

A young child with long brown hair, wearing a light blue bucket hat, a black and white striped short-sleeved shirt, and a yellow and white patterned diaper, is walking barefoot through a water fountain. The child is smiling and looking towards the camera. The fountain has several vertical jets of water spraying upwards, creating a misty atmosphere. The background shows a park-like setting with green trees and a wooden bench.

# **Barclays Consumer Staples Conference**

**Magnus Groth, President and CEO**





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.

## Essity in Brief

**101,238**

SEK million in net sales 2016

Presence in approximately

**150** countries

Note: 2016 figures exclude BSN medical, which will be consolidated as of April 3, 2017.  
1) Excluding items affecting comparability.

**11,992**

SEK million in adjusted EBITA<sup>1)</sup> 2016

Number of employees

**48,000**

# Essity's Business

- Leading global hygiene and health company
- #1 or #2 position in around 90 countries in at least one product segment
- Global market leader in incontinence products with TENA and in professional hygiene with Tork
- Strong brands and market positions
- Strong presence in emerging markets
- Acquisition of BSN medical, a leading medical solutions company



# Essity Financial Targets and Policies

## Annual Organic Sales Growth<sup>1)</sup>

>3%

## Adjusted Return on Capital Employed<sup>2)</sup>

>15%

## Capital Structure Policy

- To have an effective capital structure at the same time that the long-term access to debt financing is ensured
- Cash flow in relation to net debt shall take into account the target to **maintain a solid investment grade rating**

