

Year-end report 1 January – 31 December 2015

3 months ended 31 December 2015

- Local currency sales increased by 3% and Euro sales decreased by 4% to €339.5m (€353.7m).
- Number of active consultants decreased by 7% to 3.2m.
- EBITDA amounted to €39.7m (€34.4m).
- Adjusted* operating margin was 11.5% (8.4%), negatively impacted by 240 bps from currency movements, resulting in an adjusted operating profit of €38.9m (€29.8m). Operating margin was 9.6% (8.0%) and operating profit €32.6m (€28.4m).
- Adjusted** net profit amounted to €15.2m (€11.1m) and adjusted** EPS amounted to €0.27 (€0.20). Net profit was €8.9m (€3.3m) and EPS €0.16 (€0.06). The tax expense was impacted by a new provision related to the Russian tax case as well as other one-off impacts totalling approximately €8.0m.
- Cash flow from operating activities amounted to €68.8m (€66.0m).
- Update: The first quarter to date sales development is approximately 9% in local currency.
- In December a new organisational structure was presented aiming to leverage on digital opportunities in global functions combined with a decentralised regional delivery organisation.
 - New split of Global Business Areas; Latin America, Europe & Africa, CIS and Asia & Turkey to be reflected in the Group's financial reporting as from the first quarter 2016.

*Adjusted for non-recurring items €6.3m in the fourth quarter 2015 and adjusted for non-recurring items of €1.3m in the fourth quarter 2014

** Adjusted for additional non-recurring tax items of €6.4m in the fourth quarter 2014

12 months ended 31 December 2015

- Local currency sales increased by 1% and Euro sales decreased by 4% to €1,211.6m (€1,265.8m).
- EBITDA amounted to €117.4m (€122.9m).
- Adjusted* operating margin was 8.3% (7.7%), negatively impacted by 210 bps from currency movements, resulting in an adjusted* operating profit of €100.2m (€97.8m). Operating margin was 7.5% (7.5%) and operating profit €90.6m (€94.7m).
- Adjusted** net profit amounted to €43.2m (€47.0m) and adjusted** EPS amounted to €0.79 (€0.84). Net profit was €34.2m (€37.5m) and EPS €0.62 (€0.67). The tax expense was impacted by a new provision related to the Russian tax case as well as other one-off impacts totalling approximately €8.0m.
- Cash flow from operating activities amounted to €122.2m (€90.0m).
- The Board of Directors will continue to prioritize reducing the debt, with \$80.0m of the long-term debt to be repaid in the first quarter 2016 and with a Net Debt/EBITDA target range of 0.5 to 1.5. Furthermore, the Board intends, in line with the Dividend Policy of distributing at least 50% of the Net Profit, to propose to the 2016 AGM a total dividend of €0.40 per share, to be paid in equal instalments of €0.20 respectively during the fourth quarter 2016 and the first quarter 2017.

* Adjusted for non-recurring items of €9.6m during the period 2015 and of €3.1m during the period 2014

** Adjusted for additional non-recurring tax items of (€0.5m) during the period 2015 and of €6.4m during the period 2014

CEO Magnus Brännström comments

"Oriflame leaves 2015 as a stronger company thanks to our transition to meet the demands of tomorrow – with a more balanced geographical footprint and proven success from our strategic product categories and active online leaders. We continued to experience strong growth in Latin America and Turkey, Africa & Asia, now accounting for almost half of the Group sales. 2015 was also a year with continued strong cash flow development, which helped us reduce the net debt. At the same time – it was yet another year of challenging market conditions especially in the CIS, where price initiatives were taken to offset the devaluation leading to adverse effect on volumes. During the end of the fourth quarter we took another step towards becoming an even more agile company when we presented a new organisational set-up to further strengthen our position in a more digital world. 2016 has started in an encouraging way and we will continue to deliver on our strategy to improve our offer and effectiveness."

Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 31 December			12 months ended 31 December		
	2015 ¹	2014 ²	Change	2015 ³	2014 ⁴	Change
Sales	339.5	353.7	(4%)	1,211.6	1,265.8	(4%)
Gross margin, %	70.3	65.9		69.2	68.4	
EBITDA	39.7	34.4	15%	117.4	122.9	(4%)
Operating profit	32.6	28.4	15%	90.6	94.7	(4%)
Operating margin, %	9.6	8.0		7.5	7.5	
Adj. operating profit	38.9	29.8	31%	100.2	97.8	2%
Adj. operating margin, %	11.5	8.4		8.3	7.7	
Net profit before tax	24.7	21.0	18%	67.3	74.2	(9%)
Adj. net profit before tax	31.0	22.3	39%	76.9	77.3	(1%)
Net profit	8.9	3.3	169%	34.2	37.5	(9%)
Adj. net profit	15.2	11.1 ⁶	37%	43.2 ⁵	47.0 ⁶	(8%)
EPS, €	0.16	0.06	169%	0.62	0.67	(8%)
Adj. EPS, €	0.27	0.20 ⁶	37%	0.79 ⁵	0.84 ⁶	(7%)
Cash flow from operating activities	68.8	66.0	4%	122.2	90.0	36%
Net interest-bearing debt	171.6	245.4	(30%)	171.6	245.4	(30%)
Net interest-bearing debt at hedged values	94.0	196.8	(52%)	94.0	196.8	(52%)
Active consultants, '000	3,246	3,473	(7%)	3,246	3,473	(7%)
Sales per active consultant, €	103.8	101.4	2%	370.3	362.4	2%

