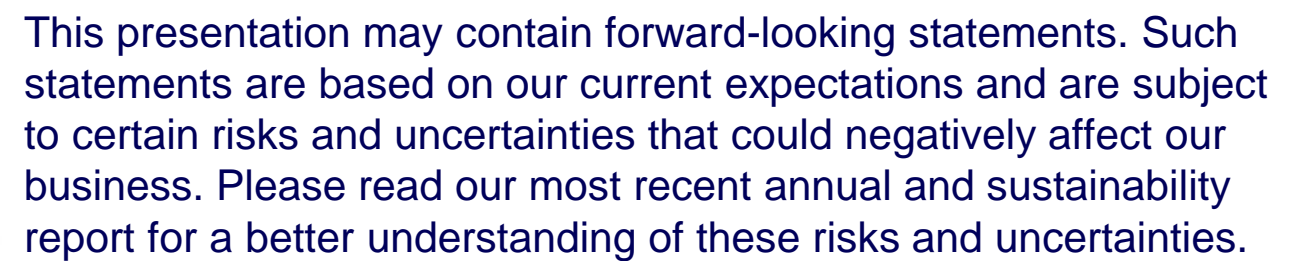


# Year-end Report 2019

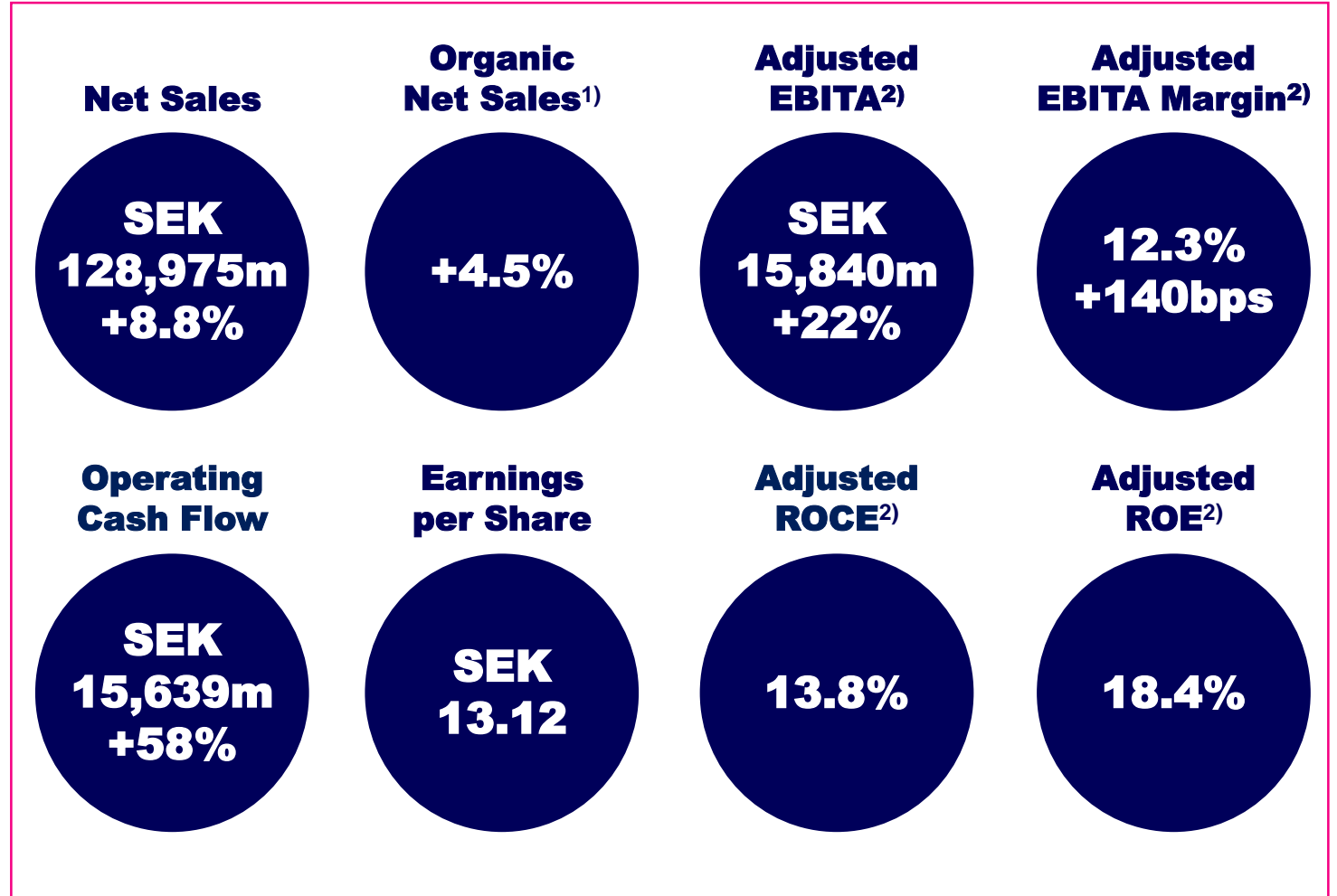




# Summary

## 2019 vs 2018

- Strong organic net sales growth and higher adjusted EBITA margin
- Higher volumes, higher prices, better mix and cost savings
- Lower raw material costs but negative impact from stock revaluation
- Investments in growth increased sales and marketing costs
- EPS increased 17%
- The Board of Directors proposes an increase of the dividend with 9% to SEK 6.25



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

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



# Summary 2019

## Strong growth and higher profitability

- Successful innovations strengthening market positions and brands
- Price increases and improved product mix
- Online sales increased to approx. SEK 13bn
- Cost savings of approx. SEK 1.1bn
- Our initiative “Cure or Kill” has increased profitability in several markets
- Strong performance in Latin America and Asia
- Improved cash flow and strengthened balance sheet
- Continued work to contribute to a sustainable and circular society



# Summary

## Q4 2019 vs Q4 2018

- Strong organic net sales growth and higher adjusted EBITA margin
- Higher volumes, higher prices, better mix and cost savings
- Lower raw material and energy costs but negative impact from stock revaluation
- Investments for growth and incentive programs increased sales and marketing costs