## Dividend Policy

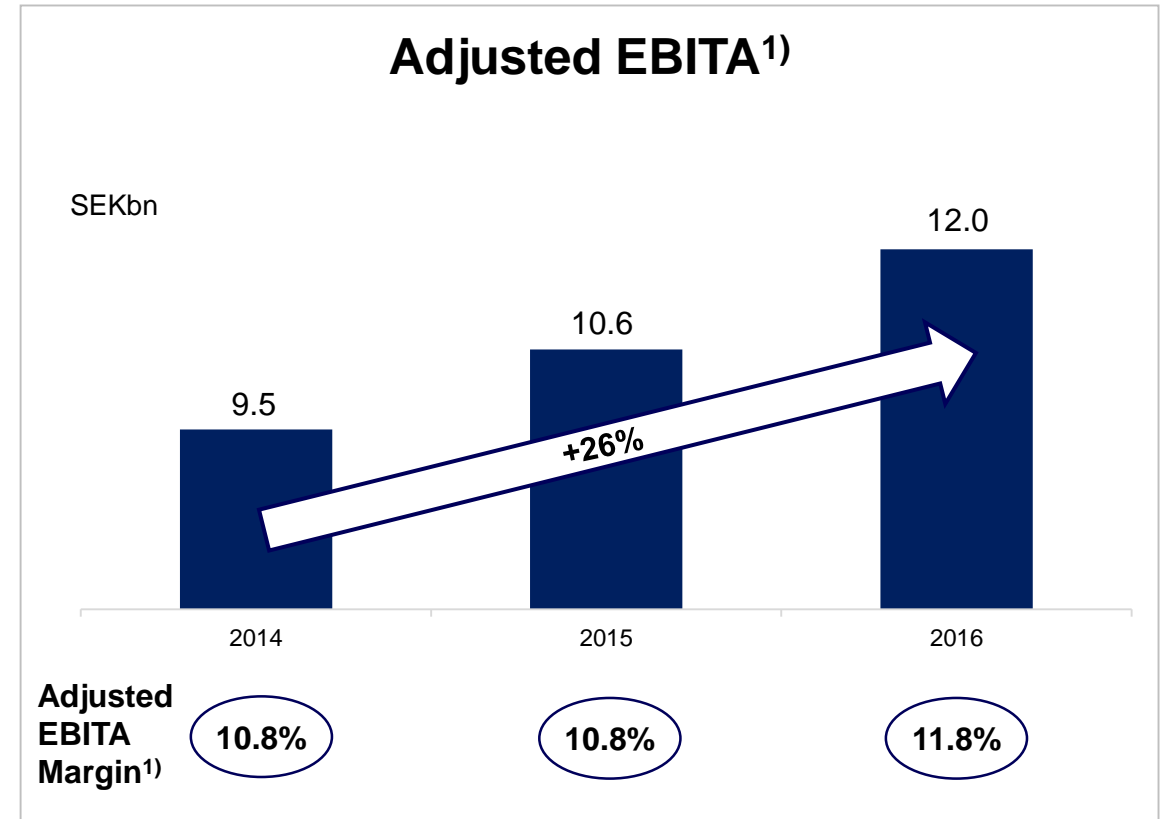
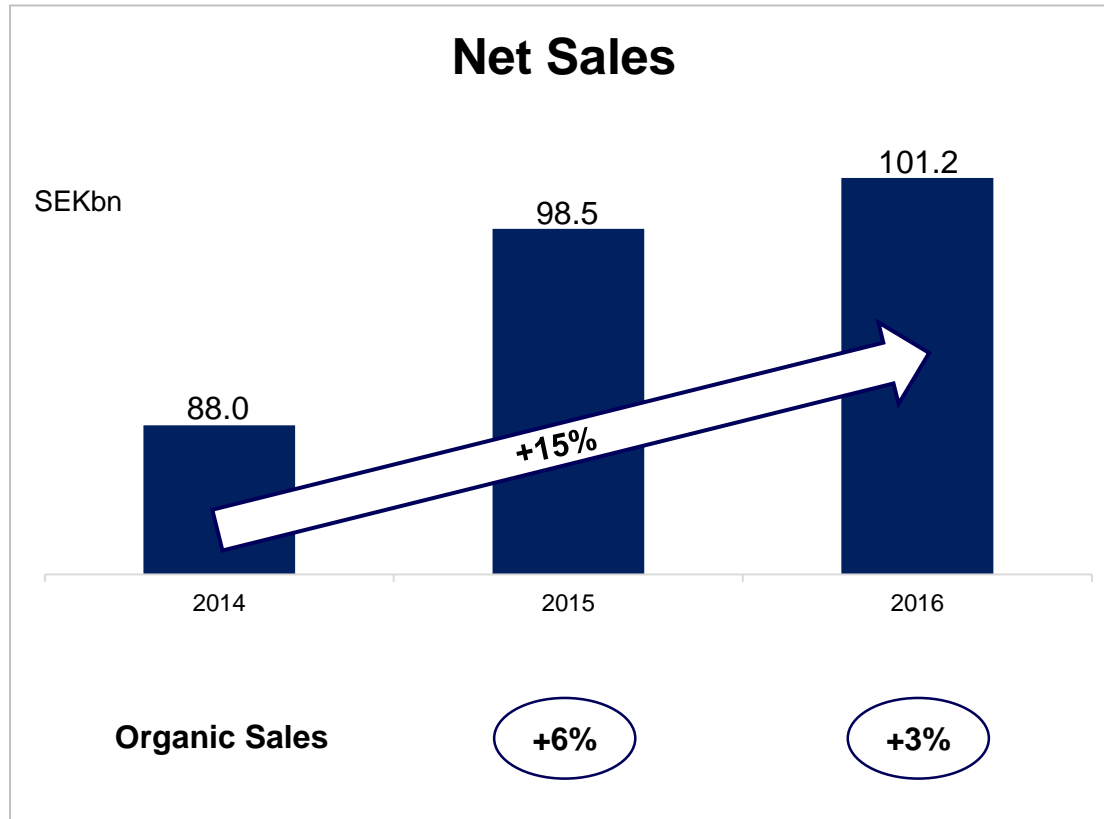
- Aims to provide long-term **stable and rising dividends** to its shareholders
- When cash flow from current operations exceeds what the company can invest in profitable expansion over the long-term – and **under the condition that the capital structure target is met** – the surplus shall be distributed to the shareholders

1) Excluding exchange rate effects, acquisitions and divestments.

