

NOVEMBER 6TH 15.00 CET

Oriflame

THIRD QUARTER 2020
EXTERNAL PRESENTATION

Magnus Brännström, CEO

Gabriel Bennet, CFO

ORIFLAME
S W E D E N



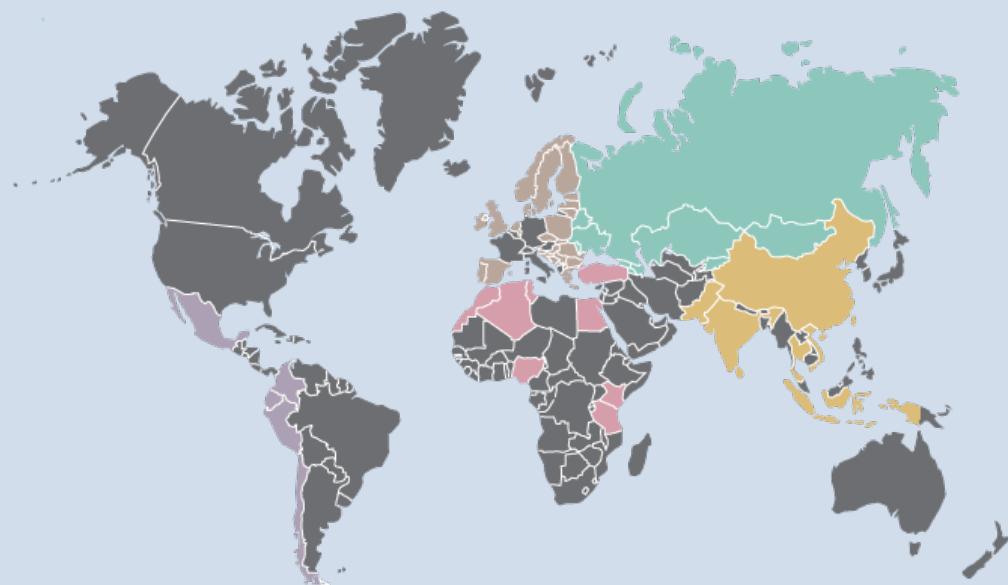
CAUTIONARY STATEMENT

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 2019

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

- Around **3m** Registered Active Members
- **€1.3bn** in sales
- Adj. EBITDA **€180.8m** and **€141.4m** Adj. Operating Profit
- **96%** of orders online. Oriflame App **950,000** users
- Around **1,000** beauty and wellness **products**
- New catalogues every three to four weeks adopted to the local markets
- Founded in 1967. Manufacturing in China, India, Poland & Russia. Headquartered in Switzerland



■ CIS ■ Europe ■ Turkey & Africa ■ Asia ■ Latin America

Important clarifying information

- “Adjusted” or “Adj.” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information, refer to the alternative performance measures document available on the interim reports’ webpage of the Oriflame’s investors section.
- Following the de-listing of the Oriflame group from the Nasdaq Stockholm stock exchange in July 2019, the group structure was changed. Three companies were founded up to the parent company, Oriflame Holding Limited (renamed from Walnut Midco Ltd).
- Until, and including, Q2’19, financial information covers the group before the de-listing with Oriflame Swiss Holding AG as parent company and excludes the three entities from the new group.
- From Q3’19 onwards, the financial information is based on group with Oriflame Holding Limited as parent company. Consequently, the scope of consolidation is different for the year-to-date Q3’19 and year-end 2019 (P&L) periods covered in this presentation.

Entities	Previous name	Prior '19	Year to date 2019				LTM 2020			
			Year end 2019	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20
Oriflame Holding Limited ¹	Walnut Midco Ltd	●	●	●	●	●	●	●	●	●
Oriflame Investment Holding Plc ¹	Walnut Bidco Plc	●	●	●	●	●	●	●	●	●
Oriflame Holding AG ²	Walnut Switzerland AG	●	●	●	●	●	●	●	●	●
Oriflame Swiss Holding AG		●	●	●	●	●	●	●	●	●
Oriflame Subsidiaries		●	●	●	●	●	●	●	●	●

● Included in the group consolidated reported figures.

● Not included in the group consolidated reported figures.

1) The entity was renamed in Apr. 2020

2) The entity was renamed in Sep. 2019

THIRD QUARTER HIGHLIGHTS



Q3 Financial highlights

- **Sales** €280.8m (€288.9m) -3% in €, +8% in lc
- **Adjusted EBITDA** €46.4m (€37.9m)
 - Adjusted EBITDA margin 16.5% (13.1%)
- **Adjusted cash flow**
 - From operating activities €35.2m (€-8.8m)
 - Before financing activities €57.0m (€20.0m)
- **Cash and cash equivalents** was €178.5m (€149.5m)
- **Financial position**
 - Total debt €812.7m
 - Senior secured debt €761.1m
 - Net secured debt/Adjusted EBITDA 3.2

Q3 Impact from Covid-19

SITUATION

- Oriflame reported a significant improvement on the underlying sales, profitability and cash flow.
- Several countries continued to impose strict measures to reduce the spread of the virus in the third quarter. We experienced easing of the restrictions allowing us to open up the markets, but the situation has again worsened.

ACTIVITIES

- Prioritize health and security among all stakeholders.
- Secure operational and essential processes and thereby the supply.
- Plan for sales reactivation in some markets in line with authorities' recommendations.
- Cost efficiency measures taken and are being visible.

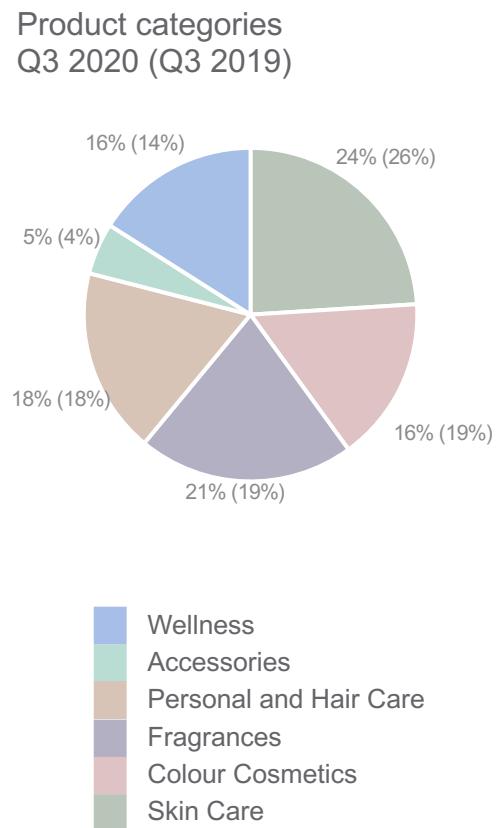
IMPACT

- 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 as well as an opportunity to motivate and engage the Registered Active Members.
- All internal factories were able to operate during the quarter, albeit under stricter measures.
- Strong online social selling model, wide geographical footprint and strategic product portfolio help mitigate impact.



