1H17 Results Presentation

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24 August 2017

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Peter Diplaris – CEO and Managing Director

1H17 Results Presentation

Highlights

Solid 1H17 Results, Strong Tissue performance, Investment to support new product innovation in Personal Care and capital optimisation program delivered

Results on Track

- Underlying^ NPAT growth +4.1% to $28.2m, Statutory NPAT +11.0% to $27.7m
- Strong improvement in 1H17 results, particularly in Tissue
- Underlying^ EBITDA growth +4.0% to $60.9m
  - Tissue EBITDA $32.7m (+18.3%) – record first half-year result
  - Personal Care EBITDA $28.2m (-8.8%) – as per management expectation
- 1H17 dividend of 4 cps maintained, 50% franked & on market share buy back completed (Statutory EPS 5.1 cps (1H16: 4.4))
- Reduction in net debt to $272.2m (Dec-16: $295.2m), with leverage at 2.05x and approaching mid-point of target range

Executing Strategy

- Feminine Care & Baby Care product innovations in market and supported by advertising and promotional expenditure
- FY17 Capital optimisation projects (Springvale site sale and leaseback & finished goods inventory reduction initiative) executed successfully and delivered incremental free-cash in 1H17 of $38.4m
- Solid year on year sales growth for Professional Hygiene, Incontinence Healthcare and Baby Care

FY17 Outlook Maintained

- Expect return to year on year profit growth in FY17, despite the 2H17 challenges of cost imposts and a competitive retail environment
- Cost pressures in 2H17, combined with competitive retail landscape. However, plans in place to mitigate forecast increases in electricity (2H17 v 2H16 ~-$3.5m) and pulp pricing (2H17 v 2H16 ~-$3m)
- Free Cash Flow guidance of $85m to $95m, inclusive of capital optimisation initiatives and growth capex
- Capital Management principles maintained

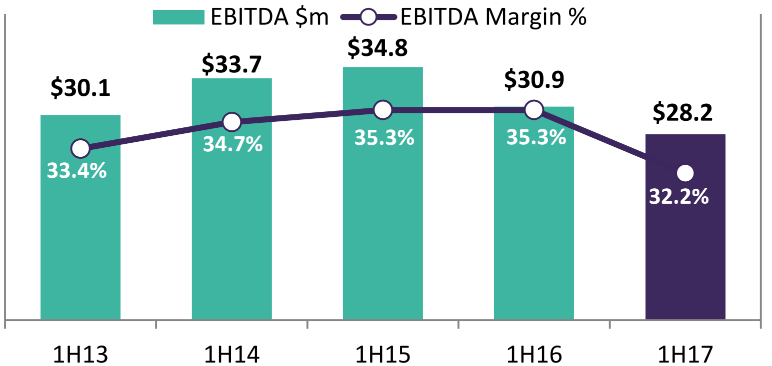
^ Underlying 1H17 Result: Has been adjusted for ($1.3m pre-tax) or ($0.5m after-tax) non-recurring income and expenditure associated with the finished goods inventory reduction initiative, abnormal storage costs and the gain recognised from the Springvale site sale and leaseback

Segment Performance: Personal Care

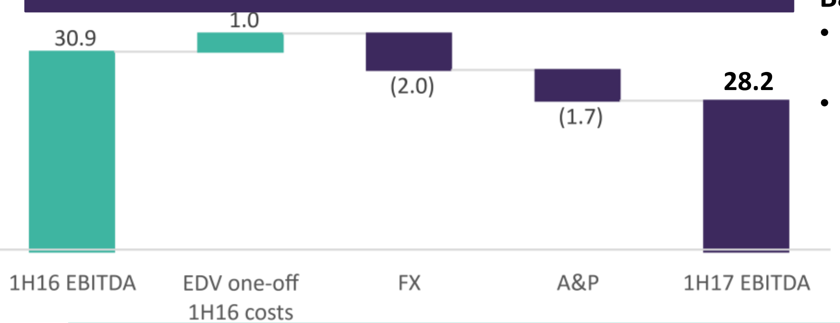
Investment in new product development in Feminine Care and Baby Care supported by advertising and promotion expenditure to support future growth

$m	1H17	1H16	1H17 vs 1H16
Revenue	87.5	87.4	0.2%
Underlying EBITDA	28.2	30.9	-8.8%

Personal Care EBITDA ($m)



Underlying EBITDA: 1H16 to 1H17



Overall

- 1H17 revenue flat to 1H16, with growth in Baby and Incontinence Healthcare offset by a decline in Feminine
- Feminine Roll.Press.Go innovation and new packaging in market in May-17 and supported by a broad advertising and marketing campaign resulting in majority of the -$1.7m A&P spend increase
- Adverse FX impacting raw materials and finished goods costs by ~-$2m

