



ORIFLAME HOLDING AG

**Second Quarter 2016
Investor Presentation
Aug 16, 11:00 CET**

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Gabriel Bennet, CFO
Nathalie Redmo, IR Manager**

ORIFLAME
SWEDEN



SECOND QUARTER HIGHLIGHTS



Q2 HIGHLIGHTS

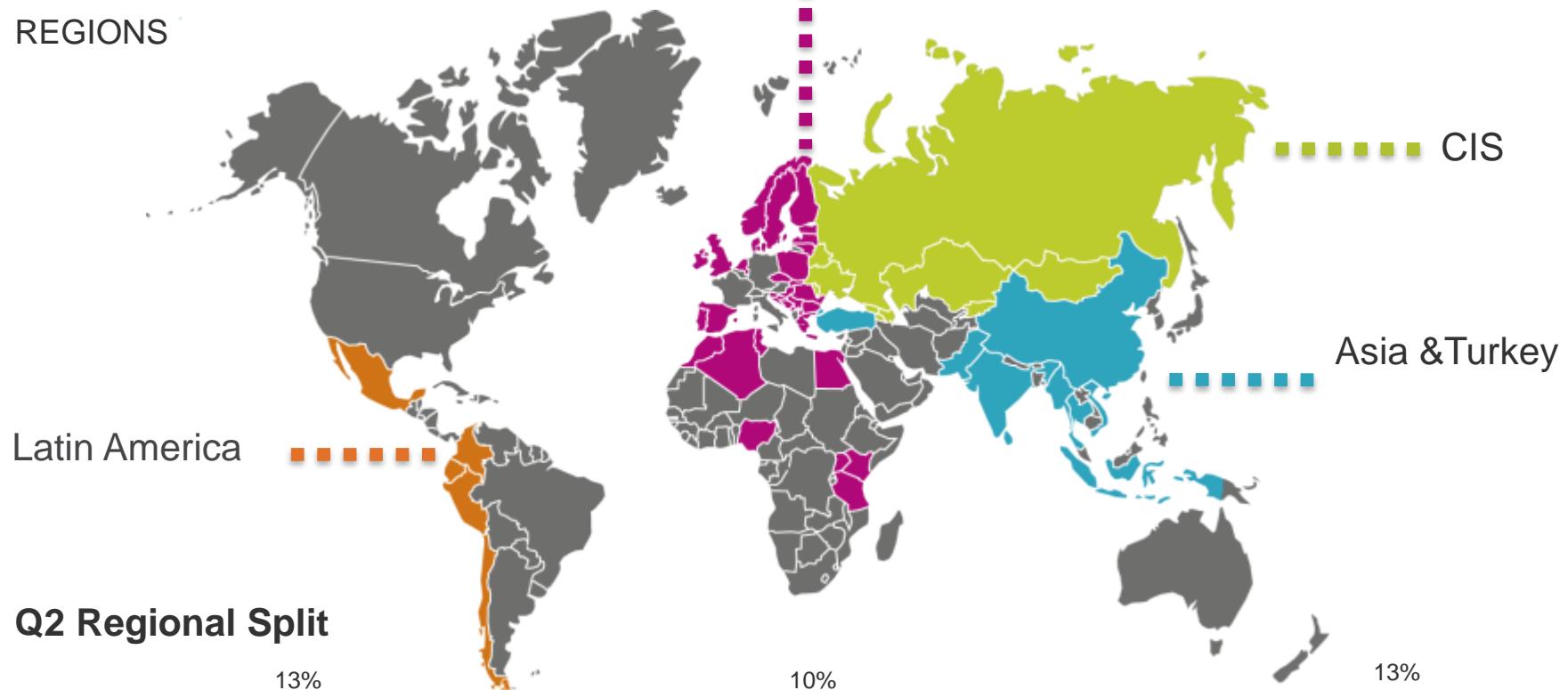
- **Sales** 17% in Ic, 3% in €
 - Solid performance in A&T and LA
 - Continued improvements in Europe
 - Growth in CIS while margin challenges remain
 - Q3 update: 12% QTD and 14% YTD Ic sales
- **Operating margin** 9.9% (7.2%, adj. 8.3%)
 - Currency impact -390 bps
 - Net profit € 18.1m (€ 9.1m, adj. € 11.9m)
- **Continued debt reduction**

OPERATIONAL HIGHLIGHTS

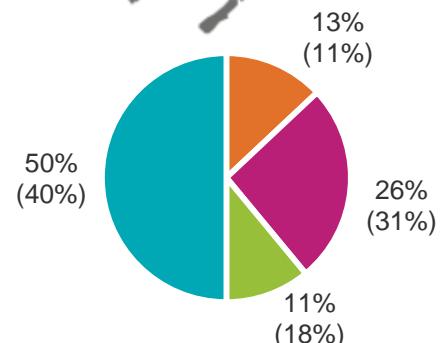
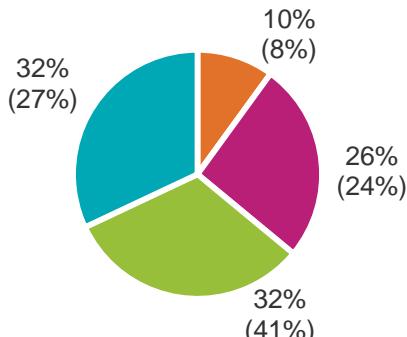
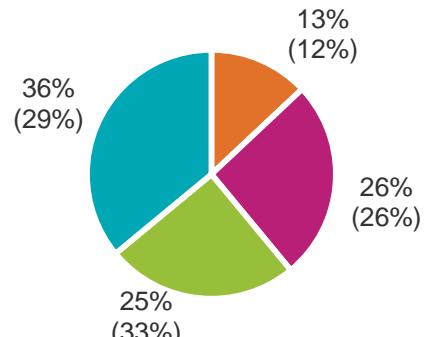


