

YOUR DREAMS – OUR INSPIRATION™

Oriflame Cosmetics S.A.

Third Quarter 2014

Investor Presentation 4 November, 09:30 CET

Magnus Brännström, CEO

Gabriel Bennet, CFO

Johanna Palm, Director IR

ORIFLAME
— S W E D E N —

Third Quarter Highlights



Q3 Key Message



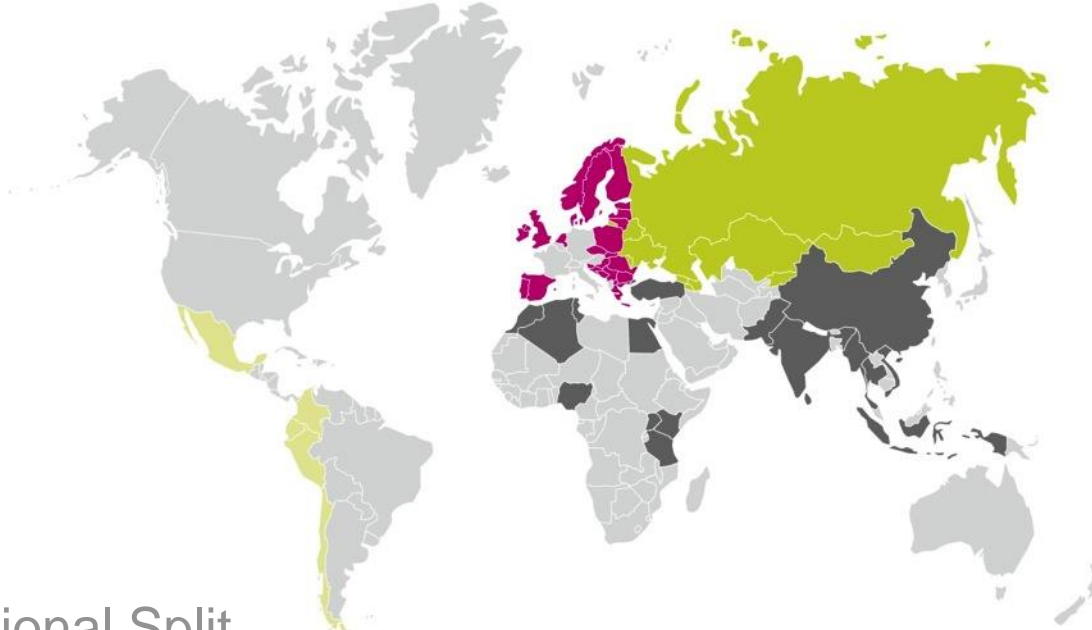
- **Sales +1% in local currency**
 - Early signs of improvements in CIS
 - Continued strong development in growth markets (38% of total sales)
 - +4% quarter to date local currency sales
- **Active consultants -2%**
 - Positive leadership development
 - Lc productivity +3%
- **Adj. operating margin 7.2% (7.8%)**
 - Currency impact app. -300 bps
 - Mostly offset by price/mix improvement and cost reductions
- **Continued prioritisation to reduce debt during forthcoming quarters**
 - no dividend payment in Q1 2015

Operational Highlights

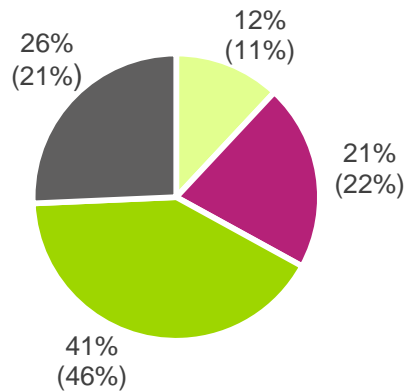
- Brand and innovation
 - *Youth Enhancing Skin Care Routine* introduced for premium Skin Care ranges
 - *True Perfection* Skin Care range launched
 - Introduction of *Everyday Beauty*, new sub-range of *The ONE* makeup collection
- Upgraded online platform launched in Russia in October
- Final preparations for production start in Noginsk
 - Agreement to sell factory at Ekerö
 - Divestment of Krasnogorsk in progress
- Successful implementation of cost saving initiatives and operational efficiency measures
- Oriflame included in the “A List”: “The CDP Climate Performance Leadership Index 2014”