Q3 Operational highlights

- **Local currency sales growth and strong currency head wind**
- **Sales recovery** and strong local sales growth in CIS, Europe and Turkey & Africa. Continued negative sales development in Asia and Latin America
- **Price/mix +6%**
 - Unit increase +2%
- **Registered Active Members +3%**
 - Lc productivity +4%
- **Several product launches** within key categories
 - Wellness category kept on performing well
- Continued **strong online** development
- Lower volumes had an **unfavourable impact on the capacity utilization** in manufacturing, partly mitigated by increased external volumes
- **Efficiency initiatives** continued according to plan
- Major **improvements on cash flow**, due to improved EBITDA and positive timing of all elements of the working capital



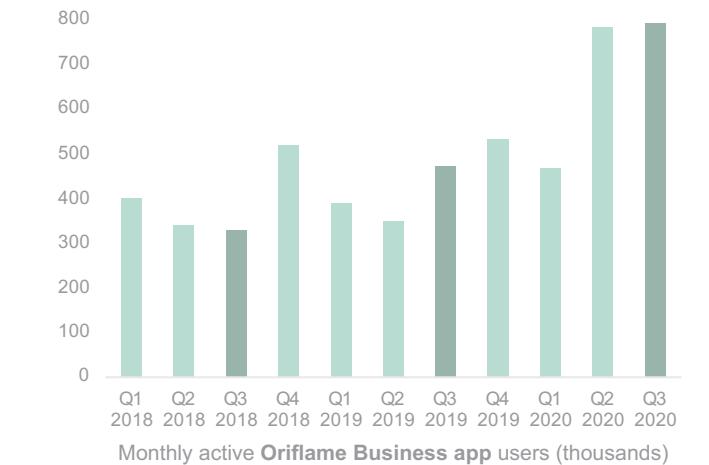
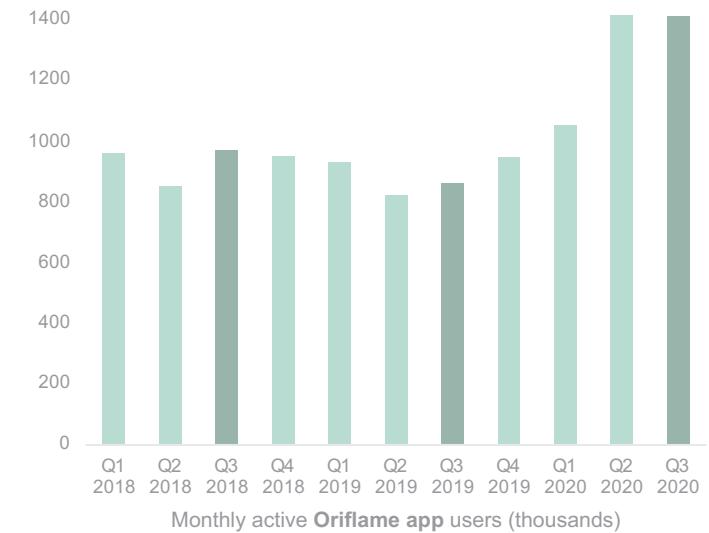
Focus area – sustainable business

- Oriflame submitted the annual disclosure to CDP on Climate Change and Forests. The Scope 3 assessment was finalized and the company will now set 1.5°C-aligned science-based climate targets.
- The brand activation toolbox with focus on sustainability initiatives was implemented in the regions. The purpose of the brand activation toolbox was to deliver easy to understand communication about the company's sustainability achievements and raise awareness of important sustainability issues to the regions and Independent Brand Partners.
- The range Beautanicals was launched, the first 100% vegan brand in Oriflame, certified by the well-known Vegan Society. All formulas are biodegradable and paraben & silicone free; and all bottles are made of 100% recycled plastic.

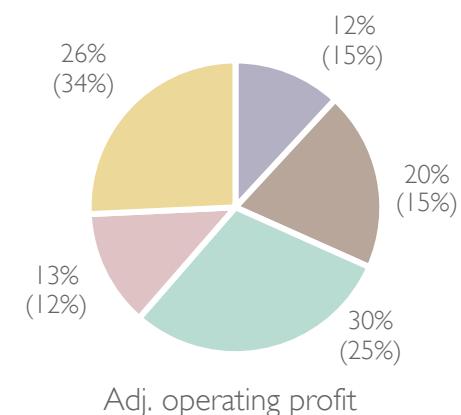
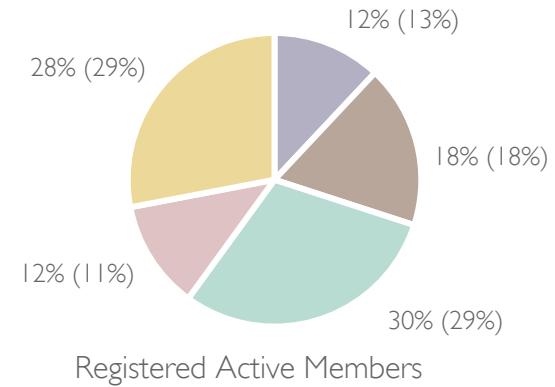
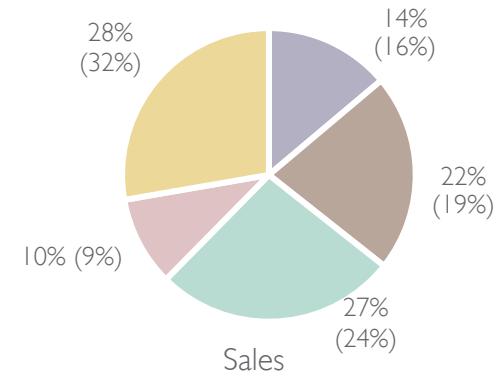
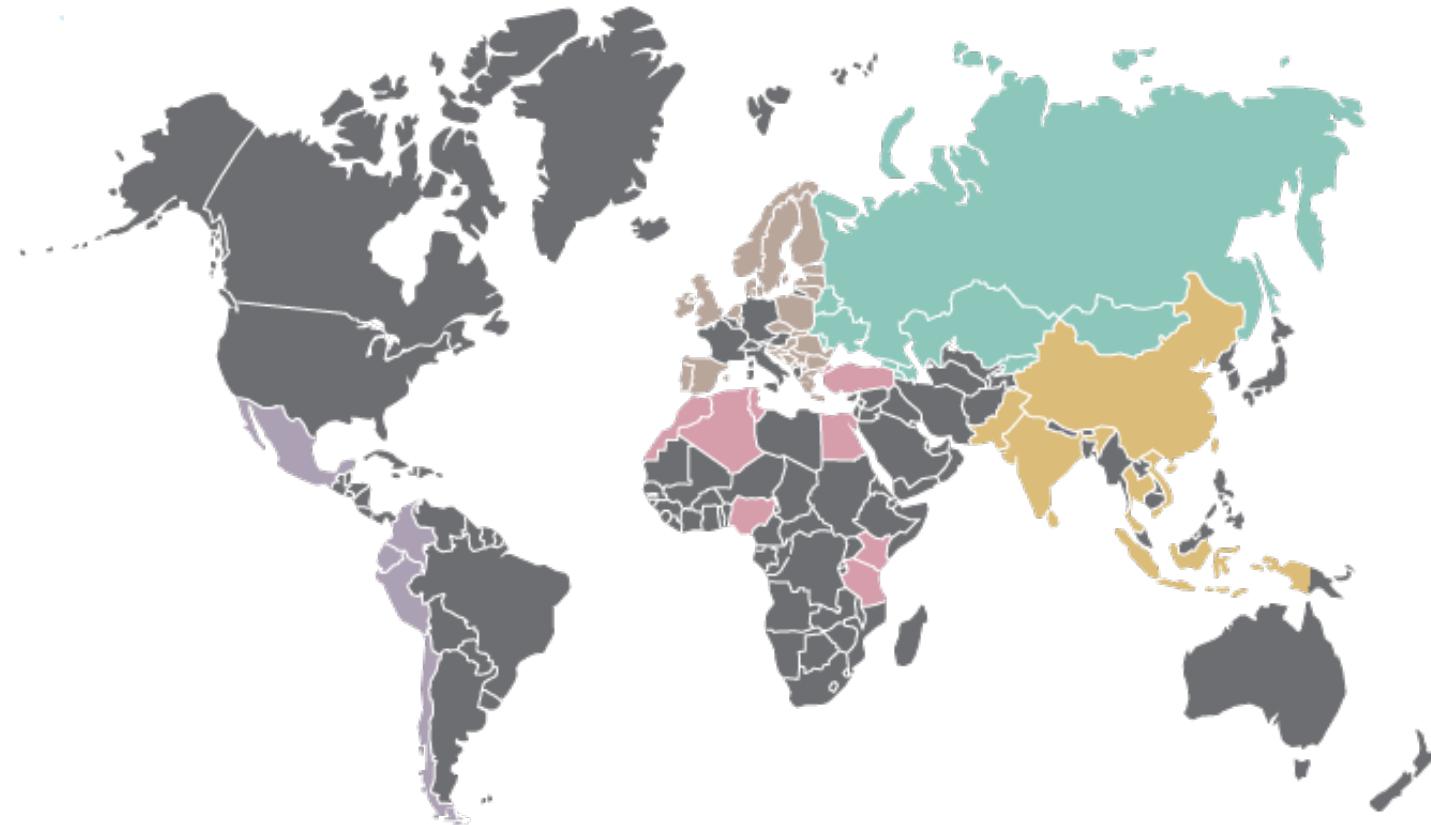


