



## **ORIFLAME HOLDING AG**

**First Quarter 2016**

**Investor Presentation**

**May 18, 09:30 CET**

**Magnus Brännström, CEO**

**Gabriel Bennet, CFO**

**Nathalie Redmo, IR Manager**

**ORIFLAME**  
— S W E D E N —



A photograph of three young women with long hair, smiling and posing closely together outdoors. The woman on the left has brown hair and is wearing an orange top. The woman in the middle has dark brown hair and is wearing a white top with small dots. The woman on the right has blonde hair and is wearing a colorful patterned top. The background is a bright, sunny outdoor setting with a body of water visible in the distance. A semi-transparent white banner is overlaid across the bottom half of the image, containing the title text.

# FIRST QUARTER

## HIGHLIGHTS

## Q1 HIGHLIGHTS

- **Sales** 10% in local currency, -1% in €
  - Sequential improvements in most geographies
- **Operating margin** 6.9% (5.6%)
  - Currency impact -370 bps
  - Net profit €10.7m (€11.2m)
- **\$80.0m debt reduction, €56.0m cash outflow**
- **Q2 update:** 13% YTD and 17% QTD lc sales



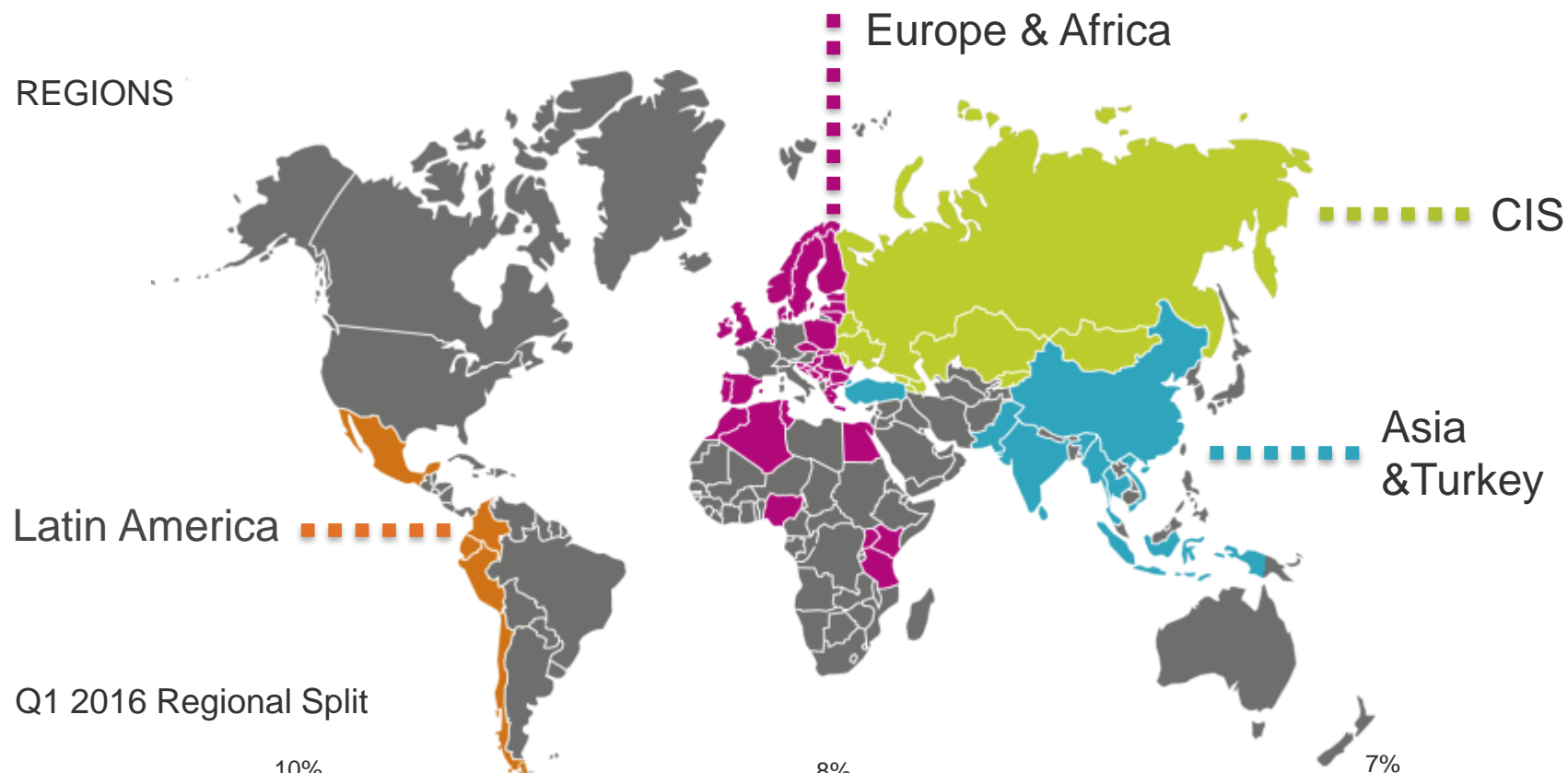


## OPERATIONAL HIGHLIGHTS

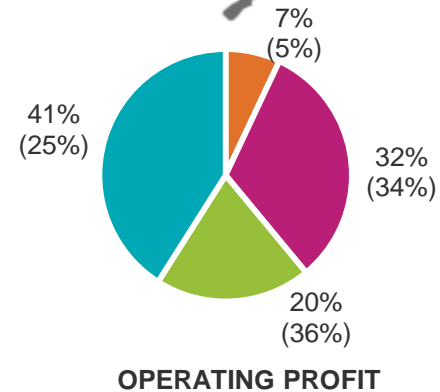
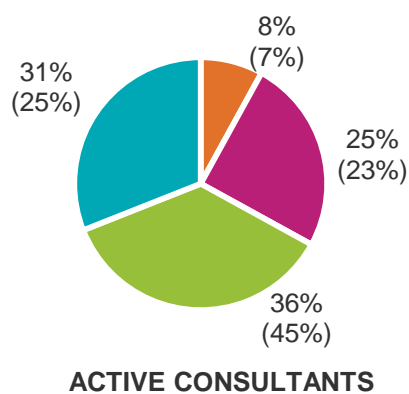
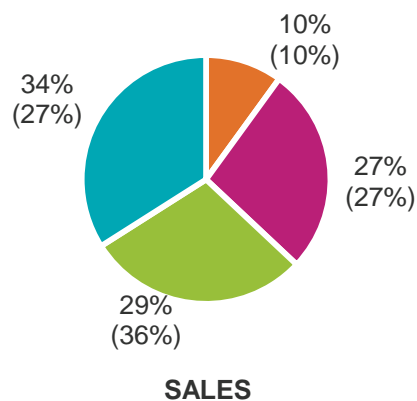
- **Active consultants -9%**
  - Lc productivity +19%
- **Price/mix +16%**
  - Unit decline -6%
- Continued performance of **strategic product categories**
  - **Skin Care** (NovAge)
  - **Wellness**
- Several new products introduced in **Colour Cosmetics** and **Fragrances**
- Continued **strong online** development
  - Increased use of **online tools**
  - **Successful** launches of new **apps**



## REGIONS



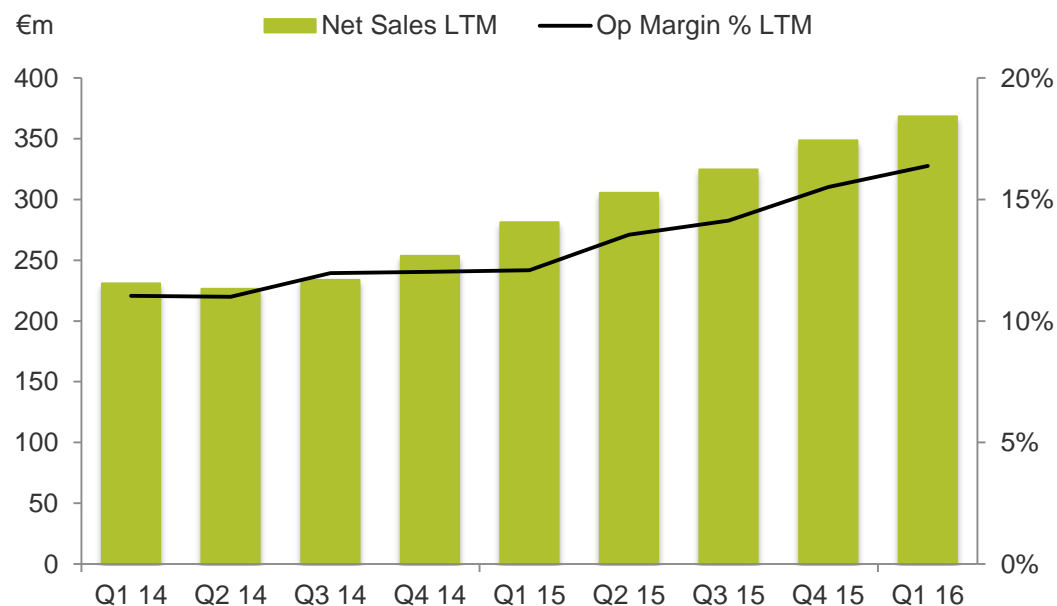
## Q1 2016 Regional Split



## ASIA & TURKEY

- Sales force and productivity
  - Active consultants +10%
  - Lc productivity +21%
  - € productivity +12%
- Strong development in China, Indonesia and Turkey
  - Strategic product categories
  - Leadership
  - Online activity
- Operating margin +410 bps
  - Favourable geographic mix
  - Sales leverage

