ORIFLAME
SWEDEN

Interim report 1 January – 30 September 2014

3 months ended 30 September 2014

- Local currency sales increased by 1% and Euro sales decreased by 7% to €274.5m (€294.6m).
- Number of active consultants decreased by 2% to 2.9m.
- EBITDA amounted to €26.3m (€26.9m).
- Adjusted* operating margin was 7.2% (7.8%), negatively impacted by approximately 300 bps from currency movements, largely offset by positive price/mix effects and cost reductions ahead of plan, resulting in an adjusted* operating profit of €19.7m (€23.1m). (Operating margin was 7.2% (6.6%) and operating profit €19.7 m (€19.5 m)).
- Adjusted* net profit amounted to €11.8m (€9.4m) and adjusted* EPS amounted to €0.21 (€0.17). (Net profit was €11.8 m (€5.7 m) and EPS €0.21 (€0.10)).
- Cash flow from operating activities amounted to €-4.9m (€-9.3m).
- The Board of Directors will continue to prioritise reducing the debt during the forthcoming quarters to ensure that the company remains financially strong. As a consequence, the Board has decided for no dividend payment in Q1 2015.
- Trading update: The year to date sales development compared to the same period prior year is unchanged in local currency and the development in the fourth quarter to date is approximately 4% in local currency.

* Adjusted for restructuring costs in the third quarter 2013 of €3.6m.

9 months ended 30 September 2014

- Local currency sales decreased by 1% and Euro sales decreased by 12% to €912.1m (€1,035.5m).
- EBITDA amounted to €88.5m (€114.5m).
- Adjusted* operating margin was 7.5% (9.2%), negatively impacted by approximately 350 bps from currency movements, partly offset by hedging and positive price/mix effects as well as cost reductions ahead of plan, resulting in an adjusted* operating profit of €68.0m (€95.6m). (Operating margin was 7.3% (8.9%) and operating profit €66.3m (€91.9)).
- Adjusted* net profit amounted to €35.9m (€57.2m) and adjusted* EPS amounted to €0.65 (€1.03). (Net profit was €34.1m (€53.6 m) and EPS €0.61 (€0.96 m)).
- Cash flow from operating activities amounted to €24.0m (€48.4m).

* Adjusted for restructuring costs during the period €1.7m and 2013 3.6m

CEO Magnus Brännström comments

"As mentioned in connection to the second quarter report, we began to see positive effects from the strategic initiatives carried out in the CIS. While the geopolitical situation remains uncertain these positive effects start to result in overall improved development. Currency movements continued to impact us negatively in the quarter, although with consistent price increases and implementation of cost saving initiatives, we managed to offset most of the impact. We have continued challenges ahead of us, especially related to exchange rates and macro-economic development in some of our main markets. At the same time, I am very pleased to see continued strong development in Latin America, Turkey, Africa & Asia. "

Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 30 September 2014	2013[1]	Change	9 months ended 30 September 2014[2]	2013[1]	Change	LTM[3], Oct 13-Sep 14	Year end 2013[4]
Sales	274.5	294.6	(7%)	912.1	1,035.5	(12%)	1,283.3	1,406.7
Gross margin, %	69.0	69.6		69.4	70.0		69.7	70.1
EBITDA	26.3	26.9	(2%)	88.5	114.5	(23%)	140.5	166.5
Adj. operating profit	19.7	23.1	(15%)	68.0	95.6	(29%)	114.8	142.4
Adj. operating margin, %	7.2	7.8		7.5	9.2		8.9	10.1
Adj. net profit before tax	16.8	13.1	29%	55.0	74.8	(27%)	93.0	112.8
Adj. net profit	11.8	9.4	26%	35.9	57.2	(37%)	63.1	84.4
Adj. EPS, €	0.21	0.17	26%	0.65	1.03	(37%)	1.13	1.52
Cash flow from operating activities	(4.9)	(9.3)	47%	24.0	48.4	(50%)	87.7	112.1
Net interest-bearing debt	317.5	330.5	(4%)	317.5	330.5	(4%)	317.5	275.9
Net interest-bearing debt at hedged values	281.2	310.0	(9%)	281.2	310.0	(9%)	281.2	263.3
Active consultants, '000	2,948	2,998	(2%)	2,948	2,998	(2%)	2,948	3,460

[1] Adjusted for restructuring costs of €3.6m
[2] Adjusted for restructuring costs of €1.7m
[3] Adjusted for restructuring costs of €5.3m
[4] Adjusted for restructuring costs of €5.8m

+1%
Local currency sales

-300 bps
Operating margin impact from FX

Three months ended 30 September 2014

Sales in local currencies increased by 1% and Euro sales decreased by 7% to €274.5m compared to €294.6m 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 2% to 2.9m (3.0m). Unit sales were down by 6%, while the price/mix effect was positive at 7%.

