ORIFLAME
SWEDEN

Interim report 1 January – 31 March 2014

3 months ended 31 March 2014

- Local currency sales decreased by 2% and Euro sales decreased by 14% to €327.2m (€381.3m).
- Number of active consultants decreased by 5% to 3.5m.
- EBITDA amounted to €29.4m (€45.2m).
- Adjusted* operating margin was 7.0% (10.0%), negatively impacted by approximately 450 bps from currency volatility, partly offset by hedging and positive price / mix effects, resulting in an adjusted* operating profit of €23.1m (€38.0m).
- Adjusted* net profit amounted to €12.0m (€28.0m) and adjusted* EPS amounted to €0.22 (€0.50).
- Cash flow from operating activities amounted to €16.9m (€28.4m).
- Second quarter update: The underlying sales development in the second quarter to date is approximately -2% in local currency, and the year to date development is approximately -2% in local currency.
- New structure of segment reporting reflecting the new Global Business Areas.

* Adjusted for restructuring costs during the quarter €0.4m.

Significant events during and after the end of the quarter

- In line with the adjusted dividend proposal announced in April, the Board proposes Q2 dividend payment of €0.25 per share following the AGM on 19 May 2014.
- Based on the proposed mandate to the Board (subject to approval by the AGM) and given the exceptional geopolitical events in Russia and Ukraine, impacting currencies and economic climate, the Board does not intend to make any dividend payment in Q3. Subsequent dividend payments will be announced in upcoming quarterly reports.
- Planned alignment of legal structure continues.

CEO Magnus Brännström comments

"With sharply devaluating currencies and challenges of exceptional nature in our two largest markets Russia and Ukraine, there is no doubt the company is facing very tough conditions. As a measure of prudence, the Board is of the opinion that there should be no dividend payment in Q3. Our new split of Global Business Areas clearly illustrates the situation: we need to return the momentum and improve profitability in CIS and Europe while we continue to see a very positive development in Latin America, Turkey, Africa & Asia.

During the end of the first quarter, additional improvements to the CIS Success Plan were launched and I am pleased to see the drive among our Leaders despite the current challenges. There is an undivided focus on restoring growth and mitigating the negative impact on profitability from the geopolitical situation, currency headwind and lack of leverage through margin improvements and reduced cost levels."

Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 31 March 2014[1]	2013	Change	LTM[2], April '13-March '14	Year end 2013[3]
Sales	327.2	381.3	(14%)	1,352.6	1,406.7
Gross margin, %	68.5	69.6		69.9	70.1
EBITDA	29.4	45.2	(35%)	150.7	166.5
Adj. operating profit	23.1	38.0	(39%)	127.5	142.4
Adj. operating margin, %	7.0	10.0		9.4	10.1
Adj. net profit before tax	18.6	36.5	(49%)	94.9	112.8
Adj. net profit	12.0	28.0	(57%)	68.4	84.4
Adj. EPS, €	0.22	0.50	(57%)	1.23	1.52
Cash flow from operating activities	16.9	28.4	(40%)	100.6	112.1
Net interest-bearing debt	270.4	236.9	14%	270.4	275.9
Net interest-bearing debt at hedged values	257.3	195.0	32%	257.3	263.3
Active consultants, '000	3,481	3,681	(5%)	3,481	3,460

[1]Adjusted for restructuring costs of €0.4m
[2]Adjusted for restructuring costs of €6.2m
[3]Adjusted for restructuring costs of €5.8m

Three months ended 31 March 2014

-2 %
Local currency sales

-450 bps
currency effect on adjusted operating margin

Sales in local currencies decreased by 2% and Euro sales amounted to €327.2m compared to €381.3m in the same period prior year. Sales development in local currencies was impacted by a 3% increase in productivity while the number of active consultants in the quarter decreased by 5% to 3.5m (3.7m). Unit sales were down by 6%, largely offset by a positive price/mix effect of 4%.

Local currency sales increased by 19% in Latin America and by 16% in Turkey, Africa & Asia while CIS decreased by 11% and Europe by 6%.

The gross margin was 68.5% (69.6%) and the adjusted operating margin (adjusted for €0.4m in restructuring cost) amounted to 7.0% (10.0%). Currency movements had a negative impact of approximately 450 bps on the adjusted operating margin, partly offset by hedging and positive price / mix effects.

