Ontex Q3 2021 trading update
Stabilizing revenue: LFL in line with prior year and sequential growth
Margin down: Severe impact of cost inflation and supply chain disruptions
Executing strategic agenda: Growth priorities & structural cost savings

Aalst-Erembodegem, October 28, 2021 – Ontex Group NV (Euronext Brussels: ONTEX) today announced its results for the nine months ending September 30, 2021.

Esther Berrozpe, Ontex CEO, commented: "*Over the first nine months, the focus has been on stabilizing the top line and our revenue started to grow quarter on quarter since Q1. The unprecedented raw material and supply chain crisis has impacted both costs as well as our ability to source raw materials. This had a very significant impact on our Q3 results. In this environment, we are accelerating our actions to turnaround Ontex's performance. We must become more efficient by reducing our cost base and at the same time, be more customer centric to maximize our growth opportunities. Cost savings generated so far this year have offset a large part of the raw material price increases. The long-term structural changes are on track and lay important foundations for the future. I am confident that these will be of considerable benefit once the current challenges are behind us.*"

Q3 2021

- Revenue of €512 million leading to top-line stabilization: +0.9% at reported currencies and stable LFL; sales up in Adult Care & Baby Pants. Q3 grew sequentially +2% compared to Q2 despite c. €13 million of orders not produced due to supply chain disruptions
- Adjusted EBITDA: €40 million, -29.9% vs prior year; strong generation of structural operational efficiencies and reduced overhead cost partially offset the impact of unprecedented increases in raw material prices
- Adjusted EBITDA margin of 7.8%, -344 bps year-on-year
- Currency effects: +€4.5 million on sales and +€1.2 million on Adjusted EBITDA
- Net debt: €837 million at September 30, 2021, a slight decrease compared to December 31, 2020 and June 30, 2021

STRATEGIC PRIORITIES UPDATE

- Simplify our Organization: Major reorganizations of Commercial Divisions, end-to-end Supply Chain, and Innovation activities
- Focus on attractive categories: Solid mid-single digit sales growth in focus areas of Adult Care and Baby Pants
- Accelerate innovation cadence: Announced new Excellence Center in Mayen (Germany) for Global Engineering and Global Baby Care Platforms
- Structurally reduce costs: generated €42 million net costs savings YTD
- Drive higher capacity utilization: Announced project to phase out manufacturing in Mayen (Germany) by mid-2022
- Deleverage: received €81 million following an arbitration settlement agreement regarding the acquisition of the Brazilian business
- Drive our sustainability agenda: broke ground at Ortona (Italy) factory to house Italy's largest system for on-site solar power generation and consumption as another step towards our goal of carbon neutral operations by 2030

2021 OUTLOOK

Since the beginning of the year, Ontex has been generating significant net operating and SG&A costs savings, which have been important given the unprecedented rise in commodity raw material prices as the year progressed. More recently the Group has faced additional cost increases in energy, as well as higher costs and availability issues in transportation and other raw materials. In this context, Ontex now expects for FY 2021:

- LFL revenue c. -1%
- Adjusted EBITDA margin of c. 9%
- Strict cash control with capital expenditure at 3.5% of revenue

KEY FINANCIALS FOR FIRST 9 MONTHS AND Q3 2021

in € million, except per share data and ratios	9 months 2021	9 months 2020	9 months Variance	Third Quarter 2021	Third Quarter 2020	Third Quarter Variance
Reported Revenue	**1,492.9**	**1,561.3**	**-4.4%**	**512.3**	**507.9**	**0.9%**
LFL Revenue	**1,527.1**	**1,561.3**	**-2.2%**	**507.8**	**507.9**	**0.0%**
Adjusted EBITDA	141.0	183.1	-23.0%	40.0	57.1	-29.9%
Adjusted EBITDA Margin	*9.4%*	*11.7%*	*-228 bps*	*7.8%*	*11.3%*	*-344 bps*
Net Debt	836.9	877.6	-4.6%			
Net Debt / LTM Adj. EBITDA	4.32x	3.43x	0.89x			

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.

INVESTOR UPDATE

Ontex will hold a virtual investor update on December 15, 2021.

ARBITRATION SETTLEMENT RECEIVED AND USED TO REDUCE DEBT

Ontex announced on September 15, 2021 that it had entered into an agreement with Hypera S.A. ("Hypera", formerly Hypermarcas S.A.) settling claims relating to the acquisition of the Brazilian personal hygiene business of Hypera by Ontex. As part of the settlement, Ontex received €81 million (BRL 500 million) from Hypera on October 1, 2021. After deduction of c.€7 million arbitration-related costs, the balance of the settlement amount has been used to pay down debt, consistent with the Group's ambition to reduce leverage.

