



Ontex Q1 2016: Strong growth in developing markets and integration of Grupo Mabe underway

Aalst-Erembodegem, May 4, 2016 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') today announced its trading update for the three month period ending March 31, 2016.

Q1 2016 Highlights

- Started the integration of Grupo Mabe, a leading Mexico-based hygienic disposables business, with consolidation from March 1 2016, and which is
 - Reinforcing the Group's growth profile
 - Further diversifying the Group by making our first steps into the Americas
- Revenue of €452.4 million, including Grupo Mabe as from March 1 2016, was 6.4% higher on a reported basis
 - Up 1.0% on a like-for-like (LFL)¹ basis, year-on-year (yoy)
 - Revenue growth would have been 3.9% on a pro-forma constant currency basis, including Grupo Mabe revenue in Q1 2015 and Q1 2016
- Adjusted EBITDA² including Grupo Mabe as from March 1 2016 increased by 9.6% yoy to €57.0 million, resulting in an Adjusted EBITDA margin of 12.6%, an expansion of 37 basis points versus a year ago
- Negative net foreign exchange (FX) impact of €13.1 million on revenue, and €13.2 million on Adjusted EBITDA
- Net Debt was €701.7 million as of March 31, 2016, including €104.1 million of acquisition related earn-outs which will be paid in 2016, 2017 and 2018 subject to achievement of pre-agreed targets. Including an estimation of the last twelve months of EBITDA for Grupo Mabe, Management estimates that Group leverage is between 2.7x and 3.0x.

Key Financials Q1 2016

In € million	Q1 2016	Q1 2015	% Change
Reported Revenue	452.4	425.1	6.4%
LFL Revenue ¹	429.5	425.1	1.0%
Pro-forma at constant currency ³	553.6	533.0	3.9%
Adjusted EBITDA ²	57.0	52.0	9.6%
Adj. EBITDA Margin	12.6%	12.2%	37bps
Net Debt	701.7	536.8	30.7%
Net Debt / LTM Adj. EBITDA	n.a.	2.70x	n.a

1 LFL is defined as at constant currency excluding change in perimeter of consolidation or M&A

2 Adjusted EBITDA is a non-IFRS measure, defined as EBITDA plus non-recurring expenses and revenues excluding non-recurring depreciation and amortization and has consistently been applied throughout reporting periods. EBITDA is a non-IFRS measure, defined as earnings before net finance cost, income taxes, depreciation and amortization. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

3 Pro-forma at constant currency includes Grupo Mabe revenue for Q1 2015 and Q1 2016

REGULATED INFORMATION

Charles Bouaziz, Ontex CEO: “The transformation of Ontex is well underway. In Q1 2016, we continued to deliver our EBITDA margin expansion while completing the Mabe acquisition, allowing us to serve more consumers with our brands in new geographies. The integration process has started, and by closing the deal already at the end of February, we will start to capture acquisition synergies as of the second quarter. Mabe is an exciting new growth platform, leading to the creation of a fifth Division and providing further diversification to Ontex. Hence, we have structurally increased the weight of our three growth engines: Growth Markets, Middle East North Africa and since March 1 2016, Americas Retail (totaling more than 38% of Q1 2016 pro-forma revenue).”

Market Dynamics

Market dynamics at the start of 2016 showed no improvement compared to trends seen in 2015. In Western Europe, price competition intensified, partly due to increased promotional activity on branded products, and growth is limited to the adult incontinence category. Increased volumes and higher pricing were seen in developing markets such as Eastern Europe and in the Middle East and North Africa. Retailer brands held their overall high level of value share of hygienic disposables in Western Europe, and further increased their value share in Eastern Europe.

In Q1 2016, changes in foreign exchange rates against the euro had a negative impact on both revenue and Adjusted EBITDA compared to the same period last year. The biggest impacts were due to the Turkish Lira and Russian Rouble, with the Polish Zloty also contributing to the weakness. In addition, the British Pound had a negative impact on revenue and positive impact on Adjusted EBITDA, and the US Dollar had a negative impact only on Adjusted EBITDA.

Overall, our main commodity raw materials in Q1 2016 experienced tailwinds compared to the same period last year. However, fluff pulp, one of our most important raw materials, continues to be at elevated levels where they have been since mid-2014. Oil-based commodities decreased year-on-year in the first quarter, but are anticipated to be less of a tailwind in Q2 mainly due to comparables in Q2 2015.

