

NOVEMBER 28, 15.00 CET

Oriflame

THIRD QUARTER 2019 EXTERNAL PRESENTATION

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ORIFLAME
— S W E D E N —



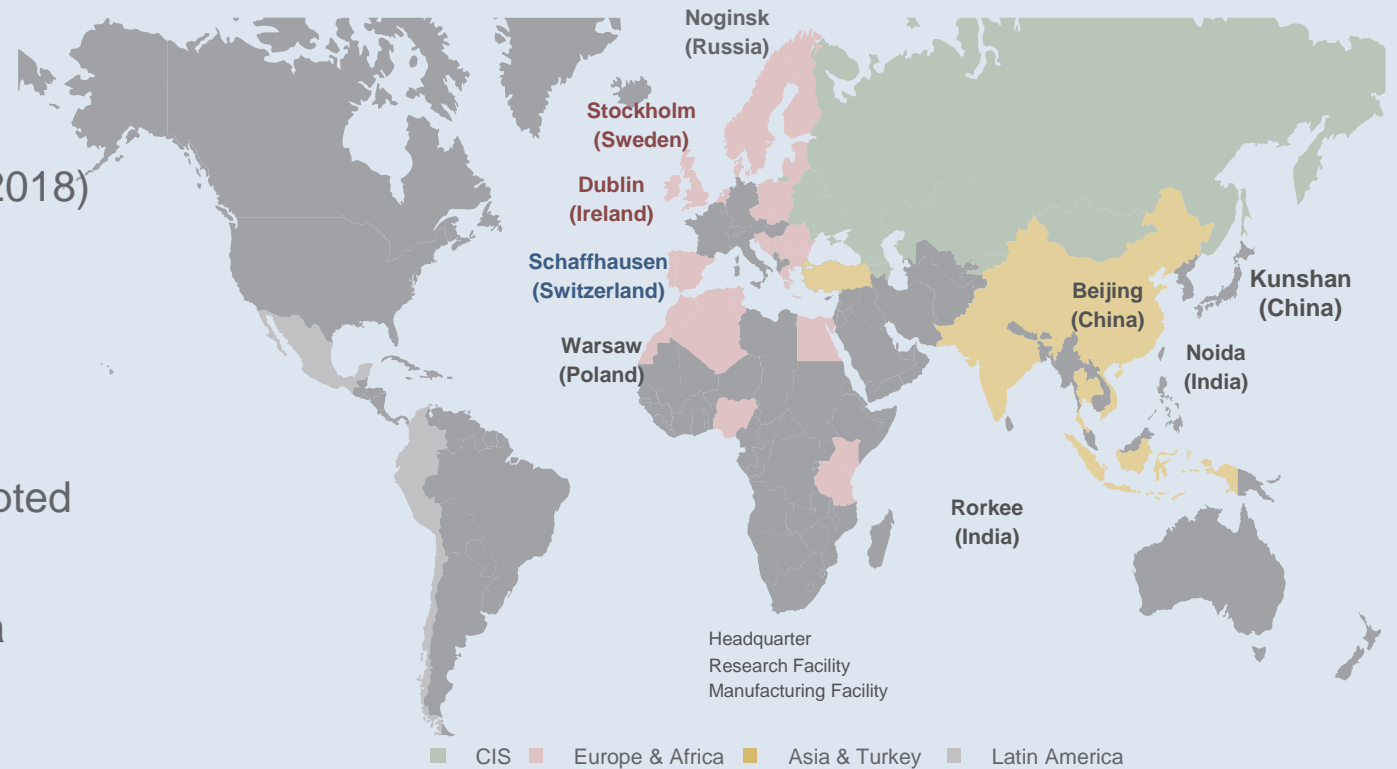
CAUTIONARY STATEMENT

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors like, for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and supply disturbances.

Oriflame snapshot

Founded in 1967. Oriflame is a beauty company selling direct with strong Swedish attributes operating across 60+ countries

- Around **3m** registered actives
- **€1.3bn** in sales / **€153m¹** in Operating Profit (2018)
- **96%** of orders online
- Around **1.000** beauty and wellness products
- **“Upper mass-market”** focus
- New catalogues every three to four weeks adopted to the local markets
- Manufacturing in China, India, Poland & Russia
- Headquartered in Switzerland



¹ Post-IFRS 15/16.

THIRD QUARTER

HIGHLIGHTS

Important clarifying information

- Unless otherwise stated, figures and comments related to the income statement and cash flow statement items in this presentation are based on the ongoing business operation of the Oriflame Group, excluding the Walnut entities¹⁾.
- Figures and comments related to the balance sheet items are based on the total Group, also including the Walnut entities¹⁾.

