

Handelsbanken Nordic Large Cap Seminar

Magnus Groth, President and CEO





This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our most recent annual report for a better understanding of these risks and uncertainties.



essity

A Leading Hygiene and Health Company



Essity in Brief

109,265

SEK million in net sales 2017

Sales in approximately

150

 countries

Note: BSN medical was consolidated as of April 3, 2017.

¹⁾ Excluding items affecting comparability.

13,405

SEK million in adjusted EBITA¹⁾ 2017

Number of employees approximately

48,000

Global Market Positions

Incontinence Products	1	
Professional Hygiene	1	
Consumer Tissue	2	     
Medical Solutions	4	Leukoplast® Cutimed®  Actimove® Delta-Cast®
Baby Care	5	   
Feminine Care	6	    

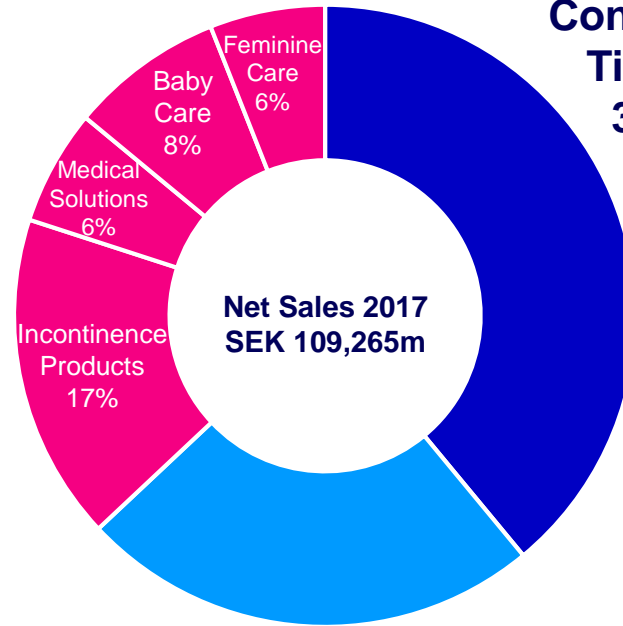
Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources including IRI, RISI, Price Hanna Consultants, SmartTRAK and INSIGHT Health

