

# Interim Report Q1 2019





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

## Q1 2019 vs Q1 2018

- Strong organic net sales growth with higher prices, better mix and higher volumes in all business areas
- Strong contribution from cost savings
- Significantly higher raw material- and energy costs with negative impact on adjusted EBITA margin of -350 bps
- Operating cash flow increased 10%
- Earnings per share increased 20% to SEK 2.49

### Net Sales

**SEK  
30,656m  
+9.4%**

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

**+5.1%**  
excl lower sales of  
mother reels  
**+4.3%**  
incl lower sales of  
mother reels

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

**SEK  
3,190m  
+2%**

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

**10.4%  
-70 bps**

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

**11.3%**

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

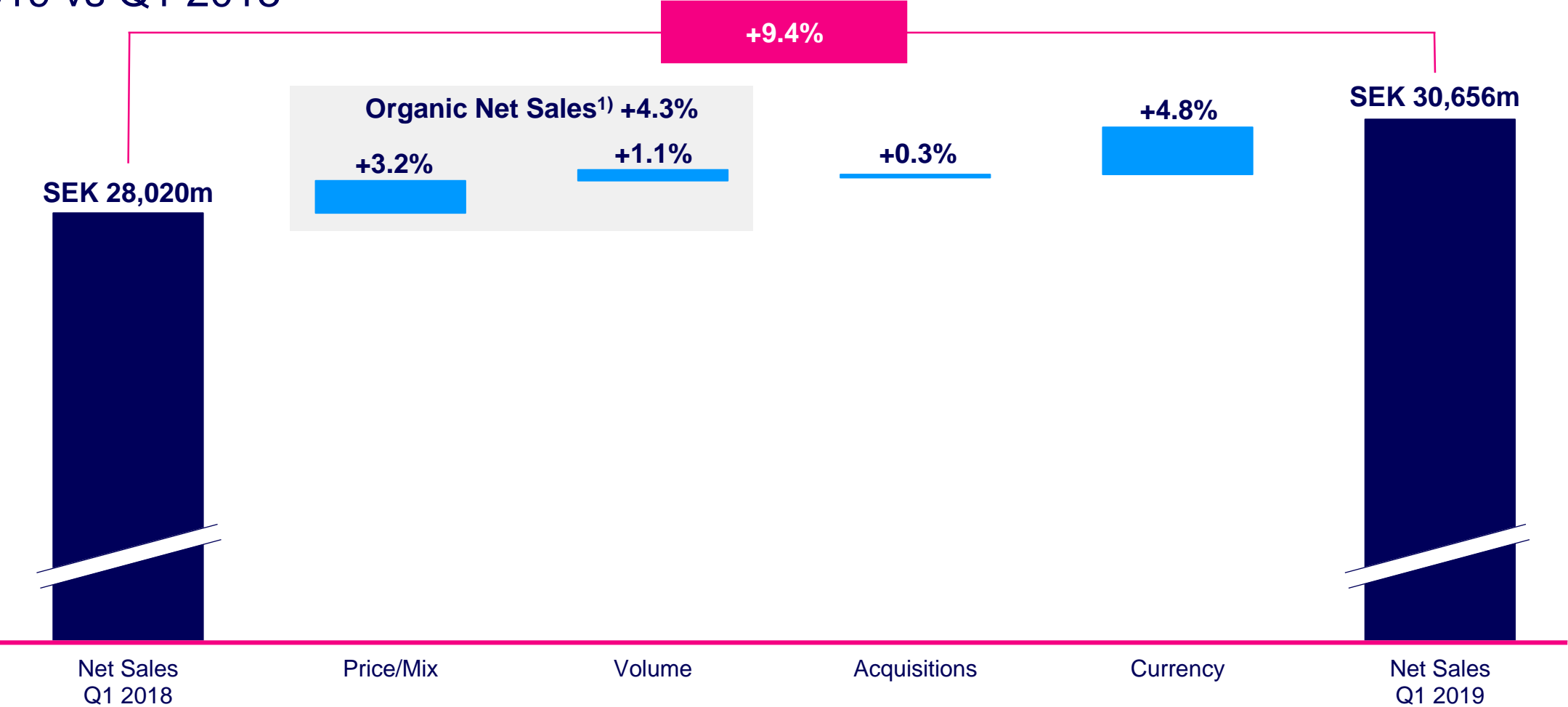
**14.6%**

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

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

# Net Sales

Q1 2019 vs Q1 2018

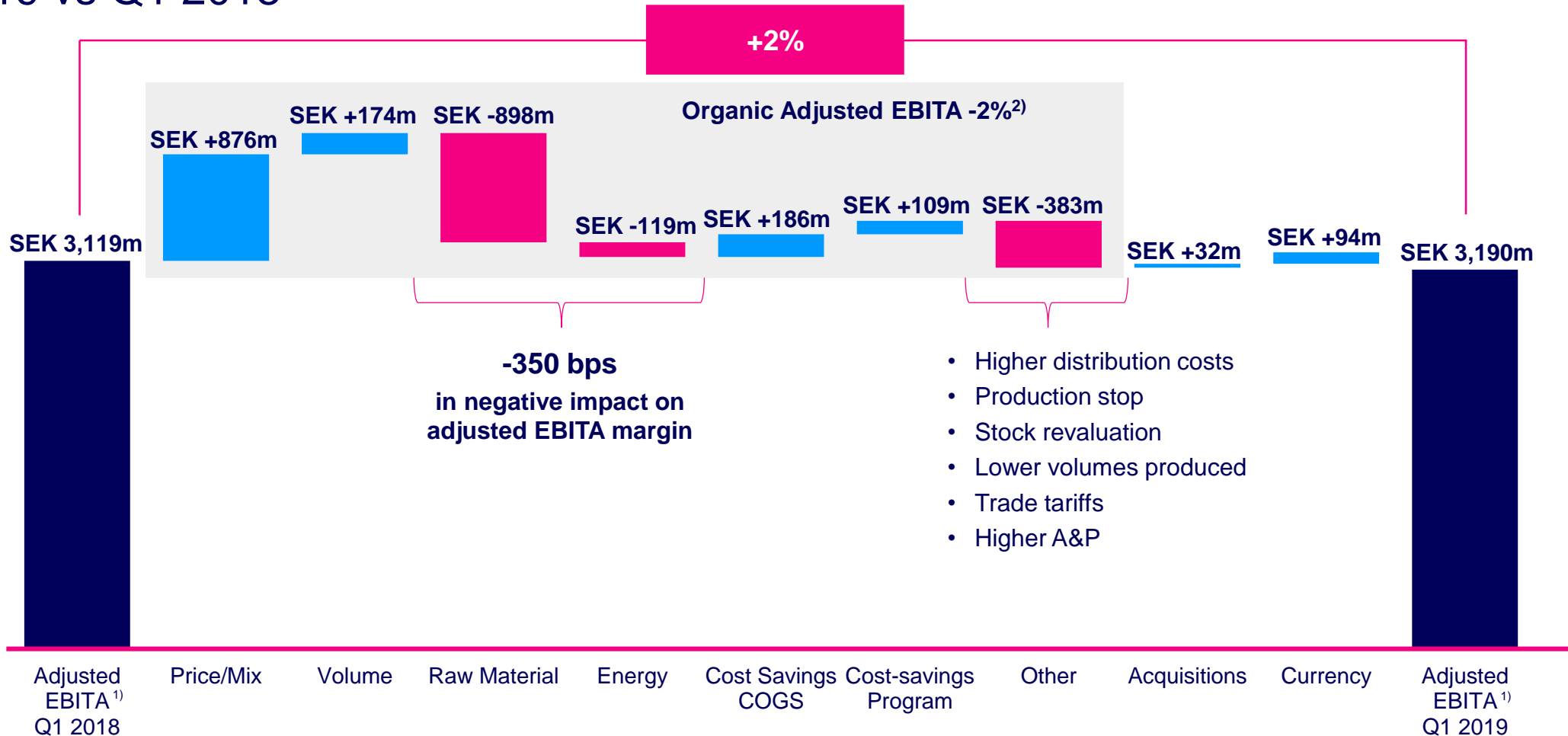


<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments



