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**WHAT IS ONTEX DOING TO CATER FOR THE MODERN MILLENNIAL WHO IS LOOKING FOR SAFE AND SOUND PRODUCTS AND MAXIMUM CONVENIENCE?**

**DARE TO EXPLORE NEW HORIZONS.**

We realize that we need to be where our shoppers and consumers are. That's why digital activity among our own brands and our customers' brands increased strongly in 2018 as we gained further insight into the dynamics of this route to market.

During the year we launched the first Ontex baby brand sold exclusively through an online subscription model. 'Little Big Change' provides consumers with the security of

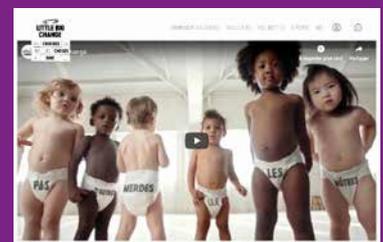
more than 40 years of diaper manufacturing and a flexible and highly customizable purchase and delivery service.

It offers gentleness, softness and high-performance dryness. No perfume is added and all raw materials are screened thoroughly to ensure conformity with the Oekotex 100 criteria. Additionally the fluff core of the product is total chlorine free bleached (TCF). Dermatological safety has been proven through

testing, resulting in a 5-Star Seal from the company Dermatest.

The subscription business model is important for consumers and it is important for Ontex. We are learning from and improving our current Little Big Change business and preparing for scaling up this business model so that other categories and markets can benefit from it.

**A BIG CHANGE FOR LITTLE ONES... AND THEIR PARENTS**



DIGITAL AFFECTS EVERY PART OF OUR COMPANY AND BUSINESS. OUR ACTIVITIES SPAN DIRECT-TO-CONSUMER MODELS, SUPPLIER RELATIONSHIP MANAGEMENT AND THE DIGITALIZATION OF OUR OWN MANUFACTURING PROCESSES.

### BUILDING A DIGITAL ECO-SYSTEM

As digitalization transforms itself from a global trend to an everyday reality, we continued to invest pragmatically in digital competencies and abilities to ensure that we are in a position to satisfy the desires of our customers and consumers as well as the needs of Ontex as an organization.

The adoption of digital requires an adaptable mindset and an agile structure, both of which have served Ontex well in the past. During the year, we laid the foundations of our own dedicated digital center of excellence. The aim is to develop and integrate our own innovative technology solutions, provide digital expertise to our local markets and federate our digital-savvy employee community. This will help us build the necessary digital capabilities and eco-system to drive our Digital Transformation agenda, open up new business growth opportunities and bring strong competitive advantage to Ontex.

### DIGITALIZATION IN OPERATIONS

We have a strong legacy in manufacturing, and our people have proven consistently innovative in improving the quality and efficiency of our lines. In true Ontex style, we are consistently looking to go one better, and we are taking advantage of innovations in computing power to improve our operations. During 2018, we equipped a number of pilot manufacturing lines with advanced analytics engines. These new data sources enable our plant people to uncover new insights and help our crews deliver the next level of efficiency and quality in our products.

**DURING 2018 WE TESTED A NUMBER OF MANUFACTURING LINES WITH ADVANCED ANALYTICS ENGINES TO HELP US REACH NEW LEVELS OF EFFICIENCY AND QUALITY**

E-COMMERCE IS GROWING FAST AT

**±15% YOY**

.... WHICH IS PARTIALLY DRIVEN BY THE BEHAVIOR OF NEW MOMS!<sup>1</sup>

1. Source: Kantar Worldpanel.



## NEW MOMS ARE

4X

MORE LIKELY TO BUY  
CONSUMER GOODS ONLINE  
THAN THE AVERAGE PERSON<sup>1</sup>

## RANGE OF DIGITAL OFFERINGS

There are notable discrepancies in digital adoption and maturity between our categories and our markets. For instance, the vast majority of hygiene products are bought online in South Korea but that figure is close to zero in some Latin American and sub-Saharan African markets. And even if online purchase numbers are still relatively small on a global scale, they are growing fast. These differences require us to have a broad digital offering with the overall aim of developing and growing with each channel.

Here are just some examples of how we increased engagement with our customers and consumers across the world through digital channels in our endeavors to optimize the full digital journey for them. We also continued to partner with retailer brands, supporting their e-strategies and co-developing solutions for e-commerce. We engaged with and supplied the large online direct-to-consumer players in US, Europe and China, and, as can be seen on page 8, we are launching our own brands through digital channels.

## Direct to consumer in adult care

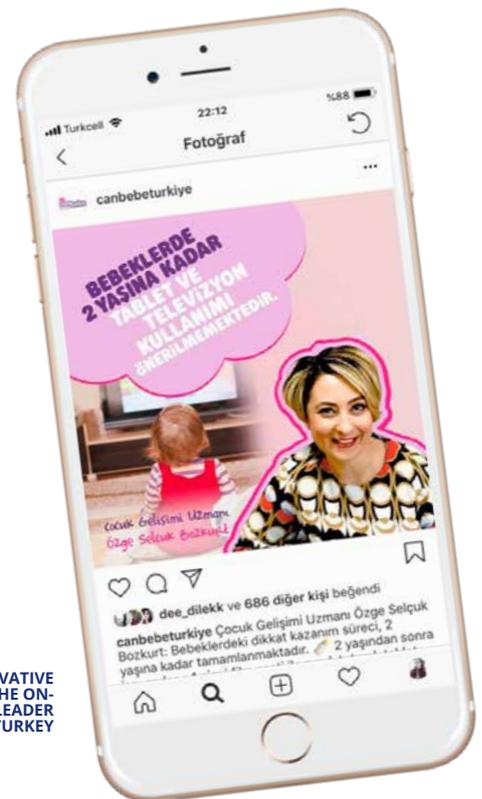
In Italy, we launched an online subscription model for our Serenity brand of incontinence products on a direct-to-consumer basis to give consumers a broader choice of our high-quality products and services beyond those offered today. The technology used was the same as that developed for Little Big Change diapers. Adapting standard in-house technologies will offer a quicker route to market and save development costs.



ONLINE BROADENS  
CONSUMER CHOICE

## Online engagement leader

In Turkey, Ontex is recognized as the online engagement leader among all baby brands (not just diapers) and we continued to develop a multichannel approach around our Canbebe diaper with the aim of further democratizing diaper use. We accelerated our digital activities when we launched a new diaper with upgraded front and rear barriers and a strong performance in terms of dryness. In addition to online influencers, we launched a 'Future with Moms' initiative, which included streaming broadcasts with experts and live interaction with mothers. We also posted on-line tips for parents and their babies as well as videos on Instagram. Our different approach (compared with classical diaper campaigns) met with success. There were almost 24 million views of the campaign on YouTube and close to 2,000 interactions, which allowed us to connect further with our target audience.



WITH OUR INNOVATIVE  
OFFERING, WE ARE THE ON-  
LINE ENGAGEMENT LEADER  
IN TURKEY

1. Source: Kantar Worldpanel.

## USING DIGITAL TO IMPROVE INTERNAL PROCESSES

Reaction to or feedback about a product is today immediate. The digital world keeps us vigilant, which we see as a positive development. It is obliging us to rethink established processes and how we deal with matters such as quality issues. In 2018, our quality department developed a global digital module for handling non-conforming products. It enables us to follow up the cost of non-quality at the plants and will continue to be rolled out in 2019.