2) Adjusted return on capital employed is accumulated return on capital employed and is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets/EBITA, excluding items affecting comparability, as a percentage of average capital employed for the five most recent quarters.

# Essity Financial Profile

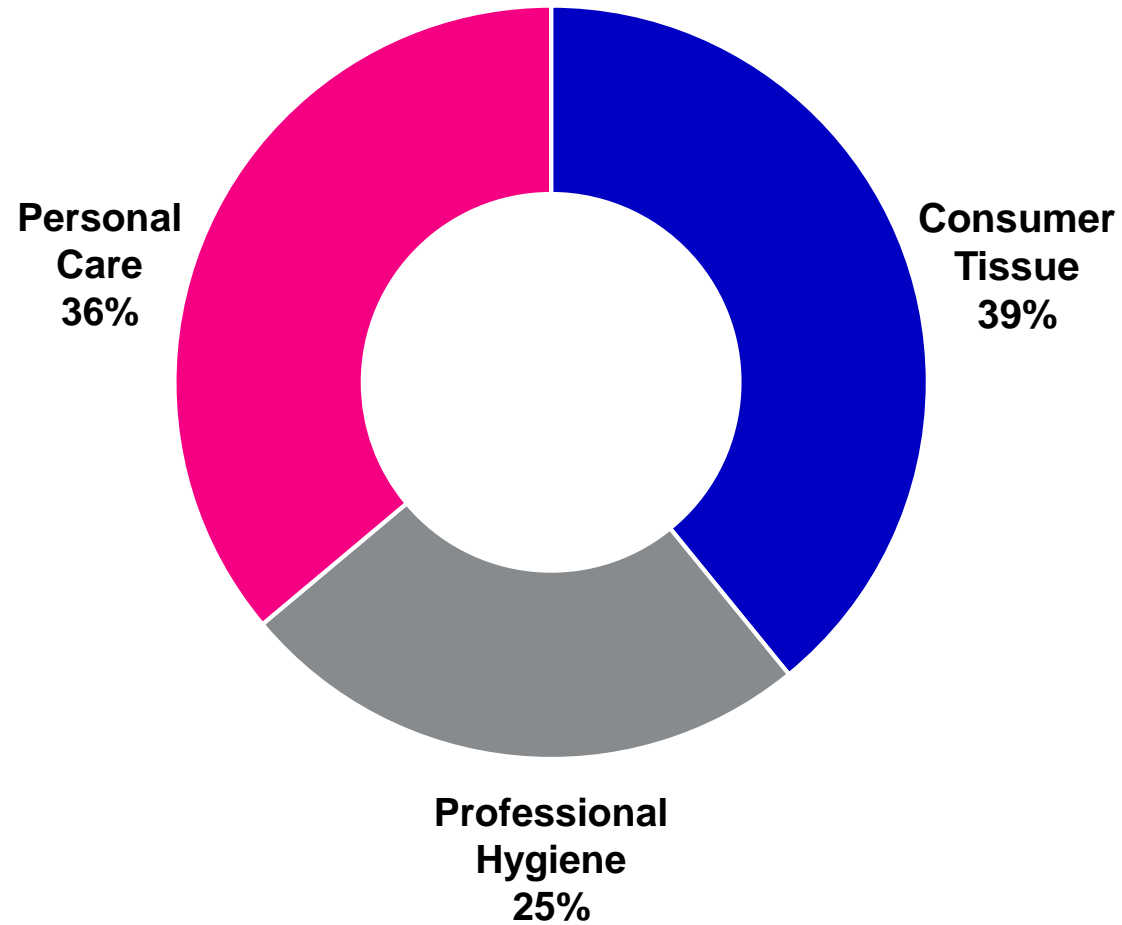
(Excluding BSN Medical)



1) Excludes items affecting comparability.

