



Ontex Q3 2017: Continued Strong Revenue Growth in challenging market conditions

- Reported revenue increased 16.1%
- Volume-led 4.3% LFL revenue growth, outperforming our markets with strong increases across all categories
- Adjusted EBITDA margins lower, impacted by raw materials, Brazil and FX

Aalst-Erembodegem, November 8, 2017 - Ontex Group NV (Euronext Brussels: ONTEX; 'Ontex,' 'the Group' or 'the Company') today announced its trading update for the three and nine months ended September 30, 2017.

Q3 2017 Highlights

- Revenue was €592.4 million, up 16.1% on a reported basis
 - +4.3% on a like-for-like (LFL) basis, year-on-year (yoy)
 - +0.1% pro-forma at constant currency including the impact from acquisitions
- Adjusted EBITDA increased by 7.9% yoy to €68.2 million, Adjusted EBITDA margin of 11.5%
- Net foreign exchange (FX) impacts of -€6.0 million on revenue and -€2.2 million on Adjusted EBITDA
- Net Debt was €751.1 million as of September 30, 2017, including €32.7 million of acquisition-related earn-outs, resulting in a net debt/LTM Adjusted EBITDA ratio of 2.73x
- The Board of Directors has given approval to complete refinancing of the Group's debt, which is expected to be finalized before the end of 2017, and anticipated to reduce net finance expenses by more than €7 million per year from 2018 on a pre-tax basis

9M 2017 Highlights

- Revenue of €1.77 billion was up 19.9% on a reported basis
 - +4.9% on a LFL basis
 - +2.1% pro-forma at constant currency including the impact from acquisitions
- Adjusted EBITDA of €212.9 million was 14.2% higher yoy, Adjusted EBITDA margin of 12.1%
- Net FX impacts of -€6.6 million on revenue and -€2.4 million on Adjusted EBITDA

Key Financials Q3 2017 and 9M 2017

<i>In € million, except margin & leverage data</i>	Q3 2017	Q3 2016	% Change	9M 2017	9M 2016	% Change
Reported Revenue	592.4	510.2	16.1%	1,766.3	1,472.8	19.9%
LFL Revenue	532.4	510.2	4.3%	1,545.3	1,472.8	4.9%
<i>Pro-forma revenue at constant currency</i>	<i>600.2</i>	<i>599.9</i>	<i>0.1%</i>	<i>1,753.5</i>	<i>1,717.6</i>	<i>2.1%</i>
Adjusted EBITDA	68.2	63.2	7.9%	212.9	186.5	14.2%
<i>Adj. EBITDA Margin</i>	<i>11.5%</i>	<i>12.4%</i>	<i>-88bps</i>	<i>12.1%</i>	<i>12.7%</i>	<i>-60bps</i>



REGULATED INFORMATION

<i>In € million, except margin & leverage data</i>	Q3 2017	Q3 2016	% Change		9M 2017	9M 2016	% Change
Net Debt	N.A.	N.A.	N.A.		751.1	691.3	8.6%
Net Debt / LTM Adj. EBITDA	N.A.	N.A.	N.A.		2.73	2.95	N.A.

Ontex Group reported revenue includes 9 months of Grupo Mabe and 7 months of Ontex Brazil in 9M 2017, and 7 months of Grupo Mabe in 9M 2016

Charles Bouaziz, Ontex CEO: “Our third quarter trading demonstrated further progress in challenging market conditions, as we delivered another quarter of strong, volume-led LFL revenue growth across all our categories, and well ahead of our markets. Continued delivery of savings and efficiencies offset higher raw material costs and the temporary pressures from our growth on manufacturing and supply chain costs. While our base business remains largely on track, foreign exchange headwinds and a temporary adverse result in our new Brazil business have led to lower margins.”

Market Dynamics

Babycare, Femcare and Adult Incontinence category growth year to date 2017 shows the same trends seen earlier this year, with pricing pressures in Babycare and good growth in Adult Inco according to third party market data. The share of retailer brands continued to increase in our Mature Market Retail Division despite high promotional activity from international diaper brands.

Indices of all our main commodity raw materials were higher in the third quarter of 2017 compared to the same period of 2016.

Foreign exchange rates were volatile in Q3 2017 versus the same period of 2016, with the British Pound, the Turkish Lira and the Brazilian Real weakening, while the Russian Rouble strengthened.