¹Adjusted for non-recurring items of €6.3m

²Adjusted for non-recurring items of €1.3m

³Adjusted for non-recurring items of €9.6m

⁴Adjusted for non-recurring items of €3.1m

⁵Adjusted for additional non-recurring tax items of (€0.5m)

⁶Adjusted for additional non-recurring tax items of €6.4m

3%
Local currency
sales

-240 bps
Operating
margin impact
from FX

Three months ended 31 December 2015

Sales in local currencies increased by 3% and Euro sales decreased by 4% to €339.5m compared to €353.7m in the same period prior year. Sales development in local currencies was impacted by a 10% increase in productivity while the number of active consultants in the quarter decreased by 7% to 3.2m (3.5m). Unit sales were down by 12%, while the price/mix effect was positive at 15%, primarily impacted by price increases. Unit sales continued to be under pressure, mainly as a result of the development in the CIS region. The positive mix effect is a combination of geographic and product mix, primarily driven by Wellness and Skin Care sets and routines.

Local currency sales increased by 17% in Latin America, by 25% in Turkey, Africa & Asia and by 1% in Europe while CIS decreased by 13%.

The gross margin was 70.3% (65.9%) impacted by easier comparable and the adjusted operating margin amounted to 11.5% (8.4%). Operating margin was 9.6% (8.0%). The adjusted operating margin was negatively impacted by currency movements of 240 bps and higher administrative costs, offset by hedging and positive price/mix effects. The adjusted operating margin was also favourably impacted by easier comparable.

Adjusted net profit amounted to €15.2m (€11.1m) and adjusted earnings per share amounted to €0.27 (€0.20). Net profit was €8.9m (€3.3m) and EPS €0.16 (€0.06). The appeal for the tax case related to royalty payments for the years 2009-2010 has been rejected by the Russian Supreme Court. As a consequence, the company has reserved tax expense provision for the subsequent years 2011-2013. This, together with other one-off impacts, totalling to approximately €8.0m, is affecting the tax expense in the quarter.

Cash flow from operating activities increased to €68.8m (€66.0m).

The average number of full-time equivalent employees decreased to 6,462 (6,875), driven by various efficiency measures.

Twelve months ended 31 December 2015

Sales in local currencies increased by 1% and Euro sales decreased by 4% to €1,211.6m compared to €1,265.8m in the same period prior year.

Sales development in local currencies was the result of a 7% decrease in the number of active consultants and a productivity increase of 8%.

Gross margin amounted to 69.2% (68.4%) and adjusted operating margin to 8.3% (7.7%). Operating margin was 7.5% (7.5%). The adjusted operating margin was negatively impacted by currency movements of 210 bps and higher administrative costs, offset by positive price/mix effects, hedging and cost savings.

Adjusted net profit amounted to €43.2m (€47.0m) and adjusted earnings per share was €0.79 (€0.84). Net profit was €34.2m (€37.5m) and EPS €0.62 (€0.67). The tax expense was impacted by a new provision related to the Russian tax case as well as other one-off impacts totalling to approximately €8.0m.

Cash flow from operating activities increased to €122.2m (€90.0m), partly driven by gains from financial instruments and improvements in working capital, primarily inventory and positive comparisons where last year was impacted by the €11m payment related to the tax claim in Russia.

Operational highlights

Brand and Innovation

The strategic categories Skin Care and Wellness continued to show strong development in the quarter with above average sales growth. The selling of upper mass Skin Care sets is taking a larger part of Skin Care sales and is also contributing to improved profitability for the category.

Oriflame was on November 4, 2015 granted EU patent for a novel active ingredient, *Aspartolift*, with clinically proven anti-aging skin benefits – an active ingredient in the Skin Care range *Ultimate Lift* recently launched as part of the new flagship brand *NovAge*.

For the second year in a row, *Wellness Pack Woman* was the product with largest contribution to the full-year sales, featuring a *Golden Edition* in the fourth quarter.

Personal and Hair Care was the category with the slowest performance in the quarter. The new upper mass Hair Care brand *Eleo* continued its success as well as the deodorant brand *Activelle* and oral care brand *Optifresh*.

In Colour Cosmetics the upgrade of the *Giordani Gold* brand continued with the launch of the new mascara *Incredible Length. The ONE* introduced a limited edition of the best-selling mascara *The ONE 5-in-1 WonderLash Brilliant Black*, alongside a cross-category Christmas collection *Stardust*.

During the quarter *Giordani Gold Essenza Parfum* was launched with very good results, supporting the strategy to strengthen the premium Fragrance segment.

