

## Interim Report | January – 30 September 2017

**+11%**

LC SALES

**+6%**

EURO SALES

**11.0%**

OPERATING MARGIN

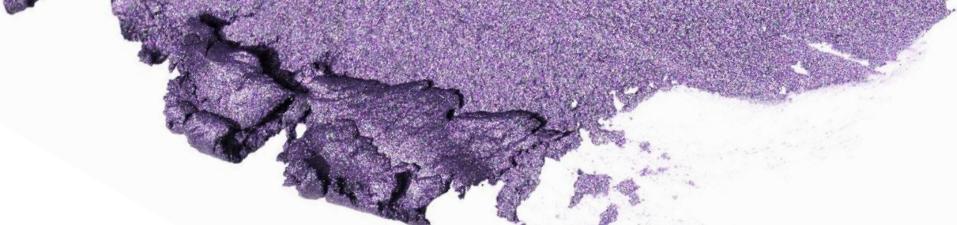
### 3 months ended 30 September 2017

- Local currency sales increased by 11% and Euro sales increased by 6% to €295.3m (€278.9m).
- Number of registered actives was stable at 2.6m.
- EBITDA amounted to €40.0m (€30.8m).
- Operating margin was 11.0% (9.0%), negatively impacted by 160 bps from currencies, and operating profit was €32.5m (€25.2m).
- Net profit was €17.4m (€12.7m) and diluted EPS €0.30 (€0.23). Following the successful refinancing of the Revolving Credit Facility during the quarter, the net profit was negatively impacted by a one-off amortisation of the replaced facility's capitalised fees of around €1.0m.
- Cash flow from operating activities was €11.2m (€-5.8m).
- During the quarter, Oriflame signed a new Revolving Credit Facility amounting to €160m in total. The new five-year facility replaced the €110m facility.
- The year to date sales development is approximately 10% in local currency and the development in the fourth quarter to date is approximately 11% in local currency.

### 9 months ended 30 September 2017

- Local currency sales increased by 10% and Euro sales increased by 10% to €983.0m (€894.3m).
- EBITDA amounted to €128.3m (€99.1m).
- Operating margin was 10.5% (8.6%), negatively impacted by 10 bps from currencies, and operating profit was €102.8m (€77.2m).
- Net profit was €56.8m (€41.5m) and diluted EPS €0.99 (€0.74).
- Cash flow from operating activities amounted to €43.7m (€51.4m).

*“During Q3 2017, we continued to execute on our strategic priorities resulting in yet another quarter of healthy growth and improved profitability. The local currency sales development for the Group in the fourth quarter-to-date is in line with our long-term financial target.”*



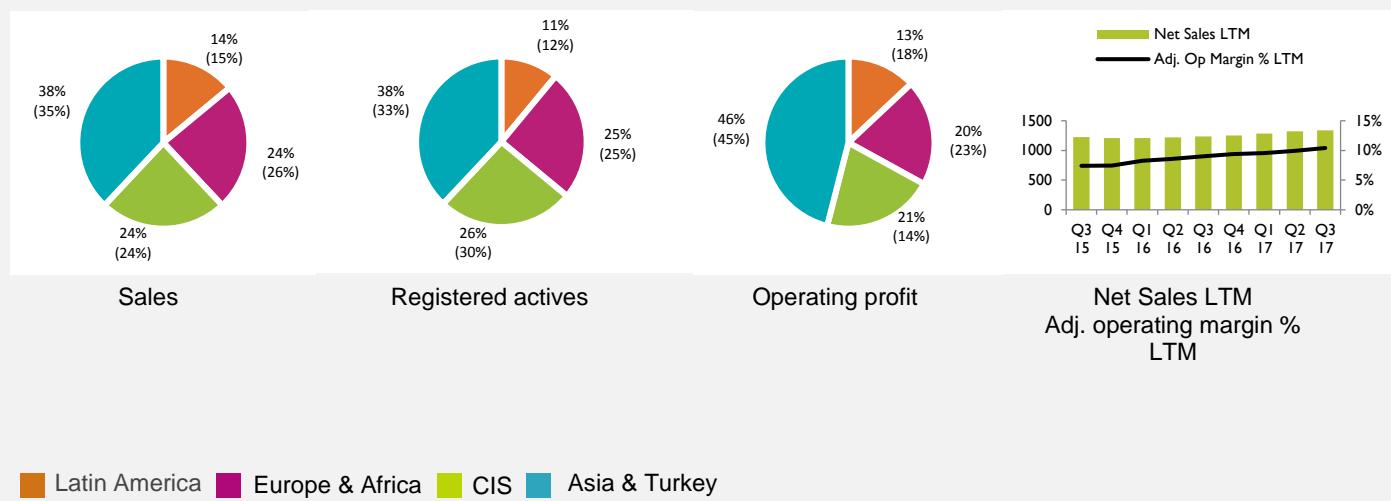


## CEO Magnus Bränström comments

“During Q3 2017, we continued to execute on our strategic priorities resulting in yet another quarter of healthy growth and improved profitability. The overall performance in Asia & Turkey remained strong, although with variations within the region. The growth in the CIS continued, supported by sustained high productivity levels. Latin America was affected by the earthquakes and negative timing. Our efforts to improve the capacity utilisation in manufacturing continued to render results during the quarter and the number of registered actives was stable. The local currency sales development for the Group in the fourth quarter-to-date is in line with our long-term financial target.”

