

# Welcome to the Presentation of Essity's Half-year Report 2022



**Magnus Groth**  
President and CEO



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CFO and Executive  
Vice President



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# Half-year Report 2022





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.



# Summary Q2 2022

- Strong sales growth with significant price increases and higher volumes
- Sequential EBITA improvement
- Continued severe cost inflation
- Successful investments in innovation and brands
- Online sales increased 25% to 15% of sales
- Acquisitions of Knix and Modibodi - leading Leakproof Apparel companies



# Financials

## Q2 2022 vs Q2 2021

Net Sales



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



Adjusted  
EBITA<sup>2)</sup>



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



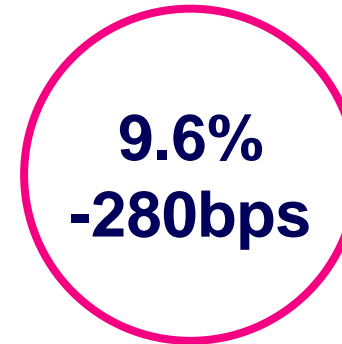
Operating  
Cash Flow



Adjusted Earnings  
per Share<sup>3)</sup>



Adjusted  
ROCE<sup>2)</sup>



Adjusted  
ROE<sup>2)</sup>



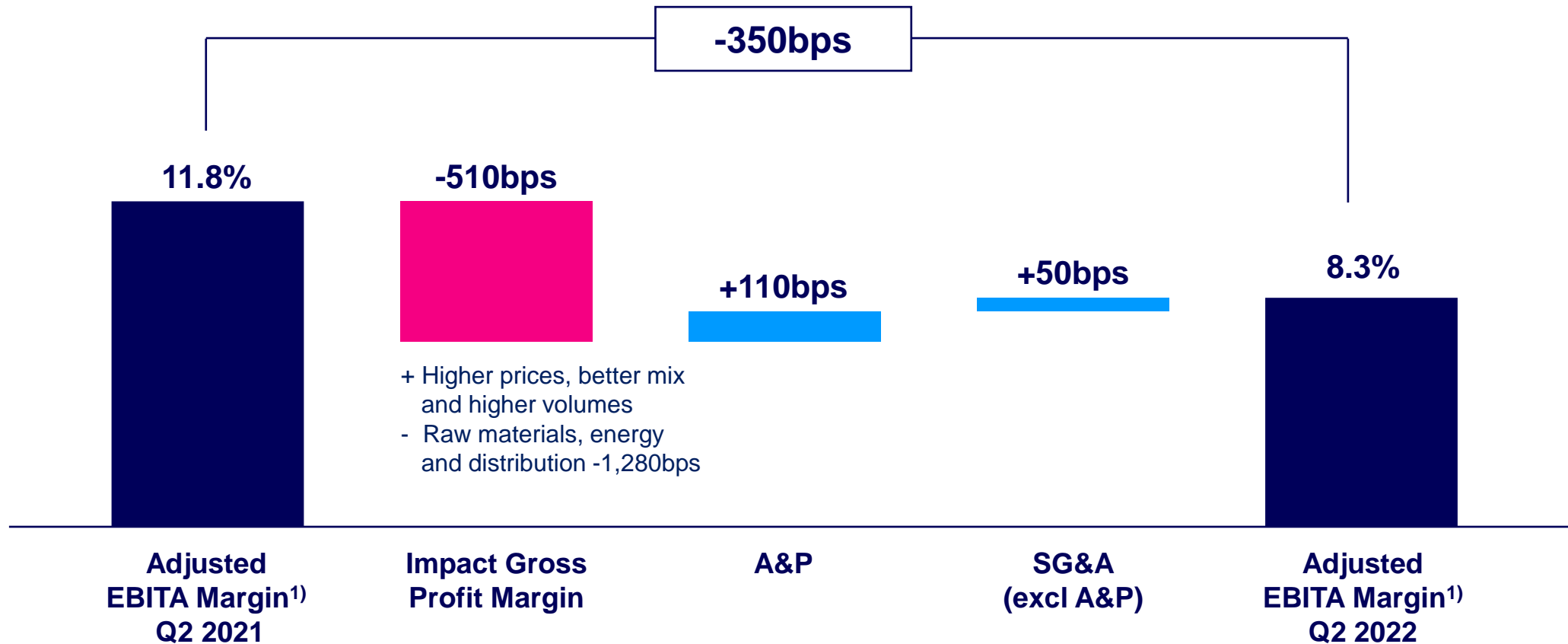
<sup>1)</sup> Net sales which excludes exchange rate effects and divestments

