

## Interim Report I January – 30 June 2017

+11%

LC SALES

+12%

EURO SALES

11.7%

OPERATING MARGIN

### 3 months ended 30 June 2017

- Local currency sales increased by 11% and Euro sales increased by 12% to €347.6m (€309.6m).
- Number of registered actives decreased by 2% to 2.8m.
- EBITDA amounted to €47.9m (€40.6m).
- Operating margin was 11.7% (9.9%), favourably impacted by 40 bps from currencies, and operating profit was €40.5m (€30.8m).
- Net profit was €19.9m (€18.1m) and diluted EPS €0.35 (€0.32), negatively impacted by a one-off translation reserve loss on exchange rate of around €3m. The tax rate was further unfavorably impacted by approximately 300 bps from withholding tax on extraordinary large intra group dividends during the quarter.
- Cash flow from operating activities was €33.9m (€35.8m).
- During the quarter, Oriflame successfully completed a €70m issue of Euro denominated private placement notes bilaterally agreed with an international investor.
- The year to date sales development is approximately 9% in local currency and the development in the third quarter to date is approximately 10% in local currency.

### 6 months ended 30 June 2017

- Local currency sales increased by 9% and Euro sales increased by 12% to €687.8m (€615.4m).
- EBITDA amounted to €88.3m (€68.3m).
- Operating margin was 10.2% (8.4%), positively impacted by 60 bps from currencies, and operating profit was €70.3m (€51.9m).
- Net profit was €39.4m (€28.8m) and diluted EPS €0.69 (€0.51).
- Cash flow from operating activities amounted to €32.5m (€57.3m).

*“We are pleased to report double-digit growth in both Euro and local currency with healthy profitability improvements and a strong financial position. The positive sales momentum for the Group has continued into the third quarter, in which Oriflame celebrates its 50th anniversary Gold Conference.”*

CEO Magnus Brännström

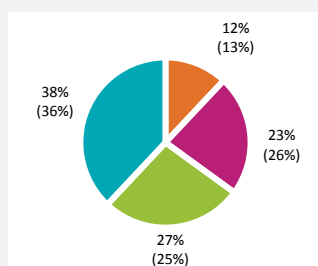


## CEO Magnus Brännström comments

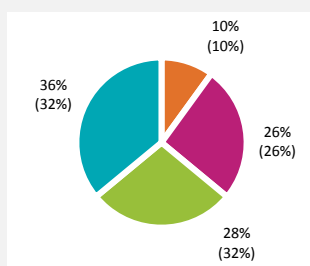
"We are pleased to report double-digit growth in both Euro and local currency with healthy profitability improvements and a strong financial position. During the quarter, our strategic priorities continued to serve as important drivers of growth. CIS experienced local currency growth in the quarter, driven by ongoing productivity increases and positive timing. Asia & Turkey and Latin America were affected by fewer trading days and negative timing of catalogues – the underlying performance remained strong. The positive sales momentum for the Group has continued into the third quarter, in which Oriflame celebrates its 50th anniversary Gold Conference."

## Key financial data

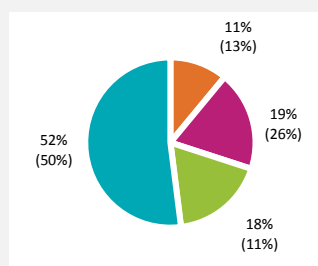
3 months ended 30 June



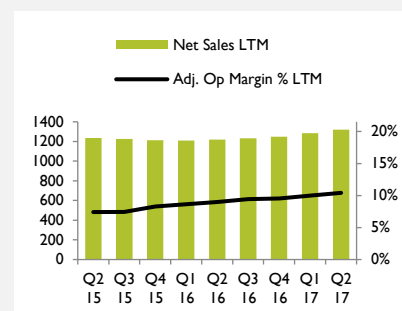
Sales



Registered actives



Operating profit



Net Sales LTM  
Adj. operating margin % LTM

Latin America Europe & Africa CIS Asia & Turkey

|  | 3 months ended 30 June |       |          | 6 months ended 30 June |       |          | LTM July '16-June '17 | Year end 2016 |
|--|------------------------|-------|----------|------------------------|-------|----------|-----------------------|---------------|
| Financial summary (€m)                     | 2017                   | 2016  | Change % | 2017                   | 2016  | Change % |                       |               |
| Sales                                      | 347.6                  | 309.6 | 12%      | 687.8                  | 615.4 | 12%      | 1,321.8               | 1,249.4       |
| Gross margin, %                            | 72.9                   | 71.5  |          | 72.2                   | 70.5  |          | 71.6                  | 70.7          |
| EBITDA                                     | 47.9                   | 40.6  | 18%      | 88.3                   | 68.3  | 29%      | 168.2                 | 148.2         |
| Operating profit                           | 40.5                   | 30.8  | 32%      | 70.3                   | 51.9  | 35%      | 137.5                 | 119.2         |
| Operating margin, %                        | 11.7                   | 9.9   |          | 10.2                   | 8.4   |          | 10.4                  | 9.5           |
| Net profit before tax                      | 29.7                   | 27.1  | 10%      | 57.1                   | 42.7  | 34%      | 114.9                 | 100.5         |
| Net profit                                 | 19.9                   | 18.1  | 10%      | 39.4                   | 28.8  | 37%      | 77.3                  | 66.7          |
| Diluted EPS, €                             | 0.35                   | 0.32  | 8%       | 0.69                   | 0.51  | 35%      | 1.35                  | 1.18          |
| Cash flow from operating activities        | 33.9                   | 35.8  | (5%)     | 32.5                   | 57.3  | (43%)    | 88.3                  | 113.1         |
| Net interest-bearing debt                  | 82.4                   | 106.5 | (23%)    | 82.4                   | 106.5 | (23%)    | 82.4                  | 82.3          |
| Net interest-bearing debt at hedged values | 43.9                   | 44.9  | (2%)     | 43.9                   | 44.9  | (2%)     | 43.9                  | 13.2          |
| Registered actives, '000                   | 2,806                  | 2,862 | (2%)     | 2,806                  | 2,862 | (2%)     | 2,806                 | 3,006         |
| Sales /registered actives, €               | 122.7                  | 107.3 | 14%      | 241.9                  | 213.0 | 14%      | 465.8                 | 411.9         |



**+180 bps**  
OPERATING  
MARGIN

## Three months ended 30 June 2017

Sales in local currencies increased by 11%, favourably impacted by timing. Euro sales increased by 12% to €347.6m compared to €309.6m in the same period prior year. Sales development in local currencies was impacted by a 13% increase in productivity while the number of registered actives in the quarter decreased by 2% to 2.8m (2.9m).

Unit sales increased by 4% and the price/mix effect was up by 7%, driven by mix effect. The positive mix effect is a combination of geographic and product mix, mainly driven by Skin Care and Wellness.

Local currency sales increased by 4% in Latin America, by 4% in Europe & Africa, by 6% in CIS and by 21% in Asia & Turkey.

The gross margin at 72.9% (71.5%), was positively impacted by currency movements of 40 bps, price/mix effects and supply chain efficiency measures. The operating margin amounted to 11.7% (9.9%), favourably impacted by lower administrative costs and lower distribution and infrastructure expenses, partly offset by higher selling and marketing expenses and higher costs for the share incentive plan and bonuses.

Net profit increased to €19.9m (€18.1m) and diluted earnings per share amounted to €0.35 (€0.32), negatively impacted by a one-off translation reserve loss on exchange rate of around €3m. The tax rate was further unfavorably impacted by approximately 300 bps from withholding tax on extraordinary large intra group dividends during the quarter.

Cash flow from operating activities amounted to €33.9m (€35.8m).

The average number of full-time equivalent employees amounted to 6,264 (6,264).

## Six months ended 30 June 2017

Sales in local currencies increased by 9% and Euro sales increased by 12% to €687.8m compared to €615.4m in the same period prior year. Sales development in local currencies was impacted by a 11% increase in productivity while the number of registered actives decreased by 2%.

The gross margin amounted to 72.2% (70.5%) and the operating margin to 10.2% (8.4%). The operating margin was favourably impacted by currency movements of 60 bps, positive price/mix effects, lower administrative costs and lower distribution and infrastructure expenses, partly offset by higher selling and marketing expenses and higher costs for the share incentive plan and bonuses.

Net profit amounted to €39.4m (€28.8m) and diluted earnings per share was €0.69 (€0.51).

Cash flow from operating activities decreased to €32.5m (€57.3m).

## Operational highlights

### Brand and Innovation

The strategic categories Skin Care and Wellness continued to perform well during the quarter with both categories recording double-digit growth. The Skin Care growth was supported by a successful launch of *Innoage Radiant White* in China as well as the celebrity golden edition of *Tender Care*. Within Wellness, the *Swedish Beauty Supplement* was introduced in Turkey.

