Ontex Q1 2017: Positive start to the year
10.05.2017Financial Results
Regulated information

Ontex Q1 2017: Positive start to the year

- Reported revenue up 23.1%; increased volumes and LFL revenue in all five Divisions with Mature Market Retail returning to growth
- Delivered resilient Adjusted EBITDA margin performance in challenging environment
- Completed Hypermartacas Personal Hygiene acquisition and started integration


Q1 2017 Highlights

- Started the integration of Hypermartacas Personal Hygiene (hereafter "Ontex Brazil"), with consolidation from March 1 2017
- A leading player in the Adult Inco and Babycare categories in Brazil
  - Revenue of €556.9 million was up 23.1% on a reported basis and +3.6% on a like-for-like (LFL) basis, year-on-year (yoy)
  - Adjusted EBITDA of €70.0 million was 22.8% higher yoy, resulting in an Adjusted EBITDA margin of 12.6%, stable yoy
  - Net negative foreign exchange (FX) impacts of €2.0 million on revenue and €2.5 million on Adjusted EBITDA
  - Net Debt was €753.7 million as of March 31, 2017. Including an estimation of the last twelve months of EBITDA for Ontex Brazil, management estimates that Group leverage is between 2.6x and 2.8x
  - Following the acquisition of Ontex Brazil, we successfully completed an accelerated bookbuilt placement representing approximately 10% of issued ordinary share capital

Key Financials Q1 2017
Charles Bouaziz, Ontex CEO: “Our first quarter performance confirms the solid progress that we are making in competitive markets as well as the ongoing transformation of Ontex. Our top line improved, with Mature Market Retail returning to growth owing to our focused efforts over the past year, while growth in developing markets was in line with our expectations versus high Q1 2016 comparables in several countries. Adjusted EBITDA margin was maintained, demonstrating the resilient business model, underpinned by our savings and efficiency programs. We also completed the acquisition of Ontex Brazil in early March, welcoming new colleagues who have built a strong branded business, resulting in market leadership in adult incontinence, and a top three position in baby diapers in Brazil. The integration has now started and we look forward to developing this business further and capturing synergies as with Grupo Mabe. All in all, this is a positive start to 2017.”

**Market Dynamics**

Market growth for our categories in the first two months of 2017 reflects the ongoing challenging environment, particularly driven by pricing pressure in several markets. Total retailer brand share of the Babycare, Femcare and Adult Incontinence categories was higher in Western Europe and Russia.

Foreign exchange rates had a limited negative impact at Group level on revenue and Adjusted EBITDA in Q1 2017, albeit with significant moves for some currencies such as the British Pound, Mexican Peso, Russian Rouble and Turkish Lira.

The overall impact of our main commodity raw materials was also limited in Q1 2017 year-on-year. We anticipate that prices for these raw materials will be a headwind from Q2 2017 compared to the previous year.

**Outlook**

We have made a positive start to 2017, which allows us to maintain our expectation to grow revenue ahead of our markets in all Divisions for the full year. The contribution from the Ontex Brazil acquisition, with completion announced on March 7 2017, will also drive Group reported revenue growth in 2017, increasing the proportion of revenue from our own brands and from our higher growth markets.

Our expectation for impacts from the external environment such as FX and raw materials, as well as our internal actions in 2017, are in
line with the outlook provided during our FY 2016 results. We remain committed to modest margin expansion over time.

**Overview of Ontex Performance in Q1 2017**

Q1 2017 Group revenue was €556.9 million. On a reported basis, revenue grew by 23.1% compared to last year including a full quarter’s contribution from Grupo Mabe, and one month of Ontex Brazil. Excluding the impact of these two acquisitions and FX, revenue grew +3.6% on a LFL basis, with higher revenue in all five Divisions.

Adjusted EBITDA grew 22.8% year-on-year to €70.0 million in Q1 2017, driven by savings and efficiency gains as well as the two acquisitions. Sales and marketing expenses were higher than a year ago, reflecting the growing share of the branded business, and our commitment to understanding and meeting the needs of our customers and consumers. Adjusted EBITDA margin for Q1 2017 was 12.6%, essentially in line with the same period last year.

**Operational Review: Divisions**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>% Δ as reported</th>
<th>% Δ at LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature Market Retail</td>
<td>221.0</td>
<td>213.7</td>
<td>3.4%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Growth Markets</td>
<td>46.1</td>
<td>30.3</td>
<td>53.0%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>107.6</td>
<td>108.3</td>
<td>0.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>MENA</td>
<td>56.5</td>
<td>59.8</td>
<td>5.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Americas Retail</td>
<td>125.7</td>
<td>35.4</td>
<td>N.M.</td>
<td>N.M.</td>
</tr>
<tr>
<td>Americas Retail pro-form</td>
<td>108.3</td>
<td>109.7</td>
<td>(1.3)%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Mature Market Retail

Q1 2017 revenue was up 2.0% on a LFL basis in Mature Market Retail compared to the same period a year ago. This performance, owing to volume growth, confirms the improving trend since mid-2016, was broad-based across most of our markets and is in line with our expectations. Notably, our commercial progress was achieved despite a highly competitive environment, in which international branded suppliers continued their heavy promotional campaigns in the Babycare category. Against this background, our focus remains to support retail customers with innovative products and services that allow them to win, while we stay disciplined on pricing.

Growth Markets

The Growth Markets Division had a strong performance in Q1 2017, with revenue growth of 14.4% on a LFL basis. Volumes in the Division were well ahead of a year ago, with Russia continuing to be the main driver despite strong pricing competition linked partly to a strengthening Ruble. As retailer brands develop from a relatively low base in countries like Russia, we will continue to
support retailers in launching their own brand, or accelerate the
growth of their existing retailer brand business.