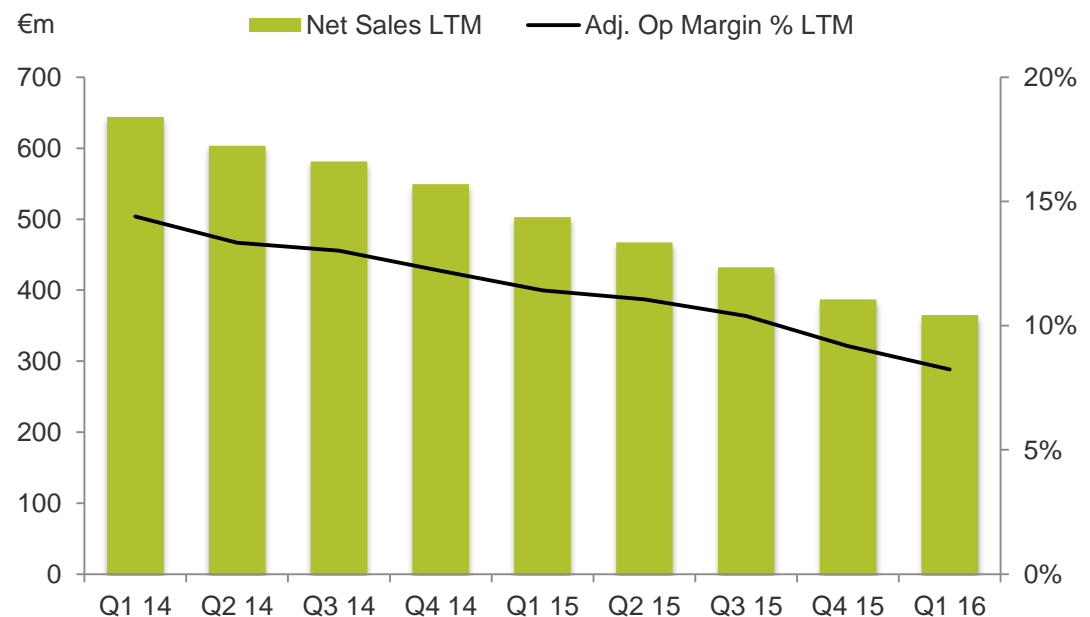
	Q1'16	Q1'15	Change	LTM'16	YE'15
Sales, €m	103.9	84.2	23%	368.5	348.8
Lc sales	-	-	31%	-	-
Operating profit, €m	14.7	8.5	73%	60.3	54.1
Operating margin	14.2%	10.1%	-	16.4%	15.5%
Active Consultants '000	961	874	10%	961	928



## CIS

- Sales force and productivity
  - Active consultants -26%
  - Lc productivity +26%
  - € productivity +8%
- Increased online activity
- Russia lc sales +3%
  - Solid leadership development
  - High activity
- Weak performance in Ukraine
- Operating margin -320 bps
  - Negative exchange rates
  - Negative product mix
- Local authority visit

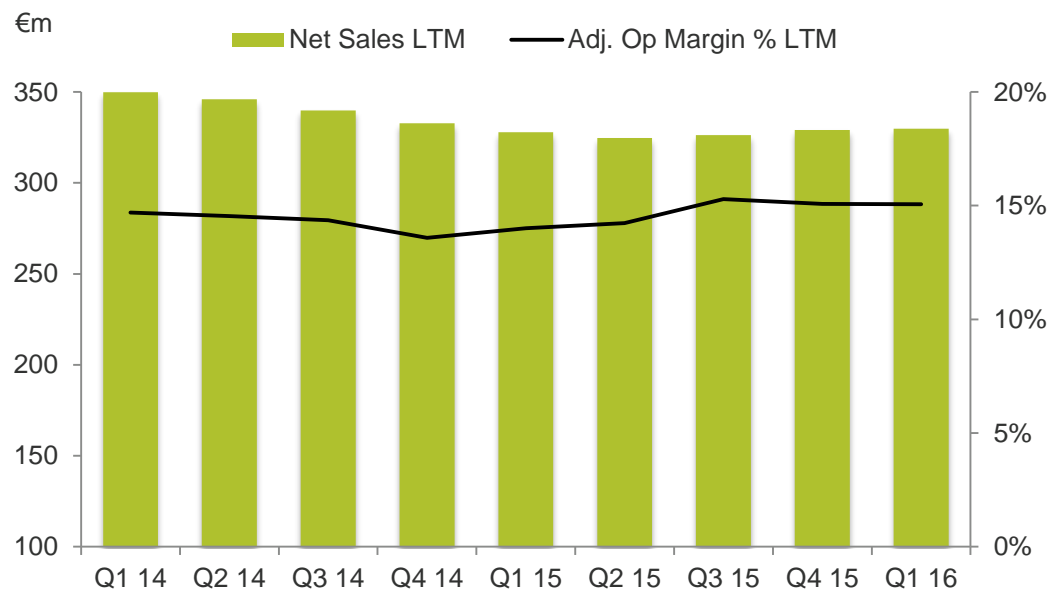
	Q1'16	Q1'15	Change	LTM'16	YE'15
Sales, €m	86.6	108.4	(20%)	365.2	387.0
Lc sales	-	-	0%	-	-
Operating profit, €m	7.2	12.6	(42%)	30.1	35.5
Operating margin	8.4%	11.6%	-	8.2%	9.2%
Active Consultants '000	1,133	1,531	(26%)	1,133	1,281



## EUROPE & AFRICA

- Sales force and productivity
  - Active consultants -4%
  - Lc productivity +6%
  - € productivity +5%
- Growth in Europe
- Continued improvements in Central Europe
  - Strong leadership focus
  - New Success Plan
- Challenging quarter for Africa
- Stable operating margin

	Q1'16	Q1'15	Change	LTM'16	YE'15
Sales, €m	82.4	81.7	1%	329.8	329.1
Lc sales	-	-	2%	-	-
Operating profit, €m	11.8	11.7	1%	49.7	49.6
Operating margin	14.3%	14.3%	-	15.1%	15.1%
Active Consultants '000	768	797	(4%)	768	774

