



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

Presence in approximately

150

countries

11,992

SEK million in adjusted EBITA¹⁾ 2016

Number of employees²⁾

42,520

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



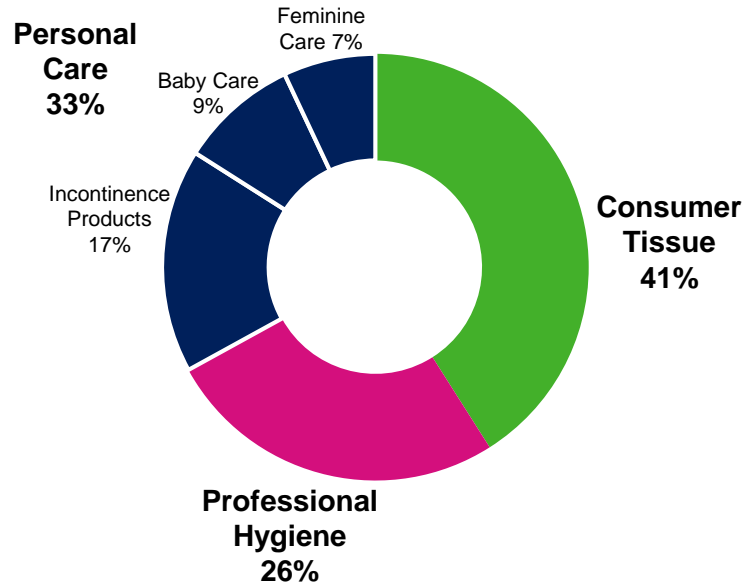
- Operates in attractive markets supported by demographic trends
- Leading market positions and strong brands
- Strong presence in emerging markets
- Successful innovations strengthen product offerings
- BSN medical acquisition creates new growth platform
- Track record of profitable growth and high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



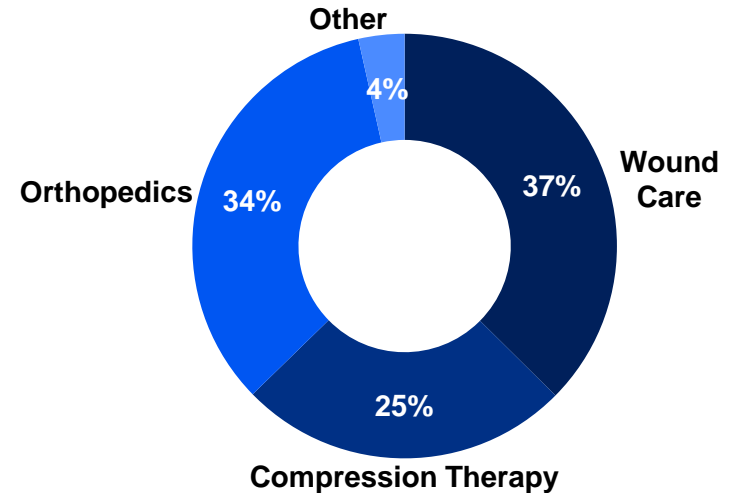
2016 Net Sales



Essity (excluding BSN medical): SEK 101.2bn



BSN medical: SEK 8.0bn¹⁾

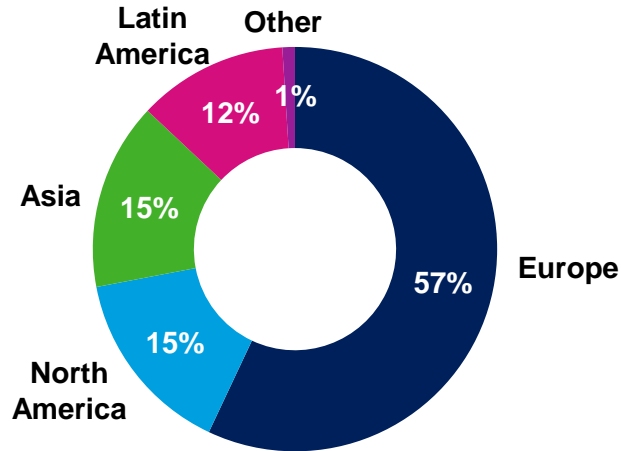


1) BSN medical will be integrated within Personal Care Business Area of Essity as of April 3, 2017.

