DARE TO MOVE FORWARD.

INTEGRATED ANNUAL REPORT 2018

WEDARETOGETHER

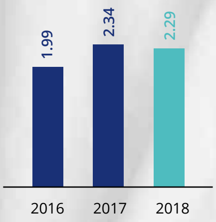
Ontex

IMAGINE A WORLD WHERE EVERYONE HAS ACCESS TO AFFORDABLE PERSONAL HYGIENE PRODUCTS. THAT'S THE KIND OF WORLD ONTEX IS BUILDING. STEP BY STEP.

CREATING NEW EXPERIENCES IN PERSONAL HYGIENE FOR CONSUMERS... WHILE DEVELOPING OUR PEOPLE, AND DELIVERING SUSTAINABLE VALUE TO OUR SHAREHOLDERS, PARTNERS, CUSTOMERS AND SUPPLIERS. ENSURING OUR RELEVANCE, AND MAKING A POSITIVE IMPACT ON THE COMMUNITIES AROUND US.

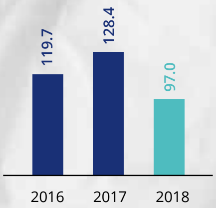
REVENUE (€/BN)

2.29



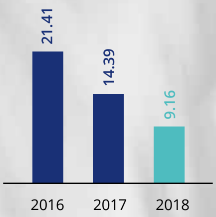
PROFIT (€/M)

97.0

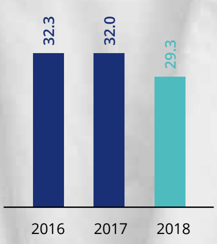


ACCIDENT FREQUENCY RATE (#/M WORKED HOURS)

9.16



CARBON EMISSIONS (gCO_2/€)



SITES

19
PRODUCTION FACILITIES

29
SALES AND MARKETING SITES

9
R&D CENTERS

EMPLOYEES

10,750
EMPLOYEES

50
NATIONALITIES

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. This report represents the directors' report prepared in accordance with article 119 of the Belgian Company Code. In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report. This report has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.

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Find out more online

Our 2018 integrated annual report is also available online:
https://annualreport.ontexglobal.com/2018/

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

DARE TO MOVE FORWARD TOGETHER.

> Thanks to the resilience and hard work of our people all over the world, we managed to negate most of the potential roadblocks to achieve low single digit like-for-like growth in what were broadly flat hygiene markets.
>
> **CHARLES BOUAZIZ**
> CHIEF EXECUTIVE OFFICER

CAN YOU GIVE A BRIEF DESCRIPTION OF THE YEAR?

Charles: In 2018, we continued to invest in sales, marketing and R&D to support top-line growth. And thanks to the resilience and hard work of our people all over the world, we managed to negate most of the potential roadblocks to achieve low single digit like-for-like growth in what were broadly flat hygiene markets. Our results, more details of which can be found on page 52-53, are a testimony to our employees' commitment and I would like to thank everyone for their outstanding efforts during the year.

Luc: The Board recognizes the strong foundations of the company and the commitment of our people which was tested to the full in 2018. The Board had open, transparent and robust debates with the executive team in the course of the year, challenging them where needed, and supporting the long-term aspirations and strategy even when things did not turn out as anticipated. In the course of the year, the company received an unsolicited takeover proposal from PAI. As a board, we were unanimous in not supporting a potential offer on the terms discussed and the matter closed in September.

HOW DID YOU ADDRESS THE CHALLENGES IN BRAZIL IN 2018?

Charles: We acted decisively to address the situation in Brazil and our plans to turn the business around are well on track. Our first priority was to stabilize the business and ensure a sustainable model going forward. To do this, we consolidated production to one single site, we started up Ontex proprietary production lines and re-launched two of our local baby diaper brands. As a result, Brazil revenue in local currency and adjusted EBITDA both improved sequentially each quarter.

Luc: The Brazilian acquisition was important from a strategic point of view. We have always been open about the gaps that we need to address, for example, our geographic scope (historically too focused on Western Europe) and our reliance on retailer brands. Brazil was part of the plan to redress these imbalances. The issues we had in Brazil are an exception to our track record. The decisions made by management to address top line and margin improvement were reassuringly swift. The focus on efficiency, innovation and attractive products is the right path. The signs of recovery are encouraging.

“The issues we had in Brazil are an exception to our track record. The focus on efficiency, innovation and attractive products is the right path. The signs of recovery are encouraging.”

LUC MISSORTEN
CHAIRMAN OF THE BOARD

WHAT ABOUT THE REST OF THE GROUP?

Charles: There were strong performances in Mexico and North America as well as the Middle East North Africa and the Growth Markets Divisions despite challenging conditions. Our Healthcare Division also performed well in a tricky pricing environment. Our Mature Markets Retail Division had a tougher year. We made it very clear that we would increase prices in view of input cost pressures. This resulted in some volume losses in the short term and, even though it was a conscious decision, it did affect performance.

We continued to invest in initiatives that support profitable growth, for example progressing strongly in organic cotton tampons and shipping our first full quarter of retailer brand baby diapers to a major US retailer. The latter presents a significant market opportunity in the coming years. Other success stories also include our baby diaper subscription business in France (see page 24) and adding capacity for higher-margin adult and baby pants.

LAST YEAR YOU MENTIONED THE WORK BEING DONE IN TERMS OF PEOPLE, DIGITALIZATION, INNOVATION AND SUSTAINABILITY. CAN YOU SUMMARIZE THE PROGRESS IN EACH?

Charles: You can read more about our progress in the relevant sections of this report. What I can say here in summary is that the work in these four cross-company areas has continued with unrelenting focus and vigor.

The skills and adaptability of our people are key to running the complex world in which we operate whether that's in manufacturing or on the commercial side. And our attraction as a company is ultimately driven by our ambition and vision. Our transformation to an international player means that we can offer exciting jobs in many places across the globe. One of the highlights of the year for me, therefore, was the introduction of the new Ontex Leadership Model to prepare each and every one of our people for the future.

We continued to exploit the possibilities of digital in improving our operations and also in connecting with consumers. Our commitment to digital go-to-market channels creates a strong affinity with today's digital natives both externally and internally, and we launched a number of innovative digital product platforms, for example, 'Little Big Change' (see page 24), to meet unmet consumer needs. We also continued to exploit the opportunities of the digital world to optimize our manufacturing and logistics operations.

The number of product and product platform launches and re-launches across all our categories, highlighted in the following pages, once again demonstrated our ability to delight our customers and consumers with innovation. We focused also on the innovation process itself introducing new thinking, and even looking at specific approaches for retailer brands and own brands to ensure that we are focusing on what is important for each category.

In terms of sustainability, we are very conscious of the impact that we as a company can have on the environment and have a clear strategy to ensure we remain sustainable for the long term. Within sustainability, we focus on three key pillars – products, production and people – to ensure that sustainability forms an integral part of all our policies and activities. We saw progress across almost all of our key performance indicators (see page 16) for example, continuing to improve the environmental profiles of our products and looking at ways to reduce materials without loss of performance. I am also very encouraged by the progress we have made in terms of safety. Waste remains an issue as often we are dependent on local infrastructure which can vary widely. The review of strategy and goals in 2019 will take this into account.

Luc: At Board level, we closely follow how each of the four areas – people, digitalization, innovation and sustainability – are being further developed. Together, they are key to creating value for our business and the communities in which we work. Importantly, they are essential to our risk management. We realize that the market for talent is competitive and the breadth and the depth of our personal development programs are an important factor in attracting the right people. Also, being a growth company renowned for innovation is always positive in this respect. Our progress on the digital front gives us an opportunity to be different, to be unique. It also strikes a very positive chord among the younger generation. The 2019 review of the sustainability strategy and related goals is timely and will strengthen the link between sustainability and our innovation program, which we see as intimately intertwined. The expectations of our customers are clearly changing and the impending review will strengthen our foundations and help ensure that we are ready for the future.

"Challenging times often bring out the best in your people. They also stimulate you to ask the right questions, to review your models, and really take a close look at yourselves. And this can only be positive for the company's future."

CHARLES BOUAZIZ
CHIEF EXECUTIVE OFFICER

YOU MENTIONED IN THE COURSE OF THE YEAR THAT YOU WOULD BE CONDUCTING A REVIEW OF THE BUSINESS TO ACCELERATE THE DELIVERY OF VALUE. CAN YOU UPDATE?

Charles: Challenging times often bring out the best in your people, and our results in 2018 certainly bear this out. They also stimulate you to ask the right questions, to review your models, and really take a close look at yourselves. And this can only be positive for the company's future. We have always been bold in our approach. Now we must dare to take the next step. In the first quarter of 2019, we announced the evolution of our commercial structure as well as changes to our internal organization. In short, the main aims are to attain customer leadership through commercial focus and cost leadership through standardization and optimal use of our operational network. The shift from five to three Divisions is a natural and logical evolution. The Divisions now better re-

54%

RETAILER BRANDED PRODUCTS

46%

ONTEX BRANDED PRODUCTS

MORE AND MORE CONSUMERS ARE ATTRACTED BY THE PERFORMANCE AND VALUE FOR MONEY OF OUR RETAILER BRANDS. AT THE SAME TIME, WE CONTINUE TO STEADILY INCREASE OUR OWN BRANDED BUSINESS. BOTH CONTRIBUTE TO OUR OVERARCHING AIM TO OUTGROW THE MARKET

flect our business – own branded goods and retailer branded goods – with Healthcare as its own separate business. The focus will help us speed up decision-making, make us more agile in response to changing customer requirements, and make our industrial processes more efficient. We also introduced a new centralized operational structure. This will help standardize our end-to-end operations, progress them to best-in-class industry standards and to reap the benefits of scale.

Luc: The approach from PAI strengthened our resolve to deliver more value faster and as a Board we are fully supportive of the transformation. We appreciate the inherent strength of the business and we are positive about our future potential. The executive team, indeed the entire business, is working with focus and urgency in their effort to implement the transformation and to create a new platform that, I am confident, will lead to enhanced value for consumers, customers and all our stakeholders.

DIVISIONS

ONTEX IS A LEADING INTERNATIONAL PERSONAL HYGIENE GROUP. WE MAKE HIGH-QUALITY PRODUCTS FOR BABY CARE, ADULT CARE AND FEMININE CARE, AND ARE THE PARTNER OF CHOICE FOR CONSUMERS, RETAILERS, INSTITUTIONAL AND PRIVATE HEALTHCARE PROVIDERS AROUND THE WORLD.

WE SELL OUR PRODUCTS IN MORE THAN 110 COUNTRIES. AROUND 46% ARE SOLD AS ONTEX BRANDS AND THE REMAINDER AS RETAILER BRANDS.

OPERATIONALLY, WE ARE SPLIT INTO FIVE DIVISIONS. IT IS A WAY OF ENSURING THAT OUR MARKET OFFERINGS REMAIN RELEVANT AND FOCUSED.

OUR 19 MANUFACTURING SITES ARE LOCATED IN EUROPE, AFRICA, RUSSIA, ASIA PACIFIC AND THE AMERICAS. WE HAVE NINE R&D CENTERS TO KEEP US AT THE FOREFRONT OF SUSTAINABLE DEVELOPMENT AND INNOVATION.

WE ADD VALUE THROUGH THE PRODUCTS WE MAKE AND THE SERVICES WE OFFER, THE JOBS WE CREATE, OUR ENDEAVORS TO OPERATE WITHIN THE LIMITS OF OUR PLANET, AND THE HIGH STANDARDS OF RESPONSIBLE BEHAVIOR WE SET OURSELVES.

THE CATEGORIES

BABY CARE

This is the largest part of our business. We manufacture baby diapers and baby pants for retailers as well as our own brands. They are designed to bring affordable comfort to babies and peace of mind to parents.

ADULT CARE

Discretion, protection and dignity are the three key considerations in the design and manufacture of our light, medium and heavy incontinence solutions. Products include pads, pants, adult diapers and underpads, which are sold through institutions as well as directly to customers and consumers.

FEMININE CARE

By providing a range of products such as ultra-towels, fluff towels, panty liners and tampons we are able to respond to the different needs and lifestyles of women. All have innovative features that offer protection and comfort at all times.

MATURE MARKETS RETAIL

Read more on page 40

DESCRIPTION

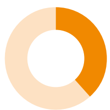
Supplies mainly retailer branded baby care, adult care and feminine care products in Western Europe and Australia.

REVENUE

€880.2M

2017: €900.7M

-1.8% Like-for-like growth



38.40%

KEY MARKETS

- Western Europe
- Australia

BRAND TYPE

- Retailer brands

CATEGORY

AMERICAS RETAIL

Read more on page 42

DESCRIPTION

Supplies Ontex and retailer branded baby care, adult care and feminine care products and comprises of three clusters: Mexico and Central America, Brazil, and North America.

REVENUE

€618.0M

2017: €624.1M

+4.5% Like-for-like growth

26.96%

KEY MARKETS

- Mexico
- Central America
- Brazil
- North America

BRAND TYPE

- Own brands
- Retailer brands

ONTEX TOP BRANDS

CATEGORY

OVERVIEW

HEALTHCARE

Read more on page 44

DESCRIPTION

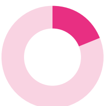
Supplies mainly Ontex branded adult care products through institutional channels (hospitals, nursing homes, health insurers and local authorities) as well as through pharmacies, home delivery and self-pay channels.

REVENUE

€435.6M

2017: €433.4M

+0.8% Like-for-like growth



19.00%

KEY MARKETS

- Benelux and France
- Germany
- Spain and Italy
- UK and Ireland

BRAND TYPE

- Own brands

ONTEX TOP BRANDS

CATEGORY

GROWTH MARKETS

Read more on page 46

DESCRIPTION

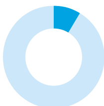
Comprising fast-changing, dynamic markets where the retail landscape is assuming increasingly western-style forms. We supply Ontex or retailer brands depending on customer needs.

REVENUE

€197.6M

2017: €192.3M

+9.5% Like-for-like growth



8.62%

KEY MARKETS

- Commonwealth of Independent States
- Central and Eastern Europe
- Asia and Sub-Saharan Africa

BRAND TYPE

- Own brands
- Retailer brands

ONTEX TOP BRANDS

CATEGORY

MIDDLE EAST NORTH AFRICA

Read more on page 48

DESCRIPTION

We provide largely regional 'local hero' brands, and have strong market positions in baby care, the largest category of the Middle East and North African markets, and in adult care.

REVENUE

€160.8M

2017: €184.5M

+2.6% Like-for-like growth

7.02%

KEY MARKETS

- Turkey
- Algeria
- Pakistan

BRAND TYPE

- Own brands

ONTEX TOP BRANDS

CATEGORY

2018, A YEAR OF OPPORTUNITIES

ONLINE DIAPER SUBSCRIPTION MODEL

In 2018, we launched our newest baby brand, Little Big Change. It is the first Ontex baby brand that is sold exclusively through an online subscription model in France, providing consumers with a flexible and highly customizable purchase and delivery service (see more page 24). The roll-out of the brand was supported by a national TV campaign to create awareness amongst a broad audience. In parallel, complementary channels were also used, including social media and influencer marketing. First results look very promising, and we'll continue to support and grow the brand in 2019.

125,000 TONS CO_2 SAVED SINCE 2014

Over the last five years, we have achieved a 35% reduction of our carbon emissions. In 2018, our emissions dropped with 8% compared with last year (from 32g CO_2/€ to 29g CO_2/€). All our European sites are powered by 100% green electricity.

GLOBAL ROLL-OUT OF LEADERSHIP TRAINING

Within Ontex, we believe that everybody is a leader. To help every single employee master his or her own behavior and manage the behavior of others, everyone in the Ontex community is invited to join the powerful The 5 Chairs training, as developed by Louise Evans, in the course of the next couple of years. At the end of 2018, 56 training sessions in 12 different countries around the globe had already taken place.

NEW BRAND LAUNCHED ON CHINESE E-COMMERCE PLATFORM

We have launched our newest feminine care brand NAT through one of the biggest Chinese e-commerce platforms. NAT, Nice and True Intimate Care, is a new brand of tampons, towels and panty liners that combine natural, cotton technology and high performance to provide a complete intimate care solution. NAT offers the desirable combination of pure natural care and advanced technology for a 'no feel period'. The products use 100% certified organic cotton, and the tampons have sugar cane based applicators.

ENGINEER OF THE YEAR

Annick De Poorter, our R&D, Quality and Sustainability Director, received the 'Engineer of the Year' Award. The award is given out by the Faculty of Engineering Sciences of Ghent University and its alumni association AIG (Alumni Engineers UGent) to highlight outstanding innovative work.

40 YEARS ONTEX MEXICO

Our Mexican colleagues celebrated the 40th anniversary of our Ontex Mexico business. A great legacy has been left by its founder Gilberto Marín. Richard Halbinger is now leading the company to even greater heights as its new General Manager. With more than 20 years of experience within the company, Richard will further reinforce the integration with the Ontex Group whilst continuing to grow, pioneer and innovate the market.

ENGINEER OF THE YEAR

40 YEARS ONTEX MEXICO

GLOBAL ROLL-OUT OF LEADERSHIP TRAINING

ONLINE DIAPER SUBSCRIPTION MODEL

NEW R&D CENTER OF EXCELLENCE

The Ontex site in Großpostwitz, Germany, which exclusively produces women's tampons and serves as the central production facility for women's tampons for the entire Ontex Group, opened a new R&D technical center. In Großpostwitz, R&D activities were previously done from a Quality Assurance lab, but due to further growth, activities were split and the R&D team now has a dedicated technical center. Their continued focus is on the development and innovation of tampon products.

CREATIVITY AWARD FOR CANBEBE DIGITAL CAMPAIGN

Canbebe Pakistan won the award for 'Best Use of Creativity/Innovation' at the Pakistan Digi Awards 2018 for its made-for-digital campaign "A Mother's Support", which puts the spotlight on the support system mothers require to ensure the best possible care for their children.

SAFETY FIGURES AT CRUISING SPEED

Our accident frequency rate dropped by 36% to 9.16 (number of labor accidents per million worked hours) which keeps us on track for our 2020 target of maximum 6.5. Further training and the recruitment of dedicated H&S responsibles have had a positive impact in our journey to work towards a strong safety culture.

RADOMSKO PRODUCTION START

In October 2018, the first pallet of diapers rolled off the line at our new facility in Radomsko, Poland. This specialist plant got the green light in February 2017 and was officially opened in February 2019. We look forward to seeing it ramp up to full potential in 2019.

POM POM TURNS 50

In July, our Brazilian diaper brand Pom Pom turned 50! In celebration of this anniversary, a new generation of Pom Pom diapers was launched, aligning high technology, comfort and innovation with years of knowledge and tradition.

POM POM TURNS 50

NEW BRAND LAUNCHED ON CHINESE E-COMMERCE PLATFORM

CREATIVITY AWARD FOR CANBEBE DIGITAL CAMPAIGN


NEW R&D CENTER OF EXCELLENCE


RADOMSKO PRODUCTION START

THE JOURNEY – WHAT LIES AHEAD

ONTEX IS ON A BROAD TRANSFORMATION JOURNEY: FROM EUROPEAN TO GLOBAL; FROM A STRONG FOCUS ON RETAILER BRANDS TOWARDS A MORE BALANCED ONE THAT INCLUDES OWN BRANDS; FROM A TENDENCY TOWARDS BABY CARE TO A MORE BALANCED PORTFOLIO ACROSS THREE PERSONAL HYGIENE CATEGORIES (SEE PAGE 38) AND, IMPORTANTLY, FROM BEING TECHNOLOGY AND MANUFACTURING DRIVEN TO BEING CONSUMER/CUSTOMER LED.

IN 2018, WE CONTINUED OUR JOURNEY TO BUILD A COMPANY BASED ON A SOLID BASE OF FAR-REACHING INSIGHT AND TECHNOLOGY AND MANUFACTURING EXPERTISE TO MEET THE CHALLENGES AHEAD.

FAVORABLE OUTLOOK IN CHANGING WORLD

Market forecasts for the categories in which we operate are generally favorable. Baby care, adult care and feminine care are all predicted to grow in the coming years (see page 38-39). While there are a number of clear trends specific to each of our hygiene categories, there are also certain ones which tend to transcend category boundaries.

Across the board, consumers want high-performing products at an affordable price. They are looking for transparency in terms of material used and are increasingly focused on their own well-being as well as that of their loved ones. In adult and feminine care they want that high-performance to go hand-in-hand with discretion so that they can maintain dignity, and they want products that will support rather than hinder mobility.

IS IT SAFE?

In general, consumers are increasingly concerned about the safety of the products that they use; about the impact they might have on the health of their baby or, in the case of feminine care products, on their own health and well-being. While these concerns have not affected adult care products in a major way, it seems inevitable that they will.

OUR NAT TAMPONS ARE MADE OF 100% ORGANIC COTTON CERTIFIED BY THE GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

We understand the concerns and the perceived safety issues being voiced in a world where trace chemicals can now be detected down to parts per billion. We, our industry partners as well as governing authorities are all working together to address these concerns and reassure consumers about the intrinsic safety of the hygiene products we make. At present, organic cotton products only account for a very small part of the hygiene market in which we operate but they are growing fast. Products using 'free-from' claims are also becoming ever more prevalent. Our NAT feminine care products (see page 30) and our Little Big Change diapers (on page 24) are just two examples of the work we are pursuing.

THE REALITY OF DIGITAL

The reality of the digital world is revolutionizing how consumers learn about and engage with hygiene brands and also buy their products. For example, according to Euromonitor[1] online sales of baby care products grew at a CAGR of more than 28% between 2012 and 2017. And although share of online sales varies across regions and countries, from exceptionally high in South Korea to low double-digit in the US and UK and almost zero in some of our markets, the trend is clear. Our agility, size and flexibility enable us to invest in the digital channels with our customers as well as on our own.

RETAILER BRAND GROWTH

Retailer brands now represent just under 40% of the European baby care market by value and continue to gain share. In adult care, the share is similar while in feminine care retailer brands only have just over 20% share. The retailer brand segment offers huge potential. In North America retailer brands in baby care account for around one fifth of the market by value. Providing retailer brands is a key competency we have built in Europe. As we strengthen our manufacturing capability in the Americas, we are confident that we can replicate the success achieved by helping retailers to grow their own brand with a differentiated proposition specifically tailored to the needs of each consumer.

MOBILITY MEANS MORE

The trend towards light incontinence products, thinner diapers and slimmer feminine care products are all part of a general trend to be able to remain active and mobile no matter which stage of life you are at. The growth of baby pants over traditional diapers, the development of more discrete incontinence pants and less bulky feminine pads are all evidence of this. We have expanded the manufacturing capacity at our various plants to meet these new requirements.

As consumer demands become more granular, the intricacy of dealing with them grows. We believe, however, that each of these is an opportunity for us, and each shapes our product development and market approach. While our mindset, culture and proven skills in managing complexity are fully in line with the market and how the consumer is thinking, we will continue to adapt.

1. The world's leading independent provider of strategic market research.

OUR OPERATING MODEL

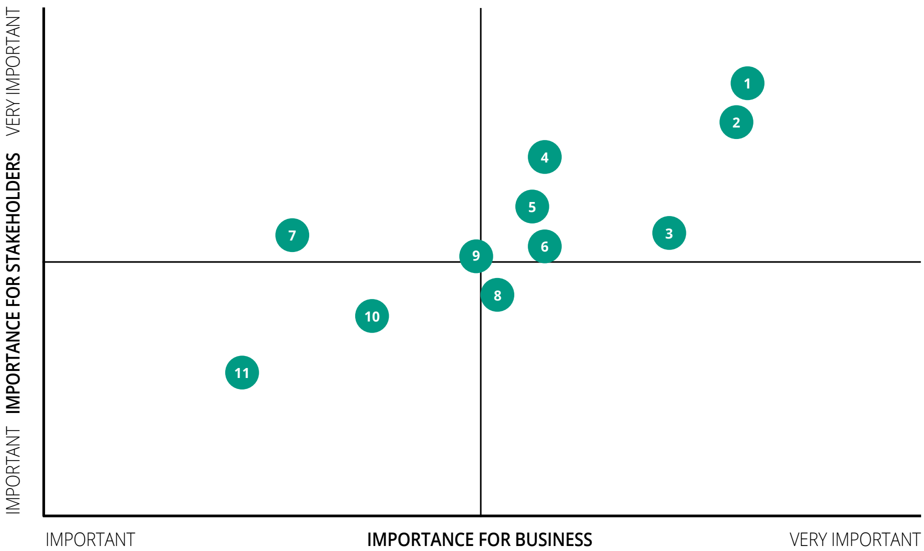
A CLEARLY FOCUSED MODEL TO CREATE UNIQUE COMPETITIVE ADVANTAGE AND SUSTAINABLE VALUE FOR ALL OUR STAKEHOLDERS.

OUR SUSTAINABILITY APPROACH

In 2018, we conducted a new materiality assessment following on from the one we did in 2016. The process, which involved a selection of all our internal and external stakeholders, is described in detail in the addendum to this report (see page 148). The materiality matrix shows their assessment of the main sustainability themes and why they matter. It also provides links to the relevant SDGs and where you will find more information on the topic in this report.

We are due to review our sustainability strategy in 2019 based upon the outcome of this new assessment. It will help ensure continued relevance and that we remain focused on delivering long-term business success.

MATERIALITY MATRIX



AREAS OF FOCUS AND WHY THEY MATTER

MATERIAL ASPECTS	DEFINITION AND CONTENT	SDGS ADDRESSED	READ MORE
1 Respecting human rights in our value chain	Responsibility for impacts across a range of internationally recognized human rights. Main topics: supply chain management, social audits at our sites.		Page 21
2 Ensuring a safe workplace for our employees	Provide safe and healthy working conditions. Main topics: zero tolerance on injuries.		Page 21
3 Ensuring good waste management in our production	Good quality waste sorting and reduction of waste-to-landfill. Main topics: reducing production waste, zero waste to landfill.		Page 37
4 Embedding business ethics in how we conduct our business	Do business fairly, legally and ethically. Main topics: GDPR, competition, anti-bribery & corruption, code of ethics.		Page 22
5 Investing in sustainable raw materials	Source suitable raw materials. Main topics: less raw materials, responsible forestry, sustainable alternatives.		Page 36
6 Offering sustainable products	Develop products that create sustainable value for our customers or society. Main topics: eco design, end-of-life waste, safe products, product labeling.		Page 35
7 Striving for an open dialogue with our stakeholders	Open communication and sharing of views, thoughts and concerns. Main topics: stakeholder engagement.		Page 15
8 Promoting talent development at all levels of the organization	Help people grow on a personal level and reach agreed professional and personal goals. Main topics: training, leadership, personal development.		Page 19
9 Valuing diversity and equal opportunities	To provide opportunities irrespective of nationality, gender and age. Main topics: gender balance, no discrimination.		Page 19
10 Addressing climate change	Endeavors to address global warming. Main topics: energy management, renewable energy & reducing emissions.		Page 32
11 Supporting local communities	Support of local communities that are impacted by the company's business: donations, volunteering, partnerships.		Page 23

ENGAGING WITH OUR STAKEHOLDERS

TO BUILD A SUSTAINABLE BUSINESS

WE INVEST TIME AND EFFORT IN BUILDING STRONG RELATIONSHIPS WITH A WIDE RANGE OF STAKEHOLDERS INCLUDING CUSTOMERS AND CONSUMERS, SUPPLIERS, COMMUNITIES AND RELEVANT NGOS. WE CONSIDER THEM OUR KEY INFLUENCERS – THE EYES AND EARS OF ONTEX – CHALLENGING WHAT WE DO AND HOW WE DO IT. EACH PROVIDES IMPORTANT INPUT SO THAT WE CAN IDENTIFY AND ADDRESS ISSUES WITH FAR GREATER IMPACT THAN IF WE HAD BEEN WORKING ALONE.

UNDERSTANDING STAKEHOLDER INTERACTIONS THROUGHOUT OUR VALUE CHAIN

Our value chain is connected to a wide variety of people, communities, eco-systems and other businesses around the world. Our business' social, environmental and economic impact is significant and far-reaching, and we want it to be as positive as possible. Therefore, we invest in building strong relationships.

ENGAGE WITH STAKEHOLDERS TO UNDERSTAND CONCERNS AND EXPECTATIONS

We engage with our stakeholder groups in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers and consumers. The table below shows how we engage, the topics of concern and how we try to address them.

STAKEHOLDER GROUP	HOW WE ENGAGE	KEY TOPICS AND CONCERNS	OUR RESPONSE
1 **Suppliers**	• Visits and meetings • Supplier conferences • Procurement • Supplier tracker	• Raw material sourcing • Business ethics/human rights • Management systems • Quality • Innovation • Safe raw materials	• Responsible sourcing • Vetting suppliers • Aligning suppliers with Code of Conduct • Operating sustainably
2 **Employees**	• Recruitment • Personal development reviews • Surveys • Union/worker representative meetings • Internal and external audits • Senior executive business updates • Internal communication via intranet, staff updates, newsletter • Community and employee well-being projects • 'Speak Up' hotline • Social media and website	• Health and safety • Working conditions • Equal opportunities • Business ethics • Leadership • Personal development	• Ensuring safe and healthy working conditions • Ensuring the ethics of our own operations • Supporting diversity and equal opportunities • Training and education • Graduate program • Internal mobility • Talent development • Leadership competency model • Personal Growth Plan
3 **Customers**	• Monitoring product sales • Contact through our sales team • Regular customer visits • Joint business planning • Surveys and research	• Product quality/safety • Carbon footprint • Smart, innovative solutions • Eco-labeling • Sourcing • Innovation • Working conditions • Human rights • Consumer insights • Single use plastics	• Sustainable manufacturing • Offering more eco and health labeled products • Ensuring safe and healthy working conditions • Responsible and documented sourcing • Eco-innovation • Ethical operations • Training our institutional customers
4 **Consumers**	• Consumer panels and focus groups • Social media networks	• Product quality/safety • Environmental impact of our products • Product labeling • Product quality • Service	• Ensuring consumer health and safety • Reducing the environmental impact of our products • Offering more eco and health labeled products • Innovation • Customized products addressing local needs
5 **Investors**	• Ongoing dialogue with investors/analysts • Investor presentations/meetings • AGM • Quarterly earnings reports and webcasts • Materiality exercise with investors • PR • SRI indices and information requests	• Governance • Business ethics • Risk management • Environment/carbon footprint	• Clear and transparent governance framework • Ensuring the ethics of our own operations • Reducing the environmental impact of our products • Operating sustainably
6 **Communities and non-governmental organizations**	• Ongoing dialogue • Partnerships on common issues • Membership of business and industry associations • Charitable activities • Information requests from academics and students • Corporate website and social media networks	• Human rights • Environment • End-of-life waste • Consumer health and safety • Local community involvement	• Affordable personal hygiene solutions • Ensuring consumer health and safety • Research • Chemicals/quality protocols/policies • Donations

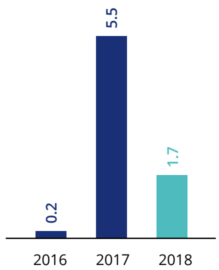
OUR KEY PERFORMANCE INDICATORS

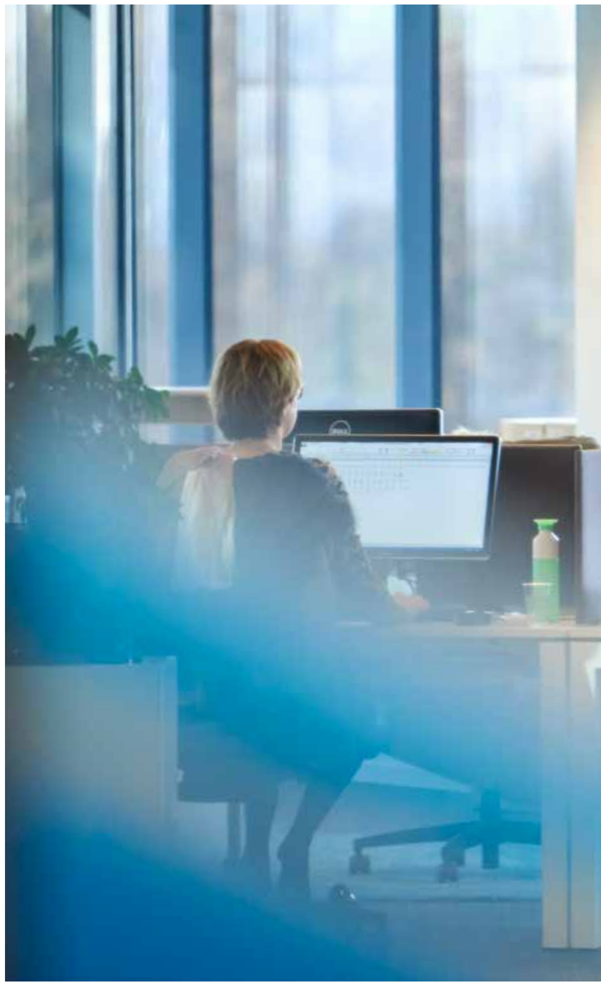
LIKE-FOR-LIKE REVENUE GROWTH[1]
(%)

Outperform the markets we chose to play in

Read more on page 52

1. Starting 2017, IFRS 15 has been applied.

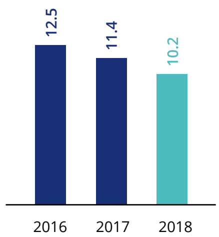




ADJUSTED EBITDA MARGIN
(%)

Expand profit margin over time

Read more on page 52

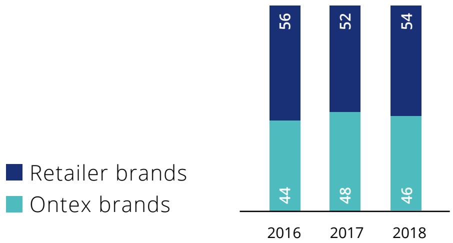


BALANCED PORTFOLIO

1. BRANDS (%)

Grow balance in own brands vs. retailer brands in terms of business

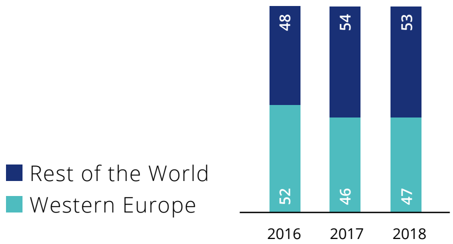
Read more on page 5



2. GEOGRAPHIES (%)

Grow further outside Western Europe

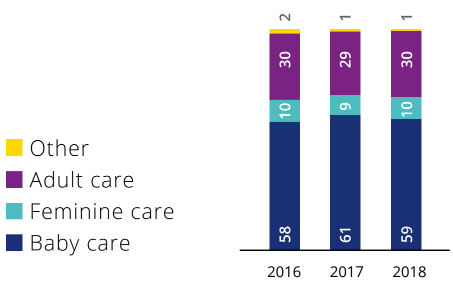
Read more on page 39



3. CATEGORIES (%)

Grow our three product categories

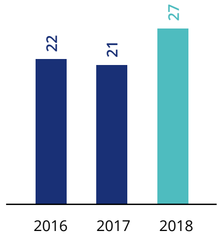
Read more on page 39



FEMALE MANAGEMENT
(%)

Be an inclusive and diverse capabilities-driven employer

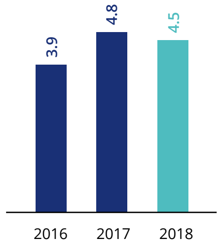
Read more on page 19



CAPEX SPENDING
(% NET SALES)

Remain efficient in capex spending in the personal hygiene industry

Read more on page 53



NURTURE LOCAL BRANDS

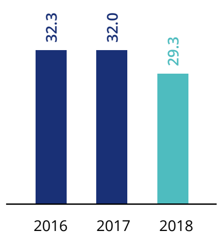
Build sustainable leading positions in our core categories and countries

Read more on page 12

CARBON INTENSITY RATIO
(gCO_2/€) (BASE YEAR 2014, SCOPE 1-2)

Aim to be carbon neutral by 2030

Read more on page 35

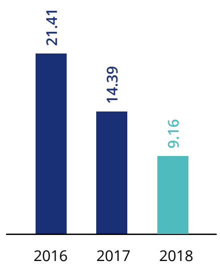


HEALTHY AND SAFE WORKING CONDITIONS[2]
(FREQUENCY RATE)

Continue to decrease the number of accidents towards a vision of 'zero accidents'

Read more on page 21

2. The number of labor accidents per million worked hours.



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HOW DOES ONTEX ENSURE THAT I AM IN THE **BEST ROLE** AT EVERY STAGE OF MY CAREER?

MERON BIRHANU
LAB QUALITY CONTROLLER

DARE TO PUT PEOPLE AT THE HEART.

Ontex is a people company working in a people-oriented business. We believe that business growth fosters people success... and vice versa. We want and expect our people to take responsibility for their personal growth and reach their full potential. We, of course, provide people at all levels with the tools and support, but in true Ontex fashion, they have to dare to show some entrepreneurship to progress their career.

During 2018, we developed an integrated Job & Career Framework as a guide for personal growth. It gives every employee an overview of the job context, what is expected from the job holder in terms of tasks and accountabilities and what is needed in terms of knowledge, skills and behaviors to get the job done successfully. Our own 'Ontex Guide for Growth' describes all the competencies required for a wide range of jobs and includes tips for developing each competency.

“

“Ontex is a people company working in a people-oriented business. We believe that business growth fosters people success... and vice-versa. In true Ontex spirit, we place great emphasis on providing our people at all levels with the tools and support to take responsibility for their own personal growth and reach their full potential.”

ASTRID DE LATHAUWER
GROUP HR DIRECTOR

ONTEX HAS BUILT A REPUTATION AS A PEOPLE COMPANY. AND AS PEOPLE ARE THE VERY FOCUS OF OUR BUSINESS, THE WORK WE DO TO DEVELOP AND ENCOURAGE THEM IS CRUCIAL TO OUR SUCCESS.

DIVERSE AND INCLUSIVE

Diversity is more than compliance at Ontex (see page 22 for figures). It is one of the keys to our success. And while we want to judge everyone on their capabilities, rather than gender or other forms of diversity, we believe in the uniqueness of the individual and in giving everyone space and opportunity to contribute regardless. This is reflected in our corporate values and in the culture of inclusivity we actively promote. We are aligned with the EU directive regarding gender diversification in our Board and during 2018 the number of women in positions of responsibility in the company increased by 6%.

Find out more online

Diversity policy
http://www.ontexglobal.com/sites/default/files/ontex_diversity_policy_180131_vf.pdf

EVERYONE'S A LEADER

One of the highlights of 2018 from a people management viewpoint was the introduction of the Ontex Leadership Model (see side box). Mirroring our Ontex values, its assumption is that everyone is a leader at Ontex and that leadership can and should be demonstrated by anyone at any time not just in the workplace but outside as well.

The Leadership Model creates clarity and transparency about the key leadership competencies required at Ontex and is about preparing people for the future. Additionally, it has helped focus our efforts in recruitment and personal development. The model comprises three pillars: 'We grow ourselves'; 'We grow people' and 'We grow business'. We started a number of training modules for each of the three during the year and will continue to embed them in the years to come.

The introduction of The 5 Chairs training in 2018 is aimed at boosting our 'cultural intelligence' and to make the most of our diversity so that we work and relate effectively with colleagues, clients and suppliers from all over the world. The program provides people with the foundations to build strong relationships and create a positive, empowered culture where personal growth can thrive both at work and at home. The initial feedback has been very positive. People could see how mastering The 5 Chairs and then having the courage to actually use the things that they had learned can make a big difference to their teams.