In Colour Cosmetics, *The ONE Express Collection* was launched during the quarter accompanied by a digital communication campaign. The collection includes new products within Lip, Eye and Nail products.

The Fragrance growth was primarily driven by newness. New launches include *Volare Gold Eau de Parfum*, *Sensual Jasmine Eau de Toilette*, *Cool Lavender* and *Northern Beauty Eau de Toilette*.

In Personal and Hair Care, *Love Nature* was launched with all rinse-off products being biodegradable, hair products silicone-free and exfoliants having natural origin beads. During the quarter, the high performing footcare brand *Feet Up Advanced* was relaunched.

Within Accessories, the electric foot file *FeetUp Pedit Smooth* enjoyed a successful launch.

### Online

During the quarter, the utilization of mobile apps continued to increase together with the share of website visits from mobile devices.

More than 10% of global orders are now being placed using the Oriflame app, the number exceeding 50% in selected markets. It currently features close to 500,000 monthly active users, with the corresponding figure for the Oriflame Business app being 200,000 active users. In total, the Oriflame app suite generates more than 5,000 new users daily, making it the fastest growing digital channel in the company.



**500,000 MONTHLY  
ACTIVE USERS OF  
THE ORIFLAME APP**



Other activities during the quarter include the continued rollout of the new e-commerce platform in Asia, further development of online payment options, consultant tools, improved personalization and segmentation support.

**Service and Manufacturing**

Service levels were healthy and the number of inventory days increased compared to the same period last year.

The capacity utilization in manufacturing continued to improve during the quarter, driven by insourcing efforts, favourable product mix and pre-production.

The implementation of the outsourcing of IT and financial operational services to IBM continued and is developing well.

During the quarter, the Oriflame Sustainability Report was published and is available on the Oriflame website.



## Latin America

### Key figures

|                              | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 38.5  | 40.9  | 39.8  | 35.3  | 40.9  |
| Sales growth in €            | 8%    | 16%   | 12%   | 20%   | 6%    |
| Sales growth in lc           | 27%   | 26%   | 21%   | 21%   | 4%    |
| Op profit, €m <sup>1</sup>   | 6.1   | 7.2   | 5.8   | 3.3   | 6.0   |
| Op margin                    | 15.8% | 17.6% | 14.5% | 9.5%  | 14.8% |
| Registered actives, '000     | 286   | 314   | 288   | 266   | 284   |
| Sales /registered actives, € | 134.5 | 130.2 | 138.5 | 132.6 | 143.8 |

<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 second quarter increased by 4% as a result of a 1% decrease in the number of registered actives and a 5% increase in productivity compared to prior year. The sales development was significantly impacted by negative timing of catalogues. Euro sales were up by 6% to €40.9m (€38.5m). Mexico and Peru continued to perform well during the quarter and further improvements could be seen in Ecuador. The development in Colombia was weak due to the challenging consumer situation in the market. The overall performance in the region was driven by healthy productivity levels as a result of price increases and higher sales of Skin Care and Wellness sets and routines.

Operating profit amounted to €6.0m (€6.1m) and operating margin to 14.8% (15.8%). The operating margin was negatively impacted by exchange rates, partly offset by price increases and favourable product mix.

NEGATIVELY  
IMPACTED BY  
TIMING

## Europe & Africa

### Key figures

|                              | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 81.2  | 70.4  | 95.3  | 81.3  | 80.3  |
| Sales growth in €            | 3%    | (1%)  | (2%)  | (1%)  | (1%)  |
| Sales growth in lc           | 7%    | 2%    | 5%    | 6%    | 4%    |
| Op profit, €m <sup>1</sup>   | 12.4  | 8.9   | 16.8  | 10.4  | 10.4  |
| Op margin                    | 15.2% | 12.7% | 17.7% | 12.8% | 12.9% |
| Registered actives, '000     | 740   | 655   | 812   | 802   | 734   |
| Sales /registered actives, € | 109.7 | 107.6 | 117.4 | 101.4 | 109.4 |

<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, Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Egypt, Estonia, Finland, Greece, Holland, Hungary, Kenya, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Morocco, Nigeria, Norway, Poland, Portugal, Romania, Tanzania, Tunisia, Serbia, Slovakia, Slovenia, Spain, Sweden, Uganda, UK/Ireland.

### Development

Local currency sales in the second quarter increased by 4%, as a result of a 1% decrease in registered actives and a 5% increase in productivity. Euro sales decreased by 1% to €80.3m (€81.2m). Stable sales in Europe during the quarter with healthy leadership development in Central Europe, while the performance in Western Europe was weak. Solid underlying performance in Africa, although continuously impacted by macroeconomic and exchange rates challenges.

Operating profit amounted to €10.4m (€12.4m) and operating margin decreased to 12.9% (15.2%), negatively impacted by currency movements and higher selling and marketing expenses, partly offset by price increases.

+4%

LC SALES



## CIS

### Key figures

|                              | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 78.0  | 67.2  | 93.9  | 99.5  | 92.9  |
| Sales growth in €            | (20%) | (13%) | (10%) | 15%   | 19%   |
| Sales growth in lc           | 4%    | (3%)  | (10%) | (6%)  | 6%    |
| Op profit, €m <sup>1</sup>   | 5.2   | 5.5   | 14.0  | 11.1  | 9.7   |
| Op margin                    | 6.7%  | 8.1%  | 14.9% | 11.2% | 10.5% |
| Registered actives, '000     | 913   | 784   | 926   | 889   | 794   |
| Sales /registered actives, € | 85.4  | 85.7  | 101.5 | 111.9 | 117.0 |

<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

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

### Development

Local currency sales in the second quarter increased by 6%, as a result of a 13% decrease in the number of registered actives and an increase in productivity of 22%. Euro sales were up by 19% to €92.9m (€78.0m). Local currency sales in Russia increased by 10%, driven by ongoing productivity growth and positive timing of catalogues. The online activity and leadership development continued to be on high levels in the market and the strategic product categories performed well. The situation in Ukraine was continuously challenging and the development in Kazakhstan was negatively impacted by macroeconomic difficulties.

Operating profit amounted to €9.7m (€5.2m) and operating margin increased to 10.5% (6.7%), favourably impacted by exchange rates, realised price increases and sales leverage.

+19%

EURO SALES

## Asia & Turkey

### Key figures

|                              | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 109.5 | 97.5  | 123.3 | 118.2 | 130.3 |
| Sales growth in €            | 26%   | 26%   | 23%   | 14%   | 19%   |
| Sales growth in lc           | 35%   | 29%   | 25%   | 16%   | 21%   |
| Op profit, €m <sup>1</sup>   | 23.1  | 17.7  | 27.6  | 21.1  | 28.0  |
| Op margin                    | 21.1% | 18.1% | 22.4% | 17.8% | 21.5% |
| Registered actives, '000     | 923   | 895   | 980   | 1,034 | 994   |
| Sales /registered actives, € | 118.8 | 109.0 | 125.7 | 114.4 | 131.1 |

<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

China, India, Indonesia, Myanmar, Pakistan, Sri Lanka, Thailand, Turkey, Vietnam.

### Development

Second quarter sales growth in local currencies was 21% as a result of an 8% increase in the number of registered actives and a 12% increase in productivity. Euro sales were up by 19% to €130.3m (€109.5m). Most markets performed well with healthy growth in China and notably strong performance in Vietnam. Indonesia and Turkey were negatively impacted by fewer trading days due to Ramadan and the development in India was continuously weak, with measures taken to adapt to administrative changes in the market. Strong development of Skin Care and Wellness sets and routines together with solid leadership and online activity continue to drive the performance.

Operating margin increased to 21.5% (21.1%) and operating profit was €28.0m (€23.1m). The margin was positively impacted by a favourable geographical mix, partly offset by negative currency movements and higher selling and marketing expenses.

