



The Essity Group

Magnus Groth, President and CEO



This presentation contains forward-looking statements. Such statements are based on current expectations and are subject to certain risks and uncertainties that could materially affect our business and results. Please read our most recent annual and sustainability report for a better understanding of these risks and uncertainties and please see the last page in this presentation for further information about forward-looking statements. Any forward-looking statements made during this presentation speaks only as of the date of this presentation and Essity undertakes no obligation to update any of them in light of new information, future events or otherwise.



A Leading Global Hygiene and Health Company



Essity in Brief

118,500

SEKm
in net sales 2018

12,935

SEKm
in adjusted EBITA¹⁾ 2018

Sales in approximately

150 countries

Number of employees
approximately

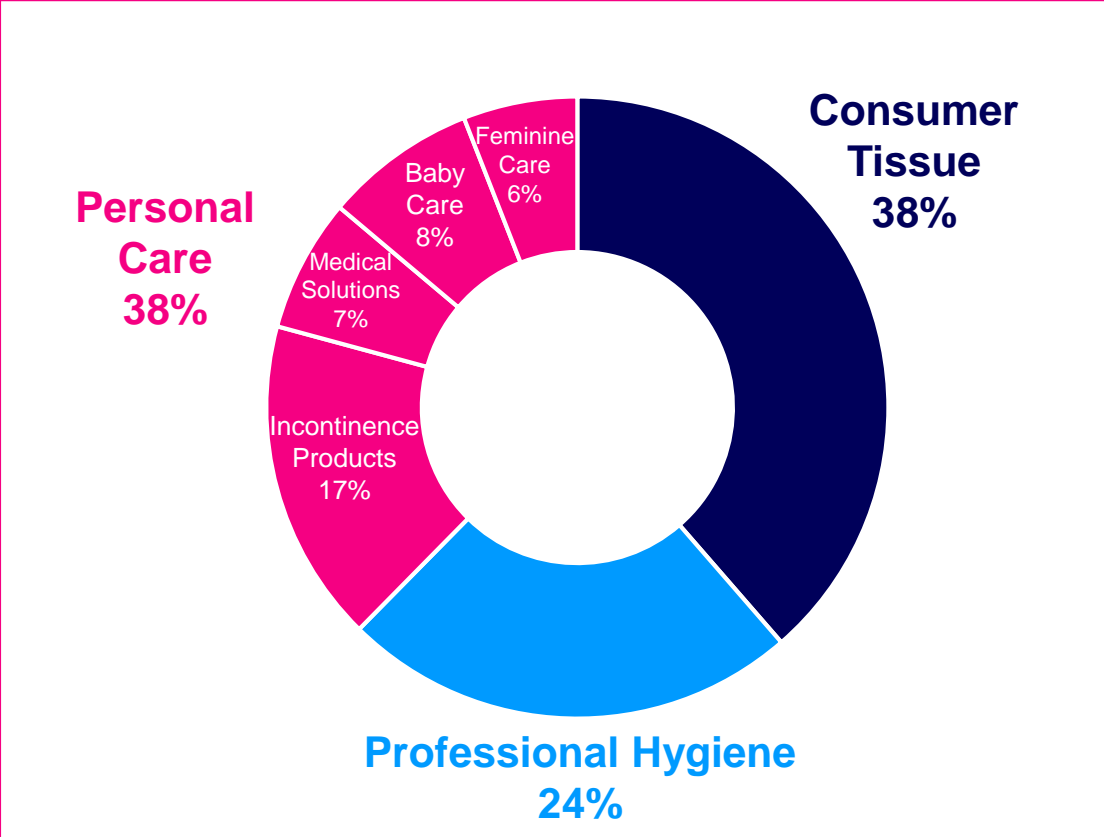
47,000



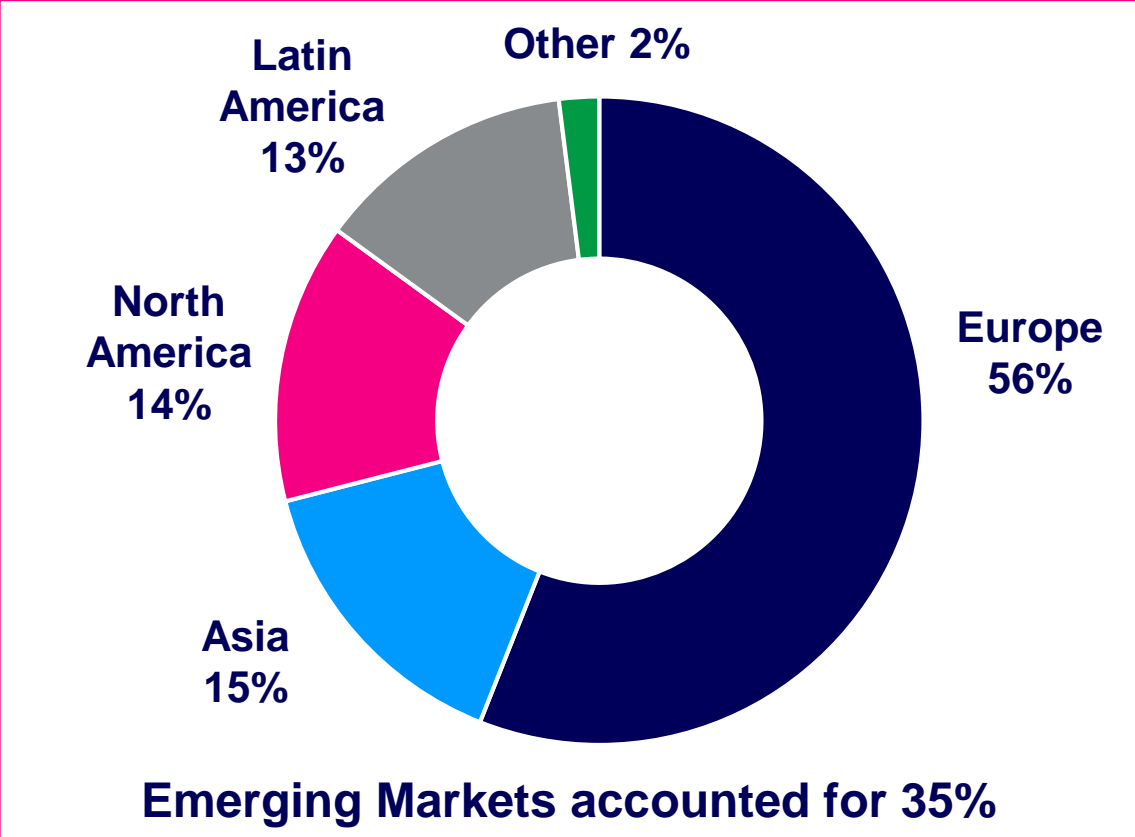
¹⁾ Excluding items affecting comparability

