

Half-year Report 2020





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.

Summary

H1 2020 vs H1 2019

- Strong performance in a challenging environment
- Sales negatively impacted by COVID-19 and related lockdowns
- Significant profitability improvement
 - Better mix
 - Significant cost savings
 - Lower raw material and energy costs
 - Lower volumes
 - Higher distribution costs
 - Increased sales and marketing costs
 - Lower prices in Consumer Tissue
- Strong cash flow and balance sheet

Net Sales

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

Organic Net Sales¹⁾

-0.9%

Adjusted EBITA²⁾

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

Adjusted EBITA Margin²⁾

**14.7%
+370bps**

Operating Cash Flow

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

Earnings per Share

**SEK
7.58
+32%**

Adjusted ROCE²⁾

**15.6%
+370bps**

Adjusted ROE²⁾

**19.5%
+100bps**

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

²⁾ Excluding items affecting comparability

Summary

Q2 2020 vs Q2 2019

- Strong underlying business performance in a challenging environment
- Sales negatively impacted by COVID-19 and related lockdowns and destocking
- Adjusted EBITA margin improvement
- Increased market shares in many markets
- Online sales increased with 350 bps to 14% of sales
- Successful innovations

Net Sales

**SEK
28,407m
-11.4%**

Organic Net Sales¹⁾

-9.3%

Adjusted EBITA²⁾

**SEK
3,782m
+1%**

Adjusted EBITA Margin²⁾

**13.3%
+170bps**

Operating Cash Flow

**SEK
4,346m
+17%**

Earnings per Share

**SEK
2.97
-8%³⁾**

Adjusted ROCE²⁾

**13.1%
+20bps**

Adjusted ROE²⁾

**15.1%
-380bps³⁾**

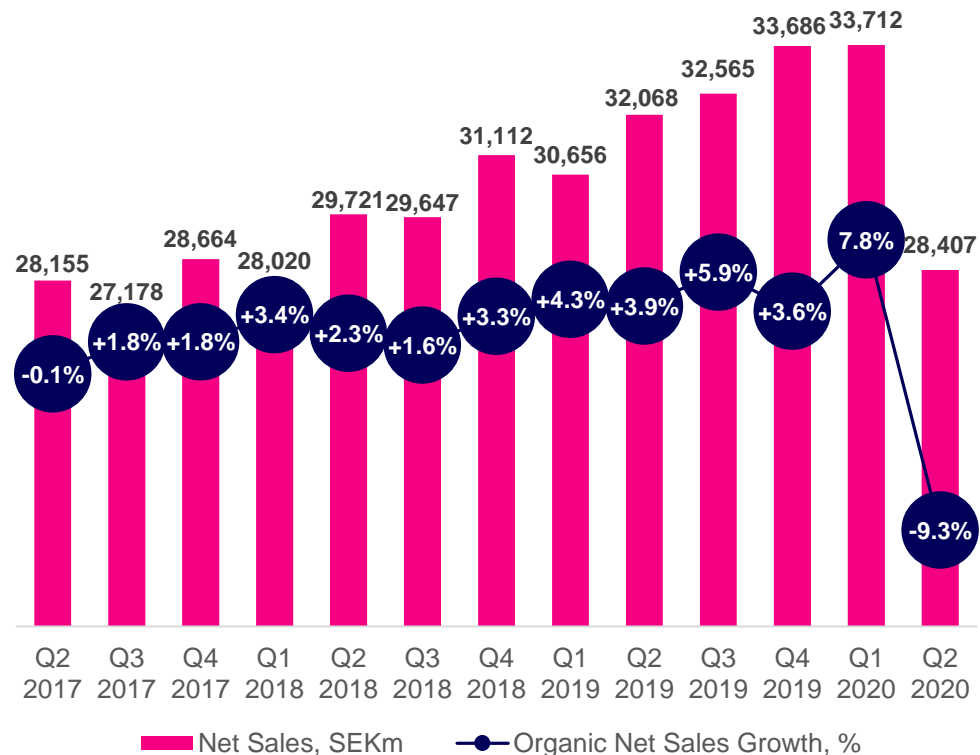
¹⁾ Net sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