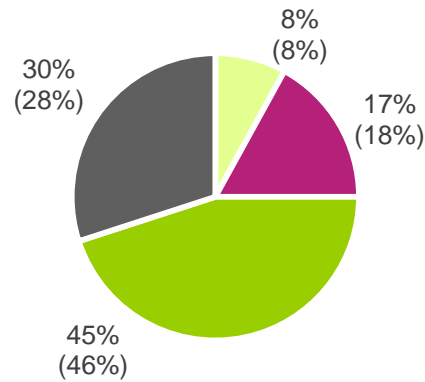
Regions



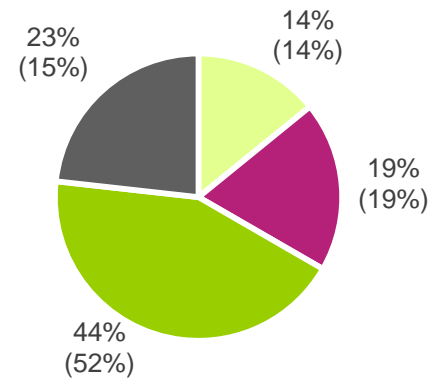
Q3 Regional Split



Sales

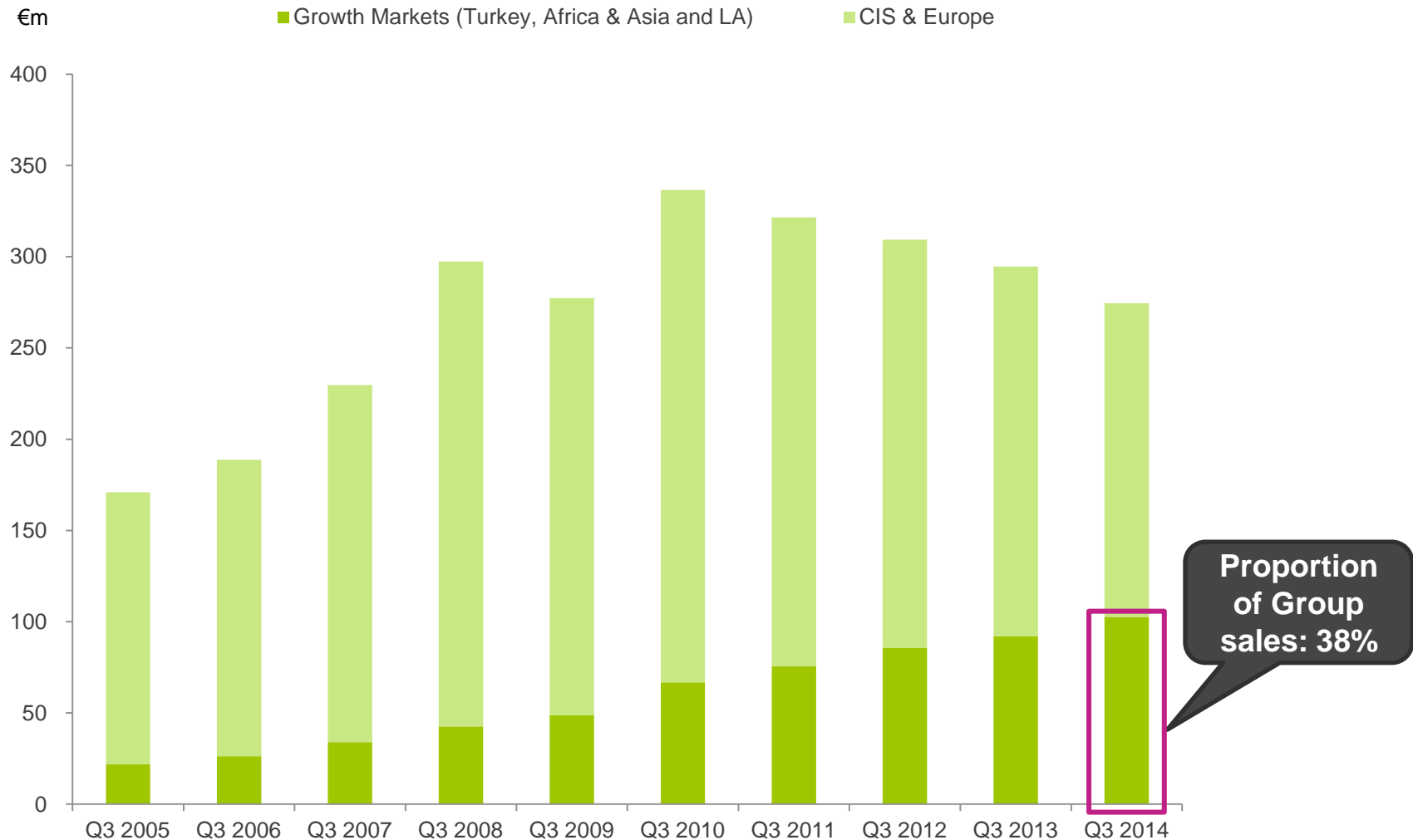


Active consultants



Adj. Operating profit

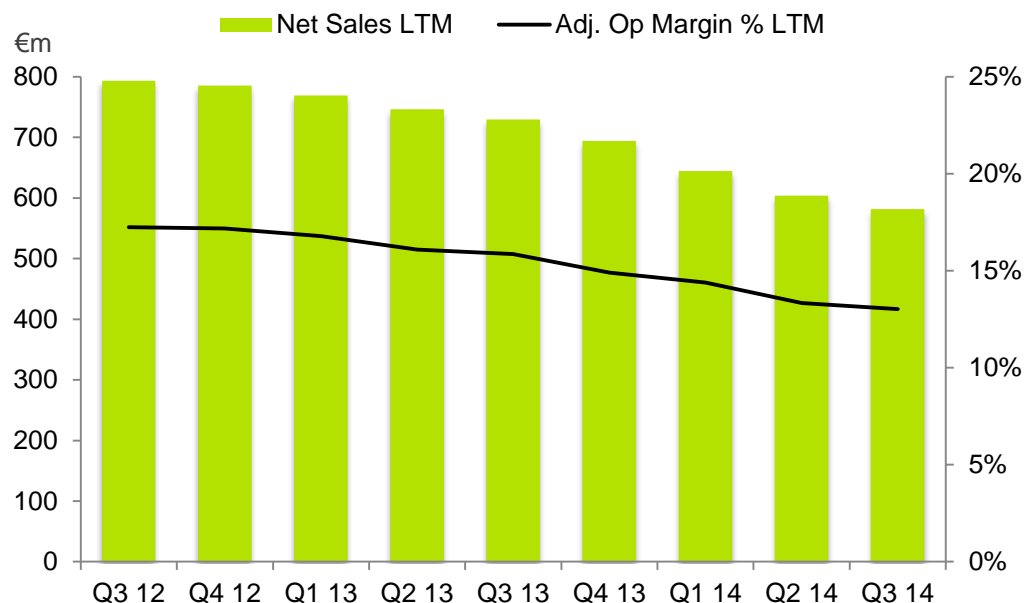
Strong Development in Key Growth Markets



CIS

- Sales force and productivity
 - Active consultants -5%
 - Lc productivity +2%
 - € productivity -11%
- Lc sales in Russia +1%
- Initiatives starting to deliver results
- Continued challenges in Eastern Ukraine
- Tax claim received and litigation process started
- Adj. operating margin -160 bps
 - Negative currency effect
 - Positive price/mix and cost reductions

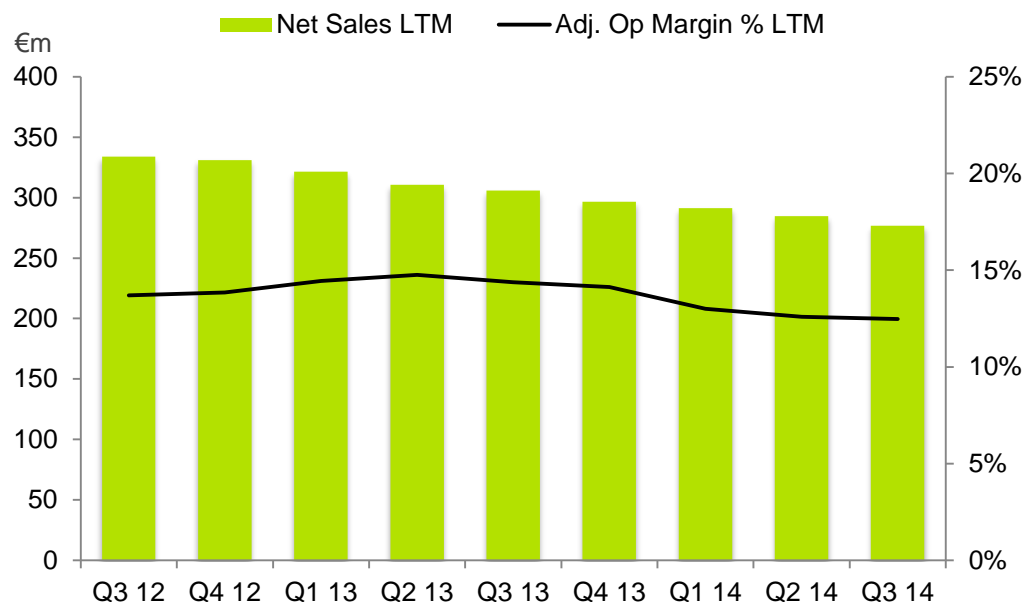
	Q3'14	Q3'13	Change	LTM' 14	YE' 13
Sales, €m	112.7	134.9	(16%)	581.4	694.1
Lc sales	-	-	(3%)	-	-
Adj. operating profit, €m	13.9	18.7	(26%)	75.8	103.5
Adj. operating margin	12.3%	13.9%	-	13.0%	14.9%
Active Consultants '000	1,315	1,383	(5%)	1,315	1,648



Europe

- Sales force and productivity
 - Active consultants -9%
 - Lc productivity -3%
 - € productivity -3%
- Several initiatives under implementation
 - Success Plan changes in Central Europe
 - Locally developed catalogues
- Adj. operating margin +20 bps
 - Cost reductions
 - Timing sales and marketing costs

