

# Interim Report

## Third Quarter 2021





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 and sustainability report for a better understanding of these risks and uncertainties.

# Key Achievements

## Q3 2021

- High innovation pace contributing to well-being and sustainability with launches in every category
- E-commerce increased 21.7% to 14% of sales
- Increased market shares for approx. 70% of branded sales in Retail
- Medical Solutions organic sales growth +9.7% with good growth in all product segments
- Price increases implemented and in preparation
- Acquisitions of Asaleo Care and Familia finalized
- Tissue production based on alternative fiber
- Increased scope for the new division Consumer Tissue Private Label Europe



# Financials

## Q3 2021 vs Q3 2020

- Organic sales growth +7.4% vs Q3 2020 and +1.9% vs Q3 2019
- Organic sales growth in Emerging Markets +10.2%
- Higher volumes, higher prices and better mix
- Cost savings of SEK 219m (YTD SEK 470m)
- Significantly higher costs for raw materials, energy and distribution

**Net Sales (Organic & Acquisitions)<sup>1)</sup>**

**SEK  
31,145m  
+8.6%**

**Sales Growth  
(Organic & Acquisitions)<sup>1)</sup>**

**+9.7%  
Organic:  
+7.4%**

**Adjusted  
EBITA<sup>2)</sup>**

**SEK  
3,586m  
-13%**

**Adjusted  
EBITA Margin<sup>2)</sup>**

**11.5%  
-290bps**

**Operating  
Cash Flow**

**SEK  
3,676m  
+20%**

**Earnings  
per Share**

**SEK  
3.90  
+21%**

**Adjusted  
ROCE<sup>2)</sup>**

**12.3%  
-240bps**

**Adjusted  
ROE<sup>2)</sup>**

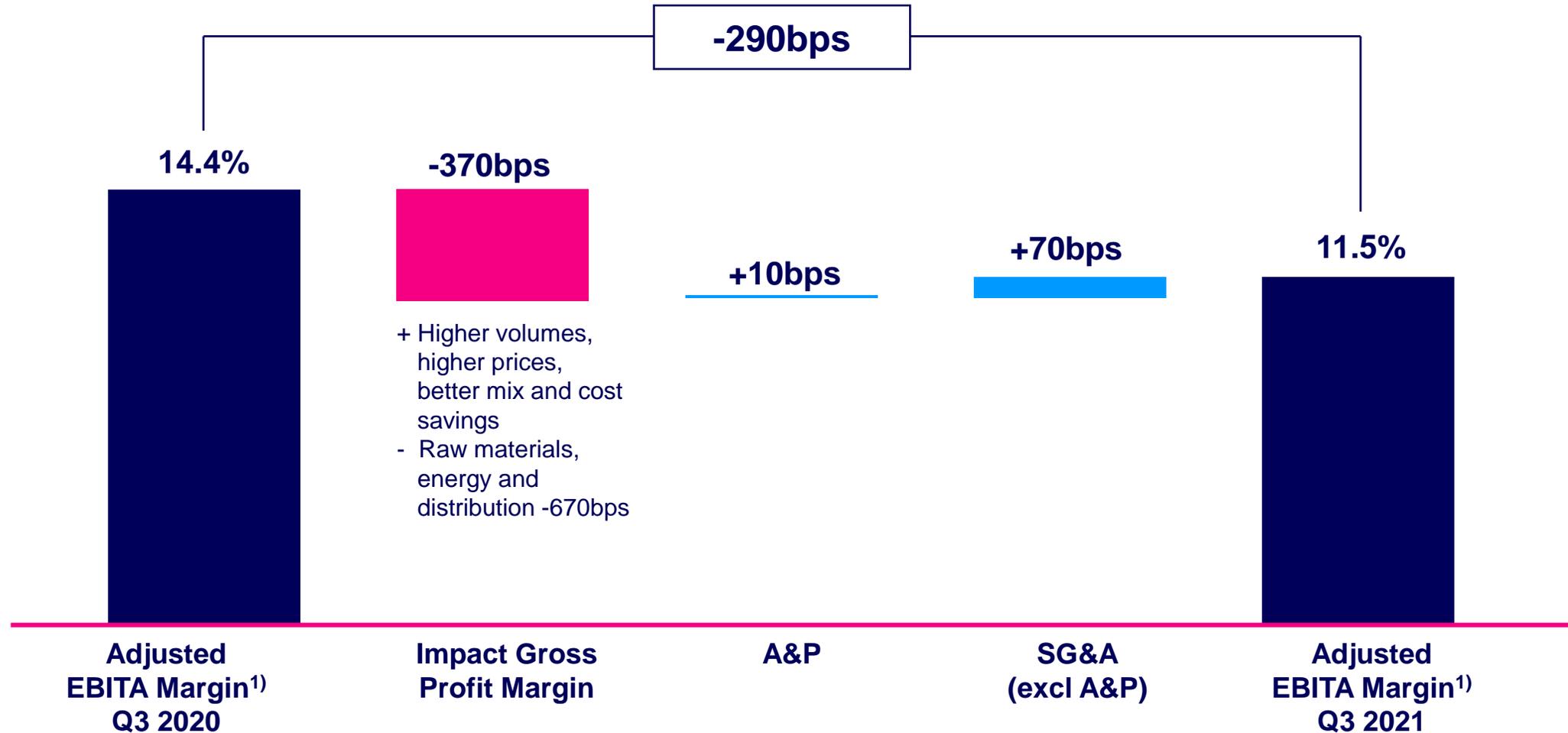
**14.6%  
-190bps**

<sup>1)</sup> Net sales which excludes exchange rate effects and divestments

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

# Adjusted EBITA Margin

## Q3 2021 vs Q3 2020



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

# Continuing Our Transformation – New Business Areas

Leveraging Accelerating Trends, Shifting Customer Needs and Essity's Strengths

## 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

# Financial Targets and Policies

## New Sales Growth Target

Sales growth<sup>1)</sup>

Target

>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> Net sales including organic sales growth and acquisitions

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

# Consumer Tissue Private Label Europe Division

- Proforma 9M 2021 net sales approx. SEK 5bn
- Approx. 1,900 employees and seven sites in Belgium, France, Germany and Italy
- Better meet private label customers' needs and demands
- Effective, competitive and well-invested production structure
- Process expected to be finalized year-end 2021



# Sustainability Journey

## Supporting Net Zero

- Tissue production based on alternative fiber pulp from wheat straw up and running in Germany
- World's first tissue machine running a fully geothermal steam in New Zealand
- Recycling of food and beverage cartons in France



