

FEBRUARY 14, 09.30 CET

Oriflame Holding AG

FOURTH QUARTER 2018
INVESTOR PRESENTATION

Magnus Bränström, CEO

Gabriel Bennet, CFO

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ORIFLAME
S W E D E N



Important clarifying information IFRS

- Oriflame has implemented IFRS 15 Revenue from Contracts with Customers from 1st January 2018. An early adoption of IFRS 16 Leases has been made to allow for all changes being implemented at the same time.
- To facilitate the comparison with the 2017 figures, the company has prepared fully adjusted 2018 figures, excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The fully adjusted figures are comparable with the already reported 2017 figures.
- Where not stated differently, the figures, graphs and comments in this presentation are based on the fully adjusted 2018 figures, to facilitate the comparison with the 2017 figures

FOURTH QUARTER

HIGHLIGHTS

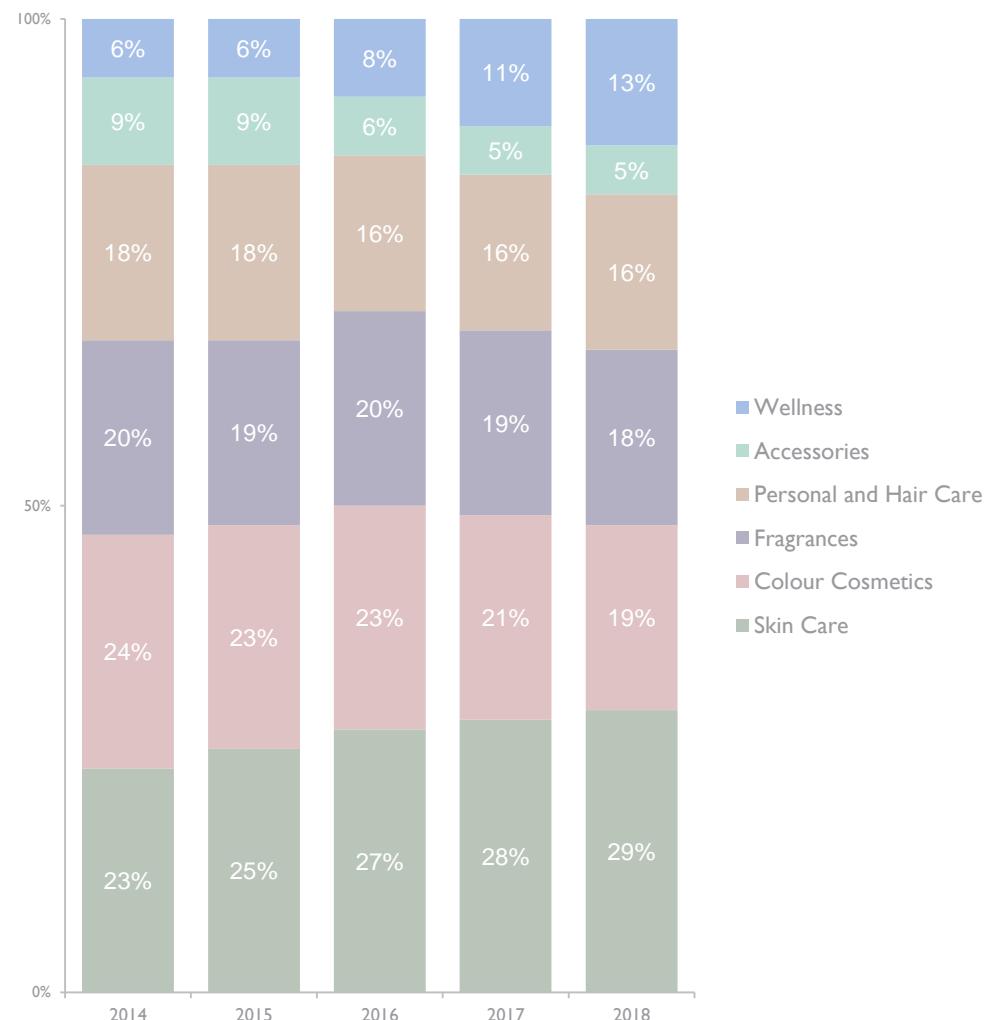


Q4 highlights

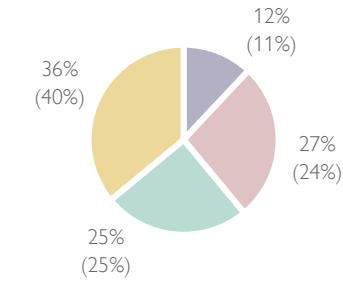
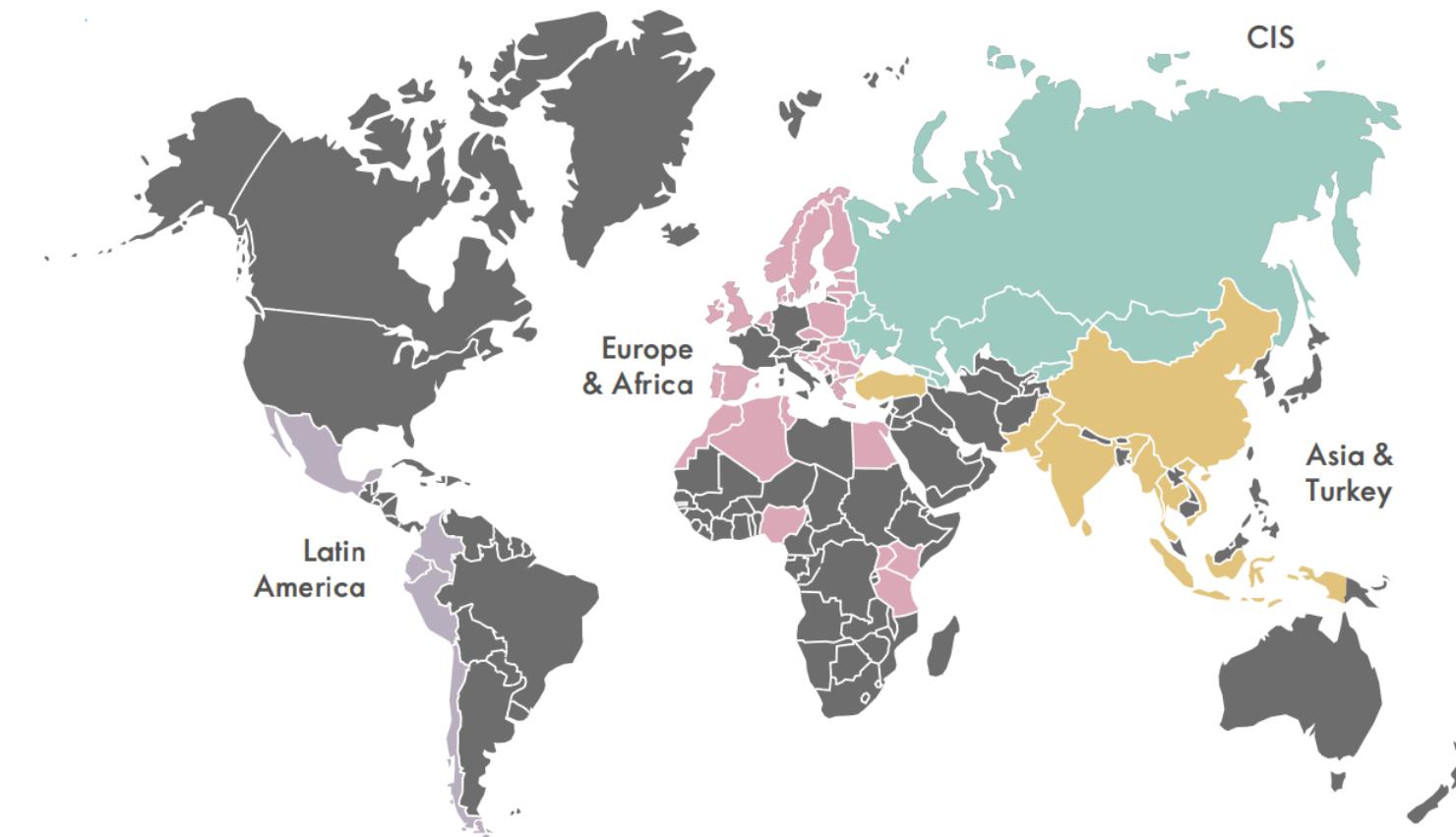
- **Sales** €370.3m (€380.1m) -3% in €, +1% in lc
 - Challenging market conditions and difficult comparables
 - Shift in the geographical sales mix during the quarter:
 - Asia & Turkey recorded a sales decline
 - Improved sales momentum seen in the other Business Areas
 - Q1 update: -7% QTD lc sales impacted by negative timing
- **Operating margin** 13.6% (14.8%)
 - Currency impact -140 bps
 - Net profit €32.9m (€35.8m)
- **Strong** net financial position
- **Total dividend** of €1.60 per share