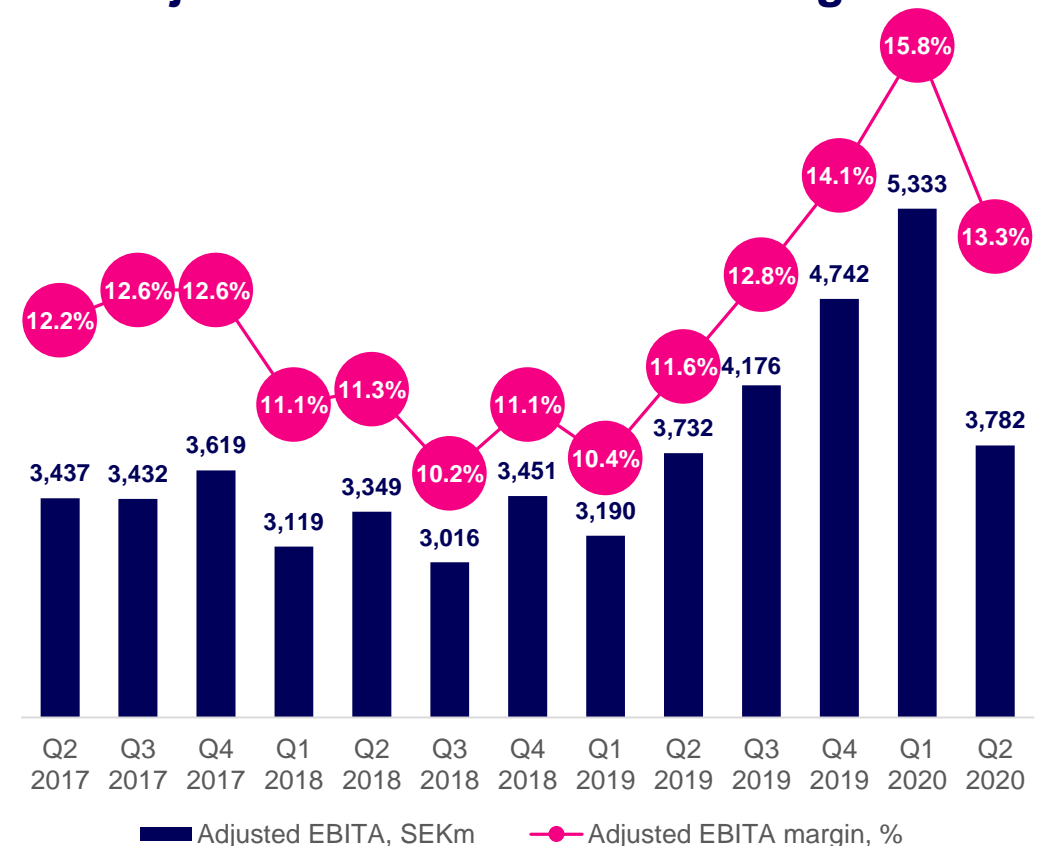
³⁾ A revaluation of deferred tax reduced taxes with SEK 253m in the second quarter of 2019