The margin improvements initiatives with the focus on general organizational efficiencies, waste reduction and cost reductions in both the direct and the indirect spend areas, are in the process of implementation and have started to deliver benefits.

Adjusted net profit amounted to €12.0m (€28.0m) and adjusted earnings per share amounted to €0.22 (€0.50), impacted by higher losses on exchange compared to prior year.

Cash flow from operating activities was €16.9m (€28.4m), negatively affected by lower EBITDA.

The average number of full-time equivalent employees was 7,375 (7,435).

Operational highlights

Brand and Innovation

The Skin Care category continued its successful roll-out of the *Ecollagen* range with active anti-aging ingredients from plant stem cells. In the first quarter it became the biggest launch ever in the history of Oriflame Latin America. In addition, further products were added to the range, *Wrinkle Correcting and Lifting Serum* as well as three cleansers. The roll-out was strongly endorsed by the Oriflame Global Skin Expert Panel, sharing their insight with Oriflame Consultants worldwide.

Within the Color Cosmetics category two major launches were the *Giordani Gold Invisible Touch Foundation* and the *Hyper Stretch XL Mascara*.

The Fragrances female category launched *Lady Avebury* in the premium segment, following up on the earlier *Sir Avebury*, and *Volare*. *Ultimate* was added to the male segment. The fragrance *Power Woman*, endorsed by celebrity Tina Kandelaki in the CIS, became a winner of the Fifi Russian Fragrance Awards 2013 - the fragrance industry's equivalent of the Oscars.

The *You Dazzle* cross category collection was launched for Women's Day, including products in the Personal Care and Color Cosmetics segments. The Personal Care segment also introduced the *WTA Strong is Beautiful* range, a world-first collaboration between Oriflame and the Women's Tennis Association.

Within the Wellness category the *Natural Balance Bars Chocolate and Strawberries* were successfully launched, Oriflame's first ready-to-eat products.

In quarter one Oriflame was a main sponsor of the Mercedes Benz Fashion Week in Stockholm and of the Moscow Fashion Week, which also included a pre-launch of the new fashion-inspired make-up brand *The ONE*. To support the launch of *The ONE*, Oriflame has founded The ONE Collective - an exciting collaboration with beauty and fashion influencers such as bloggers, make-up artists, models and stylists from around the world who will contribute to making *The ONE* "your One-stop Beauty and Fashion Destination". Elin Kling, the world famous fashion entrepreneur and blogger, will be the Global Ambassador for The ONE Collective.

Online

In the first quarter utilisation of the company's online services continued to increase, along with overall site activity and incoming traffic. Compared to the same period last year site activity was up by almost 10% and traffic by 5%.

To further facilitate for site visitors and to increase conversion rates, a new online payments system was launched in several pilot markets during the period, making the check-out and payment process faster and more convenient for customers and consultants. The new payments system will be rolled out in key markets during 2014.

The ongoing work to have the new global internet platform operational during 2014 continues according to plan, aiming at harmonising communication in digital channels and broaden the service offering.

Online highlights for the quarter:

- More than 90% of total orders placed online
- More than 5 million followers on the company's global Facebook pages
- 15 million unique visitors on Oriflame websites

Service

During the first quarter, Oriflame maintained satisfactory service levels while inventory cover days increased due to lower sales.

The European Group Distribution Centers (GDCs) continue to deliver good service at well-controlled costs. The two Central European GDCs in Warsaw and in Budapest have completed the phase of integration of the markets included in the original scope. The addition of further markets and the re-balancing of some markets between the two sites are being evaluated. Also an extension of the territorial scope of the GDC in Noginsk is being prepared. The main focus for the Kiev GDC is to manage the impact of the situation in the country.

The construction works at the Noginsk site in Russia, are proceeding according to plan with the validation of the production processes planned to start in the autumn. The preparations for the LEED certification of the factory building are on-going.

In Roorkee, India, the refurbishment of the new Wellness facility continues, and the project has been registered for LEED certification. The factory will be ready for production in the second half of the year.

