



Ontex pre-announces results, reflecting revenue and margin decrease in a weaker-than-expected market, leading to a review of full year guidance

- > Revenue drop by 4% in H1, caused mainly by weak baby care demand in Europe;
- > Adj. EBITDA margin down by 2.2pp in H1, due to lower fixed cost absorption caused by lower volumes, and a rising cost environment;
- > Full year outlook reviewed, now expecting low single digit revenue contraction and adj. EBITDA in €200-210 million range.

CEO quote

"Results in the second quarter were below our expectations. The geopolitical environment has impacted consumer demand in our markets, particularly baby care, which declined at a high single digit rate. Retailer brands faced intense promotional activity by branded players, and some customers destocked in some of our key markets. These trends, combined with some temporary supply chain disruptions, resulted in significantly lower-than-expected volumes, which impacted our revenue and adjusted EBITDA margin. Importantly, however, our adult care business continues to participate in a strongly growing market and our contract gain/loss balance in baby care remains positive in Europe and in North America.

The first half results led us to revise the full year outlook. We expect higher revenue in the second half, thanks to the start-up of confirmed contracts in North America and in Europe, while market conditions remain similar. These will significantly enhance the absorption of the fixed costs, and our cost base shall also benefit as temporary supply chain disruptions in Europe are being solved and SG&A is aligned to our current reality.

The weak second quarter, while disappointing, will not derail us from our strategic journey. We are steadily progressing and deliver results step by step. The reshaping of the portfolio and the strengthening of the balance sheet have been largely realized. The innovation pipeline has been strengthened and will continue to deliver. Our business in North America has demonstrated fast growth, on the pursuit of scale, and we have taken major steps toward best-in-class operations. These structural changes will gradually improve our resilience to market fluctuations."

H1 2025 results^[1]

- > **Revenue** was €880 million, a 4.0% like-for-like decrease. The carry-over from price decreases in 2024 resulted in an expected price reduction of 1.0%, mostly occurring in the first quarter. Volumes decreased by 3.0% including mix effects, primarily in the second quarter, which was overall in line with the drop in demand in Ontex's key markets. Net contract gains contributed positively to the volumes, especially in North America. While in Europe, Ontex faced temporary supply chain disruptions caused by unavailability of certain raw materials, the plant outage in Spain, and delayed capacity ramp-up in certain new products.
 - Revenue in the **baby care** category was 9.8% lower like for like, of which 7.8% on volume and mix, reflecting the very weak consumer demand for retailer brands in the European and North American markets, which declined by high single digit overall. Retailer brands faced heavy promotional activity by branded players in both regions. The impact on Ontex revenue was higher due to its particular exposure to countries where these effects were more pronounced, such as the UK and Poland, and due to some customers destocking.
 - Revenue in **feminine care** was down by 5.5% like for like, lower than the slight decrease in consumer demand in Europe, caused by the price decrease and temporary supply chain constraints mainly linked to the plant outage in Spain.
 - Revenue in **adult care** was up by 2.6% like for like, reflecting continued demand in the retail channel and stable demand in the healthcare channel in Europe.

[1] The pre-announced results are unaudited. The complete audited results are expected by July 31, 2025.

Unless otherwise indicated, all comments in this document are on a year-on-year basis and for revenue specifically on a like-for-like (LFL) basis (at constant currencies and scope and excluding hyperinflation effects).

