



Ontex Q3 2016: Reported revenue up more than 20% with outperformance in developing markets

- Higher volumes year-on-year in Q3 2016 in nearly all Divisions
- Strong efficiency gains plus deal-related synergies from Grupo Mabe underpin Q3 2016 Adjusted EBITDA margin

Aalst-Erembodegem, November 9, 2016 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') today announced its results for the three and nine months periods ending September 30, 2016.

Q3 2016 Highlights

- Revenue of €510.2 million was up 22.7% on a reported basis
 - +0.1% on a like-for-like (LFL)¹ basis, year-on-year (yoy)
 - +1.2% pro-forma at constant currency²
- Adjusted EBITDA³ of €63.2 million was 23.7% higher yoy, resulting in an Adjusted EBITDA margin of 12.4%
- Net foreign exchange (FX) headwinds of €9.8 million on revenue and €7.2 million on Adjusted EBITDA
- Net Debt was €691.3 million including €94.2 million of acquisition related earn-outs as of September 30, 2016, resulting in a net debt/LTM⁴ Adjusted EBITDA ratio of 2.95x

9M 2016 Highlights

- Revenue was €1,472.8 million, a yoy increase of 16.1% on a reported basis
 - In line with 9M 2015 on a LFL basis
 - +1.9% pro-forma at constant currency, supported by solid growth of Grupo Mabe
- Adjusted EBITDA grew by 15.9% yoy to €186.5 million, including further capture of procurement synergies from the Grupo Mabe acquisition, resulting in an Adjusted EBITDA margin of 12.7%
- Net negative FX impact of €39.2 million on revenue and €35.0 million on Adjusted EBITDA

Key Financials Q3 2016 and 9M 2016

In € million	Q3 2016	Q3 2015	% Change		9M 2016	9M 2015	% Change
Reported Revenue	510.2	415.9	22.7%		1,472.8	1,268.7	16.1%
LFL Revenue ¹	416.4	415.9	0.1%		1,268.3	1,268.7	0.0%
Pro-forma revenue at constant currency ²	529.7	523.4	1.2%		1,625.4	1,594.9	1.9%
Adjusted EBITDA ³	63.2	51.1	23.7%		186.5	161.0	15.9%
Adj. EBITDA Margin	12.4%	12.3%	10 bps		12.7%	12.7%	(3 bps)
Net Debt	N.A.	N.A.	N.A.		691.3	513.8	34.5%
Net Debt / LTM Adj. EBITDA	N.A.	N.A.	N.A.		2.95x	2.45x	N.A.

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

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- 2 *Pro-forma at constant currency includes Grupo Mabe revenue for Q3 and 9M data for 2015 and 2016*
- 3 *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.*
- 4 *Last twelve months (LTM) of Adjusted EBITDA includes the last twelve months of Ontex, and the last seven months contribution of Grupo Mabe since completion of the acquisition*

Charles Bouaziz, Ontex CEO: “Trading in the third quarter confirmed that our businesses are navigating well through challenging market conditions. Our Growth Markets and MENA Divisions continued to deliver strong growth. Commercial activities in our Healthcare Division are driving market outperformance. In our Mature Markets Retail Division, markets remained very challenging. However, we are taking the right steps and remain focused on how we deliver long-term sustainable, profitable growth. This is the DNA of Ontex, as also shown by the accelerated progress in the integration of Grupo Mabe, which underpins our Group revenue and Adjusted EBITDA expectations for the full year.”

Market Dynamics

The markets in which we operate experienced slower year-on-year growth during Q3 2016, in part linked to political and economic developments as well as increased competition in a number of markets. Pricing pressures remained high, largely due to increased promotional activities led by international brands in several markets in Europe, Middle East and North Africa. Developing markets continued to grow albeit at lower levels, as the impact of 2015 price increases decreased. The share of retailer brands in Western Europe and Russia in Q3 2016 were broadly similar to a year ago.

Similar to the first half of 2016, changes in foreign exchange rates had a net negative impact in Q3 2016 on revenue and Adjusted EBITDA. Both revenue and Adjusted EBITDA were impacted mainly by the British Pound and the Polish Zloty. The US Dollar also impacted Adjusted EBITDA due to some of our raw materials purchased in this currency. Appreciation of the Euro against the Mexican Peso reduced the contribution in euros of Grupo Mabe’s revenue and Adjusted EBITDA.

In aggregate, the costs of our main raw materials were lower in their reference currencies in Q3 2016 year-on-year. Prices for fluff pulp, denominated in USD, while slightly lower year-on-year remain at historically high levels. As a whole, oil-based raw material costs in Q3 2016 were below the prior year period. Based on current indices, we anticipate a positive impact from raw material costs in Q4 2016. First indications for 2017 are that oil-based raw material costs are likely to rise from 2016 levels.