Local currency sales increased by 7% in Latin America and by 20% in Turkey, Africa & Asia while CIS decreased by 3% and Europe by 12%.

The gross margin was 69.0% (69.6%) and the adjusted operating margin amounted to 7.2% compared to 7.8% (adjusted for €3.6 in restructuring cost) in the same period 2013. (Operating margin was 7.2% (6.6%)). Currency movements had a negative impact of approximately 300 bps on the adjusted operating margin, partly offset by continued price increases.

The margin improvements initiatives with focus on organisational efficiency, waste reduction and cost reductions, in both the direct and indirect spend areas, are stepping up and continued to deliver benefits ahead of plan.

Adjusted net profit amounted to €11.8m (€9.4m) and adjusted earnings per share amounted to €0.21 (€0.17). (Net profit was €11.8 m (€5.7m) and EPS €0.21 (€0.10)).

Cash flow from operating activities was €-4.9m (€-9.3m), as inventory was built up for the high season sales.

The average number of full-time equivalent employees was 6,747 (7,079).

Nine months ended 30 September 2014

Sales in local currencies decreased by 1% and Euro sales amounted to €912.1m compared to €1,035.5m in the same period prior year.

Sales development in local currencies was the result of a 2% decrease in the number of active consultants and an increase in productivity of 1%.

Gross margin amounted to 69.4% (70.0%) and adjusted operating margin to 7.5% (adjusted for €1.7m in restructuring costs) compared to 9.2% (adjusted for €3.6m in restructuring costs) in the same period 2013. (Operating margin was 7.3% (8.9%)).

Adjusted net profit amounted to €35.9m (57.2m) and adjusted earnings per share was €0.65 (€1.03). (Net profit was €34.1m (€53.6m) and EPS €0.61 (€0.96m)).

Cash flow from operating activities amounted to €24.0m (€48.4m).

Operational highlights

Brand and Innovation

Following the success of *Ecollagen* skincare range, the Skin Care category launched *True Perfection*, a premium range targeting women above 25 years of age. The category also introduced a complete Oriflame skin care routine for the premium ranges, the *Youth Enhancing Skin Care Routine* – 1) Cleanse, 2) Eyes, 3) Boost, 4) Moisturise.

Youth Enhancing Skin Care Routine introduced

In the Colour Cosmetics category the successful launch of the new make-up brand *The ONE* continued with the introduction of a third sub-range, *Everyday Beauty*. It includes products such as an improved version of the bestselling mascara *5-in-1 Wonder Lash Mascara* and a new lipstick platform, *5-in-1 Colour Stylist*.

In the Fragrance category the flagship brand *Giordani Gold* was successfully extended by targeting a slightly younger female audience with the launch of *Miss Giordani*, and the male portfolio was extended by introducing a new brand, *Be the legend EDT*.

Within the Hair Care category the *HairX* brand introduced a new styling range with Keratin.

Online

During the third quarter, efforts were heavily focused on continued optimisation of the new digital platform that was successfully implemented in three markets at the end of the second quarter. The new platform is planned to reach full coverage in 2015, and several key markets progressed with setup activities and final acceptance testing during the quarter. In October, the new platform was launched in Russia. The new platform will help harmonising cross-channel communication, support brand alignment and user experience for Consultants and customers visiting Oriflame sites, and also optimising mobile access of Oriflame's online services.

Continued roll-out of new digital platform

A new mobile application was launched globally to top Consultants to assist business results and leadership development.

Campaign activities on-site and in social media were continuously executed to generate awareness and traffic, both on global and local initiative.

Service

During the third quarter overall service levels remain satisfactory, however product deliveries to Eastern Ukraine are still an area of focus and concern.

The finalisation of the factory building at the Oriflame Noginsk site, Russia, is progressing well. The state commissioning is on-going and some site acceptance tests are completed. The final steps of the LEED certification process are underway.

As a natural consequence of the up-coming production start in the new factory, Oriflame is in the process of divesting the manufacturing sites at Ekerö, Sweden and in Krasnogorsk, Russia. An agreement to sell the Swedish factory through a Management Buy-Out has just been signed. Oriflame will remain as an investor in the site by retaining the ownership of some of the main production equipment and by providing some limited short-term financing, and has committed to certain production volumes for the coming five years. Oriflame has also made progress in divesting the site in Krasnogorsk, and transfer of the production equipment to Noginsk is in preparation. Further information will be disclosed as the process advances.

Agreement for sale of Swedish factory signed

The refurbishment works in the new Wellness facility in Roorkee, India, are completed and the site is ready to start production, pending the required key product approvals which normally take some time.

