Ontex IV S.A.

Quarter Three and First Nine Months 2013 Interim Financial Report

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Important Disclaimer

This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report.

The information contained in this report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.

In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report.

A small number of customers have been reclassified to a different division in 2013, in line with the account and sales management. To allow for relevant comparisons, the 2012 sales by division have been restated.

Business

Overview

Ontex: market leader in hygienic disposables

We are Europe's leading manufacturer of retailer brand Hygienic Disposable Products. We primarily sell our products to retailers helping them to enhance their own brands and maximise their profits. In selected markets where the retailer brand market is underdeveloped, we operate a B brand strategy by offering a lower-priced alternative product to premium-priced A brand products. Hygienic Disposable Products are essential, day-to-day consumables. Demand for these products is typically resilient throughout economic cycles.

Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes ("Babycare Products"). Babycare Products comprised 55.2% of our revenue for the year ended December 31, 2012.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection ("Adult Incontinence Products"). Adult Incontinence Products comprised 29.0% of our revenue for the year ended December 31, 2012.
- Feminine care products, such as sanitary towels, panty liners and tampons ("Femcare Products"). Femcare Products comprised 14.3% of our revenue for the year ended December 31, 2012.

For the year ended December 31, 2012, we sold approximately 5.8 billion baby diaper pieces, 3.3 billion panty liner pieces and 567 million adult light incontinence pads.

In Europe, we estimate the aggregate retailer brand market share by volume across our core product range to be approximately 45% as at December 31, 2012. Our market share in the retailer brand segment for our core product categories is more than three times that of our nearest retailer brand competitor, and we are a leading European manufacturer in our core product categories across both retailer brand and branded products.

Western Europe contributed 67.3% of our revenue for the year ended December 31, 2012, Eastern Europe contributed 14.0% and the rest of the world, including Turkey, contributed 18.7%.

In Western Europe, our customers include retailers, wholesalers, distributors and institutions, and we have supplied to each of the 10 largest retailers by sales, either directly or through a distributor, for at least the last 10 years. We believe the duration and continued strength of these customer relationships is the result of the quality and breadth of our product offering, our manufacturing capability and the strength of our commercial organisation.

For the year ended December 31, 2012, 66.3% of our revenue was generated from retailer brand products, while 33.7% of our revenue came from branded products. The branded business segment has increased in 2012 following the Lille Healthcare acquisition, which was primarily a branded business, and is expected to further increase due to the Serenity acquisition in April 2013.

Retailers use our private-label products to enhance their own brand assortments and maximise their profits. Consequently, we believe that our high quality products, customer service and continued product development are important success factors in our industry. In third-party surveys our products generally receive quality ratings that are similar to those of equivalent A brand products.

We have a broad manufacturing footprint. We operate 15 production facilities located in Europe, Turkey, Algeria, China, Russia, Pakistan and Australia. We are headquartered in Zele, Belgium and have marketing and sales teams located in more than 25 countries around the world. Our teams made sales in more than 100 countries in 2012. Our sales coverage and international distribution network allow us to operate successfully in diverse markets around the world and in a cost-effective manner. The average number of employees throughout FY 2012 was 4,682.

History of the Group

Ontex was founded in 1979 by Mr. Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, Ontex expanded its product range into its current segments 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, Ontex 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 and subsequently de-listed from Euronext Brussels. It made a subsequent acquisition in Germany and in 2006 Michael Teacher and Christopher Parratt joined the Company as CEO and CFO, respectively. During the same year, Ontex opened a production facility in China and, in 2008, opened a production facility in Algeria.

In November 2010, Ontex was acquired by funds managed by Goldman Sachs & Co and TPG Capital.

In 2011, the Group opened two additional production facilities in Australia and Russia and acquired Lille Healthcare on October 3, 2011.

On April 4, 2013 the Group closed the acquisition of Serenity.

Ontex announced the departure of Chief Executive Officer, Michael Teacher, and Chief Financial Officer, Christopher Parratt, both of whom left the Company in 2013. The Company nominated Charles Bouaziz as new CEO. Mr. Bouaziz transitioned into the position during the first quarter of 2013, under the management and guidance of Mr. Teacher. On July 25, 2013 Ontex also announced the appointment of Jacques Purnode as Chief Finance Officer. Mr. Purnode joined the Group in early August and is now responsible for the Information Technology and Legal functions in addition to the Finance function.

Comments for the quarter ended September 30, 2013

Overall, Q3 2013 was in line with management expectations, which was reflected in solid trading in both the Retail and Healthcare divisions. Sales in the Middle East and Africa Region ("MEA region" or "MEA division", formerly called Turkey division) were lower than in Q2 2013, reflecting the seasonal summer effect; however, the MEA division continued to show double digit growth at constant currency as compared to the same quarter last year. In addition, Ontex continued to expand and diversify its customer mix, winning new customers across all businesses during Q3 2013.

Reported Group sales amounted to €379.4 million in Q3 2013, an increase of 18.5% compared to €320.3 million in Q3 2012. Serenity's sales contribution was €35.8 million in Q3 2013 and in line with Management's expectations. Excluding Serenity, and at constant currency, reported Group sales grew by 11.2% year-on-year to €356.3 million. Adverse currency movements, in particular the Australian Dollar, British Pound and Turkish Lira, continued to have a negative translation effect in Q3 2013.

In the Retail division, Ontex continued to execute well on its strategy of maximising the opportunity offered by K-C's withdrawal from Baby Diapers in most of Western Europe. During H1 2013, the Group witnessed a migration of Huggies consumers moving to retailer brand products, especially in the UK. Subsequently, in Q3 several retailer brand contracts previously serviced by K-C have phased in, uplifting Ontex's Retail sales. In Eastern Europe, Ontex continued to have success with existing and new retailers. Overall, sales in the Retail Division grew by 10.3%, or 13.6% at constant currency.

