

Half-year Report 2021





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.

Financials

Q2 2021 vs Q2 2020

- Strong organic sales growth with clear improvement in Personal Care and Professional Hygiene
- Sales increased during the quarter due to improved market conditions and continued awareness of hygiene and health
- Sales in Personal Care and Consumer Tissue higher in Q2 2021 vs Q2 2019
- Profitability negatively impacted by higher costs for raw materials, energy and distribution

Net Sales

**SEK
28,968m
+2.0%**

Organic Net Sales¹⁾

+9.5%

Adjusted EBITA²⁾

**SEK
3,409m
-10%**

Adjusted EBITA Margin²⁾

**11.8%
-150bps**

Operating Cash Flow

**SEK
1,960m
-55%**

Earnings per Share

**SEK
2.52
-15%**

Adjusted ROCE²⁾

**12.4%
-70bps**

Adjusted ROE²⁾

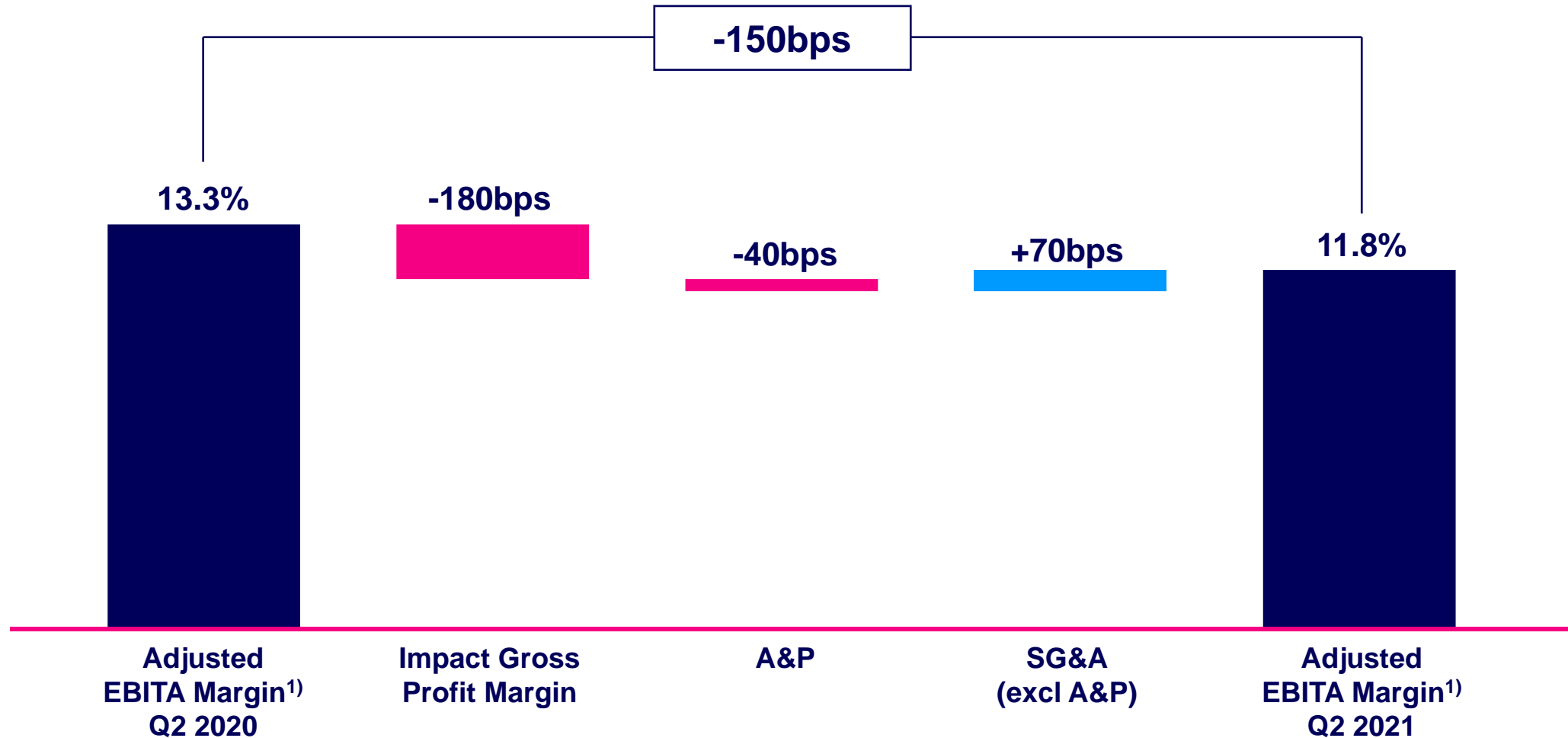
**13.5%
-160bps**

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

²⁾ Excluding items affecting comparability

Adjusted EBITA Margin

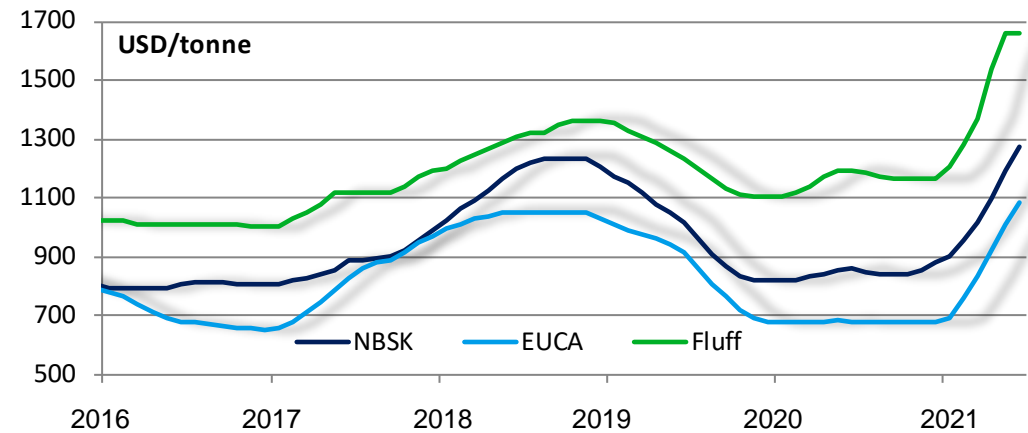
Q2 2021 vs Q2 2020



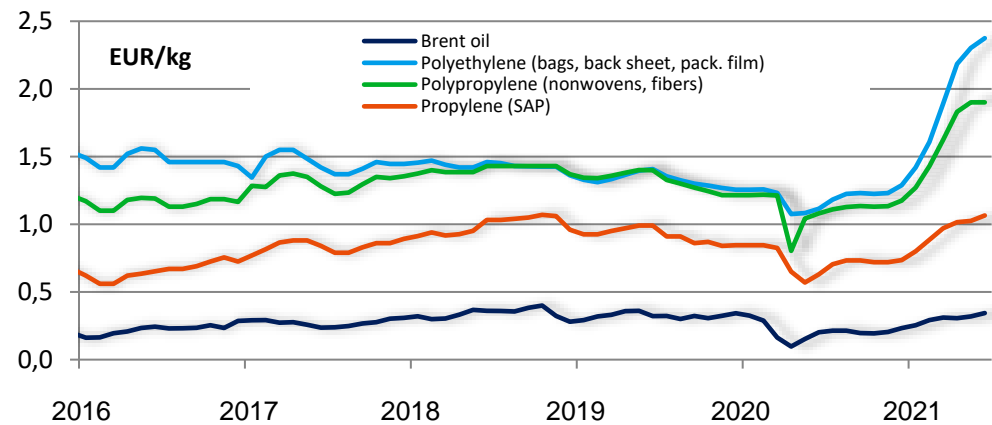
¹⁾ Excluding items affecting comparability

