

25Q4 Transcript

Presentation

Geoffroy Raskin, Investor Relations

Good noon, everyone, and thank you for joining us today. I'm Geoff Raskin from IR. I'm pleased to have with us, Laurent Nielly, our new CEO, and Geert Peeters, our CFO, to present the 2025 results.

Before that, let me remind you of the safe harbor regarding forward-looking statements. I will not read it out loud, but I will assume you will have duly noted it. With that cleared up, Laurent, over to you.

Laurent Nielly, CEO

Thanks, Geoff, and before I dive into the results, allow me to say some words about me. First of all, let me share my appreciation for the Board and for former CEO Gustavo Calvo Paz, for the trust and the support in this transition. I am honored to take over and realize the challenges ahead, to both rebuild trust fast and to continue to work to unlock the intrinsic value of Ontex. I joined Ontex eight years ago to help turn around the just acquired business in Brazil, then moved to Europe with a mission to bring strategic discipline, drive the business back to growth and to rebuild profitability after the inflationary shock in '22. I have a deeper understanding of our company and I share the passion for our purpose, mission and people. We have strong assets, potential, and I take on the assignment with high energy, but obviously also at a time of big disappointment after a challenging 2025.

As you know, the year did not evolve as we had anticipated at the start of 25, and we had to revise our outlook twice. The final results should be of no surprise to any of you, being in line with the outlook we communicated early December. Revenue was 5% lower like for like in a challenging market, and the adjusted EBITDA [margin] came down by two percentage points, mainly due to the impact of lower volume. The 10% [adjusted EBITDA] margin level is still demonstrating resilience of the business in a difficult year. We did better than we anticipated for free cash flow, ending with a negative 25 million €. Net debt benefited from the divestment proceeds, with lower adjusted EBITDA. Our leverage rose to 3.3 times. Let me expand a bit on the main elements that drove our result in the year, on the next slide.

Clearly, our volumes, which are the backbone of our business, did not meet our ambition with three key factors. We faced a softer demand in 2025, especially in baby care. We could not pivot on some of the growing segments as fast as we wanted, in the midst of our transformation in Europe. That limited temporarily our flexibility, and this was amplified by some disruption in supply that we had discussed in previous quarters. And in North America, we experienced much more rapid decline in our contract manufacturing sales. Against this backdrop, we continue to preserve our competitive position, signing and starting delivery of new contracts, thereby maintaining our positive contract gain and loss balance for the year. We also continue to innovate in all three categories and are recognized on our sustainability performance, as illustrated recently with an A-score from CDP. Most importantly, we reached some key milestones in our transformation journey. We completed the divestment of our Emerging [Markets] business, our Belgian footprint work is progressing well, and in North America, we added production lines in our North Carolina factory. Before I pass over to Geert on the financial analysis of the year, I'll quickly touch base on the fourth quarter performance.

Our revenue came down by 7.6% like for like in Q4 versus a strong quarter last year. This is 2% lower than our third quarter of 2025, with demand softening further, especially in baby care, both in Europe and North America. You can see in the chart that the decrease and the volatility of revenue in the last eight quarters is mostly linked to our baby care business, whereas adult [care] has consistently grown and in the last quarter represented 47% of our revenues. The lower volume in Q4 impacted the profitability, especially as we had anticipated growth, and the adjusted EBITDA margin therefore dropped three percentage points versus last year to 9%, which is 2.4 points decline quarter on quarter. While Q4 was again below our expectation, it is important for me to stress the significant progresses made on our transformation journey, which are strengthening the company and which will bear fruit in the months and years to come. Yet, it is equally clear that more is needed to improve back our trajectory. With this, I pass over to Geert for a more detailed analysis on our full year results.

Geert Peeters, CFO

Thanks a lot, Laurent, and hello everyone. In the financial review I will focus on the full year results and start of course with the revenue.

