# Year-end Report 2017


Essity Aktiebolag (publ)

TORK TENA Libero Tempo Leukoplast
Libresse Saba Nosotras Lotus Vinda Zewa

essity

# JANUARY 1 – DECEMBER 31, 2017

(compared with the corresponding period a year ago)

- Net sales increased 8.0% to SEK 109,265m (101,238)
- Operating profit before amortization of acquisition-related intangible assets (EBITA) rose 34% to SEK 12,550m (9,347)
- Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 12% to SEK 13,405m (11,992)
- Adjusted EBITA margin increased 0.5 percentage points to 12.3% (11.8)
- Adjusted profit before tax rose 6% to SEK 11,663m (10,998)
- The US tax reform resulted in a positive non-recurring tax effect of SEK 550m for the fourth quarter and full-year 2017. The tax effect did not have any impact on cash flow.
- Profit for the period increased 107% to SEK 8,785m (4,242)
- Earnings per share increased 114% to SEK 11.56 (5.41[1])
- Adjusted earnings per share increased 46% to SEK 13.09 (8.99[1])
- Cash flow from current operations increased 2% to SEK 8,745m (8,563)
- The Board of Directors proposes a dividend of SEK 5.75 per share
- The acquisition of BSN medical was consolidated as of April 3, 2017. Since the acquisition date, BSN medical has impacted consolidated net sales by SEK 6,301m and adjusted EBITA by SEK 1,150m

[1]Indicative earnings per share on the assumption that the number of issued shares in Essity as of December 31, 2016 corresponded to the number of issued shares in Essity on December 31, 2017 (702.3 million).

# EARNINGS TREND

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Net sales | 109,265 | 101,238 | 8 | 28,664 | 26,772 | 7 |
| Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA)[2] | 13,405 | 11,992 | 12 | 3,619 | 3,195 | 13 |
| Operating profit before amortization of acquisition-related intangible assets (EBITA) | 12,550 | 9,347 | 34 | 3,597 | 2,516 | 43 |
| Amortization of acquisition-related intangible assets | -560 | -159 | | -181 | -51 | |
| Adjusted operating profit[2] | 12,845 | 11,833 | 9 | 3,438 | 3,144 | 9 |
| Items affecting comparability | -940 | -2,825 | | -21 | -688 | |
| Operating profit | 11,905 | 9,008 | 32 | 3,417 | 2,456 | 39 |
| Financial items | -1,182 | -835 | | -337 | -265 | |
| Profit before tax | 10,723 | 8,173 | 31 | 3,080 | 2,191 | 41 |
| Adjusted profit before tax[2] | 11,663 | 10,998 | 6 | 3,101 | 2,879 | 8 |
| Tax | -1,938 | -3,931 | | -14 | -1,021 | |
| Profit for the period | 8,785 | 4,242 | 107 | 3,066 | 1,170 | 162 |
| Earnings per share, SEK | 11.56 | 5.41 | | 4.11 | 1.40 | |
| Adjusted earnings per share, SEK[3] | 13.09 | 8.99 | | 4.32 | 2.33 | |

[2]Excluding items affecting comparability; for amounts see page 11.

[3]Excluding items affecting comparability and amortization of acquisition-related intangible assets.

# SUMMARY OF THE FULL YEAR AND FOURTH QUARTER OF 2017

The Group's net sales for 2017 increased 8.0% compared with the preceding year. Organic sales increased 1.2%. The Group's adjusted EBITA for full-year 2017 rose 12%. Excluding currency translation effects and the acquisition of BSN medical, adjusted EBITA increased 1%. The Group's adjusted EBITA margin rose 0.5 percentage points to 12.3%. The adjusted return on capital employed was 14.9%.

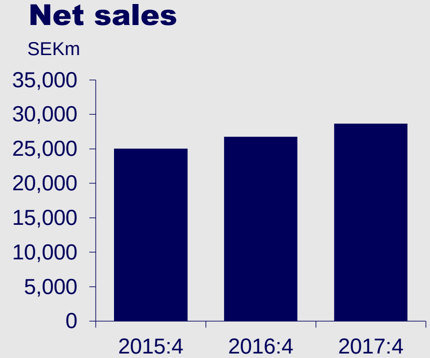
The Board of Directors proposes a dividend of SEK 5.75 per share.

The Group's net sales for the fourth quarter of 2017 increased 7.1% compared with the corresponding period a year ago. Organic sales increased 1.8%, of which volume accounted for 0.8% and price/mix for 1.0%. In emerging markets, which represented 35% of net sales, organic sales rose 5.9%, while in mature markets organic sales declined 0.3%. Organic sales were negatively impacted by lower market growth due to such factors as price pressure and as a consequence of Essity's decision to discontinue certain underperforming market positions and contracts as part of the company's focus on profitable growth for increased value creation. During the quarter, five innovations were launched that strengthened Essity's customer and consumer offering.

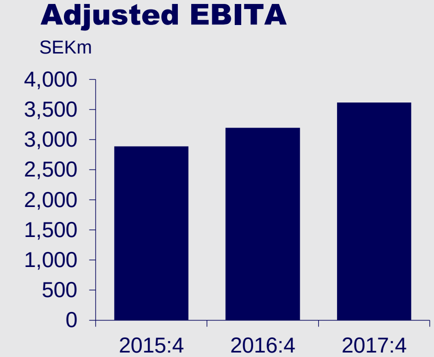
The Group's adjusted EBITA in the fourth quarter of 2017 increased 13% compared with the corresponding period a year ago. Excluding currency translation effects and the acquisition of BSN medical, adjusted EBITA rose 3%. The increase was mainly the result of a better price/mix, higher volumes, cost savings and other measures to improve profitability. Higher raw material costs had a negative impact of SEK 713m. The Group's adjusted EBITA margin increased 0.7 percentage points to 12.6%. The adjusted return on capital employed was 14.4%.

For the fourth quarter of 2017, the acquired company BSN medical's organic sales rose by 2.4%. The adjusted EBITA margin for the acquired company was 18.4% and was negatively impacted by approximately 0.5 percentage points as a result of integration costs.

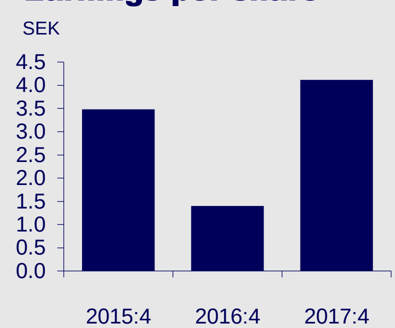
**Net sales**




**Adjusted EBITA**




**Earnings per share**




*Excluding items affecting comparability; for amounts see page 11.*

## ADJUSTED EARNINGS TREND

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| **Net sales** | **109,265** | 101,238 | 8 | **28,664** | 26,772 | 7 |
| Cost of goods sold[1] | -76,899 | -72,438 | | -20,236 | -19,131 | |
| **Adjusted gross profit**[1] | **32,366** | 28,800 | 12 | **8,428** | 7,641 | 10 |
| Sales, general and administration[1] | -18,961 | -16,808 | | -4,809 | -4,446 | |
| **Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA)**[1] | **13,405** | 11,992 | 12 | **3,619** | 3,195 | 13 |
| Amortization of acquisition-related intangible assets[1] | -560 | -159 | | -181 | -51 | |
| **Adjusted operating profit**[1] | **12,845** | 11,833 | 9 | **3,438** | 3,144 | 9 |
| Financial items | -1,182 | -835 | | -337 | -265 | |
| **Adjusted profit before tax**[1] | **11,663** | 10,998 | 6 | **3,101** | 2,879 | 8 |
| Adjusted tax[1] | -2,191 | -4,355 | | -26 | -1,096 | |
| **Adjusted profit for the period**[1] | **9,472** | 6,643 | 43 | **3,075** | 1,783 | 72 |

[1] Excluding items affecting comparability; for amounts see page 11.

| **Adjusted margins (%)** | | | | | | |
|---|---|---|---|---|---|---|
| **Gross margin**[1] | **29.6** | 28.4 | | **29.4** | 28.5 | |
| **EBITA margin**[1] | **12.3** | 11.8 | | **12.6** | 11.9 | |
| **Operating margin**[1] | **11.8** | 11.7 | | **12.0** | 11.7 | |
| Financial net margin | -1.1 | -0.8 | | -1.2 | -1.0 | |
| **Profit margin**[1] | **10.7** | 10.9 | | **10.8** | 10.7 | |
| Tax[1] | -2.0 | -4.3 | | -0.1 | -4.1 | |
| **Net margin**[1] | **8.7** | 6.6 | | **10.7** | 6.6 | |

[1] Excluding items affecting comparability; for amounts see page 11.

## ADJUSTED EBITA BY BUSINESS AREA

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Personal Care | 5,937 | 4,283 | 39 | 1,539 | 1,161 | 33 |
| Consumer Tissue | 4,084 | 4,450 | -8 | 900 | 1,190 | -24 |
| Professional Hygiene | 4,004 | 3,836 | 4 | 1,344 | 1,059 | 27 |
| Other | -620 | -577 | | -164 | -215 | |
| **Total**[1] | **13,405** | 11,992 | 12 | **3,619** | 3,195 | 13 |

[1]Excluding items affecting comparability; for amounts see page 11.

