



## Q1 2020 Trading Update

May 6, 2020



# Forward-looking statements



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# Q1 2020 Highlights

Charles Bouaziz, CEO

# Swift and decisive action to respond to Covid-19 impact



- ✓ Rapid actions taken to safeguard employee health and communities...
  - ✓ **People:** Health and safety of all Ontex colleagues is our paramount priority
  - ✓ **Communities:** Donations of our products and in-demand safety equipment to support the communities where we live and work
- ✓ ...while ensuring business continuity thanks to exceptional employee mobilization and strong supply chain adaptability
  - ✓ Outstanding execution by our teams and proactive supply chain management allowed us to deliver an uninterrupted flow of essential personal hygiene products while maintaining a high service level, as recognized by several key customers
- ✓ Maintaining focus on mid- to long-term value creation opportunities while navigating current turbulence

### LFL revenue and Adjusted EBITDA strongly ahead

- Solid 6.8% growth in LFL revenue driven by volume growth across our three product categories, including strong surge from mid-March as customers and consumers stockpiled essential products
- Adjusted EBITDA +48% at constant currencies: Increasing T2G contribution, 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 continued tight management of costs, working capital and capital expenditures



# Q1 2020 Financial review

Charles Desmartis, CFO

## Key financials

Q1 2020

### Group revenue: €574 million, up 6.8% LFL

- Strong volume growth in retail channels drove higher revenue
- Positive price/mix in all categories
- Reported revenue up 5.1%

LFL revenue  
+6.8%

### Adjusted EBITDA: €66 million; €78 million at constant currencies, up 48%

- 13.4% Adjusted EBITDA margin at constant currencies, +370 bps versus last year
- Due to T2G-driven improvements, lower raw material costs and strong top-line growth
- Strong currency headwinds as from mid-February; full effect expected in Q2
- Reported Adjusted EBITDA of €66 million for a margin of 11.5%

Adj. EBITDA  
Margin @ CC  
13.4%

### Net debt under control and ample liquidity

- Net debt of €871 million at 31/03/20 (excluding IFRS 16 Leases, net debt was €730 million at 31/03/20)
- Leverage at 3.37x LTM Adjusted EBITDA at 31/03/20 (3.74x at 31/03/19), improving versus 3.51x at 31/12/19
- More than €300 million cash available following drawdown of revolving credit facility as a matter of caution

Leverage  
3.37x

*Note: see "Alternative Performance Measures" in the appendix of this presentation for more information on the key metrics used*



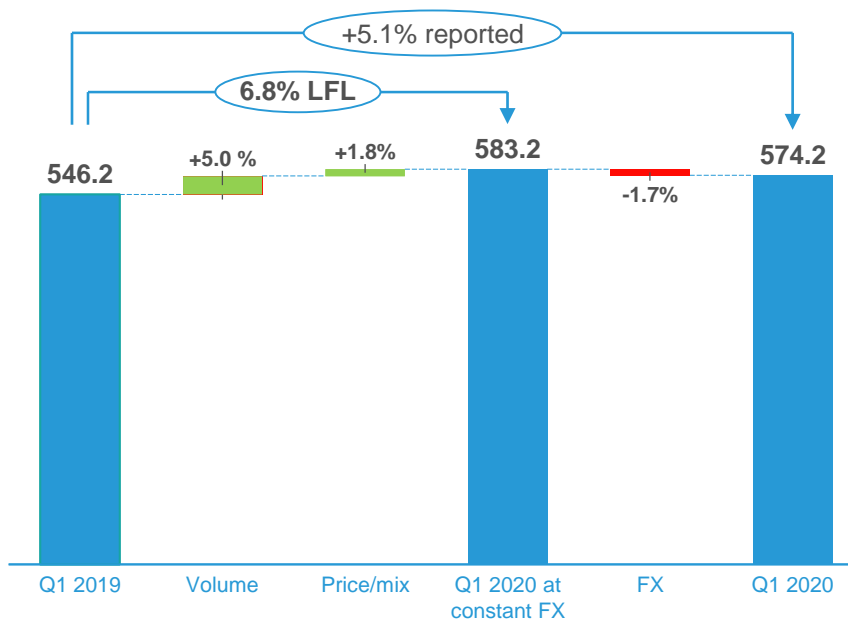
# LFL revenue up nearly 7% thanks to strong volumes and higher price/mix