OUTLOOK

We remain on course for revenue outperformance in developing markets, as well as Healthcare, and have made good progress in positioning Mature Market Retail for future growth. At the same time, we will continue to work towards generating an Adjusted EBITDA margin in 2016 at least in line with the 12.4% we achieved in 2015, with the integration of Grupo Mabe proceeding ahead of our expectations driving synergies, alongside our efficiency gains and savings.

Overview of Ontex Performance in Q3 2016

Group revenue amounted to €510.2 million in Q3 2016, the second consecutive quarter above €500 million and confirming our annualized run-rate above €2 billion. Revenue was up 22.7% compared to last year on a reported basis, and stable at +0.1% on a LFL basis. Sales in our developing markets Divisions recorded another quarter of solid growth, primarily due to higher volumes. Revenue in Mature Market retail declined but improved on a sequential basis, as expected. Pro-forma Q3 2016 revenue at constant currency including Grupo Mabe would have grown by 1.2%.

Q3 2016 Adjusted EBITDA was €63.2 million, an increase of 23.7% year-on-year. Costs of our main commodity raw materials were lower, while there was a negative FX impact. We continued to drive efficiency gains and savings, and benefited from further synergies related to our deal with Grupo Mabe. Q3 2016 Adjusted EBITDA margin of 12.4% was slightly ahead of last year.

Operational Review: Divisions

in € million	Third Quarter				Nine Months			
	Q3 2016	Q3 2015	% Δ as reported	% Δ at LFL	9M 2016	9M 2015	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	510.2	415.9	22.7%	0.1%	1,472.8	1,268.7	16.1%	0.0%
Mature Market Retail	214.6	223.4	(3.9%)	(4.4%)	640.3	684.3	(6.4%)	(6.6%)
Growth Markets	45.2	41.1	10.0%	12.4%	125.0	114.7	9.0%	17.5%
Healthcare	107.0	108.8	(1.7%)	0.6%	323.9	324.1	(0.1%)	1.3%
MENA	45.5	42.6	6.8%	10.8%	153.6	145.6	5.5%	14.1%
Americas Retail	97.8	n.a	n.a	n.a	230.0	n.a	n.a	n.a
<i>Americas Retail pro-forma¹</i>	97.8	101.5	(3.6%)	6.0%	304.6	308.6	(1.3%)	10.3%

¹ Americas Retail pro-forma Q3 and 9M data for 2015 and 2016. For this pro-forma data, the % change at LFL is at constant currency.

Mature Market Retail

Q3 2016 revenue in the Mature Market Retail Division was 4.4% below the same period a year ago on a LFL basis (-3.9% on a reported basis, including negative FX impacts from the British Pound and Polish Zloty, and €5.7 million of incremental sales from Grupo Mabe's European activities). The LFL performance represents progress compared to the previous two quarters, with an improvement in volumes. Third party market data indicates competitive pressures particularly in the baby care category, mainly due to continued promotional activities in a number of markets, while market volumes for the combined three categories were stable. While we continue to be impacted by some contract losses from 2015, further progress has been made to gain new business. Revenue in the third quarter of 2016 was up in Poland and Germany, and lower in the UK and France.

Growth Markets

Growth Markets Divisional revenue increased by 12.4% in Q3 2016 on a LFL basis (+10.0% on a reported basis, mainly due to a negative FX impact of the Russian Rouble), ahead of market growth. The main driver of higher revenue was continued volume growth across key markets in Russia and Central Eastern Europe. Following a sustained period of devaluation from late 2014 until early 2016,

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the Russian Rouble has strengthened, leading to more price-based competition among peers in this market.

Healthcare

Q3 2016 revenue in the Healthcare Division was up 0.6% on a LFL basis (-1.7% on a reported basis, mainly due to the negative FX impact of the British Pound). Increased revenue was volume led, with higher revenue in Germany, Spain and the UK, and declines in France and Italy. The announced move to one production site in Northern France continued to progress well.

MENA

Revenue in our Middle East and North Africa Division rose 10.8% on a LFL basis in Q3 2016, which typically experiences seasonally lower sales than the other quarters (+6.8% on a reported basis, mostly due to a negative FX impact from the Turkish Lira and Algerian Dinar). While sales growth in Turkey was more challenging due to political and economic developments on top of price pressure from competition, we continued to achieve revenue outperformance in most of our other markets, driven primarily by higher volumes of Ontex brands in the baby care and adult incontinence categories.