On this slide, you will find the full-year revenue bridge showing the 5% revenue decrease, which was almost entirely due to the volume decline by 93 million €. As Laurent already explained, this was caused mainly by the lower demand for retailer brands in baby care, and specifically in North America the decline of contract manufacturing, causing baby care volumes to drop by 12%. Feminine care sales volumes were 2% lower, which largely reflects the market trend. We benefited from the continuing growth of the adult care market, albeit with a modest 1% volume growth. [The] reason is that we have a large exposure to the more stable healthcare channel. To capture further growth in the retail channel, we're currently ramping up the capacity. Our sales prices were slightly lower, reflecting the carryover from the lower sales price in 2024, as well as some targeted price investments, and our product mix improved at the same time and more than compensated for this. Forex fluctuations had a small negative impact, mostly linked to the depreciation of the British pound, the Australian dollar, and especially the US dollar. Let's move now to the adjusted EBITDA bridge on the next slide.

On the[adjusted] EBITDA bridge, you can see the 40 million € impact of the lower revenue on adjusted EBITDA. It includes also lower absorption of fixed costs. Positive is that our cost transformation journey continues, and this year we generated 69 million € net savings, creating a 5% efficiency gain on our operating base. This encompasses efforts across the organization and includes the first benefits from the Belgian footprint transformation. We could have done more had volumes been higher. These continued efforts compensated most of the cost increases, but leaving an 8 million € negative net cost impact. Raw materials prices rose by about 4%, mainly driven by higher indices. The impact was across inputs, but especially in packaging, super absorbent polymers and fluff. Raw material price indices spiked in H1 but came down since, but on average, they are still higher than in 2024. Other operating costs rose by about 8%. A large part is linked to inflation of salaries, logistics and other services. Some were also caused by the supply chain inefficiencies we faced mainly in the first half of the year. Think, for example, at our outage of our Segovia plant. Despite all these challenges in 2025, we managed to keep an adjusted EBITDA margin of 10%, which is two percentage points lower than last year. How this revenue and margin translates in net profit, and also including the divested Emerging Markets, can be seen on the next slide.

Adjusted profit from continuing operations was 34 million € as compared to 76 million € in '24. The decline can be fully explained by the lower adjusted EBITDA. In '25, we had much lower restructuring costs as compared to '24. These represented some 19 million € and were mostly non-cash, caused by impairments of obsolete assets and intangibles. Profit from continuing operations, which includes also the non-recurring costs, thereby amounted to +60 million €, and is therefore more or less in line with '24, which ended at 21 million €. As to the Emerging Markets, we posted [a] 190 million € loss for Brazil and Turkey, and this loss is entirely caused by the non-cash accounting impact from Cumulative Translation Reserves. These were accumulated over the many years in the past, and these are recycled through the P&L once the divestment is completed. And this caused 210 million € combined loss in '25, but as I repeated already, it's non-cash. With the last divestments executed, only the core business is left. The result is a much stronger balance sheet with lower debt, which we will discuss later. Let's now move to the cash flow on the next slide.

Here you find the bridge explaining how the adjusted EBITDA of 184 million € translates in a free cash flow of -25 million €. Net working capital changes were largely neutral, with an increase in discontinued operations offset by an improvement in our core business. That latter core business improved [net working capital] from 5.4% to 5.1% over sales, mainly thanks to lower inventories, lower receivables and higher factoring. We have a 12 million € negative impact from employee liability changes, as we accrued lower variable remuneration in the [adjusted] EBITDA of '25, which will lead of course to lower cash payout in '26. CapEx was 81 million €, representing 4.5% of the revenue of our core business and a non-recurring cash-out amounted to 30 million €, mainly due to the already provisioned Belgian footprint restructuring. This brings the free cash flow before financing to +18 million €. Cash-out related to financing was 43 million euro, [which is] higher than in '24, due to the high-yield bond refinancing and a favorable interest rate swap, which came at maturity end of 2024. This brings the free cash flow to equity holders to the -25 million €, as I told you before.

Then we got to the net debt. Our net debt reduced by 6%, from 612 million € end '24 to 577 million € end '25. Apart from the free cash flow, which I explained on the previous slide, we finalized the divestments of the Brazilian and Turkish business, which brought 131 million € net proceeds. We, however, had to reclassify 34 million € of cash residing in Algeria, stemming from the divestment in '24, and it was reclassified as a

financial asset. But currently, we're making good progress in repatriating this money. We also had an increase in lease liabilities and some other non-cash elements, which amounted [to] 27 million € and relates to future commitments related to the renewal of some real estate leases. Next, we have the share buyback program, which was launched in '24, whereby we acquired 1.5 million shares to cover the future potential option plans, with an impact of 11 million [€] in '25. This brings us thus year on year to the reduction of net debt by 6% and gross debt by 12%. And just to summarize, if we look at our gross debt, which is 647 million €, it's at the right side of the slides. You can see it consists of 145 million € of leases, of course the 400 million € of high yield bonds, and then we have the revolving credit facility, of which we have drawn 100 million €, which is a bit more than one third of the total facility.