1) Walnut entities include the following entities: Walnut Midco Limited, Walnut Bidco Plc, Walnut Switzerland AG and Walnut Mergeco AG



Q3 Financial highlights

- **Sales** €288.9m (€279.4m) 3% in €, 1% in Ic
- **Adjusted EBITDA** €37.9m* (€42.8m)
 - Adjusted EBITDA margin 13.1%* (15.3%)
- **Cash flow**
 - From operating activities €13.2m** (€9.9m)
 - Before financing activities*** €7.7m* (€2.5m)
- **Cash and cash equivalents** was €149.5m****
- **Financial position******
 - Total debt €899.9m
 - Senior secured debt €822.6m
 - Net secured debt /Adjusted EBITDA* 3.6

* Excludes non-recurring items €0.5m (3 months) and €7.7m (12 months) related to the Acquisition

** Excludes non-recurring items of €31.6m related to the Acquisition and the interest repayment of the USPP loans

*** Cash flow before financing activities is defined as cash flow from operating activities excluding interest received and interest and bank charges paid less cash flow used in investing activities and payment of lease liabilities

**** Figures relate to the total Group, also including the Walnut entities

Q3 Operational highlights

- **Improved** sales, still reflecting **challenges** in some of the Asia & Turkey markets
- **Price/mix +2%**
 - Unit decline -1%
- **Registered actives +1%**
 - Lc productivity +0%
- Several **product launches** within key categories
- Awarded a top ranking in the **Sustainability Walking the Talk Report**
- Continued **strong online** development
- Unit drop offset by further **manufacturing efficiencies**



Focus area – strong product launches

- In **Skin Care**
 - the new *Love Nature* sheet masks were introduced, including the *Pomegranate Antioxidant sheet mask* and the *Orange Vitality sheet mask*.
- In **Colour Cosmetics**
 - the new value tier brand *OnColour* was presented to the market.
 - within the *GIORDANI GOLD* brand, the *Metamorphosis Foundation* was launched.
- In **Personal and Hair Care**
 - the new brand *Feel Good* was introduced, consisting of Eau de Toilettes, shower gels and shower mousses.



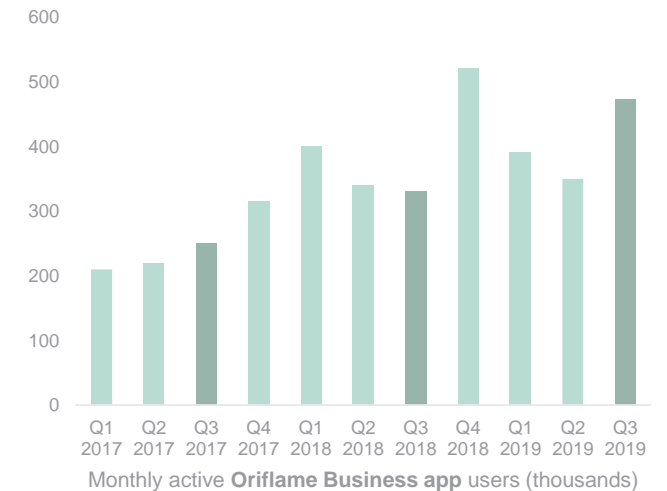
Focus area – sustainable business

- Oriflame continued to deliver on its **sustainability objectives** during the quarter
- Oriflame had its first **Climate Neutral Event** (Gold Conference) in Stockholm in August, with several sustainability initiatives taken to **reduce emissions**
- Awarded a top ranking in the **Sustainability Walking the Talk Report** by the Stockholm School of Economics.
- Submissions in the quarter
 - the **WWF Palm Oil Scorecard 2019**
 - the **CDP climate** and **CDP forest questionnaire**

