



Ontex Q1 2020 results: LFL revenue and Adjusted EBITDA strongly ahead

- **Rapid actions to adapt to COVID-19 environment:** Ensuring health and safety of our colleagues; donations to our communities; excellent execution by our teams to meet higher volume demand
- **Solid growth in revenue:** €574 million reported (+6.8% LFL) – driven by volume growth across our three product categories with surge in purchases in March
- **Strong increase in adjusted EBITDA:** €66 million (€78 million at constant currencies), +48% at constant currencies, mainly thanks to increasing contribution from T2G initiatives, lower raw material indices and top-line growth
- **Strong liquidity position with no near-term maturities and funding of operations strengthened**
- **Net debt tightly controlled at €871 million, thanks to constant strict discipline on working capital and capital expenditures**

Aalst-Erembodegem, May 6, 2020 - Ontex Group NV (Euronext Brussels: ONTEX) today announced its results for the three months ending March 31, 2020.

Charles Bouaziz, Ontex CEO, commented: *“Ontex has taken rapid and decisive actions to safeguard the health of our employees and contribute to the communities in which we operate in the face of COVID-19 pandemic. Outstanding execution by our teams and proactive management of the supply chain allowed Ontex to ensure a steady supply of essential goods to meet a surge in customer demand in response to lockdown measures in March in our main markets. I would like to thank our teams across the Group and business partners for their outstanding response to this crisis situation. Our excellent first quarter performance reflected the company’s agility, as well as the progress of T2G, which remains on track to deliver operational and commercial benefits. We continue to tightly manage costs, working capital and capital expenditure. Demand is showing a marked decrease in April following the strong month of March and longer term visibility remains low. As we navigate the current turbulence, we remain focused on continuing Ontex’s transformation to deliver value to our stakeholders.”*

Key Financials for Q1 2020

€ in million, except per share data	First Quarter		
	2020	2019	Change
LFL Revenue	583.2	546.2	+6.8%
Reported Revenue	574.2	546.2	+5.1%
Adjusted EBITDA at constant currencies	78.4	53.0	+48.0%
Adjusted EBITDA Margin at constant currencies	13.4%	9.7%	+370 bps
Adjusted EBITDA	66.0	53.0	+24.6%
Adj. EBITDA Margin	11.5%	9.7%	+180 bps
Net Debt	871.1	940.1	-7.3%
Net Debt / LTM Adj. EBITDA	3.37x	3.74x	-0.37x

Notes which apply to this document

Unless otherwise indicated, all comments in this document on changes in revenue are on a like-for-like basis (at constant currencies).

Definitions of Alternative Performance Measures (APMs) in this document can be found under the section Corporate Information.

Due to rounding, numbers presented throughout this press release may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Update on Ontex's response to COVID-19

As disclosed in our update of April 9, 2020, our entire organization is concentrating its efforts on ensuring safe working conditions and ensuring supply of essential hygiene products to our customers in the face of the COVID-19 pandemic.

The health and safety of all Ontex colleagues is our paramount priority. Since the spread of the COVID-19 virus to countries where we have operations, we have followed all the guidelines provided by the relevant authorities. Where remote working is not possible, we are taking additional steps beyond the guidelines to provide a safe working environment for employees.

We are committed to serving consumers and customers who rely on an uninterrupted supply of critical, daily-use personal hygiene products. All our production and supply chain operations are functioning thanks to our constantly-updated business continuity plans, which include working tirelessly with governments, customers and suppliers whose support has been critical.

We continue to provide support to the many communities where we live and work through donations of our products and in-demand safety equipment such as safety gloves from third parties to hospitals, nursing homes and social support organization.

Strong liquidity position with no near-term maturities; funding of Ontex operations strengthened

As announced on April 9, 2020, we are focused on maintaining adequate liquidity and funding for our business at all times. The company is taking measures to strictly monitor operating expenses and tightly manage working capital, and is reviewing its capital expenditure plans to focus them on essential projects.

No principal repayments are due on our two terms loans, totalling €850 million, of which €750 million is currently drawn, until they fall due in November 2022 and November 2024.

€30 million of the fully committed €300 million syndicated revolving credit facility maturing in November 2022 was drawn at March 31, 2020. As a matter of caution due to the current level of economic uncertainty, we decided to draw down the remaining €270 million of the revolving credit facility to provide financial flexibility if necessary.

Current prospects for Q2 2020

While visibility is low on the future impacts of COVID-19, we currently observe the following:

- Demand: Following the strong March surge in demand in Europe and various areas of AMEAA, demand is showing a marked decrease in April as expected. We are closely monitoring the economic impact of the pandemic and how it is affecting demand for our

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products, distribution channels and consumer behavior. Visibility on structural evolutions remains limited at this stage.