# H1 2017 Net Sales

Essity: SEK 53.4bn

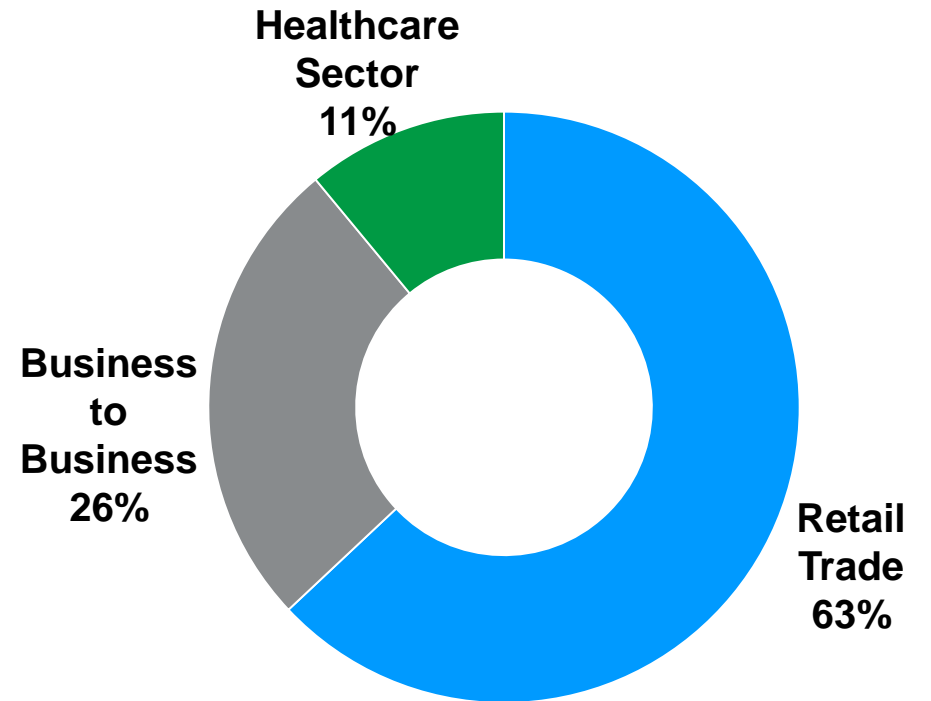
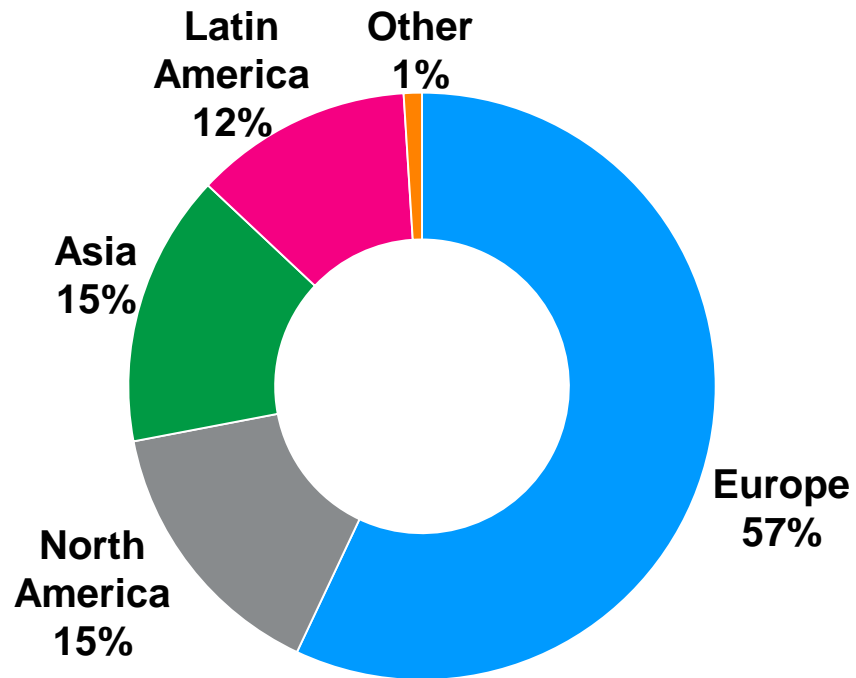