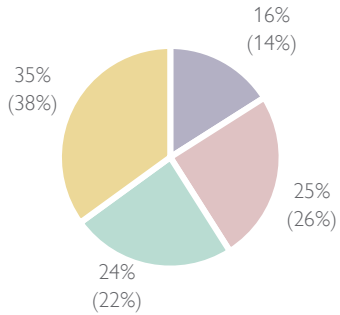
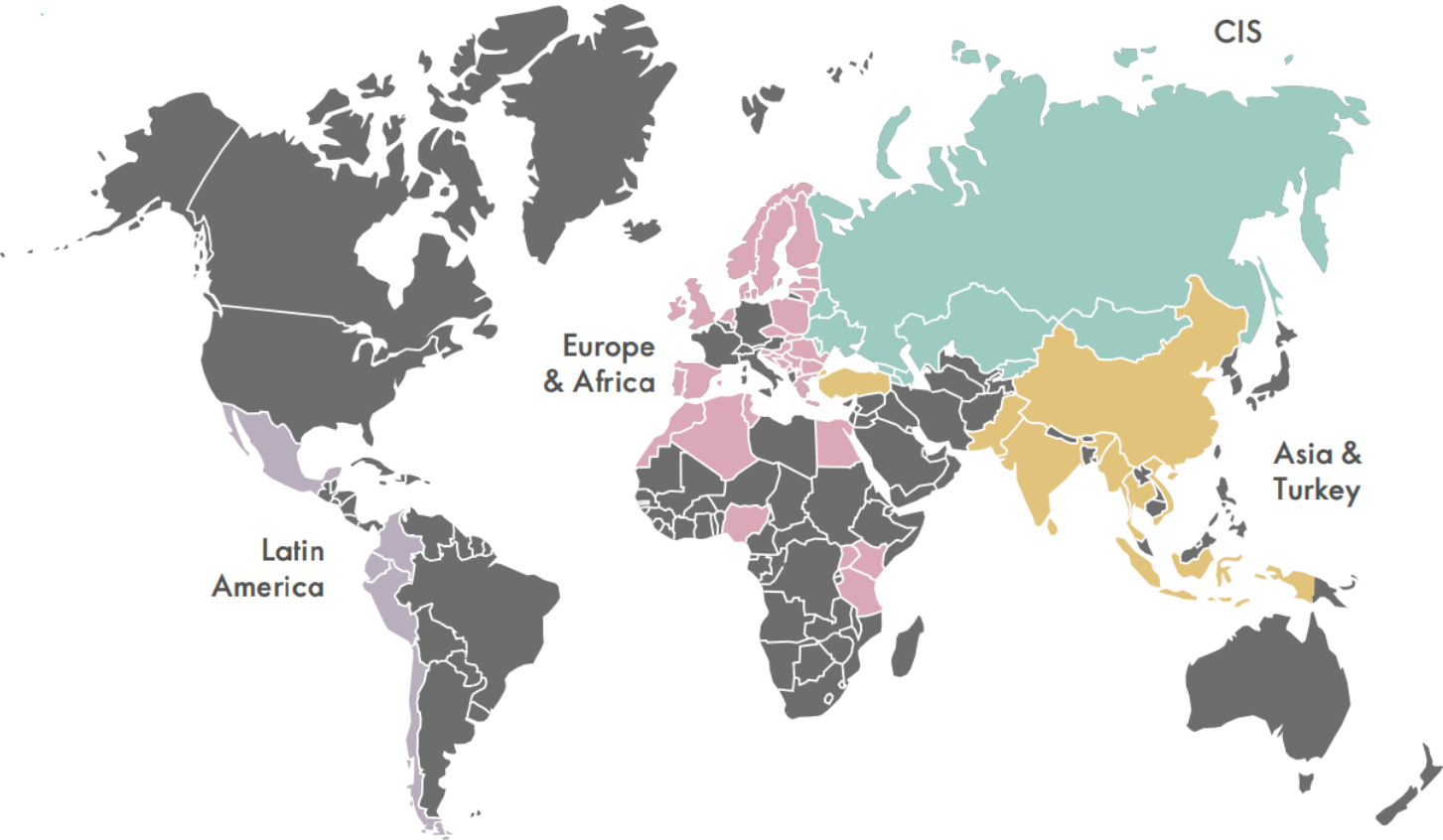
*We are committed to sustainability and believe that **every step** taken towards reducing GHG emissions and packaging waste **can make a difference** in reducing our business environmental footprint and contribute towards positive change.*

Focus area– strong online development

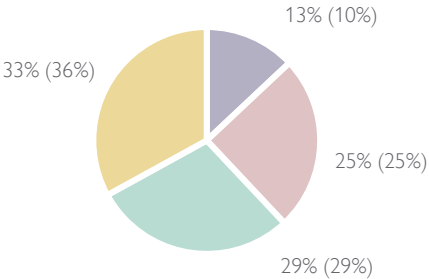
- **96%** of the company's global orders were **placed online**
 - more than **55%** came from mobile devices compared to **42%** prior year.
- Oriflame app **880,000 users**
- Oriflame Business app **470,000 users**
- **Key activities**
 - rollout of the **transactional system**
 - several new **training modules** and **business tools** development
 - An early pilot of the **Mobile Office**, helping consultants to **manage and grow** their businesses was introduced



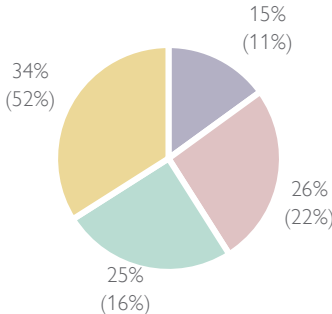
Q3 Regional overview



Sales



Registered actives



Operating profit

Q3 Regional highlights

KPI	Latin America		Europe & Africa		CIS		Asia & Turkey		Group	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Net sales (€m)	46.0	37.4	72.7	70.6	68.9	62.2	98.5	106.4	288.9	279.4
Y-o-Y growth (%)	23		3		11		(7)		3	
Adj. operating profit (€m)	5.7	4.3	10.1	8.8	9.6	6.6	13.3	20.5	27.5*	29.4
Y-o-Y Growth (%)	33		14		45		(35)		(7)	
Adj. operating margin (%)	12.4	11.4	13.9	12.5	13.9	10.6	13.5	19.3	9.5*	10.5
Registered actives. '000	357	304	658	652	766	727	896	976	2,677	2,659
Y-o-Y Growth (%)	18		1		5		(8)		1	

Strong performance, driven by Mexico, Colombia and Peru, as a result of higher activity and retention following successful recruitment campaigns.

