

Interim Report Q1 2018



Essity Aktiebolag (publ)



JANUARY 1 – MARCH 31, 2018

(compared with the corresponding period a year ago)

- Net sales increased 10.9% to SEK 28,020m (25,268)
- Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.4%
- Operating profit before amortization of acquisition-related intangible assets (EBITA) rose 6% to SEK 2,760m (2,596)
- Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 7% to SEK 3,119m (2,917)
- Higher raw material costs had a negative impact of SEK 755m on earnings
- Adjusted EBITA margin declined 0.4 percentage points to 11.1% (11.5)
- Adjusted profit before tax rose 1% to SEK 2,660m (2,630)
- Profit for the period increased 4% to SEK 1,726m (1,656)
- Earnings per share were SEK 2.08 (2.08¹)
- Adjusted earnings per share increased 2% to SEK 2.61 (2.55¹)
- Cash flow from current operations decreased 26% to SEK 1,685m (2,282)

¹Indicative earnings per share on the assumption that the number of issued shares in Essity as of March 31, 2017 corresponded to the number of issued shares in Essity on March 31, 2018 (702.3 million).

EARNINGS TREND

SEKm	1803	1703	%
Net sales	28,020	25,268	11
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) ²	3,119	2,917	7
Operating profit before amortization of acquisition-related intangible assets (EBITA)	2,760	2,596	6
Amortization of acquisition-related intangible assets	-169	-21	
Adjusted operating profit ²	2,950	2,896	2
Items affecting comparability	-359	-409	
Operating profit	2,591	2,487	4
Financial items	-290	-266	
Profit before tax	2,301	2,221	4
Adjusted profit before tax ²	2,660	2,630	1
Tax	-575	-565	
Profit for the period	1,726	1,656	4
Earnings per share, SEK	2.08	2.08 ¹	
Adjusted earnings per share, SEK ³	2.61	2.55 ¹	

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

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

SUMMARY OF FIRST QUARTER OF 2018

The Group's net sales for the first quarter of 2018 increased 10.9% compared with the corresponding period a year ago. Organic net sales increased 3.4%, of which volume accounted for 2.5% and price/mix for 0.9%. In emerging markets, which represented 35% of net sales, organic net sales rose 6.3%, while the increase in mature markets was 1.6%.

During the quarter, four innovations were launched that strengthened Essity's customer and consumer offering. Within Tissue Roadmap, investments and further restructuring measures were decided to strengthen the product offering and increase efficiency in Consumer Tissue and Professional Hygiene.

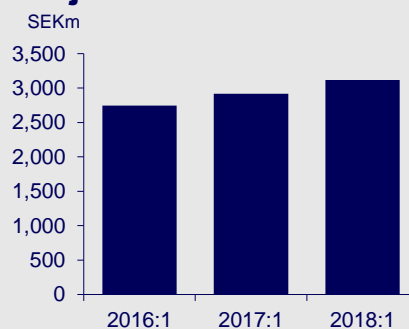
The Group's adjusted EBITA in the first quarter of 2018 increased 7% compared with the corresponding period a year ago. Excluding currency translation effects and acquisitions, adjusted EBITA declined 5%. Higher volumes, a better price/mix, cost savings of SEK 232m and the acquisition of BSN medical had a positive impact on earnings. Higher raw material costs had a negative impact of SEK 755m on earnings. The higher raw material costs during the quarter were partially offset by price increases mainly in Consumer Tissue in Asia and Professional Hygiene. Price increases were also carried out in Consumer Tissue in Europe during the quarter, which have yet to impact earnings. The Group's adjusted EBITA margin decreased 0.4 percentage points to 11.1%. The adjusted return on capital employed was 11.9%.

Organic net sales for the acquired company BSN medical for the first quarter of 2018 were in line with the corresponding period in 2017. The adjusted EBITA margin for the acquired company was 17.5% and was negatively impacted by about 0.2 percentage points due to integration costs. The integration is proceeding according to plan and generating the expected synergies.

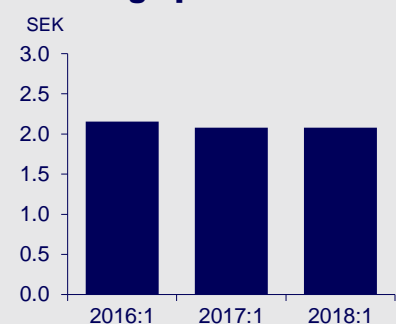
Net sales



Adjusted EBITA



Earnings per share



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

ADJUSTED EARNINGS TREND

SEKm	1803	1703	%
Net sales	28,020	25,268	11
Cost of goods sold ¹	-19,964	-18,050	
Adjusted gross profit¹	8,056	7,218	12
Sales, general and administration ¹	-4,937	-4,301	
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA)¹	3,119	2,917	7
Amortization of acquisition-related intangible assets ¹	-169	-21	
Adjusted operating profit¹	2,950	2,896	2
Financial items	-290	-266	
Adjusted profit before tax¹	2,660	2,630	1
Adjusted tax ¹	-677	-659	
Adjusted profit for the period¹	1,983	1,971	1
¹ Excluding items affecting comparability; for amounts see page 11.			
Adjusted Margins (%)			
Gross margin¹	28.8	28.6	
EBITA margin¹	11.1	11.5	
Operating margin¹	10.5	11.5	
Financial net margin	-1.0	-1.1	
Profit margin¹	9.5	10.4	
Tax ¹	-2.4	-2.6	
Net margin¹	7.1	7.8	
¹ Excluding items affecting comparability; for amounts see page 11.			

ADJUSTED EBITA BY BUSINESS AREA

SEKm	1803	1703	%
Personal Care	1,532	1,228	25
Consumer Tissue	966	1,151	-16
Professional Hygiene	772	720	7
Other	-151	-182	
Total¹	3,119	2,917	7
¹ Excluding items affecting comparability; for amounts see page 11.			