Total net sales split among categories for the full year 2015:

PRODUCT CATEGORY	12 months ended 31 December	
	2015	2014
Skin Care	25%	23%
Colour Cosmetics	23%	24%
Fragrances	19%	20%
Personal and Hair Care	18%	18%
Accessories	8%	9%
Wellness	7%	6%

Online & Service

During the fourth quarter the rollout of the new digital platform was completed according to plan, and is now operational in all Oriflame markets. In certain regions the majority of visitors are using mobile devices to access the Oriflame website why further optimisation of the platform for mobile use will be prioritised.

Service levels continued to improve during the quarter at the same time as inventory days were reduced. The volume development and the overall utilisation of assets were continuously challenging.

To improve capacity utilization in manufacturing, the company is looking into different opportunities. This includes taking home currently outsourced volumes, a technology expansion as well as establishing commercial relationships with market participants sourcing from or willing to source from Oriflame.

Skin Care the largest category in 2015

New digital platform operational in all markets

CIS

Key figures

	Q4'14 ²	Q1'15	Q2'15	Q3'15	Q4'15
Sales, €m	149.1	108.4	97.4	77.2	104.0
Sales growth in €	(18%)	(30%)	(27%)	(32%)	(30%)
Sales growth in lc	5%	(5%)	(15%)	(9%)	(13%)
Adj. op profit, €m ¹	18.3	12.6	6.9	7.1	8.9
Adj. op margin	12.3%	11.6%	7.1%	9.2%	8.6%
Active consultants, '000	1,626	1,531	1,243	1,075	1,281
Sales /active consultant, €	91.7	70.8	78.4	71.8	81.2

¹Excludes 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.

²Adjusted 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 decreased by 13%, as a result of a 21% decrease in the number of active consultants and an increase in productivity of 8%. Euro sales were down by 30% to €104.0m (€149.1m). Local currency sales in Russia were down by 8%. The situation in Russia remains challenging but stable, with an increase in the number of leaders during the quarter. Poor market conditions and exchange rates in other key markets resulted in weaker development especially in Ukraine and Kazakhstan.

Adjusted operating profit amounted to €8.9m (€18.3m) resulting in an adjusted operating margin of 8.6% (12.3%). Margins were affected by negative operating leverage and negative currency movements.

Europe

Key figures

	Q4'14 ²	Q1'15	Q2'15	Q3'15	Q4'15
Sales, €m	76.7	61.0	58.7	56.8	77.0
Sales growth in €	(11%)	(11%)	(10%)	(1%)	0%
Sales growth in lc	(10%)	(11%)	(10%)	(1%)	1%
Adj. op profit, €m ¹	12.2	7.5	8.4	8.9	10.9
Adj. op margin	15.8%	12.3%	14.2%	15.6%	14.2%
Active consultants, '000	589	542	499	479	556
Sales /active consultant, €	130.2	112.6	117.5	118.6	138.6

¹Excludes 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.

²Adjusted 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 increased by 1% as a result of a 5% decrease in active consultants and 6% increase in productivity. Euro sales were unchanged to €77.0m (€76.7m). The development in Central Europe continued to improve, primarily driven by the new Success Plan and a strong focus on leaders. At the same time the situation in southern Europe is continuously challenging.

Adjusted operating margin amounted to 14.2% (15.8%) and the adjusted operating profit was €10.9m (€12.2m), negatively impacted by higher selling expenses.

-8%

Local currency sales in Russia

Adj. operating margin 14.2%

Latin America

Key figures

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Sales, €m	32.5	30.4	35.7	35.3	35.6
Sales growth in €	8%	15%	15%	8%	10%
Sales growth in lc	7%	7%	9%	15%	17%
Op profit, €m ¹	3.4	1.8	4.1	5.0	5.1
Op margin	10.3%	6.0%	11.4%	14.1%	14.3%
Active consultants, '000	231	227	228	268	263
Sales /active consultant, €	140.5	133.6	156.6	131.6	135.6

¹Excludes 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

+17%
Local currency sales

Local currency sales in the fourth quarter increased by 17% as a result of a 14% increase in the number of active consultants and a 3% increase in productivity compared to prior year. Euro sales were up by 10% to €35.6m (€32.5m). Most markets performed well with especially strong development in Peru and Mexiko.

Operating profit amounted to €5.1m (€3.4m) and operating margin to 14.3% (10.3%) positively impacted by fixed cost leverage, less bad debt provisions than prior year and lower cost of goods sold.

Turkey, Africa & Asia

Key figures

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Sales, €m	93.9	104.9	107.4	91.7	120.4
Sales growth in €	30%	40%	35%	31%	28%
Sales growth in lc	25%	23%	20%	24%	25%
Op profit, €m ¹	14.9	12.7	18.4	12.8	24.1
Op margin	15.8%	12.1%	17.2%	13.9%	20.0%
Active consultants, '000	1,027	1,129	1,053	974	1,146
Sales /active consultant, €	91.5	92.9	102.0	94.2	105.1

¹Excludes 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

20.0%
Operating margin

Fourth quarter sales growth in local currencies was 25% as a result of a 12% increase in the number of active consultants and a 13% increase in productivity. Euro sales were up by 28% to €120.4m (€93.9m). Solid performance in the main markets Turkey, Nigeria, China, India and Indonesia during the quarter. Strong development of Skin Care and Wellness sets and routines together with solid leadership and online activity.