## ADJUSTED OPERATING PROFIT BY BUSINESS AREA

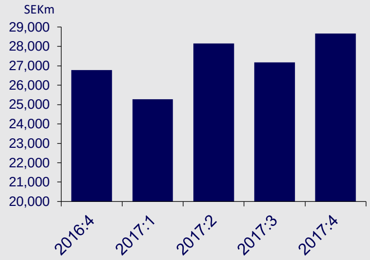
| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Personal Care | 5,431 | 4,255 | 28 | 1,369 | 1,143 | 20 |
| Consumer Tissue | 4,078 | 4,382 | -7 | 899 | 1,173 | -23 |
| Professional Hygiene | 3,956 | 3,773 | 5 | 1,335 | 1,042 | 28 |
| Other | -620 | -577 | | -165 | -214 | |
| **Total**[1] | **12,845** | 11,833 | 9 | **3,438** | 3,144 | 9 |

[1]Excluding items affecting comparability; for amounts see page 11.

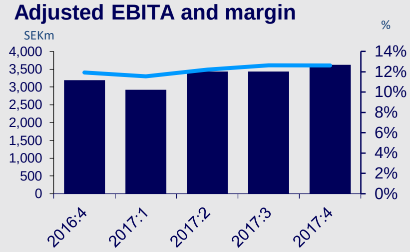
## OPERATING CASH FLOW BY BUSINESS AREA

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Personal Care | 5,453 | 4,723 | 15 | 1,440 | 1,143 | 26 |
| Consumer Tissue | 3,850 | 5,199 | -26 | 1,094 | 1,308 | -16 |
| Professional Hygiene | 4,411 | 4,135 | 7 | 1,623 | 1,278 | 27 |
| Other | -991 | -1,026 | | -269 | -358 | |
| **Total** | **12,723** | 13,031 | -2 | **3,888** | 3,371 | 15 |

**Net sales**




**Adjusted EBITA and margin**




*Excluding items affecting comparability*

**Change in net sales (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **8.0** | **7.1** |
| Price/mix | 0.4 | 1.0 |
| Volume | 0.8 | 0.8 |
| Currency | 0.4 | -2.7 |
| Acquisitions | 6.4 | 8.0 |
| Divestments | 0 | 0 |

**Change in adjusted EBITA (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **12** | **13** |
| Price/mix | 2 | 6 |
| Volume | 3 | 3 |
| Raw materials | -14 | -22 |
| Energy | 0 | 2 |
| Currency | 1 | -2 |
| Other | 20 | 26 |

**Adjusted profit before tax**


*Excluding items affecting comparability*

# GROUP

## MARKET/EXTERNAL ENVIRONMENT

### January-December 2017 compared with the corresponding period a year ago

The global market for hygiene and health products was challenging in 2017.

The European and North American markets for incontinence products in the healthcare sector displayed higher demand, although with continued price pressure as a result of fierce competition, while the retail markets showed good growth but with a continued high level of competition. Emerging markets noted higher demand. The global market for medical solutions demonstrated stable growth. In Europe, demand for baby care and feminine care was stable. In emerging markets, demand rose for baby care and feminine care. The global market for baby care and several markets for feminine care were characterized by increased competition and campaign activity.

The European market for consumer tissue demonstrated low growth and increased competition. The Chinese consumer tissue market noted higher demand.

The European and North American markets for professional hygiene displayed low growth.

## NET SALES AND EARNINGS

### January-December 2017 compared with the corresponding period a year ago

Net sales increased 8.0% compared with the corresponding period a year ago to SEK 109,265m (101,238). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 1.2%, of which volume accounted for 0.8% and price/mix for 0.4%. Organic sales decreased 1.0% in mature markets and increased 5.3% in emerging markets. Emerging markets accounted for 35% of net sales. Exchange rate effects increased net sales by 0.4%. The acquisitions of BSN medical and Wausau Paper Corp. increased net sales by 6.4%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 12% (1% excluding currency translation effects and acquisitions) to SEK 13,405m (11,992). Higher volumes, better price/mix, cost savings of SEK 1,231m, the acquisitions of BSN medical and Wausau Paper Corp. and the closures of the Baby Care business in Mexico and the hygiene business in India increased earnings. Investments in marketing activities increased. Higher raw material costs had a negative earnings effect of SEK 1,671m. The acquisition of BSN medical increased profit by 10%.

Items affecting comparability amounted to SEK -940m (-2,825) and include costs of approximately SEK -550m related to the split of the SCA Group into two listed companies, which is mainly related to foreign tax of a non-recurring nature on non-current assets outside Sweden. Furthermore, the amount includes restructuring costs of about SEK -75m for the closure of a tissue machine in the UK, and approximately SEK -255m for the closure of a tissue production plant in the US. Items affecting comparability also include integration costs and transaction costs related to the acquisition of BSN medical and inventory valuation in connection with the acquisition balance totaling approximately SEK -435m. A release of a provision relating to a competition case in Poland had a positive impact of about SEK 265m. Other revenue impacted items affecting comparability positively by about SEK 110m.

Financial items increased to SEK -1,182m (-835). The increase is primarily due to higher average net debt. Lower interest had a positive impact on financial items during the period.

Adjusted profit before tax rose 6% (declined 5% excluding currency translation effects and acquisitions) to SEK 11,663m (10,998).

The tax expense, excluding effects of items affecting comparability, was SEK 2,191m (4,355). The decrease is primarily related to the tax provision of approximately SEK 1.3bn made in the first six months of 2016. The tax reform in the US entailed a positive non-recurring tax effect of SEK 550m for the fourth quarter and full-year 2017.

Adjusted profit for the period rose 43% (32% excluding currency translation effects and acquisitions) to SEK 9,472m (6,643).

Profit for the period rose 107% (96% excluding currency translation effects and acquisitions) to SEK 8,785m (4,242). Earnings per share were SEK 11.56 (5.41). The adjusted earnings per share were SEK 13.09 (8.99).

The adjusted return on capital employed was 14.9% (16.4).

### Fourth quarter of 2017 compared with the corresponding period a year ago

Net sales increased 7.1% compared with the corresponding period a year ago to SEK 28,664m (26,772). Organic sales, which exclude exchange rate effects, acquisitions and divestments, rose 1.8%, of which volume accounted for 0.8% and price/mix for 1.0%. Organic sales decreased 0.3% in mature markets and increased 5.9% in emerging markets. Emerging markets accounted for 35% of net sales. Exchange rate effects reduced net sales by 2.7%. The acquisition of BSN medical increased net sales by 8.0%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 13% (3% excluding currency translation effects and acquisition) to SEK 3,619m (3,195). Better price/mix, higher volumes, lower energy costs, cost savings of SEK 359m, the acquisition of BSN medical and the closures of the Baby Care business in Mexico and the hygiene business in India increased earnings. Higher raw material costs had a negative impact on earnings of SEK 713m. The acquisition of BSN medical increased earnings by 12%.

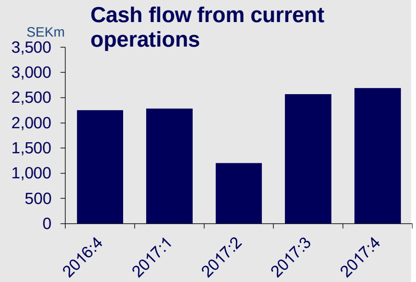
Adjusted profit before tax rose 8% (declined 2% excluding currency translation effects and acquisition) to SEK 3,101m (2,879).

Profit for the period rose 162% (152% excluding currency translation effects and acquisition) to SEK 3,066m (1,170). Earnings per share were SEK 4.11 (1.40). The adjusted earnings per share were SEK 4.32 (2.33).

The adjusted return on capital employed was 14.4% (17.1).

## CASH FLOW AND FINANCING

### January-December 2017 compared with the corresponding period a year ago




The operating cash surplus amounted to SEK 18,465m (16,759). The cash flow effect of changes in working capital was SEK -740m (1,596). Working capital as a share of net sales increased. Current capital expenditures amounted to SEK -3,911m (-4,222). Operating cash flow was SEK 12,723m (13,031).

Financial items increased to SEK -1,182m (-835). The increase is primarily due to higher average net debt. Lower interest had a positive impact on financial items during the period. Income tax payments totaled SEK 2,971m (3,782). Cash flow from current operations amounted to SEK 8,745m (8,563) during the period.

Strategic capital expenditures amounted to SEK -2,101m (-2,033). The net sum of acquisitions and divestments was SEK -26,016m (-6,171). Net cash flow totaled SEK -18,791m (-13,967).

Net debt increased by SEK 17,294m during the period, to SEK 52,467m. During the year BSN medical was acquired which increased net debt by SEK 25,827m. Excluding pension liabilities, net debt amounted to SEK 49,074m. Net cash flow increased net debt by SEK 18,791m. Fair value measurement of pension assets and updated assumptions and assessments that affect measurement of the net pension liability, together with fair value measurement of financial instruments, reduced net debt by SEK 1,061m. Exchange rate movements reduced net debt by SEK 436m.

The debt/equity ratio was 1.06 (0.89). Excluding pension liabilities, the debt/equity ratio was 0.99 (0.76). The debt payment capacity was 26% (29).

## EQUITY

### January–December 2017

Consolidated equity increased by SEK 9,990m during the period, to SEK 49,570m. Net profit for the period increased equity by SEK 8,785m. Equity increased SEK 843m net after tax as a result of fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments, excluding acquired hedge reserves, reduced equity by SEK 2m after tax. Exchange rate movements, including the effect of hedges of net foreign investments, after tax, decreased equity by SEK 1,218m. Equity increased as a result of a private placement of SEK 969m to non-controlling interests in Vinda. Transactions with former shareholders (SCA AB) in connection with the split increased equity by SEK 842m. Equity increased by SEK 78m related to the acquisition of non-controlling interests in conjunction with the acquisition of BSN medical. Other items reduced equity by SEK 307m.