In Healthcare, the process of rationalising Ontex's customer and product portfolio, which was initiated in the first half of 2013 with the aim of exiting contracts with unsatisfactory margins, continued. Excluding Serenity, this division's sales grew by 3.0% at constant currency, which is an improvement compared to 1.2% growth at constant currency during the first half of the year. The integration of Serenity, the Italian incontinence business acquired from Artsana earlier in 2013 and consolidated into Ontex in April 2013, is proceeding well. In addition, the acquired entity is trading in line with Ontex's business plan both from a top line as well as an EBITDA perspective, and synergy realisation is well underway.

Trading in the MEA division was slower than previous quarters, with reported Sales for the division growing by 2.6%, or 13.1% at constant currency. This slowdown was anticipated, as fewer diapers are typically sold and utilised over the summer months in the region. There remained a strong focus on sales and commercial activity in the domestic and export markets aimed at growing the business rapidly in the MEA territories. Progress was also made during the quarter in setting up the new plant in Pakistan.

Adjusted EBITDA for the period totaled €45.5 million in Q3 2013 compared to €33.4 million in Q3 2012. Whilst a part of this increase is attributable to the consolidation of Serenity, the improvement year-on-year is also linked to higher volumes in Retail, improved margins in the Healthcare segment, an overall improved customer mix and a continued focus on efficiency programs.

The Group recorded an increase in operating expenses amounting to €15.0 million year-on-year, of which approximately €8.0 million came from Serenity. The other main drivers include increased transportation and distribution costs as well as additional investments in group sales and marketing areas. The increased transportation and distribution costs were primarily related to the increase of sales to more remote countries. The increase in Sales and Marketing expenses is associated with additional investments made in marketing and investing in the sales force.

Overall, the adjusted EBITDA margin reached 12.0% in Q3 2013 compared to 10.4% over the same period last year. Increasing adjusted EBITDA margins remains a constant effort within Ontex, through improved cost absorption, increased volumes and maximising margin as a result of better account and category management. Furthermore, the company continues to focus on improving efficiency in the manufacturing, R&D and purchasing departments.

Free Cash Flow for the period amounted to €21.2 million, an improvement of €10.6 million over the same period last year. Capex spend for Q3 2013 amounted to €6.8 million compared to €20.1 million in Q3 2012, totaling €33.5 million in Capex year-to-date, with FY 2013E spend in line with earlier indications. The previous indications for the 2013 Capex remain unchanged and the Group is currently focusing on the redeployment and reassembly of the Recklinghausen equipment and providing sufficient capacity to meet increased demand resulting from the K-C opportunity. The Group is also finalising the last installments of payments associated with investments in high-return projects and more efficient machinery made during 2011-2012, which will also lead to increased capacity.

Working capital consumption in Q3 2013 amounted to €16.3 million compared to €17.5 million in the first half of 2013 and €2.4 million in Q3 2012. While declining since the beginning of 2013, working capital consumption remained fairly high in Q3 2013, predominantly linked to additional working capital needs for the Serenity integration. However, inventory levels decreased from the high level earlier this year, as volumes of finished products from Recklinghausen tailed off and with production being adapted to the new sales configuration post K-C's exit. Cash taxes amounted to €1.2 million for the period.

Net debt as of September 30, 2013 amounted to €872.5 million. During the quarter, the Group repaid €10 million of the RCF, with €20.0 million remaining drawn as of September 30, 2013. Further progress has been made on the Serenity factoring facility, albeit slower than anticipated.

As of September 30, 2013, the Group total factoring lines amounted to €175.0 million, of which €120.4 million had been drawn. This includes the credit line for factoring purposes granted to its Serenity business in Italy.

On September 13, 2013 the Group's entered into forward currency hedge contracts, maturing before January 1, 2014, in order to limit fluctuations in the business resulting from exposures to sales in British Pound, Polish Zloty, Turkish Lira, Australian Dollar and Ruble as well as purchases in USD in Q4 2013. Conversely, the oil hedge that expired as of September 30, 2013 has not been renewed to date. Visibility on raw materials for Q4 2013 remains good and expectations have slightly improved compared to previous indications, with levels now anticipated to be more or less in line with those of Q3 2013.

Building on the solid foundations put in place by the previous management team, the current team continues to roll out Ontex's strategy to achieve profitable growth through Incontinence and Emerging Markets by leveraging favourable demographics, sociocultural changes and economic developments in more remote geographies. In addition to the completion of a number of key operational projects in 2013, such as the closure of Recklinghausen, further progress has been made in optimising the Group's manufacturing footprint. Furthermore, Ontex believes that through closer relationships and a more integrated approach with its customers in terms of innovation, category management and a selective approach to branding (both local and retailer brands), additional value can be generated.

In order to support the operational course of action outlined by Charles Bouaziz and his team, the Group marginally revised the operating structure during the quarter. Whilst the majority of the team remains unchanged, a few changes have been implemented to enhance Ontex's current value proposition:

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

Looking into Q4 2013, management remains focused on executing the strategy as outlined above, completing the 2013 projects and continuing to drive efficiencies through the Group.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenues

Quarter ended September 30, 2013 ("Q3 2013")

Total revenue amounted to €379.4 million in Q3 2013 compared to €320.3 million in Q3 2012, an increase of 18.5% year-on-year, or 22.4% on a constant currency basis. Currency effects were unfavorable, mainly due to the weakening of the British Pound, the Turkish Lira and the Australian Dollar. Excluding Serenity, which was consolidated in the course of 2013, the Group estimates sales at constant currency increased by 11.2% year-on-year.

On a geographical basis, the sales growth was mainly driven by Western European sales, due to the Serenity acquisition, in addition to good performance in countries like the UK, where the K-C exit from the diaper market has resulted in strong sales for Ontex. Sales in Western Europe have increased by 23.7% from €215.6 million in Q3 2012 to €266.7 million in Q3 2013. At constant currency and excluding the Serenity business, sales in Q3 2013 have increased by 9.2% compared to the same period last year. Apart from strong performance in the UK, where retailers have been successful in transitioning Huggies consumers to retailer brand products, the Group saw good results in Belgium and the Netherlands, where retailer brand contracts gained from K-C started to phase in during Q3 2013. In Spain, the Group also benefited from dynamic market conditions, while Germany remains challenging and competitive.

