We care

Annual Review 2015

Ontex is an international consumer goods company, offering smart hygiene solutions for all generations.

As one of the world's leading international hygiene solutions providers, we are proud to make a difference to people from every generation. Using our expertise in Baby Care, Feminine Care and Adult Incontinence solutions, we work with leading retailers to help them launch or develop their own brands. We also supply our own brands to hospitals, nursing homes, pharmacies and home delivery.

Our people are the heart of our company and it is through their commitment and ingenuity that we have grown from a family firm into an international organization with manufacturing plants and offices around the world.

While we expand geographically, we are also making the transition to a more commercial culture, with customers and consumers at its center.

Contents

This report is also available online. Please visit **annualreview2015.ontexglobal.com**

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.

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 English and translated into Dutch. In the case of discrepancies between the two versions, the English version will prevail.

Our Vision 2020

We are the preferred company for our **consumers, customers, employees** and **investors**. We are a socially responsible company.

Ambitions

- To be in the top five hygiene disposable solutions providers globally.
- To provide consumer-winning and cost-conscious innovations in Baby Care, Feminine Care and Adult Care
- To have long-lasting partnerships with top performing retailers, distributors, suppliers and institutions.
- To become a magnet for talented, entrepreneurial and passionate people, highly customer and consumer-oriented

Goals

Profitable growth fundamentals...

- Organic revenue growth ahead of our markets
- Acquisitions
- EBITDA margin expansion

...in a balanced business portfolio

- Own and Retailer brands
- Across three categories
- Global
- Diverse customer portfolio

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2015 at a glance

Our innovations

Research drives our innovations

Consumer research is at the heart of our strategy, helping us to innovate across our product and brand portfolio.

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Our customers

Deeper insight creates value

We work with a diverse portfolio of retailers around the world to help them launch or develop Baby Care, Feminine Care and adult care brands and by understanding our customers' needs better, we strengthen our relationships with them.

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Our people

Working with passion and dedication

Our people are the heart of Ontex. Their commitment and teamwork drives our success.

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Acquisition strategy

Accelerating our growth

Acquisitions have a key role in balancing our portfolio and speeding our transition from family firm to international player, complementing our targeted organic revenue growth ahead of our markets.

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> 2015 was another strong year for Ontex... underlining the resilience of our model.

Charles Bouaziz
Chief Executive Officer

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Chairman's Statement
Committed to delivering value

"2015 was another successful year for Ontex. As a business, we are increasingly using our consumer and customer insights and our strong innovation capability to differentiate our products in highly competitive markets. Our approach continues to deliver results.

Both our revenue and our profitability were in line with our expectations and we remain committed to delivering shareholder value through profitable growth.

A strong team

As I travel around the business, I am continually impressed by the energy, passion and commitment of our people as they work together to deliver the high-quality products that our customers rely on. On behalf of the Board, I would like to thank them for all that they do. They are the driving force behind the success of Ontex.

Corporate governance

Having joined the Board in 2014, I succeeded Paul Walsh as Chairman in April 2015. Paul resigned from the Board following the sale by Whitehaven B (the affiliated entity of The Goldman Sachs Group, Inc. and TPG Group Holdings (SBS) Advisors, Inc.) after the IPO. I would like to thank Paul, and the other directors nominated by the previous shareholders for their valuable contributions to Ontex at a very important time in the Group's development.

Committed to operating sustainably

As a consumer goods company with a significant manufacturing footprint, we are aware of our responsibilities to all our stakeholders. We are working to reduce the environmental impact of our products and our operations and to share knowledge and best practice along our supply chain.

Looking ahead

In its first full year since the IPO, Ontex has made significant progress on its journey of transformation to a truly consumer and customer-centered organization. We are continuing to expand our geographic footprint and diversify our product ranges to address wider market opportunities. The combination of our financial strength, underpinned by an improved balance sheet, our unwavering focus on operating efficiency positions us well for sustained organic growth, combined with future external growth. We are looking ahead with confidence, ready for the future.

Luc Missorten
Chairman

The Ontex model
A unique competitive advantage

Our unique combination of attributes makes Ontex a competitive force in delivering high-performance hygiene solutions for our customers and consumers.

Innovation and quality

Delivering smart hygiene solutions
By listening to consumers, and by following trends closely, we deliver a comprehensive range of high-quality, affordable and effective products that genuinely improve people's lives. Quality is at the heart of our business. From raw material purchase through manufacturing to finished goods deliveries, our structured and efficient Quality Management System and innovation pipeline ensure we deliver on our promises to partners and consumers.

Partner and pioneer

Trusted by partners
We are a trusted partner to our retail customers, our distributors and healthcare institutions – supporting retailers' brand building or training healthcare staff. From concept development, R&D and technology, to production and global logistics, we thrive to be pioneering and to know what is key to our partners and our customers: high-performance, better value and excellent service.

Flexibility and scale

Focused on cost efficiency
Our business is flexible, delivering products through multiple channels, with the agility to adapt technology and respond to market preferences. Being the leading retail brand supplier brings significant scale advantages for us, and also for our customers: security of supply from our 15 production sites, and procurement advantages to make sure we stay at the forefront of consumer demands.

Manufacturing expertise

Unparalleled engineering capabilities
Our manufacturing facilities are outstanding, and our years of experience make us experts in navigating the complexities of evolving markets, customers and consumers needs. We adapt our technology and machinery to suit the purpose. From engineering capability to consumer insights, we offer the appropriate response to customer and market preferences.

Group at a glance
A growing international business

We make, sell and distribute our products in more than 100 countries through leading retailer brands, as well as under our own brands. Our 15 manufacturing sites are strategically placed across Europe, North Africa and Asia Pacific, with four specialized R&D centers offering continuous innovation to our consumers and customers.

A strong and diversified business

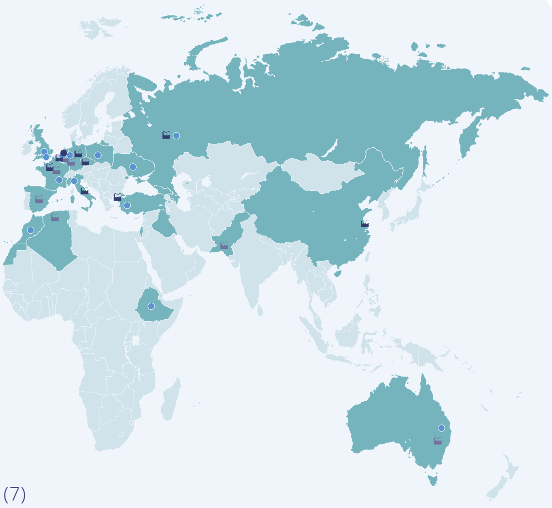
15 production facilities

21 sales and marketing sites

€1.69 billion in sales in over 100 countries

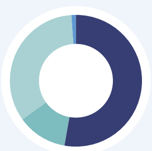
5,500 employees (average)

One international business with sales in more than 100 countries



Key
- Ontex locations
- Sales office (14)
- Production facility (8)
- Sales office/Production facility (7)

Product categories



- Baby Care **53%**
- Femcare **12%**
- Adult Care **34%**
- Other **1%**

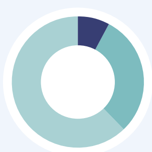
Retailer and Ontex brands

- Retailer brands **62%**
- Ontex brands **38%**

Diverse markets

- UK **16%**
- France **14%**
- Italy **11%**
- Other WE countries **25%**
- MENA & ROW **18%**
- Eastern Europe **16%**

Blue chip customer base



- Largest customer **8%**
- Customers 2 to 10 **30%**
- All other customers **62%**

Our divisions

Mature Markets Retail

Revenue
€904m
(2014: €890m)

Mature Markets Retail supplies retailer-branded Baby Care, Feminine Care and Adult Care products in Western Europe, Poland, Czech Republic and Australia.

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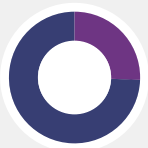
Our products

Our products provide performance at the right price to consumers across three distinct categories: Baby Care, Feminine Care and Adult Care.

Our Brands and Innovations, page 18

Healthcare

Revenue
€433m
(2014: €423m)



We supply mainly Ontex-branded adult care products through institutional channels such as hospitals, nursing homes, health insurers and local authorities. We also sell directly to consumers through pharmacies and home delivery.

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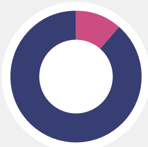
Middle East North Africa

Revenue
€194m
(2014: €179m)



With our own regional 'local hero' brands, we have grown closer to our consumers. We have built further on our strong market position in Baby Care, the largest category of the Middle East North African markets.

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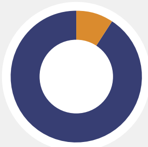
Growth Markets

Revenue
€159m
(2014: €124m)



Our Growth Markets Division is characterized by dynamic markets where the retail landscape is transforming from traditional to modern. With agile working practices, insight and advanced production technology, we supply retailer brands or Ontex brands depending on the needs of our customers.

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Baby Care

We provide Baby Care products, such as baby diapers, baby pants and wet wipes. Panel tests, lab tests and independent reviews regularly confirm the quality, innovation and performance of our products.

Feminine Care

We develop Feminine Care products such as sanitary pads, panty liners and tampons. We introduce new products in response to market insights, ensuring comfort and confidence for women.

Adult Care

Our Adult Care products, mainly distributed through healthcare providers but increasingly through retail, are disposable devices designed to manage light, moderate and heavy incontinence. We constantly combine new technology, with consumer and customer feedback to ensure protection and comfort.

Letter from the Chief Executive Officer
Strong results and greater diversity

> I am pleased to report that 2015 was another strong year for Ontex, during which we achieved both our top line and profitability targets.

In common with most industry players, during 2015 we faced challenges with currency movements and raw material costs but we have successfully delivered further growth in our EBITDA margin, underlining the flexibility and potential of our business model.

The Divisions Growth Markets and Middle East North Africa have performed particularly well. We saw accelerated growth in Russia and CIS, while Turkey continued to be a strong market, as did Pakistan and Algeria. Growth in the business is being driven by the Baby Care and incontinence categories. Healthcare was in the middle of our target growth range. We saw a strong contribution from our Italian brand Serenity, which we acquired in 2013 and have integrated successfully into the Ontex Group. Mature Retail Division was where we experienced the most competitive challenges.

From a cultural perspective, we are continuing our transformation from a manufacturing to an even more consumer led culture, placing our consumers and customers at the heart of our business. This translated into innovation which better addresses consumer needs.

We also continued our manufacturing expansion drive. As part of this, we strengthened our production footprint in Russia, where we experienced significant growth. We also started the preparation to combine our two French sites into one bigger and more technologically advanced manufacturing site.

Our Acquisition strategy
Strategic acquisitions play a key role in accelerating the growth of our geographical presence and branded business.

We view our work force as the key to our success. We carried out for the first time an in-depth employee engagement survey to guide us to help make Ontex an even a better place to work. This is part of an ongoing transformation , which will continue through 2016 and 2017. We continued recruiting more employees in several of our plants to cope with an increasing demand. We also continued to reinforce our Group support functions to better serve the business.

Gateway to the Americas

One of the highlights of the year came in November with the announcement of our acquisition of Grupo Mabe, the second largest player in the Mexican market. This is part of our strategy to accelerate our growth through acquisitions. Mexico is the fifth largest Personal Care market in the world and Grupo Mabe will propel us into the number two position in that market. Crucially, the deal offers us a gateway to the rest of Latin and North America and clearly fulfills our criteria of seeking expansion outside of Western Europe, in the branded business. It is an entrepreneurial manufacturing and commercial business with a strong management team who understands local customers and consumers. The acquisition will help us expand in terms of products, brands and territories.

Specifically, we see opportunities to grow our revenue within the feminine hygiene category, as well as in incontinence products. We are also expecting the merger to generate synergies in term of costs, sourcing and procurement. This will further enhance the strong performance of our procurement and supply chain team, which has delivered significant savings during the year, helping to mitigate the impacts of negative currency movements.

Outlook

Each year brings new challenges. Looking ahead to 2016, foreign exchange fluctuations will remain a challenge and although we believe pressure on commodity prices could start to ease, we are still facing high costs for some raw materials. It is also likely that consumer pricing will remain highly competitive, putting more emphasis on the need for volume growth. We are confident that by taking advantage of our strong and flexible manufacturing and supply chain, focusing on cost efficiencies and delivering innovative and high quality products, we will continue to deliver sustainable profitable growth.

2015 has been a landmark year, our first full year post IPO. We have been able to deliver our organic growth journey, while realizing our first external growth opportunity with the announcement of our Grupo Mabe acquisition. We are looking forward to another exciting year ahead of us, building on the newly acquired Grupo Mabe integration, while continuing our organic top and bottom line growth journey and looking also for new external growth opportunities.

Charles Bouaziz
Chief Executive Officer

Outside of Western Europe

The highlight of the year was our acquisition of Mexican group Grupo Mabe, further diversifying our portfolio and making us less dependent on Western Europe.

Local knowledge component

Our approach is to build on what a business has achieved locally, share best practice and enrich them with the expertise and scale we can offer.

Acceleration of our branded business & fast growing categories

In this way, we have built a track record of successfully integrating acquisitions into the Ontex family.

Critical size/scale

Group acquisitions generate significant synergies, in terms of costs, procurement and supply chain, allowing us to continue investing in the business.

Financial review
A resilient business model

"The Ontex business model proved extremely resilient during 2015, delivering another strong financial performance in the face of challenging headwinds from foreign exchange.

A key element of our business model is to deliver higher margins and increased efficiencies, while reinvesting for profitable, sustainable growth in the future.

We achieved both our aims of organic revenue growth ahead of our markets and expanded adjusted EBITDA margin growth by 24 bps. A stronger management structure in the Growth Markets Division helped to accelerate its growth.

We benefited from lower finance costs, as a result of last year's refinancing of our €630 million of debt, which resulted in significantly lower interest payments. This has allowed us to further reduce our leverage. On December 31, 2015 it was 1.94, expected to move above 2.5 post Grupo Mabe acquisition on Feb 29, 2016.

Revenue
1,689
+4.5%

Gross margin
476
+6.5%

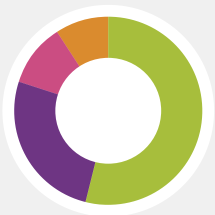
Adjusted EBITDA
209
+6.6%

Adjusted Free Cash Flow
128
+21.1%

- Revenue at €1.7 billion, up 4.5% on a reported basis and 4.8% on a like-for-like (LFL) basis.
- Solid growth of Adjusted EBITDA by 6.6% to €209 million despite an adverse FX impact of €30.6 million, resulting in an Adjusted EBITDA margin expansion of 24 basis points to 12.4%.
- Adjusted Free Cash Flow above last year as a result of improved working capital and higher Adjusted EBITDA partly offset by higher Capex and cash taxes paid.
- Net Debt was €405.5 million as of December 31, 2015, leading to a net financial debt/LTM Adjusted EBITDA ratio of 1.94x.

(€m unless otherwise specified)	2015	2014	Change (%)
Revenue	**1,689.3**	1,615.9	4.5
Gross margin	**475.6**	446.7	6.5
Adjusted EBITDA	**209.1**	196.1	6.6
Adjusted Net Profit	**103.4**	64.9	59.3
Adjusted Free Cash Flow	**127.8**	105.5	21.1
Net debt	**405.5**	585.1	(30.7)
Leverage (x)	**1.94**	2.98	34.9

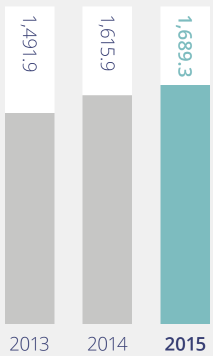
Revenue by division
€m



- Mature Markets Retail **54%**
- Healthcare **26%**
- MENA **11%**
- Growth Markets **9%**

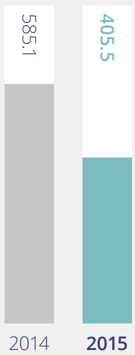
Revenue growth
€m

1,689.3



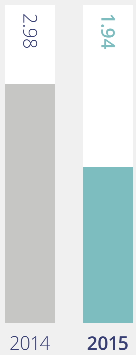
Net debt
€m

405.5



Leverage
(x)

1.94



We also improved our balance sheet through strong cash generation as a result of cash flow from operations, kept working capital within our stated target of 12% of sales and maintained capex at 3.3% of sales. In addition, the capital increase, realized through an accelerated bookbuilt offering, realized in November 2015 improved our capital position as well.

By reducing our leverage, improving our risk profile and delivering margin gains, we have received three credit ratings upgrades from leading ratings agencies since our IPO. The strong company performance has been reflected in our stock price, which has significantly increased.

We were able to increase year-on-year efficiencies through our continuous improvement program, contributing significantly to gross margin expansion and allowing us to re-invest in the structure of the company in areas such as sales, marketing, R&D, quality and support functions.

During 2015, we invested significantly in upgrading our IT systems, including the decision support tools for the organization as well as the CRM and HR platforms, part of a two-year program which will continue throughout 2016.

A springboard to the Americas

The increasing geographical diversity of our operations has enabled us to compensate for slowdowns in some regions of the world by delivering accelerated growth in others.

The highlight of the year was our acquisition of the Mexican company Grupo Mabe. This gives us a strong foothold in the Americas and a platform to further diversify our portfolio, both geographically and through adding brands.

The acquisition should have a positive impact on revenue growth, as Grupo Mabe has achieved a CAGR of 10% during the past three years, ahead of our growth.

To summarize, 2015 was a year of resilience and expansion: we delivered higher margins and made a major acquisition, while further strengthening our balance sheet, resulting in a very positive year.

Jacques Purnode
Chief Financial Officer

Divisional performance review
Working towards a more balanced portfolio

All four divisions and all three categories generated more revenue in 2015, compared to a year ago. We continued to build a more balanced and sustainable portfolio, by geography and by category, as part of our drive for greater flexibility.

“We have an agility and closeness to market which helps us to be flexible and react very quickly within changing environments.

Thierry Navarre
Chief Operating Officer

Category highlights

Baby Care

LFL revenue growth

5.9%

Baby Care category revenue delivered full year LFL growth of 5.9%. Sales increased due to the continuing positive environment for retailer brands in developed markets, as shown by retailer brand share of Baby Care in Western Europe increasing 1 percentage point to 43.5% in 2015 and in Russia doubling to 8.1%, as well as through our own brands in markets where retail is more fragmented.

Feminine Care

LFL revenue growth

0.9%

The Femcare category posted a FY 2015 LFL increase of 0.9%, in line with market growth in the geographies we are present in. Growth was mainly achieved based on share increases with retailer brands in developed markets.

Adult Care

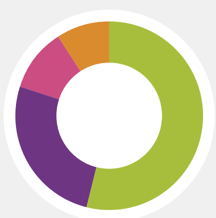
LFL revenue growth

4.8%

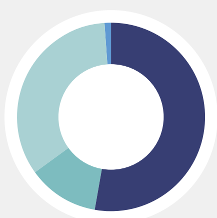
Revenue for Adult Inco was up 4.8% for FY 2015 on a LFL basis. In addition to higher revenue in the institutional channel, in our mature markets retail Division LFL sales were up 14.1% for the full year, as we leverage our expertise and partner with retailers for their own brands.

Financial terms are defined in our glossary, page 96

Revenue by division
€m



Revenue by category
€m



Mature Markets Retail

Revenue

€904m

(2014: €890m)

- Intense competition in the mature Western European market increased pressure on prices for both retailers and manufacturers.
- In this challenging environment, we maintained our retailer brand leading position with high-quality products and high service, and a disciplined approach to new contracts.
- By staying focused on consumer and shopper insights, we were able to offer innovative value-added solutions.
- Our strategy is to offer more value-added services to customers to help them grow through revenue management, shopper insights and category management.

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MENA

Revenue

€194m

(2014: €179m)

- Growth in the Middle East North Africa division was driven by volume as well as pricing and we anticipate good prospects for the future. We have strengthened our Canbebe brand across the region and our Canped in Turkey where we continue to be a category leader.
- From our base in Turkey, we significantly spread further into the region through export in several countries and by leveraging our manufacturing footholds in Algeria and Pakistan.
- Macroeconomic, political and social volatility was challenging but positive demographics, such as increased birth rates, together with our ability to respond quickly to changing conditions helped us to deliver a strong performance.
- Ontex strategy is to grow 'local hero' brands including Canbebe in the baby diaper category and Canped in adult care, and to build exports to other countries in the region.

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Healthcare

Revenue

€433m

(2014: €423m)

- Pressure on government spending negatively impacted the reimbursement systems and the institutional channels. We also faced increasing pricing competition.
- Despite this, we continued to adapt successfully to the gradual shift from "away from home" to "at home" care by focusing on providing value-added products and services increasingly through channels such as pharmacies and home delivery.
- By focusing on product innovation and offering value-added services, we grew share in a flat, mature healthcare market.
- In line with our long-term strategy, we developed in the self-paid market with our iD and Serenity brands, and we continue our drive for Ontex Healthcare to be recognized as a leading adult care specialist.

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Growth markets

Revenue

€159m

(2014: €124m)

- Growth from these markets was driven mainly by Baby Care, linked to positive demographic and retailer brand development trends in the CIS and CEE countries.
- We were successful in serving the underserved by increasing distribution to be close to the consumer and offering them high quality products at an affordable price.
- During 2015, challenges were mainly linked to volatility in currency exchange, particularly the Russian rouble, which meant we had to adapt our business model rapidly. We adjusted pricing and our manufacturing approach accordingly.
- By gaining a stronger understanding of how to reach shoppers who are not yet using these types of personal hygiene products, we are well positioned to increase adoption rates.

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Mature Markets Retail
Adding value through consumer and shopper insights

Mature Markets Retail supplies retailer-branded Baby Care, Feminine Care and Adult Care products in Western Europe, Poland, Czech Republic and Australia.

Performance

Revenue

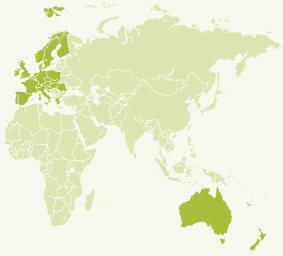
€904m

(2014: €890m)

Like for like revenue growth

0%

Key markets



You need to bring more than a product and price, you need to understand the shopper and consumer.

Arnauld Demoulin
General Manager, Mature Markets Retail division

Mature Markets Retail environment
The Mature Markets Retail (MMR) division operates within the €10.9 billion hygienic disposables market, of which Western Europe accounts for €9.3 billion. We are active in Baby Care, Feminine Care and Adult Care.

Demographic trends relating to Baby Care and Feminine Care are stable, with these categories already at high levels of product adoption. In contrast, an ageing population in Western Europe is providing growth in the adult care category. The total hygienic disposables market remained about stable in 2015, compared with an increase of around 8% for adult care.

We are the leading producer of retailer brand products across all three categories in the extremely competitive retail brand segment. Retailers are focused on attracting shoppers to their outlet by offering retailer brands in all categories and consequently, consumers are becoming more aware of these. As a result, retailer brand share has risen steadily. In 2015, retailer brands accounted for 43.5% of volume sales in Baby Care, 38.8% in Adult Care and 37.1% in Feminine Care across Western Europe.

Performance
In a challenging environment, the Mature Retail Markets division maintained FY LFL revenues stable. We continued to be dedicated to maintaining sustainable profitable growth. This included being more selective and taking a longer-term view to protect growth.

Retailer brands continued to grow their market share steadily, especially in Baby Care and Adult Care. Ontex confirmed its retailer brand leadership position.

Strategy
Our ambition is to be the preferred supplier for retail brand hygienic solutions and a credible alternative to leading brands in all three categories within MMR. Our strategy is to concentrate on a more shopper and consumer-led approach as a way to differentiate ourselves and continue to create value for our customers and consumers. We are rolling out further product innovations, driven by consumer insights, and we are focused on helping customers build their retailer brands. Working with retailers to create added value through product innovation and differentiation is key. This includes leveraging our knowledge of category management to advise retailers on the positioning of their brands and supporting growth for the entire category.

Outlook
Market conditions are not expected to change fundamentally. The incontinence category will continue to be driven by positive demographic trends, while Baby Care and Feminine Care are expected to remain broadly static.

Price pressure on retailers is expected to continue, coupled with more intense competition in the marketplace. We will take advantage of new techniques but also stay focused on added value. Through greater emphasis on insight and innovation, we will maintain and strengthen our connection to the shopper and consumer, which will help customers build their retail brands.

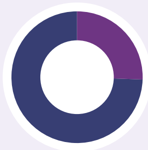
New sales capabilities
"To strengthen our relationship with customers, it is vital to create new sales capabilities, and we believe delivering greater insight will enable us to continue creating added value for them. Much of our focus during 2015 was on better understanding shopper and consumer behavior, the key differences between the two and how they relate to every aspect of the in-store experience. We have invested in research to gain deeper insight into the behavior, evaluation and spending habits of shoppers and consumers."

Laurent Bonnard
Group Sales Director

Healthcare
Taking care

We supply mainly Ontex-branded adult care products through institutional channels such as hospitals, nursing homes, health insurers and local authorities. We also sell directly to consumers through pharmacies and home delivery.

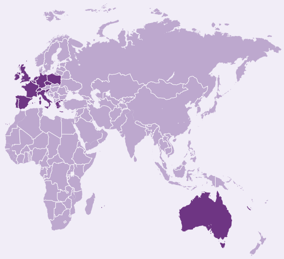
Performance



Revenue
€433m
(2014: €423m)

Like for like revenue growth
0.9%

Key markets



We leverage our knowledge and insights to develop smart-choice solutions in collaboration with our partners, to improve consumers' lives.

Xavier Lambrecht
General Manager, Healthcare Division

Market environment

Our Healthcare division is active in Western Europe, and Australia. Within that, our core markets are estimated to be worth €1.9 billion. We are the second biggest player in the healthcare adult care markets of Western Europe.