## TAX

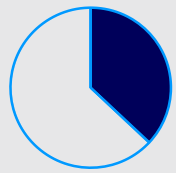
### January–December 2017

A tax expense of SEK 2,191m was reported, excluding items affecting comparability. The reported tax expense corresponds to a tax rate of about 18.8% for the period. The tax expense including items affecting comparability was SEK 1,938m, corresponding to a tax rate of 18.1% for the period. The tax reform in the US entailed a positive non-recurring tax effect of SEK 550m for the fourth quarter and full-year 2017.

## Dividend

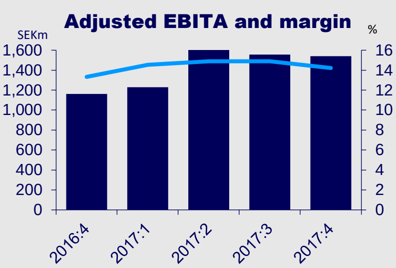
The Board of Directors proposes a dividend of SEK 5.75 per share or SEK 4,038m. April 16, 2018 is proposed as the record date for the right to receive dividends.

Share of Group, net sales
1712




Share of Group, adjusted EBITA
1712






**Change in net sales (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **20.6** | **24.3** |
| Price/mix | -0.4 | 0.0 |
| Volume | 2.2 | 3.0 |
| Currency | 0.1 | -3.3 |
| Acquisitions | 18.7 | 24.6 |
| Divestments | 0 | 0 |

**Change in adjusted EBITA (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **39** | **33** |
| Price/mix | -4 | -4 |
| Volume | 8 | 8 |
| Raw materials | -3 | -2 |
| Energy | 0 | 0 |
| Currency | 0 | -2 |
| Other | 38 | 33 |

# PERSONAL CARE

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Net sales | **40,586** | 33,651 | 21 | **10,831** | 8,711 | 24 |
| Adjusted EBITA* | **5,937** | 4,283 | 39 | **1,539** | 1,161 | 33 |
| Adjusted EBITA margin, %* | **14.6** | 12.7 | | **14.2** | 13.3 | |
| Adjusted operating profit* | **5,431** | 4,255 | 28 | **1,369** | 1,143 | 20 |
| Adjusted operating margin, %* | **13.4** | 12.6 | | **12.6** | 13.1 | |
| Adjusted return on capital employed, %* | **20.5** | 31.8 | | **15.9** | 34.7 | |
| Operating cash flow | **5,453** | 4,723 | | **1,440** | 1,143 | |

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

## January-December 2017 compared with the corresponding period a year ago

Net sales increased 20.6% to SEK 40,586m (33,651). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 1.8%, of which volume accounted for 2.2% and price/mix for -0.4%. The closures of the Baby Care business in Mexico and the hygiene business in India negatively impacted organic sales by approximately 1%. Organic sales in mature markets increased by 1.7%. In emerging markets, which accounted for 37% of net sales, organic sales rose 2.0%. The acquisition of BSN medical increased net sales by 18.7%. Exchange rate effects increased net sales by 0.1%.

For Incontinence Products, under the globally leading TENA brand, organic sales increased 2.7%. Growth is related to emerging markets, North America and Western Europe. The European retail sector reported good growth, while lower sales to the healthcare sector had a negative effect on growth. For Baby Care, organic sales decreased 2.5%. The decline was mainly the result of the closures of the Baby Care businesses in Mexico and India, as well as lower sales in Russia. In Europe, organic sales increased for Baby Care. For Feminine Care, organic sales increased by 3.7%, related to Latin America and Asia.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 39% (11% excluding currency translation effects and acquisition) to SEK 5,937m (4,283). The increase was mainly related to the acquisition of BSN medical, higher volumes, cost savings, increased profitability for Incontinence Products in North America and the closures of the Baby Care business in Mexico and the hygiene business in India. Higher raw material costs, lower prices and increased investments in marketing activities negatively impacted earnings. The acquisition of BSN medical increased profit by 27%. The operating cash surplus amounted to SEK 7,238m (5,314).

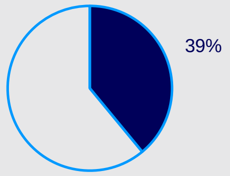
## Fourth quarter of 2017 compared with the corresponding period a year ago

Net sales increased 24.3% to SEK 10,831m (8,711). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.0%, of which volume accounted for 3.0% and price/mix for 0.0%. The closures of the Baby Care business in Mexico and the hygiene business in India negatively impacted organic sales by approximately 1%. Organic sales in mature markets increased by 4.1%. In emerging markets, which accounted for 35% of net sales, organic sales increased by 1.7%. The acquisition of BSN medical increased net sales by 24.6%. Exchange rate effects reduced net sales by 3.3%.

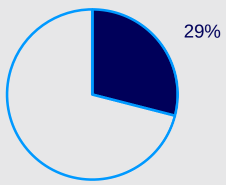
For Incontinence Products, under the globally leading TENA brand, organic sales increased 4.3%. Growth is mainly related to emerging markets, North America and Western Europe. Growth in Europe was attributable to higher sales to both the retail and healthcare sectors. For Baby Care, sales declined by 0.8%. The closures of the Baby Care businesses in Mexico and India had a negative impact on sales. Sales increased in Europe. For Feminine Care, organic sales increased by 3.1%, mainly related to Latin America.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 33% (0% excluding currency translation effects and acquisition) to SEK 1,539m (1,161). The increase was mainly related to the acquisition of BSN medical, higher volumes, cost savings, increased profitability for Incontinence Products in North America and the closures of the Baby Care business in Mexico and the hygiene business in India. Higher raw material costs and lower prices had a negative impact on earnings. The lower prices are mainly related to Incontinence Products as a result of price pressure in the healthcare sector and increased investments in marketing activities in the retail sector. The acquisition of BSN medical increased profit by 34%.

**Share of Group, net sales**
**1712**

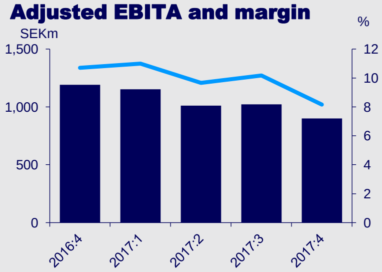



**Share of Group, adjusted EBITA**
**1712**




**Net sales**


**Adjusted EBITA and margin**




**Change in net sales (%)**

| | 1712 vs 1612 | 17:4 vs. 16:4 |
|---|---|---|
| **Total** | **1.0** | **-0.8** |
| Price/mix | -0.2 | 0.2 |
| Volume | 0.7 | 0.6 |
| Currency | 0.5 | -1.6 |
| Acquisitions | 0 | 0 |
| Divestments | 0 | 0 |

**Change in adjusted EBITA (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **-8** | **-24** |
| Price/mix | -1 | 4 |
| Volume | 2 | 1 |
| Raw materials | -22 | -49 |
| Energy | 0 | 4 |
| Currency | 0 | -2 |
| Other | 13 | 18 |

# CONSUMER TISSUE

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Net sales | **42,014** | 41,560 | 1 | **11,026** | 11,115 | -1 |
| Adjusted EBITA* | **4,084** | 4,450 | -8 | **900** | 1,190 | -24 |
| Adjusted EBITA margin, %* | **9.7** | 10.7 | | **8.2** | 10.7 | |
| Adjusted operating profit* | **4,078** | 4,382 | -7 | **899** | 1,173 | -23 |
| Adjusted operating margin, %* | **9.7** | 10.5 | | **8.2** | 10.6 | |
| Adjusted return on capital employed, %* | **9.8** | 10.9 | | **8.4** | 11.6 | |
| Operating cash flow | **3,850** | 5,199 | | **1,094** | 1,308 | |

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

## January-December 2017 compared with the corresponding period a year ago

Net sales increased 1.0% to SEK 42,014m (41,560). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 0.5%, of which volume accounted for 0.7% and price/mix for -0.2%. Organic sales decreased 3.4% in mature markets. The decline was mainly related to lower prices and volumes of products sold under retailers' brand. In emerging markets, which accounted for 44% of net sales, organic sales increased by 6.2%. The increase was related to Asia, Latin America and Russia. Exchange rate effects increased net sales by 0.5%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) declined 8% (9% excluding currency translation effects) to SEK 4,084m (4,450). This decrease was mainly related to higher raw material costs that had a negative impact of SEK 1,000 on earnings. Lower prices also had a negative impact on earnings. Higher volumes and cost savings positively impacted earnings. The operating cash surplus totaled SEK 6,163m (6,455).

## Fourth quarter of 2017 compared with the corresponding period a year ago

Net sales declined 0.8% to SEK 11,026m (11,115). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 0.8%, of which volume accounted for 0.6% and price/mix for 0.2%. Organic sales decreased 4.6% in mature markets. The decline was mainly related to lower prices and lower volumes. In emerging markets, which accounted for 45% of net sales, organic sales increased by 8.3%. The increase was mainly related to Asia, Russia and Eastern Europe. Exchange rate effects reduced net sales by 1.6%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) declined 24% (23% excluding currency translation effects) to SEK 900m (1,190). This decline was primarily related to higher raw material costs, which negatively impacted earnings by SEK 586m. Higher raw material costs were mainly the result of significantly higher pulp prices. Better price/mix, higher volumes, cost savings and lower energy costs had a positive impact on profit. Selling prices were higher in Asia and lower in Europe.