And then before I pass the word back to Laurent, we can have a look at the leverage ratio. And in this graph, you can see the evolution since the end of '22. The net debt you can find in the middle in green and [it] has reduced year over year, with constantly deleveraging the net debt. The last-12-months adjusted EBITDA, which is at the top in blue, improved consistently year over year until the end of '24. In '25, you have the decline because of the challenging year, but also, of course, the scope reduction following the different divestments. In yellow, then, at the bottom, you find the ratio of both, representing the leverage ratio. It improved from 6.4 times at the end of 2022, to 3.3 at the end of 2023, 2.5 [at] the end of '24, and now we return back [to] just above three, at 3.3 times at the end of '25. Nevertheless, the balance sheet remains healthy. The leverage ratio remains below the 3.5 times covenant, which is a threshold in the RCF, and [it is] important to stress that we have ample liquidity, namely 240 million €, which is the cash of 70 million [€] and about two-thirds of the RCF, which is undrawn. The maturity of our debt is extended to at least 2029. Now, I am very pleased to pass the word back to Laurent.

Laurent Nielly, CEO

Thanks, Geert. After two solid years of 2023 and 2024, 2025 was more difficult. So how do we see 2026?

And I will start with the overall market conditions, that we anticipate to remain pretty similar to '25 overall, with low consumer confidence and continued promotional activity by A-brands. Yet, we equally expect the adult care momentum to continue, and overall retailer brands to remain a compelling consumer proposition with opportunity to grow share. On top of this general setting, the following elements are reflected in our assumptions. We expect birth rates in Europe to drive overall baby care demand slightly lower, as it did in '25. In North America, [it is] worth mentioning that our current contract manufacturing's current sales level will create a negative comparison in the first half of '26 and especially in the first quarter. Whereas you might remember, we had anticipated shipments at the end of Q1 '25 ahead of the trade barrier threats between the US and Mexico. And in the other smaller overseas business that we have, we continue to review our portfolio with targeted exits of unprofitable contracts. So let me now share how this would translate to our ambition for [the] '26 year.

We target adjusted EBITDA to improve by 10%, as we accelerate our extended cost transformation program throughout the year, and progressively return to more stable operations. This [adjusted] EBITDA improvement will be gradual, starting from a soft first quarter, which is expected in line with the fourth quarter of '25, but therefore lower than the strong first quarter that we had in '25. This improvement is underpinned by overall largely stable revenue for the full year. And here again, you should expect a lower Q1 versus prior year for the reason that I just explained, and then volume growth to pick up in subsequent quarters. We expect free cash flow after financing to be back in positive waters, driven by this higher adjusted EBITDA, lower restructuring charges, and the continued effort to drive our working capital down. This, in turn, will lead leverage down to three times or better by the end of the year. To deliver this plan, our priorities are clear, as presented in the next slide.

First, resume volume growth. This includes ramping up the existing and newly secured contracts, as well as the benefit of the additional capacity we've added in adult care. Second, continue our productivity program with an extended cost transformation initiative, which includes an adjustment of our organization to our new scope of business. And third, the laser focus on improving cash conversion. In parallel, we started a strategic review with a clear focus on value creation. We want to go fast, whether by improving delivery and speed of our current plan, or by adding new elements to create incremental opportunities. And we will update you on a regular basis as progress is being made. This closes our prepared remarks. Geert and I are now ready to take your questions.

Q&A

Geoffroy Raskin, Investor Relations

Thank you, Laurent and Geert. For the Q&A session, if you wish to ask a question, please dial the pound key followed by five to enter the queue. And if you wish to withdraw your question, please dial the pound key followed by six. And the first question is coming from Wim Hoste. Your line is open. Please go ahead.