Demand for incontinence pads and pants is increasing, due to an ageing population. The overall environment is strongly price sensitive, due to pressure on government spending and reimbursement which impacts institutional budgets. As a result, the self-paid environment is developing further, making the sector gradually more consumer-oriented. Intense competition from large international suppliers and smaller, local players who pursue aggressive pricing strategies has created an even more challenging environment.

Performance

Overall, the Ontex healthcare division performed well in 2015, despite challenges, and maintained its position. In November 2015, we started the construction of a new, manufacturing plant at Dourges where we will bring two production sites in northern France into one new plant which will further improve production capabilities.

Strategy

Our aim is to be recognized as the adult care specialist and we draw on decades of experience to help us continually innovate and improve the quality of products and services we provide to customers and consumers. In collaboration with our partners, we use our knowledge and insights in the incontinence arena to develop smart choice solutions that improve consumers' lives.

We offer a complete inco-hygiene disposable product range, with a tiered offer to differentiate our value proposition per channel and per customer.

We have invested in e-platform tools and value added services to drive loyalty, efficiency and awareness and actively promote and develop products and services beyond the standard absorbent range.

Improved efficiency

"Our corporate culture is rooted in a desire for operational excellence, as improved efficiency is the key to producing reliable high quality products at affordable prices. During 2015, we continued to develop our Partnership program to enhance added value from our best suppliers and to generate savings by leveraging size and scale with the aim of reinvesting in future growth."

Philipe Agostini
Group Chief Procurement and Supply Chain Officer

Outlook

Positive demographics, such as an ageing population, will continue and we believe opportunities for growth exist in a number of Western European countries.

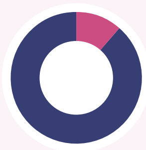
While we expect pressure on government budgets to continue, we will focus on helping elderly people remain in their own homes for longer and supply consumers directly in the form of home delivery.

We will continue to mitigate the effects of sensitive pricing by offering added value in terms of enhanced service, quality of product and cost efficiencies.

Middle East North Africa
Local knowledge and expertise

With our own regional 'local hero' brands, we have grown closer to our consumers. We have built further on our strong position in Baby Care, the largest category of the Middle East North African markets.

Performance



Revenue

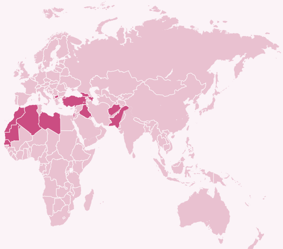
€194m

(2014: €179m)

Like for like revenue growth

8.2%

Key markets



Canbebe is one of the best-known brands in Turkey and the region.

Özgür Akyıldız
General Manager, Middle East North Africa Division

Market environment

Our Middle East North Africa division is active in Turkey, Algeria, Morocco, Pakistan and ex port markets with our brands Canbebe (Baby Care), Canped (incontinence) and Helen Harper (Feminine Care). The market for hygienic disposables in the countries where we are present was valued at €2.2 billion in 2015. This market is dominated by Baby Care, which in 2015 accounted for an estimated 72% share of value sales. The key driver of growth in demand for diapers is the increasing birth rate, particularly in countries other than Turkey.

In other markets where we have an export presence, social and political instability in countries such as Iraq and Libya has held back overall growth in the region, compared to 2014. Falling oil prices have also impacted incomes in some oil-dependent economies such as Algeria, Saudi Arabia and Iraq.

Performance

Overall, we have strengthened our Canbebe brand across the region and Canped in Turkey where we continue to be a market leader. We have seen our business grow by 8.2% on a like-for-like basis compared to 2014. Most importantly, we have been pursuing profitable growth with margin improvement in 2015.

Our Canbebe brand is one of the best-known and most established diaper brands in Turkey and the region and we have seen strong growth in this segment. Our European brand Helen Harper competes in the Feminine Care category and we are working hard to counter strong loyalty to existing brands. In the incontinence sector, our Canped brand continues to be the category leader in Turkey.

Doubling brand size with Canbebe

"Consumer insights revealed that experienced mothers wanted a good quality diaper but did not want to pay too much. We created a product that balances quality and price, using Comfort Dry technology, and mothers who were asked to evaluate it became brand ambassadors. Supported in 2015 with regional media support, Canbebe has successfully been repositioned as 'the smart choice for experienced mothers'. It was also launched in Algeria, Morocco and Pakistan."

Oriane Perreaux
Group Marketing Director

Strategy

Our objective is to continue strengthening our position in the region by growing market share in the four key markets of Turkey, Morocco, Algeria and Pakistan with our established brands. We will also focus on addressing remaining whitespaces with further exports to other countries in the region, to build scale and test demand.

Outlook

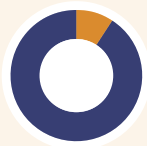
During 2015, we put in place new infrastructure to strengthen our organization for future growth. Our country-specific teams have extensive local knowledge and expertise that will bring us closer to consumers in each market. They are well positioned to capitalize on expected population and income growth in these countries.

Growth markets

Highly attractive and dynamic markets

Our Growth Markets Division is characterized by dynamic markets where the retail landscape is transforming from traditional to modern. With agile working practices, insight and advanced production technology, we supply retailer brands or Ontex brands depending on the needs of our customers.

Performance



Revenue

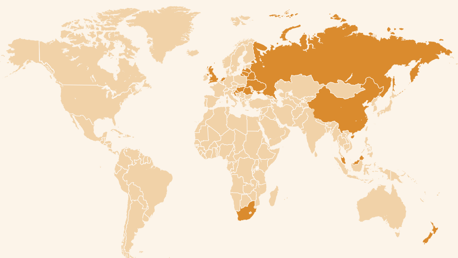
€159m

(2014: €124m)

Like for like revenue growth

48.2%

Key markets



"We build on Ontex's proven track record of retailer brands to support customers in other regions to capture the opportunities of the increasingly development of modern retail.

Thierry Viale
General Manager, Growth Markets Division

Market environment

Our Growth Markets Division covers Central and Eastern Europe, with an important part of business being in CIS – Russia, Ukraine and Belarus – and other emerging markets. The hygienic disposables markets in Central and Eastern Europe, where Ontex is present, was estimated to be €4.0 billion in 2015.

Market drivers for the Division are positive with growing population, adoption and middle class. The increasingly modern retail environment in these regions drives the development of retailer brands. This Division is active in highly volatile and uncertain markets confronted with currency and geopolitical challenges.

Performance

The Growth Markets Division delivered strong revenue growth, despite the challenge of currency devaluation in Russia. Overall, the Division saw FY LFL revenues increase by 48.2%. CIS had the highest contribution, but CEE also accelerated growth. Much of the revenue gain in 2015 was achieved as a result of increasing volume sales. We also invested in 2015 in building this division, by putting in place the right leadership and right people whilst building up capabilities and skills.

Strategy

Our strategy is to offer high quality, innovative smart hygiene solutions at reasonable prices, so that more people have access to personal hygiene solutions. Our ability to tailor our offer to individual markets and different retailers' needs has proved a key strength. As more retailers look to develop their own retailer brands, we are well positioned to support their growth with high-quality, innovative products.

Localized production

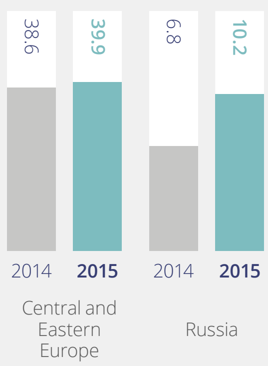
"We continued to adapt our manufacturing footprint, most notably in countries where exchange rates were volatile. Localized production allowed us to offset FOREX factors by purchasing raw materials and producing in local currency."

Martin Gartner
Group Manufacturing Director

Outlook

We expect continued volatility in these markets caused by currency fluctuations and geopolitical factors but expect to grow revenues. We will focus on increasing distribution, product innovation, sales execution and brand building. This division will continue to be a key growth engine of our Company, as it operates in highly attractive and dynamic markets.

Retail brand share growth
%



Source: Nielsen: retailer brand share in total market, FY 2015, Volume

Our acquisition strategy

Accelerating our transformation

Acquisitions have a key role to play in accelerating the transformation of Ontex from a family business to an international player. By acquiring high-quality growth businesses, we continue to expand our geographical presence, markets and brands.

Our acquisition strategy

Our growth strategy combines organic growth with strategic acquisitions. This has enabled us to expand further outside Western Europe and remains a core element of our ongoing transformation from a family firm to an international business.

Key acquisition criteria include:

- Outside Western Europe
- Strengthening branded business
- Local knowledge component
- Strong strategic and cultural fit with Ontex
- Synergies

2010
Ontex rescued German healthcare player iD Medica from bankruptcy and turned it into a profitable, direct business. The iD Medica brand was maintained and has strong contracts in the home delivery sector, hospital and nursing homes segments.

2011
With the acquisition of the French firm Lille Healthcare, Ontex enhanced its Adult Care expertise in both the commercial and operational areas. The deal also strengthened Ontex's market position in Western Europe and provided an entry into the Australian market.

2013
Since the acquisition of Serenity, an Italian manufacturer and distributor of Adult Care products, Ontex has invested heavily in expanding its reach. The Serenity management team has been integrated in Ontex and still leads the business, with Ontex providing support. One example is the installation of a Baby Care production line, helping to increase market share in Italy. Serenity has also been able to share Ontex's R&D and innovation expertise, developing new types of products and meeting customer expectations.

2015 Grupo Mabe
The next phase in our evolution...

Grupo P.I. Mabe

Our acquisition of Grupo Mabe, the second largest player in the Mexican Baby Care market, is the next phase in our strategy to complement organic growth with high-quality acquisitions.

Grupo Mabe is a Mexican manufacturer of Baby Care, Feminine Care and Adult Care products. The second largest player in the Baby Care category in Mexico, it is also number three in the small, but growing, Mexican adult care market. An entrepreneurial business founded four decades ago, Grupo Mabe exports to many countries in the Americas, including the US.

Consumer brands generate 70% of Grupo Mabe's MXN 7 billion sales and include Chicolastic, BBtips and eco-friendly diapers BioBaby. Grupo Mabe also has a growing portfolio of retailer brands, which enabled it to deliver a revenue CAGR of 10% over the 2012 to 2014 period, outperforming the Mexican hygiene market.

The acquisition will strengthen Ontex's scale and its geographic diversification, allowing Ontex to expand further outside Western Europe and giving it a strong foothold in growth markets.

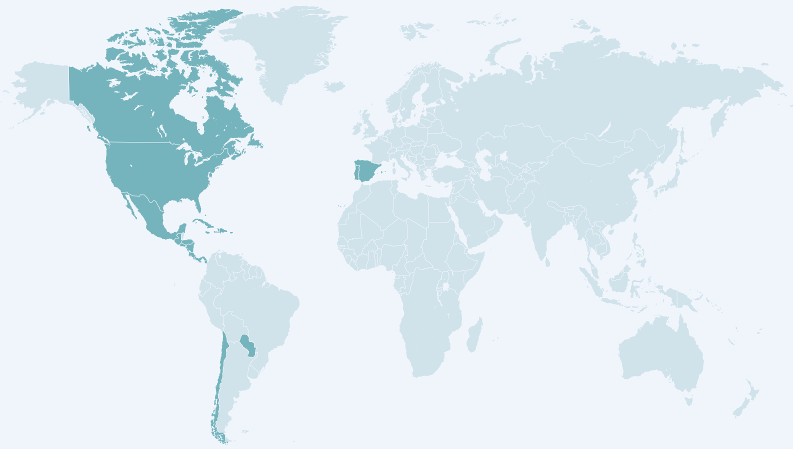
Key brands and products

Calidad Chicolastic
Fiore Manzanilla
Kiddies Antifugas
Affective
Affective Liberty Ropa Intima
Bio Baby

> The deal offers us a gateway to Latin and North America and clearly fulfills our criteria of seeking expansion outside Western Europe.

Charles Bouaziz
Chief Executive Officer

Grupo Mabe sales around the world



Our brands and innovations

A brand new story

Ontex provides smart hygiene solutions for all generations and aims to democratize personal hygiene products for babies, women and adults. Consumer research is at the heart of everything we do, driving innovation across our products portfolio.

Our brand strategy

At Ontex, we know that many consumers understand that expensive products are not necessarily best – for their loved ones or for themselves. They are experienced and tend to decide based on that experience, rather than what they are told.

Our brands and the brands of our partner retailers are designed to suit specific needs – to fit with their values and beliefs. To better serve these needs, we have conducted focus groups, product tests and evaluation, and have adapted our communications and products to fit their needs. Building on these insights, we work with our partners to strengthen their own brands.

In mature markets, such as Western Europe, we work with customers to supply the right product and build strong Retailer brands together in our three categories, for babies, men, and women. However, in areas where the retail sector is highly fragmented, such as some parts of Eastern Europe, Russia, Middle East and Africa, we market our own brands.

In Turkey for example, we offer a complete smart choice, with Canbebe, one of the best-known and longer established diaper brands especially designed for experienced mothers, Canped, market leader in Continence Care for adults, and Helen Harper, a new offer for young women.

In Western Europe HealthCare channels, such as hospitals and nursing homes and increasingly direct to consumers' home delivery, our brands are also growing, thanks to their unique combination of quality, service, and care, with a genuine focus on best service for institutions and offering one of the best value for money to consumers.

Our brands

As we continue our transformation from a manufacturing to a commercial culture, Ontex brands are becoming more important, with revenue increasing by 42% over the past three years.

- Serenity is our biggest brand, accounting for a third of our total healthcare business through nursing homes, hospitals and home delivery. It is also becoming stronger in pharmacies and drugstores, mainly in Italy.
- Our second-biggest brand is the Canbebe range of diapers sold through retailers in Middle East North Africa.
- Our third largest or fast growing brand is iD, a range of products for all levels of incontinence.
- Other Ontex brands are the Helen Harper range of baby and feminine care, Moltex baby eco-diapers and Lille Healthcare and Euron for the adult care.

Consumer insight reveal opportunities

Three years on from its launch, sales of Ontex's iD light incontinence pads were growing at a slower rate than the category. Ontex's brands and innovation teams used consumer insight to identify the need for more feminine emphasis, including attractive, colorful designs on the product and premium-looking, feminine packaging. iD Light Victoria Fresh & Free relaunched in June 2015 with a media message of femininity and freshness. Feedback has been favorable and the negative trend has reversed. The team also relaunched pull-up pants iD Fit & Feel with a softer-feel material and new super-absorption line, which has been well received and has led to sales growth.

At home with Serenity

Focused on increasing the brand awareness of our Serenity range, we aimed to convert occasional buyers into regular purchasers and improve customer retention. The range, sold through pharmacies in Italy, includes pull-up pants for moderate incontinence and Serenity Light Lady slim pads for light incontinence. We used a range of different activations, such as direct mail marketing, cross-selling and discounts, during 2015. We encouraged pharmacies to become information points with an 'Ask your pharmacy' campaign. Using e-commerce, consumers were encouraged to order and pay for products in pharmacies but have them delivered directly to their homes. Shoppers were able to avoid the inconvenience of having to carry them, while pharmacy owners were able to take payment before placing their order with Ontex and avoid holding bulky stock. The campaign used radio, press and infomercials to reach its target audience.

Successful iD brand relaunch

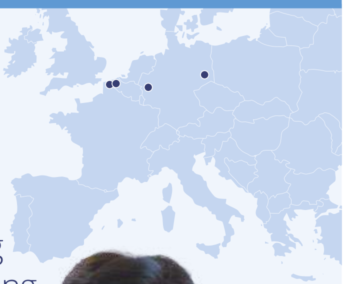
Our iD range of disposable products for all types of incontinence have been developed with continuous users' feedback. We have the right aid for a broad range of necessities, starting with the initial light needs to the highest absorption requirements, and covering all sizes from XS to XL. We complete the iD continence care assortment with a range of products specifically formulated for the hygiene and skincare of incontinent patients.

iD provides continence management solutions to improve the quality of life of our users and caregivers in all the healthcare channels: hospitals and nursing homes, homecare and pharma, specialized distributors and medical shops as well as e-commerce. We are a recognized support for families and all stakeholders in the continence community, offering value added services such as home delivery, professional training, and ordering and consumption management.

Our brands and innovations continued

We are specialized in the personal hygiene business, so we fully understand the complexities of the categories we operate in. That knowledge helps us develop our own brands but is also invaluable when it comes to designing and creating successful products for others.

R&D centers



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We work with our customers according to their needs, focusing on performance and safety.

Annick De Poorter
Group R&D, Quality and Sustainability Director

Expertise and experience in retail

We are specialized in the personal hygiene business, so we fully understand the complexities of the categories we operate in. That knowledge helps us develop our own brands but is also invaluable when it comes to designing and creating successful products for others. Our expertise and experience make us a natural partner for retailers in Europe and the rest of the world to help them develop their own brands. Using our R&D resources, we help retailers launch or develop products in the baby, Feminine Care and adult care markets. Our deep expertise in each of these categories means we can apply insights from one to the others, creating synergies across our product lines. In some cases we carry out consumer research on retailer brands, then share conclusions and recommendations with the retailers.

Consumers at the core of innovation

Innovation at Ontex is focused on developing products that meet consumer needs. We use market trends and research combined with technical, customer and consumer insights to drive new product development and upgrades. At every stage we validate our findings using our loop innovation model, focus groups, observation techniques, lab tests, panels and home use for our rigorous testing process. During 2015 we trialed our innovations with the help of more than 8,000 consumers as part of the process of generating insights.

Healthcare brands

Connecting with young consumers

There was no Feminine Care brand serving young women in Turkey until, through focus groups, Ontex identified a target market of 15-17-year-old girls. We relaunched the Helen Harper range with new, 'butterfly' themed packaging to connect with the idea of feeling young and free. Through social media, the brand has built a strong following with 55,000 followers on Facebook and helped build self-confidence through advice on diet and exercise while running various activities and competitions. The brand has also reached thousands of young girls by giving away samples at music festivals, running viral internet campaigns and having a presence on university campuses via brand ambassadors. As a result, a strong connection has been forged between the Helen Harper brand and a generation of young Turkish women.

Performance and safety are our watchwords

Research & Development is one of our key strengths and we enhance our own facilities and knowledge through collaboration with local and international partners from leading universities, laboratories, institutes and research organizations.

Across our four technical centers, we have well-equipped labs for product development, pilot production lines and finished-product testing facilities overseen by our highly experienced R&D experts.

Performance and safety are our watchwords, with an emphasis on quality and cost control. This starts with a rigorous approach to our supply chain. We carry out comprehensive audits of suppliers and provide clear specifications and checks on raw materials. Throughout our manufacturing process we apply a Total Quality Management approach, always looking for opportunities to improve our processes, and we carry out dozens of quality controls each day to ensure that our products are able to perform to the standards we and our customers expect.

> Everything we do is inspired by consumers.
>
> **Oriane Perreaux**
> Group Marketing Director

Middle East North Africa brands

Growth markets range

Mature retail market

Our customers

We care about putting our customers first

We work with retailers to help them launch, develop or improve their business with our brands and their retailer brands. By understanding our customers' needs more deeply, we strengthen our relationships with them.

Helping customers grow sales and build value

Our ability to adapt our design, production and technology model allows us to help retailers respond rapidly to changing markets. This is supported by our world-class R&D and manufacturing facilities which enable us to supply customers with exactly what they need, when they need it. Equally, the size and scope of our operations around the world make us an ideal partner for international players too.

We have forged rich and in-depth relationships with a number of customers who have retailer brands. We support their sales by providing services such as proposals for promotions, planning, design and many other activities. We also share research with key customers, including valuable shopper and consumer insights. Our customers know they can call on our expertise and experience in areas such as category management, product design and positioning, helping them to maximize sales.

In the healthcare sector, 2015 was about forging new relationships and deepening existing ones with increasing numbers of private businesses such as nursing home operators providing premium services to residents. As we go into 2016, we will concentrate on developing our understanding of these customers' needs so we can better support them.

"Ontex is seen as a leader in innovation and strong on product quality, responsiveness and willingness to understand the customers well.

Laurent Bonnard
Group Sales Director

Continuing to move from a manufacturing to a more consumer driven mindset

The Ontex model is moving from a manufacturing to a more consumer-driven mindset and as part of this, 2015 saw us establishing customer satisfaction surveys. We see this as a powerful tool to build on for the future and plan to accelerate and expand this process during 2016. During 2015, we also focused on increasing our understanding of customers' needs to improve customer satisfaction.

619
customers have participated in Healthcare channels

644
participants in Retail amongst which 42 retailers

Customer satisfaction surveys deliver
Customer satisfaction surveys carried out by external research organizations in 2015 gave us valuable feedback from retail and healthcare channels. This resulted in a detailed qualitative and quantitative report showing that product innovation, quality, responsiveness and willingness to understand the customer well are seen as our strengths. The research also provided an important roadmap for future development, particularly in areas such as category management and shopper trends.

Our people

Powered by people

Our people are the heart of our Company and through their drive and ingenuity Ontex has grown from a family business into an international organization. In return, we respect, value and take care of them.

Vision 2020

Ontex has always been people-centric but as we continue to expand, evolving to keep pace with this growth is essential.

To ensure that we keep our culture, and also to ensure that newly acquired companies that join us understand this culture and can integrate more easily, we felt the need to write down how we viewed the relationship between the Company and its employees. Vision 2020 was the result of a number of discussions with the entire Executive Management Team during which we asked ourselves what kind of company we aspire to be in 2020, with respect to our consumers and customers, our employees and our shareholders.

> Ontex is more than a company, it's a community.
>
> **Astrid de Lathauwer**
> Group HR Director

Our Chief Executive Officer and management team visited Ontex offices and factories between April and October 2015 to share this Vision 2020 with our employees. It was an opportunity to discuss with our people how this will shape our strategy for the next five years and beyond.

Vision 2020 is about our people being proud to be part of Ontex – sharing our vision and strategy – and understanding how they contribute. They show initiative and make good decisions, while our leaders empower those around them and help create a workplace where people have fun and celebrate success.

Values for the future

In every location where the Vision 2020 values initiative was presented, we ran workshops asking employees about their workplace values and gathered more than 3,000 responses.

The findings show that our people believe what makes Ontex different is its culture of teamwork, respect and trust where everyone works together with passion and dedication. These values, defined by employees rather than management, are broadly similar across all our offices and plants, wherever they are in the world.

In 2016, the input from the different countries will be consolidated and the final values will be selected and communicated to all employees.

Caring4You

A key part of Vision 2020 was showing employees they are valued by launching the Caring4You scheme in October 2015.

This program of rewards and initiatives, designed to make life easier for Ontex people, is tailored to meet local needs. Examples vary from discount cards for shops and restaurants to health insurance.

In Turkey, Caring4You benefits include 24-hour online support for employees and close family members, covering medical, psychological, nutritional and legal issues. The campaign was promoted using the slogan "Don't worry at all, just give us a call!"

Engaging results

In November 2015, we carried out a major employee engagement survey, as part of our Vision 2020 program.

Ontex employees in all sales offices and manufacturing plants took part in the online survey, carried out by independent research organization Towers Watson.

Topics covered included day-to-day work experiences, communication, training and development.

This survey, which will be repeated annually, provides us with valuable insight into how we can continue to engage employees and provides a platform for them to have a voice.

The survey result shows that 85% of our employees are engaged. They understand and believe in the goals of the Company and are willing to go beyond what is required to help Ontex succeed.

Statements responded to most favorably included:

Statement	% Positive response
I work beyond what is required to help Ontex succeed	90
I believe in the goals and objectives of Ontex	89
The people I work with usually get along well together	85
I have the equipment/tools/resources I need to do my job effectively	85
I am proud to work for Ontex	84
My work gives me a sense of personal accomplishment	77

In addition to these questions, employees have given us feedback on how they view the workplace, their colleagues, management and work conditions. In 2016, we will work and act upon local action plans to address the feedback they have given us.

Buying into our values

Values are key to creating a good working environment, according to Ontex Group Senior Purchasing Manager Thomas Hooft.

He said: "These represent what Ontex stands for and reflect why employees put so much energy into the Company. People of all levels are important because they make the difference which leads to success."

Since Thomas joined Ontex five years ago, the Company has grown significantly but he believes the contribution made by employees is recognized.

He added: "Ontex takes care of its people."

Our approach to sustainability
We care for people and the environment

Ontex believes that sustainable business practices lead to genuine business success. For this reason, Vision 2020 has sustainability at its core so that it is reflected in all aspects of our business – operations, employees, and products and services – to create value for our stakeholders, and achieve profitable sustainable growth.

How we create shared value

1. **People at the heart**
   Ontex has always been people-centric but as we continue to expand, evolving to keep pace with this growth is essential.
2. **Strong in operational excellence**
   One of the best ways to push sustainability through the organization is to link it to cost.
3. **Meeting customer and consumer needs**
   One of the main ingredients for sustainable profitable growth is to provide our customers and consumers with high-quality products that perfectly meet their needs at an affordable price.

"The more we talk about sustainability, the more it will get embedded in the organization. In order to help push sustainability throughout our organization, all Ontex managers received five-year sustainability performance objectives. In this way, we have already ensured the top management support for our sustainability ambitions.

Annick de Poorter
Group R&D, Quality and Sustainability Director

Sustainability at Ontex

People at the heart of our Company

People help shape the success of our organization. In return, we respect, value and take care of them. We have put in place several programs and initiatives to maintain our culture and enhance the pride of our employees to work for Ontex.

Sustainability targets 2015–2020:
- Determine corporate values by the end of 2015
- Conduct an employee engagement survey by the end of 2015
- Continuously strive to build a better work environment and enhance employee well-being
- Ensure compliance with the Ontex Code of Conduct by all employees

Sustainability online

Our full sustainability report focuses on the social, environmental and economic issues that are important to Ontex. It outlines our performance in key areas of sustainability in 2015.

www.ontexglobal.com/sustainability

Business excellence in our operations

We believe that responsible and cost-efficient management is central to our business success. We invest in integrated quality, safety and environmental systems to manage our plants. Our factories and all our machines are continuously monitored and adapted to minimize scrap-levels, optimize energy efficiency and guarantee the safety of our employees.

