

# Year-end 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

## 2020 vs 2019

- Highest adjusted EBITA and EBITA margin ever
- Increased adjusted ROCE target to above 17% by 2025
- Sales impacted by COVID-19 and related lockdowns and restrictions
- Increased organic sales and profitability in emerging markets
- Strengthened balance sheet and financial position
- The Board of Directors proposes an increase in the dividend of 8% to SEK 6.75 per share

### Net Sales

**SEK**  
**121,752m**  
**-5.6%**

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

**-1.9%**

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

**SEK**  
**17,626m**  
**+11%**

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

**14.5%**  
**+220bps**

### Operating Cash Flow

**SEK**  
**16,018m**  
**+2%**

### Earnings per Share

**SEK**  
**14.56**  
**+11%**

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

**15.7%**  
**+190bps**

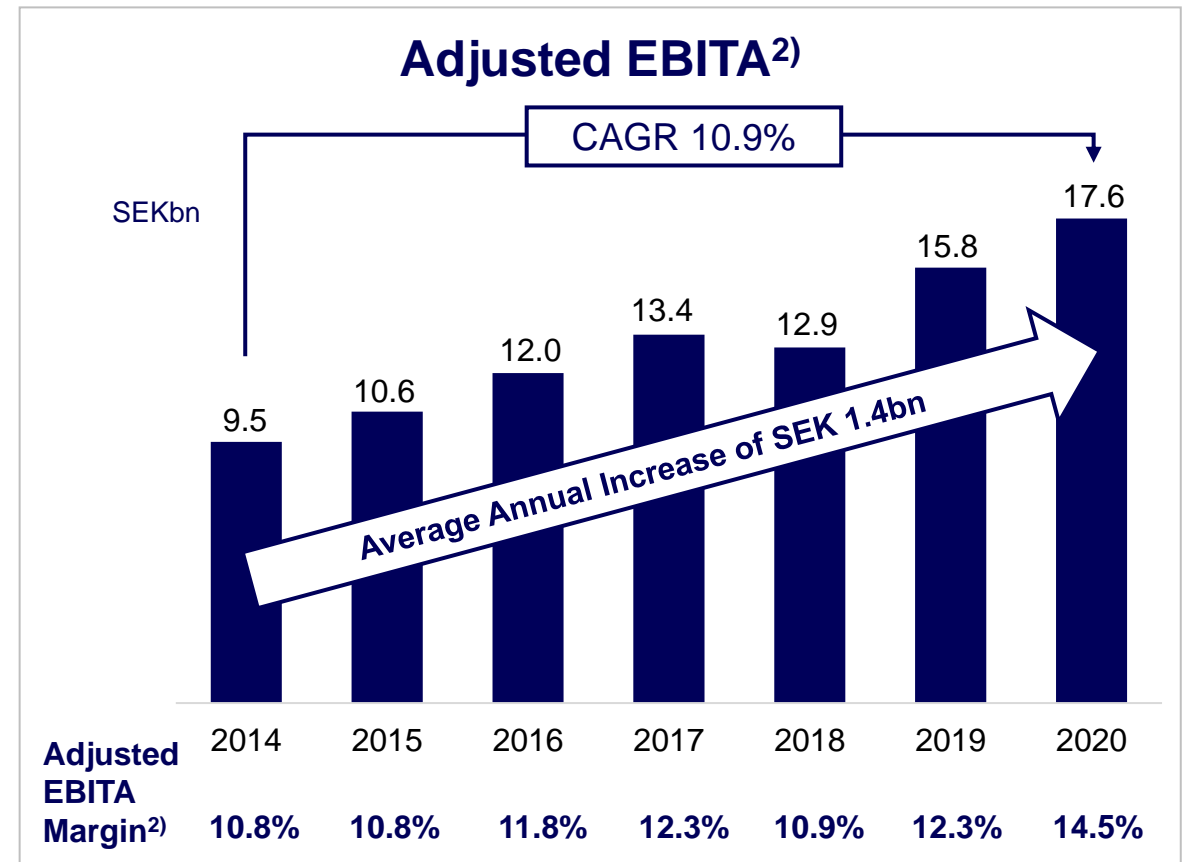
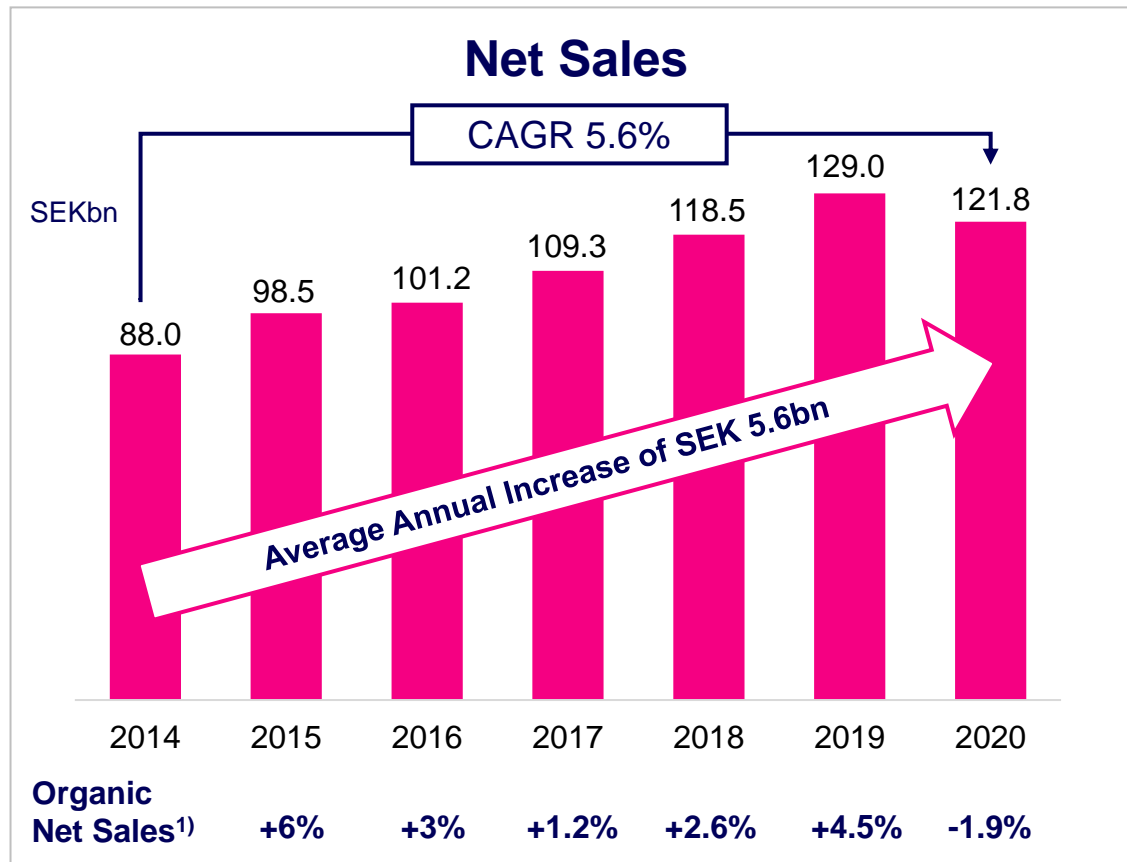
### Adjusted ROE<sup>2)</sup>