Net Sales 2018

By Business Area and Category

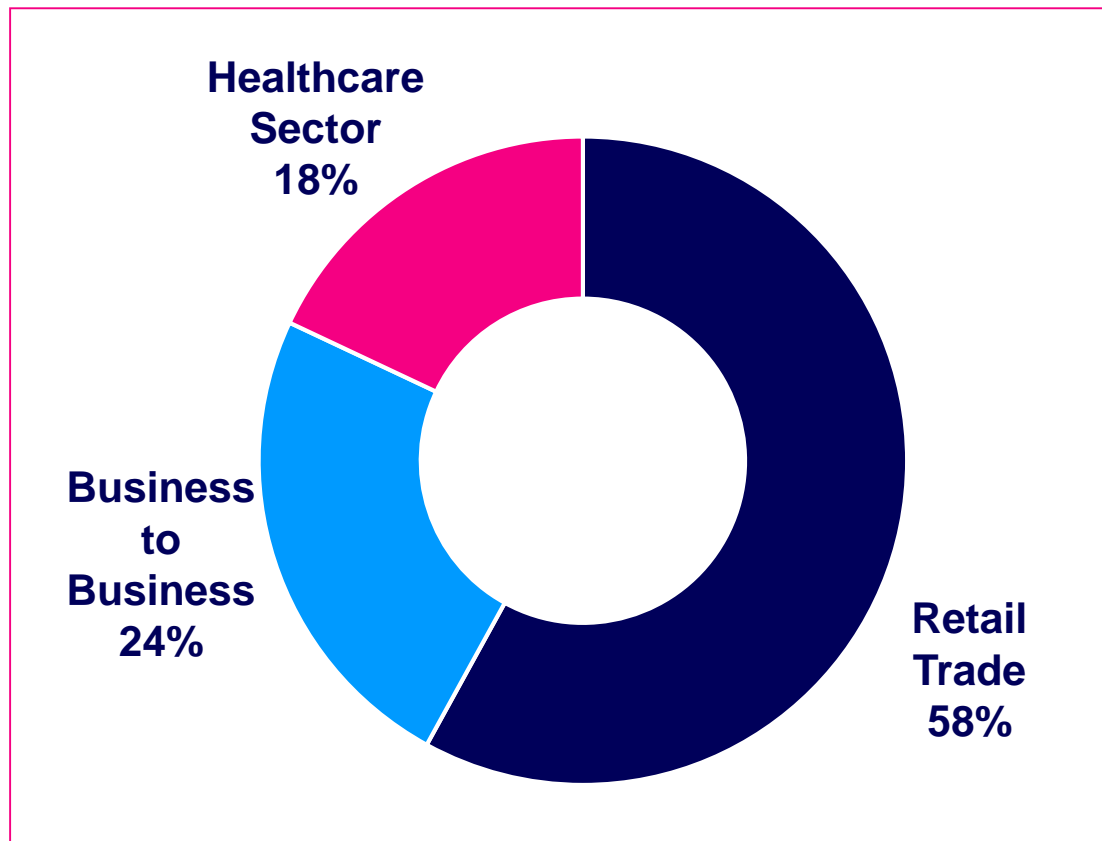


By Geography

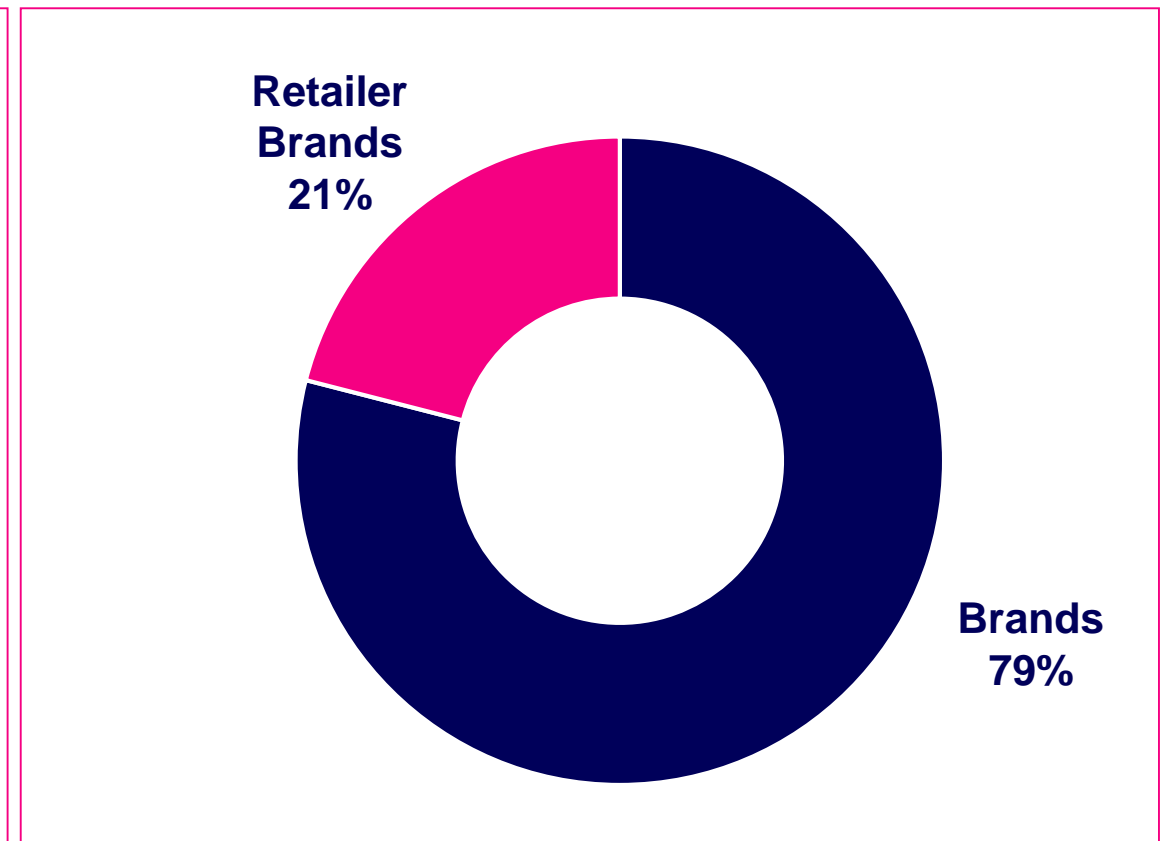


Net Sales 2018

By Distribution Channel



Brands vs Retailer Brands



Favorable Market Trends

Growing and Aging Population



Increased Awareness about Hygiene and Health



Increased Disposable Income and Higher Living Standards



Increased Prevalence of Chronic Conditions



Sustainability in Focus



