



Oriflame Holding AG

FOURTH QUARTER 2017 INVESTOR PRESENTATION

Magnus Brännström, CEO

Gabriel Bennet, CFO

Nathalie Redmo, Sr. Manager IR

February 15, 09.30 CET

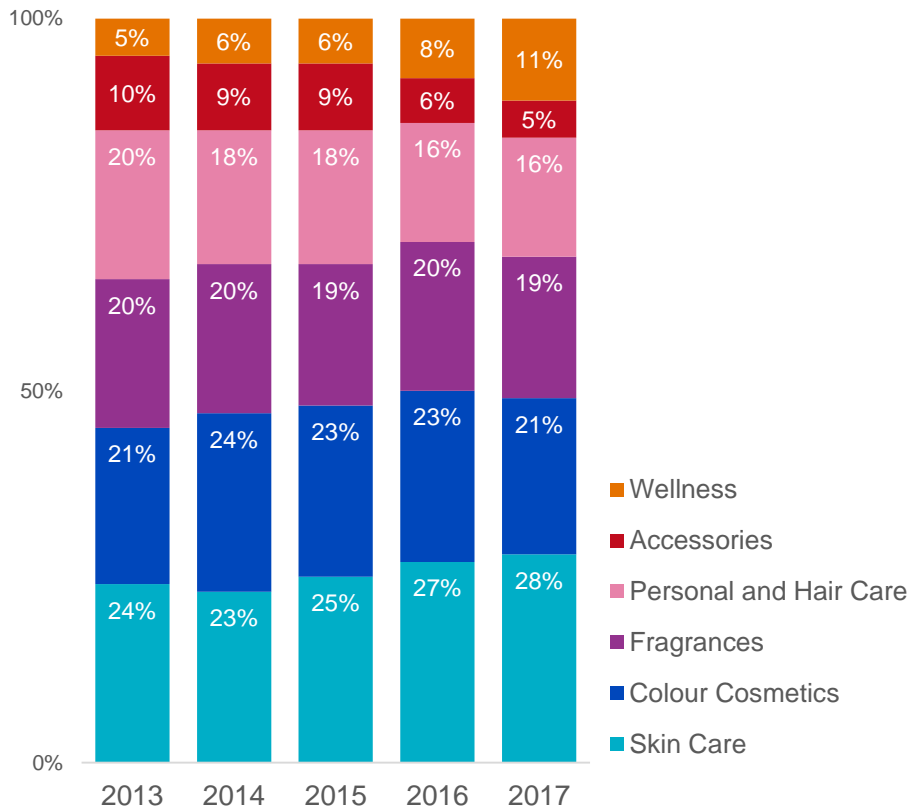


FOURTH QUARTER HIGHLIGHTS



Q4 HIGHLIGHTS

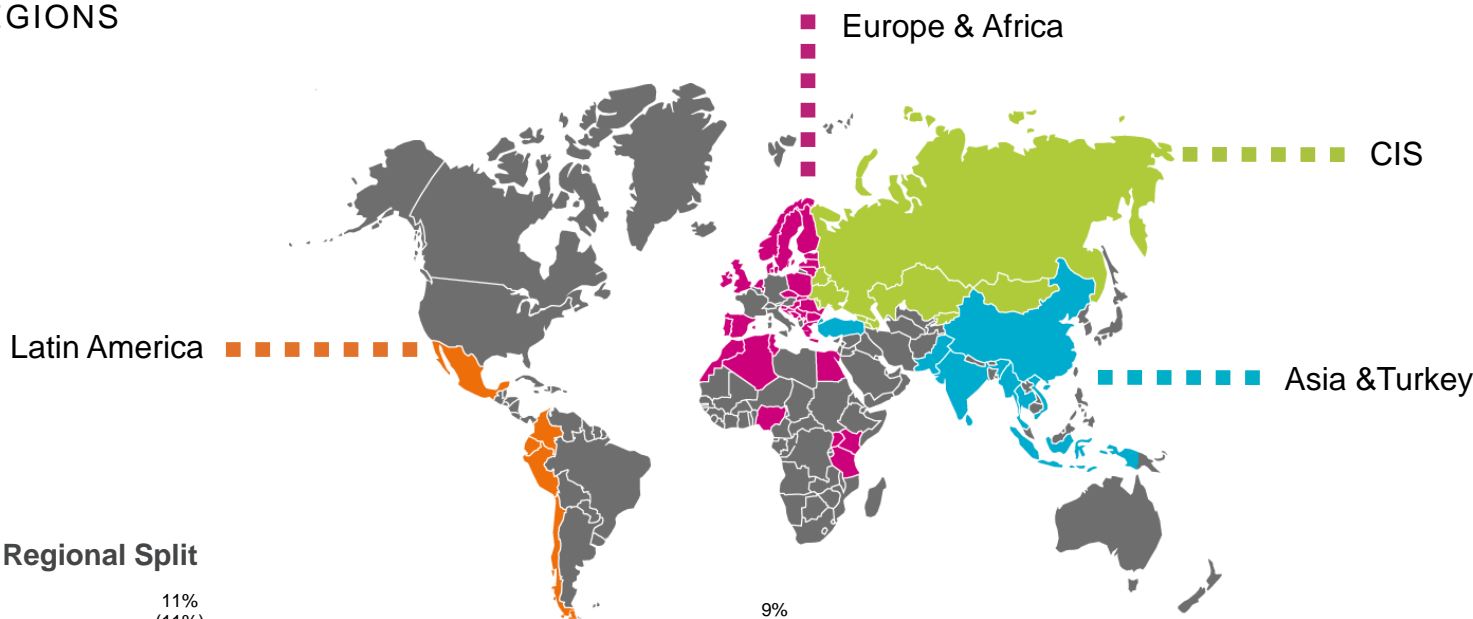
- **Sales** €380.1m (€355.1m) +14% in Ic, +7% in €
 - Strong performance in Asia & Turkey
 - Mixed performance in CIS
 - Positive timing in LA
 - Q1 update: 10% QTD Ic sales
- **Operating margin** 14.8% (11.8%)
 - Currency impact -210 bps
 - Net profit €35.8m (€25.2m)
- **Total dividend** of €2.60
 - **Ordinary dividend** of €1.60 (€1.00) per share
 - **Extra dividend** of €1.00 (€0.50) per share