Operating margin increased to 20.0% (15.8%) and operating profit was €24.1m (€14.9m). The margin was positively affected by sales leverage and a favourable geographical mix.

Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 31 December		Change in Euro	Change in lc
	2015	2014		
CIS	104.0	149.1	(30%)	(13%)
Europe	77.0	76.7	0%	1%
Latin America	35.6	32.5	10%	17%
Turkey, Africa & Asia	120.4	93.9	28%	25%
Manufacturing	0.7	0.1	929%	954%
Other	1.8	1.4	21%	20%
Total sales	339.5	353.7	(4%)	3%

Sales (€ Million)	12 months ended 31 December		Change in Euro	Change in lc
	2015	2014		
CIS	387.0	549.4	(30%)	(11%)
Europe	253.4	267.4	(5%)	(5%)
Latin America	136.9	122.7	12%	12%
Turkey, Africa & Asia	424.5	319.0	33%	23%
Manufacturing	3.1	1.3	133%	136%
Other	6.7	6.0	10%	8%
Total sales	1,211.6	1,265.8	(4%)	1%

Adj. operating profit (€ Million)	3 months ended 31 December		12 months ended 31 December			
	2015	2014	Change	2015	2014	Change
CIS	8.9	18.3	(51%)	35.5	67.1	(47%)
Europe	10.9	12.2	(10%)	35.7	33.0	8%
Latin America	5.1	3.4	52%	16.0	14.7	9%
Turkey, Africa & Asia	24.1	14.9	62%	68.0	42.6	60%
Manufacturing	2.3	(2.1)	n/a	6.2	(1.2)	n/a
Other	(12.4)	(16.9)	25%	(61.2)	(58.2)	(5%)
Total adj. operating profit	38.9¹	29.8²	31%	100.2³	97.8⁴	2%

Active consultants ('000)	31 December		
	2015	2014	Change
CIS	1,281	1,626	(21%)
Europe	556	589	(5%)
Latin America	263	231	14%
Turkey, Africa & Asia	1,146	1,027	12%
Total	3,246	3,473	(7%)

1) Adjusted for non-recurring items of €6.3m.

2) Adjusted for non-recurring items of €1.3m.

3) Adjusted for non-recurring items of €9.6m

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

Cash flow & investments

Cash flow from operating activities in the fourth quarter amounted to €68.8m (€66.0m). Cash flow used in investing activities amounted to €-2.3m (€21.1m).

The full-year cash flow from operating activities increased to €122.2m (€90.0m), partly driven by gains from financial instruments and improvements in working capital, primarily inventory and positive comparisons where last year was impacted by the €11m payment related to the tax claim in Russia. Cash flow used in investing activities amounted to €-15.5m (€-6.0m).

Financial position

0.8

Hedged net interest-bearing debt/EBITDA

Net interest-bearing debt at hedged values amounted to €94.0m (€196.8m). The net debt at hedged values/EBITDA ratio was 0.8 (1.6).

Net interest-bearing debt amounted to €171.6m compared to €245.4m at the end of the fourth quarter 2014. The net debt/EBITDA ratio was 1.5 (2.0) and interest cover amounted to 6.5 (7.3) in the fourth quarter 2015 and to 4.8 (5.4) during the last twelve months.

Covenant disclosure

As per the end of the fourth quarter 2015, the financial measures as defined in the Revolving Credit Facility Agreement and the Private Placement Notes Amendment document were as follows:

- Consolidated Net Debt to Consolidated EBITDA: 1.0 (covenant at \leq 3.0 times)
- Consolidated EBITDA to Consolidated Finance costs: 7.9 (covenant at \geq 5.0 times)
- Consolidated Net Worth: €153m (covenant at \geq €120m)

Note that the definition of these measures differ from the definitions of the Net Debt to EBITDA and Interest cover disclosed in the other sections of the report, primarily related to gains from sales of assets and cash in non-OECD markets.

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 2014.

Dividend

The Board of Directors will continue to prioritize reducing the debt, with \$80.0m of the long-term debt to be repaid in the first quarter 2016 and with a Net Debt/EBITDA target range of 0.5 to 1.5. Furthermore, the Board intends, in line with the Dividend Policy of distributing at least 50% of the Net Profit, to propose to the 2016 AGM a total dividend of €0.40 per share, to be paid in equal instalments of €0.20 respectively during the fourth quarter 2016 and the first quarter 2017.

