



**JULY 29<sup>TH</sup>, 2021**

# FORWARD-LOOKING STATEMENTS

This Presentation 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.

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A photograph of a young woman with blonde hair, wearing a pink sweater, smiling and holding a baby wrapped in a pink blanket. An older woman with short grey hair, wearing a light blue sweater, stands next to her, also smiling and looking at the baby. They are indoors, near a window with a view of a building with green shutters.

# H1 2021 RESULTS



**Esther Berrozpe**  
*Chief Executive Officer*

# STRATEGIC PRIORITIES - H1 2021 MOMENTUM



## ORGANIZATION & CULTURE

New leadership and streamlined organization now driving the turnaround



## COST COMPETITIVENESS

Structural cost and efficiency action plans already delivering material savings



## RESTORING GROWTH

Europe stabilizing, growth in Emerging markets and the US



## DEBT REFINANCING

Fully refinanced Group debt of €1.05B allows complete focus on turnaround

# Q2 2021 FINANCIAL HIGHLIGHTS

## REVENUE

**€501m**

- ▶ Revenue up 4.5% vs €479m in Q2 2020, and +6.2% LFL
- ▶ Sequential improvement: +4.4% vs Q1 2021
- ▶ LFL sales up in all 3 categories
  - ▶ Baby Care +6.0%, Adult Care +5.7%, Feminine Care +3.6%
- ▶ LFL sales also up in 2 of 3 Divisions
  - ▶ AMEAA +14.9%, Europe +2.6%, Healthcare -1.9%
- ▶ Led by strong performances in strategic priorities: Adult Care category, Baby Pants, and US market

## ADJUSTED EBITDA

**€51m**

- ▶ Adjusted EBITDA dropped 14.2% vs €60m in Q2 2020
- ▶ Adjusted EBITDA margin down 224bps to 10.3% vs 12.5%
- ▶ Solid delivery of €16m savings in Q2 partly mitigated input cost inflation of €23m
- ▶ FX headwind limited at -€2m

# H1 2021 FINANCIAL HIGHLIGHTS

## REVENUE

**€981m**

- ▶ Revenue down 6.9% vs €1,053m in H1 2020, and -3.2% LFL
- ▶ Adult Care category and AMEAA Division grew in H1, while other categories and Divisions were down versus prior year

## ADJUSTED EBITDA

**€101m**

- ▶ Adjusted EBITDA declined 19.8% vs €125m in H1 2020
- ▶ Adjusted EBITDA margin down 166bps to 10.3% vs 12.0%
- ▶ Solid delivery of €27m savings
- ▶ Headwinds from Raw Materials (-€17m) and FX (-€13m)

## NET PROFIT

**€7m**

- ▶ Decrease vs €41m in H1 2020
- ▶ -€30m impact of non-recurring expenses (-€23m) and one-time refinancing expenses (-€7m)

## FREE CASH FLOW

**€22m**

- ▶ FCF down compared to €29m in H1 2020

## NET DEBT

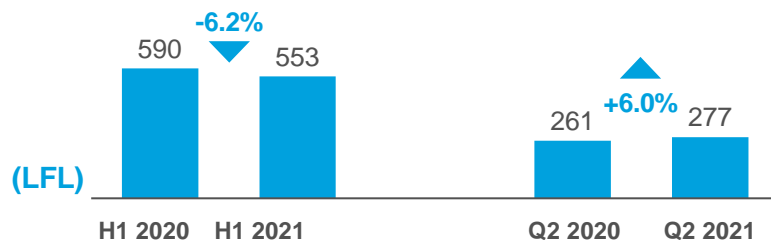
**€843m**

- ▶ -0.5%, -€5m vs. December 31, 2020
- ▶ -1.2%, -€10m vs. June 30, 2020
- ▶ Leverage of 4.0x on LTM adjusted EBITDA