Operational highlights

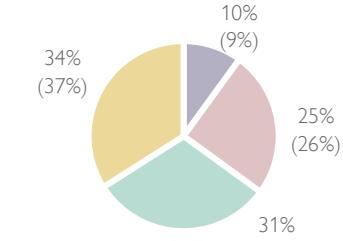
- **Price/mix +4%**
 - Unit decline -3%
- **Registered actives +1%**
 - Lc productivity was stable
- Increased share of sales from **strategic categories**
 - An upgrade of the *Optimals* brand into **New Optimals+** launched in China
 - **Wellness by Oriflame Probiotic supplement** introduced
- Continued **strong online** development
 - Close to **1 million** monthly active users of the *Oriflame app*
 - **96%** of global orders placed online



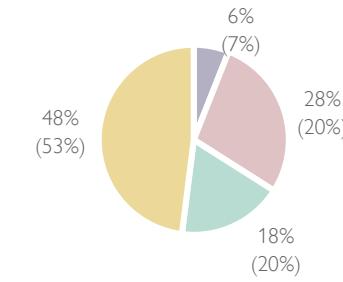
Regions



Sales



Registered actives



Operating profit

Latin America

- Sales force and productivity
 - Registered actives +9%
 - Lc productivity -3%
 - € productivity -4%
- Negative timing of catalogues
- Improved performance in Mexico
 - Successful recruitment campaigns
- Solid growth in Colombia and Peru, weak in Chile
- Operating margin -380 bps
 - Negative currency movements
 - Ongoing sales and recruitment driving initiatives

	Q4'18*	Q4'18	Q4'17	Change	YE'18*	YE'18	YE'17	Change
Sales, €m	44.4	43.1	41.0	5%	151.3	152.9	157.5	(3%)
Lc sales	-	-	-	6%	-	-	-	2%
Operating profit, €m	5.4	4.2	5.5	(25%)	18.6	17.6	20.8	(15%)
Operating margin	12.2%	9.7%	13.5%	-	12.3%	11.5%	13.2%	-
Registered actives '000	306	306	280	9%	306	306	280	9%

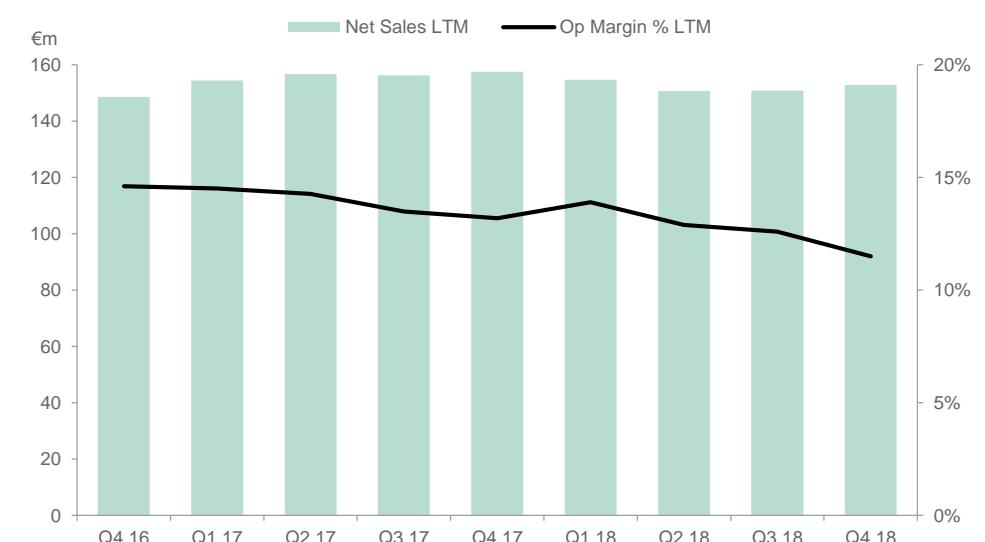
*Figures following the adoption of IFRS 15 and IFRS 16

Market	Sales 2018 (2017) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
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1. Mexico 83.6 (88.5) (6%) 0% 55% 6%

2. Colombia

3. Peru



Europe & Africa

- Sales force and productivity
 - Registered actives +1%
 - Lc productivity +6%
 - € productivity +6%
- Healthy growth in Central Europe
 - Driven by main markets Poland and Romania
- Weak development in Western Europe
- Solid growth in Africa
 - Strong productivity levels in Egypt and Nigeria
- Operating margin +210 bps
 - Sales leverage
 - Lower selling and marketing expenses

	Q4'18*	Q4'18	Q4'17	Change	YE'18*	YE'18	YE'17	Change
Sales, €m	95.9	98.6	92.4	7%	322.2	328.5	324.7	1%
Lc sales	-	-	-	7%	-	-	-	1%
Operating profit, €m	18.2	18.3	15.2	20%	48.8	47.6	45.2	5%
Operating margin	19.0%	18.6%	16.5%	-	15.1%	14.5%	13.9%	-
Registered actives '000	791	791	783	1%	791	791	783	1%

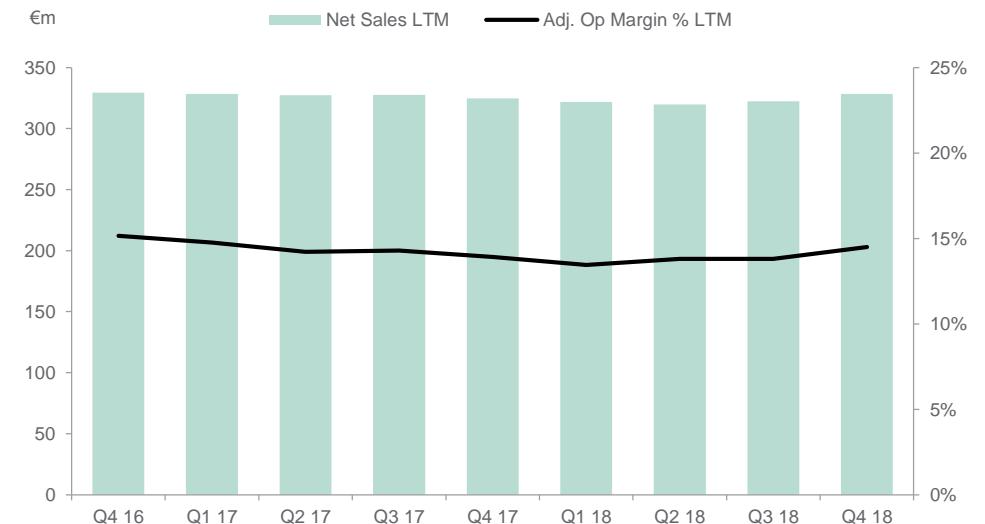
*Figures following the adoption of IFRS 15 and IFRS 16

Market	Sales 2018 (2017) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
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1. Poland 57.1 (51.5) 11% 11% 17% 4%