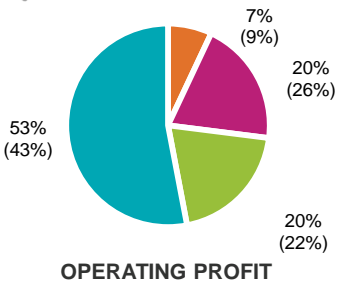
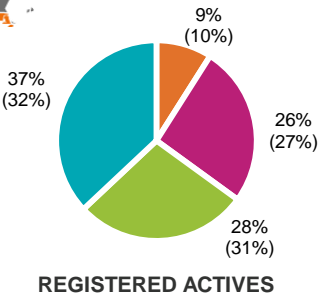
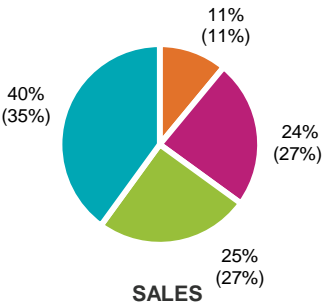
OPERATIONAL HIGHLIGHTS

- **Price/mix +10%**
 - Unit growth +4 %
- **Registered actives +2%**
 - Lc productivity +12%
- Double-digit growth in **Skin Care** and **Wellness**:
 - **Innoage Lift Define** launched in China
 - The **Fiber and Beauty drink** introduced
- Continued progress of **sustainability initiatives**:
 - Member of the **Responsible Mica Initiative**
- Strong global **online development**
 - **700,000** active users of the **Oriflame app**

REGIONS



Q4 Regional Split

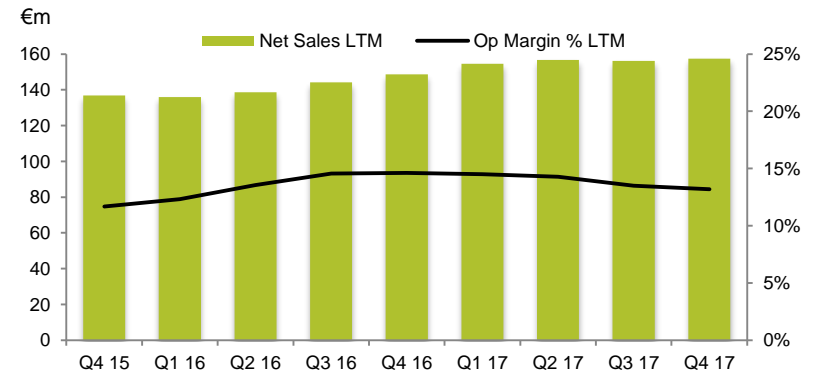


LATIN AMERICA

- Sales force and productivity
 - Registered actives -3%
 - Lc productivity +11%
 - € productivity +6%
- Positive timing of catalogues
- Healthy development in Mexico
 - Affected by lower consumer confidence
- Strong growth in Ecuador, weak performance in Colombia
- Solid productivity levels driven by product mix
- Operating margin -100 bps
 - Negative currency movements
 - Price increases
 - Favourable product mix

	Q4'17	Q4'16	Change	YE'17	YE'16	Change
Sales, €m	41.0	39.8	3%	157.5	148.6	6%
Lc sales	-	-	8%	-	-	8%
Operating profit, €m	5.5	5.8	(5%)	20.8	21.7	(4%)
Operating margin	13.5%	14.5%	-	13.2%	14.6%	-
Registered actives '000	280	288	(3%)	280	288	(3%)

Market	Sales 2017 (2016) in €m	Change in Euro	Change in Ic	% of Business Area Sales	% of Group sales
1. Mexico	89 (81)	9%	12%	56%	6%
2. Colombia					
3. Peru					

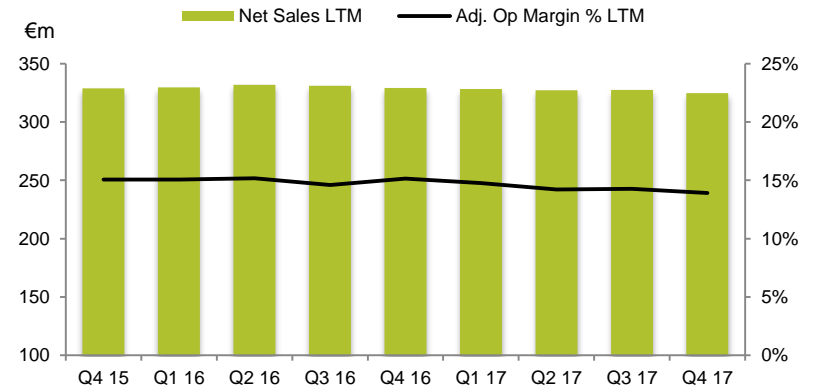


EUROPE & AFRICA

- Sales force and productivity
 - Registered actives -4%
 - Lc productivity +4%
 - € productivity +1%
- Stable sales in Central Europe
 - Healthy development in the main markets
- Weaker performance in Western Europe
 - Poor leadership development
- Modest growth in Africa
 - Solid development in Egypt and Nigeria
 - Price increases, macroeconomic challenges
- Operating margin -120 bps
 - Negative currency movements
 - Price increases

	Q4'17	Q4'16	Change	YE'17	YE'16	Change
Sales, €m	92.4	95.3	(3%)	324.7	329.4	(1%)
Lc sales	-	-	(0%)	-	-	4%
Operating profit, €m	15.2	16.8	(10%)	45.2	49.9	(9%)
Operating margin	16.5%	17.7%	-	13.9%	15.2%	-
Registered actives '000	783	812	(4%)	783	812	(4%)

Market	Sales 2017 (2016) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
1. Poland	51 (48)	8%	5%	16%	4%
2. Romania					
3. Morocco					

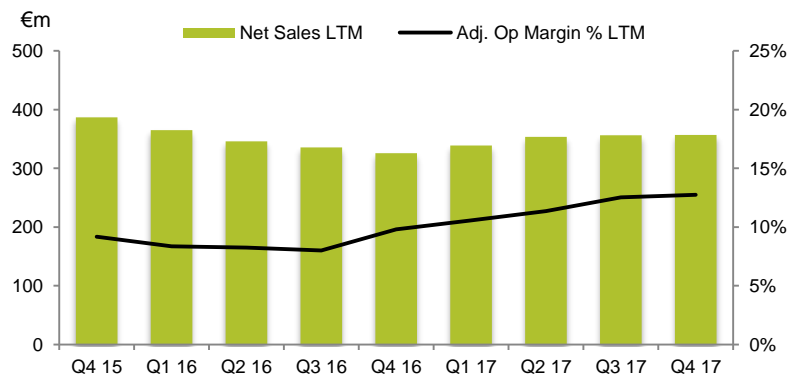


CIS

- Sales force and productivity
 - Registered actives -7%
 - Lc productivity +13%
 - € productivity +9%
- Russia Lc sales -2%
 - Online activity and leadership development
- Further improvements in Ukraine and Kazakhstan
- Strategic product categories performed well
- Operating margin +60 bps
 - Favourable FX and product mix
 - Price increases
 - Last year positive one-off impact of €5m

