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# Financial Results – Q2 2013

Jacques Purnode, Chief Finance Officer
Steven Vandenbogaerde, Finance Director

# Forward-looking statements

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Most of the tables are shown in € million for transparency reasons. This may give rise to rounding differences.

A small number of customers have been reclassified to a different division in 2013, in line with the account and sales management. To allow for relevant comparisons, the 2012 sales by division have been restated.

# Introduction Jacques Purnode

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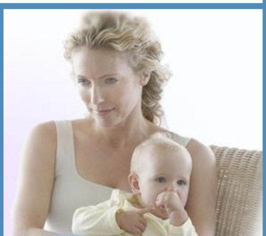

# Enhanced Consumer Goods Industry Background & Expertise



- **Introduction and Background**
  - Transition is well under way
  - Responsible for Legal and ICT function in addition to Finance
- **Ontex's consumer goods expertise further strengthened**
  - Commercial and strategic initiatives producing results
  - Processes and financial framework to be maintained
- **Committed to a continuous dialogue with the Debt Capital Markets**
  - Participation in conferences and investor meetings to continue
  - Will host Q3 2013 earnings call in November



# Key Highlights


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# A Solid Q2 2013



- **Group Sales at €387.8 million in Q2 2013, up 20.1% versus prior year**
  - Excluding currency effects, Q2 2013 sales amounted to €393.0 million, an increase of 21.7% compared to Q2 2012
  - H1 2013 sales up 12.1% at constant currency
  - Serenity Sales contributed to €36.5 million in the quarter
- **Adjusted EBITDA at €45.0 million for Q2 2013, an increase of 25.3% year-on-year**
  - €4.9 million of adverse currency effects for Q2 2013
  - Adjusted EBITDA at €83.0 million in H1 2013, up 8.6% vs H1 2012 despite €8.4 million adverse currency effects
- **FCF amounted to €16.6 million in Q2 2013, compared to €24.4 million in Q2 2012**
  - FCF for H1 2013 at €30.8 million (versus €34.4 million for H1 2012)
- **Net Debt amounted to €886.7 million as of June 30, 2013 and the available liquidity was €96.1 million**

# Macro and Market Dynamics Impacted by Adverse Currency Effects



## General Retail and Competitive Environment

- Retailers continue to focus on price
- Promotional activity remains stable but high
- Economic climate favourable to retail brands

## Raw Materials

- Slightly lower pricing levels in Q2 vs. Q1 2013, as anticipated

## Currencies

- Adverse currency movements notably for the British Pound, Turkish Lira and the Australian dollar

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# Good Commercial Momentum Post K-C Exit

- **Spanish plant closed in May**
- **K-C stockpiling starting to unwind in line with expectations**
- **Former Huggies volumes:**
  - Market dynamics still vary country by country, primarily dictated by individual retailers' shelf readjustment decisions between A brands and retail brand products
  - Good traction in markets where retailers took a lead in this transition, particularly in the UK
  - Some retailers almost completely replaced former "Huggies" volumes with their own retail brand products where production has now been transferred to Ontex
  - Some countries have been slower to react but a certain shift in shelf allocation patterns is starting to take place
- **Former retail brand volumes**
  - Additional retail brand contracts secured at acceptable margins

**Commercial and strategic Initiatives starting to produce tangible results**

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# Execution of 2013 Projects Progressing to Plan

- **Closure of Recklinghausen fully completed**
  - Severance compensation almost entirely paid in Q2 2013
  - Existing equipment is now being redeployed to other group sites; process on track and completion expected by year end
- **Serenity integrated into the Healthcare division as of April 2013**
  - Trading in line with initial business plan
  - Various operational integration projects approaching completion
  - Albeit slower than expected, negotiations for the factoring agreement are showing solid progress
- **Healthcare optimization**
  - Addressing product/customer mix
  - Balancing volumes and profitability

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# Financials


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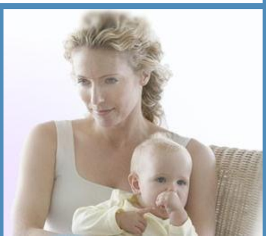


