Ontex Group NV

Korte Keppestraat 21/31, 9320 Erembodegem (Aalst), Belgium

Offering of Ordinary Shares (including approximately €325 million of Newly Issued Ordinary Shares (representing a maximum of 19,696,969 Shares based on the low end of the Price Range) and up to 7,000,000 Existing Ordinary Shares)

Listing of all Shares on Euronext Brussels

This prospectus (the "Prospectus") relates to the offering (the "Offering") (i) by Ontex Group NV (the "Company"), a limited liability company organized under the laws of Belgium, of such number of newly issued ordinary shares, with no nominal value, of the Company (the "Shares") as is necessary to raise gross proceeds of approximately €325 million (the "Primary Tranche") (representing a maximum of 19,696,969 Shares based on the low end of the Price Range) and (ii) by Whitehaven B S.à r.l. ("Whitehaven B"), an investment vehicle ultimately owned by funds advised by affiliates of TPG Global, LLC ("TPG") and funds advised by affiliates of The Goldman Sachs Group, Inc. ("GSCP") and certain members of the previous and current executive management team of the Company (together, the "Selling Shareholders"), of up to 7,000,000 existing Shares (the "Secondary Tranche"). The Shares being offered by the Company and the Selling Shareholders are herein referred to as the "Offer Shares." The Offering consists of (i) an initial public offering to retail and institutional investors in Belgium (the "Belgian Offering"); (ii) a private placement in the United States to persons who are reasonably believed to be "qualified institutional buyers" or "QIBs" (as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S ("Regulation S") under the U.S. Securities Act.

The aggregate number of Offer Shares sold in the Secondary Tranche may be increased by up to 15% of the aggregate number of Offer Shares initially offered (the "Increase Option"). Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offer Price.

Whitehaven B and certain other Selling Shareholders are expected to grant UBS Limited, as stabilization manager (the "Stabilization Manager"), on behalf of itself and the Underwriters (as defined herein), an option to purchase additional Shares in an aggregate amount equal to up to 15% of the number of Offer Shares sold in the Offering (including pursuant to any effective exercise of the Increase Option) at the Offer Price (as defined below) to cover over-allotments or short positions, if any, in connection with the Offering (the "Over-allotment Option"). The Over-allotment Option will be exercisable for a period of 30 days following the Listing Date (as defined below). As used herein, the term "Offer Shares" shall include any over-allotted Shares (unless the context requires otherwise). Within five business days after the end of the Stabilization Period (as defined below), information in relation to stabilization activities, if any, will be made public.

An investment in the Offer Shares involves substantial risks and uncertainties. Prospective investors should read the entire document, and, in particular, should see "*Risk Factors*" beginning on page 26 for a discussion of certain factors that should be considered in connection with an investment in the Shares. All of these factors should be considered before investing in the Offer Shares. In particular, investors should be aware that we are highly leveraged. As of March 31, 2014, we had net financial debt of €862.1 million and our net financial debt to equity ratio was 2.3:1. Accordingly, investors should have particular regard to the risk factors entitled *"The shares of certain of our subsidiaries and certain of our assets are pledged in favor of our creditors, and if we are unable to meet our obligations under the Senior Secured Notes and/or the Revolving Credit Facility, our creditors will be entitled to enforce the collateral securing these obligations," "Our substantial leverage and debt service obligations could adversely affect our business"* and *"We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs."* Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment.

PRICE RANGE: €16.50 TO €20.50 PER OFFER SHARE

The price per Offer Share (the "Offer Price") will be determined during the Offering Period (as defined herein) through a book-building process in which only institutional investors may participate. Among the factors to be considered in determining the Offer Price, in addition to prevailing market conditions, will be the Company's historical performance, estimates of its business potential and earnings prospects, an assessment of the Company's management and consideration of the above factors in relation to the market valuation of companies in related businesses. The Offer Price may differ significantly from prices prevailing in over-the-counter transactions and price quotations that have historically been available. See ''*The Offering — Offer Price*'' for further information. The Offer Price, the number of Offer Shares sold in the Offering and the allocation of Offer Shares to retail investors is expected to be made public in the Belgian financial press on or about June 25, 2014 and in any event no later than the first business day after the end of the Offering Period. The Offer Price will be a single price in Euros, exclusive of the Belgian tax on stock exchange transactions, and of costs, if any, charged by financial intermediaries for the submission of applications. The Offer Price is expected to be between €16.50 and €20.50 per Offer Share (the "Price Range"). The Offer Price may be set within the Price Range or below the lower end of the Price Range but will not exceed the higher end of the Price Range.

The offering period (the "Offering Period") will begin on June 11, 2014 and is expected to end no later than 4:00 pm (CET) on June 24, 2014, subject to early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. However, in accordance with the possibility provided for in art. 3. § 2 of the Royal Decree of May 17, 2007 on primary market practices, we expect the subscription period for the retail offering to end on June 23, 2014, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by retail investors with the Joint Lead Managers and with other financial institutions. Any early closing of the Offering Period will be announced in the Belgian financial press, and the dates for each of pricing and allocation, publication of the Offer Price and results of the Offering, conditional trading and closing of the Offering will in such case be adjusted accordingly.

The Joint Lead Managers will use reasonable efforts to deliver the newly issued Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*), in this order of priority. No tax on stock exchange transactions is due on the subscription of newly issued Shares (see *"Taxation — Belgian Taxation — Capital Gains and Losses on Shares — Tax on Stock Exchange Transactions.")*

Prior to the Offering, there has been no public market for the Shares. An application has been made to list the Shares on Euronext Brussels under the symbol "ONTEX." Trading of the Shares on Euronext Brussels is expected to commence, on an "if-and-when-issued and/or delivered" basis, on or about June 25, 2014 (the "Listing Date").

Delivery of the Offer Shares is expected to take place in book-entry form against payment therefor in immediately available funds on or about June 30, 2014 (the "Closing Date") to investors' securities accounts *via* Euroclear Belgium, the Belgian central securities depository. See "*The Offering*."

This document constitutes an offer and listing prospectus for purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including by Directive 2010/73/EU, the "Prospectus Directive") and has been prepared in accordance with Article 20 of the Belgian Law of June 16, 2006 on the public offering of securities and the admission of securities to trading on a regulated market, as amended (the "Prospectus Law"). The English version of this Prospectus was approved by the Belgian Financial Services and Market Authority (the "FSMA") on June 10, 2014.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares in any jurisdiction or to any person to whom it would be unlawful to do so.

The Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfer of the Shares, see "*Transfer Restrictions*."

Joint Global Coordinators

BofA Merrill Lynch **Goldman Sachs International** **UBS Investment Bank**

Joint International Bookrunners

BofA Merrill Lynch **Goldman Sachs International** **UBS Investment Bank** **J.P. Morgan**

International Co-Manager

TPG Capital BD, LLC

Joint Lead Managers

KBC Securities **Petercam**

Prospectus dated June 10, 2014

IMPORTANT INFORMATION

In accordance with Article 61, §1 and §2 of the Prospectus Law, the Company, represented by its Board of Directors, assumes responsibility for the completeness and accuracy of all of the contents of this Prospectus. Certain sections of this Prospectus relating to (i) the description on page 130 of the Selling Shareholders and their shareholding in the Company; and (ii) the description on page 161 of the Over-allotment Option granted by Whitehaven B and certain other Selling Shareholders have been drafted on the basis of the information provided by the Selling Shareholders. The Selling Shareholders also assume responsibility for these (and only these) sections of the Prospectus.

Having taken all reasonable care to ensure that such is the case, each of the Company (for the entirety of this Prospectus) and the Selling Shareholders (only with respect to the sections for which they assume responsibility) attests that the information contained in this Prospectus is, to the best of its knowledge and belief, accurate and complete in all material respects and in accordance with the facts and contains no omission likely to affect its import.

None of Merrill Lynch International, Goldman Sachs International, UBS Limited, J.P. Morgan Securities plc, TPG Capital BD, LLC, KBC Securities NV/SA or Petercam NV/SA (the "Underwriters") makes any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters, whether as to the past or the future. Accordingly, the Underwriters disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, in respect of this Prospectus or any such statement.

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Offering and the contents of this Prospectus, including the merits and risks involved. Any purchase of the Offer Shares should be based on the assessments that an investor may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offer Shares. In addition to their own assessment of the Company and the terms of the Offering, investors should rely only on the information contained in this Prospectus, including the risk factors described herein, and any notices that the Company publishes under applicable law or the relevant rules of Euronext Brussels.

Investors must also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders or the Underwriters.

None of the Company, the Selling Shareholders or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

No person has been authorized to give any information or to make any representation in connection with the Offering other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized. Without prejudice to the Company's obligation to publish supplements to the Prospectus when legally required (as described below), neither the delivery of this Prospectus nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Underwriters are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. Each of the Joint Bookrunners is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The FSMA approved the English version of this Prospectus on June 10, 2014 in accordance with Article 23 of the Prospectus Law. The FSMA's approval does not imply any opinion by the FSMA on the suitability and the quality of the Offering or on the status of the Company. This Prospectus has been prepared in English and translated into Dutch. The Summary of the Prospectus has also been translated into French. The Company is responsible for the consistency between the Dutch, French and English versions of the (Summary of the) Prospectus. In the case of discrepancies between the different versions of this Prospectus, the English version will prevail.

The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in our business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In accordance with Article 34 of the Prospectus Law, in the event of a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares during the period from the date of approval of the Prospectus to the Listing Date, a supplement to this Prospectus shall be published. Any supplement is subject to approval by the FSMA, in the same manner as this Prospectus and must be made public in the same manner as this Prospectus.

If a supplement to the Prospectus is published, investors will have the right to withdraw their orders made prior to the publication of the supplement provided that the new factor, mistake or inaccuracy referred to in the previous paragraph arose before the end of the Offering Period and the delivery of the Shares. Such withdrawal must be done within the time period set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer to sell, or an invitation of an offer to purchase, any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company, the Selling Shareholders and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. None of the Company, the Selling Shareholders or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions. The Company, the Selling Shareholders and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase Shares that the Company, the Selling Shareholders, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

STABILIZATION

In connection with the Offering, UBS Limited or its affiliates will act as Stabilization Manager on behalf of itself and the Underwriters and may engage in transactions that stabilize, maintain or otherwise affect the price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company for up to 30 days from the Listing Date (the "Stabilization Period"). These activities may support the market price of the Shares at a level higher than that which might otherwise prevail. Stabilization will not be executed above the Offer Price. Such transactions may be effected on Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may discontinue any of these activities at any time and they must terminate at the end of the 30-day period mentioned above.

Within five business days of the end of the Stabilization Period, the following information will be made public in accordance with Article 5, §2 of the Royal Decree of May 17, 2007 on primary markets practices: (i) whether or not stabilization was undertaken; (ii) the date at which stabilization started; (iii) the date on which stabilization last occurred; (iv) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out; and (v) the final size of the Offering, including the result of the stabilization and the exercise of the Over-allotment Option, if any.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been and will not be registered under the U.S. Securities Act and are being offered and sold: (i) in the United States only to persons who are reasonably believed to be QIBs in reliance on Rule 144A;

and (ii) outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer Shares, see "*Transfer Restrictions*."

The Offer Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Underwriters or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without our prior written consent, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer Shares.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THE SECRETARY OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

An offer to the public of any Offer Shares may not be made in any Member State of the European Economic Area ("EEA") other than an offer to the public in Belgium unless the Prospectus has been (i) approved by the competent authority in such Member State or passported and (ii) published in accordance with the Prospectus Directive as implemented in such Member State. This Prospectus has been prepared on the basis that all offers of Offer Shares other than the offers contemplated in Belgium, will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders or any of the Joint Global Coordinators to produce a prospectus for such offer. Neither the Company, the Selling Shareholders nor the Joint Global Coordinators have authorized, nor do the Company, the Selling Shareholders or the Joint Global Coordinators authorize, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Joint Global Coordinators which constitute the final placement of Offer Shares contemplated in this Prospectus.

The Offer Shares have not been, and will not be, offered to the public in any Member State of the European Economic Area that has implemented the Prospectus Directive, except for Belgium (a "Relevant Member State"). Notwithstanding the foregoing, an offering of the Offer Shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, if applicable

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company, the Selling Shareholders or any Joint Global Coordinator of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are “qualified investors” or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000.

Any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with, persons who (i) are investment professionals falling within Article 19(5) or (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, “relevant persons”). Persons who are not relevant persons should not take any action on the basis of the Prospectus and should not act or rely on it.

AVAILABLE INFORMATION

This Prospectus is available to retail investors in Belgium in English and Dutch. The Summary of the Prospectus will be made available in French. The Prospectus will be made available to investors at no cost at our registered office, located at Korte Keppestraat 21/31, 9320 Erembodegem (Aalst), Belgium and can be obtained by retail investors in Belgium on request from the KBC Telecenter at +32 3/283.29.70 or Petercam NV/SA at +32 2/229.64.46.

Subject to selling and transfer restrictions, the Prospectus is also available to investors in Belgium in English and Dutch, and the Summary of the Prospectus is available in French, on the following websites: *www.ontexglobal.com; www.petercam.com; www.kbcsecurities.be and www.kbc.be/ontex*.

The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Information on our website (*www.ontexglobal.com*) or any other website does not form part of the Prospectus.

We have filed the Company’s deed of incorporation and must file its coordinated Articles of Association and all other deeds that are to be published in the Annexes to the Belgian State Gazette with the clerk’s office of the commercial court of Ghent, division Dendermonde, where they are available to the public. Ontex Group NV is registered with the register of legal entities (Ghent, division Dendermonde) under enterprise number 0550.880.915. A copy of the Company’s most recent Articles of Association will also be available on its website.

In accordance with Belgian law, the Company must also prepare audited annual statutory and consolidated financial statements. The annual statutory financials statements, together with the report of the Board of Directors and the audit report of the statutory auditor, as well as the consolidated financial statements, together with the report of the Board of Directors and the audit report of the statutory auditor thereon, will be filed with the National Bank of Belgium, where they will be available to the public. Furthermore, as a listed company, the Company must publish an annual financial report (comprised of the financial information to be filed with the National Bank of Belgium and a responsibility statement) and a semi-annual financial report (comprised of condensed financial statements, the report of the statutory auditor, if audited or reviewed, and a responsibility statement). These reports will be made publicly available on our website.

As a listed company, the Company must also disclose “inside information,” information about our shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of

November 14, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereglementeerde markt/Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*), such information and documentation will be made available through press releases, the financial press in Belgium the communication channels of Euronext Brussels or a combination of these media. All press releases published by the Company will be made available on its website.

We have agreed that, for so long as any of the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided to such persons pursuant to Rule 144A(d)(4) under the U.S. Securities Act. We are not currently subject to the periodic reporting requirements of the U.S. Exchange Act.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Company was incorporated on April 24, 2014 to act as a new holding company for the business of Ontex. Ontex I S.à r.l. ("Ontex I"), which served as a holding company for Ontex's operations and carried out its activities through various subsidiaries, will be contributed to the Company conditionally upon and immediately prior to the closing of the Offering, as described in *"Principal and Selling Shareholders and Group Structure — Reorganization."* The value attributed to Ontex I for purposes of the contribution in kind to the Company will be calculated on the basis of the Offer Price. The shareholders of the Company have resolved, prior to the commencement of the Offering, upon a capital reduction of the Company, subject to and with effect immediately prior to the closing of the Offering, which will result in distributable reserves being created in the amount of €400 million.

If the Company had prepared consolidated financial statements on the basis of the transactions described in *"Principal and Selling Shareholders and Group Structure — Reorganization"* having taken place, there would be no material differences between such consolidated financial statements and the consolidated financial statements of Ontex I. Other than expenses incurred by the Company in connection with the Offering in the amount of €46.9 million (assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over–allotment Option is exercised in full), there will be no material differences between the income statement of the Company and Ontex I in future periods. There will be certain immaterial differences resulting from operating costs incurred at the level of the Company in future periods. Due to the immaterial nature of the differences between the financial statements of the Company and Ontex I, the Company is of the view that the consolidated financial statements of Ontex I for the periods indicated provide the information required to ensure that investors and potential investors in the Offer Shares are aware of all information which, according to the particular nature of the Company and of the Offer Shares, is necessary to enable investors and potential investors to make an informed assessment of the assets and liabilities, financial position, and profit and losses of the Company.

Financial information published by the Company after the closing of the Offering in furtherance of its ongoing disclosure obligations will include financial statements of the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The unaudited interim condensed consolidated financial statements of Ontex I as of and for the three months ended March 31, 2014 and 2013 and its audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 have been prepared in accordance with IFRS. The unaudited interim condensed consolidated financial statements referred to above have been reviewed by PricewaterhouseCoopers, Société coopérative. The audited consolidated financial statements of Ontex I as of and for the years ended December 31, 2013, 2012 and 2011 have been audited by PricewaterhouseCoopers, Société coopérative, as indicated in their report included herein. As far as the Company is aware and is able to ascertain from the aforementioned information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Rounding adjustments have been made in calculating some of the financial information included in this Prospectus. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Divisional Presentation

According to IFRS 8, reportable operating segments are identified based on the "management approach." This approach provides for external segment reporting based on internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The activities of Ontex I are carried out through one segment, hygienic disposable products. There are no other significant classes of business, either singularly or in aggregate. The Board of Directors, which acts as the chief operating decision maker, reviews Ontex I's operating results and operating plans, and makes resource allocation decisions on a group-wide basis. Therefore, Ontex I operates as one segment.

Nonetheless, we have elected to present certain information in this Prospectus by product, by division and by geography. Prior to January 1, 2014, Ontex I had three divisions: Retail, Middle East and Africa and Healthcare. Effective January 1, 2014, Ontex I has four divisions: Mature Market Retail, Growth Markets, Middle East and Africa and Healthcare. The former Retail Division was split into the new Mature Market Retail and Growth Markets Divisions in order to reflect our new organizational structure and centralized sales and marketing functions. We have presented Ontex I's revenue based on four divisions for the first time in the unaudited interim condensed consolidated financial statements of Ontex I as of and for the three months ended March 31, 2014 and

2013. The audited consolidated financial statements of Ontex I as of and for the years ended December 31, 2013, 2012 and 2011 include a breakdown of revenue based on three divisions. For ease of comparison across periods, in *"Operating and Financial Review and Prospects"* and *"Business,"* we have elected to present Ontex I's results of operations for the three months ended March 31, 2014 and 2013 and the year ended December 31, 2013, 2012 and 2011 based on Ontex I's current divisional structure, and have also aggregated the new Mature Market Retail and Growth Markets Divisions to show revenue for the former Retail Division.

In addition, a small number of customers were reclassified between the Middle East and Africa and Healthcare Divisions in 2013, in line with account and sales management of those customers. For ease of comparison across periods, revenue by division for prior periods was restated.

Non-IFRS Financial Measures

This Prospectus contains non-IFRS measures and ratios, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted free cash flow, cash conversion and return on invested capital, that are not required by, or presented in accordance with IFRS. EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization. EBITDA margin is defined as EBITDA divided by revenue. Adjusted EBITDA is defined as EBITDA plus non-recurring expenses excluding non-recurring depreciation and amortization. Non-recurring expenses are defined as those items that are considered by management to be non-recurring or unusual because of their nature. Non-recurring expenses for the periods under review include acquisition costs; business restructuring costs, including costs relating to the liquidation of subsidiaries and the closure, opening or relocations of factories; and asset impairment costs. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. Adjusted free cash flow is defined as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements) less cash taxes paid. We also present Adjusted free cash flow prior to the deduction of cash taxes paid. Cash conversion is defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA. Return on invested capital is defined as adjusted operating profit (i.e., excluding non-recurring items) divided by net operating assets (defined as operating assets (total assets less derivative financial assets and cash and cash equivalents) less operating liabilities (total liabilities less employee benefits liabilities, borrowings, other financial liabilities and derivative financial liabilities) less goodwill).

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS 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 as reported under IFRS. Non-IFRS measures such as EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted free cash flow, cash conversion and return on invested capital are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider EBITDA, Adjusted EBITDA or Adjusted free cash flow as an alternative to: (i) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance; (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (iii) any other measures of performance under generally accepted accounting principles. Some of the limitations of EBITDA and Adjusted EBITDA are:

- they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs; and
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts.

For a reconciliation of EBITDA and Adjusted EBITDA to operating profit and Adjusted free cash flow to operating profit, see *"Selected Consolidated Financial Information — Reconciliations of Non-IFRS Financial Measures."*

Financial Information for Prior Periods

In this Prospectus, we make statements regarding revenue growth during the past ten years. For the years 2003 to 2010, the financial information used is that of ONV Topco NV, whereas for the years 2011 to 2013, the financial information used is that of Ontex I. Furthermore, for all years prior to 2008, the financial statements of ONV

Topco NV were prepared in accordance with accounting principles generally accepted in Belgium ("Belgian GAAP"). For 2008 and all subsequent years, the relevant financial statements have been prepared in accordance with IFRS. Because of the use of financial statements of different entities within the Ontex group and the different basis of preparation, revenue across these years is not comparable. You should consult your professional advisors for an understanding of the differences between IFRS and Belgian GAAP and how these differences might affect the statements we make regarding revenue growth.

Furthermore, we make certain statements regarding organic growth during the past ten years, which reflects revenue growth excluding the impact of acquisitions made during this period. Management has made certain estimates in order to calculate organic growth, in particular in relation to the Lille Healthcare, ID Medica and MH Medizin and Hygiene (formerly part of the Paul Hartmann group) acquisitions, since revenue attributable to those acquisitions was not able to be isolated in the same manner as for Serenity due to the way in which they were integrated. Our estimated organic growth during the past ten years is stated at reported exchange rates.

Material Contracts

Certain material contracts of the Company, Ontex I and its subsidiaries are described in *"Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources"* and *"Related Party Transactions."* Other than the contracts described in these sections, there are no material contracts, other than contracts entered into in the ordinary course of business, to which the Company, Ontex I or any of its subsidiaries is a party, for the two years immediately preceding publication of this Prospectus.

Other Information

In this Prospectus, references to the "Company" are to Ontex Group NV and references to "Ontex," "we," "us" or "our" are to the Company together with Ontex I and its consolidated subsidiaries.

References to "Euros" or "€" are to the common currency of the member states of the EU that are part of the Eurozone. References to the "United States" or the "U.S." are to the United States of America and references to "U.S. dollars" or "$" are to the lawful currency of the United States.

INDUSTRY AND MARKET DATA

This Prospectus includes market share and industry data, which were obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from reports provided by Euromonitor International ("Euromonitor") and the Nielsen Company ("Nielsen").

The third party sources we have used generally state that the information they contain has been obtained from sources believed to be reliable. These third party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As we do not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third party sources, we are unable to verify such information and, while we believe it to be reliable, we cannot guarantee its accuracy or completeness.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon our best estimates, which are in turn based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we compete, information published by our competitors and our own experience and knowledge of conditions and trends in the markets in which we operate.

We cannot assure you that any of the assumptions that we have made while compiling this data from third party sources are accurate or correctly reflect our position in the industry and none of our internal estimates have been verified by any independent sources. None of the Company, the Selling Shareholders or the Underwriters makes any representation or warranty as to the accuracy or completeness of this information. None of the Company, the Selling Shareholders nor the Underwriters have independently verified this information and, while we believe it to be reliable, none of the Company, the Selling Shareholders or the Underwriters can guarantee its accuracy.

Market Size and Demographic Statistics

Unless otherwise noted, all data relating to the size of the hygienic disposables market and the babycare, feminine care and retail adult incontinence markets, as well as historical and forecasted growth of these markets, is derived from Euromonitor.

All data relating to population growth and adoption rates for our products is also derived from Euromonitor. Unless otherwise noted, the Euromonitor data we present includes Turkey within the Middle East and Africa rather than Western Europe. The size of the market is based on value of hygienic disposable products sold in the relevant year, which is in turn based on retail sales prices at fixed exchange rates and current prices.

Retailer Brand Penetration

All data relating to the penetration of retailer brands, as well as the market share of our branded competitors, is based on data produced by Nielsen. Data relating to the penetration of retailer brands and the market share of our branded competitors has been adjusted by management to take account of the portion of the market that is not covered by Nielsen, as described in further detail under *"— Augmented Nielsen Data."*

We have chosen to use Nielsen data rather than Euromonitor data as the basis for our estimates of retailer brand penetration and market share of our branded competitors because we consider the Nielsen data to be more accurate, since it is based on actual scanning or panels data instead of Euromonitor's method of interviews with industry participants. Nielsen provides data on both a value and volume basis. We have elected to present volume data as we believe that this is more accurate because we can compare the Nielsen data with our own data on a "like-for-like" basis. Data presented on a value basis reflects retail selling prices, which require adjustments to deduct applicable sales, taxes and margins before they can be compared to our own sales.

Augmented Nielsen Data

Nielsen data does not reflect the entire retail hygienic disposables market. When compiling its data, Nielsen excludes certain sales channels in different countries such as hard discount stores and other large retailers, through which we sell a portion of our products. Nielsen informs us of the sales channels that are excluded from its data scanning exercise in each country, as well as the percentage of the relevant market that it purports to cover. However, Nielsen is unable to tell us what portion of our sales are included in its data. Nielsen's coverage of the market varies by country, with coverage of 97% in Germany, compared to 90%, 85%, 80% and 75% for Italy, France, the United Kingdom and Spain, respectively, in 2013. In addition, Nielsen's coverage of the market varies from year to year, with a general trend towards greater coverage of the market.

Because Nielsen's coverage varies by country and across years, management "grosses up" the size of the relevant market as provided by Nielsen by dividing the size of the market by the percentage of the market covered by Nielsen. In order to calculate retailer brand penetration for a particular region, management uses the "grossed up" market size for each country in the relevant region and applies the split between branded products and retailer brands for that country as calculated by Nielsen. When this process is applied for all countries within a region, this results in a slight difference between retailer brand penetration as calculated by Nielsen and retailer brand penetration as calculated by management.

For purposes of the Nielsen data, Western Europe includes the following countries: Austria, Belgium, France, Germany, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Denmark, the United Kingdom and Switzerland. Eastern Europe includes the following countries: Czech Republic, Hungary, Poland, Russia, Slovakia and Romania. Although Euromonitor covers a broader range of countries than Nielsen, the coverage of the hygienic disposables market in terms of volume and value is substantially similar.

Market Share

Although Nielsen provides a breakdown of branded products and retailer branded products (which management adjusts as described above), it does not provide information regarding the individual market shares of retailer brand manufacturers. This is because there are typically no distinguishing features on the packaging of retailer branded products to identify the manufacturer and the sales codes on those products cannot typically be used to identify them. Therefore, in order to calculate our market share within the retailer branded market, management employs a methodology we refer to as "competition mapping." This methodology involves the estimation of the size of the retailer branded market in the relevant country or region. In order to make this estimate, we record in a centralized database the demand for products (by volume) required by all customers in a country. We derive this information from tender processes, which retailers almost always use to purchase products. In a tender process, a retailer will inform each supplier of the expected required volume of products it requires. As one of the largest suppliers of retailer branded products, we believe that we are invited to, or are otherwise aware of, all major tender offers made by large European retailers. On this basis, we are able to aggregate the information from substantially all tender processes in order to present reliable data regarding the size of the retailer branded hygienic diposables market. We then use our known sales volumes to estimate our market share in the relevant country or region. We are also able to estimate our competitors' market share since we are usually informed of the successful candidate in each tender process in which we participate and if we are not invited to participate, we are usually able to ascertain who the successful candidate was via market intelligence we collect. However, where we do not win a tender, we do not know whether the contractually agreed sales volumes match the sales volume announced in the tender, which may result in an underestimation of our competitors' market share. Furthermore, we may not be invited to tenders that are not commercially viable for a supplier of our size, which means that the "competition mapping" methodology may not reflect these tenders. We believe, however, that the volumes represented by any such tenders are immaterial.

Management undertakes the "competition mapping" exercise for the retailer branded market in September and March of each year. Unless otherwise noted, all market share data contained in this Prospectus is based on the "competition mapping" exercise undertaken by management in March 2014. The data for March 2014 reflects both changes in retailers' supplier base that have become effective since September 2013 (the date at which the previous exercise was undertaken) and changes in retailers' suppliers which have been confirmed but where the incumbent supplier is still delivering. Accordingly, our market share may be underestimated or overestimated to the extent that confirmed changes in retailers' suppliers do not occur.

The "competition mapping" methodology for Western Europe covers Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. For Eastern Europe, it covers the Czech Republic, Hungary, Poland, Romania and Slovakia. There are differences between the countries covered by the Nielsen data and the countries covered by the "competition mapping" methodology. In particular, Russia is included in the Nielsen data for Eastern Europe but not in the "competition mapping" methodology.

Healthcare Market Data

There are no third party data providers that provide data specifically on the size of the healthcare market for adult incontinence products in Western Europe. As a result, we use our own methodology to estimate the size of this market. To estimate the size of the market, we analyze four principal sales channels: (i) pharmacies, (ii) hospitals, (iii) care for the elderly and (iv) home delivery.

To calculate the size of the pharmacies channel in Western Europe, we use an analysis for the 12-month period to December 2013 prepared by IMS Health. The IMS Health data provides the number of adult incontinence products sold and the retail sales price at which they have been sold to consumers (which includes any applicable sales tax and sales margins). For Belgium, Italy, France, Spain and Germany, this is based on selling-out data (being the prices of products scanned at points of sale) and analysis and for the United Kingdom, this is based on selling-in data (being the prices of products recorded when sold by the producer to its retailer customer) and analysis. We adjust the retail sales prices provided by IMS Health by deducting applicable sales tax and a specified percentage that we believe represents a reasonable assessment of the industry standard sales margin. We use value data rather than volume data provided by IMS Health, which allows us to aggregate the size of the pharmacies channel with the estimated size of the other sales channels, which are usually only available on a value basis.

There is no third party data available regarding the size of the hospitals, care for the elderly and home delivery channels. We therefore use our knowledge through our local operations to estimate the size of these sales channels, a methodology we refer to as "healthcare division data mapping." We derive information from tender processes, which customers almost always use to purchase products. The invitations for these tender processes typically contain the expected value (but not the volume) required by the customer. As one of the largest suppliers of adult incontinence products to institutions, we believe that we are invited to, or are otherwise aware of, all major tender offers made by large institutions in Western Europe. The method for recording and monitoring tender invitations varies by market. In some markets, we have publicly available sources compiling the information related to different tenders, such as industrial associations for medical devices, whereas in other markets we rely on data we compile ourselves or data compiled by our distributors. Supply is also allocated through individually negotiated contracts outside of a formal tender process, but we believe that this represents a small portion of the market. For these contracts, we make estimates based on our experience in the market, relationships with customers and relationships with suppliers. In the case of the care for the elderly sales channel, we also source information from government bodies and institutions on the number of beds in these institutions.

In order to calculate the total value of the healthcare market, we aggregate our estimates for the pharmacies, hospitals, care for the elderly and home delivery sales channels. We then calculate our market share by dividing our revenue by the estimated size of the healthcare market using the "healthcare division data mapping" methodology described above.

Middle East and Africa Market Data

Our estimates of the size of the market for babycare products in the Middle East and Africa, as well as historical and forecasted growth for this region, is derived from Euromonitor, as described above under *"— Market Size and Demographic Statistics."* However, we believe that the Euromonitor data underestimates the size of the market. For instance, in some countries in the Middle East and Africa, our sales are higher than Euromonitor's estimate for the size of the market. For this reason, in order to estimate our market position, we use data provided by a 2011 report produced by Richer Investment S.A. de C.V. entitled "Report on Diapers Market" (the "Richer Report"). To estimate the size (in volume) of the babycare market in a particular country, we multiply (i) the penetration rate for diapers for that country as set forth in the Richer report, (ii) the baby population for that country as provided by Euromonitor and (iii) the theoretical diaper usage per day according to the Richer report, which is 4.4 diapers per day. We then divide our sales volume for the relevant country by our estimate of the market size (in volume) for that country. This, together with management's knowledge of local markets, provides us with a basis for the statements we make in this Prospectus regarding our market position in various countries in the Middle East and Africa.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a limited liability company incorporated under the laws of Belgium. All of our directors and all members of our executive management team live outside the United States. All or a substantial portion of our assets and of the assets of these individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon these individuals or us or to enforce against them judgments obtained in the United States based on the civil liability provisions of the U.S. securities laws. There is uncertainty as to the enforceability in Belgium of original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the captions *"Summary," "Risk Factors," "Operating and Financial Review and Prospects," "Industry," "Business"* and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "continue," "ongoing," "potential," "predict," "project," "target," "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout this Prospectus. Forward-looking statements include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, prospects, growth, strategies and dividend policy and the industry in which we operate. In particular, certain statements are made in this Prospectus regarding management's estimates of future growth.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the date of this Prospectus and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Prospectus.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

These factors include:

- the pledge of shares of certain of our subsidiaries and our assets in favor of creditors;
- our leverage and our ability to service debt;
- the effect of restrictive covenants in our debt instruments;
- the unavailability of raw materials and the impact of fluctuations in raw materials prices;
- fluctuations in exchange rates;
- the effect of disruptions to or a loss of one of our production facilities;
- competition from branded product manufacturers and other retailer brand manufacturers;
- our ability to maintain our on-time service delivery record;
- the effect of product recall or liability claims and/or any adverse publicity;
- the effect of claims asserting the infringement of intellectual property rights;
- our ability to retain our customers;
- failure to realize benefits from and adverse impact of unanticipated costs associated with acquisitions;
- the risks associated with operating internationally;
- recent and ongoing unrest in certain of the countries in which we operate;
- changes in the policies and requirements of our customers;
- changes in the payment and reimbursement policies of governments and other parties;
- reliance on our executive management team and our ability to recruit, train, motivate and retain employees;
- the incurrence of losses that are not insured;
- our ability to extent, renew or renegotiate our collective bargaining agreements on favorable terms and our relationship with our employees and trade unions;
- increased labor costs;
- disruption due to failure of our information systems;
- the effects of health, safety and environmental regulations;
- the impairment of goodwill or other intangible assets; and
- changes in tax rates, tax liabilities or tax rules.

These risks and others described under *"Risk Factors"* are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the sectors in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, certain information regarding daily reference exchange rate (the "ECB Daily Reference Rate") published by the European Central Bank (the "ECB") for U.S. Dollars, expressed in U.S. Dollars per Euro, rounded to the nearest four decimal places. No representation is made that U.S. Dollar amounts have been, could have been or could be converted into Euro, or vice versa, at such exchange rates or at any other exchange rate.

	U.S. Dollars per one Euro			
	Period End[(1)]	**Average**[(2)]	**High**	**Low**
Year				
2009	1.4406	1.3948	1.5120	1.2555
2010	1.3362	1.3257	1.4563	1.1942
2011	1.2939	1.3920	1.4882	1.2889
2012	1.3194	1.2848	1.3454	1.2089
2013	1.3791	1.3281	1.3814	1.2768
2014 (through June 6)	1.3642	1.3721	1.3953	1.3495
Month				
January 2014	1.3516	1.3610	1.3687	1.3516
February 2014	1.3813	1.3659	1.3813	1.3495
March 2014	1.3788	1.3823	1.3942	1.3732
April 2014	1.3850	1.3813	1.3872	1.3700
May 2014	1.3607	1.3732	1.3953	1.3607
June 2014 (through June 6)	1.3642	1.3618	1.3645	1.3567

Notes:

(1) Represents the exchange rate on the last business day of the applicable period.

(2) Represents the average of the ECB Daily Reference Rates on each business day of each month during the relevant one-year period and, with respect to monthly information, the average of the ECB Daily Reference Rates on each business day for the relevant period.

TABLE OF CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable."

Section A — Introduction and warnings

Element	Disclosure requirement
A.1	**Introduction and warnings** This summary must be read as an introduction to this Prospectus and is provided to aid investors when considering whether to invest in the Shares, but is not a substitute for this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the persons responsible for this summary in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares. Where a claim relating to this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.
A.2	**Consent for use of the prospectus for subsequent resale** Not applicable. The Company does not consent to the use of the Prospectus for the subsequent resale or final placement of securities by financial intermediaries.

Section B — Company

Element	Disclosure requirement
B.1	**The legal and commercial name of the Company** The legal name of the Company is Ontex Group NV. It carries out its business under the name of Ontex.
B.2	**Domicile and legal form of the Company** The Company is a limited liability company incorporated in the form of a *naamloze vennootschap/ société anonyme* under Belgian law. It is registered with the legal entities register of Ghent, division Dendermonde under number 0550.880.915. The Company's registered office is located at Korte Keppestraat 21/31, 9320 Erembodegem (Aalst), Belgium.
B.3	**Current operations and principal activities of the Company and the principal markets in which it competes** We are a leading manufacturer of retailer branded and branded hygienic disposable products across Western Europe, Eastern Europe, Middle East and Africa. We have an estimated market share of retailer brands of 41% in Western Europe and above 50% in Eastern Europe based on volume in

Element	Disclosure requirement
	2013. We primarily sell our products to retailers, helping them to establish or enhance their own brands. We sell both retailer brands and Ontex brands, with the mix varying by product category and geography. We also sell a small amount of finished products to other manufacturers, which is referred to as contract manufacturing. For the three months ended March 31, 2014 and the year ended December 31, 2013, 61.3% and 62.3% of our revenue was generated from retailer branded products (including contract manufacturing which we undertake through our Mature Market Retail Division), with the remaining 38.7% and 37.7% being generated from Ontex brands, respectively. We operate our business through four divisions, which are mainly organized by sales channel and the nature of our customer relationships: • Mature Market Retail, which primarily sells retailer branded products to established retailers in Western Europe, where demographic trends and adoption rates for its core products, babycare and feminine care products, are relatively stable. The Mature Market Retail Division accounted for 55.1% of our revenue for the three months ended March 31, 2014 and 56.7% of our revenue for the year ended December 31, 2013; • Growth Markets, which sells a mix of retailer branded products and Ontex brands and is focused geographically on Eastern Europe, where the demographic profile of the population is similar to Western Europe, but the potential for growth of the hygienic disposable products market is supported by lower, but increasing, adoption rates compared to Western Europe. The Growth Markets Division accounted for 5.4% of our revenue for the three months ended March 31, 2014 and 5.9% of our revenue for the year ended December 31, 2013; • Middle East and Africa, which sells primarily Ontex branded products in Turkey, Algeria, Pakistan and Morocco, as well as other countries in the region. These countries benefit from favorable demographic trends, including expected population growth as well as increasing adoption rates for all products. The Middle East and Africa Division accounted for 12.9% of our revenue for the three months ended March 31, 2014 and 12.0% of our revenue for the year ended December 31, 2013; and • Healthcare, which primarily sells Ontex branded adult incontinence products directly or through distribution channels to institutional customers in the healthcare market. The Healthcare Division accounted for 26.6% of our revenue for the three months ended March 31, 2014 and 25.4% of our revenue for the year ended December 31, 2013. Our core product categories include: • Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes. Babycare products comprised 52.5% of our revenue for each of the three months ended March 31, 2014 and the year ended December 31, 2013. • Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection. Adult incontinence products comprised 33.7% of our revenue for the three months ended March 31, 2014 and 32.9% of our revenue for the year ended December 31, 2013. • Feminine care products, such as sanitary pads, panty liners and tampons. Feminine care products comprised 12.3% of our revenue for the three months ended March 31, 2014 and 13.2% of our revenue for the year ended December 31, 2013. Other products, which comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products, accounted for 1.5% of our revenue for the three months ended March 31, 2014 and 1.4% of our revenue for the year ended December 31, 2013. We are headquartered in Erembodegem (Aalst), Belgium and have a well balanced manufacturing and sales footprint. We have 15 production facilities located across Europe (including two in Belgium, one in the Czech Republic, two in France, two in Germany, one in Spain and one in Italy), China, Turkey, Algeria, Russia, Australia and Pakistan. We have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, the Middle East and Australia through which we make sales in more than 100 countries worldwide. The wide reach of our production facilities and sales offices allows us to operate across a wide range of markets in a cost effective manner. We employed an average of 4,981 full time equivalent employees during the year ended December 31, 2013.

Element	Disclosure requirement
	We enjoy deep relationships with the main large European retailers, including Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. Our business is also diversified, with our largest customer accounting for 6.4% of our revenue and our ten largest customers accounting for 38.7% of our revenue for the year ended December 31, 2013. In terms of geographic markets, 68.4% of our revenue was attributable to Western Europe in the year ended December 31, 2013 (with the United Kingdom accounting for 16.6% and France, Germany, Italy and the rest of Western Europe accounting for 15.3%, 9.9%, 8.5% and 18.2% of total revenue, respectively), 13.2% was attributable to Eastern Europe and 18.4% was attributable to the Middle East and Africa and the rest of the world. During the period from 2003 to 2013, our revenue has grown at a compound annual growth rate of 7.2% (including acquisitions), with average organic revenue growth (i.e., growth at reported currency excluding the impact of acquisitions) of approximately 4.7%. This has led to our revenue doubling over the past ten years. For the three months ended March 31, 2014, our revenue was €400.2 million, our EBITDA was €46.9 million and our Adjusted EBITDA was €49.2 million. For the year ended December 31, 2013, our revenue was €1,491.9 million, our EBITDA was €156.3 million and our Adjusted EBITDA was €173.6 million. Our cash conversion (defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA) was 68.2% for the year ended December 31, 2013.
B.4a	**Significant recent trends affecting the Company and the industries in which it operates** ***Market Dynamics*** Our revenue is influenced both by growth of the overall market for hygienic disposable products, which is in turn largely driven by demographic trends, and by growth in penetration of retailer brands. Changes in the competitive landscape may also affect the penetration of retailer brands as well as our market share within retailer brands. *Demographic Trends* Demand for hygienic disposables is influenced by demographic trends in the markets in which we operate, including population growth and trends in the adoption of our products. In the babycare market, demand for our products is driven by the number of babies, in the feminine care market, demand is driven by the size of the female population aged 15-50 years and in the adult incontinence market, demand is driven by the size of the population over 65 years. The adoption of our products is affected by factors such as changes in GDP per capita, awareness of product availability, product innovation and other trends, such as the average age of potty training and the number of people suffering from incontinence. Although the hygienic disposables market as a whole is generally not directly exposed to economic cycles given the relatively non-discretionary nature of the products, the overall trend of adoption of hygienic disposables in emerging markets may slow during economic downturns due to consumers' price sensitivity. *Penetration of Retailer Brands* Hygienic disposables are manufactured by branded product manufacturers, often well-known companies with large-scale operations such as Procter & Gamble, Johnson & Johnson, Kimberly Clark and SCA, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of national and international retailers, who in turn promote and sell the products under their own brands or labels. Our revenue is influenced by changes in the overall share of retailer brands in the market. Furthermore, our share of retailer brands is linked to the overall share of retailer brands in the market. The overall share of retailer brands in the market, as well as our own market share, can be influenced by factors such as trends in GDP growth, marketing and promotional activity and product innovation. While the overall market for hygienic disposable products benefits from a relative inelasticity of demand, consumers may become more price sensitive during economic downturns, and may increasingly buy retailer branded products, which are generally less expensive

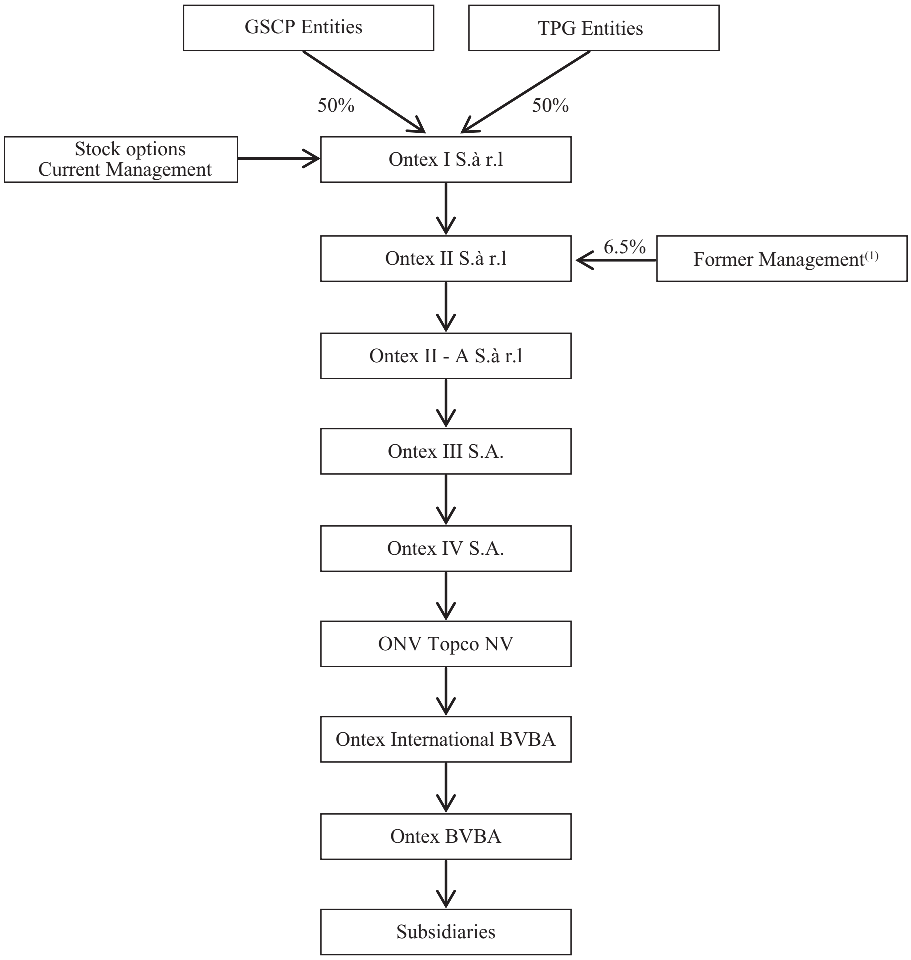
Element	Disclosure requirement
	than branded products. For that reason, competition from branded product manufacturers and other retailer brand manufacturers may increase during economic downturns. For example, during economic downturns, branded product manufacturers may increase their marketing and promotional activities (including by offering discounts on their products) in order to preserve market share. Branded product manufacturers periodically introduce new products with various innovations to existing products. Rapid time to market for comparable products is key to our competitiveness, both against branded products and other manufacturers' retailer brands that are introduced in response. Our revenue is affected by our ability to develop and launch comparable new product innovations rapidly, and also by our ability to introduce new innovations that will diversify and differentiate our product offering from that of branded product manufacturers and other retailer brand manufacturers. *Competitive Landscape* Across the various divisions and geographies in which we operate, we compete with both branded product manufacturers and other retailer brand manufacturers. The largest manufacturers of branded hygienic disposable products in Europe are Procter and Gamble, Johnson & Johnson and SCA, which sell brands such as Pampers, Always and Tampax (Procter and Gamble), o.b. and Carefree (Johnson & Johnson), and Tena (SCA). Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the total hygienic disposables market of approximately 39%, 11% and 7% in Western Europe, respectively, based on volume in 2013. In Eastern Europe, Procter & Gamble's market share of the total hygienic disposables market was approximately 41% and Johnson & Johnson and SCA's branded business each had a market share of approximately 5%, based on volume in 2013. We believe that retailer brand penetration was 39% and 16% in Western Europe and Eastern Europe, respectively, based on volume in 2013. Our share of the 39% of the Western European market represented by retailer brands was approximately 41% and our share of the 16% of the Eastern European market represented by retailer brands was above 50%, based on volume in 2013. Changes in the competitive landscape of the hygienic disposables market may influence our revenue. For example, the exit of Kimberly Clark from the Western European babycare market, which it announced in 2012, has also had a significant impact on the share of retailer brands in Western Europe as well as our market share. The Kimberly Clark diaper business was split between the Huggies brand and a number of retailer brand contracts it had entered into in 2011. The Huggies brand had significant market share in the United Kingdom, while Kimberly Clark's retailer brand contracts were spread across Europe. The impact of Kimberly Clark's exit differed by country but the exit generally contributed to an increase in retailer brand penetration. For example, in the United Kingdom, the withdrawal of Kimberly Clark from the Western European baby diaper market contributed to a 13 percentage point increase in the share of retailer brands from 2012 to 2013, where we were the largest manufacturer by volume across our product categories in 2013. Kimberly Clark's withdrawal benefitted all manufacturers of retailer brands but in general we believe that we have captured a share of Kimberly Clark's volumes that is commensurate with our position in the market. ***Government Spending*** Our Healthcare Division primarily sells Ontex branded products to public institutions. The method of payment or reimbursement for the healthcare market for adult incontinence products varies by country. However, it is typically a governmental body or health insurer who ultimately pays for the products. Accordingly, trends in government spending on adult incontinence products will affect the share of our brands in the market. Due to reductions in budgets by many European governments, public institutions such as hospitals and nursing homes may be required to limit their expenditures. We believe that due to the necessity of our adult incontinence products, any reduction or cancellation of payments or reimbursements for these products by governments or other parties will result, over time, in an increase in sales of such products through retail channels. The timing of any such impact and the degree to which the loss of revenue in our Healthcare Division will be compensated by growth in revenue from retail channels is difficult to predict.

Element	Disclosure requirement
	Cost of Raw Materials Our results of operations are impacted by the prices we pay for the raw materials we use to manufacture our products. Raw materials are the principal component of our cost of sales. Raw materials and packaging costs accounted for between 75% and 80% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. Traded goods accounted for less than 5% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. The prices we pay for raw materials can be highly variable, depending on a number of factors, including, but not limited to, the following: • the availability of supply, including supplier capacity constraints; • general economic conditions globally and in particular markets; • fluctuations in commodity prices, particularly crude oil prices, since certain chemicals used in our raw materials, including polyethylene, propylene and polypropylene, are derived from crude oil; • fluctuations in exchange rates, since we make purchases of fluff products in U.S. Dollars. The strengthening of the U.S. Dollar against the Euro will adversely affect our results of operations. Purchases of oil-based raw materials referred to above also increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars; • whether, under the terms of the relevant supply agreement, the purchase price of a particular raw material is linked to a price index, either for the raw material itself or one of its principal components. Our supply contracts for fluff are typically linked to the RISI index; supply contracts for super-absorber are typically linked to the index for propylene (propylene accounts for approximately 30% of acrylic acid); supply contracts for polyethylene products are linked to the index for low density polyethylene; and supply contracts for non-woven fabrics are linked to the index for polypropylene. The indices for propylene, polyethylene and polypropylene are correlated with the price of crude oil. We estimate that, at current commodity price levels, between 30% and 45% of our raw materials and packaging costs is directly linked to the evolution of commodities indices. The remaining 55% to 70% is subject to general inflation, and can be influenced to a greater degree by price negotiations; • whether the relevant supply agreement contains provisions that reduce our exposure to volatility in raw materials prices (which is the case for certain of our fluff supply agreements) and whether the purchase price is adjusted in advance or in arrears under the relevant supply agreement; • the demand of other industries for the same raw materials; and • the availability of complementary and substitute materials. If we are unable to pass on increases in raw material costs to our customers, our profitability can be adversely affected. The majority of our customer contracts are based on fixed pricing models and do not contain raw materials price indexation clauses, although we are increasingly seeking to introduce these clauses into our contracts. In particular, we have sought to introduce "escalator" clauses relating to oil-based products and currency movements in contracts with key customers. However, we are not always successful in adding them. We have also sought to manage our raw materials costs through hedging. For example, we entered into an Oil Brent Call Option in July 2010 for a measured quantity of oil barrels (1,900,000) for the period from July 2010 through September 2013. The option reached its maturity on September 15, 2013 and has not been replaced due to the fact that it did not qualify for hedge accounting treatment. We also recently introduced a hedging committee and in February 2014, hedged a portion of our fluff exposure for 2014. As noted above, our purchases of raw materials also entail foreign exchange risk, since we purchase fluff in U.S. Dollars and the reference price for crude oil is U.S. Dollars. We entered into foreign exchange forward contracts in December 2013 maturing through December 2014 and in March 2014 maturing through March 2015 in order to limit the volatility in the business resulting from exposure to sales and purchases in foreign currencies.

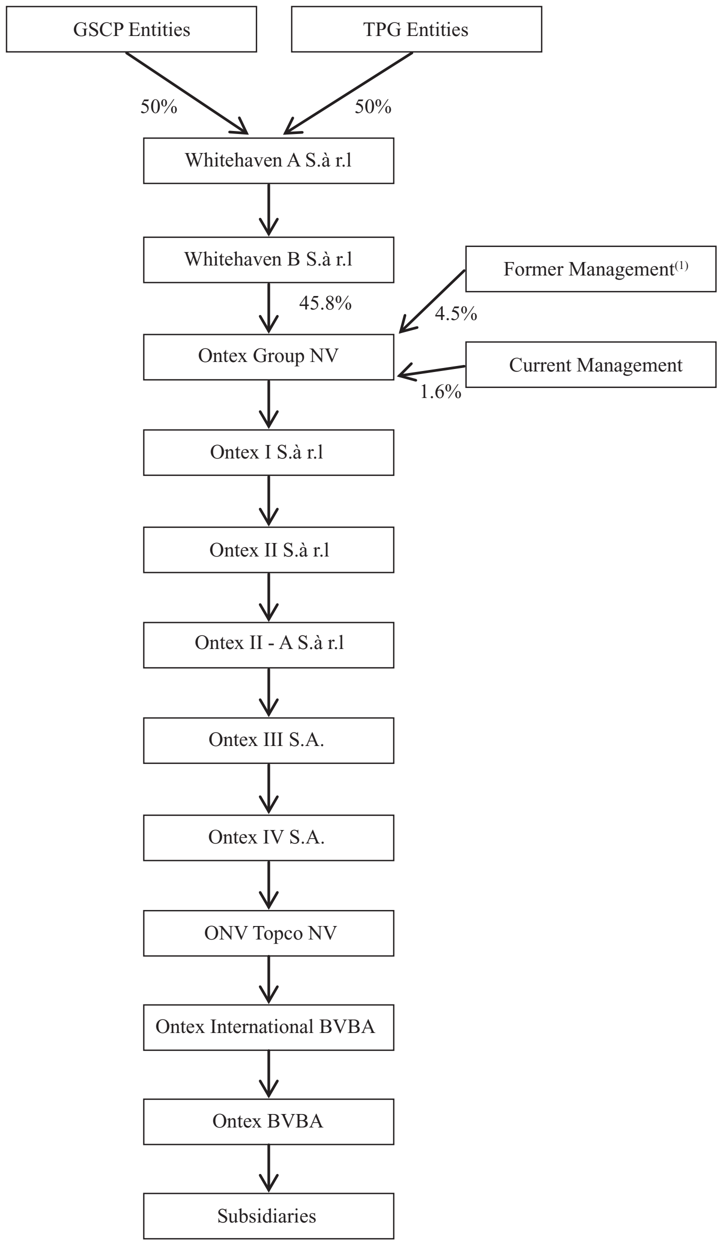
Element	Disclosure requirement
	Foreign Exchange Rate Fluctuations Currency exchange rate fluctuations can have a substantial impact on our results of operations. Our main functional and reporting currency is the Euro, and we make substantial sales and purchases denominated in other currencies, and have significant operations in, several countries that use other currencies. Foreign currency transactions are translated into the functional currency of the relevant subsidiary using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Accordingly, transactions in foreign currencies, including sales of our products denominated in foreign currencies and purchases of raw materials in foreign currencies, directly affect our results of operations. Translations of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are also recognized in the income statement. We make substantial sales denominated in currencies other than Euros. In the three months ended March 31, 2014 and the year ended December 31, 2013, we generated 37.6% and 38.3%, respectively, of our revenue in currencies other than Euros, principally Pounds Sterling, Turkish Liras, Polish Zloty, Australian Dollars and Russian Roubles. The strengthening of these currencies against the Euro will have a favorable impact on our results of operations, whereas the weakening of these currencies will have an adverse impact. We make purchases of certain raw materials, primarily fluff, in U.S. Dollars. U.S. Dollar denominated fluff purchases amounted to U.S.$189.5 million in the year ended December 31, 2013. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. The strengthening of the U.S. Dollar against the Euro, will adversely affect our results of operations. We have significant operations in countries located outside the Eurozone. The functional currencies of our subsidiaries in these countries are the relevant local currencies. For the purposes of presenting our consolidated financial statements, assets and liabilities of our foreign subsidiaries are translated at the closing foreign exchange rate at the end of the reporting period. Items of income and expense are translated at the average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate of the dates of the transactions), and equity items are translated at historical rates. The resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. Accordingly, any such differences do not affect our results of operations. ***Mix of Revenues and Effect on Margins*** The principal factors affecting our margins, as described in further detail above, are raw materials prices and exchange rate fluctuations and our ability to pass these on to customers or manage them through hedging. As our margins also vary across products, geographies, divisions and customers, our results of operations are also influenced by our mix of revenues. In particular, our margins vary from country to country primarily due to (i) the length of our presence in a country; (ii) the relative level of competition; (iii) whether the business is weighted toward retailer branded or branded products; and (iv) the distribution model. When we first enter a country, we incur certain start-up costs and typically have relatively low volumes to absorb fixed costs, which may result in margins being lower than those of countries in which we have a longstanding presence. As we increase the level of sales in a country, our margins generally improve. As a result, we do not expect the expected increase in sales in such countries as a percentage of our total sales to weigh heavily on our overall gross margin going forward. Also, our margins are typically lower when we are shipping into (rather than producing in) a country due to the higher transportation costs and the payment of import duties. Our margins may also vary from country to country due to the relative level of competition. The higher level of sales and marketing expenses associated with branded products may also affect our margins for a particular country. The nature of our distribution model also affects our gross margin. In particular, in our Healthcare Division, our gross margin is significantly higher than for our other divisions because a greater proportion of the cost base is included in distribution expenses and sales and marketing expenses

Element	Disclosure requirement
	instead of cost of sales. This is particularly true in relation to businesses with a high proportion of home delivery, where sales prices and thus gross margins are higher to cover higher distribution costs. Across divisions, our margins are also affected by product improvements and innovations as well as the introduction of new products within a particular product category. Premium products may allow us to charge our customers higher prices. In addition, product innovations, in particular changes to product specifications that improve our operational efficiency and optimize our cost base, may have a favorable effect on our margins to the extent they require fewer or less expensive raw materials to produce. Finally, actions taken by branded competitors, such as entry into new areas or targeted price reductions, can affect our margins. Management may also take affirmative operational steps to improve the mix of revenue to increase profitability, including targeted business portfolio management (e.g., the curtailment of less profitable business). For instance, in 2013, management decided to rationalize its customer base within the Healthcare Division. Acquisitions may also have an effect on our margins. For example, the acquisition of Serenity in 2013 had a positive impact on our gross margin of approximately 70 basis points in 2013. This was due to the fact that a greater proportion of Serenity's cost base is included in distribution expenses and sales and marketing expenses instead of cost of sales, as is the case for our Healthcare Division generally, as noted above. ***Income Tax*** Our income tax expense is affected by the statutory rate and the way in which the tax base is computed in the various countries in which we operate (including pursuant to tax rulings and other arrangements that we may agree from time to time with the competent tax authorities), the geographical mix of our operations, the ability to deduct net financing costs in the legal entities in which such net expense falls, and our ability to use tax losses and credits or to recognise deferred tax assets on such losses and credits, among other factors. We have from time to time used tax losses and credits to offset taxable income. We had tax losses and tax credits usable to offset future taxable profits, mainly in France and Belgium, amounting to €566.7 million as of December 31, 2013. We have not recognized any deferred tax assets in relation to these losses and credits. This is primarily because the losses have mainly been generated as a consequence of the historic financing structure, the modification of which has depended on future events. In the future, we expect to be able to use our tax losses and tax credits to offset future taxable profits to a greater extent than in the past and as a result may increase the extent to which a deferred tax asset is recognised on such tax losses and tax credits. The rate at which we are able to use our tax losses and tax credits to offset future taxable profits may be affected by changes in how the tax base is computed in various jurisdictions, changes in rules relating to the utilization of tax losses or tax credits and tax rulings we receive from the competent tax authorities. Furthermore, in the future we expect decreasing financing costs (certain of which have in the past been non-deductible) and changes to the mix of our geographic profits to have an impact on our effective tax rate. Together these would result in our effective tax rate, which was 36.4% for the year ended December 31, 2013, decreasing from 2015 to a rate that we estimate should be in the mid-twenties. In 2014, however, we expect that certain non-deductible Offering related expenses will have an adverse impact on our effective tax rate, resulting in the effective tax rate remaining in the low to mid-thirties for the year. ***Acquisitions*** We made two significant acquisitions during the period under review: Lille Healthcare SAS ("Lille Healthcare") in 2011 and Serenity S.p.a. ("Serenity") in 2013. On October 3, 2011, we acquired Lille Healthcare for cash consideration of €14.8 million. Lille Healthcare has been consolidated in our financial statements from October 1, 2011. On April 4, 2013, we acquired Serenity for a cash consideration of €49.2 million and repaid €24.0 million of debt to the former shareholders of Serenity. We also agreed to earn-out payments (i.e., contingent consideration) of up to €18.0 million (of which €8.0 million and €5.0 million is payable in 2014 and 2015, respectively, depending on Serenity's EBITDA in 2013 and 2014, respectively). The 2014 earn-out will be paid in its entirety. A final payment of up to €5.0 million will be made on the third anniversary of the closing of the acquisition. The amount of this payment will depend on improvements to Serenity's days sales outstanding in receivables with respect to its public tender contracts. The future earn-out

Element	Disclosure requirement
	payments have been recognized on our statement of financial position under non-current financial liabilities (€10.0 million) and current financial liabilities at fair value (€8.0 million) as of December 31, 2013. Serenity has been consolidated in our financial statements from April 4, 2013. Our acquisitions of Lille Healthcare and Serenity reinforced and expanded our adult incontinence product offering and diversified our customer base. Our acquisition of Serenity also permitted us to increase our business presence in Italy through Serenity's extensive distribution network and its manufacturing facility in Ortona, Italy. The Serenity acquisition also provided us with a platform for future baby diaper production in Italy. The acquisitions of Lille Healthcare and Serenity have contributed to growth in our revenue and EBITDA as well as the expansion of our gross margin. In 2013, for example, the revenue of our Healthcare Division increased by 40.7%, compared to an increase of 2.1% if the contribution of Serenity and currency impact were excluded. Similarly, the proportion of our revenue attributable to adult incontinence products increased by 29.2%, compared to an increase of 3.3% if the contribution of Serenity and currency impact were excluded.
B.5	**Description of the Group and the Company's position within the Group** Ontex operates its business through its indirect subsidiary, Ontex BVBA, and certain of its subsidiaries in the various jurisdictions in which Ontex operates. The Company will, at the completion of the Offering, hold Ontex BVBA through several intermediate holding companies, including Ontex I S.à r.l. ("Ontex I") and Ontex IV S.A. ("Ontex IV"). Following the Offering, we intend to further simplify the corporate structure of the Ontex group by eliminating certain of the intermediate holding companies between the Company and Ontex IV.

Element	Disclosure requirement
B.6	**Relationship with major shareholders** Prior to the closing of the Offering, entities established by funds managed and advised by affiliates of The Goldman Sachs Group, Inc. ("GSCP") and TPG Global, LLC ("TPG") own all of the ordinary shares of Ontex I, which currently serves as the holding company for Ontex's operations and carries out its operations through various direct and indirect subsidiaries organized in the jurisdictions in which Ontex operates. The following chart shows Ontex's organization before the closing of the Offering:  Note: (1) Former management includes eleven individuals who continue to be employed by Ontex.

Element	Disclosure requirement
	A reorganization will be implemented prior to the closing of the Offering and will result in the Company becoming the new ultimate parent company of the Ontex group. The following chart shows Ontex's organization giving effect to the reorganization and the Offering, assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full:



Note:

(1) Former management includes eleven individuals who continue to be employed by Ontex.

GSCP and certain affiliates of TPG will enter into a shareholders' agreement as shareholders of Whitehaven A and, indirectly, Whitehaven B (the "Shareholders' Agreement"). The Shareholders' Agreement will continue to apply for so long as Whitehaven B continues to hold Shares.

Element	Disclosure requirement
	The Shareholders' Agreement will address certain matters relating to the governance and management of Whitehaven A, Whitehaven B and the Company as well as the ownership and transfer of Whitehaven A and Whitehaven B shares and Shares held by Whitehaven B. Pursuant to the terms of the Shareholders' Agreement, GSCP and TPG will have equal interests and voting rights in Whitehaven A, Whitehaven B and the Shares held by it. Generally, each of GSCP and TPG will have the right to appoint half of the directors that Whitehaven B is entitled to appoint to the Board of Directors of the Company. If, however, their indirect shareholding interests in Whitehaven B change, their respective rights to appoint directors that Whitehaven B will be entitled to appoint may change accordingly. All decisions of Whitehaven B with respect to the Shares it holds, including how its Shares will be voted at all Shareholders' Meetings of the Company will be made by the Whitehaven B board. The Shareholders' Agreement will provide for restrictions on the ability of GSCP and TPG to transfer their Whitehaven A shares.
B.7	**Summary historical key financial information**

Consolidated Income Statement Data

	Three months ended March 31,		Year ended December 31,		
	2014	**2013**	**2013[1]**	**2012**	**2011**
			(€ millions)		
Revenue	400.2	340.5	1,491.9	1,309.0	1,217.6
Cost of sales	(291.3)	(253.6)	(1,094.8)	(988.3)	(941.4)
Gross margin	108.9	86.9	397.1	320.7	276.2
Distribution expenses	(37.6)	(28.0)	(136.3)	(108.6)	(92.4)
Sales and marketing expenses	(19.8)	(18.9)	(78.0)	(64.2)	(50.5)
General administrative expenses	(10.8)	(9.0)	(41.1)	(30.9)	(28.1)
Other operating income/(expense), net	0.5	(0.6)	0.4	1.1	(1.9)
Non-recurring expenses	(2.3)	(2.4)	(19.6)	(50.4)	(40.2)
Operating profit	38.9	28.0	122.5	67.7	63.1
Finance income	2.8	5.2	17.9	18.1	25.6
Finance cost	(23.3)	(23.7)	(101.9)	(88.1)	(126.7)
Net finance cost	(20.5)	(18.5)	(84.0)	(70.0)	(101.1)
(Loss)/profit before income tax	18.4	9.5	38.5	(2.3)	(38.0)
Income tax expense	(3.8)	(2.6)	(14.0)	(6.8)	(13.6)
(Loss)/profit of the period	14.6	6.9	24.5	(9.1)	(51.6)

Note:

(1) For the year ended December 31, 2013, Serenity has been consolidated from its date of acquisition, April 4, 2013.

Element	Disclosure requirement

Selected Consolidated Statement of Financial Position Data

	As of March 31, 2014	As of December 31, 2013	2012	2011
		(€ millions)		
Goodwill and other intangible assets	864.6	864.8	845.8	846.3
Property, plant and equipment	280.7	282.0	267.4	246.0
Other non-current assets	0.4	0.4	0.2	0.5
Total non-current assets	1,145.7	1,147.2	1,113.4	1,092.8
Inventories	200.9	182.2	171.6	139.3
Trade receivables	239.2	199.0	163.5	153.2
Cash and cash equivalents	61.6	61.4	39.2	65.5
Other current assets	62.1	42.3	43.0	60.8
Total current assets	563.8	484.9	417.3	418.8
Total assets	1,709.5	1,632.1	1,530.7	1,511.6
Trade payables	271.3	240.9	221.8	221.7
Borrowings	26.2	13.9	14.0	20.4
Other current liabilities	97.8	78.4	98.5	68.9
Total current liabilities	395.3	333.2	334.3	311.0
Borrowings	897.5	896.7	818.7	814.9
Other non-current liabilities	43.3	43.0	28.8	26.8
Total non-current liabilities	940.8	939.7	847.5	841.7
Total liabilities	1,336.1	1,272.9	1,181.8	1,152.7
Total equity	373.4	359.2	348.9	358.9
Total equity and liabilities	1,709.5	1,632.1	1,530.7	1,511.6

Selected Consolidated Statement of Cash Flows Data

	Three months ended March 31, 2014	2013	Year ended December 31, 2013	2012	2011
			(€ millions)		
Net cash generated from operating activities[(1)]	14.1	25.3	134.5	87.6	80.2
Net cash used in investing activities	(8.0)	(16.2)	(116.0)	(54.3)	(49.2)
Net cash from/(used in) financing activities	(5.9)	74.0	3.7	(59.6)	6.7
Change in cash and cash equivalents	0.2	83.1	22.2	(26.3)	37.7
Cash and cash equivalents at end of period	61.6	122.3	61.4	39.2	65.5

Note:

(1) In the three months ended March 31, 2014, the increase in net cash generated from operating activities was partly due to a decrease in trade receivables as a result of proceeds from factoring in the amount of €1.5 million. In 2013, the increase in net cash generated from operating activities was partly due to a decrease in trade receivables as a result of proceeds from factoring in the amount of €36.3 million.

Element	Disclosure requirement
	Non-IFRS Financial Data

	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2014	**2013**	**2013**	**2012**	**2011**
	(€ millions, except as otherwise noted)				
EBITDA[(1)]	46.9	35.9	156.3	98.8	98.7
EBITDA margin *(%)*[(2)]	11.7	10.5	10.5	7.5	8.1
Adjusted EBITDA[(3)]	49.2	38.0	173.6	148.9	133.8
Adjusted EBITDA margin *(%)*[(4)]	12.3	11.2	11.6	11.4	11.0
Net financial debt	862	798	849	794	770
Net financial debt/Adjusted EBITDA ratio[(5)]	4.7	5.4	4.9	5.3	5.7
Adjusted free cash flow (post-tax)[(6)]	4.0	14.0	103.7	60.0	70.9
Adjusted free cash flow (pre-tax)[(7)]	5.6	15.5	118.4	63.8	92.7
Cash conversion *(%)*[(8)]	11.4	40.8	68.2	42.8	69.3
Return on invested capital *(%)*[(9)]	37.3	35.9	37.1	38.2	36.6

Notes:

(1) EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization. EBITDA has not been audited.

(2) EBITDA margin is defined as EBITDA divided by revenue.

(3) Adjusted EBITDA is defined as EBITDA plus non-recurring expenses (which for the periods under review include acquisition costs; business restructuring costs, including costs relating to the liquidation of subsidiaries and the closure, opening or relocations of factories; and asset impairment costs) excluding non-recurring depreciation and amortization. Adjusted EBITDA has not been audited.

(4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. Operating margin (defined as operating profit divided by revenue) was 9.7% and 8.2% for the three months ended March 31, 2014 and 2013 and 8.2%, 5.2% and 5.2% for the years ended December 31, 2013, 2012 and 2011. Adjusted EBITDA margin has not been audited.

(5) Based on last twelve months ("LTM") Adjusted EBITDA.

(6) Adjusted free cash flow (post-tax) is defined as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements) less cash taxes paid. Adjusted free cash flow (post-tax) has not been audited.

(7) Adjusted free cash flow (pre-tax) is defined as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements). Adjusted free cash flow (pre-tax) has not been audited.

(8) Cash conversion is defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA. Cash conversion has not been audited.

(9) Return on invested capital is defined as LTM adjusted operating profit (defined as LTM operating profit excluding LTM non-recurring items) divided by net operating assets (defined as operating assets (total assets less derivative financial assets and cash and cash equivalents) less operating liabilities (total liabilities less employee benefits liabilities, borrowings, other financial liabilities and derivative financial liabilities) less goodwill). Return on invested capital has not been audited.

Element	Disclosure requirement
B.8	**Selected key pro forma financial information** Not applicable. No pro forma information has been included in the Prospectus.
B.9	**Profit forecast or estimate** Not applicable. No profit forecast has been included in the Prospectus or otherwise published by the Company.
B.10	**A description of the nature of any qualifications in the audit report on the historical financial information** Not applicable. There are no qualifications to the audit report on the historical financial information.
B.11	**Working capital** In our opinion, the working capital available to us is sufficient for our present requirements, that is, for the next 12 months following the date of this Prospectus.

Section C — Shares

Element	Disclosure requirement
C.1	**Type and class of the securities being offered and admitted to trading** The Offering is an offering (i) by the Company of such number of newly issued Shares as is necessary to raise gross proceeds of approximately €325 million and (ii) by the Selling Shareholders of up to 7,000,000 existing Shares. The aggregate number of Offer Shares sold in the Secondary Tranche may, pursuant to the Increase Option, be increased by up to 15% of the aggregate number of Offer Shares initially offered. Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offer Price. The Shares are in registered or dematerialized form. The following codes have been assigned to the Shares: Common code: 107687858 ISIN: BE0974276082
C.2	**Currency of the Shares** The currency of the Shares is Euros.
C.3	**Numbers of Shares issued** As of the date of this Prospectus, the Company's share capital amounts to €70,000, represented by 7,000 Shares, each representing an identical fraction of the Company's share capital. Assuming that the Offer Price is at the mid-point of the Price Range, the Company's share capital will amount to €709,554,048 as of the closing of the Offering, represented by 67,567,567 Shares.
C.4	**Rights attached to the Shares** All of the Shares have the same voting rights except that voting rights are suspended when such Shares are held by the Company as treasury shares. The Shares carry the right to participate in dividends and other entitlements declared after the Closing Date, in respect of the financial year ended December 31, 2014 and future years.
C.5	**Restrictions on the free transferability of the Shares** The Shares are freely transferable, subject to any transactional restrictions.

Element	Disclosure requirement
C.6	**Applications for admission to trading on a regulated market and identity of all the regulated markets where the Shares are or are to be traded** An application has been made to list the Shares on Euronext Brussels under the symbol "ONTEX." Trading of the Shares on Euronext Brussels is expected to commence, on an "if-and-when-issued and/or delivered" basis, on or about June 25, 2014.
C.7	**A description of dividend policy** No dividends have been paid by the Company or by Ontex I in the past. Subject to the availability of distributable results, the Company currently intends to pay a dividend of 35% to 40% of its profit of the year based on its consolidated IFRS financial statements. For the 2014 financial year, the amount of dividends will be prorated such that the Company will pay dividends only in respect of the portion of the financial year for which the Shares were listed on Euronext Brussels (based on the application of the dividend policy described in the preceding sentence). The amount of any dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including our business prospects, cash requirements and financial performance, the condition of the market and the general economic climate and other factors, including tax and other regulatory considerations. Furthermore, the indentures governing the Notes and the Revolving Credit Facility Agreement contain restrictions on the payment of dividends. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid in the future or, if they are paid, their amount.

Section D — Risks

Element	Disclosure requirement
D.1	***Risks Relating to our Industry and our Business*** • In March 2011, Ontex IV issued €600 million aggregate principal amount of Senior Secured Notes and €235 million aggregate principal amount of Senior Notes and entered into the Revolving Credit Facility. In February 2013, it issued a further €75 million aggregate principal amount of Senior Secured Notes. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility. The Senior Secured Notes and the Revolving Credit Facility are secured by the following assets: (i) a share pledge over the share capital of Ontex IV, as issuer of the Senior Secured Notes, and certain subsidiaries acting as guarantors; (ii) a bank account pledge of the issuer and certain guarantors; (iii) a pledge of the receivables of the issuer and certain guarantors; (iv) a pledge of the business assets of certain guarantors; (v) real property mortgages in respect of the real property owned by certain guarantors; and (vi) certain intellectual property rights of the guarantors. The Revolving Credit Facility contains a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries. The security shall remain in force for so long as the Senior Secured Notes and the Revolving Credit Facility remain outstanding. As a result, if Ontex IV is unable to meet its obligations under the Senior Secured Notes or the Revolving Credit Facility, its creditors will be entitled to enforce the collateral described above. Any such enforcement could result in us losing control of our subsidiaries and/or our assets, which could have a material adverse effect on our business, financial condition and results of operations.