Positive Long-term Development

Net Sales and Organic Net Sales Growth¹⁾



Adjusted EBITA and EBITA margin²⁾



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

²⁾ Excluding items affecting comparability

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**

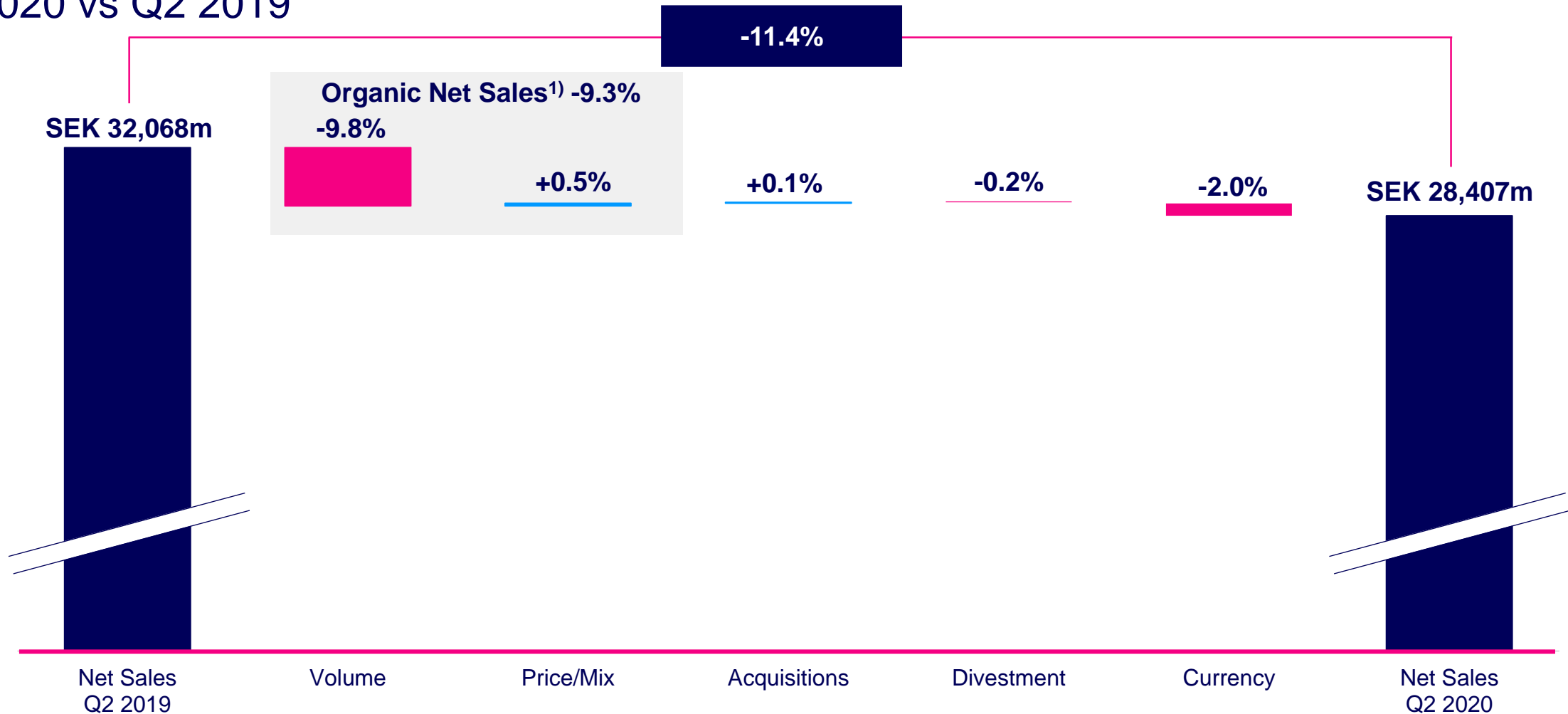
40%

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



