

Personal Care

Offering

Essity's offering includes Incontinence Products, Medical Solutions, Baby Care and Feminine Care. Products are sold under brands such as TENA, JOBST, Leukoplast, Libero, Libresse, Nosotras and Saba, and as retailer brands.

In Incontinence Products, with the globally leading brand TENA, Essity offers a broad range of incontinence products that also includes skincare products, wet wipes, wash gloves and digital solutions that include sensor technology. In Baby Care, Essity offers open baby diapers and pant diapers as well as baby care products such as wet wipes, shampoo, lotion and baby oil. In Europe, Essity offers baby diapers under its own Libero and Lotus brands and as retailer brands. In Feminine Care, Essity offers a broad product port-

folio that includes pads, panty liners, tampons, intimate soaps and intimate wipes. In Medical Solutions, Essity offers products and services in wound care, compression therapy and orthopedics.

Distribution channels are the retail trade, pharmacies, medical device shops, hospitals, distributors and care institutions and online sales.

Market positions

Essity is the global market leader in the market for incontinence products with the TENA brand, holding a global market share that is about twice the size of the second largest player. Essity is the market leader in Europe, Asia (excluding Japan) and Latin America. Essity is the third largest player in Asia (including Japan) and the fourth largest in North America.

In Baby Care, Essity is the world's fifth largest player and the second largest in Europe. Essity's strongest market is the Nordic region, where the Libero brand is the market leader. Examples of other strong regional brands are Drypers in South East Asia and Pequeñin in South America.

In Feminine Care, Essity is the world's sixth largest player, the third largest in Europe and the market leader in Latin America. Examples of regional brands supported by Essity's global brand platform in Feminine Care include Libresse in the Nordic region, Russia, Eastern Europe, the Netherlands, Malaysia and China, Bodyform in the UK, Nana in France, the Middle East and North Africa, and Saba and Nosotras in Latin America.

In Medical Solutions, in the product categories in which the company is active, Essity is the world's fourth largest player and the market leader in Europe. Essity is the largest global player in compression therapy and the third largest player in



Leukoplast® – professional wound care for you. Accidents are part of life. Your wound care is in good hands with professional and high-quality dressings from Leukoplast.

Essity is a leading global player in personal care

orthopedics. In wound care, which includes acute and advanced wound care, Essity is the fifth largest player. Essity holds the number three position within acute wound care. Examples of strong brands include JOBST, Leukoplast, Cutimed, Delta-Cast and Actimove.

Production facilities

At the end of 2019, Personal Care had production at 36 sites in 24 countries.

Operations in 2019

Net sales increased 6.6% to SEK 48,340m (45,342). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.4%, of which volume accounted for 2.3% and price/mix for 1.1%. Organic net sales in mature markets increased 1.6%. In emerging markets, which accounted for 37% of net sales, organic net sales increased 7.0%. Acquisitions in Latin America increased net sales by 0.1%. Exchange rate effects increased net sales by 3.6%. The divestment of the jointly owned company SCA Yildiz in Turkey reduced net sales by 0.5%.

For Incontinence Products, with the globally leading TENA brand, organic net sales increased 5.0%. Growth was related to Western Europe, North America and emerging markets. In Medical Solutions, organic net sales increased 0.5%, mainly related to emerging markets and Western Europe. For Baby Care, organic net sales decreased 1.2% related to emerging markets. Organic net sales increased in Western Europe. For Feminine Care, organic net sales increased 9.4%, related to Latin America, Western Europe and Asia.

Adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA), increased 6% (1% excluding currency translation effects, acquisitions and divestments) to SEK 6,746m (6,354). The increase was mainly related to higher prices, a better mix, higher volumes and cost savings. Higher raw material and energy costs negatively impacted profit by SEK -509m, which corresponds to a negative impact on the adjusted EBITA margin of -1.1 percentage points. The significantly higher raw material costs were mainly related to pulp and a negative currency transaction effect. Higher distribution costs also negatively impacted earnings. Investments to increase growth and costs for implementation of the Medical Device Regulation resulted in higher sales and marketing costs.