Net Sales 2017

By Business Area and Product Segment



Personal Care
37%



Professional Hygiene
24%

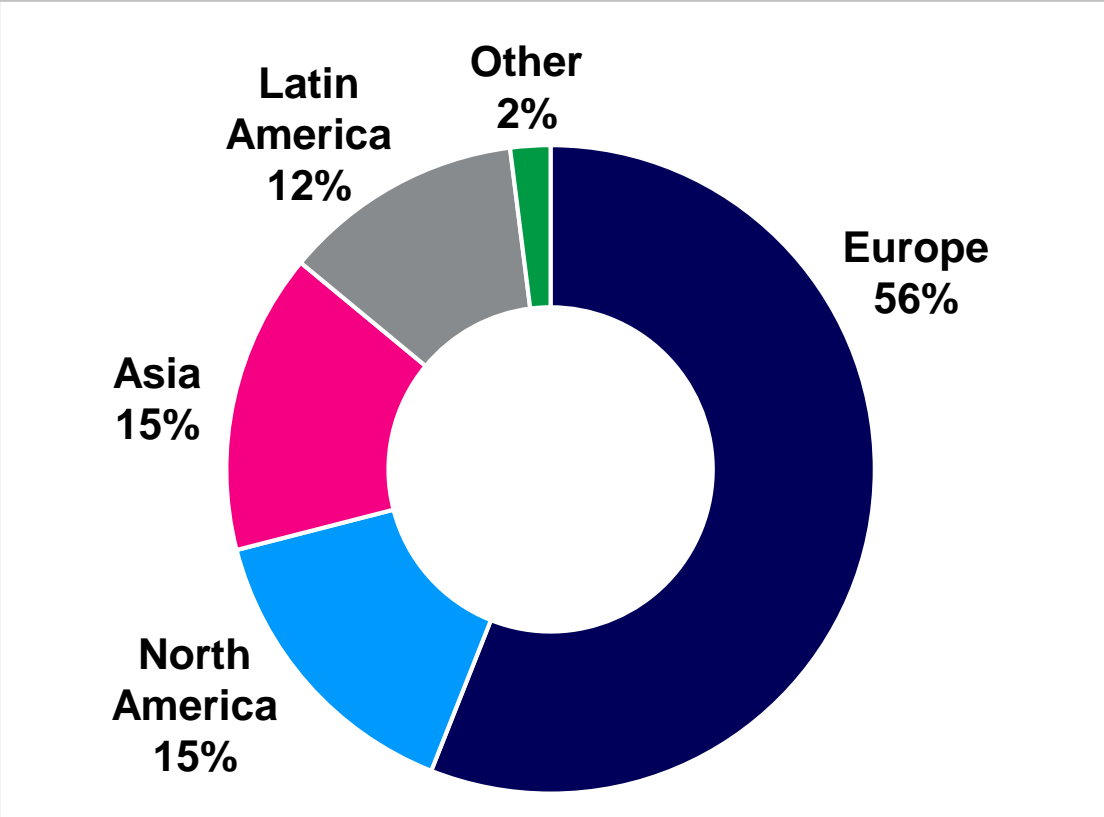


Consumer Tissue
39%

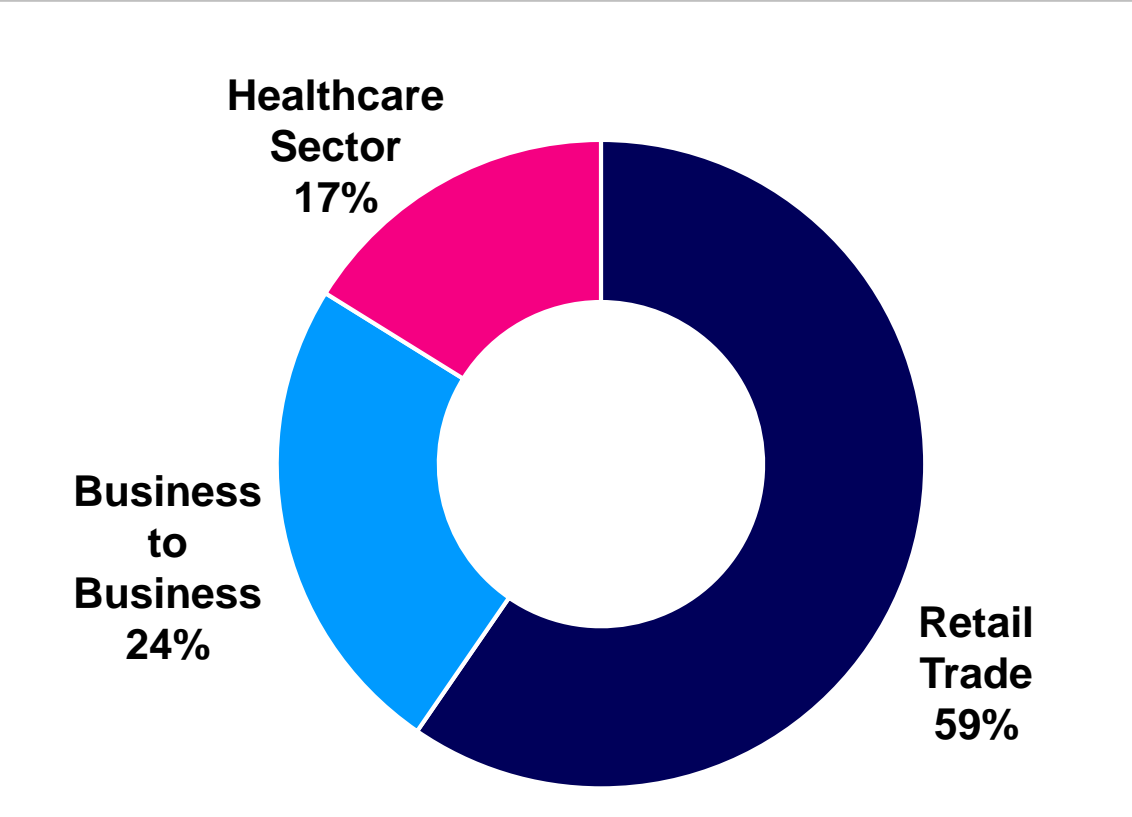


2017 Net Sales

By Geography



By Distribution Channel



Essity Financial Targets and Policies

Annual Organic Sales Growth¹⁾

>3%

Adjusted Return on Capital Employed²⁾

>15%

Capital Structure Policy

- To have an effective capital structure at the same time that the long-term access to debt financing is ensured
- Cash flow in relation to net debt shall take into account the target to **maintain a solid investment grade rating**