Element	Disclosure requirement
	• As of March 31, 2014, we had net financial debt of €862.1 million and our net financial debt to equity ratio was 2.3:1. Although we plan to use a portion of the proceeds of the Primary Tranche to reduce our leverage, the degree to which we remain leveraged could continue to have important consequences for our shareholders, including, but not limited to: • increasing our vulnerability to and reducing our flexibility to respond to general adverse economic and industry conditions; • requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to pay dividends or obtain additional financing to, fund working capital, capital expenditure, acquisitions, joint ventures, or other general corporate purposes; • limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate; and • placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged. In addition, the Senior Secured Notes mature in 2018 and the Senior Notes mature in 2019. We may encounter difficulty in refinancing our indebtedness as a result of market conditions or otherwise. In particular, the disruptions that have been experienced from time to time in the international capital markets over the past several years, including the EU sovereign debt crisis, U.S. and global monetary policy and other factors, have led to reduced liquidity and increased credit risk premiums. Our leverage and/or our inability to refinance our indebtedness could therefore have a material adverse effect on our business, financial condition and results of operations. • The indentures governing the Notes and the Revolving Credit Facility Agreement contain covenants that restrict our ability to, among other things: • incur or guarantee indebtedness and issue certain preferred stock; • make certain payments, including dividends or other distributions; • engage in certain transactions with affiliates; • create or incur certain liens; • sell, lease or transfer certain assets, including stock of restricted subsidiaries; • impair the security interest for the benefit of the holders of the relevant Notes; • create encumbrances or restrictions on the ability of restricted subsidiaries to pay dividends or make other distributions, loans or advances to, and on the transfer of assets to, Ontex IV or any of its restricted subsidiaries; and • consolidate or merge with other entities. All of these limitations are subject to significant exceptions and qualifications. The Revolving Credit Facility also contains customary affirmative, negative and financial covenants, including (i) a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries and (ii) a requirement to maintain a super senior gross leverage ratio (defined as the total amount drawn down under the Revolving Credit Facility plus the original amounts due pursuant to the super senior hedging liabilities (consisting of hedging liabilities arising under a hedging agreement in respect of which a super senior hedging limit has explicitly been agreed, up to (but not exceeding) the super senior hedging limit for that hedging agreement, the aggregate limit of all super senior hedging liabilities being limited to €25 million) to consolidated EBITDA) at or below 0.50 to 1, tested on a quarterly basis. The super senior gross leverage ratio was 0 as of December 31, 2013, since there were no drawings outstanding under the Revolving Credit Facility or under the super senior hedging liabilities. Recently, we entered into an ISDA agreement with Macquarie to hedge a portion of our commodity exposure for 2014 and have

Element	Disclosure requirement
	agreed that the hedging liabilities Macquarie would incur will qualify as super senior hedging obligations for these purposes, limited to the amount of €10.0 million of their hedging liabilities. All of these covenants will remain in place following the completion of the Offering. While Ontex IV has not breached any of these covenants, restrictions or other obligations in the past and remains in compliance as of the date of this Prospectus, any breach could result in an event of default. This could in turn cause the relevant creditors to cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding thereunder, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration of payment of amounts outstanding under other debt instruments that contain cross-default or cross-acceleration provisions, including the indentures governing the Notes. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts. In addition, if we are unable to repay those amounts, our creditors could proceed against the collateral securing the Senior Secured Notes and amounts drawn under the Revolving Credit Facility. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. • We are dependent upon the availability of raw materials for the manufacture of our products. Raw materials and packaging costs accounted for between 75% and 80% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. The key raw materials we use are fluff, super-absorber and non-woven fabrics. While we seek to maintain a diverse supplier base, we cannot ensure that our current suppliers will be able to supply us with sufficient quantities of raw materials at reasonable prices in the future. Furthermore, if we were to lose any of our suppliers, whether as a result of the commencement of bankruptcy proceedings, decisions by suppliers to allocate raw materials to other purchasers or otherwise, there can be no assurance that we will be able to replace any such suppliers or procure substitute raw materials in a timely manner, on acceptable commercial terms, or at all. Furthermore, the raw materials we use are subject to price volatility due to a number of factors that are beyond our control, including, but not limited to, the availability of supply (including supplier capacity constraints); general economic conditions; commodity price fluctuations (particularly of crude oil); demand by other industries for the same raw materials; and the availability of complementary and substitute materials. In particular, certain chemicals used in our raw materials, including polyethylene, propylene and polypropylene (which is used in the production of non-woven fabrics), are derived from crude oil. Accordingly, fluctuations in the price of crude oil may lead to volatility in our raw materials costs. Furthermore, fluctuations in the U.S. Dollar/Euro exchange rate may also cause volatility in our raw materials costs, since we make purchases of fluff products in U.S. Dollars and since the reference currency for crude oil (from which some of our raw materials are derived) is the U.S. Dollar. The majority of our customer contracts are based on fixed pricing models and do not contain raw materials price indexation clauses. If we are unable to pass on increases in raw materials prices to our customers in a timely manner, we may experience lower margins. We may also lose customers and/or revenue to the extent our customers do not agree to price increases. • Although we prepare our financial statements in Euros, we make substantial sales and purchases of raw materials in currencies other than Euros. In the three months ended March 31, 2014 and the year ended December 31, 2013, we generated 37.6% and 38.3%, respectively, of our revenue in currencies other than Euros, principally Pounds Sterling, Turkish Liras, Polish Zloty, Australian Dollars and Russian Roubles. A weakening of one or more of these currencies against the Euro necessarily reduces our revenues. We also make purchases of certain raw materials, primarily fluff, in U.S. Dollars. U.S. Dollar denominated fluff purchases amounted to U.S.$189.5 million in the year ended December 31, 2013. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. The strengthening of the U.S. Dollar against the Euro, will adversely affect our results of operations. Exchange rates have recently

Element	Disclosure requirement
	become more volatile in certain countries in which we operate, such as Turkey, Ukraine and Russia. Furthermore, as we expand our operations, particularly outside of the Eurozone, our exposure to foreign exchange rate movements and related risks will increase. • We have 15 production facilities located in Europe, Turkey, Algeria, Pakistan, China, Russia and Australia. Should a disruption occur at one or more of our production facilities, we could experience temporary shortfalls in production or an increase in our cost of sales or distribution expenses, which could have an adverse effect on our results of operations. In the case of fire, flood, storms, earthquakes or other catastrophic events, we may be required to shut down the affected production facilities and there can be no assurance that we would be able to completely or partially utilize our other production facilities to compensate for or mitigate the effects of any such shutdowns. For example, in 2009, we were required to shut down our Turkish production facility for several months as a result of flooding in the surrounding area. Any disruptions at or shutdowns of our production facilities could compromise our on-time delivery record and diminish our production capacity and thereby have a material adverse effect on our business, financial condition and results of operations. • We face competition from branded product manufacturers, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of national and international retailers, who in turn promote and sell the products under their own brands or labels. The largest manufacturers of branded hygienic disposable products in Europe are Procter and Gamble, Johnson & Johnson and SCA, which sell brands such as Pampers, Always and Tampax (Procter and Gamble), o.b. and Carefree (Johnson & Johnson), and Tena (SCA). Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the total hygienic disposables market of approximately 39%, 11% and 7% in Western Europe, respectively, based on volume in 2013. In Eastern Europe, Procter & Gamble's market share of the total hygienic disposables market was approximately 41% and Johnson & Johnson and SCA's branded business each had a market share of approximately 5%, based on volume in 2013. Branded product manufacturers may have greater financial resources than we have. From time to time, they may increase their marketing and promotional activities in order to preserve market share and pricing for their products. For example, in 2009, many branded product manufacturers responded to adverse economic conditions by introducing discounts on certain of their products, which negatively affected our margins. We also face competition from retailer brand manufacturers such as Intigena, SCA (which produces both branded and retailer branded products), Hysalma, Pelz and Fippi. We believe that retailer brand penetration was 39% and 16% in Western Europe and Eastern Europe, respectively, based on volume in 2013. Our share of the 39% of the Western European market represented by retailer brands was approximately 41% and our share of the 16% of the Eastern European market represented by retailer brands was above 50%, based on volume in 2013. In Western Europe, Intigena, SCA's retailer branded business, Hysalma, Pelz and Fippi had market shares based on volume of approximately 15%, 14%, 7%, 5% and 3%, respectively. We also face competition from both branded product manufacturers and other retailer brand manufacturers in the area of product innovation. Branded product manufacturers periodically introduce new products with various innovations to existing products. Rapid time to market for comparable products is key to our competitiveness, both against branded products and against other manufacturers' retailer brand offerings that are introduced in response to such branded product innovations. There can be no assurance that we will be able to launch such products in a timely or successful manner in response to the launch of new branded products. There can also be no assurance that we will be able to obtain and license patents, trademarks and similar proprietary rights from third parties in order to respond to the innovations of our competitors. If we are unable to develop innovative products, or are unable to obtain and license such proprietary rights, we may lose market share. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. • As of December 31, 2013, we had goodwill and other intangible assets of €864.8 million, representing 53.0% of total assets. There can be no assurance that we will not in the future be required to recognize an impairment charge in respect of our goodwill or other intangible assets.

Element	Disclosure requirement
	Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested at least annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Goodwill on acquisitions of subsidiaries is included in intangible assets and is tested annually for impairment and carried at cost less accumulated impairment losses. Although we did not recognize any impairments in respect of goodwill or other intangible assets during the years ended December 31, 2013, 2012 or 2011, there can be no assurance as to the absence of significant impairment charges in the future, especially if market conditions were to deteriorate. While impairments do not affect our cash flows, a small impairment charge relative to the total amount of goodwill could, given the significant amount of goodwill recorded on our statement of financial position, adversely affect our operating profit and equity. For instance, an impairment charge in the amount of 10% of the goodwill on our balance sheet as of December 31, 2013 would have resulted in a 70.2% reduction in our operating profit for the year ended December 31, 2013 and a 23.9% reduction in our equity as of December 31, 2013. Therefore, a goodwill impairment could have a material adverse effect on our business, financial condition and results of operations. We are also subject to the following risks: • If we are unable to maintain our on-time service delivery record, this could adversely affect our ability to attract new customers and retain existing customers. • We may be affected by product recall or liability claims or otherwise be subject to adverse publicity. • We may be subject to claims asserting the infringement of intellectual property rights. • We may not be successful at retaining our key customers. • We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur unanticipated costs associated with, potential future acquisitions. • We are subject to risks associated with operating internationally. • Recent and ongoing unrest in certain of the countries in which we operate may adversely affect our business. • Changes in the policies and requirements of customers may negatively impact our sales. • Governments may reduce their spending on healthcare, which could adversely affect the business that we do with public institutions. • We rely on key personnel and on our ability to attract and retain employees. • We may be subject to losses that might be completely or partially uninsured. • If we are unable to extend, renew or renegotiate our collective bargaining agreements or if our relationship with our employees or trade unions deteriorates, our business could be adversely affected. • Increasing labor costs may adversely affect our profitability. • Failure of our information systems and software could adversely affect our operations. • Health, safety and environmental regulations may subject us to significant costs and liabilities. • Changes in tax rates, tax liabilities or tax accounting rules could affect future results.
D.3	***Risks Related to the Shares and the Offering*** • Immediately following the completion of the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range, Whitehaven B, an entity controlled by

Element	Disclosure requirement
	GSCP and TPG, will hold 51.7 per cent. of the Shares (or 45.8 per cent. if the Over-allotment Option is exercised in full). GSCP and TPG will, indirectly, have the power to appoint and remove up to six of the Company's directors and to determine certain decisions required to be approved by our shareholders. The interests of GSCP and TPG may not, in all cases, be aligned with the interests of the other holders of the Shares. Therefore, there can be no assurance that any matter which is to be put to the shareholders for decision will be resolved in a manner that other holders of the Shares would consider to be their interest or our best interests. In addition, Whitehaven B may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgement, could enhance their equity investment, even though such transactions may involve risks to other holders of the Shares. Separately, Goldman Sachs International, an affiliate of GSCP, is a mandated lead arranger under the Revolving Credit Facility. If we encounter financial difficulties, or are unable to pay our debts as they mature, Goldman Sachs International may seek to enforce the collateral and in these circumstances the interests of GSCP may not, in all cases, appear aligned with the interests of the other holders of the Shares. • Prior to the Offering, there has been no public trading market for the Shares. No assurance can be given that an active trading market for the Shares will develop or, if developed, can be sustained or will be liquid following the closing of the Offering. Furthermore, the Offer Price is not necessarily indicative of the prices at which the Shares will subsequently trade on the stock exchange. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. • The Company, Whitehaven B and certain members of our current and previous executive management team are expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014) that, subject to certain exceptions, they will not, without the prior written consent of the Joint Global Coordinators issue, offer or sell any ordinary shares of the Company or securities convertible or exchangeable into ordinary shares of the Company for a period of 180 days (or 360 days in the case of members of the Ontex group's current executive management team) following the Closing Date. Following the expiration of these lock-up provisions, future sales of the Shares could be made by the Company, Whitehaven B or the relevant members of our executive management team. If the Company were to raise funds through additional equity offerings, this could cause dilution for its shareholders to the extent they do not participate. Moreover, sales of a substantial number of Shares by Whitehaven B (which, following the completion of the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range, will hold 51.7 per cent. of the Shares (or 45.8 per cent. if the Over-allotment Option is exercised in full)), or the perception that such sales could occur, could adversely affect the market price of the Shares. • Subject to the availability of distributable reserves, computed on the basis of the stand-alone Belgian GAAP financial statements of the Company, the Company currently intends to pay a dividend of 35% to 40% of its profit of the year based on its consolidated IFRS financial statements. For the 2014 financial year, the amount of dividends will be prorated such that the Company will pay dividends only in respect of the portion of the financial year for which the Shares were listed on Euronext Brussels (based on the application of the dividend policy described in the preceding sentence). No assurance can be given, however, that we will make dividend payments in the future. The payment of dividends will depend on factors such as our business prospects, cash requirements and financial performance, the condition of the market and the general economic climate and other factors, including tax and other regulatory considerations. Furthermore, as the Company itself is a holding company and does not perform any operating activities, its ability to pay dividends and the level of any dividends is subject to the extent to which it receives funds, directly or indirectly, from its subsidiaries. Among other restrictions, the indentures governing the Notes and the Revolving Credit Facility Agreement contain restrictions on the payment of dividends. The Revolving Credit Facility Agreement and indentures governing the Notes provide, among others, that, subject to certain exceptions, any dividend paid by Ontex IV or any of its restricted subsidiaries must

Element	Disclosure requirement
	not, when aggregated with all dividends and other restricted payments made since the issue date of the Notes, exceed 50% of consolidated adjusted net income (as defined therein) from January 1, 2011 to the end of Ontex IV's most recently ended fiscal quarter for which financial statements are available at the date of such restricted payment, plus proceeds from equity issuances and certain other items, and that the consolidated fixed charge coverage ratio (defined as EBITDA divided by the sum of net interest expense and dividends on preferred stock of Ontex IV's restricted subsidiaries and redeemable stock of Ontex IV and its restricted subsidiaries) of Ontex IV is greater than 2:1. As of March 31, 2014, the fixed charge coverage ratio of Ontex IV was 2.8:1. In addition to its ability to pay dividends pursuant to the restricted payments test described above, following a public offering of its or any direct or indirect parent company's equity, Ontex IV is permitted to pay dividends or distributions provided that the aggregate amount of all such dividends and distributions shall not exceed in any fiscal year the greater of (i) 6% of the net cash proceeds received from such public offering or subsequent equity offering by Ontex IV or contributed to the capital of Ontex IV by any direct or indirect parent company of Ontex IV in any form other than debt or certain excluded contributions; and (ii) following the public offering, an amount equal to 5% of the market capitalization (defined as the arithmetic mean of the closing prices per share for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend), provided that after giving pro forma effect to the payment of any such dividend or distribution, the consolidated leverage ratio of Ontex IV does not exceed 3:1. As of March 31, 2014, the consolidated leverage ratio of Ontex IV was 4.9:1. In addition, under Belgian law and the Articles of Association, before it can pay dividends, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/ bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it meet the requirement at the time of the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, their amount. • Affiliates of The Goldman Sachs Group, Inc. ("Goldman Sachs") have various interests in the Company that could conflict. GSCP owns an indirect interest of 50% in Whitehaven B. Together with TPG, it will, indirectly, have the power to appoint and remove up to six of the Company's directors and to determine certain decisions required to be approved by our shareholders. GSCP is also, along with TPG Capital L.P., party to a monitoring services agreement (the "Monitoring Services Agreement") pursuant to which, among other things, (i) we pay annual fees plus out-of-pocket expenses to such parties for various services rendered; and (ii) upon the listing of the Shares on Euronext Brussels, an exit fee is payable in the amount of 1% of the enterprise value based on the Offer Price, which shall be allocated between Goldman, Sachs & Co. and TPG Capital, L.P. The exit fee will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range. The Monitoring Services Agreement will be terminated upon the closing of the Offering. Goldman Sachs International and Merrill Lynch International, both of which are acting as Underwriters in the Offering, also act as mandated lead arrangers under the Revolving Credit Facility entered into with Ontex IV S.A. on March 25, 2011. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility. On September 12, 2013, Goldman Sachs International entered into an ISDA foreign exchange hedging agreement with Ontex Coordination Center BVBA. On June 30, 2011, Ontex Coordination Center BVBA entered into an interest rate cap arrangement with Goldman Sachs International to manage a portion of our interest rate risk in respect of the Senior Secured Floating Rate Notes. The interest rate cap arrangement is at a rate of 4.50%, has a notional amount of €150 million and terminates January 15, 2017. If we encounter financial

Element	Disclosure requirement
	difficulties, or are unable to pay our debts as they mature, Goldman Sachs International's interest as a creditor may conflict with its interest as a shareholder. Goldman Sachs International is also acting as an Underwriter in the Offering. Goldman Sachs maintains information barriers between its investment banking business and its principal investments area, of which GSCP is a part. These barriers are subject to surveillance by Goldman Sachs's compliance division and examination by its regulators. Nonetheless, there can be no assurance that the interests of Goldman Sachs International and its affiliates in the Offering will not conflict. • Investors may not be able to recover in civil proceedings for U.S. securities law violations. • Investors resident in countries other than Belgium may suffer dilution if they are unable to participate in future preferential subscription rights offerings. • Investors with a reference currency other than Euros will become subject to foreign exchange rate risk when investing in the Shares. • Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax. • The Shares will be listed and traded on Euronext Brussels on an "if-and-when-issued and/or delivered" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date. • Certain provisions of the Belgian Company Code and the Articles of Association may affect potential takeover attempts and may affect the market price of the Shares.

Section E — The Offering

Element	Disclosure requirement
E.1	**Net proceeds and expenses of the Offering** Based on expected gross proceeds from the Primary Tranche of €325 million, we estimate that we will receive net proceeds from the Offering of approximately €278.1 million, following the deduction of underwriting commissions in the amount of €18.0 million (including underwriting commissions in respect of the Offer Shares sold by the Selling Shareholders in the Secondary Tranche) and expenses in the amount of approximately €28.9 million (which include an exit fee exit payable to Goldman, Sachs & Co. and TPG Capital, L.P. in the amount of 1% of the enterprise value based on the Offer Price (which will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range) pursuant to the monitoring services agreement with those parties, which will be terminated upon the closing of the Offering). Assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, we will pay €1.9 million in expenses from cash on hand (if the Offer Price is at the high end of the Price Range, we will pay €3.5 million in expenses from cash on hand). Assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, the Selling Shareholders will receive aggregrate gross proceeds from the Offering of approximately €276.1 million. We will not receive any of the proceeds of the Secondary Tranche, all of which will be paid to the Selling Shareholders. The Selling Shareholders will not pay any underwriting commissions or expenses in connection with the Offering.
E.2a	**Use of proceeds** The net proceeds from the Primary Tranche will be contributed to Ontex International BVBA (via Ontex IV and the other intermediate holding companies) in the form of a contribution into capital, followed by an intra-group refinancing. We intend to use these net proceeds to repay existing indebtedness and to increase our capitalisation and financial flexibility. More specifically, we intend to use the proceeds of the Offering to strengthen our financial structure by reducing our outstanding indebtedness through the refinancing of all outstanding Senior Secured Floating Rate

Element	Disclosure requirement
	Notes (as defined below), in the amount of €280 million. The intra-group refinancing will enable Ontex IV to repay the Senior Secured Floating Rate Notes. We are targeting a post-Offering (i.e., including the application of the proceeds of the Primary Tranche) net financial debt/Adjusted EBITDA ratio (based upon our LTM Adjusted EBITDA for the twelve months ended March 31, 2014) of approximately 3.1:1. On March 31, 2011, Ontex IV issued a total of €835,000,000 aggregate principal amount of Notes, including €280,000,000 aggregate principal amount of Senior Secured Floating Rate Notes due 2018 (the "Senior Secured Floating Rate Notes"). The Senior Secured Floating Rate Notes bear interest at three-month EURIBOR plus 4.125% per year. The interest rate paid on the Senior Secured Floating Rate Notes for the year ended December 31, 2013 was in the range of 4.3% and 4.4%. The Senior Secured Floating Rate Notes are guaranteed by certain subsidiaries of Ontex IV on a senior basis. The indenture governing the Senior Secured Floating Rate Notes provides that for the year 2013 and thereafter, Ontex IV is entitled at its option to redeem all or a portion of the Senior Secured Floating Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. We also intend to refinance the remaining series of Notes (including the Senior Secured Fixed Rates Notes and the Senior Notes) during the course of 2015 in order to optimize interest costs.
E.3	**Terms and conditions of the Offering** The Offering is an offering (i) by the Company of such number of newly issued Shares as is necessary to raise gross proceeds of approximately €325 million and (ii) by the Selling Shareholders of up to 7,000,000 existing Shares. The Offering consists of (i) the Belgian Offering (i.e., an initial public offering to retail and institutional investors in Belgium); (ii) a private placement in the United States to persons who are reasonably believed to be "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act), in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S under the U.S. Securities Act. The aggregate number of Offer Shares sold in the Secondary Tranche may, pursuant to the Increase Option, be increased by up to 15% of the aggregate number of Offer Shares initially offered. Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offer Price. The Offer Price will be determined on the basis of a book-building process in which only institutional investors can participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offer Shares requested, the size of purchase orders received, the quality of the investors submitting such purchase orders and the prices at which the purchase orders were made, as well as market conditions at that time. The Offering Period will begin on June 11, 2014 and is expected to close no later than 4:00 pm (CET) on June 24, 2013, subject to the possibility of an early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. However, in accordance with the possibility provided for in art. 3. § 2 of the Royal Decree of May 17, 2007 on primary market practices, we expect the subscription period for the retail offering to end on June 23, 2014, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by retail investors with the Joint Lead Managers and with other financial institutions. Any early closing of the Offering Period will be published in the Belgian financial press, and the dates for each of pricing, allocation, publication of the Offer Price and the results of the Offering, conditional trading and closing of the Offering will in such case be adjusted accordingly. In the event the Offering Period is extended, this will be published in the Belgian financial press. Prospective investors can submit their purchase orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible. Whitehaven B and certain other Selling Shareholders are expected to grant to UBS Limited, as Stabilization Manager, on behalf of itself and the Underwriters an Over-allotment Option, i.e., an

Element	Disclosure requirement
	option to purchase additional Shares in an aggregate amount equal to up to 15% of the aggregate number of Offer Shares initially offered (including the Offer Shares sold pursuant to the effective exercise of the Increase Option) to cover over-allotments or short positions, if any, at the Offer Price. The Over-allotment Option may be exercised for a period of 30 days following the Listing Date. The Closing Date is expected to be June 30, 2014 unless the Offering Period is closed earlier. The Offer Price must be paid by investors upon submission of the purchase orders or, alternatively, by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date.
E.4	**Material interests to the Offering** Assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, the Underwriters will receive underwriting commissions in the amount of €18.0 million, all of which will be paid by the Company (including underwriting commissions in respect of the Offer Shares sold by the Selling Shareholders in the Secondary Tranche). The Company has also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. The expenses to be reimbursed to the Underwriters by the Company are estimated at €1.5 million. In addition, Goldman Sachs International, an affiliate of GSCP (which owns an interest in the Selling Shareholder) is acting as an Underwriter in the Offering. The Goldman Sachs Group, Inc. ("Goldman Sachs") maintains information barriers between its investment banking business and its principal investments area, of which GSCP is a part. These barriers are subject to surveillance by Goldman Sachs's compliance division and examination by its regulators. GSCP is also, along with TPG Capital L.P., party to the Monitoring Services Agreement, pursuant to which, among other things, (i) we pay annual fees plus out-of-pocket expenses to such parties for various services rendered; and (ii) upon the listing of the Shares on Euronext Brussels, an exit fee is payable in the amount of 1% of the enterprise value based on the Offer Price, which shall be allocated between Goldman, Sachs & Co. and TPG Capital, L.P. The exit fee will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range. The Monitoring Services Agreement will be terminated upon the closing of the Offering.
E.5	**Selling Shareholders and Lock-ups** The Company is expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014) that it will not, and will procure that none of its subsidiaries will, for a period of 180 days from the Closing Date, without the prior written consent of the Joint Global Coordinators, acting on behalf of the Underwriters (subject to certain limited exceptions): (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company, or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction. (i) Whitehaven B and certain members of the Ontex group's previous executive management team; and (ii) certain members of the Ontex group's current executive management team, are expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014), subject to certain exceptions, that for a period of 180 days and 360 days respectively from the Listing Date, they will not, without the prior written consent of the Joint Global Coordinators, acting on behalf of the Underwriters (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company, or request or demand that the Company

Element	Disclosure requirement
	file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction. All Selling Shareholders will be subject to lock-up agreements in connection with the Offering.
E.6	**Dilution resulting from the Offering** As a result of the issuance of Offer Shares to be sold by the Company in the Primary Tranche, the economic interest and the voting interest of the Selling Shareholders will be diluted. The maximum dilution for the Selling Shareholders would be 28.3 per cent., based on expected gross proceeds from the Primary Tranche of €325 million and assuming that the Offer Price is at the low end of the Price Range.
E.7	**Estimated expenses charged to the investor by the Company or the Selling Shareholders** Not applicable. No fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholders.

RISK FACTORS

The following risk factors may affect our business, financial condition, results of operations and prospects and the value of an investment in the Shares. Investors should carefully consider the following risk factors, as well as the other information contained in this Prospectus, before making an investment decision. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also affect our business, financial condition and results of operations.

Risks Relating to our Industry and our Business

The shares of certain of our subsidiaries and certain of our assets are pledged in favor of our creditors, and if we are unable to meet our obligations under the Senior Secured Notes and/or the Revolving Credit Facility, our creditors will be entitled to enforce the collateral securing these obligations.

In March 2011, Ontex IV S.A. ("Ontex IV") issued €600 million aggregate principal amount of Senior Secured Notes and €235 million aggregate principal amount of Senior Notes (each as defined in *"Operating Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Notes")* and entered into the Revolving Credit Facility (as defined in *"Operating Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Revolving Credit Facility"*). In February 2013, it issued a further €75 million aggregate principal amount of Senior Secured Notes. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility.

The Senior Secured Notes and the Revolving Credit Facility are secured by the following assets: (i) a share pledge over the share capital of Ontex IV, as issuer of the Senior Secured Notes, and certain subsidiaries acting as guarantors; (ii) a bank account pledge of the issuer and certain guarantors; (iii) a pledge of the receivables of the issuer and certain guarantors; (iv) a pledge of the business assets of certain guarantors; (v) real property mortgages in respect of the real property owned by certain guarantors; and (vi) certain intellectual property rights of the guarantors. The Revolving Credit Facility contains a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries. The security shall remain in force for so long as the Senior Secured Notes and the Revolving Credit Facility remain outstanding. As a result, if Ontex IV is unable to meet its obligations under the Senior Secured Notes or the Revolving Credit Facility, its creditors will be entitled to enforce the collateral described above. Any such enforcement could result in us losing control of our subsidiaries and/or our assets, which could have a material adverse effect on our business, financial condition and results of operations.

Our substantial leverage and debt service obligations could adversely affect our business.

As of March 31, 2014, we had net financial debt of €862.1 million and our net financial debt to equity ratio was 2.3:1. Although we plan to use a portion of the proceeds of the Primary Tranche to reduce our leverage, as described in "*Use of Proceeds,*" the degree to which we remain leveraged could continue to have important consequences for our shareholders, including, but not limited to:

- increasing our vulnerability to and reducing our flexibility to respond to general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to pay dividends or obtain additional financing to, fund working capital, capital expenditure, acquisitions, joint ventures, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate; and
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged.

In addition, the Senior Secured Notes mature in 2018 and the Senior Notes mature in 2019. We may encounter difficulty in refinancing our indebtedness as a result of market conditions or otherwise. In particular, the disruptions that have been experienced from time to time in the international capital markets over the past several years, including the EU sovereign debt crisis, U.S. and global monetary policy and other factors, have led to reduced liquidity and increased credit risk premiums. Our leverage and/or our inability to refinance our indebtedness could therefore have a material adverse effect on our business, financial condition and results of operations.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs.

The indentures governing the Notes (as defined in "*Operating Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Notes*") and the Revolving Credit Facility Agreement (as defined in "*Operating Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Revolving Credit Facility*") contain covenants that restrict our ability to, among other things:

- incur or guarantee indebtedness and issue certain preferred stock;
- make certain payments, including dividends or other distributions;
- engage in certain transactions with affiliates;
- create or incur certain liens;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- impair the security interest for the benefit of the holders of the relevant Notes;
- create encumbrances or restrictions on the ability of restricted subsidiaries to pay dividends or make other distributions, loans or advances to, and on the transfer of assets to, Ontex IV or any of its restricted subsidiaries; and
- consolidate or merge with other entities.

All of these limitations are subject to significant exceptions and qualifications. See *"Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources."* In particular, the restrictions on the payment of dividends and other distributions are further described in *"— Risks Related to the Shares and the Offering — We may not be able to pay dividends in accordance with our stated dividend policy*." The Revolving Credit Facility also contains customary affirmative, negative and financial covenants, including (i) a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries and (ii) a requirement to maintain a super senior gross leverage ratio (defined as the total amount drawn down under the Revolving Credit Facility plus the original amounts due pursuant to the super senior hedging liabilities (consisting of hedging liabilities arising under a hedging agreement in respect of which a super senior hedging limit has explicitly been agreed, up to (but not exceeding) the super senior hedging limit for that hedging agreement, the aggregate limit of all super senior hedging liabilities being limited to €25 million) to consolidated EBITDA) at or below 0.50 to 1, tested on a quarterly basis. The super senior gross leverage ratio was 0 as of December 31, 2013, since there were no drawings outstanding under the Revolving Credit Facility or under the super senior hedging liabilities. Recently, we entered into an ISDA agreement with Macquarie to hedge a portion of our commodity exposure for 2014 and have agreed that the hedging liabilities Macquarie would incur will qualify as super senior hedging obligations for these purposes, limited to the amount of €10.0 million of their hedging liabilities. All of these covenants will remain in place following the completion of the Offering. While Ontex IV has not breached any of these covenants, restrictions or other obligations in the past and remains in compliance as of the date of this Prospectus, any breach could result in an event of default. This could in turn cause the relevant creditors to cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding thereunder, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration of payment of amounts outstanding under other debt instruments that contain cross-default or cross-acceleration provisions, including the indentures governing the Notes. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts. In addition, if we are unable to repay those amounts, our creditors could proceed against the collateral securing the Senior Secured Notes and amounts drawn under the Revolving Credit Facility. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We cannot ensure that we will continue to have access to sufficient quantities of raw materials and our results of operations are exposed to fluctuations in raw materials prices.

We are dependent upon the availability of raw materials for the manufacture of our products. Raw materials and packaging costs accounted for between 75% and 80% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. The key raw materials we use are fluff, super-absorber and non-woven fabrics.

We seek to maintain a diverse supplier base. Our top 10 suppliers accounted for 36.3% of total supplier spend in 2013 and no single supplier accounted for more than 4.5% of total supplier spend. Nonetheless, we cannot ensure that our current suppliers will be able to supply us with sufficient quantities of raw materials at reasonable prices in the future. Furthermore, if we were to lose any of our suppliers, whether as a result of the commencement of bankruptcy proceedings, decisions by suppliers to allocate raw materials to other purchasers or otherwise, there can be no assurance that we will be able to replace any such suppliers or procure substitute raw materials in a timely manner, on acceptable commercial terms, or at all.

Furthermore, the raw materials we use are subject to price volatility due to a number of factors that are beyond our control, including, but not limited to, the availability of supply (including supplier capacity constraints); general economic conditions; commodity price fluctuations (particularly of crude oil); demand by other industries for the same raw materials; and the availability of complementary and substitute materials. In particular, certain chemicals used in our raw materials, including polyethylene, propylene and polypropylene (which is used in the production of non-woven fabrics), are derived from crude oil. Accordingly, fluctuations in the price of crude oil may lead to volatility in our raw materials costs. Furthermore, fluctuations in the U.S. Dollar/Euro exchange rate may also cause volatility in our raw materials costs, since we make purchases of fluff products in U.S. Dollars and since the reference currency for crude oil (from which some of our raw materials are derived) is the U.S. Dollar.

The majority of our customer contracts are based on fixed pricing models and do not contain raw materials price indexation clauses. If we are unable to pass on increases in raw materials prices to our customers in a timely manner, we may experience lower margins. We may also lose customers and/or revenue to the extent our customers do not agree to price increases.

We have recently begun to seek to reduce a portion of our exposure to raw material price volatility through arrangements with our fluff suppliers that reduce our exposure to volatility in fluff prices as well as through hedging. For example, in February 2014, we hedged a portion of our fluff exposure for 2014. There can be no assurance, however, that we will continue to hedge our exposure to volatility in raw material prices or that, where we plan to enter into a hedge, such arrangements will continue to be available to us on commercially reasonable terms or will effectively address the risks relating to fluctuations in raw material prices. Furthermore, while our fluff hedges currently qualify for hedge accounting treatment, there can be no assurance that this will continue to be the case. Any gains and losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge will be recorded directly on the income statement. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We make substantial sales and purchases of raw materials in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations.

Although we prepare our financial statements in Euros, we make substantial sales and purchases of raw materials in currencies other than Euros. In the three months ended March 31, 2014 and the year ended December 31, 2013, we generated 37.6% and 38.3%, respectively, of our revenue in currencies other than Euros, principally Pounds Sterling, Turkish Liras, Polish Zloty, Australian Dollars and Russian Roubles. A weakening of one or more of these currencies against the Euro necessarily reduces our revenues. We also make purchases of certain raw materials, primarily fluff, in U.S. Dollars. U.S. Dollar denominated fluff purchases amounted to U.S.$189.5 million in the year ended December 31, 2013. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. The strengthening of the U.S. Dollar against the Euro, will adversely affect our results of operations. Exchange rates have recently become more volatile in certain countries in which we operate, such as Turkey, Ukraine and Russia. Furthermore, as we expand our operations, particularly outside of the Eurozone, our exposure to foreign exchange rate movements and related risks will increase.

We entered into foreign exchange forward contracts in December 2013 maturing through December 2014 and in March 2014 maturing through March 2015 in order to limit volatility in our business resulting from exposures to sales in Pounds Sterling, Polish Zloty, Turkish Liras, Australian Dollars and Russian Roubles, as well as purchases of raw materials in U.S. Dollars and Czech Crown. See *"Operating and Financial Review and Prospects — Qualitative and Quantitative Disclosure About Market Risk — Foreign Exchange Risk"* for more information on our management of foreign exchange risk. There can be no assurance, however, that we will continue to hedge our exposure to foreign exchange rate fluctuations with such forward contracts or that such forward contracts will continue to be available to us on commercially reasonable terms or will effectively address the risks relating to fluctuations in foreign exchange rates. Furthermore, while the terms of our foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions, enabling us to apply hedge accounting, there can be no assurance that these contracts will continue to qualify for hedge accounting treatment. Any gains and losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge will be recorded directly on the income statement.

Furthermore, foreign exchange rate fluctuations can affect the relative competitive position of our various production facilities. Competitors that operate production facilities in different jurisdictions may benefit from foreign exchange rate fluctuations, causing our products to become less attractive. This could particularly be the case for competitors with production facilities located outside the Eurozone, since the majority of our production facilities are located inside the Eurozone. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We may experience disruptions at our production facilities or in extreme cases, our production facilities may be shut down.

We have 15 production facilities located in Europe, Turkey, Algeria, Pakistan, China, Russia and Australia. Should a disruption occur at one or more of our production facilities, we could experience temporary shortfalls in production or an increase in our cost of sales or distribution expenses, which could have an adverse effect on our results of operations. In the case of fire, flood, storms, earthquakes or other catastrophic events, we may be required to shut down the affected production facilities and there can be no assurance that we would be able to completely or partially utilize our other production facilities to compensate for or mitigate the effects of any such shutdowns. For example, in 2009, we were required to shut down our Turkish production facility for several months as a result of flooding in the surrounding area. Any disruptions at or shutdowns of our production facilities could compromise our on-time delivery record and diminish our production capacity and thereby have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by competition from branded product manufacturers and other retailer brand manufacturers.

We face competition from branded product manufacturers, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of national and international retailers, who in turn promote and sell the products under their own brands or labels. The largest manufacturers of branded hygienic disposable products in Europe are Procter and Gamble, Johnson & Johnson and SCA, which sell brands such as Pampers, Always and Tampax (Procter and Gamble), o.b. and Carefree (Johnson & Johnson), and Tena (SCA). Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the total hygienic disposables market of approximately 39%, 11% and 7% in Western Europe, respectively, based on volume in 2013. In Eastern Europe, Procter & Gamble's market share of the total hygienic disposables market was approximately 41% and Johnson & Johnson and SCA's branded business each had a market share of approximately 5%, based on volume in 2013. Branded product manufacturers may have greater financial resources than we have. From time to time, they may increase their marketing and promotional activities in order to preserve market share and pricing for their products. For example, in 2009, many branded product manufacturers responded to adverse economic conditions by introducing discounts on certain of their products, which negatively affected our margins.

We also face competition from retailer brand manufacturers such as Intigena, SCA (which produces both branded and retailer branded products), Hysalma, Pelz and Fippi. We believe that retailer brand penetration was 39% and 16% in Western Europe and Eastern Europe, respectively, based on volume in 2013. Our share of the 39% of the Western European market represented by retailer brands was approximately 41% and our share of the 16% of the Eastern European market represented by retailer brands was above 50%, based on volume in 2013. In Western Europe, Intigena, SCA's retailer branded business, Hysalma, Pelz and Fippi had market shares based on volume of approximately 15%, 14%, 7%, 5% and 3%, respectively.

We also face competition from both branded product manufacturers and other retailer brand manufacturers in the area of product innovation. Branded product manufacturers periodically introduce new products with various innovations to existing products. Rapid time to market for comparable products is key to our competitiveness, both against branded products and against other manufacturers' retailer brand offerings that are introduced in response to such branded product innovations. There can be no assurance that we will be able to launch such products in a timely or successful manner in response to the launch of new branded products. There can also be no assurance that we will be able to obtain and license patents, trademarks and similar proprietary rights from third parties in order to respond to the innovations of our competitors. If we are unable to develop innovative products, or are unable to obtain and license such proprietary rights, we may lose market share. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain our on-time service delivery record, this could adversely affect our ability to attract new customers and retain existing customers.

Our ability to deliver our products on time is key to attracting new customers and retaining existing customers. On-time delivery is particularly important to our large retailer customers. Our ability to deliver products on time may be adversely affected by events or circumstances beyond our control, including, but not limited to, catastrophic events causing the shutdown of one or more of our production facilities, unforeseen increases in order volumes as a result of changes to the competitive landscape or otherwise, the failure of third party freight carriers to meet scheduled delivery times, any prolonged shortage of freight capacity or other extended disruption of transport services or the failure of our IT platform. If we are unable to maintain our on-time service delivery record, we may be unable to attract new customers or retain existing customers, which in turn could have a material adverse affect on our business, financial condition and results of operations.

We may be affected by product recall or liability claims or otherwise be subject to adverse publicity.

We may be required to recall our products if they fail to meet our customers' quality standards and/or the applicable health and safety standards of the country in which a product is distributed, and we may be subject to product liability claims in connection with or independent of any product recall. We may incur significant expenditures as a result of product recalls or product liability claims. We may also suffer other commercial and financial consequences in connection with product recalls or product liability claims, including fines and payments to customers in respect of destroyed inventory, out-of-stock penalties and consumer complaints. Furthermore, if our products fail to meet our customers' specifications, the contracts governing such products may be terminated and we may not have an opportunity to provide conforming products.

Any product recall or product liability claim against us could also subject us to adverse publicity. In addition, we may be subject to adverse publicity relating to other matters, including, but not limited to, product quality, brands, complaints, production facilities and employee relationships. Adverse publicity may negatively impact our reputation, regardless of whether the allegations are valid. The negative impact of adverse publicity relating to any of our products, brands or production facilities may extend far beyond the product, brand or facility involved to affect some or all of our other products, brands and facilities. Any such adverse publicity may have a material adverse effect on our business, financial condition and results of operations.

We may be subject to claims asserting the infringement of intellectual property rights.

Our success depends in part on our ability to respond quickly to the introduction of new products by branded product manufacturers and other retailer brand manufacturers. We have an internal intellectual property team which collaborates with various other departments to ensure that our products and features are compliant with third party intellectual property rights. See *"Business — Intellectual Property"* for more details of our intellectual property rights and the approach we take to intellectual property. Our intellectual property team uses internal (access to market databases) and external (intellectual property attorneys and consultants) resources to evaluate innovations and developments from an intellectual property perspective at the start of each new project. The team continues to discuss with our competitors the licensing of certain intellectual property rights in relation to our products and technologies. While there are currently no material claims against us asserting the infringement of intellectual property rights, there can be no assurance that this will continue to be the case. Any such claims could lead to litigation, which could be long and costly and the outcome may be uncertain. Furthermore, if we were required to obtain a license in respect of the disputed rights, there can be no assurance that such license would be available on commercially reasonable terms, if at all. Any detrimental decision in patent infringement litigation, or our inability to acquire intellectual property licenses on commercially reasonable terms, could have a material adverse effect on our business, financial condition and results of operations.

We may not be successful at retaining our key customers.

Our top 10 customers by revenue accounted for 38.2% and 38.7% of our revenues for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. Our largest customer accounted for 6.2% and 6.4% of our revenues over the same periods, respectively. We enter into framework agreements with the majority of our retail customers and distributors. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to two years. Some of these agreements are automatically renewed or continue indefinitely, unless either party terminates. As a result of the non-exclusive basis on which we contract with our customers, as well as the competitive markets in which we operate and the continued consolidation of our customer base, our key customers may have stronger bargaining power and may use this leverage to demand higher discounts or allowances, which could adversely impact our margins. In some cases, when we attempt to increase our prices, we may lose customers. For instance, in 2011, we lost certain customers contracts in Germany when we raised prices to take account of higher raw materials costs. If we lose one or more of our key customers, or if any of our key customers demand higher discounts or allowances, this could have a material adverse effect on our business, financial condition and results of operations.

We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur unanticipated costs associated with, potential future acquisitions.

From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition depends on our ability to integrate acquired businesses effectively. The integration of acquired businesses may be complex and expensive and may present a number of risks and challenges, including:

- the diversion of management time, effort and attention from existing business operations;
- the possible loss of key employees, customers or suppliers;
- the unanticipated loss of revenue or increase in operating or other costs;
- the challenge of developing an understanding of, and new technical skills with respect to, the acquired business;
- the assumption of debt or other liabilities of the acquired business, including litigation related to the acquired business; and
- expansion into new geographical markets, which may require us to cooperate with local partners with whom we have not previously done business and may subject us to local regulations that may be more onerous than the regulations to which we are subject in our existing geographic markets.

Integrating any acquired business may result in additional unforeseen difficulties or liabilities and could impact the effectiveness of our internal controls over financial reporting. Furthermore, there can be no assurance that we will realize any or all of the anticipated benefits of any future acquisitions, including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies. Any of the foregoing or other factors could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with operating internationally.

We operate 15 production facilities located in Europe, Turkey, Algeria, Pakistan, China, Russia and Australia and have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, the Middle East and Australia through which we make sales in more than 100 countries worldwide. As a result, we are subject to economic, regulatory, political and other risks associated with operating internationally. As we expand our operations in emerging and developing markets (including the opening of our production facilities in Russia and Pakistan in 2011 and 2013, respectively, and the opening of sales offices in Morocco, Pakistan, Kazakhstan and Ukraine), our exposure to these risks increase.

Therefore, our business may be adversely affected by economic, regulatory or political conditions or instability in any of the jurisdictions in which we operate or plan to operate, including financial crises, inflation or hyperinflation, currency devaluations, expatriation of cash, civil unrest, acts of terrorism, wars, international conflicts, difficulties in enforcement of contractual obligations (including in respect of payments and receivables and intellectual property rights), difficulties in adopting, complying with or changes in applicable local and international laws or regulations (including environmental laws and regulations and permit and authorization regimes and as a result of new interpretations and more rigorous enforcement, as well as anti-corruption, anti-money laundering and economic sanctions laws and regulations), nationalization of property without fair compensation, corruption and extortion, and greater and tighter government regulation on cross-border trading, production and pricing. Furthermore, many emerging markets do not possess the full business, legal and regulatory infrastructure that would generally exist in more mature free market economies. In addition, the taxation, currency and customs legislation within such markets are subject to varying interpretations and changes, which can occur frequently and unpredictably.

Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts being incurred by us in order to comply with or adapt to such conditions or instability and consequently this could have a material adverse effect on our business, financial condition and results of operations.

Recent and ongoing unrest in certain of the countries in which we operate may adversely affect our business.

We derive a portion of our revenue from the Middle East and Africa, a region in which we have made significant investments and are targeting for continued growth. In particular, we currently operate facilities in Algeria, Turkey and Pakistan and generate sales in those countries and surrounding countries. For the three months ended March 31, 2014 and the year ended December 31, 2013, 12.9% and 12.0% of our revenue, respectively, was attributable to the Middle East and Africa Division. During the past few years, there has been significant political and social unrest across the Middle East and Africa and political systems across the region have been and continue to be unstable. In addition, we have a sales office in Ukraine (which generated €2.7 million, or 0.2%, of our revenue in 2013), where there has recently been widespread political and social unrest. The destabilizing effect of political developments in these countries has contributed to fluctuations in exchange rates, in particular the Euro/Turkish Lira exchange rate and the Euro/Rouble exchange rate, which have adversely affected our business. Furthermore, a deterioration of relations between any of these countries and Western countries generally could indirectly affect our business. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Changes in the policies and requirements of customers may negatively impact our sales.

Our ability to service and supply our customers reliably and efficiently is dependent, in part, on our compliance with our customers' policies and product and production requirements. Changes in the policies and requirements of our customers, particularly our retailer customers, may negatively impact us. These could include, among other changes, changes with regard to inventory destocking, limitations on access to shelf space and the removal of our products; additional requirements related to safety, environmental, social and other sustainability issues. If sales of our products materially decrease or cease as a result of changes to any group of customers' or individual key customer's policies or requirements or our inability to respond adequately to such changes, this could have a material adverse effect on our business, financial condition and results of operations.

Governments may reduce their spending on healthcare, which could adversely affect the business that we do with public institutions.

Customers in our Healthcare Division primarily consist of government and health administration authorities and other third party payers. Consequently, sales through that division, which are largely of adult incontinence products, depend, in part, on the extent to which payments and reimbursements for our products are available from these customers. Given recent pressure to reduce government spending in many countries, payments or reimbursements for our products may be delayed, reduced or cancelled, governments could default or the collection of outstanding accounts receivable could become more difficult. As a result of our acquisition in 2013 of Serenity S.p.a. ("Serenity"), an Italian manufacturer of incontinence products, we are particularly exposed to this risk, since Serenity currently generates more than half of its revenue from public tender contracts with regional health authorities. We believe that due to the necessity of our adult incontinence products, any reduction or cancellation of payments or reimbursements for these products by governments or other parties will result, over time, in an increase in sales of such products through retail channels. There may, however, be a significant lag in this increase and there can be no assurance that any such reduction or cancellation of payments or reimbursements will be fully compensated by an increase in sales through our other divisions. Moreover, certain of the public tender contracts to which we are party allow health authorities to demand a reduction in price in line with prevailing market conditions. If we refuse to reduce our prices accordingly, the relevant public health authority has the ability to terminate the contract. Any reduction or cancellation of payments or reimbursements for adult incontinence products sold through the Healthcare Division could have a material adverse effect on our business, financial condition and results of operations.

We rely on key personnel and on our ability to attract and retain employees.

The successful management and operation of our business depends in part upon the contribution of our executive management team and other key personnel. In addition, our future success depends in part on our ability to continue to recruit, train, motivate and retain employees. The loss of, or diminution in, service of any of our executive management team or other key personnel, or our inability to attract and retain new employees, could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to losses that might be completely or partially uninsured.

We maintain insurance policies with respect to certain operating risks, including product liability, damage to property (including buildings, plants, machinery and stock, including as a result of catastrophic events such as fire, flood, storms and earthquakes), industrial accidents, directors' and officers' liability and toxic shock syndrome. There can be no assurance that the level of insurance we maintain is appropriate for the risks to our business or adequate to cover all potential claims. Certain types of losses (such as freight losses and losses resulting from terrorist activities and wars) are not covered by our insurance policies and may be either completely or partially uninsurable or not insurable on commercially reasonable terms. A completely or partially uninsured loss suffered by us could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to extend, renew or renegotiate our collective bargaining agreements or if our relationship with our employees or trade unions deteriorates, our business could be adversely affected.

We had an average of 4,981 full-time equivalent employees during the year ended December 31, 2013. A majority of our employees in Belgium, France, Spain, Italy and Germany are covered by collective bargaining agreements or represented by trade unions, local works councils or the European Works Council. In Turkey, approximately 70% of our employees were covered by collective bargaining agreements and in Algeria, virtually all of our workers are covered by collective bargaining agreements. Some of our collective bargaining agreements are for an indefinite duration, while a number of our collective bargaining agreements covering certain employees in Belgium, France, Spain, Turkey, Italy and Germany will expire in 2014 or 2015. We are in the process of negotiating most of these collective bargaining agreements. See *"Business — Employees"* for futher details of our collective bargaining agreements. Although we have not experienced difficulties in the past in renewing our collective bargaining agreements on acceptable terms, there can be no assurance that we will be able to continue to do so in the future.

Furthermore, in the future, should there be significant industrial action, disruptive works council activity or disturbances across our workforce, we could experience a disruption of operations and increased costs as a result. Although we can generally shift production to other facilities that are not affected by industrial action, there can be no assurance that we will be able to do so in all cases.

Our business may also be adversely affected as a result of a deterioration of our relationship with our employees, trade unions and other employee representative bodies. We continuously seek to optimize our operating efficiency, including by rationalizing our manufacturing footprint, and we have closed production facilities in the past and may do so in the future. For example, in 2011, we closed our production facility in Villefranche, France and in 2013, we closed our production facility in Recklinghausen, Germany. We may face industrial action or employees may otherwise oppose the closure of production facilities. Any such actions could result in a deterioration of our relationship with our employees. Any deterioration in our relationships with employees, trade unions, local work councils or the European Works Council could have a material adverse effect on our business, financial condition and results of operations.

Increasing labor costs may adversely affect our profitability.

An increase in our labor and employee benefit costs could adversely affect our profitability. Most of the factors affecting labor costs are beyond our control and we may not be able to adjust our pricing to reflect an increase in labor costs. A shortage of qualified employees, general inflationary pressure on wages or an increase in national minimum wages or industry or union agreed wages in any of the jurisdictions in which we operate could increase our labor costs and have a material adverse effect on our business, financial condition and results of operations.

Failure of our information systems and software could adversely affect our operations.

Our business is dependent on the effective operation of our information technology, databases, telecommunications networks, computer systems and other infrastructure, in particular the IT platform we use to manage our operations, including sales, customer service, logistics and administration. Any failure of our information technology networks and systems could result in unforeseen expenses, disrupt our operations and adversely affect our relationships with our customers, suppliers and others. In addition, our information systems may be subject to damage or unanticipated interruptions from fire, flood, storms and other natural disasters, power loss, computer system or network failures, operator negligence, physical or electronic loss of data, security breaches, computer viruses, telecommunications failures, vandalism or other extraordinary events. While we do maintain two centralized backup data storage facilities, business continuity planning and contracts with on-site IT consultants, there can be no assurance that any such failure, damage or interruption would not have a material adverse effect on our operations and thereby our business, financial condition and results of operations.

Health, safety and environmental regulations may subject us to significant costs and liabilities.

We are subject to health, safety and environmental regulations in the jurisdictions in which we operate. Legislation in these areas has tended to become broader and stricter over time, and enforcement has tended to increase. For example, our activities are likely to be covered by increasingly strict national and international standards relating to environmental protection, which may have a material adverse effect on our business, financial condition or results of operations. We cannot predict the amounts of any increases in capital expenditure or operating expenses that we may incur to comply with applicable environmental or other regulatory requirements, or whether these costs can be passed on to customers through price increases.

We believe that our operations are in material compliance with applicable health, safety and environmental laws and regulations. We can give no assurance, however, that we will continue to be in compliance or that we will not be required to pay penalties or expenses associated with compliance issues in the future. Non-compliance with such laws and regulations may give rise to significant liability, including fines, damages, fees and expenses and site closures, all of which could have a material adverse effect on our business, financial condition and results of operations.

Changes in assumptions underlying the carrying value of our assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

As of December 31, 2013, we had goodwill and other intangible assets of €864.8 million, representing 53.0% of total assets. There can be no assurance that we will not in the future be required to recognize an impairment charge in respect of our goodwill or other intangible assets.

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested at least annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Goodwill on acquisitions of subsidiaries is included in intangible assets and is tested annually for impairment and carried at cost less accumulated impairment losses.

Although we did not recognize any impairments in respect of goodwill or other intangible assets during the years ended December 31, 2013, 2012 or 2011, there can be no assurance as to the absence of significant impairment charges in the future, especially if market conditions were to deteriorate. While impairments do not affect our cash flows, a small impairment charge relative to the total amount of goodwill could, given the significant amount of goodwill recorded on our statement of financial position, adversely affect our operating profit and equity. For instance, an impairment charge in the amount of 10% of the goodwill on our balance sheet as of December 31, 2013 would have resulted in a 70.2% reduction in our operating profit for the year ended December 31, 2013 and a 23.9% reduction in our equity as of December 31, 2013. Therefore, a goodwill impairment could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax rates, tax liabilities or tax accounting rules could affect future results.

As a multi-national company, we are subject to taxation in various jurisdictions. Significant judgment is required to determine worldwide tax liabilities, including, among other reasons, because tax laws and regulations in effect in the various countries in which we operate do not always provide clear and definitive guidelines. Our effective tax rates and tax exposure could be affected by changes in the composition of our earnings in countries or jurisdictions with higher or lower tax rates, changes to transfer pricing rules, changes in the valuation of our deferred tax assets and liabilities, our ability to utilize tax losses and tax credits (of which we had €566.7 million as of December 31, 2013) or changes in the tax laws and the way such tax laws are applied by tax administrations (possibly with retroactive effect), including through tax rulings issued by the relevant competent tax authorities.

In addition, we are subject to regular audits of our income tax returns by the tax authorities in Belgium and the various countries in which we operate. From time to time various governments together with the European Union and the OECD make substantive changes to tax rules and the application of rules to companies, including changes potentially impacting our ability to defer taxes on international earnings. We regularly assess the likelihood of favorable or unfavorable outcomes in tax audits and amendments to tax laws and regulations in order to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be materially different from the treatment reflected in our historical income tax provisions and accruals. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to the Shares and the Offering

Following the completion of the Offering, we will continue to be indirectly partially owned by Whitehaven B, and its interests may conflict with our interests or the interests of the holders of the Shares.

Immediately following the completion of the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range, Whitehaven B, an entity controlled by GSCP and TPG, will hold 51.7 per cent. of the Shares (or 45.8 per cent. if the Over-allotment Option is exercised in full). GSCP and TPG will, indirectly, have the power to appoint and remove up to six of the Company's directors and to determine certain decisions required to be approved by our shareholders. The interests of GSCP and TPG may not, in all cases, be aligned with the interests of the other holders of the Shares. Therefore, there can be no assurance that any matter which is to be put to the shareholders for decision will be resolved in a manner that other holders of the Shares would consider to be their interest or our best interests. In addition, Whitehaven B may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgement, could enhance their equity investment, even though such transactions may involve risks to other holders of the Shares.

Separately, Goldman Sachs International, an affiliate of GSCP, is a mandated lead arranger under the Revolving Credit Facility. If we encounter financial difficulties, or are unable to pay our debts as they mature, Goldman Sachs International may seek to enforce the collateral and in these circumstances the interests of GSCP may not, in all cases, appear aligned with the interests of the other holders of the Shares.

There has been no prior public market for the Shares and the Shares may experience price and volume fluctuations.

Prior to the Offering, there has been no public trading market for the Shares. No assurance can be given that an active trading market for the Shares will develop or, if developed, can be sustained or will be liquid following the closing of the Offering. Furthermore, the Offer Price is not necessarily indicative of the prices at which the Shares will subsequently trade on the stock exchange. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond our control, including new government regulation, variations in operating results in our reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures, capital commitments or new services, loss of major customers, additions or departures of key personnel, any shortfall in revenue or net income or any increase in losses from levels expected by securities analysts, future issues or sales of ordinary shares and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Shares.

Future sales of substantial amounts of our ordinary shares, or the perception that such sales could occur, could adversely affect the market value of the Shares.

The Company, Whitehaven B and certain members of our current and previous executive management team are expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014) that, subject to certain exceptions, they will not, without the prior written consent of the Joint Global Coordinators issue, offer or sell any ordinary shares of the Company or securities convertible or exchangeable into ordinary shares of the Company for a period of 180 days (or 360 days in the case of members of the Ontex group's current executive management team) following the Closing Date, as described in "*Plan of Distribution — Lock-up Arrangements*." Following the expiration of these lock-up provisions, future sales of the Shares could be made by the Company, Whitehaven B or the relevant members of our executive management team. If the

Company were to raise funds through additional equity offerings, this could cause dilution for its shareholders to the extent they do not participate. Moreover, sales of a substantial number of Shares by Whitehaven B (which, following the completion of the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range, will hold 51.7 per cent. of the Shares (or 45.8 per cent. if the Over-allotment Option is exercised in full)), or the perception that such sales could occur, could adversely affect the market price of the Shares.

We may not be able to pay dividends in accordance with our stated dividend policy.

Subject to the availability of distributable reserves, computed on the basis of the stand-alone Belgian GAAP financial statements of the Company, the Company currently intends to pay a dividend of 35% to 40% of its profit of the year based on its consolidated IFRS financial statements. For the 2014 financial year, the amount of dividends will be prorated such that the Company will pay dividends only in respect of the portion of the financial year for which the Shares were listed on Euronext Brussels (based on the application of the dividend policy described in the preceding sentence). See "*Dividends and Dividend Policy.*" No assurance can be given, however, that we will make dividend payments in the future. The payment of dividends will depend on factors such as our business prospects, cash requirements and financial performance, the condition of the market and the general economic climate and other factors, including tax and other regulatory considerations. Furthermore, as the Company itself is a holding company and does not perform any operating activities, its ability to pay dividends and the level of any dividends is subject to the extent to which it receives funds, directly or indirectly, from its subsidiaries.

Among other restrictions, the indentures governing the Notes and the Revolving Credit Facility Agreement contain restrictions on the payment of dividends. The Revolving Credit Facility Agreement and indentures governing the Notes provide, among others, that, subject to certain exceptions, any dividend paid by Ontex IV or any of its restricted subsidiaries must not, when aggregated with all dividends and other Restricted Payments (as defined in *"Operating Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Notes"*) made since the issue date of the Notes, exceed 50% of consolidated adjusted net income (as defined therein) from January 1, 2011 to the end of Ontex IV's most recently ended fiscal quarter for which financial statements are available at the date of such Restricted Payment, plus proceeds from equity issuances and certain other items, and that the consolidated fixed charge coverage ratio (defined as EBITDA divided by the sum of net interest expense and dividends on preferred stock of Ontex IV's restricted subsidiaries and redeemable stock of Ontex IV and its restricted subsidiaries) of Ontex IV is greater than 2:1. As of March 31, 2014, the fixed charge coverage ratio of Ontex IV was 2.8:1. In addition to its ability to pay dividends pursuant to the restricted payments test described above, following a public offering of its or any direct or indirect parent company's equity, Ontex IV is permitted to pay dividends and distributions provided that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of (i) 6% of the net cash proceeds received from such public offering or subsequent equity offering by Ontex IV or contributed to the capital of Ontex IV by any direct or indirect parent company of Ontex IV in any form other than debt or certain excluded contributions; and (ii) following the public offering, an amount equal to 5% of the market capitalization (defined as the arithmetic mean of the closing prices per share for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend), provided that after giving pro forma effect to the payment of any such dividend or distribution, the consolidated leverage ratio of Ontex IV does not exceed 3:1. As of March 31, 2014, the consolidated leverage ratio of Ontex IV was 4.9:1.

In addition, under Belgian law and the Articles of Association, before it can pay dividends, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it meet the requirement at the time of the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, their amount.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

All of our directors and all members of our executive management team live outside the United States. All or a substantial portion of our assets and of the assets of these individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon these individuals or us or to enforce against them judgments obtained in the United States based on the civil liability provisions of the U.S. securities laws. In addition, there is uncertainty as to the enforceability in Belgium of original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

Investors resident in countries other than Belgium may suffer dilution if they are unable to participate in future preferential subscription rights offerings.

Under Belgian law, shareholders have a waivable and cancellable preferential subscription right to subscribe pro rata to their existing shareholdings to the issuance, against a contribution in cash, of new shares or other securities entitling the holder thereof to new shares. The exercise of preferential subscription rights by certain shareholders not residing in Belgium may be restricted by applicable law, practice or other considerations, and such shareholders may not be entitled to exercise such rights. In particular, there can be no assurance that we will be able to establish an exemption from registration under the U.S. Securities Act, and we are under no obligation to file a registration statement with respect to any such preferential subscription rights or underlying securities or to endeavour to have a registration statement declared effective under the U.S. Securities Act. Shareholders in jurisdictions outside Belgium who are not able or not permitted to exercise their preferential subscription rights in the event of a future preferential subscription rights offering may suffer dilution of their shareholdings.

Investors with a reference currency other than Euros will become subject to foreign exchange rate risk when investing in the Shares.

The Shares are, and any dividends to be announced in respect of the Shares will be, denominated in Euro. An investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to currency exchange rate risk that may impact the value of the investment in the Shares or any dividends.

Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax.

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the “Draft Directive”) on a common financial transaction tax (“FTT”). The intention is for the FTT to be implemented *via* an enhanced cooperation procedure in 11 EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia, together, the “Participating Member States”).

Pursuant to the Draft Directive, the FTT will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares will be subject to the FTT at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of new Shares should not be subject to the FTT.

A statement made by the Participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by January 1, 2016. However, full details are not available.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the “Directive”), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisors in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Shares.

The Shares will be listed and traded on Euronext Brussels on an "if-and-when-issued and/or delivered" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date.

From the Listing Date until the Closing Date, the Shares will be listed and traded on Euronext Brussels on an "if-and-when-issued and/or delivered" basis, meaning that trading of the Shares will begin prior to the closing of the Offering. The Closing Date is expected to occur on the third Euronext Brussels trading day following the Listing Date. Investors that wish to enter into transactions in the Offer Shares prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the closing may not take place on the expected date, or at all, if certain conditions or events referred to in the Underwriting Agreement (as defined herein) are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels NV/SA may annul all transactions effected in the Shares if they are not issued and delivered on the Closing Date. Euronext Brussels NV/SA cannot be held liable for any damage arising from the listing and trading on an "if-and-when-issued and/or delivered" basis as of the Listing Date until the Closing Date.

Certain provisions of the Belgian Company Code and the Articles of Association may affect potential takeover attempts and may affect the market price of the Shares.

There are several provisions of Belgian company law, certain other provisions of Belgian law and the Articles of Association, such as those relating to the obligation to disclose significant shareholdings, merger control and authorized capital, that may apply to the Company and may make it more difficult for an unsolicited tender offer to succeed. See *"Description of Share Capital and Articles of Association — Legislation and Jurisdiction."* These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium.

Affiliates of Goldman Sachs have various interests in the Company that could conflict.

Affiliates of The Goldman Sachs Group, Inc. ("Goldman Sachs") have various interests in the Company that could conflict. GSCP owns an indirect interest of 50% in Whitehaven B. Together with TPG, it will, indirectly, have the power to appoint and remove up to six of the Company's directors and to determine certain decisions required to be approved by our shareholders. GSCP is also, along with TPG Capital L.P., party to the Monitoring Services Agreement (as defined in *"Related Party Transactions — Monitoring Services Agreement"*) pursuant to which, among other things, (i) we pay annual fees plus out-of-pocket expenses to such parties for various services rendered; and (ii) upon the listing of the Shares on Euronext Brussels, an exit fee is payable in the amount of 1% of the enterprise value based on the Offer Price, which shall be allocated between Goldman, Sachs & Co. and TPG Capital, L.P. The exit fee will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range. The Monitoring Services Agreement will be terminated upon the closing of the Offering.

Goldman Sachs International and Merrill Lynch International, both of which are acting as Underwriters in the Offering, also act as mandated lead arrangers under the Revolving Credit Facility entered into with Ontex IV on March 25, 2011. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility. On September 12, 2013, Goldman Sachs International entered into an ISDA foreign exchange hedging agreement with Ontex Coordination Center BVBA. On June 30, 2011, Ontex Coordination Center BVBA entered into an interest rate cap arrangement with Goldman Sachs International to manage a portion of our interest rate risk in respect of the Senior Secured Floating Rate Notes. The interest rate cap arrangement is at a rate of 4.50%, has a notional amount of €150 million and terminates January 15, 2017. If we encounter financial difficulties, or are unable to pay our debts as they mature, Goldman Sachs International's interest as a creditor may conflict with its interest as a shareholder. Goldman Sachs International is also acting as an Underwriter in the Offering.

Goldman Sachs maintains information barriers between its investment banking business and its principal investments area, of which GSCP is a part. These barriers are subject to surveillance by Goldman Sachs's compliance division and examination by its regulators. Nonetheless, there can be no assurance that the interests of Goldman Sachs International and its affiliates in the Offering will not conflict.

USE OF PROCEEDS

Based on expected gross proceeds from the Primary Tranche of €325 million, we estimate that we will receive net proceeds from the Offering of approximately €278.1 million, following the deduction of underwriting commissions in the amount of €18.0 million (including underwriting commissions in respect of the Offer Shares sold by the Selling Shareholders in the Secondary Tranche) and expenses in the amount of approximately €28.9 million (which include an exit fee exit payable to Goldman, Sachs & Co. and TPG Capital, L.P. in the amount of 1% of the enterprise value based on the Offer Price (which will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range) pursuant to the Monitoring Services Agreement (as defined herein), which will be terminated upon the closing of the Offering). Assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, we will pay €1.9 million in expenses from cash on hand (if the Offer Price is at the high end of the Price Range, we will pay €3.5 million in expenses from cash on hand).

The net proceeds from the Primary Tranche will be contributed to Ontex International BVBA (via Ontex IV and the other intermediate holding companies) in the form of a contribution into capital, followed by an intra-group refinancing. We intend to use these net proceeds to repay existing indebtedness and to increase our capitalisation and financial flexibility. More specifically, we intend to use the proceeds of the Offering to strengthen our financial structure by reducing our outstanding indebtedness through the refinancing of all outstanding Senior Secured Floating Rate Notes, in the amount of €280 million. The intra-group refinancing will enable Ontex IV to repay the Senior Secured Floating Rate Notes. We are targeting a post-Offering (i.e., including the application of the proceeds of the Primary Tranche) net financial debt/Adjusted EBITDA ratio (based upon our LTM Adjusted EBITDA for the twelve months ended March 31, 2014) of approximately 3.1:1.

On March 31, 2011, Ontex IV issued a total of €835,000,000 aggregate principal amount of Notes, including €280,000,000 aggregate principal amount of Senior Secured Floating Rate Notes due 2018 (the "Senior Secured Floating Rate Notes"). The Senior Secured Floating Rate Notes bear interest at three-month EURIBOR plus 4.125% per year. The interest rate paid on the Senior Secured Floating Rate Notes for the year ended December 31, 2013 was in the range of 4.3% and 4.4%. The Senior Secured Floating Rate Notes are guaranteed by certain subsidiaries of Ontex IV on a senior basis.

The indenture governing the Senior Secured Floating Rate Notes provides that for the year 2013 and thereafter, Ontex IV is entitled at its option to redeem all or a portion of the Senior Secured Floating Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. The Senior Secured Floating Rate Notes, including the optional redemption provisions pursuant to which they will be refinanced, are described in detail in *"Operating and Financial Review — Liquidity and Capital Resources — Capital Resources — Notes"*.

We also intend to refinance the remaining series of Notes (including the Senior Secured Fixed Rates Notes and the Senior Notes) during the course of 2015 in order to optimize interest costs.

Assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, the Selling Shareholders will receive aggregate gross proceeds from the Offering of approximately €276.1 million. We will not receive any of the proceeds of the Secondary Tranche, all of which be paid to the Selling Shareholders. The Selling Shareholders will not pay any underwriting commissions or expenses in connection with the Offering.

DIVIDENDS AND DIVIDEND POLICY

Dividends

The Offer Shares carry the right to participate in dividends declared after the Closing Date, in respect of the financial year ending December 31, 2014 and future years. All Shares participate equally in the Company's profits, if any. In general, the Company may only pay dividends with the approval of the Shareholders' Meeting, although pursuant to the Company's Articles of Association, the Board of Directors may declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

The maximum amount of the dividend that can be paid is determined by reference to the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP.

Under Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it meet the requirement at the time of the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders.

The shareholders of the Company have resolved, prior to the commencement of the Offering, upon a capital reduction, subject to the effective completion of the Company's capital increase though the contributions in kind pursuant to the reorganization and with effect immediately prior to the closing of the Offering, which will result in distributable reserves being created in the amount of €400 million. Accordingly, the Company will be entitled to make distributions to shareholders out of these distributable reserves even in the absence of Belgian GAAP annual net profit for the relevant year. The Company is not required to allocate any portion of these distributable reserves to the legal reserve referred to above.

Assuming that the Offer Price is at the mid-point of the Price Range, the Company's share capital will amount to €709,554,048 as of the closing of the Offering. Distributable reserves will amount to €400 million and there will be no legal reserve, as of the closing of the Offering.

Dividend Policy

No dividends have been paid by the Company or by Ontex I in the past. Subject to the availability of distributable results, the Company currently intends to pay a dividend of 35% to 40% of its profit of the year based on its consolidated IFRS financial statements. For the 2014 financial year, the amount of dividends will be prorated such that the Company will pay dividends only in respect of the portion of the financial year for which the Shares were listed on Euronext Brussels (based on the application of the dividend policy described in the preceding sentence).

The amount of any dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including our business prospects, cash requirements and financial performance, the condition of the market and the general economic climate and other factors, including tax and other regulatory considerations. Furthermore, the indentures governing the Notes and the Revolving Credit Facility Agreement contain restrictions on the payment of dividends. The Revolving Credit Facility Agreement and indentures governing the Notes provide, among others, that, subject to certain exceptions, any dividend paid by Ontex IV or any of its restricted subsidiaries must not, when aggregated with all dividends and other Restricted Payments made since the issue date of the Notes, exceed 50% of consolidated adjusted net income (as defined therein) from January 1, 2011 to the end of Ontex IV's most recently ended fiscal quarter for which financial statements are available at the date of such Restricted Payment, plus proceeds from equity issuances and certain other items, and that the consolidated fixed charge coverage ratio (defined as EBITDA divided by the sum of net interest expense and dividends on preferred stock of Ontex IV's restricted subsidiaries and redeemable stock of Ontex IV and its restricted subsidiaries) of Ontex IV is greater than 2:1. As of March 31, 2014, the fixed charge coverage ratio of Ontex IV was 2.8:1. In addition to its ability to pay dividends pursuant to the restricted payments test described above, following a public offering of its or any direct or indirect parent company's equity, Ontex IV is permitted to pay dividends and distributions provided that the aggregate amount of all such dividends and distributions shall not exceed in any fiscal year the greater of (i) 6% of the net cash proceeds received from such public offering or subsequent equity offering by Ontex IV or contributed to the capital of Ontex IV by any direct or indirect parent company of Ontex IV in any form other than debt or certain excluded contributions; and (ii) following the public offering, an amount equal to 5% of the market capitalization (defined as the arithmetic mean of the closing prices per share for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend), provided that after giving pro forma effect to the payment of any such dividend or distribution, the consolidated leverage ratio of Ontex IV does not exceed 3:1. See *"Risk Factors — Risks Related to Shares and the Offering — We may not be able to pay dividends in accordance with our stated dividend policy."* As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid in the future or, if they are paid, their amount. As of March 31, 2014, the consolidated leverage ratio of Ontex IV was 4.9:1.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the capitalization of Ontex I as of March 31, 2014 (i) on an actual basis and (ii) as adjusted to give effect to the reorganization described in *"Principal and Selling Shareholders and Group Structure — Reorganization"* and the Offering, assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range, that the Over-allotment Option is exercised in full and that all proceeds from the Primary Tranche are made available to Ontex I by the Company via a capital contribution and applied as described in *"Use of Proceeds."* Based on expected gross proceeds from the Primary Tranche of €325 million, we estimate that we will receive net proceeds from the Offering of approximately €278.1 million, following the deduction of underwriting commissions in the amount of €18.0 million (including underwriting commissions in respect of the Offer Shares sold by the Selling Shareholders in the Secondary Tranche) and expenses in the amount of approximately €28.9 million (which include an exit fee exit payable to Goldman, Sachs & Co. and TPG Capital, L.P. in the amount of 1% of the enterprise value based on the Offer Price (which will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range) pursuant to the Monitoring Services Agreement, which will be terminated upon the closing of the Offering).

Prior to the closing of the Offering, entities established by GSCP and TPG own all of the ordinary shares of Ontex I. Pursuant to the reorganization, the Company will become, subject to and with effect immediately prior to the closing of the Offering, the new ultimate parent company of the Ontex group.

This table should be read in conjunction with "*Use of Proceeds*," "*Selected Consolidated Financial Information and Operating Data*" and "*Operating and Financial Review and Prospects*" and the consolidated financial statements and related notes included elsewhere in this Prospectus.

	As of March 31, 2014[(1)]	
	Actual	**As Adjusted[(2)]**
	(€ millions, unaudited)	
Capitalization		
Current Debt		
Guaranteed[(3)]	9.7	9.7
Secured[(4)]	16.1	13.5
Unguaranteed/unsecured[(5)]	0.4	0.4
Total current debt	26.2	23.6
Non-current Debt		
Guaranteed — principal amount[(3)]	235.0	235.0
Secured — principal amount[(4)]	675.0	395.0
Secured — premium[(6)]	2.0	2.0
Borrowing expenses[(7)]	(15.9)	(11.4)
Unguaranteed/unsecured[(5)]	1.4	1.4
Total non-current debt	897.5	622.0
Total indebtedness	923.7	645.6
Shareholders' equity		
Share capital[(8)]	420.0	774.3
Cumulative translation differences	(19.9)	(21.3)
IPO expenses	—	(25.4)
Retained earnings and other reserves[(9)]	(51.1)	(80.6)
Total shareholders' equity	349.0	647.0
Non-controlling interests[(10)]	24.4	—
Total equity	373.4	647.0
Capitalization[(1)]	1,297.1	1,292.6

	As of March 31, 2014(1)	
	Actual	As Adjusted(2)
	(€ millions, unaudited)	
Net Indebtedness		
Cash		
Cash and cash equivalents(11)	(61.6)	(57.1)
Trading securities	—	—
Liquidity	(61.6)	(57.1)
Current financial receivables	—	—
Current bank debt		
Current portion of non-current debt(12)	25.8	23.2
Other financial debt	0.4	0.4
Current financial debt	26.2	23.6
Net current financial indebtedness	—	—
Non-current bank loans(13)	1.4	1.4
Bonds issued(14)	896.1	620.6
Other non-current loans	—	—
Non-current financial indebtedness	897.5	622.0
Net financial indebtedness	862.1	588.5

Notes:

(1) Other than in relation to the Offering, there have been no material changes to our capitalization since March 31, 2014.

(2) Capitalization and net indebtedness as of March 31, 2014 as adjusted to give effect to the Offering, assuming placement of the maximum number of Offer Shares in the Primary Tranche, that the Offer Price is at the mid-point of the Price Range and that all proceeds from the Primary Tranche are made available to Ontex I by the Company via a capital contribution and applied as described in *"Use of Proceeds."*

(3) Guaranteed debt comprises the Senior Notes. See "*Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Notes.*"

(4) Secured debt comprises the Senior Secured Notes. See "*Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Notes.*" Amounts drawn under the Revolving Credit Facility would also be included within secured debt. However, as of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility. See "*Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Revolving Credit Facility.*"

(5) Unguaranteed/unsecured debt relates to a finance lease at Lille Healthcare.

(6) Reflects an issue price for €75 million of the Senior Secured Notes of 103.25%, resulting in premium of €2.4375 million, which is amortized over the contractual term, resulting in €2.0 million of premium.

