

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

Distribution channels are the retail trade, pharmacies, medical device stores, hospitals, distributors and care institutions and e-commerce.

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 nearly 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 fifth 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 and the Middle East, 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 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 2020, Personal Care had production at 35 sites in 25 countries.

Operations in 2020

Net sales declined 4.6% to SEK 46,095m (48,340). Organic net sales were in line with the preceding year, of which volume accounted for -1.4% and price/mix for 1.4%. Organic net sales in mature markets declined 1.7%. In emerging markets, which accounted for 36% of net sales, organic net sales increased 2.7%. Exchange rate effects reduced net sales by 4.6%. The divestment of a partly owned company in Turkey reduced net sales by 0.3%. Acquisitions increased net sales by 0.3% and related mainly to ABIGO Medical AB.

Sales were negatively impacted by the COVID-19 pandemic as demand was temporarily negatively impacted by lockdowns and restrictions as consumption decreased slightly when consumers spent more time in the home. For Incontinence Products, with Essity's globally leading TENA brand, organic net sales increased 2.7%. Growth was related to Europe, North America and emerging markets. In Medical Solutions, organic net sales decreased 8.2%. Sales were negatively impacted by the COVID-19 pandemic and the related lockdowns and restrictions. For Baby Care, organic net sales declined 2.5%, related to Western Europe and emerging markets. For Feminine Care, organic net sales increased 5.0%, related to emerging markets.

The adjusted gross margin increased 2.0 percentage points to 41.4% (39.4). The margin was positively impacted by higher prices, a better mix, lower raw material costs and cost savings. Lower volumes and higher distribution costs had a negative impact on the margin. The adjusted EBITA margin increased by 1.5 percentage points to 15.5% (14.0). Sales and marketing costs increased as a share of net sales.

Adjusted EBITA increased 6% (12% excluding currency translation effects, acquisitions and divestments) to SEK 7,161m (6,746).

Brands



With the launch of TENA Silhouette Noir, TENA is the first brand in the world to offer a range of black liners, pads and absorbent single-use underwear that is incredibly discreet.

Key figures

Net sales

46,095 SEKm

Organic net sales¹⁾

0.0%

Adjusted gross margin²⁾

41.4%

Adjusted EBITA²⁾

7,161 SEKm

Adjusted EBITA margin²⁾

15.5%

Adjusted return on capital employed²⁾

16.4%

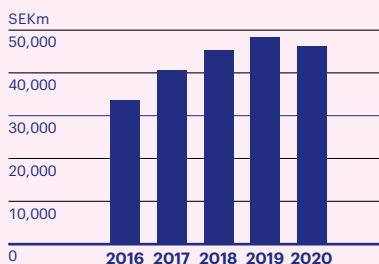
Emerging markets' share of business area's net sales

36%

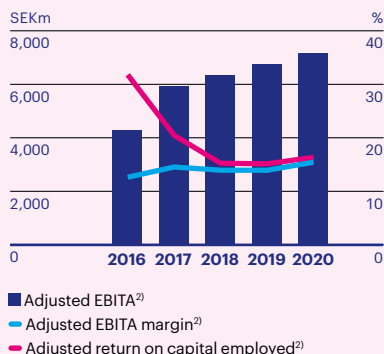
Organic net sales¹⁾ in emerging markets

+2.7%

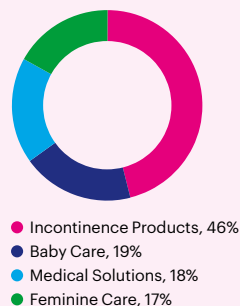
Net sales



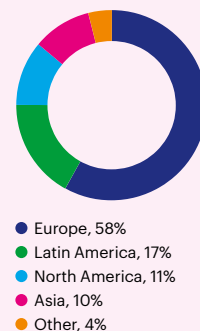
Earnings trend



Net sales by product category



Net sales by region



For Personal Care, 10% of total net sales were related to retailer brands. For Incontinence Products: 1%, Baby Care: 43%, Feminine Care: 6%, Medical Solutions: 0%.

