

## Year-end report 1 January – 31 December 2014

### 3 months ended 31 December 2014

- Local currency sales increased by 5% and Euro sales decreased by 5% to €353.7m (€371.2m).
- Number of active consultants was unchanged at 3.5m compared to the same period previous year.
- EBITDA amounted to €34.4m (€52.0m).
- Adjusted\* operating margin was 8.4% (12.6%), negatively impacted by approximately 350 bps from currency movements, resulting in an adjusted\* operating profit of €29.8m (€46.8m). Operating margin was 8.0% (12.0%) and operating profit €28.4 m (€44.7 m).
- Adjusted\*\* net profit amounted to €11.1m (€27.2m) and adjusted\*\* EPS amounted to €0.20 (€0.49). Net profit was €3.3 m (€25.0 m) and EPS €0.06 (€0.45).
- Cash flow from operating activities amounted to €66.0m (€63.7m).
- First quarter update: The local currency sales development in the first quarter to date is around 1%, impacted negatively by a timing effect of approximately 2%.

\* Adjusted for restructuring costs of €2.4m, gain from sale of manufacturing assets of €9.2m and VAT cost related to the Russian tax claim of €8.1m in the fourth quarter 2014 and restructuring costs of €2.2m in the fourth quarter 2013

\*\* Adjusted for tax costs from the Russian tax claim of €6.4m

### 12 months ended 31 December 2014

- Local currency sales increased by 1% and Euro sales decreased by 10% to €1,265.8m (€1,406.7m).
- EBITDA amounted to €122.9m (€166.5m).
- Adjusted\* operating margin was 7.7% (10.1%), negatively impacted by approximately 350 bps from currency movements, resulting in an adjusted\* operating profit of €97.8m (€142.4m). Operating margin was 7.5% (9.7%) and operating profit €94.7m (€136.6).
- Adjusted\*\* net profit amounted to €47.0m (€84.4m) and adjusted\*\* EPS amounted to €0.84 (€1.52). Net profit was €37.5m (€78.6 m) and EPS €0.67 (€1.41 m).
- Cash flow from operating activities amounted to €90.0m (€112.1m).
- The Board of Directors will continue to prioritise reducing the debt during the forthcoming quarters. As a consequence, the Board of Directors will not seek a mandate for distribution of dividend during the forthcoming four quarters (quarter 2 2015 up until quarter 1 2016).

\* Adjusted for restructuring costs of €4.2m, gain from sale of manufacturing assets of €9.2m and VAT cost related to the Russian tax claim of €8.1m for the full-year 2014 and restructuring costs of €5.8m for the full-year 2013

\*\* Adjusted for tax costs from the Russian tax claim of €6.4m

### Significant event after the end of the quarter

- Insurance claim of €7.8m relating to Indian warehouse fire in 2013 received in January 2015.

### CEO Magnus Brännström comments

*“2014 has been a year marked by challenges of various kinds for Oriflame. The geopolitical instability in our important markets Russia and Ukraine and the sharp devaluation of their currencies have impacted operations, sales and margins negatively. On the other hand, 2014 was a good year in other parts of the world – we saw very strong growth in Turkey, Africa and Asia and we continued to build our position stronger in Latin America.*

*We ended the year with a quarter of decent local currency sales development, but with margins under pressure. The slower local currency sales development in the first quarter-to-date reflects the continued external challenges and uncertainties we are likely to be faced with throughout 2015. We will tackle these with a continued strive to improve our offer and an intense focus on profitability.”*

## Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 31 December			12 months ended 31 December		
	2014 <sup>1</sup>	2013 <sup>2</sup>	Change	2014 <sup>3</sup>	2013 <sup>4</sup>	Change
Sales	353.7	371.2	(5%)	1,265.8	1,406.7	(10%)
Gross margin, %	65.9	70.5	68.4	70.1		
EBITDA	34.4	52.0	(34%)	122.9	166.5	(26%)
Operating profit	28.4	44.7	(36%)	94.7	136.6	(31%)
Operating margin, %	8.0	12.0	7.5	9.7		
Adj. operating profit	29.8	46.8	(36%)	97.8	142.4	(31%)
Adj. operating margin, %	8.4	12.6	7.7	10.1		
Net profit before tax	21.0	35.8	(41%)	74.2	107.0	(31%)
Adj. net profit before tax	22.3	38.0	(41%)	77.3	112.8	(32%)
Net profit	3.3	25.0	(87%)	37.5	78.6	(52%)
Adj. net profit	11.1 <sup>5</sup>	27.2	(59%)	47.0 <sup>5</sup>	84.4	(44%)
EPS, €	0.06	0.45	(87%)	0.67	1.41	(52%)
Adj. EPS, €	0.20 <sup>5</sup>	0.49	(59%)	0.84 <sup>5</sup>	1.52	(45%)
Cash flow from operating activities	66.0	63.7	4%	90.0	112.1	(20%)
Net interest-bearing debt	245.4	275.9	(11%)	245.4	275.9	(11%)
Net interest-bearing debt at hedged values	196.8	263.3	(25%)	196.8	263.3	(25%)
Active consultants, '000	3,473	3,460	0%	3,473	3,460	0%
Sales per active consultant, €	101.4	106.7	(5%)	362.4	404.0	(10%)

<sup>1</sup>Adjusted for non-recurring items of €1.3m

<sup>2</sup>Adjusted for non-recurring items of €2.2m

<sup>3</sup>Adjusted for non-recurring items of €3.1m

<sup>4</sup>Adjusted for non-recurring items of €5.8m

<sup>5</sup>Adjusted for additional non-recurring tax items of €6.4m

### Three months ended 31 December 2014

Sales in local currencies increased by 5% and Euro sales decreased by 5% to €353.7m compared to 371.2m in the same period prior year. Sales development in local currencies was the result of a 5% increase in productivity while the number of active consultants in the quarter was unchanged at 3.5m (3.5m). Unit sales were down by 4%, while the price/mix effect was positive at 9%.