- Supply chain: All production facilities remain open with no material disruptions to date. We are focused on meeting more volatile demand patterns by leveraging our large number of flexible production sites and agile supply chains.
- Raw materials: The strong network of suppliers we have developed in the past years has allowed us to ensure availability of key raw materials since the beginning of the pandemic. Current raw material indices indicate recent sequential increases in fluff pulp (in US Dollar), which will have limited impact on our purchasing prices this year, and downward trends for oil-based derivatives.
- Foreign exchange: Strong unfavorable currency fluctuations (devaluation of several functional currencies against the euro) started in February and intensified in March; the full effect will be felt in Q2.

FY 2020 outlook

As a leading supplier of quality retail brand hygiene products, in particular in Europe, and as the operator of strong local brands in our other markets, we believe that we are well positioned to withstand the tougher economic environment ahead that will affect consumers' purchasing power.

However, despite the solid Q1 2020 performance, we announced on April 9, 2020 that we were suspending the 2020 outlook communicated in the 2019 Full Year results release of March 4, 2020 given the current uncertainties related to the duration of the pandemic and its impacts on our operations, supply chain partners and customers, as well as the high volatility of currencies.

We will share an updated outlook for the year when the environment stabilizes and visibility improves, and provide at that time an update on our progress toward our 2021 performance improvement targets.

Operational Review: Categories

in € million	First quarter			
	2020	2019	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	574.2	546.2	+5.1%	+6.8%
Babycare	328.3	311.4	+5.4%	+7.3%
Adult Incontinence	177.1	173.7	+1.9%	+3.4%
Femcare	62.0	54.2	+14.3%	+14.7%
Other	6.8	6.9	-1.5%	+4.7%

Babycare category revenue recorded a strong growth in Q1 2020, up by 7.3% versus a year ago. Sales of Baby diapers and Baby pants were both well above the comparable period in 2019. This was the case for the retailers brands we supply to leading retailers across Europe and increasingly in the US, as well as for our own portfolio of local brands in AMEAA.

Revenue in the **Adult Incontinence** (Adult Inco) category was up +3.4% in Q1 2020. Sales growth was posted in the main product types, including a solid increase in Adult pants. Adult Inco revenue in retail channels was 11% higher, thanks to higher sales of Ontex brands in AMEAA and retailer brands in Europe. Sales in institutional channels were slightly lower as expected, due to a temporary suspension of a supply contract from October 2019 until March 2020, which has now fully resumed since April 2020.

Q1 2020 **Feminine Care** category (Femcare) revenue increased strongly, up +14.7% compared with a year ago. Higher sales were posted both in Europe, where the majority of our revenue is generated, as well as in AMEAA, which saw continued strong demand for products such as organic cotton tampons.

Operational Review: Divisions

in € million	First Quarter			
	2020	2019 ¹	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	574.2	546.2	+5.1%	+6.8%
Europe	250.1	233.7	+7.0%	+7.7%
AMEAA	213.5	199.5	+7.0%	+10.7%
Healthcare	110.6	113.0	-2.1%	-2.1%

¹ 2019 revenue in AMEAA and Healthcare has been adjusted due to a shift of customer responsibility between these Divisions effective January 1, 2020, which has no impact on total Ontex revenue. Details can be found in annex.

Europe

Our Europe Division benefited from a surge in demand in March, which contributed to +7.7% revenue growth in Q1 2020. All three product categories posted higher sales versus the same period last year, with broad-based geographical growth. While the stockpiling in March linked to COVID-19-related lockdown measures in our largest markets is anticipated to impact sales in the next months as consumers use the stock built at home, the Q1 revenue performance demonstrated our team's ability to adjust rapidly to changes in customer needs in supplying vital, non-discretionary personal hygiene products. We will continue to build on our strengths to support leading retailers across Europe grow their business for these key, daily-use products.

Americas, Middle East, Africa and Asia (AMEAA)

Our AMEAA Division started the year strongly, posting a healthy sales growth of +10.7% in Q1 2020. Continuing sales growth in this Division validates our strategy of driving local brands in developing markets and capturing attractive opportunities in North America, leveraging our deep experience with retailer brands in Europe and supplying fast-growing lifestyle brands. In the Americas, both Brazil and the US were well ahead, boosted by consumer stockpiling ahead of lockdown measures, and Mexico also posted a solid performance. Q2 sales are to some extent reflecting less buoyant demand as precautionary purchasing eases and the economic slowdown takes hold. Sales in the MEAA geographies also grew, showing resilience despite temporary impacts in some markets such as limited customer liquidity and retail shop closures as a preventive measure for COVID-19

Healthcare

Q1 2020 revenue in our Healthcare Division revenue was down 2.1% compared with a high comparable base in the same period last year. The sales shortfall was due to the temporary suspension of a supply contract already mentioned in this release, which has resumed at the start of April 2020. The full impact of the suspension was partly offset by a pickup in revenue in March, as well as ongoing growth in self-pay and e-commerce activities.