Sustainability targets 2015–2020:

- Maintain certified management systems and implement additional systems
- Planned for 2016: ISO 9001 in Algeria; ISO 14001 in Australia; OHSAS 18001 at Ontex HQ and Turkey; ISO 50001 in Segovia
- Specific energy consumption reduction: -10%
- Zero waste from production sent to landfill
- At least 50% of plants OHSAS 18001 certified
- Reduce workplace accidents
- Ensure all employees have appropriate ear-protection for their exposure to noise
- Aim for a maximum of 85 dB in all plants

And along our value chain

We consider sustainability along our whole value chain, from raw materials sourcing to product manufacturing, use and end-of-life. In each of these stages we carefully screen and select our partners. This helps us offer our customers and consumers quality products that best match their requirements.

Sustainability targets 2015–2020:

- Achieve a 100% response to the yearly sustainability questionnaire from advanced and partner suppliers
- Launch the Partnership Tracker including sustainability and aim for commitment (and actions) from all suppliers
- Accomplish a yearly sustainability program with our partner suppliers
- Participate in the Lean & Green project and attain Lean & Green certification in 2015
- 100% of fluff pulp from sustainable resources
- Program for product (raw material) innovation to lower impacts on the environment

Reliable partner for our stakeholders

Ontex has always been recognized for developing and manufacturing reliable products that provide excellent alternatives to the leading brands. But we want to evolve our business so that we are the leading partner of choice for our customers and consumers, providing smart personal hygiene solutions that meet their needs, that they can trust, and that they can buy at an affordable price.

Sustainability targets 2015–2020:

- LCA to become part of each new concept and product improvement
- Program for product innovation with lower impact on the environment (in cooperation with purchasing)
- Used raw materials and packaging material per product to be reduced by 2% for baby products and 10% for inco products

Summary of Main Risks

We view managing risk with various stakeholders, in order to satisfy consumer and customer expectations, as an inherent part of doing business. The following summary provides the main risks we have identified and manage; however, this is not an exhaustive list, and there may be additional risks which we are not aware of.

Although for most of these risks we have set up mitigating efforts, these efforts are no guarantee that risks will not materialize. The order in which these risks are listed is not an indication of their importance or probability.

For more information about our risk management framework and internal control framework, please refer to section 9 of the Corporate Governance report. For details related to financial risk management, please refer to section 7.4 of the financial statements.

The personal hygiene industry is very competitive and features local, regional and global suppliers. For all Divisions, we face competition from branded product manufacturers who sell products under their own names or brands. In the Divisions Mature Markets Retail and to a lesser extent Growth Markets, we also compete with retailer brand manufacturers who mainly or exclusively supply products to national and international retailers, who then sell the products under their own brands or labels.

We also face competition from competing manufacturers in product innovation. Rapid time to market is key to our competitiveness. If we are unable to develop innovative products, or are unable to obtain and license such proprietary rights, we may lose market share.

Revenue for our Healthcare Division is related to government spending. Governments may reduce their spending on healthcare, which could adversely affect the business that we do with public institutions.

We sell in more than 100 countries worldwide, and as a result are subject to risks associated with operating internationally. Recent and ongoing unrest in some of the countries in which we operate may adversely affect our business.

We may not be successful at retaining our key customers. Our customers range from distributors to large international retailers to institutional channels such as government healthcare organizations. Our total sales are the results of gains and losses of contracts, which are on a non-exclusive basis.

Our customer's policies and requirements may change at any time, which can impact our sales.

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

Our ability to serve our customers depends on our 15 manufacturing operations. We may experience disruptions at our production facilities or in extreme cases, our production facilities may be shut down. Should a disruption occur in one of our production facilities, we could experience temporary shortfalls in production and/or an increase in our cost of sales. We may also be subject to losses that might be completely or partially uninsured (specific cases resulting from terrorist activities and wars).

We are dependent upon the availability of raw materials for the manufacture of our products. Raw materials and packaging costs account on average for between 75% and 80% of our cost of sales. The key raw materials we use are fluff, super-absorber and non-woven fabrics.

Furthermore, the raw materials we use are subject to price volatility due to a number of factors that are beyond our control, including, but not limited to, the availability of supply, general economic conditions, commodity price fluctuations and demand in the market.

The majority of our customers contracts are based on fixed pricing models and do not contain raw materials price indexation clauses.

We make substantial sales in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations. We also make purchases of certain raw materials, primarily fluff, in US Dollars (USD).

The quality and reliability of our information systems and software are vital to our success, and any failure of these systems and software could adversely affect our operations.

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

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

We rely on our employees to execute our strategy. Our ability to attract, retain and develop people is critical to the Group's success.

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

Increasing labor costs may adversely affect our profitability.

As detailed in section 7.4 of the financial statements the Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

We are subject to obligations, restrictions and covenants under our external borrowings. If we are unable to meet our obligations, restrictions or covenants, this might have a material adverse effect on our business, financial condition and results of operations.

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

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

Although we are constantly monitoring changes in intellectual property rights, our products may comprise features that are protected by third party intellectual property rights and as such we may face legal fees and have to pay royalties which erode our profit margins.

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

We are subject to the laws of the countries we do business in and certain competition and antitrust laws. Failure to comply in full with these laws can have a significant impact on our financial position.

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Corporate Governance Statement

In accordance with the Belgian Companies Code and the 2009 Belgian Code on Corporate Governance (hereafter the "Corporate Governance Code"), the following chapter provides information about Ontex Group NV's (hereafter also the "Company") corporate governance.

This includes changes to Ontex Group NV's corporate governance, together with the relevant events that took place during 2015, such as changes in Ontex Group NV's capital or shareholder structure, the 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 (see chapter 7 of this Corporate Governance Statement).

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 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 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 the Executive Management Team. 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

2.1.1. Capital and capital evolution during 2015

As at December 31, 2015, the capital of Ontex Group NV amounted to €721,489,864.68 and was represented by 72,138,887 shares without nominal value. Each share represents 1/72,138,887st of the capital and carries one vote. The shares are listed on Euronext Brussels.

On October 28, 2015, the Board resolved to increase the share capital in the framework and within the limits of the authorized capital, subject to and to the extent of subscription to shares in an accelerated bookbuilt offering. As part of the accelerated bookbuilt offering, that took place on November 5, 2015, 4,083,332 new shares were subscribed to at a gross price of €28.10 per share. Accordingly, on November 9, 2015, the Board confirmed the realization of a capital increase in cash by €40,839,036.68 (excluding issue premium in an amount of €73,902,592.52), from €680,650,828 to €721,489,864.68, represented by a total number of 72,138,887 shares.

In addition, in June 2015, the Company approved a grant under the Long Term Incentive Plan, approved by the Shareholder Meeting respectively by the Board in 2014 (hereafter the "LTIP" the related grant in 2014 de "LTIP 2014" and the related grant in 2015 the "LTIP 2015")), which consists of a combination of stock options and restricted stock units (hereafter also "RSUs"). The stock options and RSUs do not confer any shareholder rights. The shares to be delivered to the 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 2015 is set out in the Remuneration Report.

2.1.2. Capital and capital evolution during 2016

On February 29, 2016, the Board resolved to increase the share capital in the framework and within the limits of the authorized capital, through a capital increase in kind as described below.

The Company has entered into a transaction (the "Grupo Mabe Transaction") whereby it, through Ontex BVBA, a wholly owned subsidiary of the Company, and certain subsidiaries of Ontex BVBA, has directly or indirectly acquired all outstanding shares of Grupo P.I. Mabe, S.A. de C.V., a Mexican company which manufactures disposable hygienic products ("Grupo Mabe").

Of the net consideration payable to the sellers at the closing of the Transaction, which occurred on February 29, 2016, an amount equal to € 75,677,743.80 has been paid in the form of a vendor loan note issued by Ontex BVBA (the "Vendor Loan Note") which has been immediately contributed in the Company in exchange for 2,722,221 new ordinary shares of the Company.

The 2,722,221 new shares have been issued to The Pamajugo Irrevocable Trust, dated August 13, 2008, a trust organized and existing under the laws of the State of Delaware, acting through its trustee, the Wilmington Trust Company, as consideration for its contribution to the Company of the Vendor Loan Note.

Subsequently thereto, on February 29, 2016, the Board confirmed the realization of a capital increase in kind in an amount 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, represented by a total number of 74,861,108 shares.

2.2 Group evolution

As part of a reorganization and simplification process, the Board resolved on July 30, 2015 to merge Ontex Coordination Center BVBA, ONV Topco NV and Ontex International BVBA into Ontex Group NV.

2.3 Shareholder evolution

Pursuant to our Articles of Association and 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

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/corporate_governance_charter_english.pdf).

significant shareholdings, are set at 3%, 5%, 7.5%, 10% and any subsequent multiples of 5%.

In the course of 2015, the Company received the following transparency declarations:

On January 28, 2015, the Company received a transparency declaration from GIC Private Limited, stating that, on January 23, 2015, it crossed the threshold of 3% of the total number of voting rights in the Company downwards as a result of sales of shares.

On January 30, 2015, the Company received a transparency declaration from Norges Bank, stating that, on January 29, 2015, it held 2,256,854 shares of the Company, representing 3.32% of the total number of voting rights in the Company.

On March 10, 2015, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on March 6, 2015, they held 3,329,154 shares of the Company, representing 4.89% of the total number of voting rights in the Company.

On March 12, 2015, the Company received a transparency declaration from Allianz Global Investors GmbH, stating that, on March 10, 2015, it held 3,876,537 shares of the Company, representing 5.70% of the total number of voting rights in the Company.

On March 12, 2015, the Company received a transparency declaration from Groupe Bruxelles Lambert SA, and its affiliated entities, stating that, on March 10, 2015, they held 5,028,182 shares of the Company, representing 7.39% of the total number of voting rights in the Company.

On March 13, 2015, the Company received a transparency declaration from The Goldman Sachs Group, Inc. and TPG Group Holdings (SBS) Advisors, Inc., and their affiliated entity Whitehaven B S.à r.l., and former/current members of the Executive Management Team of the Company, acting in concert, stating that, on March 10, 2015, they crossed below the threshold of 3% of the total number of voting rights in the Company downwards as a result of sales of shares.

On March 16, 2015, the Company received a transparency declaration from Aviva plc, and its affiliated entities, stating that, on March 12, 2015, they held 3,433,938 shares of the Company, representing 5.05% of the total number of voting rights in the Company.

On March 20, 2015, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on March 17, 2015, they held 3,517,986 shares of the Company, representing 5.17% of the total number of voting rights in the Company.

On April 2, 2015, the Company received a transparency declaration from Aviva plc, and its affiliated entities, stating that, on March 31, 2015, they crossed the threshold of 5% of the total number of voting rights in the Company downwards as a result of sales of shares.

On April 13, 2015, the Company received a transparency declaration from Janus Capital Management LLC, stating that, on April 9, 2015, it held 3,412,453 shares of the Company, representing 5.01% of the total number of voting rights in the Company.

On April 16, 2015, the Company received a transparency declaration from Aviva plc, and its affiliated entities, stating that, on April 15, 2015, they held 3,402,878 shares of the Company, representing 5% of the total number of voting rights in the Company.

On May 12, 2015, the Company received a transparency declaration from Aviva plc, and its affiliated entities, stating that, on May 8, 2015, they crossed the threshold of 5% of the total number of voting rights in the Company downwards as a result of sales of shares, and that, on May 8, 2015, they held 3,384,626 shares of the Company, representing 4.97% of the total number of the voting rights in the Company.

On November 9, 2015, the Company disclosed, in accordance with Article 15, § 1, of the Law of May 2, 2007, the changes to its capital and the amount of shares such capital represents, as detailed in chapter 2 of this Corporate Governance Statement.

On November 13, 2015, the Company received a transparency declaration from Janus Capital Management LLC, stating that, on November 10, 2015, they crossed the threshold of 5% of the total number of voting rights in the Company downwards as a result of the increase in the total number of outstanding ordinary shares of the Company announced on November 9, 2015, and that, on November 10, 2015, they held 3,424,055 shares of the Company, representing 4.75% of the total number of voting rights in the Company.

On November 18, 2015, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on November 12, 2015, they held 5,442,789 shares of the Company, representing 7.54% of the total number of voting rights in the Company.

In the course of 2016, the Company received the following transparency declarations:

On January 20, 2016, the Company received a transparency declaration from Groupe Bruxelles Lambert SA, and its affiliated entities, stating that, on November 9, 2015, they held 5,513,182 shares of the Company, representing 7.64% of the total number of voting rights in the Company.

On March 3, 2016, the Company disclosed, in accordance with Article 15, § 1, of the Law of May 2, 2007, the changes to its capital and the amount of shares such capital represents, as detailed in chapter 2 of this Corporate Governance Statement.

On March 3, 2016, the Company received a transparency declaration from The Pamajugo Irrevocable Trust, stating that, on February 29, 2016, they held 2,722,221 shares of the Company, representing 3.64% of the total number of voting rights in the Company.

On March, 10, 2016, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on March 3, 2016, they crossed the threshold of 7,5% of the total number of voting rights in the Company downwards as a result of the increase in the total number of outstanding ordinary shares of the Company announced on March 3, 2016, 2015, and that, on March 3, 2015, they held 5,456,076 shares of the Company, representing 7.29% of the total number of voting rights in the Company.

On March 16, 2016, the Company received a transparency declaration from Groupe Bruxelles Lambert, and its affiliated entities, stating that, on March 15, 2016, they held 7,985,501 shares, representing 10.67% of the total number of the voting rights in the Company.

3 http://www.ontexglobal.com/ShareInformation.

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We refer to our website for the most recent updates on transparency declarations received in 2016.[3]

2.4 Shareholder structure

Based on the transparency declarations received by the Company, the shareholder structure of the Company as at December 31, 2015, was as follows:

Shareholders	Shares	%[1]	Date threshold crossed
Groupe Bruxelles Lambert SA (and its affiliated entities)	5,513,182	7.64%	November 9, 2015
BlackRock (and its affiliated entities)	5,442,789	7.54%	November 12, 2015
Allianz Global Investors GmbH	3,876,537	5.70%	March 6, 2015
Aviva Plc (and its affiliated entities)	3,384,626	4.97%	May 8, 2015
Janus Capital Management LLC	3,424,055	4.75%	November 10, 2015
Ameriprise Financial Inc, Threadneedle Asset Mgt	2,620,726	3.85%	June 25, 2014
Norges Bank	2,256,854	3.32%	January 29, 2015
AXA Investment Managers SA	2,053,236	3.02%	August 7, 2014

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

2.5 Relationship with and between the Company's shareholders

Goldman Sachs Group, Inc. and TPG Global, LLC

On June 30, 2014, The Goldman Sachs Group, Inc. (hereafter "GSCP") and certain affiliates of TPG Global, LLC (hereafter "TPG") entered into a shareholders' agreement as shareholders of Whitehaven A S.à r.l. and, indirectly, Whitehaven B S.à r.l. (hereafter the "Shareholders' Agreement"). Until March 10, 2015, Whitehaven B S.à r.l. was a shareholder of the Company.

The Shareholders' Agreement addressed certain matters relating to the governance and management of Whitehaven A S.à r.l., Whitehaven B S.à r.l. and the Company as well as the ownership and transfer of shares in Whitehaven A S.à r.l., shares in Whitehaven B S.à r.l. and shares in the Company held by Whitehaven B S.à r.l. Pursuant to the terms of the Shareholders' Agreement, GSCP and TPG had equal interests and voting rights in Whitehaven A S.à r.l., Whitehaven B S.à r.l. and with respect to the shares in the Company held by Whitehaven B S.à r.l. Among other things, GSCP and TPG agreed that Whitehaven A S.à r.l. and Whitehaven B S.à r.l. were managed by a Board of Directors and that each of GSCP and TPG had the right to appoint an equal number of directors on such board.

Following the sale by Whitehaven B S.à r.l. of the remaining shares it held in the Company on March 10, 2015, the Shareholders' Agreement ceased to apply.

Arrangements with management shareholders

As part of the initial public offering launched by the Company on June 11, 2014 and ended on June 24, 2014 (hereafter the "IPO"), all Ontex II S.à r.l. shares and Ontex I S.à r.l. options held by certain members of the current Executive Management Team and certain current and former managers prior to the IPO, were converted into shares in the Company (based on the offer price of such shares in the IPO). Prior to the IPO, such management shareholders and Whitehaven B S.à r.l. had agreed that the economic entitlements under the Ontex II S.à r.l. shares and Ontex I S.à r.l. options should be preserved.

Accordingly, at the time of the IPO, a substantial part of the shares in the Company issued to holders of Ontex II S.à r.l. shares represented their rollover investment in the Ontex Group at the time of the acquisition of the Ontex Group by GSCP and TPG in 2010, and had definitively been earned by their holders. For the balance of the shares in the Company issued in respect of shares in Ontex II S.à r.l. and for the shares in the Company issued in respect of options in Ontex I S.à r.l., the entitlements of their holders were based on the exit multiple on a cash received basis for the Ontex II S.à r.l. shares and on the gain achieved on a cash received basis over a hurdle rate for the Ontex I S.à r.l. options, in each case in connection with realization on the investments of Whitehaven B S.à r.l. in the Ontex Group.

Given that, at the time of the IPO, the entitlement of the management shareholders could not be fully determined, the management shareholders agreed with Whitehaven B S.à r.l. that the number of shares in the Company that each manager would hold immediately following the IPO could be adjusted later to give effect to the original economic entitlements. This was formalized by the grant of call options by managers and Whitehaven B S.à r.l. permitting a manager to acquire shares from Whitehaven B S.à r.l. at a symbolic price in the case of an upwards adjustment and vice versa. As the entitlements are based on a cash received basis, the adjustments typically could not be made until Whitehaven B S.à r.l. had disposed of all its shares in the Company. However it was agreed that final adjustments would be made at an earlier date, i.e. when Whitehaven B S.à r.l. had disposed of 75% of the shares it held pre-IPO or, if earlier, four years from the date of completion of the IPO. In the case where the 75% threshold is passed, the shares still owned at the adjustment date were to be valued at the price received in the transaction that caused the 75% threshold to be passed. Where the four-year time limit was exceeded, the shares still owned at the adjustment date would be valued based on the 30-day volume weighted average share price at that time.

Following the sale by Whitehaven B S.à r.l. of the remaining shares it held in the Company on March 10, 2015, the 75% threshold was passed and the adjustment mechanism was triggered. Consequently, certain members of the current Executive Management Team and certain and former current managers of the Company disposed of or acquired, as applicable, shares of the Company pursuant to such adjustment mechanism triggered by the termination of the Shareholders' Agreement.

The shares owned by certain members of the current Executive Management Team and certain current and former managers were subject to a lock-up until June 30, 2015 and were held within an escrow arrangement. Since the lock-up has expired, such members of the current Executive Management Team and managers are now free to dispose of these shares, subject to inside information and insider dealing regulations and the Dealing and Disclosure Code, as detailed below.

2.6 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. The Dealing and Disclosure Code restricts transactions in Ontex Group NV securities by members of the Board and the Executive Management Committee, and by certain senior employees of the Ontex Group during closed and prohibited periods. The Dealing and Disclosure Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority, and 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 526ter of the Belgian Companies Code and the Corporate Governance Code. The composition of the Board as at December 31, 2015 complies with these recommendations.

On December 31, 2015, the Board was composed as follows:

Name	Mandate Board	Other mandates as per March 30, 2016	Mandate since	Mandate expires
Revalue BVBA, represented by Luc Missorten	Chairman, Independent Director	Corelio NV, Barco NV, GIMV, Recticel NV, Scandinavian Tobacco Group	2014	2018
Charles Bouaziz	Chief Executive Officer	ESSEC Business School, Les Amis de Vaulserre et du Trieves, PAI partners	2014	2018
Cepholli BVBA, represented by Jacques Purnode	Chief Financial Officer	John Martin's Breweries	2014	2018
Artipa BVBA, represented by Thierry Navarre	Chief Operating Officer	None	2014	2018
Inge Boets BVBA, represented by Inge Boets	Independent Director	Euroclear plc, Econopolis Wealth Management NV, QRF Management NV, La Scoperta BVBA, VZW Altijd Mooi, Van Breda Risk & Benefits	2014	2018
Tegacon AS, represented by Gunnar Johansson	Independent Director	Laeringsverkstedet AS, Hilding Anders AB, Askona Vek	2014	2018
Uwe Krüger	Non-Executive Director	Atkins plc, SUSI Partners, Aggreko plc, Swiss Nuclear Commission	2014	2018

Jonas Deroo was appointed as corporate secretary by the Board on May 8, 2015, replacing Marc Gallet.

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, Independent Director, Chairman. Mr. Missorten was appointed as Independent Director of Ontex Group NV and as Chairman of the Remuneration and Nomination Committee as of June 30, 2014. On April 10, 2015, Mr. Missorten was appointed Chairman, in replacement of Paul Walsh.

Mr. 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.

In the past, Mr. 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, from 1999 until 2003. Mr. Missorten held the function of CFO at Interbrew (now AB InBev) and most recently functioned as CFO at UCB, from 2003 to 2007. Mr. 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 but remains a Board member of Corelio to date.

Currently, Mr. 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, Mr. Missorten is an Independent Director at Recticel, where he chairs the audit committee. As from February 2016, Mr. Missorten was also appointed Independent Director at Scandinavian Tobacco Group.

Charles Bouaziz, Chief Executive Officer. Mr. Bouaziz joined the Ontex Group in January 2013, and was appointed as an Executive Director of Ontex Group NV as of April 24, 2014.

Mr. Bouaziz graduated from École Supérieure des Sciences Economiques et Commerciales (ESSEC).

Prior to joining the Ontex Group, Mr. Bouaziz held a number of senior positions during his 25 years in the consumer goods industry. He spent his early career at Michelin (in Canada) and Procter and Gamble before joining PepsiCo in 1991. Mr. Bouaziz joined PepsiCo as Marketing Director of France & Belgium and in 1996 became General Manager for France. In 2006, he became General Manager of a group of countries including France, Germany, Italy, Switzerland and Austria. In 2008, Mr. Bouaziz was appointed President of PepsiCo Western Europe. In 2010, he left PepsiCo and became CEO of Monoprix. Mr. Bouaziz joined PAI Partners in 2010 as member of the Food & Consumer Goods sector team and later as head of the Portfolio Performance Group. In addition, Mr. Boaziz also holds positions at the ESSEC Business School and at Les Amis de Vaulserre et du Trieves.

Jacques Purnode, Chief Financial Officer. Mr. Purnode joined the Ontex Group in August 2013, and Cepholli BVBA, with Mr. Purnode as its permanent representative, was appointed as an Executive Director of Ontex Group NV as of April 24, 2014.

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Mr. Purnode holds a degree of Civil Engineer in metallurgy from the Université de Liège, and a Master of Business Administration from the Université de Liège.

Prior to joining the Ontex Group, Mr. Purnode held a number of senior positions at AB InBev in various roles in finance as well as in information technology. From 2007, he worked for Coca Cola Enterprises, Inc. in London, where he most recently held the position of CFO for Europe.

Currently, Mr. Purnode also holds a position at John Martin's Breweries.

Thierry Navarre, Chief Operating Officer. Mr. Navarre joined ONV Topco NV in May 2006 as the Group Supply Chain Director and was appointed Chief Operating Officer in February 2009. Artipa BVBA, with Mr. Navarre as its permanent representative was appointed as an Executive Director of Ontex Group NV as of April 24, 2014.

Mr. Navarre holds a degree in Business Administration from École Supérieure de Commerce de Nantes, France, and also has a master's degree in Industrial Logistics from the Institut Supérieur de Logistique Industrielle (Groupe École Supérieure de Commerce), Bordeaux, France.

Before joining the Ontex Group, he was Director of Strategy & Development at InBev in France (now AB InBev), between July 2005 and May 2006, and held other senior management positions in supply and distribution at InBev, between 2001 and 2005. Prior to that, he held various roles in logistics and distribution at Fort James (now Georgia Pacific), between 1997 and 2001, and at Jamont (now Georgia Pacific) between 1991 and 1997.

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 currently also serves as Chairman of the Audit and Risk Committee.

She holds a master's degree in applied economics from the University of Antwerp.

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 independent director at Euroclear, Econopolis Wealth Management, Van Breda Risk & Benefits, and chairs the Board of QRF. Finally, Inge Boets BVBA, with Ms. Boets as its permanent representative, is manager of La Scoperta BVBA and board member of VZW Altijd Mooi.

Gunnar Johansson, Independent Director. Tegacon AS, with Mr. Johansson as its permanent representative, was appointed as Independent Director of Ontex Group NV as of June 30, 2014. Mr. Johansson was appointed Chairman of the Remuneration and Nomination Committee on April 10, 2015, replacing Luc Missorten.

He holds an MBA from Norges Handelshøyskole in Bergen, Norway.

Mr. Johansson has vast experience in emerging markets, business-to-business and fast moving consumer goods ("FMCG"). Prior to starting Tegacon AS, he held a number of positions within SCA AB, a global company in the tissue, femcare, baby diaper and incontinence care industries. Mr. Johansson worked with SCA from 1981 to 2009, the last years as Global President of the Hygiene Category. He was also a member of the board of Orkla Brands, the largest FMCG company in Norway.

Currently, Mr. Johansson works as a Senior Executive Advisor at his own company, Tegacon AS, in Norway. He is also Non-Executive Chairman of Laeringsverkstedet, Norway and a member of the Board of Hilding Anders in Sweden, and Askona Vek in Russia.

Uwe Krüger, Non-Executive Director. Prof. Dr. Krüger was appointed as Non-Executive Director of Ontex Group NV as of June 2, 2014. On May 25, 2016, the appointment of Mr. Krüger as Independent Director will be submitted to the annual shareholders' meeting for approval.

Mr. Krüger has been chief executive officer of Atkins since August 2011. He is a physicist who graduated from the University of Frankfurt with a PhD in complex system theory. He also studied at Columbia University (New York), the Ecole Normale Supérieure (Paris) and at Harvard (Boston). Mr. Krüger has spent the majority of his career leading engineering and consulting organizations globally.

