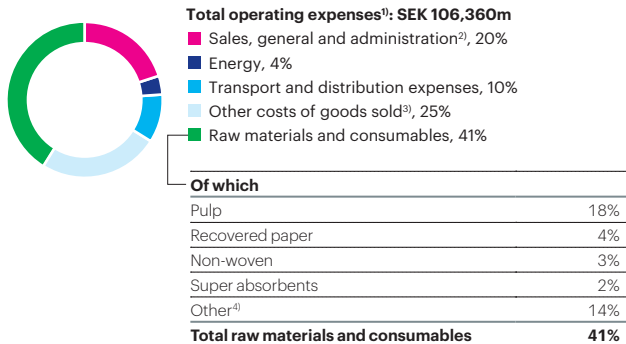
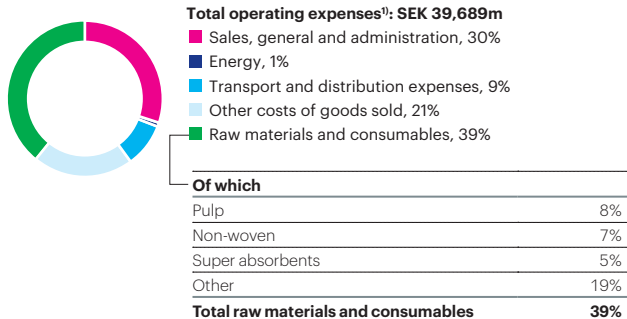


Description of costs

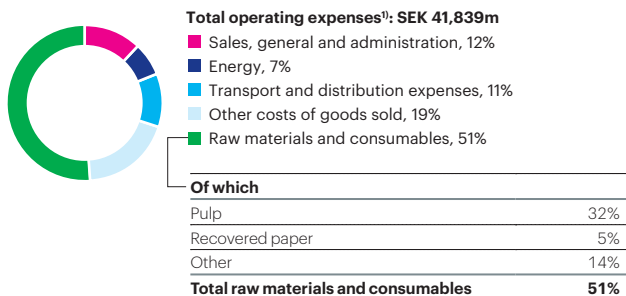
Essity Group



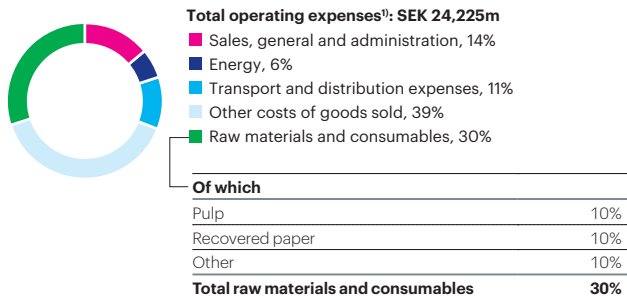
Personal Care



Consumer Tissue



Professional Hygiene



¹⁾ Excluding items affecting comparability.

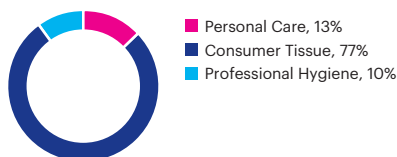
²⁾ Sales, general and administration include costs for marketing (6 percentage points).

³⁾ The two largest items in Other costs of goods sold comprise personnel (10 percentage points) and depreciation and amortization (5 percentage points).

⁴⁾ The item Other in Raw materials and consumables includes costs for chemicals, packaging material and plastic material.

Raw materials

Pulp consumption



Total of 3.0 million tons

Essity's own pulp production corresponded to 8% of pulp consumption and is primarily related to an integrated tissue plant in Mannheim, Germany.

Recovered paper consumption



Total of 2.1 million tons

Production facilities¹⁾

(Capacity is stated in thousands of tons, unless otherwise indicated, and per year)

