

# Interim Report Q2 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



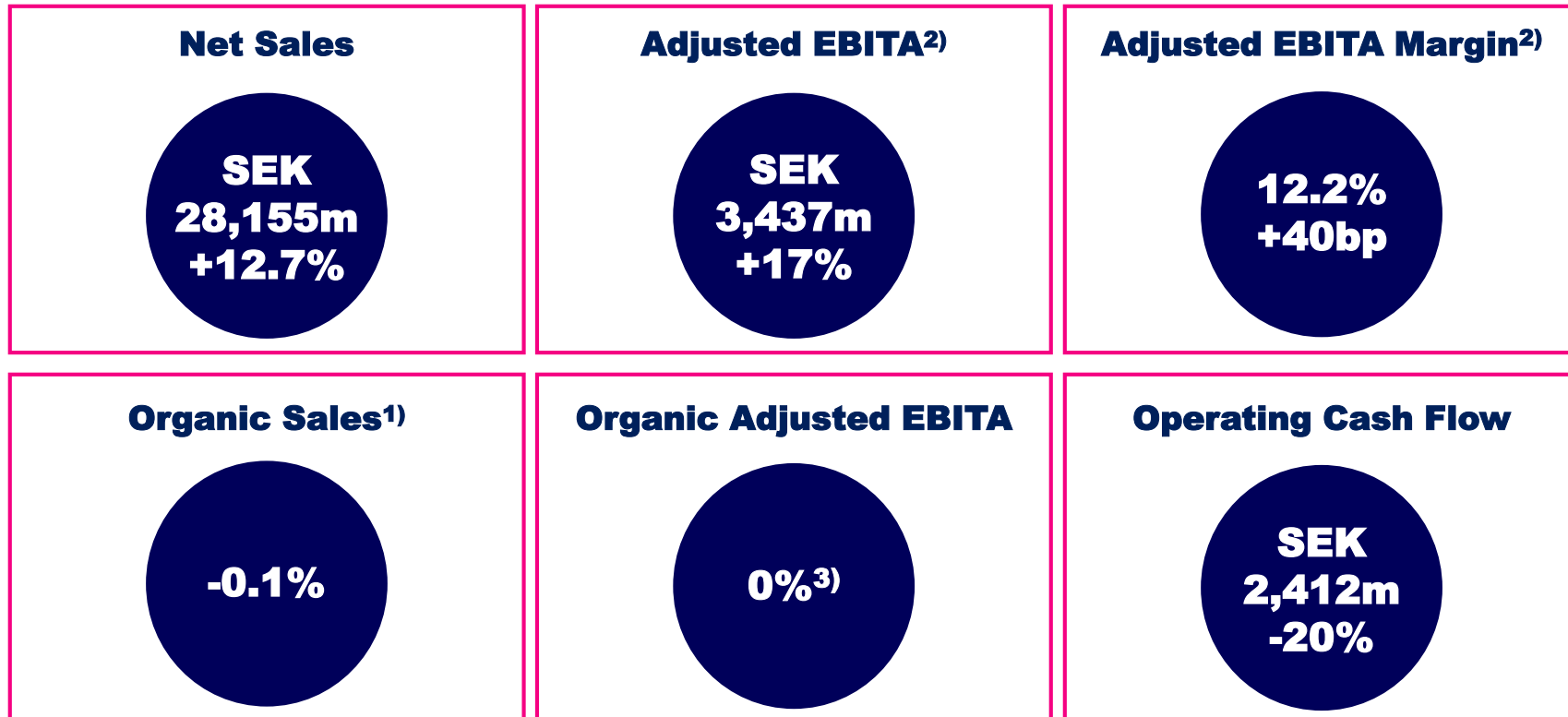
# Summary Q2 2017

- Essity listed on Nasdaq Stockholm on June 15, 2017
- Acquisition of BSN medical completed
  - Excellent strategic fit supporting our vision
  - Combining hygiene and health for improved well-being
- Closure of Professional Hygiene production plant in North America
- 18 innovations launched in all categories
  - Brands such as Jobst, Libero, Libresse, Lotus, Nana, Tempo, TENA and Tork



# Financial Summary

Q2 2017 vs Q2 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

Q2 2017 vs Q2 2016



1) Adjusted Return on Capital Employed calculated on annualized Q2 2017 Adjusted EBITA (excluding items affecting comparability) / Capital Employed as per June 30, 2017

