



Year-end Report 2017





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.

Magnus Groth President and CEO



Summary 2017

- Essity, a leading global hygiene and health company, listed on Nasdaq Stockholm on June 15, 2017
- Acquisition of BSN medical completed
- Strong focus on profitability enhancing initiatives
- Launch of Beliefs and Behaviors to strengthen the Essity culture
- Innovations strengthened our offering and brands



Summary 2017

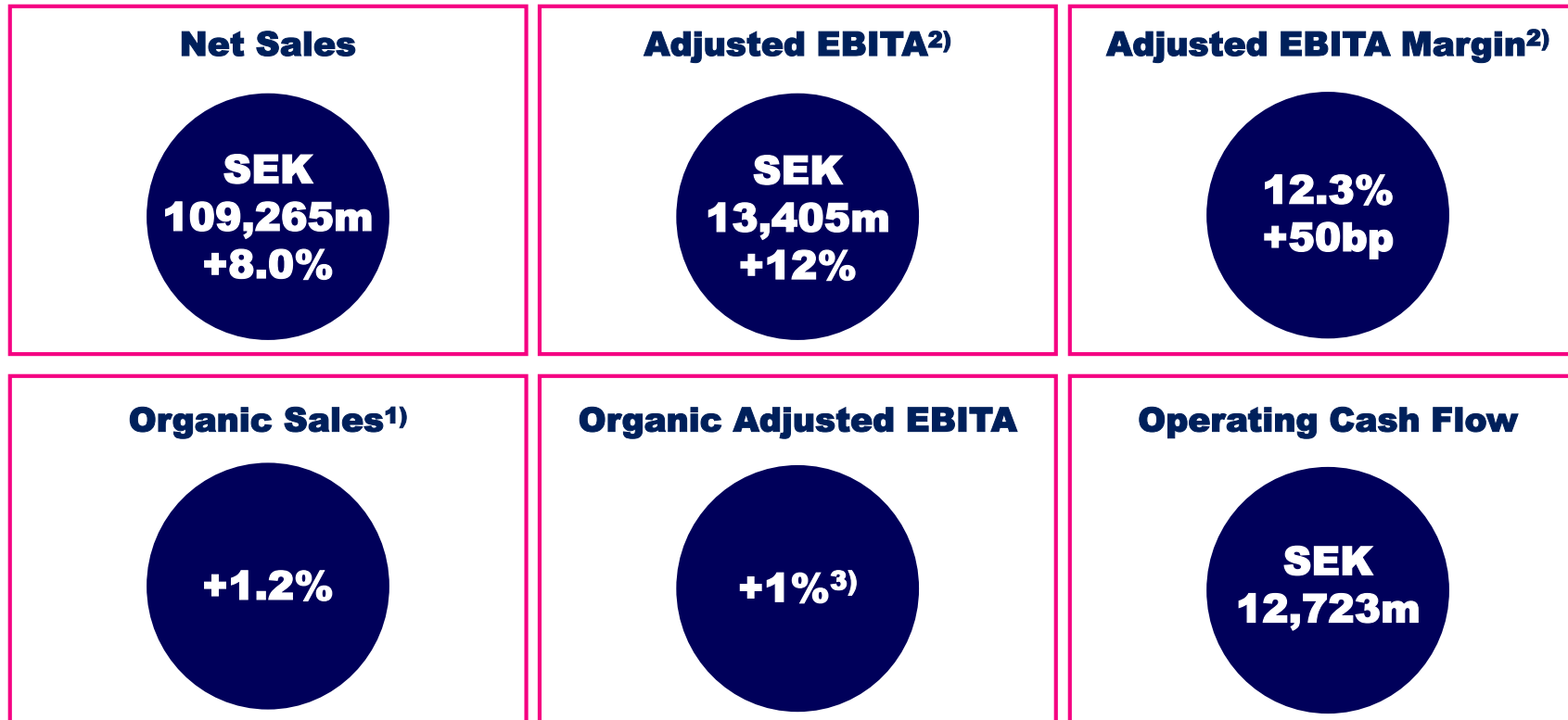
- Increased sales and profitability in challenging market environment
 - Organic sales¹⁾ increased 1.2%
 - Adjusted EBITA margin²⁾ increased 50bp to 12.3%
 - Adjusted ROCE²⁾ 14.9%
- The Board of Directors proposes a dividend of SEK 5.75 per share

¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments
²⁾ Excluding items affecting comparability



Financial Summary

2017 vs. 2016



1) Sales which excludes exchange rate effects, acquisitions and divestments

2) Excluding items affecting comparability

3) Excluding items affecting comparability, currency translation effects and acquisitions

Financial Summary

2017



- 1) Excluding items affecting comparability
- 2) Excluding items affecting comparability and amortization of acquisition related intangible assets
- 3) Excluding a one-time positive tax impact of SEK 550m: SEK 12.31

Dividend

The Board of Directors
proposes a dividend of
SEK 5.75 per share



Profitability Enhancing Initiatives

- Value chain optimization
- Tissue roadmap
 - Restructuring in France, Spain, UK and US
 - Investments in Mexico and UK
- Cure or kill
 - Profitability improvements for several market positions
 - Discontinued hygiene business in India
 - Exit Baby Care in Mexico
- Value creating acquisitions
 - Wausau Paper Corp.
 - BSN medical