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

<sup>3)</sup> Excluding items affecting comparability and amortization of acquisition-related intangible assets

# Adjusted EBITA Margin

## Q2 2022 vs Q2 2021



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



# Innovating for Increased Well-being





# Higher Productivity

- Operational efficiency improvement
- Digitalization of processes
- Logistics and distribution savings – Demand Planning, Warehouse Excellence, Distribution Smart Hubs, Supply Planning
- Material rationalization
- Sourcing savings
- Savings negatively impacted by significant cost inflation

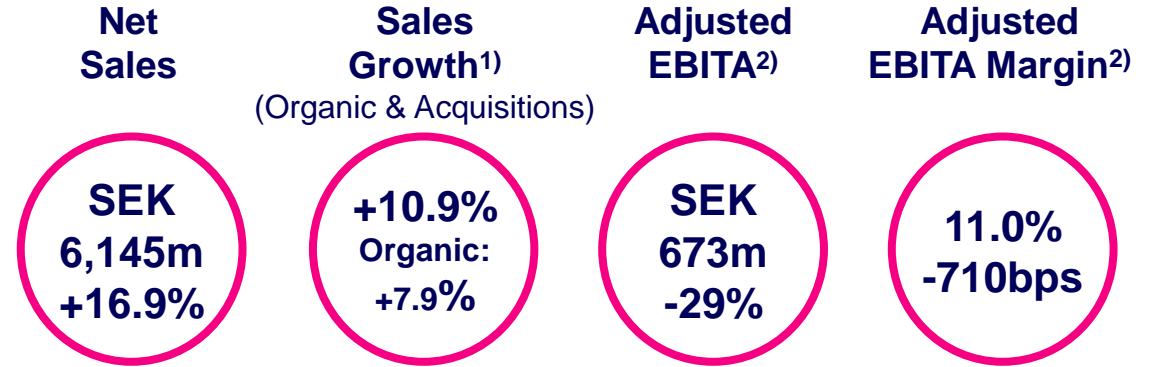




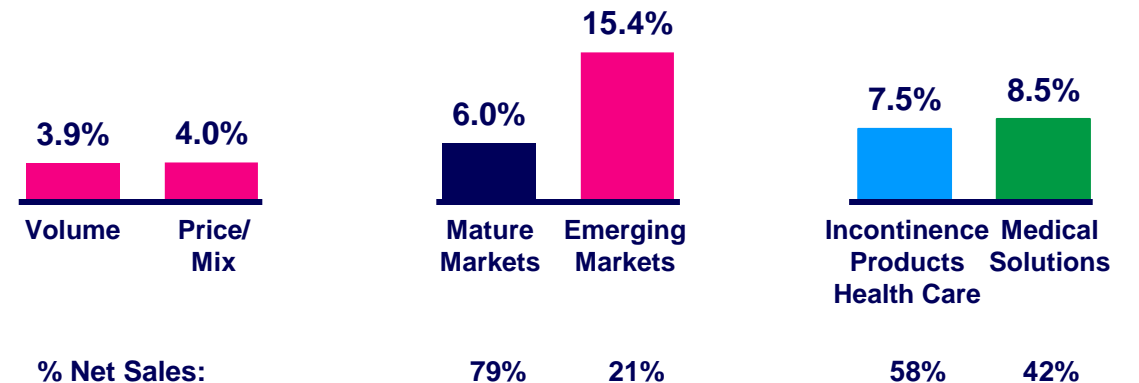
# Health & Medical

## Q2 2022 vs Q2 2021

- Strong organic sales growth
- Higher volumes, higher prices and better mix
- Significantly higher costs for raw material, energy and distribution (margin impact: -920bps)
- Price increases implemented and further increases during second half 2022