Net Sales

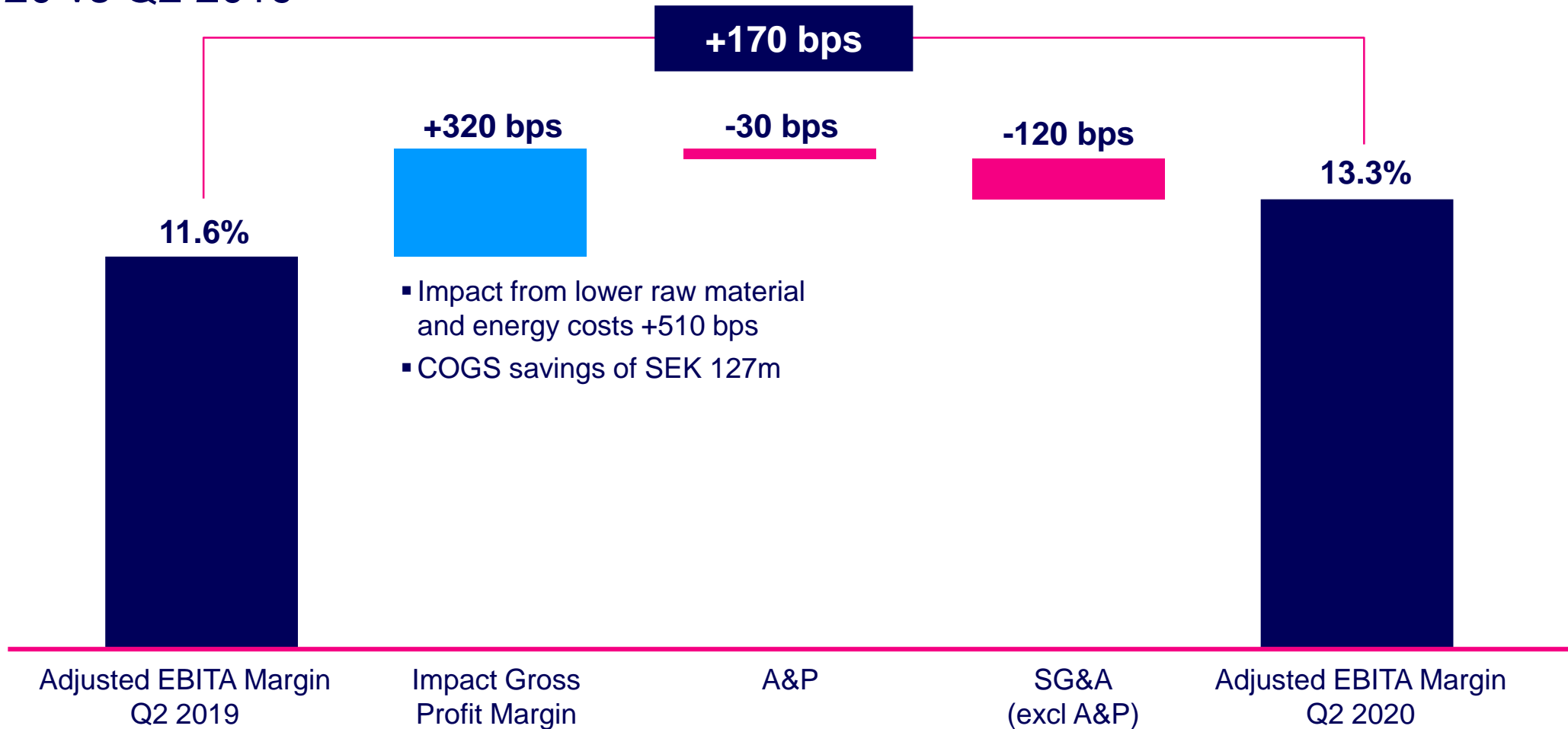
Q2 2020 vs Q2 2019



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

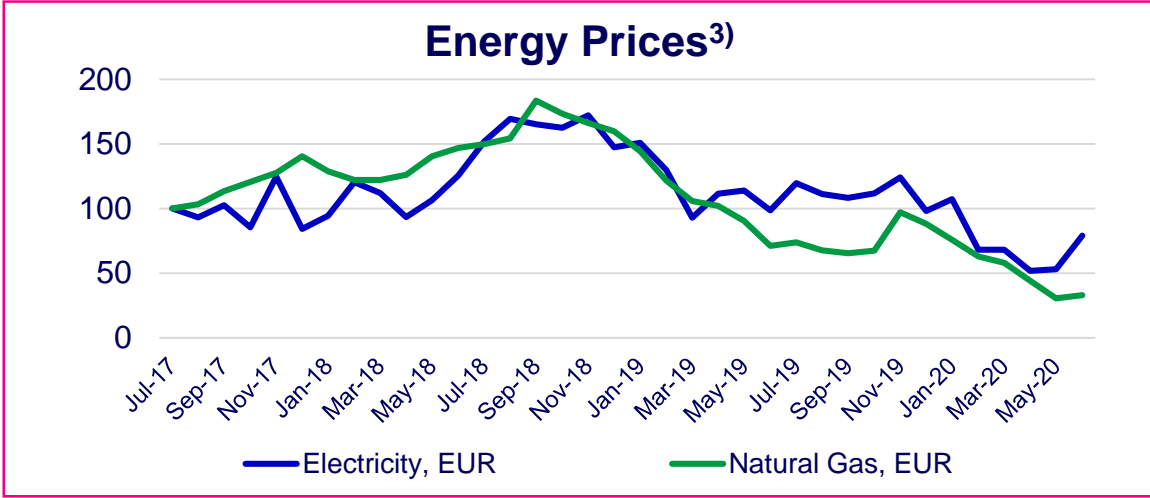
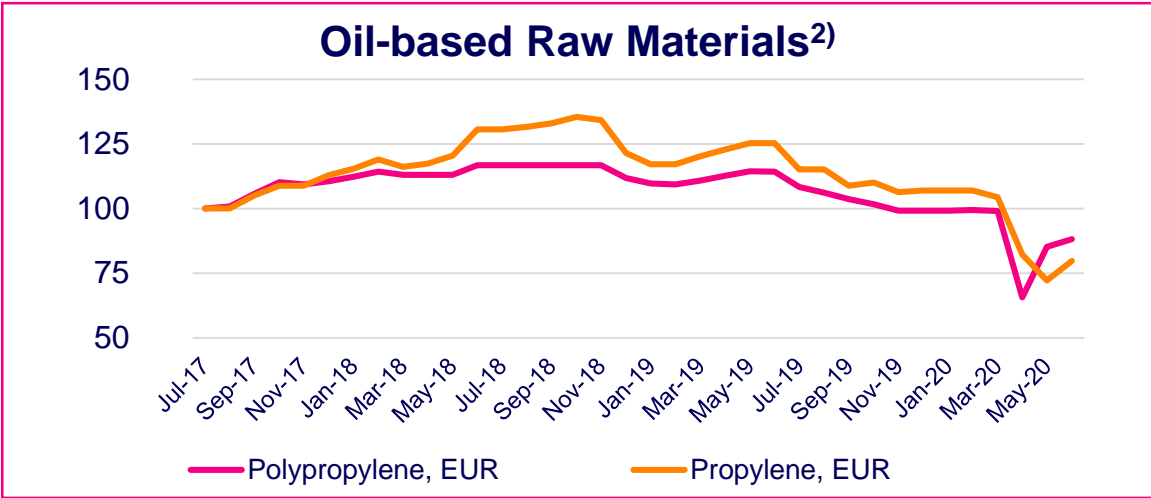
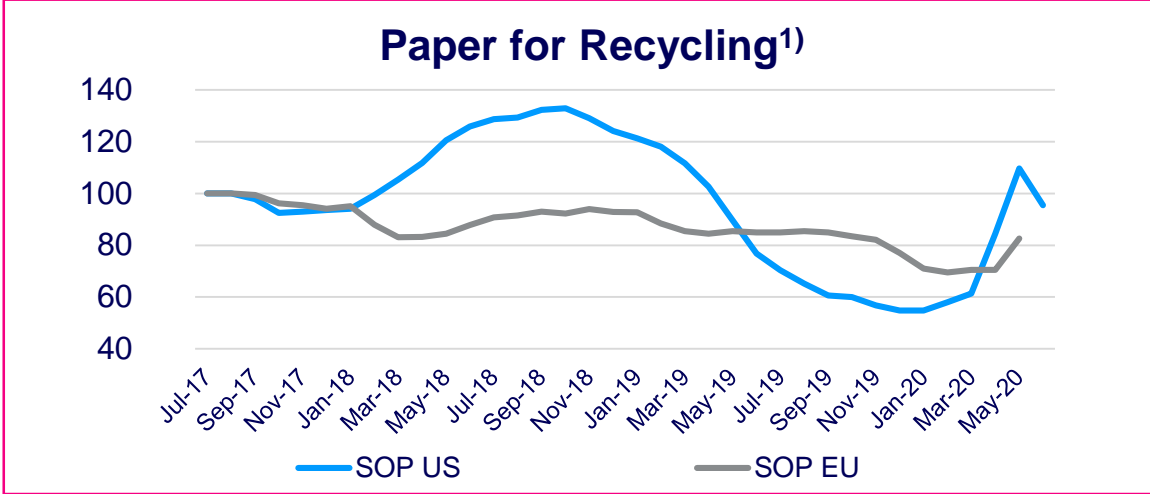
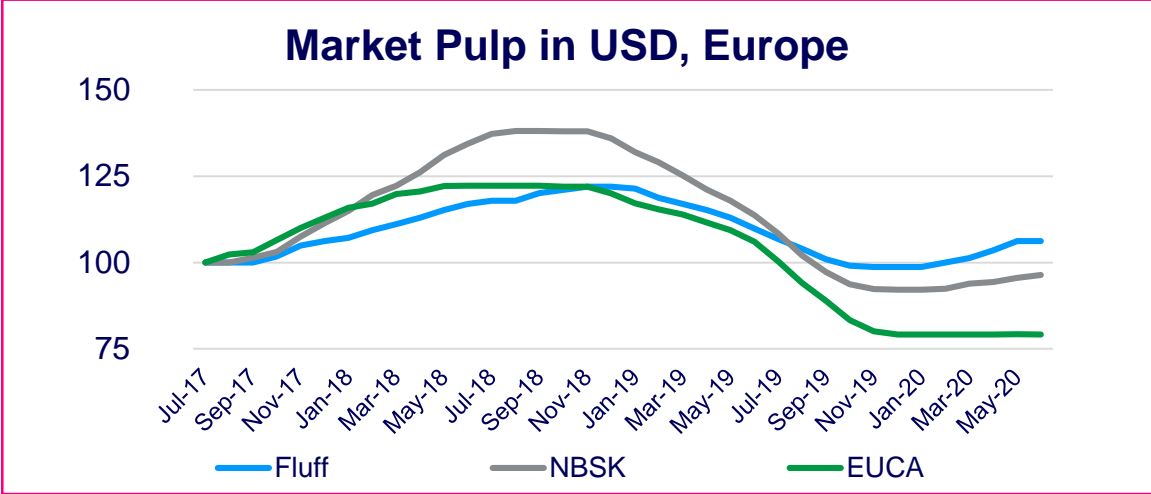
Adjusted EBITA Margin¹⁾

