Ontex

Q3 2020 Trading Update

November 4, 2020

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Q3 2020 Highlights

Thierry Navarre, CEO

Navigating amidst an unprecedented environment

- Market environment continues to be impacted by COVID-19 pandemic
  - Mobility restrictions: Lower usage rates as people tend to be more at home
  - Reduced shop visits: Towards one-stop shopping
  - Cautious shopping behavior: Less time spent in shop
  - Increased search for value: large and small pack sizes, retailer brands
  - E-commerce gaining at expense of brick and mortar
  - Institutional channel pressure: Lower occupancy rates, restricted access for sales support

- Ensure continuity of operations and enhance profitability and cash generation amid persistent uncertainty

- All efforts made to protect employees and support our communities

Q3 2020 financial highlights

Ontex

Revenue down, improvement in Adjusted EBITDA margin

	9M 2020	Q3 2020
	LFL revenue -2.9%	LFL revenue -4.6%
	Adj. EBITDA Margin 11.7%	Adj. EBITDA Margin 11.3%
		Net debt €878 million

Group revenue: €508 million, down 4.6% LFL

- +€29 million improvement vs. Q2 2020 reported revenue, with demand slowly recovering
- Stable price/mix
- Reported revenue down 11.6% including -€43 million negative FX and +€3 million scope

Adjusted EBITDA: €57 million, -€4 million vs. Q3 2019, margin 11.3% (+57 bps vs. Q3 2019)

- Adjusted EBITDA of €57 million including -€17 million FX headwinds
- T2G workstream gains and lower raw material indices
- Lower operating leverage on the back of slow demand recovery
- Adj. EBITDA at constant currencies of €74 million, margin of 13.4% (+272 bps vs. Q3 2019)

Net debt

- Net debt of €878 million at 30/09/20
- Net debt excluding IFRS 16 Leases was €748 million at 30/09/20
- Strict management of working capital and capital expenditure
- Leverage at 3.43x LTM Adjusted EBITDA at 30/09/20 (3.51x at 31/12/19)

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

Decisive actions underway to step up performance

Launch of in-depth strategic review and creation of Strategy Committee

- Changes in Board of Directors
- Strategic review launched in late August, covering following aspects:
  - Accelerating delivery of operational efficiencies through intensified T2G efforts
  - Reviewing the company's cost structure
    - First decision to reduce overhead costs by €11 million on a full-year basis with first savings starting in Q4 2020
  - Strengthening commercial capabilities in an increasingly competitive marketplace
  - Re-assessing Ontex's strategic intent for each geography, category, channel and brand
  - Right-sizing the operational footprint in line with strategic choices and level of activity
  - Evaluating external growth opportunities within strict financial discipline
- Outcome will be a strengthened business model with clear choices and targets; capital allocation and remuneration will be aligned with key priorities
- Cut in 2020 variable compensation pool for management
- Confirmation by Board of Directors that no dividend will be paid in 2020

Q3 2020 Financial review

Charles Desmartis, CFO

Q3 LFL revenue down 4.6% on lower market demand, increased competition across most markets