# 2016 Net Sales

By Geography and Distribution Channel

Essity (excluding BSN medical): SEK 101.2bn





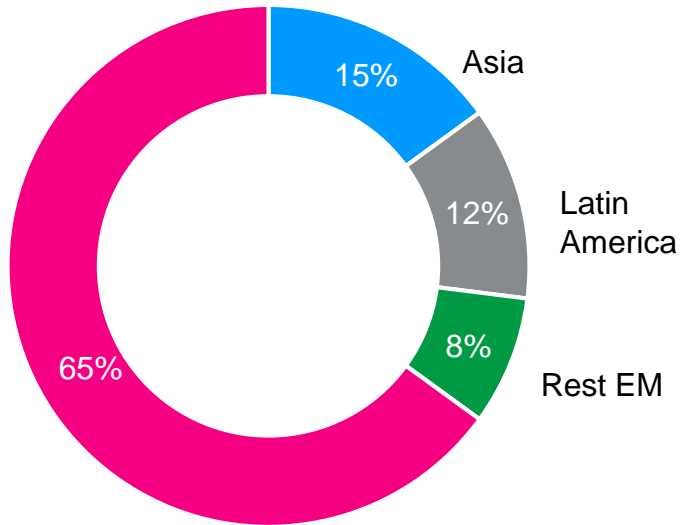
# Global Market Positions



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

# Strong Presence in Emerging Markets

Emerging Markets accounts for 35% of Net Sales 2016



In Emerging Markets, organic sales increased by 7% in 2016

Market Positions	Latin America	
Incontinence Products	#1	TENA
Professional Hygiene	#3	TORK familia
Consumer Tissue	#3	Regio familia FAVORITA
Feminine Care	#1	Saba Nosotras
Baby Diapers	#6	Pequeñín

Market Positions	Asia	
Incontinence Products	#3	TENA 包大人 Dr. P
Professional Hygiene	#3	TORK
Consumer Tissue	#1	Vinda Jembo
Feminine Care	#12	薇尔 VIA Libresse
Baby Diapers	#6	Libero Drypers Sealer

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

# Favorable Market Trends

**Growing and Aging Global Population**

**Increased Disposable Income and Higher Living Standards**

**Urbanization**

**Increased Prevalence of Chronic Conditions**

**Increased Access to Healthcare**

**Increased Awareness about Health & Hygiene**

# Essity Strategic Framework

## VISION

Dedicated to improving well-being through leading hygiene and health solutions

## MISSION

To sustainably develop, produce, market and sell value-added products and services within hygiene and health

## OBJECTIVES

Generate increased **shareholder** value through profitable growth

Enable more **people** every day to enjoy a fuller life

Contribute to a sustainable and circular **society**

Enable our **employees** to realize their full potential, as part of one winning team