21.5%

OPERATING  
MARGIN



## Sales, operating profit and registered actives by Global Business Area

| Sales<br>(€m)      | 3 months ended<br>30 June |              | Change<br>in Euro | Change in<br>lc |
|--------------------|---------------------------|--------------|-------------------|-----------------|
|                    | 2017                      | 2016         |                   |                 |
| Latin America      | 40.9                      | 38.5         | 6%                | 4%              |
| Europe & Africa    | 80.3                      | 81.2         | (1%)              | 4%              |
| CIS                | 92.9                      | 78.0         | 19%               | 6%              |
| Asia & Turkey      | 130.3                     | 109.5        | 19%               | 21%             |
| Manufacturing      | 1.4                       | 0.4          | 214%              | 206%            |
| Other              | 1.8                       | 2.0          | (9%)              | (4%)            |
| <b>Total sales</b> | <b>347.6</b>              | <b>309.6</b> | <b>12%</b>        | <b>11%</b>      |

| Sales<br>(€m)      | 6 months ended<br>30 June |              | Change in<br>Euro | Change in<br>lc | LTM,<br>July'16-<br>June'17 | Year end<br>2016 |
|--------------------|---------------------------|--------------|-------------------|-----------------|-----------------------------|------------------|
|                    | 2017                      | 2016         |                   |                 |                             |                  |
| Latin America      | 76.1                      | 67.9         | 12%               | 12%             | 156.8                       | 148.6            |
| Europe & Africa    | 161.6                     | 163.6        | (1%)              | 5%              | 327.4                       | 329.4            |
| CIS                | 192.4                     | 164.5        | 17%               | 0%              | 353.6                       | 325.7            |
| Asia & Turkey      | 248.5                     | 213.5        | 16%               | 18%             | 469.3                       | 434.3            |
| Manufacturing      | 5.8                       | 2.6          | 127%              | 124%            | 7.0                         | 3.8              |
| Other              | 3.4                       | 3.3          | 2%                | (1%)            | 7.7                         | 7.6              |
| <b>Total sales</b> | <b>687.8</b>              | <b>615.4</b> | <b>12%</b>        | <b>9%</b>       | <b>1,321.8</b>              | <b>1,249.4</b>   |

| Operating profit<br>(€m)      | 3 months ended<br>30 June |             |            | 6 months<br>ended 30 June |             |            | LTM,<br>July'16-<br>June'17 | Year<br>end<br>2016 |
|-------------------------------|---------------------------|-------------|------------|---------------------------|-------------|------------|-----------------------------|---------------------|
|                               | 2017                      | 2016        | Change     | 2017                      | 2016        | Change     |                             |                     |
| Latin America                 | 6.0                       | 6.1         | (1%)       | 9.4                       | 8.7         | 8%         | 22.4                        | 21.7                |
| Europe & Africa               | 10.4                      | 12.4        | (16%)      | 20.8                      | 24.2        | (14%)      | 46.5                        | 49.9                |
| CIS                           | 9.7                       | 5.2         | 85%        | 20.8                      | 12.5        | 66%        | 40.2                        | 31.9                |
| Asia & Turkey                 | 28.0                      | 23.1        | 21%        | 49.1                      | 37.8        | 30%        | 94.4                        | 83.1                |
| Manufacturing                 | 4.4                       | 1.6         | 173%       | 9.3                       | 5.0         | 86%        | 13.4                        | 9.1                 |
| Other                         | (18.0)                    | (17.6)      | (2%)       | (39.1)                    | (36.3)      | (8%)       | (79.4)                      | (76.5)              |
| <b>Total operating profit</b> | <b>40.5</b>               | <b>30.8</b> | <b>32%</b> | <b>70.3</b>               | <b>51.9</b> | <b>35%</b> | <b>137.5</b>                | <b>119.2</b>        |

| Registered actives<br>('000) | 30 June      |              |             | Year end<br>2016 |
|------------------------------|--------------|--------------|-------------|------------------|
|                              | 2017         | 2016         | Change      |                  |
| Latin America                | 284          | 286          | (1%)        | 288              |
| Europe & Africa              | 734          | 740          | (1%)        | 812              |
| CIS                          | 794          | 913          | (13%)       | 926              |
| Asia & Turkey                | 994          | 923          | 8%          | 980              |
| <b>Total</b>                 | <b>2,806</b> | <b>2,862</b> | <b>(2%)</b> | <b>3,006</b>     |





**0.3**  
NET DEBT AT  
HEDGED VALUES  
/EBITDA

## Cash flow & investments

Cash flow from operating activities in the second quarter amounted to €33.9m (€35.8m), driven by higher EBITDA and unrealised profit on exchange rates, offset by increased inventory and higher income taxes paid.

Cash flow used in investing activities amounted to €-3.0m (€-3.3m).

## Financial position

Net interest-bearing debt at hedged values amounted to €43.9m (€44.9m). The net debt at hedged values/EBITDA ratio was 0.3 (0.3).

Net interest-bearing debt amounted to €82.4m (€106.5m). The net debt/EBITDA ratio was 0.5 (0.8). Interest cover amounted to 13.2 (8.2) in the quarter and to 8.3 (5.7) during the last twelve months.

## Covenant disclosure

As per the end of the second quarter 2017, the financial measures as defined in the Agreements relating to the existing Revolving Credit Facility and the Private Placement Notes were as follows:

Consolidated Net Debt to Consolidated EBITDA: 0.4 (covenant at  $\leq 3.0$  times)  
Consolidated EBITDA to Consolidated Finance costs: 19.5 (covenant at  $\geq 5.0$  times)  
Consolidated Net Worth: €212m (covenant at  $\geq €120$ m)

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 2016.

## 2017 Annual General Meeting

Oriflame Holding AG held its 2017 Annual General Meeting in Zurich (Kloten), Switzerland, on 9 May 2017. For further information please see the separate press release issued on 9 May 2017.

## Dividend

The AGM held on 9 May 2017 resolved that a dividend of €1.50 per share, of which €1.00 (€0.40) per share is to be considered as ordinary and €0.50 to be considered as extra dividend, be distributed out of the capital contribution reserve and paid in four instalments as follows: €0.75 to the shareholders of record on 15 May 2017, €0.25 to the shareholders of record on 15 August 2017, €0.25 to the shareholders of record on 15 November 2017 and €0.25 to the shareholders of record on 15 February 2018.

The second instalment of €0.25 per share (record date 15 August 2017) will have expected payment date 23 August 2017. The last day of trading the share including dividend right was on 13 August 2017 (Ex-Date 14 August).

## Significant events during the quarter

During the quarter, Oriflame successfully completed a €70m issue of Euro denominated private placement notes bilaterally agreed with an international investor. The notes have a final maturity in 2029 and will be linearly amortised starting from 2025, resulting in an average maturity of 10 years. The proceeds refinance the loan maturing during the second quarter 2017 and will be used for general corporate purposes.





## Personnel

The average number of full-time equivalent employees amounted to 6,264 (6,264).

## Year to date and third quarter update

The year to date sales development is approximately 9% in local currency and the development in the third quarter to date is approximately 10% 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 2017

The third quarter 2017 report will be published on 8 November 2017

The fourth quarter 2017 report will be published on 15 February 2018



## 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 Thursday, 17 August 2017 at 9.30 CET.

#### Participant access numbers:

SE: +46856642664

DK: +4535445576

FIN: +358981710492

UK: +442030089808

NO: +4723500252

US: 18558315947

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://oriflame-ir.creo.se/170817>**

August 17, 2017

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**, Sr. Manager IR Tel: +41 799 220 173

This information is information that Oriflame Holding AG is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:15 CET on August 17, 2017.

#### Oriflame Holding AG

Bleicheplatz 3, CH-8200 Schaffhausen, Switzerland

[www.oriflame.com](http://www.oriflame.com)

Company registration no CHE-134.446.883



## Statement from the Board of Directors

The condensed consolidated set of interim financial statements is prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of the condensed consolidated interim financial position of Oriflame and of its consolidated financial performance. The interim report includes a fair review of the development and performance of the business and the position of the entity and the undertakings included in the consolidation taken as a whole.

Alexander af Jochnick  
*Chairman of the Board*

Anders Dahlvig  
Board member

Mona Abbasi  
Board member

Jonas af Jochnick  
Board member

Robert af Jochnick  
Board member

Karen Tobiasen  
Board member

Anna Malmhake  
Board member

Christian Salamon  
Board member

Magnus Brännström  
CEO & Board member



## Consolidated key figures

|   | 3 months ended<br>30 June |       | 6 months ended<br>30 June |       | LTM,<br>July'16-<br>June'17 | Year end<br>2016 |
|---|---------------------------|-------|---------------------------|-------|-----------------------------|------------------|
|   | 2017                      | 2016  | 2017                      | 2016  |                             |                  |
| Gross margin, %                               | 72.9                      | 71.5  | 72.2                      | 70.5  | 71.6                        | 70.7             |
| EBITDA margin, %                              | 13.8                      | 13.1  | 12.8                      | 11.1  | 12.7                        | 11.9             |
| Operating margin, %                           | 11.7                      | 9.9   | 10.2                      | 8.4   | 10.4                        | 9.5              |
| Return on:                                    |                           |       |                           |       |                             |                  |
| - operating capital, %                        | -                         | -     | 51.9                      | 31.0  | 51.9                        | 38.0             |
| - capital employed, %                         | -                         | -     | 34.4                      | 24.1  | 34.4                        | 26.7             |
| Net debt at hedged values / EBITDA (LTM)      | 0.3                       | 0.3   | 0.3                       | 0.3   | 0.3                         | 0.1              |
| Net debt / EBITDA (LTM)                       | 0.5                       | 0.8   | 0.5                       | 0.8   | 0.5                         | 0.6              |
| Interest cover                                | 13.2                      | 8.2   | 10.4                      | 6.3   | 8.3                         | 6.6              |
| Average no. of full-time equivalent employees | 6,264                     | 6,264 | 6,275                     | 6,310 | 6,216                       | 6,233            |