During the first quarter, implementation actions have continued in line with the company's sustainability strategy. A key achievement has been the implementation of "zero waste to landfill" for the Oriflame production facility in China, adding to the factories in Sweden and in Poland for which this is already achieved. The work with the Rainforest Alliance to move towards a more sustainable timber supply chain is progressing. The 2013 paper footprint report developed this quarter, shows that Oriflame was 94% compliant with the paper commitment in terms of catalogues paper and 96% compliant in terms of paper based components such as cartons, leaflets and liners.

CIS

Key figures

	Q1'13	Q2'13	Q3'13	Q4'13[2]	Q1'14
Sales, €m	204.7	173.4	134.9	181.1	154.9
Sales growth in €	(7%)	(12%)	(11%)	(16%)	(24%)
Sales growth in lc	(6%)	(8%)	(3%)	(8%)	(11%)
Adj. op profit, €m[1]	32.9	24.9	18.7	27.1	22.2
Adj. op margin	16.1%	14.4%	13.9%	14.9%	14.3%
Active consultants, '000	1,893	1,705	1,382	1,648	1,637

¹ Excludes costs accounted for in the segments Manufacturing and Other. This is in line with prior years.

² Adjusted for restructuring costs of €0.3m

Countries

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

Development

Local currency sales in the first quarter decreased by 11%, as a result of a 14% decrease in the number of active consultants and an increase in productivity of 3%. Euro sales were down by 24% to €154.9m (€204.7m).

Further communication and fine tuning of the Success Plan was implemented in the end of the quarter with the aim to strengthen the momentum among the Oriflame Consultants.

Escalated challenges and currency devaluation

The exceptional situation in Ukraine had a substantial negative impact on consumer sentiment which clearly affected sales during the quarter. The situation has further deteriorated and focus is on adapting the organization to increase efficiency while ensuring high service to the Oriflame Consultants.

Local currency sales in Russia was down by 8%, impacted by a negative timing effect and general weak demand.

Adjusted operating profit amounted to €22.2m (€32.9m) resulting in an adjusted operating margin of 14.3% (16.1%). Margins were negatively affected by exchange rate movements following sharp devaluation of some of the main currencies.

Europe

Key figures

	Q1'13	Q2'13	Q3'13[2]	Q4'13	Q1'14
Sales, €m	73.6	71.6	65.4	85.9	68.3
Sales growth in €	(12%)	(13%)	(7%)	(10%)	(7%)
Sales growth in lc	(12%)	(14%)	(6%)	(9%)	(6%)
Adj. op profit, €m[1]	8.7	9.0	6.9	14.0	6.8
Adj. op margin	11.8%	12.6%	10.5%	16.2%	10.0%
Active consultants, '000	625	600	548	630	580

¹Excludes costs accounted for in the segments Manufacturing and Other. This is in line with prior years.

²Adjusted for restructuring costs of €0.5m

Countries

Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Estonia, Finland, Greece, Holland, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, UK/Ireland.

Development

-6%

Local currency sales

Local currency sales in the first quarter decreased by 6%, a result of a 7% decrease in active consultants and a 1% productivity increase. Euro sales were down by 7% to €68.3m (€73.6m). Challenges persist in many Central and

Northern European markets while Southern Europe continues to show stabilisation.

Adjusted operating margin decreased to 10.0% (11.8%) and the adjusted operating profit was €6.8m (€8.7m). The margin was negatively impacted by discounts and higher sales and marketing expenses while there was a positive impact from administrative efficiencies.

Latin America

Key figures

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
Sales, €m	24.8	29.9	31.2	30.2	26.5
Sales growth in €	11%	24%	10%	17%	7%
Sales growth in lc	10%	21%	19%	27%	19%
Op profit, €m[1]	2.1	4.1	5.1	4.1	2.6
Op margin	8.4%	13.6%	16.3%	13.5%	9.8%
Active consultants, '000	176	195	224	223	213

[1]Excludes costs accounted for in the segments Manufacturing and Other. This is in line with prior years.

Countries

Chile, Colombia, Ecuador, Mexico, Peru.

Development

+19%

Local currency sales

Local currency sales in the first quarter increased by 19% as a result of a 21% increase in the number of active consultants and 2% decrease in productivity compared to prior year. Euro sales were up by 7% to €26.5m (€24.8m). Local currency sales were strong in all markets, particularly in Mexico.