# PROFESSIONAL HYGIENE

| SEKm | 1712 | 1612 | % | 2017:4 | 2016:4 | % |
|---|---|---|---|---|---|---|
| Net sales | **26,700** | 26,001 | 3 | **6,816** | 6,929 | -2 |
| Adjusted EBITA* | **4,004** | 3,836 | 4 | **1,344** | 1,059 | 27 |
| Adjusted EBITA margin, %* | **15.0** | 14.8 | | **19.7** | 15.3 | |
| Adjusted operating profit* | **3,956** | 3,773 | 5 | **1,335** | 1,042 | 28 |
| Adjusted operating margin, %* | **14.8** | 14.5 | | **19.6** | 15.0 | |
| Adjusted return on capital employed, %* | **19.7** | 19.6 | | **27.4** | 19.8 | |
| Operating cash flow | **4,411** | 4,135 | | **1,623** | 1,278 | |

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

## January-December 2017 compared with the corresponding period a year ago

Net sales increased 2.6% to SEK 26,700m (26,001). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 1.5%, of which volume accounted for -0.7% and price/mix for 2.2%. Price/mix was positively impacted by higher prices in North America and a better mix in Europe and North America. The acquisition of Wausau Paper Corp. increased net sales by 0.6%. Organic sales decreased 0.5% in mature markets due to lower volumes. These lower volumes are mainly the result of the decision to discontinue contracts with unsatisfactory profitability. In emerging markets, which accounted for 18% of net sales, organic sales increased by 12.4%. The increase was mainly related to Asia, Latin America and Eastern Europe. Exchange rate effects increased net sales by 0.5%.

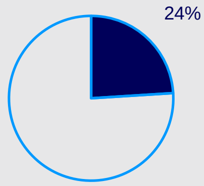
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 4% (3% excluding currency translation effects and acquisition) to SEK 4,004m (3,836). Better price/mix, cost savings and the acquisition of Wausau Paper Corp. had a positive impact on earnings. Higher raw material costs mainly due to a significant increase in recovered paper prices and lower volumes had a negative impact on earnings. The operating cash surplus was SEK 5,649m (5,515).

## Fourth quarter of 2017 compared with the corresponding period a year ago

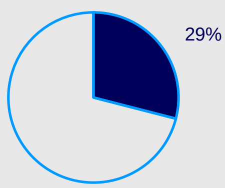
Net sales declined 1.6% to SEK 6,816m (6,929). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 2.2%, of which volume accounted for -1.3% and price/mix for 3.5%. The price/mix was positively impacted by higher prices in North America and a better mix in Europe and North America. The lower volumes are mainly the result of the decision to discontinue contracts with unsatisfactory profitability. Organic sales rose 1.0% in mature markets. In emerging markets, which accounted for 18% of net sales, organic sales increased by 9.2%. The increase was mainly related to Asia, Latin America and Eastern Europe. Exchange rate effects reduced net sales by 3.8%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 27% (30% excluding currency translation effects) to SEK 1,344m (1,059). Better price/mix, cost savings and lower energy costs had a positive impact on earnings. A one-off effect mainly due to changed healthcare benefits for retired employees in the US had a positive impact of approximately SEK 110m on earnings. Adjustments of accruals mainly related to volume-dependent customer rebates positively impacted earnings by about SEK 90m. Higher raw material costs mainly due to an increase in recovered paper and pulp prices and lower volumes had a negative impact on earnings.

**Share of Group, net sales**
**1712**

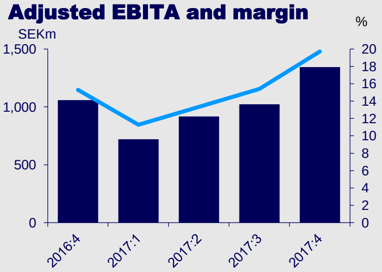



**Share of Group, adjusted EBITA**
**1712**




**Net sales**


**Adjusted EBITA and margin**




**Change in net sales (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **2.6** | **-1.6** |
| Price/mix | 2,2 | 3.5 |
| Volume | -0.7 | -1.3 |
| Currency | 0.5 | -3.8 |
| Acquisitions | 0.6 | 0 |
| Divestments | 0 | 0 |

**Change in adjusted EBITA (%)**

| | 1712 vs 1612 | 17:4 vs 16:4 |
|---|---|---|
| **Total** | **4** | **27** |
| Price/mix | 13 | 19 |
| Volume | -1 | -1 |
| Raw materials | -14 | -9 |
| Energy | 0 | 2 |
| Currency | 1 | -3 |
| Other | 5 | 19 |

## DISTRIBUTION OF SHARES

| December 31, 2017 | Class A | Class B | Total |
|---|---|---|---|
| Registered number of shares | 64,140,438 | 638,202,051 | 702,342,489 |

At the end of 2017, the proportion of Class A shares was 9.1%. During the fourth quarter, 321,080 Class A shares were converted into Class B shares at the request of shareholders. The total number of votes in the company thereafter amounts to 1,279,606,431.

## FUTURE REPORTS

Essity's 2017 Annual and Sustainability Report is scheduled for publication during the week beginning March 19, 2018.

In 2018, interim reports will be published on April 27, July 19 and October 26.

## ANNUAL GENERAL MEETING

The Annual General Meeting for Essity will be held on April 12, 2018 at 15:00 CET at the Stockholm Waterfront Congress Centre in Stockholm, Sweden.

## INVITATION TO PRESS CONFERENCE ON YEAR-END REPORT 2017

Media and analysts are invited to a press conference, where this year-end report will be presented by Magnus Groth, President and CEO.

Time: 13:00 CET, Thursday, January 25, 2018
Location: Essity's headquarters, Waterfront Building, Klarabergsviadukten 63, Stockholm, Sweden

The presentation will be webcast at www.essity.com. To participate, call: +44 (0) 145 254 10 03, +1 646 741 21 20 or +46 8 566 194 45. Specify "Essity" or conference ID no. 8239169.

Stockholm, January 25, 2018
Essity Aktiebolag (publ)

Magnus Groth
President and CEO

### For further information, please contact:

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**NB:**

This information is such information that Essity Aktiebolag (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, at 12:00 noon CET on January 25, 2018. This interim report has not been reviewed by the company's auditors.

