Ontex H1 2017: Very Strong Broad-Based Revenue Growth

- **Reported revenue up 22%: LFL revenue growth in all 5 Divisions and 3 categories**
- **Including Ontex Brazil, Q2 revenue confirmed annualized run-rate of €2.4 billion**
- **Higher raw materials resulting in a lower Adjusted EBITDA margin; higher Adjusted EPS**

Aalst-Erembodegem, July 27, 2017 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') today announced its results for the six-month period ended June 30, 2017.

H1 2017 Highlights

- Revenue was €1.17 billion, up 22.0% on a reported basis
  - +5.2% on a like-for-like (LFL) basis, year-on-year (yoy)
  - +2.7% pro-forma at constant currency
- Adjusted EBITDA increased by 17.4% yoy to €144.7 million, leading to an Adjusted EBITDA margin of 12.3%
- Net foreign exchange (FX) impacts of -€0.5 million on revenue and -€0.2 million on Adjusted EBITDA
- Adjusted net profit of €71.5 million was up 8.8% yoy; Adjusted earnings per share was €0.90, ahead of last year on 10% higher share count following successful capital increase in March 2017
- Net Debt was €743.9 million as of June 30, 2017, including €33.0 million of acquisition-related earn-outs, resulting in a net debt/LTM Adjusted EBITDA ratio of 2.75x

Q2 2017 Highlights

- Revenue of €617.0 million was up 20.9% on a reported basis
  - +6.6% on a LFL basis
  - +3.5% pro-forma at constant currency
- Adjusted EBITDA of €74.7 million was 12.8% higher yoy, Adjusted EBITDA margin of 12.1%
- Net FX impacts of +€1.4 million on revenue and +€2.3 million on Adjusted EBITDA

Key Financials H1 2017 and Q2 2017

In € million, except margin & per share data	H1 2017	H1 2016	% Change		Q2 2017	Q2 2016	% Change
Reported Revenue	1,173.9	962.6	22.0%		617.0	510.2	20.9%
LFL Revenue	1,012.9	962.6	5.2%		544.0	510.2	6.6%
Pro-forma revenue at constant currency	*1,199.2*	*1,168.1*	*2.7%*		*608.1*	*587.4*	*3.5%*
Adjusted EBITDA	144.7	123.3	*17.4%*		74.7	66.2	*12.8%*
Adj. EBITDA Margin	*12.3%*	*12.8%*	*-48*		*12.1%*	*13.0%*	*-87*
Adj. profit/(loss) for the period	71.5	65.7	*8.8%*		-	-	-
Adjusted EPS	0.90	0.89	*1.6%*		-	-	-

All definitions of Alternative Performance Measures (APMs) can be found in the Annex B of this report

In € million, except margin & per share data	H1 2017	H1 2016	% Change		Q2 2017	Q2 2016	% Change
Profit/(Loss) for the period	62.6	58.2	*7.6%*		-	-	-
Basic EPS	0.79	0.79	*0.7%*		-	-	-
Adj. Free Cash Flow	68.9	108.7	*-36.6%*		-	-	-
Net Debt	743.9	660.2	*12.7%*		-	-	-
Net Debt / LTM Adj. EBITDA	2.75	2.97	*N.A.*		-	-	-

Ontex Group reported revenue includes 6 months of Grupo Mabe and 4 months of Ontex Brazil in H1 2017, and 4 months of Grupo Mabe in H1 2016

Charles Bouaziz, Ontex CEO: "This is a very strong first half of 2017. We delivered a solid LFL revenue performance, particularly in our two largest Divisions, confirming the return of Mature Market Retail to solid growth and accelerating in our Americas Retail Division. One side effect of our high growth is temporary pressure on our manufacturing and supply chain, which along with rising input costs has contributed to short-term margin pressure. As we address these issues, we remain focused on capturing long-term profitable growth opportunities.

"Together with the integration of Ontex Brazil, which is on track with our expectations, we continue our transformation from an operations-focused organization to an international consumer goods company."

Market Dynamics

Market growth for the Babycare, Femcare and Adult Incontinence categories in the first four months of 2017 has been below the full year forecast. Notably, retailer brands continued their progress in the markets of our Mature Market Retail Division, where the volume share of retailer brands surpassed the leading international diaper brand for the first time in history. The Adult Inco category confirmed its status as the growth driver in all markets where Ontex is active.

Foreign exchange rates were volatile in H1 2017; in particular, the British Pound, Mexican Peso, Russian Rouble, Turkish Lira and Brazilian Real.

As anticipated, indices of our main commodity raw materials increased in the first half of 2017 compared to the same period of 2016, primarily in the second quarter.

Outlook

We expect to grow revenue ahead of our markets for full year 2017. Our recent acquisition of Ontex Brazil is anticipated to perform in line with our expectations for 2017. Foreign exchange rates are expected to remain volatile in the second half of the year. Based on current market information, we expect that prices for our main commodity raw materials will continue to be a headwind for the rest of 2017 compared to the previous year. We continue to take actions to mitigate these headwinds, which are expected to improve margins over time.

Overview of Ontex Performance in H1 2017

Group revenue in H1 2017 totaled €1.17 billion. Revenue grew by 22.0% on a reported basis versus prior year, including four months' contribution from the acquisition of Ontex Brazil. On a LFL basis, revenue was up +5.2%; all five Divisions and all three categories contributed to this growth.

H1 2017 Adjusted EBITDA was €144.7 million, an increase of 17.4% year on year, resulting in an adjusted EBITDA margin of 12.3%.

Operational Review: Divisions

	Six Months				Second Quarter			
in € million	**H1 2017**	**H1 2016**	**% Δ as reported**	**% Δ at LFL**	**Q2 2017**	**Q2 2016**	**% Δ as reported**	**% Δ at LFL**
Ontex Reported Revenue	**1,173.9**	**962.6**	**22.0%**	**5.2%**	**617.0**	**510.2**	**20.9%**	**6.6%**
Mature Market Retail	445.8	426.0	4.6%	3.9%	224.8	212.3	5.9%	5.7%
Growth Markets	96.6	76.8	25.7%	13.4%	50.5	41.6	21.5%	12.6%
Healthcare	215.9	216.6	-0.3%	0.9%	108.4	108.3	0.0%	1.2%
MENA	102.5	108.1	-5.1%	1.7%	46.0	48.3	-4.8%	0.9%
Americas Retail	313.1	135.1	131.8%	14.6%	187.4	99.6	88.1%	14.9%

Ontex Group and Americas Retail reported revenue include 6 months of Grupo Mabe and 4 months of Ontex Brazil in H1 2017, and 4 months of Grupo Mabe and no revenue for Ontex Brazil in H1 2016.