**18.3%**  
**-10 bps**

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

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

# Strong Development of Sales and Profitability



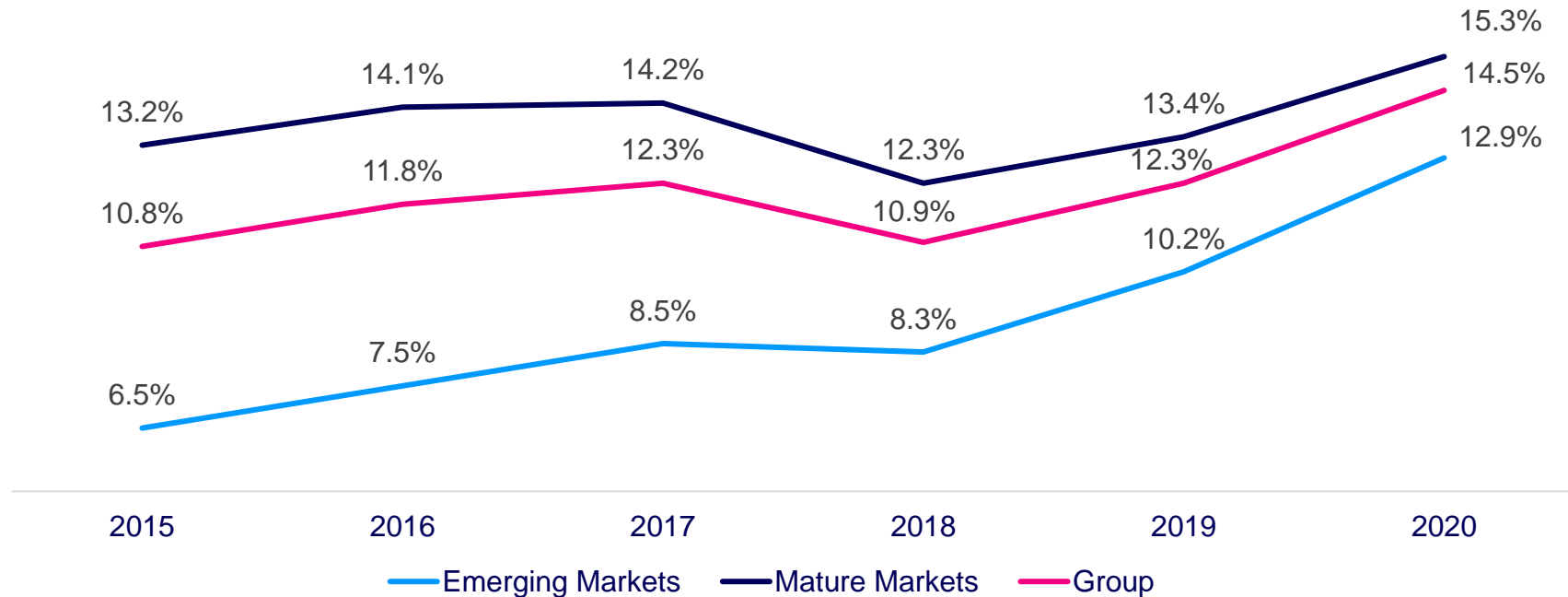
<sup>1)</sup> Excluding exchange rate effects, acquisitions and divestments

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



# Mature and Emerging Markets

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



### Emerging Markets:

Share of Net Sales	36%	37%
Share of adjusted EBITA <sup>1)</sup>	22%	33%

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

# Making A Difference with Impactful Innovations

Innovations 2020



**TORK**  
Think ahead.



**Jempe**



**JOBST**

**Leukoplast**



**Cushelle**



**Libero**

**Actimove**



# Increased Hygiene and Health Awareness

Make the Safer Choice and Securing Hygiene Standards



Soaps and Sanitizers



Converting  
Air Dryers to  
Tork PeakServe



Face Masks



Reposition  
Products to  
Hygienic Benefits



Anti-bacterial  
Products



# Strengthened Market Shares and Brands

Positive Development 2020

Position #1 or #2 in



**~90%**  
of our  
branded sales

A dark blue square containing a large white circle with a red border. Inside the circle, the text '~90%' is written in large white font, with 'of our' and 'branded sales' in smaller white font below it.

