



# The Essity Group

**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 and sustainability report for a better understanding of these risks and uncertainties.



A Leading Global Hygiene and Health Company



# Essity in Brief

Improving well-being through leading hygiene and health solutions

**128,975**

SEKm  
in net sales 2019

**15,840**

SEKm  
in adjusted EBITA<sup>1)</sup> 2019

Sales in approximately

**150** countries

Number of employees  
approximately

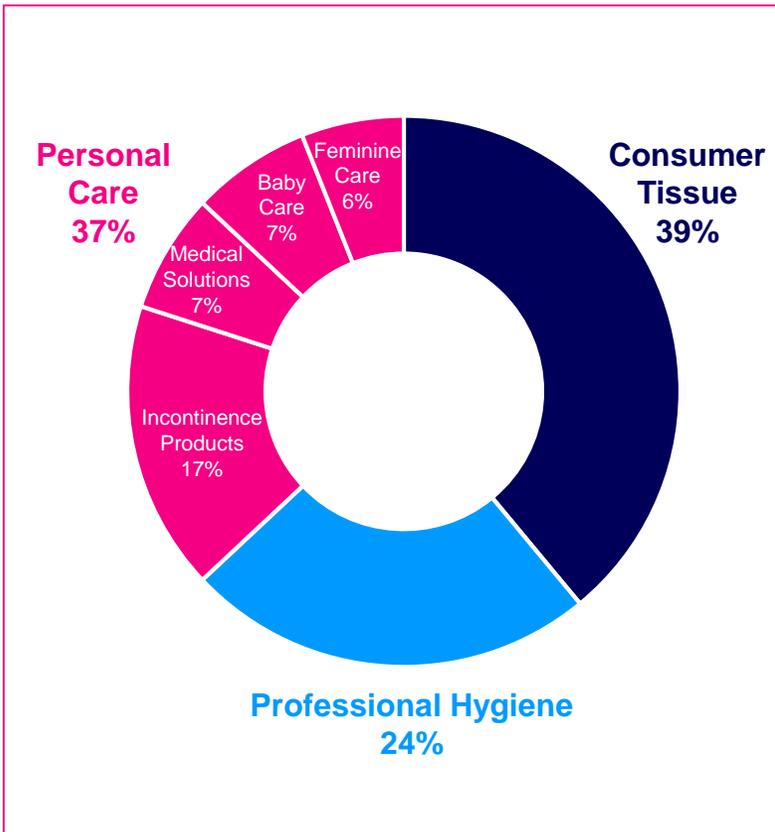
**46,000**

<sup>1)</sup> Excluding items affecting comparability

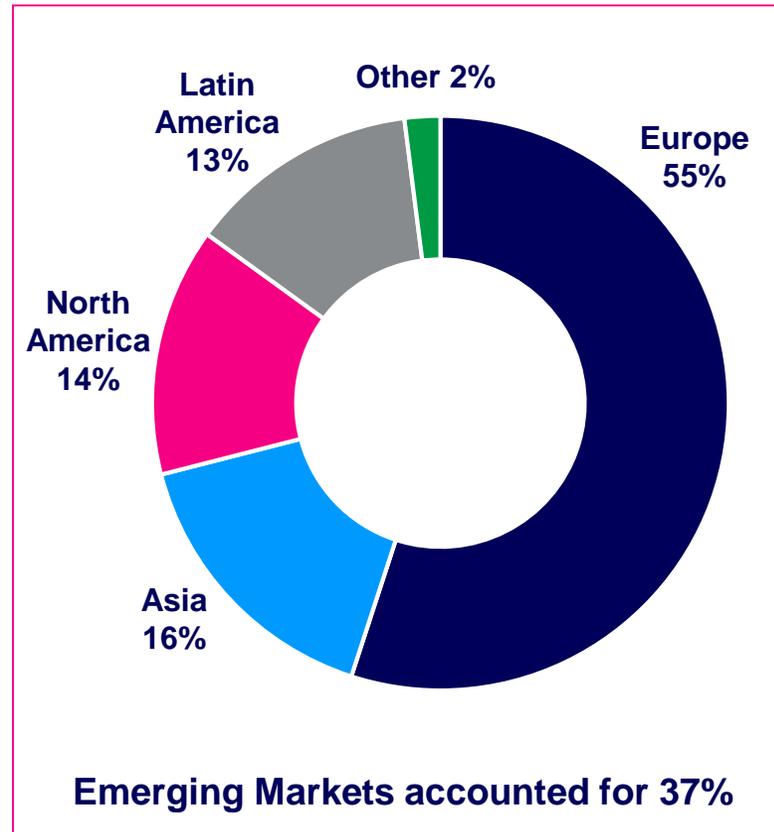


