



# essity 2021

**Magnus Groth**  
**President and CEO**



# Everyday Priorities



**Care for  
Our People**



**Contribute to  
Society**



**Secure  
Business  
Success**



# Highlights 2021

- Continued transformation including **six acquisitions** and creation of Consumer Tissue Private Label Europe division
- **Price increases** implemented and further increases in 2022
- **Significant cost savings**
- **High innovation pace**
- **E-commerce 14% of sales**, corresponding to SEK 17bn
- **Increased market shares**
- **Leading in sustainability** with roadmap to **Net Zero 2050**
- **Digital transformation** in all areas



# Figures 2021

121,867

Net sales  
SEKm

13,680

Adjusted EBITA<sup>1)</sup>  
SEKm

150

Sales in countries  
approximately

46,000

Employees  
approximately

<sup>1)</sup> Excluding items affecting comparability





# Financial Targets and Policies

## Target

Annual sales growth<sup>1)</sup>

>5%

Adjusted return  
on capital employed<sup>2)</sup>

>17%  
by 2025

## Policy

Capital structure

Maintain a solid investment grade rating

Dividend

Long-term stable and rising dividends

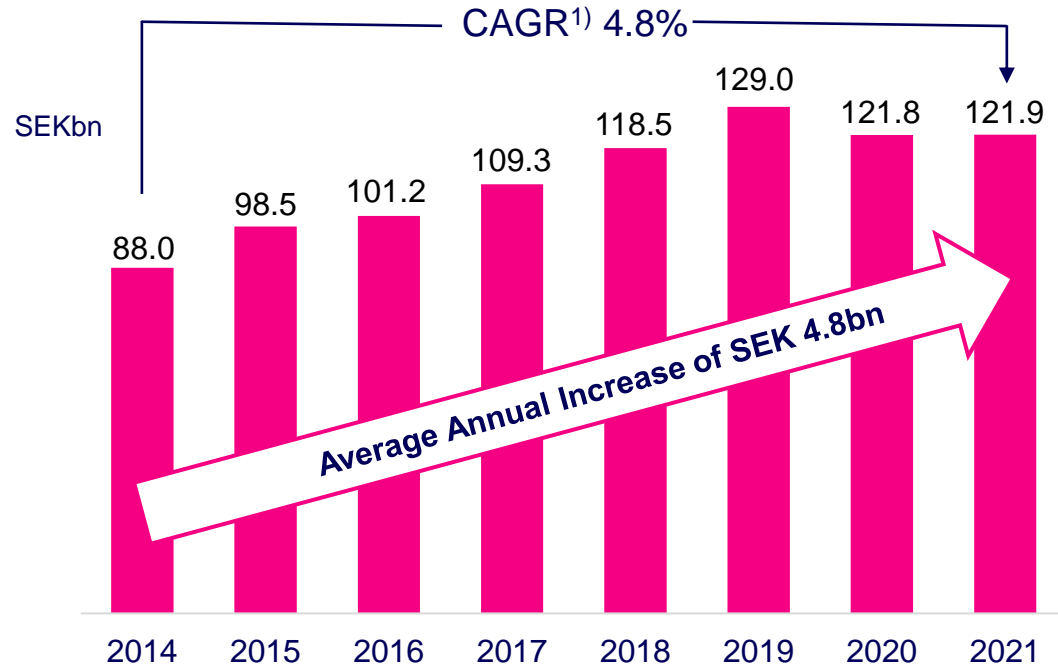


<sup>1)</sup> Including organic sales growth and acquisitions

<sup>2)</sup> Excluding items affecting comparability

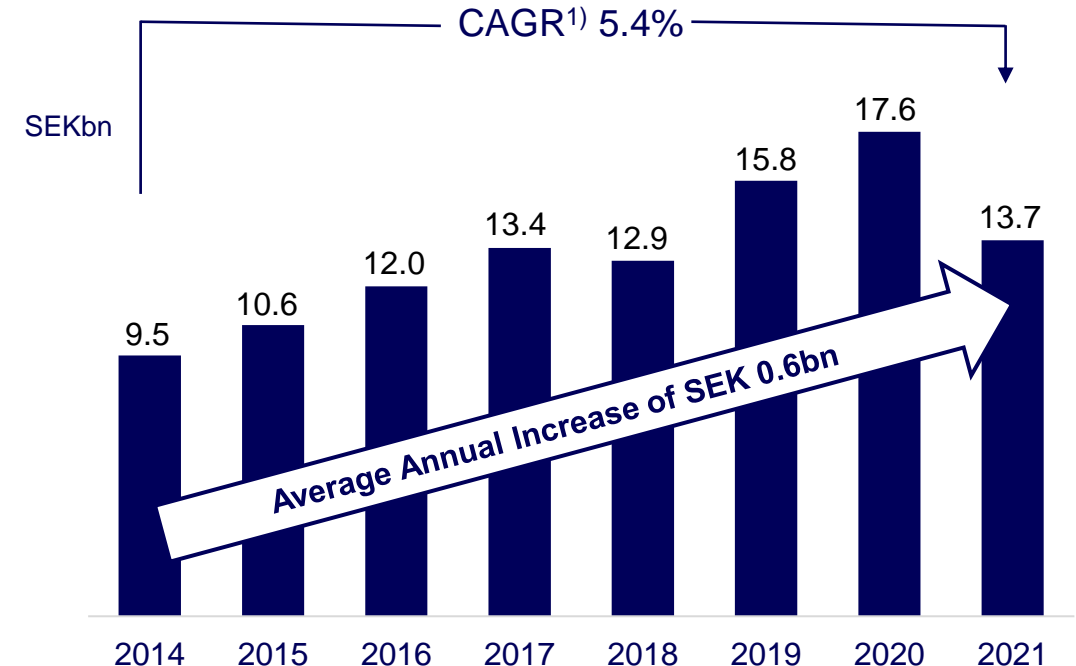
# Development of Sales and Profitability

## Net Sales



Sales Growth <sup>2)</sup>	+6%	+6%	+7.5%	+5.0%	+4.5%	-1.8%	+4.5%
Organic Net Sales <sup>3)</sup>	+6%	+3%	+1.2%	+2.6%	+4.5%	-1.9%	+3.3%

## Adjusted EBITA<sup>4)</sup>



Year	Adjusted EBITA Margin <sup>4)</sup>
2014	10.8%
2015	10.8%
2016	11.8%
2017	12.3%
2018	10.9%
2019	12.3%
2020	14.5%
2021	11.2%

<sup>1)</sup> Compound Annual Growth Rate

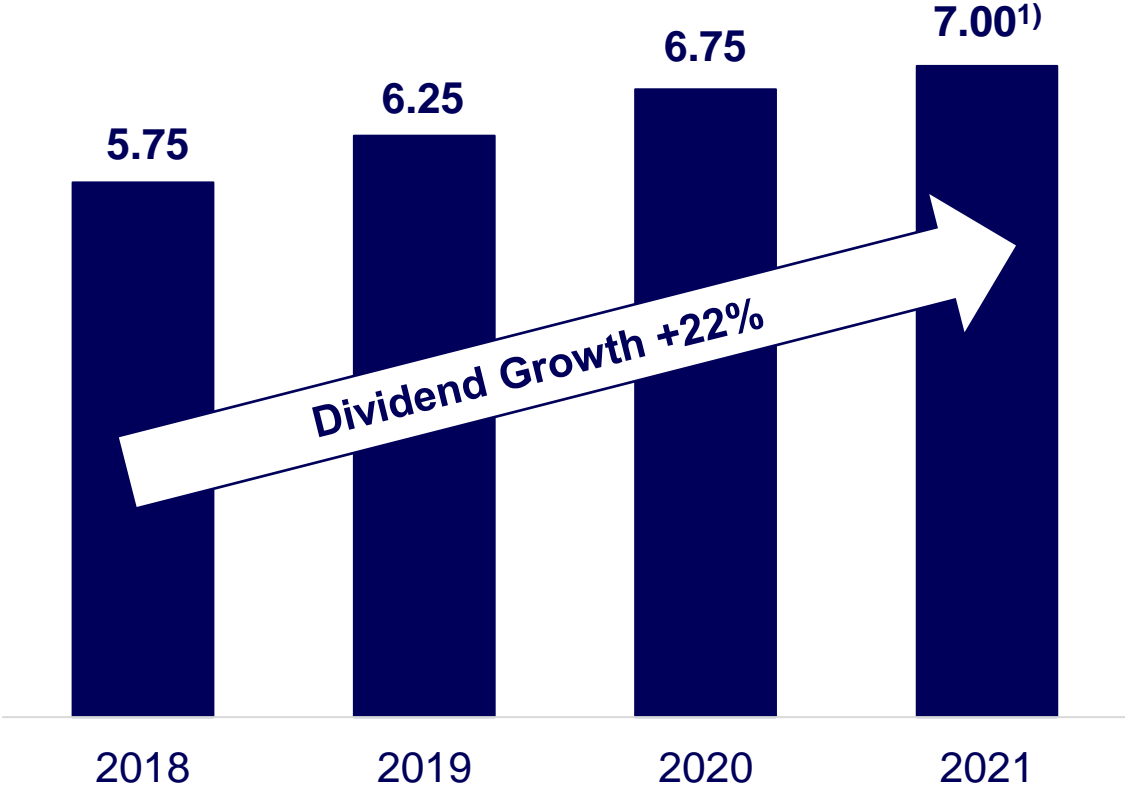
<sup>2)</sup> Including organic sales growth and acquisitions