Initiatives and Recognitions

- More than 2,500,000 educated in hygiene and health worldwide
- Essity and Microsoft partner on Internet of Things
- Recognition in European Parliament for recycling service for Tork paper hand towels
- Essity and United Nations Foundation convene Global Dialogue on UN Sustainable Development Goals
- Essity recognized by CDP* as world leader for its action on water and forest fiber-based material
- Essity 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.*

Beliefs and Behaviors

**We are
committed
to delivering
superior
results.**



**We care for
our customers,
consumers, the
environment
and each other.**

Beliefs

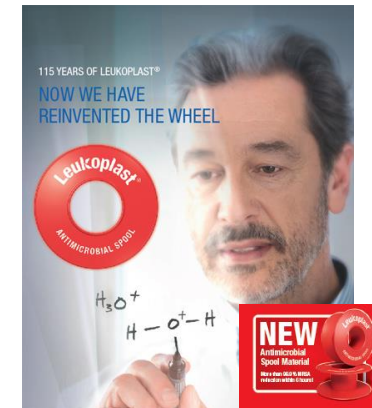
**We have the
courage to
take the lead.**



**We collaborate
across teams,
functions and
businesses.**

Innovations for People and Nature

41 innovations launched in all categories during 2017



Summary Q4 2017

- Increased sales and profitability in challenging market environment
 - Organic sales¹⁾ increased 1.8%
 - Adjusted EBITA margin²⁾ increased 70bp to 12.6%
 - Adjusted ROCE²⁾ 14.4%
 - Strong contribution from efficiency improvements
 - 5 innovations launched

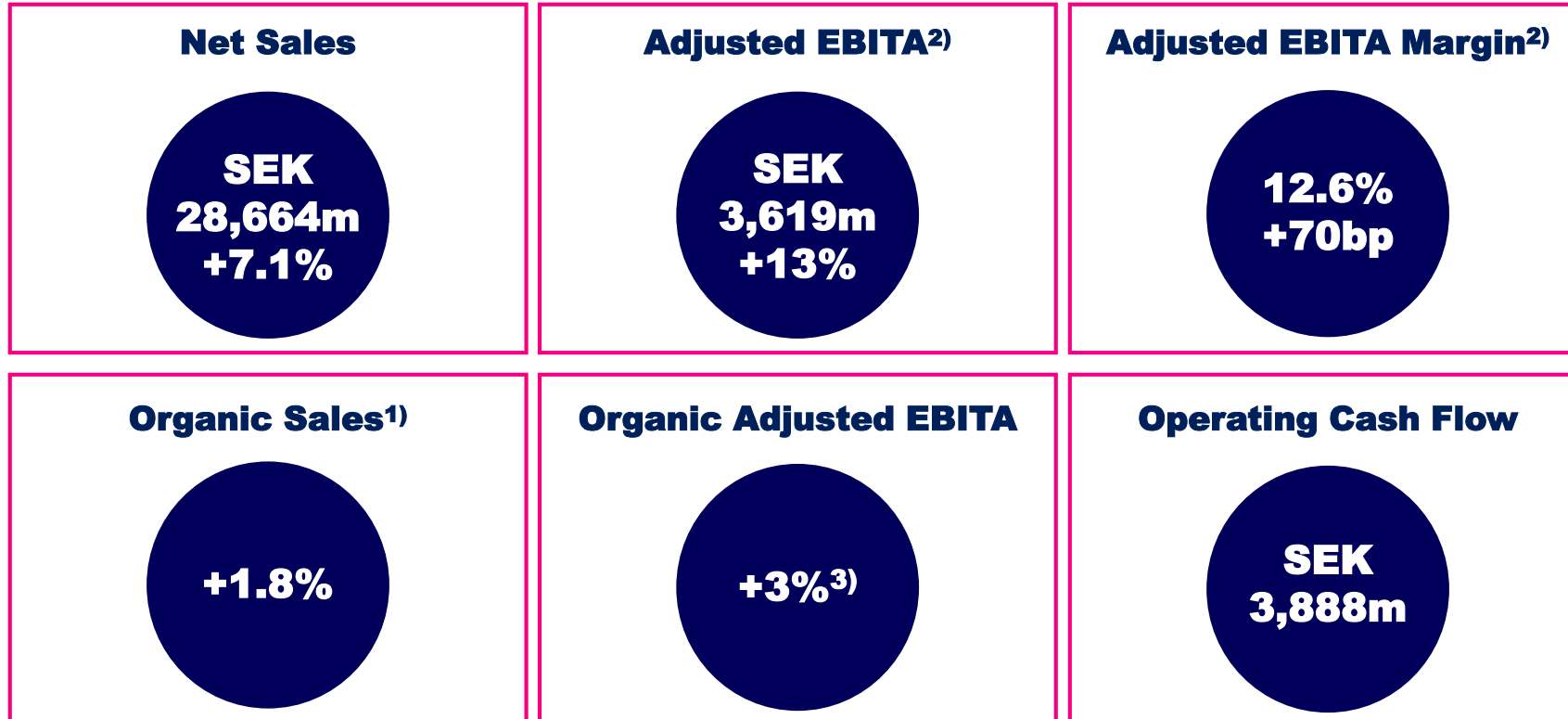
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Financial Summary