GLOBAL GRADUATE PROGRAM POWERS ON

The Global Graduate Program introduced in 2017 completed its second year. The purpose of the program is to recruit high potential talent to develop a pipeline of internally grown leaders. It reflects well on us as an employer and sends a positive message internally that we are serious about the future of this company.

The introduction of the second wave of graduates progressed well. In the spirit of continuous improvement, we took into account the experience and feedback of the first cohort, and the very positive feedback received from both the graduates and the people designated to work with and coach them, suggests that we are well on track.


GLOBAL GRADUATES SECOND GENERATION

AT ONTEX, EVERYONE IS A LEADER

We owe our success to our people. They are the heart of the company. Familiar with our strategy, they know how they need to contribute to help us realize our growth.

Over time, our people have helped define the culture and values we need for success. We believe in bringing these values to life and are confident of capturing the growth that lies ahead by demonstrating great leadership every day.

The Ontex Leadership Model spans three dimensions.

WE GROW OURSELVES focuses on personal leadership at all levels, what steps we can take to develop ourselves and how we build strong relationships. It focuses on authenticity and the need to remain optimistic and forward-looking.

WE GROW PEOPLE is about leading teams and how managers need to look after their people making sure that they feel coached and recognized. It focuses on giving the opportunity for people to shine, on building strong cohesive and diverse teams, and treating people fairly, with dignity and respect.

WE GROW THE BUSINESS is about strategic leadership, designing our future and ensuring that we have the capabilities to meet future demands. It highlights the need to challenge, to show strategic agility and to lead change.

MEMBERS OF THE ONTEX AUSTRALIA SAFETY COMMITTEE IN FRONT OF THE SAFETY BOARD REPRESENTING THE NUMBER OF LTI FREE DAYS

ACCIDENT FREE DOWN UNDER

At Ontex, we embrace a strong safety culture where our ultimate goal is to keep all our people safe. We are now seeing the results of the significant work we have invested in recent years. While we had some accidents, rates continued to drop (details on page 21). In Australia, for instance, our site safety philosophy follows a number of simple steps, which has led to 22 months without lost time injuries. They include the commitment of the management team to view safety as a top priority; clear and visible standards for safety performance; good example setting; ownership of safety by employees; the communication of significant hazards and near misses to promote understanding of risks, and swift action to correct issues.

IMPLEMENTING THE FINDINGS OF THE PEOPLE SURVEY

The 2017 employee survey gave us good insights into why our employees love to work for us, and what we could do to make Ontex an even better place to work. After the survey results, we returned to our employees not just to share the findings but also to put them into context. This enabled us together to identify and set up local initiatives that would help us achieve our goal to make Ontex a great place to work.

In the UK, for example, following the survey, we implemented a flexible working policy. We also introduced employee workshops focusing on the benefits of verbal recognition, which went alongside employee-of-the-month awards. The introduction of a local bulletin was seen as important to update staff on news, communicate contract wins and losses, and to single out teams or individuals for praise.

In our high-tech production facility in Buggenhout, Belgium, our most important location for incontinence pads, changes to seemingly minor things like the monthly newsletter have been implemented alongside a review of the evaluation process of shop-floor staff as well as the introduction of flexi-hours as a result of the survey feedback.

CAREER MANAGEMENT AT FINGERTIPS

We launched a career management tool that employees can use at their own discretion to invest in their career. In short, it puts employees in the driving seat. Using the new Personal Growth Plan (PGP) employees can set their development plan, get the support they need to reach their full potential and, in doing so, take personal responsibility for their growth. Designed so that each employee can determine what really matters, it helps them see how skills and competencies are evolving in our fast-moving world and what they need to do to meet their professional goals.

SAFETY IMPROVEMENTS

The shift from a reactive to a proactive and ingrained stance on health and safety (H&S) matters continued apace during 2018, guided by the steering committee comprising of four executive team members.

We are happy to report that both the frequency and severity of accidents continued to decrease (see charts) which keeps us on track for our 2020 target, i.e. a frequency rate below 6.5. Further training and the recruitment of dedicated H&S responsibles appear to have had a positive effect as we strive towards the ultimate goal of 'zero accidents'.

In 2018 we changed our plants from OHSAS 18001 to ISO 45001. Next year some additional plants are in scope for the ISO 45001 certification. The aim is to have at least 50% certified by 2020.

A FIRM COMMITMENT TO RESPECT HUMAN RIGHTS

Each sovereign state has a duty to protect its citizens against human rights abuses through an appropriate legal framework. Sometimes, these frameworks fail through lack of enforcement or even a lack of recognition of those rights. Irrespective of the situation, we commit to always respecting human rights wherever we operate. In 2017, we published our Human Rights Policy, which reiterates our full support for the UN Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We expect our commitment to be shared by our business partners, and strongly encourage them to share the same expectations with the people they do business with.

As part of our journey to advance the human rights of workers and positively shape global labor markets in 2018 we rolled out a new social compliance scheme, including third party social audits, at our sites. In addition, we updated our ethical sourcing program, revising our supplier code of conduct and ethical sourcing requirements.

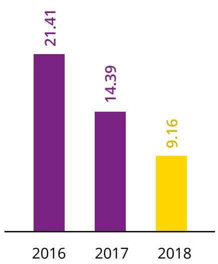
Find out more online

- **Human rights policy**
  http://www.ontexglobal.com/sites/default/files/human_rights_policy_0.pdf
- **ILO declaration on Fundamental Principles at Work**
  https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm
- **Supplier code of conduct**
  http://www.ontexglobal.com/sites/default/files/2018_supplier_code_of_conduct.pdf
- **Ethical sourcing requirements**
  http://www.ontexglobal.com/sites/default/files/2018_ethical_sourcing_requirements.pdf

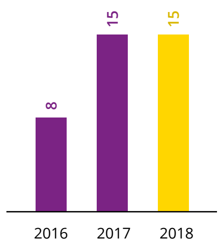
TYPES OF ACCIDENTS

- Superficial injuries (eg bruises, trapped fingers, etc) **25%**
- Open wound/cut caused by sharp edge of machine/machine part **20%**
- Twisted, disjoint and overwork **8%**
- Cut wound caused by knife, cutter or scissors **8%**
- Others **39%**

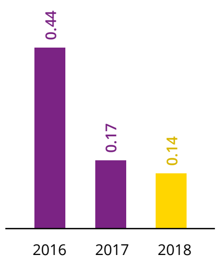
FREQUENCY RATE[1]



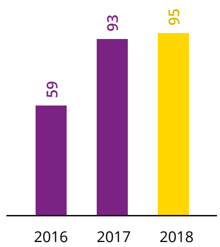
ISO45001 CERTIFIED PLANTS (%)



SEVERITY RATE[2]



SUPPLIER CODE OF CONDUCT SIGNED (%)



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ZERO FATALITIES IN ANY OF OUR SITES ACCROSS THE WORLD

1. The number of labor accidents per million worked hours.
2. Severity is calculated on the total lost days compared to the total number of hours scheduled to be worked by the employees. Days mean scheduled worked days. The counting of the lost days begins the day after the accident.

WORKFORCE

30% FEMALE

70% MALE

27% FEMALE MANAGEMENT

65% BLUE COLLAR

35% WHITE COLLAR

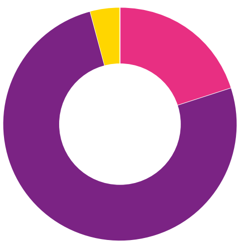
10,750 EMPLOYEES WORLDWIDE

50 DIFFERENT NATIONALITIES

AGE (%)

- < 30 year **26%**
- 30-50 years **61%**
- > 50 year **13%**

CONTRACT TYPE (%)



- Limited duration **20%**
- Unlimited duration **76%**
- Interim/temporary **4%**

BUSINESS ETHICS

Code of Ethics

The Ontex Code of Ethics (Code) is our guide for doing business.

In 2018, we launched a communication campaign that each quarter highlighted various themes covered in the Code. These included the use of social media, handling of confidential information, intellectual property rights as well as our policies regarding gifts, hospitality and economic sanctions. Through our local compliance coordinators, we also introduced a number of initiatives to raise awareness of various topics included in the Code.

We stepped up our screening process for business partners which assesses their compliance with economic sanctions, competition law, anti-bribery, money laundering and other illegal or unethical conduct. This helps to ensure a more efficient and quicker resolution of potential risks flagged by the third-party screening tool we use.

Find out more online

Code of ethics
http://www.ontexglobal.com/sites/default/files/code_of_ethics_-_2017_-_english_external.pdf

General Data Protection Regulation (GDPR)

The new GDPR came into force in 2018. We introduced and implemented a number of revised processes, procedures, policies and templates throughout the year to ensure that we are compliant with the new Regulations. This was complemented by training sessions, and we also created a specific data protection community to act as local points of contact to support our efforts.

Competition law

Efforts during the year to guard the company against the risk of non-compliance with competition laws focused primarily on trade associations and meetings with competitors. Employees, who are members of trade or industry associations, received specific guidance on how to conduct themselves at formal meetings (and informal events) which bring together competitors, customers and other players in our industry. In addition, during our various sales conventions in Mexico and Brazil during the year, we used the opportunity to further educate the Americas Division sales management teams in competition law. Our global e-learning refresher on competition law has been scheduled to take place in 2019 and will target all sales and marketing employees as well as the Extended Leadership Team.

Anti-bribery and corruption

Full compliance with anti-bribery and anti-corruption regulations remains an important area of focus. It is our duty to ensure that our people are fully aware of the corruption and bribery risks in their daily business. In the final quarter of the year we launched a campaign specifically to ensure awareness of our rules on gifts and hospitality. The sales management teams in Mexico and Brazil were also trained on anti-bribery and anti-corruption during the sales conventions.

New Supplier Code of Conduct

During the year, we reviewed our Supplier Code of Conduct which we ask our suppliers to sign before entering into a contract with us. We expect that they adopt the same stance as we (and people acting on our behalf) do on business ethics topics such as anti-corruption, compliance with competition laws and anti-money laundering legislations as well as human rights and environmental criteria. Our new Supplier Code of Conduct is available on our corporate website.

LOCAL ENGAGEMENT – KEY TO OUR COMMUNITIES AND US

Ontex is an international company. But we rely very much on local businesses. We encourage plants to build trust and engagement with local communities and, in doing so, to boost goodwill in the Ontex brand. Our aim is that by the end of 2020, all plants and local offices will have some sort of activity that has a social or environmental link to their community and business. In 2018, 50% (2017:70%) of our plants had contributed in their own way to life in the community.

CARE IN THE COMMUNITY

As part of our drive to engage our teams in helping to make a difference in their local communities, Ontex Brazil launched Ontex Cuida (Ontex Cares) in April 2018. Through Ontex Cuida we donate diapers to four local institutions, nominated by our Brazilian employees, that care for children and the elderly.

OUR PRODUCTS ON THEIR WAY TO HELP REFUGEES

FEMININE HYGIENE PRODUCTS DONATION TO REFUGEE CAMP

It is estimated that almost 60% of displaced women or women in refugee camps do not have access to underwear or feminine hygiene products. In September 2018, Ontex donated five pallets of feminine hygiene products to Asociación Karuna Acción para el Desarrollo, a non-profit organization involved in the campaign to help alleviate this problem, for distribution at a refugee camp in Lesbos, Greece.

THE 5 CHAIRS – PREPARING OUR PEOPLE FOR THE FUTURE

We have set up specific initiatives for each dimension of leadership. The 5 Chairs training program, for example, which literally uses five different chairs, will be deployed to all employees in the next two or three years to help develop personal leadership skills. The training re-emphasizes our belief in the human side of our business and will ensure that employees and managers continue to focus on interpersonal skills and teamwork.

The 5 Chairs training gives employees the tools and increasingly important soft skills to cope with a work environment that is set to become more volatile, uncertain, complex and ambiguous and where jobs will become more automated and digital. The aim of the training is to enable people to choose the behaviors they need to manage themselves and others and be successful in any given set of circumstances, not just in but also outside the workplace.

TO HELP EVERY SINGLE EMPLOYEE MASTER HIS OR HER OWN BEHAVIOR AND MANAGE THE BEHAVIOR OF OTHERS, EVERYONE IN THE ONTEX COMMUNITY IS INVITED TO JOIN THE POWERFUL THE 5 CHAIRS TRAINING.

PICTURED IS THE ONTEX VILLEFRANCHE TEAM AFTER SUCCESSFULLY COMPLETING THE TRAINING.

> **WHAT IS ONTEX DOING** TO CATER FOR THE MODERN MILLENNIAL WHO IS LOOKING **FOR SAFE AND SOUND PRODUCTS** AND **MAXIMUM CONVENIENCE**?

DARE TO EXPLORE NEW HORIZONS.

We realize that we need to be where our shoppers and consumers are. That's why digital activity among our own brands and our customers' brands increased strongly in 2018 as we gained further insight into the dynamics of this route to market.

During the year we launched the first Ontex baby brand sold exclusively through an online subscription model. 'Little Big Change' provides consumers with the security of more than 40 years of diaper manufacturing and a flexible and highly customizable purchase and delivery service.

It offers gentleness, softness and high-performance dryness. No perfume is added and all raw materials are screened thoroughly to ensure conformity with the Oekotex 100 criteria. Additionally the fluff core of the product is total chlorine free bleached (TCF). Dermatological safety has been proven through testing, resulting in a 5-Star Seal from the company Dermatest.

The subscription business model is important for consumers and it is important for Ontex. We are learning from and improving our current Little Big Change business and preparing for scaling up this business model so that other categories and markets can benefit from it.

A BIG CHANGE FOR LITTLE ONES... AND THEIR PARENTS

DIGITAL AFFECTS EVERY PART OF OUR COMPANY AND BUSINESS. OUR ACTIVITIES SPAN DIRECT-TO-CONSUMER MODELS, SUPPLIER RELATIONSHIP MANAGEMENT AND THE DIGITALIZATION OF OUR OWN MANUFACTURING PROCESSES.

BUILDING A DIGITAL ECO-SYSTEM

As digitalization transforms itself from a global trend to an everyday reality, we continued to invest pragmatically in digital competencies and abilities to ensure that we are in a position to satisfy the desires of our customers and consumers as well as the needs of Ontex as an organization.

The adoption of digital requires an adaptable mindset and an agile structure, both of which have served Ontex well in the past. During the year, we laid the foundations of our own dedicated digital center of excellence. The aim is to develop and integrate our own innovative technology solutions, provide digital expertise to our local markets and federate our digital-savvy employee community. This will help us build the necessary digital capabilities and eco-system to drive our Digital Transformation agenda, open up new business growth opportunities and bring strong competitive advantage to Ontex.

DIGITALIZATION IN OPERATIONS

We have a strong legacy in manufacturing, and our people have proven consistently innovative in improving the quality and efficiency of our lines. In true Ontex style, we are consistently looking to go one better, and we are taking advantage of innovations in computing power to improve our operations. During 2018, we equipped a number of pilot manufacturing lines with advanced analytics engines. These new data sources enable our plant people to uncover new insights and help our crews deliver the next level of efficiency and quality in our products.

DURING 2018 WE TESTED A NUMBER OF MANUFACTURING LINES WITH ADVANCED ANALYTICS ENGINES TO HELP US REACH NEW LEVELS OF EFFICIENCY AND QUALITY

E-COMMERCE IS GROWING FAST AT

±15% YOY

.... WHICH IS PARTIALLY DRIVEN BY THE BEHAVIOR OF NEW MOMS![1]

1. Source: Kantar Worldpanel.

NEW MOMS ARE

4X

MORE LIKELY TO BUY CONSUMER GOODS ONLINE THAN THE AVERAGE PERSON[1]

RANGE OF DIGITAL OFFERINGS

There are notable discrepancies in digital adoption and maturity between our categories and our markets. For instance, the vast majority of hygiene products are bought online in South Korea but that figure is close to zero in some Latin American and sub-Saharan African markets. And even if online purchase numbers are still relatively small on a global scale, they are growing fast. These differences require us to have a broad digital offering with the overall aim of developing and growing with each channel.

Here are just some examples of how we increased engagement with our customers and consumers across the world through digital channels in our endeavors to optimize the full digital journey for them. We also continued to partner with retailer brands, supporting their e-strategies and co-developing solutions for e-commerce. We engaged with and supplied the large online direct-to-consumer players in US, Europe and China, and, as can be seen on page 8, we are launching our own brands through digital channels.

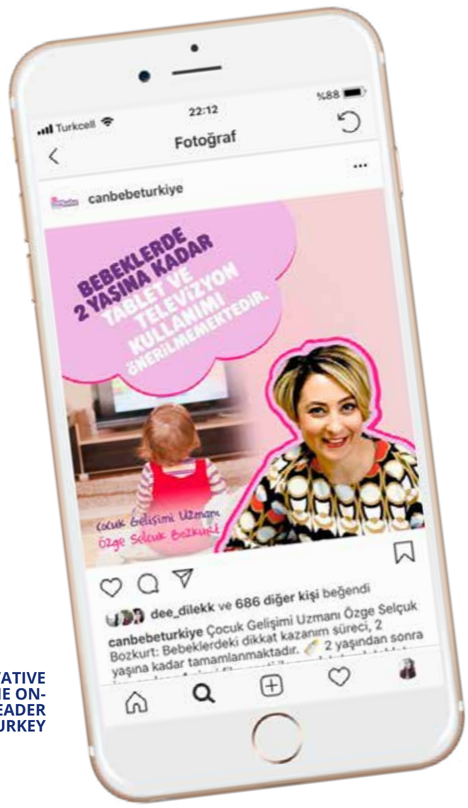
ONLINE BROADENS CONSUMER CHOICE

Direct to consumer in adult care

In Italy, we launched an online subscription model for our Serenity brand of incontinence products on a direct-to-consumer basis to give consumers a broader choice of our high-quality products and services beyond those offered today. The technology used was the same as that developed for Little Big Change diapers. Adapting standard in-house technologies will offer a quicker route to market and save development costs.

Online engagement leader

In Turkey, Ontex is recognized as the online engagement leader among all baby brands (not just diapers) and we continued to develop a multichannel approach around our Canbebe diaper with the aim of further democratizing diaper use. We accelerated our digital activities when we launched a new diaper with upgraded front and rear barriers and a strong performance in terms of dryness. In addition to online influencers, we launched a 'Future with Moms' initiative, which included streaming broadcasts with experts and live interaction with mothers. We also posted on-line tips for parents and their babies as well as videos on Instagram. Our different approach (compared with classical diaper campaigns) met with success. There were almost 24 million views of the campaign on YouTube and close to 2,000 interactions, which allowed us to connect further with our target audience.

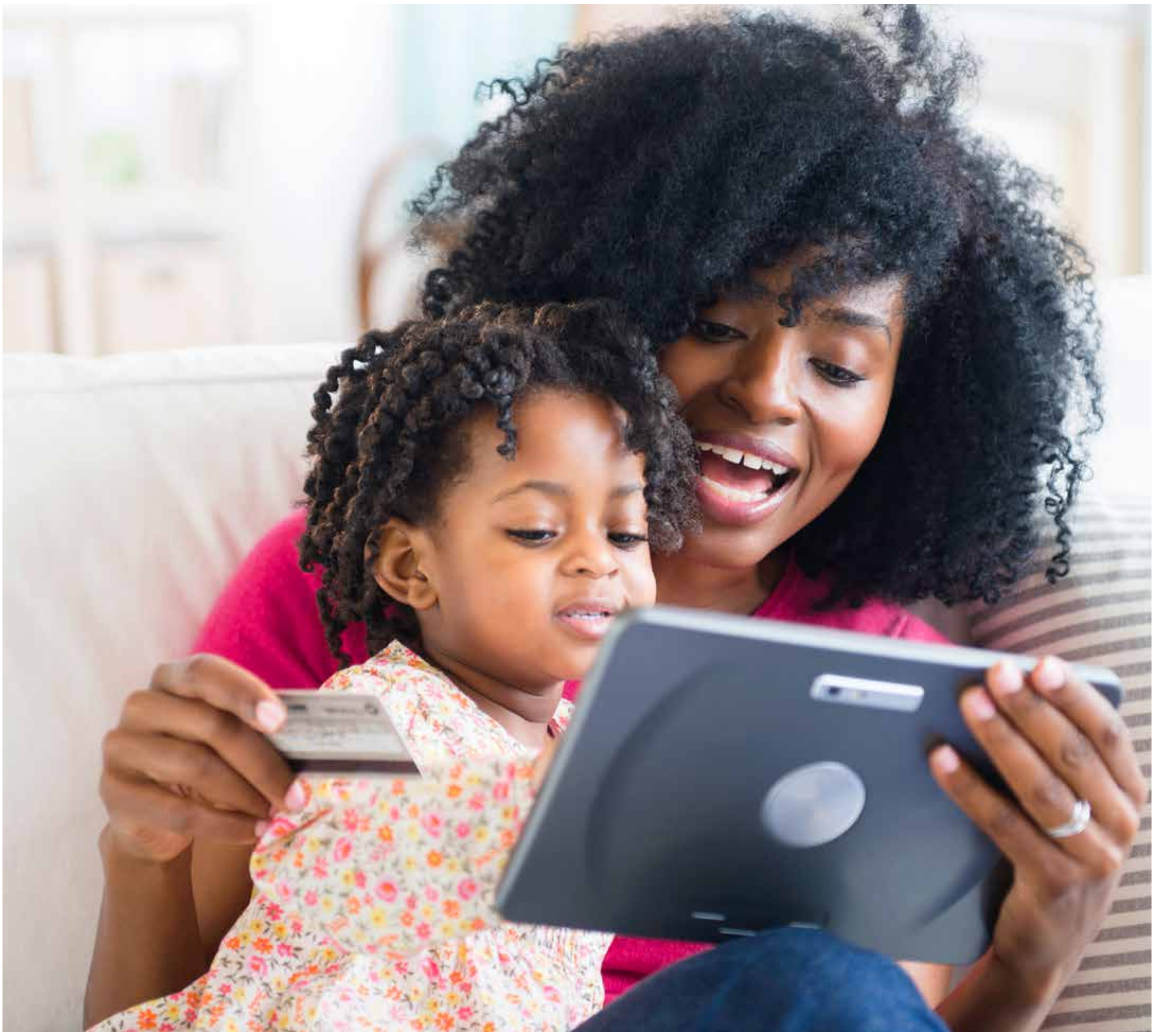


WITH OUR INNOVATIVE OFFERING, WE ARE THE ONLINE ENGAGEMENT LEADER IN TURKEY

1. Source: Kantar Worldpanel.

USING DIGITAL TO IMPROVE INTERNAL PROCESSES

Reaction to or feedback about a product is today immediate. The digital world keeps us vigilant, which we see as a positive development. It is obliging us to rethink established processes and how we deal with matters such as quality issues. In 2018, our quality department developed a global digital module for handling non-conforming products. It enables us to follow up the cost of non-quality at the plants and will continue to be rolled out in 2019.



> **HOW DOES ONTEX ENSURE** THAT EVERY CRUCIAL PARAMETER IN PRODUCT DEVELOPMENT USES **THE MOST INNOVATIVE SOLUTION?**

DARE TO SET HIGHER STANDARDS.

The process involves consumer research, our own technical innovation capabilities and, of course, close cooperation with suppliers to make sure that the very best and latest is available to us. For example, when looking to further develop absorbent cores for baby diapers, it was clear that one of the key parameters was that the diapers should keep their shape even when they are fully saturated. We wanted to make the liquid flow along the diaper core using 'channels' – essentially material-free zones between two layers of nonwoven. The bonding between the layers was seen as critical. It had to help the channels maintain their shape under all conditions.

Our R&D team worked closely together with a specialist supplier of hot-melt adhesives to develop the adhesive we wanted. The close collaboration between our R&D people and their experts in both development and testing phases resulted in a novel adhesive to meet the challenging needs.

We launched our unique 'Flow Channel' more than one year ago now to positive consumer feedback. Our unique channel cores have turned out to be a winning concept also thanks to the close working relationship between both companies.

THE INGENUITY OF OUR PEOPLE AND OUR ABILITY TO WORK WITH A BROAD BASE OF EXPERTS IS CRUCIAL TO THE DEVELOPMENT OF INNOVATIVE PRODUCTS YEAR AFTER YEAR

AT ONTEX, WE BELIEVE THAT THOSE WHO INITIATE CHANGE HAVE A BETTER OPPORTUNITY TO MANAGE AND BENEFIT FROM THE CHANGE THAT IS INEVITABLE. THAT IS WHY INNOVATION IS A KEY PRIORITY AND WHY WE CONTINUALLY INVEST IN PROCESSES, TECHNOLOGY AND PEOPLE TO KEEP US AT THE FOREFRONT OF OUR FIELD.

In 2018, we successfully introduced a range of new products and product platforms across all our categories, once again demonstrating our ability to delight our customers and consumers. One of the main focus points was the work to boldly transform and optimize the Ontex innovation model, examining areas such as process and change management, to ensure that we can always deliver. Innovation is much more than design, so we called on a multifunctional work group representing manufacturing, marketing, pricing, R&D and more to identify the distinct components of the innovation process. Discussions involved not only our approach but also topics such as where decisions are made, who needs to be involved and how to enhance productivity. We ran a number of pilot workshops to test the model and plan to deploy the improvements in 2019.

COOPERATING ACROSS BOUNDARIES

We have nine specialized R&D centers around the world, which focus on innovation for our end-users. In 2018, we took steps to increase the interactions between our R&D centers in Mexico and Europe to focus on sustainable innovations and ensure that each was able to take advantage of each other's work. We also officially opened our center of excellence for tampons at our plant in Großpostwitz in Germany.

CONTINUED PRODUCT INNOVATION

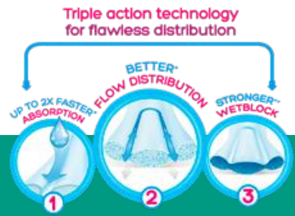
In terms of innovation itself, we adopted a new approach looking at general (rather than category specific) topics that had come to light in our customer research. The three key areas were long lasting absorption, softness and in, feminine care, femininity. The various case stories on these pages take a look at what we did in each of these areas.

DESIGNED FOR DISCRETION

Adult pants underwent a full redesign to further improve comfort, feel and anti-leakage properties. The new discreet low-waist profile makes them more attractive and in line with the latest consumer preferences.

SOFT AND EASY

We introduced new core technology for our baby diapers in Mexico focusing on the use of sustainable alternatives, softness, and absorption time as well as change in closure systems.

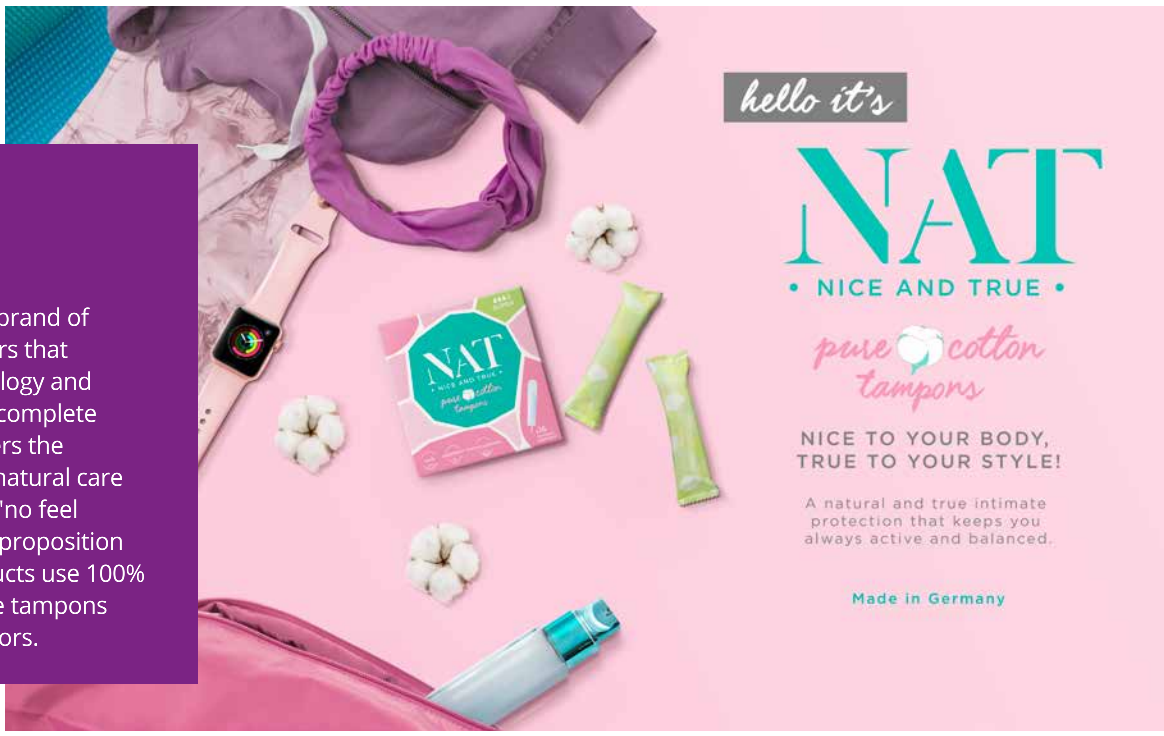


LONG LASTING ABSORPTION

Our new channel core technology for diapers improves baby comfort. It provides high, long lasting absorption and liquid acquisition to minimize skin contact and to prevent sagging even when saturated. We introduced it across all of our European and Growth Markets regions.

COTTON SOUL... TECHNOLOGICAL BRAIN

NAT – Nice and True – is a new brand of tampons, towels and panty liners that combine natural, cotton technology and high performance to provide a complete intimate care solution. NAT offers the desirable combination of pure natural care and advanced technology for a 'no feel period' and as such is a unique proposition within feminine care. The products use 100% certified organic cotton, and the tampons have sugar cane based applicators.



A FEMININE SOLUTION

Consumer research shows that women (45 years and older) have a number of essential needs when it comes to incontinence products: confidence and security; comfort; discretion and femininity. They also want a product that fits and feels like traditional underwear. We launched a new adult pants range in 2018 with just these qualities to help restore dignity and self-esteem to women. The light-fit technology used in the core construction delivers high absorbency in a very thin pant. Thinness also means flexibility, comfort and discretion. Fully colored textures or different printed designs and even a textile tag all help to bring the pants a step closer to underwear.

ATTRACTING NEW CONSUMERS

Women suffering light incontinence want thin and discreet products. During 2018, we developed new light incontinence products with enhanced absorption. It helps fill a gap for women needing enhanced performance but who are reluctant to use bulky incontinence pads. The products are thinner than the leading brands and still absorb ten times their own weight. With security, comfort, discretion and femininity uniquely together all in one product, women should not make compromises. This makes it easier for them to make the step to using the product.

EXTENDING OUR SERVICE

Innovation was not confined to hygiene products. Our research into waste disposal in nursing homes found that the main concern for visitors and personnel was the issue of odors and the negative effect that they had on the perception of quality in a home. In 2018, we started testing Odobin, a unique closed odorless disposal system for adult incontinence products. In addition to the actual bin to keep used diapers hermetically sealed, it includes specific auxiliary materials and training to reduce odor-to-air exposure time. Initial results are very favorable in helping to create a better environment for the nursing staff, visitors and the patients themselves. We will roll out the system commercially in 2019.

HOW IS ONTEX CONTRIBUTING TO THE FIGHT AGAINST GLOBAL WARMING?

PROFESSOR INGRID MOLDEREZ
RESEARCH CENTER FOR ECONOMICS AND CORPORATE SUSTAINABILITY, BRUSSELS CAMPUS OF THE UNIVERSITY OF LEUVEN

DARE TO MAKE A DIFFERENCE.

We recognize that climate change is an urgent and potentially irreversible threat to businesses, human societies and the planet. We also acknowledge that we are part of a broad, global picture. Our actions and plans are specifically aimed at addressing the concerns of the IPCC[1] as stated in their 2018 report.

As a first step, our aim is to be carbon neutral by 2030 and we have set ourselves ambitious targets along the way. The majority of our emissions come from electricity consumption in our plants (91% versus 9% of other fuels such as natural gas and oil) so our main focus is on reducing this aspect of consumption. Over the past two years we have invested in switching to 'green' electricity and all our European sites have now been converted. In 2018, we conducted feasibility studies to see whether we can take this one step further by installing solar panels on the roofs of our production plants and generate our own electricity on-site. We will be running a pilot at one of our European plants in 2019 to evaluate the possibilities. We will also continue to engage with our partners along the supply chain to ensure a multi-actor approach in our quest for carbon neutrality.

In 2018, we decreased our absolute greenhouse gas emissions (scope 1 & 2) with 3% compared with the previous year, despite of the larger scope. When looking at the emissions intensity ratio we see a decrease of 8% versus 2017, and even a further decrease in the carbon intensity ratio of 35% compared with 2014.

We are happy to see that our actions have a positive impact on reducing our carbon footprint.

1. The Intergovernmental Panel on Climate Change (IPCC) is the leading world body for assessing the science related to climate change, its impacts and potential future risks, and possible response options.

MAKING PRODUCTS IN A RESPONSIBLE MANNER IS CENTRAL TO OUR SUCCESS. IT IS THE ASSURANCE OUR CUSTOMERS AND CONSUMERS SEEK. IT IS THE PATH TO REDUCING OUR ENVIRONMENTAL IMPACT. AS A GROUP, WE ADOPT A HOLISTIC APPROACH TO RESPONSIBLE PRODUCTION AND CONSUMPTION BECAUSE SUSTAINABILITY IS ONE OF ONTEX'S STRATEGIC PILLARS.

The following section looks at how we control our business in terms of sustainability, the governance as well as the performance in 2018 against our main targets.

SUSTAINABILITY GOVERNANCE

Our executive management team has overall responsibility for Ontex's sustainability matters, which encompass responsible production and consumption. We have a specific team in charge of sustainability, headed by the Director of Quality, R&D and Sustainability who is a member of the executive leadership team and reports to the CEO. The Board is also provided with regular status updates at its meetings.

The Sustainability Steering Committee operates across the Group's different businesses. Chaired by the Director of Quality, R&D and Sustainability, it meets four times a year and comprises of four members of the leadership team. The committee coordinates the initiatives and objectives. It monitors progress against targets and makes the decisions that are needed as we continue to implement our sustainability strategy more broadly across our organization.

The sustainability team is in charge of the day-to-day activities. It implements the sustainability strategy, sets goals and monitors progress. It also supports the manufacturing plants and other functions in their sustainability work. Roles and responsibilities for embedding our sustainability strategy are shared across various departments. We believe this integrated approach is key to managing our sustainability challenges successfully, rather than appointing dedicated sustainability officers at plant level.

To ensure sustainability is embedded as a system in our daily operations we aim to have all our main plants certified according to ISO 14001 and ISO50001 by the end of 2020.

CERTIFICATIONS IN PLANTS (%)

WORKING IN PARTNERSHIP

We recognize that we cannot achieve all of our goals alone. Across our value chain, we partner with NGOs, governments, industry associations and other businesses to drive and support our sustainability efforts. The table below shows where we are active and our key 2018 memberships and partnerships.

Overview partnerships

TOPIC	PARTNERSHIP	PAGE
Responsible forestry	FSC® (Forest Stewardship Council) – a global, not-for-profit organization dedicated to promoting responsible forest management worldwide.	p. 36
	PEFC™ (Program for the Endorsement of Forest Certification) – an international non-profit, non-governmental organization dedicated to promoting sustainable forest management.	
Sustainable consumption	SWAN – a voluntary eco-labeling scheme that evaluates a product's impact on the environment throughout its whole lifecycle.	p. 35
	GOTS – recognized as the world-leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and also requires compliance with social criteria.	
	EU Ecolabel – shows which products or services are environmentally friendly, taking into account the environmental impact from manufacturing to waste disposal.	
Human rights in our supply chain	Business Social Compliance Initiative (BSCI) is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories and farms in their global supply chains.	p. 21
End-of-life waste	Flemish government	p. 35
Sustainability	The Shift – a Belgian sustainability network	
Consumer health & safety	EDANA – the international association serving the nonwoven and related industries	p. 35

OUR HYGIENE PRODUCTS USE WOOD FIBER MATERIALS, AND CONSUMERS EXPECT US TO TAKE RESPONSIBILITY FOR THEIR PROVENANCE. ALL WOOD FIBER WE USE COMES FROM SUPPLIERS THAT ARE CERTIFIED ACCORDING FSC® OR PEFC™ STANDARDS

ENERGY

As stated earlier, electrical energy is the main source of power for our production plants around the world. We introduced targets for reducing greenhouse gas (GHG) emissions in 2015 and the current ones expire in 2020. We are in the process of revising our sustainability strategy and, along with this, will be setting new targets for 2030 aligning ourselves, where feasible, with current mainstream climate science. The new strategy will reinforce corporate governance and provide momentum to drive long-term cost reductions through innovation. Once the targets have been agreed, we will make them public.

During 2018, we continued to implement ways to actively reduce our electricity consumption. Examples of the work done include investing in frequency converters, installing LED light sources and fine-tuning air pressure on production machines to optimize performance.

Overview energy consumption

	UNIT	2016	2017	2018
Electricity consumption	MWh	331,377	354,107	432,309
Share renewable electricity	%	54	60	64
Electricity intensity ratio				
Baby diapers	kWh/1000 FG	12.12	12.13	14.02
Baby pants	kWh/1000 FG	19.93	19.54	24.46
Internal feminine care	kWh/1000 FG	6.03	6.16	6.40
External feminine care	kWh/1000 FG	5.75	5.82	9.96
Heavy adult care	kWh/1000 FG	42.14	43.41	45.07
Light adult care	kWh/1000 FG	24.01	25.39	25.62
Car fuels (diesel/gasoline)	MWh	9,651	10,831	11,101
Fuel oil	MWh	2,693	3,537	6,086
LPG	MWh	1,125	1,416	2,685
Natural gas	MWh	23,443	27,610	28,233
Wood pellets	MWh	576	925	3,542

THE QUESTION OF PRODUCT SAFETY

We want our consumers to feel confident that our products are safe and healthy to use. Concerns have been raised in multiple publications across many markets about the presence of chemicals in the types of products that we make. This rise in 'chemophobia', which also affects other industries, has attracted the attention of European and national authorities. In 2019, the EU commission will write a proposal for absorbent hygiene products. They may decide that no action is needed as the level of chemicals is minimal or may choose to launch the REACH fast-track procedure as previously done for textiles.

There have also been studies at national level in a number of countries in both Europe and the Far East. Most of the results were positive but there seems to be a general call for more clarification on the presence of chemicals, their source and whether they, in fact, can be eliminated. Ontex together with EDANA (the international association serving the nonwoven and related industries) is drafting a charter on 'Substances of Interest' to move the debate from a largely emotional one to a strict, scientific one covering a list of chemicals, tolerances and detection methods.

SUSTAINABLE CONSUMPTION

The interest in demonstrably healthy products continues to grow. We are committed to supporting eco and health labels. We continued to expand certification of our raw materials and our own brand products providing consumers with visible evidence of the product's environmental performance. In some countries, especially the Nordics, eco and health labels, such as SWAN and Asthma & Allergy, are often a prerequisite. Our share of labeled products in this region has grown steadily over the past three years. In 2018, 70% (60% in 2017) of our turnover from the Nordic countries came from products with one or more eco- or health labels.

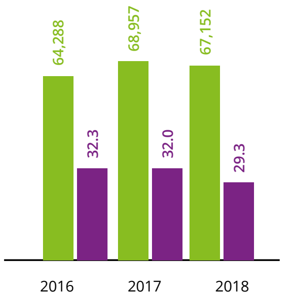
THE CHALLENGE OF USED HYGIENE PRODUCTS

Used personal hygiene products form a substantial fraction of household waste. In Europe, the majority of this waste is incinerated and the energy is recuperated. But this is just one model. In cooperation with the Flemish government, we are currently conducting a feasibility study involving the whole supply chain to assess other ways to recycle and gain value from used hygiene products. Questions such as can we design better for recycling, can we use recycled materials in production, can we partner with others to apply new recycling techniques, are all under consideration.