## 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

| <b>Financial summary</b>          | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales, €m                         | 305.8        | 309.6        | 278.9        | 355.1        | 340.1        | 347.6        |
| Gross margin, %                   | 69.5         | 71.5         | 70.4         | 71.2         | 71.6         | 72.9         |
| EBITDA, €m                        | 27.7         | 40.6         | 30.8         | 49.0         | 40.4         | 47.9         |
| Operating profit, €m              | 21.1         | 30.8         | 25.2         | 42.0         | 29.8         | 40.5         |
| Operating margin, %               | 6.9          | 9.9          | 9.0          | 11.8         | 8.8          | 11.7         |
| Net profit before income tax, €m  | 15.7         | 27.1         | 20.4         | 37.3         | 27.4         | 29.7         |
| Net profit, €m                    | 10.7         | 18.1         | 12.7         | 25.2         | 19.5         | 19.9         |
| EPS, diluted €                    | 0.19         | 0.32         | 0.23         | 0.44         | 0.34         | 0.35         |
| Cash flow from op. activities, €m | 21.5         | 35.8         | (5.8)        | 61.7         | (1.5)        | 33.9         |
| Net interest-bearing debt, €m     | 133.8        | 106.5        | 111.8        | 82.3         | 92.7         | 82.4         |
| Registered actives, '000          | 3,105        | 2,862        | 2,648        | 3,006        | 2,991        | 2,806        |

| <b>Sales, €m</b> | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Latin America    | 29.4         | 38.5         | 40.9         | 39.8         | 35.3         | 40.9         |
| Europe & Africa  | 82.4         | 81.2         | 70.4         | 95.3         | 81.3         | 80.3         |
| CIS              | 86.6         | 78.0         | 67.2         | 93.9         | 99.5         | 92.9         |
| Asia & Turkey    | 103.9        | 109.5        | 97.5         | 123.3        | 118.2        | 130.3        |
| Manufacturing    | 2.1          | 0.4          | 0.7          | 0.6          | 4.5          | 1.4          |
| Other            | 1.4          | 2.0          | 2.2          | 2.2          | 1.3          | 1.8          |
| <b>Oriflame</b>  | <b>305.8</b> | <b>309.6</b> | <b>278.9</b> | <b>355.1</b> | <b>340.1</b> | <b>347.6</b> |

| <b>Operating Profit, €m</b> | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Latin America               | 2.6          | 6.1          | 7.2          | 5.8          | 3.3          | 6.0          |
| Europe & Africa             | 11.8         | 12.4         | 8.9          | 16.8         | 10.4         | 10.4         |
| CIS                         | 7.2          | 5.2          | 5.5          | 14.0         | 11.1         | 9.7          |
| Asia & Turkey               | 14.7         | 23.1         | 17.7         | 27.6         | 21.1         | 28.0         |
| Manufacturing               | 3.3          | 1.6          | 2.5          | 1.6          | 4.9          | 4.4          |
| Other                       | (18.5)       | (17.6)       | (16.6)       | (23.8)       | (21.0)       | (18.0)       |
| <b>Oriflame</b>             | <b>21.1</b>  | <b>30.8</b>  | <b>25.2</b>  | <b>42.0</b>  | <b>29.8</b>  | <b>40.5</b>  |

| <b>Registered actives, '000</b> | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Latin America                   | 243          | 286          | 314          | 288          | 266          | 284          |
| Europe & Africa                 | 768          | 740          | 655          | 812          | 802          | 734          |
| CIS                             | 1,133        | 913          | 784          | 926          | 889          | 794          |
| Asia & Turkey                   | 961          | 923          | 895          | 980          | 1,034        | 994          |
| <b>Oriflame</b>                 | <b>3,105</b> | <b>2,862</b> | <b>2,648</b> | <b>3,006</b> | <b>2,991</b> | <b>2,806</b> |

| <b>Operating Margin, %</b> | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Latin America              | 8.9          | 15.8         | 17.6         | 14.5         | 9.5          | 14.8         |
| Europe & Africa            | 14.3         | 15.2         | 12.7         | 17.7         | 12.8         | 12.9         |
| CIS                        | 8.4          | 6.7          | 8.1          | 14.9         | 11.2         | 10.5         |
| Asia & Turkey              | 14.2         | 21.1         | 18.1         | 22.4         | 17.8         | 21.5         |
| <b>Oriflame</b>            | <b>6.9</b>   | <b>9.9</b>   | <b>9.0</b>   | <b>11.8</b>  | <b>8.8</b>   | <b>11.7</b>  |

| <b>€ Sales Growth in %</b> | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Latin America              | (3)          | 8            | 16           | 12           | 20           | 6            |
| Europe & Africa            | 1            | 3            | (1)          | (2)          | (1)          | (1)          |
| CIS                        | (20)         | (20)         | (13)         | (10)         | 15           | 19           |
| Asia & Turkey              | 23           | 26           | 26           | 23           | 14           | 19           |
| <b>Oriflame</b>            | <b>(1)</b>   | <b>3</b>     | <b>6</b>     | <b>5</b>     | <b>11</b>    | <b>12</b>    |

| <b>Cash Flow, €m</b>                   | <b>Q1'16</b> | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating cash flow                    | 21.5         | 35.8         | (5.8)        | 61.7         | (1.5)        | 33.9         |
| Cash flow used in investing activities | (1.7)        | (3.3)        | (2.3)        | (4.6)        | (3.0)        | (3.0)        |



# Independent Auditor's Report on the Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors of Oriflame Holding AG, Schaffhausen

## Introduction

We have been engaged to review the accompanying condensed consolidated statement of financial position of Oriflame Holding AG as at 30 June 2017 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6-month period then ended, and selected explanatory notes (the condensed consolidated interim financial statements) on pages 15 to 25. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG AG

Hélène Béguin  
Licensed Audit Expert

Kathrin Schünke  
Licensed Audit Expert

Zurich, 16 August 2017



## Condensed consolidated income statements

| €'000   | Note | 3 months ended<br>30 June |                | 6 months ended<br>30 June |                | LTM,<br>July' 16-<br>June' 17 | Year End<br>2016 |
|---|------|---------------------------|----------------|---------------------------|----------------|-------------------------------|------------------|
|   |      | 2017                      | 2016           | 2017                      | 2016           |                               |                  |
| Sales   |      | 347,632                   | 309,590        | 687,767                   | 615,395        | 1,321,754                     | 1,249,382        |
| Cost of sales                                       |      | (94,310)                  | (88,244)       | (191,040)                 | (181,508)      | (375,999)                     | (366,467)        |
| <b>Gross profit</b>                                 |      | <b>253,322</b>            | <b>221,346</b> | <b>496,727</b>            | <b>433,887</b> | <b>945,755</b>                | <b>882,915</b>   |
| Other income  |      | 11,727                    | 11,506         | 23,684                    | 22,159         | 45,856                        | 44,331           |
| Selling and marketing expenses                      |      | (128,687)                 | (110,155)      | (258,277)                 | (224,802)      | (482,991)                     | (449,516)        |
| Distribution and infrastructure                     |      | (24,075)                  | (22,581)       | (48,507)                  | (45,822)       | (96,741)                      | (94,056)         |
| Administrative expenses                             |      | (71,773)                  | (69,314)       | (143,344)                 | (133,478)      | (274,356)                     | (264,490)        |
| <b>Operating profit</b>                             |      | <b>40,514</b>             | <b>30,802</b>  | <b>70,283</b>             | <b>51,944</b>  | <b>137,523</b>                | <b>119,184</b>   |
| Financial income                                    | 4    | 25,853                    | 8,482          | 33,371                    | 15,649         | 39,580                        | 21,858           |
| Financial expenses                                  | 4    | (36,662)                  | (12,224)       | (46,530)                  | (24,858)       | (62,184)                      | (40,512)         |
| <b>Net financing costs</b>                          |      | <b>(10,809)</b>           | <b>(3,742)</b> | <b>(13,159)</b>           | <b>(9,209)</b> | <b>(22,604)</b>               | <b>(18,654)</b>  |
| <b>Net profit before income tax</b>                 |      | <b>29,705</b>             | <b>27,060</b>  | <b>57,124</b>             | <b>42,735</b>  | <b>114,919</b>                | <b>100,530</b>   |
| Total income tax expense                            |      | (9,797)                   | (8,932)        | (17,733)                  | (13,934)       | (37,615)                      | (33,816)         |
| <b>Profit attributable to owners of the Company</b> |      | <b>19,908</b>             | <b>18,128</b>  | <b>39,391</b>             | <b>28,801</b>  | <b>77,304</b>                 | <b>66,714</b>    |

