

Interim Report First Quarter 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.

Positioning Essity for Profitable Growth

- Increasing ownership in hygiene company Familia in Latin America
- Entered agreement with Australian hygiene company Asaleo Care to acquire remaining shares
- Increased market shares last 12 months
- E-commerce increased organically 14% and accounted for approx. 13% of net sales Q1 2021
- High pace of innovations with increased reusable offerings
- Manufacturing Roadmap progress
- Announcements of price increases



Essity to Increase Ownership in Familia



Familia Strategic Acquisition

Accelerating Value Creation

- Innovative and consumer centric hygiene company
 - High profitability
 - Strong presence in fast growing countries and categories
 - Market leading positions
 - Strong brand equity with top of mind brands
 - Personal Care represents >60% of business with ROCE of >40%
- Complementary geographic presence
- Long-term partnership and strong cultural fit
- Platform to accelerate growth and increase profitability



Transaction

Current Essity Ownership 50% and 100% Consolidated

- **Purchase price: USD 1,540m for 100%**
(approximately SEK 13bn)
of the company on a debt free basis
- **Agreement to acquire approximately 44% Ownership in Familia at least 94% after closing**
- **Expected to be accretive to Essity's EPS from 2021**
- **Fully debt funded**

Familia Financials 2020

(100% consolidated in Essity's accounts)

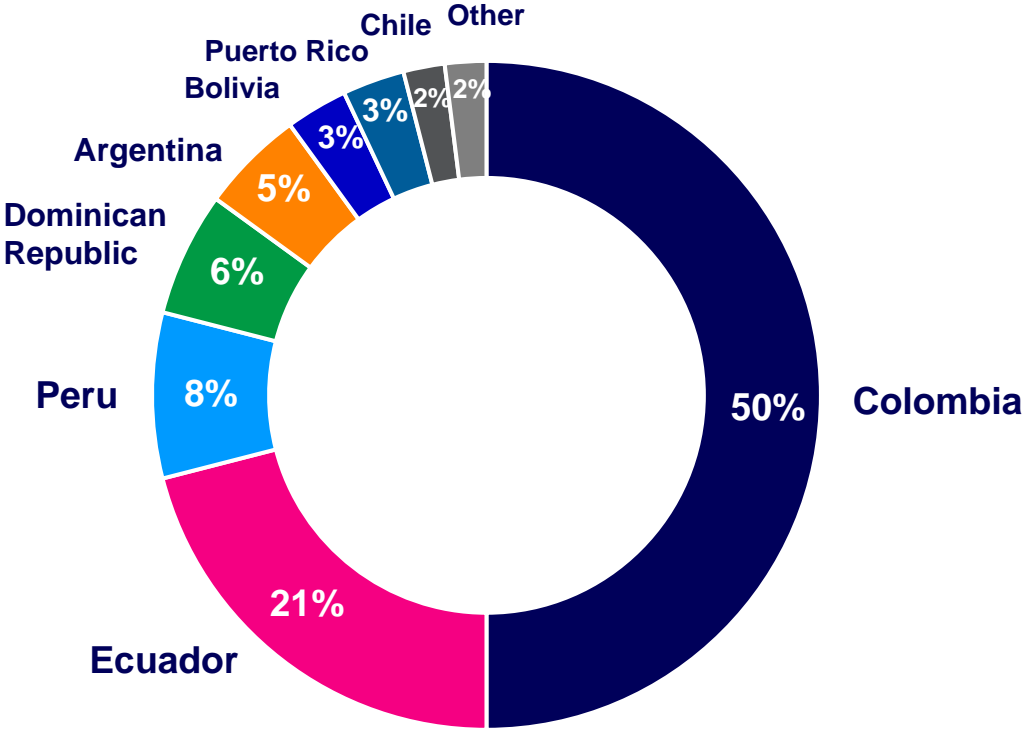
- Net sales: SEK 6,950m
- Adjusted EBITDA: SEK 1,419m
- Adjusted EBITA: SEK 1,170m
- Adjusted EBITA margin: 16.8%
- Organic sales growth: 2.8%