In Eastern Europe, sales have increased by 8.4% from €45.3 million in Q3 2012 to €49.1 million in Q3 2013. Poland and Russia, the key markets for Ontex in the region, each reported double digit growth at constant currency. Sales in both countries, however, have been negatively impacted by the currency evolution.

In the Rest of the World region, sales have grown by 7.1%, reaching €63.6 million in Q3 2013. Business in the region has been highly affected by currency movements with sales at constant currency increasing by 18.1% in Q3 2013. Sales growth in Australia has outperformed, following the decision to start local production of baby diapers. While Pakistan accounts for only a small percentage of overall sales, the Group saw encouraging growth in the region. Growth in Morocco is slower than in the previous quarters, but mostly due to sales being spread unevenly over the quarters in 2012.

Nine months ended September 30, 2013 ("9M 2013")

In the nine months ended September 30, 2013, total revenue increased by 13.4% from €976.6 million in 9M 2012 to €1,107.7 million in 9M 2013. Currency effects were unfavorable over the period and reduced overall sales growth by 2.1 percentage points.

Revenue in Western Europe has increased from €661.6 million in the nine months ended September 2012 to €751.1 million in the nine months ended September 2013, on the back of a good performance in Q2 and Q3 and due to the Serenity acquisition. The UK in particular saw impressive growth over the period due to the redistribution of shelves by retailers, following the

Huggies exit. Retailers have been actively promoting their brands and the strategy has delivered successful results.

Sales in Eastern Europe, dominated by Russia and Poland, have increased by 10.4% and by 11.7% at constant currency.

In the Rest of the World region, sales increased by 15.2% from €182.6 million in the nine months ended September 2012 to €210.4 million over the same period in 2013. Currency movements have had a considerable negative impact with sales at constant currency growing by 20.4% during the first nine months of the year. The sales in Australian Dollar and Turkish Lira have been affected the most in absolute terms. The key markets of the MEA division, Turkey, Algeria and Morocco have all shown steady growth rates, along with good performance in the Australian market.

By geographic area, in € million	**Third Quarter**		**First nine months**	
	2013	**2012**	**2013**	**2012**
Western Europe	266.7	215.6	751.1	661.6
Eastern Europe	49.1	45.3	146.2	132.4
Rest of the World	63.6	59.4	210.4	182.6
Ontex Group Sales	379.4	320.3	1,107.7	976.6

Revenues by Division

Quarter ended September 30, 2013 ("Q3 2013")

Sales in the Retail division increased by 10.3% from €214.7 million in Q3 2012 to €236.7 million in Q3 2013. At constant currency, sales increased by 13.6%. This increase comes on the back of improved performance across all geographies, and contract gains in some key markets, along with a capture of part of the volumes formerly produced by K-C. In some countries, like the UK, Huggies consumers have moved to retailer brand alternatives increasing the overall size of the retailer brand market and Ontex's revenues.

Revenues in the Healthcare division amounted to €103.4 million in Q3 2013 compared to €67.3 million in Q3 2012, an increase of 53.6% year-on-year, highly influenced by the Serenity acquisition in Q1 2013. At constant currency and excluding Serenity, sales grew by 3.0%. The Group continued to rationalise its customer and product portfolio in order to exit contracts with unsatisfactory margins or long payment terms. The Serenity business is trading in line with management expectations. In addition, the Group continues to raise awareness of its branded iD products through a differentiated and targeted marketing approach towards its professional institutions ("iD EXPERTS" brand) and consumer end markets ("iD" brand).

The MEA division experienced a slowdown in sales compared to previous quarters due to seasonality in the summer months, when fewer baby diapers are consumed, and due to the weakening of the Turkish Lira. Sales increased by 2.6% year-on-year, reaching €39.3 million in Q3 2013 from €38.3 million in Q3 2012. At constant currency, sales grew 13.3%.

Nine months ended September 30, 2013 ("9M 2013")

In the Retail division, sales increased 6.3% in the first nine months of 2013 compared to the same period last year from €655.4 million in 9M 2012 to €696.9 million in 9M 2013. At constant currency, sales improved by 8.0%. Overall, the effects of K-C's exit from Western Europe are clearly visible in the overall performance of the Group.

Healthcare sales compared favorably against the respective 9M 2012 period, benefiting from the effect of the Serenity acquisition over the last two quarters. Overall, sales for the period under review increased by 36.4% from €200.1 million in 9M 2012 to €273.0 million in 9M 2013. At constant currency and excluding the impact of the Serenity acquisition, sales increased by 1.8% underpinning ongoing efforts to improve margins in the division and the customer portfolio rationalisation achieved throughout the year.

In the MEA division, sales increased by 13.8% in 9M 2013 to €137.8 million from €121.1 million in 9M 2012 as a result of the strong momentum in both the domestic Turkish market and export destinations. At constant currency, sales increased by 19.0%. The top five export markets of the MEA division have all shown double digit growth rates. Pakistan, where the Group is currently starting up local production, is already in the top five markets of the MEA division.

By division, in € million	**Third Quarter**		**First nine months**	
	2013	**2012**	**2013**	**2012**
Retail	236.7	214.7	696.9	655.4
Healthcare	103.4	67.3	273.0	200.1
MEA Region	39.3	38.3	137.8	121.1
Ontex Group Sales	379.4	320.3	1,107.7	976.6

Revenues by Product group

Quarter ended September 30, 2013 ("Q3 2013")

Revenue generated by Babycare products was €192.9 million for Q3 2013, an increase of 9.7% from €175.8 million in Q3 2012. At constant currency, revenue increased by 14.7%. Sales increased mainly as a result of K-C's exit from the West European baby diaper market and as a result of increased sales in the MEA region.

Sales in Femcare increased by 11.6% from €46.7 million in Q3 2012 to €52.1 million in Q3 2013. At constant currency, the increase in sales amounted to 13.4%. Product sales showed good momentum with new contracts won in markets such as the UK.