Karl Stoltz, Media Relations Manager, +46 8 788 51 55

## CONDENSED STATEMENT OF PROFIT OR LOSS

| SEKm | 2017:4 | 2016:4 | 2017:3 | 1712 | 1612 |
|---|---|---|---|---|---|
| **Net sales** | **28,664** | 26,772 | 27,178 | **109,265** | 101,238 |
| Cost of goods sold[1,2] | -20,236 | -19,131 | -18,949 | -76,899 | -72,438 |
| Items affecting comparability[1,2] | 35 | -49 | 28 | -509 | -532 |
| **Gross profit** | **8,463** | 7,592 | 8,257 | **31,857** | 28,268 |
| Sales, general and administration[1,2] | -4,856 | -4,495 | -4,835 | -19,130 | -16,965 |
| Items affecting comparability[1,2] | -57 | -630 | -64 | -346 | -2,113 |
| Share of profits of associates and joint ventures | 47 | 49 | 38 | 169 | 157 |
| **Operating profit before amortization of acquisition-related intangible assets** | **3,597** | 2,516 | 3,396 | **12,550** | 9,347 |
| Amortization of acquisition-related intangible assets[1] | -181 | -51 | -161 | -560 | -159 |
| Items affecting comparability[1,2] | 1 | -9 | 2 | -85 | -180 |
| **Operating profit** | **3,417** | 2,456 | 3,237 | **11,905** | 9,008 |
| Financial items | -337 | -265 | -275 | -1,182 | -835 |
| **Profit before tax** | **3,080** | 2,191 | 2,962 | **10,723** | 8,173 |
| Tax | -14 | -1,021 | -740 | -1,938 | -3,931 |
| **Profit for the period** | **3,066** | 1,170 | 2,222 | **8,785** | 4,242 |
| | | | | | |
| **Earnings attributable to:** | | | | | |
| Owners of the parent | 2,889 | 985 | 2,090 | 8,116 | 3,800 |
| Non-controlling interests | 177 | 185 | 132 | 669 | 442 |
| | | | | | |
| Average no. of shares before dilution, millions | 702.3 | 702.3[3] | 702.3 | 702.3 | 702.3[3] |
| Average no. of shares after dilution, millions | 702.3 | 702.3[3] | 702.3 | 702.3 | 702.3[3] |
| | | | | | |
| **Earnings per share, SEK - owners of the parent** | | | | | |
| - before dilution effects | 4.11 | 1.40 | 2.98 | 11.56 | 5.41 |
| - after dilution effects | 4.11 | 1.40 | 2.98 | 11.56 | 5.41 |
| | | | | | |
| **[1]Of which, depreciation** | -1,527 | -1,386 | -1,417 | -5,724 | -5,144 |
| **[2]Of which, impairment** | -17 | -109 | 18 | -386 | -557 |
| **[3]Number of shares corresponds to the number of issued shares in SCA** | | | | | |
| | | | | | |
| **Gross margin** | **29.5** | 28.4 | 30.4 | **29.2** | 27.9 |
| EBITA margin | 12.5 | 9.4 | 12.5 | 11.5 | 9.2 |
| Operating margin | 11.9 | 9.2 | 11.9 | **10.9** | 8.9 |
| Financial net margin | -1.2 | -1.0 | -1.0 | -1.1 | -0.8 |
| **Profit margin** | **10.7** | 8.2 | 10.9 | **9.8** | 8.1 |
| Tax | **0.0** | -3.8 | -2.7 | -1.8 | -3.9 |
| **Net margin** | **10.7** | 4.4 | 8.2 | **8.0** | 4.2 |
| | | | | | |
| **Excluding items affecting comparability:** | | | | | |
| **Gross margin** | **29.4** | 28.5 | 30.3 | **29.6** | 28.4 |
| EBITA margin | **12.6** | 11.9 | 12.6 | **12.3** | 11.8 |
| Operating margin | 12.0 | 11.7 | 12.0 | 11.8 | 11.7 |
| Financial net margin | -1.2 | -1.0 | -1.0 | -1.1 | -0.8 |
| **Profit margin** | **10.8** | 10.7 | 11.0 | **10.7** | 10.9 |
| Tax | -0.1 | -4.1 | -2.7 | -2.0 | -4.3 |
| **Net margin** | **10.7** | 6.6 | 8.3 | **8.7** | 6.6 |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| SEKm | 2017:4 | 2016:4 | 2017:3 | 1712 | 1612 |
|---|---|---|---|---|---|
| **Profit for the period** | **3,066** | 1,170 | 2,222 | **8,785** | 4,242 |
| **Other comprehensive income for the period** | | | | | |
| **Items that may not be reclassified to the income statement** | | | | | |
| Actuarial gains/losses on defined benefit pension plans | -399 | 3,501 | -74 | 1,061 | -1,569 |
| Income tax attributable to components of other comprehensive income | 175 | -795 | 21 | -218 | 421 |
| | -224 | 2,706 | -53 | 843 | -1,148 |
| **Items that have been or may be reclassified subsequently to the income statement** | | | | | |
| Available-for-sale financial assets | -1 | -3 | 0 | 0 | -1 |
| Cash flow hedges | 96 | 232 | 112 | -11 | 530 |
| Translation differences in foreign operations | 1,883 | 238 | -1,169 | 320 | 2,742 |
| Gains/losses from hedges of net investments in foreign operations | -589 | 648 | -346 | -1,968 | -437 |
| Other comprehensive income from associated companies | -2 | 18 | -14 | -22 | 12 |
| Income tax attributable to components of other comprehensive income | 107 | -208 | 54 | 439 | -41 |
| | 1,494 | 925 | -1,363 | -1,242 | 2,805 |
| **Other comprehensive income for the period, net of tax** | **1,270** | 3,631 | -1,416 | **-399** | 1,657 |
| **Total comprehensive income for the period** | **4,336** | 4,801 | 806 | **8,386** | 5,899 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | 3,923 | 4,550 | 860 | 8,029 | 5,222 |
| Non-controlling interests | 413 | 251 | -54 | 357 | 677 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEKm | 1712 | 1612 |
|---|---|---|
| **Attributable to owners of the parent** | | |
| Opening balance, January 1 | 33,204 | 42,986 |
| Total comprehensive income for the period | 8,029 | 5,222 |
| Transaction with owner (Svenska Cellulosa Aktiebolaget SCA) | 842 | -14,679 |
| Private placement to non-controlling interest | 504 | 240 |
| Private placement to non-controlling interest, dilution | -290 | -110 |
| Issue costs private placement | 0 | -4 |
| Acquisition of non-controlling interests | 0 | -799 |
| Acquisition of non-controlling interests, dilution | 0 | 348 |
| **Closing balance** | **42,289** | 33,204 |
| **Non-controlling interests** | | |
| Opening balance, January 1 | 6,376 | 5,289 |
| Total comprehensive income for the period | 357 | 677 |
| Dividend | -285 | -190 |
| Private placement to non-controlling interest | 465 | 199 |
| Private placement to non-controlling interest, dilution | 290 | 110 |
| Issue costs private placement | 0 | -4 |
| Acquisition of non-controlling interests | 78 | 643 |
| Acquisition of non-controlling interests, dilution | 0 | -348 |
| **Closing balance** | **7,281** | 6,376 |
| **Total equity, closing balance** | **49,570** | 39,580 |
| [1]Specification of transaction with owner (Svenska Cellulosa Aktiebolaget SCA) | | |
| Received contribution/given contribution | 793 | -15,278 |
| Tax effects | 49 | 599 |
| Total | 842 | -14,679 |

## CONSOLIDATED OPERATING CASH FLOW STATEMENT

| SEKm | 1712 | 1612 |
|---|---|---|
| Operating cash surplus | 18,465 | 16,759 |
| Change in working capital | -740 | 1,596 |
| Current capital expenditures, net | -3,911 | -4,222 |
| Restructuring costs, etc. | -1,091 | -1,102 |
| **Operating cash flow** | **12,723** | 13,031 |
| | | |
| Financial items | -1,182 | -835 |
| Income taxes paid | -2,971 | -3,782 |
| Other | 175 | 149 |
| **Cash flow from current operations** | **8,745** | 8,563 |
| | | |
| Acquisitions | -26,045 | -6,540 |
| Strategic capital expenditures in non-current assets | -2,101 | -2,033 |
| Divestments | 29 | 369 |
| **Cash flow before dividend** | **-19,372** | 359 |
| Private placement to non-controlling interest | 28 | 435 |
| Dividend to non-controlling interests | -285 | -190 |
| Transactions with shareholders | 838 | -14,571 |
| **Net cash flow** | **-18,791** | -13,967 |
| | | |
| **Net debt at the start of the period** | **-35,173** | -19,058 |
| Net cash flow | -18,791 | -13,967 |
| Remeasurement to equity | 1,061 | -1,570 |
| Translation differences | 436 | -578 |
| **Net debt at the end of the period** | **-52,467** | -35,173 |
| | | |
| **Debt/equity ratio** | **1.06** | 0.89 |
| **Debt payment capacity, %** | **26** | 29 |

## CONSOLIDATED CASH FLOW STATEMENT

| SEKm | 1712 | 1612 |
|---|---|---|
| **Operating activities** | | |
| Profit before tax | 10,723 | 8,173 |
| Adjustment for non-cash items[1] | 5,717 | 6,791 |
| | 16,440 | 14,964 |
| Paid tax | -2,971 | -3,782 |
| **Cash flow from operating activities before changes in working capital** | **13,469** | 11,182 |
| **Cash flow from changes in working capital** | | |
| Change in inventories | -1,703 | 1,059 |
| Change in operating receivables | 1,522 | -298 |
| Change in operating liabilities | -559 | 835 |
| **Cash flow from operating activities** | **12,729** | 12,778 |
| **Investing activities** | | |
| Company acquisitions | -13,070 | -4,416 |
| Divestments | 29 | 369 |
| Investments in intangible assets and property, plant and equipment | -6,160 | -6,339 |
| Sale of property, plant and equipment | 152 | 83 |
| Loans granted to external parties | -287 | 0 |
| Repayment of loans from external parties | 0 | 184 |
| **Cash flow from investing activities** | **-19,336** | -10,119 |
| **Financing activities** | | |
| Private placement to non-controlling interests | 28 | 435 |
| Acquisition of non-controlling interests | -2 | 0 |
| Change, receivable from Group companies | 952 | 10,403 |
| Loans raised | 31,037 | 16,148 |
| Amortization of debt | -25,982 | -15,614 |
| Dividend to non-controlling interests | -285 | -190 |
| Transactions with shareholders | 838 | -14,571 |
| **Cash flow from financing activities** | **6,586** | -3,389 |
| **Cash flow for the period** | **-21** | -730 |
| Cash and cash equivalents at the beginning of the period | 4,244 | 4,828 |
| Exchange differences in cash and cash equivalents | -116 | 146 |
| **Cash and cash equivalents at the end of the period** | **4,107** | 4,244 |
| Cash flow from operating activities per share, SEK | 18.12 | 18.19 |
| **Reconciliation with consolidated operating cash flow statement** | | |
| **Cash flow for the period** | **-21** | -730 |
| Amortization of debt | 25,982 | 15,614 |
| Loans raised | -31,037 | -16,148 |
| Loans granted to external parties | 287 | 0 |
| Investment through financial lease | -5 | 0 |
| Repayment of loans from external parties | 0 | -184 |
| Change, receivable from Group companies | -952 | -10,403 |
| Net debt in acquired and divested operations | -13,034 | -2,124 |
| Adjustment of financial liabilities relating to acquisitions of previous years | 62 | 0 |
| Accrued interest | -73 | 8 |
| **Net cash flow according to consolidated operating cash flow statement** | **-18,791** | -13,967 |
| *[1]Depreciation/amortization and impairment of non-current assets* | *6,109* | *5,701* |
| *Gain/loss on asset sales and swaps* | *8* | *51* |
| *Reversal of provision related to antitrust cases* | *-248* | *0* |
| *Gain/loss on divestments* | *-17* | *-149* |
| *Unpaid relating to efficiency program* | *3* | *578* |
| *Payments related to efficiency program already recognized* | *-435* | *-196* |
| *Provision related to one-time foreign tax on non-current assets* | *459* | *0* |
| *Provision for ongoing competition case* | *0* | *813* |
| *Other* | *-162* | *-7* |
| *Total* | *5,717* | *6,791* |