Mature Market Retail

Revenue in our Mature Markets Retail Division recorded a solid performance in H1 2017, up 3.9% on a LFL basis versus a year ago. Division revenue continued to benefit from new business gained in all three categories, in addition to growth in our existing business. Increased volumes drove revenue higher across a majority of our markets, and this was achieved despite ongoing price pressures in the Babycare category, primarily from the leading international brand. Based on shopper insights, we will continue to improve our products and services so that leading retailers continue to compete effectively with their own brands.

Growth Markets

H1 2017 revenue in the Growth Markets Division rose 13.4% on a LFL basis. This strong result was due to higher volumes, including in the highly competitive Russian market, where retailer brands continued their positive evolution. Additionally, a new production site was formally opened in Ethiopia in July 2017. The advanced production technology at this site will allow us to better serve consumers in East Africa with Canbebe branded diapers, tailored to meet their specific local needs.

Healthcare

Healthcare Divisional revenue in H1 2017 rose 0.9% on a LFL basis versus the same period last year. The sales growth is due to increased volumes, while pricing remained under pressure. We continued to implement our strategy of generating profitable growth in a stable to slightly declining market, by helping customers meet their business objectives thanks to our focus on product and channel mix, enhanced service and cost control.

MENA

Revenue in the Middle East and North Africa Division was up 1.7% in H1 2017 compared to last year on a LFL basis. Market conditions have been weaker than expected, particularly in the Turkey diaper category, where consumer confidence remained cautious and sales of low-price products grew strongly. The leading brands in the category, including our Canbebe diaper brand, were all impacted by these factors. The Adult Inco category in Turkey continued to grow, and our Canped brand extended further its market-leading position. Divisional sales were also impacted by liquidity issues in some export markets. We are implementing measures to improve our revenue performance in this Division.

Americas Retail
H1 2017 Americas Retail Division revenue was 14.6% higher than a year ago on a LFL basis. The solid LFL revenue performance was the result of market share gains in Mexico in both the Babycare and Adult Inco categories, and increased sales in the US. The Brazilian personal hygiene market was challenging as expected, with lower sales in the Babycare category, while the Adult Inco category grew. Importantly, we have made considerable progress on our integration plan in the 4 months since completing the acquisition, including moving forward on upgrading our manufacturing capabilities, which is a key element to drive long-term performance.

Operational Review: Categories

	Six Months				Second Quarter			
in € million	H1 2017	H1 2016	% Δ as reported	% Δ at LFL	Q2 2017	Q2 2016	% Δ as reported	% Δ at LFL
Ontex Reported Revenue[1]	**1,173.9**	**962.6**	**22.0%**	**5.2%**	**617.0**	**510.2**	**20.9%**	**6.6%**
Babycare	712.4	548.1	30.0%	6.9%	377.6	298.2	26.6%	9.4%
Femcare	109.8	104.3	5.3%	2.1%	55.2	53.6	3.0%	1.3%
Adult Inco	340.3	298.4	14.1%	4.6%	177.8	153.8	15.6%	3.6%

** Includes €11.4 million of Other in H1 2017; €11.8 million in H1 2016, €6.4 million of Other in Q2 2017; €4.5 million in Q2 2016*

Babycare
Babycare category revenue grew 30.0% on a reported basis in H1 2017, which included Grupo Mabe and Ontex Brazil, and a 6.9% increase on a LFL basis, thanks to higher sales in the majority of our markets.

Femcare
Revenue in the Femcare category in H1 2017 was 5.3% higher as reported, and up 2.1% on a LFL basis. Essentially all of the LFL growth was in Western Europe, the region in which most of our sales take place.

Adult Inco
H1 2017 Adult Inco category revenue rose 14.1% on a reported basis, and increased 4.6% on a LFL basis. Adult Inco sales in retail channels were 9% higher year-on-year, and in institutional channels revenue also grew, both on a LFL basis.

Operational Review: Geographies

	Six Months				Second Quarter			
in € million	**H1 2017**	**H1 2016**	**% Δ as reported**	**% Δ at LFL**	**Q2 2017**	**Q2 2016**	**% Δ as reported**	**% Δ at LFL**
Ontex Reported Revenue	**1,173.9**	**962.6**	**22.0%**	**5.2%**	**617.0**	**510.2**	**20.9%**	**6.6%**
Western Europe	536.3	521.9	2.8%	3.3%	269.1	262.3	2.6%	3.6%
Eastern Europe	151.7	146.9	3.3%	-3.9%	78.1	76.5	2.1%	-4.4%
Americas	315.3	137.0	130.1%	14.5%	188.5	100.3	87.8%	15.2%
ROW	170.5	156.7	8.8%	12.2%	81.4	71.0	14.7%	17.5%

H1 2017 sales in Western Europe represented 46% of Group revenue, despite recording higher revenue in this region. The majority of Group revenue was generated outside of Western Europe, mostly in developing markets, which reflects the significant re-balancing of Ontex's geographic presence that has occurred since the IPO in 2014.

Financial Review

Selected Financial Information

	Six Months		
in € million	**H1 2017**	**H1 2016**	**% Δ**
Ontex Reported Revenue	**1,173.9**	**962.6**	**22.0%**
Cost of sales	(831.6)	(679.0)	22.5%
Gross margin	342.3	283.6	20.7%
Operating expenses	(223.0)	(180.4)	23.6%
Non-recurring income and expenses	(12.7)	(8.7)	45.8%
Operating profit	106.6	94.5	12.8%
Net finance cost	(23.4)	(14.1)	65.7%
Income tax expense	(20.6)	(22.2)	-7.3%
Profit for the period	62.6	58.2	7.6%
Basic EPS	0.79	0.79	+0.7%
Adjusted Free Cash Flow (post tax)	68.9	108.7	*-36.6%*
- Of which change in WC	(20.9)	15.1	n.m.
- Of which Capex	29.8	18.7	59.4%
Net debt	743.9	660.2	*12.7%*

Gross Margin

H1 2017 Gross margin amounted to €342.3 million, up 20.7% year on year. Gross margin as a percentage of sales was 30 basis points lower, moving from 29.5% in H1 2016 to 29.2% in H1 2017. Our savings and efficiency actions delivered further improvements, and gross margin was also positively impacted by strong volume growth across the business. On the other hand, the tension in our manufacturing and supply chain, coupled with increased raw material costs and change in business mix from acquisitions, led to a lower gross margin as a percentage of sales.