## Key financial data

3 months ended 30 September



■ Latin America ■ Europe & Africa ■ CIS ■ Asia & Turkey

| Financial summary<br>(€m)                  | 3 months ended<br>30 September |       |          | 9 months ended<br>30 September |       |          | LTM<br>Oct '16-<br>Sept '17 | Year end<br>2016 |
|--|--------------------------------|-------|----------|--------------------------------|-------|----------|-----------------------------|------------------|
|  | 2017                           | 2016  | Change % | 2017                           | 2016  | Change % |                             |                  |
| Sales                                      | 295.3                          | 278.9 | 6%       | 983.0                          | 894.3 | 10%      | 1,338.1                     | 1,249.4          |
| Gross margin, %                            | 73.8                           | 70.4  |          | 72.7                           | 70.5  |          | 72.3                        | 70.7             |
| EBITDA                                     | 40.0                           | 30.8  | 30%      | 128.3                          | 99.1  | 29%      | 177.4                       | 148.2            |
| Operating profit                           | 32.5                           | 25.2  | 29%      | 102.8                          | 77.2  | 33%      | 144.8                       | 119.2            |
| Operating margin, %                        | 11.0                           | 9.0   |          | 10.5                           | 8.6   |          | 10.8                        | 9.5              |
| Net profit before tax                      | 24.8                           | 20.4  | 21%      | 81.9                           | 63.2  | 30%      | 119.2                       | 100.5            |
| Net profit                                 | 17.4                           | 12.7  | 37%      | 56.8                           | 41.5  | 37%      | 82.0                        | 66.7             |
| Diluted EPS, €                             | 0.30                           | 0.23  | 35%      | 0.99                           | 0.74  | 35%      | 1.43                        | 1.18             |
| Cash flow from operating activities        | 11.2                           | (5.8) | NA       | 43.7                           | 51.4  | (15%)    | 105.4                       | 113.1            |
| Net interest-bearing debt                  | 85.4                           | 111.8 | (24%)    | 85.4                           | 111.8 | (24%)    | 85.4                        | 82.3             |
| Net interest-bearing debt at hedged values | 62.2                           | 53.8  | 16%      | 62.2                           | 53.8  | 16%      | 62.2                        | 13.2             |
| Registered actives, '000                   | 2,646                          | 2,648 | 0%       | 2,646                          | 2,648 | 0%       | 2,646                       | 3,006            |
| Sales / registered actives, €              | 110.6                          | 104.3 | 6%       | 367.1                          | 334.5 | 10%      | 500.3                       | 411.9            |



**+200 bps**

OPERATING  
MARGIN

## Three months ended 30 September 2017

Sales in local currencies increased by 11%. Euro sales increased by 6% to €295.3m compared to €278.9m in the same period prior year. Sales development in local currencies was driven by a 11% increase in productivity while the number of registered actives in the quarter was stable at 2.6m (2.6m).

Unit sales increased by 2% and the price/mix effect was up by 9%, primarily 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 1% in Latin America, by 6% in Europe & Africa, by 4% in CIS and by 23% in Asia & Turkey.

The gross margin at 73.8% (70.4%), was positively impacted by price/mix effects and supply chain efficiency measures, partly offset by currency movements. The operating margin amounted to 11.0% (9.0%), favourably impacted by lower administrative costs and lower distribution and infrastructure expenses, partly offset by currency movements of 160 bps, higher selling and marketing expenses and higher costs for the share incentive plan and bonuses. This quarter, approximately 100 bps of the efficiencies in the supply chain should be seen as non recurring. At the same time, the share incentive plan and bonuses include an extra cost of approximately 100 bps. Thereby the impact of these items on the operating margin was neutral.

Net profit increased to €17.4m (€12.7m) and diluted earnings per share amounted to €0.30 (€0.23). Following the successful refinancing of the Revolving Credit Facility during the quarter, the net profit was negatively impacted by a one-off amortisation of the replaced facility's capitalised fees of around €1.0m.

Cash flow from operating activities amounted to €11.2m (€-5.8m).

The average number of full-time equivalent employees was 6,183 (6,123).

## Nine months ended 30 September 2017

Sales in local currencies increased by 10% and Euro sales increased by 10% to €983.0m compared to €894.3m in the same period prior year. Sales development in local currencies was impacted by a 10% increase in productivity while the number of registered actives was stable.

The gross margin amounted to 72.7% (70.5%) and the operating margin to 10.5% (8.6%). The operating margin was favourably impacted by price/mix effects, supply chain efficiency measures, lower administrative costs and lower share of distribution and infrastructure expenses, partly offset by minor currency movements of 10 bps, higher selling and marketing expenses and higher costs for the share incentive plan and bonuses.

Net profit amounted to €56.8m (€41.5m) and diluted earnings per share was €0.99 (€0.74). Cash flow from operating activities decreased to €43.7m (€51.4m).

## Operational highlights

### Oriflame 50th Anniversary Cruise

During the quarter, Oriflame held its largest conference ever. Close to 6,000 participants at the *Global 50th Anniversary Cruise* sailed together in the Mediterranean. As part of the conference, the *Global Anniversary Rally* took place at the Olympic arena in Athens with speeches by amongst others Oriflame's co-founders, Jonas and Robert af Jochnick, as well as product presentations and recognition of leaders reaching new titles.

### Brand and Innovation

The third quarter was another quarter of double-digit growth for the strategic categories Skin Care and Wellness. The main initiatives within Skin Care were the launches of *Optimals Hydra*, the *NovAge Intense Skin Recharge Mask* as well as the *Ecobeauty Pink Clay Mask*. Within Wellness, the food supplement *Protein Blend* was introduced in China and CIS.

In Colour Cosmetics, *The ONE No Compromise Mascara* was launched, using a wrap lash technology that only requires warm water to be removed.

Key launches within the Fragrance category during the quarter were *My Little Garden*, *VIP Club Bali Fragrance Mist*, *Friends World* and *Northern Glow*.

The growth in Personal care was driven by *Optifresh* and *Activelle* as well as the launch of *Love Nature*.

### Online

The utilisation of Oriflame mobile apps increased sharply, with the *Oriflame app* now featuring more than 600,000 monthly active users. The *Oriflame SkinExpert app*, introduced during the 50th



LAUNCH OF  
THE ONE NO  
COMPROMISE  
MASCARA



*Anniversary Cruise*, supports Consultants to recommend the appropriate Skin Care routine to their customers, based on customer profile, current skin conditions and other specific skin care needs.

Prioritised activities during the quarter included continued development of the digital platform and key mobile apps, as well as further rollout of the new e-commerce platform, which was successfully implemented in Indonesia.

#### **Service, Manufacturing and Other**

Service levels remained healthy. The number of inventory days normalised and increased compared to the same period last year. The capacity utilisation in manufacturing improved further during the quarter, driven by insourcing efforts and unit growth. The implementation of the outsourcing of IT and financial operational services to IBM continued and is developing well.