(7) Capitalized borrowing expenses as of March 31, 2014 consist of €7.6 million in respect of the Senior Secured Fixed Rate Notes, €4.5 million in respect of the Senior Secured Floating Rate Notes and €3.8 million in respect of the Senior Notes.

(8) The increase in share capital in the as adjusted column reflects the proceeds of the Primary Tranche in the amount of €325 million plus non-controlling interest in the amount of €29.3 million.

(9) The decrease in retained earnings in the as adjusted column is due to total Offering related expenses in respect of the Secondary Tranche of €21.5 million (calculated pro rata for the secondary portion of the total Offering, assuming that the Offer Price is at the mid-point of the Price Range), borrowing expenses in the amount of €4.5 million and other reserves related to the non-controlling interest reversal of €3.5 million.

(10) The non-controlling interest reported as of March 31, 2014 comprised the following elements: share capital of €29.3 million; cumulative translation difference of negative €1.4 million and retained earnings and other reserves of negative €3.5 million. Upon the contribution in kind into Ontex I of the non-controlling interest, the aforementioned amounts were reversed against the respective financial lines.

(11) The decrease in cash and cash equivalents in the as adjusted column includes €1.9 million of expenses in connection with the Offering payable from cash on hand and €2.6 million of accrued interest payable in connection with the repayment of the Senior Secured Floating Rate Notes.

(12) Consists of accrued interest in respect of the Notes.

(13) Consists of a loan from HSBC in respect of investment in machinery in Algeria.

(14) Reflects the total amount of the Notes including premium and net of borrowing expenses.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information presented below is that of Ontex I, which will be contributed to the Company on the completion of the Offering, as described in "Principal and Selling Shareholders and Group Structure — Reorganization." The selected consolidated financial information as of and for the three months ended March 31, 2014 and 2013 has been derived from the unaudited interim condensed consolidated financial statements of Ontex I as of and for the three months ended March 31, 2014 and 2013, which have been reviewed by PricewaterhouseCoopers, Société coopérative. The selected consolidated financial information as of and for the years ended December 31, 2013, 2012 and 2011 has been derived from the audited consolidated financial statements of Ontex I as of and for the years ended December 31, 2013, 2012 and 2011, which have been audited by PricewaterhouseCoopers, Société coopérative. The consolidated financial statements have been prepared in accordance with IFRS.

The selected consolidated financial information presented below should be read in conjunction with "Operating and Financial Review and Prospects" and Ontex I's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2014 and 2013 and its audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011, each included elsewhere in this Prospectus.

Consolidated Income Statement Data

	Three months ended March 31,		Year ended December 31,		
	2014	**2013**	**2013(1)**	**2012**	**2011**
			(€ millions)		
Revenue	400.2	340.5	1,491.9	1,309.0	1,217.6
Cost of sales	(291.3)	(253.6)	(1,094.8)	(988.3)	(941.4)
Gross margin	108.9	86.9	397.1	320.7	276.2
Distribution expenses	(37.6)	(28.0)	(136.3)	(108.6)	(92.4)
Sales and marketing expenses	(19.8)	(18.9)	(78.0)	(64.2)	(50.5)
General administrative expenses	(10.8)	(9.0)	(41.1)	(30.9)	(28.1)
Other operating income/(expense), net	0.5	(0.6)	0.4	1.1	(1.9)
Non-recurring expenses	(2.3)	(2.4)	(19.6)	(50.4)	(40.2)
Operating profit	38.9	28.0	122.5	67.7	63.1
Finance income	2.8	5.2	17.9	18.1	25.6
Finance cost	(23.3)	(23.7)	(101.9)	(88.1)	(126.7)
Net finance cost	(20.5)	(18.5)	(84.0)	(70.0)	(101.1)
(Loss)/profit before income tax	18.4	9.5	38.5	(2.3)	(38.0)
Income tax expense	(3.8)	(2.6)	(14.0)	(6.8)	(13.6)
(Loss)/profit of the period	14.6	6.9	24.5	(9.1)	(51.6)

Note:

(1) For the year ended December 31, 2013, Serenity has been consolidated from its date of acquisition, April 4, 2013. See *"Operating and Financial Review and Prospects — Factors Affecting Our Results of Operations — Acquisitions."*

Selected Consolidated Statement of Financial Position Data

	As of March 31, 2014	As of December 31, 2013	2012	2011
		(€ millions)		
Goodwill and other intangible assets	864.6	864.8	845.8	846.3
Property, plant and equipment	280.7	282.0	267.4	246.0
Other non-current assets	0.4	0.4	0.2	0.5
Total non-current assets	1,145.7	1,147.2	1,113.4	1,092.8
Inventories	200.9	182.2	171.6	139.3
Trade receivables	239.2	199.0	163.5	153.2
Cash and cash equivalents	61.6	61.4	39.2	65.5
Other current assets	62.1	42.3	43.0	60.8
Total current assets	563.8	484.9	417.3	418.8
Total assets	1,709.5	1,632.1	1,530.7	1,511.6
Trade payables	271.3	240.9	221.8	221.7
Borrowings	26.2	13.9	14.0	20.4
Other current liabilities	97.8	78.4	98.5	68.9
Total current liabilities	395.3	333.2	334.3	311.0
Borrowings	897.5	896.7	818.7	814.9
Other non-current liabilities	43.3	43.0	28.8	26.8
Total non-current liabilities	940.8	939.7	847.5	841.7
Total liabilities	1,336.1	1,272.9	1,181.8	1,152.7
Total equity	373.4	359.2	348.9	358.9
Total equity and liabilities	1,709.5	1,632.1	1,530.7	1,511.6

Selected Consolidated Statement of Cash Flows Data

	Three months ended March 31, 2014	2013	Year ended December 31, 2013	2012	2011
			(€ millions)		
Net cash generated from operating activities[1]	14.1	25.3	134.5	87.6	80.2
Net cash used in investing activities	(8.0)	(16.2)	(116.0)	(54.3)	(49.2)
Net cash from/(used in) financing activities	(5.9)	74.0	3.7	(59.6)	6.7
Change in cash and cash equivalents	0.2	83.1	22.2	(26.3)	37.7
Cash and cash equivalents at end of period	61.6	122.3	61.4	39.2	65.5

Note:

(1) In the three months ended March 31, 2014, the increase in net cash generated from operating activities was partly due to a decrease in trade receivables as a result of proceeds from factoring in the amount of €1.5 million. In 2013, the increase in net cash generated from operating activities was partly due to a decrease in trade receivables as a result of proceeds from factoring in the amount of €36.3 million.

Non-IFRS Financial Data

	As of and for the three months ended March 31,		As of and for the year ended December 31,		
	2014	**2013**	**2013**	**2012**	**2011**
	(€ millions, except as otherwise noted)				
EBITDA[1]	46.9	35.9	156.3	98.8	98.7
EBITDA margin *(%)*[2]	11.7	10.5	10.5	7.5	8.1
Adjusted EBITDA[3]	49.2	38.0	173.6	148.9	133.8
Adjusted EBITDA margin *(%)*[4]	12.3	11.2	11.6	11.4	11.0
Net financial debt	862	798	849	794	770
Net financial debt/Adjusted EBITDA ratio[5]	4.7	5.4	4.9	5.3	5.7
Adjusted free cash flow (post-tax)[6]	4.0	14.0	103.7	60.0	70.9
Adjusted free cash flow (pre-tax)[7]	5.6	15.5	118.4	63.8	92.7
Cash conversion *(%)*[8]	11.4	40.8	68.2	42.8	69.3
Return on invested capital *(%)*[9]	37.3	35.9	37.1	38.2	36.6

Notes:

(1) EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization. See *"— Reconciliations of Non-IFRS Financial Measures."* EBITDA has not been audited.

(2) EBITDA margin is defined as EBITDA divided by revenue.

(3) Adjusted EBITDA is defined as EBITDA plus non-recurring expenses (which for the periods under review include acquisition costs; business restructuring costs, including costs relating to the liquidation of subsidiaries and the closure, opening or relocations of factories; and asset impairment costs) excluding non-recurring depreciation and amortization. See *"— Reconciliations of Non-IFRS Financial Measures."* Adjusted EBITDA has not been audited.

(4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. Operating margin (defined as operating profit divided by revenue) was 9.7% and 8.2% for the three months ended March 31, 2014 and 2013 and 8.2%, 5.2% and 5.2% for the years ended December 31, 2013, 2012 and 2011. Adjusted EBITDA margin has not been audited.

(5) Based on last twelve months ("LTM") Adjusted EBITDA.

(6) Adjusted free cash flow (post-tax) is defined as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements) less cash taxes paid. See *"— Reconciliations of Non-IFRS Financial Measures."* Adjusted free cash flow (post-tax) has not been audited.

(7) Adjusted free cash flow (pre-tax) is defined as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements). See *"— Reconciliations of Non-IFRS Financial Measures."* Adjusted free cash flow (pre-tax) has not been audited.

(8) Cash conversion is defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA. Cash conversion has not been audited.

(9) Return on invested capital is defined as LTM adjusted operating profit (defined as LTM operating profit excluding LTM non-recurring items) divided by net operating assets (defined as operating assets (total assets less derivative financial assets and cash and cash equivalents) less operating liabilities (total liabilities less employee benefits liabilities, borrowings, other financial liabilities and derivative financial liabilities) less goodwill). Return on invested capital has not been audited.

Reconciliations of Non-IFRS Financial Measures

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to operating profit for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
			(€ millions)		
Operating profit	38.9	28.0	122.5	67.7	63.1
Depreciation and amortization	8.0	7.9	33.8	31.1	35.6
EBITDA	46.9	35.9	156.3	98.8	98.7
Non-recurring expenses					
Acquisition costs related to Group ONV Topco	—	—	—	—	0.2
Factory closure	0.9	—	4.2	39.9	31.7
Business restructuring	0.6	—	1.0	6.0	1.6
Acquisition related expenses	0.3	1.9	8.2	0.6	1.5
Impairment losses	—	0.3	4.3	0.3	3.8
Other	0.5	0.2	1.9	3.6	1.4
Non-recurring depreciation and amortization	—	(0.3)	(2.3)	(0.3)	(5.1)
Adjusted EBITDA	49.2	38.0	173.6	148.9	133.8

The following table presents a reconciliation of Adjusted free cash flow (pre-tax) and Adjusted free cash flow (post-tax) to operating profit for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
			(€ millions)		
Operating profit	38.9	28.0	122.5	67.7	63.1
Depreciation and amortization	8.0	7.9	33.8	31.1	35.6
EBITDA	46.9	35.9	156.3	98.8	98.7
Non-recurring expenses					
Acquisition costs related to Group ONV Topco	—	—	—	—	0.2
Factory closure	0.9	—	4.2	39.9	31.7
Business restructuring	0.6	—	1.0	6.0	1.6
Acquisition related expenses	0.3	1.9	8.2	0.6	1.5
Impairment losses	—	0.3	4.3	0.3	3.8
Other	0.5	0.2	1.9	3.6	1.4
Non-recurring depreciation and amortization	—	(0.3)	(2.3)	(0.3)	(5.1)
Adjusted EBITDA	49.2	38.0	173.6	148.9	133.8
Capital expenditure(1)	(8.0)	(16.2)	(42.8)	(53.9)	(33.9)
Changes in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements)					
Inventories	(18.9)	(7.6)	7.8	(32.1)	(1.4)
Trade and other receivables and pre-paid expenses	(59.2)	(11.1)	18.4	(5.2)	(17.8)
Trade and other payables and accrued expenses	44.0	12.4	(2.3)	6.1	12.0
Cash inflows and outflows from non-recourse factoring arrangements	(1.5)	—	(36.3)	—	—
Adjusted free cash flow (pre-tax)	5.6	15.5	118.4	63.8	92.7
Cash taxes paid	(1.6)	(1.5)	(14.7)	(3.8)	(21.8)
Adjusted free cash flow (post-tax)	4.0	14.0	103.7	60.0	70.9

Note:

(1) Capital expenditure is defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions).

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read together with, and is qualified in its entirety by reference to, the unaudited interim condensed consolidated financial statements of Ontex I as of and for the three months ended March 31, 2014 and 2013 and the related notes thereto and its audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 and the related notes thereto, in each case included elsewhere in this Prospectus. The following discussion should also be read in conjunction with "Presentation of Financial and Other Information" and "Selected Consolidated Financial Information."

In the following discussion, we present certain information by product, by division and by geography. Effective January 1, 2014, Ontex I has four divisions, whereas prior to that date, it had three divisions. For ease of comparison across periods, we have elected to present Ontex I's results of operations for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 based on Ontex I's current divisional structure, and have also aggregated the new Mature Market Retail and Growth Markets Divisions to show revenue for the former Retail Division. See "Presentation of Financial Information — Divisional Structure."

Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in "Risk Factors" and "Forward-Looking Statements."

Overview

We are a leading manufacturer of retailer branded and branded hygienic disposable products across Western Europe, Eastern Europe, Middle East and Africa. We have an estimated market share of retailer brands of 41% in Western Europe and above 50% in Eastern Europe based on volume in 2013. We primarily sell our products to retailers, helping them to establish or enhance their own brands. We sell both retailer brands and Ontex brands, with the mix varying by product category and geography. We also sell a small amount of finished products to other manufacturers, which is referred to as contract manufacturing. For the three months ended March 31, 2014 and the year ended December 31, 2013, 61.3% and 62.3% of our revenue was generated from retailer branded products (including contract manufacturing which we undertake through our Mature Market Retail Division), with the remaining 38.7% and 37.7% being generated from Ontex brands, respectively.

We operate our business through four divisions, which are mainly organized by sales channel and the nature of our customer relationships:

- Mature Market Retail, which primarily sells retailer branded products to established retailers in Western Europe, where demographic trends and adoption rates for its core products, babycare and feminine care products, are relatively stable. The Mature Market Retail Division accounted for 55.1% of our revenue for the three months ended March 31, 2014 and 56.7% of our revenue for the year ended December 31, 2013;
- Growth Markets, which sells a mix of retailer branded products and Ontex brands and is focused geographically on Eastern Europe, where the demographic profile of the population is similar to Western Europe, but the potential for growth of the hygienic disposable products market is supported by lower, but increasing, adoption rates compared to Western Europe. The Growth Markets Division accounted for 5.4% of our revenue for the three months ended March 31, 2014 and 5.9% of our revenue for the year ended December 31, 2013;
- Middle East and Africa, which sells primarily Ontex branded products in Turkey, Algeria, Pakistan and Morocco, as well as other countries in the region. These countries benefit from favorable demographic trends, including expected population growth as well as increasing adoption rates for all products. The Middle East and Africa Division accounted for 12.9% of our revenue for the three months ended March 31, 2014 and 12.0% of our revenue for the year ended December 31, 2013; and
- Healthcare, which primarily sells Ontex branded adult incontinence products directly or through distribution channels to institutional customers in the healthcare market. The Healthcare Division accounted for 26.6% of our revenue for the three months ended March 31, 2014 and 25.4% of our revenue for the year ended December 31, 2013.

Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes. Babycare products comprised 52.5% of our revenue for each of the three months ended March 31, 2014 and the year ended December 31, 2013.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection. Adult incontinence products comprised 33.7% of our revenue for the three months ended March 31, 2014 and 32.9% of our revenue for the year ended December 31, 2013.
- Feminine care products, such as sanitary pads, panty liners and tampons. Feminine care products comprised 12.3% of our revenue for the three months ended March 31, 2014 and 13.2% of our revenue for the year ended December 31, 2013.

Other products, which comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products, accounted for 1.5% of our revenue for the three months ended March 31, 2014 and 1.4% of our revenue for the year ended December 31, 2013.

We are headquartered in Erembodegem (Aalst), Belgium and have a well balanced manufacturing and sales footprint. We have 15 production facilities located across Europe (including two in Belgium, one in the Czech Republic, two in France, two in Germany, one in Spain and one in Italy), China, Turkey, Algeria, Russia, Australia and Pakistan. We have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, the Middle East and Australia through which we make sales in more than 100 countries worldwide. The wide reach of our production facilities and sales offices allows us to operate across a wide range of markets in a cost effective manner. We employed an average of 4,981 full time equivalent employees during the year ended December 31, 2013.

We enjoy deep relationships with the main large European retailers, including Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. Our business is also diversified, with our largest customer accounting for 6.4% of our revenue and our ten largest customers accounting for 38.7% of our revenue for the year ended December 31, 2013. In terms of geographic markets, 68.4% of our revenue was attributable to Western Europe in the year ended December 31, 2013 (with the United Kingdom accounting for 16.6% and France, Germany, Italy and the rest of Western Europe accounting for 15.3%, 9.9%, 8.5% and 18.2% of total revenue, respectively), 13.2% was attributable to Eastern Europe and 18.4% was attributable to the Middle East and Africa and the rest of the world.

The following table sets forth a breakdown of our revenue by geography for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,				**Year ended December 31,**					
	2014		**2013**		**2013**		**2012**		**2011**	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
United Kingdom	67.1	16.8	52.0	15.3	247.5	16.6	198.0	15.1	149.2	12.3
France	58.3	14.6	57.4	16.9	228.0	15.3	214.6	16.4	227.7	18.7
Germany	35.9	9.0	37.3	11.0	147.0	9.9	160.1	12.2	205.8	16.9
Italy	44.5	11.1	6.7	2.0	126.8	8.5	25.2	1.9	27.1	2.3
Other countries	194.4	48.5	187.1	54.8	742.6	49.7	711.1	54.4	607.8	49.8
Total	400.2	100.0	340.5	100.0	1,491.9	100.0	1,309.0	100.0	1,217.6	100.0

During the period from 2003 to 2013, our revenue has grown at a compound annual growth rate of 7.2% (including acquisitions), with average organic revenue growth (i.e., growth at reported currency excluding the impact of acquisitions) of approximately 4.7%. This has led to our revenue doubling over the past ten years.

For the three months ended March 31, 2014, our revenue was €400.2 million, our EBITDA was €46.9 million and our Adjusted EBITDA was €49.2 million. For the year ended December 31, 2013, our revenue was €1,491.9 million, our EBITDA was €156.3 million and our Adjusted EBITDA was €173.6 million. Our cash conversion (defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA) was 68.2% for the year ended December 31, 2013.

Factors Affecting Our Results of Operations

Our results of operations have been, and will continue to be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that we believe have affected our results of operations in the periods under review and could affect our results of operations in the future. For a discussion of certain factors that may adversely affect our results of operations and financial condition, see "*Risk Factors*."

Market Dynamics

Our revenue is influenced both by growth of the overall market for hygienic disposable products, which is in turn largely driven by demographic trends, and by growth in penetration of retailer brands. Changes in the competitive landscape may also affect the penetration of retailer brands as well as our market share within retailer brands.

Demographic Trends

Demand for hygienic disposables is influenced by demographic trends in the markets in which we operate, including population growth and trends in the adoption of our products. In the babycare market, demand for our products is driven by the number of babies, in the feminine care market, demand is driven by the size of the female population aged 15-50 years and in the adult incontinence market, demand is driven by the size of the population over 65 years. The adoption of our products is affected by factors such as changes in GDP per capita, awareness of product availability, product innovation and other trends, such as the average age of potty training and the number of people suffering from incontinence. The geographic markets in which we operate have very different demographic profiles and are in different stages in terms of the adoption of our products:

- In Western Europe, demographics for babycare and feminine care products are relatively stable as a result of relatively limited population growth. Rates of adoption for these products are also relatively high. On the other hand, growth in the population over 65 years is expected to contribute to strong demand for our adult incontinence products.
- In Eastern Europe, demographics for babycare and feminine care products are also relatively stable. However, we believe that rising incomes will result in consumers increasingly purchasing babycare and feminine care products to replace traditional solutions such as cloth diapers. Growth in the population over 65 years is also expected to contribute to strong demand for our adult incontinence products.
- In the Middle East and Africa, we believe that population growth will contribute to growth in demand for all of our products. We also believe that the increasing adoption of babycare and feminine care products primarily as a result of rising incomes will contribute to higher demand for these products. The adoption gap for the Middle East and Africa is even higher than that of Eastern Europe.

Although the hygienic disposables market as a whole is generally not directly exposed to economic cycles given the relatively non-discretionary nature of the products, the overall trend of adoption of hygienic disposables in emerging markets may slow during economic downturns due to consumers' price sensitivity.

Penetration of Retailer Brands

Hygienic disposables are manufactured by branded product manufacturers, often well-known companies with large-scale operations such as Procter & Gamble, Johnson & Johnson, Kimberly Clark and SCA, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of national and international retailers, who in turn promote and sell the products under their own brands or labels. Our revenue is influenced by changes in the overall share of retailer brands in the market. Furthermore, our share of retailer brands is linked to the overall share of retailer brands in the market. For example, we believe that we have contributed to the growth of the share of retailer brands in the babycare market in the United Kingdom. Between 2012 and 2013, the penetration of retailer brands increased by approximately 13 percentage points. At the same time, we have been able to grow our share of retailer brands in the babycare market.

The overall share of retailer brands in the market, as well as our own market share, can be influenced by factors such as trends in GDP growth, marketing and promotional activity and product innovation. While the overall market for hygienic disposable products benefits from a relative inelasticity of demand, consumers may become more price sensitive during economic downturns, and may increasingly buy retailer branded products, which are generally less expensive than branded products. For that reason, competition from branded product manufacturers and other retailer brand manufacturers may increase during economic downturns. For example, during economic downturns, branded product manufacturers may increase their marketing and promotional activities (including by offering discounts on their products) in order to preserve market share.

Branded product manufacturers periodically introduce new products with various innovations to existing products. Rapid time to market for comparable products is key to our competitiveness, both against branded products and other manufacturers' retailer brands that are introduced in response. Our revenue is affected by our ability to develop and launch comparable new product innovations rapidly, and also by our ability to introduce new innovations that will diversify and differentiate our product offering from that of branded product manufacturers and other retailer brand manufacturers.

Competitive Landscape

Across the various divisions and geographies in which we operate, we compete with both branded product manufacturers and other retailer brand manufacturers. The largest manufacturers of branded hygienic disposable products in Europe are Procter and Gamble, Johnson & Johnson and SCA, which sell brands such as Pampers, Always and Tampax (Procter and Gamble), o.b. and Carefree (Johnson & Johnson), and Tena (SCA). Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the total hygienic disposables market of approximately 39%, 11% and 7% in Western Europe, respectively, based on volume in 2013. In Eastern Europe, Procter & Gamble's market share of the total hygienic disposables market of was approximately 41% and Johnson & Johnson and SCA's branded business each had a market share of approximately 5%, based on volume in 2013. We believe that retailer brand penetration was 39% and 16% in Western Europe and Eastern Europe, respectively, based on volume in 2013. Our share of the 39% of the Western European market represented by retailer brands was approximately 41% and our share of the 16% of the Eastern European market represented by retailer brands was above 50%, based on volume in 2013.

Changes in the competitive landscape of the hygienic disposables market may influence our revenue. For example, the exit of Kimberly Clark from the Western European babycare market, which it announced in 2012, has also had a significant impact on the share of retailer brands in Western Europe as well as our market share. The Kimberly Clark diaper business was split between the Huggies brand and a number of retailer brand contracts it had entered into in 2011. The Huggies brand had significant market share in the United Kingdom, while Kimberly Clark's retailer brand contracts were spread across Europe. The impact of Kimberly Clark's exit differed by country but the exit generally contributed to an increase in retailer brand penetration. For example, in the United Kingdom, the withdrawal of Kimberly Clark from the Western European baby diaper market contributed to a 13 percentage point increase in the share of retailer brands from 2012 to 2013, where we were the largest manufacturer by volume across our product categories in 2013. Kimberly Clark's withdrawal benefitted all manufacturers of retailer brands but in general we believe that we have captured a share of Kimberly Clark's volumes that is commensurate with our position in the market.

Government Spending

Our Healthcare Division primarily sells Ontex branded products to public institutions. The method of payment or reimbursement for the healthcare market for adult incontinence products varies by country. However, it is typically a governmental body or health insurer who ultimately pays for the products. Accordingly, trends in government spending on adult incontinence products will affect the share of our brands in the market. Due to reductions in budgets by many European governments, public institutions such as hospitals and nursing homes may be required to limit their expenditures. We believe that due to the necessity of our adult incontinence products, any reduction or cancellation of payments or reimbursements for these products by governments or other parties will result, over time, in an increase in sales of such products through retail channels. The timing of any such impact and the degree to which the loss of revenue in our Healthcare Division will be compensated by growth in revenue from retail channels is difficult to predict.

Business Relationships, Retention of Contracts and New Business Wins

Our revenue and cash flows are affected by our ability to retain existing business and generate new business from existing and new customers. We enter into framework agreements with the majority of our retail customers and distributors. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to two years. Some of these agreements are automatically renewed or continue indefinitely, unless either party terminates.

The terms on which we retain business directly affects our results of operations. While price is a key factor, other factors influence our relationship with our customers, such as performance track record, including product quality, product innovation, on-time service delivery and operational efficiency. The overall quality of the relationship between us and our customers is important for business retention and generation, and it can be leveraged to increase profitability.

In connection with new business wins or the expiration of contractual agreements, we are typically invited to tender for a new contract with the customer, or we negotiate a new agreement with the customer. Because of the generally flexible nature of these contractual arrangements, additional business depends largely on the ongoing relationships with existing and potential customers. The factors that influence the terms on which we retain business, and thereby affect our results, are the same factors that influence the terms on which we win new business. The retention of our key customer base gives us a strong platform from which to win new business. In particular, as major retailer customers expand into new markets and the penetration of retail brands grows in such markets, we are well positioned to accompany our customers and expand our business.

We are also highly focused on ensuring profitability by customer and product, and this focus has informed our efforts to win business from new and existing customers, more so than simply increasing sales volume alone. This profit focus can in the short term periodically lead to customer losses, with a consequential negative effect on revenue.

Cost of Raw Materials

Our results of operations are impacted by the prices we pay for the raw materials we use to manufacture our products. Raw materials are the principal component of our cost of sales. Raw materials and packaging costs accounted for between 75% and 80% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. Traded goods accounted for less than 5% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013.

The principal raw materials we use include:

- Fluff, the common name for milled wood pulp, which is used in the absorbent core of hygienic disposable products. Wood pulp, often bleached, is milled to separate the fibers into "fluff," a process which increases the pulp's bulk. Fluff represented between 15% and 20% of our cost of raw materials (including packaging) in 2013.
- Super-absorber, which consists of a material which can absorb many times its own weight in aqueous fluids. The majority of super-absorbers for the hygienic disposables market are polyacrylates made from caustic soda and acrylic acid and are sold in granular form. Super-absorber represented between 20% and 25% of our cost of raw materials (including packaging) in 2013.
- Non-woven fabrics, which are high-tech, engineered fabrics made from fibers used across a wide range of applications in consumer and industrial products. A significant portion of non-woven fabrics used in the hygienic disposables market are made using polypropylene. Non-woven products represented between 20% and 25% of our cost of raw materials (including packaging) in 2013.

Other raw materials we use include tapes, polyethylene, adhesives, various packaging and other materials. Most of our products contain polyethylene, which is mainly used in backsheets to prevent leakage.

The prices we pay for raw materials can be highly variable, depending on a number of factors, including, but not limited to, the following:

- the availability of supply, including supplier capacity constraints;
- general economic conditions globally and in particular markets;
- fluctuations in commodity prices, particularly crude oil prices, since certain chemicals used in our raw materials, including polyethylene, propylene and polypropylene, are derived from crude oil;
- fluctuations in exchange rates, since we make purchases of fluff products in U.S. Dollars. The strengthening of the U.S. Dollar against the Euro will adversely affect our results of operations. Purchases of oil-based raw materials referred to above also increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars;
- whether, under the terms of the relevant supply agreement, the purchase price of a particular raw material is linked to a price index, either for the raw material itself or one of its principal components. Our supply

contracts for fluff are typically linked to the RISI index; supply contracts for super-absorber are typically linked to the index for propylene (propylene accounts for approximately 30% of acrylic acid); supply contracts for polyethylene products are linked to the index for low density polyethylene; and supply contracts for non-woven fabrics are linked to the index for polypropylene. The indices for propylene, polyethylene and polypropylene are correlated with the price of crude oil. We estimate that, at current commodity price levels, between 30% and 45% of our raw materials and packaging costs is directly linked to the evolution of commodities indices. The remaining 55% to 70% is subject to general inflation, and can be influenced to a greater degree by price negotiations;

- whether the relevant supply agreement contains provisions that reduce our exposure to volatility in raw materials prices (which is the case for certain of our fluff supply agreements) and whether the purchase price is adjusted in advance or in arrears under the relevant supply agreement;
- the demand of other industries for the same raw materials; and
- the availability of complementary and substitute materials.

Pulp prices were at a relatively high level at the beginning of the periods under review, with a high of U.S.$1,040 per metric ton in January 2011. During the fourth quarter of 2011, pulp prices decreased and have been relatively stable during 2012 and 2013, with a high of U.S.$960 per metric ton in December 2013 and a low of U.S.$910 in February 2012. These prices are based on the index for bleached kraft (untreated) fluff North America, C.i.f. North Sea Ports, expressed in ADMT (Air dry metric ton). We estimate that a 10% movement in the RISI index translates into approximately 1% impact on our gross margin (based on fluff elasticity to the RISI index of 100% and certain other assumptions), before taking into account any arrangements we have entered into with fluff suppliers to manage volatility or hedging arrangements.

Crude oil prices, to which pricing for super absorber and non-woven fabrics is linked, have remained relatively stable during the periods under review, averaging U.S.$108.52, U.S.$112.77 and U.S.$111.77 for the years ended December 31, 2013, 2012 and 2011, respectively, based on the Brent spot price, following a period of volatility during 2008 and 2009 as a result of the global economic downturn. We estimate that a 10% movement in the various petrochemicals indices to which our raw materials prices are correlated translates into an impact on our gross margin of approximately 0.5% or less (based on super-absorber elasticity to propylene of 36%, non-woven elasticity to polypropylene of 35% and polyethylene products elasticity to polyethylene of 46% and certain other assumptions).

If we are unable to pass on increases in raw material costs to our customers, our profitability can be adversely affected. The majority of our customer contracts are based on fixed pricing models and do not contain raw materials price indexation clauses, although we are increasingly seeking to introduce these clauses into our contracts. In particular, we have sought to introduce "escalator" clauses relating to oil-based products and currency movements in contracts with key customers. However, we are not always successful in adding them.

We have also sought to manage our raw materials costs through hedging. For example, we entered into an Oil Brent Call Option in July 2010 for a measured quantity of oil barrels (1,900,000) for the period from July 2010 through September 2013. The option reached its maturity on September 15, 2013 and has not been replaced due to the fact that it did not qualify for hedge accounting treatment. We also recently introduced a hedging committee and in February 2014, hedged a portion of our fluff exposure for 2014. See *"— Qualitative and Quantitative Disclosure About Market Risk — Hedging Committee"* for more detail on our hedging committee.

As noted above, our purchases of raw materials also entail foreign exchange risk, since we purchase fluff in U.S. Dollars and the reference price for crude oil is U.S. Dollars. We entered into foreign exchange forward contracts in December 2013 maturing through December 2014 and in March 2014 maturing through March 2015 in order to limit the volatility in the business resulting from exposure to sales and purchases in foreign currencies. See *"— Foreign Exchange Rate Fluctuations"* below for more detail of these arrangements.

Finally, we have introduced certain efficiency measures to better control our raw material costs, including measures to negotiate improved purchase prices for raw materials. See *"— Operational Productivity and Efficiency"* below.

Foreign Exchange Rate Fluctuations

Currency exchange rate fluctuations can have a substantial impact on our results of operations. Our main functional and reporting currency is the Euro, and we make substantial sales and purchases denominated in other currencies, and have significant operations in, several countries that use other currencies.

Transactional Impact

Sales and purchases of raw materials in foreign currencies

Foreign currency transactions are translated into the functional currency of the relevant subsidiary using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Accordingly, transactions in foreign currencies, including sales of our products denominated in foreign currencies and purchases of raw materials in foreign currencies, directly affect our results of operations. Translations of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are also recognized in the income statement.

We make substantial sales denominated in currencies other than Euros. In the three months ended March 31, 2014 and the year ended December 31, 2013, we generated 37.6% and 38.3%, respectively, of our revenue in currencies other than Euros, principally Pounds Sterling, Turkish Liras, Polish Zloty, Australian Dollars and Russian Roubles. The strengthening of these currencies against the Euro will have a favorable impact on our results of operations, whereas the weakening of these currencies will have an adverse impact.

We make purchases of certain raw materials, primarily fluff, in U.S. Dollars. U.S. Dollar denominated fluff purchases amounted to U.S.$189.5 million in the year ended December 31, 2013. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. The strengthening of the U.S. Dollar against the Euro, will adversely affect our results of operations.

The principal relevant exchange rate movements during the period under review were as follows:

- The average exchange rate of Pounds Sterling to the Euro was £0.8278 for the three months ended March 31, 2014 and £0.8493, £0.8111 and £0.8678 for the years ended December 31, 2013, 2012 and 2011, respectively.
- The average exchange rate of U.S. Dollars to the Euro was U.S.$1.3697 for the three months ended March 31, 2014 and U.S.$1.3281, U.S.$1.2856 and U.S.$1.3917 for the years ended December 31, 2013, 2012 and 2011, respectively.
- The average exchange rate of Turkish Liras to the Euro was TRY 3.0370 for the three months ended March 31, 2014 and TRY 2.5329, TRY 2.3145 and TRY 2.3351 for the years ended December 31, 2013, 2012 and 2011, respectively.
- The average exchange rate of Polish Zloty to the Euro was PLN 4.1842 for the three months ended March 31, 2014 and PLN 4.1971, PLN 4.1843 and PLN 4.1187 for the years ended December 31, 2013, 2012 and 2011, respectively.
- The average exchange rate of Australian Dollars to the Euro was AUD 1.5272 for the three months ended March 31, 2014 and AUD 1.3770, AUD 1.2413 and AUD 1.3481 for the years ended December 31, 2013, 2012 and 2011, respectively.
- The average exchange rate of Russian Roubles to the Euro was RUB 48.0778 for the three months ended March 31, 2014 and RUB 42.3248, RUB 39.9238 and RUB 40.8797 for the years ended December 31, 2013, 2012 and 2011, respectively.

The aggregate period-on-period impact of exchange rate fluctuations on our revenue was a negative impact of €11.1 million in the three months ended March 31, 2014 and a negative impact of €31.2 million, a positive impact of €14.0 million and a negative impact of €17.5 million in the years ended December 31, 2013, 2012 and 2011, respectively. The impact across our divisions varies. For example, the impact in 2013 was concentrated in the Middle East and Africa Division. The aggregate impact of exchange rate fluctuations on our Adjusted EBITDA was a negative impact of €4.2 million in the three months ended March 31, 2014 and a negative impact of €19.3 million, a positive impact of €5.0 million and a negative impact of €8.5 million in the years ended December 31, 2013, 2012 and 2011, respectively.

Finance income/(finance cost)

Foreign exchange gains and losses that relate to interest-bearing debt and cash and cash equivalents are presented in the income statement within "Finance income" and "Finance cost." All other foreign exchange gains and losses are presented in the income statement within "other operating income/(expense), net." During the three months ended March 31, 2014 and the years ended December 31, 2013, 2012 and 2011, the net impact of exchange rate differences on our net finance expense was negative €0.9 million, negative €6.4 million, positive €1.3 million and negative €1.7 million, respectively. Exchange rate differences were primarily related to borrowings and cash balances denominated in Euro in countries with a functional currency different from the Euro.

Translation Impact

We have significant operations in countries located outside the Eurozone. The functional currencies of our subsidiaries in these countries are the relevant local currencies. For the purposes of presenting our consolidated financial statements, assets and liabilities of our foreign subsidiaries are translated at the closing foreign exchange rate at the end of the reporting period. Items of income and expense are translated at the average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate of the dates of the transactions), and equity items are translated at historical rates. The resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. Accordingly, any such differences do not affect our results of operations.

Hedging

We have a hedging committee in place, as described in detail in See *"— Qualitative and Quantitative Disclosure About Market Risk — Hedging Committee."* In accordance with the hedging policy developed by the hedging committee, we entered into foreign exchange forward contracts in December 2013 maturing through in December 2014 and in March 2014 maturing through March 2015 in order to limit volatility in our business resulting from exposures to sales in Pounds Sterling, Polish Zloty, Turkish Liras, Australian Dollars and Russian Roubles, as well as purchases of raw materials in U.S. Dollars and Czech Crown.

At inception of the foreign exchange contracts, they were designated as cash flow hedges. At the time the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. We apply hedge accounting to the foreign currency forward contracts. Accordingly, fluctuations in the value of our foreign exchange forward contracts are reflected in other comprehensive income and do not directly impact our income statement. See *"— Qualitative and Quantitative Disclosure About Market Risk — Foreign Exchange Risk"* for more detail on our foreign currency hedging arrangements.

Operational Productivity and Efficiency

Our profitability and competitiveness can be affected by the productivity and efficiency of our operations. We have a history of implementing productivity and efficiency improvements on a continuous basis. We will continue to focus on managing our business in a cost effective manner through optimizing our procurement and manufacturing operations. We have also in the past restructured our operations in order to improve our production efficiency. In 2011 and 2013, for example, we closed our Villefranche and Recklinghausen production facilities in France and Germany, respectively, which had a favorable impact on our competitiveness and profitability. We do not currently have any plans for any further such actions, although we have recently begun to explore the possibility of consolidating the Arras and Wasquehal facilities into a larger, more modern facility in the same region in France.

In terms of direct cost savings, we have a diversified base of raw material suppliers, thereby allowing us to benchmark our suppliers' pricing broadly. Moreover, the centralization of our procurement function allows us to benefit from our scale.

This strategy is supported by our investment in technologies that will enable us to operate our machines faster and in a more efficient and flexible manner. For example, we invested in end-of-line automation equipment in 10 production lines at our Buggenhout production facility in 2012 and the beginning of 2013, with the aim of reducing labor costs. Our operations team is continuing to work together to pool the collective knowledge of our executive operational managers at each of our production facilities so that any advance, development or efficiency utilized by a facility that leads to efficiencies is rolled out to our other production facilities as soon as possible. This knowledge transfer is formally organized through two technical meetings per year, where new ideas are presented and best practices are shared. The accumulation of technical knowledge has contributed to efficiencies across our baby diaper production lines and our ability to redeploy machines across our operations.

In terms of direct cost savings focused on distribution expenses, we have sought to improve prices with our transport providers and have initiated changes to the warehousing of our inventory holding levels. We have both negotiated with our existing transport providers and diversified the number of our providers to achieve more favorable terms, and effected changes to product design elements to reduce product weight, optimize cargo unit palletization and improve truck fill factors, all of which help to reduce transportation costs. In respect of warehousing costs, we have increased our use of third party warehousing arrangements, whereby we pay by cargo unit as opposed to renting or owning floor space, thereby decreasing fixed costs.

As a result of our cost savings initiatives and in light of our current strategic objectives and business model, we do not expect our general and administrative expenses and sales and marketing expenses to increase significantly in the medium term as a percentage of our revenues.

Mix of Revenues and Effect on Margins

The principal factors affecting our margins, as described in further detail above, are raw materials prices and exchange rate fluctuations and our ability to pass these on to customers or manage them through hedging. As our margins also vary across products, geographies, divisions and customers, our results of operations are also influenced by our mix of revenues.

In particular, our margins vary from country to country primarily due to (i) the length of our presence in a country; (ii) the relative level of competition; (iii) whether the business is weighted toward retailer branded or branded products; and (iv) the distribution model. When we first enter a country, we incur certain start-up costs and typically have relatively low volumes to absorb fixed costs, which may result in margins being lower than those of countries in which we have a longstanding presence. As we increase the level of sales in a country, our margins generally improve. As a result, we do not expect the expected increase in sales in such countries as a percentage of our total sales to weigh heavily on our overall gross margin going forward. Also, our margins are typically lower when we are shipping into (rather than producing in) a country due to the higher transportation costs and the payment of import duties. Our margins may also vary from country to country due to the relative level of competition. The higher level of sales and marketing expenses associated with branded products may also affect our margins for a particular country. The nature of our distribution model also affects our gross margin. In particular, in our Healthcare Division, our gross margin is significantly higher than for our other divisions because a greater proportion of the cost base is included in distribution expenses and sales and marketing expenses instead of cost of sales. This is particularly true in relation to businesses with a high proportion of home delivery, where sales prices and thus gross margins are higher to cover higher distribution costs.

Across divisions, our margins are also affected by product improvements and innovations as well as the introduction of new products within a particular product category. Premium products may allow us to charge our customers higher prices. In addition, product innovations, in particular changes to product specifications that improve our operational efficiency and optimize our cost base, may have a favorable effect on our margins to the extent they require fewer or less expensive raw materials to produce. Finally, actions taken by branded competitors, such as entry into new areas or targeted price reductions, can affect our margins.

Management may also take affirmative operational steps to improve the mix of revenue to increase profitability, including targeted business portfolio management (e.g., the curtailment of less profitable business). For instance, in 2013, management decided to rationalize its customer base within the Healthcare Division. Acquisitions may also have an effect on our margins. For example, the acquisition of Serenity in 2013 had a positive impact on our gross margin of approximately 70 basis points in 2013. This was due to the fact that a greater proportion of Serenity's cost base is included in distribution expenses and sales and marketing expenses instead of cost of sales, as is the case for our Healthcare Division generally, as noted above.

Income Tax

Our income tax expense is affected by the statutory rate and the way in which the tax base is computed in the various countries in which we operate (including pursuant to tax rulings and other arrangements that we may agree from time to time with the competent tax authorities), the geographical mix of our operations, the ability to deduct net financing costs in the legal entities in which such net expense falls, and our ability to use tax losses and credits or to recognise deferred tax assets on such losses and credits, among other factors. We have from time to time used tax losses and credits to offset taxable income. We had tax losses and tax credits usable to offset future taxable profits, mainly in France and Belgium, amounting to €566.7 million as of December 31, 2013. We have not recognized any deferred tax assets in relation to these losses and credits. This is primarily because the losses have mainly been generated as a consequence of the historic financing structure, the modification of which has depended on future events. In the future, we expect to be able to use our tax losses and tax credits to offset future taxable profits to a greater extent than in the past and as a result may increase the extent to which a deferred tax asset is recognised on such tax losses and tax credits. The rate at which we are able to use our tax losses and tax credits to offset future taxable profits may be affected by changes in how the tax base is computed in various jurisdictions, changes in rules relating to the utilization of tax losses or tax credits and tax rulings we receive from the competent tax authorities. Furthermore, in the future we expect decreasing financing costs (certain of which have in the past been non-deductible) and changes to the mix of our geographic profits to have an impact on our effective tax rate. Together these would result in our effective tax rate, which was 36.4% for the year ended December 31, 2013, decreasing from 2015 to a rate that we estimate should be in the mid-twenties. In 2014, however, we expect that certain non-deductible Offering related expenses will have an adverse impact on our effective tax rate, resulting in the effective tax rate remaining in the low to mid-thirties for the year.

Acquisitions

We made two significant acquisitions during the period under review: Lille Healthcare SAS ("Lille Healthcare") in 2011 and Serenity S.p.a. ("Serenity") in 2013. On October 3, 2011, we acquired Lille Healthcare for cash consideration of €14.8 million. Lille Healthcare has been consolidated in our financial statements from October 1, 2011. On April 4, 2013, we acquired Serenity for a cash consideration of €49.2 million and repaid €24.0 million of debt to the former shareholders of Serenity. We also agreed to earn-out payments (i.e., contingent consideration) of up to €18.0 million (of which €8.0 million and €5.0 million is payable in 2014 and 2015, respectively, depending on Serenity's EBITDA in 2013 and 2014, respectively). The 2014 earn-out will be paid in its entirety. A final payment of up to €5.0 million will be made on the third anniversary of the closing of the acquisition. The amount of this payment will depend on improvements to Serenity's days sales outstanding in receivables with respect to its public tender contracts. The future earn-out payments have been recognized on our statement of financial position under non-current financial liabilities (€10.0 million) and current financial liabilities at fair value (€8.0 million) as of December 31, 2013. Serenity has been consolidated in our financial statements from April 4, 2013.

Our acquisitions of Lille Healthcare and Serenity reinforced and expanded our adult incontinence product offering and diversified our customer base. Our acquisition of Serenity also permitted us to increase our business presence in Italy through Serenity's extensive distribution network and its manufacturing facility in Ortona, Italy. The Serenity acquisition also provided us with a platform for future baby diaper production in Italy. The acquisitions of Lille Healthcare and Serenity have contributed to growth in our revenue and EBITDA as well as the increase in of our gross margin. In 2013, for example, the revenue of our Healthcare Division increased by 40.7%, compared to an increase of 2.1% if the contribution of Serenity and currency impact were excluded. Similarly, the proportion of our revenue attributable to adult incontinence products increased by 29.2%, compared to an increase of 3.3% if the contribution of Serenity and currency impact were excluded.

We financed the acquisition of Serenity through cash on hand and the proceeds of our offering on February 14, 2013 of €75.0 million aggregate principal amount of 7.5% Senior Secured Notes due 2018. For a summary of the terms of the Senior Secured Notes, see "*— Liquidity and Capital Resources — Capital Resources — Notes*" below. This contributed to an increase in our finance cost in 2013.

The acquisition of Serenity also had an impact on our working capital. Serenity has longer payment terms due to the nature of the public tender contracts and arrangements in the regions of Italy in which it operates. In order to finance certain trade receivables of Serenity, we decided to enter into the factoring arrangements described below under "*— Liquidity and Capital Resources — Capital Resources — Factoring Agreements — Italian factoring agreements.*" The aggregate amount outstanding under these arrangements as of December 31, 2013 was €15.2 million.

Recent Developments

Revenue growth for April 2014 year over year continued to demonstrate momentum slightly above management's view of potential for growth in the hygienic disposable products market (3% to 4% per year with outperformance of 100 to 200 basis points). As expected, sales growth is lower than growth rates in the first quarter due partially to the fact that the Kimberly Clark exit from our markets started benefiting our business from the second quarter of 2013 onwards.

The Adjusted EBITDA margin for April 2014 was broadly in line with management's expectations, continuing the trend of moderate expansion versus the prior year, and slightly below the margin for the first quarter of 2014, due to the fact that operating expenses are weighted towards the latter part of the year.

In relation to working capital, on May 28, 2014, the Company entered into a new non-recourse factoring agreement with Banca IFIS (under which €29 million was drawn as of that date) in order to further optimize cash management.

Management continues to implement the Company's strategy and remains confident about the future prospects of Ontex.

Key Components of our Income Statement

The key components of certain line items of our consolidated income statement are described below.

Revenue

Revenue represents the amounts received or receivable from the sale of our products. Revenue is presented net of VAT, product returns, rebates and discounts and after eliminating intragroup sales.

Revenue is recognized upon delivery of the products to the customer and its acceptance thereof. This means that at that time, the following criteria are met: we cease to exercise ownership over the products sold, we cease to have effective control over the products sold, and collection of the products sold is reasonably assured.

Products are generally sold to customers on an ex-works basis; however, at their request, additional services may be offered by us in expediting delivery to customer premises or warehouses. The price for our products generally reflects an amount of delivery expenses incurred by us. Revenue thereby reflects this component, while related charges are included in distribution expenses.

Cost of Sales

Cost of sales represents expenses incurred by us in connection with the manufacture of our products. Raw material purchases are the principal expenses recognized in cost of sales. Other expenses recognized in cost of sales include packaging costs, maintenance expenses, utility bills and conversion costs, as well as production-related labor costs.

We recognize in our cost of sales the depreciation expenses that are directly attributable to the production of the products.

Operating Expenses

Operating expenses include distribution expenses, sales and marketing expenses and general administrative expenses, as well as foreign exchange differences on operating activities due to changes in exchange rates on settled transactions.

Distribution Expenses

Distribution expenses are the principal component of our operating expenses and represent the cost relating to the shipping of finished products to the customer. Distribution expenses include transport costs, warehousing costs, costs in support of customer service and related labor costs.

Product delivery costs are recorded under distribution expenses but, as noted above, are also generally reflected in the price of our products.

We recognize in our distribution expenses the depreciation and amortization expenses that are directly attributable to the distribution chain.

Sales and Marketing Expenses

Our sales and marketing expenses represent costs in connection with sales of our products, including promotional giveaways. In the Middle East and Africa Division, as well as in our Healthcare Division, sales and marketing expenses are also incurred in connection with brand support in relation to our branded products. Sales and marketing expenses include sales commissions, fees for market research, advertising expenses, publication costs, samples costs, exhibition costs and the labor costs of our sales teams and sales back-office. We also recognize in our sales and marketing expenses the depreciation and amortization expenses that are directly attributable to sales and marketing activities.

General Administrative Expenses

Our general administrative expenses represent the costs of our headquarters and the central divisional management teams, including salaries and performance-based compensation. The headquarters expenses and the costs of our central management team include, but are not limited to, support services for our production facilities, such as system contracts for our IT systems as well as audit fees, legal fees and other expenses. The management team of the Ontex group together with the central team oversee purchasing, R&D, planning and logistics, manufacturing, sales as well as the legal and finance functions and related risks.

Other Operating Expenses

Other operating income and expenses are presented as a net amount and primarily represent gains or losses on the sale of assets, foreign exchange differences on operating activities and other expenses.

Non-recurring Expenses

Non-recurring expenses include charges that we consider to be of a one-off and non-recurring nature. These include costs relating to manufacturing facility closures, business restructuring following the acquisition of Lille Healthcare, the acquisitions of Lille Healthcare and Serenity, asset impairment and the setting up of and move of certain production facilities.

Net Finance Cost

Net finance cost comprises our finance costs, net of finance income.

Our finance costs primarily represent the interest paid by us or accrued on our financial debt. The transaction costs related to the issuance of a financial liability are as a general matter initially deducted from the proceeds of the financial liability and subsequently recognized as interest cost over the period of the liability.

Our finance income primarily represents interest received on our short-term deposits, as well as any gains on derivatives and derecognition of loans and receivables and financial liabilities carried at amortized costs.

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where our subsidiaries operate and generate taxable income. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Non-IFRS Measures

EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted free cash flow are presented to enhance a prospective investor's understanding of our results of operations and financial condition. We define EBITDA as earnings before net finance cost, income taxes, depreciation and amortization. We define EBITDA margin as EBITDA divided by revenue. We define Adjusted EBITDA as EBITDA plus non-recurring expenses excluding non-recurring depreciation and amortization. Non-recurring expenses are defined as those items that are considered by management to be non-recurring or unusual because of their nature. Non-recurring expenses for the periods under review include acquisition costs; business restructuring costs, including costs relating to the liquidation of subsidiaries and the closure, opening or relocations of factories; and asset impairment costs. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We define Adjusted free cash flow as Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements) less cash taxes paid. We also present Adjusted free cash flow prior to the deduction of cash taxes paid. These measures have been included in this Prospectus because they are measures that our management uses to assess our operating performance. See *"Presentation of Financial and Other Information"* for information on the limitations of these measures as analytical tools. For a reconciliation of EBITDA, Adjusted EBITDA and Adjusted free cash flow to operating profit, see *"Selected Consolidated Financial Information — Reconciliations of Non-IFRS Financial Measures."*

Results of Operations for the Three Months Ended March 31, 2014 and 2013

The following table sets forth certain income statement data for the three months ended March 31, 2014 and 2013:

	Three months ended March 31,			
	2014		2013	
	(€ millions)	(% of total revenue)	(€ millions)	(% of total revenue)
Revenue	400.2	100.0	340.5	100.0
Cost of sales	(291.3)	(72.8)	(253.6)	(74.5)
Gross margin	108.9	27.2	86.9	25.5
Distribution expenses	(37.6)	(9.4)	(28.0)	(8.2)
Sales and marketing expenses	(19.8)	(4.9)	(18.9)	(5.6)
General administrative expenses	(10.8)	(2.7)	(9.0)	(2.6)
Other operating income/(expense), net	0.5	0.1	(0.6)	0.2
Non-recurring expenses	(2.3)	(0.6)	(2.4)	(0.7)
Operating profit	38.9	9.7	28.0	8.2
Finance income	2.8	0.7	5.2	1.5
Finance cost	(23.3)	(5.8)	(23.7)	(7.0)
Net finance cost	(20.5)	(5.1)	(18.5)	(5.4)
(Loss)/profit before income tax	18.4	4.6	9.5	2.8
Income tax expense	(3.8)	(0.9)	(2.6)	(0.8)
(Loss)/profit of the period	14.6	3.7	6.9	2.0

Revenue

Revenue increased by €59.7 million, or 17.5%, from €340.5 million for the three months ended March 31, 2013 to €400.2 million for the three months ended March 31, 2014. At constant currency, revenue increased by 20.8%. Foreign currency effects were unfavorable, mainly due to the weakening of the Turkish Lira, Russian Rouble and Australian Dollar, which was partially offset by the stronger British Pound. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 9.6%. The increase in revenue not attributable to Serenity was primarily due to the positive impact on volume of the withdrawal of Kimberly Clark from the Western European baby diaper market. In Eastern Europe and the Middle East and Africa, strong growth was eroded by adverse currency movements.

Revenue by Product

The following table sets forth revenue and the percentage change in revenue by product for the three months ended March 31, 2014 and 2013:

	Three months ended March 31,		
	2014	2013	Change
	(€ millions)		(%)
Babycare products	210.2	191.2	9.9
Feminine care products	49.4	48.2	2.5
Adult incontinence products	134.9	97.3	38.6
Other products(1)	5.7	3.8	50.0
Total	400.2	340.5	17.5

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products.

Revenue from babycare products increased by €19.0 million, or 9.9%, from €191.2 million for the three months ended March 31, 2013 to €210.2 million for the three months ended March 31, 2014. At constant currency, revenue increased by 13.9%. This increase reflected the volume gains that we made within retailer brands following the withdrawal of Kimberly Clark from the Western European babycare market. This change in the market started to have a meaningful impact on our sales volumes in the second quarter in 2013, which continued into the second half of 2013, and the positive momentum continued into the first quarter of 2014. From the second quarter 2014 onwards, our sales volumes (when compared to sales volumes in the comparable period in 2013) will begin to include the phased impact seen following the Kimberly Clark withdrawal. We believe that there remains some potential to capture additional volume related to Kimberly Clark withdrawal through the rest of the year.

Revenue from feminine care products increased by €1.2 million, or 2.5%, from €48.2 million for the three months ended March 31, 2013 to €49.4 million for the three months ended March 31, 2014. At constant currency, revenue increased by 3.3%. This increase was mainly due to retailer brand contracts won during the course of 2013 in Western Europe.

Revenue from adult incontinence products increased by €37.6 million, or 38.6%, from €97.3 million for the three months ended March 31, 2013 to €134.9 million for the three months ended March 31, 2014. At constant currency and excluding the impact of the Serenity acquisition, revenues increased by 3.4%.

Revenue by Division

The following table sets forth revenue and the percentage change in revenue by division for the three months ended March 31, 2014 and 2013:

	Three months ended March 31,		
	2014	**2013**	**Change**
	(€ millions)		*(%)*
Retail	242.2	221.6	9.3
Mature Market Retail	220.4	202.0	9.1
Growth Markets	21.8	19.6	11.2
Middle East and Africa	51.6	51.6	—
Healthcare	106.4	67.3	58.1
Total	400.2	340.5	17.5

Revenue from the Mature Market Retail Division increased by €18.4 million, or 9.1%, from €202.0 million for the three months ended March 31, 2013 to €220.4 million for the three months ended March 31, 2014. The increase was due to contract wins in certain key markets, as we captured volumes formerly supplied by Kimberly Clark.

Revenue from the Growth Markets Division increased by €2.2 million, or 11.2%, from €19.6 million for the three months ended March 31, 2013 to €21.8 million for the three months ended March 31, 2014. At constant currency, revenues increased by 22.4%. Continued weakness in emerging market currencies such as the Russian Rouble had an adverse impact on the division's revenue. At constant currency, revenue growth was strong in Russia as we increased sales to existing customers.

Revenue from the Middle East and Africa Division remained stable at €51.6 million. This was mainly due to the weakening of the Turkish Lira. On a constant currency basis, revenue increased by 14.7%. Performance in Turkey, Morocco and Pakistan continued to be strong as we continued to capitalize on favorable demographics in these countries.

Revenue from the Healthcare Division increased by €39.1 million, or 58.1%, from €67.3 million for the three months ended March 31, 2013 to €106.4 million for the three months ended March 31, 2014. The increase was mainly due to the Serenity acquisition. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 2.1%. The Serenity business continued to trade in line with management expectations.

Revenue by Geography

The following table sets forth revenue and the percentage change in revenue by geography for the three months ended March 31, 2014 and 2013:

	Three months ended March 31,		
	2014	2013	Change
	(€ millions)		*(%)*
Western Europe	277.0	218.9	26.5
Eastern Europe	47.6	47.2	0.8
Rest of world	75.6	74.4	1.6
Total	400.2	340.5	17.5

Revenue from Western Europe increased by €58.1 million, or 26.5%, from €218.9 million for the three months ended March 31, 2013 to €277.0 million for the three months ended March 31, 2014. The increase was mainly due to the impact of the Serenity acquisition as well as the residual effect of Kimberly Clark's exit from the Western European baby diaper market. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 8.5%. In addition to strong growth in the United Kingdom, contracts won in the Benelux and Nordic region following Kimberly Clark's exit also contributed to revenue growth in Western Europe.

Revenue from Eastern Europe increased by €0.4 million, or 0.8%, from €47.2 million for the three months ended March 31, 2013 to €47.6 million for the three months ended March 31, 2014. The flat performance was due to the devaluation of the Russian Rouble. At constant currency, revenue increased by 6.4%. Russia continued to record strong growth at constant currency.

Revenue from the rest of the world increased by €1.2 million, or 1.6%, from €74.4 million for the three months ended March 31, 2013 to €75.6 million for the three months ended March 31, 2014. The region was impacted by adverse currency movements, particularly from the Turkish Lira and the Australian Dollar. At constant currency, revenue increased by 15.3%. Growth was strong in Pakistan, where the new production facility came on line during the second half of 2013. Turkey, Morocco and Australia also continued to perform well, with double digit growth on a constant currency basis.

Cost of Sales

Cost of sales increased by €37.7 million, or 14.9%, from €253.6 million for the three months ended March 31, 2013 to €291.3 million for the three months ended March 31, 2014. Cost of sales represented 72.8% of our revenue for the three months ended March 31, 2014, compared to 74.5% for the three months ended March 31, 2013 reflecting a gross margin of 27.2% and 25.5%, respectively. The increase in gross margin was mainly due to the impact of the Serenity acquisition as well as higher volumes absorbing fixed costs. We estimate that approximately half of the increase in the gross margin percentage was due to the Serenity acquisition. Serenity generates a higher proportion of its business from home delivery and is a branded business and therefore has higher sales prices and hence gross margins to compensate for the higher sales and distribution costs associated with this type of business. Raw materials prices were relatively stable, with fluff prices increasing slightly compared to the first quarter of 2013, partially offset by a weaker U.S. Dollar, while prices for oil-based raw materials decreased slightly. We have observed an increase in fluff and propylene prices in the commodities market since the end of the first quarter of 2014, while other raw materials remain broadly in line with levels experienced in the first quarter of 2014. As a result, we expect higher fluff prices in the second quarter of 2014 compared to the second quarter of 2013 as well as the first quarter of 2014, while we expect other raw material prices to remain largely in line with the levels experienced in the second quarter of 2013.

Distribution Expenses

Distribution expenses increased by €9.6 million, or 34.3%, from €28.0 million for the three months ended March 31, 2013 to €37.6 million for the three months ended March 31, 2014. Distribution expenses represented 9.4% of our revenue for the three months ended March 31, 2014, compared to 8.2% for the three months ended March 31, 2013. The increase in distribution expenses was primarily due to the impact of the Serenity acquisition. As noted above, the Serenity business's distribution costs comprise a higher proportion of its cost base as a result of its focus on home delivery.

Sales and Marketing Expenses

Sales and marketing expenses increased by €0.9 million, or 4.8%, from €18.9 million for the three months ended March 31, 2013 to €19.8 million for the three months ended March 31, 2014. Sales and marketing expenses represented 4.9% of our revenue for the three months ended March 31, 2014, compared to 5.6% for the three months ended March 31, 2013. The absolute increase in sales and marketing expenses was primarily due to the Serenity acquisition. The decrease in percentage terms was due to lower sales and marketing expenses in the first quarter as these expenses are phased in throughout the year.

General Administrative Expenses

General administrative expenses increased by €1.8 million, or 20.0%, from €9.0 million for the three months ended March 31, 2013 to €10.8 million for the three months ended March 31, 2014. General administrative expenses represented 2.7% of our revenue for the three months ended March 31, 2014, compared to 2.6% for the three months ended March 31, 2013.

Net Other Operating Income/(Expense)

Net other operating income/(expense) was an expense of €0.6 million for the three months ended March 31, 2013, compared to an income of €0.5 million for the three months ended March 31, 2014.

Adjusted EBITDA

Adjusted EBITDA increased by €11.2 million, or 29.5%, from €38.0 million for the three months ended March 31, 2013 to €49.2 million for the three months ended March 31, 2014. Our Adjusted EBITDA margin was 12.3% for the three months ended March 31, 2014, compared to 11.2% for the three months ended March 31, 2013. The increase in Adjusted EBITDA was primarily due to the impact of the Serenity acquisition, partially offset by adverse currency movements. Currency movements impacted adjusted EBITDA negatively by €4.2 million.

Non-Recurring Expenses

Non-recurring expenses decreased by €0.1 million, or 4.2%, from €2.4 million for the three months ended March 31, 2013 to €2.3 million for the three months ended March 31, 2014.

EBITDA

EBITDA increased by €11.0 million, or 30.6%, from €35.9 million for the three months ended March 31, 2013 to €46.9 million for the three months ended March 31, 2014. Our EBITDA margin was 11.7% for the three months ended March 31, 2014, compared to 10.5% for the three months ended March 31, 2013.

Net Finance Costs

Net finance costs increased by €2.0 million, or 10.8%, from €18.5 million for the three months ended March 31, 2013 to €20.5 million for the three months ended March 31, 2014. The increase in net finance costs was primarily due to lower gains on derivatives and by higher interest expense mainly as a result of the financing of the Serenity acquisition.

Income Tax

Income tax increased by €1.2 million, or 46.2%, from €2.6 million for the three months ended March 31, 2013 to €3.8 million for the three months ended March 31, 2014, reflecting a decrease in the effective tax rate from 27.4% to 20.7%. The higher effective tax rate in the first quarter of 2013 was due to non-recurring expenses which were either not tax deductible or were deductible but were located in companies where the deduction only contributes to tax losses.

Results of Operations for the Years Ended December 31, 2013 and 2012

The following table sets forth certain income statement data for the years ended December 31, 2013 and 2012:

	Year ended December 31,			
	2013[1]		2012	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Revenue	1,491.9	100.0	1,309.0	100.0
Cost of sales	(1,094.8)	(73.4)	(988.3)	(75.5)
Gross margin	397.1	26.6	320.7	24.5
Distribution expenses	(136.3)	(9.1)	(108.6)	(8.3)
Sales and marketing expenses	(78.0)	(5.2)	(64.2)	(4.9)
General administrative expenses	(41.1)	(2.8)	(30.9)	(2.4)
Other operating income/(expense), net	0.4	0.0	1.1	0.1
Non-recurring expenses	(19.6)	(1.3)	(50.4)	(3.9)
Operating profit	122.5	8.2	67.7	5.2
Finance income	17.9	1.2	18.1	1.4
Finance cost	(101.9)	(6.8)	(88.1)	(6.7)
Net finance cost	(84.0)	(5.6)	(70.0)	(5.3)
(Loss)/profit before income tax	38.5	2.6	(2.3)	(0.2)
Income tax expense	(14.0)	(0.9)	(6.8)	(0.5)
(Loss)/profit of the period	24.5	1.6	(9.1)	(0.7)

Note:

(1) For the year ended December 31, 2013, Serenity has been consolidated from its date of acquisition, April 4, 2013. See *"— Factors Affecting Our Results of Operations — Acquisitions."*

Revenue

Revenue increased by €182.9 million, or 14.0%, from €1,309.0 million for the year ended December 31, 2012 to €1,491.9 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 8.1%. The increase in revenue not attributable to Serenity was primarily due to the increasing penetration of retailer brands supported by the withdrawal of Kimberly Clark from the Western European baby diaper market and our consequential capture of additional volumes previously held by Kimberly Clark, as well as strong growth in Eastern Europe and Middle East and Africa. On a divisional basis, we had significant growth in the Growth Markets Division, the Middle East and Africa Division and the Healthcare Division, each of which operates a primarily branded business. Through the acquisition of Serenity and internal developments in our branding strategy, in particular in the Middle East and Africa Division, we continued to grow our branded business, which represented 37.7% of revenue in 2013, compared to 33.7% in 2012.

Revenue by Product

The following table sets forth revenue and the percentage change in revenue by product for the years ended December 31, 2013 and 2012:

	Year ended December 31,		
	2013	2012	Change
	(€ millions)		*(%)*
Babycare products	783.2	722.8	8.4
Feminine care products	197.5	187.4	5.4
Adult incontinence products	490.6	379.6	29.2
Other products[1]	20.6	19.2	7.3
Total	1,491.9	1,309.0	14.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products.

Revenue from babycare products increased by €60.4 million, or 8.4%, from €722.8 million for the year ended December 31, 2012 to €783.2 million for the year ended December 31, 2013. At constant currency, revenue from babycare products increased by 11.2%. One of the main factors contributing to the increase in revenue from babycare products in 2013 was the withdrawal of Kimberly Clark from the Western European babycare market in the second quarter of 2013. Kimberly Clark's exit contributed to an increase of the share of retailer brands in the United Kingdom and Ireland, from which we benefitted. In general, we believe that we have captured a share of Kimberly Clark's volumes that is commensurate with our position in the market. In addition, strong growth in Eastern Europe, mainly in Poland and Russia, and in the Middle East and Africa contributed to growth in revenue from babycare products.

Revenue from feminine care products increased by €10.1 million, or 5.4%, from €187.4 million for the year ended December 31, 2012 to €197.5 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue from feminine care products increased by 6.5%. The increase was primarily due to new contracts in various markets including the United Kingdom, as well as growth in sales from existing customers.

Revenue from adult incontinence products increased by €111.0 million, or 29.2%, from €379.6 million for the year ended December 31, 2012 to €490.6 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue from adult incontinence products increased by 3.3%. The increase was primarily due to the continued strong performance in Russia.

Revenue by Division

The following table sets forth revenue and the percentage change in revenue by division for the years ended December 31, 2013 and 2012:

	Years ended December 31, 2013	Years ended December 31, 2012	Change
	(€ millions)		*(%)*
Retail	933.8	878.5	6.3
Mature Market Retail	845.7	804.5	5.1
Growth Markets	88.1	74.0	19.1
Middle East and Africa	178.4	160.6	11.1
Healthcare	379.7	269.9	40.7
Total	1,491.9	1,309.0	14.0

Revenue from the Mature Market Retail Division increased by €41.2 million, or 5.1%, from €804.5 million for the year ended December 31, 2012 to €845.7 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 6.7%. The increase was primarily due to the increasing share of retailer brands following the exit of Kimberly Clark.

Revenue from the Growth Markets Division increased by €14.1 million, or 19.1%, from €74.0 million for the year ended December 31, 2012 to €88.1 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue increased by 23.6%. The increase was primarily due to strong sales in Russia, especially of adult incontinence retailer brands. These factors were partially offset by adverse currency movements in relation to the Russian Rouble.

Revenue from the Middle East and Africa Division increased by €17.8 million, or 11.1%, from €160.6 million for the year ended December 31, 2012 to €178.4 million for the year ended December 31, 2013. At constant currency and excluding the impact of the Serenity acquisition, revenue from the Middle East and Africa Division increased by 17.7%. The increase was primarily due to strong growth in Algeria, Morocco and Pakistan both in terms of volume and price, partially offset by adverse currency movements, mainly in relation to the Turkish Lira. The proportion of our revenue from outside of Turkey increased, leading to a decrease in our relative exposure to the Turkish Lira. Turkey accounted for 49.7% of the Middle East and Africa Division's revenue in 2013, compared to 55.0% in 2012.

Revenue from the Healthcare Division increased by €109.8 million, or 40.7%, from €269.9 million for the year ended December 31, 2012 to €397.7 million for the year ended December 31, 2013. The increase was mainly due to the consolidation of Serenity from the date of acquisition. At constant currency and excluding the impact of the Serenity acquisition, the Healthcare Division's revenue increased by 2.1%. This was mainly due to continued strong performance in the home delivery segment, partially offset by the effects of the rationalization of our customer base in the Healthcare Division, which was aimed at removing less profitable business.

Revenue by Geography

The following table sets forth revenue and the percentage change in revenue by geography for the years ended December 31, 2013 and 2012:

	Year ended December 31,		
	2013	2012	Change
	(€ millions)		(%)
Western Europe	1,020.7	880.1	16.0
Eastern Europe	197.3	183.7	7.4
Rest of world	273.9	245.2	11.7
Total	1,491.9	1,309.0	14.0

Revenue from Western Europe increased by €140.6 million, or 16.0%, from €880.1 million for the year ended December 31, 2012 to €1020.7 million for the year ended December 31, 2013. At constant currency, revenue from Western Europe increased by 17.2%. The increase was primarily due to the impact of the Serenity acquisition. At constant currency and excluding the impact of the Serenity acquisition, revenue from Western Europe increased by 4.9%. This growth was primarily attributable to increasing retailer brand penetration in the United Kingdom and Ireland following the withdrawal of Kimberly Clark from the Western European baby diaper market. Retailers were successful in gaining consumers that previously purchased Huggies branded diapers. Revenue in Spain was also favorably impacted by the exit of Kimberly Clark and we gained an important retailer brand contract from Kimberly Clark in Belgium. Revenue in Germany was lower than in 2012, mainly because of the continued impact of the contracts we lost in 2011 following price increases. The growth was partially offset by adverse currency movements, in particular in relation to the Pound Sterling.

Revenue from Eastern Europe increased by €13.6 million, or 7.4%, from €183.7 million for the year ended December 31, 2012 to €197.3 million for the year ended December 31, 2013. At constant currency, revenue from Eastern Europe increased by 9.9%. The growth in revenue was driven by sales in Poland, where the introduction in 2012 of a new product range with a major Polish retailer contributed to strong growth, and by strong sales of adult incontinence products in Russia. Poland and Russia together accounted for 72.4% of revenue in Eastern Europe in 2013, compared to 70.0% in 2012. This growth was offset by adverse currency movements in relation to the Russian Rouble and the Polish Zloty.

Revenue from the rest of the world increased by €28.7 million, or 11.7%, from €245.2 million for the year ended December 31, 2012 to €273.9 million for the year ended December 31, 2013. At constant currency, revenue from the rest of the world increased by 18.3%. The increase was primarily due to continued strong growth in emerging markets such as Algeria, Pakistan and Morocco, but also due to a strong growth in Australia, where we commenced local production in 2011. The increased revenue from Pakistan led to the decision to open a small production facility in that country, which commenced operations in the fourth quarter of 2013. This growth was partially offset by adverse currency movements, mainly in relation to the Turkish Lira and Australian Dollar. The top three countries in the rest of the world region, Turkey, Australia and Algeria, accounted for 68.2% of revenue for the region in 2013.

Cost of Sales

Cost of sales increased by €106.5 million, or 10.8%, from €988.3 million for the year ended December 31, 2012 to €1,094.8 million for the year ended December 31, 2013. Cost of sales represented 73.4% of our revenue for the year ended December 31, 2013, compared to 75.5% for the year ended December 31, 2012, reflecting a gross margin of 26.6% and 24.5%, respectively. Approximately 70 basis points of the increase in gross margin was attributable to the Serenity acquisition. Serenity is primarily a branded healthcare business focused on home delivery and has a higher gross margin (but higher distribution and sales and marketing expenses) than our consolidated gross margin. Production costs were positively impacted by the closure of the Recklinghausen production facility in March 2013. This was partially offset by an adverse impact of approximately 90 basis points resulting from fluctuations in foreign currencies. This adverse impact was more than offset by efficiency gains from R&D activities and price negotiations led by our central procurement department as well as the effect of higher volumes to absorb fixed costs. Raw materials prices were relatively stable in 2013 compared to 2012 and had only a marginal adverse effect on our gross margin.

Distribution Expenses

Distribution expenses increased by €27.7 million, or 25.5%, from €108.6 million for the year ended December 31, 2012 to €136.3 million for the year ended December 31, 2013. Distribution expenses represented 9.1% of our revenue for the year ended December 31, 2013, compared to 8.3% for the year ended December 31, 2012. The increase in distribution expenses was primarily due to the expansion of our business. The increase in distribution expenses as a percentage of revenue was mainly due to the acquisition of Serenity, a healthcare business with a high proportion of home delivery, which entails higher distribution costs than the remaining part of the business. In addition, the increase in sales by the Growth Markets Division, particularly Russia, has contributed to higher distribution expenses.

Sales and Marketing Expenses

Sales and marketing expenses increased by €13.8 million, or 21.5%, from €64.2 million for the year ended December 31, 2012 to €78.0 million for the year ended December 31, 2013. Sales and marketing expenses represented 5.2% of our revenue for the year ended December 31, 2013, compared to 4.9% for the year ended December 31, 2012. The increase in sales and marketing expenses was primarily due to additional investments in marketing and investments in the sales force in the Healthcare and Middle East and Africa Divisions, as well as revenue growth.

General Administrative Expenses

General administrative expenses increased by €10.2 million, or 33.0%, from €30.9 million for the year ended December 31, 2012 to €41.1 million for the year ended December 31, 2013. General administrative expenses represented 2.8% of our revenue for the year ended December 31, 2013, compared to 2.4% for the year ended December 31, 2012. The increase in general administrative expenses was primarily due to costs associated with the transition of our executive management team as well as additional investments in support functions.

Net Other Operating Income/(Expense)

Net other operating income/(expense) decreased by €0.7 million, or 63.6%, from income of €1.1 million for the year ended December 31, 2012 to income of €0.4 million for the year ended December 31, 2013.

Adjusted EBITDA

Adjusted EBITDA increased by €24.7 million, or 16.6%, from €148.9 million for the year ended December 31, 2012 to €173.6 million for the year ended December 31, 2013. Our Adjusted EBITDA margin was 11.6% in 2013, compared to 11.4% in 2012. Currency movements impacted Adjusted EBITDA negatively by €19.3 million.

Non-Recurring Expenses

Non-recurring expenses decreased by €30.8 million, or 61.1%, from €50.4 million for the year ended December 31, 2012 to €19.6 million for the year ended December 31, 2013. The decrease in non-recurring expenses was primarily due to the costs associated with the closure of our Recklinghausen production facility in 2012.

EBITDA

EBITDA increased by €57.5 million, or 58.2%, from €98.8 million for the year ended December 31, 2012 to €156.3 million for the year ended December 31, 2013. Our EBITDA margin was 10.5% for the year ended December 31, 2013, compared to 7.5% for the year ended December 31, 2012. The increase in EBITDA was primarily due to growth in revenue as well as greater operational efficiency despite adverse foreign exchange movements, as well as lower non-recurring expenses.

Operating Profit

Operating profit increased by €54.8 million, or 80.9%, from €67.7 million for the year ended December 31, 2012 to €122.5 million for the year ended December 31, 2013. Our operating margin was 8.2% for the year ended December 31, 2013, compared to 5.2% for the year ended December 31, 2012.

Net Finance Costs

Net finance costs increased by €14.0 million, or 20.0%, from €70.0 million for the year ended December 31, 2012 to €84.0 million for the year ended December 31, 2013. The increase in net finance costs was primarily due to exchange rate differences, as well as the issuance of additional Senior Secured Notes during 2013.

Income Tax

Income tax increased by €7.2 million, or 105.6%, from €6.8 million for the year ended December 31, 2012 to €14.0 million for the year ended December 31, 2013. The increase was primarily due to the increase in our profit before income tax as a result of our stronger performance as well as the consolidation of Serenity. Our effective tax rate for the year ended December 31, 2013 was 36.4%. The effective tax rate was affected by the incurrence of non-deductible interest expense in the amount of €26 million at Ontex International, which arose as a result of the financing arrangements put in place on the acquisition of Ontex in 2010. Our tax charge in 2012 was affected by the receipt of a tax refund in Germany.

(Loss)/Profit for the Year

Loss for the year ended December 31, 2012 was €9.1 million, and profit for the year ended December 31, 2013 was €24.5 million.

