

MAY 27TH 2021 15.00 CET

Oriflame

FIRST QUARTER 2021

EXTERNAL PRESENTATION

Magnus Brännström, CEO

Gabriel Bennet, CFO

ORIFLAME
S W E D E N



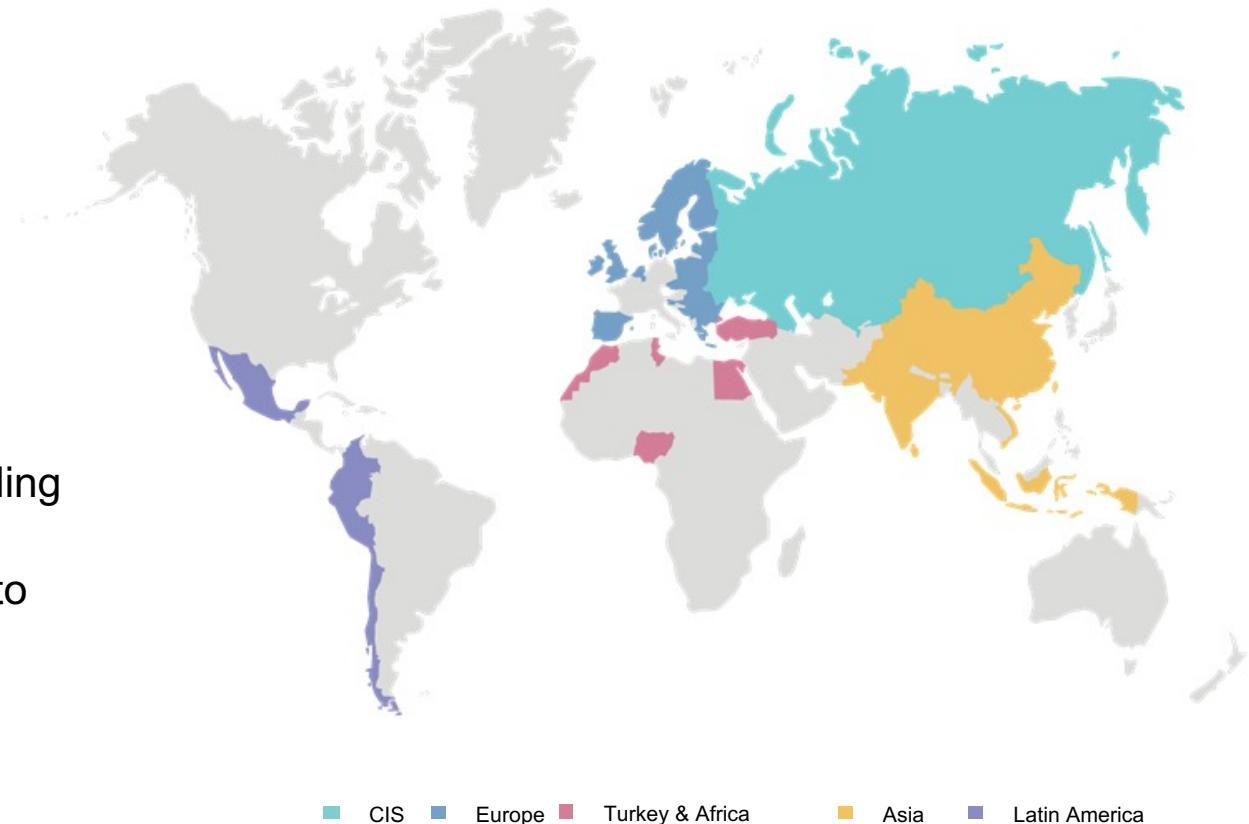
CAUTIONARY STATEMENT

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, commercialization and supply disturbances.

Oriflame snapshot 2020

A beauty company selling direct with strong Swedish attributes operating in 60+ countries

- Approximately **2.9m** Members
- **€1.2b** in sales
- Adj. EBITDA **€178.6m** and **€141.9m** Adj. Operating Profit
- **98%** of orders online. Oriflame App **1,370,000** users
- Around **1,500** beauty and wellness **products** (including approximately 250 accessories)
- New catalogues every three to four weeks adopted to the local markets
- Founded in 1967. Manufacturing in China, India, Poland & Russia. Headquartered in Switzerland



FIRST QUARTER

HIGHLIGHTS



Q1 Financial highlights

- **Sales** €272.8m (€302.8m) -10% in €, -0.2% in lc
- **Adjusted EBITDA** €45.1m (€41.3m)
 - Adjusted EBITDA margin 16.5% (13.6%)
- **Adjusted cash flow**
 - From operating activities €11.0m (€-12.0m)
 - Before financing activities €31.9m (€8.6m)
- **Cash and cash equivalents** was €219.6m (€209.4m)
- **Financial position**
 - Total debt €798.4m (€940.1m)
 - Senior secured debt €760.7m (€880.7m)
 - Net secured debt/Adjusted EBITDA 3.0 (3.8)

Q1 Impact from Covid-19

SITUATION

- Oriflame continued positive trend in profitability and cash flow despite flat development in the underlying sales and material negative impact from exchange rates. Several countries continued to impose strict measures to reduce the spread of the virus in Q1. Supply situation improved during the quarter.
- The company entered a period of comparable advantages towards end of Q1, as the Covid-19 impact prior year primarily impacted sales end of Q1 as well as Q2 and Q4.

ACTIVITIES

- Prioritize health and security among all stakeholders.
- Secure operational and essential processes and thereby the supply.
- Continue to evaluate and implement cost efficiency.
- Prepare for the next phase of the pandemic