- **Double digit price/mix +12%**
 - Unit increase +5%
- **Active consultants -5%**
 - Lc productivity +22%
- Strong growth in **Skin Care** and **Wellness**
- **High newness** performance in other categories
- **Strong global online** development
 - >90% of orders entered online
- Progress in efforts to improve the **capacity utilization** in manufacturing

REGIONS



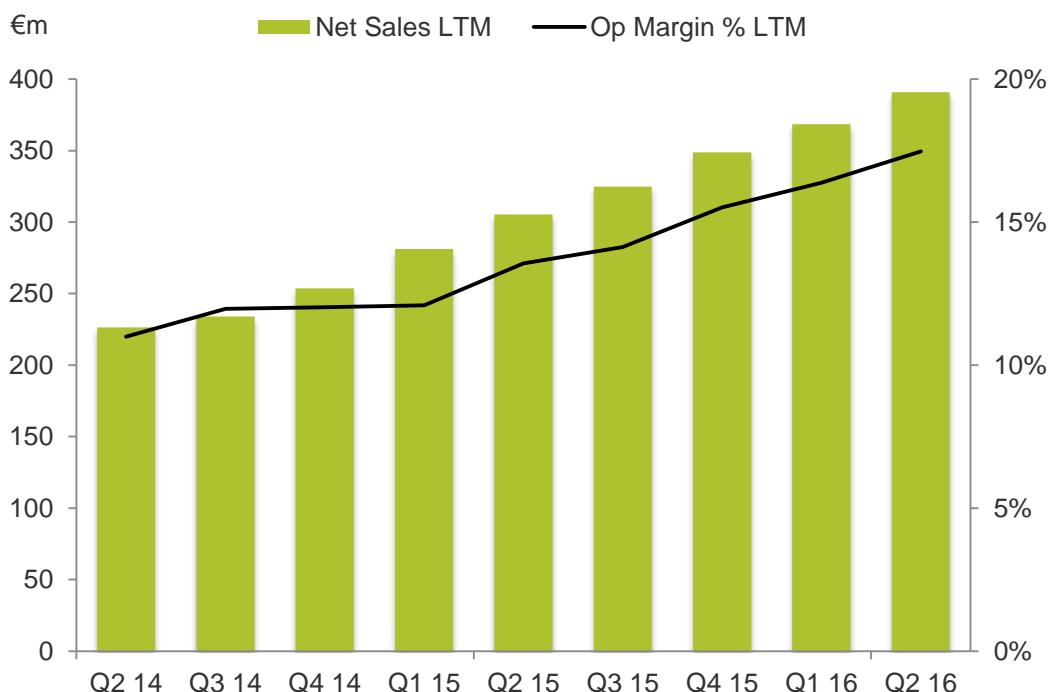
Q2 Regional Split



ASIA & TURKEY

- Sales force and productivity
 - Active consultants +13%
 - Lc productivity +22%
 - € productivity +12%
- Strong development in China, Indonesia, Turkey and Vietnam
 - Solid leadership
 - Online activity
 - Skin Care and Wellness sets
- Operating margin +380 bps
 - Favourable geographical mix

