Press release
Regulated information
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Steady progress on Ontex's transformation, realizing key strategic milestones, while continuing to deliver solid results

> Social negotiations regarding transformation of Belgian operating footprint concluded successfully;

> Agreement reached to sell Brazilian business;

> Cost transformation program delivery and revenue growth of 2% LFL drove adj. EBITDA up by 29% year on year, and margin to 12%;

> Leverage ratio further improved to 2.4x;

> Full year outlook for adj. EBITDA margin, free cash flow and leverage confirmed, while revenue growth expected between 2% and 3% LFL.

CEO quote

Gustavo Calvo Paz, Ontex's CEO, said: "*With the agreement to sell our Brazilian operations, Ontex's transformation is marking a major milestone, shifting our focus even more to retail brands and healthcare in the rapidly growing North American market and in the streamlined European market. Finalizing social negotiations to optimize our European manufacturing footprint has been another milestone to realize that. Meanwhile we delivered solid results, allowing us to confirm our adjusted EBITDA margin and free cash flow expectations, which is an excellent achievement for the entire Ontex team.*"

Q3 2024 results

> **Revenue** [1] was €468 million, up 1.7% like for like. Volumes, including mix effects, were up 4.4%, driven by contract gains and supportive demand in adult care, and by growth in baby care with new retail customers in North America. Sales prices were 2.6% lower, as expected, reflecting raw material index decreases and investments in increased competitiveness. Forex fluctuations were supportive, adding 0.7%, bringing total growth at 2.4%.

> **Adjusted EBITDA** [1] was €56 million, up 29% year on year, thanks to volume and mix growth and the cost transformation program delivery, contributing €8 million and €14 million respectively. The operational efficiency improved further by 3.7%, driving stronger profitability and competitiveness. Index-driven lower raw material costs more than compensated for lower sales prices, leading to a €4 million positive net impact. The increase of other operating and SG&A costs had a €(12) million effect, mostly due to continued inflation. Forex fluctuations had an adverse effect of €(2) million. The adjusted EBITDA margin thereby rose to 12.0%, up 2.4pp year on year.

> **Operating profit** [1] was €8 million, compared to €29 million in 2023. The decrease relates to the transformation of the Belgian operating footprint and reflects the additional one-time provisions taken following the recent successful conclusion of the social plan negotiations.

> **Discontinued operations** generated a €14 million operating profit, compared to €12 million in 2023. While revenue was 3.0% lower like for like and the adjusted EBITDA margin dropped to 7.6%, reflecting more challenging market conditions, this was compensated by a net gain on disposal, that was triggered by the agreement to divest the Brazilian business.

- **Net financial debt** for the Total Group dropped €9 million to €579 million over the quarter. Combined with the adjusted EBITDA improvement, the leverage ratio thereby fell from 2.5x at the end of June to 2.4x at the end of September.

Strategic developments

- In September, Ontex reached a binding agreement to sell its Brazilian business activities to Softys SA for an enterprise value of approximately €110 million, enabling improved focus on retail brands and healthcare in Europe and North America. Net proceeds of approximately €82 million are due at closing, which is expected during the first half of 2025, subject to customary conditions.
- In October, the social negotiations regarding the transformation of the operating footprint in Belgium were successfully concluded. This transformation fits in Ontex's footprint optimization, allowing to further strengthen Ontex's competitive position. The total one-time cost is estimated at €(66) million, of which €(37) million was already recorded in the second quarter.

2024 outlook

Ontex's management confirms its guidance for adjusted EBITDA margin, free cash flow and leverage for the full year. While new customers are on-boarded in North America, the ramp-up is phased more gradually over the third quarter and the coming months, leading management to review its revenue growth guidance, now expecting:

- **Revenue** [1] to grow between 2% and 3% like for like;
- **Adjusted EBITDA margin** [1] of 12%;
- **Free cash flow** higher than €20 million;
- **Leverage ratio** below 2.5x at year end.

[1] Reported 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.

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). Definitions of Alternative Performance Measures (APMs) in this document can be found on page 6.

