

23<sup>rd</sup> April 2024

# Oriflame

FIRST QUARTER 2024

Anna Malmhake, CEO

Carl Rogberg, CFO

ORIFLAME  
— SWEDEN —

# CAUTIONARY STATEMENT

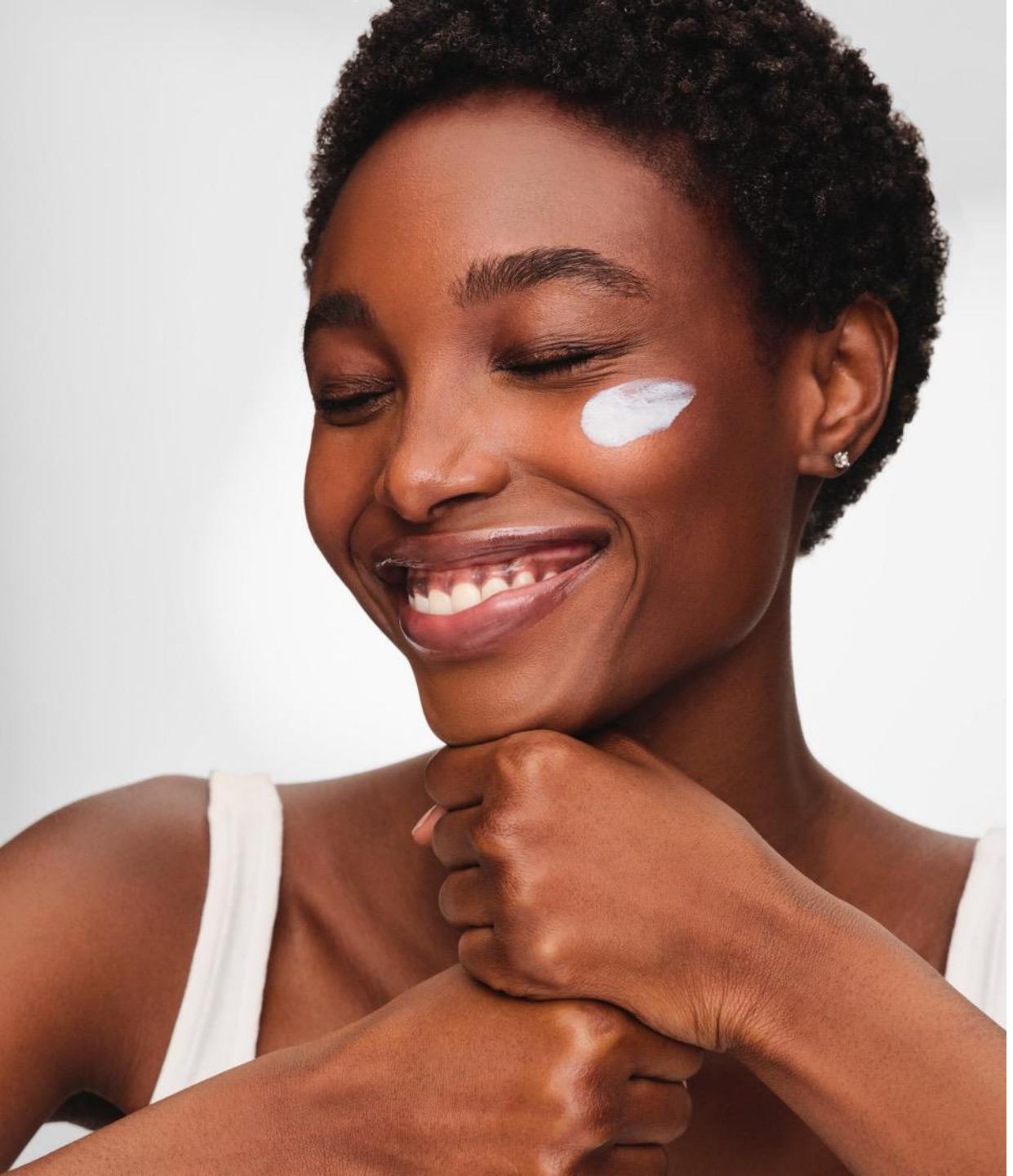
Some statements herein are forward looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors like, for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and supply disturbances.