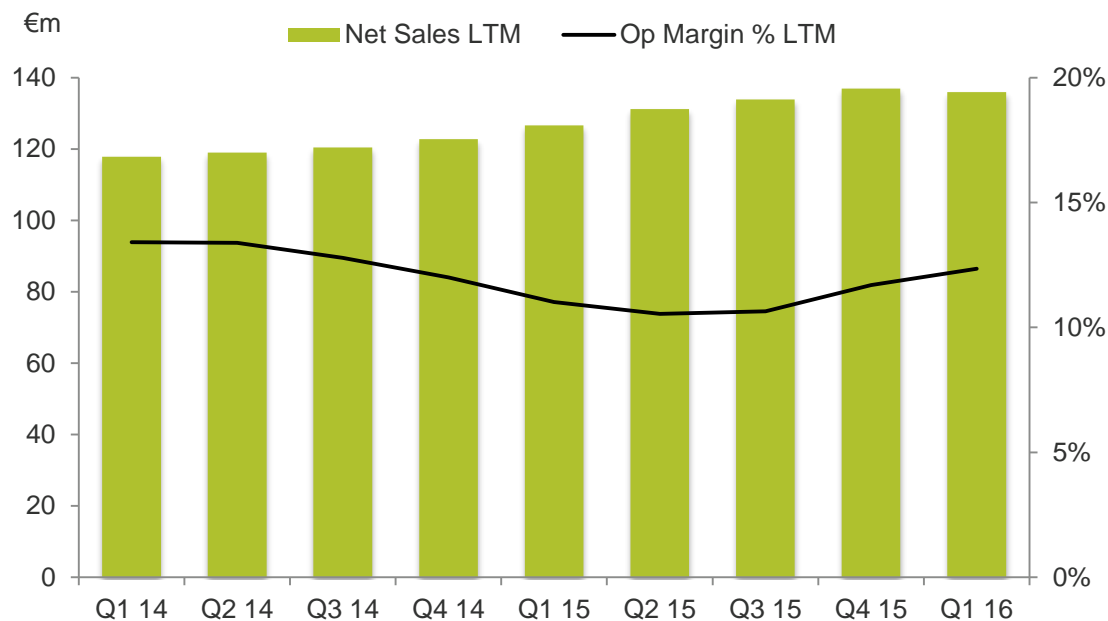




## LATIN AMERICA

- Sales force and productivity
  - Active consultants +7%
  - Lc productivity +6%
  - € productivity -10%
- Continued strong performance in Mexico and Peru
- Weak development in Ecuador
- Operating margin +290 bps
  - Positive price/mix
  - Favourable rates linked to product costs
  - Lower selling and marketing expenses

	Q1'16	Q1'15	Change	LTM'16	YE'15
Sales, €m	29.4	30.4	(3%)	135.9	136.9
Lc sales	-	-	13%	-	-
Operating profit, €m	2.6	1.8	45%	16.8	16.0
Operating margin	8.9%	6.0%	-	12.3%	11.7%
Active Consultants '000	243	227	7%	243	263



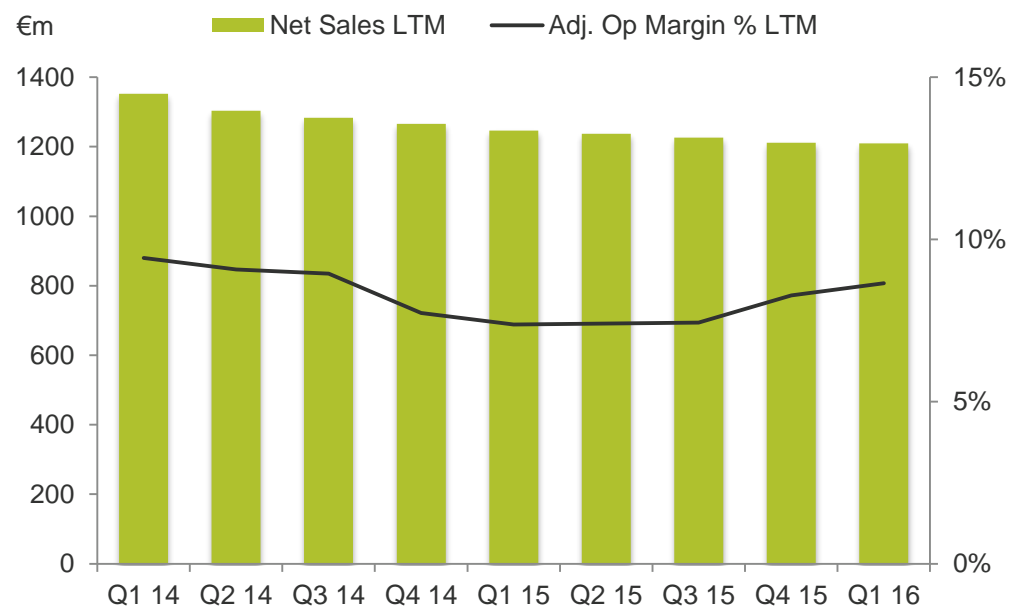
A photograph of two women sitting at a desk, smiling at the camera. The woman on the left is wearing a white button-down shirt and has blonde hair pulled back. The woman on the right is wearing a light blue button-down shirt with large black and white polka dots and has long, wavy brown hair. They are both looking towards the camera. In front of them is a laptop, and the woman on the right has her hand near the keyboard. The background is a bright, out-of-focus office or home workspace.