Q2 2020 vs Q2 2019



¹⁾ Excluding items affecting comparability

Raw Material Development



Source: Fastmarkets RISI, Fastmarkets FOEX, VDP, Macrobond, Epexspot, ICIS

Index 100 = July 2017
¹⁾ Sorted Office Paper. Index in local currencies. EU refers to Germany ²⁾ Polypropylene major feedstock of non-woven material, Propylene major feedstock of SAP material ³⁾ Electricity Germany. Natural Gas, TTF Index

COVID-19

Top priorities



**Care for
Our People**



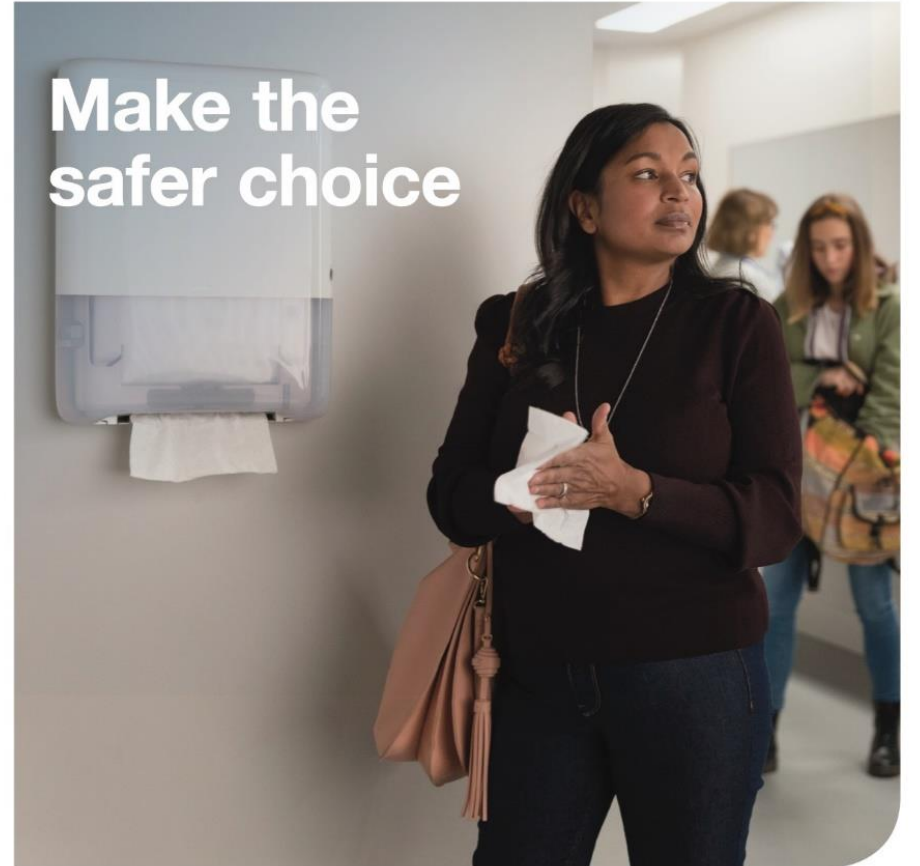
**Contribute
to Society**



**Secure
Business
Success**

Secure Business Success

- Positive feedback from customers appreciating our support, service and delivery reliability
- Successful innovations
- Increased presence and activity in digital sales channels
- Strengthened market shares in many markets
- Significantly increased awareness of hygiene and health



Right now, the demands put on safe hygiene solutions in public spaces are higher than ever before. Keeping up with hand hygiene is the best way to prevent the spread of infection, and hand drying is a big part of that. In hygiene-critical areas like hospitals where safety is paramount, paper hand towels are the only recommended drying solution as jet air dryers produce more airborne droplets* increasing the risk of bacteria spread.