# Sales Split 2019

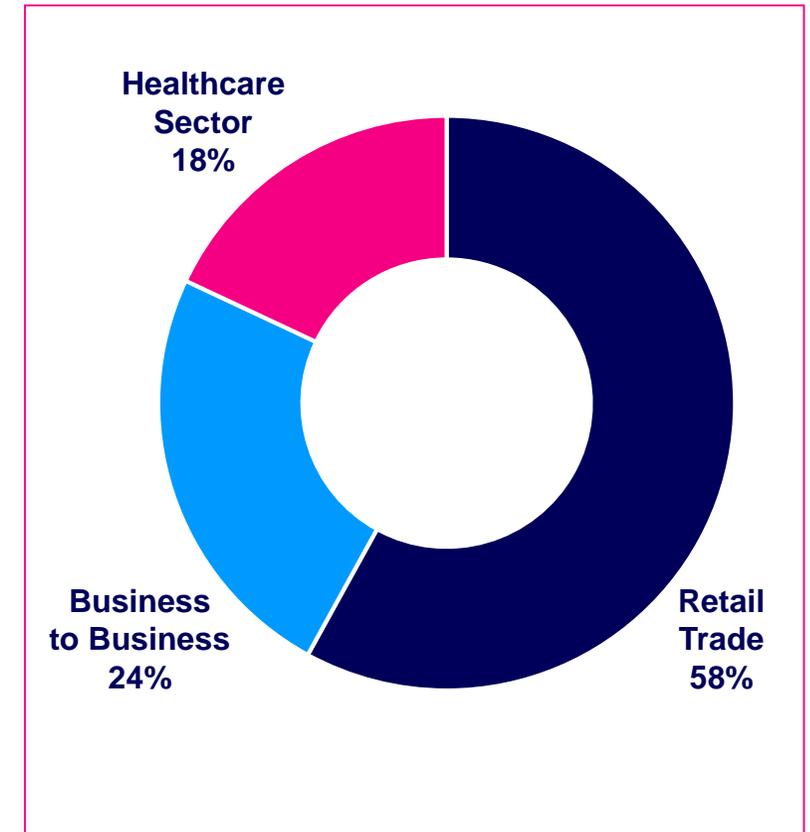
## By Business Area and Category



## By Geography



## By Distribution Channel



# Long-term Value Creation

Profitable Organic Growth and Acquisitions

Improving well-being through leading hygiene and health solutions

Favorable Market Trends

Strong Market Positions and Brands

Clear category and portfolio strategies

Enhancing customer and consumer value through successful innovations

Digital transformation and strong e-commerce growth

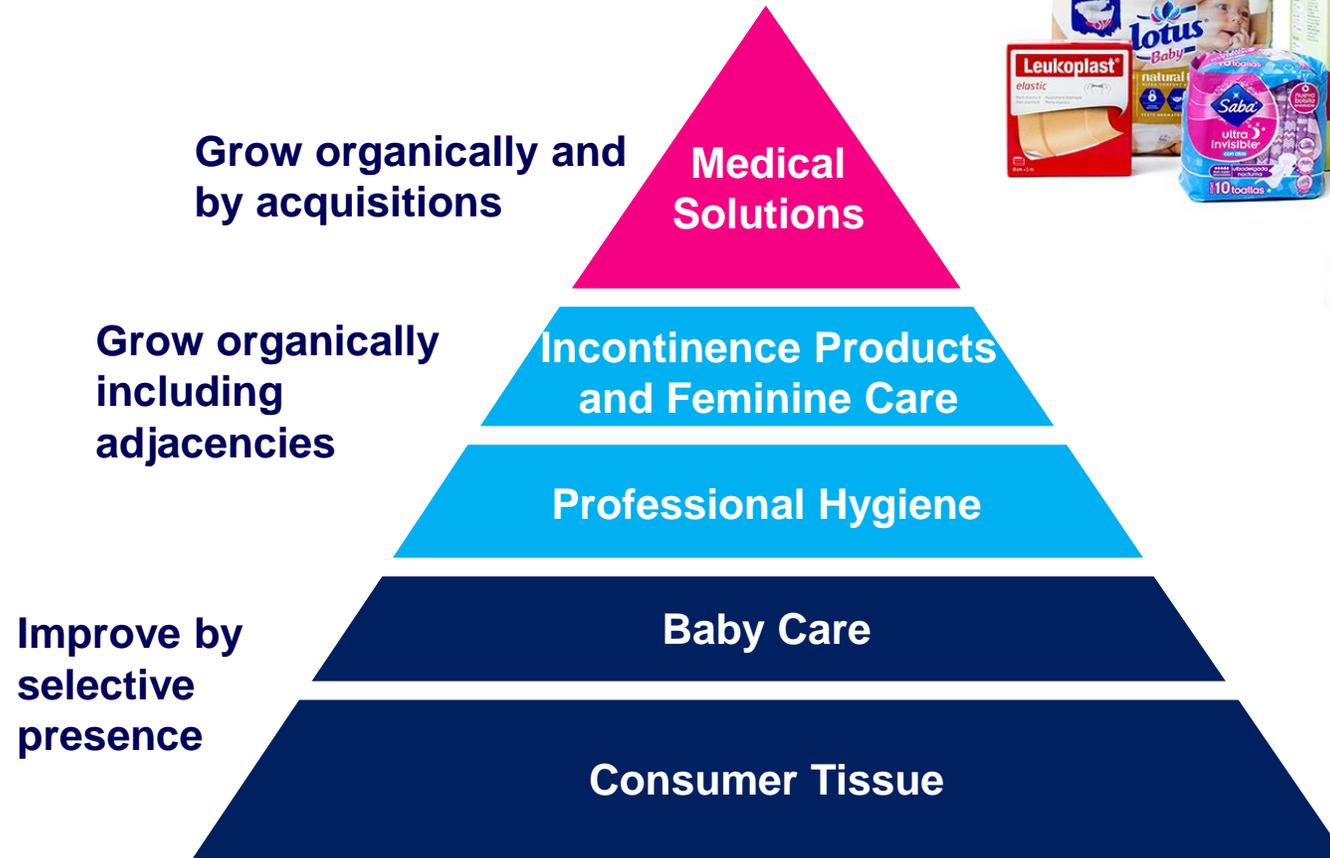
Focus on efficiency improvements and cost savings

