The Future Hygiene and Health Company
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

11,992

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

11,992

Presence in approximately

150

countries

42,520

Number of employees<sup>2)</sup>

Note: 2016 figures exclude BSN medical, which will be consolidated as of April 3, 2017.
1) Excluding items affecting comparability.
2) As per 31 December 2016.
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 to split from SCA Group via a distribution and listing of the shares in Essity
Key Investment Highlights

- 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
2016 Net Sales

Essity (excluding BSN medical): SEK 101.2bn

- Personal Care 33%
- Baby Care 9%
- Feminine Care 7%
- Incontinence Products 17%
- Consumer Tissue 41%
- Professional Hygiene 26%

BSN medical: SEK 8.0bn¹

- Orthopedics 34%
- Compression Therapy 25%
- Wound Care 37%

1) BSN medical will be integrated within Personal Care Business Area of Essity as of April 3, 2017.
2016 Net Sales by Geography

Essity (excluding BSN medical): SEK 101.2bn

- Europe: 57%
- North America: 15%
- Asia: 15%
- Latin America: 12%
- Other: 1%

BN medical: SEK 8.0bn

- Europe: 50%
- Middle East Africa: 4%
- Latin America: 9%
- Asia Pacific: 15%
- North America: 22%
- Other: 4%
2016 Net Sales by Distribution Channel

Essity (excluding BSN medical): SEK 101.2bn

- Healthcare Sector: 11%
- Business to Business: 26%
- Retail Trade: 63%

BSN medical: SEK 8.0bn

- Hospitals / Specialist: 38%
- Pharmacies: 23%
- Sanitary Shops: 16%
- Other: 23%
## Global Market Positions

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence Products</td>
<td>TENA</td>
<td>1</td>
</tr>
<tr>
<td>Professional Hygiene</td>
<td>TORK</td>
<td>1</td>
</tr>
<tr>
<td>Consumer Tissue</td>
<td>Temp, Eter, Inta, Lotus, Plo, Vinda</td>
<td>2</td>
</tr>
<tr>
<td>Baby Care</td>
<td>Drypers, Peperlin, Libero</td>
<td>4</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>Libero, Libero, Libero, Libero</td>
<td>6</td>
</tr>
<tr>
<td>Medical Solutions</td>
<td>Leuko Cutimed®, OBST®, Delta, Actimove®</td>
<td>4</td>
</tr>
</tbody>
</table>

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.
Addressable Hygiene and Health Market
By Region

Global Market Size: EUR ~112bn

- North America: €33.2bn
- Europe: €26.1bn
- Asia Pacific: €32.9bn
- Latin America: €11.2bn
- Middle East & Africa: €8.4bn

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

1) Market values which refers to consumer tissue, professional hygiene, baby diapers, feminine care and incontinence products are based on 2016 data and market values which refers to medical solutions are based on 2015 data.
Addressable Hygiene and Health Market

By Category

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1) Market values which refers to consumer tissue, professional hygiene, baby diapers, feminine care and incontinence products are based on 2016 data and market values which refers to medical solutions are based on 2015 data.
### Favorable Market Trends

<table>
<thead>
<tr>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing and Aging Global Population</td>
</tr>
<tr>
<td>Increased Disposable Income and Higher Living Standards</td>
</tr>
<tr>
<td>Urbanization</td>
</tr>
<tr>
<td>Increased Prevalence of Chronic Conditions</td>
</tr>
<tr>
<td>Increased Access to Healthcare</td>
</tr>
<tr>
<td>Increased Awareness about Health &amp; Hygiene</td>
</tr>
</tbody>
</table>
Usage of Hygiene Products
High Potential in Markets with Low Penetration

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources including IRI, Price Hanna Consultants, National Macro Economics and RISI.
Emerging Markets accounts for 35% of Net Sales 2016

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

<table>
<thead>
<tr>
<th>Market Positions</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence Products</td>
<td>#1</td>
</tr>
<tr>
<td>Professional Hygiene</td>
<td>#3</td>
</tr>
<tr>
<td>Consumer Tissue</td>
<td>#3</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>#1</td>
</tr>
<tr>
<td>Baby Diapers</td>
<td>#6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Positions</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence Products</td>
<td>#3</td>
</tr>
<tr>
<td>Professional Hygiene</td>
<td>#3</td>
</tr>
<tr>
<td>Consumer Tissue</td>
<td>#1</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>#12</td>
</tr>
<tr>
<td>Baby Diapers</td>
<td>#6</td>
</tr>
</tbody>
</table>

