Press release
Regulated information
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Strong Q1 2024 results with continued revenue growth and margin improvement

> Revenue grew 4% like for like, driven by volumes in North America;
> Adjusted EBITDA margin rose 2.4pp to 11.5%, fueled by cost transformation program;
> Leverage ratio reduced from 3.3x to 2.8x over quarter;
> Full year outlook confirmed.

Q1 2024 results

- Revenue [1] was €460 million, up 4% like for like. Volume and mix was up 5%, driven by double-digit growth in North America and other selected categories. Prices were down slightly on the basis of lower raw material prices. Including slightly adverse forex, revenue growth was 3%.
- Adjusted EBITDA [1] was €53 million, up €12 million year on year, and €6 million quarter on quarter, with the cost transformation program as the main driver delivering 5% operational efficiencies. Lower raw material costs more than offset reduced pricing, while other operating costs and SG&A were still up with inflation. The adjusted EBITDA margin rose to 11.5%, up 2.4pp year on year and 1.1pp quarter on quarter. The operating profit doubled to €34 million, from €17 million last year.
- Net debt for the Total Group was €646 million at the end of March, a €20 million decrease over the quarter, which combined with the further adjusted EBITDA improvement, led to a significant leverage ratio reduction from 3.3x at the start of the year to 2.8x at the end of March.

CEO quote

Gustavo Calvo Paz, Ontex's CEO, said: "*We delivered a strong start of the year. We finalized the Algerian divestment allowing us to focus more on our Core Markets, we rolled out new products and grew volumes by strong double digits in North America, and our cost transformation program has delivered structural savings yet again. Our achievements so far and the dedication of the Ontex teams give me confidence to make further way on our strategic journey to be the number 1 trusted partner for our retail and healthcare customers.*"

2024 Outlook

Based on solid 2023 results, delivery so far in 2024, and progress made on Ontex's structural transformation, Ontex's management confirms its previously iterated guidance, expecting:

- Revenue [1] to grow by low single-digit like for like, supported by strong double-digit growth in North America, while managing prices in function of input costs and market dynamics;
- Adjusted EBITDA margin [1] within a range of 11% to 12%, based on continued delivery of the cost transformation program;
- Further progress on divesting the remaining discontinued operations of Emerging Markets activities, which meanwhile are to contribute positively to adjusted EBITDA and free cash flow;
- Free cash flow to improve year on year, while self-funding the accelerated Group transformation through investments in excess of 6% of Core Markets revenue;
- Leverage ratio to reduce further by year end to below 2.8x.

Key Q1 2024 financials

Key indicators

Business results	**First 3 Months**			
in € million	2024	2023	%	% LFL
Core Markets (continuing operations)				
Revenue	460.2	445.9	*+3%*	*+4%*
Baby Care	195.5	195.1	+0%	*+0%*
Adult Care	198.9	183.0	+9%	*+10%*
Feminine Care	60.3	61.3	-2%	*-2%*
Adj. EBITDA	52.9	40.7	+30%	
Adj. EBITDA margin	*11.5%*	*9.1%*	*+2.4pp*	
Operating profit/(loss)	34.2	17.0	+101%	
Emerging Markets (discontinued operations) [2]				
Revenue	91.2	205.8	-56%	*-1%*
Adj. EBITDA	11.8	15.0	-22%	
Adj. EBITDA margin	*12.9%*	*7.3%*	*+5.6pp*	
Operating profit/(loss)	11.4	12.4	-8%	
Total Group [2]				
Revenue	551.3	651.6	*-15%*	*+3%*
Adj. EBITDA	64.6	55.7	*+16%*	
Adj. EBITDA margin	*11.7%*	*8.5%*	*+3.2pp*	
Operating profit/(loss)	45.6	29.4	+55%	
Net financial debt [3]	645.7	665.3	-3%	
Leverage ratio [3]	*2.8x*	*3.3x*	*(0.4x)*	

Core Markets (continuing operations) year-on-year evolution

Revenue in € million	**2023**	Vol/mix	Price	**2024 LFL**	Forex	**2024**
First 3 Months	445.9	+20.2	-3.6	462.4	-2.3	460.2

Adj. EBITDA in € million	**2023**	Vol/mix /price	Raw mat'ls	Operat. costs	Operat. savings	SG&A/ Other	Forex	**2024**
First 3 Months	40.7	-2.2	+7.1	-5.5	+18.3	-6.5	+0.9	52.9

[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.

[2] Emerging Markets and Total Group year-on-year comparison is affected by the divestment of the Mexican business activities as of May 2023. The like-for-like comparison is corrected for the scope reduction.