2. Romania

3. Morocco



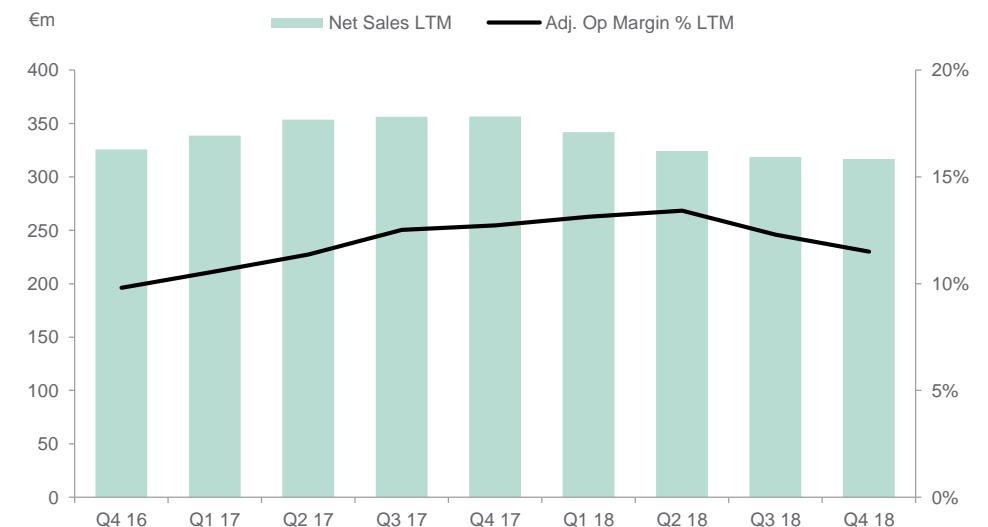
CIS

- Sales force and productivity
 - Registered actives +12%
 - Lc productivity -7%
 - € productivity -13%
- Russia Lc sales +4%
 - Measures driving sales and recruitment in the market
- Healthy growth in Ukraine, Kazakhstan and Belarus
 - Successful recruitment
- Operating margin -270 bps
 - Negative exchange rates
 - Ongoing sales and recruitment driving initiatives

	Q4'18*	Q4'18	Q4'17	Change	YE'18*	YE'18	YE'17	Change
Sales, €m	87.7	92.7	94.5	(2%)	303.0	316.8	356.8	(11%)
Lc sales	-	-	-	5%	-	-	-	(3%)
Operating profit, €m	10.9	11.8	14.6	(19%)	35.7	36.4	45.4	(20%)
Operating margin	12.4%	12.8%	15.5%	-	11.8%	11.5%	12.7%	-
Registered actives '000	966	966	859	12%	966	966	859	12%

*Figures following the adoption of IFRS 15 and IFRS 16

Market	Sales 2018 (2017) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
1. Russia	198.6 (241.5)	(18%)	(8%)	63%	15%
2. Kazakhstan					
3. Ukraine					



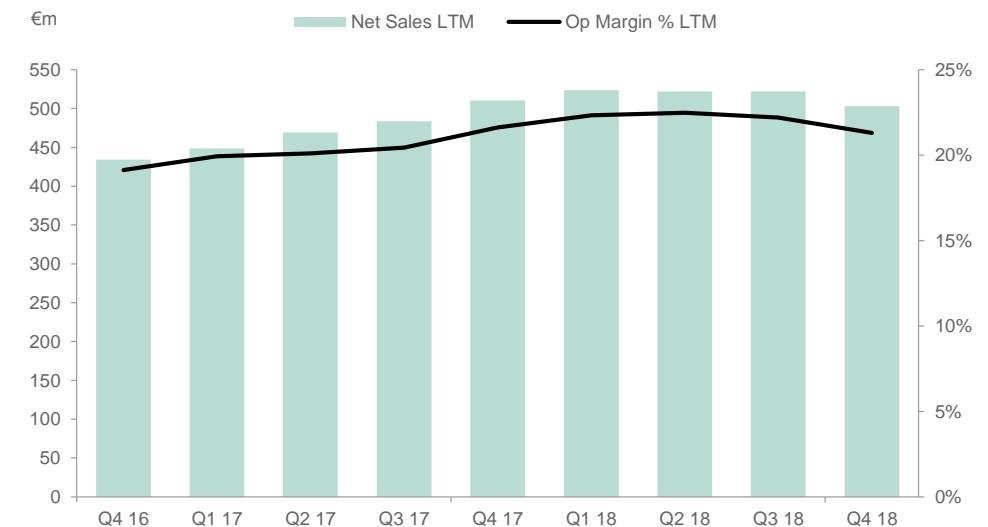
Asia & Turkey

- Sales force and productivity
 - Registered actives -9%
 - Lc productivity +1%
 - € productivity -4%
- Challenging market conditions in Turkey and Indonesia
- Weaker development in Vietnam
- Slowdown in China, lower end product launches
- Healthy growth in India
 - Solid leadership development and higher activity levels
- Closure of operations in Myanmar
- Operating margin -270 bps
 - Negative currency movements
 - Unfavourable geographical and product mix

	Q4'18*	Q4'18	Q4'17	Change	YE'18*	YE'18	YE'17	Change
Sales, €m	126.6	131.2	150.0	(13%)	484.6	503.0	510.2	(1%)
Lc sales	-	-	-	(8%)	-	-	-	7%
Operating profit, €m	31.0	30.6	39.1	(22%)	109.3	107.2	110.3	(3%)
Operating margin	24.5%	23.3%	26.0%	-	22.6%	21.3%	21.6%	-
Registered actives '000	1,042	1,042	1,145	(9%)	1,042	1,042	1,145	(9%)

*Figures following the adoption of IFRS 15 and IFRS 16

Market	Sales 2018 (2017) in €m	Change in Euro	Change in Lc	% of Business Area Sales	% of Group sales
1. China	206.2 (190.4)	8%	11%	41%	16%
2. Indonesia					
3. India					



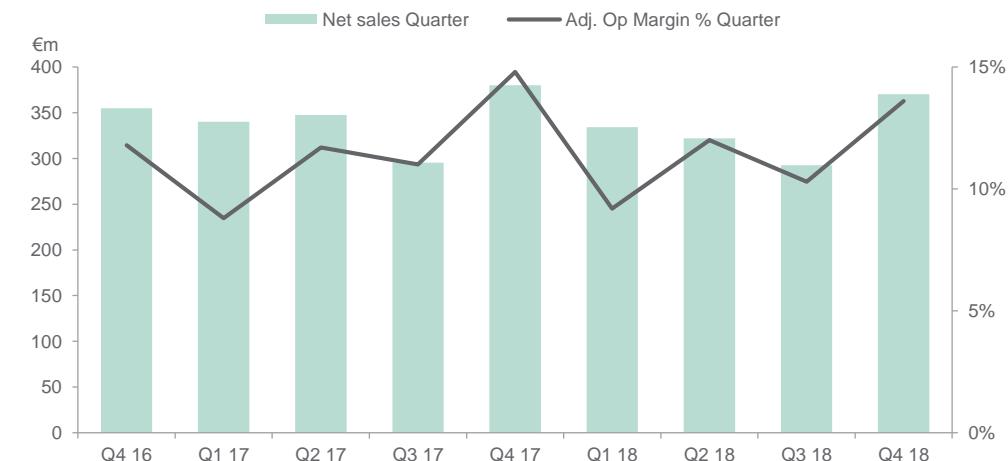
FINANCIALS

Q4 income statement

- Sales mix
 - Unit sales -3%
 - Price/mix +4%
- Gross margin 70.9% (73.7%)
 - Negative currency movements
 - Negative price and geographical mix effect
- Operating margin -120 bps
 - Negative currency impact -140 bps
 - Higher share of administrative costs*
 - Lower costs for SIP and bonuses*
 - Lower selling and marketing expenses
- Net profit €32.9m (€35.8m)
 - Diluted EPS €0.58 (€0.62)

	Q4'18*	Q4'18	Q4'17	Change
Sales, €m	359.3	370.3	380.1	(3%)
Lc sales	-	-	-	1%
Operating profit, €m	50.8	50.2	56.3	(11%)
Operating margin	14.1%	13.6%	14.8%	-
Registered actives '000	3,105	3,105	3,067	1%

*Figures following the adoption of IFRS 15 and IFRS 16



*The favourable impact from lower costs for the share incentive plan was offset by restructuring and other one-off costs.