<sup>3)</sup> Net sales excluding exchange rate effects, acquisitions and divestments

<sup>4)</sup> Excluding items affecting comparability

# Dividend

Proposed Dividend<sup>1)</sup>



<sup>1)</sup> Board of Directors Proposal

# Strategic Priorities

**Winning with people and culture**

**Continuing the  
transformation  
journey**

**Innovating  
Leading  
Brands**

**Accelerating  
Digitalization**

**Leading in  
Sustainability**

**Growing in  
Emerging  
Markets**

**Efficiency in everything we do**



# Value Creating Acquisitions



# Innovations 2021





# Sustainable Innovations





# Increased Market Shares

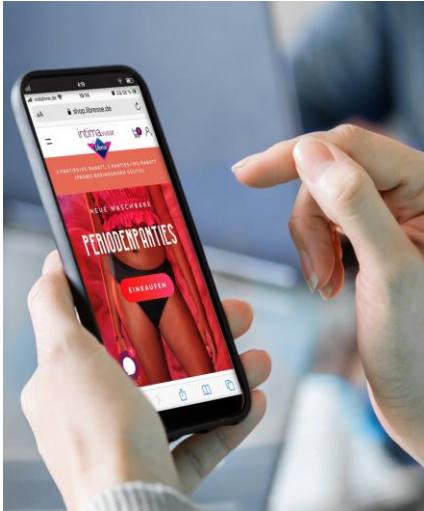
Position #1 or #2



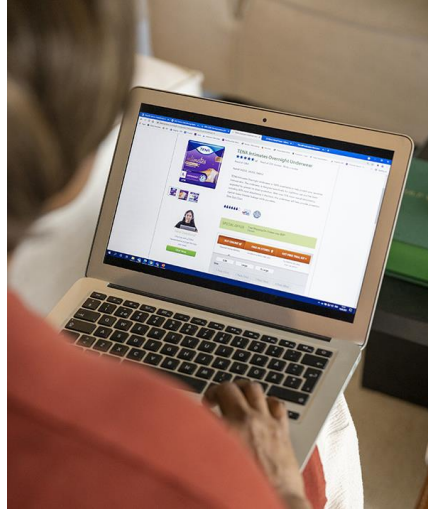
Increased Market Shares



# Accelerating Digitalization



**Customer &  
Consumer  
Interaction**



**E-commerce**



**Digital  
Solutions**



**Digitalization  
in Operations**



**Data Analytics  
&  
Capabilities**

# Leading in Sustainability



## Initiatives and Recognitions





# Growing in Emerging Markets

Share of Net Sales