The Oriflame sustainability work has continued to gain recognition from external stakeholders. In September, the LEED certified Noginsk GDC was nominated as a finalist in the prestigious 2014 "Best of Buildings Awards" presented by the U.S. Green Building Council. In October, Oriflame was also recognised as a leader for corporate action on climate change for its actions to reduce carbon emissions by being awarded with a position on the "A List": "The CDP Climate Performance Leadership Index 2014". The index presents 187 listed companies identified as demonstrating a superior approach to climate change mitigation.

Organisation

To support the continued implementation of Oriflame's strategy and initiatives Oriflame's Corporate Committee has appointed a new Group Management team. In addition to the Corporate Committee Members - being Magnus Brännström, CEO & President, Jesper Martinsson, Deputy CEO and Gabriel Bennet, CFO - Group Management will consist of the following Vice Presidents.

- Jonathan Kimber, Senior Vice President and Head of Product Range and R&D
- Tesselschade Naaijkens Van Dijk, Senior Vice President and Head of Human Resources
- Mats Palmquist, Senior Vice President and Head of Global Operations
- Johan Rosenberg, Senior Vice President and Head of Commercial Marketing and Brand & Communication, Head of the CIS
- Thomas Ekberg, Senior Vice President and Head of Global Business Area Turkey, Africa and Asia
- Michael Cervell, Senior Vice President Global Direct Sales
- Antonia Simon-Stenberg, Vice President Sustainability and Quality

Group Management is effective as of 4 November 2014.

CIS

Key figures

	Q3'13	Q4'13[2]	Q1'14	Q2'14	Q3'14
Sales, €m	134.9	181.1	154.9	132.7	112.7
Sales growth in €	(11%)	(16%)	(24%)	(23%)	(16%)
Sales growth in lc	(3%)	(8%)	(11%)	(7%)	(3%)
Adj. op profit, €m[1]	18.7	27.1	22.2	12.6	13.9
Adj. op margin	13.9%	14.9%	14.3%	9.5%	12.3%
Active consultants, '000	1,383	1,648	1,637	1,477	1,315

[1] 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.
[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 third quarter decreased by 3%, as a result of a 5% decrease in the number of active consultants and an increase in productivity of 2%. Euro sales were down by 16% to €112.7m (€134.9m).

+1%

Local currency sales in Russia

The conditions in the Eastern part of Ukraine remain challenging, while the Central and Western parts continue to show improvements. Local currency sales in Russia increased by 1% in the quarter. The initiatives carried out such as the changes to the Success Plan are starting to deliver results.

Adjusted operating profit amounted to €13.9m (€18.7m) resulting in an adjusted operating margin of 12.3% (13.9%). Margins were negatively affected by unfavourable exchange rates, partly offset by positive price/mix-effects and cost reductions.

In August, a long-lasting tax investigation in Russia resulted in an official tax claim being put forward by the authorities. The claim amounts to 1.0b RUB (approximately €21m) and relates to royalty payments (including related VAT) while all other areas of investigation were dropped. Oriflame remains confident in its practice within this area, with royalty levels at or below industry practice, and the company has initiated a litigation process to contest the claim as it contradicts local and international legislation. An amount of 537m RUB (approximately €11m) was paid out in the third quarter ahead of the litigation process according to local practice. In accordance with local and international opinions supporting Oriflame's position, no profit and loss impact is currently foreseen.

Europe

Key figures

	Q3'13[2]	Q4'13	Q1'14	Q2'14[3]	Q3'14
Sales, €m	65.4	85.9	68.3	65.1	57.4
Sales growth in €	(7%)	(10%)	(7%)	(9%)	(12%)
Sales growth in lc	(6%)	(9%)	(6%)	(8%)	(12%)
Adj. op profit, €m[1]	6.9	14.0	6.8	7.9	6.1
Adj. op margin	10.5%	16.2%	10.0%	12.1%	10.7%
Active consultants, '000	548	630	580	547	501

[1]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.
[2]Adjusted for restructuring costs of €0.5m
[3]Adjusted for restructuring costs of €0.4m

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

Changes to Success Plan under implementation in Central Europe

Local currency sales in the third quarter decreased by 12% as a result of a 9% decrease in active consultants and a decrease in productivity of 3%. Euro sales were down by 12% to €57.4m (€65.4m). In order to address the weak development, several initiatives are being implemented to improve the Consultant offer and experience, including changes to the Success Plan in Central Europe and locally developed catalogues for increased relevance. The roll-out of changes to the Success Plan in the Central European markets will continue during the coming quarters, and it is expected that it will take some time before these initiatives start to deliver results.