## CONSOLIDATED BALANCE SHEET

| SEKm | December 31, 2017 | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Goodwill | 31,697 | 19,253 |
| Other intangible assets | 21,424 | 7,665 |
| Buildings, land, machinery and equipment | 48,482 | 47,494 |
| Participation in joint ventures and associates | 1,062 | 1,096 |
| Shares and participation | 32 | 32 |
| Surplus in funded pension plans | 1,148 | 335 |
| Non-current financial receivables, Group companies | 0 | 3 |
| Non-current financial assets | 552 | 714 |
| Deferred tax assets | 2,232 | 1,457 |
| Other non-current assets | 469 | 241 |
| **Total non-current assets** | **107,098** | 78,290 |
| Inventories | 13,739 | 10,944 |
| Trade receivables | 17,607 | 15,843 |
| Current tax assets | 769 | 740 |
| Current receivables, Group companies | 0 | 57 |
| Current financial receivables, Group companies | 0 | 1,433 |
| Other current receivables | 2,549 | 2,333 |
| Current financial assets | 1,105 | 244 |
| Non-current assets held for sale | 42 | 156 |
| Cash and cash equivalents | 4,107 | 4,244 |
| **Total current assets** | **39,918** | 35,994 |
| **Total assets** | **147,016** | 114,284 |
| **Equity** | | |
| Share capital | 2,350 | 0 |
| Reserves | 3,154 | 4,061 |
| Retained earnings | 36,785 | 29,143 |
| **Attributable to owner of the Parent** | **42,289** | 33,204 |
| Non-controlling interests | 7,281 | 6,376 |
| **Total equity** | **49,570** | 39,580 |
| **Liabilities** | | |
| Non-current financial liabilities | 47,637 | 31,299 |
| Non-current liabilities, Group companies | 0 | 48 |
| Provisions for pensions | 4,541 | 5,273 |
| Deferred tax liabilities | 7,090 | 3,872 |
| Other non-current provisions | 1,481 | 1,407 |
| Other non-current liabilities | 79 | 72 |
| **Total non-current liabilities** | **60,828** | 41,971 |
| Current financial liabilities | 7,201 | 5,089 |
| Current liabilities, Group companies | 0 | 259 |
| Current financial liabilities, Group companies | 0 | 485 |
| Trade payables | 14,748 | 12,972 |
| Current tax liabilities | 553 | 915 |
| Current provisions | 1,547 | 1,409 |
| Other current liabilities | 12,569 | 11,604 |
| **Total current liabilities** | **36,618** | 32,733 |
| **Total liabilities** | **97,446** | 74,704 |
| **Total equity and liabilities** | **147,016** | 114,284 |

## CONSOLIDATED BALANCE SHEET (cont.)

| SEKm | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Debt/equity ratio | 1.06 | 0.89 |
| Equity/assets ratio | 29% | 29% |
| | | |
| Equity | 49,570 | 39,580 |
| Equity per share | 71 | 56 |
| Return on equity | 19.8% | 9.3% |
| Return on equity excluding items affecting comparability | 21.3% | 14.5% |
| | | |
| Capital employed | 102,037 | 74,753 |
| - of which working capital | 5,901 | 4,143 |
| | | |
| Return on capital employed* | 13.9% | 12.8% |
| Return on capital employed* excluding items affecting comparability | 14.9% | 16.4% |
| | | |
| Net debt | 52,467 | 35,173 |
| | | |
| Provisions for restructuring costs are included in the balance sheet as follows | | |
| -Other provisions** | 1,481 | 1,407 |
| -Operating liabilities | 548 | 866 |
| **) of which, provision for tax risks | 886 | 516 |

*) rolling 12 months

## NET SALES (business area reporting)

| SEKm | 1712 | 1612 | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 | 2016:3 |
|---|---|---|---|---|---|---|---|---|
| Personal Care | 40,586 | 33,651 | 10,831 | 10,449 | 10,851 | 8,455 | 8,711 | 8,362 |
| Consumer Tissue | 42,014 | 41,560 | 11,026 | 10,066 | 10,449 | 10,473 | 11,115 | 10,164 |
| Professional Hygiene | 26,700 | 26,001 | 6,816 | 6,635 | 6,866 | 6,383 | 6,929 | 6,725 |
| Other | -35 | 26 | -9 | 28 | -11 | -43 | 17 | -16 |
| **Total net sales** | **109,265** | 101,238 | **28,664** | 27,178 | 28,155 | 25,268 | 26,772 | 25,235 |

## ADJUSTED EBITA (business area reporting)

| SEKm | 1712 | 1612 | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 | 2016:3 |
|---|---|---|---|---|---|---|---|---|
| Personal Care | 5,937 | 4,283 | 1,539 | 1,556 | 1,614 | 1,228 | 1,161 | 1,072 |
| Consumer Tissue | 4,084 | 4,450 | 900 | 1,023 | 1,010 | 1,151 | 1,190 | 1,110 |
| Professional Hygiene | 4,004 | 3,836 | 1,344 | 1,023 | 917 | 720 | 1,059 | 1,060 |
| Other | -620 | -577 | -164 | -170 | -104 | -182 | -215 | -128 |
| **Total adjusted EBITA** | **13,405** | 11,992 | **3,619** | 3,432 | 3,437 | 2,917 | 3,195 | 3,114 |

## ADJUSTED OPERATING PROFIT (business area reporting)

| SEKm | 1712 | 1612 | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 | 2016:3 |
|---|---|---|---|---|---|---|---|---|
| Personal Care | 5,431 | 4,255 | 1,369 | 1,404 | 1,434 | 1,224 | 1,143 | 1,068 |
| Consumer Tissue | 4,078 | 4,382 | 899 | 1,022 | 1,008 | 1,149 | 1,173 | 1,093 |
| Professional Hygiene | 3,956 | 3,773 | 1,335 | 1,014 | 902 | 705 | 1,042 | 1,044 |
| Other | -620 | -577 | -165 | -169 | -104 | -182 | -214 | -129 |
| **Total adjusted operating profit[1]** | **12,845** | 11,833 | **3,438** | 3,271 | 3,240 | 2,896 | 3,144 | 3,076 |
| Financial items | -1,182 | -835 | -337 | -275 | -304 | -266 | -265 | -156 |
| **Profit before tax[1]** | **11,663** | 10,998 | **3,101** | 2,996 | 2,936 | 2,630 | 2,879 | 2,920 |
| Tax | -2,191 | -4,355 | -26 | -745 | -761 | -659 | -1,096 | -451 |
| **Net profit for the period[2]** | **9,472** | 6,643 | **3,075** | 2,251 | 2,175 | 1,971 | 1,783 | 2,469 |
| [1]Excluding items affecting comparability before tax amounting to: | -940 | -2,825 | -21 | -34 | -476 | -409 | -688 | -714 |
| [2]Excluding items affecting comparability after tax amounting to: | -687 | -2,401 | -9 | -29 | -334 | -315 | -613 | -597 |

## ADJUSTED EBITA MARGIN (business area reporting)

| % | 1712 | 1612 | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 | 2016:3 |
|---|---|---|---|---|---|---|---|---|
| Personal Care | 14.6 | 12.7 | 14.2 | 14.9 | 14.9 | 14.5 | 13.3 | 12.8 |
| Consumer Tissue | 9.7 | 10.7 | 8.2 | 10.2 | 9.7 | 11.0 | 10.7 | 10.9 |
| Professional Hygiene | 15.0 | 14.8 | 19.7 | 15.4 | 13.4 | 11.3 | 15.3 | 15.8 |

## STATEMENT OF PROFIT OR LOSS

| SEKm | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 |
|---|---|---|---|---|---|
| **Net sales** | **28,664** | 27,178 | 28,155 | 25,268 | 26,772 |
| Cost of goods sold | -20,236 | -18,949 | -19,664 | -18,050 | -19,131 |
| Items affecting comparability | 35 | 28 | -360 | -212 | -49 |
| **Gross profit** | **8,463** | 8,257 | 8,131 | 7,006 | 7,592 |
| Sales, general and administration | -4,856 | -4,835 | -5,109 | -4,330 | -4,495 |
| Items affecting comparability | -57 | -64 | -116 | -109 | -630 |
| Share of profits of associates and joint ventures | 47 | 38 | 55 | 29 | 49 |
| **Operating profit before amortization of acquisition-related intangible assets (EBITA)** | **3,597** | 3,396 | 2,961 | 2,596 | 2,516 |
| Amortization of acquisition-related intangible assets | -181 | -161 | -197 | -21 | -51 |
| Items affecting comparability | 1 | 2 | 0 | -88 | -9 |
| **Operating profit** | **3,417** | 3,237 | 2,764 | 2,487 | 2,456 |
| Financial items | -337 | -275 | -304 | -266 | -265 |
| **Profit before tax** | **3,080** | 2,962 | 2,460 | 2,221 | 2,191 |
| Taxes | -14 | -740 | -619 | -565 | -1,021 |
| **Net profit for the period** | **3,066** | 2,222 | 1,841 | 1,656 | 1,170 |

## INCOME STATEMENT PARENT COMPANY

| SEKm | 1712 | 1612 |
|---|---|---|
| Other operating income | -933 | 0 |
| Other operating expenses | 367 | 0 |
| **Operating profit** | -566 | 0 |
| Financial items | 2,247 | 0 |
| **Profit before tax** | **1,681** | 0 |
| Untaxed reserve and tax | 815 | 0 |
| **Net profit for the period** | **2,496** | 0 |

## BALANCE SHEET PARENT COMPANY

| SEKm | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Intangible assets | 0 | 0 |
| Tangible assets | 5 | 7 |
| Financial assets | 169,146 | 167,852 |
| Total non-current assets | 169,151 | 167,859 |
| Total current assets | 48,934 | 149 |
| **Total assets** | **218,085** | 168,008 |
| | | |
| Restricted equity | 2,350 | 0 |
| Unrestricted equity | 75,735 | 74,986 |
| Total equity | 78,085 | 74,986 |
| Untaxed reserves | 1 | 0 |
| Provisions | 881 | 839 |
| Non-current liabilities | 41,709 | 23,006 |
| Current liabilities | 97,409 | 69,177 |
| **Total equity, provisions and liabilities** | **218,085** | 168,008 |

# NOTES

## 1 ACCOUNTING PRINCIPLES

This year-end report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regards to the Parent Company, RFR 2.
Effective January 1, 2017, Essity applies the following new or amended International Financial Reporting Standards (IFRS):

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IAS 7: Disclosure Initiative

These amendments are not judged to have any material impact on the Group's or Parent Company's result of operations or financial position.