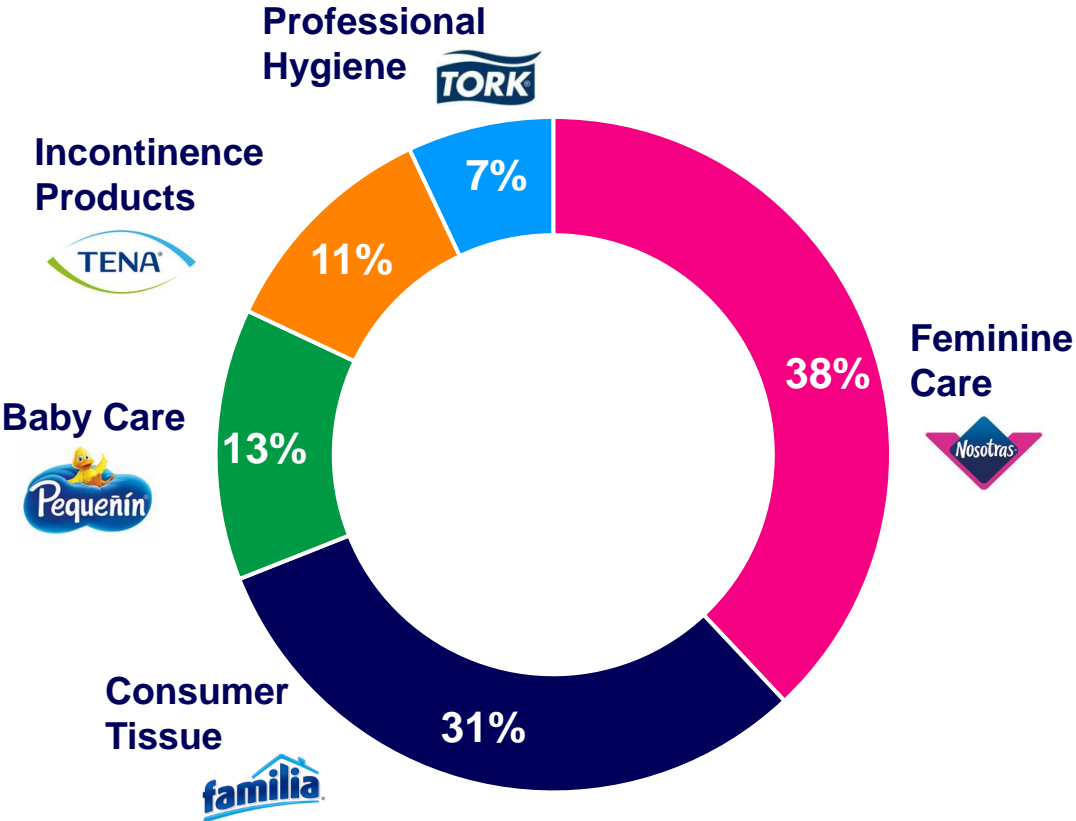
Familia Net Sales Split

6% of Essity Group Net Sales 2020

Split by Country



Split by Category



Leading Market Positions

Examples

		Colombia	Ecuador
Feminine Care		1	1
Consumer Tissue		1	1
Baby Care		3	3
Incontinence Products		1	2
Professional Hygiene		1	2

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources, including IRI, Fastmarkets RISI, Price Hanna Consultants, SmartTRAK and National Macro Economics.

Product Offerings

Feminine Care

Consumer Tissue

Baby Care

Incontinence Products

Professional Hygiene



Latin American Hygiene and Health Market

- The Latin American market serves more than 600 million people
- Consumption per capita is still low
- Middle class expected to grow
- Mainly a branded region
- Split almost evenly between modern trade and traditional trade
- Changing retail landscape



¹⁾ Expected Market Growth CAGR (Compound Annual Growth Rate) 2020-2025

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources such as IRI, Fastmarkets RISI, Price Hanna Consultants, SmartTRAK and National Macro Economics.

Building the Fastest Growing Hygiene and Health Company in Latin America

Accelerate Growth and Increase Profitability

- Faster execution across Latin America
- Leverage innovation capabilities, strong brand equity and entrepreneurship
- Accelerate digital transformation and increase e-commerce sales
- Optimize efficiency
- Geographic expansion opportunities for Medical Solutions



Financials

Q1 2021 vs Q1 2020

- Strong underlying business performance in a challenging environment
- Sales and profitability negatively impacted by severe restrictions and lockdowns
- Tough comparisons due to stockpiling in Q1 2020
- Organic sales growth +4.2% in emerging markets
- Vaccination programs expected to positively impact demand
 - Increased demand first two weeks of April 2021 in Professional Hygiene in North America