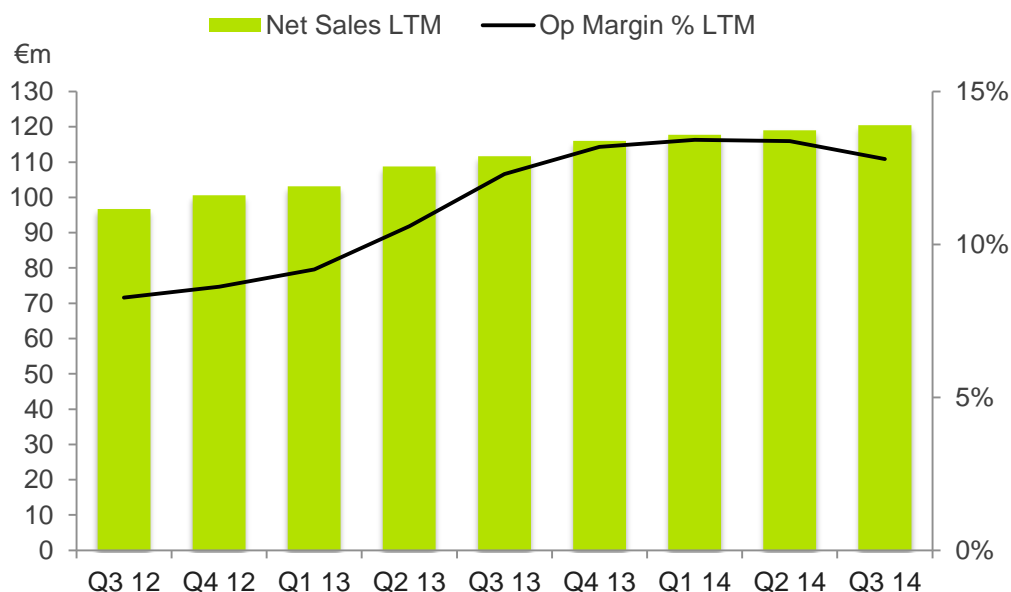
	Q3'14	Q3'13	Change	LTM' 14	YE' 13
Sales, €m	57.4	65.4	(12%)	276.7	296.5
Lc sales	-	-	(12%)	-	-
Adj. operating profit, €m	6.1	6.9	(12%)	34.8	38.6
Adj. operating margin	10.7%	10.5%	-	12.6%	13.0%
Active Consultants '000	501	548	(9%)	501	630



Latin America

- Sales force and productivity
 - Active consultants +6%
 - Lc productivity +1%
 - € productivity -1%
- Continued strong sales development in key markets
 - Mexico very strong
 - Import restrictions in Ecuador offsetting part of growth
- Project to relocate regional office to Mexico City started
- Operating margin -230 bps
 - Higher sales and marketing costs
 - Tough comparables

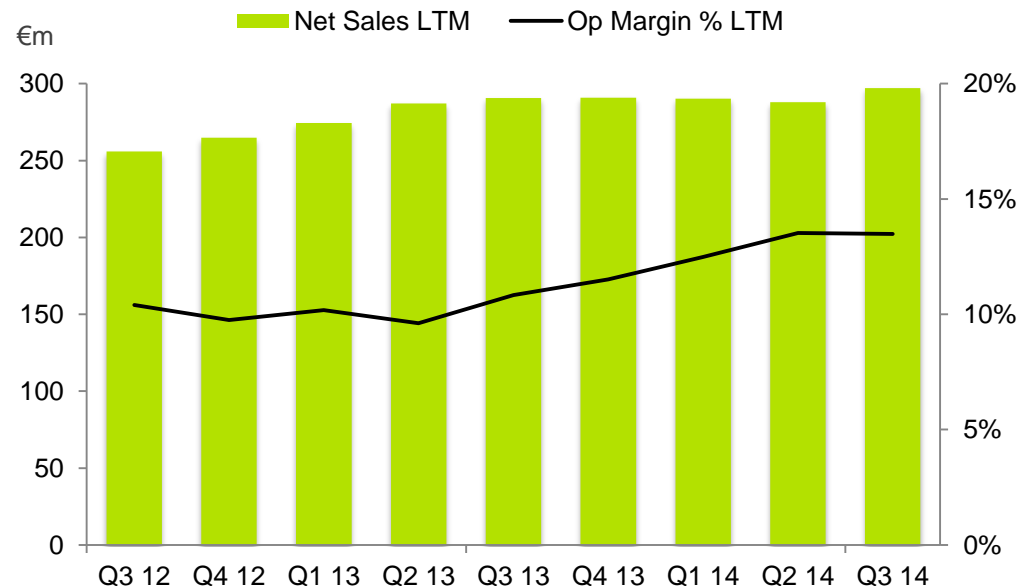
	Q3'14	Q3'13	Change	LTM' 14	YE' 13
Sales, €m	32.6	31.2	5%	120.4	116.1
Lc sales	-	-	7%	-	-
Operating profit, €m	4.6	5.1	(10%)	15.4	15.3
Operating margin	14.0%	16.3%	-	12.8%	13.2%
Active Consultants '000	237	224	6%	237	223



Turkey, Africa & Asia

- Sales force and productivity
 - Active consultants +6%
 - Lc productivity +14%
 - € productivity +9%
- Continued overall strong sales development
 - China particularly strong
 - India and Indonesia continued strong performance
- Operating margin +210 bps
 - Lower sales and marketing costs
 - Operating leverage

	Q3'14	Q3'13	Change	LTM' 14	YE' 13
Sales, €m	70.1	61.0	15%	297.2	291.0
Lc sales	-	-	20%	-	-
Operating profit, €m	7.4	5.2	42%	41.0	36.4
Operating margin	10.6%	8.5%	-	13.8%	12.5%
Active Consultants '000	895	843	6%	895	959