Local currency sales increased by 7% in Latin America, by 25% in Turkey, Africa & Asia and by 5% in CIS while Europe decreased by 10%. The high growth regions, representing 36% of group sales in the quarter compared to 28% in the same period prior year, will drive the sales development going forward, while the company continues its efforts to manage the development in Europe and CIS where external challenges are intensified.

The gross margin was 65.9% (70.5%) and the adjusted operating margin amounted to 8.4% (adjusted for restructuring costs of €2.4m, gain from sale of manufacturing assets of €9.2m and VAT cost related to the Russian tax claim of €8.1m) compared to 12.6% (adjusted for restructuring costs of €2.2m) in the same period 2013. Operating margin was 8.0% (12.0%). Currency movements had a negative impact of approximately 350 bps on the adjusted operating margin. The margin was further affected by -150 bps from extra-ordinary one-off sales and recruitment campaign costs as well as -200 bps from closure and start-up costs of factories and underutilisation of assets. These negative effects were partly offset by positive price/mix effects and cost savings.

Adjusted net profit amounted to €11.1m (€27.2m) and adjusted earnings per share amounted to €0.20 (€0.49). Net profit was €3.3m (€25.0m) and EPS €0.06 (€0.45). Tax expense was impacted by €6.4 m related to the Russian tax case.

Cash flow from operating activities was €66.0m (€63.7m).

The average number of full-time equivalent employees was 6,875 (7,366).

### Twelve months ended 31 December 2014

Sales in local currencies increased by 1% and Euro sales decreased by 10% to €1,265.8m compared to €1,406.7m in the same period prior year.

Sales development in local currencies was the result of a 1% increase in productivity while the number of active consultants was unchanged.

+5%

Local currency sales

-350 bps

Operating margin impact from FX

Gross margin amounted to 68.4% (70.1%) and adjusted operating margin to 7.7% (adjusted for restructuring costs of €4.2m, gain from sale of manufacturing assets of €9.2m and VAT cost related to the Russian tax claim of €8.1m) compared to 10.1% (adjusted for restructuring costs of €5.8m) in the same period 2013. Operating margin was 7.5% (9.7%).

Adjusted net profit amounted to €47.0m (84.4m) and adjusted earnings per share was €0.84 (€1.52). Net profit was €37.5m (€78.6m) and EPS €0.67 (€1.41m).

Cash flow from operating activities amounted to €90.0m (€112.1m).

## Operational highlights

### Brand and Innovation

Within the Skin Care category further products were launched in the range *True Perfection*. In addition, a research publication by Oriflame's Skin Research Institute was awarded winner of 2014's "Best Paper" by The International Journal of Cosmetic Science.

In the Colour Cosmetics category, the brand *The ONE* was complemented with a new lipstick, the *5-in-1 Colour Stylist Lipstick Collective Edition*, developed exclusively for Oriflame by influential fashion ambassadors from all around the world. In the premium brand, *Giordani Gold*, a new *Luscious Volume Mascara* was introduced.

The Fragrance Category experienced encouraging results from the introduction of the new female premium brand, *Possess*.

Within the Hair Care Category, extensions of the new *HairX* line were introduced, supporting the continued development of the category. The Accessories Category launched an exciting new jewellery collection under the brand name *Royal*.

The Wellness Category reached another milestone with the *Wellness Pack Woman* taking the number one position as the globally most sold product in Oriflame.

### Online

During the fourth quarter the rollout of the new digital platform continued in the CIS and Latin America. The platform was operational in ten markets in January 2015 and is planned to reach full coverage this year.

To further support business results and leadership development, global implementation continued of the mobile business application, and an additional e-learning module was launched in the CIS and Turkey with focus on how to maximize business growth and earnings.

Awareness and traffic initiatives continued through on- and off-site campaign activities, resulting both in continued increases in visits to Oriflame sites, and also surpassing 6 million followers on Facebook.

The total share of online orders is now constantly above 90% worldwide, with an increasing number of markets operating at full coverage.

### Service

During the fourth quarter overall service levels remain satisfactory showing slight improvement compared to the same period last year.

In CIS, Oriflame reached an important milestone in its efforts to increase local sourcing, with the completion of the new factory and LEED certified distribution centre in Noginsk. State commissioning for the whole site was secured in November and production of goods for sale started in December. The official opening ceremony is scheduled for 18 February. In order to consolidate production and logistics in one place, the Krasnogorsk site was sold to X5 retail group in October and transfer of manufacturing equipment to Noginsk started as planned and will continue in the first quarter 2015.

All required approvals have been granted the new Wellness facility in Roorkee, India, and the first commercial production started in December.

Work within the sustainability area continued and in December the newly refurbished Moscow office was officially opened. Environmental-friendly materials and technologies were used during the construction and the consumption of electricity, heat and water is expected to be reduced by double-digit figures. LEED certification for the project is currently being pursued.

Wellness Pack  
Woman No. 1  
most sold  
product

More than 6  
million followers  
on Facebook

Production start  
in Noginsk  
factory

## CIS

### Key figures

	Q4'13 <sup>2</sup>	Q1'14	Q2'14	Q3'14	Q4'14 <sup>3</sup>
Sales, €m	181.1	154.9	132.7	112.7	149.1
Sales growth in €	(16%)	(24%)	(23%)	(16%)	(18%)
Sales growth in lc	(8%)	(11%)	(7%)	(3%)	5%
Adj. op profit, €m <sup>1</sup>	27.1	22.2	12.6	13.9	18.3
Adj. op margin	14.9%	14.3%	9.5%	12.3%	12.3%
Active consultants, '000	1,648	1,637	1,477	1,315	1,626
Sales /active consultant, €	109.9	94.6	89.8	85.7	91.7

<sup>1</sup> Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

<sup>2</sup> Adjusted for non-recurring items of €0.3m

<sup>3</sup> Adjusted for non-recurring items of €8.1m

### Countries

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Ukraine.