Increased Access to Healthcare



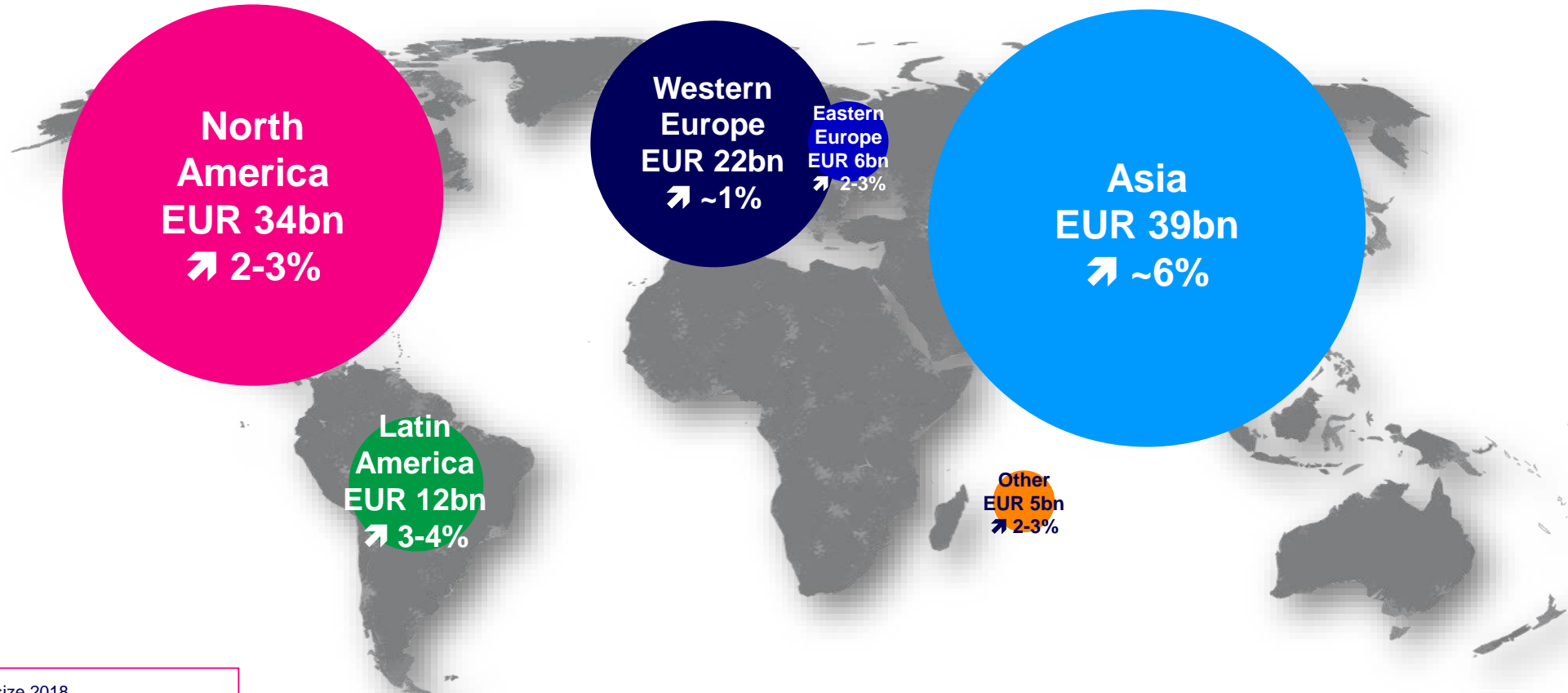
Digitalization

Evolution of Business Models

The Empowered Consumer

Our Market

Addressable Hygiene and Health Market



Global Market Size 2018: EUR 118bn, ↗ ~3%

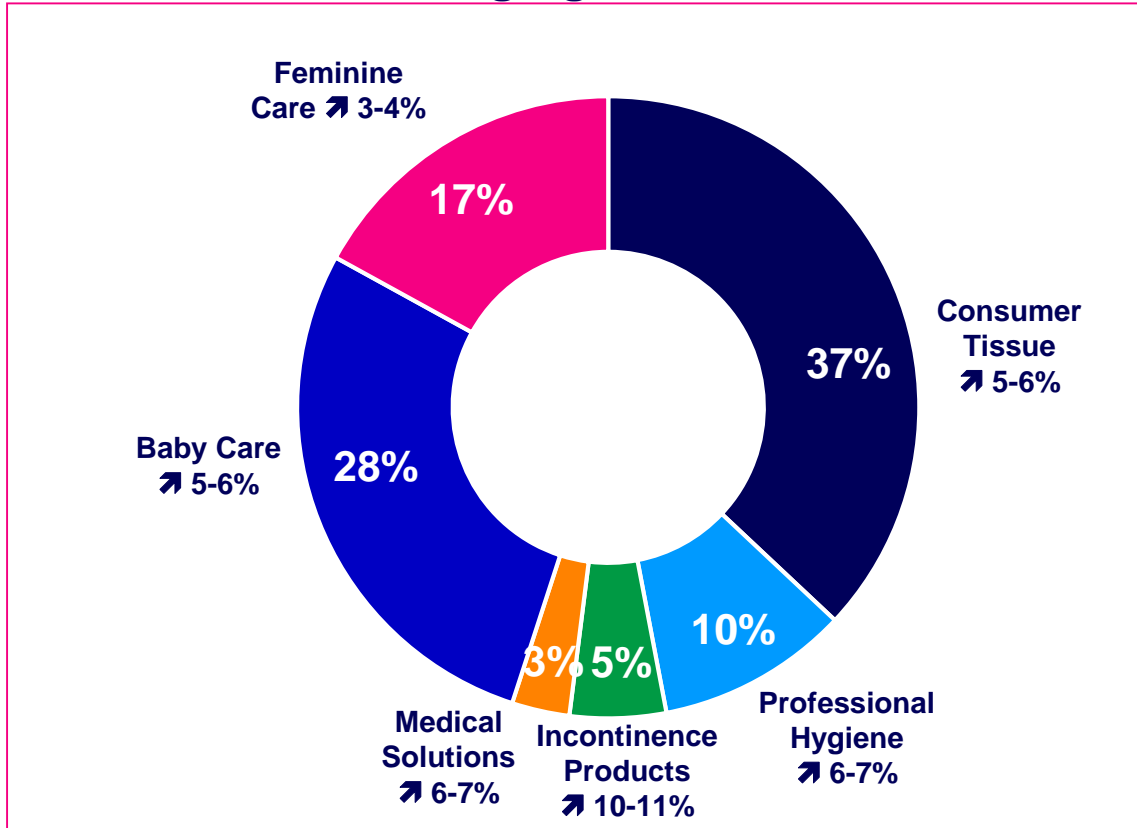
Bubble size: Market size 2018
↗ Expected Market Growth CAGR
(Compound Annual Growth Rate) 2018-2023

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.

