



Investor Update Taking Ontex to the next level

Aalst-Erembodegem, May 8, 2019 - Ontex Group NV (Euronext Brussels: ONTEX) is hosting today an Investor Update in London at 11.30am CET/10.30am UK.

During the meeting, Chief Executive Officer Charles Bouaziz, together with the senior management team, will provide an update on Ontex's strategy and next steps, leveraging its strong market positions, further growth opportunities and the Transform2Grow program to drive sustainable growth and create further value.

Charles Bouaziz, Chief Executive Officer, declared: "Since its IPO in June 2014, Ontex has emerged as a leading international personal hygiene company, delivering consistently on its strategy to grow outside of Western Europe, increase branded business and expand its presence in Adult Incontinence. Faced with unprecedented headwinds and challenges in the last two years, Ontex has demonstrated the resilience of our business model. Yet, further action is required to take Ontex to the next level.

Our comprehensive transformation plan, Transform2Grow (T2G), launched today, will step-change our operational efficiency and commercial practices. With T2G-enhanced commercial focus and competitiveness, we will accelerate execution of our two strategic priorities: Strengthen our current leadership positions and expand into new businesses and geographies within our core categories. Our objectives remain to outperform markets in which we operate and improve our profitability and cash generation. Together with committed teams, we will make Ontex a stronger and more profitable company, delivering growth and creating value for all stakeholders."

FINANCIAL OUTLOOK

2019 Outlook

- Broadly stable like-for-like revenue*
- Stable Adjusted EBITDA at constant currency
- Capital expenditure of 4.5% to 5.0% of revenue, excluding T2G-specific capex

T2G financial investment of €130m

- One-off costs of €85m
- Incremental capex of €45m
- €45m to €50m of the total investment engaged in 2019, the balance over 2020-2021

2020-2021 Outlook

- Like-for-like revenue* outperforming the markets in which we operate by at least 50bps
- 2021
 - EBITDA margin improvement at constant currency** compared with 2018: +125bps to +175bps
 - Working capital*** improvement compared with 2018: 10%
 - Capital expenditure: 4% to 5% of revenue
 - Cash flow conversion****: c. 55% to 65%

Full payback of T2G investment expected by end of 2022

* Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A.

** Net of the impact of the application of IFRS 16 effective as of January 1, 2019.

REGULATED INFORMATION

*** On the basis of the 2018A reported working capital of €421 million, excluding factoring as per Ontex's definition (inventories, trade receivables, prepaid expenses and other receivables minus trade payables, accrued expenses and other payables).

**** Cash flow conversion is calculated as (Adj. EBITDA - Capex + Change in Working Capital) / Adj. EBITDA.

Ontex's Investor Update covers the following points:

Transformation well underway

Since its IPO in 2014, Ontex has transformed itself from a European-based manufacturer into a leading international personal hygiene company

- Ontex has delivered geographic expansion and growth in sales and profit since its IPO
- Strategic objectives have been supported by selective acquisitions: Serenity in Italy (2013), Grupo Mabe in Mexico (2016) and Hypermarcas's personal care activities in Brazil (2017)
- Unprecedented external headwinds exacerbated internal challenges, which Ontex mitigated with proactive measures, notably improved mix, pricing and savings in manufacturing, supply chain, procurement and R&D
- In Brazil, Ontex has already launched a comprehensive turnaround plan addressing brand management, commercial organization, manufacturing and supply chain, and distribution network. These initiatives are starting to bear fruit, with sequential revenue and EBITDA margin improvement in 2018. We expect turnaround benefits to crystallize in the medium term and support our growth agenda.
- New capabilities in Manufacturing, Digital, R&D, Marketing and Sales have been added to reinforce Ontex's competitive strengths
- Ontex has also made important progress in its sustainability initiatives to become carbon-neutral by 2030, improve employee diversity and working conditions
- The organizational change from five to three Divisions allows greater agility and focus. Manufacturing and Supply Chain across the company have been regrouped into one Operations Division, for increased coordination, scale and efficiency
- Yet further action is needed to take Ontex to the next level. Through the deployment of Transform2Grow, a comprehensive transformation program, Ontex will be able to build on its fundamentals to deliver sustainable profitable growth and accelerate value creation

Favorable market fundamentals underpin the next phase

Ontex is well positioned to benefit from the underlying growth trends currently reshaping the personal hygiene industry