### Organic Sales Growth



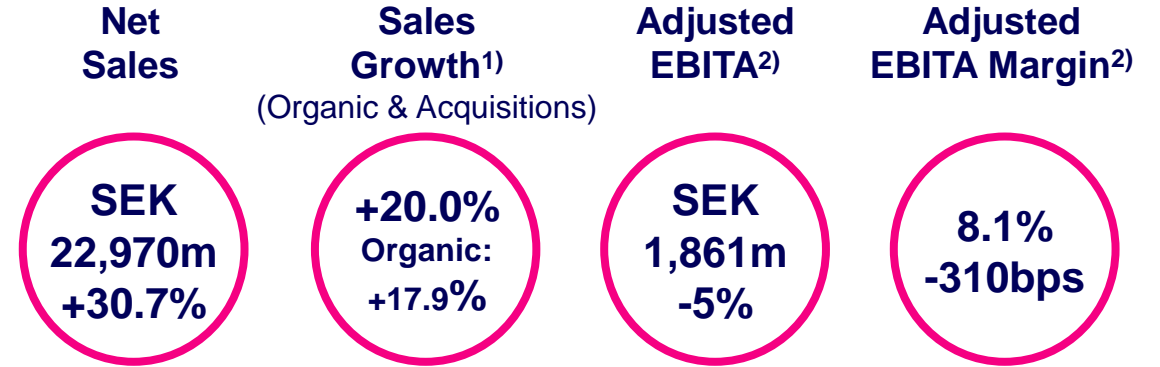
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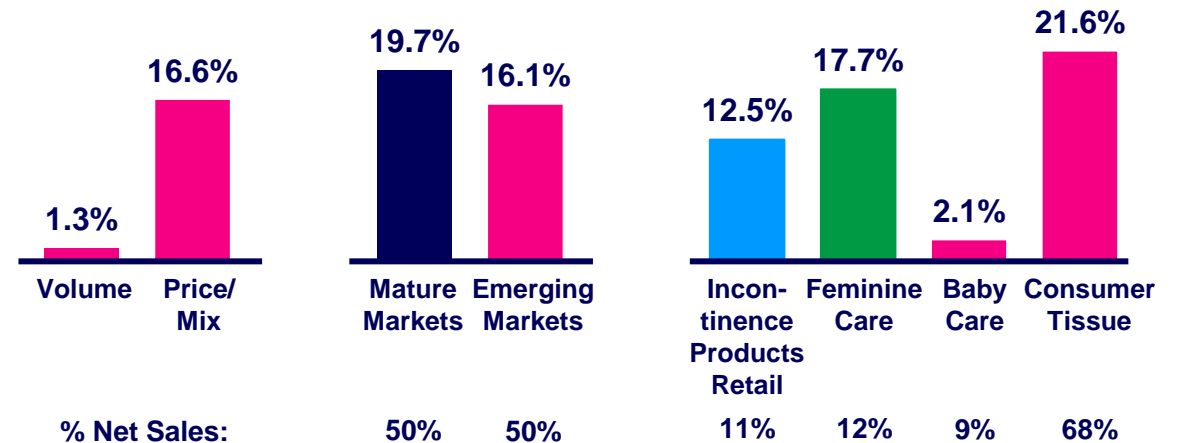
# Consumer Goods