SEKm	2020	2019	%
Net sales	46,095	48,340	-5
Organic net sales ¹⁾ , %	0.0	+3.4	
Adjusted gross margin ²⁾ , %	41.4	39.4	
Adjusted EBITA ²⁾	7,161	6,746	+6
Adjusted EBITA margin ²⁾ , %	15.5	14.0	
Adjusted return on capital employed ²⁾ , %	16.4	15.2	
Operating cash flow	7,485	6,495	+15
Investments in non-current assets	-1,658	-1,866	-11
Average number of employees	18,298	17,167	+7

¹⁾ Net sales excluding exchange rate effects, acquisitions and divestments.

²⁾ Excluding items affecting comparability.

Essity is a leading global player in personal care

Consumer Tissue

Offering

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

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 and Plenty are strong brands in the UK and Ireland. Essity is the market leader in China and Asia 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 2020, Consumer Tissue had production at 44 sites in 18 countries.

Operations in 2020

Net sales increased 0.6% to SEK 50,221m (49,904). Organic net sales increased 4.1%. Volumes accounted for an increase of 5.7% and the price/mix a decrease of -1.6%. Organic net sales increased 1.7% in mature markets. In emerging markets, which accounted for 47% of net sales, organic net sales increased by 6.9%. Exchange rate effects decreased net sales by 3.5%.

The adjusted gross margin increased 5.5 percentage points to 27.2% (21.7). The gross margin was positively impacted by higher volumes, a better mix, lower raw material and energy costs and cost savings. Higher distribution costs and lower prices had a negative impact on the margin. The adjusted EBITA margin increased by 5.3 percentage points to 16.0% (10.7). Sales and marketing costs increased as a share of net sales.

Adjusted EBITA increased 51% (55% excluding currency translation effects, acquisitions and divestments) to SEK 8,045m (5,321).

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



Brands



With the launch of "Pure Natural" for the Lotus, Zewa, Tempo and Colhagar brands, Essity offers toilet paper, handkerchiefs and facial tissues with an extra soft quality that are free from allergens¹⁾, dyes and added fragrances. The tissue is manufactured from certified fiber, of which about 30% of the fiber is unbleached. The plastic packaging is recyclable and 30% of the plastic is made from recycled plastic.

¹⁾ 26 EU regulated allergens.

Key figures

Net sales

50,221 SEKm

Organic net sales¹⁾

+4.1%

Adjusted gross margin²⁾

27.2%

Adjusted EBITA²⁾

8,045 SEKm

Adjusted EBITA margin²⁾

16.0%

Adjusted return on capital employed²⁾

17.3%

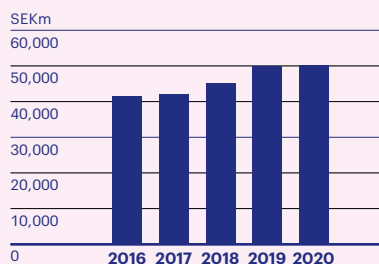
Emerging markets' share of business area's net sales

47%

Organic net sales¹⁾ in emerging markets

+6.9%

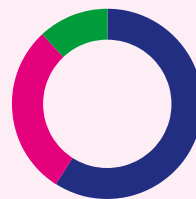
Net sales



Earnings trend



Net sales by region



- Europe, 59%
- Asia, 29%
- Latin America, 12%

For Consumer Tissue, 32% of total net sales was related to retailer brands.

SEKm	2020	2019	%
Net sales	50,221	49,904	+1
Organic net sales ¹⁾ , %	+4.1	+6.1	
Adjusted gross margin ²⁾ , %	27.2	21.7	
Adjusted EBITA ²⁾	8,045	5,321	+51
Adjusted EBITA margin ²⁾ , %	16.0	10.7	
Adjusted return on capital employed ²⁾ , %	17.3	11.2	
Operating cash flow	6,455	4,870	+33
Investments in non-current assets	-3,191	-2,239	+43
Average number of employees	20,878	21,526	-3

¹⁾ Net sales 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, face masks, and 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 for the products consist of distributors and e-commerce.

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. Essity is number three in the market in Asia through its majority shareholding in Vinda.

Production facilities

At the end of 2020, Professional Hygiene had production at 43 sites in 20 countries.