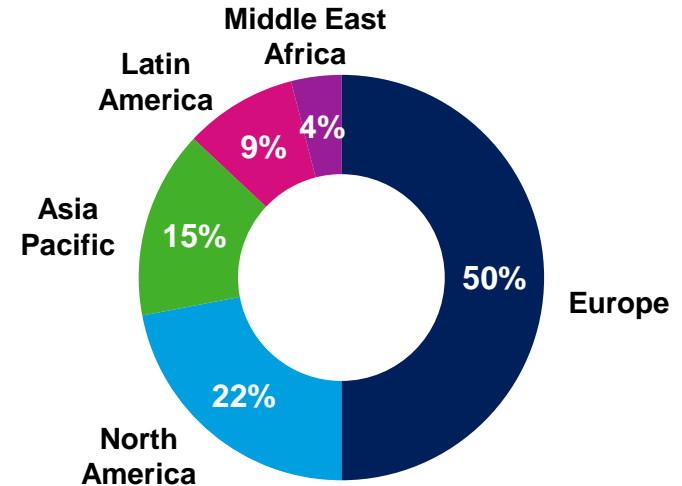
2016 Net Sales by Geography



Essity (excluding BSN medical): SEK 101.2bn



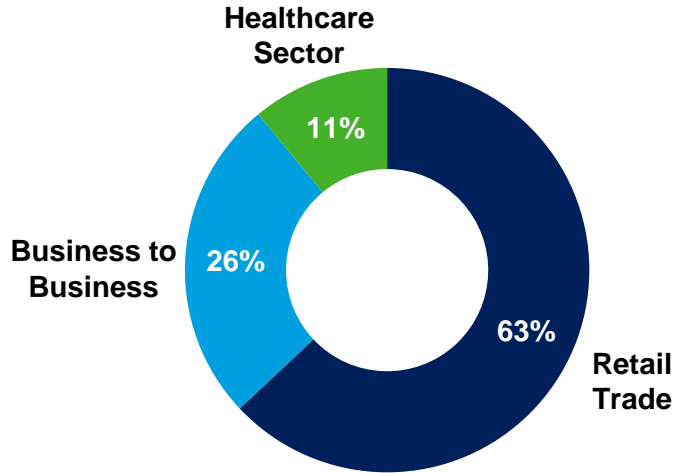
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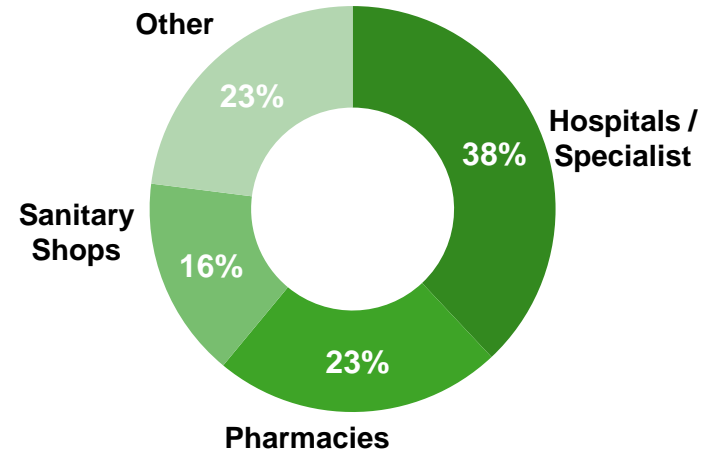
2016 Net Sales by Distribution Channel