Focus area – strong online development

- **97% of the company's global orders were placed online**
 - 64% came from mobile devices compared to 55% prior year
- **Oriflame app 1,410,000 monthly active users**
- **Oriflame Business app 793,000 monthly active users**
- **Key activities**
 - Continued rollout of the new transactional platform
 - Focus on Brand Partner tools and services remained
 - The rollout of the Mobile Office continued



Q3 Regional overview



Q3 Regional highlights

KPI	Latin America		Europe		CIS		Asia		Turkey & Africa		Group	
	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19
Net sales (€m)	38.3	46.0	60.2	55.0	73.7	68.9	76.5	90.9	27.9	25.3	280.8	288.9
Y-o-Y growth (%)	(17)		9		7		(16)		10		(3)	
Adj. operating profit (€m)	5.9	5.7	9.7	5.6	15.0	9.6	12.7	13.1	6.4	4.7	37.8	27.4
Y-o-Y growth (%)	5		73		57		(3)		36		38	
Adj. operating margin (%)	15.5	12.4	16.2	10.2	20.3	13.9	16.6	14.4	22.8	18.5	13.5	9.5
Registered Active Members, '000	331	357	492	478	843	767	772	775	328	300	2,766	2,677
Y-o-Y growth (%)	(7)		3		10		(0)		9		3	
	Sales started to recover but most markets declined in the number of Registered Active Members. Continued actions taken to reduce costs and to implement digital event options.	Sales increase mainly from Western Europe, while Central and Eastern Europe were just slightly above prior year. Improved leverage of the administrative expenses and less field activities.	Sales increase, particularly in the Central Asian countries. Improved leverage, lower administrative expenses due to earlier taken efficiency measures and favourable timing differences.	Improved sales trend in all subregions, however still negative growth versus the same quarter previous year for the total business area. Significantly lower spending on events, marketing and other selling expenses.	Increased net sales and number of Registered Actives but strong currency head winds. Higher operating margin due to improved leverage of the administrative expenses, less field activities and efficiency measures.							

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 Q2	2020 Q3	YTD 2020
Inventory	322.0	(308.5)	(13.5)	-	-	(13.5) Consumed by Q1 2020
Customer list	14.1	(3.5)	(1.8)	(1.8)	(1.8)	(5.3) Depreciated over 2 years
Manufacturing know-how	37.5	(3.8)	(1.9)	(1.9)	(1.9)	(5.6) 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	(0.2)	0.1	0.0
Total PPA on EBIT		(315.8)	(17.0)	(3.8)	(3.6)	(24.4)
Financial expenses		(0.8)	(0.3)	(0.3)	(0.3)	(0.9) IFRS 16 leases
Total PPA on PBT		(316.6)	(17.3)	(4.1)	(3.8)	(25.3)
Tax	(139.6)	72.7	4.0	0.7	0.7	5.4
Total PPA	1,063.4	(243.9)	(13.3)	(3.4)	(3.2)	(19.9)
Non-recurring items (net of tax)		(62.1)	(6.5)	(1.5)	-	(8.0)
Total PPA and non-recurring items		(306.0)	(19.8)	(4.9)	(3.2)	(27.9)

Income statement Q3

€m	Q3'20	Q3'19
Sales	280.8	288.9
Cost of Sales	(92.0)	(227.8)
Gross profit	188.7	61.2
Purchase Price Allocation (PPA) items	-	137.9
Gross profit	188.7	199.1
	67.2%	68.9%
Selling and marketing expenses	(84.2)	(95.6)
Distribution and Infrastructure	(6.4)	(7.2)
Administrative expenses	(63.9)	(77.0)
Operating profit / (loss)	34.3	(118.7)
PPA and non-recurring items	3.6	146.1
Adj. Operating profit	37.8	27.4
	13.5%	9.5%
Net financing costs	(21.5)	(48.7)
Net profit / (loss) before tax	12.8	(167.3)
PPA and non-recurring items	3.8	177.6
Adj. Net profit before tax	16.6	10.2
	5.9%	3.5%
Total income tax expense	(7.8)	26.8
Net profit / (loss)	4.9	(140.5)
PPA and non-recurring items	3.2	143.6
Adjusted net profit	8.1	3.1
	2.9%	1.1%

COMMENTS

- Sales mix
 - Unit sales +2%
 - Price/mix +6%
- Gross margin 67.2% (68.9%)
 - Impacted by exchange rates, geographical mix and de-leverage in supply (drop in manufacturing volumes).

- Adj. EBITDA margin 16.5% (13.1%)
- Adj. operating margin 13.5% (9.5%)
- Unit sales increase and positive price/mix offset by negative currency impact -360 bps
- Lower selling and marketing expenses
- Lower administrative expenses despite of €4.8m higher Bonus and SIP accruals
- Adj. net profit €8.1m (€3.1m)

	Q3'20
PPA and non-recurring items	
Cost of Sales	-
PPA items on gross profit	
PPA items	3.6
Restructuring	-
PPA and non-recurring items on operating profit	3.6
Financial expenses related to PPA	0.3
PPA and non-recurring items on net profit before tax	3.8
Tax expenses related to PPA and restructuring	(0.7)
PPA and non-recurring items on net profit	3.2

Income statement YTD Q3

€m	YTD Q3'20	YTD Q3'19
Sales	849.4	901.1
Cost of Sales	(291.3)	(418.9)
Gross profit	558.1	482.2
Purchase Price Allocation (PPA) items	13.5	137.9
Gross profit	571.6	620.1
	67.3%	68.8%
Selling and marketing expenses	(257.9)	(298.6)
Distribution and Infrastructure	(20.9)	(22.3)
Administrative expenses	(213.9)	(216.9)
Operating profit / (loss)	65.3	(55.6)
PPA and non-recurring items	34.4	153.2
Adj. Operating profit	99.7	97.6
	11.7%	10.8%
Net financing costs	(62.2)	(54.5)
Net profit / (loss) before tax	3.1	(110.0)
PPA and non-recurring items	35.3	184.7
Adj. Net profit before tax	38.4	74.6
	4.5%	8.3%
Total income tax expense	(14.9)	10.2
Net profit / (loss)	(11.8)	(99.8)
PPA and non-recurring items	27.9	150.8
Adjusted net profit	16.0	51.0
	1.9%	5.7%