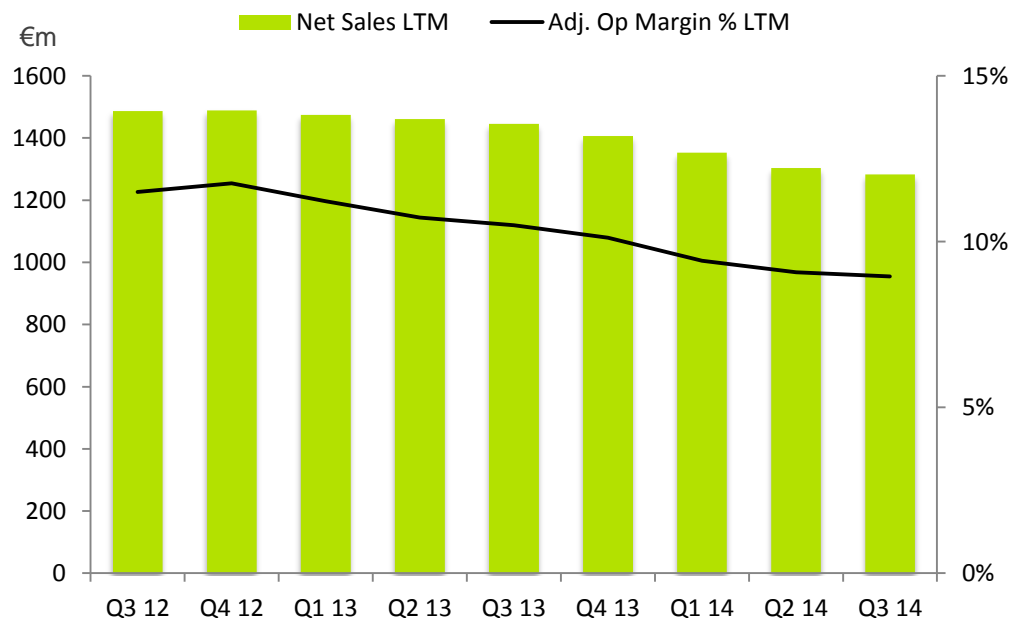
Financials



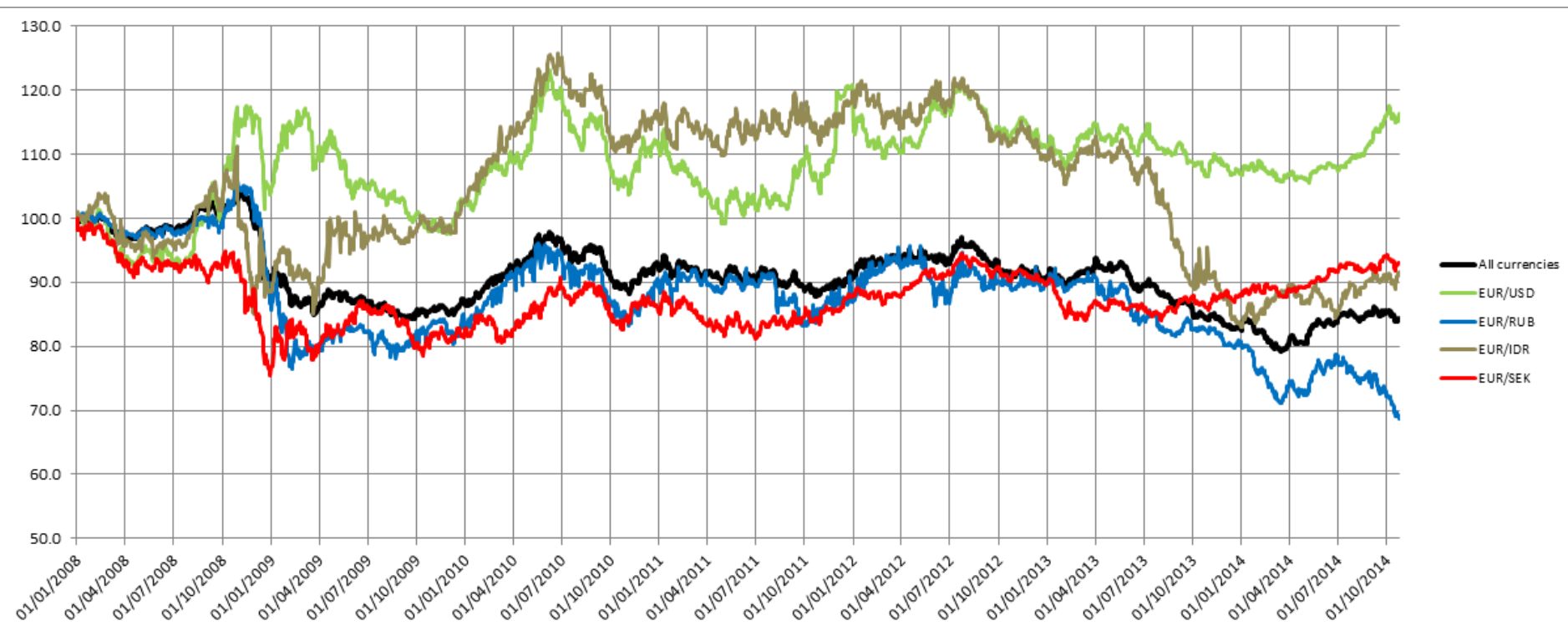
Income Statement Q3 2014

- Sales mix
 - Unit sales -6%
 - Price/mix +7%
- Gross margin 69.0% (69.6%)
 - Negative currency effect
 - Price/mix
- Adj. operating margin -60 bps
 - Currency impact -300 bps
 - Cost reductions ahead of plan
- Adj. net profit €11.8m (€9.4m)
 - Adj. EPS €0.21 (€0.17)

	Q3'14	Q3'13	Change	LTM' 14	YE' 13
Sales, €m	274.5	294.6	(7%)	1283.3	1,406.7
Lc sales	-	-	1%	-	-
Adj. operating profit, €m	19.7	23.1	(15%)	114.8	142.4
Adj. operating margin	7.2%	7.8%	-	8.9%	10.1%
Active Consultants '000	2948	2998	(2%)	2948	3,460