Operating profit amounted to €2.6m (€2.1m) and operating margin increased to 9.8% (8.4%). The operating margin improvement was driven by leverage on overhead costs and price increases while currency movements had a negative impact.

Turkey, Africa & Asia

Key figures

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
Sales, €m	75.9	82.1	61.0	72.1	75.2
Sales growth in €	14%	19%	6%	0%	(1%)
Sales growth in lc	22%	24%	21%	17%	16%
Op profit, €m[1]	6.2	11.6	5.2	13.3	9.2
Op margin	8.2%	14.1%	8.5%	18.5%	12.2%
Active consultants, '000	987	962	843	959	1,051

[1] Excludes costs accounted for in the segments Manufacturing and Other. This is in line with prior years.

Countries

Algeria, China, Egypt, India, Indonesia, Kenya, Morocco, Myanmar, Nigeria, Pakistan, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Uganda, Vietnam.

Development

Strong sales and margin development

First quarter sales growth in local currencies was 16% as a result of a 7% increase in the number of active consultants and 9% increase in productivity. Sales growth was particularly strong in Indonesia and in the African markets. Euro sales amounted to €75.2m (€75.9m).

Operating margin increased to 12.2% (8.2%), mainly as a result of an improved gross margin. Operating profit was €9.2m (€6.2m).

Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 31 March 2014	2013	Change in Euro	Change in lc	LTM, April'13-March '14	Year end 2013
CIS	154.9	204.7	(24%)	(11%)	644.3	694.1
Europe	68.3	73.6	(7%)	(6%)	291.2	296.5
Latin America	26.5	24.8	7%	19%	117.7	116.1
Turkey, Africa & Asia	75.2	75.9	(1%)	16%	290.4	291.0
Manufacturing	0.8	0.9	(8%)	(7%)	2.1	2.1
Other	1.5	1.4	8%	2%	7.0	6.9
Total sales	**327.2**	**381.3**	**(14%)**	**(2%)**	**1,352.7**	**1,406.7**

Adj. operating profit (€ Million)	3 months ended 31 March 2014	2013	Change	LTM, April'13-March'14	Year end 2013
CIS	22.2	32.9	(32%)	92.8	103.5
Europe	6.8	8.7	(22%)	36.7	38.6
Latin America	2.6	2.1	23%	15.8	15.3
Turkey, Africa & Asia	9.2	6.2	47%	39.3	36.4
Manufacturing	1.5	3.2	(54%)	9.0	10.7
Other	(19.2)	(15.1)	27%	(66.1)	(62.1)
Total adj. operating profit	**23.1**	**38.0**	**(39%)**	**127.5**	**142.4**

Active consultants (´000)	31 March 2014	2013	Change	Year End 2013
CIS	1,637	1,893	(14%)	1,648
Europe	580	625	(7%)	630
Latin America	213	176	21%	223
Turkey, Africa & Asia	1,051	987	7%	959
Total	**3,481**	**3,681**	**(5%)**	**3,460**

Cash flow & investments

€16.9m in operating cash flow

Cash flow from operating activities in the first quarter amounted to €16.9m (€28.4m) mainly as a result of lower operating profit. Cash flow used in investing activities amounted to €-8.6m (€-7.3m).

Financial position

Net interest-bearing debt amounted to €270.4m compared to €236.9m at the end of the first quarter 2013. The net debt/EBITDA ratio was 1.8 (1.2) and interest cover amounted to 5.6 (9.1) in the first quarter 2014 and to 6.8 (9.5) during the last twelve months.

Net interest-bearing debt at hedged values amounted to €257.3m (€195.0m). The net debt at hedged values/EBITDA ratio was 1.7 (1.0).

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 2013.

Dividend

In April, Oriflame's Board of Directors adjusted its dividend proposal and proposed to the Annual General Meeting (AGM) a cash dividend of up to a total of €1.00 per share, and that payments will be made on a quarterly basis with the first payment of €0.25 per share after the AGM, and that the Board be given a mandate to decide the timing and size of the subsequent quarterly payments. Subject to approval of the mandate by the AGM, the Board does not intend to make any dividend payment during Q3. Subsequent dividend payments will be announced in upcoming quarterly reports.