### Net Sales

**SEK  
33,686m  
+8.3%**

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

**+3.6%**

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

**SEK  
4,742m  
+37%**

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

**14.1%  
+300bps**

### Operating Cash Flow

**SEK  
4,753m  
+46%**

### Earnings per Share

**SEK  
3.87**

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

**16.4%**

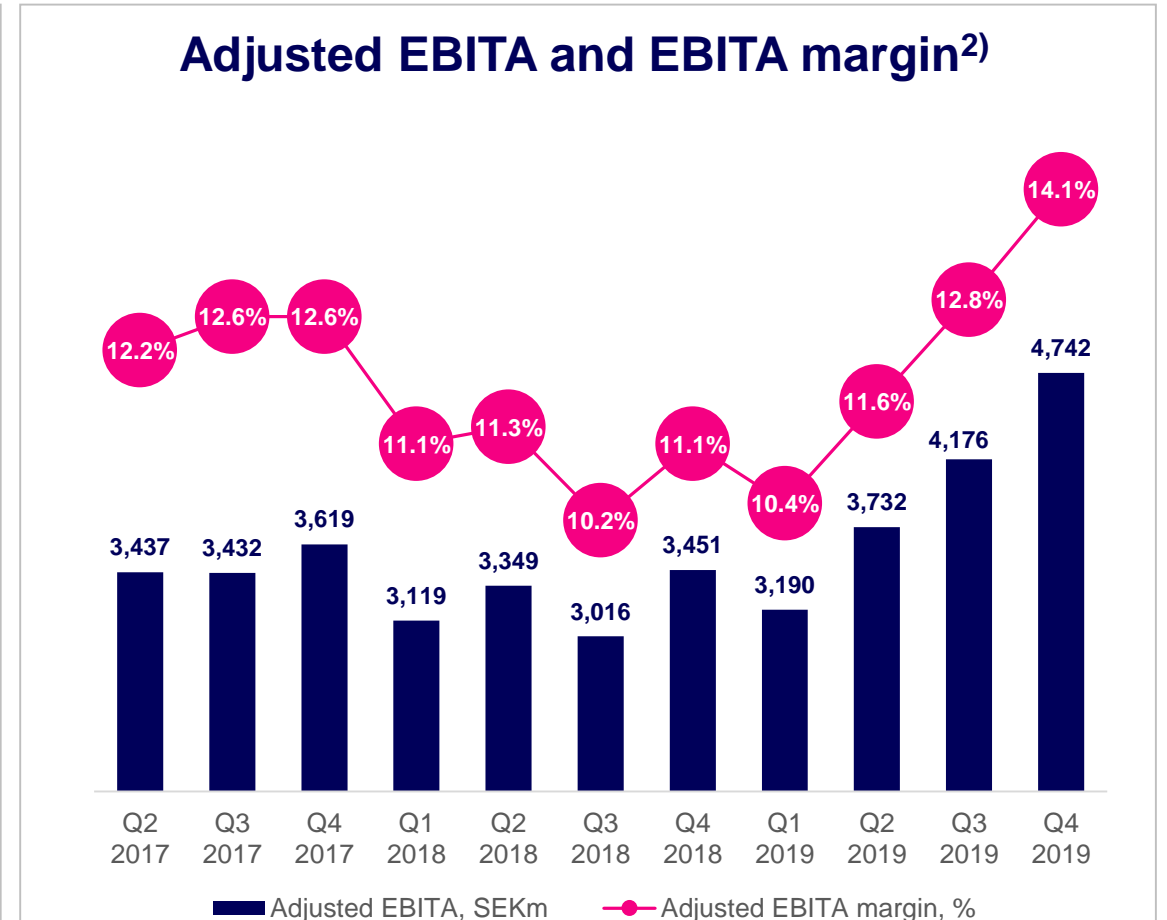
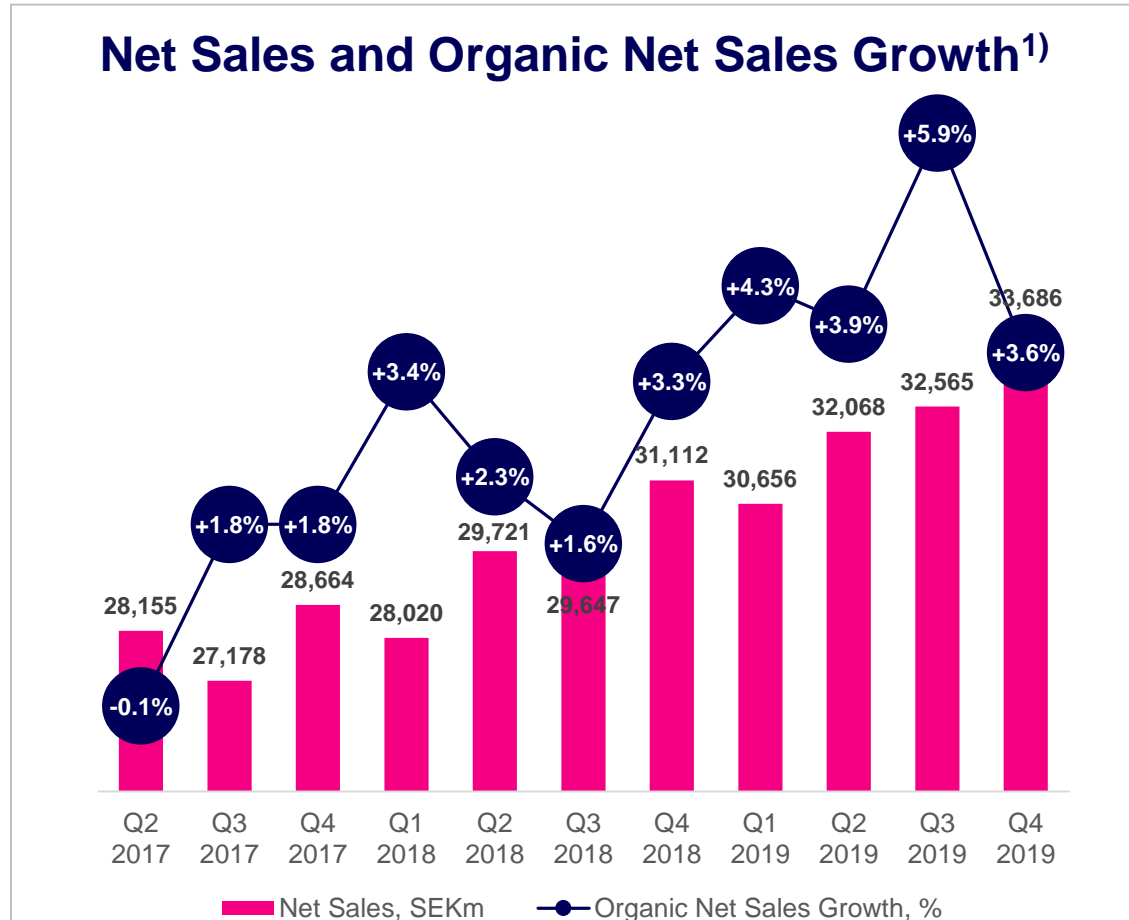
### Adjusted ROE<sup>2)</sup>