Wim Hoste, KBC Securities

Yes. Hello. Thank you for taking my questions. I have a couple ones. [The] first one [is] on the US market. How should we think about revenue evolution in '26? You explained the situation with the contract manufacturing develop in the preceding quarters, but will this contract manufacturing further drop in '26? How much support can you get from recently signed or started up contracts? Can you offer a little bit of clarity on that as well, please? So that's the first question. [The] second one is a more general one: pricing versus raw material evolution. If you can elaborate on that as well? And then a third and smaller one is how much CapEx budget have you included in the free cash flow guidance. That would also be helpful. Thank you.

Laurent Nielly, CEO

All right. Thank you, Wim, for your questions. I'll take on the first two questions, and then Geert will address the third one. So, on the US market growth, as you know, we don't provide guidance of expected growth by region, but the dynamic that was described, is what you should continue to expect, which is [that] we're continuing to grow on our retail brand business. And year over year, our contract manufacturing sales in '26 will be lower than the full year '25. Overall, with the two blocks, we expect the US to contribute more growth than Europe in '26. That's for your first question. On the second question on pricing versus raw materials, we expect stable to slightly positive contribution of raw materials in '26 versus '25. And at the same time, we expect that, as we have some contract renewals or tenders that we participate to, we might strategically invest on targeted customers to secure our gains. So, this is the dynamic that we always have where we try to remain competitive as we see raw materials cost evolution. And on CapEx, I will pass it on to Geert.

Geert Peeters, CFO

Hello Wim. On CapEx, we keep, in fact, to the guidance we gave several times that at the end of '25, we wanted to go back to a level of 3.5% to 4.5% of CapEx to revenue. So that's what we're heading for, and which is sufficient to execute our plans.

Wim Hoste, KBC Securities

Okay. Very clear. Thank you.

Geoffroy Raskin, Investor Relations

Thank you Wim. The next question comes from Karine Elias from Barclays. Karine, your line should be open.

Karine Elias, Barclays

Hi. Thank you again for the presentation and thanks for taking my questions. Just going back to your guidance on the full-year EBITDA. Obviously, Q1 has been a tough comp, so I understand that the decline that you mentioned, which would be similar to Q4. But just as we think through the year, what's your visibility like into Q2? Should we expect the EBITDA improvement to start showing from Q2 onwards? Because on my numbers, if we've got a 15 million decline in Q1, that means a 37 million improvement in Q2 through to Q4, to get to your guidance. Just wondering a little bit how we should think about the cadence of the EBITDA. Thank you

Geert Peeters, CFO

Thanks, Karine, for your question. So the way we look at it, and you phrased it well, we expect Q1 in line with the last quarter of last year of '25. And then indeed, as we said in our guidance, we expect gradual improvement throughout the year. What are the drivers? Of course, there are different elements. First of all, it's the continuous productivity improvement, which we're constantly working on with the cost transformation program and which we also had last year. But this year, we project a much more stable year because there was quite some instability coming from external factors that happened, but also, the changes we did in our organization. So, we have the Belgian footprint transformation that we were executing. That's ending at the end of Q1. So that's finalized. So that will bring a lot more stability. And also in North America, we had an important ramp-up as well in production as in sales. And also there we see much more stability, which will help us to drive that [adjusted] EBITDA growth.

Karine Elias, Barclays

Great. But just to clarify. So we would expect to start seeing that from Q2 onwards, or is it going to be more back ended?

Geert Peeters, CFO

From Q2. So, it's really throughout, it's step by step, quarter by quarter.

Karine Elias, Barclays

Understood, that's very clear. Thank you.

Geoffroy Raskin, Investor Relations

All right. Thank you, Karine. The next question comes from Usama Tariq from ABN-AMRO / Oddo-BHF. Usama?

Usama Tariq, ABN-AMRO / Oddo-BHF

Hi. Good afternoon. Thank you for the opportunity. I just have one set of questions. Could you provide some view on the non-recurring cash outflow for next year? So this year was around 30 million. So any guidance there, or pointers there, that would be very, very helpful. And just my second question would be, it's a bit more general, but please correct me if I'm wrong. Ontex still has some exposure to Russian assets. Would that also be considered into the strategic review going forward? Or if you could provide any pointers there? That would be really grateful. Thank you so very much.