Stable development in Central Europe, while Western Europe had a weak quarter. Africa continued to be driven by Nigeria.

Modest underlying growth in Russia and healthy performance in Ukraine and Kazakhstan. A successful entry was made into Uzbekistan.

Governmental initiatives impacted China and Vietnam. Challenging markets in Turkey, stabilisation in Indonesia and healthy growth in India.

*Excludes non-recurring items of €0.5m related to the Acquisition

FINANCIALS

Income statement

€m	Q3 19	Q3 18	YTD 19	YTD 18	LTM 19	YE 18
Sales	288.9	279.4	901.1	919.4	1,260.4	1,278.8
Cost of sales	(89.9)	(81.4)	(281,0)	(273,8)	(400.8)	(393.6)
Gross profit	199.1 68.9%	198.1 70.9%	620.1 68.8%	645.7 70.2%	859.6 68.2%	885.1 69.2%
Selling and marketing expenses	(95.6)	(96.2)	(298.6)	(315.2)	(411.7)	(428.3)
Distribution and infrastructure	(7.2)	(7.1)	(22.3)	(20.6)	(30.2)	(28.5)
Administrative expenses	(68.7)*	(65.4)	(201.6)*	(207.6)	(269.3)*	(275.3)
Adj. Operating profit	27.5 9.5%	29.4 10.5%	97.7 10.8%	102.3 11.1%	148.4 11.8%	153.1 12.0%
Net financing costs	(3.0)**	(5.3)	(8.8)**	(13.6)	(13.3)**	(18.1)
Adj. Net profit before income tax	24.4 8.5%	24.1 8.6%	88.8 9.9%	88.7 9.6%	135.1 10.7%	134.9 10.6%
Total income tax expense	(7.1)	(6.6)	(23.7)	(25.7)	(37.5)	(39.5)
Adj. Net profit attributable to owners of the Company	17.3 6.0%	17.5 6.2%	65.2 7.2%	63.0 6.9%	97.6 7.7%	95.4 7.5%

* Excludes non-recurring items of €7.7m (YTD) and 0.5m (3 months) related to the Acquisition

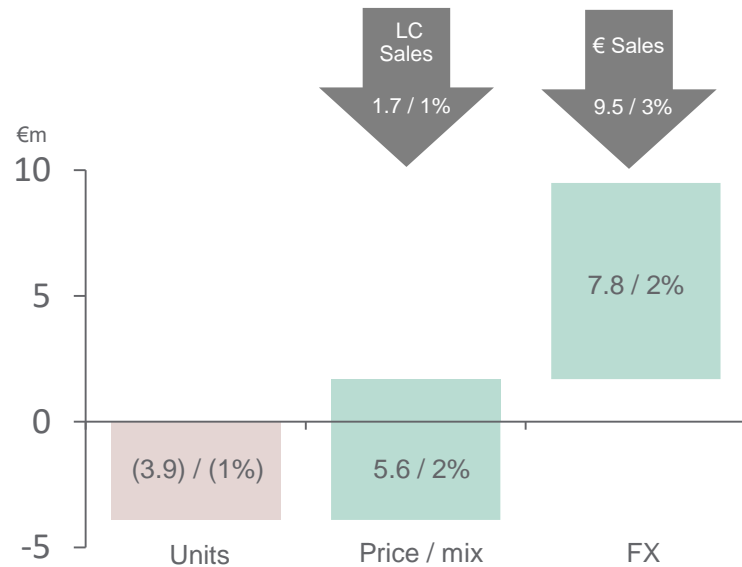
** Excludes non-recurring items of €31.1m related to the Acquisition and the interest repayment of the USPP loans

Q3 INCOME STATEMENT

- Sales mix
 - Unit sales -1%
 - Price/mix +2%
- Gross margin 68.9% (70.9%)
 - Negative price and geographical mix
 - Favourable FX
- Adj. EBITDA margin 13.1%* (15.3%)
- Adj. operating margin 9.5%* (10.5%)
 - Currency impact +100 bps
 - Higher administrative costs*
 - Lower selling and marketing expenses
- Adj. net profit €17.3m** (€17.5m)