Increased Branded Market Shares



**>60%**  
market positions  
in Retail

A dark blue square containing a large white circle with a red border. Inside the circle, the text '>60%' is written in large white font, with 'market positions' and 'in Retail' in smaller white font below it.



# Accelerating Digital Transformation

## E-commerce



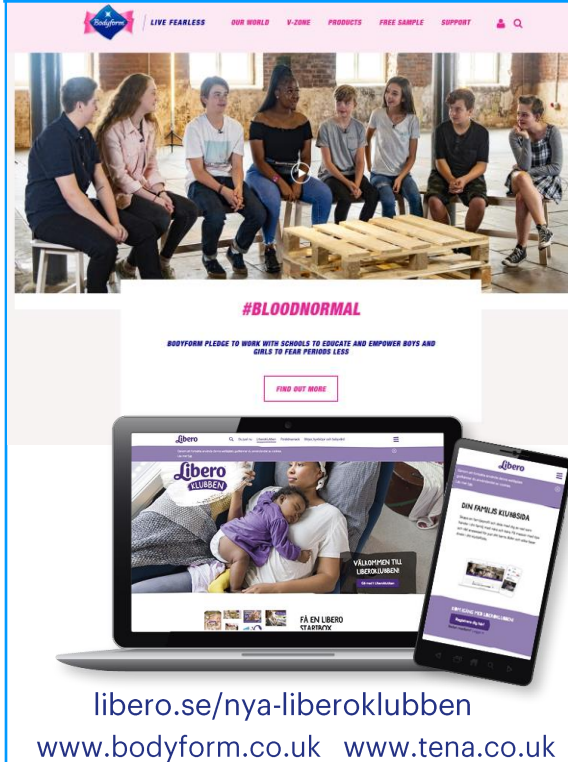
**15%**  
of Group Sales Q4 2020  
**SEK 15bn** in sales FY 2020

## Digital Solutions



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

## Customer and Consumer Interaction



## Robotics, Automation, Analytics



**Increases efficiency  
and improves quality  
in all parts of the business**

# Digital Solutions

## Tork EasyCube®



Think ahead.

## TENA SmartCare®





# Digitalization in Manufacturing



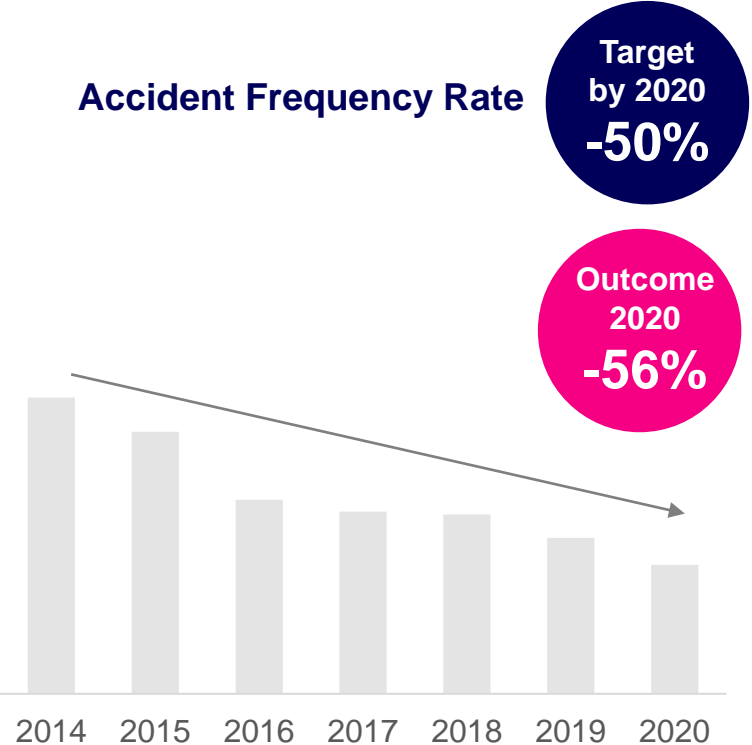
# Value Creating Acquisitions 2020



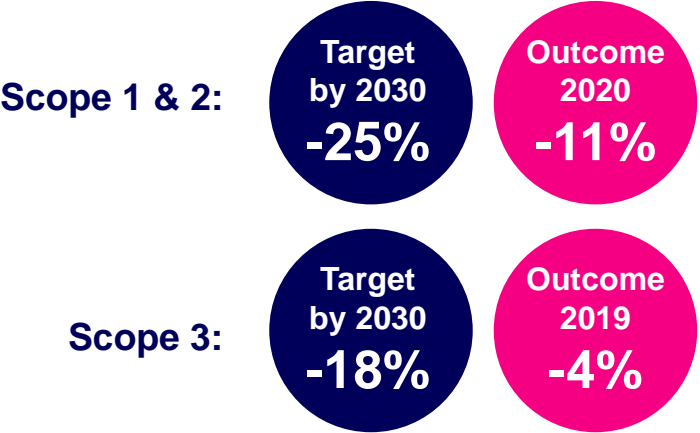


# Sustainability Targets and Initiatives

## Health & Safety



## Reducing CO<sub>2</sub> Emissions



## Start H1 2021



# Recognitions

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA



**FORESTS**



*ESG Rating of AAA*

# Summary

## Q4 2020 vs Q4 2019

- Strong underlying business performance in a challenging environment
- Sales impacted by COVID-19 and increased lockdowns and restrictions
- For retail, organic net sales increased 5.4%
- Online sales growth of 21% to 15% of net sales
- Adjusted EBITA increased 2%, excluding exchange rate effects
- Adjusted EBITA margin improvement
- Improved product mix in all business areas, lower raw material costs and significant cost savings