He began his career at A T 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. He joined Atkins from Texas Pacific Group and Cleantech Switzerland.

Currently, Mr. Krüger is also on the board of Aggreko plc (Glasgow, United Kingdom), SUSI Partners (Zurich, Switzerland) and the Swiss Nuclear Commission (Zurich, Switzerland). As an honorary professor of physics he lectures at the University of Frankfurt/Germany.

3.2 Board: evolution in composition during 2015

On December 31, 2015, the Board of the Company was composed of seven members. With the exception of the CEO, COO and CFO, all Board members are Non-Executive Directors.

There are currently three Independent Directors within the meaning of Article 526ter of the Belgian Companies Code: Revalue BVBA (with Luc Missorten as its permanent representative), Tegacon AS (with Gunnar Johansson as its permanent representative) and Inge Boets BVBA (with Inge Boets as its permanent representative). On May 25, 2016, the appointment of Mr. Krüger as Independent Director will be submitted to the annual shareholders' meeting for approval.

Following the sale of the remaining shares in the Company held by Whitehaven B S.à r.l., the Board acknowledged the resignation of the six Directors representing Whitehaven B S.à r.l., being Alexandre Mignotte, Antonio Capo, Michele Titi-Cappelli with effect as of March 10, 2015, and Paul Walsh, Kite Consulting Ltd, with Richard Butland as its permanent representative and Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative, with effect as of April 10, 2015.

Subsequent to these changes, and with effect as of April 10, 2015, the following changes took place with respect to the composition of the Board:

- Revalue BVBA, with Luc Missorten as its permanent representative, has been appointed as Chairman of the Board, in replacement of Paul Walsh;
- Tegacon AS, with Gunnar Johansson as its permanent representative, has been appointed as Chairman of the Remuneration and Nomination Committee, in replacement of Luc Missorten.

The following replacements were approved by the Board in 2014 and 2015, in accordance with Article 519 of the Belgian Companies Code, and were confirmed by the annual shareholders' meeting on May 26, 2015:

- The replacement of Dominique Le Gal by Alexandre Mignotte;
- The replacement of Luc Missorten by Revalue BVBA, with Luc Missorten as its permanent representative;
- The replacement of Gunnar Johansson by Tegacon AS, with Gunnar Johansson as its permanent representative;
- The replacement of Richard Butland by Kite Consulting Ltd, with Richard Butland as its permanent representative;
- The replacement of Simon Henderson by Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative.

3.3 Board: evolution in composition during 2016

As part of the Grupo Mabe transaction, the Board, upon recommendation of the Remuneration and Nomination Committee, has proposed to the annual shareholders' meeting scheduled to take place on May 25, 2016 to appoint Mr. Juan Gilberto Marin Quintero as Non-Executive Director of Ontex Group NV. The following paragraph contains the biography of Mr. Marín Quintero.

Juan Gilberto Marin Quintero is the founder and chairman of Grupo Mabe. He holds a degree in Business Administration from Universidad Iberoamericana, Mexico City, an MBA from Instituto Panamericano de Alta Direccion, Mexico City and apostgraduate in International Business from the British Columbia University, Vancouver. Formerly, Mr. Marin Quintero has been the President of the National Council of Foreign Trade, Conacex, a member of the Advisory Council of Banamex City Bank and a director at Bancomext. In addition, Mr. Marin Quintero has been president at the Latin America Entrepreneur Council, and has been president of the board of Universidad de las Americas. Furthermore, Mr. Marin Quintero currently also develops Eolic Energy and Real Estate in México.

It has been established that Uwe Krüger meets the requirements to qualify as Independent Director according to the criteria set forth in Article 526ter of the Belgian Companies Code. The Board, upon recommendation of the Remuneration and Nomination Committee, has proposed to the annual shareholders' meeting scheduled to take place on May 25, 2016, to appoint Mr. Krüger as Independent Director of the Company.

3.4 Gender diversity

As at December 31, 2015, the Company had one female member on its Board, i.e., Inge Boets as permanent representative of Inge Boets BVBA, representing around 14% of the Board members. 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, in accordance with Article 518bis, §3, of the Belgian Companies Code, that by 2020 at least one third of the members of the Board is of the opposite gender as the gender of the majority of the Board.

3.5 Functioning of the Board

During 2015, the Board met 12 times. The attendance rate was as follows:

Name	Board attendance	Attendance rate
Revalue BVBA, represented by Luc Missorten	12/12	100%
Charles Bouaziz	12/12	100%
Cepholli BVBA, represented by Jacques Purnode	11/12	92%
Artipa BVBA, represented by Thierry Navarre	12/12	100%
Inge Boets BVBA, represented by Inge Boets	12/12	100%
Tegacon AS, represented by Gunnar Johansson	12/12	100%
Uwe Krüger	12/12	100%
Paul Walsh[2]	4/5	80%
Kite Consulting Ltd, represented by Richard Butland[2]	4/5	80%
Antonio Capo[1]	2/2	100%
Stockbridge Mgt Ltd, represented by Simon Henderson[2]	5/5	100%
Alexandre Mignotte[1]	2/2	100%
Michele Titi-Cappelli[1]	2/2	100%

1 Antonio Capo, Alexandre Mignotte and Michele Titi-Cappelli resigned as of March 10, 2015. Before such date, only two Board meetings were held.
2 Paul Walsh, Kite Consulting Ltd, with Richard Butland as its permanent representative, and Stockbridge Mgt. Ltd, with Simon Henderson as its permanent representative, resigned as of April 10, 2015. Before such date, only five Board meetings were held.

The Board is vested with the power to perform all acts that are necessary or useful for the realization of the Company's purposes, except for those actions that are specifically reserved by law or by the Company's Articles of Association to the shareholders' meeting or other management bodies.

Major matters reviewed by the Board during 2015 include, among others:

- The acquisition of Grupo Mabe;
- The approval of the half year and quarterly financial statements and corresponding financial reports;
- The financial and overall performance of the Ontex Group;
- Investment; and
- General strategic, financial and operational matters of the Company.

Under the lead of its Chairman, the Board will regularly (i.e., at least every two or three years) assess its size, composition, performance and those of its committees, as well as its interaction with the Executive Management Team.

3.6 Board Committees

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 and at least one Director is independent in accordance with the criteria set out in Article 526ter of the Belgian Companies Code and the Corporate Governance Code.

Corporate Governance Statement continued

On December 31, 2015, the Audit and Risk Committee was composed as follows[1]:

Name	Mandate A&R Committee	Mandate since	Mandate expires
Revalue BVBA, represented by Luc Missorten	Member, Independent Director	2014	2018
Inge Boets BVBA, represented by Inge Boets	Chairman of the Committee, Independent Director	2014	2018
Tegacon AS, represented by Gunnar Johansson	Member, Independent Director	2014	2018

1 Until its resignation on April 10, 2015, Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative, was also a member of the Audit and Risk Committee.

During 2015, the Audit and Risk Committee met seven times. The attendance rate was as follows:

Name	A&R Committee meetings attended	Attendance Rate A&R Committee
Revalue BVBA, represented by Luc Missorten	7/7	100%
Inge Boets BVBA, represented by Inge Boets	7/7	100%
Tegacon AS, represented by Gunnar Johansson	7/7	100%
Stockbridge Mgt Ltd, represented by Simon Henderson[1]	2/2	100%

1 Stockbridge Mgt. Ltd, with Simon Henderson as its permanent representative, resigned as of April 10, 2015. Before such date, only two meetings of the Audit and Risk Committee were held.

All members attended all meetings. All meetings were also attended by Marc Gallet, Secretary of the Audit and Risk Committee and by Charles Bouaziz, Jacques Purnode and Thierry Navarre. Paul Walsh, prior to his resignation on April 10, 2015, was invited to two meetings, of which he attended one.

The Audit and Risk Committee is entrusted with the tasks set out in Article 526bis, §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 audit on the half year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates and the external audit hereof, 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) 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.

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 and the majority of the members are independent in accordance with the criteria set out in Article 526ter of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2015, the Remuneration and Nomination Committee was composed as follows[1]:

Name	Position	Mandate since	Mandate expires
Revalue BVBA[2], represented by Luc Missorten	Independent Director, former Chairman of the Committee	2014	2018
Inge Boets BVBA, represented by Inge Boets	Independent Director	2014	2018
Tegacon AS[3], represented by Gunnar Johansson	Current Chairman of the Committee, Independent Director	2014	2018

1 Until their resignation on, respectively, April 10, and March 10, 2015, Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative, and Michele Titi-Cappelli were also members of the Remuneration and Nomination Committee.
2 Luc Missorten has been Chairman of the Remuneration and Nomination Committee until April 10, 2015.
3 On April 10, 2015,Tegacon AS, with Gunnar Johansson as its permanent representative, has been appointed as Chairman of the Remuneration and Nomination Committee, replacing Luc Missorten.

During 2015, the Remuneration and Nomination Committee met five times. The attendance rate was as follows:

Name	N&R Committee meetings attended	Attendance Rate N&R Committee
Revalue BVBA, represented by Luc Missorten	5/5	100%
Inge Boets BVBA, represented by Inge Boets	5/5	100%
Tegacon AS, represented by Gunnar Johansson	5/5	100%
Stockbridge Mgt Ltd, represented by Simon Henderson[1]	1/2	50%
Michele Titi-Cappelli[2]	1/1	100%

1 Stockbridge Mgt. Ltd, with Simon Henderson as its permanent representative, resigned as of April 10, 2015. Before such date, only two meetings of the Remuneration and Nomination Committee were held.
2 Michele Titi-Cappelli, resigned as of March 10, 2015. Before such date, only one meeting of the Remuneration and Nomination Committee was held.

All members attended all meetings, apart from Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative who attended one out of two meetings that were held prior to its resignation on April 10, 2015. All meetings were also attended by Astrid De Lathauwer, Group HR Director and Secretary of the Remuneration and Nomination Committee and by Charles Bouaziz.

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 526quater, §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 2015 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 and Inge Boets 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.

Executive Committee

The operational management of the Company is provided by the Executive Management Team under the leadership of the CEO and in accordance with the general policy orientations determined by, and under the supervision of the Board.

The Executive Committee is composed of the CEO, who chairs the Executive Committee, and the other members of the Executive Management Team. The CEO is responsible for the day-to-day management of the Company. He may be granted additional well-defined powers by the Board. He has direct operational responsibility for the Company and oversees the organization and day-to-day management of the Company's subsidiaries. The CEO is responsible for the execution and management of the outcome of all Board decisions. The CEO leads the Executive Management Team, which reports to him,] within the framework established by the Board of Directors and under its ultimate supervision.

In its current form, the Executive Committee does not constitute an executive committee within the meaning of Article 524bis of the Belgian Companies Code ("directiecomité").

On December 31, 2015, the Executive Management Team and, accordingly, the Executive Committee, consisted of the following members:

Name	Position	Appointed
Charles Bouaziz	Executive Director — Chief Executive Officer	2013
Jacques Purnode	Executive Director — Chief Financial Officer	2013
Thierry Navarre	Executive Director — Chief Operating Officer	2009
Philippe Agostini	Group Chief Procurement and Supply Chain Officer	2013
Laurent Bonnard	Group Sales Director	2013
Oriane Perreaux	Group Marketing Director	2013
Annick De Poorter	Group R&D and Quality Director	2009
Martin Gärtner	Group Manufacturing Director	2009
Astrid De Lathauwer	Group HR Director	2014
Özgür Akyıldız	General Manager — Middle East North Africa Division	2008
Arnauld Demoulin	General Manager — Mature Markets Retail division	2013
Xavier Lambrecht	General Manager — Healthcare Division	2013
Thierry Viale	General Manager — Growth Markets Division and Strategic Development	2013

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

Charles Bouaziz, Chief Executive Officer. See chapter 3.1 of this Corporate Governance Statement.

Jacques Purnode, Chief Financial Officer. See chapter 3.1 of this Corporate Governance Statement.

Thierry Navarre, Chief Operating Officer. See chapter 3.1 of this Corporate Governance Statement.

Philippe Agostini, Group Chief Procurement & Supply Chain Officer, was appointed as CPO in charge of Purchasing & Supply Chain functions of the Ontex Group on September 1, 2013. Mr. Agostini previously held various senior positions in Purchasing and Supply Chain for 25 years, at Mars, McDonald's, Lactalis, Pechiney-Alcan, JohnsonDiversey, and most recently Famar, where he held the position of Group Purchasing VP. Mr. Agostini holds a degree from the Engineer School École Nationale Supérieure des Arts et Métiers and a degree of Purchasing Master Management des Achats Industriels. Mr. Agostini was appointed as a manager of Ontex BVBA as of September 1, 2013.

Laurent Bonnard, Group Sales Director, was appointed Group Sales Director of Ontex BVBA on September 9, 2013. Mr. Bonnard has held various senior positions within Sales and Marketing in Mars and Quaker. Subsequently he joined Pepsico, as Sales Director France and last held the position of VP Business Development for Europe. Mr. Bonnard holds a business school degree of the Institut Supérieur du Commerce de Paris. Mr. Bonnard was appointed as a manager of Ontex BVBA as of September 9, 2013.

Oriane Perreaux, Group Marketing Director, joined the Ontex Group on June 1, 2013. Prior to joining the Ontex Group, Mrs. Perreaux was Brand Building Director at Carrefour Group, in charge of Baby & Kids Retailer brands for Western Europe. From 1998 to 2010, she held a number of Marketing positions at Procter & Gamble, in France first, and as of 2005 in Switzerland, working on Central Eastern Europe and Middle East and Africa regions. Mrs. Perreaux graduated in 1998 from ESCP Europe Business School, Paris, France. Mrs. Perreaux was appointed as a manager of Ontex BVBA as of June 1, 2013.

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Annick De Poorter, Group R&D and Quality Director, joined the Ontex Group in 2003 as the R&D Manager of Feminine Hygiene and was promoted to R&D and Quality Director in January 2009. Before joining the Ontex Group, Ms. De Poorter was the R&D Engineer Technical Products at Libeltex NV in Belgium. Prior to that, she was a Scientific Researcher at University of Ghent, Faculty of Engineering, Department of Textiles, Ghent, Belgium. Ms. De Poorter holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium. She also holds a certificate "Internal Auditor ISO 9000 : 2000" from Lloyd's Register.

Martin Gärtner, Group Manufacturing Director, joined the Ontex Group in 1997 as an Assistant Production Manager and was promoted to Group Manufacturing Director in 2009. Before becoming Group Manufacturing Director, Mr. Gärtner held the positions of Production Manager, Plant Manager and General Manager of the Ontex Group. Prior to joining the Ontex Group, Mr. Gärtner spent two years as a trainee at Wirths J. Hygiene GmbH in Germany. Mr. Gärtner holds a Diploma–Kfm. in Production Technique and Industrial Controlling from the Technical University in Aachen, Germany.

Özgür Akyıldız, General Manager of the Middle East North Africa Division, joined the Ontex Group in 2002 as an Assistant Sales and Marketing Manager and was appointed General Manager of the Turkey Regional Division in May 2008. Before joining the Ontex Group, Mr. Akyıldız was Product Manager at Digiturk A.S in Istanbul, between May 2001 and August 2002, and Sales Supervisor, between October 1999 and May 2001. Mr. Akyıldız holds a degree in Business Administration from Boğaziçi University, Istanbul, Turkey.

Arnauld Demoulin, General Manager of the Mature Markets Retail division, joined the Ontex Group in July 2002 as the Retail Brand Manager. In January 2010, Mr. Demoulin was appointed General Manager of the Healthcare Division and subsequently, in September 2013, General Manager of the Mature Markets Retail division. Mr. Demoulin was previously the Group's General Manager of the FBSI Division and Category Director. Before joining the Ontex Group, Mr. Demoulin was a Division Manager at Robert Half International in Belgium. Prior to that, Mr. Demoulin spent eight years, from 1993 until 2000, holding various positions in the commercial division at Procter & Gamble, Belgium. Mr. Demoulin holds a degree in Economical Sciences from Institut Catholique des Hautes Études Commerciales, Brussels, Belgium. Mr. Demoulin was appointed as a manager of Ontex BVBA as of March 29, 2011.

Xavier Lambrecht, General Manager of the Healthcare Division, joined the Ontex Group early 2009 as Sales & Marketing Director of the Health Care Division. Prior to that, he held different roles within Sales Development, Marketing and Business Planning at Imperial Tobacco. Mr. Lambrecht holds a master's degree in Commercial Engineering from the University Leuven, Belgium. Mr. Lambrecht was appointed as a manager of Ontex BVBA as of February 1, 2014.

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

Astrid De Lathauwer, Group Human Resources Director, joined the Ontex Group after holding a number of leading human resources functions. Ms. De Lathauwer held international HR leadership roles at AT&T in Europe, at their U.S. headquarters and at Monsanto. For ten years, Ms. De Lathauwer was the Chief HR Officer of Belgacom. Before joining the Ontex Group, she was Managing Director of Acerta Consult. Ms. De Lathauwer holds degrees in Political & Social Science and History of Art. Ms. De Lathauwer was appointed as a manager of Ontex BVBA as of October 1, 2014.

During 2015, the Executive Management Team met monthly and discussed general strategic topics.

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, 2015 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 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 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 Shareholders' agreements

GSCP and certain affiliates of TPG entered into a shareholders' agreement containing certain restrictions on the transfer of their shares in the Company and their shares in Whitehaven B S.à r.l. Following Whitehaven B S.à r.l.'s exit on March 10, 2015, the shareholders' agreement has been terminated. More detail on this matter can be found in chapter 2.5 of this Corporate Governance Statement.

4.7 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.

The Articles of Association of the Company provide for certain nomination rights in favor of Whitehaven B S.à r.l. However, given that Whitehaven B S.à r.l. has transferred its remaining shares in the Company on March 10, 2015, as described under chapter 2.5 of this Corporate Governance Statement, these nomination rights are no longer applicable and Whitehaven B S.à r.l. no longer has a right to nominate any Directors of Ontex Group NV. A proposed resolution has been included on the agenda of the upcoming extraordinary shareholders' meeting of May 25, 2016, to approve the amendment of the relevant provisions in the Articles of Association of the Company. Such proposed amendment would remove the references to the nomination rights of Whitehaven B S.à r.l.

4.8 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 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 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.

4.9 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 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"), i.e., five years from July 9, 2014. In connection with capital increases in the event of a public takeover bid, the authorization is only valid for a term of three years from the date of the extraordinary shareholders' meeting of June 10, 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 as described in chapter 2.1.1. of this Corporate Governance Statement.

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 as described in chapter 2.1.2 of this Corporate Governance Statement.

4.10 Acquisition of own shares

On June 10, 2014, the extraordinary shareholders' meeting authorized the Board to purchase, on or outside the stock market, up to 20% of the Company's own shares, profit-sharing certificates or associated certificates, for a price not more than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 5% above the highest closing price during the last 30 trading days preceding the transaction. This authorization is valid for five years from June 10, 2014.

This authorization is also valid if the acquisition is made by one of the subsidiaries directly controlled by the Company, as set out in Article 627 of the Belgian Companies Code.

The Board is also authorized to acquire for the Company's account the Company's own shares, profit-sharing certificates or associated certificates, if such acquisition is necessary to prevent a serious and imminent harm to the Company. This authorization is valid for three years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette i.e., three years from July 9, 2014.

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

The €480,000,000 five-year multicurrency facilities agreement dated November 10, 2014 entered into by the Company as Original Borrower and Original Guarantor and, among others, the Original Lenders as set out therein and Wilmington Trust (London) Limited as Security Agent, as well as the offering memorandum relating to the €250,000,000 4.75% Senior Secured Notes due 2021, contain provisions that may be triggered in the event of a change of control of the Company. The relevant provisions have been approved by the shareholders' meeting of May 26, 2015, in accordance with Article 556 of the Belgian Companies Code.

The relevant clauses in the five-year multicurrency facilities agreement, among other things, provide that, in case any person or group of persons acting in concert (other than the Initial Investors and Management defined therein) 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

Corporate Governance Statement continued

shareholders' meeting of the Company, this may lead to a mandatory prepayment and cancellation under the multicurrency facilities agreement.

The relevant clauses in the offering memorandum relating to the €250,000,000 4.75% Senior Secured Notes due 2021, among other things, grant the holders of the notes the right to require the repurchase of all or any part of the notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, in the event of a change of control of the Company as defined in the offering memorandum.

4.12 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 Executive Management Team in general.

5. Conflicts of interest

Each Board member should arrange his/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. A conflict of interests within the meaning of Article 523 of the Belgian Companies Code arose on one occasion in 2015, and the provisions of Article 523 Belgian Companies Code were complied with.

LTIP grant 2015

On May 8, 2015, the Board resolved on the execution of the LTIP 2015. In accordance with Article 523 of the Belgian Companies Code, Charles Bouaziz, Cepholli BVBA, with Jacques Purnode as its permanent representative, and Artipa BVBA, with Thierry Navarre as its permanent representative, abstained from the deliberation and voting on this decision. 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, in respect of the 2015 grant under the LTIP adopted by the Board in 2014, as further detailed in the presentation attached these minutes. The LTIP has been adopted by the Board and approved by the shareholders meeting in June 2014 and provides for annual grants during a 5-year term.

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 also potential beneficiaries of stock options and restricted stock units under the 2015 grant under the Long Term Incentive Plan.

The 2015 grant Long Term Incentive Plan will have financial consequences for the Company to the extent that, in respect of the stock options, it can result in a transfer of shares in the Company to the beneficiaries under the Long Term Incentive Plan at a price which is lower than the market price of those shares at the moment of the exercise of the stock options. In respect of the restricted stock units it will, upon vesting, result in a transfer of shares to the beneficiaries for no consideration.

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 approval of 2015 grant under the Long Term Incentive Plan.

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 entirely included in the Annual Review of the Board of Directors.

Approval of the 2015 grant under the Long Term Incentive Plan

The Board of Directors, following the recommendation of the Remuneration Committee, is of the opinion that the 2015 grant under the Long Term Incentive Plan is justified by the need to involve the members of the executive management team, certain other senior managers of the Company and other persons assimilated to these categories even more in the Company's strategy and long-term development. The grant will follow the terms of the LTIP as adopted by the Board and approved by the shareholders' meeting in June 2014. For each participant in the plan, the grant will consist for 50% of stock options and 50% of restricted stock units. Both the stock options and the restricted stock units will be granted for no consideration and will vest after three years, subject to the participant remaining in service at vesting. The exercise price of the stock options will be equal to the last closing price for the share of the Company immediately preceding the grant date and the stock options will expire after eight years.

The Board resolved to approve, in the interest of the Company and upon the recommendation of the Remuneration Committee, the 2015 grant under the Long Term Incentive Plan."

6. Related Party Transactions

During 2015, 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 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 yet made use of such authorization and the LTIP, the grant during 2014 as well as the grant during 2015, as described within the Remuneration Report, as described in 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 Executive Management Team 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 8.7 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 decided by way of written shareholders' resolutions dated June 2, 2014. It takes into account the responsibilities and the commitment of the Board members to develop the Ontex Group and is intended to attract and retain individuals who have the necessary experience and competencies for this role.

Pursuant to these written shareholders' resolutions, Non-Executive Directors receive an annual fixed fee compensation of €150,000 for the Chairman and €75,000 for all other non-executive members. The Chairman of the Audit and Risk Committee and the Chairman of the Remuneration and Nomination Committee each receive an additional fee of €25,000. In addition, Non-Executive Directors benefit from the D&O Policy, described under chapter 8.6 of this Corporate Governance Statement. None of the Non-Executive Directors receives any variable remuneration.

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.

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 the European FMCG market.

2015 Non-Executive Director remuneration overview (by member, in Euros)

Name	Function	Paid Fee
Paul Walsh	Former Chairman of the Board	37,500
Revalue BVBA, represented by Luc Missorten[1]	Chairman of the Board[1], Independent Director	137,500
Inge Boets BVBA, represented by Inge Boets	Chairman of the Audit and Risk Committee, Independent Director	100,000
Tegacon AS, represented by Gunnar Johansson[2]	Chairman of the Remuneration and Nomination Committee[2] Independent Director	93,750
Uwe Kruger[4]	Non-Executive Director	75,000
Kite Consulting Ltd, represented by Richard Butland[3]	Non-Executive Director	18,750
Stockbridge Mgt Ltd, represented by Simon Henderson[3]	Non-Executive Director	18,750
Antonio Capo[5]	Non-Executive Director	0
Alexandre Mignotte[6]	Non-Executive Director	18,750
Michele Titi-Capelli[6]	Non-Executive Director	18,750

1 Luc Missorten has been Chairman of the Remuneration and Nomination Committee until April 10, 2015, and Revalue BVBA, with Luc Missorten as its permanent representative, has been appointed as Chairman as of April 10, 2015, replacing Paul Walsh.
2 Tegacon AS, with Gunnar Johansson as its permanent representative, has been appointed Chairman of the Remuneration and Nomination Committee as of April 10, 2015, replacing Luc Missorten.
3 Kite Consulting Ltd, with Richard Butland as its permanent representative, and Stockbridge Mgt Ltd, with Simon Henderson as its permanent representative, received the pro-rated part of their fixed fee compensation for services performed during the first quarter of 2015, until their resignation.
4 Upon recommendation of the Remuneration and Nomination Committee, the Board has proposed to the annual shareholders' meeting of May 25, 2016 to appoint Uwe Krüger as Independent Director.
5 As per TPG policy, Antonio Capo waived his fee.
6 Goldman Sachs Group Inc. received the pro-rated part of Alexandre Mignotte's and Michele Titi-Cappelli's fixed fee compensation for services performed during the first quarter of 2015, until their resignation.

Corporate Governance Statement continued

8.2 Remuneration policy and procedure for the Executive Management Team

The Company's remuneration policy for the Executive Management Team 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 Executive Management Team members are evaluated against business objectives and people development objectives.