Results of Operations for the Years Ended December 31, 2012 and 2011

The following table sets forth certain income statement data for the years ended December 31, 2012 and 2011:

	Year ended December 31,			
	2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Revenue	1,309.0	100.0	1,217.6	100.0
Cost of sales	(988.3)	(75.5)	(941.4)	(77.3)
Gross margin	320.7	24.5	276.2	22.7
Distribution expenses	(108.6)	(8.3)	(92.4)	(7.6)
Sales and marketing expenses	(64.2)	(4.9)	(50.5)	(4.1)
General administrative expenses	(30.9)	(2.4)	(28.1)	(2.3)
Other operating income/(expense), net	1.1	0.1	(1.9)	(0.2)
Non-recurring expenses	(50.4)	(3.9)	(40.2)	(3.3)
Operating profit	67.7	5.2	63.1	5.2
Finance income	18.1	1.4	25.6	2.1
Finance cost	(88.1)	(6.7)	(126.7)	(10.4)
Net finance cost	(70.0)	(5.3)	(101.1)	(8.3)
(Loss)/profit before income tax	(2.3)	(0.2)	(38.0)	(3.1)
Income tax expense	(6.8)	(0.5)	(13.6)	(1.1)
(Loss)/profit of the period	(9.1)	(0.7)	(51.6)	(4.2)

Revenue

Revenue increased by €91.4 million, or 7.5%, from €1,217.6 million for the year ended December 31, 2011 to €1,309.0 million for the year ended December 31, 2012. At constant currency, revenue increased by 6.4% and at constant currency and excluding management's estimate of the impact of the Lille Healthcare acquisition, revenue increased by 0.2%. The increase was due in part to the consolidation of Lille Healthcare for an entire year, compared to being consolidated for one quarter of 2011. In geographical terms, the share of revenue from outside of Western Europe increased from 28.7% to 32.8%. Revenue in Western Europe was adversely impacted by contracts that we lost in 2011 following the introduction of price increases. This was offset by strong growth in Eastern Europe and the rest of the world. On a divisional basis, sales growth was largely driven by the Healthcare, Growth Markets and the Middle East and Africa Divisions, partially offset by a decrease in sales from the Mature Market Retail Division. Through the acquisition of Lille Healthcare and internal developments in our branding strategy, we continued to grow our branded business, which represented 33.7% of revenue in 2012, compared to 23.0% in 2011.

Revenue by Product

The following table sets forth revenue and the percentage change in revenue by product for the years ended December 31, 2012 and 2011:

	Year ended December 31,		
	2012	2011	Change
	(€ millions)		(%)
Babycare products	722.8	724.0	(0.2)
Feminine care products	187.4	188.9	(0.8)
Adult incontinence products	379.6	286.5	32.5
Other products(1)	19.2	18.2	5.5
Total	1,309.0	1,217.6	7.5

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products.

Revenue from babycare products decreased by €1.2 million, or 0.2%, from €724.0 million for the year ended December 31, 2011 to €722.8 million for the year ended December 31, 2012. At constant currency, revenue from babycare products decreased by 1.3%. Despite the pricing pressures exerted by intense competition between our branded competitors and an increase in raw material prices, we maintained our disciplined approach to pricing, which resulted in some contract losses. This was partially offset by increased volumes in Eastern Europe and the rest of the world, mainly Poland and Turkey. We also had strong growth in Australia, where we opened a production facility in 2011, and in Morocco. In some markets, such as Turkey and Algeria, we pursue a branded approach and accordingly made investments in marketing activities to promote selected brands, which resulted in revenue growth.

Revenue from feminine care products decreased by €1.5 million, or 0.8%, from €188.9 million for the year ended December 31, 2011 to €187.4 million for the year ended December 31, 2012. At constant currency, revenue from feminine care products decreased by 1.3%. The decrease was due in part to contract losses.

Revenue from adult incontinence products increased by €93.1 million, or 32.5% from €286.5 million for the year ended December 31, 2011 to €379.6 million for the year ended December 31, 2012. At constant currency, revenue from adult incontinence products increased by 30.9% and at constant currency excluding management's estimate of the impact of the acquisition of Lille Healthcare, revenue from adult incontinence products increased by 5.6%. The increase primarily reflects the consolidation of Lille Healthcare for an entire year, compared to being consolidated for one quarter of 2011, as well as strong organic growth in the Healthcare Division.

Revenue by Division

The following table sets forth revenue and the percentage change in revenue by division for the years ended December 31, 2012 and 2011:

	Years ended December 31,		
	2012	2011	Change
	(€ millions)		(%)
Retail	878.5	886.9	(0.9)
Mature Market Retail	804.5	832.2	(3.3)
Growth Markets	74.0	54.8	35.0
Middle East and Africa	160.6	131.7	21.9
Healthcare	269.9	199.0	35.6
Total	1,309.0	1,217.6	7.5

Revenue from the Mature Market Retail Division decreased by €27.7 million, or 3.3%, from €832.2 million for the year ended December 31, 2011 to €804.5 million for the year ended December 31, 2012. At constant currency and excluding management's estimate of the impact of the Lille Healthcare acquisition, revenue decreased by 6.1%. The decrease was primarily due to lower volumes as a result of contracts lost in 2011, which had an impact on revenue in 2012 in Germany, France and Spain. We continued to experience strong growth in key Mature Market Retail markets such as the United Kingdom and Poland, where we had revenue growth stemming from our contracts with existing retailers.

Revenue from the Growth Markets Division increased by €19.2 million, or 35.0%, from €54.8 million for the year ended December 31, 2011 to €74.0 million for the year ended December 31, 2012. At constant currency and excluding management's estimate of the impact of the Lille Healthcare acquisition, revenue increased by 33.1%. The increase was primarily due to higher volumes as a result of new business wins in Russia.

Revenue from the Middle East and Africa Division increased by €28.9 million, or 21.9%, from €131.7 million for the year ended December 31, 2011 to €160.6 million for the year ended December 31, 2012. At constant currency and excluding management's estimate of the impact of the Lille Healthcare acquisition, revenue also increased by 21.9%. Revenues generated by the Turkish babycare branded business, which is the largest operation within the Middle East and Africa Division, was positively impacted by the re-launch in 2012 of the Canbebe diaper brand. Sales growth in Morocco, Pakistan and Algeria accounted for almost half of the growth of the Middle East and Africa Division's revenue in 2012.

Revenue from the Healthcare Division increased by €70.9 million, or 35.6%, from €199.0 million for the year ended December 31, 2011 to €269.9 million for the year ended December 31, 2012. The integration of Lille Healthcare contributed significantly to growth in the division. At constant currency and excluding management's estimate of the impact of the Lille Healthcare acquisition, revenue increased by 3.3%. We experienced organic growth in almost all of our key markets. We made good progress in rolling out new routes to markets, particularly in the home delivery business, where we won additional home delivery contracts, most notably in Germany and the United Kingdom.

Revenue by Geography

The following table sets forth revenue and the percentage change in revenue by geography for the years ended December 31, 2012 and 2011:

	Year ended December 31,		
	2012	**2011**	**Change**
	(€ millions)		*(%)*
Western Europe	880.1	868.1	1.4
Eastern Europe	183.7	157.9	16.3
Rest of world	245.2	191.6	28.0
Total	1,309.0	1,217.6	7.5

Revenue from Western Europe increased by €12.0 million, or 1.4%, from €868.1 million for the year ended December 31, 2011 to €880.1 million for the year ended December 31, 2012 reflecting a strong contribution from the Healthcare Division and the integration of Lille Healthcare as well as strong growth in the United Kingdom, offset by contract losses in the Mature Market Retail Division during 2011 (mainly in France, Germany and Spain) in line with our decision to focus on maintaining price discipline instead of preserving volume. This led to an overall flat performance on a constant currency basis.

Revenue from Eastern Europe increased by €25.8 million, or 16.3%, from €157.9 million for the year ended December 31, 2011 to €183.7 million for the year ended December 31, 2012. The increase was primarily due to growth in key markets such as Poland (which had a 20.1% increase) and Russia (which had a 63.8% increase in revenue). Poland and Russia together accounted for 70.0% of revenue from Eastern Europe in 2012, compared to 62.9% in 2011. In Poland, the growth was primarily attributable to an increase in revenue from a major Polish retailer that introduced a new product range and opened new stores. In Russia, the growth was attributable to new contracts.

Revenue from the rest of the world increased by €53.6 million, or 28.0%, from €191.6 million for the year ended December 31, 2011 to €245.2 million for the year ended December 31, 2012. The increase was primarily due to the Middle East and Africa Division's strong performance, which reflected growth in Turkey and also in Morocco, Algeria and Pakistan. This reflected our efforts to build a local presence through the establishment of either sales offices or a dedicated sales force. Australia also experienced strong growth (53.9% for the year).

Cost of Sales

Cost of sales increased by €46.9 million, or 5.0%, from €941.4 million for the year ended December 31, 2011 to €988.3 million for the year ended December 31, 2012. Cost of sales represented 75.5% of our revenue for the year ended December 31, 2012, compared to 77.3% for the year ended December 31, 2011, reflecting a gross margin of 24.5% and 22.7%, respectively. A small portion of the increase in the gross margin was attributable to the Lille Healthcare acquisition, which has a higher gross margin (but higher distribution and sales and marketing expenses) than our consolidated gross margin. Raw materials prices decreased in 2012 following sharp increases in 2011, which had a positive impact of approximately 150 basis points on the gross margin. Fluctuations in exchange rates other than the Euro/U.S. Dollar exchange rate also had a slightly positive impact on the gross margin, which was partially offset by an adverse impact from the weakening of the Euro against the U.S. Dollar (due to the fact that we purchase fluff in U.S. Dollars).

Distribution Expenses

Distribution expenses increased by €16.2 million, or 17.5%, from €92.4 million for the year ended December 31, 2011 to €108.6 million for the year ended December 31, 2012. Distribution expenses represented 8.3% of our revenue for the year ended December 31, 2012, compared to 7.6% for the year ended December 31, 2011. The increase in distribution expenses was due to increased sales and higher fuel prices.

Sales and Marketing Expenses

Sales and marketing expenses increased by €13.7 million, or 27.1%, from €50.5 million for the year ended December 31, 2011 to €64.2 million for the year ended December 31, 2012. Sales and marketing expenses represented 4.9% of our revenue for the year ended December 31, 2012, compared to 4.1% for the year ended December 31, 2011. The increase in sales and marketing expenses was primarily due to our investments in our sales operation outside Western Europe to further support growth in the branded part of our business.

General Administrative Expenses

General administrative expenses increased by €2.8 million, or 10.0%, from €28.1 million for the year ended December 31, 2011 to €30.9 million for the year ended December 31, 2012. The increase was primarily due to investments in our R&D function. General administrative expenses represented 2.4% and 2.3% of our revenue for the years ended December 31, 2012 and 2011, respectively.

Net Other Operating Income/(Expense)

Net other operating income/(expense) was an expense of €1.9 million for the year ended December 31, 2011, compared to income of €1.1 million for the year ended December 31, 2012.

Adjusted EBITDA

Adjusted EBITDA increased by €15.1 million, or 11.3%, from €133.8 million for the year ended December 31, 2011 to €148.9 million for the year ended December 31, 2012.

Non-Recurring Expenses

Non-recurring expenses increased by €10.2 million, or 25.4%, from €40.2 million for the year ended December 31, 2011 to €50.4 million for the year ended December 31, 2012. The main expense in 2012 was related to the closure of the Recklinghausen production facility in Germany at a cost of €39.9 million, while the main expense in 2011 was related to the closure of the Villefranche production facility in France.

Operating Profit

Operating profit increased by €4.6 million, or 7.3%, from €63.1 million for the year ended December 31, 2011 to €67.7 million for the year ended December 31, 2012. Our operating profit margin was 5.2% for each of the years ended December 31, 2011 and 2012.

EBITDA

EBITDA increased by €0.1 million, or 0.1%, from €98.7 million for the year ended December 31, 2011 to €98.8 million for the year ended December 31, 2012. Our EBITDA margin was 7.5% for the year ended December 31, 2012, compared to 8.1% for the year ended December 31, 2011.

Net Finance Costs

Net finance costs decreased by €31.1 million, or 30.8%, from €101.1 million for the year ended December 31, 2011 to €70.0 million for the year ended December 31, 2012. Finance costs in 2011 were impacted by interest expense related to the initial financing structure that preceded the issuance of the Notes. The absence of these costs in 2012 led to finance costs decreasing from €126.7 million in 2011 to €88.1 million in 2012. Finance income was lower in 2012 as a result of lower gains from derivative instruments and foreign exchange differences.

Income Tax

Income tax decreased by €6.8 million, or 50.0%, from €13.6 million for the year ended December 31, 2011 to €6.8 million for the year ended December 31, 2012. The decrease was primarily due to the higher level of non-deductible expenses in 2011 as well as the use of tax losses in certain jurisdictions in 2012. The receipt of a tax refund in Germany in 2012 also had a favorable effect on our tax charge.

(Loss) / Profit for the Year

Loss for the year decreased by €42.5 million, or 82.4%, from €51.6 million for the year ended December 31, 2011 to €9.1 million for the year ended December 31, 2012.

Liquidity and Capital Resources

Capital Resources

Our primary sources of liquidity are and are expected to continue to be cash flows from operations, future borrowings under our Revolving Credit Facility, the BNP Paribas Fortis Factoring Agreement (as defined below) and potential future borrowings through the issuance of debt securities. The recent acquisition of Serenity increased the need for working capital. Accordingly, we have entered into new factoring arrangements with Ifitalia and Mediofactoring.

As of March 31, 2014, we had net financial debt of €862.1 million and our net financial debt to equity ratio was 2.3:1.

Notes

On March 31, 2011, Ontex IV issued €320,000,000 aggregate principal amount of 7.50% Senior Secured Notes due 2018 (the "Senior Secured Fixed Rate Notes"), €280,000,000 aggregate principal amount of Senior Secured Floating Rate Notes due 2018 (the "Senior Secured Floating Rate Notes" and, together with the Senior Secured Fixed Rate Notes, the "Senior Secured Notes") and €235,000,000 aggregate principal amount of 9.00% Senior Notes due 2019 (the "Senior Notes" and, together with the Senior Secured Notes, the "Notes"). The Senior Secured Floating Rate Notes bear interest at three-month EURIBOR plus 4.125% per year. The interest rate paid on the Senior Secured Floating Rate Notes for the year ended December 31, 2013 was in the range of 4.3% and 4.4%. On February 14, 2013, an additional €75 million aggregate principal amount of Senior Secured Fixed Rate Notes were issued.

The Senior Secured Notes are guaranteed by certain subsidiaries of Ontex IV on a senior basis and the Senior Notes are guaranteed by those subsidiaries on a senior subordinated basis. These subsidiaries include: Eutima BVBA (Belgium), Ontex Coordination Center BVBA (Belgium), Ontex International BVBA (Belgium), Ontex BVBA (Belgium), ONV Middleco BVBA (Belgium), ONV Topco NV (Belgium), Ontex CZ s.r.o. (Czech Republic), Hygiene Medica S.A. (France), Ontex France S.A.S. (France), Moltex Baby-Hygiene GmbH (Germany), Ontex Inko Deutschland GmbH (Germany), Ontex Hygieneartikel Deutschland GmbH (Germany), Ontex Logistics GmbH (Germany), Ontex Mayen GmbH (Germany), Ontex Recklinghausen GmbH (Germany), Ontex Vertrieb GmbH & Co. KG (Germany), WS Windel-Shop GmbH (Germany), Ontex ID S.A. (Spain), Ontex Peninsular S.A. (Spain), Ontex ES Holdco (Spain), Ontex Tüketim Ürünleri Sanayi ve Ticaret Ontex Santé France SAS (France), Ontex Manufacturing Italy SRL (Italy), Serenity SPA (Italy) and Serenity Holdco SRL (Italy).

Collateral

The Collateral securing the Senior Secured Notes includes: (i) a share pledge over the share capital of Ontex IV, as issuer of the Senior Secured Notes, and certain subsidiaries acting as guarantors under the Senior Secured

Notes; (ii) a bank account pledge of the issuer and certain guarantors; (iii) a pledge of the receivables (including by way of assignment under applicable law) of the issuer and certain guarantors; (iv) a pledge of the business assets of certain guarantors; (v) real property mortgages in respect of the real property owned by certain guarantors (including Belgian law mortgages (*hypotheek*) of real estate granted by Ontex BVBA and Eutima BVBA; Czech law mortgages of real estate granted by Ontex CZ s.r.o., German law mortgages of real estate granted by Ontex Hygieneartikel Deutschland GmbH, Ontex Mayen GmbH and WS Windel-Shop GmbH (formerly known as J Wirths & Co Scan Products GmbH) as mortgagors; and Spanish law promissory mortgages of real estate granted by Ontex Peninsular S.A.); and (vi) certain intellectual property rights of the guarantors (including German law agreements on the assignment of intellectual property rights by Ontex BVBA and Moltex Baby-Hygiene GmbH). The security shall remain in force for so long as the Senior Secured Notes and the Revolving Credit Facility remain outstanding.

Covenants

The indentures governing the Notes contain certain restrictions applying to Ontex IV and its restricted subsidiaries which are described below. As of the date of this Prospectus, all of Ontex IV's subsidiaries were restricted subsidiaries. The description appearing below does not purport to be a complete description of the restrictions contained in the indentures but rather is a summary of the most material provisions.

- Ontex IV will not, and will not permit any of its restricted subsidiaries to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of any debt (including any acquired debt), provided that Ontex IV and any guarantor of the Notes will be permitted to incur debt (including acquired debt) if, after giving effect to the incurrence of such debt and the application of the proceeds thereof, on a pro forma basis, the consolidated fixed charge coverage ratio (defined as EBITDA divided by the sum of net interest expense and dividends on preferred stock of Ontex IV's restricted subsidiaries and redeemable stock of Ontex IV and its restricted subsidiaries) for the four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such debt, taken as one period, would be greater than 2.0 to 1.0. As of March 31, 2014, the fixed charge coverage ratio of Ontex IV was 2.8:1;

- Ontex IV will not, and will not permit any of its restricted subsidiaries to, directly or indirectly, do any of the following (each, a "Restricted Payment"): (i) declare or pay any dividend on or make any distribution, with respect to any of Ontex IV's stock or any restricted subsidiaries' stock, (ii) purchase, redeem or otherwise acquire or retire for value any shares of Ontex IV's capital stock or any of any (direct or indirect) parent company of Ontex IV held by persons other than Ontex IV or any of its restricted subsidiaries, (iii) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value any subordinated debt, (iv) make any cash interest payment or principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, any deeply subordinated funding (as defined therein) or (v) make any investment (other than a permitted investment) in any person. For purposes of the Restricted Payments test, "investment" is defined as any direct or indirect advance, loan or other extension of credit (excluding bank deposits, accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers and employees, in each case made in the ordinary course of business) or capital contribution to, or any purchase, acquisition or ownership by the relevant person of any capital stock, bonds, notes, debentures or other securities or evidences of debt issued or owned by, any other person and all other items, in each case that are required by IFRS to be classified on the balance sheet of the relevant person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. In addition, the portion of the fair market value of the net assets of any restricted subsidiary at the time that such restricted subsidiary is designated an unrestricted subsidiary will be deemed to be an investment in such unrestricted subsidiary at such time.

  Notwithstanding the foregoing, Ontex IV or any restricted subsidiary may make a Restricted Payment if, at the time of and after giving pro forma effect to such proposed Restricted Payment: (x) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment, (y) Ontex IV could incur at least €1.00 of additional debt under the covenant described in the previous bullet point (which would require the consolidated fixed charge coverage ratio to be greater than 2:1) and (z) the aggregate amount of all Restricted Payments declared or made after the issue date of the Notes does not exceed 50% of consolidated adjusted net income (as defined therein) from January 1, 2011 to the end of Ontex IV's most recently ended fiscal quarter for which financial statements are available at the date of such Restricted Payment, plus proceeds from equity issuances and certain other items.

  In addition to its ability to pay dividends pursuant to the restricted payments test described above, following a public offering of its or any direct or indirect parent company's equity, Ontex IV is permitted to pay dividends and distributions provided that the aggregate amount of all such dividends and distributions shall not exceed in any fiscal year the greater of (i) 6% of the net cash proceeds received from such public offering or subsequent equity offering by Ontex IV or contributed to the capital of Ontex IV by any direct or indirect parent company of Ontex IV in any form other than debt or certain excluded contributions; and (ii) following the public offering, an amount equal to 5% of the market capitalization (defined as the arithmetic mean of the closing prices per share for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend), provided that after giving pro forma effect to the payment of any such dividend or distribution, the consolidated leverage ratio of Ontex IV does not exceed 3:1. As of March 31, 2014, the consolidated leverage ratio of Ontex IV was 4.9:1;

- Ontex IV will not, and will not permit any of its restricted subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions for the benefit of any affiliate of Ontex IV or any affiliate of a restricted subsidiary involving aggregate payments or consideration in excess of €5 million unless (x) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favorable than those that could have been obtained in a comparable arm's length transaction with third parties that are not affiliates, (y) with respect to any transaction or series of related transactions of greater than €20 million, Ontex IV will deliver a resolution of its board of directors to the effect that the transaction is on arm's length terms and (z) with respect to any transaction or series of related transactions of greater than €40 million, Ontex IV will obtain a written opinion of an accounting, appraisal, investment banking or advisory firm of international standing, or other recognized independent expert of international standing stating that the transaction or series of transactions is fair to Ontex IV or the relevant restricted subsidiary or on terms not less favorable than those that might have been obtained in a comparable transaction from a person who is not an affiliate.

  For the purposes of the above covenant, "affiliate" means, with respect to any specified person any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control," when used with respect to any specified person, means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise;

- Ontex IV will not, and will not permit any of its restricted subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any lien of any kind (except for permitted liens (which include, among other things, liens in existence on the date of issuance of the Notes, certain statutory liens, liens for taxes that are being contested in good faith, liens in respect of pending legal proceedings, certain liens arising in the ordinary course of business and liens in connection with debt permitted to be incurred under the indenture)) securing debt upon any of their property or assets, unless the Senior Notes are equally and ratably (i.e., with the same priority) (or, in the case of any lien securing subordinated debt, on a basis that is senior in priority) secured with the obligation or liability secured by such lien;

- Ontex IV will not, and will not permit any of its restricted subsidiaries to transfer or sell assets unless (x) the consideration is not less than the fair market value of the assets sold or capital stock issued and (y) at least 75% of the consideration consists of cash or cash equivalents and certain other types of consideration. If an asset sale is consummated, the net cash proceeds from such asset sale may, within 365 days after the consummation, be used to repay the Notes, repurchase any other senior debt, acquire a permitted business that then becomes a restricted subsidiary, make a capital expenditure, acquire certain other assets or any combination of the foregoing. To the extent that such net cash proceeds are not applied or invested in this manner (defined as "excess proceeds" therein) and exceed an amount of €25 million on an aggregate basis, Ontex IV must offer to purchase from all holders of the Notes and certain other debt the amount of debt that may be repaid to such holders of the Notes and such other debt (on a pro rata basis) with the amount of such excess proceeds;

- Ontex IV will not permit any restricted subsidiary that is not a guarantor of the Notes, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of (i) any debt of Ontex IV or any other restricted subsidiary under any credit facilities or (ii) any public debt of Ontex IV or any guarantor (other than the Notes), (x) unless such restricted subsidiary simultaneously guarantees payment of the Notes or, (y) with regard to a guarantee of subordinated debt, unless such guarantee is subordinated to such restricted subsidiaries' guarantee in relation to the Notes at least to the same extent as such subordinated debt is subordinated to the Notes;

- Ontex IV will not, and will not permit any of its restricted subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any restricted subsidiary to pay dividends or make any other distributions in respect of its stock, make payments under intercompany loans or pay intercompany debts, or transfer properties to Ontex IV and its other restricted subsidiaries; and

- Ontex IV will not, directly or indirectly: (i) consolidate or merge with or into another person or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of Ontex IV and its restricted subsidiaries, taken as a whole, in one or more related transactions, to another person, unless (x) Ontex IV is the surviving corporation or the surviving entity is organized in certain specified jurisdictions and expressly assumes by supplemental indenture Ontex IV's obligations under the Senior Notes, (y) immediately after giving effect to such transaction or series of transactions on a pro forma basis, no default or event of default will have occurred and be continuing and (z) Ontex IV or the surviving entity would, on the date of such transaction after giving pro forma effect thereto (i) be permitted to incur at least €1.00 of additional debt pursuant to the covenant set forth in the first bullet point above or (ii) have a consolidated fixed charge coverage ratio not less than it was immediately prior to giving effect to such transaction.

Each of these covenants is subject to significant exceptions and qualifications. All of these covenants will remain in place following the completion of the Offering. While Ontex IV has not breached any of these covenants, restrictions or other obligations in the past and remains in compliance as of the date of this Prospectus, any breach could result in an event of default.

If on any date following the issue date of the Notes, the Notes have an investment grade credit rating from both of S&P and Moody's and no default or event of default has occurred and is continuing under the indenture, beginning on the day of such event and continuing until such time, if any, at which the Notes cease to have an investment grade rating from each rating agency, the provisions of the indenture summarized above will not apply to the Notes. Such covenants and any related default provisions will again apply according to their terms on and after the date on which the Notes cease to have an investment grade rating. As of the date of this Prospectus, the Senior Secured Fixed Rate Notes and the Senior Secured Floating Rate Notes are each rated B by S&P and B1 by Moody's and the Senior Notes are rated CCC+ by S&P and Caa1 by Moody's. Moody's has recently announced that the rating of the Notes will be under review following the Offering.

Upon the occurrence of certain events constituting a change of control, Ontex IV may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase.

Optional redemption

At any time on or after April 15, 2014 and prior to maturity, upon not less than 30 nor more than 60 days' written notice, Ontex IV has been entitled to redeem all or part of the Secured Fixed Rate Notes at the relevant redemption price, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date. The relevant redemption price is 103.75%, 101.875% and 100% for 2014, 2015 and 2016 and thereafter, respectively.

At any time on or after April 15, 2012 and prior to maturity, upon not less than 30 nor more than 60 days' written notice, Ontex IV may redeem all or part of the Secured Floating Rate Notes at the relevant redemption price, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date. The relevant redemption price is 101% and 100% for 2012 and 2013 and thereafter, respectively.

At any time prior to April 15, 2015 and prior to maturity, upon not less than 30 nor more than 60 days' written notice, Ontex IV may redeem up to 40% of the aggregate principal amount of the Senior Notes at a redemption price equal to 109.000% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date, with the net cash proceeds from one or more equity offerings. Ontex IV may only do this, however, if: (i) at least 60% of the aggregate principal amount of the Senior Notes that were initially issued under the indenture would remain outstanding immediately after the occurrence of such proposed redemption; and (ii) the redemption occurs within 180 days after the closing of such equity offering.

In addition, at any time prior to April 15, 2015, upon not less than 30 nor more than 60 days' written notice, Ontex IV may also redeem all or part of the Senior Notes, at a redemption price equal to 100% of the principal amount thereof plus the applicable redemption premium of the Senior Notes plus accrued and unpaid interest on the Senior Notes to, but not including, the redemption date. The applicable redemption premium is defined as the greater of (i) 1% of the principal amount of the Senior Notes being redeemed and (ii) the excess of: (x) the present value at such redemption date of the redemption price of the Senior Notes being redeemed at April 15, 2015 plus all required interest payments that would otherwise be due to be paid on such Senior Notes during the period between the redemption date and April 15, 2015 excluding accrued but unpaid interest, computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points, over (y) the principal amount of such Senior Notes on such redemption date.

At any time on or after April 15, 2015 and prior to maturity, upon not less than 30 nor more than 60 days' written notice, Ontex IV may redeem all or part of the Senior Notes. These redemptions will be at the relevant redemption price, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The redemption price applicable for the years 2015, 2016 and 2017 and thereafter are 104.500%, 102.250% and 100.000%, respectively.

We intend to use the proceeds of the Offering to strengthen our financial structure by reducing our outstanding indebtedness through the refinancing of the Senior Secured Floating Rate Notes pursuant to the optional redemption provision described above. See *"Use of Proceeds."* We also intend to refinance the remaining series of Notes (including the Senior Secured Fixed Rates Notes and the Senior Notes) during the course of 2015 in order to optimize interest costs.

Revolving Credit Facility

On March 25, 2011, Ontex IV, certain of its subsidiaries acting as guarantors, Goldman Sachs International and Merrill Lynch International, as mandated lead arrangers and certain other parties entered into the Revolving Credit Facility. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility.

Goldman Sachs International and Merrill Lynch International are also acting as Underwriters in the Offering. Goldman Sachs International is also an affiliate of GSCP (which owns an interest in the Selling Shareholder).

Interest rate

The interest rate on borrowings under the Revolving Credit Facility is the percentage rate per annum equal to the aggregate of (i) LIBOR or EURIBOR, in relation to any loan in Euros, (ii) a margin ranging from 3.00% to 3.75% depending on our leverage ratio (defined as the ratio of consolidated total net borrowings to consolidated EBITDA), and (iii) mandatory costs, if any. As of March 31, 2014, our leverage ratio was 4.9:1 and hence the applicable margin would be 3.75% were there any outstanding drawings under the Revolving Credit Facility. We are required to pay a commitment fee equal to 40% of the applicable margin on the undrawn and uncancelled amount of the revolving credit. We are also required to pay customary fees, including an upfront fee to the original lenders and agency fees to the security agents.

Covenants and undertakings

The Revolving Credit Facility contains customary affirmative, negative and financial covenants, including (i) a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries and (ii) a requirement to maintain a super senior gross leverage ratio (defined as the total amount drawn down under the Revolving Credit Facility plus the original amounts due pursuant to the super senior hedging liabilities (consisting of hedging liabilities arising under a hedging agreement in respect of which a super senior hedging limit has explicitly been agreed, up to (but not exceeding) the super senior hedging limit for that hedging agreement, the aggregate limit of all super senior hedging liabilities being limited to €25 million) to consolidated EBITDA) at or below 0.50 to 1, tested on a quarterly basis. The super senior gross leverage ratio was 0 as of December 31, 2013, since there were no drawings outstanding under the Revolving Credit Facility or under the super senior hedging liabilities. Recently, we entered into an ISDA agreement with Macquarie to hedge a portion of our commodity exposure for 2014 and have agreed that the hedging liabilities Macquarie would incur will qualify as super senior hedging obligations for these purposes, limited to the amount of €10.0 million of their hedging liabilities.

Prepayment

Upon the (i) occurrence of certain events constituting a change in control (defined as, *inter alia*, The Goldman Sachs Group, Inc. or TPG or their respective affiliates ceasing to hold together or individually more than 40% of the issued share capital of Ontex III, S.A.) or (ii) the sale of all or substantially all of the assets of the Ontex group, the Revolving Credit Facility will be cancelled and all outstanding amounts under the Revolving Credit Facility will become immediately due and payable.

Events of default

The Revolving Credit Facility Agreement provides for customary events of default, including non-payment, failure to satisfy the financial covenants or perform covenants and other obligations (including obligations under the Intercreditor Agreement), misrepresentation, cross default, insolvency or insolvency or similar proceedings, the performance of certain obligations under the Revolving Credit Facility becoming unlawful or unenforceable or the security created by the security agreements ceasing to be effective, cessation of business, the obligors ceasing to be wholly owned subsidiaries of Ontex III S.A., certain qualifications by the auditors in their audit opinion, nationalization and rescission of the Revolving Credit Facility or the security, certain litigation having a material adverse effect and material adverse change. The occurrence of any of these events of default would entitle the lenders to accelerate all outstanding loans and terminate commitments in respect of the Revolving Credit Facility Agreement.

Security

The collateral is the same as for the Senior Secured Notes and shared with the holders of the Senior Secured Notes, proceeds of enforcement of the collateral will be used in discharge of the indebtedness under the Revolving Credit Facility and up to a maximum amount not exceeding €25.0 million of certain hedging obligations before discharge of the Senior Secured Notes. Recently, we entered into an ISDA agreement with Macquarie to hedge a portion of our commodity exposure for 2014 and have agreed that the hedging liabilities Macquarie would incur will qualify as super senior hedging obligations for these purposes, limited to the amount of €10.0 million of their hedging liabilities.

In connection with the Revolving Credit Facility and the indentures governing the Notes, Ontex IV, certain of its subsidiaries acting as guarantors and certain security agents in respect of the Collateral entered into an intercreditor agreement (the “Intercreditor Agreement”) to govern the relationships and relative priorities among the lenders under the Revolving Credit Facility, any persons that accede to the Intercreditor Agreement as counterparties to certain hedging arrangements, the trustee for the Senior Secured Notes, the trustee for the Senior Notes, intra-group creditors and debtors and the direct or indirect shareholder of Ontex IV in respect of certain structural debt that Ontex IV has or may incur in the future (including any subordinated shareholder loans). In addition, the Intercreditor Agreement regulates the relationship between Ontex IV and its restricted subsidiaries, on the one hand, and the shareholders of Ontex IV and related parties, on the other hand.

The Revolving Credit Facility contains a requirement that EBITDA (as defined therein) and aggregate gross assets of the guarantors under the Revolving Credit Facility represents not less than 85% of the EBITDA (as defined therein) and gross assets of Ontex IV and its restricted subsidiaries.

Factoring Agreements

All of our factoring facilities are non-recourse to Ontex. Amounts drawn under these facilities are not included as debt under IFRS accounting rules, nor are they included for purposes of calculations pursuant to the Revolving Credit Facility Agreement or the indentures governing the Notes. Receivables are derecognized at the moment of transfer to the relevant factor. The factoring facilities incurred factor and insurance fees in the amount of €1.9 million, as well as interest reported under net finance cost in the amount of €1.7 million for the year ended December 31, 2013. Our factoring agreements provided us with supplemental liquidity in the amount of €171.5 million as of March 31, 2014. The total amount drawn under these factoring facilities as of March 31, 2014 was €122.7 million.

BNP Paribas Fortis Factoring Agreement

To optimize our cash management, we entered into a factoring agreement (the “BNP Paribas Fortis Factoring Agreement”) on July 28, 2008 with BNP Paribas Fortis Factor NV (the “Factor”), which has been extended to November 17, 2017. The BNP Paribas Fortis Factoring Agreement provides us with a credit facility of up to €125 million and up to 90% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 10% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to us.

Italian factoring agreements

To partially finance the working capital needs of Serenity, we entered into two additional factoring agreements (the "Italian Factoring Agreements"), including an agreement with Ifitalia and an agreement with Mediofactoring. The agreement with Ifitalia provides for a credit facility in the maximum amount of €30 million. The agreement with Mediofactoring provides for a credit facility that is allocated on a per debtor basis. Both of the Italian Factoring Agreements provide for the financing of receivables of approved debtors and up to the allocated credit limit on a non-recourse basis. The Italian Factoring Agreements provide us with a credit facility of up to €46.5 million.

On May 28, 2014, Serenity entered into a new non-recourse factoring agreement with Banca IFIS, under which €29 million was drawn as of that date.

Cash flows

The following table sets forth our cash flows for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
	(€ millions)				
Net cash generated from operating activities	14.1	25.3	134.5	87.6	80.2
Net cash used in investing activities	(8.0)	(16.2)	(116.0)	(54.3)	(49.2)
Net cash used in financing activities	(5.9)	74.0	3.7	(59.6)	6.7
Change in cash and cash equivalents	0.2	83.1	22.2	(26.3)	37.7
Cash and cash equivalents at end of period	61.6	122.3	61.4	39.2	65.5

Cash Flow from Operating Activities

Cash flow from operating activities decreased by €11.2 million from €25.3 million for the three months ended March 31, 2013 to €14.1 million for the three months ended March 31, 2014. The decrease was mainly due to working capital consumption, which was in turn mostly linked to Serenity, which has longer payment terms due to the nature of public tender contracts and arrangements in the regions in Italy in which it operates, as well as a rebuilding of diaper inventories to optimal levels, slightly higher days sales outstanding driven by increased sales to customers with longer than average payment terms and growth in the business. In the three months ended March 31, 2014, working capital further benefited from proceeds from factoring in the amount of €1.5 million.

Cash flow from operating activities increased by €46.9 million from €87.6 million for the year ended December 31, 2012 to €134.5 million for the year ended December 31, 2013. The increase was due to our improved operational performance as well as the sale in 2013 of the extra inventories held at December 31, 2012 linked to the closure of the Recklinghausen factory, the exit of Kimberly Clark from the baby diaper market in Western Europe as well as the surplus stock of super-absorber built up at the end of 2012 following the explosion in the Nippon Shokubai plant in Japan. Working capital further benefited from proceeds from factoring in the amount of €36.3 million.

Cash flow from operating activities increased by €7.4 million from €80.2 million for the year ended December 31, 2011 to €87.6 million for the year ended December 31, 2012. The increase was mainly due to improved operational performance.

Cash Flow Used in Investing Activities

Cash flow used in investing activities decreased by €8.2 million from €16.2 million for the three months ended March 31, 2013 to €8.0 million for the three months ended March 31, 2014. The decrease was due to lower capital expenditure as a result of different phasing of planned investments.

Cash flow used in investing activities increased by €61.7 million from €54.3 million for the year ended December 31, 2012 to €116.0 million for the year ended December 31, 2013. The increase was mainly due to the initial acquisition price paid in 2013 for Serenity, partially offset by lower capital expenditure following high capital expenditure in 2012 in relation to capacity extensions across our production facilities, including investments in new machines, across all three product categories.

Cash flow used in investing activities increased by €5.1 million from €49.2 million for the year ended December 31, 2011 to €54.3 million for the year ended December 31, 2012. The increase was almost entirely due to higher capital expenditure, which was linked to several projects that were brought forward to increase capacity following the announcement by Kimberly Clark that it planned to exit the European market. In 2011, Lille Healthcare was acquired for a consideration of €14.8 million.

Cash Flow Used in Financing Activities

Cash flow from financing activities was €74.0 million for the three months ended March 31, 2013, compared to cash flow used in financing activities of €5.9 million for the three months ended March 31, 2014. In the three months ended March 31, 2013, there was a cash inflow of €77.4 million (including the premium on issuance) as a result of the issuance of Senior Secured Fixed Rate Notes to finance the Serenity acquisition which occurred on April 4, 2013. The three months ended March 31, 2013 included €79.3 million of restricted cash, consisting of the proceeds of the issuance of Senior Secured Notes in February 2013 held in escrow pending closing of the Serenity acquisition, including the bond issue premium (in the total amount of €77.4 million) and pre-financed interest expenses on the issuance of the Senior Secured Notes.

Cash flow from financing activities was €3.7 million for the year ended December 31, 2013 compared to cash flow used in financing activities of €59.6 million for the year ended December 31, 2012. Cash flow from financing activities was €6.7 million for the year ended December 31, 2011 compared to cash flow used in financing activities of €59.6 million for the year ended December 31, 2012. The increase was mainly due to the payment of interest on outstanding debt, and the repayment of debt related to the recourse factoring and leasing debt from Lille Healthcare. The main cash inflow from financing activities in 2012 was derived from our derivative financial assets. In 2011, the cash inflow from financing activities resulted mainly from the issuance of Notes in the amount of €835 million.

Working capital

The following table sets forth the components of our working capital as of March 31, 2014 and 2013 and as of December 31, 2013, 2012 and 2011:

	As of March 31,		As of December 31,		
	2014	2013	2013	2012	2011
			(€ millions)		
Inventories	200.9	179.4	182.2	171.6	139.3
Trade and other receivables and pre-paid expenses	296.2	210.1	236.4	198.8	194.6
Trade and other payables and accrued expenses	(302.3)	(246.7)	(256.9)	(239.4)	(239.2)
Working capital	194.8	142.8	161.7	131.0	94.7

Working capital as of March 31, 2014 was €194.8 million, compared to €142.8 million as of March 31, 2013. The increase was mainly due to the Serenity acquisition, a rebuilding of diaper inventories to optimal levels and slightly higher days sales outstanding as a result of increased sales to customers with longer than average payment terms and growth in the business.

Working capital as of December 31, 2013 was €161.7 million, compared to €131.0 million as of December 31, 2012. The portion of working capital attributable to Serenity was €46.1 million as of December 31, 2013. The increase in inventories to €182.2 million as of December 31, 2013 from €171.6 million as of December 31, 2012 reflected a €16.2 million increase as a result of the Serenity acquisition, offset by a €5.6 million decrease, which was mainly due to the sale in 2013 of surplus inventories held at December 31, 2012. The temporarily higher level of inventories was linked to the closure of the Recklinghausen production facility in March 2013. The increase in trade and other receivables and pre-paid expenses to €236.4 million as of December 31, 2013 from €198.8 million as of December 31, 2012 was primarily due to the increase in revenue at a stable level of days sales outstanding as well as the acquisition of Serenity. Serenity has longer payment terms due to the nature of the public tender contracts and arrangements in the regions of Italy in which it operates. Serenity accounted for €54.1 million of receivables as of December 31, 2013. Trade and other payables and accrued expenses increased to €256.9 million as of December 31, 2013 from €239.4 million as of December 31, 2012. The increase in trade and other payables and accrued expenses was primarily due to the Serenity acquisition. Our days payable outstanding increased slightly as a result of the longer terms agreed with Serenity's local suppliers.

Working capital as of December 31, 2012 was €131.0 million, compared to €94.7 million as of December 31, 2011. The increase was mainly due to an increase in inventories, from €139.3 million as of December 31, 2011 to €171.6 million as of December 31, 2012, which was in turn due to the Recklinghausen production facility closure being delayed to March 2013, additional inventory being held to meet the anticipated increase in demand as a result of Kimberly Clark exiting the market as well as surplus super-absorber stock in anticipation of the expected shortage in the market after the explosion in the cracker installation of CPC Corp., one of our raw materials suppliers. The increase in trade and other receivables and pre-paid expenses from €194.6 million as of December 31, 2011 to €198.8 million as of December 31, 2012 was primarily due to the increase in revenue. Days sales outstanding remained stable in 2012 compared to 2011.

In our opinion, the working capital available to us is sufficient for our present requirements, that is, for the next 12 months following the date of this Prospectus.

Material Commitments and Contingencies

The table below summarizes our material contractual obligations as of December 31, 2013:

	Less than 1 year	1-5 years	More than 5 years	Total
		(€ millions)		
Senior Secured Fixed Rate Notes	29.6	492.4	—	522.0
Senior Secured Floating Rate Notes	12.4	328.3	—	340.7
Senior Notes	21.2	84.6	241.1	346.9
Operating leases	13.0	28.6	11.8	53.4
Purchase obligations	2.2	—	—	2.2
Total	78.4	933.9	252.9	1265.2

This table contains the contractual undiscounted cash flows including interest payments.

Qualitative and Quantitative Disclosure About Market Risk

Foreign Exchange Risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British Pound, Turkish Lira, Polish Zloty, Australian Dollar and Russian Rouble in relation to sales, and the U.S. Dollar and Czech Crown in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. We also have exposure to the Turkish Lira, Algerian Dinar Russian Rouble, Czech Crown, Australian Dollar and Pakistani Rupee due to our net investments in foreign operations.

To manage our foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, we use forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Our treasury is responsible for monitoring the net position in each foreign currency when possible and appropriate. We apply hedge accounting for hedge related transactions and the impact of the revaluation is recognized in other comprehensive income.

We entered into foreign exchange forward contracts in September 2013 maturing through December 2013 in order to limit volatility in our business resulting from exposures to sales in Pounds Sterling, Polish Zloty, Turkish Liras, Australian Dollars and Russian Roubles as well as purchases of raw materials in U.S. Dollars.

We entered into foreign exchange forward contracts in December 2013 maturing through December 2014 in order to limit volatility in our business resulting from exposure to sales in Pounds Sterling, Polish Zloty, Turkish Liras, Australian Dollars and Russian Roubles as well as purchases in U.S. Dollars and Czech Crown during 2014.

We entered into foreign exchange forward contracts in March 2014 maturing through March 2015 in order to limit volatility in our business resulting from exposure to sales in Pounds Sterling, Polish Zloty, Turkish Liras, Australian Dollars and Russian Roubles as well as purchases in U.S. Dollars and Czech Crown during 2014 and the first quarter of 2015.

At inception of the foreign exchange contracts, they were designated as cash flow hedges. At the moment the forecasted transactions materialise, the foreign exchange forward contracts become fair value hedges. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. We apply hedge accounting to the foreign currency forward contracts.

As of March 31, 2014, an unrealized net loss of €0.7 million was recognized in other comprehensive income, relating to foreign exchange hedging contracts for which hedge accounting is applied. As of March 31, 2014, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.8 million and the derivative financial liability amounted to €2.3 million.

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency with all other variables held constant. The impact is mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and payables and derivative positions as at the respective balance sheet dates.

	10% weakening of the EUR				**10% strengthening of the EUR**			
	As of December 31,							
	2013		**2012**	**2011**	**2013**		**2012**	**2011**
	Impact on equity(1)	**Impact on income statement(2)**	**Impact on income statement(2)**	**Impact on income statement(2)**	**Impact on equity(1)**	**Impact on income statement(2)**	**Impact on income statement(2)**	**Impact on income statement(2)**
	(€ millions)							
PLN	(2.3)	2.7	3.0	2.2	1.9	(2.2)	(2.5)	(1.8)
GBP	(2.6)	—	—	—	2.1	—	—	—
USD	1.7	(1.1)	(1.5)	3.7	(1.4)	0.9	1.2	0.1
RUB	(0.6)	—	—	—	0.5	—	—	—

Notes:

(1) Impact on other comprehensive income of a 10% weakening/strengthening of the Euro against the reported currency on hedged positions of trade receivables and trade payables balances.

(2) Impact on income statement of a 10% weakening/strengthening of the Euro against the reported currency on trade receivables and trade payables balances. In the years ended December 31, 2012 and 2011, there were no foreign exchange forward contracts outstanding for which hedge accounting was applied.

Interest Rate Risk

Our interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose us to fair value interest rate risk. These risks are managed centrally by our treasury team taking into account our expectations with respect to the evolution of the market rates. Our debt principally consists of the Notes, which are subject to fixed and floating interest rates.

On June 30, 2011, Ontex Coordination Center BVBA entered into an interest rate cap arrangement with Goldman Sachs International to manage a portion of our interest rate risk in respect of the Senior Secured Floating Rate Notes. The interest rate cap arrangement is at a rate of 4.50%, has a notional amount of €150 million and terminates January 15, 2017.

Sensitivity of Fair Value of Derivative Financial Instruments Related to Loans

As of December 31, 2013, if EURIBOR interest rates had been 10 basis points higher or lower, with all other variables held constant, pre-tax profit for the year would have been €0.04 million higher and €0.03 million lower, respectively. As of December 31, 2012, if EURIBOR interest rates had been 10 basis points higher or lower, with all other variables held constant, pre-tax profit for the year would have been €0.03 million higher and €0.03 million lower, respectively. As of December 31, 2011, if EURIBOR interest rates had been 50 basis points higher or lower, with all other variables held constant, pre-tax profit for the year would have been €0.3 million higher and €0.2 million lower, respectively. The variance in the sensitivity analysis was modified in 2012 compared to 2011 because applying a shift of 50 basis points in 2012 would result in negative interest rates in the short run.

Sensitivity of the Fair Value of Loans

Our only debt that bears interest at floating rates is the Senior Secured Floating Rate Notes in the aggregate principal amount of €280.0 million, which mature in 2018 and carry an interest of 3-month EURIBOR plus a margin of 4.125%.

The notional principal amounts of outstanding fixed payer interest rate swap/cap contracts as of December 31, 2013, 2012 and 2011 was €150.0 million. At 31 December 2013, there is a cap under the contracts in the amount of €150.0 million, with a strike value of 4.5%.

Commodity Price Risk

We have exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene.

We have sought to manage our raw materials costs through hedging. For example, we entered into an Oil Brent Call Option in July 2010 for a measured quantity of oil barrels (1,900,000) for the period from July 2010 through September 2013. The option reached its maturity on September 15, 2013 and has not been replaced due to the fact that it did not qualify for hedge accounting treatment. The nominal amount of the oil hedge outstanding as of December 31, 2013 is zero (2012: €31.5 million).

In relation to our fluff exposure, we have arrangements with certain of our fluff suppliers that reduce our exposure to volatility in fluff prices. Recently, we also decided to hedge a portion of our fluff exposure that is not covered by such arrangements for 2014.

As of March 31, 2014, an unrealized gain of €0.3 million was recognized in other comprehensive income, relating to commodity hedging contracts for which hedge accounting is applied. As of March 31, 2014, the fair value of the derivative financial asset for the commodity hedging contracts amounted to €0.3 million.

See *"— Hedging Committee"* below for a description of our hedging policies.

Credit Risk

Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. We assess the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% in 2013, 2012 and 2011. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets on the statement of financial position. We have introduced a hedging committee, as described in more detail below under *"— Hedging Committee."*

Liquidity Risk

Our treasury team monitors rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn committed borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on our borrowing facilities.

Hedging Committee

We have a hedging committee in place, currently at the level of ONV Topco NV, which meets quarterly. The purpose of the committee is to assist the Board of Directors in defining and implementing policies to utilize financial hedging instruments to mitigate foreign exchange and commodity risks. The Board of Directors of ONV Topco NV adopted a hedging committee charter, setting up guidelines for the activities of the committee. The committee (i) will hedge only foreign exchange and commodity risks (collectively, the "Risks"); (ii) will not engage in speculative trading (i.e., take positions with no underlying Risks); (iii) will only take positions that hedge exposure for a period of less than one year; (iv) will only trade with counterparties that have been previously approved by the Board of Directors; (v) will only trade within pre-defined "trading windows;" and

(vi) will only execute hedges that qualify for hedge accounting treatment. The committee shall submit a hedging "strategy" to the Board of Directors for approval which quantifies the overall Risk exposure, specifies the Risks that it intends to hedge, indicates the instruments it intends to use and the specific counterparties it intends to trade with and the trading windows. The committee shall report its actions and recommendations to the Board of Directors after each committee meeting.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared in accordance with IFRS. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates and judgments could cause actual results to differ.

Our accounting policies are more fully described in Note 3 to our audited consolidated financial statements included elsewhere in this report. We believe the following policies to be the most significant policies that require management to consider matters that are inherently uncertain or to make subjective and complex judgments.

Income taxes

Ontex I had tax losses and tax credits usable to offset future taxable profits, mainly in France and Belgium, amounting to €566.7 million as of December 31, 2013. We have not recognized any deferred tax assets in this respect. The valuation of these assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Ontex group subsidiaries in different jurisdictions and on the outcome of tax planning strategies. These estimations are made prudently on best current knowledge. Where circumstances should change and the final tax outcome would be different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Overall, the rationale for not recognizing deferred tax assets in respect of tax losses and tax credits is based on the fact that the losses are mainly generated as a consequence of the historic financing structure, the modification of which depends on future events. Although the Ontex group has planned certain restructurings, these will only be taken into account for recognizing deferred tax assets upon implementation.

Impairment

We test annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. As of December 31, 2013, we used a pre-tax discount rate of 10.6%, 10.7% and 10.9% for our Retail, Healthcare and Middle East and Africa cash-generating units, respectively.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

Expected useful lives

The expected useful lives of our property, plant and equipment and intangible assets are estimated based on management's judgment and are reviewed annually at each financial year-end.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Management uses its judgment to select a variety of methods and make assumptions that are based primarily on market conditions existing at the end of each reporting period.

Employee benefits

The carrying amount of our employee benefit obligations is determined on an actuarial basis using certain assumptions, which include the discount rate.

The determination of the discount rate depends on the duration of the benefit, i.e., the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate has to correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

A change in the discount rate by 1% would not have a material impact on our employee benefit liability.

INDUSTRY

There is no complete set of third party data for the hygienic disposables market. Accordingly, in preparing this overview, we have used data from several different sources as well as management estimates. Unless otherwise noted, all data relating to the size of the hygienic disposables market, the babycare and feminine care markets and the retail market for adult incontinence products, as well as historical and forecasted growth of these markets, is derived from Euromonitor data. All data relating to the penetration of retailer brands across these markets, as well as the market share of our branded competitors, is based on data produced by Nielsen, adjusted by management to take account of the portion of the market that is not covered by Nielsen. All retailer brand market share data is based on "competition mapping," a methodology that involves the estimation of the retailer branded market in the relevant country or region through a centralized database tracking demand for products (by volume) required by all customers in a country. Data for the healthcare market for adult incontinence products is based on management estimates, which are in turn based on IMS Health data and "healthcare division data mapping." Statements about our market position in the Middle East and Africa are based on management estimates, which are in turn based on Euromonitor data for the size of the baby population and the Richer Report for the penetration rate for diapers and diaper usage per day, as well as management's knowledge of local markets. For information on how management adjusts Nielsen data to determine retailer brand penetration and an explanation of the "competition mapping" and "healthcare division mapping" methodologies, see "Industry and Market Data."

The third party sources we have used generally state that the information contained therein had been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these third party sources are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

Overview

Market Size and Growth

Hygienic disposable products are non-discretionary consumer staples that benefit from a relative inelasticity of demand, which contributes to stable growth even during periods of recession. The hygienic disposables market consists of three distinct product segments: babycare products, feminine care products, and adult incontinence products.

The size of the hygienic disposable products market in 2013 in Western Europe, Eastern Europe and the Middle East and Africa was approximately €9.0 billion, €4.6 billion and €6.1 billion, respectively, based on market value. The aggregate market value of the hygienic disposable product market across these regions was €19.8 billion in 2013 compared to an aggregate value of €22.2 billion, €19.0 billion, €12.8 billion and €10.4 billion for the laundry, hair care, baby food and bath and shower markets, respectively, in 2012.

Between 2009 and 2013, the hygienic disposables market in Western Europe, Eastern Europe and the Middle East and Africa grew at a compound annual growth rate of 1.2%, 8.4% and 14.3%, respectively, based on market value, reflecting growth across all three regions of 6.2%.

Euromonitor projects that the hygienic disposables market will grow at a compound annual growth rate for the period from 2013 to 2017 of 2.4%, 8.5% and 13.4% in Western Europe, Eastern Europe and the Middle East and Africa, based on market value, reflecting growth across all three regions of 7.6%.

Market Drivers

We believe that demand for hygienic disposable products is influenced by demographic trends and trends in adoption rates. In the babycare market, demand is driven by the number of babies, in the feminine care market, demand is driven by the size of the female population aged 15-50 years and in the adult incontinence market, demand is driven by the size of the population over 65 years old. The adoption of our products is affected by factors such as changes in GDP per capita, urbanization trends, awareness of product availability, product innovation, increasing modern retail trade and other trends, such as the average age of potty training and the number of people suffering from incontinence.

In Western Europe, demographics for babycare and feminine care products are relatively stable and rates of adoption for these products are also relatively high. In Eastern Europe, demographics for babycare and feminine care products are also relatively stable but an adoption gap remains in comparison with Western Europe. In the

Middle East and Africa, we believe that population growth and increasing adoption will contribute to growth in demand for all hygienic disposable products. Across all geographies, growth in the population over 65 years old is expected to contribute to strong demand for adult incontinence products.

The following table sets forth certain data regarding population growth in Western Europe, Eastern Europe and the Middle East and Africa for the period from 2009 to 2013 and as forecasted by Euromonitor for the period from 2013 to 2017:

	Western Europe(1)	Eastern Europe	Middle East and Africa
Growth in children aged 0-2.5 years			
2009-2013	1.0%	1.4%	1.3%
2013-2017	0.0%	(1.1)%	1.0%
Growth in females aged 15-50 years			
2009-2013	(0.9)%	(1.2)%	2.3%
2013-2017	(1.2)%	(1.1)%	2.2%
Growth in persons aged over 65 years			
2009-2013	1.6%	(0.5)%	3.0%
2013-2017	1.7%	2.3%	3.6%

Source: Euromonitor

Note:

(1) Excluding Turkey.

The following table sets forth certain data regarding the adoption of hygienic disposable products in Western Europe, Eastern Europe and the Middle East and Africa:

	Western Europe(2)	Eastern Europe	Turkey	Middle East and Africa(2)
Babycare *(number of diapers per baby per day)*	4.4	3.1	2.7	0.6
Feminine care *(number of sanitary protection products per female per month)*	29.2	20.0	9.3	2.5
Adult incontinence *(number of sanitary pads and diapers per head per month)*(1)	9.4	1.5	1.1	0.3

Source: Euromonitor except for number of diapers per baby per day, which is based on the Richer Report.

Notes:

(1) Number of products (from Euromonitor) divided by population with probability of having incontinence disease (assumptions for males and females aged 30-80 based on a report entitled *Urine — Incontinentie bij patienten in de thuisverpleging* prepared in 2003 by the Belgium Association of Urology Nurses and Associates).
(2) Excluding Turkey.

We believe that prices for hygienic disposable products are influenced by the following factors:

- Innovation: Historically, product innovation has been a major driver of price increases for diapers (e.g., elastic ears), although recent innovations have often been cost engineered to suit value price points.
- Consumer purchasing behavior: Key drivers include trading down during a recession and the increasing age of new mothers, resulting in consumers being more prone to trade up to premium products.
- Penetration of retailer brands: Market maturity is driven by growth of the modern retail channels and changes in awareness of product quality.
- Competition: Promotional activity by competitors may adversely affect revenues for retailer branded products.

Branded Manufacturers and Retailer Brand Manufacturers

Hygienic disposable products are either branded (where the product is sold under the manufacturer's own brand) or retailer branded (where the product is sold under the retailer's brand). Branded product manufacturers support their products by capital intensive research and development and marketing campaigns, in an effort to develop brand recognition and loyalty among consumers. We believe that branded manufacturers focus primarily on brand awareness, name and public image, quality and performance and highly standardized products. The largest manufacturers of branded hygienic disposable products in Europe are Procter and Gamble, Johnson & Johnson and SCA, which sell brands such as Pampers, Always and Tampax (Procter and Gamble), o.b. and Carefree (Johnson & Johnson), and Tena (SCA). Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the total hygienic disposables market (i.e., branded and retailer branded) of approximately 39%, 11% and 7% in Western Europe, respectively, based on volume in 2013. In Eastern Europe, Procter & Gamble's market share was approximately 41% and Johnson & Johnson and SCA's branded business each had a market share of approximately 5%, based on volume in 2013.

Retailer brand manufacturers produce products on behalf of retailers such as Aldi, Tesco and Carrefour. We believe that retailer brand manufacturers focus primarily on manufacturing high quality products that compete with branded products, customizing products to retailers' specifications and incorporating the latest product features and innovations. We believe that retailer brand penetration was 39% and 16% in Western Europe and Eastern Europe, respectively, based on volume in 2013. Our share of retailer brands has also been increasing. Our retailer brand market share was approximately 41% in Western Europe and above 50% in Eastern Europe based on volume in 2013.

Western Europe

In Western Europe, consumers typically purchase hygienic disposable products from retailer stores. In stores run by smaller retailers, consumers typically only have the choice of purchasing branded products, as such stores do not usually have the scale or market position to make it economical to develop their own retailer brands. When shopping at larger (national and multi-national) retailers, however, consumers typically have the choice between purchasing branded products or retailer branded products.

We believe that retailer brands accounted for approximately 39% of the Western European hygienic disposables market based on volume in 2013. We believe that the perceived quality gap that once existed between branded products and retailer branded products has been reduced significantly in recent years, resulting in consumers increasingly opting to purchase retailer branded products because of their lower cost in comparison with branded products. In the United Kingdom, we believe that the penetration of retailer brands increased from approximately 23% in 2011 to 29% based on volume in 2013. Over the same period, we believe that retailer brand penetration based on volume increased from approximately 42% to 45% in France, it increased from approximately 42% to 47% in Spain, it increased from approximately 44% to 46% in Germany and it increased from approximately 17% to 18% in Italy. We believe that the increase in retailer brand penetration, particularly in the United Kingdom, was accelerated by the exit of Kimberly Clark from the Western European babycare market, which it announced in 2012. For example, the penetration of retailer brands in the babycare market in the United Kingdom increased by 13 percentage points in 2013 compared to 2012.

We believe that retailer brand penetration in the hygienic disposables market will ultimately converge with other categories of consumer goods that already enjoy higher levels of penetration. In particular, we believe that trends in other product categories demonstrate the potential for penetration of retailer branded hygienic disposable products. In the United Kingdom, for example, retailer brand penetration for delicatessen products, dairy products, biscuits, frozen foods and soft drinks was 77%, 58%, 56%, 52% and 46%, respectively, based on volume in 2012, compared to penetration of 37%, 24% and 15% for babycare, feminine care and adult incontinence products, respectively, based on volume in 2013.

We believe that we are the leading producer of retailer brands in Western Europe, with a share of the retailer branded market of approximately 41% based on volume in 2013. Our competitors include Intigena, SCA, Hysalma, Pelz and Fippi, which had market shares based on volume of approximately 15%, 14%, 7%, 5% and 3%, respectively. Other producers of hygienic disposables accounted for approximately 15% of the market based on volume. Our market share varies significantly by country. In the United Kingdom and France, we believe that our share of the retailer branded market was above 50%, compared to 33%, 26% and 20% in Spain, Italy and Germany, respectively.

Eastern Europe

The penetration of retailer brands in Eastern Europe is lower than in Western Europe, at approximately 16% based on volume in 2013. We believe that there is significant potential for growth in penetration of retailer brands in certain countries where penetration remains low, such as Russia and Romania, where retailer brand penetration stood at 5%. We believe that our share of the retailer branded market in Eastern Europe was above 50% based on volume in 2013. Intigena and SCA had market shares of 7% and 3%, respectively, based on volume in 2013. As in Western Europe, our market share varies by country. In Romania and Poland, for instance, our share of the retailer branded market based on volume in 2013 was above 50%, compared to 40% in Hungary. Because of the relatively low penetration of retailer brands in Eastern Europe, our strategy in certain countries is based primarily on Ontex brands, including the Helen Harper brand in the babycare market. In Russia, for example, our revenue from Helen Harper branded products increased at a compound annual growth rate of approximately 54% over the past three years.

Middle East and Africa

In emerging markets such as the Middle East and Africa, the penetration of retailer brands is relatively low, and in some countries within the region, is non-existent. Distribution of hygienic disposable products is characterized by highly diffuse channels of distribution. Unlike in Western Europe, which is dominated by large retailers, emerging markets typically have highly fragmented distribution chains with a wide variety of distributors, wholesalers and other intermediaries delivering products to a wide variety and large number of points of sale. Because of this, our strategy in the region is primarily based on Ontex brands, including the Canbebe diaper brand in the babycare market, which we believe enjoys brand awareness comparable to that of Pampers in Turkey, Algeria and Azerbaijan. Revenue from the sale of Canbebe branded diapers in the Middle East and Africa increased at compound annual growth rate of approximately 23% over the past three years. In the Middle East and Africa, we enjoy strong market positions in several countries through our Ontex brand offering. In Turkey, Algeria, Morocco, Pakistan, Azerbaijan and Georgia, we were among the top three players in the babycare market.

Babycare Market

The principal products within the babycare market are baby diapers and baby pants. There are two broad categories of diapers, the standard diaper (referred to as a “performer” diaper), which meets basic requirements in relation to absorption and fit with no extra features, and the premium diaper, which offers better stretch, softness and absorption. Baby pants have the absorption and features of a taped diaper, but the stretching sides allow the child to independently pull the diaper up and down. Innovations in the babycare market in recent years have included advancements in elastification, baby diapers with environmentally friendly components and an evolution towards thinner products with equal or better performance.

The size of the babycare market based on market value in 2013 in Western Europe, Eastern Europe and the Middle East and Africa was approximately €4.6 billion, €2.8 billion and €4.5 billion, respectively. Between 2009 and 2013, the babycare market in Western Europe, Eastern Europe and the Middle East and Africa grew at a compound annual growth rate of 0.6%, 9.2% and 14.0%, respectively, based on market value. Euromonitor projects that the babycare market will grow at a compound annual growth rate for the period from 2013 to 2017 of 2.0%, 8.5% and 12.3% in Western Europe, Eastern Europe and the Middle East and Africa, respectively, based on market value.

The market has two leaders: Ontex in the retailer brand segment and Procter & Gamble in the branded segment. Procter & Gamble had a market share of the entire babycare market (i.e., branded and retailer branded) in Western Europe of approximately 50%, based on volume in 2013. Procter & Gamble is also our main competitor in Eastern Europe, where it had a market share of approximately 52%, based on volume in 2013. The exit of Kimberly Clark from the Western European babycare market, which it announced in 2012, has also had a significant impact on the babycare market in Western Europe. The Kimberly Clark diaper business was split between the Huggies brand and a number of retailer brand contracts.

We believe that retailer brands accounted for approximately 40% of the Western European babycare market based on volume in 2013. The penetration of retailer brands in France, Germany, the United Kingdom and Spain was approximately 51%, 45%, 37% and 46%, respectively. The disappearance of Kimberly Clark’s Huggies brand from retailers’ shelves has led to an increase of the share of retailer brands in Western Europe, in particular the United Kingdom. Between 2012 and 2013, the penetration of retailer brands in the babycare market in the United Kingdom increased by 13 percentage points and in Western Europe as a whole, it increased by 5 percentage points. Retailer brands accounted for approximately 20% of the Eastern European babycare market babycare market based on volume in 2013. We believe that there is significant potential for growth in penetration of retailer brands in certain countries where penetration remains low. For instance, in Russia, we believe that penetration of retailer brands based on volume was approximately 2% and was approximately 6%, 14%, 25% and 33% in Romania (excluding discounters), Sweden, Norway and Portugal, respectively, in 2013.

We believe that we are the leading producer of retailer branded babycare products in Western Europe, with a share of the retailer branded market of approximately 41% based on volume in 2013. Our competitors include SCA, Intigena and Fippi, which had market shares of approximately 22%, 14% and 9%, respectively, based on volume. Other producers of babycare products accounted for approximately 14% of the market based on volume in 2013. Our market share varies significantly by country.

In Eastern Europe, we also believe that we are the leading producer of retailer branded babycare products, with a share of the retailer branded market of above 50%. Our competitors include Intigena and SCA, which had market shares of approximately 5% and 4%, respectively.

Feminine Care Products

Feminine care products include external feminine care products, such as pads, which are used outside the body, and internal products, such as tampons, which are for internal body use. The principal products in this market are pads, panty liners and tampons. Innovations in the feminine care products market in recent years have included the colorization of ultra napkins, the introduction of discreet and ultra-long panty liners (the latter of which may also be used for droplet incontinence applications) and the introduction of a tampon in an extra-long plastic applicator. The industry has primarily focused on the launch of niche products and the development of new aesthetic features, such as softer and more natural materials, printed surfaces, additives and perfumes.

The size of the feminine care market in 2013 in Western Europe, Eastern Europe and the Middle East and Africa was approximately €3.3 billion, €1.7 billion and €1.5 billion, respectively, based on market value. Between 2009 and 2013, the feminine care market in Western Europe, Eastern Europe and the Middle East and Africa grew at a compound annual growth rate of 0.3%, 7.0% and 15.5%, respectively, based on market value. Euromonitor projects that the feminine care market will grow at a compound annual growth rate for the period from 2013 to 2017 of 1.5%, 8.0% and 16.6% in Western Europe, Eastern Europe and the Middle East and Africa, respectively, based on market value.

The market leader in branded feminine care products in Europe is Procter & Gamble. We also believe that the largest branded producers include Johnson & Johnson (principally in tampons), SCA and Kimberly Clark (principally in external feminine care products). We are the largest producers of retailer branded feminine care products. Procter & Gamble, Johnson & Johnson and SCA's branded business had market shares of the entire feminine care market (i.e., branded and retailer branded) in Western Europe of approximately 36%, 17% and 6%, respectively, based on volume in 2013. In Eastern Europe, our main competitors are Procter & Gamble and Tzmo, which had market shares of approximately 37% and 19%, respectively, based on volume in 2013.

We believe that retailer brands accounted for approximately 38% of the Western European feminine care market based on volume in 2013. The penetration of retailer brands in France, Germany, the United Kingdom and Spain was approximately 40%, 46%, 24% and 47%, respectively. Retailer brands accounted for approximately 14% of the Eastern European feminine care market, based on volume in 2013.

We believe that we are the leading producer of retailer branded feminine care products in Western Europe, with a share of the retailer branded market of approximately 41% based on volume in 2013. Our competitors include Intigena, Hysalma, SCA and Pelz, which had market shares of approximately 16%, 11% and 10% and 8%, respectively, based on volume in 2013. Other producers of feminine care products accounted for approximately 14% of the market based on volume in 2013.

In Eastern Europe, we also believe that we are the leading producer of retailer branded feminine care products, with a share of the retailer branded market of above 50%. Our competitors include Intigena, Hysalma, SCA and Tzmo, which had market shares of approximately 8%, 4%, 3% and 3%, respectively.

Adult Incontinence Products

Adult incontinence products are disposable devices specifically designed to absorb and retain urine and feces in order to keep the skin dry and protected. For people with light to medium incontinence (known as "light incontinence"), the key adult incontinence products are panty liners, small pads and light discreet pants. For people with heavy incontinence, the key adult incontinence products are pants, two-piece products (pad and pant), all-in-one tape systems and belted briefs. There have not been significant innovations in adult incontinence products in recent years. Rather, the industry has focused on the launch of niche products, such as a male pouch with a triangular shape for better fit and the development of new aesthetic features, such as pads with foam side edges and discreet pants, which are intended to reduce visibility and therefore enhance discreetness.

There are two distinct markets for adult incontinence products: (i) the retail market, comprising sales to supermarkets, grocery stores and other retailers; and (ii) the healthcare market, comprising sales in institutions such as hospitals and nursing homes as well as home care (which includes sales by specialized shops, including pharmacies) and home delivery.

Retail Market

The retail market for adult incontinence products is the smallest but fastest growing segment of the hygienic disposables market. The growth of the sector has been driven by a growing acceptance of adult incontinence products in the retail sector generally as well as demographic trends such as growth in the population over 65 years old.

The size of the retail market for adult incontinence products in 2013 in Western Europe, Eastern Europe and the Middle East and Africa was approximately €1.2 billion, €160 million and €104 million, respectively, based on market value. Between 2009 and 2013, the retail market for adult incontinence products in Western Europe, Eastern Europe and the Middle East and Africa grew at a compound annual growth rate of 6.6%, 11.1% and 12.9%, respectively, based on market value. Euromonitor projects that the retail market for adult incontinence products will grow at a compound annual growth rate for the period from 2013 to 2017 of 6.6%, 13.7% and 12.9% in Western Europe, Eastern Europe and the Middle East and Africa, respectively, based on market value.

We believe that the following factors will contribute to growth in demand for retail adult incontinence products:

- Aging populations, increased life expectancy and increased living standards;
- Institutions such as hospitals and nursing homes limiting their expenditures, primarily due to reductions in budgets by many European governments. This is expected to result in consumers increasingly buying adult incontinence products from retailers and pharmacies; and
- Consumers' increasing acceptance of adult incontinence products. We believe that retailers are aware of increasing demand for these products and have increasingly been stocking such products. Adult incontinence sufferers, who see these products becoming more widely available through retailers in turn feel more comfortable buying these products through this channel.

The market leader in the retail market for adult incontinence products in Europe is SCA, whose branded business had a market share of the entire retail market for adult incontinence products (i.e., branded and retailer branded) of 53%, based on volume in 2013. We believe that retailer brands accounted for approximately 37% of the Western European retail market for adult incontinence products based on volume in 2013. The penetration of retailer brands in France, Germany, the United Kingdom and Spain was approximately 43%, 59%, 15% and 47%, respectively. We believe we are the largest producers of retailer branded adult incontinence products.

We believe that we are the leading producer of retailer branded adult incontinence products in Western Europe, with a share of the retailer branded market of approximately 48% based on volume in 2013. Our main competitor is Intigena, which had a market share of approximately 14%. SCA had a market share of 3% and other producers of adult incontinence products accounted for approximately 34% of the market.

In Eastern Europe, we also believe that we are the leading producer of retailer branded adult incontinence products, with a share of the retailer branded market of approximately 40% based on volume in 2013. Our main competitor is Intigena, which had a market share of approximately 16%. Other producers of adult incontinence products accounted for approximately 45% of the market based on volume in 2013.

Healthcare Market

The healthcare market for adult incontinence products comprises: (i) institutions such as hospitals and nursing homes; (ii) home care and home delivery; and (iii) pharmacies. The healthcare market is relatively fragmented, with suppliers selling directly or through distribution channels based on the framework and reimbursement system in place in the healthcare market of the relevant country. Suppliers may have contact with or otherwise make sales through governmental departments, local authorities, health insurers, distributors, hospitals, pharmacies and in some cases consumers in their own homes.

The method of payment or reimbursement for the healthcare market for adult incontinence products varies by country. However, it is typically a governmental body or health insurer who ultimately pays for the products. For example, in the United Kingdom, the National Health Service (a governmental body) pays for all products used by consumers, while in Spain authorized pharmacists pay for products and are then reimbursed by the government. In Germany, the role of health insurers is more prominent as no reimbursement is provided by the government. In Italy, regional authorities purchase adult incontinence products with funds provided by the national government.

The home care segment of the healthcare market is changing rapidly. While it was traditionally highly dependent on the reimbursement system, sales are increasingly being made through retail channels. We believe that the home delivery market will also grow as the number of elderly people in need of care rises, since we do not expect that growth to be matched by a corresponding increase in the number of beds in institutions such as nursing homes. We believe that governments will increasingly favor home care or consumers will need to purchase adult incontinence products themselves through retail channels.

We believe that the size of the healthcare market for adult incontinence products in 2013 in Western Europe was approximately €1.9 billion. Approximately 40% of the market by value in 2013 was comprised of hospitals and nursing homes, with 33% and 27% comprised of home delivery and care and pharmacies, respectively. Our market share varies considerably by country. We had a market share of approximately 9%, 28%, 24%, 9%, 24% and 33% in Germany, Italy, France, Iberia, the United Kingdom and Belgium/Luxembourg, respectively. Across these markets, we are the second largest provider of adult incontinence products based on management estimates.

BUSINESS

Overview

We are a leading manufacturer of retailer branded and branded hygienic disposable products across Western Europe, Eastern Europe, Middle East and Africa. We have an estimated market share of retailer brands of 41% in Western Europe and above 50% in Eastern Europe based on volume in 2013. We primarily sell our products to retailers, helping them to establish or enhance their own brands. We sell both retailer brands and Ontex brands, with the mix varying by product category and geography. We also sell a small amount of finished products to other manufacturers, which is referred to as contract manufacturing. For the three months ended March 31, 2014 and the year ended December 31, 2013, 61.3% and 62.3% of our revenue was generated from retailer branded products (including contract manufacturing, which we undertake through our Mature Market Retail Division), with the remaining 38.7% and 37.7% being generated from Ontex brands, respectively.

We operate our business through four divisions, which are mainly organized by sales channel and the nature of our customer relationships:

- Mature Market Retail, which primarily sells retailer branded products to established retailers in Western Europe, where demographic trends and adoption rates for its core products, babycare and feminine care products, are relatively stable. The Mature Market Retail Division accounted for 55.1% of our revenue for the three months ended March 31, 2014 and 56.7% of our revenue for the year ended December 31, 2013;
- Growth Markets, which sells a mix of retailer branded products and Ontex brands and is focused geographically on Eastern Europe, where the demographic profile of the population is similar to Western Europe, but the potential for growth of the hygienic disposable products market is supported by lower, but increasing, adoption rates compared to Western Europe. The Growth Markets Division accounted for 5.4% of our revenue for the three months ended March 31, 2014 and 5.9% of our revenue for the year ended December 31, 2013;
- Middle East and Africa, which sells primarily Ontex branded products in Turkey, Algeria, Pakistan and Morocco, as well as other countries in the region. These countries benefit from favorable demographic trends, including expected population growth as well as increasing adoption rates for all products. The Middle East and Africa Division accounted for 12.9% of our revenue for the three months ended March 31, 2014 and 12.0% of our revenue for the year ended December 31, 2013; and
- Healthcare, which primarily sells Ontex branded adult incontinence products directly or through distribution channels to institutional customers in the healthcare market. The Healthcare Division accounted for 26.6% of our revenue for the three months ended March 31, 2014 and 25.4% of our revenue for the year ended December 31, 2013.

Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes. Babycare products comprised 52.5% of our revenue for each of the three months ended March 31, 2014 and the year ended December 31, 2013.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection. Adult incontinence products comprised 33.7% of our revenue for the three months ended March 31, 2014 and 32.9% of our revenue for the year ended December 31, 2013.
- Feminine care products, such as sanitary pads, panty liners and tampons. Feminine care products comprised 12.3% of our revenue for the three months ended March 31, 2014 and 13.2% of our revenue for the year ended December 31, 2013.