### Development

Local currency sales in the fourth quarter increased by 5%, as a result of a 1% decrease in the number of active consultants and an increase in productivity of 6%. Euro sales were down by 18% to €149.1m (€181.1m) heavily impacted by sharply devaluating currencies.

During the end of the quarter, sales and recruitment campaigns brought in many new Oriflame Consultants after a couple of slower weeks in the start of the quarter.

While the overall trend for active consultant improved compared to the third quarter, the number is still impacted by the difficult situation in the Eastern parts of Ukraine. Local currency sales in Russia increased by 7% in the quarter.

Adjusted operating profit amounted to €18.3m (€27.1m) resulting in an adjusted operating margin of 12.3% (14.9%). Margins were negatively affected by sharp devaluation of main currencies and sales and recruitment campaign costs, partly offset by positive price/mix effects, lower marketing costs and administrative efficiencies.

In November, despite confirmations from several local and international experts of adopted tax practices, Oriflame received the first level of tax court decision which was not in favour of the company. As a result, the full Rouble amount of the claim for income tax, VAT and penalty related to the royalty was recognised (net of tax losses carried forward, which were not recognised as deferred tax assets, but could be used to reduce the claim amount). An amount of €8.1m relating to VAT costs impacted the operating margin (but was excluded in the adjusted operating margin) for the CIS region. The remaining part, €6.4m, was recognised in the tax line. Oriflame remains confident in its tax practice in Russia as confirmed and supported by local and international experts, and has continued the litigation process up to the Supreme Court.

+5%  
Local currency sales

## Europe

### Key figures

	Q4'13	Q1'14	Q2'14 <sup>2</sup>	Q3'14	Q4'14 <sup>3</sup>
Sales, €m	85.9	68.3	65.1	57.4	76.7
Sales growth in €	(10%)	(7%)	(9%)	(12%)	(11%)
Sales growth in lc	(9%)	(6%)	(8%)	(12%)	(10%)
Adj. op profit, €m <sup>1</sup>	14.0	6.8	7.9	6.1	12.2
Adj. op margin	16.2%	10.0%	12.1%	10.7%	15.8%
Active consultants, '000	630	580	547	501	589
Sales /active consultant, €	136.3	117.8	119.0	114.6	130.2

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

<sup>2</sup>Adjusted for non-recurring items of €0.4m

<sup>3</sup>Adjusted for non-recurring items of €1.7m

### Countries

Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Estonia, Finland, Greece, Holland, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, UK/Ireland.

### Development

Local currency sales in the fourth quarter decreased by 10% as a result of a 7% decrease in active consultants and a decrease in productivity of 3%. Euro sales were down by 11% to €76.7m (€85.9m). The initiatives to improve the Consultant offer and experience, including changes to the Success Plan in Central Europe and locally developed catalogues are being continuously implemented. It is, however, expected that it will take some time before the weak development is reversed.

Adjusted operating margin amounted to 15.8% (16.2%) and the adjusted operating profit was €12.2m (€14.0m). The margin was impacted by negative sales leverage, higher selling costs and stock provisions, partly compensated by administrative efficiencies.

## Latin America

### Key figures

	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Sales, €m	30.2	26.5	31.1	32.6	32.5
Sales growth in €	17%	7%	4%	5%	8%
Sales growth in lc	27%	19%	15%	7%	7%
Op profit, €m <sup>1</sup>	4.1	2.6	4.2	4.6	3.4
Op margin	13.5%	9.8%	13.4%	14.0%	10.3%
Active consultants, '000	223	213	233	237	231
Sales /active consultant, €	135.4	124.3	133.4	137.6	140.5

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

Chile, Colombia, Ecuador, Mexico, Peru.

### Development

Local currency sales in the fourth quarter increased by 7% as a result of a 4% increase in the number of active consultants and a 3% increase in productivity compared to prior year. Euro sales were up by 8% to €32.5m (€30.2m). Oriflame's largest markets in the region, Mexico and Colombia, delivered strong sales growth while Ecuador remained a challenge due to import restrictions. There are, however, ongoing discussions between Ecuador and EU regarding lifting the import restrictions.

Operating profit amounted to €3.4m (€4.1m) resulting in an operating margin of 10.3% (13.5%). The operating margin was impacted by higher product cost and one-off correction of bad debt provision partly offset by positive price/mix effects and leverage on overhead costs. The relocation of the Latin America regional office from Santiago, Chile, to Mexico City, Mexico is proceeding according to plan with the intention to carry out the move in the middle of 2015.

Initiatives underway to reverse development

+7%  
Local currency sales

## Turkey, Africa & Asia

### Key figures

	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Sales, €m	72.1	75.2	79.8	70.1	93.9
Sales growth in €	0%	(1%)	(3%)	15%	30%
Sales growth in lc	17%	16%	12%	20%	25%
Op profit, €m <sup>1</sup>	13.3	9.2	11.2	7.4	14.9
Op margin	18.5%	12.2%	14.0%	10.6%	15.8%
Active consultants, '000	959	1,051	967	895	1,027
Sales /active consultant, €	75.2	71.5	82.6	78.4	91.5

<sup>1</sup> Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

Algeria, China, Egypt, India, Indonesia, Kenya, Morocco, Myanmar, Nigeria, Pakistan, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Uganda, Vietnam.

