



**Ontex FY 2020 results:
Revenue decrease mainly from lower sales in Europe,
operating margin improvement.
New CEO sets strategic priorities to restore growth and value creation.**

Aalst-Erembodegem, February 24, 2021 - Ontex Group NV (Euronext Brussels: ONTEX) today announced its results for the three months and twelve months ending December 31, 2020.

- **Revenue: €2,087 million, -9% at reported currencies, -3% LFL vs. 2019 in a context of shifting demand patterns, and lost business in Europe**
- **Adjusted EBITDA: €236 million, -4% at reported currencies, with margin of 11.3% (+55 bps): Strong procurement gains, favorable raw material indices, partly offset by lower operating leverage**
- **Sales and Adjusted EBITDA impacted by major currency headwinds from March 2020**
- **Adjusted EPS: €1.01, down 6%**
- **Free cash flow: €60 million, net debt down 1.6%, leverage under control at 3.6x at December 31, 2020**

New Strategic Priorities

Since being appointed on January 1, CEO Esther Berrozpe has set Ontex's new strategic priorities to restore growth and value creation targeting the following key areas:

- **Portfolio focus:** simplify the business and product portfolio
- **Customer centricity:** strengthen customer relations and restore growth
- **Innovation:** refocus R&D investments to accelerate the cadence of new product launches
- **Operational excellence:** restore manufacturing and service performance
- **Environmental and social:** set long-term goals and roadmap
- **Organization & Culture:** transform the culture of the group to drive accountability and performance with a streamlined organization

Esther Berrozpe, Ontex CEO, commented: *"I am excited to have taken over as CEO of Ontex. The company possesses a number of major assets that once realigned represent significant potential for value creation for our shareholders. Past initiatives have neither been sufficient nor have they delivered the expected benefits. We have already started work on setting our priorities for the future to return Ontex to growth, sustainable margins and cash generation with a solid financial structure. We will share our plans at a later date with the full management team.*

I know that I can count on the commitment of Ontex's employees to rise to this challenge and build a new successful chapter for the Group."

2021 Outlook

Based on current visibility, we expect a low double digit decrease of Group LFL revenue in Q1 against a high comparable basis in 2020, with Europe's sales hitting their low point in this quarter. A sales recovery is expected to start in Q2.

The immediate focus is to turn our strategic priorities into deliverable action plans in a context of increasing raw material prices.

We will provide updates on our 2021 prospects as we progress.



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Key Financials for FY 2020 and Q4 2020

In € million, except per share data	Full Year			Fourth Quarter		
	2020	2019	Variance	2020	2019	Variance
Reported Revenue	2,086.8	2,281.3	-8.5%	525.5	592.6	-11.3%
LFL Revenue	2,210.7	2,281.3	-3.1%	570.8	592.6	-3.7%
Adjusted EBITDA	235.6	245.1	-3.9%	52.5	72.7	-27.7%
Adjusted EBITDA Margin	11.3%	10.7%	55 bps	10.0%	12.3%	-227 bps
Adjusted EBITDA at constant currencies	309.7	245.1	26.4%	78.0	72.7	7.2%
Adjusted EBITDA Margin at constant currencies	14.0%	10.7%	323 bps	13.7%	12.3%	139 bps
Adjusted profit/(loss) for the period	81.6	86.4	-5.5%			
Adjusted EPS	1.01	1.07	-5.6%			
Non-recurring income and expenses	(37.9)	(70.3)	-46.2%			
Profit/(Loss) for the period	54.0	37.3	44.9%			
Basic EPS	0.67	0.46	44.8%			
Free Cash Flow	59.5	109.7	-45.8%			
Net Debt	847.6	861.3	-1.6%			
Net Debt / LTM Adjusted EBITDA	3.60x	3.51x	0.09x			

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 in note 5 of the Notes to the Consolidated Financial 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.

Dividend related to 2020

The Board of Directors will decide on their proposal for the payment of a dividend related to 2020 ahead of the AGM.

FY 2020 Highlights

2020 was marked by volatility in demand, operating conditions and currencies related to the COVID-19 pandemic from March onwards.