Expansion in emerging markets

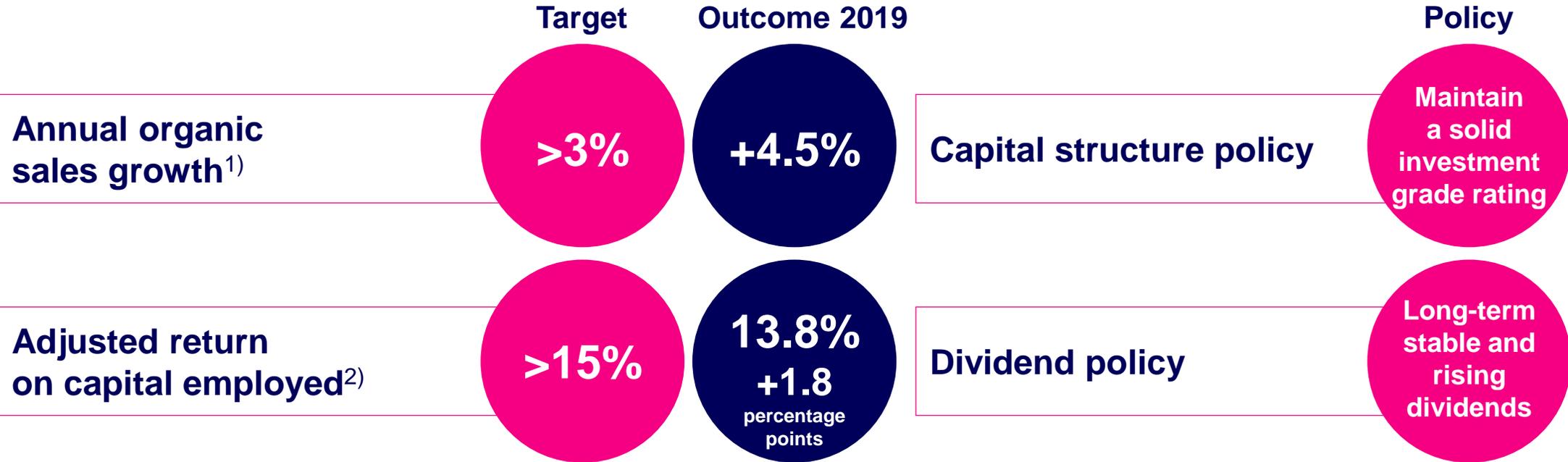
High-performing organization with a winning corporate culture

Contributing to a sustainable and circular society

# Clear Strategy



# Financial Targets and Outcomes



<sup>1)</sup> Net sales excluding exchange rate effects, acquisitions and divestments