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.
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**
Win in Chosen Geographies and Categories

<table>
<thead>
<tr>
<th>Clear Priority of Geographies and Categories</th>
<th>Expand to &quot;New Core&quot;</th>
<th>Grow Solutions and Value Added Services</th>
<th>Explore New Categories</th>
</tr>
</thead>
</table>

[Images of people and products related to different categories]
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
- Acquisition completed on April 3, 2017
- To be included in Personal Care as Medical Solutions

**2016 Facts**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>SEK 8,038m</td>
</tr>
<tr>
<td>Organic sales(^2)</td>
<td>+5.3%</td>
</tr>
<tr>
<td>Adjusted EBITA(^3)</td>
<td>SEK 1,863m</td>
</tr>
<tr>
<td>Number of employees</td>
<td>~6,000</td>
</tr>
<tr>
<td>Sales in number of countries</td>
<td>~140</td>
</tr>
</tbody>
</table>

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.
Category Strategies

<table>
<thead>
<tr>
<th>Consumer Tissue</th>
<th>Professional Hygiene</th>
<th>Incontinence Products</th>
<th>Medical Solutions</th>
<th>Baby Care</th>
<th>Feminine Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Value Growth</td>
<td>Preferred Choice in Professional Hygiene</td>
<td>Accelerate &amp; Lead</td>
<td>New Growth Platform</td>
<td>Profitable Choices</td>
<td>Invest into Growth</td>
</tr>
</tbody>
</table>
Innovate Bigger Brands
Innovations Q1 2017

New Saba
Good Night

Re-launch of Libero in Russia

TENA Flex with ConfioAir™

TENA Lady Discreet

Familia® pH Balanceado
Drive Efficiency

Optimize Total Cost of Value Chain

Optimize Capital Employed

Drive Process and Resource Efficiency
Tissue Roadmap
Possibilities in creating value over the next 10 years

- Capacity expansion in selected markets to capture growth
- Capex and restructuring costs will be required
Digital Strategy

Digital Capabilities

Digital Channels

Digital Products
Essity Financial Profile (Excluding BSN Medical)

### Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>SEKbn</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>88.0</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>98.5</td>
<td>+15%</td>
</tr>
<tr>
<td>2016</td>
<td>101.2</td>
<td></td>
</tr>
</tbody>
</table>

Organic Sales

- 2014: +6%
- 2015: +3%

### Adjusted EBITA

<table>
<thead>
<tr>
<th>Year</th>
<th>SEKbn</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>10.6</td>
<td>+26%</td>
</tr>
<tr>
<td>2016</td>
<td>12.0</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted EBITA Margin

- 2014: 10.8%
- 2015: 10.8%
- 2016: 11.8%

1) Excludes items affecting comparability.
## Essity Financial Targets and Policies

<table>
<thead>
<tr>
<th>Annual Organic Sales Growth&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Adjusted Return on Capital Employed&lt;sup&gt;2)&lt;/sup&gt;</th>
<th>Capital Structure Policy</th>
<th>Dividend Policy</th>
</tr>
</thead>
</table>
| >3%                                    | >15%                                        | - 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** | - 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 |

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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.
Examples of Profitability Enhancing Initiatives

- Value chain optimization
- Tissue roadmap
  - Restructuring measures in France, Spain and the UK
  - 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
# Essity (Excluding BSN Medical)

## Financial Summary Q1 2017 vs Q1 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 2017</th>
<th>Change</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>SEK 25,268m</td>
<td>+4.2%</td>
<td>SEK 24,553m</td>
</tr>
<tr>
<td><strong>Organic Sales</strong></td>
<td>+1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITA Margin</strong></td>
<td>11.5%</td>
<td>+20bp</td>
<td>9.5%</td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>SEK 2,917m</td>
<td>+6%</td>
<td>SEK 2,764m</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>SEK 2.08</td>
<td></td>
<td>SEK 1.87</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>SEK 3,086m</td>
<td>+60%</td>
<td>SEK 1,926m</td>
</tr>
</tbody>
</table>

1) Sales which excludes exchange rate effects, acquisitions and divestments
2) Excluding items affecting comparability
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