100%

RENEWABLE ELECTRICITY FOR OUR EUROPEAN PLANTS

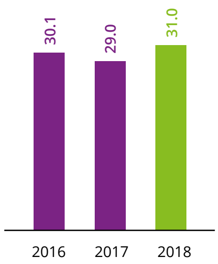
EMISSIONS



Direct scope 1-2 GHG emissions (ton)

GHG emissions intensity ratio (gCO_2/€)

PRODUCTS WITH ONE OR MORE ECO- OR HEALTH LABELS (%)



RESPONSIBLE MATERIAL SOURCING

The availability of raw materials for the manufacture of our products is critical, and raw materials and packaging costs account for up to 80% of our cost of sales. Two of the main materials used in our products are fluff pulp and SAP (see graph), and with the health and safety of consumers always in mind, acquiring from sustainable sources is key to our operations.

In 2018, in our efforts to manage risk, our dedicated supplier auditing team continued to review raw material suppliers covering all aspects of performance.

Forest products

Our hygiene products use wood fiber materials, and consumers expect us to take responsibility for their provenance. All the wood fiber we use in our products comes from suppliers that are certified according to FSC® or PEFC™ standards. As a minimum, we specify that all fiber meets the FSC Controlled Wood standard, which means that the origin of the fiber has been verified by an independent third party. We continue to set ourselves ambitious targets and actively support the sustainable production of forest risk commodities through supplier engagement.

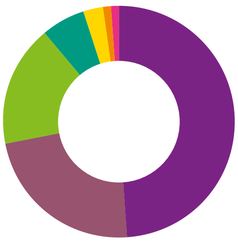
Cotton

Cotton only accounts for a minor fraction of the materials used in our products, but we recognize the labor and environmental concerns regarding cotton. All our cotton used in tampons is certified organic, i.e. grown without the use of toxic and persistent pesticides or fertilizers using methods compatible with the environment such as replenishment and biologically diverse agriculture.

GETTING MORE FROM LESS

Our close cooperation with suppliers enables us to make granular, data-driven choices as we seek to develop ways of reducing our need for raw materials and finding sustainable options. One area that has a big impact on resource use is product weight. We continually focus on using less material without sacrificing performance or customer value. For example, the redesign of our adult pants in 2018 resulted in 389 tons of material savings, while modifications to our baby diapers yielded another 222 tons of material savings, both without any loss of performance.

MAIN RAW MATERIALS



- Pulp **49%**
- SAP (superabsorbent polymer) **23%**
- Plastic non-woven **17%**
- Plastic film **6%**
- Glue & wetness indicators **3%**
- Tapes **1%**
- Viscose **1%**

100%
ORGANIC COTTON IN OUR TAMPONS

100%
FLUFF FROM CERTIFIED OR CONTROLLED SOURCES

611
TONS OF MATERIALS SAVED BY MODIFYING OUR BABY DIAPERS AND ADULT PANTS

Overview material use

	UNIT	2016	2017	2018
Reduction in materials used compared with 2014				
Baby diapers	%	-4	-5	-10
Baby pants	%	0	0	-8
External feminine care	%	3	6	N.A.[1]
Light adult care	%	-1	-3	-6
Heavy adult care	%	-4	-7	-11
Renewable raw materials				
Share renewable product raw materials	%	50	48	50
Share renewable packaging raw materials	%	80	80	82
Recycled input materials	ton	0	0	0
Organic cotton	%	99	100	100
Wood sourcing				
Certified sources (FSC®/PEFC™)	%	43	35	55
Controlled sources	%	57	65	45

1. Trend data is not available due to an update in reporting methodology.

PRODUCTION WASTE

Our aim is to eliminate waste wherever we can in the life cycle of our products. In manufacturing, for example, we design our products to minimize waste. Where there is waste, we view it as a valuable resource for new products and materials.

We are continually working to improve our recycling processes, among other things, partnering with waste management experts to find new recycling solutions for material that was previously incinerated or sent to landfill.

In 2018, 86% of our production waste was sent to recycling or incineration with energy recovery. Our waste to landfill figure increased slightly to 14% because we increased the share of production in countries with less developed recycling infrastructure. Our goal for zero waste to landfill by the end of 2020 still stands and we believe that the various programs launched in 2018 will keep us on track to reach that target.

Overview production waste[2]

	UNIT	2016	2017	2018
Non-hazardous				
Sent to recycling	ton	23,759	24,136	35,230
Sent to incineration for energy generation/recovery	ton	2,308	1,769	2,148
Sent to incineration without energy generation/recovery	ton	206	465	304
Sent to landfill/storage	ton	3,506	5,022	5,924
Hazardous				
Sent to recycling	ton	2,470	501	27
Sent to incineration for energy generation/recovery	ton	227	26	167
Sent to incineration without energy generation/recovery	ton	12	24	36
Sent to landfill/storage	ton	8	398	29

2. Excluding waste data from our Ethiopian plant.

86%

OF OUR PRODUCTION WASTE SENT TO RECYCLING OR INCINERATION WITH ENERGY GENERATION/RECOVERY

WATER

Water has not been flagged as a material issue for Ontex as it is mainly used for sanitary purposes only. We recognize that the availability of fresh water is one of the biggest problems facing our global community and we started to monitor and measure consumption in our sites in 2017.

We are long-term partners with the UNICEF WaSH (Water, Sanitation and Hygiene) program. With this partnership we help to take care of people who need water most and to improve hygiene practices around the world.

unicef

Overview water consumption (plants)

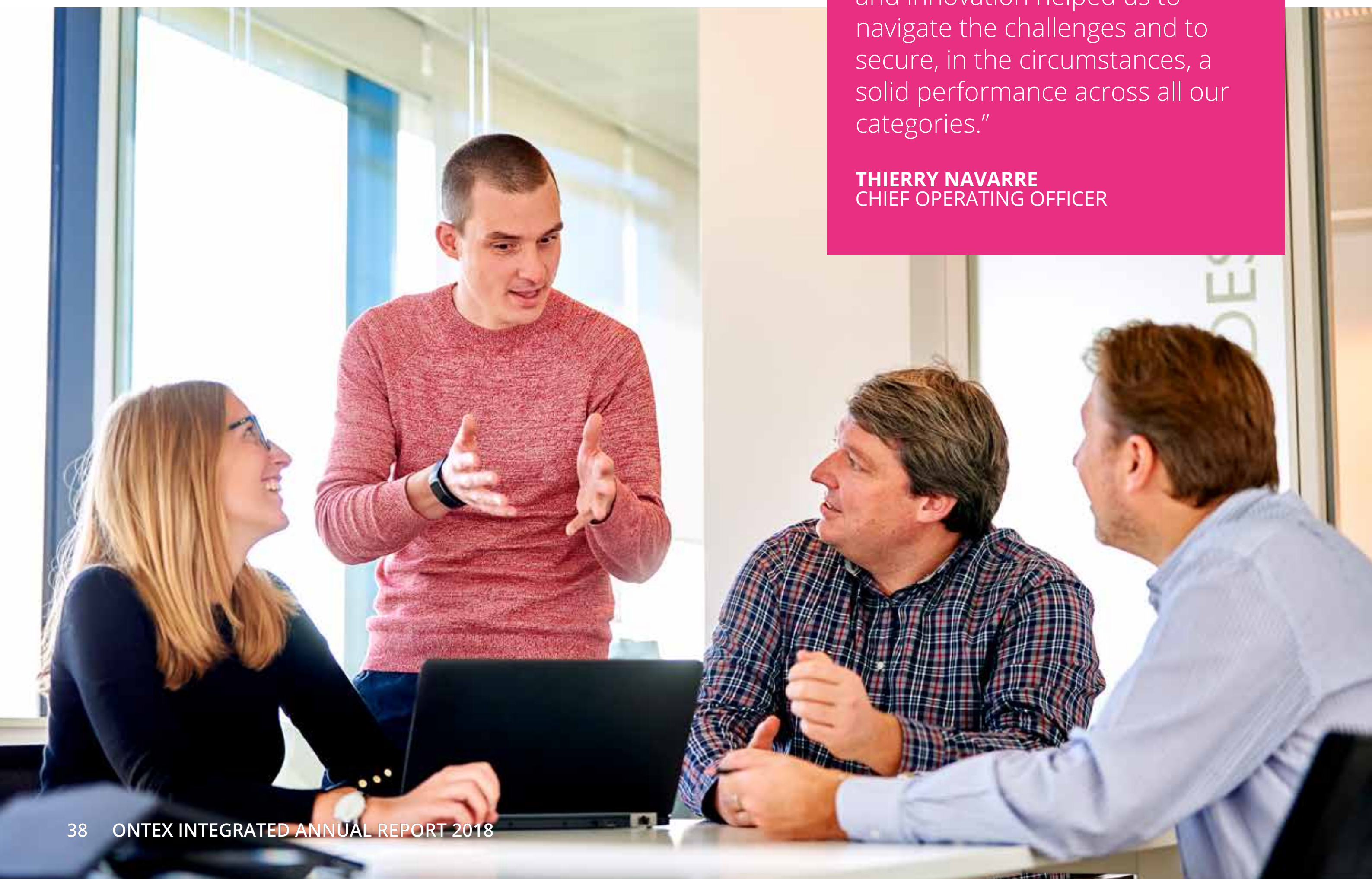
	UNIT	2017	2018
Ground water	m^3	38,361	51,125
Surface water	m^3	24,161	10,891
Urban water	m^3	115,176	114,457
Rain water	m^3	247	205
Deep well	m^3	20,242	23,613

SOLID PERFORMANCE ACROSS ALL PRODUCT CATEGORIES

DETAILS OF OUR PERFORMANCE BY DIVISION CAN BE FOUND ON THE FOLLOWING PAGES. THIS SECTION LOOKS AT THE THREE CATEGORIES ON WHICH WE ARE FOCUSED: BABY CARE, ADULT CARE AND FEMININE CARE. INDEPENDENT FORECASTS INDICATE THAT GROWTH WILL ACCELERATE ACROSS OUR HYGIENE MARKETS OVER THE NEXT FIVE YEARS, PRIMARILY IN BABY CARE AND ADULT CARE. WE ARE WELL PLACED TO CAPTURE GROWTH IN ALL CATEGORIES. IN ADDITION, WITHIN ONTEX WE SEE FURTHER POTENTIAL FOR SYNERGIES ACROSS OUR OWN NETWORK IN INNOVATION, PURCHASING, MANUFACTURING AND CONSUMER/CUSTOMER ACCESS.

“I never cease to be in awe of the resilience and entrepreneurial skills of our people. In the fast changing and, indeed, tough environment of today’s FMCG world, our strong operational skills in sales, marketing, manufacturing and innovation helped us to navigate the challenges and to secure, in the circumstances, a solid performance across all our categories.”

THIERRY NAVARRE
CHIEF OPERATING OFFICER



BABY CARE

Baby care is a €39 billion global business[1] that includes baby diapers as well as the new and fast-growing category, baby pants. In all, it accounts for half of the global hygiene market in terms of value. The segment is forecast to grow at around 8% in coming years driven largely by emerging markets.

Baby care is our largest category by far. On a like-for-like basis, revenue in 2018 was slightly down on the previous year. The year started slowly owing to pricing pressure in several markets and we were also affected by lower diaper volumes in Brazil. In most other markets, baby diapers enjoyed competitive growth as we captured opportunities with retailer brands. Baby pants recorded strong growth, particularly in Europe where we invested in new production capacity, supported by growth in all main markets and continued expansion in emerging markets.

ADULT CARE

Adult care covers heavy and light incontinence products. Their route to market varies but it is largely through institutions caring for the elderly or retail channels. The market is valued at some €11 billion[1] on a global scale and makes up about 14% of the total hygiene market. The market is predicted to expand by just over 10% in the next five years driven by further breakdown of taboos surrounding such products, the increase in purchasing power in emerging markets and, not least, the availability of suitable incontinence products.

In 2018, adult care revenue was up overall 3.8% on a like-for-like basis. We saw good growth in retail channel sales while the institutional market remained stable. Adult pants sales were significantly higher and we continue to invest to ensure we can meet the strong growth in demand.

FEMININE CARE

Feminine care is a €26 billion global business[1] comprising tampons, panty liners and standard and ultra-pads. The sector accounts for 34% of the global hygiene market in terms of value and is highly commoditized. The segment is forecast to maintain its growth rate at around 6% in coming years as penetration increases in emerging markets.

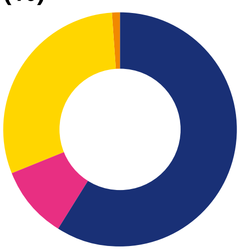
In 2018, our like-for-like revenue in the category grew 1.6%, ahead of underlying market category trends. It was driven primarily by sequential growth in new organic cotton tampon business as consumers sought out attractive and eco-compatible alternatives to big international brands.

€39BN[1]
GLOBAL BUSINESS

€11BN[1]
GLOBAL BUSINESS

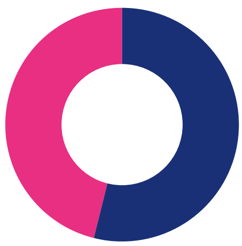
€26BN[1]
GLOBAL BUSINESS

REVENUE SPLIT BY PRODUCT CATEGORY (%)



- Baby care **59%**
- Feminine care **10%**
- Adult care **30%**
- Other **1%**

ONTEX BRANDS (%)

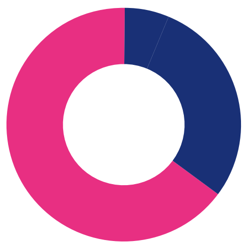


- Retailer brands **54%**
- Ontex own brands **46%**

DIVERSE MARKETS (%)

- Western Europe **47%**
- Eastern Europe **13%**
- Americas **27%**
- Rest of the world **13%**

CUSTOMER BASE (%)



- Largest customers (1-10) **35.2%**
- All other customers **64.8%**

1. Source: Euromonitor 2019.

MATURE MARKETS RETAIL

"Our offer is based on detailed and wide-ranging consumer, shopper and innovation expertise that ensures that our customers' brands leverage the retailers' overall positioning while delivering a trustworthy alternative to the big multinational and national brands. It is one of the reasons why we are the clear leader in retailer brands in Europe today."

MAURICIO TRONCOSO
GENERAL MANAGER, MMR

MATURE MARKETS RETAIL DIVISION IS DEDICATED TO SUPPLYING RETAILER BRANDED BABY CARE, ADULT CARE AND FEMININE CARE PRODUCTS IN WESTERN EUROPE AND AUSTRALIA, AND ENJOYS STRONG AND DEEP-GOING RELATIONSHIPS WITH ESTABLISHED INTERNATIONAL AND NATIONAL RETAILERS.

PERFORMANCE

2018 was a year of full-on challenges for the Mature Markets Retail Division. Our efforts, beyond servicing our customers, focused largely on managing the significant escalation in input costs. We introduced wide-ranging measures to combat the increases, including operational efficiency, pricing and strict internal cost control. As difficult as it was to pass part of the input cost in the form of pricing, it helped to mitigate our overall margins erosion. As expected, we lost some contracts as a result of this pricing increase.

In baby care, the main international branded diaper competitors kept up their aggressive pricing and intensified promotional activities. Our increased capability to manufacture baby pants had a positive impact on product mix, although we did experience some constraints at the start of the year before new production capacity came on line. Now that capacity is available, it is clear that customers and shoppers prefer our products and are benefiting from them. In addition, we continued to roll out innovations such as our new channel core diapers to leading retailer customers to meet the new market trends.

In adult care our volumes grew at a mid-single-digit rate largely due to the continued success of our heavy incontinence products, primarily pants. In feminine care, in an otherwise declining market, we saw good growth in organic tampons.

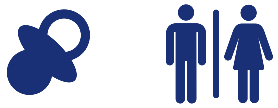
The net effect, however, was a slight decline in reported Divisional revenue compared with the previous year, and on a like-for-like basis revenue was down 1.8% despite the hard work, resilience and adaptability of our people in what was, for them, a new set of circumstances.

MARKET VALUE

BABY CARE
68%

ADULT CARE
11%

FEMININE CARE
21%



KEY MARKETS

STRATEGY

Our strategy to remain the smart-choice provider is based on developing in-depth partnerships with our retailer customers. Our aim is to provide unique insights to add value in areas such as business planning, category management, shopper behavior as well as innovation to help them drive growth of their categories and own brands. During the year, we added specific e-commerce expertise to our menu of services to support them in developing a multi-channel landscape.

MARKET OVERVIEW

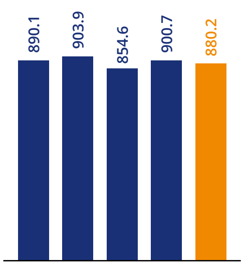
Retailer brands are a growth category in diapers. In baby care, retailer diapers continued to gain market share in 2018 (1.6% in value), and volume-wise the total diaper category accounts for 84.9% of baby care sales in the market[1]. In terms of baby pants, leading brands continued to shift their focus onto this profitable segment, reducing the price difference between pants and diapers and intensifying their promotional activities. While branded goods continue to lead growth in pants, we will continue to focus on further democratizing the trend.

OUTLOOK

The successful start-up of the new plant in Poland, on time and on budget, and the investment in a number of other new lines at various locations during the year will not only enable us to respond to the market growth trends but also reflect our confidence in the retailer brand segment despite the challenges of 2018.

REVENUE[2]

€880.2M



1. Source: Nielsen (December 2018).
2. Starting 2017, IFRS 15 has been applied.

PARTNERING WITH OUR RETAILER CUSTOMERS TO REDUCE DIAPERS' CARBON FOOTPRINT

Sustainability is a main focus for many of our customers. In Europe, we worked closely with one of our retailer customers to reduce the environmental footprint of the diapers we made for them. Together we considered the whole supply chain from raw material to consumer so that we could then address the factors with the greatest impact. The net result was an annual 400 tonne reduction in CO_2, the equivalent of the average annual emissions of more than 140 cars. How did we achieve it? First, these diapers are made using green electricity. They also use less wood pulp so they are thinner and lighter. Although we reduced the materials, the quality performance and comfort for the baby have improved. And because the diapers are less bulky, they require less transport volume. In fact, the retailer now uses 40 fewer truck loads with the new design. Finally, the reduction in raw materials also led to an annual 300-tonne drop in household waste.

A BABY NEEDS ON AVERAGE FIVE DIAPERS A DAY, FOR A TOTAL OF AROUND 850 DAYS (OR 2.5 YEARS). WE WORKED WITH OUR CUSTOMER TO CALCULATE THE ENVIRONMENTAL FOOTPRINT OF THEIR DIAPERS FROM RAW MATERIAL TO CONSUMER, AND ADDRESSED THE FACTORS WITH THE GREATEST ENVIRONMENTAL IMPACT

AMERICAS RETAIL

> “We were encouraged by the major progress we made towards entering the retailer brand baby diapers segment in the US. Another positive was that we took full advantage of the trend towards organic lifestyle products in the US feminine care market.”

ARMANDO AMSELEM
GENERAL MANAGER,
AMERICAS RETAIL

THE AMERICAS RETAIL DIVISION SUPPLIES A WHOLE RANGE OF BRANDED PRODUCTS TO MARKETS ACROSS THE AMERICAS FROM PRODUCTION PLANTS IN BRAZIL AND MEXICO, TWO OF THE TOP FIVE PERSONAL HYGIENE MARKETS IN THE WORLD.

PERFORMANCE

On a reported basis, overall revenue was 1% lower than last year while on a like-for-like basis it was up 4.5%. Excluding Brazil, reported revenue was up 3.8% and like-for-like up 9.5% largely following strong performances in Mexico in baby care and adult care, and accelerated sales in the US in baby care and feminine care, the latter on the back of the well-articulated organic lifestyle trend.

Seeds sown by earlier acquisitions began to bear fruit. It was always our stated intention to leverage Grupo Mabe (acquired in 2016) to explore opportunities to develop retailer brands in the US, the world’s largest market by value. In the second quarter, we started to ship products to a major US retailer which is a significant milestone for our North American business.

In Brazil, we rapidly implemented a series of actions to rebase the business and rectify issues we had encountered post acquisition in 2018. We successfully consolidated the two manufacturing plants into one and added new proprietary technology to support future growth plans. We continued to engage with our consumers on innovation and enhanced the diaper range with the relaunch of a number of brands.

The progress to date, with sequential improvements made every quarter, indicates that this comprehensive turnaround plan is slowly but surely taking effect. A great deal of credit must go to the teams for their determination and tenacity that kept them highly motivated in a situation exacerbated by high commodity prices and foreign exchange headwinds. It is a good sign for the future.

STRATEGY

While we had to urgently address the issues in Brazil, our strategy to be the clear Number 3 player in the region in personal hygiene products is unchanged. We also remain focused on our plans to boost profitability in Mexico and Brazil, exploit growth potential in North America and improve our supply chain.

MARKET OVERVIEW

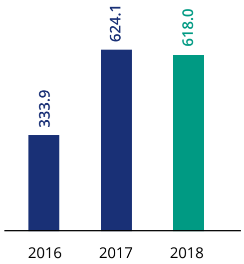
Volumes in the diaper market are declining by about 3-4% in Brazil, Mexico and the US driven by lower birth rates. In value, it is declining by about 1% as new innovations in both products and sales channels gain traction. Even though competition was stiff, we managed to largely maintain market share in Mexico and we will continue to support local retailers and key players in all regions. The incontinence market is still growing in line with an ageing population.

OUTLOOK

The Americas retail business is fundamentally stronger than it was two years ago. When foreign exchange and commodities return to more predictable patterns, the business will be on a very healthy footing to fully benefit from the change.

REVENUE[1]

€618.0M



1. Starting 2017, IFRS 15 has been applied.

KEY MARKETS

MARKET VALUE

BABY CARE	ADULT CARE	FEMININE CARE	OTHER
78%	16%	5%	1%

CONSUMERS ARE INCREASINGLY CONCERNED ABOUT THE PRODUCTS THEY USE – THEIR SAFETY AND THE POTENTIAL IMPACT THEY MIGHT HAVE ON THE ENVIRONMENT

INNOVATION MEETS ORGANIC

We saw a strong shift towards organic products in 2018. We are one of the leaders in organic hygiene products in the US. A percentage of our products are made specifically for environmentally-aware consumers looking for natural care and comfort without compromising on protection. Our use of chlorine-free fluff, fast degrading materials and biodegradable tampon applicators are some of the examples that are helping to drive our growth in this niche.

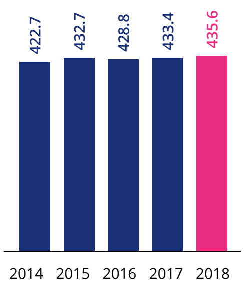
HEALTHCARE

“Our job is to provide peace of mind for consumers and continence care stakeholders... helping people who experience incontinence to live their lives with dignity and in comfort. As we actively managed our customer and product portfolio in 2018, this was the one thought that drove us forward.”

XAVIER LAMBRECHT
GENERAL MANAGER, HEALTHCARE

REVENUE[1]

€435.6M



1. Starting 2017, IFRS 15 has been applied.

WE SUPPLY MOST OF OUR ONTEX-BRANDED INCONTINENCE PRODUCTS TO HEALTHCARE INSTITUTIONS, BUT OUR DIRECT-TO-CONSUMER MODEL THROUGH HOME DELIVERY AND ONLINE IS GROWING. OUR COMMERCIAL APPROACH VARIES DEPENDING ON LOCAL MARKET CONDITIONS.

PERFORMANCE

While growth fluctuated from quarter to quarter as contracts were gained or lost, revenue in the Healthcare Division overall followed expectations growing on a reported basis by 0.5%, ahead of the market, supported by new business wins as well as higher volumes with some existing customers which helped offset some contract losses. On a like-for-like basis, revenue grew 0.8%.

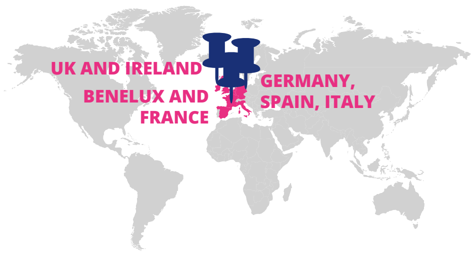
Sales of adult pants and light incontinence products increased due to our ability to consistently launch innovative products that respond to consumer needs. This helped offset the slight drop in volumes in other product areas. We successfully launched new adult pants for women, where the accent was on femininity and protection (see page 31). We also introduced a new woman’s pad that is thinner than the leading brand yet absorbs ten times its own weight. It is unique in providing security, comfort, discretion and femininity all in one product (see page 31).

We also made good progress in self-pay channels where adult pants and light incontinence products dominate.

Pricing remained under pressure, especially in the highly competitive institutional channels, owing to competitor activity and tightening of budgets. These have become a constant that we try to accommodate as far as possible through efficiencies, close dialogue with our customers on product specifications as well as innovative routes to market.

Our endeavors to penetrate private nursing home groups met with further success and we continue to develop the model. Our value proposition combines products and services, such as management systems for patient follow-up, and online training for carers as well as accredited online training for nurses (see also story on Odobin page 31).

KEY MARKETS



MARKET VALUE

BABY CARE
2%

ADULT CARE
94%

OTHER
4%

EXPANDING SELF-PAY CHANNELS

In 2018, we continued to focus on self-pay to ensure that our market leading products are readily available to end-users whether they use digital business-to-consumer platforms or conventional channels. We grew significantly in pharmacies in Italy with our leading brand, Serenity, and successfully launched the iD brand in the UK through around 200 supermarket-based pharmacies.

OUR INCONTINENCE BRAND iD IS NOW AVAILABLE ON SHELF AT SUPERMARKET-BASED PHARMACIES IN THE UK

STRATEGY

We mainly serve two customer categories: institutions and the self-pay customer. For institutions, our aim is to bring cost-efficient, innovative products and end-to-end solutions to the market (including support for families and professionals) without compromising product quality, patient dignity or comfort. The reduction in funding and reimbursement has opened up opportunities in the self-pay channel where our strategy is to leverage our acknowledged position with European institutions to grow market share and address consumers' unmet needs with innovative products and services using digital as well as other channels.

MARKET BACKGROUND

It is estimated that on average 5-9% of the population suffer from incontinence. The incidence is greater than 20% in some age groups and some 75% of women suffer from continence problems at some time during their life. The taboos associated with incontinence are breaking down. Better living standards mean that people are staying longer in their own home, only tending to enter institutional care when their condition has deteriorated seriously. The pressure on institutions, as well as reimbursement schemes, is driving people to alternative purchase points and there are growing options for individual customized choice. This is being supported by the digital revolution and its ability to disintermediate. Players in this market are increasingly expected to deliver experience and value added services rather than just products.

OUTLOOK

The market is in decline value-wise but we continue to gain market share. While ensuring that we remain focused on products for people that suffer from a little discomfort to heavy incontinence issues, we see further opportunities in selling training for nurses and carers, to build our reputation as the company with the right product for the person in question, and even insuring that people who don't need our product are not being given them unnecessarily.

GROWTH MARKETS

> "Growth Markets again lived up to its name in 2018. Higher volumes and a positive price/mix meant that growth was materially ahead of the underlying market. This successful transformation story that started in 2014 is a result of clear strategic choices, amazing people and very hard work."

THIERRY VIALE
GENERAL MANAGER, GROWTH MARKETS

THROUGH OUR GROWTH MARKETS DIVISION WE SUPPLY RETAILER AND ONTEX BRANDS TO DEVELOPING AND EMERGING MARKETS. BABY CARE ACCOUNTS FOR MOST OF OUR SALES BUT WE ARE GROWING IN ADULT AND FEMININE CARE.

PERFORMANCE

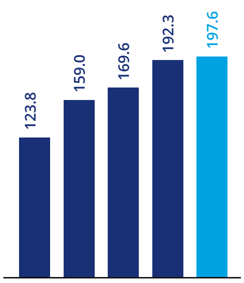
Growth Markets posted another strong performance in 2018 in the VUCA environment of emerging markets. Input costs remained high and currencies volatile. We also encountered aggressive use of price and promotions by major baby care suppliers as well as more and more competition from local producers.

Revenue on a like-for-like basis grew 9.5% across most geographies and categories. On a reported basis revenue grew 2.7%.

Recent investment in local production facilities to meet market demand in the fast-growing baby pants category (which now accounts for the greater share of the baby care category in Russia) yielded good returns. This focus on localization – also manifested by our plant in Ethiopia – has streamlined our supply chain and increased our flexibility. Together with Ontex's experience in retailer brands, and the differentiating qualities of our agile organization, these were key to market outperformance.

We saw good growth in adult care driven by the launch of our iD range of incontinence products. In feminine care, we launched the NAT range (see page 30) as well as organic tampons on the main e-commerce platform in China to meet the trend among Chinese consumers for organic products from Western Europe.

REVENUE[1]
€197.6M



1. Starting 2017, IFRS 15 has been applied.

MARKET VALUE

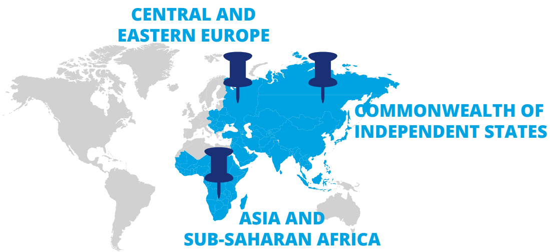
BABY CARE
64%

FEMININE CARE
5%

ADULT CARE
29%

OTHER
2%

KEY MARKETS



STRATEGY

Our strategy is to combine the experience of operating in Western Europe with our deep knowledge of the drivers of customers and retailer brands, and apply them to new markets to drive sustainable, profitable growth. The choices are extremely clear and simple to communicate and deploy, and we remain laser-focused on execution with excellence.

MARKET

The markets are flat to declining in value in our major markets due to a combination of a slowdown in birth rates as well as the aggressive stance of the large international brands in their efforts to gain a firm foothold in these markets and the stiff competition from local brands as well as other retailer brand manufacturers.

OUTLOOK

We have invested in capacity and will now maximize that capacity. We will continue to screen markets especially in sub-Saharan Africa and the rest of the world and seed them for future growth. Our consumer panel testing is key in this respect. While some needs, such as absorption and dry performance in diapers, are universal, others such as thickness of diaper may differ, and this is where our unremitting focus on understanding consumer needs enables us to adapt. Successfully managing the trade-off between what customers want and the operational complexity at our plants is one of the reasons why our Canbebe brand has grown in Ethiopia and why our organic products are developing fast in China.

ETHIOPIAN ORPHANAGES BENEFIT FROM CHARITY CAMPAIGN

STRIVING FOR A BETTER FUTURE TOGETHER

We want to provide all babies with the opportunity to grow up with integrity. In 2018, in collaboration with the Ministry of Women & Children Affairs and the Addis Ababa City Government Women & Children Affairs Bureau, we donated 1,800 packs of diapers and baby food worth € 37,000 (1.2 million Ethiopian Birr) to four Ethiopian orphanages. Ontex had earlier committed to donate diapers to a number of selected baby care homes for every jumbo pack purchased between mid-July and mid-September. The initiative was backed by a strong television campaign for Canbebe featuring Meseret Defar, the Ethiopian world champion athlete and Canbebe brand ambassador. It also received encouragement from the new prime minister of Ethiopia and his ministerial officers as they endeavor to build a better future for the country. The donations received full press and social media coverage to inspire others to follow in Ontex's footsteps.

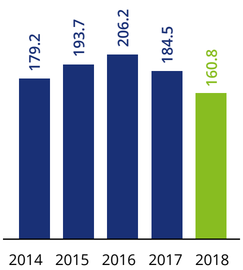
MIDDLE EAST NORTH AFRICA

"Our operations in MENA center mainly on local hero brands. Our relentless focus on innovation, customers and consumers has helped build our categories in the region. The experience gained will serve us well as we look to expand in the coming years."

ÖZGÜR AKYILDIZ
GENERAL MANAGER, MENA

REVENUE[1]

€160.8M



OUR MIDDLE EAST NORTH AFRICA (MENA) DIVISION MANUFACTURES AND MARKETS BRANDED PRODUCTS. THE MAIN MARKETS ARE TURKEY, ALGERIA AND PAKISTAN WHERE WE HAVE MANUFACTURING FACILITIES BUT WE ALSO SERVE OTHER COUNTRIES IN THE MENA REGION VIA EXPORTS.

PERFORMANCE

In 2018, growth fluctuated from quarter to quarter in the MENA region. Buffeted by continued fierce competition in Turkey, our main region, raw material cost increases across all categories as well as appreciably weaker currencies, where the Turkish lira halved in value, our reported revenue was 12.8% down while on a like-for-like basis it rose by 2.6%. The result demonstrates the hard work and resilience of our people in the Division, and their sustained ability to deliver on the needs of customers and consumers.

We continued to invest in our plants replacing older lines with brand new ones. By offering the best in product quality and innovation, we will be able to meet the expected growth in our markets in the coming years.

In baby care, revenue increased due to a positive price/mix, supported by further innovation in our ultra-thin Canbebe baby diapers with Flexfit technology, a step-up in in-store activities and our continuing digital engagement with consumers. We also launched a new diaper in Algeria. In both instances, we leveraged the Group's strong innovation capability together with local marketing and R&D.

In adult care, we continued to raise awareness among healthcare professionals, carers and patients with our brand, Canped, leading the way in Turkey. We countered local currency weakness with some pricing actions, and, despite a slow start to the year we also saw encouraging growth in other markets and in what we term export sales.

1. Starting 2017, IFRS 15 has been applied.

STRATEGY

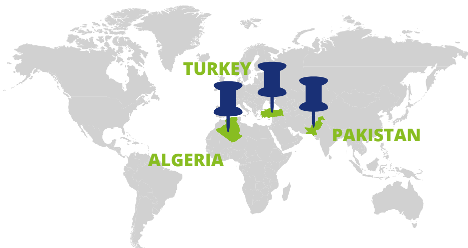
The political and economic risks in the MENA region have hampered growth. There are many untapped opportunities and we continue to seek to unlock them by increasing product penetration and keeping new countries under the microscope, all the while aiming to grow profitably. MENA has strong potential. We will seek to mitigate the risks and repeat the years of strong progress we have made, creating greater awareness of our brands and investing further in modern-day marketing techniques and channels.

MARKET VALUE

BABY CARE
81%

ADULT CARE
19%

KEY MARKETS



MARKET OVERVIEW

Political and economic issues in the region clearly impacted consumer behavior and market dynamics. In Turkey, the baby diaper market (including pants) shrunk 9% by volume but grew 10% in terms of Turkish lira. Devaluation had a negative effect on consumption as consumers felt the squeeze. The incontinence market continued to grow in retail and pharmacy channels driven both by the new reimbursement system and competitively priced products. The market in Pakistan continued to grow significantly mainly driven by low-priced second tier brands. In our other markets, while the value of the market declined in euros, there was an increase in volumes driven by further product penetration.

OUTLOOK

The pressure on currencies seems to be alleviating and the political environment to be stabilizing. This should help bring the market more into balance and gives us continued confidence in the MENA region. We will leverage the Group's strong innovation capability supported by local R&D and marketing. We have strengthened our team in terms of digital capabilities and already started to see the results with Canbebe digital KPIs outperforming industry standards and competitors. We are well positioned to benefit from any upturn.

CANPED, OUR LEADING ADULT CARE BRAND IN TURKEY, SUCCESFULLY LAUNCHED A MARKETING CAMPAIGN TO CREATE AWARENESS AROUND ITS LIGHT INCONTINENCE SOLUTION AMONGST A YOUNGER TARGET AUDIENCE OF FEMALES AGED BETWEEN 35 AND 45 YEARS OLD

DON'T MISS THE LIFE

Urinary incontinence affects 1 in 4 women above 40 in Turkey. The launch of the new light incontinence range, an extension of our Canped bladder pads, helped boost Canped market share (by value) to more than 80%. The well-executed marketing campaign succeeded in raising awareness among healthcare professionals and consumers and won two of the most prestigious communication awards in Turkey.

OUR NEW ORGANIZATION GOING FORWARD

THREE COMMERCIAL DIVISIONS AND AN OPERATIONS UNIT

After careful reflection on how far we have come in terms of re-shaping our portfolio of geographies and balance of retail and own brands, effective as from January 2019, we have revamped our organization in order to better leverage our strengths and improve execution. Our commercial activities are now organized in three Divisions: **Europe**, which is predominantly focused on retail brands; **Americas, Middle East Africa and Asia (AMEAA)**, which is predominantly focused on local brands; and **Healthcare** which continues to focus on the institutional markets and dedicated incontinence brands.

In addition, Group Manufacturing and Supply Chain have been regrouped into a newly-created Operations unit, with a focus on production efficiency and customer service excellence.

2018 REVENUE - 2019 DIVISION STRUCTURE	€ M	PERCENTAGE OF GROUP
Europe	1,020.7	45%
Americas, Middle East, Africa and Asia	835.8	36%
Healthcare	435.6	19%
Ontex Group	2,292.2	100%

EUROPE DIVISION

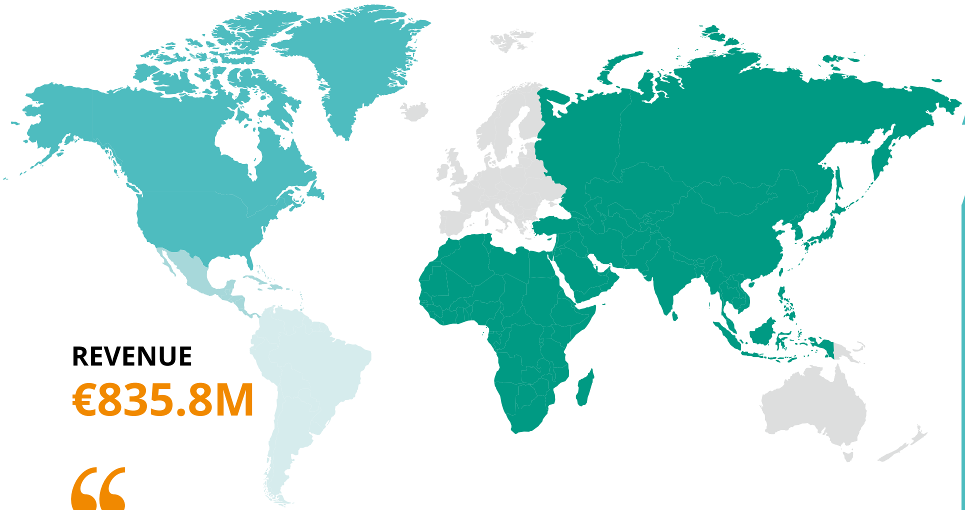
The Europe Division is predominantly retail brand focused. It comprises three geographical areas:

- **Area North:** UK/Ireland, Australia/New Zealand, Belgium/Netherlands/Nordics. Contract Manufacturing also reports into this area.
- **Area South:** France and Iberia, Italy & Greece.
- **Area East:** Russia & CIS, DACH, Poland, and CEE.

REVENUE
€1,020.7M

"When customers need help to design, manufacture and market hygiene products sold under their brands, they turn to Ontex, as they recognize and value our innovation capabilities, responsiveness, superior service levels and dedication."