2) Excluding items affecting comparability and amortization of acquisition related intangible assets



# Innovations

Q2 2017

- 18 innovations launched in all categories
  - Brands such as Jobst, Libero, Libresse, Lotus, Nana, TENA, Lotus, Tempo and Tork



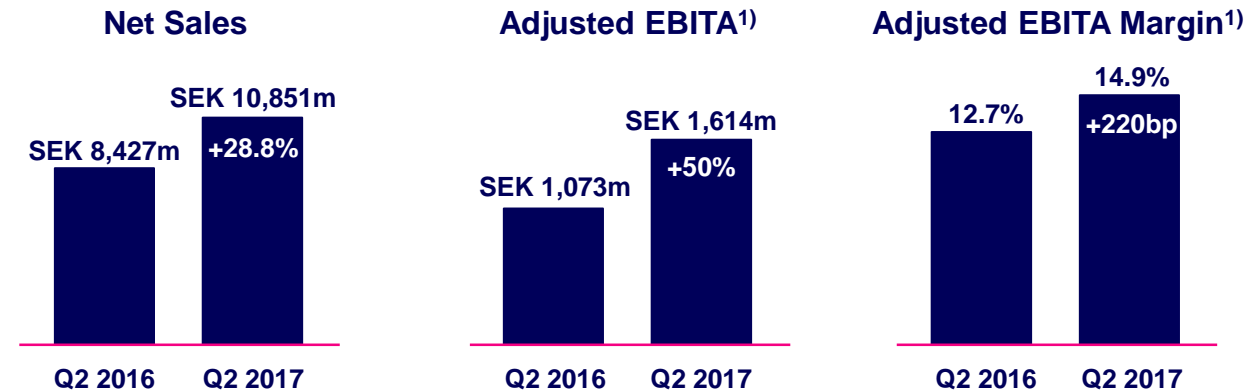
# Personal Care

Q2 2017 vs Q2 2016

- **Net sales increased 28.8%**
- **Organic sales decreased 0.1%**
- **Adjusted EBITA<sup>1)</sup> increased 50%**
  - Acquisition of BSN medical
  - Higher volumes
  - Cost savings
  - Improved profitability in Incontinence Products in North America
  - Positive effect from exiting Baby Care in Mexico and hygiene business in India
  - Higher raw material costs
  - Investments in increased marketing activities
- **Adjusted EBITA margin<sup>1)</sup> 14.9%**
- **Adjusted ROCE<sup>2)</sup> 24.2%**

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

<sup>2)</sup> Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability





# Personal Care

## Q2 2017 vs Q2 2016

### ▪ Organic sales decreased 0.1%

- Price/mix -0.5%
- Volume +0.4%
- Negative impact of ~1% related to closures of Baby Care Mexico and hygiene business in India

### ▪ Mature markets

- Western Europe
  - Good growth for Baby Care and higher sales for Feminine Care
  - Flat sales for Incontinence Products
    - Good growth in Retail but lower sales in Health Care
- North America
  - Higher sales in Incontinence Products

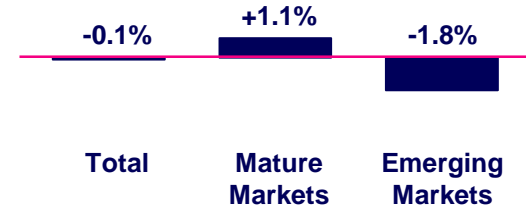
### ▪ Emerging markets

- Latin America 0%
  - Good growth for Incontinence Products and Feminine Care
  - Lower sales in Baby Care mainly due to exiting Baby Care in Mexico
- Russia -19%
- Asia -5%

<sup>1)</sup> Not included in Personal Care's organic sales for Q2 2017

## Organic Sales

### By Region



### By Product Segment



% of Personal Care Net Sales:	63%	37%	42%	22%	16%	20%
	Total	Emerging Markets	Incontinence Products	Baby Care	Feminine Care	Medical Solutions

TENA® Leukoplast® Libero®



# Medical Solutions

## BSN medical acquisition

- BSN medical consolidated from Q2 2017
  - Included in Personal Care under category Medical Solutions
- Successful start of integration
  - Organizational changes implemented
  - Joint strategy for combined business unit delivered
- Q2 2017 organic sales<sup>1)</sup> decreased 0.7%
  - Negative impact from lower number of invoicing days
- Adjusted EBITA margin<sup>2)</sup> 17.1%
  - Integration cost impact -1.5%
  - Venezuela business impact -1.0%
  - Negative impact from lower absorption of fixed cost due to lower sales

<sup>1)</sup> Sales which excludes exchange rate effects, acquisitions and divestments. Not included in Essity's reported organic sales for Q2 2017.

