



Ontex reports Q3 2019 results

- **Group LFL revenue up 0.2% in Q3, first quarter of LFL revenue growth in 2019**
- **Q3 Adjusted EBITDA up 0.5% at constant currencies**
- **Net debt decreased compared with June 30, 2019 due to strong operational cash flow generation**

Aalst-Erembodegem, November 6, 2019 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') reported today its results for the nine months ending September 30, 2019.

- Q3 2019 revenue: €574.4 million, up 0.2% like-for-like (LFL) versus Q3 2018
 - Positive price/mix in all categories
 - Revenue up 1.4% at reported currencies
- Q3 2019 Adjusted EBITDA at constant currencies: €65.8 million
 - Adjusted EBITDA margin at constant currencies: 11.6%, up 5bps versus Q3 2018 (pro forma for IFRS 16)
 - First quarter in 2019 of year-on-year growth of adjusted EBITDA margin at constant currencies
 - Adjusted EBITDA at reported currencies: €61.4 million, Adjusted EBITDA margin: 10.7%
- Net debt: €875.7 million at September 30, 2019, a €23 million improvement compared with June 30, 2019, reflecting continued strict management of working capital

Operational Highlights

- Top line: Continuous sales growth momentum of Ontex own brands in emerging markets, higher revenue in Brazil, increased sales of Adult Pants, and launch of baby diaper subscription offering in Benelux
- Drive for profitability: Positive pricing and mix achieved
- Transform-to-Grow (T2G) program: Implementation of operational and commercial workstreams fully underway, update will be provided at the time of our FY 2019 results release

Key Financials 9M 2019 and Q3 2019

<i>In € million, except margin & per share data</i>	9M 2019	9M 2018 pro forma for IFRS 16	% Change	9M 2018 reported	Q3 2019	Q3 2018 pro forma for IFRS 16	% Change	Q3 2018 reported
LFL Revenue	1,682.4	1,696.2	-0.8%	1,696.2	567.6	566.6	+0.2%	566.6
Reported Revenue	1,688.7	1,696.2	-0.4%	1,696.2	574.4	566.6	+1.4%	566.6
Adjusted EBITDA at constant currencies	189.7	197.9	-4.1%	175.8	65.8	65.4	+0.5%	58.1
<i>Adjusted EBITDA Margin at constant currencies</i>	11.3%	11.7%	-39 bps	10.4%	11.6%	11.5%	+5bps	10.3%
Adjusted EBITDA	172.4	197.9	-12.9%	175.8	61.4	65.4	-6.3%	58.1
<i>Adjusted EBITDA Margin</i>	10.2%	11.7%	-146 bps	10.4%	10.7%	11.5%	-87 bps	10.3%
Net debt	875.7	918.5	-4.7%	764.8	-	-	-	-

Notes which apply to this document

Unless otherwise indicated, all comments in this document on changes in revenue are on a like-for-like basis (at constant currencies). Unaudited Q3 and 9M 2018 financial data have been provided on a pro forma basis for IFRS 16 *Leases* following adoption of this accounting standard since January 2019. This additional information has been provided to facilitate comparisons and understanding of the Group's underlying performance. Definitions of Alternative Performance Measures (APMs) in this document can be found under the section Corporate Information.

Net debt and leverage

Net debt stood at €875.7 million at September 30, 2019, down €42.8m (4.7%) compared with September 30, 2018 pro forma for IFRS 16, and down €23.0 million compared with net debt at June 30, 2019. Net debt divided by the last twelve months Adjusted EBITDA was 3.68x at September 30, 2019.

Management comment

Charles Bouaziz, Ontex CEO commented: "Our Q3 trading performance shows that we are turning the corner and gradually gathering momentum. For the first time this year, both Like-for-Like sales and Adjusted EBITDA at constant currencies rose in the quarter versus last year. Sales of Ontex brands in AMEAA continued to be our growth engine, while the sales trend of retailer brands in Europe confirmed that the business is progressively recovering, as expected. We maintained our focus on free cash flow generation, which resulted in a further reduction of net debt.

Our teams are fully engaged in implementing the T2G program, which will strengthen further our operational and commercial capabilities and underpin delivery of our 2021 objectives as presented in May."