Healthcare

Healthcare Divisional revenue was up 0.6% on a LFL basis in Q1
2017, ahead of estimated market growth. This increase is driven by
higher volumes, and mainly due to higher revenue in Spain and the
UK, while revenue in France was below last year.

MENA

Revenue in the Middle East and North Africa Division was 2.4%
higher on a LFL basis in Q1 2017. This quarter’s LFL performance
was slightly below our expectations versus a high comparable a
year ago, particularly in Turkey, when we were preparing for the
successful relaunch of our Canbebe baby diaper last year.
Divisional LFL sales also reflect lower revenue in some of our
export markets which are experiencing pressures due to liquidity
constraints, versus very strong growth last year. Despite the
challenging political and economic environment, we anticipate that
sales will improve as the effects of high comparables from 2016
ease.

Americas Retail

Revenue in the Americas Retail Division increased by 2.9% in Q1
2017 on a pro-forma basis at constant currency. This growth was
fully in line with our expectations, impacted by a very high
comparable for the period January to February 2016. Our business
in Mexico continued to progress well in both the Babycare and
Adult Inco categories, despite currency volatility and inflationary
pressures on the consumer. Sales in the US were up in March
2017 compared to the prior year.

Operational Review: Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>Δ as reported</th>
<th>Δ at LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babycare</td>
<td>335.7</td>
<td>250.0</td>
<td>34.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Femcare</td>
<td>54.4</td>
<td>50.6</td>
<td>7.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Adult Inco</td>
<td>161.9</td>
<td>144.6</td>
<td>12.0%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

*Includes £4.8 million of Other in Q1 2017; £7.3 million in Q1 2016

Babycare

Q1 2017 category revenue for Babycare was 34.3% higher
compared to Q1 2016 on a reported basis including the incremental
contributions from Grupo Mabe and Ontex Brazil, and 4.0% higher
on a LFL basis, with growth in both developed and developing
markets.

Femcare

Femcare category revenue in Q1 2017 was up 7.5% on a reported
basis, including Grupo Mabe and Ontex Brazil, and 2.9% higher on
a LFL basis. LFL growth was mostly from Western Europe, where the majority of our category sales are generated.

**Adult Inco**

Revenue in the Adult Inco category grew 12.0% on a reported basis including Grupo Mabe and Ontex Brazil, and 5.6% on a LFL basis. On a LFL basis, Adult Inco sales in retail channels grew 14% year-on-year, and sales in institutional channels were also higher.

**Operational Review: Geographies**

<table>
<thead>
<tr>
<th>in € million</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>% Δ as reported</th>
<th>% Δ at LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontex Reported Revenue</td>
<td>556.9</td>
<td>452.4</td>
<td>23.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>267.2</td>
<td>250.6</td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>73.7</td>
<td>70.5</td>
<td>4.6%</td>
<td>(3.2%)</td>
</tr>
<tr>
<td>Americas</td>
<td>126.6</td>
<td>80.7</td>
<td>N.M.</td>
<td>N.M.</td>
</tr>
<tr>
<td>ROW</td>
<td>89.2</td>
<td>65.7</td>
<td>4.0%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

N.M. not meaningful

The proportion of Q1 2017 Group revenue generated from Western Europe fell below 50% for the first time in the history of Ontex. This decrease in our geographic mix took place despite increased revenue in very competitive Western European markets, with higher sales recorded in both retail and institutional channels. The change in geographic mix of Group revenue is mainly due to LFL revenue growth in developing markets, and higher reported sales attributable to the acquisitions of Grupo Mabe and Ontex Brazil.

**Financial Review**

**Net debt and leverage**

Net debt at March 31, 2017 amounted to €753.7 million, including the net financial position of Ontex Brazil. The Group net debt position includes payment for Ontex Brazil and net proceeds from an accelerated bookbuilt placement, both of which took place in March 2017. Including an estimation of the last twelve months of Adjusted EBITDA for Ontex Brazil, Management estimates that Group leverage at March 31 2017 was between 2.6x and 2.8x.

**Corporate information**

The above press release and related financial information of Ontex Group NV for the three months ended March 31, 2017 was authorized for issue in accordance with a resolution of the Board on May 9, 2017.

**Alternative Performance Measures**

The following alternative performance measures (non-GAAP) have been included in this press release since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures 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 perimeter of consolidation or M&A.

**Pro-forma revenue**

Pro-forma revenue includes 3 months of Mabe in both Q1 2017 and Q1 2016, and does not include Ontex Brazil. Pro-forma revenue at constant currency is pro-forma revenue excluding FX.

**Non-recurring Income and expenses**

Non-recurring income and expenses are defined as those items that are considered to be non-recurring or unusual because of their nature. The non-recurring income and expenses relate to:

- acquisition costs;
- business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- asset impairment costs;
- IPO and refinancing costs.

**EBITDA and Adjusted EBITDA and related margins**

EBITDA is defined as earnings before net finance cost, income taxes, depreciation and amortisation. Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses and excluding non-recurring depreciation and amortisation. 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 and excluding non-recurring depreciation and amortisation for the last twelve months (LTM).

**Conference call**

Management will host a presentation for investors and analysts on May 10, 2017 at 8:00am BST/9:00am CEST.
A copy of the presentation slides will be available at: http://www.ontexglobal.com/financial-reports-including-annual-reviews

If you would like to participate in the conference call, please dial-in 5 to 10 minutes prior using the details below:

United Kingdom: +44 (0)330 336 9105
United States: +1 719 457 2086
Belgium: +32 (0)2 404 0659
France: +33 (0)1 76 77 22 74
Germany: +49 (0)69 2222 13420

Passcode: 7288067

Financial calendar 2017

AGM May 24, 2017
H1 2017 July 27, 2017
Q3 2017 November 8, 2017

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