



# Oriflame Holding AG

SECOND QUARTER 2017  
INVESTOR PRESENTATION

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Gabriel Bennet, CFO

Nathalie Redmo, Sr. Manager IR

August 17, 09.30 CET



# SECOND QUARTER HIGHLIGHTS



## Q2 HIGHLIGHTS

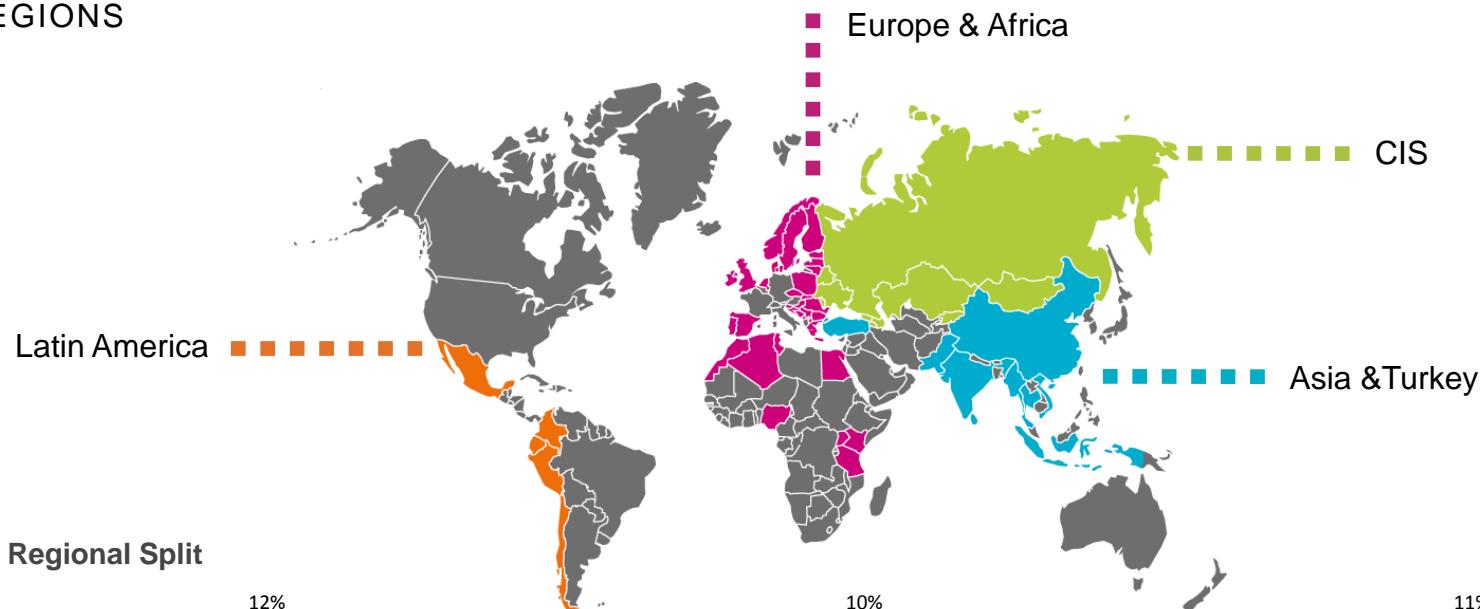
- **Sales** €347.6m (€309.6m) +11% in lc, +12% in €
  - Double-digit growth in Asia & Turkey
  - Europe stable, improvements in Africa
  - Growth in CIS driven by timing and productivity
  - Q3 update: 10% QTD and 9% YTD lc sales
- **Operating margin** 11.7% (9.9%)
  - Currency impact +40 bps
  - Net profit €19.9m (€18.1m)
- **€70m** issue of Euro denominated private placement notes



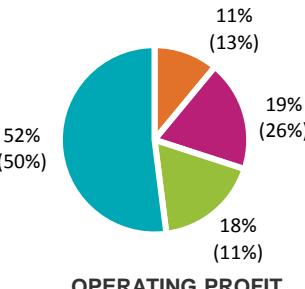
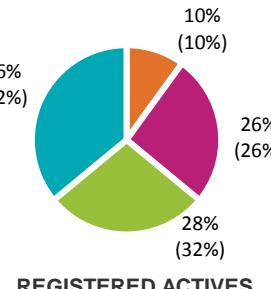
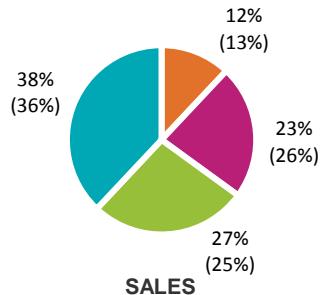
## OPERATIONAL HIGHLIGHTS

- **Price/mix +7%**
  - Unit growth +4%
- **Registered actives -2%**
  - Lc productivity +13%
- Executing on **strategic priorities**
  - Double-digit growth in **Skin Care** and **Wellness**
  - Successful launches in **Colour Cosmetics** and **Fragrances**
- Strong global **online development**
  - **500,000** monthly active users of *the Oriflame app*
- Improved **capacity utilization** in manufacturing