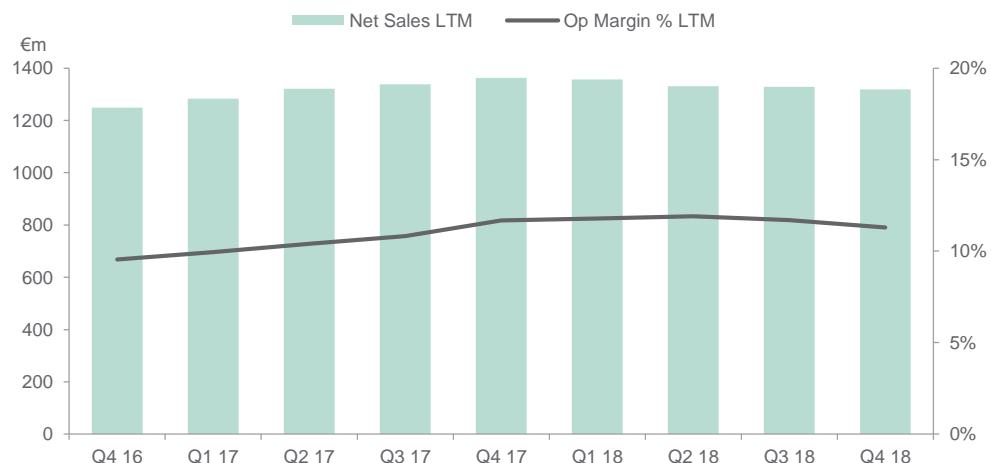
FY income statement

- Sales mix
 - Unit sales -5%
 - Price/mix +9%
- Gross margin 72.6% (73.0%)
 - Negative currency movements
 - Positive price/mix effect
- Operating margin -40 bps
 - Negative currency impact -220 bps
 - Higher share of administrative costs
 - Lower costs for SIP and bonuses
 - Lower distribution and infrastructure expenses
- Net profit €96.1m (€92.6m)
 - Diluted EPS €1.69 (€1.62)

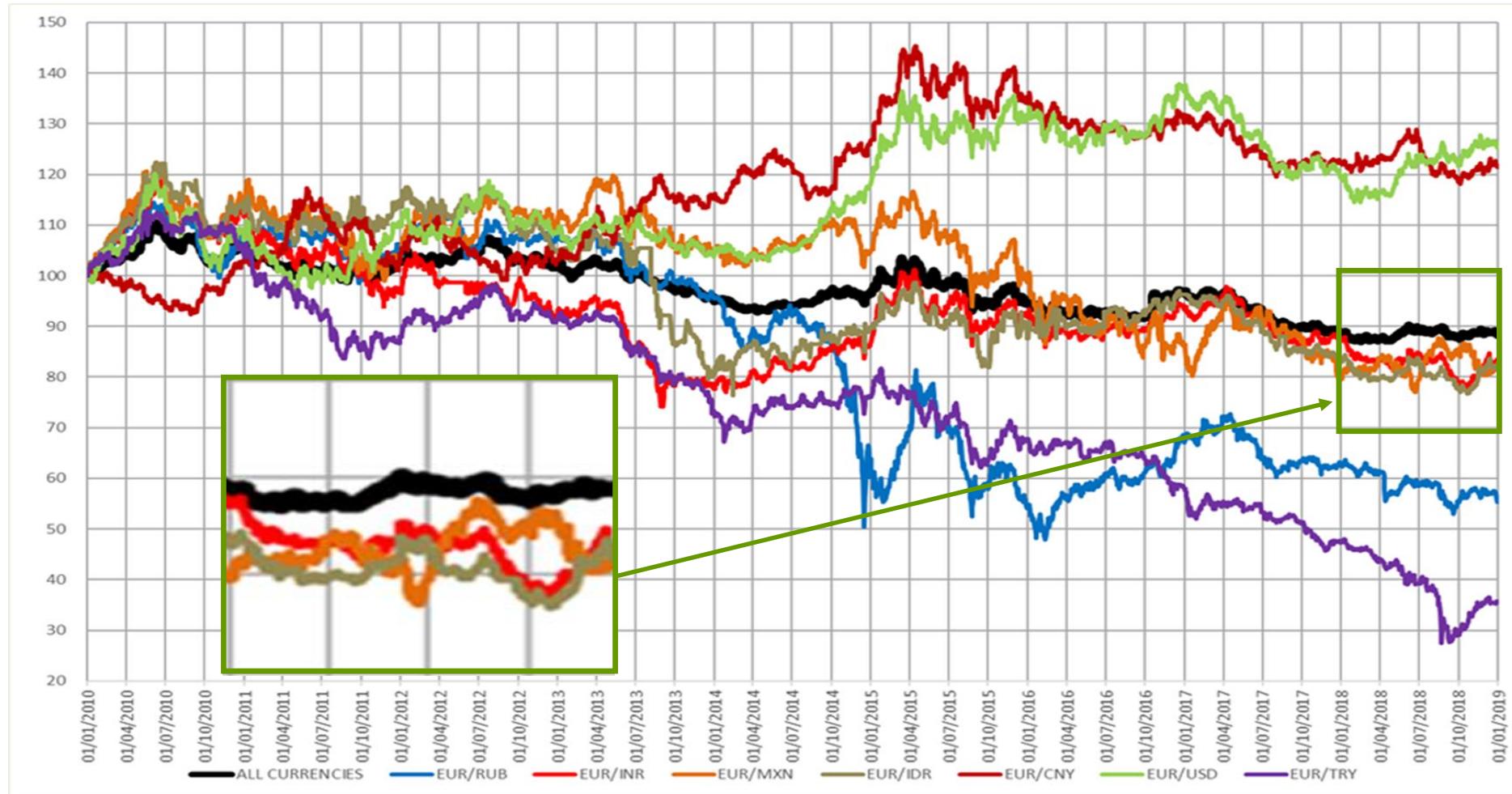
	YE'18*	YE'18	YE'17	Change
Sales, €m	1,278.8	1,318.9	1,363.1	(3%)
Lc sales	-	-	-	3%**
Operating profit, €m	153.1	149.3	159.0	(6%)
Operating margin	12.0%	11.3%	11.7%	-
Registered actives '000	3,105	3,105	3,067	1%