Q4 2017 vs Q4 2016



¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

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Financial Summary

Q4 2017



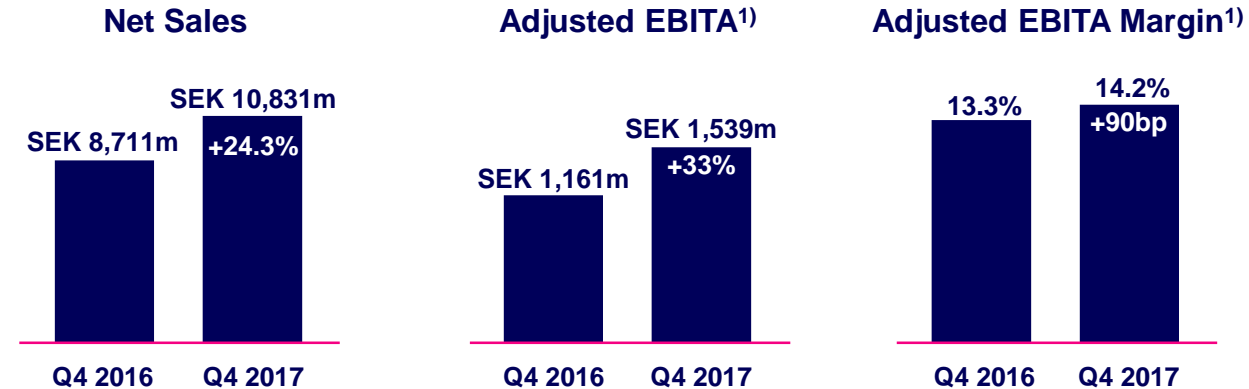
- 1) Excluding items affecting comparability
- 2) Excluding items affecting comparability and amortization of acquisition related intangible assets
- 3) Excluding a one-time positive tax impact of SEK 550m: SEK 3.53

Personal Care

Q4 2017 vs Q4 2016

- **Net sales increased 24.3%**
- **Organic sales increased 3.0%**
- **Adjusted EBITA¹⁾ increased +33%**
 - BSN medical acquisition
 - Higher volumes
 - Cost savings
 - Improved profitability in Incontinence Products in North America
 - Positive effect from closure of Baby Care in Mexico and hygiene business in India
 - Higher raw material costs
 - Lower prices
- **Adjusted EBITA margin¹⁾ 14.2%**
- **Adjusted ROCE¹⁾ 15.9%**

¹⁾ Excluding items affecting comparability



Personal Care

Q4 2017 vs Q4 2016

■ Organic sales increased +3.0%

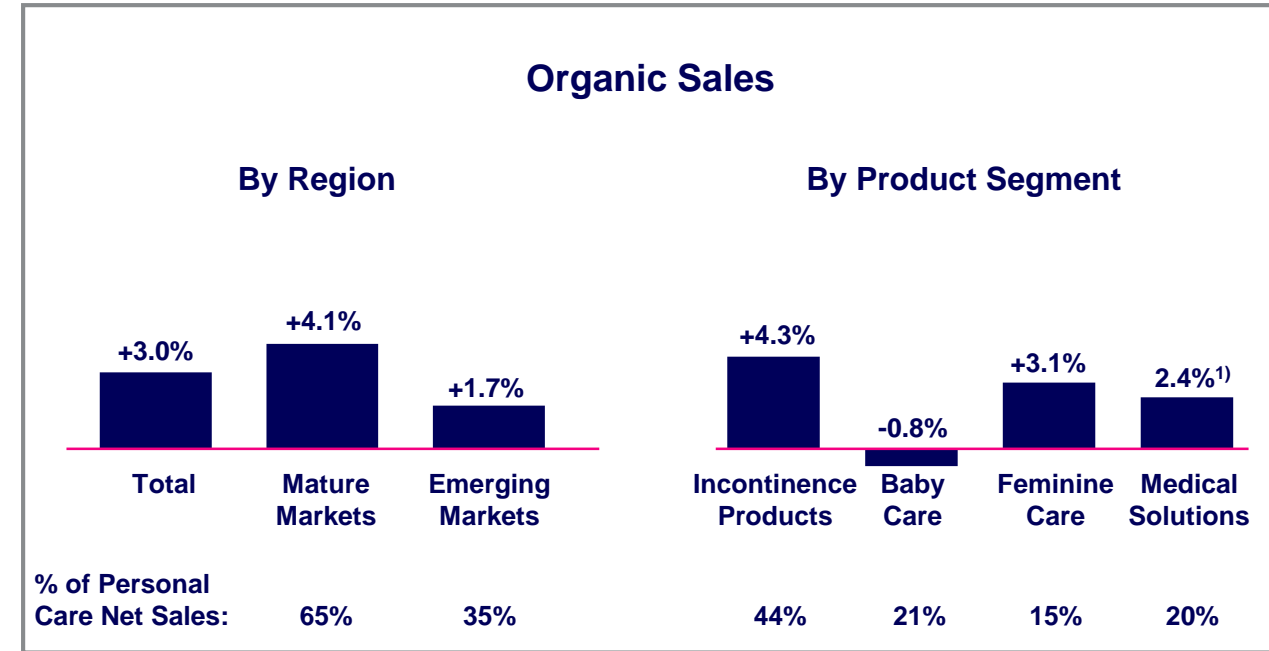
- Volume +3.0%
- Price/mix 0.0%
- Negative impact of ~1% related to closures of Baby Care Mexico and hygiene business in India

