

Press release

Stockholm, September 28, 2018

Essity reduces costs to increase profitability and competitiveness

To strengthen the Group's long-term cost efficiency, the hygiene and health company Essity today introduced a Group-wide cost-savings program. The program is expected to generate annual cost savings of approximately SEK 800m, with full effect at the end of 2019.

For a number of years, Essity has reported sales growth and increased profitability. During the first half of 2018, the Group's margin has been negatively affected by significantly higher raw material costs. The rapidly increasing costs have, to a large extent, been offset by active work to increase prices, product mix improvements and cost savings. During the third quarter of 2018, the negative impact of external market factors, such as sharply increasing costs for pulp, oil-based raw materials and energy, have accelerated further.

The cost-savings program is being implemented in all parts of the Group to reduce the cost base related to cost of goods sold and sales, general and administration costs. The program will include headcount reductions and reduced costs for projects, consultants and travel. Personnel changes will be subject to customary consultations. The program that is now being launched is in addition to the efficiency initiatives already in progress in the Group, such as "Tissue Roadmap" and "Cure or Kill".

"Sharply increasing raw material costs and higher energy prices are affecting our margins in the short term. We are implementing this savings program to increase profitability and strengthen our competitiveness. At the same time, we are continuing to invest in innovation and our strong brands," says Magnus Groth, President and CEO of Essity.

Cost savings related to the program will be reported separately in addition to the savings reported on an ongoing basis by the Group. Restructuring costs arising from the savings program will be related to headcount reductions and will be presented in the fourth quarter of 2018.

Telephone conference and audiocast:

A telephone conference for media, analysts and investors with Essity President and CEO Magnus Groth will be held today at 8:30 a.m. CET. The telephone conference will also be audiocast on the web.

Link to the audiocast: <https://essity.videosync.fi/2018-09-28-pc>

To participate via telephone, dial +1 631 510 74 95, +44 (0) 207 192 80 00 or +46 (0) 8 506 921 80. State "Essity" or the conference ID 9418369. Please dial in well ahead of the starting time.

NB: This information is information that Essity is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 7:30 a.m. CET on September 28, 2018.

Per Lorentz, Vice President Corporate Communications, +46 8 788 52 51



For additional information please contact:

Johan Karlsson, Vice President Investor Relations, +46 8 788 51 30, johan.ir.karlsson@essity.com

Per Lorentz, Vice President Corporate Communications, +46 8 788 52 51, per.lorentz@essity.com

About Essity

Essity is a leading global hygiene and health company dedicated to improving well-being through our products and solutions, essentials for everyday life. The name Essity stems from the words essentials and necessities. Our sustainable business model creates value for people and nature. Sales are conducted in approximately 150 countries under the leading global brands TENA and Tork, and other strong brands, such as Jobst, Leukoplast, Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa. Essity has about 48,000 employees and net sales in 2017 amounted to approximately SEK 109bn (EUR 11.3bn). The headquarters is located in Stockholm, Sweden, and the company is listed on Nasdaq Stockholm. More information at www.essity.com.