Significant Cost Increases

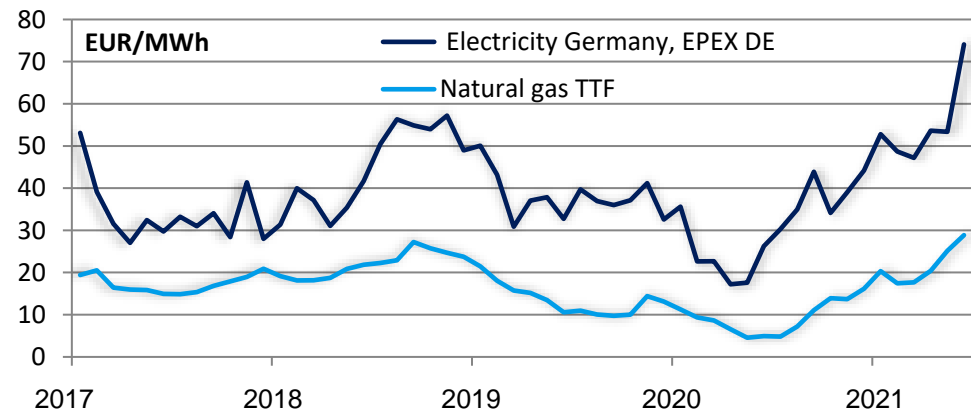
Market Pulp, Europe



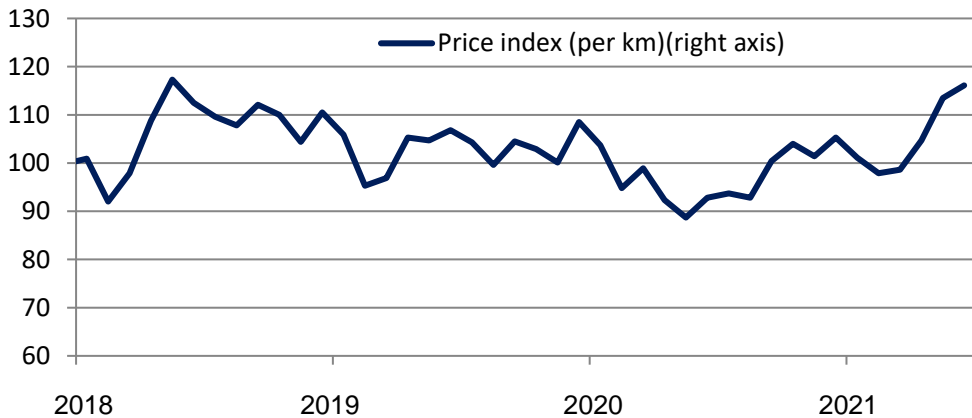
Oil-based Raw Materials



Energy Prices, Europe



Transportation, Europe



Source: FOEX, Fastmarkets RISI, VDP, EIA, Platts, ICIS, Macrobond, Transporeon, Cass Freight Index

Highlights

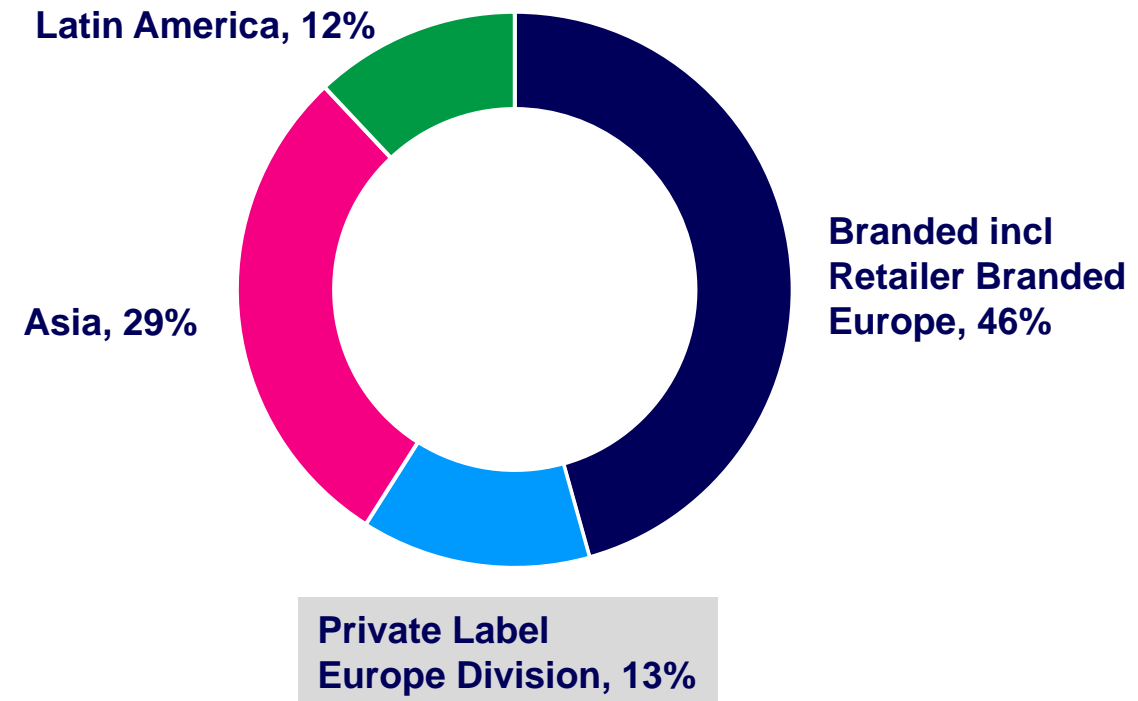
- Price increases implemented and under preparation
- Process started to create a private label division within Consumer Tissue
- Strong innovations and award-winning marketing campaigns
- Increased market shares for more than 60% of branded sales in Retail
- E-commerce increased 13.3% to 14% of sales, approx. SEK 4bn in sales
- New and updated sustainability targets
- Acquisitions of Familia, Asaelo Care and remaining 25% ABIGO Medical