	Q4'17	Q4'16	Change	YE'17	YE'16	Change
Sales, €m	94.5	93.9	1%	356.8	325.7	10%
Lc sales	-	-	5%	-	-	2%
Operating profit, €m	14.6	14.0	5%	45.4	31.9	42%
Operating margin	15.5%	14.9%	-	12.7%	9.8%	-
Registered actives '000	859	926	(7%)	859	926	(7%)

Market	Sales 2017 (2016) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
1. Russia	241 (211)	15%	1%	68%	18%
2. Ukraine					
3. Kazakhstan					

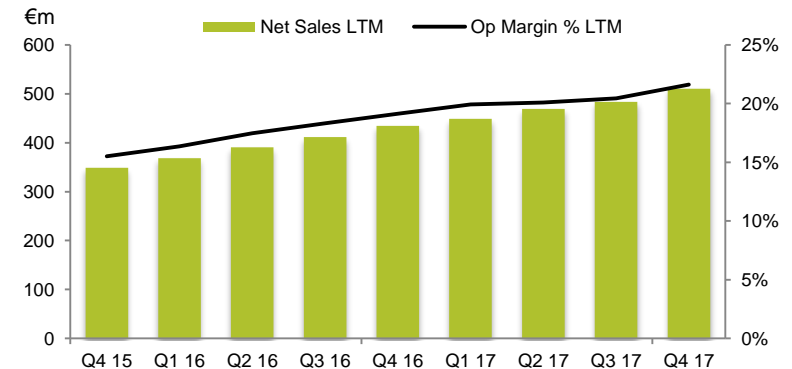


ASIA & TURKEY

- Sales force and productivity
 - Registered actives +17%
 - Lc productivity +15%
 - € productivity +4%
- Solid performance in China, Indonesia, Turkey and Vietnam
 - Leadership
 - Online activity
 - Skin Care and Wellness
- Measures being taken to improve development in India
- Operating margin +360 bps
 - Favourable geographical mix
 - Sales leverage
 - Favourable one-off effect from GST in India

	Q4'17	Q4'16	Change	YE'17	YE'16	Change
Sales, €m	150.0	123.3	22%	510.2	434.3	17%
Lc sales	-	-	34%	-	-	24%
Operating profit, €m	39.1	27.6	41%	110.3	83.1	33%
Operating margin	26.0%	22.4%	-	21.6%	19.1%	-
Registered actives '000	1,145	980	17%	1,145	980	17%

Market	Sales 2017 (2016) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
1. China	190 (139)	37%	42%	37%	14%
2. Indonesia					
3. India					



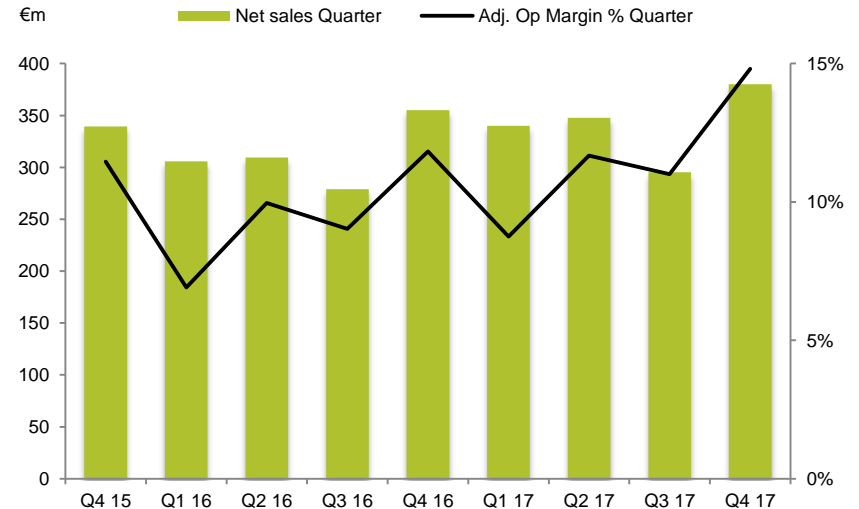


FINANCIALS

Q4 INCOME STATEMENT

- Sales mix
 - Unit sales +4%, Price/mix +10%
- Gross margin 73.7% (71.2%)
 - Negative currency movements
 - Positive price/mix
- Operating margin +300 bps
 - Negative currency impact 210 bps
 - Lower share of administrative costs
 - Lower distribution and infrastructure expenses
 - Higher selling and marketing expenses
- Net profit €35.8m (€25.2m)
 - Diluted EPS €0.62 (€0.44)

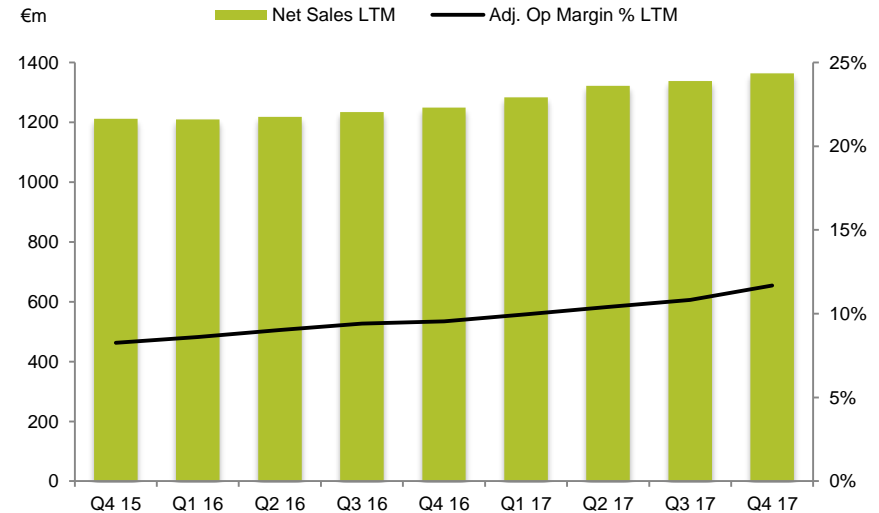
	Q4'17	Q4'16	Change
Sales, €m	380.1	355.1	7%
Lc sales	-	-	14%
Operating profit, €m	56.3	42.0	34%
Operating margin	14.8%	11.8%	-
Registered actives '000	3,067	3,006	2%