Net sales

48,340 SEKm

Organic net sales¹⁾

+3.4%

Adjusted EBITA²⁾

6,746 SEKm

Adjusted EBITA margin²⁾

14.0%

Adjusted return on capital employed²⁾

15.2%

Emerging markets' share of business area's net sales

37%

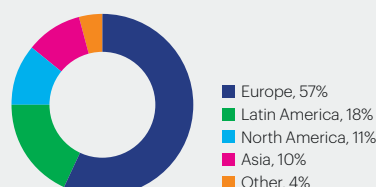
Organic net sales¹⁾

in emerging markets

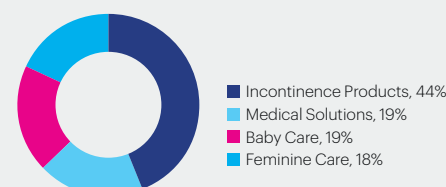
+7.0%

SEKm	2019	2018	%
Net sales	48,340	45,342	7
Organic net sales ¹⁾ , %	+3.4%	+3.0%	
Adjusted EBITA ²⁾	6,746	6,354	6
Adjusted EBITA margin ²⁾ , %	14.0%	14.0%	
Adjusted return on capital employed ²⁾ , %	15.2%	15.3%	
Operating cash flow	6,495	5,006	30
Investments in non-current assets	-1,866	-2,134	
Average number of employees	17,167	18,328	

Net sales by region



Net sales by product category



For Personal Care, 9% of total net sales were related to retailer brands. For Incontinence Products: 1%, Baby Care: 42%, Feminine Care: 6%, Medical Solutions: 0%.

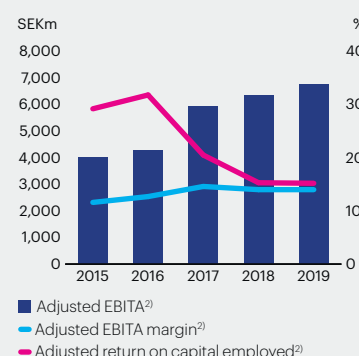
Net sales



¹⁾ Excluding exchange rate effects, acquisitions and divestments.

²⁾ Excluding items affecting comparability.

Earnings trend



Consumer Tissue

Offering

Essity's offering includes toilet paper, household towels, handkerchiefs, facial tissues, wet wipes and napkins. Products are sold under brands such as Edet, Lotus, Regio, Tempo, Vinda and Zewa. In Europe, Essity also sells products under retailer brands. Distribution channels are the retail trade and online sales.

Market positions

Essity is the world's second largest supplier of consumer tissue. Essity's brand portfolio comprises many strong brands.

In Europe, Essity is the market leader and holds a market share that is more than twice the size of the second largest player. Lotus, Tempo and Zewa are the leading

brands in, for example, France, Germany and Russia. Cushelle, Velvet and Plenty are strong brands in the UK and Ireland, and Edet in the Nordic region and the Netherlands.

Essity is the market leader in China through its majority shareholding in Vinda. Vinda is the leading brand in China.

In Latin America, Essity is the market leader in Colombia and holds the number two position in Mexico. Familia and Regio are leading brands in Colombia and Mexico, respectively.

Production facilities

At the end of 2019, Consumer Tissue had production at 47 sites in 19 countries.

Operations in 2019

Net sales increased 10.6% to SEK 49,904m (45,125). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 6.1%, of which volume accounted for 2.9% and price/mix for 3.2%. Excluding lower sales of mother reels resulting from production closures within the scope of Tissue Roadmap, organic net sales increased 6.6%. Organic net sales increased 2.6% in mature markets. In emerging markets, which accounted for 47% of net sales, organic net sales increased by 10.7%. Acquisitions in Latin America increased net sales by 0.1%. Exchange rate effects increased net sales by 4.4%.



Lotus Just 1
One sheet is enough, thanks
to the quality and thickness
of the paper.

Essity is the world's
second largest
supplier of
consumer tissue

Adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA) increased 60% (52% excluding currency translation effects and acquisitions) to SEK 5,321m (3,331). The increase was mainly due to higher prices, a better mix, higher volumes, lower raw material and energy costs, and cost savings. Stock revaluations, due to lower raw material prices, and higher distribution costs had a negative impact on earnings. Investments to increase growth resulted in higher sales and marketing costs.

Net sales
49,904 SEKm

Organic net sales¹⁾
+6.1%

Adjusted EBITA²⁾
5,321 SEKm

Adjusted EBITA margin²⁾
10.7%

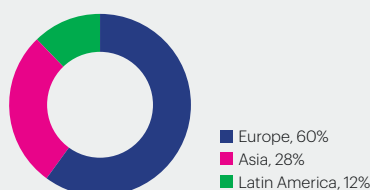
Adjusted return on capital employed²⁾
11.2%