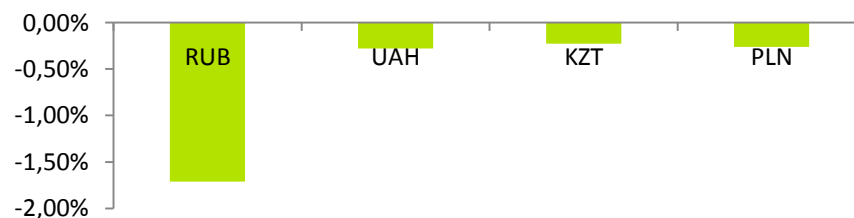
Group Currency Impact 2008-2014



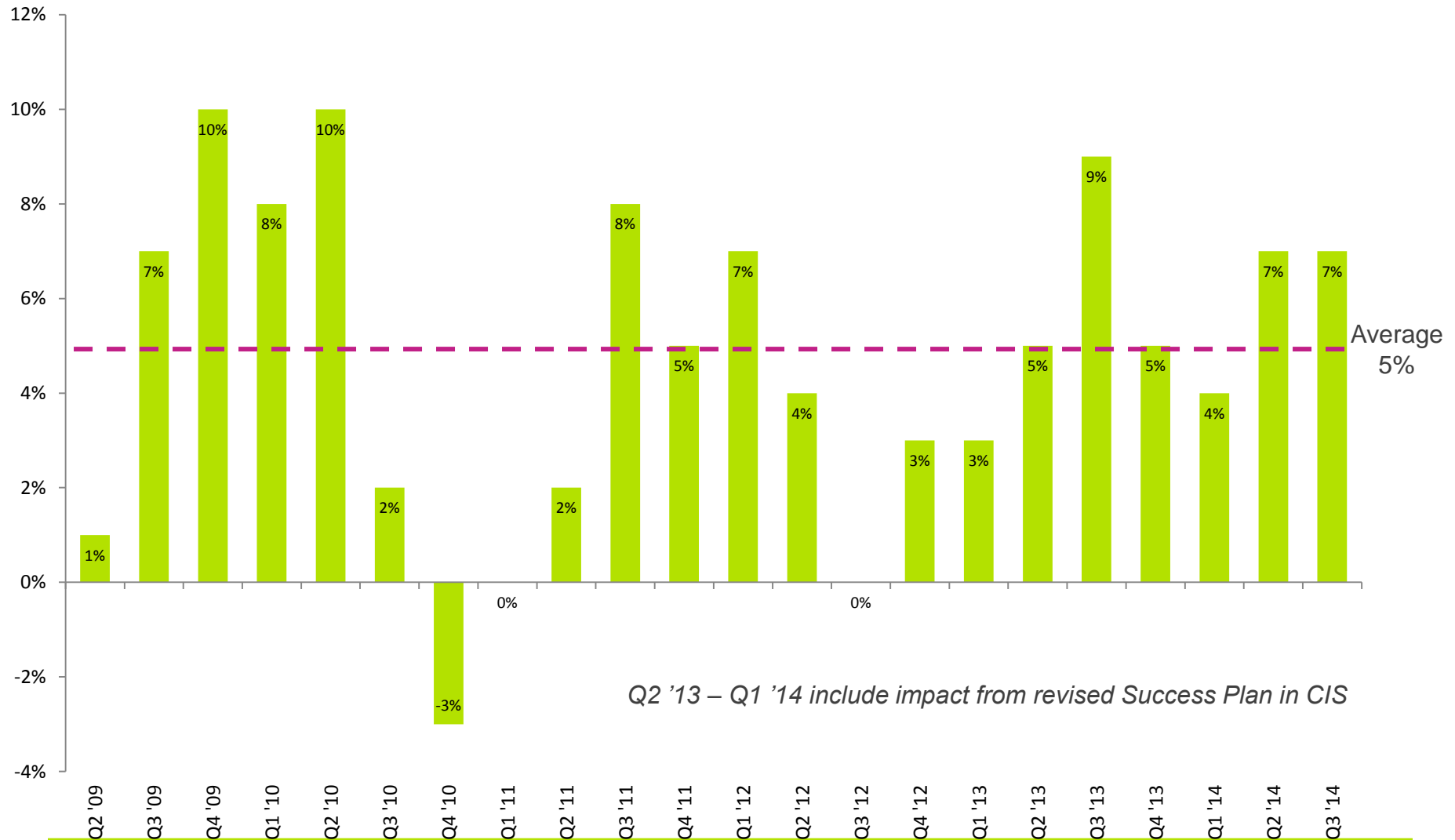
Sensitivity analysis showing the effect on group operating profit from a 1% change of the EUR against the currencies in four of the largest sales markets