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

Rewarding successful execution of the Ontex strategy
executive remuneration is strongly linked to the achievement of targets in line with the Ontex financial plan approved by the Board

Internal Consistency
the structure of the remuneration package is in reasonable proportion and consistent with that of the line management reporting to them

Pay for performance
an important part of remuneration is linked directly to Group and Divisional performance and is consequently variable and at risk

Long-term shareholder value creation
aiming at aligning the interests of the executives with those of shareholders by granting them share-based remuneration

Base salaries for the members of the Executive Management Team 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 Executive Management Team 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. The shareholders' meeting 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 7 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 2015, the targets were revenue, EBITDA and 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. Below 90% of the achievements of the targets, no bonus is paid out. In addition, this part of the bonus is capped at a maximum of 150%. In addition, this part of the bonus is capped at a maximum of 150% of the target business part.
- A 30% (or 20% for the CEO) individual part determined by the achievement of the individual business and people development objectives that every executive agrees 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 of the CEO (total cost)

- Fixed base remuneration: €837,143
- 2015 short-term variable remuneration (paid out in 2016): €1,138,514 (paid in cash)

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 for the Long Term Incentives Plan grant described under chapter 8.5 of this Corporate Governance Statement and 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 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.

8.4 Fixed and short term variable remuneration for the members of the Executive Management Team (excluding the CEO)

- Aggregate fixed base remuneration: €3,678,227
- Aggregate 2015 short term variable remuneration (paid out in 2016): €2,522,931
- Aggregate pension (defined contribution plan structure) and life insurance contributions: €19,392
- Aggregate other elements of remuneration (company cars, representation allowances a.o.): €81,097

In addition, the members of the Executive Management Team 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 Executive Management Team 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 2014 to 2015 is due to salary increases as well as the fact that Astrid De Lathauwer joined in the course of 2014 and was accordingly not paid for a full year in 2014.

8.5 2015 Long Term Incentive Plan

In June 2015, the Company implemented the LTIP 2015, which consists of a combination of stock options and restricted stock units (also "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, by paying an 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 2015 award is thus not subject to specific performance conditions.

The number of RSUs and stock options granted to the Executive Management Team in 2015 and the aggregate amount of outstanding options and RSUs for the LTIP are:

	Number of RSUs		Number of Stock Options	
Name	LTIP 2015	Total 2014 and 2015	LTIP 2015	Total 2014 and 2015
Charles Bouaziz	6,884	**14,752**	28,661	**67,591**
Philippe Agostini	1,027	**2,511**	4,275	**11,618**
Özgür Akyıldız	1,502	**3,324**	6,251	**15,269**
Laurent Bonnard	1,026	**2,517**	4,271	**11,650**
Astrid De Lathauwer	962	**2,361**	4,007	**10,929**
Annick De Poorter	740	**2,069**	3,081	**9,657**
Arnauld Demoulin	1,570	**3,840**	6,538	**17,768**
Martin Gärtner	782	**1,906**	3,257	**8,818**
Xavier Lambrecht	1,134	**2,632**	4,720	**12,134**
Thierry Navarre	2,455	**5,814**	10,219	**26,839**
Oriane Perreaux	726	**1,706**	3,021	**7,870**
Jacques Purnode	2,869	**5,849**	11,943	**26,690**
Thierry Viale	993	**2,420**	4,135	**11,196**

To date, no stock options or RSUs were exercised and no stock options or RSUs lapsed under the LTIP.

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

Except in case of termination due to breach of their management agreement in certain events, Charles Bouaziz and Artipa BVBA, with Thierry Navarre as its permanent representative are entitled to a notice period of 12 months or an indemnity in lieu of notice corresponding to 12 months of fixed base remuneration plus bonus.

Their management agreements also contain a non-competition clause pursuant to which the Company may require them, upon termination, not to work for competitors for a period of up to 12 months following the effective end of the agreement. Both are entitled to receive compensation (in addition to any compensation they may receive as an indemnity in lieu of notice) in an amount corresponding to up to 12 months of fixed base remuneration if this non-competition clause is applied.

Özgür Akyıldız, Annick De Poorter and Martin Gärtner are subject to the ordinary rules of employment law applicable to their employment, including the rules with respect to the termination of employment which provide for certain notice periods or an indemnity in lieu of notice. Except in case of termination due to serious cause or due to a violation of his obligations under the employment agreement, Martin Gärtner's contract provides for an exit indemnity equal to 1/12th of his annual base salary multiplied by the difference between (a) the number of years' service at termination (rounded to the nearest whole number) and (b) 3 months per started period of 5 years' service less 12. Furthermore, the employment agreements of Annick De Poorter and Martin Gärtner contain a non-competition clause for a period of 12 months following the effective end of the agreement. In case of enforcement of this clause, Annick De Poorter and Martin Gärtner are entitled to compensation in the amount of, respectively, six and 12 months' remuneration, including variable remuneration and benefits.

Corporate Governance Statement continued

Except in case of termination due to breach of their management agreement in certain events, the other members of the Executive Management Team have a notice period of three months or an indemnity in lieu of notice corresponding to three months of fixed remuneration or, in case of Jacques Purnode, an indemnity in lieu of notice corresponding to three months of fixed base remuneration plus bonus. Except in case of termination due to breach of his management agreement in certain events, Arlipase SPRL, with Arnauld Demoulin as its permanent representative, is entitled to a notice period of 12 months or an indemnity in lieu of notice corresponding to 12 months of fixed base remuneration.

Their management agreements also contain a non-competition clause pursuant to which the Company may require them, upon termination, not to work for competitors for a period of up to 24 months following the effective end of the agreement, 12 months in the case of Arlipase Bvba. They are entitled to receive compensation in an amount equal to up to 12 months of fixed remuneration if this non-competition clause is applied. If the compensation relating to the non-competition clause amounts to less than 9/12th of the annual fixed remuneration, or 12/12th of the annual fixed remuneration for Ms. Perreaux, the difference between these amounts will be paid as a supplementary indemnity in lieu of notice.

8.8 Information about the remuneration policy in the coming two years

In 2015, the Remuneration and Nomination Committee reviewed the competitiveness of the total remuneration for the different levels in the organization.

The Committee reviewed and discussed an extensive benchmark study by Mercer, a global benefits consulting firm, with respect to medical, death & disability and pension benefits for all employees and all countries in the Ontex group. Based on the results of this study, a roadmap was developed for those countries where our current benefits coverage is below the median of the local market.

At the end of 2015, the Remuneration and Nomination Committee contracted with Willis Towers Watson, a global advisory for executive reward, to benchmark the Ontex remuneration practices. This study reviewed the competitiveness of the total remuneration levels of the members of the Executive Management Team at Ontex, in comparison to:

a) A sample of European companies or European divisions of multinational corporations which are active within the FMCG sector and which are comparable in size (measured in terms of revenues and number of employees) for total direct compensation (total target cash compensation plus the expected value of long term incentives)
b) BEL20 and major BELMID companies (exclusive of the financial sector) as a validation of the market levels resulting from the international peer comparison group and as a frame of reference for the main perquisites and retirement & related risk benefits

On a total compensation basis this benchmarking study revealed that Ontex was lagging behind the benchmark due to lower levels of Long Term Incentives and benefits. The Committee therefore has decided to recommend an enhancement with respect to the level of the LTIP and benefits to the Board for 2016, in order to align the remuneration levels with the median of the market.

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 Executive Management Team 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

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.

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 companywide policies, procedures and processes such as the Ontex Code of Conduct, the Anti-Bribery Policy, the Antitrust Policy and the Quality Management System. The Executive Management Team 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.

Group-wide ERP system

All significant entities operate the same Group-wide ERP system which is managed centrally. This system embeds the roles and responsibilities defined at the Ontex Group level. Through this system, the main flows are standardized and key controls are enforced. The system also allows 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 Review. 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.

Key legal Compliance areas are monitored for the entire Ontex Group by Local Compliance Coordinators, the Legal Compliance Manager and the Compliance Steering Committee. The Legal Compliance Manager supports the adoption of clear processes and procedures with respect to (i) the Code of Conduct and the Anti-Bribery Policy (ii) Antitrust Policy, and (iii) insider trading, the Dealing and Disclosure Code, and other listing obligations. The Compliance Steering Committee is composed of the CFO, the Group HR Director, the Group General Counsel and the Legal Compliance Manager and meets regularly to discuss and decide on legal compliance issues and action plans. The Compliance Steering Committee reports on its activities to the Executive Management Team.

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 recorded 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 3.6 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-wide ERP system 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 Executive Management Team, 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

Financial
Statements

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Consolidated financial statements for the financial year ended December 31, 2015 and 2014

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"), 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 financial report gives an accurate overview of the information that needs to be disclosed pursuant to paragraphs 5 and 6 of article 13 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.

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts for the year ended 31 December 2015
30 March 2016

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statements. The consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Ontex Group NV ("the Company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to EUR 1,905.1 million and the consolidated income statement shows a profit for the year, group share, of EUR 98.6 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and 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 financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of directors and the company's 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.

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2015 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.

Report on other legal and regulatory requirements

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

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ghent, 30 March 2016

The Statutory Auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Peter Opsomer*
Bedrijfsrevisor/Réviseur d'Entreprises

*Peter Opsomer BVBA
Board Member, represented by its fixed representative,
Peter Opsomer

1. General information

1.1. Corporate Information

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors on March 30, 2016.

1.2. Business Activities

Ontex is a leading manufacturer supplier of branded and retailer brand hygienic disposable products and solutions across Europe, the Middle East and North Africa. In mature markets, such as Western Europe, the Company works with retailers to supply their retailer branded baby care, Feminine Care and Adult Care products. Ontex also distributes its own brands through healthcare channels – such as hospitals and nursing homes and increasingly, direct to consumers through pharmacies and medical shops. While historically Western Europe has been the Company's largest geographic market in terms of sales, the Company also has a growing presence in emerging markets where it offers both retailer brands and its own brands, with the mix varying by product category and geography. The Company believes that it operates a strong and diversified business across multiple geographies and serves a blue chip customer base with high quality products in core, resilient and non-discretionary categories.

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. We acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, we acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, we opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult care market in France. In 2013, we acquired Serenity, a company operating in the adult care market in Italy, and opened a production facility in Pakistan.

In preparation of the Initial Public Offering (IPO) of the Group in 2014, Ontex Group NV (the "Parent") was incorporated on April 24, 2014 for the purpose of acquiring Ontex I S.à.r.l. and its subsidiaries, which occurred on June 10, 2014. Ontex Group NV was established by the same shareholders as those of Ontex I S.à.r.l.

Since the shareholders of Ontex I S.à.r.l. before the reorganization have the same absolute and relative interest in the net assets of the Group and the new Group immediately before and after the reorganization in 2014, the transactions for preparing the IPO constitute an internal reorganization or a transaction under common control. Consequently, these transactions are recognized in the financial statements for the period ended December 31, 2014 using the predecessor value method. This means that the purchase price was not allocated to the assets and liabilities acquired. The values recognized in the current financial statements are the values determined when Ontex I S.à.r.l. gained control and started to consolidate the subsidiaries.

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

1.4. Legal status

Ontex Group NV is a limited-liability company incorporated as a *"naamloze vennootschap"* ("NV") under Belgian law. 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, 2015	December 31, 2014
Non-current assets			
Goodwill and other intangible assets	8	864.6	864.6
Property, plant and equipment	9	319.0	296.5
Deferred tax assets	17	7.0	10.4
		1,190.6	1,171.5
Current assets			
Inventories	11	201.1	200.9
Trade receivables	10	218.1	204.3
Prepaid expenses and other receivables	10	49.0	55.9
Current income tax		7.3	6.1
Derivative financial assets	4.1	2.2	7.3
Cash and cash equivalents	12	236.8	35.5
		714.5	510.0
Total assets		1,905.1	1,681.5

Equity and Liabilities In € million	Note	December 31, 2015	December 31, 2014
Equity attributable to owners of the company			
Share capital and Premium	13	913.1	799.7
Cumulative translation differences		(24.3)	(18.3)
Treasury shares		(13.1)	–
Retained earnings and other reserves		(23.5)	(110.4)
Total equity		852.2	671.0
Non-current liabilities			
Employee benefit liabilities	16	19.7	19.6
Provisions	19	0.2	0.2
Interest-bearing debts	15	633.1	618.2
Other non-current financial liabilities	7	–	5.0
Deferred income tax liabilities	17	27.3	22.3
Other payables		0.2	–
		680.5	665.3
Current liabilities			
Interest-bearing debts	15	9.2	2.4
Derivative financial liabilities	4.1	2.5	5.5
Other current financial liabilities	7	5.0	5.0
Trade payables	18	267.1	254.5
Accrued expenses and other payables	18	23.3	22.3
Social liabilities	18	33.3	28.8
Current income tax liabilities		27.3	20.9
Provisions	19	4.7	5.8
		372.4	345.2
Total liabilities		1,052.9	1,010.5
Total equity and liabilities		1,905.1	1,681.5

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	2015	2014
Revenue	5	**1,689.3**	1,615.9
Cost of sales	23	**(1,213.7)**	(1,169.2)
Gross margin		**475.6**	446.7
Distribution expenses	23	**(151.0)**	(151.4)
Sales and marketing expenses	23	**(93.5)**	(84.0)
General administrative expenses	23	**(55.6)**	(44.9)
Other operating income/(expense), net	21–23	**0.3**	(2.5)
Non-recurring income and expenses[1]	22	**(6.8)**	(56.3)
Operating profit		**169.0**	107.6
Finance income	24	**25.7**	13.9
Finance costs	24	**(61.9)**	(104.2)
Net finance cost		**(36.2)**	(90.3)
Profit/(Loss) before income tax		**132.8**	17.3
Income tax expense	25	**(34.2)**	(8.7)
Profit/(Loss) for the period		**98.6**	8.6
Profit /(Loss) attributable to:			
Owners of the parent		**98.6**	8.6
Profit/(Loss) for the period		**98.6**	8.6

Reconciliation of Non-IFRS Financial Measures In € million	Note	Full Year 2015	Full Year 2014
Reconciliation of operating profit to net income before interest, tax, depreciation and amortization (EBITDA) (Additional information)			
Operating Profit		**169.0**	107.6
Depreciation and amortization[2]		**33.3**	32.5
EBITDA[3]		**202.3**	140.1

1 Non-recurring income and expenses is a non-GAAP measure defined in note 7.22.
2 Depreciation and amortization (D&A) include €33.3million of recurring D&A and €0.0 million of non-recurring D&A in 2015 (€32.2million of recurring D&A and €0.3 million of non-recurring D&A in 2014).
3 EBITDA, earning before net finance cost, income taxes, depreciation and amortization is a non-GAAP measure defined in the summary of significant accounting policies (note 7.1.26).

Earnings per share:

Earnings per share (Euro)	Note	Full Year 2015	Full Year 2014
Basic Earnings per share	14	**1.43**	0.13
Diluted Earnings per share	14	**1.43**	0.13
Adjusted Basic Earnings per share	14	**1.50**	0.95
Diluted Adjusted Basic Earnings per share	14	**1.50**	0.95
Weighted average number of ordinary shares outstanding during the period		**68,736,110**	68,055,555

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

4. Consolidated statement of comprehensive income
for the years ended December 31

In € million	Note	Full Year 2015	Full Year 2014
Income/(loss) for the period		98.6	8.6
Other comprehensive income/(loss) for the period, after tax:			
Items that will not be reclassified subsequently to income statement			
Remeasurements of defined benefit plans	16	1.3	(2.7)
Items that will be reclassified subsequently to income statement			
Exchange differences on translating foreign operations		(6.0)	1.6
Cash flow hedge		(0.9)	0.6
Other comprehensive income /(loss) for the period, net of tax		(5.6)	(0.5)
Total comprehensive income/(loss) for the period		93.0	8.1
Total comprehensive income attributable to:			
Owners of the parent		93.0	8.1
Total comprehensive income/(loss) for the period		93.0	8.1

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	Note	Attributable to equity holders of the Company						
		Number of shares	Share capital	Share Premium	Cumulative translation reserves	Treasury shares	Retained earnings and other reserves	Total Equity
Balance at December 31, 2014	13	68,055,555	655.3	144.4	(18.3)	–	(110.4)	671.0
Transactions with owners at the level of Ontex Group NV:								
Settlement of Share based Payment		–	–	–	–	–	0.8	0.8
Dividend		–	–	–	–	–	(12.9)	(12.9)
Treasury Shares		–	–	–	–	(13.1)	–	(13.1)
Issuance expenses new shares		–	(1.3)	–	–	–	–	(1.3)
Capital increase		4,083,332	40.8	73.9	–	–	–	114.7
Total transactions with owners 2015		4,083,332	39.5	73.9	–	(13.1)	(12.1)	88.2
Comprehensive income:								
Profit for the year		–	–	–	–	–	98.6	98.6
Other comprehensive income:								
Exchange differences on translating foreign operations		–	–	–	(6.0)	–	–	(6.0)
Actuarial gains/(losses) on defined benefit pension plans		–	–	–	–	–	1.3	1.3
Cash flow hedges		–	–	–	–	–	(0.9)	(0.9)
Other movements		–	–	–	–	–	–	–
Total other comprehensive income		–	–	–	(6.0)	–	0.4	(5.6)
Balance at December 31, 2015	13	72,138,887	694.8	218.3	(24.3)	(13.1)	(23.5)	852.2

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

In € million	Note	Number of shares	Share capital	Share Premium	CPECs[1]	Cumulative translation reserves	Retained earnings and other reserves	Total Equity	Non-controlling interests	Total Equity
		Attributable to equity holders of the Company								
Balance at December 31, 2013	13	2,101,250,000	21.0	–	399.0	(19.9)	(64.4)	335.7	23.5	359.2
Transactions with owners at the level of Ontex Group NV:										
Paid-in capital at establishment:		7,000	0.1	–	–	–	–	0.1	–	0.1
Contribution in kind of Ontex I S.à.r.l. shares		49,993,000	499.9	400.1	–	–	23.5	923.5	(23.5)	900.0
Settlement of share based payment		–	–	–	–	–	2.4	2.4	–	2.4
Transfer of share premium to capital		–	400.1	(400.1)	–	–	–	–	–	–
Primary tranche of IPO		18,055,555	180.6	144.4	–	–	–	325.0	–	325.0
Capital decrease		–	(400.0)	–	–	–	400.0	–	–	–
IPO Expenses attributed to primary tranche		–	(25.3)	–	–	–	–	(25.3)	–	(25.3)
Elimination of common control transaction and equity Ontex I S.à.r.l.		(2,101,250,000)	(21.0)	–	(399.0)	–	(480.0)	(900.0)	–	(900.0)
Total transactions with owners 2014		**(2,033,194,445)**	**634.3**	**144.4**	**(399.0)**	**–**	**(54.1)**	**325.6**	**(23.5)**	**302.1**
Comprehensive income:										
Profit for the year		**–**	**–**	**–**	**–**	**–**	**10.2**	**10.2**	**(1.6)**	**8.6**
Other comprehensive income:		**–**	**–**	**–**	**–**					
Exchange differences on translating foreign operations		–	–	–	–	1.6	–	1.6	1.4	3.0
Actuarial gains/(losses) on defined benefit pension plans		–	–	–	–	–	(2.7)	(2.7)	0.1	(2.6)
Cash flow hedges		–	–	–	–	–	0.6	0.6	–	0.6
Other movements		–	–	–	–	–	–	–	0.1	0.1
Total other comprehensive income		–	–	–	–	1.6	(2.1)	(0.5)	1.6	1.1
Balance at December 31, 2014	13	68,055,555	655.3	144.4	–	(18.3)	(110.4)	671.0	–	671.0

1 Convertible Preferred Equity Certificates

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2015, is as follows:

Share holder	2015	%[1]
Groupe Bruxelles Lambert SA	5,513,182	7.64%
BlackRock	5,442,789	7.54%
Allianz Global Investors GmbH	3,876,537	5.70%
Aviva Plc	3,384,626	4.97%
Janus Capital Management LLC	3,424,055	4.75%
Ameriprise Financial Inc, Threadneedle Asset Management	2,620,726	3.85%
Norges Bank	2,256,854	3.32%
AXA Investment Managers SA	2,053,236	3.02%

1 At the time of the 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

Cash flows from operating activities In € million	Note	Full Year 2015	Full Year 2014
Net profit/(loss) for the year		98.6	8.6
Adjustments for:			
Income tax expense	25	34.2	8.7
Depreciation and amortization		33.3	32.5
(Profit)/loss on disposal of property, plant and equipment		0.4	(3.1)
Provisions (including employee benefit liabilities)		1.5	0.2
(Profit)/loss on Serenity earn out		(2.0)	–
IPO expenses through income statement		–	21.1
Refinancing expenses through income statement		–	32.7
Unrealized F/x difference on operating activities		–	1.5
Finance costs – net (including unrealized F/x difference on financing)		36.2	90.3
Changes in working capital:			
Inventories		(0.7)	(20.6)
Trade and other receivables and prepaid expenses		(7.6)	(23.0)
Trade and other payables and accrued expenses		2.7	13.7
Social liabilities		3.8	2.8
Cash from operating activities before taxes		200.4	165.4
Income tax paid		(19.8)	(11.8)
Net cash generated from operating activities		180.6	153.6

Cash flows from investing activities In € million	Note	Full Year 2015	Full Year 2014
Purchases of property, plant and equipment and intangibles (including capital grants)		(55.9)	(48.9)
Gain on disposal		–	4.6
Acquisition price paid	7	(3.0)	(8.0)
Net cash used in investing activities		(58.9)	(52.3)

Cash flows from financing activities In € million	Note	Full Year 2015	Full Year 2014
Proceeds from borrowings	15	6.9	630.0
Borrowing expenses paid		–	(13.0)
Repayment of borrowings	15	(0.6)	(911.3)
Interest paid	24	(24.2)	(69.2)
Interest received	24	0.9	0.2
Cost of refinancing and Other costs of financing		(5.5)	(40.2)
Realized foreign exchange (losses)/gains on financing activities		4.1	(0.2)
Derivative financial asset		(2.5)	(2.8)
IPO expenses paid through equity		–	(25.3)
IPO expenses paid through income statement		–	(20.5)
Dividend pay out		(12.9)	–
Capital increase (net of issuance costs new shares)		113.4	–
Capital increase (net of IPO costs)		–	325.1
Net cash generated from / (used in) financing activities		79.6	(127.2)
Net increase in cash, cash equivalents and bank overdrafts		201.3	(25.9)
Cash, cash equivalents at the beginning of the year		35.5	61.4
Cash, cash equivalents at the end of the year		236.8	35.5

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

7. Ontex Group NV notes to the consolidated financial statements

7.1 Summary of significant accounting policies

7.1.1 Introduction

As mentioned under caption "1.3. History of the Group", on April 24, 2014, as part of a reorganization of the corporate structure of the Group, Ontex Group NV was created as a new holding company and parent of the Group.

Ontex I S.à.r.l. became a subsidiary of Ontex Group NV through the contribution in kind of all shares of Ontex I S.à.r.l. into Ontex Group NV in exchange of new shares in Ontex Group NV. Immediately following the contribution of the Ontex I S.à.r.l. shares by the initial shareholders, these shareholders held the same economic interest in Ontex Group NV as they held in Ontex I S.à.r.l. immediately prior to the contribution. Further details on the contribution are included in note 7.13.

The acquisition of Ontex I S.à.r.l. by Ontex Group NV is a common control transaction and falls outside the scope of IFRS 3 'Business Combinations'. Following the guidance regarding the selection of an appropriate accounting policy provided by IAS 8 Accounting policies, changes in accounting estimates and errors, the transaction has been accounted for in these financial statements using the pooling of interests method, which reflects the economic substance of the transaction.

In accordance with the requirements of the pooling of interest method, the comparative information in the Consolidated Financial Statements has been extracted from the Consolidated Financial Statements of Ontex I S.à.r.l. The Consolidated Financial Statements of Ontex Group NV represents a continuation of Ontex I S.à.r.l.'s Consolidated Financial Statements.

This means:

1. That the assets and liabilities of Ontex Group NV are recognized and valued in the Consolidated Financial Statements at their book value in the consolidated financial statements of Ontex I S.à.r.l., as established in accordance with the IFRS. Ontex I S.à.r.l. has always, since its creation, prepared consolidated financial statements in accordance with IFRS, and therefore IFRS 1 is not applicable;
2. That the retained earnings and other equity balances recognized in the Consolidated Financial Statements are the retained earnings and other equity balances of Ontex Group NV and that the difference between the acquisition amount and the eliminated share capital of Ontex I S.à.r.l. is recognized as an 'other (merger) reserve';
3. That the income statement and statement of cash flows for the year ended December 31, 2014 spans 12 months, notwithstanding the fact that the financial year of Ontex Group NV as a legal entity is shorter (April 24, 2014 to December 31, 2014);
4. That the comparative information presented in the consolidated financial statements is the information of Ontex I S.à.r.l. Management has taken this decision because of the continuity and labeled the comparative information as 'Predecessor' financial information.

The accounting policies used to prepare the financial statements for the period from January 1, 2015 to December 31, 2015 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2014 of Ontex Group NV. 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, 2015 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, 2015. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2015, 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 derivative financial instruments for which fair value is used.

These financial statements are prepared on an accruals basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.3.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2015:

- IFRIC 21 'Levies', effective for annual periods beginning on or after June 17, 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. IFRIC 21 addresses what the obligating event is and when a liability should be recognized.
- 'Annual improvements (2011–2013 cycle)' are effective for annual periods beginning on or after January 1, 2015. The amendments clarify IFRS 1 (where a new version of a standard is not yet mandatory but is available for early adoption, a first-time adopter can use either the old or the new version under IFRS 1), the scope of IFRS 3 (the standard does not apply to the accounting for the formation of any joint arrangement under IFRS 11), portfolio exception in IFRS 13 and the interrelationship of IFRS 3 'Business Combinations' and IAS 40 'Investment Property'.

The impact of the application of the new standards and amendments is however not significant.