After a surge in demand drove our first quarter sales to record levels, in particular in Europe, activity dropped sharply in the second quarter, and demand across the traditional distribution channels did not return to pre-pandemic levels. In the second half, our sales were impacted by the pandemic-related shift to online sales, where retail brands are less present. Furthermore, demand decreased in several emerging markets due to economic downturn. Our reported sales also reflect the steep and lasting depreciation of most emerging market currencies.

Revenue of €2,087 million was down 3.1% LFL for the full year 2020, and down 8.5% on a reported basis. This includes a €130 million unfavorable currency effect from the major depreciation of several key functional currencies against the euro, notably the Mexican Peso, Brazilian Real and Turkish Lira. The decrease in LFL sales mainly reflects lower demand for personal hygiene products

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in tracked retail channels from the second quarter onwards as well as contract losses in Europe, partly offset by a resilient performance in Healthcare and growth in Brazil, Turkey and the US.

Adjusted EBITDA of €236 million in 2020 was down 3.9% compared with prior year, and Adjusted EBITDA margin was up 55 bps to 11.3%. At constant currencies, Adjusted EBITDA stood at €310 million (up 26.4%): Strong procurement savings and lower raw material indices outweighed the impact of lower sales and operating leverage, inflation on costs and COVID-19 related costs for €14 million. The full year currency impact was €74 million unfavorable.

Free cash flow stood at €60 million, down €50 million compared with 2019, on lower cash generation from recurring trade activities and higher outflows related to non-recurring items. Capital expenditure net of disposals was €105 million.

Net debt stood at €848 million at December 31, 2020, a reduction of €30 million vs. September 30, 2020 and €14 million vs. December 31, 2019. Leverage remained under control at 3.60x at December 31, 2020, and we remained in full compliance with our bank debt leverage covenant at December 31, 2020. Net debt excluding IFRS 16 Lease liabilities was €715 million at year-end.

Transform to Grow (T2G)

Ontex generated €66 million of T2G-related gross gains in Adjusted EBITDA at constant currencies in 2020.

The operational workstreams delivered gross gains of €102 million. We remained ahead of our targets in procurement, excluding any benefit from lower raw material indices, but as already reported, the delivery of our improvement targets in manufacturing and supply chain has been taking more time than initially anticipated and was below expectations.

Lower business with several retail brand customers hindered the deployment of planned initiatives to enhance customer value propositions and product mix optimization. Consequently, the T2G commercial workstreams did not deliver the expected benefits, and the unfavorable evolution of volumes and price/mix, as well as marketing investments to support our brands, had a negative impact of €36 million on Adjusted EBITDA in 2020.

The forecast cost for the implementation of T2G over 2019 – 2022 has been reduced by €25 million, from €85 million to €60 million, reflecting lower reorganization expenses as well as cuts in performance-based professional fees and management incentives. As previously disclosed, our capital expenditure for 2020 and 2021, including investments related to T2G, will remain within 5% of net sales.

Operational Review: Categories

in € million	Full Year				Fourth Quarter			
	2020	2019	% Δ as reported	% Δ at LFL	2020	2019	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	2,086.8	2,281.3	-8.5%	-3.1%	525.5	592.6	-11.3%	-3.7%
Baby Care	1,162.5	1,345.7	-13.6%	-7.1%	290.8	356.0	-18.3%	-9.3%
Adult Incontinence	679.5	692.0	-1.8%	+3.3%	175.8	174.9	+0.5%	+8.6%
Feminine Care	212.2	212.7	-0.2%	-1.5%	50.0	53.1	-6.0%	-9.9%
Other	32.6	30.9	+5.4%	+16.8%	9.0	8.6	+5.4%	+19.2%

FY 2020 sales in **Baby Care** decreased by 7.1% versus prior year. After a strong surge at the end of the first quarter triggered by the pandemic outbreak, market demand for Baby Care products contracted in retail channels and accelerated in online channels as consumer purchase habits shifted. Contract losses also accounted for lower sales in Europe. Demand in several emerging markets decreased due to the economic downturn, outweighing growth in Brazil and the US. Overall, baby pants outperformed baby diapers, particularly in the AMEAA Division.