# FINANCIALS

## Q1 INCOME STATEMENT

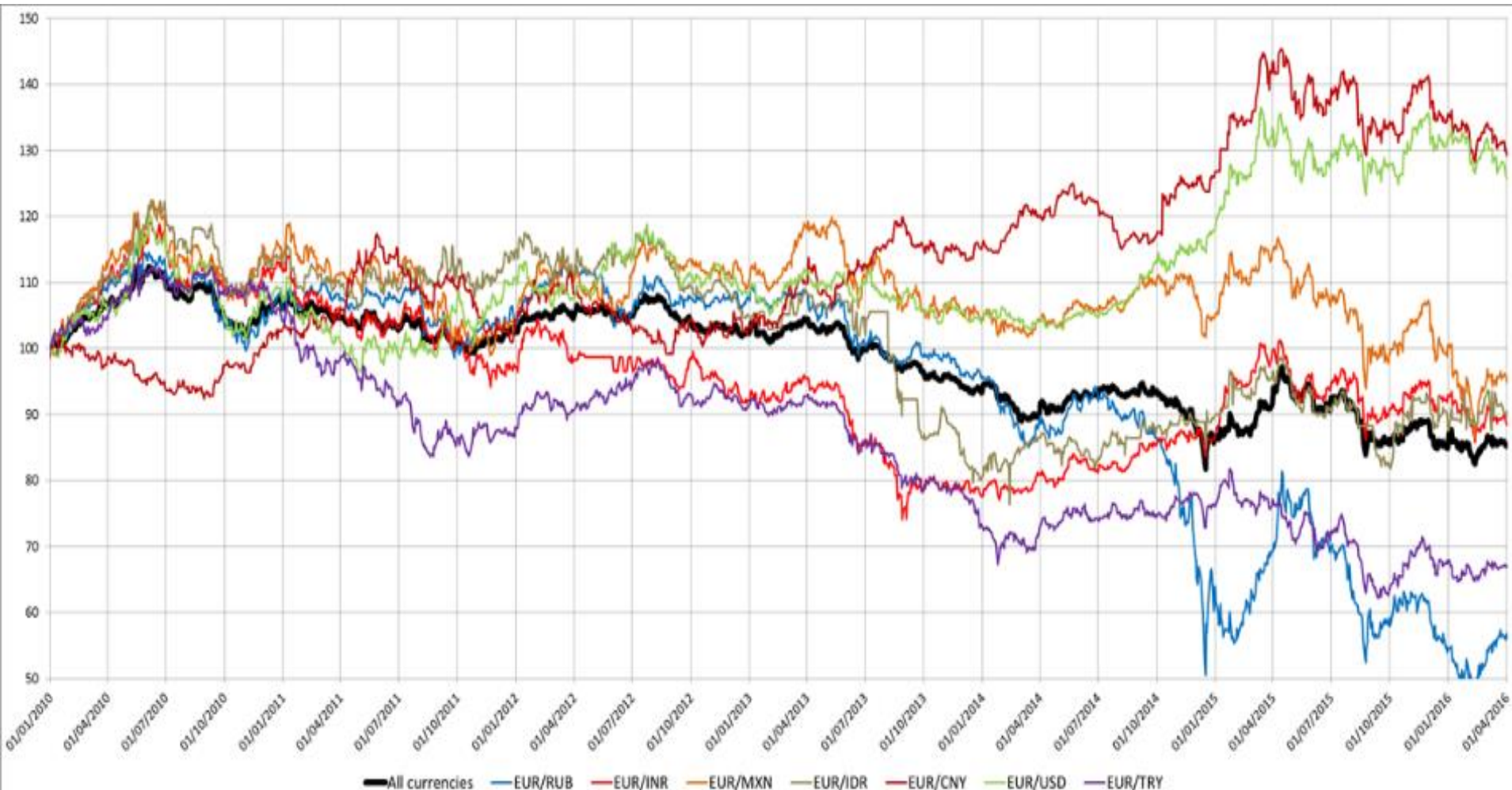
- Sales mix
  - Unit sales -6%
  - Price/mix +16%
- Gross margin 69.5% (67.8%)
  - Positive price/mix
  - Negative exchange rates
  - Last year -50 bps start-up costs
- Operating margin +130 bps
  - Currency impact -370 bps
  - Staff bonuses and share incentive plan -50 bps
  - Lower selling and marketing expenses
  - Positive price/mix and hedging
- Net profit €10.7m (€11.2m)
  - Diluted EPS €0.19 (€0.20)

	Q1'16	Q1'15	Change	LTM'16	YE'15
Sales, €m	305.8	307.8	(1%)	1,209.6	1,211.6
Lc sales	-	-	10%	-	-
Adj. Operating profit, €m	21.1	17.2	23%	104.1	100.2
Adj. operating margin	6.9%	5.6%	-	8.6%	8.3%
Active Consultants '000	3,105	3,429	(9%)	3,105	3,246