Key business and financial indicators

Business results in € million	Q3 2024	 2023	 %	 % LFL	9 months 2024	 2023	 %	 % LFL
Core Markets (continuing operations)								
Revenue	468.0	456.9	*+2.4%*	*+1.7%*	1,384.0	1,348.7	*+2.6%*	*+2.4%*
Baby Care	201.3	202.3	*-0.5%*	*-1.2%*	592.0	598.9	*-1.1%*	*-1.7%*
Adult Care	200.2	185.0	*+8.2%*	*+7.6%*	594.8	544.9	*+9.2%*	*+10%*
Feminine Care	56.6	61.0	*-7.1%*	*-7.8%*	177.2	184.0	*-3.7%*	*-4.3%*
Adj. EBITDA	56.1	43.6	*+29%*		165.8	127.4	*+30%*	
Adj. EBITDA margin	*12.0%*	*9.5%*	*+2.4pp*		*12.0%*	*9.4%*	*+2.5pp*	
Operating profit	8.3	29.3	*-71%*		39.4	64.9	*-39%*	
Emerging Markets (discontinued operations) [2]								
Revenue	68.3	111.0		*-3.0%*	234.2	448.1		*-4.6%*
Adj. EBITDA	5.2	14.8			25.2	37.6		
Adj. EBITDA margin	*7.6%*	*13.3%*	*-5.8pp*		*10.8%*	*8.4%*	*+2.4pp*	
Operating profit	13.5	12.3			6.7	9.5		
Total Group [2]								
Revenue	536.2	567.9		*+1.0%*	1,618.2	1,796.8		*+1.3%*
Adj. EBITDA	61.2	58.4			191.0	165.0		
Adj. EBITDA margin	*11.4%*	*10.3%*	*+1.1pp*		*11.8%*	*9.2%*	*+2.6pp*	
Operating profit	21.9	41.6			46.2	74.4		
Net financial debt [3]					579.5	665.3	*-13%*	
Leverage ratio [3]					*2.4x*	*3.3x*	*(0.9x)*	

Core Markets revenue in € million	**2023**	Vol/mix	Sales price	**2024 LFL**	Forex	**2024**
Q3	456.9	+20.0	-12.0	464.8	+3.1	468.0
9 months	1,348.7	+61.5	-28.6	1,381.7	+2.3	1,384.0

Core Markets adj. EBITDA [4] in € million	**2023**	Vol/mix /price	Raw mat'ls	Operat. costs	Operat. savings	SG&A/ Other	Forex	**2024**
Q3	43.6	-4.4	+16.0	-10.1	+14.2	-1.6	-1.6	56.1
9 months	127.4	-14.7	+38.9	-21.1	+51.3	-13.7	-2.3	165.8

[2] The Emerging Markets and Total Group year-on-year comparison is affected by divestments, i.e. the Mexican business activities in 2023 and the Algerian and Pakistani ones in 2024. The LFL comparison is corrected for this scope reduction.

[3] Balance sheet data reflect the end of the period and compare to the start of the period, i.e. December 2023.

[4] The adjusted EBITDA bridge methodology was changed in order to only present currency translation effects separately, whereas before all foreign exchange and hedge effects were presented separately.

Q3 2024 business review of Core Markets (continuing operations)

Revenue

Revenue was €468 million, up 1.7% like for like. Lower sales prices were more than offset by the volume and mix growth, driven by adult care and by retail baby care in North America. Forex fluctuations were supportive, leading to a total 2.4% year-on-year increase versus the third quarter of 2023 and a 2.6% sequential increase versus the second quarter of 2024.

Volumes were up 4.4% including mix effects. In adult care these were up double digit thanks to market share gains in the institutional channel and an overall supportive retail market in Europe, in line with societal trends. Baby care volumes were up as well, thanks to double digit growth in North America, boosted by the recent contract gains with retailers. The growth acceleration in the region was tempered, however, by phasing of the order ramp-up and by lower deliveries in the contract manufacturing channel. In Europe baby care volumes were solidly stable, outperforming the subdued market demand, in which retail brands did not gain further market share due to intensified promotional activity by branded players. Refocusing and optimization of the portfolio, led to lower feminine care sales in North America.

Sales prices were lower across categories and 2.6% down on average compared to last year, stabilizing versus the second quarter of this year. This was expected, reflecting planned investments in competitiveness, and adjustments for the decrease of raw material price indices since 2023.

Forex fluctuations were supportive, adding 0.7%, mainly thanks to the appreciation of some non-euro denominated currencies in Europe.

Adjusted EBITDA

Adjusted EBITDA was €56 million, up 29% year on year, thanks to volume and mix growth of €8 million and the cost transformation program delivery. Net pricing had a positive impact, with lower raw material prices offsetting lower sales prices. The increase of other operating and SG&A costs weighed on the result and forex fluctuations also had a slight adverse impact.