- Russia RUB
- Ukraine UAH
- Kazakhstan KZT
- Poland PLN

Impact Group adj. Operating Profit

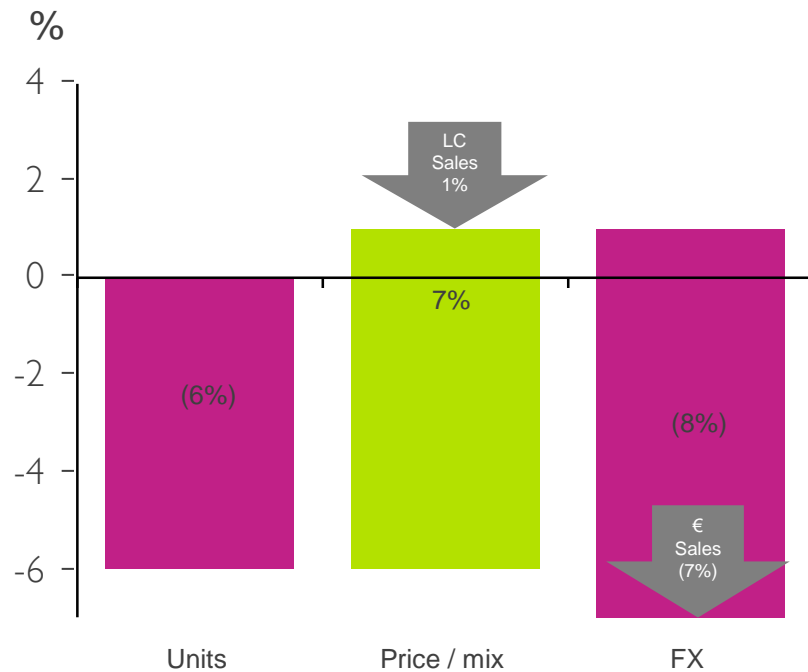


Price/Mix Impact on Sales

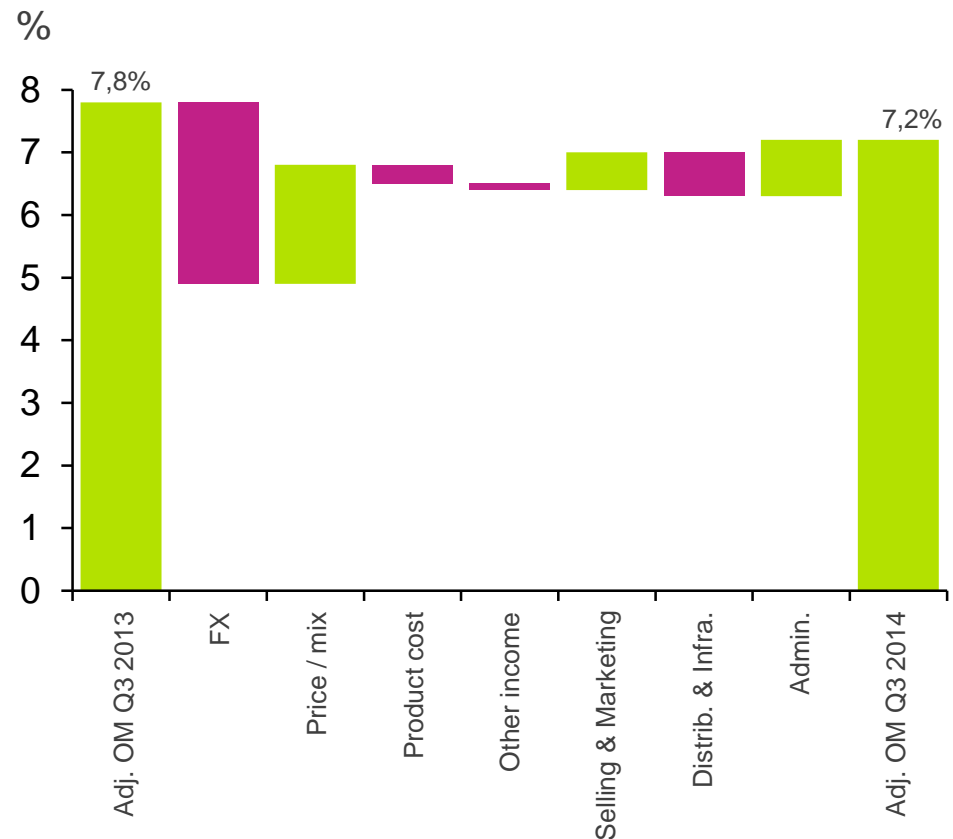


Q3 Sales and Op. Margin Analysis

Sales vs. PY



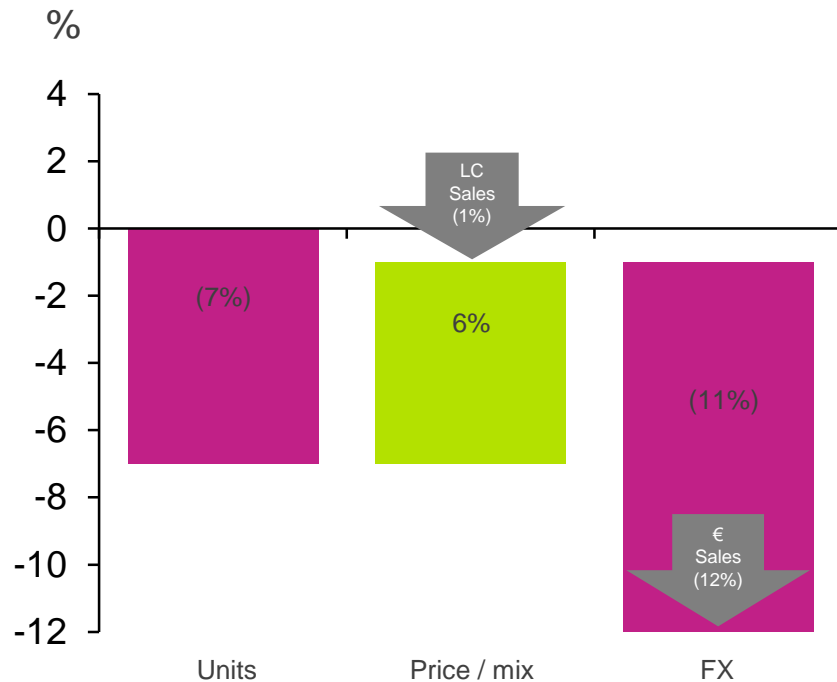
Adj. OP Margin vs. PY



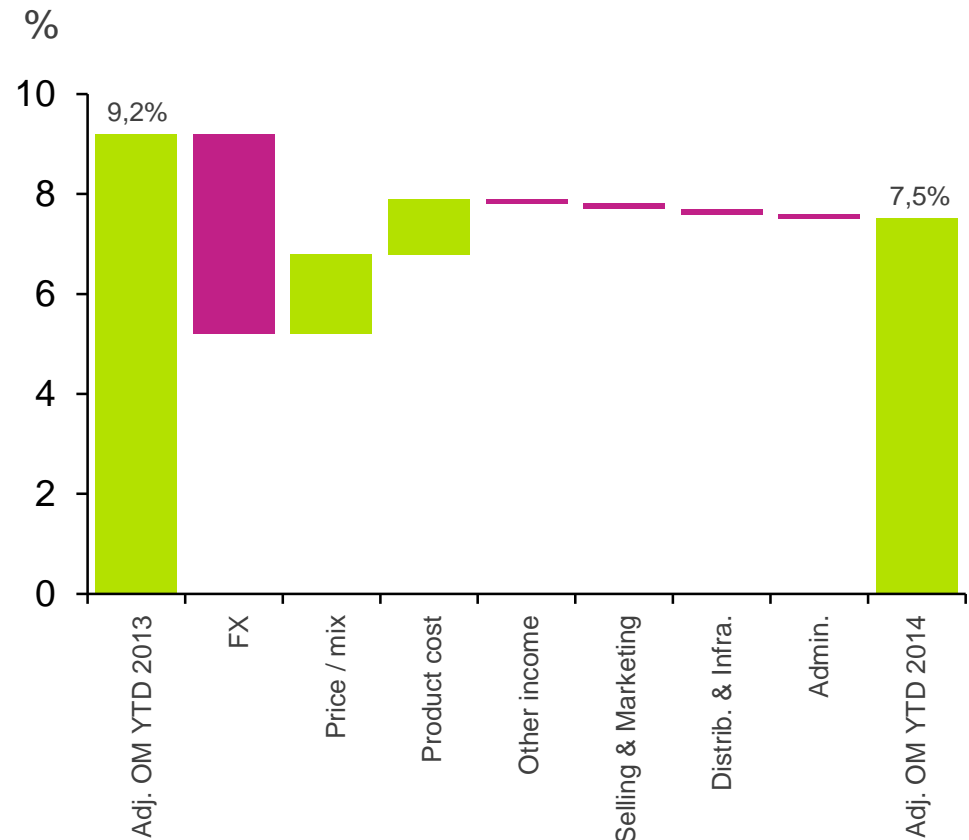
Based on Oriflame estimates

YTD Sales and Op. Margin Analysis

Sales vs. PY



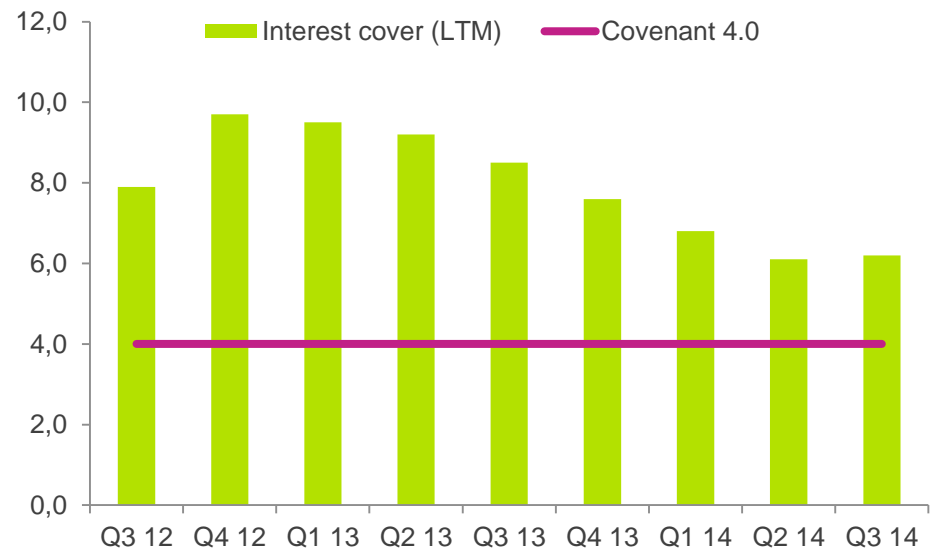
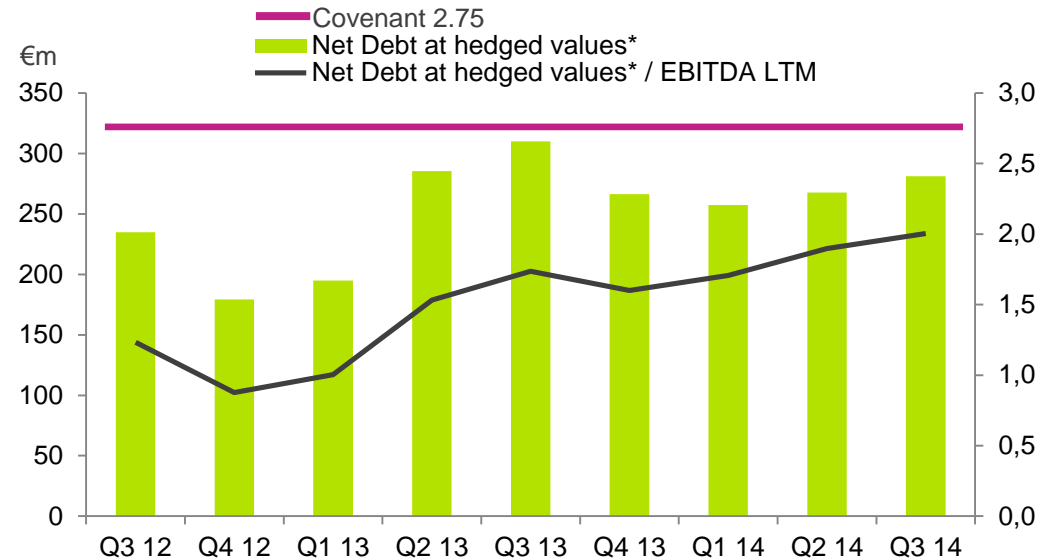
Adj. OP Margin vs. PY