### Net Sales

**SEK  
30,956m  
-8.1%**

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

**-0.5%**

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

**SEK  
4,392m  
-7%**

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

**14.2%  
+10bps**

### Operating Cash Flow

**SEK  
4,122m  
-13%**

### Earnings per Share

**SEK  
3.76  
-3%**

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

**16.1%  
-30bps**

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

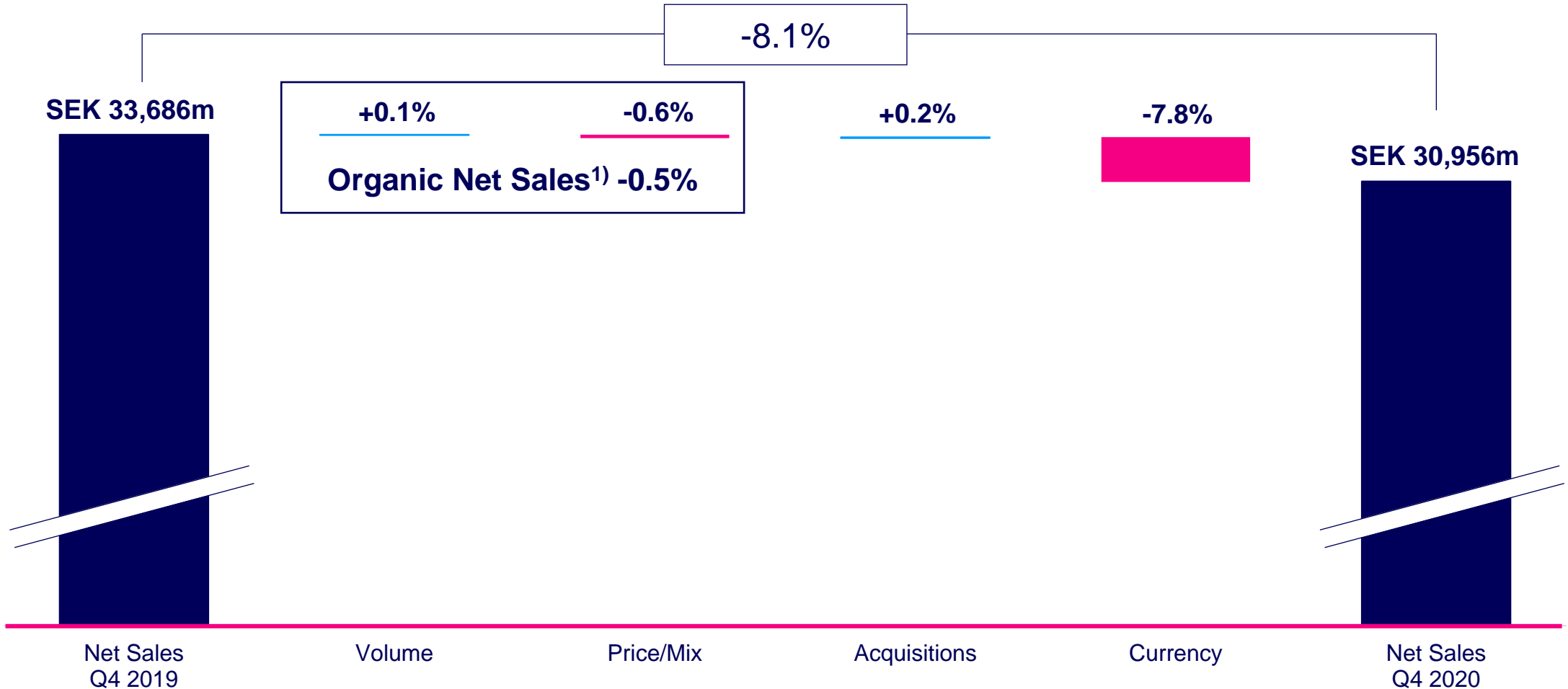
**18.7%  
-120bps**

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

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