The **cost transformation program** delivered €14 million net operating savings, leading to a reduction of the operating cost base by 3.7% year on year, with purchasing, supply chain, product innovation and manufacturing initiatives. To further support these initiatives in the coming years, Ontex is transforming its operating footprint in Belgium, with the closure of its Eeklo plant by year end, and the transformation of its Buggenhout plant over the next two years into a center of excellence for research, development and production of medium and heavy incontinence care products.

Net pricing had a €4 million positive impact. The year-on-year decrease of raw material indices impacted purchase prices positively for €16 million, in particular for fluff, super-absorbent polymers and non-woven materials. This more than offset the €(12) million effect of lower sales prices. Raw material indices started to rise sequentially again in the second half of 2023 but have largely stabilized since mid-2024.

Other operating costs were up by €10 million year on year, largely due to inflation of salaries, energy and distribution costs. These were exacerbated by temporary inefficiencies resulting from the North American production ramp-up and the footprint adjustments in Europe.

SG&A expenditure was up as well, by €2 million, mainly due to salary inflation.

Forex fluctuations had a €(2) million net negative impact, mainly linked to the depreciation of the Mexican peso affecting the contribution from the Tijuana plant.

The **Adjusted EBITDA margin** was 12.0%, up 2.4pp year on year compared to the third quarter of 2023, and down 0.5pp sequentially versus the second quarter of 2024.

Q3 2024 financial review of Total Group

P&L

Operating profit from continuing operations was €8 million, compared to €29 million in 2023. While adjusted EBITDA came out €12 million higher, depreciation was €(19) million, which is €(2) million more than the year before due to the increased level of investment in the recent period. Moreover, EBITDA adjustments were taken for €(29) million costs related to the transformation of its operating footprint in Belgium. It represents the additional provision taken for the recently successfully concluded social plan, and comes on top of the €(37) million provision taken in the second quarter already, which covered the redundancy cost according to the Belgian legal requirements. About half of the total amount of €(66) million is anticipated to be spent in 2024, and the remainder in 2025 and 2026.

Discontinued operations generated a revenue of €68 million, 3% lower like for like. The adjusted EBITDA was €5 million, resulting in a 7.6% margin. The revenue decrease and the 5.8pp lower margin reflect the more challenging market conditions in Brazil and in the remaining business in the Middle East. EBITDA adjustments were made for the one-time net gain on disposal of €8 million triggered by the divestment of the Brazilian business, consisting of a partial reversal of the impairment taken in 2021, netted with divestment costs. The operating profit from discontinued operations thereby amounted to € 14 million.

Balance sheet

Net financial debt for the Total Group dropped a further €9 million to €579 million at the end of September, thanks to the solid adjusted EBITDA delivery. This represents a €86 million improvement since the start of the year and allows to minimize the need to use the revolving credit facility.

The **leverage ratio** decreased further to 2.4x, from 2.5x at the end of June and 3.3x at the start of the year, as a combination of the net financial debt reduction and the further increase of the adjusted EBITDA of the Total Group generated in the last twelve months.

Alternative performance measures

Alternative performance measures (non-GAAP) are used in this press release since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of operating results, performance or liquidity under IFRS.

Net financial debt and leverage ratio

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. The leverage ratio is calculated by dividing the net financial debt by the adjusted EBITDA for the last twelve months (LTM). It excludes the contribution of businesses divested since, i.e. the Mexican business activities, divested in the second quarter of 2023, and the Algerian and Pakistani businesses in the second quarter of 2024.

Reconciliation of net financial debt		**30/09/2024**			**31/12/2023**		
in € million		Cont.	Discont.	Total	Cont.	Discont.	Total
Non-current interest-bearing debts	*A*	667.0	12.1	679.0	671.8	15.3	687.0
Current interest-bearing debts	*B*	35.7	3.8	39.5	141.1	5.4	146.5
Gross financial debt	*C = A+B*	**702.7**	**15.8**	**718.5**	**812.9**	**20.7**	**833.5**
Cash & cash equivalents	*D*	72.4	66.6	139.1	97.2	71.1	168.3
Net financial debt	*E = C-D*	**630.2**	**(50.8)**	**579.5**	**715.7**	**(50.4)**	**665.3**
Adj. EBITDA (LTM) [5]	*F*	212.3	29.0	241.3	173.9	30.7	204.6
Leverage ratio	*G = E/F*			***2.4x***			***3.3x***

[5] The Last-Twelve-Months (LTM) adj. EBITDA excludes the contribution from the divested Mexican businesses for 2023, and the Algerian and Pakistani businesses for 2024.