## Earnings per share

| €  | 3 months<br>ended 30 June |            | 6 months<br>ended 30 June |            | LTM,<br>July' 16-<br>June' 17 | Year end<br>2016 |
|--|---------------------------|------------|---------------------------|------------|-------------------------------|------------------|
|  | 2017                      | 2016       | 2017                      | 2016       |                               |                  |
| EPS:   |                           |            |                           |            |                               |                  |
| - basic  | 0.36                      | 0.33       | 0.71                      | 0.52       | 1.39                          | 1.20             |
| - diluted  | 0.35                      | 0.32       | 0.69                      | 0.51       | 1.35                          | 1.18             |
| Weighted avg. number of shares outstanding:                    |                           |            |                           |            |                               |                  |
| - basic  | 55,740,805                | 55,673,369 | 55,740,805                | 55,640,787 | 55,740,949                    | 55,691,352       |
| - diluted  | 57,151,906                | 56,245,663 | 57,151,906                | 56,213,081 | 57,152,051                    | 56,537,639       |
| Total number of shares outstanding (excluding treasury shares) | 55,740,805                | 55,741,121 | 55,740,805                | 55,741,121 | 55,740,805                    | 55,740,805       |

The attached notes on page 20 to 25 form integral part of the condensed consolidated interim financial statements





## Condensed consolidated statements of comprehensive income

| €'000  | 3 months<br>ended 30 June |                | 6 months<br>ended 30 June |                | LTM,<br>July'16-<br>June'17 | Year end<br>2016 |
|--|---------------------------|----------------|---------------------------|----------------|-----------------------------|------------------|
|  | 2017                      | 2016           | 2017                      | 2016           |                             |                  |
| <b>Profit attributable to owners of the Company</b>                                    | <b>19,908</b>             | <b>18,128</b>  | <b>39,391</b>             | <b>28,801</b>  | <b>77,304</b>               | <b>66,714</b>    |
| <b>Other comprehensive income</b>  |                           |                |                           |                |                             |                  |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>             |                           |                |                           |                |                             |                  |
| Remeasurements of net defined benefit liability, net of tax                            | 110                       | (837)          | 110                       | (837)          | 631                         | (316)            |
| Revaluation reserve for property, plant & equipment                                    | (223)                     | (180)          | -                         | (210)          | (20)                        | (230)            |
| <b>Total items that will not be reclassified subsequently to profit or loss</b>        | <b>(113)</b>              | <b>(1,017)</b> | <b>110</b>                | <b>(1,047)</b> | <b>611</b>                  | <b>(546)</b>     |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i>           |                           |                |                           |                |                             |                  |
| Foreign currency translation differences for foreign operations                        | (14,813)                  | 4,283          | (6,917)                   | 2,275          | 3,107                       | 12,299           |
| Effective portion of changes in fair value of cash flow hedges, net of tax             | 3,162                     | (2,011)        | 2,773                     | (2,961)        | 3,015                       | (2,719)          |
| <b>Total items that are or may be reclassified subsequently to profit or loss</b>      | <b>(11,651)</b>           | <b>2,272</b>   | <b>(4,144)</b>            | <b>(686)</b>   | <b>6,122</b>                | <b>9,580</b>     |
| <b>Other comprehensive income for the period, net of tax</b>                           | <b>(11,764)</b>           | <b>1,255</b>   | <b>(4,034)</b>            | <b>(1,733)</b> | <b>6,733</b>                | <b>9,034</b>     |
| <b>Total comprehensive income for the period attributable to owners of the Company</b> | <b>8,144</b>              | <b>19,383</b>  | <b>35,357</b>             | <b>27,068</b>  | <b>84,037</b>               | <b>75,748</b>    |

The attached notes on page 20 to 25 form integral part of the condensed consolidated interim financial statements



## Condensed consolidated statements of financial position

| €'000                                     | Note | 30 June,<br>2017 | 31 December,<br>2016 | 30 June,<br>2016 |
|---|------|------------------|----------------------|------------------|
| <b>Assets</b>                             |      |                  |                      |                  |
| Property, plant and equipment             |      | 155,597          | 164,831              | 156,527          |
| Intangible assets                         |      | 14,168           | 13,849               | 13,892           |
| Investment property                       |      | 542              | 542                  | 542              |
| Deferred tax assets                       |      | 32,626           | 25,702               | 21,274           |
| Other long-term receivables               |      | 137              | 948                  | 1,096            |
| <b>Total non-current assets</b>           |      | <b>203,070</b>   | <b>205,872</b>       | <b>193,331</b>   |
| Inventories                               |      | 165,634          | 166,833              | 144,060          |
| Trade and other receivables               |      | 70,385           | 71,352               | 63,736           |
| Tax receivables                           |      | 11,787           | 7,647                | 8,382            |
| Prepaid expenses                          |      | 37,055           | 36,283               | 36,038           |
| Derivative financial assets               |      | 42,721           | 72,338               | 64,111           |
| Cash and cash equivalents                 |      | 173,428          | 185,469              | 163,787          |
| <b>Total current assets</b>               |      | <b>501,010</b>   | <b>539,922</b>       | <b>480,114</b>   |
| <b>Total assets</b>                       |      | <b>704,080</b>   | <b>745,794</b>       | <b>673,445</b>   |
| <b>Equity</b>                             |      |                  |                      |                  |
| Share capital                             |      | 79,850           | 79,850               | 79,850           |
| Treasury shares                           |      | (90)             | (90)                 | (80)             |
| Share premium                             |      | 548,474          | 632,085              | 654,381          |
| Reserves                                  |      | (163,507)        | (167,017)            | (179,239)        |
| Retained earnings                         |      | (293,603)        | (333,104)            | (393,834)        |
| <b>Total equity</b>                       |      | <b>171,124</b>   | <b>211,724</b>       | <b>161,078</b>   |
| <b>Liabilities</b>                        |      |                  |                      |                  |
| Interest-bearing loans                    | 8    | 254,534          | 199,713              | 194,154          |
| Other long-term liabilities               |      | 3,954            | 3,691                | 839              |
| Net defined benefit liability             |      | 3,690            | 3,859                | 4,673            |
| Deferred income                           |      | 282              | 296                  | 325              |
| Deferred tax liabilities                  |      | 3,027            | 2,869                | 236              |
| <b>Total non-current liabilities</b>      |      | <b>265,487</b>   | <b>210,428</b>       | <b>200,227</b>   |
| Current portion of interest-bearing loans | 8    | 281              | 66,836               | 74,822           |
| Trade and other payables                  |      | 81,950           | 95,292               | 67,250           |
| Dividend payables                         | 5    | 41,896           | 11,167               | 22,296           |
| Deferred Income                           |      | 364              | 421                  | 401              |
| Tax payables                              |      | 16,378           | 17,032               | 16,470           |
| Accrued expenses                          |      | 120,902          | 122,208              | 115,350          |
| Derivative financial liabilities          |      | 3,109            | 5,458                | 4,777            |
| Provisions                                |      | 2,589            | 5,228                | 10,774           |
| <b>Total current liabilities</b>          |      | <b>267,469</b>   | <b>323,642</b>       | <b>312,140</b>   |
| <b>Total liabilities</b>                  |      | <b>532,956</b>   | <b>534,070</b>       | <b>512,367</b>   |
| <b>Total equity and liabilities</b>       |      | <b>704,080</b>   | <b>745,794</b>       | <b>673,445</b>   |

The attached notes on page 20 to 25 form integral part of the condensed consolidated interim financial statements