# H1 2021 REVENUE BY CATEGORY

## Baby Care

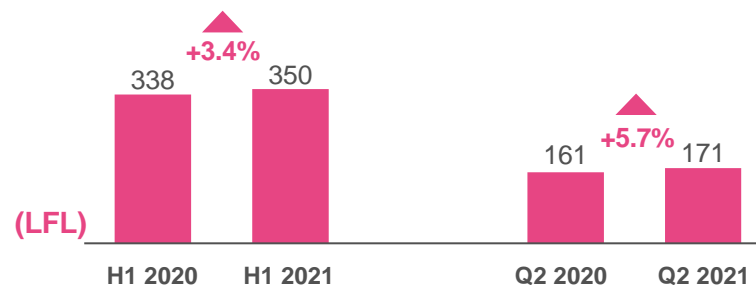
H1: €525m / Q2: €271m (reported)



- ▶ Q2 returns to growth sequentially vs Q1 decline
- ▶ Strong performance of Baby Diapers across most AMEAA markets
- ▶ Baby Pants up double digit: both AMEAA and Europe ahead

## Adult Care

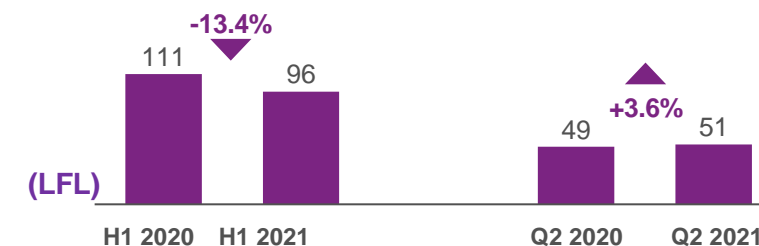
H1: €336m / Q2: €166m (reported)



- ▶ Retail channel up 22%: up double digit in Europe and AMEAA
- ▶ Institutional channels down due to lower care home occupancy rates
- ▶ Adult Pants increased double digit

## Feminine Care

H1: €101m / Q2: €53m (reported)



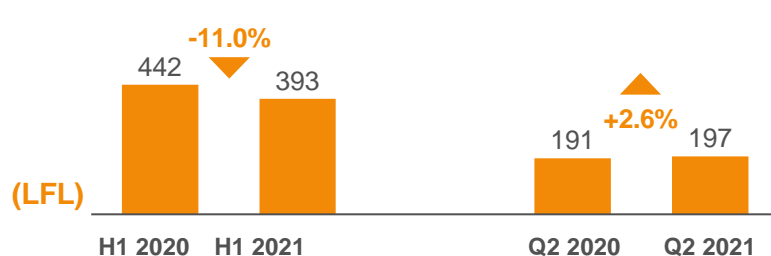
- ▶ Europe retailer brand sales down
- ▶ AMEAA sales higher driven by US
- ▶ H1 down against tough H1 2020 comparables



# H1 2021 REVENUE BY DIVISION

## Europe

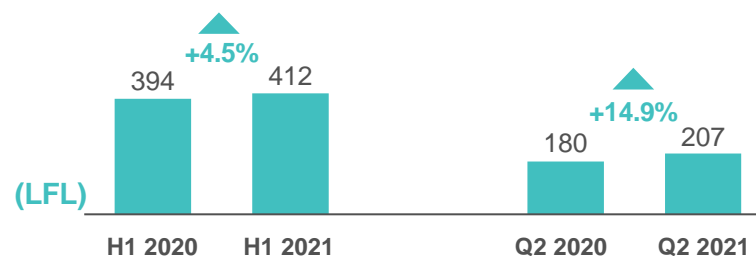
H1: €387m / Q2: €195m (reported)



- ▶ Q2 return to growth, up sequentially versus Q1
- ▶ Adult Care up
- ▶ Commercial stabilization

## AMEAA

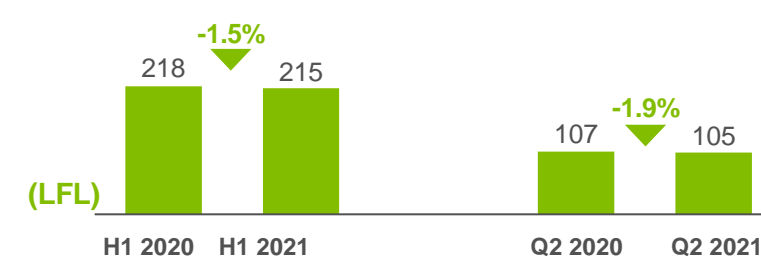
H1: €379m / Q2: €200m (reported)