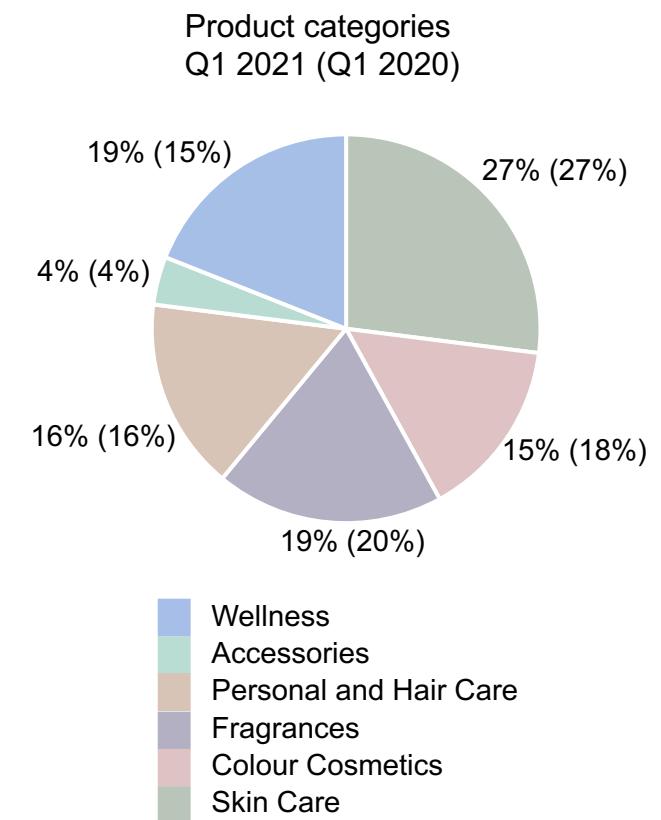
IMPACT

- Global, regional and local conferences have been impacted resulting in short term cost savings, although the company is negatively impacted on sales as these conferences are used to promote new product launches, new applications, new ways of working.
- The shift in demand and supply challenges impacted the product availability situation in some product categories in some of the regions. The situation improved in Q1.
- Strong online social selling model, wide geographical footprint and strategic product portfolio help mitigate impact.



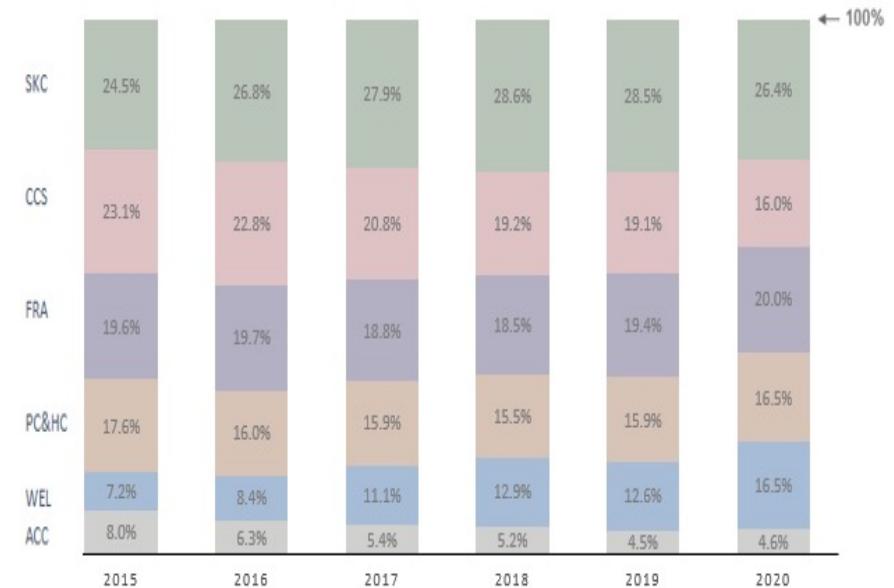
Q1 Operational highlights

- **Local currency sales decreased by 0.2% and strong currency head wind**
- **Euro sales growth in Europe and decrease in all other regions** mainly due to weak currencies and lower activity.
- **Price/mix +14%**
 - Unit decrease -14%
- **Members -5%**
 - LC productivity 4%
- Continued **strong online** development
- **Higher capacity utilisation in manufacturing.** A significant increase in units produced in a majority of the sites thanks to growth both in internal orders and in the external sales segment.
- Initiatives to **improve the profitability and cash flow** of the group are clearly rendering results. Improvements on cash flow, due to higher EBITDA and working capital improvements.
- **A new refinancing initiative** was launched during Q1 and successfully completed in the beginning of May. The new refinancing will significantly reduce costs and over time improve Oriflame's debt position.



Focus area – products and social selling

- The online model was indeed proven during the pandemic
 - The Independent Brand Partners managed to engage and develop their business and empower their teams with new ways of working
- A new category was introduced in Russia
 - Essential oils with the Mind & Mood brand
- Several product launches within key categories
 - Wellness category kept on performing well
 - Skin Care category impacted by the weak performance in China
 - Colour cosmetics burdened by shift in demand due to the pandemic
- The shift in demand and supply challenges impacted the product availability situation in some product categories in some of the regions



Focus area – sustainable business

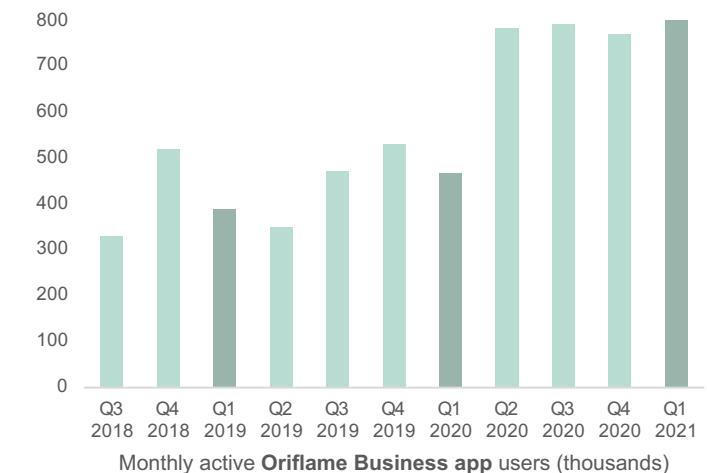
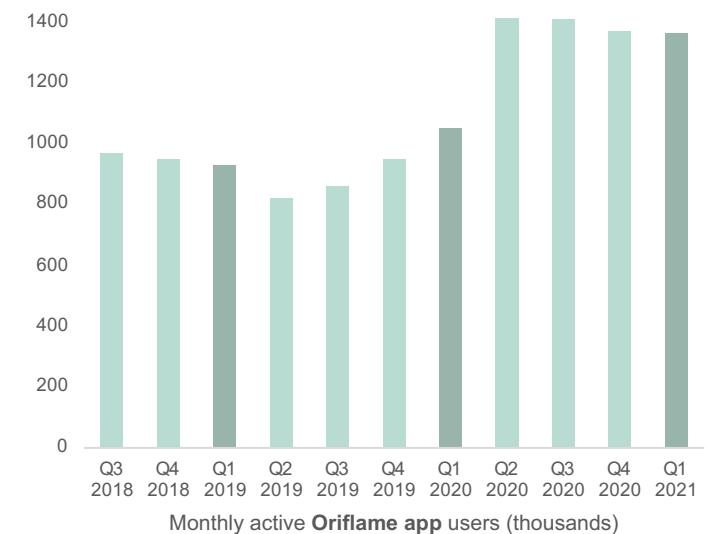
Oriflame continued to deliver on its sustainability objectives and improved its 2020 CDP score compared to last year and scored A- on Climate, A- on Timber (Forest) and B on Palm oil (Forest).