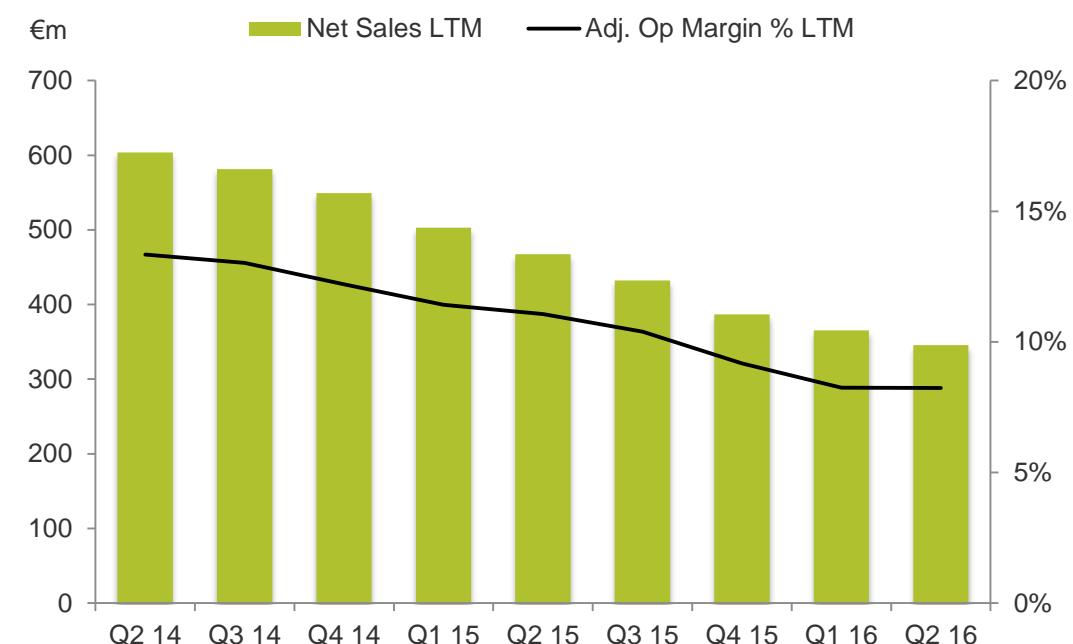
	Q2'16	Q2'15	Change	LTM' 16	YE'15
Sales, €m	109.5	87.1	26%	390.9	348.8
Lc sales	-	-	35%	-	-
Operating profit, €m	23.1	15.1	53%	68.3	54.1
Operating margin	21.1%	17.3%	-	17.5%	15.5%
Active Consultants '000	923	817	13%	923	928



CIS

- Sales force and productivity
 - Active consultants -27%
 - Lc productivity +31%
 - € productivity +9%
- Russia Lc sales +6%
 - High online activity
 - Strong leadership development
- Solid performance in Kazakhstan, challenges in Ukraine
- Continued downtrading
- Operating margin -40 bps
 - Exchange rates
 - Negative product mix

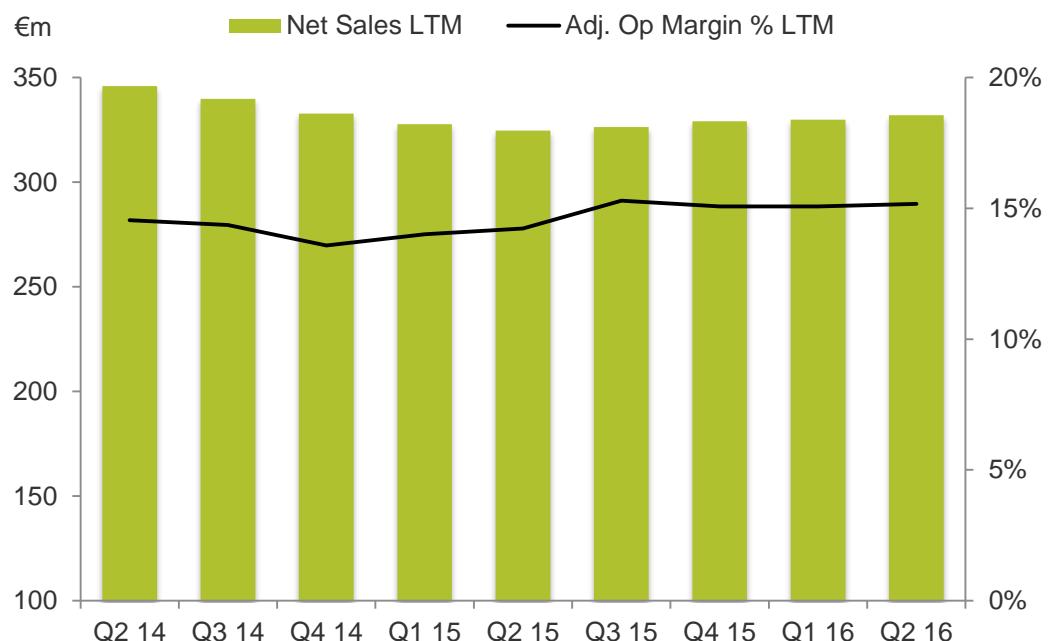
	Q2'16	Q2'15	Change	LTM' 16	YE'15
Sales, €m	78.0	97.4	(20%)	345.7	387.0
Lc sales	-	-	4%	-	-
Operating profit, €m	5.2	6.9	(24%)	28.5	35.5
Operating margin	6.7%	7.1%	-	8.2%	9.2%
Active Consultants '000	913	1,243	(27%)	913	1,281



EUROPE & AFRICA

- Sales force and productivity
 - Active consultants +1%
 - Lc productivity +6%
 - € productivity +2%
- Similar growth rates in Europe and Africa
 - Healthy growth in Central Europe
 - Stable development in Western Europe
 - Challenges in Africa remain
- Operating margin +40 bps
 - Lower selling and marketing expenses