## REGIONS



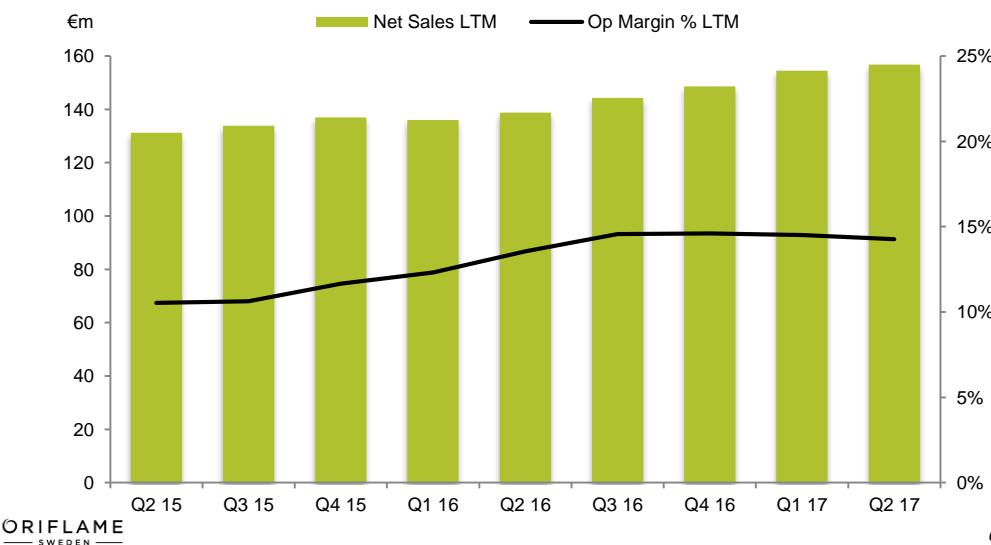
### Q2 Regional Split



## LATIN AMERICA

- Sales force and productivity
  - Registered actives -1%
  - Lc productivity +5%
  - € productivity +7%
- Negative timing of catalogues
- Continued strong performance in Mexico and Peru
- Improvements in Ecuador, weak development in Colombia
- Healthy productivity levels
  - Price increases
  - Strategic product categories
- Operating margin -100 bps
  - Negative currency movements
  - Price increases
  - Favourable product mix

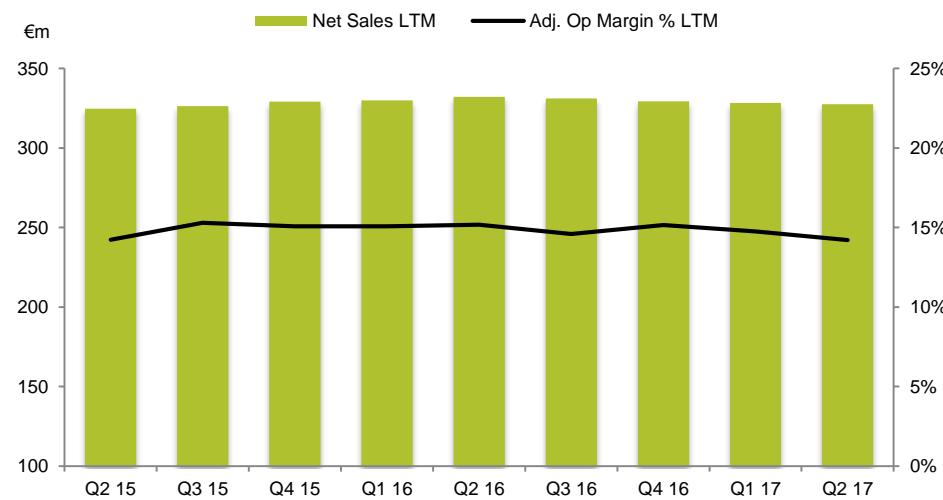
|                            | Q2'17 | Q2'16 | Change | LTM,<br>July'16 -<br>June'17 | LTM,<br>July'15 -<br>June'16 | Change | YE'16 |
|----------------------------|-------|-------|--------|------------------------------|------------------------------|--------|-------|
| Sales, €m                  | 40.9  | 38.5  | 6%     | 156.8                        | 138.7                        | 13%    | 148.6 |
| Lc sales                   | -     | -     | 4%     | -                            | -                            | 18%    | -     |
| Operating profit,<br>€m    | 6.0   | 6.1   | (1%)   | 22.4                         | 18.8                         | 19%    | 21.7  |
| Operating margin           | 14.8% | 15.8% | -      | 14.3%                        | 13.5%                        | -      | 14.6% |
| Registered<br>actives '000 | 284   | 286   | (1%)   | 284                          | 286                          | (1%)   | 288   |



## EUROPE & AFRICA

- Sales force and productivity
  - Registered actives -1%
  - Lc productivity +5%
  - € productivity stable
- Stable sales in Europe
  - Healthy leadership development in Central Europe
  - Soft performance in Western Europe
- Solid underlying performance in Africa
  - Macroeconomic and exchange rates challenges
- Operating margin -230 bps
  - Negative currency movements
  - Higher selling and marketing expenses
  - Price increases