Dividend Policy

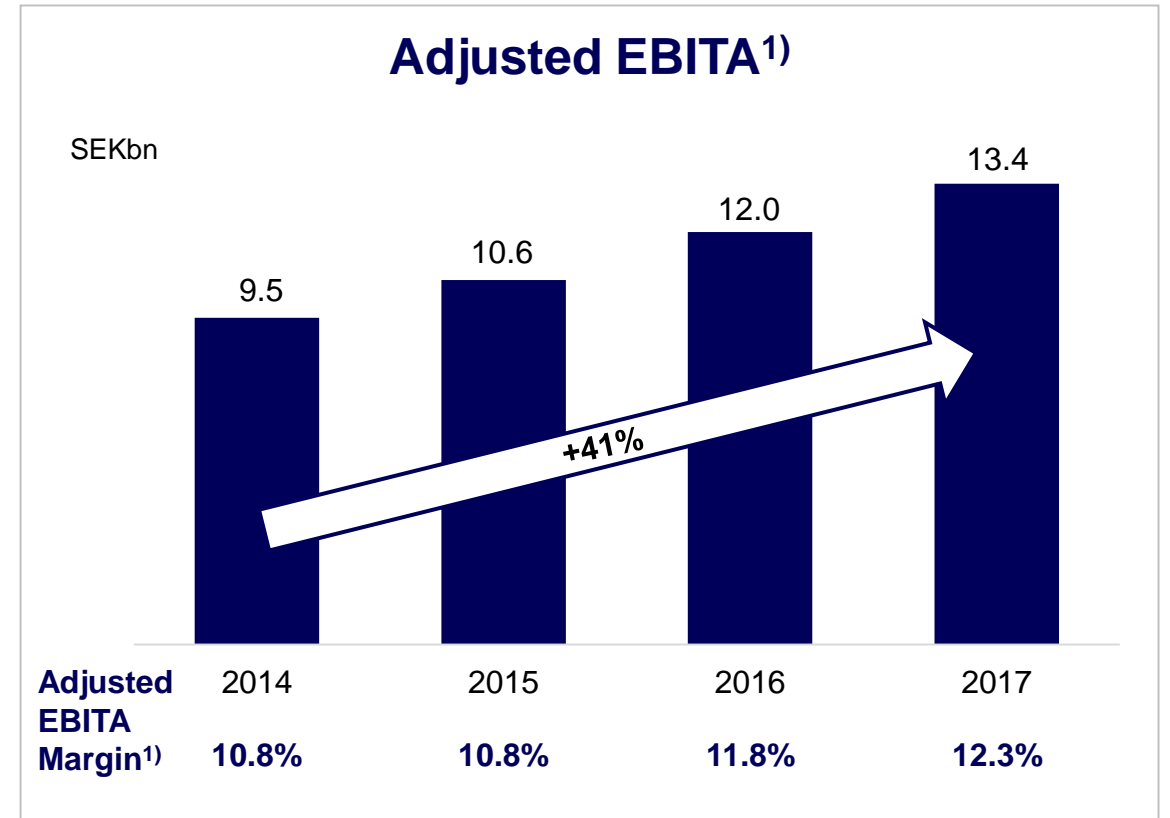
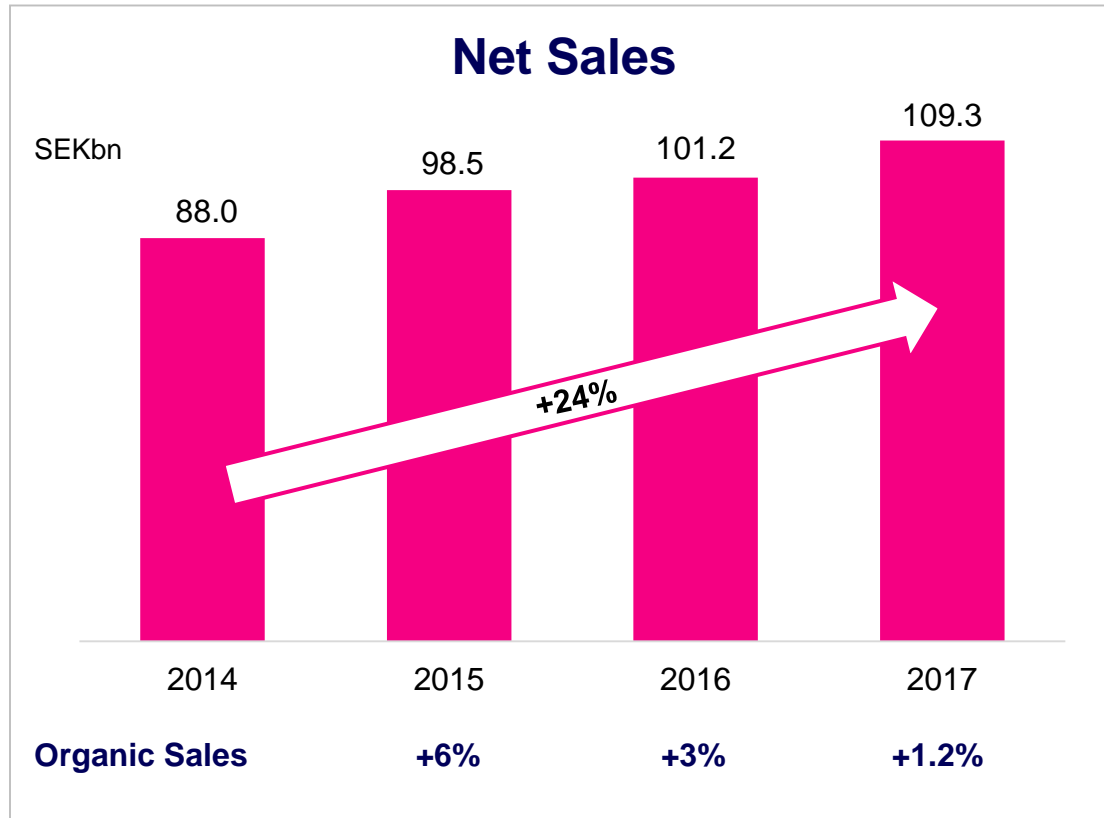
- Aims to provide long-term **stable and rising dividends** to its shareholders
- When cash flow from current operations exceeds what the company can invest in profitable expansion over the long-term – and **under the condition that the capital structure target is met** – the surplus shall be distributed to the shareholders

¹⁾ Excluding exchange rate effects, acquisitions and divestments.

²⁾ Adjusted return on capital employed is accumulated return on capital employed and is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets/EBITA, excluding items affecting comparability, as a percentage of average capital employed for the five most recent quarters.