Our Market

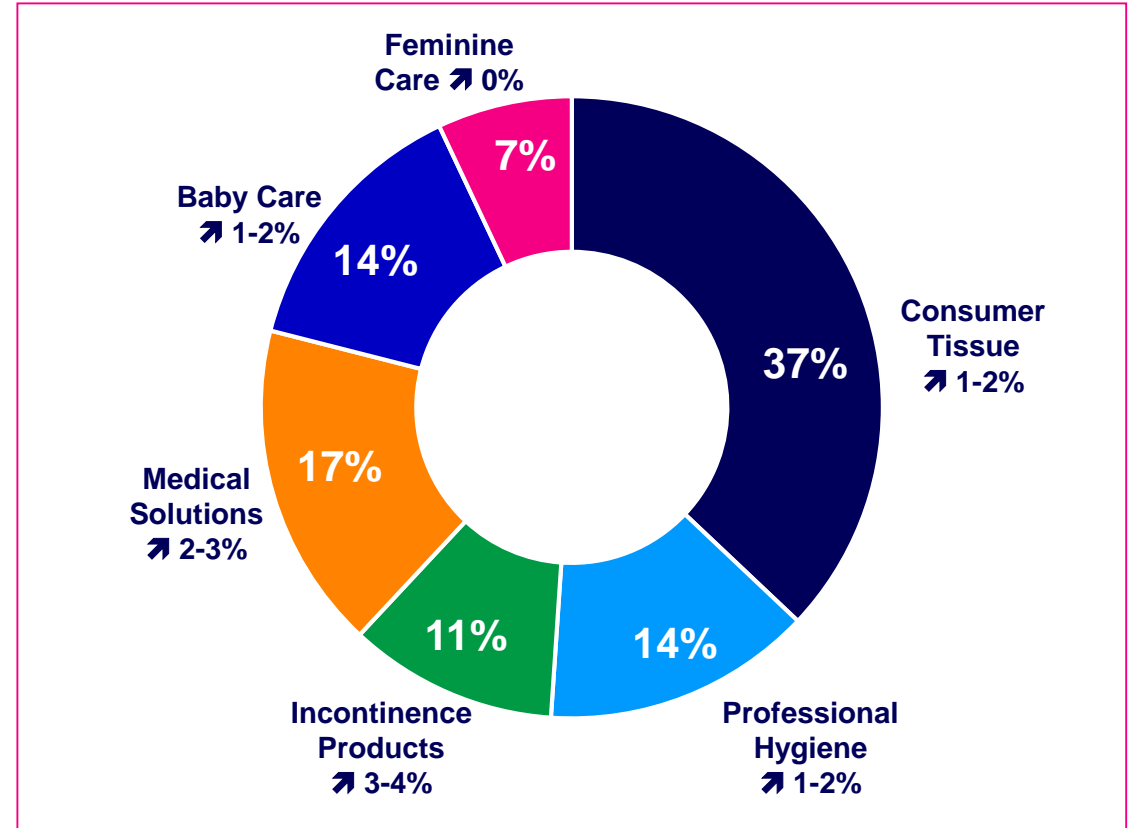
Addressable Hygiene and Health Market

Emerging Markets



Market size: EUR 54bn, ↗ 5-6%

Mature Markets



Market size: EUR 64bn, ↗ 1-2%

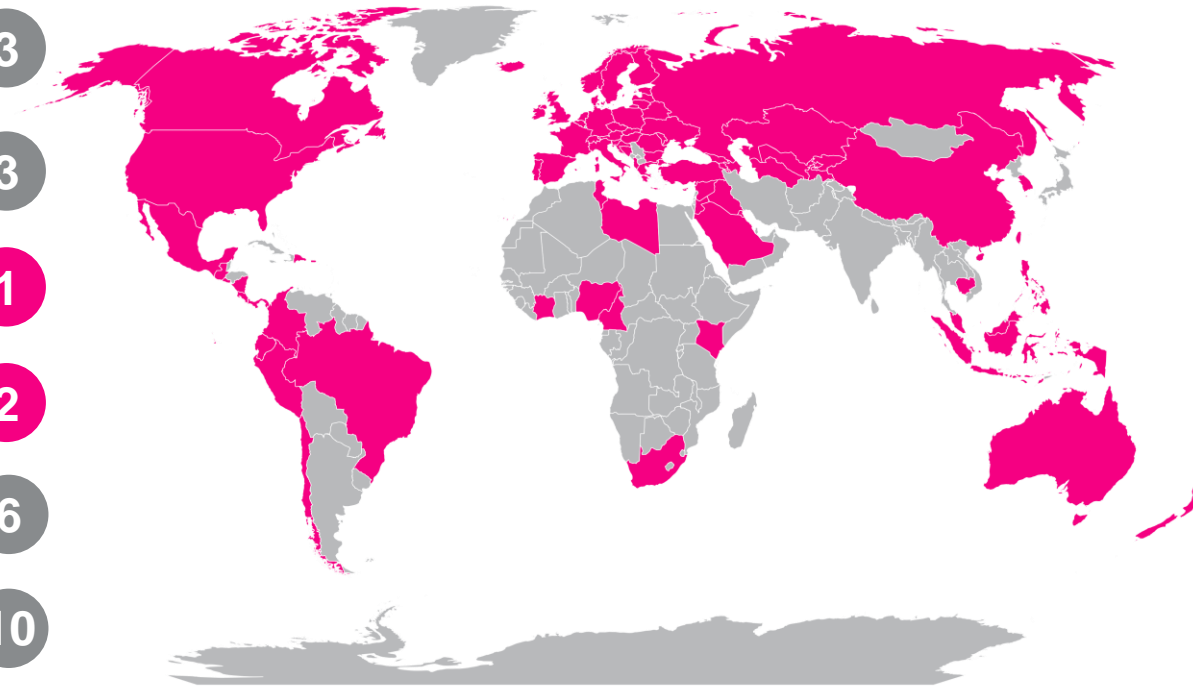
↗ Expected Market Growth CAGR (Compound Annual Growth Rate) 2018-2023

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Leading Market Positions

#1 or #2 Position in 90 Countries For One Category Or More

	Global	Europe	North America	Latin-America	Asia
Incontinence Products	1	1	4	1	3
Professional Hygiene	1	1	2	4	3
Consumer Tissue	2	1	-	3	1
Medical Solutions	4	1	12	1	2
Baby Care	5	2	-	6	6
Feminine Care	6	3	-	1	10



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Financial Targets and Policies