Adjusted operating margin amounted to 10.7% (10.5%) and the adjusted operating profit was €6.1m (€6.9m). The margin was impacted by negative sales leverage, compensated by cost reductions and timing of sales and marketing expenses.

Latin America

Key figures

	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
Sales, €m	31.2	30.2	26.5	31.1	32.6
Sales growth in €	10%	17%	7%	4%	5%
Sales growth in lc	19%	27%	19%	15%	7%
Op profit, €m[1]	5.1	4.1	2.6	4.2	4.6
Op margin	16.3%	13.5%	9.8%	13.4%	14.0%
Active consultants, '000	224	223	213	233	237

[1]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

+7%

Local currency sales

Local currency sales in the third quarter increased by 7% as a result of a 6% increase in the number of active consultants and a 1% increase in productivity compared to prior year. Euro sales were up by 5% to €32.6m (€31.2m). Mexico continued to deliver strong sales growth while Ecuador remained a challenge due to import restrictions.

Quarter three comparables were difficult both from a sales and margin perspective and operating profit amounted to €4.6m (€5.1m) resulting in an operating margin of 14.0% (16.3%). The operating margin was impacted by higher sales and marketing costs.

In order to capture the potential of the Mexican market and support the business in a stronger and more aligned way, Oriflame has started the project of relocating the Latin America regional office from Santiago, Chile, to Mexico City, Mexico. The intention is to carry out the move in the middle of 2015.

Turkey, Africa & Asia

Key figures

	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
Sales, €m	61.0	72.1	75.2	79.8	70.1
Sales growth in €	6%	0%	(1%)	(3%)	15%
Sales growth in lc	21%	17%	16%	12%	20%
Op profit, €m[1]	5.2	13.3	9.2	11.2	7.4
Op margin	8.5%	18.5%	12.2%	14.0%	10.6%
Active consultants, '000	843	959	1,051	967	895

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

Development

Strong sales development in most markets

Third quarter sales growth in local currencies was 20% as a result of a 6% increase in the number of active consultants and a 14% increase in productivity. The sales development was strong in most markets, particularly in China where recent initiatives are really paying off. Indonesia and India also continued the very strong performance. Euro sales increased by 15% to €70.1m (€61.0m).

Operating margin amounted to 10.6% (8.5%) despite negative currency effects as a result of lower sales and marketing costs and sales leverage. Operating profit was €7.4m (€5.2m).

Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 30 September 2014	2013	Change in Euro	Change in lc
CIS	112.7	134.9	(16%)	(3%)
Europe	57.4	65.4	(12%)	(12%)
Latin America	32.6	31.2	5%	7%
Turkey, Africa & Asia	70.1	61.0	15%	20%
Manufacturing	0.3	0.3	(18%)	(20%)
Other	1.4	1.8	(17%)	(18%)
Total sales	**274.5**	**294.6**	**(7%)**	**1%**

Sales (€ Million)	9 months ended 30 September 2014	2013	Change in Euro	Change in lc	LTM, Oct 13-Sep 14	Year end 2013
CIS	400.4	513.1	(22%)	(7%)	581.4	694.1
Europe	190.7	210.5	(9%)	(8%)	276.7	296.5
Latin America	90.2	85.9	5%	13%	120.4	116.1
Turkey, Africa & Asia	225.1	218.9	3%	16%	297.2	291.0
Manufacturing	1.3	2.0	(38%)	(38%)	1.4	2.1
Other	4.4	5.1	(14%)	(16%)	6.2	6.9
Total sales	**912.1**	**1,035.5**	**(12%)**	**(1%)**	**1,283.3**	**1,406.7**

Adj. operating profit (€ Million)	3 months ended 30 September 2014	2013	Change	9 months ended 30 September 2014	2013	Change	LTM, Oct 13-Sep 14	Year end 2013
CIS	13.9	18.7	(26%)	48.8	76.5	(36%)	75.8	103.5
Europe	6.1	6.9	(12%)	20.8	24.6	(15%)	34.8	38.6
Latin America	4.6	5.1	(10%)	11.3	11.2	1%	15.4	15.3
Turkey, Africa & Asia	7.4	5.2	42%	27.7	23.0	20%	41.0	36.4
Manufacturing	(0.0)	2.9	(101%)	0.8	9.0	(91%)	2.6	10.7
Other	(12.3)	(15.7)	(22%)	(41.4)	(48.7)	(15%)	(54.8)	(62.1)
Total adj. operating profit	**19.7**	**23.1**[1]	**(15%)**	**68.0**[2]	**95.6**[1]	**(28%)**	**114.9**[3]	**142.4**[4]

Active consultants (´000)	30 September 2014	2013	Change	Year end 2013
CIS	1,315	1,383	(5%)	1,648
Europe	501	548	(9%)	630
Latin America	237	224	6%	223
Turkey, Africa & Asia	895	843	6%	959
Total	**2,948**	**2,998**	**(2%)**	**3,460**

1) Before restructuring costs of €3.6m.
2) Before restructuring costs of €1.7m.
3) Before restructuring costs of €5.3m
4) Before restructuring costs of €5.8m.