Group revenue review

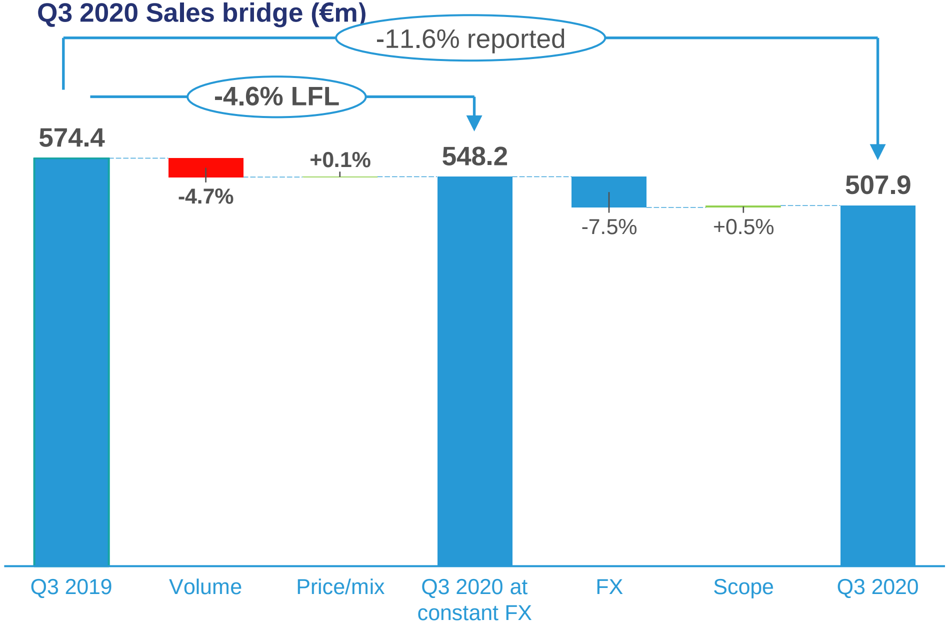
- **Q3 2020 LFL revenue: €548 million, -4.6%**

- Top-line drivers
  - Volume decrease due to:
    - Lower demand reflecting lower consumption and shift to e-commerce
    - Increased competition in the face of contracting sales in traditional channels; on-line growing
    - Unfavorable impact from previous contract losses in Europe
  - Price/mix stable

- €29 million sequential improvement vs. Q2: market demand slowly recovering, following initial pandemic-related demand surge in Q1 and subsequent decrease in Q2, as measures to reduce mobility eased

- **Q3 2020 reported revenue: €508 million, -11.6%**
  - Currency impact: -€43 million, -7.5% on reported sales, with all main foreign currencies weaker versus the euro, particularly the Brazilian Real, Mexican Peso, Turkish Lira and Russian Rouble
  - First contribution from US Feminine Care acquisition in July: +0.5%

Q3 2020 Sales bridge (€m)



Category review

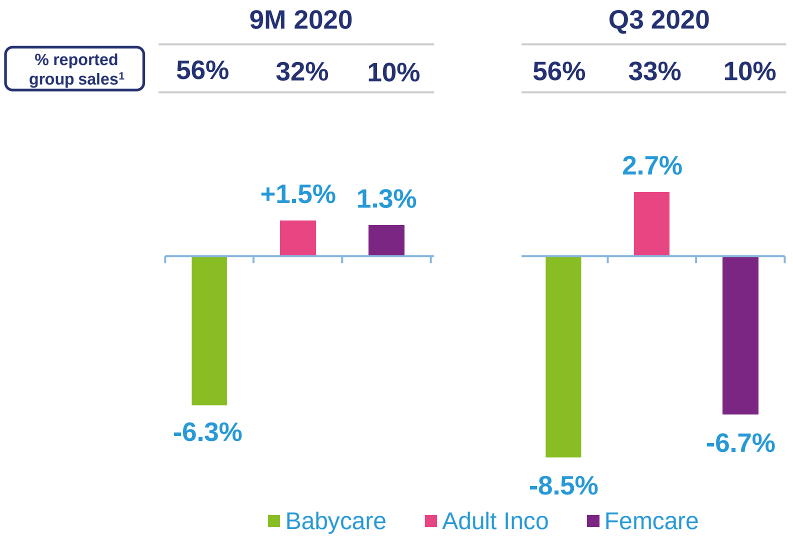
Europe and US: Lower demand due to lower usage and shift from traditional channels to e-commerce; lower demand in emerging markets

- **Q3 2020 Babycare revenue: €282 million, -8.5% LFL**
  - Sequential improvement (Q2 2020: €261 million, -16.5% LFL): market demand slowly improved since the summer after post-stockpiling decrease
  - Year-on-year evolution reflecting demand in traditional channels below pre-pandemic levels, as well as impact from previous contract losses in Europe