Outlook

We expect to continue top-line outperformance in our markets in Q4, led by category growth in Adult Inco, which will confirm an annual run rate of €2.4 billion revenue. We anticipate pressure in Brazil will continue which, together with FX and commodities headwinds, will put our Q4 margins slightly below Q3. The actions we are taking to increase group-wide capacity of margin-accretive products, as well as to further implement our integration plan in Brazil, are expected to start showing benefits during the second half of 2018.

Overview of Ontex Performance in Q3 2017

Group revenue in Q3 2017 totaled €592.4 million, up 16.1% on a reported basis versus prior year, including the acquisition of Ontex Brazil. Revenue was +4.3% on a LFL basis, with improvements from four of our five Divisions and all three categories.

Q3 2017 Adjusted EBITDA was €68.2 million, an increase of 7.9% year-on-year, resulting in an adjusted EBITDA margin of 11.5%. The benefits of our strong top-line performance and savings actions offset headwinds from higher raw material costs and increased distribution expenses, with the margin decline mainly attributable to negative FX and the impact from Brazil. We continued to invest in our commercial capabilities to underpin future market outperformance.

Operational Review: Categories

in € million	Third Quarter				Nine Months			
	Q3 2017	Q3 2016	% Δ as reported	% Δ at LFL	9M 2017	9M 2016	% Δ as reported	% Δ at LFL
Ontex Reported Revenue*	592.4	510.2	16.1%	4.3%	1,766.3	1,472.8	19.9%	4.9%
Babycare	353.4	297.8	18.6%	4.6%	1065.8	846.0	26.0%	6.1%
Femcare	56.4	53.2	6.0%	4.8%	166.2	157.5	5.5%	3.0%
Adult Inco	172.9	150.2	15.1%	4.7%	513.2	448.6	14.4%	4.6%

* Includes €9.8 million of Other in Q3 2017; €8.9 million in Q3 2016, €21.2 million of Other in 9M 2017; €20.7 million in 9M 2016

Babycare

Babycare category revenue grew 18.6% on a reported basis in Q3 2017, and 4.6% on a LFL basis. In markets where we have our own brands, we gained share in Mexico, Algeria and Pakistan, partly offset by lower share in Turkey and Brazil. In Western Europe, our LFL revenue was well ahead of the market, as we benefit from retailer brands gaining share within baby diapers, as well as increasing our share of retailer brands.

Femcare

Revenue in the Femcare category in Q3 2017 was 6.0% higher as reported, and up 4.8% on a LFL basis. We compete primarily through retailer brands in Western Europe, which had a stable share of a slightly declining category. Our LFL growth was led by gaining new business, strengthening our leading position in retailer brands.

Adult Inco

Q3 2017 revenue in the Adult Inco category was up 15.1% on a reported basis, and 4.7% higher on a LFL basis. Adult Inco sales in retail channels grew 9% higher year-on-year, and in institutional channels revenue also increased, both on a LFL basis. In retail channels we benefited from strong category growth in Western Europe with our retailer brands, and we also increased our leading branded positions in Brazil, Mexico and Turkey. In institutional channels, revenue growth was supported by innovations including the launch of Serenity pants in Spain, strengthening our offering in this growing product category.

Operational Review: Divisions

in € million	Third Quarter				Nine Months			
	Q3 2017	Q3 2016	% Δ as reported	% Δ at LFL	9M 2017	9M 2016	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	592.4	510.2	16.1%	4.3%	1,766.3	1,472.8	19.9%	4.9%
Mature Market Retail	227.8	214.6	6.1%	6.0%	673.6	640.6	5.1%	4.6%
Growth Markets	45.6	43.8	4.1%	2.7%	142.1	120.6	17.8%	9.5%
Healthcare	107.7	106.8	0.8%	1.5%	323.6	323.4	0.1%	1.1%
MENA	40.6	45.7	-11.2	-1.0%	143.1	153.7	-6.9%	0.9%
Americas Retail	170.8	99.3	71.9%	7.0%	483.9	234.4	106.4%	11.4%

Ontex Group and Americas Retail reported revenue include 9 months of Grupo Mabe and 7 months of Ontex Brazil in 9M 2017, and 7 months of Grupo Mabe and no revenue for Ontex Brazil in 9M2016.

Mature Market Retail

Mature Markets Retail Division revenue had a strong Q3 2017, growing 6.0% on a LFL basis versus a year ago and well ahead of its markets. In markets characterized by heightened promotional activities by the leading Babycare brand, higher volumes in most of our markets continued to drive a strong top-line performance. Our ongoing investments in shopper analysis enable us to develop innovations and improved products and services, so that leading retailers continue to compete effectively through the development of their own brands. In early October, we announced our investment in a new production facility in Radomsko (Poland) to support our future growth ambitions.

