Q2 & H1 2019 results

July 31, 2019

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H1 2019 Highlights

Charles Bouaziz, CEO

H1 2019 highlights

Progress on several fronts

- ✓ Strong LFL revenue growth in AMEAA Division
- ✓ LFL revenue decrease in Europe, multiple initiatives underway to drive future organic growth
- ✓ Positive price/mix actions and savings largely offset raw material and FX headwinds
- ✓ Meaningful improvement in Adjusted Free Cash Flow thanks to strict working capital management
- ✓ Transform to Grow (T2G) program launched in Q2

H1 2019 highlights

Key financials

H1 2019

Group revenue of €1.1 billion, down 1.3% LFL

- Positive price/mix and lower volumes
- Higher revenue of Ontex local brands
- Reported revenue down 1.4%

-1.3% LFL

Adjusted EBITDA of €123.9 million at constant currency, down 6.4%*

- Adjusted EBITDA margin of 11.1% at constant currency
- Price/mix and savings benefits
- Strong FX headwind albeit less YOY impact in Q2
- Reported Adjusted EBITDA of €111.0 million for a margin of 10.0%

Adj. EBITDA Margin @CC 11.1%

Doubling of Adjusted Free cash flow

- Adjusted free cash flow more than doubled to €81.2 million
- Net debt of €898.7 million* at end of June 2019
- Leverage at 3.71x LTM Adjusted EBITDA
- Full compliance with leverage covenant of financing agreements

Adj. FCF >2x

**Taking into account IFRS 16 impact, effective January 1, 2019. Adjusted EBITDA comparison is versus H1 2018 pro forma for IFRS 16*
Note: see "Alternative Performance Measures" in the appendix of this presentation for more information on the key metrics used

H1 2019 Financial review

Charles Desmartis, CFO

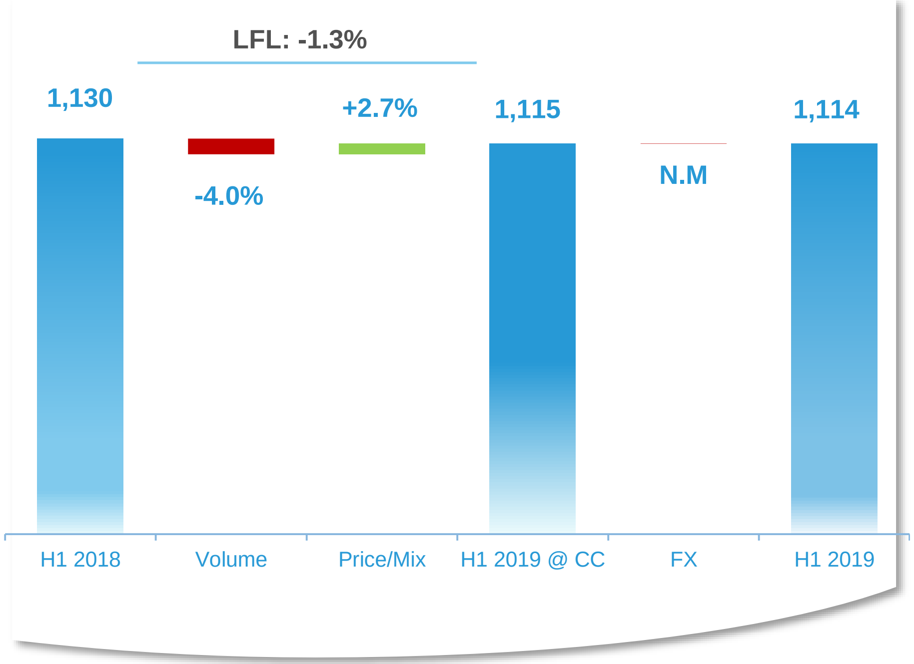
Favorable price/mix across all Divisions and categories, softer volumes