The following new interpretation and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning January 1, 2015:

- Amendment to IAS 19 'Employee benefits', effective for annual periods beginning on or after February 1, 2015. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.
- 'Annual improvements (2010–2012 cycle)' with minor amendments to eight standards, effective for annual periods beginning on or after February 1, 2015. The amendments relate to IFRS 2 'Definition of vesting condition', IFRS 3 'Accounting for contingent consideration

7. Ontex Group NV notes to the consolidated financial statements continued

in a business combination', IFRS 8 'Aggregation of operating segments', IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalized', IAS 16/IAS 38 'Revaluation method-proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.
- 'Annual improvements (2012–2014 cycle)' with amendments to 4 standards, effective for annual periods beginning on or after January 1, 2016. The amendments include IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 19, 'Employee benefits', IFRS 7, 'Financial instruments: disclosures' and IAS 34, 'Interim financial reporting'.
- Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation, effective for annual periods beginning on or after January 1, 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning on or after January 1, 2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.
- Amendment to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' on bearer plants, effective for annual periods beginning on or after January 1, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.
- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortization, effective for annual periods beginning on or after January 1, 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning January, 1, 2015 and have not been endorsed by the European Union:

- IFRS 9 'Financial instruments', effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- IFRS 14 'Regulatory deferral accounts', effective for annual periods beginning on or after January 1, 2016. It concerns an interim standard on the accounting for certain balances that arise from rate–regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first–time adoption or subsequently) and on presentation and disclosure.
- IFRS 15 'Revenue from contracts with customers'. The IASB and FASB have jointly issued a converged standard on the recognition of revenue from contracts with customers. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after January 1, 2018, subject to EU endorsement.
- Amendment to IFRS 9 'financial instruments' on general hedge accounting, effective for annual periods beginning on or after January 1, 2018. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. These amendments also impact IAS 39 and introduce new disclosure requirements for hedge accounting, thereby impacting IFRS 7, irrespective of the fact whether hedge accounting requirements under IFRS 9 or IAS 39 are used.
- Amendments to IAS 27 'Separate financial statements' on the equity method, effective for annual periods beginning on or after January 1, 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after January 1, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after January 1, 2016. These narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities.

Should the standards have been early adopted there would be no impact on the consolidated financial statements of the Group for the financial year ended December 31, 2015.

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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group 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 unrealized gains on transactions between group companies are eliminated. Unrealized 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 subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "investments in associates" and is tested for impairment as part of the overall balance. Separately 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 four Cash Generating Units (CGUs). These CGUs are Mature Markets Retail, Growth Markets, Healthcare and Middle East North Africa (MENA). 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 "Finance income" or "Finance cost". All other foreign exchange gains and losses are presented in the income statement within "other operating income/(expense), net".

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting exchange rate differences are recognized in other comprehensive income and accumulated in a separate component of equity.

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

	December 31, 2015		December 31, 2014	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.4897	1.4765	1.4829	1.4724
GBP	0.7340	0.7260	0.7789	0.8064
PLN	4.2639	4.1828	4.2732	4.1853
RUB	80.6736	68.0068	72.3370	51.0062
TRY	3.1765	3.0218	2.8320	2.9071
USD	1.0887	1.1096	1.2141	1.3287

7.1.6 Other intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible fixed assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects. For internal IT projects, expenses that relate to the development phase are capitalized as internally generated intangibles assets. The Group's systems allow a reliable measure of expenses directly attributable to the different IT projects.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset is expensed as incurred.

7. Ontex Group NV notes to the consolidated financial statements continued

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	Estimated useful life
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 Research & Development

Notwithstanding the detailed follow up of the R&D programs for product development per project, the administrative system of the Group does not differentiate the incurred expenses between research and development phases. Therefore, the expenses in relation to the research and development phase are charged to the statement of comprehensive income within operating results.

7.1.8 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:

Tangible Assets	Estimated useful life
Land	N/A
Land improvement and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT Equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

7.1.9 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.

7.1.10 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.

7.1.11 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.

7.1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or supply of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue arising from the sale of goods when specific criteria have been met for each of the Group's activities. When the Group transfers the significant risks and rewards of ownership, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the collectability of the related receivable is reasonably assured. Revenue is recognized upon delivery of the products to the customer and its acceptance thereof. Products are generally sold to customers on an ex-works basis, however at their request, additional services may be offered by us in expediting delivery to customer premises or warehouses. The price for our products generally reflects an amount of delivery expenses incurred by us. Consequently, the revenue reflects this component.

The recognition criteria are applied to the separately identifiable components of a single transaction when it is necessary to reflect the substance of the transaction.

Interest income is recognized using the effective interest method. Dividends are recognized when the shareholder's right to receive payment is established.

7.1.13 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL, when the financial asset is either held for trading or is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and had a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis: or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designed as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Financial assets at fair value through profit or loss are financial assets held for trading: they are classified as current assets. Derivatives are classified as held for trading, unless hedge accounting is applied (see note 7.1.23. below).

Assets in this category are recognized at fair value and subsequently adjusted to fair values, with any adjustments recognized immediately in the income statement.

b) Loans, payables and receivables

Loans, payables and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans, payables (including other and trade payables) and receivables (including trade receivables and other receivables, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

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.

An allowance for impairment of trade receivables is accounted for when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the present value of estimated cash flows, including the proceeds of credit insurance contracts, discounted at the effective interest rate.

The amount of the allowance is deducted from the carrying amount of the asset and is 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.

c) De-recognition of financial assets

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.

7. Ontex Group NV notes to the consolidated financial statements continued

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 (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to 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.

7.1.14 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.

7.1.15 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 canceled 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.

7.1.16 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.

7.1.17 Employee benefits

Short-term employee benefits:

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'social liabilities' in the statement of financial position.

Post-employment benefits:

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability 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.

7.1.18 Share-based payments

The Group operated a cash-settled incentive plan for which the amounts to be paid are based on the value of the shares of the Group, which terminated in June 2014 when Ontex Group NV successfully listed its shares on the Euronext Brussels Exchange.

The cost associated with the aforementioned plan was determined based on the fair value of the liability incurred. The liability was re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized in profit and loss of the period. The fair value of the liability was recognized over the remaining vesting period of the rights at the moment of the re-measurement.

Since the IPO (2014), the Group operates an equity settled share based compensation plan, consisting of stock options and restricted stock units (RSU). For grants of options and RSU after July 30, 2014, the fair value of the employee services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The Group recognizes 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 taken into account by adjusting the number of shares or share 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 share 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 share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

7.1.19 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.

7.1.20 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;
- 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.

7.1.21 Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

a) Currently has a legally enforceable right to set off the recognized amounts; and
b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

7. Ontex Group NV notes to the consolidated financial statements continued

Financial liabilities at FVTPL:
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on – recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability in the consolidated income statement.

Other financial liabilities:
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

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.

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 payable.

7.1.22 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 CAPs and SWAPs and a total return swap.

Derivatives are accounted for in accordance with IAS 39. 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 & 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 "Finance income" of "Finance costs" to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

7.1.23 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.

7.1.24 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, review the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a Company-wide basis; therefore the Group operates as one segment.

7.1.25 Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

7.1.26 Non-GAAP Measures

EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortization have been deducted. This non-GAAP measure has been included in the financial statements since management believes that it is widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity.

Management also discloses non-recurring income and expenses. Non-recurring income and expenses are defined as those items that are considered by management to be non-recurring or unusual because of their nature. The non-recurring expenses relate to:

- Acquisition costs;
- Business restructuring costs, including costs relate to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- Asset impairment costs;
- IPO and refinancing costs.

7.2 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net debt position. The Group's net debt position is calculated by adding all short- and long-term interest bearing debts and by deducting the available short-term liquidity.

The net debt positions of the Group for the years ended December 31 are as follows:

Net debt In € million	Note	December 31, 2015	December 31, 2014
Long-term interest bearing debt	15	633.1	618.2
Short-term interest bearing debt	15	9.2	2.4
Cash and cash equivalents	12	(236.8)	(35.5)
Total net debt position		405.5	585.1
LTM Adjusted EBITDA[1]		209.1	196.1
Net financial debt/LTM Adjusted EBITDA ratio		1.94	2.98

1 LTM Adjusted EBITDA is a non-IFRS measure. LTM Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses excluding non-recurring depreciation and amortization for the last twelve months.

7.3 Critical Accounting Estimates and Judgments

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below:

7.3.1 Income taxes

The Group has tax losses and other tax attributes usable to offset future taxable profits, mainly in France and Belgium, amounting to €369.6 million at December 31, 2015 (€739.0 million at December 31, 2014).

The significant drop in these tax losses and other tax attributes is mainly due to two reasons.

First of all, the group has finalized a legal entity simplification exercise in Belgium whereby Ontex Group NV took over, by way of a legal merger, Ontex Coordination Centre BVBA, Ontex International BVBA and ONV Topco NV. Under Belgian tax law, there is only a limited amount of the tax losses of these three companies that can be transferred to and used by Ontex Group NV in future years. This has resulted in a reduction of the tax losses of approximately €268.0 million.

7. Ontex Group NV notes to the consolidated financial statements continued

Secondly, as announced in the Group's press release dated January 27, 2016, the European Commission announced its decision in relation to its investigation into Belgium's excess profit tax ruling system (EPR), characterizing this system as illegal state aid. As a consequence, the Belgian State will be required to recover the illegal state aid granted to taxpayers under this system in the previous 10 years.

Because the EC decision on the qualification as State aid of the Belgian EPR only impacts the income taxes accounted for, we consider IAS 12 is the appropriate standard to apply. The fact that the Belgian State is yet to determine the method of recovery of the State aid, based on the principles and parameters set forth in the decision of the EC and in consultation with the EC and the fact that appeal can still be lodged against the decision, results in this matter to be treated as an "uncertain tax position". In this context, we have considered applying the "weighted average method". Based on the currently known facts and circumstances, no alternative scenarios, other than the one used below, were identified. Therefore, as the tax position seems to be binary, the single most likely amount method is applied to measure the uncertain tax position.

Ontex, through its Belgian subsidiary Ontex BVBA, had an excess profits ruling covering the years 2011 – 2015. We have announced in the above-mentioned press release that we do not expect to be required to make a payment under the recovery procedure given Ontex BVBA's historic tax losses. The amount that was exempted for those years under the excess profit ruling regime can in other words be covered by the tax losses and other tax attributes (carried forward dividend received deduction) that Ontex BVBA had. As a result, the amount of tax losses and carried forward dividend received deduction of Ontex BVBA (approximately €110.0 million for the year ended December 31, 2014) has now been fully utilized at the year ended December 31, 2015. Since only a limited amount of deferred tax assets in respect of tax losses and dividend received deductions was recognized in the consolidated financial statements for the period ending December 31, 2014, the impact of the EC decision is also limited to the reversal of the deferred tax asset for an amount of about €9.5 million and the accounting of a current tax charge of about €12.5 million. Note that if the EPR is applied consistently in 2015, this would result in a current tax charge of about €8 to €9 million. Irrespective of whether or not the Belgian State decides to appeal the EC decision, it is likely that Ontex will lodge an appeal against the EC decision but a final outcome of such an appeal will take many years . If the EC decision would be overturned by the General Court or the European Court of Justice, this would have a positive impact on the tax losses position of Ontex BVBA.

The Group has not fully recognized deferred tax assets on the €369.6 million of tax losses and other tax attributes. The valuation of this asset depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimations are made prudently in the limit of the best current knowledge. Overall, the rationale for not recognizing deferred tax assets in respect of tax losses and other tax attributes is based on the fact that the losses are mainly generated as a consequence of the historic financing structure. The Group keeps its financing structure under regular review and as and when modification are made to the financing structure these will be taken into account for recognizing deferred tax assets.

7.3.2. 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 recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. These are summarized here below:

As at December 31	2015	2014
Pre-tax discount rate		
Mature Markets Retail	7.8%	7.4%
Growth Markets	7.2%	7.0%
Healthcare	7.8%	8.0%
Middle East North Africa	9.9%	9.1%

Should the estimated EBITDA at December 31, 2015 and the following two years decrease by 15% than the discounted cash flows used in the calculation of the recoverable amount, or should the discount rate used in the calculation done at that date increase by 15%, no impairment would be recognized.

As indicated in note 7.8, Cash flows beyond the three year period are extrapolated using an estimated growth rate of 2% for Mature Markets Retail, Growth Markets and Healthcare and 3% for MENA. 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 four CGUs are currently operating. Should the growth rate for any of the CGUs decrease by 50%, no impairment would need to be recognized.

Sufficient headroom is available to support the carrying amount of goodwill.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions 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.

7.3.3 Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16.

7.3.4 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

7.3.5 Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions.
One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

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

Should the discount rate used be higher or lower than 1%, the impact on the financial statements would not be material.

7.4 Financial Instruments and Financial Risk Management

7.4.1 Overview of financial instruments

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

	December 31, 2014				
Financial instruments **In € million**	**Designated in hedge relationship**	**At fair value through profit or loss – Held for trading**	**Loans and receivables at amortized cost**	**Fair value**	**Fair value level**
Trade receivables			204.3	204.3	Level 2
Other receivables			44.8	44.8	Level 2
Derivative financial assets	7.3			7.3	
Commodity hedging contracts	0.2			0.2	Level 2
Forward foreign exchange contracts	7.1			7.1	Level 2
Cash and cash equivalents			35.5	35.5	Level 2
Total Financial Assets	**7.3**		**284.6**	**292.0**	
Interest-bearing debts – non-current			618.2	643.6	
Senior Secured Notes 2014			244.9	262.6	Level 1
Facility A Loan 2014 > 1 year			372.3	380.0	Level 1
Financial lease & other liabilities			1.0	1.0	Level 2
Derivative financial liabilities	5.5			5.5	
Interest rate swap	0.7			0.7	Level 2
Commodity hedging contracts	1.2			1.2	Level 2
Forward foreign exchange contracts	3.6			3.6	Level 2
Other non-current financial liabilities			5.0	5.0	Level 3
Interest-bearing debts – current			2.4	2.4	
Accrued Interest on Bonds issued 2014:			1.5	1.5	Level 1
Accrued Interest on Facility A Loan 2014 > 1 year			0.9	0.9	Level 1
Other current financial liabilities			5.0	5.0	Level 3
Trade payables			254.5	254.5	Level 2
Other payables – current			24.4	24.4	Level 2
Total Financial Liabilities	**5.5**		**909.6**	**940.5**	

7. Ontex Group NV notes to the consolidated financial statements continued

Financial instruments In € million	December 31, 2015 Designated in hedge relationship	At fair value through profit or loss – Held for trading	Loans and receivables at amortized cost	Fair value	Fair value level
Trade receivables			218.1	218.1	Level 2
Other receivables			36.9	36.9	Level 2
Derivative financial assets	2.2			2.2	
Forward foreign exchange contracts	2.2			2.2	Level 2
Cash and cash equivalents			236.8	236.8	Level 2
Total Financial Assets	**2.2**		**491.7**	**494.0**	
Interest-bearing debts – non-current			633.1	658.9	
Senior Secured Notes 2014			245.6	265.3	Level 1
Facility A Loan 2014 > 1 year			373.9	380.0	Level 1
Reverse share swap			13.1	13.1	Level 2
Financial lease and other liabilities			0.5	0.5	Level 2
Derivative financial liabilities	2.5			2.5	
Interest rate swap	1.9			1.9	Level 2
Forward foreign exchange contracts	0.6			0.6	Level 2
Interest-bearing debts – current			9.2	9.2	
Accrued Interest on Bonds issued 2014:			1.5	1.5	Level 1
Accrued Interest on Facility A Loan 2014 > 1 year			0.7	0.7	Level 1
Accrued interests – Other			0.2	0.2	
Financial lease and other liabilities			6.8	6.8	Level 2
Other current financial liabilities			5.0	5.0	Level 3
Trade payables			267.1	267.1	Level 2
Other payables – current			14.9	14.9	Level 2
Total Financial Liabilities	**2.5**		**929.3**	**957.6**	

Trading derivatives are classified as current assets or current liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

All trading derivatives fair value measurement is based on Level 2 inputs as defined under IFRS 7§27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2015.

The counterparties of the interest rate cap, interest rate swap, FX option contracts and commodity hedging contracts have an A-credit rating.

7.4.2. Financial risk factors

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

There have been no changes in the risk management department since last year-end or in any risk management policies. Hedge accounting is applied with respect to the foreign currency forward contracts in 2014 and 2015 year-end financial statements and commodity contracts in the 2015 year-end financial statements.

7.4.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Turkish lira (TLY), the Polish zloty (PLN), the Australian dollar (AUD) and Russian rouble (RUB) in relation to sales, and the US dollar (USD) and the Czech krone (CZK) 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 (TLY), Algerian dinar (DZD), Russian rouble (RUB), Czech krone (CZK), Australian Dollar (AUD) and Pakistani Rupee (PKR) due to their net investments in foreign operations.

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the Group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of 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 hedge related 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 2015 maturing at the latest in September 2016 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 krone during 2015 and 2016. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until September 30, 2016: for British pound GBP 16.3 million, for Polish zloty (PLN) 87.8 million, for Australian dollar (AUD) 17.8 million, for Czech krone CZK 202.2 million and for US Dollar USD 72,1 million.

At inception of the foreign exchange contracts, those were designated as cash flow hedges. At the moment the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. The Group applies hedge accounting to the foreign currency forward contracts.

As of December 31, 2015 an unrealized gain of €2.4 million (Czech krone, British pound) and an unrealized loss of €3.3 million (US dollar, Polish zloty, Australian dollar) have been recognized in other comprehensive income

As of December 31, 2015 the fair value of the derivative financial asset for the foreign exchange contracts amounted to €2.2 million and of the derivative financial liability amounted to €0.6 million.

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

	10% weakening of the €			10% strengthening of the €		
	2015		2014	2015		2014
In € million	Impact on P&L	Impact on equity		Impact on equity	Impact on P&L	
AUD	(0.2)	(1.1)	(0.3)	0.2	0.9	0.2
GBP	(1.0)	(1.5)	(2.9)	0.8	1.2	2.4
PLN	1.6	–	(2.4)	(1.3)	–	2.0
RUB	–	–	(0.3)	–	–	0.2
TRY	–	–	(0.5)	–	–	0.4
USD	0.8	3.6	2.2	(0.6)	(2.9)	(1.8)

7.4.4 Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate swaps and an interest rate cap to manage these risks.

7. Ontex Group NV notes to the consolidated financial statements continued

Sensitivity of the value of the interest payments related to loans, including the impact of the related derivative financial instruments: At December 31, 2015 the Ontex debt is constituted of Senior Secured Fixed Rate Notes and a syndicated Term Loan with floating interest rate based on EURIBOR.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31, 2015, 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 €0.68 million higher/€0.68 million lower. At December 31, 2014, if EURIBOR interest rates had been 10bp higher/lower with all other variables held constant, pre-tax profit for the year (no hedge accounting applied in 2014) would have been respectively €0.97 million higher/€0.97 million lower.

Floating Rate Syndicated Term Loan €380 million due 2019 is carrying an interest of EURIBOR 3 month + margin of 2.25%. The notional principal amounts of the outstanding fixed payer interest rate swap contracts at December 31, 2015 are €250.0 million as per below table:

Duration	Fixed interest rate %	Amount € million
1 Year	0.1085%	50.0
2 Year	0.1480%	25.0
2 Year	0.1590%	25.0
3 Year	0.2172%	50.0
4 Year	0.2935%	100.0
Total		**250.0**

The interest rate cap has no material impact.

7.4.5 Price risk (commodity)

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

In relation to our fluff 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 fluff exposure that is not covered by such arrangements for 2015. In addition, the Group has hedged a portion of the propylene exposure.

As of December 31, 2015, only few commodity hedge contracts have not yet matured and hence the impact on derivative financial assets and liabilities and unrealized losses is limited to less than €0.1 million.

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2015, 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 €0.1 million higher/€0.1 million lower.

7.4.6 Equity price risk

Following the issuance of options and RSU's as share based payment arrangements under LTIP 2014 and 2015 (refer to note 7.26 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.

As a consequence of the 'total return swap' mentioned above, the Group recognized treasury shares for an amount of €13.1 million and a related financial liability of the same amount. These amounts do not require to be remeasured during the contract time and consequently, all volatility has been eliminated.

7.4.7 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 2014 and 2015. 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 7.10 for the ageing of the receivables and the doubtful receivables.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

7.4.8. 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 7.15 "Borrowings") at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes 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, 2015				
Borrowings	**(27.4)**	**(68.0)**	**(381.6)**	**(260.4)**
Trade payables	**(267.1)**			
At December 31, 2014				
Borrowings	(21.7)	(20.9)	(437.4)	(272.2)
Trade payables	(254.5)			

The table above does not contain finance lease liabilities. The maturity of these financial liabilities was less than one year at each balance sheet date.

7.5 Operating segments

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal 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 and the Board of Directors, review the operating results and operating plans, and make resource allocation decisions on a Company-wide basis. Therefore the Group operates as one segment. Enterprise-wide disclosures about product sales, geographic areas and revenue from major customers are presented below:

7.5.1 Information by division

By division In € million	Full Year 2015	Full Year 2014[1]
Mature Markets Retail	**903.9**	890.1
Growth Markets	**159.0**	123.8
Healthcare	**432.7**	422.7
Middle East North Africa	**193.7**	179.2
Ontex Group Revenue	**1,689.3**	1,615.9

1 As previously disclosed in the FY 2014 report, following a review of the Group's customers and countries, a slight modification to the four Divisions has been made for which revenue is reported, effective January 1, 2015. A limited amount of activities which represent in aggregate less than 2% of Group revenue have been re-assigned to the Growth Markets Division from Mature Markets Retail, Middle East Africa (MEA) which becomes Middle East North Africa (MENA), and Healthcare. Prior year information has been restated as a basis for comparison in future reporting. Refer to the FY 2014 report for further details.

7. Ontex Group NV notes to the consolidated financial statements continued

7.5.2 Information by product group

The key product categories are:

- Baby Care 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 care products, such as adult pants, adult diapers, incontinence towels and bed protection.

By product group In € million	Full Year 2015	Full Year 2014
Baby Care	891.2	845.6
Feminine Care	206.7	203.6
Adult Care	567.7	542.4
Other	23.7	24.3
Ontex Group Revenue	**1,689.3**	**1,615.9**

7.5.3 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
- Rest of the World

By geographic area In € million	Full Year 2015	Full Year 2014
Western Europe	1,104.7	1,111.6
Eastern Europe	274.5	216.2
Rest of the World	310.1	288.1
Ontex Group Revenue	**1,689.3**	**1,615.9**

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 5% of Ontex Group NV Revenue. Sales to countries in our top three markets are presented in the table below. The sales in all other individual countries represent less than 10% of Ontex Group NV Revenue.

Revenue by country In € million	Full Year 2015	Full Year 2014
United Kingdom	264.3	273.7
France	228.6	228.6
Italy	192.3	175.9
Other countries	1,004.1	937.7
Ontex Group Revenue	**1,689.3**	**1,615.9**

7.5.4 Revenue from major customers

The Group does not have a single significant customer. In 2015 the largest customer represents 7.9% of the revenue. The 10 largest customers represent 38.1% of 2015 revenue.

7.6 List of Consolidated Companies

Name	Country	Percentage of interest held by the group 2015	 2014	Registered office	Company legal number
Can Hygiene SPA	Algeria	100.00%	100.00%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Manufacturing Pty Ltd (former Ontex Australia Pty Ltd)	Australia	100.00%	100.00%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Ontex Australia Pty Ltd	Australia	100.00%	100.00%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Coordination Center bvba*	Belgium	–	100.00%	Korte Keppestraat 21, 9320 Erembodegem, Belgium	0460.560.453
Eutima bvba	Belgium	100.00%	100.00%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontema bvba	Belgium	100.00%	100.00%	Genthof 12,9255 Buggenhout, Belgium	0453.081.852
Ontex bvba	Belgium	100.00%	100.00%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
ONV Topco NV*	Belgium	–	100.00%	Korte Keppestraat 21, 9320 Erembodegem, Belgium	0479.340.742
Ontex International bvba*	Belgium	–	100.00%	Korte Keppestraat 21, 9320 Erembodegem, Belgium	0478.866.432

Name	Country	Percentage of interest held by the group 2015	2014	Registered office	Company legal number
Ontex Hygienic Disponables (Yangzhou) Co.TD	China	100.00%	100.00%	Hangji Industrial Park, Hanjiang Disctrict, 225111 Yangzhou, China	321000400010102
Ontex CZ Sro	Czech	100.00%	100.00%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Hygiëne Medica SAS	France	100.00%	100.00%	Rue de croix 18, 59290 Wasquehal cedex, France	401 439 872
Ontex France SAS	France	100.00%	100.00%	586 Boulevard Albert Camus, 694000 Villefranche-sur-Saone France	338 081 102
Ontex Health Care France SAS	France	100.00%	100.00%	18 Rue de Croix, 59290 Wasquehal, France	328 595 111
Ontex Santé France SAS	France	100.00%	100.00%	Rue de Croix 18, 59290 Wasquehal, France	502 601 297
Ontex Hygiënartikel Deutschland GmbH	Germany	100.00%	100.00%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Mayen GmbH	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Logistics GmbH	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Vertrieb Gmbh & Co. KG	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
Moltex Baby-Hygiene GmbH	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
WS Windel-Shop GmbH	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Healthcare Deutschland GmbH	Germany	100.00%	100.00%	Hansaring 6, Lotte 49504, Germany	HRB 9669
Ontex Recklinghausen GmbH**	Germany	–	100.00%	Blitzkuhlenstrasse 205, 45659 Recklinghausen, Germany	HRB 4992
Ontex Beteiligungsgesellschaft mbH	Germany	100.00%	100.00%	Robert Bosch Straße. 8, 56727 Mayen, Germany	HRB 15558
Ontex Inko Deutschland GmbH	Germany	100.00%	100.00%	Robert Bosch Straße. 8, 56727 Mayen, Germany	HRB 20630
Ontex Engineering GmbH	Germany	100.00%	100.00%	Robert-Bosch-Straße 8, 56727 Mayen,Germany	HRA 21335
Ontex Italia Srl	Italy	100.00%	100.00%	Via Delle Grazie 6,25122 Brescia, Italy	10188520158
Serenity Holdco S.r.l.	Italy	100.00%	100.00%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	02435020694
Ontex Manufacturing Italy S.r.l.	Italy	100.00%	100.00%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	02456370697
Serenity Spa	Italy	100.00%	100.00%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti),Italy	01251280689
Ontex Central Asia LLP	Kazachstan	100.00%	100.00%	Almaty, Bostandyk district, Al-Farabi Avenue 5, Business,Center Nurly Tau, Blok 1A, Suite 502, Kazachstan	600400642455
Ontex IV SA****	Luxembourg	–	100.00%	2 Rue du Fossé, L-1536 Luxembourg	B153.359
Ontex III SA****	Luxembourg	–	100.00%	2 Rue du Fossé, L-1536 Luxembourg	B153.348
Ontex II-A S à r l****	Luxembourg	–	100.00%	2 Rue du Fossé, L-1536 Luxembourg	B153.888
Ontex II S à r l****	Luxembourg	–	100.00%	2 Rue du Fossé, L-1536 Luxembourg	B153.343
Ontex I S à r l***	Luxembourg	–	100.00%	2 Rue du Fossé, L-1536 Luxembourg	B153.335
Ontex Hygiene Sarlau	Morocco	100.00%	100.00%	Angle rue Al Kadi Lass et reu Ahmen Majjati Mâarif, 5ième étage, Casablanca, Morocco	240709
Ontex Pakistan ltd	Pakistan	100.00%	100.00%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.00%	100.00%	ul. Legionów 93/95, lok 26, 91-072 Lodz, Poland	0000010044
Ontex Romania Srl	Romenia	100.00%	100.00%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District	R 7682053
Ontex OOO	Russia	100.00%	100.00%	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	1027739763688
Ontex RU LLC	Russia	100.00%	100.00%	11A Derbenevskaya naberezhnaya, Moscow 115114, the Russian Federation	1055008702649
Ontex Peninsular SAU	Spain	100.00%	100.00%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Ontex ID SAU	Spain	100.00%	100.00%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Ontex ES Holdco SL	Spain	100.00%	100.00%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	N/A
Ontex Tuk. Urn. San. ve Tic. AS	Turkey	100.00%	100.00%	Tekstilkent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Retail UK Ltd.	UK	100.00%	100.00%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex Health Care UK Ltd.	UK	100.00%	100.00%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
LLC Ontex Ukraine	Ukraine	100.00%	100.00%	Building 7(C), 13 M. Pymonenka Street, 04050 Kyiv, Ukraine	37728333

* Merged with Ontex Group NV
** Merged with Ontex Vertrieb Gmbh & Co. KG
*** Liquidated
**** Merged with Ontex I S à r l

The voting rights equal the percentage of interest held.