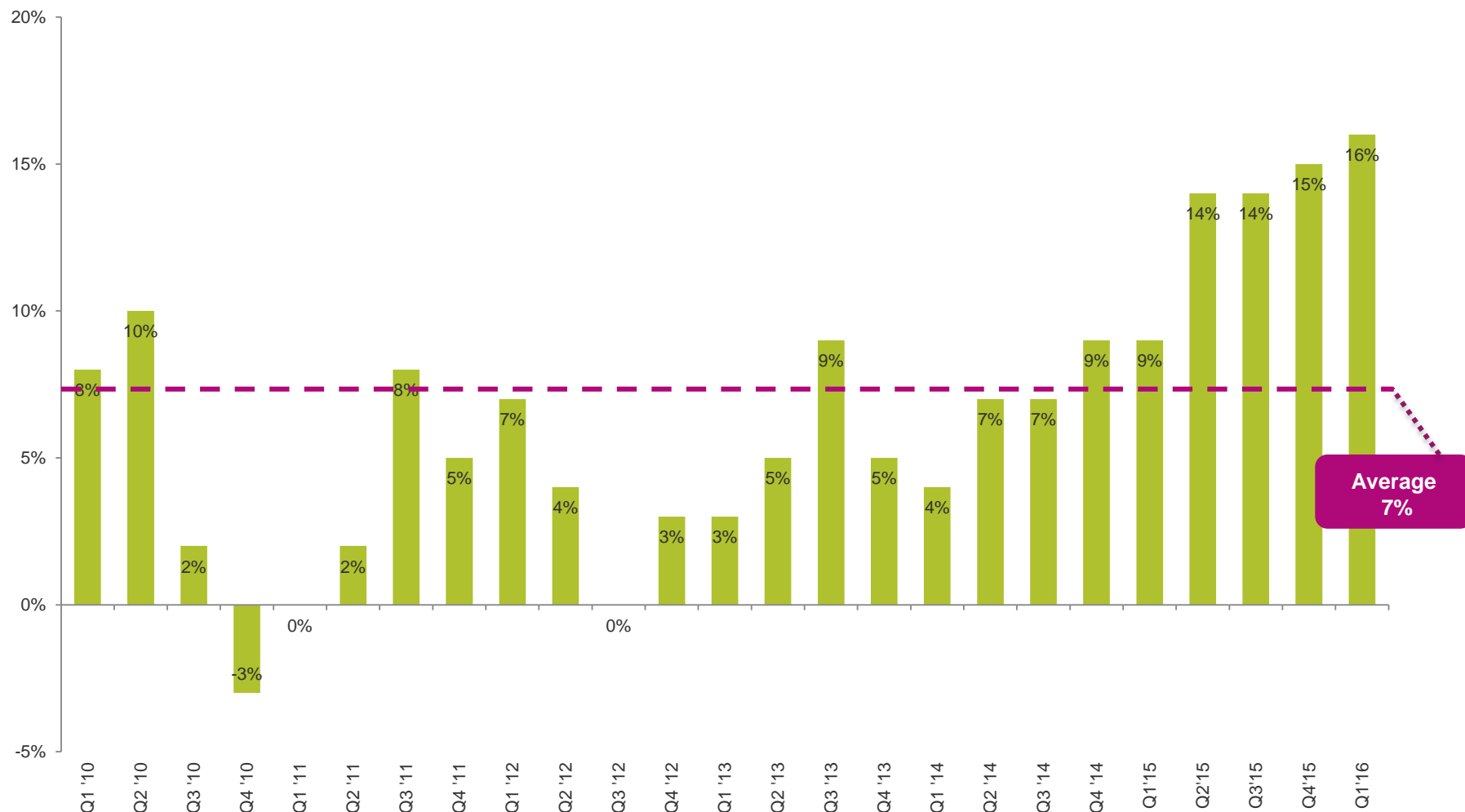




## GROUP CURRENCY IMPACT ON SALES SINCE 2010

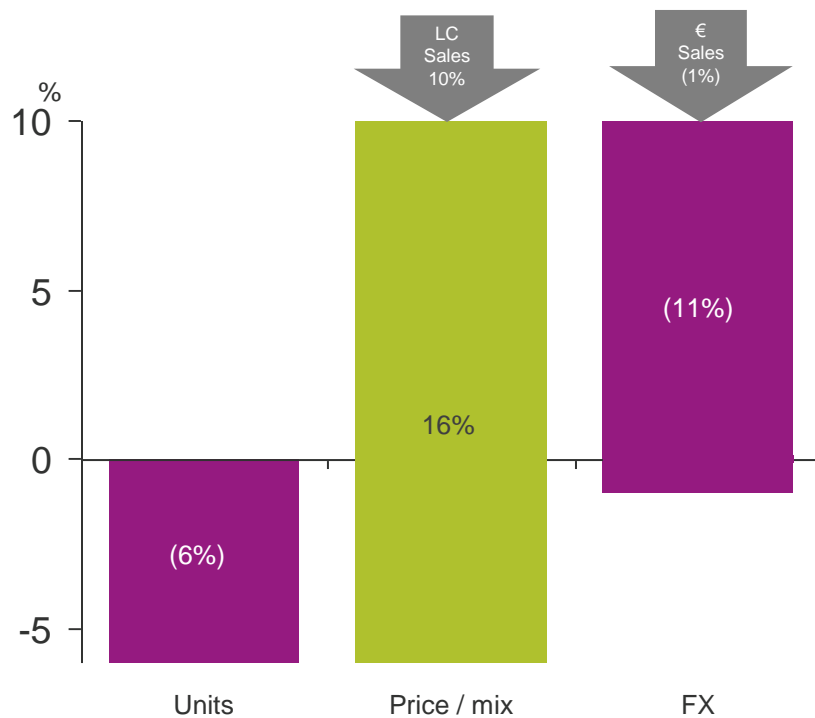


## PRICE/MIX IMPACT ON SALES

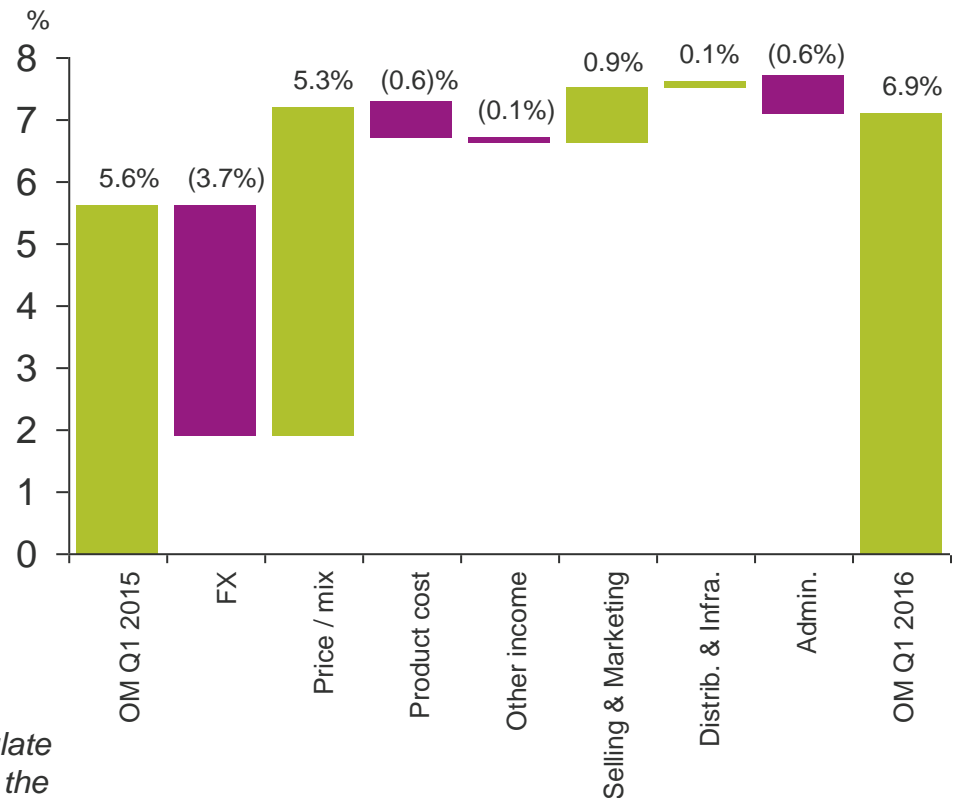


## Q1 SALES AND OPERATING MARGIN ANALYSIS

Sales vs. PY



OP Margin vs. PY

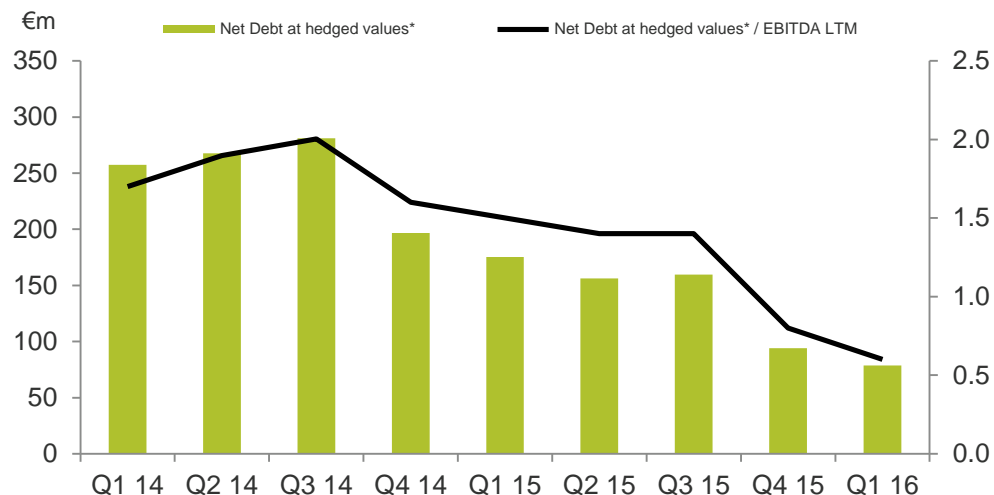


*Oriflame has made certain assumptions to make / calculate an estimate of the effects of currency, price/mix, etc. on the operating margin.