Annual Organic Sales Growth

>3%

Adjusted Return on Capital Employed

>15%

Capital Structure Policy

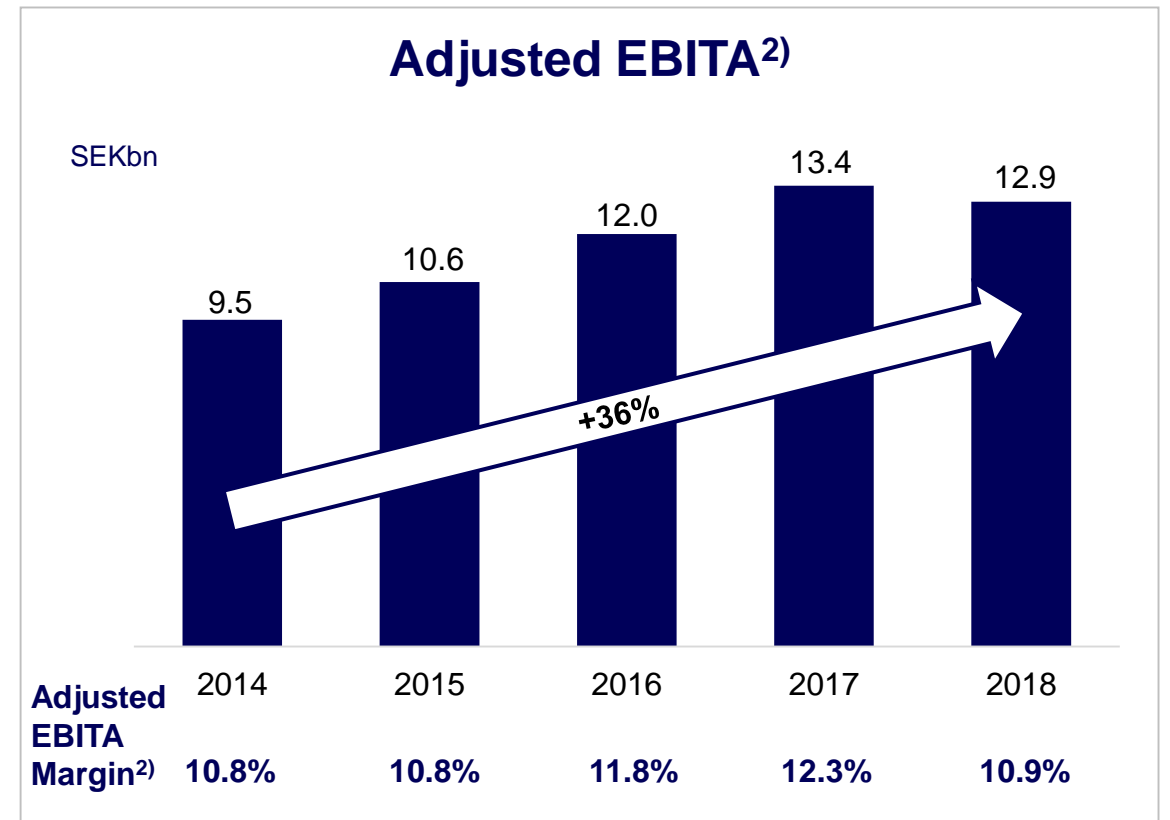
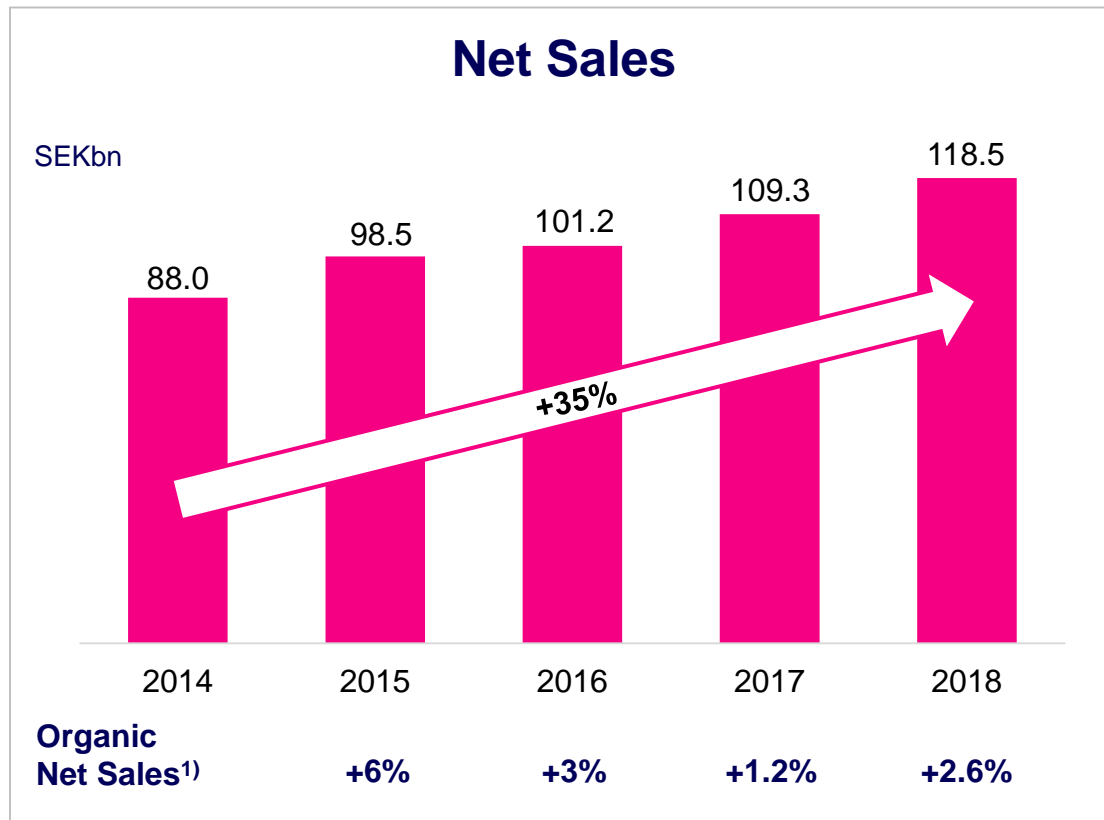
Maintain solid investment grade rating