Essity (excluding BSN medical): SEK 101.2bn



BSN medical: SEK 8.0bn

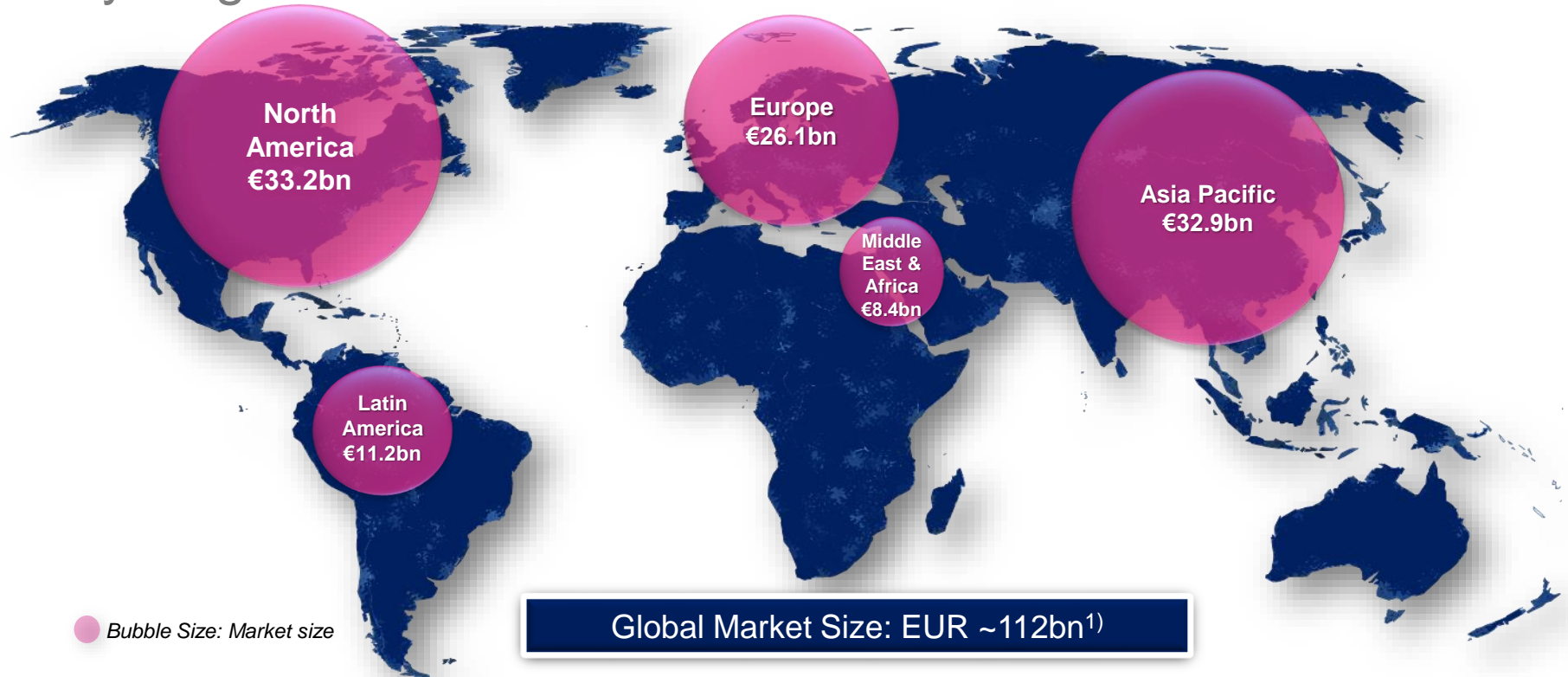


Global Market Positions



Addressable Hygiene and Health Market

By Region

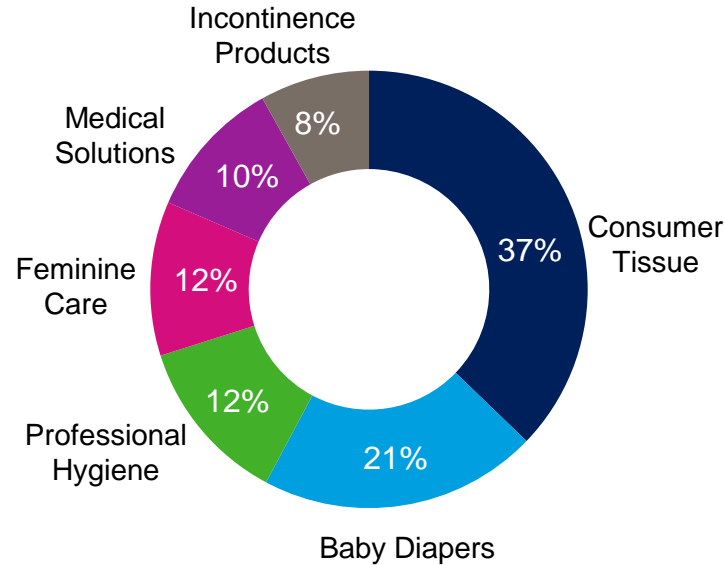


Source: The information has been compiled by Essity for presentation purposes based on statistics from external market sources including IRI, RISI, Price Hanna Consultants, SmartTRAK and INSIGHT Health.