Adult Incontinence products delivered the best category revenue performance for the third consecutive year, growing by 3.3% in FY 2020. Adult Inco sales in retail channels grew 8% thanks to our leading position supplying our retail customers with their proprietary brands in Europe, as well as strong Ontex brand sales in Brazil, Mexico and Turkey. In our Healthcare Division, growth in the self-pay channel, home delivery and e-commerce offset lower activity with hospitals and nursing home due to the pandemic. The shift in demand towards Adult pants continued, resulting in sales growth that outpaced the overall category.

Feminine Care revenue was down 1.5% for the full year 2020. Lower revenue in Europe, from lower in-store demand for retail brands and contract losses, outweighed the growth reported by the AMEAA Division in the first half of the year.

Operational Review: Division

in € million	Full Year				Fourth Quarter			
	2020	2019	% Δ as reported	% Δ at LFL	2020	2019	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	2,086.8	2,281.3	-8.5%	-3.1%	525.5	592.6	-11.3%	-3.7%
Europe	872.2	956.9	-8.8%	-6.8%	220.7	249.7	-11.6%	-7.7%
AMEAA	774.1	882.9	-12.3%	-0.7%	191.4	235.1	-18.6%	-4.0%
Healthcare	440.5	441.6	-0.2%	+0.1%	113.4	107.8	+5.2%	+6.2%

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

2020 revenue in the Europe Division was down by 6.8%, due to demand contraction from our retail customers from the second quarter onwards as well as a net negative balance of contract gains and losses. Sales of retail brands were impacted by increasing online sales where retail brands are less present, and by intensified competition from A-brands. The sales decrease was mostly due to lower volumes, primarily in Baby Care and to a lesser extent in Feminine Care. Adult Inco sales posted growth. Sales of our online baby diaper subscription service in France, launched in 2019, accelerated strongly.

Americas, Middle East, Africa and Asia (AMEAA)

AMEAA Divisional revenue in FY 2020 ended 0.7% lower compared with a solid 2019 performance. Higher price/mix in all three categories largely compensated for lower volumes, entirely in Baby Care, while Adult Inco volumes were ahead. Americas revenue rose thanks to solid growth in Brazil and the US, while our business in Mexico faced a contraction of demand due to the economic downturn caused by the pandemic. Sales decreased in MEAA, as a strong performance in Turkey, including the ramping up of new business in baby diapers and continued growth of our leading Adult Inco brand Canped, could not offset lower sales in other geographies, many of which faced lower demand due to economic downturn, extended store closures and higher competitive pressure.

Healthcare

Sales in the Healthcare Division in FY 2020 were in line with prior year at +0.1%. Market share gains in fast-growing self-pay channels, as well as strong home delivery and ecommerce activity boosted by lockdown measures offset lower demand from hospitals and nursing homes, whose occupation rates were strongly impacted by the pandemic. Adult pants posted solid growth after the successful relaunch of our main line.

FINANCIAL REVIEW

Selected Financial Information

in € million	Full Year		
	2020	2019	% Δ
Ontex Reported Revenue	2,086.8	2,281.3	-8.5%
Cost of sales	(1,477.7)	(1,661.3)	-11.0%
Gross profit	609.1	620.0	-1.8%
Operating expenses	(373.5)	(374.9)	-0.4%
Adjusted EBITDA	235.6	245.1	-3.9%
Non-recurring income and expenses	(37.9)	(70.3)	-46.1%
EBITDA	197.7	174.8	+13.1%
Depreciation and amortization	(86.8)	(87.6)	-0.9%
Operating profit	110.9	87.2	+27.2%
Net finance cost	(35.7)	(37.7)	-5.3%
Income tax expense	(21.3)	(12.2)	+74.0%
Adjusted profit for the period	81.6	86.4	-5.5%
Adjusted Basic EPS	1.01	1.07	-5.6%
Profit for the period	54.0	37.3	+44.9%
Basic EPS	0.67	0.46	+44.8%
Free Cash Flow (after-tax)	59.5	109.7	-45.8%
- Of which change in WC	20.8	69.1	-69.9%
- Of which Capex, net of disposals	(105.0)	(101.7)	+3.2%
- Of which repayment of lease liabilities	(26.0)	(27.6)	-5.7%

Gross profit

Gross profit stood at €609.1 million in FY 2020, a limited decrease of -1.8% versus prior year. Gross margin, however, improved significantly to 29.2% in FY 2020, an increase of 201 basis points versus prior year. Procurement delivered strong savings, leveraging lower raw material indices, but the depreciation of our main functional currencies outside the euro zone versus the USD erased part of this upside, and lower volumes weighed on operating leverage.