[3] Balance sheet data are compared to start of the period, i.e. March 2024 versus December 2023.

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 5.

Q1 2024 business review of Core Markets (continuing operations)

Revenue

Revenue was €460 million, up 4% like for like compared to the first quarter of 2023, driven by 10% higher adult care sales, which more than compensated for stable revenue in baby care and slightly lower sales in feminine care. Including slightly adverse forex effects, total revenue growth was 3% year on year.

Volume and mix was up 5% year on year, driven by double-digit growth in selected categories, especially in North America. The strong increase in that region contrasted with continued lower market demand there, and was largely based on new contracts that kicked in during the second half of 2023 and in the first quarter of 2024. Further volume growth in the year will be supported by additional secured contracts. The year-on-year comparison was also supported by the customer destocking in the first quarter of 2023 which depressed order levels at that time.

In the European market, demand for baby care products remained soft. Promotional activities by branded players, trying to recover volume losses incurred last year, temporarily tempered the share gains of retail brands. Retail brands continued to outperform stable demand in feminine care, however. And in adult care, where demand continued to grow supported by societal trends, retail brands gained market share. Ontex's sales volumes in Europe overall reflected these market trends, including double digit growth in selected categories such as adult care, especially in the healthcare channel, and such as baby pants.

Prices were down 1% on average compared to last year. While in certain categories, such as healthcare, prices were still slightly higher than in the first quarter of 2023, as these contracts typically have a longer term and are more rigid, on average prices have been coming down sequentially since the second half of 2023, reflecting the raw material price decreases which had started earlier that year.

Forex fluctuations had an adverse impact of 1% year on year. The depreciation of the Russian ruble, and to a lesser extent the US and Australian dollar, more than offset the appreciation of the Polish zloty and the British pound.

Adjusted EBITDA

Adjusted EBITDA was €53 million, up €12 million compared to the first quarter of 2023, and up €6 million versus the last quarter, mainly thanks to relentless focus on delivering on the cost transformation program. The adjusted EBITDA margin rose to 11.5%, up 2.4pp year on year and 1.1pp quarter on quarter.

Volume and mix growth had a slight €1 million positive impact on adjusted EBITDA, while the price decrease had a €4 million negative impact.

Cost transformation measures resulted in €18 million net savings, leading to a reduction of the operating cost base by 4.8%. Product innovations, manufacturing and supply chain improvements, and especially procurement initiatives were the drivers behind the structural savings.

Raw material cost decreases had a €7 million positive impact, reflecting the year-on-year lower price indices for fluff, super-absorbent polymers and non-woven materials compared to the first quarter of 2023. However, compared to the last quarter, raw materials prices have started to increase again. Other operating costs were up by €5 million year on year, largely due to inflation of salaries, energy and distribution costs. SG&A expenditure was up by €6 million, as well on salary inflation, but also including the actualization of variable remuneration in the quarter.

Forex fluctuations had a €1 million net positive impact, as the positive effect on cost of the depreciation of the US dollar more than compensated for the negative forex impact on revenue.

Q1 2024 financial review of Total Group

P&L

Operating profit (of continuing operations) was €34 million, double the €17 million delivered in the first quarter of 2023, thanks to the improved adjusted EBITDA and a low level of restructuring charges, i.e. €1 million, whereas last year €7 million charges were booked in the first quarter. Depreciation was €18 million, largely in line with last year.

Discontinued operations, consisting of the Emerging Markets division, generated a revenue of €91 million. The decrease compared to €206 million in the first quarter of 2023, was mainly due to the scope reduction following the divestment of the Mexican business in the second quarter of 2023, and to a smaller extent due to forex effects. On a like-for-like basis, revenue was 1% lower. While the business in the Middle East improved further, in Brazil volume and prices decreased. Forex effects were slightly negative. Adjusted EBITDA came in at €12 million and margin at 12.9%. EBITDA adjustments of less than €1 million were made for divestment-related costs. This brought the operating profit at €11 million, compared to €12 million last year, which still included the contribution from the Mexican business.

Total Group revenue thereby was €551 million and adjusted EBITDA €65 million. The scope-adjusted last-twelve-months adjusted EBITDA was €229 million.

Cash and balance sheet

Net debt for the Total Group was €646 million at the end of March, a €20 million decrease over the quarter. Strong EBITDA offset working capital and capex needs to support business growth, as well as tax and financing cash-out. Capital expenditure remained well below 6% of revenue in the quarter, due to phasing of payments over the year, and is expected to increase in the coming quarters as Ontex is ramping up investments in its transformation and business expansion. The financing cash-out was in line with the previous year and included the semi-annual coupon payment on the fixed rate bond.