Geert Peeters, CFO

Hello, Usama, I take your first question on the non-recurring. There, as a management, we have always had the intention to decrease our non-recurring. So we also keep to that intention. That means that based on the plans we have at this moment, we still have about 10 million of the last phase of the footprint [transformation] in Belgium. So that's the big provision we made in '24 and what we gradually executed over the one year and [a] half, more or less. So there is 10 million, but it's already in the P&L [of 2024]. So it's a cash- out [in 2026]. And based on the current plans we have and the further transformation, we foresee more or less another 10 million.

Laurent Nielly, CEO

All right. And, Usama, Laurent [here], I will tackle your second question. Yes. We still have our assets in Russia. You know, our Russian business is about 5% of our total revenue. The strategic review is actually a pretty broad exercise where we're going to review where we compete in different categories, different markets, and where we should allocate our resources to maximize value creation. And as part of this, if it's relevant to review our position with this market, we will, but it's way too early to preclude any conclusion.

Usama Tariq, ABN-AMRO / Oddo-BHF

Okay. Thank you for the opportunity. Thank you.

Laurent Nielly, CEO

Thank you.

Geoffroy Raskin, Investor Relations

Thank you, Usama. Just as a reminder, if you wish to ask a question, please dial the pound key, followed by six, sorry, followed by five, and followed by six to take it back. The next question comes from Fernand De Boer from Degroof Petercam. Fernand, your line should be open.

Fernand De Boer, Degroof Petercam

Yes. Good morning. Actually, I have one question. So you are guiding for a lower EBITDA in Q1 versus last year? So that means that on a 12-month basis, your EBITDA also comes down. What is your cash outflow expected for Q1 or the first half? Because I think then you still are within the covenant. But if you look at that, then you could be very close. And what happens if you would go above the three and a half times?

Geert Peeters, CFO

Okay. Fernand, I will answer that question. We're not giving guidance by quarter, that you know, on cash flow. But of course, we are very aware on the quarter-to-quarter. We have, as Laurent said, a very clear cash focus. So that will be something [that] we [don't] look at on a quarterly basis. It's on a weekly basis that we're on top of that. As to covenants, you know that we guide towards the end of the year, to go below three. That will not be in the first half of the year, but the purpose is to go down. It's also for us, the covenant testing, I want to stress that one, it always takes place at the end of half-years. So we feel confident that we are doing well and we are within the target set.

Fernand De Boer, Degroof Petercam

Okay, maybe I missed it, but did you give an amount for factoring?

Geert Peeters, CFO

Yeah, it's in the press release, but I can tell you, of course. It's 185 million.

Fernand De Boer, Degroof Petercam

Yeah, sorry, I had a lot of companies on this day.

Geert Peeters, CFO

Yeah, no sorry. You just received it, so it's normal. You couldn't read everything. That's perfectly normal.

Fernand De Boer, Degroof Petercam

Thank you.

Laurent Nielly, CEO

Thank you Fernand.

Geoffroy Raskin, Investor Relations

Thank you. The next question comes from Rebecca Clements from J.P.Morgan. Rebecca, your line should be open.

Rebecca Clements, J.P.Morgan

Good morning. Can you hear me?

Geert Peeters, CFO

Yes, we hear you well.

Rebecca Clements, J.P.Morgan

Okay. Okay, great. Just following up on the accounts receivable factoring. You said it was 185 million used at year end. Is that correct?

Geert Peeters, CFO

Yeah. That's right.

Rebecca Clements, J.P.Morgan

Okay. I think you had said last year that you expected some working capital pressure because of reduced receivables. And I think that was related to the securitization facility. Could you just talk us through. Is that still the case, or do you expect there to be some negative impact on the receivable side through at least part of 2026, due to the lower sales? That's my first question.

Geert Peeters, CFO

Yeah. Good question, Rebecca. But of course, [regarding] working capital, we look to the total. So, it's for us, inventory, accounts payable [and] accounts receivable. Factoring at year-end, it was a bit higher than normal because there was quite some invoicing just at the end of the year. So it's a bit accidental. That's also one of the reasons why our free cash flow was somewhat better than the guidance. But for the rest, our accounts payable... Yeah, you have seen we don't give guidance on revenue, but we expect it to stabilize, and that means that our accounts receivable will be following the same pattern. And with the close follow up, of course, on our DSO. Does it answer your question?

Rebecca Clements, J.P.Morgan

Sort of. I was just wondering, because of, I guess, given, you know, who you're selling to and which receivables go into that facility, I just wasn't sure if there would be some sort of temporary, potentially negative impact of not being able to submit receivables to that facility that could impact you mid-year.

