

# Year-end Report 2023



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.

The amounts stated in this presentation pertain to Continuing Operations unless otherwise indicated.







For everybody and every body

Every day our brands care for the hygiene and health of a billion people across 150 countries.



# Essity – A Global, Leading Hygiene and Health Company

**147.1** Net sales 2023  
SEKbn

**18.9** Adjusted EBITA 2023  
SEKbn

**36,000**  
employees



Every day our brands care for the  
hygiene and health of a billion people  
across 150 countries



# Key Achievements 2023

**Highest profit ever and strong platform for growth**

**Substantially improved structural margins for all business areas**

**Good progress on key priorities – innovation, efficiency and sustainability**

**Pre-conditional public offer announced for the shares in Vinda – enabling more attractive portfolio**



# Pre-conditional Public Offer Announced for 100% of Shares in Vinda

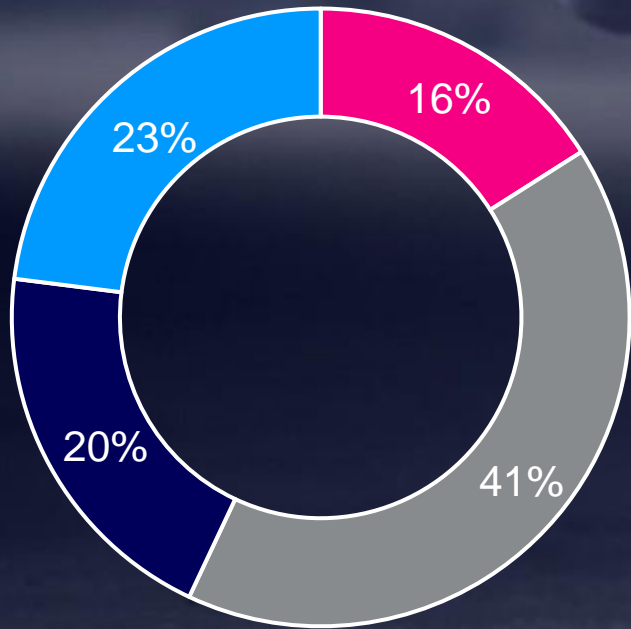
Attractive offer yielding an annual return on the investment of approx. 14% at an EV/EBITDA multiple of 18.1x

- Isola Castle Ltd has announced that it will make a pre-conditional public offer to acquire 100% of Vinda for a price per share of HKD 23.5
- Essity has signed an irrevocable undertaking to accept the offer in respect its 51.59% shareholding in Vinda
- Cash proceeds to Essity of approx. HKD 15bn (SEK 19bn)
- An exclusive license to continue to market and sell certain Essity branded products will be offered to Vinda after closing of the transaction to replace the existing license agreement
- The transaction is expected to be completed mid-2024
- Essity classifies the financial reporting of Vinda as discontinued operations as of Q4 2023

