Ontex Q3 2015: Trading in line with Company expectations and full year outlook reiterated

Aalst-Erembodegem, November 5, 2015 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') today announced its trading update for the three and nine months periods ending September 30, 2015.

Q3 2015 Highlights

- Revenue of €415.9 million, up 4.4% on a reported basis and 6.3% on a like-for-like (LFL)[1] basis
- Adjusted EBITDA[2] increased by 4.3% year-on-year to €51.1 million, resulting in an Adjusted EBITDA margin of 12.3%, stable compared with Q3 2014.
- Net foreign exchange (FX) impact of negative €7.4 million on revenue, and negative €11.4 million on Adjusted EBITDA
- Agreed to acquire Grupo P.I. Mabe S.A. de C.V. ("Grupo Mabe"), a leading Mexican based hygienic disposables business[3]

9M 2015 Highlights

- Revenue was €1,268.7 million, an increase of 5.0% both on a reported and LFL basis
- Adjusted EBITDA grew 9.1% to €161.0 million; Adjusted EBITDA margin expanded by 47 basis points to 12.7%
- Net FX impact of positive €0.2 million on revenue, and negative €20.1 million on Adjusted EBITDA
- Net Debt was €508.8 million as of September 30, 2015, resulting in a net debt/LTM Adjusted EBITDA ratio of 2.43x

Key Financials Q3 2015 and 9M 2015

In € million	Q3 2015	Q3 2014	% Change		9M 2015	9M 2014	% Change
Reported Revenue	415.9	398.4	4.4%		1,268.7	1,208.3	5.0%
LFL Revenue[1]	423.3	398.4	6.3%		1,268.5	1,208.3	5.0%
Adjusted EBITDA[2]	51.1	49.0	4.3%		161.0	147.6	9.1%
Adj. EBITDA Margin	12.3%	12.3%	(1bp)		12.7%	12.2%	47bps
Net Debt	N.A.	N.A.	N.A.		508.8	535.0	*(4.9%)*
Net Debt / LTM Adj. EBITDA	N.A.	N.A.	N.A.		2.43x	2.82x	N.A

Charles Bouaziz, Ontex CEO: "We continued to make progress by successfully executing our growth strategy. Our top line demonstrates the strength of our portfolio of geographies and categories, allowing us to pursue revenue growth while maintaining pricing discipline. In spite of a more challenging FX and commodities environment, we delivered another solid margin performance. Finally, we are very pleased to announce today the agreement to acquire Grupo Mabe, a leading Mexican based hygienic disposables business. Grupo Mabe is an excellent fit for Ontex – built on strong brands in growing markets, our first acquisition since our IPO will accelerate the transformation of Ontex.

1 *LFL is defined as at constant currency excluding change in perimeter of consolidation or M&A*

2 *Adjusted EBITDA is a non-IFRS measure, defined as EBITDA plus non-recurring expenses and revenues excluding non-recurring depreciation and amortization and has consistently been applied throughout reporting periods. EBITDA is a non-IFRS measure, defined as earnings before net finance cost, income taxes, depreciation and amortization. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.*

3 *See separate press release issued today*

Market Dynamics

Third quarter consumer demand in the markets in which we are active was broadly similar to the first half of 2015. Developed markets are growing more slowly and competition based on price remained at a heightened level. On the other hand, we have continued to see revenue growth from the developing markets to which we sell.

Changes in exchange rates between the euro and other currencies led to a net negative impact on both revenue and Adjusted EBITDA for Q3 2015, of €7.4 million and €11.4 million respectively. For both revenue and Adjusted EBITDA, the British Pound continued to have a favourable impact, while the Turkish Lira and Russian Rouble had negative impacts. Furthermore, there was an additional negative impact on Adjusted EBITDA linked to the strengthening of the US Dollar against the Euro, as 15% to 20% of our raw materials costs relate to fluff pulp purchased in USD.

Market prices for our main raw materials in Q3 2015 had a limited positive impact on Adjusted EBITDA. As communicated during our Q1 and H1 2015 results, prices for oil-based commodites have risen sharply since March, and have approached or equalled the levels of a year ago. As a result of a time lag in the price mechanism, these higher prices started to impact us in Q3. Fluff pulp costs remained at record high levels in US Dollars, in line with one year ago.

For Adjusted EBITDA, based upon published indices, the impact from commodities will be a slight tailwind in Q4 2015 year on year. At current rates, foreign exchange will continue to be a strong headwind year on year, and will have a more negative impact than Q3 2015.