Oriflame leveraged the increased interest in sustainability communication and digital events becoming the norm, by joining online sustainability forums to communicate its sustainability ambitions and achievements.

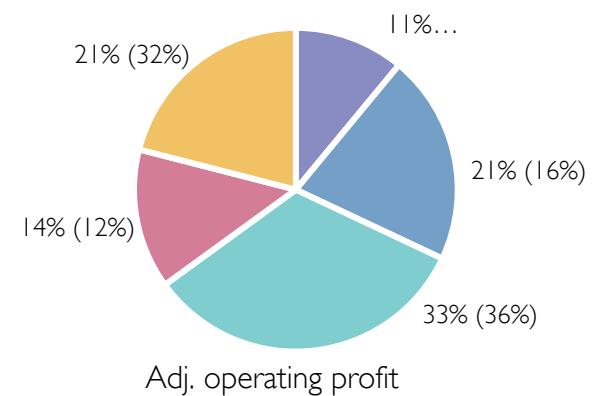
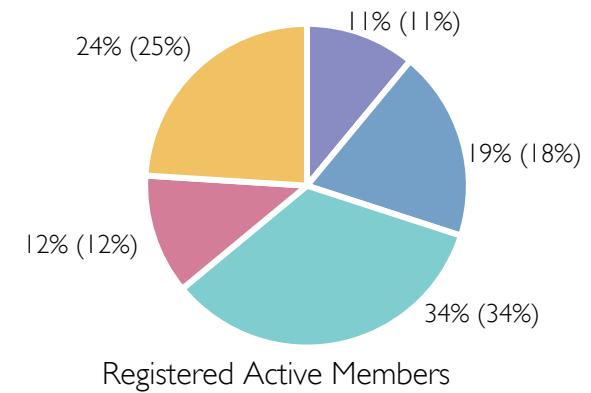
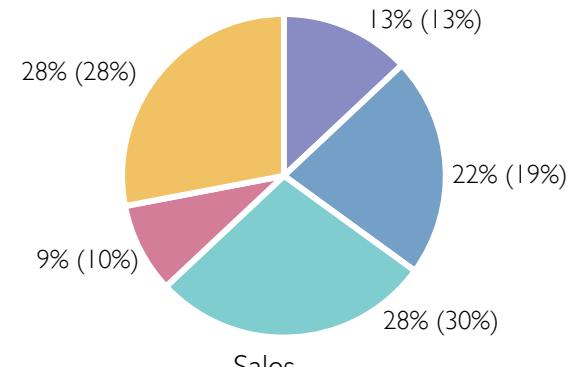


Focus area – strong online development

- **98% of the company's global orders were placed online**
 - 63% came from mobile devices compared to 56% prior year
- Oriflame app **1,363,000 monthly active users**
- Oriflame Business app **808,000 monthly active users**
- **Key activities**
 - Continued focus on Brand Partner tools and services
 - The rollout of the Mobile Office continued - now covering more than 85% of the Oriflame salesforce in 24 countries
 - Capacity ramp-up of digital development to ensure faster delivery of initiatives related to content presentation, navigation, checkout and post-purchase communication



Q1 Regional overview



Q1 Regional highlights

KPI	Latin America		Europe		CIS		Asia		Turkey & Africa		Group	
	Q1'21	Q1'20	Q1'21	Q1'20	Q1'21	Q1'20	Q1'21	Q1'20	Q1'21	Q1'20	Q1'21	Q1'20
Net sales (€m)	34.1	38.8	59.1	57.2	73.2	87.7	73.1	84.5	24.0	28.8	272.8	302.8
Y-o-Y € growth (%)	(12)		3		(16)		(13)		(17)		(10)	
Y-o-Y LC growth (%)	(1)		5		2		(8)		(5)		(0.2)	
Adj. operating profit (€m)	5.8	2.1	10.5	7.6	16.6	16.9	10.7	15.1	7.0	5.5	36.5	31.7
Y-o-Y € growth (%)	174		39		(2)		(29)		28		15	
Adj. operating margin (%)	17.0	5.5	17.8	13.2	22.6	19.3	14.7	17.9	29.3	19.1	13.4	10.5
Registered Active Members, '000	294	299	501	494	896	936	630	702	308	333	2,629	2,764
Y-o-Y growth (%)	(2)		1		(4)		(10)		(8)		(5)	
	Sales declined due to, lower activity and weak currencies. Higher operating margin due to increased gross margins, lower sales and marketing costs and reduction in admin. expenses.	The high sales growth in Western Europe continued. The operating margin improved due to less discounting and offers, lower sales & marketing expenses and reductions in admin. expenses.	Sales decreased due to weak main currencies and low activity among the Members. The operating margin improved due to lower sales & marketing expenses and reductions in admin. expenses.	Lower sales and activity levels in Indonesia and Vietnam. China showed improved euro sales trend. Operating profit decreased due to lower sales and negative currency impact, higher inventory provisions and timing impacts of sales and marketing expenses.	Decreased net sales driven by weak activity and recruitment and negative currency impact. Increased operating margin due to lower staff costs mitigated by lower sales and marketing costs.							

FINANCIALS

Purchase Price Allocation (PPA) and non-recurring items

Summary (€'000)	Impact on the statement of financial position	Impact on the income statement				Comments
		2019	2019	2020 Q1	2020	
Inventory	322.0	(308.5)	(13.5)	(13.5)	-	Consumed by Q1 2020
Customer list	14.1	(3.5)	(1.8)	(7.0)	(1.8)	Depreciated over 2 years
Manufacturing know-how	37.5	(3.8)	(1.9)	(7.5)	(1.9)	Depreciated over 5 years
Brand	546.2	-	-	-	-	Indefinite life time with annual impairment test
Goodwill	279.2	-	-	-	-	Indefinite life time with annual impairment test
Other	4.1	0.0	0.1	(0.1)	0.1	
Total PPA on EBIT		(315.8)	(17.0)	(28.1)	(3.6)	
Financial expenses		(0.8)	(0.3)	(1.2)	(0.2)	IFRS 16 leases
Total PPA on PBT		(316.6)	(17.3)	(29.2)	(3.8)	
Tax	(139.6)	72.7	4.0	6.1	0.6	
Total PPA	1,063.4	(243.9)	(13.3)	(23.1)	(3.1)	
Non-recurring items (net of tax)		(62.1)	(6.5)	(8.0)	(0.2)	
Total PPA and non-recurring items		(306.0)	(19.8)	(31.1)	(3.3)	