Operations in 2020

Net sales declined 17.3% to SEK 25,418m (30,731). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, declined 14.6%. Sales were negatively impacted by the COVID-19 pandemic and the related lockdowns and restrictions. This has mainly had a negative impact on demand in the customer segments of hotel, restaurant, catering, commercial buildings as well as schools and universities. Meanwhile, sales of dispensers have increased as a result of a greater focus on hygiene, with many customers replacing air dryers in favor of offering a more hygienic alternative. Furthermore, sales increased for wiping and cleaning products, as well as soap and hand sanitizer. Volumes declined by 16.7%. The price/mix increased 2.1% as a result of higher prices and a better mix. Organic net sales declined 14.8% in mature markets. In emerging markets, which accounted for 20% of net sales, organic net sales declined by 13.8%. Exchange rate effects reduced net sales by 2.7%.

The adjusted gross margin increased 0.1 of a percentage point to 26.9% (26.8). The gross margin was positively impacted by higher prices, a better mix, lower raw material costs and cost savings. Lower volumes and higher distribution costs had a negative impact on the margin. The adjusted EBITA margin decreased 1.5 percentage points to 13.0% (14.5). Sales and marketing costs increased as a share of net sales.

Adjusted EBITA decreased 26% (23% excluding currency translation effects, acquisitions and divestments) to SEK 3,317m (4,463).

Essity is the leading global player in professional hygiene

Brands



Think ahead.



Essity and our Tork brand have worked for many years to raise awareness of the importance of good hand hygiene to avoid the spread of disease using products such as paper hand towels, soap and hand sanitizer. During the COVID-19 pandemic, Essity has worked to ensure a better global hygiene and health standard by safeguarding production and deliveries and continuing to develop customer offerings. For example, we increased delivery capacity of hand sanitizer and launched several new hand sanitizer products to meet the increase in demand.

Key figures

Net sales

25,418 SEKm

Organic net sales¹⁾

-14.6%

Adjusted gross margin²⁾

26.9%

Adjusted EBITA²⁾

3,317 SEKm

Adjusted EBITA margin²⁾

13.0%

Adjusted return on capital employed²⁾

14.6%

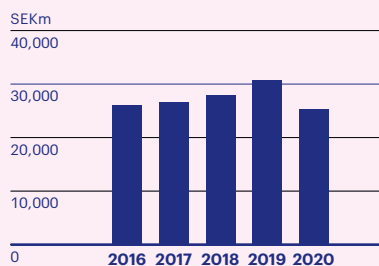
Emerging markets' share of business area's net sales

20%

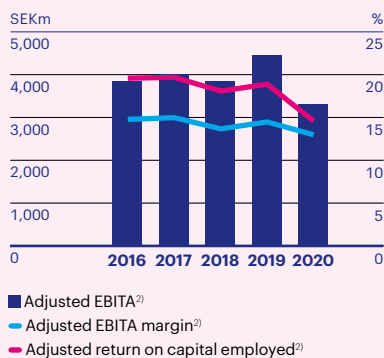
Organic net sales¹⁾ in emerging markets

-13.8%

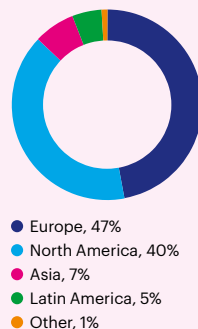
Net sales



Earnings trend



Net sales by region



SEKm	2020	2019	%
Net sales	25,418	30,731	-17
Organic net sales ¹⁾ , %	-14.6	+3.6	
Adjusted gross margin ²⁾ , %	26.9	26.8	
Adjusted EBITA ²⁾	3,317	4,463	-26
Adjusted EBITA margin ²⁾ , %	13.0	14.5	
Adjusted return on capital employed ²⁾ , %	14.6	18.9	
Operating cash flow	3,183	4,938	-36
Investments in non-current assets	-1,135	-1,402	-19
Average number of employees	6,909	7,287	-5

¹⁾ Net sales excluding exchange rate effects, acquisitions and divestments.

²⁾ Excluding items affecting comparability.

The Tork PeakServe family is growing and is now available as standard and mini dispensers and as adapters for recessed towel cabinets. This enables customers to increase efficiency by using the same paper hand towel refill across the entire facility.