# HIGHLIGHTS

# Q1 2024 key takeaways

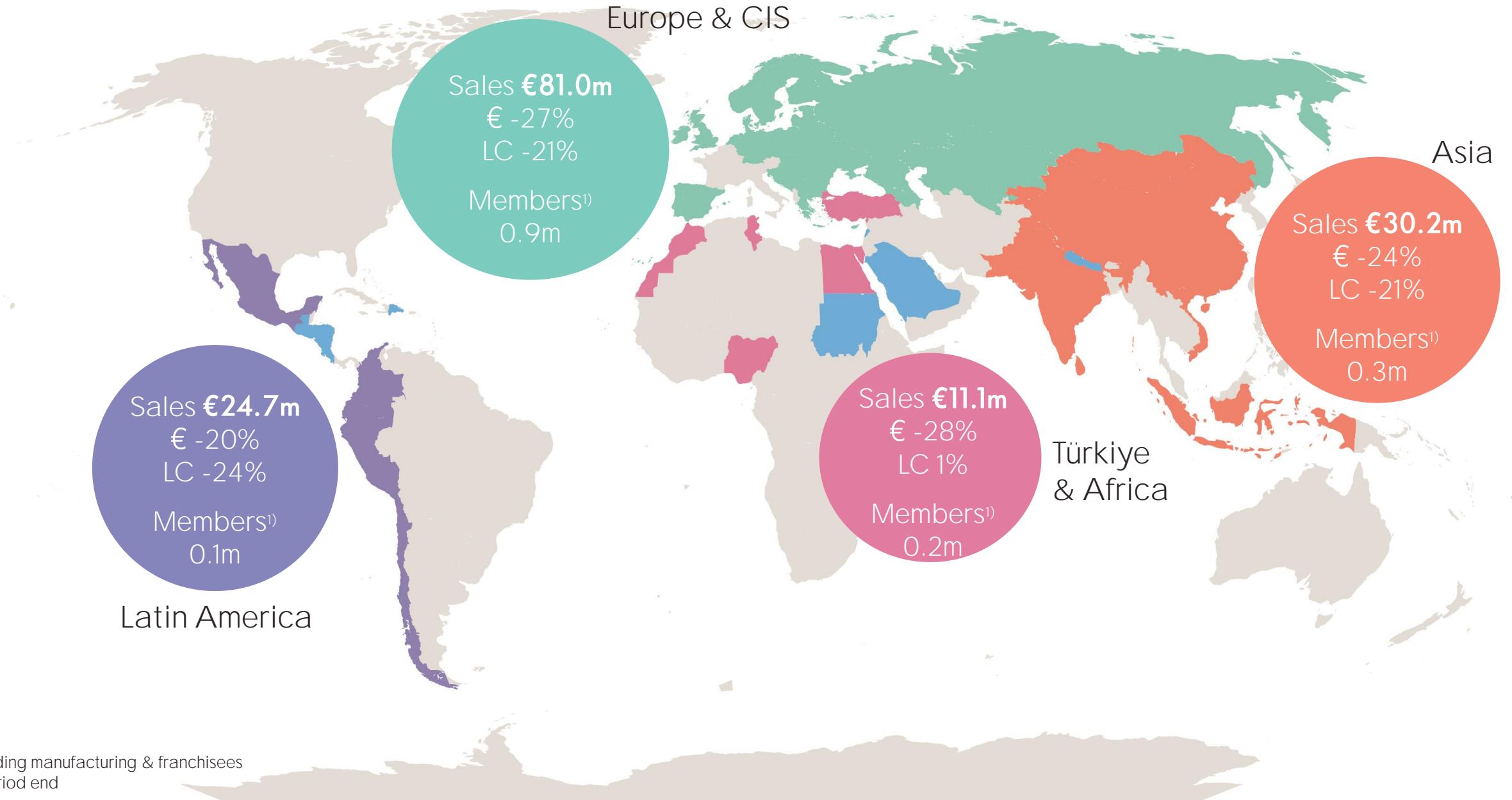
- Sales development still very challenging in all regions – sequentially improved monthly trend
  - Difficult macro economical and geopolitical environment including impact of Russia/Ukraine war persists
  - Adverse foreign exchange impact in several main markets on sales and profitability as well as some negative seasonality impact
  - The sales trend improved towards the end of the quarter
- We continue to implement on previously communicated initiatives
  - Restructuring programme is delivering better than expected results on savings and working capital reductions
  - Beauty Community Model (BCM) continued rollout (+20 markets) is showing promising results on operational KPIs
  - Marketing investments launched in some key markets during the quarter
- Full focus remains on the turnaround of the sales
  - Promising results in UK incubation market – decision to enter new markets in EU
  - Pricing adjustments and portfolio optimisation in Q2 onwards



## Q1 highlights

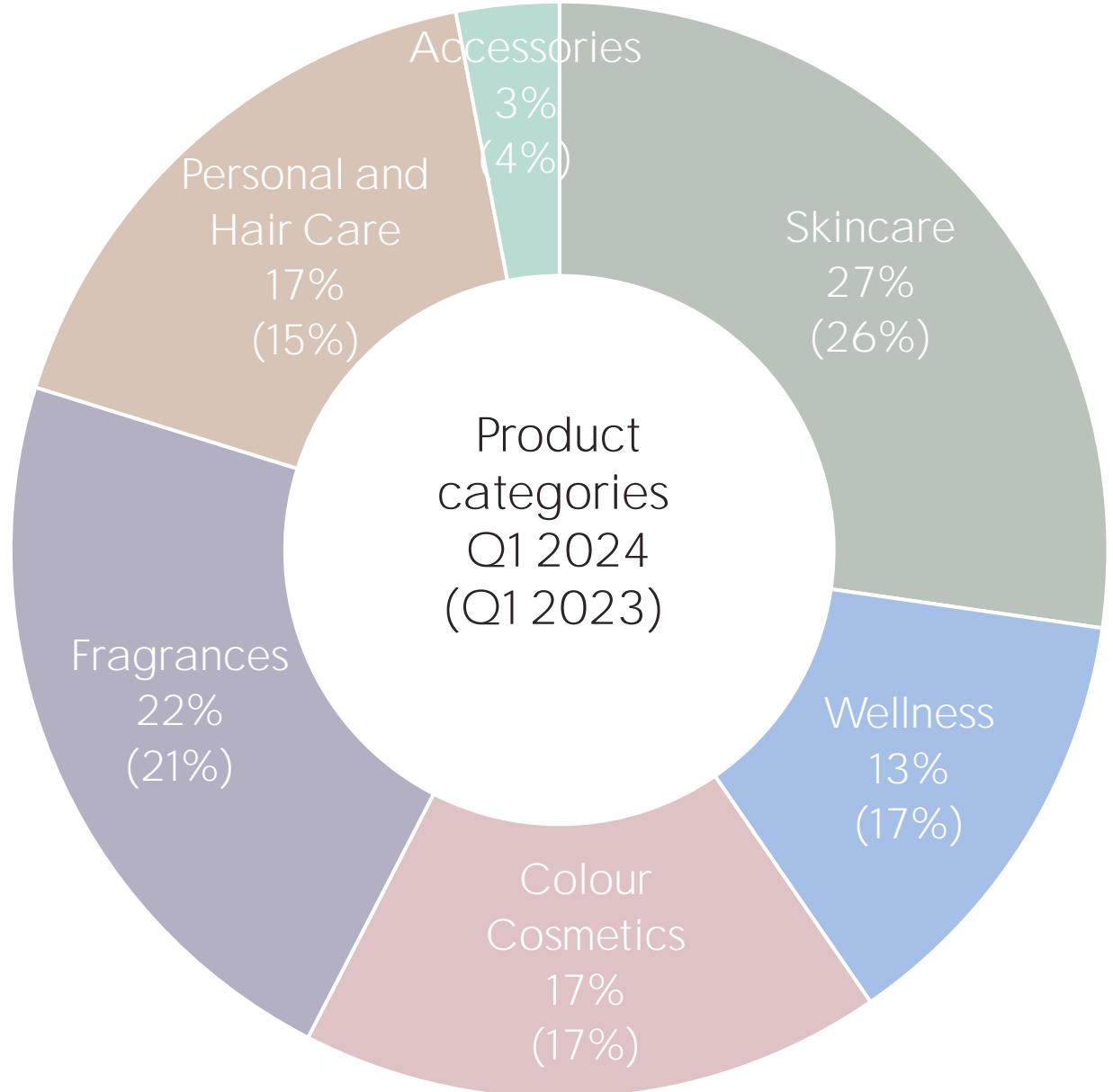
- Sales € 156.5 m (€208.3m) -25% in €, -19% in LC
  - Members average 1.6m (2.0m) -19%
  - FX -6%
- Gross Margin: 64.9% (66.1%)
  - Negatively impacted by FX rates movements (-230bps)
  - Partial offset by positive price/mix
- EBITDA €6.7m (€16.8m)
  - Adjusted EBITDA margin 4.3% (8.1%)
  - Adjusted administrative expenses reduced by €8.8m (-16.1%)
- Adjusted cash flow before financing €-6.0m (€-16.2m)
  - Cash balance: €57.3m versus €80.6m at year-end
  - Working capital: Positive net working capital movement of €0.9m vs negative same quarter PY (€-18.4m)
  - RCF was fully repaid during the quarter, while €7.5m was drawn down early April to support ongoing restructuring payments
- Transformation programme progressing according to plan