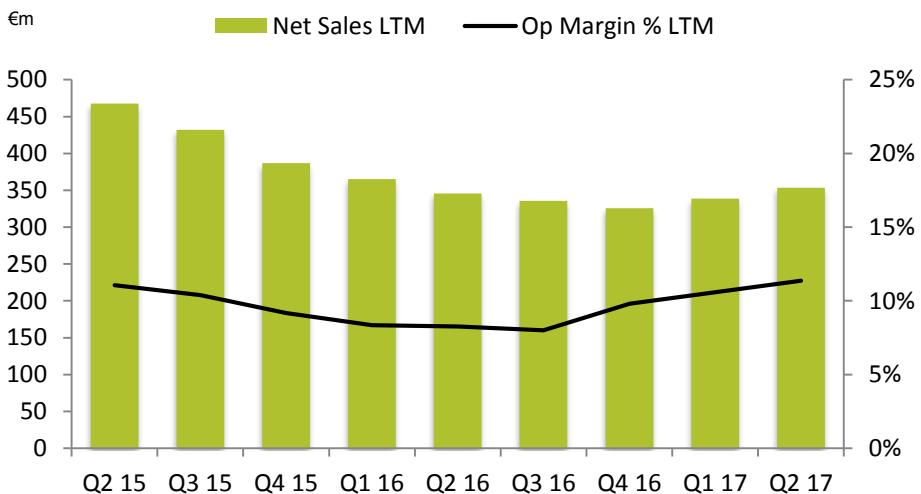
|                            | Q2'17 | Q2'16 | Change | LTM,<br>July'16 -<br>June'17 | LTM,<br>July'15 -<br>June'16 | Change | YE'16 |
|----------------------------|-------|-------|--------|------------------------------|------------------------------|--------|-------|
| Sales, €m                  | 80.3  | 81.2  | (1%)   | 327.4                        | 332.0                        | (1%)   | 329.4 |
| Lc sales                   | -     | -     | 4%     | -                            | -                            | 4%     | -     |
| Operating profit,<br>€m    | 10.4  | 12.4  | (16%)  | 46.5                         | 50.4                         | (8%)   | 49.9  |
| Operating margin           | 12.9% | 15.2% | -      | 14.2%                        | 15.2%                        | -      | 15.2% |
| Registered<br>actives '000 | 734   | 740   | (1%)   | 734                          | 740                          | (1%)   | 812   |



## CIS

- Sales force and productivity
  - Registered actives -13%
  - Lc productivity +22%
  - € productivity +37%
- Russia Lc sales +10%
  - Ongoing productivity growth
  - Positive timing of catalogues
- Challenges in Ukraine and Kazakhstan
- High online and leadership development
- Operating margin +380 bps
  - Favourable exchange rates
  - Price increases
  - Sales leverage

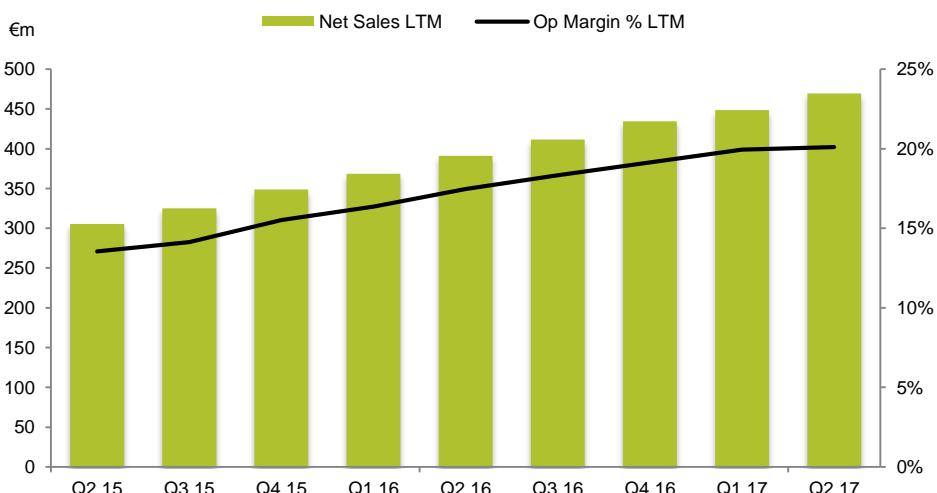
|                            | Q2'17 | Q2'16 | Change | LTM,<br>July'16 -<br>June'17 | LTM,<br>July'15 -<br>June'16 | Change | YE'16 |
|----------------------------|-------|-------|--------|------------------------------|------------------------------|--------|-------|
| Sales, €m                  | 92.9  | 78.0  | 19%    | 353.6                        | 345.7                        | 2%     | 325.7 |
| Lc sales                   | -     | -     | 6%     | -                            | -                            | (4%)   | -     |
| Operating profit,<br>€m    | 9.7   | 5.2   | 85%    | 40.2                         | 28.5                         | 41%    | 31.9  |
| Operating margin           | 10.5% | 6.7%  | -      | 11.4%                        | 8.2%                         | -      | 9.8%  |
| Registered<br>actives '000 | 794   | 913   | (13%)  | 794                          | 913                          | (13%)  | 926   |



## ASIA & TURKEY

- Sales force and productivity
  - Registered actives +8%
  - Lc productivity +12%
  - € productivity +10%
- Most markets performed well
  - Healthy growth in China
  - Notably strong performance in Vietnam
- Indonesia and Turkey impacted by Ramadan
- Weak development in India
  - Adapting to administrative changes
- Operating margin +40 bps
  - Favourable geographical mix
  - Negative currency movements
  - Higher selling and marketing expenses

|                            | Q2'17 | Q2'16 | Change | LTM,<br>July'16 -<br>June'17 | LTM,<br>July'15 -<br>June'16 | Change | YE'16 |
|----------------------------|-------|-------|--------|------------------------------|------------------------------|--------|-------|
| Sales, €m                  | 130.3 | 109.5 | 19%    | 469.3                        | 390.9                        | 20%    | 434.3 |
| Lc sales                   | -     | -     | 21%    | -                            | -                            | 22%    | -     |
| Operating profit,<br>€m    | 28.0  | 23.1  | 21%    | 94.4                         | 68.3                         | 38%    | 83.1  |
| Operating margin           | 21.5% | 21.1% | -      | 20.1%                        | 17.5%                        | -      | 19.1% |
| Registered<br>actives '000 | 994   | 923   | 8%     | 994                          | 923                          | 8%     | 980   |