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

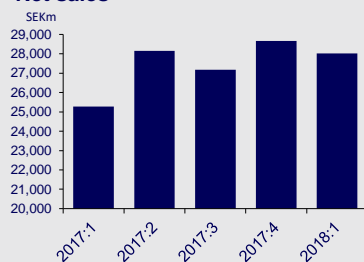
SEKm	1803	1703	%
Personal Care	1,372	1,224	12
Consumer Tissue	965	1,149	-16
Professional Hygiene	764	705	8
Other	-151	-182	
Total¹	2,950	2,896	2
¹ Excluding items affecting comparability; for amounts see page 11.			

OPERATING CASH FLOW BY BUSINESS AREA

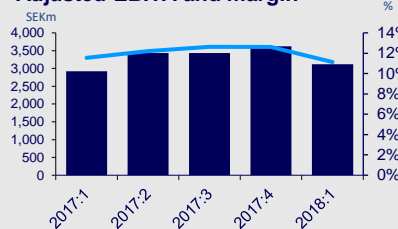
SEKm	1803	1703	%
Personal Care	1,061	1,063	0
Consumer Tissue	926	1,245	-26
Professional Hygiene	455	848	-46
Other	-56	-70	
Total	2,386	3,086	-23

GROUP

Net sales



Adjusted EBITA and margin



Excluding items affecting comparability

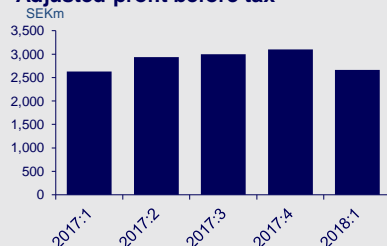
Change in net sales (%)

	1803 vs 1703
Total	10.9
Price/mix	0.9
Volume	2.5
Currency	-0.6
Acquisitions	8.1
Divestments	0

Change in adjusted EBITA (%)

	1803 vs 1703
Total	7
Price/mix	4
Volume	9
Raw materials	-26
Energy	1
Currency	0
Other	19

Adjusted profit before tax



Excluding items affecting comparability

MARKET/EXTERNAL ENVIRONMENT

January–March 2018 compared with the corresponding period a year ago

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. 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–March 2018 compared with the corresponding period a year ago

Net sales increased 10.9% compared with the corresponding period a year ago to SEK 28,020m (25,268). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.4%, of which volume accounted for 2.5% and price/mix for 0.9%. Organic net sales increased 1.6% in mature markets and 6.3% in emerging markets. Emerging markets accounted for 35% of net sales. Exchange rate effects reduced net sales by 0.6%. Acquisitions increased net sales by 8.1%, of which the acquisition of BSN medical accounted for 7.8% and the acquisition relating to the increase in the shareholding in associates in Latin America accounted for 0.3%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 7% (declined 5% excluding currency translation effects and acquisitions) to SEK 3,119m (2,917). Higher volumes, a better price/mix, cost savings of SEK 232m and the acquisition of BSN medical had a positive impact on earnings. Higher raw material costs had a negative earnings effect of SEK 755m. The acquisition of BSN medical increased profit by 12%.

Items affecting comparability amounted to SEK -359m (-409) and include costs of approximately SEK -390m related to restructuring measures in Professional Hygiene in Europe and SEK -140m to restructuring measures at a production facility for Consumer Tissue and Professional Hygiene in Chile. Acquisition related to the increase in the shareholding in associates in Latin America had a positive impact of SEK 185m on items affecting comparability. Other costs impacted items affecting comparability negatively by SEK 14m.

Financial items increased to SEK -290m (-266). 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 1% (declined 11% excluding currency translation effects and acquisitions) to SEK 2,660m (2,630).

The tax expense, excluding effects of items affecting comparability, was SEK 677m (659).

Adjusted profit for the period rose 1% (declined 11% excluding currency translation effects and acquisitions) to SEK 1,983m (1,971).

Profit for the period rose 4% (declined 8% excluding currency translation effects and acquisitions) to SEK 1,726m (1,656). Earnings per share were SEK 2.08 (2.08). The adjusted earnings per share were SEK 2.61 (2.55).

The adjusted return on capital employed was 11.9% (15.6).

The adjusted return on equity was 15.3% (19.1).

CASH FLOW AND FINANCING

January–March 2018 compared with the corresponding period a year ago

The operating cash surplus amounted to SEK 4,412m (4,146). The cash flow effect of changes in working capital was SEK -1,172m (-253). Working capital as a share of net sales increased. Current capital expenditures amounted to SEK -764m (-596). Operating cash flow was SEK 2,386m (3,086).

Financial items increased to SEK -290m (-266). 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 486m (627). Cash flow from current operations amounted to SEK 1,685m (2,282) during the period.

Strategic capital expenditures amounted to SEK -438m (-256). The net sum of acquisitions and divestments was SEK -372m (23). Net cash flow totaled SEK 862m (2,262).

Net debt increased by SEK 924m during the period, to SEK 53,391m. Excluding pension liabilities, net debt amounted to SEK 50,026m. Net cash flow reduced net debt by SEK 862m. 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 1m. Exchange rate movements increased net debt by SEK 1,787m.

The debt/equity ratio was 0.99 (0.75). Excluding pension liabilities, the debt/equity ratio was 0.93 (0.65). The debt payment capacity was 27% (32). Net debt in relation to adjusted EBITDA amounted to 2.84 (1.88).

EQUITY

January–March 2018

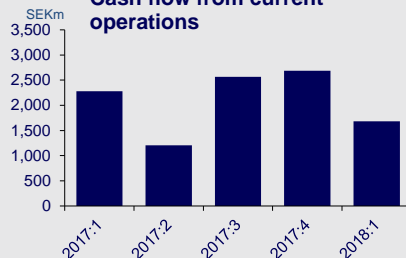
Consolidated equity increased by SEK 4,293m during the period, to SEK 53,863m. Net profit for the period increased equity by SEK 1,726m. Equity decreased SEK 5m net after tax as a result of fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments reduced equity by SEK 42m after tax. Exchange rate movements, including the effect of hedges of net foreign investments, after tax, increased equity by SEK 2,620m. Other items reduced equity by SEK 6m.