Income statement Q1

€m	Q1'21	Q1'20
Sales	272.8	302.8
Cost of Sales	(83.1)	(114.9)
Gross profit	189.7	187.9
Purchase Price Allocation (PPA) items	-	13.5
Gross profit	189.7	201.3
	69.5%	66.5%
Selling and marketing expenses	(78.5)	(95.0)
Distribution and Infrastructure	(7.0)	(7.8)
Administrative expenses	(71.5)	(78.5)
Operating profit / (loss)	32.7	6.6
PPA and non-recurring items	3.8	25.1
Adj. Operating profit	36.5	31.7
	13.4%	10.5%
Net financing costs	(12.9)	(22.6)
Net profit / (loss) before tax	19.8	(16.0)
PPA and non-recurring items	4.0	25.5
Adj. Net profit before tax	23.8	9.5
	8.7%	3.1%
Total income tax expense	(8.2)	(0.4)
Net profit / (loss)	11.6	(16.4)
PPA and non-recurring items	3.3	19.8
Adjusted net profit	15.0	3.4
	5.5%	1.1%

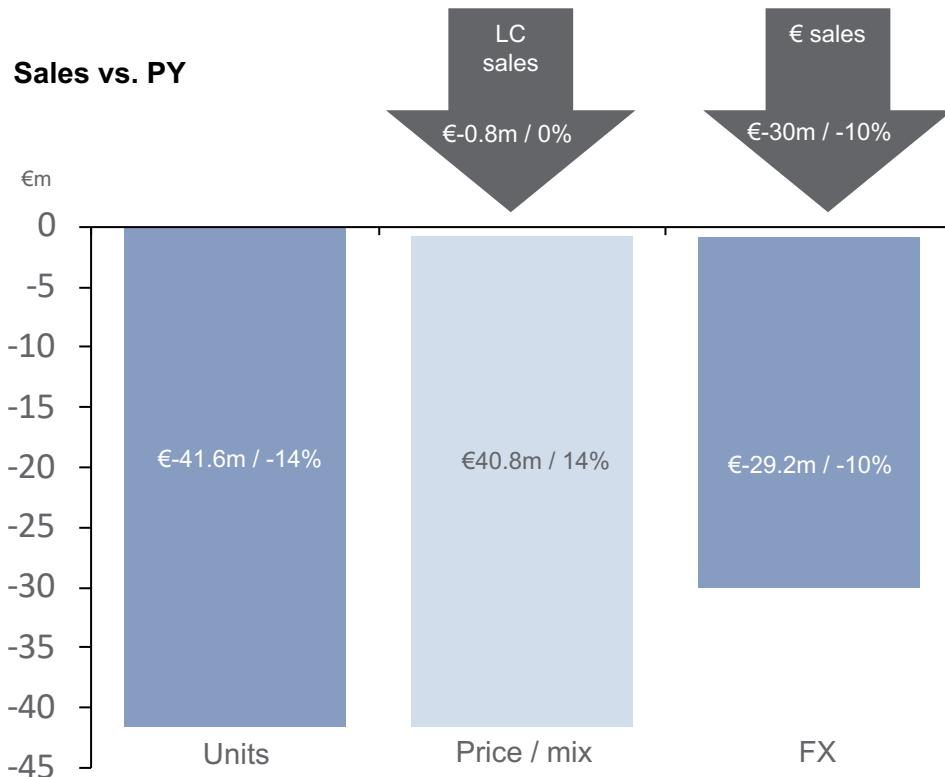
COMMENTS

- Sales mix
 - Unit sales -14%
 - Price/mix +14%
- Gross margin 69.5% (66.5%)
 - Positively impacted by improved price / mix, efficiency in supply and manufacturing, that was partially offset by exchange rates. The comparable number is favourable, as we prior year had sales initiatives to reduce ageing inventory.

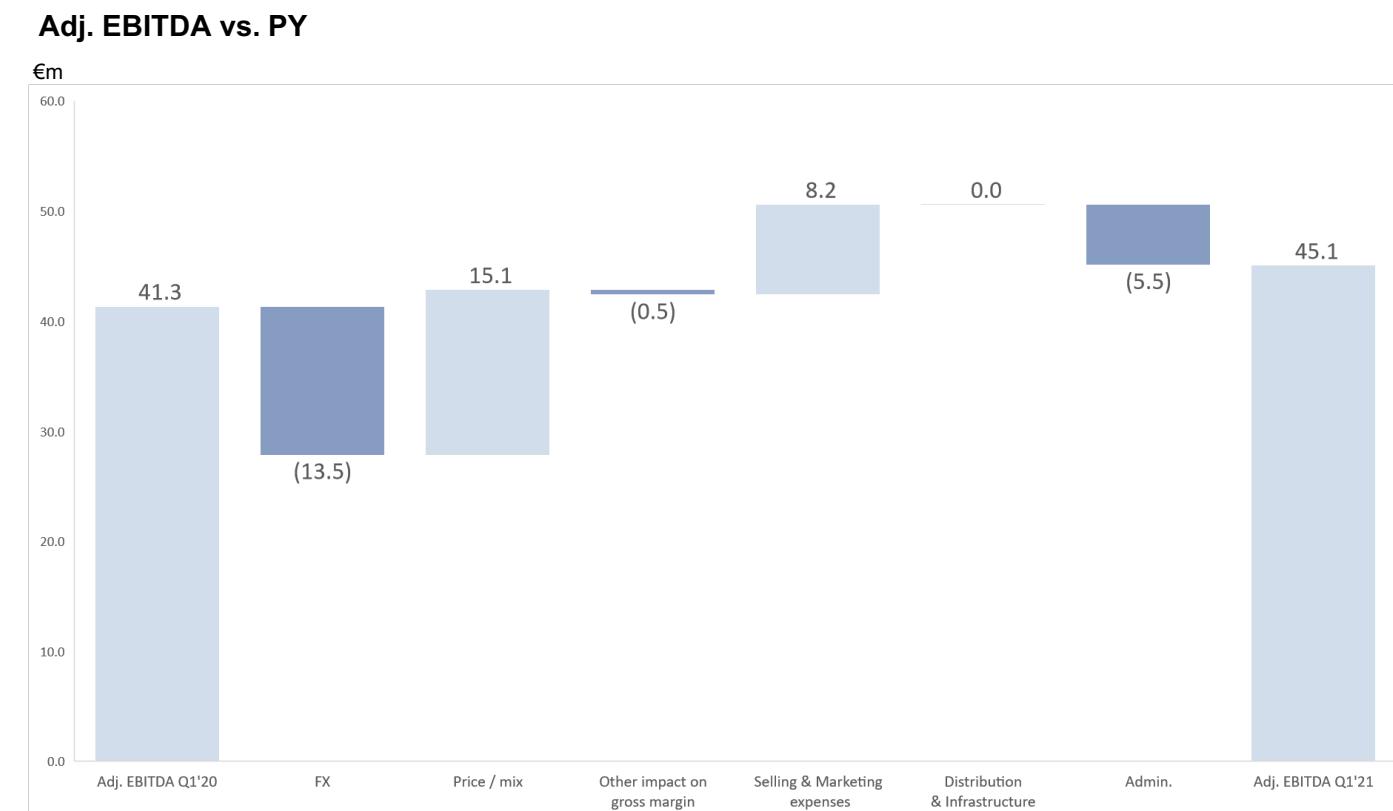
- Adj. EBITDA margin 16.5% (13.6%)
- Adj. operating margin 13.4% (10.5%)
 - Improved gross margins offset by negative currency impact
 - Lower selling and marketing expenses
 - Lower administrative expenses despite of €7.9m higher Bonus and SIP accruals
 - Currency impact was negative 300bps
 - Adj. net profit €15.0m (€3.4m)