Adjusted EBITDA

FY 2020 Adjusted EBITDA was €235.6 million, 3.9% below the previous year, while adjusted EBITDA margin was up +55 basis points to 11.3%. Adjusted EBITDA margin improvement was driven by the gross margin gain. At constant currencies, Adjusted EBITDA was €309.7 million for FY 2020, up 26.4% year-on-year, and the related margin was 14.0%, up 323 basis points.

Non-recurring income and expenses

Non-recurring expenses in FY 2020 totalled €37.9 million, down by 46% compared with 2019. The majority of these charges related to reorganizations, in particular to reduce overhead costs, and litigation. Expenses related to the implementation of T2G recognized in 2020 stood at €0.8 million.

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Foreign Exchange

The worldwide outbreak of the pandemic in early March 2020 caused a steep and lasting depreciation of our main functional currencies outside the euro zone, with negative impacts on both revenue and Adjusted EBITDA. The currency impact on Group revenue amounted to -€130 million, mainly due to the depreciation of the Brazilian Real and Mexican Peso, and to a lesser extent the Turkish Lira and Russian Ruble, versus the USD and the euro. These currencies also account for most of the -€74 million impact on FY 2020 Adjusted EBITDA.

Net Finance Cost

FY 2020 net finance cost was €35.7 million, down 5.3% compared with last year. The decrease was mainly due to currency impacts on the interest expense related to debt contracted in local currencies.

Income Tax Expense

The FY 2020 income tax expense amounted to €21.3 million, resulting in an effective tax rate of 28.3%, vs. 24.7% in 2019. Tax incentives for industrial investments received in 2019 account for most of the variation.

Working Capital

Working capital* as a percentage of sales, excluding currency effects, was in line with the previous year, reflecting consistent improvements to trade receivables and trade payables, offset by higher inventories at year end, mainly due to a low comparable base at 2019 end as well as lower sales in the fourth quarter. The decrease in reported working capital is essentially due to currency translation, and reflects the depreciation of several of our functional currencies versus the euro.

Capital expenditure

Capital expenditure in FY 2020, net of disposals, was €105.0 million, or 5% of revenue.

Free Cash Flow (after-tax)

FY 2020 free cash flow (after-tax) stood at €59.5 million. The €50.2 million decrease compared with prior year essentially reflects lower cash generation from operating activities, down €48.5 million: €34.6 million from recurring trade activities, mainly due to lower cash from working capital decrease compared with prior year, and €14.0 million from higher cash-outs related to non-recurring items, mainly for overhead cost reduction measures, other reorganizations, consulting fees and litigation.

Net debt and leverage

Net debt stood at €848 million at December 31, 2020, a reduction of €14 million vs. December 31, 2019. Leverage remained under control at 3.60x at December 31, 2020, and we were in full compliance with our bank debt leverage covenant at December 31, 2020. Net debt excluding IFRS 16 Lease liabilities was €715 million at year-end.

* excluding monetization of accounts receivables through factoring: €156 million at 2020 year end, €161 million at 2019 year end

CORPORATE INFORMATION

The above press release and related financial information of Ontex Group NV for the three and twelve months ended December 31, 2020 was authorized for issue in accordance with a resolution of the Board on February 23, 2021.

AUDIO WEBCAST

Management will host an audio webcast for investors and analysts on February 24, 2021 at 11:00am CET/10:00am UK. A copy of the presentation slides will be available at <http://www.ontexglobal.com/>

Click on the link below to attend the presentation from your laptop, tablet or mobile device. Audio will stream through your selected device, so be sure to have headphones or your volume turned up.

https://globalmeet.webcasts.com/starthere.jsp?ei=1431863&tp_key=8fcbc38677

A full replay of the presentation will be available at the same link shortly after the conclusion of the live presentation.