Private Label Division within Consumer Tissue

- Started process to establish the new division Consumer Tissue Private Label Europe
- Process expected to be finalized by year-end 2021
- Consumer Tissue branded and selected multi-category retailer branded businesses will remain in the current structure
- Enables Essity to refine the operations, further strengthen focus and leverage the main strengths of existing and new structures to better meet different customers' demands and expectations

Consumer Tissue Net Sales Split
Proforma 2020



Consumer Tissue

Private Label Europe

- Approx. 1,700 employees and seven sites in Belgium, France, Germany and Italy
- Proforma 2020 net sales approx. SEK 6.7bn
- Better meet needs and demands of private label customers
- Self-sufficient with its own functions covering full value chain
- Effective, competitive and well-invested production structure



Consumer Tissue Branded

Including Selected Multi-category Retailer Brands

- Approx. 19,200 employees and 37 sites
- Proforma 2020 net sales approx. SEK 43.5bn
- Strong brands with leading market positions
- Differentiated, multi-category solutions for retailer brands
- Impactful innovations
- Strong go-to-market
- Leader in sustainability



Innovations Q2 2021



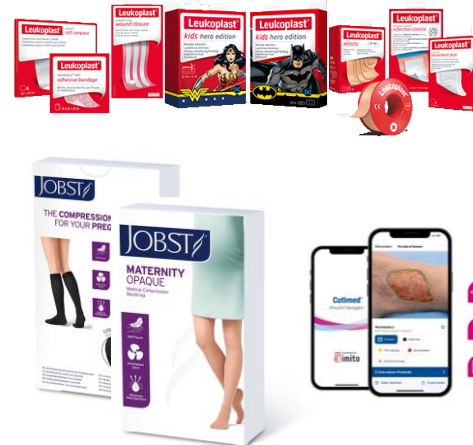
Professional Hygiene



Incontinence Products



Medical Solutions



Feminine Care



Consumer Tissue



Cutimed® Wound Navigator



Record Year for Essity Cannes Lions Festival

Breaking Barriers to Improve Well-being

14 LIONS

4 x Grand Prix wins

4 x Gold Lions

4 x Silver Lions

2 x Bronze Lions

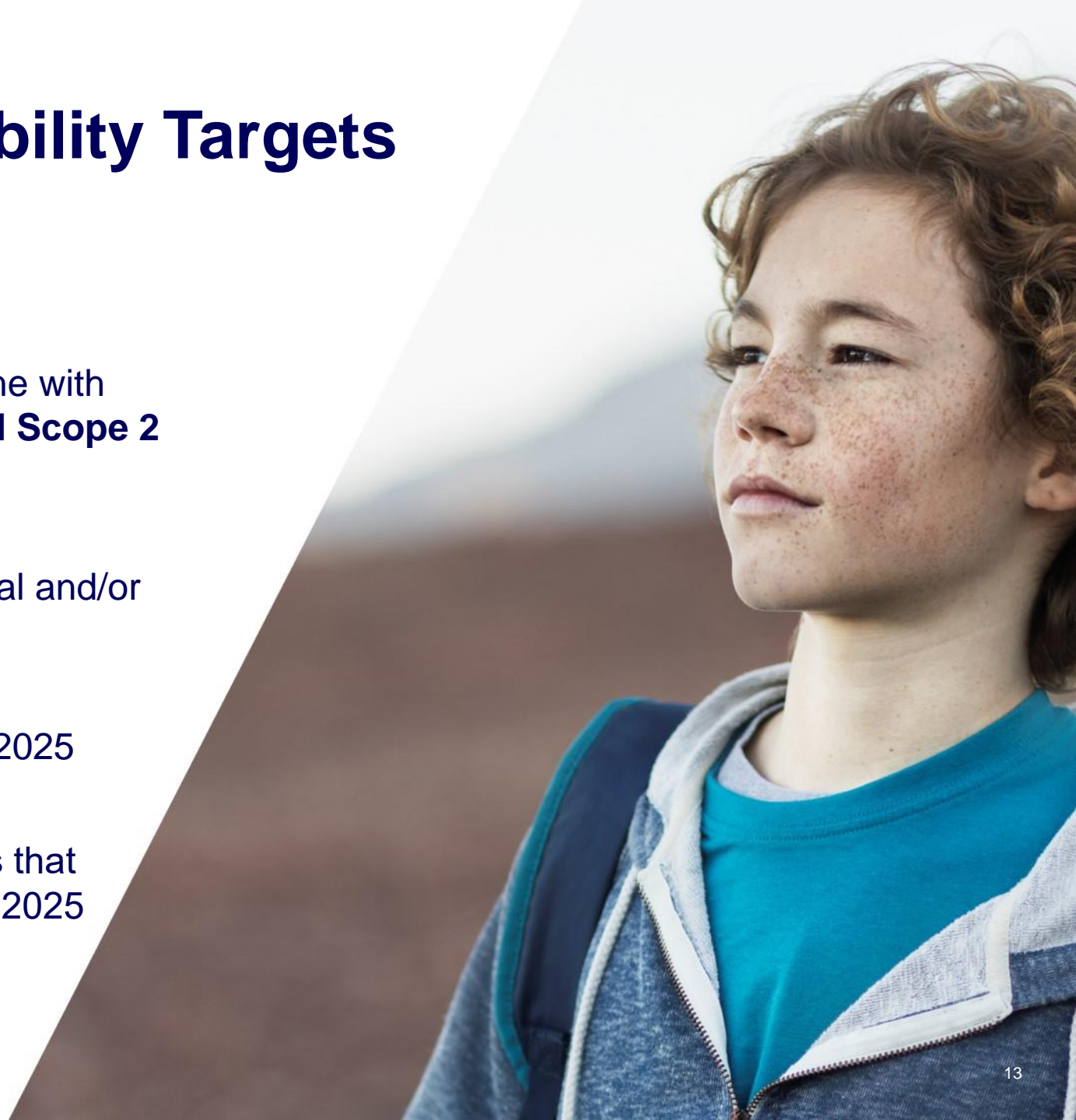
Awarded campaigns:

- Libresse and Bodyform #wombstories
- Plenty #XMess



New and Updated Sustainability Targets

- **Net-zero greenhouse gas emissions by 2050**
- Raised ambition for **Science Based Targets** in line with “**Well-below 2°C**”: **35%** reduction of **Scope 1 and Scope 2** emissions by 2030
- **Sustainable innovations**
At least 50% of all innovations should yield a social and/or environmental improvement
- **Occupational safety**
75% reduction in total recordable injuries rate by 2025
- **Responsible sourcing**
95% of Essity's total purchase cost from suppliers that comply with Essity's Global Supplier Standard by 2025