### Development

+25%  
Local currency sales

Local currency sales growth in the fourth quarter was 25% as a result of a 7% increase in the number of active consultants and an 18% increase in productivity. Oriflame continues to do very well in the vast majority of the markets in this region. The sales development was particularly strong in China which impacted the productivity positively, driven by successful sales of Skin Care routines and Wellness products. Indonesia and India also continued the very strong performance. Part of the Wellness segment was pre-launched in India during the quarter with promising results. Euro sales increased by 30% to €93.9m (€72.1m).

Operating margin amounted to 15.8% (18.5%) from lower gross margin driven by higher product cost and geographic mix. Operating profit was €14.9m (€13.3m).

## Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 31 December		Change in Euro	Change in lc
	2014	2013		
CIS	149.1	181.1	(18%)	5%
Europe	76.7	85.9	(11%)	(10%)
Latin America	32.5	30.2	8%	7%
Turkey, Africa & Asia	93.9	72.1	30%	25%
Manufacturing	0.1	0.1	(55%)	(49%)
Other	1.4	1.8	(16%)	(19%)
<b>Total sales</b>	<b>353.7</b>	<b>371.2</b>	<b>(5%)</b>	<b>5%</b>

Sales (€ Million)	12 months ended 31 December		Change in Euro	Change in lc
	2014	2013		
CIS	549.4	694.1	(21%)	(4%)
Europe	267.4	296.5	(10%)	(8%)
Latin America	122.7	116.1	6%	12%
Turkey, Africa & Asia	319.0	291.0	10%	18%
Manufacturing	1.3	2.1	(36%)	(38%)
Other	6.0	6.9	(14%)	(17%)
<b>Total sales</b>	<b>1,265.8</b>	<b>1,406.7</b>	<b>(10%)</b>	<b>1%</b>

Adj. operating profit (€ Million)	3 months ended 31 December			12 months ended 31 December		
	2014	2013	Change	2014	2013	Change
CIS	18.3	27.1	(32%)	67.1	103.5	(35%)
Europe	12.2	14.0	(13%)	33.0	38.5	(14%)
Latin America	3.4	4.1	(18%)	14.7	15.3	(4%)
Turkey, Africa & Asia	14.9	13.3	11%	42.6	36.4	17%
Manufacturing	(2.1)	1.8	(218%)	(1.2)	10.7	(111%)
Other	(16.9)	(13.4)	25%	(58.2)	(62.1)	(6%)
<b>Total adj. operating profit</b>	<b>29.8<sup>1</sup></b>	<b>46.8<sup>2</sup></b>	<b>(36%)</b>	<b>97.8<sup>3</sup></b>	<b>142.4<sup>4</sup></b>	<b>(31%)</b>

Active consultants ('000)	31 December		
	2014	2013	Change
CIS	1,626	1,648	(1%)
Europe	589	630	(7%)
Latin America	231	223	4%
Turkey, Africa & Asia	1,027	959	7%
<b>Total</b>	<b>3,473</b>	<b>3,460</b>	<b>0%</b>

1) Adjusted for non-recurring items of €1.3m

2) Adjusted for non-recurring items of €2.2m

3) Adjusted for non-recurring items of €3.1m

4) Adjusted for non-recurring items of €5.8m

1.6  
Hedged net  
interest-bearing  
debt/EBITDA

## Cash flow & investments

Cash flow from operating activities in the fourth quarter amounted to €66.0m (€63.7m), negatively impacted by lower EBITDA and positively impacted by working capital movements. Cash flow from investing activities amounted to €21.1m (€-15.7m) including the proceeds from sale of manufacturing assets in Russia and Sweden.

The full-year cash flow from operating activities amounted to €90.0m (€112.1m) and cash flow used in investing activities amounted to €-6.0m (€-53.0m).

## Financial position

Net interest-bearing debt at hedged values amounted to €196.8m compared to €263.3m at the end of the fourth quarter 2013. The net debt at hedged values/EBITDA ratio was 1.6 (1.6). Net interest-bearing debt amounted to €245.4m (€275.9m) and the net debt/EBITDA ratio was 2.0 (1.7). EBITDA used in the calculations include non-recurring items of €3.1m. Interest cover amounted to 7.3 (10.4) in the fourth quarter and to 5.4 (7.6) for the full-year.

## Related parties

There have been no significant changes in the relationships or transactions with related parties compared with the information given in the Annual Report 2013.

## Dividend

Due to the uncertain macro-economic and geopolitical situation as well as the unfavourable movements of some of the Oriflame's main currencies, the Board of Directors will continue to prioritise reducing the debt during the forthcoming quarters. As a consequence, the Board of Directors will not seek a mandate for distribution of dividend during the forthcoming four quarters (quarter 2 2015 up until quarter 1 2016).

## Annual Report

The annual report to be published on the company's website on or about 15 April 2015.

## Annual General Meeting

Oriflame Cosmetics S.A. will hold its 2015 Annual General Meeting (AGM) in Luxembourg on 19 May 2015.

The Nomination Committee comprises:  
Alexander af Jochnick, representing the af Jochnick family  
Per Hesselmark, af Jochnick BV  
Hans Ek, SEB Investment Management AB  
Per Colleen, Fourth Swedish National Pension Fund (AP4)

## Personnel

The average number of full-time equivalent employees amounted to 6,875 (7,366).

## Alignment of legal structure

As previously announced, Oriflame is reviewing its legal structure and the process is well underway. During the second quarter, a successful spin-off of assets from Oriflame Cosmetics S.A. to a newly established Luxembourg financing and holding company directly held by Oriflame Cosmetics S.A. was completed. During the fourth quarter, a Swiss holding company, Oriflame Holding AG was established. As a third step, a share-for-share exchange transaction, for the purpose of changing the domicile of the Group from Luxembourg to Switzerland, is expected to be announced later during the year.