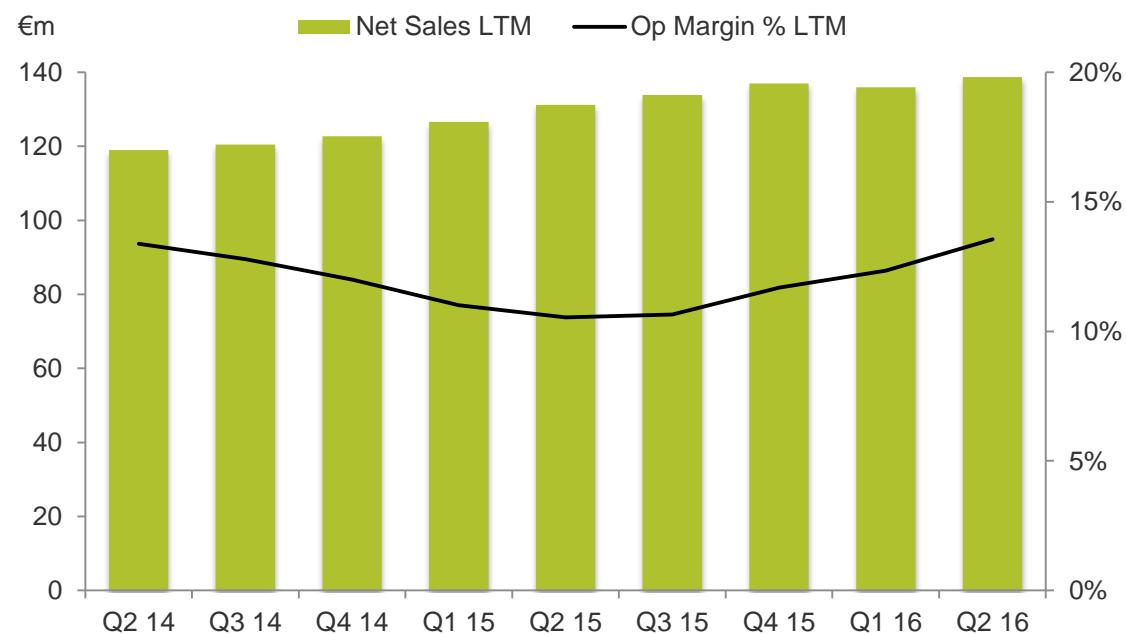
	Q2'16	Q2'15	Change	LTM' 16	YE'15
Sales, €m	81.2	79.0	3%	332.0	329.1
Lc sales	-	-	7%	-	-
Operating profit, €m	12.4	11.7	6%	50.4	49.6
Operating margin	15.2%	14.8%	-	15.2%	15.1%
Active Consultants '000	740	735	1%	740	774



LATIN AMERICA

- Sales force and productivity
 - Active consultants +26%
 - Lc productivity +1%
 - € productivity -14%
- Strong performance in Mexico, Peru and Colombia
 - Leadership development
 - Incentive programs
- Ecuador continuously challenging
- Operating margin +440 bps
 - Favourable rates linked to product costs
 - Lower selling and marketing expenses

	Q2'16	Q2'15	Change	LTM' 16	YE'15
Sales, €m	38.5	35.7	8%	138.7	136.9
Lc sales	-	-	27%	-	-
Operating profit, €m	6.1	4.1	49%	18.8	16.0
Operating margin	15.8%	11.4%	-	13.6%	11.7%
Active Consultants '000	286	228	26%	286	263