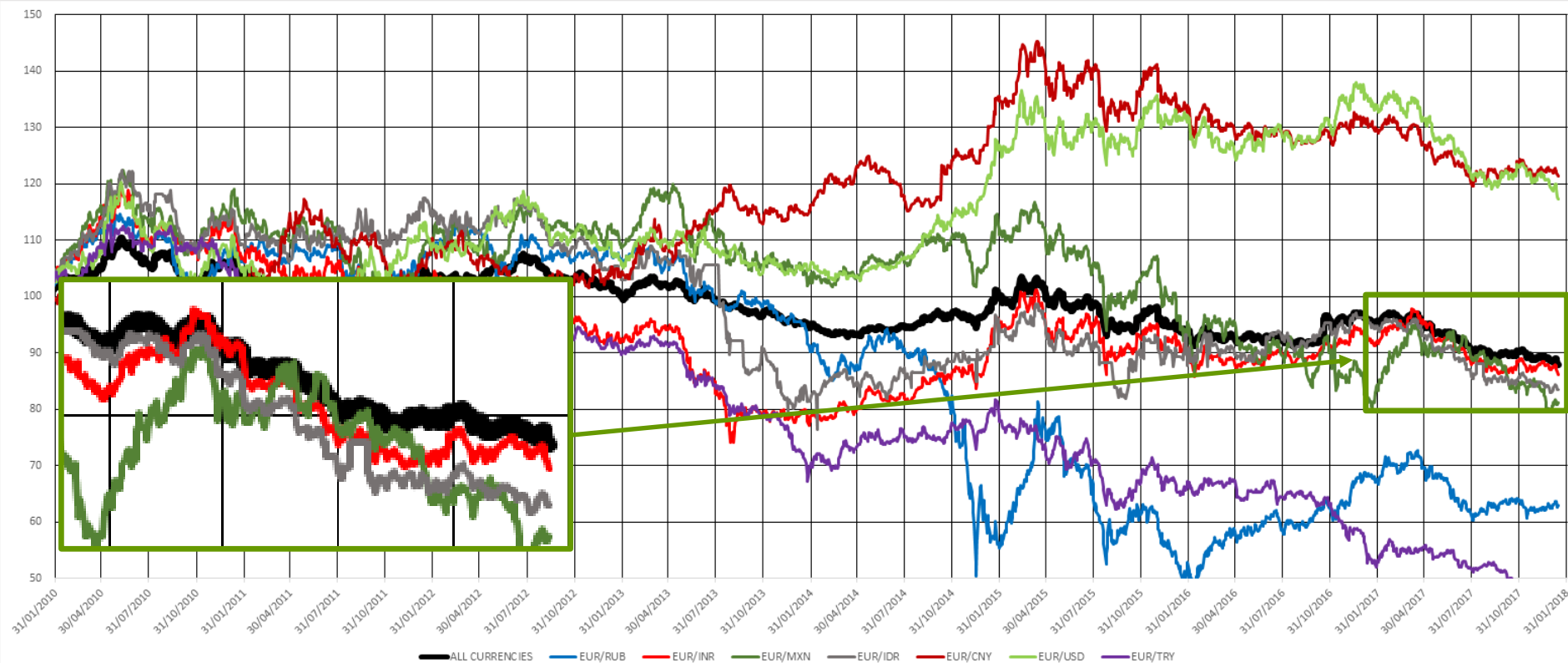
FY INCOME STATEMENT

- Sales mix
 - Unit sales +2%, Price/mix +9%
- Gross margin 73.0% (70.7%)
 - Negative currency impact
 - Positive price/mix
 - Supply chain efficiency measures
- Operating margin +220 bps
 - Negative currency impact 60 bps
 - Lower share of administrative costs
 - Lower share of distribution and infrastructure expenses
 - Higher selling and marketing expenses
 - Higher cost for SIP and bonuses
- Net profit €92.6m (€66.7m)
 - Diluted EPS €1.62 (€1.18)

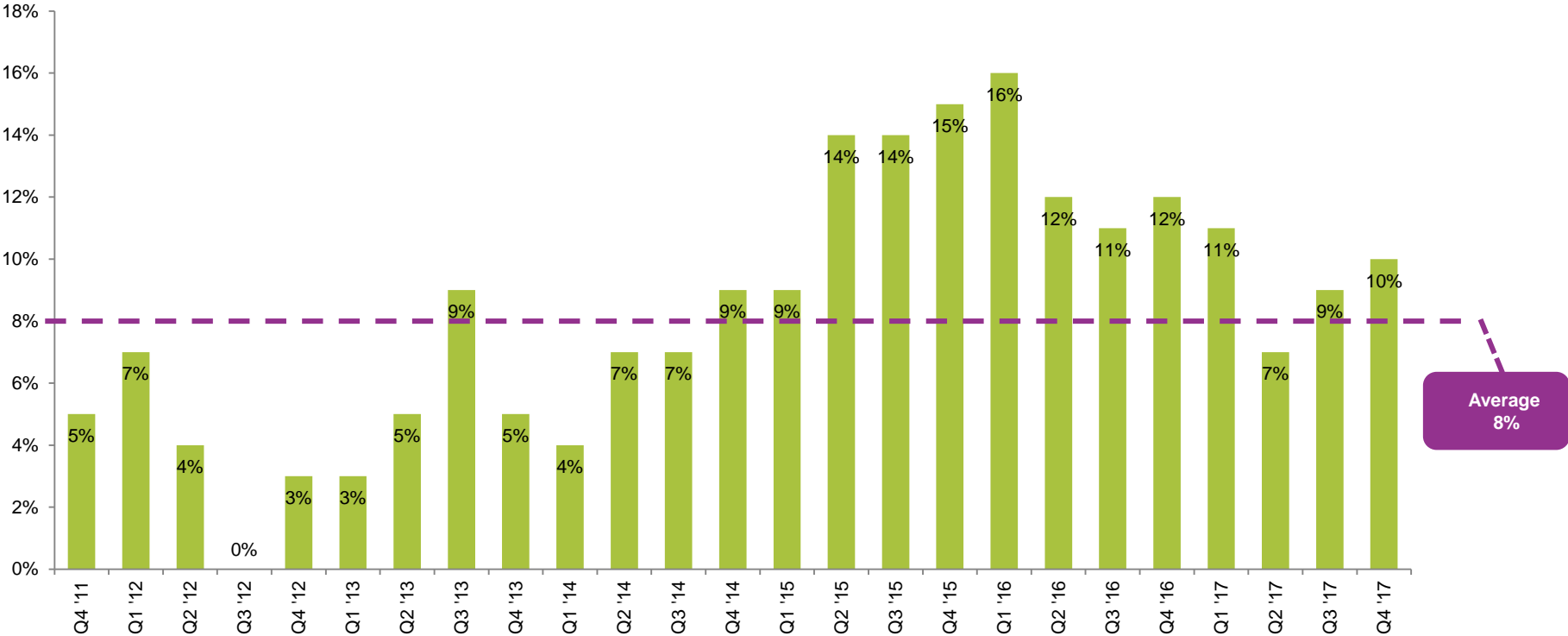
	YE'17	YE'16	Change
Sales, €m	1,363.1	1,249.4	9%
Lc sales	-	-	11%
Operating profit, €m	159.0	119.2	33%
Operating margin	11.7%	9.5%	-
Registered actives '000	3,067	3,006	2%



