

A photograph of a young woman with long blonde hair, wearing a red sweater, smiling and holding a baby wrapped in a pink blanket. An older woman with short grey hair, wearing a blue sweater, 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.

2021

Q3 TRADING UPDATE

OCTOBER 28TH, 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.

Forward-looking statements contained in this Presentation regarding trends or current activities should not be taken as a representation 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 Presentation.




Esther Berrozpe
Chief Executive Officer

Agenda

 **Key Highlights**

 **Q3 Trading Update**

 **Q&A**

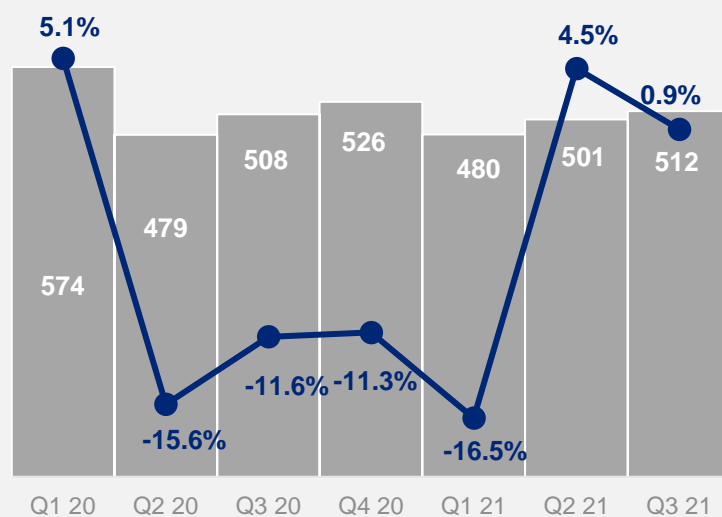
 **Strategic Priorities Update**

 **2021 Outlook**

KEY HIGHLIGHTS Q3 2021

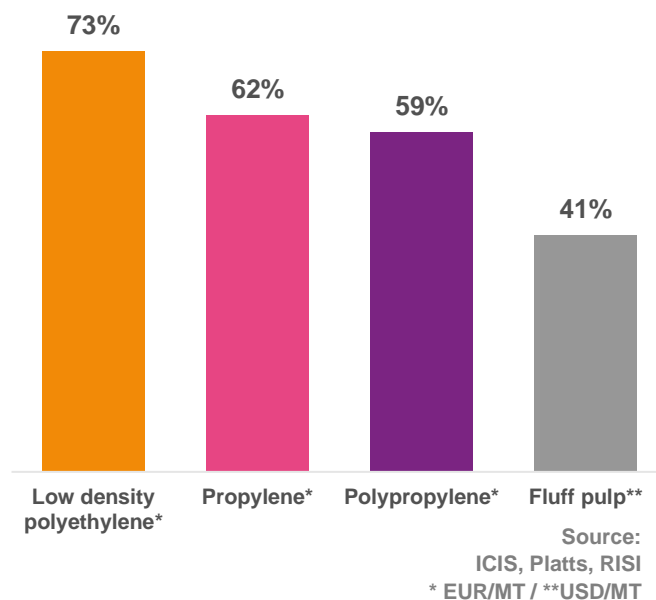
Stabilizing the top line Sequential growth Q1-Q2-Q3 Q3 LFL Stable and up reported

Revenue (reported change y/y)



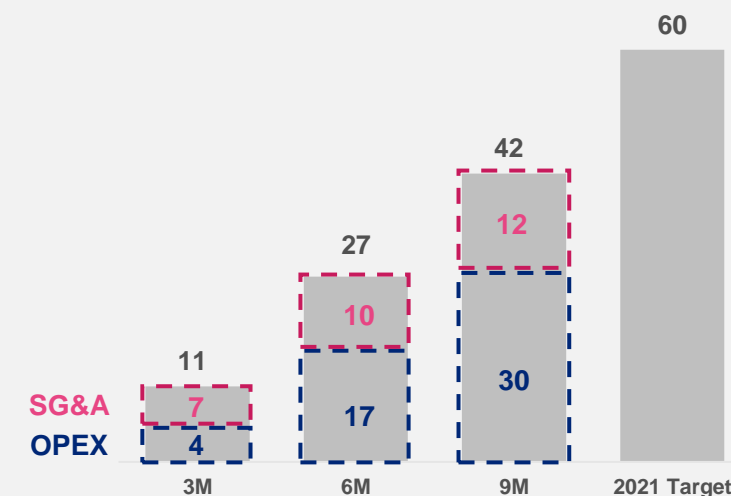
Severe impact of Commodity Crisis: €28m higher costs (€45m YTD)