<sup>2)</sup> Excluding items affecting comparability

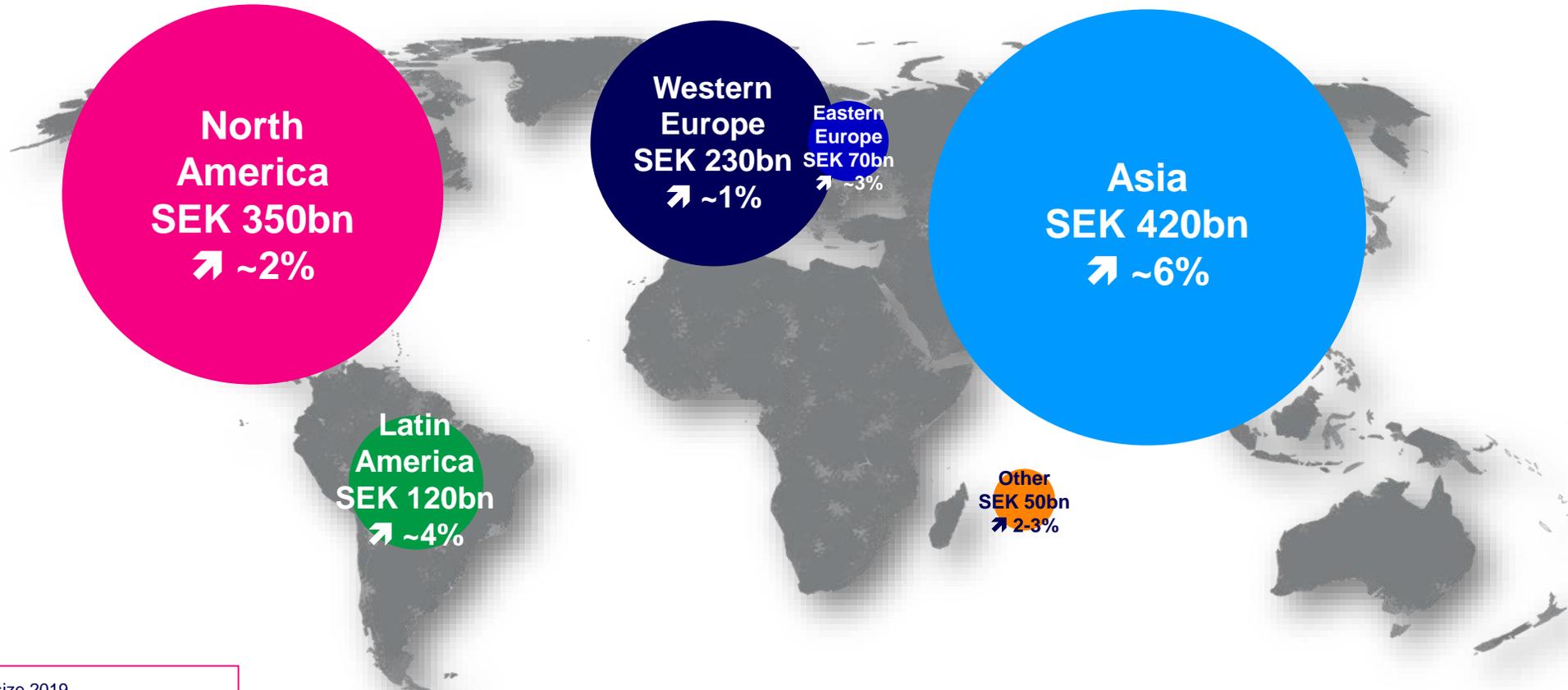
# Favorable Market Trends

- Growing and aging population
- Higher disposable income and living standards
- Increased awareness of hygiene and health
- Digitalization
- Focus on sustainability



# Our Market

## Addressable Hygiene and Health Market



**Global Market Size 2019: SEK 1,240bn, ↗ ~3-4%**

Bubble size: Market size 2019  
↗ Expected Market Growth CAGR  
(Compound Annual Growth Rate) 2019-2024

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

# Global Market Positions

#1 or #2 position in approximately 90 countries within at least one product category