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

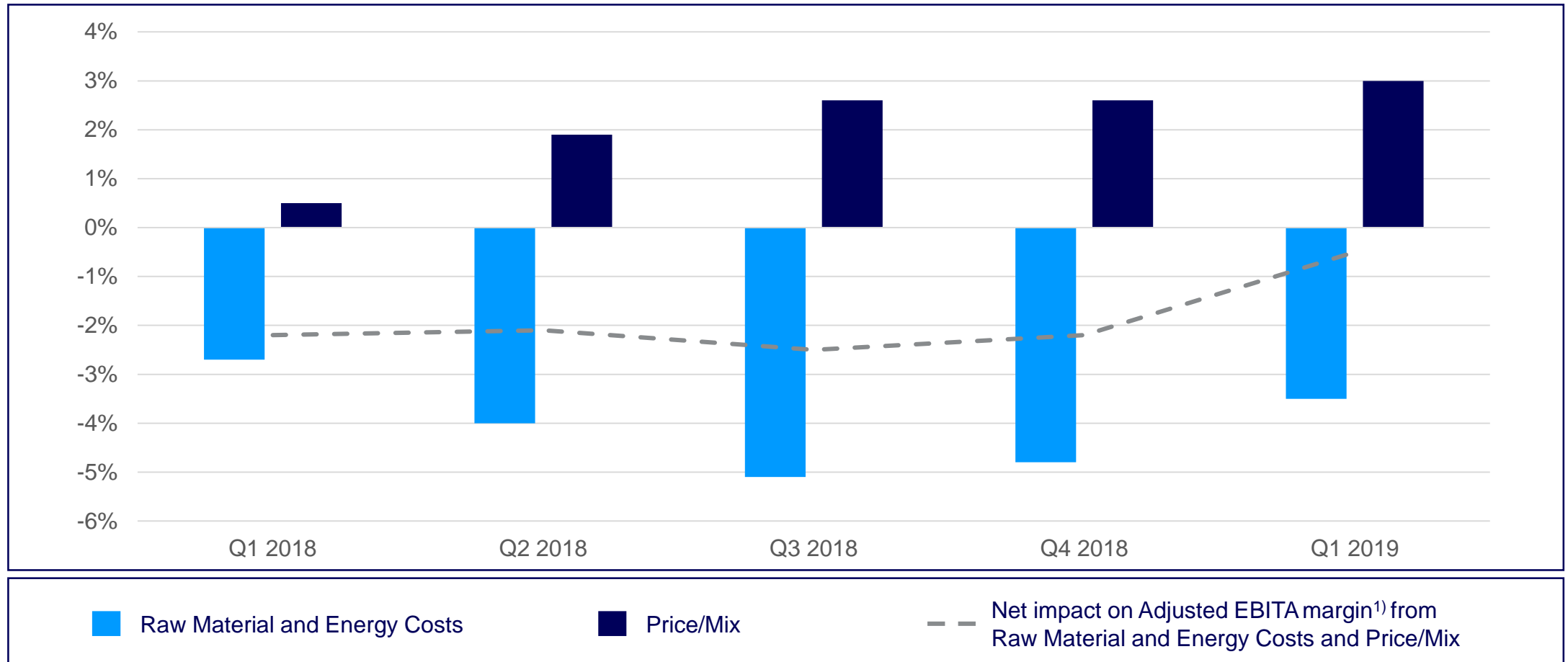
Q1 2019 vs Q1 2018



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

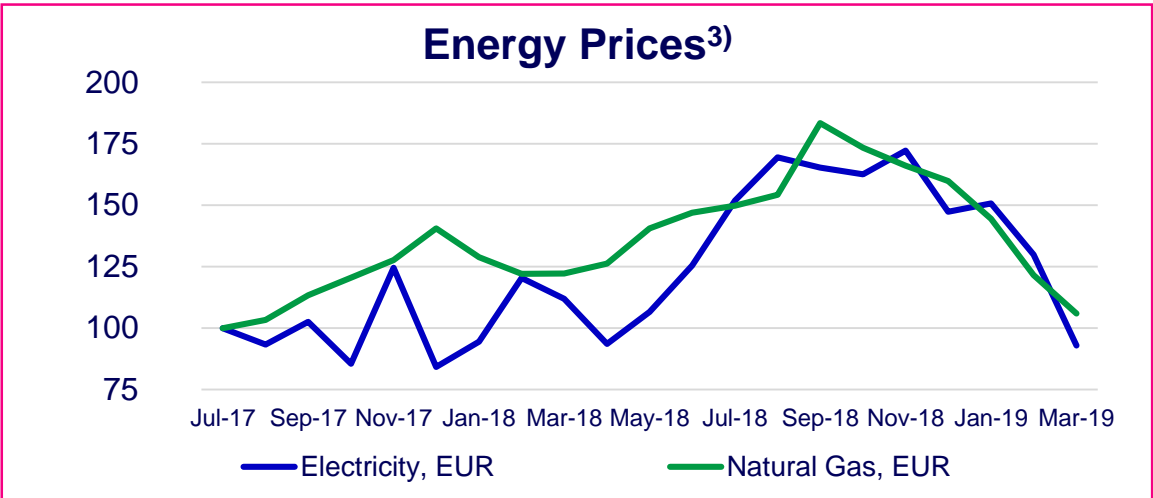
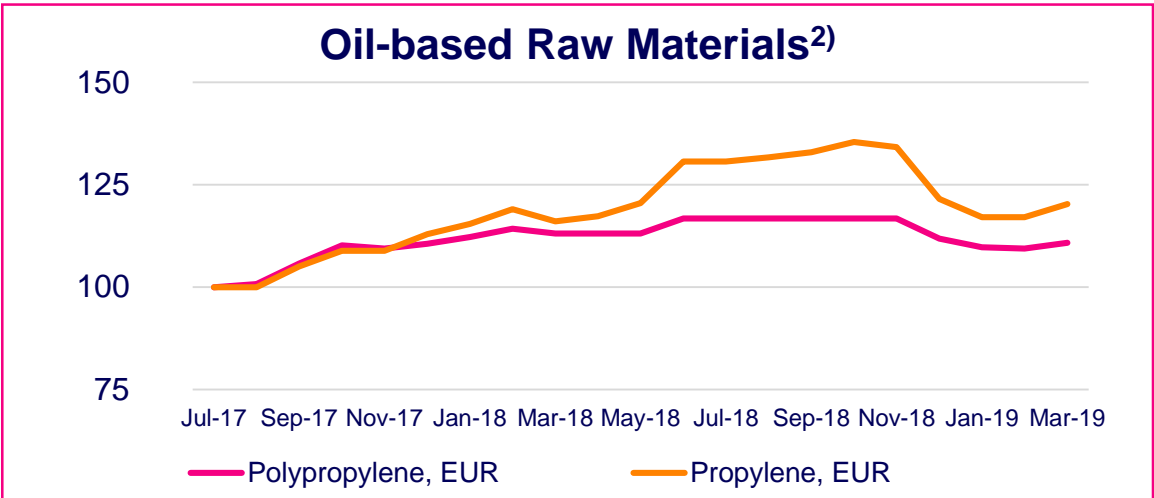
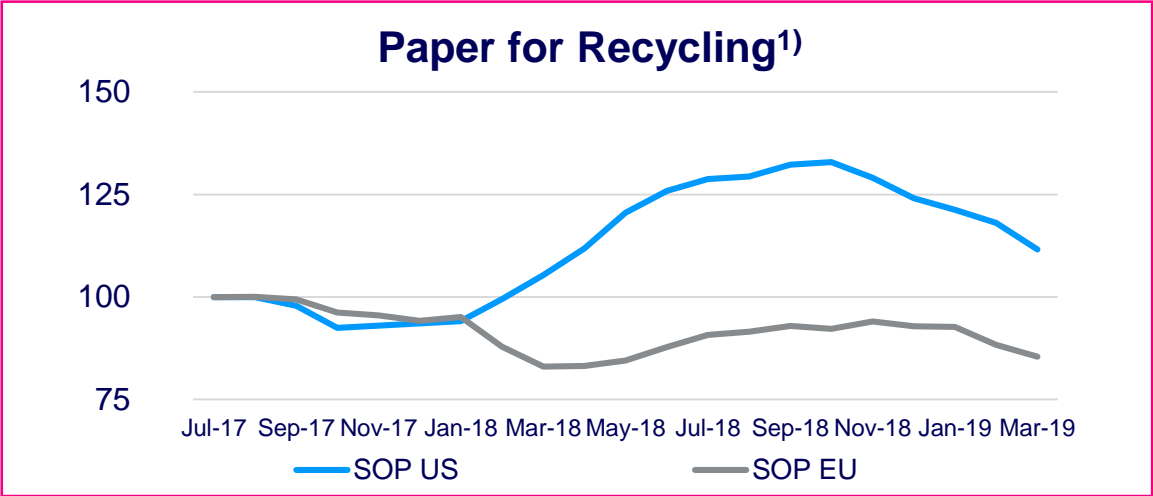
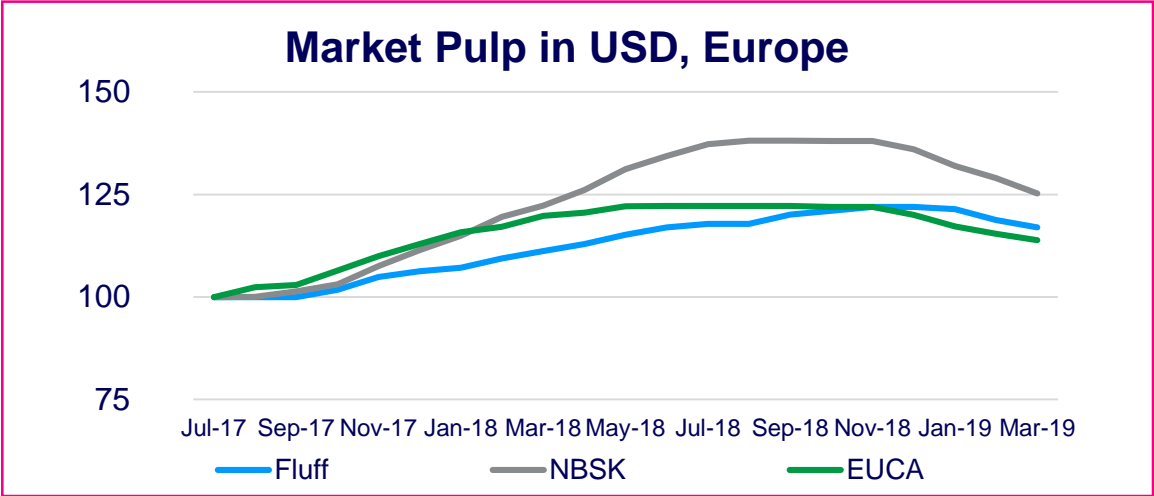
# Raw Material and Energy Costs vs Price/Mix