7. Ontex Group NV notes to the consolidated financial statements continued

The most significant Group subsidiaries are Ontex bvba, Ontex Mayen GmbH, Ontex Czech Republic Sro, Ontex Tuketim AS, Serenity Spa and Ontex Manufacturing Italy S.r.l..

7.7 Business Combinations

On April 4, 2013 the Group acquired all the shares and voting rights of Serenity S.p.a. (former Artsana SUD S.p.a.) and its subsidiaries.

Ontex has agreed inter alia to certain earn-out payments (contingent consideration) on the first, second and third anniversary of the Acquisition Closing Date (the "Earn-out Payments"). The first two Earn-out Payments have been paid in 2014 and 2015 (€8.0 million and €3.0 million respectively). A final payment of up to €5.0 million on the third anniversary of the Acquisition Closing Date, based on improvements to Serenity's DSO ("Days of Sales Outstanding") with respect to its Public Tender Contracts, has been recognized in the statement of financial position for the year ended December 31, 2015 under the current other financial liabilities (€5.0 million) at fair value. These financial liabilities are non-interest bearing.

7.8 Goodwill and Other Intangible Assets

In € million	Goodwill	IT implementation costs	Other intangibles	Total
Year ended December 31, 2015				
Opening net book amount	860.1	4.2	0.3	864.6
Additions	–	2.3	–	2.3
Amortization charge	–	(2.3)	–	(2.3)
Closing net book amount	**860.1**	**4.2**	**0.3**	**864.6**
At December 31, 2015				
Cost or valuation	860.1	12.0	0.8	872.9
Accumulated amortization and impairment	–	(7.8)	(0.5)	(8.3)
Net book amount	**860.1**	**4.2**	**0.3**	**864.6**
Year ended December 31, 2014				
Opening net book amount	860.1	4.4	0.3	864.8
Additions	–	2.0	–	2.0
Amortization charge	–	(2.2)	–	(2.2)
Closing net book amount	**860.1**	**4.2**	**0.3**	**864.6**
At December 31, 2014				
Cost or valuation	860.1	15.1	0.8	875.9
Accumulated amortization and impairment	–	(10.9)	(0.5)	(11.3)
Net book amount	**860.1**	**4.2**	**0.3**	**864.6**

Capitalized IT implementation costs represent internally developed and externally purchased software for own use. Other intangibles represent acquired customer relationships.

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

In € million	2015	2014
Cost of sales	0.1	0.1
Distribution expenses	0.1	0.1
General and administrative expenses	2.1	2.0
Total depreciation and amortization	**2.3**	**2.2**

The Group incurred €5.3 million of research and development expenses in 2015 (2014: €4.6 million) that has been recorded under the caption "General and administrative expenses".

Goodwill impairment:

For the purpose of performing impairment reviews, the Group has identified four cash generating units (CGUs): Mature Markets Retail, Growth Markets, Healthcare and Middle East North Africa. 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	2015	2014
Mature Markets Retail	**732.5**	732.5
Growth Markets	**25.2**	25.2
Healthcare	**60.4**	60.4
Middle East North Africa	**42.0**	42.0
Goodwill allocated to the CGU's	**860.1**	860.1

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by Ontex' Board of Directors covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 2% for Mature Markets Retail, Growth Markets and Healthcare and 3% for MENA. The growth rate does not exceed the current market expectations in which the four CGUs are currently operating.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 7.3.2 "Impairment".

7.9 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, 2015						
Opening net book amount	95.1	167.0	0.9	10.3	23.2	296.5
Additions	0.9	19.2	0.2	0.4	34.8	55.5
Transfers	0.8	12.8	–	–	(13.6)	–
Disposals	(0.1)	(0.3)	–	–	–	(0.4)
Depreciation charge	(3.8)	(25.8)	(0.2)	(1.2)	–	(31.0)
Exchange differences	0.3	(1.3)	(0.1)	(0.2)	(0.3)	(1.6)
Closing net book amount	93.2	171.6	0.8	9.3	44.1	319.0
At December 31, 2015						
Cost	113.9	295.9	1.6	16.5	44.1	472.0
Accumulated depreciation and impairment	(20.7)	(124.3)	(0.8)	(7.2)	–	(153.0)
Net book amount	93.2	171.6	0.8	9.3	44.1	319.0
Year ended December 31, 2014						
Opening net book amount	98.6	154.6	0.6	10.1	18.2	282.0
Additions	2.0	19.1	0.6	1.1	23.2	46.0
Transfers	0.1	17.7	–	–	(17.8)	–
Disposals	(1.4)	–	–	0.2	(0.3)	(1.5)
Depreciation charge	(3.7)	(25.1)	(0.2)	(1.3)	–	(30.3)
Exchange differences	(0.5)	0.7	(0.1)	0.2	(0.1)	0.2
Closing net book amount	**95.1**	**167.0**	**0.9**	**10.3**	**23.2**	**296.5**
Year ended December 31, 2014						
Cost	112.0	271.3	1.6	17.4	23.2	425.5
Accumulated depreciation and impairment	(16.9)	(104.3)	(0.7)	(7.1)	–	(129.0)
Net book amount	**95.1**	**167.0**	**0.9**	**10.3**	**23.2**	**296.5**

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

7. Ontex Group NV notes to the consolidated financial statements continued

The following annual operating lease payments have been included in the income statement for the years ended December 31:

In € million	2015	2014
Land and buildings	13.3	13.9
Machinery and equipment	5.8	5.2
Rent of pallets	4.1	4.4
Furniture and vehicles	4.6	4.9
Other lease rentals	1.2	1.1
Total operating lease payments	29.0	29.5

The depreciation charge is included in the captions of the consolidated statement of comprehensive income as follows:

In € million	2015	2014
Cost of Sales	26.2	26.1
Distribution expenses	1.3	1.2
Sales and marketing expenses	2.4	2.1
General administrative expenses	0.9	0.8
Other operating income	0.2	(0.1)
Total depreciation and impairment	31.0	30.1
Non-recurring costs	–	0.3
Total depreciation and impairment	31.0	30.4

The Group did not have material finance lease arrangements during the reporting period.

7.10 Trade Receivables, Prepaid Expenses and Other Receivables

Year ended December 31 In € million	2015	2014
Trade receivables	222.4	207.8
Less: allowance for impairment of trade receivables	(4.3)	(3.5)
Trade receivables – net	218.1	204.3
Prepayments	12.1	11.2
Other amounts receivable	36.9	44.8
Prepaid expenses and other receivables	49.0	55.9
Trade and other receivables – Current	267.1	260.2

"Other amounts receivable" include recoverable VAT for an amount of €30.0 million for 2015 (2014: €39.6 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:

Year ended December 31 (Net) In € million	2015	2014
Not due	189.7	168.9
0 to 30 days	17.1	17.9
31 to 60 days	3.9	6.7
61 to 90 days	1.7	3.2
Over 90 days	5.7	7.5
Total	218.1	204.3

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:

Year ended December 31 (Gross) In € million	2015	2014
EUR	**109.6**	98.0
GBP	**23.6**	33.6
PLN	**34.8**	27.3
TRY	**16.9**	13.7
AUD	**6.6**	6.7
RUB	**13.1**	10.3
Other	**17.8**	18.2
Total	**222.4**	207.8

During the course of the year, the payment terms for the receivables have neither deteriorated nor been renegotiated. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

Movements on the Group allowance for impairment of trade receivables are as follows:

Year ended December 31 In € million	2015	2014
Opening Balance	**3.5**	4.1
Allowance for receivable impairment	**1.5**	0.7
Receivables written off during the year as uncollectible	**(0.2)**	(1.1)
Unused amounts reversed	**(0.5)**	(0.2)
At December 31	**4.3**	3.5

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 non-recourse factoring agreement in 2008 and this agreement is still in place. This factoring agreement is an off-balance sheet arrangement. The agreement provides a credit facility up to €125 million. Linked to the acquisition of Serenity in 2013, the Group also entered into a factoring agreement with Ifitalia and Mediofactoring. In 2014, the Group also entered into a factoring agreement with Banca IFIS. All these agreements are non-recourse agreements. The agreement with Mediofactoring has been suspended in August 2015.

7.11 Inventories

Inventories can be split as follows:

Year ended December 31 In € million	2015	2014
Raw materials	**82.1**	80.3
Work in progress	**0.7**	0.8
Finished goods	**119.6**	120.8
Other	**9.7**	9.7
Write-down on inventories	**(11.0)**	(10.7)
Inventories	**201.1**	200.9

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, wipes, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under "Cost of sales" amounted to €1,213.7 million in 2015 (€1,169.2 million in 2014).

7. Ontex Group NV notes to the consolidated financial statements continued

7.12 Cash and Cash Equivalents

The net cash position as presented in the consolidated statement of cash flows is as follows:

Year ended December 31 In € million	2015	2014
Short-term bank deposits (no longer than 3 months)	3.1	0.2
Cash at bank and on hand	233.7	35.3
Total	236.8	35.5

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

Cash at bank and short term bank deposits In € million	2015	2014
AA	11.6	12.8
A	214.0	19.4
BBB	3.3	2.5
BB	0.1	0.7
B	5.7	–
No credit rating	2.1	0.1
Total	236.8	35.5

7.13 Share Capital

In € million	Number of shares	Number of CPECs	Ordinary shares	Share Premium	CPECs	Total
Opening balance at January 1, 2014	2,101,250,000	39,900,000,000	21.0	–	399.0	420.0
Elimination of common control transaction	(2,101,250,000)	(39,900,000,000)	(21.0)	–	(399.0)	(420.0)
Paid-in capital at establishment	7,000	–	0.1	–	–	0.1
Contribution in kind of Ontex I S.à.r.l. shares	49,993,000	–	499.9	400.1	–	900.0
Transfer of share premium to capital	–	–	400.1	(400.1)	–	–
Primary tranche of IPO	18,055,555	–	180.6	144.4	–	325.0
Capital decrease	–	–	(400.0)	–	–	(400.0)
IPO expenses attributed to primary tranche	–	–	(25.3)	–	–	(25.3)
Closing balance at December 31, 2014	68,055,555	–	655.3	144.4	–	799.7
Capital Increase	4,083,332	–	40.8	73.9	–	114.7
Issuance expenses new shares	–	–	(1.3)	–	–	(1.3)
Closing balance at December 31, 2015	72,138,887	–	694.8	218.3	–	913.1

Transaction costs that are incremental and direct attributable to the issue of new shares as a result of the IPO (€25.3 million) are recognized as a deduction of share capital. The costs allocated to the listing of existing shares are expensed in non-recurring expenses in the income statement (see note 7.22).

Ontex Group NV was incorporated in April 2014 to act as new holding company for the business of Ontex. The previous holding company for Ontex's operations, Ontex I S.à.r.l., was contributed to Ontex Group NV immediately prior to and subject to the close of the IPO of Ontex Group NV in June 2014. As explained in note 7.1.1, the transaction has been accounted for as a common control transaction outside the scope of IFRS 3 "Business Combinations" and thus based on the pooling of interest method. The contribution was valued at the IPO price of €18 per share.

The following capital movements took place in 2014:

On April 24, 2014, Ontex Group NV was founded, with a capital of €70,000, represented by 7,000 shares, without nominal value whereof 6,999 shares respectively 1 share were held by Whitehaven B S.à.r.l., and Whitehaven A S.à.r.l.

On June 30 2014, Whitehaven A S.à.r.l. sold his share to Whitehaven B S.à.r.l.

On June 30, 2014, the share capital changed to €680,650,828.0 represented by 68,055,555 ordinary shares, pursuant to:

(A) The following contributions in kind involving €499,930,000 in share capital, and €400,070,000 in share premium, by way of issuance of 49,993,000 shares, resulting in a capital of €500,000,000, represented by 50,000,000 shares; (i) all ordinary shares in Ontex I held by Whitehaven B S.à.r.l., (ii) all options over Ontex I shares held by the Ontex Group's current executive management team and (iii) all ordinary shares in Ontex I held by the Ontex group's 2010 executive management team.
(B) The incorporation of share premium of €400,070,000 in capital, resulting in a capital of €900,070,000.
(C) A capital decrease of €400,000,000 resulting in a capital of €500,070,000 in order to create distributable reserves in the same amount.
(D) A capital increase in cash of €180,580,828 in share capital, and €144,419,162 in share premium, by way of issuance of 18,055,555 shares, resulting in a capital of €680,650,828 represented by 68,055,555 shares.

In November 2015, a capital increase was realized in view of the accelerated bookbuild offering ("ABB"). The share capital increased with €40.8 million, and the share premium increased with €73.9 pursuant a capital increase in cash, resulting in a capital of €914.5 million represented by 72,138,887 shares. Transaction costs that are incremental and direct attributable to the issue of new shares as a result of the ABB (€1.3 million) are recognized as a deduction of share capital.

7.14 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 earnings per share for the period prior to the IPO, the first six months of 2014, were computed as if the shares issued for the contribution of the Group and the IPO were outstanding for the year 2014. The number of shares used for the year 2014 was 68,055,555. The number of shares used for 2015 was 68,736,110, which is the weighted average number of shares for 2015, given the capital increase in November 2015, see also note 13.

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 and the weighted average number of ordinary shares. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

In € million	Full Year 2015	Full Year 2014
Basic earnings		
Profit/(Loss) from continuing operations attributable to owners of the parent	**98.6**	8.6
Adjustment dilution	–	–
Profit/(Loss) from continuing operations attributable to owners of the parent, adjusted for dilution	**98.6**	8.6
Adjusted Basic Earnings		
Profit/(Loss) from continuing operations attributable to owners of the parent	**98.6**	8.6
Total Non-recurring Income and Expenses	**6.8**	56.3
Tax correction	**(2.0)**	–
Adjusted Basic Earnings[1]	**103.4**	64.9
Adjustment dilution	–	–
Profit/(Loss) from continuing operations attributable to owners of the parent, adjusted for dilution	**103.4**	64.9

Number of shares	Full Year 2015	Full Year 2014
Average number of basic shares	**68,736,110**	68,055,555
Dilution	–	–

Earnings per share (€)	Full Year 2015	Full Year 2014
Basic Earnings per share	**1.43**	0.13
Diluted Earnings per Share	**1.43**	0.13
Adjusted basic earnings per share	**1.50**	0.95
Diluted Adjusted earnings per share	**1.50**	0.95

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

7. Ontex Group NV notes to the consolidated financial statements continued

7.15 Borrowings

Year ended December 31 In € million	2015	2014
Non-current		
Borrowings:		
– Senior Secured Notes 2014	245.6	244.9
– Facility A Loan 2014 > 1 year	373.9	372.3
– LTIP Hedging loan	13.1	–
Financial lease and other liabilities	0.5	1.0
Borrowings non-current	633.1	618.2
Current		
Interests:		
– Bonds	1.5	1.5
– Facility A Loan 2014 >1 year	0.7	0.9
– Others	0.2	–
Financial lease and other liabilities	6.8	–
Borrowings current	9.2	2.4
Total financial liabilities	642.3	620.6

Reconciliation to statement of cash flows:

In € million	2015	2014
Repaid borrowings	–	(910.0)
Financial lease & other liabilities	(0.6)	(1.3)
Newly contracted borrowings	6.9	630.0
Impact on statement of cash flows	6.3	(281.3)

All borrowings are denominated in € with one exception for a short-term loan in Russia of RUB 470.0 million as of December 31, 2015.

As of March 31, 2011 Ontex IV SA had issued high yield bonds, consist of €235.0 million 9.00% Senior Notes due 2019, €320.0 million 7.50% Senior Secured Notes due 2018 and €280.0 million Senior Secured Floating Rate Notes due 2018.

On February 14, 2013, Ontex IV SA closed the offering of €75.0 million 7.50% Senior Secured Notes due 2018.

On July 16, 2014 Ontex IV S.A. has redeemed all of its outstanding €280.0 million Senior Secured Floating Rate Notes due 2018, plus accrued and unpaid interest and additional amounts.

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 December 3, 2014 a senior facilities agreement, comprised of a euro-denominated Senior Term Loan Facility (Facility A Loan 2014) in an amount of €380.0 million and a euro-denominated Senior Revolving Facility (Facility B Loan 2014) in an amount of up to €100.0 million, and certain hedging obligations, has been closed.

The euro-denominated senior term loan facility in an amount of €380.0 million has an interest rate based on the 3 month EURIBOR plus a starting margin of 275 basis points, which is largely hedged.

Borrowings under the senior term loan facility and the proceeds from the issuance of the Notes were used to redeem in full Ontex's existing 7.50% senior secured notes due 2018 in an aggregate principal amount of €395.0 million and 9.00% senior unsecured notes due 2019 in an aggregate principal amount of €235.0 million (the "Existing Notes").

Borrowings under the senior term loan facility and the proceeds from the sale of the Notes are accounted for at amortized cost. Redemption cost of existing borrowings is accounted for in non-recurring expenses in the Income statement.

The carrying amounts and fair value of the financing as of December 31, 2015 is as follows:

Year ended December 31, 2015 In € million	Carrying Value	Fair Value
Newly contracted borrowings	626.3	652.1

As of December 31, 2015, €100.0 million of the Senior Revolving Facility is undrawn.

On July 29, 2015, a full hedging program (total return swap) for the share based payment arrangements LTIP 2014 and LTIP 2015 was implemented. For more information we refer to note 7.4.6 and 7.26. In view of this total return swap, a loan was issued by ING for an amount of €13.1 million.

On August 11, 2015, the Ontex Group NV obtained a Short term loan Facility in Russia for an amount of RUB 550.0 million of which RUB 470.0 million is withdrawn per December 31, 2015.

7.15.1 Collateral for borrowings

Security agreements have been entered into which collectively secure the borrowings for the entire amount outstanding and accrued interest on the borrowings. The Group is subject to regular information covenants, and certain financial ratios are monitored. The pledged assets only relate to shares held in subsidiaries and intra-group loans receivable. The Group retains full ownership and operating rights for the assets pledged. In the event of a default of repayment of the borrowings and related interest payments, the borrowers may enforce against the pledged assets.

7.15.2 Other information

HSBC Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 4.4 million, which has not been utilized.

Isbank Turkey has also granted a line of credit to Ontex Tuketim A.S. for USD 7.3 million. Over this line of credit USD 0.3 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Yapi Kredi Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 2.0 million. Over this line of credit USD 0.4 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Akbank Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 3.0 million. Over this line nothing has been used.

Garanti Turkey has granted a line of credit to Ontex Tuketim A.S. for USD 1.5 million. Over this line of credit USD 0.1 million has been utilized for non-cash loan (letter of guarantees given to Customs).

Ontex Tuketim A.S. signed a guarantee letter in favor of HSBC Algeria at an amount of USD 7.5 million. HSBC Algeria has been using this guarantee letter to grant a line of credit to Can Hygiene SPA for drawing Letter of Credits to raw material suppliers and grant loan for BD line purchase.

7.16 Employee Benefit Liabilities

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the balance sheet can be analyzed as follows:

Year ended December 31 In € million	2015	2014
Post-employment benefits	**17.3**	17.1
Long-term benefits	**2.3**	2.1
Termination benefits[1]	**0.1**	0.4
Employee benefit liabilities	**19.7**	19.6
Short-term employee benefits and other benefits	**33.3**	28.8
Net liability	**53.0**	48.4

1 Pre-pension included in termination benefits.

The calculation of the debt is based on actuarial assumptions that have been determined on the various balance sheet dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits:

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.

7. Ontex Group NV notes to the consolidated financial statements continued

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 revised basis. The pension benefits are paid by the relevant company as they fall due.

The Group has DC plans for which they paid €0.4 million in 2015. In Belgium the DC plans are subject to a minimum guaranteed rate of return by law and are hence treated as DB plans. In practice this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2015, no liability has been recognized. The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan specific risks, and of any significant concentrations of risk.

Reconciliation of the employee benefit liabilities:

Post Employment Benefits In € million	Note	2015	2014
Recognition of the obligation			
Defined benefit obligation (DBO) at end of period		(24.9)	(19.2)
Fair value of plan assets at end of period		7.6	2.1
Funded status		(17.3)	(17.1)
Net (liability)/asset in statement of financial position		(17.3)	(17.1)
Defined benefit cost			
Current service cost		0.8	0.3
Past service cost		(0.1)	–
Service cost recognized in Income Statement	20	0.7	0.3
Interest expense on DBO		0.4	0.5
Interest income on plan assets		–	–
Net interest cost		0.4	0.5
Remeasurement of other long term benefits		0.3	–
Pension (expense)/profit (employer)		1.4	0.8
Reconciliation of the obligation			
Defined benefit obligation (DBO) at beginning of year		(19.2)	(14.5)
Business combination		–	–
Other significant events (transfers)		(0.8)	(1.0)
Current service cost		(0.8)	(0.3)
Past service cost		0.1	–
Service cost		(0.7)	(0.3)
Interest expense on DBO		(0.4)	(0.5)
Remeasurement of other long term benefits		(0.3)	–
Other significant events (transfers)		(5.1)	(0.6)
Benefit payments from employer		0.4	0.4
Effect of changes in financial assumptions		1.3	(2.9)
Effect of experience adjustments:		(0.2)	0.2
Effect of changes in foreign exchange rates		0.1	–
Defined benefit obligation (DBO) at end of year		(24.9)	(19.2)
Reconciliation of plan assets at fair value			
Fair value of plan assets at beginning of year		2.1	1.3
Employer contribution		0.8	0.5
Other significant events (transfers)		5.1	0.6
Benefit payments from employer		(0.4)	(0.3)
Fair value of plan assets at end of period		7.6	2.1
Reconciliation of net (liability)/asset in statement of financial position			
Net (liability)/asset at start of year		(17.1)	(13.2)
Business combination		–	–
Other significant events (transfers)		(0.8)	(1.0)
Defined benefit cost included in the income statement		(1.4)	(0.8)
Total remeasurements included in OCI		1.3	(2.6)
Employer contributions		0.8	0.5
Effect of changes in foreign exchange rates		(0.1)	–
Net (liability)/asset at end of year		(17.3)	(17.1)
UNFUNDED versus FUNDED			
Part of DBO from plans that are wholly unfunded		(17.3)	(17.2)
Expected contributions in next annual period		1.8	0.8

The plan assets consist of insurance contracts.

7.16.1 Material actuarial assumptions 2014

	Country				
As at December 31, 2014	Belgium	Germany	France	Turkey	Italy
Discount rate	1.8%	0.5% – 2.0%	2.3%	9.0%	2.0%
Expected Interest Income	1.8%	–	–	–	–
Salary increase rate (on top of inflation)	3.5%	0.0%	0.5%	5.0%	n/a
Rate of inflation	2.0%	2.0%	2.0%	5.0%	2.0%
Mortality table	MR FR with age correction minus 3years	Heubeck 2005 G	INSEE 2010–2012	C.S.O. 1980	RG48 Italian tables
Turnover table/rates	none	N/A	table1/ table 2	company specific	3% flat
Disability table/rates	–	Heubeck 2005 G	–	–	–
Weighted average durations	22.9	15.0	14.6	n/a	12.8

7.16.2 Material actuarial assumptions 2015

	Country				
As at December 31, 2015	Belgium	Germany	France	Turkey	Italy
Discount rate	2.5%	1,75% / 2,25%	2.3%	11.4%	2.3%
Expected Interest Income	–	–	–	–	–
Salary increase rate (on top of inflation)	3.3%	0.0%	2,0% / 2,5%	5.0%	N/A
Rate of inflation	1.8%	N/A / 1,75%	1.8%	5.0%	1.8%
Mortality table	MR FR with age correction minus 3years	Heubeck 2005 G	INSEE 2010–2012	C.S.O. 1980	RG48 Italian tables
Turnover table/rates	none	N/A	table1/ table 2	company specific	3% flat
Disability table/rates	–	Heubeck 2005 G	–	–	–
Weighted average durations	22.9	15.0	14.6	n/a	12.8

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.