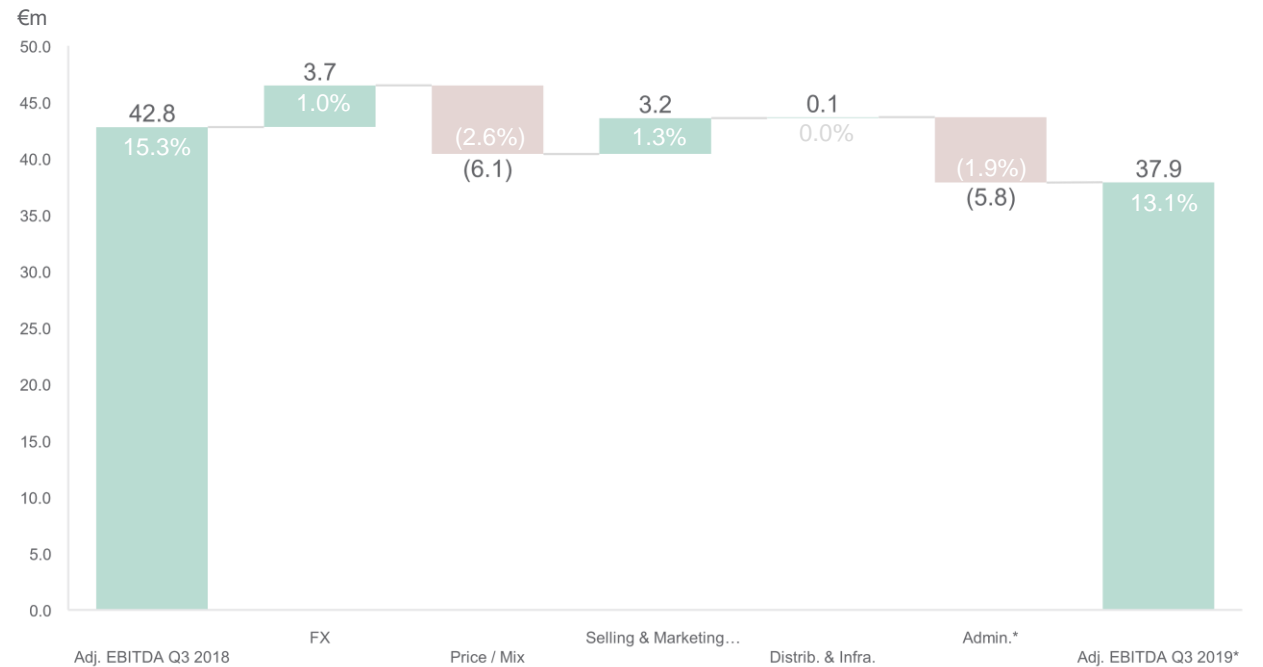
Q3 Sales and adjusted EBITDA analysis

Sales vs. PY



- Sales €288.9m (€279.4m) 3% in €, 1% in lc
 - Unit sales -1%
 - Price/mix +2%
- Positive development in Latin America, Europe & Africa and CIS
- Sales decline in Asia & Turkey