In other respects, the accounting principles and calculation methods applied correspond to those described in the 2016 Annual Report for SCA Hygiene AB.

At SCA's Annual General Meeting on April 5, 2017, it was decided to distribute the hygiene business. Accordingly, a review has been conducted in accordance with IFRS 8 Operating Segments. SCA Hygiene AB (now Essity AB (publ)) decided to divide operations into three segments, with Tissue being split into Consumer Tissue and Professional Hygiene. In addition, Personal Care will continue to form a separate segment and will also include, as of the second quarter 2017, the acquisition BSN medical, Medical Solutions, which is in line with how the new organization will be developed and managed in the future. Comparative periods have been restated in the corresponding manner.

SCA Hygiene AB (now Essity AB (publ)) has also decided to continue to present a function-based income statement, but increase the number of lines in the income statement by reporting amortization for acquisition-related intangible assets on a separate line, thereby making it easier to compare results with other companies irrespective of whether business activities are based on acquisitions or organic growth. In addition, the company has decided to introduce EBITA as a subtotal in the consolidated income statement, refer to Note 5 for further information.

**Effects of new accounting policies**

IFRS 15 Revenue from Contracts with Customers
The standard regulates revenue recognition and disclosure requirements relating to commercial agreements (contracts) in which the delivery of goods/services is divided up into separate identifiable performance obligations that are reported independently. The standard came into effect on January 1, 2018. A project has been carried out that has examined the following areas: sales of services, variable and fixed discounts, inspection of agreements and when control has been transferred to the customer. In summary, the conclusion was drawn that the new standard will not have any material impact on the Essity Group's revenue recognition. Due to the non-material effects of the new standard, previous periods will not be restated.

IFRS 9 Financial Instruments
This is the new standard for financial instruments that will replace IAS 19. The standard came into effect on January 1, 2018. A project has been carried out focusing on the following areas: classification, measurement and documentation of financial liabilities and assets, adaptation of documentation relating to hedge accounting to the new regulations and calculation of effects in connection with the transition to a new model for recognizing anticipated credit losses (expected loss model). The conclusion was drawn that the new standard will not have any material impact on the Essity Group's reporting. Due to the insignificant effects of the new standard, previous periods will not be restated. During the fourth quarter of 2017, the project completed the preparations for the changes that came into effect in 2018. In the first quarter of 2018, Essity intends to report a non-recurring effect of SEK 9m in equity due to a changed calculation model for expected credit losses on trade receivables.

IFRS 16 Leasing
The new standard will be applied as of January 1, 2019. Essity has commenced preparations for transition to the new standard on January 1, 2019, and intends to implement system support in order to comply with the new requirements. The initial assessment is that the new standard will impact Essity insofar as all rental contracts for premises, vehicles and other large leasing objects will be recognized in the balance sheet.

## 2 RISKS AND UNCERTAINTIES

Essity's risk exposure and risk management are described on pages 25-31 of the 2016 SCA Hygiene AB Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analyzed in the due diligence processes that Essity carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of Essity's risk exposure, these are described under the heading "Other events" in the interim and year-end reports.

**Processes for risk management**
Essity's Board determines the Group's strategic direction based on recommendations from the Executive Management Team. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from

the Board to the CEO and from the CEO to the business unit presidents. This means that most operational risks are managed by Essity's business units at the local level, but that they are coordinated when considered necessary. The tools used in this coordination consist primarily of the business units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

Essity's financial risk management is centralized, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's finance policy, which is adopted by Essity's Board and which – together with Essity's energy risk policy – makes up a framework for risk management. Risks are aggregated and monitored on a regular basis to ensure compliance with these guidelines. Essity has also centralized other risk management.

Essity has a staff function for internal audit, which monitors compliance in the organization with the Group's policies.

## 3 FINANCIAL INSTRUMENTS PER CATEGORY

Distribution by level for measurement at fair value

| SEKm | Carrying amount in the balance sheet | Measured at fair value through profit or loss | Derivatives used for hedge accounting | Available-for-sale financial assets | Financial liabilities measured at amortized cost | Of which fair value by level[1] | |
|---|---|---|---|---|---|---|---|
| **December 31, 2017** | | | | | | 1 | 2 |
| Derivatives | 1,555 | 816 | 739 | - | - | - | 1,555 |
| Non-current financial assets | 87 | - | - | 87 | - | 87 | - |
| **Total assets** | **1,642** | **816** | **739** | **87** | **-** | **87** | **1,555** |
| Derivatives | 591 | 434 | 157 | - | - | - | 591 |
| Financial liabilities | | | | | | | |
| Current financial liabilities | 6,520 | - | - | - | 6,520 | - | - |
| Non-current financial liabilities | 47,605 | 16,292 | - | - | 31,313 | - | 16,292 |
| **Total liabilities** | **54,716** | **16,726** | **157** | **-** | **37,833** | **-** | **16,883** |
| December 31, 2016 | | | | | | | |
| Derivatives | 1,259 | 440 | 819 | - | - | - | 1,259 |
| Non-current financial assets | 82 | - | - | 82 | - | 82 | - |
| Total assets | 1,341 | 440 | 819 | 82 | - | 82 | 1,259 |
| Derivatives | 705 | 576 | 129 | - | - | - | 705 |
| Financial liabilities | | | | | | | |
| Current financial liabilities | 4,388 | 425 | - | - | 3,963 | - | 425 |
| Non-current financial liabilities | 31,277 | 16,021 | - | - | 15,256 | - | 16,021 |
| Total liabilities | 36,370 | 17,022 | 129 | - | 19,219 | - | 17,151 |

[1]No financial instruments have been classified to level 3

The total fair value of the above financial liabilities is SEK 54,145m (36,719). The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, trade payables and other current and non-current liabilities is estimated to be equal to their carrying amount.

No transfers between level 1 and 2 were made during the period.

The fair value of financial instruments is calculated based on current market quotations on the balance sheet date. The value of derivatives is based on published prices in an active market. The fair value of debt instruments is set using valuation models, such as discounting of future cash flows to quoted market interest rates for the respective durations.

## 4 ACQUISITIONS AND DIVESTMENTS

On December 19, 2016, it was announced that an agreement to acquire BSN medical, a leading medical solutions company, had been concluded. BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics. The purchase price for the shares was EUR 1,394m, and takeover of net debt amounted to approximately EUR 1,321m. The acquisition is fully debt-funded. The transaction, which was subject to customary regulatory approvals, was closed on April 3, 2017.

A preliminary purchase price allocation is presented below specifying intangible assets in the form of customer relationships, brands, technologies and goodwill. The preliminary allocation may be adjusted after Essity has completed its valuation of BSN medical's brand strategy. Goodwill is justified by the synergies that arise as a result of BSN medical's leading market positions in attractive medical technology product categories, which create a shared future growth platform in combination with Essity's incontinence business, including the globally leading brand TENA. Furthermore, synergies are generated by being able to utilize a common customer base and sales channels for both businesses, enabling more rapid growth through cross selling.

Since the acquisition date, BSN medical affected consolidated net sales by SEK 6,301m, adjusted EBITDA by SEK 1,331m and adjusted EBITA by SEK 1,150m.

Had the acquisition been consolidated from January 1, 2017, the estimated sales would have amounted to SEK 8,363m, adjusted EBITDA to SEK 1,767m and adjusted EBITA to SEK 1,526m. This is based on an annualization of the acquisition's impact since the acquisition date.

| **Purchase price allocation, BSN medical** | Preliminary |
|---|---|
| **SEKm** | |
| Intangible assets | 13,472 |
| Non-current assets | 1,679 |
| Current assets | 3,161 |
| Cash and cash equivalents | 471 |
| Net debt | -13,038 |
| Provisions and other non-current liabilities | -4,278 |
| Operating liabilities | -1,272 |
| **Net identifiable assets and liabilities** | **195** |
| Goodwill | 13,145 |
| Non-controlling interests | -80 |
| **Consideration paid** | **13,260** |
| | |
| Consideration paid | -13,260 |
| Cash and cash equivalents in acquired operations | 471 |
| **Effect on the Group's cash and cash equivalents (Consolidated cash flow statement)** | **-12,789** |
| Acquired net debt excluding cash and cash equivalents | -13,038 |
| **Acquisition of operations including net debt taken over (Consolidated operating cash flow statement)** | **-25,827** |

## 5 Use of non-IFRS performance measures

During 2016, guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU were issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs not supported under IFRS.