Price change of main commodities
September 2021 vs. December 2020



Structural cost reductions on track: €15m (€42m YTD)

Cumulative net cost savings
program in M EUR



Q3 2021 TRADING UPDATE

REVENUE

€512m

- ▶ Revenue +1% vs €508m in Q3 2020
- ▶ Stable LFL with positive price/mix
- ▶ Solid growth in focus areas of Adult Care & Baby pants
- ▶ FX impact of +€5m

ADJUSTED EBITDA

€40m

- ▶ Adjusted EBITDA -30% vs €57m in Q3 2020
- ▶ Adjusted EBITDA margin -344bps to 7.8% vs 11.3% in prior year
- ▶ Further €15m savings to partly offset €28m of raw material headwinds
- ▶ FX impact of +€1m

NET DEBT

€837m

- ▶ -1.3% (-€11m) compared with December 31, 2020
- ▶ Leverage of 4.3x on LTM Adjusted EBITDA
- ▶ Tight management of capex; higher working capital on increased inventories to serve customers and more expensive raw materials
- ▶ Brazil settlement of €81m received on October 1, 2021
 - Pro forma net debt €756m
 - Pro forma leverage of 3.9x

RECENT MARKET TRENDS

- ▶ **Growth in all three categories** in Ontex core markets
- ▶ **Increased activity** outside the home
- ▶ Shoppers **returning to stores**
- ▶ **Retailer brands growing share** in Europe
- ▶ **Positive pricing** momentum