Adjusted EBITDA
Adjusted EBITDA was up 17.4% to €144.7 million in H1 2017. Next to the evolution of gross margin as explained above, the strong revenue increase resulted in higher distribution expenses. We continued investing in our commercial capabilities, which should strengthen future revenue growth.

Foreign Exchange
The foreign exchange impact on revenue and Adjusted EBITDA was essentially neutral at Group level for H1 2017. Changes in foreign exchange rates led to a -€0.5 million impact on revenue and -€0.2 million impact on Adjusted EBITDA, as appreciation of the Russian Ruble was mostly offset by weaker Turkish Lira, British Pound and Mexican Peso. In addition, the Brazilian Real has weakened compared to the Euro, impacting the translation of Ontex Brazil's results. This is not included in the calculations above as we did not have activities in Brazilian Real in 2016.

Net Finance Costs
H1 2017 net finance costs amounted to €23.4 million, an increase of €9.3 million compared to the same period of 2016. This increase is mostly explained by the net negative impact of exchange rate differences related to financing activities in 2017, compared to a net positive FX impact last year. H1 2017 net interest expenses were in line with last year.

Income Tax Expense
The income tax expense in H1 2017 was €20.6 million. The resulting effective tax rate was 24.8%, in line with the company's expectation of an effective tax rate in the mid-20s.

Working Capital
Working capital as a percentage of revenue was 11.7%, within our target to keep at 12% of lower. By comparison, H1 2016 working capital was lower, due to the sale of a VAT receivable in Italy.

Capex
Capital expenditure totalled €29.8 million in the first half of 2017, in part explained by increased investment in our acquisitions in Mexico and Brazil. For the full year 2017, we anticipate capex to be around 5% of sales, with the increase versus 2016 due to the capex program foreseen as part of the acquisition of Ontex Brazil. This program should generate operational synergies starting in 2018, and allow for more product innovation.

Adjusted Free Cash Flow (post tax)
H1 2017 Adjusted free cash flow (post tax) was €68.9 million. The decrease versus last year is mainly due to the significant build-up of working capital in Ontex Brazil. The carved-out company, which became operational in January 2017, did not receive historical receivables from Hypermarcas. This effect was fully expected and was factored into the cash consideration. Cash taxes paid also increased in H1 2017 compared to a year ago, mainly due to higher advanced tax payments the company decided to make, following changes in interest rates applied by tax authorities.

Net debt
Net debt was €743.9 million at June 30, 2017, with net leverage based on the last twelve months Adjusted EBITDA of 2.75x.

Corporate information

The above press release and related financial information of Ontex Group NV for the three and six months ended June 30, 2017 was authorized for issue in accordance with a resolution of the Board on July 26, 2017.

Conference call

Management will host a presentation for investors and analysts on July 27, 2017 at 8:00am BST/9:00am CEST. A copy of the presentation slides will be available at:

http://www.ontexglobal.com/financial-reports-including-annual-reviews

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

United Kingdom:	+44 (0)330 336 9105
United States:	+1 323 794 2093
Belgium:	+32 (0)2 404 0659
France:	+33 (0)1 76 77 22 74
Germany:	+49 (0)69 2222 13420
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Financial calendar 2017

Q3 2017	November 8, 2017

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ANNEX A
ONTEX GROUP NV
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Ontex Group NV certifies in the name and on behalf of Ontex, that to the best of their knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex and of the entities included in the consolidation.

The financial report gives an accurate overview of the information that needs to be disclosed pursuant to paragraphs 5 and 6 of article 13 of the Royal Decree of 14 November 2007.

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2017

pwc

Ontex Group NV
Korte Keppestraat 23
B-9320 EREMBODEGEM

To the Board of Directors

Review Report of the Statutory Auditor on the condensed consolidated interim financial statements for the period ended 30 June 2017

Introduction

We have reviewed the accompanying consolidated statement of financial position of Ontex Group NV and its subsidiaries as of 30 June 2017 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated changes in equity and the consolidated statement of cash flows for the 6-month period then ended, as well as the explanatory notes (the "Interim Financial Information"). The board of directors is responsible for the preparation and presentation of the Interim Financial Information in accordance with IAS 34 Interim financial reporting as adopted by the European Union. Our responsibility is to issue a report on the Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" (ISRE 2410). A review on interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. As such our review does not provide the assurance that we will identify all significant matters that we might have discovered during an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached Interim Financial Information as of 30 June 2017 has not been prepared, in all material respects in accordance with IAS 34 Interim Financial reporting as adopted by the European Union.

Ghent, 26 July 2017

Statutory auditor
PwC Bedrijfsrevisoren bcvba / Réviseurs d'Entreprises sccrl
Represented by

Peter Opsomer
Registered auditor

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Consolidated Income Statement

		First Half	
in € million	**Note**	**2017**	**2016**
Revenue	3	1,173.9	962.6
Cost of sales		(831.6)	(679.0)
Gross Margin		**342.3**	**283.6**
Distribution expenses		(110.5)	(85.9)
Sales and marketing expenses		(76.8)	(59.0)
General administrative expenses		(39.3)	(34.3)
Other operating income/(expenses), net		3.6	(1.2)
Non-recurring income and expenses (*)	9	(12.7)	(8.7)
Operating profit		**106.6**	**94.5**
Finance income		19.0	20.1
Finance costs		(42.4)	(34.3)
Net finance cost		**(23.4)**	**(14.1)**
Profit before income tax		**83.2**	**80.4**
Income tax expense		(20.6)	(22.2)
Profit for the period from continuing operations		**62.6**	**58.2**
Profit for the period		**62.6**	**58.2**
Profit attributable to:			
Owners of the parent		62.6	58.2
Profit for the period		**62.6**	**58.2**

(*) Non-recurring income and expenses is a non-IFRS measure defined in note 9.