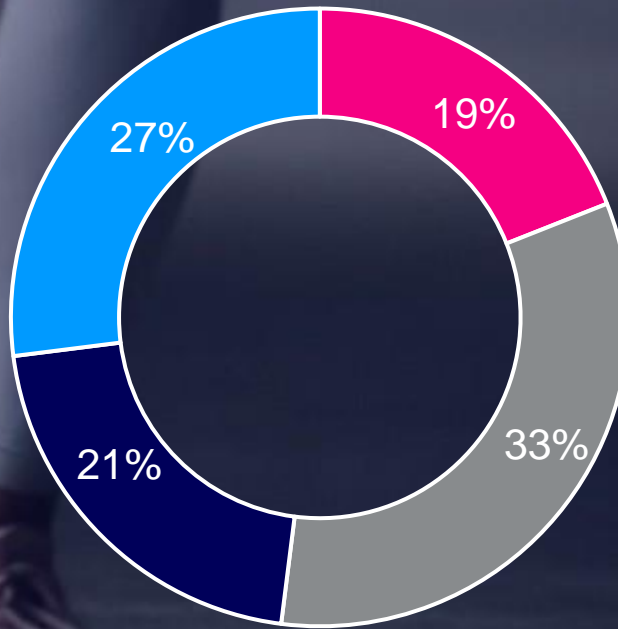


# Long-term Portfolio Direction

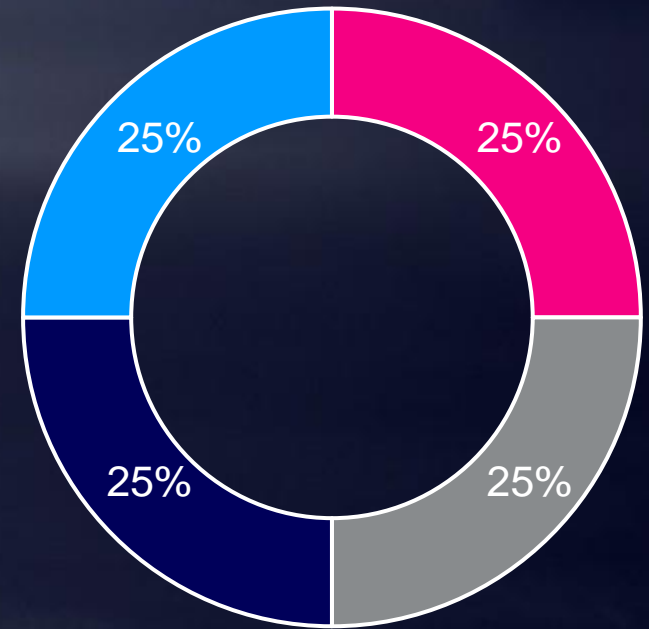
Net Sales Split 2022



Net Sales Split 2023



Long-term Direction



Consumer Goods

Health & Medical

Professional Hygiene

Personal Care

Consumer Tissue



# Value Creating Acquisitions

**familia**

**COACH** | **ZONAS** | **ELASTIKON**

**Legacy**

**asaleo**  
care

**AquaCast**  
LINER

**Modibodi**

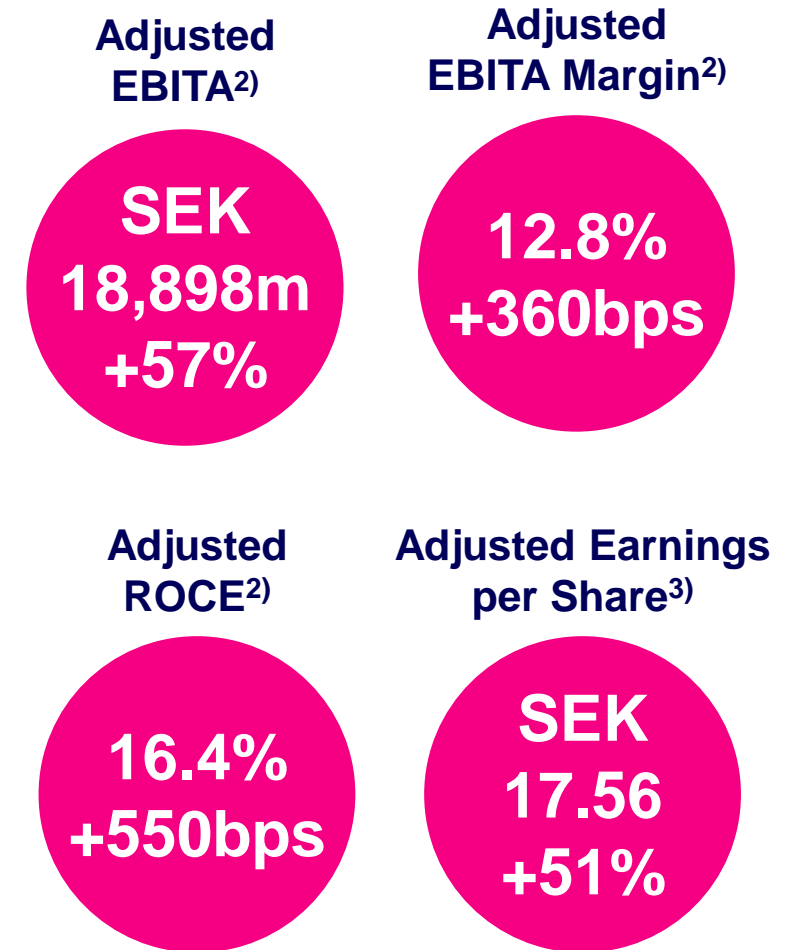
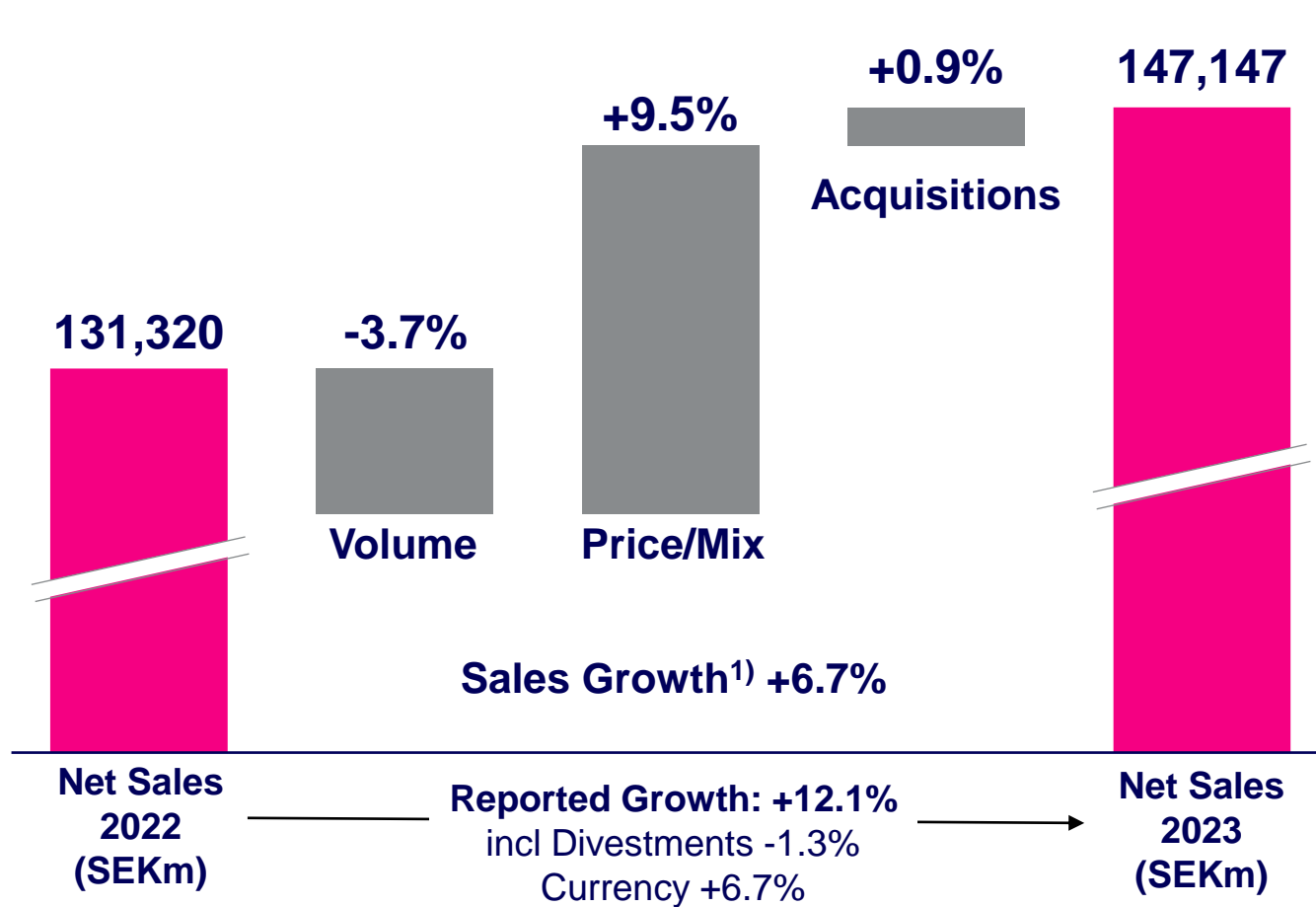
**abigo**

**Hydrofera**

**knix**



# 2023 - Strong Sales Growth, Record High Adjusted EBITA



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

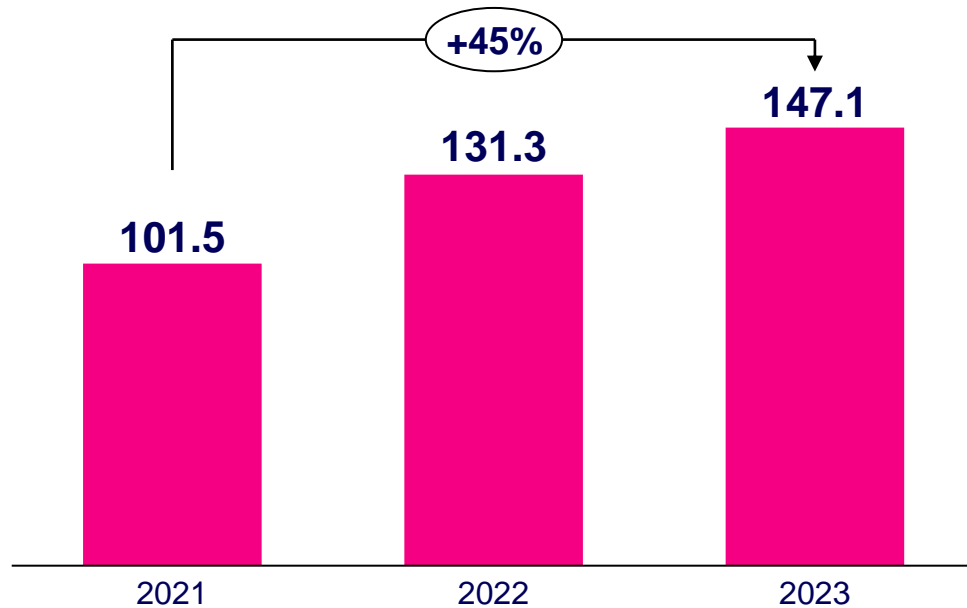
<sup>2)</sup> Excluding items affecting comparability