GROUP CURRENCY IMPACT ON SALES SINCE 2010

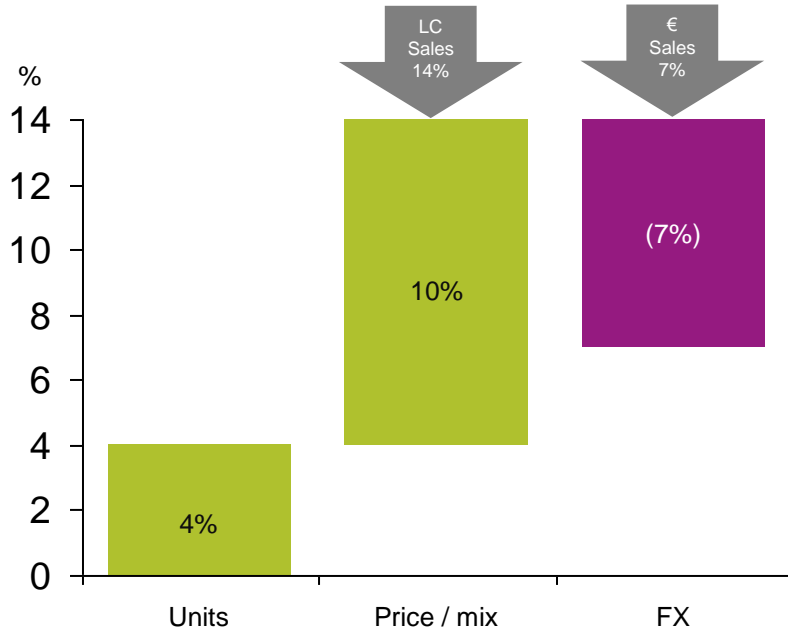


PRICE/MIX IMPACT ON SALES

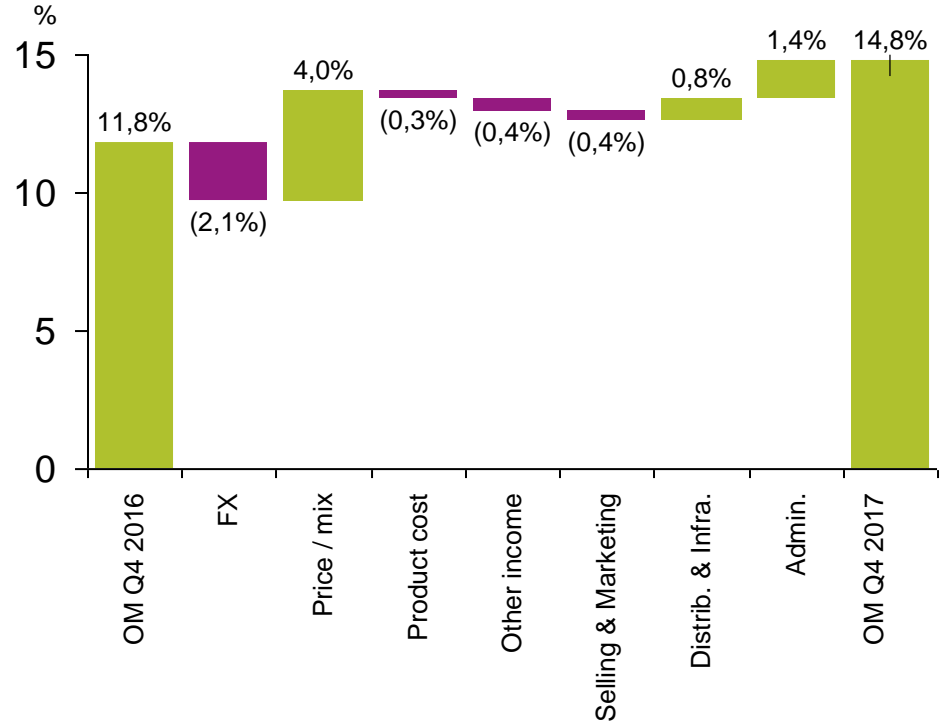


Q4 SALES AND OPERATING MARGIN ANALYSIS

Sales vs. PY



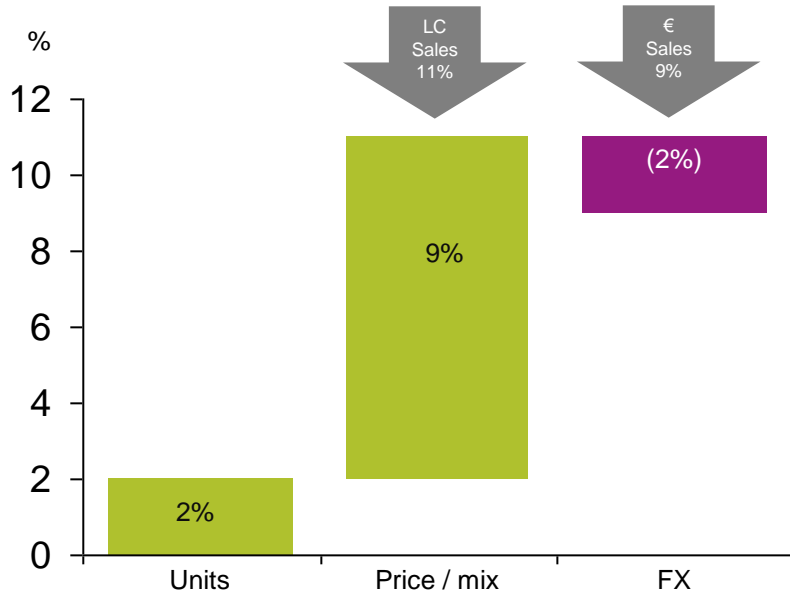
OP Margin vs. PY



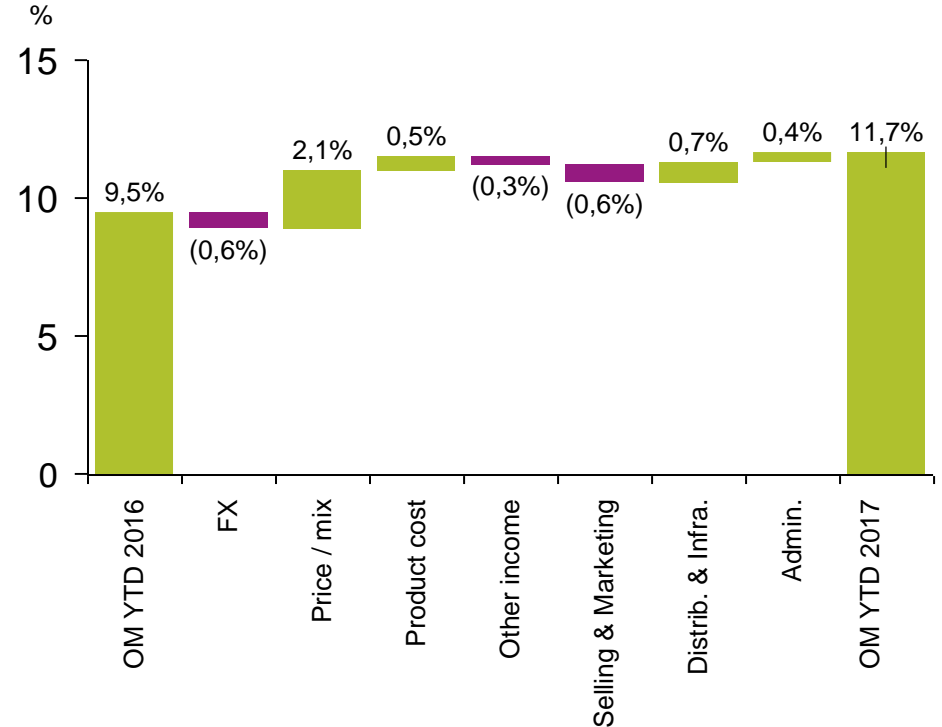
Oriflame has made certain assumptions to make / calculate