**Incontinence Products**

1



**Professional Hygiene**

1



**Consumer Tissue**

2



**Medical Solutions**

4



**Baby Care**

5



**Feminine Care**

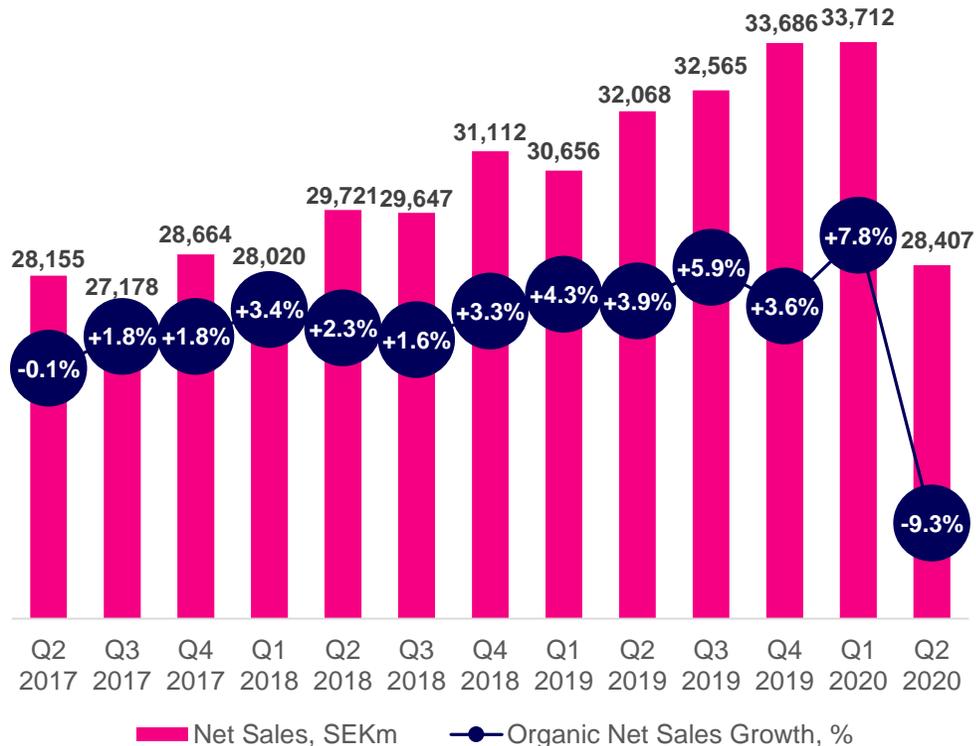
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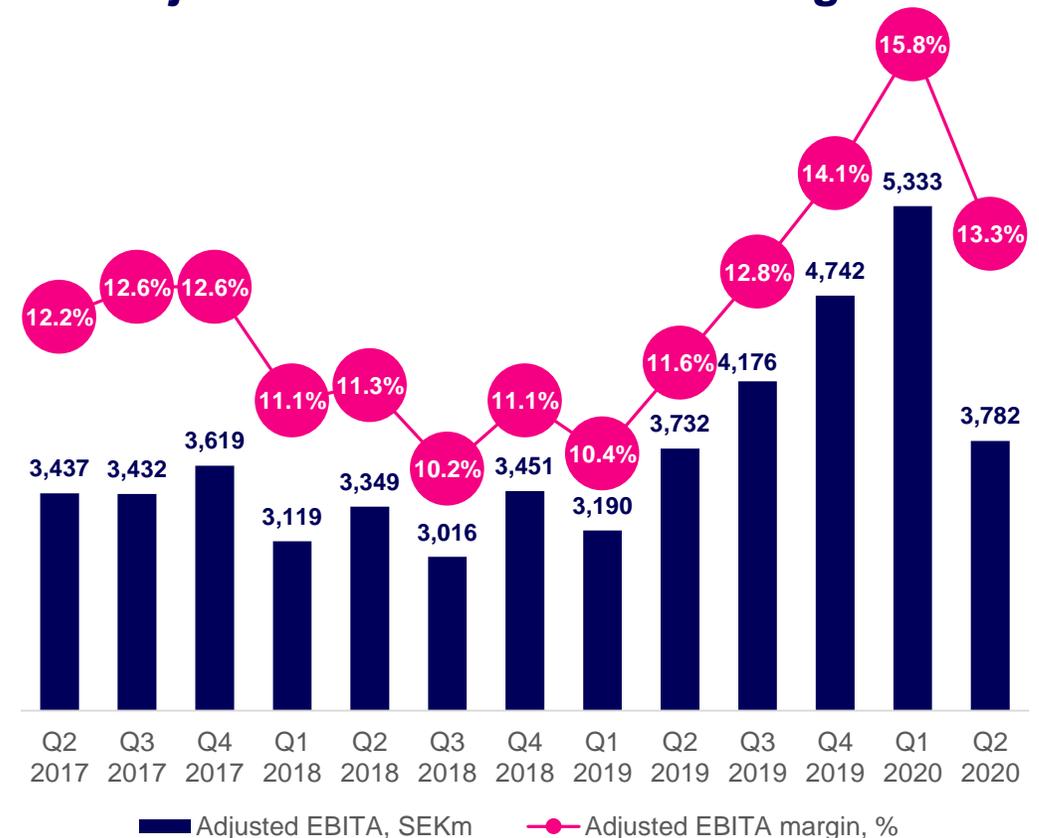
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# Positive Long-term Development