As at December 31, 2014 Sensitivity analysis[1]	Belgium	Germany	France	Turkey	Italy
Discount rate – 0.25bp	(5.1)	(10.3)	(2.7)	(0.5)	(2.1)
Discount rate + 0.25bp	4.1	8.8	2.4	0.5	1.8
Salary increase – 0.25bp	(2.9)	no impact	(1.5)	(0.5)	no impact
Salary increase + 0.25bp	3.1	no impact	1.7	0.5	no impact

As at December 31, 2015 Sensitivity analysis[1]	Belgium	Germany	France	Turkey	Italy
Discount rate – 0.25bp	(10.9)	(9.3)	(2.9)	(0.6)	(1.8)
Discount rate + 0.25bp	9.9	8.7	2.7	0.6	1.7
Salary increase – 0.25bp	(10.5)	no impact	(2.7)	(0.6)	(1.8)
Salary increase + 0.25bp	10.5	no impact	2.9	0.6	1.8

1 Negative signs in this table represent an increase in defined benefit obligation. Positive signs in this table represent a decrease in defined benefit obligation.

7. Ontex Group NV notes to the consolidated financial statements continued

7.16.3 Post-Employment Benefits by Country

Post-Employment Benefits In € million	As at December 31, 2014 Germany	Turkey	France	Belgium	Italy	Total
Recognition of the obligation						
Defined benefit obligation (dbo) at end of period	(9.6)	(0.5)	(2.5)	(4.6)	(1.9)	(19.2)
Fair value of plan assets at end of period	–	–	–	2.1	–	2.1
Funded status	(9.6)	(0.5)	(2.5)	(2.5)	(1.9)	(17.1)
Net (liability)/asset in statement of financial position	(9.6)	(0.5)	(2.5)	(2.5)	(1.9)	(17.1)

Post Employment Benefits In € million	As at December 31, 2015 Germany	Turkey	France	Belgium	Italy	Total
Recognition of the obligation						
Defined benefit obligation (dbo) at end of period	(9.0)	(0.7)	(2.8)	(10.6)	(1.8)	(24.9)
Fair value of plan assets at end of period	–	–	–	7.6	–	7.6
Funded status	(9.0)	(0.7)	(2.8)	(3.0)	(1.8)	(17.3)
Net (liability)/asset in statement of financial position	(9.0)	(0.7)	(2.8)	(3.0)	(1.8)	(17.3)

7.17 Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

Ontex Group NV — Net total DTA (+) / DTL (–)

In € million	2015 Deferred tax asset	2015 Deferred tax liability	2014 Deferred tax asset	2014 Deferred tax liability
Intangible assets	4.0	–	2.4	–
Property, plant and equipment	–	(30.7)	–	(29.2)
Materials and consumables	–	(0.2)	0.5	–
Financial instruments	–	(2.2)	–	(3.6)
Employee benefits	2.1	–	2.4	–
Accrued expenses and other payables	0.7	–	0.6	–
Others	–	(3.7)	–	(4.9)
Tax losses	114.8	–	237.0	–
Tax credit	9.2	–	13.8	–
Total deferred tax assets and liabilities related to temporary differences	130.8	(36.8)	256.7	(37.7)
Net deferred tax assets not recognized	(114.3)	–	(230.9)	–
Reclass (net deferred tax position by company)	(9.5)	9.5	(15.4)	15.4
Total deferred tax assets and liabilities	7.0	(27.3)	10.4	(22.3)

Deferred income 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 Group did not recognize deferred income tax assets of €114.3 million (2014: €235.2 million), in respect of losses amounting to (tax effected) €109.7 million (2014: €237.0 million) and in respect of tax attributes carried forward of (tax effected) €8.0 million (2014: €13.8 million). We refer to note 7.3.1. The tax losses carried forward mainly relate to France and Belgium. 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 for FY 2015. The tax attributes carried forward almost entirely relate to excess-dividends received deduction in the hands of Ontex Group NV. Excess-dividends received deduction can be carried forward in principle for an indefinite period of time but the current profit level of Ontex Group NV is such that no deferred tax asset has been recognized for FY 2015.

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.

7.18 Current and Non-current Liabilities

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

Year ended December 31 In € million	2015	2014
Accrued expenses and other payables	23.3	22.3
Less: Non-current portion	–	–
Current accrued expenses and other payables	23.3	22.3
Trade payables	267.1	254.5
Social liabilities	33.3	28.8
Total current liabilities	323.7	305.6

The aging of the trade payables is as follows:

Year ended December 31 In € million	2015	2014
Not due	256.8	231.7
0 to 30 days	9.0	20.0
31 to 60 days	0.9	0.8
61 to 90 days	–	0.1
Over 90 days	0.4	1.9
Total	267.1	254.5

7.19 Provisions – Current Liabilities

In € million	Legal claims	Restructuring	Other	Total
Opening Balance	1.9	5.3	0.2	7.4
Additional provisions	0.7	2.1	0.8	3.6
Unused amounts reversed	(0.5)	(0.1)	–	(0.6)
Used during the year	(0.1)	(3.8)	–	(3.9)
Other changes	0.1	–	(0.8)	(0.7)
At December 31, 2014	2.1	3.5	0.2	5.8
Opening Balance	2.1	3.5	0.2	5.8
Additional provisions	0.7	–	0.4	1.1
Unused amounts reversed	–	(0.4)	–	(0.4)
Used during the year	(0.4)	(1.2)	(0,2)	(1.8)
Other changes	–	–	–	–
At December 31, 2015	2.4	1.9	0.4	4.7

The Group recognizes a provision for certain legal claims brought against the Group by customers, suppliers or former employees. There have been no significant developments in respect of claims compared to prior year end.

The Group had non-current other provisions for the year ended December 31, 2015 for €0.2 million.

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7. Ontex Group NV notes to the consolidated financial statements continued

7.20 Employee Benefit Expenses

For the year ended December 31 In € million	2015	2014
Wages and salaries	(155.1)	(143.3)
Social security costs	(41.9)	(40.3)
Defined contribution cost[1]	(4.3)	(4.0)
Other personnel expenses	(11.7)	(10.6)
Total employee benefit expenses	(213.0)	(198.2)

1 Of which €0.7 million is related to service costs on December 31, 2015 (2014: €0.3 million). We refer to note 7.16

Average number of total employees	2015	2014
(In Full time Equivalents)	5.328	5.325
Of which:		
– workers	3.684	3.802
– employees	1.563	1.452
– management	81	71

7.21 Other Operating Income/(Expense), Net

For the year ended December 31 In € million	2015	2014
Gain on sale of assets	0.6	0.3
Foreign exchange difference on operating activities	2.4	(2.9)
Losses on sale of assets	(0.9)	0.1
Other expenses	(1.8)	0.2
Total other operating income/(expense), net	0.3	(2.5)

7.22 Non-recurring Income and Expenses

For the year ended December 31 In € million	2015	2014
Factory Closure	(0.1)	(0.4)
Business restructuring	(1.3)	(1.5)
Acquisition related expenses	(4.0)	(0.8)
Asset impairment	–	(0.3)
IPO costs	(0.3)	(21.1)
Refinancing	(0.1)	(32.7)
Other	(1.0)	0.5
Total non-recurring Income and Expenses	(6.8)	(56.3)

Items classified under the heading non-recurring income and expenses are those items that are considered by management to be non-recurring or unusual because of their nature. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

IPO & Refinancing: The majority of the 2014 non-recurring expenses relate to the IPO from June, 2014 and the refinancing of existing debt in the last quarter of 2014. The total amount of known and accrued IPO related expenses is €46.5 million, of which €21.1 million has been recognized as non-recurring expenses, the remaining has been reported under equity. The total of known and accrued refinancing costs amounts to €32.7 million.

Factory closure: The Group closed its factories in Villefranche, France (2011) and in Recklinghausen, Germany (2012). The costs primarily comprised redundancy and other similar payments together with professional fees. The non-recurring items in 2015 and 2014 relate to costs incurred in respect of the past factory closures but which could not be accrued for at that time partly offset by the net gain on the sale of the production site Villefranche, France.

Business restructuring: The Group undertook a number of projects to optimize the management of its business. The 2015 costs relate to the simplification of the corporate structure of the Ontex Group. In order to optimize the structure of the Group, the Group eliminated certain of the intermediate holding companies between the Company and Ontex IV. The 2014 costs mainly comprise of professional fees and costs related to breach of contract related to the closure of the Kazakhstan sales office.

Acquisition related expenses: In 2014 the Group has made expenses in relation of integration of Serenity Spa. In 2015 we realized an income of €2.0 million as a result of a lower earn out payment in 2015 then foreseen (see note 7). This income is compensated by the expenses made for the acquisition of Grupo Mabe, a leading Mexican based hygienic disposables business. For more information on this acquisition, we refer to note 30.

Asset Impairment: The asset impairment charge is a non-cash item and relates in 2014 to an impairment as a result of the sale of the production site in Villefranche, France.

Other: In 2014, the Group included the revenue on the disposal of land in Russia as non-recurring result for an amount of €1.8 million. Following the divestment of the Goldman Sachs Group, Inc. and TPG Group Holdings (SBS) Advisors, Inc. the Group incurred expenses of €1.0 million in 2015.

7.23 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	2015	2014
Changes in inventories		1.8	25.8
Raw materials and consumables purchased		(989.6)	(973.9)
Employee benefit expenses	20	(213.0)	(198.2)
Depreciation and amortization	8–9	(33.3)	(32.2)
Rendered services		(250.7)	(241.5)
Operating lease payments	9	(29.0)	(29.5)
Other gain/(charges)	21	0.3	(2.5)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income/(Expense)		(1,513.5)	(1,452.0)

7.24 Net Finance Result

The various items comprising the financial result are as follows:

In € million	2015	2014
Interest income on current assets	0.4	0.2
Exchange rate differences	25.3	11.6
Other	–	2.1
Finance income	25.7	13.9
Interest expense on bonds and TLA (incl. Commitment fee)	(22.5)	(57.4)
Amortization borrowing expenses	(2.8)	(17.7)
Interest expense on other loans	(2.7)	(2.9)
Interest expense	(28.0)	(78.0)
Exchange rate differences	(27.7)	(17.1)
Banking cost	(1.7)	(2.8)
Factor fee	(2.6)	(2.7)
Losses on derivatives and deports forward contracts	(1.9)	(3.6)
Finance cost	(61.9)	(104.2)
Finance income as per income statement	25.7	13.9
Finance expense as per income statement	(61.9)	(104.2)
Net finance cost as per income statement	(36.2)	(90.3)

7. Ontex Group NV notes to the consolidated financial statements continued

Reconciliation to Statement of Cash Flows:

In € million	2015	2014
Total interest expense	(24.2)	(58.4)
Movement in accrued interest and accreting interest	–	(10.8)
Interest paid	(24.2)	(69.2)

In € million	2015	2014
Total interest income	0.4	0.2
Movement in accrued interest	0.5	–
Interest received	0.9	0.2

7.25 Income Tax Expense

The income tax (charged)/credited to the income statement during the year is as follows:

In € million	2015	2014
Current tax – (charge)/credit	(25.2)	(11.3)
Deferred tax – (charge)/credit	(9,0)	2.6
Total tax (charge)/credit	(34.2)	(8.7)

Ontex Group NV — Income tax (expense)/credit:

In € million	2015	2014
Profit before income taxes	132.8	17.3
Income tax (expense)/credit calculated at domestic tax rates applicable to profits in the respective countries	(40.9)	(3.5)
Disallowed expenses	(1.2)	1.3
Net use of tax losses carried forward not previously recognized	6.9	11.4
Losses incurred for which no deferred tax asset is recognized	(4.7)	(35.1)
Tax losses incurred in the past, recognized as deferred tax asset for the first time	5.1	9.5
Adjustments in respect of prior year	0.8	(3.3)
Excess Profit Ruling exemption	–	9.2
Other	(0.3)	1.8
Total income tax (expense)/credit	(34.2)	(8.7)

7.26 Share Based Payments

The Company implemented two grants under its Long Term Incentive Plan ("LTIP 2014" and "LTIP 2015"), which are based on a combination of stock options (further "Options") and restricted stock units (further "RSUs"). The Options and RSUs are accounted for as equity settled share based payments. RSUs 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 LTIP 2014 and LTIP 2015 award will vest subject to the condition that the participant remains in service. The share price has been considered to be the relevant performance indicator and the vesting of the LTIP 2014 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 RSUs will be granted for free as soon as practicable after the vesting date of the RSUs.

Upon vesting of RSUs, the Shares underlying the RSUs 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 RSUs were granted, 8,797 share options and 1,780 RSUs have forfeited, expired or have been exercised as of December 31, 2015.

On or about June 26, 2015 a total of 159,413 stock options and 38,294 RSUs were granted, 2,372 share options and 570 RSUs have forfeited, expired or have been exercised as of December 31, 2015.

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 LTIP 2014 and LTIP 2015 starting July 1, 2015.

The following share-based payment arrangements were in existence during the current year:

Period ended December 31, 2015	Expiry Date	Exercise Price per share (€)	Fair value (€)	# Options/ RSUs:
LTIP 2014				
Options	2022	17.87	3.57	233,850
RSUs	2017	N/A	15.97	47,260
LTIP 2015				
Options	2023	26.60	6.39	157,041
RSUs	2018	NA	24.45	37,724

The fair market value of the stock options has been determined based on the Black and Sholes model. The expected volatility used in the model is based on the historical volatility of peer companies (as no volatility was available for the Company).

Below is an overview of all the parameters used in this model.

	LTIP 2014	LTIP 2015
Exercise Price (€)	17.87	**26.60**
Expected volatility of the shares (%)	23.58%	**26.32%**
Expected dividends yield (%)	2.94%	**2.14%**
Risk free interest rate (%)	1.13%	**1.02%**

The fair value of the RSUs 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.

7.27 Contingencies

The Group is involved in a number of environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our business.

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 care products.

7. Ontex Group NV notes to the consolidated financial statements continued

A decision by the Council of the CNMC is currently expected to be made in May 2016.

In the case that the CNMC considers that the investigated subsidiaries of the Company are guilty of anti-competitive practices, they could face fines of up to 10% of their 2015 annual revenues (which revenues amounted to €346.7 million).

As at December 31, 2015 it is not possible to predict the outcome of the decision. In the light of the above no provision has been recorded in the consolidated statement of financial position as at December 31, 2015

The Group currently believes that the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

7.28 Commitments

7.28.1 Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2015 of €36.1 million, 2014: €15.6 million.

7.28.2 Capital commitments resulting from operating lease contracts in which the Group is the lessee

The Group has also contracted a number of property leases that can be terminated by respecting the notice period which is different in each jurisdiction.

The Group leases machinery used in the production. The typical lease terms vary depending upon which country the lease agreement is entered into. The majority of lease agreements are renewable at the end of the lease period at market rate.

The lease expenditure charged to the income statement during the respective years is disclosed in note 7.9 “Property, Plant and Equipment”. Commitments in respect of future minimum lease payments that may be claimed under simple non-cancellable leases break down as follows:

In € million	2015	2014
Within one year	14.6	13.1
From 1 to 5 years	48.6	37.1
Beyond 5 years	17.5	16.3
	80.7	66.5

7.28.3 Bank guarantees

As indicated in note 7.15 “Borrowings”, the Group’s main current and future lease assets are pledged as security for these borrowings. The entire amount of the Group’s bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of €20.2 million in order to participate in public tenders as at December 31, 2015.

7.29 Related Party Transactions

As part of our business, Ontex has entered into several transactions with related parties, including principal shareholders.

7.29.1 Consolidated companies

A list of subsidiaries is given in note 7.6 “List of Consolidated Companies”.

7.29.2 Relations with the shareholders

Following the divestment of The Goldman Sachs Group, Inc. and TPG Group Holdings (SBS) Advisors, Inc., and their affiliated entity Whitehaven B S.à.r.l., in March 2015 , there are no shareholders that are related parties per December 31, 2015.

For the year ended December 31 In € million	2015	2014
Income statement	–	1.5
Fees	–	1.5

7.29.3 Relations with non-executive members of the Board of Directors

For the year ended December 31 In € million	2015	2014
Remuneration	0.5	0.4

7.29.4 Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management for the Group are all the members of the Executive Team.

7.29.5 Key management compensation

Remuneration of the CEO In € million	2015	2014
Fixed and variable remuneration	2.0	1.8

Remuneration of the Executive Team In € million	2015	2014
(excluding the CEO)		
Fixed remuneration	3.7	3.2
Variable remuneration	2.5	2.0
Other remuneration	0.1	0.1
Total	6.3	5.3

Following the IPO, the Company implemented two grants under its Long Term Incentive Plan ("LTIP 2014" and "LTIP 2015"), which are based on a combination of stock options and restricted stock units (see note 7.26).

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, 2015	Number of RSUs	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

7.30 Events after the end of the reporting period

On February 29, 2016, Ontex has completed the acquisition of 100% of the shares of Grupo Mabe a leading Mexican hygienic disposables business. The integration of Grupo Mabe will provide Ontex Group further access to promising markets, primarily in the Americas region and creates a considerably stronger platform for growth in the global personal hygiene solutions markets.

The initial consideration of MXN 5,650.0 million, equal to €285.7 million[1], is payable in cash and in Ontex shares. Based on preliminary estimates of net financial indebtedness of Grupo Mabe at closing, the cash consideration paid by Ontex at closing amounted to MXN 3,522.3 million (€178.1 million[1]) at current exchange rates. The share component of the consideration consists in the issuance of 2,722,221 new shares[2] to the sellers resulting in a capital increase of €27.2 million and an issue premium of €48.5 million. The listing of these shares on Euronext Brussels has been obtained. The sellers will be entitled to receive a deferred consideration of up to MXN 1,550 million (€78.4 million[1]) payable in cash, subject to Grupo Mabe achieving certain EBITDA targets for the period 2015 to 2017. On top, parties have agreed that an additional deferred consideration of up to €10 million per annum may be payable contingent upon overachieving the EBITDA targets in 2016 and 2017.

Pro forma unaudited net sales for the financial year 2015 amounted to MXN 7.7[3] billion for the acquired companies in compliance with the accounting principles of the local jurisdictions.

Grupo Mabe will be consolidated into the results of Ontex with effect from March 1, 2016.

Acquisition-related costs included in the non-recurring expenses in the Group consolidated income statement for the year ended December 31, 2015 amounted to €6.0 million.

On February 25, 2016 a senior facilities agreement, comprised of a EUR/USD-denominated Senior Term Loan Facility (Loan Facility C), due December 3, 2019 in an amount of €125.0 million has been closed. The Loan Facility C in an amount of €125.0 million has an interest rate based on the 3 month EURIBOR plus a starting margin of 125 basis points. Borrowings under the Loan Facility C are used for the acquisition of Grupo Mabe and working capital needs.

Borrowings under the senior term loan facility are accounted for at amortized cost.

1 At EUR/MXN rate of 19.7788
2 At an agreed issue price per share of €27.8
3 USD, EUR, CLP (Chilean peso), CRC (Costa Rican colon) translated into MXN at average of the year 2015 rates of respective 15.81617, 17.6006, 0.0242 and 0.0297 (rates based on Reuters)

7. Ontex Group NV notes to the consolidated financial statements continued

7.31 Audit fees

Year ended December 31, In € thousands	2015	2014
Audit Fees	936	1,106
Additional Services rendered by the auditor's mandate:		
Audit related fees	87	1,200
Tax advisory and compliance services	1,772	2,355
Due diligence fees	1,849	34
Other Services	129	58
Total	4,773	4,754

A specific exemption on the one-to-one rule was approved by the Audit Committee.

Summary statutory financial statements

Balance Sheet after appropriation

Year ended December 31 In € million	2015	2014
ASSETS	**2,952.6**	1,816.2
FIXED ASSETS	**2,650.7**	1,810.0
Formation expenses	3.7	–
Intangible assets	122.4	–
Tangible assets	4.3	–
Financial fixed assets	2,520.3	1,810.0
Participating interests	1,908.0	1,180.0
Amounts receivable	612.1	630.0
Other financial fixed assets	0.2	–
CURRENT ASSETS	**301.9**	6.2
Amounts receivable within one year	88.4	4.4
Treasury shares	13.1	–
Cash at bank and in hand	194.4	–
Deferred charges and accrued income	6.0	1.8
EQUITY AND LIABILITIES	**2,952.6**	1,816.2
EQUITY	**1,832.6**	1,162.5
Capital	721.5	680.7
Share premium	218.3	144.4
Reserves	395.2	387.1
Accumulated losses	497.6	(49.7)
PROVISIONS AND DEFERRED TAXES	**5.1**	2.8
AMOUNTS PAYABLE	**1,114.9**	650.9
Amounts payable after more than one year	725.3	630.0
Financial debt	725.3	630.0
Amounts payable within one year	386.2	18.4
Financial debt	152.8	0.9
Trade debts	4.2	4.5
Taxes, remunerations and social security	5.1	0.1
Other amounts payable	224.1	12.9
Accruals and deferred income	3.4	2.5
Income statement		
Operating income	17.5	16.3
Operating charges	(51.6)	(18.7)
Operating profit (loss)	**(34.1)**	(2.4)
Financial result	625.0	(0.7)
Gain (loss) on ordinary activities before taxes	**590.9**	(3.1)
Extraordinary charges	(0.9)	(46.5)
Gain (loss) for the period before taxes	**590.0**	(49.6)
Income taxes	(0.2)	–
Gain (loss) of the period	**589.8**	(49.6)

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).

Note that Ontex Group NV was founded in April 2014; consequently and the financial year 2014 is a shortened financial year which started on April 24, 2014 and ended on December 31, 2014.

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, 2015 (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

Overview

Our aim is to provide reliable, consistent information on a timely basis to all financial market participants. During 2015, Ontex made further progress in its investor relations activities.

We met an increasing number of investor in roadshows and conferences, with both current and potential shareholders in several locations across Europe and North America.

Shareholder structure

The shareholding of Ontex Group NV based on the declarations received in the period up to December 31, 2015, is as follows:

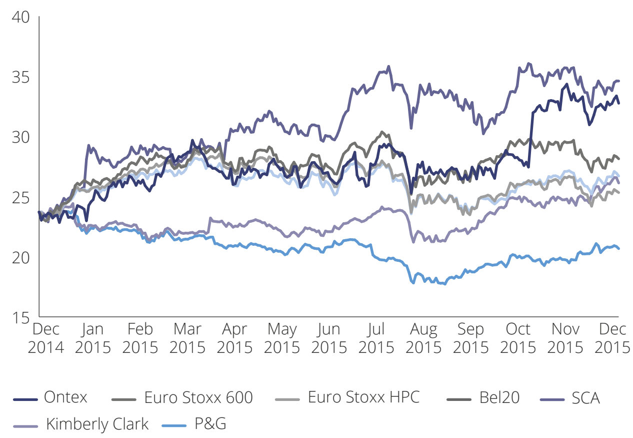
Share holder	2015	%[1]
Groupe Bruxelles Lambert	5,513,182	7.64%
BlackRock	5,442,789	7.54%
Allianz Global Investors GmbH	3,876,537	5.70%
Aviva Plc	3,384,626	4.97%
Janus Capital Management LLC	3,424,055	4.75%
Ameriprise Financial Inc, Threadneedle Asset Management	2,620,726	3.85%
Norges Bank	2,256,854	3.32%
AXA Investment Managers SA	2,053,236	3.02%

1 At the time of the declaration

Share performance

The Ontex share performed well in 2015, with a closing price on December 31 2015 of€32.76 per share, an increase of 38.1% over the past 12 months.

Performance of the Ontex share compared with market indices and hygienic disposable manufacturers:



Analyst coverage

Ontex was covered by 12 analysts at December 31 2015, an increase of 4 compared to the end of 2014. 7 of these analysts had a positive[1] rating on the Ontex share, while the recommendations of 5 analysts on the Ontex share were neutral.

1 positive indicates buy, accumulate, or overweight depending on the terminology of the broker institution

Financial calendar	
Quarter 1 2016	May 4, 2016
Annual General Meeting of Shareholders	May 25, 2016
Half Year 2016	July 28, 2016
Quarter 3 2016	November 9, 2016

Investor contacts

Philip Ludwig
Head of Investor Relations and Financial Communications
+32 53 333 730
Philip.ludwig@ontexglobal.com

Press contacts

Gaëlle Vilatte
Head of Corporate Communications
+32 53 333 708
gaelle.vilatte@ontexglobal.com

Glossary

Adjusted basic earnings per share: 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, divided by the number of ordinary shares.

Adjusted EBITDA: EBITDA plus non-recurring income and expenses excluding non-recurring depreciation and amortization.

Adjusted Free Cash Flow: Adjusted EBITDA less capital expenditure, change in working capital and cash taxes paid.

Adjusted Net Profit: Net profit excluding non-recurring income and expenses and non-recurring tax expenses.

Diluted adjusted basic earnings per share: In accordance with IAS 33, diluted adjusted basic 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.

Leverage: Net financial debt divided by last twelve months Adjusted EBITDA.

Like for like (LFL) revenue: revenue at constant currency excluding change in perimeter or M&A.

Net debt: sum of all short and long-term interest bearing debts and by deducting cash and cash equivalents.

Working capital: the components of our working capital are Inventories plus Trade and other receivables and pre-paid expenses plus Trade and other payables and accrued expenses.

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Korte Keppestraat 21
B-9320 Aalst
Erembodegem
Belgium

www.ontexglobal.com