Annual Report

The annual report was published on the company's website on 14 April 2014.

Annual General Meeting

Oriflame Cosmetics S.A. will hold its 2014 Annual General Meeting in Luxembourg on 19 May 2014.

Personnel

The average number of full-time equivalent employees amounted to 7,375 (7,435).

New structure of segment reporting

From the first quarter of 2014, Oriflame has changed its segment reporting to the following structure of Global Business Areas (GBA):

1. CIS (excluding Baltics)
2. Europe (including Baltics)
3. Latin America
4. Turkey, Africa & Asia
5. Manufacturing
6. Other

The revised geographical split in 1 through 4 above should be more relevant in terms of better reflecting common challenges, opportunities and development. In general terms, Latin America and Turkey, Africa & Asia can be said to represent the main current and future growth markets whereas Europe and CIS are more mature in nature.

For comparability the numbers in the press release have been restated for the last five quarters.

Alignment of legal structure

As announced in April 2013, Oriflame is reviewing its legal structure. On 14 April 2014, Oriflame's Board of Directors proposed that shareholders, at an Extraordinary General Meeting (EGM) on 19 May 2014, take decisions to enable taking the next step in the alignment of the legal structure to Group operations in order to enable further efficiencies, which includes a forthcoming relocation of the Group's domicile from Luxembourg to Switzerland. Further information about the proposal was included in the notice to the EGM and in a separate press release from 14 April 2014.

Second quarter update

The underlying sales development in the second quarter 2014 to date is approximately **-**2% in local currency, and the year to date development is approximately -2% in local currency. For the group as a whole, there was no significant timing effect between the quarters. However, sales in Russia were impacted by a negative timing effect in the first quarter (the year to date local currency sales development in Russia is -6%).

Local currency sales (%)	Q1 '14	QTD Q2 '14	YTD '14
Group	(2%)	(2%)	(2%)

Long term targets

Oriflame Cosmetics 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 2014

- The 2014 Annual General Meeting will be held on 19 May
- Second quarter report will be published on 14 August
- Third quarter report will be published on 7 November

Other

A Swedish translation is available on www.oriflame.com.

Conference call for the financial community

The company will host a conference call on Wednesday, 7 May at 15.30 CET.

Participant access numbers:
Luxembourg: +352 2 786 0202
Sweden: +46 (0)8 506 443 86
Switzerland: +41 44 580 65 22
UK: +44 20 7153 9154
US: +1 877 423 0830

Confirmation code: 865360#
The conference call will also be audio web cast in "listen-only" mode through Oriflame's website: **www.oriflame.com** or through **http://www.media-server.com/m/p/oe7aw57i**

7 May 2014

Magnus Brännström
Chief Executive Officer

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Company registration no B.8835

Consolidated key figures

	3 months ended 31 March			
	2014	2013	LTM, Apr’13-Mar’14	Year end 2013
Gross margin, %	68.5	69.6	69.9	70.1
EBITDA margin, %	9.0	11.9	11.1	11.8
Adj. operating margin, %	7.0	10.0	9.4	10.1
Return on:				
- operating capital, %	-	-	26.3	29.8
- capital employed, %	-	-	23.2	25.4
Net debt / EBITDA (LTM)	1.8	1.2	1.8	1.7
Interest cover	5.6	9.1	6.8	7.6
Average no. of full-time equivalent employees	7,375	7,435	7,325	7,340

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	Q4'12	Q1'13	Q2'13	Q3'13[1]	Q4'13[2]	Q1'14[3]
Sales, €m	410.6	381.3	359.7	294.6	371.2	327.2
Gross margin, %	73.3	69.6	70.7	69.6	70.5	68.5
EBITDA, €m	64.1	45.2	42.2	26.9	52.0	29.4
Adj. operating profit, €m	56.2	38.0	34.5	23.1	46.8	23.1
Adj. operating margin, %	13.7	10.0	9.6	7.8	12.6	7.0
Adj. net profit before income tax, €m	47.9	36.5	25.2	13.1	38.0	18.6
Adj. net profit, €m	37.2	28.0	19.9	9.4	27.2	12.0
Adj. EPS, diluted €	0.65	0.50	0.36	0.17	0.49	0.22
Cash flow from op. activities, €m	77.9	28.4	29.3	(9.3)	63.7	16.9
Net interest-bearing debt, €m	214.0	236.9	314.9	330.5	275.9	270.4
Active consultants, '000	3,422	3,681	3,462	2,998	3,460	3,481