Cash flow & investments

Cash flow from operating activities in the third quarter amounted to €-4.9m (€-9.3m) as inventory was built up for the high season sales. In addition, it included a mandatory €11m payment relating to the tax claim in Russia. Cash flow used in investing activities amounted to €-10.0m (€-13.1m).

Financial position

2.0

Hedged net interest-bearing debt/EBITDA

Net interest-bearing debt at hedged values amounted to €281.2m compared to €310.0m at the end of the third quarter 2013. The net debt at hedged values/EBITDA ratio was 2.0 (1.7). (Net interest-bearing debt amounted to €317.5m (€330.5m) and the net debt/EBITDA ratio was 2.3 (1.9)). Interest cover amounted to 4.4 (4.4) in the third quarter 2014 and to 6.2 (8.5) during the last twelve months.

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. Due to the uncertain macro-economic and geopolitical situation, the Board of Directors will continue to prioritise reducing the debt during the forthcoming quarters to ensure that the company remains financially strong. As a consequence, the Board of Directors has decided not to make any dividend payment in the first quarter 2015, within the given mandate.

Personnel

The average number of full-time equivalent employees amounted to 6,747 (7,079).

Alignment of legal structure

As previously announced, Oriflame is reviewing its legal structure. The process is well underway and a revised time plan is now set. During the second quarter, a successful spin-off of assets from Oriflame Cosmetics S.A. to a newly established Luxembourg financing and holding company directly held by Oriflame Cosmetics S.A. was completed. During the third quarter a Swiss holding company, Oriflame Holdings AG ("OHAG") was established. As a third step, a share-for-share exchange transaction, for the purpose of changing the domicile of the Group from Luxembourg to Switzerland, is expected to be announced in May 2015 following the AGM and EGM.

Trading update

The year to date sales development compared to the same period prior year is unchanged in local currency and the development in the fourth quarter to date is approximately 4% in local currency.

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 2015

- Year-end report 2014 will be published on 11 February 2015.
- First quarter 2015 report will be published on 8 May 2015.
- Second quarter 2015 report will be published on 13 August 2015.
- Third quarter 2015 report will be published on 12 November 2015.

Other

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

Conference call for the financial community

The company will host a conference call on Tuesday, 4 November at 9.30 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: 294292#
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/q8nr2oy9**

4 November 2014

Magnus Brännström
Chief Executive Officer

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Company registration no B.8835

Consolidated key figures

	3 months ended 30 September		9 months ended 30 September			
	2014	2013[1]	2014[2]	2013[1]	LTM, Oct13-Sep 14[3]	Year end 2013
Gross margin, %	69.0	69.6	69.4	70.0	69.7	70.1
EBITDA margin, %	9.6	9.1	9.7	11.1	10.9	11.8
Adj. operating margin, %	7.2	7.8	7.5	9.2	9.0	10.1
Return on:						
- operating capital, %	-	-	22.9	30.3	22.9	29.8
- capital employed, %	-	-	21.4	27.8	21.4	25.4
Net debt / EBITDA (LTM)	2.3	1.9	2.3	1.9	2.3	1.7
Interest cover	4.4	4.4	4.9	6.7	6.2	7.6
Average no. of full-time equivalent employees	6,747	7,079	6,952	7,332	7,161	7,340

[1]Adjusted for restructuring costs of €3.6m
[2]Adjusted for restructuring costs of €1.7m
[3] Adjusted for restructuring costs of €5.3m

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	Q2'13	Q3'13[1]	Q4'13[2]	Q1'14[3]	Q2'14[4]	Q3'14
Sales, €m	359.7	294.6	371.2	327.2	310.4	274.5
Gross margin, %	70.7	69.6	70.5	68.5	70.9	69.0
EBITDA, €m	42.2	26.9	52.0	29.4	32.8	26.3
Adj. operating profit, €m	34.5	23.1	46.8	23.1	25.3	19.7
Adj. operating margin, %	9.6	7.8	12.6	7.0	8.1	7.2
Adj. net profit before income tax, €m	25.2	13.1	38.0	18.6	19.5	16.8
Adj. net profit, €m	19.9	9.4	27.2	12.0	12.1	11.8
Adj. EPS, diluted €	0.36	0.17	0.49	0.22	0.22	0.21
Cash flow from op. activities, €m	29.3	(9.3)	63.7	16.9	12.0	(4.9)
Net interest-bearing debt, €m	314.9	330.5	275.9	270.4	284.2	317.5
Active consultants, '000	3,462	2,998	3,460	3,481	3,224	2,948