**19.9%**

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

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

# Increased Sales and Profitability

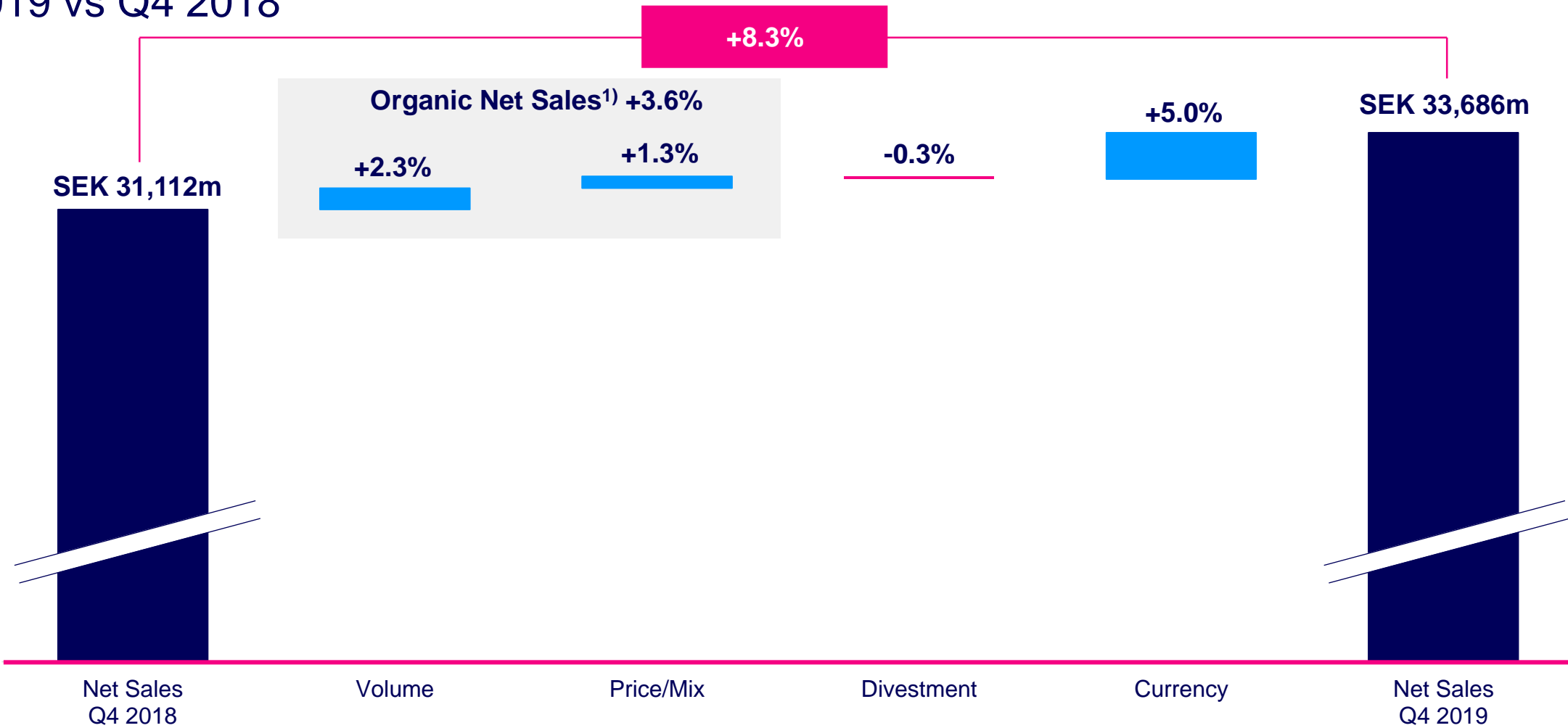


<sup>1)</sup> Organic net sales which excludes exchange rate effects, acquisitions and divestments