*Figures following the adoption of IFRS 15 and IFRS 16

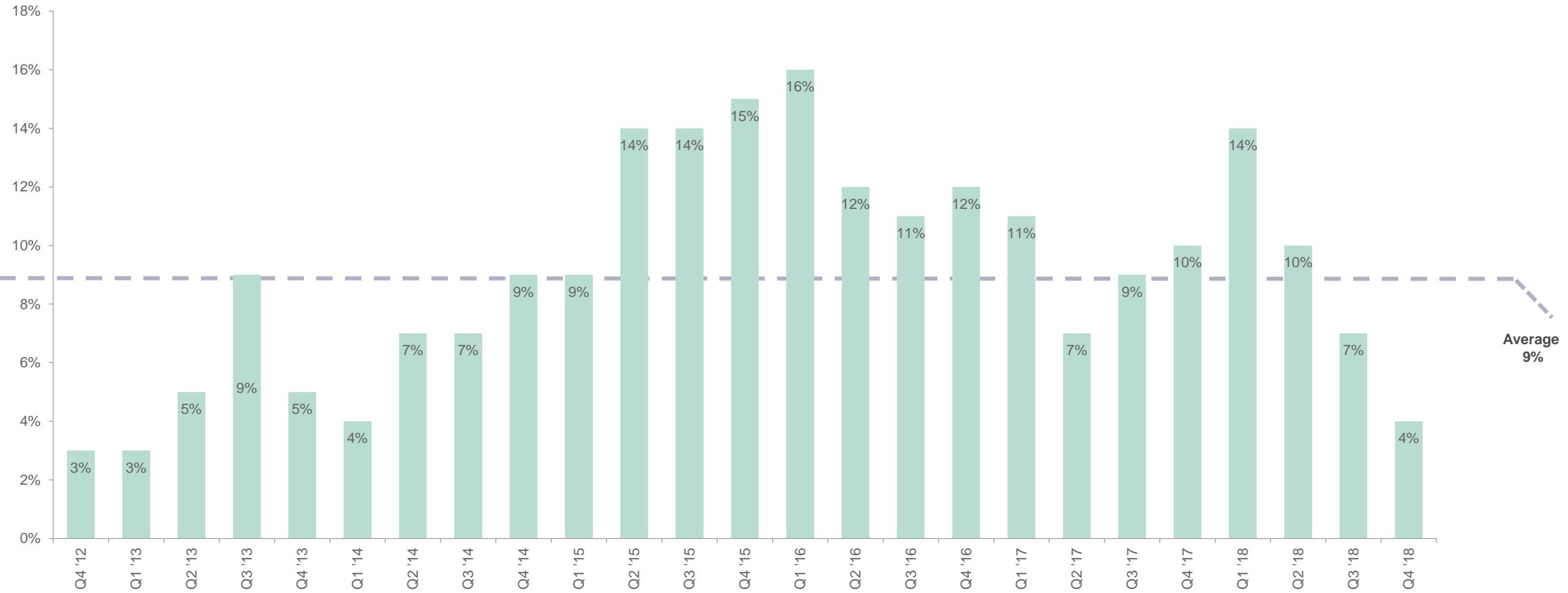
**Rounded



Group currency impact on sales since 2010

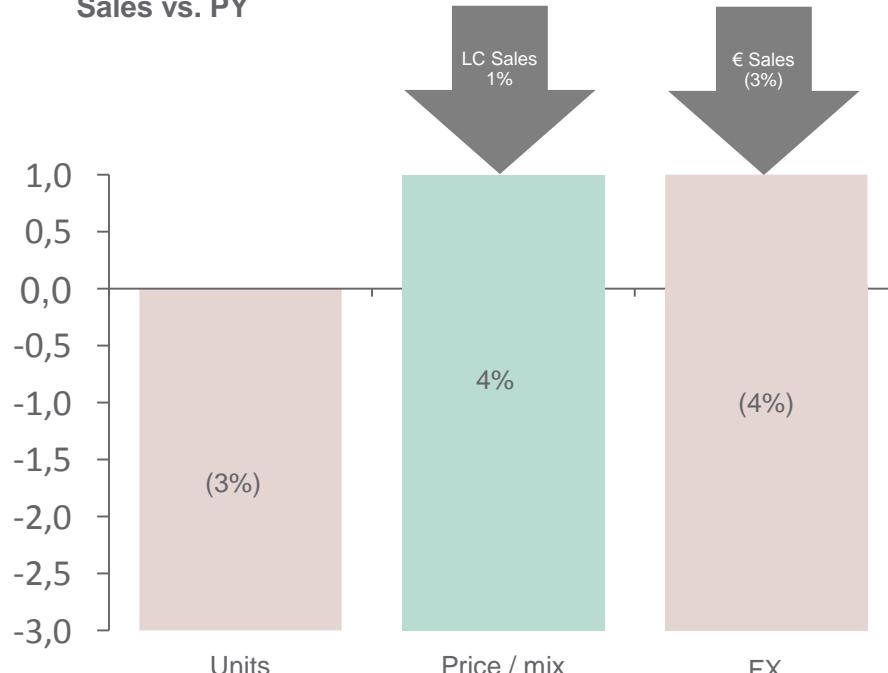


Price/mix impact on sales

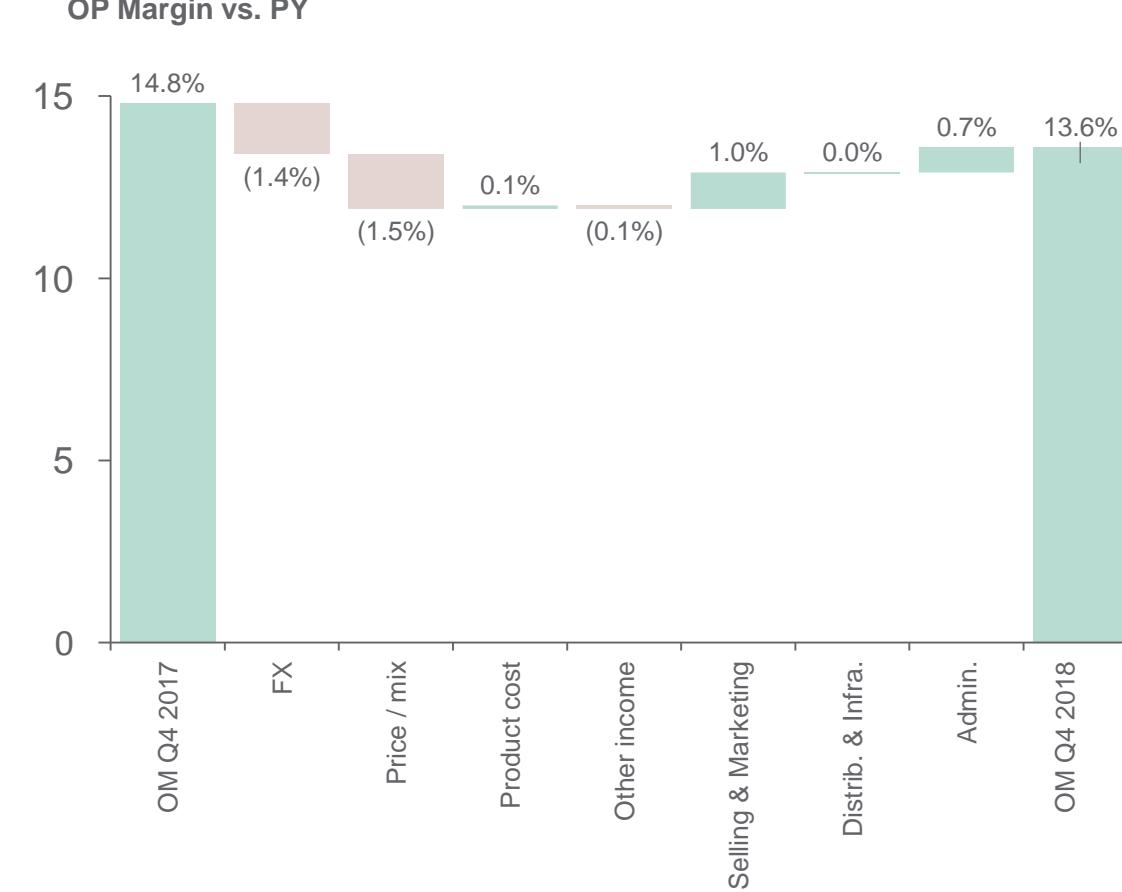


Q4 sales and operating margin analysis

Sales vs. PY