The leverage ratio decreased further to 2.8x from 3.3x at the start of the year. The strong improvement was mostly driven by the increase in adjusted EBITDA of the Total Group over the last quarters.

Early April, Ontex completed the divestment of its Algerian business to Hygianis SPA. The cash proceeds prior to taxes and transaction costs were approximately €25 million, and remain subject to customary post-closing adjustments. On a pro-forma basis, this transaction raises the leverage ratio slightly from 2.8x to 2.9x.

Additional information

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 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 (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 2.

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		**First 3 Months**					
		2024			**2023**		
in € million		Cont. η	Discont. θ	Total $\iota = \eta+\theta$	Cont. κ	Discont. λ	Total $\mu = \kappa+\lambda$
Revenue	*a*	**460.2**	**91.2**	**551.3**	**445.9**	**205.8**	**651.6**
Operating profit/(loss)	*b*	34.2	11.4	45.6	17.0	12.4	29.4
Depreciation and amortization	*c*	(18.0)	-	(18.0)	(16.7)	-	(16.7)
EBITDA	*d = b-c*	**52.2**	**11.4**	**63.6**	**33.8**	**12.4**	**46.1**
EBITDA adjustments	*g = e+f*	0.7	0.4	1.1	6.9	2.6	9.5
Adjusted EBITDA	*h = d+g*	**52.9**	**11.8**	**64.6**	**40.7**	**15.0**	**55.7**
Adjusted EBITDA margin	*i = h/a*	*11.5%*	*12.9%*	*11.7%*	*9.1%*	*7.3%*	*8.5%*

More information on the EBITDA adjustments can be found on page 4.

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.

Reconciliation of net financial debt		March 31, 2024			December 31, 2023		
in € million		Cont.	Discont.	Total	Cont.	Discont.	Total
		η	*θ*	*ι = η+θ*	*κ*	*λ*	*μ = κ+λ*
Non-current interest-bearing debts	*A*	672.9	14.6	687.5	671.8	15.3	687.0
Current interest-bearing debts	*B*	134.1	4.4	138.5	141.1	5.4	146.5
Gross financial debt	*C = A+B*	**807.0**	**19.0**	**826.0**	**812.9**	**20.7**	**833.5**
Cash and cash equivalents	*D*	123.9	56.5	180.4	97.2	71.1	168.3
Net financial debt	*E = C-D*	**683.1**	**(37.4)**	**645.7**	**715.7**	**(50.4)**	**665.3**
Adjusted EBITDA (LTM) [1]	*F*			229.4			204.6
Leverage ratio	*G = E/F*			*2.8x*			*3.3x*

Free cash flow

Free cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal, less financing cash flows, i.e. Interests paid and received, and other financing cash flows (Cost of refinancing & other costs of financing, realized foreign exchange (losses)/gains on financing activities and Derivative financial assets).

Working capital

Working capital is calculated by adding current inventories, trade receivables and prepaid expenses and other receivable and deducting trade payables and accrued expenses and other payables.

[1] The Adjusted EBITDA (LTM) is affected by the divestment of the Mexican business activities. The LTM is corrected for this scope reduction.

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 above press release and related financial information of Ontex Group NV for the three months ended March 31, 2024 was authorized for issue in accordance with a resolution of the Board on May 2, 2024.

Audio webcast

Management will host an audio webcast for investors and analysts on May 3, 2024 at 12:00 CEST / 11:00 BST. Click on https://channel.royalcast.com/landingpage/ontexgroup/20240503_1 to attend the presentation from your laptop, tablet or mobile device. Audio will stream through your selected device, so be sure to have headphones or your volume turned up. A full replay of the presentation will be available at the same link shortly after the conclusion of the live presentation. A copy of the presentation slides will be available on ontex.com.

Financial calendar

> May 3, 2024	2024 Annual general meeting of shareholders
> July 31, 2024	Q2 & H1 2024 results
> October 24, 2024	Q3 2024 results
> February 12, 2025	Q4 & full year 2024 results

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About Ontex

Ontex is a leading international developer and producer of care products and solutions for retailers and healthcare, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in around 100 countries through retailers and healthcare providers. Employing some 7,500 people, Ontex has a presence in 17 countries, with its headquarters in Aalst, Belgium. Ontex is listed on Euronext Brussels and is part of the Bel Mid®. To keep up with the latest news, visit ontex.com or follow Ontex on LinkedIn, Facebook, Instagram and YouTube.