Sales continued to be strong in the Adult Incontinence product category, aided by continued investment into this growth category and from the consolidation effect of Serenity. Overall, sales increased from €93.3 million in Q3 2012 to €129.2 million in Q3 2013, a 38.5% growth year-on-year. At constant currency, and excluding the Serenity business, sales grew by 4.3%.

Nine months ended September 30, 2013 ("9M 2013")

Revenue generated by Babycare products increased by 8.8% from €540.9 million in 9M 2012 to €588.6 million in 9M 2013, predominantly on the back of a solid Q2 2013 and Q3 2013, as both quarters saw the impact of K-C's exit from Western Europe and was further helped by a positive net gains position in terms of contract wins and losses. At constant currency, sales remained strong posting an increase of 11.4%.

Revenue in Femcare was €148.3 million in 9M 2013 compared to €141.4 million in 9M 2012. This represents an increase of 4.9% in the first nine months of 2013. At constant currency, sales increased by 5.8%.

Sales in Adult Incontinence grew strongly by 26.5% in the first nine months of 2013, from €281.4 in 9M 2012 to €356.0 million in 9M 2013. At constant currency, the increase was 28.0%. Excluding the effect of the Serenity acquisition and at constant currency, sales increased by approximately 3.1%, as the business was impacted by the strategic decision to exit unfavorable contracts.

By product group,	Third Quarter		First nine months	
in € million	2013	2012	2013	2012
Babycare	192.9	175.8	588.6	540.9
Femcare	52.1	46.7	148.3	141.4
Adult Incontinence	129.2	93.3	356.0	281.4
Other (Traded goods)	5.2	4.5	14.8	12.9
Ontex Group Sales	379.4	320.3	1,107.7	976.6

Cost of Sales

Quarter ended September 30, 2013 ("Q3 2013")

Cost of sales was €277.6 million in Q3 2013 compared to €245.6 million for Q3 2012, an increase of 13.0% year-on-year. Gross profit margin was 26.8% in Q3 2013 compared to 23.3% in Q3 2012. The gross margin increase is partly the result of lower raw material prices. Raw materials linked to oil derivative indices were cheaper compared to Q3 2012 as the prices peaked in the same period last year, while they are at a lower and more stable level in 2013. Additionally, the weakening of the US Dollar has had a positive impact on the gross margin, with the purchasing, R&D and manufacturing departments having realised significant efficiency gains. The Serenity acquisition has also led to a changing product and channel mix with an increased portion of incontinence products sold through the healthcare channels. This business typically has higher gross margins than the retail business.

Nine months ended September 30, 2013 ("9M 2013")

Cost of sales amounted to €815.7 million in 9M 2013, an increase of 10.0% compared to €741.4 million in 9M 2012. The increase of 10.0% is lower than the 13.4% sales increase from 9M 2012 to 9M 2013. Gross profit margin was 26.4% in 9M 2013 compared to 24.1% in 9M 2012. The gross profit margin improvement can be attributed in part to the higher contribution to sales from Adult Incontinence products through the healthcare channels, which typically have higher gross margins than other product groups. Raw material prices have been broadly in line with the first nine months of 2012, while the evolution of the US Dollar has had a favorable impact on the gross margin.

Operating Expenses

Quarter ended September 30, 2013 ("Q3 2013")

Operating expenses increased by 30.5% in Q3 2013 at €64.1 million compared to €49.1 million in Q3 2012.

The Group recorded an increase in operating expenses amounting to €15.0 million year-on-year, of which approximately €8.0 million came from Serenity. The other main drivers include increased transportation and distribution costs as well as additional investments in group sales and marketing areas. The increased transportation and distribution costs were primarily related to the increase of sales to more remote countries. The increase in Sales and Marketing expenses is associated with additional investments made in marketing and investing in the sales force.

Nine months ended September 30, 2013 ("9M 2013")

Operating expenses for the first nine months of 2013 amounted to €187.0 million compared to €148.3 million for the same period last year, an increase of 26.1%. The main driver for this increase was higher distribution costs as highlighted previously. Sales and marketing expenses reflect current investments in the growing branded portion of the business.

EBITDA – Non-IFRS measure

Quarter ended September 30, 2013 ("Q3 2013")

Earnings before interest, tax, depreciation and amortization (EBITDA) was €43.5 million in Q3 2013 compared to €28.2 million in Q3 2012.

Nine months ended September 30, 2013 ("9M 2013")

EBITDA amounted to €119.8 million for the first nine months of 2013 compared to €100.4 million in 9M 2012.

Non-recurring expenses

Quarter ended September 30, 2013 ("Q3 2013")

Total non-recurring expenses amounted to €2.4 million in Q3 2013 versus €5.2 million in Q3 2012. Details of these costs can be found in Note 9 for the quarter ended September 30, 2013 and September 30, 2012.

Nine months ended September 30, 2013 ("9M 2013")

For 9M 2013, non-recurring expenses amounted to €9.8 million compared to €9.7 million for 9M 2012. Details of these costs can be found in Note 9 for the nine months ended September 30, 2013 and ended September 30, 2012.

Adjusted EBITDA – Non-IFRS measure

Quarter ended September 30, 2013 ("Q3 2013")

Excluding non-recurring expenses, adjusted EBITDA for Q3 2013 was €45.5 million in Q3 2013 compared to €33.4 million in Q3 2012. Adjusted EBITDA margin was 12.0% in Q3 2013 compared to 10.4% in Q3 2012. Q3 2013 adjusted EBITDA is significantly higher, driven by the Serenity acquisition and ongoing focus on efficiencies, partially offset by the adverse currency movements over the quarter. At constant currency, adjusted EBITDA amounted to €53.0 million for Q3 2013.

Nine months ended September 30, 2013 ("9M 2013")

Adjusted EBITDA amounted to €128.5 million for the first nine months of 2013, an increase of 17.0% compared to €109.8 million in 9M 2012, underpinning the Group's ongoing focus on higher productivity and cost efficiency. Adjusted EBITDA margin was 11.6% in 9M 2013 compared to 11.2% in 9M 2012. At constant currency, adjusted EBITDA amounted to €144.4 million for the first nine months of 2013.