- > **Adjusted EBITDA** was €86 million, compared to €110 million in 2024, representing a margin contraction by 2.2pp to 9.8%. The decrease reflects the direct impact of the €(9) million sales price decrease, and the €(11) million impact of lower volumes, including the effect of lower fixed cost absorption. The cost transformation program helped to mitigate the impact of higher costs and temporary inefficiencies.
 - **Raw material costs** rose by some 4% in the half year, resulting in a €(19) million impact, with most in the second quarter. Prices increased for most raw materials, and for fluff in particular, but are decreasing meanwhile.
 - **Other operating costs** were up by about 8%, resulting in a €(22) million impact, of which about half was linked to inflation of salaries and of logistic and other services, while the other half was linked to temporary inefficiencies that mainly affected the second quarter. In North America additional costs were incurred to prepare the ramp-up of production in the second half of the year and to anticipate the potential impact of US import tariffs, albeit that these eventually did not apply. In Europe the supply chain disruptions also led to additional compensating costs in manufacturing and distribution.
 - The **cost transformation program** delivered €34 million net savings, which represents a strong reduction of the operating costs by 5%, and this despite the lower volume base. The savings are partly linked to the progress made on the transformation of Ontex's operational footprint in Europe.
 - **SG&A costs** were re-adjusted to reflect the lower profitability level.
- > **Operating profit** was €43 million, including €(5) million one-offs, mostly restructuring costs, and €(38) million depreciation.
- > **Free cash flow** was €(40) million, reflecting the lower EBITDA contribution, the lower use of factoring, the increase in capital expenditure and the cash-out for restructuring. Capital expenditure remains at a higher level, €(45) million in the half year, as Ontex pursues its growth and cost transformation program. Lease payments were stable at €(13) million. While underlying working capital needs were minimal, requiring €(1) million, social liability fluctuations were €(7) million, and the use of factoring reduced by €(9) million. Taxes accounted for €(10) million and payments related to financing were €(26) million. Cash-out for restructuring and one-offs was €(23) million, primarily related to the on-going transformation in the Belgian operations.
- > **Net financial debt** for the Total Group was €552 million at the end of June, compared to €612 million at year start. The decrease over the quarter is mainly linked to the €101 million proceeds received on divestments, mainly for the Brazilian business, which includes the proceeds received at closing early April, and the escrow that was released at the end of June. These proceeds remain subject to customary balance sheet adjustments and some transaction costs. Besides the free cash flow, the cash outflow consisted of €11 million share buy-backs to finalize the program launched at the end of 2024 covering for long-term incentive plans. Non-cash impacts reduced net debt for €10 million, mainly related to lower leasing following the Brazilian divestment. With the lower EBITDA contribution, the leverage ratio rose from 2.5x to 2.7x. Gross financial debt reduced to €698 million, including the emission of a new 5.25% bond for €400 million maturing in 2030, and the early repayment of the prior 3.50% bond for €580 million.

2025 full year outlook ^[2]

Results in the second half are anticipated to recover. Revenue is expected to rebound even if consumer demand remains soft. The main contributors to this revenue expansion over the first half year are the commencement of new contracts in Europe and North America during the third quarter and the end of customer destocking. This volume growth will strongly impact the adjusted EBITDA margin through fixed cost absorption. The temporary supply chain inefficiencies that affected both volume growth and caused additional costs have been resolved. Moreover, raw material costs are decreasing on lower indices. Meanwhile Ontex continues to implement its cost transformation program which will drive further savings and activate additional production capabilities in growing product categories.

Consequently, it is expected that for the second half of 2025:

- > **Revenue** recovers to be in line with the second half of 2024;
- > **Adjusted EBITDA** returns to year-on-year growth;
- > **Free cash flow** generation will be positive, offsetting the outflow in the first half of 2025.

Ontex thereby adapted its full year guidance to the new reality and now expects:

- > **Revenue** to reduce by low single digit like for like (previously expected to grow by 3% to 5% like for like);
- > **Adjusted EBITDA** to be in a range of €200 to €210 million (previously expected to grow by 4% to 7% or in a range of €232 to €238 million);
- > **Free cash flow** to be around zero (previously to remain strong);
- > **Leverage** at around 2.5x by year end (previously below 2.5x).

[2] Ontex expectations assume no changes to existing international import tariff situation.