FINANCIAL CALENDAR

Q1 2021	April 28, 2021
AGM	May 25, 2021
H1 2021	July 29, 2021
Q3 2021	October 28, 2021

ENQUIRIES

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Consolidated Income Statement

in € million	Full Year	
	2020	2019
Revenue	2,086.8	2,281.3
Cost of sales	(1,477.7)	(1,661.3)
Gross Margin	609.1	620.0
Distribution expenses	(194.6)	(203.4)
Sales and marketing expenses	(166.0)	(168.3)
General administrative expenses	(91.2)	(90.4)
Other operating income/(expenses), net	(8.5)	(0.5)
Income and expenses related to changes to Group structure	(25.4)	(58.8)
Income and expenses related to impairments and major litigations	(12.4)	(11.5)
Operating profit	110.9	87.2
Finance income	1.8	2.6
Finance costs	(38.0)	(39.3)
Net exchange differences relating to financing activities	0.5	(1.0)
Net finance cost	(35.7)	(37.7)
Profit / (Loss) before income tax	75.2	49.5
Income tax expense	(21.3)	(12.2)
Profit / (Loss) for the period from continuing operations	54.0	37.3
Profit / (Loss) for the period	54.0	37.3
Profit / (Loss) attributable to:		
Owners of the parent	54.0	37.3
Profit / (Loss) for the period	54.0	37.3

Consolidated Statement of Financial Position

ASSETS		
in € million	December 31, 2020	December 31, 2019
Non-current Assets		
Goodwill	1,106.7	1,171.2
Intangible assets	53.5	52.0
Property, plant and equipment	615.9	622.7
Right-of-use assets	126.8	150.4
Deferred tax assets	24.9	29.3
Non-current receivables	6.9	18.1
	1,934.7	2,043.7
Current Assets		
Inventories	319.1	318.8
Trade receivables	286.3	324.2
Prepaid expenses and other receivables	57.0	49.1
Current tax assets	18.8	15.8
Derivative financial assets	18.0	1.4
Cash and cash equivalents	430.1	127.8
Non-current assets held for sale	2.9	4.2
	1,132.4	841.2
TOTAL ASSETS	3,067.0	2,884.9
EQUITY AND LIABILITIES		
in € million	December 31, 2020	December 31, 2019
Equity attributable to owners of the company		
Share capital & Premium	1,208.0	1,208.0
Treasury shares	(38.8)	(40.3)
Cumulative translation reserves	(333.5)	(172.6)
Retained earnings and other reserves	262.7	203.1
TOTAL EQUITY	1,098.4	1,198.2
Non-current liabilities		
Employee benefit liabilities	26.6	26.9
Interest-bearing debts	911.4	919.5
Deferred tax liabilities	29.2	34.7
Other payables	0.5	0.6
	967.6	981.7
Current liabilities		
Interest-bearing debts	366.3	69.6
Derivative financial liabilities	14.1	11.9
Trade payables	476.9	465.6
Accrued expenses and other payables	40.9	39.0
Employee benefit liabilities	52.5	55.1
Current tax liabilities	31.8	39.4
Provisions	18.5	24.4
	1,001.1	705.0
TOTAL LIABILITIES	1,968.7	1,686.7
TOTAL EQUITY AND LIABILITIES	3,067.0	2,884.9

Consolidated Statement of Cash Flows

in € million	Full Year	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	54.0	37.3
Adjustments for:		
Income tax expense	21.3	12.2
Depreciation and amortization	86.8	87.6
(Profit) / loss on disposal of property, plant and equipment	3.8	7.9
Provisions (including employee benefit liabilities)	(1.7)	20.1
Change in fair value of financial instruments	1.9	2.3
Net finance cost	35.7	37.7
Changes in working capital:		
Inventories	(29.9)	49.8
Trade and other receivables and prepaid expenses	(0.8)	44.4
Trade and other payables and accrued expenses	51.5	(25.1)
Employee benefit liabilities	1.2	7.0
Cash from operating activities before taxes	223.8	281.3
Income taxes paid	(33.3)	(42.3)
NET CASH GENERATED FROM OPERATING ACTIVITIES	190.5	239.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(105.6)	(103.9)
Proceeds from disposal of property, plant and equipment and intangible assets	0.6	2.2
Payment for acquisition of subsidiary, net of cash acquired	(7.6)	-
Commitments from business combinations	-	-
NET CASH USED IN INVESTING ACTIVITIES	(112.6)	(101.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	308.3	48.8
Repayment of borrowings	(33.2)	(122.3)
Interests paid	(29.8)	(31.3)
Interests received	1.8	2.6
Cost of refinancing & Other costs of financing	(1.1)	(7.3)
Realized foreign exchange (losses)/gains on financing activities	(2.5)	2.9
Derivative financial assets	(0.9)	(1.2)
Dividends paid	(0.0)	(33.1)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	242.6	(141.0)
NET DECREASE IN CASH AND CASH EQUIVALENTS	320.5	(3.6)
Cumulative translation differences on cash movements	(18.2)	0.9
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	127.8	130.6
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	430.1	127.8