## Significant event after the end of the quarter

Insurance claim of €7.8m relating to Indian warehouse fire in 2013 received in January 2015.

## First quarter 2015 trading update

The local currency sales development in the first quarter to date is around 1%, impacted negatively by a timing effect of approximately 2%.

### Long term targets

Oriflame Cosmetics aims to achieve local currency sales growth of approximately 10 percent per annum and an operating margin of 15 percent.

The business of the Group presents cyclical evolutions and is driven by a number of factors:

- Effectiveness of individual catalogues and product introductions
- Effectiveness and timing of recruitment programmes
- Timing of sales and marketing activities
- The number of effective sales days per quarter
- Currency effect on sales and results

### Financial Calendar for 2015

- The Annual Report will be published on Oriflame's website on or about 15 April.
- First quarter 2015 report will be published on 8 May.
- The 2015 Annual General Meeting will be held on 19 May.
- Second quarter 2015 report will be published on 13 August.
- Third quarter 2015 report will be published on 12 November.

### Other

A Swedish translation is available on [www.oriflame.com](http://www.oriflame.com).

#### Conference call for the financial community

The company will host a conference call on Wednesday, 11 February at 9.30 CET.

##### Participant access numbers:

Luxembourg: +352 2 730 0158

Sweden: +46 8 505 564 53

Switzerland: +41 22 580 29 94

UK: +44 20 3009 2455

US: +1 855 228 3719

Confirmation code: 300455#

The conference call will also be audio web cast in "listen-only" mode through  
Oriflame's website: [www.oriflame.com](http://www.oriflame.com) or through  
<http://edge.media-server.com/m/p/2t8km5a8>

11 February 2015

Magnus Brännström

Chief Executive Officer

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Company registration no B.8835

## Consolidated key figures

	3 months ended 31 December		12 months ended 31 December	
	2014 <sup>1</sup>	2013 <sup>2</sup>	2014 <sup>3</sup>	2013 <sup>4</sup>
Gross margin, %	65.9	70.5	68.4	70.1
EBITDA margin, %	9.7	14.0	9.7	11.8
Adj. operating margin, %	8.4	12.6	7.7	10.1
Return on:				
- operating capital, %	-	-	21.8	29.8
- capital employed, %	-	-	19.9	25.4
Net debt at hedged values / EBITDA (LTM)	1.6	1.6	1.6	1.6
Net debt / EBITDA (LTM)	2.0	1.7	2.0	1.7
Interest cover	7.3	10.4	5.4	7.6
Average no. of full-time equivalent employees	6,875	7,366	7,039	7,340

<sup>1</sup>Adjusted for non-recurring items of €1.3m

<sup>2</sup>Adjusted for non-recurring items of €2.2m

<sup>3</sup>Adjusted for non-recurring items of €3.1m

<sup>4</sup>Adjusted for non-recurring items of €5.8m

## Definitions

### Operating capital

Total assets less cash and cash equivalents and non interest-bearing liabilities, including deferred tax liabilities.

### Return on operating capital

Operating profit divided by average operating capital.

### Capital employed

Total assets less non interest-bearing liabilities, including deferred tax liabilities.

### Return on capital employed

Operating profit plus interest income divided by average capital employed.

### Net interest-bearing debt

Interest-bearing debt excluding front fees less cash and cash equivalents.

### Interest cover

Adjusted operating profit plus interest income divided by interest expenses and charges.

### Net interest-bearing debt to EBITDA

Net interest-bearing debt divided by EBITDA.

### EBITDA

Operating profit before financial items, taxes, depreciation, amortisation and share incentive plan.