■ Mature markets

- Western Europe
 - Strong growth for Baby Care
 - Good growth for Incontinence Products
 - Growth in both Retail and Health Care
 - Lower sales for Feminine Care
- North America
 - Good growth in Incontinence Products
 - Growth in both Retail and Health Care

■ Emerging markets

- Asia +2%
- Latin America 0%
- Eastern Europe and Russia +9 %



Leukoplast®

Libero



¹⁾ Not included in Personal Care's organic sales for Q4 2017

Medical Solutions

BSN medical acquisition

- Integration progressing according to plan

Q4 2017

- Organic sales¹⁾ increased 2.4%
- Adjusted EBITA margin²⁾ 18.4%
 - Integration cost impact -0.5%

¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments. Not included in Essity's reported organic sales for Q4 2017.

²⁾ Excluding items affecting comparability



Actimove® Cutimed® Delta-Cast® JOBST® Leukoplast®

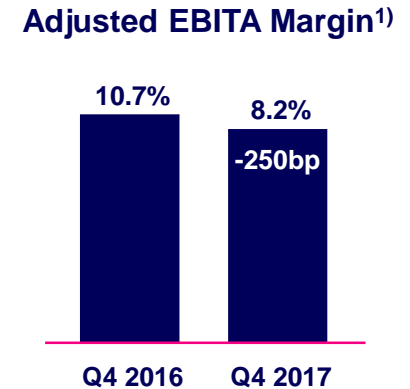
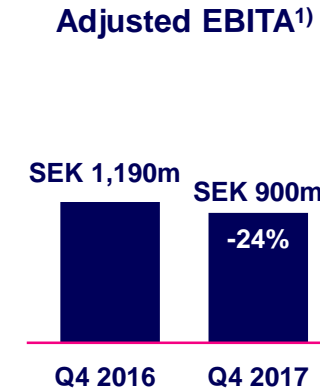
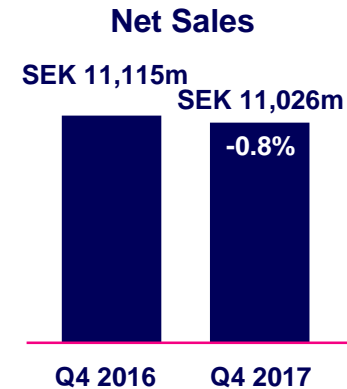
| Q4 2017 | SEKm |
|--|-------|
| Net sales | 2,139 |
| Organic sales ¹⁾ vs Q4 2016 | +2.4% |
| Adjusted EBITA ²⁾ | 394 |
| Adjusted EBITA margin ²⁾ | 18.4% |

Consumer Tissue

Q4 2017 vs Q4 2016

- Net sales decreased 0.8%
- Organic sales increased 0.8%
- Adjusted EBITA¹⁾ decreased 24%
 - Higher raw material costs mainly due to higher pulp prices
 - Better price/mix
 - Prices were higher in Asia and lower in Europe
 - Higher volumes
 - Cost savings
 - Lower energy costs
- Adjusted EBITA margin¹⁾ 8.2%
- Adjusted ROCE¹⁾ 8.4%

