



Zelev, Belgium, March 12, 2014

Ontex IV S.A. announces its audited financial results for the twelve months ended 31 December 2013

Successful Execution of 2013 Priorities Delivers Solid Performance

- Reported Group Sales amounted to €1,491.9 million, representing a 14.0% increase year-on-year;
 - Sales up 8.1% year-on-year at constant currency and excluding Serenity
- Adjusted EBITDA grew by 16.6% to €175.0 million;
- Adjusted EBITDA margin of 11.7% for the full year (up 26 bps year-on-year) and 12.1% for the fourth quarter;
- 74.2% increase in Free Cash Flow amounting to €103.8 million as of 31 Dec 2013 on the back of improved profitability and working capital management;
- Net Debt at €849.3 million as of 31 Dec 2013
 - €61.3 million of cash and cash equivalent as of 31 Dec 2013
 - RCF fully repaid as of 31 Dec 2013

Charles Bouaziz, CEO of Ontex S.A. commented: *"The 2013 results demonstrate the Group's ability to adapt its strategy and operational structure to the changes in the market environment. This flexible approach has been further underpinned by the successful uptake of a sizeable portion of the revenue opportunity presented by the withdrawal of Kimberly Clark in Western Europe and growth delivered in the Eastern European businesses from an increase in sales to existing customers. In addition to this, the MEA region also performed well with sales outside Turkey now representing over 50% of the MEA division.*

"The Healthcare business was further strengthened by the seamless integration of Serenity, with financial and operational synergies being delivered in line with expectations. Furthermore, the Group continued to drive efficiencies in the Healthcare client portfolio as well as optimising its group-wide manufacturing footprint through increased integration of the manufacturing, procurement and R&D functions, as well as the closure of the Recklinghausen facility."



Market Dynamics

Whilst the overall economic conditions continued to be challenging throughout 2013 and retailers for the most part remained focused on price and promotional activities, Management observes that retailers' attention towards quality and innovation started to grow, in particular in Western Europe. This trend coupled with the effective exit of Kimberly Clark (K-C) from Western Europe, resulted in Ontex benefitting from volume gains in the baby diaper market, as some retailers, in conjunction with Ontex, started to proactively promote their own brands as a direct alternative to the other A brands. As a result, whilst K-C's volumes have been mostly redistributed amongst Ontex and other peers in Western Europe, the Company's flexible approach to retailer branding has been further strengthened.

Other macro factors, such as raw material prices, remained in line with expectations throughout 2013. The temporary inventory surplus, resulting from a precautionary stock build up at the end of 2012 on the back of a combination of the K-C withdrawal, the Recklinghausen facility closure and disruptions in the SAP supply chain, were resolved in early 2013, which led to normalised inventory levels by the end of the year.

Adverse currency movements, in particular from the British Pound, Turkish Lira and Australian Dollar impacted sales and adjusted EBITDA, especially in the second half of the year. These currency headwinds have been partially mitigated by the fluctuations of the US Dollar against the Euro, the hedging mechanisms put in place at the end of Q3 2013 and, in some instances, by incurring costs in the local denominated currency, such as in Turkey. The Group continues to actively monitor currency movements and implement various strategies to mitigate volatility in raw material prices.

Financial Review

Reported Group sales amounted to €1,491.9 million for FY 2013 and represents a 14.0% increase compared to FY 2012. At constant currency and excluding the Serenity acquisition, sales were up 8.1%. On a divisional basis, growth was largely driven by Retail and MEA which respectively posted sales growth at constant currency of 8.2% and 17.7% on the back of strong volume growth – in retail through the capture of the K-C opportunity, and in MEA through greater penetration in the domestic market and expansion in newly targeted countries such as Morocco and Pakistan. Sales in Healthcare at constant currency and excluding Serenity were up 2.1% year-on-year reflecting the product and client portfolio rationalisation undertaken earlier in 2013. On a product basis, Femcare was up 6.5% year-on-year at constant currency and excluding Serenity thanks to additional contract wins, including in the UK, whereas Babycare and Incontinence products posted sales growth of 11.2% and 3.3%, respectively. Ontex's geographical mix further diversified throughout the year, with Eastern Europe and Rest of the world regions totaling 31.6% of total reported Group sales and, excluding Serenity, growing at 9.6% and 18.2% at constant currency and excluding Serenity in FY 2013. Through the acquisition of Serenity and internal developments of its branding strategy, in particular in the MEA region, the Group continued to grow of its branded business, which now represents 37.7% of total sales in FY 2013.

Adjusted EBITDA for the year was €175.0 million, up 16.6% year-on-year. The adjusted EBITDA margin for the year was 11.7%, an improvement of 26 basis points compared to FY 2012 despite a negative



currency impact of €19.3 million for the year. The overall growth of the business, combined with greater efficiencies as well as the Serenity acquisition, led to improved profitability.

Free Cash Flow generation for the year amounted to €103.8 million, a 74.2% increase on the previous year. Aside from an increased adjusted EBITDA contribution, the working capital requirements have been limited in 2013 through improved management of the receivables and payables as well as a return to average stock levels. As such, working capital consumption amounted to €(13.7) million in 2013 compared to €(32.8) million the previous year.

Capex spend decreased by 20.6% year-on-year and totaled €42.8 million in FY 2013, in line with expectations, driven by the completion of the prior investments towards the end of 2012. For 2014, Management expects capex funding needs to remain broadly in line with FY 2013 levels at approximately 2.5% to 3.0% of Sales.