Operating profit

Quarter ended September 30, 2013 ("Q3 2013")

Operating profit was €35.3 million in Q3 2013 compared to €20.4 million in Q3 2012. This change was driven by the considerably higher gross margin for the quarter under review. Operating margin was 9.3% in Q3 2013.

Nine months ended September 30, 2013 ("9M 2013")

Operating profit was €95.2 million in the first nine months of 2013 compared to €77.2 million for the same period last year. Operating margin overall improved from 7.9% in 9M 2012 to 8.6% in 9M 2013.

Net finance costs

The finance costs primarily represent the interest paid or accrued on the financial debt, the amortization of the transaction costs incurred in relation to financial debt and any loss on derivatives.

Our finance income primarily represents interest received on our short-term deposits, as well as any gains on derivatives.

Quarter ended September 30, 2013 ("Q3 2013")

Net finance costs amounted to €19.2 million in Q3 2013, a 39.1% increase compared to €13.8 million of financing costs in Q3 2012. The rise was driven by reduced finance income from the oil hedge instrument and by higher interest expenses mainly due to the financing of the Serenity acquisition.

Nine months ended September 30, 2013 ("9M 2013")

In 9M 2013, net finance costs amounted to €60.5 million compared to €51.7 million in 9M 2012. Net finance costs in 9M 2013 were significantly higher because of lower gains on the oil derivatives, foreign exchange rate differences and higher interest expenses.

Income tax

Quarter ended June 2013 ("Q3 2013")

Income tax for Q3 2013 was €2.6 million versus €2.6 million in Q3 2012.

Nine months ended September 30, 2013 ("9M 2013")

Income tax expense amounted to €9.4 million in 9M 2013. In 9M 2012 income tax expense was €4.1 million.

Profit for the period

Quarter ended September 30, 2013 ("Q3 2013")

The profit for Q3 2013 was €13.5 million compared to a €4.0 million posted in Q3 2012.

Nine months ended September 30, 2013 ("9M 2013")

The Group's net profit was €25.3 million in 9M 2013 compared to a net profit of €21.4 million for the same period last year.

Liquidity and Capital resources

Free Cash Flow

We define Free Cash Flow as adjusted EBITDA, further adjusted for changes in Working Capital, minus income tax paid, minus capital expenditure.

Quarter ended September 30, 2013 ("Q3 2013")

The Group's Free Cash Flow for Q3 2013 was €21.2 million, which compares to €10.6 million in Q3 2012. The Capex spend was lower than in the comparable period last year. This was in line with previous Management indications that a larger portion of Capex spend would take place in H1 2013. Capex spend year-to-date amounted to €33.5 million and previous indications for 2013 Capex remain unchanged. The Group is currently focusing on the redeployment and reassembly of the Recklinghausen equipment and providing sufficient capacity to meet increased demand resulting from the K-C opportunity. The Group is also finalising the last installments associated with investments in high-return projects and more efficient machinery made during 2011-2012, which will also lead to increased capacity.

Working capital consumption in Q3 2013 amounted to €16.3 million compared to €17.5 million in the first half of 2013 and 2.4 million in Q3 2012. While declining since the beginning of 2013, working capital consumption remained fairly high in Q3 2013, predominantly linked to additional working capital needs for the Serenity integration. However, inventory levels decreased from the high level earlier this year, as volumes of finished products from Recklinghausen tailed off and with production being adapted to the new sales configuration post K-C's exit.

Nine months ended September 30, 2013 ("9M 2013")

Overall, Free Cash Flow amounted to €52.0 million in 9M 2013 versus €44.9million in 9M 2012, driven by a strong Q3 2013.

FCF calculation, in € million	Third Quarter 2013	Third Quarter 2012	First nine months 2013	First nine months 2012
Adjusted EBITDA	**45.5**	**33.4**	**128.5**	**109.8**
Change in Working Capital	(16.3)	(2.4)	(33.8)	(23.0)
Cash taxes paid	(1.2)	(0.3)	(9.2)	(1.5)
Capex	(6.8)	(20.1)	(33.5)	(40.4)
Free Cash Flow	**21.2**	**10.6**	**52.0**	**44.9**

Group's Cash Flow Statement

Quarter ended September 30, 2013 ("Q3 2013")

Net cash flow from operating activities was €24.2 million in Q3 2013 versus €24.4 million in Q3 2012, a decrease of 0.8% year-on-year and mostly attributable to higher income tax paid for the Q3 2013 period.

In Q3 2013, cash outflow from investing activities amounted to €6.8 million and was entirely related to capital expenditure. Cash outflow from investing activities amounted to €20.2 million in Q3 2012.

The cash inflow from financing activities was €0.5 million in Q3 2013 compared to an outflow of €4.1 million in Q3 2012, on the back of funds drawn down from the Serenity factoring agreements and the partial repayment of the revolving credit facility.

Nine months ended September 30, 2013 ("9M 2013")

Cash inflow from operating activities was €44.3 million in 9M 2013 compared to €65.8 million in 9M 2013 on the back of an overall increase in the Group's tax payments in part due to the Serenity acquisition.

Total capital expenditure was €33.5 million for 9M 2013 and represented the total cash outflow from investing activities in the same period. Cash outflow from investing activities amounted to €40.5 million in 9M 2012.

Cash inflow from financing activities reached €19.3 million in 9M 2013 compared to a cash outflow of €37.1 million for the same period last year. The main drivers were a drawdown from the revolving credit facility and partial drawdown from the factoring lines. The period saw a positive contribution from the oil hedge, in the amount of €5.6 million.

Material recent developments

As of November 12, 2013 the Group repaid €10.0 million of the Revolving Credit Facility. Subsequent to the repayment, €10.0 million of the Revolving Credit Facility remains outstanding.

Material risk factors

There have been no material changes to the risk factors disclosed in the bondholder report for the year ended December 31, 2012.