# Q1 Geographic overview\*



# Category update

- Skincare and fragrances were the largest categories
- Within Skincare the Diamond Cellular was re-launched in Europe & CIS showing positive results
- Wellness decreased its share versus prior year due to primarily local regulatory challenges and pricing
- Fragrances successfully launched Miss Giordani Floral in Europe & CIS
- Colour cosmetics showed solid performance with the THE ONE brand
- In Personal and Hair Care the Seasonal collections showed strong come-back, via both new ranges in Valentine and Women's Day, as well as the Crystologie collection



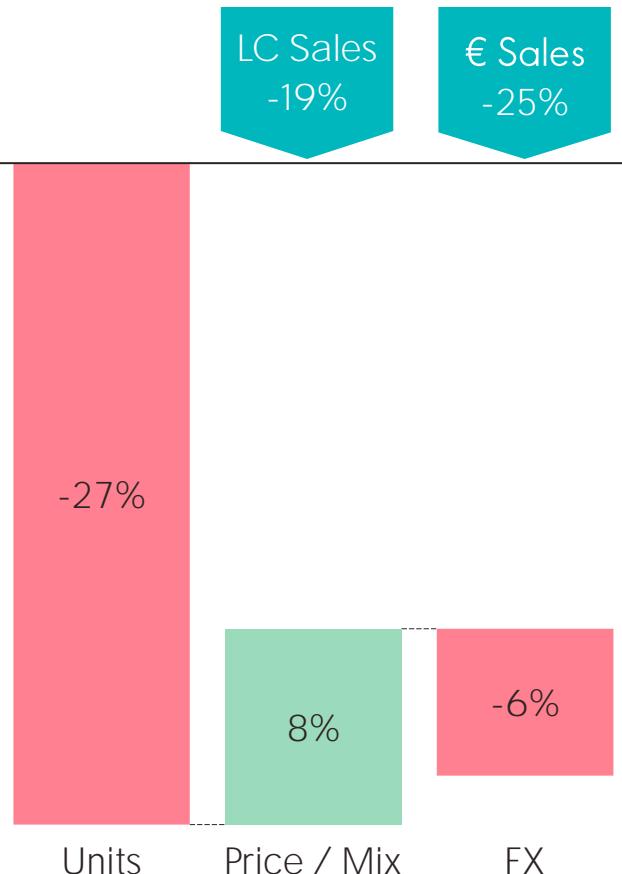


# FINANCIALS

# Q1'24 Sales

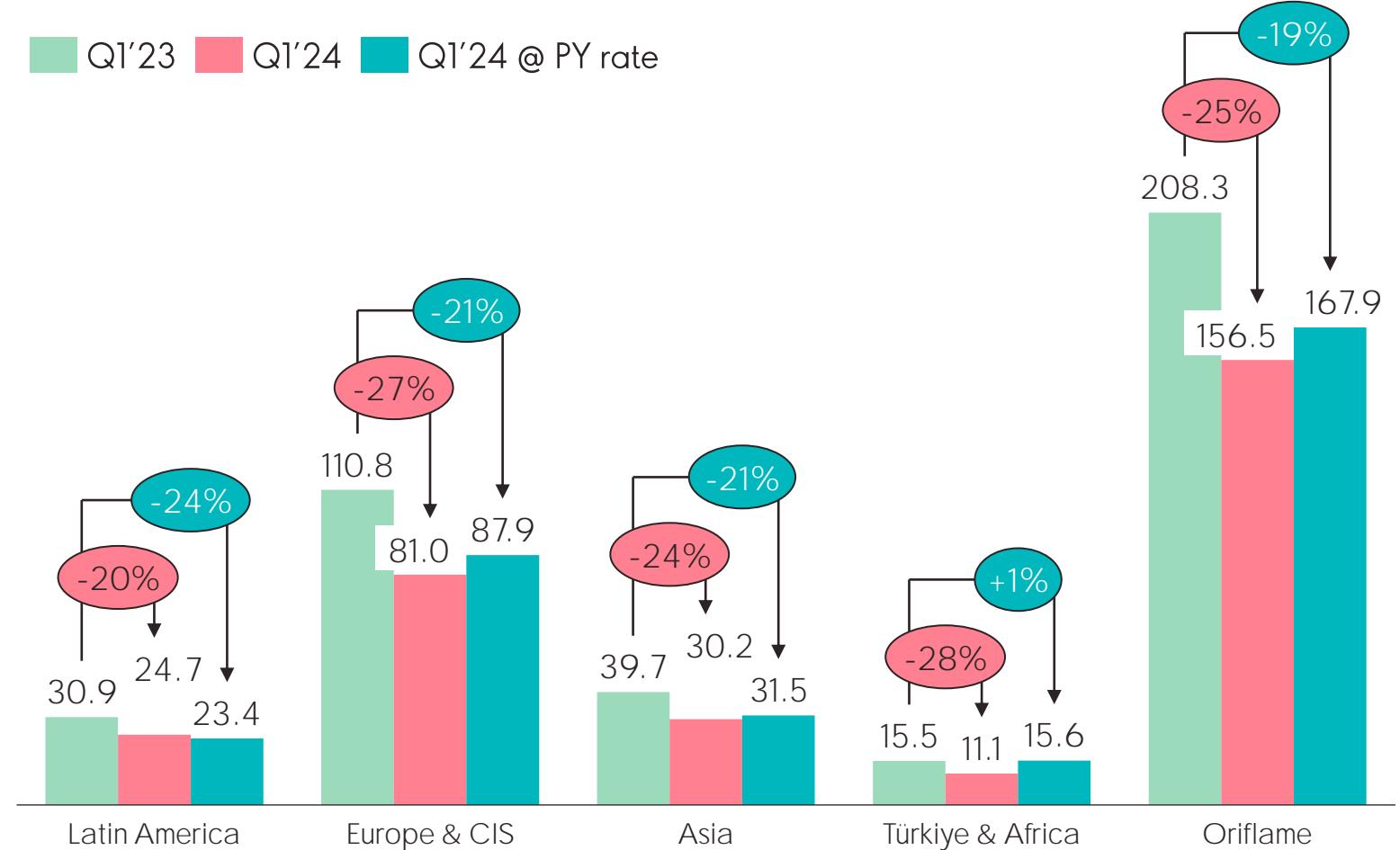
All markets impacted by currency movements, from strongly negative in Türkiye & Africa to somewhat positive in Latin America