NEGATIVELY  
IMPACTED BY  
TIMING

+6%  
LC SALES

## Latin America

### Key figures

|                              | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 40.9  | 39.8  | 35.3  | 40.9  | 40.4  |
| Sales growth in €            | 16%   | 12%   | 20%   | 6%    | (1%)  |
| Sales growth in lc           | 26%   | 21%   | 21%   | 4%    | 1%    |
| Op profit, €m <sup>1</sup>   | 7.2   | 5.8   | 3.3   | 6.0   | 5.9   |
| Op margin                    | 17.6% | 14.5% | 9.5%  | 14.8% | 14.6% |
| Registered actives, '000     | 314   | 288   | 266   | 284   | 299   |
| Sales /registered actives, € | 130.2 | 138.5 | 132.6 | 143.8 | 135.1 |

<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

Chile, Colombia, Ecuador, Mexico, Peru.

### Development

Local currency sales in the third quarter increased by 1% as a result of a 5% decrease in the number of registered actives and a 6% increase in productivity. The sales development was significantly impacted by negative timing of catalogues. Euro sales were down by 1% to €40.4m (€40.9m). Continued positive development in Mexico, although affected by the earthquakes during the quarter. Ecuador recorded solid growth while the development in Colombia remained weak due to the difficult consumer situation in the market.

Operating profit amounted to €5.9m (€7.2m) and operating margin to 14.6% (17.6%). The operating margin was negatively impacted by exchange rates, partly offset by price increases and favourable product mix.

## Europe & Africa

### Key figures

|                              | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 70.4  | 95.3  | 81.3  | 80.3  | 70.7  |
| Sales growth in €            | (1%)  | (2%)  | (1%)  | (1%)  | 0%    |
| Sales growth in lc           | 2%    | 5%    | 6%    | 4%    | 6%    |
| Op profit, €m <sup>1</sup>   | 8.9   | 16.8  | 10.4  | 10.4  | 9.2   |
| Op margin                    | 12.7% | 17.7% | 12.8% | 12.9% | 13.0% |
| Registered actives, '000     | 655   | 812   | 802   | 734   | 674   |
| Sales /registered actives, € | 107.6 | 117.4 | 101.4 | 109.4 | 104.8 |

<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

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 third quarter increased by 6%, as a result of a 3% increase in registered actives and a 3% increase in productivity. Euro sales were stable at €70.7m (€70.4m). Stable sales in Europe during the quarter, with continued healthy leadership development in Central Europe and improved performance in Western Europe. Solid underlying growth in Africa driven by Egypt and Nigeria, although the region continues to be impacted by macroeconomic and exchange rate challenges.

Operating profit amounted to €9.2m (€8.9m) and operating margin increased to 13.0% (12.7%), positively impacted by price increases and sales leverage, partly offset by negative currency movements.



14.2%

OPERATING  
MARGIN

## CIS

### Key figures

|                              | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 67.2  | 93.9  | 99.5  | 92.9  | 69.9  |
| Sales growth in €            | (13%) | (10%) | 15%   | 19%   | 4%    |
| Sales growth in lc           | (3%)  | (10%) | (6%)  | 6%    | 4%    |
| Op profit, €m <sup>1</sup>   | 5.5   | 14.0  | 11.1  | 9.7   | 9.9   |
| Op margin                    | 8.1%  | 14.9% | 11.2% | 10.5% | 14.2% |
| Registered actives, '000     | 784   | 926   | 889   | 794   | 698   |
| Sales /registered actives, € | 85.7  | 101.5 | 111.9 | 117.0 | 100.2 |

<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 third quarter increased by 4%, as a result of an increase in productivity of 16%, partly offset by a 11% decrease in the number of registered actives. Euro sales were up by 4% to €69.9m (€67.2m). Local currency sales in Russia increased by 3%, driven by sustained high productivity levels. The situation in Ukraine and Kazakhstan improved somewhat, although continuously impacted by macroeconomic challenges.

Operating profit amounted to €9.9m (€5.5m) and operating margin increased to 14.2% (8.1%), favourably impacted by exchange rates, realised price increases and product mix.

## Asia & Turkey

### Key figures

|                              | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales, €m                    | 97.5  | 123.3 | 118.2 | 130.3 | 111.7 |
| Sales growth in €            | 26%   | 23%   | 14%   | 19%   | 15%   |
| Sales growth in lc           | 29%   | 25%   | 16%   | 21%   | 23%   |
| Op profit, €m <sup>1</sup>   | 17.7  | 27.6  | 21.1  | 28.0  | 22.1  |
| Op margin                    | 18.1% | 22.4% | 17.8% | 21.5% | 19.8% |
| Registered actives, '000     | 895   | 980   | 1,034 | 994   | 975   |
| Sales /registered actives, € | 109.0 | 125.7 | 114.4 | 131.1 | 114.6 |

<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

Third quarter sales growth in local currencies was 23% as a result of a 9% increase in the number of registered actives and a 13% increase in productivity. Euro sales were up by 15% to €111.7m (€97.5m). The performance in Vietnam was very strong during the quarter and China as well as Turkey reported healthy growth. The development in India remained weak, partly due to the topline impact from the Goods and Services Tax, with measures being taken to return to sustainable growth. The combination of online activity, solid leadership and the focus on Skin Care and Wellness sets and routines continues to drive the growth in the region.

Operating margin increased to 19.8% (18.1%) and operating profit was €22.1m (€17.7m). The margin was positively impacted by a favourable geographical mix and timing of campaign offers, partly offset by negative currency movements and higher selling and marketing expenses.