TAX

January–March 2018

A tax expense of SEK 677m was reported, excluding items affecting comparability. The reported tax expense corresponds to a tax rate of about 25.5% for the period. The tax expense including items affecting comparability was SEK 575m, corresponding to a tax rate of 25.0% for the period.

Cash flow from current operations



EVENTS DURING THE QUARTER

Essity strengthens Professional Hygiene in Europe

On February 22, 2018, Essity announced that the company had decided to invest in creating a center for napkin production in the existing production facility in Altopascio, Italy, to further strengthen the competitiveness of the Professional Hygiene business in Europe. The investment will lead to restructuring measures at multiple production facilities across Europe in the coming years. The total investments will amount to approximately SEK 590m, of which the majority is related to investments in Altopascio, Italy. The restructuring costs will amount to approximately SEK 580m, of which SEK 390m impacted the first quarter of 2018. The remaining costs are expected to impact the second quarter of 2018. The costs will be recognized as an item affecting comparability. Approximately SEK 410m of these costs are expected to impact cash flow.

Essity restructures in Chile

On February 28, 2018, Essity announced that the company will be restructuring its production facility in Santiago, Chile, to further improve quality and cost for the Consumer Tissue and Professional Hygiene businesses in the country. The restructuring costs amount to approximately SEK 140m, and are recognized as an item affecting comparability in the first quarter of 2018. Approximately SEK 30m of these costs are expected to impact cash flow.

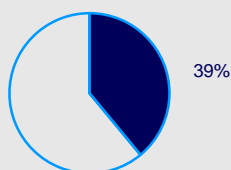
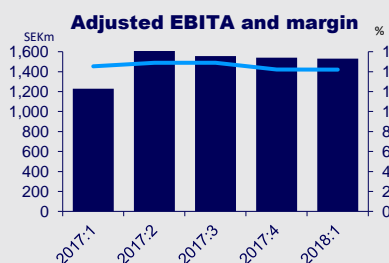
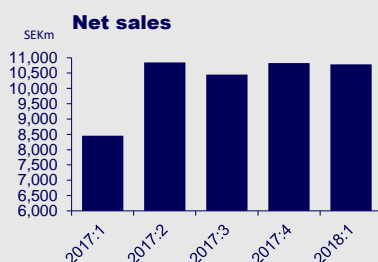
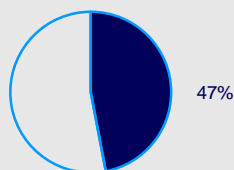
EVENTS AFTER THE QUARTER

Essity restructures in Spain

On April 5, 2018, Essity announced that the company is restructuring its Consumer Tissue production in Spain to further increase efficiency. The restructuring costs are expected to amount to approximately SEK 245m, of which approximately SEK 205m will be recognized as an item affecting comparability in the second quarter of 2018. The remaining costs will be recognized as an item affecting comparability in the fourth quarter of 2018. Approximately SEK 110m of the restructuring costs is expected to affect cash flow.

Essity's Annual General Meeting 2018

On April 12, 2018, Essity's Annual General Meeting decided on a dividend of SEK 5.75 per share for the 2017 fiscal year. The record date for the dividend was Monday, April 16, 2018. Board members Pär Boman, Ewa Björling, Maija-Liisa Friman, Annemarie Gardshol, Magnus Groth, Bert Nordberg, Lars Rebien Sørensen, Louise Svanberg and Barbara Milian Thoralfsson were re-elected. Pär Boman was re-elected Chairman of the Board.

Share of Group, net sales
1803Share of Group, adjusted EBITA
1803

Change in net sales (%)

1803 vs
1703

Total	27.6
Price/mix	-1.4
Volume	5.9
Currency	-0.9
Acquisitions	24.0
Divestments	0

Change in adjusted EBITA (%)

1803 vs
1703

Total	25
Price/mix	-12
Volume	18
Raw materials	-13
Energy	0
Currency	1
Other	31

PERSONAL CARE

SEKm	1803	1703	%
Net sales	10,785	8,455	28
Adjusted EBITA*	1,532	1,228	25
Adjusted EBITA margin, %*	14.2	14.5	
Adjusted operating profit*	1,372	1,224	12
Adjusted operating margin, %*	12.7	14.5	
Adjusted return on capital employed, %*	15.0	35.4	
Operating cash flow	1,061	1,063	

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

January–March 2018 compared with the corresponding period a year ago

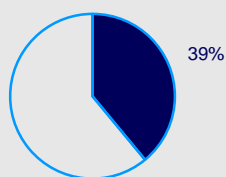
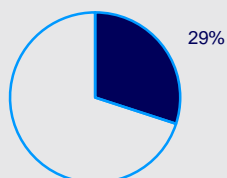
Net sales increased 27.6% to SEK 10,785m (8,455). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 4.5%, of which volume accounted for 5.9% and price/mix for -1.4%. Organic net sales in mature markets increased 4.5%. In emerging markets, which accounted for 37% of net sales, organic net sales rose 4.5%. Acquisitions increased net sales by 24.0%, of which the acquisition of BSN medical accounted for 23.3% and the acquisition relating to the increase in the shareholding in associates in Latin America accounted for 0.7%. Exchange rate effects reduced net sales by 0.9%.

For Incontinence Products, under the globally leading TENA brand, organic net sales increased 5.2%. Growth was mainly related to emerging markets and Western Europe. Growth in Europe was related to higher sales to both the retail sector and the healthcare sector. For Baby Care, organic net sales rose 1.1%. The increase was mainly related to Western Europe and Asia. For Feminine Care, organic net sales increased 7.1%, with the higher level primarily attributable to Latin America, Western Europe and Asia.