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

# Net Sales

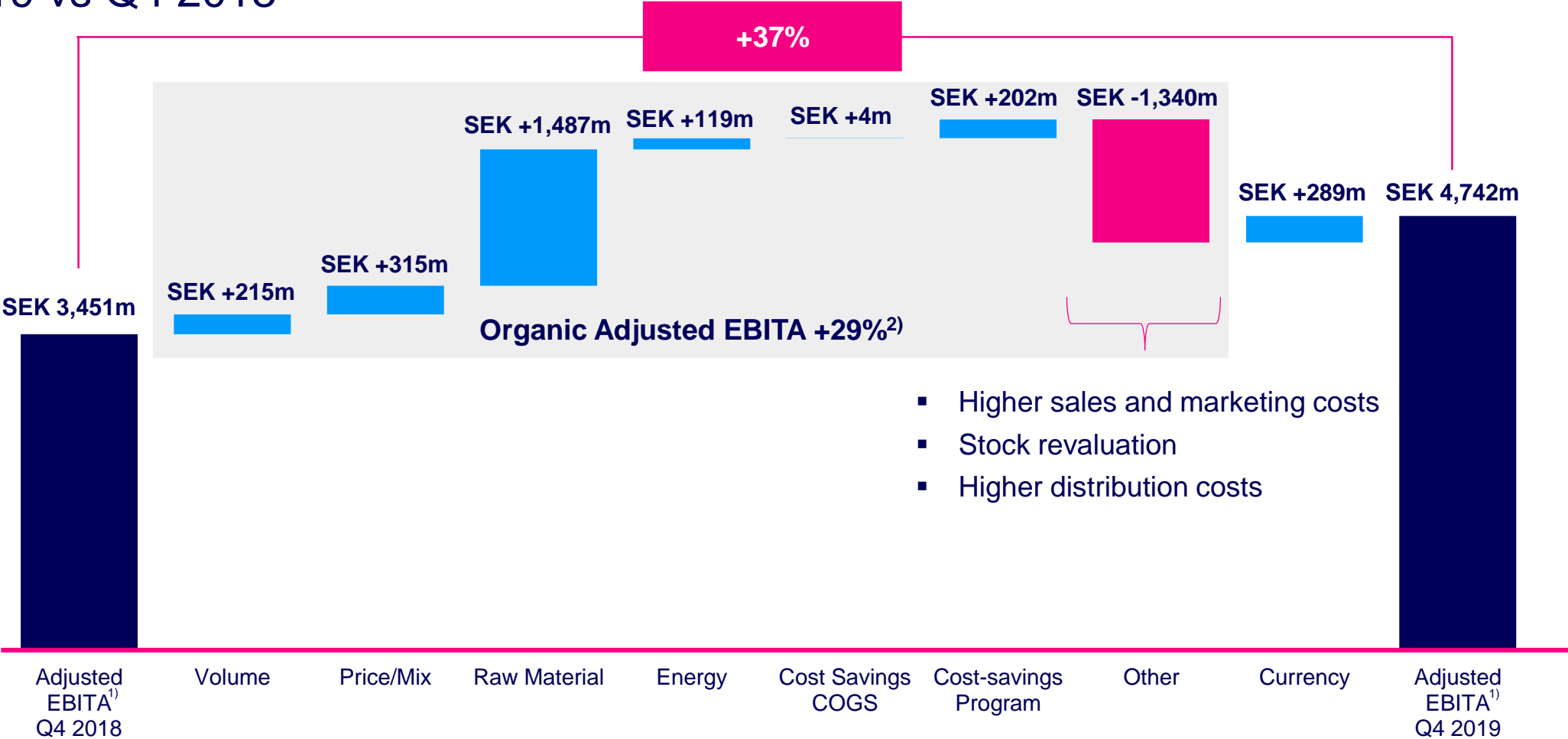
Q4 2019 vs Q4 2018



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

# Adjusted EBITA<sup>1)</sup>

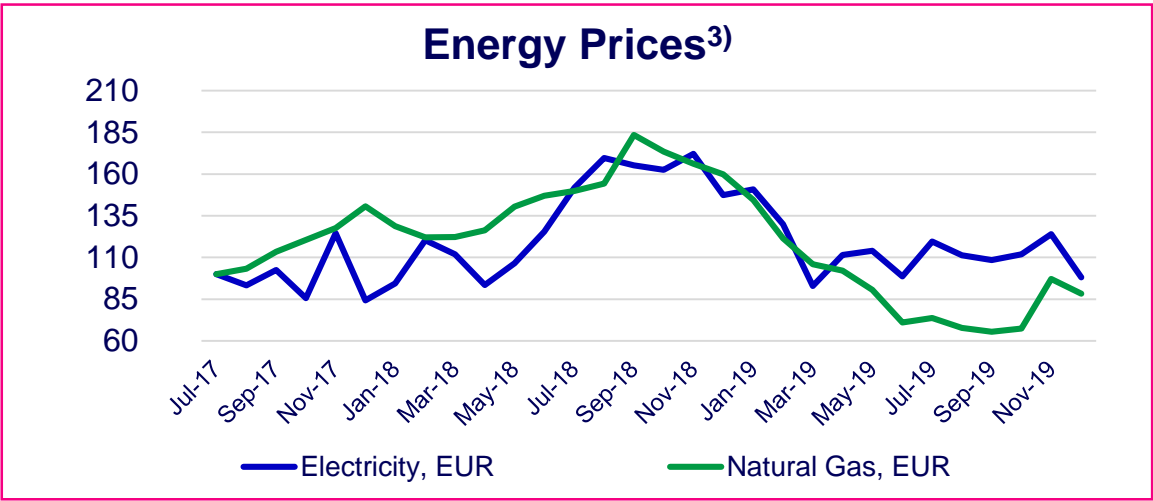
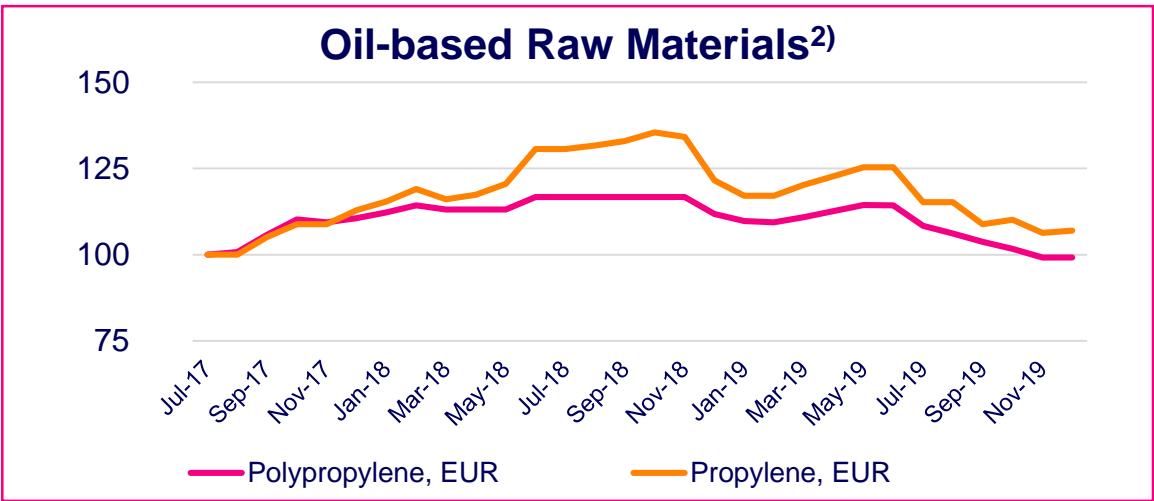
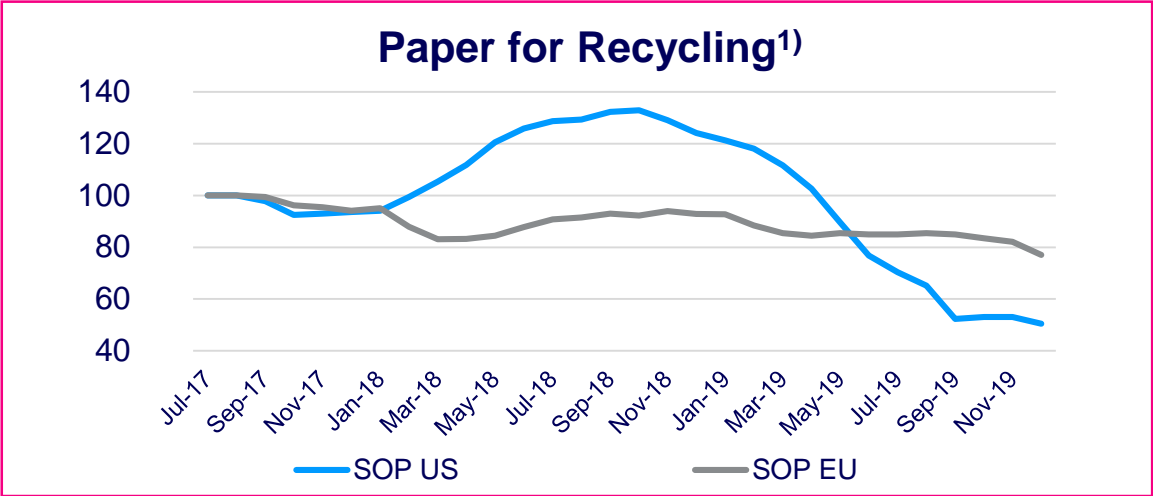
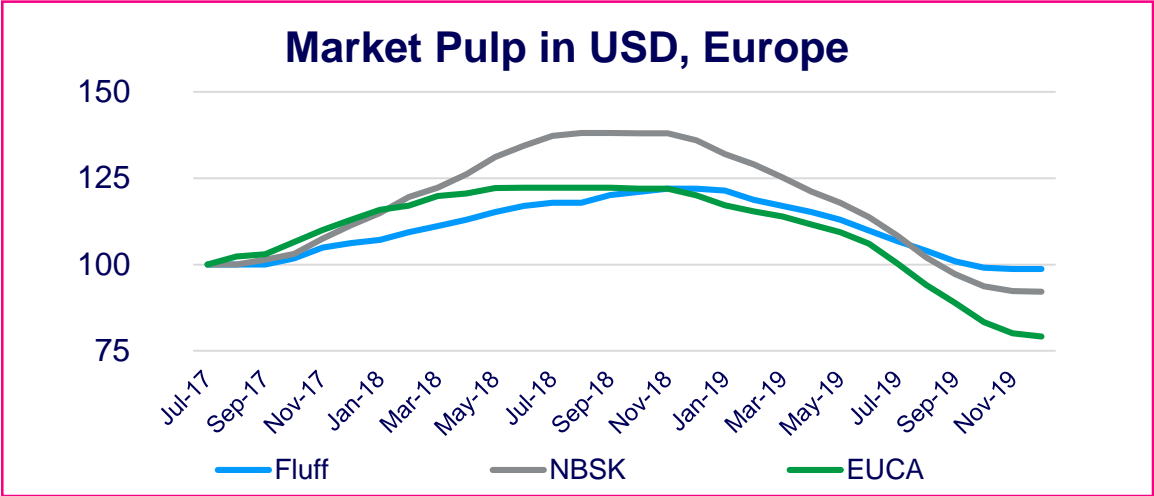
Q4 2019 vs Q4 2018