THIERRY VIALE
PRESIDENT EUROPE DIVISION



AMERICAS, MIDDLE EAST, AFRICA AND ASIA DIVISION

The AMEAA Division predominantly focuses on local hero brands. Sales and marketing activities are split into four geographical areas:

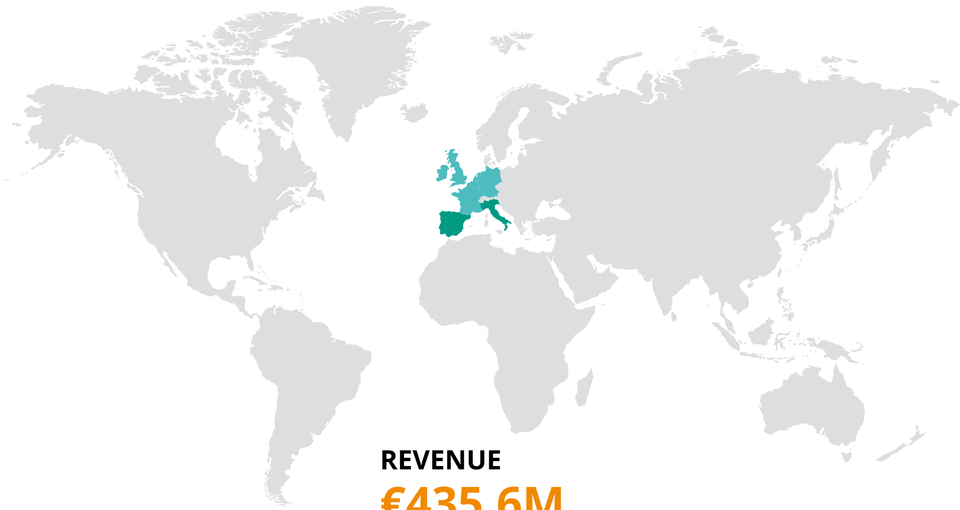
- **North America**
- **Mexico and Central America**
- **South America**
- **MEAA** (Middle East, Africa & Asia)

REVENUE

€835.8M

“At Ontex AMEAA Division we provide personal hygiene products and solutions that make it easier for families to embrace life’s many changes. We do it by encouraging a happy and optimistic work environment that will make us successful on providing smart choices for our consumers and customers.”

ARMANDO AMSELEM
PRESIDENT AMEAA DIVISION



HEALTHCARE DIVISION

The Healthcare Division continues to focus on the institutional markets and dedicated incontinence brands.

Marketing is organized on a divisional level, with dedicated support at area level.

The sales activities are split into two geographical areas.

- **Area North:** France & Belux, Germany, UK & Ireland and distributors.
- **Area South:** Italy and Iberia.

REVENUE

€435.6M

“We never forget that our business is contributing to the quality of life and dignity of the end users of our products and services, providing them with innovative products and smart solutions at affordable prices.”

XAVIER LAMBRECHT
PRESIDENT HEALTHCARE DIVISION

NAVIGATING THE CHALLENGES

“The sustained efforts and resourceful flexibility of the Finance function throughout the year, supported by further investment in facilitative technology, were critical not just in helping to secure pricing opportunities wherever we could but also in supporting the business as a whole.”

CHARLES DESMARTIS
CFO

FINANCIAL HIGHLIGHTS

REVENUE (€/BN)
2.29
+1.7%
(LFL GROWTH %)

GROSS MARGIN (€/M)
625.7
-5.3%
(COMPARED TO 2017)

ADJUSTED EBITDA (€/M)
234.0
-12.2%
(COMPARED TO 2017)

ADJUSTED NET PROFIT (€/M)
109.7
-16.5%
(COMPARED TO 2017)

2018 WAS A YEAR OF MANY CHALLENGES. WE FACED STRONG INCREASES IN INPUT COSTS, INCLUDING UNPRECEDENTED RISES IN RAW MATERIAL INDICES, WHICH OUTPACED INDUSTRY EXPECTATIONS. THERE WERE FIERCE HEADWINDS FROM NEGATIVE CURRENCY MOVEMENTS. AND MARKET CONDITIONS WERE GENERALLY TESTING WITH LOWER GROWTH AND PRICING PRESSURE IN SEVERAL OF THE REGIONS IN WHICH WE OPERATE.

The sustained efforts and resourceful flexibility of the Finance function throughout the year, supported by further investment in facilitative technology, were critical not just in helping to secure pricing opportunities but also in supporting the business as a whole.

GROUP REVENUE

We delivered a solid like-for-like revenue performance, up 1.7% compared to broadly flat market growth, and a positive price/mix across the Divisions and the three product categories with especially good growth in adult care and baby pants (see relevant Division for revenue figures as well as page 39 for description of product categories). This more than offset the anticipated decline in volume. We continue to monitor the evolution of our volume and value performance and adjust our actions as necessary.

Sales in Brazil improved sequentially quarter by quarter (excluding foreign exchange) as innovative products started to become available and we started to win back shelf space with our customers.

Group sales were down -1.8% including a negative foreign exchange impact of some €102 million.

GROSS MARGIN

Gross margin came in at €625.7 million. As a percentage of sales it was 27.3%, 99 basis points below 2017. This was mainly attributable to the lower gross margin in Brazil. The rest of the Ontex business demonstrated resilience in light of market conditions. The mentioned price/mix impact and significant savings through best practice sharing allied to non-stop endeavors to reduce raw material usage without affecting performance, largely helped to offset the negative impacts of higher raw material costs and negative foreign currency exchange.

ADJUSTED EBITDA

Group adjusted EBITDA amounted to €234.0 million resulting in margins of 10.2%. This was underpinned by actions on pricing, significant contributions from savings and efficiencies as well as continued investment in sales, marketing and R&D to support the top line. While distribution expenses were still relatively high in part because of rising energy costs, we were encouraged by the progress made by the end of the year.

Although still dilutive, our business in Brazil saw sequential improvement in adjusted EBITDA throughout the year.

FOREIGN EXCHANGE

As we grow, so does our exposure to foreign currencies. In 2018 most currencies weakened against the euro, which impacted both Group revenue and adjusted EBITDA. At Group revenue level, the impact was €102 million, stemming largely from the main currencies in the Americas Retail, MENA and Growth Market Divisions. The impact on adjusted EBITDA was €26.8 million but we benefited from the US dollar (USD) in raw material procurement made in USD.

NET FINANCE COSTS

We recorded a significant benefit following the full refinancing of our debt in December 2017. Net finance costs were €28.6 million, a reduction of €15.2 million compared to 2017.

INCOME TAX

Income tax expense as an absolute amount reduced in 2018 to €27.2 million. The effective tax rate was 21.8%, which is within the company's expectation of an effective tax rate of 24% or less.

WORKING CAPITAL

Working capital came in below 12%, in line with our target. We introduced some new measures in terms of trade payables to improve our working capital in a sustainable manner. These included bringing more consistency to our terms of payment across the Group.

CAPITAL EXPENDITURE

Capital expenditure amounted to €103.8 million in 2018, around 5% of sales and in the same bracket as in 2017. It included decisions to invest further in production to ensure we captured the high growth in adult care and baby pants. We also successfully leveraged our proprietary in-house diaper production technology to install new lines in Brazil. The acceleration of our capacity in baby pants and adult pants and the investment in Brazil were strategic choices to support future growth.

ADJUSTED FREE CASH FLOW (POST-TAX)

Adjusted free cash flow (post tax) was €80.0 million in 2018, an increase of 12.8% compared to the previous year. This increase is mainly due to decreased working capital, as well as lower capex and cash taxes paid versus 2017.

NET DEBT

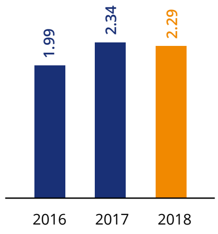
Net debt remained stable while lower adjusted EBITDA led to an increase in leverage. Net debt at year-end was €760.0 million and at 3.25 times prior 12 months adjusted EBITDA, within our stated leverage range.

DIVIDENDS

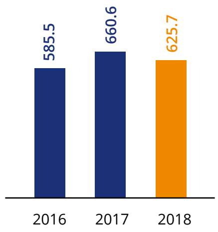
The Board of Directors has proposed a dividend of €0.41 per share, in line with Ontex's policy to pay out 35% of net profit.

(€/M UNLESS OTHERWISE SPECIFIED)	2018	2017	CHANGE (%)
Revenue	2,292.2	2,235.0	-1.8
Gross margin	625.7	660.6	-5.3
Adjusted EBITDA	234.0	266.4	-12.2
Adjusted net profit	109.7	131.4	-16.5
Adjusted free cash flow	80.0	71.0	+12.8
Net debt	760.0	744.2	+2.1
Leverage	3.25x	2.79x	n/a

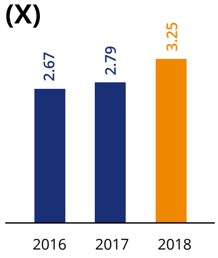
REVENUE GROWTH[1] (LFL GROWTH %)



GROSS MARGIN (€/M)

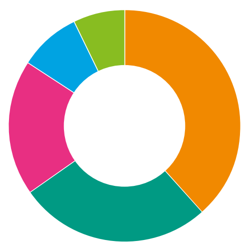


LEVERAGE (X)



1. Starting 2017, IFRS 15 has been applied.

REVENUE BY DIVISION (€/M)



- MMR **880.2**
- Americas **618.0**
- Healthcare **435.6**
- Growth Markets **197.6**
- MENA **160.8**

ABOUT THIS REPORT

EACH YEAR ONTEX PUBLISHES AN ANNUAL REPORT COVERING THE ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES THAT MATTER MOST TO US AND TO OUR STAKEHOLDERS.

This report contains financial and non-financial information for the period January 1, 2018 to December 31, 2018, unless otherwise specified. The previous integrated report was published on April 5, 2018.

It encompasses our operations in 22 countries as well as our headquarters in Aalst, Belgium, which together employ some 10,750 people.

The scope changed significantly over the reporting year, adding the start-up of a new plant in Poland and the reduction from two plants in Brazil to one.

The scope of sustainability indicators includes for the first time our Brazilian plant and excludes the new Polish plant, unless stated differently in the report. Scope 1 and 2 carbon emissions are calculated using the Greenhouse Gas Protocol definition. Note that the transport of goods via owned trucks is currently not included in the scope of carbon reporting.

We have used the Global Reporting Initiative (GRI) Standards (Core option) with reference to the Sustainable Development Goals (SDGs) to guide us in preparing this report.

GRI is the international standard for sustainability reporting. The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets.

The Ontex management team has validated this report. We have also sought external assurance for selected indicators.

SDGS

AN INSPIRING FRAMEWORK FOR COLLECTIVE ACTION

LAUNCHED IN 2015, THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) DESCRIBE MANY OF THE GLOBAL SUSTAINABILITY CHALLENGES AND THE CALLS TO ACTION TO HELP OVERCOME THESE CHALLENGES. ALL OF THE GOALS ARE INTERCONNECTED AND WE USE THEM AS A COMPASS TO MOBILIZE CHANGE IN THE WAY WE OPERATE. WHILE WE RECOGNIZE THAT ALL THE SDGS ARE IMPORTANT, WE FEEL WE CAN MAKE OUR BIGGEST CONTRIBUTION BY FOCUSING ON THE ONES IN THE TABLE BELOW.

PRIORITIZED SDGs FOR ONTEX

SDG	WHAT IT MEANS FOR ONTEX
Good health & well-being	• Enabling access to basic healthcare products to enhance our consumer's everyday life. • Creating a safe and healthy workplace for employees.
Decent work & economic growth	• Doing business the right way, always honoring the law but also high ethical standards at our sites and in our supply chain.
Responsible production & consumption	• Optimizing material use via eco-innovations. • Better informing our consumer by offering products with eco- or health labels. • Eliminating production waste and optimizing its treatment methods.
Climate action	• Transforming our operations to become carbon neutral by 2030.
Life on land	• Using only certified or controlled fluff and organic cotton with full traceability.
Partnerships for the goals	• Engaging in the local communities that are impacted by us via donations, volunteering, partnerships.

CORPORATE GOVERNANCE STATEMENT

THIS SECTION INCLUDES CHANGES TO ONTEX GROUP NV'S CORPORATE GOVERNANCE, TOGETHER WITH THE RELEVANT EVENTS THAT TOOK PLACE DURING 2018, SUCH AS CHANGES IN ONTEX GROUP NV'S SHAREHOLDER STRUCTURE, MODIFICATIONS IN ONTEX GROUP NV'S GOVERNANCE AND IN THE COMPOSITION OF THE BOARD OF DIRECTORS OF ONTEX GROUP NV (HEREAFTER THE 'BOARD') AND ITS COMMITTEES, THE MAIN FEATURES OF THE REMUNERATION REPORT, AND THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS OF THE ONTEX GROUP. THIS CHAPTER ALSO INCLUDES EXPLANATIONS, WHERE APPLICABLE, OF ANY DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE.

In accordance with the Belgian Companies Code (Wetboek van Vennootschappen) and the 2009 Belgian Code on Corporate Governance (herafter the 'Corporate Governance Code'), the following section provides information about Ontex Group NV's (also referred to herein as the 'Company') Corporate Governance.

1. REFERENCE CODE

Pursuant to Article 96, § 2 of the Belgian Companies Code and the Royal Decree of June 6, 2010 designating the Corporate Governance Code to be complied with by listed companies, Ontex Group NV has adopted the Corporate Governance Code as its reference code on corporate governance[1].

As appropriate for a Belgian listed company with a commitment to high standards of corporate governance, the Board adopted a Corporate Governance Charter in June 2014 (hereafter the 'Corporate Governance Charter'), as required by the Corporate Governance Code. The Board amended the Corporate Governance Charter on June 28, 2016. The Corporate Governance Charter can be consulted on the Company's website[2].

The Corporate Governance Charter describes the main aspects of Ontex Group NV's corporate governance, including its governance structure and the terms of reference of the Board, as well as those of the Board committees and of the Management Committee. The Corporate Governance Charter is regularly updated and will be annually reviewed by the Board to be in line with applicable laws and regulations, the Corporate Governance Code, and their interpretation.

2. CAPITAL AND SHAREHOLDERS

2.1. Capital and capital evolution during 2018

At December 31, 2018, the capital of Ontex Group NV amounted to €823,587,466.38 and was represented by 82,347,218 shares without nominal value. Each share represents 1/82,347,218th of the capital and carries one vote. The shares are listed on Euronext Brussels.

In addition, the Board approved in 2018 a new grant under the Long-Term Incentive Plan (as defined below) (the 2018 grant being referred to as the 'LTIP 2018'). In 2014, the Company adopted a Long-Term Incentive Plan approved by the Board and the Shareholder Meeting on June 3, 2014 and June 10, 2014 respectively (the 'Long Term Incentive Plan') which consists of a combination of stock options and restricted stock units (hereafter 'RSUs'). The Board has previously approved grants under the Long-Term Incentive Plan, in 2014, 2015, 2016 and 2017 (respectively the 'LTIP 2014', the 'LTIP 2015', the 'LTIP 2016', the 'LTIP

1 The '2009 Belgian Code on Corporate Governance' is available on the website of the Belgian Corporate Governance Committee (http://www.corporategovernancecommittee.be).

2 The English version of Ontex's Corporate Governance Charter is available on the Ontex website (http://www.ontexglobal.com/sites/default/files/20170509_ontex_corporate_governance_charter_e.pdf).

2017', and the Long-Term Incentive Plan including the LTIP 2014, the LTIP 2015, the LTIP 2016, the LTIP 2017 and the LTIP 2018 being referred to as the 'LTIP'). The stock options and RSUs granted under the LTIP do not confer any shareholder rights, and the shares to be delivered to participants upon exercise of their stock options or upon vesting of their RSUs are existing shares of the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP and the LTIP 2018 is set out in the Remuneration Report.

The grants made by Ontex under its LTIP provide for a three-year vesting period. Accordingly, the grants that were made in 2015 vested as from 2018. In order to meet its obligations thereunder, Ontex has partially exercised a forward purchase agreement with the characteristics as mentioned below:

The grants that were made in 2015 vested as from 17 June 2018. In order to meet its obligations thereunder, Ontex has partially exercised a forward purchase agreement with the following characteristics:

Date	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 21 July 2015	173,218	€ 27,070	€ 28,685	€ 25,800

In addition, Ontex has entered into the following forward purchase agreements in order to hedge its obligations under grants made under its LTIP in 2016, 2017 and 2018. These consist of (i) one-year forward purchase agreements entered into in 2015, 2016 and 2017 which have been extended on 22 June 2018 to cover its obligations under grants made under its 2016 and 2017 LTIP and (ii) a new one-year forward purchase agreement entered into on 22 June 2018 to cover its obligations under grants made under its 2018 LTIP.

As of today, the following forward purchase agreements are outstanding in respect of Ontex's shares:

Date	Maturity	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 21 July 2015 and extended on 22 June 2018	21 June 2019	36,589	€ 27,070	€ 28,685	€ 25,800
Originally entered into on 1 July 2016 and extended on 22 June 2018	21 June 2019	318,545	€ 28,965	€ 30,515	€ 27,145
Entered into on 22 June 2017 and extended on 22 June 2018	21 June 2019	332,043	€ 32,298	€ 33,405	€ 31,555
Entered into on 22 June 2018	21 June 2019	536,409	€ 22,471	€ 24,240	€ 19,200

More details about the vested Stock Options and RSUs can be found in the Remuneration Report.

More details about the forward purchase agreement can be found in the financial statements, note 7.5.6.

Pursuant to the above, on December 31, 2018, 336,288 shares of the Company were held by the Company.

On December 31, 2018, 16,343,051 shares of the Company were registered shares.

2.2. Shareholder evolution

Pursuant to the Company's Articles of Association and the Corporate Governance Charter, the applicable successive thresholds as regards the application of the Law of May 2, 2007, on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions (hereafter the 'Law of May 2, 2007') and the Royal Decree of February 14, 2008 on the disclosure of significant shareholdings, are set at 3%, 5%, 7.5%, 10% and any subsequent multiples of 5%.

In the course of 2018, the Company received the following transparency declarations:

On January 22, 2018, Aviva plc, and its affiliated entities, notified Ontex that Aviva plc had, as a result of sales of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On February 18, 2018, Harris Associates LP notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,470,800 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3%.

On February 27, 2018, Black Creek Investment Management Inc. notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,120,895 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5%.

On April 5, 2018, SYZ Asset Management (Luxembourg) SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,700,498 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3,28%.

On April 9, 2018, Sycomore Asset Management SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,471,793 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3%.

On May 9, 2018, UBS Group AG notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 5,102,202 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 6,20%.

On May 9, 2018, Sycomore Asset Management SA notified Ontex that Sycomore Asset Management SA has, as a result of sale of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On May 14, 2018, Sycomore Asset Management SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,485,793 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3.02%.

On May 23, 2018, UBS Group AG notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On June 19, 2018, Sycomore Asset Management SA notified Ontex that Sycomore Asset Management SA has, as a result of sale of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On June 20, 2018, Harris Associates LP notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,233,300 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5.14%.

On June 29, 2018, UBS Group AG notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,500,306 shares in Ontex and crossed the threshold of 5% of the total number of voting rights in Ontex to 5.47%.

On July 3, 2018, UBS Group AG notified Ontex that it had, as a result of the acquisition of financial instruments treated as voting securities, crossed above the threshold of 5% of the total number of voting rights, 4,137,496 shares in Ontex to 5.02% considering equivalent financial instruments only.

On July 5, 2018, UBS Group AG notified Ontex that it had, as a result of the disposal of financial instruments treated as voting securities, crossed below the threshold of 5% of the total number of voting rights, 4,094,806 shares in Ontex to 4.97% considering equivalent financial instruments only.

On July 9, 2018, Black Creek Investment Management Inc. notified Ontex that Black Creek Investment Management Inc. had, as result of sale of 2,866,686 shares, crossed below the threshold of 5% of the total number of voting rights in Ontex to 3.48%.

On July 12, 2018, SYZ Asset Management (Luxembourg) SA notified Ontex that it had, as a result of sales of 2,206,912 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 13, 2018, UBS Group AG notified Ontex that it had, as a result of sales of shares and financial instruments treated as voting securities, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 18, 2018, Black Creek Investment Management Inc. notified Ontex that it had, as a result of sale of 2,431,844 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 19, 2018, Harris Associates LP notified Ontex that it had, as a result of sale of 4,116,500 shares, crossed below the threshold of 5% of the total number of voting rights in Ontex.

On September 4, 2018, Allianz Global Investors GmbH notified Ontex that it had, as a result of sale of shares and financial instruments treated as voting securities, 2,521,427 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On October 22, 2018, Black Creek Investment Management Inc notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,493,603 shares in Ontex and so had crossed the threshold of 3% of the total number of voting rights in Ontex to 3.03%.

On December 7, 2018, Groupe Bruxelles Lambert, and its affiliated entities, notified Ontex that it had acquired 16,454,453 shares in Ontex and so had crossed the threshold of 15% of the total number of voting rights in Ontex to 19.98%.Per December 31, 2017, the actual percentage of shares held within Ontex Group NV by Groupe Bruxelles Lambert already added up to 19.98%. The declaration dated December 3, 2018 is due to a change of ownership amongst the affiliated companies of Groupe Bruxelles Lambert.

On December 17, 2018, Harris Associates LP notified Ontex that it had, as a result of sale of 2,456,560 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

We refer to our website for transparency declarations received after December 31, 2018.

2.3. Shareholder structure

The shareholder structure of the Company on December 31, 2018[3] was, based on the transparency declarations received by the Company, as follows:

Shareholders	Shares	%[4]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	December 3, 2018[5]
Janus Capital Management LLC	3,424,055	4.75%	November 10, 2018
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29, 2016
Black Creek Investment Management Inc.	2,493,603	3.03%	October 19, 2018
AXA Investment Managers SA	2,053,236	3.02%	August 7, 2014

2.4. Dealing and Disclosure Code

On June 3, 2014, the Board approved the Ontex Dealing and Disclosure Code (the "Dealing and Disclosure Code") in accordance with provision 3.7 of the Corporate Governance Code. The Dealing and Disclosure Code was subsequently amended on April 2, 2015 and a last time on June 28, 2016. The Dealing and Disclosure Code restricts transactions in Ontex Group NV securities, applicable to the Board, to the Management Committee and to employees. Further, the Dealing and Disclosure Code provides a framework concerning the internal approval of intended transactions, concerning the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority, and includes guidelines on disclosure of inside information. The Corporate Legal Counsel is the Compliance Officer for purposes of the Dealing and Disclosure Code.

3. BOARD AND BOARD COMMITTEES

3.1 Board composition

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 Article 526*ter* of the Belgian Companies Code and the Corporate Governance Code. The composition of the Board as at December 31, 2018 complies with these recommendations.

On December 31, 2018, the Board was composed as follows:

Name	Mandate Board	Other Mandates per December 31, 2018	Mandate Since	Mandate Expires
Revalue BVBA, represented by Luc Missorten	Chairman, Independent Director	Barco NV, GIMV, Recticel NV, Scandinavian Tobacco Group, Mateco	2018	2022
Regi Aalstad	Independent Director		2017	2021
Inge Boets BVBA, represented by Inge Boets	Independent Director	Euroclear Holding SA, Econopolis Wealth Management NV, QRF Management NV, Triginta, La Scoperta BVBA, VZW Altijd Vrouw, Van Breda Risk & Benefits	2018	2022
Michael Bredael	Non-Executive Director	Upfield Group BV	2017	2021
Tegacon Suisse GmbH, represented by Gunnar Johansson	Independent Director	Laeringsverkstedet AS	2018	2022
Uwe Krüger[6]	Independent Director	Temasek, SUSI Partners, Aggreko Plc, Swiss Nuclear Commission	2018	2022
Juan Gilberto Marin Quintero	Non-Executive Director		2016	2020

Jonas Deroo was appointed as Corporate Secretary by the Board on May 8, 2015.

3 Updates subsequent to December 31, 2018 are described on our website (http://www.ontexglobal.com/ShareInformation).

4 Percentage based on the outstanding share capital of the Company at the time of the declaration.

5 Per December 31, 2017, the actual percentage of shares held within Ontex Group NV by Groupe Bruxelles Lambert already added up to 19.98%. The declaration dated December 3, 2018 is due to a change of ownership amongst the affiliated companies of Groupe Bruxelles Lambert.

6 Uwe Krüger resigned from the Board of Ontex Group NV, in the light of additional responsibilities he agreed to take up at Temasek International.

The following paragraphs set out the biographical information of the current members of the Board, including information on other director mandates held by these members.

Luc Missorten

Chairman, Independent Director

Luc Missorten was appointed as Independent Director of Ontex Group NV as of June 30, 2014. On April 10, 2015, Luc Missorten was appointed Chairman. On May 26, 2015, Revalue BVBA, with Luc Missorten as its permanent representative, was appointed as Independent Director to replace Luc Missorten who resigned. In the past, Luc Missorten served as a Vice President of Citibank from 1981 to 1990, and held the function of Corporate Finance Director for Interbrew from 1990 to 1995. From 1995 to 1999, he served as CFO for Labatt Brewing Company. Afterwards, Luc Missorten held the function of Chief Financial Officer at Interbrew (now AB InBev) from 1999 until 2003, and of CFO at UCB from 2003 to 2007. Luc Missorten has been the Chief Executive Officer and a Board member of Corelio from 2007. As from September 2014, he resigned as Chief Executive Officer from Corelio. Currently, Luc Missorten is also an Independent Director of Barco, chairs its Audit Committee and is a member of its Remuneration Committee. In addition, he is an Independent Director of GIMV, where he chairs the Audit Committee. Further, Luc Missorten is an Independent Director at Recticel, where he chairs the Audit Committee and is a member of its Remuneration Committee. Luc Missorten is also Independent Director at Scandinavian Tobacco Group and is a member of its Audit and Risk Committee and its Remuneration and Nomination Committee. He is also an Independent Board member at Mateco. Luc Missorten holds a law degree from the Catholic University of Leuven, a Certificate of Advanced European Studies from the College of Europe, Bruges and an LL.M from the University of California, Berkeley.

Regi Aalstad

Independent Director

Regi Aalstad was appointed as Independent Director of Ontex Group NV as of May 24, 2017.Regi Aalstad has extensive leadership experience in global fast moving consumer goods. Ms. Aalstad has held Regional General Manager and Vice President positions with Procter & Gamble in Asia, Europe, Middle East and Africa. She first joined P&G in the Nordics and held leadership roles in emerging markets for almost 20 years. Ms. Aalstad has previous board experience from the Geberit Group, the Telenor Group and as chair of an international NGO. She is an advisor to Private Equity and investor in digital start-ups from Switzerland, where she resides. Ms. Aalstad holds a Master of Business Administration in International Business from University of Michigan, USA.

Inge Boets

Independent Director

Inge Boets BVBA, with Ms. Boets as its permanent representative, was appointed as Independent Director of Ontex Group NV as of June 30, 2014. Ms. Boets is also currently a member of the Audit and Risk Committee. Ms. Boets was a partner with Ernst & Young from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. Currently, Ms. Boets is also an Independent Director of Euroclear Holding SA and chairs the Audit and Risk Committee of Euroclear SA, Ms. Boets is an Independent Director at VZW Altijd Vrouw, and Chairs the Board of Econopolis Wealth Management, Triginta and QRF. In addition, Inge Boets BVBA, with Ms. Boets as its permanent representative, is an Independent Board member of Van Breda Risk & Benefits and manager of La Scoperta BVBA. She holds a master degree in applied economics from the University of Antwerp, Belgium.

Michael Bredael

Non-Executive Director

Michael Bredael was appointed as Non-Executive Director of Ontex Group NV as of May 24, 2017. Michael Bredael is Investment Officer at Groupe Bruxelles Lambert (GBL) since 2016. He started his career at Towers Watson as a consultant in the United States (Atlanta and New York) in 2003 before joining the BNP Paribas Group in 2007. Mr. Bredael held various Investment Banking positions at BNP Paribas, across different offices (New York, Paris, Brussels and London), particularly focusing on cross-border M&A transactions. From 2014 to 2016, he was Head of the M&A Execution Group of BNP Paribas London. Mr. Bredael is Director of Upfield Group BV as a representative of Groupe Bruxelles Lambert. Upfield Group BV is a private company incorporated in The Netherlands, active in the consumer goods industry (plant-based nutrition). Mr. Bredael holds a masters degree in applied economics from EHSAL (KU Leuven).

Gunnar Johansson

Independent Director

Gunnar Johansson was appointed as Independent Director of Ontex Group NV as of June 30, 2014. Gunnar Johansson was appointed Chairman of the Remuneration and Nomination Committee on April 10, 2015, replacing Luc Missorten. On May 26, 2015, Tegacon AS, with Gunnar Johansson as its permanent representative, was appointed as Independent Director to replace Gunnar Johansson who resigned. Gunnar Johansson has vast experience in emerging markets, business-to-business and FMCG. Prior to starting Tegacon Suisse GmbH, he held a number of positions within SCA AB, a global company in the tissue, femcare, baby diaper and incontinence care industries. Gunnar Johansson worked with SCA from 1981 to 2009, the last years as Global President of the Hygiene Category. He was also a member of the board of Orkla Brands, the largest FMCG company in Norway. Currently, Gunnar Johansson works as a Senior Executive Advisor at his own company, Tegacon Suisse GmbH. He is also Non-Executive Chairman of Laeringsverkstedet, He holds an MBA from Norges Handelshøyskole in Bergen, Norway.Norway.

Uwe Krüger

Independent Director

Prof. Dr. Krüger was appointed as Non-Executive Director of Ontex Group NV as of June 2, 2014. The appointment of Uwe Krüger as Independent Director was approved by the Annual Shareholders‘ Meeting held on May 25, 2016. Uwe Krüger is Senior Managing Director and Head Industrials, Business Services, Energy and Resources and Joint Head Portfolio Management Group at Temasek International Pte. Ltd. in Singapore since January 1, 2018. Temasek is a leading globally diversified investment company headquartered in Singapore with a net portfolio of S$275 billion. From June 2011 to July 2017 he was CEO of WS Atkins plc. (London, UK). Uwe Krüger has spent the majority of his career leading engineering and consulting organizations globally. He began his career at AT Kearney, followed by leadership positions at Hochtief AG in central and eastern Europe and at Turner International in Dallas, USA. More recently he was Chief Executive Officer of Swiss company, Oerlikon. Currently, Uwe Krüger is also on the Board of Aggreko plc (Glasgow, UK), SUSI Partners AG (Zurich, Switzerland) and the Swiss Nuclear Commission (Zurich, Switzerland). As an honorary professor of physics he lectures at the University of Frankfurt, Germany. He also holds a Honorary Doctorate at Heriot-Watt University, Edinburgh. In 2016, he won the ACE European CEO of the Year award.). He is a physicist who graduated from the University of Frankfurt, Germany, with a PhD in complex system theory. He also studied at Columbia University (New York, USA), the Ecole Normale Supérieure (Paris, France) and at Harvard (Boston, USA).

Juan Gilberto Marín Quintero

Non-Executive Director

Juan Gilberto Marín Quintero was appointed as Non-Executive Director of the Ontex Group as from May 25, 2016. Juan Gilberto Marín Quintero is the founder and former chairman of Grupo Mabe. Formerly, Juan Gilberto Marín Quintero has been the President of the National Council of Foreign Trade, Conacex, former President of the Advisory Board of Citibanamex in Puebla, and former President of the Advisory Board of NAFINSA in Puebla and Tlaxcala, member of the Advisory Board of Telmex and Bancomext. In addition, Juan Gilberto Marín Quintero is a member of the World Economic Forum and has been president at the Latin America Entrepreneur Council, and has been president of the Board of Universidad de las Americas. Furthermore, Juan Gilberto Marín Quintero currently also develops Eolic Energy, consumer products, restaurants, textile industry and real estate in Mexico. He holds a degree in Business Administration from Universidad Iberoamericana, Mexico City, Mexico, an MBA from Instituto Panamericano de Alta Direccion, Mexico City and a postgraduate in International Business from the British Columbia University, Vancouver, Canada as well as a diploma in Mergers and Acquisitions from Stanford University.

3.2. Board: evolution in composition during 2018

On December 31, 2018, the Board of the Company was composed of seven members. All Board members are non-Executive Directors.

There are currently five Independent Directors within the meaning of Article 526*ter* of the Belgian Companies Code: Revalue BVBA (with Luc Missorten as its permanent representative), Tegacon Suisse GmbH (with Gunnar Johansson as its permanent representative), Inge Boets BVBA (with Inge Boets as its permanent representative), Uwe Krüger and Regi Aalstad. Further there are currently two Non-Executive Non-Independent Directors: Gilberto Marin Quintero and Michael Bredael.

3.3. Gender diversity

As at December 31, 2018, the Company had two female Board members, *ie,* Inge Boets, as permanent representative of Inge Boets BVBA, and Regi Aalstad. Since its establishment, the Remuneration and Nomination Committee evaluates the composition of the Board on a yearly basis and formulates suggestions to the Board, among other things taking into account the gender composition, in order to obtain at least one-third of the members of the Board is of the opposite gender as the gender of the majority of the Board in accordance with Article 518*bis*, §3, of the Belgian Companies Code. Companies whose securities are admitted for the first time for offering for negotiation on a regulated market should meet the quota from the first day of the sixth financial year beginning after this admission). Nevertheless, Ontex already complies with the applicable criteria.

Second, the Company has developed a diversity policy, more details can be found on page 19.

3.4. Functioning of the Board

During 2018, the Board met 18 times. The attendance rate was as follows:

Name	Board Attendance	Attendance Rate
Revalue BVBA, represented by Luc Missorten	18/18	100.0%
Regi Aalstad	18/18	100.0%
Inge Boets BVBA, represented by Inge Boets	18/18	100.0%
Michael Bredael	18/18	100.0%
Tegacon Suisse GmbH, represented by Gunnar Johansson	17/18	94.4%
Uwe Krüger	17/18	94.4%
Juan Gilberto Marin Quintero	18/18	100.0%
Charles Bouaziz	5/5	100.0%
Cepholli BVBA, represented by Jacques Purnode	5/5	100.0%
Artipa BVBA, represented by Thierry Navarre[7]	5/5	100.0%

Major matters reviewed by the Board during 2018 include, among others:

- The financial and overall performance of the Ontex Group;
- The approval of the half-year and quarterly financial results and corresponding financial reports;
- Detailed follow-up of the progress made in the Brazilian business;
- Various investments;
- The assessment of review of the business and possibilities to accelerate the delivery of value;
- The assessment of the informal approach from PAI Partners; and
- General strategic, financial and operational matters of the Company.

On June 28, 2016 the Board established a management committee (the “Management Committee”) to which it has delegated all its management powers, except (i) those powers expressly reserved to the Board of Directors by law, (ii) matters belonging to the general policy of the Company, and (iii) the supervision of the Management Committee, such powers being further described under chapter 3.5 of this Corporate Governance Statement.

7 Charles Bouaziz, Cepholli BVBA, represented by Jacques Purnode and Artipa BVBA, represented by Thierry Navarre opted not to be re-elected as Board member by the General Meeting of Shareholders of May 25, 2018. Before that date, the Board has convened only 5 times.

3.5. Board Committees

3.5.1. Audit and Risk Committee

In compliance with Article *526bis*¸§2 of the Belgian Companies Code and the Corporate Governance Code, all members of the Audit and Risk Committee are Non-Executive Directors and at least one Director is independent in accordance with the criteria set out in Article 526t*er* of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2018, the Audit and Risk Committee was composed as follows:

Name	Mandate A&R Committee	Mandate Since	Mandate Expires
Inge Boets BVBA, represented by Inge Boets	Chairwoman of the Committee, Independent Director	2018	2022
Revalue BVBA, represented by Luc Missorten	Member, Independent Director	2018	2022
Michael Bredael[8]	Member, Non-Executive Director	2017	2021

During 2018, the Audit and Risk Committee met 6 times. The attendance rate was as follows:

Name	A&R Committee Meetings Attended	Attendance Rate A&R Committee
Inge Boets BVBA, represented by Inge Boets	6/6	100.0%
Tegacon Suisse GmbH, represented by Gunnar Johansson	3/3	100.0%
Revalue BVBA, represented by Luc Missorten	6/6	100.0%
Michael Bredael	3/3	100.0%

All members attended all meetings. Marc Gallet, Corporate Finance Director, is appointed as Secretary of the Audit and Risk Committee.

The Audit and Risk Committee is entrusted with the tasks set out in Article 526*bis*, §4, of the Belgian Companies Code. It decided on the agenda, frequency and topics of its meetings, and reviewed the external and internal audit plan, the half year financial statements and the external review on the half-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks, and their role and responsibility.

As required by the Belgian Companies Code, Ontex Group NV confirms that (i) the Audit and Risk Committee is composed of Non-Executive Directors only and (ii) the Audit and Risk Committee possesses the adequate expertise and experience in the field of the activities of the Company and (iii) Inge Boets, as permanent representative of Inge Boets BVBA, Chairman of the Audit and Risk Committee, is an Independent Director and possesses the adequate expertise and experience in the field of accounting and audit. Reference is made to her biography under chapter 3.1. of this Corporate Governance Statement.

The mandate of PricewaterhouseCoopers Bedrijfsrevisoren BV CVBA ("PwC") as statutory auditor of the Company has been renewed in 2017, on the date of the Company's ordinary shareholders' meeting.

3.5.2. Remuneration and Nomination Committee

In compliance with Article *526quater*,§2 of the Belgian Companies Code and the Corporate Governance Code, all members of the Remuneration and Nomination Committee are Non-Executive Directors and the majority of the members are independent in accordance with the criteria set out in Article 526t*er* of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2018, the Remuneration and Nomination Committee was composed as follows:

Name	Position	Mandate Since	Mandate Expires
Tegacon Suisse GmbH, represented by Gunnar Johansson	Chairman of the Committee, Independent Director	2018	2022
Revalue BVBA, represented by Luc Missorten	Independent Director	2018	2022
Regi Aalstad	Independent Director	2017	2021
Michael Bredael	Non-Executive Director	2017	2021

8 Michael Bredael has been appointed as member of the Audit and Risk Committee on 27/06/2018 and only 2 meetings of the Audit and Risk Committee occurred after that date.

During 2018, the Remuneration and Nomination Committee met 7 times. The attendance rate was as follows:

Name	R&N Committee Meetings Attended	Attendance Rate R&N Committee
Tegacon Suisse GmbH, represented by Gunnar Johansson	4/4	100.0%
Inge Boets BVBA, represented by Inge Boets[9]	3/4	75.0%
Revalue BVBA, represented by Luc Missorten	4/4	100.0%
Regi Aalstad[10]	1/1	100.0%
Michael Bredael[11]	1/1	100.0%

All members attended all meetings. Astrid De Lathauwer, Group HR Director, is appointed as Secretary of the Remuneration and Nomination Committee. Charles Bouaziz attended all meetings.

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 526*quater*, §5, of the Belgian Companies Code. It decided on the agenda, frequency and topics of the meetings, and reviewed the context and history with respect to Board composition, executive remuneration and terms and conditions of employment. The Remuneration and Nomination Committee also reviewed the performance of the Ontex Group against the key performance indicators ("KPI's") and targets determined for the 2018 performance year.

As required by the Belgian Companies Code, Ontex Group NV confirms that (i) the Remuneration and Nomination Committee is composed of Non-Executive Directors only and a majority of Independent Directors, and (ii) Luc Missorten, Gunnar Johansson, Regi Aalstad and Michael Bredael possess the adequate expertise and experience in the field of remuneration. Reference is made to their biography under chapter 3.1. of this Corporate Governance Statement.