+23%

LC SALES



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

| Sales<br>(€m)      | 3 months ended<br>30 September |              |           | Change<br>in<br>Euro | Change in<br>lc |
|--------------------|--------------------------------|--------------|-----------|----------------------|-----------------|
|                    | 2017                           | 2016         |           |                      |                 |
| Latin America      | 40.4                           | 40.9         | (1%)      | 1%                   |                 |
| Europe & Africa    | 70.7                           | 70.4         | 0%        | 6%                   |                 |
| CIS                | 69.9                           | 67.2         | 4%        | 4%                   |                 |
| Asia & Turkey      | 111.7                          | 97.5         | 15%       | 23%                  |                 |
| Manufacturing      | 0.8                            | 0.7          | 20%       | 18%                  |                 |
| Other              | 1.8                            | 2.2          | (15%)     | (15%)                |                 |
| <b>Total sales</b> | <b>295.3</b>                   | <b>278.9</b> | <b>6%</b> | <b>11%</b>           |                 |

| Sales<br>(€m)      | 9 months ended<br>30 September |              |            | Change in<br>Euro | Change in<br>lc | LTM,<br>Oct'16-<br>Sept'17 | Year end<br>2016 |
|--------------------|--------------------------------|--------------|------------|-------------------|-----------------|----------------------------|------------------|
|                    | 2017                           | 2016         |            |                   |                 |                            |                  |
| Latin America      | 116.5                          | 108.8        | 7%         | 7%                | 7%              | 156.3                      | 148.6            |
| Europe & Africa    | 232.3                          | 234.0        | (1%)       | 6%                | 6%              | 327.7                      | 329.4            |
| CIS                | 262.3                          | 231.8        | 13%        | 1%                | 1%              | 356.2                      | 325.7            |
| Asia & Turkey      | 360.2                          | 311.0        | 16%        | 20%               | 20%             | 483.5                      | 434.3            |
| Manufacturing      | 6.6                            | 3.2          | 105%       | 102%              | 102%            | 7.2                        | 3.8              |
| Other              | 5.1                            | 5.5          | (7%)       | (7%)              | (7%)            | 7.2                        | 7.6              |
| <b>Total sales</b> | <b>983.0</b>                   | <b>894.3</b> | <b>10%</b> | <b>10%</b>        | <b>10%</b>      | <b>1,338.1</b>             | <b>1,249.4</b>   |

| Operating profit<br>(€m)          | 3 months ended<br>30 September |             |            | 9 months ended<br>30 September |             |            | LTM,<br>Oct'16-<br>Sept'17 | Year<br>end<br>2016 |
|-----------------------------------|--------------------------------|-------------|------------|--------------------------------|-------------|------------|----------------------------|---------------------|
|                                   | 2017                           | 2016        | Change     | 2017                           | 2016        | Change     |                            |                     |
| Latin America                     | 5.9                            | 7.2         | (18%)      | 15.3                           | 15.9        | (4%)       | 21.1                       | 21.7                |
| Europe & Africa                   | 9.2                            | 8.9         | 3%         | 30.0                           | 33.1        | (9%)       | 46.8                       | 49.9                |
| CIS                               | 9.9                            | 5.5         | 82%        | 30.7                           | 17.9        | 72%        | 44.7                       | 31.9                |
| Asia & Turkey                     | 22.1                           | 17.7        | 25%        | 71.2                           | 55.5        | 28%        | 98.8                       | 83.1                |
| Manufacturing                     | 1.3                            | 2.5         | (49%)      | 10.6                           | 7.5         | 41%        | 12.2                       | 9.1                 |
| Other                             | (15.9)                         | (16.6)      | 4%         | (55.0)                         | (52.7)      | (4%)       | (78.8)                     | (76.5)              |
| <b>Total operating<br/>profit</b> | <b>32.5</b>                    | <b>25.2</b> | <b>29%</b> | <b>102.8</b>                   | <b>77.2</b> | <b>33%</b> | <b>144.8</b>               | <b>119.2</b>        |

| Registered actives<br>('000) | 30 September |              |             | Year end<br>2016 |
|------------------------------|--------------|--------------|-------------|------------------|
|                              | 2017         | 2016         | Change      |                  |
| Latin America                | 299          | 314          | (5%)        | 288              |
| Europe & Africa              | 674          | 655          | 3%          | 812              |
| CIS                          | 698          | 784          | (11%)       | 926              |
| Asia & Turkey                | 975          | 895          | 9%          | 980              |
| <b>Total</b>                 | <b>2,646</b> | <b>2,648</b> | <b>(0%)</b> | <b>3,006</b>     |



## Cash flow & investments

Cash flow from operating activities in the third quarter amounted to €11.2m (€-5.8m), driven by higher EBITDA, decrease in provisions and timing of receivables and payables.

Cash flow used in investing activities amounted to €-3.8m (€-2.3m).

## Financial position

Net interest-bearing debt at hedged values amounted to €62.2m (€53.8m). The net debt at hedged values/EBITDA ratio was 0.4 (0.4).

Net interest-bearing debt amounted to €85.4m (€111.8m). The net debt/EBITDA ratio was 0.5 (0.8). Interest cover amounted to 7.7 (7.1) in the quarter and to 8.4 (6.5) during the last twelve months.

## Covenant disclosure

As per the end of the third quarter 2017, the financial measures as defined in the Agreements relating to the existing 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: 16.9 (covenant at  $\geq$  5.0 times)

Consolidated Net Worth: €212m (covenant at  $\geq$  €120m)

As per the end of the third quarter 2017, the financial measures as defined in the Agreements relating to the existing Revolving Credit Facility were as follows:

Consolidated Net Debt to Consolidated EBITDA: 0.4 (covenant at  $\leq$  3.0 times)

Consolidated EBITDA to Consolidated Finance costs: 16.9 (covenant at  $\geq$  4.0 times)

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.

## Nomination Committee for the 2018 Annual General Meeting

In accordance with Swiss company law the tasks to nominate the chairman of the board, board members and the external auditor as well as appoint the chair of the general meeting are among the unalienable responsibilities of the Board of Directors. Hence, a nomination committee can only be constituted among the Company's board members.

In advance of the 2018 Annual General Meeting the Company has formed a nomination and governance committee among its board members. The nomination and governance committee consists of Anders Dahlvig (Chairman) and Alexander af Jochnick. The nomination and governance committee will contact the Company's five largest shareholders, as known to the Company, to obtain input on the nominations. Anyone wishing to contact the nomination committee may do so via [corporate.governance@oriflame.com](mailto:corporate.governance@oriflame.com).

The 2018 Annual General Meeting will be held in Switzerland on 3 May, 2018.

## 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



**11%**

FOURTH QUARTER  
TO DATE LC SALES

**10%**

YEAR TO DATE LC  
SALES

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

The fourth instalment of €0.25 per share (record date 15 February 2018) will have expected payment date 23 February 2018. The last day of trading the share including dividend right is on 13 February 2018 (Ex-Date 14 February).