Personal Care

Q2 2021 vs Q2 2020

- Strong organic sales growth in all product categories
- Higher sales compared to Q2 2019
- Regaining market shares for Incontinence Products in Retail
- Strong profitability
- Higher volumes, higher prices, positive mix and costs savings
- Higher costs for raw material and distribution
- Investments in growth increased marketing costs
- Price increases implemented and in preparation

Net
Sales

SEK
11,163m
+4.8%

Organic
Net Sales¹⁾

+12.7%

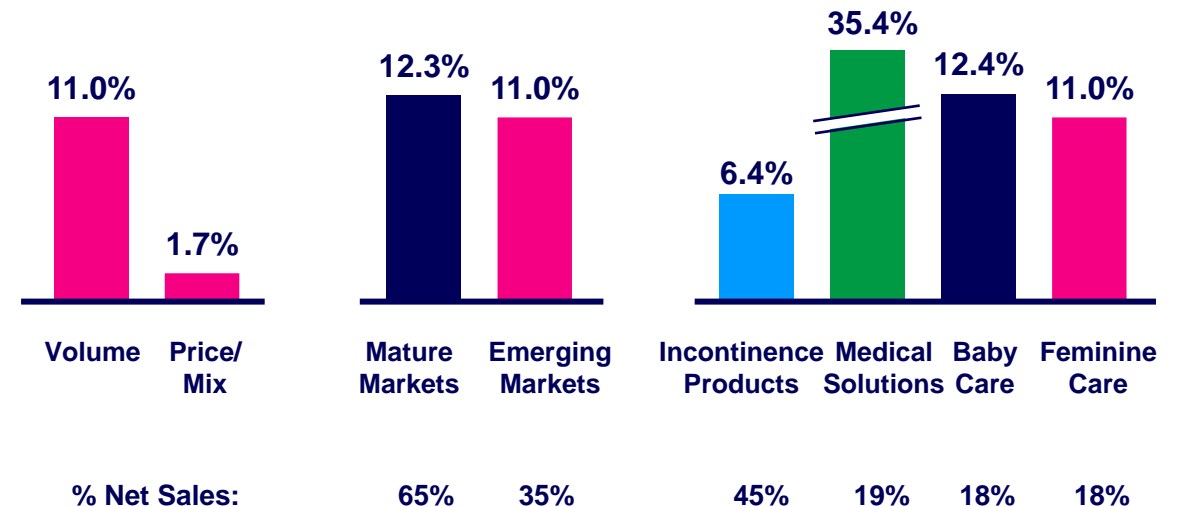
Adjusted
EBITA²⁾

SEK
1,710m
+19%

Adjusted
EBITA Margin²⁾

15.3%