## Overview



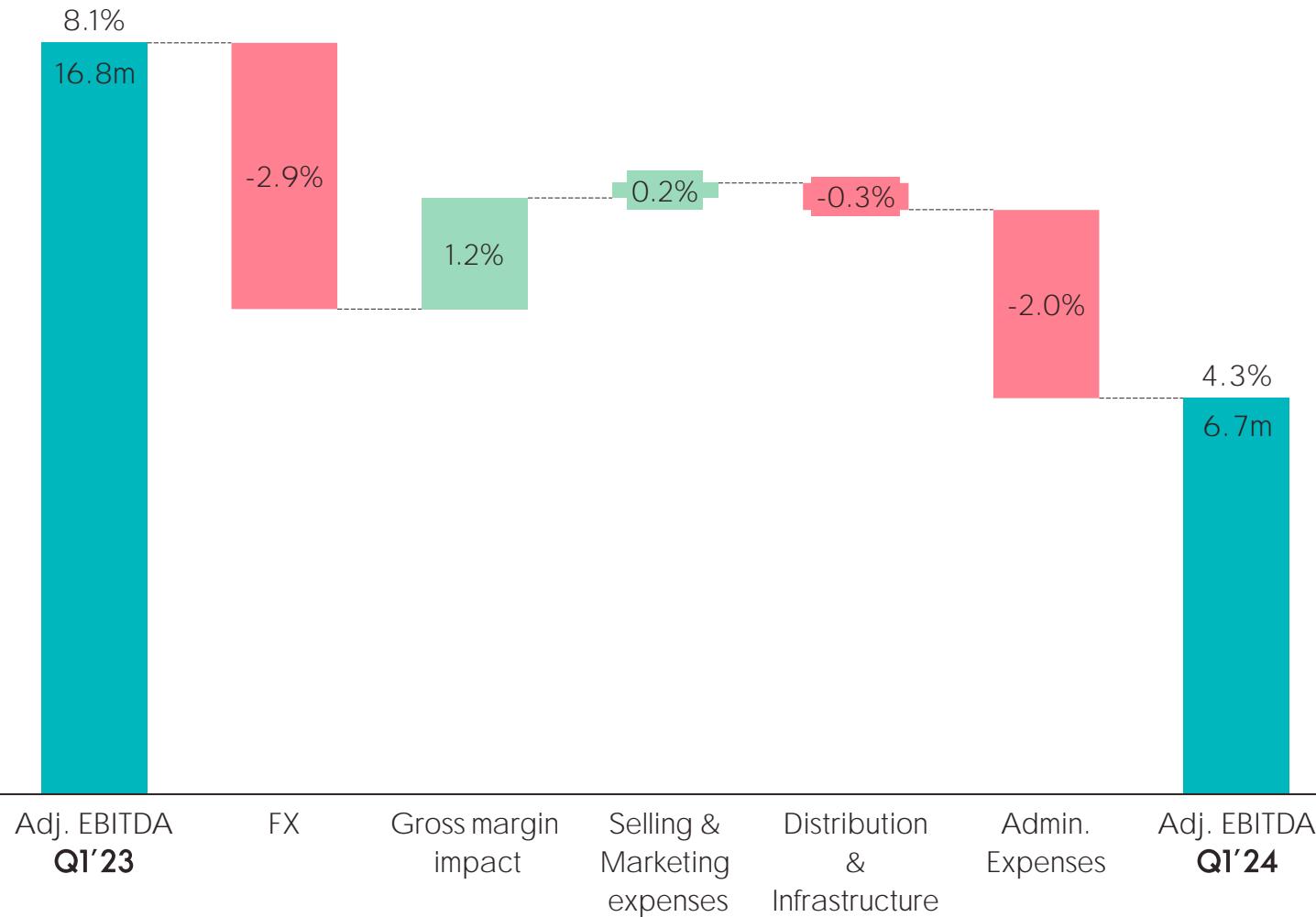
## By region in €m

Q1'23 Q1'24 Q1'24 @ PY rate



# Adjusted EBITDA analysis - Q1'24

Adj. EBITDA margin vs PY



## Highlights

- Adj. EBITDA softened from €16.8m (8.1%) to €6.7m (4.3%)
- 290 bps negative impact from FX on EBITDA
- Positive impact from improved price/mix offset by product cost inflation and under-recoveries
- Admin expenses went up from deleveraging of lower sales impact. In absolute term, they were reduced by €8.8m (-16.1%)

# From Adjusted EBITDA to Adjusted net loss - Q1'24

(€ million)