an estimate of the effects of currency, price/mix, etc. on the operating margin.

YTD 2017 SALES AND OPERATING MARGIN ANALYSIS

Sales vs. PY

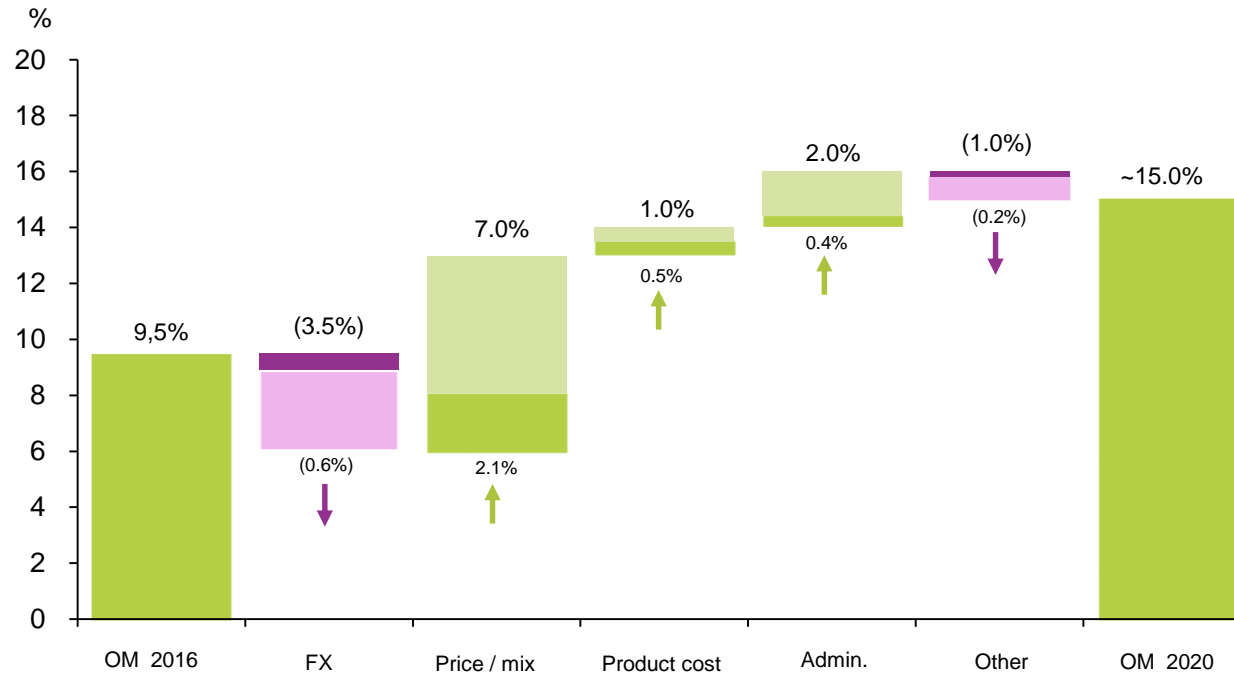


OP Margin vs. PY



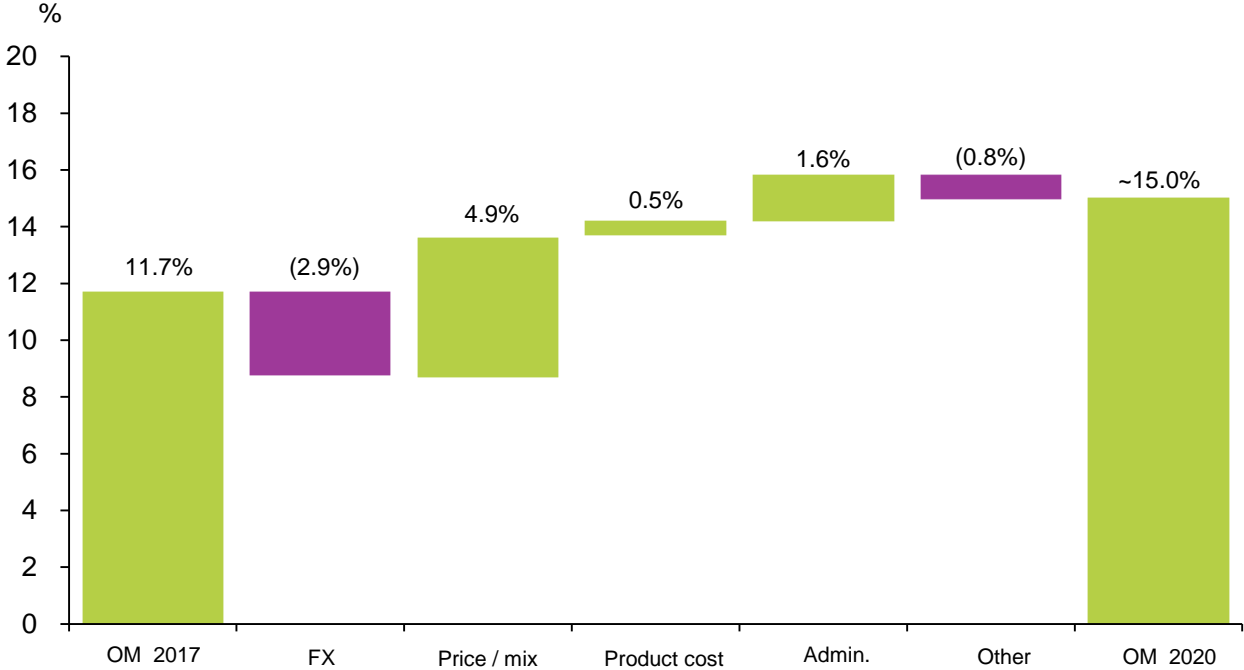
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ACTUAL OPERATING MARGIN EXPANSION VS. LONG-TERM TARGET 2016-2020