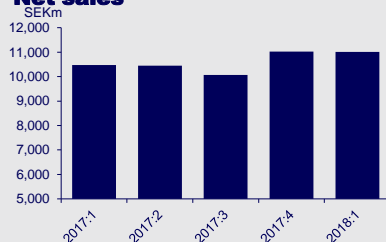
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA), rose 25% (declined 5% excluding currency translation effects and acquisitions) to SEK 1,532m (1,228). The increase was mainly related to the acquisition of BSN medical, higher volumes and cost savings. Higher raw material costs and lower prices negatively impacted earnings. Acquisitions increased profit by 29%, of which the acquisition of BSN medical accounted for 28% and the acquisition relating to the increase in the shareholding in associates in Latin America accounted for 1%.

Organic net sales for the acquired company BSN medical were in line with the corresponding period in 2017. The adjusted EBITA margin for the acquired company was 17.5% and was negatively impacted by about 0.2 percentage points due to integration costs. The integration is proceeding according to plan and generating the expected synergies.

The operating cash surplus amounted to SEK 1,858m (1,491).

Share of Group, net sales
1803Share of Group, adjusted EBITA
1803

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	1803 vs 1703
Total	5.1
Price/mix	2.0
Volume	1.9
Currency	1.1
Acquisitions	0.1
Divestments	0

Change in adjusted EBITA (%)

	1803 vs 1703
Total	-16
Price/mix	14
Volume	3
Raw materials	-47
Energy	3
Currency	-1
Other	12

CONSUMER TISSUE

SEKm	1803	1703	%
Net sales	11,003	10,473	5
Adjusted EBITA*	966	1,151	-16
Adjusted EBITA margin, %*	8.8	11.0	
Adjusted operating profit*	965	1,149	-16
Adjusted operating margin, %*	8.8	11.0	
Adjusted return on capital employed, %*	8.7	11.4	
Operating cash flow	926	1,245	

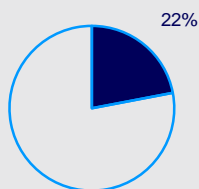
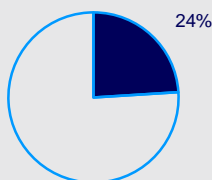
*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

January–March 2018 compared with the corresponding period a year ago

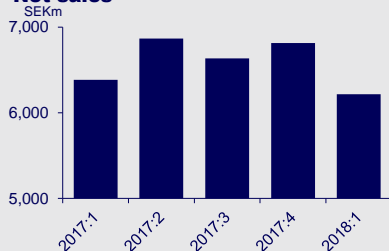
Net sales increased 5.1% to SEK 11,003m (10,473). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 3.9%, of which volume accounted for 1.9% and price/mix for 2.0%. Organic net sales increased 1.5% in mature markets as a result of higher volumes. In emerging markets, which accounted for 43% of net sales, organic net sales increased by 6.4%. The increase was mainly related to Asia and Russia. The acquisition relating to the increase in the shareholding in associates in Latin America increased net sales by 0.1%. Exchange rate effects increased net sales by 1.1%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) declined 16% (15% excluding currency translation effects) to SEK 966m (1,151). This decline was primarily related to higher raw material costs, which negatively impacted earnings by SEK 538m. The higher raw material costs were the result of elevated pulp prices. A better price/mix, higher volumes, lower energy costs and cost savings positively impacted earnings. Selling prices were higher in Asia and lower in Europe.

The operating cash surplus totaled SEK 1,503m (1,661).

Share of Group, net sales
1803Share of Group, adjusted EBITA
1803

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	1803 vs 1703
Total	-2.6
Price/mix	2.2
Volume	-1.8
Currency	-3.1
Acquisitions	0.1
Divestments	0

Change in adjusted EBITA (%)

	1803 vs 1703
Total	7
Price/mix	15
Volume	-1
Raw materials	-8
Energy	1
Currency	-2
Other	2

PROFESSIONAL HYGIENE

SEKm	1803	1703	%
Net sales	6,218	6,383	-3
Adjusted EBITA*	772	720	7
Adjusted EBITA margin, %*	12.4	11.3	
Adjusted operating profit*	764	705	8
Adjusted operating margin, %*	12.3	11.0	
Adjusted return on capital employed, %*	15.3	13.7	
Operating cash flow	455	848	

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

January–March 2018 compared with the corresponding period a year ago

Net sales decreased 2.6% to SEK 6,218m (6,383). Organic net sales, which exclude exchange rate effects, acquisitions and divestments, increased 0.4%, of which volume accounted for -1.8% 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. Decision to discontinue contracts with unsatisfactory profitability in North America had a negative impact on volumes. Organic net sales decreased 2.1% in mature markets. Net sales increased in Western Europe while a decline was noted in North America. In emerging markets, which accounted for 19% of net sales, organic net sales increased 11.5%. Acquisition relating to the increase in the shareholding in associates in Latin America increased net sales by 0.1%. Exchange rate effects decreased net sales by 3.1%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 7% (9% excluding currency translation effects) to SEK 772m (720). A better price/mix, lower energy costs and cost savings had a positive impact on earnings. Higher raw material costs and lower volumes had a negative impact on earnings.

The operating cash surplus was SEK 1,187m (1,153).

DISTRIBUTION OF SHARES

March 31, 2018	Class A	Class B	Total
Registered number of shares	64,083,238	638,259,251	702,342,489

At the end of the period, the proportion of Class A shares was 9.1%. During the first quarter, 57,200 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 1,279,091,631.

FUTURE REPORTS

In 2018, interim reports will be published on July 19 and October 26. The year-end report for 2018 will be published on January 31, 2019.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT Q1 2018

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

Time: 10:00 a.m. CET, Friday, April 27, 2018

Location: Essity's headquarters, Waterfront Building, Klarabergsviadukten 63, Stockholm, Sweden

The presentation will be webcast at www.essity.com. To participate by telephone, call: +44 (0) 203 009 57 10, +1 866 869 23 21 or +46 8 506 921 85. Specify "Essity" or conference ID no. 2584918.