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

EARNINGS PER SHARE

Earnings per share (Euro)		First Half	
in €	Note	2017	2016
Basic Earnings per share	10	0.79	0.79
Diluted Earnings per share	10	0.79	0.79
Weighted average number of ordinary shares outstanding during the period		79,020,058	73,953,701

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

	First Half	
in € million	**2017**	**2016**
Profit for the period	**62.6**	**58.2**
Other comprehensive income/(loss) for the period, after tax:		
Items that will be reclassified subsequently to income statement		
Exchange differences on translating foreign operations	(23.7)	(7.5)
Cash flow hedge	(1.5)	(1.2)
Other	-	(0.6)
Other comprehensive income /(loss) for the period, net of tax	**(25.2)**	**(9.3)**
Total comprehensive income for the period	**37.4**	**48.9**
Total comprehensive income attributable to:		
Owners of the parent	37.4	48.9
Total comprehensive income for the period	**37.4**	**48.9**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

ASSETS in € million	Note	June 30, 2017	December 31, 2016
Non-current Assets			
Goodwill	4	1,214.5	1,096.2
Intangible assets	5	57.8	32.5
Property, plant and equipment	6	545.9	455.5
Deferred tax assets		11.4	8.7
Non-current receivables		0.6	0.3
		1,830.2	**1,593.2**
Current Assets			
Inventories		325.9	254.2
Trade receivables		367.9	312.5
Prepaid expenses and other receivables		78.2	61.0
Current income tax assets		6.9	10.6
Derivative financial assets		2.2	4.7
Cash and cash equivalents	8	191.8	212.8
		972.9	**855.8**
TOTAL ASSETS		**2,803.1**	**2,449.0**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements**.**

Consolidated Statement of Financial Position (continued)

EQUITY AND LIABILITIES in € million	Note	June 30, 2017	December 31, 2016
Equity attributable to owners of the company			
Share capital & Premium		1,208.1	988.8
Cumulative translation reserves		(66.2)	(42.5)
Treasury shares		(33.1)	(22.3)
Retained earnings and other reserves		92.4	75.1
TOTAL EQUITY		**1,201.2**	**999.1**
Non-current liabilities			
Employee benefit liabilities		22.7	22.6
Provisions		0.3	0.3
Interest-bearing debts	8	866.8	779.1
Other non-current financial liabilities	8	28.0	26.4
Deferred income tax liabilities		44.8	45.9
Other payables		0.6	0.4
		963.2	**874.7**
Current liabilities			
Interest-bearing debts	8	35.8	22.9
Derivative financial liabilities		5.5	3.8
Other current financial liabilities	8	5.0	49.3
Trade payables		446.4	366.8
Accrued expenses and other payables		44.3	30.1
Social liabilities		45.6	39.1
Current income tax liabilities		48.4	55.3
Provisions		7.7	7.9
		638.7	**575.2**
TOTAL LIABILITIES		**1,601.9**	**1,449.9**
TOTAL EQUITY AND LIABILITIES		**2,803.1**	**2,449.0**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

	First Half	
in € million	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**62.6**	**58.2**
Adjustments for:		
Income tax expense	20.6	22.2
Depreciation and amortization	25.5	20.1
(Profit)/loss on disposal of property, plant and equipment	0.3	-
Provisions (including employee benefit liabilities)	0.9	4.5
Non-recurring expenses through income statement	4.6	1.1
Net finance cost	23.4	14.1
Changes in working capital:		
Inventories	(7.7)	(23.2)
Trade and other receivables and prepaid expenses	(37.5)	9.3
Trade and other payables and accrued expenses	24.3	29.0
Social liabilities	(0.6)	(1.2)
Cash from operating activities before taxes	**116.4**	**134.1**
Income tax paid	(25.1)	(11.0)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**91.3**	**123.1**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(29.8)	(18.7)
Proceeds from disposal of property, plant and equipment and intangible assets	(0.2)	-
Acquisition price paid (net of cash proceeds) (note 14)	(307.8)	(155.6)
Commitments from business combinations	(3.7)	-
NET CASH USED IN INVESTING ACTIVITIES	**(341.5)**	**(174.3)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	146.0	26.6
Repayment of borrowings	(74.6)	(15.1)
Interests paid	(13.6)	(12.2)
Interests received	1.7	0.6
Cost of refinancing & Other costs of financing	(3.6)	(3.4)
Realized foreign exchange (losses)/gains on financing activities	0.2	(3.1)
Derivative financial asset	(1.2)	(0.5)
Dividends paid	(44.9)	(34.4)
Capital increase (net of issuance costs new shares)	219.2	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**229.2**	**(41.5)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(21.0)**	**(92.7)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**212.8**	**236.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**191.8**	**144.1**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						
in € million	**Number of shares**	**Share capital**	**Share Premium**	**Cumulative translation reserves**	**Treasury shares**	**Retained earnings and other reserves**	**Total Equity**
Balance at December 31, 2016	**74,861,108**	**722.0**	**266.8**	**(42.5)**	**(22.3)**	**75.1**	**999.1**
Transactions with owners at the level of Ontex Group NV:							
Settlement of Share based Payment	-	-	-	-	-	1.1	1.1
Dividend	-	-	-	-	-	(44.8)	(44.8)
Treasury Shares	-	-	-	-	(10.7)	-	(10.7)
Issuance expenses new shares	-	(1.6)	-	-	-	-	(1.6)
Business combinations	-	-	-	-	-	-	-
Capital increase	7,486,110	74.9	146.0	-	-	-	220.8
Total transactions with owners 2017	**7,486,110**	**73.3**	**146.0**	**-**	**(10.7)**	**(43.8)**	**164.8**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**62.6**	**62.6**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	(23.7)	-	-	(23.7)
Remeasurements of defined benefit plans	-	-	-	-	-	-	-
Cash flow hedge	-	-	-	-	-	(1.5)	(1.5)
Other movements	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**(23.7)**	**-**	**(1.5)**	**(25.2)**
Balance at June 30, 2017	**82,347,218**	**795.3**	**412.8**	**(66.2)**	**(33.1)**	**92.4**	**1,201.2**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity (Continued)