Americas Retail

Following a strong start to the year, our Americas Retail Division revenue was up by 6.0% on a pro-forma basis at constant currency. This performance was driven by solid volume-led LFL growth of our brands leading to market share gains across the Baby care, Adult Inco and Femcare categories in Mexico, while sales in the US were lower versus a high comparable in Q3 2015. Including the negative FX impact, Q3 2016 pro-forma revenue was down by -3.6% compared to a year ago.

Operational Review: Categories

in € million	Third Quarter				Nine Months			
	Q3 2016	Q3 2015	% Δ as reported	% Δ at LFL	9M 2016	9M 2015	% Δ as reported	% Δ at LFL
Ontex Reported Revenue ¹	510.2	415.9	22.7%	0.1%	1,472.8	1,268.7	16.1%	0.0%
Baby care	297.8	215.3	38.3%	(1.0%)	846.0	671.8	25.9%	(2.2%)
Femcare	53.2	52.9	0.6%	(5.3%)	157.5	154.5	1.9%	(1.9%)
Adult Inco	150.2	142.3	5.6%	1.1%	448.6	424.7	5.6%	3.2%

¹ Includes €8.9 million in Q3 2016; €20.7 million in 9M 2016; €5.4 million in Q3 2015; €17.7 million in 9M 2015 from Other category

Baby care

Q3 2016 category revenue for Baby care was up 38.3% compared to last year on a reported basis including the incremental contribution from Grupo Mabe, and down by 1.0% on a LFL basis. Baby care revenue continued to grow in developing markets, partially offsetting lower revenue in developed markets.

Femcare

Femcare category revenue in Q3 2016 was 0.6% higher on a reported basis, including Grupo Mabe sales, and 5.3% lower on a LFL basis. Our sales in this category are mostly in Western Europe, where the market was lower year-on-year.

Adult Inco

Revenue in the Adult Inco category grew 5.6% on a reported basis including Grupo Mabe, and 1.1% on a LFL basis. Sales in institutional channels were stable year-on-year, and sales in retail channels were up 4% on a LFL basis, led by developing markets.

Operational Review: Geographies

in € million	Third Quarter				Nine Months			
	Q3 2016	Q3 2015	% Δ as reported	% Δ at LFL	9M 2016	9M 2015	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	510.2	415.9	22.7%	0.1%	1,472.8	1,268.7	16.1%	0.0%
Western Europe	264.0	275.4	(4.1%)	(3.8%)	785.9	834.9	(5.9%)	(6.1%)
Eastern Europe	73.8	69.4	6.3%	9.7%	220.8	202.8	8.9%	15.9%
Americas	100.0	2.2	N.M.	22.7%	237.0	7.2	N.M.	19.4%
ROW	72.4	68.9	5.1%	5.7%	229.1	223.8	2.4%	7.5%

N.M. not meaningful

Revenue in Western Europe declined in Q3 2016 due to lower sales in retail channels and a negative FX impact. The proportion of Q3 2016 revenue generated outside of Western Europe, including Grupo Mabe sales, was 48% of Ontex Group revenue compared to 34% in Q3 2015.

FINANCIAL REVIEW**Adjusted EBITDA**

Adjusted EBITDA is a non-IFRS measure is defined as EBITDA plus non-recurring expenses and revenues excluding non-recurring depreciation and amortization. EBITDA is also a non-IFRS measure, defined as earnings before net finance cost, income taxes, depreciation and amortization.

Q3 2016 Adjusted EBITDA increased 23.7% to €63.2 million. The main drivers of this growth were the sustained company-wide focus on efficiencies and savings, and contribution from Grupo Mabe, including realization of procurement synergies which had already started in Q2 2016. We continued to build our sales and marketing functions. Adjusted EBITDA margin for Q3 2016 was 12.4%, slightly higher than the same period a year ago.

Net debt

Net debt was €691.3 million at September 30, 2016, including net debt of Grupo Mabe and acquisition related earn-outs. Based on the last twelve months of Adjusted EBITDA, including seven months contribution from Grupo Mabe, Group leverage was 2.95x. Working capital remained in-line with our full year expectations of being at or below 12% of revenue. For the full year 2016, including Grupo Mabe and an investment to upgrade our IT systems, we continue to expect total capex to be in a range of 3.5% to 4.0% of sales.

Corporate information

This trading update of Ontex Group NV for the third quarter of 2016 was authorized for issue in accordance with a resolution of the Board on November 8, 2016.

CONFERENCE CALL

Management will host a presentation for investors and analysts on November 9, 2016 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:

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FINANCIAL CALENDAR 2016 & 2017

FY 2016	March 8, 2017
Q1 2017	May 10, 2017
AGM	May 24, 2017
H1 2017	July 27, 2017
Q3 2017	November 8, 2017

ENQUIRIES

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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 trading update 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 trading update.

The information contained in this trading update is subject to change without notice. No 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 trading update, 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.