Growth Markets

Revenue in our Growth Markets Division increased 2.7% on a LFL basis in Q3 2017. While lower than previous periods, market demand remains supportive of continued strong revenue growth. Our Q3 growth was impacted by high promotional activity especially in Russia and Eastern Europe, in part reflecting a strengthening Russian Rouble. In addition, our revenue was impacted by supply capacity constraints for some of our fastest growing products, and inventory reductions by customers in some export markets. We are taking actions to remedy the supply challenges by increasing local supply and expect to continue delivering growth ahead of our markets.

Healthcare

Q3 2017 Healthcare Divisional revenue was up 1.5% on a LFL basis compared to last year, supported by increased volumes of our branded Adult Inco products. We remain focused on providing customers and consumers across our markets with the solutions they require, leveraging our product portfolio and range of services, including renewing the skin care range.

MENA

Middle East and North Africa Divisional revenue decreased 1.0% on a LFL basis in Q3 2017 versus the same period last year. The market environment remained particularly challenging in Turkey, and in the Babycare category, leading brands such as our Canbebe diapers were impacted by growth of low-price products. However, Canped, our leading brand of Adult Inco products in Turkey, continued to perform well in a growing market, and we had volume-led growth in other markets in which we are active. We have taken price increases taking into account the weakness of local currencies, including the Turkish Lira. Although our top-line performance is below our expectations in 2017, we believe that the actions we are taking will lead to a resumption of LFL revenue growth in this Division.

REGULATED INFORMATION

Americas Retail

The Americas Retail Division revenue increased by 7.0% on a LFL basis in Q3 2017. In Mexico, we continued to improve our position, reflected by higher shares in both the Babycare and Adult Inco categories. Sales in the US also grew.

In Brazil, aggressive pricing in Babycare has led to a decline in the category value 2017 year to date. Despite these challenges, after share losses in the first half of 2017, actions to improve our competitiveness have started to show some positive signs in our diaper share. Outside of Babycare, the Adult Inco category continues to grow, and we have extended our leading position. Longer term in Brazil, we remain confident in the opportunities and financial benefits for Ontex.

Operational Review: Geographies

in € million	Third Quarter				Nine Months			
	Q3 2017	Q3 2016	% Δ as reported	% Δ at LFL	9M 2017	9M 2016	% Δ as reported	% Δ at LFL
Ontex Reported Revenue	592.4	510.2	16.1%	4.3%	1,766.3	1,472.8	19.9%	4.9%
Western Europe	270.9	264.0	2.6%	3.2%	807.2	785.9	2.7%	3.2%
Eastern Europe	78.8	73.9	6.7%	4.2%	230.5	220.8	4.4%	-1.2%
Americas	171.4	100.0	71.5%	6.9%	486.7	237.0	105.4%	11.3%
ROW	71.3	72.4	-1.5%	5.3%	241.8	229.1	5.6%	10.0%

LFL revenue increased in each reported geographical area in Q3 2017. In spite of solid growth, the proportion of reported Group sales in Western Europe decreased from 52% to 46%, while in the Americas it was up from 20% to 29%, demonstrating our progress in becoming a more diversified company.

Financial Review

Net debt and leverage

Net debt was €751.1 million at September 30, 2017, with net leverage based on the last twelve months Adjusted EBITDA of 2.73x.

Corporate information

The above press release and related financial information of Ontex Group NV for the three months ended September 30, 2017 was authorized for issue in accordance with a resolution of the Board on November 7, 2017.

Alternative Performance Measures

The following alternative performance measures (non-GAAP) have been included in this trading update 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 9 months of Mabe and Ontex Brazil in both 9M 2017 and 9M 2016. Pro-forma revenue at constant currency is pro-forma revenue excluding FX.

Non-recurring Income and expenses

Non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the “normal” performance of the company due to their size or nature. The non-recurring income and expenses relate to:

- Acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- asset impairment 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 impairment of assets. 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 impairment of assets for the last twelve months (LTM).

Conference call

Management will host a presentation for investors and analysts on Wednesday 8 November 2017 at 8:00 am GMT / 9:00 am CET. 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: +1 323 794 2093
Belgium: +32 (0) 2 404 0659
France: +33 (0) 1 76 77 22 74
Germany: +49 (0) 69 2222 13420

Passcode: 7242052

Financial calendar 2018

FY 2017	March 6, 2018
Q1 2018	May 9, 2018
AGM	May 25, 2018
H1 2018	July 26, 2018
Q3 2018	November 7, 2018

Enquiries

Investors

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

Press

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

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 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 report.

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