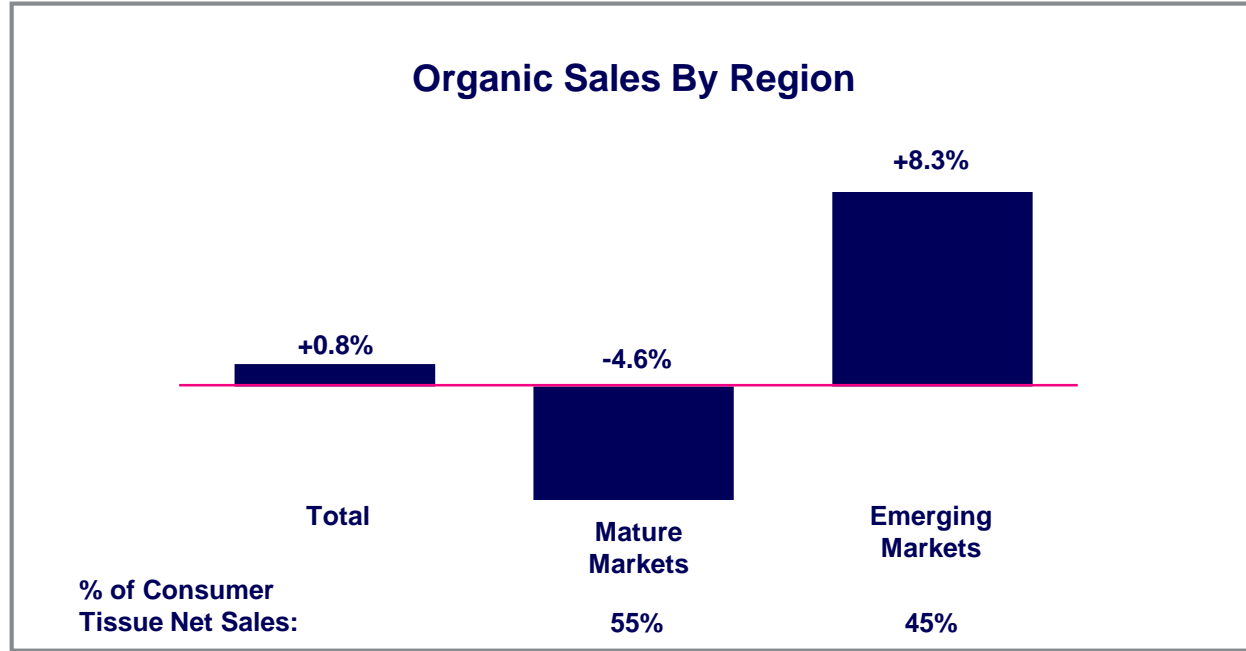
¹⁾ Excluding items affecting comparability



Consumer Tissue

Q4 2017 vs Q4 2016

- **Organic sales increased +0.8%**
 - Volume +0.6%
 - Price/mix +0.2%
- **Mature markets**
 - Western Europe
 - Lower sales due to lower prices and lower volumes
- **Emerging markets**
 - Asia +11%
 - Latin America +3%
 - Eastern Europe and Russia +8%

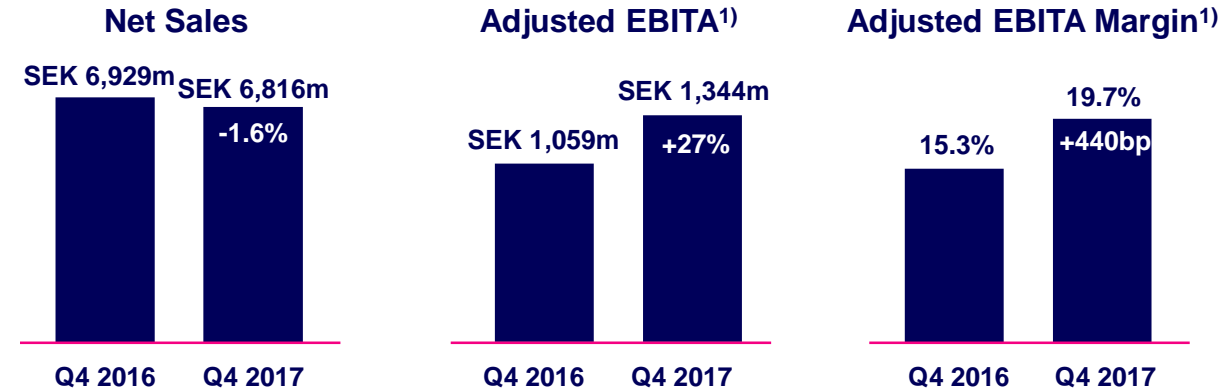


Professional Hygiene

Q4 2017 vs Q4 2016

- Net sales decreased 1.6%
- Organic sales increased 2.2%
- Adjusted EBITA¹⁾ increased 27%
 - Better price/mix
 - Cost savings
 - Lower energy costs
 - SEK 110m positive one-off effect due to changed healthcare benefits
 - Positive impact of SEK 90m related to adjustments of accruals related to volume-dependent customer rebates
 - Higher raw material costs
 - Lower volumes
- Adjusted EBITA margin¹⁾ 19.7%
- Adjusted ROCE¹⁾ 27.4%