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

# Strong Development of Sales and Profits

## Net Sales

SEKbn

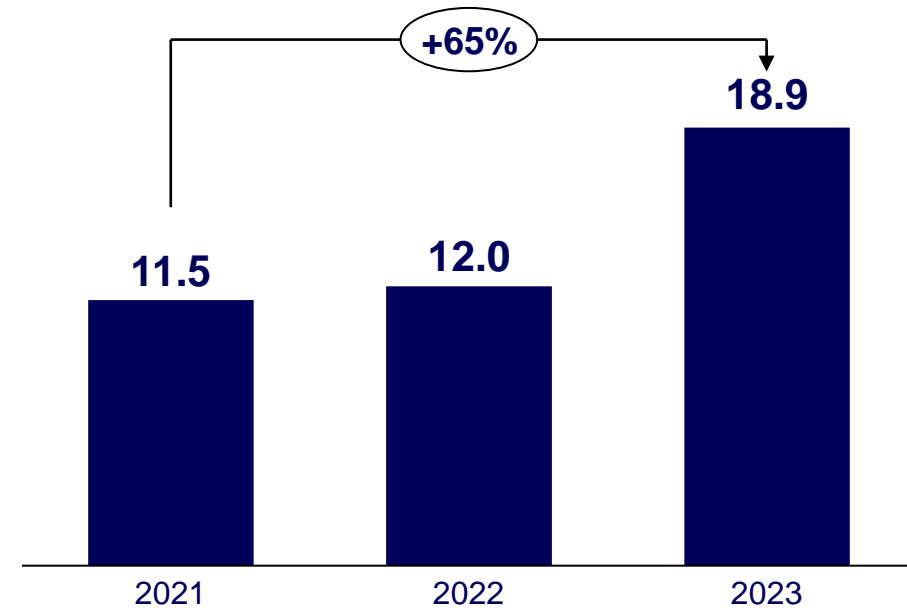


Sales Growth<sup>2)</sup>

2021: +4.0%    2022: +19.7%    2023: +6.7%

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

SEKbn



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

2021: +11.3%    2022: +9.2%    2023: +12.8%

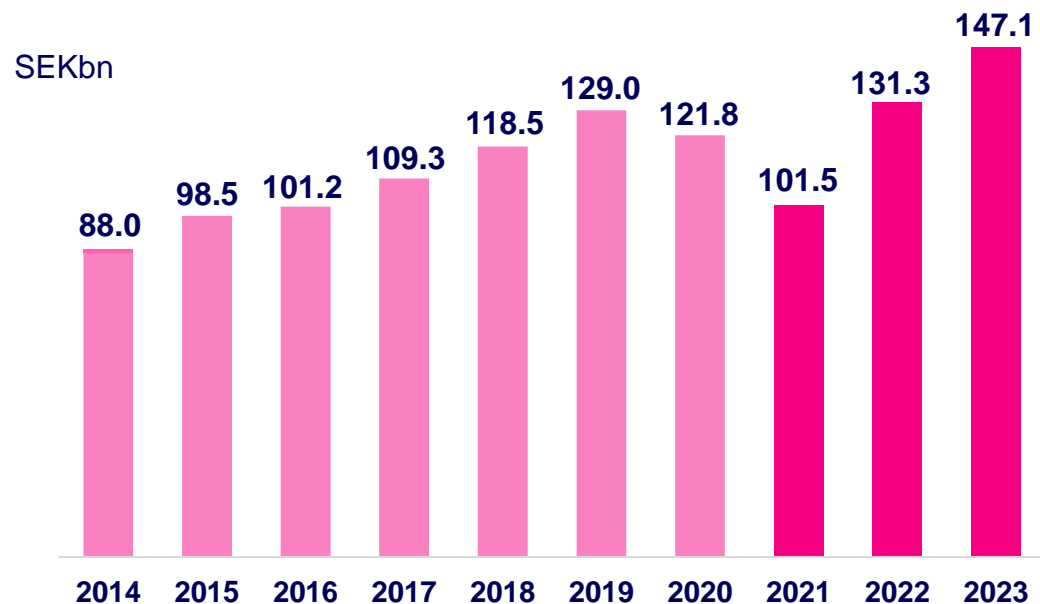
<sup>1)</sup> Excluding items affecting comparability

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

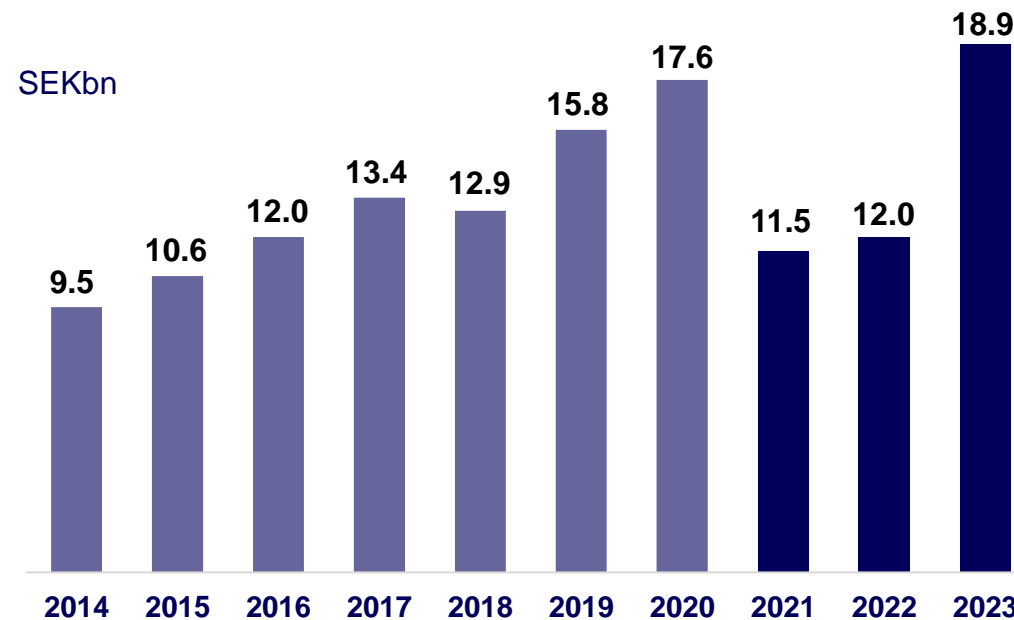


# Strong Development of Sales and Profits

## Net Sales



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



Sales Growth<sup>2)</sup> +6% +6% +7.5% +5.0% +4.5% -1.8% +4.0% +19.7% +6.7%

Adjusted EBITA Margin<sup>1)</sup> 10.8% 10.8% 11.8% 12.3% 10.9% 12.3% 14.5% 11.3% 9.2% 12.8%