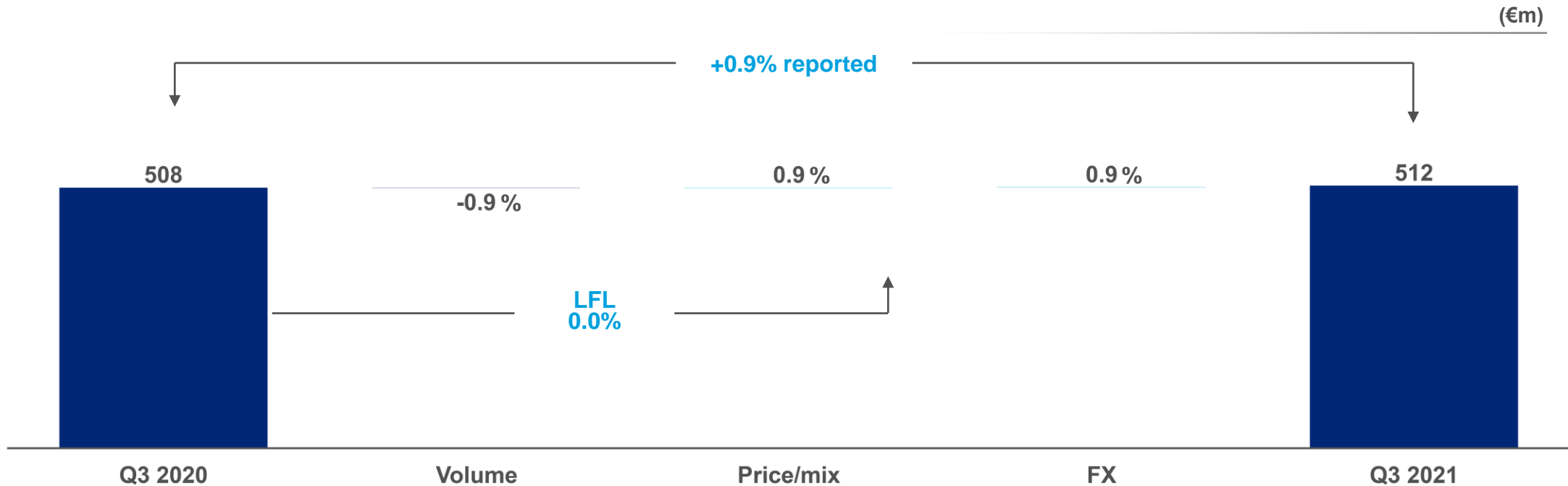


FINANCIAL REVIEW



Peter Vanneste
Chief Financial Officer

Q3 2021 REVENUES



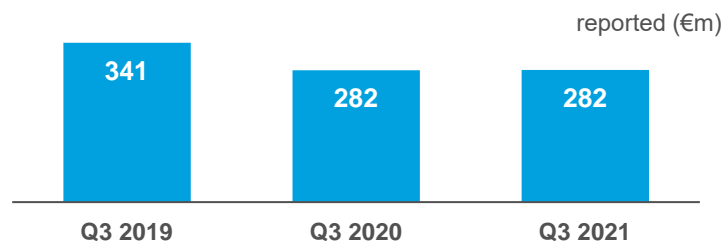
- ▶ Stable LFL despite €13m orders not shipped due to supply chain disruptions
- ▶ Reported sales +0.9% with 4.5M€ currency impact, primarily through the strengthening of the Mexican Peso
- ▶ Q3 sales up 2% sequentially versus Q2 despite disruptions
- ▶ First pricing coming through in AMEAA markets; positive mix impact thanks to mid-single digit growth of Adult Care and Baby pants
- ▶ Volumes lower in Europe, slightly up in AMEAA

Q3 2021 REVENUES BY CATEGORY

Baby Care



Reported	-17.2%	+0.1%
LFL	-8.5%	-1.1%

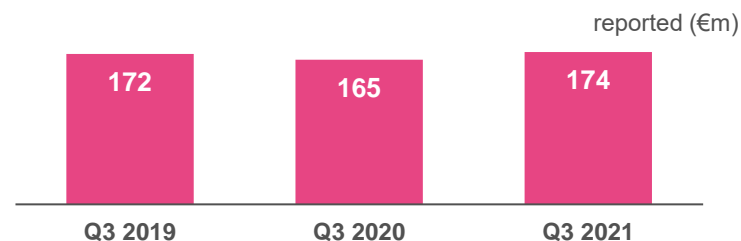


- ▶ Baby Care sales stabilizing; second quarter in a row of sequential reported growth
- ▶ Baby pants up solid mid single digits in both Europe and AMEAA
- ▶ Baby diapers lower overall: growth in AMEAA and down in Europe

Adult Care



Reported	-3.8%	+5.4%
LFL	+2.7%	+5.0%

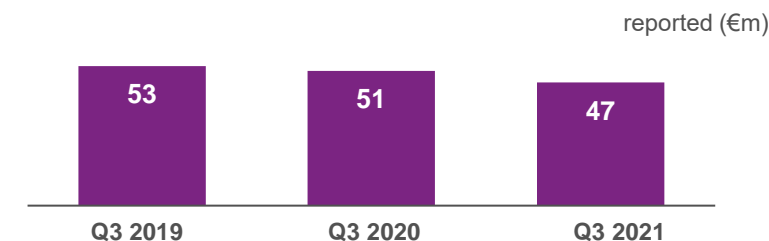


- ▶ Solid growth momentum: up both LFL and sequentially
- ▶ Faster growth in Adult Pants, led by strong double-digit growth in AMEAA and solid mid-single digits in Europe
- ▶ Revenue up 14% in retail channels, slightly down in institutional channels as care home occupancy rates slowly recover

Feminine Care



Reported	-3.6%	-8.6%
LFL	-6.7%	-9.0%



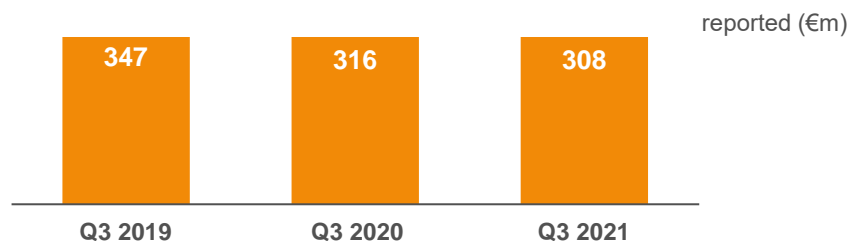
- ▶ Lower sales strongly impacted by packaging shortages in Europe
- ▶ Focus to improve mix by streamlining our product portfolio
- ▶ AMEAA sales slightly down