Sales, €m	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
CIS	216.0	204.7	173.3	134.9	181.1	154.9
Europe	95.1	73.6	71.6	65.4	85.9	68.3
Latin America	25.8	24.8	29.9	31.2	30.2	26.5
Turkey, Africa & Asia	71.9	75.9	82.1	61.0	72.1	75.2
Manufacturing	0.1	0.9	0.8	0.3	0.1	0.8
Other	1.7	1.4	2.0	1.8	1.8	1.5
Oriflame	**410.6**	**381.3**	**359.7**	**294.6**	**371.2**	**327.2**

Adj. operating Profit, €m	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
CIS	39.2	32.9	24.9	18.7	27.1	22.2
Europe	18.6	8.7	9.0	6.9	14.0	6.8
Latin America	2.5	2.1	4.1	5.1	4.1	2.6
Turkey, Africa & Asia	10.5	6.2	11.6	5.2	13.3	9.2
Manufacturing	1.6	3.2	2.8	2.9	1.7	1.5
Other	(16.2)	(15.1)	(17.9)	(15.7)	(13.4)	(19.2)
Oriflame	**56.2**	**38.0**	**34.5**	**23.1**[1]	**46.8**[2]	**23.1**[3]

Active consultants, '000	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
CIS	1,732	1,893	1,705	1,383	1,648	1,637
Europe	678	625	600	548	630	580
Latin America	174	176	195	224	223	213
Turkey, Africa & Asia	838	987	962	843	959	1,051
Oriflame	**3,422**	**3,681**	**3,462**	**2,998**	**3,460**	**3,481**

Adj. operating Margin, %	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
CIS	18.1	16.1	14.4	13.9	14.9	14.3
Europe	19.6	11.8	12.6	10.5	16.2	10.0
Latin America	9.7	8.4	13.6	16.3	13.5	9.8
Turkey, Africa & Asia	14.6	8.2	14.1	8.5	18.5	12.2
Oriflame	**13.7**	**10.0**	**9.6**	**7.8**[1]	**12.6**[2]	**7.0**[3]

[1] *Adjusted for restructuring costs of €3.6m*
[2] *Adjusted for restructuring costs of €2.2m*
[3] *Adjusted for restructuring costs of €0.4m*

€ Sales Growth in %	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
CIS	(4)	(7)	(12)	(11)	(16)	(24)
Europe	(3)	(12)	(13)	(7)	(10)	(7)
Latin America	18	11	24	10	17	7
Turkey, Africa & Asia	14	14	19	6	0	(1)
Oriflame	**0**	**(4)**	**(4)**	**(5)**	**(10)**	**(14)**

Cash Flow, €m	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
Operating cash flow	77.9	28.4	29.3	(9.3)	63.7	16.9
Cash flow used in investing activities	(21.7)	(7.3)	(16.9)	(13.1)	(15.7)	(8.6)

Condensed consolidated interim income statements

€'000	3 months ended 31 March 2014	2013	LTM, Apr'13-Mar'14	Year End 2013
Sales	327,232	381,292	1,352,661	1,406,721
Cost of sales	(103,213)	(115,984)	(407,520)	(420,291)
Gross profit	**224,019**	**265,308**	**945,141**	**986,430**
Other income	11,430	14,033	49,208	51,811
Selling and marketing expenses	(125,908)	(143,708)	(508,045)	(525,847)
Distribution and Infrastructure	(27,059)	(33,549)	(108,438)	(114,724)
Administrative expenses	(59,850)	(64,077)	(256,631)	(261,062)
Operating profit	**22,633**	**38,007**	**121,234**	**136,608**
Analysis of operating profit:				
Adjusted operating profit	23,058	38,007	127,445	142,394
Restructuring	(425)	-	(6,211)	(5,786)
Operating profit	**22,633**	**38,007**	**121,234**	**136,608**
Financial income	13,102	12,716	39,344	38,959
Financial expenses	(17,579)	(14,182)	(71,935)	(68,538)
Net financing costs	**(4,477)**	**(1,466)**	**(32,591)**	**(29,579)**
Net profit before income tax	**18,156**	**36,541**	**88,644**	**107,029**
Total income tax expense	(6,622)	(8,566)	(26,442)	(28,386)
Net profit	**11,534**	**27,975**	**62,202**	**78,643**