## Significant events during the quarter

During the quarter, Oriflame signed a new Revolving Credit Facility amounting to €160m in total. The new five-year Facility (with two one-year extension options at the banks' discretion) replaces the existing €110m Facility (signed in April 2015 and with maturity in 2020).

The Facility will be used for general corporate purposes, primarily to cover for quarterly cash flow fluctuations within the calendar year.

## Personnel

The average number of full-time equivalent employees was 6,183 (6,123).

## Year to date and fourth quarter update

The year to date sales development is approximately 10% in local currency and the development in the fourth quarter to date is approximately 11% 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 2017/2018

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

The Annual Report will be published during April 2018, no later than 3 weeks prior to the Annual General Meeting

The 2018 Annual General Meeting will be held on 3 May 2018

The first quarter 2018 report will be published on 4 May 2018

The second quarter 2018 report will be published on 7 August 2018

The third quarter 2018 report will be published on 7 November 2018

The fourth quarter 2018 report will be published on 14 February 2019



## 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 Wednesday, 8 November 2017 at 9.30 CET.

#### Participant access numbers:

SE: +46856642664  
DK: +4535445576  
FI: +358981710492  
NO: +4723500252  
UK: +442030089808  
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/171108>

November 8, 2017

Magnus Brännström  
Chief Executive Officer

This report has not been audited by the company’s auditors.

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This information is information that Oriflame Holding AG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:15 CET on November 8, 2017.

**Oriflame Holding AG**  
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[www.oriflame.com](http://www.oriflame.com)  
Company registration no CHE-134.446.883



## Consolidated key figures

|   | 3 months ended<br>30 September |       | 9 months ended<br>30 September |       | LTM,<br>Oct'16-<br>Sept'17 | Year end<br>2016 |
|---|--------------------------------|-------|--------------------------------|-------|----------------------------|------------------|
|   | 2017                           | 2016  | 2017                           | 2016  |                            |                  |
| Gross margin, %                               | 73.8                           | 70.4  | 72.7                           | 70.5  | 72.3                       | 70.7             |
| EBITDA margin, %                              | 13.6                           | 11.0  | 13.1                           | 11.1  | 13.3                       | 11.9             |
| Operating margin, %                           | 11.0                           | 9.0   | 10.5                           | 8.6   | 10.8                       | 9.5              |
| Return on:                                    |                                |       |                                |       |                            |                  |
| - operating capital, %                        | -                              | -     | 51.1                           | 32.4  | 51.1                       | 38.0             |
| - capital employed, %                         | -                              | -     | 35.6                           | 25.7  | 35.6                       | 26.7             |
| Net debt at hedged values / EBITDA (LTM)      | 0.4                            | 0.4   | 0.4                            | 0.4   | 0.4                        | 0.1              |
| Net debt / EBITDA (LTM)                       | 0.5                            | 0.8   | 0.5                            | 0.8   | 0.5                        | 0.6              |
| Interest cover                                | 7.7                            | 7.1   | 9.4                            | 6.5   | 8.4                        | 6.6              |
| Average no. of full-time equivalent employees | 6,183                          | 6,123 | 6,244                          | 6,248 | 6,231                      | 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

| Financial summary                      | Q2'16        | Q3'16        | Q4'16        | Q1'17        | Q2'17        | Q3'17        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales, €m                              | 309.6        | 278.9        | 355.1        | 340.1        | 347.6        | 295.3        |
| Gross margin, %                        | 71.5         | 70.4         | 71.2         | 71.6         | 72.9         | 73.8         |
| EBITDA, €m                             | 40.6         | 30.8         | 49.0         | 40.4         | 47.9         | 40.0         |
| Operating profit, €m                   | 30.8         | 25.2         | 42.0         | 29.8         | 40.5         | 32.5         |
| Operating margin, %                    | 9.9          | 9.0          | 11.8         | 8.8          | 11.7         | 11.0         |
| Net profit before income tax, €m       | 27.1         | 20.4         | 37.3         | 27.4         | 29.7         | 24.8         |
| Net profit, €m                         | 18.1         | 12.7         | 25.2         | 19.5         | 19.9         | 17.4         |
| EPS, diluted €                         | 0.32         | 0.23         | 0.44         | 0.34         | 0.35         | 0.30         |
| Cash flow from op. activities, €m      | 35.8         | (5.8)        | 61.7         | (1.5)        | 33.9         | 11.2         |
| Net interest-bearing debt, €m          | 106.5        | 111.8        | 82.3         | 92.7         | 82.4         | 85.4         |
| Registered actives, '000               | 2,862        | 2,648        | 3,006        | 2,991        | 2,806        | 2,646        |
| <b>Sales, €m</b>                       | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Latin America                          | 38.5         | 40.9         | 39.8         | 35.3         | 40.9         | 40.4         |
| Europe & Africa                        | 81.2         | 70.4         | 95.3         | 81.3         | 80.3         | 70.7         |
| CIS                                    | 78.0         | 67.2         | 93.9         | 99.5         | 92.9         | 69.9         |
| Asia & Turkey                          | 109.5        | 97.5         | 123.3        | 118.2        | 130.3        | 111.7        |
| Manufacturing                          | 0.4          | 0.7          | 0.6          | 4.5          | 1.4          | 0.8          |
| Other                                  | 2.0          | 2.2          | 2.2          | 1.3          | 1.8          | 1.8          |
| <b>Oriflame</b>                        | <b>309.6</b> | <b>278.9</b> | <b>355.1</b> | <b>340.1</b> | <b>347.6</b> | <b>295.3</b> |
| <b>Operating Profit, €m</b>            | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Latin America                          | 6.1          | 7.2          | 5.8          | 3.3          | 6.0          | 5.9          |
| Europe & Africa                        | 12.4         | 8.9          | 16.8         | 10.4         | 10.4         | 9.2          |
| CIS                                    | 5.2          | 5.5          | 14.0         | 11.1         | 9.7          | 9.9          |
| Asia & Turkey                          | 23.1         | 17.7         | 27.6         | 21.1         | 28.0         | 22.1         |
| Manufacturing                          | 1.6          | 2.5          | 1.6          | 4.9          | 4.4          | 1.3          |
| Other                                  | (17.6)       | (16.6)       | (23.8)       | (21.0)       | (18.0)       | (15.9)       |
| <b>Oriflame</b>                        | <b>30.8</b>  | <b>25.2</b>  | <b>42.0</b>  | <b>29.8</b>  | <b>40.5</b>  | <b>32.5</b>  |
| <b>Registered actives, '000</b>        | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Latin America                          | 286          | 314          | 288          | 266          | 284          | 299          |
| Europe & Africa                        | 740          | 655          | 812          | 802          | 734          | 674          |
| CIS                                    | 913          | 784          | 926          | 889          | 794          | 698          |
| Asia & Turkey                          | 923          | 895          | 980          | 1,034        | 994          | 975          |
| <b>Oriflame</b>                        | <b>2,862</b> | <b>2,648</b> | <b>3,006</b> | <b>2,991</b> | <b>2,806</b> | <b>2,646</b> |
| <b>Operating Margin, %</b>             | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Latin America                          | 15.8         | 17.6         | 14.5         | 9.5          | 14.8         | 14.6         |
| Europe & Africa                        | 15.2         | 12.7         | 17.7         | 12.8         | 12.9         | 13.0         |
| CIS                                    | 6.7          | 8.1          | 14.9         | 11.2         | 10.5         | 14.2         |
| Asia & Turkey                          | 21.1         | 18.1         | 22.4         | 17.8         | 21.5         | 19.8         |
| <b>Oriflame</b>                        | <b>9.9</b>   | <b>9.0</b>   | <b>11.8</b>  | <b>8.8</b>   | <b>11.7</b>  | <b>11.0</b>  |
| <b>€ Sales Growth in %</b>             | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Latin America                          | 8            | 16           | 12           | 20           | 6            | (1)          |
| Europe & Africa                        | 3            | (1)          | (2)          | (1)          | (1)          | 0            |
| CIS                                    | (20)         | (13)         | (10)         | 15           | 19           | 4            |
| Asia & Turkey                          | 26           | 26           | 23           | 14           | 19           | 15           |
| <b>Oriflame</b>                        | <b>3</b>     | <b>6</b>     | <b>5</b>     | <b>11</b>    | <b>12</b>    | <b>6</b>     |
| <b>Cash Flow, €m</b>                   | <b>Q2'16</b> | <b>Q3'16</b> | <b>Q4'16</b> | <b>Q1'17</b> | <b>Q2'17</b> | <b>Q3'17</b> |
| Operating cash flow                    | 35.8         | (5.8)        | 61.7         | (1.5)        | 33.9         | 11.2         |
| Cash flow used in investing activities | (3.3)        | (2.3)        | (4.6)        | (3.0)        | (3.0)        | (3.8)        |