## Q2 2022 vs Q2 2021

- Strong organic sales growth
- Higher volumes, higher prices and better mix
- Significantly higher costs for raw materials, energy and distribution (margin impact: -1,450bps)
- Significant price increases implemented and further increases during second half 2022
- Acquisitions of Knix and Modibodi
- Exit of baby diapers in Latin America



### Organic Sales Growth



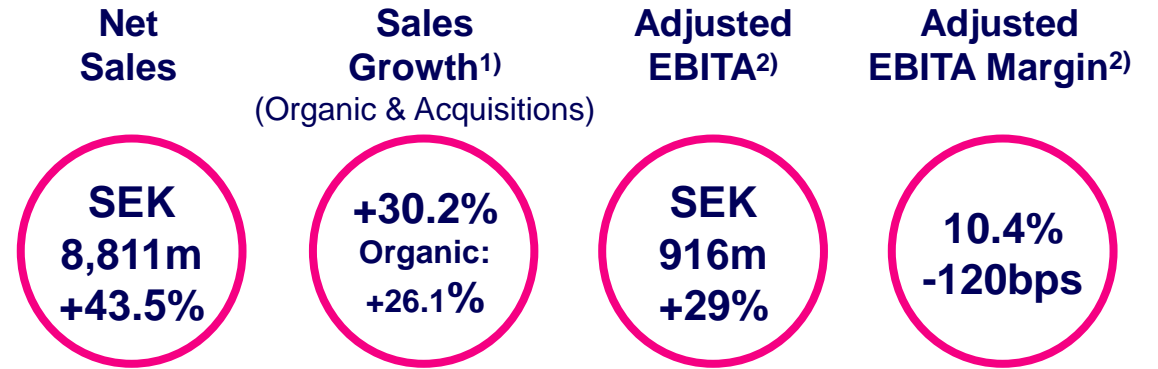
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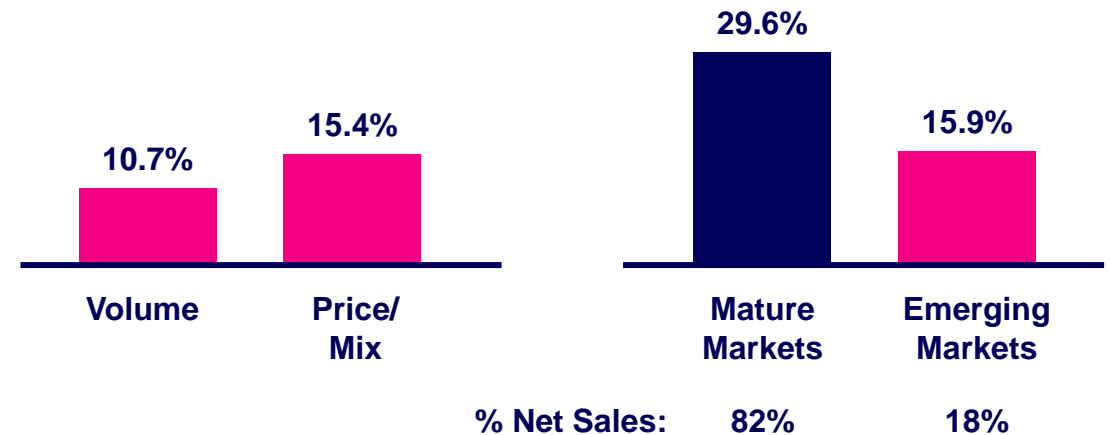
# Professional Hygiene

## Q2 2022 vs Q2 2021

- Strong organic sales growth
- Higher volumes, higher prices and better mix
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### Organic Sales Growth



Think ahead.