## Group revenue review

- **Q1 2020 LFL revenue: €583 million, +6.8%**
  - Volume surge in March across Divisions, driven by increased shipments to support consumer stockpiling in Europe and various areas of AMEAA related to the global outbreak of COVID-19
  - Q2: Marked decrease in April as consumers use existing inventory and heightened economic uncertainties weigh on consumption
- Top-line drivers
  - Strong volume growth in Europe and AMEAA
  - Positive price/mix in all categories, mainly due to AMEAA
- Currency impact: -€9 million, -1.7%
  - Q1 2020 reported revenue: €574 million, +5.1%

Q1 2020 Sales bridge (€m)

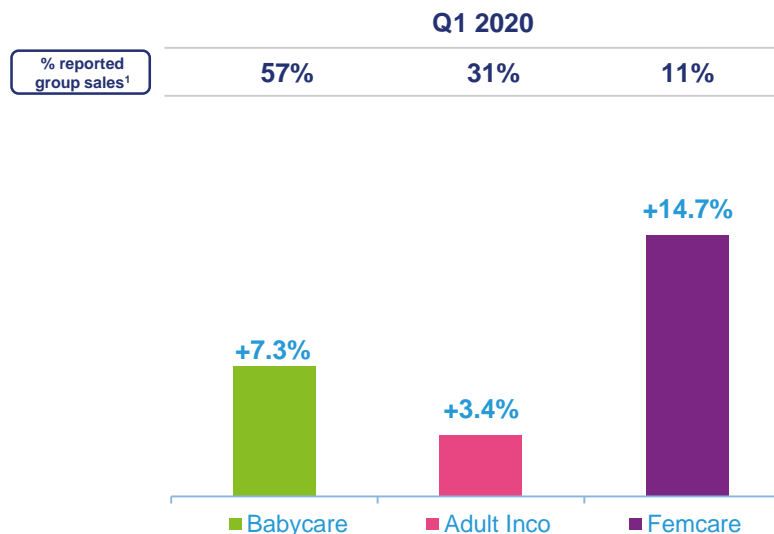


# Growth in all categories on higher demand



- **Q1 2020 Babycare revenue: €328 million, +7.3% LFL**
  - Sales of Retailer brands in Europe and US and Ontex brands in developing markets well up
  - Strong demand for both Baby diapers and Baby pants as consumers ensured availability of daily essentials
- **Q1 2020 Adult Inco revenue: €177 million, +3.4% LFL**
  - Retail channel sales grew 11% driven by Ontex brands
  - Limited revenue decrease in institutional channels, impacted by temporary suspension of a large contract which resumed in April
  - Strong sales growth of Adult pants and Light inco products
- **Q1 2020 Femcare revenue: €62 million, +14.7% LFL**
  - Higher retailer brands sales thanks to business gains
  - Strong growth in tampons drove AMEAA revenue higher

## LFL sales growth



Note 1: Category split excludes 1% of "Other" in Q1

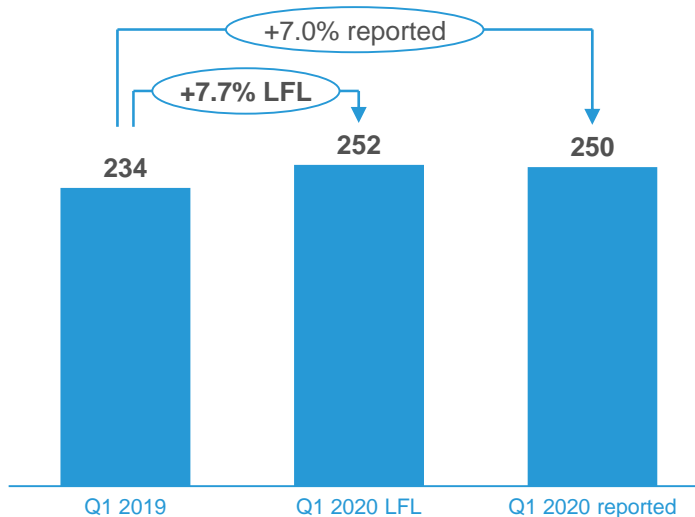
# Europe: Significant LFL revenue increase