Unaudited Condensed Consolidated Interim Income Statement

		Third Quarter		First nine months	
		2013	2012	2013	2012
in € million	**Note**				
Revenue	4	379.4	320.3	1,107.7	976.6
Cost of sales		(277.6)	(245.6)	(815.7)	(741.4)
Gross margin		**101.8**	**74.7**	**292.0**	**235.2**
Distribution expenses		(35.6)	(26.4)	(98.6)	(80.5)
Sales and marketing expenses		(19.0)	(16.1)	(58.2)	(47.7)
General administrative expenses		(10.2)	(7.7)	(29.0)	(22.3)
Other operating income/(expense), net		0.7	1.1	(1.2)	2.2
Non-recurring expenses (*)	9	(2.4)	(5.2)	(9.8)	(9.7)
Operating profit		**35.3**	**20.4**	**95.2**	**77.2**
Finance income		3.9	6.5	11.5	15.5
Finance costs		(23.1)	(20.3)	(72.0)	(67.2)
Net finance cost		**(19.2)**	**(13.8)**	**(60.5)**	**(51.7)**
(Loss) / Profit before income tax		**16.1**	**6.6**	**34.7**	**25.5**
Income tax expense		(2.6)	(2.6)	(9.4)	(4.1)
(Loss) /Profit for the period from continuing operations		**13.5**	**4.0**	**25.3**	**21.4**
(Loss) / Profit for the period (**)		**13.5**	**4.0**	**25.3**	**21.4**

(*) Non-recurring expenses is a non-IFRS measure defined in note 9.

(**) All attributable to the shareholders of Ontex IV S.A.

Unaudited Condensed Consolidated Interim Income Statement (continued)

		Third Quarter		First nine months	
		2013	2012	2013	2012
in € million	Note				
Additional information					
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)					
Operating Profit		35.3	20.4	95.2	77.2
Depreciation and amortization (*)		8.2	7.8	24.6	23.2
EBITDA (**)		**43.5**	**28.2**	**119.8**	**100.4**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA					
EBITDA (**)		**43.5**	**28.2**	**119.8**	**100.4**
Non-recurring expenses excluding amortization		2.0	5.2	8.7	9.4
Adjusted EBITDA (***)		**45.5**	**33.4**	**128.5**	**109.8**

(*) Depreciation and amortization (D&A) included €7.8 million of recurring D&A and €0.4 million of non-recurring D&A in Q3 2013. D&A included €7.8million of recurring D&A and €0.0 million of non-recurring D&A for Q3 2012.

(**) 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

		Third Quarter		First nine months	
		2013	2012	2013	2012
in € million	Note				
Income / (loss) for the period		**13.5**	**4.0**	**25.3**	**21.4**
Other comprehensive income/(loss) for the period, after tax:					
Exchange differences on translating foreign operations		(3.9)	(0.2)	(9.0)	2.5
Cash flow hedges		(0.1)	-	(0.1)	-
Other		-	0.2	0.1	0.4
Other comprehensive income /(loss) for the period, net of tax		**(4.0)**	**0.0**	**(9.0)**	**2.9**
Total comprehensive income/(loss) for the period *		**9.5**	**4.0**	**16.3**	**24.3**

(*) All attributable to the shareholders of Ontex IV S.A.

Unaudited Condensed Consolidated Statement of Financial Position

in € million	Note	September 30, 2013	Dec 31, 2012	September 30, 2012
ASSETS				
Non current Assets				
Goodwill and other intangible assets	5	863.9	845.8	845.5
Property, plant and equipment	6	287.1	267.4	256.6
Deferred tax assets		0.1	0.1	0.5
Non current receivables		0.2	0.1	0.2
		1,151.3	**1,113.4**	**1,102.8**
Current Assets				
Inventories		177.6	171.6	160.9
Trade receivables		215.7	163.5	169.2
Prepaid expenses and other receivables		39.7	36.7	33.5
Current income tax		5.5	1.9	2.4
Derivative financial assets		0.5	5.8	9.9
Cash and cash equivalents	3	69.0	38.9	53.7
		508.0	**418.4**	**429.6**
TOTAL ASSETS		**1,659.3**	**1,531.8**	**1,532.4**

Unaudited Condensed Consolidated Statement of Financial Position (continued)

in € million	Note	September 30, 2013	Dec 31, 2012	September 30, 2012
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		449.4	449.4	449.4
Cumulative translation differences		(16.6)	(7.6)	(6.5)
Consolidated reserves		(66.1)	(91.4)	(59.5)
TOTAL EQUITY		**366.7**	**350.4**	**383.4**
Non-current liabilities				
Employee benefit liabilities		16.0	14.3	12.1
Interest-bearing debts	3	894.4	818.7	816.0
Liability Serenity earn out		10.0	-	-
Deferred income tax liabilities		13.4	13.3	14.6
Provisions		0.1	-	-
Other payables		0.1	-	-
		934.0	**846.3**	**842.7**
Current liabilities				
Interest-bearing debts	3	47.1	14.0	25.4
Derivative financial liabilities		0.6	-	-
Liability Serenity earn out		8.0	-	-
Trade payables		228.3	222.8	215.8
Accrued expenses and other payables		19.5	17.4	19.0
Social liabilities		26.2	23.4	25.3
Current income tax liabilities		20.6	15.2	14.5
Provisions		8.3	42.3	6.3
		358.6	**335.1**	**306.3**
TOTAL LIABILITIES		**1,292.6**	**1,181.4**	**1,149.0**
TOTAL EQUITY AND LIABILITIES		**1,659.3**	**1,531.8**	**1,532.4**