Key business^[3] & financial indicators

Business results in € million	Q2				H1			
	2025	2024	%	% LFL	2025	2024	%	% LFL
Revenue	429.7	455.9	-5.8%	-5.2%	880.3	916.1	-3.9%	-4.0%
Adult Care	203.7	195.7	+4.1%	+3.9%	406.1	394.5	+2.9%	+2.6%
Baby Care	163.7	195.2	-16.1%	-14.6%	351.9	390.7	-9.9%	-9.8%
Feminine Care	57.8	60.3	-4.0%	-3.5%	114.0	120.5	-5.4%	-5.5%
Operating expenses (excl. DA)	(394.0)	(399.0)	+1.3%		(794.1)	(806.3)	+1.5%	
Adj. EBITDA	35.7	56.9	-37.3%		86.2	109.8	-21.5%	
Adj. EBITDA margin	8.3%	12.5%	-2.2pp		9.8%	12.0%	-2.2pp	
(EBITDA adjustments)	(2.6)	(41.6)	+93.7%		(5.3)	(42.2)	+87.5%	
Depreciation & amortization	(19.2)	(18.4)	-4.1%		(38.1)	(36.4)	-4.7%	
Operating profit/(loss)	13.9	(3.1)			42.8	31.1	+38%	

Revenue in € million	2024	Vol/mix	Sales price	2025 LFL	Forex	2025
Q2	455.9	-21.7	-1.8	432.4	-2.8	429.7
		-4.8%	-0.4%	-5.2%	-0.6%	-5.8%
H1	916.1	-27.5	-9.1	879.5	+0.8	880.3
		-3.0%	-1.0%	-4.0%	+0.1%	-3.9%

Adj. EBITDA in € million	2024	Vol/mix	Sales price	Raw mat'ls	Operat. costs	Operat. savings	SG&A/ Other	Forex	2025
Q2	56.9	-8.3	-1.8	-15.9	-14.5	+18.8	+0.5	+0.0	35.7
		-14.7%	-3.2%	-28.0%	-25.5%	+33.1%	+1.0%	+0.0%	-37.3%
H1	109.8	-10.7	-9.1	-18.8	-22.5	+34.1	+3.9	-0.6	86.2
		-9.7%	-8.3%	-17.1%	-20.5%	+31.1%	+3.6%	-0.5%	-21.5%

Financial results in € million	H1		
	2025	2024	%
Capex	(44.5)	(37.9)	-17%
Free cash flow	(40.3)	43.2	-193%
Net working capital [4]	123.0	117.5	+5%
Working capital / revenue [4]	6.8%	5.3%	+1.5pp
Gross financial debt [4]	698.0	736.3	-5%
Net financial debt [4]	552.2	612.0	-10%
Leverage ratio [4]	2.68x	2.46x	+0.21x

[3] Business P&L figures, represent continuing operations, i.e. Core Markets, only. As from 2022, Emerging Markets are reported as assets held for sale and discontinued operations, following the strategic decision to divest these businesses. Most of these were divested to date.

[4] Working capital, debt and leverage data represent the situation at the end of the period, i.e. 30/06/2025, and compare to the start of the period, i.e. 31/12/2024.

Practical information

Disclaimer

This report 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.

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Corporate information

This document and the related unaudited financial information of Ontex Group NV for the six months ended June 30, 2025, was authorized for publication in accordance with a resolution of the Board on July 15, 2025.

Audio webcast

Management will host an audio webcast for investors and analysts on July 16, 2025 at 10:00 CEST / 09:00 BST. To attend, click on <https://ontexgroup.engagestream.companywebcast.com/2025-07-16-call>. A replay will be available on the same link shortly after the live presentation. A copy of the presentation slides will be available on ontex.com.

Financial calendar

> July 31, 2025	Q2 & H1 2025 full results publication
> October 30, 2025	Q3 2025 results publication
> February 12, 2026	Q4 & full year 2025 results publication

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About Ontex

Ontex is a leading international developer and producer of baby care, feminine care and adult care products, for retailer and healthcare brands across Europe and North America. The group employs about 5,500 people with plants and offices in 12 countries (excl. discontinued operations), and its innovative products are distributed in around 100 countries. [Ontex](https://ontex.com) is headquartered in Aalst, Belgium and is listed on [Euronext Brussel](https://www.euronext.com/brussels/), where it is a constituent of the [Bel Mid®](https://www.belmid.be/) index. To keep up with the latest news, visit ontex.com or follow Ontex on [LinkedIn](https://www.linkedin.com/company/ontex/).