## STRATEGIES

Win in chosen **geographies and categories**

Focus on **customers and consumers**

**Innovate bigger brands**

Drive **efficiency**



# Category Strategies

**Consumer  
Tissue**

**Professional  
Hygiene**

**Incontinence  
Products**

**Medical  
Solutions**

**Baby  
Care**

**Feminine  
Care**



**Branded Value  
Growth**



**Preferred  
Choice in  
Professional  
Hygiene**



**Accelerate &  
Lead**



**New Growth  
Platform**



**Profitable  
Choices**



**Invest into  
Growth**

# Innovate Bigger Brands

Q2 2017

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



# Drive Efficiency

## Optimize Total Cost of Value Chain

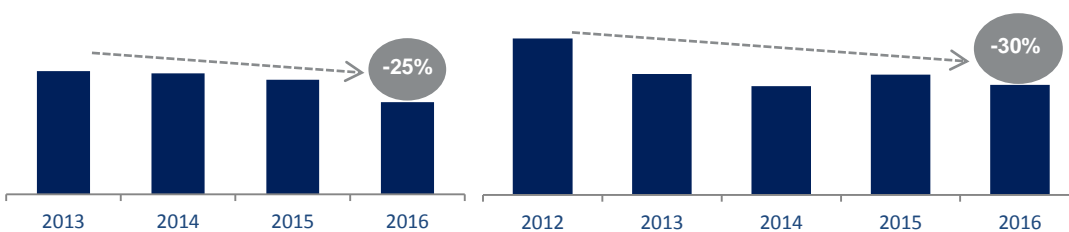
## Optimize Capital Employed

## Drive Process and Resource Efficiency

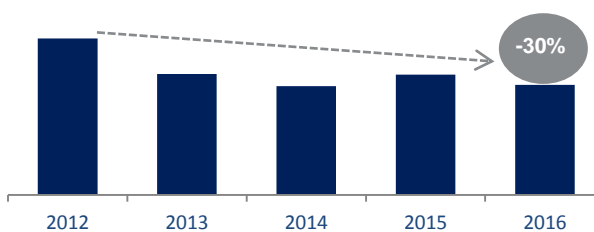
### Examples

#### Personal Care

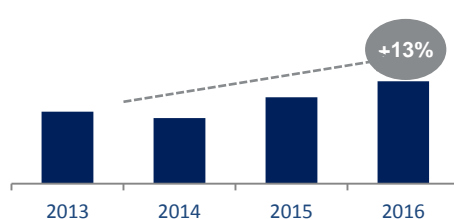
Machine Waste Incontinence Pants Europe



Machine Waste Americas (excl. Brazil)