Feminine Care & Incontinence Care

- Retail price per piece continued to hold with EDP strategy in place (1H16 incurred one-off transition costs). However, volumes were adversely impacted by continued competitor promotional activity
- Roll.Press.Go innovation launched in May-17 and benefit realisation is expected in the medium term
- Incontinence Healthcare revenue growth of +6% in 1H17, driven by contract wins and organic growth of existing customers

Baby Care

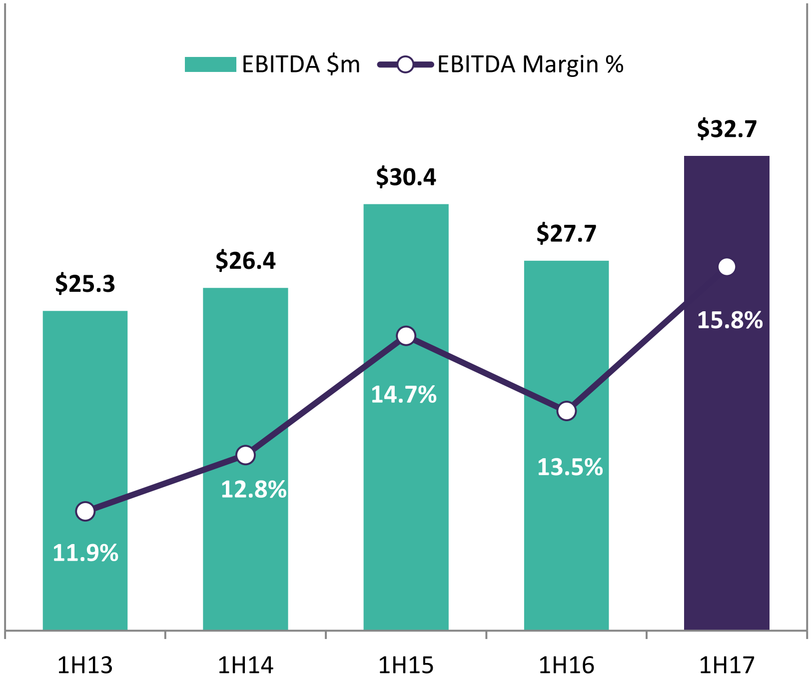
- 1H17 revenue growth of +8%, with growth in Treasures NZ Brand sales up 17.4% arising from increased promotional activity and marketing support
- Nappy machine relocation and upgrade completed in Jun-17 and new product in market

Segment Performance: Tissue

Strong growth in Professional Hygiene and Branded sales in Consumer Tissue NZ, combined with reduced costs driving growth

$m	1H17	1H16	1H17 vs 1H16
Revenue	206.7	205.3	0.7%
Underlying EBITDA	32.7	27.7	18.3%

Tissue EBITDA ($m)



Overall

- Revenue growth of approximately 1%, with Professional Hygiene (B2B) +7% and Consumer Tissue NZ +2%, slightly offset by decline in Consumer Tissue Australia and Pacific Islands
- Strong EBITDA improvement includes lower pulp and raw materials pricing (~+$6m), which was offset by adverse FX movements (~-$6m) and increased energy costs (~-$1m)
- Significant logistics savings from exit from third party storage (derived from the finished goods reduction initiative), lower rates and other savings
- 1H17 A&P spend consistent with 1H16

Professional Hygiene

- Revenue growth for Australia +6% and New Zealand +9%
- New contract wins and improved sales mix through continued increase in proportion of sales of Tork proprietary products (~32%) driving growth

Consumer Tissue

- Reduced promotional activity in 1H17 resulted in an improved revenue per tonne ~+1%, offset by volume decline of ~-4%
- Improved sales mix in Consumer Tissue NZ, with strong growth in branded product sales of +10% offsetting declining private label
- Consumer Tissue AU sales -5%, due to reduced promotional activity in key categories
- Toilet, Facial and Towel categories in Australia remain highly competitive

FY17 Outlook

FY17 guidance remains unchanged, despite the challenges of cost imposts and a competitive retail marketplace

	FY17 Guidance (vs FY16)
Underlying* EBITDA	Low single digit growth
Underlying* NPAT	Low single digit growth
Underlying* Earnings Per Share	Low to mid single digit growth^
Free Cash Flow	$85m to $95m after interest and tax^^
Capital Management	**Clear principles:** 1) Dividend policy: Distribute 70-80% of statutory NPAT 2) Optimal gearing range: 1.5x to 2.5x EBITDA 3) Distribute excess cash to shareholders unless reinvest; Gateway for reinvestment - return to exceed hurdle rate above Asaleo Care WACC **On-market share buy-back:** Completed on-market buy-back on 17 May 2017, 10% of issued shares (60,346,943) acquired for a consideration of $99.5m