# New Retail Contract Wins Becoming Visible in Q2 2013



| In €m | Q2 2013 | Q2 2012 | % as reported | % at constant currency | % at constant currency excl. Serenity |
|---|---|---|---|---|---|
| *Per division* | | | | | |
| Retail | 238.5 | 214.1 | 11.4% | 12.8% | 12.7% |
| Healthcare | 102.3 | 67.2 | 52.2% | 53.4% | (0.7)% |
| Turkey Region | 47.0 | 41.7 | 12.7% | 16.1% | 16.1% |
| *Per product group* | | | | | |
| Baby | 204.5 | 176.7 | 15.7% | 17.8% | 17.7% |
| Femcare | 48.0 | 46.4 | 3.4% | 4.0% | 4.0% |
| Incontinence | 129.5 | 96.1 | 34.8% | 36.0% | (0.9)% |
| Other (Traded goods) | 5.8 | 3.8 | 52.6% | 57.3% | 34.0% |
| *Per geographic area* | | | | | |
| Western Europe | 265.6 | 219.4 | 21.1% | 22.3% | 5.8% |
| Eastern Europe | 49.9 | 43.0 | 16.0% | 16.9% | 16.4% |
| Rest of the world | 72.3 | 60.6 | 19.3% | 22.8% | 22.7% |

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# Q2 2013 Financial Highlights (1/2)



| In €m | Q2 2013 | Q2 2012 | % |
|---|---|---|---|
| Revenues | **387.8** | **323.0** | **20.1%** |
| *Revenues at constant currency* | **393.0** | **323.0** | **21.7%** |
| *Revenues at constant currency excl. Serenity* | **356.5** | **323.0** | **10.4%** |
| Cost of sales | **(284.5)** | **(244.1)** | **16.6%** |
| Gross profit | **103.3** | **78.9** | **30.9%** |
| Opex[1] | **(66.4)** | **(50.6)** | **31.2%** |
| Adjusted EBITDA[2] | **45.0** | **35.9** | **25.3%** |
| *Adjusted EBITDA[2] at constant currency* | **49.9** | **35.9** | **39.0%** |

*1: Defined as the sum of distribution expenses, sales and marketing expenses, general and administrative expenses, other operating income but excluding non-recurring expenses*

*2: For definition and reconciliation of Adjusted EBITDA please see Ontex Financial Report for Q2 2013*

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# Q2 2013 Financial Highlights (2/2)



| In €m | Q2 2013 | Q2 2012 | % |
|---|---|---|---|
| Adjusted EBITDA[1] | 45.0 | 35.9 | 25.3% |
| Non recurring expenses[2] | (4.6) | (1.5) | N.M. |
| Reported EBITDA | 40.4 | 34.4 | 17.4% |
| Depreciation & Amortization | (8.5) | (7.7) | 10.4% |
| Operating profit | 31.9 | 26.7 | 19.5% |

*1: For definition and reconciliation of Adjusted EBITDA please see Ontex Financial Report for Q2 2013*
*2: Non-recurring expenses excluding amortization*

# Free Cash Flow



| In €m | Q2 2013 | Q2 2012 |
|---|---|---|
| Adjusted EBITDA | 45.0 | 35.9 |
| Changes in WC | (11.4) | 2.7 |
| Cash taxes paid | (6.5) | (1.8) |
| Capex | (10.5) | (12.4) |
| Free Cash Flow | 16.6 | 24.4 |

- **WC consumption, although declining, remains high in Q2 2013**
  - Inventory levels continue to decrease gradually, particularly volumes of finished goods from Recklinghausen
  - Majority of the working capital increase for Q2 2013 is linked to Serenity
- **Capex spend overall in line with previous indications with main focus on**
  - Enabling redeployment and efficient reassembly of the Recklinghausen machinery
  - Ensuring capacity is available to secure additional business from former K-C contracts
  - Overall €26.7 million of Capex spend in H1 2013 versus €20.3 million in H1 2012
- **Serenity acquisition impacted cash taxes by €3.1 million in Q2 2013**