Dividend Policy

Long-term stable and rising dividends



Increased Sales and Profitability



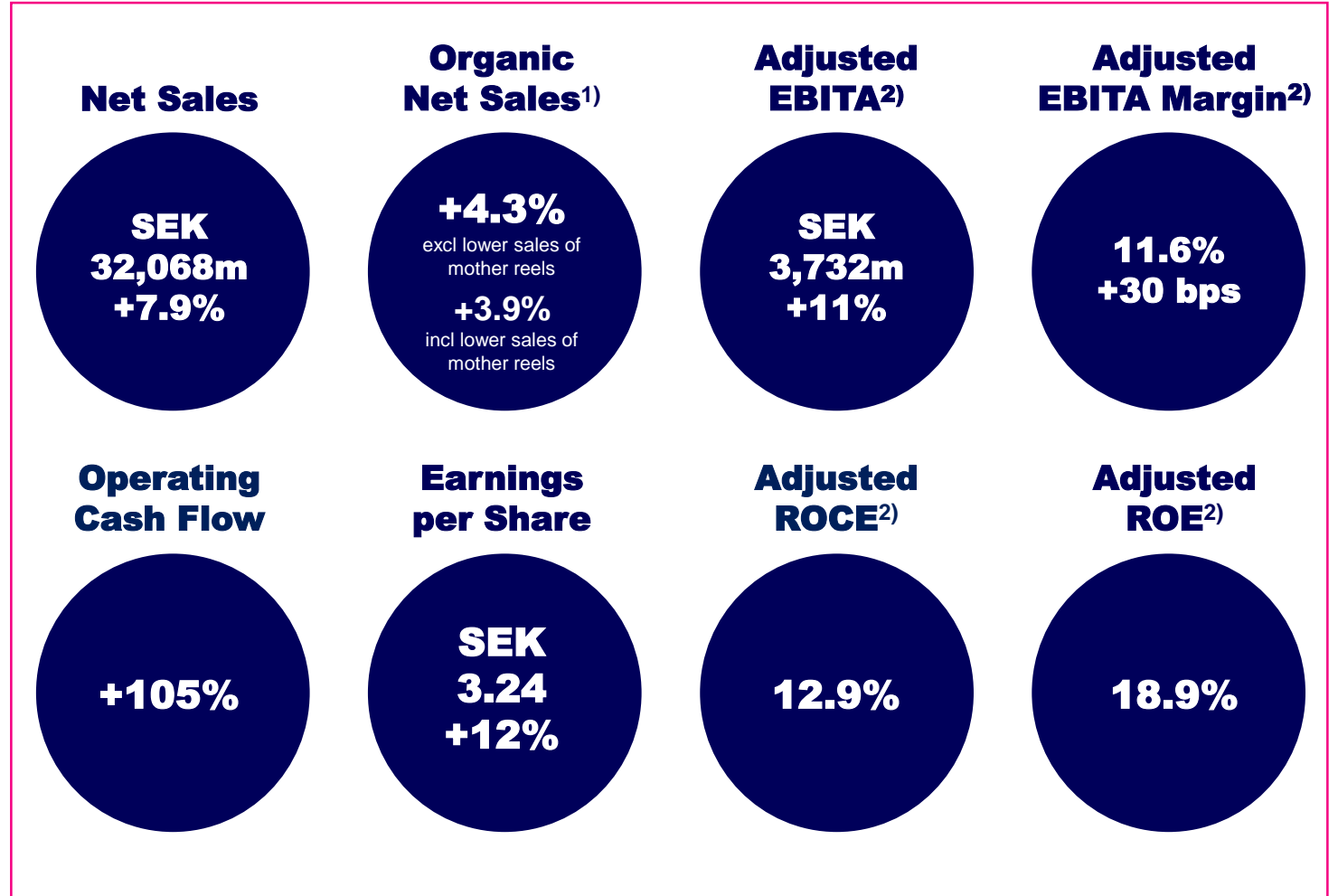
¹⁾ Excluding exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

Summary

Q2 2019 vs Q2 2018

- Strong organic net sales growth and higher adjusted EBITA margin
- Better price/mix and higher volumes in all business areas
- Investments in growth with higher sales and marketing costs but lower as % of sales
- Strong contribution from cost savings
- Higher raw material and energy costs
- Significant negative impact from stock revaluation due to lower raw material prices