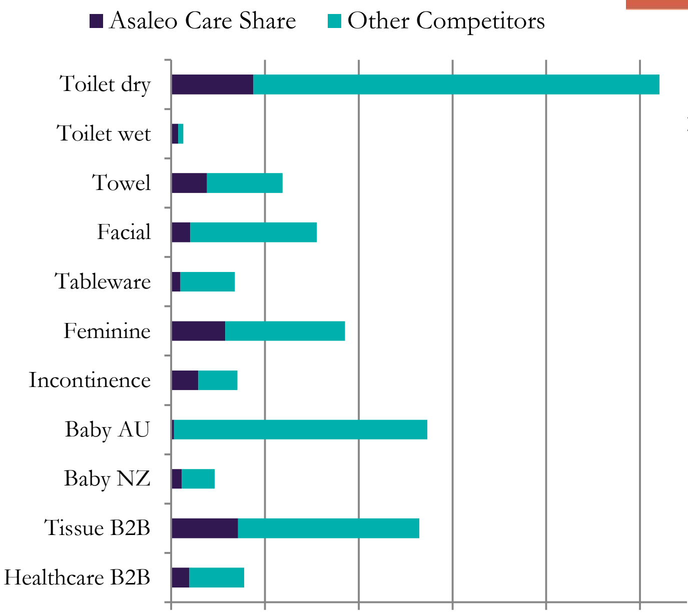
***** Underlying and Statutory result is expected to be materially consistent
^ Based on the weighted average number of shares on issue
^^ Based on FY17 Guidance and including Working Capital optimisation and Property Sale & Leaseback project

Asaleo Care Growth Pathways

Asaleo Care has ~20% share of the available ~$3.6 billion market in which it operates. An organic growth strategy is appropriate following significant investment in large capital projects over the past 5 years. Shareholder returns can be enhanced through growing our base business through successful execution of core growth opportunities.

Trans Tasman Market Size ~$3.6b*

- Asaleo Care market value ~$0.7b
- Available market owned by competitors ~$2.9b



Core Strategic Focus

"Grow within our core markets to deliver improved shareholder returns"

"An organic growth strategy is appropriate given the available size of the market"

How will we deliver?

Success Factors

1. **Improving product quality and extending product range**
2. **Investing in product innovation**
3. **Exploring new channels & markets**
4. **Appropriate investment in capital expenditure and maintaining cost competitiveness**
5. **Understanding consumer insights and delivering consistent brand communication**
6. **Improved capability and organisation effectiveness**

** Source – Retail: AZTEC data as at 31/12/2016 adjusted for non-AZTEC data based on management's best estimates. B2B: based on management's best estimates.*

Strategic Focus - Overview

Strategy remains unchanged, focus on execution

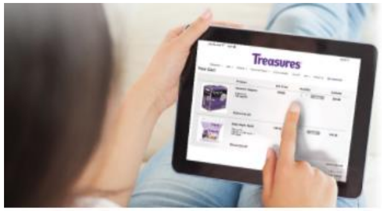
1. Product Innovation & Differentiation

2. Range & Coverage

- **Geographic - significant opportunities within region remain**
  - Exports to Melanesia from Fiji utilising local manufacturing
  - Gaps in New Zealand Healthcare and Australia Baby Care
- **Significant customer opportunities**
  - Fast growing new B2B customers
  - Building the range at existing customers
- **Customer base continues to diversify away from 2 largest customers which together represent ~28.9% of sales (~35% at time of IPO in 2014)**
- **Branded product sales represent ~97% of total sales**

3. Distribution Innovation

- Australia - Treasures, TENA and Libra B2C online stores gaining traction
- New Zealand - Treasures online store upgrade complete



4. Cost Reduction & Efficiency

- Maintaining intense focus on improving efficiency and productivity

Feminine Care Initiatives

Roll.Press.Go™ innovation in market

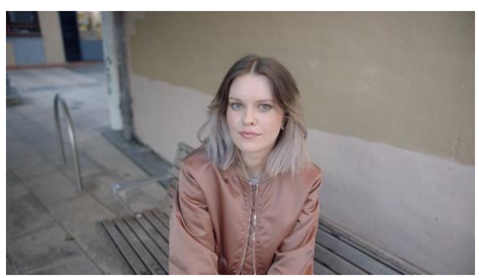
1. Product Innovation & Differentiation	2. Range & Coverage
3. Distribution Innovation	4. Cost Reduction & Efficiency

Roll.Press.Go

Roll.Press.Go – Why we are excited!