# Net Sales

Q4 2020 vs Q4 2019

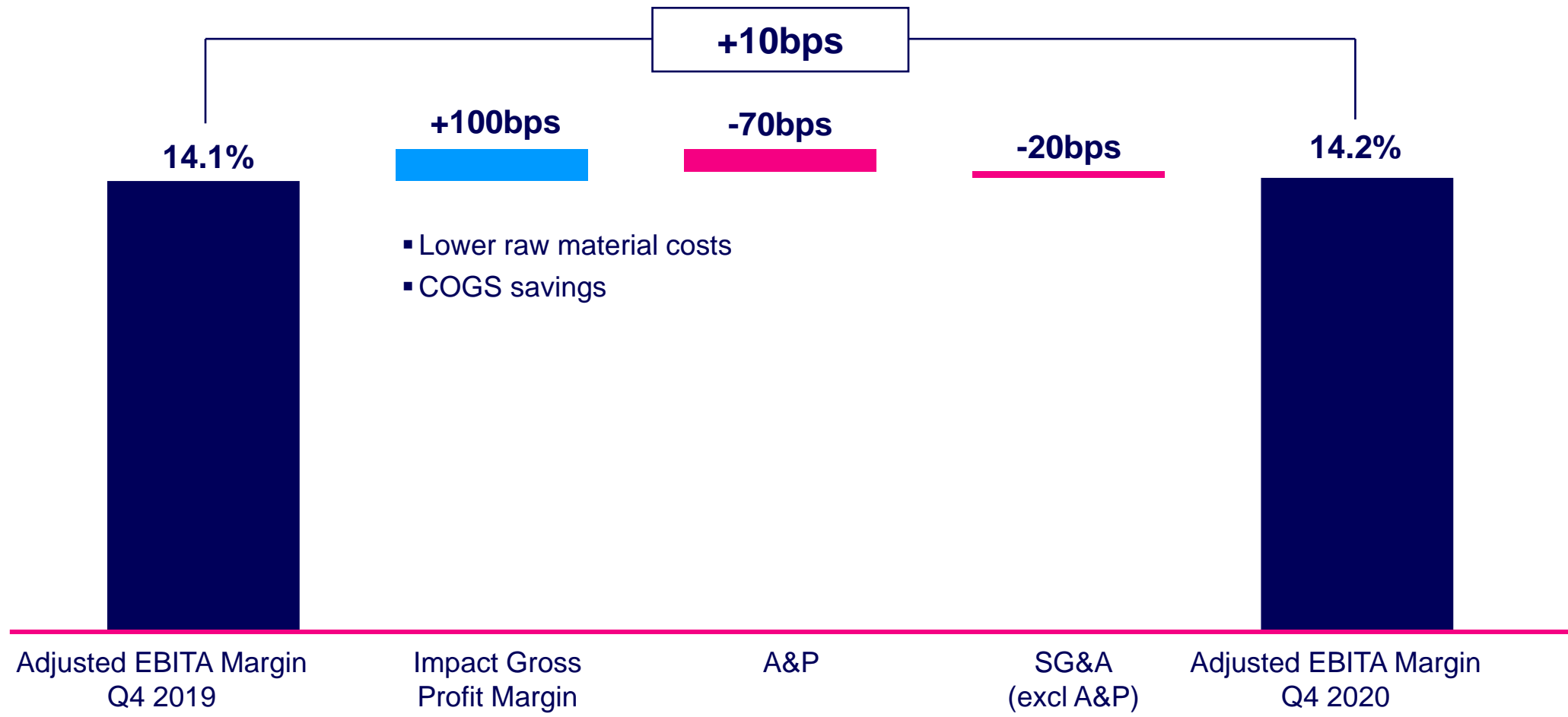


<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments



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

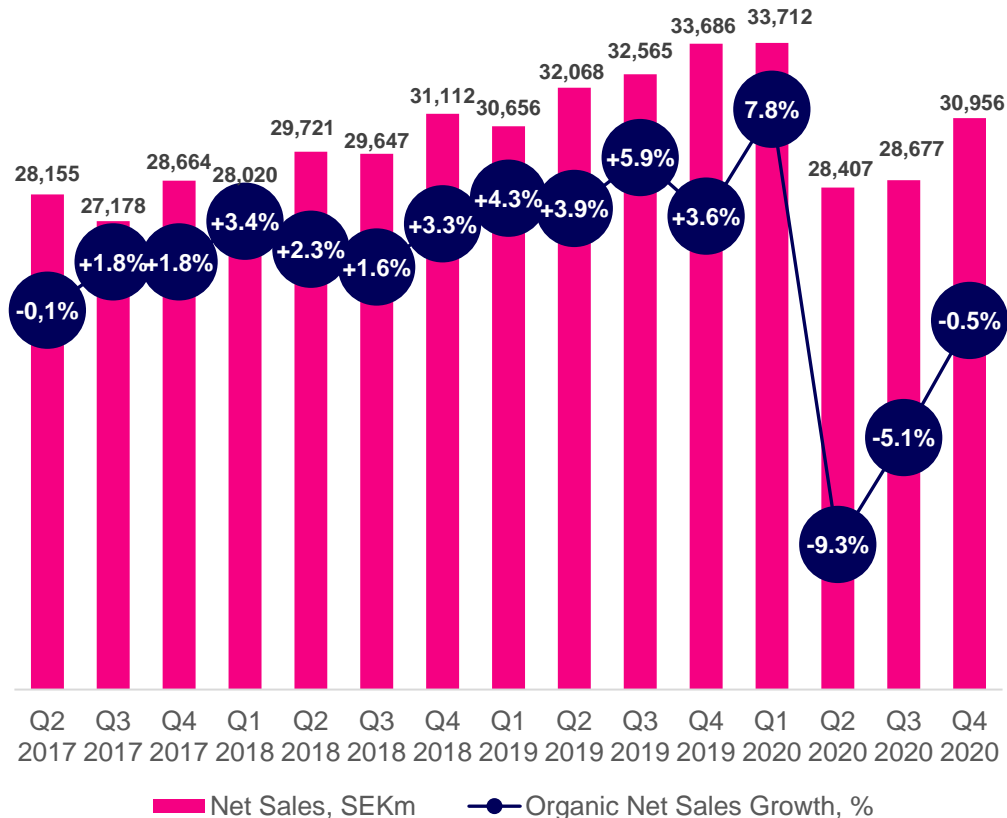
Q4 2020 vs Q4 2019



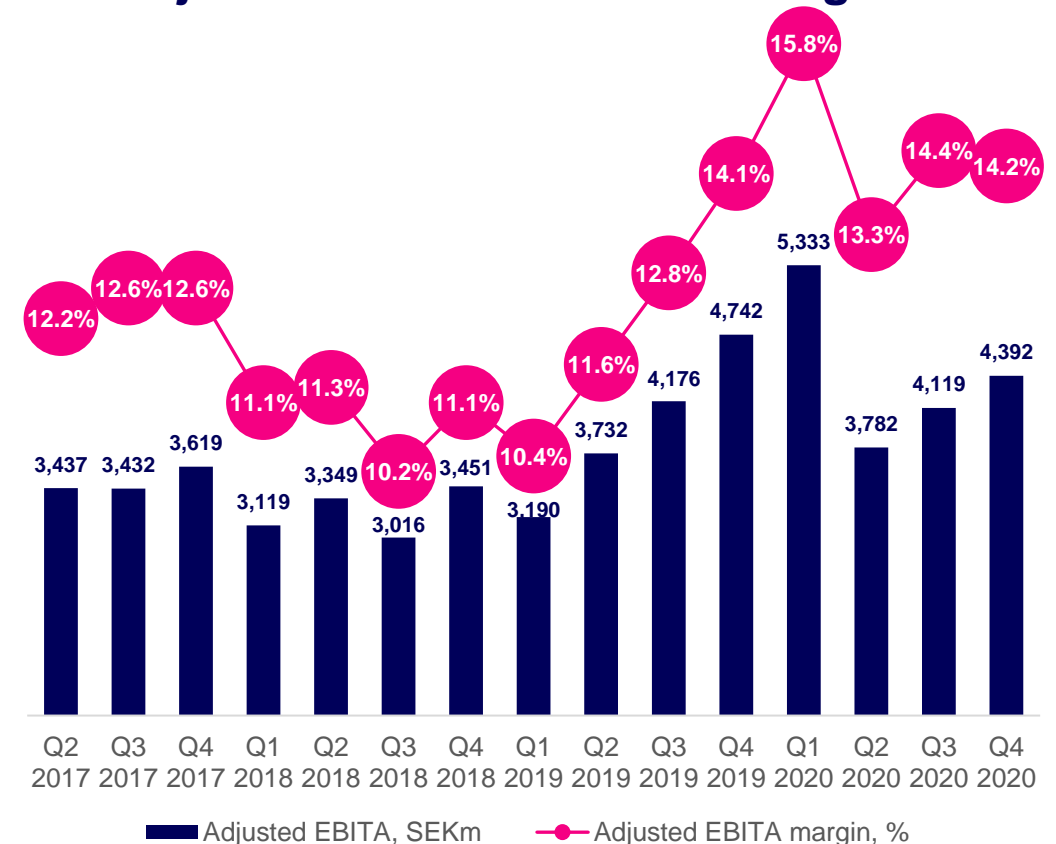
<sup>1)</sup> Excluding items affecting comparability

# Positive Long-term Development

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



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



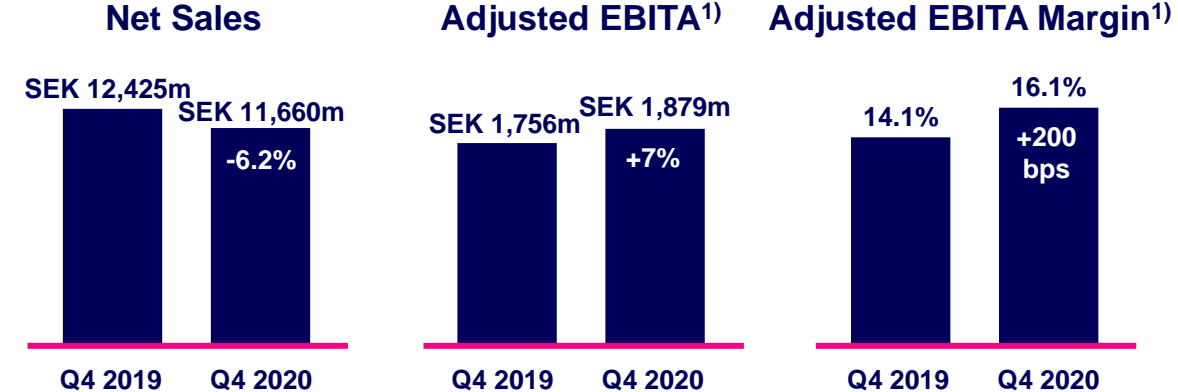
<sup>1)</sup> Organic net sales which excludes exchange rate effects, acquisitions and divestments