Today, 71% wish that more facilities would offer hand paper towels as an alternative to air dryers**, making paper hand towels by far the most preferred choice.

Make the safer choice – change to Tork paper hand towels today.



Think ahead.

Innovations

Q2 2020



Increased Awareness of Hygiene and Health

Leveraging our leading solutions

Anti-bacterial Products



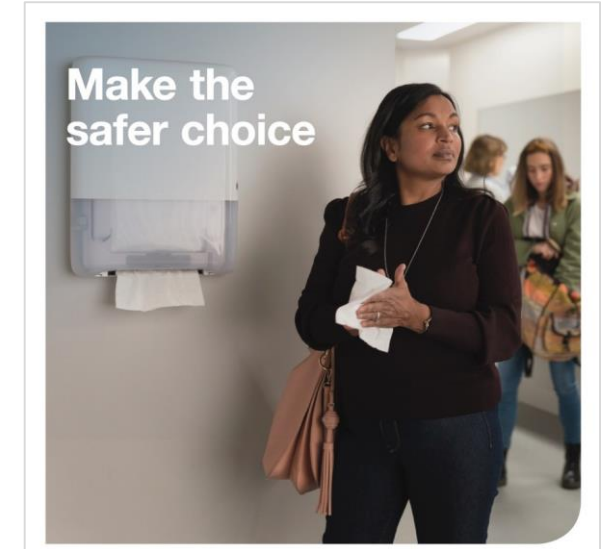
Reposition Products to Hygienic Benefits