36%

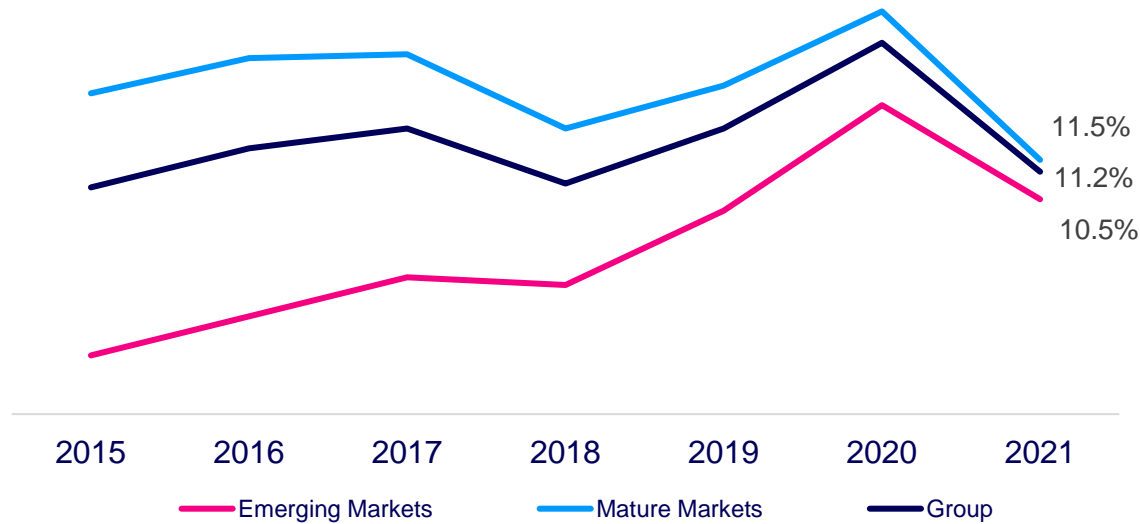
38%

Share of Adjusted EBITA<sup>1)</sup>

22%

36%

Adjusted EBITA Margin<sup>1)</sup>



<sup>1)</sup> Excluding items affecting comparability





# Improving Efficiency

- Cost savings 2019-2021 of SEK 2.8bn
- Manufacturing Roadmap  
Annual cost savings 2021-2025: SEK 0.5bn–1bn
- SG&A
- Cost culture and continuous improvement





# New Business Areas

## Health & Medical



**Incontinence Products**  
**Health Care**  
**Wound Care**  
**Compression Therapy**  
**Orthopedics**

## Consumer Goods



**Incontinence Products**  
**Retail**  
**Feminine Care**  
**Baby Care**  
**Consumer Tissue Branded/Retail Branded**

**Division: Consumer Tissue**  
**Private Label Europe**

## Professional Hygiene



**Hygiene Solutions**  
**Tissue**  
**Skin Care**  
**Cleaning & Wiping**



# Global Market Positions

## Health & Medical

Incontinence Products #1  
 Compression Therapy #1  
 Orthopedics #3  
 Wound Care #6



## Consumer Goods

Incontinence Products #2  
 Consumer Tissue #2  
 Feminine Care #5  
 Baby Care #5