Other products, which comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products, accounted for 1.5% of our revenue for the three months ended March 31, 2014 and 1.4% of our revenue for the year ended December 31, 2013.

We are headquartered in Erembodegem (Aalst), Belgium and have a well balanced manufacturing and sales footprint. We have 15 production facilities located across Europe (including two in Belgium, one in the Czech Republic, two in France, two in Germany, one in Spain and one in Italy), China, Turkey, Algeria, Russia, Australia and Pakistan. We have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, the Middle East and Australia through which we make sales in more than 100 countries worldwide. The wide reach of our production facilities and sales offices allows us to operate across a wide range of markets in a cost effective manner. We employed an average of 4,981 full time equivalent employees during the year ended December 31, 2013.

We enjoy deep relationships with the main large European retailers, including Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. Our business is also diversified, with our largest customer accounting for 6.4% of our revenue and our ten largest customers accounting for 38.7% of our revenue for the year ended December 31, 2013. In terms of geographic markets, 68.4% of our revenue was attributable to Western Europe in 2013 (with the United Kingdom accounting for 16.6% and France, Germany, Italy and the rest of Western Europe accounting for 15.3%, 9.9%, 8.5% and 18.2% of total revenue, respectively), 13.2% was attributable to Eastern Europe and 18.4% was attributable to the Middle East and Africa and the rest of the world.

During the period from 2003 to 2013, our revenue has grown at a compound annual growth rate of 7.2% (including acquisitions), with average organic revenue growth (i.e., growth at reported currency excluding the impact of acquisitions) of approximately 4.7%. This has led to our revenue doubling over the past ten years.

For the three months ended March 31, 2014, our revenue was €400.2 million, our EBITDA was €46.9 million and our Adjusted EBITDA was €49.2 million. For the year ended December 31, 2013, our revenue was €1,491.9 million, our EBITDA was €156.3 million and our Adjusted EBITDA was €173.6 million. Our cash conversion (defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA) was 68.2% for the year ended December 31, 2013.

History

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories and grew the business internationally both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, we experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 for a consideration of €1 billion and subsequently de-listed from Euronext Brussels. We acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, we acquired ID Medica, which sells incontinence products in Germany.

In November 2010, Ontex was acquired by funds managed by GSCP and TPG at a price per share valuing Ontex at an enterprise value of €1.2 billion (assuming that the Offer Price is at the mid-point of the Price Range, the enterprise value of the Company will amount to €1.84 billion as of the closing of the Offering). In 2011, we opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France, in October 2011. In 2013, we acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan. In 2013, Charles Bouaziz and Jacques Purnode joined us as Chief Executive Officer and Chief Financial Officer, respectively.

Strengths

Focus on attractive product categories with strong market dynamics

Our products are non-discretionary consumer staples that benefit from a relative inelasticity of demand, which contributes to stable growth even during periods of recession. For example, despite the recent economic downturn, sales in the Western European babycare, feminine care and adult incontinence markets grew at a compound annual growth rate of 0.7%, 0.1% and 7.3%, respectively, during the period from 2008 to 2011. Furthermore, due to their non-discretionary nature, demand for our products is generally not subject to seasonality.

We also believe that our products are of strategic importance to our retailer customers, as they are key drivers of traffic in their stores and attract key demographics, including households with children, and therefore are drivers of revenue and profit. We believe that the exit of Kimberly Clark has heightened the strategic importance of our products to retailers due to their need for credible alternatives and partners that can develop their brands with them.

We believe that favorable demographics and adoption trends across the geographies in which we operate will contribute to continued growth in demand for our products. In particular, we believe that the ageing of the population in all of the geographies in which we operate provides a significant growth opportunity for our adult incontinence products. The number of persons aged over 65 years is expected to grow at a compound annual growth rate of 1.7%, 2.3% and 3.6% over the period from 2013 to 2017 in Western Europe, Eastern Europe and the Middle East and Africa, respectively. Further, while Europe's population is not expected to grow significantly, we believe that population growth in the Middle East and Africa will contribute to growth in demand for all of our products. In the Middle East and Africa, the number of children under the age of 2.5 years is expected to grow at a compound annual growth rate of 1.0% and the number of females aged 15 to 50 years is expected to grow at a compound annual growth rate of 2.2% over the period from 2013 to 2017. In Eastern Europe and the Middle East and Africa, we also believe that rising incomes will result in consumers increasingly purchasing babycare and feminine care products to replace traditional solutions such as cloth diapers. The closing of the adoption gap (i.e., the difference between the rates at which hygienic disposable products are adopted) between these regions and Western Europe is expected to contribute to growth in demand for our products. Overall, management believes that the potential for growth in the hygienic disposable products market in coming years is in the range of 3% to 4% per year (reflecting potential for growth of 4% to 5% per year in the retail market and potential for growth of 1% to 2% per year in the healthcare market).

We also believe that we have the potential to grow at a rate faster than that of the overall market for hygienic disposable products by growing the share of retailer brands within the overall category and our share within each category. In particular, we believe that trends in other product categories demonstrate the potential for further increases in penetration of retailer branded hygienic disposable products. In the United Kingdom, for example, retailer brand penetration for delicatessen products, dairy products, biscuits, frozen foods and soft drinks was 77%, 58%, 56%, 52% and 46%, respectively, based on volume in 2012, compared to penetration of 37%, 24% and 15% for babycare, feminine care and adult incontinence products, respectively, based on volume in 2013. In addition, our potential for growth will be supported by the successful implementation of our strategic objectives (e.g., expansion in emerging markets). As a result, management believes that the business has the potential to outperform the market by 100 to 200 basis points.

Competitive advantages stemming from the scale of our business

We are the leading manufacturer of retailer brands in Western Europe, with a market share that is 2.7 times that of our next largest retailer brand competitor across Western Europe, based on total volumes. Our scale provides us with competitive advantages in the areas of customer relationships, manufacturing and procurement. As a result of our broad geographic reach, we have been able to build deep relationships with leading retailers and aim to act as a single source provider for them across the various geographies in which they operate. Our overall scale has also allowed us to develop strong manufacturing capabilities, which have enabled us to continuously optimize our cost base, while the breadth of our manufacturing footprint allows us to respond quickly and effectively to changes in customers' requirements and minimize distribution costs. We believe our scale also supports investments in R&D and allows us to maintain a team of 33 professionals. This in turn permits us to offer products of comparable quality to those of our branded competitors and to continue to deliver innovations and cost saving opportunities. Our scale also enables us to implement cost control measures in the area of procurement of raw materials, including arrangements that allow us to benefit from volume discounts and to protect ourselves against volatility in commodity prices.

Deep and longstanding relationships with leading retailers and diversified customer base

We enjoy deep relationships with the main large European retailers, including Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. We have had relationships with each of these customers for over ten years and serve 87% of the top 60 retailers in Europe, based on data from Planet Retail (excluding retailers that are not active in our product categories). We leverage these relationships to offer our retailer customers products across all categories and the various geographies in which they operate, with the aim of becoming a single source provider of hygienic disposable products to each of our retailer customers. In this way, we enable our retailer customers to build their brand offerings over time, which is an integral part of many retailers' strategies and is critical for them to generate traffic from key demographics, such as families with children. We are also able to grow with our customers as they expand their businesses into other geographies, including Eastern Europe.

Our business nonetheless remains relatively diversified, with our largest customer accounting for only 6.4% of our revenue and our ten largest customers accounting for only 38.7% of our revenue in the year ended December 31, 2013.

Broad manufacturing footprint with well-invested asset base and flexible operating capabilities

We have a broad manufacturing footprint, with 15 production facilities located across 12 countries, which allows us to meet the needs of retailers with a multi-national presence. We also believe that we are able to offer customers competitive prices since our manufacturing reach minimizes distribution costs.

We have recently accelerated the restructuring of our operations and have made investments in order to improve our production efficiency while also positioning us for future growth. In 2011 and 2013, for example, we closed our high cost Villefranche and Recklinghausen production facilities, in France and Germany, respectively. We also recently opened three new production facilities, including facilities in Australia and Russia in 2011 and a facility in Pakistan in 2013, and have added capacity through investment in 23 new production lines and 20 major machine conversions since 2012. We also expect that two new babycare lines, which were engineered in-house, will become operational during the fourth quarter of 2014. Furthermore, we are planning to expand capacity at our production facility in Pakistan with a new machine, which is expected to come on line in the next six months. We also anticipate that three new feminine care machines will commence production during the second half of 2014. With these recent and ongoing initiatives, we believe that we are well positioned to continue to grow our revenue with limited additional capital expenditure requirements. For 2014, management expects capital expenditure funding needs to remain broadly in line with 2013 levels at approximately 3.0% of revenue.

Through our continuous investment in our production facilities and our advanced in-house engineering expertise, which we have accumulated over a long period of time, we have been able to develop manufacturing capabilities that we believe are superior to those of most of our competitors, including manufacturers of branded products. We are able to manage a high level of complexity, which is demonstrated by the wide range of stock keeping units, or SKUs, that we produce, which involve different sizes, concepts and absorption levels. The flexibility of our production facilities allows us to deliver customized products to our customers and respond to changes in demand for our products by reallocating production across our production facilities. We can also upgrade the technology of our product lines with minimal business disruption because of our ability to reallocate production across facilities. This also facilitates the sharing of manufacturing best practices, which can allow us to realize production efficienices and optimize our cost base. As a result of these efforts we have, for example, been able to decrease our unit transformation costs (defined as costs excluding the raw materials and packaging that are required to produce our products) across our baby diaper production facilities by 14% over the period from 2011 to 2013. Our deep engineering expertise also allows us to redeploy existing machines to support our expansion into new geographies while limiting capital expenditure and operating costs. For instance, when we opened our production facilities in Algeria and Australia, we were able to redeploy machines from other production facilities.

High quality products that are competitive with branded products

Hygienic disposables are complex products requiring deep expertise regarding raw materials and production technologies. We have mastered these technologies and are able to handle a broad range of hygienic disposable products of varying sizes and absorption levels while maintaining high quality standards. This enables us to meet our customers' demands for new and differentiated products and to provide them with high quality products that are competitive with those offered by our branded competitors.

In panel tests, laboratory tests and independent reviews, our products often receive quality ratings that are comparable to those of equivalent branded products. For instance, in a study conducted by Courtray Consulting Labservice & Institut du Goût in the fourth quarter of 2013, although Procter & Gamble's newborn and baby pants were rated superior to our equivalent products in a laboratory test, our performer diaper (essentially a mainline diaper), which meets the requirements in relation to absorption and fit with a limited set of features, and the premium diaper, which offers better stretch, softness and absorption, were rated equivalent. In the panel test conducted as part of the same study, our newborn diaper was rated superior to that of Procter & Gamble and our premium diapers and baby pants were rated equivalent. Our feminine care products are also often rated superior (e.g., our discreet pantylines versus Alldays discreet panty liner) or equivalent (e.g., our ultra napkins versus Always mainline ultra napkins) to those of Procter & Gamble in laboratory tests and equivalent in terms of general appreciation and purchase intention. The ability to supply high quality products that can compete with those of branded manufacturers is of paramount importance in terms of retaining and winning business from retailer customers, particularly since retailers maintain strict quality requirements for our products, including through inspections of our production facilities.

Our success in meeting customers' quality requirements is demonstrated by the numerous quality awards we have won for our products, including, most recently, in the United Kingdom, the Best Baby and Toddler Gear award for disposable nappy pants in 2013 for Boots Easy Ons, the Mother & Baby Awards in 2013/2014 for the best disposable nappy or best nappy brand for Aldi disposable nappies and the Mum's Choice Award in 2013 for Tesco Easy Fit Pants. In France, in 2011, Lidl's Toujours diaper won best choice and Carrefour's discount diapers received second place in the Que Choisir? consumer magazine. In Poland, in 2013, we won the supplier of the year award from our retailer customer Biedronka and its newborn product was chosen as product of the year at Biedronka.

R&D capabilities enabling us to deliver a steady stream of innovations

We have a proven ability to deliver product innovations, having delivered an average of five to six innovations (including both platform developments and product upgrades and features) each year since 2004. The underlying concepts of our platform developments are capable of being deployed across product categories (such as baby diapers, adult incontinence products and feminine care fluff towels) and have included, for example, straight chassis with elastic ears for baby diapers, which we introduced in 2006; pants with elastified side panels in combination with a thinner core, which we introduced in 2008; the Opticore I adult incontinence diaper and the Supercore I baby diaper, which we introduced in 2010; and the Supercore II baby diaper, which we launched in the United Kingdom in the third quarter of 2013. In the area of adult incontinence products, we launched the straight chassis platform in 2013. We maximize the value of these innovations by introducing the underlying technology in other product categories where this makes economic sense. For instance, the concepts involved in our Supercore II baby diaper are capable of being deployed in our feminine care and adult incontinence products in addition to babycare products, which we intend to implement during 2014. Our product upgrades and features include short-term innovations that improve product quality and/or productivity, such as digital twist tampons, which we introduced in 2004; foam elastics for light incontinence pads, which we introduced in 2006; cotton feel adult incontinence diapers, which we introduced in 2007; colored tampon applicator products, which we introduced in 2011; and optimized prints, topsheets and shape, which we introduced in 2012.

Our R&D capabilities and contributions to innovation have strengthened our reputation with our customers as a trusted partner and have enabled us to keep abreast of the innovations of branded manufacturers. Our product innovations also play an important role in our ability to continue to deliver cost savings. For example, our Supercore II baby diaper requires fewer raw materials to produce and hence not only enhances our product offering but also reduces our raw materials costs, thereby contributing to margin improvement.

Our ability to deliver a steady stream of innovations is underpinned by our continuous investments as well as the unique organization of our R&D team. Our R&D function is centrally managed and is primarily conducted through R&D technical centers located in our major production facilities in Belgium and Germany. We have recently focused on improving our integration of customer feedback in our R&D function, including through a newly created marketing team that, along with the R&D team, reports directly to our Chief Executive Officer, as well as more concept and product testing with consumers. We have also increasingly involved our suppliers in our R&D activities. We enhance our R&D capabilities through partnerships with leading research institutes and universities. In addition, our R&D team routinely files patents to protect our innovations. We have filed 10 patents between January 2013 and March 2014.

New organizational structure and experienced executive management team aimed at positioning Ontex for future growth

We recently introduced a new divisional structure and realigned our organizational structure, which is aimed at gearing our organization towards how our customers are organized and the nature of our relationship with them rather than the geography in which they operate. For example, our relationship with our large multi-national customers is generally structured around agreeing a brand partnership strategy and international framework agreement with our customers' international centralized procurement offices and liaising with our customers' local offices to ensure the successful execution of such agreement. We believe this new structure will enable us to follow our customers more efficiently as they expand their businesses and to better respond to our customers' needs in their local markets.

We have also recently introduced new centralized sales and marketing functions. Our Group Sales Director and Group Marketing Director now report directly to our Chief Executive Officer. Through this new reporting structure, we are striving to actively manage our product mix by maintaining a constant dialogue with our customers in order to gain insights into consumer preferences and behavior.

We believe that our executive management team incorporates a blend of operational expertise developed through longstanding service with Ontex and newly introduced brand and commercial expertise, which we believe is unique among manufacturers of retailer brands. Our Chief Operating Officer, Thierry Navarre, joined Ontex in 2006, and is supported by Martin Gärtner, who joined Ontex in 1997 and was promoted to Group Manufacturing Director in 2009. Annick De Poorter, our R&D and Quality Director, joined Ontex in 2003. The longstanding operational experience of our executive management team is complemented by the consumer expertise and commercial capabilities of our recently hired Chairman, Chief Executive Officer and Chief Financial Officer, which they gained at blue chip branded companies. Paul Walsh has significant branded expertise as well as experience expanding consumer businesses into new geographies, having previously served as chief executive of Diageo. Charles Bouaziz has held a number of senior management positions during his 25 years in the industry, including President of PepsiCo Western Europe and CEO of Monoprix and Partner at PAI Partners. He worked at Michelin in Canada and at Procter & Gamble prior to joining PepsiCo. Jacques Purnode has 22 years of industry experience, including senior roles at Coca-Cola Enterprises and AB InBev.

We also believe that the incentive program that we recently introduced will appropriately reward our executive management team and will thereby lay the groundwork for the continued growth of our business.

Strategies

Pursue a differentiated brand and distribution channel strategy

Adapt our brand strategy based on the maturity of the retail trade and the distribution channels

We adapt our strategy based on the maturity of the retail trade in the geographies in which we operate. In Western Europe, where penetration of retailer branded products is relatively high, we pursue a retailer brand strategy. Our aim in Western Europe is to continue to support demand for retailer brands across our product categories, thereby increasing the share of retailer brands in the market as well as our share within retailer brands. We believe that we have been successful at this in the past. For instance, in the United Kingdom, where we are the leading manufacturer of retailer brands by volume, we believe that we have contributed to the growth of the share of retailer brands in the babycare market by 13 percentage points between 2012 and 2013. At the same time, we have been able to grow our share of retailer brands in the babycare market in the United Kingdom. We aim to capitalize on the potential for growth of retailer brands in other markets in Western Europe that have relatively low penetration of retailer brands. For example, in 2013, the share of retailer brands in the hygienic disposables market was 18%, 21% and 22% in Italy, Sweden and Norway, respectively, compared to penetration of 39% for Western Europe as a whole. We also believe that we can capitalize on demographic trends in the region, such as the aging of the population, which provides a significant growth opportunity for our adult incontinence products.

In Eastern Europe, we pursue a differentiated retailer brand and branded strategy, whereby we adapt our strategy to the stage of development of the relevant market as well as our retailer customers operating in that market. For example, in Poland, we have been successful at co-developing retailer brands through our partnerships with retailers such as Biedronka and we jointly support these brands through comprehensive marketing plans. Through these partnerships with retailers, we have been successful at increasing both the share of retailer brands in the market as well as our share of retailer brands. In Poland, for the period from 2011 to 2013, the share of retailer brands in the market increased by 9 percentage points and our share of retailer brands also increased. As a result of this development, our relationships with customers in Poland are now primarily managed as part of our Mature Market Retail Division.

In markets where retailer brands are less developed, our strategy is primarily focused on Ontex brands. For example, in 2013, the share of retailer brands in the hygienic disposables market was 5% in Russia and Romania and 23%, 25% and 28% in the Czech Republic, Slovakia and Hungary, respectively, compared to a penetration of 39% in Western Europe. Although our business in Eastern Europe continues to be primarily based on Ontex brands, we believe that we are well positioned for a gradual transition to retailer brands in markets with low retailer brand penetration. We also believe that potential for growth exists in Eastern Europe as a result of the lower adoption rates for hygienic disposable products in comparison with Western Europe.

In the Middle East, Africa and Asia, where the penetration of retailer brands is low, or in some countries non-existent, we predominantly pursue a branded strategy. For instance, in Turkey, we offer the Canbebe brand as a high quality alternative to premium priced brands, allowing us to reach consumers in a market where retailer brands are not widely accepted by consumers. Our branded products are carried by traditional stores and modern retailers that generally do not have their own brands. We promote the sale of our branded products through distributors, wholesalers and other intermediaries and may also advertise directly to consumers in these markets.

We also believe that there is significant potential for growth in these markets as a result of favorable demographic trends, including expected population growth as well as low adoption rates for hygienic disposable products in comparison with Western Europe.

Adapt our distribution channel strategy to respond to trends in the healthcare market

In our Healthcare Division, we primarily pursue a branded strategy, selling Ontex branded adult incontinence products through distributors or directly to institutional customers. The institutional business can be complex due to the differing national reimbursement systems and distribution channels across Europe. The European adult incontinence market is also relatively fragmented and there are relatively few players with pan-European institutional experience. We believe we can continue to differentiate ourselves in this market through the development and acquisition of our institutional expertise. In particular, we have acquired national brands such as Serenity and Lille Healthcare, which have contributed to our institutional expertise and have helped to establish us as a leader in the institutional healthcare market in Western Europe.

At the same time, we are adapting our business to respond to trends in the market for adult incontinence products. In particular, light incontinence products are increasingly becoming staples that consumers are purchasing through retail distribution channels. Changes in the political landscape and governmental budget constraints are also increasingly resulting in a shift to home delivery of heavy incontinence products as our institutional customers seek greater cost efficiencies. The acquisition of Serenity helped us to expand our expertise in the home delivery channel, which is a key focus for us. We are also maintaining our focus on strong Ontex brands across our Healthcare Division.

Employ our established and replicable staged approach to entering new geographies

We intend to continue to employ our established staged approach in order to selectively expand into new geographies. We have employed this approach across our business and believe that it is a replicable and highly cost efficient way of entering new geographies. In the first stage of this approach, we export to countries from our production facilities and sales offices located in neighboring countries. For example, we export our products to Georgia, Azerbaijan and Macedonia from our production facility in Turkey. The second stage of this approach is the opening of a local sales office in the relevant country. For example, we opened a sales office in Morocco in 2011 in order to respond to increasing demand. The third stage of this approach is to establish a local production facility, as we did in Pakistan in 2013, which allows us to continue to supply the relevant market while reducing our distribution costs. We were the first international player to establish a local production facility in Pakistan and were able to grow our market share there significantly over the past two years. We establish new production facilities in geographies where we have achieved a specified level of sales and have identified further potential for the development of the relevant market. Shifting production locally generally allows us to improve our margins due to the lower transportation costs and the elimination of import duties. When we establish a new production facility, we are able to transfer existing production lines to the new facility seamlessly. For instance, when we established a production facility in Algeria in 2008, workers were recruited in Algeria and trained in Istanbul, following which three babycare lines were moved from Istanbul to Algeria. This approach has allowed us to grow our revenue in new geographies in a cost effective manner. In Algeria, for example, we estimate that our revenue has grown at a compound annual growth rate of approximately 38% from 2004 to 2013.

Focus on continuous improvement and cost control initiatives in order to maintain robust margins

We review our cost base on an ongoing basis and seek opportunities to leverage our scale in order to reduce our production and raw materials costs. In particular, we strive to continuously optimize our manufacturing footprint in order to adapt our business to shifting demand for our products. In 2011 and 2013, for example, we closed our high cost Villefranche and Recklinghausen production facilities, in France and Germany, respectively.

Our focus on cost control in the area of procurement of raw materials has also contributed to our ability to control our costs. We have diversified our base of raw material suppliers and continuously review and benchmark our suppliers' pricing. We have also achieved cost savings through negotiating and pricing our raw material purchases through a central services department, which is responsible for supervising raw material procurement and monitoring our supply chain costs. As a result of our scale, we are also frequently able to enter into arrangements with our raw materials suppliers that allow us to benefit from volume discounts and to protect ourselves against volatility in commodity prices. We are also increasingly exploring e-sourcing opportunities for raw materials, which have the potential to reduce our costs. We use a range of transport companies to transport our products and maximize our supply chain flexibility through a mixture of leased warehouses and warehouses operated by third parties. We also maintain a constant dialogue with our customers and have sought where possible to introduce "escalator" clauses relating to oil-based raw materials costs, as well as currency movements, in contracts with key customers in order to pass on increases in these costs. Recently, we have also introduced a hedging committee, which is focused on managing our raw materials costs, as well as our foreign exchange exposure. In February 2014, following the introduction of the hedging committee, we hedged a portion of our fluff exposure for 2014. As a result of the mitigating actions we have taken in relation to our raw materials exposure, our gross margin movements have historically been more favorable than the movements strictly implied by changes in market prices for key raw materials.

Our innovation capabilities also contribute to our ability to control costs. A number of our innovations, including the Supercore II baby diaper, which we introduced in 2013, require fewer raw materials to produce and hence not only enhance our product offering but also reduce our raw materials costs, thereby contributing to margin improvement.

Selectively pursue acquisitions

We have developed a framework for assessing potential acquisition opportunities that is based upon achieving our strategic vision and satisfying financial criteria. In terms of strategic vision, we are focused on acquisitions that allow us to grow our presence in the adult incontinence market, expand our business outside of Western Europe and strengthen our branded business. Our financial criteria include the potential for synergies and potential for earnings accretion. We plan to continue to apply this approach in evaluating acquisition opportunities in order to improve our product offering in key markets.

We have a history of successfully acquiring and integrating strategic targets of various sizes that have complemented our geographic presence, and we have been able to leverage our operational expertise to achieve significant synergies. During the past ten years, we have built our business in part through acquisitions, including the acquisition of a diaper production unit of Paul Hartmann in 2004. More recently, in 2011 we acquired Lille Healthcare, a provider of a complete range of absorbent incontinence products across Europe and Australia, and have successfully integrated the company into our existing portfolio. The acquisition provided an opportunity for us to capitalize on structural, technological and logistical synergies, as well as expand our presence in the healthcare market.

In 2013, we completed the acquisition of Serenity, which gave us a strong position in the adult incontinence products market in Italy by providing us with an existing customer portfolio and expertise in the complex public tender process. The Serenity acquisition also provided us with a platform for future baby diaper production in Italy. We believe that the Serenity acquisition has also provided us with an opportunity to capitalize on significant synergies, including procurement savings and distribution and production efficiencies.

Leverage our robust margins and strong cash flow generation to reinvest in our business and reward shareholders

We believe that our robust margins, strong cash flow generation and limited capital expenditure requirements will allow us to reinvest in our business while at the same time rewarding shareholders. Our Adjusted EBITDA was €173.6 million for the year ended December 31, 2013, reflecting an Adjusted EBITDA margin of 11.6%. Our robust margins give us the flexibility and leverage to support continued revenue and margin growth. This includes investing in price and marketing of our products. Furthermore, we had Adjusted free cash flow (post-tax) (defined as Adjusted EBITDA less capital expenditure less change in working capital less cash taxes paid) of €103.7 million and cash conversion (defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA) of 68.2% for the year ended December 31, 2013. We consider opportunities to deploy this strong cash flow to expand our footprint, organically and through acquisitions, as well as to make distributions to our shareholders.

Divisions

We operate our business through four divisions: the Mature Market Retail, Growth Markets, Middle East and Africa and Healthcare Divisions. These divisions are mainly organized by sales channel and the nature of our customer relationships. The Mature Market Retail Division focuses on large, sophisticated chain retailers who wish to build strong retailer brands. The Growth Markets Division focuses on markets where sophisticated chain retailers are growing but not predominant. The Middle East and Africa is a geographically organized division in which branded products and traditional sales and distribution channels are predominant. The Healthcare Division focuses on sales to institutional customers, such as hospitals, nursing homes and homecare channels, which are typically government funded or reimbursed by other third party payers. While these functional divisions correlate to some extent with the geographies in which we operate (i.e., the Mature Market Retail and Healthcare Divisions operate mainly in Western Europe, while the Growth Markets Division operates primarily in Eastern Europe), the emphasis is on the sales channel and the nature of the customer, rather than the geography. For example, because of the stage of development of the retail trade and the nature of our relationships with customers, revenue from customers located in Poland is mainly included within the Mature Market Retail Division rather than the Growth Markets Division.

The following table sets forth our revenue by division for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Retail	242.2	60.5	221.6	65.1	933.8	62.6	878.5	67.1	886.9	72.8
Mature Market Retail	220.4	55.1	202.0	59.3	845.7	56.7	804.5	61.4	832.1	68.4
Growth Markets	21.8	5.4	19.6	5.8	88.1	5.9	74.0	5.7	54.8	4.5
Middle East and Africa	51.6	12.9	51.6	15.1	178.4	12.0	160.6	12.3	131.7	10.8
Healthcare	106.4	26.6	67.3	19.8	379.7	25.4	269.9	20.6	199.0	16.3
Total	400.2	100.0	340.5	100.0	1,491.9	100.0	1,309.0	100.0	1,217.6	100.0

Mature Market Retail Division

The Mature Market Retail Division makes most of its sales in Western European countries, where demographic trends and adoption rates for its core products, babycare and feminine care products, are relatively stable. Its customers primarily include international and national retailers such as Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. Australia and Poland are also predominantly served by this division. The Mature Market Retail Division primarily sells retailer branded products, but also sells a relatively small volume of Ontex branded products, such as Helen Harper and Moltex, to national and international retailers.

For the three months ended March 31, 2014 and the year ended December 31, 2013, 95.2% and 94.6% of the Mature Market Retail Division's revenue was generated from retailer brand products, with 1.4% and 1.9% being generated from Ontex branded products, respectively. The Mature Market Retail Division also selectively manufactures products for third parties. This accounted for 3.4% and 3.5% of its revenue for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively.

Geographies

The following table sets forth the Mature Market Retail Division's revenues by geography for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Western Europe	174.2	79.0	155.4	76.9	656.9	77.7	624.7	77.7	676.0	81.3
Eastern Europe	31.9	14.5	31.0	15.4	125.7	14.8	121.9	15.1	112.3	13.5
Rest of the World	14.3	6.5	15.6	7.7	63.1	7.5	57.9	7.2	43.8	5.2
Total	220.4	100.0	202.0	100.0	845.7	100.0	804.5	100.0	832.1	100.0

Products

The following table sets forth the Mature Market Retail Division's revenues by product category for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Babycare	153.2	69.5	137.1	67.9	583.1	68.9	553.1	68.7	590.7	71.0
Feminine care	46.0	20.9	44.5	22.0	184.4	21.8	173.7	21.6	173.3	20.8
Adult incontinence	21.1	9.6	20.1	10.0	78.0	9.3	77.2	9.6	65.7	7.9
Other[(1)]	0.1	—	0.3	0.1	0.2	0.0	0.5	0.1	2.4	0.3
Total	220.4	100.0	202.0	100.0	845.7	100.0	804.5	100.0	832.1	100.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially, including cosmetics, medical gloves and other traded products.

Growth Markets Division

The Growth Markets Division makes most of its sales in Eastern European, countries where the demographic profile of the population is similar to Western Europe but the potential for growth of the hygienic disposable products market is supported by lower, but increasing, adoption rates for such products as compared to Western Europe. It sells both retailer brand products and Ontex branded products, such as Helen Harper and Euron, to national and international retailers. The Growth Markets Division also sells a portion of its products through distributors.

For the three months ended March 31, 2014 and the year ended December 31, 2013, 64.2% and 56.9% of the Growth Markets Division's revenue was generated from retailer brand products, with the remaining 35.8% and 43.1% being generated from branded products, respectively.

Geographies

The following table sets forth the Growth Markets Division's revenue by geography for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Western Europe	1.7	7.9	1.3	6.6	5.1	5.8	5.6	7.6	5.7	10.4
Eastern Europe	13.7	62.8	13.7	69.9	61.7	70.0	51.4	69.5	36.0	65.7
Rest of the World	6.4	29.3	4.6	23.5	21.3	24.2	17.0	22.9	13.1	23.9
Total	21.8	100.0	19.6	100.0	88.1	100.0	74.0	100.0	54.8	100.0

Products

The following table sets forth the Growth Markets Division's revenue by product category for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Babycare	11.9	54.5	11.0	56.1	47.7	54.1	39.7	53.7	29.2	53.3
Feminine care	2.5	11.5	2.3	11.7	9.4	10.7	7.4	10.0	7.5	13.7
Adult incontinence	6.1	28.0	5.7	29.1	26.9	30.5	23.3	31.4	14.4	26.3
Other(1)	1.3	6.0	0.6	3.1	4.1	4.7	3.6	4.9	3.7	6.7
Total	21.8	100.0	19.6	100.0	88.1	100.0	74.0	100.0	54.8	100.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially, including cosmetics, medical gloves and other traded products.

Middle East and Africa Division

The Middle East and Africa Division is a geographically focused division that sells products in Turkey, Algeria and Pakistan, where we have production facilities, and exports products to other countries in the region, including Morocco, Georgia, Azerbaijan and Macedonia. These countries have favourable demographics supporting growth as well as a high adoption gap compared to Western Europe. The Middle East and Africa Division sells almost exclusively branded products in all three product categories, including Canbebe and Bello, the Division's primary babycare brands, Helen Harper, its primary feminine care brand, and Canped, its primary adult incontinence brand. It primarily sells these products through distributors, wholesalers and other intermediaries. In 2013, Turkey accounted for slightly less than half of the revenue of the Middle East and Africa Division, with the remainder attributable to Algeria, Morocco, Pakistan and other countries.

For the three months ended March 31, 2014 and the year ended December 31, 2013, 98.3% and 97.9% of the Middle East and Africa Division's revenue was generated from Ontex branded products, with the remaining 1.7% and 2.1% being generated from retailer brand products, respectively.

Products

The following table sets forth the Middle East and Africa Division's revenue by product category for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Babycare	42.5	82.4	40.9	79.3	142.8	80.0	121.5	75.6	95.6	72.6
Feminine care	0.8	1.6	1.3	2.5	3.4	1.9	5.9	3.7	7.9	6.0
Adult incontinence	8.1	15.7	9.1	17.6	30.6	17.2	31.5	19.6	26.7	20.3
Other(1)	0.2	0.3	0.3	0.6	1.6	0.9	1.7	1.1	1.5	1.1
Total	51.6	100.0	51.6	100.0	178.4	100.0	160.6	100.0	131.7	100.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially, including cosmetics, medical gloves and other traded products.

Healthcare Division

The Healthcare Division primarily sells adult incontinence products through distributors or directly to institutional customers in the healthcare market, such as governmental departments, local authorities, health insurers, hospitals and nursing homes and in some cases directly to consumers in their homes (sales of adult incontinence products through retail channels are included in the revenue of our other divisions). For the three months ended March 31, 2014 and the year ended December 31, 2013, sales of adult incontinence products accounted for 93.6% and 93.5% of the Healthcare Division's revenue, respectively. The Healthcare Division sells very limited volumes of babycare and feminine care products, as well as certain other products, to institutional customers. The division sells branded and, to a much lesser extent, retailer branded products. The division sells products almost exclusively in Western Europe. The Healthcare Division's branded products, such as iD, are well known in the market and have been established for many years. The Lille Healthcare and Serenity brands were added to the division's branded product range following the acquisition of Lille Healthcare in 2011 and Serenity in 2013. For the three months ended March 31, 2014 and the year ended December 31, 2013, 87.4% and 88.0% of the Healthcare Division's revenue was generated from branded products, with the remaining 12.6% and 12.0% being generated from retailer brands, respectively.

Products

The following table sets forth the Healthcare Division's revenue by product category for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011.

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Babycare	2.6	2.4	2.2	3.3	9.5	2.5	8.7	3.2	8.5	4.3
Feminine care	0.1	0.1	0.1	0.1	0.3	0.1	0.3	0.1	0.2	0.1
Adult incontinence	99.6	93.6	62.4	92.7	355.2	93.5	247.5	91.7	179.7	90.4
Other[(1)]	4.1	3.9	2.6	3.9	14.7	3.9	13.4	5.0	10.6	5.3
Total	106.4	100.0	67.3	100.0	379.7	100.0	269.9	100.0	199.0	100.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially, including cosmetics, medical gloves and other traded products.

Products

The following table sets forth our products by revenue for the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011:

	Three months ended March 31,				Year ended December 31,					
	2014		2013		2013		2012		2011	
	(€ millions)	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*	*(€ millions)*	*(% of total revenue)*
Babycare	210.2	52.5	191.2	56.1	783.2	52.5	722.8	55.2	724.0	59.5
Feminine Care	49.4	12.4	48.2	14.2	197.5	13.2	187.4	14.3	188.9	15.5
Adult Incontinence	134.9	33.7	97.3	28.6	490.6	32.9	379.6	29.0	286.5	23.5
Other[(1)]	5.7	1.4	3.8	1.1	20.6	1.4	19.2	1.5	18.2	1.5
Total	400.2	100.0	340.5	100.0	1,491.9	100.0	1,309.0	100.0	1,217.6	100.0

Note:

(1) Other products comprise a range of traded products purchased by us and sold commercially including cosmetics, medical gloves and other traded products.

Babycare Products

Our babycare product line consists of three product lines: baby diapers, baby pants and baby wipes, which are described below. In Europe, we are a leading manufacturer of retailer branded baby diapers by volume, having produced approximately 4.6 billion baby diaper pieces in 2013. We believe that we are one of the largest producers of babycare products in Europe (including both retailer brands and branded products). We believe that retailer brands accounted for approximately 40% of the Western European babycare market and that our share of that market was approximately 41%, based on volume in 2013. In Eastern Europe, we believe that retailer brands accounted for approximately 20% of the babycare market and that our share of that market was above 50%, based on volume in 2013. Outside Europe, we produced approximately 1.7 billion baby diaper pieces in 2013. We enjoy strong market positions in several countries through our Ontex brand offering. In Turkey, Algeria, Morocco, Pakistan, Azerbaijan and Georgia, we believe we were among the top three players in the babycare market in 2013.

Baby Diapers

Baby diapers are disposable garments made of a waterproof layer, an absorbent core (fluff and super-absorbent powder) and mainly non-woven and elasticized materials. We produce a range of basic to premium quality baby diapers for use by premature babies to older infants (typically up to 3 years old). The definition of a diaper from basic to premium is based on the parameters of absorption, leakage avoidance, rewet capacity, softness and fit. Our basic diaper meets the basic absorption and fit requirements and has no extra features, whereas our premium diaper offers better stretch, softness and absorption.

In the fourth quarter of 2013, we launched the Supercore II baby diaper, which is a thinner diaper intended to respond to the market trend in Europe towards thinner diapers with equal or better performance than thicker diapers. We intend to roll out the Supercore II diaper to other markets during the course of 2014.

Baby Pants

When babies reach toddler age, they move from using baby diapers to baby pants, which are absorbent garments resembling underwear used for toilet training toddlers. Baby pants are made of a cloth-like waterproof outer layer, an absorbent core and elasticized and non-woven materials. Our baby pants have the absorption and features of a taped diaper, but are larger, and the elastic sides allow the toddler to pull the baby pants up and down independently. The target age for baby pants is 1-3 years of age.

Baby Wipes

Baby wipes are synthetic cloths used for cleaning or drying and are designed specifically for use on babies.

Feminine Care Products

Our feminine care products include external products, such as sanitary pads and liners, which are used outside the body, and internal products, such as tampons, which are for internal body use. Our feminine care product line consists of three product lines: sanitary pads, including classic fluff towels and ultra napkins; panty liners; and tampons.

We are a leading manufacturer of retailer branded feminine care products in Europe, having produced approximately 2.8 billion sanitary pads, 3.7 billion panty liner pieces and 1.6 billion tampons in 2013, respectively. We believe that retailer brands accounted for approximately 38% of the Western European feminine care market and that our share of that market was approximately 41%, based on volume in 2013. In Eastern Europe, we believe that retailer brands accounted for approximately 14% of the Eastern European feminine care market and that our share of that market was above 50%, based on volume in 2013.

Sanitary Pads

Sanitary pads are disposable absorbent pads made of absorbent materials based on fluff or airlaid and super-absorbent powder and non-wovens, which are used by women to absorb menstrual flow. We produce a range of sanitary pads in different formats and shapes. Some sanitary pads are comparable to baby diapers in terms of product characteristics. Our sanitary pads range from pads for discreet day use to pads for heavy night use, are offered with and without wings, are anatomically shaped for women and may be produced with or without super-absorbent powder.

Fluff towels

Our fluff towels consist of a backsheet to protect underwear from leakage, an absorbent core in various dimensions (consisting of fluff with or without super-absorbent powder and a soft textile-like topsheet). An adhesive strip keeps the fluff towel well positioned during use.

Ultra napkins

The ultra napkins we produce consist of the same main components as the classic fluff towels except that the absorbent core is made of a thin fluff layer or airlaid structure with super-absorbent powder. Individual wrapping enables the products to be discreetly carried around and provides an easy method of hygienically wrapping the used product for disposal.

Panty Liners

Panty liners are thin absorbent pads used to protect underwear. Panty liners are layered, containing a backsheet, absorbent core, a light acquisition and distribution layer, and a soft topsheet. The essential requirements for panty liners are comfort and protection. We produce a range of panty liners because their consumption pattern, as well as their composition, differ across products.

Tampons

Tampons are absorbent plugs (either with or without applicator) for internal body use used by women to absorb menstrual flow. We produce a wide range of tampons. Our tampons are composed of quality fibers covered by a non-woven layer. We also offer 100% cotton tampons for certain niche markets. There are two main types of tampons: digital tampons (non-applicator tampons) and tampons with an applicator. Tampons are available in various sizes, which correspond to their absorbency ratings.

Adult Incontinence Products

Adult incontinence products are disposable devices specifically designed to manage light, moderate and heavy incontinence. For people with light to medium incontinence, we offer panty liners, small pads and light discreet pants. For people with heavy incontinence, we offer pants, two-piece products (pad and pant), all-in-one tape systems and belted briefs. Our range includes both light and heavy incontinence products, as well as under pads, which are used to protect beds or other surfaces from leakage.

We believe that retailer brands accounted for approximately 37% of the Western European retail market for adult incontinence products and that our share of that market was approximately 48%, based on volume in 2013. In Eastern Europe, we also believe that we are the leading producer of retailer branded adult incontinence products, with a share of the retailer branded market of approximately 40% based on volume in 2013. We estimate that our share of the healthcare market in Western Europe was approximately 19% based on value in 2013.

Light Incontinence Products

Light incontinence products are disposable small pads made of an absorbent core (fluff and super-absorbent powder), a waterproof plastic layer and soft non-wovens. Small shaped pads are designed for the management of light incontinence. These feature a wide adhesive strip to secure the pad in position, and an anatomical shape and elastification to help achieve a comfortable fit. Six absorbencies are available, offering solutions for different levels of stress and light incontinence.

Pull-ups

Pull-ups are disposable adult garments resembling underwear with an absorbent core (fluff and super-absorbent powder), a plastic layer, elastics and soft non-wovens. Pull-ups are designed for users with an active lifestyle and can prolong independence. The pants are typically fully elasticized to ensure a close fit.

Belt Diapers

Belt diapers are disposable diapers for adults featuring a specific closure system with an absorbent core and non-woven materials. The belt product offers an alternative to all-in-one tape systems and the two-piece shaped pad system. The use of a belt with resealable hook and loop fasteners removes the need for separate fixation pants, making the pad easier to fit and more comfortable. The product also features anti-leak cuffs to minimize leakage.

All-in-one Tape Systems

All-in-one tape systems are diaper-like products for adults with tapes operating as a closure system, an absorbent core and non-woven materials. They are suitable for moderate to heavy incontinence and are produced in a wide range of sizes and absorbencies. The products with a textile backsheet feature breathable side panels as well as fully resealable fixing tapes to ensure a secure fit and anti-leak cuffs to minimize the risk of leakage.

Shaped Pads

Shaped pads are larger pads for adults with an absorbent core and synthetic materials. They are available in several absorbencies and are suitable for moderate to heavy incontinence. Shaped pads feature a white textile backsheet with double wetness indicator and anti-leak cuffs to minimize the risk of leakage.

Belt Products

The belt product offers an alternative to all-in-one tape systems and the two-piece shaped pad system. The use of a belt with resealable hook and loop fasteners eliminates the need for separate fixation pants, making the pad easier to fit and more comfortable. The product also features anti-leak cuffs to minimize leakage.

Underpads

Underpads are absorbent sheets used to protect beds and seats. They consist of a plastic backsheet, an absorbent thin fluff-mat and a non-woven cover. They are available in a number of sizes and absorbencies.

Customers

Retailers

In Western and Eastern Europe, we have strong relationships with international and national retailers, including Ahold, Aldi, Auchan, Carrefour, E. Leclerc, Lidl, Metro, Rewe and Tesco. Our relationships with retailers allow us to grow as those retailers expand their businesses into other geographies, including Eastern Europe. We also are able to generate incremental growth through the introduction of new products that our retailer customers agree to purchase. We have developed pure retailer brands and have also co-developed brands with these retailers. In the Middle East and Africa Division, although we primarily sell products to distributors, our brands are sold by the majority of the largest retailers operating in these regions.

We enter into framework agreements with the majority of our retailer customers. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to two years. Some of these agreements are automatically renewable or continue indefinitely if neither party terminates. In the event a customer wishes to cease purchasing products from us, we are usually provided with sufficient notice to allow us to run down inventories dedicated to that customer while that customer works to ramp up production with its new supplier.

Distributors

In the Middle East and Africa, we primarily sell products to distributors, wholesalers and other intermediaries who market our products to traditional stores. Our Healthcare and Growth Markets Divisions also sell a portion of their products through distributors. A very small portion of the Mature Market Retail Division's revenues are attributable to sales through distributors.

Contracts with distributors typically have a one-year term, with automatic renewals. Distributors are mainly appointed on an exclusive basis within our product portfolio. Pursuant to our contracts, distributors are responsible for delivering products to retailers and must also maintain a certain minimum level of goods in stock.

Institutional

The Healthcare Division supplies institutions such as governmental departments, local authorities, hospitals, health insurers and nursing homes either directly or through distributors. We typically enter into one- or two-year framework agreements with these customers or supply agreements to provide products at an agreed specification at an agreed price.

Production and Transportation

Production Facilities

We have 15 production facilities located across Europe (two in Belgium, one in the Czech Republic, two in France, two in Germany, one in Spain and one in Italy), China, Turkey, Algeria, Russia, Australia and Pakistan. We closed our Recklinghausen production facility in Germany in March 2013. The total production capacity of our production facilities across all products was 25.9 billion products per annum as of March 31, 2014. Our production facilities are strategically located in our core markets and close to our major customers, which helps limit transportation costs. Our operations in Eastern Europe, the Middle East and Africa and China also allow us to take advantage of lower production costs. We endeavor not to rely solely on any single facility for any of our products.

In terms of our product range, as of March 31, 2014, eight of our production facilities produce babycare products using 53 machines; six of our production facilities produce feminine care products using 99 machines; and eight of our production facilities produce adult incontinence products using 53 machines.

The table below sets forth our production facilities and the products they currently manufacture:

	Product manufactured		
	Babycare	Feminine care	Adult incontinence
Buggenhout, Belgium			X
Eeklo, Belgium	X	X	
Mayen, Germany	X		
Grosspostwitz, Germany		X	
Arras, France			X
Wasquehal, France			X
Turnov, Czech Republic	X	X	X
Segovia, Spain	X	X	X
Ortona, Italy			X
Noginsk, Russia			X
Istanbul, Turkey	X	X	X
Yangzhou, China		X	
Sydney, Australia	X		
Algiers, Algeria	X		
Karachi, Pakistan	X		
Total	8	6	8

We have recently begun to explore the possibility of consolidating the Arras and Wasquehal facilities into a larger, more modern facility in the same region in France, with space to accommodate both the existing production lines from each of the old facilities as well as potential future production expansion plans.

We have well-maintained production facilities with capacity for growth. All of our production facilities are regularly inspected and are maintained to high standards. In addition, our larger retail customers regularly audit our production facilities. We believe that our investment in improving and maintaining production facilities has resulted in a regular improvement in production efficiency across product categories during the past few years. Since 2012, we have invested in 23 new production lines and approximately 20 major machine conversions. The flexibility of our production facilities allows us to deliver customized products to our customers and respond to changes in demand for our products or disruptions across our business while minimizing our cost of production. For example, after a severe flood in September 2009 caused a four-month shutdown of our Turkish production facility, we were able to reallocate the manufacturing to other locations, thereby mitigating the impact on our customers and our results of operations. We also believe that, unlike many manufacturers of branded products, we have significant flexibility to redeploy machines to meet customers' needs. In particular, we are able to cope with small batch sizes and are efficient at managing our stock.

We also expect that two new baby lines, which were engineered in-house, will become operational during the fourth quarter of 2014. Furthermore, we are planning to expand capacity at our production facility in Pakistan with a new machine, which is expected to come on line in the next six months. We also anticipate that three new feminine care machines will commence production during the second half of 2014.

Transportation and Delivery

In general, we arrange for our products to be delivered to our customers directly. In some instances, however, the customer collects the products from the relevant production facility or warehouse or distribution center. Where we deliver our products to our customers directly, we transport our products using a range of third party transport companies. Where possible, we consolidate shipments of our products to our customers, which can lead to cost savings. We may also engage a transport company to transport products from our production facilities to the relevant warehouse or distribution center. To provide maximum flexibility, we utilize a mixture of leased and owned warehouses which we operate ourselves and distribution centers which are operated by third parties, whom we pay for each pallet that passes through the facility. Our transportation and delivery costs vary by sales channel. For example, such costs can be a larger percentage of sales in the Healthcare Division, particularly in the home delivery and nursing home channels, relative to similar retailer branded products distributed by our Mature Market Retail Division.

Raw Materials

Raw materials and packaging costs accounted for between 75% and 80% of our cost of sales for the three months ended March 31, 2014 and the year ended December 31, 2013. Our key raw materials are fluff, super-absorber and non-woven fabrics. The relative percentage of these materials varies by product.

We purchase our key raw materials from a broad base of suppliers and endeavor to have two to three suppliers capable of meeting our requirements for each key raw material. Our top 10 suppliers accounted for 36.3% of total supplier spend in 2013 and no single supplier accounted for more than 4.5% of total supplier spend.

The contracts we have with our raw material suppliers vary as to price, payment terms, quantities and duration, and our raw material costs are also subject to price volatility attributable to a number of factors beyond our control, including, but not limited to, the availability of supply (including supplier capacity constraints); general economic conditions; commodity price fluctuations (particularly of petroleum); demand by other industries for the same raw materials; and the availability of complementary and substitute materials. We are focused on tightly controlling our raw material costs by carrying out reviews and benchmarking analyses of suppliers' pricing so as to achieve the best possible terms. Certain of our supply agreements with fluff suppliers contain provisions that reduce our exposure to volatility in fluff prices.

We have a central purchasing department that continuously supervises raw material procurement and monitors our supply chain costs, which include logistics and transport, the warehousing of raw materials and stock and purchasing overheads. We manage our supply chain costs through our central IT platform, which enables us to forecast future operational demands across our business (except in Algeria, Pakistan and China).

In order to better control our exposure to price changes in raw materials, we have entered into hedging arrangements. For example, we entered into an Oil Brent Call Option in July 2010 for a measured quantity of oil barrels (1,900,000) for the period from July 2010 through September 2013. The option reached its maturity on September 15, 2013 and has not been replaced due to the fact that it did not qualify for hedge accounting treatment. We also recently introduced a hedging committee and in February 2014, hedged a portion of our fluff exposure for 2014. See *"Operating and Financial Review and Prospects — Qualitative and Quantitative Disclosure About Market Risk — Commodity Price Risk"* and "*— Hedging Committee.*"

Marketing and Sales

We have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, the Middle East and Australia through which we make sales in more than 100 countries worldwide. Management has recently introduced the roles of Group Marketing Director and Group Sales Director, which report directly to the CEO and focus on account management, category management and the promotion of local brands. In particular, management is focusing on centralizing the management of large accounts and approaching retailer customers based on their organizational structure.

Marketing

In the Mature Market Retail Division, we do not carry out any significant direct advertising or marketing campaigns. Rather, our retailer customers market their own brands directly to consumers, for which we provide support in relation to innovation, design differentiation and positioning of retailer brands. Retailer brands are increasingly being viewed as real brands that are actively supported by retailers.

In order to maintain and develop our market positions in the Growth Markets and the Middle East and Africa Divisions, in which we operate predominanty as a branded business, we market and advertise directly to consumers through television, radio and magazine advertisements, as well as billboards. We also sometimes promote Ontex branded products in the region by buying services from retailers that are designed to optimize in-store exposure and the visibility of our brands. We also employ individuals for in-store promotions of our products, through samples, leaflets and test products and carry out marketing campaigns aimed at attracting retailers and wholesalers to purchase our products.

We seek to promote our Canbebe range in Turkish, Moroccan and Algerian hospitals by setting up Canbebe baby rooms, which are decorated with the Canbebe logo and branding and offering samples of products to the parents of newborn babies. We also attend and sponsor baby and children product fairs in these countries.

In the Middle East and Africa region, we focus our activities in Turkey, Morocco, Algeria and Pakistan and do not carry out significant marketing activities in other countries in the region. As a result of our activities in those countries, our sales and marketing expenses in the Middle East and Africa Division are higher than sales and marketing expenses for our other divisions.

Sales

We have sales teams in Western and Eastern Europe focusing on retailers and also have an export team that is focused on sales to customers in the rest of the world and also promotes our third party manufacturing capabilities. The Middle East and Africa Division’s sales teams are located in Turkey and Algeria and we also have sales offices in Morocco and Pakistan. These sales teams tend to be much larger than the sales teams focusing on more mature markets, given the need to have our representatives visit larger numbers of retail stores to promote our branded products. The Healthcare Division’s sales teams, which are based in France, Spain, Germany, Belgium, the United Kingdom, Italy and Australia, focus on institutional buyers of adult incontinence products and also tend to be larger than the Mature Market Retail sales teams, given the more fragmented nature of the institutional market as well as the need for product specialists visiting customers such as hospitals and nursing homes to give product trainings.

Pricing Policy

In the Mature Market Retail, Growth Markets and Healthcare Divisions, pricing of products is determined on a centralized basis either as a result of direct involvement in pricing discussions or through clearly identified parameters. Final prices may be determined either through detailed negotiation or, in the case of institutional customers, in response to a formal tender process.

In the Middle East and Africa Division, we sell our products primarily through distributors. The prices for our products are largely set on the basis of local market standards, taking into account production costs, including raw material costs, and the prices set by our competitors.

Research and Development

Our ability to provide our customers with products that offer innovative features based on comparable branded products is an important competitive advantage. We monitor trends in product innovation very closely through continuous testing and analysis of new products marketed by our branded competitors and aim to react quickly to those trends.

Our R&D team is centrally managed and has proven in-house R&D capabilities, with an average of five to six innovations (including both concepts and features) introduced each year since 2004. Our R&D team consists of 33 professionals who are principally based across our four R&D technical centers, which are located in our major production facilities in Belgium and Germany. The R&D team is primarily responsible for the design, development and validation of new products, the optimization of existing products and the approval of new raw materials. The R&D team pursues a collaborative approach with our marketing, legal, central purchasing, engineering and production teams to coordinate our product development strategy and to ensure rapid development and launch of innovations and product upgrades.

Our R&D centers each have their own laboratory testing equipment and manage consumer testing to ensure that products are verified and validated by testing on a sample basis. In addition, each production facility has a laboratory where product quality is monitored before products are released to customers.

Intellectual Property

The intellectual property rights in relation to our products are retained by us rather than by our retailer customers. It is of the utmost importance to us and our customers that we ensure that our products, machines and manufacturing procedures do not infringe any third party intellectual property rights. We assess our products, machines and manufacturing procedures from a legal, regulatory and intellectual property standpoint in order to achieve this objective.

As part of this process, we strive to keep our knowhow confidential and file for intellectual property rights to obtain relevant protection towards third parties, safeguard our own freedom to operate and maximize business and commercial opportunities arising therefrom. Our approach to protection of our intellectual property varies depending on the nature of the technology we are attempting to safeguard. For manufacturing processes and machines, we often choose to keep our knowhow and technology confidential without any disclosure outside the company, while for product innovation we may file for relevant intellectual property rights and thereby disclose the product technology within the relevant application. The reason we take this differentiated approach is that product technologies may potentially be reversed-engineered once the relevant product is placed on the market, while this is not the case for machines and processes, which remain confidential within our production facilities. Any innovation must still be assessed on a case by case basis and we may take a different approach in certain cases.

We mainly protect our intellectual property through patents and trademarks. We currently have approximately 30 distinct patent families which relate to various product specifications for our absorbent hygiene product categories, being internal and external feminine hygiene, babycare and adult incontinence products, as well as the production processes and technologies used to manufacture them. Within these patent families, several regional and national patents have been filed and granted, while we have submitted applications in respect of other products, processes and technologies. In addition to patent protection, we also register and expand our brands and trademarks into the various territories which are or might become of importance to Ontex. Our brands and trademarks include, among others, iD, Canbebe, Helen Harper, Canped, Lille Healthcare, Euron, Babycharm, Baby Soft Moltex and Serenity.

Further, if there is customer demand for a new product or innovation which is protected by third party rights, where possible we will seek to negotiate and purchase a license from the relevant third party in order to be able to manufacture the product.

Employees

In 2013, we had an average of 4,981 full-time equivalent employees. The following table shows, for the last three financial years, average headcount by geographical area:

	Year ended December 31,		
	2013	**2012**	**2011**
Algeria	292	252	212
Belgium	981	924	891
China	135	143	132
Czech Republic	700	615	539
France	399	432	562
Germany	1,049	1,188	1,194
Italy	196	4	4
Pakistan	51	25	—
Russia	186	159	69
Spain	313	307	314
Turkey	511	492	472
United Kingdom	76	65	71
Other	92	76	67
Total	4,981	4,682	4,527

We consider our relations with our employees to be good. The terms and conditions for employees, including working hours, termination rights and benefits, are governed by standard employee contracts together with, in certain circumstances, a variety of collective bargaining agreements. A European Works Council was set up by us for the purpose of discharging certain requirements to inform and consult with employees on an international level.

A majority of our employees in Belgium, France, Spain, Italy and Germany are covered by collective bargaining agreements or represented by trade unions, local works councils or the European Works Council. In Turkey, approximately 70% of our employees were covered by collective bargaining agreements and in Algeria, virtually all of our workers are covered by collective bargaining agreements. Some of our collective bargaining agreements are for an indefinite duration, while a number of our collective bargaining agreements covering certain employees in Belgium, France, Spain, Turkey, Italy and Germany will expire in 2014 or 2015. We are in the process of negotiating most of these collective bargaining agreements.

Our employees in Poland, the Czech Republic and the United Kingdom are not represented on the European Works Council and no collective bargaining agreements are applicable to our employees in the United Kingdom, the Czech Republic, Poland, Italy, Russia, China, Morocco or Pakistan.

Employee Incentives

We seek to incentivize our employees in a number of ways. The principal method we employ to achieve this is awarding key managers bonuses pursuant to our management incentive program. Under our management incentive program, employees may receive a bonus equal to a certain percentage of their basic salary upon the achievement of certain personal and business goals.

We also award bonuses to certain employees, in particular to our sales team, which are dependent upon the level of sales achieved by the relevant team. In addition, we will set up a long-term incentive plan for members of the executive management team, certain other senior managers and other persons assimilated to these categories (see *"— Description of Share Capital and Articles of Association — Long-term Incentive Plan"*).

Pensions

We make payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, we operate a defined benefit insurance scheme in Belgium and we also have an obligation to make severance payments to employees upon their retirement in France and Turkey.

We also operate several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

Claims and Obligations in Relation to Closures of Production Facilities

Ontex France SAS

From February 2012 to March 2013, 123 employees filed a lawsuit before the Employment Court (*Conseil de Prud'hommes*) of Villefranche-sur-Saône, France, in which they claimed compensation in the total amount of approximately €5.4 million, for the termination of their employment agreement following the closure of the facility. A final decision has been issued in this lawsuit covering 116 out of the total 123 employees. The decision requires us to pay €1.6 million in compensation to those employees. This amount has been fully provided for in our financial statements as of March 31, 2014.

Ontex Recklinghausen GmbH Settlement

On November 28, 2012, an agreement to settle potential claims with respect to the closure of the Recklinghausen production facility, as well as a social plan, was signed. The agreement and social plan provide for a severance payment to each worker equal to 1.1 times the worker's monthly salary per year of employment (amounting to approximately €16.7 million), a production bonus payable from December 2012 (amounting to approximately €1.5 million) and the allocation of a budget of approximately €6 million to an outplacement firm for purposes of providing services such as retraining and job search assistance to idled workers.

Insurance

We have insurance policies in place that cover liability for public and product liability, death or injury to employees and damage to property, including buildings, plant, machinery and stock. We also have insurance coverage for business interruption.

We work closely with our insurance brokers to ensure that we are adequately protected and to minimize the risk of any loss. However, our insurance does not cover every potential risk associated with our business. We do not carry freight insurance for our products because of the large volumes of products transported and the relatively small monetary loss that could result from any given incident.

The Company maintains a directors and officers insurance policy covering claims that would be made against directors and officers of the Company and its subsidiaries in relation to their functions. The Company intends to enter into indemnification agreements with its directors supplementing this policy. The Company has also contracted a public offer of securities insurance policy in relation to the Offering, which covers claims that would be made in relation to the Prospectus against the Company, its directors and officers and the Selling Shareholders.

Information Technology and Data

Our single most critical business system is our IT platform, which is based on SAP and is used for our commercial activities, including purchasing, sales and marketing, finance, plant maintenance and reporting. The IT platform provides full financial reporting and integration across all of our operations, with the exception of our operations in China, Pakistan and Algeria and certain small sales offices, where it is not cost effective to implement. We support our IT systems through an in-house team of IT specialists.

We have taken appropriate measures to secure our systems and data by using standard IT security capability products. We have two centralized backup data storage facilities, as well as business continuity plans in place. We have not experienced any significant IT problems in recent years.

Environmental and Health & Safety

Environmental Performance

In connection with our Social, Health & Safety and Product Stewardship programme, we have developed an environmental pillar at the corporate level as well as at the level of our production facilities. We use a certified Group Environmental and Energy Management System (ISO 14001 and ISO 50001) to help us identify, monitor and manage all environmental and energy related aspects of our operations, products and services. All identified aspects are monitored and controlled appropriately to limit their impact and improve our overall environmental performance.

In addition, the Group Environmental and Energy Management System provides us with a framework for periodic compliance checks of legal environmental requirements linked to our operations, products and services; a systematic approach to setting environmental objectives and following up and communicating these objectives and compliance with the objectives to stakeholders.

Currently, eight of our production facilities have been ISO 14001 certified and four production facilities have been ISO 50001 certified. Our headquarters are also ISO 50001 certified. We expect to certify additional production facilities in the future. We have appointed a sustainability manager and expect to expand the scope of this role going forward.

None of our sites have been the subject of any significant environmental prosecutions for violating environmental regulations, licenses or other requirements during the past five financial years.

Health and Safety

As stated in our Corporate Health & Safety Policy, we are committed to providing a safe and healthy work environment for all employees, contractors and visitors. This commitment also extends to ensuring that our operations do not place local communities or the environment at risk of injury, illness or damage.

We monitor incident figures on a monthly basis at the local level and take appropriate action to address any issues as necessary.

Legal Proceedings

We are subject to legal, administrative or regulatory proceedings in the ordinary course of our business. Other than as described under *"— Employees — Claims and Obligations in Relation to Closure of Production Facilities,"* we believe that none of the legal, administrative or regulatory proceedings pending against us or with which we are threatened, individually or collectively, will have a material adverse effect on the Ontex group.

Provisions for legal claims and restructuring amounted to €1.9 million and €5.3 million, respectively, as of December 31, 2013.

MANAGEMENT AND CORPORATE GOVERNANCE

Overview

This section summarizes the rules and principles by which our corporate governance is organized, which are contained in the Belgian Companies Code, other relevant legislation, the Articles of Association and the Corporate Governance Charter.

The Company was incorporated on April 24, 2014 by Whitehaven B. The Company adopted certain changes to its Articles of Association at the Extraordinary Shareholders' Meeting held on June 10, 2014. These changes are conditional upon the closing of the Offering. See *"Description of Share Capital and Articles of Association."*

We are committed to high standards of corporate governance and rely on the Belgian Code on Corporate Governance of March 12, 2009 (the "Corporate Governance Code") as a reference code. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies should follow the Corporate Governance Code, but may deviate from those of its provisions which are not otherwise contained in the Belgian Companies Code, provided they disclose the justification for any such deviation in the annual corporate governance statement included in the annual report.

The Board of Directors intends to comply with the Corporate Governance Code, except in respect of the following:

- the Articles of Association allow the Company to grant shares, stock options and other incentives vesting earlier than three years after their grant *(See "— Remuneration of Directors and Members of the Executive Management Team — Legal constraints applicable as of the closing of the Offering")*, although the long-term incentive plan referred to below will provide for a vesting period of three years (see *"— Description of Share Capital and Articles of Association — Long-term Incentive Plan"*);
- the CEO and certain other members of the executive management team are entitled in certain circumstances to severance pay higher than 12 or 18 months of remuneration, when non-competition indemnities apply (see "*— Remuneration of Directors and Members of the Executive Management Team — Termination Provisions*);
- one of our directors, Mr. Walsh, is a director in six listed companies (including his directorship in the Company), while the Corporate Governance Code recommends that non-executive directors should not consider taking on more than five directorships in listed companies; the threshold of five directorships in listed companies may be exceeded in the future in respect of a limited number of other non-executive directors (see "*— General Information on the Directors*"); and
- out of 13 members in total, the post-Offering Board of Directors includes six members elected upon proposal of Whitehaven B, while the Corporate Governance Code recommends that no individual or group of directors should dominate the decision making of the Board of Directors (see *"— Board of Directors — Post-Offering Board of Directors").*

The Company has adopted a corporate governance charter (the "Corporate Governance Charter"), subject to and with effect as of the closing of the Offering. It will review the Company's corporate governance at regular intervals and adopt any changes deemed necessary and appropriate.

The Articles of Association and the Corporate Governance Charter will be made available on our website (www.ontexglobal.com) and can be obtained free of charge at the Company's registered office after completion of the Offering.

Board of Directors

Powers and Responsibilities of the Board

The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realization of the Company's purpose, except for those actions that are specifically reserved by law or the Articles of Association to the Shareholders' Meeting or other management bodies.

In particular, the Board is responsible for:

- defining the general policy orientations of the Company and its subsidiaries;

- deciding all major strategic, financial and operational matters of the Company;
- overseeing the management by the Chief Executive Officer (the "CEO") and other members of the executive management team; and
- all other matters reserved to the Board by the Belgian Companies Code.

Within certain limits, the Board of Directors is entitled to delegate special well-defined powers to the CEO and other members of the executive management team.

Composition of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors must be comprised of at least six members and may be comprised of a maximum of 15 members. As of the date of this Prospectus, the Board of Directors comprises 10 members.

Subject to and effective as of the closing of the Offering, the Board of Directors will consist of 13 members.

The Articles of Association provide for nomination rights in favor of TPG and GSCP, through Whitehaven B. For as long as Whitehaven B continues to hold at least 60% of the number of shares it held at the Closing of the Offering, it is entitled to nominate six directors to be elected by the Shareholders' Meeting. If such percentage falls below 60% but is equal to or greater than 40%, Whitehaven B will be entitled to nominate four directors to be elected by the Shareholders' Meeting. If such percentage falls below 40% but is equal to or greater than 10%, Whitehaven B will be entitled to nominate two directors to be elected by the Shareholders' Meeting. If the ownership of Whitehaven B falls below a specified threshold, the nomination rights relating to such threshold will continue to apply until the next Shareholders' Meeting. Pursuant to the Shareholders' Agreement, generally, each of GSCP and TPG will have the right to appoint half of the directors that Whitehaven B is entitled to appoint. If, however, their indirect shareholding interests in Whitehaven B change, their respective rights to appoint directors that Whitehaven B is entitled to appoint may change accordingly.

The term of office of directors under Belgian law is limited to six years (renewable) but the Corporate Governance Code recommends that it be limited to four years. The appointment and renewal of directors is based on a recommendation of the Remuneration and Nomination Committee and is subject to approval by the Shareholders' Meeting, taking into account the nomination rights described above.

Pursuant to the Corporate Governance Code, at least half of the directors should be non-executive and at least three directors should be independent in accordance with the criteria set out in the Belgian Companies Code and the Corporate Governance Code. The composition of the Board of Directors effective as of the closing of the Offering complies with these recommendations.

As of January 1, 2020, at least one third of the directors must be of the opposite gender.

Pursuant to the Corporate Governance Code, the Chairperson of the Board of Directors and the CEO should not be the same individual and the Chairperson should be a non-executive director. The composition of the Board of Directors effective as of the closing of the Offering complies with these recommendations.

Functioning of the Board of Directors

In principle, the Board of Directors meets six times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. A meeting of the Board of Directors must in any event be convened if so requested by at least two directors.

Quorum

The Board of Directors can only deliberate and decide on matters stated on the agenda and only if at least half of its members are present or represented at the meeting and if at least two directors elected upon proposal of Whitehaven B are present or represented at the meeting. However, in the event that Whitehaven B would only be entitled to nominate two directors to be elected by the shareholders' meeting, only one such director must be present or represented in order for the board of directors to be able to deliberate and decide validly.

Such quorum requirement shall not apply (1) to the vote on any matter at a subsequent meeting of the Board to which such matter has been deferred for lack of quorum at a prior meeting, if said subsequent meeting is held within 30 days from such prior meeting, provided that at least three directors are present; or (2) when an unforeseen emergency arises that makes it necessary for the Board to take action that would otherwise become time-barred by law or in order to avoid imminent harm to the Company.

The Board of Directors can only lawfully deliberate and decide on matters that are not stated on the agenda if all the members are present at the meeting and agree to this.

Each director can grant a proxy to one of his/her colleagues to represent him/her at a specific Board of Directors meeting. Each director may only be granted one proxy.

Deliberation and Voting

The decisions of the Board of Directors are taken by an ordinary majority of votes.

In the case of a tied vote, the director chairing the meeting has a casting vote.

In exceptional cases, when urgent necessity and the Company's interest demand this, the Board of Directors' decisions can be taken by unanimous written agreement by the directors. However, this procedure cannot be adopted for drawing up the annual accounts, or the utilisation of the authorised capital.

Pre-Offering Board of Directors

As of the date of this Prospectus, the Board of Directors is composed of the following 10 directors:

Name	Age	Position	Director since	Mandate expires
Paul Walsh	59	Chairman	2014	2018
Charles Bouaziz	51	Chief Executive Officer	2014	2018
Cepholli BVBA, represented by Jacques Purnode	57	Chief Financial Officer	2014	2018
Artipa BVBA, represented by Thierry Navarre	46	Chief Operating Officer	2014	2018
Richard Butland	42	Non-Executive Director	2014	2018
Antonio Capo	43	Non-Executive Director	2014	2018
Simon Henderson	45	Non-Executive Director	2014	2018
Uwe Krüger	49	Non-Executive Director	2014	2018
Dominique Le Gal	42	Non-Executive Director	2014	2018
Michele Titi-Cappelli	37	Non-Executive Director	2014	2018

The business address for all of the directors is Korte Keppestraat 21/31, 9320 Erembodegem (Aalst), Belgium.

Paul Walsh, Chairman. Mr. Walsh was appointed Chairman of Compass Group PLC in February 2014 having previously been Chief Executive of Diageo plc since September 2000. Mr. Walsh has been Chairman of Avanti Communications plc since March 2014 and is a non-executive director of FedEx Corporation, Unilever plc and, since November 2013, RM2. He is a senior advisor at TPG. Mr. Walsh has been appointed Business Ambassador for the food and drink industries by the UK Department for Business, Innovation and Skill.

Charles Bouaziz, Chief Executive Officer. Prior to joining Ontex, Mr. Bouaziz held a number of senior positions during his 25 years in the consumer goods industry. He spent his early career at Michelin (in Canada) and Procter and Gamble before joining PepsiCo in 1991. Mr. Bouaziz joined PepsiCo as Marketing Director of France & Belgium and in 1996 became General Manager for France. In 2006, he became General Manager of a group of countries including France, Germany, Italy, Switzerland and Austria. In 2008, Mr. Bouaziz was appointed President of PepsiCo Western Europe. In 2010, he left PepsiCo and became CEO of Monoprix. Charles joined PAI Partners in 2010 as member of the Food & Consumer Goods sector team and later as head of the Portfolio Performance Group. Mr. Bouaziz graduated from École Supérieure des Sciences Economiques et Commerciales (ESSEC). Mr. Bouaziz was appointed as a director of ONV Topco NV and as a manager of Ontex BVBA as of January 22, 2013.

Jacques Purnode, Chief Financial Officer. Prior to joining Ontex, Mr. Purnode held a number of senior positions at AB InBev in various roles in finance as well as in information technology. From 2007, he worked for Coca

Cola Enterprises, Inc. in London, where he most recently held the position of CFO for Europe. Mr. Purnode was appointed as a director of ONV Topco NV, as a manager of Ontex BVBA as of August 1, 2013, as a manager of Ontex International BVBA as from October 1, 2013 and as a director of Ontex IV as from January 17, 2014.

Thierry Navarre, Chief Operating Officer. Mr. Navarre joined ONV Topco NV in May 2006 as the Group Supply Chain Director and was appointed Chief Operating Officer in February 2009. Before joining ONV Topco NV, he was Director of Strategy & Development at InBev in France (now AB InBev), between July 2005 and May 2006, and held other senior management positions in supply and distribution at InBev, between 2001 and 2005. Prior to that, he held various roles in logistics and distribution at Fort James (now Georgia Pacific), between 1997 and 2001, and at Jamont (now Georgia Pacific) between 1991 and 1997. Mr. Navarre holds a degree in Business Administration from École Supérieure de Commerce de Nantes, France, and also has a master's degree in Industrial Logistics from the Institut Supérieur de Logistique Industrielle (Groupe École Supérieure de Commerce), Bordeaux, France.

Richard Butland, Non-Executive Director. Mr. Butland joined the board of Ontex in November 2010 as a representative of GSCP VI Funds. Mr. Butland joined Goldman Sachs in 2000 as an associate in the UK Advisory Group and was named managing director in 2006. He was promoted to run UK M&A Advisory in 2007 and subsequently moved to the Merchant Banking Division to head its private equity activities in the UK and Consumer and Retail across Europe. On June 21, 2014 Mr. Butland's employment with the firm will cease. Going forward, Mr. Butland will continue to provide services to the firm on a consultancy basis. Prior to joining the firm, Mr. Butland worked at IBJ Schroder Bank for two years and at PricewaterhouseCoopers for five years. He earned a bachelor's degree from Victoria University of Wellington in 1992 and qualified as a chartered accountant in 1995.

Antonio Capo, Non-Executive Director. Mr. Capo is an Operations Director at TPG, which he joined in 2009. Prior to joining TPG, Mr. Capo was a Senior Director at Alvarez & Marsal from 2004 to 2009. He holds a BSc. in Economics from Bocconi University — Milan, an MA in European Economic Studies from the College of Europe — Bruges and an MBA from Stanford University's Graduate School of Business.

Simon Henderson, Non-Executive Director. Mr. Henderson joined TPG as a partner in April 2010. He oversaw TPG's investment in Ontex in November 2010 and has been a director of Ontex since that time. He has over 20 years of experience in finance and private equity. From 2005 to 2008, Mr. Henderson was a founder and Co-head of European Capital Financial Services, an affiliate of American Capital Strategies. During this time he made, monitored and realised control investments across a wide range of industries and sat on the investment committee of American Capital. He served on the boards of Farrow & Ball and Avery Weigh-Tronics during this period. From 1995 to 2005, Mr. Henderson made, monitored and realised a number of investments across a wide range of industries for Barclays Private Equity where he sat on the UK Investment Committee. This included board roles at London Luton Airport, Edotech, Fosbel, CRP and Lasercom. In 1994, he qualified as an Associate Chartered Accountant at PricewaterhouseCoopers in London. He graduated from the University of Durham with a BA degree in Economics in 1991.

Dominique Le Gal, Non-Executive Director. Mr. Le Gal joined the board of Ontex in May 2012 as a representative of GSCP VI Funds. In January 2012, Mr. Le Gal became Co-General Manager of GS Lux Management Services S.à r.l. where he has a key role supporting the operational infrastructure for all investments made for Goldman Sachs funds in Luxembourg. From 1999 to 2011 he was in the Fund Reporting team at Archon Group (France) in Paris, a wholly owned subsidiary of The Goldman Sachs Group, Inc., where he served as head of investment accounting. Mr. Le Gal earned an Accounting and Finance degree in 1995 from ENGDE, Paris 9ème.

Uwe Krüger, Non-Executive Director. Prof. Dr. Krüger is the Chief Executive Officer of WS Atkins plc and a supervisory board member of SUSI Partners, Zurich. He started his career at AT Kearney and worked at Hochtief Group from 1997 to 2007, most recently as Chairman of Turner International. From 2007 to 2009, he was Chief Executive Officer of OC Oerlikon and subsequently served as President of Cleantech Switzerland and as a senior advisor at TPG. Prof. Dr. Krüger studied Physics, Mathematics and Business Sciences at Frankfurt University and researched at Columbia University, New York and École Normale Supérieure, Paris. He lectures as an Honorary Professor of Physics at Frankfurt University.

Michele Titi-Cappelli, Non-Executive Director. Mr. Titi-Cappelli is a managing director in the Merchant Banking Division (MBD) of Goldman Sachs in London, where he is responsible for sourcing, executing and managing corporate investments in Southern Europe and in financial institutions. He first joined Goldman Sachs in 1999 as an analyst in the Investment Banking Division in London and rejoined the firm in 2004 as an associate in MBD in London. He became an executive director in 2007 and worked in the New York office in 2010. He was named managing director in 2012. Mr. Titi-Cappelli represents GSCP on the boards of Hastings Insurance Group (Investments) plc, Hastings Insurance Services Limited, Ontex and Sigla SA (Grupo Vips). He earned a Laurea in Economics and Business Administration, summa cum laude, from Bocconi University in Milan in 1999 and an MBA from the Stanford Graduate School of Business in 2004.