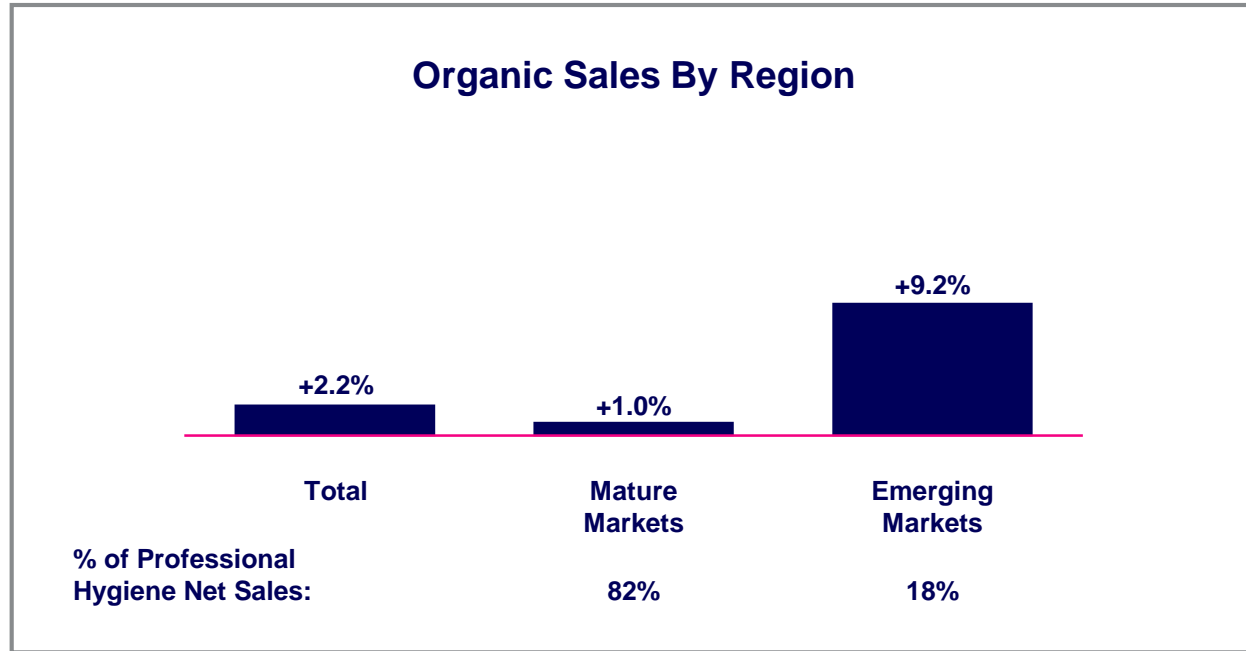
¹⁾ Excluding items affecting comparability



Professional Hygiene

Q4 2017 vs Q4 2016

- **Organic sales increased +2.2%**
 - Volume -1.3%
 - Price/mix +3.5%
- **Mature markets**
 - Higher sales in Western Europe
 - Flat sales in North America
 - Higher prices in North America and better mix in both Western Europe and North America
- **Emerging markets**
 - Asia +6%
 - Latin America +12%
 - Eastern Europe and Russia +10%



