



Grupo Mabe acquisition -  
accelerating the  
transformation of Ontex

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# Grupo Mabe acquisition



## Accelerating the transformation of Ontex

- Delivering on the Ontex growth strategy
  - Enhancing organic growth with a strategic acquisition
  - Meets our key acquisition criteria: Outside Western Europe; Strengthening Branded Business
  
- Acquiring a high quality and growth market business for initial enterprise value of MXN 5,650m, equal to €314m<sup>1</sup>
  - No. 2 babycare products business in Mexico
  - Delivering strong growth and taking share with robust margins
  
- Strong strategic fit and the execution capabilities to deliver
  - An Ontex style business
  - Clear plan with a track record of integrating acquisitions
  
- Delivering compelling returns in line with the Ontex model
  - Initial consideration of  $0.8x^2$  revenue for a business growing at 10%<sup>3</sup>
  - High single digit EPS accretion, ROCE exceeding Ontex cost of capital, and positive cash generation in first year of ownership

*Note 1: See slide 11 for full details*

*Note 2: LTM revenue to Aug 2015 at average EUR/MXN rate*

*Note 3: 2012 – 2014 CAGR*

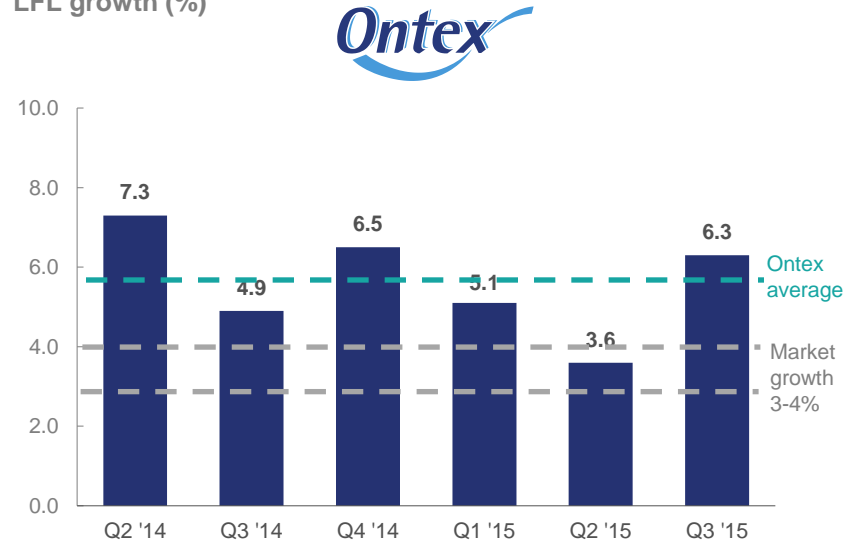
# Delivering on the Ontex growth strategy

## Enhancing organic growth with a strategic acquisition



### Organic growth since IPO

LFL growth (%)



### Strategic acquisition



- ✓ MXN 7bn revenues (c. €400m)<sup>1</sup>
- ✓ Consumer brands c.70% of revenue
- ✓ № 2 in Mexican Babycare
- ✓ № 3 in small but growing Mexican Inco
- ✓ Exporting to 11 markets across the Americas
- ✓ Adding scale drives synergies