Based on Oriflame estimates

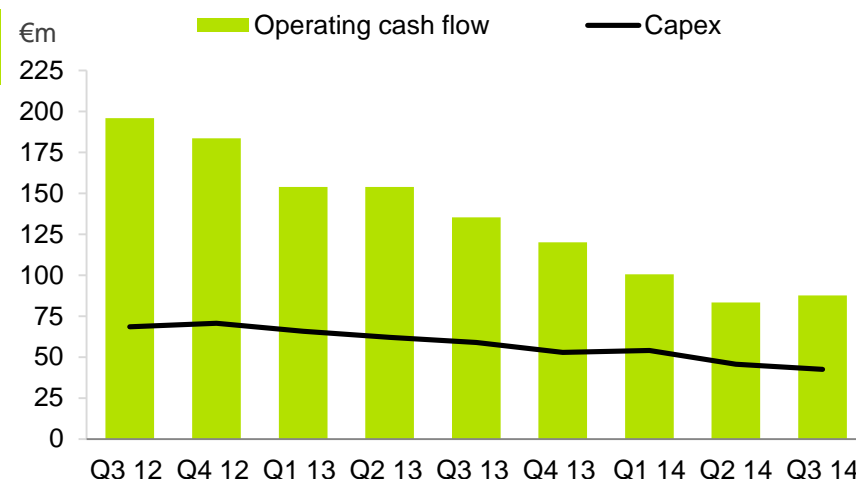
Financial Position

- Net debt at hedged values €281.2m (€310.0m)
 - Net debt €317.5m (€ 330.5m)
- Net debt at hedged values/ EBITDA 2.0 (1.7)
 - Net debt/EBITDA 2.3 (1.9)
- Interest cover (Q3) 4.4 (4.4)
- Interest cover (LTM): 6.2 (8.5)

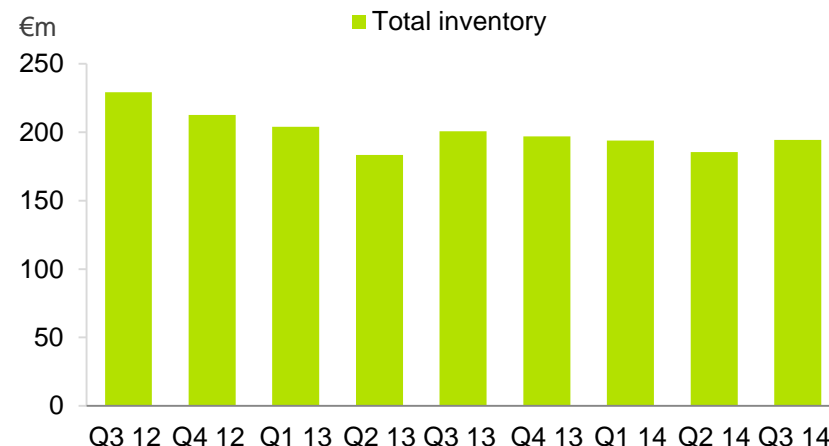


Cash Flow Statement

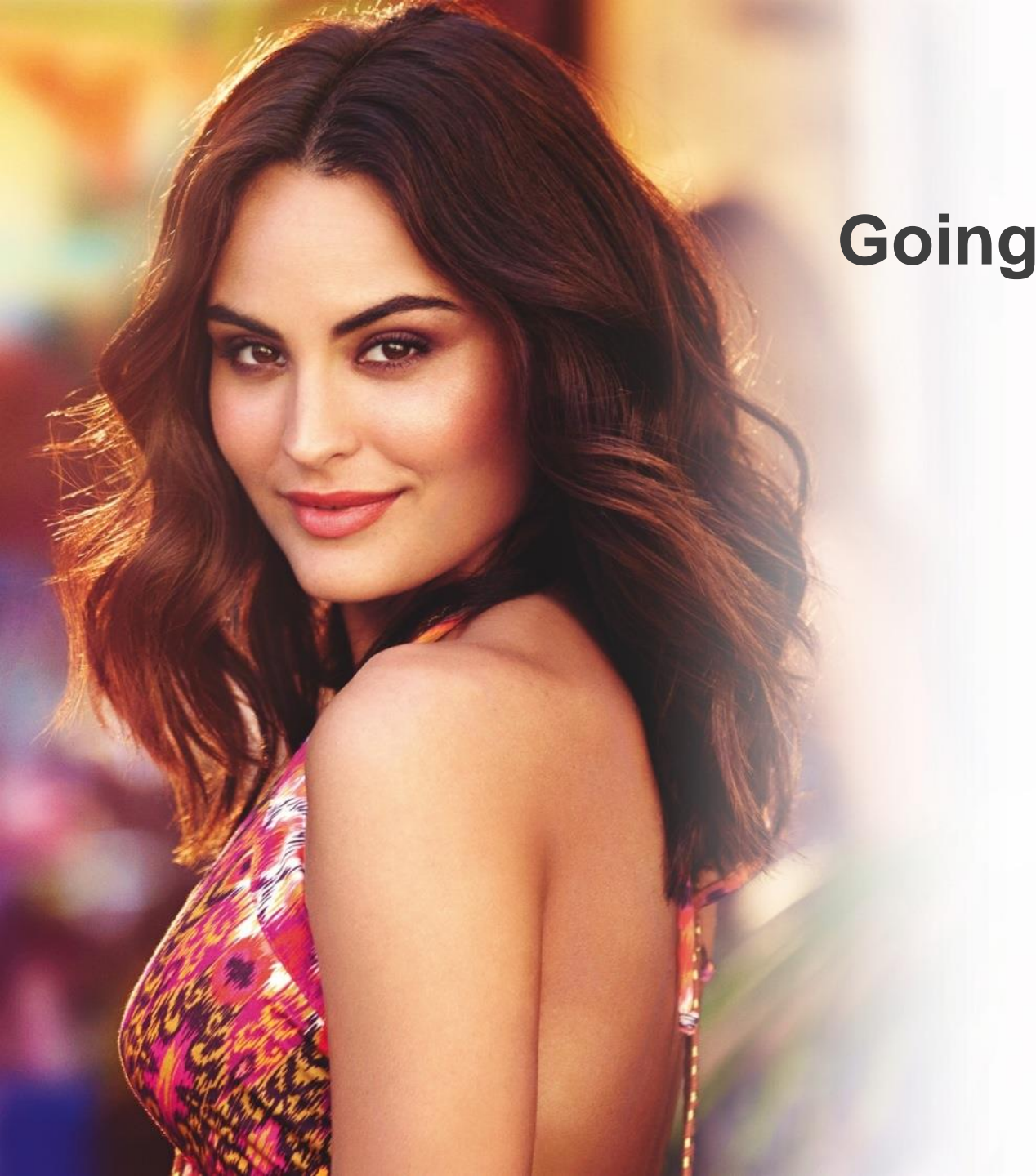
	Q3'14	Q3'13	LTM'14	YE '13
EBITDA, €m	26.3	26.9	140.5	166.5
Increase in Working cap. and provisions, €m	(23.0)	(26.8)	(18.4)	(23.8)
Operating CF, €m	(4.9)	(9.3)	87.7	112.1
CF Investing Activities, €m	(10.0)	(13.1)	(42.8)	(53.1)