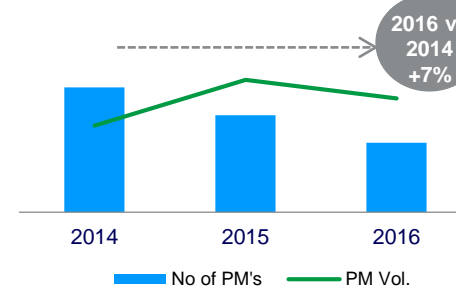


Productivity Feminine Care Europe

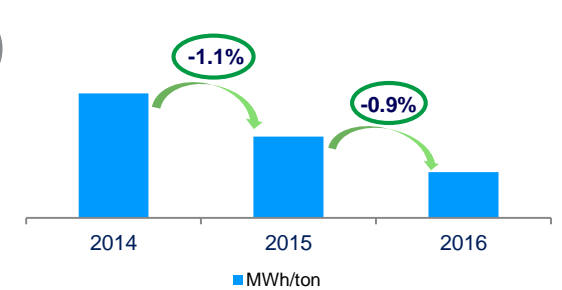


#### Tissue

Paper Making Efficiency



Energy Consumption / ton



# Digital Strategy

## Digital Capabilities



## Digital Channels



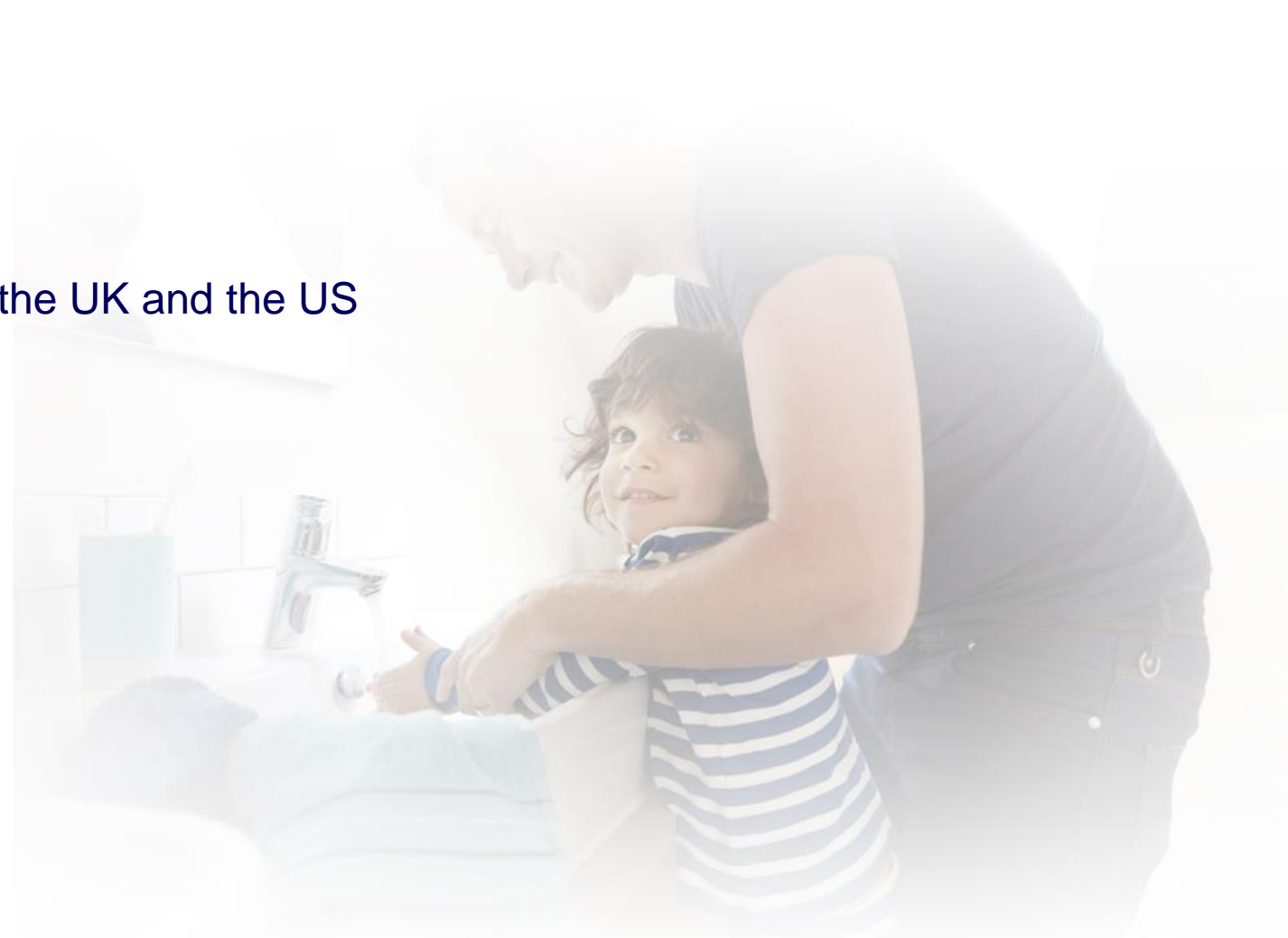
## Digital Products





# Profitability Enhancing Initiatives

- Value chain optimization
- Tissue roadmap
  - Restructuring measures in France, Spain, the UK and the US
  - Investments in Mexico and the UK
- Cure or kill
  - Discontinued hygiene business in India
  - Exit Baby Care in Mexico
- Value creating acquisitions
  - Wausau Paper Corp.
  - BSN medical



# BSN Medical

## A Value Creating Acquisition

- BSN medical develops, manufactures and sells products within wound care, compression therapy and orthopedics with well-known brands
- New growth platform and excellent strategic fit supporting Essity's vision
- Expected annual synergies of at least EUR 30m
- High cash conversion and an asset light business model
- Purchase price amounted to EUR 2,740m <sup>1)</sup>
- Acquisition completed on April 3, 2017
- Included in Personal Care as Medical Solutions

### 2016 Facts

Net sales	SEK	8,038m
Organic sales <sup>2)</sup>		+5.3%
Adjusted EBITA <sup>3)</sup>	SEK	1,863m
Number of employees		~6,000
Sales in number of countries		~140

1) Based on net debt as per December 31, 2016. Final takeover of net debt will be based on March 31, 2017.

2) Sales which excludes exchange rate effects, acquisitions and divestments.

3) Excluding items affecting comparability.