Emerging markets' share of business area's net sales
47%

Organic net sales¹⁾ in emerging markets
+10.7%

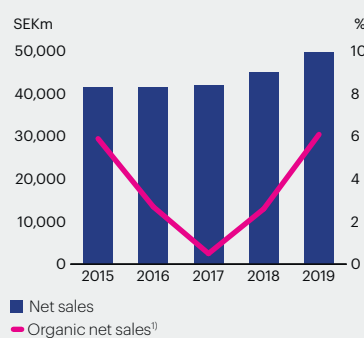
SEKm	2019	2018	%
Net sales	49,904	45,125	11
Organic net sales ¹⁾ , %	+6.1%	+2.6%	
Adjusted EBITA ²⁾	5,321	3,331	60
Adjusted EBITA margin ²⁾ , %	10.7	7.4	
Adjusted return on capital employed ²⁾ , %	11.2	7.4	
Operating cash flow	4,870	2,388	104
Investments in non-current assets	-2,239	-3,074	
Average number of employees	21,526	21,235	

Net sales by region

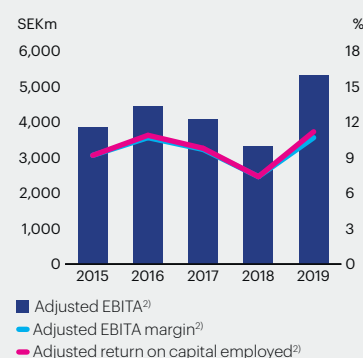


For Consumer Tissue, 33% of total net sales was related to retailer brands.

Net sales



Earnings trend



¹⁾ Excluding exchange rate effects, acquisitions and divestments.

²⁾ Excluding items affecting comparability.

Professional Hygiene

Offering

Essity's offering comprises complete hygiene solutions, including toilet paper, paper hand towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products as well as service and maintenance. Essity also offers digital solutions, such as Internet of Things sensor technology that enables data-driven cleaning.

Customers consist of companies and office buildings, universities, healthcare facilities, industries, restaurants, hotels, stadiums and other public venues. Distribution channels consist of distributors and online sales.

Market positions

Essity is the world's largest supplier of products and services in the market for professional hygiene with the globally leading Tork brand. We are the market leader in Europe and hold a market share that is more than twice the size of the second largest player. Essity is the second largest supplier in North America and holds a particularly strong market position in the food service segment, where we estimate that the company supplies approximately every second napkin. Essity also has strong positions in emerging markets, such as Russia and Colombia, where we are the market leader.

Production facilities

At the end of 2019, Professional Hygiene had production at 45 sites in 19 countries.

Operations in 2019

Net sales increased 9.7% to SEK 30,731m (28,017). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.6%, of which volume accounted for 1.5% and price/mix for 2.1%. Organic net sales increased 2.2% in mature markets. In emerging markets, which accounted for 20% of net sales, organic net sales increased 9.9%. Exchange rate effects increased net sales by 6.1%.



Think ahead.

Tork Xpressnap Fit® is a new napkin dispenser system for restaurants and cafés that offers greater efficiency with its compact design and serves more guests between refills.

Essity is the leading global player in professional hygiene



Adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA) increased 16% (10% excluding currency translation effects) to SEK 4,463m (3,841). Earnings were positively impacted by higher prices, a better mix, higher volumes, lower raw material costs and cost savings. Stock revaluations, due to lower raw material prices, had a negative impact on earnings. Investments to increase growth resulted in higher sales and marketing costs.

Net sales
30,731 SEKm

Organic net sales¹⁾
+3.6%

Adjusted EBITA²⁾
4,463 SEKm

Adjusted EBITA margin²⁾
14.5%

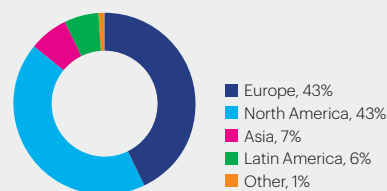
Adjusted return on capital employed²⁾
18.9%

Emerging markets' share of business area's net sales
20%

Organic net sales¹⁾ in emerging markets
+9.9%

SEKm	2019	2018	%
Net sales	30,731	28,017	10
Organic net sales ¹⁾ , %	+3.6%	+1.9%	
Adjusted EBITA ²⁾	4,463	3,841	16
Adjusted EBITA margin ²⁾ , %	14.5	13.7	
Adjusted return on capital employed ²⁾ , %	18.9	18.1	
Operating cash flow	4,938	3,363	47
Investments in non-current assets	-1,402	-1,337	
Average number of employees	7,287	7,659	

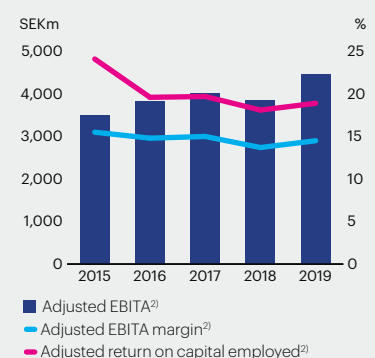
Net sales by region



Net sales



Earnings trend



¹⁾ Excluding exchange rate effects, acquisitions and divestments.

²⁾ Excluding items affecting comparability.