Q3 2021 REVENUES BY DIVISION

Europe



Reported	-9.0%	-2.5%
LFL	-7.5%	-3.1%

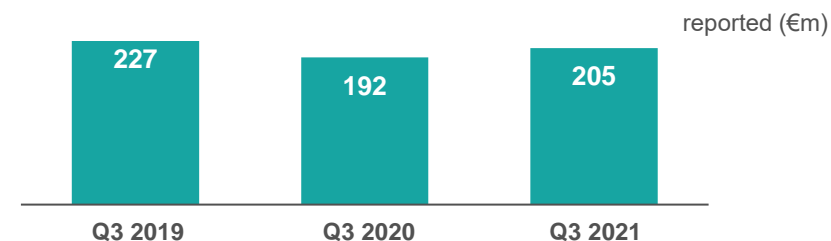


- ▶ Q3 2021 showed +4% sequential sales growth versus Q2
- ▶ LFL down, impacted by supply chain disruptions
- ▶ Intensified cooperation with suppliers and customers to manage supply chain disruptions
- ▶ Solid progress in strategic priorities with mid-single digit growth Adult Care and Baby pants
- ▶ Net volume decrease from retail gains/losses which turn positive in Q4

AMEAA

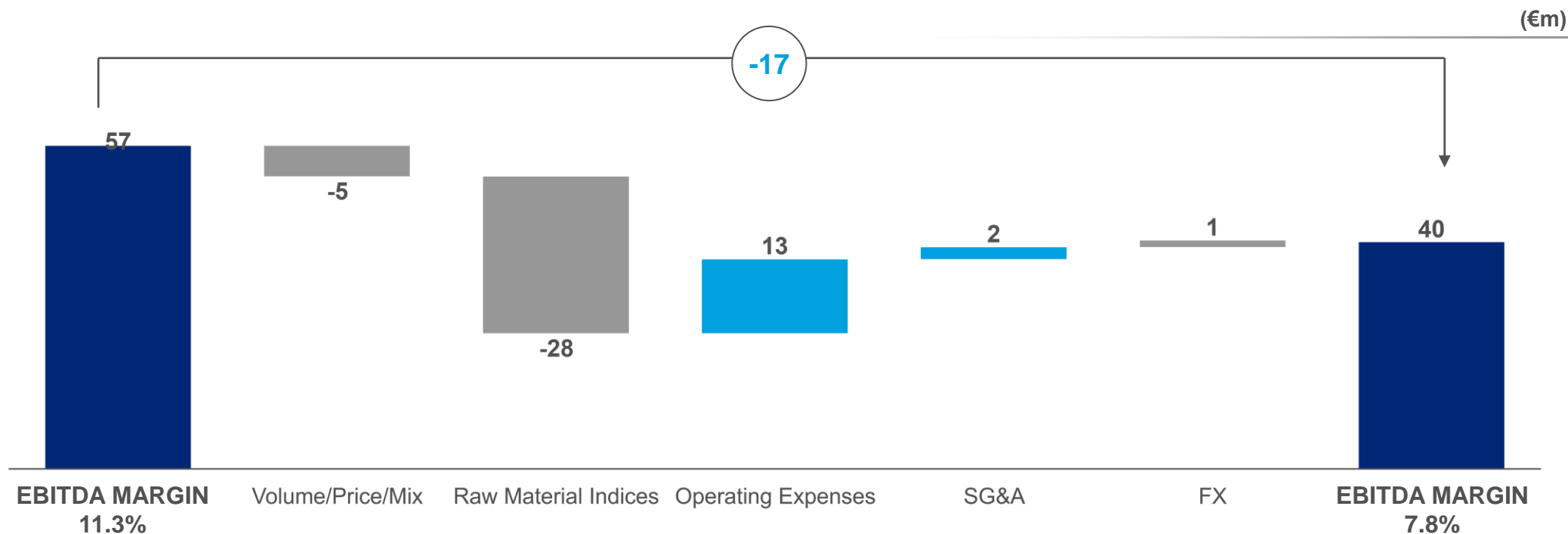


Reported	-15.5%	+6.5%
LFL	+0.1%	+5.0%



- ▶ Mid-single digit growth
- ▶ Pricing taken during Q3 and continuing in Q4
- ▶ Mexico recorded strong growth driven by Adult Care and Baby pants
- ▶ Solid demand in USA & new business wins start to ship in Q4
- ▶ Brazil up double-digits on new Baby diaper brand launch and Baby pants growth