Link to webcast: https://essity.videosync.fi/2018-04-27_q1

Stockholm, April 27, 2018
Essity Aktiebolag (publ)

Magnus Groth
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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 8:00 a.m. CET on April 27, 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	2018:1	2017:1	2017:4	1803	1703
Net sales	28,020	25,268	28,664	28,020	25,268
Cost of goods sold ^{1,2}	-19,964	-18,050	-20,236	-19,964	-18,050
Items affecting comparability ^{1,2}	-554	-212	35	-554	-212
Gross profit	7,502	7,006	8,463	7,502	7,006
Sales, general and administration ^{1,2}	-4,964	-4,330	-4,856	-4,964	-4,330
Items affecting comparability ^{1,2}	195	-109	-57	195	-109
Share of profits of associates and joint ventures	27	29	47	27	29
Operating profit before amortization of acquisition-related intangible assets	2,760	2,596	3,597	2,760	2,596
Amortization of acquisition-related intangible assets ¹	-169	-21	-181	-169	-21
Items affecting comparability ^{1,2}	0	-88	1	0	-88
Operating profit	2,591	2,487	3,417	2,591	2,487
Financial items	-290	-266	-337	-290	-266
Profit before tax	2,301	2,221	3,080	2,301	2,221
Tax	-575	-565	-14	-575	-565
Profit for the period	1,726	1,656	3,066	1,726	1,656
Earnings attributable to:					
Owners of the parent	1,460	1,460	2,889	1,460	1,460
Non-controlling interests	266	196	177	266	196
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution, millions	702.3	702.3	702.3	702.3	702.3
Earnings per share, SEK - owners of the parent					
- before dilution effects	2.08	2.08 ³	4.11	2.08	2.08 ³
- after dilution effects	2.08	2.08 ³	4.11	2.08	2.08 ³
¹ Of which, depreciation	-1,457	-1,270	-1,527	-1,457	-1,270
² Of which, impairment	-298	-186	-17	-298	-186
³ Number of shares corresponds to the number of issued shares in SCA					
Gross margin	26.8	27.7	29.5	26.8	27.7
EBITA margin	9.9	10.3	12.5	9.9	10.3
Operating margin	9.2	9.8	11.9	9.2	9.8
Financial net margin	-1.0	-1.1	-1.2	-1.0	-1.1
Profit margin	8.2	8.7	10.7	8.2	8.7
Tax	-2.1	-2.2	0.0	-2.1	-2.2
Net margin	6.1	6.5	10.7	6.1	6.5
Excluding items affecting comparability:					
Gross margin	28.8	28.6	29.4	28.8	28.6
EBITA margin	11.1	11.5	12.6	11.1	11.5
Operating margin	10.5	11.5	12.0	10.5	11.5
Financial net margin	-1.0	-1.1	-1.2	-1.0	-1.1
Profit margin	9.5	10.4	10.8	9.5	10.4
Tax	-2.4	-2.6	-0.1	-2.4	-2.6
Net margin	7.1	7.8	10.7	7.1	7.8

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2018:1	2017:1	2017:4	1803	1703
Profit for the period	1,726	1,656	3,066	1,726	1,656
Other comprehensive income for the period					
Items that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit pension plans	2	779	-399	2	779
Income tax attributable to components of other comprehensive income	-7	-236	175	-7	-236
	-5	543	-224	-5	543
Items that have been or may be reclassified subsequently to the income statement					
Financial assets measured at fair value through comprehensive income	-1	1	-1	-1	1
Cash flow hedges	-64	-187	96	-64	-187
Translation differences in foreign operations	3,504	443	1,883	3,504	443
Gains/losses from hedges of net investments in foreign operations	-1,125	-177	-589	-1,125	-177
Other comprehensive income from associated companies	14	-29	-2	14	-29
Income tax attributable to components of other comprehensive income	264	91	107	264	91
	2,592	142	1,494	2,592	142
Other comprehensive income for the period, net of tax	2,587	685	1,270	2,587	685
Total comprehensive income for the period	4,313	2,341	4,336	4,313	2,341
Total comprehensive income attributable to:					
Owners of the parent	3,605	2,167	3,923	3,605	2,167
Non-controlling interests	708	174	413	708	174

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1803	1703
Attributable to owners of the parent		
Opening balance, January 1	42,289	33,204
Effect attributable to change accounting standard IFRS 9	-9	0
Tax effect attributable to change accounting standard IFRS 9	2	0
Total comprehensive income for the period	3,605	2,167
Transaction with owner (Svenska Cellulosa Aktiebolaget SCA)	0	243
Private placement to non-controlling interest	2	499
Private placement to non-controlling interest, dilution	0	-287
Closing balance	45,889	35,826
Non-controlling interests		
Opening balance, January 1	7,281	6,376
Total comprehensive income for the period	708	174
Dividend	-16	-16
Private placement to non-controlling interest	1	461
Private placement to non-controlling interest, dilution	0	287
Closing balance	7,974	7,282
Total equity, closing balance	53,863	43,108
¹ Specification of transaction with owner (Svenska Cellulosa Aktiebolaget SCA)		
Received contribution/given contribution	0	194
Tax effects	0	49
Total	0	243

CONSOLIDATED OPERATING CASH FLOW STATEMENT

SEKm	1803	1703
Operating cash surplus	4,412	4,146
Change in working capital	-1,172	-253
Current capital expenditures, net	-764	-596
Restructuring costs, etc.	-90	-211
Operating cash flow	2,386	3,086
Financial items	-290	-266
Income taxes paid	-486	-627
Other	75	89
Cash flow from current operations	1,685	2,282
Acquisitions	-373	0
Strategic capital expenditures in non-current assets	-438	-256
Divestments	1	23
Cash flow before dividend	875	2,049
Private placement to non-controlling interest	3	18
Dividend to non-controlling interests	-16	-16
Transactions with shareholders	0	211
Net cash flow	862	2,262
Net debt at the start of the period	-52,467	-35,173
Net cash flow	862	2,262
Remeasurement to equity	1	779
Translation differences	-1,787	10
Net debt at the end of the period	-53,391	-32,122
Debt/equity ratio	0.99	0.75
Debt payment capacity, %	27	32
Net debt / EBITDA	2.90	2.15
Net debt / Adjusted EBITDA	2.84	1.88