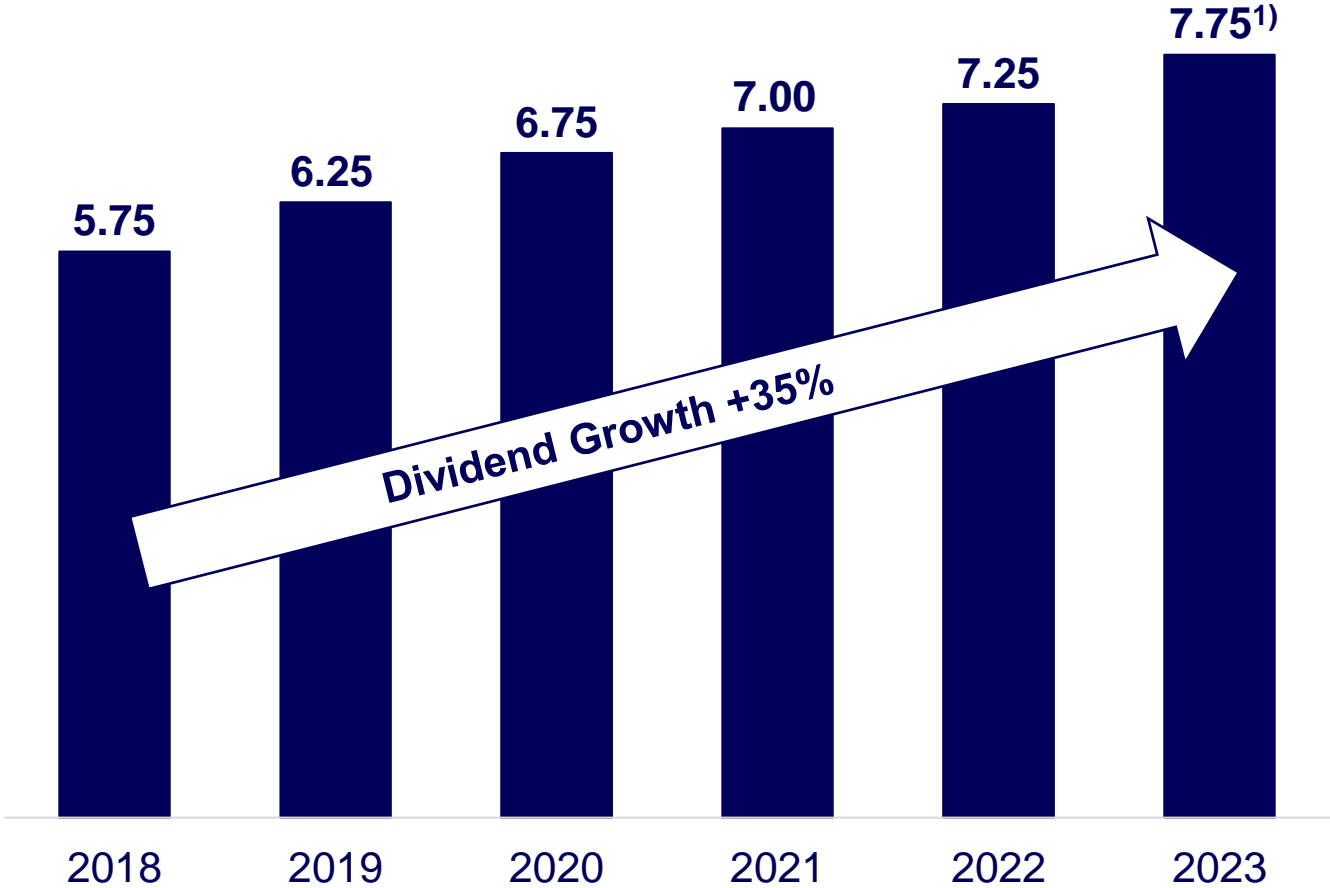
<sup>1)</sup> Excluding items affecting comparability

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

2014-2020 Not restated. 2021-2023 Vinda classified as discontinued operations.

# Dividend

Proposed Dividend<sup>1)</sup>



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



# Financial Summary

## Q4 2023 vs Q4 2022

Net Sales

**SEK  
36,625m  
+0%**

Sales Growth<sup>1)</sup>

**-0.7%  
Organic:  
-0.7%**

Adjusted  
EBITA<sup>2)</sup>

**SEK  
4,853m  
+18%**

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

**13.3%  
+210bps**

Adjusted  
ROCE<sup>2)</sup>

**17.1%  
+320bps**

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

**SEK 4.54  
+21%**

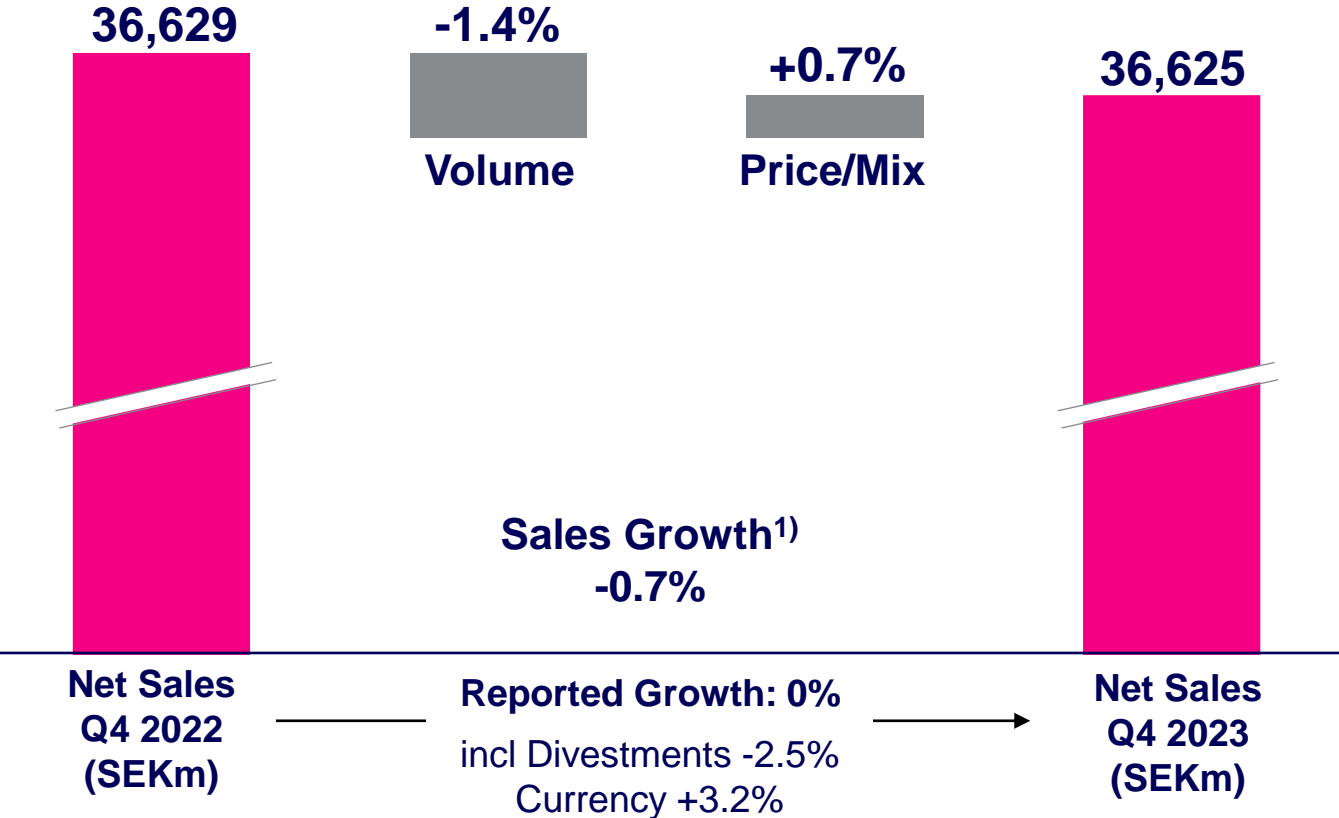
<sup>1)</sup> Including organic sales growth and acquisitions