- **Q3 2020 Adult Inco revenue: €165 million, +2.7% LFL**
  - Retail channel sales up 10%
    - Growth in both Europe and AMEAA Divisions
  - Institutional channels decreased on the back of lower demand in hospitals and nursing homes (lower occupancy)

- **Q3 2020 Femcare revenue: €51 million, -6.7% LFL**
  - Visibly lower market demand in Europe where the large majority of Ontex Femcare sales is recorded
  - Reported revenue includes initial contribution from US acquisition closed on July 1st, 2020

LFL sales growth



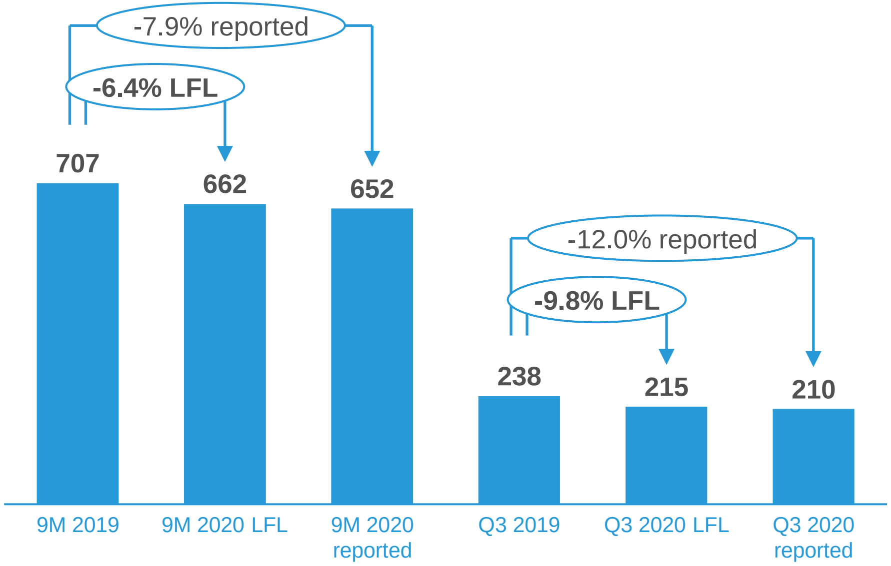
Note 1: Category split excludes 2% and 2% of "Other" in 9M and Q3, respectively

Europe: Revenue decrease amidst softer market demand in traditional channels and resulting increased competition

Lower volumes, price/mix slightly below prior year

- **Q3 2020 LFL revenue: €215 million, -9.8%**
- Tracked channel sales decreased in Babycare (down high single digits) and Feminine Care (down mid single digits), with Adult Inco revenue up low single digits, confirming that market demand has not returned to pre-pandemic levels
- Promotional activity of the leading international branded diaper resumed following brief pause and reached unprecedented levels in some major markets in Q3
- Net negative balance of contract gains and losses, which will also impact revenue in Q4 2020
- Direct to consumer baby diaper offering in France and Benelux recorded solid growth
- **Q3 2020 reported revenue: €210 million, -12.0%**

Europe (42% of Group revenue)
Revenue (€m) and evolution (LFL and reported)