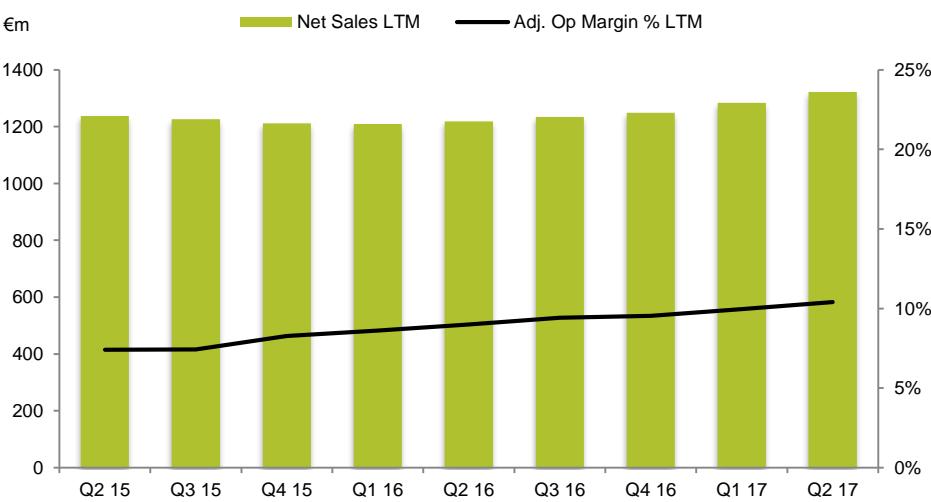
# FINANCIALS



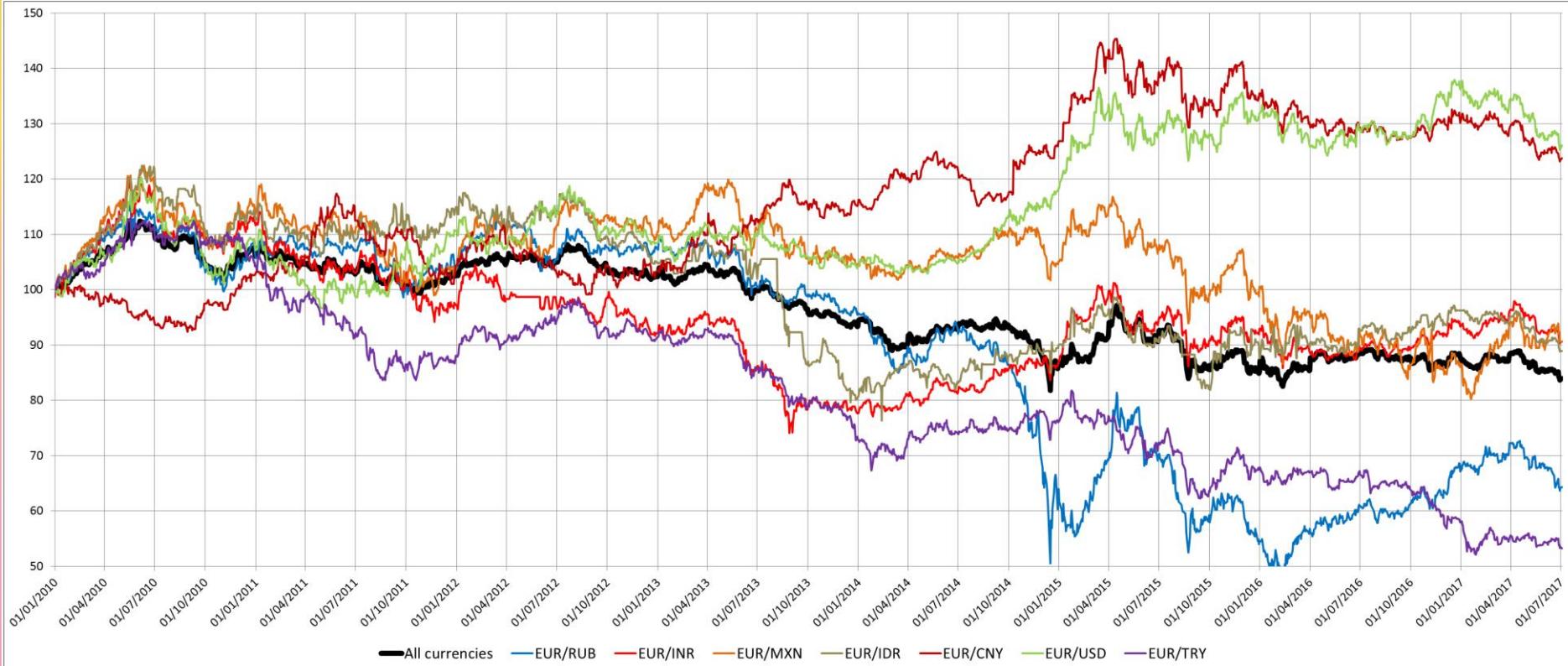
## Q2 INCOME STATEMENT

- Sales mix
  - Unit sales +4%, Price/mix +7%
- Gross margin 72.9% (71.5%)
  - Positive currency impact 40 bps
  - Positive price/mix
  - Supply chain efficiency measures
- Operating margin +180 bps
  - Lower distribution and infrastructure expenses
  - Lower administrative costs
  - Higher selling and marketing expenses
  - Higher costs for share incentive plan and bonuses
- Net profit €19.9m (€18.1m)
  - Diluted EPS €0.35 (€0.32)
  - €3m one-off translation reserve loss
  - 300 bps withholding tax on intra group dividends