## Condensed consolidated income statements

| €'000   | 3 months ended<br>30 September |                | 9 months ended<br>30 September |                 | LTM,<br>Oct' 16-<br>Sept' 17 | Year End<br>2016 |
|---|--------------------------------|----------------|--------------------------------|-----------------|------------------------------|------------------|
|   | 2017                           | 2016           | 2017                           | 2016            |                              |                  |
| Sales   | 295,260                        | 278,880        | 983,027                        | 894,275         | 1,338,134                    | 1,249,382        |
| Cost of sales                                       | (77,428)                       | (82,577)       | (268,468)                      | (264,085)       | (370,850)                    | (366,467)        |
| <b>Gross profit</b>                                 | <b>217,832</b>                 | <b>196,303</b> | <b>714,559</b>                 | <b>630,190</b>  | <b>967,284</b>               | <b>882,915</b>   |
| Other income  | 10,036                         | 10,168         | 33,720                         | 32,328          | 45,723                       | 44,331           |
| Selling and marketing expenses                      | (105,283)                      | (98,335)       | (363,560)                      | (323,137)       | (489,939)                    | (449,516)        |
| Distribution and infrastructure                     | (21,690)                       | (22,206)       | (70,197)                       | (68,028)        | (96,225)                     | (94,056)         |
| Administrative expenses                             | (68,421)                       | (60,697)       | (211,765)                      | (194,176)       | (282,079)                    | (264,490)        |
| <b>Operating profit</b>                             | <b>32,474</b>                  | <b>25,233</b>  | <b>102,757</b>                 | <b>77,177</b>   | <b>144,764</b>               | <b>119,184</b>   |
| Financial income                                    | 8,626                          | 6,961          | 41,937                         | 22,561          | 41,234                       | 21,858           |
| Financial expenses                                  | (16,330)                       | (11,747)       | (62,800)                       | (36,556)        | (66,756)                     | (40,512)         |
| <b>Net financing costs</b>                          | <b>(7,704)</b>                 | <b>(4,786)</b> | <b>(20,863)</b>                | <b>(13,995)</b> | <b>(25,522)</b>              | <b>(18,654)</b>  |
| <b>Net profit before income tax</b>                 | <b>24,770</b>                  | <b>20,447</b>  | <b>81,894</b>                  | <b>63,182</b>   | <b>119,242</b>               | <b>100,530</b>   |
| Total income tax expense                            | (7,357)                        | (7,712)        | (25,090)                       | (21,646)        | (37,260)                     | (33,816)         |
| <b>Profit attributable to owners of the Company</b> | <b>17,413</b>                  | <b>12,735</b>  | <b>56,804</b>                  | <b>41,536</b>   | <b>81,982</b>                | <b>66,714</b>    |

## Earnings per share

| €  | 3 months<br>ended 30 September |            | 9 months ended<br>30 September |            | LTM,<br>Oct' 16-<br>Sept' 17 | Year end<br>2016 |
|--|--------------------------------|------------|--------------------------------|------------|------------------------------|------------------|
|  | 2017                           | 2016       | 2017                           | 2016       |                              |                  |
| EPS:   |                                |            |                                |            |                              |                  |
| - basic  | 0.31                           | 0.23       | 1.02                           | 0.75       | 1.47                         | 1.20             |
| - diluted  | 0.30                           | 0.23       | 0.99                           | 0.74       | 1.43                         | 1.18             |
| Weighted avg. number of shares outstanding:                    |                                |            |                                |            |                              |                  |
| - basic  | 55,740,805                     | 55,741,121 | 55,740,805                     | 55,674,599 | 55,740,869                   | 55,691,352       |
| - diluted  | 57,190,439                     | 56,471,971 | 57,190,439                     | 56,371,637 | 57,190,504                   | 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       |