- ▶ Double digit growth in USA
- ▶ Brazil up double digit, strong growth in Baby Pants
- ▶ Mexico share gains in Baby & Adult Care
- ▶ Algeria and Turkey Baby & Adult Care up

## Healthcare

H1: €215m / Q2: €106m (reported)



- ▶ Institutional demand continued to be impacted by low care home occupancy rates
- ▶ Growth in e-commerce and new business development
- ▶ Smart Adult Diaper commercial pilot encouraging ahead of rollout across Europe in 2021





# H1 FINANCIAL RESULTS

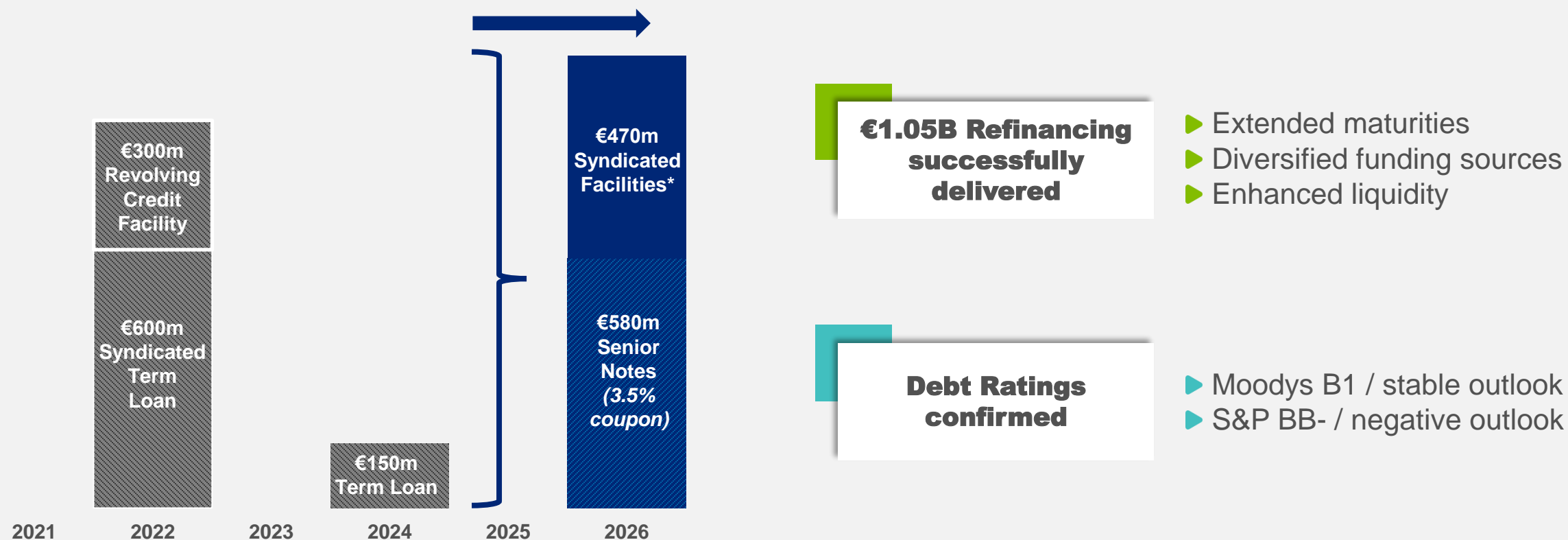


**Peter Vanneste**  
*Chief Financial Officer*

# H1 2021 FINANCIAL ACTIONS

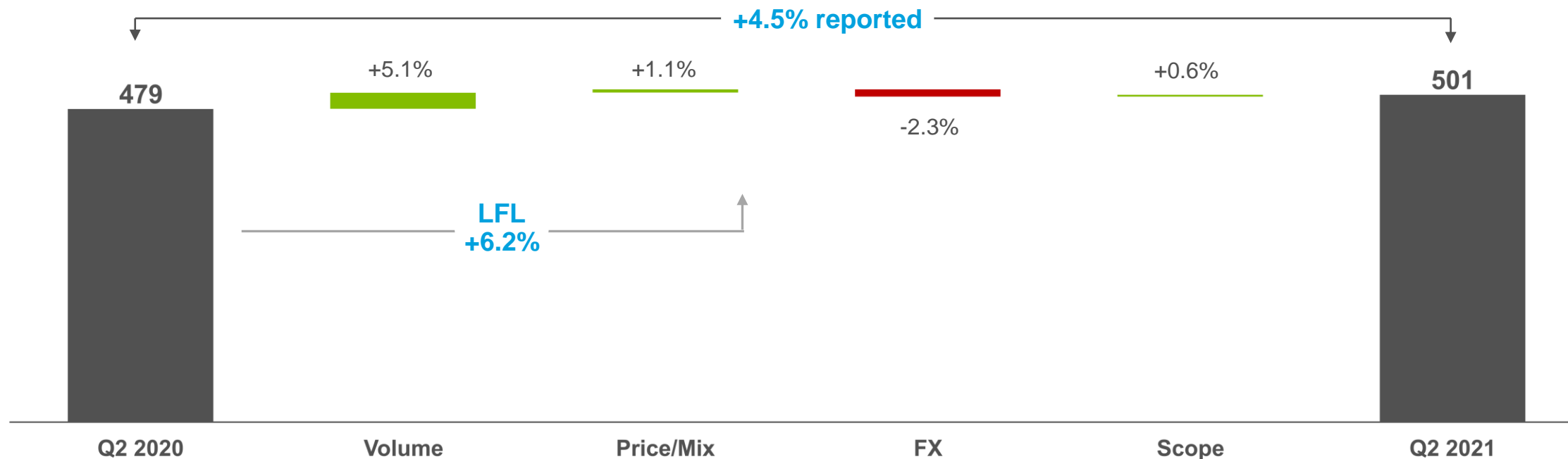
- ▶ Successfully closed **Full Refinancing** to underwrite turnaround roadmap
- ▶ Accelerating **Cost-Out Delivery, Pricing** in view of the unprecedented Raw Material increase
- ▶ Short term **Capex** freeze (2.3% in H1 2021); **Cash** is King program focus
- ▶ Full focus on **delivering turnaround**