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

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



# Positive Mix and Higher Underlying Volumes



**Volume growth of +1.2% excluding** restructuring in Professional Hygiene and deliberate exits of contracts with insufficient profitability in Incontinence Products Health Care and Baby Care

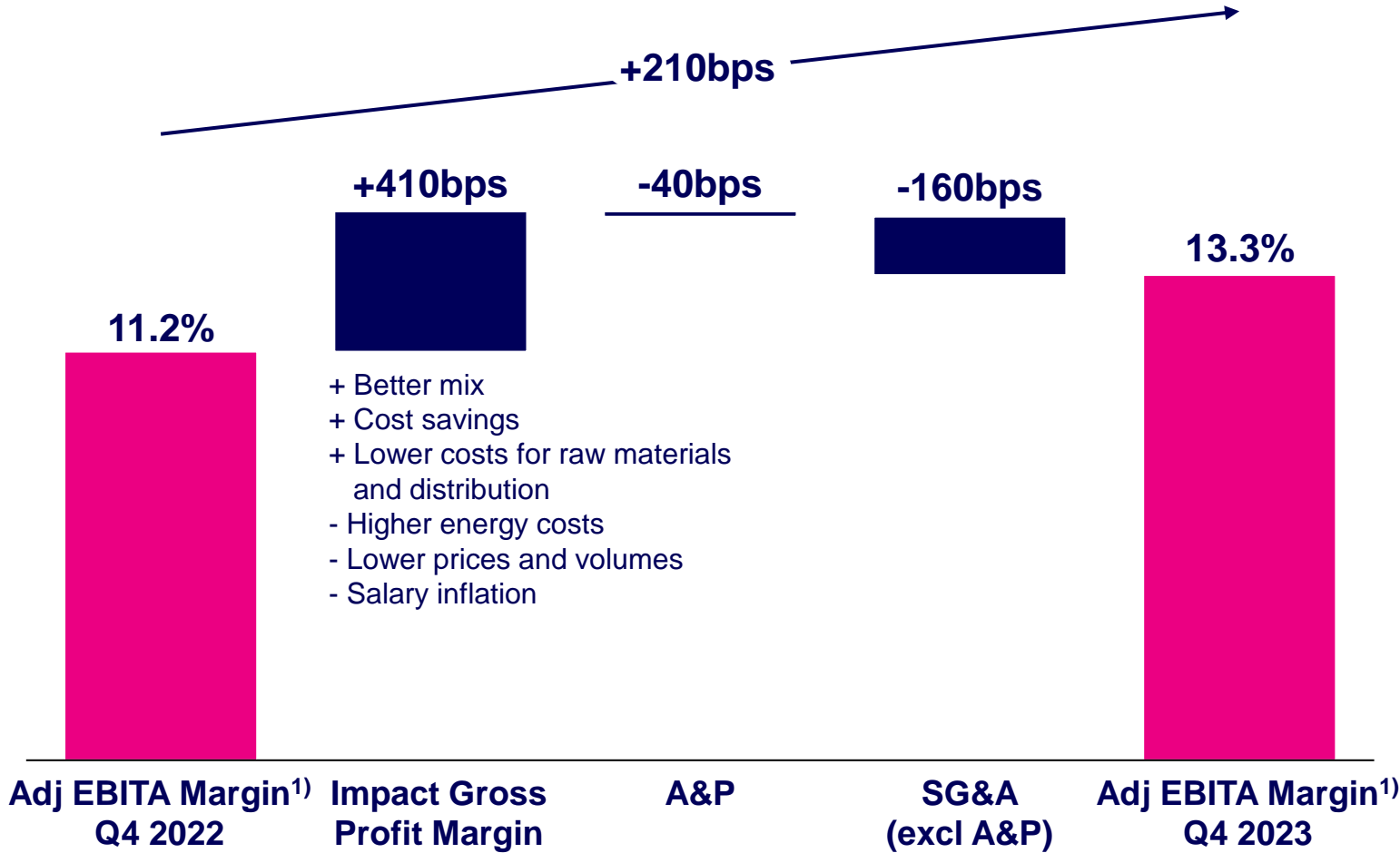
**Better mix +0.9%**

**Prices down -0.2%**

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



# Higher Adjusted EBITA Margin



**Adjusted EBITA margin growth** driven by **better mix** and **cost savings of SEK 377m** as well as **lower costs** for raw material and distribution