This year-end report refers to a number of performance measures not defined in IFRS. These performance measures are used to help investors, management and other stakeholders analyze the company's operations. These IFRS measures may differ from similarly titled measures among other companies. SCA Hygiene's 2016 Annual Report describes the various IFRS performance measures that are used as a complement to the financial information that is presented in accordance with IFRS. A number of IFRS performance measures, such as EBITA, have been added since the Annual Report was published and these are described below. Tables are also presented that show how the performance measures have been calculated.

A number of financial performance measures and how these are used to analyze the company's objective are described below.

## CALCULATION OF FINANCIAL PERFORMANCE MEASURES NOT INCLUDED IN IFRS FRAMEWORK

Return measures – Return is a financial term that describes how much the value of an asset changes from an earlier point in time

| Non-IFRS performance measure | Description | Reason for use of the measure |
|---|---|---|
| **Return on capital employed, ROCE** | Accumulated return on capital employed is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets (EBITA) as a percentage of an average of capital employed during the five most recent quarters. The corresponding key figure for a single quarter is calculated as operating profit before amortization of acquisition-related intangible assets (EBITA) for the quarter multiplied by four as a percentage of capital employed for the two most recent quarters. | This is the central ratio for measuring return on capital tied up in operations. |
| **Adjusted return on capital employed, ROCE** | Accumulated return on capital employed is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets (EBITA), excluding items affecting comparability, as a percentage of an average of capital employed during the five most recent quarters. The corresponding key figure for a single quarter is calculated as operating profit before amortization of acquisition-related intangible assets (EBITA) for the quarter, excluding items affecting comparability, multiplied by four as a percentage of capital employed for the two most recent quarters. | This is the central ratio for measuring return on capital tied up in operations. |
| **Operating profit before amortization of acquisition-related intangible assets, EBITA** | Calculated as operating profit after depreciation of tangible assets but before amortization of acquisition-related intangible assets. | The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth. |
| **Adjusted operating profit before amortization of acquisition-related intangible assets, EBITA** | Calculated as operating profit after depreciation of tangible assets but before amortization of acquisition-related intangible assets, excluding items affecting comparability. | The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities were based on acquisitions or organic growth, and even adjusted for the impact of items affecting comparability. |
| **EBITA margin** | Operating profit before amortization of acquisition-related intangible assets as a percentage of net sales for the period. | The measure is a good complement to enable margin comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth. |

| Non-IFRS performance measure | Description | Reason for use of the measure |
|---|---|---|
| **Adjusted EBITA margin** | Operating profit before amortization of acquisition-related intangible assets, excluding items affecting comparability, as a percentage of net sales for the period. | The measure is a good complement to enable margin comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth. |
| **Adjusted operating margin** | Operating profit, excluding items affecting comparability, as a percentage of net sales for the period. | Adjusted operating margin is a key measure together with sales growth and capital turnover ratio for monitoring value creation. |
| **Adjusted operating profit** | Adjusted operating profit is calculated as operating profit before financial items and tax and excluding items affecting comparability. | Adjusted operating profit is a key ratio for control of the Group's profit centers and provides a better understanding of earnings performance of the operations than the non-adjusted operating profit. |
| **Adjusted tax** | Tax expenses for the period adjusted for tax expenses relating to items affecting comparability. | A useful measure to show the total tax expense for the period, adjusted for taxes related to items affecting comparability. |
| **Earnings per share** | Earnings for the period attributable to owners of the parent divided by number of shares. | Earnings per share is a good measure of the company's profitability and is used to determine the value of a company's outstanding shares |
| **Adjusted earnings per share** | Adjusted earnings for the period attributable to owners of the parent, excluding amortization of acquisition-related intangible assets after tax divided by number of shares | Adjusted earnings per share is a good measure of the company's profitability and is used to determine the value of a company's outstanding shares |
| **Debt payment capacity** | Debt payment capacity is expressed as cash earnings in relation to closing net debt. | A financial measure that shows the company's capacity to pay its debts. |

## Capital employed

| SEKm | 1712 | 1612 |
|---|---|---|
| Total assets | 147,016 | 114,284 |
| -Financial receivables | -6,912 | -6,973 |
| -Non-current non-interest bearing liabilities | -8,650 | -5,399 |
| -Current non-interest bearing liabilities | -29,417 | -27,159 |
| Capital employed | 102,037 | 74,753 |

| SEKm | 2017:4 | 2017:3 | 2017:2 | 2017:1 | 2016:4 |
|---|---|---|---|---|---|
| Personal Care | 39,447 | 38,219 | 39,363 | 14,051 | 13,665 |
| Consumer Tissue | 43,569 | 41,945 | 41,439 | 40,898 | 40,082 |
| Professional Hygiene | 20,034 | 19,274 | 20,272 | 20,915 | 21,253 |
| Other | -1,013 | -1,024 | -671 | -634 | -247 |
| Capital employed | 102,037 | 98,414 | 100,403 | 75,230 | 74,753 |

## Working capital

| SEKm | 1712 | 1612 |
|---|---|---|
| Inventories | 13,739 | 10,944 |
| Accounts receivables | 17,607 | 15,843 |
| Other current receivables | 2,549 | 2,390 |
| Accounts payables | -14,748 | -12,972 |
| Other current liabilities | -12,569 | -11,863 |
| Adjustments | -677 | -199 |
| Working capital | 5,901 | 4,143 |

## Net debt

| SEKm | 1712 | 1612 |
|---|---|---|
| Surplus in funded pension plans | 1148 | 335 |
| Non-current financial assets | 552 | 717 |
| Current financial assets | 1,105 | 1,677 |
| Cash and cash equivalents | 4,107 | 4,244 |
| Financial receivables | 6,912 | 6,973 |
| Non-current financial liabilities | 47,637 | 31,299 |
| Provisions for pensions | 4,541 | 5,273 |
| Current financial liabilities | 7,201 | 5,574 |
| Financial liabilities | 59,379 | 42,146 |
| Net debt | 52,467 | 35,173 |

## EBITA

| SEKm | 1712 | 1612 | 2017:4 | 2016:4 |
|---|---|---|---|---|
| Operating profit | 11,905 | 9008 | 3417 | 2456 |
| -Amortization of acquisition-related intangible assets | 560 | 159 | 181 | 51 |
| -Items affecting comparability, amortization of acquisition-related intangible assets | 85 | 180 | -1 | 9 |
| -Operating profit before amortization of acquisition-related intangible assets/EBITA | 12,550 | 9,347 | 3,597 | 2,516 |
| EBITA margin (%) | 11.5 | 9.2 | 12.5 | 9.4 |
| -Items affecting comparability, cost of goods sold | 509 | 532 | -35 | 49 |
| -Items affecting comparability, sales and administration costs | 346 | 2,113 | 57 | 630 |
| Adjusted EBITA | 13,405 | 11,992 | 3,619 | 3,195 |
| Adjusted EBITA margin (%) | 12.3 | 11.8 | 12.6 | 11.9 |

## Operating cash flow

| SEKm | 1712 | 1612 | 2017:4 | 2016:4 |
|---|---|---|---|---|
| Personal Care | | | | |
| Operating cash surplus | 7,238 | 5,314 | 1,948 | 1,432 |
| Change in working capital | -237 | 289 | 81 | 120 |
| Current capital expenditures, net | -1,282 | -805 | -556 | -331 |
| Restructuring costs, etc. | -266 | -75 | -33 | -78 |
| Operating cash flow | 5,453 | 4,723 | 1,440 | 1,143 |
| Consumer Tissue | | | | |
| Operating cash surplus | 6,163 | 6,455 | 1,443 | 1,711 |
| Change in working capital | -425 | 891 | 115 | 622 |
| Current capital expenditures, net | -1,749 | -1,892 | -457 | -918 |
| Restructuring costs, etc. | -139 | -255 | -7 | -107 |
| Operating cash flow | 3,850 | 5,199 | 1,094 | 1,308 |
| Professional Hygiene | | | | |
| Operating cash surplus | 5,649 | 5,515 | 1,745 | 1,505 |
| Change in working capital | 73 | -30 | 189 | 261 |
| Current capital expenditures, net | -719 | -1,267 | -167 | -494 |
| Restructuring costs, etc. | -592 | -83 | -144 | 6 |
| Operating cash flow | 4,411 | 4,135 | 1,623 | 1,278 |

## Organic sales

| SEKm | 1712 | 2017:4 |
|---|---|---|
| Personal Care | | |
| Organic sales | 586 | 263 |
| Currency effect* | 48 | -283 |
| Acquisition/Disposals | 6,301 | 2,139 |
| Reported change | 6,935 | 2,119 |
| Consumer Tissue | | |
| Organic sales | 231 | 93 |
| Currency effect* | 223 | -183 |
| Acquisition/Disposals | 0 | 0 |
| Reported change | 454 | -90 |
| Professional Hygiene | | |
| Organic sales | 411 | 151 |
| Currency effect* | 137 | -264 |
| Acquisition/Disposals | 150 | 0 |
| Reported change | 698 | -113 |
| Essity | | |
| Organic sales | 1,169 | 482 |
| Currency effect* | 406 | -730 |
| Acquisition/Disposals | 6,452 | 2,139 |
| Reported change | 8,027 | 1,891 |

*Consists only of currency translation effects