Net Sales

SEK
27,528m
-18.3%

Organic Net Sales¹⁾

-9.9%
Volume: -8.9%
Price/mix: -1.0%

Adjusted EBITA²⁾

SEK
3,608m
-32%

Adjusted EBITA Margin²⁾

13.1%
-270bps

Operating Cash Flow

SEK
2,276m
-49%

Earnings per Share

SEK
3.04
-34%

Adjusted ROCE²⁾

13.5%
-490bps

Adjusted ROE²⁾

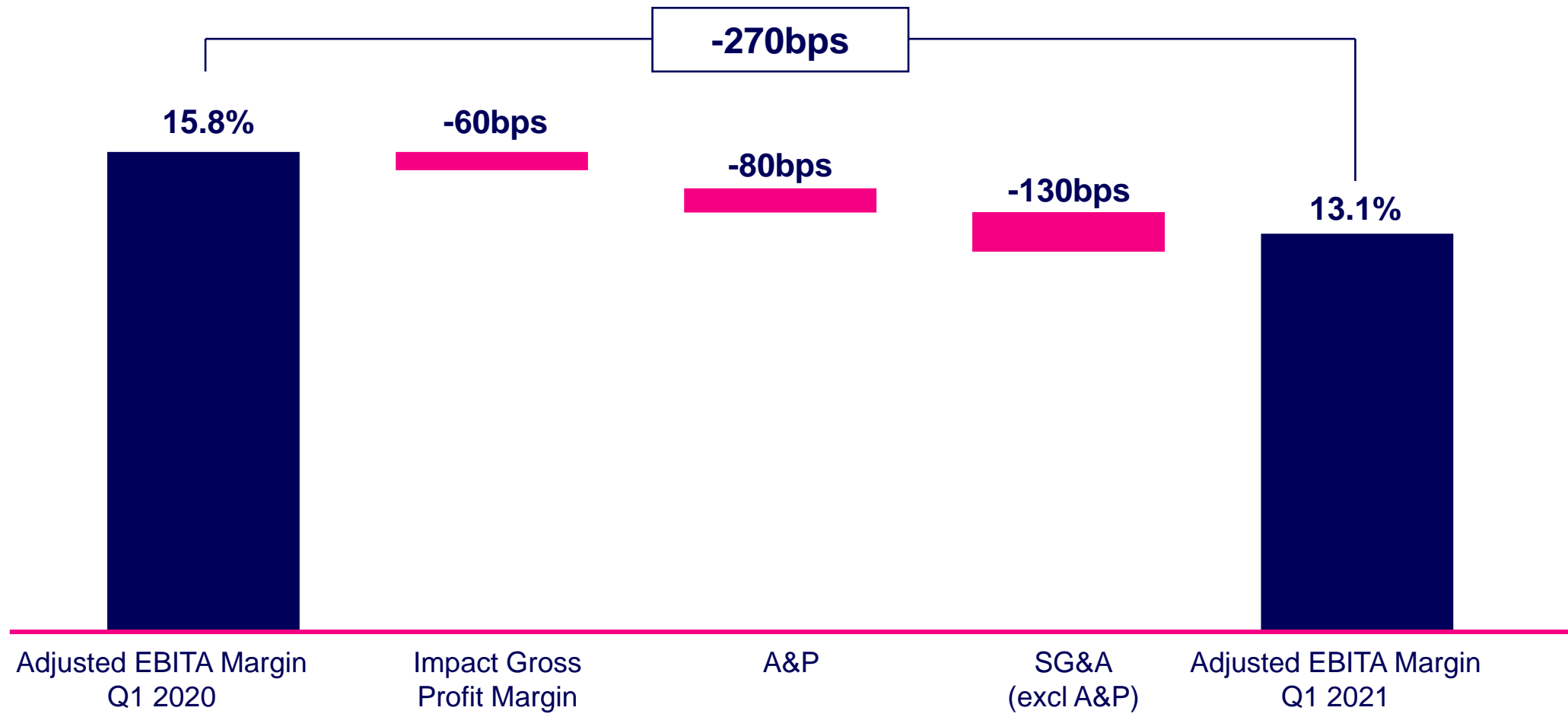
15.7%
-670bps

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

²⁾ Excluding items affecting comparability

Adjusted EBITA Margin¹⁾

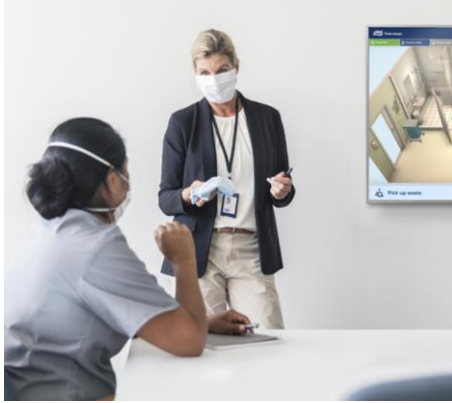
Q1 2021 vs Q1 2020



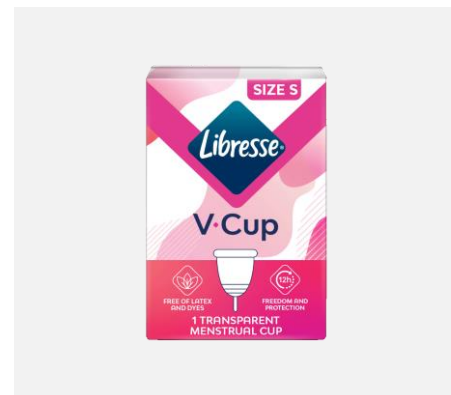
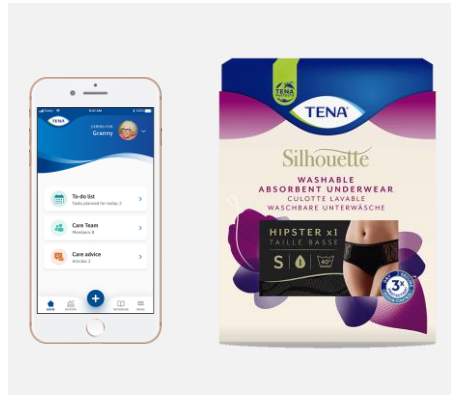
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Innovations with Strong Sustainability Profile