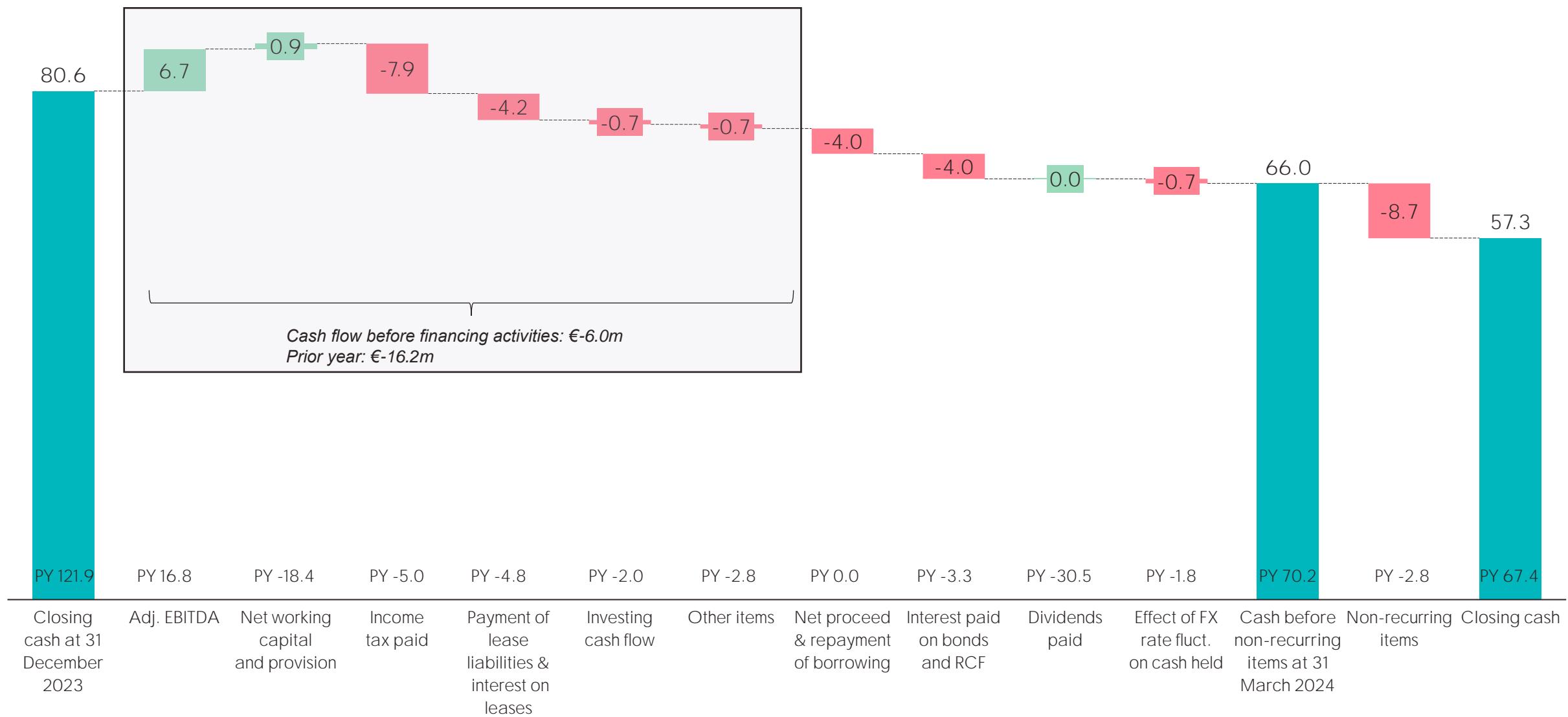


## Highlights

- Net financing costs impacted by
  - €12.9m FX losses, mainly coming from the \$550m bonds revaluation (€-11.0m)
  - Net interest expenses amounted to €8.9m - mainly coming from €7.7m net interest expenses on the bonds

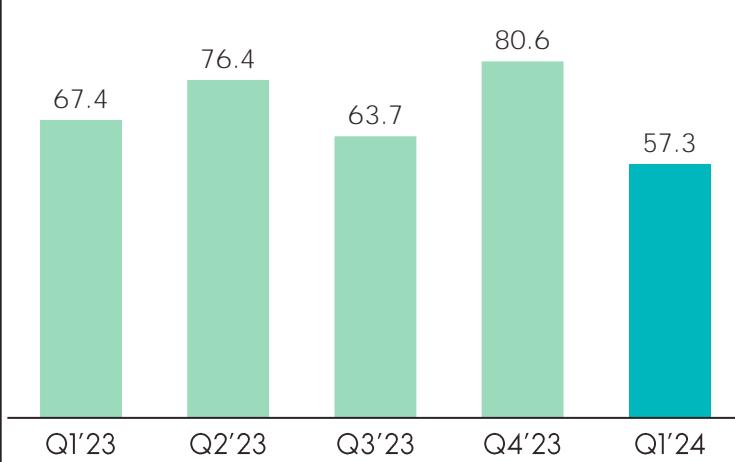
# Cash flow development - Q1'24

(€ million)

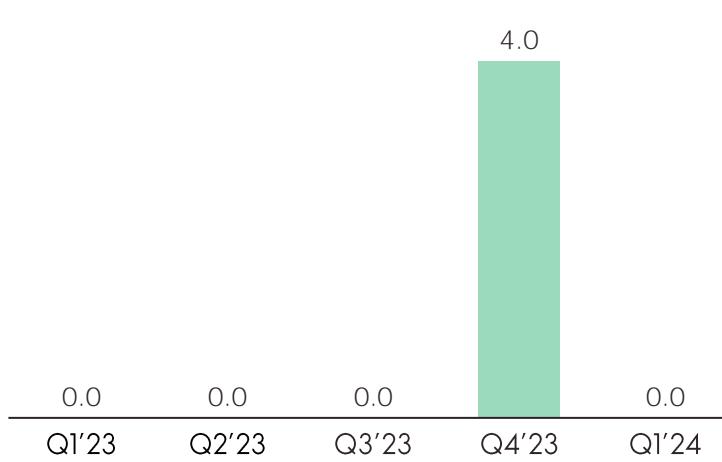


# Funding & Financial Position

Cash balance (€ million)