Cash Taxes paid were impacted by the Serenity acquisition in FY 2013 and amounted to €14.7 million, compared to €3.8 million in FY 2012. As indicated previously, cash taxes paid in FY 2012 was positively impacted by the receipt of a German tax refund.

Cash and Cash equivalents stood at €61.3 million on December 31, 2013. This represents an improvement of 57.6% or €22.4 million compared to December 31, 2012, and is mostly attributable to the improved free cash flow during the year. The last portion of the Group's RCF was repaid in the fourth quarter of 2013 and as of 31 Dec 2013, the RCF was undrawn at €75.0 million. As a result, available liquidity totaled €136.3 million at the end of the year. Group factoring lines, including the factoring line granted to Serenity, amounted to €171.5 million as of December 31, 2013, of which €121.2 million was drawn down.

Operational review

On September 13, 2013 the Group entered into forward currency hedge contracts, maturing before January 1, 2014, in order to limit fluctuations in the business resulting from exposure to sales in the British Pound, Polish Zloty, Turkish Lira, Australian Dollar and Russian Ruble as well as purchases in USD and Czech Koruna in Q4 2013. At the end of 2013, the Group decided to enter into new forward currency contracts for 2014 for these major currencies.

In 2013, the Management team has continued to roll out Ontex's strategy to achieve profitable growth through Incontinence and Emerging Markets by leveraging favourable demographics, sociocultural changes and economic developments in more remote geographies. In addition, The Group completed a number of key operational projects in 2013, such as the acquisition and integration of Serenity and closure of Recklinghausen, leading to a Group's manufacturing footprint that Management judges competitive. Furthermore, Ontex believes that through closer relationships and a more integrated approach with its customers in terms of innovation, category management and a selective approach to branding (both local and retailer brands), additional value can be generated.

In order to support the operational course of action outlined by the management team, the Group refined certain operational structures in the third quarter of 2013. Whilst the majority of the team remains unchanged, a few changes have been implemented to enhance Ontex's current value proposition:



- Taking a more targeted approach to Retail in mature markets as well as growth markets through the creation of two distinct businesses and management roles within the Retail division;
- Renewing focus on the supply chain to further leverage the current manufacturing footprint;
- Deploying a more integrated approach towards the Group's customers, new competencies have been added in marketing and sales, reporting into the CEO with a focus on account management, category management and championing local brands. R&D and Innovation is also now directly reattached to the CEO as these are core elements of this integrated approach;
- From a reporting perspective, the Turkey division has been renamed the MEA division, to better reflect the sales mix and commercial strategy;
- In order to improve talent management and the performance culture, a new central HR function has been created, reporting into the CEO; and,
- Finally, to ensure execution under the existing financial framework and to further drive efficiencies in the Group, Finance Directors of the divisions now report on a dotted line basis to the Group CFO.

Internal reporting processes have been adapted to this new organisation and will also be reflected in the external disclosure going forward, which will effectively lead to the split of the Retail division into Mature and Growth divisions, whilst Healthcare and MEA will remain unchanged. A reconciliation of the FY 2013 figures have been provided in the bondholder presentation dated 12 March 2014 and the Group will provide historical performance figures on a comparative basis going forward. As such, reporting under the new structure will become effective from the disclosure of Q1 2014 earnings onwards.

2014 Priorities

Looking ahead, the Management team remains committed to driving Ontex's transformation agenda in order to achieve sustainable and profitable growth. This will be achieved by building on the momentum in the diaper market and continued focus on Incontinence, Emerging Markets and Branding. As such, the following operational objectives have been outlined to support the ongoing transformation process:

- Continue to improve business processes;
- Foster innovation and client centricity; and,
- Develop talent and industry expertise.

With the re-organisation complete and teams in place to capitalise on growth opportunities, priorities for 2014 will be centered around:

- Continuing to pursue top-line growth across geographies and divisions;
- Maintaining focus on margins;
- Rolling out latest product innovation, Supercore II thin diapers, to key markets and more generally continuing to work on the innovation pipeline to meet customer needs;
- Consolidating existing assets and leverage presence in MEA;
- Preparing for capacity extension where needed;



- Whilst further enhancing our competitive strengths with existing and prospective customers, through leadership positions in retailer brands and high Ontex brands quality among others.

During 2013, Ontex delivered strong results despite a challenging macro environment through a flexible strategic approach across all regions. Building on 2013 momentum, Ontex will continue to drive efficiencies across the Group to drive sustainable and profitable growth in the long term.

End.

About Ontex:

Ontex is Europe's retailer brand market leader in hygienic disposable products. With a focus on quality and innovation, the Company offers a wide range of products for baby care, feminine care and adult care. All Ontex products are produced both under Ontex's own brands and under retailer brands.

Investor Presentation on March 12, 2014

Later on today, the Ontex senior management will host a conference call and webcast at 3:00 pm (UK).

A one week replay of the conference call will also be available.

If you have any questions please contact Severine Camp or Devina Artley at Fairvue Partners on +44 20 7614 2900 or email ontex@fairvuepartners.com.

The Ontex IV S.A. consolidated financial statements as of and for the year ended December 31, 2013 have been published today and can be downloaded from the Ontex investor section (www.ontexglobal.com, "investor" section)

The annual report for the FY 2013 will be published in the course of April 2014