Impact on Adjusted EBITA Margin<sup>1)</sup>



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

# 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

# Cost Savings

SEK 295m in Q1 2019

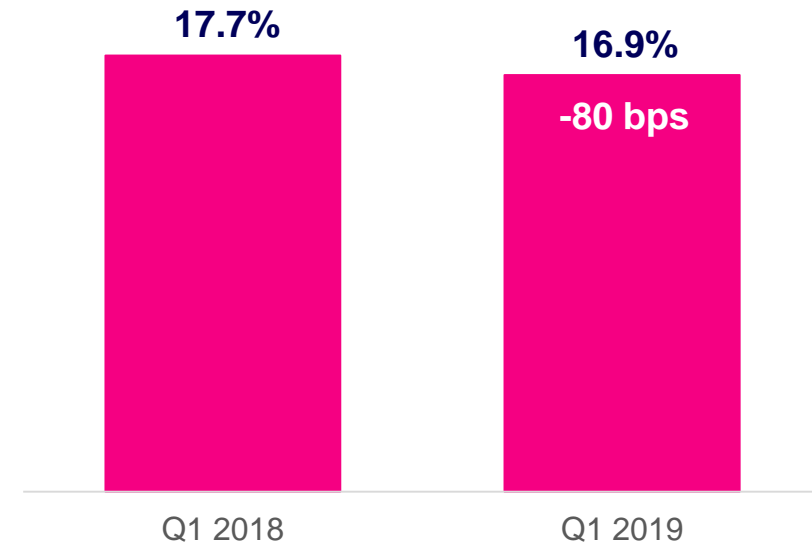
## COGS Savings, SEK 186m

- Tissue Roadmap
  - Closure of production capacity
  - Headcount reduction
- Operational efficiency improvements
- Material rationalization
- Sourcing savings

## Cost-savings Program, SEK 109m

- Main impact in SG&A costs
- Expected annual cost savings of approx SEK 900m with full effect at the end of 2019
- End of Q1 2019 annualized run-rate cost savings approx SEK 530m
- Headcount reduction of approx 550 positions out of 1,000

### Reduction of SG&A as % of Sales



#### Actions:

- Cost-savings program
- Reduction of travel and hiring costs
- Reduced office costs
- Improved A&P efficiency



# Successful Innovations



# Sweden's Most Attractive Employer 2019<sup>1)</sup>

A Winning Corporate Culture

We are  
committed  
to delivering  
superior  
results.



We care for  
our customers,  
consumers, the  
environment  
and each other.

## Beliefs

We have the  
courage to  
take the lead.



We collaborate  
across teams,  
functions and  
businesses.