Challenging H1 LFL as expected

Group revenue review

- LFL revenue at €1.115 million, -1.3% in H1 2019
- Top-line drivers
  - Lower volumes in Europe and Healthcare
  - Positive price/mix across all Divisions and categories
  - Strong LFL growth of Ontex own brands across emerging markets
  - Retailer brand growth in the Americas
- FX impact of -€0.5 million

Sales bridge H1 2019 (€m)

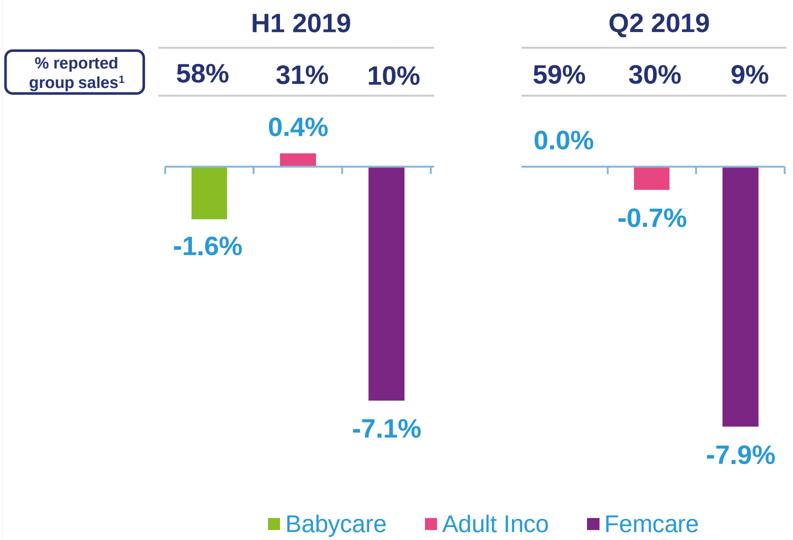


Category review

Higher Adult Inco revenue on top of strong prior year base

- Babycare LFL revenue -1.6% in H1 2019
  - Q2 LFL revenue stable versus last year, improvement compared to soft start in Q1
  - Baby pants revenue outpaced diapers, with solid improvement in Q2
  - Growth of Ontex branded diapers outweighed by lower retailer brand diaper revenue
- Adult Inco LFL revenue +0.4% in H1 2019
  - Institutional channel revenue down
  - 4% increase in sales in retail channels
  - Adult pants revenue well ahead of last year
- Femcare LFL revenue -7.1% in H1 2019
  - Further growth of organic cotton tampons

LFL sales growth



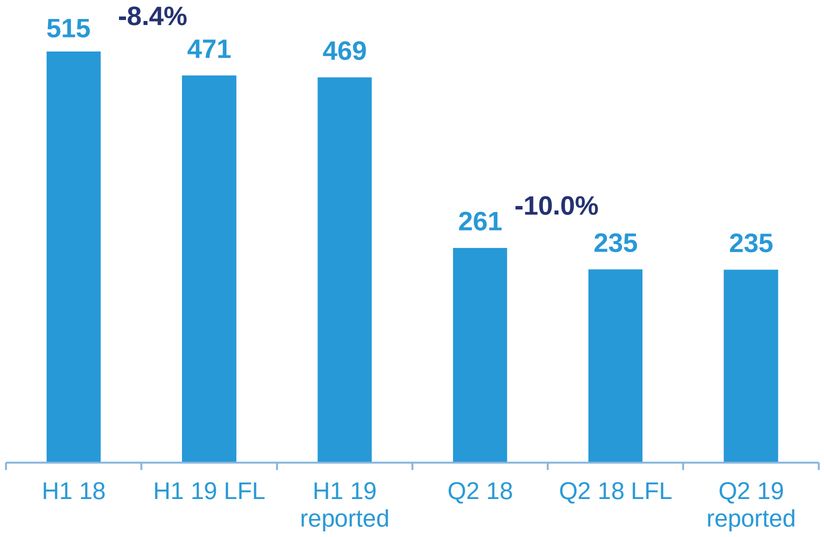
Note 1: Category split excludes 1% of "Other" in H1 and Q2, respectively.