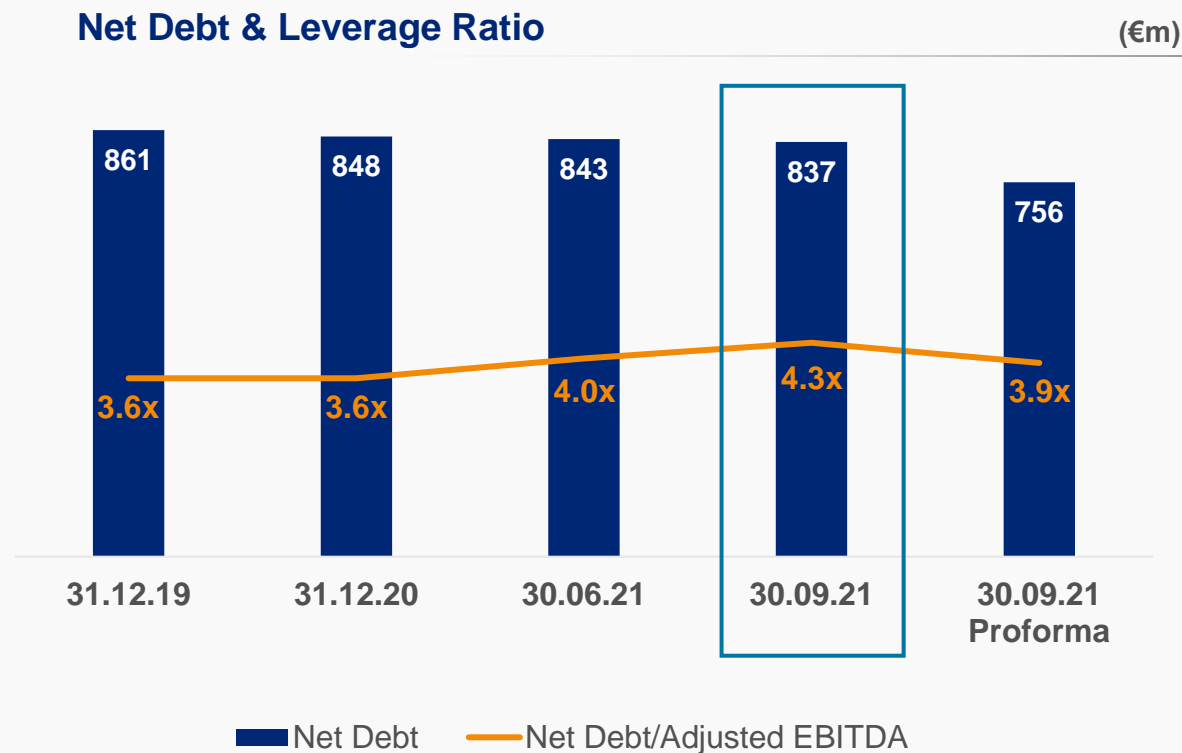
Q3 2021 EBITDA



- ▶ Commodity cost inflation and supply disruption have a strong impact on EBITDA (margin)
- ▶ Very high raw materials price growth in Q3; sequentially worse than Q2 as anticipated

- ▶ Strong net savings delivered in operating expenses; despite supply disruption and higher energy and transportation costs
- ▶ SG&A down thanks to cost saving measures
- ▶ The decline & mix of volumes outweigh the impact of pricing
- ▶ Currency impact: +€1 million

FINANCIAL POSITION AS AT 30TH SEPTEMBER 2021



- ▶ Net debt slightly decreased vs. June 30 and December 31, 2020
- ▶ Leverage impacted by lower EBITDA
- ▶ Capex remains tightly managed
- ▶ Working capital slightly up on higher inventories due to raw material cost increases
- ▶ €81 million net proceeds from Brazil arbitration settlement received October 1, 2021