3.5.3. Management Committee

On June 28, 2016, the Board decided to establish a Management Committee (*directiecomité*) within the meaning of Article 524*bis* of the Belgian Companies Code to be effective as of July 1, 2016 which has the power to perform all actions that are necessary or useful for the realization of the Company's purpose, except for those actions that are, by law or pursuant to the Articles of Association or the Corporate Governance Charter, reserved to the shareholders' meeting or to the Board, including (i) matters belonging to the general policy of the Company, and (ii) the supervision of the Management Committee, or to other management bodies. [12]

Accordingly, the powers of the Management Committee include, without limitation, the operational management and organization of the Company, developing or updating on a yearly basis the overall strategy and business plan of the Company and submitting it to the Board for approval, monitoring the implementation of the overall strategy and business plan of the Company, supporting the CEO in the daily management of the Company and the exercise of his responsibilities, preparing the Company's financial statements and presenting accurate and balanced evaluations of the Company's financial situation to the Board and providing the Board with the information it needs in order to properly fulfil its duties, setting up and maintaining policies related to the risk profile of the Company and systems to identify, assess, manage and monitor financial and other risks within the framework set out by the Board and the Audit and Risk Committee.

The size and composition of the Management Committee is determined by the Board acting on a proposal of the CEO, who chairs the Management Committee. Members of the Management Committee are appointed by the Board based on a proposal of the CEO and upon recommendation of the Remuneration and Nomination Committee. Members of the Management Committee are appointed for an indefinite period and can be dismissed by the Board at any time or cease to be a member of the Management Committee if their management agreement with the Company terminates.

The CEO leads and chairs the Management Committee and decides on the allocation of responsibilities among the members of the Management Committee. The CEO is vested with the day-to-day management of the Company and the execution of the resolutions of the Board and the resolutions of the Management Committee, unless decided otherwise by the Management Committee. In addition, he exercises the special and limited powers assigned to him by the Board or the Management Committee. The CEO reports regularly to the Board, including on the actions taken by the Management Committee.

9 Inge Boets resigned as member of the Remuneration and Nomination Committee on 27/06/2018, and only 3 meetings of the Remuneration and Nomination Committee have been held before that date.

10 Regi Aalstad was appointed as member of the Remuneration and Nomination Committee on 27/06/2018 and only 1 meeting of the Remuneration and Nomination Committee has been held after that date.

11 Michael Bredael was appointed as member of the Remuneration and Nomination Committee on 02/10/2018 and only 1 meeting of the Remuneration and Nomination Committee has been held after that date.

12 The specific powers as well as the composition and functioning of the Management Committee are further described in the Corporate Governance Charter.

On December 31, 2018, the Management Committee, consisted of the following members:

Name	Position	Member of the Management Committee Since	Appointed To Management Committee
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer	2013	2016
Philippe Agostini	Group Chief Procurement and Supply Chain Officer	2013	2016
Özgür Akyildiz	General Manager – Middle East and North Africa Division	2008	2016
Armando Amselem	President of the Americas Retail Division	2016	2016
Laurent Bonnard	Group Sales Director	2013	2016
Astrid De Lathauwer	Group HR Director	2014	2016
Annick De Poorter	Group R&D and Quality Director	2009	2016
Martin Gärtner	Group Manufacturing Director	2009	2016
Marex BVBA with Xavier Lambrecht as its permanent representative	General Manager – Healthcare Division	2013	2016
Artipa BVBA with Thierry Navarre as its permanent representative	Executive Director – Chief Operating Officer	2009	2016
Oriane Perreaux	Group Marketing Director	2013	2016
Cepholli BVBA with Jacques Purnode as its permanent representative	Executive Director – Chief Financial Officer	2013	2016
Mauricio Troncoso	General Manager – Mature Market Retail Division	2017	2017
Thierry Viale	General Manager – Growth Markets Division and Strategic Development	2013	2016

During 2018, the Management Committee met monthly and discussed strategic, business, financial and operating matters and Group projects.

Changes within the Management Committee composition in 2019

Following a reorganization, the actual Management Committee is structured per 01/01/2019 as follows:

Name	Position
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer
Philippe Agostini	Executive VP Procurement
Armando Amselem	President Americas, Middle East, Africa and Asia
Laurent Bonnard	Executive VP Commercial
Charles Desmartis	Executive VP Finance, Legal & IT and Chief Financial Officer
Astrid De Lathauwer	Executive VP HR
Annick De Poorter	Executive VP R&D and Quality
Marex BVBA with Xavier Lambrecht as its permanent representative	President Healthcare
Axel Löbel	Executive VP Operations
Artipa BVBA with Thierry Navarre as its permanent representative	Chief Transformation Officer
Thierry Viale	President Europe

The following paragraphs set out the biographical information of the members of the Management Committee, including information on other Director mandates held by these members.

Charles Bouaziz

Chairman of the Management Committee and Chief Executive Officer

Charles Bouaziz was appointed Chief Executive Officer of the Ontex Group in early 2013. Prior to this, he held a number of senior positions during his 25 years in the consumer goods industry. He spent his early career at Michelin and Procter & Gamble. In 1991, he joined PepsiCo as Marketing Director for France & Belgium and held a range of senior positions until 2008, when he became President of PepsiCo Western Europe. In 2010, he left to become CEO of Monoprix, then in 2010 joined PAI Partners as member of the Food & Consumer Goods sector team and later as head of the Portfolio Performance Group. Charles is a supervisory board member at PAI Partners since 2013 and also holds position at Les Amis de Vaulserre et du Trieves. Charles graduated from Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC 1985).

Philippe Agostini

Executive VP Procurement

Philippe Agostini previously held various senior positions in Purchasing and Supply Chain for 30 years, at Mars, McDonald's, Lactalis, Pechiney-Alcan, JohnsonDiversey, and most recently Famar, where he held the position of Group Purchasing VP. Philippe holds a degree from the Engineer School École Nationale Supérieure des Arts et Métiers and a degree of Purchasing Master Management des Achats Industriels.

Armando Amselem

President AMEAA

He joined the Ontex Group from Vita Coco where he served as Global Chief Financial Officer. Prior to Vita Coco, Armando Amselem held various management positions in Europe and the US during his 20-year career with PepsiCo, including General Manager of Tropicana North America and General Manager of PepsiCo France. He also worked for Santander Investment Bank, and Alella Vinicola. Armando holds an MBA from New York University Leonard Stern School of Business, USA, and a master's degree in Enology and a bachelor's degree in Agronomic Engineering and Food Sciences from Universidad Politecnica de Barcelona in Spain.

Laurent Bonnard

Executive VP Commercial

Laurent Bonnard was appointed Group Sales Director for the Ontex Group on September 9, 2013. He has previously held various senior positions within Sales and Marketing in Mars and Quaker. Subsequently he joined PepsiCo, as Sales Director France, and last he held the function as VP Business Development for Europe.

Astrid De Lathauwer

Executive VP HR

Astrid De Lathauwer joined the Ontex Group after holding a number of leading human resources functions. Astrid held international HR leadership roles at AT&T in Europe, at their US headquarters and at Monsanto. For 10 years, Astrid was the Chief HR Officer of Belgacom. Before joining the Ontex group, she was Managing Director of Acerta Consult. Astrid holds degrees in Political & Social Science and History of Art. Astrid chairs the Remuneration Committee of Colruyt and Immobel.

Annick De Poorter

Executive VP R&D and Quality

Annick De Poorter 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 Group, she worked at Libeltex NV in Belgium, and prior to that, she was a Scientific Researcher at University of Ghent, Belgium. Annick holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium.

Charles Desmartis

Executive VP Finance, Legal & IT and Chief Financial Officer

Charles Desmartis joined the Ontex Group in January 2019. Prior to joining the Ontex Group, Charles Desmartis has held senior finance and CFO positions at Schlumberger, Gemalto and subsequently Europcar before joining Carrefour as Group Financial Controller. Most recently, he held the CEO position for the Carrefour Group in Brazil, where he led the preparation and execution of the IPO of the company. He serves as Non-Independent Member of the Board of Directors at Atacadão S.A. Charles Desmartis holds an MBA from the Ecole des Hautes Etudes Commerciales in Paris and a Master of Science in Management from Stanford University, US.

Xavier Lambrecht

President Healthcare

Xavier Lambrecht, permanent representative of Marex BVBA, joined the Ontex Group in early 2009 as Sales & Marketing Director of the Healthcare Division. Prior to that, he held different roles within Sales Development, Marketing and Business Planning at Imperial Tobacco. Xavier holds a master's degree of Commercial Engineering from the University of Leuven, Belgium.

Axel Löbel

Executive VP Operations

Axel Löbel joined the Ontex Group in February 2019. Prior to joining the Ontex Group, Axel has held various positions within Procter and Gamble Baby Care evolving from electrical support to production, logistics and then leading the development and implementation of global product upgrades. In 2008, he led a green field start-up of a Procter & Gamble diaper plant in Cairo, Egypt. In 2013 he joined Melitta as COO, leading the end-to-end supply chain of their consumer goods business. Most recently, he held the General Manager position of one of the key fulfilment centers of Amazon, based in Prague. He holds a master's degree in Electrical Engineering - subject area communications, and has more than twenty-five years of professional experience in operations.

Thierry Navarre

Chief Transformation Officer

Thierry Navarre, permanent representative of Artipa BVBA, joined the Ontex Group in 2006 as the Group Supply Chain Director and was appointed Chief Operating Officer in 2009. Before 2006, he was Director of Strategy & Development at InBev in France (now, AB InBev), and held other senior management positions in supply and distribution at InBev between 2001 and 2005. Prior to this, between 1997 and 2001 he held various roles in logistics and distribution at Fort James (now Georgia Pacific), and between 1991 and 1997 at Jamont (now Georgia Pacific).

Thierry Viale

President Europe

Thierry Viale was appointed as General Manager of the Growth Markets Division and Strategic Development on October 1, 2013. Prior to joining the Ontex Group, Thierry held a number of senior positions at Procter & Gamble in Western Europe, Russia, Nigeria/West Africa, Greater China, the Balkans and in India. Thierry holds a Master degree from the Saint Cyr Military Academy, a Bachelor degree from the Neoma Business School, and a MBA from ESCP Europe.

4. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of November 14, 2007 on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

4.1. Capital Structure

A comprehensive overview of our capital structure as at December 31, 2018 can be found in chapter 2. of this Corporate Governance Statement.

4.2. Restrictions on transfers of securities

The Company's Articles of Association do not impose any restrictions on the transfer of shares in the Company. Furthermore, the Company is not aware of any such restrictions imposed by Belgian law except in the framework of market abuse rules.

4.3. Holders of securities with special control rights

There are no holders of securities with special control rights.

4.4. Employee share plans where the control rights are not exercised directly by the employees

The Company's shares to be delivered to participants upon exercise of the stock options or vesting of the RSUs in the framework of the LTIP are existing ordinary shares in the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP is set out in the Remuneration Report.

The Company has not set up employee share plans where control rights over the shares are not exercised directly by the employees.

4.5. Restriction on voting rights

The Articles of Association of the Company do not contain any restrictions on the exercise of voting rights by the shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the shareholders' meeting and their voting rights are not suspended in one of the events set out in the Articles of Association or the Belgian Companies Code. Pursuant to Article 11 of the Company's Articles of Association, the Board is entitled to suspend the exercise of rights attaching to shares belonging to several owners.

The Company is not aware of any restrictions imposed by Belgian law on the exercise of voting rights by the shareholders.

4.6. Rules on appointment and replacement of members of the Board

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 proposed by the Board, based on a recommendation of the Remuneration and Nomination Committee and is subject to approval by the shareholders' meeting.

4.7. Rules on amendments to the Articles of Association

Save for capital increases decided by the Board within the limits of the authorized capital or a change of the registered office of the Company (such change not triggering the application of different rules on the use of languages by companies than those that currently apply to the Company), only an extraordinary shareholders' meeting is authorized to amend the Company's Articles of Association. A shareholders' meeting may only deliberate on amendments to the Articles of Association if at least 50% of the share capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will validly deliberate regardless of the portion of the share capital represented at the shareholders' meeting. As a general rule, amendments to the Articles of Association are only adopted if approved by at least 75% of the votes cast. The Belgian Companies Code provides for more stringent majority requirements in specific instances, such as for modifications of the Company's corporate purpose clause.

4.8. Authorized capital

On June 10, 2014, the extraordinary shareholders' meeting authorized the Board, subject to and with effect as from the closing of the IPO, to increase the capital of the Company in one or several times by an (aggregate) amount of maximum 50% of the amount of the registered capital (€340,325,414) as such amount was recorded immediately after the closing of the IPO. Within the framework of the authorized capital, the Board is authorized to proceed with a capital increase in any form, including, but not limited to, a capital increase in cash or in kind and by issuance of shares, convertible bonds, warrants or other securities.

The Board is authorized to limit or cancel the preferential subscription rights of the shareholders within the limits and in accordance with the provisions set out in the Company's Articles of Association and the Belgian Companies Code.

This authorization includes the limitation or cancellation of the preferential subscription rights for the benefit of one or more specific persons and in connection with capital increases in the event of a public takeover bid.

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*), *ie,* five years from July 9, 2014.

On November 9, 2015, the Company recorded the realization of a capital increase in cash, within the limits of the authorized capital, resulting in a capital increase of €40,839,036.68 (excluding issue premium in an amount of €73,902,592.52), from €680,650,828 to €721,489,864.68.

On February 29, 2016, the Company recorded the realization of a capital increase in kind, within the limits of the authorized capital, resulting in a capital increase of €27,226,021.12 (excluding issue premium in an amount of €48,451,722.68), from €721,489,864.68 to €748,715,885.80.

On March 22, 2017, the Company recorded the realization of a capital increase in kind, within the limits of the authorized capital, resulting in a capital increase of €74,871,580.58 (excluding issue premium in an amount of €145,968,664.42), from €748,715,885.80 to €823,587,466.38.

On May 25, 2018, the extraordinary general meeting of shareholders renewed the authorization to the Board with respect to authorized capital under the following conditions;

The Board of Directors may increase the registered capital of the company in one or several times by an amount cumulated over 5 years of maximum 50% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders,

This authorization may be renewed in accordance with the relevant legal provisions. The Board of Directors can exercise this power of a period of five (5 years) as from the date of publication in the Annexes to the Belgian State Gazette of the amendment to these articles of association approved by the shareholders' meeting on 25 May 2018.

4.9. Acquisition of own shares

On May 25, 2018 the Extraordinary Shareholders' meeting renewed the authorization towards the Board with respect to the acquisition of own shares subject to the following conditions:

The company may, without any prior authorisation of the shareholders' meeting, in accordance with Articles 620 ff. of the Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, up to 10% of its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from 25 May 2018. This authorisation covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Companies Code. If the acquisition is made by the company outside the stock market, even from a subsidiary, the company shall comply with Article 620, §1, 5° of the Companies Code.

For more detailed description of the purchase of own shares, cfr. 2.1.

4.10. Material agreements to which Ontex is a party containing change of control provisions

4.10.1. Senior Facilities Agreement

The Company, and certain of its subsidiaries as guarantors, entered into a new 5-year multicurrency credit facilities agreement dated November 26, 2017 (the "Senior Facilities Agreement 2017") for an amount of €900,000,000, comprising a term loan of €600,000,000 and a revolving credit facility of €300,000,000, for the purpose of among others repaying the Senior Facilities Agreement 2014 as amended and/or restated from time to time, and for general corporate purposes.

The Senior Facilities Agreement 2017 contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders' meeting ("Change of Control") may lead to a mandatory prepayment and cancellation under the Senior Facilities Agreement.

4.10.2. Facilities Agreements

The Company, and certain of its subsidiaries as guarantors, entered into a new 7-year multicurrency credit facilities agreement dated December 4, 2017 (the "Facilities Agreement 2017") for an amount of €250,000,000, comprising a term loan of €150,000,000 and an accordion of €100,000,000, for the purpose of among others repaying the Senior Secured Notes, and for general corporate purposes.

The Facilities Agreement 2017 contains contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders' meeting ("Change of Control") may lead to a mandatory prepayment and cancellation under the Facilities Agreement.

4.10.3. Factoring Agreement

The Company entered into a Factoring Agreement dated February 21, 2018, with BNP Paribas Fortis Factor N.V. and KBC Commercial Finance N.V. ('Factoring Agreement'); The Factoring Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Factoring Agreement provides, among others, that in the event the effective control of any party is transferred to others, the other party has the right to terminate the Factoring Agreement.

4.10.4. Hedging Agreement

The Company entered into a ISDA FX Hedging Agreement dated March 12, 2018 Crédit Agricole Corporate and Investment Bank ("CACIB") ("Hedging Agreement"). The Hedging Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Hedging Agreement, provides, among others, a change control, defined as any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued share capital of the Company ("Change of Control"), provides CACIB the right to terminate the Hedging Agreement.

All Change of Control provisions as listed above are subject to shareholders' consent in accordance with article 556 of the Belgian Companies Code, and such approval has been obtained during the annual shareholders' meeting on May 25, 2018.

4.11. Severance pay pursuant to termination of contract of Board members or employees pursuant to a takeover bid

The Company has not concluded any agreement with its Board members or employees which would result in the payment of a specific severance pay if, pursuant to a takeover bid, the Board members or employees resign, are dismissed or their employment agreements are terminated.

Please see chapter 8.7. of this Corporate Governance Statement on termination provisions of the members of the Board and the Management Committee in general.

5. CONFLICTS OF INTERESTS

Each Board member should arrange his or her personal and business affairs in such a way as to avoid any conflict of interests of a personal, professional or financial nature with the Company, directly or through relatives (including spouse or life companion, or other relatives (by blood or marriage) up to the second degree and foster children).

In accordance with Article 523 of the Belgian Companies Code, if a Board member has a direct or indirect patrimonial interest in a decision or transaction which is the responsibility of the Board, he/she must inform the other Board members before any decision by the Board is taken and the statutory auditor must also be notified. For companies that are making or have made a public call on savings (such as Ontex Group NV), the conflicted Board member cannot be present during the deliberations of the Board relating to these transactions or decisions and cannot vote.

Conflict of interests within the meaning of Article 523 of the Belgian Companies Code arose on the following occasion in 2018, and the provisions of Article 523 Belgian Companies Code were complied with:

5.1. Remuneration of the members of the Executive Management Team/Management Committee

On March 5, 2018, the Board resolved on the remuneration (incl. LTIP 2018) for the members of the Management Committee. Prior to discussing this item, Charles Bouaziz, Cepholli Bvba, with Jacques Purnode as permanent representative, and Artipa Bvba, with Thierry Navarre as permanent representatives, declared to have a conflict of interest in accordance with Article 523 of the Belgian Companies Code. The relevant section of the minutes can be found below in its entirety:

“Prior to discussing this item on the agenda, Charles Bouaziz, director, Jacques Purnode and Thierry Navarre, permanent representatives of their respective management companies, Cepholli BVBA and Artipa BVBA, directors of the Company, declared to have an interest of a patrimonial nature which is conflicting with the decisions that fall within the scope of powers of the board of directors.

This conflict of interest results from the fact that Charles Bouaziz,Jacques Purnode and Thierry Navarre are, either in personal name or via their management company, both directors of the Company and members of the Executive Committee.

The remuneration proposals will have financial consequences for the Company that have been set out in the file submitted to the Remuneration and Nomination Committee and as set out below.

In accordance with Article 523 of the Companies Code, Charles Bouaziz, Cepholli BVBA (represented by its permanent representative Jacques Purnode) and Artipa BVBA (represented by its permanent representative Thierry Navarre) refrained from taking part in the deliberations and from voting on the resolutions.

In accordance with Article 523 of the Companies Code, the auditor of the Company, PricewaterhouseCoopers Bedrijfsrevisoren BV CVBA, permanently represented by Peter Opsomer BV BVBA, in turn represented by its permanent representative Peter Opsomer, has been informed of the existence of the conflicts of interest. Furthermore, the relevant sections of these minutes will be included in the annual report of the board of directors.”

5.2. Project Spiral – 2017 Earn-out

On June 27, 2018, the Board had a discussion on the Project Spiral (the acquisition of the Ontex Mexican Business) 2017 Earn-out. Prior to discussing this item on the agenda Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. The relevant section of the minutes can be found below in its entirety:

“Prior to discussing the concerned agenda item, Mr. Juan Gilberto Marin Quintero declared a personal conflict of interest of a financial nature, within the meaning of Article 523 of the Belgian Companies Code, in respect of this agenda item, which relates to amounts of 2015 and 2016 deferred consideration payable to him, among other sellers, with respect to the acquisition of Grupo Mabe by the Company (through its subsidiaries).

Mr. Juan Gilberto Marin Quintero left the meeting and did not participate in the deliberation or the decision regarding this agenda item. He will inform the Company’s auditor of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code, and a copy of the relevant extract of these minutes will be included in the relevant annual report.

The Chairman reminded the Board that Sellers and Buyers, subsidiaries of the Company (as defined in the Amended and Restated Master Purchase Agreement for Project Spiral dated February 28, 2016, as further amended on April 29, 2016, the “Master Purchase Agreement”), have engaged in discussions regarding the amounts of deferred consideration due with respect to the year 2017.

The Audit and Risk Committee has reviewed a proposal to reach an agreement with respect to the deferred consideration for the year 2017 (the "Proposed Agreement"). Pursuant to the Proposed Agreement, the Company, through its subsidiaries, would agree to pay certain amounts in full and final settlement of any and all claims, disputes or discussions with respect to the 2017 deferred consideration, on the following main terms:

- the pay-out of the 2017 Maximum Peso Deferred Consideration Amount (MXN 387,500,000) subject to/conditional upon:
  - Sellers relinquishing any right in relation to the 2017 Euro Deferred Consideration
  - Deducting by way of set-off from the 2017 Maximum Peso Deferred Consideration Amount the various costs and expenses already incurred by Buyers (approximately MXN 16 mio) to be reimbursed by Sellers to Buyers under the Transaction Documents

- As security for any future Losses that may result from the pending indemnity Claims, the balance of the 2017 Maximum Peso Deferred Consideration Amount (after such deduction) being credited and blocked into an escrow account to be opened in the name of Sellers with a financial institution acceptable to Buyers or alternatively a pledge being created over a securities account containing a portfolio of securities acceptable to the Buyers having a collateral value equal to such balance, it being understood that (i) the pledge agreement will contain arm's length collateral substitution provisions and (ii) sellers will undertake to maintain the collateral value of the securities credited to the securities account at all times to a level not lower than the collateral value of the initial portfolio of securities (expressed in MXN);

- to grant a mandate to the CEO and the CFO, each individually and with the power to subdelegate, to negotiate and execute with the Buyers a settlement agreement and an escrow agreement (as well as any ancillary agreement or document) reflecting the above terms and conditions.

Upon discussion and deliberation; the Board considers the entry into the Proposed Agreement to be in the interest of the Company and its subsidiaries, and unanimously approves the proposed decisions as recommended by the Audit & Risk Committee."

5.3. Extention of Maquinsa LTSA agreement for Non-Wovens

On November 6, 2018, the Board decided on the extention of the Long Term Supply Agreement for Non-Wovens entered into with Maquinsa. Prior to discussing this item on the agenda Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. The relevant section of the minutes can be found below in its entirety:

"Prior to discussing this item, Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. Prior to discussing the concerned agenda item, the Chairman informed the members that Mr. Juan Gilberto Marin Quintero had prior to the meeting declared a personal conflict of interest of a financial nature, within the meaning of Article 523 of the Belgian Companies Code, in respect of the agenda item, which relates to the extention of the Long-Term Supply Agreement with Maquinsa as far as the supply of non-woven materials is concerned. In light of this conflict of interest Mr. Juan Gilberto Marin Quintero did not participate in the meeting. He will inform the Company's auditor of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code, and a copy of the relevant extract of these minutes will be included in the relevant annual report. The Chairman of the ARC reminded the Board that the long-term supply agreement was entered into originally at the closing of the acquisition of the Mexican business. The parties have been able to reach an agreement on the extention of that contract in relation to the supply of non-woven materials. The extention with two years (2019 and 2020) for an annual volume ranging between 6 and 10 mio €, was considered in the best interest of the Company as it secures the supply of specialties & commodities items not available easily outside Maquinsa at market-competitive pricing and other conditions and the renewal includes improved rebates. The provisions assuring market-competitive terms and periodic price revisions have been maintained. Upon discussion and deliberation the Board unanimously ratified the entry into of the contract extention."

6. RELATED PARTY TRANSACTIONS

During 2018, Ontex Group NV has not entered into transactions with related parties within the meaning of Article 524 of the Belgian Companies Code.

7. COMPLIANCE WITH THE 2009 BELGIAN CODE ON CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance and relies on the Corporate Governance Code as a reference code. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies must comply with the Corporate Governance Code but may deviate from those provisions which are not otherwise contained in the Belgian Companies Code, and provided they disclose the justification for any such deviations in their corporate governance statement included in the Annual Report in accordance with Article 96 §2, 2°, of the Belgian Companies Code.

The Company complies with all provisions of the Corporate Governance Code, except in respect of the following:

- The Company's Articles of Association allow the Company to deviate from all provisions of Article 520ter of the Belgian Companies Code and hence to grant shares, stock options and other share-based incentives vesting earlier than three years after their grant. However, the Company has not made use of such authorization and the LTIP, the LTIP 2014, LTIP 2015, LTIP 2016, LTIP 2017 as well as the LTIP 2018, as described within the Remuneration Report, provides for a vesting period of three years for the stock options and RSUs;

- The CEO and certain other members of the Management Committee are entitled, in certain circumstances, to severance pay which is higher than 12 or 18 months of remuneration if the Company decides to apply the non-competition clauses in their respective agreements to the fullest extent provided by such agreements (see chapter 8.8. of the Remuneration Report for a detailed description thereof). In accordance with Article 554, 4th indent, of the Belgian Companies Code, with respect to Charles Bouaziz and Artipa BVBA, with Thierry Navarre as its permanent representative, the annual shareholders' meeting of May 26, 2015 approved a severance payment exceeding 18 months, in certain circumstances. The Company deems such deviations from the Corporate Governance Code necessary to attract and retain competent executive directors and managers in the competitive environment in which the Company operates.

8. REMUNERATION REPORT

8.1. Remuneration policy and procedure for the Board of Directors

The remuneration of the Non-Executive members of the Board was amended by approval of the shareholders' meeting of May 25, 2016 as proposed by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee. It took into account the responsibilities and the commitment of the Board members to develop the Ontex Group and was intended to attract and retain individuals who have the necessary experience and competencies for this role.

Pursuant to this shareholders' resolution the following remuneration policy was approved:

- Non-Executive Board member retainer: € 60,000 paid out annually to each Non-Executive member of the Board of Directors, other than the Chairperson of the Board of Directors;
- Non-Executive Board member attendance fee: € 2,500 paid out to each Non-Executive member of the Board of Directors, other than the Chairperson of the Board of Directors, for each Board meeting attended;
- Board Chairperson retainer: € 120,000 paid out annually to the Chairperson of the Board of Directors;
- Board Chairperson attendance fee: € 5,000 paid out to the Chairperson of the Board of Directors for each Board meeting attended;
- Committee member attendance fee (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 2,500 paid out to each Non-Executive Committee member, other than the Chairperson of the relevant Committee, for each Committee meeting attended;
- Committee Chairperson retainer (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 10,000 paid out annually to the Chairperson of each Committee; and
- Committee Chairperson attendance fee (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 4,000 paid out to the Chairperson of each Committee for each Committee meeting attended in his or her capacity of Chairperson of such Committee.

These amounts are excluding any applicable VAT. In addition, Non-Executive Directors benefit from the D&O Policy.

The remuneration of the Executive Directors is described below under chapter 8.2 of this Corporate Governance Statement. None of the Executive Directors received any director fee.

Going forward, the remuneration policy will be reviewed on a regular basis by the Remuneration and Nomination Committee in line with prevailing market conditions for listed companies in Belgium and companies of similar size in an equivalent FMCG market.

2018 Non-Executive Director remuneration overview (by member)

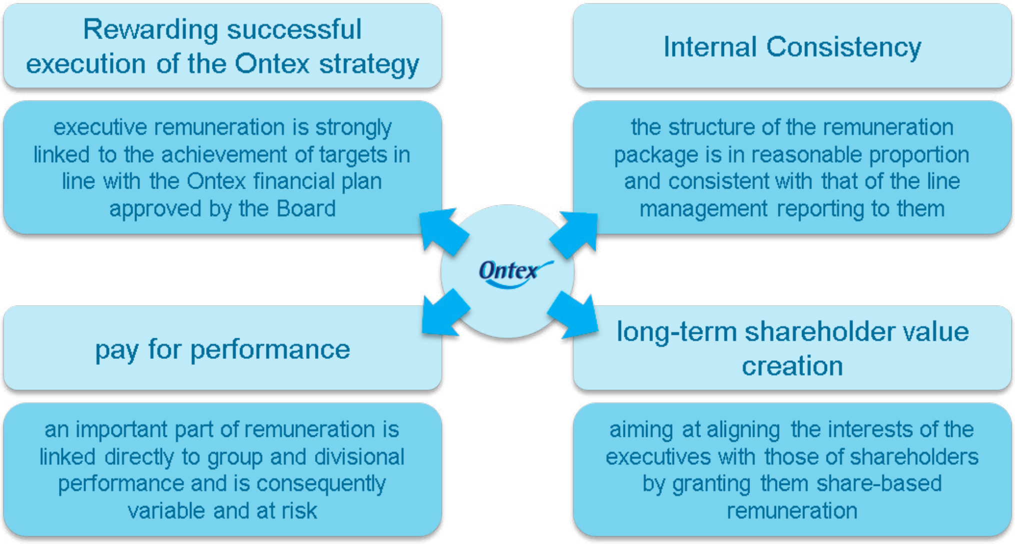
Name	Function	Paid Fee (in EUR)
Revalue BVBA, represented by Luc Missorten	Chairman of the Board, Independent Director	217,500.00
Inge Boets BVBA, represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	135,000.00
Tegacon Suisse GmbH, represented by Gunnar Johansson	Chairman of the Remuneration and Nomination Committee, Independent Director	128,500.00
Uwe Krüger[13]	Independent Director	95,000.00
Juan Gilberto Marin Quintero	Non-Executive Director	97,500.00
Regi Aalstad	Independent Director	100,000.00
Michael Bredael	Non-Executive Director	105,000.00

8.2. Remuneration policy and procedure for the Management Committee

The Company's remuneration policy for the Management Committee was developed in order to attract, motivate and retain talented executives, who have the necessary drive to deliver results towards our growth ambitions. The remuneration policy aims at creating a high performance culture to achieve long-term profitable growth. Growth is defined by financial growth, but also in terms of organizational transformation and people development. To achieve this goal, the Management Committee members are evaluated against business objectives and people development objectives.

13 As from 01/01/2018 the remuneration to which Uwe Krüger is entitled is not transferred to his account but the equivalent net-amount is being donated of 95.000,00 euro is being donated to African Parcs Organisation.

The structure of the executive remuneration package is based upon the following principles:



Base salaries for the members of the Management Committee are reviewed annually by the Remuneration and Nomination Committee. The salary adjustments, following approval by the Board, become effective as of January 1 each year. As part of this annual exercise, the Remuneration and Nomination Committee considers:

- the average salary increase in the country in which the executive is employed;
- the market positioning of the executive's compensation package;
- the different tenure and experience of each executive;
- changes in the scope and responsibility of the executive; and
- the executive's individual performance.

The target short-term variable remuneration ("bonus") of the members of the Management Committee is at least 50% of their fixed base salary. The target percentage is based on the level of each executive. An important part of the bonus is linked to the Group performance and the Divisional performance and achievement of the growth targets. Per June 30, 2014, the General Meeting of Shareholders has granted the Company the authority to deviate from the requirements in relation to variable remuneration included in Article 520ter of the Belgian Companies Code, as recorded in Article 30 of the Articles of Association and as further described under chapter 0 of this Corporate Governance Statement.

The composition of the bonus is as follows:

- a 70% (or 80% for the CEO) collective part determined by financial objectives that are required to achieve the Company's long-term plan and growth ambition. For the General Managers of Divisions, the 70% is split into 35% Group and 35% Divisional objectives. In 2018, the targets were revenue, EBITDA and operational free cash flow. These targets are decided by the Board. The payout of this part of the bonus is based on the achievements of the business targets. If the achievement is below 90% of the targets, no bonus is paid out. In addition, this part of the bonus is capped at a maximum of 150%.
- a 30% (or 20% for the CEO) individual part determined by the achievement of the individual business and people development objectives. Every member of the Management Committee agrees these objectives with the CEO and the Chairman of the Board at the start of the performance year. The objectives for the CEO are agreed with the Chairman of the Board. This part of the bonus is calculated based on the performance evaluation of each executive at the end of the year. The evaluation scores are recommended by the CEO and approved by the Board, upon recommendation of the Remuneration and Nomination Committee. The performance score for the CEO is recommended by the Chairman, upon consultation with the Remuneration and Nomination Committee and approved by the Board. The payout of this part of the bonus is also capped at 150%.

8.3. Fixed and short-term variable remuneration 2018 of the CEO

- Fixed base remuneration: 937,427 €;
- 2018 short-term variable remuneration (paid out in 2019): 656,199 €;
- Aggregate other elements of remuneration (medical insurances, car perks): 52,017 €.

There are no pension contributions or other elements of remuneration within the meaning of Article 96, §3, 6°, c) and d), of the Belgian Companies Code, except as specified within chapter 8.5., 8.6. and 8.7. of this Corporate Governance Statement.

The assessment of performance is based on audited results and the evaluation of the Board of the individual performance of the CEO. There is no deferral with respect to the variable remuneration or claw-back provision in case such variable remuneration would have been granted on the basis of inaccurate financial data. The remuneration increase from 2017 to 2018 is due to a 2.4% salary increase and a higher pay-out on the short-term variable remuneration.

8.4. Fixed and short-term variable remuneration 2018 for the members of the Management Committee (excluding the CEO)

- Aggregate fixed base remuneration: 4,743,935 €
- Aggregate 2018 short-term variable remuneration (paid out in 2019): 1,945,098 €.
- Aggregate pension entitlements (defined contribution plan structure) and life and disability insurance contributions: 567,085 €.
- Aggregate other elements of remuneration (medical insurance, company cars, etc): 274,598 €.

In addition, the members of the Management Committee benefit from the D&O Policy, described under chapter 8.6. of this Corporate Governance Statement.

The assessment of performance is based on audited results and the recommendation of the CEO with respect to his evaluation of the individual performance of the Management Committee members. There is no claw-back provision or deferral with respect to the variable remuneration in case such variable remuneration has been granted on the basis of inaccurate financial data. The figures are based on real remuneration paid, taking into account entry date in the Company. The increase from 2017 to 2018 is due to salary increases and a higher pay-out of the short-term variable remuneration.

8.5. 2018 Long Term Incentive Plan

Upon the recommendation of the Board, a new LTIP plan has been approved at the Annual General Shareholder meeting on May 25, 2018. The new LTIP has been approved for a 5-year period, starting in 2019. Under the new plan, performance shares will be introduced as a third equity-based instrument, alongside RSU's and stock options. The performance shares will vest after 3 years, depending on the achievement against performance targets. The performance measures and targets will be decided by the Board for each LTIP grant. For the 2019 grant, these performance measures will include top line sales, EBITDA and earnings per share.

In 2018 the Company implemented the LTIP 2018, which consists of a combination of stock options and RSUs.

A RSU is the right to receive from the Company one share in the Company per vested restricted stock unit, for no consideration. The RSUs vest not less than three years after the grant date.

A stock option gives the right to purchase from the Company one share in the Company per vested stock option, during a predetermined timeframe, by paying a predetermined exercise price. A stock option can only be exercised not less than three years after the grant date, in accordance with the principle set out in Article 520ter of the Belgian Companies Code.

The vesting of the stock options and RSUs is subject to certain conditions, such as the participant remaining in service until the vesting date. The evolution of the share price between grant and vesting or exercise has been considered to be the relevant performance indicator and the vesting of the LTIP 2018 award is thus not subject to specific performance conditions.

The number of RSUs and stock options granted to the members of the Management Committee in 2018 as well as the number of RSUs and stock options which vested in 2018 can be summarized as follows:

Name	# RSU's		Stock Options	
	Granted in 2018	Vested in 2018	Granted in 2018	Vested in 2018
Charles Bouaziz	14,921	6,884	75,114	28,661
Philippe Agostini	3,553	1,027	17,887	4,275
Özgür Akyildiz	3,908	1,502	19,676	6,251
Armando Amselem	4,607	0	23,193	0
Laurent Bonnard	3,516	1,026	17,701	4,271
Astrid De Lathauwer	3,862	962	19,441	4,007
Annick De Poorter	3,562	740	17,931	3,081
Martin Gärtner	2,719	782	13,688	3,257
Xavier Lambrecht	3,901	1,134	19,638	4,720
Thierry Navarre	7,643	2,455	38,475	10,219
Oriane Perreaux	2,688	726	13,533	3,021
Jacques Purnode	0	2,869	0	11,943
Mauricio Troncoso	4,762	2,627	23,974	0
Thierry Viale	2,757	993	13,879	4,135

8.6. D&O Policy

Ontex Group NV has entered into a Directors and officers insurance policy (the "D&O Policy") covering claims that would be made against any of the insured persons, subject to certain exceptions. Insured persons are, among others, natural persons who qualify as (i) a director or officer or (ii) an employee while acting in a managerial or supervisory capacity, of Ontex Group NV and/or of any of its subsidiaries.

8.7. Termination Provisions

Charles Bouaziz, Artipa BVBA (Thierry Navarre) and Cepholli BVBA (Jacques Purnode) may claim a termination indemnity in lieu of notice of up to 12 (3 for Cepholli BVBA) months' fixed remuneration plus bonus and a non-compete (and/or additional termination) indemnity of up to 12 months' fixed remuneration.

The other members of the Management Committee have different contractual termination provisions depending on their personal situation and (where applicable) employment location, whereby contractual termination compensation is however (contractually) capped within the limits of article 554 of the Belgian Company Code. The maximum total contractual non-compete provision combined with applicable contractual termination indemnit(y)(ies) is 18 months. Hence all contractual termination provisions, as set out below are fully in line with Belgian corporate governance regulations.

Name	Contractual Notice Entitlement	Contractual Non-Compete And/Or Additional Termination Indemnity
Astrid De Lathauwer, Laurent Bonnard, Marex BVBA (Xavier Lambrecht), Oriane Perreaux, Philippe Agostini, Thierry Viale, Mauricio Troncoso, Özgür Akyildiz	3 months	12 months
Annick De Poorter	3 months	15 months
Martin Gärtner	12 months	6 months
Armando Amselem	90 calendar days	9 months

Upon recommendation by the Remuneration and Nomination Committee the Board has approved a severance package for Mauricio Troncoso slightly in excess of 12 month's basic and variable remuneration. The Board believes such severance package is justified and acceptable, given the position occupied by Mr. Troncoso, the importance of a proper transition of his duties and the importance of protecting the interests of the company by enforcing the non-compete clause.

8.8. Information about the remuneration policy in the coming two years

In the context of the comprehensive review of the business that the Company is conducting, a performance related incentive scheme will be deployed.

9. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1. Introduction

The Ontex Group operates a risk management and control framework in accordance with the Belgian Companies Code and the Corporate Governance Code.

The Ontex Group is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the Board (including the Audit and Risk Committee), the Management Committee and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- Achievement of the Ontex Group objectives;
- Achieving operational excellence;
- Ensuring correct and timely financial reporting; and
- Compliance with all applicable laws and regulations.