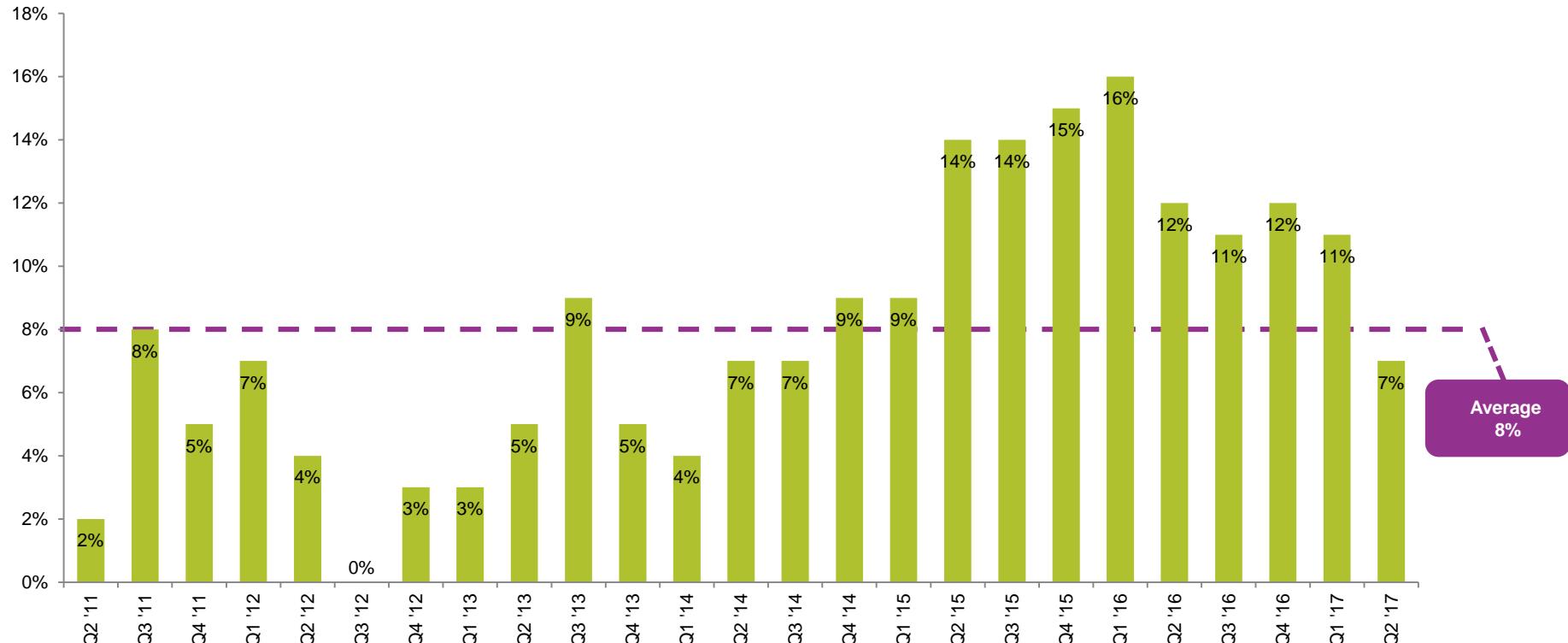
|                           | Q2'17 | Q2'16 | Change | LTM,<br>July'16 -<br>June'17 | LTM,<br>July'15 -<br>June'16 | Change | YE'16   |
|---------------------------|-------|-------|--------|------------------------------|------------------------------|--------|---------|
| Sales, €m                 | 347.6 | 309.6 | 12%    | 1,321.8                      | 1,218.1                      | 9%     | 1,249.4 |
| Lc sales                  | -     | -     | 11%    | -                            | -                            | 10%    | -       |
| Adj. operating profit, €m | 40.5  | 30.8  | 32%    | 137.5                        | 109.9                        | 25%    | 119.2   |
| Adj. operating margin     | 11.7% | 9.9%  | -      | 10.4%                        | 9.0%                         | -      | 9.5%    |
| Registered actives '000   | 2,806 | 2,862 | (2%)   | 2,806                        | 2,862                        | (2%)   | 3,006   |