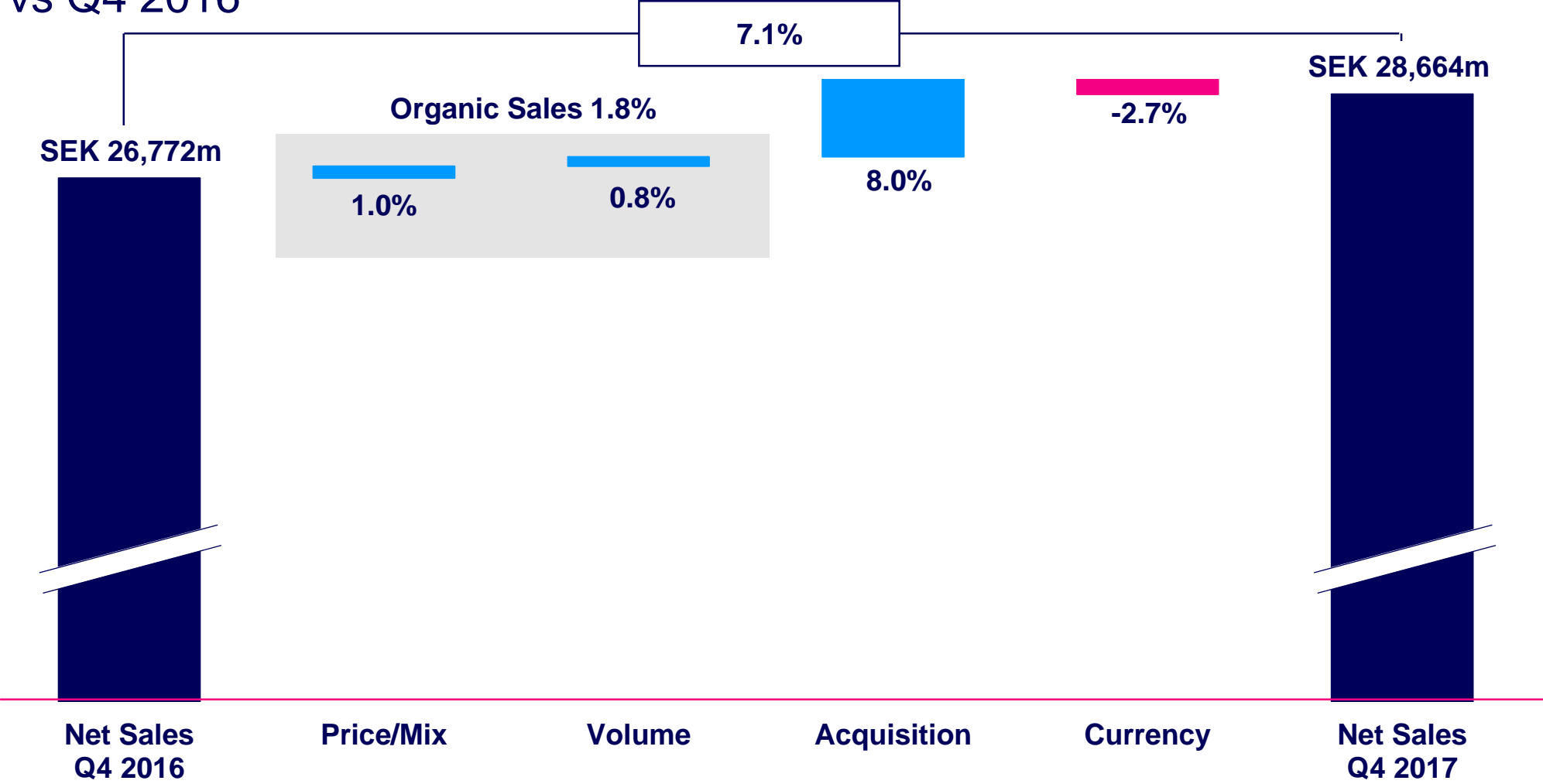
Fredrik Rystedt

EVP and CFO



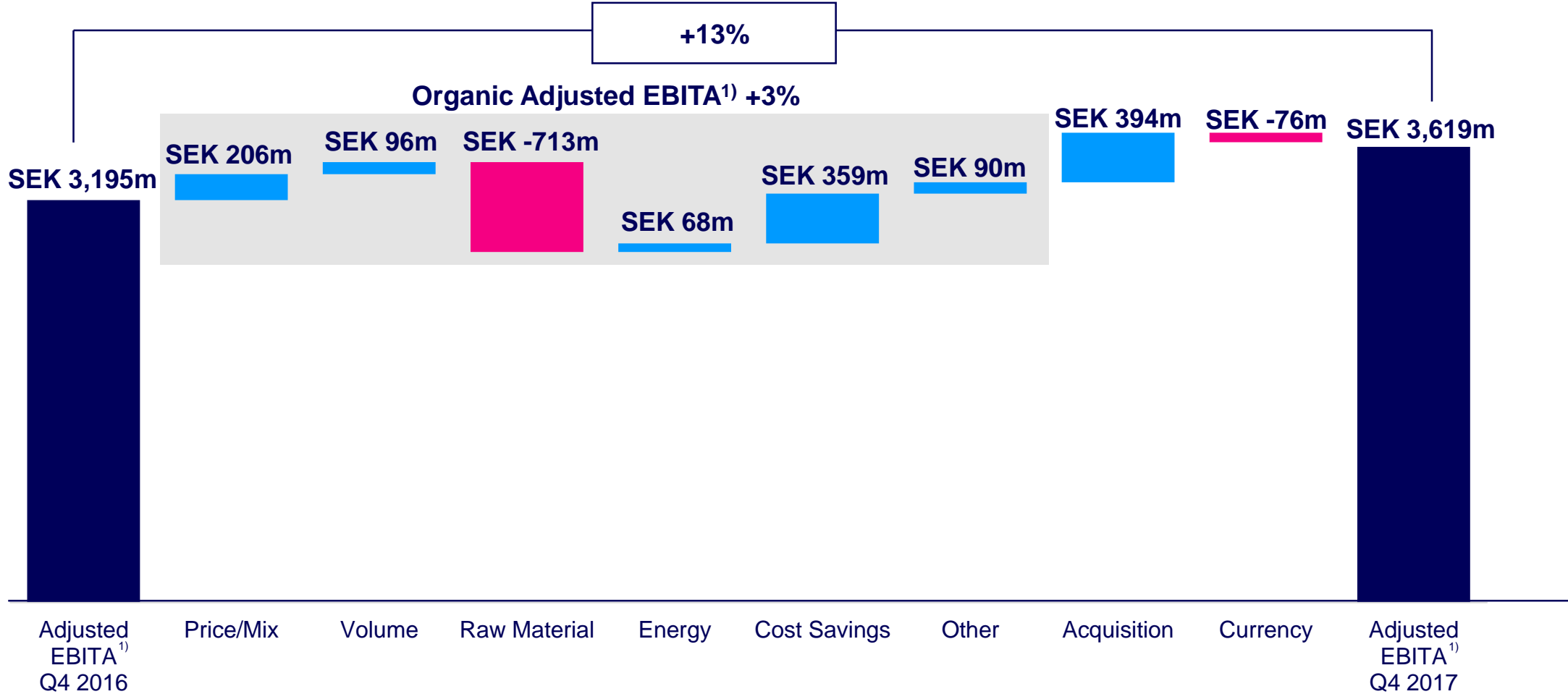
Net Sales

Q4 2017 vs Q4 2016



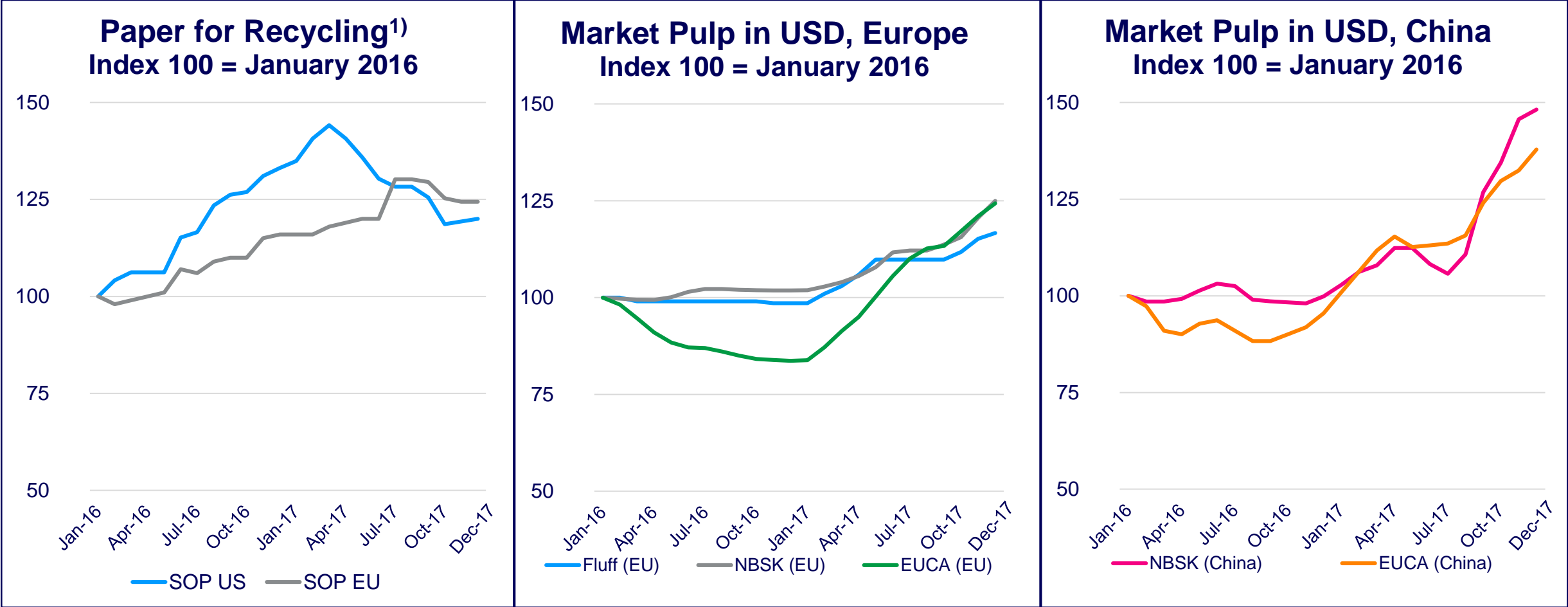
Adjusted EBITA¹⁾

Q4 2017 vs Q4 2016



¹⁾ Excluding items affecting comparability
January 25, 2018

Raw Material Development



¹⁾ Index based in local currencies

Cash Flow

Q4 2017 vs Q4 2016

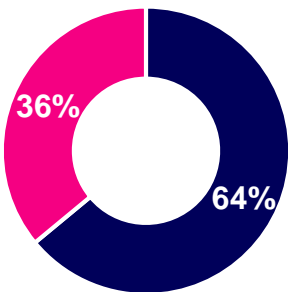
| | Q4 2017 SEKm | Q4 2016 SEKm |
|---|-----------------|-----------------|
| Operating cash surplus | 4,953 | 4,451 |
| Change in working capital | 410 | 1,342 |
| Restructuring costs and other operating cash flow | -234 | -585 |
| Capital expenditures (including strategic) | -1,959 | -2,471 |