OUTLOOK

Current levels of price indices show a decreasing trend for most raw materials. Pricing, mix improvement and cost savings actions are producing increasing effects in the second half of the year, leading to improvements in revenue and Adjusted EBITDA in H2 versus H1 2019.

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

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

The previous outlook provided for Capex of 4.5% to 5.0% of revenue excluding T2G-specific Capex. Lower 2019 Capex outlook primarily reflects the revised phasing of capital expenditure between 2019 and 2020.

Market dynamics

Q3 2019 market data for personal hygiene categories showed the same trends as in the first half of the year. Adult Inco category value is growing in all geographies where Ontex is present, primarily driven by higher volumes. Femcare category value remains stable, while Babycare category value posted a modest increase due to positive pricing, in the Americas, Middle East and Africa as well as Russia. Retailer brands further grew their presence in Europe, particularly in the Babycare category.

Operational review: categories

in € million	Nine Months				Third Quarter			
	9M 2019	9M 2018	% Δ as reported	% Δ at LFL	Q3 2019	Q3 2018	% Δ as reported	% Δ at LFL
Ontex Reported Revenue*	1,688.7	1,696.2	-0.4%	-0.8%	574.4	566.6	+1.4%	+0.2%
Babycare	989.8	986.2	+0.4%	-0.5%	340.9	330.9	+3.0%	+1.5%
Adult Inco	517.1	518.7	-0.3%	+0.3%	171.9	170.3	+0.9%	0.0%
Femcare	159.5	169.2	-5.7%	-6.1%	53.2	55.3	-3.8%	-4.1%

* Includes €22.3 million of Other in 9M 2019; €22.1 million of Other in 9M 2018, €8.4 million of Other in Q3 2019; €10.1 million of Other in Q3 2018

Babycare revenue rose 1.5% in Q3 2019 thanks to higher sales of Ontex brands in AMEAA. Sales of retailer brands in Europe were below last year, although the trend marked a clear improvement compared with the first six months of 2019, partly thanks to growth of Baby pants.

Q3 2019 **Adult Inco** revenue was stable versus the same period last year. Sales in institutional channels grew, while sales were 2% lower in retail channels. Revenue of Ontex brands in AMEAA grew. Sales of Adult pants were higher than in same quarter last year.

Revenue of **Femcare** products was down 4.1% on lower volumes of retailer brands as a result of contract losses over the past twelve months. Sales of organic cotton tampons posted a strong increase compared to the same period last year.

Operational review: Divisions

in € million	Nine Months				Third Quarter			
	9M 2019	9M 2018	% Δ as reported	% Δ at LFL	Q3 2019	Q3 2018	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	1,688.7	1,696.2	-0.4%	-0.8%	574.4	566.6	+1.4%	+0.2%
Europe	707.1	766.6	-7.8%	-7.6%	238.0	252.0	-5.6%	-6.0%
AMEAA	654.1	601.0	+8.8%	+7.6%	226.8	207.1	+9.5%	+6.6%
Healthcare	327.5	328.7	-0.4%	-0.4%	109.6	107.5	+2.0%	+2.1%

Europe

Europe Division revenue improved sequentially in Q3 2019 versus Q2 2019. Year-on-year, like-for-like sales also showed a more favorable trend. This revenue trend is expected to continue in Q4, based on organic revenue growth from our large customer base. In Q3 2019, sales were 6.0% lower versus the same period last year in a highly competitive market environment, marked by strong promotional activity by the leading international diaper brand. Our sales were impacted by lower volumes as a result of retailer brand contract losses over the past year. Several actions are being implemented as part of T2G to raise further the level of support to customers and grow their retailer brands, solidifying our position as the leading supplier in all three categories of personal hygiene.

Americas, Middle East, Africa and Asia (AMEAA)

Revenue in the AMEAA Division was up 6.6% in Q3, continuing to perform well ahead of its markets based on solid commercial execution and innovations supporting our own local brands. Sales increased in all three categories and most geographies of this Division. Our local brands continued to generate solid consumer demand in Brazil and Mexico, driving revenue growth in both countries. US sales continued to be strong, nearly equaling the high comparable in the same period last year. Revenue in the Middle East, Africa and Asia also grew in Q3 despite a challenging political and economic environment in some markets.