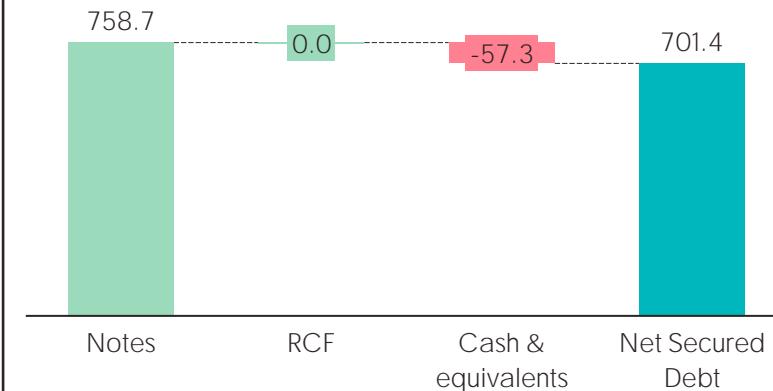


RCF - Draw down balance (€ million)



Net Secured Debt (€ million)

Q1'24



## Highlights

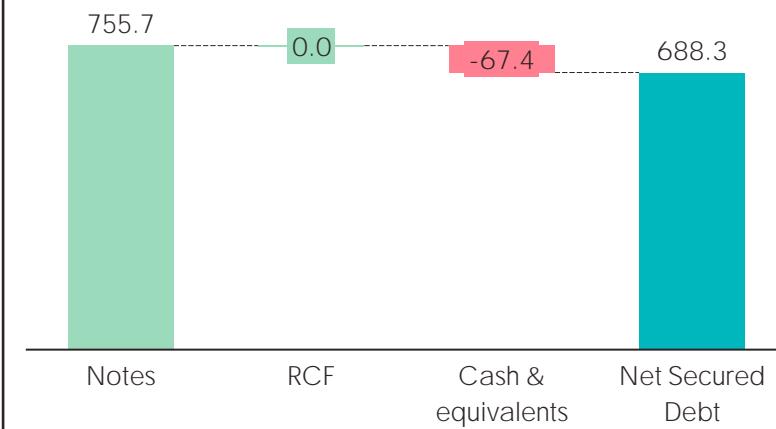
- €250m and \$550m Notes maturing in May 2026
- €100.0m RCF (maturing in October 2025)
- Cash balance of €57.3m as of 31 March 2024
- €4.0m draw down from RCF was repaid in January 2024
- No RCF draw down as of 31 March 2024.

Net Secured Debt ratio

Net Secured Debt (€ million)