9.2. Control Environment

9.2.1. Three lines of defense

The Ontex Group applies the “three lines of defense model” to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control. Within this model, the lines of defense to respond to risks are:

- First line of defense: line management is the first responsible for assessing risks on a day-to-day basis and implementing controls in response of these risks.
- Second line of defense: the oversight functions like Finance and Controlling, Quality, Compliance, Tax and Legal oversee and challenge risk management as executed by the first line of defense. The second line of defense actors provide guidance and direction and develop a risk management framework.
- Third line of defense: independent assurance providers like internal audit and external audit challenge the risk management processes as executed by the first and second line of defense.

9.2.2. Policies, procedures and processes

The Ontex Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different company-wide policies, procedures and processes such as the Ontex values, the Ontex Code of Ethics (and its related policies such as the anti-bribery, anti-money laundering and fair competition policies), the Quality Management System and the Delegation of Authorities ruleset. The Management Committee fully endorses these initiatives. The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

9.2.3. Group-wide ERP system

The main portion of the Group entities operate the same group-wide ERP systems which are managed centrally. These systems embed the roles and responsibilities defined at the Ontex Group level. Through these systems, the main flows are standardized and key controls are enforced. The systems also allow detailed monitoring of activities and direct access to data.

9.3. Risk management

Sound risk management starts with identifying and assessing the risks associated with the Company’s business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimize such risks, acknowledging that certain calculated risks are necessary to ensure that the Ontex Group achieves its objectives and continues to create value for its stakeholders.

All employees of the Ontex Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

The Ontex Group has identified and analyzed its key corporate risks as disclosed under the Strategic Report of this Annual Report. These corporate risks are communicated to the various levels of management.

9.4. Control activities

Control measures are in place to minimize the effect of risk on Ontex Group’s ability to achieve its objectives. These control activities are embedded in the Ontex Group’s key processes and systems to assure that the risk responses and the Ontex Group’s overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments.

In addition to these control activities, an insurance program is being implemented for selected risk categories that cannot be absorbed without material effect on the Company’s balance sheet.

9.5. Information and communication

The Ontex Group recognizes the importance of timely, complete and accurate communication and information both top-down as well as bottom-up. The Ontex Group therefore put several measures in place to assure amongst others:

- Security of confidential information;
- Clear communication about roles and responsibilities; and
- Timely communication to all stakeholders about external and internal changes impacting their areas of responsibility.

9.6. Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively.

The quality of the Ontex Group's risk management and control framework is assessed by the following actors:

- Internal Audit. The tasks and responsibilities assigned to Internal Audit are defined in the Internal Audit Charter, which has been approved by the Audit and Risk Committee. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it".
- External Audit. In the context of its review of the annual accounts, the statutory auditor focusses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the Audit and Risk Committee and shared with Internal Audit.
- Audit and Risk Committee. The Board and the Audit and Risk Committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the Audit and Risk Committee, see chapter 3.5 of this Corporate Governance Statement.

9.7. Risk management and internal control with regard to the process of financial reporting

The accurate and consistent application of accounting rules throughout the Ontex Group is assured by means of a Finance and Accounting Manual.

On a quarterly basis, a bottom-up risk analysis is conducted to identify risk factors. Action plans are defined for all key risks. Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accounting teams are responsible for producing the accounting figures, whereas the controlling teams check the validity of these figures. These checks include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities.

Uniform reporting of financial information throughout the Ontex Group ensures a consistent flow of information, which allows the detection of potential anomalies. The Group's ERP systems and management information tools allow the central controlling team direct access to disaggregated financial and non-financial information.

An external financial calendar is planned in consultation with the Board and the Management Committee, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Ontex stakeholders with the information necessary for making sound business decisions. The financial calendar can be consulted on http://www.ontexglobal.com/calendar

The table below sets out our principal risks and examples of relevant controls and mitigating factors.

The Company considers these to be the most significant risks faced by the Group that may impact the achievement of our strategic drivers as set out on page 12. They do not comprise all risks associated with our business and are not set out in priority order.

Risk	Description Risk	Main Potential Impact
Competitive Environment	All Divisions face competition from branded product manufacturers and retailer brand manufacturers. We also face competition from competing manufacturers in production innovation. Rapid time-to-market is key to our competitiveness.	The fact that we would fail to deliver our value proposition and/or to adapt to the customer's needs could affect our performance, and could entail price and volume pressure, loss of market share or margin erosion.
Reputation and Stakeholder Management	As a public company, Ontex has stakeholders with various needs, and Ontex is subject to high transparency standard and periodic reporting obligations. Ontex may be subject to adverse publicity.	Such adverse publicity may adversely impact our reputation, and indirectly our business and financial condition.
Product Quality and Safety	Our reputation as a business partner relies heavily on our ability to supply quality products.	In case of quality issues, this may lead to adverse effects to consumer health, loss of market share, financial costs and loss of turnover as well as putting the Company reputation at stake.
Intellectual Property	Although we are monitoring changes in intellectual property rights, we may inadvertently infringe intellectual property rights owned by others. Secondly, the Company may fail to register intellectual property rights in a timely manner.	As a potential consequence thereof, the Company may face legal claims or have to pay royalties which erode our profit margins.
Manufacturing and Logistics	Our ability to serve our customers depends on the operation of our 19 manufacturing sites. We may experience disruptions at our production facilities or in extreme cases, our production facilities may shut down.	Such temporary shortfalls in production could affect our on-time delivery record, which could in turn adversely affect our ability to acquire new customers and retain existing customers.
Sourcing and Supply Chain	We are dependent upon the availability of raw materials for the manufacture or our products. On average the main raw materials and packaging costs account for between 75% and 80% of our cost of sales. Our raw materials 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, general economic conditions, commodity price fluctuations and market demand.	The price volatility of the underlying commodities can affect the cost and availability of our products. We may not always succeed in passing on these costs to the customer/consumer through pricing.
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. 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.	In case we would not be able to realise the objectives of the acquisition, the integration may lead to additional unforeseen difficulties or liabilities, failure to deliver on financial goals and internal disruption.
Information Technology, Data Security and Cyber Attack	We are increasingly reliant on IT systems and information management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by malicious cyber-attack or technology failure.	A disruption of our IT systems could affect our sales, production and cash flows, ultimately impacting our results. Unauthorized access and misuse of sensitive information could interrupt our business and/or lead to loss of assets. It could also lead to negative reputational impact.
Legal and Regulatory	Ontex is subject to applicable laws and regulations in the global jurisdictions in which it operates.	Failure to comply with laws and regulations could expose us to civil and/or criminal actions, and changes to laws and regulations could have an impact on the cost of doing business.

Risk	Description Risk	Main Potential Impact
Economical and Political Instability	Ontex operates around the globe, and as a result is subject to risks associated with operating internationally. Recent and ongoing instability in some of the countries in which we operate may adversely affect our business, including but not limited to the Brexit.	Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts incurred in order to comply or adapt to such conditions and consequently have a material adverse effect on our business.
Recruitment and Retention	A skilled workforce and agile organization are essential for the continued success of our business. Failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete	In case of failure to recruit and retain adequately, this may result in a decline in business performance.
Financial	As detailed in section 7.4 of the financial statements, the Group's activities expose it to a variety of financial risks including currency risk, interest rate risk and liquidity risk as well as counterparty default.	These risks may have a material adverse effect on our business, financial condition and results of operations.
Occupational Health and Safety	As Ontex is operating around the globe, it may fail to provide for the personal safety of employees in production and other facilities and during travel to high-risk locations.	Reputational damage and difficulties in hiring people.
Climate Change	Climate change continues to be a focus for government legislators working within the sustainability agenda.	Climate change legislation (e.g. the introduction of a carbon tax) could result in making our products less affordable or less available resulting in reduced growth and profitability.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2018 AND 2017

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Ontex Group NV certifies in the name and on behalf of Ontex Group NV, that to the best of their knowledge,

- the consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the annual review presents a fair overview of the development and the results of the business and the position of Ontex Group NV and of the entities included in the consolidation, as well as a description of the principal risks and uncertainties facing them pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007

The amounts in this document are represented in millions of euros (€ million), unless noted otherwise.

Due to rounding, numbers presented throughout these Consolidated Financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ONTEX GROUP NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ontex Group NV (the "Company") and its subsidiaries (jointly "the Group", "Ontex"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This report forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 24 May 2017, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the consolidated accounts of Ontex Group NV for 5 consecutive years.

REPORT ON THE CONSOLIDATED ACCOUNTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 2,789.6 million and a profit for the year of EUR 97.0 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB for the years ending as from 31 December 2018, which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of goodwill and indefinite useful life intangible assets

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 1,165.2 million as detailed in disclosure 7.9. Under The International Financial Reporting Standards as endorsed by the EU ("IFRS's"), the Company is required to test the amount of goodwill and indefinite useful life intangible assets for impairment at least annually. We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin. We focused on the goodwill, intangible assets and property, plant and equipment of the Cash Generating Unit (further CGU) Americas because the headroom between the value in use of this CGU and its carrying value was significantly lower compared to the headroom in the other CGUs.

How our audit addressed the key audit matter

We challenged if the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flow for 2019 were consistent with the Board approved budgets, which were subject to timely oversight and challenge by the Directors. We have critically assessed the historical accuracy of management's estimates and evaluation of business plans by comparing the prior year's forecast with the company's actual performance. For the cash flows after 2019 we critically assessed and checked the assumptions related to the long term growth rates, by comparing them to industry forecasts and historical growth rates. We compared the weighted average cost of capital to the cost of capital and debt of the company and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We also assessed the adequacy of the disclosures (Note 7.9 and Note 7.4.3) in the financial statements.

Our results

From our sensitivity analysis, we found the likelihood of changes resulting in impairment losses to be unlikely.

2. Valuation of deferred taxes and valuation allowance on deferred tax assets related to tax losses carried forward

Description of the key audit matter

Ontex has recognised a deferred tax asset and deferred tax liability of respectively EUR 26.5 million and EUR 49.9 million. EUR 86.7 million deferred tax asset position was not recognised, as disclosed in Note 7.18. Ontex recognised in 2018 EUR 8.5 million deferred tax assets on previously unrecognised tax losses as disclosed in Note 7.26. The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

We challenged the assumptions made to assess the recoverability of deferred tax assets related to tax losses carried forward and the timing of the reversal of deferred tax positions. During our procedures, we used amongst others budgets, forecasts and tax laws and in addition we assessed the historical accuracy of management's assumptions. We involved tax specialists in our audit. An important management judgement was the period over which taxable profits can be reliably estimated and consequently, no deferred tax assets are recognised for tax losses used in any period beyond. We verified that the deferred tax position was calculated at the enacted tax rate for the year in which the deferred tax position is expected to reverse.

We also assessed the adequacy and completeness of the Company's disclosure included in Note 7.4.1, 7.18 and 7.26 in respect of deferred taxes.

Our results

We found management's judgements in respect of the Group's deferred tax positions to be consistent and in line with our expectations.

3. Accounting for accruals for sales incentives and purchase related incentives

Description of the key audit matter

Trade discounts and volume rebates related to both sales and purchases are subject to judgmental estimates and assessments of the impact of commercial negotiations which take place after year-end. The impact of commercial negotiations is material and hence of most significance for our audit. Ontex calculates an estimate of final incentives based on the information available until the financial statements are established. Incentives related to sales are reported as deduction of company's revenue. Purchase discounts are recorded as a deduction of the initial purchase.

How our audit addressed the key audit matter

We have agreed the discount percentages or lump sum payments to underlying customer and purchase agreements, we recalculated the accrual and challenged the estimated impact of commercial negotiations taking into account the results. We also performed back-testing on the accruals per 31 December 2017. We also reviewed credit notes and other adjustments to trade receivables and trade payables after 31 December 2018 as part of our work around subsequent events. Finally we have audited manual journal entries related to discounts in order to confirm that sufficient documentation and suitable attestations exist for these entries.

Our results

Our work did not identify findings that are significant for the financial statements as a whole.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors and the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors and with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the integrated annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 119, §2 of the Companies' Code is included in the directors' integrated annual report on the consolidated accounts. The Company has prepared the non-financial information based on the Global Reporting Initiative Standards and with reference to the Sustainable Development Goals. However, in accordance with article 148, §1, 5° of the Companies' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative Standards and with reference to the Sustainable Development Goals.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statements

- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Ghent, 29 March 2019

The statutory auditor
PwC Bedrijfsrevisoren CVBA
Represented by

Peter Opsomer
Registered Auditor

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on March 25, 2019.

1.2. BUSINESS ACTIVITIES

Ontex is a leading international provider of personal hygiene solutions, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in more than 110 countries through Ontex brands such as BBTips, BioBaby, Pompom, Bigfral, Canbebe, Canped, ID and Serenity, as well as leading retailer brands. Employing 11,000 passionate people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium. Ontex is part of the Bel20 and STOXX® Europe 600.

1.3. HISTORY OF THE GROUP

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, 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. Ontex 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, Ontex acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, Ontex 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 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan.

In June 2014, Ontex Group NV successfully listed its shares on the Euronext Brussels exchange and trades under the ticker 'ONTEX'.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened its new production plant in Ethiopia for the manufacturing of baby diapers that are specifically meeting the needs of African families.

In October 2018, Ontex opened a new production plant in Radomsko, Poland to support its Central European business.

1.4. LEGAL STATUS

Ontex Group NV is a limited-liability company incorporated as a "*naamloze vennootschap*" ("NV") under Belgian law with company registration number 0550.880.915. Ontex Group NV has its registered office at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium. The shares of Ontex Group NV are listed on the regulated market of Euronext Brussels.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	**Note**	**December 31, 2018**	**December 31, 2017**
Non-current Assets			
Goodwill	9	1,165.2	1,163.6
Intangible assets	9	51.8	50.6
Property, plant and equipment	10	599.9	578.3
Deferred tax assets	18	26.5	18.3
Non-current receivables	5.1	5.1	3.9
		1,848.5	**1,814.7**
Current Assets			
Inventories	11	365.9	327.2
Trade receivables	12	355.4	369.8
Prepaid expenses and other receivables	12	69.1	80.6
Current tax assets	18	12.5	7.1
Derivative financial assets	5.1	3.6	1.6
Cash and cash equivalents	13	130.6	118.5
Non-current assets held for sale	10	4.0	-
		941.1	**904.8**
TOTAL ASSETS		**2,789.6**	**2,719.5**

EQUITY AND LIABILITIES in € million	**Note**	**December 31, 2018**	**December 31, 2017**
Equity attributable to owners of the company			
Share capital & Premium	14	1,208.0	1,208.0
Treasury shares		(42.1)	(31.3)
Cumulative translation reserves		(189.7)	(158.9)
Retained earnings and other reserves		208.0	160.2
TOTAL EQUITY		**1,184.2**	**1,178.0**
Non-current liabilities			
Employee benefit liabilities	17	22.6	21.7
Provisions	20	-	0.4
Interest-bearing debts	16	786.6	772.0
Deferred tax liabilities	18	49.9	42.8
Other payables		0.3	0.2
		859.4	**837.1**
Current liabilities			
Interest-bearing debts	16	104.0	69.9
Derivative financial liabilities	5.1	6.7	4.2
Other current financial liabilities	19	-	20.8
Trade payables	19	501.0	473.3
Accrued expenses and other payables	19	31.8	32.8
Employee benefit liabilities	19	47.9	44.7
Current tax liabilities	18	46.0	50.9
Provisions	20	8.6	7.8
		746.0	**704.4**
TOTAL LIABILITIES		**1,605.4**	**1,541.5**
TOTAL EQUITY AND LIABILITIES		**2,789.6**	**2,719.5**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year	
		2018	2017 Restated[1]
Revenue	6	2,292.2	2,335.0
Cost of sales	24	(1,666.5)	(1,674.4)
Gross Margin		**625.7**	**660.6**
Distribution expenses	24	(208.7)	(213.1)
Sales and marketing expenses	24	(158.8)	(154.5)
General administrative expenses	24	(83.0)	(79.7)
Other operating income/(expenses), net	22-24	1.9	(0.5)
Income and expenses related to changes to Group structure	23	(15.5)	(4.4)
Income and expenses related to impairments and major litigations	23	(8.8)	(0.1)
Operating profit		**152.8**	**208.3**
Finance income	25	2.5	12.3
Finance costs	25	(29.9)	(48.3)
Net exchange differences relating to financing activities	25	(1.2)	(7.8)
Net finance cost		**(28.6)**	**(43.8)**
Profit before income tax		124.2	**164.5**
Income tax expense	26	(27.2)	(36.1)
Profit for the period from continuing operations		**97.0**	**128.4**
Profit for the period		**97.0**	**128.4**
Profit attributable to:			
Owners of the parent		97.0	128.4
Non-controlling interests		-	-
Profit for the period		**97.0**	**128.4**

Earnings per share:

in €	Note	Full Year	
		2018	2017
Basic earnings per share	15	1.20	1.61
Diluted earnings per share	15	1.20	1.61
Adjusted basic earnings per share	15	1.35	1.65
Adjusted diluted earnings per share	15	1.35	1.64
Weighted average number of ordinary shares outstanding during the period		81,020,929	79,661,317

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

[1] Following the implementation of IFRS 15 – *Revenue from contracts with Customers* as from January 2018, prior year figures have been re-stated to ensure comparability. For more details, we refer to note 7.1.2.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year	
		2018	2017
Profit for the period		**97.0**	**128.4**
Other comprehensive income / (loss) for the period, after tax:			
Items that will not be reclassified subsequently to income statement			
Remeasurements of defined benefit plans	17	0.3	1.0
Items that will be reclassified subsequently to income statement			
Exchange differences on translating foreign operations		(30.8)	(116.4)
Cash flow hedge		(3.1)	(0.4)
Other		-	(0.2)
Other comprehensive income / (loss) for the period, net of tax		**(33.6)**	**(116.0)**
Total comprehensive income for the period		**63.4**	**12.4**
Total comprehensive income attributable to:			
Owners of the parent		63.4	12.4
Total comprehensive income for the period		**63.4**	**12.4**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31

in € million	Attributable to equity holders of the Company						
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2017	**82,347,218**	**795.2**	**412.8**	**(31.3)**	**(158.9)**	**160.2**	**1,178.0**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	1.2	-	2.4	3.6
Dividends	-	-	-	-	-	(48.8)	(48.8)
Treasury Shares	-	-	-	(12.0)	-	-	(12.0)
Total transactions with owners 2018	**-**	**-**	**-**	**(10.8)**	**-**	**(46.4)**	**(57.2)**
Comprehensive income:							
Profit for the period	**-**	-	-	-	-	97.0	**97.0**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	(30.8)	-	(30.8)
Remeasurements of defined benefit plans	-	-	-	-	-	0.3	0.3
Cash flow hedges	-	-	-	-	-	(3.1)	(3.1)
Total other comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(30.8)**	**(2.8)**	**(33.6)**
Balance at December 31, 2018	**82,347,218**	**795.2**	**412.8**	**(42.1)**	**(189.7)**	**208.0**	**1,184.2**

in € million	Attributable to equity holders of the Company						
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2016	**74,861,108**	**722.0**	**266.8**	**(22.3)**	**(42.5)**	**75.1**	**999.1**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.7	1.7
Dividends	-	-	-	-	-	(44.8)	(44.8)
Treasury Shares	-	-	-	(9.0)	-	(0.6)	(9.6)
Issuance expenses new shares	-	(1.7)	-	-	-	-	(1.7)
Capital increase	7,486,110	74.9	146.0	-	-	-	220.9
Total transactions with owners 2017	**7,486,110**	**73.2**	**146.0**	**(9.0)**	**-**	**(43.7)**	**166.5**
Comprehensive income:							
Profit for the period	-	**-**	**-**	**-**	**-**	**128.4**	**128.4**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	(116.4)	-	(116.4)
Remeasurements of defined benefit plans	-	-	-	-	-	1.0	1.0
Cash flow hedges	-	-	-	-	-	(0.4)	(0.4)
Other movements	-	-	-	-	-	(0.2)	(0.2)
Total other comprehensive income / (loss)	-	**-**	**-**	**-**	**(116.4)**	**0.4**	**(116.0)**
Balance at December 31, 2017	**82,347,218**	**795.2**	**412.8**	**(31.3)**	**(158.9)**	**160.2**	**1,178.0**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2018, is as follows:

Shareholder	December 31, 2018	%[1]
Groupe Bruxelles Lambert (GBL)	16,454,453	19.98%
Janus Capital Management LLC	3,424,055	4.75%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Black Creek Investment Management Inc.	2,493,603	3.03%
AXA Investment Managers SA	2,053,236	3.02%

[1]At the time of the transparency declaration

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

6. CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year 2018	Full Year 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**97.0**	**128.4**
Adjustments for:			
Income tax expense		27.2	36.1
Depreciation and amortization		56.9	53.7
(Profit) / loss on disposal of property, plant and equipment		7.1	0.3
Provisions (including employee benefit liabilities)		5.3	(0.2)
(Gain) / loss on earn-out liabilities		(4.9)	(7.8)
Net finance cost		28.6	43.8
Changes in working capital:			
Inventories		(39.9)	(8.3)
Trade and other receivables and prepaid expenses		24.5	(56.4)
Trade and other payables and accrued expenses		4.4	26.1
Employee benefit liabilities		2.6	(1.5)
Cash from operating activities before taxes		**208.8**	**214.2**
Income taxes paid		(39.1)	(44.9)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**169.7**	**169.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(103.8)	(111.9)
Proceeds from disposal of property, plant and equipment and intangible assets		2.6	(0.6)
Payment for acquisition of subsidiary, net of cash acquired	8	(16.5)	(297.6)
Commitments from business combinations		(0.3)	(7.1)
NET CASH USED IN INVESTING ACTIVITIES		**(118.0)**	**(417.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	16	58.6	1,108.2
Borrowing expenses paid	16	-	(3.9)
Repayment of borrowings	16	(25.4)	(1,087.7)
Interests paid	25	(21.8)	(28.3)
Interests received	25	2.5	3.3
Cost of refinancing & Other costs of financing		(3.0)	(10.7)
Realized foreign exchange (losses)/gains on financing activities		(0.5)	0.7
Derivative financial assets		(1.2)	(2.4)
Dividends paid		(48.8)	(44.8)
Capital increase (net of issuance expenses new shares)		-	219.2
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**(39.6)**	**153.6**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**12.1**	**(94.3)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**118.5**	**212.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**130.6**	**118.5**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1.1. Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2018 to December 31, 2018 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2017 of Ontex Group NV, except for the introduction of the new requirements applied to revenue as a result of the application of IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial Instruments* (see below). The accounting policies have been consistently applied to all the periods presented.

7.1.2. Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2018 have been prepared 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, 2018. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2018, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments for which fair value is used (such as derivative instruments).

These financial statements are prepared on an accrual 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 7.4.

IFRS accounting standards to be adopted as from 2018 and onwards

The following relevant new standards and amendments to existing standards have been published and are mandatory for the first time for the financial periods beginning on or after January 1, 2018:

IFRS 9 *Financial instruments*: IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and brings together the following aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 changes the classification and measurement of financial assets and includes a new model for assessing the impairment of the financial assets based on expected credit losses. Most of the basics of hedge accounting do not change as a result of IFRS 9. However, hedge accounting can be applied to a larger number of risk exposures than before and hedge accounting principles have been harmonized with those used in risk management.

IFRS 15 *Revenue from Contracts with Customers*: IFRS 15 supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize for all contracts with customers, except for revenue from leases, financial instruments and insurance contracts. The timing of the revenue recognition can take place over time or at a point in time, depending on the transfer of control. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalized or expensed when incurred. Furthermore, the new disclosures included in IFRS 15 are more detailed than those applicable under IAS 18.

Improvements to IFRS (2014-2016): This set of amendments impacts: IFRS 1 *First-time adoption of IFRS*, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10; and IAS 28 *Investments in Associates and Joint Ventures* regarding measuring an associate or joint venture at fair value.

Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*: The amendment clarifies the measurement basis for cash-settled payments and the accounting for modifications that change an award from cash settled to equity settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay the amount to the tax authorities.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*: This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

The above-mentioned standards did not have an impact on the financial statements, except for IFRS 15.

The impact of the changes in accounting policies due to the application of IFRS 15 on the consolidated income statement for the year ended December 31, 2017 is presented below. As a result of the application of the revised accounting policies due to the application of IFRS 15 on a full retrospective basis, reclassifications were done in the consolidated income statement for the year ended December 31, 2017 relating to fees paid to customers and agents for distinct services from net sales to distribution expenses and sales and marketing expenses for respectively € 12.2 million and € 8.2 million:

in € million	2017 As reported	IFRS 15 Restatement	2017 Restated
Mature Market Retail	901.7	(0.9)	900.7
Growth Markets	193.1	(0.8)	192.3
Healthcare	433.4	-	433.4
MENA	189.8	(5.3)	184.5
Americas Retail	637.5	(13.4)	624.1
Ontex Group Revenues	**2,355.4**	**(20.4)**	**2,335.0**
Cost of sales	(1,674.4)	-	(1,674.4)
Gross Margin	**681.0**	**(20.4)**	**660.6**
Distribution expenses	(225.3)	12.2	(213.1)
Sales and marketing expenses	(162.7)	8.2	(154.5)
General administrative expenses	(79.7)	-	(79.7)
Other operating income/(expenses), net	(0.5)	-	(0.5)
Income and expenses related to changes to Group structure	(4.4)	-	(4.4)
Income and expenses related to impairments and major litigations	(0.1)	-	(0.1)
Operating profit	**208.3**	**-**	**208.3**

Relevant IFRS accounting pronouncements to be adopted as from 2019 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2019 and have not been early adopted. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below.

IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases* and related interpretations. For lessees, IFRS 16 requires most leases to be recognized on-balance (under a single model), eliminating the distinction between operating and finance leases. In accordance with the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases. The standard increases interest-bearing liabilities and non-current assets (new class "Right-of-use assets") in the consolidated financial statements of the Ontex Group. In addition, the rental expenses recognized in profit or loss will decrease and depreciation and amortization as well as interest expenses will increase. As a result of these impacts, EBITDA will be impacted significantly. However, operating result and net result (profit of the period) will only be impacted to a limited extent.

IFRS 16 is effective for the reporting periods beginning on January 1, 2019. The Ontex Group applies the new guidelines for lease accounting retrospectively with the cumulative effect of initially applying the standard recognized on January 1, 2019 (modified retrospective approach) in accordance with the transition requirements of IFRS 16. The comparative statements will not be restated. Upon transition, the Group uses following practical expedients authorized by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease;
- Not reassessing whether a contract is, or contains, a lease at the date of initial application, for contracts entered into before January 1, 2019.

Furthermore, the Group will use the exemptions not to apply the recognition requirements of the standard for short-term leases and low-value assets.

Upon transition, the Group measures the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The related right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position per December 31, 2018.

At transition date, the right-of-use assets will mainly comprise offices, plants, machinery and vehicles. Based on the preliminary analysis conducted at closing 2018, the right-of-use assets and the lease liabilities amount to € 147.2 million.

If IFRS 16 had been applied as from January 1st, 2018, the EBITDA would have been between € 28.0 and € 30.0 million higher.

Other relevant standards and interpretations

The following new relevant standards, amendments to standards and annual improvement cycles have been issued, but are not mandatory for the first time for the financial periods beginning January 1, 2018 and are expected not to have a significant impact on the Ontex' consolidated financial statements:

Amendments to IFRS 3 *Definition of a Business* (effective January 1, 2020, but not yet endorsed in EU): The amendments aim to assist companies to determine whether it has acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 *Definition of Material* (effective January 1, 2020, but not yet endorsed in EU): The amendments clarify the definition of "material" and to align the definition used in the Conceptual Framework and the standards.

Amendments to IAS 19 *Employee Benefits* (effective January 1, 2019, but not yet endorsed in EU): The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

Annual improvements 2015-2017 (effective January 1, 2019, but not yet endorsed in EU): The Improvements contain amendments to four standards as a result of the IASB's annual improvements project. Amendments to IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements* clarify the definition of a business and the accounting for previously held interests. The amendment to IAS 12 'Income Taxes' clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises and finally, the amendment to IAS 23 *Borrowing Costs* clarify the accounting for specific borrowings which remain outstanding after the related asset is ready for its intended use or sale.

IFRIC 23 *Uncertainty over Income Tax Treatments* (effective January 1, 2019): This Interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Group has performed an assessment of its uncertain tax positions and the application of IFRIC 23 is not anticipated to have a significant impact on the future consolidated financial statements. The Group applies these new guidelines retrospectively with the cumulative effect of initially applying the interpretation recognized on January 1, 2019 (modified retrospective approach) in accordance with the transition requirements of IFRIC 23.

7.1.3. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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 acquisition 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. Acquisitionrelated 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 recognizes 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 recognized 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 recognized 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 recognized 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 recognized 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 associates is included in "investments in associates" and is tested for impairment as part of the overall balance. Separately recognized 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 recognized in the statement of financial position is allocated to five Cash Generating Units (CGUs). These CGUs are Mature Market Retail, Growth Markets, Healthcare, Middle East North Africa (MENA) and Americas Retail. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. This is in line with the centralized 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 recognized 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 "Net Finance cost". All other foreign exchange gains and losses are presented in the income statement within "Other operating income/(expenses), 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 monthly 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 recognized in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

Currency	December 31, 2018		December 31, 2017	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.6220	1.5798	1.5346	1.4729
BRL	4.4440	4.3089	3.9729	3.6085
CZK	25.7240	25.6440	25.5350	26.3277
GBP	0.8945	0.8847	0.8872	0.8761
MXN	22.4921	22.7141	23.6612	21.3261
PLN	4.3014	4.2605	4.1770	4.2562
RUB	79.7153	74.0385	69.3920	65.8859
TRY	6.0588	5.6968	4.5464	4.1214
USD	1.1450	1.1814	1.1993	1.1293

7.1.6. Intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, ie 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 assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects and product/process development projects.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use
- management intends to complete the project and use or sell it
- there is an ability to use or sell the project
- it can be demonstrated how the project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the project are available, and
- the expenditure attributable to the project during its development can be reliably measured.

The Group's systems allow a reliable measure of expenses directly attributable to the different IT and product/process development projects.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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 capitalized as part of the cost of the asset.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	
Brands	20 years
IT implementation costs	5 years
Capitalized development costs	3 to 5 years
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortization 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 capitalized 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:

Property, plant and equipment	
Land	N/A
Land improvements and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Funriture 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 capitalized 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 recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized 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 amortization, but are tested annually for impairment.

Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may 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.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

7.1.10. Inventories

Inventories are stated at the lower of cost and net realizable 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 labor, and also the indirect production costs (production overheads based on normal operating capacity). Net realizable 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

Ontex Group's core activity is the sale of goods. As such, the Group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Following delivery to distributors, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Next to the sale of goods, distinct services – mainly customer training or customer assistance services – are rendered predominantly over the period that the corresponding goods are sold to the customer. Transportation (shipping) is not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7.1.12. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized 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 amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. For trade receivables, the group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement within 'sales and marketing expenses'.

Trade receivables are no longer recognized 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.

The Group derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than in its entirety (eg 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized 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 unfavorable 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 recognized 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 'Employee benefit 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 recognized 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 recognized 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized 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 recognized 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 an equity settled share-based compensation plan, consisting of stock options (hereafter ‘options’) and restricted stock units (‘RSU’). For grants of options and RSU’s, the fair value of the employee services received is measured by reference to the fair value of the shares or options granted on the date of the grant. The Group recognizes the fair value of the services received in exchange for the grant of the options as an expense and a corresponding increase in equity on a straight-line basis over the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the share price at date of grant of the option, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are considered by adjusting the number of shares or options included in the measurement of the cost of employee services so that ultimately the amount recognized in the income statement reflects the number of vested shares or options.

At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable and recognizes the impact of revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

7.1.18. Provisions

Provisions are recognized 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 recognized as finance cost.

If the Group has an onerous contract, it will be recognized as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized 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. In line with paragraph 46 of IAS 12 *Income taxes*, 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. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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 recognized 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 recognized 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 and
- deferred tax is recognized 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 recognized for taxable temporary differences.

Deferred tax assets are generally recognized for tax losses and tax attributes to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. 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 (including borrowings and trade and other payables) are classified as at amortized cost, except for derivative instruments (see 7.1.21 below).

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 amortized 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.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

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-recognized from trade payables.

7.1.21. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks and equity price risks associated with share-based payments, including foreign exchange forward contracts, commodity hedging contracts and interest rate CAP's and SWAP's and a total return swap.

Derivatives are accounted for in accordance with IFRS 9. Derivatives are initially recognized 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 recognized 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 7.4 Financial Instruments and 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 recognizes 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 Net finance cost 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 recognized amounts and there is an intention to settle on a net basis or realize 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 and commodities, 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 recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other operating income/(expense)' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized 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 recognized 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 recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized 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 Directors, reviews 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.

7.2. ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (non-GAAP) are used in the financial communication of the Group since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

7.2.1. Non-recurring income and expenses

Items classified under the heading non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the "normal" performance of the Company due to their size or nature. The non-recurring income and expenses relate to:

- acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- business restructuring costs, including costs relate to the liquidation of subsidiaries and the closure, opening or relocations of factories and
- impairment of assets.

Non-recurring income and expenses of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement and can be reconciled in note 7.23:

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

7.2.2. EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses.

EBITDA and Adjusted EBITDA reconciliation of the Group for the years ended December 31 are as follows:

In € million	Full Year	
	2018	2017
Operating Profit	**152.8**	**208.3**
Depreciation and amortization	56.9	53.7
EBITDA	**209.7**	**262.0**
Non-recurring income and expenses	24.3	4.4
Adjusted EBITDA	**234.0**	**266.4**

7.2.3. Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.

LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM).

Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are presented in note 7.4 'Capital Management'.

7.2.4. Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as Adjusted EBITDA less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less change in working capital, less income taxes paid.

Adjusted Free Cash Flow of the Group for the years ended December 31 is as follows:

in € million	Full Year	
	2018	2017
Operating profit	**152.8**	**208.3**
Depreciation and Amortization	56.9	53.7
EBITDA	**209.7**	**262.0**
Non-recurring income and expenses	24.3	4.4
Adjusted EBITDA	**234.0**	**266.4**
Change in Working Capital		
Inventories	(39.9)	(8.3)
Trade and other receivables and prepaid expenses	24.5	(56.4)
Trade and other payables and accrued expenses	4.3	26.1
Capex	(103.8)	(111.9)
Adjusted Free Cash Flow (pre-tax)	**119.1**	**115.9**
Income taxes paid	(39.1)	(44.9)
Adjusted Free Cash Flow (post-tax)	**80.0**	**71.0**

7.2.5. Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings are defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.

Adjusted Basic Earnings per Share for the years ended December 31 are presented in note 7.15 'Earnings per share'.

7.2.6. Working Capital

The components of our working capital are inventories, trade receivables and prepaid expenses and other receivables plus trade payables and accrued expenses and other payables.

7.2.7. Alternative Performance Measures included in the Press releases and other Regulated information

Pro-forma revenue at constant currency

Pro-forma revenue at constant currency is defined as revenue for the 12 months period ending on the reporting date at prior year foreign exchange rates and inclusive of impact of mergers and acquisitions.

Like-for-Like (LFL) revenue

Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A.

Adjusted profit for the period

Adjusted profit is defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent.

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

7.3. 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 December 31 are as follows:

in € million	December 31, 2018	December 31, 2017
Non-current interest-bearing debts	786.6	772.0
Current interest-bearing debts	104.0	69.9
Other current financial liabilities	-	20.8
Cash and cash equivalents	(130.6)	(118.5)
Total net debt position	**760.0**	**744.2**
LTM Adjusted EBITDA	234.0	266.4
Net financial debt/LTM Adjusted EBITDA ratio	**3.25**	**2.79**

7.4. 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.

7.4.1. Income taxes

The Group has tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, Brazil, France and Spain, amounting to € 378.4 million at December 31, 2018 (€ 401.9 million at December 31, 2017).

As mentioned in the 2017 consolidated financial statements, the European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BVBA, had an EPR covering the years 2011-2015. Ontex has lodged an appeal against this EC decision. The General Court has handed down its judgment on February 14, 2019 in the joint case of Belgium vs Commission and Magnetrol International vs Commission. The General Court has annulled the Commission's Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. Further to the General Court's decision, the excess profit regime is at this moment considered valid, the Belgian government was allowed to grant the different EPRs and Ontex BVBA was entitled to apply the ruling it was granted in the years 2011-2015. An appeal may be brought by the European Commission before the Court of Justice against the decision of the General Court within two months of notification of the judgment.

Ontex had fully taken into account the impact of the Commission's Decision in its tax position. Since the outcome is not yet final, Ontex will await the decision of the European Commission whether or not to appeal the General's Court judgment and will not release the relevant provisions at this stage. In case of appeal, it is expected that it will take some time before the European Court of Justice would make a decision on the appeal and the final outcome will not be known until that moment.

The Group has only recognized deferred tax assets on € 76.5 million of tax losses and other tax incentives out of the € 378.4 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

7.4.2. Business combinations

For business combinations, the Group must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Group must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the indefinite or finite useful lives of other intangible assets acquired requires significant judgments and will have an impact on the Group's profit or loss.

7.4.3. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 7.1.4 “Goodwill”. The outcome of these goodwill impairment tests in 2018 did not result in an impairment loss (2017: nil).

The recoverable amounts of cash-generating units (‘CGUs’) have been determined based on value-in-use calculations. These calculations require the use of estimatesand assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex’ financial budgets and strategic plans, as well as discount rates. For more details on the impairment test performed, we refer to note 7.9 ‘Goodwill and intangible assets’. The discount rates used are summarised here below:

in € million	Full Year	
	2018	2017
Pre-tax discount rate		
Mature Market Retail	7.1%	6.6%
Growth Markets	12.7%	11.2%
Healthcare	6.7%	6.0%
Middle East North Africa	11.7%	13.8%
Americas Retail	9.5%	10.5%

A sensitivity analysis indicates that the recoverable amount of Mature Market Retail, Growth Markets, Healthcare, Middle East North Africa and Americas Retail would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 12.7%, 23.2%, 19.1%, 18.4% and 10.7%, respectively and all other variables kept constant.

As indicated in note 7.9, cash flows beyond the three-year period are extrapolated using an estimated growth rate of 1.0% for Mature Market Retail, 2.0% for Growth Markets, 2.0% for Healthcare, 3.0% for MENA and 3.6% for Americas Retail. 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 five CGUs are currently operating. Should the growth rate for any of the CGUs decrease by 40%, no impairment would need to be recognized.

Should the estimated operating margins decrease by 10%, no impairment would be recognized.

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.

7.4.4. 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 and IAS 38.

7.4.5. 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.