**A&P higher** to support product launches

**SG&A higher** mainly related to salary inflation

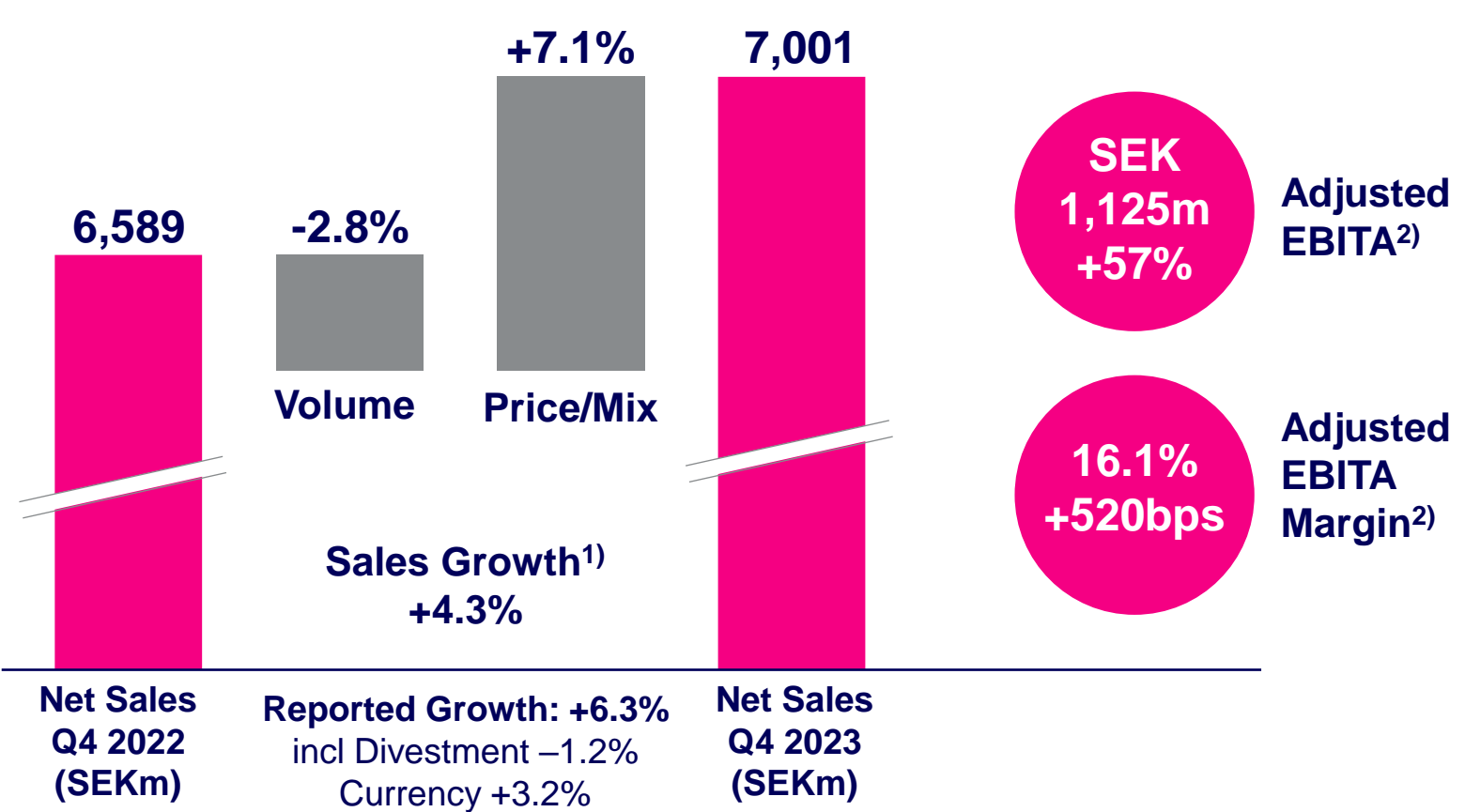
<sup>1)</sup> Excluding items affecting comparability

# Health & Medical



# Health & Medical

## Good Sales Growth and Strong Margin Development



### Incontinence Products Health Care +3.4%

Higher prices and better mix  
Lower volumes related to exits of contracts with inadequate profitability

### Medical Solutions +5.4%

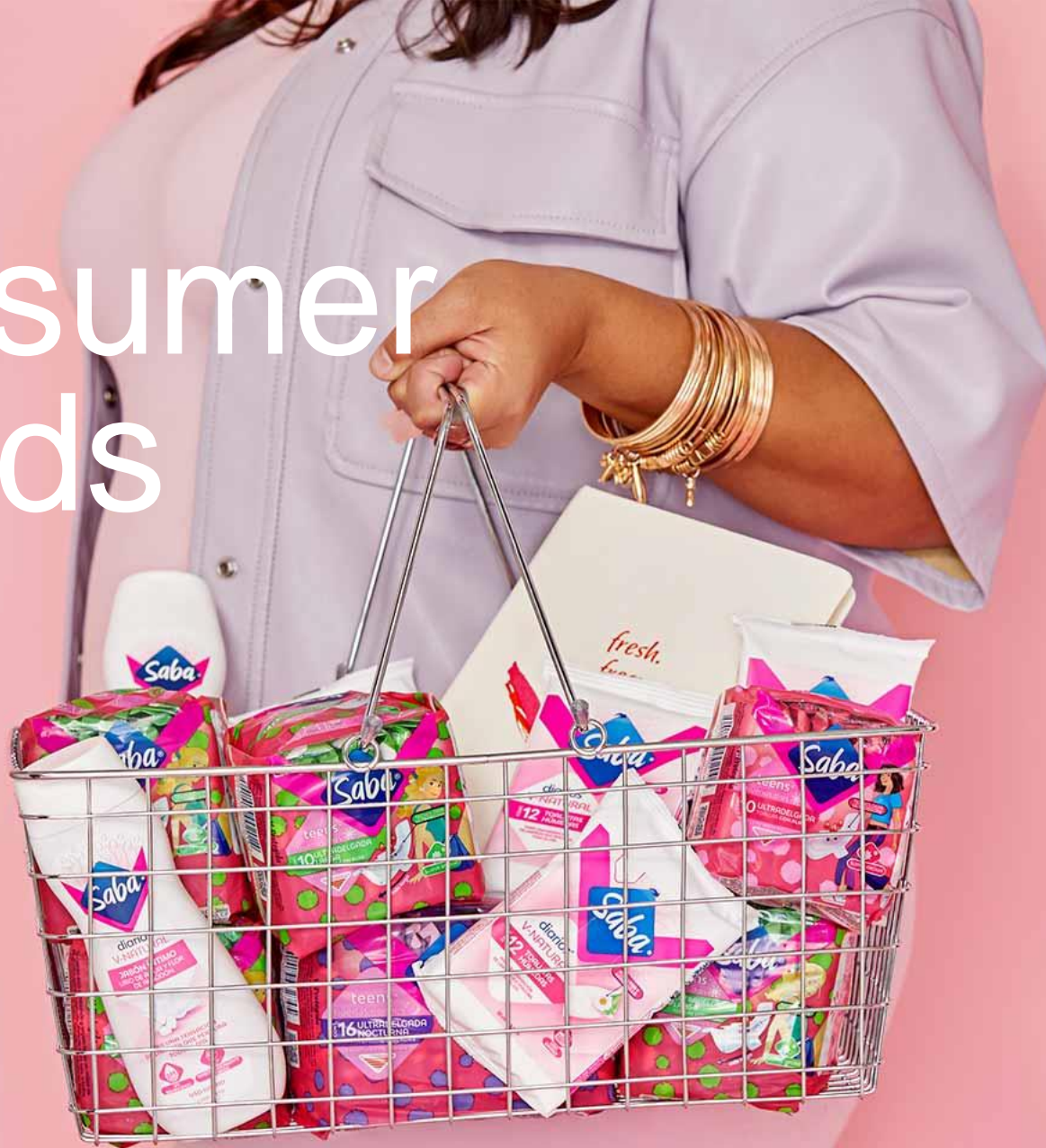
Good growth in all three product segments; Wound Care, Compression Therapy and Orthopedics

**Significantly higher adjusted EBITA and adjusted EBITA margin**

<sup>1)</sup> Including organic sales growth and acquisitions  
<sup>2)</sup> Excluding items affecting comparability