Geert Peeters, CFO

No, not really. It's a normal operation.

Rebecca Clements, J.P.Morgan

Okay. Then my second question is related to your visibility. So you said things are more stable now. I know last year, one of the challenges in the second half was that circumstances changed more quickly than you could react to, and you ended up having some cost absorption issues from a manufacturing perspective. What gives you comfort that you feel the situation is more stable, whether it's North America baby care or European baby care? What gives you that sort of confidence in it being more stable, because it seemed last year that it was quite difficult for you guys to predict kind of where volumes were going and plan accordingly.

Laurent Nielly, CEO

Yeah. Rebecca. Thanks for the questions. It's Laurent. I think when we talked about stability here, we were referring to our operations. Not necessarily the sales pattern. Fundamentally, what we're doing to be better

prepared, because we expect that there will still be some volatility from time to time in our sales, is to improve forecast accuracy and our ability to anticipate with leading indicators that would allow us to adjust our operation and our production ahead of time. And at the same time, we're going to have fewer movements, such as the startup of new lines, the relocation of lines from one factory to the other, etc. It will be in the context of a more stable operational framework, which will help us to be much more fluid and to create less inefficiency when you have some volatility in the demand pattern.

Rebecca Clements, J.P.Morgan

Okay. That's helpful. Okay. Can I get one more question or no.

Geoffroy Raskin, Investor Relations

Go ahead.

Rebecca Clements, J.P.Morgan

Is that okay?

Laurent Nielly, CEO

Yeah. Sorry.

Rebecca Clements, J.P.Morgan

Do you, was most of the issues around not being able to react as quickly enough? Was that North American baby care, or was that across baby care globally for you?

Laurent Nielly, CEO

It was across baby care on both sides. You know, proportionately, obviously it was a bigger impact on the US. But in Europe also, we observe a change in behavior in the market. And, you know, our role is to partner with our customers to help them adapt to that situation. So we saw a much greater promotional activity from A-brand in Europe. And we're talking to our key partners to share analysis with them and come up with ideas and propositions for them on how best to be competitive in this new market reality, to protect their position and for them to win on the marketplace. So on both sides.

Rebecca Clements, J.P.Morgan

Okay. Thank you. That's very helpful.

Geoffroy Raskin, Investor Relations

Thank you. Rebecca. The next question comes from Charles Eden from UBS. Charles. We're listening.

Charles Eden, UBS

Hi. Thank you very much for taking my questions. Two for me, please. Just firstly, on the EBITDA bridge, that 10% growth, which is 17-18 million year on year, I hear your flat revenue. So I guess no real drop through from the top line. Fluff and other inputs broadly stable, maybe 1 or 2 million contribution. Is there anything else in the bridge? Or are you basically saying 15 million of cost savings year on year gives you the growth? And maybe if that is true, where exactly are the cost savings coming from? Is it headcount reduction? Is it efficiencies or is it combination? Any color you could give us there would be appreciated. And then my second question is just on the strategic review. And Laurent, firstly, welcome. But secondly, just in terms of expectations on the strategic review, obviously the business has changed a lot over the last few years. What can we expect you to be focusing on during this strategic review? I assume it does not [have] change the portfolio [on] top of [the] list, but what are the areas that are on top of that list for that strategic review? Thank you.

Laurent Nielly, CEO

Sure. I'll address quickly your first question on the [adjusted] EBITDA. I think that you're right that our continued productivity will be the key driver of our margin expansion and therefore [adjusted] EBITDA growth. And the second element that you need to keep in mind is mix. We benefit from a favorable mix. So even within a stable sales environment, the mix will be a positive contributor. On the building blocks of this cost productivity, there are the usual suspects in terms of... We work with procurement on improving the mix of our suppliers. We work on manufacturing, on the efficiency of our lines. We are doing some re-networking analysis on logistics. We have the Design-to-Value initiative, where we always cost-optimize our product. And we're extending that in '26 to also include some adjustments on our organizational design to generate additional savings. So those would be the key building blocks. On the strategic review question, it is a pretty broad effort. As you could have read in our press release in January, we are basically stepping back and looking at where best to allocate resources and capital to create maximum value for our shareholders, where we have the best chances to win, and where there is growth. We believe that all our categories have potential. We have already done a huge focus effort to focus on Europe and North America. Both have potential. Yet, what we're looking at is the new conditions to compete, and how do we tweak, if you want, the formula between the focus on different categories, what it takes to compete, and therefore what is a proper footprint and organization to optimize our cost in order to be able to continue to grow volume in those categories. So, a long answer to your question, because this is exactly the goal of that effort. And our commitment is that as we progress, we will share our conclusions in our subsequent earnings calls with you.