Post-Offering Board of Directors

By way of unanimous written shareholders' resolutions dated June 2, 2014, three independent members of the Board of Directors were appointed subject to and with effect as of the closing of the Offering.

The post-Offering Board of Directors shall be composed as follows:

Name	Age	Position	Director since	Mandate expires
Paul Walsh	59	Chairman	2014	2018
Charles Bouaziz	51	Chief Executive Officer	2014	2018
Cepholli BVBA, represented by Jacques Purnode	57	Chief Financial Officer	2014	2018
Artipa BVBA, represented by Thierry Navarre	46	Chief Operating Officer	2014	2018
Richard Butland	42	Non-Executive Director	2014	2018
Antonio Capo	43	Non-Executive Director	2014	2018
Simon Henderson	45	Non-Executive Director	2014	2018
Uwe Krüger	49	Non-Executive Director	2014	2018
Dominique Le Gal	42	Non-Executive Director	2014	2018
Michele Titi-Cappelli	37	Non-Executive Director	2014	2018
Inge Boets BVBA, represented by Inge Boets	51	Independent Director	2014	2018
Gunnar Johansson	57	Independent Director	2014	2018
Luc Missorten	58	Independent Director	2014	2018

Paul Walsh, Chairman. See *"— Pre-Offering Board of Directors"* above.

Charles Bouaziz, Chief Executive Officer. See *"— Pre-Offering Board of Directors"* above.

Jacques Purnode, Chief Financial Officer. See *"— Pre-Offering Board of Directors"* above.

Thierry Navarre, Chief Operating Officer. See *"— Pre-Offering Board of Directors"* above.

Richard Butland, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Antonio Capo, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Simon Henderson, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Uwe Krüger, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Dominique Le Gal, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Michele Titi-Cappelli, Non-Executive Director. See *"— Pre-Offering Board of Directors"* above.

Inge Boets, Independent Director. Ms. Boets was a partner with EY (Ernst & Young) from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. She holds a masters degree in applied economics from the university of Antwerp. Ms. Boets is also independent director at Euroclear, Econopolis Wealth Management and QRF.

Gunnar Johansson, Independent Director. Mr. Johansson works as a Senior Executive Advisor at his own company, Tegacon AS, in Norway. Prior to starting Tegacon AS, he held a number of positions within SCA AB, a global company in the tissue, femcare, baby diaper and incontinence care industries. Mr. Johansson worked with SCA from 1981 to 2009, the last years as Global President of the Hygiene Category. He holds an MBA from Norges Handelshøyskole in Bergen, Norway. Mr. Johansson has vast experience in emerging markets and the business-to-business side of fast moving consumer goods ("FMCG"). He is Non-Executive Chairman of Laeringsverkstedet, Norway and a member of the board of Hilding Anders in Sweden, Askona in Russia and Idteq in Norway. He was previously a member of the board of Orkla Brands, the largest FMCG company in Norway.

Luc Missorten, Independent Director. Mr. Missorten has been the Chief Executive Officer and a board member of Corelio since 2007. He is an Independent Director of Barco and chairs its audit committee. From 1995 to 2007, he served as Executive Vice President and Chief Financial Officer for Labatt Brewing Company, InBev (now AB InBev) and most recently UCB. He also served as the Corporate Finance Director for InBev from 1990 to 1995 and a Vice President of Citibank from 1981 to 1990. He holds a law degree from Catholic University of Leuven, a Certificate of Advanced European Studies from College of Europe, Brugge and an LL.M from the University of California, Berkeley.

Share Ownership and Intention of the Directors to Participate in the Offering

Immediately prior to the closing of the Offering, the following directors will own the following number of Shares, assuming that the Offer Price is at the mid-point of the Price Range: Paul Walsh: 99,351; Charles Bouaziz: 794,810; Jacques Purnode (as permanent representative of Cepholli BVBA): 198,703; and Thierry Navarre (as permanent representative of Artipa BVBA): 333,671.

Assuming a full placement of the Offer Shares in the Secondary Tranche (including, with respect to Mr. Navarre, the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, they will offer the following number of Shares: Paul Walsh: 51,961; Charles Bouaziz: 107,299; Jacques Purnode: 26,825; and Thierry Navarre 66,179. Messrs. Walsh, Bouaziz and Purnode will not increase the number of Offer Shares they are selling pursuant to the Increase Option or the Over-allotment Option.

Assuming a full placement of the Offer Shares in the Secondary Tranche (including, with respect to Mr. Navarre, the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, these directors will hold after the closing of the Offering the following number of Shares: Paul Walsh: 47,390; Charles Bouaziz: 687,511; Jacques Purnode: 171,878; and Thierry Navarre 267,492.

To the extent known to the Company, no director (based on the post-Offering composition of the Board of Directors) intends to purchase Offer Shares in the Offering.

General Information on the Directors

In relation to each of the directors (based on the post-Offering composition of the Board of Directors), the Company is not aware of (i) any convictions in relation to fraudulent offenses during the past five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships, or partner or senior management positions during the past five years, or (iii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years.

None of the directors (based on the post-Offering composition of the Board of Directors) has a potential conflict of interests between his/her duties to the Company and his/her private interests and/or any other duties he or she may have, except that certain directors are elected upon proposal of TPG and GSCP through Whitehaven B.

No director has a family relationship with any other director or member of executive management.

In the five years preceding the date of this Prospectus, the directors (based on the post-Offering composition of the Board of Directors) have held the following directorships (apart from their directorships of the Company, Ontex I and its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
Paul Walsh	Unilever PLC, Fedex Corporation, Avanti Communications Group Plc, Compass Group plc, RM2 International SA	Diageo plc
Charles Bouaziz	MDS PLC, Betwin Agency, ESSEC Business School, Les Amis de Vaulserre et du Trieves	Pepsico, Monoprix SA, PAI Partners
Cepholli BVBA, represented by Jacques Purnode	Cepholli BVBA, John Martin's Breweries	Coca-Cola Enterprises Inc.
Artipa BVBA, represented by Thierry Navarre	Artipa BVBA	N/A
Richard Butland	Goldman Sachs International, Kite Capital	Expro International Group Holdings Limited
Antonio Capo	TPG Capital LLP, TES Global, Victoria Plumb, Business Club Italia	Alvarez & Marsal S.p.A., Microgame S.p.A.
Simon Henderson	TPG Capital LLP, Wessex Drainage Solutions Limited, Farleigh School	N/A
Uwe Krüger	Atkins plc, SUSI Partners	OC Oerlikon, TPG Capital LLP, Cleantech Switzerland
Dominique Le Gal	GS Lux Management Services, GSCP and other related GS funds	Archon Group France
Michele Titi-Cappelli	Goldman Sachs International, Hastings Insurance Group (Investments) plc, Sigla S.A., GSCP V S.à r.l., 1 Cranley Gardens (Freehold) Limited	Prysmian S.p.A., Prysmian Lux S.à r.l., Prysmian Lux II S.à r.l., Athena Pikco Lux S.à r.l.
Inge Boets BVBA, represented by Inge Boets	Flemish Parliament, Euroclear plc, Econopolis Wealth Management NV, QRF Management NV, La Scoperta BVBA, VZW Altijd Mooi, Inge Boets BVBA	Ernst & Young Bedrijfsrevisoren, EY Partners, Euroclear Belgium
Gunnar Johansson	Tegacon AS, Laeringsverkstedet AS, Hilding Anders AB, Askona Vek	Valcrea AG Switzerland, Idteq AS, Orkla Brands
Luc Missorten	Corelio NV, Barco NV	LMS International NV, Bank Degroof S.A., Vandemoortele Group

Committees of the Board

The Board of Directors has established two Board committees subject to and with effect as of the closing of the Offering, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit Committee (in accordance with Article 526bis of the Belgian Companies Code and Provision 5.2 of the Corporate Governance Code) and the Remuneration and Nomination Committee (in accordance with Article 526quater of the Belgian Companies Code and Provision 5.3 and 5.4 of the Corporate Governance Code). The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter.

Audit Committee

The Audit Committee advises the Board on accounting, audit and internal control matters, and shall, in particular:

- monitor the financial reporting process;
- review accounting policies and conventions;
- review the draft annual accounts and examine the proposed distribution of earnings and profits;
- review the quality of financial information furnished to the shareholders and the market;
- monitor and oversee the internal audit process, internal controls and risk management, including for the Company and its subsidiaries as a whole;
- propose candidates for the statutory auditor to be appointed by the Shareholders' Meeting to the auditor;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditor; and
- review the external audit process and review and monitor the independence of the statutory auditor and any additional services rendered by them.

Following the closing of the Offering, the Audit Committee shall consist of at least three members appointed for a term not exceeding that of their Board of Directors membership, all being non-executive directors and a majority of them being independent directors. The Chairperson of the Audit Committee shall be designated by the Board of Directors but shall not be the Chairperson of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

The Articles of Association provide that for as long Whitehaven B is entitled to nominate two directors to be elected by the Shareholders' Meeting, the Audit Committee will include one director elected upon proposal of Whitehaven B.

Subject to and with effect as of the closing of the Offering, the following directors will form the Audit Committee: Inge Boets (chairwoman), Luc Missorten, Gunnar Johansson and Simon Henderson.

The Audit Committee will meet at least four times a year and whenever it deems necessary in order to carry out its duties.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors and the executive management team and shall, in particular:

- identify, recommend and nominate, for the approval of the Board of Directors, candidates to fill vacancies in the Board of Directors and executive management positions as they arise. In this respect, the Remuneration and Nomination Committee shall consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the Board of Directors on proposal for the appointment of the CEO and on the CEO's proposals for the appointment of other members of the executive management team;
- draft appointment procedures for members of the Board of Directors, the CEO and the other members of the executive management team;
- ensure that the appointment and re-election process is organised objectively and professionally;
- periodically assess the size and composition of the Board of Directors and make recommendations to the Board of Directors with regard to any changes;
- consider issues related to succession planning;

- make proposals to the Board of Directors on the remuneration policy for the non-executive directors and executive managers, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- make proposals to the Board of Directors on the remuneration of directors and executive managers, including variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- establish performance targets and conduct performance reviews for the CEO and other members of the executive management team;
- submit a remuneration report to the Board of Directors;
- provide explanations on the remuneration report during the annual Shareholders' Meeting; and
- report regularly to the Board of Directors on the exercise of its duties.

Following the closing of the Offering, the Remuneration and Nomination Committee shall consist of at least three members, all being non-executive directors and a majority of them being independent directors. The Chairperson of the Remuneration and Nomination Committee shall be designated by the Board of Directors and shall be either the Chairperson of the Board of Directors or another non-executive director.

The Articles of Association provide that for as long Whitehaven B is entitled to nominate two directors to be elected by the Shareholders' Meeting, the Remuneration and Nomination Committee will include two directors elected upon proposal of Whitehaven B. For as long as this is the case, the Remuneration and Nomination Committee will include three independent directors.

Subject to and with effect as of the closing of the Offering, the following directors will form the Remuneration and Nomination Committee: Luc Missorten (chairman), Simon Henderson, Michele Titi-Cappelli, Inge Boets and Gunnar Johansson.

The Remuneration and Nomination Committee will meet at least twice a year and whenever it deems necessary in order to carry out its duties.

Executive Management Team

CEO

The CEO is responsible for the day-to-day management of the Company. He may be granted additional well-defined powers by the Board of Directors. He has direct operational responsibility for the Company and oversees the organisation and day-to-day management of subsidiaries, affiliates and joint ventures. The CEO is responsible for the execution and management of the outcome of all Board decisions.

The CEO leads the executive management team, which reports to him, within the framework established by the Board of Directors and under its ultimate supervision. The CEO chairs the Executive Committee.

The CEO is appointed and removed by the Board of Directors and reports directly to it.

Other Members of the Executive Management Team and Executive Committee

The Executive Committee is composed of the CEO, who chairs the Executive Committee, and the other members of the executive management team. Such other members are appointed and removed by the Board of Directors after having received the advice of the CEO and the Remuneration and Nomination Committee.

The Executive Committee exercises the duties assigned to it by the Board of Directors and the CEO, under the ultimate supervision of the Board. It does not constitute a "*directiecomité*" / "*comité de direction*" within the meaning of Article 524bis of the Companies Code. The Executive Committee is an informal executive committee within the meaning of Article 96 § 3 of the Belgian Companies Code.

The executive management team and, accordingly, the Executive Committee, consists of the following members:

Name	Age	Position
Mr. Charles Bouaziz	51	Executive Director — Chief Executive Officer
Mr. Jacques Purnode(1)	57	Executive Director — Chief Financial Officer
Mr. Thierry Navarre(1)	46	Executive Director — Chief Operating Officer
Mr. Philippe Agostini	51	Chief Procurement and Supply Chain Officer
Mr. Laurent Bonnard	52	Group Sales Director
Mrs. Oriane Perraux	39	Group Marketing Director
Ms. Annick De Poorter(2)	43	Group R&D and Quality Director
Mr. Martin Gärtner(2)	47	Group Manufacturing Director
Mr. Özgür Akyıldız(2)	39	General Manager — Middle East and Africa Division
Mr. Arnauld Demoulin(1)	42	General Manager — Mature Market Retail Division
Mr. Xavier Lambrecht(1)	44	General Manager — Healthcare Division
Mr. Thierry Viale	51	General Manager — Growth Markets Division and Strategic Development

Notes:

(1) Thierry Navarre provides services to us through Artipa sprl, which is wholly owned by him. Jacques Purnode provides services to us through Cepholli BVBA, which is wholly owned by him. Xavier Lambrecht provides services to us through Marex BVBA, which is wholly owned by him. Arnauld Demoulin provides services to us through Arlipase BVBA, which is wholly owned by him.

(2) Annick De Poorter is employed by Ontex BVBA. Özgür Akyıldız is employed by Ontex Tüketim Ürünleri Sanayi ve Ticaret A.Ş. Martin Gärtner is employed by Ontex BVBA.

All members of the executive management team undertake their roles from the headquarters of Ontex BVBA in Erembodegem (Aalst), Belgium.

Charles Bouaziz, Chief Executive Officer. See *"— Pre-Offering Board of Directors"* above.

Jacques Purnode, Chief Financial Officer. See *"— Pre-Offering Board of Directors"* above.

Thierry Navarre, Chief Operating Officer. See *"— Pre-Offering Board of Directors"* above.

Oriane Perreaux, Group Marketing Director, joined Ontex BVBA on June 1, 2013. Prior to joining Ontex, Mrs. Perreaux held a number of marketing positions at Procter & Gamble France and International. Since 2011, she worked for Carrefour Group, where she held the position of International Brand Director for Carrefour Baby and Carrefour Kids. Mrs. Perreaux was appointed as a manager of Ontex BVBA as of June 1, 2013.

Annick De Poorter, Group R&D and Quality Director, joined the Ontex group in 2003 as the R&D Manager of Feminine Hygiene and was promoted to R&D and Quality Director in January 2009. Before joining the Ontex group, Ms. De Poorter was the R&D Engineer Technical Products at Libeltex NV in Belgium. Prior to that, she was a Scientific Researcher at University of Ghent, Faculty of Engineering, Department of Textiles, Ghent, Belgium. Ms. De Poorter holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium. She also holds a certificate "Internal Auditor ISO 9000 : 2000" from Lloyd's Register.

Martin Gärtner, Group Manufacturing Director, joined the Ontex group in 1997 as an Assistant Production Manager and was promoted to Group Manufacturing Director in 2009. Before becoming Group Manufacturing Director, Mr. Gärtner held the positions of Production Manager, Plant Manager and General Manager of Ontex. Prior to joining Ontex, Mr. Gärtner spent two years as a trainee at Wirths J. Hygiene GmbH in Germany. Mr. Gärtner holds a Diploma–Kfm. in Production Technique and Industrial Controlling from the Technical University in Aachen, Germany.

Özgür Akyıldız, General Manager of the Middle East and Africa Division, joined the Ontex group in 2002 as an Assistant Sales and Marketing Manager and was appointed General Manager of the Turkey Regional Division in May 2008. Before joining the Ontex group, Mr. Akyıldız was Product Manager at Digitürk A.Ş. in Istanbul, between May 2001 and August 2002, and Sales Supervisor, between October 1999 and May 2001. Mr. Akyıldız holds a degree in Business Administration from Boğaziçi University, Istanbul, Turkey.

Arnauld Demoulin, General Manager of the Mature Market Retail Division, joined the Ontex group in July 2002 as the Retail Brand Manager and was appointed General Manager of the Healthcare Division in January 2010, and subsequently appointed General Manager of the Mature Market Retail Division in September 2013. Mr. Demoulin was previously the Group's General Manager of the FBSI Division and Category Director. Before joining the Ontex group, Mr. Demoulin was a Division Manager at Robert Half International in Belgium. Prior to that, Mr. Demoulin spent eight years, between 1993 and 2000, holding various positions in the commercial division at Procter & Gamble, Belgium. Mr. Demoulin holds a degree in Economical Sciences from Institut Catholique des Hautes Ètudes Commerciales, Brussels, Belgium.

Thierry Viale, General Manager of the Growth Markets Division and Strategic Development, was appointed as General Manager of the Growth Markets Division and Strategic Development on October 1, 2013. Prior to joining Ontex, Mr. Viale held a number of senior positions at Procter & Gamble in Western Europe, Russia, Nigeria/ West Africa, Greater China, the Balkans and in India. Mr. Viale was appointed as a manager of Ontex BVBA as of October 1, 2013.

Philippe Agostini, Group Chief Procurement & Supply Chain Officer was appointed as CPO in charge of Purchasing & Supply Chain functions of the Ontex group on September 1, 2013. Mr. Agostini previously held various senior positions in Purchasing and Supply Chain for 25 years, at Mars, McDonald's, Lactalis, Pechiney-Alcan, JohnsonDiversey, and most recently Famar, where he held the position of Group Purchasing VP. Mr. Agostini was appointed as a manager of Ontex BVBA as of September 1, 2013.

Laurent Bonnard, Group Sales Director, was appointed Group Sales Director of Ontex BVBA on 9 September 2013. Laurent has held various senior positions within Sales and Marketing in Mars and Quaker. Subsequently he joined Pepsico, as Sales Director France and last held the position of VP Business Development for Europe. Laurent Bonnard was appointed as a manager of Ontex BVBA as of September 9, 2013.

Xavier Lambrecht, General Manager of the Healthcare Division, joined the Ontex group early 2009 as Sales & Marketing Director of the Health Care Division. Prior to that, he held different roles within Sales Development and Business Planning at Imperial Tobacco. Mr. Lambrecht was appointed as a director of Ontex BVBA as of February 1, 2014.

Share Ownership and Intention of the Members of the Executive Management Team to Participate in the Offering

Immediately prior to the closing of the Offering, all members of the executive management team will own the following number of Shares, assuming that the Offer Price is at the mid-point of the Price Range: Charles Bouaziz: 794,810; Jacques Purnode: 198,703; Thierry Navarre: 333,671; and the other members of the executive management team in aggregate: 838,772.

All members of the executive management team are Selling Shareholders. Assuming a full placement of the Offer Shares in the Secondary Tranche (including, with the exception of Charles Bouaziz, Jacques Purnode and certain other members of the executive management team, the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, they will offer the following number of Shares: Charles Bouaziz: 107,299; Jacques Purnode: 26,825; Thierry Navarre 66,179; and the other members of the executive management team in aggregate: 159,880. Messrs. Bouaziz, Purnode and certain other members of the executive management team will not increase the number of Offer Shares they are selling pursuant to the Increase Option or the Over-allotment Option.

Assuming a full placement of the Offer Shares in the Secondary Tranche (including, with the exception of Charles Bouaziz, Jacques Purnode and certain other members of the executive management team, the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, the members of the executive management team will hold after the closing of the Offering the following number of Shares: Charles Bouaziz: 687,511; Jacques Purnode: 171,878; Thierry Navarre 267,492; and the other members of the executive management team in aggregate: 678,892.

To the extent known to the Company, no member of the executive management team intends to purchase Offer Shares in the Offering.

General Information on the Members of the Executive Management Team

In relation to each of the members of the executive management team, the Company is not aware of (i) any convictions in relation to fraudulent offenses during the past five years; (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships, or partner or senior management positions during the past five years; or (iii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years.

None of the members of the executive management team has a potential conflict of interests between his/her duties to the Company and his/her private interests and/or any other duties he or she may have, except for any matters in relation to his/her management or employment agreement with the Company or any of its subsidiaries (if any) or with any (indirect) shareholder of the Company. No member of the executive management team has a family relationship with any director or other member of the executive management team.

In the five years preceding the date of this Prospectus, the members of the executive management team have held the following main directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
Mr. Philippe Agostini	N/A	N/A
Mr. Laurent Bonnard	N/A	N/A
Mrs. Oriane Perraux	N/A	N/A
Ms. Annick De Poorter	N/A	N/A
Mr. Martin Gärtner	N/A	N/A
Mr. Özgür Akyıldız	N/A	N/A
Mr. Arnauld Demoulin	ARLIPASE sprl, ESCALPADE	N/A
Mr. Xavier Lambrecht	Marex CV	N/A
Mr. Thierry Viale	N/A	N/A

Remuneration of Directors and Members of the Executive Management Team

Board of Directors

The General Meeting decides whether the office of Director will be remunerated through the allocation of fixed compensation. The amount of any such remuneration is determined by the General Meeting and is borne by the Company. The remuneration of the non-executive members of the Board of Directors was decided by by way of written shareholders' resolutions dated June 2, 2014 as follows:

- Director fee: €75,000;
- Additional fee applicable to the Chairman of the Board of Directors: €75,000;
- Additional fee applicable to a Committee Chairman: €25,000.

No director fee is paid to the executive directors.

CEO and Other Members of the Executive Management Team

Remuneration for the Year ended December 31, 2013

For the year ended December 31, 2013, remuneration of €880,000 was paid to the CEO. This remuneration is comprised of the following elements:

- gross base remuneration: €738,636;
- one-time gross sign-on payment: €141,364;

The CEO was also awarded stock options over preferred shares of Ontex I for a taxable value of €230,000.

In 2014, variable compensation (in the form of a cash bonus payment) was awarded to the CEO in relation to performance during the year 2013 in the gross amount of €787,800.

For the year ended December 31, 2013, total remuneration of €2.875 million was paid to the other members of the executive management team. This remuneration was comprised of the following elements:

- gross base remuneration: €2.0 million;
- variable remuneration: €0.6 million;
- stock options over preferred shares of Ontex I for a taxable value of €0.2 million;
- pension and death in service and disability coverage: €0.025 million; and
- other compensation components, such as sign-on bonuses, meal vouchers, cars, mobile phones: €0.05 million.

In relation to the above, it should be noted that five members of the executive management team only joined in 2013 and therefore were not remunerated for the entire year in 2013.

In this regard, it should also be noted that in 2014, variable remuneration relating to performance in the year 2013 was paid out in the total gross amount of €1.1 million, including €0.25 million relating to those executive management team members who joined in 2013.

Legal Constraints Applicable as of the Closing of the Offering

By law, certain restrictions apply to the remuneration of the CEO and the members of the executive management team in addition to those mentioned under "— Termination Provisions" below. Variable remuneration can only be paid to the CEO and the members of the executive management team if the performance criteria explicitly mentioned in the contractual or other provisions governing the relationship were met in the relevant period.

If the variable remuneration constitutes more than 25% of the total annual remuneration package, at least 25% of the variable remuneration must relate to pre-determined and objectively measurable performance criteria deferred over a minimum period of two years, and at least another 25% must relate to such criteria deferred over a minimum period of three years (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

In respect of share-based remuneration, Shares can only vest and options giving the right to receive Shares or any other rights to acquire Shares can only be exercisable as from three years after the grant (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

Termination Provisions

Other than in the case of termination in certain events of breach of contract, each of the CEO and the COO is entitled to a notice period of 12 months or an indemnity in lieu of notice corresponding to 12 months of remuneration (in respect of the CEO, this includes fixed remuneration and bonus). Each of the CEO and the COO is subject to a non-competition clause for a period of up to 12 months from the date of termination or resignation restricting his ability to work for competitors. Each of them is entitled to receive compensation in an amount equal to up to 12 months of remuneration if this non-competition clause is applied.

Other than in the case of termination in certain events of breach of contract, the CFO is entitled to a notice period of three months or an indemnity in lieu of notice corresponding to three months of remuneration. The CFO is subject to a non-competition clause for a period of up to 24 months from the date of termination or resignation restricting his ability to work for competitors. He is entitled to receive compensation in an amount equal to up to 12 months of remuneration if this non-competition clause is applied. If the compensation relating to the non-competition clause amounts to less than 9/12th of the annual fixed remuneration, the difference between these amounts will paid as a supplementary indemnity in lieu of notice.

The other members of the executive management team are either subject to provisions similar to those summarised above or to the application of ordinary rules of employment law.

Conflicts of Interest

Directors' Conflicts of Interest

Article 523 of the Belgian Companies Code provides for a special procedure if a director of the Company directly or indirectly has a personal financial interest that conflicts with a decision or transaction that falls within the Board of Directors' powers. The director concerned must inform the other directors before any decision of the Board of Directors is taken and the Statutory Auditor must also be notified. For companies that are making or have made a public call on savings (the Company will qualify as such a company after the Closing Date), the director thus conflicted may not participate in the deliberation or vote on the conflicting decision or transaction. The minutes of the meeting of the Board of Directors must set out the director's declaration of the conflict of interest, the nature of relevant decision or transaction, the financial impact of the matter on the Company, and justify the decision taken. An excerpt of the minutes must be published in the Company's annual report. The report of the Statutory Auditor to the annual accounts must contain a description of the financial impact on the Company of each of the Board's decisions in matters where a conflict arises.

Intra-group Transactions

Save for certain exempted decisions or transactions, Article 524 of the Belgian Companies Code provides for a special procedure when the decisions or transactions of a company whose shares have been admitted to trading on a regulated market (the Company will qualify as such a company after the Listing Date concern relationships between such company on the one hand, and affiliated companies of such company on the other hand, with the exception of relationships between that company and its subsidiaries. The procedure must also be followed for decisions or transactions between such company's subsidiaries on the one hand and affiliated companies of the subsidiaries on the other hand, with the exception of relationships between such company's subsidiaries and such subsidiaries' subsidiaries.

Prior to such decisions or transactions, the Board of Directors must appoint a special committee of three independent directors in accordance with Article 526ter of the Belgian Companies Code, supported by one or more independent experts appointed by the special committee. This committee must describe the decision or transaction and determine the commercial advantages and disadvantages of the decision or transaction for the Company and the shareholders. It must also calculate and establish the financial consequences of the decision or transaction, and determine whether or not the decision or transaction is manifestly detrimental in light of the Company's policies. If the committee does not find the decision or transaction to be manifestly detrimental, but believes it will prejudice the Company, it must clarify what benefits the decision or transaction will provide in compensation for the identified prejudices. The committee's recommendation must be submitted in writing, stating each of the above elements to the Board of Directors. The Board of Directors must then make a decision, taking into account the committee's recommendation.

The minutes of the Board of Directors must mention whether the procedure has been complied with and include a justification of any deviation from the committee's recommendation must be justified. The written recommendation of the committee and the decision of the Board of Directors must be communicated to the Statutory Auditor, who must issue a separate opinion, which must be annexed to the minutes of the Board of Directors, on the accuracy of the data contained in the recommendation of the committee and in the minutes of the Board of Directors. The committee's recommendation, an excerpt from the minutes of the Board of Directors and the opinion of the Statutory Auditor must be included in the annual report of the Board of Directors. This special procedure is not required for decisions and transactions entered into in the ordinary course of business at usual market conditions or for decisions and transactions in value not exceeding 1% of the Company's consolidated net assets.

Statutory Auditor

The audit of the unconsolidated and consolidated financial statements of the Company is entrusted to the statutory auditor which is appointed by the Shareholders' Meeting, for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the statutory auditor.

The statutory auditor currently is: PwC Bedrijfsrevisoren BV CVBA, represented by Peter Opsomer BV BVBA, in turn represented by Peter Opsomer (member of the *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*), Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium.

The mandate of PwC Bedrijfsrevisoren BV CVBA will expire at the annual Shareholders' Meeting in 2017.

Article 17 of the Belgian law of 22 July 1953 (creating an institute of corporate auditors and organizing the public supervision of the profession of corporate auditors) limits an auditor's liability to €12.0 million for tasks reserved to auditors of listed companies by Belgian law or in accordance with Belgian law, such as auditing financial statements, except for liability resulting from the auditor's fraud or other deliberate breach of duty.

PRINCIPAL AND SELLING SHAREHOLDERS AND GROUP STRUCTURE

The following table presents the beneficial ownership of the Shares immediately prior to the closing of the Offering and giving effect to the reorganization and the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range:

	Shares Owned Before the Closing of the Offering		Shares Owned After the Closing of the Offering		Shares Owned Assuming Full Exercise of Over-Allotment Option	
	Number	%	Number	%	Number	%
Whitehaven B	44,487,657	89.0	34,929,158	51.7	30,955,312	45.8
Former Management[(1)]	4,200,905	8.4	3,284,397	4.9	3,020,338	4.5
of which remain employed by Ontex	1,313,618	2.6	1,117,823	1.7	1,051,570	1.6
Current Management[(1)]	1,311,438	2.6	1,101,310	1.6	1,101,310	1.6
Public	—	—	28,252,702	41.8	32,490,607	48.1
Total	50,000,000	100.0	67,567,567	100.0	67,567,567	100.0

Note:

(1) Assuming that the Offer Price is at the mid-point of the Price Range, Paul Walsh, Charles Bouaziz, Jacques Purnode and Thierry Navarre owned 99,351, 794,810, 198,703 and 333,671 Shares immediately prior to the closing of the Offering, respectively. They will sell 51,961, 107,299, 26,825 and 47,704 Shares in the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including, with respect to Mr. Navarre, the exercise of the Increase Option) and that the Offer Price is at the mid-point of the Price Range, respectively, resulting in them holding 47,390, 687,511, 171,878 and 285,967 Shares after the closing of the Offering (or 47,390, 687,511, 171,878 and 267,492 Shares after the closing of the Offering assuming that the Over-allotment Option is exercised in full), respectively. The number of Shares to be sold by Mr. Walsh in the Offering represents 52.3% of the Shares held by him prior to the closing of the Offering. The sale of 42.3% of the Shares held by Mr. Walsh prior to the Offering will result in no incremental net proceeds to him but rather are being sold to meet the tax liability he will incur in connection with the conversion of his options over preferred shares in Ontex I to Shares (excluding the tax liability in relation to the conversion of 10% of the shares).

The number of Shares in the Company held by each of the different Selling Shareholders before any sales of Shares in the Secondary Tranche will be determined pursuant to contractual arrangements between shareholders, on the basis of the Offer Price.

The ultimate shareholders of Whitehaven B are described below under "— *Shareholders.*"

All of the Shares have the same voting rights except that voting rights are suspended when such Shares are held by the Company as treasury shares.

Reorganization

Prior to the closing of the Offering, entities established by GSCP and TPG own all of the ordinary shares of Ontex I, which serves as the ultimate holding company for Ontex's operations and carries out its operations through various direct and indirect subsidiaries organized in the jurisdictions in which Ontex operates. Ontex I in turn holds approximately 93.5% of the ordinary shares of Ontex II. The Ontex group's executive management team at the time of the acquisition of Ontex by GSCP and TPG in July 2010, holds the remaining approximately 6.5% of Ontex II's equity. Certain of these persons are no longer employed by Ontex. Certain members of the executive management team that currently run the business and the Chairman of the Board of Directors own options over preferred shares of Ontex I. These persons do not hold ordinary shares in Ontex I.

A reorganization is being implemented, pursuant to which the Company will become, subject to and with effect immediately prior to the closing of the Offering, the new ultimate parent company of the Ontex group. The reorganization includes the following steps:

- The shareholders of Ontex I formed a company organized under Luxembourg law named Whitehaven A S.à r.l., which in turn formed Whitehaven B, which is one of the Selling Shareholders and also organized under Luxembourg law;
- The Company was incorporated on April 24, 2014 by Whitehaven B as a limited liability company in the form of a *naamloze vennootschap/société anonyme* under Belgian law to serve as the new ultimate parent company of the Ontex group as from immediately prior to the closing of the Offering.

- Pursuant to shareholders' resolutions irrevocably adopted prior to the commencement of the Offering, the transactions described below will take place subject to, and with effect upon the pricing or immediately prior to the closing of the Offering:
  - the shareholders of Ontex I will contribute their ordinary shares and convertible preferred equity certificates in Ontex I to Whitehaven A S.à r.l.;
  - the current shareholders of Ontex I will receive convertible preferred equity certificates in Whitehaven A S.à r.l. and, indirectly, in Whitehaven B:
  - Whitehaven A S.à r.l. will contribute, in exchange for ordinary shares and convertible preferred equity certificates of Whitehaven B, (i) all shares of Ontex I that were contributed to it by the shareholders of Ontex I and (ii) all shares in Ontex I resulting from the conversion of the convertible preferred equity certificates previously held by the current shareholders of Ontex I;
  - Whitehaven B will contribute to the Company in exchange for Shares all shares in Ontex I contributed to it by Whitehaven A S.à r.l.;
  - Those members of the Company's executive management (and the Chairman of the Board of Directors) who hold options over preferred shares of Ontex I will contribute these options to the Company in exchange for newly issued Shares, it being understood that such options will lapse upon such contribution; and
  - Members of the 2010 management team who currently hold equity interests in Ontex II will, directly or indirectly, contribute those interests to the Company in exchange for newly issued Shares.

The valuation and the relative value ascribed to each of these contributions, and the resulting proportion of the Company's share capital held by each contributing person or entity will be determined, pursuant to contractual arrangements between shareholders, on the basis of the Offer Price. Assuming that the Offer Price is at the mid-point of the Price Range, the Company's share capital will amount to €709,554,048 as of the Closing of the Offering.

Following the completion of these transactions, the Company will directly own all equity interests in Ontex I and the minority interest in Ontex II will be eliminated. The completion of these transactions will be acknowledged at latest on the Closing Date immediately after the receipt by the Company of the bank certificate in respect of the proceeds of the Primary Tranche of the Offering in accordance with Article 600 of the Belgian Companies Code. The reorganization which is being implemented in relation to the Company shall not be prejudicial to investors.

The Shares created as a result of these transactions are referred to in the Prospectus as "existing" Shares as these transactions will occur immediately prior to the issuance by the Company of the Shares to be sold in the Primary Tranche and these "existing" Shares can be distinguished from the Shares to be sold by the Company in the Primary Tranche. The Selling Shareholders will offer up to 14,923,040 Shares in the Secondary Tranche (including the exercise of the Increase Option) and assuming that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full.

The valuation ascribed to these contributions in kind will be based on the Offer Price. Indeed, since, upon completion of the above reorganization (and before the capital increase to be effected in connection with the Primary Tranche), the assets and liabilities of the Company will comprise essentially those resulting from these contributions in kind, the aggregate value of the equity of Ontex I (and hence of the Ontex I equity securities contributed in the contributions in kind) will be equal to the product of the expected (fixed) number of "existing" shares of the Company and the Offer Price.

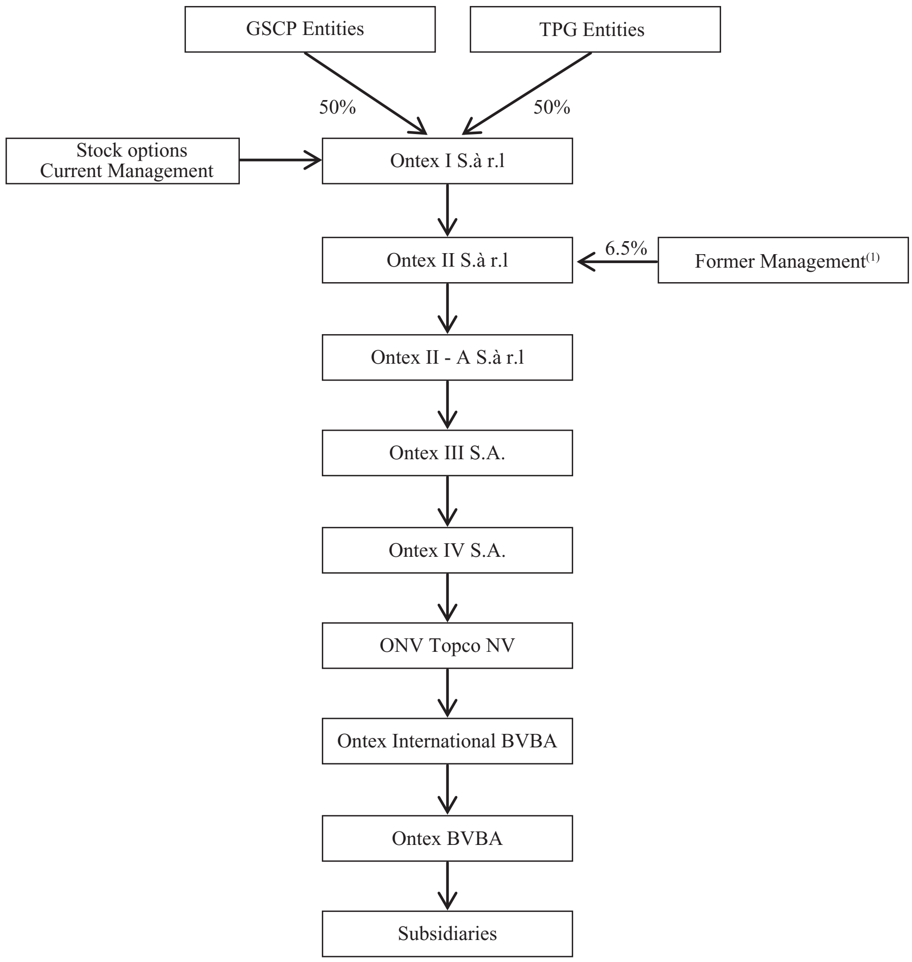
The shareholders of the Company have resolved, prior to the commencement of the Offering and subject to the effective completion of the Company's capital increase through the contributions in kind described above, upon (i) a capital increase by incorporation of the issue premium recorded in the framework of those contributions in kind and (ii) a capital reduction, each with effect immediately prior to the closing of the Offering, which will result in distributable reserves being created in the amount of €400 million.

Following the Offering, we intend to further simplify the corporate structure of the Ontex group by eliminating certain of the intermediate holding companies between the Company and Ontex IV, in order to optimize the structure of the group. We intend to refinance the Senior Secured Floating Rate Notes in the amount of €280 million (see *"Use of Proceeds"*). We also intend to refinance the remaining series of Notes (including the Senior Secured Fixed Rates Notes and the Senior Notes) during the course of 2015 in order to optimize interest costs.

Group Structure

As of the Date Hereof

The following chart shows Ontex's organization before the closing of the Offering:

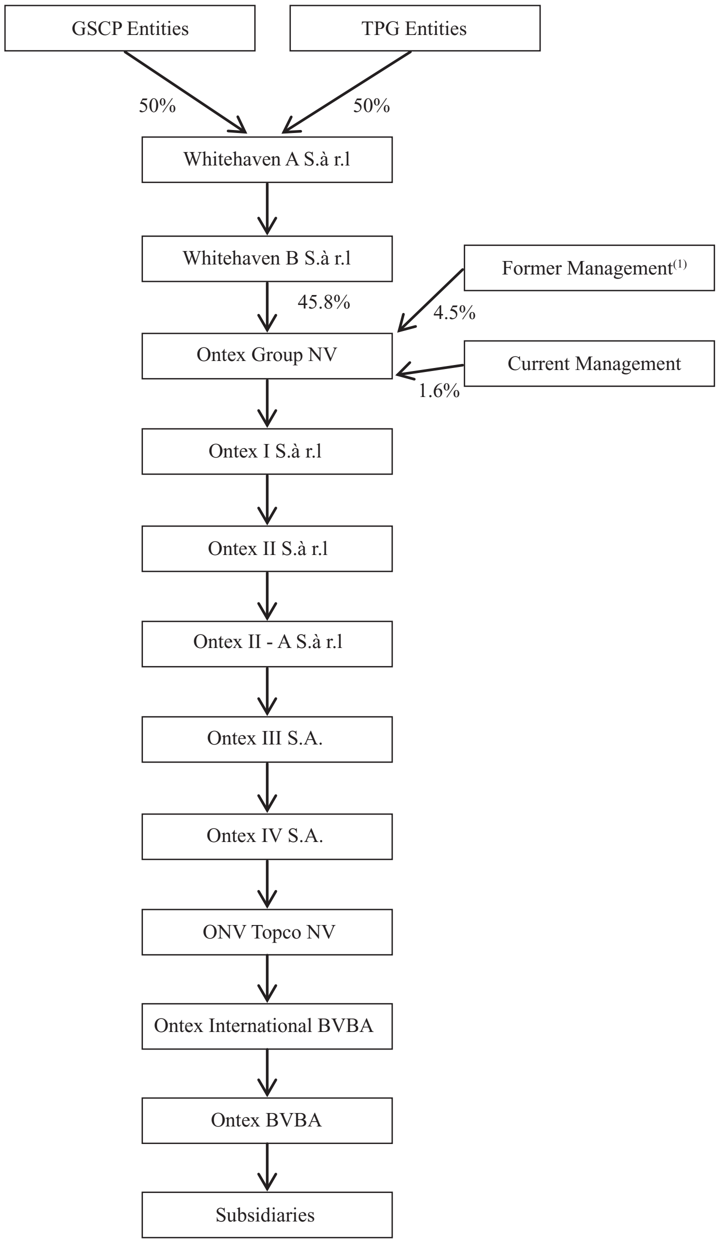


Note:

(1) Former management includes eleven individuals who continue to be employed by Ontex.

After Closing of the Offering

The following chart shows Ontex's organization giving effect to the reorganization and the Offering, assuming a full placement of the Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full:



Note:

(1) Former management includes eleven individuals who continue to be employed by Ontex.

Shareholders

In July 2010, entities established by GSCP and TPG agreed to acquire Ontex at a price per share valuing Ontex at an enterprise value of €1.2 billion (by contrast, assuming that the Offer Price is at the mid-point of the Price Range, the enterprise value of the Company will amount to €1.84 billion as of the closing of the Offering). The acquisition closed on November 18, 2010. As part of the reorganization (as described above under "—*Reorganization*"), GSCP and TPG combined the indirect interests they hold in the Ontex group to form Whitehaven B, one of the Selling Shareholders.

GSCP

GSCP is a series of global diversified funds, with over $20 billion of capital commitments, managed by affiliates of The Goldman Sachs Group, Inc. and primarily engaged in privately negotiated corporate equity investment activities globally. GSCP has invested over $6.5 billion in consumer business and retail transactions including investments in Michael Foods, Dollar General and Polo Ralph Lauren. GSCP focuses on large, sophisticated business opportunities in which value can be created by leveraging the resources and expertise of Goldman Sachs to source, execute and manage investments. Since 1986, Goldman Sachs through its Principal Investment Area ("PIA") and its predecessor business areas have raised 18 private equity and principal debt investment funds aggregating over $84 billion through a combination of external investment funds and firm capital. Founded in 1869, Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

TPG Capital

TPG is a leading global private investment firm founded in 1992 with over $59 billion of assets under management and offices in San Francisco, Fort Worth, Austin, Houston, Beijing, Chongqing, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, São Paulo, Shanghai, Singapore and Tokyo. TPG has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings.

Shareholders' Agreement

GSCP and certain affiliates of TPG will enter into a shareholders' agreement as shareholders of Whitehaven A and, indirectly, Whitehaven B (the "Shareholders' Agreement").

The Shareholders' Agreement will continue to apply for so long as Whitehaven B continues to hold Shares.

The Shareholders' Agreement will address certain matters relating to the governance and management of Whitehaven A, Whitehaven B and the Company as well as the ownership and transfer of Whitehaven A and Whitehaven B shares and Shares held by Whitehaven B. Pursuant to the terms of the Shareholders' Agreement, GSCP and TPG will have equal interests and voting rights in Whitehaven A, Whitehaven B and the Shares held by it. Among other things, GSCP and TPG will agree that Whitehaven A and Whitehaven B will be managed by a board of directors and that each of GSCP and TPG will have the right to appoint an equal number of directors on that board. If, however, their shareholding interests in Whitehaven A change, their directors nomination rights may change accordingly. All decisions of Whitehaven B with respect to the Shares it holds, including how its Shares will be voted at all Shareholders' Meetings of the Company will be made by the Whitehaven B board. The Shareholders' Agreement will provide for restrictions on the ability of GSCP and TPG to transfer their Whitehaven A shares.

Board Composition

The Shareholders' Agreement provides for the Company's Board and committee appointment rights provided for in the Articles of Association and described under *"Management and Corporate Governance."*

Arrangements with Management Shareholders

Although all of the Ontex II shares and Ontex I options held by the 2010 executive management team and members of the current executive management team respectively will, subject to and with effect immediately prior to the closing of the Offering, be converted in Shares based on the Offer Price, such management shareholders and Whitehaven B have agreed that the economic entitlements under the Ontex II shares and Ontex I options should be preserved. Accordingly, a substantial part of the Shares issued to holders of Ontex II shares representing their rollover investment in the Ontex group at the time of its acquisition in 2010 have definitively been earned by their holders. For the balance of the Shares issued in respect of shares in Ontex I and for the Shares issued in respect of options in Ontex II, the entitlements of their holders were based on the exit multiple on a cash received basis for the Ontex II shares and on the gain achieved on a cash received basis over a hurdle rate for the Ontex I options, in each case in conection with realization on the investments of Whitehaven B in the Ontex group. In both cases, the entitlement cannot be fully determined at the time of the Offering and can only be determined at a later time.

Accordingly, the management shareholders have agreed with Whitehaven B that the number of Shares that each manager holds immediately following the Offering can be adjusted later to give effect to the original economic entitlements. This will be done by the grant of call options by managers and Whitehaven B so that a manager can acquire Shares from Whitehaven B at a symbolic price in the case of an upwards adjustment and vice versa. Normally, as the entitlements are based on a cash received basis, the adjustments cannot be made until Whitehaven B has disposed of all its Shares; however it has been agreed that final adjustments will be made at an earlier date. This will be when Whitehaven B has disposed of 75% of the Shares it held pre-Offering, or four years from the date of completion of the Offering if earlier. In the case where the 75% threshold is passed, the Shares still owned at the adjustment date will be valued at the price received in the transaction that causes the 75% threshold to be passed. Where the four-year time limit is exceeded, the Shares still owned at the adjustment date will be valued based on the 30-day volume weighted average Share price at that time.

The Shares held by managers (including CEO and CFO) who contributed Ontex I options are also subject to a vesting period. If they leave Ontex voluntarily or are dismissed for cause in the 12 months following the Offering, then all of the Shares they held immediately after the Offering may be purchased by Whitehaven B for a symbolic price under the call option. If they leave voluntarily or are dismissed for cause between 12 and 24 months following the Offering, then 50% of such Shares may be purchased by Whitehaven B for a symbolic price. The managers who contributed Ontex II shares who leave following the Offering but before the adjustment date are subject to a downwards adjustment in their entitlement calculation.

To give effect to the above, the Shares owned by all managers following the Offering will be held in a Dutch foundation (Stichting Administratiekantoor) or other trust or escrow arrangement. As and when Shares are no longer subject to lock-up or required to be blocked to give effect to these arrangements, the respective manager will be free to dispose of these Shares, subject to orderly marketing arrangements for so long as these arrangements remain in effect.

RELATED PARTY TRANSACTIONS

As part of our business, we have entered into several transactions with related parties, including our principal shareholders. The following is a summary of our most significant transactions with related parties for the year ended December 31, 2013 and as of the date hereof. For further detail on related party transactions, see Note 27 to our audited consolidated financial statements

Ruralbridge Consultancy Agreement

On November 18, 2010, Ontex IV entered into a consultancy agreement with Ruralbridge Limited ("Ruralbridge") pursuant to which Michael Teacher, Christopher Parratt, Leigh Harrison and Peter Whitehead, who were directors and shareholders of Ruralbridge, provided consultancy services to Ontex IV to assist in growing sales, developing new products and markets, improving margins, improving manufacturing efficiency, reducing operating costs, reducing working capital, and identifying and acquiring business that were complementary to Ontex.

The consultancy agreement provided that in consideration for such services, Ontex IV would pay an annual fee to Ruralbridge. Subject to certain exceptions, the consultancy agreement continued until it terminated with effect from June 30, 2013. Michael Teacher and Christopher Parratt served as our CEO and CFO until their departure in 2013, and each of Leigh Harrison and Peter Whitehead were members of the executive management team of the Company.

Pursuant to an amendment in force from 2013, Michael Teacher was excluded from the consultancy agreement as of the start date of the mandate of Charles Bouaziz (January 22, 2013), although he remained available until termination of the consultancy agreement.

On July 1, 2013, Ontex IV entered into a new consultancy agreement with Ruralbridge with respect to further consulting services which was terminated on November 30, 2013.

Monitoring Services Agreement

On December 2, 2010, Goldman, Sachs & Co. and TPG Capital, L.P. entered into a monitoring services agreement (the "Monitoring Services Agreement") with Ontex I, Ontex II S.à r.l., Ontex II-A S.à r.l., Ontex III S.A. and Ontex IV pursuant to which Goldman, Sachs & Co. and TPG Capital, L.P. perform certain monitoring, advisory and consulting services in relation to the affairs of the Ontex group. When resolving to enter into the Monitoring Services Agreement, each of the boards of Ontex I, Ontex II S.à r.l., Ontex II-A S.à r.l., Ontex III S.A. and Ontex IV have taken into account the corporate interest of these companies. The monitoring services agreement provides that in consideration for such services the Ontex group shall collectively pay an annual fee of €2.4 million plus out-of-pocket expenses; such annual fee has been paid to date. In addition, incremental fees are payable in connection with services related to acquisitions in the amount of 1% of the enterprise value. The Monitoring Services Agreement also provides for the payment to GSCP and TPG of a fee equal to 1% (to be shared equally between them) of the enterprise value on exit upon listing of the Shares on a securities exchange. The Goldman Sachs Group, Inc. (or one of its affiliates) is the investment manager of GSCP which indirectly owns approximately 46.7% of Ontex IV's outstanding equity, and TPG Capital, L.P. is an affiliate of TPG, which manages funds that own approximately 46.7% of the Company's outstanding equity. The Monitoring Services Agreement will be terminated upon the closing of the Offering and the exit fee will amount to €18.4 million, assuming that the Offer Price is at the mid-point of the Price Range.

Revolving Credit Facility

Goldman Sachs International and Merrill Lynch International, both of which are acting as Underwriters in the Offering, also act as mandated lead arrangers under the Revolving Credit Facility entered into with Ontex IV on March 25, 2011. The Revolving Credit Facility Agreement initially provided for borrowings up to an aggregate of €50.0 million. On August 15, 2012, its terms were amended to provide for borrowings up to an aggregate amount of €75.0 million. The Revolving Credit Facility matures on March 31, 2017. As of March 31, 2014, there were no drawings outstanding under the Revolving Credit Facility. See *"Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources — Revolving Credit Facility."*

On September 12, 2013, Goldman Sachs International entered into an ISDA foreign exchange hedging agreement with Ontex Coordination Center BVBA.

On June 30, 2011, Ontex Coordination Center BVBA entered into an interest rate cap arrangement with Goldman Sachs International to manage a portion of our interest rate risk in respect of the Senior Secured Floating Rate Notes. The interest rate cap arrangement is at a rate of 4.50%, has a notional amount of €150 million and terminates January 15, 2017.

Other Transactions

In 2011, British Vita supplied goods at arm's length to the Ontex group through its subsidiary Libeltex. The revenue in 2012 from this arrangement amounted to €9.7 million (2011: €13.4 million) and as of 31 December 2012 Ontex owed British Vita €2.1 million (2011: €3.3 million). British Vita was owned by a fund managed by TPG Capital, L.P. and delivered goods to Ontex for over ten years. In September 2012, Libeltex was sold to the TWE Group.

In 2013, the Ontex group sold goods at arm's length to Lenta, a company in which TPG is a shareholder. The revenue from this arrangement was € 4.7 million in 2013. The Ontex group continues to sell goods to Lenta.

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

General

The Company is a limited liability company incorporated in the form of a *naamloze vennootschap/société anonyme* under Belgian law. The Company was formed by Whitehaven B, having its registered office at 2, Rue du Fossé, 1536 Luxembourg, Grand-Duchy of Luxembourg, as described in *"Principal and Selling Shareholders and Group Structure — Reorganization."* Pursuant to the provisions of the Belgian Company Code, the liability of the shareholders of the Company is in principle limited to the amount of their respective committed contribution to the capital of the Company.

The Company is registered with the legal entities register of Ghent, division Dendermonde under number 0550.880.915. The Company's registered office is located at Korte Keppestraat 21/31, 9320 Erembodegem (Aalst), Belgium.

This section summarizes information relating to the Company's share capital, the Articles of Association, certain material rights of its shareholders under Belgian law and the Company's group structure. The contents of this section are derived primarily from the Articles of Association, which were adopted by the Shareholders' Meeting on June 10, 2014. The entry into force of the amendments to the Articles of Association is subject to the closing of the Offering.

This section provides details of certain provisions of Belgian law and, where relevant, the Shareholders' Agreement and information on the Company's group structure. The description provided hereafter is only a summary and does not purport to provide a complete overview of the Articles of Association or the relevant provisions of Belgian law.

Corporate Purpose

According to the Articles of Association, the Company's corporate purpose is the following:

The company is a holding company which has as its purpose, the direct or indirect ownership and management of shareholdings and interests in other companies or entities, in Belgium and abroad, in its own name or in the name of third parties, for its own account or for the account of third parties, including but not restricted to companies or entities involved in the manufacture, purchase, sale, import, export, treatment, processing and representation of hygiene articles, rubber, plastic, paper and metal articles, bandaging materials, cotton wadding products, medical instruments, cosmetic articles and sterile and non-sterile medical equipment.

In particular, the foregoing includes, without limitation:

(a) investing in any companies or entities, whether with a commercial purpose or not, by subscribing, acquiring, placing, buying, selling and transferring shares, certificates or other securities or by any other means;

(b) managing investments and participations in any companies or entities, exercising management and director mandates, acting as liquidator, providing technical, legal, accounting, financial, commercial, administrative or management assistance or other support services;

(c) acquiring, hiring, leasing, maintaining and operating resources, and making these resources available to companies or entities in which it directly or indirectly owns shares, or third parties; and

(d) granting of loans irrespective of form or term, to companies or entities in which it directly or indirectly owns shares or interests as well as granting guarantees and other securities to third parties for the obligations of such companies or entities.

The company may engage in any commercial, industrial and financial activities and perform all transactions with real estate or movable property which are directly or indirectly related to its purpose or which purport to contribute to the achievement of its purpose.

Share Capital and Shares

Share Capital History

At the time of the Company's creation, its share capital amounted to €70,000, represented by 7,000 Shares, each representing an identical fraction of the Company's share capital.

On June 10, 2014, an Extraordinary Shareholders' Meeting resolved the following:

- to increase, subject to the condition precedent of the delivery by a representative of the Underwriters of a bank certificate in respect of the capital increase in cash (certifying that the proceeds of the Primary Tranche of the Offering have been received in the blocked bank account of the Company in accordance with Article 600 of the Belgian Companies Code) and with effect as of the recording by the Company in a notarial deed of the satisfaction of such condition precedent, the Company's share capital by way of the following contributions in kind: (i) all ordinary shares in Ontex I held by Whitehaven B, (ii) all options over Ontex I shares held by the Ontex group's current executive management team and (iii) all ordinary shares in Ontex I held by the Ontex group's 2010 executive management team, it being understood that these ordinary shares in Ontex I will include the shares that will have been issued by Ontex I pursuant to the capital increases decided on or around June 10, 2014 by Ontex I, subject to the satisfaction of the same condition precedent as the one mentioned above. The valuation ascribed to these contributions will in each case be based on the Offer Price. When the condition precedent is fulfilled, one or more Directors will establish the contribution in kind and the amount by which the Company's share capital will be increased and will effectively issue the new shares to the persons who contributed shares to the Company;
- to increase, subject to the completion of the capital increases in kind referred to above and with effect as of the recording by the Company in a notarial deed of the satisfaction of such condition precedent, the Company's share capital by incorporation in the share capital of the issue premium recorded in the framework of the capital increases in kind set out above;
- to decrease, subject to the completion of the capital increases in kind referred to above and with effect as of the recording by the Company in a notarial deed of the satisfaction of such condition precedent, the Company's share capital by €400,000,000 to create distributable reserves in the same amount;
- to increase, subject to the closing of the Offering, the Company's share capital by a contribution in cash through the issuance of Shares to be sold in the Primary Tranche of the Offering for a maximum of €325,000,000.

Assuming that the Offer Price is at the mid-point of the Price Range, the Company's share capital will amount to €709,554,048 as of the closing of the Offering.

Long-term Incentive Plan

The Board of Directors and the Shareholders' Meeting, at their meetings held on June 3 and June 10, 2014 respectively, decided to set up a long-term incentive plan for the members of the executive management team, certain other senior managers and other persons assimilated to these categories. For each participant in the plan, the grant will consist for 50% stock options and 50% restricted stock units, giving the right, upon vesting, to existing Shares. The Company intends to effect the first grant in the months following the Offering. Grants are expected to be made each year for a period of five years.

Both the stock options and the restricted stock units will be granted for no consideration and will vest after three years, subject to the participant remaining in service at vesting. The exercise price of the stock options will be equal to the last closing price for the share of the Company immediately preceding the grant date and the stock options will expire after eight years.

In respect of the first grant referred to above, it is expected that the individual grant size for each participant will depend on the participant's annual base remuneration as well as his/her performance; the total grant size and the individual grant size for each participant will be determined by the Remuneration and Nomination Committee.

Form and Transferability of the Shares

All of the Shares belong to the same class of securities and are in registered or dematerialized form. A register of registered Shares (which may be held in electronic form) is maintained at the Company's registered address. It may be consulted by any holder of Shares. A dematerialized security is represented by an entry on a personal account of the owner or holder, with a recognized account holder or clearing and settlement institution. Holders of Shares may elect, at any time, to have their registered Shares converted into dematerialized Shares, and vice versa, at their own expense.

The Shares are freely transferable, subject to any contractual restrictions. See *"Plan of Distribution — Lock-up Arrangements."*

Preferential Subscription Rights

The Belgian Companies Code and the Articles of Association give shareholders preferential subscription rights to subscribe on a pro rata basis by reference to the part in the capital represented by their shares, for any issue for cash of new shares, convertible bonds or warrants. The preferential subscription rights may be exercised during a period determined by the Shareholders' Meeting or by the Board of Directors acting within the framework of the Company's authorized capital, with a legal minimum of 15 days.

The Shareholders' Meeting may restrict or suppress the pre-emption rights for any capital increase or issue of convertible bonds or warrants, subject to the quorum and voting requirements applying to an amendment to the Articles of Association, and subject to special reporting requirements. Shareholders may also authorize the Board of Directors to restrict or suppress the pre-emption rights for any capital increase or issue of convertible bonds or warrants when issuing securities within the framework of the Company's authorized share capital, subject to the same special reporting requirements.

On June 10, 2014, the Extraordinary Shareholders' Meeting authorized the Board of Directors, subject to and with effect as from the closing of the Offering, to increase the share capital in one or more transactions by a number of Shares, or by financial instruments giving the right to a number of Shares such as, but not limited to, convertible bonds or warrants, so as to bring the share capital to a maximum of 150% of its amount at the closing of the Offering. Within the framework of the authorized capital, the Board of Directors is empowered to proceed with a capital increase in any form, including, but not limited to, a capital increase accompanied by the restriction or suppression of preferential subscription rights. This authorization includes the restriction or suppression of preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company or its subsidiaries) and in connection with capital increases in the event of a public tender offer. See *"— Legislation and Jurisdiction — Public Takeover Bids."* The authorization is valid for a term of five years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad/Moniteur belge*). In connection with capital increases in the event of a public tender offer, the authorization is only valid for a term of three years as from the date of the Extraordinary Shareholders' Meeting referred to at the beginning of this paragraph.

Convertible Bonds and Warrants

The Company may issue convertible bonds or warrants (whether or not attached to bonds) either pursuant to a resolution of the Shareholders' Meeting acting under the conditions necessary for modifying the Articles of Association (the presence or representation of at least 50% of the Company's share capital and a majority of at least 75% of the votes cast) or pursuant to a resolution of the Board of Directors acting within the scope of the authorized capital.

Right to Attend and Vote at Shareholders' Meetings

General Shareholders' Meetings

The annual Shareholders' Meeting is held on 25 May each year at 10 a.m., or, if this day is a public holiday, a Saturday or a Sunday, on the first business day thereafter. It takes place at the registered office of the Company or at any other place designated by the convening notice convening the Shareholders' Meeting.

The other Shareholders' Meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than the registered office.

The annual, special and extraordinary Shareholders' Meetings may be convened by the Board of Directors or by the statutory auditor and must be convened at the request of shareholders representing one-fifth of the Company's share capital.

Notices Convening the Shareholders' Meeting

Holders of registered Shares must receive written notice of the Shareholders' Meeting by regular mail at least 30 days prior to the meeting. The Company must also publish a notice of the meeting in the Belgian State Gazette (*Belgisch Staatsblad/Moniteur belge*), in a newspaper with national distribution (except for those annual Shareholders' Meeting which take place at the location, place, day and hour indicated in the Articles of Association and whose agenda is limited to the approval of the annual accounts, the annual reports of the Board of Directors and the statutory auditor, discharge to be granted to the directors and statutory auditor, the remuneration report and termination provisions) and in media that can be reasonably considered having effective distribution with the public in the European Economic Area and that is swiftly accessible, and in a non-discriminatory manner. The notices are published at least 30 days prior to the meeting. If a new convocation is required for lack of quorum and the date of the second meeting was mentioned in the first notice, then, in the absence of new agenda items, notices are published at least 17 days in advance of that second meeting.

As from the publication of the notice, the Company shall make the information required by law available on the Company's website (www.ontexglobal.com) for a period of five years after the relevant Shareholders' Meeting.

Formalities to Attend the Shareholders' Meeting

A shareholder wishing to attend and participate in the Shareholders' Meeting must:

- have the ownership of its Shares recorded in its name, as at midnight Central European Time, on the fourteenth calendar day preceding the date of the meeting (the "record date") either through registration in the shareholders' register in the case of registered Shares or through book-entry in the accounts of an authorized account holder or clearing institution in the case of dematerialized Shares; and
- notify the Company (or the person designated by the Company) by returning a signed original paper form or, if permitted by the Company in the notice convening the Shareholders' Meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the sixth calendar day preceding the day of the meeting, of its intention to participate in the meeting, indicating the number of Shares in respect of which they intend to do so. In addition, the holders of dematerialized Shares must, at the latest on the same day, provide the Company (or the person designated by the Company), or arrange for the Company (or the person designated by the Company) to be provided, with an original certificate issued by an authorized account holder or a clearing institution certifying the number of Shares owned on the record date by the relevant shareholder and for which it has notified its intention to participate in the meeting.

Holders of profit-sharing certificates, non-voting shares, bonds, subscription rights or other securities issued by the Company, as well as holders of certificates issued with the cooperation of the Company and representing securities issued by the latter, may participate in the Shareholders' Meeting insofar as the law or the Articles of Association entitles them to do so and, as the case may be, gives them the right to participate in voting. If they propose to participate, such holders are subject to the same formalities concerning admission and access, and forms and filing of proxies, as those imposed on shareholders.

Voting by Proxy

Any shareholder with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him or her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by the Company. The signed original paper or electronic form must be received by the Company at the latest on the sixth calendar day preceding the meeting. Any appointment of a proxy holder shall comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

Remote Voting in Relation to the Shareholders' Meeting

The notice convening the meeting may allow shareholders to vote remotely in relation to the Shareholders' Meeting, by sending a paper form or, if specifically allowed in the notice convening the meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). These forms shall be made available by the Company. The original signed paper form must be received by the Company at the latest on the sixth calendar day preceding the date of the meeting. Voting through the signed electronic form may occur until the last calendar day before the meeting.

The Company may also organize a remote vote in relation to the Shareholders' Meeting through other electronic communication methods, such as, among others, through one or several websites. The Company shall specify the practical terms of any such remote vote in the convening notice.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

Right to Request Items to be Added to the Agenda and Ask Questions at the Shareholders' Meeting

One or more shareholders that together hold at least 3% of the Company's share capital may request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their Shares representing such shareholding on the record date; and (ii) the additional items on the agenda and/or proposed resolutions have been submitted in writing by these shareholders to the Board of Directors at the latest on the twenty second day preceding the date of the relevant Shareholders' Meeting. The shareholding must be proven by a certificate evidencing the registration of the relevant Shares in the share register of the Company or by a certificate issued by the authorized account holder or the clearing organization certifying the book-entry of the relevant number of dematerialized Shares in the name of the relevant shareholder(s).

If necessary, the Company shall publish a revised agenda of the Shareholders' Meeting, at the latest on the fifteenth day preceding the Shareholders' Meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second Shareholders' Meeting that must be convened because the quorum was not obtained during the first Shareholders' Meeting.

Within the limits of Article 540 of the Belgian Companies Code, the directors and the auditor answer, during the Shareholders' Meeting, the questions raised by shareholders. Shareholders can ask questions either during the meeting or prior to the meeting (in writing or electronic form), provided that the Company receives the written question at the latest on the sixth day preceding the Shareholders' Meeting.

Quorum and Majorities

In general, there is no attendance quorum requirement for a general Shareholders' Meeting, except as provided for by law in relation to certain decisions. Decisions are taken by a majority of the votes cast, except where the law or the Articles of Association provide for a special majority.

Matters involving special legal quorum and majority requirements include, among others, amendments to the Articles of Association, issues of new Shares, convertible bonds or warrants and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and a majority of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The special majority requirements, however, remain applicable.

Dividend Rights

All Shares participate equally in the Company's profits, if any. The Shares offered in the Offering carry the rights to participate in dividends declared in respect of the financial year ending December 31, 2014 and future years.

In general, the Company may only pay dividends with the approval of the Shareholders' Meeting, although the Board of Directors may declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions. The maximum amount of the dividend that can be paid is determined by reference to the Company's unconsolidated financial statements prepared in accordance with Belgian GAAP.

Under Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it do so at the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during the next years will have to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders.

The shareholders of the Company have resolved, prior to the commencement of the Offering, upon a capital reduction, subject to and with effect immediately prior to the closing of the Offering, which will result in distributable reserves being created in the amount of €400 million. The Company is not required to allocate any portion of these distributable reserves to the legal reserve referred to above. Accordingly, the Company will be entitled to make distributions to shareholders out of these distributable reserves even in the absence of Belgian GAAP annual net profit for the relevant year.

For more information on the dividend policy of the Company and other restrictions, see *"Dividends and Dividend Policy."* and *"Risk Factors — Risks Related to the Shares and the Offering — We may not be able to pay dividends in accordance with our stated dividend policy."*

Liquidation and Bankruptcy

The Company can only be dissolved by a resolution of the Shareholders' Meeting passed with a majority of at least 75% of the votes cast at an Extraordinary Shareholders' Meeting where holders of at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, the Board of Directors must convene an Extraordinary Shareholders' Meeting within two months of the date upon which the Board of Directors discovered or should have discovered this undercapitalisation. At this Shareholders' Meeting the Board of Directors needs to propose either the dissolution or the continuation of the Company, in which case the Board of Directors must propose measures to restore the Company's financial situation. The Board of Directors must justify its proposals in a special report to the Shareholders. A majority of at least 75% of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event the shareholding representing at least 25% of the votes at this meeting can decide to dissolve the Company. If the amount of the Company's net assets has dropped below €61,500 (the minimum amount of share capital of a Belgian limited liability company), any interested party is entitled to request the competent court to dissolve the Company. The court can order the Company's dissolution or grant a grace period for the Company to remedy the situation.

If the Company is dissolved for any reason, the liquidation must be carried out by one or more liquidators appointed by the Shareholders' Meeting and whose appointment has been ratified by the commercial court. Any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid-up capital of the shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders.

Acquisition of Own Shares

In accordance with the Belgian Companies Code, the Articles of Association permit the Company to acquire, on or outside the stock market, its own Shares, profit-sharing certificates or associated certificates by resolution approved by the Shareholders' Meeting by a majority of at least 80% of the votes cast where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented. Prior approval by the shareholders is not required if the Company purchases the Shares in order to offer them to the Company's employees.

On June 10, 2014, the Extraordinary Shareholders' Meeting authorized the Board of Directors to purchase up to 20% of the outstanding Shares, for a price not lower than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 5% above the highest closing price during the last 30 trading days preceding the transaction. This authorization is valid for five years from June 10, 2014.

The above authorization is also valid if the acquisition is made by one of the subsidiaries directly controlled by the Company, as set out in Article 627 of the Belgian Companies Code.

The Board of Directors is also authorized to acquire for the Company's account the Company's own Shares, profit-sharing certificates or associated certificates if such acquisition is necessary to prevent a serious and imminent harm to the Company. This authorization is valid for three years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad/Moniteur belge*).

The Board of Directors is authorized to divest all or part of the Shares, profit-sharing certificates or associated certificates at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors or consultants of the Company or to prevent any serious and imminent harm to the Company. This authorization is valid without any restriction in time, except when the divestment is made to prevent serious and imminent harm to the Company, in which case the authorization is only valid for three years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad/Moniteur belge*). The authorization covers the divestment of the Shares, profit-sharing certificates or associated certificates by a direct subsidiary of the Company, as set out in Article 627 of the Belgian Companies Code.

The Shares, profit-sharing certificates or associated certificates can only be acquired with funds that would otherwise be available for distribution as dividend. The total nominal value or fractional value of the Shares, profit-sharing certificates or associated certificates held by the Company can at no time be more than 20% of the share capital. Voting rights attached to Shares held by the Company as treasury shares are suspended.

Legislation and Jurisdiction

Notification of Significant Shareholdings

Pursuant to the Belgian Law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (the "Transparency Law"), a notification to the Company and to the FSMA is required by all natural and legal persons in the following circumstances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon first admission of them to trading on a regulated market;
- the passive reaching of a threshold;
- the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
- where a previous notification concerning the voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where the Company introduces additional notification thresholds in the Articles of Association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at increments of 5% or, as the case may be, the additional thresholds provided in the Articles of Association. The Company has provided for additional thresholds of 3% and 7.5% in the Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification.

No shareholder may cast a greater number of votes at a Shareholders' Meeting than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the Shareholders' Meeting, subject to certain exceptions.

Public Takeover Bids

Public takeover bids for shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the FSMA. Public takeover bids must be extended to all of the voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of April 21, 2004) in the Belgian Law of April 1, 2007 on public takeover bids (the "Takeover Law") and the Belgian Royal Decree of April 27, 2007 on public takeover bids (the "Takeover Royal Decree"). The Takeover Law provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Takeover Royal Decree. The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in certain cases set out in the Takeover Royal Decree such as (i) case of an acquisition if it can be shown that a third party exercises control over the company or that such party holds a larger stake than the person holding 30% of the voting securities or (ii) in case of a capital increase with preferential subscription rights decided by the Shareholders' Meeting.

In principle, the authorization of the Board of Directors to increase the share capital of the Company through contributions in kind or in cash with cancellation or limitation of the preferential subscription rights of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid for the securities of the Company. The Shareholders' Meeting can, however, under certain conditions, expressly authorize the Board of Directors to increase the capital of the Company in such case by issuing Shares in an amount of not more than 10% of the existing Shares at the time of such a public takeover bid. Such authorization was granted to the Board of Directors of the Company on June 10, 2014. Those powers remain in effect for a period of three years from the date of the adoption of this authorization.

Squeeze-out

Pursuant to Article 513 of the Belgian Companies Code or the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who own together with the company 95% or more of the securities with voting rights in a public company are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover bid, provided that the bidder holds at least 95% of the voting capital and 95% of the voting securities of the public company. In such a case, the bidder may require that all remaining shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

Sell-out Right

Within three months following the expiration of an offer period related to a public takeover bid, holders of voting securities or of securities giving access to voting rights may require the offeror, acting alone or in concert, who own at least 95% of the voting capital and 95% of the voting securities in a public company following a takeover bid, to buy its securities from it at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

Group Structure

Certain information in relation to the Company's subsidiaries and associates as of the closing of the Offering appear below:

Name	Jurisdiction	Registered Office	Ownership	Capital
Can Hygiene SpA	Algeria	16012 Rouiba Alger, Algeria Zone Industrielle de Rouiba, Voie H, Rouiba, Alger, Algeria	100%	€2,250

Name	Jurisdiction	Registered Office	Ownership	Capital
Ontex Australia Pty Ltd	Australia	Suite 10, 27 Mayneview Road, Milton, QLD 4064, Australia Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	100%	AUD 1
Ontex Manufacturing Pty Ltd	Australia	5 Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	100%	AUD 100
Eutima BVBA	Belgium	Korte Moeie 53, 9900 Eeklo, Belgium	100%	€39,500
Ontema BVBA	Belgium	Genthof 12, 9255 Buggenhout, Belgium	100%	€14,337
Ontex BVBA	Belgium	Genthof 5, 9255 Buggenhout, Belgium	100%	€371,481,132
Ontex Coordination Center BVBA	Belgium	Spinnerijstraat 12, 9240 Zele, Belgium	100%	€73,459
Ontex International BVBA	Belgium	Spinnerijstraat 12, 9240 Zele, Belgium	100%	€149,979,679
ONV TopCo NV	Belgium	Spinnerijstraat 12, 9240 Zele, Belgium	100%	€833,664,261
Ontex Hygenic Disposables (Yangzhou) Co. Ltd.	China	No. 1 Zhaizhuang Road, Hangji Industrial Park, Yangzhou, 225111 China	100%	€5,200,000
Ontex CZ SRO	Czech Republic	Vesecko 491, 51101 Turnov, Czech Republic	100%	€11,575,915
Ontex France SAS	France	Boulevard Albert Camus 586, 69400 Villefranche s/Saone France	100%	€62,866
Ontex Healthcare France SAS	France	Rue de Croix 18 Bus 129, 59290 Wasquehal Cedex, France	100%	€300,000
Hygiène Médica SAS	France	Le Saint Antoine, 625 Avenue de la Saladelle, 34130 Saint-Aunes, France	100%	€124,368,189
Ontex Santé France SAS	France	Rue de Croix 18, 59290 Wasquehal Cedex, France	100%	€1,000,000
Moltex Baby-Hygiene GmbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€25,000
Ontex Beteiligungsgesellschaft mbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€25,000
Ontex Healthcare Deutschland GmbH	Germany	Hansaring 6, 49504 Lotte Germany	100%	€25,000

Name	Jurisdiction	Registered Office	Ownership	Capital
Ontex Hygieneartikel Deutschland GmbH	Germany	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	100%	€1,000,000
Ontex Inko Deutschland GmbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€26,000
Ontex Logistics GmbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€511,292
Ontex Mayen GmbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€818,067
Ontex Recklinghausen GmbH	Germany	Robert-Bosch-Strasse 8, 56727 Mayen, Germany	100%	€25,000
Ontex Vertrieb GmbH & Co KG	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	0
WS Windel-Shop GmbH	Germany	Industriegebiet Ost 1, Robert-Bosch-Strasse 56727 Mayen, Germany	100%	€102,260
Ontex Italia Srl	Italy	Via delee Grazie 6, I-25122, Brescia, Italy	100%	€520,000
Ontex Manufacturing Italy Srl	Italy	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	100%	€517,000
Serenity Holdco Srl	Italy	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	100%	€510,000
Serenity SpA	Italy	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	100%	€12,000,000
Ontex Central Asia LLP	Kazakhstan	Business Center Nurly Tau, Blok 1A, Suite 502, Almaty, Bostandyk District, Al-Farabi Avenue 5, Kazakhstan	100%	€15,864
Ontex I	Luxembourg	2 rue du Fossé, L-1536 Luxembourg	100%	€520,000
Ontex II	Luxembourg	2 rue du Fossé, L-1536 Luxembourg	100%	€4,493,372
Ontex II-A	Luxembourg	2 rue du Fossé, L-1536 Luxembourg	100%	€2,226,209
Ontex III	Luxembourg	2 rue du Fossé, L-1536 Luxembourg	100%	€2,224,709
Ontex IV	Luxembourg	2 rue du Fossé, L-1536 Luxembourg	100%	€2,224,709

Name	Jurisdiction	Registered Office	Ownership	Capital
Ontex Hygiene Sarlau	Morocco	Angle rue Al Kadi Lass et reu Ahmed Majjati Mâarif, 5ième étage, Casablanca, Morocco	100%	€893
Ontex Pakistan	Pakistan	705, 7th Floor, Park Avenue, Main Shahra-e-Faisal, Karachi Sindh 7400, Pakistan	100%	€100,614
Ontex Polska sp. z.o.o.	Poland	ul. Legionów 93/95, lok 26, 91-072 Lodz, Poland	100%	€225,221
Ontex Romania Srl	Romania	46 Grigore Cobalcescu Street, 2nd floor, 1st District (TPA Horwath office), Bucharest, Romania	100%	€6,944
Ontex OOO	Russia	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	100%	€1,882.06
Ontex Russia LLC	Russia	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	100%	€4,358,542.14
Ontex ID SAU	Spain	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	100%	€8,060,101
Ontex ES Holdco SA	Spain	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	100%	€153,003,007
Ontex Peninsular SAU	Spain	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	100%	€180,000
Ontex Tüketim Ürünleri Sanayi ve Ticaret	Turkey	Tekstilkent Cad, Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	100%	€1,963,842
LLC Ontex Ukraine	Ukraine	Building 7(C), 13 M. Pymonenka Street, 04050 Kyiv, Ukraine	100%	€90
Ontex Healthcare UK Ltd	United Kingdom	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN15 6XR, United Kingdom	100%	£24,600
Ontex Retail UK Ltd	United Kingdom	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	100%	£2

TAXATION

Belgian Taxation

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares by an investor that purchases such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (*i.e.*, a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

Dividends

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Companies Code is not treated as a dividend distribution to the extent that such repayment is imputed to fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian withholding tax of 25% is normally levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 25%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a 10% withholding tax, subject to such relief as may be available under applicable domestic provisions. However, this withholding tax will increase from 10% to 25% with effect from October 1, 2014.