Adjusted EBITDA

Q1 2020 adjusted EBITDA increased meaningfully versus prior year, up by 48% at constant currencies to €78.4 million. Adjusted EBITDA margin at constant currencies was up 370 basis points to 13.4%. This strong improvement was mainly driven by significant savings and other gains as T2G self-help actions in all areas continue to progress, resulting in strong net savings after absorbing inflation in operational costs. Lower raw material indices and topline growth were also important drivers of margin improvement. While navigating a turbulent environment, we continued to invest in sales and marketing to support our brands and products. Strong FX headwinds started to weigh on reported profitability from mid-February, with an estimated unfavorable impact of -€12.4 million for the quarter. As a result, reported adjusted EBITDA was €66.0 million with a margin of 11.5%.

Corporate information

The above press release and related financial information of Ontex Group NV for the three months ended March 31, 2020 was authorized for issue in accordance with a resolution of the Board on May 5, 2020.

CONFERENCE CALL

Management will host a presentation for investors and analysts on May 6, 2020 at 9:00am CET/8:00am UK.

A copy of the presentation slides will be available at <http://www.ontexglobal.com/>

If you would like to participate in the conference call, please dial-in 5 to 10 minutes prior using the details below:

Belgium	+32 (0)2 404 0659
France	+33 (0)1 70 72 25 50
Germany	+49 (0)69 2222 25574
United Kingdom	+44 (0)330 336 9125
United States	+1 323-794-2093
Confirmation Code:	8372767

FINANCIAL CALENDAR 2020

AGM	May 25, 2020
H1 2020	July 30, 2020
Q3 2020	November 4, 2020

ENQUIRIES

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Alternative Performance Measures

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

Like-for-like revenue (LFL)

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

Non-recurring Income and expenses

Income and expenses classified under the heading “non-recurring income and expenses” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. Non-recurring income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company. Non-recurring income and expenses relate to:

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

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

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

EBITDA and Adjusted EBITDA and related margins

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

Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM).

Annex A – 2019 Division revenue presented in 2020 Division structure

2020 Structure	2019				
Ontex Reported Revenue in € million	Q1	Q2	Q3	Q4	FY
Ontex Group	546.2	568.1	574.4	592.6	2,281.3
Europe	233.7	235.4	238.0	249.7	956.9
AMEAA	199.5	223.2	225.1	235.1	882.9
Healthcare	113.0	109.4	111.3	107.8	441.6
% Δ at LFL	Q1	Q2	Q3	Q4	FY
Ontex Group	-1.5%	-1.1%	0.2%	-1.4%	-1.0%
Europe	-6.7%	-10.0%	-6.0%	-2.8%	-6.4%
AMEAA	5.7%	10.0%	7.1%	0.4%	5.6%
Healthcare	-2.0%	-0.1%	1.3%	-2.0%	-0.7%
% Δ as reported	Q1	Q2	Q3	Q4	FY
Ontex Group	-2.1%	-0.6%	1.4%	-0.6%	-0.5%
Europe	-7.6%	-10.0%	-5.6%	-1.7%	-6.3%
AMEAA	5.0%	11.2%	10.0%	1.1%	6.7%
Healthcare	-1.7%	0.1%	1.2%	-1.4%	-0.5%

2019 Structure	2019				
Ontex Reported Revenue in € million	Q1	Q2	Q3	Q4	FY
Ontex Group	546.2	568.1	574.4	592.6	2,281.3
Europe	233.7	235.4	238.0	249.7	956.9
AMEAA	201.6	225.7	226.8	237.8	891.9
Healthcare	110.9	107.0	109.6	105.1	432.5
% Δ at LFL	Q1	Q2	Q3	Q4	FY
Ontex Group	-1.5%	-1.1%	0.2%	-1.4%	-1.0%
Europe	-6.7%	-10.0%	-6.0%	-2.8%	-6.4%
AMEAA	5.7%	10.4%	6.6%	0.5%	5.6%
Healthcare	-2.1%	-1.0%	2.1%	-2.2%	-0.8%
% Δ as reported	Q1	Q2	Q3	Q4	FY
Ontex Group	-2.1%	-0.6%	1.4%	-0.6%	-0.5%
Europe	-7.6%	-10.0%	-5.6%	-1.7%	-6.3%
AMEAA	5.1%	11.7%	9.5%	1.3%	6.7%
Healthcare	-2.0%	-1.0%	2.0%	-1.7%	-0.7%

DISCLAIMER

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

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

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

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

This trading update has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.