Charles Eden, UBS

Understood. Thank you.

Geoffroy Raskin, Investor Relations

Thank you Charles. And the next question comes from Maxime Stranart from ING. Maxim, your line should be open.

Maxime Stranart, ING Bank

Hi. Good morning. Hope you can hear me well. Two questions on my side, if I may. Apologies if it has been asked already. A bit of delay here. First of all, looking at your EBITDA guidance and the cadence throughout the year. Can you elaborate on when do you see the inflection point coming in? Based on your guidance, I understand that EBITDA should decline by almost 20% in Q1. So just a view on how we should see the work panning out. [My] second question would be on restructuring. I think you announced previously that you wanted to accelerate savings and productivity improvement there. I think you mentioned 40 million, of which some were to be included in SG&A and some in restructuring. Any view you can share on that? That would be helpful. Thank you.

Geert Peeters, CFO

So, Maxime, your first question. Our [adjusted] EBITDA guidance is that our Q1 is in line with last quarter of '25. And then we see a gradual improvement quarter by quarter. Is that answering your question?

Maxime Stranart, ING Bank

Yes, it does. Just wanted to cross-check there. So basically if I look at last year, Q1 was good, Q2 was bad, Q3 was good. So I just want to make sure I understand the phasing of your guidance correctly.

Geert Peeters, CFO

Yeah. But indeed, last year had quite a volatile pattern. That's not what we expect. As you have seen, we give guidance on the day[adjusted] EBITDA. So we're of course, also focused on revenue. But for us, the productivity improvements are important, the mix improvements, the stability that we built in the business. And that's what will drive that continuous growth throughout the quarter.

Maxime Stranart, ING Bank

That's very clear. Thank you.

Laurent Nielly, CEO

The second question was on restructuring. Maybe, Geert, you can add on that as well in terms of what to expect.

Geert Peeters, CFO

So restructuring. Linking to what Laurent said before, for us, we have existing plans, which is on one hand the continuation of the plans in the past but all with new initiatives, because we're talking about add-on savings. And in the strategic review, they will look at what extra things they can untap as potential. But in the restructuring plan, which is part of the guidance we give, there is a whole bucket of savings, with the restructuring costs that I mentioned before still being what we still have to pay on [the] Buggenhout [plant], the Belgian footprint transformation. We still have 10 million € of restructuring costs, and there's another 10 million we expect this year to execute the existing plans.

Maxime Stranart, ING Bank

Okay. Got it. Apologies, as I missed the beginning of the call. Just want to clarify. Then you basically expect a 20 million basically cash outflow from restructuring. Just want to make sure that is right.

Geert Peeters, CFO

That's right. Based on the existing plan

Maxime Stranart, ING Bank

Thank you for your answers.

Geoffroy Raskin, Investor Relations

Thank you Maxime. So there are no more questions. So, I hand it back over to you for your closing remarks.

Closing remarks

Laurent Nielly, CEO

All right. Thank you Geoff. '25 was a year that did not live up to our expectations. Yet, we continued to deliver on our transformation program, and we showed some solid resilience, including in our profitability and in our ability to compete in the marketplace. We remain upbeat on the potential we have in the different markets in which we participate. The strategic review is a needed step to sharpen our trajectory and focus even more on where we can create compelling value, and we will share our conclusions as the year progresses. We have very clear priorities set to deliver our '26 plan with a laser focus on financial discipline and cash. We are confident we can start the rebound, even if the first part of the year will continue to be subdued. The priorities we shared today are the ones of our close to 5000 employees, who give their best every day, so we deliver a great proposition to our customers. They understand the need for us to rebuild trust and to adjust our journey to best reflect the market realities. With that, thank you for joining and have a great day.

Geoffroy Raskin, Investor Relations

This concludes the call. Bye bye.