CONSOLIDATED CASH FLOW STATEMENT

SEKm	1803	1703
Operating activities		
Profit before tax	2,301	2,221
Adjustment for non-cash items ¹	1,761	1,545
	4,062	3,766
Paid tax	-486	-627
Cash flow from operating activities before changes in working capital	3,576	3,139
Cash flow from changes in working capital		
Change in inventories	-445	-606
Change in operating receivables	-578	342
Change in operating liabilities	-149	12
Cash flow from operating activities	2,404	2,887
Investing activities		
Company acquisitions	-362	0
Divestments	1	23
Investments in intangible assets and property, plant and equipment	-1,237	-880
Sale of property, plant and equipment	41	31
Loans granted to external parties	0	-297
Repayment of loans from external parties	233	0
Cash flow from investing activities	-1,324	-1,123
Financing activities		
Private placement to non-controlling interests	3	18
Change, receivable from Group companies	0	-927
Loans raised	261	29,977
Amortization of debt	-184	-4,654
Dividend to non-controlling interests	-16	-16
Transactions with shareholders	0	211
Cash flow from financing activities	64	24,609
Cash flow for the period	1,144	26,373
Cash and cash equivalents at the beginning of the period	4,107	4,244
Exchange -differences in cash and cash equivalents	99	-1
Cash and cash equivalents at the end of the period	5,350	30,616
Cash flow from operating activities per share, SEK	3.42	4.11
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	1,144	26,373
Amortization of debt	184	4,654
Loans raised	-261	-29,977
Loans granted to external parties	0	297
Investment through financial lease	-6	-3
Repayment of loans from external parties	-234	0
Change, receivable from Group companies	0	927
Net debt in acquired and divested operations	-11	0
Accrued interest	46	-9
Net cash flow according to consolidated operating cash flow statement	862	2,262
¹ Depreciation/amortization and impairment of non-current assets	1,755	1,457
Gain/loss on asset sales and swaps	3	8
Reversal of provision related to antitrust cases	0	-266
Gain/loss on divestments	-1	-1
Unpaid relating to efficiency program	213	-107
Payments related to efficiency program already recognized	-53	-121
Provision related to one-time foreign tax on non-current assets	0	450
Revaluation effect of previously owned holding upon acquisition	-225	0
Other	69	125
Total	1,761	1,545

CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2018	December 31, 2017
Assets		
Goodwill	33,256	31,697
Other intangible assets	21,931	21,424
Buildings, land, machinery and equipment	50,548	48,482
Participation in joint ventures and associates	1,024	1,062
Shares and participation	25	32
Surplus in funded pension plans	1,124	1,148
Non-current financial assets	524	552
Deferred tax assets	2,426	2,232
Other non-current assets	501	469
Total non-current assets	111,359	107,098
Inventories	14,828	13,739
Trade receivables	19,155	17,607
Current tax assets	803	769
Other current receivables	2,884	2,549
Current financial assets	1,092	1,105
Non-current assets held for sale	39	42
Cash and cash equivalents	5,350	4,107
Total current assets	44,151	39,918
Total assets	155,510	147,016
Equity		
Share capital	2,350	2,350
Reserves	5,289	3,154
Retained earnings	38,250	36,785
Attributable to owner of the Parent	45,889	42,289
Non-controlling interests	7,974	7,281
Total equity	53,863	49,570
Liabilities		
Non-current financial liabilities	48,612	47,637
Provisions for pensions	4,489	4,541
Deferred tax liabilities	7,151	7,090
Other non-current provisions	1,624	1,481
Other non-current liabilities	83	79
Total non-current liabilities	61,959	60,828
Current financial liabilities	8,380	7,201
Trade payables	15,146	14,748
Current tax liabilities	741	553
Current provisions	1,825	1,547
Other current liabilities	13,596	12,569
Total current liabilities	39,688	36,618
Total liabilities	101,647	97,446
Total equity and liabilities	155,510	147,016

CONSOLIDATED BALANCE SHEET (cont.)

SEKm	March 31, 2018	December 31, 2017
Debt/equity ratio	0.99	1.06
Equity/assets ratio	30%	29%
Equity	53,863	49,570
Equity per share	77	71
Return on equity	18.7%	19.8%
Return on equity excluding items affecting comparability	20.1%	21.3%
Capital employed	107,254	102,037
- of which working capital	7,431	5,901
Return on capital employed*	13.2%	13.9%
Return on capital employed* excluding items affecting comparability	14.1%	14.9%
Net debt	53,391	52,467
Provisions for restructuring costs are included in the balance sheet as follows		
-Other provisions**	1,624	1,481
-Operating liabilities	733	548
**) of which, provision for tax risks	888	886
*) rolling 12 months		

NET SALES (business area reporting)

SEKm	1803	1703	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4
Personal Care	10,785	8,455	10,785	10,831	10,449	10,851	8,455	8,711
Consumer Tissue	11,003	10,473	11,003	11,026	10,066	10,449	10,473	11,115
Professional Hygiene	6,218	6,383	6,218	6,816	6,635	6,866	6,383	6,929
Other	14	-43	14	-9	28	-11	-43	17
Total net sales	28,020	25,268	28,020	28,664	27,178	28,155	25,268	26,772

ADJUSTED EBITA (business area reporting)

SEKm	1803	1703	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4
Personal Care	1,532	1,228	1,532	1,539	1,556	1,614	1,228	1,161
Consumer Tissue	966	1,151	966	900	1,023	1,010	1,151	1,190
Professional Hygiene	772	720	772	1,344	1,023	917	720	1,059
Other	-151	-182	-151	-164	-170	-104	-182	-215
Total adjusted EBITA	3,119	2,917	3,119	3,619	3,432	3,437	2,917	3,195

ADJUSTED OPERATING PROFIT (business area reporting)