+180bps

Organic Net Sales



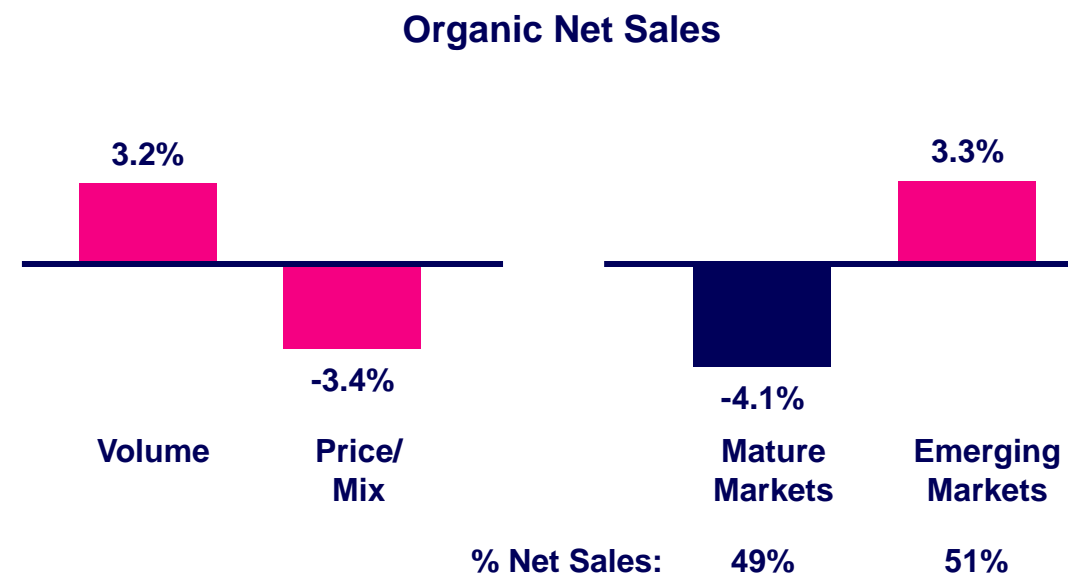
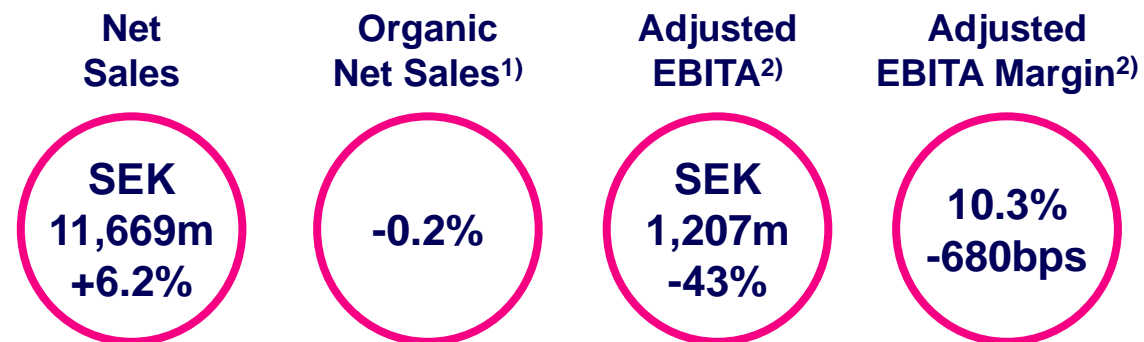
¹⁾ Net sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

Consumer Tissue

Q2 2021 vs Q2 2020

- Higher sales compared to Q2 2019
- Higher volumes, positive mix and costs savings
- Higher costs for raw material, energy and distribution
- Lower prices due to higher promotional levels and 2020 price adjustments
- Announced price increases had small impact Q2 2021, majority impacting second half 2021
- Production of tissue from wheat straw starting during the summer