## Net Sales and Organic Net Sales Growth<sup>1)</sup>



## Adjusted EBITA and EBITA margin<sup>2)</sup>



<sup>1)</sup> Organic net sales which excludes exchange rate effects, acquisitions and divestments

<sup>2)</sup> Excluding items affecting comparability

# Summary

## H1 2020 vs H1 2019

- Strong performance in a challenging environment
- Sales negatively impacted by COVID-19 and related lockdowns
- Significant profitability improvement
- Strong cash flow and balance sheet
- Successful innovations
- Strong growth in online sales
- Strengthened market shares in many markets
- Significantly increased awareness of hygiene and health

### Net Sales

**SEK  
62,119m  
-1.0%**

### Organic Net Sales<sup>1)</sup>

**-0.9%**

### Adjusted EBITA<sup>2)</sup>

**SEK  
9,115m  
+32%**

### Adjusted EBITA Margin<sup>2)</sup>

**14.7%  
+370bps**

### Operating Cash Flow

**SEK  
8,827m  
+50%**

### Earnings per Share

**SEK  
7.58  
+32%**

### Adjusted ROCE<sup>2)</sup>

**15.6%  
+370bps**

### Adjusted ROE<sup>2)</sup>

**19.5%  
+100bps**

<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments

<sup>2)</sup> Excluding items affecting comparability

# Successful Innovations

Enhanced customer and consumer value and reduced environmental footprint



# Strengthened Market Shares and Brands

Positive development past 6 months and long-term

~90%

Essity has **position #1 or #2** in ~90% of our branded sales

>60%

Essity's branded market share in retail has **improved in >60%** of its market positions in the **past 6 months**

~60%

Essity's branded market share has **improved in ~60%** of its market positions in the **past 3 years**

40%

Essity has a market share of **30% or above** in **40%** of its **market positions**



# Increased Awareness of Hygiene and Health

Leveraging our leading solutions

## Anti-bacterial Products



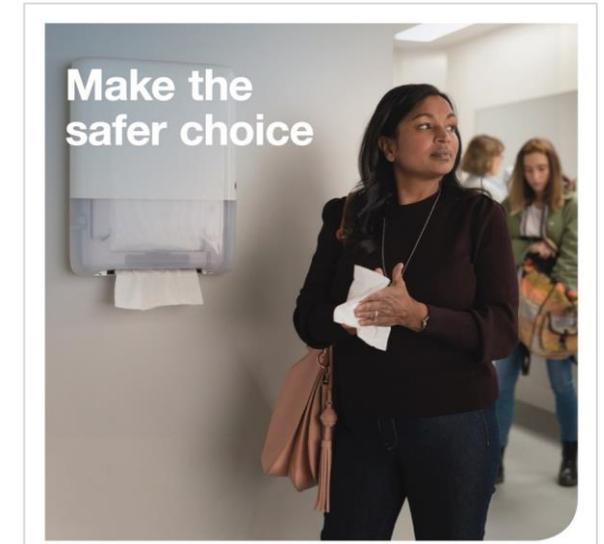
## Reposition Products to Hygienic Benefits