<sup>1)</sup> Excluding items affecting comparability  
<sup>2)</sup> Excluding items affecting comparability and currency translation effects



# Raw Material Development

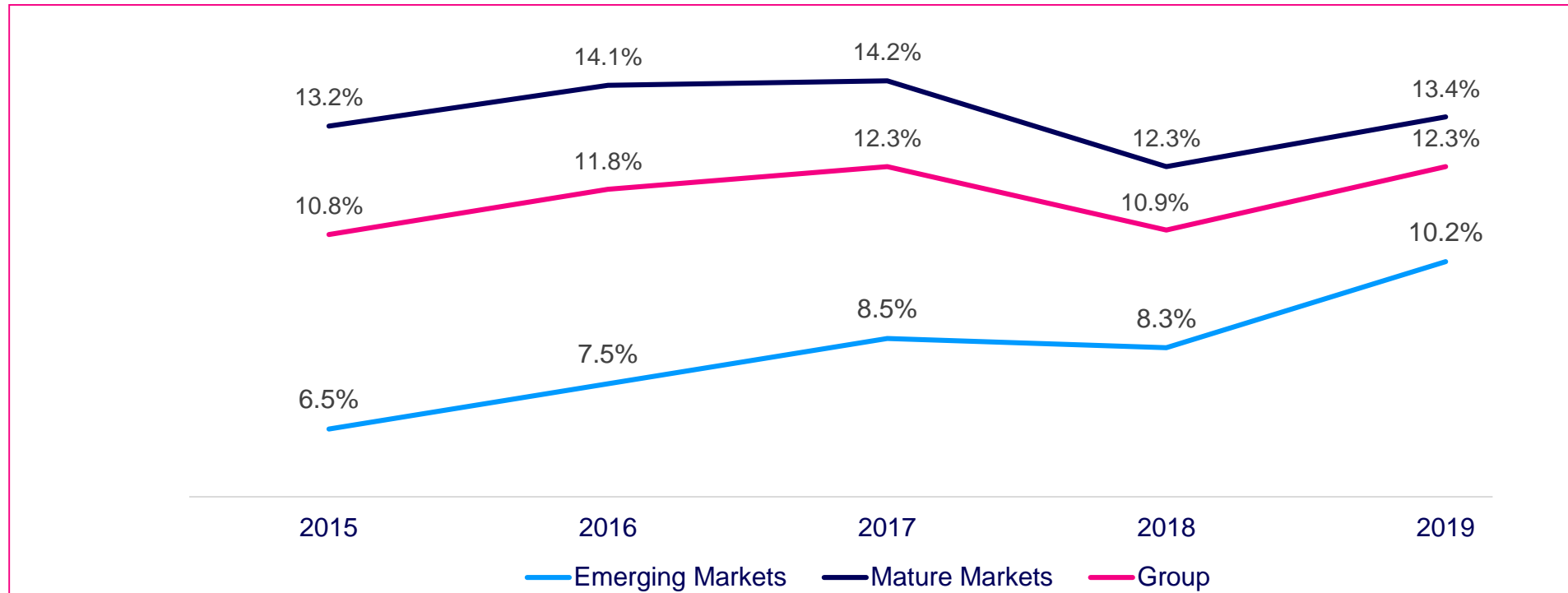


Index 100 = July 2017  
<sup>1)</sup> Sorted Office Paper. Index in local currencies. EU refers to Germany <sup>2)</sup> Polypropylene major feedstock of non-woven material, Propylene major feedstock of SAP material <sup>3)</sup> Electricity Germany. Natural Gas, TTF Index