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# Available Liquidity

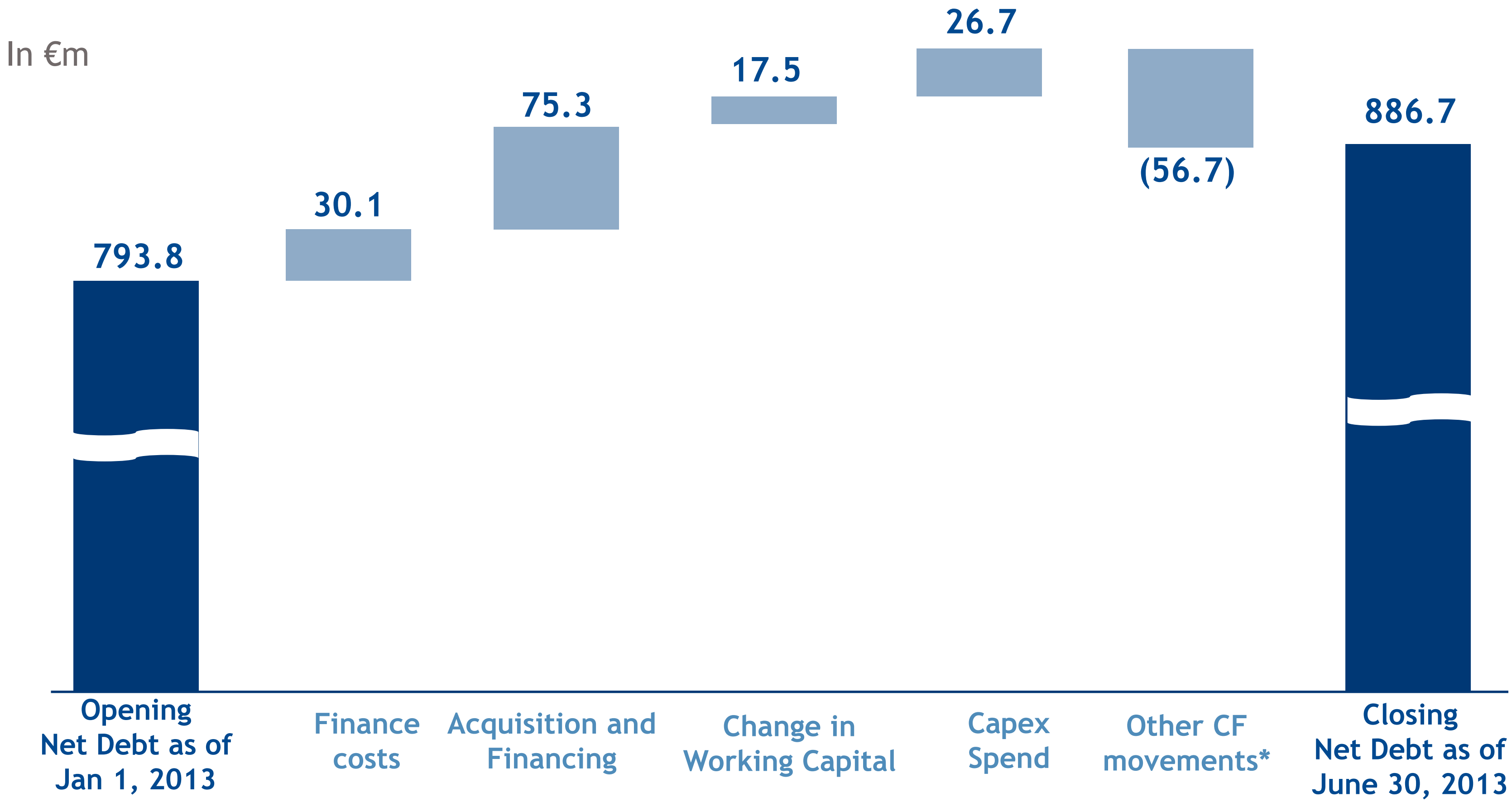


| In €m | As of June 30, 2013 |
|---|---|
| Cash & Cash Equivalents | 51.1 |
| Credit Lines of €75.0<br>(of which drawn: €30.0 million) | 45.0 |
| Available Liquidity | 96.1 |

- **Cash and Cash Equivalents at €51.1 million at the end of June 30, 2013, compared to €53.6 million at the end of June 30, 2012**
- **€30m drawn down from the RCF pending implementation of factoring arrangements as of Q2 2013**
  - €10m of the RCF was repaid in August 2013

# Net Debt Bridge






* *Including cash taxes as well as other cash inflow and outflow related to operating and investing activities*



# Progressing into H2 2013

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# Macro Outlook / Progressing into H2 2012



- **Raw Material outlook for the next two quarters**
  - Q3 2013 raw material prices to be similar to Q2 2013 levels
  - Initial indications point towards a slight increase in prices for Q4 2013
- **Continuing to monitor currency movements closely and their impact on trading**
  - Working on initiatives to help mitigate the adverse impact from currencies
- **Serenity**
  - Team integration continues in both directions
  - Systems integration planned for 1 January 2014
- **Search for a new site will delay the planned centralisation of production sites in France**



# Q&A – Q2 2013


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