€	3 months ended 31 March 2014	2013	LTM, Apr'13-Mar'14	Year end 2013
Adj. EPS:				
- basic	0.22	0.50	1.23	1.52
- diluted	0.22	0.50	1.23	1.52
Weighted avg. number of shares outstanding:				
- basic	55,600,653	56,208,138	55,573,143	55,722,934
- diluted	55,600,653	56,208,138	55,573,143	55,722,934
Total number of shares outstanding:				
- basic	55,600,653	55,599,060	55,600,653	55,600,653
- diluted	55,600,653	55,599,060	55,600,653	55,600,653

Condensed consolidated interim statements of other comprehensive income

€'000	3 months ended 31 March 2014	2013	LTM Apr'13-Mar'14	Year end 2013
Net profit	**11,534**	**27,975**	**62,202**	**78,643**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation reserve	(26)	(96)	(384)	(454)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(16,913)	2,981	(44,692)	(24,797)
Effective portion of changes in fair value of cash flow hedges, net of tax	1,318	476	581	(261)
Total items that are or may be reclassified subsequently to profit or loss	**(15,595)**	**3,457**	**(44,111)**	**(25,058)**
Other comprehensive income for the period, net of tax	**(15,621)**	**3,361**	**(44,494)**	**(25,512)**
Total other comprehensive income for the period	**(4,086)**	**31,336**	**17,708**	**53,131**

Condensed consolidated interim statements of financial position

€'000	31 March, 2014	31 December, 2013	31 March, 2013
Assets			
Property, plant and equipment	241,253	254,537	254,563
Intangible assets	19,842	20,802	20,243
Investment property	814	928	1,005
Deferred tax assets	26,327	26,614	29,502
Other long-term receivables	855	1,129	1,486
Total non-current assets	**289,091**	**304,010**	**306,799**
Inventories	193,797	196,876	203,977
Trade and other receivables	87,516	83,597	102,413
Tax receivables	4,122	2,894	3,446
Prepaid expenses	42,904	53,412	43,054
Derivative financial assets	28,115	18,973	45,336
Cash and cash equivalents	93,375	107,336	90,463
Total current assets	**449,829**	**463,088**	**488,689**
Total assets	**738,920**	**767,098**	**795,488**
Equity			
Share capital	71,517	71,517	71,401
Treasury shares	(41,235)	(41,235)	(37,751)
Reserves	(100,055)	(84,458)	(53,042)
Retained earnings	233,914	222,379	265,835
Total equity	**164,141**	**168,203**	**246,443**
Liabilities			
Interest-bearing loans	360,213	379,672	323,654
Other long-term non interest-bearing liabilities	2,175	2,592	3,479
Deferred income	409	406	585
Deferred tax liablilities	4,894	4,621	4,146
Total non-current liabilities	**367,691**	**387,291**	**331,864**
Current portion of interest-bearing loans	2,835	2,744	2,569
Trade and other payables	88,926	82,357	89,139
Deferred Income	2,868	3,148	-
Tax payables	8,482	10,878	9,338
Accrued expenses	89,734	98,082	105,385
Derivative financial liabilities	7,683	6,440	7,748
Provisions	6,560	7,955	3,002
Total current liabilities	**207,088**	**211,604**	**217,181**
Total liabilities	**574,779**	**598,895**	**549,045**
Total equity and liabilities	**738,920**	**767,098**	**795,488**