## GROUP CURRENCY IMPACT ON SALES SINCE 2010

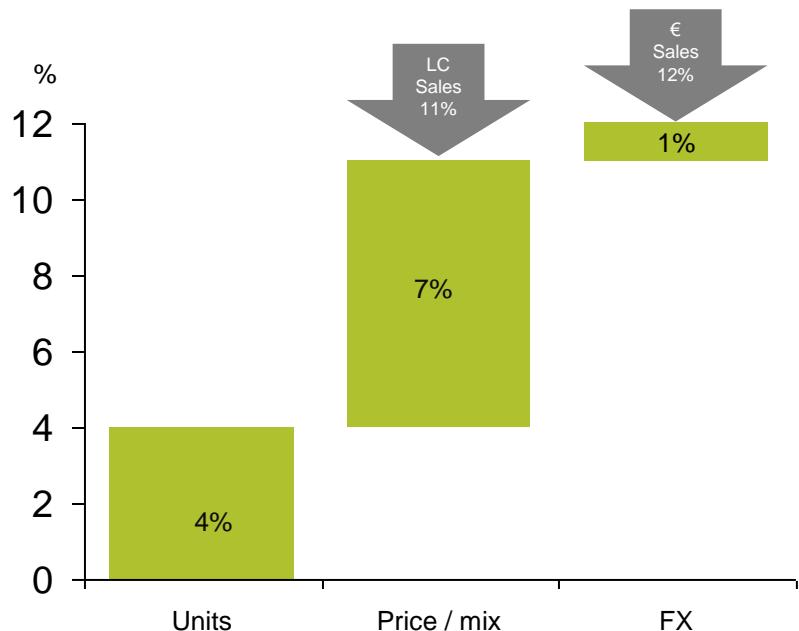


## PRICE/MIX IMPACT ON SALES

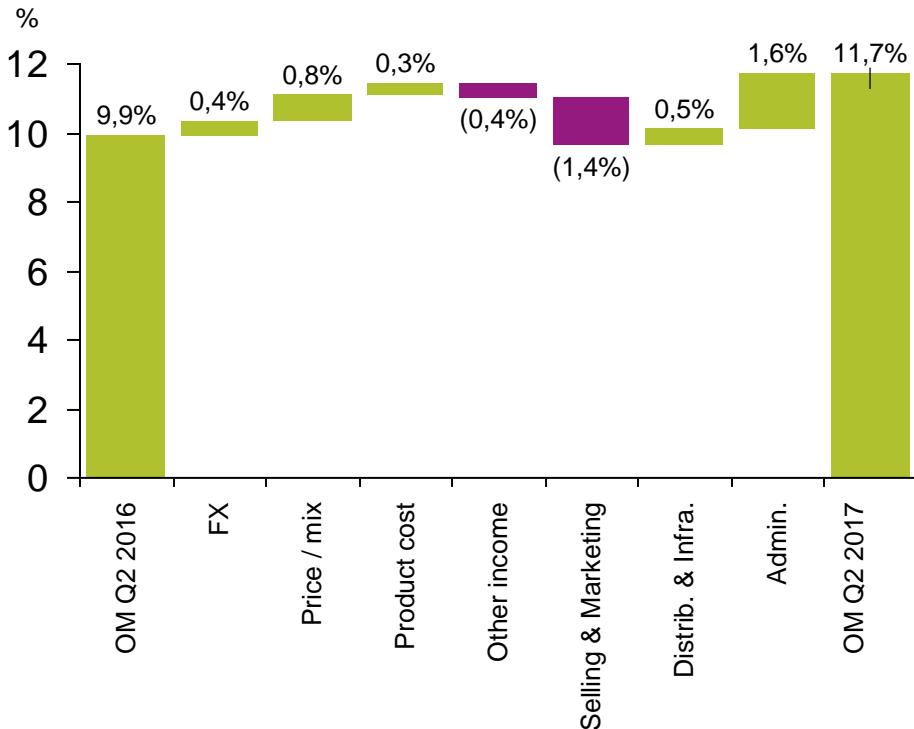


## Q2 SALES AND OPERATING MARGIN ANALYSIS

### Sales vs. PY



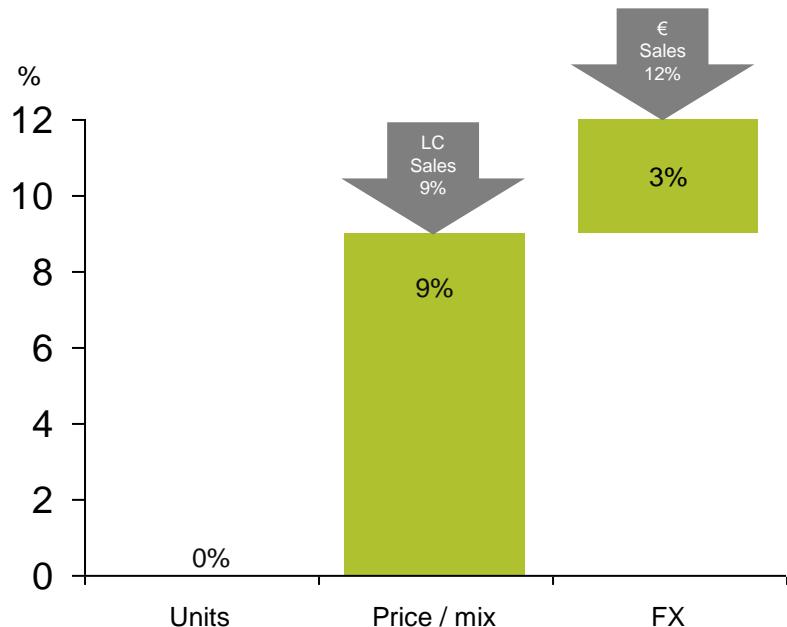
### OP Margin vs. PY



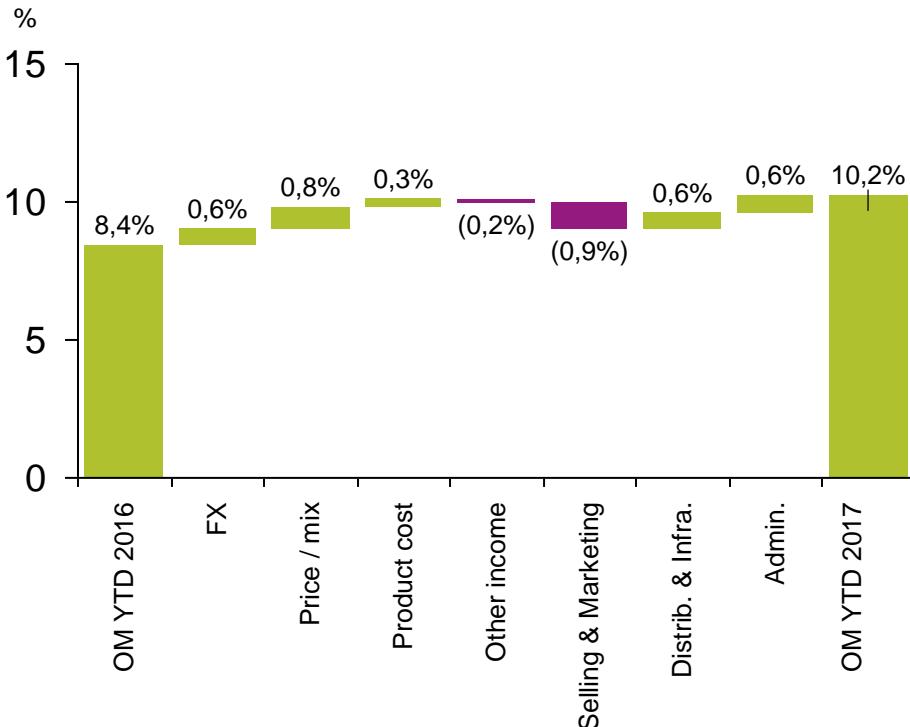
Oriflame has made certain assumptions to make / calculate an estimate of the effects of currency, price/mix, etc. on the operating margin.

