

Press release

Stockholm, February 16, 2021

Essity enters agreement to acquire Australian hygiene company Asaleo Care

Further to the announcement on December 10, 2020, hygiene and health company Essity has now entered an agreement with hygiene company Asaleo Care to acquire the remaining 63.8% of the shares in the company for AUD 1.40 cash per share. Asaleo Care is listed on the Australian Securities Exchange and Essity is the largest shareholder, currently holding 36.2% of the shares.

The consideration implies an equity value on a 100% basis of approximately AUD 760m (approximately SEK 4.9bn) and an enterprise value of AUD 855m (approximately SEK 5.5bn). This represents an EV/EBITDA multiple of 9.6x based on Asaleo Care's reported underlying EBITDA for 2020 of AUD 89m (approximately SEK 574m). Shareholders in Asaleo Care will receive the AUD 0.03 dividend declared by Asaleo following the announcement of their Full Year 2020 results on February 17, 2021 and, subject to approval of the transaction by shareholders and the Court and at the absolute discretion of the Asaleo Board it is intended that a further special dividend of AUD 0.02 is paid prior to completion of the transaction.

“Following productive discussions with the Asaleo Board of Independent Directors, I am pleased to announce this agreement. The acquisition of Asaleo Care will facilitate the opportunity for profitable growth in Australia, New Zealand and the Pacific region and will further consolidate our position as a leading global health and hygiene company”, says Magnus Groth, President and CEO, Essity.

Asaleo Care manufactures and markets Personal Care and Professional Hygiene products in Australia, New Zealand and Fiji and Consumer Tissue in New Zealand and Fiji. The company's portfolio of market-leading brands includes Libra, Handee Ultra, Purex, Sorbent, Deeko, Viti and Orchid, and the global brands TENA and Tork through an exclusive license agreement with Essity.

In 2020, Asaleo Care reported sales of AUD 419m (approximately SEK 2.7bn) and underlying EBITDA of AUD 89m (approximately SEK 574m). Sales growth in 2020 amounted to 2.3%. Asaleo Care has approximately 700 employees and three manufacturing facilities.

The proposal is not subject to financing conditions. Essity will finance the acquisition of shares through own funds.

The agreement is supported by the Independent Directors of Asaleo Care and is expected to be voted on at a meeting of the independent shareholders in Asaleo Care in the second quarter of 2021. Subject to the approval of the agreement at that meeting, subsequent Court and regulatory approvals, the completion of the transaction is expected to be finalized in the second quarter of 2021. The timing is indicative and subject to change.

NB: This information is such that Essity Aktiebolag (publ) is obligated 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 22:30 CET on February 16, 2021.

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About Essity

Essity is a leading global hygiene and health company. We are dedicated to improving well-being through our products and services. 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 46,000 employees. Net sales in 2020 amounted to approximately SEK 122bn (EUR 11.6bn). The company's headquarters is located in Stockholm, Sweden, and Essity is listed on Nasdaq Stockholm. Essity breaks barriers to well-being and contributes to a healthy, sustainable and circular society. More information at www.essity.com.