# STRENGTHENED DEBT PROFILE



\*assuming syndicated facilities are fully extended

# Q2 2021 REVENUE



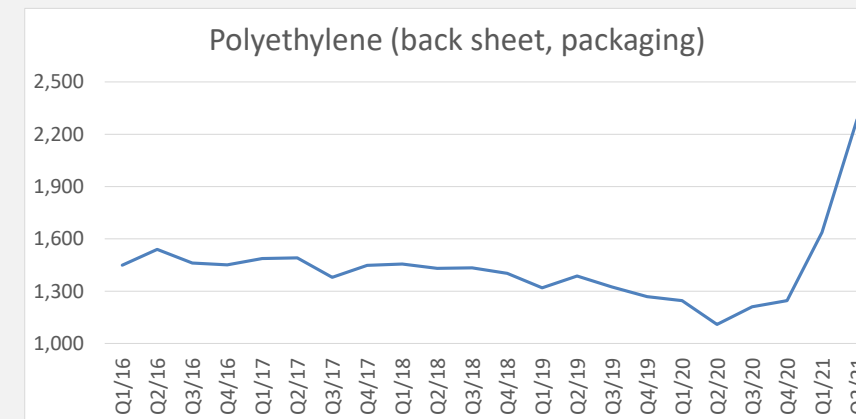
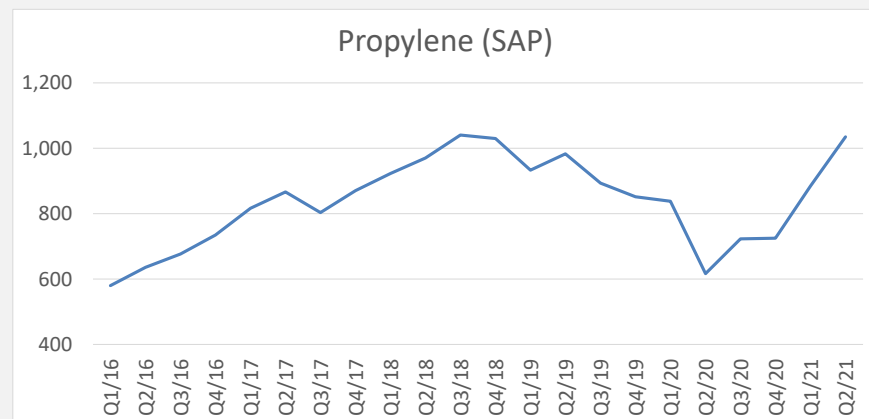
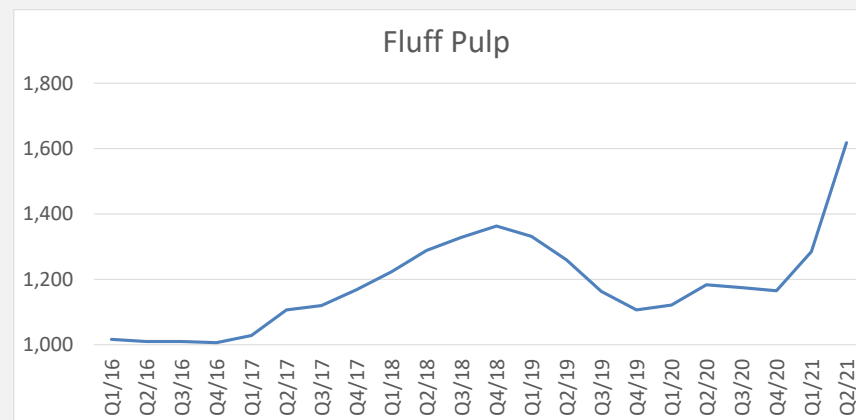
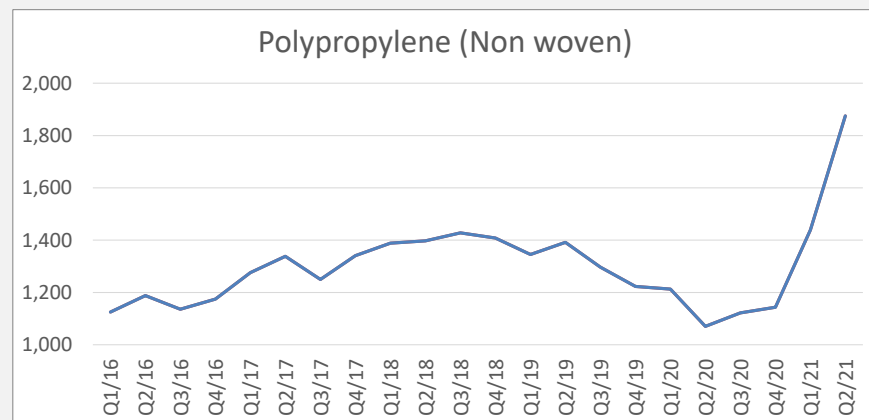
► **Q2 Return to growth: +4.4% sequential growth vs Q1 / +4.5% vs PY (6.2% LFL)**

- Sequential and YoY growth in AMEAA (+12% vs Q1) and Europe (+2% vs Q1). Healthcare impacted by lower occupancy rates
- Positive price/mix: Adult Care +6%, Baby pants +15%, US +38%
- Currency headwind: -€11m, mainly BRL, TRY, RUB and USD weaker versus the Euro

► **H1 still -6.9% vs PY in reported currencies (-3.2% LFL); driven by poor Q1 (-16.5%) impacted by previous contract losses and tough comparatives**