## YTD 2017 SALES AND OPERATING MARGIN ANALYSIS

### Sales vs. PY



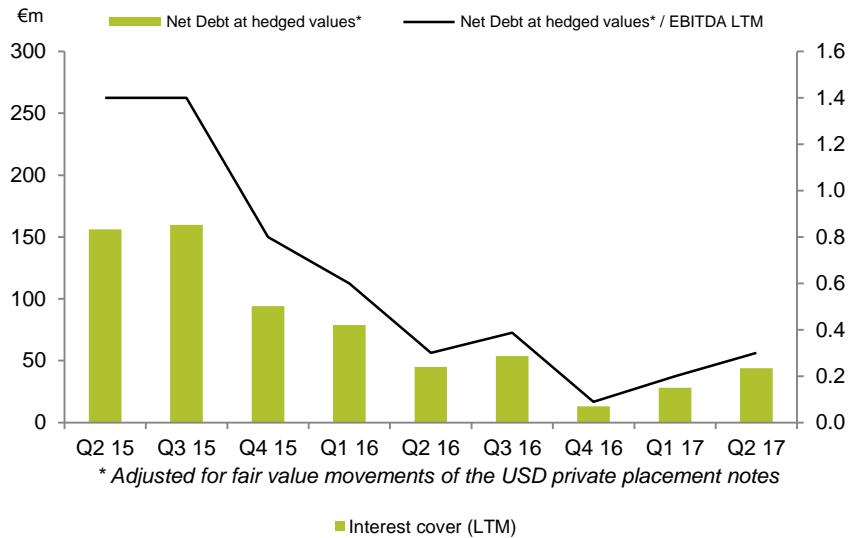
### OP Margin vs. PY



Oriflame has made certain assumptions to make / calculate an estimate of the effects of currency, price/mix, etc. on the operating margin.

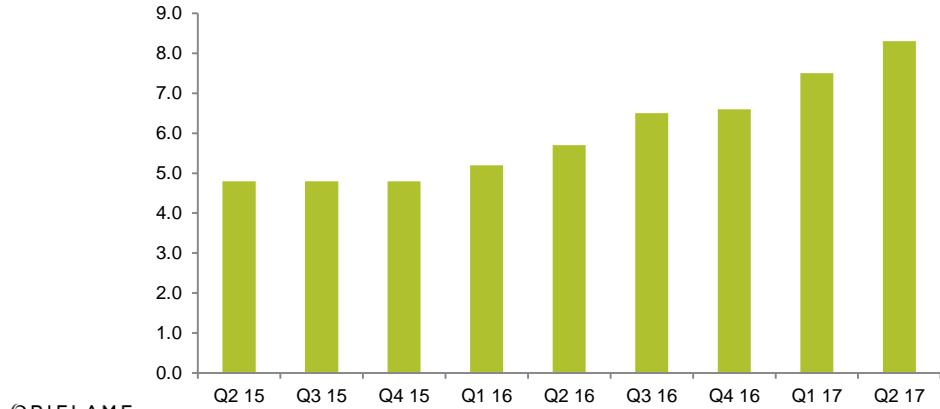
## FINANCIAL POSITION

- Net debt at hedged values €43.9m (€44.9m)
  - Net debt €82.4m (€106.5m)
- Net debt at hedged values/ EBITDA (LTM) 0.3 (0.3)
  - Net debt/EBITDA (LTM) 0.5 (0.8)
- Interest cover (Q2): 13.2 (8.2)
- Interest cover (LTM): 8.3 (5.7)