PPA and non-recurring items	Q1'21
Cost of Sales	-
PPA items on gross profit	-
PPA items	3.6
Costs related to the Group refinancing	0.2
PPA and non-recurring items on operating profit	3.8
Financial expenses related to PPA	0.2
PPA and non-recurring items on net profit before tax	4.0
Tax expenses related to PPA and Group refinancing	(0.6)
PPA and non-recurring items on net profit	3.3

Q1 sales and adjusted EBITDA analysis

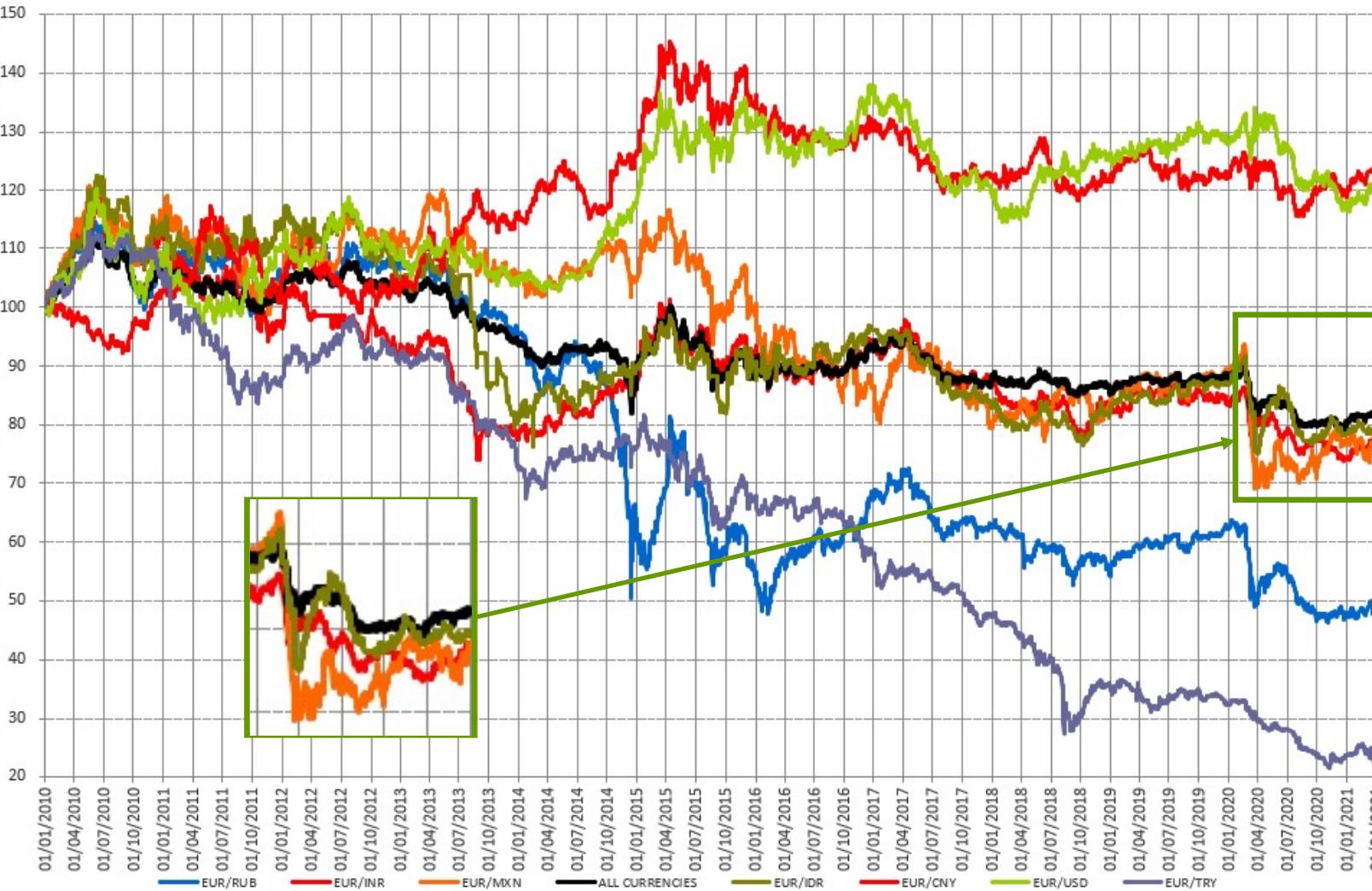


- Sales €272.8m (€302.8m) -10% in €, -0.2% in local currency
 - Unit sales -14%
 - Price/mix +14%
- Positive LC development in Europe and CIS
- Sales decline in Asia, Turkey & Africa and Latin America



- Adjusted EBITDA increased from €41.3m to €45.1m, negatively impacted by the weakening of the major Oriflame sales currencies and the related negative exchange rate impact, and higher administrative expenses, offset by positive price/mix and lower selling and marketing expenses.