COMMENTS

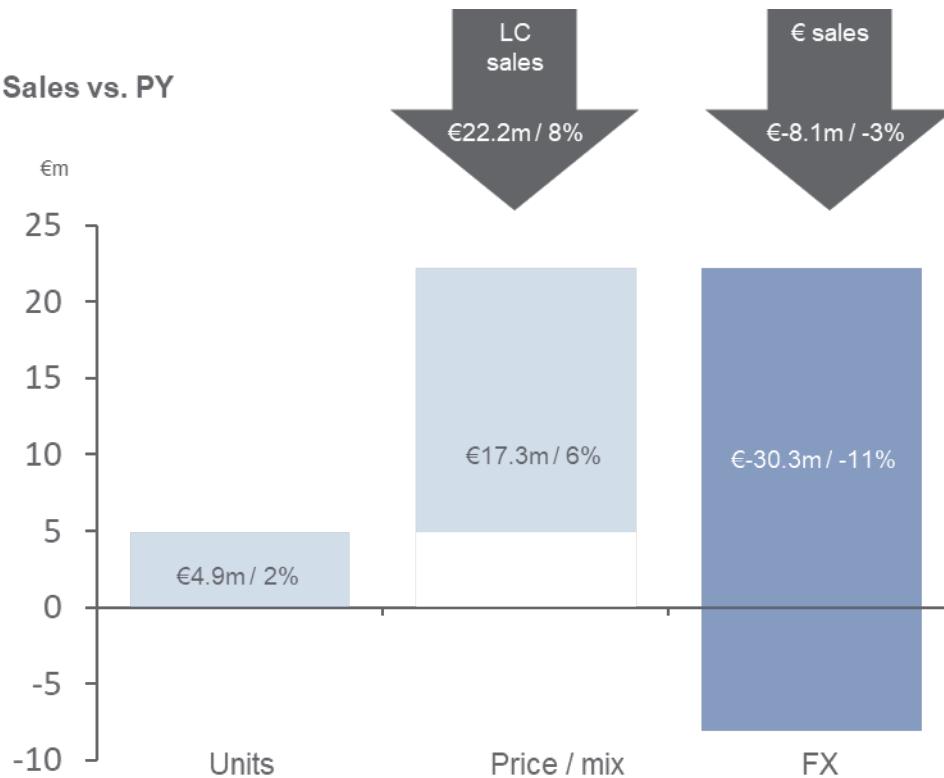
- Sales mix
 - Unit sales -5%
 - Price/mix +4%
- Gross margin 67.3% (68.8%)
 - Impacted by exchange rates, geographical mix, sales actions to reduce excess inventory and leverage in supply (incl. drop in manufacturing volumes).

- Adj. EBITDA margin 15.0% (14.3%)
- Adj. operating margin 11.7% (10.8%)
- Unit sales decrease partly offset by price/mix
- Currency impact -180 bps
- Lower gross margins, partly offset by lower selling and marketing expenses
- Admin slightly lower in absolute values but higher as % of sales
- Adj. net profit €16.0m (€51.0m)

PPA and non-recurring items	YTD Q3'20
Cost of Sales	13.5
PPA items on gross profit	13.5
PPA items	10.9
Restructuring	10.1
PPA and non-recurring items on operating profit	34.4
Financial expenses related to PPA	0.9
PPA and non-recurring items on net profit before tax	35.3
Tax expenses related to PPA and restructuring	(7.5)
PPA and non-recurring items on net profit	27.9