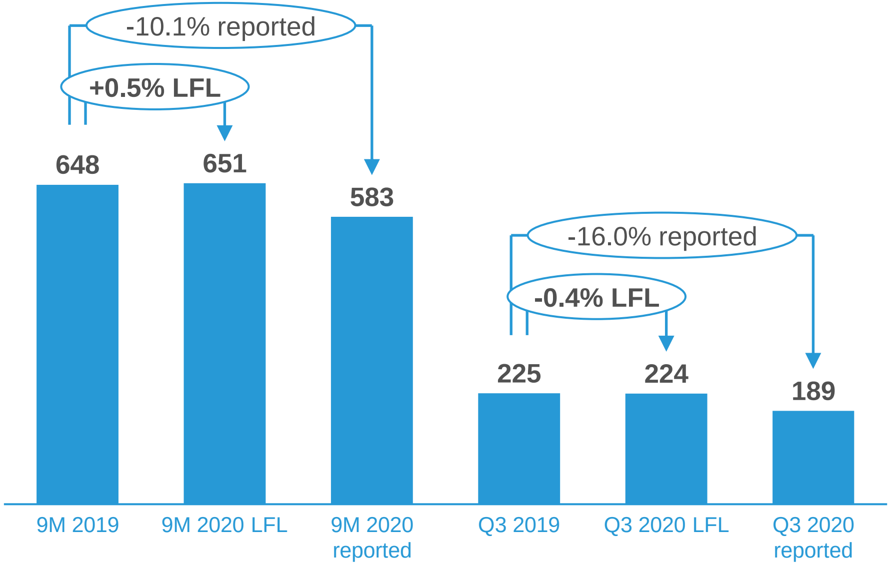


Americas, Middle East, Africa and Asia: Broadly stable sales

Positive price/mix nearly offset lower volumes

- **Q3 2020 LFL revenue: €224 million, -0.4%**
- Americas revenue had a limited decrease
  - Lower sales in Mexico on the back of softer market demand and resulting increased competition
  - Revenue up in Brazil on gains from improved brand penetration and expansion of distribution network
  - Growth in US sales: Higher sales at online customers, new retailer brand business starting to ship at back end of Q3
- MEAA markets posted higher revenue on the back of increased volumes in Turkey and Algeria
- Intensified currency effects: -€38m, or -16.8% mainly due to Brazilian Real, Mexican Peso and Turkish Lira depreciation
  - Reported revenue included initial contribution from US Femcare acquisition following completion on July 1st, 2020
- **Q3 2020 reported revenue: €189 million, -16.0%**