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STRATEGIC PRIORITIES UPDATE



Esther Berrozpe
Chief Executive Officer

STRATEGIC PRIORITIES



PORTFOLIO FOCUS

Simplify the
business &
product portfolio



CUSTOMER CENTRICITY

Strengthen
customer relations
& restore growth



PRODUCT INNOVATION

Accelerate
cadence of
innovation



OPERATIONAL EXCELLENCE

Improve cost
competitiveness
& service levels



ENVIRONMENT & SOCIAL

Set clear long-term goals and roadmap



ORGANIZATION & CULTURE

Transform the culture driving accountability and performance
Review organization design to improve speed to market

FOCUSED AGENDA



New organization & culture

- ▶ Roll out new **organization** model and **performance** culture



Focused Portfolio

- ▶ Turnaround **Europe Retailer Brands**
- ▶ Outperform in **North America**
- ▶ Grow our business in **emerging markets**
- ▶ Accelerate **Adult Care** globally



Key Enablers

- ▶ Deliver flexibility at best **cost**
- ▶ Maximize value creation through **Innovation**
- ▶ Generate new value streams through **Sustainability**

ORGANIZATION AND CULTURE CHANGE UNDERWAY



New organization & culture

- ▶ Major reorganization underway
 - Integration of Retail & Healthcare businesses
 - End-to-end Supply Chain organization in place
- ▶ Innovation strategy
 - New global platforms in place
 - Excellence Center for Global Process Engineering and Global Platform Innovation in Germany
- ▶ Strong focus on productivity: Dedicated team appointed to accelerate actions
- ▶ New pay for performance remuneration policy rolled out

BUILDING MOMENTUM IN PORTFOLIO PRIORITIES



Focused Portfolio

- ▶ Stopped revenue decline in European retail
 - Double digit growth in Adult Care in retail channels
 - Mid single digit increase in Baby pants
 - Net positive balance of gains/losses in retail starting in Q4
- ▶ North American growth continued
 - New business wins starting in Q4
 - New US production facility preparing to start-up in early 2022
- ▶ Emerging market sales growth
 - Market share gains in Adult Care
 - Successful new product launches

SIGNIFICANT COST OUT DELIVERY



Key Enablers

- ▶ Group headcount reduction of c.540 year to date
- ▶ Important steps in footprint design driving capacity utilization
 - Mayen (Germany) plant closure announced; headcount reduction of 350
- ▶ OEE/scrap trends improving despite disruptions
- ▶ YTD SG&A 11.3% of sales, down 100bps
 - H2 reorganization completed
 - HQ office space reduced
- ▶ Delivered €42m year to date towards FY €60m net target

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OUTLOOK 2021



Esther Berrozpe
Chief Executive Officer

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 of c.-1%



**Adjusted EBITDA
margin of c.9%**



**Strict cash control with
capital expenditure held to
3.5% of revenue**

CONCLUSION

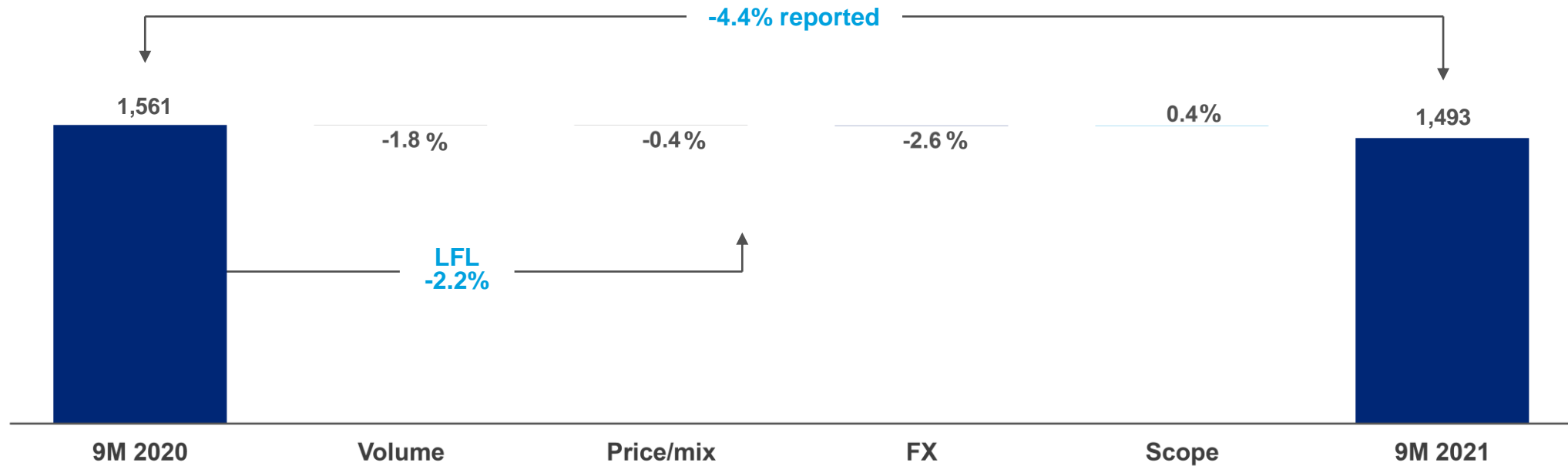
- ▶ Solid progress on our priorities
- ▶ Stabilizing revenue with sequential improvement in 2021
- ▶ Structural cost savings being delivered in face of severe input cost increases