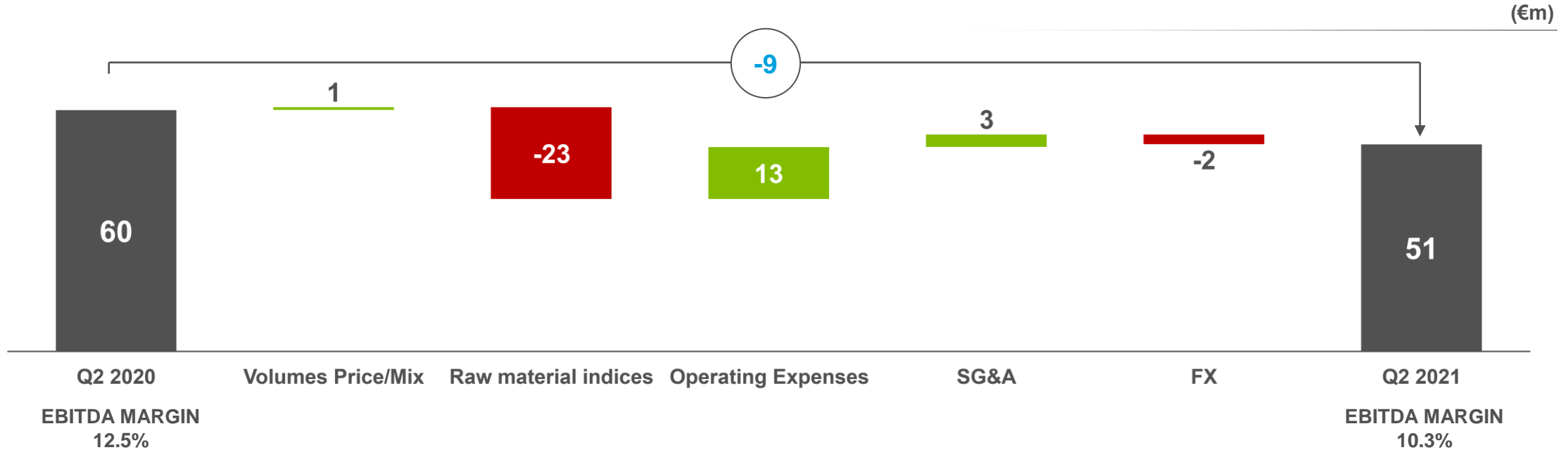


# RAW MATERIAL EVOLUTION



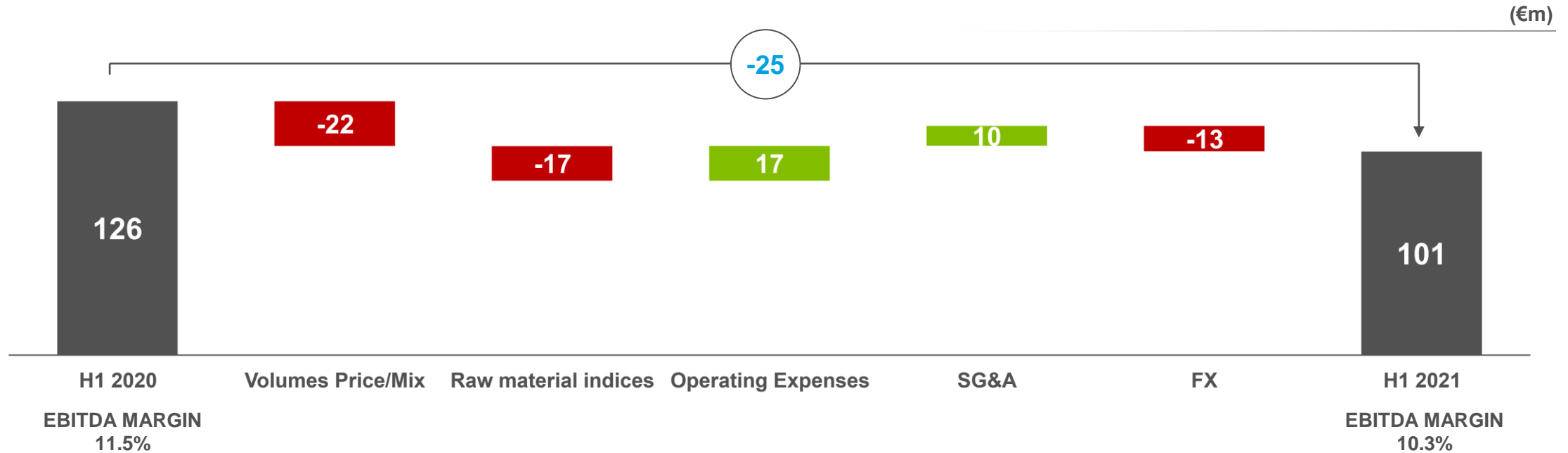
- **Pricing** announcements especially in AMEAA. **Mix** initiatives
- Accelerating **Cost-Out Programs & Design-to-Value**
- **Short term measures (cost & cash)** to maximize protection against commodity impact