	Attributable to equity holders of the Company						
in € million	**Number of shares**	**Share capital**	**Share Premium**	**Cumulative translation reserves**	**Treasury shares**	**Retained earnings and other reserves**	**Total Equity**
Balance at December 31, 2015	**72,138,887**	**694.8**	**218.3**	**(24.3)**	**(13.1)**	**(23.5)**	**852.2**
Transactions with owners at the level of Ontex Group NV:							
Settlement of Share based Payment	-	-	-	-	-	0.5	0.5
Dividend	-	-	-	-	-	(34.4)	(34.4)
Treasury Shares	-	-	-	-	-	-	-
Issuance expenses new shares	-	-	-	-	-	-	-
Business combinations	-	-	-	-	-	12.4	12.4
Capital increase	2,722,221	27.2	48.5	-	-	-	75.7
Total transactions with owners 2016	**2,722,221**	**27.2**	**48.5**	**-**	**-**	**(21.5)**	**54.2**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**58.2**	**58.2**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	(7.5)	-	-	(7.5)
Remeasurements of defined benefit plans	-	-	-	-	-	-	-
Cash flow hedge	-	-	-	-	-	(1.2)	(1.2)
Other movements	-	-	-	-	-	(0.6)	(0.6)
Total other comprehensive income	**-**	**-**	**-**	**(7.5)**	**-**	**(1.8)**	**(9.3)**
Balance at June 30, 2016	**74,861,108**	**722.0**	**266.8**	**(31.8)**	**(13.1)**	**11.4**	**955.3**

The notes 1 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 Corporate Information

The interim condensed consolidated financial statements of Ontex Group NV (the 'Group' or 'Ontex') for the first six months ended 30 June 2017 were authorized for issue in accordance with a resolution of the Board on July 26, 2017.

NOTE 1.1 Legal status

Ontex Group is a limited-liability company incorporated in the form of a *naamloze vennootschap* under Belgian law. Ontex Group has its registered office at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium. The shares of Ontex Group are listed on the regulated market of Euronext Brussels.

NOTE 2 Summary of significant accounting policies

NOTE 2.1 Basis of preparation

The condensed consolidated interim financial statements of the Group for the half year ended June 30, 2017 have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 of Ontex Group NV, that can be found on the website: http://www.ontexglobal.com.

The amounts in this document are presented in € millions, unless noted otherwise. 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 report has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.

A summary of the significant accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2016 of Ontex Group NV that can be found in the Annual Review 2016 on the website (www.ontexglobal.com), from page 63 through page 73. The accounting policies have been consistently applied to all the periods presented.

The accounting policies used to prepare the condensed consolidated interim financial statements for the period from January 1, 2017 to June 30, 2017 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2016 of Ontex Group NV.

Relevant IFRS accounting pronouncements adopted as from 2017

There are no new standards, amendments to standards or interpretations which are applicable for the reporting period beginning on 1 January 2017.

Relevant IFRS accounting pronouncements to be adopted as from 2018 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after 1 January 2018, and have not been early adopted. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below.

IFRS 9 Financial instruments

IFRS 9 'Financial Instruments' will replace IAS 39 'Financial Instruments: Classification and Measurement' and bring together the following aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 changes the classification and measurement of financial assets and includes a new model for assessing the impairment of the financial assets based on expected credit losses. Most of the basics of hedge accounting do not change as a result of IFRS 9. However, hedge accounting can be applied to a larger number of risk exposures than before and hedge accounting principles have been harmonized with those used in risk management.

Based on the preliminary analysis conducted until now, the Ontex Group does not expect a significant impact of the application of the new classification and measurement principles of IFRS 9, compared to the current principles under IAS 39. However, the Group expects a potential impact from the application of the new impairment model to its financial assets.

IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, either on a 12-month basis or lifetime basis. This means that it is no longer necessary for a credit event to have occurred before credit losses are recognized which may result in an earlier recognition of credit losses. The Group expects to apply the lifetime expected loss model on all trade receivables. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will in general result in earlier recognition of credit losses for trade receivables, but the Group does not expect that the loss allowance recognized for these receivables would increase significantly as the Group already monitors closely the creditworthiness of its counterparts.

IFRS 9 Financial Instruments is endorsed by the EU and is to be applied for the reporting periods beginning on 1 January 2018. The Ontex Group will apply the new standard in its consolidated financial statements for the year ending 31 December 2018. Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, but the guidance allows certain exemptions on retrospective application. However, Ontex Group has not made a decision yet in relation to the exemptions and elections that IFRS 9 allows.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 'Revenue' and IAS 11 'Construction Contracts' and establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize for all contracts with customers, except for revenue from leases, financial instruments and insurance contracts. The timing of the revenue recognition can take place over time or at a point in time, depending on the transfer of control. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalized or expensed when incurred. Furthermore, the new disclosures included in IFRS 15 are more detailed than those currently applicable under IAS 18.

The Ontex Group performed a preliminary assessment of IFRS 15, of which the main aspects are mentioned below:

Ontex Group's core activity is the sale of goods. As such, the Group expects revenue recognition to occur at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Based on the analysis performed on a contract by contract basis, the impact is expected to be limited.

The revenue of the Group is mainly generated by the sale of goods, which qualifies as a separate performance obligation. Distinct services, mainly customer training or customer assistance services are rendered predominantly over the period that the corresponding goods are sold to the customer. Ancillary services, such as software assistance, are not material. Transportation (shipping) would not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment. As such, shipping (transport) is considered a fulfillment activity as the related costs are incurred as part of the performance obligation to transfer goods to the customer. Based on the analysis conducted, the Group does not expect a significant adjustment to its current practice.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Some of the customer contracts include trade discounts or volume rebates, which is granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. According to IFRS 15, the effect of the variable consideration on the transaction price should be taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, IFRS 15 requires the estimated variable consideration to be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group is considering all payments made to customers and whether these are related to the revenue generated from the customer. The Group is currently developing a clear guideline in order to properly present such payments as a deduction of revenue or as expense.

The Group has no material incremental costs of obtaining a contract which would fulfil the capitalization criteria as defined by IFRS 15.