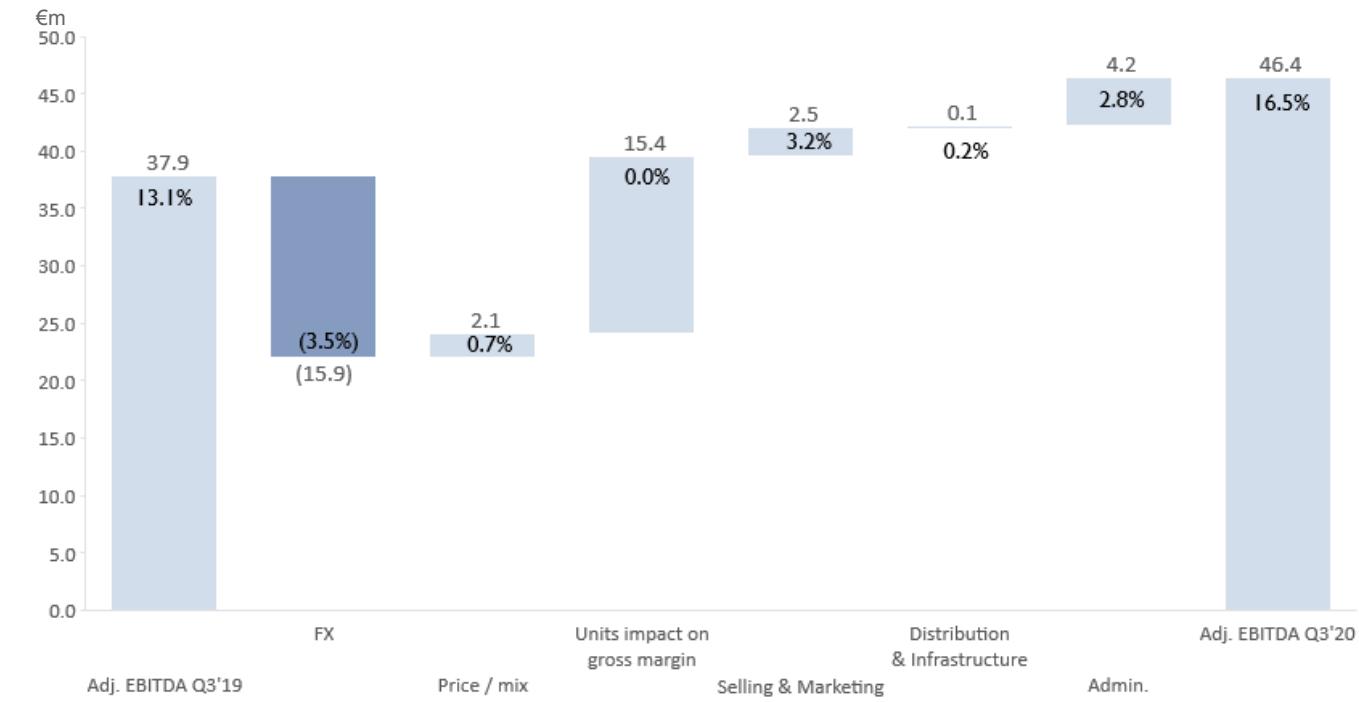
Q3 sales and adjusted EBITDA analysis

Sales vs. PY



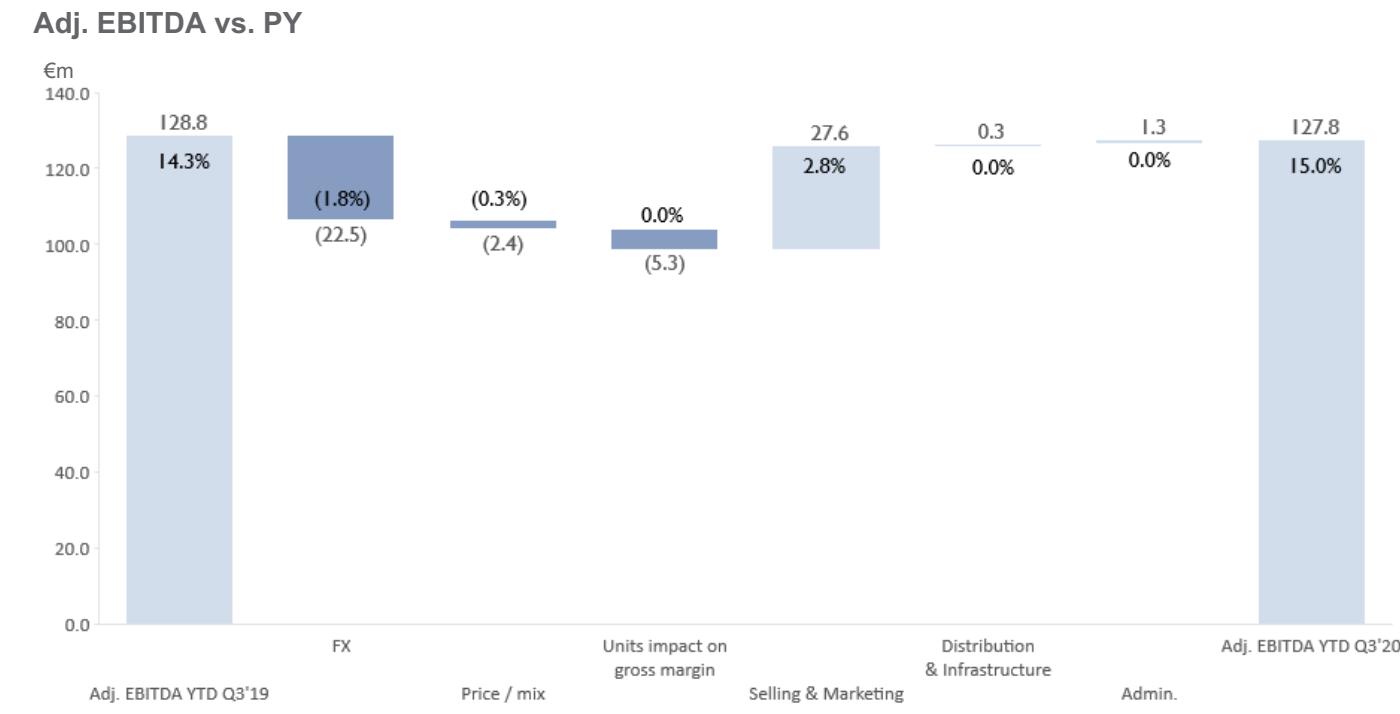
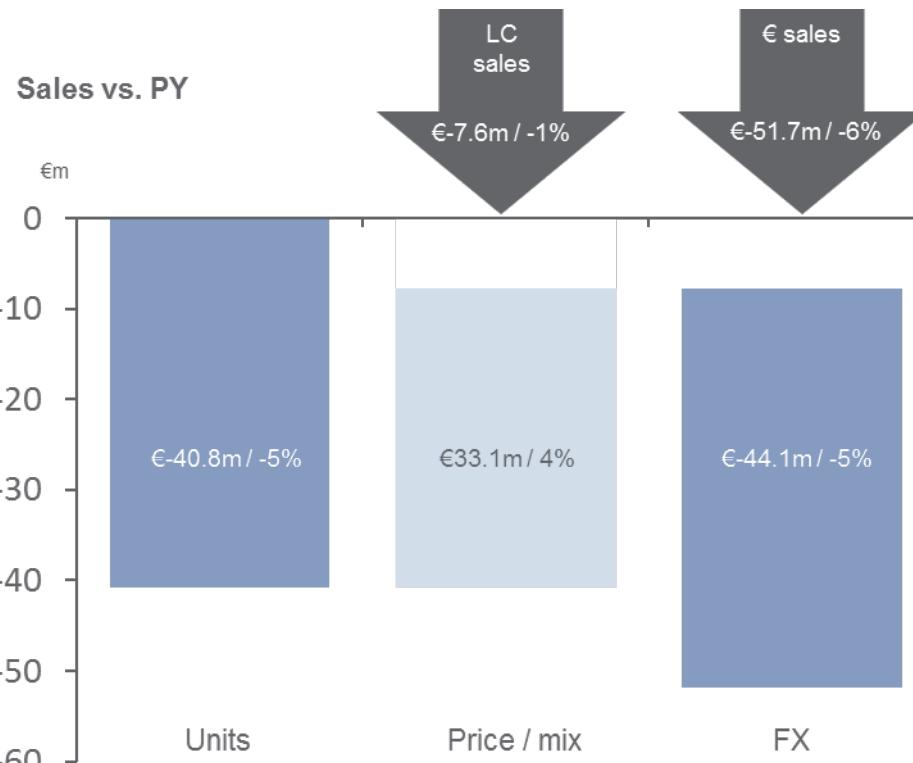
- Sales €280.8m (€288.9m) -3% in €, +8% in local currency
 - Unit sales +2%
 - Price/mix +6%
- Positive LC development in Turkey & Africa, CIS and Europe
- Sales decline in Asia and LA

Adj. EBITDA vs. PY



- Adjusted EBITDA increased from €37.9m to €46.4m, positively impacted by higher unit sales, positive price/mix, lower administrative and selling and marketing expenses.

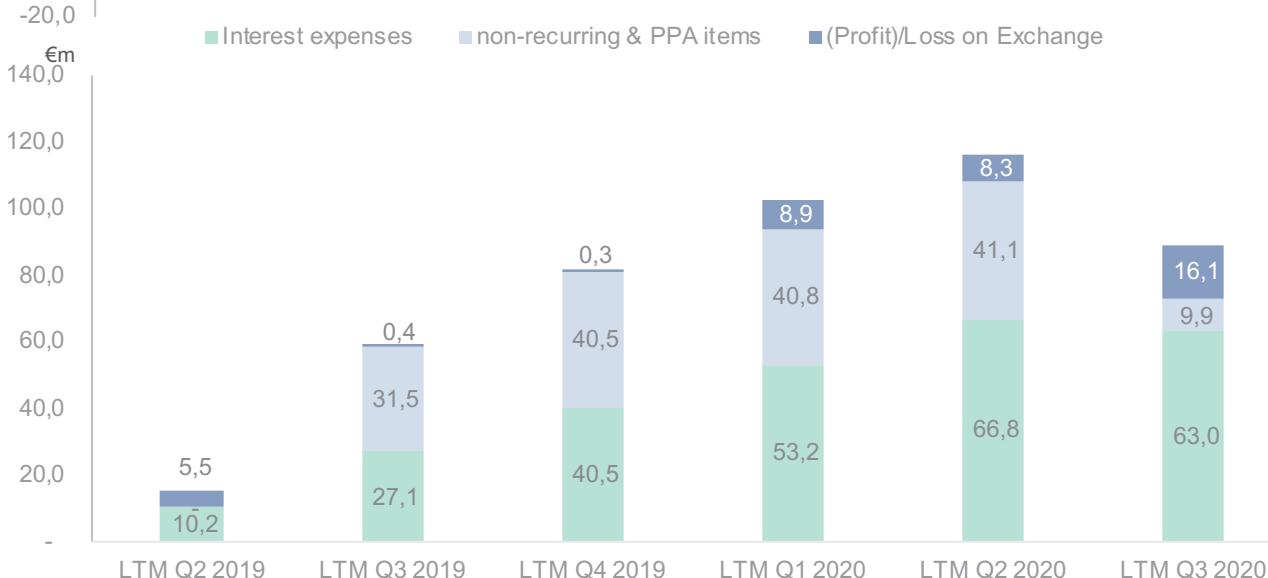
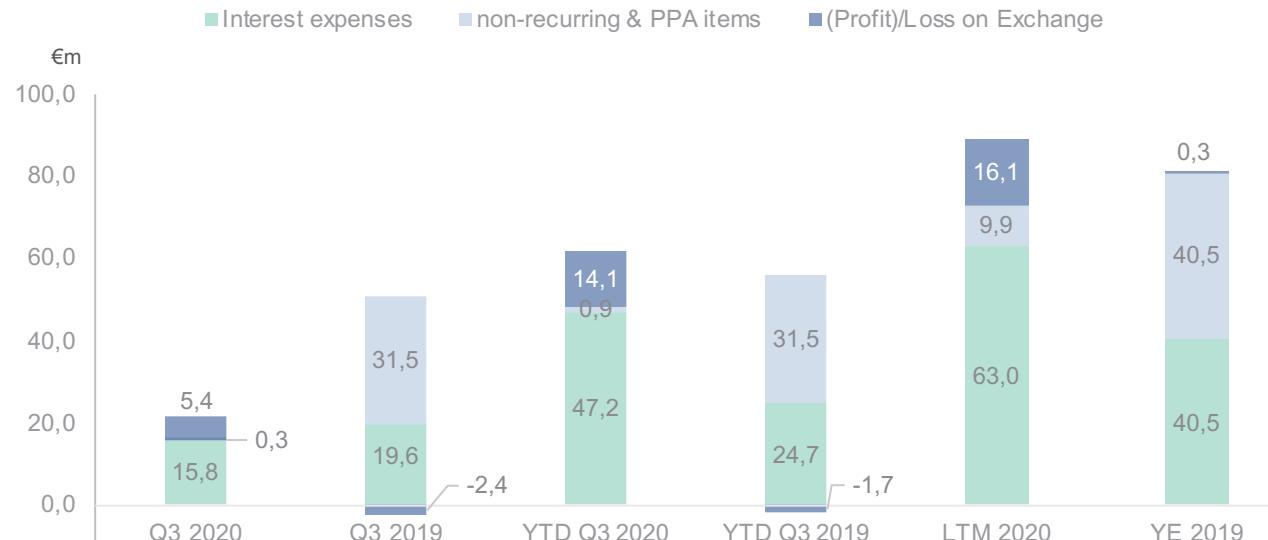
YTD Q3 sales and adjusted EBITDA analysis