## Condensed consolidated statements of changes in equity

| €'000  | Note | Share capital | Treasury shares | Share premium   | Reserves         | Retained earnings | Total equity    |
|--|------|---------------|-----------------|-----------------|------------------|-------------------|-----------------|
| <b>At 1 January 2016</b>                                     |      | <b>79,788</b> | <b>(621)</b>    | <b>654,381</b>  | <b>(178,675)</b> | <b>(401,416)</b>  | <b>153,457</b>  |
| Net profit   |      | -             | -               | -               | -                | 28,801            | 28,801          |
| Other comprehensive income, net of tax                       |      | -             | -               | -               | (896)            | (837)             | (1,733)         |
| <b>Total comprehensive income for the period</b>             |      | <b>-</b>      | <b>-</b>        | <b>-</b>        | <b>(896)</b>     | <b>27,964</b>     | <b>27,068</b>   |
| Issue of ordinary shares in relation to share incentive plan |      | 62            | -               | -               | (862)            | 800               | -               |
| Treasury shares used in relation to share incentive plan     |      | -             | 541             | -               | (1,655)          | 1,114             | -               |
| Share incentive plan   |      | -             | -               | -               | 2,849            | -                 | 2,849           |
| Dividends  | 5    | -             | -               | -               | -                | (22,296)          | (22,296)        |
| <b>Total contributions and distributions</b>                 |      | <b>62</b>     | <b>541</b>      | <b>-</b>        | <b>332</b>       | <b>(20,382)</b>   | <b>(19,447)</b> |
| <b>At 30 June 2016</b>                                       |      | <b>79,850</b> | <b>(80)</b>     | <b>654,381</b>  | <b>(179,239)</b> | <b>(393,834)</b>  | <b>161,078</b>  |
| <b>At 1 January 2017</b>                                     |      | <b>79,850</b> | <b>(90)</b>     | <b>632,085</b>  | <b>(167,017)</b> | <b>(333,104)</b>  | <b>211,724</b>  |
| Net profit   |      | -             | -               | -               | -                | 39,391            | 39,391          |
| Other comprehensive income, net of tax                       |      | -             | -               | -               | (4,144)          | 110               | (4,034)         |
| <b>Total comprehensive income for the period</b>             |      | <b>-</b>      | <b>-</b>        | <b>-</b>        | <b>(4,144)</b>   | <b>39,501</b>     | <b>35,357</b>   |
| Share incentive plan   | 6    | -             | -               | -               | 7,654            | -                 | 7,654           |
| Dividends  | 5    | -             | -               | (83,611)        | -                | -                 | (83,611)        |
| <b>Total contributions and distributions</b>                 |      | <b>-</b>      | <b>-</b>        | <b>(83,611)</b> | <b>7,654</b>     | <b>-</b>          | <b>(75,957)</b> |
| <b>At 30 June 2017</b>                                       |      | <b>79,850</b> | <b>(90)</b>     | <b>548,474</b>  | <b>(163,507)</b> | <b>(293,603)</b>  | <b>171,124</b>  |

The attached notes on page 20 to 25 form integral part of the condensed consolidated interim financial statements



## Condensed consolidated statements of cash flows

|   |      | 3 months ended<br>30 June |                | 6 months ended<br>30 June |                 |
|---|------|---------------------------|----------------|---------------------------|-----------------|
| €'000   | Note | 2017                      | 2016           | 2017                      | 2016            |
| <b>Operating activities</b>   |      |                           |                |                           |                 |
| <b>Net profit before income tax</b>   |      | <b>29,705</b>             | <b>27,060</b>  | <b>57,124</b>             | <b>42,735</b>   |
| Adjustments for:  |      |                           |                |                           |                 |
| Depreciation of property, plant and equipment   |      | 4,491                     | 4,661          | 9,164                     | 9,029           |
| Amortisation of intangible assets   |      | 411                       | 1,055          | 833                       | 2,009           |
| Change in fair value of borrowings and derivatives financial instruments                                |      | (894)                     | 861            | (1,038)                   | 3,058           |
| Deferred income   |      | (31)                      | 227            | (68)                      | (405)           |
| Impairment  |      | 347                       | 2,473          | 347                       | 2,473           |
| Share incentive plan  |      | 2,116                     | 1,599          | 7,654                     | 2,849           |
| Unrealised exchange rate differences  |      | 9,614                     | (3,639)        | 4,614                     | (11,448)        |
| Profit on disposal of property, plant and equipment, intangible assets                                  |      | (993)                     | (49)           | (996)                     | (69)            |
| Financial income  |      | (3,231)                   | (4,320)        | (7,387)                   | (8,838)         |
| Financial expenses  |      | 4,660                     | 5,826          | 10,294                    | 12,844          |
| <b>Operating profit before changes in working capital and provisions</b>                                |      | <b>46,195</b>             | <b>35,754</b>  | <b>80,541</b>             | <b>54,237</b>   |
| (Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets    |      | 7,577                     | 4,293          | 419                       | (856)           |
| (Increase)/decrease in inventories  |      | (4,017)                   | 5,648          | (2,605)                   | 26,600          |
| Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities |      | 5,673                     | 3,302          | (11,078)                  | 2,765           |
| Decrease in provisions  |      | (1,551)                   | (1,724)        | (2,455)                   | (3,268)         |
| <b>Cash generated from operations</b>   |      | <b>53,877</b>             | <b>47,273</b>  | <b>64,822</b>             | <b>79,478</b>   |
| Interest received   |      | 4,662                     | 4,495          | 8,467                     | 10,166          |
| Interest and bank charges paid  |      | (6,912)                   | (6,701)        | (11,348)                  | (14,740)        |
| Income taxes paid   |      | (17,700)                  | (9,258)        | (29,486)                  | (17,645)        |
| <b>Cash flow from operating activities</b>  |      | <b>33,927</b>             | <b>35,809</b>  | <b>32,455</b>             | <b>57,259</b>   |
| <b>Investing activities</b>   |      |                           |                |                           |                 |
| Proceeds on sale of property, plant and equipment, intangible assets                                    |      | 1,874                     | 159            | 1,904                     | 224             |
| Purchases of property, plant, equipment   |      | (4,233)                   | (2,576)        | (6,755)                   | (4,106)         |
| Purchases of intangible assets  |      | (637)                     | (851)          | (1,105)                   | (1,063)         |
| <b>Cash flow used in investing activities</b>   |      | <b>(2,996)</b>            | <b>(3,268)</b> | <b>(5,956)</b>            | <b>(4,945)</b>  |
| <b>Financing activities</b>   |      |                           |                |                           |                 |
| Proceeds from borrowings  |      | 105,000                   | -              | 105,000                   | -               |
| Repayments of borrowings  |      | (86,471)                  | (5,992)        | (86,471)                  | (62,033)        |
| Decrease of finance lease liabilities   |      | -                         | (1)            | -                         | (4)             |
| Dividends paid  | 5    | (41,750)                  | -              | (52,863)                  | -               |
| <b>Cash flow used in financing activities</b>   |      | <b>(23,221)</b>           | <b>(5,993)</b> | <b>(34,334)</b>           | <b>(62,037)</b> |
| <b>Change in cash and cash equivalents</b>  |      | <b>7,710</b>              | <b>26,548</b>  | <b>(7,835)</b>            | <b>(9,723)</b>  |
| Cash and cash equivalents at the beginning of the period net of bank overdrafts                         |      | 170,600                   | 135,719        | 185,365                   | 176,384         |
| Effect of exchange rate fluctuations on cash held   |      | (5,164)                   | 1,261          | (4,384)                   | (3,133)         |
| <b>Cash and cash equivalents at the end of the period net of bank overdrafts</b>                        |      | <b>173,146</b>            | <b>163,528</b> | <b>173,146</b>            | <b>163,528</b>  |

The attached notes on page 20 to 25 form integral part of the condensed consolidated interim financial statements



## Notes to the condensed consolidated interim financial statements 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 condensed consolidated interim financial statements (‘interim financial statements’) of the Company as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the “Group”).

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

#### Statement of compliance

The interim financial statements for the six months period ended 30 June 2017 have been prepared by management in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016. The interim financial statements were authorised for issue by the Directors on 16 August 2017.

#### Significant accounting policies, use of judgements and estimates

The accounting policies, significant judgements and key sources of estimation uncertainty applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

#### *New or amended IFRS standards*

The new or amended IFRS standards, which became effective 1 January 2017, have had no material effect on the interim financial statements.

#### *Upcoming IFRS standards*

The Group is introducing IFRS 15 Revenue from Contracts with Customers from January 1 2018. An early application will at the same time be made of IFRS 16 Leases.

The application of IFRS 15 is expected to impact the income statement at different levels. Net sales will be negatively impacted by a low-single percentage digit in absolute terms due to a one-off effect related to deferred recognition of revenue as well as further ongoing reclassifications under the new standard. The gross margin will be impacted by ongoing reclassifications of costs, resulting in a total negative gross margin impact of a low single percentage digit. The above mentioned ongoing reclassification of costs will have a corresponding positive impact on the operating margin. However, the operating margin will for the first year be negatively impacted by a minor single digit percentage (around or below 100 bps) due to the one-off effect in Net sales.

The implementation of IFRS 16 will positively impact the operating margin with a minor single digit percentage (around or below 100 bps) due to the elimination of operation leasing expenses which will be mainly compensated by depreciation of the lease assets. In addition, the finance costs will increase due to the recognition of interest on the finance lease liabilities. During the first year, it will result in a net negative impact on the net profit margin after tax of a minor single digit percentage (around or below 100 bps). The new standard will also impact the deferred tax calculation for which the impact has not yet been assessed.