Unaudited Condensed Consolidated Interim Statement of Cash Flow

		Third Quarter		First nine months	
		2013	2012	2013	2012
in € million	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash from operating activities		25.4	24.7	53.5	67.3
Income tax paid		(1.2)	(0.3)	(9.2)	(1.5)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**24.2**	**24.4**	**44.3**	**65.8**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Expenditure		(6.8)	(20.2)	(33.5)	(40.5)
NET CASH USED IN INVESTING ACTIVITIES		**(6.8)**	**(20.2)**	**(33.5)**	**(40.5)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from acquisition (net cash)		-	-	2.1	-
Proceeds from borrowings		-	-	77.4	-
Other proceeds from financing		4.4	-	55.4	-
Repayment of borrowings		(0.7)	(1.1)	(1.9)	(7.0)
Acquisition price paid		-	-	(73.2)	-
Interest paid		(4.2)	(3.7)	(34.6)	(35.1)
Interest received		0.1	0.1	0.4	0.2
Cost of refinancing & Other costs of financing		(1.2)	(2.5)	(8.8)	(3.9)
Realised foreign exchange (losses)/gains on financing activities		0.2	0.7	(3.2)	0.9
Derivative financial asset		1.9	2.4	5.6	7.8
NET CASH GENERATED FROM FINANCING ACTIVITIES		**0.5**	**(4.1)**	**19.3**	**(37.1)**
MOVEMENT IN PERIOD		**17.9**	**0.1**	**30.1**	**(11.8)**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**51.1**	**53.6**	**38.9**	**65.5**
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD		**69.0**	**53.7**	**69.0**	**53.7**

Unaudited Condensed Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company			
in € million	Note	Share capital	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2012		**449.4**	**(7.6)**	**(91.4)**	**350.4**
Comprehensive income:					
Profit for the year		-	-	25.3	25.3
Other comprehensive income:					
Exchange differences on translating foreign operations		-	(9.0)	-	(9.0)
Cash flow hedges		-	-	(0.1)	(0.1)
Other movements		-	-	0.1	0.1
Total other comprehensive income		**-**	**(9.0)**	**-**	**(9.0)**
Balance at September 30, 2013		**449.4**	**(16.6)**	**(66.1)**	**366.7**

		Attributable to equity holders of the Company			
in € million	Note	Share capital	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2011		**449.4**	**(9.0)**	**(81.3)**	**359.1**
Comprehensive income:					
Profit for the year		-	-	21.4	21.4
Other comprehensive income:					
Exchange differences on translating foreign operations		-	2.5	-	2.5
Other movements		-	-	0.4	0.4
Total other comprehensive income		**-**	**2.5**	**0.4**	**2.9**
Balance at September 30, 2012		**449.4**	**(6.5)**	**(59.5)**	**383.4**

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 IV S.A. (the "Company") and its subsidiaries (together the "Group" or "Ontex IV Group") for the period from January 1, 2013 to September 30, 2013. 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 IV Group and should be read in conjunction with the annual financial statements of the Ontex IV Group as at December 31, 2012 and with the interim financial reporting of the Ontex IV Group for the first and second quarter of 2013.

Ontex IV S.A. 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, 2013 to September 30, 2013 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2012 of the Ontex IV 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, 2012 of the Ontex IV 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 September 30, 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 December 31, 2012. 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, 2013.

These condensed consolidated unaudited interim financial statements present information the Ontex IV 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, 2012 of the Ontex IV Group and with the interim financial reporting of the Ontex IV Group for the three month period ended March 31, 2013, six month period ended June 30, 2013 as well as the nine month period ended September 30, 2012.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of November 13, 2013. 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 September 30, 2013.

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, 2012 of the Ontex IV 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 has entered into foreign exchange forward contracts on September 13, 2013 maturing December 31, 2013 in order to limit volatility in the business resulting from exposures to sales in British Pound, Polish Zloty, Turkish Lira, Australian Dollar and Ruble as well as purchases of raw materials and (traded) good in USD to occur in Q4 2013. Based on the hedge strategy, the foreign exchange forward contracts hedge the following portions of the forecasted exposures until December 31, 2013: for British Pound £27.0 million, for Polish Zloty PLN60.0 million, for Turkish Lira TL20.0 million, for Australian Dollar AUD 8.0 million, for Ruble RUB 160.0 million and for purchases in US Dollar USD 30.0 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 September 30, 2013 an unrealized gain of €0.1 million (Turkish Lira, Australian Dollar) and an unrealized loss of €0.2 million (British Pound, USD) has been recognized in other comprehensive income.

As of September 30, 2013 the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.2 million and of the derivative financial liability amounted to €0.6 million.

3.3 Price risk (commodity)

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 September 15, 2013 and has not been replaced.

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 September 30, 2013, September 30, 2012 and December 31, 2012 are as follows:

in € million	September 30, 2013	December 31, 2012	September 30, 2012
Long-term interest bearing debt	894.4	818.7	816.0
Short-term interest bearing debt	47.1	14.0	25.4
Available short-term liquidity	(69.0)	(38.9)	(53.7)
Total net debt position	**872.5**	**793.8**	**787.7**

3.4 Interest rate and credit risk

As of March 30, 2011, the Company has issued high yield bonds replacing a €600.0 million Senior Loan and a €160.0 million Vendor Loan Notes.

The high yield bonds consist of €235.0 million 9.000% Senior Notes due 2019, €320.0 million 7.500% Senior Secured Notes due 2018 and €280.0 million Senior Secured Floating Rate Notes due 2018.

On February 14, 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 October 15, 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.

As of September 30, 2013, €55.0 million of the Revolving Credit Facility is undrawn. €30.0 million of the RCF was drawn in April 2013, pending closing of the Serenity factoring agreements and €10.0 million have been repaid in August 2013.

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, in € million	Third Quarter		First nine months	
	2013	2012	2013	2012
Retail	236.7	214.7	696.9	655.4
Healthcare	103.4	67.3	273.0	200.1
MEA Region	39.3	38.3	137.8	121.1
Ontex Group Sales	379.4	320.3	1,107.7	976.6

4.2 Information by product group

By product group, in € million	Third Quarter		First nine months	
	2013	2012	2013	2012
Babycare	192.9	175.8	588.6	540.9
Femcare	52.1	46.7	148.3	141.4
Adult Incontinence	129.2	93.3	356.0	281.4
Other (Traded goods)	5.2	4.5	14.8	12.9
Ontex Group Sales	379.4	320.3	1,107.7	976.6

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, in € million	Third Quarter		First nine months	
	2013	2012	2013	2012
Western Europe	266.7	215.6	751.1	661.6
Eastern Europe	49.1	45.3	146.2	132.4
Rest of the World	63.6	59.4	210.4	182.6
Ontex Group Sales	379.4	320.3	1,107.7	976.6

4.4 Revenues from major customers

The Group does not have a single significant customer. In 9M 2013, the single largest customer represented 6.5% of the Group's revenues. The 10 largest customers represented 38.5% of total sales for 9M 2013 revenues.