- Ontex has strong assets both in terms of geographic footprint and product categories, with a solid presence in emerging markets as well as in Incontinence and Babycare, which are expected to be the fastest-growing hygiene categories worldwide between 2018 and 2023
- Demographic trends as well as the growth potential from increasing usage rates of personal hygiene products around the globe create significant opportunities for Ontex
- In Retailer Brands, regions such as Eastern Europe, the United States and Latin America offer strong growth potential
- Other market trends, such as consumers favouring local brands and rapid e-commerce growth, are also relevant to Ontex and fit with its business model
- Ontex is also uniquely positioned to drive consolidation in a highly-fragmented industry

T2G: Boosting operational efficiency and drive commercial excellence

The Investor Update will be an opportunity for Ontex's management to detail Transform2Grow, the comprehensive transformation plan it is launching across its organisation. The plan has two main objectives:

- **Boost operational efficiency**
 - Manufacturing excellence: Reinvigorate manufacturing strengths and leverage best practices through optimization of the existing manufacturing footprint, improvement of the shopfloor organizational model and roll-out of best practices for machine productivity
 - Supply chain optimisation: Optimize transportation, warehousing and end-to-end planning
 - Strategic procurement: Leverage increased scale to optimize procurement practices, with targeted cost reduction of 2% in direct purchasing and 8% in indirect purchasing

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- Product optimization: Reinforce innovation strengths in product design to optimise raw materials usage
- **Drive commercial excellence**
 - Category mix: Increased focus on the high-growth product segments
 - Customer value proposition: Offer more differentiated value propositions to customers through category expertise, partnership relationships as well as product and logistics excellence
 - Innovation relevance and speed: Leverage insight and research to build the right innovation roadmap and adapt innovation process to dual business model combining Branded and Retailer brands
- T2G will accelerate and expand capability across all areas through upgraded training programs, roll-out of global leadership and change management programs, benefitting from our Global Centers of Expertise. As employee engagement will be key to the T2G implementation in a step-by-step approach, Ontex will be investing in its people and capability building to empower employees and ensure the success and sustainability of the transformation.
- The T2G plan will entail an **investment of €130 million**, split between one-off costs of €85 million and Capex of €45 million, with a **full pay-back by the end of 2022**. We expect €45 million to €50 million of the investment in 2019, and the remainder in the 2020/2021 period.

Clear strategic priorities to drive profitable growth

Ontex has two clear strategic pillars, supported by T2G and underpinned by highly attractive market fundamentals, to deliver sustainable profitable growth:

- **Strengthen current leadership positions in its three divisions:**
 - In Europe: Ontex aims to maintain its leadership in the Retailer Brands segment of the market through differentiating factors such as product performance, consistent and reliable quality, superior service level, fast-follower innovation, competitive yet disciplined pricing, scale advantages and geographical reach
 - In America Middle East Africa Asia: The Group will grow locally-relevant brands and continue its turnaround of the Brazilian business. Ontex will build on its leadership in Adult Incontinence to shift towards Light Inco and Adult Pants, drive Baby pants adoption in its key markets, improve its distribution channel and upgrade its innovation
 - In Healthcare: Leverage scale and expertise acquired in the institutional channel to seize the opportunity to expand in pharma & retail
- **Expand into new businesses and geographies in core categories:**
 - North America: Ontex will leverage its European retail brand expertise to become a credible alternative to the current supplier base
 - Online sales: Ontex will take advantage of changing consumer trends towards e-commerce to support its Retailer Brands' online presence and store-to-online conversion, co-develop new value propositions with third-party lifestyle brands, further increase its presence on large Marketplaces and accelerate Direct-to-Consumer Subscription
 - Acquisitions: Ontex is strongly positioned to participate in industry consolidation, building on its solid track-record of cross-border acquisitions and integration of 13 companies since 1999

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Financial Outlook

Ontex's financial objectives over 2019 – 2021 are as follows:

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INVESTOR UPDATE WEBCAST

Management will host an Investor Update for investors and analysts in London on May 8, 2019 at 10:30am GMT/11:30am CET.

The Investor Update will also be webcast and can be accessed through the following link:

https://channel.royalcast.com/webcast/ontexgroup/20190508_3/

FINANCIAL CALENDAR 2019

AGM	May 24, 2019
H1 2019	July 31, 2019
Q3 2019	November 6, 2019

ENQUIRIES

INVESTORS

Philip Ludwig +32 53 333 730
Philip.ludwig@ontexglobal.com

PRESS

Gaëlle Vilatte +32 53 333 708
Gaelle.Vilatte@ontexglobal.com

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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 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.