## Soaps and Sanitizers

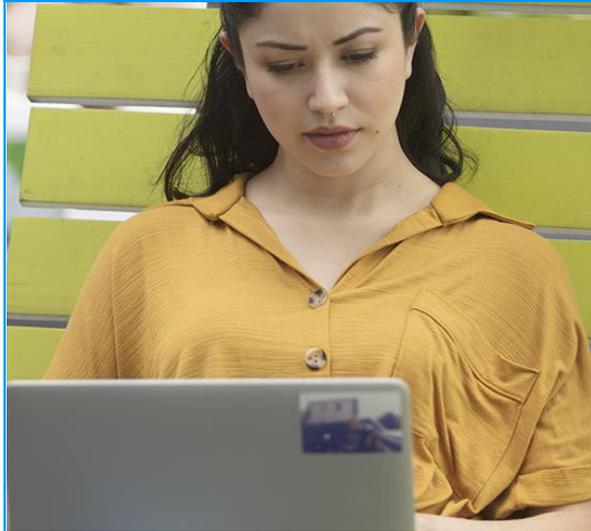


## Tork PeakServe



# Accelerating Digital Transformation

## E-commerce



**SEK 13bn Sales in 2019**  
Online increased with 350 bps in Q2 2020 to 14% of Group Sales

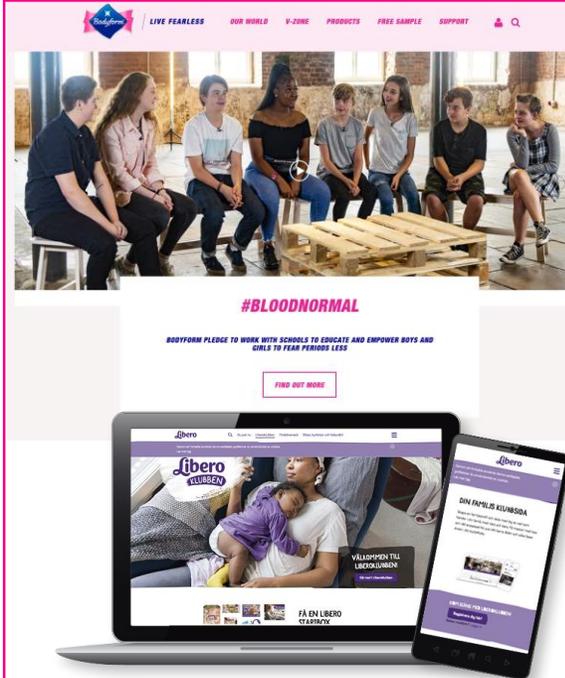
Partnerships with Amazon and Alibaba  
Vinda e-commerce sales growth 30% H1 2020

## Digital Products



**TENA Identifi®**  
**TENA SmartCare®**  
**Tork EasyCube®**  
Collaboration with Microsoft  
on Internet of Things

## Consumer Interaction



[libero.se/nya-liberoklubben](http://libero.se/nya-liberoklubben)  
[www.bodyform.co.uk](http://www.bodyform.co.uk) [www.tena.co.uk](http://www.tena.co.uk)

## Robotics, Automation, Analytics



**Increases efficiency and improves quality in all parts of the business**

# Profitability Enhancing Initiatives

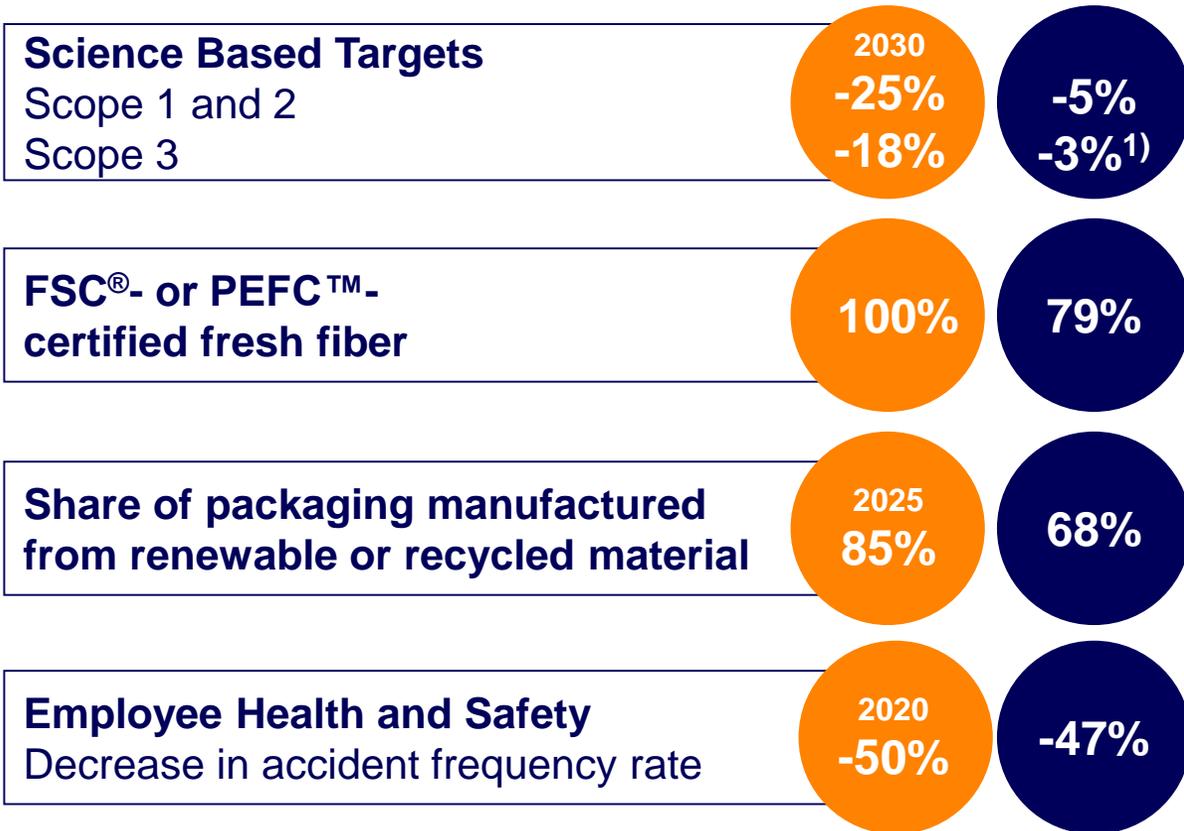
- Cure or Kill
- Tissue Roadmap
- Material Rationalization
- Operational Efficiency Improvements
- Sourcing Savings