Condensed consolidated interim statements of changes in equity

€'000 (Attributable to equity holders of the Company)	Share capital	Total reserves	Retained earnings	Total equity
At 1 January 2013	**71,401**	**(56,403)**	**237,860**	**252,858**
Net profit	-	-	27,975	27,975
Other comprehensive income				
Revaluation reserve	-	(96)	-	(96)
Foreign currency translation differences for foreign operations	-	2,981	-	2,981
Effective portion of changes in fair value of cash flow hedges, net of tax	-	476	-	476
Total other comprehensive income for the period, net of income tax	**-**	**3,361**	**-**	**3,361**
Total comprehensive income for the period	**-**	**3,361**	**27,975**	**31,336**
Purchase of treasury shares	-	(37,751)	-	(37,751)
At 31 March 2013	**71,401**	**(90,793)**	**265,835**	**246,443**
At 1 January 2014	**71,517**	**(125,694)**	**222,380**	**168,203**
Net profit	-	-	11,534	11,534
Other comprehensive income				
Revaluation reserve	-	(26)	-	(26)
Foreign currency translation differences for foreign operations	-	(16,913)	-	(16,913)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	1,318	-	1,318
Total other comprehensive income for the period, net of income tax	**-**	**(15,621)**	**-**	**(15,621)**
Total comprehensive income for the period	**-**	**(15,621)**	**11,534**	**(4,087)**
Share incentive plan	-	25	-	25
At 31 March 2014	**71,517**	**(141,290)**	**233,914**	**164,141**

Condensed consolidated interim statements of cash flows

	3 months ended 31 March	
€'000	2014	2013
Operating activities		
Net profit before income tax	**18,156**	**36,541**
Adjustments for:		
Depreciation and impairment of property, plant and equipment	5,555	6,073
Amortisation of intangible assets	1,207	1,110
Change in fair value of borrowings and derivatives financial instruments	(6,103)	1,608
Deferred income	111	56
Share incentive plan	25	-
Unrealised exchange rate differences	4,534	(2,175)
Profit on disposal of property, plant and equipment, intangible assets and investment property	(19)	(101)
Financial income	(4,206)	(4,075)
Financial expenses	6,763	6,759
Operating profit before changes in working capital and provisions	**26,023**	**45,796**
Decrease/(increase) in trade and other receivables, prepaid expenses and derivative financial assets	3,309	(13,805)
(Increase)/decrease in inventories	(355)	10,922
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	2,266	(3,373)
Decrease in provisions	(1,309)	(690)
Cash generated from operations	**29,934**	**38,850**
Interest received	4,325	4,052
Interest and bank charges paid	(6,419)	(6,525)
Income taxes paid	(10,933)	(7,997)
Cash flow from operating activities	**16,907**	**28,380**
Investing activities		
Proceeds on sale of property, plant and equipment, intangible assets and investment property	1,169	106
Purchases of property, plant and equipment, and investment property	(9,488)	(6,844)
Purchases of intangible assets	(280)	(588)
Cash flow used in investing activities	**(8,599)**	**(7,326)**
Financing activities		
Proceeds from borrowings	1,094	29,945
Repayments of borrowings	(20,617)	(29,950)
Acquisition of own shares	-	(37,751)
Decrease of finance lease liabilities	(13)	(15)
Cash flow used in financing activities	**(19,536)**	**(37,769)**
Change in cash and cash equivalents	**(11,228)**	**(16,715)**
Cash and cash equivalents at the beginning of the period	106,788	106,171
Effect of exchange rate fluctuations on cash held	(2,276)	958
Cash and cash equivalents at the end of the period net of bank overdrafts	**93,284**	**90,413**

Notes to the condensed consolidated interim financial information of Oriflame Cosmetics S.A.

Note 1 • Status and principal activity

Oriflame Cosmetics S.A. (“OCSA” or the “Company”) is a holding company incorporated in Luxembourg and registered at 24 Avenue Emile Reuter, L-2420 Luxembourg. The principal activity of the Company’s subsidiaries is the direct sale of cosmetics. The condensed consolidated interim financial information of the Company as at and for the three months ended 31 March 2014 comprises 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 information has been prepared by management in accordance with the measurement and recognition principles of International Financial Reporting Standard (IFRS) as adopted by the European Union (“EU”) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013. The condensed consolidated interim financial information was authorised for issue by the Directors on 7 May 2014.

Changes in accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013 with the exception of new or revised standards endorsed by the EU, as explained below.

Other new or amended IFRS standards

The other new or amended IFRS standards, which became effective January 1, 2014, have had no material effect on the condensed consolidated interim financial information

Changes in presentation

Due to organisational changes, the Group has decided to present the segment reporting to the new structure of Global Business Areas (GBA). Comparative figures have been restated accordingly.