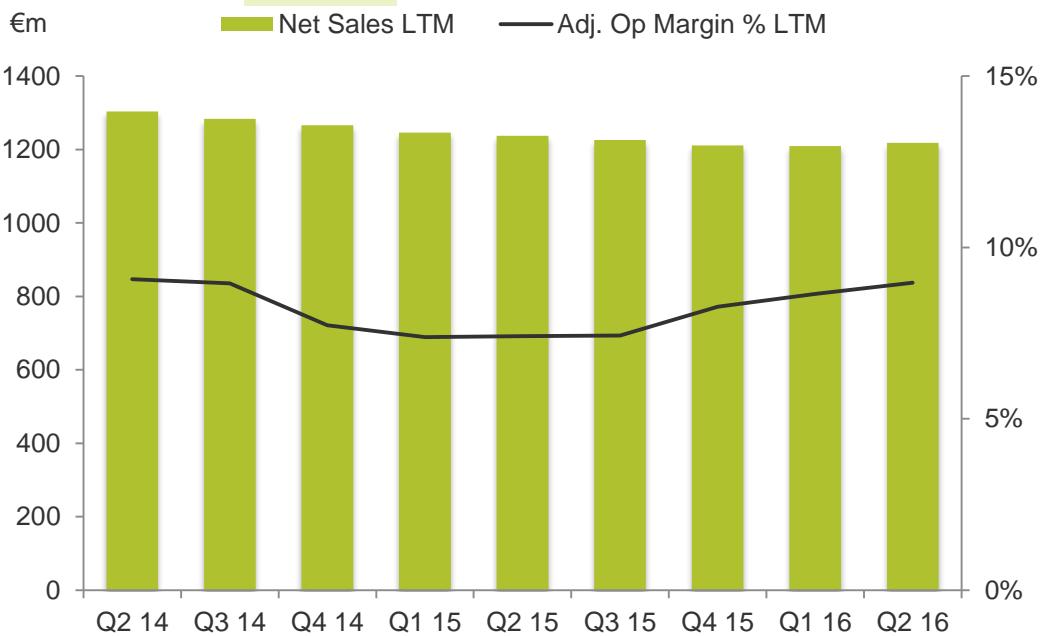


FINANCIALS

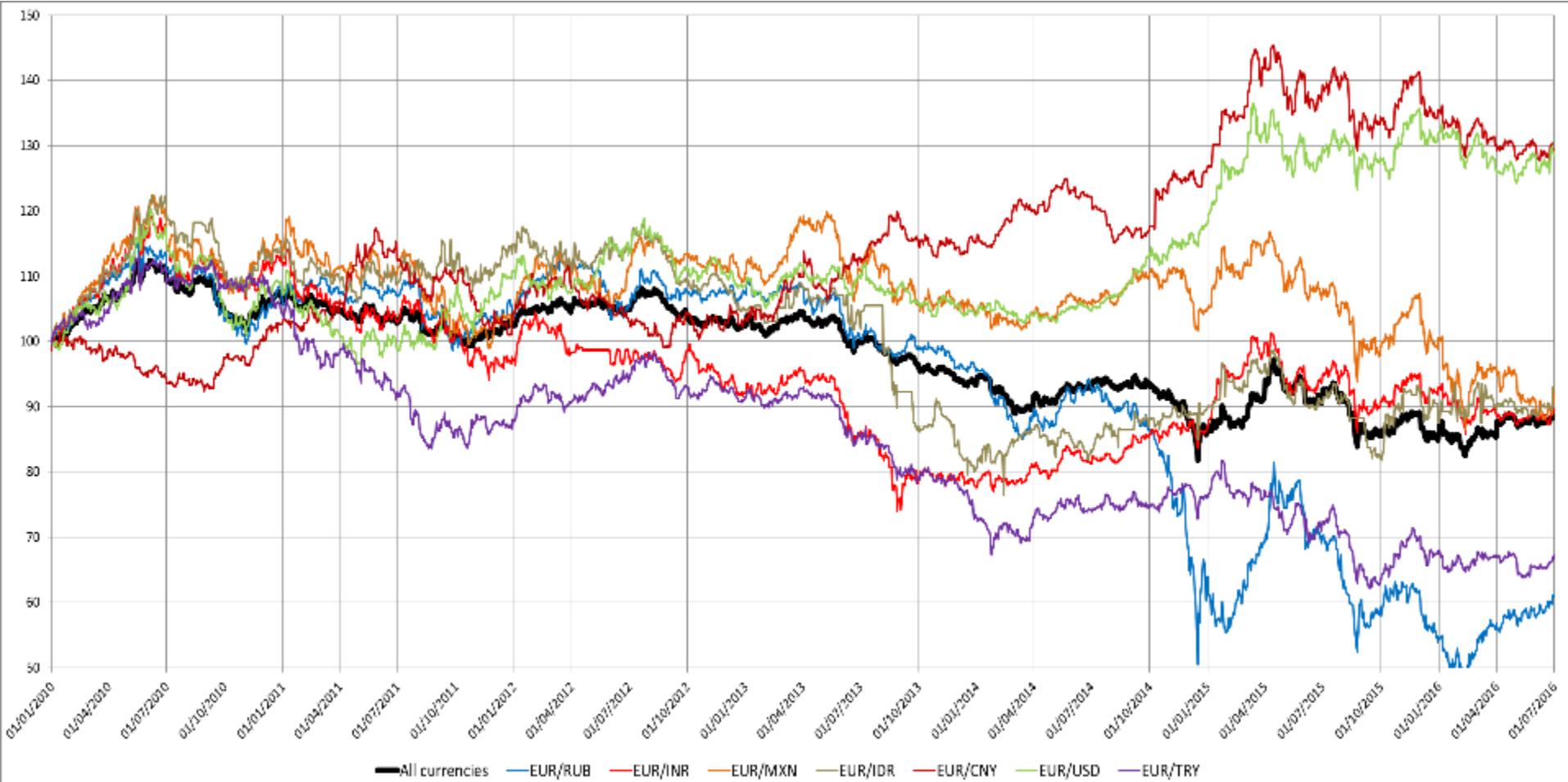
Q2 INCOME STATEMENT

- Sales mix
 - Unit sales +5%
 - Price/mix +12%
- Gross margin 71.5% (70.7%)
 - Positive price/mix
 - Negative exchange rates
- Adj. Operating margin +160 bps
 - Currency impact -390 bps
 - Lower selling and marketing expenses
 - Positive price/mix and hedging
- Net profit €18.1m (€9.1m, Adj. €11.9m)
 - Diluted EPS €0.32 (€0.16, Adj. €0.21)