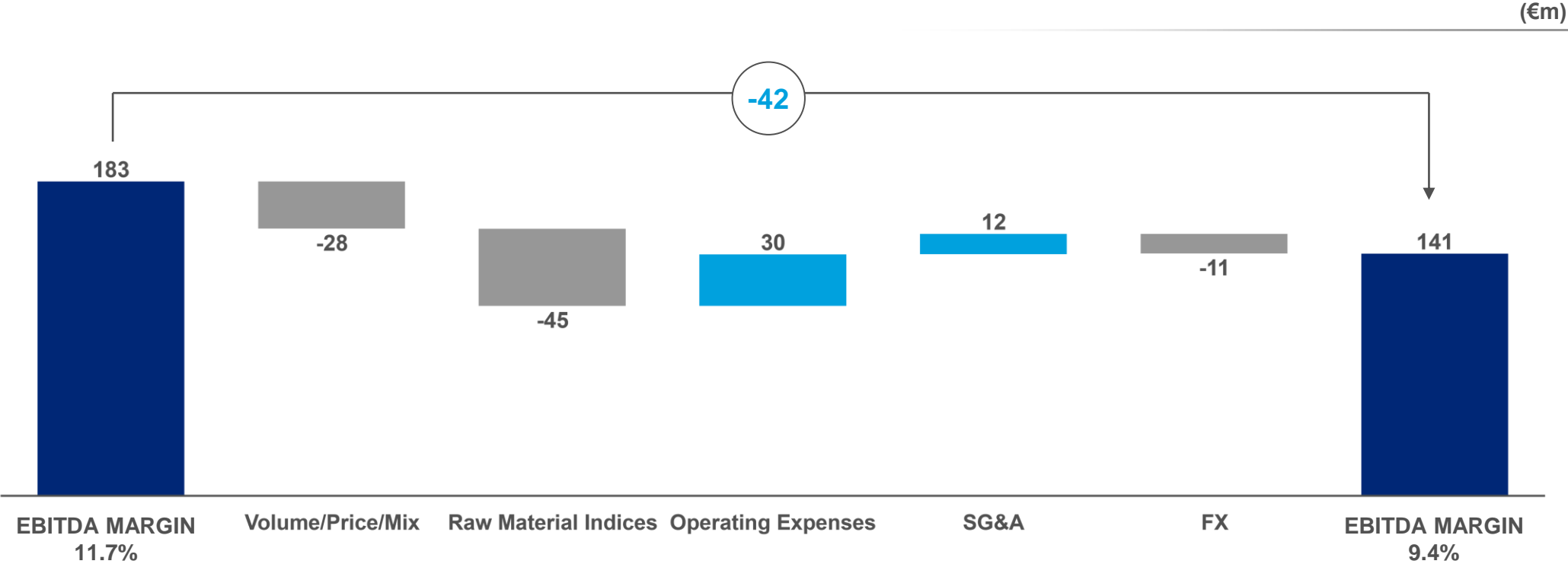
ANNEX

9M 2021 REVENUES

(€m)



9M 2021 EBITDA



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