
Make better business decisions



Sign up to our newsletter for a truly global perspective on the fashion industry

Email address

SIGN UP

Enter your email to receive editorial updates, special offers and breaking news alerts from *Vogue Business*. You can unsubscribe at any time. Please see our [privacy policy](#) for more information.

COMPANIES

Why Groupe L'Occitane may delist from the Hong Kong stock exchange

The move could allow for more dexterity and an opportunity to list in Europe, which has proven fruitful for other beauty companies.

BY DANIELA MOROSINI

August 22, 2023

L'OCCITANE
EN PROVENCE

12^{N°3}

L'OCCITANE
EN PROVENCE





Photo: Raquel Maria Carbonell Pagola/Getty Images

To receive the Vogue Business newsletter, [sign up here](#).

Reinold Geiger, the billionaire majority shareholder of Groupe L'Occitane, is reportedly mulling a bid to delist the company from the Hong Kong stock exchange, HKEX, after profits fell 23 per cent for the 2023 financial year due to challenges in China and the divestment of its business in Russia.

The group owns brands including L'Occitane en Provence, Sol de Janeiro, Elemis, Melvita and Limelife — the latter two underperformed in 2023, contributing to the tumble in profits.

In an exchange filing, the company said that if a deal is to go ahead, the potential offer price would be no less than HK \$26 a share, which would give the company a valuation of around HK \$4.8 billion. “Nevertheless, the controlling shareholder is still considering its options, including the option of not pursuing any transaction at all, depending on market conditions and pending a feasible financing and structure option,” the filing said. When reached for comment, L'Occitane directed *Vogue Business* to the public filings.

Why might Geiger choose privatisation now? *Bloomberg* first reported the potential move in early August, and speculated that Geiger may later seek to relist the company at a higher value on a European exchange. “The business may be undervalued in his eyes, and he may see a value-creation opportunity by taking it private,” says Bill Detwiler, co-founder and managing partner of venture capital firm Fernbrook. Trading of its shares was halted the week of 9 August following the report, but resumed on 14 August.

While the group's profits were hit in 2023, sales were resilient — growing by 13 per cent year-on-year to cross €2 billion for the first time. Sol de Janeiro, the Brazilian-inspired bodycare line L'Occitane acquired in 2021, saw sales skyrocket to €267

million in 2023, up from €26.1 million the year prior. Elemis's net sales were also up 9 per cent. L'Occitane acquired Australian clean skincare brand Grown Alchemist this year for €50 million, which it plans to launch across the Asia Pacific market alongside Sol de Janeiro.

The company has over 1,300 stores across its brands, a relatively high number. Trimming that footprint back or quickly divesting underperforming brands may be easier in private hands.

Regardless of what Geiger — whose holding company owns around 70 per cent of the business — has in mind as a strategic plan, it'll likely be easier as a private company, says Detwiler. "Generally speaking, it's easier to fix a company when it's in private hands, as opposed to in the public markets. Those markets take a shorter-term view, looking at next-quarter forecasts and generally looking at short-term metrics," he says, adding that strategic repositioning takes a longer-term approach.

"A company may find it more commercially sensible to take their listing private so they can be more flexible in making business decisions that will support their long term strategy," says Chris Gao, research analyst at investment bank CLSA.

A number of Hong Kong listed companies have chosen to delist from the HKEX in recent years, or dual list on another exchange — Prada said in 2022 that it might seek a dual listing in Hong Kong and Milan. An HKEX listing increases exposure to the Chinese market, but China has struggled with pandemic-related headwinds, Sino-US relations are in flux, and higher valuations are possible in other markets. Joel Palix, founder of Palix Unlimited, a strategic and M&A boutique advisory, says the Paris stock exchange, Euronext, is becoming an increasingly important global bellwether and may be a draw.

"The likes of LVMH and L'Oréal have bolstered the valuations and significance of Euronext above, say, the London Stock Exchange," says Palix. He also points to Coty's plans to explore a dual listing, adding the Euronext to its current presence on the New York Stock Exchange.

Minority shareholders may try to delay or even block the takeover to preserve the value of their shares. However, Alexander Que, a partner at Hong Kong-based law firm Deacons, notes that Groupe L'Occitane's filing refers to a conditional general voluntary offer. "Squeeze-out rights can come into play in several jurisdictions if a minority of shareholders refuse and the majority shareholder has amassed between 90-95 per cent of the acceptances," he says. Luxembourg, where the company is incorporated, requires 95 per cent ownership to initiate a squeeze-out procedure.

Growth is on the horizon, experts say, thanks to Groupe L'Occitane bolstering its portfolio in recent years. Beloved by Gen Z, Sol de Janeiro has seen particular success on TikTok. CLSA's Gao notes that both Elemis and Sol de Janeiro have higher operating margins versus L'Occitane en Provence, adding potential for further profit gains, with Sol de Janeiro showing triple-digit growth in 2023. "Further market expansion and new product categories could underpin more growth," adds Gao.

Palix says more development for the company is forthcoming. "L'Occitane has become much more than just the eponymous brand. It's becoming a very balanced group, not just a big brand with a few smaller brands around it," he says.

Comments, questions or feedback? Email us at feedback@voguebusiness.com.

More beauty stories from *Vogue Business*

- Scrappy startup? [Bobbi Brown on doing it her way with Jones Road](#)
- [How Gen Z is changing beauty](#).
- Forget the indie locations, Aesop is going mainstream. [Can it keep its edge?](#)
- [Glossier's new CEO on why she's backing influencers](#), ending the DTC era and opening stores
- [The year in beauty](#): Star power, major deals and new retail models