand's growth potential is equally as exciting and is driven by several key factors:

1. Exclusivity at Sephora: The spectacular growth at Sol has been achieved despite only selling through one key retailer in the United States. Starting in January, Sol began rolling out to Ulta Beauty Inc. and we expect it will be available in all 1,400 locations by the end of the calendar year. The proliferation into other points of distribution within the prestige beauty market presents a substantial opportunity to accelerate growth.
2. New Products: Sol has been incredibly successful in adding new product lines to the portfolio and plans a large campaign for a new product launch in the coming quarter. We believe the unique characteristics of the Sol brand will enable Sol to have similar success in ancillary products as they have had in fragrances and body cream. We believe the potential launch of Sun Protection Factor ("SPF") based products could add another 50% to sales when factoring in the size of the market as compared to other products.
3. International Markets: Sol has no presence in several of the top beauty markets of the world, most notably Japan, Korea, and China.
4. Travel/Duty Free: Sol is materially underrepresented within the travel market, something that we think can drive 20-30% of additional revenues over the long term.

In summary, unless a bid comes at a substantial premium to the prevailing stock price, we believe an opportunistic bid is not in the best of interest of shareholders today. We urge the Board to swiftly address the discounted valuation through the above-mentioned actions prior to entertaining an outright sale of the Company. The Sun of January is not the only thing shining bright right now.

Sincerely,

Bradley Lundy
Managing Member, Butler Hall Capital LLC

Michael Rybak, CFA
Partner, Butler Hall Capital LLC

[1] *L'Occitane Company Releases, SEC Public Filings, Bloomberg, Butler Hall Estimates*
[2] *L'Occitane stock price and multiple based on the unaffected price as of 2/5/24*

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