Group Currencies Impact (on Sales) – Q1 2021



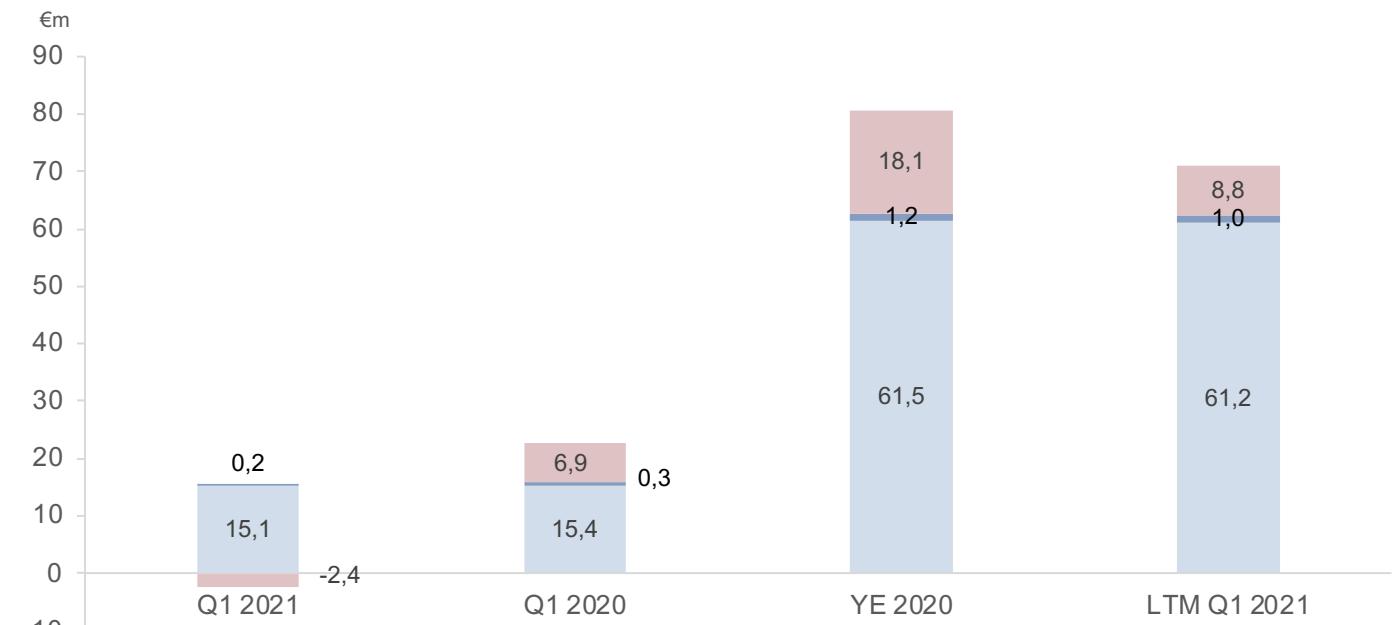
COMMENTS

- Average group currency impact continued the negative trend in Q1 as well. This resulted in both negative EBIT and PLEX impact.
- Average impact on net sales was negative -10%
- Impact on operating profit was -300bps for the quarter
- Below is the guidance for 2021 (negative impact on sales and income statement)

Forecasted impact on:	Q2	Q3	Q4	Full Year
- Sales, around	7%	4%	2%	6%
- OP – approx. (bps)	250	100	75	200

Net financing cost – Q1 2021

■ Interest expenses ■ non-recurring items ■ (Profit)/Loss on Exchange



COMMENTS: Net financing costs Q1

Decrease in net financing cost due to:

- PLEX gain of €2.4m in Q1 2021 (PLEX loss of €6.9m in Q1 2020)

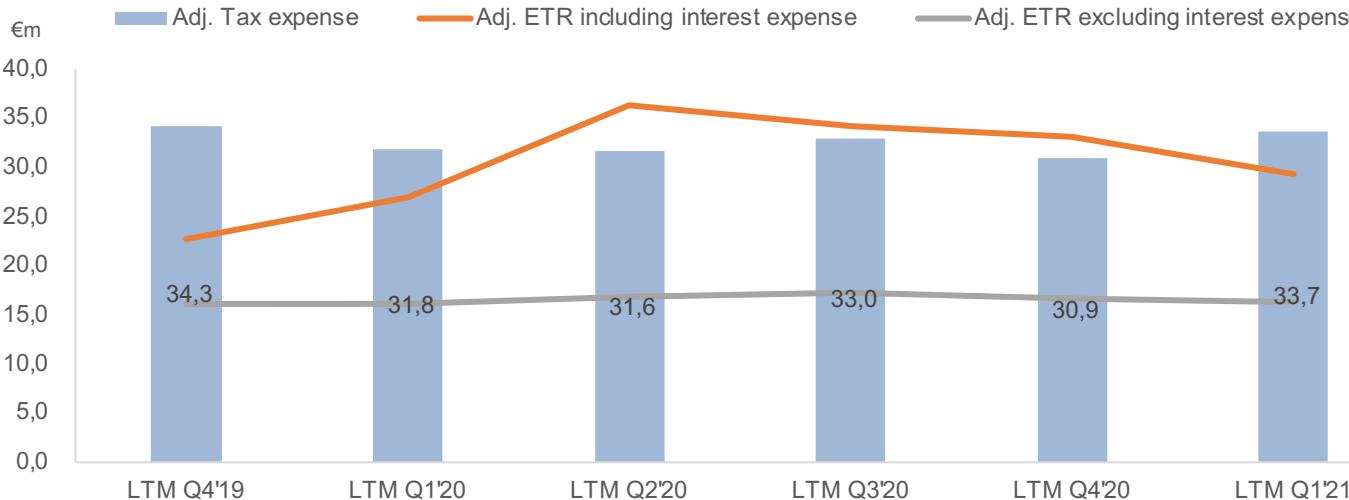
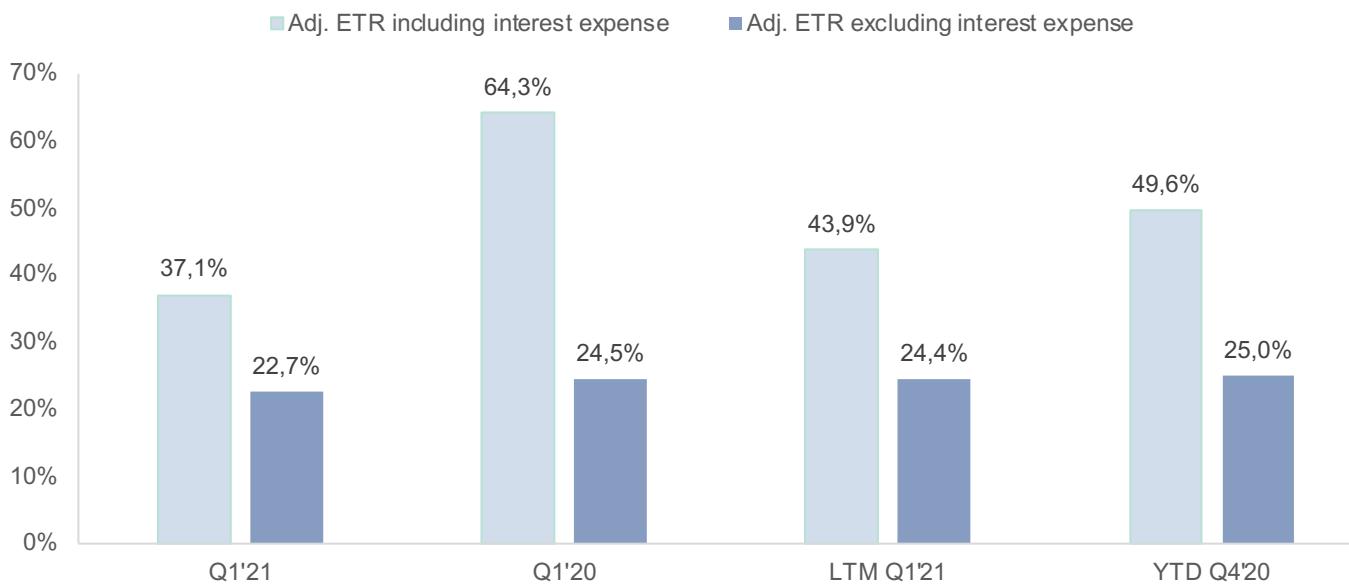