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

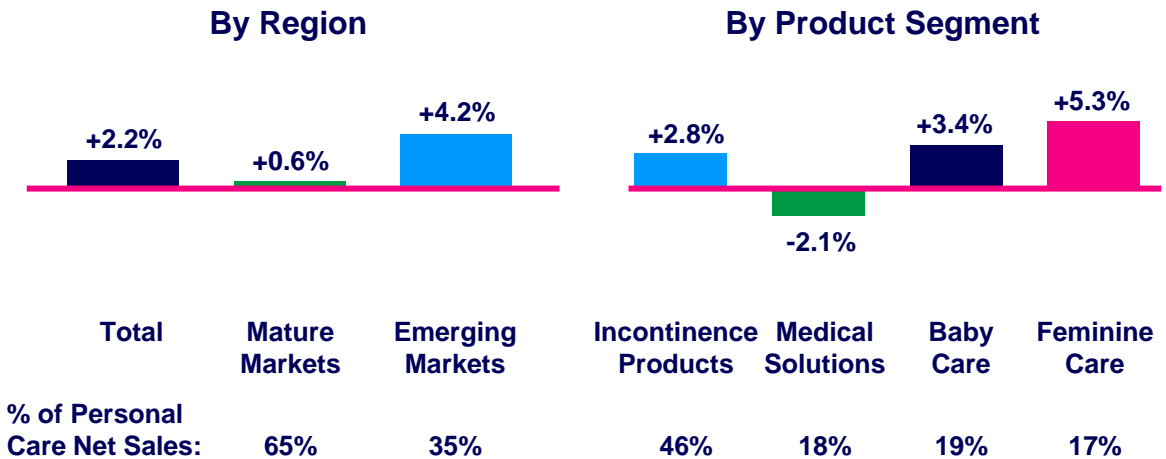
# Personal Care

## Q4 2020 vs Q4 2019

- Organic net sales increased 2.2%
  - Volume +1.0% and price/mix +1.2%
- Sales negatively impacted by COVID-19 and further lockdowns and restrictions
- Strong margin improvement in Incontinence Products
- Improved underlying growth in Medical Solutions
  - Organic net sales +6.4% for Wound Care
- Strong sales growth and margin for Baby Care
- Higher volumes, higher prices, better mix and cost savings
- Lower raw material costs
- Sales and marketing costs stable as % of net sales