*

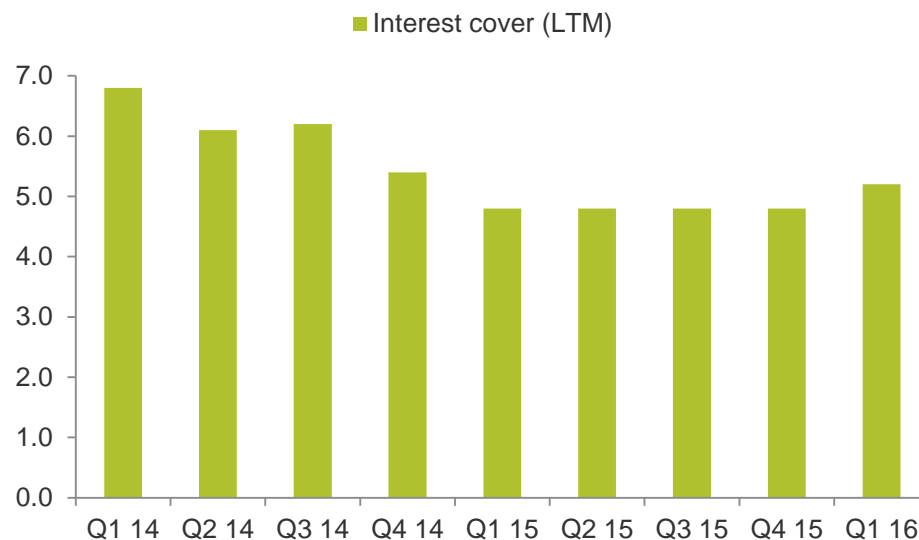


## FINANCIAL POSITION

- Net debt at hedged values €78.7m (€175.3m)
  - Net debt €133.8m (€264.7m)
- Net debt at hedged values/ EBITDA (LTM) 0.6 (1.5)
  - Net debt/EBITDA (LTM) 1.1 (2.3)
- Interest cover (Q1) 4.7 (3.4)
- Interest cover (LTM): 5.2 (4.8)
- \$80.0m debt reduction, €56.0m cash outflow