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



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

Q2 2017	SEKm
Net sales	2,096
Organic sales <sup>1)</sup> vs Q2 2016	-0.7%
Adjusted EBITA <sup>2)</sup>	359
Adjusted EBITA margin <sup>2)</sup>	17.1%

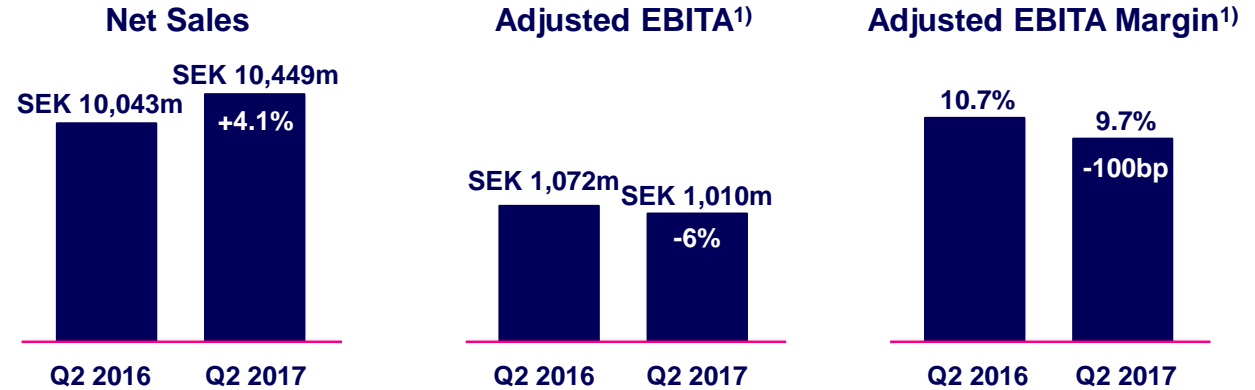
# Consumer Tissue

Q2 2017 vs Q2 2016

- Net sales increased 4.1%
- Organic sales increased 0.1%
- Adjusted EBITA<sup>1)</sup> decreased 6%
  - Higher raw material and energy costs
  - Higher volumes
  - Cost savings
- Adjusted EBITA margin<sup>1)</sup> 9.7%
- Adjusted ROCE<sup>2)</sup> 9.8%