## Outstanding execution allowed to serve March demand surge

- **Q1 2020 LFL revenue: €252 million, +7.7%**
- All three categories posted higher sales with broad-based growth across geographies
- Strong coordination with customers and suppliers enabled to leverage sudden volume surge in March
- Baby care category posted very strong growth in diapers and pants, as consumers stocked up on daily essentials
- Q1 2020 reported revenue: €250 million, +7.0%

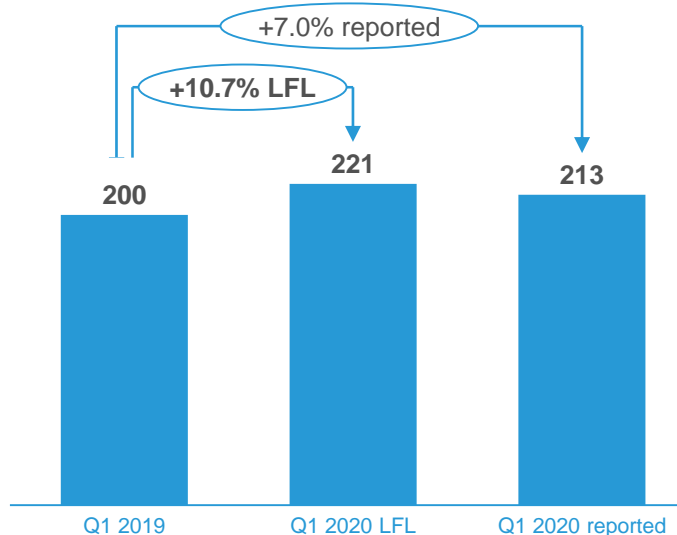
Europe (44% of Group revenue)  
Revenue (€m) and evolution



## Revenue growth in all categories

- **Q1 2020 LFL revenue: €221 million, +10.7%**
  - Strong demand was further boosted by customer inventory building in the Americas; less buoyant demand seen in Q2 as precautionary purchasing eases and economic slowdown takes hold
- Americas revenue strongly ahead thanks to higher volumes and positive price/mix
  - Mexico recorded solid volume-led growth
  - Brazil and US sales both well up, including strong March, expected to unwind in Q2
- MEAA slight revenue growth amid difficult conditions
  - COVID-19 impact dampened demand in several markets, expected to persist in Q2
  - Agile local teams rapidly adapting to protect business and optimize performance
- Q1 2020 reported revenue: €213 million, +7.0%

**AMEAA (37% of Group revenue)  
Revenue (€m) and evolution**



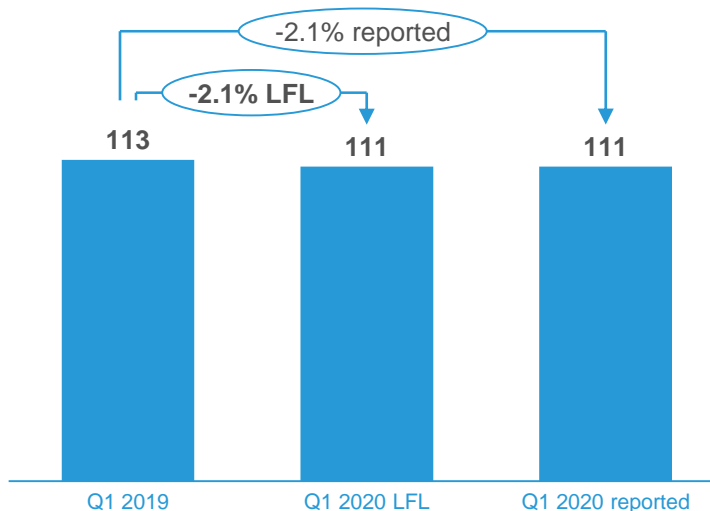
# Healthcare: Temporary revenue decrease on high comparable and contract suspension