Overview of Ontex Performance in Q3 2015

Our third quarter revenue of €415.9 million was up 6.3% LFL compared to Q3 2014, which was the quarter with the lowest growth of 2014. On a reported basis revenue increased 4.4%, taking into account a net negative impact of changes in foreign exchange rates. The majority of our Divisions and product categories generated more revenue year-on-year on a LFL basis, with the combined revenue of MENA and Growth Markets increasing by 38%.

Adjusted EBITDA was up 4.3% to €51.1 million in Q3 2015, mainly supported by higher revenue and the consistent delivery of efficiency improvements, and despite strong FX headwinds. The Q3 2015 Adjusted EBITDA margin was 12.3%, in line with the same period of a year ago, and ahead of full year 2014.

Operational Review: Divisions

	Third Quarter				Nine Months			
in € million	**Q3 2015**	**Q3 2014[1]**	**% Δ as reported**	**% Δ at LFL**	**9M 2015**	**9M 2014[1]**	**% Δ as reported**	**% Δ at LFL**
Ontex Reported Revenue	**415.9**	**398.4**	**4.4%**	**6.3%**	**1,268.7**	**1,208.3**	**5.0%**	**5.0%**
Mature Market Retail	223.4	224.4	(0.4%)	(1.5%)	684.3	670.3	2.1%	0.2%
Growth Markets	41.1	30.7	33.9%	62.2%	114.7	90.1	27.2%	49.5%
Healthcare	108.8	105.2	3.4%	2.3%	324.1	315.7	2.7%	1.2%
MENA	42.6	38.1	11.8%	17.6%	145.6	132.1	10.2%	8.1%

1 *As previously disclosed in the FY 2014 report, following a review of the Group's customers and countries, a slight modification to the 4 Divisions has been made for which revenue is reported, effective January 1, 2015. A limited amount of activities which represent in aggregate less than 2% of Group revenue have been re-assigned to the Growth Markets Division from Mature Market Retail, Middle East Africa (MEA) which becomes Middle East North Africa (MENA), and Healthcare. Prior year information has been restated as a basis for comparison in future reporting. Refer to the FY 2014 report for further details.*

Mature Market Retail

Revenue in the Mature Market Retail Division decreased by 1.5% on a LFL basis in Q3 2015 (-0.4% on a reported basis, nearly all due to a positive impact of the British Pound). Amidst slower market growth and more intense competition, as anticipated we delivered Divisional revenue slightly below last year. Q3 2015 revenue grew in Poland and Southern Europe, partly offsetting lower revenue in the UK and Germany. We continue to further roll out product innovations, driven by consumer insights, and help leading customers build their retail brands.

Growth Markets

Growth Markets Divisional revenue in Q3 2015 was up 62.2% on a LFL basis (+33.9% on a reported basis due to a negative FX impact, mostly from the Russian Rouble). Increasing volumes were recorded in most markets, especially in Russia and Central Eastern Europe. Our ability to adjust where we are present and to tailor our offering to different retailers requirements, is a unique strength in these markets. As retailers in some countries look to develop their own retailer brands, we are well positioned to support their growth with high quality, innovative products. In Russia, industry-wide price adjustments, implemented earlier this year to compensate for a negative FX impact, also contributed to the LFL revenue increase.

Healthcare

Q3 2015 revenue in the Healthcare Division rose 2.3% on a LFL basis in Q3 2015 (+3.4% on a reported basis due to a positive impact of the British Pound). Successful ongoing developments in the home delivery channel drove higher revenue in Italy, while Australia and Benelux also had revenue gains. Revenue in Germany was lower with some contracts being scaled down as expected; however the home delivery channel continues to perform well. Revenues also declined in Spain.

MENA

Middle East North Africa Divisional revenue was up 17.6% in Q3 2015 on a LFL basis (+11.8% on a reported basis due to a negative FX impact, mainly from the Turkish Lira). Typically, MENA sales in the third quarter are seasonally lower than the other quarters, and in addition Q3 2014 had lower revenue in some markets, making for a softer comparable basis. Q3 2015 LFL growth was broad-based with most markets generating higher revenue compared to the same period last year. We continued efforts to strengthen our distribution network in Northern Africa.

Operational Review: Categories

in € million	Third Quarter				Nine Months			
	Q3 2015	Q3 2014	% Δ as reported	% Δ at LFL	9M 2015	9M 2014	% Δ as reported	% Δ at LFL
Ontex Reported Revenue[1]	**415.9**	**398.4**	**4.4%**	**6.3%**	**1,268.7**	**1,208.3**	**5.0%**	**5.0%**
Babycare	215.3	204.0	5.5%	8.4%	671.8	632.8	6.2%	6.2%
Femcare	52.9	53.1	(0.4%)	(0.8%)	154.5	153.2	0.8%	0.0%
Adult Inco	142.3	134.7	5.6%	6.9%	424.7	403.7	5.2%	5.3%

1 *Includes €5.4 million in Q3 2015; €17.7 million in 9M 2015; €6.6 million in Q3 2014; €18.6 million in 9M 2014 from Other category*

Babycare
Q3 2015 Babycare category revenue grew by 8.4% LFL (+5.5% on a reported basis), mainly driven by solid growth of Ontex brands and retailer brands in developing markets.