SEKm	1803	1703	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4
Personal Care	1,372	1,224	1,372	1,369	1,404	1,434	1,224	1,143
Consumer Tissue	965	1,149	965	899	1,022	1,008	1,149	1,173
Professional Hygiene	764	705	764	1,335	1,014	902	705	1,042
Other	-151	-182	-151	-165	-169	-104	-182	-214
Total adjusted operating profit¹	2,950	2,896	2,950	3,438	3,271	3,240	2,896	3,144
Financial items	-290	-266	-290	-337	-275	-304	-266	-265
Profit before tax¹	2,660	2,630	2,660	3,101	2,996	2,936	2,630	2,879
Tax	-677	-659	-677	-26	-745	-761	-659	-1,096
Net profit for the period²	1,983	1,971	1,983	3,075	2,251	2,175	1,971	1,783
¹ Excluding items affecting comparability before tax amounting to:	-359	-409	-359	-21	-34	-476	-409	-688
² Excluding items affecting comparability after tax amounting to:	-257	-315	-257	-9	-29	-334	-315	-613

ADJUSTED EBITA MARGIN (business area reporting)

%	1803	1703	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4
Personal Care	14.2	14.5	14.2	14.2	14.9	14.9	14.5	13.3
Consumer Tissue	8.8	11.0	8.8	8.2	10.2	9.7	11.0	10.7
Professional Hygiene	12.4	11.3	12.4	19.7	15.4	13.4	11.3	15.3

STATEMENT OF PROFIT OR LOSS

SEKm	2018:1	2017:4	2017:3	2017:2	2017:1
Net sales	28,020	28,664	27,178	28,155	25,268
Cost of goods sold	-19,964	-20,236	-18,949	-19,664	-18,050
Items affecting comparability	-554	35	28	-360	-212
Gross profit	7,502	8,463	8,257	8,131	7,006
Sales, general and administration	-4,964	-4,856	-4,835	-5,109	-4,330
Items affecting comparability	195	-57	-64	-116	-109
Share of profits of associates and joint ventures	27	47	38	55	29
EBITA	2,760	3,597	3,396	2,961	2,596
Amortization of acquisition-related intangible assets	-169	-181	-161	-197	-21
Items affecting comparability	0	1	2	0	-88
Operating profit	2,591	3,417	3,237	2,764	2,487
Financial items	-290	-337	-275	-304	-266
Profit before tax	2,301	3,080	2,962	2,460	2,221
Taxes	-575	-14	-740	-619	-565
Net profit for the period	1,726	3,066	2,222	1,841	1,656

INCOME STATEMENT PARENT COMPANY

SEKm	1803	1703
Other operating income	-169	-178
Other operating expenses	3	8
Operating profit	-166	-170
Financial items	-196	3,879
Profit before tax	-362	3,709
Untaxed reserve and Tax	78	85
Net profit for the period	-284	3,794

BALANCE SHEET PARENT COMPANY

SEKm	March 31, 2018	December 31, 2017
Intangible assets	0	0
Tangible assets	5	5
Financial assets	169,169	169,146
Total non-current assets	169,174	169,151
Total current assets	1,548	48,934
Total assets	170,722	218,085
Restricted equity	2,350	2,350
Unrestricted equity	75,451	75,735
Total equity	77,801	78,085
Untaxed reserves	1	1
Provisions	883	881
Non-current liabilities	43,384	41,709
Current liabilities	48,653	97,409
Total equity, provisions and liabilities	170,722	218,085

NOTES

1 ACCOUNTING PRINCIPLES

This interim 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, 2018, Essity applies the following new or amended International Financial Reporting Standards (IFRS):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

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 replaces IAS 39. 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. In the first quarter of 2018, Essity reported a non-recurring effect of SEK 7m after tax in equity due to a changed calculation model for expected credit losses on trade receivables. A non-current financial asset of SEK 87m was classified in the measurement category fair value through comprehensive income. Otherwise, no changes occurred in relation to measurement classification.

In other respects, the accounting principles and calculation methods applied correspond to those described in the 2017 Annual Report for Essity.

Effects of future accounting policies

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 66-71 of the 2017 Annual Report for Essity. 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	2
March 31, 2018							
Derivatives	1,727	1,083	644	-	-	-	1,727
Non-current financial assets	90	-	-	90	-	90	-
Total assets	1,817	1,083	644	90	-	90	1,727
Derivatives	744	490	254	-	-	-	744
Financial liabilities							
Current financial liabilities	7,638	-	-	-	7,638	-	-
Non-current financial liabilities	48,526	16,975	-	-	31,551	-	16,975
Total liabilities	56,908	17,465	254	-	39,189	-	17,719
December 31, 2017							
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

¹No financial instruments have been classified to level 3

The total fair value of the above financial liabilities is SEK 56,715m (54,145). 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.

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 EUR 1,324m. The acquisition is fully debt-funded. The transaction, which was subject to customary regulatory approvals, was closed on April 3, 2017.

The earlier preliminary purchase price allocation for BSN medical was finalized in the first quarter of 2018. The definitive purchase price allocation is presented below specifying intangible assets in the form of customer relationships, brands, technologies and goodwill. Goodwill is justified by the synergies that arise as a result of BSN medical's leading market positions in attractive medical solutions 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.

During the first quarter of 2018, BSN medical affected consolidated net sales by SEK 1,970m, adjusted EBITDA by SEK 407m and adjusted EBITA by SEK 344m.

Purchase price allocation, BSN medical	Preliminary	New assumptions	Final
SEKm			
Intangible assets	13,472	0	13,472
Non-current assets	1,679	18	1,697
Current assets	3,161	1	3,162
Cash and cash equivalents	471	-16	455
Net debt	-13,038	-10	-13,048
Provisions and other non-current liabilities	-4,278	-9	-4,287
Operating liabilities	-1,272	5	-1,267
Net identifiable assets and liabilities	195	-11	184
Goodwill	13,145	11	13,156
Non-controlling interests	-80	0	-80
Consideration paid	13,260	0	13,260
Consideration paid	-13,260	0	-13,260
Cash and cash equivalents in acquired operations	471	-16	455
Effect on the Group's cash and cash equivalents (Consolidated cash flow statement)	-12,789	-16	-12,805
Acquired net debt excluding cash and cash equivalents	-13,038	-10	-13,048
Acquisition of operations including net debt taken over (Consolidated operating cash flow statement)	-25,827	-26	-25,853

On February 16, 2018, Familia, in which Essity has a 50% stake, acquired the remaining 50% of the company Productos Sancela del Peru with operations in Peru and Bolivia. The consideration transferred amounted to SEK 310m. Essity has consolidated this company as a subsidiary with a non-controlling interest. Prior to the acquisition, the company was consolidated as an associate according to the equity method. The previously owned share of equity was remeasured at fair value in the amount of SEK 225m and recognized as an item affecting comparability in profit or loss.