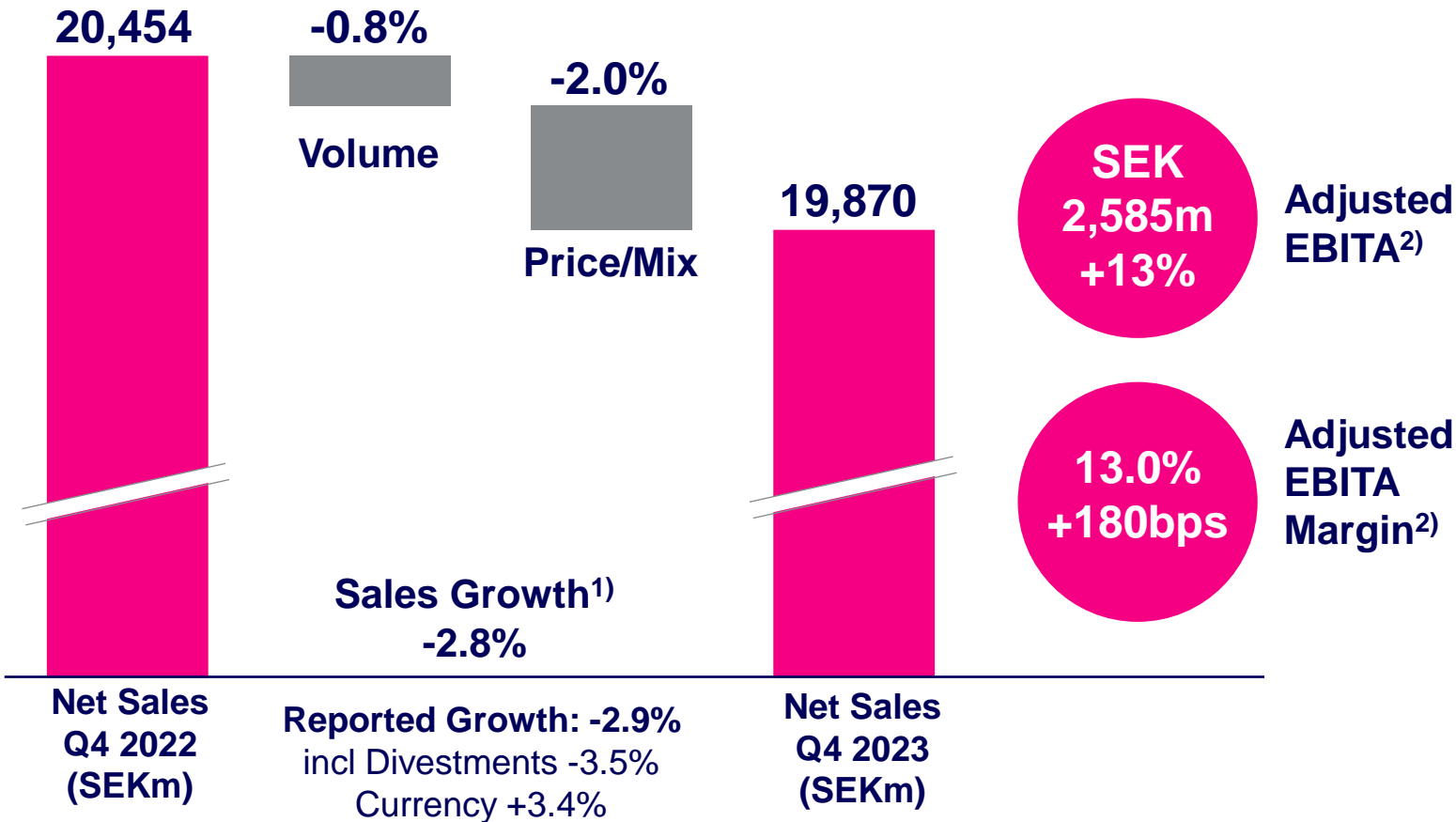


# Consumer Goods



# Consumer Goods

## Strong Growth in Inco and Feminine, Baby Turnaround



**Incontinence Products Retail +9.8% & Feminine Care +16.5%**  
Higher volumes, higher prices and better mix

**Baby Care +2.0%**  
Higher prices and better mix

**Consumer Tissue -10.3%**  
Focus on profitable growth and margins

**Higher adjusted EBITA** and adjusted EBITA margin

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

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



# Professional Hygiene

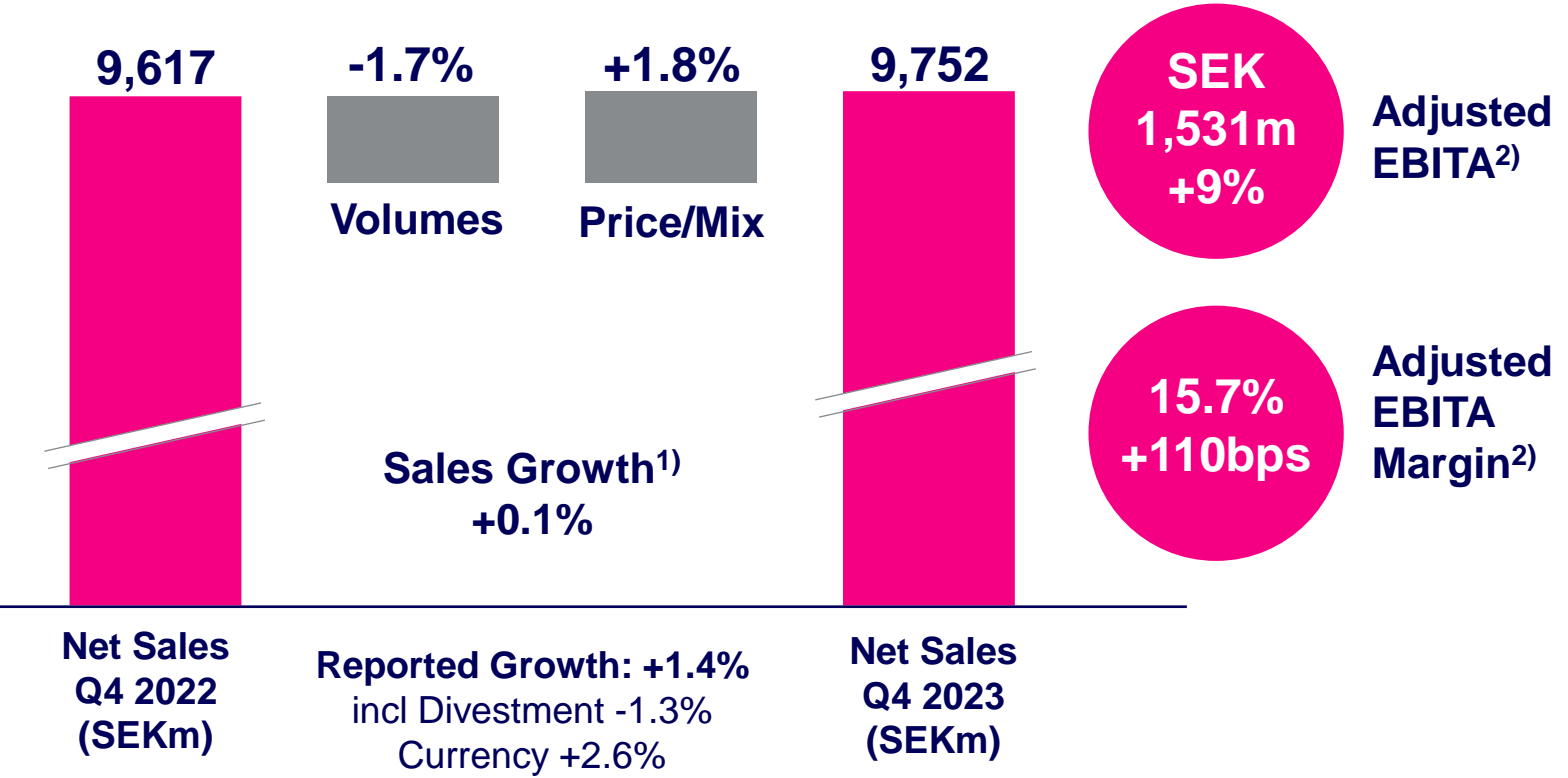


Think ahead.



# Professional Hygiene

## Strong Underlying Volume Growth in High Margin Segments



**Lower volumes** due to restructuring in USA and Europe partly compensated by **strong underlying growth**

**Higher adjusted EBITA** and adjusted EBITA margin

<sup>1)</sup> Including organic sales growth and acquisitions  
<sup>2)</sup> Excluding items affecting comparability



# Progress on Key Priorities

2023



## Price Management

**+8.9% in Price**

Strong price effect while still successfully protecting our #1 and #2 positions

## Innovation & Brands

**+0.6% in Mix**

Growth in high margin product segments and important product launches

Portfolio of growing and trusted brands used by one billion people world-wide



## Cost Efficiency

**SEK 433m**

generated from cost savings

Examples:

- Operational efficiency
- Digitalization
- Raw material rationalization
- Fiber mix
- Sourcing negotiations
- E-save

## Growth in Fastest Growing Categories and Channels

**Inco Retail +14%**  
**Feminine Care +13%**  
**Compression +10%**  
**Knix +18%**  
**Hydrofera +23%**  
**Legacy +19%**

**E-commerce +10%**  
**to 9%** of net sales 2023

## Leading in Sustainability

Science Based Targets  
 Scope 1 and 2 vs 2016

Target 2030:    Outcome 2023:  