## Condensed consolidated statements of comprehensive income

| €'000  | 3 months<br>ended 30 September |               | 9 months<br>ended 30 September |                | LTM,<br>Oct'16-<br>Sept' 7 | Year end<br>2016 |
|--|--------------------------------|---------------|--------------------------------|----------------|----------------------------|------------------|
|  | 2017                           | 2016          | 2017                           | 2016           |                            |                  |
| <b>Profit attributable to owners of the Company</b>                                    | <b>17,413</b>                  | <b>12,735</b> | <b>56,804</b>                  | <b>41,536</b>  | <b>81,982</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)          | 631                        | (316)            |
| Revaluation reserve for property, plant & equipment                                    | -                              | 129           | -                              | (82)           | (148)                      | (230)            |
| <b>Total items that will not be reclassified subsequently to profit or loss</b>        | <b>-</b>                       | <b>129</b>    | <b>110</b>                     | <b>(919)</b>   | <b>483</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                        | (5,662)                        | (906)         | (12,579)                       | 1,369          | (1,649)                    | 12,299           |
| Effective portion of changes in fair value of cash flow hedges, net of tax             | 2                              | 571           | 2,776                          | (2,390)        | 2,447                      | (2,719)          |
| <b>Total items that are or may be reclassified subsequently to profit or loss</b>      | <b>(5,660)</b>                 | <b>(335)</b>  | <b>(9,803)</b>                 | <b>(1,940)</b> | <b>798</b>                 | <b>9,580</b>     |
| <b>Other comprehensive income for the period, net of tax</b>                           | <b>(5,660)</b>                 | <b>(206)</b>  | <b>(9,693)</b>                 | <b>(1,940)</b> | <b>1,281</b>               | <b>9,034</b>     |
| <b>Total comprehensive income for the period attributable to owners of the Company</b> | <b>11,753</b>                  | <b>12,529</b> | <b>47,111</b>                  | <b>39,596</b>  | <b>83,263</b>              | <b>75,748</b>    |



## Condensed consolidated statements of financial position

| €'000                                     | 30 September,<br>2017 | 31 December,<br>2016 | 30 September,<br>2016 |
|---|-----------------------|----------------------|-----------------------|
| <b>Assets</b>                             |                       |                      |                       |
| Property, plant and equipment             | 151,888               | 164,831              | 155,110               |
| Intangible assets                         | 14,360                | 13,849               | 14,021                |
| Investment property                       | 542                   | 542                  | 542                   |
| Deferred tax assets                       | 34,356                | 25,702               | 23,122                |
| Other long-term receivables               | 158                   | 948                  | 1,051                 |
| <b>Total non-current assets</b>           | <b>201,304</b>        | <b>205,872</b>       | <b>193,846</b>        |
| Inventories                               | 173,389               | 166,833              | 157,976               |
| Trade and other receivables               | 72,557                | 71,352               | 68,034                |
| Tax receivables                           | 11,396                | 7,647                | 7,799                 |
| Prepaid expenses                          | 41,352                | 36,283               | 36,957                |
| Derivative financial assets               | 34,100                | 72,338               | 60,394                |
| Cash and cash equivalents                 | 163,451               | 185,469              | 144,831               |
| <b>Total current assets</b>               | <b>496,245</b>        | <b>539,922</b>       | <b>475,991</b>        |
| <b>Total assets</b>                       | <b>697,549</b>        | <b>745,794</b>       | <b>669,837</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                                  | (166,233)             | (167,017)            | (178,860)             |
| Retained earnings                         | (276,190)             | (333,104)            | (381,099)             |
| <b>Total equity</b>                       | <b>185,811</b>        | <b>211,724</b>       | <b>174,192</b>        |
| <b>Liabilities</b>                        |                       |                      |                       |
| Interest-bearing loans                    | 198,284               | 199,713              | 191,967               |
| Other long-term liabilities               | 3,973                 | 3,691                | 838                   |
| Net defined benefit liability             | 3,701                 | 3,859                | 4,712                 |
| Deferred income                           | 294                   | 296                  | 320                   |
| Deferred tax liabilities                  | 3,287                 | 2,869                | 1,417                 |
| <b>Total non-current liabilities</b>      | <b>209,539</b>        | <b>210,428</b>       | <b>199,254</b>        |
| Current portion of interest-bearing loans | 49,192                | 66,836               | 63,474                |
| Trade and other payables                  | 81,339                | 95,292               | 71,969                |
| Dividend payables                         | 27,982                | 11,167               | 22,296                |
| Deferred Income                           | 342                   | 421                  | 461                   |
| Tax payables                              | 14,266                | 17,032               | 15,420                |
| Accrued expenses                          | 123,303               | 122,208              | 109,475               |
| Derivative financial liabilities          | 3,143                 | 5,458                | 4,433                 |
| Provisions                                | 2,632                 | 5,228                | 8,863                 |
| <b>Total current liabilities</b>          | <b>302,199</b>        | <b>323,642</b>       | <b>296,391</b>        |
| <b>Total liabilities</b>                  | <b>511,738</b>        | <b>534,070</b>       | <b>495,645</b>        |
| <b>Total equity and liabilities</b>       | <b>697,549</b>        | <b>745,794</b>       | <b>669,837</b>        |