Q3 2021 HIGHLIGHTS

Q3 2021 revenue was €512 million, stable LFL versus the prior year and up 2% sequentially versus Q2 2021 despite c.€13 million of orders which could not be fulfilled due to supply chain disruptions. The areas identified in June as key to delivering sustained revenue improvement were visible in Q3: starting to reverse the sales trend of retailer brands in Europe, outperforming in North America, growing our current emerging markets business, and accelerating in Adult Care. On a reported basis, sales were up 0.9% due to a positive currency impact of +€4.5 million in the quarter.

Adjusted EBITDA in Q3 2021 was down -29.9% compared with prior year at €40 million. Significantly higher raw material prices were the main driver of the decline, and lower volumes weighed on the quarter as well. These impacts were partly mitigated by the strong reduction of net operating expenses and SG&A related to ongoing productivity and overhead savings programs. Adjusted EBITDA margin of 7.8% was down -344 bps versus prior year including a currency impact of +€1.2 million.

Net debt was €837 million at September 30, 2021, slightly reduced compared to the positions at December 31, 2020 and June 30, 2021. Leverage was 4.32x at September 30, 2021. Net debt pro forma following the settlement payment of €81 million received on October 1, 2021 was €756 million, resulting in pro forma leverage of 3.91x.

OPERATIONAL REVIEW: CATEGORIES

Categories	9 months				Third Quarter			
in € million	2021	2020	% ∆ as reported	% ∆ at LFL	2021	2020	% ∆ as reported	% ∆ at LFL
Ontex Reported Revenue	**1,492.9**	**1,561.3**	**-4.4%**	**-2.2%**	**512.3**	**507.9**	**0.9%**	**0.0%**
Baby Care	807.2	871.8	-7.4%	-4.6%	282.5	282.1	0.1%	-1.1%
Adult Care	510.4	503.7	1.3%	3.9%	174.2	165.3	5.4%	5.0%
Feminine Care	147.5	162.3	-9.1%	-12.0%	46.9	51.3	-8.6%	-9.0%
Other	27.8	23.5	18.2%	22.7%	8.7	9.1	-4.4%	-5.5%

Baby Care

Q3 2021 Baby Care revenue decreased -1.1% year-on-year, while at the same time Q3 was the second quarter in a row of mid-single digit sequential growth. Sales of Baby pants in Q3 grew mid-single digits compared to prior year in both Europe and AMEAA as a result of our focus to capture more of the consumer trend towards this product type. Baby diaper revenue was lower overall based on a decline in Europe and growth in AMEAA. For the first 9 months of 2021 Baby Care sales were down -4.6%.

Adult Care

Q3 2021 sales in the Adult Care category grew 5.0% year-on-year and were also up sequentially versus Q2 2021. Adult Pants increased ahead of the overall category led by double-digit growth in AMEAA. Retail channel revenue was up 14% with double-digit growth in both Europe and AMEAA. Sales in institutional channels were slightly lower, and continued to be impacted by a slow recovery in occupancy rates in care homes. Adult Care sales were up 3.9% in the first 9 months of 2021.

Feminine Care

Revenue in the Feminine Care category decreased -9.0% Q3 2021, strongly impacted by packaging shortages in Europe. AMEAA revenues were slightly down. Without the lost sales in Europe, category revenue would have grown low single digit in the quarter. Revenue of Feminine Care products decreased -12.0% in the first nine months of 2021.

OPERATIONAL REVIEW: DIVISIONS

Divisions	9 months				Third Quarter			
in € million	2021	2020	% ∆ as reported	% ∆ at LFL	2021	2020	% ∆ as reported	% ∆ at LFL
Ontex Reported Revenue	**1,492.9**	**1,561.3**	**-4.4%**	**-2.2%**	**512.3**	**507.9**	**0.9%**	**0.0%**
Europe	902.7	970.6	-7.0%	-6.6%	307.6	315.6	-2.5%	-3.1%
AMEAA	590.2	590.6	-0.1%	5.0%	204.7	192.3	6.5%	5.0%

NB: In June 2021 two geographic divisions, Europe and AMEAA, were formed which include the relevant geographic activity previously reported in the Healthcare Division. Historical sales data can be found in the annex.