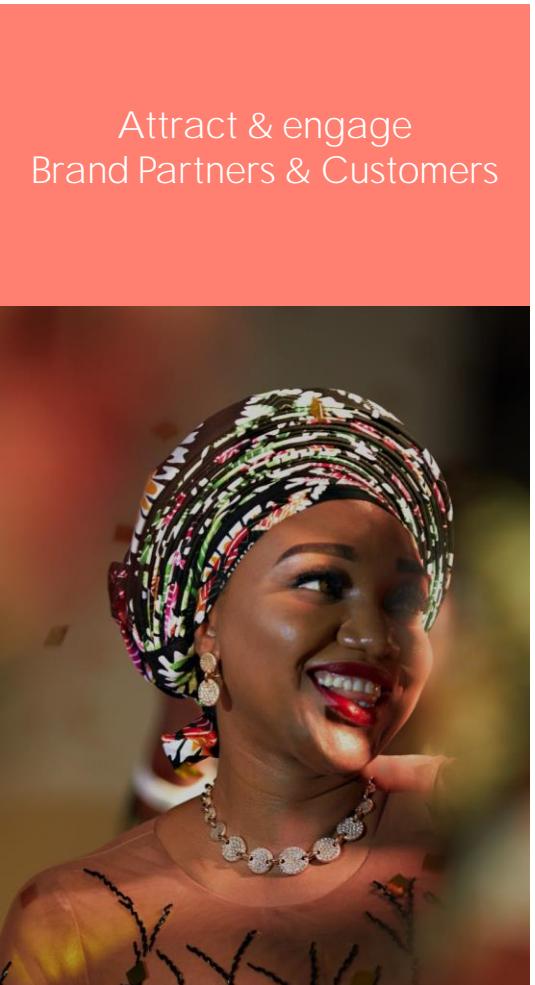
Q1'23



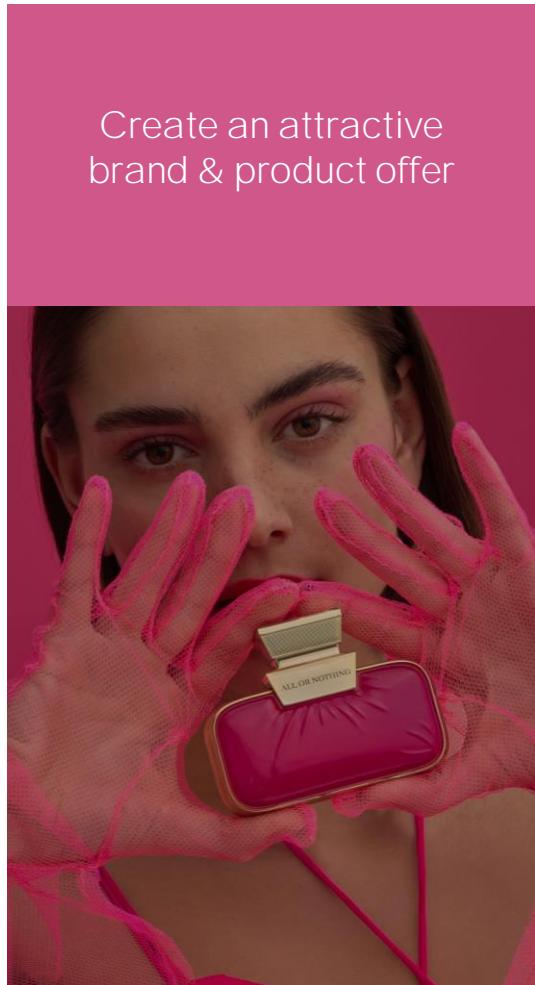


GOING FORWARD

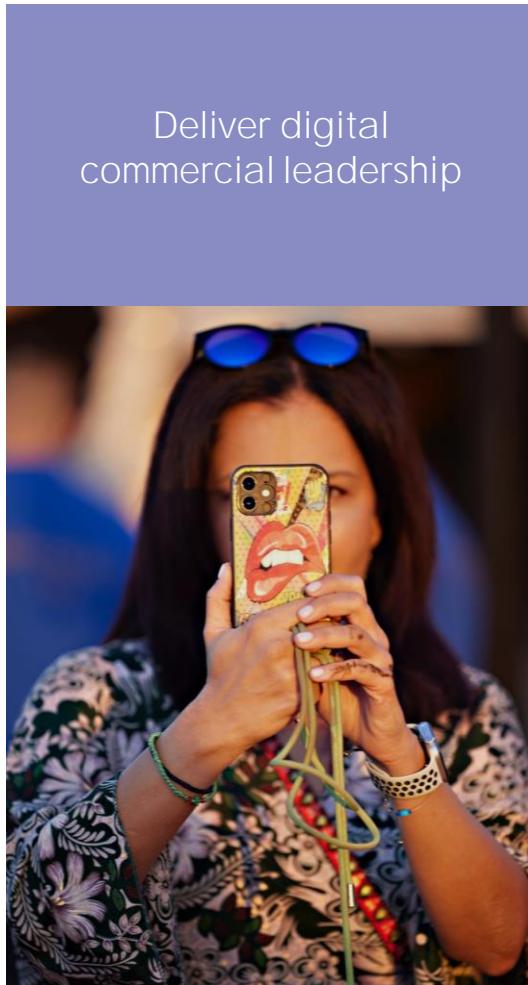
# These strategic pillars articulate our transformative journey



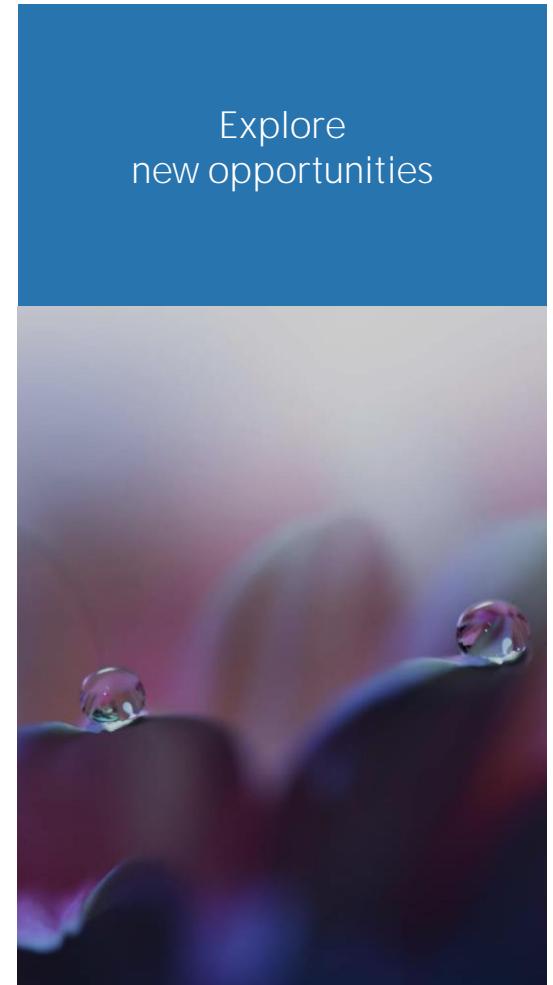
Attract & engage  
Brand Partners & Customers



Create an attractive  
brand & product offer



Deliver digital  
commercial leadership



Explore  
new opportunities

# Beauty Community Model

Implementation ongoing at full speed

- New mechanics – to remove barriers to join, segment our community, increase retention and offer a modern opportunity
- Member concept working well – Member share growing and getting traction
- BCM Markets – operational KPIs showing promising results
- End of Q1, rolled out in more than 20 EU/CIS markets and China and other markets to follow in 2024/2025



# Marketing & Brand Investments

## New brand campaign: Reach Your Happy Place

- Ongoing global roll-out of new brand campaign, to clarify and communicate Oriflame's positioning in a modern way
- Prioritised marketing investments with test in 3 pilot markets with both digital activation and out of home campaigns:
  - Indonesia: Launched early February
  - Romania: Launched mid February
  - UK: Launched 8<sup>th</sup> April
- New campaign very well received by Brand Partners, and initial results in pilot markets above expectations



## Attractive portfolio and product offer

Ongoing simplification and segmentation of portfolio, including pricing adjustments

- Ongoing optimisation of portfolio, implementation starting in Q2 and onwards
- Ongoing pricing adjustments to meet local purchasing power. For example:
  - Portugal - as of end of March/April 2024
  - UK - starting in April 2024
  - Indonesia - starting May 2024



# Exploring New Opportunities

## UK Incubation Market:

- Targeted media investments initiated; digital activation and Out Of Home, launched 8<sup>th</sup> April
- Pricing adjustments to selected products/segments implemented - 1<sup>st</sup> wave started in April
- Very positive sales and recruitment growth during Q1, driven by new inflow of Brand Partners.
- Local warehouse to be opened to improve the delivery experience

## Opening of new markets in Western Europe:

- Denmark – May
- Belgium, Luxembourg, Austria, Italy, France, Malta – July



# Transformation journey is well underway

Several initiatives are ongoing to address the challenges

- Restructuring and savings programme
  - progressing ahead of targets
- Implementation of the Beauty Community Model
  - rolled out in 20+ markets end of Q1, roll-out to continue 2024 and 2025
- Brand and Marketing investments
  - new brand campaign launched, marketing investments in 3 pilot markets
- Simplification and segmentation of portfolio, including pricing adjustments
  - ongoing optimisation of portfolio, whilst pricing adjustment plan is now starting to be implemented in Q2, in selected markets and categories
- Launching and improving digital tools
  - to support our Brand Partners and to stay competitive
- Exploring new opportunities
  - implementation of new initiatives in UK as an incubation market, and opening of new markets in Western Europe