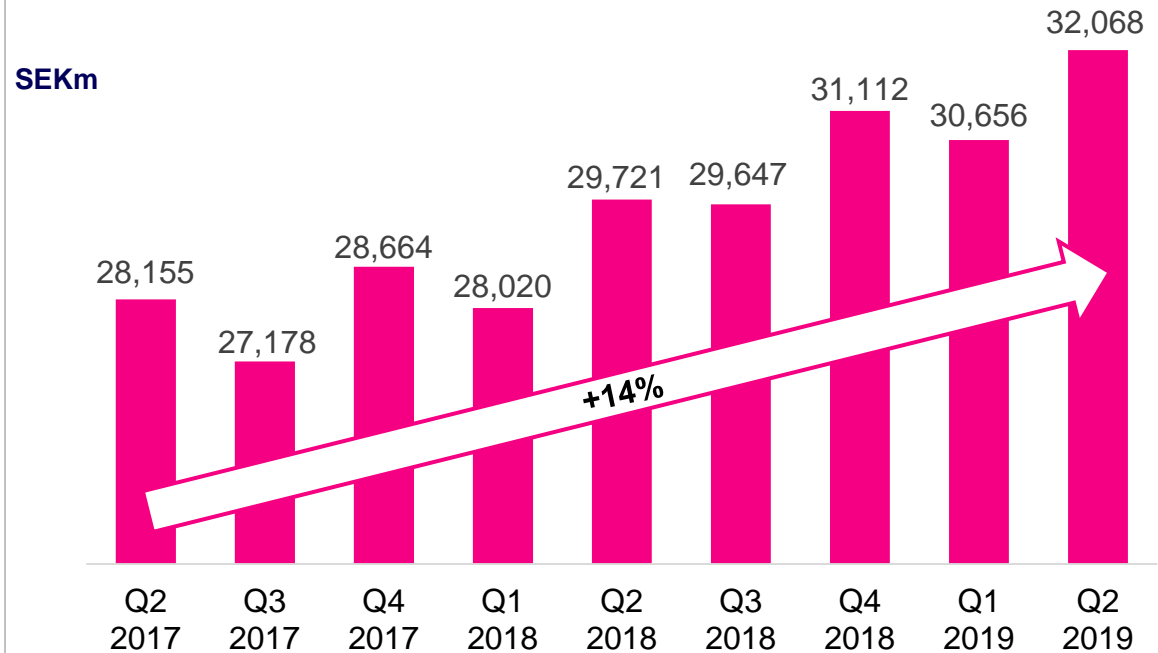


¹⁾ Net sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

Increased Sales and Profits

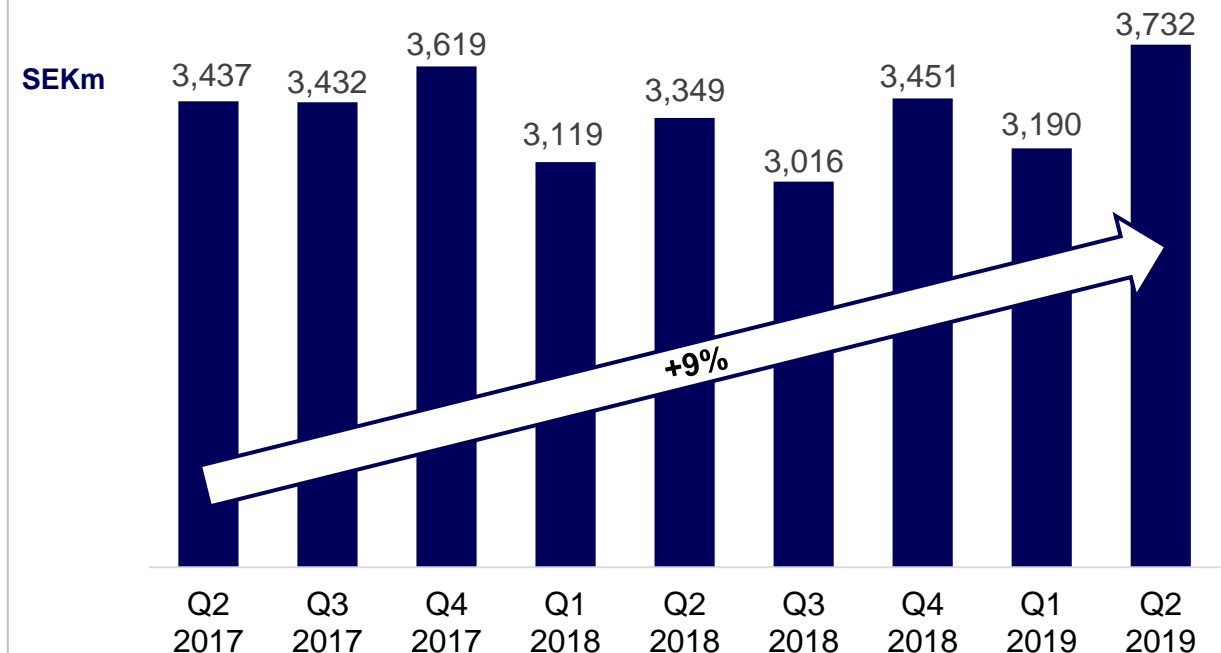
Net Sales



Organic Net Sales¹⁾

-0.1% +1.8% +1.8% +3.4% +2.3% +1.6% +3.3% +4.3% +3.9%

Adjusted EBITA²⁾



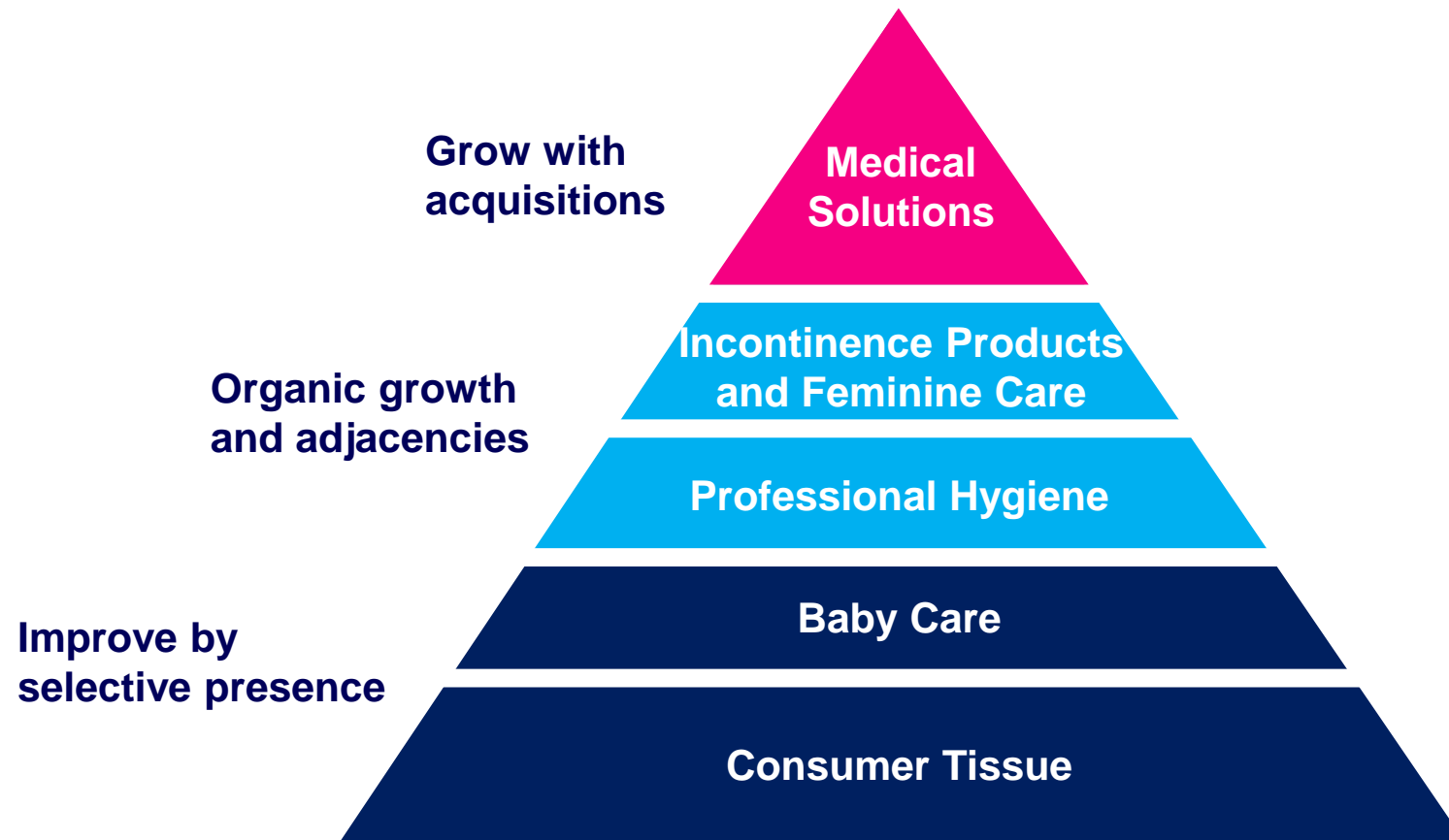
Adjusted EBITA Margin²⁾

12.2% 12.6% 12.6% 11.1% 11.3% 10.2% 11.1% 10.4% 11.6%

¹⁾ Excluding exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

Portfolio Strategy



Accelerating Digital Transformation

E-commerce

5%

of Group Net Sales 2018

+21%

Organic Sales Growth 2018

>30%

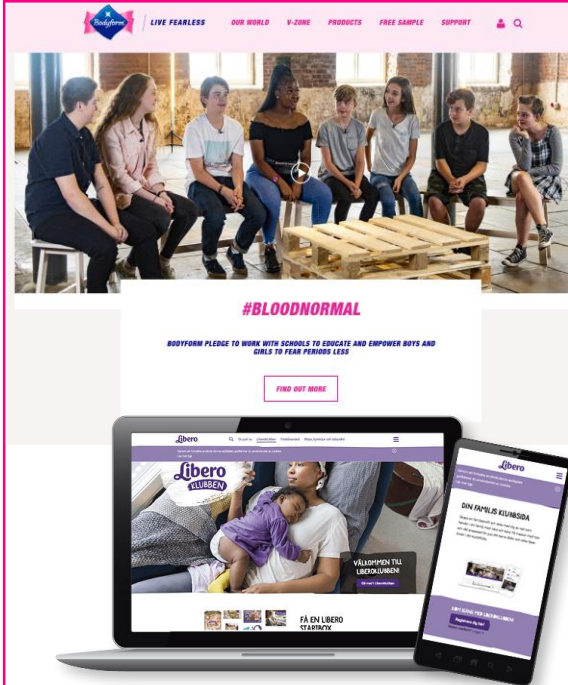
of Vinda's 2018 net sales in China

Digital Products



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

Customers and Consumers



libero.se/nya-liberoklubben
www.bodyform.co.uk www.tena.co.uk

Robotics, Automation, Analytics



Increases efficiency
and improves quality
in all parts of the business

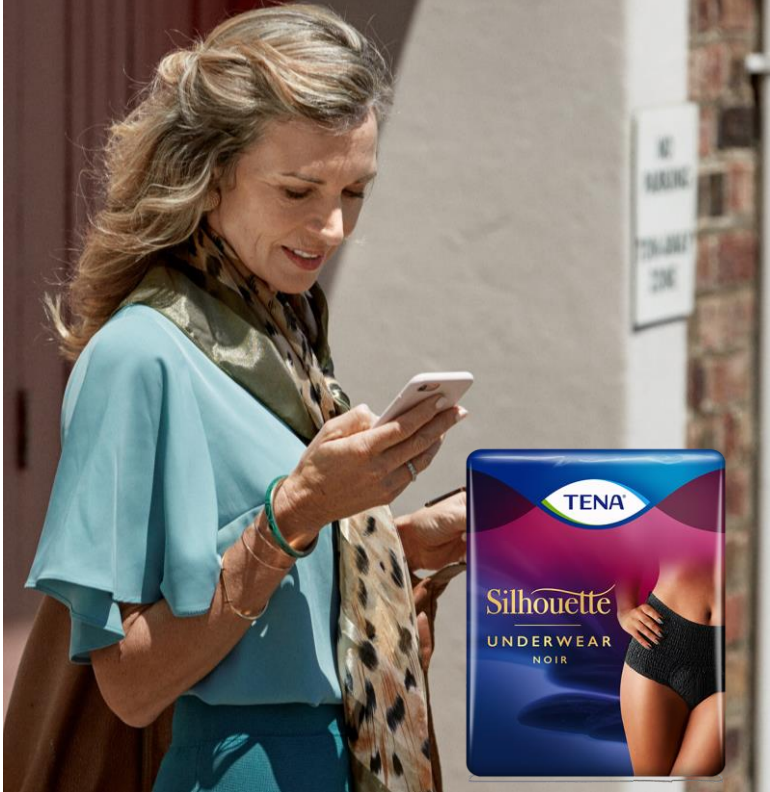
Innovate Leading Brands



TORK
Think ahead.



lotus **Zewa**

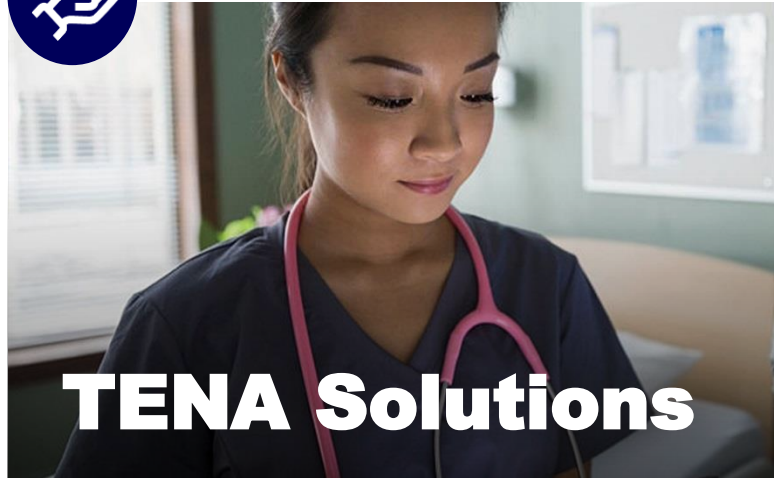


TENA

We Integrate Sustainability into Brand Building and Innovation



Well-being



TENA Solutions

An integrated offering that consists of innovative products, best-practice care routines, tools, training and expert support

- **-61% leakage**
- **83% better suited product choices**



More from Less



Sans Tube

Sans Tube is a unique toilet paper with no tube and twice the paper, delivering high quality paper with lower environmental footprint and less waste

- **At least -13% carbon footprint from transportation***
- **-40% waste***

*Results from Life Cycle Assessment conducted by Essity comparing toilet paper rolls on the French and the German markets, and verified by Swerea IVF, 2017



Circularity



Tork PaperCircle™

The world's first recycling service for paper hand towels. We help your business go circular by closing the loop

- **By recycling we can lower the carbon footprint by 40%***
- **The buildings involved generate about -20%** less waste**