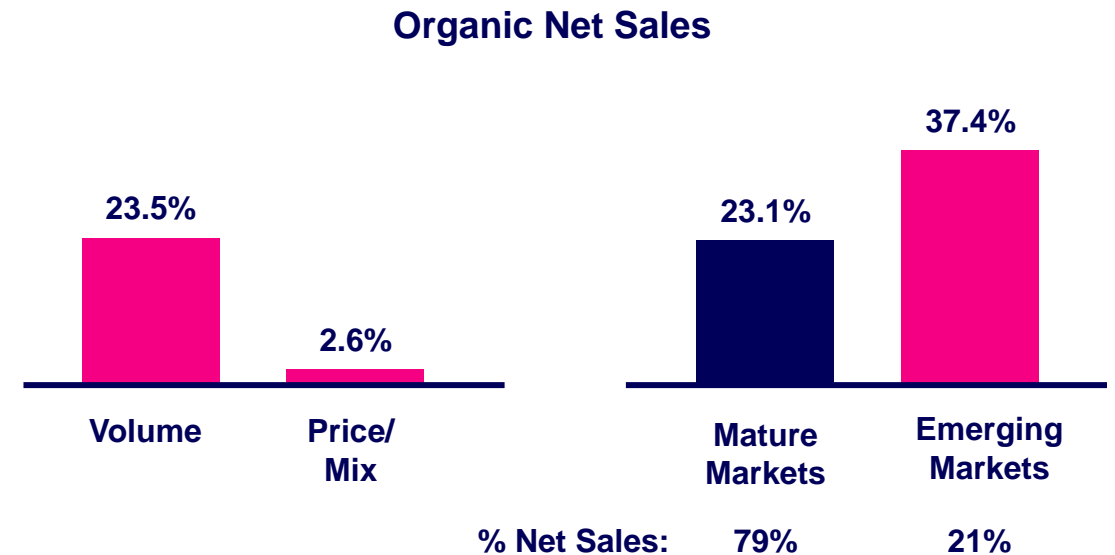
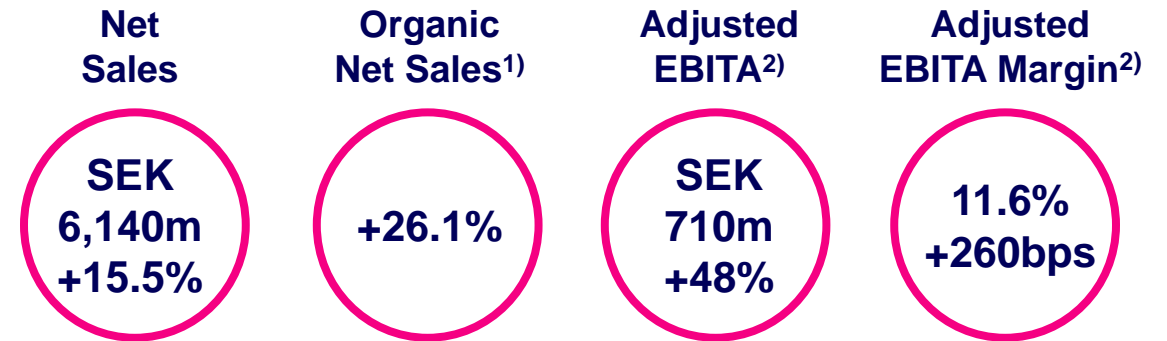
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Professional Hygiene

Q2 2021 vs Q2 2020

- Improved market conditions with less restrictions and reopenings starting to positively impact demand
 - North America +35%
 - Strong improvement during the quarter, +17% organic sales growth Q2 vs Q1 2021
- Increased awareness of importance of hygiene and health
- Strong profitability improvement
- Higher volumes, higher prices, positive mix and costs savings
- Higher costs for raw material, energy and distribution
- Price increases implemented and in preparation



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

²⁾ Excluding items affecting comparability

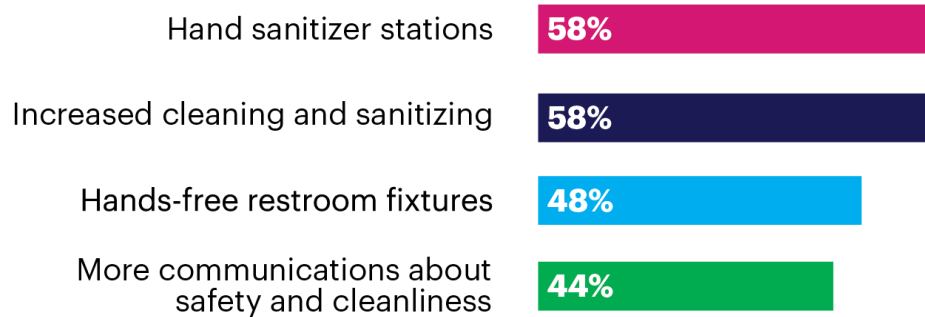
Professional Hygiene

Hygiene Expectations of US Workers Returning to Office

84%

are likely to continue the enhanced hygiene protocols they adopted due to the pandemic

What employees want to see in the workplace when they return:



Source: Results of an online survey conducted within the United States by the Harris Poll on behalf of Essity, from May 5-7, 2021, among 2,064 adults ages 18 and older. <https://www.essityusa.com/media/us-news/2021/backtobusiness.html>



Priorities

Short-term

- Accelerate sales
- Price increases
- Cost savings
- Private label division within Consumer Tissue

Long-term

- Innovation and expanding offerings
- Manufacturing Roadmap
- Acquisitions in high margin categories
- Digital transformation in all areas
- Continue to lead in sustainability





Welcome to Essity's Virtual Capital Markets Day

November 3, 2021

Q&A