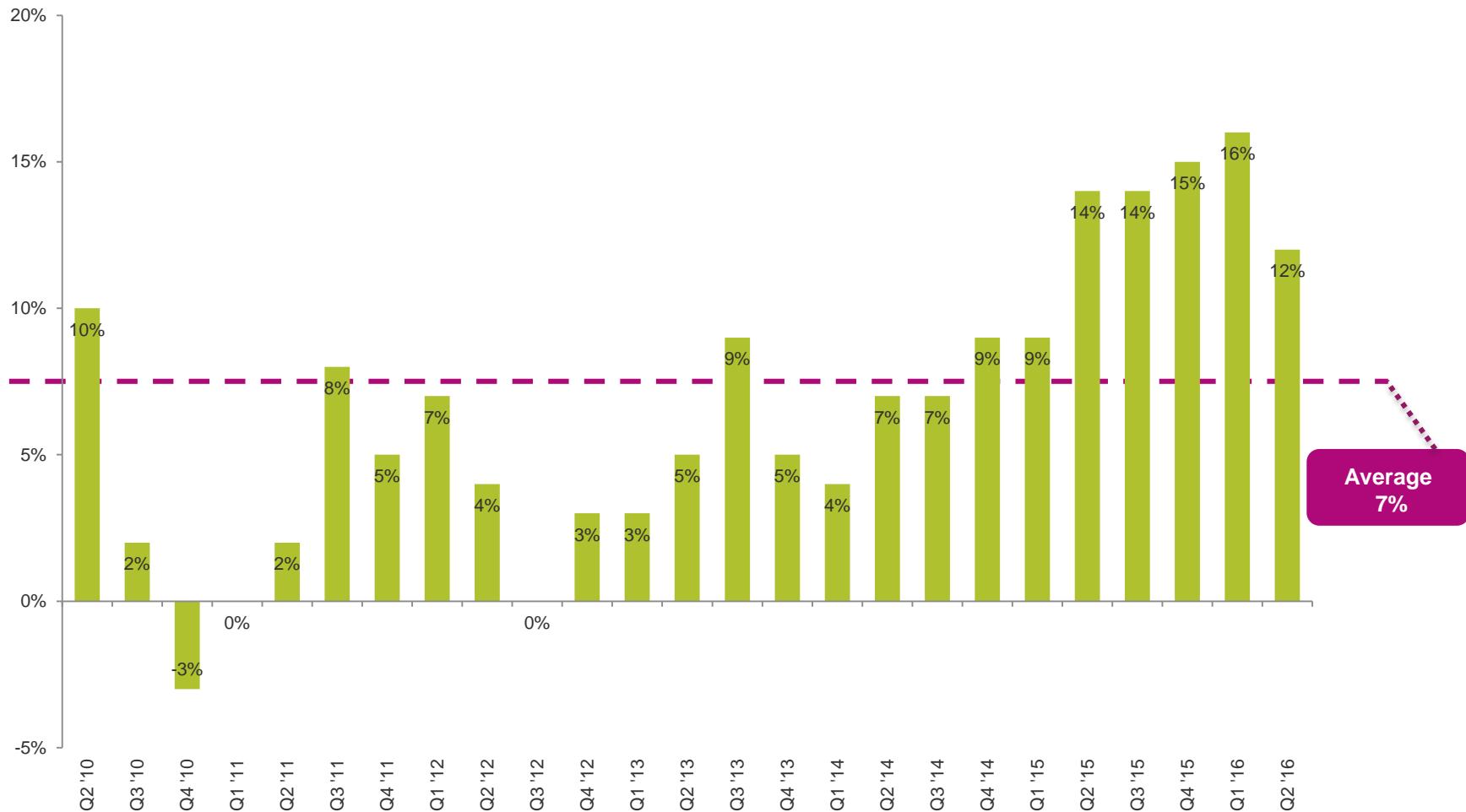
	Q2'16	Q2'15	Change	LTM' 16	YE'15
Sales, €m	309.6	301.0	3%	1,218.1	1,211.6
Lc sales	-	-	17%	-	-
Adj. Operating profit, €m	30.8	25.0	23%	109.9	100.2
Adj. operating margin	9.9%	8.3%	-	9.0%	8.3%
Active Consultants '000	2,862	3,023	(5%)	2,862	3,246



GROUP CURRENCY IMPACT ON SALES SINCE 2010



PRICE/MIX IMPACT ON SALES



Q2 SALES AND OPERATING MARGIN ANALYSIS

Sales vs. PY



OP Margin vs. Adj. PY



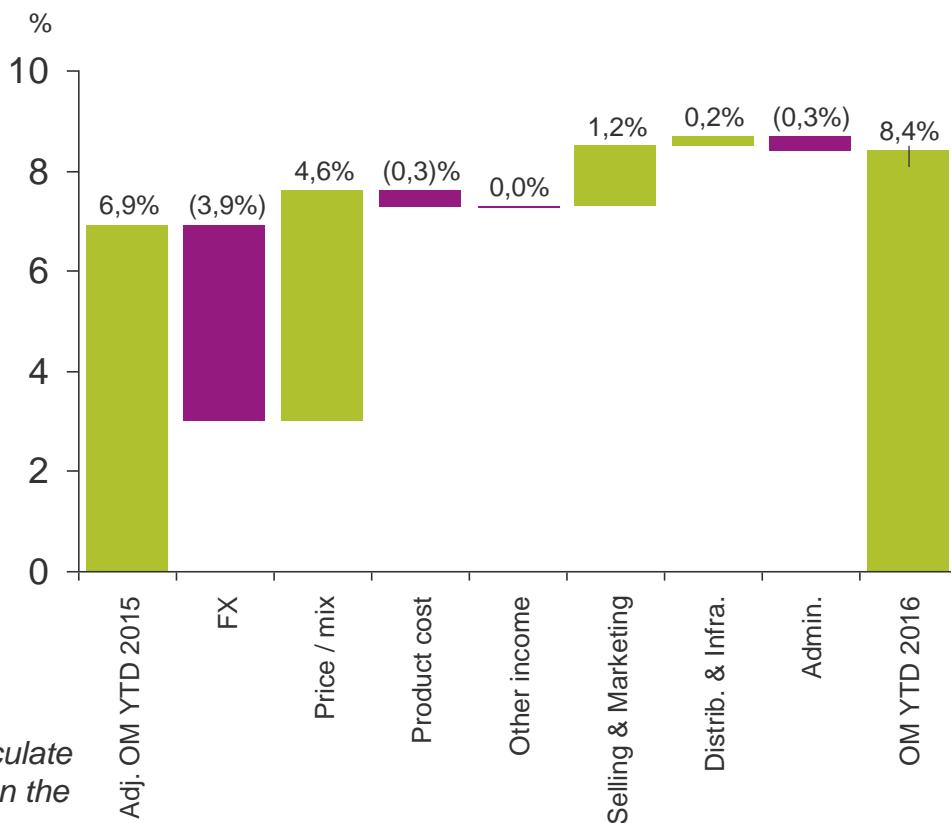
Oriflame has made certain assumptions to make / calculate an estimate of the effects of currency, price/mix, etc. on the operating margin.