Europe: LFL revenue down versus last year

Lower volumes, improved price/mix

- LFL revenue -8.4% in H1 2019
  - All categories posted positive price/mix
  - Volume decrease due to impact of retailer brand contract losses, comparable base effects to ease in H2
- Category review
  - Adult Inco revenue thanks to higher volumes and price/mix
  - Babycare lower, Baby pants outperformed diapers
  - Femcare down compared with strong prior year
- Multiple initiatives to improve execution and support organic revenue growth, underpinning our expectations of LFL revenue trend improving progressively across H2 versus H1
- Reported revenue -8.8% in H1 2019

Europe (42% of Group revenue)
Revenue (€m) and LFL evolution

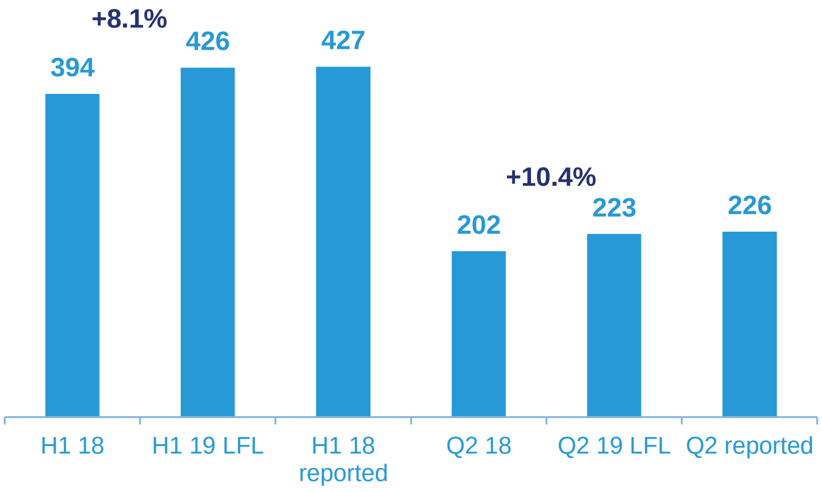


Americas, Middle East, Africa and Asia: Strong growth

Higher revenue in all categories

- LFL revenue +8.1% in H1 2019
- Americas revenue up on higher volumes and price/mix
  - All markets grew, Q2 LFL acceleration versus Q1
- MEAA revenue up by double digits
  - Adult inco and Babycare both posted higher volumes and price/mix
- Leveraging the mix of strong local Ontex brands in emerging markets and retailer brand opportunity in North America
- Reported revenue +8.5% in H1 2019