## Quarterly Figures

<b>Financial summary</b>	Q3'13 <sup>1</sup>	Q4'13 <sup>2</sup>	Q1'14 <sup>3</sup>	Q2'14 <sup>4</sup>	Q3'14	Q4'14 <sup>5</sup>
Sales, €m	294.6	371.2	327.2	310.4	274.5	353.7
Gross margin, %	69.6	70.5	68.5	70.9	69.0	65.9
EBITDA, €m	26.9	52.0	29.4	32.8	26.3	34.4
Adj. operating profit, €m	23.1	46.8	23.1	25.3	19.7	29.8
Adj. operating margin, %	7.8	12.6	7.0	8.1	7.2	8.4
Adj. net profit before income tax, €m	13.1	38.0	18.6	19.5	16.8	22.3
Adj. net profit, €m	9.4	27.2	12.0	12.1	11.8	11.1
Adj. EPS, diluted €	0.17	0.49	0.22	0.22	0.21	0.20
Cash flow from op. activities, €m	(9.3)	63.7	16.9	12.0	(4.9)	66.0
Net interest-bearing debt, €m	330.5	275.9	270.4	284.2	317.5	245.4
Active consultants, '000	2,998	3,460	3,481	3,224	2,948	3,473
<b>Sales, €m</b>	<b>Q3'13</b>	<b>Q4'13</b>	<b>Q1'14</b>	<b>Q2'14</b>	<b>Q3'14</b>	<b>Q4'14</b>
CIS	134.9	181.1	154.9	132.7	112.7	149.1
Europe	65.4	85.9	68.3	65.1	57.4	76.7
Latin America	31.2	30.2	26.5	31.1	32.6	32.5
Turkey, Africa & Asia	61.0	72.1	75.2	79.8	70.1	93.9
Manufacturing	0.3	0.1	0.8	0.2	0.3	0.1
Other	1.8	1.8	1.5	1.5	1.4	1.4
<b>Oriflame</b>	<b>294.6</b>	<b>371.2</b>	<b>327.2</b>	<b>310.4</b>	<b>274.5</b>	<b>353.7</b>
<b>Adj. operating Profit, €m</b>	<b>Q3'13</b>	<b>Q4'13</b>	<b>Q1'14</b>	<b>Q2'14</b>	<b>Q3'14</b>	<b>Q4'14</b>
CIS	18.7	27.1	22.2	12.6	13.9	18.3
Europe	6.9	14.0	6.8	7.9	6.1	12.2
Latin America	5.1	4.1	2.6	4.2	4.6	3.4
Turkey, Africa & Asia	5.2	13.3	9.2	11.2	7.4	14.9
Manufacturing	2.9	1.7	1.5	(0.6)	(0.0)	(2.1)
Other	(15.7)	(13.4)	(19.2)	(10.0)	(12.3)	(16.9)
<b>Oriflame</b>	<b>23.1<sup>1</sup></b>	<b>46.8<sup>2</sup></b>	<b>23.1<sup>3</sup></b>	<b>25.3<sup>4</sup></b>	<b>19.7</b>	<b>29.8<sup>5</sup></b>
<b>Active consultants, '000</b>	<b>Q3'13</b>	<b>Q4'13</b>	<b>Q1'14</b>	<b>Q2'14</b>	<b>Q3'14</b>	<b>Q4'14</b>
CIS	1,383	1,648	1,637	1,477	1,315	1,626
Europe	548	630	580	547	501	589
Latin America	224	223	213	233	237	231
Turkey, Africa & Asia	843	959	1,051	967	895	1,027
<b>Oriflame</b>	<b>2,998</b>	<b>3,460</b>	<b>3,481</b>	<b>3,224</b>	<b>2,948</b>	<b>3,473</b>
<b>Adj. operating Margin, %</b>	<b>Q3'13</b>	<b>Q4'13</b>	<b>Q1'14</b>	<b>Q2'14</b>	<b>Q3'14</b>	<b>Q4'14</b>
CIS	13.9	14.9	14.3	9.5	12.3	12.3
Europe	10.5	16.2	10.0	12.1	10.7	15.8
Latin America	16.3	13.5	9.8	13.4	14.0	10.3
Turkey, Africa & Asia	8.5	18.5	12.2	14.0	10.6	15.8
<b>Oriflame</b>	<b>7.8<sup>1</sup></b>	<b>12.6<sup>2</sup></b>	<b>7.0<sup>3</sup></b>	<b>8.1<sup>4</sup></b>	<b>7.2</b>	<b>8.4<sup>5</sup></b>
<sup>1</sup> Adjusted for non-recurring items of €3.6m						
<sup>2</sup> Adjusted for non-recurring items of €2.2m						
<sup>3</sup> Adjusted for non-recurring items of €0.4m						
<sup>4</sup> Adjusted for non-recurring items of €1.3m						
<sup>5</sup> Adjusted for non-recurring items of €1.3m						
<b>€ Sales Growth in %</b>	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
CIS	(11)	(16)	(24)	(23)	(16)	(18)
Europe	(7)	(10)	(7)	(9)	(12)	(11)
Latin America	10	17	7	4	5	8
Turkey, Africa & Asia	6	0	(1)	(3)	15	30
<b>Oriflame</b>	<b>(5)</b>	<b>(10)</b>	<b>(14)</b>	<b>(14)</b>	<b>(7)</b>	<b>(5)</b>
<b>Cash Flow, €m</b>	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Operating cash flow	(9.3)	63.7	16.9	12.0	(4.9)	66.0
Cash flow used in investing activities	(13.1)	(15.7)	(8.6)	(8.4)	(10.0)	21.1

## Condensed consolidated income statements

	3 months ended 31 December		12 months ended 31 December	
€'000	2014	2013	2014	2013
Sales	353,716	371,185	1,265,849	1,406,721
Cost of sales	(120,697)	(109,586)	(399,468)	(420,291)
<b>Gross profit</b>	<b>233,019</b>	<b>261,599</b>	<b>866,381</b>	<b>986,430</b>
Other income	12,012	13,064	44,998	51,811
Selling and marketing expenses	(129,421)	(136,031)	(474,496)	(525,847)
Distribution and infrastructure	(26,790)	(28,006)	(103,560)	(114,724)
Administrative expenses	(60,381)	(65,938)	(238,597)	(261,062)
<b>Operating profit</b>	<b>28,439</b>	<b>44,688</b>	<b>94,726</b>	<b>136,608</b>
<b>Analysis of operating profit:</b>				
Adjusted operating profit	29,774	46,838	97,795	142,394
Non-recurring items	(1,335)	(2,150)	(3,069)	(5,786)
<b>Operating profit</b>	<b>28,439</b>	<b>44,688</b>	<b>94,726</b>	<b>136,608</b>
Financial income	39,517	10,031	77,694	38,959
Financial expenses	(46,986)	(18,882)	(98,220)	(68,538)
<b>Net financing costs</b>	<b>(7,469)</b>	<b>(8,851)</b>	<b>(20,526)</b>	<b>(29,579)</b>
<b>Net profit before income tax</b>	<b>20,970</b>	<b>35,837</b>	<b>74,200</b>	<b>107,029</b>
Total income tax expense	(17,656)	(10,802)	(36,748)	(28,386)
<b>Net profit</b>	<b>3,314</b>	<b>25,035</b>	<b>37,452</b>	<b>78,643</b>
<b>Analysis of net profit:</b>				
Adjusted net profit	11,073	27,185	46,945	84,429
Non-recurring items	(1,335)	(2,150)	(3,069)	(5,786)
Non-recurring tax items	(6,424)	-	(6,424)	-
<b>Net profit</b>	<b>3,314</b>	<b>25,035</b>	<b>37,452</b>	<b>78,643</b>
	3 months ended 31 December		12 months ended 31 December	
€	2014	2013	2014	2013
*Adj. EPS:				
- basic	0.20	0.49	0.84	1.52
- diluted	0.20	0.49	0.84	1.52
EPS:				
- basic	0.06	0.45	0.67	1.41
- diluted	0.06	0.45	0.67	1.41
Weighted avg. number of shares outstanding:				
- basic	55,608,563	55,600,653	55,603,362	55,722,934
- diluted	55,608,563	55,600,653	55,603,362	55,722,934
Total number of shares outstanding:				
- basic	55,608,563	55,600,653	55,608,563	55,600,653
- diluted	55,608,563	55,600,653	55,608,563	55,600,653