# Q2 2021 EBITDA



- ▶ Strong raw materials indexes headwinds started in Q2
- ▶ Structural operational and SG&A savings; fully offsetting Raw Material inflation in Euro terms
- ▶ However, further emerging market currency headwinds drive the decrease in EBITDA
- ▶ Q2 EBITDA 14% down versus PY. Margin secured at same level as Q1 (10.3%) despite much higher raw materials, yet down vs PY

# H1 2021 EBITDA



- ▶ Strong raw material indexes inflation impacting from Q2
- ▶ Structural operational and SG&A savings more than offset Raw Materials increase
- ▶ Lower Volume Price Mix driven by negative Q1; with growth starting in Q2
- ▶ Further currency movements (weaker BRL, RUB and TRY vs the Euro) weighs on EBITDA

# H1 2021 NON-RECURRING INCOME AND EXPENSES

- ▶ **€23m non-recurring project expenses, of which €16m Cash-Out**
  - ▶ €11m Cost-out in operations and SG&A overheads
  - ▶ €8m Impairment of manufacturing assets
- ▶ **Outlook 2021:** €55m Non-Recurring expenses
- ▶ In net finance cost, €7m of one-time expenses recorded in H1 for the full refinancing of Group debt

Income statement impact In millions of Euro	H1 2021	H1 2020	change
Business restructuring	(10.8)	(7.4)	-3.4
Acquisition and disposal of businesses	(2.6)	(0.3)	-2.3
Impairment of assets	(8.1)	-	-8.1
Litigations and other	(1.6)	(3.1)	+1.5
<b>Total non-recurring income and expenses</b>	<b>(23.1)</b>	<b>(10.8)</b>	<b>-12.3</b>



# FREE CASH FLOW AND NET DEBT

- ▶ **€22m Free cash flow (vs €29m PY)**
  - ▶ Impacted by lower EBITDA (raw material & FX headwinds) and Non-Recurring Cost-Out expenses
  - ▶ Cash remained tightly controlled
    - ▶ Capex subject to short term freeze outside of critical projects
    - ▶ Working capital at 8.5% of sales
- ▶ June 30 2021 **Net Debt was ~stable @ €843m** and **leverage was 4x** based on LTM Adj EBITDA

In millions of Euro	H1 2021	H1 2020	change
<b>EBITDA</b>	<b>77.9</b>	<b>115.1</b>	<b>-37.2</b>
Changes in working capital	(17.4)	(10.4)	-7.0
Cash taxes paid	(8.7)	(18.8)	+10.1
Other	4.5	1.3	+3.4
<b>Net cash generated from operating activities</b>	<b>56.3</b>	<b>87.2</b>	<b>-30.9</b>
Capex	(23.0)	(45.2)	<b>+22.2</b>
Repayment of lease liabilities & other	(11.2)	(13.3)	+2.1
<b>Free Cash Flow (post tax)</b>	<b>22.1</b>	<b>28.7</b>	<b>-6.6</b>
	<b>30/6 2021</b>	<b>31/12 2020</b>	<b>change</b>
<b>Net debt</b>	<b>843</b>	<b>848</b>	<b>-4.7</b>
<b>Net debt/LTM Adjusted EBITDA</b>	<b>4.00x</b>	<b>3.60x</b>	<b>+0.40</b>