YTD 2016 SALES AND OPERATING MARGIN ANALYSIS

Sales vs. PY



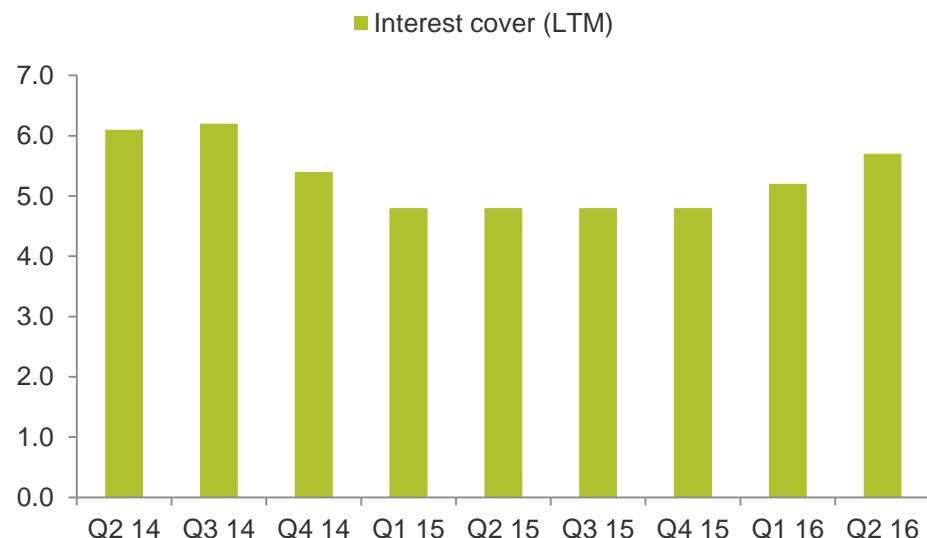
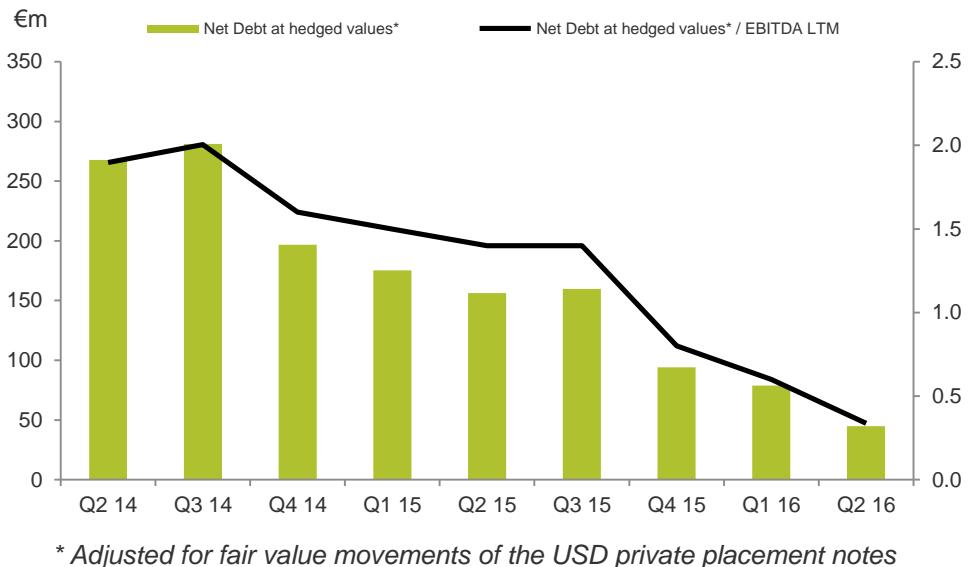
OP Margin vs. Adj. PY