\*Adj. EPS calculation based on adjusted net profit

## Condensed consolidated statements of other comprehensive income

	3 months ended 31 December		12 months ended 31 December	
€'000	2014	2013	2014	2013
Net profit	<b>3,314</b>	<b>25,035</b>	<b>37,452</b>	<b>78,643</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Revaluation reserve	(446)	(182)	(446)	(454)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	(36,710)	(5,802)	(52,276)	(24,797)
Effective portion of changes in fair value of cash flow hedges, net of tax	6,737	97	2,379	(261)
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>(29,973)</b>	<b>(5,705)</b>	<b>(49,897)</b>	<b>(25,058)</b>
<b>Other comprehensive loss for the period, net of tax</b>	<b>(30,419)</b>	<b>(5,887)</b>	<b>(50,343)</b>	<b>(25,512)</b>
<b>Total other comprehensive (loss)/income for the period</b>	<b>(27,105)</b>	<b>19,148</b>	<b>(12,891)</b>	<b>53,131</b>

## Condensed consolidated statements of financial position

€'000	31 December, 2014	31 December, 2013
<b>Assets</b>		
Property, plant and equipment	172,904	254,537
Intangible assets	19,532	20,802
Investment property	542	928
Deferred tax assets	19,201	26,614
Other long-term receivables	1,008	1,129
<b>Total non-current assets</b>	<b>213,187</b>	<b>304,010</b>
Inventories	169,478	196,876
Trade and other receivables	81,410	83,597
Tax receivables	5,865	2,894
Prepaid expenses	43,563	53,412
Derivative financial assets	90,067	18,973
Cash and cash equivalents	95,569	107,336
<b>Total current assets</b>	<b>485,952</b>	<b>463,088</b>
<b>Total assets</b>	<b>699,139</b>	<b>767,098</b>
<b>Equity</b>		
Share capital	71,527	71,517
Treasury shares	(41,235)	(41,235)
Reserves	(135,306)	(84,458)
Retained earnings	245,931	222,379
<b>Total equity</b>	<b>140,917</b>	<b>168,203</b>
<b>Liabilities</b>		
Interest-bearing loans	310,329	379,672
Other long-term non interest-bearing liabilities	1,433	2,592
Deferred income	279	406
Deferred tax liabilities	3,232	4,621
<b>Total non-current liabilities</b>	<b>315,273</b>	<b>387,291</b>
Current portion of interest-bearing loans	30,163	2,744
Trade and other payables	86,915	82,357
Deferred Income	2,948	3,148
Tax payables	12,492	10,878
Accrued expenses	88,769	98,082
Derivative financial liabilities	14,652	6,440
Provisions	7,010	7,955
<b>Total current liabilities</b>	<b>242,949</b>	<b>211,604</b>
<b>Total liabilities</b>	<b>558,222</b>	<b>598,895</b>
<b>Total equity and liabilities</b>	<b>699,139</b>	<b>767,098</b>

## Condensed consolidated statements of changes in equity

€'000 (Attributable to equity holders of the Company)	Share capital	Total reserves	Retained earnings	Total equity
<b>At 1 January 2013</b>	<b>71,401</b>	<b>(56,403)</b>	<b>237,860</b>	<b>252,858</b>
Net profit	-	-	78,643	78,643
<b>Other comprehensive income</b>				
Revaluation reserve	-	(454)	-	(454)
Foreign currency translation differences for foreign operations	-	(24,797)	-	(24,797)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(261)	-	(261)
<b>Total other comprehensive loss for the period, net of income tax</b>	<b>-</b>	<b>(25,512)</b>	<b>-</b>	<b>(25,512)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(25,512)</b>	<b>78,643</b>	<b>53,131</b>
Issuance of new shares	116	132	-	248
Share incentive plan	-	340	-	340
Share incentive plan 2010 (release)	-	(3,015)	3,015	-
Dividends	-	-	(97,139)	(97,139)
Purchase of treasury shares	-	(41,235)	-	(41,235)
<b>At 31 December 2013</b>	<b>71,517</b>	<b>(125,693)</b>	<b>222,379</b>	<b>168,203</b>
<b>At 1 January 2014</b>	<b>71,517</b>	<b>(125,693)</b>	<b>222,379</b>	<b>168,203</b>
Net profit	-	-	37,452	37,452
<b>Other comprehensive income</b>				
Revaluation reserve	-	(446)	-	(446)
Foreign currency translation differences for foreign operations	-	(52,276)	-	(52,276)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	2,379	-	2,379
<b>Total other comprehensive loss for the period, net of income tax</b>	<b>-</b>	<b>(50,343)</b>	<b>-</b>	<b>(50,343)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(50,343)</b>	<b>37,452</b>	<b>(12,891)</b>
Issuance of new shares	10	135	-	145
Share incentive plan	-	(640)	-	(640)
Dividends	-	-	(13,900)	(13,900)
<b>At 31 December 2014</b>	<b>71,527</b>	<b>(176,541)</b>	<b>245,931</b>	<b>140,917</b>