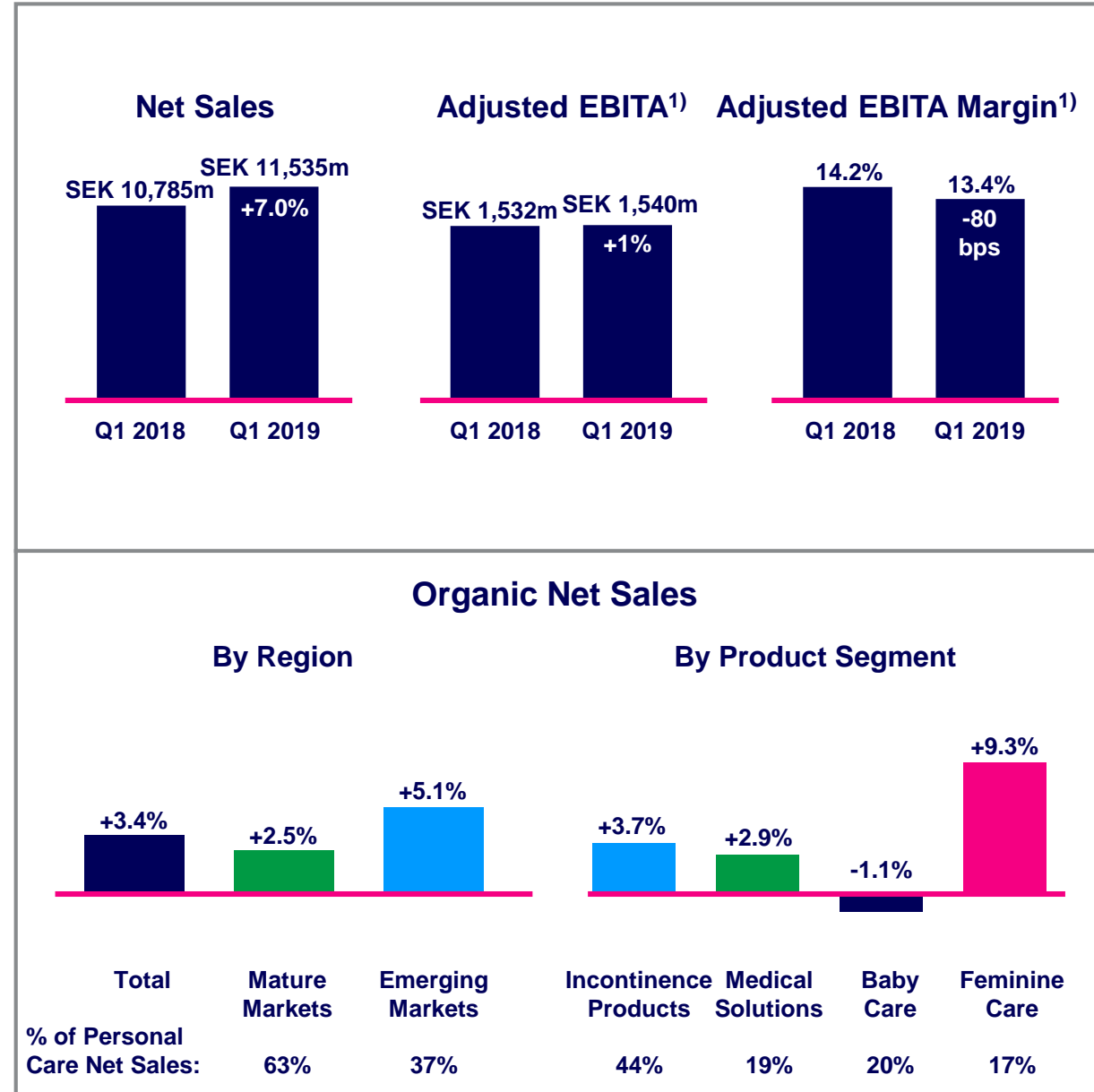
<sup>1)</sup> By Randstad

# Personal Care

## Q1 2019 vs Q1 2018

- Organic net sales increased 3.4%
  - Volume +1.6% and price/mix +1.8%
- Strong organic sales growth in emerging markets
- Good growth in Europe
- Adjusted EBITA margin<sup>1)</sup> 13.4%
- Higher prices, better mix and higher volumes
- Significant raw material and energy headwinds with negative impact of -280 bps on adjusted EBITA margin
- Higher distribution costs