Personal Care		Consumer Tissue and Professional Hygiene					
Production facility	Country	Production facility	Country	Capacity	Production facility	Country	Capacity
Annaba	Algeria	Ortmann	Austria	132	Uruapan	Mexico	40
Buenos Aires	Argentina	Stembert	Belgium	75	Cuijk	Netherlands	52
Jarinu	Brazil	Santiago	Chile	28	Suameer ²⁾	Netherlands	8
Neve	Brazil	Beijing	China	30	Sovetsk	Russia	90
Drummondville	Canada	Hubei	China	240	Svetogorsk	Russia	55
Hubei	China	Liaoning	China	55	Allo	Spain	140
Zhejiang	China	Shangdong	China	110	Valls	Spain	137
Cali	Colombia	Sichuan	China	75	Lilla Edet	Sweden	100
Caloto	Colombia	Xinhui, Sanjiang	China	440	Manchester	UK	50
Rio Negro	Colombia	Yangjiang	China	60	Oakenholt	UK	70
San Cristobal	Dominican Republic	Zhejiang	China	210	Prudhoe	UK	92
Lasso	Ecuador	Cajica	Colombia	70	Stubbins	UK	55
Radiante	France	Medellin	Colombia	30	Tawd Mill	UK	30
Vibraye	France	Inpaecsa	Ecuador	13	Barton	US	180
Emmerich	Germany	Lasso	Ecuador	26	Harrodsburg	US	55
Hausbruch	Germany	Nokia	Finland	67	Menasha	US	211
Goa	India	Gien	France	145	Middletown	US	100
Shah Alam 1&2	Malaysia	Hondouville	France	55	South Glens Falls	US	64
Ecatepec	Mexico	Kunheim	France	50	Converting facility:		
Maquiladora	Mexico	Le Theil	France	65	Kingsgrove	Australia	
Reynosa	Mexico	Kostheim	Germany	152	Lucca	Italy	
Assen	Netherlands	Mannheim	Germany	283	Hlohovec	Slovakia	
Gennep	Netherlands	Neuss	Germany	112	Telde	Spain	
Hoogezand	Netherlands	Witzenhausen	Germany	32	Ksibet el Mediouni	Tunisia	
Olawa	Poland	Altopascio	Italy	25	Skelmersdale	UK	
Veniov	Russia	Collodi	Italy	42	Bellemont	US	
Gemerská Hôrka	Slovakia	Lucca	Italy	120	Greenwich	US	
Pinetown	South Africa	Monterrey	Mexico	62	Neenah	US	
Valls	Spain	Sahagun	Mexico	60	Total		
Falkenberg	Sweden						4,393
Mölnlycke	Sweden						
Kao Hsiung	Taiwan						
Ksibet el Mediouni	Tunisia						
Gebze (Istanbul)	Turkey						
Kartepe	Turkey						
Bowling Green	US						

¹⁾ As of December 31, 2018.

²⁾ Non-woven production.