## Professional Hygiene

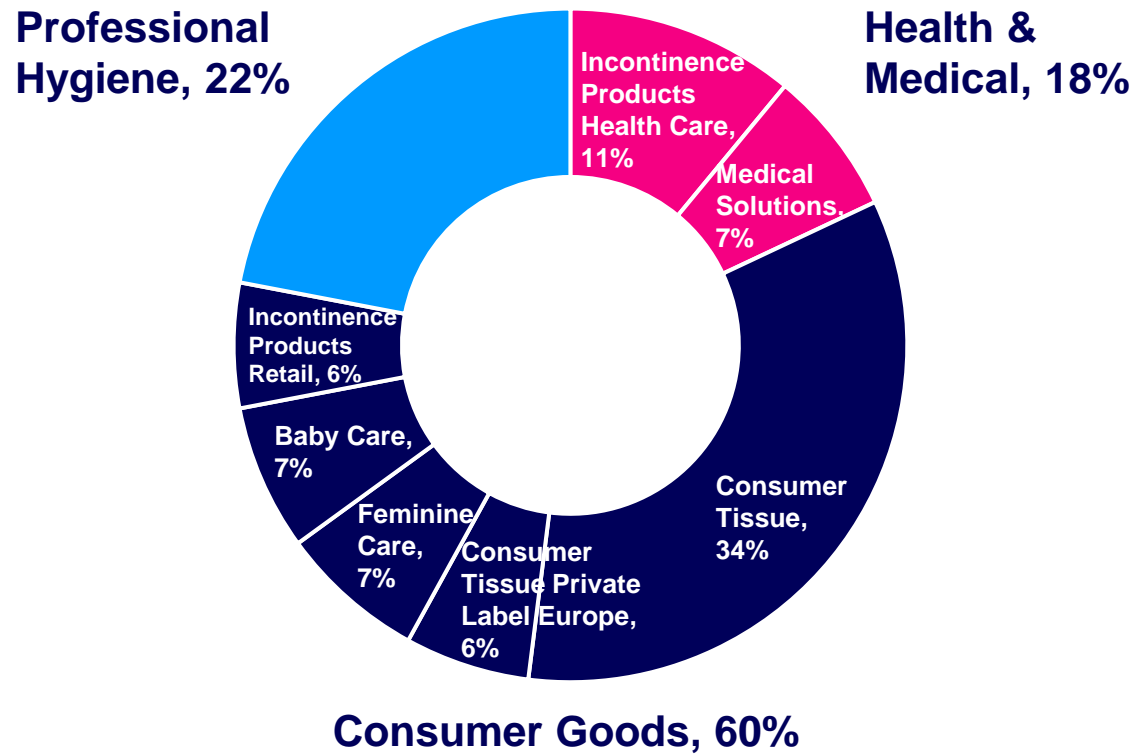
Professional Hygiene #1



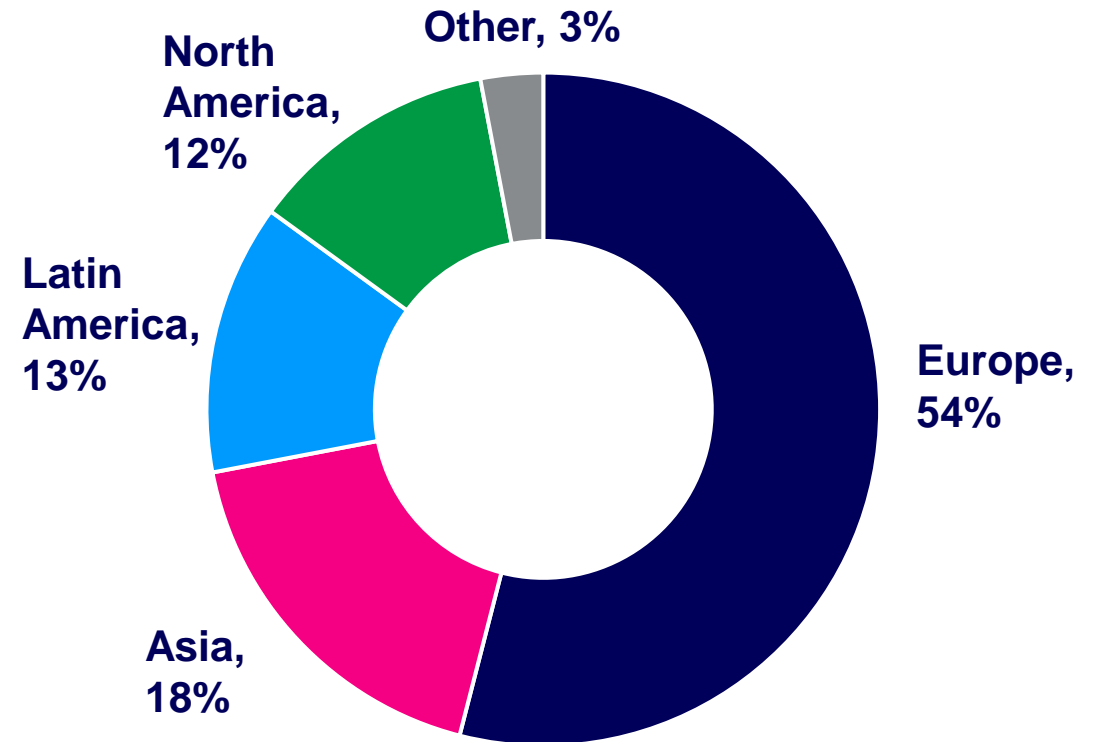
Source: The information has been compiled by Essity for presentation purposes based on data taken from external market sources including but not limited to retail audit companies, Price Hanna Consultants, SmartTRAK, Fastmarkets RISI and national macroeconomic data.