Alignment of legal structure and Extraordinary General Meeting

The extraordinary general shareholders' meetings of Oriflame Cosmetics S.A., Luxembourg and Oriflame Holding AG, Schaffhausen, Switzerland held on 25 September 2015 resolved to approve the merger agreement dated 18 August 2015 regarding the cross-border merger between Oriflame Holding AG (as acquiring company), and Oriflame Cosmetics S.A. The merger took effect on 30 September 2015. The merger relates to the previous share-for-share exchange transaction and is the last step of Oriflame's process to change its domicile from Luxembourg to Switzerland. The share of the new top holding company, Oriflame Holding AG was listed on Nasdaq Stockholm on 23 June, and the SDR of the previous top holding Oriflame Cosmetics S.A., was delisted on 2 July. Anyone still holding SDRs or shares in Oriflame

Cosmetics S.A. on the date of the merger has received shares in Oriflame Holding AG as consideration.

Personnel

The average number of full-time equivalent employees decreased to 6,462 (6,875).

Significant events during and after the quarter

New Organisation

In order to capture efficiencies and drive sales in an omni-channel offering, Oriflame formed a new organisation in December 2015, implementing the following changes:

- A global Commercial Division uniting central functions within sales, marketing and supply chain.
- A decentralised Regional Organisation enabling a focused strategy execution, coordinated by the Company's four Global Business Areas - Latin America; Europe & Africa; CIS and Asia & Turkey. This new split will enable more focus on strategic markets, such as China and India. As from the first quarter 2016, the new split will be reflected in the Group's financial reporting.
- Global Manufacturing is being separated from the previous Global Operations Division in order to further drive global optimisation, efficiencies, and increased volumes.

Russian tax case

After the end of the quarter Oriflame received a rejection of the appeal to the Supreme Court of Russia concerning royalty payments (and related VAT) for the years 2009-2010. The full Rouble amount of the claim for income tax, VAT and penalty related to the royalty was recognised and the cash flow effect taken during 2014.

As a consequence of the Supreme Court decision, the company has reserved a new provision for subsequent years (2011-2013) of €5.1 m, impacting the tax expense in the quarter.

First quarter update

The quarter/year to date sales development is approximately 9% in local currency.

Long term targets

Oriflame 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 / 2016

The Annual Report will be published no later than 3 weeks prior to the Annual General Meeting

The 2016 Annual General Meeting will be held in Switzerland on 17 May, 2016.

The first quarter 2016 report will be published on 18 May 2016.

The second quarter 2016 report will be published on 16 August 2016.

The third quarter 2016 report will be published on 10 November 2016.

Other

A Swedish translation is available on www.oriflame.com.

Conference call for the financial community

The company will host a conference call on Thursday, 18 February 2016 at 9.30 CET.

Participant access numbers:

UK: +44 2075721187
SE: +46 (0) 850639548
CH: +41 (0) 445831883
LU: +352 27300151
US: +1 6467224972

Confirmation code: 23913005#

The conference call will also be audio web cast in “listen-only” mode through
Oriflame’s website: www.oriflame.com or through
<http://edge.media-server.com/m/p/mz73mvs7>

18 February 2016

Magnus Brännström
Chief Executive Officer

For further information, please contact:

Magnus Brännström, Chief Executive Officer, Tel: +41 798 263 754
Gabriel Bennet, Chief Financial Officer, Tel: +41 798 263 769
Nathalie Redmo, Investor Relations Manager Tel: +41 799 220 173

Oriflame Holding AG

Bleicheplatz 3, CH-8200 Schaffhausen, Switzerland
www.oriflame.com
Company registration no CHE-134.446.883

Consolidated key figures

	3 months ended 31 December		12 months ended 31 December	
	2015 ¹	2014 ²	2015 ³	2014 ⁴
Gross margin, %	70.3	65.9	69.2	68.4
EBITDA margin, %	11.7	9.7	9.7	9.7
Adj. operating margin, %	11.5	8.4	8.3	7.7
Return on:				
- operating capital, %	-	-	25.4	21.8
- capital employed, %	-	-	20.7	19.9
Net debt at hedged values / EBITDA (LTM)	0.8	1.6	0.8	1.6
Net debt / EBITDA (LTM)	1.5	2.0	1.5	2.0
Interest cover	6.5	7.3	4.8	5.4
Average no. of full-time equivalent employees	6,462	6,875	6,535	7,039