Overview of Ontex Performance in Q1 2016

Ontex delivered LFL revenue growth of 1.0% on the back of solid double digit LFL revenue growth in developing markets, despite sales declining in Western Europe. Combined with March 2016 revenue from Grupo Mabe, the Group reported revenue of €452.4 million in Q1 2016, an increase of 6.4% over a year ago. On a pro-forma basis, including Grupo Mabe revenue for both Q1 2015 and Q1 2016, Group revenue increased by 3.9% at constant currency, demonstrating the enhanced growth profile of the group following this sizeable acquisition.

Q1 2016 Adjusted EBITDA was €57.0 million, up 9.6% year-on-year, including the March 2016 contribution from Grupo Mabe. Negative FX impacts more than offset lower commodity indices. However, our strong performance, resulting in Adjusted EBITDA margin expansion, confirms the company’s resilience, based on the ongoing capture of efficiencies and savings.

Operational Review: Divisions

in € million	Q1 2016 ¹	Q1 2015 ¹	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	452.4	425.1	6.4%	1.0%
Mature Market Retail	213.5	228.4	(6.5%)	(6.2%)
Growth Markets	36.9	31.3	17.9%	27.2%
Healthcare	108.4	108.4	0.0%	0.6%
MENA	59.8	57.0	4.9%	16.5%
Americas Retail	33.8	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>
<i>Americas Retail pro-forma¹</i>	<i>107.2</i>	<i>102.1</i>	<i>5.0%</i>	<i>16.3%</i>

¹ *Americas Retail pro-forma Q1 2015 and Q1 2016 data*

Mature Market Retail

Q1 2016 revenue in the Mature Market Retail Division was 6.2% lower on a LFL basis compared to the strong quarter a year ago (-6.5% on a reported basis, mainly due to a negative impact of the British Pound and Polish Zloty, and including €2.2 million of incremental sales in March 2016 from Grupo Mabe's European activities). The lower revenue is in line with our expectations, particularly in light of the intensified pricing environment currently in the Western Europe baby diaper segment, which includes more aggressive pricing of international brands. We maintained our disciplined pricing approach, and continued to pursue profitable business opportunities within the Division. The main drivers for Q1 2016 were lower revenue in the UK and France, and solid growth in Poland.

Growth Markets

Growth Markets Divisional revenue rose 27.2% in Q1 2016 on a LFL basis (+17.9% on a reported basis due to a negative FX impact, mostly from the Russian Rouble). Revenue growth continues to be led by higher volumes in Russia, as well as Central Eastern Europe. In Russia, a number of retail customers are seeking to build their own brands as a point of differentiation for consumers. Pricing in Q1 2016 was also higher, as we continued to adjust sales prices in Russia during 2015 to partially compensate for local currency devaluation.

Healthcare

Q1 2016 revenue in the Healthcare Division was up 0.6% on a LFL basis (stable on a reported basis due to a negative impact from the British Pound). Higher revenue in Italy and the UK, partly attributable to home delivery, were largely offset by lower sales in France and Germany. We have made continued progress on re-grouping our two production sites in northern France, to allow us to better serve French and international customers, with production at the new site foreseen to start in the second half of 2016.

MENA

Revenue in the Middle East North Africa Division was up 16.5% on a LFL basis in Q1 2016 (+4.9% on a reported basis due to a negative FX impact from the Turkish Lira). Growth was broad-based, with volume-led gains across most markets with our brands Canbebe in Babycare and Canped in Adult Incontinence. We made further progress in strengthening our distribution network in North Africa.

Americas Retail

Following the completion of the Grupo Mabe acquisition on February 29 2016, Mabe's activities were consolidated from March 1 2016 at a Group level under a new fifth Division called "Americas Retail". The business is performing in line with management's expectations at the time of the transaction. On a pro-forma basis, revenue has grown by 16.3% yoy for Q1 2016 at constant currency mainly thanks to solid progress in Mexico in Babycare, Adult Inco and Femcare. Taking into

REGULATED INFORMATION

account the impact of changes in FX, revenue growth in Q1 2016 is +5.0% compared to the same period last year.