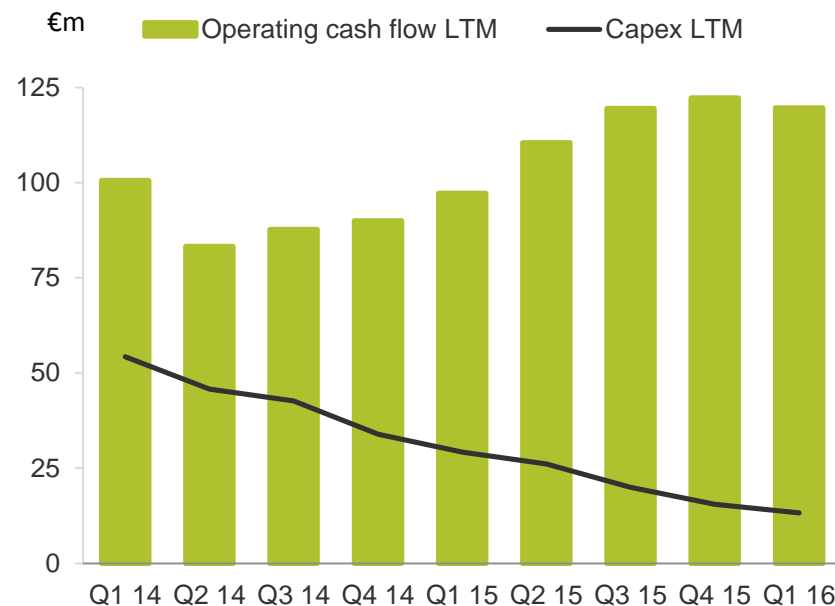


\* Adjusted for fair value movements of the USD private placement notes



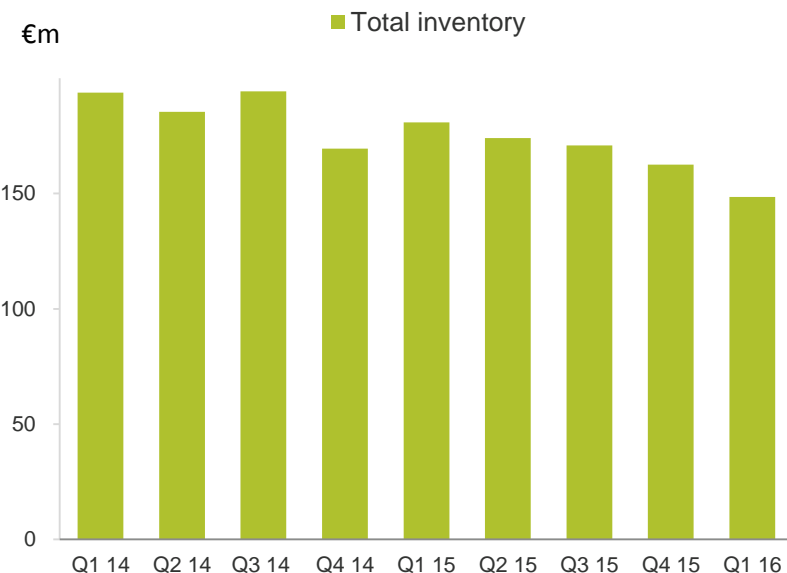
## CASH FLOW

	Q1'16	Q1'15	LTM'15	YE '15
Net profit before income tax, €m	15.7	17.0	66.0	67.3
Op. profit before changes in wc, €m	18.5	28.4	106.5	116.4
Change in working cap. and provisions, €m	13.7	6.8	53.6	46.7
Operating CF, €m	21.5	24.1	119.6	122.2
CF Investing Activities, €m	(1.7)	(3.9)	(13.3)	(15.5)



### Q1 operating cash flow €21.5m (€24.1m)

- Net profit before tax -€1.3m
- Non-cash items in net profit before tax -€8.6m
- Impact from changes in working capital and provisions +€6.9m
  - Inventories +€18.9m
  - Receivables, prepaid exp., asset derivatives -€32.6m
  - Payables, accrued exp., liability derivatives +€20.5m
  - Provisions +€0.1m
- Interest, charges, taxes +€0.4m



A vibrant, festive scene featuring three young women with long hair, smiling and laughing. They are dressed in colorful, patterned dresses. A large, colorful parrot (macaw) is perched on the shoulder of the woman on the right. The background is filled with warm, colorful lights and decorations, suggesting a tropical or carnival atmosphere. A semi-transparent white banner is overlaid across the bottom half of the image, containing the title text.

# CONCLUSIONS

## AND GOING FORWARD



## CONCLUSIONS AND GOING FORWARD

- **Improvements** in most geographies
  - Continued **strong performance** in key growth regions
  - **Reversal** of negative sales trend in CIS
  - **Challenging** in Africa, continued **improvements** in Europe
- **Encouraging** underlying business performance
  - Strategic product categories
  - Leadership development and earnings
  - Online development
- **Debt** reduction
- **Challenges remain**
  - Uncertain macro
  - Economic and political development
  - Currency headwinds







## CAUTIONARY STATEMENT

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