# 2021 OUTLOOK



**Esther Berrozpe**  
*Chief Executive Officer*

# 2021 OUTLOOK

In a context of ongoing raw material price increases, Ontex expects for FY 2021:

- ▶ **Stable LFL revenue**
- ▶ **Adjusted EBITDA margin of c.10%**
- ▶ **Strict cash control with capital expenditure held below 4% of revenue**



# PRIORITIES LOOKING AHEAD

## RESTORING GROWTH



Start up of new US manufacturing plant in Q4



Local manufacturing of baby pants in Brazil



Pricing & Mix Innovation

## COST COMPETITIVENESS



Driving structural SG&A cost out



Accelerating production efficiency: capacity utilization, inventory, scrap....



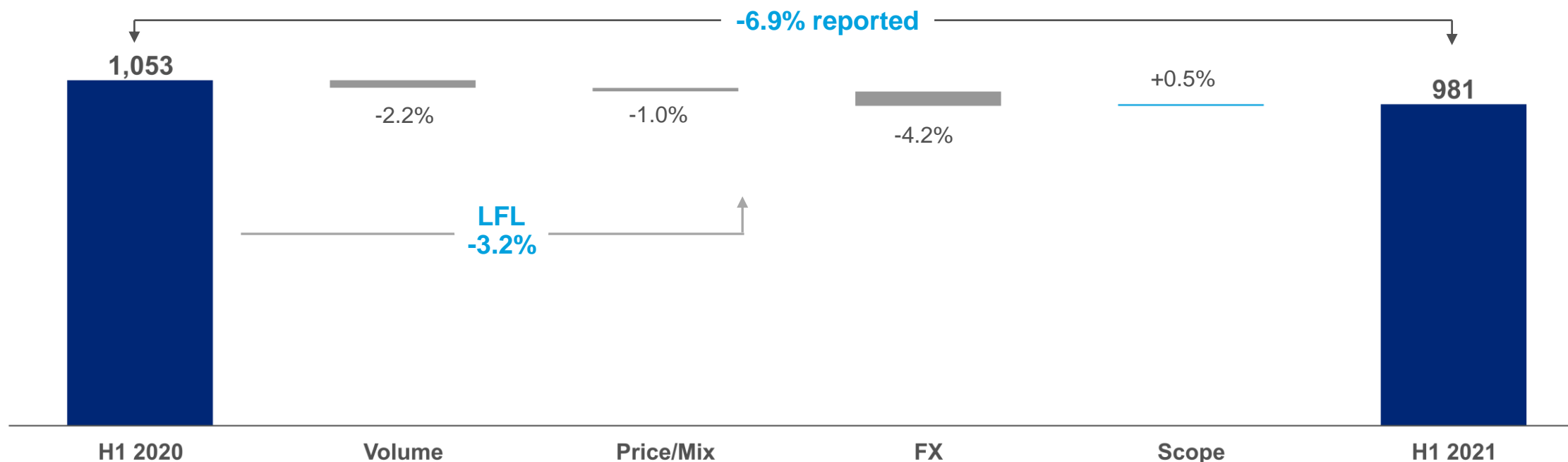
€60m savings expected for FY 2021





# ANNEX

# H1 2021 REVENUE



- ▶ H1 LFL sales 3.2% down versus last year:
  - Lower demand in traditional developed market channels
  - Soft Q1 (-11% LFL), driven by peak impact from loss of customer contracts Europe in Q1
  - H1 growth in Adult (+3% LFL) driven by pants. AMEAA +4.5% LFL
  - Negative price/mix driven by selective Europe price investment

- ▶ Strong currency headwind: -€44m, with particularly the Brazilian Real, Mexican Peso, Turkish Lira, Russian Ruble and US Dollar weaker versus the euro

A photograph of a young woman with blonde hair, wearing a red cardigan, smiling and holding a baby wrapped in a pink blanket. An older woman with short grey hair, wearing a blue top, stands next to her, also smiling and looking at the baby. They are positioned in front of a large window that looks out onto a balcony with a railing and some greenery. The scene is brightly lit, suggesting daytime.

# 2021 HALF YEAR RESULTS

**JULY 29<sup>TH</sup>, 2021**