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

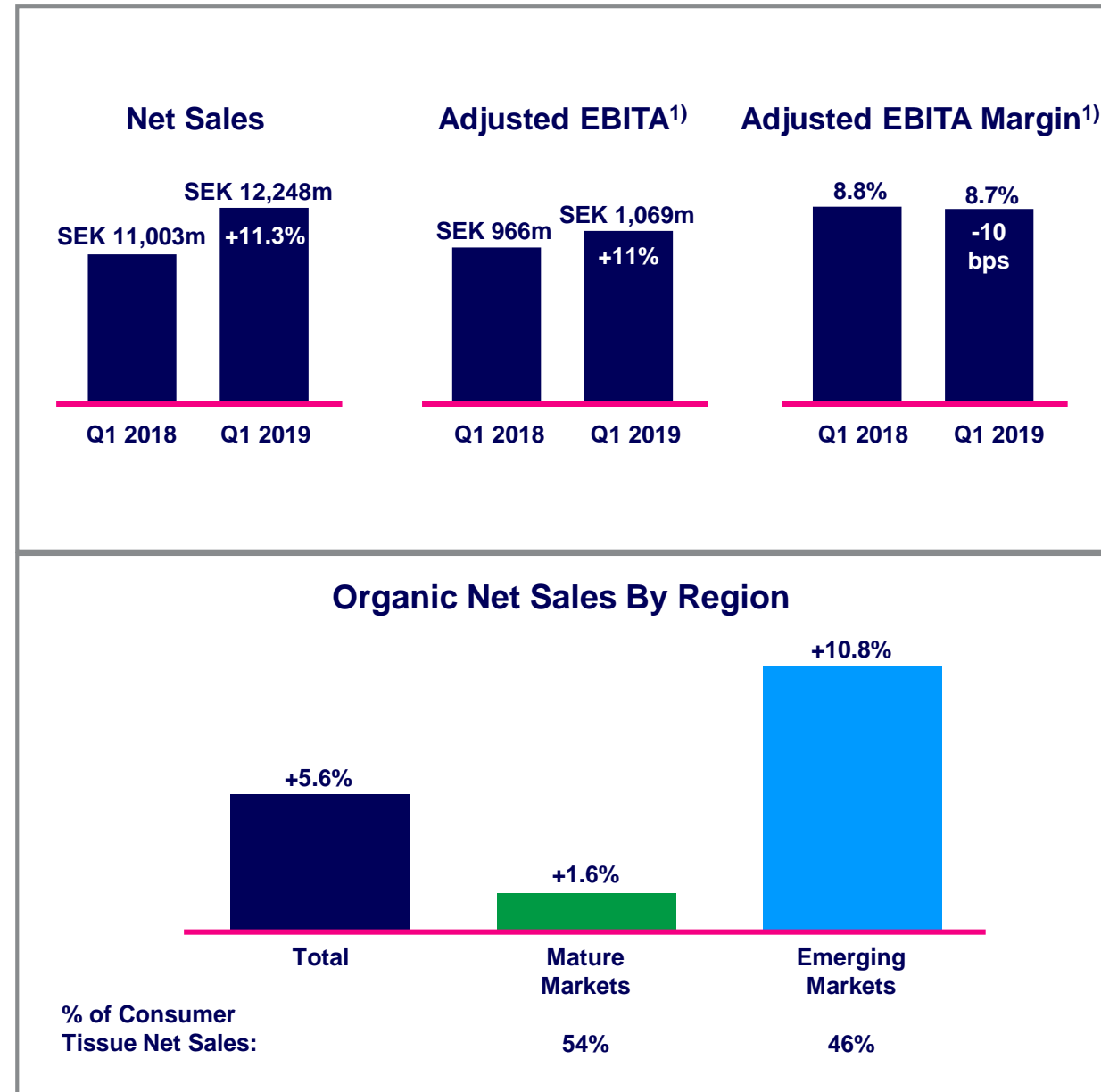


# Consumer Tissue

## Q1 2019 vs Q1 2018

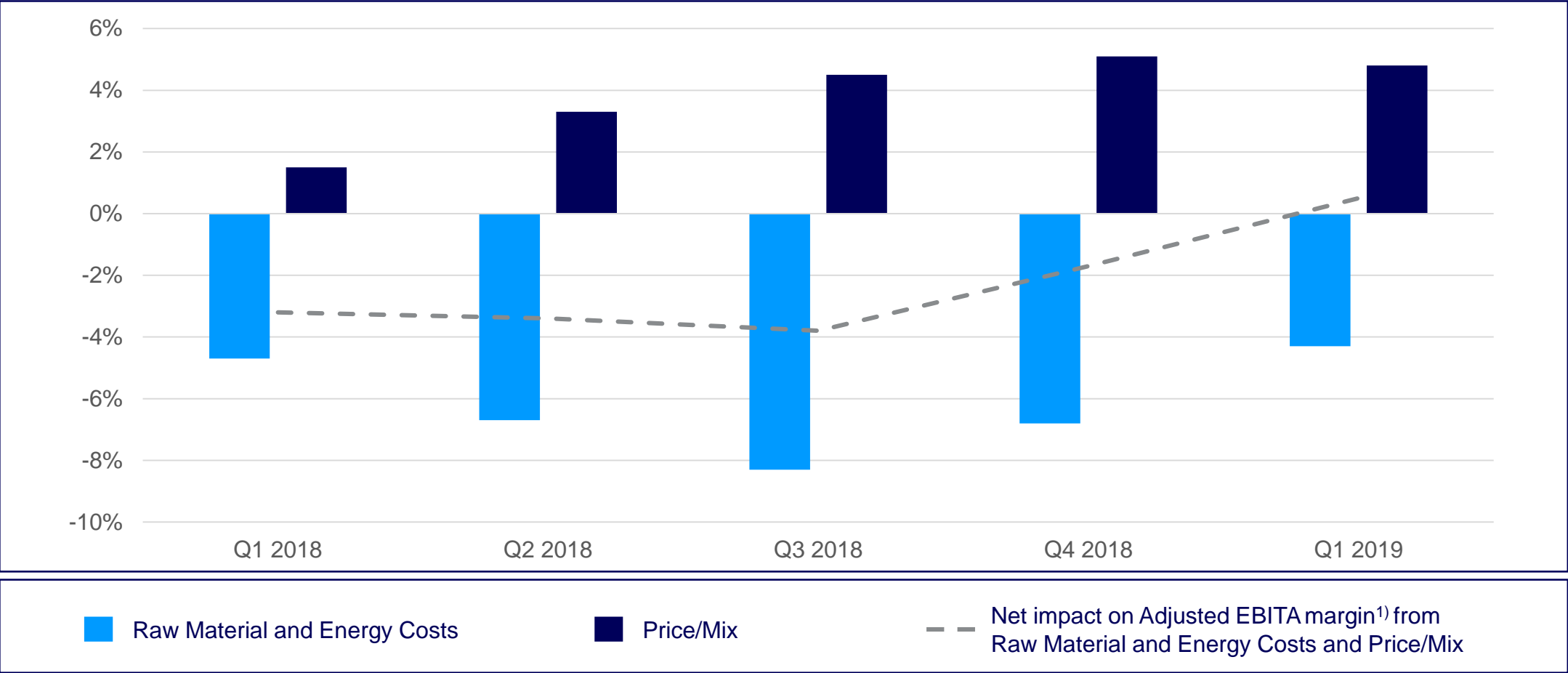
- Organic net sales increased 5.6%
  - Volume +0.6% and price/mix +5.0%
- Strong organic sales growth in emerging markets
- Closure of mother reel capacity impacted volumes negatively with -160 bps
- Adjusted EBITA margin<sup>1)</sup> 8.7%
- Higher prices in Asia, Europe and Latin America
- Better mix
- Significant raw material and energy headwinds with negative impact of -430 bps on adjusted EBITA margin
- Higher distribution costs