Femcare
Revenue for the Femcare category declined by 0.8% on a LFL basis (-0.4% on a reported basis) in Q3 2015, with a mixed performance across our markets.

Adult Inco
Adult Inco revenue grew 6.9% LFL (+5.6% on a reported basis) for Q3 2015, as sales in retail channels increased by 18% on a LFL basis and this in both developed and developing markets, while sales of incontinence products also grew in Healthcare channels, particularly home delivery.

Operational Review: Geographies

in € million	Third Quarter				Nine Months			
	Q3 2015	Q3 2014	% Δ as reported	% Δ at LFL	9M 2015	9M 2014	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	**415.9**	**398.4**	**4.4%**	**6.3%**	**1,268.7**	**1,208.3**	**5.0%**	**5.0%**
Western Europe	275.4	275.7	(0.1%)	(1.7%)	834.9	834.9	0.0%	(1.9%)
Eastern Europe	69.4	56.7	22.4%	38.4%	202.8	159.4	27.2%	40.0%
ROW	71.1	66.0	7.7%	11.7%	231.0	214.0	7.9%	5.9%

Combined revenue for Eastern Europe and ROW made up 34% of total Ontex revenue in Q3 and 9M 2015, up from 31% in the same periods of 2014.

OUTLOOK

We continue to focus on delivery of the Ontex model, with growth of both the top and bottom line as measured by revenue and Adjusted EBITDA margin. Our ability to generate revenue increases above an underlying market and category growth of 3% to 4% continues, based upon developing retailer brands where relevant for customers and consumers, and Ontex brands elsewhere. In spite of expected strong FX headwinds in Q4, we reiterate our FY 2015 outlook of about 30bps of Adjusted EBITDA margin expansion.

FINANCIAL REVIEW

Adjusted EBITDA

Adjusted EBITDA in Q3 2015 amounted to €51.1 million, 4.3% above last year. As anticipated, the strong positive impact of raw material prices in Q2 2015 did not recur in Q3 2015, as due to sharp increases in the indices of the oil-based commodities we purchase since March of this year, as highlighted during both the Q1 2015 trading update and H1 2015 results. In addition, exchange rate headwinds worsened in the third quarter. At the same time, sales, marketing and administrative expenses rose, consistent with our ambition to build a sustainable, stronger organization with the focus on consumers and customers. We managed to offset these impacts via our efficiency program. The Q3 2015 Adjusted EBITDA margin was 12.3%, stable compared with the same period a year ago.

Net debt

At September 30, 2015 net debt was €508.8 million, and leverage based on the last twelve months Adjusted EBITDA was 2.43x. Working capital remained within our ongoing target of about 12% of sales, while Q3 capex was in line with our expectations, so that we remain on track for a full year capex slightly above 3% of sales.

MANAGEMENT SHAREHOLDINGS/LOCK UP UNDERTAKINGS

In total 18 members of Ontex's management team presently hold 2,169,670 ordinary shares of Ontex that have been issued pursuant to management incentive plans (MIPs) put in place before the company's initial public offering in 2014. Those shares were subject to customary lock-up undertakings that have expired on 30 June, 2015. Holders were subsequently prevented, pursuant to Ontex's dealing code, from trading in the company's securities because of a "closed period". Now that those restrictions have been lifted, the company expects that some individuals concerned may wish to sell some of their holdings of Ontex shares.

The Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of Ontex together hold 1,167,360 ordinary shares. They have indicated that they do not intend to sell any of their Ontex shares in the immediate future.

CONFERENCE CALL

Management will host a presentation for investors and analysts on November 5, 2015 at 8:00am GMT/9:00am CET.

A copy of the presentation slides will be available at http://www.ontexglobal.com/.

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)20 3427 1919
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FINANCIAL CALENDAR 2015 & 2016

Full Year 2015	March 8, 2016
Q1 2016	May 4, 2016
AGM	May 25, 2016
H1 2016	July 28, 2016
Q3 2016	November 9, 2016

ENQUIRIES

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DISCLAIMER

This trading update 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.

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 report.

This trading update is available in English and in Dutch. In the case of discrepancies between the two versions, the Dutch version will prevail.