Note 1: LTM Aug 2015 revenue at average EUR/MXN FX rate

# Strong strategic fit with Ontex

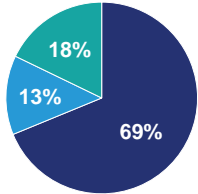
## Meets our key acquisition criteria



### Grow business outside Western Europe

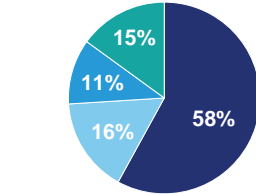
Enhanced revenue diversification

Pre Grupo Mabe



■ Western Europe ■ Eastern Europe  
■ ROW

Post Grupo Mabe



■ Western Europe ■ Americas  
■ Eastern Europe ■ ROW

### Accretive to Ontex revenue growth

% CAGR  
2012-2014

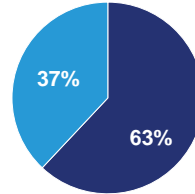


Note 1: Average LFL revenue in 2012 – 2014

### Grow consumer branded business

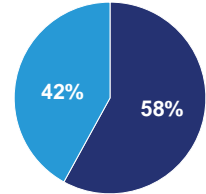
Increase in revenue from Ontex brands

Pre Grupo Mabe



■ Retailer ■ Ontex

Post Grupo Mabe



■ Retailer ■ Ontex

### Extending the quality of the Ontex brand portfolio



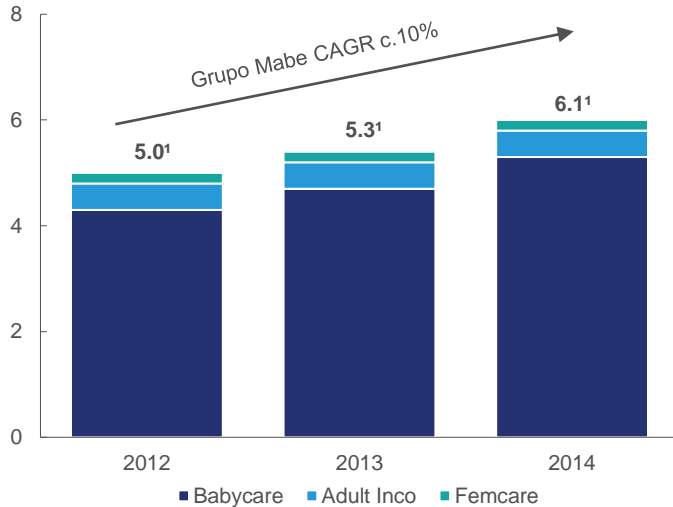
# Acquiring a high quality and growth market business

## Outperforming in a growth market



### Strong revenue growth

Grupo Mabe revenue (MXNbn)



Note 1: Including Wet wipes and Other

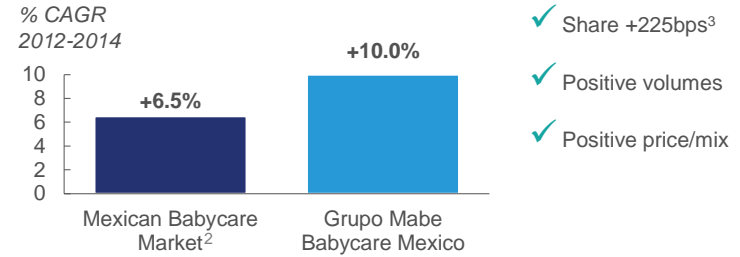
Note 2: Euromonitor, 2014

Note 3: Nielsen, 2014

Note 4: 2014

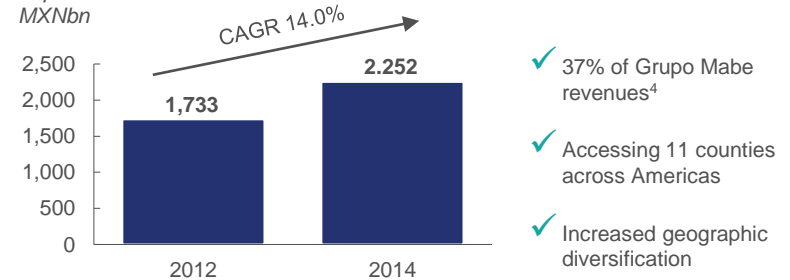
### Taking share in Babycare

Outperforming the Mexican Babycare market



### Accelerating growth through exports

Export revenue  
MXNbn



# Acquiring a high quality and growth market business

## Well invested to support future growth



### Consistent investment in innovation

- Strong track record of innovation
  - efficient patenting is a key focus for Grupo Mabe
  - > 100 patents granted



Absorbent material (1987)



Biodegradable diaper (2007)



UltraSafe system in bbtips diapers (2012)

### Investment in manufacturing excellence

Capital investment



Actions

- Capacity expansion
- New warehouse construction
- Equipment upgrade

Impact

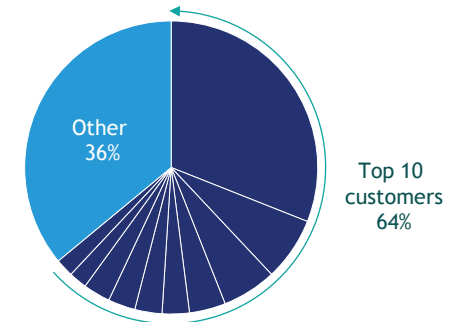
High quality facilities

### Established distribution network

Presence in major retailers

- Grupo Mabe customers include more than half of the 15 largest general retailers in Mexico
- Supplying a mix of Grupo Mabe brands and retailer brands

Diversified customer base



# Strong fit and execution capabilities to deliver

## Grupo Mabe is an Ontex style business



### An Ontex style business

- Entrepreneurial business built over 38 years
- Highly capable team
- Growth through demographics, increased penetration and share gains
- Excellent customer and consumer connectivity
- “Growth market“ mix of Grupo Mabe Brands and Retailer Brands
- Innovation-led
- Investment in manufacturing excellence

### Strong hub to access attractive America's markets



Manufacturing & Sales Exports



# Strong fit and execution capabilities to deliver Clear plan



## 1 Consolidate

0–12 months

Focus: Deliver EBITDA

How: Hard synergies

- Understand business
- Share best practices
- Integration
- Focus on procurement and supply chain
- Establish new Americas Division
- Deliver synergies