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

# Mature and Emerging Markets

## Adjusted EBITA Margin<sup>1)</sup> Development



### Emerging Markets:

Share of Net Sales **36%**

Share of adjusted EBITA<sup>1)</sup> **22%**

**37%**

**31%**

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

# COGS Savings

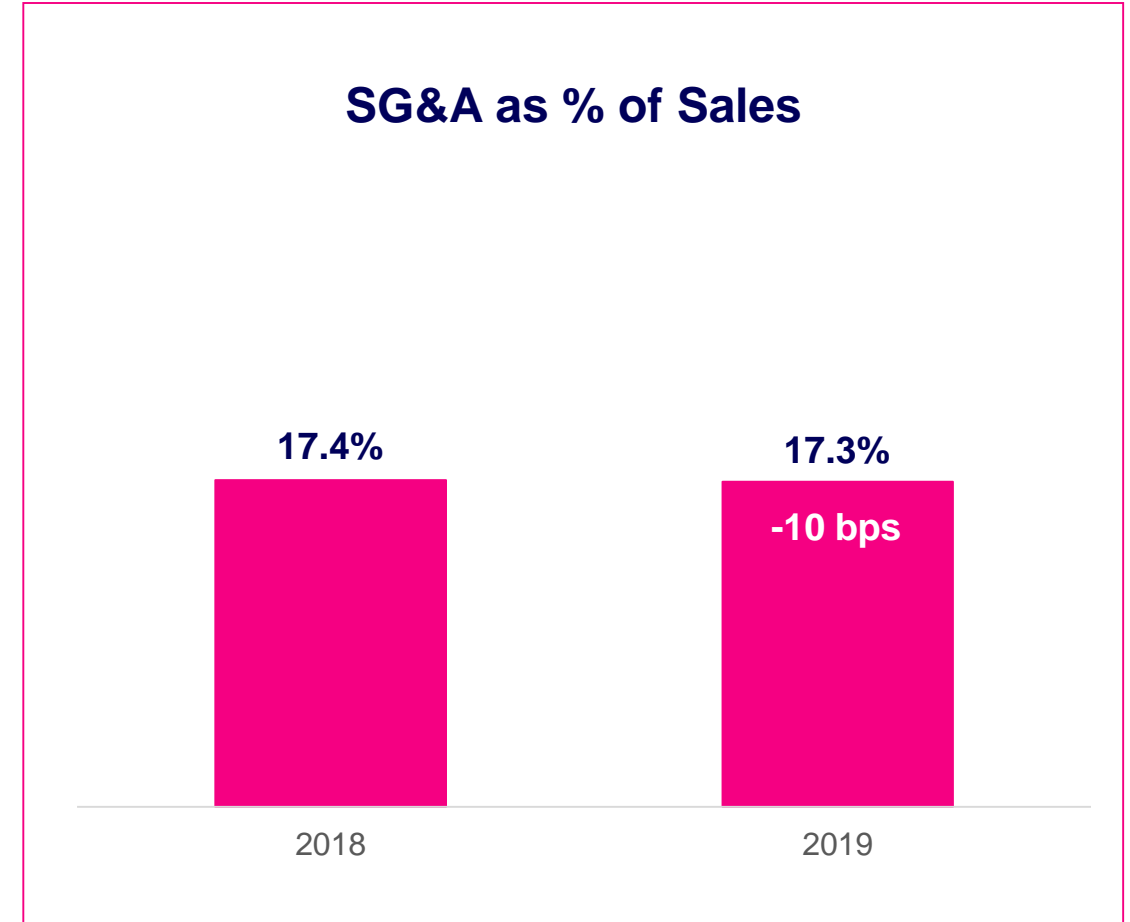
- Cost savings:
  - Full year 2019: SEK 456m
  - Q4 2019: SEK 4m
- Productivity improvements from
  - Tissue Roadmap
  - Operational efficiency improvements
  - Material rationalization
  - Sourcing savings
- Lower COGS savings in Q4 2019 mainly due to
  - Incentive programs and pensions
  - Distribution costs



# Cost-savings Program

Closed with savings slightly above plan

- Achieved cost savings:
  - Full year 2019: SEK 637m
  - Q4 2019: SEK 202m
  - End of Q4 2019 annualized run-rate cost savings slightly above SEK 900m
- Headcount reduction of approx. 1,060 positions
- Main impact in SG&A costs
- Total restructuring costs of SEK 539m