IFRS 15 Revenue from Contracts with Customers is endorsed by the EU (except for the Clarifications to IFRS 15 issued by the IASB in April 2016) and is to be applied for the reporting periods beginning on 1 January 2018. The Ontex Group will apply the new standard in its consolidated financial statements for the year ending 31 December 2018. At this stage, the Group considers full retrospective approach of the standard.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 ‘Leases’ and related interpretations. For lessees, IFRS 16 requires most leases to be recognized on-balance (under a single model), eliminating the distinction between operating and finance leases. In accordance with the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases. The new standard will increase interest-bearing liabilities and property, plant and equipment in the consolidated financial statements of the Ontex Group. In addition, the rental expenses recognized in profit or loss will decrease and depreciation and amortization as well as interest expenses will increase. This will affect operating profit.

The Ontex Group is currently assessing the impact of the new standard. The Group expects main impacts for leases currently classified as operating leases and for which the Group acts as a lessee. As at December 31, 2016, the Group had non-cancellable (undiscounted) operating lease commitments of €86.9 million.

If adopted by the European Union, IFRS 16 will be effective for the reporting periods beginning on 1 January 2019. The Ontex Group has not yet determined whether to early adopt or not and which transition approach to apply, and has not yet decided whether it will use any of the optional exemptions.

The other issued standards, amendments to standards and interpretations which are applicable for reporting periods beginning on or after 1 January 2018 are expected not to have a significant impact on the Ontex' consolidated financial statements.

NOTE 2.2 Measurement in the consolidated interim financial statements

Revenues and costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such revenues and costs at the end of the financial year.

NOTE 2.3 Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2016.

NOTE 3 Segment reporting

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The Group's activities are in one segment, "Hygienic Disposable Products". There are no other significant classes of business, either singularly or in aggregate. The chief operating decision makers, the Board of Directors, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Therefore the Group operates as one segment. Enterprise-wide disclosures about product sales and geographic areas are presented below:

NOTE 3.1 Information by Division

By Division ***in € million***	**First Half 2017**	**First Half 2016**
Mature Market Retail	445.8	426.0
Growth Markets	96.6	76.8
Healthcare	215.9	216.6
MENA	102.5	108.1
Americas Retail	313.1	135.1
Ontex Group Revenue	**1,173.9**	**962.6**

NOTE 3.2 Information by product group

in € million	**First Half 2017**	**First Half 2016**
Babycare	712.4	548.1
Feminine care	109.8	104.3
Adult Incontinence	340.3	298.4
Other	11.4	11.8
Ontex Group Revenue	**1,173.9**	**962.6**

NOTE 3.3 Information by geographic area

The organizational structure of the Group and its system of internal information indicates that the main source of geographical risks results from the location of its customers (destination of its sales) and not the physical location of its assets (origin of its sales). The location of the Group's customers is accordingly the geographical segmentation criterion and is defined as below:

in € million	**First Half 2017**	**First Half 2016**
Western Europe	536.3	521.9
Eastern Europe	151.7	146.9
Americas	315.3	137.0
Rest of the World	170.6	156.7
Ontex Group Revenue	**1,173.9**	**962.6**

The activity of Ontex Group is not subject to significant seasonality throughout the year. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged in IAS 34.21, is not provided.

NOTE 4 Goodwill

The increase in goodwill represents the provisional goodwill recognized as a result of the acquisition of Hypermarcas Personal Hygiene (hereafter 'Ontex Brazil') for an amount of €118.3 million. We refer to note 14 relating to the business combinations. The resulting goodwill from the acquisition of Ontex Brazil will be allocated to the Americas Retail cash-generating unit.

In the first half of the year, the Group did not recognize any impairment on the goodwill.

NOTE 5 Intangible assets

During the period, the Group recognized additional intangible assets mainly relating to the intangible assets acquired through the business combination of Ontex Brazil, as follows:
- Tradenames: €22.3 million;
- Favourable lease agreements: €5.8 million; and
- Other intangible assets: €0.2 million.

Please also refer to note 14 for further details on this business combination.

Furthermore, the Group acquired intangible assets for a total amount of €2.3 million, mainly relating to IT implementation costs (2016: €2.5 million relating to IT implementation costs).

The amortization charge for the period amounts to €3.5 million (2016: €1.8 million).

NOTE 6 Property plant and equipment

During the period, the Group recognized additional items of property, plant and equipment as a result of the business combination of Ontex Brazil, which can be detailed as follows:
- Land and buildings: €13.3 million;
- Plant, machinery and equipment: €38.9 million; and
- Assets under construction: €30.6 million.

Please also refer to note 14 for further details on this business combination.

Furthermore, separate additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments for a total amount of €36.9 million (2016: €21.1 million).

The depreciation charge for the period amounts to €22.0 million (2016: €18.3 million).

The Group has contracted expenditures for the acquisition of property, plant and equipment at June 30, 2017 of €41.1 million.

NOTE 7 Legal claims

The Group is involved in a number of environmental, contractual, product liability, intellectual property, employment and other claims and disputes incidental to our business.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found 8 companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined €5.2 million. Ontex initiated an appeal against the decision and this appeal is pending.

As per June 30, 2017, a provision amounting to €5.2 million has been recognized.

The Group currently believes that the disposition of all other claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

NOTE 8 Net Debt

The Group monitors capital on the basis of the net debt position. The Group's net debt position is calculated by adding all short and long-term interest bearing debts and by deducting the available short-term liquidity.

The net debt positions of the Group for the periods ended June 30, 2017 and December 31, 2016 are as follows:

Net debt **in € million**	**June 30, 2017**	**December 31, 2016**
Long-term interest bearing debt	866.8	779.1
Other non-current financial liabilities	28.0	26.4
Short-term interest bearing debt	35.8	22.9
Other current financial liabilities	5.0	49.3
Cash and cash equivalents	(191.8)	(212.8)
Total net debt position	**743.9**	**664.9**

NOTE 9 Non-recurring income and expenses

Items classified under the heading non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the "normal" performance of the Group due to their size or nature.

We have reported following items as non-recurring:

	First Half	
in € million	**2017**	**2016**
Acquisition-related expenses	(6.0)	(6.8)
Change in fair value of contingent considerations	(4.6)	3.1
Business restructuring	(0.6)	(0.7)
Anti-trust claim Spain	-	(5.2)
Other	(1.5)	0.8
Total non-recurring Income and Expenses	**(12.7)**	**(8.7)**

Acquisition-related expenses in 2017 mainly relate to the expenses incurred in connection to the acquisition of Ontex Brazil. In 2016 this mainly related to revenues and costs incurred in connection to the acquisition of Grupo P.I. Mabe. S.A de C.V.