7.4.6. 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, ie 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 should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

7.4.7. Revenue recognition

For the accrual for volume discounts (to customers and from suppliers) important judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted

7.5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.5.1. Overview of financial instruments

The table below summarizes all financial instruments by category in accordance with IFRS 9 and discloses the fair values of each instrument and the fair value hierarchy:

in € million	December 31, 2018			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		5.1	5.1	Level 2
Trade receivables		355.4	355.4	Level 2
Other receivables		69.1	69.1	Level 2
Derivative financial assets	3.6		3.6	
Cross-currency interest rate swap	*1.4*		*1.4*	Level 2
Forward foreign exchange contracts	*2.0*		*2.0*	Level 2
Commodity hedging contracts	*0.2*		*0.2*	Level 2
Cash and cash equivalents		130.6	130.6	Level 2
Total Financial Assets	**3.6**	**560.2**	**563.8**	
Interest-bearing debts - non-current		786.6	798.8	
Syndicated Term Loan A > 1 year		*587.8*	*600.0*	Level 2
Term Loan > 1 year		*150.0*	*150.0*	Level 2
Total return swap		*33.0*	*33.0*	Level 2
Financial lease & other liabilities		*15.8*	*15.8*	Level 2
Derivative financial liabilities	6.7		6.7	
Interest rate swap	*5.3*		*5.3*	Level 2
Cross-currency interest rate swap	*0.9*		*0.9*	Level 2
Forward foreign exchange contracts	*0.2*		*0.2*	Level 2
Commodity hedging contracts	*0.2*		*0.2*	Level 2
Other payables - non-current		0.3	0.3	Level 2
Interest-bearing debts - current		104.0	104.0	
Revolver credit loan		*82.4*	*82.4*	Level 2
Accrued interests - Other		*1.2*	*1.2*	Level 2
Financial lease & other liabilities		*20.4*	*20.4*	Level 2
Trade payables		501.0	501.0	Level 2
Other payables - current		31.8	31.8	Level 2
Total Financial Liabilities	**6.7**	**1,423.7**	**1,442.6**	

in € million	December 31, 2017			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		3.9	3.9	Level 2
Trade receivables		369.8	369.8	Level 2
Other receivables		56.4	56.4	Level 2
Derivative financial assets	1.6		1.6	
Forward foreign exchange contracts	*1.6*		*1.6*	Level 2
Cash and cash equivalents		118.5	*118.5*	Level 2
Total Financial Assets	**1.6**	**548.6**	**551.7**	
Interest-bearing debts - non-current		772.0	787.3	
Facility A Loan 2017 > 1 year		*584.7*	*600.0*	Level 2
Facility BNP Paribas Fortis > 1 year		*150.0*	*150.0*	Level 2
Total return swap		*25.6*	*25.6*	Level 2
Financial lease & other liabilities		*11.7*	*11.7*	Level 2
Derivative financial liabilities	4.2		4.2	
Interest rate swap	*1.2*		*1.2*	Level 2
Forward foreign exchange contracts	*2.9*		*2.9*	Level 2
Other payables - non-current		0.2	0.2	Level 2
Interest-bearing debts - current		69.9	69.9	
Accrued interests - Other		*1.0*	*1.0*	Level 2
Revolver credit loan		*30.0*	*30.0*	Level 2
Financial lease & other liabilities		*38.9*	*38.9*	Level 2
Other current financial liabilities		20.8	20.8	Level 3
Trade payables		473.3	473.3	Level 2
Other payables - current		12.5	12.5	Level 2
Total Financial Liabilities	**4.2**	**1,348.8**	**1,368.3**	

In the context of the Group's financial risk management, the Group uses derivative instruments to cover specific risks, such as foreign currency exposure, interest rate exposure and commodity price exposure. The following table presents an overview of the derivative instruments outstanding at reporting date:

in € million	Fair value		Nominal amounts	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Derivative financial assets	**3.6**	**1.6**		
Cross-currency interest rate swap	*1.4*	-	*20.0*	-
Forward foreign exchange contracts	*2.0*	*1.6*	*105.4*	*54.0*
Commodity hedging contracts	*0.2*	-	*1.8*	-
Derivative financial liabilities	**6.7**	**4.2**		
Interest rate swap	*5.3*	*1.2*	*767.4*	*785.0*
Cross-currency interest rate swap	*0.9*	-	*32.4*	-
Forward foreign exchange contracts	*0.2*	*2.9*	*30.1*	*83.8*
Commodity hedging contracts	*0.2*	*0.0*	*2.9*	*2.1*

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes 7.5.3 to 7.5.5).

The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is exceeding 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The fair value of the derivatives 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 (recognized 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 (ie as prices) or indirectly (ie 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 December 31, 2018 (nor 2017).

The counterparties of the outstanding derivative instruments have an A-credit rating.

7.5.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since last year-end or in any risk management policies.

7.5.3. 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 Turkish lira (TRY), the Polish zloty (PLN), the Australian dollar (AUD), the Mexican peso (MXN), the Brazilian real (BRL) and Russian ruble (RUB) in relation to sales, and the US dollar (USD), the Czech koruna (CZK), the Mexican peso (MXN) and the Brazilian real (BRL) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Turkish lira (TRY), Algerian dinar (DZD), Russian ruble (RUB), Czech koruna (CZK), Australian dollar (AUD) Pakistani rupee (PKR), Mexican peso (MXN) and Brazilian real (BRL) due to their net investments in foreign operations.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in € million	Assets		Liabilities	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
EUR	1,976.1	1,706.7	2,711.9	2,345.6
BRL	70.3	147.6	45.3	150.4
USD	83.1	52.1	144.9	112.9
MXN	43.2	51.0	59.8	75.7
PLN	95.1	46.9	47.9	0.3
DZD	21.3	22.7	1.0	5.4
RUB	21.1	19.5	2.3	1.2
GBP	43.1	18.6	27.2	1.7
TRY	16.4	17.6	9.3	8.6
AUD	29.0	16.6	15.4	3.6

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 Directors. The strategy regarding FX hedges was maintained.

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 hedgerelated transactions, the impact of the revaluation is recognized in other comprehensive income.

The Group has entered into foreign exchange forward contracts at the beginning of each quarter in 2018 maturing at the latest in September 2019 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2018 and 2019. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until September 30, 2019: for British pound (GBP) 32.5 million, for Polish zloty (PLN) 75.8 million, for Australian dollar (AUD) 22.1 million, for Czech crown (CZK) 176.0 million, for US dollar (USD) 56.2 million versus EUR, US dollar (USD) 14.0 million versus Mexican peso (MXN) and US dollar (USD) 1.4 million versus Brazilian real (BRL).

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts. At inception, these instruments were designated as cash flow hedges. At the moment the forecast transactions materialise, the foreign exchange forward contracts become fair value hedges. As the terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions, there is no hedge ineffectiveness to be recognized in the statement of profit or loss.

As of December 31, 2018, an unrealized gain of € 1.6 million (US dollar, Britisch pound,) and an unrealized loss of € 0.4 million (Australian dollar, Czech koruna) have been recognized in other comprehensive income

As of December 31, 2018, the fair value of the derivative financial asset for the foreign exchange contracts amounted to € 2.1 million (2017: € 1.6 million) and of the derivative financial liability amounted to € 0.4 million (2017: € 3.0 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.

in € million	10% weakening of the EUR			10% strengthening of the EUR		
	2018		2017	2018		2017
	Impact on P&L	Impact on Equity		Impact on P&L	Impact on equity	
AUD	(0.3)	(1.2)	(1.4)	0.3	1.0	1.2
GBP	(0.8)	(3.3)	(2.6)	0.7	2.7	2.1
PLN	3.1	-	-	(2.5)	-	-
USD	(5.0)	2.8	3.2	4.1	(2.3)	(2.6)

7.5.4. 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 swaps and cross-currency interest rate swaps to manage these risks.

Considering that the floating rate borrowings (EURIBOR + margin) are hedged through interest rate swaps, the interest expense recognized in the consolidated income statement is not subject to interest rate volatility and therefore no sensitivity analysis has been prepared.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31, 2018, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively € 1.1 million higher / € 1.0 million lower. At December 31, 2017, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively € 1.7 million higher / € 1.6 million lower.

Floating Rate Syndicated Term Loan A of € 600 million due 2022 is carrying an interest of EURIBOR 3 month + margin of 1.50%. Floating Rate Syndicated Term Loan B of € 82.4 million due 2022 is carrying an interest of EURIBOR 3 month + margin of 1.30%. Floating Rate Term Loan of € 150 million due 2024 is carrying an interest of EURIBOR 3 month + margin of 1.40%. The notional principal amounts of the outstanding fixed payer interest rate swap and cross-currency interest rate swap contracts at December 31, 2018 are € 787.4 million as per below table:

Duration	Fixed interest rate %	Amount in € million
1 Year	0.6650%	100.0
1 Year	0.1390%	50.0
1 Year	0.1430%	75.0
1 Year	7.9600%	20.0
1 Year	7.9580%	18.4
1 Year	7.7100%	14.0
4 Year	0.3890%	85.0
4 Year	0.4950%	50.0
4 Year	0.6250%	75.0
4 Year	0.6290%	75.0
4 Year	0.6220%	75.0
6 Year	0.5950%	150.0
Total		**787.4**

7.5.5. 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, propylene and polypropylene.

In relation to our fluff and propylene exposure, the Group has arrangements with certain of their fluff suppliers that reduce our exposure to volatility in fluff prices. The Group also decided to hedge a portion of the propylene exposure that is not covered by such arrangements for 2018.

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2018 if there would be a shift of the commodity forward curve by 10% increase/decrease with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively € 0.3 million higher / € 0.3 million lower (2017: impact was less than € 0.1 million).

7.5.6. Equity price risk

Following the issuance of options and RSU's as share-based payment arrangements under the different LTIP programmes (refer to note 7.27 for details of these programs), the Group is exposed to variations in the Group share price. The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program through a total return swap. The purpose of this financial instrument is to effectively hedge the risk that a price increase of the Ontex shares would negatively impact future cash flows related to the share-based payments.

The Group entered into a total return swap ('TRS') agreement with a financial institution to manage its exposure to price volatility related to the shares subject to the stock option and RSU plans as disclosed in note 7.27. Under the total return swap agreement, the Company will pay interest to the financial institution. At the settlement of the TRS, the Group will receive the underlying shares which will be granted to the beneficiaries of the stock options or RSU's upon exercise. As such, the Group hedges the risk that the share price would increase when shares have to be issued upon exercise by the beneficiaries of their options/RSUs. The shares bought in this context are recognized in deduction of Group equity at the strike price at the moment of entering into the TRS. As the Group takes physical delivery of the shares upon settlement of the TRS (no net settlement), the TRS does not meet the scope of financial instruments in accordance with IAS 32 / IFRS 9. As such, the TRS should not be remeasured at fair value at each closing date.

As a result, the Group recognized treasury shares for an amount of € 42.1 million (represented by 1,559,874 shares) and a related financial liability for an amount of € 33.0 million (see note 7.15). These amounts do not require to be remeasured during the contract time and consequently, all volatility has been eliminated.

7.5.7. 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% for 2018 and 2017. 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 7.12 for the aging of the receivables and the doubtful receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note 7.5.1.

7.5.8. 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 7.16 Interest-bearing debts) 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.

in € million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2018				
Interest-bearing debts	(103.0)	(17.6)	(633.3)	(152.0)
Trade payables	(501.0)	-	-	-
Total non-derivative financial liabilities	**(604.0)**	**(17.6)**	**(633.3)**	**(152.0)**
Interest rate swaps	(3.6)	(2.9)	(6.3)	(0.9)
Forward foreign exchange contracts	(135.5)	-	-	-
Total derivative financial liabilities	**(139.0)**	**(2.9)**	**(6.3)**	**(0.9)**
At December 31, 2017				
Interest-bearing debts	(49.4)	(13.8)	(632.9)	(154.1)
Other financial liabilities	(20.8)	-	-	-
Trade payables	(473.3)	-	-	-
Total non-derivative financial liabilities	**(543.6)**	**(13.8)**	**(632.9)**	**(154.1)**
Interest rate swaps	(2.4)	(2.4)	(8.3)	(1.8)
Forward foreign exchange contracts	(137.8)	-	-	
Total derivative financial liabilities	**(140.2)**	**(2.4)**	**(8.3)**	**(1.8)**

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.

7.6. 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 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 maker, the Board of Directors, reviews 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 revenue from major customers are presented below[2]:

7.6.1. Information by Division

in € million	Full Year	
	2018	2017
Mature Market Retail	880.2	900.7
Growth Markets	197.6	192.3
Healthcare	435.6	433.4
MENA	160.8	184.5
Americas Retail	618.0	624.1
Total revenue	**2,292.2**	**2,335.0**

7.6.2. Information by product group

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.

in € million	Full Year	
	2018	2017
Babycare	1,345.1	1,410.5
Femcare	222.8	221.2
Adult Incontinence	693.6	689.5
Other	30.6	13.8
Total revenue	**2,292.2**	**2,335.0**

7.6.3. 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 Group's customers is accordingly the geographical segmentation criterion and is defined as below:

- Western Europe
- Eastern Europe
- Americas
- Rest of the World

in € million	Full Year	
	2018	2017
Western Europe	1,075.2	1,073.9
Eastern Europe	292.9	314.4
Americas	620.2	628.1
ROW	303.8	318.6
Total revenue	**2,292.2**	**2,335.0**

[2] Note that following implementation of IFRS 15 as from January 2018, prior year revenue figures have been re-stated to ensure comparability. There is no impact on operating profit and EBITDA.

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 3% of Ontex Group NV Revenue. Sales to countries in our top four markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group's revenue.

in € million	Full Year	
	2018	2017
Mexico	282.1	283.8
United Kingdom	237.9	240.0
France	209.7	202.0
Italy	203.9	197.6
Other countries	1,358.6	1,411.6
Total revenue	**2,292.2**	**2,335.0**

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E) and intangible assets) located in the main countries. The non-current assets in all other individual countries represent less than 10% of the Group's total non-current assets (excluding financial instruments, deferred tax assets and goodwill). Goodwill is not included in the below table as this not monitored on a country-basis, but at the divisional level.

in € million	December 31, 2018	December 31, 2017
Belgium	132.7	121.1
Mexico	138.5	129.3
Brazil	97.9	103.9
Germany	65.0	60.5
Other countries	217.6	214.1
Total	**651.7**	**628.9**

7.6.4. Revenue from major customers

The Group does not have a single significant customer. In 2018 the largest customer represents 6.2% (2017: 6.0%) of the revenue. The 10 largest customers represent 35.2% of 2018 revenue (2017: 35.0%).

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the group 2018	2017	Registered office	Company legal number
Can Hygiene SPA	Algeria	100.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd (former Ontex Australia Pty Ltd)	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima bvba	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontema bvba	Belgium	100.0%	100.0%	Genthof 12, 9255 Buggenhout, Belgium	0453.081.852
Ontex bvba	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Ontex Brasil Holding Ltda (*)	Brazil	0.0%	100.0%	Avenida Magalhaes de Castro, 4800, 22° andar, parte 05676-120 Sao Paulo, Brazil	CNPJ 25.186.120/0001-56
Chicolastic Chile, S.A.	Chile	100.0%	100.0%	Calle la Concepcion 81, D 603 P 06, Providencia, Santiagà, Region Metropolitan,8320000 Santiago de Chile, Chile	96886530-7
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictrict, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Valor Brands Centroamerica, S.A.	Costa Rica	100.0%	100.0%	100 norte del Centro Comercial Tres Rios a mano izquierda-Apartamento Tinoco #02, City Cartago, 10106 San José, Costa Rica	3-101-645685
Ontex CZ Sro	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiëne Medica SAS	France	100.0%	100.0%	30 Rue Hubble, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône, France	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Beteiligungsgesellschaft mbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 15558
Ontex Engineering GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen,Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669
Ontex Hygiënartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630
Ontex Logistics GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699

Name	Country	Percentage of interest held by the group 2018	2017	Registered office	Company legal number
Ontex Vertrieb Gmbh & Co. KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Italia Srl	Italy	100.0%	100.0%	Via Oberdan 140, 25128 Brescia, Italy	BS-347522
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	02456370697
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	CH-99632
Ontex Central Asia LLP	Kazakstan	100.0%	100.0%	Almaty, Bostandyk district, Al-Farabi Avenue 5, Business, Center Nurly Tau, Blok 1A, Suite 502, Kazakstan	600400642455
Comercializadora Interncional de comercio Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	CIPQ210141Z8
Compania Interoceanica de productos Higionicos, S.A de C.V	Mexico	100.0%	100.0%	Retorno 2 Esteban De Antunano no.8, Col. Parque Industrial CD. Textil De Puebla, 74160 Puebla, Mexico	IPH060317DPA
Corporativo de administracion con calidad, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	CAC920612HE9
Grupe P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	GPI950824N64
Inmobiliaria Kiko S.A de C.V	Mexico	100.0%	100.0%	Calle 27 Norte 7402, Zona Industrial Anexa a la loma, Puebla Mexico CP 72230	IKI811207FG8
P.I Mabe International, S de R.L de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	GPU950824N64
Productos Internacionales Mabe, S.A de C.V	Mexico	100.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Promotora Internacional de comercio Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	PIC001031K61
Servicios Administrativos E. inmobiliaria Gima S.C	Mexico	100.0%	100.0%	Calle 27 Norte 7402, Zona Industrial Anexa a la loma, Puebla Mexico CP 72230	SAI880817KP4
Transportes P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	TPM960709QS1
Ontex Hygiene Sarlau	Morocco	100.0%	100.0%	Quartier Al Hank Boulevard De La Corniche, 6ième étage, immeuble Yacht A/B Anfa - Casablanca, Morocco	240709
Ontex Pakistan ltd	Pakistan	100.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Legionów 93/95, lok 26, 91-072 Lodz, Poland	0000010044
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District	R 7682053
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco SL	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C,	A40103855

Name	Country	Percentage of interest held by the group 2018	2017	Registered office	Company legal number
Valor Brands Europe, S.L	Spain	100.0%	100.0%	40140 Valverde del Majano, Segovia, Spain Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tuketim. Urn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstilkent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333
Ontex Health Care UK Ltd.	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd.	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	N/A
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367

(*) Merged in the course of 2018 with Active Industria De Cosméticos S.A.

The voting rights equal the percentage of interest held.

The most significant Group subsidiaries are Ontex bvba, Ontex Mayen GmbH, Ontex CZ Sro, Ontex Tuketim AS, Serenity Spa, Ontex Manufacturing Italy S.r.l., Productos Internacionales Mabe, Active Industria De Cosméticos S.A. and Falcon Distribuidora Armazenamento E Transporte S.A.

7.8. BUSINESS COMBINATIONS

7.8.1. 2017 Acquisition

On March 7, 2017, Ontex completed the acquisition of the personal hygiene business of Hypermarcas (renamed to Ontex Brazil). At year-end 2017, purchase price allocation and hence the determination of the goodwill was still provisional and was finalized in 2018.

Consequently, the Group adjusted the goodwill from € 124.7 million to € 128.3 million in the statement of financial position.

The goodwill of € 128.3 million arising from the acquisition is attributable to acquired workforce, scale and geographical spread of the operations.

The following table summarizes the changes to the goodwill:

in € million	As recognized per December 31, 2017	Adjustments	As recognized per December 31, 2018
Recognized amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	56.8		56.8
Intangible assets	24.3		24.3
Property, plant and equipment	82.9	(2.0)	80.9
Non-current receivables	0.6		0.6
Inventories	64.9	(0.5)	64.4
Trade and other receivables	9.2	(0.5)	8.6
Prepaid expenses and other receivables	12.9		12.9
Deferred tax assets	7.0		7.0
Interest-bearing debts	(17.1)		(17.1)
Trade and other payables	(45.7)		(45.7)
Other liabilities	(0.2)		(0.2)
Accrued expenses and other payables	(13.8)	(0.5)	(14.3)
Current income tax liabilities	(1.1)		(1.1)
Total identifiable net assets acquired	**180.6**	**(3.6)**	**177.0**
Allocation to Goodwill	124.7	3.6	128.3
Total consideration	**305.3**	**-**	**305.3**

7.8.2. Reconciliation with cash flow statement

The consolidated cash flow statement presents the following relating to the acquisition of subsidiaries within the investing activities:

in € million	Full Year	
	2018	2017
Consideration paid in cash for the acquisition of Ontex Brazil (net of cash acquired)	-	(249.8)
Contingent consideration paid for the acquisition of Grupo Mabe	(16.5)	(47.8)
Payment for acquisition of subsidiary, net of cash acquired	**(16.5)**	**(297.6)**

7.9. GOODWILL AND INTANGIBLE ASSETS

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2018						
Opening carrying amount	1,163.6	34.0	0.1	16.3	0.1	1,214.1
Additions	-	-	0.1	8.9	1.5	10.5
Transfers	-	-	-	0.5	-	0.5
Disposals	-	-	-	-	-	-
Amortization expense	-	(1.9)	-	(7.0)	-	(8.9)
Exchange differences	(2.0)	(0.5)	-	(0.3)	-	(2.8)
Acquired through business combination	3.6	-	-	-	-	3.6
Closing carrying amount	**1,165.2**	**31.6**	**0.2**	**18.4**	**1.6**	**1,217.0**
At December 31, 2018						
Cost or valuation	1,165.2	35.9	0.2	43.6	15.6	1,260.5
Accumulated amortization and impairment	0.0	(4.3)	(0.0)	(25.2)	(14.0)	(43.5)
Carrying amount	**1,165.2**	**31.6**	**0.2**	**18.4**	**1.6**	**1,217.0**

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2017						
Opening carrying amount	1,096.2	22.2	-	10.1	0.2	1,128.7
Additions	-	-	-	6.4	-	6.4
Transfers	-	(0.1)	0.1	0.8	(0.1)	0.7
Disposals	-	(0.1)	-	-	-	(0.1)
Amortization expense	-	(2.0)	-	(5.7)	-	(7.7)
Exchange differences	(57.3)	(4.4)	-	(0.7)	-	(62.4)
Acquired through business combination	124.7	18.3	-	6.0	-	149.1
Closing carrying amount	**1,163.6**	**34.0**	**0.1**	**16.3**	**0.1**	**1,214.1**
At December 31, 2017						
Cost or valuation	1,163.6	36.4	0.1	34.8	14.1	1,249.0
Accumulated amortization and impairment	-	(2.4)	-	(18.5)	(14.0)	(34.9)
Carrying amount	**1,163.6**	**34.0**	**0.1**	**16.3**	**0.1**	**1,214.1**

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

Brands represent the capitalization of some of the brands acquired through the acquisitions of Grupo Mabe and Ontex Brazil.

The amortization expense is included in the captions of the consolidated income statement as follows:

In € million	2018	2017
Cost of sales	1.0	2.0
Distribution expenses	0.6	0.1
Sales and marketing expenses	1.9	0.9
General and administrative expenses	5.4	4.7
Total amortization expense	**8.9**	**7.7**

The Group incurred € 6.3 million of research and development expenses in 2018 (2017: € 9.6 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

Goodwill impairment

For the purpose of performing impairment reviews, the Group has identified five cash generating units (CGUs): Mature Market Retail, Growth Markets, Healthcare, Middle East North Africa and Americas Retail. Annual impairment reviews are performed as at December 31 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 recognized immediately in the income statement.

Goodwill allocated to the CGUs as at December 31 was as follows:

in € million	2018	2017
Mature Market Retail	732.5	732.5
Growth Markets	25.2	25.2
Healthcare	60.4	60.4
Middle East North Africa	42.0	42.0
Americas Retail	305.1	303.5
Goodwill allocated to the CGU's	**1,165.2**	**1,163.6**

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors and the Group's Strategic Plan through 2021. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 1.0% for Mature Market Retail, 2.0% for Growth Markets, 2.0% for Healthcare, 3.0% for MENA and 3.6% for Americas Retail. The growth rate does not exceed the current market expectations in which the five CGUs are currently operating.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2021, and pre-tax discount rates for each CGU as described in note 7.4.3 Impairment based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives.
- The product mix.
- The expected evolution of various direct and indirect expenses.
- The estimated future capital expenditure.

The assumptions were derived mainly from:

- Available historic data.
- External market research.
- Internal market expectations based on trend reports, etc.

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the considerable excess of the cash generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2018.

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 7.4.3 Impairment.

7.10. 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
Year ended December 31, 2018						
Opening carrying amount	151.1	326.0	1.7	9.9	89.7	**578.3**
Additions	2.1	34.6	0.3	0.2	59.0	**96.2**
Transfers	5.0	59.8	0.2	(0.6)	(64.9)	**(0.5)**
Disposals	(1.4)	(5.8)	(0.0)	(0.0)	0.0	**(7.2)**
Depreciation expense	(6.1)	(40.5)	(0.4)	(1.0)	-	**(48.0)**
Impairments	(1.6)	(0.7)	0.0	-	-	**(2.3)**
Exchange differences	(2.8)	(7.5)	(0.1)	(0.3)	0.0	**(10.6)**
Transfer to asset held for sale	(2.0)	(2.0)	-	-	(0.0)	**(4.0)**
Acquired through business combination	-	(2.0)	-	-	-	**(2.0)**
Closing carrying amount	**144.3**	**361.9**	**1.7**	**8.2**	**83.8**	**599.9**
At December 31, 2018						
Cost	182.1	573.8	3.4	17.7	83.8	**860.8**
Accumulated depreciation and impairment	(37.8)	(211.9)	(1.7)	(9.5)	-	**(260.9)**
Carrying amount	**144.3**	**361.9**	**1.7**	**8.2**	**83.8**	**599.9**

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Year ended December 31, 2017						
Opening carrying amount	121.1	267.7	1.6	9.4	55.7	455.5
Additions	1.0	37.4	0.6	1.4	78.2	118.6
Transfers	28.0	33.7	-	0.3	(62.7)	(0.7)
Disposals	(0.6)	4.9	(0.1)	0.8	(5.5)	(0.5)
Depreciation expense	(5.5)	(38.7)	(0.4)	(1.4)	-	(46.0)
Exchange differences	(6.2)	(18.0)	(0.1)	(0.5)	(6.7)	(31.5)
Acquired through business combination	13.3	38.9	-	-	30.6	82.9
Closing carrying amount	**151.1**	**326.0**	**1.7**	**9.9**	**89.7**	**578.3**
At December 31, 2017						
Cost	181.6	505.2	3.0	19.3	89.7	798.8
Accumulated depreciation and impairment	(30.6)	(179.2)	(1.4)	(9.4)	-	(220.5)
Carrying amount	**151.1**	**326.0**	**1.7**	**9.9**	**89.7**	**578.3**

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

The transfer to non-current assets held for sale relates to the building in Arras and machines and plant equipment in Brazil.

The following annual operating lease payments have been included in the income statement for the years ended December 31:

in € million	2018	2017
Land and buildings	20.1	20.5
Machinery and equipment	10.7	6.2
Rent of pallets	4.9	4.4
Furniture and vehicles	7.8	7.0
Other lease rentals	0.2	2.2
Total operating lease payments	**43.7**	**40.2**

The depreciation expense is included in the consolidated income statement as follows:

in € million	2018	2017
Cost of Sales	42.2	38.7
Distribution expenses	2.0	2.4
Sales and marketing expenses	0.7	1.3
General administrative expenses	2.8	3.4
Other operating income	0.3	0.2
Total depreciation expense	**48.0**	**46.0**

Property, plant and equipment include assets under finance lease arrangements for a total carrying amount of € 6.5 million (2017: € 7.2 million).

No pledges have been set on the items of property, plant and equipment.

7.11. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2018	December 31, 2017
Raw materials	169.3	158.5
Work in progress	1.1	1.0
Finished goods	204.2	175.4
Other	6.9	6.8
Write-down on inventories	(15.6)	(14.6)
Inventories	**365.9**	**327.2**

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, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under 'Cost of sales' amounted to € 1,666.5 million in 2018 (€ 1,647.4 million in 2017).

7.12. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

in € million	December 31, 2018	December 31, 2017
Trade receivables	362.2	375.3
Less: allowance for impairment of trade receivables	(6.8)	(5.5)
Trade receivables - net	**355.4**	**369.8**
Prepayments	14.1	24.2
Other amounts receivable	55.0	56.4
Prepaid expenses and other receivables	**69.1**	**80.6**
Trade and other receivables - Current	**424.5**	**450.3**

Other amounts receivable include recoverable VAT for an amount of € 46.4 million for 2018 (2017: € 43.1 million). The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

in € million	December 31, 2018	December 31, 2017
Not due	304.6	302.9
0 to 30 days	24.8	40.3
31 to 60 days	4.8	13.1
61 to 90 days	6.6	5.3
Over 90 days	14.6	8.3
Total	**355.4**	**369.8**

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 (gross) are denominated in the following currencies:

in € million	December 31, 2018	December 31, 2017
EUR	101.9	115.8
BRL	53.2	67.9
PLN	45.7	45.5
MXN	50.0	44.5
USD	26.6	18.0
RUB	12.2	17.3
TRY	15.4	16.6
GBP	15.3	16.4
AUD	10.3	10.5
Other	24.8	22.9
Total	**355.4**	**375.3**

During 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:

in € million	December 31, 2018	December 31, 2017
Opening Balance	5.5	5.0
Allowance for receivable impairment	2.4	1.8
Receivables written off during the year as uncollectible	(0.4)	(0.1)
Unused amounts reversed	(0.5)	(0.9)
Foreign exchange differences	(0.2)	(0.3)
At December 31	**6.8**	**5.5**

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 Group non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance. The Agreement provides us with a maximum credit facility of up to € 200 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. 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. This factoring agreement is an off-balance sheet arrangement.

Next to the above-mentioned Group factoring agreement, Serenity (Italian subsidiary) entered into a bilateral factoring agreement with Ifitalia and Banca Sistema. Furthermore, also Ontex Russia has entered into a bilateral factoring agreement with Rosbank. All these agreements are non-recourse agreements.

As at December 31, 2018, € 163.2 million of financing was obtained through the factoring programs (€ 175.0 million in 2017). The late payment risk related to the factoring has been assessed as immaterial at closing 2018 and 2017.

In accordance with IFRS 9 *Financial instruments*, all non-recourse trade receivables, included in these factoring programs, are derecognized for the non-continuing involvement part.

7.13. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

in € million	December 31, 2018	December 31, 2017
Short-term bank deposits (no longer than 3 months)	46.3	18.5
Cash at bank and on hand	84.3	100.0
Total	**130.6**	**118.5**

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:

in € million	December 31, 2018	December 31, 2017
AA	26.5	7.2
A	75.7	88.5
BBB	3.7	10.5
BB	19.5	9.1
C	1.3	-
No credit rating	3.9	3.2
Total	**130.6**	**118.5**

7.14. SHARE CAPITAL

in € million	Number of shares	Share capital	Share Premium	Total
Opening balance at January 1, 2017	**74,861,108**	**722.0**	**266.8**	**988.8**
Capital Increase	7,486,110	74.9	146.0	220.8
Issuance expenses new shares	-	(1.7)	-	(1.7)
Closing balance at December 31, 2017	**82,347,218**	**795.2**	**412.8**	**1,208.0**
Closing balance at December 31, 2018	**82,347,218**	**795.2**	**412.8**	**1,208.0**

In March 2017, a capital increase was realized in an accelerated bookbuilt placement. The share capital increased with € 74.9 million, and the share premium increased with €146.0 million pursuant to a capital increase in cash.

The capital of € 1,208.0 million is represented by 82,347,218 shares, of which 1,559,874 treasury shares (2017: 1,068,684 treasury shares). As such, the ordinary shares held by third parties amount to 80,787,344 shares (2017: 81,287,534).

7.15. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2017 was 79,661,317, which is the weighted average number of shares for 2017, given the capital increase in March 2017, see also note 7.14. The number of shares used for 2018 was 81,020,929, which is the weighted average number of shares for 2018.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of Ontex Group NV, no effects of dilution affect the net profit attributable to ordinary equity holders. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

in € million	Full year	
	2018	2017
Basic earnings		
Profit from continuing operations attributable to owners of the parent	97.0	128.4
Adjustment dilution	-	-
Profit from continuing operations attributable to owners of the parent, after dilution effect	97.0	128.4
Adjusted Basic Earnings		
Profit from continuing operations attributable to owners of the parent	97.0	128.4
Total Non-recurring Income & Expenses	24.3	4.4
Tax correction	(11.6)	(1.4)
Adjusted Basic Earnings	**109.7**	**131.4**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**109.7**	**131.4**

Number of shares	Full year	
	2018	2017
Weighted average number of ordinary shares outstanding during the period	81,020,929	79,661,317
Dilution	94,940	239,792

Earnings per share (€)	Full year	
	2018	2017
Basic earnings per share	1.20	1.61
Diluted earnings per share	1.20	1.61
Adjusted basic earnings per share	1.35	1.65
Adjusted diluted earnings per share	1.35	1.64

A weighted average number of 393,672 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2018 (2017: 18,716 options).

7.16. INTEREST-BEARING DEBTS

In € million	December 31, 2018	December 31, 2017
Non-current		
Borrowings:		
Syndicated Term Loan A > 1 year	587.8	584.7
Term Loan > 1 year	150.0	150.0
Total return swap	33.0	25.6
Financial lease and other liabilities	15.8	11.7
Interest-bearing debts non-current	**786.6**	**772.0**
Current		
Borrowings:		
Senior revolving credit loan	82.4	30.0
Interests:		
- Other borrowings	1.2	1.0
Financial lease and other liabilities	20.4	38.9
Interest-bearing debts current	**104.0**	**69.9**
Total interest-bearing debts	**890.6**	**841.9**

Reconciliation to statement of cash flows:

December 31, 2018 in € million	Opening carrying amount	Cash flows	Non-cash movements						Closing carrying amount
			Acquisition	Business combination	Fair value changes	Exchange differences	Re-classes	Other	
Non-current interest-bearing debts									
Borrowings	760.3	(4.7)	-	-	-	-	-	15.2	770.8
Financial lease and other liabilities	11.7	4.0	-	-	-	0.6	(0.5)	-	15.8
Current interest-bearing debts									
Borrowings	31.0	52.4	-	-	-	-	-	0.3	83.7
Financial lease and other liabilities	38.9	(18.5)	-	-	-	(0.6)	0.5	-	20.3
Total liabilities from financing activities	**841.9**	**33.2**	**-**	**-**	**-**	**-**	**-**	**15.5**	**890.6**
Presented in the statement of cash flows (financing activities) as follows:									
Proceeds from borrowings		58.6							
Borrowing expenses paid		-							
Repayment of borrowings		(25.4)							

December 31, 2017 in € million	Opening carrying amount	Cash flows	Non-cash movements						Closing carrying amount
			Acquisition	Business combination	Fair value changes	Exchange differences	Re-classes	Other	
Non-current interest-bearing debts									
Borrowings	768.7	(15.5)	-	-	-	-	-	7.1	760.3
Financial lease and other liabilities	10.4	2.2	-	-	-	(1.1)	0.2	-	11.7
Current interest-bearing debts									
Borrowings	2.3	28.7	-	-	-	-	-	-	31.0
Financial lease and other liabilities	20.7	1.3	-	17.1	-	-	(0.2)	-	38.9
Total liabilities from financing activities	**802.1**	**16.7**	**-**	**17.1**	**-**	**(1.1)**	**-**	**7.1**	**841.9**
Presented in the statement of cash flows (financing activities) as follows:									
Proceeds from borrowings		1,108.2							
Borrowing expenses paid		(3.9)							
Repayment of borrowings		(1,087.7)							

All borrowings are denominated in € as of December 31, 2018 and 2017. On November 14, 2014, Ontex Group NV closed the offering of € 250.0 million 4.75% Senior Secured Notes due November 15, 2021 for an issue price of 100%. On November 15, 2017, the Group redeemed all outstanding Notes. As a result of this early redemption, the Group incurred a redemption expense of € 5.9 million, which is presented in 'Net finance cost' in the 2017 consolidated income statement.

On September 26, 2017, the Group entered into a syndicate credit facilities agreement (Syndicated Term Loan A) in an amount of € 600.0 million, and a revolving credit facility (Senior Revolving Facility B) in an amount of up to € 300.0 million. The Syndicated Term Loan A of € 600 million due 2022 is carrying an interest rate of EURIBOR 3 months + margin of 1.50%. The Senior Revolving Facility B of € 82.4 million due 2022 is carrying an interest rate of EURIBOR 3 months + margin of 1.30%.

Furthermore, the Group has also closed a Term Loan of € 150 million due 2024, carrying an interest rate of EURIBOR 3 months + margin of 1.40%. This agreement also includes an accordion option of € 100 million, carrying an interest rate of EURIBOR 3 months + margin of 1.40%.

As of December 31, 2018, € 217.6 million of the Senior Revolving Facility is undrawn (2017: € 270.0 million).

On July 29, 2015, a full hedging program (total return swap) for the share-based payment arrangements (LTIP) was implemented. For more information we refer to note 7.5.6 and 7.27.

This program was extended and the total return swap increased to an amount of € 33.0 million (2017: € 25.6 million).

7.16.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans.

7.16.2. Other information

- Following lines of credit have been granted to Productos Internacionales Mabe, S.A de C.V, of which nothing has been used:
  - USD 25.0 million from HSBC;
  - USD 6.0 million from Banamex;
  - USD 2.3 million and MXN 192.7 million from Banregio.
- Following lines of credit have been granted to Ontex Tuketim A.S.:
  - TRY 24.1 million and USD 1.6 million from Isbank Turkey. Over this line of credit in USD, 0.2 million has been utilized for letters of guarantees given to one of the suppliers.
  - TRY 10.1 million from Akbank Turkey. Over this line nothing has been used.
  - TRY 3.9 million and USD 0.9 million from Garanti Turkey. Over the line of credit of USD 0.9 million, USD 0.1 million has been utilized for a letter of guarantee given to one of the suppliers.
- Following lines of credit have been granted to Active Industria De Cosméticos S.A., of which BRL 25.2 million has been used:
  - BRL 113.5 million from Banco Itaù.
  - BRL 26.8 million from Safra.
- Following lines of credit have been granted to Ontex Manufacturing Australia Pty Ltd, of which nothing has been used:
  - AUD 1.0 million and USD 0.4 million from Commonwealth Bank Australia.
- Ontex BVBA has given bank guarantees for an amount of € 10.2 million in favor of the Italian VAT authorities and € 2.0 million in favor of the Italian Custom Agency as at December 31, 2017.

7.17. 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 statement of financial position can be analysed as follows:

in € million	December 31, 2018	December 31, 2017
Post-employment benefits	19.9	19.3
Long-term benefits	2.6	2.3
Termination benefits[1]	0.1	0.1
Employee benefit liabilities	**22.6**	**21.7**
Short-term employee benefit liabilities	47.9	44.7
Net liability	**70.4**	**66.4**

[1]The termination benefits include also the pre-pensions.

The calculation of the liability 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

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

Ontex also operates 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.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions amounts to € 3.6 million (see also note 7.21 below; 2017: € 4.1 million).

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2018, no liability has been recognized (2017: nil). 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 post-employment employee benefit liabilities

in € million	December 31, 2018	December 31, 2017
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(30.0)	(28.1)
Fair value of plan assets at end of period	11.3	9.4
Funded status	**(18.7)**	**(18.7)**
Net (Liability)/Asset in statement of financial position	**(18.7)**	**(18.7)**
Defined Benefit Cost		
Current service cost	(2.4)	1.7
Past service cost	-	(0.3)
Service cost recognized in Income Statement	**(2.4)**	**1.4**
Interest expense on DBO	(0.5)	0.5
Interest income on plan assets	0.1	-
Net interest cost	**(0.3)**	**0.5**
Remeasurement of other long term benefits	**-**	**0.0**
Pension expense	**(2.7)**	**1.9**

in € million	December 31, 2018	December 31, 2017
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	**(28.4)**	**(28.1)**
Current service cost	(2.4)	(1.7)
Past service cost	-	0.3
Service cost	**(2.4)**	**(1.4)**
Interest expense on DBO	(0.5)	(0.5)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.2	0.1
Other significant events (transfers)	-	(0.3)
Benefit payments from plan	0.1	0.1
Benefit payments from employer	0.4	0.5
Effect of changes in financial assumptions	0.2	(0.7)
Effect of experience adjustments	(0.1)	1.6
Effect of changes in foreign exchange rates	0.4	0.3
Defined benefit obligation (DBO) at end of year	**(30.0)**	**(28.4)**

in € million	December 31, 2018	December 31, 2017
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	**9.4**	**8.1**
Interest income	0.1	0.2
Employer contribution	2.2	1.5
Plan participants' contributions	0.1	0.1
Other significant events (transfers)	-	0.3
Benefit payments from plan	(0.1)	(0.1)
Benefit payments from employer	(0.4)	(0.5)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.2)	(0.2)
Return on plan assets (excluding interest income)	0.2	0.1
Fair value of plan assets at end of period	**11.3**	**9.4**

in € million	December 31, 2018	December 31, 2017
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	**(18.9)**	**(19.8)**
Business combination	-	-
Other significant events (transfers)	-	-
Defined benefit cost included in the income statement	(2.4)	(1.9)
Net interest expense	(0.3)	-
Total remeasurements included in OCI	0.3	1.0
Employer contributions	2.2	1.7
Effect of changes in foreign exchange rates	0.4	0.3
Net (liability)/asset at end of year	**(18.7)**	**(18.7)**
Unfunded Versus Funded		
Part of DBO from plans that are wholly unfunded	(18.7)	(18.9)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2019 are € 2.5 million.