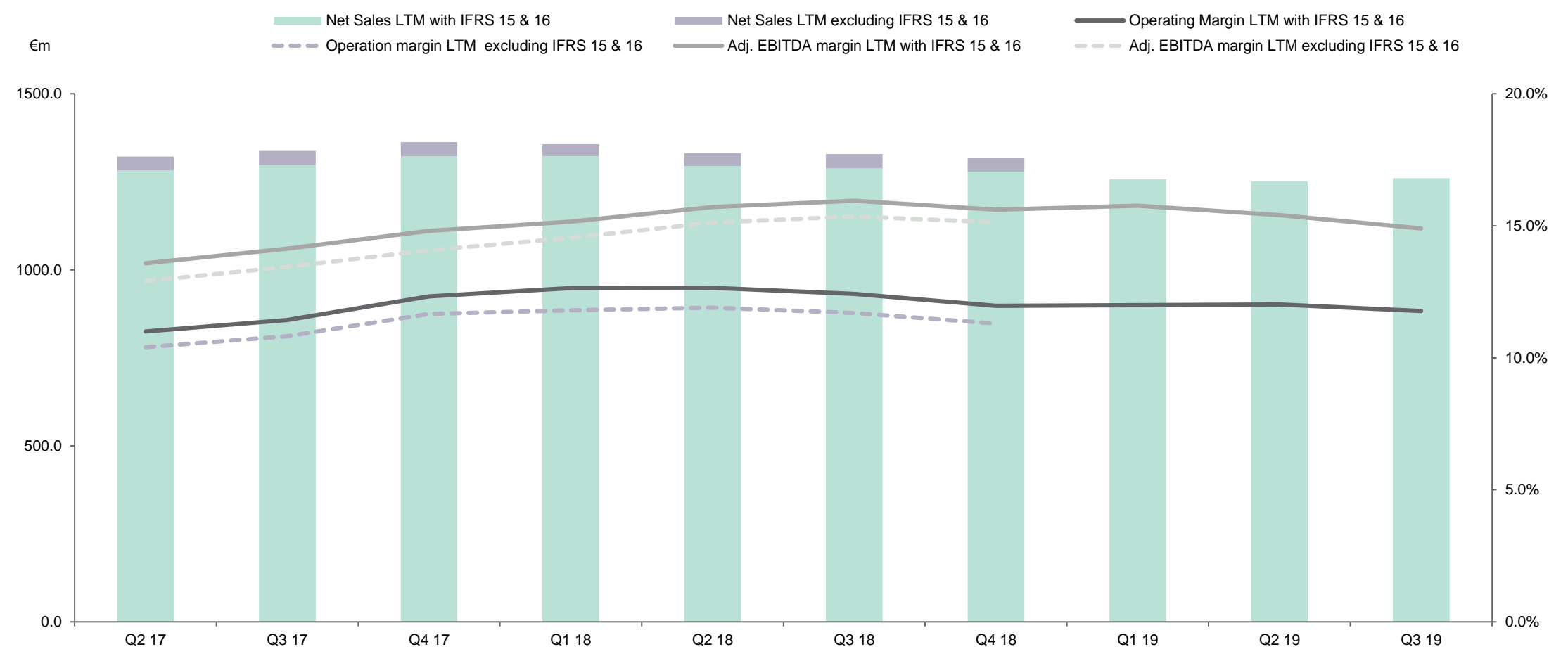
Adj. EBITDA vs. PY



- Adjusted EBITDA decreased from €42.8m to €37.9m*, negatively impacted by higher administrative costs and negative price/mix, partly offset by favourable FX and lower selling and marketing expenses

*Excludes non-recurring items of €0.5m related to the Acquisition

LTM Sales, operating margin and adjusted EBITDA development



Cash flow before financing activities

€m	Q3 19	Q3 18	YTD 19	YTD 18	LTM 19	YE 18
Cash flow from operating activities***	13.2*	9.9	58.4*	63.3	119.1*	123.9
Interest received	(4.3)	(3.6)	(9.7)	(9.4)	(12.5)	(12.2)
Interest and bank charges paid	8.5**	5.6	18.0**	17.1	24.3**	23.4
Cash flow used in investing activities	(4.1)	(3.5)	(12.8)	(8.4)	(16.2)	(11.8)
Payment of lease liabilities	(5.6)	(5.9)	(15.7)	(17.2)	(21.0)	(22.5)
Cash flow before financing activities	7.7	2.5	38.2	45.4	93.7	100.9

* Excludes non-recurring items of €31.1m (3 months) and €38.7m (9 and 12 months) related to the Acquisition the interest repayment of the USPP loans

** Excluding non-recurring items of €31.1m related to the interest repayment of the USPP loans

*** Including interest received and interest & bank charges paid

Funding and financial position

	Q3
€m	Capitalization of the Issuer after the transaction*
Cash and Cash Equivalents	149.5
Notes	782.6
Revolving Facility	40.0
Total senior secured indebtedness	822.6
Interest-bearing loans & bank overdrafts	2.2
Lease liabilities	75.0
Total indebtedness	899.9

* Figures relate to the total Group, also including the Walnut entities

** Excludes non-recurring items of €7.7m related to the acquisition

Refinancing

- Refinancing completed July 2019
- €475m at a rate of 6.750%
- \$335m at a rate of 9.125% (swapped € interest rate 6.450%)
- Maturity 2024

Liquidity / Financial ratios

- Cash on balance sheet: €149.5m*
- Revolving Facility: €40m*
- Net secured debt/Adjusted EBITDA: 3.6*
- Adj. EBITDA LTM: €187.9m**

CONCLUSIONS

AND GOING FORWARD

Conclusions and going forward

Q3 2019:

- Improved sales, still reflecting the challenges in some main markets
 - Positive development in LA, Europe & Africa and CIS. Sales decline in Asia and Turkey
- Continued progress: Online, Skin Care sets and routines, sustainability achievements
- Emphasis on driving sales, cost efficiency, profitability and cash flow