The change in fair value of the contingent consideration relates to the revaluation of the earn-out payments in the context of the acquisition of Grupo P.I. Mabe S.A de C.V (for more details, please refer to note 14 on the business combinations).

Anti trust claim Spain: please refer to note 7 on the legal claims for further information on this matter.

NOTE 10 Earnings per share

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. The number of shares used for the years 2017 and 2016 respectively amounts to 79,020,058 shares and 73,953,701 shares.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of Ontex Group NV, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

	First Half	
In € million	**2017**	**2016**
Basic Earnings		
Profit from continuing operations attributable to owners of the parent	62.6	58.2
Adjustment dilution	-	-
Profit from continuing operations attributable to owners of the parent, adjusted for dilution	62.6	58.2

	First Half	
Number of Shares	**2017**	**2016**
Weighted average number of ordinary shares outstanding during the period	79,020,058	73,953,701
Dilution	-	-

	First Half	
Earnings per share (€)	**2017**	**2016**
Basic Earnings per share	0.79	0.79
Diluted Earnings per Share	0.79	0.79

NOTE 11 Share-based payments

Following the IPO, the Company implemented a Long Term Incentive Plan (‘LTIP’), which is based on a combination of stock options (further ‘Options’) and restricted stock units (further ‘RSU’s’). The Options and RSU’s are accounted for as equity-settled share-based payments.

On or about September 26, 2014 a total of 242,642 stock options and 49,040 RSU's were granted. 33,994 share options and 6,872 RSU's have forfeited, expired or have been exercised as of June 30, 2017.

On or about June 26, 2015 a total of 159,413 stock options and 38,294 RSU's were granted. 16,229 share options and 3,897 RSU's have forfeited, expired or have been exercised as of June 30, 2017.

On or about June 15, 2016 a total of 322,294 stock options and 75,227 RSU's were granted. 28,007 share options and 6,563 RSU's have forfeited, expired or have been exercised as of June 30, 2017.

During the period, the Group granted a new LTIP plan consisting of 299,914 stock options and 69,023 RSU's. No share options and/or RSU's have forfeited, expired or have been exercised as of June 30, 2017. This new LTIP plan has following characteristics:

Period ended June 30, 2017	**Expiry Date**	**Exercise Price per share (€)**	**Fair value (€)**	**# Options/RSU's:**
LTIP 2017				
Options	2025	33.11	7.62	299,914
RSU's	2020	N/A	30.45	69,023

The fair value of the stock options has been determined based on the Black and Scholes model. The expected volatility used in the model for LTIP 2017 is the realized volatility of the return of the share price since the listing of Ontex, increased with 5%.

Below is an overview of all the parameters used in this model for the 2017 LTIP plan:

	LTIP 2017
Exercise Price	33.11
Expected volatility of the shares	27.12%
Expected dividends yield	2.31%
Risk free interest rate	0.60%

The fair value of the RSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above. Social charges related to the LTIP are accrued for over the vesting period.

NOTE 12 Contingencies

The Group is involved in a number of environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our business.

We currently believe that the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

NOTE 13 Related Party transactions

There are no substantial related party transactions during the first half-year of 2017.

The remuneration of the members of the Board of Directors and key management is determined on an annual basis, for which reason no further details are included in this interim report.

NOTE 14 Business combinations

2017 Acquisitions

On March 7, 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas S.A. (renamed to "Ontex Brazil"). Following the successful integration of Grupo Mabe in 2016, the addition of Ontex Brazil supports the Group's strategy by extending our growth platform in the Americas to Brazil, increasing revenue from Ontex-owned brands and accessing a fast growing market. Ontex Brazil is the market leader in the adult incontinence category, and holds a solid number 3 position in babycare in Brazil, the 4th largest hygiene market in the world. Going forward, more than 50% of Ontex Group revenue will come from outside Western Europe, and more than 50% of Group revenue will come from Ontex-owned brands. These two key milestones confirm that significant progress continues to be made in transforming Ontex into a leading international consumer company.

Upon closing, the Group has paid a consideration of BRL 1,037.4 million (i.e. €315.4 million) in cash. The net cash paid for the acquisition of Ontex Brazil in the six months period ending June 30, 2017 amounted to €259.9 million. In addition, Sellers and/or Buyers are entitled to a purchase price adjustment based on the outcome of the Purchase Price Adjustment Review (i.e. €12.2 million).

The net assets acquired amount to €184.9 million. As a consequence, the Group recognized a goodwill of €118.3 million in the statement of financial position. As of June 30, 2017 the purchase price allocation and hence the determination of the goodwill is provisional and will be completed within 12 months from the acquisition date.

The goodwill of €118.3 million arising from the acquisition is attributable to acquired workforce, scale and geographical spread of the operations.

The goodwill recognized in the consolidated financial statements is not expected to be deductible for income tax purposes.

The following table summarizes the fair value of the consideration paid for Ontex Brazil and the amounts of the assets acquired and liabilities assumed at the acquisition date:

in € million	
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	56.8
Intangible assets	28.3
Property, plant and equipment	82.9
Non-current receivables	0.6
Inventories	64.9
Trade receivables	11.7
Prepaid expenses and other receivables	12.9
Deferred tax assets	4.7
Interest-bearing debts	(17.3)
Trade payables	(45.7)
Accrued expenses and other payables	(13.8)
Current income tax liabilities	(1.1)

Total identifiable net assets acquired	184.9
Allocation to Goodwill	118.3
Total consideration	303.2
Purchase price	
Cash and cash equivalents	315.4
Contingent consideration including purchase price adjustment	(12.2)
Total consideration transferred	303.2

As a result of the acquisition and the fair value adjustments to the Intangible assets, PPE and Inventory, the consolidated statement of financial position at June 30, 2017 reflects adjustments made in accordance with IFRS 3, *Business Combinations*, resulting respectively in a total amount of €28.3 million, €82.9 million and €64.9 million.

The acquisition related costs in the period ended June 30, 2017 amounted to €4.9 million and are included in non-recurring income and expenses in the consolidated income statement (note 9). Since acquisition date, Ontex Brazil generated revenues and net result of respectively €89.0 million and €8.9 million in 2017. Had this business combination been effected at January 1, 2017 the revenue of Ontex Brazil from continuing operations would have been €42.1 million higher and the net result would have been €6.7 million higher. Ontex management considers these pro forma numbers to represent an approximate measure of the performance of Ontex Brazil.