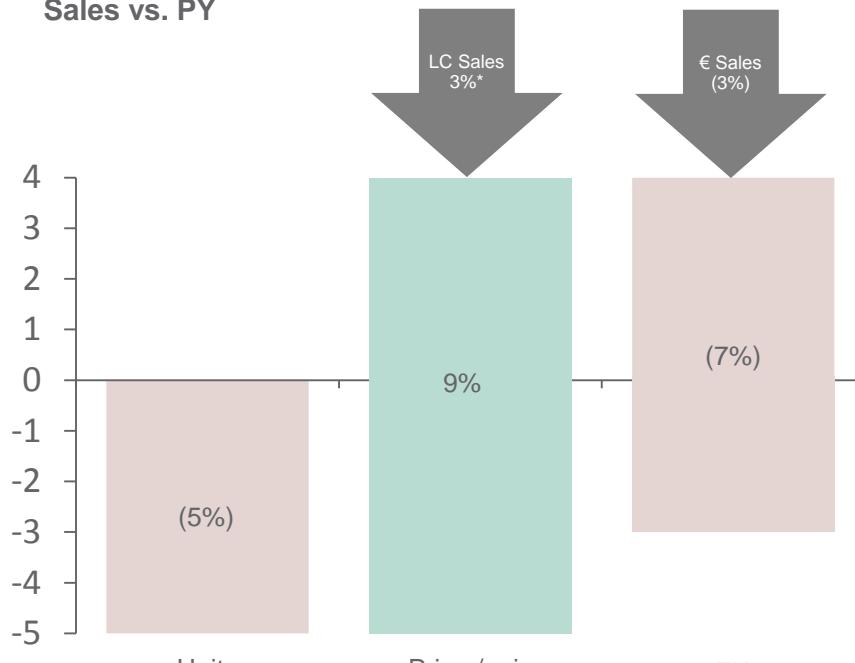


OP Margin vs. PY

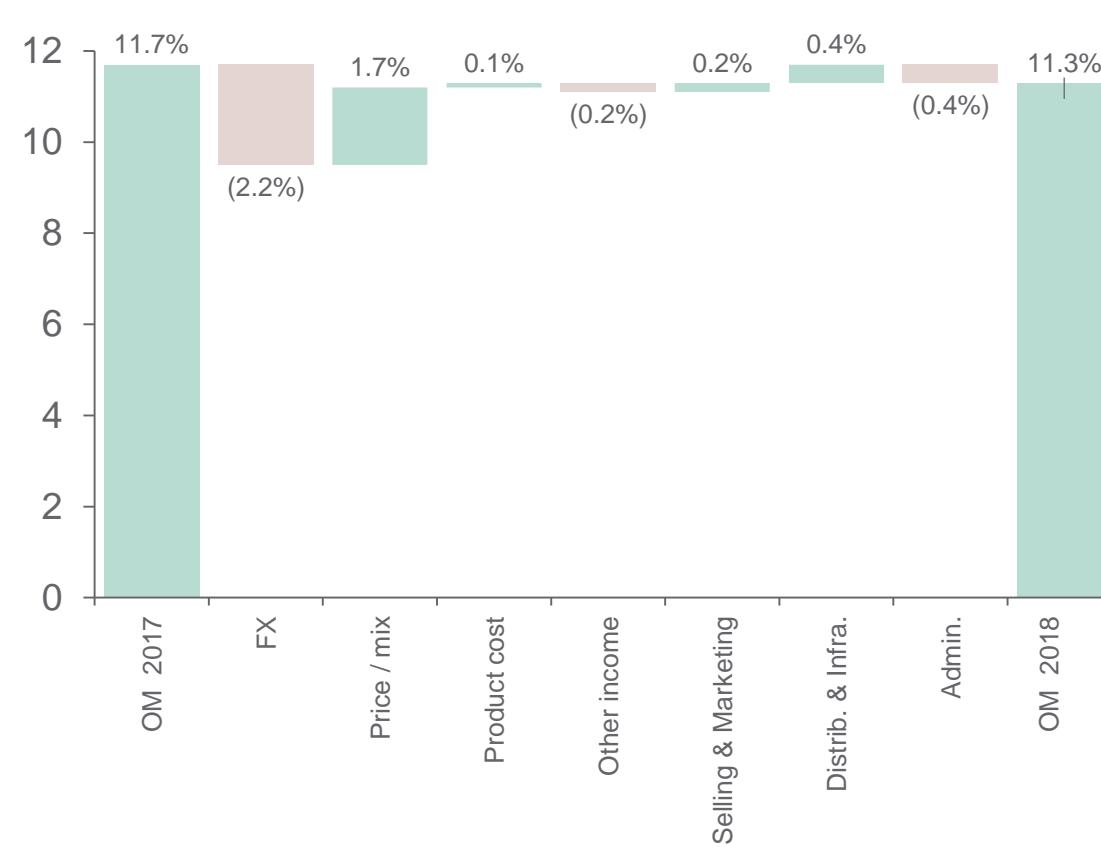


YTD sales and operating margin analysis

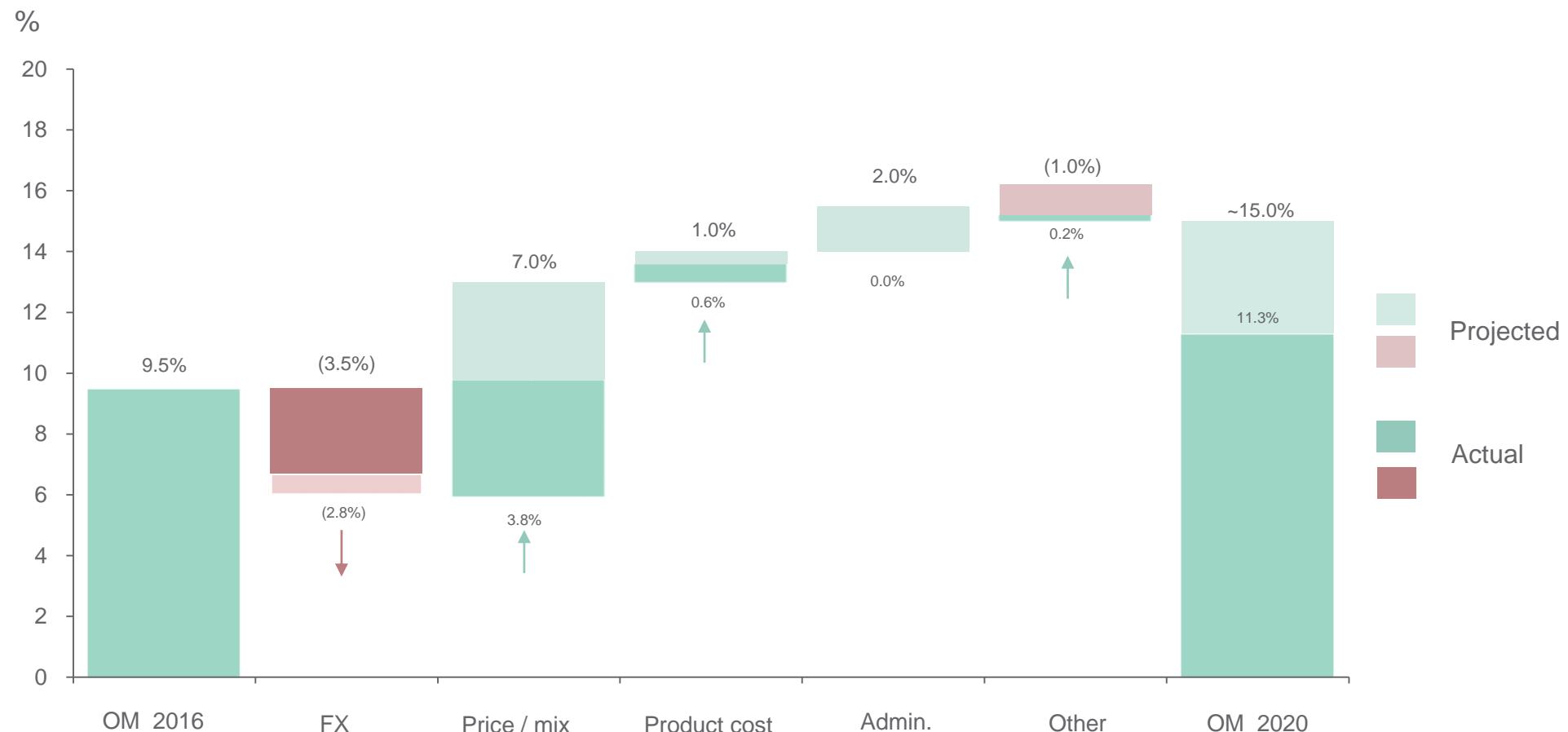
Sales vs. PY



OP Margin vs. PY



Actual Operating margin expansion YTD 2018 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.