Like-For-Like (LFL) revenue and growth

Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A and hyperinflation impacts. The reconciliation of like-for-like revenue can be found on page 3. Like-for-like growth compares the like-for-like revenue with the revenue of the previous year.

EBITDA and adjusted EBITDA, and related margins

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA plus EBITDA adjustments. EBITDA and adjusted EBITDA margins are EBITDA and adjusted EBITDA divided by revenue.

EBITDA adjustments are made for income and expenses that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Group. These income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company, and relate to:

- acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- changes to the Group structure, business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- impairment of assets and major litigations.

In the consolidated income statement these EBITDA adjustments are composed of the following items:

- income/(expenses) related to changes to Group structure; and
- income/(expenses) related to impairments and major litigations.

Reconciliation of income statement		**2024**			**2023**		
in € million		Cont.	Discont.	Total	Cont.	Discont.	Total
Q3							
Revenue	*a*	**468.0**	**68.3**	**536.2**	**456.9**	**111.0**	**567.9**
Operating profit	*b*	8.3	13.5	21.9	29.3	12.3	41.6
Depreciation & amortization	*c*	(18.7)	0.0	(18.7)	(16.3)	(0.0)	(16.3)
EBITDA	*d = b-c*	27.0	13.5	40.5	45.6	12.3	57.9
EBITDA adjustments	*g*	29.1	(8.4)	20.7	(2.0)	2.5	0.4
Adj. EBITDA	*h = d+g*	**56.1**	**5.2**	**61.2**	**43.6**	**14.8**	**58.4**
Adj. EBITDA margin	*i = h/a*	***12.0%***	***7.6%***	***11.4%***	***9.5%***	***13.3%***	***10.3%***
9 months							
Revenue	*a*	**1,384.0**	**234.2**	**1,618.2**	**1,348.7**	**448.1**	**1,796.8**
Operating profit	*b*	39.4	6.7	46.2	64.9	9.5	74.4
Depreciation & amortization	*c*	(55.1)	(0.0)	(55.1)	(52.0)	(0.0)	(52.0)
EBITDA	*d = b-c*	**94.5**	**6.7**	**101.3**	**116.9**	**9.5**	**126.4**
EBITDA adjustments	*g*	71.3	18.5	89.8	10.5	28.0	38.6
Adj. EBITDA	*h = d+g*	**165.8**	**25.2**	**191.0**	**127.4**	**37.5**	**165.0**
Adj. EBITDA margin	*i = h/a*	***12.0%***	***10.8%***	***11.8%***	***9.4%***	***8.4%***	***9.2%***

More information on the EBITDA adjustments can be found on page 5.

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

The financial information in this document of Ontex Group NV for the nine months ended September 30, 2024 was authorized for issue in accordance with a resolution of the Board on October 23, 2024.

Audio webcast

Management will host an audio webcast for investors and analysts on October 24, 2024 at 12:00 CEST / 11:00 BST. To attend, click on https://channel.royalcast.com/landingpage/ontexgroup/20241024_1. 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

> February 19, 2025	Q4 & full year 2024 results
> April 30, 2025	Q1 2025 results
> May 5, 2025	2025 Annual general meeting of shareholders
> July 31, 2025	Q2 & H1 2025 results
> October 30, 2025	Q3 2025 results

Enquiries

> Investors	Geoffroy Raskin	+32 53 33 37 30	investor.relations@ontexglobal.com
> Media	Maarten Verbanck	+32 53 33 36 20	corporate.communications@ontexglobal.com

About Ontex

Ontex is a leading international developer and producer of baby care, feminine care and adult care products, both for retailers and healthcare. Ontex's innovative products are distributed in around 100 countries through retailers and healthcare providers. Employing some 7,200 people, Ontex has a presence in 14 countries, with its headquarters in Aalst, Belgium. Ontex is listed on Euronext Brussel and is a constituent of the Bel Mid® index. To keep up with the latest news, visit ontex.com or follow Ontex on LinkedIn, Facebook, Instagram and YouTube.