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



# Taking Global Lead in Leakproof Apparel

Acquisitions of Knix & Modibodi



# Intimate Hygiene

## Feminine Care

Solutions for women to care for intimate well-being

### Period Care



### Daily Intimate Care



### For Women



### For Men



## Incontinence Care

Solutions absorbing urine and providing care for incontinence related skin issues



# Leakproof Apparel

The fastest growing segment within Intimate Hygiene

- Includes period pants and incontinence underwear
- Today ~7% of the Intimate Hygiene market
- Expected CAGR 2021-2026 above 20%

Source: Estimate based on market data compiled by Essity excluding Asia.





# Consumers Shifting To Reusable, Leakproof Apparel

Sustainable

Comfortable,  
discreet  
and reliable

Increasing  
Availability &  
Awareness





knix



# What Began As An Idea Has Become A Category Defining Brand

Category Creators



Product Innovators



A Brand Movement







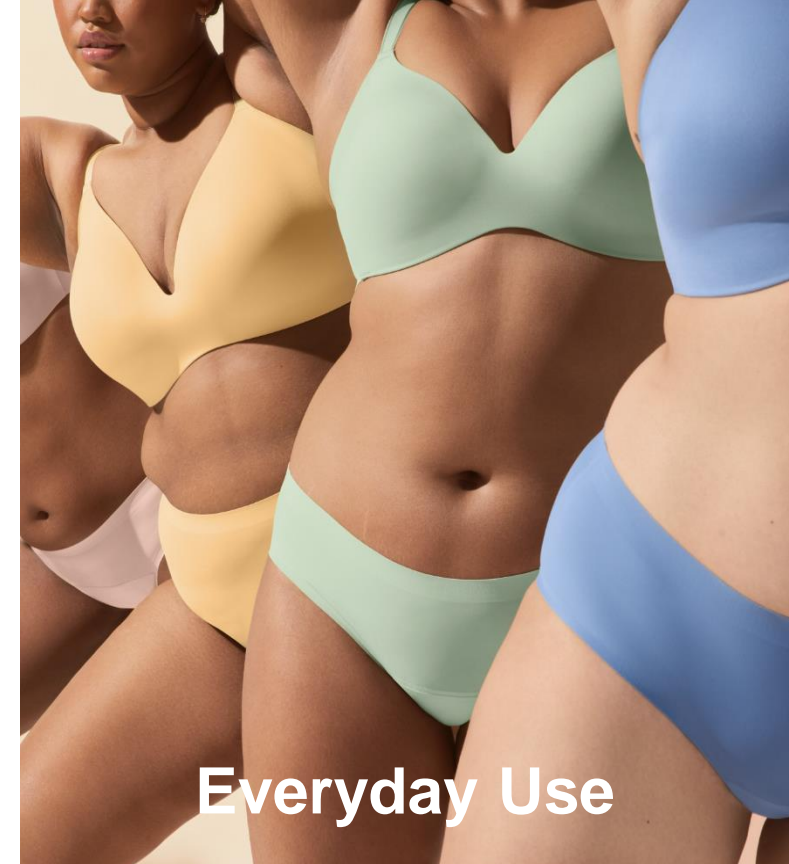
## “We’re Redefining Intimates”

- Leading player in leakproof period and incontinence wear
- Assortment of functional intimate apparel and activewear
- Bold innovator with strong and trusted brand
- Best in class digital capabilities, 98% of sales DTC
- ~30% market share in North America
- Sales approximately equally split between US and Canada
- High gross margins and capital light