*Based on a Life Cycle Assessment (LCA) for Europe, where the avoided processes have been taken into account, conducted by Essity and verified by IVL Swedish Environmental Research Institute Ltd, 2017

**Based on results from Tork PaperCircle™ pilot customers in Germany and The Netherlands

Sustainable Value Creation

- New targets for reduction of greenhouse gas emission approved by Science Based Targets initiative
- Joined the Ellen MacArthur Foundation's New Plastic Economy global commitment, "A line in the sand"
- ~2.5 million people educated in hygiene and health in 2018



Cure or Kill

Improving Underperforming Market Positions

Cure or Kill 1.0

- ~10% of total sales
- ~90% improved market positions
- ~10% exits

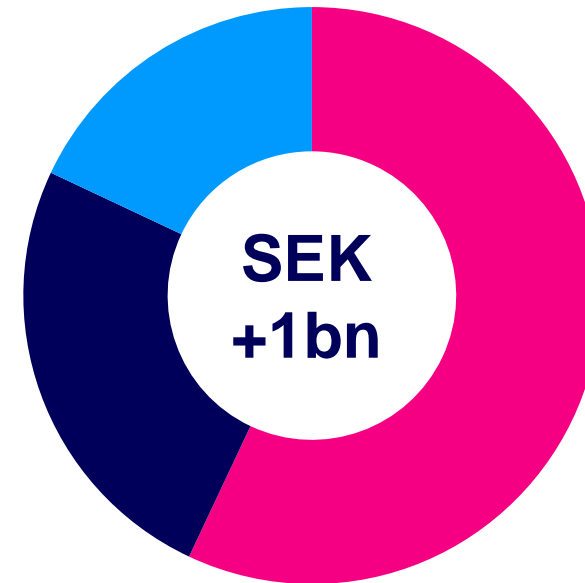
Cure or Kill 2.0

- ~10% of total sales

Actions

- Price increases
- Mix improvement
- Supply chain efficiencies
- Cut costs
- Exit if profitability cannot be achieved in a reasonable time frame

Adjusted EBITA Improvement by Business Area Cure or Kill Markets, 2016 – 2018



■ Personal Care ■ Consumer Tissue ■ Professional Hygiene

Cost Savings

SEK 2.9bn in Cost Savings 2017 – Q2 2019

- Tissue Roadmap
- Material Rationalization
- Operational Efficiency Improvements
- Sourcing Savings
- Group-wide Cost-savings Program



Top Priorities 2019

- Building our brands with innovations for people and nature
- Price increases, efficiency improvements and cost savings
- Grow categories with high margins
- Capitalize on digitalization opportunities



Delivering Sustainable Shareholder Value

Our Strengths

**Improving well-being
through leading hygiene
and health solutions**

**Leading positions in
an attractive and
growing market**

**Strong brands and
successful innovations
for people and nature**

**Focus on efficiency
improvements and
cost savings**

**Sustainable business
with profitable growth
and strong cash flow**

**A high-performing
organization with a
winning corporate culture**

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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