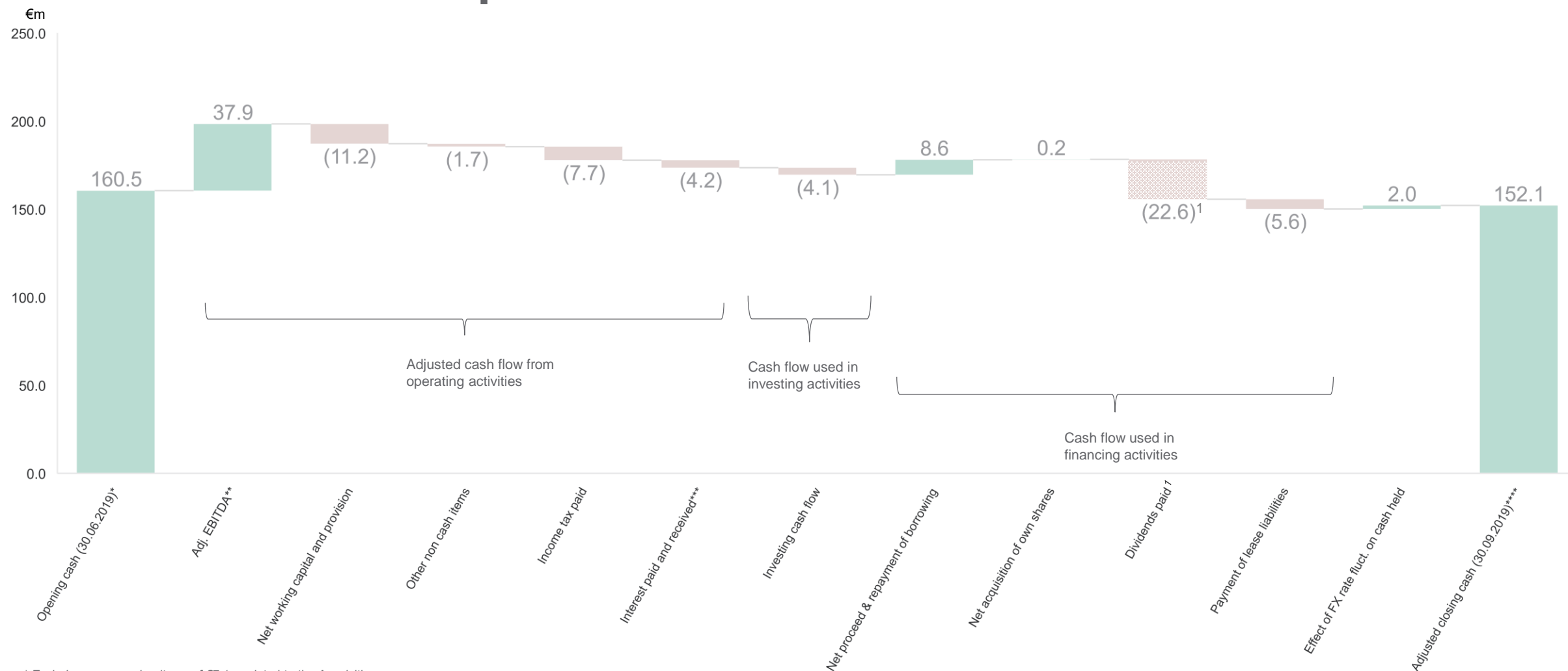
Focus on long-term strategy:

- Focus on Skin Care and Wellness to drive positive product mix
- Strengthen the business opportunity to drive recruitment, retention and productivity
- Further penetration of existing markets and exploration to enter into new markets
- Further increase profit margins through targeted manufacturing efficiency
- Continue to utilize Oriflame's asset-light model, reduce overhead costs and focus on deleveraging over time



APPENDIX

Q3 Cash flow development



* Excludes non-recurring items of €7.1m related to the Acquisition

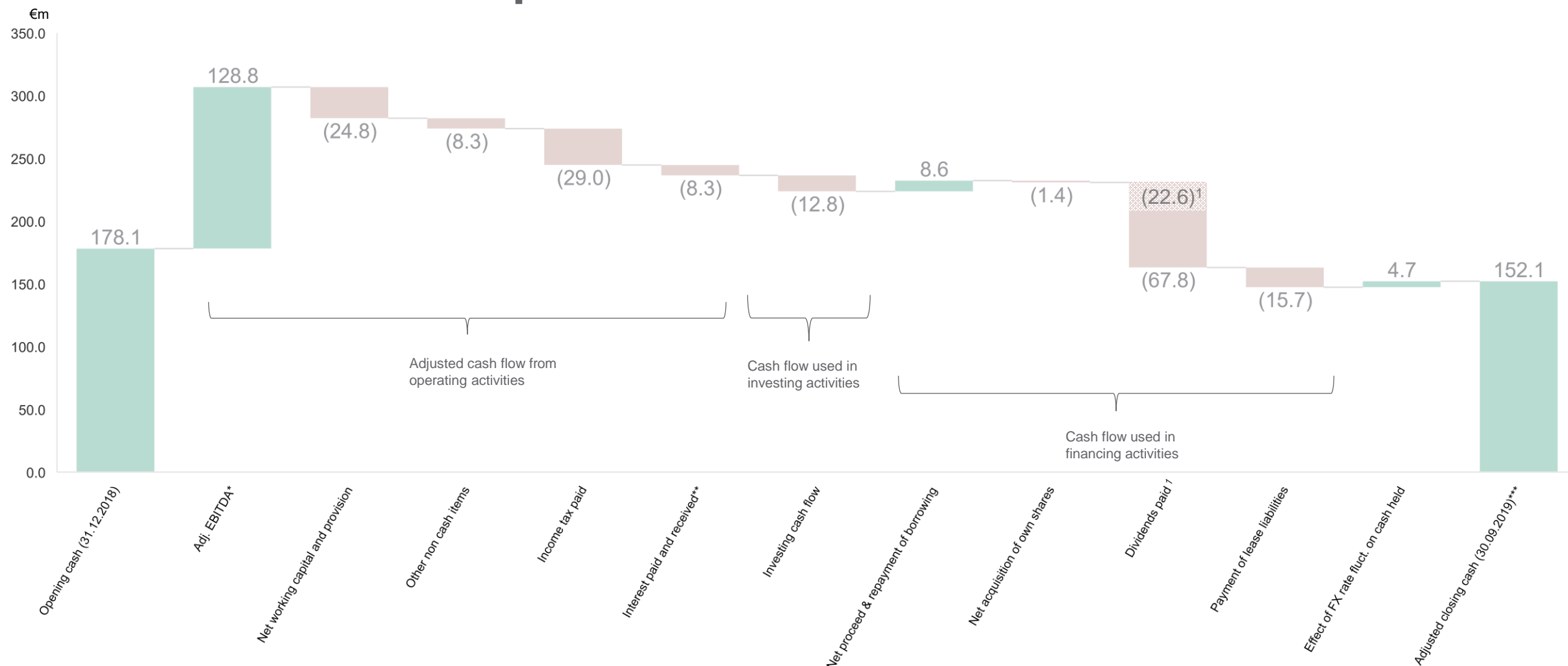
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*** Excluding non-recurring items of €31.1m related to the repayment of interest of the USPP loans