Increased Sales and Profitability

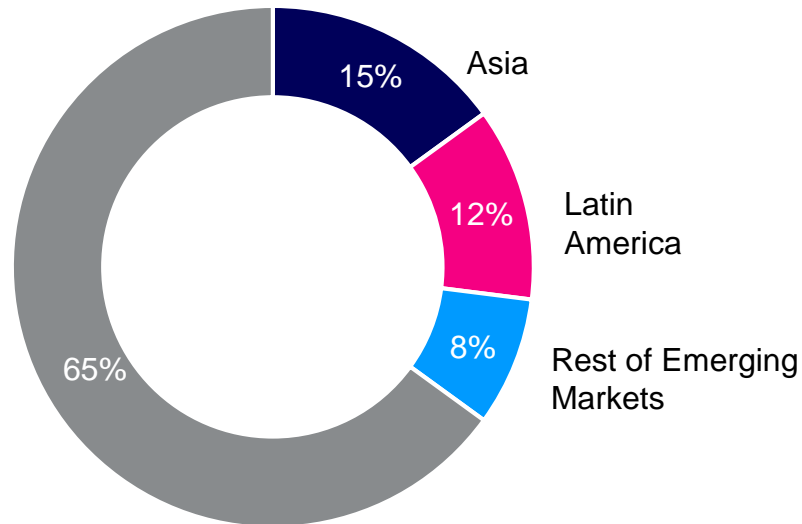
Essity Financial Profile















¹⁾ Excludes items affecting comparability.













Significant Presence in Emerging Markets

Emerging Markets accounted for 35% of Net Sales 2017



Organic sales increased by 5.3% in 2017 in Emerging Markets

Market Positions	Asia
Consumer Tissue	#1  
Medical Solutions	#2   
Professional Hygiene	#3 
Incontinence Products	#4  
Baby Care	#6  
Feminine Care	#10  

Market Positions	Latin America
Feminine Care	#1  
Incontinence Products	#1 
Medical Solutions	#1   
Consumer Tissue	#3   
Professional Hygiene	#4  
Baby Care	#6 

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources including IRI, RISI and Price Hanna Consultants.

Favorable Market Trends

**Growing and Aging
Population**

**Increased Disposable
Income and Higher
Living Standards**

**Increased Awareness
about Hygiene and Health**

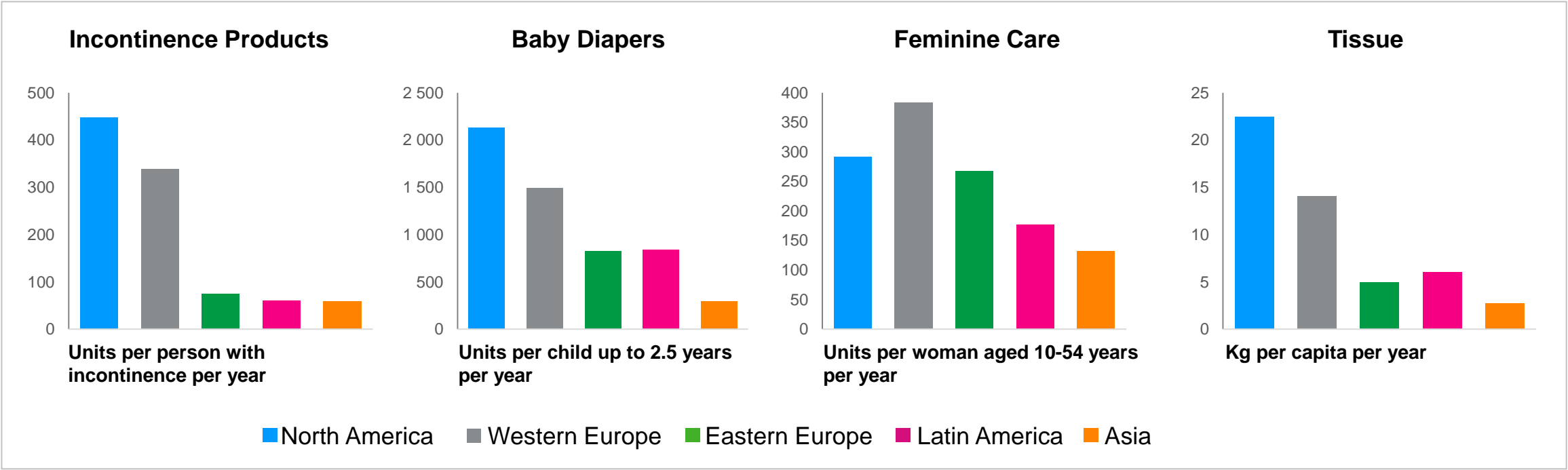
**Increased Prevalence of
Chronic Conditions**