Q1 2021

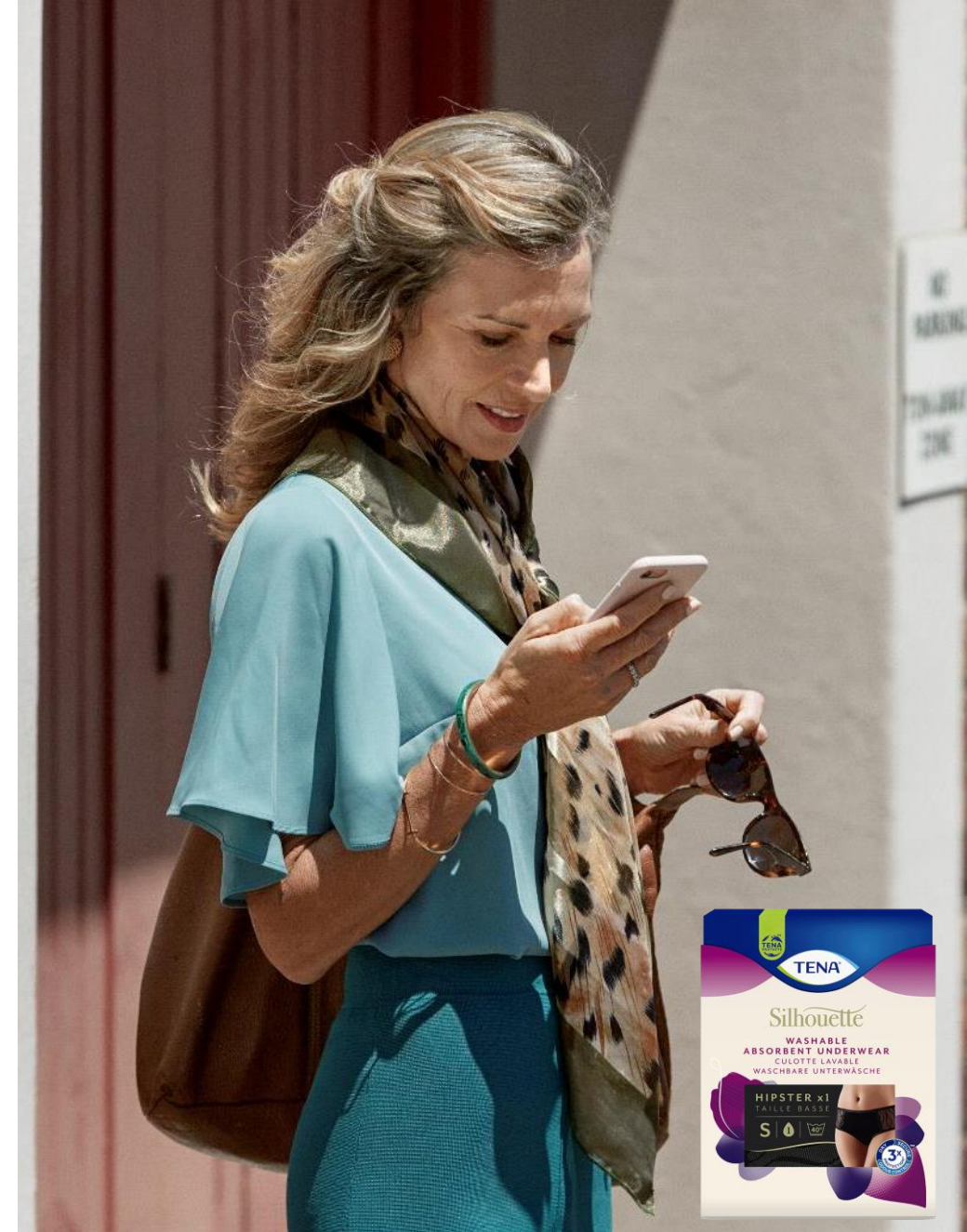
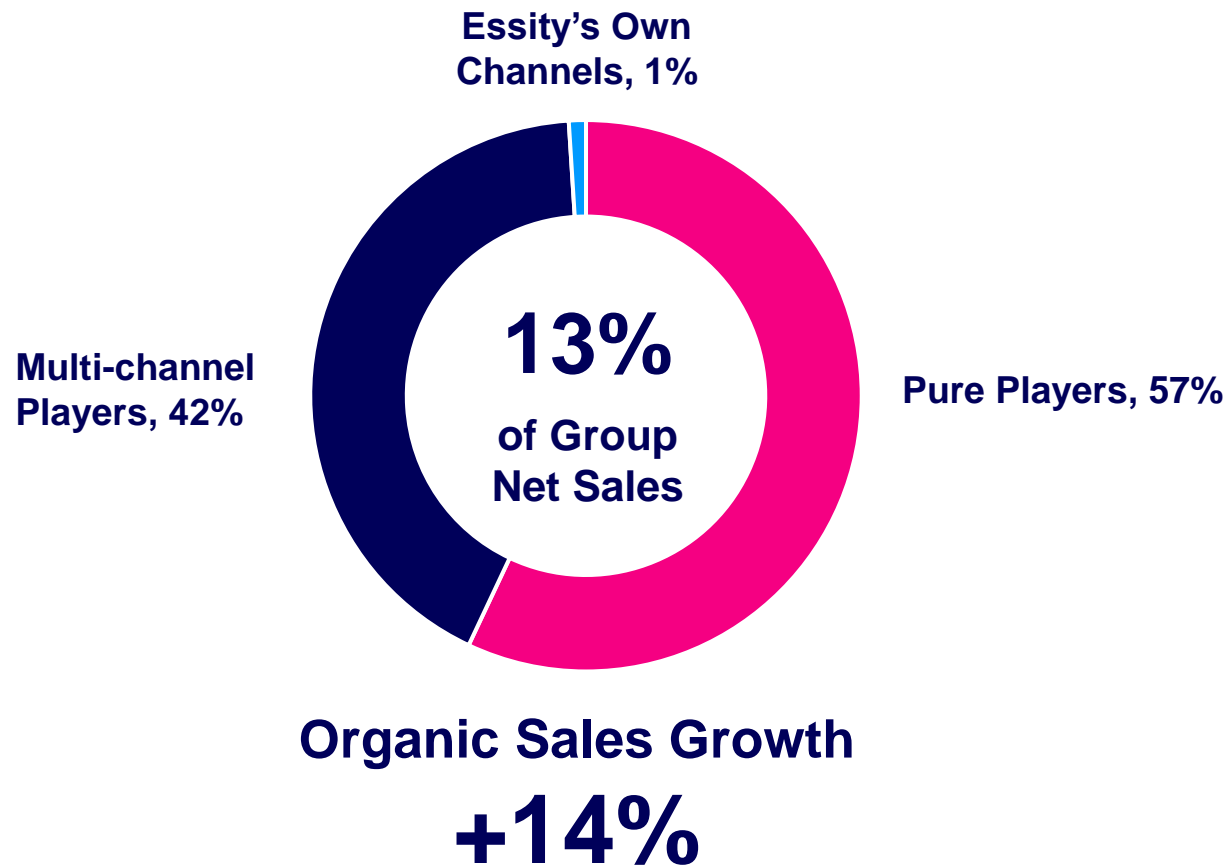