Healthcare

Healthcare Division revenue was 2.1% higher in Q3 2019, in part due to increased sales of Adult Pants, bringing the YTD evolution in line with market dynamics. We benefited from higher revenue in self-pay channels while maintaining a disciplined approach in institutional channels, where competitive pressures are high.

Operational review: geographies

in € million	Nine Months				Third Quarter			
	9M 2019	9M 2018	% Δ as reported	% Δ at LFL	Q3 2019	Q3 2018	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	1,688.7	1,696.2	-0.4%	-0.8%	574.4	566.6	+1.4%	+0.2%
Western Europe	766.1	812.8	-5.7%	-5.8%	257.9	264.6	-2.5%	-2.5%
Eastern Europe	202.9	214.2	-5.3%	-5.0%	67.1	71.5	-6.2%	-7.9%
Americas	489.3	443.8	+10.2%	+6.5%	175.2	157.2	+11.4%	+7.8%
ROW	230.4	225.4	+2.2%	+6.6%	74.3	73.4	+1.2%	+1.2%

Sales in the Americas in Q3 2019 were well ahead of last year, while Rest of World was also higher. Together, these geographies represent 43% of Group revenue, and have higher market growth rates due to favorable demographics and lower penetration of personal hygiene products.

Corporate information

The above press release and related financial information of Ontex Group NV for the nine months ended September 30, 2019 was authorized for issue in accordance with a resolution of the Board of Directors on November 5, 2019.

Conference call

Management will host a presentation for investors and analysts on November 6, 2019 at 9:00am CET/8:00am UK. 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:

Belgium	+32 (0) 2 400 6926
France	+33 (0) 1 76 77 22 57
Germany	+49 (0) 69 2222 2018
United Kingdom	+44 (0) 330 336 9411
United States	+1-323-994-2093
Passcode	6063523

A replay of the conference call will also be available for one week afterwards:

Belgium	+32 (0) 2 620 0568
France	+33 (0) 1 70 48 00 94
Germany	+49 (0) 69 2000 1800
United Kingdom	+44 (0) 207 660 0134
United States	+1 719-457-0820
Passcode	6063523

Financial calendar 2020

FY 2019	March 4, 2020
Q1 2020	May 6, 2020
AGM	May 25, 2020
H1 2020	July 30, 2020
Q3 2020	November 4, 2020

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Alternative Performance Measures

The following alternative performance measures (non-GAAP) have been included in this press release 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 currencies excluding change in perimeter of consolidation or M&A.

Non-recurring Income and expenses

Income and expenses classified under the heading “non-recurring income and expenses” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. Non-recurring income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the company to get a better understanding of the normalized performance of the company. 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.

Non-recurring income and expenses of the Group are composed of the following items presented in the consolidated income statement:

- income/(expenses) related to changes to Group structure; and
- income/(expenses) related to impairments and major litigations.

EBITDA and Adjusted EBITDA and related margins

EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization. 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 current and non-current term debt and deducting cash and cash equivalents. LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM).

Annex A – Pro forma impact of IFRS 16 on 2018 EBITDA and net debt

€ million	Q1	Q2	Q3	Q4	FY 2018
Adjusted EBITDA as reported in 2018	57.5	60.2	58.1	58.2	234.0
<i>Adjusted EBITDA margin</i>	<i>10.3%</i>	<i>10.5%</i>	<i>10.3%</i>	<i>9.8%</i>	<i>10.2%</i>
Impact of IFRS 16 on Adjusted EBITDA	7.4	7.3	7.3	7.5	29.6
Adjusted EBITDA proforma IFRS 16 in 2018	64.9	67.5	65.4	65.7	263.6
<i>Adjusted EBITDA margin proforma IFRS 16 in 2018</i>	<i>11.6%</i>	<i>11.8%</i>	<i>11.5%</i>	<i>11.0%</i>	<i>11.5%</i>

€ million	Mar 31	Jun 30	Sep 30	Dec 31
Net debt as reported in 2018	776.0	778.3	764.8	760.0
Proforma IFRS 16 impact	147.0	142.1	153.7	147.6
Proforma net debt in 2018	923.0	920.4	918.5	907.6

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.