Europe

Europe Division revenue, including the institutional business previously reported separately in the Healthcare Division, declined -3.1% in Q3 2021 year-on-year, yet improved sequentially versus Q2 and made progress against strategic priorities.

The Q3 sales decrease was mainly due to an estimated €8 million of orders which could not be fulfilled as a result of supply chain disruptions. Excluding this impact, revenue would have been broadly stable, as a net negative impact of contract gains and losses was offset by growth in Adult Care and Baby pants.

The balance of gains and losses of retailer brands will turn positive in Q4 2021 for the first time this year. Pricing trends showed slight improvement in Q3 as some increases were already implemented where this can be done, yet overall a decrease was recorded due to targeted actions taken earlier in the year. Further pricing up actions are under discussion with all customers in light of significant input cost inflation. While these developments contribute to the revenue turnaround, supply chain disruptions continue to impact sales, with limited visibility as to when they will be resolved.

Q3 was a solid quarter in Adult Care and Baby pants. Mid-single digit growth was achieved in Adult Care, including double-digit growth in retail channels as the trend towards more in-home use continued. Baby Care sales were down overall due to legacy contract losses in diapers, and the ongoing switch towards pants, where a solid mid-single digit increase was posted. Feminine Care revenue declined mostly due to a shortage of packaging available.

Americas, Middle East, Africa and Asia (AMEAA)

Sales in the AMEAA Division grew 5.0% in Q3 2021 year-on-year and was stable sequentially compared to Q2, including the impact of c. €5 million of orders in the USA unfulfilled due to supply chain issues. In the Americas revenue was up led by double digit growth in Brazil and high single digit growth in Mexico. Brazil recorded a solid sales performance in the quarter thanks to continued strong growth of Baby pants, and also the launch of Turma da Mônica baby diapers, featuring characters from Brazil’s most iconic cartoon series. Mexico revenue increased due to growth in both Baby and Adult Care. Sales in the USA were temporarily lower because of supply chain disruptions which are being urgently addressed, in order to serve current customer demand and new business wins starting in Q4. Our new US production facility is preparing to start-up in early 2022 to meet growing demand. Overall revenue in the Middle East, Africa and Asia decreased slightly however sales in both Adult Care and Baby Care rose double digits in Turkey.

CORPORATE INFORMATION

The above press release and related financial information of Ontex Group NV for the three and nine months ended September 30, 2021 was authorized for issue in accordance with a resolution of the Board on October 27, 2021.

AUDIO WEBCAST

Management will host an audio webcast for investors and analysts on October 28, 2021 at 10:00am CET/09:00am 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://channel.royalcast.com/ontexgroup/#!/ontexgroup/20211028_1

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

FINANCIAL CALENDAR

Investor Update	December 15, 2021
FY 2021	February 23, 2022
Q1 2022	May 12, 2022
H1 2022	July 29, 2022
Q3 2022	November 10, 2022

ENQUIRIES

Investors
Philip Ludwig +32 53 333 730
Philip.ludwig@ontexglobal.com

Press
Caroline De Wolf +32 478 93 43 93
corporate.communications@ontexglobal.com

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 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 – Division revenue presented in new 2021 Division structure

2021 Structure			2020				2021	
in € million	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**Q3**
Ontex Reported Revenue	**574.2**	**479.2**	**507.9**	**525.5**	**2,086.8**	**479.7**	**500.9**	**512.3**
Europe	358.5	296.6	315.6	331.5	**1,302.2**	298.0	297.1	**307.6**
AMEAA	215.7	182.6	192.3	194.0	**784.6**	181.7	203.8	**204.7**
% ∆ at LFL	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**Q3**
Ontex Reported Revenue	**6.8%**	**-10.5%**	**-4.5%**	**-3.7%**	**-3.1%**	**-11.1%**	**6.2%**	**0.0%**
Europe	4.8%	-12.1%	-7.5%	-3.4%	**-4.6%**	-15.6%	0.6%	**-3.1%**
AMEAA	10.2%	-8.0%	0.1%	-4.2%	**-0.8%**	-3.8%	15.5%	**5.0%**
% ∆ as reported	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**Q3**
Ontex Reported Revenue	**5.1%**	**-15.6%**	**-11.6%**	**-11.3%**	**-8.5%**	**-16.5%**	**4.5%**	**0.9%**
Europe	4.3%	-13.2%	-9.0%	-6.4%	**-6.1%**	-16.9%	0.2%	**-2.5%**
AMEAA	6.5%	-19.3%	-15.5%	-18.6%	**-12.3%**	-15.8%	11.6%	**6.5%**

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.