Note 5 Goodwill and other intangible assets

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended September 30, 2013				
Opening net book amount	841.5	3.9	0.4	845.8
Additions	18.1	1.2	-	19.3
Transfers	-	0.8	-	0.8
Disposals	-	(0.2)	-	(0.2)
Amortization charge	-	(1.8)	-	(1.8)
Closing net book amount	**859.6**	**3.9**	**0.4**	**863.9**
At September 30, 2013				
Cost or valuation	859.6	16.9	0.9	877.4
Accumulated amortization, impairment and other adjustments	-	(13.0)	(0.5)	(13.5)
Net book amount	**859.6**	**3.9**	**0.4**	**863.9**

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended September 30, 2012				
Opening net book amount	841.5	4.4	0.5	846.4
Additions	-	0.8	-	0.8
Amortization charge	-	(1.6)	(0.1)	(1.7)
Closing net book amount	**841.5**	**3.6**	**0.4**	**845.5**
At September 30, 2012				
Cost or valuation	841.5	15.2	0.9	857.6
Accumulated amortization, impairment and other adjustments	-	(11.6)	(0.5)	(12.1)
Net book amount	**841.5**	**3.6**	**0.4**	**845.5**

Note 6 Property plant and equipment

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended September 30, 2013						
Opening net book amount	89.4	134.2	0.6	11.4	31.8	267.4
Additions	0.5	11.7	-	0.4	11.7	24.3
Transfers	0.5	19.6	-	-	(20.9)	(0.8)
Disposals	-	(0.5)	-	-	(1.4)	(1.9)
Depreciation charge	(2.9)	(18.8)	(0.1)	(1.0)	-	(22.8)
Exchange differences	(0.4)	(3.5)	(0.0)	(0.6)	(0.5)	(5.0)
Other movements	-	(0.3)	-	-	-	(0.3)
Fixed assets acquired	11.4	14.6	-	-	0.2	26.2
Closing net book amount	**98.4**	**157.1**	**0.5**	**10.2**	**20.9**	**287.1**
At September 30, 2013						
Cost	115.0	247.3	1.1	16.5	20.9	400.7
Accumulated depreciation	(16.6)	(90.2)	(0.6)	(6.3)	-	(113.6)
Net book amount	**98.4**	**157.1**	**0.5**	**10.2**	**20.9**	**287.1**

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended September 30, 2012						
Opening net book amount	91.0	114.1	0.5	10.0	30.4	246.0
Additions	0.1	6.9	0.1	1.2	22.6	30.9
Transfers	0.1	18.3	-	-	(18.4)	-
Disposals	-	(0.1)	-	-	-	(0.1)
Depreciation charge	(2.4)	(17.8)	(0.1)	(1.1)	-	(21.4)
Exchange differences	0.3	0.7	-	0.1	0.1	1.2
Other movements	-	-	-	-	-	-
Closing net book amount	**89.1**	**122.1**	**0.5**	**10.2**	**34.7**	**256.6**
At September 30, 2012						
Cost	102.3	190.5	1.0	15.4	35.1	344.3
Accumulated depreciation	(13.2)	(68.4)	(0.5)	(5.2)	(0.4)	(87.7)
Net book amount	**89.1**	**122.1**	**0.5**	**10.2**	**34.7**	**256.6**

Note 7 Legal claims

The Group recognises a provision for certain legal claims brought against the Group by customers, suppliers or former employees. The provision charge is recognised in profit and loss within the line 'Other operating income/ (expense)' in the consolidated income statement. 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 Consolidated Interim Financial Statement of Income.

Note 9 Non-recurring expenses

	Third Quarter		First nine months	
in € million	**2013**	**2012**	**2013**	**2012**
Factory closure	-	2.1	-	2.1
Business restructuring	0.5	0.8	1.1	4.2
Acquisition related expenses	1.4	-	7.0	0.1
Asset impairment	0.4	-	1.2	0.3
Other	0.1	2.3	0.5	3.0
Total non-recurring expenses	**2.4**	**5.2**	**9.8**	**9.7**

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 Serenity acquisition

On April 4, 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.

The Serenity acquisition has been consolidated as from April, 1 2013.

Pursuant to the Acquisition Agreement, the initial purchase price for the Acquisition consisted of: (1) €49,208,721, representing the Estimated Purchase Price (as defined in the Acquisition Agreement) for Serenity's shares; and (2) €24,000,000 paid on behalf of Serenity in settlement of intercompany debt owed to the Seller.

We have also agreed to certain earn-out payments totaling 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 with respect to its Public Tender Contracts.

The full amount of the earn-out payments has been taken into account for the determination of the initial goodwill. The net assets acquired amount to €49.1 million. As a consequence, the Group recognized goodwill of €18.1 million on the Balance Sheet which is attributable to the factors mentioned. As of September 30, 2013 the Group had not yet finalised the purchase price allocation consequently it had recognised a provisional goodwill.

The following table summarises the consideration paid for Serenity S.p.a. and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at April 4, 2013 *(in € million)*	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2.1
Property, plant, and equipment	26.2
Intangible assets (excluding goodwill)	0.1
Inventories	16.8
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)
Total identifiable net assets acquired	**49.1**
Allocation to Goodwill	18.1
Total consideration	**67.2**
Purchase price:	
Cash	49.2
Financial liabilities future earn out	18.0
Fair value of shares exchanged	0.0
Total consideration transferred	67.2

The acquisition related costs in the period ended September 30, 2013 amounted to €6.9 million and are included in non-recurring expenses in the profit and loss statement. Revenues from Serenity amounted to €35.8 million in Q3 2013.

Note 12 Events after the reporting period

As of November 12, 2013 the Group repaid €10.0 million of the Revolving Credit Facility. Subsequent to the repayment, €10.0 million of the Revolving Credit Facility remains outstanding.