Leuko



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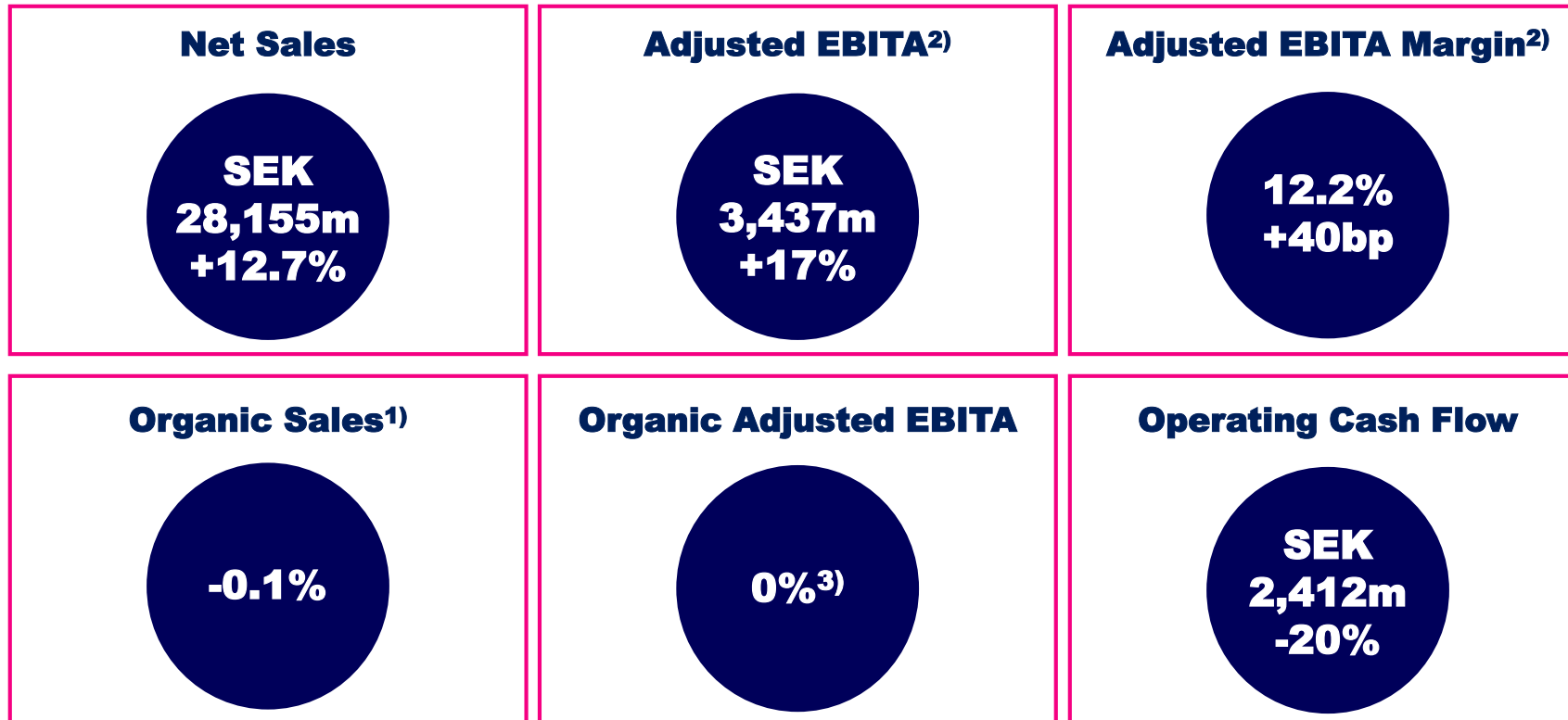


Actimove®



# 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



# Summary and Key Takeaways

- Operates in attractive markets supported by demographic trends
- Leading market positions and strong brands
- Strong presence in emerging markets
- Successful innovations strengthen product offerings
- BSN medical acquisition creates new growth platform
- Track record of profitable growth and high cash generation
- Focus on efficiency improvements and other measures to increase profitability



# Q&A