## 2 Deepen existing export network

0–24 months

Focus: Sustain outperformance


How: Soft synergies

- Strengthen existing Mexican hub leveraging Ontex resources / capabilities
- Ontex products / technologies in Grupo Mabe network
- Grupo Mabe products / technologies in Ontex network
- Utilise “foothold” in niche US segment to assess market opportunities

# Strong fit and capabilities to deliver

## Track record of acquisitions



Ontex track record		 (2010)	 (2011)	 (2013)	 (2015)
Strategic Criteria	Grow presence in Adult Inco	✓	✓	✓	—
	Grow outside of Western Europe	—	—	—	✓
	Strengthen branded business	✓	✓	✓	✓
Financial and operational discipline	Attractive returns and synergies	✓	✓	✓	✓
	Integration achievable with minimal operational and commercial disruptions	✓	✓	✓	✓

# Compelling returns in line with Ontex model



## Attractive price for a business that is accretive to Ontex growth

<b>Consideration</b>	<ul style="list-style-type: none"><li>• Initial consideration of €314m<sup>2</sup>: €187m<sup>2</sup> cash, €76m<sup>3</sup> in shares, €52m<sup>4</sup> assumed debt (for MXN see note 1)</li><li>• Deferred consideration of up to €86m<sup>5</sup> to be paid based on achievement of EBITDA targets 2015 to 2017</li><li>• 0.8x LTM revenue<sup>6</sup>, consistent with focus on acquisitions at lower multiples than the current Ontex trading multiple</li></ul>
<b>Financial impacts</b>	<ul style="list-style-type: none"><li>• MXN 7bn (c. €400m) annual revenue<sup>6</sup> growing at &gt;10%<sup>7</sup></li><li>• High single-digit EPS accretion in first year of ownership</li><li>• ROCE exceeds Ontex cost of capital in first year of ownership</li></ul>
<b>Financing / Leverage</b>	<ul style="list-style-type: none"><li>• Approx. €115m equity placing<sup>8</sup>, with balance of cash consideration funded through available cash and new debt facilities</li><li>• Net debt/EBITDA expected to be between 2.5x and 2.7x post transaction, before synergies and deferred consideration</li><li>• Positive cash generation in first year of ownership</li></ul>
<b>Timetable</b>	<ul style="list-style-type: none"><li>• Transaction is expected to be completed in the first quarter of 2016</li><li>• Completion is subject to receiving necessary regulatory approvals</li></ul>

### Notes

1. Initial consideration of MXN 5,650m: MXN 3,358m cash, MXN 1,362m in shares, MXN 930m assumed debt

2. At EUR/MXN rate of 18.0. Subject to final adjustments at closing.

3. Shares at an equity price of € 27.80 (in addition to those expected to be raised in the ABB).

4. Currently estimated debt and debt-like items at EUR/MXN rate of 18.0. Subject to final adjustments at closing.

5. MXN 1,550m at EUR/MXN rate of 18.0.

6. LTM revenue to Aug 2015 at average EUR/MXN rate

7. 2012-14 CAGR in local currency terms

8. Based on 4,083,332 new issued shares

# Compelling returns in line with Ontex model



## Grupo Mabe underpins continued delivery of the Ontex model

Ontex model	Ontex objective	Grupo Mabe contribution
1 <b>Strategic model</b>	<ul style="list-style-type: none"><li>• Diversification of geographies, markets &amp; products</li></ul>	<ul style="list-style-type: none"><li>• Ontex group revenue ex WE rises to 42%</li><li>• Revenue of Ontex brands rises to 42%</li><li>• Opening access to Americas</li></ul>
2 <b>Operating model</b>	<ul style="list-style-type: none"><li>• Focus on people</li><li>• Creating a scale business</li><li>• Strong local connections to customers and consumers</li></ul>	<ul style="list-style-type: none"><li>• Talented team; Founder and Chairman proposed to join Ontex BoD</li><li>• Adding c. €400m<sup>1</sup> revenues to supply chain</li><li>• Deep local market knowledge</li><li>• Opening access to Americas</li></ul>
3 <b>Financial model</b>	<ul style="list-style-type: none"><li>• Top line growth ahead of our markets</li><li>• Modest EBITDA margins improvement YoY</li><li>• Strong free operating cash flow</li></ul>	<ul style="list-style-type: none"><li>• Accretive to Ontex revenue growth</li><li>• Robust margins; synergies from scale</li><li>• Positive cash generation from first year</li></ul>

Note 1: LTM Aug 2015 revenue at average EUR/MXN FX rate

# Grupo Mabe Acquisition - accelerating the transformation of Ontex



- Delivering on the Ontex growth strategy
- Acquiring a high quality and growth market business for initial enterprise value of MXN 5,650 m (€314m<sup>1</sup>)
- Strong fit and the execution capabilities to deliver
- Delivering compelling returns in line with the Ontex model

*Note 1: See slide 11 for full details*



Thank you  
**Any questions?**