¹Adjusted for non-recurring items of €6.3m

²Adjusted for non-recurring items of €1.3m

³Adjusted for non-recurring items of €9.6m

⁴Adjusted for non-recurring items of €3.1m

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

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

Financial summary	Q3'14	Q4'14 ¹	Q1'15	Q2'15 ²	Q3'15	Q4'15 ³
Sales, €m	274.5	353.7	307.8	301.0	263.2	339.5
Gross margin, %	69.0	65.9	67.8	70.7	67.6	70.3
EBITDA, €m	26.3	34.4	23.0	29.6	25.1	39.7
Adj. operating profit, €m	19.7	29.8	17.2	25.0	19.1	38.9
Adj. operating margin, %	7.2	8.4	5.6	8.3	7.3	11.5
Adj. net profit before income tax, €m	16.8	22.3	17.0	19.0	9.8	31.0
Adj. net profit, €m	11.8	11.1	11.2	11.9	4.9	15.2
Adj. EPS, diluted €	0.21	0.20	0.20	0.21	0.09	0.27
Cash flow from op. activities, €m	(4.9)	66.0	24.1	25.3	4.1	68.8
Net interest-bearing debt, €m	317.5	245.4	264.7	226.8	231.3	171.6
Active consultants, '000	2,948	3,473	3,429	3,023	2,796	3,246
Sales, €m	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
CIS	112.7	149.1	108.4	97.4	77.2	104.0
Europe	57.4	76.7	61.0	58.7	56.8	77.0
Latin America	32.6	32.5	30.4	35.7	35.3	35.6
Turkey, Africa & Asia	70.1	93.9	104.9	107.4	91.7	120.4
Manufacturing	0.3	0.1	1.5	0.3	0.6	0.7
Other	1.4	1.4	1.6	1.5	1.6	1.8
Oriflame	274.5	353.7	307.8	301.0	263.2	339.5
Adj. operating Profit, €m	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
CIS	13.9	18.3	12.6	6.9	7.1	8.9
Europe	6.1	12.2	7.5	8.4	8.9	10.9
Latin America	4.6	3.4	1.8	4.1	5.0	5.1
Turkey, Africa & Asia	7.4	14.9	12.7	18.4	12.8	24.1
Manufacturing	(0.0)	(2.1)	0.7	0.4	2.7	2.3
Other	(12.3)	(16.9)	(18.1)	(13.3)	(17.4)	(12.4)
Oriflame	19.7	29.8¹	17.2	25.0²	19.1	38.9³
Active consultants, '000	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
CIS	1,315	1,626	1,531	1,243	1,075	1,281
Europe	501	589	542	499	479	556
Latin America	237	231	227	228	268	263
Turkey, Africa & Asia	895	1,027	1,129	1,053	974	1,146
Oriflame	2,948	3,473	3,429	3,023	2,796	3,246
Adj. operating Margin, %	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
CIS	12.3	12.3	11.6	7.1	9.2	8.6
Europe	10.7	15.8	12.3	14.2	15.6	14.2
Latin America	14.0	10.3	6.0	11.4	14.1	14.3
Turkey, Africa & Asia	10.6	15.8	12.1	17.2	13.9	20.0
Oriflame	7.2	8.4¹	5.6	8.3²	7.3	11.5³

¹Adjusted for non-recurring items of €1.3m
²Adjusted for non-recurring items of €3.2m
³Adjusted for non-recurring items of €9.6m

€ Sales Growth in %	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
CIS	(16)	(18)	(30)	(27)	(32)	(30)
Europe	(12)	(11)	(11)	(10)	(1)	0
Latin America	5	8	15	15	8	10
Turkey, Africa & Asia	15	30	40	35	31	28
Oriflame	(7)	(5)	(6)	(3)	(4)	(4)
Cash Flow, €m	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Operating cash flow	(4.9)	66.0	24.1	25.3	4.1	68.8
Cash flow used in investing activities	(10.0)	21.1	(3.9)	(5.3)	(3.9)	(2.3)

Condensed consolidated income statements

	3 months ended 31 December		12 months ended 31 December	
€'000	2015	2014	2015	2014
Sales	339,491	353,716	1,211,563	1,265,849
Cost of sales	(100,892)	(120,697)	(373,248)	(399,468)
Gross profit	238,599	233,019	838,315	866,381
Other income	11,923	12,012	44,124	44,998
Selling and marketing expenses	(121,555)	(129,421)	(443,117)	(474,496)
Distribution and infrastructure	(24,836)	(26,790)	(93,336)	(103,560)
Administrative expenses	(71,560)	(60,381)	(255,347)	(238,597)
Operating profit	32,571	28,439	90,639	94,726
Analysis of operating profit:				
Adjusted operating profit	38,883	29,774	100,186	97,795
Non-recurring items ¹	(6,312)	(1,335)	(9,547)	(3,069)
Operating profit	32,571	28,439	90,639	94,726
Financial income	14,935	39,517	62,679	77,694
Financial expenses	(22,795)	(46,986)	(86,031)	(98,220)
Net financing costs	(7,860)	(7,469)	(23,352)	(20,526)
Net profit before income tax	24,711	20,970	67,287	74,200
Total income tax expense	(15,799)	(17,656)	(33,116)	(36,748)
Net profit	8,912	3,314	34,171	37,452
Analysis of net profit:				
Adjusted net profit	15,224	11,073	43,233	46,945
Non-recurring items ¹	(6,312)	(1,335)	(9,547)	(3,069)
Non-recurring tax items	-	(6,424)	485	(6,424)
Net profit	8,912	3,314	34,171	37,452

¹ non-recurring items in 2015 relate to pension entries and to restructuring / non-recurring items in 2014 relate to restructuring, gain from sale of manufacturing assets and VAT cost related to a Russian tax claim

Condensed consolidated income statements (continued)

€	3 months ended 31 December		12 months ended 31 December	
	2015	2014	2015	2014
*Adj. EPS:				
- basic	0.27	0.20	0.79	0.84
- diluted	0.27	0.20	0.79	0.84
EPS:				
- basic	0.16	0.06	0.62	0.67
- diluted	0.16	0.06	0.62	0.67
Weighted avg. number of shares outstanding:				
- basic	55,608,563	55,608,353	54,868,150	55,603,362
- diluted	55,608,563	55,608,353	54,868,150	55,603,362
Total number of shares outstanding:				
- basic	55,608,563	55,608,563	55,608,563	55,608,563
- diluted	55,608,563	55,608,563	55,608,563	55,608,563

*Adj EPS calculation based on adjusted net profit.