## Organic Net Sales

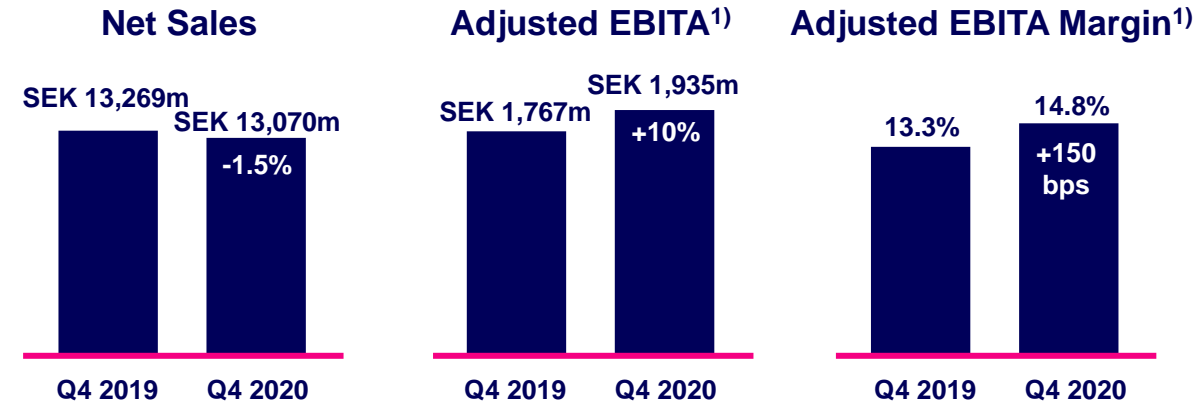


<sup>1)</sup> Excluding items affecting comparability

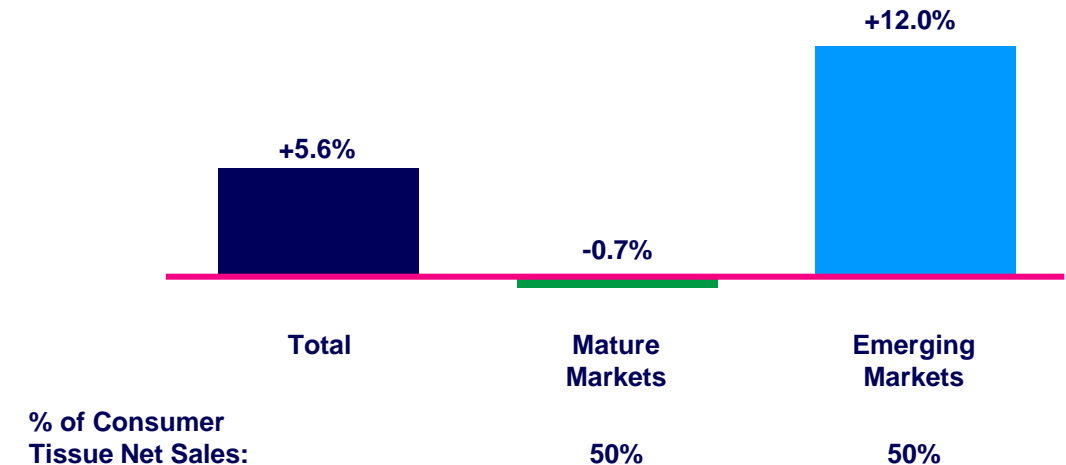
# Consumer Tissue

## Q4 2020 vs Q4 2019

- Organic net sales increased 5.6%
  - Volume +9.1% and price/mix -3.5%
- Strong growth in emerging markets
- Improved structural profitability
- Higher volumes, better mix and cost savings
- Lower raw material costs
- Lower prices including higher promotional levels
- Sales and marketing costs increased as % of net sales



### Organic Net Sales By Region



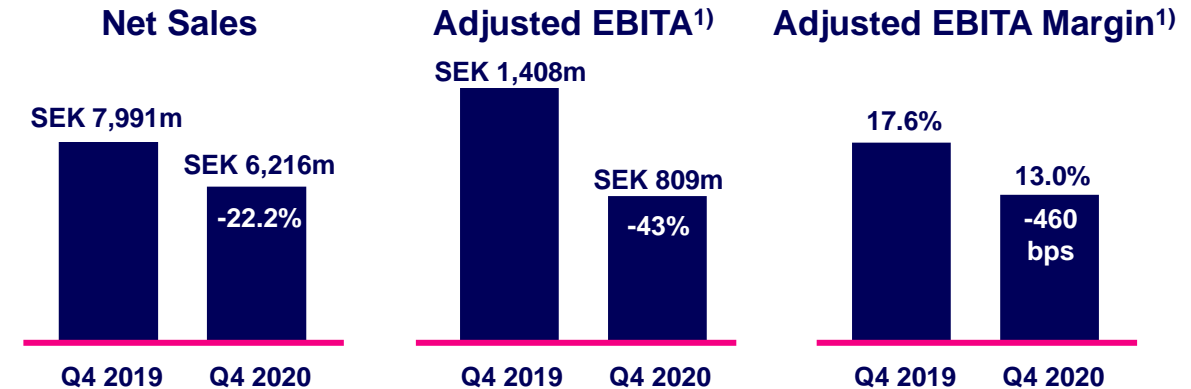
<sup>1)</sup> Excluding items affecting comparability