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

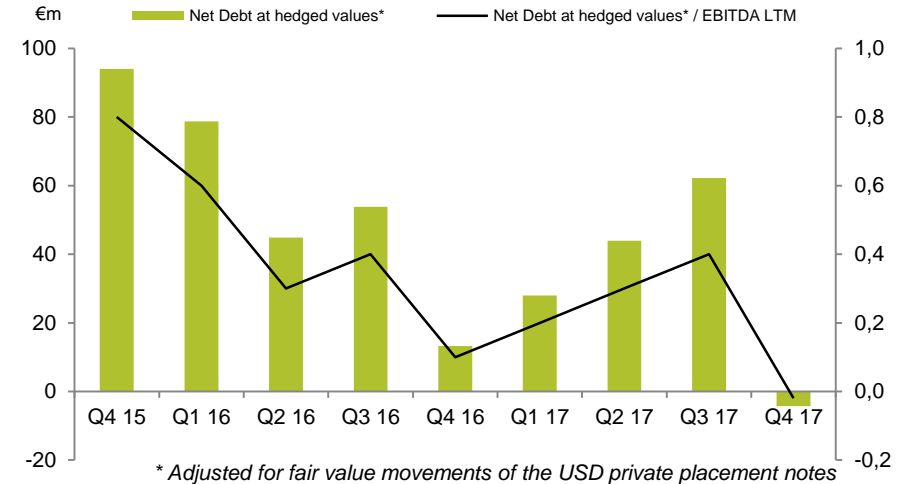
PROJECTED OPERATING MARGIN EXPANSION 2017-2020



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

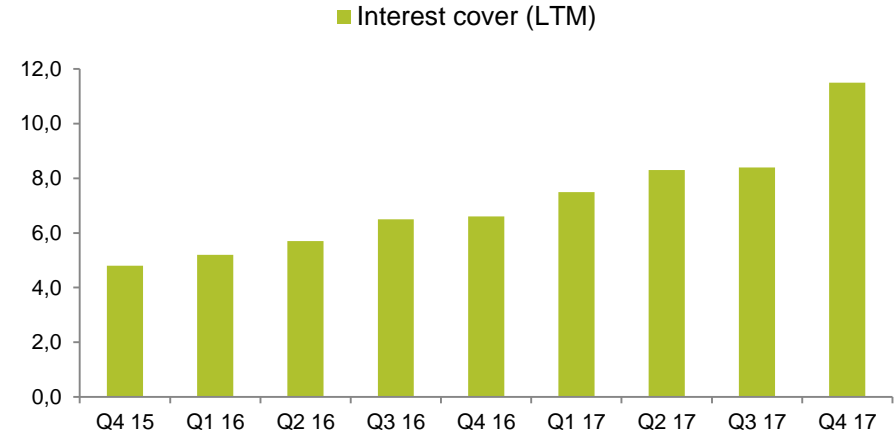
FINANCIAL POSITION

- Net debt at hedged values €-4.3m (€13.2m)
 - Net debt €23.5m (€82.3m)
- Net debt at hedged values/ EBITDA (LTM) -0.02 (0.1)
 - Net debt/EBITDA (LTM) 0.1 (0.6)
- Interest cover (Q4): 20.0 (6.9)
- Interest cover (LTM): 11.5 (6.6)



COVENANT DISCLOSURE (PRIVATE PLACEMENT NOTES)

- Consolidated Net Debt to Consolidated EBITDA: 0.1 (covenant at ≤ 3.0 times)
- Consolidated EBITDA to Consolidated Finance costs: 19.2 (covenant at ≥ 5.0 times / 4.0 times for RCF)
- Consolidated Net Worth: €221.6m (covenant at $\geq €120m$ / N/A for RCF)

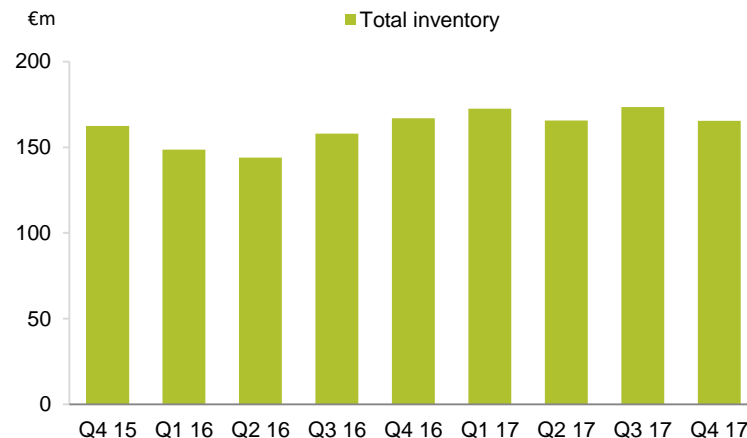
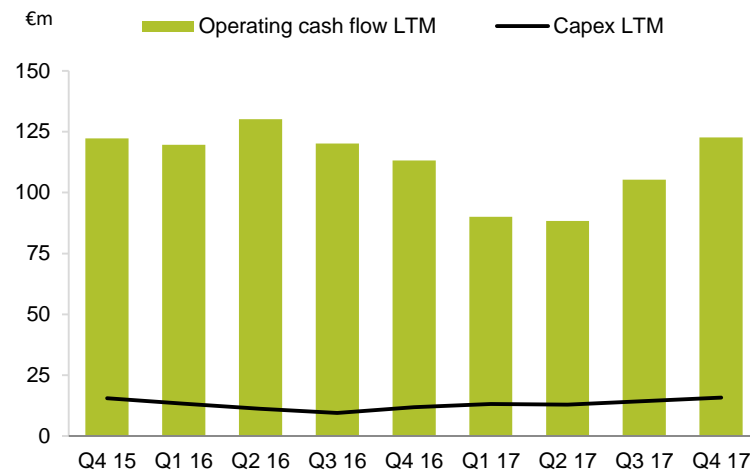