In summary, excluding the one-off effects of IFRS 15, the combined effect of the new standards will have a negligible impact on the operating margin.



### Note 3 • Segment reporting

#### Operating segments

The Group has five main reportable segments, which consists of Latin America, Europe & Africa, CIS, Asia & Turkey and Manufacturing, as this is the structure of financial information reviewed by the Corporate Committee. The purpose of the Group is selling cosmetics within the above organisation. The Group sales consist mainly of sales of Colour cosmetics, Skin care, Personal & Hair Care, Fragrances and Accessories & Wellness products. The segment Manufacturing is producing mainly for the Group. Smaller quantities are produced for third parties as well. "All other segments" includes licensee sales and royalties income. The performance of each market and region is measured by the operating profit. Sales presented in the segment reporting are only revenues from external customers.

#### Unallocated items

Some costs and capital expenditure are not identified as part of any operating segment and are therefore not allocated. Examples of such items are cost for corporate staff, IT costs and general marketing costs. Net financing costs and total income tax expense are also not allocated.

Summarised financial information concerning the reportable segments is shown in the following tables:

#### As per 30 June 2017

| €'000                        | Latin America | Europe & Africa | CIS     | Asia & Turkey | Manufacturing | All other segments | Total segments | Unallocated items | Total           |
|------------------------------|---------------|-----------------|---------|---------------|---------------|--------------------|----------------|-------------------|-----------------|
| Sales                        | 76,139        | 161,623         | 192,392 | 248,511       | 5,849         | 3,253              | <b>687,767</b> | -                 | <b>687,767</b>  |
| Operating Profit             | 9,378         | 20,808          | 20,825  | 49,083        | 9,331         | 945                | <b>110,370</b> | (40,087)          | <b>70,283</b>   |
| Net financing costs          |               |                 |         |               |               |                    |                |                   | <b>(13,159)</b> |
| Net profit before income tax |               |                 |         |               |               |                    |                |                   | <b>57,124</b>   |
| Total income tax expense     |               |                 |         |               |               |                    |                |                   | <b>(17,733)</b> |
| Net profit                   |               |                 |         |               |               |                    |                |                   | <b>39,391</b>   |
| Capital expenditure          | (412)         | (522)           | (942)   | (926)         | (1,542)       | -                  | <b>(4,344)</b> | (3,516)           | <b>(7,860)</b>  |
| Depreciation & amortisation  | (571)         | (836)           | (1,539) | (1,077)       | (4,596)       | -                  | <b>(8,619)</b> | (1,378)           | <b>(9,997)</b>  |
| Impairment                   | -             | -               | -       | -             | -             | -                  | -              | (347)             | <b>(347)</b>    |
| Goodwill                     | -             | 1,053           | -       | 4,345         | -             | -                  | <b>5,398</b>   | -                 | <b>5,398</b>    |

#### As per 30 June 2016

| €'000                        | Latin America | Europe & Africa | CIS     | Asia & Turkey | Manufacturing | All other segments | Total segments | Unallocated items | Total           |
|------------------------------|---------------|-----------------|---------|---------------|---------------|--------------------|----------------|-------------------|-----------------|
| Sales                        | 67,873        | 163,583         | 164,550 | 213,512       | 2,582         | 3,466              | <b>615,566</b> | (171)             | <b>615,395</b>  |
| Operating Profit             | 8,709         | 24,151          | 12,484  | 37,785        | 4,969         | 877                | <b>88,975</b>  | (37,031)          | <b>51,944</b>   |
| Net financing costs          |               |                 |         |               |               |                    |                |                   | <b>(9,209)</b>  |
| Net profit before income tax |               |                 |         |               |               |                    |                |                   | <b>42,735</b>   |
| Total income tax expense     |               |                 |         |               |               |                    |                |                   | <b>(13,934)</b> |
| Net profit                   |               |                 |         |               |               |                    |                |                   | <b>28,801</b>   |
| Capital expenditure          | (502)         | (577)           | (767)   | (1,036)       | (745)         | -                  | <b>(3,627)</b> | (1,542)           | <b>(5,169)</b>  |
| Depreciation & amortisation  | (554)         | (923)           | (1,327) | (1,107)       | (2,804)       | -                  | <b>(6,715)</b> | (4,323)           | <b>(11,038)</b> |
| Impairment                   | -             | -               | -       | -             | -             | -                  | -              | (2,473)           | <b>(2,473)</b>  |
| Goodwill                     | -             | 1,053           | -       | 4,345         | -             | -                  | <b>5,398</b>   | -                 | <b>5,398</b>    |



## Note 4 • Financial income and expense

Recognised in the condensed consolidated interim income statements

| €'000   | 3 months ended<br>30 June |                 | 6 months ended<br>30 June |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|
|   | 2017                      | 2016            | 2017                      | 2016            |
| Interest income on bank deposits  | 531                       | 651             | 1,009                     | 1,265           |
| Interest received on finance lease receivable   | 6                         | 30              | 14                        | 32              |
| Cross currency interest rate swaps interest income  | 2,693                     | 3,639           | 6,364                     | 7,541           |
| Change in fair value of financial assets and liabilities at fair value held for trading:                            |                           |                 |                           |                 |
| - Forward exchange rate contracts gain  | 1,242                     | 863             | 1,369                     | 679             |
| - Interest rate swaps gain  | 57                        | -               | 57                        | -               |
| - Interest rate caps gain   | -                         | -               | 3                         | -               |
| - Cross currency interest rate swaps gain   | -                         | 3,299           | -                         | -               |
| Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition: |                           |                 |                           |                 |
| - USD loan fair value gain  | 21,324                    | -               | 24,555                    | 6,132           |
| - Foreign exchange gains, net   | -                         | -               | -                         | -               |
| <b>Total financial income</b>   | <b>25,853</b>             | <b>8,482</b>    | <b>33,371</b>             | <b>15,649</b>   |
| Bank charges and interest expense on loans carried at amortised cost  | (466)                     | (1,478)         | (2,706)                   | (3,871)         |
| Interest expense on loan carried at fair value  | (2,743)                   | (2,608)         | (4,452)                   | (5,233)         |
| Cross currency interest rate swaps interest expense   | (1,451)                   | (1,740)         | (3,137)                   | (3,741)         |
| Change in fair value of financial assets and liabilities at fair value held for trading:                            |                           |                 |                           |                 |
| - Forward exchange rate contracts expense   | -                         | (474)           | (284)                     | (1,873)         |
| - Interest rate caps expense  | (13)                      | (87)            | (2)                       | (760)           |
| - Cross currency interest rate swaps expense  | (21,715)                  | -               | (24,661)                  | (7,235)         |
| Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition: |                           |                 |                           |                 |
| - USD loan fair value loss  | -                         | (4,462)         | -                         | -               |
| - Option exchange rate contract loss  | -                         | -               | -                         | -               |
| Foreign exchange losses, net  | (10,274)                  | (1,375)         | (11,288)                  | (2,145)         |
| <b>Total financial expenses</b>   | <b>(36,662)</b>           | <b>(12,224)</b> | <b>(46,530)</b>           | <b>(24,858)</b> |
| <b>Net financing costs</b>  | <b>(10,809)</b>           | <b>(3,742)</b>  | <b>(13,159)</b>           | <b>(9,209)</b>  |





## Note 5 • Dividends

### Dividends declared

During the 6 months period in 2017 and following the Annual General Meeting (AGM) held on 9 May 2017, a dividend of €1.50 per share was recognised against the capital contribution reserve (share premium) for an amount of €83.6m.

In 2016, during the period, a dividend of €0.40 per share totalling €22.3m was recognised in the equity.

### Dividends paid

In February 2017, the second instalment from the 2016 AGM dividend resolution was paid for €11.1m (€0.20 per share).

In May 2017, the first instalment from the 2017 AGM dividend resolution was paid for €41.8m (€0.75 per share).

## Note 6 • Share Incentive Plan

During the period, as part of the share incentive Plan adopted on 13 August 2015 by the Board and amended in December 2016 to reflect the 2017 Grid, a further 2017 share incentive offer was proposed to participants. This offer resulted at the beginning of the scheme in a grant of 71,000 investment shares.

## Note 7 • Inventories

During the first half of 2017 the Group wrote down €3.0 million (€3.3 million) inventory mainly due to obsolescence which is included in cost of sales.

## Note 8 • Interest-bearing loans

On 20 April 2017, the second tranche in the U.S. private placement loan issued in 2010 matured and the Group repaid the aggregated principal amount of \$70 million together with the interest accrued to investors.