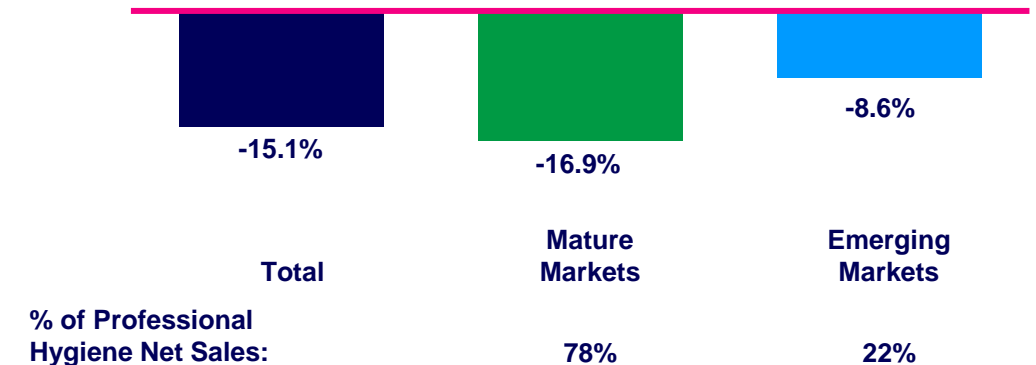
# Professional Hygiene

## Q4 2020 vs Q4 2019

- Organic net sales decreased 15.1%
  - Volume -16.3% and price/mix +1.2%
- Sales negatively impacted by COVID-19 and further lockdowns and restrictions
- Strong sales growth for wiping & cleaning, dispensers and skin care
- Better mix and cost savings
- Higher raw material and energy costs
- Lower volumes leading to lower fixed cost absorption
- Sales and marketing costs increased as % of net sales



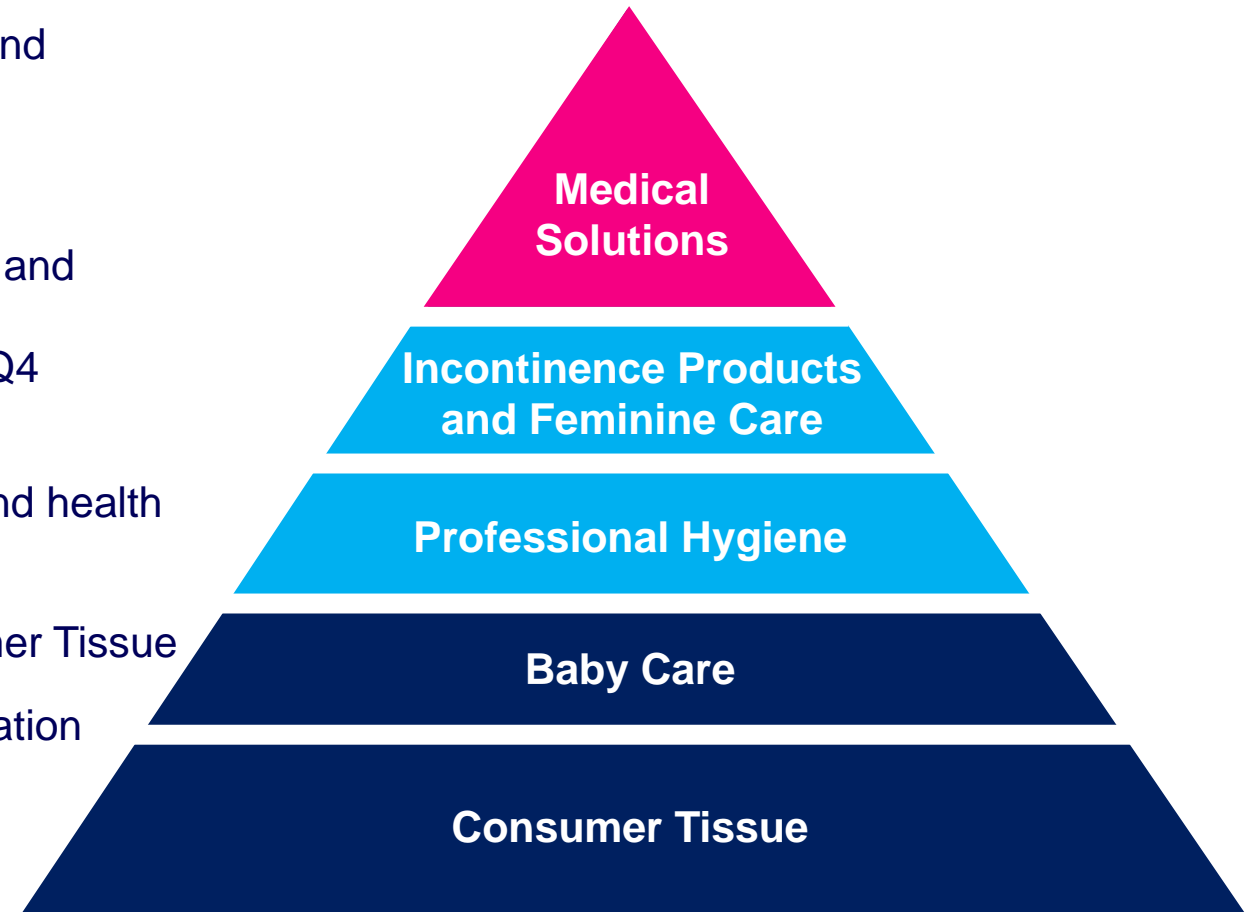
## Organic Net Sales By Region



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

# Achievements 2020

- Secured business success while keeping employees safe and contributing to society
- Personal Care
  - Improved underlying growth in Medical Solutions
  - Continued strong performance in Incontinence Products and Feminine Care
  - Strong margins in Baby Care and good sales growth in Q4
  - ABIGO Medical and Novioscan acquisitions
- Capitalized on opportunities related to increased hygiene and health awareness in Professional Hygiene
- Higher sales and improved structural profitability in Consumer Tissue
- Increased online sales and acceleration of digital transformation
- Cost savings of approx. SEK 1.1bn



# Priorities 2021

- Accelerate growth in Personal Care
- Continue improvement of structural profitability in Consumer Tissue
- Prepare for strong come back in Professional Hygiene
- Pursue acquisitions in high margin categories
- Benefit from digital transformation in all areas
- Start Manufacturing Roadmap
- Continue to lead in sustainability