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CONFORTABLE



Strong E-commerce Growth

Q1 2021



Strengthened Market Shares and Brands

Positive Development Last 12 Months

Position #1 or #2 in

~90%

of our
branded sales

Increased Branded
Market Shares

>60%

market positions
in Retail



Manufacturing Roadmap

**Optimization of Footprint
and Production Efficiency**

Digitalization

**Sustainability &
Breakthrough Technology**

Integrated Supply Chain

Manufacturing Roadmap

Results by 2025

- Annual cost savings of **SEK 500m–1,000m**
- Optimized asset utilization, productivity improvements and raw material and energy savings
- Capturing growth opportunities while **optimizing CAPEX**
- Reduced working capital of **SEK >1bn**
- Improved product quality, service levels and delivery pace
- Projects executed or in pipeline to lower wood-based fresh fiber pulp exposure with **approximately 10%** resulting in lower volatility in profits
- Faster delivery of our **Science Based Targets** through reduced resource consumption, lower carbon emissions, production waste and increased circularity



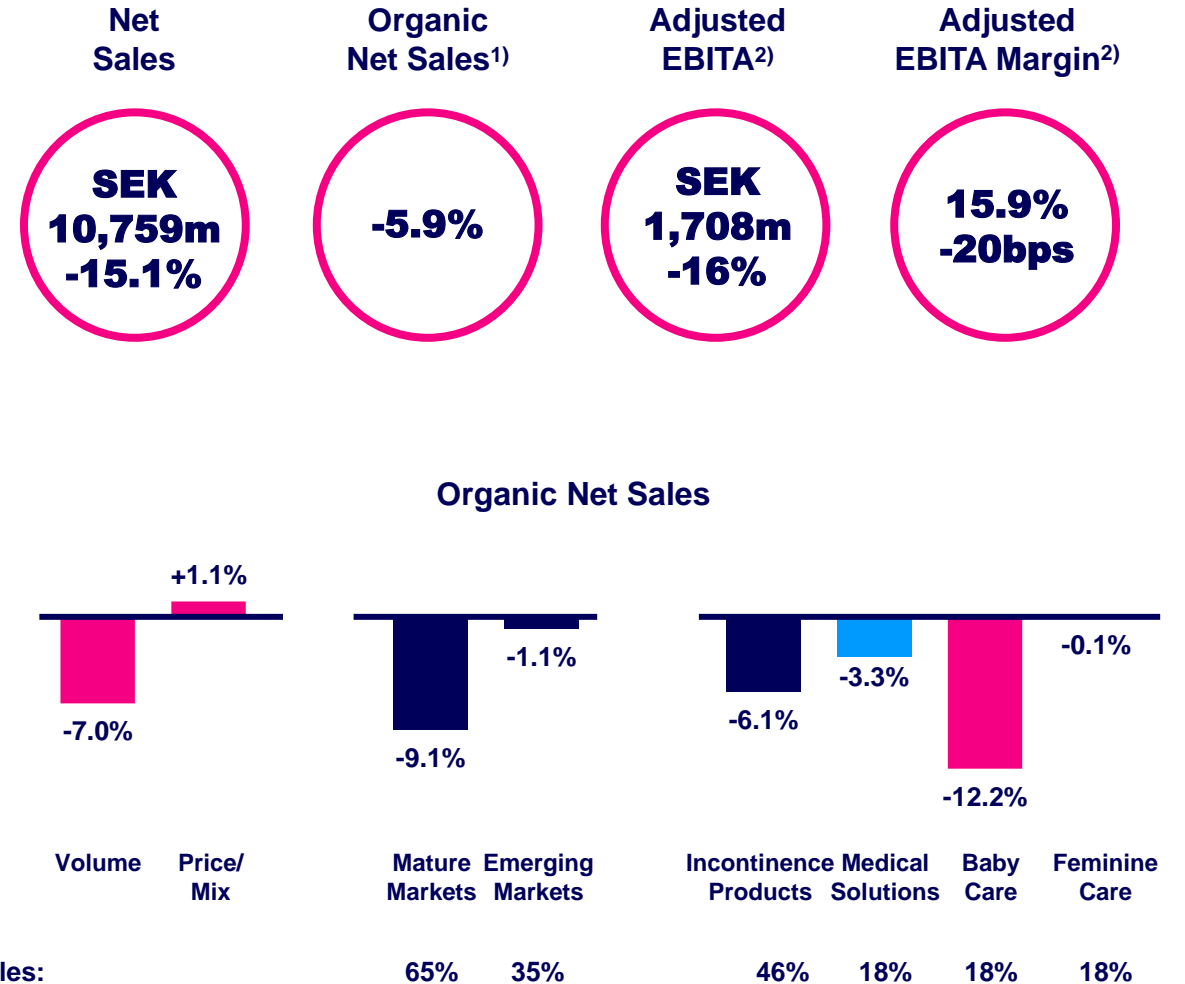
First CO₂ Emission-free Large-scale Paper Production



Personal Care

Q1 2021 vs Q1 2020

- Sales negatively impacted by severe restrictions and lockdowns
- Tough comparisons due to stockpiling in Q1 2020
- Improved underlying growth in Medical Solutions
 - Organic net sales +2.1% for Wound Care
- Strong profitability
- Preparing price increases
- Vaccination programs expected to positively impact demand



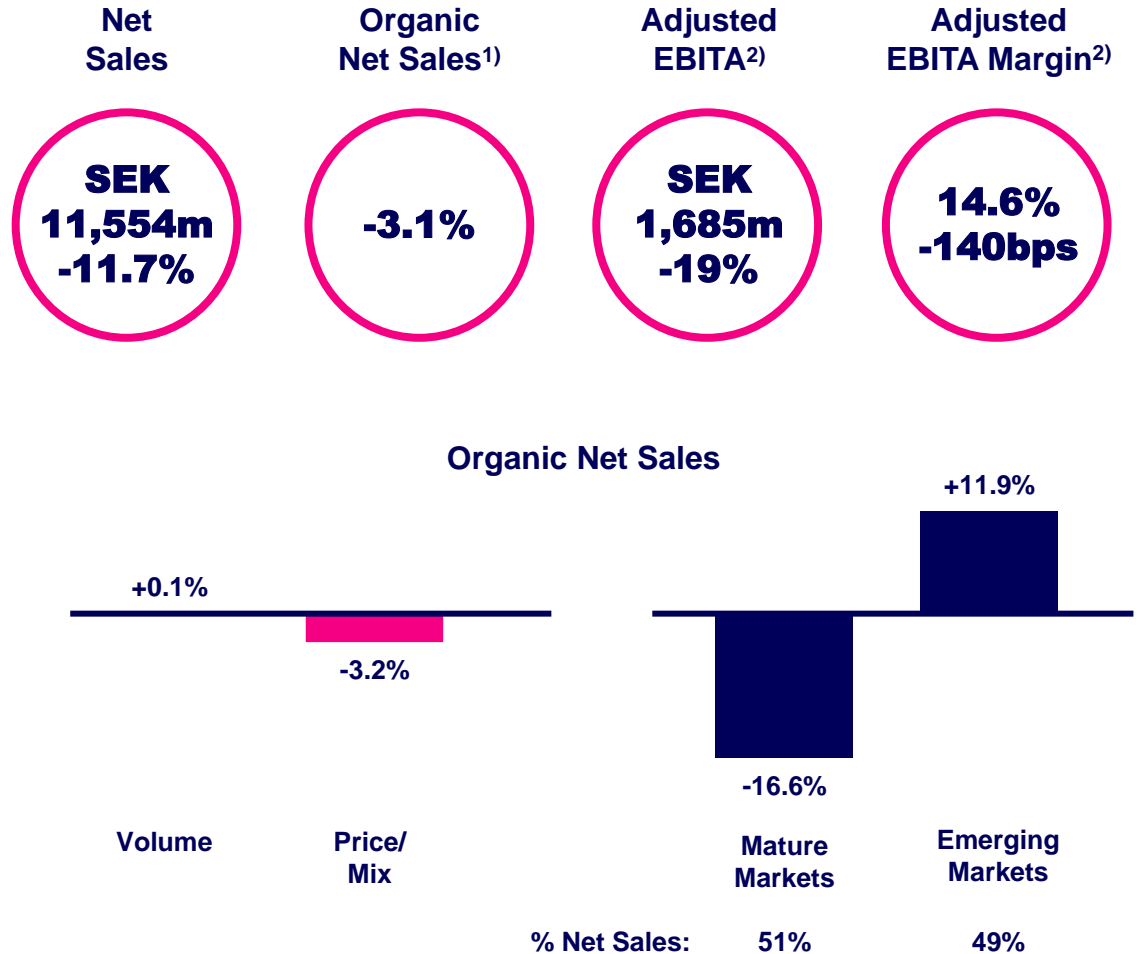
¹⁾ Net sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