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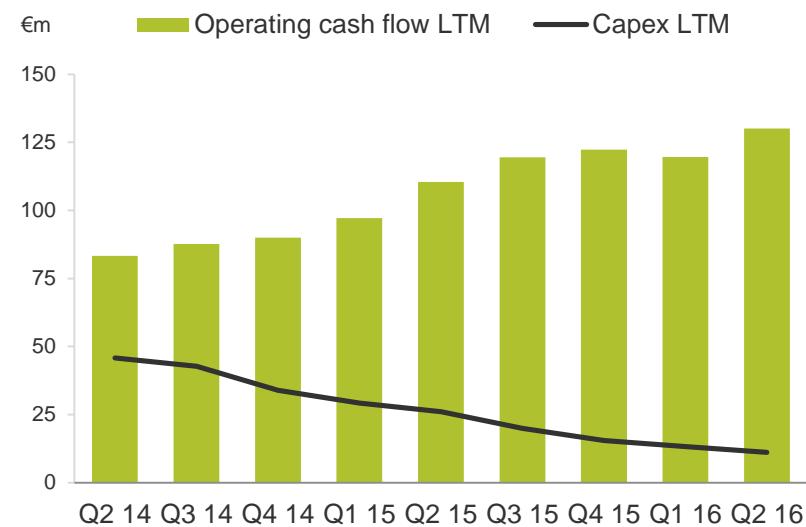
FINANCIAL POSITION

- Net debt at hedged values €44.9m (€156.2m)
 - Net debt €106.5m (€226.8m)
- Net debt at hedged values/ EBITDA (LTM) 0.3 (1.4)
 - Net debt/EBITDA (LTM) 0.8 (2.0)
- Interest cover (Q2) 8.2 (5.3)
- Interest cover (LTM): 5.7 (4.8)
- Continued debt reduction



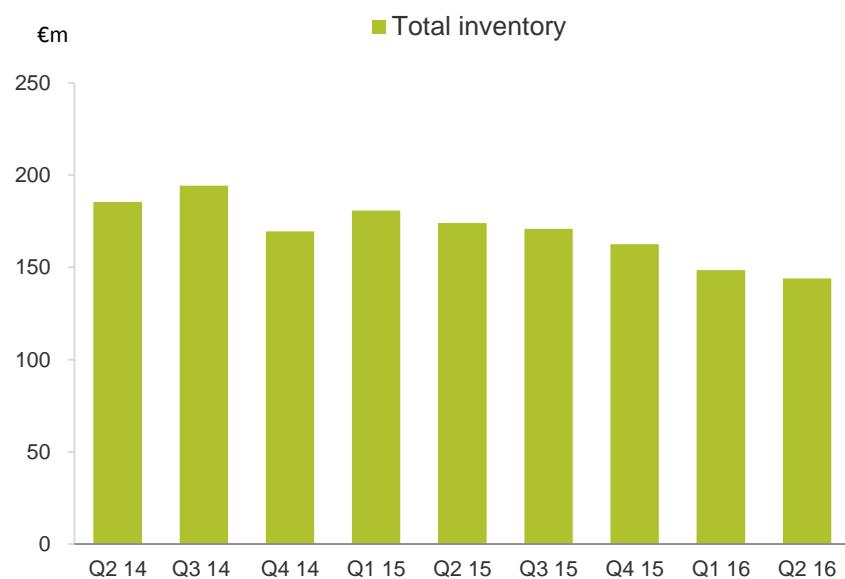
CASH FLOW

	Q2'16	Q2'15	LTM'16	YE '15
Net profit before income tax, €m	27.1	15.8	77.2	67.3
Op. profit before changes in wc, €m	35.8	30.3	111.8	116.4
Change in working cap. and provisions, €m	11.5	5.9	59.1	46.7
Operating CF, €m	35.8	25.3	130.1	122.2
CF Investing Activities, €m	(3.3)	(5.3)	(11.1)	(15.5)



Q2 operating cash flow €35.8m (€25.3m)

- Net profit before tax +€11.3m
- Non-cash items in net profit before tax -€5.9m
- Impact from changes in working capital and provisions +€5.6m
 - Inventories +€5.3m
 - Receivables, prepaid exp., asset derivatives -€24.0m
 - Payables, accrued exp., liability derivatives +€24.9m
 - Provisions -€0.6m
- Interest, charges, taxes -€0.5m





PARTNERSHIP WITH IBM

A leap forward in Oriflame's digital business transformation

- Outsourcing of IT and financial services
 - Oriflame will continue to manage the IT portfolio and develop core systems
- New levels of productivity and automation to technology and internal processes
- IBM expertise in analytics, cognitive computing and cloud-based services
 - Proprietary technology Watson
- Annual savings of approximately 3 MEUR
 - Reinvested in continued IT development
- New digital services implemented by end of 2017



CONCLUSIONS AND GOING FORWARD



CONCLUSIONS AND GOING FORWARD

- **Healthy sales** development
 - **Solid performance** in A&T and LA
 - **Improvements** in Europe
 - Growth in CIS, margin **challenges remain**
- **Debt** reduction
- **Ongoing** efficiency initiatives
- Continued **online** focus
- **Promising** start of the third quarter
 - Highly uncertain **geopolitical** and **macroeconomic** conditions





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.