Financial multi-year summary

SEKm	2018	2017	2016	2015	2014
INCOME STATEMENT					
Net sales	118,500	109,265	101,238	98,519	87,997
Adjusted EBITA¹⁾	12,935	13,405	11,992	10,603	9,495
Personal Care	6,354	5,937	4,283	3,997	3,528
Consumer Tissue	3,331	4,084	4,450	3,846	3,858
Professional Hygiene	3,841	4,004	3,836	3,497	2,918
Other operations ²⁾	-591	-620	-577	-737	-809
EBITA	11,560	12,550	9,347	10,311	8,486
Amortization of acquisition-related intangible assets	-732	-560	-159	-133	-126
Items affecting comparability	-69	-85	-180	-494	0
Operating profit	10,759	11,905	9,008	9,684	8,360
Financial income ³⁾	91	158	202	312	416
Financial expenses	-1,248	-1,340	-1,037	-1,140	-1,156
Profit before tax	9,602	10,723	8,173	8,856	7,620
Tax	-1,050	-1,938	-3,931	-2,278	-1,939
Profit for the period	8,552	8,785	4,242	6,578	5,681
BALANCE SHEET					
Non-current assets (excl. financial receivables)	110,370	105,398	77,238	67,483	69,519
Receivables and inventories	38,646	34,664	29,917	29,171	28,207
Non-current assets held for sale	69	42	156	120	60
Financial receivables	1,751	1,700	1,052	766	2,849
Current financial assets	422	1,105	1,677	12,983	14,024
Cash and cash equivalents	3,008	4,107	4,244	4,828	3,806
Total assets	154,266	147,016	114,284	115,351	118,465
Equity	47,141	42,289	33,204	42,986	39,675
Non-controlling interests	7,758	7,281	6,376	5,289	5,250
Provisions	12,530	11,631	9,145	6,675	8,189
Interest-bearing debt	54,327	54,838	36,873	34,717	40,787
Operating and other non-interest bearing liabilities	32,510	30,977	28,686	25,684	24,564
Total liabilities and equity	154,266	147,016	114,284	115,351	118,465
Capital employed ⁴⁾	107,575	90,167	73,145	70,115	66,866
Net debt, incl. pension liabilities	54,404	52,467	35,173	19,058	25,066
CASH FLOW STATEMENT					
Operating cash flow	12,324	12,723	13,031	10,440	9,714
Cash flow from current operations	8,787	8,745	8,563	7,550	6,900
Cash flow before dividend	5,737	-19,372	359	5,328	4,981
Current capital expenditures	-4,357	-3,911	-4,222	-3,293	-2,861
Strategic capital expenditures, non-current assets	-2,424	-2,101	-2,033	-2,179	-1,632
Company acquisitions	-694	-26,045	-6,540	-92	-492
Divestments	68	29	369	49	205
KEY FIGURES⁵⁾					
Equity/assets ratio, %	31	29	29	37	33
Interest coverage ratio	9.3	10.1	10.8	11.7	11.3
Debt payment capacity, incl. pension liabilities, %	25	26	29	65	40
Debt/equity ratio, incl. pension liabilities	0.99	1.06	0.89	0.39	0.56
Debt/equity ratio, excl. pension liabilities	0.92	0.99	0.76	0.34	0.45
Return on capital employed, %	10.8	13.9	12.8	13.8	12.5
Adjusted return on capital employed, %	12.0	14.9	16.4	15.1	14.2
Return on equity, %	16.1	19.8	9.3	13.9	13.3
EBITA margin, %	9.8	11.5	9.2	10.5	9.6
Adjusted EBITA margin, %	10.9	12.3	11.8	10.8	10.8
Operating margin, %	9.1	10.9	8.9	9.8	9.5
Adjusted operating margin, %	10.3	11.8	11.7	10.6	10.6
Net margin, %	7.2	8.0	4.2	6.7	6.5
Capital turnover rate	1.10	1.21	1.38	1.41	1.32
Operating cash flow per share, SEK	12.51	12.45	12.19	10.75	9.82
Earnings per share, SEK	11.23	11.56	5.41	8.73	7.42
Dividend per share, SEK	5.75 ⁶⁾	5.75			

¹⁾ 2015 includes the sale of securities, SEK 970m.

²⁾ 2018, 2017, 2016, 2015 and 2014 include items affecting comparability of SEK -1,375m, SEK -855m, SEK -2,645m, SEK -292m and SEK -1,009m.

³⁾ 2015 does not include the sale of securities, SEK 970m.

⁴⁾ Calculation of average capital employed is based on five measurements.

⁵⁾ See definitions of key figures in Note A2, pages 64–69.

⁶⁾ Dividend proposed by the Board of Directors.

Communication and collaboration for a better world



Hygiene and health play a decisive role in solving several of the societal challenges addressed by the UN Sustainable Development Goals. Through Essity's "Essentials Initiative" communication platform, we are pursuing a global dialogue to increase awareness of the importance of hygiene and health and the link to well-being. The "Essentials Initiative" is based on a global survey of attitudes to hygiene and health and on a report. The 2018/2019 report was produced in partnership with the UN body Water Supply and Sanitation Collaborative Council (WSSCC). It showcases new research, inspiring examples and possible solutions as well as the societal impacts that can be achieved if hygiene and health are prioritized in the decision-making processes among politicians and caregivers as well as private individuals.

Essity was – for the third consecutive year – the convening partner to the United Nations Foundation's (UNF) Global Dialogue, held at the UN headquarters in New York. The event facilitates discussions between businesses, NGOs and government authorities. Essity's President and CEO Magnus Groth gave the opening and closing speeches, addressing matters such as the importance of

collaboration between companies and organizations in order to contribute to the UN Sustainable Development Goals.

Essity is collaborating with the Fotografiska Museum in Stockholm, Sweden, to develop joint exhibitions on the theme of hygiene and health. In 2018, the "Hand to Hand" exhibition was arranged with images taken by the internationally acclaimed photojournalist Paul Hansen. The exhibition also contained images by the documentary photographer Åsa Sjöström, who followed students at a school in the UK to portray an ongoing Essity initiative where children learn at an early age the importance of personal hygiene.



Awards and memberships