Consumer Tissue

Q1 2021 vs Q1 2020

- Tough comparisons due to stockpiling in Q1 2020
- Strong branded sales growth
- High sales growth in emerging markets
- Improved structural profitability
- Price increases announced



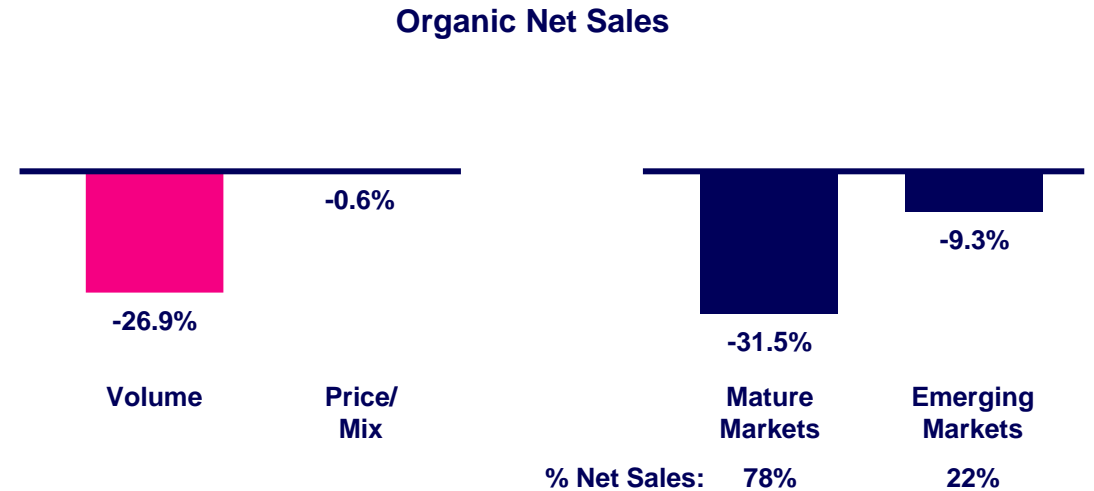
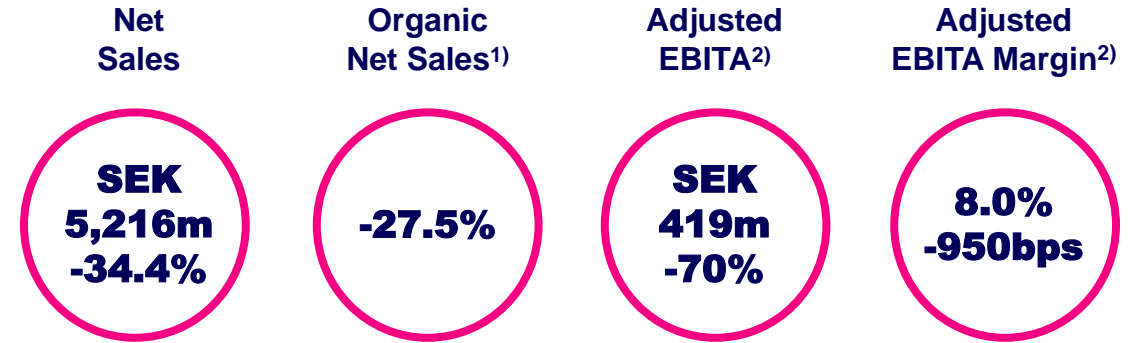
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Professional Hygiene