- Sales €849.4m (€901.1m) -6% in €, -1% in local currency
 - Unit sales -5%
 - Price/mix +4%
- Positive LC development in CIS, Turkey & Africa and Europe
- Sales decline in Asia and LA

- Adjusted EBITDA decreased from €128.8m to €127.8m, negatively impacted mainly by unfavourable foreign exchange and lower sales volumes, partly offset by lower selling and marketing expenses.

Net financing cost – Quarter 3, 2020



Net financing costs Q3

Decrease in net interest expenses despite increase of debt and interest rates due to:

- non-recurring costs in Q3 2019 (€31.1m USPP repayment cost)

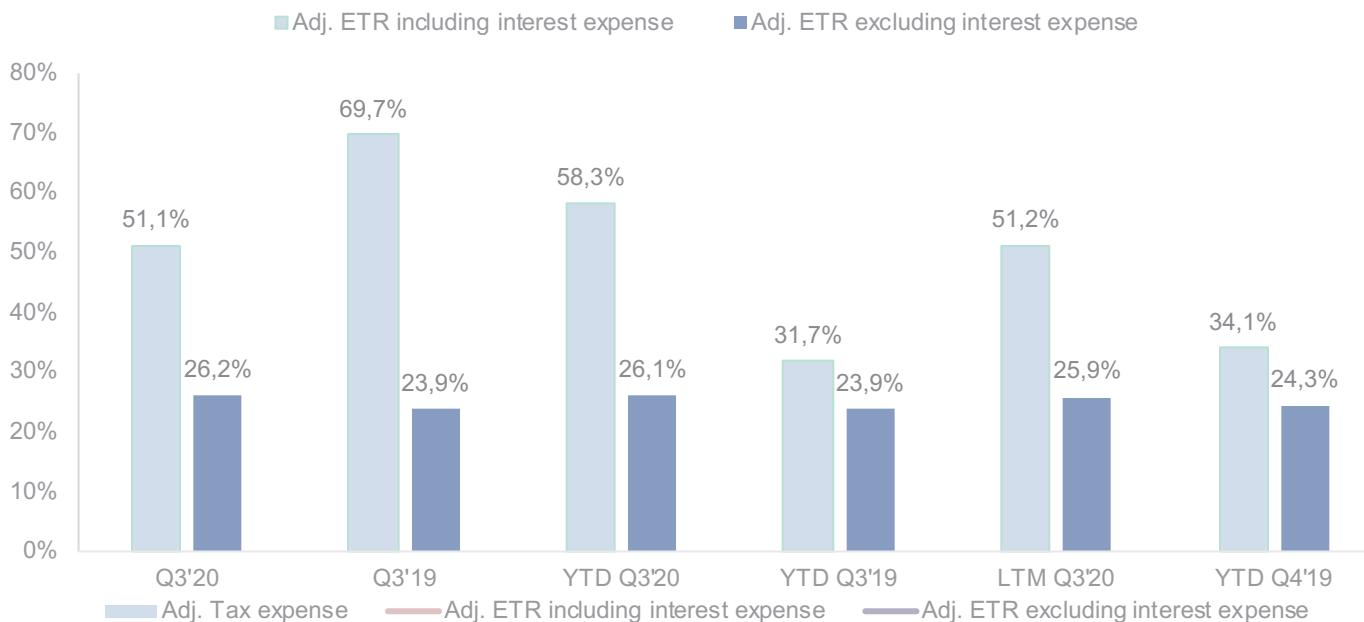
Negative PLEX result of €6.9m offset by €2.5m gain on hedging instruments

LTM, Non-recurring and PPA items

LTM decrease in net interest expenses is mainly due to:

- €1.3m USPP interest in Q3 2019;
- and non-recurring items:
- €31.1m USPP repayment cost in Q3 2019
- €9.6m Front fee adjustment expensed in Q4 2019