On 29 June 2017, the Group successfully completed the issuance of €70 million private placement notes. The notes have a final maturity in 2029 and will be linearly amortised starting from 2025. Interest is fixed and paid semi-annually.

The terms and maturity schedule of loans outstanding at 30 June 2017 were as follows:

| € '000                                    | Currency | Interest rate                 | Year of maturity | 30 June 2017   |                   | 31 December 2016 |                   |
|---|----------|-------------------------------|------------------|----------------|-------------------|------------------|-------------------|
|   |          |                               |                  | Face value     | Carrying amount * | Face value       | Carrying amount * |
| Revolving bank facility                   | EUR      | Euribor + margin              | 2020             | -              | (946)             | -                | (1,113)           |
| Private placement loan                    | USD      | Fixed rate USD coupon         | 2017-2020        | 51,471         | 64,212            | 102,941          | 136,571           |
| Private placement loan                    | USD/ EUR | Fixed rate EUR and USD coupon | 2018-2023        | 95,624         | 121,268           | 95,624           | 130,987           |
| Private placement loan                    | EUR      | Fixed rate EUR                | 2029             | 70,000         | 70,000            | -                | -                 |
| Bank overdrafts                           | TRY      | 0% / 16%                      | -                | 281            | 281               | 104              | 104               |
| <b>Total interest bearing liabilities</b> |          |                               |                  | <b>217,376</b> | <b>254,815</b>    | <b>198,669</b>   | <b>266,549</b>    |

\* Difference between the face value and the carrying amount consists of the fair value difference and the amount of amortised front-end fees.

## Note 9 • Financial instruments

### Interest rate risk

*Not designated as hedge*

In 2010 and 2011, the Group issued loans in the U.S. private placement market (USD loan) and at the same time entered into a series of cross currency interest rate swaps, effectively converting USD semi-annual fixed interest rate of USD loans into floating rates of 6-month and 3-month Euribor, respectively, plus spread which the Group decided to hedge economically through series of interest rate cap agreements. At 30 June 2017, the total outstanding nominal EUR amount of these cross currency interest rate swaps corresponds to €88.4 million. On 29 June 2017, the Group decided to enter into interest rate swap agreements in the total nominal amount of €47.9 million in order to convert the floating rates into fixed interest rates obligations. Subsequently, on 3 July 2017, the Group entered into interest rate swap agreements to convert floating rate into fixed rate for the remaining part of cross currency interest rate swaps in the total nominal amount of €40.5 million.

Similarly to the USD loan and related cross currency interest rate swaps, the recently acquire interest rate swaps are measured at fair value through profit and loss in the consolidated statements of financial position since the underlying hedged item is a derivative itself.

### Fair value estimation

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidation interim statements of financial position are as follows:



| €'000   | 30 June 2017     |                  | 31 December 2016 |                  |
|---|------------------|------------------|------------------|------------------|
|   | Carrying amount  | Fair value       | Carrying amount  | Fair value       |
| <b>Financial assets carried at fair value:</b>                |                  |                  |                  |                  |
| Cross currency interest rate swaps for trading                | 26,051           | 26,051           | 51,650           | 51,650           |
| Interest rate caps for trading                                | 25               | 25               | 23               | 23               |
| Interest rate swaps for trading                               | 57               | 57               | -                | -                |
| Forward exchange rate contracts for trading                   | 787              | 787              | 202              | 202              |
| <i>Total derivatives for trading</i>                          | <i>26,920</i>    | <i>26,920</i>    | <i>51,875</i>    | <i>51,875</i>    |
| Cross currency interest rate swaps for hedging                | 13,701           | 13,701           | 18,929           | 18,929           |
| Forward exchange rate contracts for hedging                   | 2,100            | 2,100            | 1,534            | 1,534            |
| <i>Total derivatives for hedging</i>                          | <i>15,801</i>    | <i>15,801</i>    | <i>20,463</i>    | <i>20,463</i>    |
| <i>Total derivative financial assets</i>                      | <i>42,721</i>    | <i>42,721</i>    | <i>72,338</i>    | <i>72,338</i>    |
| <b>Total financial assets carried at fair value</b>           | <b>42,721</b>    | <b>42,721</b>    | <b>72,338</b>    | <b>72,338</b>    |
| <b>Financial liabilities carried at amortised cost:</b>       |                  |                  |                  |                  |
| Loans   | (142,454)        | (155,874)        | (78,338)         | (81,529)         |
| <b>Total financial liabilities carried at amortised cost</b>  | <b>(142,454)</b> | <b>(155,874)</b> | <b>(78,338)</b>  | <b>(81,529)</b>  |
| <b>Financial liabilities carried at fair value:</b>           |                  |                  |                  |                  |
| USD loan  | (112,080)        | (112,080)        | (188,107)        | (188,107)        |
| <i>Total designated as such upon initial recognition</i>      | <i>(112,080)</i> | <i>(112,080)</i> | <i>(188,107)</i> | <i>(188,107)</i> |
| Cross currency interest rate swaps for trading                | (490)            | (490)            | (757)            | (757)            |
| Forward exchange rate contracts for trading                   | (981)            | (981)            | (2,130)          | (2,130)          |
| <i>Total derivatives for trading</i>                          | <i>(1,471)</i>   | <i>(1,471)</i>   | <i>(2,887)</i>   | <i>(2,887)</i>   |
| Cross currency interest rate swaps for hedging                | (675)            | (675)            | (684)            | (684)            |
| Forward exchange rate contracts for hedging                   | (963)            | (963)            | (1,887)          | (1,887)          |
| <b>Total derivatives for hedging</b>                          | <b>(1,638)</b>   | <b>(1,638)</b>   | <b>(2,571)</b>   | <b>(2,571)</b>   |
| <b>Total derivative financial liabilities</b>                 | <b>(3,109)</b>   | <b>(3,109)</b>   | <b>(5,458)</b>   | <b>(5,458)</b>   |
| <b>Total financial liabilities carried at fair value cost</b> | <b>(115,189)</b> | <b>(115,189)</b> | <b>(193,565)</b> | <b>(193,565)</b> |

The fair values for all other financial instruments such as cash and cash equivalents, short-term trade receivables and payables are not disclosed, because their carrying amounts are a reasonable approximation of fair value.

#### Derivative financial assets and liabilities

The fair value of forward exchange contracts, interest rate swaps, cross currency interest rate swaps and options are based on their market quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date. The fair value of interest rate caps is the estimated amount which the Group would receive or pay when unwinding the caps at the reporting date.

#### Financial liabilities at amortised costs

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the forward market rate of interest at the reporting date.

#### Financial liabilities carried at fair value designated as such upon initial recognition

The fair value of the USD loans is calculated by discounting the cash flows associated to the loan schedule for the life of the loan at the market interest rates prevailing for such type and currency of loan as of the reporting date. No changes in the credit risks were done for this calculation as there have been no changes in the financial condition of the Group since the inception of the USD loans.

#### Fair value hierarchy

The table below shows fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy, by valuation method. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different levels have been defined as follows:

Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities



Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| €'000  | Level 1 | Level 2          | Level 3 | Total            |
|--|---------|------------------|---------|------------------|
| <b>30 June 2017</b>  |         |                  |         |                  |
| <i>Financial assets and liabilities measured at fair value</i>     |         |                  |         |                  |
| USD loans  | -       | (112,080)        | -       | (112,080)        |
| Derivative financial assets  | -       | 42,721           | -       | 42,721           |
| Derivative financial liabilities                                   | -       | (3,109)          | -       | (3,109)          |
|  | -       | <b>(72,468)</b>  | -       | <b>(72,468)</b>  |
| <i>Financial assets and liabilities not measured at fair value</i> |         |                  |         |                  |
| Loans  | -       | (155,874)        | -       | (155,874)        |
|  | -       | <b>(155,874)</b> | -       | <b>(155,874)</b> |
| <b>31 December 2016</b>  |         |                  |         |                  |
| <i>Financial assets and liabilities measured at fair value</i>     |         |                  |         |                  |
| USD loans  | -       | (188,107)        | -       | (188,107)        |
| Derivative financial assets  | -       | 72,338           | -       | 72,338           |
| Derivative financial liabilities                                   | -       | (5,458)          | -       | (5,458)          |
|  | -       | <b>(121,227)</b> | -       | <b>(121,227)</b> |
| <i>Financial assets and liabilities not measured at fair value</i> |         |                  |         |                  |
| Loans  | -       | (81,529)         | -       | (81,529)         |
|  | -       | <b>(81,529)</b>  | -       | <b>(81,529)</b>  |

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2017 and the twelve months ended 31 December 2016.

#### Note 10 • Seasonality

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

#### Note 11 • Events subsequent to the reporting date

As at 16 August 2017, there were no significant events after the reporting period that could have impacted or influenced the interim financial statements.