Soaps and Sanitizers



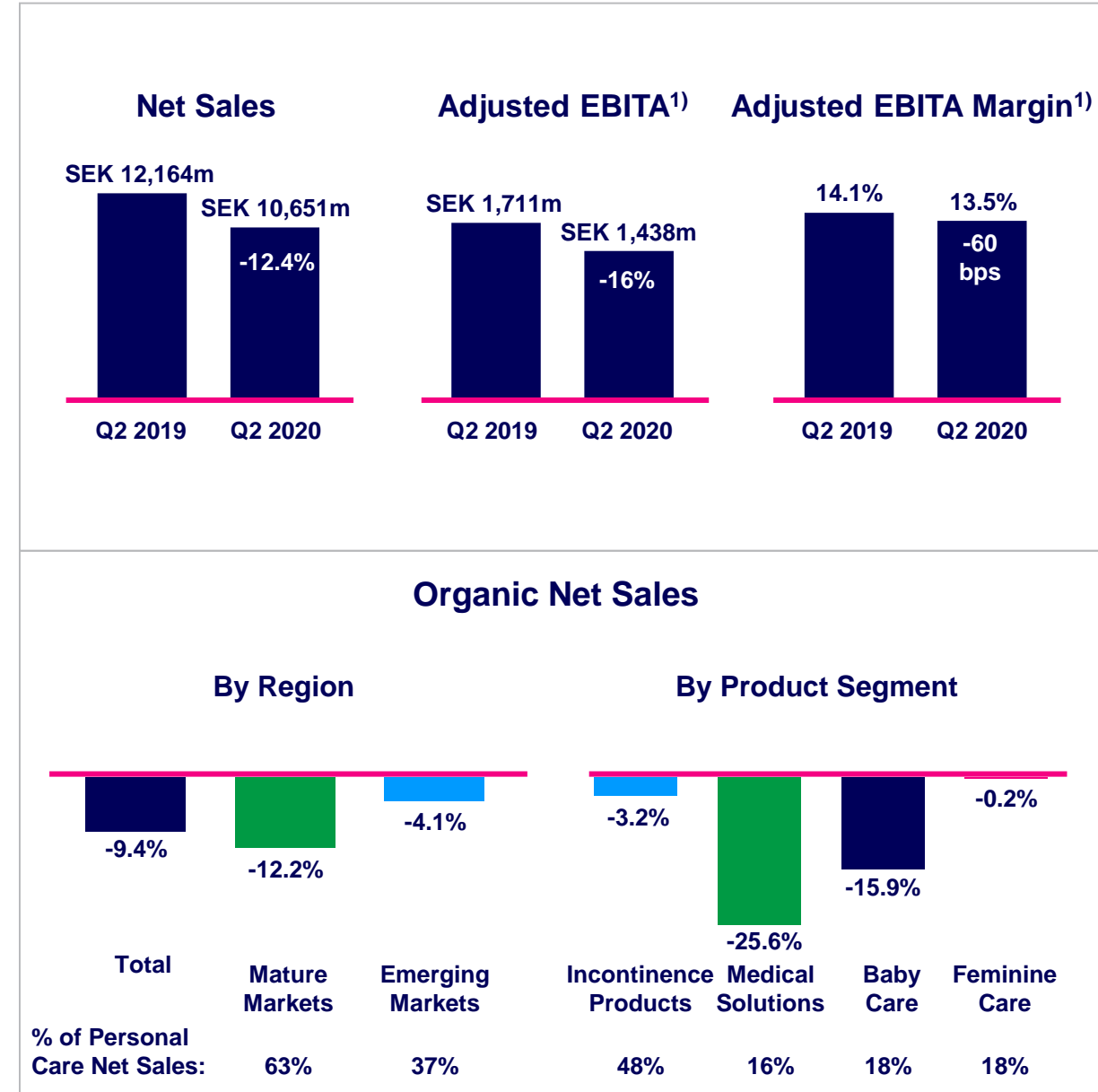
Tork PeakServe



Personal Care

Q2 2020 vs Q2 2019

- Organic net sales decreased 9.4%
 - Volume -10.2% and price/mix +0.8%
- Sales negatively impacted by COVID-19 and related lockdowns and destocking
- Gradual improvement of sales in June
- Higher prices
- Cost savings
- Lower raw material costs
- Lower volumes and higher distribution costs
- Lower sales and marketing costs but higher as % of net sales

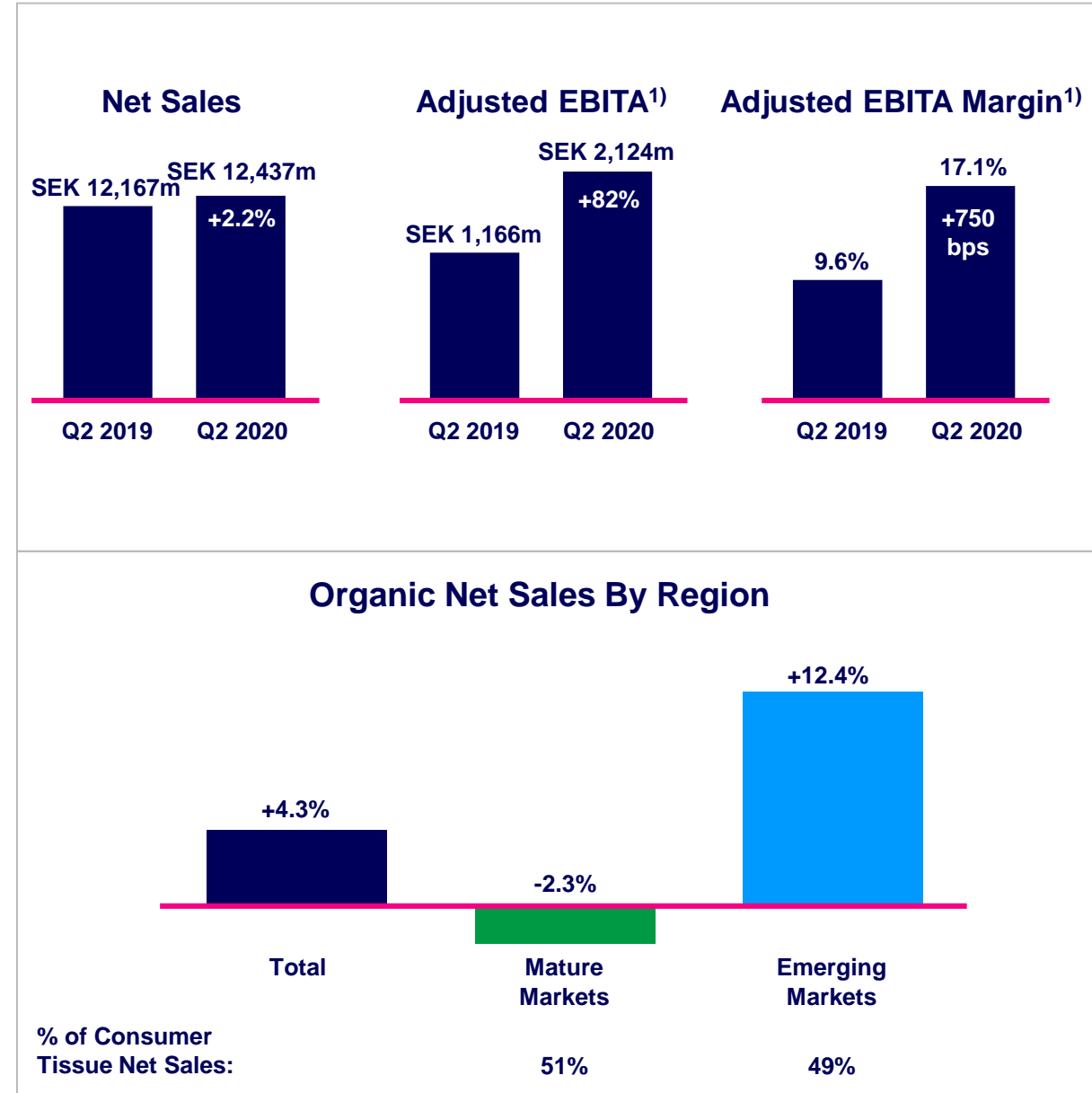


¹⁾ Excluding items affecting comparability

Consumer Tissue

Q2 2020 vs Q2 2019

- Organic net sales increased 4.3%
 - Volume +4.9% and price/mix -0.6%
- Higher volumes
- Better mix but lower prices
- Lower raw material and energy costs
- Higher distribution costs
- Higher sales and marketing costs but lower as % of net sales