The gross contractual trade receivables amount to €11.7 million. The best estimate is that at the acquisition date, all contractual cash flows are expected to be collected. There are no contingent arrangements or indemnification assets.

2016 Acquisitions

On February 29, 2016, Ontex has completed the acquisition of 100% of the shares of Grupo Mabe, a leading Mexican based hygienic disposables business. The integration of Grupo Mabe will provide Ontex Group further access to promising markets, primarily in the Americas region and creates a considerably stronger platform for growth in the global personal hygiene solutions markets.

The sellers are entitled to receive a deferred consideration of up to MXN 1,550 million payable in cash, subject to Grupo Mabe achieving certain EBITDA targets for the period 2015 to 2017. On top, parties have agreed that an additional deferred consideration in cash of up to €10.0 million per annum may be payable contingent upon overachieving the EBITDA targets in 2016 and 2017. The full amount of the earn out payments has initially been taken into account for the determination of the goodwill in 2016, subsequently the additional deferred consideration of €10.0 million relating to 2016 EBITDA was excluded as not achieved.

The contingent consideration recognized initially amounted to €88.7 million. As at June 30, 2017, an amount of €28.0 million is recognized in the consolidated statement of financial position. The change compared to the amount recognized at December 31, 2016 (€70.7 million) relates to the payment of part of the contingent consideration for an amount of €47.9 million and a negative foreign currency revaluation for an amount of €4.6 million recognized as non-recurring income and expenses in the consolidated statement of comprehensive income (note 9).

Reconciliation with cash flow statement

The consolidated cash flow statement presents the following relating to the acquisition of subsidiaries within the investing activities:

in € million	**First Half 2017**
Consideration paid in cash for the acquisition of Ontex Brazil (net of cash acquired)	(259.9)
Contingent consideration paid for the acquisition of Grupo Mabe	(47.9)
Acquisition price paid	**(307.8)**

NOTE 15 Events after the reporting period

There were no significant events that occurred after the end of the reporting period.

ANNEX B
Alternative Performance Measures

Following alternative performance measures (non-GAAP) have been included in the financial reporting since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

Non-recurring Income and Expenses

Items classified under the heading non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the “normal” performance of the company due to their size or nature.

The non-recurring income and expenses relate to:

- acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- business restructuring costs, including costs relate to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- asset impairment costs.

Non-recurring income and expenses of the Group for the periods ended June 30 are presented in note 9 ‘Non-recurring Income and Expenses’.
This definition of non-recurring income and expenses is also included in the “Summary of Significant Accounting Policies” under sections 7.1.26 of the annual report 2016.

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortisations. Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses and excluding non-recurring impairment of assets.
EBITDA and Adjusted EBITDA reconciliation of the Group for the periods ended June 30 are as follows:

	First Half	
in € million	**2017**	**2016**
Operating Profit	**106.6**	**94.5**
Depreciation and amortization (*)	25.5	20.1
EBITDA	**132.1**	**114.6**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA		
EBITDA	**132.1**	**114.6**
Non-recurring income and expenses excluding impairments	12.6	8.7
Adjusted EBITDA	**144.7**	**123.3**

(*)Depreciation and amortization (D&A) included €25.5 million of D&A and €0.0 million of impairment losses in H1 2017.
Depreciation and amortization (D&A) included €20.1 million of D&A and €0.0 million of impairment losses in H1 2016.

Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.

LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses and excluding non-recurring impairment of assets for the last twelve months (LTM).

Net financial debt/LTM Adjusted EBITDA ratio of the Group for the periods ended June 30 are presented below:

in € million	June 30, 2017	December 31, 2016
Total net debt position (note 8 of the condensed financial statements)	**743.9**	**664.9**
LTM Adjusted EBITDA (*)	270.1	248.7
Net financial debt/LTM Adjusted EBITDA ratio	**2.75**	**2.67**

(*)LTM Adjusted EBITDA for the period ending June 30, 2017 includes 4 months of Adjusted EBITDA of Ontex Brazil.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as Adjusted EBITDA less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less change in working capital, less cash taxes paid.
Adjusted Free Cash Flow of the Group for the periods June 30 is as follows:

	First Half	
in € million	2017	2016
Operating profit	**106.6**	**94.5**
Depreciation and Amortization	25.5	20.1
EBITDA	**132.1**	**114.6**
Non-recurring income and expenses excluding impairments	12.6	8.7
Adjusted EBITDA	**144.7**	**123.3**
Change in Working Capital		
Inventories	(7.7)	(23.2)
Trade and other receivables	(37.5)	9.3
Trade and other payables	24.3	29
Capex	(29.8)	(18.7)
Adjusted Free Cash Flow (pre-tax)	**94.0**	**119.7**
Income tax paid	(25.1)	(11.0)
Adjusted Free Cash Flow (post-tax)	**68.9**	**108.7**

Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings are defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined by Adjusted Basic Earnings divided by the weighted average number of ordinary shares.

In € million	First Half 2017	2016
Profit from continuing operations attributable to owners of the parent	62.6	58.2
Total Non-recurring Income & Expenses	12.7	8.7
Tax correction	(3.8)	(1.2)
Adjusted Basic Earnings	**71.5**	**65.7**
Adjustment dilution	-	-
Adjusted Earnings, adjusted for dilution	**71.5**	**65.7**

Number of Shares	First Half 2017	2016
Weighted average number of ordinary shares outstanding during the period	79,020,058	73,953,701
Dilution	-	-

Earnings per share (€)	First Half 2017	2016
Adjusted basic earnings per share	0.90	0.89
Adjusted diluted earnings per share	0.90	0.89

Working Capital

The components of our working capital are inventories plus trade and other receivables and prepaid expenses plus trade and other payables and accrued expenses.

Pro-forma revenue at constant currency

Pro-forma revenue at constant currency is defined as revenue for the 12 months period ending on the reporting date at prior year foreign exchange rates and inclusive of impact of mergers and acquisitions.

Like-for-Like (LFL) revenue

Like-for-like revenue is defined as revenue at constant currency excluding change in perimeter of consolidation or M&A.

Adjusted profit for the period

Adjusted profit is defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent.

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

DISCLAIMER

This report 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.

The information contained in this report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.

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 report has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.