AMEAA (38% of Group revenue)
LFL revenue (€m) and evolution

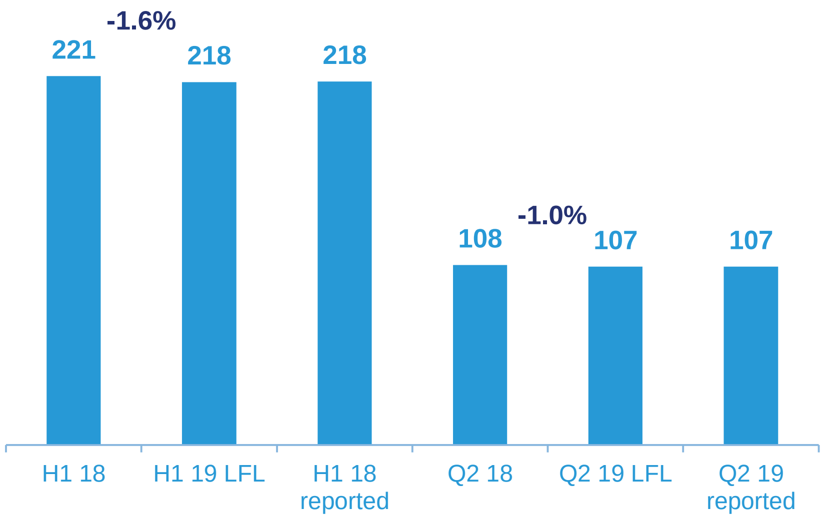


Healthcare: Revenue down versus strong H1 last year

Positive price/mix, lower volumes

- LFL revenue -1.6% in H1 2019
  - Against a strong comparable (+3% in H1 2018)
- Solid revenue growth of Adult pants
- Continued efforts to increase presence in self-pay channels, while remaining competitive in institutional channels
- Reported revenue -1.5% in H1 2019

Healthcare (20% of Group revenue)
LFL revenue (€m) and evolution



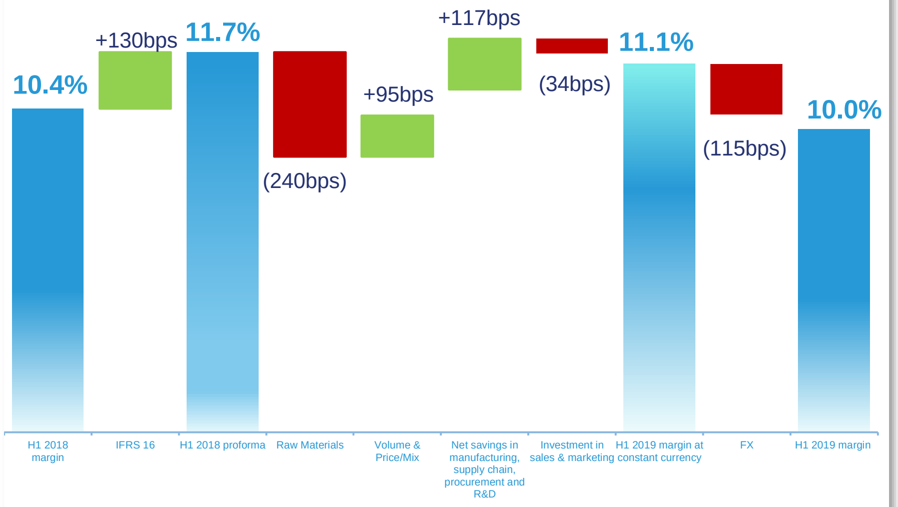
Adjusted EBITDA margin

Ongoing solid contribution from price/mix and savings

- **Adjusted EBITDA of €123.9 million at constant currency (€111.0 million reported)**
- **Adjusted EBITDA margin 11.1%* at constant currency**
  - Negative impact of raw materials versus last year
  - Strong impact of improved price/mix outweighed volume decrease
  - Continued strong net savings
  - Further investment in sales and marketing
- **Strong FX headwinds**
  - -€12.9 million mainly due to US Dollar and Turkish Lira
  - Year-on-year impact decelerated in Q2 versus Q1
- **Adjusted EBITDA margin 10.0%***

**Taking into account the impact from application of IFRS 16 as of January 1, 2019*

Adjusted EBITDA margin bridge (% and bps)



Non-recurring income and expenses

Mainly related to implementation of T2G project; limited cash impact

- Non-recurring expenses amounted to €39.6 million in H1 2019, of which:
  - €27.6m related to the implementation of T2G
- Cash impact of Non-recurring items in H1 2019 limited to €11.5 million, of which:
  - €4.6 million related to the implementation of T2G

In millions of Euro	H1 2019	H1 2018	change
Group reorganization, acquisition integration and restructuring	(6.6)	(7.6)	*+1.0*
Litigations and other projects	(3.1)	(1.5)	*(1.6)*
Impairment of assets	(2.3)	(1.9)	*(0.4)*
Non-recurring income and expenses excl. T2G	**(12.0)**	**(10.0)**	***(2.0)***
T2G-related non-recurring expenses			
Restructuring expenses and consulting fees	(22.0)	-	*(22.0)*
Transformation Office and other expenses	(5.7)	-	*(5.7)*
T2G-related non-recurring expenses	**(27.6)**	**-**	***(27.6)***
Total non-recurring income and expenses	**(39.6)**	**(10.0)**	***(29.6)***