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

NOTE 1 LEGAL STATUS

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accounting policies used to prepare the financial statements for the period from January 1, 2020 to December 31, 2020 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2019 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

The amounts in this document are presented in € millions, unless noted otherwise. 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.

COVID-19

The COVID-19 pandemic and the related measures taken to contain the virus and minimize its consequences (government lockdowns in most countries), have had and are expected to continue to have adverse effects on the activities and financial results of the Group, including market demand, operating profitability (EBITDA), financial position and cash flows.

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.

The Group has a solid financial position and liquidity. As a matter of caution due to the current level of economic uncertainty, we decided to fully draw down the €300 million of the syndicated revolving credit facility (maturing in November 2022) to provide financial flexibility if necessary.

The Group complied with all requirements of the loan covenants on its available credit facilities throughout the reporting period.

As described above, our business, financial condition, cash flows and operating results have been and may continue to be negatively impacted by the COVID-19 pandemic. The Group's solid finance and liquidity structure should however be more than sufficient to ensure the going concern of the Company.

NOTE 3 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the reporting period.

NOTE 4 AUDITORS REPORT

The statutory auditor has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

NOTE 5 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 currency 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).

Free Cash Flow

Free cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal.

Adjusted Profit & Adjusted EPS (earnings per share)

Adjusted Profit (or Adjusted Basic Earnings) is defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent. Adjusted EPS is Adjusted Profit divided by the weighted average number of ordinary shares.

Working Capital

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

Additional Financial Information

EARNINGS PER SHARE

in €	Full Year	
	2020	2019
Basic earnings per share	0.67	0.46
Diluted Basic earnings per share	0.67	0.46
Adjusted basic earnings per share	1.01	1.07
Adjusted diluted earnings per share	1.01	1.07
Weighted average number of ordinary shares outstanding during the period	80,851,227	80,804,164
Total number of shares as of December 31	82,347,218	82,347,218

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

EBITDA and Adjusted EBITDA

In € million	Full Year	
	2020	2019
Operating Profit	110.9	87.2
Depreciation and amortization	86.8	87.6
EBITDA	197.7	174.8
Non-recurring income and expenses	37.9	70.3
Adjusted EBITDA	235.6	245.1

Adjusted profit (Adjusted basic earnings)

in € million	Full Year	
	2020	2019
Profit / (Loss) for the period	54.0	37.3
Non-recurring income and expenses	37.9	70.3
Tax correction	(10.2)	(21.2)
Adjusted profit (Adjusted Basic Earnings)	81.6	86.4

Free Cash Flow

in € million	Full Year	
	2020	2019
Operating profit	110.9	87.2
Depreciation and amortization	86.8	87.6
EBITDA	197.7	174.8
Non-cash from operating activities	4.1	30.3
Change in working capital		
Inventories	(29.9)	49.8
Trade and other receivables and prepaid expenses	(0.8)	44.4
Trade and other payables and accrued expenses	51.5	(25.1)
Employee benefit liabilities	1.2	7.0
Cash from operating activities before taxes	223.8	281.3
Income taxes paid	(33.3)	(42.3)
Net cash generated from operating activities	190.5	239.0
Capex	(105.6)	(103.9)
Cash (used in)/from on disposal	0.6	2.2
Repayment of lease liabilities	(26.0)	(27.6)
Free cash flow	59.5	109.7

Annex B - 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.

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

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