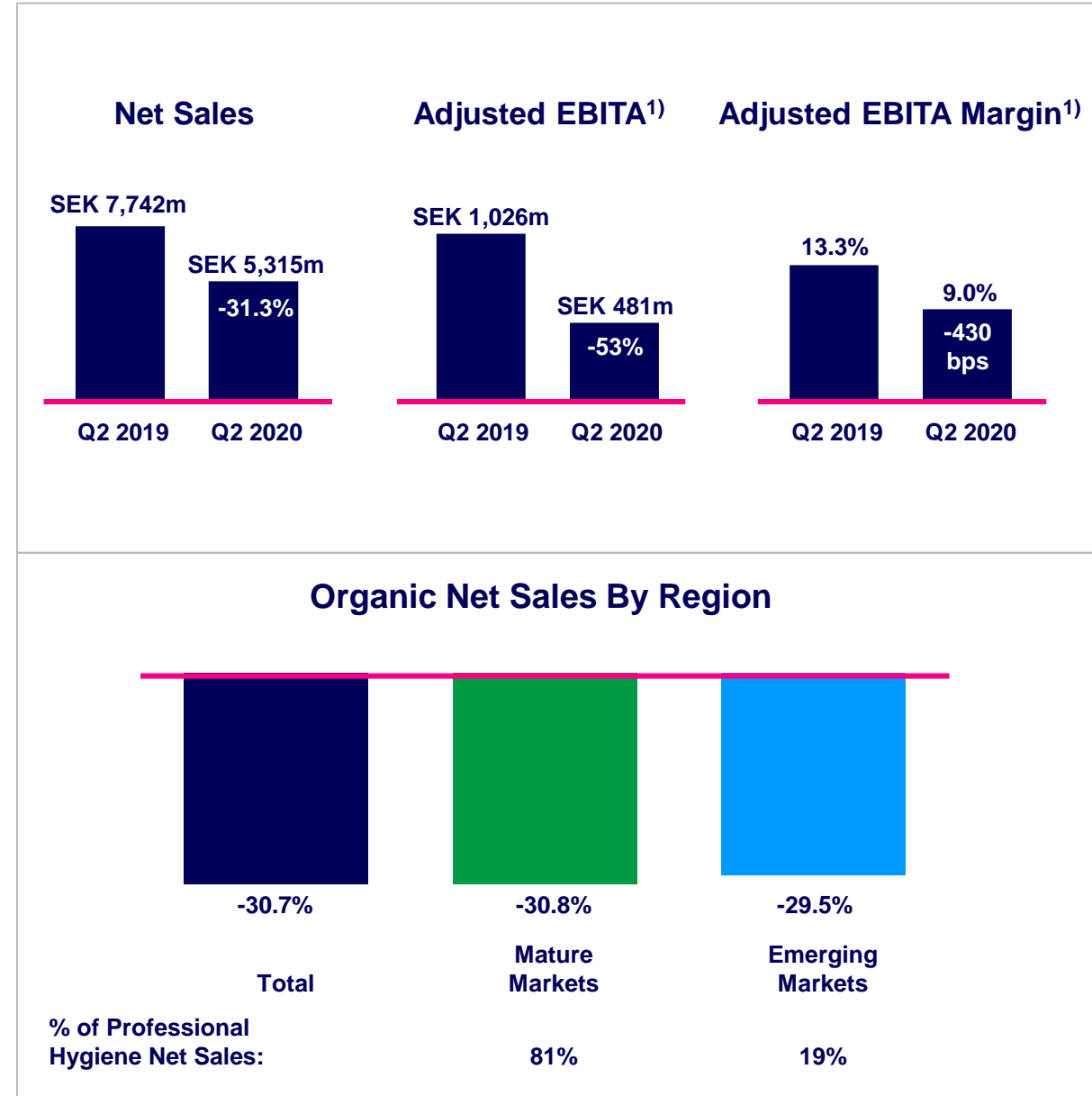


¹⁾ Excluding items affecting comparability

Professional Hygiene

Q2 2020 vs Q2 2019

- Organic net sales decreased 30.7%
 - Volume -32.2% and price/mix +1.5%
- Sales negatively impacted by COVID-19 and related lockdowns and destocking
- Higher prices and better mix
- Cost savings
- Lower raw material and energy costs
- Lower volumes and higher distribution costs
- Lower sales and marketing costs but higher as % of net sales
- Higher sales of dispensers and skin care



¹⁾ Excluding items affecting comparability

Summary

Q2 2020

- Strong underlying business performance in a challenging environment
- Adjusted EBITA margin improvement
- Sales negatively impacted by COVID-19 and related lockdowns and destocking
- Increased market shares in many markets
- Online sales increased with 350 bps to 14% of sales
- Increasing importance of hygiene and health





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