Significant actuarial assumptions

	COUNTRY					
As at December 31, 2018	Belgium	Germany	France	Turkey	Italy	Mexico
Discount rate	1.65% *	1.35% / 1.65% / 1.50% *	1.55% *	17.0%	1.55% *	7.9%
Expected Interest Income	1.7%	1.35% / 1.65% / 1.50%	1.6%	17.0%	1.6%	7.9%
Salary increase rate (on top of inflation)	3.3%	0.00% / N/A / N/A	2.5%	12.0%	N/A	4.5%
Rate of inflation	1.8%	1.75% / 1.75% / 1.75%	1.8%	12.0%	1.8%	4.0%
Mortality table	MR FR with age correction minus 3years	Heubeck 2018 G	INSEE 2013/2015 par sexe	C.S.O. 1980	IPS55	EMSSA09
Turnover table/rates	None	N/A	Table 1	company specific	5% flat	Based on company experience
Disability table/rates	N/A	Heubeck 2018 G	N/A	N/A	N/A	N/A
Weighted average durations	14.1	10.9	13.0	4.6	12.4	11.0

* plan durations < 11: 1.35% ; plan durations between 11 and 12: 1.50% ; plan durations between 12 and 13: 1.55% ; plan durations > 13: 1.65%

As at December 31, 2017	COUNTRY					
	Belgium	Germany	France	Turkey	Italy	Mexico
Discount rate	1.5% *	1.20% / 1.50% / 1.25% *	1.5% *	9.7%	1.35% *	7.5%
Expected Interest Income	1.5%	1.20% / 1.50% / 1.25%	1.5%	9.7%	1.4%	7.5%
Salary increase rate (on top of inflation)	3.3%	0.00% / N/A / N/A	2.5%	5.0%	N/A	4.5%
Rate of inflation	1.8%	1.75% / 1.75% / 1.75%	1.8%	5.0%	1.8%	4.0%
Mortality table	MR FR with age correction minus 3years	Heubeck 2005 G	INSEE 2012/2014 par sexe	C.S.O. 1980	RG48 Italian tables	EMSSA09
Turnover table/rates	none	N/A	Table 1	company specific	3% flat	Based on company experience
Disability table/rates	N/A	Heubeck 2005 G	N/A	N/A	N/A	N/A
Weighted average durations	14.1	10.9	13.0	4.6	12.4	11.0

* plan durations < 12: 1.3% ; plan durations <= 15: 1.4% ; plan durations > 15: 1.8%

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.

Sensitivity analysis	As at December 31, 2018					
in € million	Belgium	Germany	France	Turkey	Italy	Mexico
Discount rate - 0.25bp	(15.9)	(10.2)	(2.8)	(1.4)	(1.0)	(1.0)
Discount rate + 0.25bp	14.8	9.7	2.6	1.4	1.8	1.0
Salary increase - 0.25bp	(15.2)	(2.9)	(2.6)	(1.4)	(1.8)	(1.0)
Salary increase + 0.25bp	15.5	2.9	2.8	1.4	1.8	1.0

in € million	As at December 31, 2017					
	Belgium	Germany	France	Turkey	Italy	Mexico
Discount rate - 0.25bp	(13.3)	(9.3)	(2.7)	(0.4)	(2.0)	(1.2)
Discount rate + 0.25bp	12.4	8.8	2.5	0.4	1.8	1.2
Salary increase - 0.25bp	(12.7)	(2.9)	(2.5)	(0.4)	(1.9)	(1.2)
Salary increase + 0.25bp	13.0	2.9	2.7	0.4	1.9	1.2

Post-Employment Benefits by Country

in € million	As at December 31, 2018					
	Belgium	Germany	France	Turkey	Italy	Mexico
RECOGNITION OF THE OBLIGATION						
Defined benefit obligation (DBO) at end of period	(14.6)	(8.8)	(2.7)	(1.1)	(1.8)	(1.1)
Fair value of plan assets at end of period	11.3	-	-	-	-	-
Funded status	(3.3)	(8.8)	(2.7)	(1.1)	(1.8)	(1.1)
Net (liability)/asset in statement of financial position	**(3.3)**	**(8.8)**	**(2.7)**	**(1.1)**	**(1.8)**	**(1.1)**

in € million	As at December 31, 2017					
	Belgium	Germany	France	Turkey	Italy	Mexico
RECOGNITION OF THE OBLIGATION						
Defined benefit obligation (DBO) at end of period	(12.9)	(9.1)	(2.6)	(0.5)	(1.9)	(1.2)
Fair value of plan assets at end of period	9.4	-	-	-	-	-
Funded status	(3.4)	(9.1)	(2.6)	(0.5)	(1.9)	(1.2)
Net (liability)/asset in statement of financial position	**(3.4)**	**(9.1)**	**(2.6)**	**(0.5)**	**(1.9)**	**(1.2)**

7.18. DEFERRED TAXES AND CURRENT TAXES

Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

in € million	2018		2017	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	0.2	-	-	(1.9)
Property, plant and equipment	-	(43.7)	-	(42.9)
Inventories	-	(1.9)	0.2	-
Financial instruments	1.0	-	0.4	-
Employee benefits	1.0	-	2.5	-
Accrued expenses and other payables	2.7	-	4.3	-
Others	-	(2.7)	-	(1.6)
Tax losses	105.3	-	109.1	-
Tax credit	1.4	-	0.6	-
Total deferred tax assets & liabilities related to temporary differences	**111.6**	**(48.3)**	**117.1**	**(46.4)**
Net deferred tax assets not recognized	(86.7)	-	(95.2)	-
Reclass (net deferred tax position by company)	1.6	(1.6)	(3.6)	3.6
Total deferred tax assets & liabilities	**26.5**	**(49.9)**	**18.3**	**(42.8)**

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to France, Belgium, Brazil and Spain. In Belgium and France, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets of € 86.7 million (2017: € 95.2 million) on the tax losses carried forward (see also note 7.4.1).

In Spain, this relates to tax losses at the level of the Spanish subsidiary acquired as part of Grupo Mabe. In Brazil this relates to tax losses at the level of the Brazilian subsidiaries. In both countries, tax losses can in principle be carried forward indefinitely but the current profit levels in the relevant entities are such that no deferred tax asset has been recognized per December 31, 2018, bearing in mind that in Brazil no tax consolidation is allowed and that in Spain pre-acquisition tax losses cannot be offset against profits of legacy Ontex entities.

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

Current taxes

in € million	December 31, 2018	December 31, 2017
Current tax assets	12.5	7.1
Current tax liabilities	(46.0)	(50.9)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of € 35.6 million actual corporate taxes payable (2017: € 36.8 million) and € 10.4 million of provision for uncertain taxes (2017: € 14.1 million).

7.19. 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:

in € million	December 31, 2018	December 31, 2017
Accrued expenses and other payables	31.8	32.8
Less: Non-current portion	-	-
Current accrued expenses and other payables	**31.8**	**32.8**
Other current financial liabilities	0.0	20.8
Trade payables	501.0	473.3
Employee benefit liabilities	47.9	44.7
Total current liabilities	**580.7**	**571.7**
Other non-current financial liabilities	**-**	**-**

The Other current financial liabilities as per December 31, 2017 included the deferred consideration payment for the acquisitions of Grupo Mabe (€ 15.8 million) and Serenity (€ 5.0 million).

7.20. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	**7.2**	**1.0**	**-**	**8.2**
Additional provisions	0.4	2.2	0.1	2.7
Unused amounts reversed	(0.1)	(0.5)	(0.2)	(0.8)
Used during the year	(0.1)	(1.4)	-	(1.5)
Transfers	(0.6)	(0.5)	1.1	-
As at December 31, 2018	**6.8**	**0.8**	**1.0**	**8.6**
Of which non-current	-	-	-	-
Of which current	6.8	0.8	1.0	8.6

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined € 5.2 million. Ontex initiated an appeal against the decision and this appeal is pending. As per December 31, 2016, a provision amounting to € 5.2 million has been accounted for. The provision has not been adjusted per December 31, 2018.

7.21. EMPLOYEE BENEFIT EXPENSES

in € million	Full Year	
	2018	2017
Wages and salaries	(255.6)	(243.7)
Social security costs	(61.6)	(61.1)
Defined benefit plans - Service cost (note 17)	(2.4)	(1.4)
Defined contribution costs	(3.6)	(4.1)
Other employee benefit expenses	(31.1)	(26.5)
Total employee benefit expenses	**(354.4)**	**(336.7)**

In Full-Time Equivalents	2018	2017
Average number of total employees	**10,750**	**11,013**
Of which:		
- workers	6,944	7,475
- employees	3,706	3,431
- management	100	107

The 2017 figures include Ontex Brazil average number of total employees since March 7, 2017.

7.22. OTHER OPERATING INCOME/(EXPENSES), NET

in € million	Full Year	
	2018	2017
Gain on sale of assets	0.9	(0.1)
Foreign exchange differences on operating activities	2.7	(0.5)
Losses on sale of assets	(1.0)	(0.6)
Other income/(expenses)	(0.7)	0.7
Total other operating income/(expenses), net	**1.9**	**(0.5)**

7.23. NON-RECURRING INCOME AND EXPENSES

in € million	Full Year	
	2018	2017
Factory closure	(5.9)	(0.1)
Business restructuring	(11.1)	(4.2)
Acquisition-related items	2.5	2.1
Change in fair value of contingent consideration	(1.0)	(2.2)
Income and expenses related to changes to Group structure	**(15.5)**	**(4.4)**
Impairment of assets	(8.8)	(0.1)
Income and expenses related to impairments and major litigations	**(8.8)**	**(0.1)**
Total non-recurring income and expenses	**(24.3)**	**(4.5)**

Items classified under the heading non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

- income and expenses related to changes to Group structure; and
- income and expenses related to impairments and major litigations

7.23.1. Income and expenses related to changes to Group structure

Factory closure

The Group announced in May 2018 the decision to transfer its manufacturing operation in Aparecida de Goiânia to its manufacturing site in Senador Canedo, both in the State of Goiás. This move was made after an in-depth analysis and considering the efficiency of combining the entire production into a single unit, where it will be possible to deploy efficient technologies and processes. All alternatives were investigated to minimize impact on Ontex employees in Aparecida de Goiânia, the majority of whom will transfer to Senador Canedo. The costs recognized to date relates mainly to the restructuring expenses (€ 5.9 million) and impairment losses (see below in 7.23.2). The change will continue through 2019 in order to finalize the turnaround in Brazil.

Business restructuring

The Group undertook several projects to optimize the management of its business. In 2018, the expenses relate to the opening of our new production facility in Poland, the fees incurred in the context of the unsolicited and non-binding proposal to a possible cash offer for the outstanding shares in Ontex by PAI Partners SAS and the costs incurred in the context of the optimization of the sales activities in Brazil.

In 2017, the expenses related to the move of the two existing factories in France into one new site. The 2017 costs further include the costs for the move to a new production facility in Russia and the start-up of a new entity in Ethiopia, hosting both production and commercial activities.

Acquisition-related items

In 2018, an income of € 5.0 million was realized as a result of the reversal of the liability relating to the deferred consideration for the acquisition of Serenity as it is considered not probable. Furthermore, the Group incurred expenses relating to the continuing integration of Grupo Mabe and Ontex Brazil.

In 2017, an income of € 10.0 million was realized as the performance target set for the additional deferred consideration for the acquisition of Grupo Mabe relating to 2017 EBITDA was not achieved. Cost for integration of Grupo Mabe totalled € 1.8 million in 2017. The expenses for the acquisition and integration of Ontex Brazil amounted to € 6.1 million in 2017.

Change in fair value of contingent consideration

Expenses relate to losses from revaluation of the deferred consideration payments expressed in MXN in the context of the acquisition of our Mexican business in 2016.

7.23.2. Income and expenses related to impairments and major litigations

Impairment of assets

The impairment loss is a non-cash item and relates in 2018 mainly to the impairment of assets as a result of the transfer of the manufacturing operation in Aparecida de Goiânia in Brazil to its manufacturing site in Senador Canedo.

7.24. 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', 'General Administrative Expenses' and 'Other operating income / expense (Net)' in respect of the years ended December 31:

in € million	Note	Full Year	
		2018	2017
Changes in inventories		9.7	(58.3)
Raw materials and consumables purchased		(1,358.9)	(1,307.5)
Employee benefit expenses	21	(354.4)	(336.7)
Depreciation and amortization	9-10	(56.9)	(53.5)
Rendered services		(312.8)	(345.8)
Operating lease payments	10	(43.7)	(40.2)
Other income / (expenses)	22	1.9	(0.5)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income/(expenses)		**(2,115.1)**	**(2,142.5)**

7.25. NET FINANCE COST

The various items comprising the net finance cost are as follows:

in € million	Full Year	
	2018	2017
Interest income on current assets	2.5	3.5
Gain on refinancing	-	8.8
Other	-	0.1
Finance income	**2.5**	**12.4**
Interest expense on interest-bearing debts	(14.4)	(21.3)
Fair value adjustment deferred consideration	0.0	(1.2)
Amortization borrowing expenses	(3.6)	(5.9)
Interest expense on other loans	(7.1)	(7.3)
Interest expense	*(25.1)*	*(35.6)*
Banking cost	(2.2)	(8.9)
Factor fee	(1.1)	(1.5)
Losses on derivatives and deports forward contracts	(1.2)	(2.3)
Other	(0.3)	-
Finance cost	**(29.9)**	**(48.3)**
Finance income as per income statement	2.5	12.3
Finance expense as per income statement	(29.9)	(48.3)
Net exchange differences relating to financing activities	(1.2)	(7.8)
Net finance cost as per income statement	**(28.6)**	**(43.8)**

Reconciliation to the statement of cash flows:

in € million	Full Year	
	2018	2017
Total interest expense	(21.1)	(27.1)
Movement in accrued interest and accreting interest	(0.7)	(1.2)
Interest paid	**(21.8)**	**(28.3)**
Total interest income	2.5	3.5
Movement in accrued interest	-	(0.2)
Interest received	**2.5**	**3.3**

7.26. INCOME TAX EXPENSE

The income tax (charged)/credited to the income statement during the year is as follows:

in € million	Full Year	
	2018	2017
Current tax (expense)/income	(28.9)	(43.1)
Deferred tax (expense)/income	1.7	7.0
Total income tax expense	**(27.2)**	**(36.1)**

The income tax expense can be reconciled as follows:

in € million	Full Year	
	2018	2017
Profit before income tax	**124.2**	**164.5**
Income tax expense calculated at domestic tax rates	(31.2)	(44.3)
Disallowed expenses	(4.3)	(4.4)
Use of previously unrecognized tax losses	1.6	5.1
Use of previously recognized tax losses	3.3	0.8
Effect of unused tax losses not recognized as deferred tax assets	(3.7)	(4.7)
Effect of previously unrecognised tax losses now recognised as deferred tax assets	8.5	6.9
Adjustments in respect of prior year	(3.4)	(1.5)
Effect on deferred tax balances due to change in tax rates	-	4.8
Other	2.0	1.2
Total income tax expense	**(27.2)**	**(36.1)**

7.27. SHARE-BASED PAYMENTS

Since September 2014 the Company implemented yearly Long-Term Incentive Plans (‘LTIP’), which are based on a combination of stock options (further ‘Options’) and restricted stock units (further ‘RSU’s’). The Options and RSU’s are accounted for as equity-settled share-based payments. The options and RSU’s can only vest and options giving the right to receive shares of the Company (further ‘Shares’) or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions. The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

The exercise price of the Options will be equal to the last closing rating of the Share immediately preceding the option grant date. For the Options, the exercise period will start on the vesting date.

The Shares underlying the RSU’s will be granted for free as soon as practicable after the vesting date of the RSU’s.

Upon vesting of RSU’s, the Shares underlying the RSU’s are transferred to the participants, while upon vesting, Options may be exercised until their expiry date (eight years from the date of grant).

On or about September 26, 2014, a total of 242,642 stock options and 49,040 RSU’s were granted, 69,644 options and 49,040 RSU’s have forfeited, expired or have been exercised as of December 31, 2018. The stock options and RSU’s are exercisable between September 2017 and September 2022.

On or about June 26, 2015, a total of 159,413 stock options and 38,294 RSU’s were granted, 19,746 options and 38,294 RSU’s have forfeited, expired or have been exercised as of December 31, 2018. The stock options and RSU’s are exercisable between June 2018 and June 2023.

On or about June 15, 2016, a total of 322,294 stock options and 75,227 RSU’s were granted, 51,027 options and 11,909 RSU’s have forfeited, expired or have been exercised as of December 31, 2018. The stock options and RSU’s are exercisable between June 2019 and June 2024.

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU’s were granted, 36,078 options and 8,303 RSU’s have forfeited, expired or have been exercised as of December 31, 2018. The stock options and RSU’s are exercisable between June 2020 and June 2025.

During the period, the Group granted a new LTIP plan consisting of 471,064 stock options and 93,576 RSU’s, 37,406 options and 7,430 RSU’s have forfeited, expired or have been exercised as of December 31, 2018. The stock options and RSU’s are exercisable between June 2021 and June 2026.

The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program (total return swap) for the share-based payment arrangements starting July 1, 2015 and renewed on an annual basis.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Fair value (€)	# stock options/ RSU's December 31, 2018	# stock options/ RSU's December 31, 2017
LTIP 2014					
Options	2022	17.87	3.57	172,998	184,666
RSU's	2017	N/A	15.97	-	-
LTIP 2015					
Options	2023	26.60	6.39	139,667	139,667
RSU's	2018	N/A	24.45	-	33,551
LTIP 2016					
Options	2024	28.44	6.64	271,267	291,689
RSU's	2019	N/A	26.48	63,318	68,084
LTIP 2017					
Options	2025	33.11	7.62	263,836	299,914
RSU's	2020	N/A	30.45	60,720	69,023
LTIP 2018					
Options	2026	23.56	4.68	433,658	-
RSU's	2021	N/A	21.35	86,146	-
Total outstanding stock options				**1,281,426**	**915,936**
Total outstanding RSU's				**210,184**	**170,658**

The following reconciles the options and RSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€)[1]	Stock options	RSU's
As at January 1, 2017	**23.54**	**686,430**	**108,849**
Granted	33.11	299,914	69,023
Forfeited	24.39	(46,426)	(7,214)
Exercised[2]	17.87	(23,982)	-
As at December 31, 2017	**27.56**	**915,936**	**170,658**
Granted	33.11	471,064	93,576
Forfeited	32.09	(93,906)	(20,499)
Exercised[2]	17.87	(11,668)	(33,551)
As at December 31, 2018	**29.35**	**1,281,426**	**210,184**
of which vested and exercisable	*21.77*	*312,665*	-

[1] The average exercise price mentioned in the table above relates only to the stock options, as the RSU's do not have an exercise price.

[2] The weighted average share price of options exercised during the year ended December 31, 2018 was € 22.64 (2017: € 29.08).

The fair value of the stock options has been determined based on the Black and Scholes model. The expected volatility used in the model is based on the historical volatility of the Company.

Below is an overview of all the parameters used in this model:

	LTIP 2014	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018
Exercise Price (€)	17.87	26.60	28.44	33.11	23.56
Expected volatility of the shares (%)	23.58%	26.32%	26.56%	27.12%	25.63%
Expected dividends yield (%)	2.94%	2.14%	1.98%	2.31%	2.70%
Risk free interest rate (%)	1.13%	1.02%	0.37%	0.60%	0.69%

The fair value of the RSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above.

Social charges related to the LTIP are accrued for over the vesting period.

7.28. CONTINGENCIES

The Group is involved in a number of environmental, contractual, product liability, intellectual property, employment and other claims and disputes incidental to our business.

The Group currently believes that the disposition of the claims and disputes, individually or in aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

7.29. COMMITMENTS

7.29.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2018 of € 26.3 million (2017: € 40.1 million).

7.29.2. Operating lease commitments

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 7.10 '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:

in € million	December 31, 2018	December 31, 2017
Within one year	35.7	18.4
From 1 to 5 years	91.4	42.4
Beyond 5 years	33.8	20.3
Total	**160.9**	**81.1**

7.29.3. Bank guarantees

As indicated in note 7.16 'Interest-bearing debts', no 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 € 41.8 million in order to participate in public tenders as at December 31, 2018 (2017: € 29.2 million).

7.30. RELATED PARTY TRANSACTIONS

As part of our business, Ontex has entered into several transactions with related parties.

7.30.1. Consolidated companies

A list of subsidiaries is given in note 7.7 'List of Consolidated Companies'.

7.30.2. Relations with the shareholders

There are no transactions with shareholders per December 31, 2018 (nor in 2017).

7.30.3. Relations with non-executive members of the Board of Directors

in € million	Full Year	
	2018	2017
Remuneration	0.9	0.7

7.30.4. 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. Key management for the Group are all the members of Management Committee.

7.30.5. Key management compensation

Remuneration of the CEO in € million	Full Year 2018	Full Year 2017
Fixed and variable remuneration	1.6	1.3

Remuneration of the Executive Team (excluding the CEO) in € million	Full Year 2018	Full Year 2017
Fixed remuneration	4.7	4.3
Variable remuneration	1.9	1.2
Other remuneration	0.8	0.5
Total	**7.4**	**6.0**

The company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options and restricted stock units (see note 7.27).

The number of stock options and restricted stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2018	Number of RSU's	Number of Stock Options
LTIP 2014		
CEO	7.868	38.930
Executive Team (excluding CEO)	21.163	104.720
LTIP 2015		
CEO	6,884	28,661
Executive Team (excluding CEO)	15,786	65,718
LTIP 2016		
CEO	14.522	62.220
Executive Team (excluding CEO)	37.496	160.65
LTIP 2017		
CEO	10,368	45,052
Executive Team (excluding CEO)	36,982	160,699
LTIP 2018		
CEO	14,921	75,114
Executive Team (excluding CEO)	47,478	239,016

7.31. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 7, 2019, Ontex informed its employees at the Yangzhou (China) plant of its intention to cease production by mid-2019. This plant primarily manufactures feminine care products for the Western European market, and this production will be re-allocated to other Ontex plants. Ontex does not expect this decision to have a significant impact on the Group financial results

The Board of Directors will propose to the Annual General Meeting to approve the distribution of a gross dividend of € 0.41 per share (2017: € 0.60 per share). In accordance with IAS 10 *Events after the Reporting Period*, the proposed dividend has not been recognized as a liability at year-end.

No other significant events occurred after the end of the reporting date which would affect the information mentioned in these consolidated financial statements.

7.32. AUDIT FEES

	Full Year	
in € thousands	**2018**	**2017**
Audit Fees	1,108.4	1,090.0
Additional Services rendered by the auditor's mandate:		
Audit related fees	95.5	48.0
Tax advisory & compliance services	270.3	639.0
Due diligence fees	-	-
Other Services	22.9	-
Total	**1,497.1**	**1,777.0**

SUMMARY STATUTORY FINANCIAL STATEMENTS

STATUTORY BALANCE SHEET AFTER APPROPRIATION

in € million	December 31, 2018	December 31, 2017
ASSETS	**3,282.5**	**3,231.8**
FIXED ASSETS	**3,078.9**	**3,036.2**
Formation expenses	1.6	2.2
Intangible assets	45.4	72.0
Tangible assets	2.1	2.6
Financial fixed assets	*3,029.9*	2,959.4
Participating interests	*1,908.0*	1,908.0
Amounts receivable	*1,121.8*	1,051.3
Other financial fixed assets	0.1	0.2
CURRENT ASSETS	**203.5**	**195.6**
Amounts receivable within one year	121.3	119.4
Treasury shares	27.9	29.3
Cash at bank and in hand	52.1	43.4
Deferred charges and accrued income	2.2	3.5
EQUITY AND LIABILITIES	**3,282.5**	**3,231.8**
EQUITY	***1,994.0***	**2,032.4**
Capital	*823.6*	823.6
Share premium	*412.7*	412.7
Reserves	*285.6*	321.3
Retained earnings	472.1	474.7
PROVISIONS AND DEFERRED TAXES	4.4	**7.1**
AMOUNTS PAYABLE	**1,284.0**	**1,192.3**
Amounts payable after more than one year	*806.5*	793.6
Financial debt	806.5	793.6
Amounts payable within one year	*476.6*	397.6
Financial debt	*241.5*	184.1
Trade debts	*8.9*	6.3
Taxes, remunerations and social security	*5.4*	3.5
Other amounts payable	220.7	203.8
Accruals and deferred income	0.9	1.0

STATUTORY INCOME STATEMENT

in € million	Full Year 2018	2017
		-
Operating income	41.9	46.4
Operating charges	(69.5)	(68.8)
Operating loss	**(27.7)**	**(22.4)**
Financial result	24.5	27.5
Profit/(loss) for the period before taxes	**(3.2)**	**5.1**
Income taxes	(1.4)	(1.1)
Profit/(loss) for the period	**(4.6)**	**4.0**

EXTRACT FROM ONTEX GROUP NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 105 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Keppestraat 21, 9320 Aalst (Erembodgem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2018 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

INVESTOR RELATIONS AND FINANCIAL COMMUNICATIONS

OUR AIM IS TO PROVIDE RELIABLE, CONSISTENT INFORMATION ON A TIMELY BASIS ABOUT THE STRATEGY, GOALS AND PROGRESS OF ONTEX TO ALL FINANCIAL MARKET PARTICIPANTS. SINCE OUR IPO IN JUNE 2014, WE ARE CONTINUOUSLY BUILDING OUR INVESTOR RELATIONS PROGRAM.

During 2018, we met with investors in roadshows and conferences in several locations across Europe and North America, hosted several site visits and participated in retail investor events.

1. SHAREHOLDER STRUCTURE

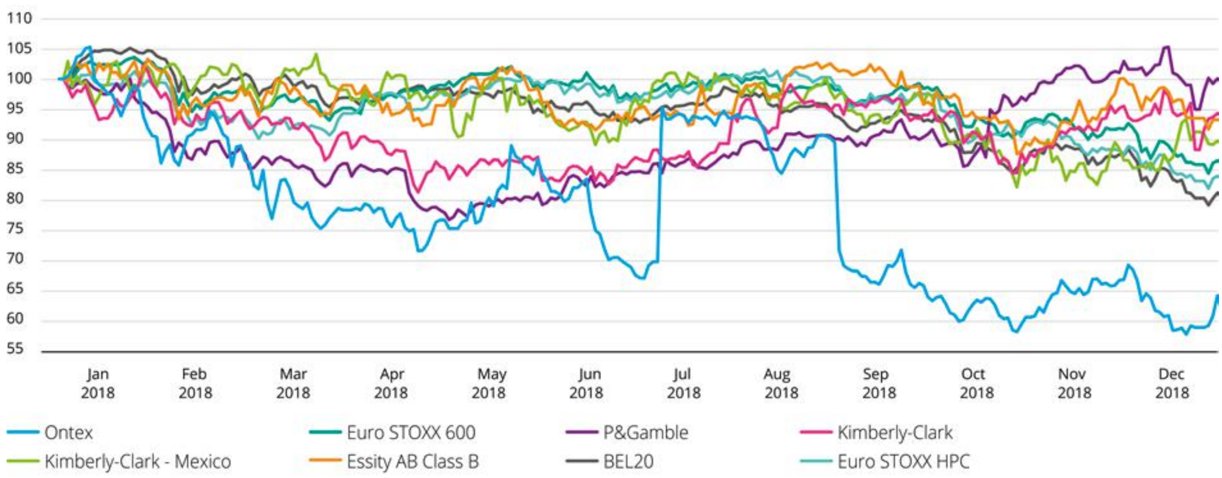
The shareholder structure of Ontex Group NV based on the declarations received in the period up to December 31, 2018, is as follows:

Shareholders	Shares	%[1]
Groupe Bruxelles Lambert SA	16,454,453	19.98%
Janus Capital Management LLC	3,424,055	4.75%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Black Creek Investment Management Inc.	2,493,603	3.03%
AXA Investment Managers SA	2,053,236	3.02%

2. SHARE PERFORMANCE

Our share is listed on Euronext Brussels. Ontex's share price underperformed its peers and relevant indices and peers in 2018, with the share price impacted during July and August after Ontex received an unsolicited and non-binding proposal from PAI Partners SAS relating to a possible cash offer for the outstanding shares in Ontex, which was unanimously rejected by the Board of Directors of Ontex.

Performance of the Ontex share compared with market indices and hygienic disposable manufacturers:



1 Percentage based on the outstanding share capital of the Company at the time of the declaration.

3. ANALYST COVERAGE

Ontex was covered by 15 analysts as at December 31, 2018.

FINANCIAL CALENDAR 2019	Date
Quarter 1 2019	May 8, 2019
Annual General Meeting of Shareholders	May 24, 2019
Half Year 2019	July 31, 2019
Quarter 3 2019	November 6, 2019

4. INVESTOR CONTACTS

Philip Ludwig

Head of Investor Relations and Financial Communications

+32 53 333 730

philip.ludwig@ontexglobal.com

5. PRESS CONTACTS

Gaëlle Vilatte

Head of Corporate Communications

+32 53 333 708

gaelle.vilatte@ontexglobal.com

6. SUSTAINABILITY CONTACTS

Elise Barbé

Group Sustainability Specialist

+32 53 333 756

elise.barbe@ontexglobal.com

Send us your feedback: sustainability@ontexglobal.com

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GLOSSARY

	Description
Adjusted Basic Earnings	Adjusted Basic Earnings are defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent.
Adjusted Basic Earnings per share	Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses and excluding nonrecurring impairment of assets.
Adjusted EBITDA margin	Adjusted EBITDA margin is adjusted EBITDA divided by revenue.
Adjusted Free Cash Flow	Adjusted Free Cash Flow is defined as Adjusted EBITDA less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less change in working capital, less income taxes paid.
Adjusted profit for the period	Adjusted profit is defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent.
Adjusted diluted earnings per share	In accordance with IAS 33, adjusted diluted earnings per share amounts have to be calculated by dividing adjusted basic earnings (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.
EBITDA	EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations.
Like-for-like (LFL) revenue	Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A.
LTM adjusted EBITDA	LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses and excluding non-recurring impairment of assets for the last twelve months (LTM).
Net financial debt	Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.
Net financial debt/LTM adjusted EBITDA ratio (leverage)	Net financial debt divided by LTM Adjusted EBITDA.
Non-recurring income and expenses	Non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the 'normal' performance of the Company due to their size or nature. The non-recurring income and expenses relate to: - acquisition-related expenses; - changes to the measurement of contingent considerations in the context of business combinations; - business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories; and - impairment of assets. Non-recurring income and expenses of the Group are composed of the following items presented in the consolidated income statement: - income/(expenses) related to changes to Group structure; and - income/(expenses) related to impairments and major litigations.
Pro-forma revenue at constant currency	Pro-forma revenue at constant currency is defined as revenue for the 12 months period ending on the reporting date at prior year foreign exchange rates and inclusive of impact of mergers and acquisitions.
Working capital	The components of our working capital are inventories plus trade, pre-paid expenses and other receivables plus trade payables, accrued expenses and other payables.

MATERIALITY ASSESSMENT

ONTEX BASES ITS PRIORITIES FOR SUSTAINABILITY ON A "MATERIALITY ANALYSIS." THIS APPROACH IDENTIFIES CRITICAL ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES WITH POTENTIAL TO SIGNIFICANTLY IMPACT ONTEX'S PERFORMANCE AND/OR SUBSTANTIALLY INFLUENCE STAKEHOLDERS' DECISIONS. THE ANALYSIS IS PERFORMED AND UPDATED EVERY TWO YEARS.

In December 2018 a new materiality assessment took place. 191 Stakeholders participated to the materiality assessment. The below scheme explains the materiality process.

MATERIALITY PROCESS

1 IDENTIFICATION OF RELEVANT TOPICS

- Benchmark with materiality assessments carried out by our competitors, customers and suppliers.
- Assess answers provided by investors on specific sustainability questions.
- Incorporate relevant SDGs for Ontex.

2 PRIORITIZATION OF TOPICS

- Four main stakeholder groups

  CUSTOMERS, EMPLOYEES, SUPPLIERS and NGOs

  provided input on a number of relevant topics via an online questionnaire.
- This input was used to develop the [current] materiality matrix.

3 VALIDATION OF TOPICS

- An initial list of 38 sustainability topics were discussed together with stakeholders. Out of this list, 19 topics were retained for the materiality matrix.
- Out of these 19 topics, we prioritized 13 relevant to Ontex. These have been clustered under four headings as follows:

HEALTH & WELL-BEING
- Occupational health & safety
- Training & education
- Diversity & equality
- Community engagement

HUMAN RIGHTS
- Business ethics in our own operations
- A better life at our suppliers

SUSTAINABLE GROWTH
- Customer health & safety
- End-of-life impact of our products
- Eco-innovations
- Product labelling

RESPONSIBLE PRODUCTION
- Sustainable operations (energy, emissions, logistics)
- Responsible sourcing (materials)

- Key Performance Indicators (KPI) have been developed for each topic to ensure consistency when reporting performance. The Ontex leadership team validated the topics.

4 REVIEW AND FOLLOW-UP

EXTERNAL
progress is reported on a yearly base.

INTERNAL
the Sustainability Steering Committee follows up on the KPIs every quarter.

GRI INDEX & NON-FINANCIAL DISCLOSURES

GRI STANDARD	Disclosure	NFD	Page number(s) and/or URL(s)
GRI 101: Foundation 2016			
General Disclosures			
	Organizational profile		
	102-1 Name of the organization	x	Cover
	102-2 Activities, brands, products, and services	x	p. 6
	102-3 Location of headquarters	x	p. 54
	102-4 Location of operations	x	p. 1
	102-5 Ownership and legal form		p. 56
	102-6 Markets served	x	p. 7
	102-7 Scale of the organization		p. 1
	102-8 Information on employees and other workers		p. 22
	102-9 Supply chain		p. 14
	102-10 Significant changes to the organization and its supply chain		p. 54
	102-11 Precautionary Principle or approach	x	p. 33
	102-12 External initiatives		p. 54-55
	102-13 Membership of associations		p. 34
	Strategy		
	102-14 Statement from senior decision-maker		p. 2-5
	102-15 Key impacts, risks and opportunities		p. 76-79
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior		p. 22 Our values http://www.ontexglobal.com/our-values
	102-17 Mechanisms for advice and concerns about ethics		p. 22
GRI 102: General Disclosures 2016	**Governance**		
	102-18 Governance structure		p. 33, 59-67
	Stakeholder engagement		
	102-40 List of stakeholder groups		p. 15
	102-41 Collective bargaining agreements		No data available
	102-42 Identifying and selecting stakeholders		p. 15
	102-43 Approach to stakeholder engagement		p. 15
	102-44 Key topics and concerns raised		p. 15
	Reporting practice		
	102-45 Entities included in the consolidated financial statements		p. 116-118
	102-46 Defining report content and topic Boundaries		p. 54
	102-47 List of material topics		p. 13
	102-48 Restatements of information		-
	102-49 Changes in reporting		p. 54
	102-50 Reporting period		p. 54
	102-51 Date of most recent report		p. 54
	102-52 Reporting cycle		p. 54
	102-53 Contact point for questions regarding the report		Back cover
	102-54 Claims of reporting in accordance with the GRI Standards		p. 54
	102-55 GRI content index		p. 149-152
	102-56 External assurance		Not applicable

GRI STANDARD	Disclosure	NFD	Page number(s) and/or URL(s)
MATERIAL TOPICS			
GRI 200 Economic standard series			
Direct economic impacts			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p. 52-53
GRI 201: Economic performance	201-1 - Direct economic value generated and distributed		p. 87-92
	201-2 - Financial implications and other risks and opportunities due to climate change		p. 79
Anti-corruption			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 22
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		p. 22
Anti-competitive Behavior			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 22
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		p. 22
GRI 300 Environmental Standards Series			
Materials			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 36
GRI 301: Materials 2016	301-1 Materials used by weight or volume		p. 36
	301-2 Recycled input materials used		p. 36
	301-3 Reclaimed products and their packaging materials		p. 36
Energy			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 34
GRI 302: Energy 2016	302-1 Energy consumption within the organization		p. 35
	302-2 Energy consumption outside of the organization		p. 35
	302-3 Energy intensity		p. 35
	302-4 Reduction of energy consumption		p. 35
	302-5 Reductions in energy requirements of products and services		p. 35
Emissions			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 32
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		p. 35
	305-2 Energy indirect (Scope 2) GHG emissions		p. 35
	305-3 Other indirect (Scope 3) GHG emissions		p. 35
	305-4 GHG emissions intensity		p. 35
	305-5 Reduction of GHG emissions		p. 32, 35
	305-6 Emissions of ozone-depleting substances (ODS)		No data available
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		No data available

GRI STANDARD	Disclosure	NFD	Page number(s) and/or URL(s)
Waste			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p. 37
GRI 306: Waste 2016	306-1 Water discharge by quality and destination		No data available
	306-2 Waste by type and disposal method		p. 37
	306-3 Significant spills		No data available
	306-4 Tranport of hazardous waste		No data available
	306-5 Water bodies affected by water discharges and/or runoff		No data available
GRI 400 Social Standards Series			
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 21
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees		No figures available
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		p. 21
	403-3 Workers with high incidence of high risk of diseases related to their occupation		No figures available
	403-4 Health and safety topics covered in formal agreements with trade unions		No information available
Training and Education			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p. 23
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		No data available
	404-2 Programs for upgrading employee skills and transition assistance programs		p. 23
	404-3 Percentage of employees receiving regular performance and career development reviews		No data available
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 19
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		p. 61
Human rights			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 21
GRI 407: Freedom of association & collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		p. 22-23
GRI 408: Child labour	408-1 Operations and suppliers at significant risk for incidents of child labour		p. 22-23
GRI 409: Forced or compulsory labour	409-1: Operations and suppliers at significant risk for indicidents of forced or compulsory labor		p. 22-23
GRI 411: Rights of Indigenous people	411-1: Incidents of violations involving rights of indigenous people		No figures available

GRI STANDARD	Disclosure	NFD	Page number(s) and/or URL(s)
GRI 412: Human Rights Assessment	412-1: Operations that have been subject to human rights reviews or impact assessments		p. 23
	412-2: Employee training on human rights policies or procedures		No figures available
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		No figures available
Local Communities			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p. 23
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		p. 23
	413-2 Operations with significant actual and potential negative impact on local communities		No figures available
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	x	p. 22
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		p. 21
	414-2 Negative social impacts in the supply chain and actions taken		No figures available
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p.35
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		p.35
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		No figures available
Marketing and Labeling			
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation		p. 35
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		p. 35
	417-2 Incidents of non-compliance concerning product and service information and labeling		No figures available
	417-3 Incidents of non-compliane concerning marketing communications		No figures available

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For enquiries and additional
information, please contact:

ONTEX
Korte Keppestraat 21
B-9320 Aalst
Erembodegem
Belgium
Tel.: +32 53 333 600

www.ontexglobal.com

WEDARETOGETHER