**-35%**    **-26%**

- Ranked as one of the world's most sustainable companies by Corporate Knights. The Global 100 list represents the top 1% of companies in the world in terms of sustainability performance.
- Recognized as a diversity leader by Financial Times

# Innovations

## Q4 2023

### MEDICAL SOLUTIONS



JOBST® Elvarex®

### FEMININE CARE



Saba Invisible Sanitary Towels



Intimawear by Libresse / Sleepwear

### CONSUMER TISSUE



Zewa® Wisch & Weg



Plenty®

# Innovations

Q4 2023

## PROFESSIONAL HYGIENE



Think ahead.



Tork 2 in 1 Scouring and Cleaning Foodservice Towel (NA)  
Tork 2 in 1 Scouring and Cleaning Cloth (EU)



Tork Counter Mount Soap System



Tork Constant Air Freshener System



Tork Xpress® Multifold with 68% carbon footprint reduction

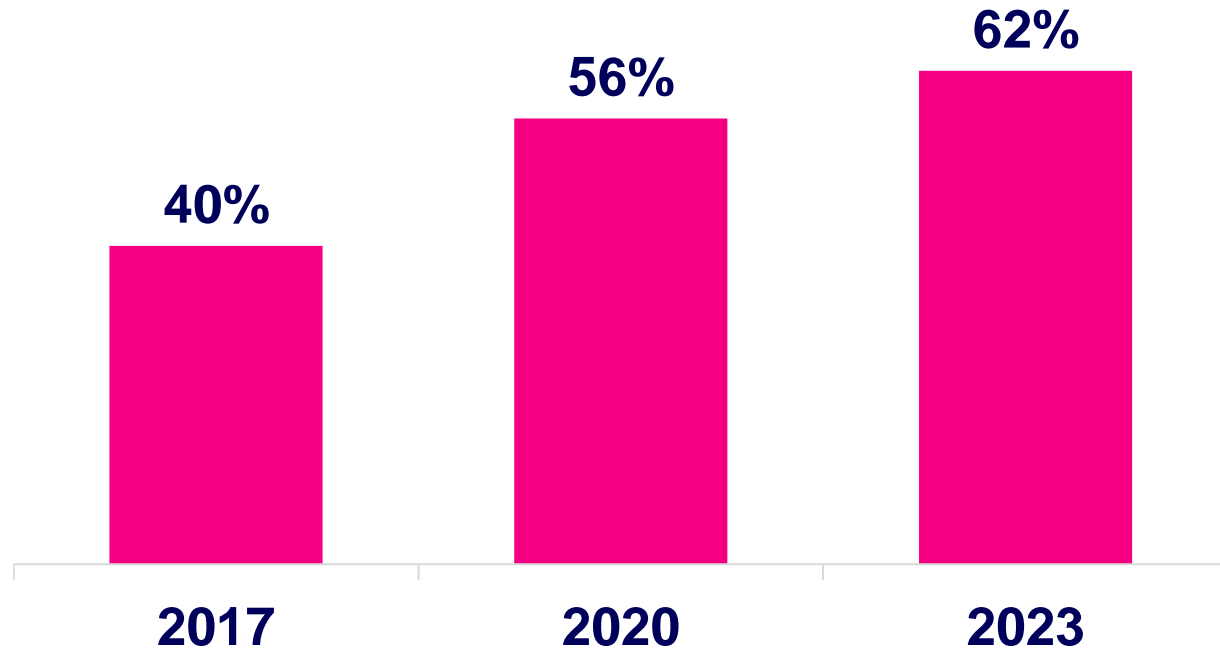


Tork® carbon neutral dispensers



# Superiority

Share of Net Sales with Superiority





# Leading Where We Choose to Play



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.

# Summary 2023

- Record profits and strong platform for growth
- Pre-conditional offer for Vinda improving capital efficiency and reducing earnings volatility
- Health & Medical - decisive pricing leading to significantly improved margins
- Consumer Goods:
  - Continued positive momentum in Feminine Care and Incontinence Product Retail in all key markets
  - Turnaround of Baby Care
  - Successful price management in Consumer Tissue leading to high and stable margins
- Professional Hygiene - major restructuring adding ~200bps higher structural margin



**KEEP  
CONTROL**

**GREAT FOR YOU  
AND THE PLANET**



# Priorities 2024

## Strong platform for growth

- Volume growth in high yielding segments
- Innovation, brands and market shares gains
- Price management
- Operational efficiency and digitalization
- Continued progress on ESG







# Q & A