Condensed consolidated statements of comprehensive income

€'000	3 months ended 31 December		12 months ended 31 December	
	2015	2014	2015	2014
Net profit	8,912	3,314	34,171	37,452
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of net defined liability, net of tax	(250)	-	(250)	-
Revaluation reserve	(68)	(446)	(110)	(446)
Total items that will not be reclassified subsequently to profit or loss:	(318)	(446)	(360)	(446)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(8,102)	(36,710)	(23,812)	(52,276)
Effective portion of changes in fair value of cash flow hedges, net of tax	(5,842)	6,737	(948)	2,379
Total items that are or may be reclassified subsequently to profit or loss	(13,944)	(29,973)	(24,760)	(49,897)
Other comprehensive income for the period, net of tax	(14,262)	(30,419)	(25,120)	(50,343)
Total comprehensive income for the period	(5,350)	(27,105)	9,051	(12,891)

Condensed consolidated statements of financial position

€'000	31 December, 2015	31 December, 2014
Assets		
Property, plant and equipment	153,094	172,904
Intangible assets	17,356	19,532
Investment property	586	542
Deferred tax assets	20,796	19,201
Other long-term receivables	992	1,008
Total non-current assets	192,824	213,187
Inventories	162,514	169,478
Trade and other receivables	62,725	81,410
Tax receivables	7,051	5,865
Prepaid expenses	37,032	43,563
Derivative financial assets	85,098	90,067
Cash and cash equivalents	176,384	95,569
Total current assets	530,804	485,952
Total assets	723,628	699,139
Equity		
Share capital	79,788	71,527
Treasury shares	(621)	(41,235)
Share premium	654,381	15,324
Other reserves	(178,675)	(150,630)
Retained earnings	(401,416)	245,931
Total equity	153,457	140,917
Liabilities		
Interest-bearing loans	343,437	310,329
Other long-term non interest-bearing liabilities	839	1,433
Net defined benefit liability	3,652	-
Deferred income	324	279
Deferred tax liabilities	3,860	3,232
Total non-current liabilities	352,112	315,273
Current portion of interest-bearing loans	2,963	30,163
Trade and other payables	82,345	86,915
Deferred Income	767	2,948
Tax payables	15,324	12,492
Accrued expenses	99,072	88,769
Derivative financial liabilities	3,785	14,652
Provisions	13,803	7,010
Total current liabilities	218,059	242,949
Total liabilities	570,171	558,222
Total equity and liabilities	723,628	699,139

Condensed consolidated statements of changes in equity

€'000	Attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Other reserves	Total reserves	Retained earnings	Total		
At 1 January 2014	71,517	(41,235)	15,189	(99,647)	(84,458)	222,379	168,203	-	168,203
Net profit	-	-	-	-	-	37,452	37,452	-	37,452
Other comprehensive income, net of tax	-	-	-	(50,343)	(50,343)	-	(50,343)	-	(50,343)
Total comprehensive income for the period	-	-	-	(50,343)	(50,343)	37,452	(12,891)	-	(12,891)
Issuance of new shares	10	-	135	-	135	-	145	-	145
Share incentive plan	-	-	-	(640)	(640)	-	(640)	-	(640)
Dividends	-	-	-	-	-	(13,900)	(13,900)	-	(13,900)
Total contributions and distributions	10	-	135	(640)	(505)	(13,900)	(14,395)	-	(14,395)
At 31 December 2014	71,527	(41,235)	15,324	(150,630)	(135,306)	245,931	140,917	-	140,917
At 1 January 2015	71,527	(41,235)	15,324	(150,630)	(135,306)	245,931	140,917	-	140,917
Net profit	-	-	-	-	-	34,171	34,171	-	34,171
Other comprehensive income, net of tax	-	-	-	(24,870)	(24,870)	(250)	(25,120)	-	(25,120)
Total comprehensive income for the period	-	-	-	(24,870)	(24,870)	33,921	9,051	-	9,051
Share incentive plan	-	-	-	3,489	3,489	-	3,489	-	3,489
Change in common shares, treasury shares, share premium and non-controlling interests associated with change in parent company	(1,935)	40,693	567,316	12,013	579,329	(639,577)	(21,490)	21,490	-
Total contributions and distributions	(1,935)	40,693	567,316	15,502	582,818	(639,577)	(18,001)	21,490	3,489
Acquisition of non-controlling interests	10,196	(79)	71,741	(18,677)	53,064	(41,691)	21,490	(21,490)	-
Total changes in ownership interests	10,196	(79)	71,741	(18,677)	53,064	(41,691)	21,490	(21,490)	-
At 31 December 2015	79,788	(621)	654,381	(178,675)	475,706	(401,416)	153,457	-	153,457