Belgian Resident Individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where the beneficiary opts to report them, dividends will normally be taxable at the lower of the generally applicable 25% withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by local surcharges. In addition, if the dividends are reported, the dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on Shares. This condition is not applicable if the individual can demonstrate that he has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with local surcharges. Withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

Belgian Resident Companies

Corporate income tax

For Belgian resident companies, the gross dividend income (including the withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 33.99%, unless the reduced corporate income tax rates for SMEs apply.

Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from the taxable income ("dividend received deduction"), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the Company's share capital or a participation in the Company with an acquisition value of at least €2,500,000; (ii) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the "Article 203 ITC Taxation Condition") are met (together, the "Conditions for the application of the dividend received deduction regime").

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (i) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable: (i) if the company can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment of or attribution on the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment ("PE") in Belgium.

Withholding tax

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of the Company's share capital and such minimum participation is held or will be held during an uninterrupted period of at least one year.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the two required conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed to Shares, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, and the investor's commitment to hold the minimum participation for an uninterrupted period of at least one year.

The investor must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Organizations for Financing Pensions

For organizations for financing pensions ("OFPs"), *i.e.*, Belgian pension funds incorporated under the form of an OFP (*organisme voor de financiering van pensioenen/organisme de financement de pensions*) within the meaning of Article 8 of the Belgian Law of October 27, 2006, the dividend income is generally tax-exempt. Subject to certain limitations, any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due.

Other Taxable Legal Entities

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their income tax liability.

Belgian Non-resident Individuals and Companies

For non-resident individuals and companies, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian PE.

If Shares are acquired by a non-resident in connection with a business in Belgium, the investor must report any dividends received, which will be taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Withholding tax levied at source may be credited against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that Shares were held in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested Shares in a Belgian PE.

Non-resident companies whose Shares are invested in a Belgian PE may deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the dividend received deduction regime are met. Application of the dividend received deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

Belgian Dividend Withholding Tax Relief for Non-residents

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) to be a legal entity with fiscal residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) provided that it is not contractually obligated to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obligated to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that the above conditions are satisfied. The organization must then forward that certificate to the Company or its paying agent.

Dividends distributed to non-resident companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause and qualifying as a parent company, will be exempt from Belgian withholding tax provided that Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the Company's share capital and such minimum participation is held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive of July 23, 1990 (90/435/EC), as amended by Directive 2003/123/EC of December 22, 2003, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty it has a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the three abovementioned conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed to Shares, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, and the investor's commitment to hold the minimum participation for an uninterrupted period of at least one year. The investor must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Belgium has concluded tax treaties with over 95 countries, reducing the dividend withholding tax rate to 20%, 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities.

Prospective holders should consult their own tax advisors as to whether they qualify for reduction in withholding tax upon payment or attribution of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

Capital Gains and Losses on Shares

Belgian Resident Individuals

In principle, Belgian resident individuals acquiring Shares as a private investment should not be subject to Belgian capital gains tax on the disposal of Shares and capital losses are not tax deductible.

However, capital gains realized by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible.

Capital gains realized by Belgian resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend.

Belgian resident individuals who hold Shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of Shares, except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on Shares incurred by Belgian resident individuals who hold Shares for professional purposes are in principle tax deductible.

Belgian Resident Companies

Belgian resident companies (not being SMEs) are subject to Belgian capital gains taxation at a separate rate of 0.412% on gains realized upon the disposal of Shares provided that: (i) the Article 203 ITC Taxation Condition is met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% separate capital gains tax rate cannot be off-set by any tax assets (such as *e.g.* tax losses) and can moreover not be off-set by any tax credits.

Belgian resident companies qualifying as SMEs (within the meaning of Article 15 of the Belgian Companies Code) are normally not subject to Belgian capital gains taxation on gains realized upon the disposal of the Shares provided that (i) the Article 203 ITC Taxation Condition is met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If the one-year minimum holding period condition would not be met (but the Article 203 ITC Taxation Condition is met) then the capital gains realized upon the disposal of Shares by Belgian resident companies (both non-SMEs and SMEs) would be taxable at a separate corporate income tax rate of 25.75%.

Capital losses on Shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Shares held in the trading portfolios of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rate of 33.99% and the capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

Capital gains realized by Belgian resident companies (both non-SMEs and SMEs and both ordinary Belgian resident companies and qualifying credit institutions, investment enterprises and management companies of collective investment undertakings) upon the redemption of Shares or upon the liquidation of the Company will, in principle, be subject to the same taxation regime as dividends.

Organizations for Financing Pensions

OFPs are, in principle, not subject to Belgian capital gains taxation realized upon the disposal of the Shares, and capital losses are not tax deductible.

Other Taxable Legal Entities

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will in principle be taxed as dividends.

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

Belgian Non-resident Individuals

Capital gains realized on the Shares by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian PE are in principle not subject to taxation (subject to the reservation set out under "— *Uncertain Effect of Article 228, §3 ITC for Belgian Non-residents*"), unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate (Article 90 1° ITC or Article 90 9° first indent ITC). In such case, if the gain is taxable under article 90 1° ITC and article 228 §2 9 a ITC, it is subject to a final professional withholding tax of 30.28% (to the extent that Article 248 ITC is applicable). If the gain is taxable under Article 90 9° first indent ITC and article 228 § 2 9° h ITC, it must be reported in a non-resident tax return for the income year during which the gain has been realized, in which case the capital gain will be taxable at the rate of 35.31% (33% to be increased with a surcharge of currently 7%). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend.

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realized on Shares by a non-resident individual that holds Shares in connection with a business conducted in Belgium through a fixed base in Belgium (subject to the reservation set out under "— *Uncertain Effect of Article 228, §3 ITC for Belgian Non-residents*").

Belgian Non-resident Companies or Entities

Capital gains realized on the Shares by non-resident companies or non-resident entities that have not acquired the Shares in connection with a business conducted in Belgium through a Belgian PE are in principle not subject to taxation and losses are not tax deductible.

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a Belgian PE are generally subject to the same regime as Belgian resident companies.

Uncertain Effect of Article 228, §3 ITC for Belgian Non-residents

Under a strict reading of Article 228, §3 ITC, capital gains realized on the Shares by Belgian non-residents could be subject to Belgian taxation, levied in the form of a professional withholding tax, if the following three conditions are cumulatively met: (i) the capital gain would have been taxable if the non-resident were a Belgian tax resident; (ii) the income is "borne by" a Belgian resident (including a Belgian establishment of a foreign entity) which would, in such a context, mean that the capital gain is realized upon a transfer of the Shares to a Belgian resident (including a Belgian establishment of a foreign entity); and (iii) Belgium has the right to tax such capital gain pursuant to the applicable double tax treaty, or, if no such tax treaty applies, the non-resident does not demonstrate that the capital gain is effectively taxed in its state of residence.

However, it is unclear whether a capital gain included in the purchase price of an asset can be considered to be "borne by" the purchaser of the asset within the meaning of the second condition mentioned above. Furthermore, this tax requires that the Belgian resident purchaser is aware of (i) the identity of the Belgian non-resident (to asses the third condition mentioned above); and (ii) the amount of the capital gain realized by the Belgian non-resident (since such amount determines the amount of professional withholding tax to be levied by the Belgian purchaser). Consequently, the application of this tax on transactions with respect to the Shares occurring on the central stock exchange of Euronext Brussels NV/SA will give rise to practical difficulties as the seller and purchaser typically do not know each other.

In addition to the uncertainties referred to above, the statutory history of the law that introduced Article 228, §3 ITC supports the view that the legislator did not intend for Article 228, §3 ITC to apply to a capital gain included in the purchase price of an asset. The Belgian Tax Administration is aware of the issues raised by article 228, §3 ITC in relation to its broad and imprecise scope of application. The Belgian Tax Administration has informed the Minister of Finance of these issues and has reportedly issued recommendations to the Minister of Finance in order to clarify that the scope of application of Article 228, §3 ITC does not extend to the aforementioned capital gains.

Tax on Stock Exchange Transactions

The purchase and the sale and any other acquisition or transfer for consideration of existing Shares (secondary market) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) of 0.25% of the purchase price, capped at €740 per transaction and per party. Under current Belgian tax law, this rate and this cap will reduce to 0.22% and €650, respectively, for transactions occurring as from January 1, 2015. A separate tax is due from each party to the transaction, both collected by the professional intermediary. Upon the issue of the new Shares (primary market), no tax on stock exchange transactions is due.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2,9° and 10° of the Belgian Law of August 2, 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of July 9, 1975; (iii) professional retirement institutions referred to in Article 2,1° of the Belgian Law of October 27, 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; and (v) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

As stated above, the EU Commission adopted on February 14, 2013 the Draft Directive on an FTT. The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, SHAREHOLDERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS

PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SHAREHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) SHAREHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Shares that are U.S. Holders and that will hold the Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax or the net investment income tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Shares by the partnership.

This summary assumes that the Company will not be a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for the current taxable year, which the Company believes to be the case. The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Belgium (the "Treaty"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Belgian withholding tax paid by the Company with respect thereto, generally will be taxable to a U.S. Holder as foreign source dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Shares will constitute ordinary dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty and the Company is not treated as a PFIC in the taxable year in which the dividends are paid or the preceding taxable year (see *"— Passive Foreign Investment Company Considerations."*. The Company expects to qualify for the benefits of the Treaty and does not believe that it should be treated as a PFIC for the current taxable year or the preceding taxable year. A U.S. Holder will be eligible for this reduced rate only if it has held the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

Effect of Belgian Withholding Taxes

As discussed in *"— Belgian Taxation,"* under current law payments of dividends by the Company to foreign investors are subject to a 25% Belgian withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is reduced to a maximum of 15%. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Belgian taxes withheld by the Company, and as then having paid over the withheld taxes to the Belgian taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Company with respect to the payment.

A U.S. Holder generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Belgian income taxes withheld by the Company. U.S. Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any Belgian taxes withheld in excess of the 15% maximum rate, and with respect to which the holder is entitled to obtain a refund from the Belgian taxing authorities.

For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets," and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Dividends paid by the Company generally will constitute foreign source income in the "passive category income" basket. If a U.S. Holder receives a dividend from the Company that qualifies for the reduced rate described above under *"— Dividends — General,"* the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the U.S. Holder has not held the Shares for at least 16 days in the 31-day period beginning 15 days before the ex dividend date.

U.S. Holders that are accrual basis taxpayers, and who do not otherwise elect, must translate Belgian taxes into U.S. Dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all U.S. Holders must translate taxable dividend income into U.S. Dollars at the spot rate on the date received. This difference in exchange rates may reduce the U.S. dollar value of the credits for Belgian taxes relative to the U.S. Holder's U.S. federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis U.S. Holders may translate Belgian taxes into U.S. Dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis U.S. Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Belgian taxes.

Foreign Currency Dividends

Dividends paid in Euro will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Euro are converted into U.S. dollars at that time. If dividends received in Euro are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or other Disposition

Upon a sale or other disposition of Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Shares exceeds one year. Any gain or loss generally will be U.S. source.

A U.S. Holder's tax basis in a Share generally will be its U.S. dollar cost. The U.S. dollar cost of a Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Shares traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. The amount realised on a sale or other disposition of Shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of a Share will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

Special U.S. tax rules apply to companies that are considered to be PFICs. The Company will be classified as a PFIC in a particular taxable year if either: (i) 75% or more of the Company's gross income for the taxable year is passive income, or (ii) the average percentage of the value of the Company's assets that produce or are held for the production of passive income is at least 50%. The Company does not believe that it should be treated as, and does not expect to become, a PFIC for U.S. federal income tax purposes but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change.

If the Company were to be treated as a PFIC, U.S. Holders of Shares would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above under *"— Dividends — General."* Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

Backup Withholding and Information Reporting

Payments of dividends and other proceeds with respect to Shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders, including corporations, are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

U.S. taxpayers that own certain foreign financial assets, including equity of foreign entities, with an aggregate value in excess of $50,000 at the end of the taxable year or $75,000 at any time during the taxable year (or, for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Shares are expected to constitute foreign financial assets subject to these requirements unless the Shares are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisors regarding the application of the rules relating to foreign financial asset reporting.

THE OFFERING

Certain key dates in connection with the Offering are summarized in the following table. These are all anticipated dates, which are subject to any unforeseen circumstances and to an early closing of the Offering Period.

Date	Event
June 11, 2014	Expected start of Offering Period
June 24, 2014	Expected end of Offering Period
June 24, 2014	Pricing and allocation
June 25, 2014	Publication of Offer Price and results of the Offering
June 25, 2014	Expected Listing Date (listing and start of trading)
June 30, 2014	Expected Closing Date (payment, settlement and delivery of the Shares)

Conditions and Nature of the Offering

The Offering is an offering (i) by the Company of such number of newly issued Shares as is necessary to raise gross proceeds of approximately €325 million and (ii) by the Selling Shareholders of up to 7,000,000 existing Shares. The Offering consists of (i) the Belgian Offering (i.e., an initial public offering to retail and institutional investors in Belgium); (ii) a private placement in the United States to persons who are reasonably believed to be "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act), in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S under the U.S. Securities Act. The offering to investors referred to in (ii) and (iii) above is herein referred to as the "International Institutional Offering" (*i.e.*, a private placement in the United States to QIBs and a private placement to institutional investors in the rest of the world).

The aggregate number of Offer Shares sold in the Secondary Tranche may, pursuant to the Increase Option, be increased by up to 15% of the aggregate number of Offer Shares initially offered. Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offer Price. See "*Plan of Distribution — Increase Option*".

The Joint Global Coordinators are Merrill Lynch International, Goldman Sachs International and UBS Limited. The Joint International Bookrunners are Merrill Lynch International, Goldman Sachs International, UBS Limited and J.P. Morgan Securities plc (together with the Joint Global Coordinators, the "Institutional Underwriters"). TPG Capital BD, LLC is acting as International Co-Manager. The Joint Lead Managers are KBC Securities NV/SA and Petercam NV/SA (together with the Institutional Underwriters and the International Co-Manager, the "Underwriters"). See "*Plan of Distribution*."

The actual number of Offer Shares to be sold by the Selling Shareholders and issued by the Company in the Offering will only be determined after the Offering Period and will be published in the Belgian financial press, simultaneously with the publication of the Offer Price and the allocation of Offer Shares to retail investors. Such publication is currently expected to be made on or about June 25, 2014 and in any event no later than the first business day after the end of the Offering Period.

The Company and the Selling Shareholders reserve the right to withdraw the Offering or to reduce the maximum number of Offer Shares at any time prior to the allocation of the Offer Shares. If the maximum number of Offer Shares were reduced, such reduction would be applied first to the Secondary Tranche. Any withdrawal of the Offering or reduction of the number of Offer Shares will be published in the Belgian financial press, through electronic information services such as Reuters or Bloomberg, and in a supplement to the Prospectus. Any changes to the maximum number of Offer Shares or any extension or shortening of the Offering Period will not void purchase orders that have already been submitted.

Offer Price

The Offer Price will be a single price in Euro, exclusive of the Belgian tax on stock exchange transactions, if applicable (see "*Taxation — Belgian Taxation*"), and costs, if any, charged by financial intermediaries for the submission of applications.

The Offer Price will be determined on the basis of a book-building process in which only institutional investors can participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offer Shares requested, the size of purchase orders received, the quality of the investors submitting such purchase orders and the prices at which the purchase orders were made, as well as market conditions at that time.

The Price Range has been determined by the Company and Whitehaven B following recommendations from the Joint Global Coordinators, taking into account market conditions and factors including but not limited to:

- the condition of the financial markets;
- the Company's financial position;
- qualitative assessment of the demand for the Offer Shares; and
- all other factors deemed relevant.

The Company and Whitehaven B reserve the right to increase or decrease the lower limit of the Price Range or to decrease the upper limit of the Price Range. If the Price Range is modified, the change will be published in the Belgian financial press and by means of an announcement through electronic information services such as Reuters or Bloomberg. Any changes to the Price Range will not void purchase orders that have already been submitted. The Offer Price for investors shall not, however, exceed the higher end of the Price Range.

Retail investors in Belgium can only acquire the Offer Shares at the Offer Price and are legally bound to purchase the number of Shares indicated in their purchase order at the Offer Price.

Dilution Resulting from the Offering

As a result of the issuance of Offer Shares to be sold by the Company in the Primary Tranche, the economic interest and the voting interest of the Selling Shareholders will be diluted. The maximum dilution for the Selling Shareholders would be 28.3 per cent., based on expected gross proceeds from the Primary Tranche of €325 million and assuming that the Offer Price is at the low end of the Price Range.

Offering Period

The Offering Period will begin on June 11, 2014 and is expected to close no later than 4:00 pm (CET) on June 24, 2014, subject to the possibility of an early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. The Prospectus will be made available as of the first day of the Offering Period. The Offering Period can be closed at the earliest six business days after the start of the Offering Period and, hence, prospective investors can submit their orders at least during six business days after the start of the Offering Period. However, in accordance with the possibility provided for in art. 3. § 2 of the Royal Decree of May 17, 2007 on primary market practices, we expect the subscription period for the retail offering to end on June 23, 2014, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by retail investors with the Joint Lead Managers and with other financial institutions. Any early closing of the Offering Period will be published in the Belgian financial press, and the dates for each of pricing, allocation, publication of the Offer Price and the results of the Offering, conditional trading and closing of the Offering will in such case be adjusted accordingly. The Offering Period can only be closed earlier in case of a coordinated action between the Underwriters. In the event the Offering Period is extended, this will be published in the Belgian financial press. Prospective investors can submit their purchase orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible.

Share applications by retail investors may be submitted at the counters of KBC Bank, KBC Securities, CBC Banque and Petercam and their affiliates at no cost to the investor. Applications are not binding upon the Company, the Selling Shareholders or the Underwriters as long as they have not been accepted in accordance with the allocation rules described below under "— *Allocation*."

Investors wishing to place purchase orders for the Offer Shares through intermediaries other than KBC Bank, KBC Securities, CBC Banque and Petercam and their affiliates should request details of the costs which these intermediaries may charge, which they will have to pay themselves.

To be valid, purchase orders must be submitted no later than 4:00 pm (CET) on June 24, 2014, unless the Offering Period is closed earlier.

Retail Investors in Belgium

A retail investor shall mean an individual person resident in Belgium or a legal entity located in Belgium that does not qualify as a Qualified Investor (*gekwalificeerde belegger/investisseur qualifié*) as defined in Article 10, § 1 of the Prospectus Law.

Retail investors must indicate in their purchase orders the number of Offer Shares they are committing to purchase. Only one application per retail investor will be accepted. If the Underwriters determine, or have reason to believe, that a single retail investor has submitted several purchase orders, through one or more intermediaries, they may disregard such purchase orders. There is no minimum or maximum amount of Offer Shares that may be purchased in one purchase order.

If a supplement to the Prospectus is published investors will have the right to withdraw their orders made prior to the publication of the supplement provided that the new factor, mistake or inaccuracy giving rise to the publication of such supplement arose before the end of the Offering Period. Such withdrawal must be done within the time period set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).

Institutional Investors

Institutional investors must indicate in their purchase orders the number of Offer Shares they are committing to purchase, and the prices at which they are making such purchase orders during the book-building period. Only institutional investors can participate in the book-building process during the Offering Period.

Allocation

The number of Offer Shares allotted to investors will be determined at the end of the Offering Period by the Company and Whitehaven B in consultation with the Joint Global Coordinators on the basis of the respective demand of both retail and institutional investors and on the quantitative and, for institutional investors only, the qualitative analysis of the order book, and in accordance with Belgian regulations relating to allocation to retail and institutional investors as set forth below.

In accordance with Belgian regulations, a minimum of 10% of the Offer Shares must be allocated to retail investors in Belgium, subject to sufficient retail demand.

In case of over-subscription of the Offer Shares reserved for retail investors, the allocation to retail investors will be made on the basis of objective allocation criteria. Such criteria may include, among others, preferential treatment of applications received from retail investors before 6:00 p.m. (CET) on June 19, 2014 or applications submitted by retail investors at the counters of the Joint Lead Managers and their affiliates.

The results of the Offering, the allocation for retail investors and the Offer Price will be published in the Belgian financial press, which is currently expected to take place on or about June 25, 2014 and in any event no later than the first business day after the end of the Offering Period.

The Joint Lead Managers will use reasonable efforts to deliver the newly issued Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*), in this order of priority. No tax on stock exchange transactions is due on the subscription of newly issued Shares (see "*Taxation — Belgian Taxation — Capital Gains and Losses on Shares — Tax on Stock Exchange Transactions*").

Payment and Taxes

The Offer Price must be paid by the investors in full, in Euro, together with any applicable stock exchange taxes and costs. For further information about applicable taxes, see "*Taxation — Belgian Taxation*."

The Closing Date is expected to be June 30, 2014 unless the Offering Period is closed earlier. The Offer Price must be paid by investors upon submission of the purchase orders or, alternatively, by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date.

Form of the Offer Shares and Delivery

The Offer Shares will have the same rights and benefits as the other Shares, including the right to dividends for the financial year ending December 31, 2014 and future years. For a further description of the Shares and the rights and benefits attached thereto, see "*Description of Share Capital and Articles of Association*."

All Offer Shares will be delivered in book-entry form only, and will be credited on or around the Closing Date to investors' securities accounts via Euroclear Belgium, the Belgian central securities depository.

Investors who, after delivery, wish to have their shares registered, should request that the Company record the Shares in the Company's share register.

Holders of registered shares may request that their registered shares be converted into dematerialized shares and vice versa. Any costs incurred in connection with the conversion of Shares into another form will be borne by the shareholders.

All Offer Shares will be fully paid-up upon their delivery and freely transferable, subject to what is set forth under "*Plan of Distribution*."

Trading and Listing on Euronext Brussels

An application has been made for the listing and admission to trading on Euronext Brussels of all Shares, including the Offer Shares. The Shares are expected to be listed under the symbol "ONTEX" with an ISIN code of BE0974276082 and Common Code of 107687858.

Trading is expected to commence on or about June 25, 2014 (unless the Offering Period closes earlier) and will start at the latest on the Closing Date, when the Offer Shares are delivered to investors.

As of the Listing Date until the Closing Date and delivery of the Offer Shares, the Shares will be traded on Euronext Brussels on an "as-if-and-when issued and/or delivered" basis. Investors who wish to effect transactions in shares of the Company prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the issuance and delivery of the Offer Shares may not take place on the expected Closing Date, or at all, if certain conditions or events referred to in the Underwriting Agreement (as defined below) are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels NV/SA may annul all transactions effected in the shares of the Company if the Offer Shares are not delivered on the Closing Date. See *"Risk Factors — Risks Related to the Shares and the Offering — The Shares will be listed and traded on Euronext Brussels on an "if-and-when-issued and/or delivered" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date"*. Euronext Brussels NV/SA cannot be held liable for any damage arising from the listing and trading on an "if-and-when-issued and/or delivered" basis as of the Listing Date until the expected Closing Date.

Share Lending

Whitehaven B is expected to agree to lend to the Stabilization Manager (on behalf of the Underwriters) a number of Shares equal to up to 15% of the number of Offer Shares, in order to enable the Stabilization Manager to settle any over-allotments.

Whitehaven B and certain other Selling Shareholders are also expected to grant to the Underwriters (represented by the Stabilization Manager) the Over-allotment Option to purchase from them, at the Offer Price, additional Shares in an aggregate amount of up to 15% of the number of Offer Shares for the purpose of covering any such over-allotments (i.e., to cover the short position resulting from the aforementioned stock loan and over-allotment) and thus facilitate stabilization activities, if any. The Over-allotment Option will be exercisable for a period of 30 days following Listing Date.

Authorisations

This Prospectus and the participation of the Company in the Offering were approved by the Board of Directors of the Company on June 3, 2014. The issuance of the new Shares and required amendments to the Company's articles of association, both of which are subject to the condition precedent of the closing of the Offering, were approved by the shareholders of the Company at their Extraordinary Shareholders' Meeting held on June 10, 2014.

Jurisdiction and Competent Courts

The Belgian Offering is subject to Belgian law and the courts of Brussels are exclusively competent to adjudicate any and all disputes with investors concerning the Belgian Offering.

PLAN OF DISTRIBUTION

Underwriting

The Company, the Selling Shareholders and the Underwriters named below expect to enter into an underwriting agreement on or about June 24, 2014 (the "Underwriting Agreement") with respect to the offer and sale of the Offer Shares in the Belgian Offering and the International Institutional Offering. The entering into the Underwriting Agreement may depend on various factors including, but not limited to, market conditions and the result of the book-building process. Subject to certain conditions set forth in the Underwriting Agreement, the Company will agree to issue the Shares in the Primary Tranche and the Selling Shareholders will agree to sell the Shares offered in the Secondary Tranche and the Underwriters will severally agree to purchase, with a view to immediate placement with investors, the following percentage of the total number of the Offer Shares:

Underwriters	Percentage of Offer Shares to be sold
Merrill Lynch International	24%
UBS Limited	24%
Goldman Sachs International	24%
J.P. Morgan Securities plc	11%
TPG Capital BD, LLC	5%
KBC Securities NV/SA	6%
Petercam NV/SA	6%
Total percentage of Offer Shares to be sold	100.0%

The Underwriters will be under no obligation to purchase any Offer Shares prior to the execution of the Underwriting Agreement (and then only on the terms and subject to the conditions set out therein). The Underwriting Agreement is expected to provide that if an Underwriter defaults, in certain circumstances, the purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated. The Underwriters will distribute the Offer Shares to investors, subject to prior sale, when, as and if delivered to them, subject to the satisfaction or waiver of the conditions that will be contained in the Underwriting Agreement, including the receipt by the Underwriters of certificates from the Company and Whitehaven B and certain legal opinions. In the Underwriting Agreement, the Company and the Selling Shareholders will make certain customary representations and warranties and the Company will agree to indemnify the Underwriters against certain liabilities, including liability under the U.S. Securities Act. If the Underwriting Agreement is not entered into, a supplement to the Prospectus to this effect will be published.

The actual number of Offer Shares to be sold by the Company and the Selling Shareholders in the Offering will only be determined after the Offering Period and will be published in the Belgian financial press, simultaneously with the publication of the Offer Price and the allocation to retail investors, which are currently expected to take place on or about June 24, 2014 and in any event no later than the first business day after the end of the Offering Period.

The Price Range set forth on the cover page of this Prospectus is subject to change as a result of market conditions and other factors. There can be no assurance that an active trading market will develop for the Shares or that the Shares will trade in the public market after the Offering at or above the Offer Price.

The Underwriters will offer the Offer Shares at the Offer Price. Assuming placement of the maximum number of Offer Shares (including the exercise of the Increase Option), that the Offer Price is at the mid- point of the Price Range and that the Over-allotment Option is exercised in full, the underwriting fees will be €18.0 million. This does not include any incentive fees which may be paid at the discretion of the Company. The underwriting fees, including any incentive fees, will be paid by the Company. The Company has also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. The expenses to be reimbursed to the Underwriters by the Company are estimated at €1.5 million.

The Underwriting Agreement is expected to provide that the Joint Global Coordinators will, on behalf of the Underwriters, have the right to terminate, on behalf of the Underwriters, collectively but not individually, the Underwriting Agreement and their obligation thereunder to purchase and deliver the Offer Shares (i) upon the occurrence of certain customary events including, but not limited to, if the Company or any of the Selling Shareholders fails to comply with any material obligation contained in the Underwriting Agreement; if there is a material adverse change in the financial markets in the United States, Belgium or the EEA; or if admission to listing of the Shares on Euronext Brussels is withdrawn, and (ii) if the conditions contained in the Underwriting

Agreement, such as the delivery of certificates from the Company and Whitehaven B and legal opinions, are not satisfied or waived. If the Underwriting Agreement is terminated, the allocation of the Offer Shares to investors will be cancelled, and investors will not have any claim to delivery of the Offer Shares. In the event that the Underwriting Agreement is not executed or is executed but subsequently terminated, a supplement to this Prospectus shall be published.

Lock-up Arrangements

The Company is expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014) that it will not, and will procure that none of its subsidiaries will, for a period of 180 days from the Closing Date, without the prior written consent of the Joint Global Coordinators, acting on behalf of the Underwriters (subject to certain limited exceptions): (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company, or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction.

(i) Whitehaven B and certain members of the Ontex group’s previous executive management team; and (ii) certain members of the Ontex group’s current executive management team, are expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about June 24, 2014) that for a period of 180 days and 360 days respectively from the Closing Date, they will not, without the prior written consent of the Joint Global Coordinators, acting on behalf of the Underwriters (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company, or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction.

The restrictions to which the Selling Shareholders are subject shall not prohibit the Selling Shareholders from: (i) disposing of Shares for the purposes of the Offering; (ii) accepting a general offer for all of the ordinary share capital of the Company, giving an irrevocable commitment to accept such an offer, or disposing of shares to an offeror or potential offeror during the period of such an offer; (iii) any disposal required by law, regulation or a court of competent jurisdiction; and (iv) transferring Shares intra-group or intra-family.

Increase Option

Depending on the volume of demand, the aggregate number of Offer Shares sold in the Secondary Tranche may be increased by up to 15% of the aggregate number of Offer Shares initially offered. Any decision to exercise the Increase Option will be communicated at the latest on the date of announcement of the Offer Price, which is currently expected to be on or around June 25, 2014. To the extent that such Increase Option has been exercised, the Underwriters will severally purchase the additional Shares in the same proportion as set forth in the table under *“— Underwriting”* above.

Over-allotment Option and Price Stabilization

Whitehaven B and certain other Selling Shareholders are expected to grant to UBS Limited, as Stabilization Manager, on behalf of itself and the Underwriters an Over-allotment Option, i.e., an option to purchase additional Shares in an aggregate amount equal to up to 15% of the aggregate number of Offer Shares initially offered (including the Offer Shares sold pursuant to the effective exercise of the Increase Option) to cover over-allotments or short positions, if any, at the Offer Price. The Over-allotment Option may be exercised for a period of 30 days following the Listing Date. To the extent the Over-allotment Option is exercised, each Underwriter will become severally obligated, subject to certain conditions, to purchase the same proportion of Shares for which the Over-allotment Option is exercised as set forth in the table under "— *Underwriting*" above. In order to be able to effect any over-allotments made prior to the exercise of the Over-allotment Option, it is expected that Whitehaven B will lend shares to the Stabilization Manager. The Underwriters, subject to prior consent by the Company and the Whitehaven B, may also sell Shares in excess of the Over-allotment Option, creating a naked short position. The Underwriters must close out any naked short position by purchasing Shares in the open market. Any naked short position will not exceed an amount equal to 5% of the original number of Offer Shares offered.

In connection with the Offering, the Stabilization Manager or its agents may, during the Stabilization Period and to the extent permitted by applicable law, over-allot and effect transactions to stabilize the price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company. These activities may support the market price of the Shares at a level higher than that which might otherwise prevail and may affect the price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company. Stabilization will not be executed above the Offer Price. Such transactions may be effected on Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may end any of these activities at any time and must be brought to an end within 30 days after the commencement of conditional dealings in the Shares.

Within five business days of the end of the Stabilization Period, the following information will be made public: (i) whether or not stabilization was undertaken; (ii) the date at which stabilization started; (iii) the date on which stabilization last occurred; (iv) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out; and (v) the final size of the Offering, including the result of the stabilization and the exercise of the Over-allotment Option, if any.

Other Relationships with the Underwriters

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Shares being offered or placed should be read as including any offering or placement of Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares.

Moreover, a number of Underwriters have in the past provided and may in the future provide investment banking or advisory services to the Company and or other members of the Ontex group in the ordinary course of their business.

No Public Offering Outside Belgium

No action has been or will be taken in any jurisdiction other than Belgium that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Purchasers of the Offer Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

Selling Restrictions

General

No public offer is being made and no one has taken any action that would, or is intended to, permit a public offering in any country or jurisdiction, other than Belgium, where any such action for such purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Persons into whose hands this Prospectus comes are required by the Company, the Selling Shareholders and the Underwriters to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company, the Selling Shareholders or the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offer Shares, of any such restrictions.

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any state securities regulatory authority for offer or sale as part of their distribution and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Offer Shares may only be resold: (i) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and in accordance with applicable law. Any offer or sale of Shares in reliance on Rule 144A or pursuant to another exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act will be made by broker-dealers who are registered as such under the U.S. Exchange Act. Terms used above shall have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act. Resales of the Shares are restricted as described under "*Transfer Restrictions*."

European Economic Area

In relation to each Relevant Member State an offer to the public of any Offer Shares may not be made in that Relevant Member State unless the Prospectus has been approved by the competent authority in such Relevant Member State or passported and published in accordance with the Prospectus Directive as implemented in such Relevant Member State, except that the Offer Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- by the Underwriters to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company, the Selling Shareholders or any manager of a Prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

The Company, the Selling Shareholders, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the consent of the Underwriters, be permitted to purchase Offer Shares in the Offering.

United Kingdom

Any offer or sale of the Offer Shares may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000. Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or falling within section 49(2)(a) to (d) ("high net worth; unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this Prospectus and should not act or rely on it.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the “FIEL”). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

DIFC

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for the Prospectus. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares should conduct their own due diligence on the Shares. If you do not understand the contents of this Prospectus you should consult an authorized financial advisor.

TRANSFER RESTRICTIONS

The Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

(3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

(4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

(5) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(6) the purchaser acknowledges that the Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions;

(7) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(8) the purchaser acknowledges that the Company, the Selling Shareholders, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from the registration requirements of the U.S. Securities Act will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser: (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act); (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act; and (iii) is acquiring such Offer Shares for its own account or for the account of a qualified institutional buyer;

(4) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) in compliance with Regulation S under the U.S. Securities Act; or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(6) the purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;

(7) the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(8) the purchaser acknowledges that the Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;

(9) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and

(10) the purchaser acknowledges that the Company, the Selling Shareholders, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, other than persons receiving offers contemplated in the Prospectus in Belgium, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters, the Selling Shareholders and the Company that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

LEGAL MATTERS

Certain legal matters in connection with this Offering have been passed upon for the Company by Linklaters LLP, with respect to the laws of the United States and Belgium. Certain legal matters in connection with this Offering have been passed upon for the Underwriters by Cleary Gottlieb Steen & Hamilton LLP, with respect to the laws of the United States and Belgium.

INDEPENDENT AUDITOR

The audited consolidated financial statements of Ontex I have been audited by PricewaterhouseCoopers, Société coopérative, independent auditors (*réviseur d'entreprises agréé*), whose address is 400, route d'Esch, 1014 Luxembourg, Grand-Duchy of Luxembourg.

GLOSSARY OF SELECTED TERMS

The following explanations are intended to assist the general reader to understand certain terms used in this Prospectus.

Adjusted EBITDA	EBITDA plus non-recurring expenses excluding non-recurring depreciation and amortization. Adjusted EBITDA has not been audited. See page 47 for a reconciliation of Adjusted EBITDA to operating profit.
Adjusted free cash flow (post-tax)	Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements) less cash taxes paid. Adjusted free cash flow has not been audited. See page 47 for a reconciliation of Adjusted free cash flow (post-tax) to operating profit.
Adjusted free cash flow (pre-tax)	Adjusted EBITDA less capital expenditure (defined as purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)) less change in working capital (excluding cash inflows and outflows from non-recourse factoring arrangements). Adjusted free cash flow (pre-tax) has not been audited. See page 47 for a reconciliation of Adjusted free cash flow (pre-tax) to operating profit.
adult incontinence products	disposable devices specifically designed to manage light, moderate and heavy incontinence
Australian Dollars or AUD	the lawful currency of the Commonwealth of Australia.
babycare products	baby diapers, baby pants and baby wipes
Belgian GAAP	Belgian generally accepted accounting principles, which refers to the financial reporting framework applicable in Belgium
BNP Fortis Factoring Agreement	factoring agreement entered into on July 28, 2008 with BNP Paribas Fortis Factor NV providing us with a credit facility of up to €125 million and up to 90% of the amount of the approved outstanding receivables on all debtors that we transfer to BNP Paribas Fortis Factor NV.
Candover	Candover Partners Limited
capital expenditure	purchases of property, plant and equipment and intangibles plus capital grants received (excluding acquisitions)
cash conversion	Cash conversion is defined as Adjusted free cash flow (pre-tax) divided by Adjusted EBITDA. Cash conversion has not been audited.
collateral	The collateral securing the Senior Secured Notes, including: (i) a share pledge over the share capital of Ontex IV, as issuer of the Senior Secured Notes, and certain subsidiaries acting as guarantors under the Senior Secured Notes; (ii) a bank account pledge of the issuer and certain guarantors; (iii) a pledge of the receivables (including by way of assignment under applicable law) of the issuer and certain guarantors; (iv) a pledge of the business assets of certain guarantors; (v) real property mortgages in respect of the real property owned by certain guarantors; and (vi) certain intellectual property rights of the guarantors.

Company	Ontex Group NV
Czech Crown	the lawful currency of the Czech Republic
EBITDA	earnings before net finance cost, income taxes, depreciation and amortization. See page 47 for a reconciliation of EBITDA to operating profit.
EEA	European Economic Area
EU	the European Union
Euros or €	the common currency of the member states of the EU that are part of the Eurozone
feminine care products	products used by the women for the absorption of menstrual flow, including both external products, such as sanitary pads and liners, which are used outside the body, and internal products, such as tampons, which are for internal body use
GSCP	funds advised by affiliates of The Goldman Sachs Group, Inc.
hygienic disposables market	the hygienic disposables market consists of three distinct product segments: babycare products (excluding baby wipes), feminine care products, and adult incontinence products
IFRS	International Financial Reporting Standards as adopted by the European Union
Member State	any member state of the European Economic Area
non-recurring expenses	items that are considered by management to be non-recurring or unusual because of their nature. Non-recurring expenses for the periods under review include acquisition costs; business restructuring costs, including costs relating to the liquidation of subsidiaries and the closure, opening or relocations of factories; and asset impairment costs.
Notes	the Senior Secured Notes and Senior Notes issued by Ontex IV
Ontex	the Company together with Ontex I and its consolidated subsidiaries.
Ontex I	Ontex I S.à r.l.
Ontex IV	Ontex IV S.A.
Polish Zloty or PLN	the lawful currency of the Republic of Poland
Pounds Sterling or £	the lawful currency of the United Kingdom
retailer brand penetration	the share of retailer brands of the entire hygienic disposables market
return on invested capital	return on invested capital is defined as last twelve months (“LTM”) adjusted operating profit (defined as LTM operating profit excluding LTM non-recurring items) divided by net operating assets (defined as operating assets (total assets less derivative financial assets and cash and cash equivalents) less operating liabilities (total liabilities less employee benefits liabilities, borrowings, other financial liabilities and derivative financial liabilities) less goodwill). Return on invested capital has not been audited.

Revolving Credit Facility	Revolving Credit Facility entered into with Ontex IV on March 25, 2011 which initially provided for borrowings up to an aggregate of €50.0 million, increased to €75.0 million on August 15, 2012
Russian Roubles or RUB	the lawful currency of the Russian Federation
Senior Notes	€235,000,000 aggregate principal amount of 9.00% Senior Notes due 2019 issued by Ontex IV
Senior Secured Fixed Rate Notes	€395,000,000 aggregate principal amount of 7.50% Senior Secured Notes due 2018 issued by Ontex IV
Senior Secured Floating Rate Notes	€280,000,000 aggregate principal amount of Senior Secured Floating Rate Notes due 2018 issued by Ontex IV
Senior Secured Notes	the Senior Secured Fixed Rate Notes and the Senior Secured Floating Rate Notes
Turkish Liras or TRY	the lawful currency of the Republic of Turkey
TPG	TPG Global, LLC
U.S. Dollars or U.S.$	the lawful currency of the United States

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INDEX TO FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Interim Income Statement

	Note	First Quarter 2014	First Quarter 2013
		in € million	
Revenue	4	400.2	340.5
Cost of sales		(291.3)	(253.6)
Gross margin		**108.9**	**86.9**
Distribution expenses		(37.6)	(28.0)
Sales and marketing expenses		(19.8)	(18.9)
General administrative expenses		(10.8)	(9.0)
Other operating income/(expense), net		0.5	(0.6)
Non-recurring expenses (*)	9	(2.3)	(2.4)
Operating profit		**38.9**	**28.0**
Finance income		2.8	5.2
Finance costs		(23.3)	(23.7)
Net finance cost		**(20.5)**	**(18.5)**
(Loss) / Profit before income tax		**18.4**	**9.5**
Income tax expense		(3.8)	(2.6)
(Loss) /Profit for the period from continuing operations		**14.6**	**6.9**
(Loss) / Profit for the period		**14.6**	**6.9**
(Loss) / Profit attributable to:			
Owners of the parent		13.7	6.5
Non-controlling interests		0.9	0.4
(Loss) / Profit for the period		**14.6**	**6.9**

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

Unaudited Condensed Consolidated Interim Income Statement (continued)

	Note	First Quarter 2014	First Quarter 2013
		in € million	
Additional information			
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)			
Operating Profit		38.9	28.0
Depreciation and amortization (*)		8.0	7.9
EBITDA (**)		**46.9**	**35.9**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA			
EBITDA (**)		**46.9**	**35.9**
Non-recurring expenses excluding amortization		2.3	2.1
Adjusted EBITDA (***)		**49.2**	**38.0**

(*) Depreciation and amortization (D&A) included €8.0 million of recurring D&A and no non-recurring D&A in Q1 2014. D&A included €7.6 million of recurring D&A and €0.3 million of non-recurring D&A for Q1 2013.

(**) EBITDA is a non-IFRS measure. EBITDA is defined as earnings before deduction of net finance cost, income taxes, depreciation and amortization.

(***) Adjusted EBITDA is a non-IFRS measure. Adjusted EBITDA is defined as earnings before deduction of non-recurring expenses, net finance cost, income taxes, depreciation and amortization.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

	Note	First Quarter 2014	First Quarter 2013
		in € million	
Income / (loss) for the period		**14.6**	**6.9**
Other comprehensive income/(loss) for the period, after tax:			
Exchange differences on translating foreign operations (*)		—	0.3
Cash flow hedges (*)		(0.4)	—
Other (*)		—	0.1
Other comprehensive income /(loss) for the period, net of tax		**(0.4)**	**0.4**
Total comprehensive income/(loss) for the period		**14.2**	**7.3**
Total comprehensive income attributable to:			
Owners of the parent		13.3	6.9
Non-controlling interests		0.9	0.4
Total comprehensive income/(loss) for the period		**14.2**	**7.3**

(*) Items will subsequently be reclassified to the income statement.

Unaudited Condensed Consolidated Statement of Financial Position

	Note	March 31, 2014	December 31, 2013	March 31, 2013
			in € million	
ASSETS				
Non-current Assets				
Goodwill and other intangible assets	5	864.6	864.8	846.4
Property, plant and equipment	6	280.7	282.0	266.8
Deferred tax assets		0.3	0.3	0.1
Non-current receivables		0.1	0.1	0.1
		1,145.7	**1,147.2**	**1,113.4**
Current Assets				
Inventories		200.9	182.2	179.4
Trade receivables		239.2	199.0	173.5
Prepaid expenses and other receivables		57.0	37.4	36.6
Current income tax		4.0	3.8	2.6
Derivative financial assets		1.1	1.1	4.6
Restricted cash (Senior Secured Notes 2013)		—	—	79.3
Cash and cash equivalents	3	61.6	61.4	43.0
		563.8	**484.9**	**519.0**
TOTAL ASSETS		**1,709.5**	**1,632.1**	**1,632.4**
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		420.0	420.0	420.0
Cumulative translation differences		(19.9)	(19.9)	(6.8)
Consolidated reserves		(51.1)	(64.4)	(80.2)
Controlling interests		**349.0**	**335.7**	**333.0**
Non-controlling interests		24.4	23.5	23.2
TOTAL EQUITY		**373.4**	**359.2**	**356.2**
Non-current liabilities				
Employee benefit liabilities		15.8	15.8	14.3
Interest-bearing debts	3	897.5	896.7	892.3
Other non-current financial liabilities		10.0	10.0	—
Deferred income tax liabilities		14.8	14.8	13.3
Provisions		0.1	0.1	—
Other payables		2.6	2.3	1.2
		940.8	**939.7**	**921.1**
Current liabilities				
Interest-bearing debts	3	26.2	13.9	27.8
Derivative financial liabilities		2.3	1.9	—
Other current financial liabilities		8.0	8.0	—
Trade payables		271.3	240.9	226.3
Accrued expenses and other payables		31.0	16.0	20.4
Social liabilities		27.9	25.9	26.7
Current income tax liabilities		21.4	19.0	16.9
Provisions		7.2	7.5	37.0
		395.3	**333.2**	**355.1**
TOTAL LIABILITIES		**1,336.1**	**1,272.9**	**1,276.2**
TOTAL EQUITY AND LIABILITIES		**1,709.5**	**1,632.1**	**1,632.4**

Unaudited Condensed Consolidated Interim Statement of Cash Flow

	Note	First Quarter 2014	First Quarter 2013
		in € million	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the year		**14.6**	**6.9**
Adjustments for:			
Income tax expense		3.8	2.6
Depreciation and amortisation		8.0	7.9
(Profit)/loss on disposal of property, plant and equipment		—	0.1
Provisions (including employee benefit liabilities)		(0.7)	(6.0)
Unrealised F/x difference on operating activities		1.5	(0.1)
Finance costs — net (including unrealised F/x difference on financing)		20.6	18.5
Changes in working capital:			
Inventories		(18,9)	(7,6)
Trade and other receivables and prepaid expenses		(59,2)	(11,1)
Trade and other payables and accrued expenses		44,0	12,4
Social liabilities		2.0	3.2
Net cash from operating activities		**15.7**	**26.8**
Income tax paid		(1.6)	(1.5)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**14.1**	**25.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(8.0)	(16.2)
NET CASH USED IN INVESTING ACTIVITIES		**(8.0)**	**(16.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from acquisition (net cash)		—	—
Proceeds from borrowings		—	77.4
Other proceeds from financing		—	—
Repayment of borrowings		(0.5)	(0.5)
Acquisition price paid		—	—
Interest paid		(4.3)	(1.5)
Interest received		—	0.1
Cost of refinancing & Other costs of financing		(1.6)	(1.3)
Realised foreign exchange (losses)/gains on financing activities		0.5	(2.5)
Derivative financial asset		—	2.3
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(5.9)**	**74.0**
MOVEMENT IN PERIOD		**0.2**	**83.1**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**61.4**	**39.2**
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD (*)		**61.6**	**122.3**

(*) Q1 2013 includes €79.3 million of restricted cash, consisting of the proceeds of the bond tap issue, including the bond issue premium (for a total of €77.4 million) and the pre-financed interest expenses on that bond issue.

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						
	Share capital	CPECS	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
				in € million			
Balance at December 31, 2013	**21.0**	**399.0**	**(19.9)**	**(64.4)**	**335.7**	**23.5**	**359.2**
Comprehensive income:							
Profit for the year		—	—	13.7	13.7	0.9	14.6
Other comprehensive income:							
Exchange differences on translating foreign operations		—	—	—	—	—	—
Cash flow hedges		—	—	(0.4)	(0.4)	—	(0.4)
Other movements		—	—	—	—	—	—
Total other comprehensive income		**—**	**—**	**(0.4)**	**(0.4)**	**—**	**(0.4)**
Balance at March 31, 2014	**21.0**	**399.0**	**(19.9)**	**(51.1)**	**349.0**	**24.4**	**373.4**

	Attributable to equity holders of the Company						
	Share capital	CPECs	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
				in € million			
Balance at December 31, 2012	**4.2**	**415.8**	**(7.1)**	**(86.8)**	**326.1**	**22.8**	**348.9**
Comprehensive income:							
Profit for the year		—	—	6.5	6.5	0.4	6.9
Other comprehensive income:							
Exchange differences on translating foreign operations		—	0.3	—	0.3	—	0.3
Other movements		—	—	0.1	0.1	—	0.1
Total other comprehensive income		**—**	**0.3**	**0.1**	**0.4**	**—**	**0.4**
Balance at March 31, 2013	**4.2**	**415.8**	**(6.8)**	**(80.2)**	**333.0**	**23.2**	**356.2**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1 Summary of significant accounting policies

1.1 Constitution of the Group

These unaudited condensed consolidated interim financial statements present information for Ontex I S.à.r.l. (the "Company") and its subsidiaries (together the "Group" or "Ontex I Group") for the period from January 1, 2014 to March 31, 2014. The directors have chosen to prepare these financial statements for the purpose of reporting in connection with the secured and unsecured notes (the "Notes").

In July 2010, entities established by funds managed by Goldman Sachs Capital Partners and TPG agreed to acquire Ontex. The acquisition closed during November 2010. Since then, these funds beneficially own and control (through wholly-owned intermediary holding companies), along with certain members of the senior management, the entire share capital. The current ownership structure is set out below:

Goldman Sachs Capital Partners and TPG Capital own each 50% of the shares of Ontex I S.à r.l.

Ontex I S.à r.l. owns 93.4710% of the shares of Ontex II S.à r.l.

The remaining 6.5290% of the shares are held by certain members of the Senior Management.

Ontex II S.à r.l. owns all of the shares of Ontex II-A S.à r.l.

Ontex II-A S.à r.l. owns all of the shares of Ontex III S.A.

Ontex III S.A. owns all of the shares of Ontex IV S.A.

The transaction was accounted for under the purchase method of accounting. In connection with the acquisition a refinancing of the existing debt took place.

The unaudited interim financial statements are not the statutory financial statements of the Ontex I Group and should be read in conjunction with the annual financial statements of the Ontex I Group as at December 31, 2013.

Ontex I S.à.r.l. is a public limited company incorporated and domiciled in Luxembourg. The corporate seat and principal executive office is at 2 rue du Fossé, L-1536 Luxembourg.

1.2 General information

The accounting policies used to prepare the condensed consolidated interim financial statements for the period from January 1, 2014 to March 31, 2014 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2013 of the Ontex I Group.

The policies have been consistently applied to all the periods presented.

A summary of the most important accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2013 of the Ontex I Group.

The significant IFRS Group accounting policies that are applied in the preparation of these Group IFRS consolidated financial statements are set out below.

1.3 Basis of preparation

The condensed consolidated interim financial statements of the Group for the quarter ended March 31, 2014 have been drawn up in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2013. These standards and interpretations as adopted by the European Union correspond to the standards and interpretations issued by the IASB which are mandatory as at January 1, 2014.

These condensed consolidated unaudited interim financial statements present information on the Ontex I Group. The directors have chosen to prepare these financial statements for the purpose of reporting in connection with the secured and unsecured Notes (the "Notes").

These condensed consolidated unaudited interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 of the Ontex I Group.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of May 9, 2014. The amounts in these documents are presented in millions of Euros unless noted otherwise.

1.4 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 costs at the end of the financial year.

1.5 Materiality

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed below.

Note 2 Critical accounting estimates and judgments

To value the assets and liabilities that appear in the consolidated balance sheet, the Group necessarily has to make certain estimates and exercise its judgment in certain areas. For example, various estimates and assumptions are used to draw up budgets and long-term plans that can be used as a basis for certain valuations. These estimates and assumptions are determined on the basis of best available information on the consolidated balance sheet date. However, by definition, the estimates rarely correspond to actual realizations, with as a consequence that the resulting accounting valuations are inevitably subject to a certain degree of subjectivity.

The estimates and assumptions that might significantly impact the valuation of the assets and liabilities are commented upon below.

2.1 Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate as at the end of the previous year, as adjusted for significant market fluctuations since the previous year end and for significant curtailments, settlements, or other significant one-off events. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate has to correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

Would the discount rate used be higher or lower by 1%, the impact on the financial statements would not be material.

2.2 Impairment of assets

No indicator of additional potential impairment was identified as of March 31, 2014.

2.3 Income taxes

Taxation is determined annually and, accordingly, the tax charge for the interim period involves making an estimate of the likely effective tax rate for the year. The calculation of the effective tax rate is based on an estimate of the tax charge or credit for the year expressed as a percentage of the expected accounting profit or loss. This percentage is then applied to the interim result.

2.4 Management remuneration

The recognition of the remuneration and bonuses in the income statement during the interim period is determined in accordance with the provisions contained in IAS 19, "Employee benefits". That is, where an employee has rendered services to the entity during the interim period, the Group recognizes the employee benefits expected to be paid to the employee for that service.

2.5 Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The Board of Directors review the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore the Group operates as one segment.

Note 3 Financial risk factors

3.1 Financial risk factor

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 of the Ontex I Group.

There have been no changes in the risk management department since year end or in any risk management policies.

3.2 Currency risk

The Group entered into foreign exchange forward contracts in December 2013 maturing through December 2014 and in March 2014 maturing through March 2015 in order to limit volatility in the business resulting from exposures to sales in British Pound, Polish Zloty, Turkish Liras, Australian Dollars and Russian Rubles, as well as purchases of raw materials in U.S. Dollars and Czech Crown.

At inception of the foreign exchange contracts, those were designated as cash flow hedges. At the moment the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. The Group applies hedge accounting to the foreign currency forward contracts.

As of March 31, 2014 an unrealized net loss of €0.7 million has been recognized in other comprehensive income, relating to foreign exchange hedging contracts for which hedge accounting is applied.

As of March 31, 2014 the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.8 million and of the derivative financial liability amounted to €2.3 million.

3.3 Price risk (commodity)

The Group entered into an Oil Brent Call Option for a measured quantity of oil barrels for the period through to September 2013 in the second half of 2010. The option reached its maturity on September 15, 2013 and has not been replaced.

In relation to the Group's fluff exposure, the Group has arrangements with certain fluff suppliers that reduce the Group's exposure to volatility in fluff prices. Recently, the Group also decided to hedge a portion of its fluff exposure that is not covered by such arrangements for 2014. As of March 31, 2014, an unrealized gain of €0.3 million has been recognized in other comprehensive income, relating to the commodity hedging contracts for which hedge accounting is applied.

As of March 31, 2014, the fair value of the derivative financial asset for the commodity hedging contracts amounted to €0.3 million.

3.4 Financial risk factors

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

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 March 31, 2014, March 31, 2013 and December 31, 2013 are as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
		in € million	
Long-term interest bearing debt	897.5	896.7	892.3
Short-term interest bearing debt	26.2	13.9	27.8
Restricted Senior Secured Notes 2013	—	—	(79.3)
Available short-term liquidity	(61.6)	(61.4)	(43.0)
Total net debt position	**862.1**	**849.2**	**797.8**

3.5 Interest rate and credit risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate caps to manage these risks.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% in 2011, 2012 and 2013. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

As of March 31, 2014, the €75.0 million Revolving Credit Facility is undrawn.

Note 4 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, geographic areas and revenues from major customers are presented below:

4.1 Information by division

By division,	First Quarter	
	2014	2013
	in € million	
Mature Market Retail	220.4	202.0
Growth Markets	21.8	19.6
Healthcare	106.4	67.3
Middle East and Africa	51.6	51.6
Ontex Group Revenues	400.2	340.5

4.2 Information by product group

By product group,	First Quarter	
	2014	2013
	in € million	
Babycare	210.2	191.2
Feminine care	49.4	48.2
Adult Incontinence	134.9	97.3
Other	5.7	3.8
Ontex Group Revenues	400.2	340.5

4.3 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:

By geographic area,	First Quarter	
	2014	2013
	in € million	
Western Europe	277.0	218.9
Eastern Europe	47.6	47.2
Rest of the World	75.6	74.4
Ontex Group Revenues	400.2	340.5

The sales in the country of domicile of Ontex I (Luxembourg) are insignificant. We disclose in the table below the sales to countries in our top 3 markets. The sales in all other individual countries represent less than 10% of Ontex Group Sales.

By country,	First Quarter	
	2014	2013
	in € million	
United Kingdom	67.1	52.0
France	58.3	57.4
Italy	44.5	6.7
Other countries	230.3	224.4
Ontex Group Revenues	400.2	340.5

4.4 Revenues from major customers

The Group does not have a single significant customer. In Q1 2014, the single largest customer represented 6.2% of the Group's revenues. The 10 largest customers represented 38.2% of total revenues for Q1 2014 revenues.

Note 5 Goodwill and other intangible assets

	Goodwill	IT implementation costs	Other intangibles	Total
		in € million		
Quarter ended March 31, 2014				
Opening net book amount	860.1	4.4	0.3	864.8
Additions	—	0.3	—	0.3
Transfers	—	—	—	—
Disposals	—	—	—	—
Amortization charge	—	(0.5)	—	(0.5)
Closing net book amount	**860.1**	**4.2**	**0.3**	**864.6**
At March 31, 2014				
Cost or valuation	860.1	13.4	0.9	874.4
Accumulated amortization, impairment and other adjustments	—	(9.2)	(0.6)	(9.8)
Net book amount	**860.1**	**4.2**	**0.3**	**864.6**

	Goodwill	IT implementation costs	Other intangibles	Total
		in € million		
Quarter ended March 31, 2013				
Opening net book amount	841.5	3.9	0.4	845.8
Additions	—	0.5	—	0.5
Transfers	—	0.7	—	0.7
Amortization charge	—	(0.6)	—	(0.6)
Closing net book amount	**841.5**	**4.5**	**0.4**	**846.4**
At March 31, 2013				
Cost or valuation	841.5	17.3	0.9	859.7
Accumulated amortization, impairment and other adjustments	—	(12.8)	(0.5)	(13.3)
Net book amount	**841.5**	**4.5**	**0.4**	**846.4**

Note 6 Property, plant and equipment

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
			in € million			
Quarter ended March 31, 2014						
Opening net book amount	98.6	154.6	0.6	10.1	18.2	282.0
Additions	—	1.7	0.1	—	4.2	6.0
Transfers	—	11.0	(0.1)	—	(10.9)	—
Depreciation charge	(0.9)	(6.2)	—	(0.3)	—	(7.4)
Exchange differences	(0.1)	0.1	—	—	—	—
Closing net book amount	**97.6**	**161.2**	**0.6**	**9.8**	**11.5**	**280.7**
At March 31, 2014						
Cost	116.0	251.6	1.2	16.5	11.5	396.8
Accumulated depreciation	(18.4)	(90.4)	(0.6)	(6.7)	—	(116.1)
Net book amount	**97.6**	**161.2**	**0.6**	**9.8**	**11.5**	**280.7**

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
			in € million			
Quarter ended March 31, 2013						
Opening net book amount	89.4	134.2	0.6	11.4	31.8	267.4
Additions	—	1.8	—	0.1	5.5	7.5
Transfers	0.4	10.5	—	—	(11.7)	(0.7)
Depreciation charge	(0.8)	(6.1)	—	(0.4)	—	(7.3)
Exchange differences	(0.3)	0.2	—	0.1	(0.1)	(0.1)
Closing net book amount	**88.8**	**140.7**	**0.6**	**11.3**	**25.4**	**266.8**
At March 31, 2013						
Cost	103.2	220.7	1.1	17.1	25.4	367.6
Accumulated depreciation	(14.5)	(79.9)	(0.5)	(5.8)	—	(100.8)
Net book amount	**88.7**	**140.7**	**0.6**	**11.3**	**25.4**	**266.8**

The additions to property, plant and equipment represent mainly investments in capacity extension, R&D investments, investments to run the business and IT investments.

As at March 31, 2014, the Group has commitments to purchase property, plant and equipment for the amount of €8.8 million.

Note 7 Legal claims

The Group recognizes a provision for certain legal claims brought against the Group by customers, suppliers or former employees. There have been no significant developments in respect of claims compared to prior year end.

Note 8 Reconciliation of net income/ (loss) before interest, tax, depreciation and amortization (EBITDA) and from EBITDA to Adjusted EBITDA

Please see Details in Condensed Consolidated Interim Income Statement.

Note 9 Non-recurring expenses

	First Quarter	
	2014	2013
	in € million	
Factory closure	0.9	—
Business restructuring	0.6	—
Acquisition related expenses	0.3	1.9
Asset impairment	—	0.3
Other	0.5	0.2
Total non-recurring expenses	**2.3**	**2.4**

Factory closure: The Group closed the production facility in Recklinghausen, Germany in 2012. The non-recurring items in Q1 2014 relate to remaining expenses in respect of the factory closure.

Business restructuring: The Group undertook a number of projects to optimize the management of its business. The costs in Q1 2014 mainly comprise of professional fees and costs related to breach of contract.

Acquisition related expenses: In Q1 2013 and Q1 2014, the Group incurred expenses in relation to the acquisition and subsequent integration of Serenity Spa.

Asset Impairment: The asset impairment charge is a non-cash item and relates in Q1 2013 to the write off of the amortization of idle production equipment.

Note 10 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 11 Related Party Transactions

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended December 31, 2013 and hence no updated information is included in this interim reporting.

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 12 Events after the reporting period

There have been no material recent developments to date.

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Audit report

To the Shareholders of
Ontex I S.à r.l.

We have audited the accompanying consolidated financial statements of Ontex I S.à r.l., which comprise the consolidated statement of financial position as at 31 December 2013, 2012 and 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agree", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ontex I S.à r.l. as of 31 December 2013, 2012 and 2011, and of its consolidated financial performance and its cash-flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 5 June 2014
Represented by

/s/ Philippe Duren

PricewaterhouseCoopers, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

1. GENERAL INFORMATION

1.1. Business activities

The Ontex I Group (the "Group") is a leading manufacturer of private label and branded hygienic disposables products. The total revenue of the Group was € 1,491.9 million in the financial year 2013. The Group has 15 production facilities located in Europe, Turkey, Algeria, China, Pakistan, Russia and Australia. The Group offers a wide range of products in the baby sector (diapers, pants and wipes), feminine hygiene (sanitary towels, panty liners and tampons) and is also a key supplier to the adult incontinence sector through its healthcare division.

Ontex I S.à.r.l. ("the Parent") is the parent company of the Group. Ontex I S.à.r.l. is a public limited company incorporated and domiciled in Luxembourg. The corporate seat and principal executive office is at 2, Rue du Fossé, L-1536 Luxembourg. The company is registered in Luxembourg under the number B0153335. The consolidated financial statements of Ontex I Group as at 31 December 2013 comprise Ontex I S.à.r.l. and its subsidiaries as outlined in Note 6.

Goldman Sachs Capital Partners and TPG Capital own each 50% of the shares of Ontex I S.à.r.l.

In July 2010, entities established by funds managed by Goldman Sachs Capital Partners and TPG agreed to acquire Ontex. The acquisition closed during November 2010. As of 31 December 2013, these funds beneficially own and control (through wholly-owned intermediary holding companies), along with certain members of the senior management, the entire share capital. The current ownership structure is set out below:

Goldman Sachs Capital Partners and TPG Capital own each 50% of the shares of Ontex I S.à r.l.

Ontex I S.à r.l. owns 93.4710% of the shares of Ontex II S.à r.l.

The remaining 6.5290% of the shares are held by certain members of the Senior Management.

Ontex II S.à r.l. owns all of the shares of Ontex II-A S.à r.l.

Ontex II-A S.à r.l. owns all of the shares of Ontex III S.A.

Ontex III S.A. owns all of the shares of Ontex IV S.A.

1.2. Financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These Group consolidated financial statements were authorised for issue by the Board of Managers on 14 April 2014. The amounts in this document are presented in millions of euros (€ million), unless noted otherwise.

1.3. Board of Managers

The Board of Managers of Ontex I S.à.r.l. is composed of the following members:

FURTH Michael

MANAGER
Start of mandate: 25/05/2010
End of mandate: unlimited term

LEGAL Dominique

MANAGER
Start of mandate: 25/05/2012
End of mandate: unlimited

FERNANDES DAS NEVES Pedro
MANAGER
Start of mandate: 28/06/2010
End of mandate: unlimited term

MATIAS Alexandra
MANAGER
Start of mandate: 17/01/2014
End of mandate: unlimited

DAVIDSON Martin
MANAGER
Start of mandate: 06/01/2012
End of mandate: 17/01/2014

1.4. Statutory auditors

The statutory audit is performed by PricewaterhouseCoopers Société Coopérative (B 113620), 400, route d'Esch, L-1014 Luxembourg. The mandate ends on the General Meeting of 2016.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2013	2012	2011
ASSETS				
Non-current assets				
Goodwill and other intangible assets	8	864.8	845.8	846.3
Property, plant & equipment	9	282.0	267.4	246.0
Deferred tax assets	16	0.3	0.1	0.5
Receivables	10	0.1	0.1	—
		1,147.2	**1,113.4**	**1,092.8**
Current assets				
Inventories	11	182.2	171.6	139.3
Trade receivables	10	199.0	163.5	153.2
Prepaid expenses and other receivables	10	37.4	35.3	41.4
Current income tax		3.8	1.9	2.0
Derivative financial assets	4.1	1.1	5.8	17.4
Cash and cash equivalents	12	61.4	39.2	65.5
		484.9	**417.3**	**418.8**
TOTAL ASSETS		**1,632.1**	**1,530.7**	**1,511.6**
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital	13	420.0	420.0	420.0
Cumulative translation differences		(19.9)	(7.1)	(8.4)
Retained earnings and other reserves		(64.4)	(86.8)	(76.2)
Controlling interests		**335.7**	**326.1**	**335.4**
Non-controlling interests		23.5	22.8	23.5
TOTAL EQUITY		**359.2**	**348.9**	**358.9**
Non-current liabilities				
Employee benefit liabilities	15	15.8	14.3	12.1
Provisions	18	0.1	—	—
Borrowings	14	896.7	818.7	814.9
Other non-current financial liabilities	7	10.0		
Deferred tax liabilities	16	14.8	13.4	14.6
Other payables	17	2.3	1.1	0.1
		939.7	**847.5**	**841.7**
Current liabilities				
Borrowings	14	13.9	14.0	20.4
Derivative financial liabilities	4.1	1.9	—	—
Other current financial liabilities	7	8.0	—	—
Trade payables	17	240.9	221.8	221.7
Accrued expenses and other payables	17	16.0	17.6	17.5
Social liabilities	17	25.9	23.4	22.7
Current income tax liabilities		19.0	15.2	10.9
Provisions	18	7.5	42.3	17.8
		333.2	**334.3**	**311.0**
TOTAL LIABILITIES		**1,272.9**	**1,181.8**	**1,152.7**
TOTAL EQUITY AND LIABILITIES		**1,632.1**	**1,530.7**	**1,511.6**

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

	Note	2013(****)	2012	2011
Revenue	5	1,491.9	1,309.0	1,217.6
Cost of sales	22	(1,094.8)	(988.3)	(941.4)
Gross margin		**397.1**	**320.7**	**276.2**
Distribution expenses	22	(136.3)	(108.6)	(92.4)
Sales and marketing expenses	22	(78.0)	(64.2)	(50.5)
General administrative expenses	22	(41.1)	(30.9)	(28.1)
Other operating income/(expense), net	20	0.4	1.1	(1.9)
Non-recurring expenses (*)	21	(19.6)	(50.4)	(40.2)
Operating profit		**122.5**	**67.7**	**63.1**
Finance income	23	17.9	18.1	25.6
Finance cost	23	(101.9)	(88.1)	(126.7)
Net finance cost		**(84.0)**	**(70.0)**	**(101.1)**
(Loss) / Profit before income tax		**38.5**	**(2.3)**	**(38.0)**
Income tax expense	24	(14.0)	(6.8)	(13.6)
(Loss) / Profit of the period from continuing operations		**24.5**	**(9.1)**	**(51.6)**
(Loss) / Profit of the year		**24.5**	**(9.1)**	**(51.6)**
(Loss) / Profit attributable to:		22.9	(8.5)	(48.2)
Owners of the parent		1.6	(0.6)	(3.4)
Non-controlling interests		24.5	(9.1)	(51.6)

Additional information	2013	2012	2011
Operating Profit	122.5	67.7	63.1
Depreciation and amortization (***)	33.8	31.1	35.6
EBITDA (**)	**156.3**	**98.8**	**98.7**

(*) Non-recurring expenses is a non-GAAP measure defined in note 21.

(**) EBITDA, earning before net finance cost, income taxes, depreciation and amortization is a non-GAAP measure defined in the summary of significant accounting policies (note 1)

(***) Depreciation and amortization (D&A) include € 31.5 million of recurring D&A and € 2.3 million of non-recurring D&A in 2013 (€ 30.8 million of recurring D&A and € 0.3 million of non-recurring D&A (impairment cost) in 2012; € 30.5 million of recurring D&A and € 5.1 million of non-recurring D&A (impairment cost) in 2011)

(****) For the year ended December 31, 2013, Serenity has been consolidated from its date of acquisition, April 4, 2013.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

	Note	2013	2012	2011
(Loss) / Profit of the period		**24.5**	**(9.1)**	**(51.6)**
Other comprehensive income for the period, after tax:				
Items that will not be reclassified subsequently to income statement				
Actuarial gains/(losses) on defined benefit pension plans	15	—	(2.2)	0.2
Items that will be reclassified subsequently to income statement				
Exchange differences on translating foreign operations		(13.7)	1.3	(6.6)
Cash flow hedge		(0.6)	—	—
Other		0.1	—	—
Other comprehensive income/(loss) for the period, net of tax		**(14.2)**	**(0.9)**	**(6.4)**
Total comprehensive income/(loss) for the period (*)		**10.3**	**(10.0)**	**(58.0)**
Total comprehensive income attributable to:				
Owners of the parent		9.6	(9.3)	(54.3)
Non-controlling interests		0.7	(0.7)	(3.7)
		10.3	**(10.0)**	**(58.0)**

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

		Attributable to equity holders of the Company						
	Note	Share capital	CPECs	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
Balance at December 31, 2010	**13**	**4.2**	**415.8**	**(2.2)**	**(28.1)**	**389.7**	**27.2**	**416.9**
Comprehensive income:								
Loss of the year					**(48.2)**	**(48.2)**	**(3.4)**	**(51.6)**
Other comprehensive income:								
Exchange differences on translating foreign operations		—	—	(6.2)	—	(6.2)	(0.4)	(6.6)
Actuarial gains/(losses) on defined benefit pension plans		—	—	—	0.1	0.1	0.1	0.2
Total other comprehensive income		**—**	**—**	**(6.2)**	**0.1**	**(6.1)**	**(0.3)**	**(6.4)**
Balance at December 31, 2011	**13**	**4.2**	**415.8**	**(8.4)**	**(76.2)**	**335.4**	**23.5**	**35898**

		Attributable to equity holders of the Company						
	Note	Share capital	CPECs	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
Balance at December 31, 2011	**13**	**4.2**	**415.8**	**(8.4)**	**(76.2)**	**335.4**	**23.5**	**358.9**
Comprehensive income:								
Loss of the year					**(8.5)**	**(8.5)**	**(0.6)**	**(9.1)**
Other comprehensive income:								
Exchange differences on translating foreign operations		—	—	1.3	—	1.3	—	1.3
Actuarial gains/(losses) on defined benefit pension plans		—	—	—	(2.1)	(2.1)	(0.1)	(2.2)
Other					—	—	—	—
Total other comprehensive income		**—**	**—**	**1.3**	**(2.1)**	**(0.8)**	**(0.1)**	**(0.9)**
Balance at December 31, 2012	**13**	**4.2**	**415.8**	**(7.1)**	**(86.8)**	**326.1**	**22.8**	**348.9**

		Attributable to equity holders of the Company						
	Note	Share capital	CPECs	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
Balance at December 31, 2012	**13**	**4.2**	**415.8**	**(7.1)**	**(86.8)**	**326.1**	**22.8**	**348.9**
Contribution in Kind CPECs		**16.8**	**(16.8)**					**-**
Comprehensive income:								
Profit of the year					**22.9**	**22.9**	**1.6**	**24.5**
Other comprehensive income:								
Exchange differences on translating foreign operations		—	—	(12.8)	—	(12.8)	(0.9)	(13.7)
Actuarial gains/(losses) on defined benefit pension plans		—	—	—	—	—	—	—
Cash Flow hedge					(0.6)	(0.6)	—	(0.6)
Other					0.1	0.1		0.1
Total other comprehensive income		**—**	**—**	**(12.8)**	**(0.5)**	**(13.3)**	**(0.9)**	**(14.2)**
Balance at December 31, 2013	**13**	**21.0**	**399.0**	**(19.9)**	**(64.4)**	**335.7**	**23.5**	**359.2**

6. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

	Note	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the year		**24.5**	**(9.1)**	**(51.6)**
Adjustments for:				
Income tax expense	24	14.0	6.8	13.6
Depreciation and amortisation		33.8	31.1	35.6
(Profit)/loss on disposal of property, plant and equipment		0.7	0.7	0.5
Inventory write-down		(1.0)	(0.2)	2.2
Impairment of trade receivables	10	(3.0)	(1.1)	(1.1)
Provisions (including employee benefit liabilities)		(30.4)	24.4	6.3
Unrealised F/x difference on operating activities		1.2	(0.6)	1.8
Finance costs — net (including unrealised F/x difference on financing)		84.1	70.0	101.1
Changes in working capital:				
Inventories		7.8	(32.1)	(1.4)
Trade and other receivables and prepaid expenses		18.4	(5.2)	(17.8)
Trade and other payables and accrued expenses		(2.3)	6.1	12.0
Social liabilities		1.4	0.6	0.8
Cash from operating activities before taxes		**149.2**	**91.4**	**102.0**
Income tax paid		(14.7)	(3.8)	(21.8)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**134.5**	**87.6**	**80.2**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment and intangibles	8,9	(43.0)	(55.1)	(34.1)
Loss on disposal of property, plant and equipment		—	(0.4)	(0.5)
Capital grants received		0.2	1.2	0.2
Acquisition price paid	7	(73.2)	—	(14.8)
NET CASH USED IN INVESTING ACTIVITIES		**(116.0)**	**(54.3)**	**(49.2)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from acquisition (net cash)	7	2.1	—	5.6
Proceeds from borrowings	14	77.4	2.2	835.0
Other proceeds from financing	14	—	—	1.3
Repayment of borrowings	14	(2.4)	(7.5)	(760.0)
Interest paid	23	(64.3)	(61.2)	(49.9)
Interest received	23	0.5	0.2	0.8
Cost of refinancing & other costs of financing		(11.0)	(5.0)	(25.6)
Realised foreign exchange (losses)/gains on financing activities		(4.2)	1.6	(1.7)
Derivative financial assets		5.6	10.1	1.3
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**3.7**	**(59.6)**	**6.7**
NET INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		**22.2**	**(26.3)**	**37.7**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**39.2**	**65.5**	**27.8**
CASH, CASH EQUIVALENTS AT THE END OF THE YEAR		**61.4**	**39.2**	**65.5**

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. Summary of significant accounting policies

7.1.1. Introduction

The significant IFRS Group accounting policies that are applied in the preparation of these IFRS Group consolidated financial statements are set out below.