| Operating cash flow including strategic capital expenditures | 3,170 | 2,737 |

Group

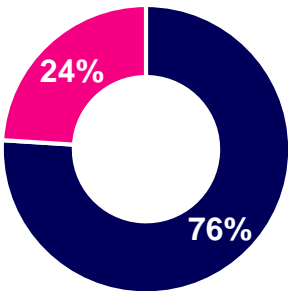
Mature and Emerging Markets

2015

Share of Net sales



Share of Adjusted EBITA¹⁾

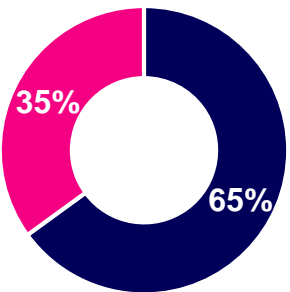


| Adjusted EBITA ¹⁾ % | 2015 | 2016 | 2017 |
|--------------------------------|-------|-------|-------|
| Mature Markets | 12.6% | 13.7% | 13.8% |
| Emerging Markets | 6.0% | 7.1% | 8.0% |
| Total Group | 10.8% | 11.8% | 12.3% |

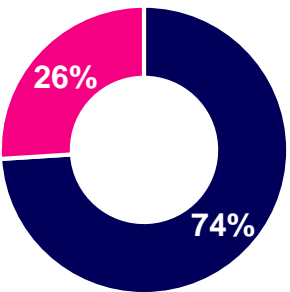
Mature markets Emerging markets

2017

Share of Net sales



Share of Adjusted EBITA¹⁾



¹⁾ Excluding items affecting comparability
January 25, 2018

Magnus Groth

President and CEO



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Q&A