COMMENTS: LTM, Non-recurring and PPA items

LTM slight decrease in net financing costs is mainly due to the different debt levels in PY and one off Buy out project related items:

- €31.1m USPP voluntary repayment make whole cost;
- €9.6m bridge loan fees

Income Tax Expenses – Q1 2021

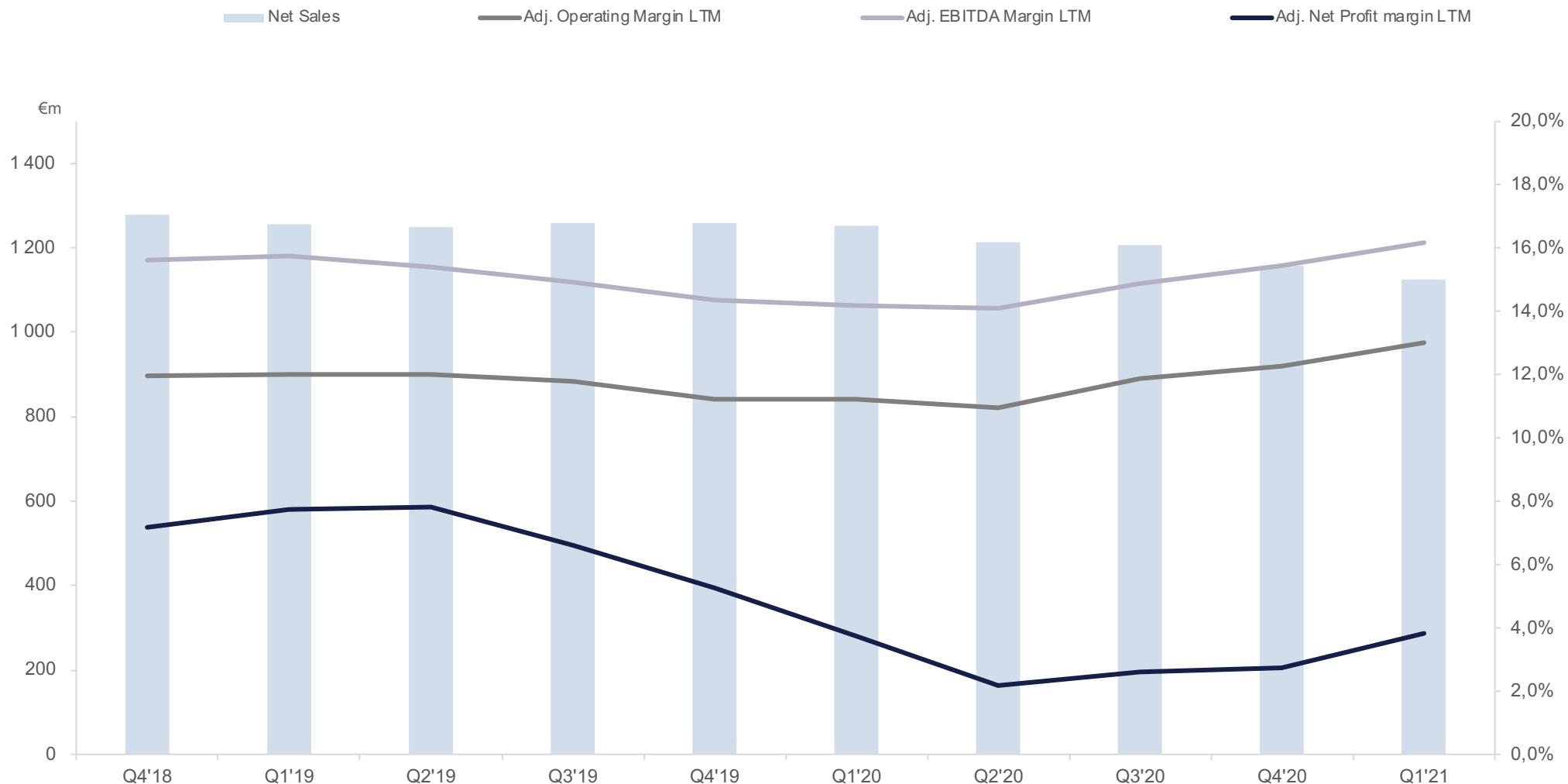


	LTM Q4'19	LTM Q1'20	LTM Q2'20	LTM Q3'20	LTM Q4'20	LTM Q1'21
Profit before tax	100.6	78.5	58.0	64.4	62.4	76.7
Interest expense	40.4	53.1	66.7	63.0	61.5	61.2
PBT excl. interest expense	141.0	131.6	124.8	127.4	123.8	137.9
Adj. Tax expense	34.3	31.8	31.6	33.0	30.9	33.7
Adj. ETR including interest expense	34.1%	40.5%	54.5%	51.2%	49.6%	43.9%
Adj. ETR excluding interest expense	24.3%	24.2%	25.3%	25.9%	25.0%	24.4%

COMMENTS

- The Q1 2021 (22.7%) ETR excluding interest expense is lower than Q1 2020 (24.5%) mainly due to change in geographical mix.