7.1.2. Basis of preparation

These consolidated financial statements of the Group for the year ended 31 December 2013 have been drawn up in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at 31 December 2013.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments for which fair value is used.

These financial statements are prepared on an accruals basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The following standards, amendments to standards and interpretations are applied for the first time for the financial year beginning 1 January 2013, which had an impact on the financial statements:

- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- IAS 19 (revised 2011) *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2013)

The impact of the application of the new standards and amendments is, however, not significant.

The following new standards, interpretations and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013, but are not currently relevant for the group:

- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards — Government Loans* (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (applicable for annual periods beginning on or after 1 January 2013)

The following new standards, amendments to standards and interpretations have been issued, but are not yet applicable for the annual period beginning on 1 January 2013:

- IFRS 9 *Financial Instruments* and subsequent amendments (not yet endorsed in EU)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016)
- IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 — *Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 *Employee Benefits — Employee Contributions* (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 — *Financial Instruments — Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 — *Levies* (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

  Should the standards have been early adopted there would be no impact on the consolidated financial statements of the Group for the financial year ended 31 December 2013.

The amendments to IAS 36- Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014) have been early adopted in the consolidated financial statements of the Group for the financial year ended 31 December 2013 and have no material impact.

7.1.3. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions with non-controlling interests

The Group treats the transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

7.1.4. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "investments in associates" and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recognised in the statement of financial position is allocated to three Cash Generating Units (CGUs). These CGUs are Retail, Healthcare and Middle East and Africa (MEA — former Turkey division). They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. This is in line with the centralised business model that was implemented during 2010.

7.1.5. Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the income statement within "Finance income" or "Finance cost". All other foreign exchange gains and losses are presented in the income statement within "other operating income/(expense), net".

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting exchange rate differences are recognised in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

	31 December 2013		31 December 2012		31 December 2011	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
CZK	27,4270	25,9871	25,1510	25,1457	25,7870	24,5890
GBP	0,8337	0,8493	0,8161	0,8111	0,8353	0,8678
USD	1,3791	1,3281	1,3194	1,2856	1,2939	1,3917
TRY	2,9605	2,5329	2,3551	2,3145	2,4432	2,3351
AUD	1,5423	1,3770	1,2712	1,2413	1,2723	1,3481

7.1.6. Other intangible assets

An intangible asset is recognised on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible fixed assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortisations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects. For internal IT projects, expenses that relate to the development phase are capitalised as internally generated intangibles assets. The Group's systems allow a reliable measure of expenses directly attributable to the different IT projects.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition, construction and or production of a qualifying intangible asset are capitalised as part of the cost of the asset.

Intangible assets are amortised on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible Asset	Estimated useful life
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortisation commences only when the asset is available for use.

7.1.7. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalised as part of the cost of the asset.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets are charged to the income statement. However, expenditure on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, is identified as a separate element of the acquisition cost. The cost of property, plant and equipment is broken down into major components. These major components, which are replaced at regular intervals and consequently have a useful life that is different from that of the fixed asset in which they are incorporated, are depreciated over their specific useful lives. In the event of replacement, the component is replaced and removed from the statement of financial position, and the new asset is depreciated up until the next major repair or maintenance.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

Tangible Asset	Estimated useful life
Land	N/A
Land improvement and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT Equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

7.1.8. Leases

Finance leases:

The Group leases certain property, plant and equipment. Leases of property, plant and equipment for which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset shall be depreciated over the useful life. In all other circumstances the asset is depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases:

A lease agreement is classified as an operating lease if all of the risks and rewards of ownership have not been transferred to the lessee. Payments under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

7.1.9. Impairment of non-financial assets, other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not subject to amortisation, but are tested annually for impairment.

Other assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

7.1.10. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the production costs, like raw materials, direct labour, and also the indirect production costs (production overheads based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period and if they are specific to a single machine. If they are not expected to be used in more than one period or if they can be used on several machines, they are classified as inventory. For the spare parts classified as inventory, the Group uses write-down rules based on the economic use of these spare parts.

7.1.11. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or supply of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue arising from the sale of goods when specific criteria have been met for each of the Group's activities. When the Group transfers the significant risks and rewards of ownership, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the collectability of the related receivable is reasonably assured. Revenue is recognised upon delivery of the products to the customer and its acceptance thereof. Products are generally sold to customers on an ex-works basis, however at their request, additional services may be offered by us in expediting delivery to customer premises or warehouses. The price for our products generally reflects an amount of delivery expenses incurred by us. Consequently, the revenue reflects this component.

The recognition criteria are applied to the separately identifiable components of a single transaction when it is necessary to reflect the substance of the transaction.

Interest income is recognised using the effective interest method. Dividends relating to year N are recognized when the shareholder's right to receive payment is established.

7.1.12. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL, when the financial asset is either held for trading or is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and had a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis: or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designed as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Financial assets at fair value through profit or loss are financial assets held for trading: they are classified as current assets. Derivatives are classified as held for trading, unless hedge accounting is applied (see 1.21. below).

Assets in this category are recognised at fair value and subsequently adjusted to fair values, with any adjustments recognised immediately in the income statement.

b) Loans, payables and receivables

Loans, payables and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans, payables (including other and trade payables) and receivables (including trade receivables and other receivables, cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortised cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

An allowance for impairment of trade receivables is accounted for when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the present value of estimated cash flows, including the proceeds of credit insurance contracts, discounted at the effective interest rate.

The amount of the allowance is deducted from the carrying amount of the asset and is recognised in the income statement within 'sales and marketing expenses'.

Trade receivables are no longer recognised when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

c) De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

7.1.13. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

7.1.14. Share capital

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments, such as the Convertible Preferred Equity Certificates (CPECs), are either classified as financial liabilities or equity. The financial instrument is included in equity if, and only if, the instrument does not include a contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the Group, and if the instrument will or may be settled in a fixed number of the Group's own equity instruments.

7.1.15. Government grants

Grants from governments are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the assets to which they relate and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

7.1.16. Employee benefits

Short-term employee benefits

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'social liabilities' in the statement of financial position.

Post-employment benefits

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income. The net interest cost relating to the defined benefit plans is recognized within financial expenses.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

Unfunded obligations arising from long-term benefits are provided for using the projected unit credit method.

Termination benefits

Early termination obligations are recognised as a liability when the Group is 'demonstrably committed' to terminating the employment before the normal retirement date. The Group is 'demonstrably committed' when, and only when, it has a detailed formal plan for the early termination without realistic possibility of withdrawal. Where such benefits are long term, they are discounted using the same rate as above for defined benefit obligations.

7.1.17. Share-based payments

The Group operates a cash-settled incentive plan for which the amounts to be paid are based on the value of the shares of the Group.

The cost associated with the aforementioned plan is determined based on the fair value of the liability incurred. The liability is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognised in profit and loss of the period. The fair value of the liability is recognised over the remaining vesting period of the rights at the moment of the remeasurement.

7.1.18. Provisions

Provisions are recognised when (I) the Group has a present legal or constructive obligation as a result of past events; (II) it is probable that an outflow of resources will be required to settle the obligation; (III) and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

If the Group has an onerous contract, it will be recognised as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

A provision for restructuring is only recorded if the Group demonstrates a constructive obligation to restructure at the balance sheet date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

7.1.19. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax is not recognised for:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognised for all taxable temporary differences (including unused tax losses/tax credits carried forward). Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. The Group is able to offset deferred tax assets and liabilities only if the deferred tax balances relate to income taxes levied by the same taxation authority.

7.1.20. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

a) currently has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

a) *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on — recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability in the consolidated income statement.

b) ***Other financial liabilities***

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A limited part of trade payable is subject to reverse factoring. As the main risk and rewards of the trade payable remain with the Group, the financial liability is not de-recognised from trade payable.

7.1.21. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate CAP's.

Derivatives are accounted for in accordance with IAS 39. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative instruments are disclosed in note 4 "Financial instruments & financial risk management". The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

If no hedge accounting is applied, the Group recognises all gains or losses resulting from changes in fair value of derivatives in the consolidated income statement within "Other operating income/expense" to the extent that they relate to operating activities and within "Finance income" of "Finance costs" to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

7.1.22. Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other operating income/(expense)' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

7.1.23. Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Managers, review the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore the Group operates as one segment.

7.1.24. Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

7.1.25. Non-GAAP Measures

EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization have been deducted. This non-GAAP measure has been included in the financial statements since management believes that it is widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity.

Management also discloses non-recurring expenses. Non-recurring expenses are defined as those items that are considered by management to be non-recurring or unusual because of their nature. The non-recurring expenses relate to:

- acquisition costs;
- business restructuring costs, including costs relate to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- asset impairment costs.

7.2. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

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 years ended 31 December are as follows:

	2013	2012	2011
Long-term interest bearing debt	896.7	818.7	814.9
Short-term interest bearing debt	13.9	14.0	20.4
Available short-term liquidity	(61.4)	(39.2)	(65.5)
Total net debt position	**849.2**	**793.5**	**769.8**

7.3. Critical Accounting Estimates and Judgments

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below:

7.3.1. Income taxes

The Group has tax losses and tax credits usable to offset future taxable profits, mainly in France and Belgium, amounting to € 566.7 million at 31 December 2013 (€ 449.0 million at 31 December 2012). The Group has not fully recognised deferred tax assets in this respect. The valuation of this asset depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions and on the outcome of tax planning strategies. These estimations are made prudently in the limit of the best current knowledge. Where circumstances should change and the final tax outcome would be different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Overall, the rationale for not recognising deferred tax assets in respect of tax losses and tax credits is based on the fact that the losses are mainly generated as a consequence of the historic financing structure, the modification of which is depending on future events. Although the Group has planned some significant tax actions, these will only be taken into account for recognising deferred tax assets upon implementation.

7.3.2. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1.4 “Goodwill”. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. These are summarised here below:

As at 31 December	2013	2012	2011
Pre-tax discount rate			
Retail	*10.6%*	*10.0%*	*12.0%*
Healthcare	*10.7%*	*10.1%*	*12.0%*
Middle East and Africa (MEA-former Turkey)	*10.9%*	*11.5%*	*16.3%*

Should the estimated EBITDA at 31 December 2013 and the following 2 years decrease by 15% than the discounted cash flows used in the calculation of the recoverable amount, or should the discount rate used in the calculation done at that date increase by 15%, no impairment would be recognised.

As indicated in note 7.8., Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2% for Retail and Healthcare and 3% for MEA. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the three CGUs are currently operating. Should the growth rate for any of the CGUs decrease by 50%, no impairment would need to be recognized.

Sufficient headroom is available to support the carrying amount of goodwill.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions changes. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data.

Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

7.3.3. Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16.

7.3.4. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

7.3.5. Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate has to correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

Would the discount rate used be higher or lower than 1%, the impact on the financial statements would not be material.

7.3.6. Research & Development

Notwithstanding the detailed follow up of the R&D programs for product development per project, the administrative system of the Group does not differentiate the incurred expenses between research and development phases. Therefore, the expenses in relation to the research and development phase are charged to the statement of comprehensive income within operating results.

7.4. Financial Instruments and Financial Risk Management

7.4.1. Overview of financial instruments

The table below summarises all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

Financial instruments	31 December 2011 Designated in hedge relationship	At fair value through profit or loss — Held for trading	Loans and receivables At amortised cost	Fair value	Fair value level
Non-current receivables			0.0	0.0	Level 2
Trade receivables			153.2	153.2	Level 2
Other receivables			20.4	20.4	Level 2
Derivative financial assets	16.4	1.0		17.4	
Interest rate caps		*1.0*		*1.0*	Level 2
Forward foreign exchange contracts	*1.6*			*1.6*	Level 2
Oil Brent Call Option	*14.8*			*14.8*	Level 2
Cash and cash equivalents			65.5	65.5	Level 2
Total Financial Assets	**16.4**	**1.0**	**239.1**	**256.5**	
Interest-bearing debts — non-current			814.9	695.2	
Senior Secured Notes 2011 > 1 Year			*311.4*	*289.6*	Level 1
Floating Rate Notes 2011 > 1 Year			*272.5*	*238.8*	Level 1
Senior Unsecured Notes 2011 > 1 Year			*228.7*	*164.5*	Level 1
Financial lease & other liabilities			*2.3*	*2.3*	Level 2
Derivative financial liabilities			0.0	0.0	
Other payables — non-current			0.1	0.1	Level 2
Interest-bearing debts — current			20.4	20.4	
Bonds issued 31 March 2011:			*12.7*	*12.7*	Level 1
Financial lease & other liabilities			*2.0*	*2.0*	Level 2
Factoring			*5.7*	*5.7*	Level 2
Trade payables			221.7	221.7	Level 2
Other payables — current			13.8	13.8	Level 2
Total Financial Liabilities			**1,070.9**	**951.2**	

Financial instruments	31 December 2012 Designated in hedge relationship	At fair value through profit or loss — Held for trading	Loans and receivables At amortised cost	Fair value	Fair value level
Non-current receivables			0.1	0.1	Level 2
Trade receivables			163.5	163.5	Level 2
Other receivables			22.8	22.8	Level 2
Derivative financial assets	5.7	0.1		5.8	
Interest rate caps		*0.1*		*0.1*	Level 2
Oil Brent Call Option	*5.7*			*5.7*	Level 2
Cash and cash equivalents			39.2	39.2	Level 2
Total Financial Assets	**5.7**	**0.1**	**225.6**	**231.4**	
Interest-bearing debts — non-current			818.7	865.9	
Senior Secured Notes 2011 > 1 Year			*312.7*	*340.8*	Level 1
Floating Rate Notes 2011 > 1 Year			*273.6*	*275.1*	Level 1
Senior Unsecured Notes 2011 > 1 Year			*229.7*	*247.3*	Level 1
Financial lease & other liabilities			*2.7*	*2.7*	Level 2
Derivative financial liabilities			0.0	0.0	
Other payables — non-current			1.1	1.1	Level 2
Interest-bearing debts — current			14.0	14.0	
Bonds issued 31 March 2011:			*12.0*	*12.0*	Level 1
Financial lease & other liabilities			*2.0*	*2.0*	Level 2
Trade payables			221.8	221.8	Level 2
Other payables — current			13.1	13.1	Level 2
Total Financial Liabilities			**1,068.7**	**1,115.9**	

Financial instruments	Designated in hedge relationship	At fair value through profit or loss — Held for trading	Loans and receivables At amortised cost	Fair value	Fair value level
	31 December 2013				
Non-current receivables			0.1	0.1	Level 2
Trade receivables			199.0	199.0	Level 2
Other receivables			28.7	28.7	Level 2
Derivative financial assets	1.0	0.1		1.1	
Interest rate caps		*0.1*		*0.1*	Level 2
Forward foreign exchange contracts	*1.0*			*1.0*	Level 2
Cash and cash equivalents			61.4	61.4	Level 2
Total Financial Assets	**1.0**	**0.1**	**289.2**	**290.3**	
Interest-bearing debts — non-current			896.7	952.3	
Senior Secured Notes 2011 > 1 Year			*389.7*	*415.7*	Level 1
Floating Rate Notes 2011 > 1 Year			*274.8*	*280.2*	Level 1
Senior Unsecured Notes 2011 > 1 Year			*230.6*	*254.8*	Level 1
Financial lease & other liabilities			*1.6*	*1.6*	Level 2
Derivative financial liabilities	1.9			1.9	
Forward foreign exchange contracts	*1.9*			*1.9*	Level 2
Other non-current financial liabilities			10.0	10.0	Level 3
Other payables — non-current			2.3	2.3	Level 3
Interest-bearing debts — current			13.9	13.9	
Bonds issued 31 March 2011:			*13.2*	*13.2*	Level 1
Financial lease & other liabilities			*0.7*	*0.7*	Level 2
Other current financial liabilities			8.0	8.0	Level 3
Trade payables			240.9	240.9	Level 2
Other payables — current			11.0	11.0	Level 2
Total Financial Liabilities	**1.9**		**1,182.8**	**1,240.3**	

Trading derivatives are classified as current assets or current liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. All trading derivatives fair value measurement is based on level 2 inputs as defined under IFRS 7§27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognised on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per 31 December 2013.

The counterparties of the interest rate cap and FX option contracts have an A-credit rating.

7.4.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since year end or in any risk management policies. Hedge accounting was not applied in the 2012 and 2011 year-end financial statements. In 2013 hedge accounting is applied with respect to the foreign currency forward contracts.

7.4.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP) the Polish zloty (PLN) and the Australian dollar (AUD) on sales, and the US dollar (USD) and the Czech krone (CZK) on procurement. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The group also has exposures to the Turkish lira (TL), Algerian dinar (DZD), Russian ruble (RUB) and Czech krone (CZK) due to their net investments in foreign operations.

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of Managers. In 2013 the Group decided to enter in foreign exchange hedging contracts.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, the Group uses forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury is responsible for optimizing the net position in each foreign currency when possible and appropriate. The Group applies hedge accounting for the hedge related transactions, the impact of the revaluation is recognised in other comprehensive income.

The Group has entered into foreign exchange forward contracts in December 2013 maturing at the latest in December 2014 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Turkish lira, Australian dollar and Russian ruble as well as purchases in USD and CZK to occur in 2014. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until 31 December 2014: for British pound GBP 87.4 million, for Polish zloty PLN 139.7 million, for Turkish lira TL 48.5 million, for Australian dollar AUD 27.9 million, for Russian ruble RUB 418.0 million, for Czech krone CZK 225.2 million and for US Dollar USD 96.9 million.

At inception of the foreign exchange contracts, those were designated as cash flow hedges. At the moment the forecasted transactions materialise, the foreign exchange forward contracts become fair value hedges.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. The Group applies hedge accounting to the foreign currency forward contracts.

As of 31 December 2013 an unrealized gain of € 0.8 million (Turkish lira, Australian dollar, Czech krone) and an unrealized loss of € 1.4 million (British pound, Polish zloty, US dollar) has been recognized in other comprehensive income.

As of 31 December 2013 the fair value of the derivative financial asset for the foreign exchange contracts amounted to € 1 million and of the derivative financial liability amounted to € 1.9 million.

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/ strengthening of the Euro against the reported currency with all other variables held constant. The impact is mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and payables and **related** derivative positions as at the respective balance sheet dates.

	10% weakening of the EUR				**10% strengthening of the EUR**			
	2013		**2012**	**2011**	**2013**		**2012**	**2011**
	impact on P&L	**impact on equity**			**impact on P&L**	**impact on equity**		
	In € million							
PLN	2.7	(2.3)	3.0	2.2	(2.2)	1.9	(2.5)	(1.8)
GBP	(0.0)	(2.6)	0.0	(0.0)	0.0	2.1	0.0	0.0
USD	(1.1)	1.7	(1.5)	3.7	0.9	(1.4)	1.2	0.1
RUB	0.0	(0.6)			0.0	0.5		

7.4.4. Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate caps to manage these risks.

Since the Group's policy is to hedge the exposures on a group level without detailed documentation with respect to hedge accounting, the Group decided not to apply hedge accounting for these transactions.

Sensitivity of the value of the interest payments related to loans, including the impact of the related derivative financial instruments: At 31 December the Ontex debt is constituted of Senior Secured Fixed Rate Notes, Senior Secured Floating Rate Notes and Senior Unsecured Fixed Rate Notes. The loans with floating interest rates are based on EURIBOR.

Sensitivity of the fair value of derivative financial instruments related to loans: At 31 December 2013, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax profit for the year would have been respectively € 0.04 million higher / € 0.03 million lower. At 31 December 2012, if EURIBOR interest rates had been 10bp higher/lower with all other variables held constant, pre-tax profit for the year would have been respectively € 0.03 million higher/ € 0.03 million lower. At 31 December 2011, if EURIBOR interest rates had been 50 bps higher/lower with all other variables held constant, pre-tax profit for the year would have been respectively € 0.3 million higher / € 0.2 million lower. The variance in the sensitivity analysis was modified in 2012 compared to 2011 because applying a shift of 50bps in 2012 would result in negative interest rates in the short run.

Sensitivity of the fair value of loans: At 31 December 2013, 31 December 2012 and 31 December 2011 the only Floating Rate Notes related to € 280.0 million Senior Secured Floating Rate Notes due 2018 carrying an interest of EURIBOR 3 months plus a margin of 4.125%.

The notional principal amounts of the outstanding fixed payer interest rate swap/cap contracts at 31 December 2013 are: € 150 million; 2012: € 150 million; 2011: € 150 million. At 31 December 2013, there is a CAP for € 150 million — strike 4.5%.

7.4.5. Price risk (commodity)

The Group has some exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene and polypropylene.

The Group has entered into an Oil Brent Call Option for a measured quantity of oil barrels for the period through to September 2013 in the second half of 2010. The option reached its maturity on 15 September 2013 and has not been replaced. The nominal amount of the Oil Hedge outstanding at 31 December 2013 is zero (2012: € 31.5 million).

7.4.6. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% in 2011, 2012 and 2013. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

We refer to note 10 for the ageing of the receivables and the doubtful receivables.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

7.4.7. Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 14 "Borrowings") at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyses the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2011				
Borrowings	(57.3)	(57.2)	(175.3)	(958.2)
Trade payables	(221.7)			
At 31 December 2012				
Borrowings	(57.2)	(57.6)	(178.3)	(897.6)
Trade payables	(221.8)			
At 31 December 2013				
Borrowings	(63.2)	(63.8)	(841.5)	(241.1)
Trade payables	(240.9)			

The table above does not contain finance lease liabilities. The maturity of these financial liabilities was less than one year at each balance sheet date.

7.5. Operating segments

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 organisational 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 maker, the Board of Managers, 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, geographic areas and revenues from major customers are presented below:

7.5.1. Information by division:

By Division	2013	2012	2011
Retail*	933.8	878.5	886.9
Healthcare	379.7	269.9	199.0
Middle East and Africa (MEA-former Turkey)	178.4	160.6	131.7
Ontex Group Sales	**1,491.9**	**1,309.0**	**1,217.6**

(*) Operationally, the Retail division is split into two sub-divisions: Retail Mature and Retail Growth. Since Retail Growth accounts for less than 10% of consolidated sales and consolidated assets, and since, except for the geographical focus, both sub-divisions are similar, both sub-divisions are aggregated in our reporting.

7.5.2. Information by product sales:

The key product categories are:

- Babycare products, principally baby diapers, baby pants and, to a lesser extent, wet wipes;
- Feminine care products, such as sanitary towels, panty liners and tampons;
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection.

By Product Group	2013	2012	2011
Baby	783.2	722.8	724.0
FemCare	197.5	187.4	188.9
Incontinence	490.6	379.6	286.5
Other (Traded goods)	20.6	19.2	18.2
Ontex Group Sales	**1,491.9**	**1,309.0**	**1,217.6**

7.5.3. Information by geographic area:

The organisational 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 Group's customers is accordingly the geographical segmentation criterion and is defined as below:

- Western Europe
- Eastern Europe
- Rest of the World

	2013	2012	2011
Western Europe	1,020.7	880.1	868.1
Eastern Europe	197.3	183.7	157.9
Rest of the World	273.9	245.2	191.6
Ontex Group Sales	**1,491.9**	**1,309.0**	**1,217.6**

The sales in the country of domicile of Ontex I (Luxembourg) are insignificant. We disclose in the table below the sales to countries in our top 3 markets. The sales in all other individual countries represent less than 10% of Ontex Group Sales.

	2013	2012	2011
United Kingdom	247.5	198.0	149.2
France	228.0	214.6	227.7
Germany	147.0	160.1	205.8
Other countries	869.5	736.3	634.9
Ontex Group Sales	**1,491.9**	**1,309.0**	**1,217.6**

7.5.4. Revenues from major customers:

The Group does not have a single significant customer. In 2013 the largest customer represents 6.4% of the revenues. The 10 largest customers represent 38.7% of 2013 revenues.

7.6. List of Consolidated Companies

Ontex has the following subsidiaries:

Name	Percentage of interest held by the group			Registered office	Company legal number
	2013	2012	2011		
Ontex Coordination Center bvba	93.47%	93.47%	93.47%	Spinnerijstraat 12, 9240 Zele, Belgium	0460.560.453
Eutima bvba	93.47%	93.47%	93.47%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontex Retail UK Ltd.	93.47%	93.47%	93.47%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	N/A
Ontex Health Care UK Ltd.	93.47%	93.47%	93.47%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	N/A
Ontex Hygiënartikel Deutschland GmbH	93.47%	93.47%	93.47%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	N/A
Ontex Italia Srl	93.47%	93.47%	93.47%	Via Delle Grazie 6,25122 Brescia, Italy	N/A
Ontex CZ Sro	93.47%	93.47%	93.47%	Vesecko 491, 51101 Turnov, Czech Republic	N/A
Ontema bvba	93.47%	93.47%	93.47%	Genthof 12,9255 Buggenhout, Belgium	0453.081.852
Ontex Romania Srl	93.47%	93.47%	93.47%	5 Str. Caderea Bastilieri, et. 1, ap. 10, sector 1, Bucharest, Romania	N/A
Ontex Polska sp. z.o.o.	93.47%	93.47%	93.47%	ul. Legionów 93/95, lok 26, 91-072 Lodz, Poland	N/A
Ontex Peninsular SAU	93.47%	93.47%	93.47%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Ontex Mayen GmbH	93.47%	93.47%	93.47%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	N/A
Hygiëne Medica SA	93.47%	93.47%	93.47%	625 Avenue de la Saladelle, 34130 Saint-Aunes, France	N/A
Ontex OOO	93.47%	93.47%	93.47%	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	N/A
Ontex Logistics GmbH	93.47%	93.47%	93.47%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	N/A

Name	Percentage of interest held by the group 2013	2012	2011	Registered office	Company legal number
Ontex Tuk. Urn. San. ve Tic. AS	93.47%	93.47%	93.47%	Yenibosna, Merkez Mh. Asena Sk. No 2, Bahçelievler, Istanbul, Turkey (as from 01/01/2013 address is Selimpasa Merkes Mahallesi 5000, Sokak N10 34590 Silivri, Istanbul, Turkey	N/A
Ontex Vertrieb Gmbh & Co. KG	93.47%	93.47%	93.47%	Robert Bosch Str 8, 56727 Mayen, Germany	N/A
Ontex France SAS	93.47%	93.47%	93.47%	586 Boulevard Albert Camus, 694000 Villefranche-sur-Saone France	N/A
Moltex Baby-Hygiene Beteiligungs GmbH	93.47%	93.47%	93.47%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	N/A
WS Windel-Shop GmbH	93.47%	93.47%	93.47%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	N/A
Ontex Health Care France SA	93.47%	93.47%	93.47%	18 Rue de Croix, 59290 Wasquehal, France	N/A
Ontex ID SAU	93.47%	93.47%	93.47%	Poligono Industrial Nicomedes Garcia, C/ Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Ontex Healthcare Deutschland GmbH	93.47%	93.47%	93.47%	Hansaring 6, Lotte 49504, Germany	N/A
Hycos GmbH	0%	0%	93.47%	Ringstrasse 14, 09569 Oederan, Germany	N/A
Ontex bvba	93.47%	93.47%	93.47%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Ontex Recklinghausen GmbH	93.47%	93.47%	93.47%	Blitzkuhlenstrasse 205, 45659 Recklinghausen, Germany	N/A
ONV Middleco bvba	0%	93.47%	93.47%	Spinnerijstraat 12, 9240 Zele, Belgium	0479.340.346
ONV Topco NV	93.47%	93.47%	93.47%	Spinnerijstraat 12, 9240 Zele, Belgium	0479.340.742
Ontex International bvba	93.47%	93.47%	93.47%	Spinnerijstraat 12, 9240 Zele, Belgium	0478.866.432
Ontex Beteiligungsgesellschaft GmbH	93.47%	93.47%	93.47%	Robert Bosch Str. 8, 56727 Mayen, Germany	N/A
Ontex RU LLC	93.47%	93.47%	93.47%	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	N/A

Name	Percentage of interest held by the group			Registered office	Company legal number
	2013	2012	2011		
Ontex Hygienic Disponables (Yangzhou) Co.TD	93.47%	93.47%	93.47%	Hangji industrial park, Hanjiang Dictrict, 225111 Yangzhou, China	N/A
Ontex ES Holdco SL	93.47%	93.47%	93.47%	Poligono Industrial Nicomedes Garcia, C/ Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Can Hygiene SPA	93.47%	93.47%	93.47%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	N/A
Ontex Healthcare bvba	0%	93.47%	93.47%	Genthof 5, 9255 Buggenhout, Belgium	0893.417.906
Ontex Inko Deutschland GmbH	93.47%	93.47%	93.47%	Robert Bosch Str. 8, 56727 Mayen, Germany	N/A
CR-Med Hygieneartikel GmbH	0%	0%	93.47%	Giesbert-Bergerhoff-Str. 56, 49076 Osnabrück, Germany	N/A
Ontex Manufacturing Pty Ltd (former Ontex Australia Pty Ltd)	93.47%	93.47%	93.47%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	N/A
LLC Ontex Ukraine	93.47%	93.47%	93.47%	Building 7(C), 13 M. Pymonenka Street, 04050 Kyiv, Ukraine,	37728333
Ontex Pakistan	93.47%	93.47%	93.47%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	N/A
Ontex Santé France SAS	93.47%	93.47%	93.47%	Rue de Croix 18, 59290 Wasquehal, France	N/A
Lille Healthcare Sprl	0%	0%	93.47%	Chaussée de Nivelles 167, 7181 Arquennes, Belgium	0809.895.956
Lille Healthcare SL	0%	0%	93.47%	21, 4-1a Calle Bruc, 0810 Barcelona, Spain	N/A
Lille Healthcare GmbH	0%	0%	93.47%	138 Torstraße, 10119 Berlin, Germany	N/A
Ontex Australia Pty Ltd	93.47%	93.47%	93.47%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Lille Healthcare Ltd	0%	0%	93.47%	61-62 Gosport Business Center, Aerodrome Road, Hampshire, PO13 0FQ	06550768
Ontex Central Asia LLP	93.47%	93.47%	0%	Almaty, Bostandyk district, Al-Farabi Avenue 5, Business Center Nurly Tau, Blok 1A, Suite 502, Kazachstan	N/A

Name	Percentage of interest held by the group 2013	2012	2011	Registered office	Company legal number
Ontex Hygiene Sarlau	93.47%	93.47%	0%	Angle rue Al Kadi Lass et reu Ahmen Majjati Mâarif, 5ième étage, Casablanca, Morocco	N/A
Serenity Holdco S.r.l.	93.47%	0%	0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	
Ontex Manufacturing Italy S.r.l.	93.47%	0%	0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	
Serenity Spa	93.47%	0%	0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti)	
Ontex IV SA	93.47%	93.47%	93.47%	2 Rue du Fossé, L-1536 Luxembourg	B153.359
Ontex III SA	93.47%	93.47%	93.47%	2 Rue du Fossé, L-1536 Luxembourg	B153.348
Ontex II-A Sàrl	93.47%	93.47%	93.47%	2 Rue du Fossé, L-1536 Luxembourg	B153.888
Ontex II Sàrl	93.47%	93.47%	93.47%	2 Rue du Fossé, L-1536 Luxembourg	B153.343

The voting rights equal the percentage of interest held.

The most significant Group subsidiaries are Ontex bvba, Ontex Mayen GmbH, Ontex Czech Republic Sro, Ontex Tuketim AS and Serenity Spa.

7.7. Business Combinations

On 4 April 2013 the Group acquired all the shares and voting rights of Serenity S.p.a. (former Artsana SUD S.p.a.) and its subsidiaries. The acquisition provides the Group with an established platform for operations in the Italian incontinence market, a segment and geography in which the Group had limited presence, as well as the opportunity to develop the babycare business in Italy. Furthermore the group gained access to an extensive and efficient distribution network and "made in Italy" credentials through the acquisition of the manufacturing plant.

Serenity has been consolidated as from 1 April 2013.

The Group paid a consideration of € 49.2 million, repaid € 24.0 of debt to the former shareholders and has agreed on certain earn-out payments totalling no more than € 18 million. The cash impact in 2013 amounted to € 73.2 million. The net assets acquired amount to € 48.6 million. As a consequence, the Group recognized a goodwill of € 18.6 million in the statement of financial position. As of 31 December 2013 the Group has finalised the purchase price allocation.

We have also agreed to certain earn-out payments (contingent consideration) totalling no more than € 18 million (the "Earn-out Payments") and consisting of: (a) up to € 8 million and € 5 million in 2014 and 2015, respectively, depending on Serenity's year end EBITDA in 2013 and 2014, respectively; and (b) a final payment of up to € 5 million on the third anniversary of the Acquisition Closing Date, based on improvements to Serenity's DSO ("Days of Sales Outstanding") with respect to its Public Tender Contracts. These future earn out payments have been recognised in the statement of financial position under the non-current (€ 10 million) and the current other financial liabilities (€ 8 million) at fair value. These financial liabilities are non-interest bearing.

The full amount of the earn-out payments has been taken into account for the determination of the goodwill.

The goodwill of € 18.6 million arising from the acquisition is attributable to acquired workforce, scale and geographical spread of the operations, expected from acquiring the operations of the group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for Serenity S.p.a. and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Consideration at 4 April 2013 (in € million)	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2.1
Property, plant, and equipment	27.3
Intangible assets (excluding goodwill)	0.1
Inventories	17.4
Trade and other receivables	54.2
Deferred tax assets	0.0
Trade and other payables	(21.7)
Employee benefit obligations	(1.9)
Borrowings	(24.0)
Other assets and liabilities acquired	(2.7)
Deferred tax liabilities	(2.3)
Total identifiable net assets acquired	**48.6**
Allocation to Goodwill	18.6
Total consideration	**67.2**
Purchase price:	
Cash	49.2
Contingent consideration	18.0
Fair value of shares exchanged	0.0
Total consideration transferred	**67.2**

As a result of the acquisition and fair values (to land, buildings and PPE) assigned by the appraisal specialist, the consolidated statement of financial position as of 31 December 2013 reflect adjustments made in accordance with IFRS 3, Business Combinations, for a total amount of € 27.3 million.

The acquisition related costs in the period ended 31 December 2013 amounted to € 8.2 million and are included in non-recurring expenses in the income statement. Since acquisition date, Serenity generated revenues and net result of respectively € 108.6 million and € 5.4 million in 2013. Had this business combination been effected at 1 January 2013, the revenue of Serenity from continuing operations would have been € 146.8 million and the net result would have been € 8.2 million. The Managers consider these 'pro-forma' numbers to represent an approximate measure of the performance of Serenity on an annualised basis and to provide a reference point for comparison in future periods.

The gross contractual amounts receivable amount to EUR 54,2 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.

7.8. Goodwill and Other Intangible Assets

	Goodwill	IT implementation costs	Other intangibles	Total
Year ended 31 December 2011				
Opening net book amount	831.3	4.8	0.6	836.7
Additions	—	2.1	—	2.1
Amortization charge	—	(2.5)	(0.1)	(2.6)
Other movements (*)	10.2	—	—	10.2
Closing net book amount	**841.5**	**4.4**	**0.5**	**846.4**
At 31 December 2011				
Cost or valuation	841.5	14.4	0.9	856.8
Accumulated amortization and impairment	—	(10.0)	(0.4)	(10.4)
Net book amount	**841.5**	**4.4**	**0.5**	**846.4**
Year ended 31 December 2012				
Opening net book amount	841.5	4.4	0.5	846.4
Additions	—	1.7	—	1.7
Amortization charge	—	(2.2)	(0.1)	(2.3)
Other movements	—	—	—	—
Closing net book amount	**841.5**	**3.9**	**0.4**	**845.8**
At 31 December 2012				
Cost or valuation	841.5	16.1	0.9	858.5
Accumulated amortisation and impairment	—	(12.2)	(0.5)	(12.7)
Net book amount	**841.5**	**3.9**	**0.4**	**845.8**
Period ended 31 December 2013				
Opening net book amount	841.5	3.9	0.4	845.8
Additions		3.0	—	3.0
Disposals	—	(0.2)	—	(0.2)
Amortization charge	—	(2.4)	(0.1)	(2.5)
Exchange differences	—	—	—	—
Other movements	—	—	—	—
Acquisitions through business combination	18.6	0.1		18.7
Closing net book amount	**860.1**	**4.4**	**0.3**	**864.8**
At 31 December 2013				
Cost or valuation	860.1	13.1	0.9	874.1
Accumulated amortization and impairment	—	(8.7)	(0.6)	(9.3)
Net book amount	**860.1**	**4.4**	**0.3**	**864.8**

(*) This movement should be considered as a movement in opening balance sheet (final purchase price allocation).

Capitalised IT implementation costs represent internally developed and externally purchased software for own use. Other intangibles represent acquired customer relationships.

The amortization cost is included in the captions of the consolidated statement of comprehensive income as follows:

	2013	2012	2011
Cost of sales	—	0.1	0.1
Distribution expenses	—	—	—
Sales and marketing expenses	0.3	0.5	0.5
General and administrative expenses	2.1	1.7	2.0
Total depreciation and amortization	**2.5**	**2.3**	**2.6**

As indicated in note 14.1 “Borrowings”, the Group’s current and future intangible assets are pledged as security for the Group’s borrowings.

The Group incurred € 4.5 million of research and development expenses in 2013 (2012: € 3.7 million; 2011: € 3.3 million) that has been recorded under the caption “General and administrative expenses”.

Goodwill impairment

For the purpose of performing impairment reviews, the Group has identified three cash generating units (CGUs): Retail, Healthcare and *Middle East and Africa (MEA-former Turkey).* Annual impairment reviews are performed as at 31 December for all CGUs. These reviews compare the carrying value of each CGU with the recoverable amount of the CGU’s assets calculated using a discounted cash flow model. If the recoverable amount is less than the carrying value of the CGU, an impairment loss is recognised immediately in the income statement.

Goodwill allocated to the CGUs as at 31 December was as follows:

	2013	2012	2011
Retail	757.7	757.7	757.7
Healthcare	60.4	41.8	41.8
MEA	42.0	42.0	42.0
	860.1	**841.5**	**841.5**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by Ontex’ Board of Managers covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 2% for Retail and Healthcare and 3% for MEA. The growth rate does not exceed the current market expectations in which the three CGUs are currently operating.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 3.2 “Impairment”.

7.9. Property, Plant and Equipment

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Year ended 31 December 2011						
Opening net book amount	99.7	120.6	0.4	3.2	18.7	242.6
Additions	0.6	10.8	0.3	1.5	14.3	27.5
Transfers	(0.8)	6.2	—	0.9	(6.3)	(0.0)
Disposals	—	—	(0.1)	—	—	(0.1)
Depreciation charge	(6.7)	(24.7)	(0.2)	(1.0)	(0.4)	(33.0)
Exchange differences	(0.5)	(1.1)	—	0.1	(0.3)	(1.8)
Other movements	(3.7)	(0.1)	—	—	(0.1)	(3.9)
Additions through business combinations	2.3	2.5	0.1	5.3	4.5	14.7
Closing net book amount	**90.9**	**114.2**	**0.5**	**10.0**	**30.4**	**246.0**
At 31 December 2011						
Cost	103.1	164.8	0.9	14.2	30.8	313.8
Accumulated depreciation	(12.2)	(50.6)	(0.4)	(4.2)	(0.4)	(67.8)
Net book amount	**90.9**	**114.2**	**0.5**	**10.0**	**30.4**	**246.0**

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Year ended 31 December 2012						
Opening net book amount	90.9	114.2	0.5	10.0	30.4	246.0
Additions	0.5	23.5	0.3	2.8	23.6	50.7
Transfers	0.9	21.0	—	0.1	(21.9)	0.1
Disposals	—	(0.2)	—	—	—	(0.2)
Depreciation charge	(3.3)	(24.2)	(0.2)	(1.5)	0.4	(28.8)
Exchange differences	0.4	0.3	—	—	—	0.7
Other movements	—	(0.4)	—	—	(0.7)	(1.1)
Closing net book amount	**89.4**	**134.2**	**0.6**	**11.4**	**31.8**	**267.4**
At 31 December 2012						
Cost	103.1	208.1	1.1	17.1	31.8	361.2
Accumulated depreciation	(13.7)	(73.9)	(0.5)	(5.7)	—	(93.8)
Net book amount	**89.4**	**134.2**	**0.6**	**11.4**	**31.8**	**267.4**

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Year ended 31 December 2013						
Opening net book amount	89.4	134.2	0.6	11.4	31.8	267.4
Additions	1.3	21.0	0.2	0.8	9.7	33.0
Transfers	0.6	21.0	—	—)	(22.4)	(0.9)
Disposals	—	(4.0)	—	—	(0.8)	(4.8)
Depreciation charge	(3.9)	(25.9)	(0.2)	(1.3)	—	(31.3)
Exchange differences	(1.3)	(5.8)	(0.1)	(0.8)	(0.6)	(8.8)
Other movements	—	(0.1)	—	—	0.5	0.4
Addition through business combinations	12.5	14.6	—	—	0.2	27.3
Closing net book amount	**98.6**	**154.6**	**0.6**	**10.1**	**18.2**	**282.0**
At 31 December 2013						
Cost	116.0	239.0	1.2	16.5	18.2	390.8
Accumulated depreciation	(17.5)	(84.4)	(0.6)	(6.4)	—	(108.8)
Net book amount	**98.6**	**154.6**	**0.6**	**10.1**	**18.2**	**282.0**

The following annual operating lease payments have been included in the income statement for the years ended 31 December.

	2013	2012	2011
Land and buildings	18.1	15.3	11.3
Machinery and equipment	6.4	6.8	4.6
Rent of pallets	4.3	3.7	3.7
Furniture and vehicles	4.7	4.5	4.2
Other lease rentals	1.2	1.3	1.1
Total operating lease payments	**34.8**	**31.6**	**24.9**

The depreciation charge is included in the captions of the consolidated statement of comprehensive income as follows:

	2013	2012	2011
Cost of sales	25.1	24.9	24.2
Distribution expenses	1.2	1.2	1.3
Sales and marketing expenses	2.2	2.1	1.9
General administrative expenses	0.5	0.5	0.3
Other operating income	—	(0.2)	0.2
Total depreciation and amortization	29.0	28.5	27.9
Non-recurring costs	2.3	0.3	5.1
Total depreciation and impairment	**31.3**	**28.8**	**33.0**

The Group did not have material finance lease arrangements during the reporting period.

As indicated in note 14.1 "Borrowings", the Group's current and future items of property, plant and equipment are pledged as security for the Group's borrowings.

7.10. Trade Receivables, Prepaid Expenses and Other Receivables

Year ended 31 December	2013	2012	2011
Trade receivables	203.0	170.7	161.5
Less: allowance for impairment of trade receivables	(4.1)	(7.2)	(8.3)
Trade receivables — net	199.0	163.5	153.2
Prepayments	8.7	12.5	21.0
Other amounts receivable	28.7	22.8	20.4
Prepaid expenses and other receivables	37.4	35.3	41.4
Trade and other receivables — Current	**236.4**	**198.8**	**194.6**

"Other amounts receivable" include recoverable VAT for an amount of € 25.2 million for 2013 (2012: € 19.7 million; 2011: € 13.8 million). The fair value of the current receivables approximates their carrying amounts.

The aging of the receivables at 31 December is as follows:

	2013	2012	2011
Not due	160.1	140.9	127.2
0 to 30 days	18.7	16.3	18.6
31 to 60 days	8.5	3.2	2.9
61 to 90 days	5.4	0.4	0.5
Over 90 days	6.3	2.7	4.0
Total	**199.0**	**163.5**	**153.2**

The Group doesn't apply systematically external credit rating. An impairment analysis of trade receivables is done on an individual level, but there are no individual significant impairments.

The carrying amount of the Group's trade receivables are denominated in the following currencies:

Year ended 31 December	2013	2012	2011
EUR	98.3	74.0	81.7
GBP	40.3	30.9	27.8
PLN	24.4	27.2	19.6
TRY	12.7	17.0	17.1
AUD	6.6	5.5	4.4
RUB	8.5	8.9	6.0
Other	12.2	7.2	4.9
Total	**203.0**	**170.7**	**161.5**

During the course of the year, the payment terms for the receivables have neither deteriorated nor been renegotiated. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security. Movements on the Group allowance for impairment of trade receivables are as follows:

	2013	2012	2011
Opening Balance	7.2	8.3	3.4
Assets Acquired	0.1	—	3.1
Allowance for receivable impairment	0.8	0.6	2.5
Receivables written off during the year as uncollectible	(0.3)	(1.4)	(0.3)
Unused amounts reversed	(3.6)	(0.3)	(0.3)
Foreign exchange differences	(0.1)	—	(0.1)
At 31 December	**4.1**	**7.2**	**8.3**

The creation and the release of the allowance for impaired receivables have been included in ‘Sales and marketing expense’ in the income statement.

The Group has entered into a non-recourse factoring agreement in 2008 and this agreement is still in place. This factoring agreement is an off-balance sheet arrangement. The agreement provides a credit facility up to € 125 million.

Linked to the acquisition of Serenity in April 2013, the Group also entered into a factoring agreement with Ifitialia and one with Mediofactoring, both non-recourse. These agreements provide an additional credit facility up to € 46.5 million for the year ended 31 December 2013.

As indicated in note 14.1 “Borrowings”, the Group’s Trade Receivables are pledged as security for the Group’s borrowings.

7.11. Inventories

Inventories can be split as follows:

Year ended 31 December	2013	2012	2011
Raw materials	78.3	80.5	65.5
Work in progress	1.0	0.9	0.8
Finished goods	101.0	89.1	74.1
Other	9.9	9.6	7.7
Write-down on inventories	(8.0)	(8.5)	(8.8)
Inventories	**182.2**	**171.6**	**139.3**

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, wipes, incontinence products and trade goods.

The cost of inventories recognised as an expense and included under ‘Cost of sales’ amounted to € 1,094.8 million in 2013 (€ 988.3 million in 2012; 2011: € 941.4 million).

As indicated in note 14.1 “Borrowings”, the Group’s Inventories are pledged as security for the Group’s borrowings.

7.12. Cash and Cash Equivalents

The net cash position as presented in the consolidated statement of cash flows is as follows:

Year ended 31 December	2013	2012	2011
Short-term bank deposits (no longer than 3 months)	2.8	4.4	2.8
Cash at bank and on hand	58.6	34.8	62.7
Total	**61.4**	**39.2**	**65.5**

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

Cash at bank and short term bank deposits	2013	2012	2011
AA	8.6	7.3	41.1
A	51.3	31.6	24.3
BBB	1.2	0.1	—
BB	0.2	0.1	—
No credit rating	0.1	0.1	0.1
Total	**61.4**	**39.2**	**65.5**

As indicated in note 14.1 "Borrowings", the Group's Bank Accounts are pledged as security for the Group's borrowings.

7.13. Share Capital

	Number of shares	Number of CPECs	Ordinary shares	CPECs	Total
Opening balance at 1 January 2011	**421,250,000**	**41,580,000,000**	4.2	415.8	**420.0**
Capital increase/reduction	—	—	—	—	—
Other movements	—	—	—	—	—
Closing balance at 31 December 2011	**421,250,000**	**41,580,000,000**	4.2	415.8	**420.0**
Capital increase/reduction	—	—	—	—	—
Other movements	—	—	—	—	—
Closing balance at 31 December 2012	**421,250,000**	**41,580,000,000**	4.2	415.8	**420.0**
Capital increase/reduction	1,680,000,000	(1,680,000,000)	16.8	(16.8)	—
Other movements	—	—	—	—	—
Closing balance at 31 December 2013	**2,101,250,000**	**39,900,000,000**	21.0	399.0	**420.0**

On 16 November 2010 Ontex I Sàrl (the Company) issued and sold 41,580,000,000 Convertible Preferred Equity Certificates (CPECs), having a par value of 0.01 EUR each, in an aggregate amount of 415.8 million EUR to its shareholders.

On the mandatory conversion date, which means the 49th anniversary of the date of issuance, the Company shall convert all of the then outstanding CPECs into shares of the Company. The Company at its discretion may opt to convert the CPECs into shares of the Company or repurchase.

The CPECs are considered as equity instruments.

All shares have a nominal value of 0.01 EUR. The ordinary shares and CPEC's are the only used classes of shares. The Company has an authorised and unissued capital of 10 million EUR represented by 1,000,000,000 shares with accordingly a nominal value of 0.01 EUR per share.

In addition to the above and following a decision by the shareholders dated 31 October 2013, the Company may issue up to 2 million class A preferred shares and class B preferred shares. To date, no such shares were issued.

7.14. Borrowings

Year ended 31 December	2013	2012	2011
Non-current			
Borrowings:			
Bonds:			
— Senior Secured Notes 2011 > 1 Year	389.7	312.7	311.4
— Floating Rate Notes 2011 > 1 Year	274.8	273.6	272.5
— Senior Unsecured Notes 2011 > 1 Year	230.6	229.7	228.7
Financial lease & other liabilities	1.6	2.7	2.3
Borrowings non-current	**896.7**	**818.7**	**814.9**
Current			
Borrowings:			
Bonds:	13.2	12.0	12.7
Financial lease & other liabilities	0.7	2.0	2.0
Factoring	—	—	5.7
Borrowings current	**13.9**	**14.0**	**20.4**
Total financial liabilities	**910.6**	**832.7**	**835.3**

Reconciliation to statement of cash flows

	2013	2012	2011
Repaid borrowings			
— Shareholder Loan — Senior loan notes (Nov 2010)	—	—	(600.0)
— Vendor loan notes (November 2010)	—	—	(160.0)
Financial lease & other liabilities	(2.4)	(1.8)	—
Factoring (recourse)		(5.7)	—
Impact on statement of cash flows	**(2.4)**	**(7.5)**	**(760.0)**
Newly contracted loans			
— Bonds	77.4		835.0
— Financial lease & other liabilities		2.2	
Impact on statement of cash flows	**77.4**	**2.2**	**835.0**

All borrowings are denominated in euro.

As of 31 March 2011 the Company has issued high yield bonds replacing a € 600.0 million Senior Loan and a € 160.0 million Vendor Loan Notes.

On 14 February 2013, Ontex closed the offering of € 75 million 7.5% Senior Secured Notes due 2018 for an issue price of 103.25% plus an amount equal to the accrued interest on the Notes from 15 October 2012. The gross proceeds of this successful offering, together with cash on hand, were used to (i) purchase the issued and outstanding capital stock of Serenity and (ii) pay certain fees and expenses associated with the acquisition of Serenity and the offering of the Notes.

The Senior secured Notes are accounted for at amortized cost.

The high yield bonds consist of € 235.0 million 9.000% Senior Notes due 2019, € 395.0 million 7.500% Senior Secured Notes due 2018 and € 280.0 million Senior Secured Floating Rate Notes due 2018.

The high yield bonds are accounted for at amortized cost.

The carrying amounts and fair value of the new financing is as follows:

	Carrying Value	Fair Value
Bonds	895.1	950.8
	895.1	**950.8**

(*) The fair value of the bonds is that as quoted on the market

As of 31 December 2013, € 75 million of the Revolving Credit Facility is undrawn.

7.14.1. Collateral for borrowings

Security agreements have been entered into which collectively secure the borrowings for the entire amount outstanding and accrued interest on the borrowings. The Group is subject to regular information covenants, and certain financial ratios are monitored. The Group retains full ownership and operating rights for the assets pledged. In the event of a default of repayment of the borrowings and related interest payments, the borrowers may enforce against the pledged assets.

7.14.2. Other information

HSBC Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 4.4 million. Over this line of credit nothing has been utilized.

Isbank Turkey has also granted a line of credit to Ontex Tuketim A.S. for USD 10.0 million. Over this line of credit USD 3.5 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Yapi Kredi Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 3.0 million. Over this line of credit 1.2 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Akbank Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 2.8 million. Over this line of credit 0.5 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Garanti Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 1.5 million. Over this line of credit 0.1 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Ontex Tuketim A.S. signed a guarantee letter in favour of HSBC Algeria at an amount of USD 7.5 million. HSBC Algeria has been using this guarantee letter to grant a line of credit to Can Hygiene SPA for drawing Letter of Credits to raw material suppliers and grant loan for BD line purchase.

7.15. Employee Benefit Liabilities

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the balance sheet can be analysed as follows:

Year ended 31 December	2013	2012	2011
Post-employment benefits	13.2	11.1	8.3
Long-term benefits	2.0	2.1	2.2
Termination benefits*	0.6	1.1	1.6
Employee benefit liabilities	**15.8**	**14.3**	**12.1**
Short-term employee benefits and other benefits	25.9	23.4	22.7
Net liability	**41.7**	**37.7**	**34.8**

* Prepension included in termination benefits.

The calculation of the debt is based on actuarial assumptions that have been determined on the various balance sheet dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits:

We make payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, we operate a defined benefit insurance scheme in Belgium and we also have an obligation to make severance payments to employees upon their retirement in France and Turkey. We also operate several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 revised basis. The pension benefits are paid by the relevant company as they fall due.

The Group has DC plans for which they paid € 0.1 million in 2013. In Belgium the DC plans are subject to a minimum guaranteed rate of return by law. In practice this guarantee is mainly covered by insurance companies. As there is no deficit as per 31 December 2013, no liability has been recognised. The accumulated reserves of these plans are equal to the assets.

There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan specific risks, and of any significant concentrations of risk.

Reconciliation of the employee benefit liabilities

Post Employment Benefits	2013	2012	2011
RECOGNITION OF THE OBLIGATION			
Defined benefit obligation (DBO) at end of period	(14.5)	(12.3)	(9.5)
Fair value of plan assets at end of period	1.3	1.2	1.2
Funded status	**(13.2)**	**(11.1)**	**(8.3)**
NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION	**(13.2)**	**(11.1)**	**(8.3)**
DEFINED BENEFIT COST			
Current service cost	0.4	0.3	0.4
Past service cost	—	—	(1.4)
Service cost (note 19) recognised in P&L	**0.4**	**0.3**	**(1.0)**
Interest expense on DBO	0.5	0.5	0.4
Interest income on plan assets	—	(0.1)	—
Net interest cost recognised in P&L	**0.5**	**0.4**	**0.4**
PENSION (EXPENSE)/PROFIT (EMPLOYER)	**0.9**	**0.7**	**(0.6)**
RECONCILIATION OF THE OBLIGATION			
Defined benefit obligation (DBO) at beginning of year	**(12.3)**	**(9.5)**	**(9.9)**
Business combination	(1.7)	—	(0.5)
Current service cost	(0.4)	(0.3)	(0.4)
Past service cost	—	—	1.4
Service cost	(0.4)	(0.3)	1.0
Interest expense on DBO	(0.5)	(0.5)	(0.5)
Benefit payments from plan	—	0.2	—
Benefit payments from employer	0.3	0.4	0.3
Effect of changes in financial assumptions	0.1	(1.8)	(0.1)
Effect of experience adjustments:	(0.2)	(0.8)	—
Effect of changes in foreign exchange rates	0.1	—	0.1
Defined benefit obligation (DBO) at end of year	**(14.5)**	**(12.3)**	**(9.5)**

Post Employment Benefits	2013	2012	2011
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE			
Fair value of plan assets at beginning of year	1.2	1.2	1.0
Interest income	—	0.1	—
Employer contribution	0.4	0.5	0.4
Benefit payments from plan	—	(0.2)	—
Benefit payments from employer	(0.3)	(0.4)	(0.3)
Return on plan assets (excluding interest income)	—	—	0.2
Fair value of plan assets at end of period	1.3	1.2	1.2
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION			
Net (liability)/asset at start of year	(11.1)	(8.3)	(8.9)
Business combination	(1.7)	—	(0.5)
Defined benefit cost included in the income statement	(0.9)	(0.7)	0.6
Total re-measurements included in OCI	—	(2.6)	0.1
Employer contributions	0.4	0.5	0.4
Effect of changes in foreign exchange rates	0.1	—	—
Net (liability)/asset at end of year	**(13.2)**	**(11.1)**	**(8.3)**

Post Employment Benefits	2013	2012	2011
UNFUNDED versus FUNDED			
Part of DBO from plans that are wholly unfunded	(13.3)	(11.1)	(8.3)
EXPECTED CONTRIBUTIONS IN NEXT ANNUAL PERIOD	**(0.6)**	**(0.4)**	**(0.2)**

The plan assets consist of insurance contracts.

7.15.1. Material actuarial assumptions 2011

	COUNTRY			
As at 31 December 2011	Belgium	Germany	France	Turkey
Discount rate	4.8%	4.8%	4.75%	10.0%
Expected long-term rate of return on plan assets	3.3%	—	—	—
Salary increase rate (on top of inflation)	4.0%	3.0%	2.5%	—
Rate of inflation	2.0%	—	2.0%	—
Mortality table	—	Heubeck 2005 G	INSEE 2006-2008	—
Turnover table/rates	0.0%	0.0%	—	0.0%
Disability table/rates	—	Heubeck 2005 G	—	—

7.15.2. Material actuarial assumptions 2012

	COUNTRY			
As at 31 December 2012	Belgium	Germany	France	Turkey
Discount rate	3.3%	1% - 3.25% - 3.70%	3.8%	8.8%
Expected long-term rate of return on plan assets	3.3%	—	—	—
Salary increase rate (on top of inflation)	3.5%	0.0%	2.5%	5.0%
Rate of inflation	2.0%	2.0%	2.0%	5.0%
Mortality table	MR/FR age corr minus 3 y	Heubeck 2005 G	INSEE 2006-2008	C.S.O. 1980
Turnover table/rates	0.0%	0.0%	—	0.0%
Disability table/rates	—	Heubeck 2005 G	—	—

7.15.3. Material actuarial assumptions 2013

As at 31 December 2013	COUNTRY Belgium	Germany	France	Turkey	Italy
Discount rate	3.3%	0.5% - 3.25%	3.8%	10.5%	3.5%
Expected long-term rate of return on plan assets	3.3%	—	—	—	—
Salary increase rate (on top of inflation)	3.5%	0.0%	2.5%	5.0%	n/a
Rate of inflation	2.0%	2.0%	2.0%	5.0%	2.0%
Mortality table	MR FR with age correction minus 3 years	Heubeck 2005 G	INSEE 2006-2008	C.S.O. 1980	RG48 Italian tables
Turnover table/rates	None	n/a	table1/table 2	company specific	3% flat
Disability table/rates	—	Heubeck 2005 G	—	—	
Weighted average duration	13.83	14.79	11.84	N/A	12.32

There are no unusual entity-specific or plan specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

As at 31 December 2013 Sensitivity analysis	Belgium	Germany	France	Turkey	Italy
Discount rate - 0,25bp	(2.0)	(8.5)	(2.4)	(0.4)	(1.7)
Discount rate + 0.25bp	1.9	8.0	2.1	0.4	1.6
Salary increase - 0.25bp	(1.9)	no impact	(2.4)	(0.4)	no impact
Salary increase + 0.25bp	1.8	no impact	2.4	0.4	no impact

7.15.4. Post Employment Benefits by Country

Post Employment Benefits	2011 Germany	Turkey	France	Belgium	Total
RECOGNITION OF THE OBLIGATION					
Defined benefit obligation (DBO) at end of period	(6.4)	(0.5)	(1.2)	(1.4)	(9.5)
Fair value of plan assets at end of period	—	—	—	1.2	1.2
NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION	**(6.4)**	**(0.5)**	**(1.2)**	**(0.2)**	**(8.3)**

Post Employment Benefits	2012 Germany	Turkey	France	Belgium	Total
RECOGNITION OF THE OBLIGATION					
Defined benefit obligation (DBO) at end of period	(7.8)	(0.6)	(2.1)	(1.8)	(12.2)
Fair value of plan assets at end of period	—	—	—	1.2	1.2
NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION	**(7.8)**	**(0.6)**	**(2.1)**	**(0.6)**	**(11.1)**

Post Employment Benefits	2013 Germany	Turkey	France	Belgium	Italy	Total
RECOGNITION OF THE OBLIGATION						
Defined benefit obligation (DBO) at end of period	(8.2)	(0.4)	(2.2)	(1.9)	(1.7)	(14.5)
Fair value of plan assets at end of period	0.0	0.0	0.0	1.3	0.0	1.3
Funded status	(8.2)	(0.4)	(2.2)	(0.6)	(1.7)	(13.2)
NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION	**(8.2)**	**(0.4)**	**(2.2)**	**(0.6)**	**(1.7)**	**(13.2)**

7.16. Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

Ontex Group — Net total DTA (+) / DTL (-)

	31 December 2013		31 December 2012		31 December 2011	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	1.2		1.8		2.2	
Property. plant and equipment		(27.7)		(24.7)		(25.9)
Materials & consumables		(0.1)		(0.3)		(0.3)
Financial instruments		(4.6)		(4.4)		(7.4)
Employee benefits	1.4		0.9		1.0	
Accrued expenses and other payables	0.7			(0.9)		(2.8)
Others		(2.9)		(2.0)		(0.5)
Tax losses	198.6		148.9		159.0	
Tax credit	8.0		6.5		6.5	
Total deferred tax assets & liabilities related to temporary differences	**209.8**	**(35.3)**	**158.1**	**(32.3)**	**168.7**	**(36.9)**
Net deferred tax assets not recognised	(189.1)		(139.2)		(145.9)	
Reclass (net deferred tax position by company)	(20.5)	20.5	(18.9)	18.9	(22.3)	22.3
Total deferred tax assets & liabilities	**0.3**	**(14.8)**	**0.1**	**(13.3)**	**0.5**	**(14.6)**

Deferred income tax assets are recognised on temporary differences, tax credits carried forward and tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of € 189.1 million (2012: € 139.2 million; 2011: € 145.9 million) in respect of losses amounting to (tax effected) € 198.6 million (2012: € 148.9 million; 2011: € 159.0 million). The tax losses carried forward mainly relate to France and Belgium. In both countries tax losses can in principle be carried forward indefinitely. Furthermore, the Group did not recognise deferred income tax assets of € 8.0 million (2012: € 6.5 million; 2011: € 6.5 million) in respect of tax credits carried forward. These tax credits carried forward almost entirely relate to excess-dividends received deduction in the hands of the Belgian company Ontex bvba. Excess-dividends received deduction can be carried forward in principle for an indefinite period of time.

The Group did not recognise deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends to shareholders.

7.17. Current and Non-current Liabilities

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

Year ended 31 December	2013	2012	2011
Accrued expenses and other payables	18.2	18.7	17.6
Less: Non-current portion	(2.3)	(1.1)	(0.1)
Current accrued expenses and other payables	**15.9**	**17.6**	**17.5**
Trade payables	240.9	221.8	221.7
Social liabilities	25.9	23.4	22.7
Total current liabilities	**282.7**	**262.8**	**261.9**

The aging of the trade payables is as follows:

Year ended 31 December	2013	2012	2011
Not due	206.1	171.4	191.8
0 to 30 days	30.9	44.1	28.0
31 to 60 days	1.7	3.5	1.9
61 to 90 days	0.1	1.1	—
Over 90 days	2.1	1.7	—
Total	**240.9**	**221.8**	**221.7**

7.18. Provisions — Current Liabilities

	Legal claims	Restructuring	Other	Total
Opening Balance	**2.5**	**—**	**1.8**	**4.3**
Additional provisions	1.5	15.5	0.2	**17.2**
Unused amounts reversed	(0.5)	—	(0.8)	**(1.3)**
Used during the year	(0.1)	(2.6)	—	**(2.7)**
Other changes	0.3	—	—	**0.3**
At 31 December 2011	**3.7**	**12.9**	**1.2**	**17.8**
Opening Balance	**3.7**	**12.9**	**1.2**	**17.8**
Additional provisions	2.1	35.4	—	**37.5**
Unused amounts reversed	(0.8)	—	(0.9)	**(1.7)**
Used during the year	(0.8)	(10.4)	0,1	**(11.1)**
Other changes	—	—	(0.2)	**(0.2)**
At 31 December 2012	**4.2**	**37.9**	**0.2**	**42.3**
Opening Balance	**4.2**	**37.9**	**0.2**	**42.3**
Liabilities incurred				
Additional provisions	0.1	3.7	0.2	**4.0**
Unused amounts reversed	(0.6)	(0.1)	(0.1)	**(0.9)**
Used during the year	(1.7)	(36.2)	—	**(37.9)**
Other changes	(0.1)	—	—	**(0.1)**
At 31 December 2013	**1.9**	**5.3**	**0.2**	**7.4**

The main part of the provision as per 31 December 2012 relates to the closure of a production site in Recklinghausen, Germany, whereof main part was settled in 2013.

The Group recognises a provision for certain legal claims brought against the Group by customers, suppliers or former employees. There have been no significant developments in respect of claims compared to prior year end.

The Group had non-current other provisions under the reporting period for € 0.1 million.

7.19. Employee Benefit Expenses

For the year ended 31 December	2013	2012	2011
Wages and salaries	(135.0)	(127.2)	(111.2)
Social security costs	(38.5)	(36.1)	(34.3)
Defined contribution cost — post employment benefits (note 15)	0.4	(0.3)	0.4
Pension cost	(4.2)	(3.5)	(3.8)
Other personnel expenses	(9.7)	(7.8)	(7.4)
Total employee benefit expenses	**(187.0)**	**(174.9)**	**(156.3)**

	2013	2012	2011
Average number of total employees (in Full time Equivalents)	4,981	4,682	4,527
Of which:			
— workers	3,569	3,343	3,035
— employees	1,344	1,291	1,463
— management	68	48	28

7.20. Other Operating Income / (Expense), Net

For the year ended 31 December	2013	2012	2011
Gain on disposal of assets	0.7	0.5	0.1
Foreign exchange difference on operating activities	0.7	1.3	(1.1)
Losses on disposal of assets	(1.1)	(0.4)	(0.1)
Other expenses	0.1	(0.3)	(0.8)
Total other operating income/(expense), net	**0.4**	**1.1**	**(1.9)**

7.21. Non-recurring Expenses

For the year ended 31 December	2013	2012	2011
Acquisition costs related to Group ONV Topco	—	—	(0.2)
Factory Closure	(4.2)	(39.9)	(31.7)
Business restructuring	(1.0)	(6.0)	(1.6)
Acquisition related expenses	(8.2)	(0.6)	(1.5)
Impairment losses	(4.3)	(0.3)	(3.8)
Other	(1.8)	(3.6)	(1.4)
Total non-recurring expenses	**(19.6)**	**(50.4)**	**(40.2)**

Items classified under the heading non-recurring expenses are those items that are considered by management to be non-recurring or unusual because of their nature. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

Acquisition of the ONV Topco Group: The costs incurred primarily comprise payments to the previous owners in connection with the acquisition including professional fees and financial advisors fees.

Factory closure: The Group closed its factories in Villefranche, France (2011) and in Recklinghausen, Germany (2012). The costs primarily comprised redundancy and other similar payments together with professional fees. The non-recurring items in 2013 relate to costs incurred in respect of the past factory closures but which could not be accrued for at that time. These costs include, but are not limited to, some litigations in respect of past restructurings.

Business restructuring: The Group conducted a number of projects to optimise the management of its business, in 2012, mainly concentrated on the integration of the acquired Lille Healthcare Group in the Group. The costs comprise professional fees, costs related to breach of contract and costs to enhance the Group systems to realize the business integration.

Acquisition related expenses: In 2011 the Group has made expenses in relation to the acquisition of the Lille Healthcare Group and to potential acquisitions that have not been contracted and has recognized € 3 million negative goodwill in respect of the acquisition of Lille Healthcare. In 2013 the Group has made expenses in relation of the acquisition of Serenity Spa.

Asset Impairment: The asset impairment charge is a non cash item and relates in 2013 to the write off and amortization of idle production equipment and in 2011 to the impairment of a building.

Other: In 2011 other items comprise a number of non-recurring costs including professional costs in relation to start up of new production facilities and liquidation expenses of a former subsidiary. In 2012 main costs incurred related to the move into and start up of a new production facility in Turkey. In 2013 the non-recurring is related to reorganisation of the group.

7.22. Expenses by Nature

Expenses by nature represent an alternative disclosure for amounts included in the Consolidated Income Statement. There are classified under "Cost of Sales", "Distribution Expenses", "Sales and Marketing Expenses" and "General Administrative Expenses" in respect of the years ended 31 December:

	2013	2012	2011
Changes in inventories	(3.3)	42.6	—
Raw materials and consumables used	(880.8)	(831.5)	(754.8)
Employee benefit expenses (note 19)	(187.0)	(174.9)	(156.3)
Depreciation and amortisation (notes 8 and 9)	(31.5)	(30.8)	(30.4)
Rendered services	(212.8)	(165.9)	(145.9)
Operating lease payments (note 9)	(34.8)	(31.6)	(24.9)
Other gain / (charges) (note 20)	0.4	1.1	(1.9)
Total cost of sales. distribution expenses. sales and marketing expenses and general administrative expenses	**(1,349.8)**	**(1,191.0)**	**(1,114.2)**

7.23. Net Finance Result

The various items comprising the financial result are as follows:

	2013	2012	2011
Interest income on current assets	0.5	0.2	0.8
Exchange rate differences	11.3	7.8	12.5
Gains on derivatives	5.6	10.1	12.3
Other	0.4	—	—
Finance income	**17.9**	**18.1**	**25.6**
Interest expense on initial financing structure			
— Senior Loan Notes	—	—	(54.5)
— Revolver Loan Notes	(0.6)	—	—
— Vendor Loan Notes	—	—	(2.4)
Interest expense on bonds	(68.9)	(63.3)	(48.3)
Interest expense on other loans	(2.9)	(2.3)	(2.8)
Interest expense	(72.4)	(65.6)	(108.0)
Exchange rate differences	(17.7)	(6.5)	(14.2)
Banking cost	(4.2)	(3.0)	(1.3)
Factor fee	(1.9)	(1.4)	(1.1)
Losses on derivatives	(5.7)	(11.6)	(2.1)
Finance cost	**(101.9)**	**(88.1)**	**(126.7)**
Finance income as per income statement	17.9	18.1	25.6
Finance expense as per income statement	(101.9)	(88.1)	(126.7)
Net finance cost as per income statement	**(84.0)**	**(70.0)**	**(101.1)**

Reconciliation to Statement of Cash flows

	2013	2012	2011
Total interest expense	(65.5)	(60.5)	(60.2)
Movement in accrued interest and accreting interest	1.2	(0.7)	10.3
Interest paid	**(64.3)**	**(61.2)**	**(49.9)**

	2013	2012	2011
Total interest income	0.5	0.2	0.8
Movement in accrued interest	—	—	—
Interest received	**0.5**	**0.2**	**0.8**

Net gain or losses on derivatives relate to the fluctuation of the fair value of the derivative financial liabilities or assets.

7.24. Income Tax Expense

The income tax (charged)/credited to the income statement during the year is as follows:

	2013	2012	2011
Current tax — (charge)/credit	(15.0)	(7.6)	(11.9)
Deferred tax — (charge)/credit	1.0	0.8	(1.7)
Total tax (charge)/credit	**(14.0)**	**(6.8)**	**(13.6)**

Ontex Group — Income tax (expense) / credit

	2013	2012	2011
Profit before income taxes	39.9	(1.1)	(37.9)
Income tax (expense) / credit calculated at domestic tax rates	(12.5)	(11.7)	9.4
Permanent items	0.7	9.0	(8.1)
Deferred tax movement in consolidation	(3.1)	(4.9)	20.6
Non recognition on deferred tax assets (movement)		8.7	(33.6)
Other	0.9	(7.9)	(1.9)
Total income tax (expense) / credit	**(14.0)**	**(6.8)**	**(13.6)**

7.25. 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.

The Group currently believes 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.

7.26. Commitments

7.26.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at 31 December 2013 of € 2.2 million, 2012: € 7.3 million, 2011: € 6.4 million.

7.26.2. Capital commitments resulting from operating lease contracts — in which the Group is the lessee

The Group has also contracted a number of property leases that can be terminated by respecting the notice period which is different in each jurisdiction.

The Group leases machinery used in the production. The typical lease terms vary depending upon which country the lease agreement is entered into. The majority of lease agreements are renewable at the end of the lease period at market rate.

The lease expenditure charged to the income statement during the respective years is disclosed in note 9 “Property, Plant and Equipment”. Commitments in respect of future minimum lease payments that may be claimed under simple non-cancellable leases break down as follows:

	2013	2012	2011
Within one year	13.0	7.4	9.6
From 1 to 5 years	28.6	22.8	24.9
Beyond 5 years	11.8	11.8	6.9
	53.4	**42.0**	**41.4**

7.26.3. Bank guarantees

As indicated in note 14 "Borrowings", the Group's main current and future lease assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of € 20 million in order to participate in public tenders.

7.27. Related Party Transactions

7.27.1. Consolidated companies

A list of subsidiaries together with a brief description of their business activities, is given in note 7.6 "List of Consolidated Companies".

7.27.2. Relations with the shareholders

The Group is owned by funds managed by Goldman Sachs & Co and TPG Capital.

For the year ended 31 December	2013	2012	2011
Balance			
Trade payable	—	0.9	1.6
	—	**0.9**	**1.6**
Income statement			
Fees	3.8	2.4	2.8
	3.8	**2.4**	**2.8**

7.27.3. Relations with non-executive members of the Board of Managers

For the year ended 31 December	2013	2012	2011
Remuneration	—	0.1	0.1
	—	**0.1**	**0.1**

7.27.4. Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management for the Group are till 30 April 2014 all the members of the Senior Management Team, comprising also the executive members of the Board of Managers. Since 1 May, a new Executive Team replaced the Senior Management Team.

7.27.5. Key management compensation

Remuneration of the CEO	2013	2012	2011
Fixed and variable remuneration	1.7	0.1	0.1

Remuneration of the Senior Management Team	2013*	2012	2011
(excluding the CEO)			
Fixed remuneration	0.7	2.2	2.0
Variable remuneration	0.1	0.2	0.4
Other remuneration	0.0	0.1	0.1
Total	0.8	2.5	2.5

* Senior management was in place until 30 April 2013

From 1 May 2013 the new Executive Team was put in place. The remuneration for the year ended 31 December 2013 amounts to € 2.2 million.

For the year ended 31 December	2013	2012	2011
Rural Bridge fees	2.7	4.2	3.6

Rural Bridge is the management company through which key management operates.

The Group has purchased managers' and officers' insurance coverage. Key management also participates to a cash settled share-based payment plan. The total cost recognised in 2010 (42 days) amounts to some EUR 0,1 million. In 2011, no additional cost need to be recognised whereas the evolution of the fair value of the liability in 2012 resulted in an additional cost of some EUR 0,97 million being recognised, bringing the total liability to EUR 1 million. In 2013, at total cost in this respect was recognised for an amount of some EUR 1.2 million, bringing the total liability to EUR 2.3 million. This liability takes into account the immediate recognition of the liability for persons that render no longer service to the company. The main drivers behind the ultimate cash to be paid are the value of the Group upon exit and the timing upon such an exit.

The Non-controlling interest is largely owned by key management. The Non-controlling interest represents 6,529% in Ontex II Sàrl. All other shares of Ontex II Sàrl are owned by the Group.

Management and former management hold 1,872,709 Preference Shares, representing 5% of total preference Shares issued in Ontex II Sàrl. The Preference Share has a nominal value of 0.01 euro and confers to its Holder the right to receive a cumulative preferential dividend at a rate of 8.0% per annum.

During 2013, the Company granted 2,000,000 options on Class A Preferred Shares and 1,050,000 options on Class B Preferred Shares. The beneficiaries of these options are members of the Senior Management team. The options each give the right to purchase 1 underlying share. The options vest monthly over a period of 4 years and lapse after 10 years if not exercised. There was no consideration to be paid for the options and the options have a strike price which equals the fair market value of the underlying shares at grant date. The cost associate with this share-based payment plan will be recognised over the vesting period of the options as from 2014.

7.27.6. Other

In 2011, British Vita supplied goods at 'arm's length' to the Ontex Group through its subsidiary Libeltex. The 2012 revenue was € 9.7 million (2011: € 13.4 million) and at the 31 December 2012 Ontex owed the Group € 2.1 million (2011: € 3.3 million). British Vita was owned by a fund managed by TPG Capital, L.P. and delivered goods to Ontex for over ten years. In September 2012, British Vita was sold to the TWE Group.

In 2013, the Ontex group sold goods at 'arm's length' to Lenta, where TPG is a shareholder. The 2013 revenue was € 4.7 million.

7.28. Events after the end of the reporting period

There are no events after the end of the reporting period.

7.29. Audit fees

For the year ended 31 December (in thousands of EURO)

	2013	2012	2011
Audit Fees	1,073	938	937
Audit-related fees (*)	284	870	1,077
Tax related fees	1,446	1,513	1,871
Other fees	31	29	50
Total	**2,834**	**3,350**	**3,935**

(*) The fees mainly relate to work in respect of the re-financing activity.

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