Operational Review: Categories

in € million	Q1 2016	Q1 2015	% Δ as reported	% Δ at LFL
Ontex Reported Revenue¹	452.4	425.1	6.4%	1.0%
Babycare	250.0	226.5	10.4%	0.7%
Femcare	50.6	50.8	(0.4%)	(2.0%)
Adult Inco	144.6	142.3	1.6%	1.3%

¹ Includes €7.2 million in Q1 2016 and €5.5 million in Q1 2015 from Other category

Babycare

Revenue for the Babycare category was up 0.7% on a LFL basis in Q1 2016, with higher sales primarily in developing markets, and lower revenue in developed markets. Including March 2016 revenue from Grupo Mabe and the negative impact of FX, Babycare revenue was up 10.4% on a reported basis.

Femcare

Q1 2016 Femcare category revenue was 2.0% lower on a LFL basis, similar to the change in Western European market revenue for this category, where most of our sales take place. Including March 2016 revenue from Grupo Mabe and the negative impact of FX, Femcare revenue was down 0.4% on a reported basis.

Adult Inco

Adult Inco category revenue was 1.3% higher in Q1 2016, due to stable revenue in institutional channels, and 6% growth in retail channels. Including March 2016 revenue from Grupo Mabe and the negative impact of FX, Adult Inco revenue increased by 1.6% on a reported basis.

Operational Review: Geographies

in € million	Q1 2016	Q1 2015	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	452.4	425.1	6.4%	1.0%
Western Europe	259.6	280.1	(7.3%)	(7.4%)
Eastern Europe	70.5	60.8	16.0%	22.4%
Americas	36.7	2.7	n.m.	11.1%
ROW	85.7	81.5	5.2%	13.9%

Lower revenue was recorded in Western Europe, which remained a highly competitive market environment. Including the March 2016 revenue from Grupo Mabe, the proportion of revenue generated outside of Western Europe rose to 43% of Ontex Group revenue.

OUTLOOK

Based on current FX rates and outlook on commodity pricing:

- Expectations for 2016 like-for like (LFL) growth remain unchanged
- We anticipate to see a better LFL performance in Mature Market Retail in the second half of the year, with Q2 2016 lower than the first quarter
- We expect strong LFL performances in 2016 from our expanded portfolio of business in Growth Markets, Middle East North Africa and from March 1 2016, Americas Retail
- Healthcare LFL is anticipated to continue growing slightly ahead of the stable Western European market
- We will continue to capture efficiencies, savings, and as of Q2, synergies following completion of the Mabe acquisition. Including the dilutive impact of Grupo Mabe, we expect to have a Group Adjusted EBITDA margin for FY 2016 in line with FY 2015 (12.4%) on a much larger revenue base

FINANCIAL REVIEW

Adjusted EBITDA

Q1 2016 Adjusted EBITDA was €57.0 million including Grupo Mabe as from March 1 2016, a solid increase of 9.6% compared to last year. While raw material costs were lower as expected, mainly for oil-based commodities, these were more than offset by negative FX impacts. Sales, marketing and administrative expenses were higher due to ongoing investments in the organization. Our portfolio of savings and efficiency projects continued to support profitability despite lower revenue growth. Adjusted EBITDA margin was 12.6% in Q1 2016, an expansion of 37 bps versus the same period a year ago.

Net debt

Net debt was €701.7 million at March 31, 2016, including net debt of Grupo Mabe, and acquisition related earn-outs which will be paid in 2016, 2017 and 2018 subject to achievement of pre-agreed targets. Including an estimation of the last twelve months of EBITDA for Grupo Mabe, Management estimates that Group leverage is between 2.7x and 3.0x. Working capital and capex remained under control in Q1 2016. For the full year 2016, including Grupo Mabe and an investment to upgrade IT systems, we currently expect total capex to be in a range of 3.5% to 4.0% of sales.

Corporate information

This trading update of Ontex Group NV for the first quarter of 2016 was authorized for issue in accordance with a resolution of the Board on May 3, 2016.

CONFERENCE CALL

Management will host a presentation for investors and analysts on May 4, 2016 at 8:00am BST/9:00am CEST.

A copy of the presentation slides will be available at <http://www.ontexglobal.com/>.

If you would like to participate in the conference call, please dial-in 5 to 10 minutes prior using the details below:

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FINANCIAL CALENDAR 2016

AGM	May 25, 2016
Ex-dividend date	June 1, 2016
Record date	June 2, 2016
Payment date	June 3, 2016
H1 2016	July 28, 2016
Q3 2016	November 9, 2016
FY 2016	March 8, 2017

ENQUIRIES

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This trading update may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report.

In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report.

This trading update is available in English and in Dutch. In the case of discrepancies between the two versions, the Dutch version will prevail.