## Lower volumes and broadly stable price/mix

- **Q1 2020 LFL revenue: €111 million, -2.1%**
- Decrease explained by temporary suspension of a large contract in Q4 2019 and Q1 2020 as previously disclosed; shipments have resumed in Q2 2020
- March revenue above expectations due to COVID-19 driven by inventory built at certain customers
- Continued revenue growth in self-pay channels and e-commerce
- Q1 2020 reported revenue: €111 million, -2.1%

**Healthcare (19% of Group revenue)  
Revenue (€m) and evolution**



# Adjusted EBITDA margin: Meaningful increase driven by self-help actions



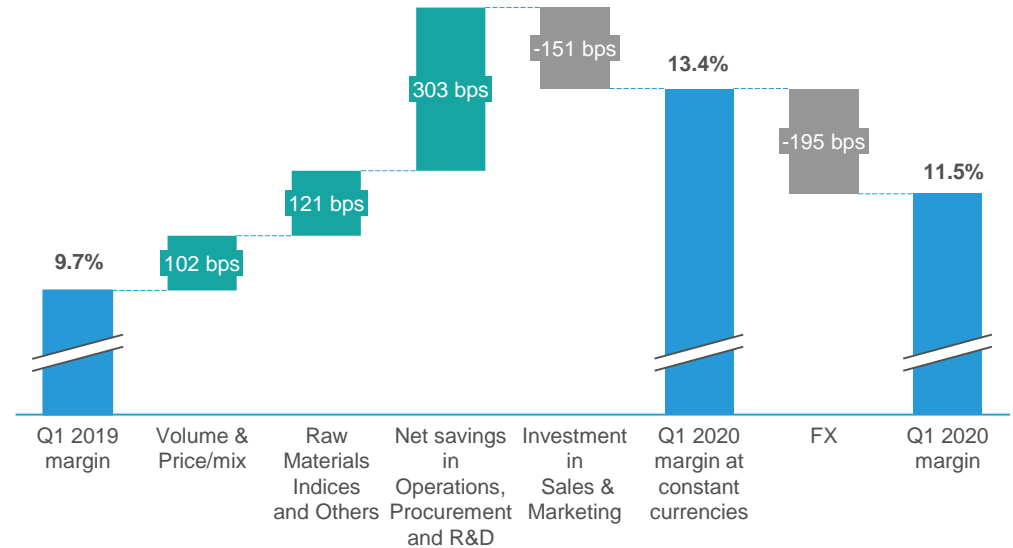
## Q1 2020: €78m at constant currencies, margin at 13.4%, +370bps versus previous year

- Solid traction from top-line growth (volume and price/mix)
- Lower raw material indices
- Very strong net savings generated on the back of increasing T2G benefits
- Continued investment in sales and marketing

## Strong currency headwinds essentially in March

- -€12 million mainly due to Brazilian Real, Turkish Lira and Mexican Peso: 195 bps unfavorable impact on Adjusted EBITDA margin
- Q1 2020 Adjusted EBITDA: €66 million, margin: 11.5%

Q1 2020 Adjusted EBITDA margin bridge





# Current prospects for Q2 2020

Charles Bouaziz, CEO

# Current prospects for Q2 2020 and 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 of us that will affect consumers' purchasing power.
- 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 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.
- 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.





Q&A



Appendix



The following alternative performance measures (non-GAAP) have been included in this presentation since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures 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 perimeter of consolidation or M&A.
- **EBITDA and Adjusted EBITDA and related margins:** **EBITDA** is defined as earnings before net finance cost, income taxes, depreciation and amortisation. **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 12 months (LTM).
- **Non-recurring Income and expenses:** Non-recurring income and expenses are defined as those items that are considered to be non-recurring or unusual because of their nature. The non-recurring income and expenses relate to:
  - acquisition-related expenses;
  - changes to the measurement of contingent considerations in the context of business combinations;
  - 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.



Thank you

