

## **Oriflame takes further measures to drive sales and efficiency**

**As stated in the second quarter report, Oriflame is fully committed to increasing sales and efficiency within the Group. Oriflame today announces a number of proposed initiatives to be implemented in 2013 and early 2014. These initiatives aim to shorten time to market, increase the effectiveness of catalogues, sales campaigns and back-office functions, find synergies of global indirect purchases, and are expected to lead to annual cost savings in the range of 15-20 MEUR.**

*"Oriflame's entrepreneurial culture is one of our core assets. Following the international expansion over the last decade, we now need to adjust our working processes in certain areas to reach our full potential. These initiatives will make Oriflame a more agile, entrepreneurial and professional organisation, and will enable us to meet market demands and, ultimately, enhance sales",* comments Magnus Brännström, CEO & President of Oriflame Cosmetics.

### **Measures to drive sales in EMEA**

After the successful launch of the improved remuneration plan for Oriflame Consultants in the CIS (the Success Plan), Oriflame will also put additional focus on driving sales in the EMEA region.

#### **1. New sub-regional structure of the EMEA organisation**

Based on market similarity, market maturity and consumer characteristics, four new and further empowered sub-regions will be created: Central Europe, Western Europe, Turkey and Africa. This implies that the existing EMEA regional organisation will be downsized.

#### **2. Improved set-up of EMEA catalogue development**

Catalogue creation and production for EMEA will be re-located to the new sub-regions, thus ensuring better catalogue relevance to local market preferences and tailored response to the consumers' needs.

### **Measures to enhance efficiency in the Group**

#### **1. Clear split of responsibilities**

To ensure a high level of entrepreneurship and quick responses to market demands, while creating synergies in the organisation, the Group has redefined and clarified the roles and responsibilities on the global, regional and local levels.

#### **2. Globalise purchasing initiatives in the indirect expenditure area**

Oriflame already has a global purchasing organisation focusing primarily on direct spend related to cost of goods sold as well as international conferences. By further globalising the purchases related to indirect spend (travelling, offices, external support and marketing activities), Oriflame can reduce the overall costs whilst at the same time keep ongoing activities unchanged.

#### **3. Extend the existing Global Shared Service concept and streamline back-office functions**

Oriflame has in recent years successfully implemented the Global Shared Service concept in IT, Finance and parts of HR administration. Oriflame will continue this process, which will enable the Group to drive a more effective back-office organisation, in relation to both costs and response times.

Discussions regarding the suggested new organisation have been initiated with labour representatives. The proposed measures are expected to result in redundancies in Stockholm, Warsaw and Prague, as well as in the moving and standardising of back-office functions. The annual cost savings are estimated to be in the range of 15 to 20 MEUR, with a gradual positive effect from the fourth quarter 2013. Costs for the reorganisation will be charged as operational costs starting in the third quarter 2013 and ending first half of 2014.

Going forward, Oriflame will give further updates to the market on costs and expected savings from these initiatives.

**For additional information, please contact:**

Magnus Brännström, CEO

+352 691 151 930

Gabriel Bennet, CFO

+41 798 263 713

Anders Ågren, VP Investor Relations

+46 765 422 353

---

*Founded in 1967 by two brothers and their friend, Oriflame is now an international beauty company selling direct in more than 60 countries worldwide. Its wide portfolio of Swedish, nature-inspired, innovative beauty products are marketed through a sales force of approximately 3 million independent Oriflame Consultants, who together create annual sales of around €1.5 billion. Oriflame offers the leading business opportunity for people who want to start making money on day one and work towards fulfilling their personal dreams and ambitions through its unique business opportunity concept - Make Money Today and Fulfil Your Dreams Tomorrow™. Respect for people and nature underlies the company's operating principles and is reflected in its social and environmental policies. Oriflame supports numerous charities worldwide and is a Co-founder of the World Childhood Foundation. Oriflame is a Luxembourg company group with corporate offices in Luxembourg and Switzerland. Oriflame Cosmetics is listed on the Nasdaq OMX Nordic Exchange.*