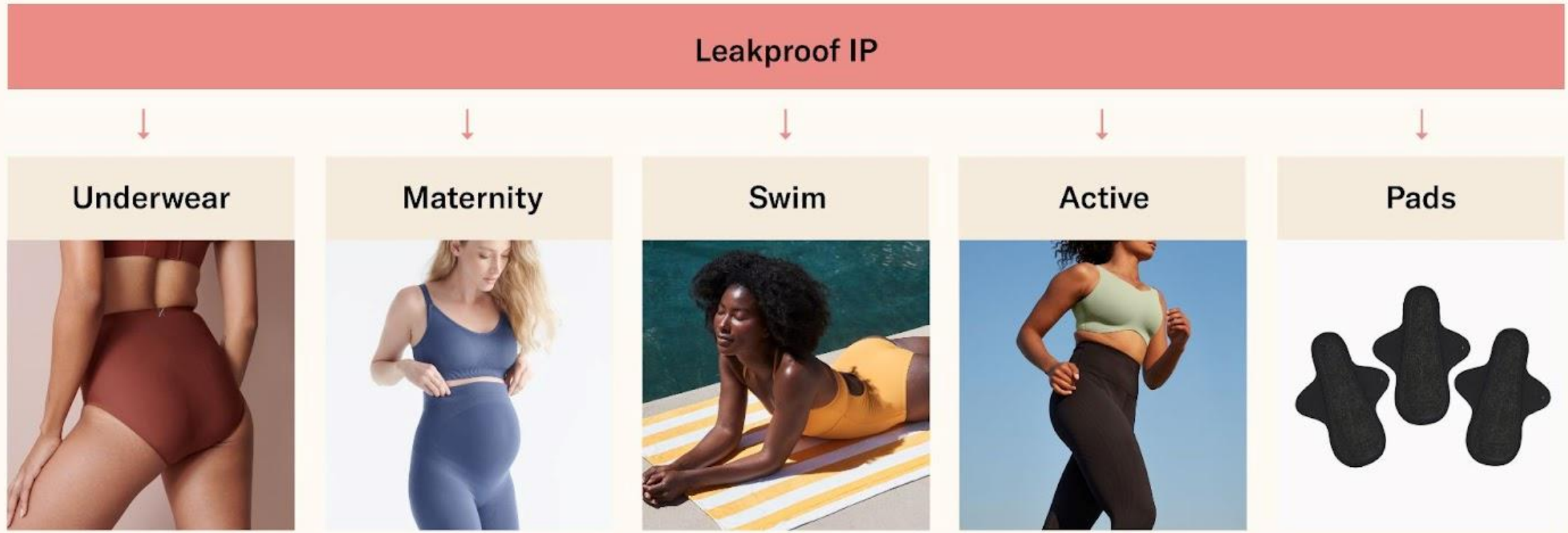
# knix

## Enjoy worry-free protection





**By combining performance, our leakproof technology and design, Knix is reinventing products across the intimates category**





Multi-generational:

# Knix is there for Her Through Every Stage of Life



Teen

**Kt.** BY KNIX



Young Adult



Maternity / Postpartum



Menopause



Later In Life

## How Knix Approaches Her: Storytelling First, Selling Second

Through Knix's customers the brand is inspiring women everywhere to be comfortable and confident in their skin. They are:

### The Models



### The Inspiration



### The Ambassadors



# Knix Transaction

- Purchase price: USD 320m (SEK ~3.3bn) on a cash and debt free basis for 80% of Knix Wear Inc
- Founder and CEO Joanna Griffiths owns remaining 20%
- High gross margins and capital light
- The completion of the transaction is subject to customary regulatory approvals
- Expected to be finalized second half of 2022

## Knix Financials 2021

- Net sales: SEK 914m
- Sales growth: 97%
- EBITDA: SEK 95m
- EBITA: SEK 92m
- EBITA margin: 10.0%
- Employees: ~200



# Modibodi®

- Full portfolio of reusable, sustainable, leakproof apparel utilizing patented Modifier Technology™
- Multi-awarded with strong brand and sustainability credentials
- Strong D2C competency with 95% of sales online
- #1 in Australia with market share of ~40%
- High gross margin enabling high brand investment
- Purchase price: AUD 140m (SEK ~985m) on a cash and debt free basis
- Net sales 2021: SEK ~365m



# Building the Fastest Growing Company in Intimate Hygiene

## Global Lead in Leakproof Apparel





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# Q&A



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