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

<sup>2)</sup> Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability

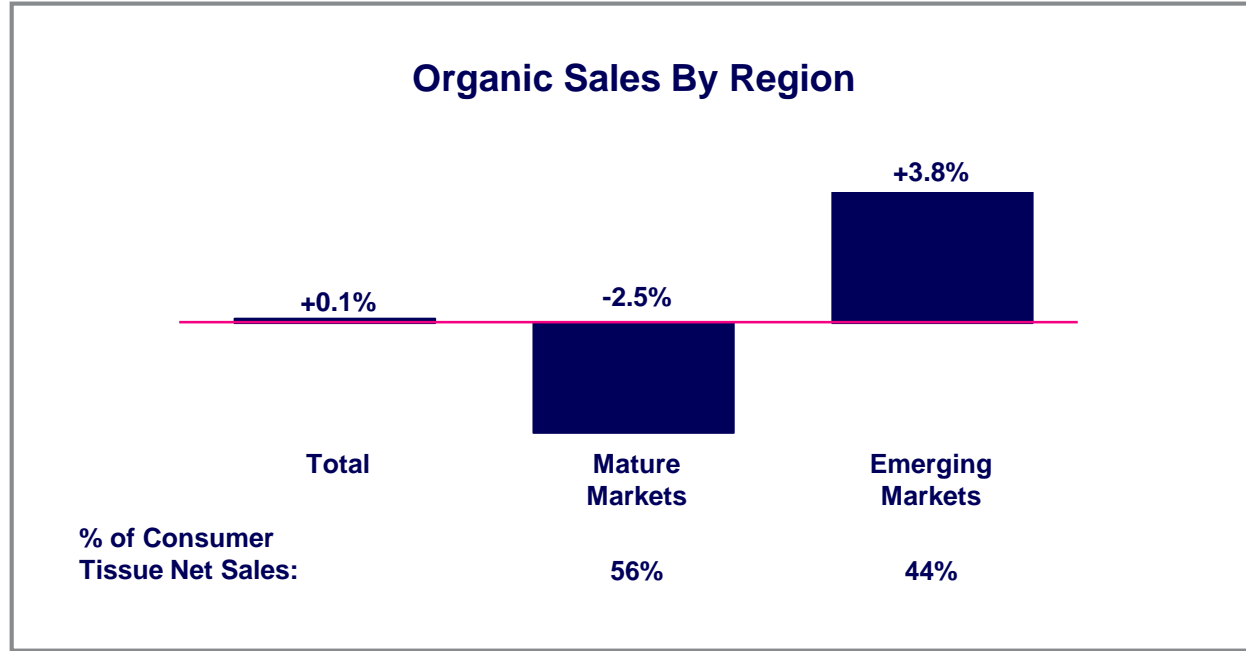




# Consumer Tissue

Q2 2017 vs Q2 2016

- **Organic sales increased 0.1%**
  - Price/mix +0.1%
  - Volume 0.0%
- **Mature markets**
  - Western Europe
    - Lower sales due to lower prices and lower sales of mother reels
- **Emerging markets**
  - Asia +5%
  - Latin America +3%
  - Russia +8%



Jembo

lotus

Vinda  
维达

Zewa



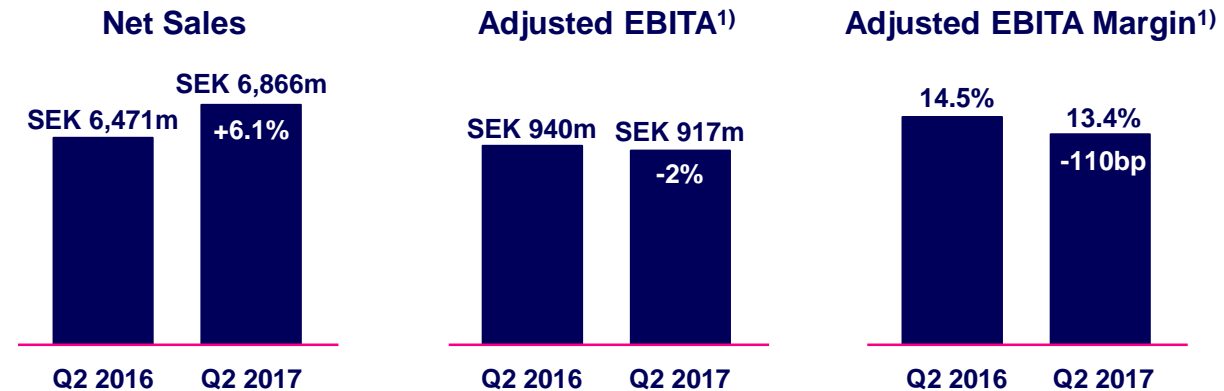
# Professional Hygiene

Q2 2017 vs Q2 2016

- Net sales increased 6.1%
- Organic sales increased 0.8%
- Adjusted EBITA<sup>1)</sup> decreased 2%
  - Higher raw material costs mainly due to significantly higher recovered paper prices
  - Lower volumes
  - Higher energy costs
  - Better price/mix
  - Cost savings
- Adjusted EBITA margin<sup>1)</sup> 13.4%
- Adjusted ROCE<sup>2)</sup> 17.8%