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



# Consumer Tissue

Changes to Adjusted EBITA Margin<sup>1)</sup>



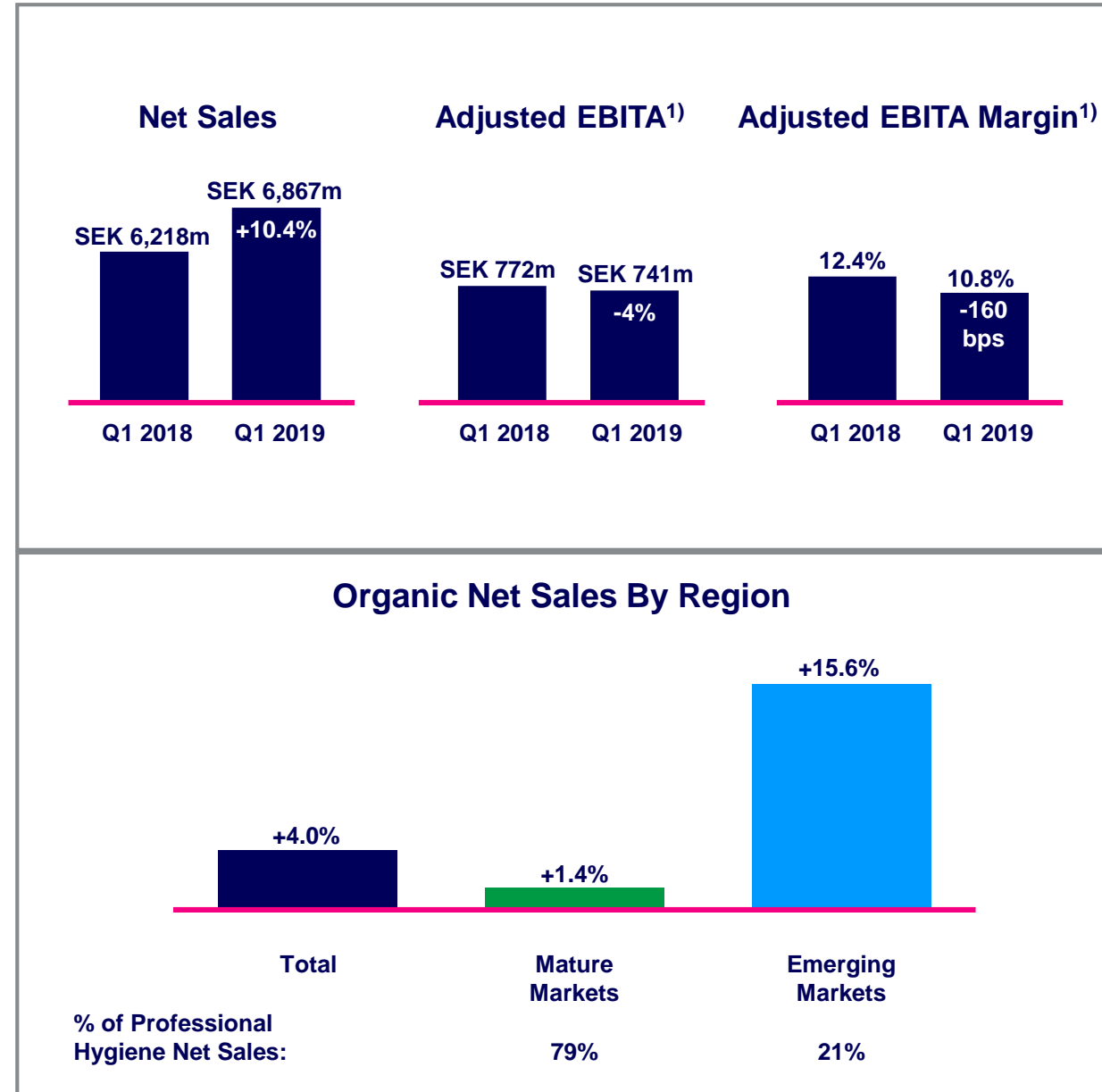
<sup>1)</sup> Excluding items affecting comparability

# Professional Hygiene

## Q1 2019 vs Q1 2018

- Organic net sales increased 4.0%
  - Volume +1.4% and price/mix +2.6%
- Strong organic sales growth in emerging markets with all regions contributing
- Adjusted EBITA margin<sup>1)</sup> of 10.8%
- Europe, Asia and Latin America showed higher prices, better mix and higher volumes
- North America showed higher prices but lower volumes
- Significant raw material and energy headwinds with negative impact of -320 bps on adjusted EBITA margin
- Higher distribution costs

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





# Priorities 2019

- Innovations for people and nature strengthening our brands
- Price increases, efficiency improvements and cost savings
- Growth in categories with high margins
- Capitalize on digital opportunities
- Sustainable value creation





# Q&A