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



Global Market Size: EUR ~112bn¹⁾

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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



Growing and Aging Global Population

Increased Disposable Income and Higher Living Standards

Urbanization

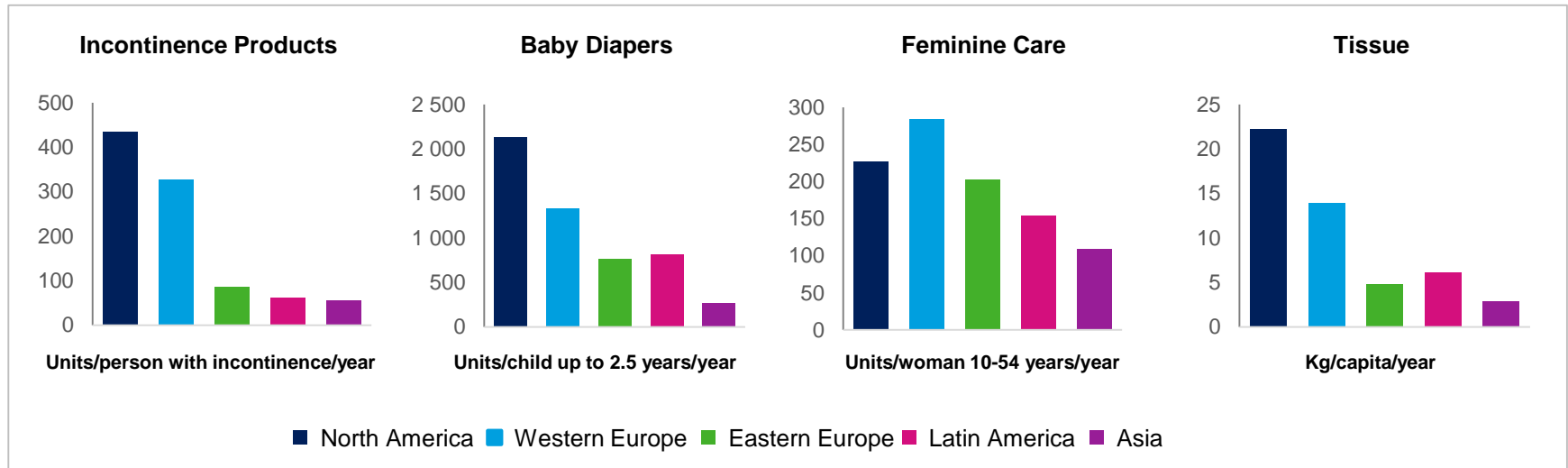
Increased Prevalence of Chronic Conditions

Increased Access to Healthcare

Increased Awareness about Health & Hygiene

Usage of Hygiene Products

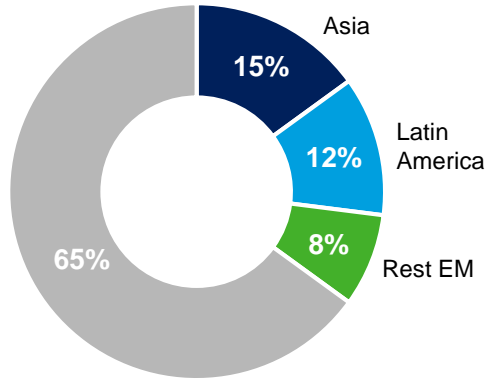
High Potential in Markets with Low Penetration



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
Professional Hygiene	#3
Consumer Tissue	#3
Feminine Care	#1
Baby Diapers	#6



Market Positions	Asia
Incontinence Products	#3
Professional Hygiene	#3
Consumer Tissue	#1
Feminine Care	#12
Baby Diapers	#6



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



Clear Priority of Geographies and Categories



Expand to "New Core"



Grow Solutions and Value Added Services



Explore New 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 2,740m¹⁾
- Acquisition completed on April 3, 2017
- To be included in Personal Care as Medical Solutions



2016 Facts

Net sales	SEK	8,038m
Organic sales ²⁾		+5.3%
Adjusted EBITA ³⁾	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.