5 Use of non-IFRS performance measures

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

This interim 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 non-IFRS measures may differ from similarly titled measures among other companies. Essity's 2017 Annual Report (pages 104-108) describes the various non-IFRS performance measures that are used as a complement to the financial information presented in accordance with IFRS. A number of non-IFRS performance measures have been added since the publication of the Annual Report and these are presented below. Tables are also presented that show how the performance measures have been calculated.

Calculation of financial performance measures not included in IFRS framework

EBITDA

Description: EBITDA is calculated as operating profit before depreciation, amortization and impairment of property, plant and equipment and intangible assets.

Reason for use: This measure is a complement to operating profit, as it shows the cash surplus from operations.

Adjusted EBITDA

Description: Adjusted EBITDA is calculated as operating profit before depreciation, amortization and impairment of property, plant and equipment and intangible assets excluding items affecting comparability.

Reason for use: This measure is a complement to operating profit, as it shows the cash surplus from operations adjusted for the impact of items affecting comparability.

Net debt / EBITDA

Description: Net debt / EBITDA is calculated as the closing balance of net debt in relation to 12 months rolling EBITDA.

Reason for use: A financial measure that shows the company's capacity to repay its debt.

Net debt / Adjusted EBITDA

Description: Net debt / adjusted EBITDA is calculated as the closing balance of net debt in relation to 12 months rolling adjusted EBITDA.

Reason for use: A financial measure that shows the company's capacity to repay its debt.

Capital employed

SEKm	1803	1712
Total assets	155,510	147,016
-Financial receivables	-8,090	-6,912
-Non-current non-interest bearing liabilities	-8,858	-8,650
-Current non-interest bearing liabilities	-31,308	-29,417
Capital employed	107,254	102,037

SEKm	2018:1	2017:4	2017:3	2017:2	2017:1
Personal Care	42,033	39,447	38,219	39,363	14,051
Consumer Tissue	45,091	43,569	41,945	41,439	40,898
Professional Hygiene	20,445	20,034	19,274	20,272	20,915
Other	-315	-1,013	-1,024	-671	-634
Capital employed	107,254	102,037	98,414	100,403	75,230

Working capital

SEKm	1803	1712
Inventories	14,828	13,739
Accounts receivables	19,155	17,607
Other current receivables	2,884	2,549
Accounts payables	-15,146	-14,748
Other current liabilities	-13,596	-12,569
Adjustments	-694	-677
Working capital	7,431	5,901

Net debt

SEKm	1803	1712
Surplus in funded pension plans	1,124	1,148
Non-current financial assets	524	552
Current financial assets	1,092	1,105
Cash and cash equivalents	5,350	4,107
Financial receivables	8,090	6,912
Non-current financial liabilities	48,612	47,637
Provisions for pensions	4,489	4,541
Current financial liabilities	8,380	7,201
Financial liabilities	61,481	59,379
Net debt	53,391	52,467

EBITDA

SEKm	1803	1703
Operating profit	2,591	2,487
-Amortization of acquisition-related intangible assets	169	21
-Depreciations	1,288	1,247
-Items affecting comparability, depreciations	0	2
-Impairment	5	0
-Items affecting comparability, impairment	293	98
-Items affecting comparability, impairment of acquisition-related intangible assets	0	88
EBITDA	4,346	3,943
-Items affecting comparability excluding depreciation and impairment	66	221
Adjusted EBITDA	4,412	4,164

EBITA

SEKm	1803	1703
Operating profit	2,591	2,487
-Amortization of acquisition-related intangible assets	169	21
-Items affecting comparability amortization of acquisition-related intangible assets	0	88
-Operating profit before amortization of acquisition-related intangible assets/EBITA	2,760	2,596
EBITA margin (%)	9.9	10.3
-Items affecting comparability cost of goods sold	554	212
-Items affecting comparability, sales and administration costs	-195	109
Adjusted EBITA	3,119	2,917
Adjusted EBITA margin (%)	11.1	11.5

Operating cash flow

SEKm	1803	1703
Personal Care		
Operating cash surplus	1,858	1,491
Change in working capital	-635	-263
Current capital expenditures, net	-157	-174
Restructuring costs, etc.	-5	9
Operating cash flow	1,061	1,063
Consumer Tissue		
Operating cash surplus	1,503	1,661
Change in working capital	-166	77
Current capital expenditures, net	-399	-286
Restructuring costs, etc.	-12	-207
Operating cash flow	926	1,245
Professional Hygiene		
Operating cash surplus	1,187	1,153
Change in working capital	-482	-92
Current capital expenditures, net	-172	-105
Restructuring costs, etc.	-78	-108
Operating cash flow	455	848

Organic net sales*

SEKm	1803
Personal Care	
Organic net sales	378
Currency effect ¹	-76
Acquisition/Disposals	2,028
Reported change	2,330
Consumer Tissue	
Organic net sales	405
Currency effect ¹	118
Acquisition/Disposals	7
Reported change	530
Professional Hygiene	
Organic net sales	23
Currency effect ¹	-193
Acquisition/Disposals	5
Reported change	-165
Essity	
Organic net sales	861
Currency effect ¹	-149
Acquisition/Disposals	2,040
Reported change	2,752
¹ Consists only of currency translation effects	

*For a definition of “Organic net sales,” refer to page 106 of Essity’s 2017 Annual Report.