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

<sup>2)</sup> Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability



# Professional Hygiene

Q2 2017 vs Q2 2016

- **Organic sales increased 0.8%**

- Price/mix +2.6%
- Volume -1.8%

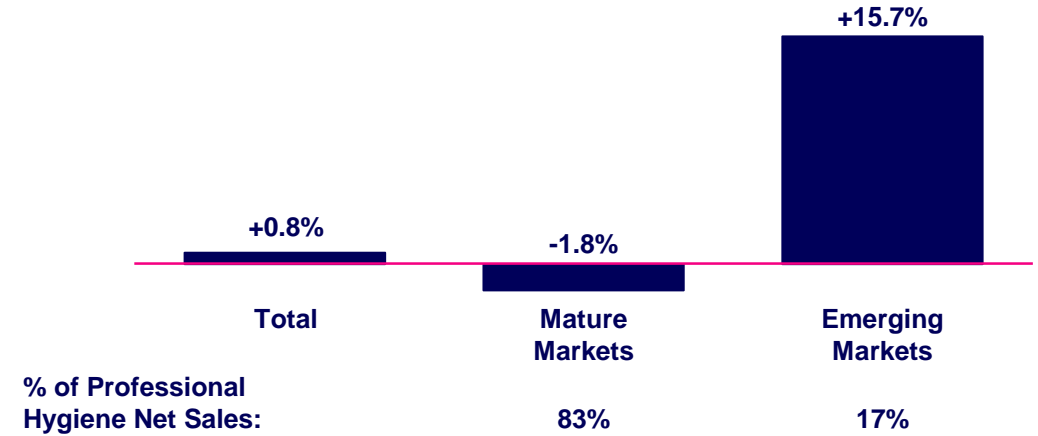
- **Mature markets**

- Lower sales in Western Europe and North America due to lower volumes
- Positive price/mix in both regions