Condensed consolidated statements of cash flows

€'000	3 months ended 31 December		12 months ended 31 December	
	2015	2014	2015	2014
Operating activities				
Net profit before income tax	24,711	20,970	67,287	74,200
Adjustments for:				
Depreciation of property, plant and equipment	4,704	5,288	19,319	21,764
Amortisation of intangible assets	829	1,500	3,990	5,318
Impairment losses on property, plant and equipment	-	150	-	1,754
Change in fair value of borrowings and derivatives financial instruments	4,789	(14,392)	20,716	(19,073)
Deferred income	(896)	498	(1,700)	540
Share incentive plan	1,577	(932)	3,489	(640)
Unrealised exchange rate differences	(4,261)	(395)	(7,612)	5,871
Profit on disposal of property, plant and equipment, intangible assets and investment property	(819)	(12,497)	(885)	(12,616)
Loss on disposal of a subsidiary	-	3,318	-	3,318
Financial income	(4,931)	(4,622)	(20,403)	(17,903)
Financial expenses	8,624	8,098	32,194	30,373
Operating profit before changes in working capital and provisions	34,327	6,984	116,395	92,906
Decrease in trade and other receivables, prepaid expenses and derivative financial assets	21,644	8,669	65,611	5,554
Decrease in inventories	14,212	30,908	8,162	29,244
Increase / (Decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	4,908	33,677	(29,542)	11,746
Increase / (Decrease) in provisions	6,228	286	2,508	(1,704)
Cash generated from operations	81,319	80,524	163,134	137,746
Interest received	4,428	4,386	20,000	17,202
Interest and bank charges paid	(8,305)	(10,526)	(32,568)	(31,348)
Income taxes paid	(8,691)	(8,411)	(28,352)	(33,646)
Cash flow from operating activities	68,751	65,973	122,214	89,954
Investing activities				
Proceeds on sale of property, plant and equipment, intangible assets and investment property	2,038	32,033	2,343	33,680
Purchases of property, plant, equipment and investment property	(3,852)	(5,081)	(16,008)	(31,958)
Disposal of a subsidiary	-	(3,350)	-	(3,350)
Purchases of intangible assets	(457)	(2,512)	(1,797)	(4,322)
Cash flow used in investing activities	(2,271)	21,090	(15,462)	(5,950)
Financing activities				
Proceeds from borrowings	-	71,517	-	215,499
Repayments of borrowings	(1,897)	(146,043)	(21,757)	(293,695)
Proceeds from issuance of new shares	-	-	-	145
Decrease of finance lease liabilities	(3)	(5)	(31)	(27)
Dividends paid	-	-	(3)	(13,888)
Cash flow used in financing activities	(1,900)	(74,531)	(21,791)	(91,966)
Change in cash and cash equivalents	64,580	12,532	84,961	(7,962)
Cash and cash equivalents at the beginning of the period net of bank overdrafts	112,388	85,472	95,515	106,788
Effect of exchange rate fluctuations on cash held	(584)	(2,489)	(4,092)	(3,311)
Cash and cash equivalents at the end of the period net of bank overdrafts	176,384	95,515	176,384	95,515

Notes to the condensed consolidated financial information of Oriflame Holding AG

Note 1 • Status and principal activity

Oriflame Holding AG (“OHAG” or the “Company”) is a holding company incorporated in Switzerland and registered at Bleicheplatz 3, CH-8200 Schaffhausen. The principal activity of the Company’s subsidiaries is the direct sale of cosmetics. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the “Group”).

OHAG represents the new parent company after the move of the domicile from Luxembourg to Switzerland during June 2015 through a share-for-share transaction. In September 2015, a cross-border merger between OHAG and Oriflame Cosmetics S.A., the previous parent company, has finalized the change of the parent company to OHAG.

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

Statement of compliance

Following the change of domicile as described in Note 1, the reporting for the Group is now based on International Financial Reporting Standards (IFRS) while it was previously based on IFRS as adopted by the EU. This change had no impact on the financial statements of the Group.

The condensed consolidated financial information for the twelve months period ended 31 December 2015 has been prepared by management in accordance with the measurement and recognition principles of IFRS and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014. The condensed consolidated financial information was authorised for issue by the Directors on 17 February 2016.

Changes in accounting policies

The accounting policies applied by the Group in this 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 2014 with the exception of new or revised standards, as explained below.

Following the change of domicile, the requirements of IAS 19, Employee Benefits relating to defined benefit plans (post-employment benefits) were applied for the first time during second quarter of 2015.

New or amended IFRS standards

The new or amended IFRS standards, which became effective 1, January 2015, have had no material effect on the condensed consolidated interim financial information.