Q&A

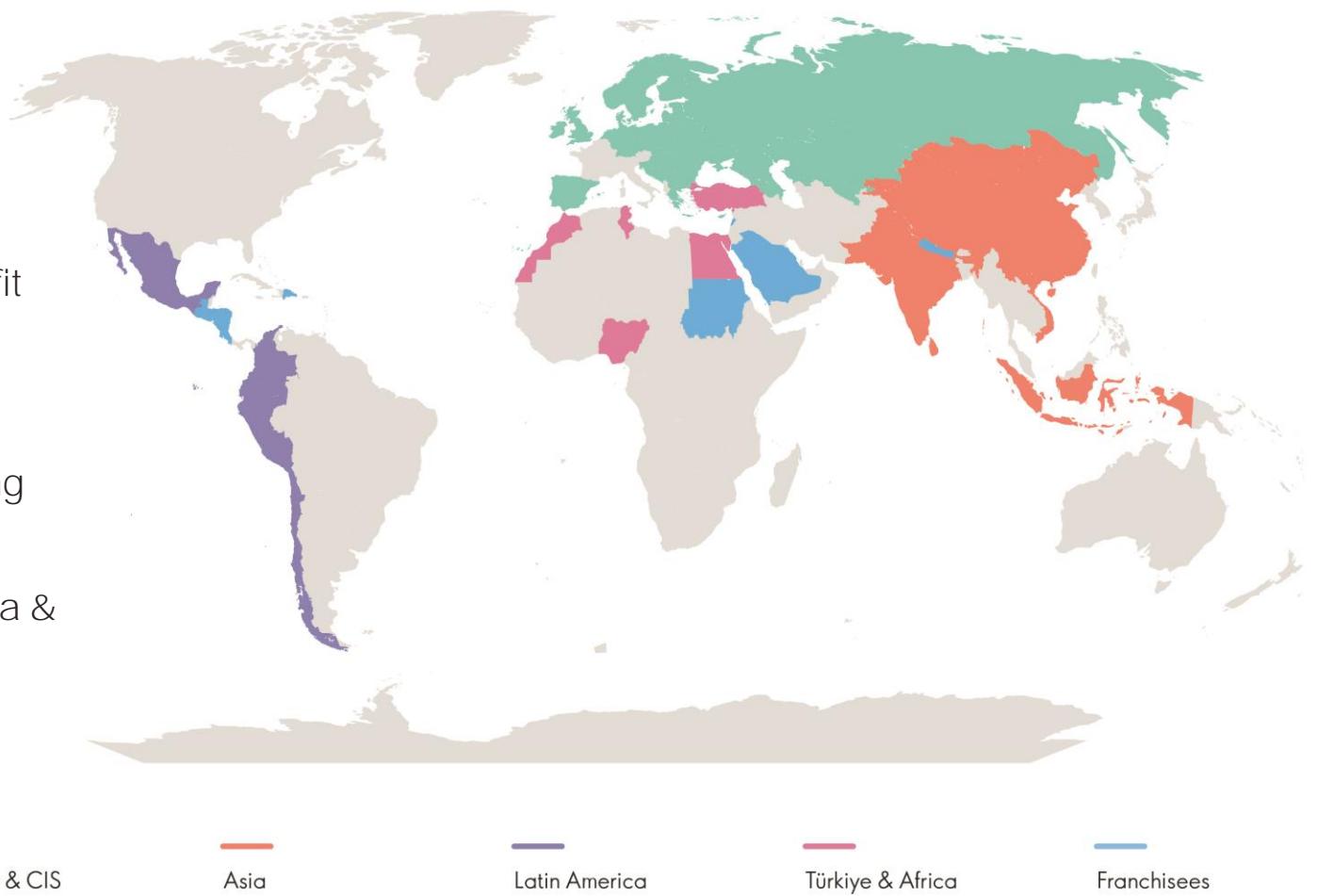
# Appendix

- Oriflame snapshot 2023
- Adjusted EBITDA
- Debt & Debt ratio

# Oriflame snapshot 2023

An international social selling beauty company with strong Swedish attributes operating in 60+ countries\*

- Approximately 1.7m Members
- **€0.8b** in sales
- Adj. EBITDA **€39.0m** and **€14.8m** Adj. Operating Profit
- 98% of orders online. Around 1 million via the Oriflame App
- Around 1,350 beauty and wellness products (including approximately 150 accessories)
- Founded in 1967. Manufacturing entities in China, India & Poland. Headquartered in UK & Switzerland



# Adjusted EBITDA

€ million	Q1'24	Q1'23	LTM Q1'24	YTD Q4'23
Operating profit / loss (-)	-1.6	7.0	-283.6	-275.1
Depreciation, amortisation and impairment	7.6	8.6	279.8	280.8
<b>EBITDA</b>	<b>6.0</b>	<b>15.6</b>	<b>-3.8</b>	<b>5.8</b>
Purchase Price Allocation (PPA) items	1.9	1.9	255.7	255.7
Non-recurring items (NRI) *	0.6	1.5	33.3	34.2
Amortisation and impairment included in PPA & NRI	-1.9	-2.1	-256.4	-256.7
<b>Adjusted EBITDA</b>	<b>6.7</b>	<b>16.8</b>	<b>28.9</b>	<b>39.0</b>
 * Non-recurring items	 0.6	 1.5	 33.3	 34.2
Restructuring, reorganisation and employee related costs	0.6	1.5	33.3	34.2

## Debt & Debt ratio

€ million	Q1'24	Q1'23
Senior Secured Notes - € 250.0 million	250.0	250.0
Senior Secured Notes - \$ 550.0 million	508.7	505.7
Notes	758.7	755.7
RCF	0.0	0.0
Secured debt	758.7	755.7
less cash and cash equivalents	-57.3	-67.4
Net Secured Debt	701.4	688.3
Secured debt	758.7	755.7
Lease liabilities short term	11.3	12.9
Lease liabilities long term	19.0	26.3
Lease liabilities	30.2	39.2
Total debt	789.0	795.0
less cash and cash equivalents	-57.3	-67.4
Total Net debt	731.7	727.6

€ million	Q1'24	Q1'23
Net Secured debt	701.4	688.3
Adjusted EBITDA LTM	28.9	101.2
Net Secured debt ratio	24.3	6.8

More than 50 years in, Oriflame is the choice of more than 1.5 million people. Looking ahead, we are committed to continuing to build on this simple formula – empowering people and enabling positive change around the world.

# Thank you

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