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

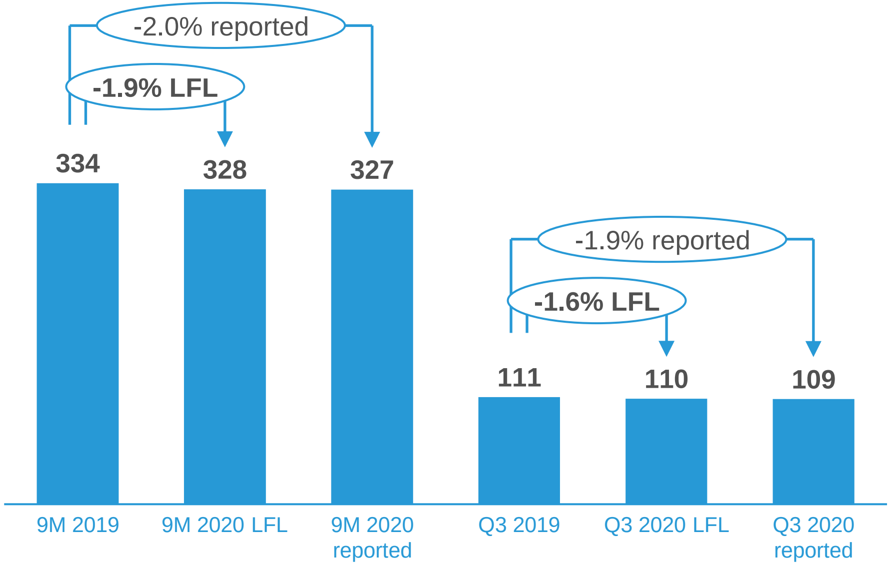


Healthcare: Institutional sales impacted by pandemic, gains in other channels

Volume decrease, price/mix broadly stable

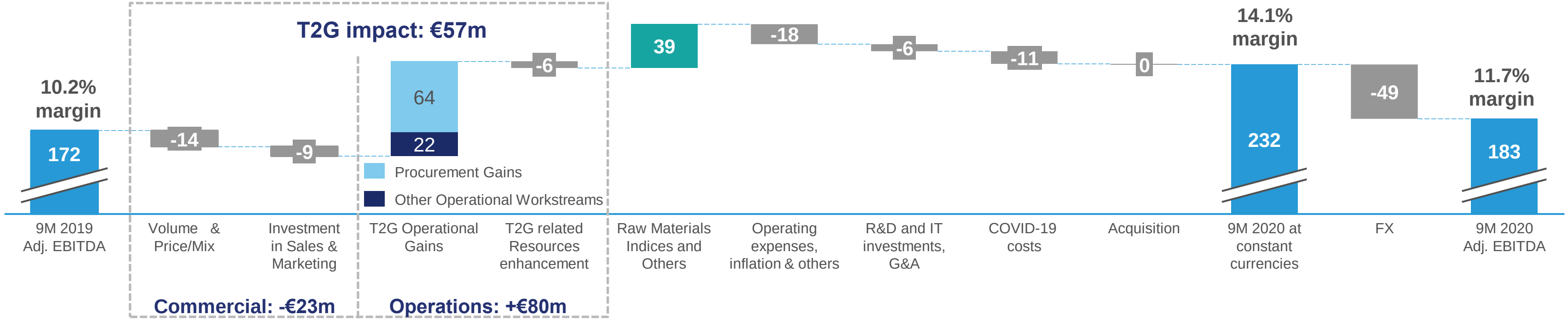
- **Q3 2020 LFL revenue: €110 million, -1.6%**
- Positive sales trends in e-commerce and self-pay channels
- Home delivery revenue also increased
- Demand in hospitals and nursing homes was lower due to impacts from the pandemic and related actions taken by authorities
- Sales of Adult pants continued to increase
- **Q3 2020 reported revenue: €109 million, -1.9%**

Healthcare (21% of Group revenue)
Revenue (€m) and evolution (LFL and reported)



9M Adjusted EBITDA: strong LFL gain thanks to T2G and lower raw material indices; high unfavorable currency impact

YTD September 2020 Adjusted EBITDA bridge (€ million)



9M 2020 Adjusted EBITDA: €232 million at constant currencies, margin at 14.1%, +390bps versus previous year

T2G gross gains: **€57 million at constant currencies, +379 bps**

• Volumes down, limited price/mix decrease	- €14m
• Support of Ontex portfolio of local brands	- €9m
• Gross gains of €64 million generated in procurement and €22 million in other operational workstreams	+€86m
• Additional resources in production engineering and management to effect the manufacturing transformation	- €6m

- Lower raw material indices
- Investment in R&D to boost innovation, in IT to support commercial and operational transformation; cut in 2020 short-term management incentive in G&A
- c. €11 million COVID-19 related recorded as recurring expenses in 9M, primarily in H1

Strong currency headwinds from March onward have intensified in Q3

- **-€49 million** (239 bps) unfavorable effect on Adjusted EBITDA mainly due to Brazilian Real and Mexican Peso

-> 9M 2020 Reported Adjusted EBITDA: €183 million, margin at 11.7%, +152 bps

Outlook

Thierry Navarre, CEO

Outlook

- Ontex continues to operate in a highly uncertain environment across its markets due to the evolution of the pandemic, which has been undermining currencies of emerging countries, disrupting consumer demand and purchasing behavior and resulting in increased competition as industry players face sales contraction in traditional channels.

- In such an environment, FY Group LFL revenue variation could be expected to be broadly similar to 9M 2020. However, the resurgence of the pandemic in many geographies, including Europe, has already triggered new lockdown measures whose impact on sales in the final 2 months of 2020 is difficult to predict.

- The positive impacts from further improvement of T2G workstreams, raw material indices and the first effects of overhead cost reduction measures on operating profitability will largely be offset by higher price investments and lower operating leverage on the back of lower volumes.

- The effects of currency movements in Q4 on both revenue and Adjusted EBITDA are expected to be the highest of the year.

Q&A

Appendix

Alternative Performance Measures

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