Sales, €m	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
CIS	173.3	134.9	181.1	154.9	132.7	112.7
Europe	71.6	65.4	85.9	68.3	65.1	57.4
Latin America	29.9	31.2	30.2	26.5	31.1	32.6
Turkey, Africa & Asia	82.1	61.0	72.1	75.2	79.8	70.1
Manufacturing	0.8	0.3	0.1	0.8	0.2	0.3
Other	2.0	1.8	1.8	1.5	1.5	1.4
Oriflame	**359.7**	**294.6**	**371.2**	**327.2**	**310.4**	**274.5**

Adj. operating Profit, €m	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
CIS	24.9	18.7	27.1	22.2	12.6	13.9
Europe	9.0	6.9	14.0	6.8	7.9	6.1
Latin America	4.1	5.1	4.1	2.6	4.2	4.6
Turkey, Africa & Asia	11.6	5.2	13.3	9.2	11.2	7.4
Manufacturing	2.8	2.9	1.7	1.5	(0.6)	(0.0)
Other	(17.9)	(15.7)	(13.4)	(19.2)	(10.0)	(12.3)
Oriflame	**34.5**	**23.1**[1]	**46.8**[2]	**23.1**[3]	**25.3**[4]	**19.7**

Active consultants, '000	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
CIS	1,705	1,383	1,648	1,637	1,477	1,315
Europe	600	548	630	580	547	501
Latin America	195	224	223	213	233	237
Turkey, Africa & Asia	962	843	959	1,051	967	895
Oriflame	**3,462**	**2,998**	**3,460**	**3,481**	**3,224**	**2,948**

Adj. operating Margin, %	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
CIS	14.4	13.9	14.9	14.3	9.5	12.3
Europe	12.6	10.5	16.2	10.0	12.1	10.7
Latin America	13.6	16.3	13.5	9.8	13.4	14.0
Turkey, Africa & Asia	14.1	8.5	18.5	12.2	14.0	10.6
Oriflame	**9.6**	**7.8**[1]	**12.6**[2]	**7.0**[3]	**8.1**[4]	**7.2**

[1] *Adjusted for restructuring costs of €3.6m*
[2] *Adjusted for restructuring costs of €2.2m*
[3] *Adjusted for restructuring costs of €0.4m*
[4] *Adjusted for restructuring costs of €1.3m*

€ Sales Growth in %	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
CIS	(12)	(11)	(16)	(24)	(23)	(16)
Europe	(13)	(7)	(10)	(7)	(9)	(12)
Latin America	24	10	17	7	4	5
Turkey, Africa & Asia	19	6	0	(1)	(3)	15
Oriflame	**(4)**	**(5)**	**(10)**	**(14)**	**(14)**	**(7)**

Cash Flow, €m	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
Operating cash flow	29.3	(9.3)	63.7	16.9	12.0	(4.9)
Cash flow used in investing activities	(16.9)	(13.1)	(15.7)	(8.6)	(8.4)	(10.0)

Condensed consolidated interim income statements

€'000	3 months ended 30 September 2014	2013	9 months ended 30 September 2014	2013	LTM, Oct 13 - Sep 14	Year End 2013
Sales	274,516	294,586	912,133	1,035,536	1,283,318	1,406,721
Cost of sales	(85,086)	(89,416)	(278,771)	(310,705)	(388,357)	(420,291)
Gross profit	**189,430**	**205,170**	**633,362**	**724,831**	**894,961**	**986,430**
Other income	10,386	11,407	32,986	38,747	46,050	51,811
Selling and marketing expenses	(100,464)	(108,774)	(345,075)	(389,815)	(481,107)	(525,847)
Distribution and Infrastructure	(23,739)	(23,710)	(76,770)	(86,718)	(104,776)	(114,724)
Administrative expenses	(55,936)	(64,633)	(178,216)	(195,124)	(244,154)	(261,062)
Operating profit	**19,678**	**19,459**	**66,287**	**91,921**	**110,974**	**136,608**
Analysis of operating profit:						
Adjusted operating profit	19,678	23,095	68,022	95,557	114,859	142,394
Restructuring	-	(3,636)	(1,735)	(3,636)	(3,885)	(5,786)
Operating profit	**19,678**	**19,459**	**66,287**	**91,921**	**110,974**	**136,608**
Financial income	26,705	10,845	38,176	29,338	47,797	38,959
Financial expenses	(29,535)	(20,869)	(51,233)	(50,068)	(69,703)	(68,538)
Net financing costs	**(2,830)**	**(10,024)**	**(13,057)**	**(20,730)**	**(21,906)**	**(29,579)**
Net profit before income tax	**16,848**	**9,436**	**53,230**	**71,191**	**89,067**	**107,029**
Total income tax expense	(5,011)	(3,700)	(19,092)	(17,584)	(29,894)	(28,386)
Net profit	**11,837**	**5,736**	**34,138**	**53,607**	**59,173**	**78,643**