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

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



Structural Potential

**Footprint
Optimization**

**Innovation
&
Quality
Upgrades**

**Technology
Strategy**

Organic Potential

**Manufacturing
Efficiency**

**Sourcing
&
Energy
Savings**

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

Digital Strategy

Digital Capabilities



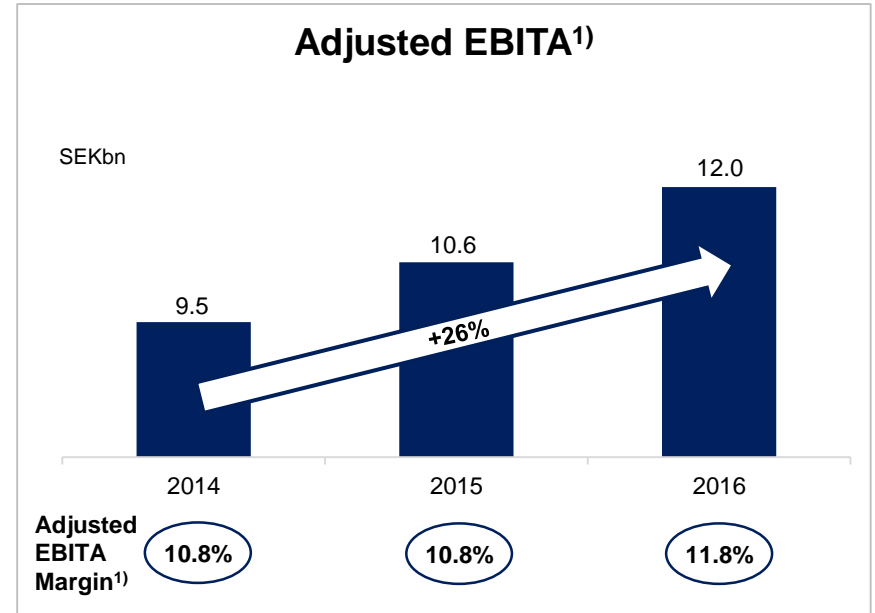
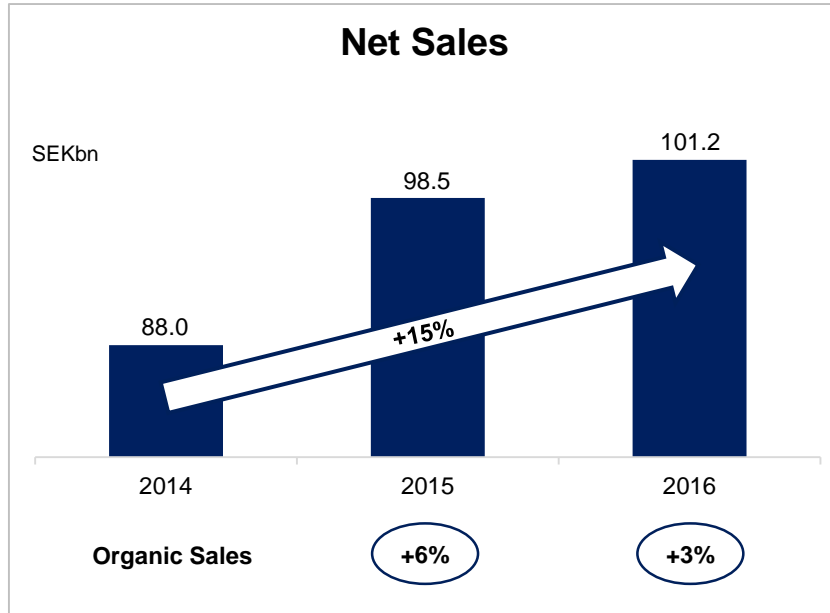
Digital Channels



Digital Products



Essity Financial Profile (Excluding BSN Medical)



1) Excludes items affecting comparability.

Essity Financial Targets and Policies

Annual Organic Sales Growth¹⁾

>3%

Adjusted Return on Capital Employed²⁾

>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.

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

Net Sales

SEK
25,268m
+4.2%

Organic Sales¹⁾

+1.0%

Adjusted EBITA²⁾

SEK
2,917m
+6%

Adjusted EBITA Margin²⁾

11.5%
+20bp

EPS

SEK 2.08

Operating Cash Flow

SEK
3,086m
+60%

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
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Q&A





SCA
Care of Life