## Condensed consolidated statements of cash flows

€'000	3 months ended 31 December		12 months ended 31 December	
	2014	2013	2014	2013
<b>Operating activities</b>				
<b>Net profit before income tax</b>	<b>20,970</b>	<b>35,837</b>	<b>74,200</b>	<b>107,029</b>
Adjustments for:				
Depreciation of property, plant and equipment	5,288	6,975	21,764	24,952
Amortisation of intangible assets	1,500	1,253	5,318	4,527
Impairment losses on property, plant and equipment	150	-	1,754	-
Impairment of inventories	-	7,750	-	7,750
Change in fair value of borrowings and derivatives financial instruments	(14,392)	1,167	(19,073)	(2,372)
Deferred income	498	3,060	540	3,032
Share incentive plan	(932)	(974)	(640)	340
Unrealised exchange rate differences	(395)	4,826	5,871	14,945
Profit on disposal of property, plant and equipment, intangible assets and investment property	(12,497)	(963)	(12,616)	(1,036)
Loss on disposal of a subsidiary	3,318	-	3,318	-
Financial income	(4,622)	(4,042)	(17,903)	(16,387)
Financial expenses	8,098	7,080	30,373	29,336
<b>Operating profit before changes in working capital and provisions</b>	<b>6,984</b>	<b>61,969</b>	<b>92,906</b>	<b>172,116</b>
Decrease/(increase) in trade and other receivables, prepaid expenses and derivatives financial assets	8,669	(2,265)	5,554	(17,015)
Decrease/(increase) in inventories	30,908	(9,163)	29,244	(8,891)
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	33,677	18,736	11,746	(2,572)
(Decrease)/increase in provisions	286	2,961	(1,704)	4,666
<b>Cash generated from operations</b>	<b>80,524</b>	<b>72,238</b>	<b>137,746</b>	<b>148,304</b>
Interest received	4,386	4,084	17,202	16,605
Interest and bank charges paid	(10,526)	(7,878)	(31,348)	(30,141)
Income taxes paid	(8,411)	(4,753)	(33,646)	(22,637)
<b>Cash flow from operating activities</b>	<b>65,973</b>	<b>63,691</b>	<b>89,954</b>	<b>112,131</b>
<b>Investing activities</b>				
Proceeds on sale of property, plant and equipment, intangible assets and investment property	32,033	1,096	33,680	1,473
Purchases of property, plant and equipment and investment property	(5,081)	(14,110)	(31,958)	(49,769)
Disposal of a subsidiary	(3,350)	-	(3,350)	-
Purchases of intangible assets	(2,512)	(2,657)	(4,322)	(4,688)
<b>Cash flow used in investing activities</b>	<b>21,090</b>	<b>(15,671)</b>	<b>(5,950)</b>	<b>(52,984)</b>
<b>Financing activities</b>				
Proceeds from borrowings	71,517	125,014	215,499	401,302
Repayments of borrowings	(146,043)	(135,469)	(293,695)	(316,396)
Proceeds from issuance of new shares	-	-	145	278
Acquisition of own shares	-	-	-	(41,235)
Decrease of finance lease liabilities	(5)	(10)	(27)	(12)
Dividends paid	-	(3)	(13,888)	(97,081)
<b>Cash flow used in financing activities</b>	<b>(74,531)</b>	<b>(10,468)</b>	<b>(91,966)</b>	<b>(53,144)</b>
<b>Change in cash and cash equivalents</b>	<b>12,532</b>	<b>37,552</b>	<b>(7,962)</b>	<b>6,003</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts	85,472	70,602	106,788	106,171
Effect of exchange rate fluctuations on cash held	(2,489)	(1,366)	(3,311)	(5,386)
<b>Cash and cash equivalents at the end of the period net of bank overdrafts</b>	<b>95,515</b>	<b>106,788</b>	<b>95,515</b>	<b>106,788</b>

# Notes to the condensed consolidated financial information of Oriflame Cosmetics S.A.

## Note 1 • Status and principal activity

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Oriflame Cosmetics S.A. (“OCSA” or the “Company”) is a holding company incorporated in Luxembourg and registered at 24 Avenue Emile Reuter, L-2420 Luxembourg. The principal activity of the Company’s subsidiaries is the direct sale of cosmetics. The condensed consolidated financial information of the Company as at and for the twelve months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the “Group”).

## Note 2 • Basis of preparation and summary of significant accounting policies

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### Statement of compliance

The year-end condensed consolidated financial information (unaudited) has been prepared by management in accordance with the measurement and recognition principles of International Financial Reporting Standard (IFRS) as adopted by the European Union (“EU”) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013. The year-end condensed consolidated financial information was authorised for issue by the Directors on 10 February 2015.

### Changes in accounting policies

The accounting policies applied by the Group in this year-end condensed consolidated financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013 with the exception of new or revised standards endorsed by the EU, as explained below.

#### *Other new or amended IFRS standards*

The other new or amended IFRS standards, which became effective January 1, 2014, have had no material effect on the condensed consolidated financial information.

### Changes in presentation

Due to organisational changes, the Group has decided to present the segment reporting to the new structure of Global Business Areas (GBA), which is CIS; Europe; Latin America; Turkey, Africa & Asia; Manufacturing and Other. The revised geographical split should be more relevant in terms of better reflecting common challenges, opportunities and development. In general terms, Latin America and Turkey, Africa & Asia can be said to represent the main current and future growth markets whereas Europe and CIS are more mature in nature. For comparability the numbers in the press release have been restated accordingly.