Income Tax Expenses – Quarter 3, 2020

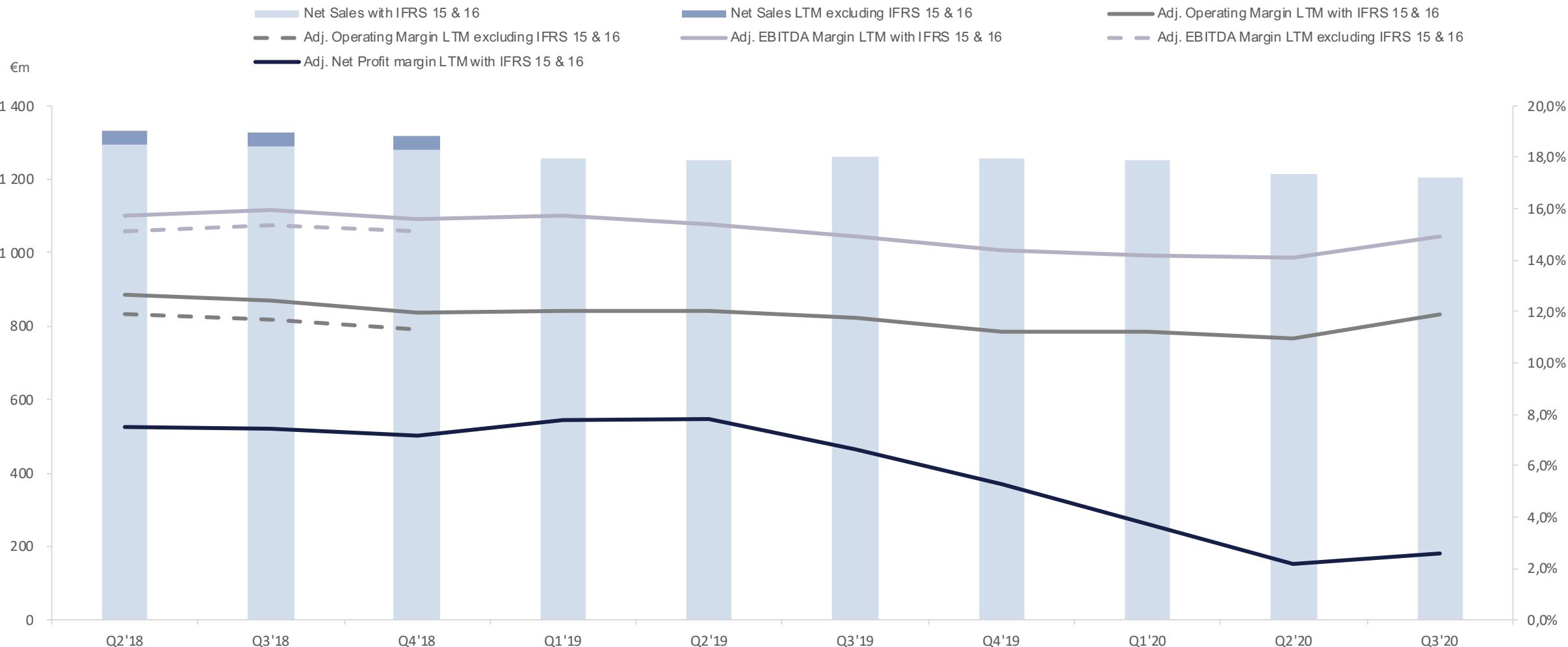


	LTM Q2'19	LTM Q3'19	LTM Q4'19	LTM Q1'20	LTM Q2'20	LTM Q3'20
Profit before tax	134.7	120.9	100.6	78.5	58.0	64.4
Interest expense	10.2	27.1	40.4	53.1	66.7	63.0
PBT excl. interest expense	144.9	148.0	141.0	131.6	124.8	127.4
Adj. Tax expense	37.0	37.5	34.3	31.8	31.6	33.0
Adj. ETR including interest expense	27.5%	31.0%	34.1%	40.5%	54.5%	51.2%
Adj. ETR excluding interest expense	25.5%	25.3%	24.3%	24.2%	25.3%	25.9%

COMMENTS

- The Q3 2020 (26.2%) ETR excluding interest expense is higher than Q3 2019 (23.9%) mainly due to F/X losses without triggering tax effect and higher withholding tax on intra-group dividends.

LTM Sales, adjusted operating margin and adjusted EBITDA development



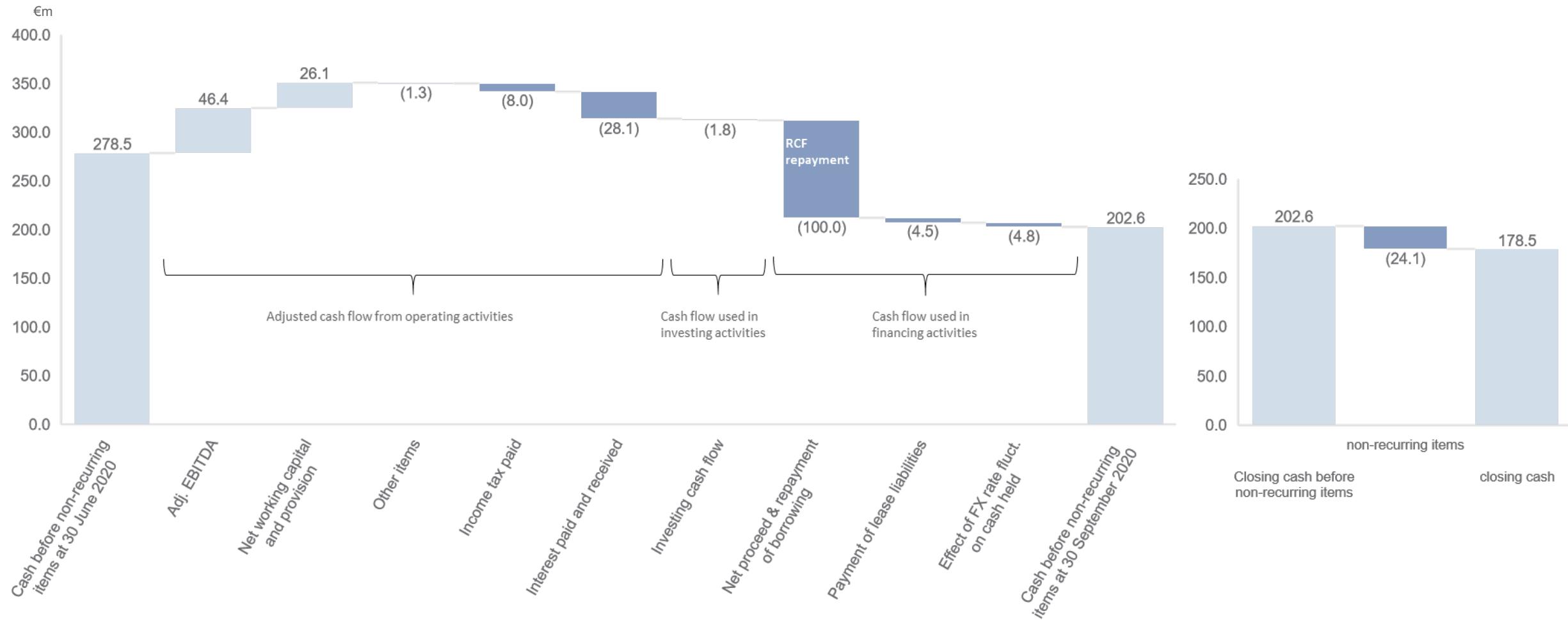
Cash flow before financing activities

€m	Q3'20	Q3'19	YTD Q3'20	YTD Q3'19	LTM Oct'19 – Sep'20	YTD'19
Cash flow from operating activities	33.0	(51.9)	60.9	(13.8)	134.0	59.4
<i>Excluding</i> Interest received	(0.3)	(4.3)	(1.1)	(9.7)	(1.5)	(10.2)
<i>Excluding</i> Interest and bank charges paid	28.7	74.3	57.5	83.8	60.0	86.3
Cash flow used in investing activities	(1.8)	(4.1)	(5.1)	(12.8)	(8.1)	(15.8)
Payment of lease liabilities	(4.2)	(5.2)	(13.6)	(15.3)	(19.2)	(20.9)
Non-recurring and PPA items	1.7	11.3	23.2	11.3	22.8	10.9
Adj. Cash flow before financing activities	57.0	20.0	121.8	43.5	188.0	109.7