# Net Sales Split 2021<sup>1)</sup>

## By Business Area and Category



## By Geography



<sup>1)</sup> Proforma

# 2022 Priorities

- Price increases
- Cost savings
- Innovation, digitalization and sustainability
- Continued transformation with growth in high return businesses, organically and through acquisitions





# Forward-looking Statements

Certain statements in this presentation includes forward-looking statements, including statements reflecting management's current views relating to the growth of the market, future market conditions, future events, financial conditions, and expected operational performance, including, in particular the following: - Our goals, strategies and operational expectations; - Industry trends, future characteristics and development of the markets in which we operate; - Our future liquidity, capital resources, capital expenditures and cost savings; - The expected demand for new products and services as well as plans to launch new products and services including R&D expenditures; - The ability to deliver on future plans and to realize potential for future growth; - The expected performance of strategic cooperation activities and joint ventures; - The time until acquired entities and businesses will be integrated and accretive to income; and - Technology and industry trends including the regulatory and standardization environment in which we operate, competition and customer structure.

The words "believe," "expect," "foresee," "anticipate," "assume," "intend," "likely," "projects," "may," "could," "plan," "estimate," "forecast," "will," "should," "would," "predict," "aim," "ambition," "seek," "potential," "target," "might," "continue," or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Risks and uncertainties to which our forward-looking statements are subject include, without limitation: (1) the ability to successfully manage global financial risks, including foreign currency fluctuations, currency exchange or pricing controls and localized volatility; (2) the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow the Company to affect the expected share repurchases and dividend payments; (3) the ability to manage disruptions in credit markets or changes to our credit rating; (4) the ability to maintain key manufacturing and supply arrangements (including execution of supply chain optimizations, and sole supplier and sole manufacturing plant arrangements) and to manage disruption of business due to factors outside of our control, such as natural disasters and acts of war or terrorism; (5) the ability to successfully manage cost fluctuations and pressures, including prices of commodity and raw materials, and costs of labor, transportation, energy, pension and healthcare; (6) the ability to stay on the leading edge of innovation, obtain necessary intellectual property protections and successfully respond to changing consumer habits and technological advances attained by, and patents granted to, competitors; (7) the ability to compete with our local and global competitors in new and existing sales channels, including by successfully responding to competitive factors such as prices, promotional incentives and trade terms for products; (8) the ability to manage and maintain key customer relationships; (9) the ability to protect our reputation and brand equity by successfully managing real or perceived issues, including concerns about safety, quality, ingredients, efficacy or similar matters that may arise; (10) the ability to successfully manage the financial, legal, reputational and operational risk associated with third party relationships, such as our suppliers, distributors, contractors and external business partners; (11) the ability to rely on and maintain key company and third party information technology systems, networks and services, and maintain the security and functionality of such systems, networks and services and the data contained therein; (12) the ability to successfully manage uncertainties related to changing political conditions (including the United Kingdom's decision to leave the European Union) and potential implications such as exchange rate fluctuations and market contraction; (13) the ability to successfully manage regulatory and legal requirements and matters (including, without limitation, those laws and regulations involving product liability, intellectual property, antitrust, privacy, tax, environmental, and accounting and financial reporting) and to resolve pending matters within current estimates; (14) the ability to manage changes in applicable tax laws and regulations including maintaining our intended tax treatment of divestiture transactions; (15) the ability to successfully manage our ongoing acquisition, divestiture and joint venture activities, in each case to achieve the Company's overall business strategy and financial objectives, without impacting the delivery of base business objectives; and (16) the ability to successfully achieve productivity improvements and cost savings and manage ongoing organizational changes, while successfully identifying, developing and retaining key employees, including in key growth markets where the availability of skilled or experienced employees may be limited. For additional information concerning factors that could cause actual results and events to differ materially from those projected herein, please refer to our most recent Annual and Sustainability Report for a better understanding of these risks and uncertainties.

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