## Condensed consolidated statements of changes in equity

| €'000  | 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   | -             | -               | -               | -                | 41,536            | 41,536          |
| Other comprehensive income, net of tax                       | -             | -               | -               | (1,103)          | (837)             | (1,940)         |
| <b>Total comprehensive income for the period</b>             | <b>-</b>      | <b>-</b>        | <b>-</b>        | <b>(1,103)</b>   | <b>40,699</b>     | <b>39,596</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   | -             | -               | -               | 3,435            | -                 | 3,435           |
| Dividends  | -             | -               | -               | -                | (22,296)          | (22,296)        |
| <b>Total contributions and distributions</b>                 | <b>62</b>     | <b>541</b>      | <b>-</b>        | <b>918</b>       | <b>(20,382)</b>   | <b>(18,861)</b> |
| <b>At 30 September 2016</b>                                  | <b>79,850</b> | <b>(80)</b>     | <b>654,381</b>  | <b>(178,860)</b> | <b>(381,099)</b>  | <b>174,192</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   | -             | -               | -               | -                | 56,804            | 56,804          |
| Other comprehensive income, net of tax                       | -             | -               | -               | (9,803)          | 110               | (9,693)         |
| <b>Total comprehensive income for the period</b>             | <b>-</b>      | <b>-</b>        | <b>-</b>        | <b>(9,803)</b>   | <b>56,914</b>     | <b>47,111</b>   |
| Share incentive plan   | -             | -               | -               | 10,587           | -                 | 10,587          |
| Dividends  | -             | -               | (83,611)        | -                | -                 | (83,611)        |
| <b>Total contributions and distributions</b>                 | <b>-</b>      | <b>-</b>        | <b>(83,611)</b> | <b>10,587</b>    | <b>-</b>          | <b>(73,024)</b> |
| <b>At 30 September 2017</b>                                  | <b>79,850</b> | <b>(90)</b>     | <b>548,474</b>  | <b>(166,233)</b> | <b>(276,190)</b>  | <b>185,811</b>  |



## Condensed consolidated statements of cash flows

| €'000   | Note | 3 months ended<br>30 September |                | 9 months ended<br>30 September |                 |
|---|------|--------------------------------|----------------|--------------------------------|-----------------|
|   |      | 2017                           | 2016           | 2017                           | 2016            |
| <b>Operating activities</b>   |      |                                |                |                                |                 |
| <b>Net profit before income tax</b>   |      | <b>24,770</b>                  | <b>20,447</b>  | <b>81,894</b>                  | <b>63,182</b>   |
| Adjustments for:  |      |                                |                |                                |                 |
| Depreciation of property, plant and equipment   |      | 4,234                          | 4,569          | 13,399                         | 13,598          |
| Amortisation of intangible assets   |      | 391                            | 427            | 1,224                          | 2,437           |
| Change in fair value of borrowings and derivatives financial instruments                                |      | 932                            | (196)          | (106)                          | 2,862           |
| Deferred income   |      | (7)                            | 48             | (75)                           | (357)           |
| Impairment  |      | -                              | -              | 347                            | 2,473           |
| Share incentive plan  |      | 2,934                          | 586            | 10,587                         | 3,435           |
| Unrealised exchange rate differences  |      | 1,514                          | 1,050          | 6,128                          | (10,399)        |
| Profit on disposal of property, plant and equipment, intangible assets                                  |      | 96                             | (711)          | (900)                          | (780)           |
| Financial income  |      | (2,790)                        | (4,158)        | (10,176)                       | (12,996)        |
| Financial expenses  |      | 5,856                          | 5,644          | 16,149                         | 18,489          |
| <b>Operating profit before changes in working capital and provisions</b>                                |      | <b>37,930</b>                  | <b>27,706</b>  | <b>118,471</b>                 | <b>81,944</b>   |
| Increase in trade and other receivables, prepaid expenses and derivative financial assets               |      | (6,303)                        | (4,627)        | (5,884)                        | (5,483)         |
| (Increase)/decrease in inventories  |      | (11,790)                       | (15,155)       | (14,395)                       | 11,445          |
| Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities |      | 3,574                          | (1,602)        | (7,504)                        | 1,163           |
| Decrease in provisions  |      | (150)                          | (2,226)        | (2,606)                        | (5,494)         |
| <b>Cash generated from operations</b>   |      | <b>23,261</b>                  | <b>4,096</b>   | <b>88,082</b>                  | <b>83,575</b>   |
| Interest received   |      | 3,410                          | 3,856          | 11,877                         | 14,021          |
| Interest and bank charges paid  |      | (5,751)                        | (4,799)        | (17,099)                       | (19,539)        |
| Income taxes paid   |      | (9,712)                        | (8,990)        | (39,197)                       | (26,634)        |
| <b>Cash flow from operating activities</b>  |      | <b>11,208</b>                  | <b>(5,837)</b> | <b>43,663</b>                  | <b>51,423</b>   |
| <b>Investing activities</b>   |      |                                |                |                                |                 |
| Proceeds on sale of property, plant and equipment, intangible assets                                    |      | 90                             | 873            | 1,993                          | 1,097           |
| Purchases of property, plant, equipment   |      | (3,266)                        | (2,600)        | (10,021)                       | (6,706)         |
| Purchases of intangible assets  |      | (579)                          | (566)          | (1,683)                        | (1,630)         |
| <b>Cash flow used in investing activities</b>   |      | <b>(3,755)</b>                 | <b>(2,293)</b> | <b>(9,711)</b>                 | <b>(7,239)</b>  |
| <b>Financing activities</b>   |      |                                |                |                                |                 |
| Proceeds from borrowings  |      | -                              | -              | 105,000                        | -               |
| Repayments of borrowings  |      | -                              | (9,980)        | (86,471)                       | (72,013)        |
| Decrease of finance lease liabilities   |      | -                              | (0)            | -                              | (4)             |
| Dividends paid  |      | (13,974)                       | (0)            | (66,838)                       | (0)             |
| <b>Cash flow used in financing activities</b>   |      | <b>(13,974)</b>                | <b>(9,980)</b> | <b>(48,309)</b>                | <b>(72,017)</b> |
| <b>Change in cash and cash equivalents</b>  |      |                                |                |                                |                 |
| Cash and cash equivalents at the beginning of the period net of bank overdrafts                         |      | (6,521)                        | (18,110)       | (14,357)                       | (27,833)        |
| Effect of exchange rate fluctuations on cash held   |      | 173,146                        | 163,528        | 185,365                        | 176,384         |
| <b>Cash and cash equivalents at the end of the period net of bank overdrafts</b>                        |      | <b>163,449</b>                 | <b>144,774</b> | <b>163,449</b>                 | <b>144,774</b>  |



## 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 nine months ended 30 September 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 condensed consolidated interim financial statements for the nine months period ended 30 September 2017 have been prepared by management in accordance with the measurement and recognition principles of IFRS "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 condensed consolidated interim financial statements were authorised for issue by the Directors on 7 November 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.