- Q3 operating cash flow €-4.9m (€-9.3m)
 - EBITDA decrease of €0.6m
 - Impact from changes in working capital and provisions €+3.8m
 - Inventories €+10.8m
 - Receivables, prepaid exp. €-2.7m
 - Payables, accrued exp., provisions €-4.3m
 - Realized currency impact €+2.4m
 - Interest, charges, taxes €-1.1m
 - Other €-0.1m



Going Forward



Strategy

Remains highly relevant in an evolving environment

MISSION

To fulfil dreams

VISION

To be the # 1 Beauty
Company Selling Direct

STRATEGY

To build the largest Sales Force in the world

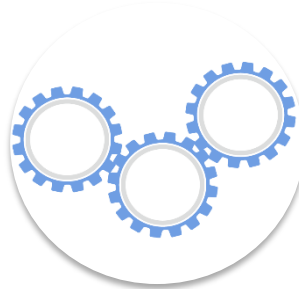


Going Forward

Focus & Simplify



**INCREASE
SALES**



**IMPROVE
EFFICIENCIES**



**ONE ORIFLAME –
ONE TEAM**



to build the

**LARGEST
SALES FORCE
IN THE WORLD**

Increase Sales

Strategic focus areas

ORIFLAME
— SWEDEN —



Strong and Attractive Brand

YOUR DREAMS – OUR INSPIRATION™



Strong Product Portfolio

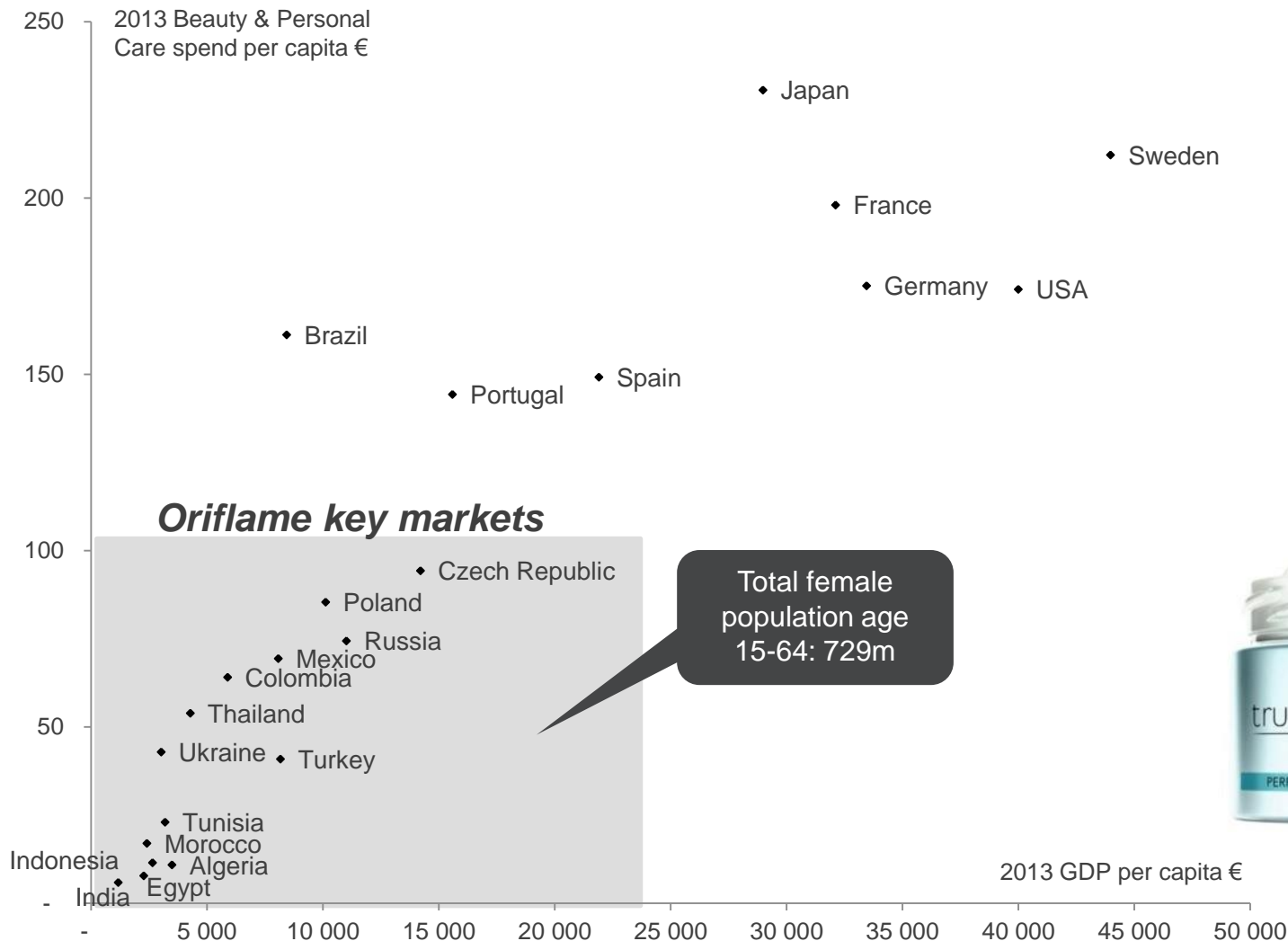
Relevant Merchandising

Motivated Sales Force

Leading Online Solutions

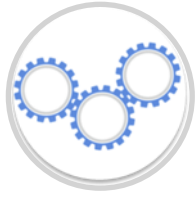
Keep Growing and Expand

Growth opportunity in key Oriflame markets



2013 GDP per capita €

Sources: Euromonitor and Business Monitor International



Improve Efficiency

Supply chain management

- Further integration
- Local sourcing

Administrative and Support Functions

- Expansion of shared services
- Reduce complexity

Capital and risk management

- Improving capital efficiency and exposure management

Efficiencies and synergies

Culture of adaption and action

One Oriflame – One Team



ATTRACT AND RECRUIT



INTEGRATE AND DEVELOP



MOTIVATE AND RETAIN



Conclusions

- Strategic initiatives starting to deliver results in CIS
- Negative FX impact
 - Largely offset by cost reductions and price/mix
- Continued strong development and opportunities ahead in growth markets
- Solid strategy in place to tackle continued geopolitical uncertainty and macro challenges





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.