**Increased Access to
Healthcare**

Digitalization

Usage of Hygiene Products

Big Potential in Markets with Low Penetration



Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources, including IRI, National Macro Trends, Price Hanna Consultants and RISI.

Category Strategies

CONSUMER
TISSUE

PROFESSIONAL
HYGIENE

PERSONAL CARE

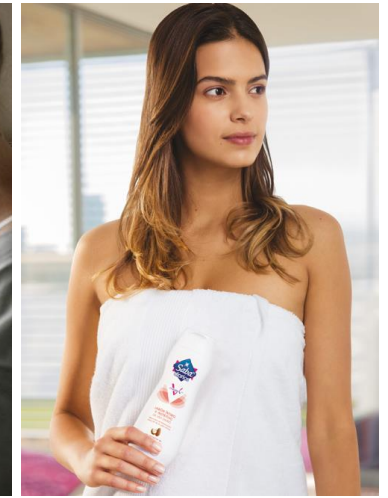


Incontinence Products

Medical Solutions

Baby Care

Feminine Care



Branded Value
Growth

The Global
Shaper

Lead and Shape
the Market

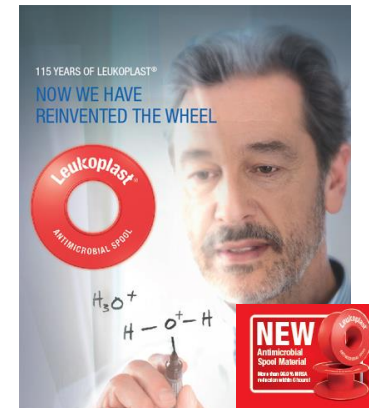
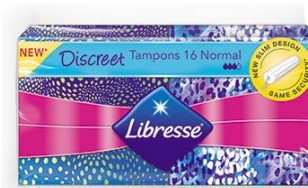
New Growth
Platform

Profitable
Choices

Invest to Grow

Stronger Brands Through Innovation

41 Innovations Launched During 2017



Digitalization

Customers and Consumers

#bloodnormal

TENA webshops



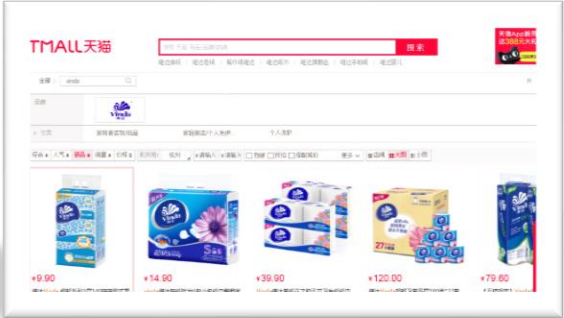
<http://www.tena.co.uk/men/>

libero.se/nya-liberoklubben

E-commerce

22%

of Vinda's net sales H1 2018



Digital Products



Tork EasyCube™

TENA Identifi™

Collaboration with Microsoft on Internet of Things

Robotics, Automation, Analytics



Increases efficiency and improves quality in all parts of the business

Profitability-Enhancing Initiatives

- Continuous value-chain optimization
- Restructuring measures and investments within "Tissue Roadmap"
- Profitability improvements and exits through "Cure or Kill"
- Integration of value-creating acquisitions
 - Wausau Paper Corp.
 - BSN medical



Strong Contribution from Efficiency Improvements

Q2 2018 vs Q2 2017

COGS Savings

- Tissue Roadmap
 - Closure of production capacity
 - Headcount reduction
- Operational efficiency improvements
- Material rationalization
- Sourcing savings