# Innovations with Well-being and Sustainability in Focus

## Q3 2021



# Innovations with Well-being and Sustainability in Focus

## Q3 2021



# Innovations with Well-being and Sustainability in Focus

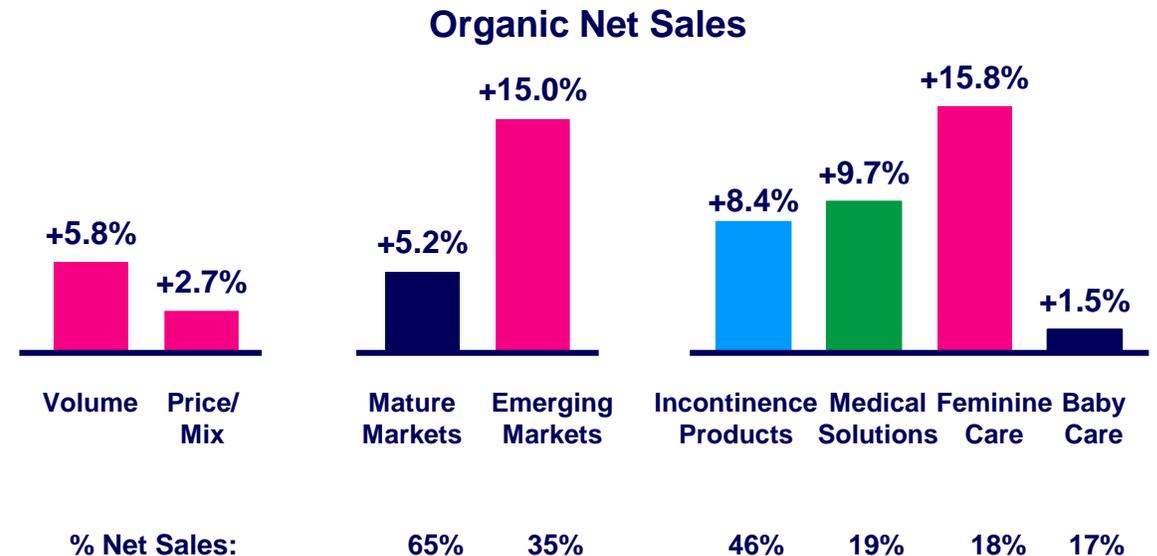
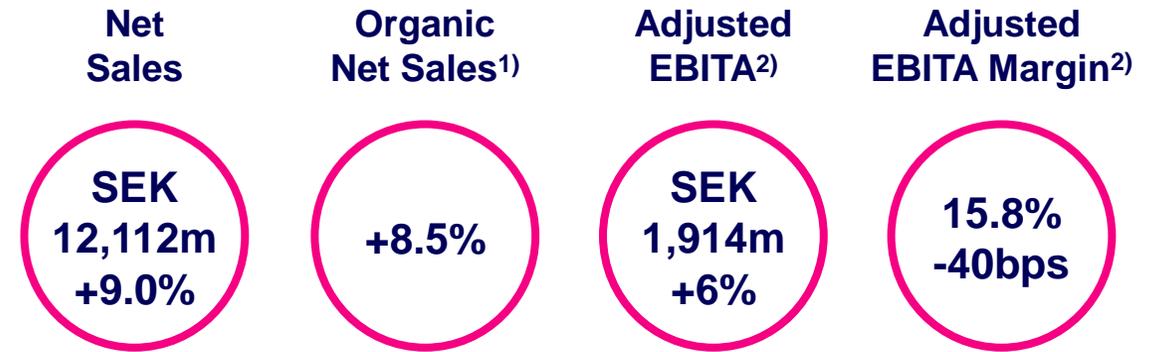
## Q3 2021



# Personal Care

## Q3 2021 vs Q3 2020

- Strong organic sales growth
- Higher sales compared to Q3 2019