**** Represents the closing cash balance excluding the non-recurring items paid

¹ includes €22.6m dividend paid in August to Walnut Bidco Plc

YTD Cash flow development



* Excludes non-recurring items of €7.7m related to the Acquisition

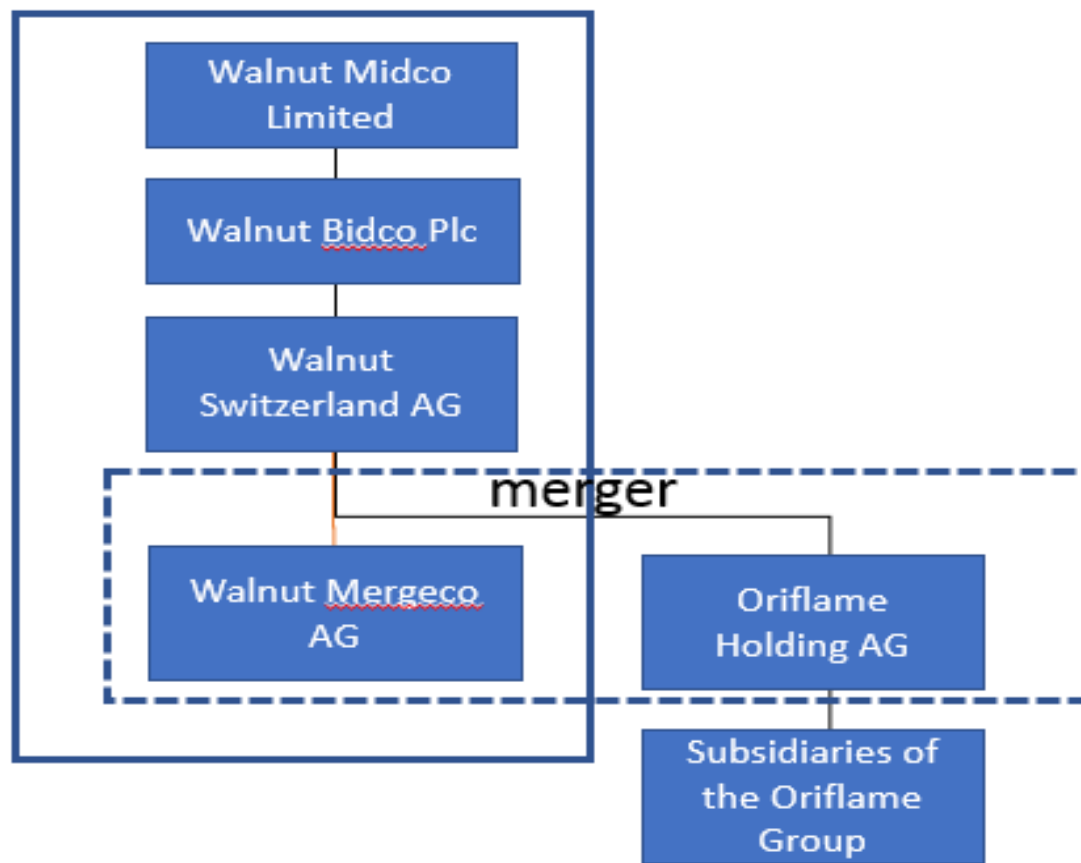
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*** Represents the closing cash balance excluding the non-recurring items paid

¹ includes €22.6m dividend paid in August to Walnut Bidco Plc

Legal structure

Walnut Midco Ltd Group before the merger on 30.09.2019
between Walnut Mergeco AG and Oriflame Holding AG



More than 50 years in, Oriflame is the choice of three million people. Looking ahead, we are committed to continuing to build on this simple formula – empowering people and enabling positive change around the world.