Q1 2021 vs Q1 2020

- Sales and profitability negatively impacted by severe restrictions and lockdowns
- Tough comparisons due to stockpiling in Q1 2020
- Vaccination programs expected to positively impact demand
 - Increased demand first two weeks in April 2021 in North America
 - Preparing for strong comeback
- Increased awareness of hand hygiene importance
 - Replacement of air dryers with Tork dispensers
 - Increased consumption per visitor of skincare and tissue
- Preparing for price increases



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

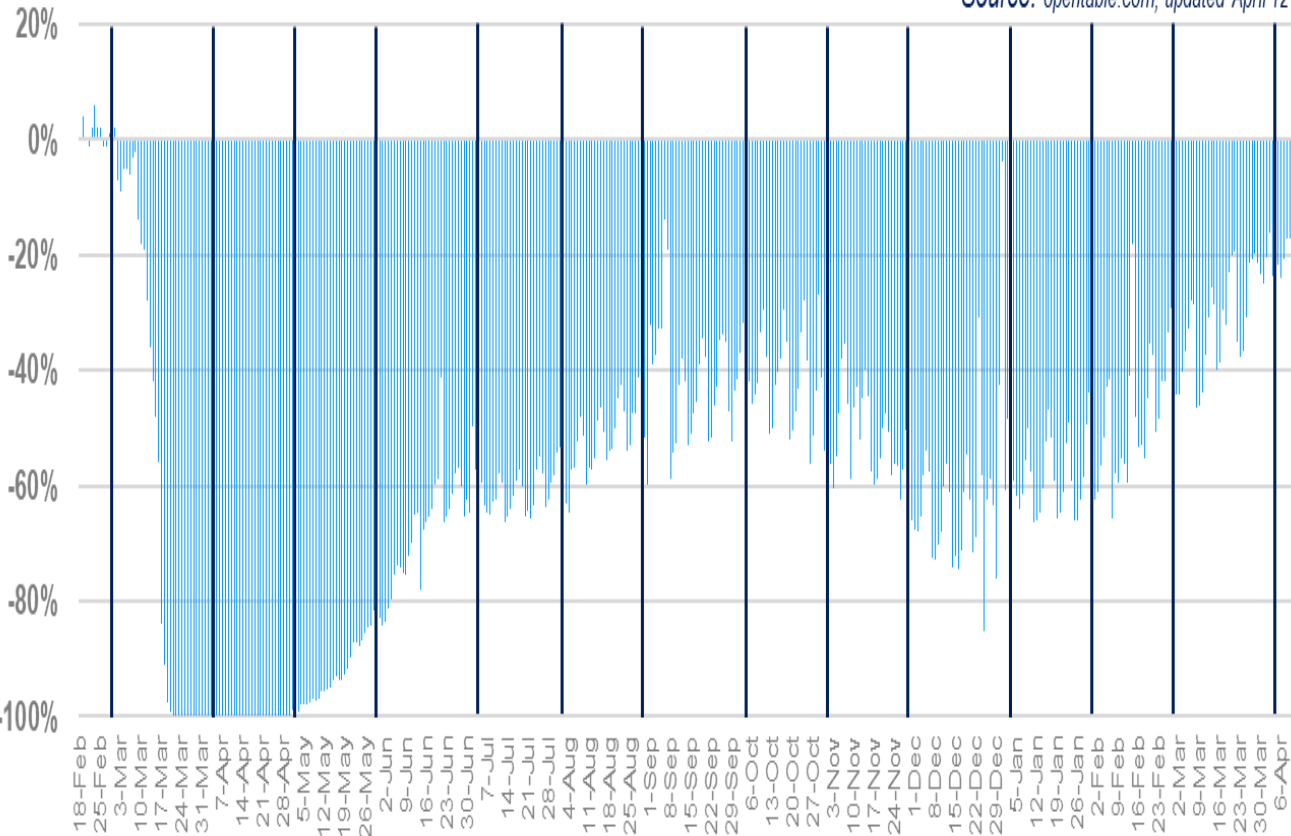
²⁾ Excluding items affecting comparability

Reduced COVID-19 Restrictions in US

Increased Awareness of Hand Hygiene Importance

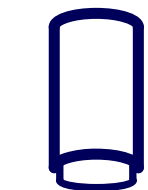
Seated Diners in US vs 2019

Source: opentable.com, updated April 12th

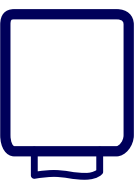


Tork EasyCube® Data:
Overall Consumption Per Visitor

Average % Change between
April 2020 – March 2021 vs Last Year



Skin Care
+86%



Hand Towels
+31%

Approx.
1 in 3
people
are visiting
washrooms only
for hand washing
or hand sanitizing

Priorities 2021

- Accelerate sales
- Price increases
- Innovation and expanding customer and consumer offerings
- Continued improvement of structural profitability
- Acquisitions in high margin categories
- Digital transformation in all areas
- Continue to lead in sustainability



Q&A