- Strong profitability
- Strong organic sales growth and profitability in Medical Solutions
- Higher volumes, higher prices, positive mix and costs savings
- Higher costs for raw material and distribution
- Price increases implemented and in preparation



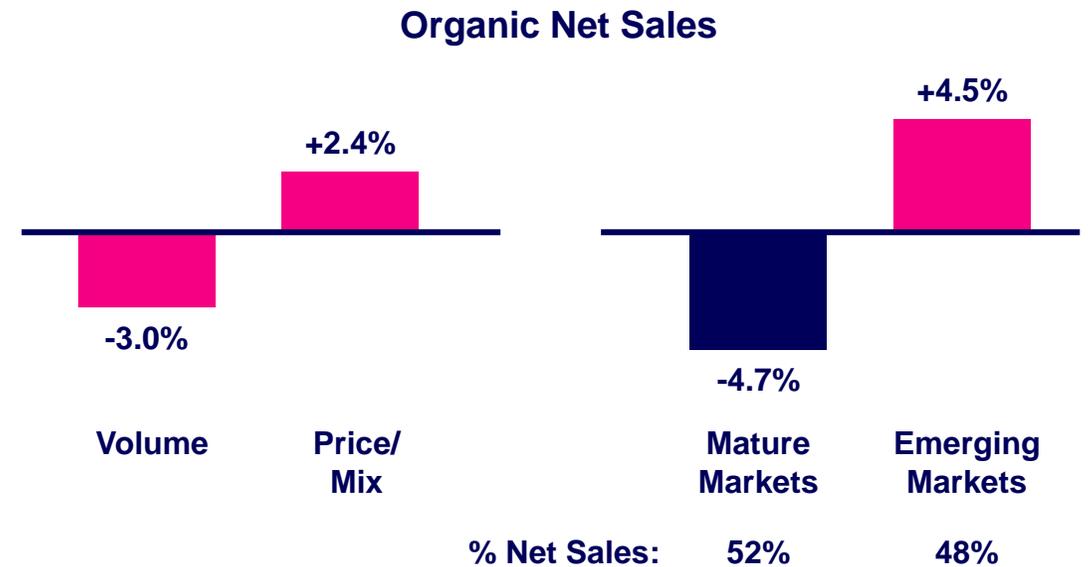
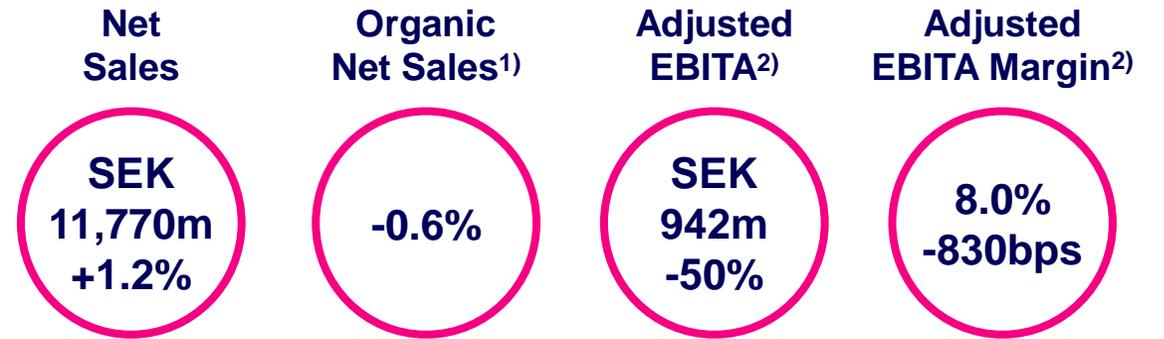
<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments

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

# Consumer Tissue

## Q3 2021 vs Q3 2020

- Higher prices, better mix and costs savings
- Higher costs for raw material, energy and distribution
- Lower volumes in Private Label
- Price increases implemented and in preparation



<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments

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

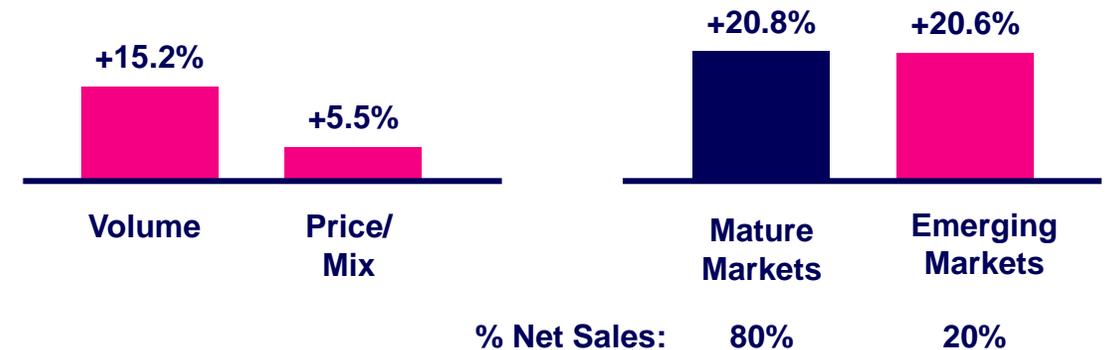
# Professional Hygiene

## Q3 2021 vs Q3 2020

- Strong organic sales growth
  - North America +31%
  - Strong improvement during the quarter, +12.9% organic sales growth Q3 vs Q2 2021
- Strong profitability improvement
- Higher volumes, higher prices, positive mix and costs savings
- Higher costs for raw material, energy and distribution
- Price increases implemented and in preparation



### Organic Net Sales



<sup>1)</sup> Net sales which excludes exchange rate effects, acquisitions and divestments

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

# Priorities for Profitable Growth

## Short-term

- Accelerate sales
- Price increases
- Cost savings
- Consumer Tissue Private Label Europe Division

## Long-term

- Innovation and expanding offerings
- Manufacturing Roadmap
- Acquisitions in high margin categories
- Digital transformation in all areas
- Continue to lead in sustainability





# Welcome to Essity's Virtual Capital Markets Day

November 3,  
2021