€	3 months ended 30 September 2014	2013	9 months ended 30 September 2014	2013	LTM, Oct 13 – Sep 14	Year end 2013
Adj. EPS:						
- basic	0.21	0.17	0.65	1.03	1.13	1.52
- diluted	0.21	0.17	0.65	1.03	1.13	1.52
EPS:						
- basic	0.21	0.10	0.61	0.96	1.06	1.41
- diluted	0.21	0.10	0.61	0.96	1.06	1.41
Weighted avg. number of shares outstanding:						
- basic	55,603,490	55,577,918	55,601,609	55,764,142	55,601,368	55,722,934
- diluted	55,603,490	55,577,918	55,601,609	55,764,142	55,601,368	55,722,934
Total number of shares outstanding:						
- basic	55,608,563	55,600,653	55,608,563	55,600,653	55,608,563	55,600,653
- diluted	55,608,563	55,600,653	55,608,563	55,600,653	55,608,563	55,600,653

Condensed consolidated interim statements of comprehensive income

€'000	3 months ended 30 September 2014	3 months ended 30 September 2013	9 months ended 30 September 2014	9 months ended 30 September 2013	LTM, Oct 13 – Sep 14	Year end 2013
Net profit	**11,837**	**5,736**	**34,138**	**53,607**	**59,173**	**78,643**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Revaluation reserve	3	93	3	(273)	(178)	(454)
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(5,586)	(6,234)	(15,569)	(18,993)	(21,373)	(24,797)
Effective portion of changes in fair value of cash flow hedges, net of tax	730	641	(4,358)	(359)	(4,260)	(261)
Total items that are or may be reclassified subsequently to profit or loss	**(4,856)**	**(5,593)**	**(19,927)**	**(19,352)**	**(25,633)**	**(25,058)**
Other comprehensive income for the period, net of tax	**(4,853)**	**(5,500)**	**(19,924)**	**(19,625)**	**(25,810)**	**(25,512)**
Total comprehensive income for the period	**6,984**	**236**	**14,214**	**33,982**	**33,363**	**53,131**

Condensed consolidated interim statements of financial position

€'000	30 September, 2014	31 December, 2013	30 September, 2013
Assets			
Property, plant and equipment	216,099	254,537	253,191
Intangible assets	18,760	20,802	19,311
Investment property	1,183	928	967
Deferred tax assets	27,399	26,614	29,079
Other long-term receivables	832	1,129	1,176
Total non-current assets	**264,273**	**304,010**	**303,724**
Inventories	190,592	196,876	200,268
Trade and other receivables	88,961	83,597	80,868
Tax receivables	4,992	2,894	3,229
Prepaid expenses	49,943	53,412	58,333
Derivative financial assets	43,906	18,973	24,910
Cash and cash equivalents	85,091	107,336	71,622
Assets held for sale	34,718	-	-
Total current assets	**498,203**	**463,088**	**439,230**
Total assets	**762,476**	**767,098**	**742,954**
Equity			
Share capital	71,527	71,517	71,517
Treasury shares	(41,235)	(41,235)	(41,235)
Reserves	(103,954)	(84,458)	(77,597)
Retained earnings	242,616	222,379	197,343
Total equity	**168,954**	**168,203**	**150,028**
Liabilities			
Interest-bearing loans	373,641	379,672	397,483
Other long-term non interest-bearing liabilities	842	2,592	3,227
Deferred income	358	406	487
Deferred tax liabilities	5,242	4,621	4,454
Total non-current liabilities	**380,083**	**387,291**	**405,651**
Current portion of interest-bearing loans	25,049	2,744	3,731
Trade and other payables	77,186	82,357	71,752
Deferred Income	2,829	3,148	-
Tax payables	7,173	10,878	7,638
Accrued expenses	81,360	98,082	94,342
Derivative financial liabilities	4,953	6,440	4,649
Provisions	5,583	7,955	5,163
Liabilities held for sale	9,306	-	-
Total current liabilities	**213,439**	**211,604**	**187,275**
Total liabilities	**593,522**	**598,895**	**592,926**
Total equity and liabilities	**762,476**	**767,098**	**742,954**