€130 million financial investment in T2G over 2019-2021 confirmed (€85 million one-time costs, €45 million T2G-related capex)

Note 1: Includes cash received from non-recourse factoring of receivables

Adjusted Free Cash Flow

Meaningful improvement in Adjusted Free Cash Flow in H1 2019

- Adjusted free cash flow of €81.2 million in H1 2019 more than doubled versus H1 2018, thanks to improved working capital
  - Working capital was 9.5% of revenue, well within our objective of 12% of sales
    - 200bps improvement versus H1 2018
    - Inventories decreased over H1 2019
  - Cash taxes and capex similar to last year levels

In millions of Euro	H1 2019	H1 2018 pro forma for IFRS 16	change	H1 2018 reported
Adjusted EBITDA	**111.0**	**132.4**	***-21.4***	**117.7**
Changes in working capital				
Inventories	30.4	(13.7)	*+44.1*	(13.7)
Trade and other receivables [1]	26.9	(0.8)	*+27.7*	(0.8)
Trade and other payables	(14.1)	(6.4)	*(7.7)*	(6.4)
Cash taxes paid	(20.2)	(21.5)	*+1.3*	(21.5)
Capex	(39.6)	(39.0)	*(0.6)*	(39.0)
Repayment of lease liabilities	(13.3)	(11.3)	*(2.0)*	-
Adj. Free Cash Flow (post tax)	**81.2**	**39.7**	***+41.5***	**36.2**

Note 1: Includes cash received from non-recourse factoring of receivables

Outlook

Charles Bouaziz, CEO

Outlook

Current levels of price indices show a stabilization or slight decrease for most raw materials. Pricing, mix improvement and cost savings actions will produce increasing effects in the second half of the year, leading to revenue and Adjusted EBITDA improvements in H2 versus H1 2019.

As a result, Ontex confirms its full year 2019 outlook of:

- Broadly stable sales at constant FX, with top-line growth in developing markets and lower revenue in developed markets;
- Stable Adjusted EBITDA at constant FX;
- Capex of 4.5% to 5.0% of revenue excluding T2G-specific Capex

Q&A

Appendix

Alternative Performance Measures

The following alternative performance measures (non-GAAP) have been included in this presentation since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures 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.

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

- **EBITDA and Adjusted EBITDA and related margins**: **EBITDA** is defined as earnings before net finance cost, income taxes, depreciation and amortisation. **Adjusted EBITDA** is defined as EBITDA plus non-recurring income and expenses. **EBITDA and Adjusted EBITDA margins** are EBITDA and Adjusted EBITDA divided by revenue.

- **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 for the last 12 months (LTM).

- **Non-recurring Income and expenses**: Non-recurring income and expenses are defined as those items that are considered to be non-recurring or unusual because of their 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;
  - changes to the Group structure, business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
  - impairment of assets and major litigations.

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- **Adjusted Free Cash Flow:** Adjusted free cash flow was previously 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 income taxes paid. This means that operating lease payments were included in the free cash flow. As a result of the application of IFRS 16, lease payments will be reported as cash flows from financing activities. Considering that operationally nothing has changed and IFRS 16 is only an accounting change, the definition of free cash flow is adjusted to include the repayment of lease liabilities (i.e. excluding the interest expense).

- **Adjusted Profit & Adjusted EPS (earnings per share):** 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 EPS is Adjusted Profit divided by the weighted average number of ordinary shares.

- **Working Capital:** The components of our working capital are inventories plus trade receivables and prepaid expenses and other receivables plus trade payables and accrued expenses and other payables.

Thank you