## COVENANT DISCLOSURE

- Consolidated Net Debt to Consolidated EBITDA: 0.4 (covenant at  $\leq 3.0$  times)
- Consolidated EBITDA to Consolidated Finance costs: 19.5 (covenant at  $\geq 5.0$  times)
- Consolidated Net Worth: €212m (covenant at  $\geq €120m$ )

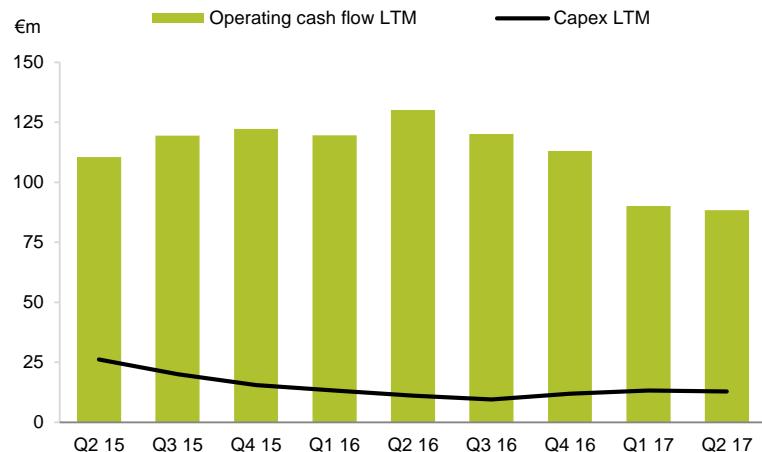


## CASH FLOW

|   | Q2'17 | Q2'16 | LTM'17 | YE'16  |
|---|-------|-------|--------|--------|
| Net profit before income tax, €m          | 29.7  | 27.1  | 114.9  | 100.5  |
| Op. profit before changes in wc, €m       | 46.2  | 35.8  | 149.3  | 123.0  |
| Change in working cap. and provisions, €m | 7.7   | 11.5  | 1.6    | 42.6   |
| Operating CF, €m                          | 33.9  | 35.8  | 88.3   | 113.1  |
| CF Investing Activities, €m               | (3.0) | (3.3) | (12.9) | (11.9) |

### Q2 operating cash flow €33.9 (€35.8m)

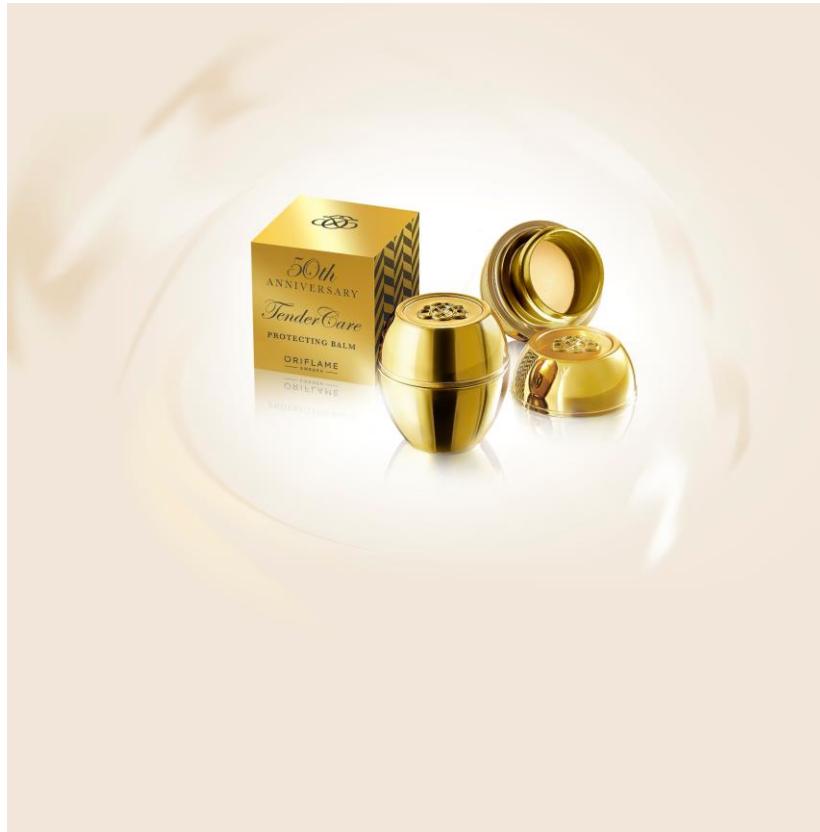
- Net profit before tax €+2.6m
- Non-cash items in net profit before tax €+7.8m
- Impact from changes in working capital and provisions € -3.8m
  - Inventories €-9.7m
  - Receivables, prepaid exp., asset derivatives €+3.3m
  - Payables, accrued exp., liability derivatives €+2.4m
  - Provisions €+0.2m
- Interest, charges, taxes €-8.5m



A large, high-quality photograph of two women. On the left, a woman with long, straight, light brown hair and bangs, looking directly at the camera with a neutral expression. On the right, a woman with long, dark hair and bangs, wearing dramatic makeup including dark eyeliner and pink lipstick, looking slightly to the side with a more intense expression. The background is a plain, light color.

# CONCLUSIONS

## AND GOING FORWARD



## CONCLUSIONS AND GOING FORWARD

- Another **solid quarter**:
  - **Double-digit Euro growth and Ic growth**
  - **Healthy profitability improvements**
  - **Strong financial position**
- Delivering on the **strategy**
  - **High online activity**
  - **Skin Care and Wellness**
- **50th Anniversary Gold Conference**
- **Continued positive** sales development





## 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.