LTM Sales, adj. operating margin and adj. EBITDA development



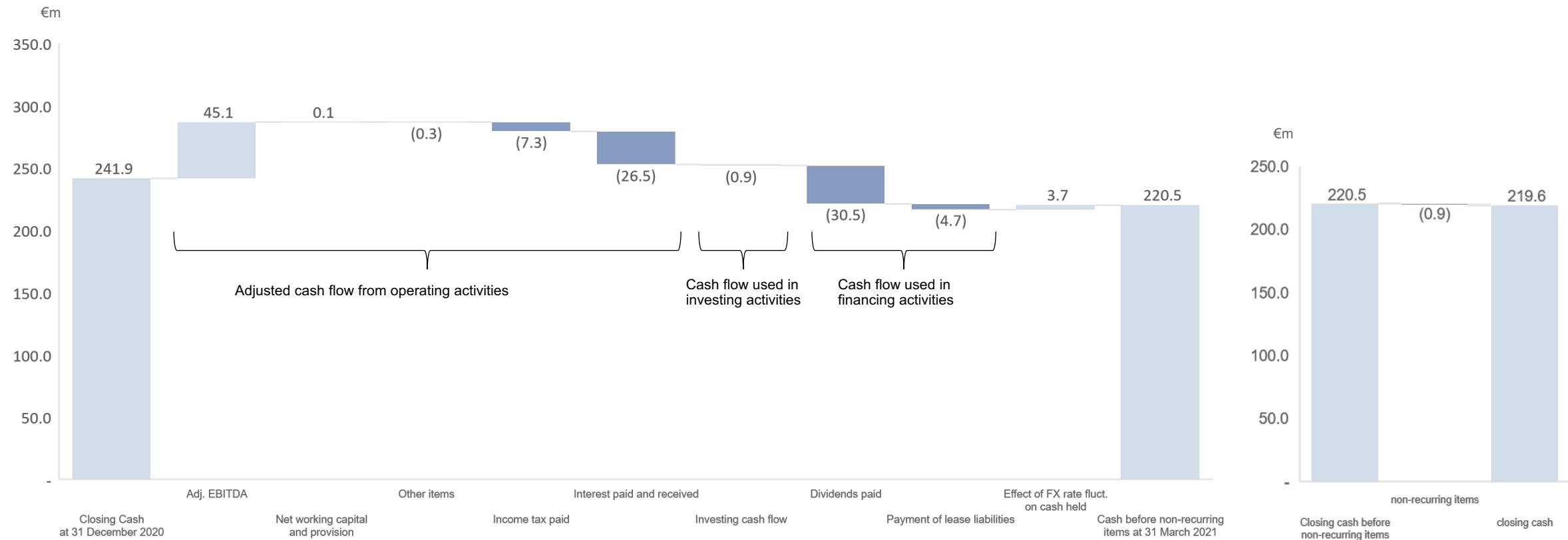
Cash flow before financing activities

€m	Q1'21	Q1'20	LTM Q1'21	YTD Q4'20
Cash flow from operating activities	9.9	(29.9)	173.2	133.4
<i>Excluding</i> Interest received	(0.3)	(0.4)	(2.1)	(2.1)
<i>Excluding</i> Interest and bank charges paid	27.0	27.3	58.7	58.9
Cash flow used in investing activities	(0.9)	(1.9)	(4.9)	(5.9)
Payment of lease liabilities	(4.5)	(4.0)	(18.3)	(17.8)
Non-recurring and PPA items	0.7	17.6	8.3	25.1
Adj. Cash flow before financing activities	31.9	8.6	214.8	191.5

COMMENTS

- Underlying cash flow before financing activities increased by €23.3m or 272%
- Positively impacted by
 - Adj. EBITDA €3.8m
 - CAPEX €1.0m
 - Adj. working capital €13.1m
 - Other items €5.9m
- Partly offset by:
 - Payment of lease liabilities €0.5m

Cash flow development – Q1 2021



Funding and financial position

	Q1'21	YTD'20
€m	Capitalization of the Issuer after the transaction	Capitalization of the Issuer after the transaction
Cash and Cash Equivalents	219.6	241.9
Notes	760.7	748.0
Revolving Facility	-	-
Total senior secured indebtedness	760.7	748.0
Lease liabilities	37.7	38.1
Total indebtedness	798.4	786.1
Total Net Secured Debt	541.1	506.1
Total Net Debt	578.8	544.2

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: €219.6m
- €100.0m Revolving Facility: €0m draw down
- Net secured debt/Adjusted EBITDA LTM: 3.0
- Adj. EBITDA LTM: €182.3m
- Covenants EBITDA LTM: €174.5m

CONCLUSIONS

AND GOING FORWARD



Conclusions

Q1 2021

- Continued positive trend in profitability and cash flow
 - Sales declined mainly due to challenges in some of the Asian markets
 - The positive price mix offset the declined unit sales
 - Covid-19 continued to impact Oriflame's markets and affect the top line demand negatively
- Significant negative impact from currency head wind offset by improved price/mix and cost control leading to strengthened profitability
- Our initiatives to improve the profitability and cash flow have rendered results and are proceeding according to plan
- A new refinancing initiative was successfully put in place during the Q1 and completed in the beginning of May. The new refinancing will significantly reduce costs and over time improve Oriflame's debt position

Update on Covid-19 impact

- Several countries continued to impose strict measures to reduce the spread of the virus in Q1. The supply situation improved during the quarter
- The company entered a period of comparable advantages towards end of Q1, as the Covid-19 impact prior year primarily impacted sales end of Q1 as well as Q2 and Q4



Going forward

Key focus short term due to Covid-19:

- Prioritize health and security among all stakeholders
- Secure the operational and essential processes and thereby securing the supply of essential products to the Independent Oriflame Brand Partners
- Continue to evaluate and implement cost efficiency measures
- Prepare for the next phase of the pandemic

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
- Focus on online and digital tools
- Further penetration of existing markets and exploration to enter into new markets
- Further increase margins through targeted manufacturing and supply/chain efficiency
- Continue to utilize Oriflame's asset-light model, reduce overhead costs and focus on deleveraging over time



“Once again a quarter impacted by the pandemic – resulting in a flat underlying sales development, however with a much improved profitability. The continued focus on improving price/mix and at the same time lowering our cost base, is rendering expected results.

Large efforts were put into a refinancing initiative, which was completed in the beginning of May. The successful refinancing will significantly reduce our finance costs and over time improve our cash flow with an improved debt position. This will enable us to further deliver on our strategy with the ambition to strengthen our global market position through our online social selling model. Despite ongoing pandemic challenges, we remain focused on regaining the sales momentum and continue the trend of improved profitability.”

A handwritten signature in black ink, appearing to read "Magnus Bränström".

Magnus Bränström, CEO & President

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.