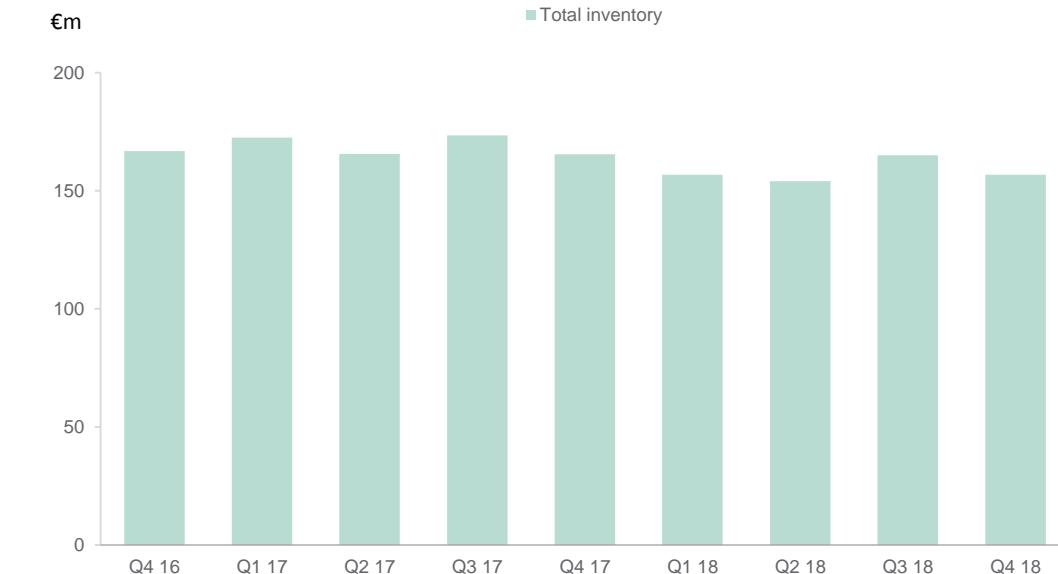
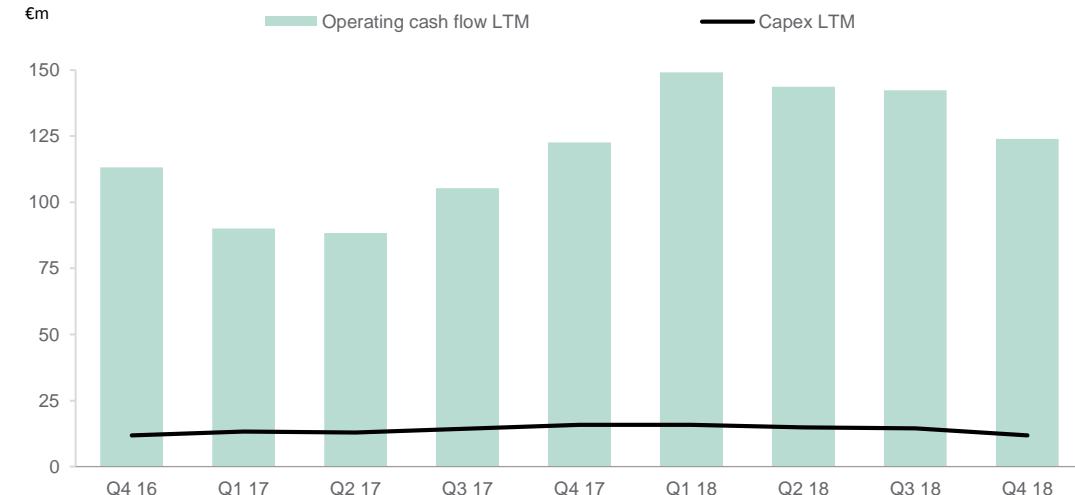
Cash flow

	Q4 18*	Q4'17	YE'18	YE '17
Net profit before income tax, €m	46.3	51.3	134.9	133.2
Op. profit before changes in wc, €m	50.4	59.5	178.8	177.9
Change in working cap. and provisions, €m	20.8	30.5	0.8	0.1
Operating CF, €m	60.6	79.0	123.9	122.7
CF Investing Activities, €m	(3.4)	(6.1)	(11.8)	(15.8)

*Figures calculated as per the new IFRS 15 and 16 standards

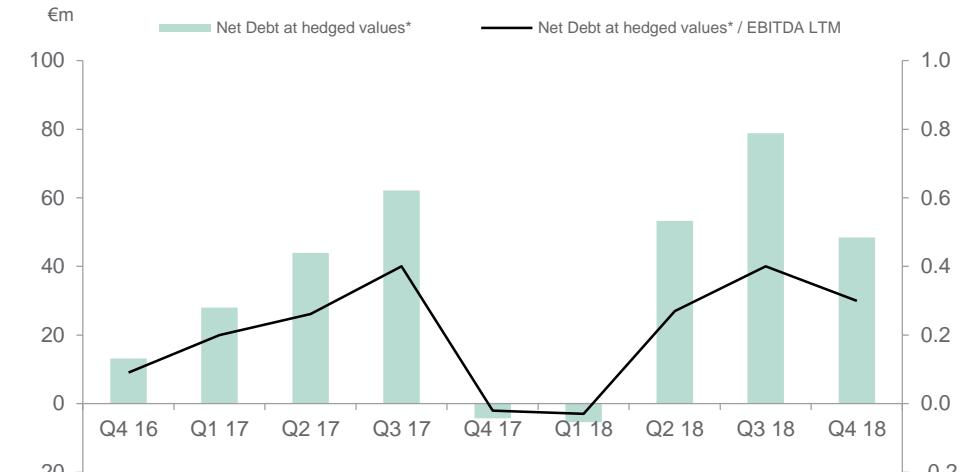
Q4 operating cash flow €60.6m (€79.0m)

- Net profit before tax €-5.0m
- Non-cash items in net profit before tax €-4.0m
- Impact from changes in working capital and provisions €-9.7m
 - Inventories €+10.0m
 - Receivables, prepaid exp., asset derivatives €-2.7m
 - Payables, accrued exp., liability derivatives €-18.3m
 - Provisions €+1.3m
- Interest, charges, taxes €+0.3m



Financial position

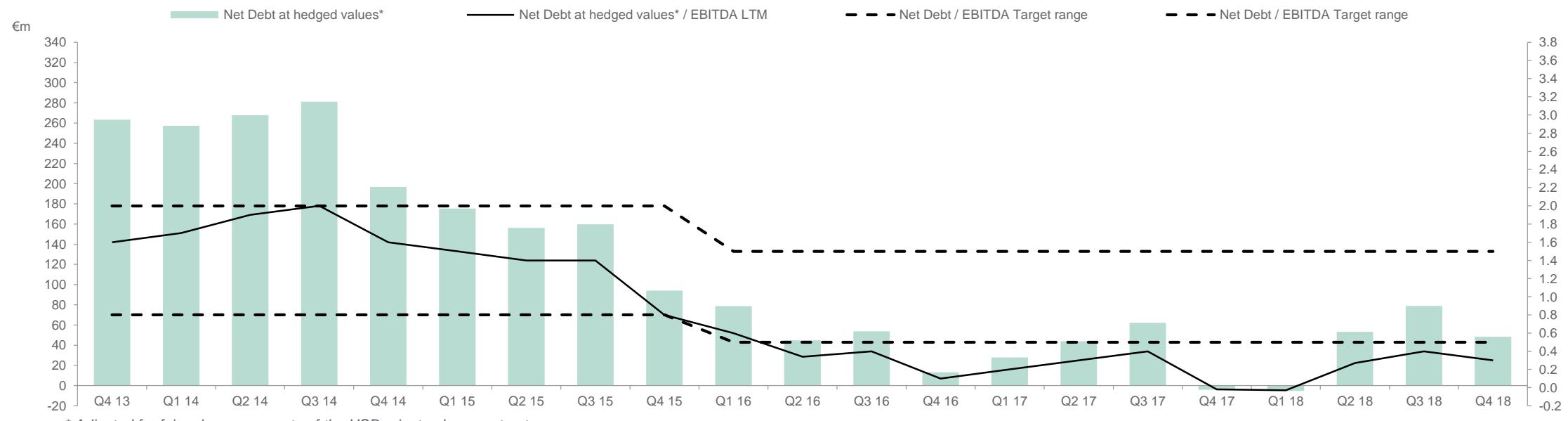
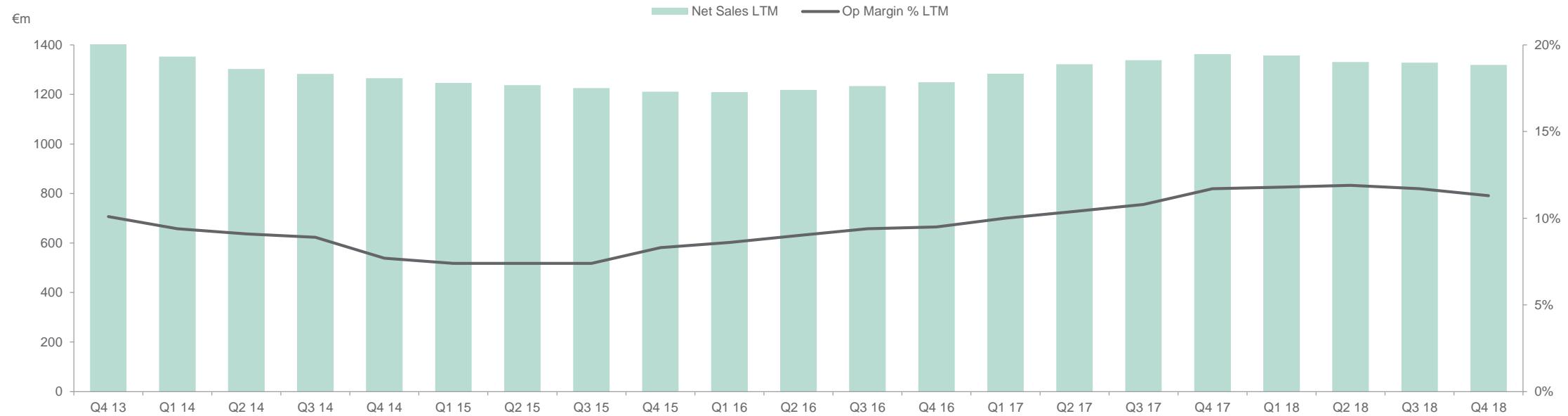
- Net debt at hedged values €48.4m (€4.3m net cash)
 - Net debt €72.4m (€23.5m)
- Net debt at hedged values/ EBITDA (LTM) 0.3 (-0.02)
 - Net debt/EBITDA (LTM) 0.4 (0.1)
- Interest cover (Q4): 12.5 (20.0)
- Interest cover (LTM): 8.9 (11.5)