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	-	-	53,607	53,607
Other comprehensive income				
Revaluation reserve	-	(273)	-	(273)
Foreign currency translation differences for foreign operations	-	(18,993)	-	(18,993)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(359)	-	(359)
Total other comprehensive income for the period, net of income tax	**-**	**(19,625)**	**-**	**(19,625)**
Total comprehensive income for the period	**-**	**(19,625)**	**53,607**	**33,982**
Issuance of new shares	116	132	-	248
Share incentive plan	-	1,315	-	1,315
Share incentive plan 2010 (release)	-	(3,015)	3,015	-
Dividends	-	-	(97,139)	(97,139)
Purchase of treasury shares	-	(41,235)	-	(41,235)
At 30 September 2013	**71,517**	**(118,831)**	**197,343**	**150,029**
At 1 January 2014	**71,517**	**(125,693)**	**222,379**	**168,203**
Net profit	-	-	34,138	34,138
Other comprehensive income				
Revaluation reserve	-	3	-	3
Foreign currency translation differences for foreign operations	-	(15,569)	-	(15,569)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(4,358)	-	(4,358)
Total other comprehensive income for the period, net of income tax	**-**	**(19,924)**	**-**	**(19,924)**
Total comprehensive income for the period	**-**	**(19,924)**	**34,138**	**14,214**
Issuance of new shares	10	135	-	145
Share incentive plan	-	292	-	292
Dividends	-	-	(13,900)	(13,900)
At 30 September 2014	**71,527**	**(145,189)**	**242,616**	**168,954**

Condensed consolidated interim statements of cash flows

	3 months ended 30 September		9 months ended 30 September	
€'000	2014	2013	2014	2013
Operating activities				
Net profit before income tax	**16,848**	**9,436**	**53,230**	**71,191**
Adjustments for:				
Depreciation of property, plant and equipment	5,416	5,709	16,476	17,977
Amortisation of intangible assets	1,142	1,113	3,818	3,274
Impairment losses on property, plant and equipment	-	-	1,604	-
Change in fair value of borrowings and derivatives financial instruments	(8,103)	(301)	(4,679)	(3,538)
Deferred income	78	(20)	42	(28)
Share incentive plan	68	632	292	1,315
Unrealised exchange rate differences	6,252	3,341	6,263	10,120
Profit on disposal of property, plant and equipment, intangible assets and investment	(69)	100	(118)	(74)
Financial income	(4,515)	(4,169)	(13,281)	(12,345)
Financial expenses	8,510	8,108	22,275	22,256
Operating profit before changes in working capital and provisions	**25,627**	**23,949**	**85,922**	**110,148**
Increase in trade and other receivables, prepaid expenses and derivative financial assets	(7,509)	(4,818)	(3,116)	(14,750)
(Increase)/decrease in inventories	(9,591)	(20,428)	(1,665)	273
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities	(5,292)	(5,208)	(21,930)	(21,308)
(Decrease)/increase in provisions	(604)	3,635	(1,990)	1,705
Cash generated from operations	**2,630**	**(2,870)**	**57,221**	**76,068**
Interest received	4,137	4,303	12,815	12,521
Interest and bank charges paid	(6,467)	(7,741)	(20,822)	(22,262)
Income taxes paid	(5,188)	(2,947)	(25,235)	(17,885)
Cash flow from operating activities	**(4,888)**	**(9,255)**	**23,979**	**48,442**
Investing activities				
Proceeds on sale of property, plant and equipment, intangible assets and investment property	87	90	1,647	377
Purchases of property, plant, equipment and investment property	(8,820)	(12,932)	(26,878)	(35,659)
Purchases of intangible assets	(1,285)	(291)	(1,810)	(2,031)
Cash flow used in investing activities	**(10,019)**	**(13,133)**	**(27,041)**	**(37,313)**
Financing activities				
Proceeds from borrowings	60,819	96,612	143,983	276,288
Repayments of borrowings	(50,940)	(80,115)	(147,652)	(180,927)
Proceeds from issuance of new shares	148	110	148	278
Acquisition of own shares	-	-	-	(41,235)
Decrease of finance lease liabilities	(5)	(8)	(23)	(3)
Dividends paid	(6)	(115)	(13,888)	(97,078)
Cash flow used in financing activities	**10,016**	**16,484**	**(17,432)**	**(42,677)**
Change in cash and cash equivalents	**(4,890)**	**(5,904)**	**(20,493)**	**(31,548)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts	87,859	78,864	106,788	106,171
Effect of exchange rate fluctuations on cash held	1,444	(2,358)	(822)	(4,021)
Cash included assets held for sale	1,060	-	-	-
Cash and cash equivalents at the end of the period net of bank overdrafts	**85,472**	**70,602**	**85,472**	**70,602**

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 nine months ended 30 September 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 3 November 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), which is CIS, Europe, Latin America, Turkey, Africa & Asia, Manufacturing and Other. The revised geographical split 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 accordingly.