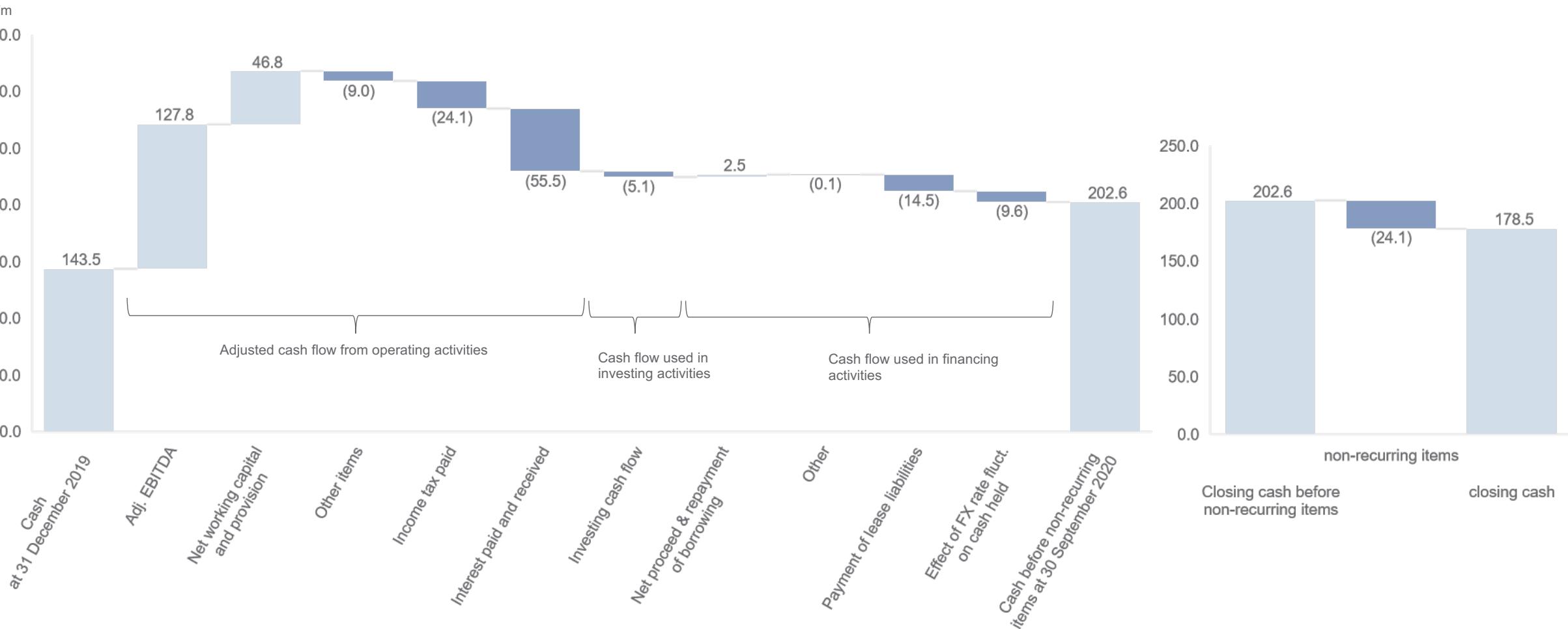
COMMENTS

- Underlying cash flow before financing activities increased by € 37.0m or 185%
- Positively impacted by
 - EBITDA €8.5m
 - Working capital €25.9m
 - CAPEX €2.3m
 - Payment of leases €1.0m
- Partly offset by:
 - Other €0.7m

Cash flow development – Quarter 3, 2020



Cash flow development – Accumulated Q3, 2020



Funding and financial position

	Q3'20	YTD'19
€m	Capitalization of the Issuer after the transaction	Capitalization of the Issuer after the transaction
Cash and Cash Equivalents	178.5	143.5
Notes	761.1	773.2
Revolving Facility	-	-
Total senior secured indebtedness	761.1	773.2
Interest-bearing loans & bank overdrafts	2.4	-
Lease liabilities	49.2	67.8
Total indebtedness	812.7	841.0
Total Net Secured Debt	582.6	629.7
Total Net Debt	634.2	697.5

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: €178.5m
- €100m Revolving Facility: €0m draw down
- Net secured debt/Adjusted EBITDA LTM: 3.2
- Adj. EBITDA LTM: €179.7m
- Covenants EBITDA LTM: €168.1

CONCLUSIONS

AND GOING FORWARD



Conclusions

Q3 2020

- Local sales growth
 - Increased units sold and positive price mix
 - Sales recovered in CIS, Europe and Turkey & Africa, while continued decline in LA and Asia following the negative impact from the Covid-19 outbreak
- Currency head wind offset by improved price/mix and cost control leading to improved operating profit
- Online model major factor behind the recovery
- Our initiatives to improve the profitability and cash flow have rendered results and are proceeding according to plan

Q4 2020

- So far, the fourth quarter shows a low single digit growth in local currency.



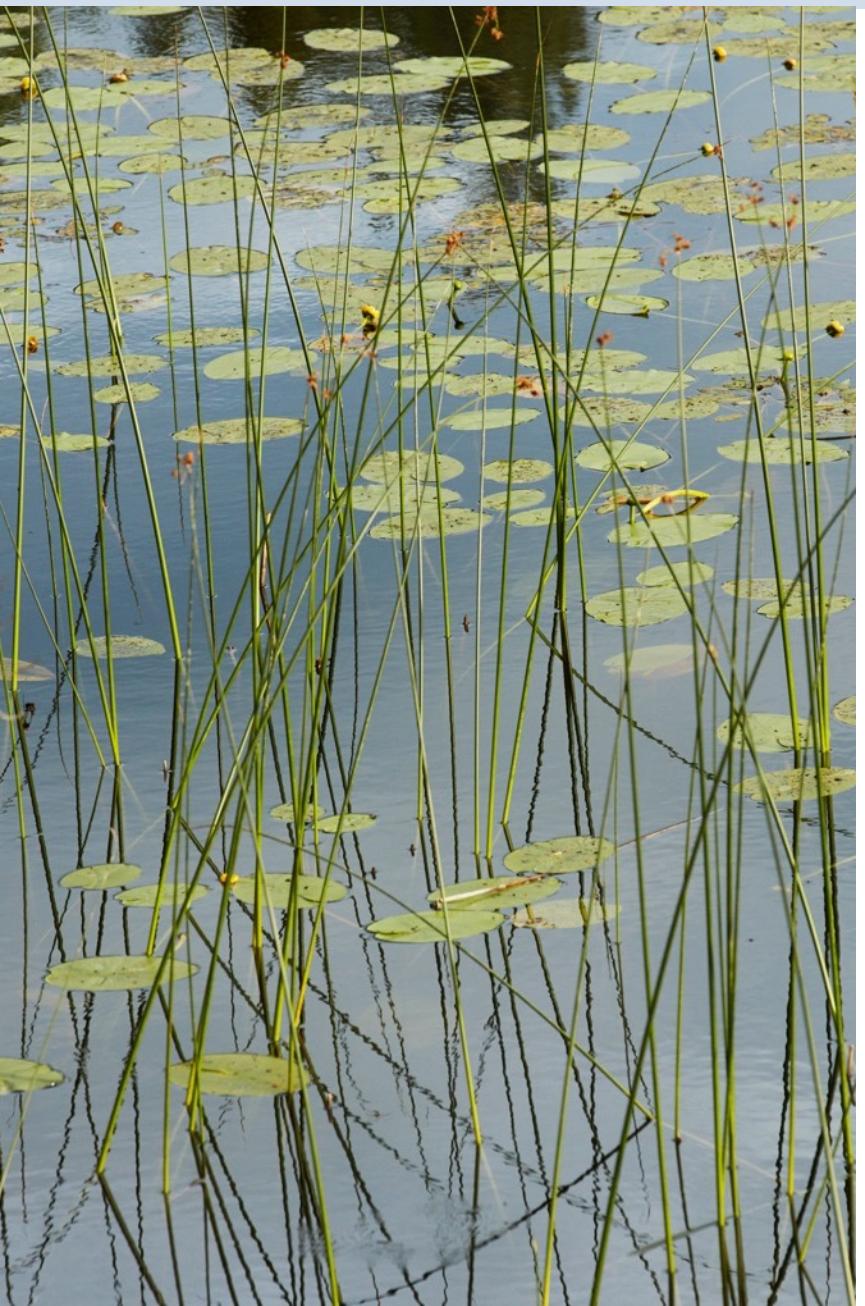
Going forward

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
- Sales reactivation in line with authorities' recommendations
- Continue to
 - Implementing cost efficiency measures
 - Focus on working capital and cash flow initiatives
 - Monitor the development and secure long term financial stability

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



“The challenges from Covid-19 and its impact on the people and economies around the globe continue, and we stay humble navigating our path forward with care. So far, the fourth quarter shows a low single digit growth in local currency. We believe that the strength of our business model, products, digital tools and foremost our people will continue to build a stronger Oriflame.”

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

Magnus Brännström, 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.