# Improving Well-being Through Innovations

Innovations 2019



**TORK**  
Think ahead.

**Lotus**

**Zewa**

**Lotus  
Baby**

**Libero**

**Libresse**

**Saba**

**Leukoplast**

**TENA**

**familia**

**Cushelle**

**Pequeñín**

**Bodyform**

**Nana**

**Cutimed**

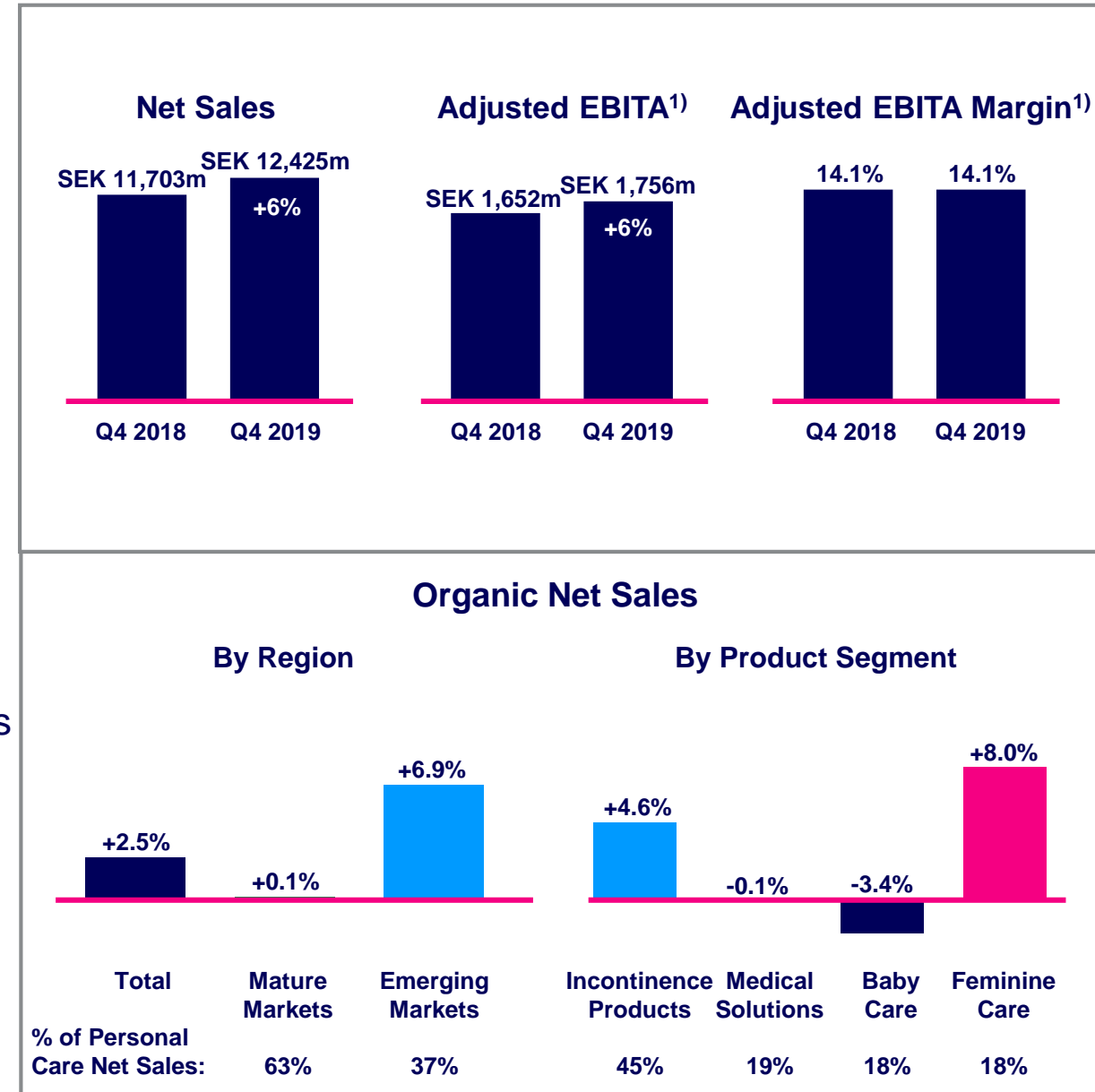
**JOBST**

# Personal Care

## Q4 2019 vs Q4 2018

- Organic net sales increased 2.5%
  - Volume +1.9% and price/mix +0.6%
- Higher volumes, higher prices, better mix and cost savings
- Lower raw material costs but negative impact from stock revaluation
- Investments in growth and costs related to implementation of Medical Device Regulation increased sales and marketing costs
- Higher distribution costs