- **Emerging markets**

- Asia +28%
- Latin America +12%
- Russia +10%

## Organic Sales By Region



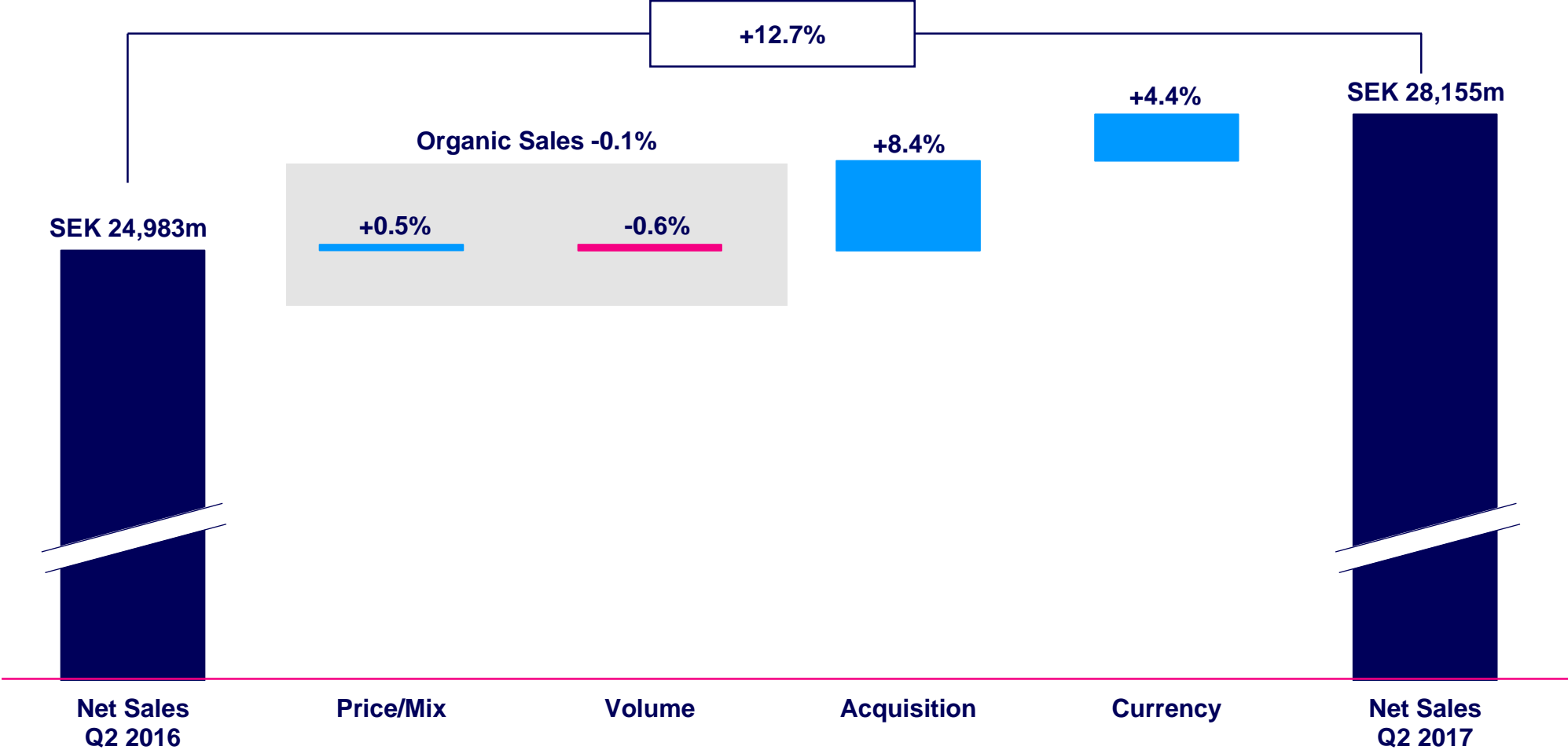


# Fredrik Rystedt, Executive Vice President and CFO



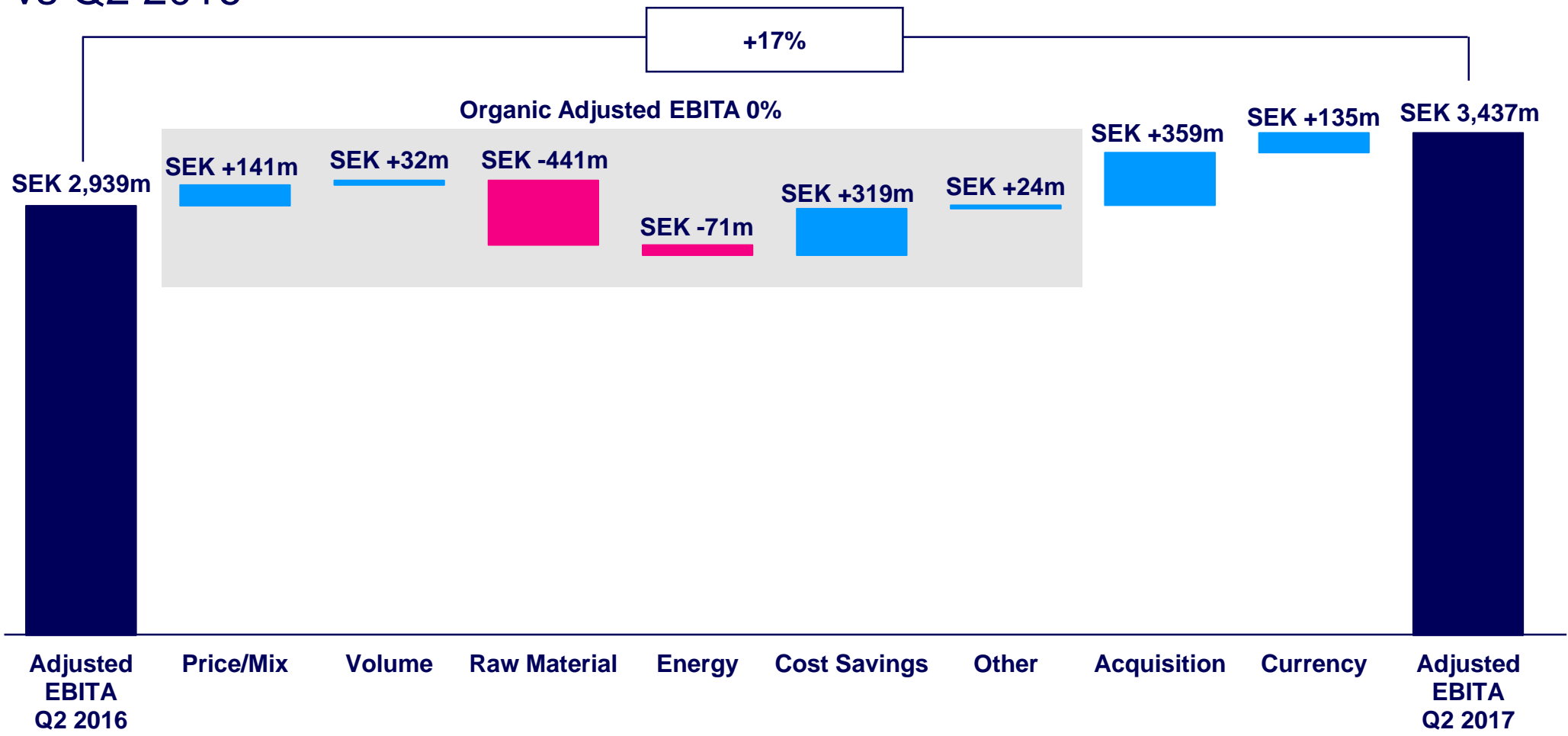
# Net Sales

Q2 2017 vs Q2 2016



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

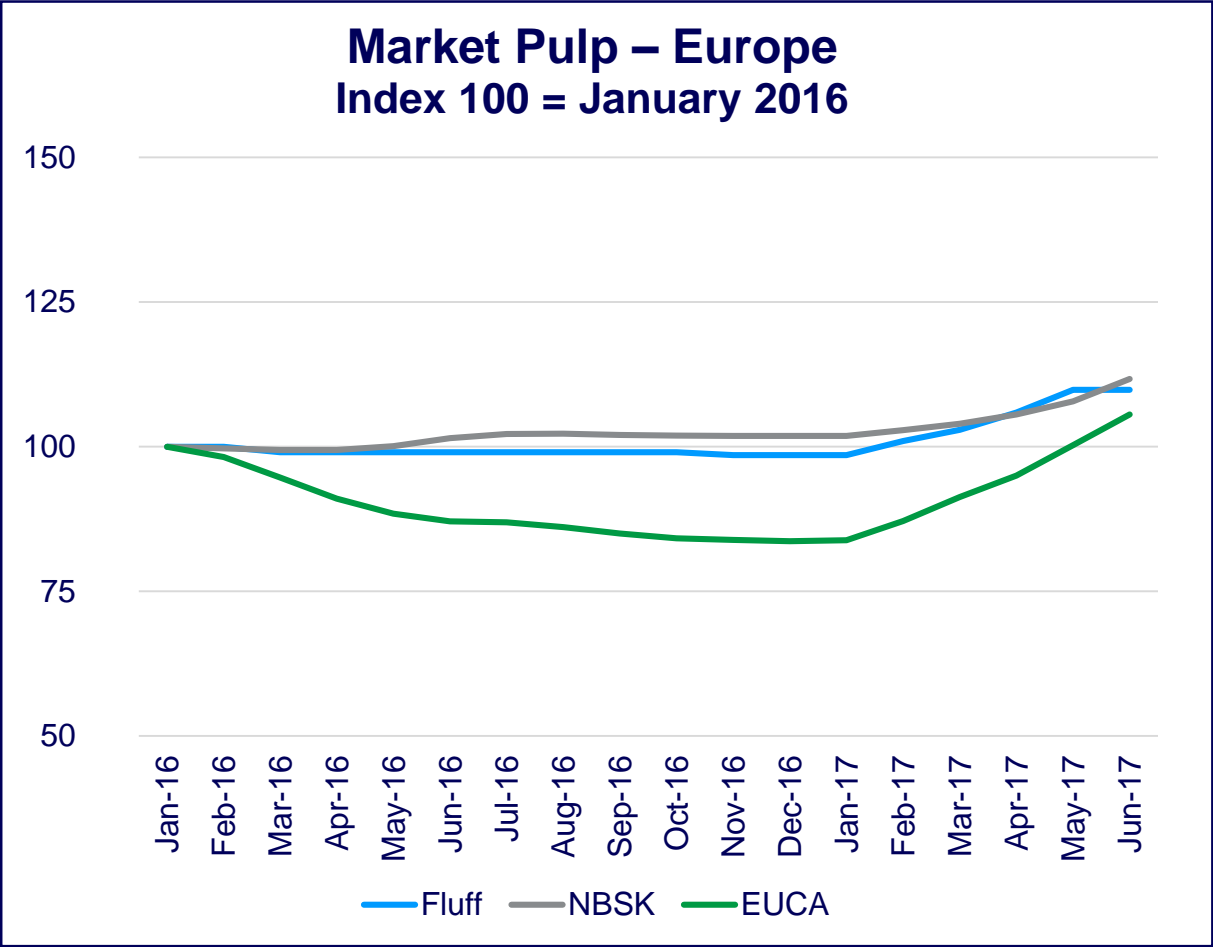
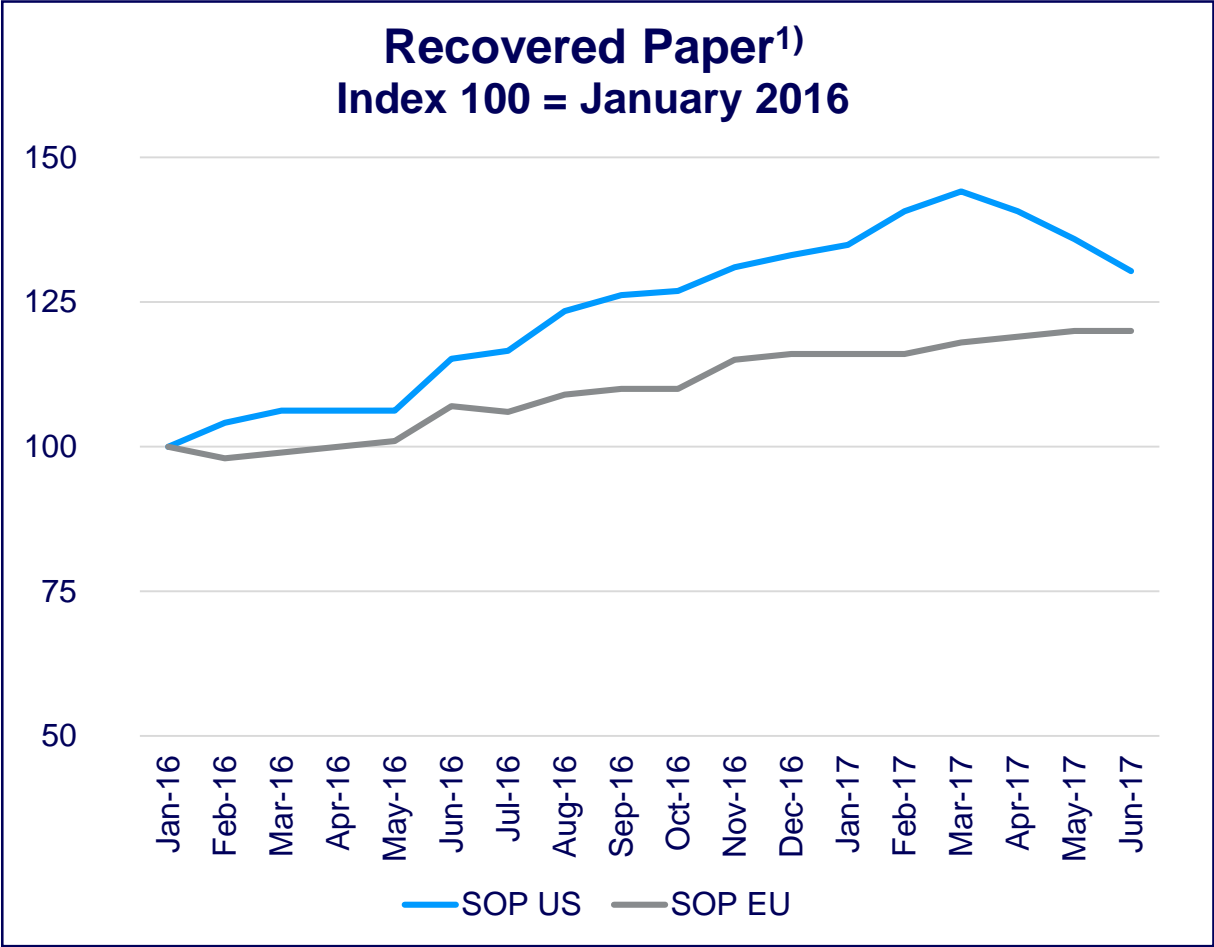
Q2 2017 vs Q2 2016



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



# Raw Material Development



<sup>1)</sup> Index based in local currencies

# Cash Flow

Q2 2017 vs Q2 2016

	Q2 2017 SEKm	Q2 2016 SEKm
Operating cash surplus	4,686	4,114
Change in working capital	-873	-76
Restructuring costs and other operating cash flow	-358	-173
Capital expenditures (including strategic)	-1,517	-1,291
<b>Operating cash flow including strategic capital expenditures</b>	<b>1,938</b>	<b>2,574</b>

# Items Affecting Comparability

Q2 2017

	Q2 2017 SEKm
Costs related to the split of the SCA Group into two listed companies	-40
Restructuring costs related to closure of Professional Hygiene plant in the US	-255
BSN medical, including integration and transaction costs and revaluation effects pertaining to inventory valuation in connection acquisition balance	-290
Other	+109
<b>Total items affecting comparability</b>	<b>-476</b>



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# Q&A