# Sustainable Value Chain

## Selection of Sustainability Targets

Target Outcome 2019



<sup>1)</sup> Outcome for Scope 3 is for 2018



Investment in alternative fiber technology



Tork PaperCircle®



Collaboration with Unicef in Mexico

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# Forward-looking statements

Certain statements in this presentation includes forward-looking statements, including statements reflecting management's current views relating to the growth of the market, future market conditions, future events, financial conditions, and expected operational performance, including, in particular the following: - Our goals, strategies and operational expectations; - Industry trends, future characteristics and development of the markets in which we operate; - Our future liquidity, capital resources, capital expenditures and cost savings; - The expected demand for new products and services as well as plans to launch new products and services including R&D expenditures; - The ability to deliver on future plans and to realize potential for future growth; - The expected performance of strategic cooperation activities and joint ventures; - The time until acquired entities and businesses will be integrated and accretive to income; and - Technology and industry trends including the regulatory and standardization environment in which we operate, competition and customer structure.

The words "believe," "expect," "foresee," "anticipate," "assume," "intend," "likely," "projects," "may," "could," "plan," "estimate," "forecast," "will," "should," "would," "predict," "aim," "ambition," "seek," "potential," "target," "might," "continue," or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Risks and uncertainties to which our forward-looking statements are subject include, without limitation: (1) the ability to successfully manage global financial risks, including foreign currency fluctuations, currency exchange or pricing controls and localized volatility; (2) the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow the Company to affect the expected share repurchases and dividend payments; (3) the ability to manage disruptions in credit markets or changes to our credit rating; (4) the ability to maintain key manufacturing and supply arrangements (including execution of supply chain optimizations, and sole supplier and sole manufacturing plant arrangements) and to manage disruption of business due to factors outside of our control, such as natural disasters and acts of war or terrorism; (5) the ability to successfully manage cost fluctuations and pressures, including prices of commodity and raw materials, and costs of labor, transportation, energy, pension and healthcare; (6) the ability to stay on the leading edge of innovation, obtain necessary intellectual property protections and successfully respond to changing consumer habits and technological advances attained by, and patents granted to, competitors; (7) the ability to compete with our local and global competitors in new and existing sales channels, including by successfully responding to competitive factors such as prices, promotional incentives and trade terms for products; (8) the ability to manage and maintain key customer relationships; (9) the ability to protect our reputation and brand equity by successfully managing real or perceived issues, including concerns about safety, quality, ingredients, efficacy or similar matters that may arise; (10) the ability to successfully manage the financial, legal, reputational and operational risk associated with third party relationships, such as our suppliers, distributors, contractors and external business partners; (11) the ability to rely on and maintain key company and third party information technology systems, networks and services, and maintain the security and functionality of such systems, networks and services and the data contained therein; (12) the ability to successfully manage uncertainties related to changing political conditions (including the United Kingdom's decision to leave the European Union) and potential implications such as exchange rate fluctuations and market contraction; (13) the ability to successfully manage regulatory and legal requirements and matters (including, without limitation, those laws and regulations involving product liability, intellectual property, antitrust, privacy, tax, environmental, and accounting and financial reporting) and to resolve pending matters within current estimates; (14) the ability to manage changes in applicable tax laws and regulations including maintaining our intended tax treatment of divestiture transactions; (15) the ability to successfully manage our ongoing acquisition, divestiture and joint venture activities, in each case to achieve the Company's overall business strategy and financial objectives, without impacting the delivery of base business objectives; and (16) the ability to successfully achieve productivity improvements and cost savings and manage ongoing organizational changes, while successfully identifying, developing and retaining key employees, including in key growth markets where the availability of skilled or experienced employees may be limited. For additional information concerning factors that could cause actual results and events to differ materially from those projected herein, please refer to our most recent Annual and Sustainability Report for a better understanding of these risks and uncertainties.

Important factors that could affect whether and to what extent any of our forward-looking statements materialize include, but are not limited to, the factors described above and in the section Risk factors in the most recent Annual and Sustainability Report and in our quarterly reports. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made and are not to be seen as projections or earnings guidance. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this presentation, to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise.

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