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

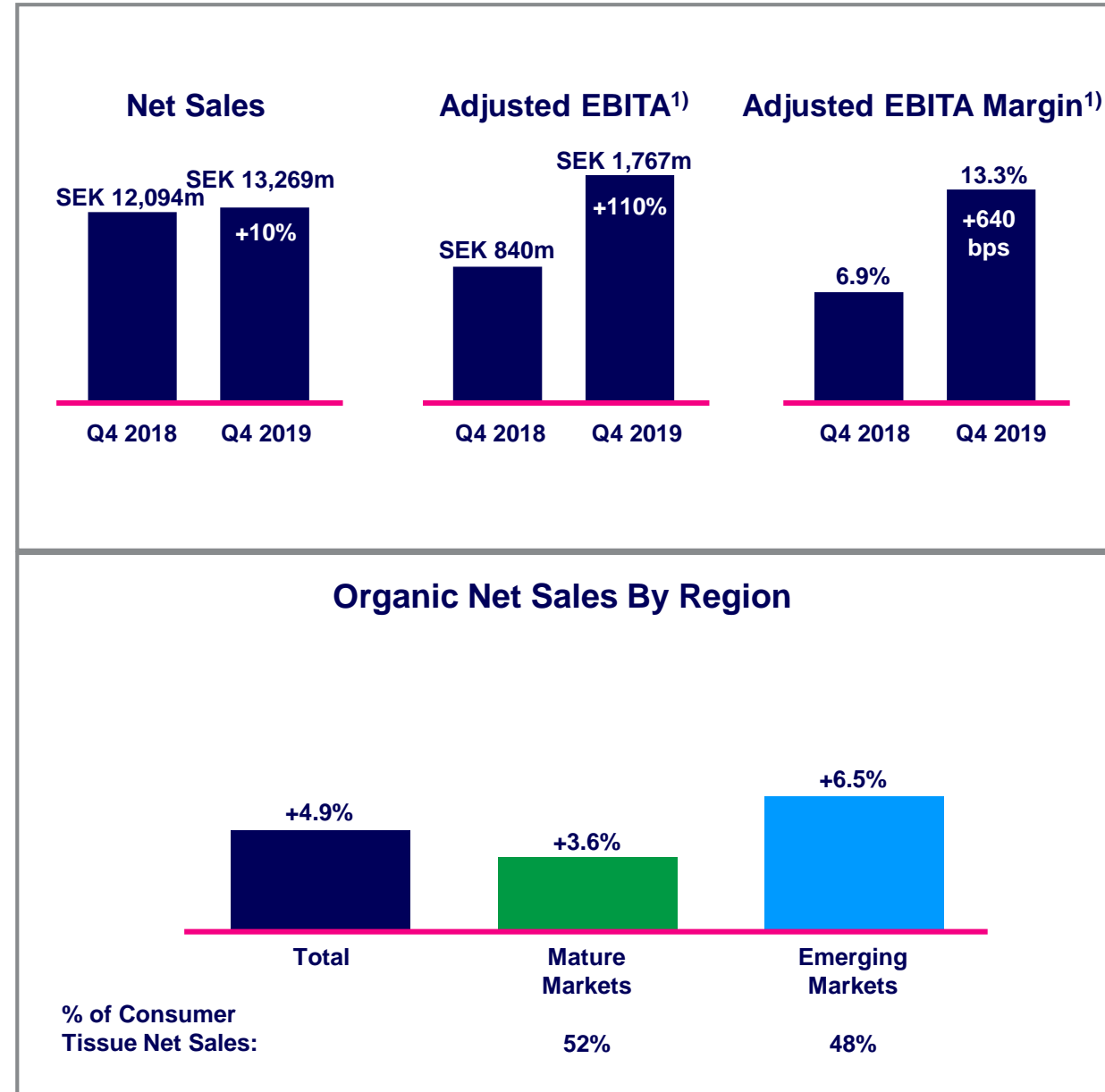


# Consumer Tissue

## Q4 2019 vs Q4 2018

- Organic net sales increased 4.9%
  - Volume +3.6% and price/mix +1.3%
- Higher volumes, better price/mix and cost savings
- Lower raw material and energy costs but negative impact from stock revaluation
- Investments in growth increased sales and marketing costs

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

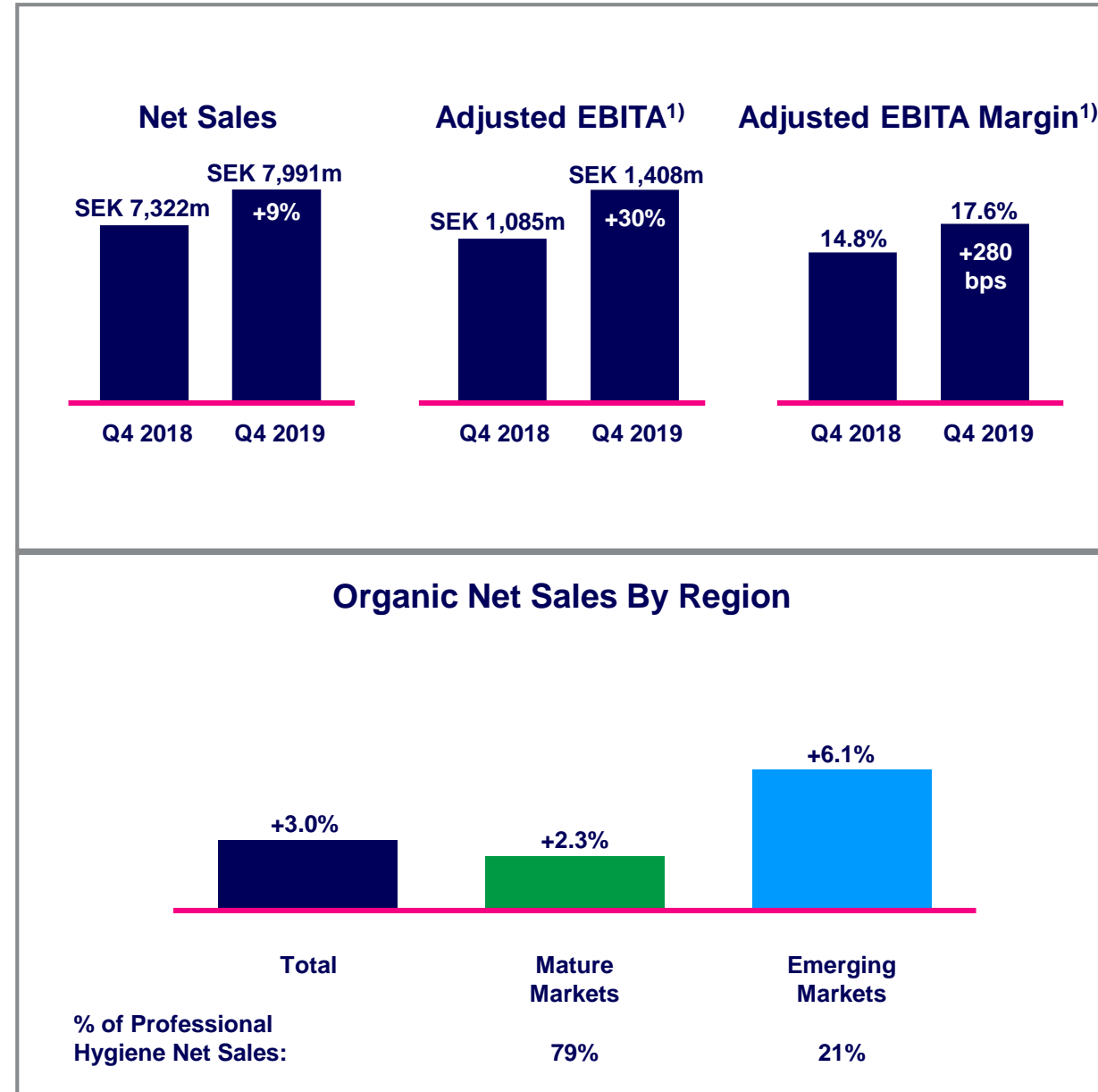


# Professional Hygiene

## Q4 2019 vs Q4 2018

- Organic net sales increased 3.0%
  - Volume +0.7% and price/mix +2.3%
- Higher volumes, higher prices, better mix and cost savings
- Lower raw material and energy costs but negative impact from stock revaluation
- Investments in growth increased sales and marketing costs
- Positive one-off earnings impact of approx. SEK 70m from reduction of pension liabilities in the US

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





# Priorities 2020

- Continue to invest in our strong brands
- Price management
- Efficiency improvements
- Grow high margin categories
- Capitalize on growth opportunities in emerging markets
- Accelerate the digital transformation
- Continue to contribute to a sustainable and circular society





# Q&A