SEK 355m

SG&A Savings

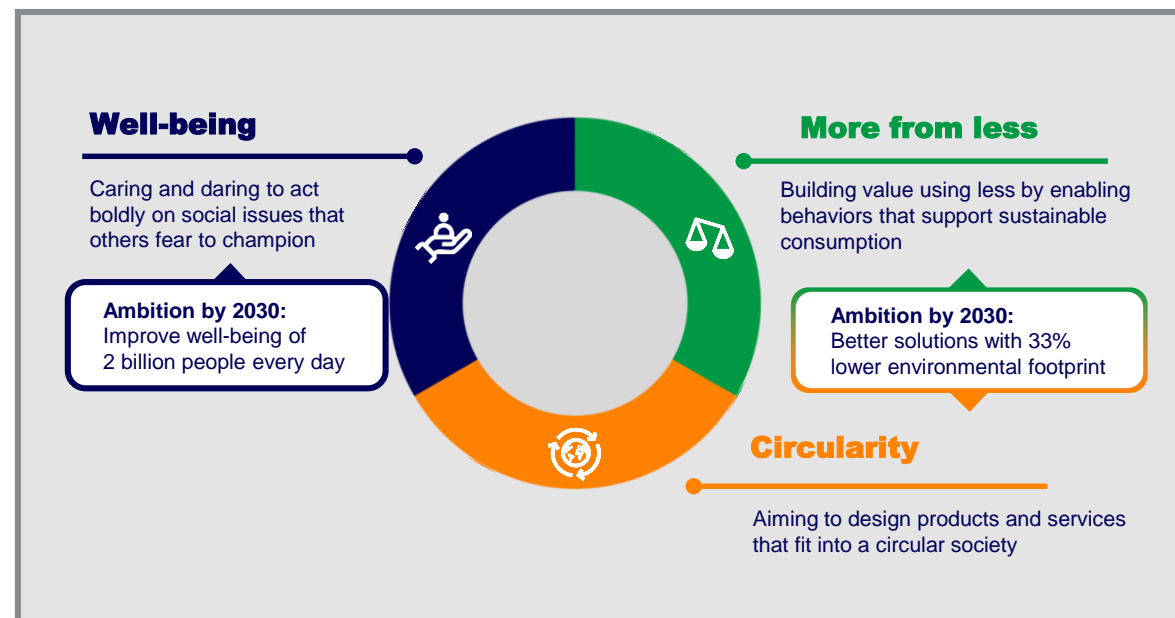
- Reduction of travel and hiring costs
- Reduced office costs
- Headcount reduction
- Improved A&P efficiency



SG&A as % of sales -30 bps

Initiatives and Recognitions

- More than 2,500,000 people educated in hygiene and health worldwide
- Essity and United Nations Foundation convene Global Dialogue on UN Sustainable Development Goals
- New ambitions for People and Circularity
- Essity recognized by CDP* as world leader for its action on water and wood-fiber based
- Essity has been recognized as one of the world's 100 most sustainable companies by Corporate Knights



*CDP is a not-for-profit that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Summary Q2 2018

Q2 2018 vs Q2 2017

- Organic net sales¹⁾ increased 2.3%
- Adjusted EBITA margin²⁾ decreased 90 bps to 11.3%
- Better price/mix in all business areas
- Strong contribution from efficiency improvements
- Tissue Roadmap restructuring measures
- Six innovations under brands JOBST, Bodyform, Libresse, Nana, Nuvenia, Plenty, Zewa and TENA
- Significantly higher raw material costs with negative impact on adjusted EBITA margin of -400 bps
- Intention to further increase prices in Consumer Tissue

¹⁾ Net sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability



Essity's Strengths

- Leading market positions in attractive and growing hygiene and health markets
- Strong brands and successful innovations
- Efficiency improvements and cost savings
- Profitable growth and strong cash flows





Q&A



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