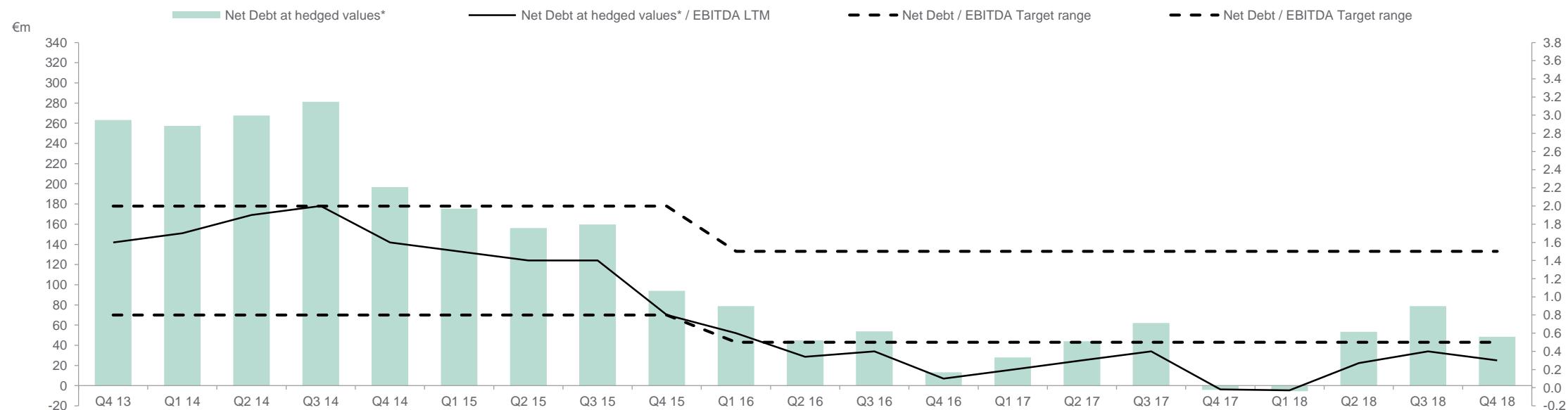
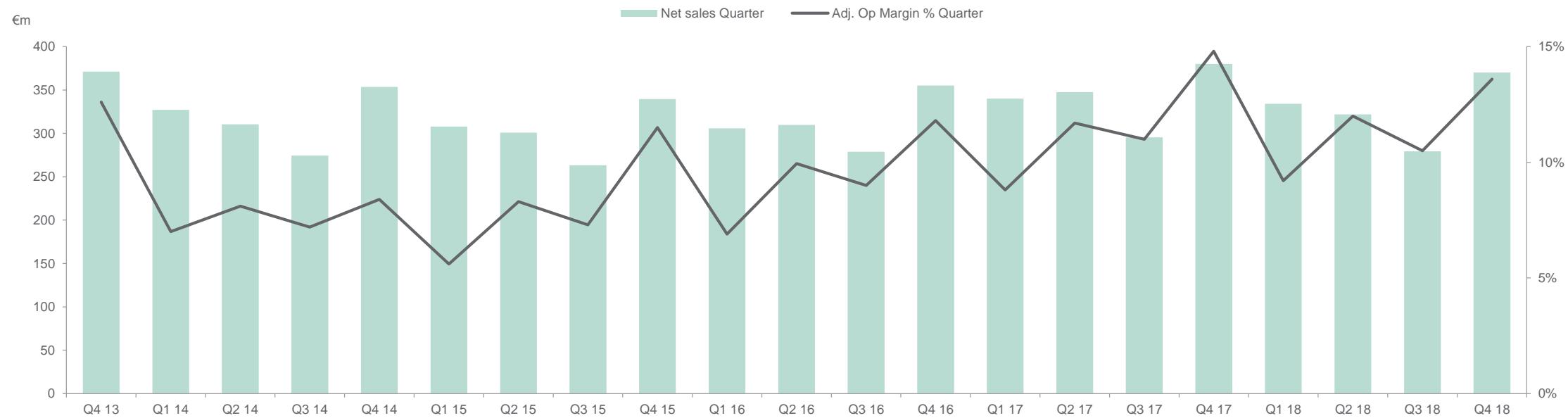
* Adjusted for fair value movements of the USD private placement notes

Interest cover (LTM)





* Adjusted for fair value movements of the USD private placement notes



* Adjusted for fair value movements of the USD private placement notes

IFRS 15 & 16

IFRS 15 & 16: Q1 2018 Income statement impact

	3 months ended 31 March	
	2018*	2018**
€'000		
Sales	330,829	334,143
Cost of sales	(100,330)	(91,792)
Gross profit	230,499	242,351
Other income	-	10,562
Selling and marketing expenses	(115,989)	(126,044)
Distribution and infrastructure	(6,715)	(22,063)
Administrative expenses	(73,013)	(74,210)
Operating profit	34,782	30,596
Financial income	7,948	7,948
Financial expenses	(12,456)	(11,277)
Net financing costs	(4,508)	(3,329)
Net profit before income tax	30,274	27,267
Total income tax expense	(9,252)	(8,593)
Net profit attributable to owners of the Company	21,022	18,674

*Figures following the adoption of IFRS 15 and IFRS 16.

**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments.

IFRS 15:

Individual performance discounts reclassified from selling and marketing expenses to sales discounts.

IFRS 15:

Freight expense and income reclassified from distribution and infrastructure expenses to cost of sales.

IFRS 15:

By removing the other income line, all costs associated with these revenues are directly expensed. Other income is now reducing the related overhead costs instead of being recorded on one line.

IFRS 16:

The implementation of IFRS 16 is positively impacting the operating profit due to the elimination of operation leasing expenses which will be mainly compensated by depreciation of the lease assets. The depreciation is lower than the operating expense.

IFRS 16:

Increased finance cost due to the recognition of interest expense on the finance lease liabilities.

IFRS 15 & 16: FY 2018 Income statement impact

	12 months ended 31 December	
	2018*	2018**
€'000		
Sales	1,278,752	1,318,891
Cost of sales	(393,624)	(361,518)
Gross profit	885,128	957,373
Other income	-	41,515
Selling and marketing expenses	(428,281)	(481,911)
Distribution and infrastructure	(28,491)	(87,666)
Administrative expenses	(275,290)	(280,032)
Operating profit	153,066	149,279
Financial income	15,634	15,634
Financial expenses	(33,766)	(29,160)
Net financing costs	(18,132)	(13,526)
Net profit before income tax	134,934	135,753
Total income tax expense	(39,504)	(39,681)
Net profit attributable to owners of the Company	95,430	96,072

*Figures following the adoption of IFRS 15 and IFRS 16.

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IFRS 16:

Increased finance cost due to the recognition of interest expense on the finance lease liabilities.

CONCLUSIONS AND GOING FORWARD



Conclusions and going forward

- 2018 a year of mixed performance:
 - Challenging market conditions
 - Difficult comparables related to 50th year Anniversary activities
 - Strategic categories increased their shares of the sales
 - Online activities reached new levels
- Shift in the geographical sales mix during the fourth quarter:
 - Asia & Turkey recorded a sales decline
 - Improved sales momentum seen in the other Business Areas
- 2019 QTD: -7%
 - Catalogue timing and public holidays
 - Continued challenges in some markets
- Confidence in long-term strategy and in ability to return to profitable growth:
 - Solid financial position
 - Increased digitalisation
 - Improved earnings opportunity

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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.