CASH FLOW

	Q4'17	Q4'16	YE'17	YE'16
Net profit before income tax, €m	51.3	37.3	133.2	100.5
Op. profit before changes in wc, €m	59.5	41.0	177.9	123.0
Change in working cap. and provisions, €m	30.5	41.0	0.1	42.6
Operating CF, €m	79.0	61.7	122.7	113.1
CF Investing Activities, €m	(6.1)	(4.6)	(15.8)	(11.9)

Q4 operating cash flow €79.0 (€61.7m)

- Net profit before tax €+14.0m
- Non-cash items in net profit before tax €+4.4m
- Impact from changes in working capital and provisions € -10.5m
 - Inventories €+3.1m
 - Receivables, prepaid exp., asset derivatives €+8.5m
 - Payables, accrued exp., liability derivatives €-20.5m
 - Provisions €-1.6m
- Interest, charges, taxes €+9.4m








A close-up photograph of two women. The woman on the left has long, straight blonde hair with bangs and is looking slightly to the left. The woman on the right has long, dark hair with bangs, is wearing bright pink lipstick, and is looking towards the camera. She is wearing a blue and white checkered top with a colorful striped turtleneck. A semi-transparent white banner with a yellow-to-white gradient on the left side is overlaid across the middle of the image.

UPCOMING IFRS STANDARDS






IMPACT OF UPCOMING IFRS STANDARDS

IFRS 15

One-off		Ongoing	
Impact on Operating Profit	Explanation	Impact on Operating Profit	Explanation
  	<ol style="list-style-type: none"> Control approach instead of risk and reward approach. Sales and Cost of Sales recognised first when the goods are in the control of the registered actives (previously sales could be recognised when transferring the risk and rewards towards the distributor or service points). Sales linked to some of the targeted sales programs will be deferred until all contractual parameters are fulfilled (in the past, revenue was recognised when the products were sold). Costs related to selling and marketing expenses of sales programs will not be differed. By removing the other income line, all costs associated with these revenues are directly expensed. 	 	<ol style="list-style-type: none"> Individual performance discounts reclassified from selling and marketing expenses to sales discount. Freight expense and income reclassified from distribution and infrastructure expenses to Cost of Sales

IMPACT OF UPCOMING IFRS STANDARDS

IFRS 16

Ongoing		Ongoing	
Impact on Net Profit before Tax	Explanation	Impact on Balance Sheet	Explanation
 	<ol style="list-style-type: none"> 1. Elimination of operation leasing expenses, compensated by depreciation of lease assets. 2. Increased finance costs due to the recognition of interest expense on the finance lease liabilities. 	  	<ol style="list-style-type: none"> 1. Creation of Right-of-Use Assets 2. Creation of lease liabilities 3. Impact on retained earnings arising from residual value of created assets and liabilities

PRO FORMA NUMBERS EFFECTS ON INCOME STATEMENT, FY 2017

€'000	Reported	IFRS 15 one-off	IFRS 15 ongoing	Pro forma	IFRS 16 ongoing	Pro forma
Sales	1,363,111	(21,400)	(43,700)	1,298,011	-	1,298,011
Gross profit	994,564	(18,900)	(84,200)	891,464	-	891,464
	73.0%			68.7%		68.7%
Operating profit	159,030	(23,400)	-	135,630	4,800	140,430
	11.7%			10.4%		10.8%
Net profit before income tax	133,180	(23,400)	-	109,780	(1,200)	108,580
	9.8%			8.5%		8.4%

- The IFRS 15 one-off adjustment is a non-recurring item and will mainly have an impact during the first quarter 2018
- The IFRS 15 ongoing adjustments will have a neutral impact on the operating profit but will affect cost of sales, other income and all items in the total overhead costs
- The IFRS 16 ongoing adjustments will have a negative impact on the net profit margin before tax of a minor single percentage digit
- The above adjustments are all of a technical nature and non cash items

PRO FORMA NUMBERS EFFECTS ON INCOME STATEMENT, Q1 2017

€'000	Reported	IFRS 15 one-off	IFRS 15 ongoing	Pro forma	IFRS 16 ongoing	Pro forma
Sales	340,134	(19,200)	(10,900)	310,034	-	310,034
Gross profit	243,404	(16,900)	(21,000)	205,504	-	205,504
	71.6%			66.3%		66.3%
Operating profit	29,769	(21,400)	-	8,369	1,150	9,519
	8.8%			2.7%		3.1%
Net profit before income tax	27,419	(21,400)	-	6,019	(350)	5,669
	8.1%			1.9%		1.8%

- The IFRS 15 one-off adjustment is a non-recurring item and will mainly have an impact during the first quarter 2018
- The IFRS 15 ongoing adjustments will have a neutral impact on the operating profit but will affect cost of sales, other income and all items in the total overhead costs
- The IFRS 16 ongoing adjustments will have a negative impact on the net profit margin before tax of a minor single percentage digit
- The above adjustments are all of a technical nature and non cash items

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017

€'000	Reported	IFRS 16	Pro forma
Assets			
ROU (Right of Use) Assets		85,000	85,000
Total Assets	732,463	85,000	817,463
Equity			
Retained earnings adjustment		(5,000)	(5,000)
Total equity attributable to the owners of the company	221,596	(5,000)	216,596
Liabilities			
Lease liabilities		70,000	70,000
Total non-current liabilities	206,845	70,000	276,845
Lease liabilities		20,000	20,000
Total current liabilities	304,022	20,000	324,022
Total Equity and liabilities	732,463	85,000	817,463

A close-up portrait of a woman with blonde hair and pink lipstick, looking directly at the camera. The image is split horizontally by a yellow band containing text.

CONCLUSIONS

AND GOING FORWARD



CONCLUSIONS AND GOING FORWARD

- Delivering on the strategy:
 - Improved earnings opportunity
 - Skin Care & Wellness growth
 - Strong usage of online tools
- Moving closer to the long-term financial targets:
 - Double-digit sales growth
 - Substantial profitability improvements
 - Strong financial position
 - Net debt free
 - Increased dividend
- Oriflame is better positioned than ever:
 - Asset-light company structure
 - Social direct selling business model

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.