- First to market with patented innovation on the Pads range that will revolutionise the category
- Highly successful innovation launched in Europe by Essity
- Wrapper designed with self sealing edges makes pad disposal neat and hygienic, anywhere and anytime
- Launch supported with major TV, Social Media, Sampling and Digital investment

Roll.Press.Go Launch supported by targeted Advertising & Promotional program



New Libra Packaging

- New packaging introduced in 1H17 which highlights new innovations, enhances on-shelf appearance and ensure Libra remains modern, relevant & feminine

Baby Care Innovation

New improved nappy following capex investment

1. Product Innovation & Differentiation	2. Range & Coverage
3. Distribution Innovation	4. Cost Reduction & Efficiency

Capital Investment Completed – March 2017

- **Material product quality improvement:** ~NZ$11m invested in machine move and upgrade for open nappy via new Core Technology which delivers a better look, improved comfort and fit
- **Other product feature improvements:** Improved back waistband & newborn umbilical cord cut out
- **Bagger upgrade**: Machine upgrade includes new bagger for more efficient packing which increases capacity

New product in market – June 2017

- The full range is now in market and customer acceptance of the new range is being monitored

Upgrade to the Treasures digital platform

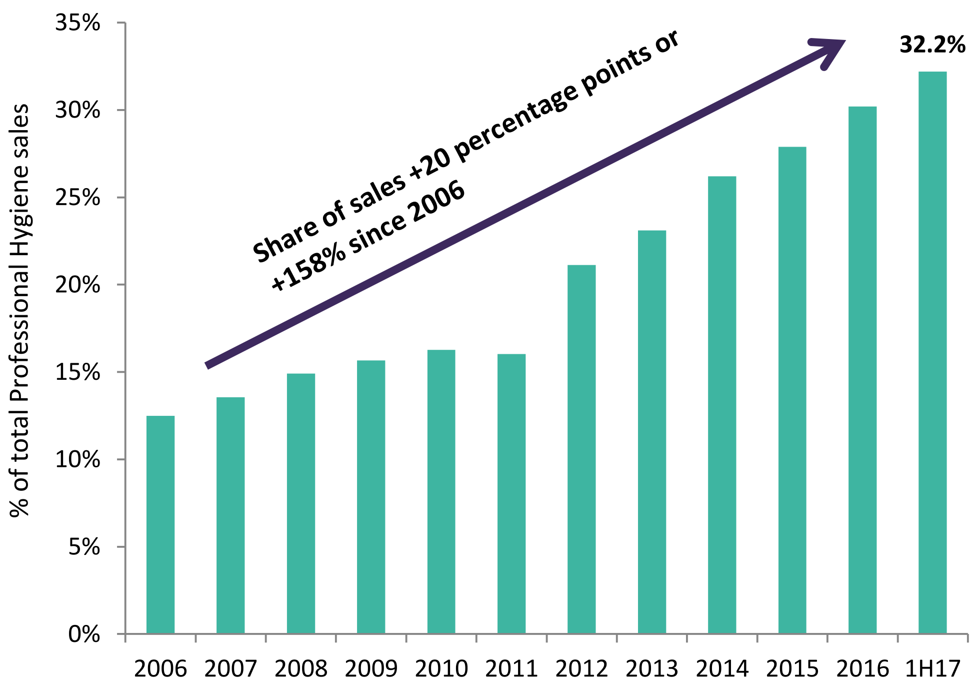
Tissue innovation & differentiation

Key to seeding future improved performance

1. Product Innovation & Differentiation
2. Range & Coverage
3. Distribution Innovation
4. Cost Reduction & Efficiency

Professional Hygiene (B2B)

Growth in Sales of Proprietary Systems



* Proprietary systems include Xpressnap, SmartOne and a wide range of other unique proprietary dispensers

Consumer Tissue

Purex – TV commercial highlighting NZ sustainability credentials

Deeko – New packaging design

Handee Ultra – Advertising continues

Cost reduction & efficiency

Continuing to seek further operational improvements

1. Product Innovation & Differentiation
2. Range & Coverage
3. Distribution Innovation
4. **Cost Reduction & Efficiency**

Operations Excellence & Efficiency

- Operational improvements
- Fibre optimisation
- Targeted minor CAPEX
- Training to improve operating flexibility

Optimise Product & Service Quality

- Process and product standardisation
- Leverage technology investment to further enhance product quality
- Optimise logistics networks

Cost Structure Optimisation

- Transport utilisation
- Procurement
- Machine load and mix optimisation
- Complexity reduction

Product Sourcing Opportunities

- Trans-Tasman capacity optimisation
- Materials developments
- Competitive sourcing

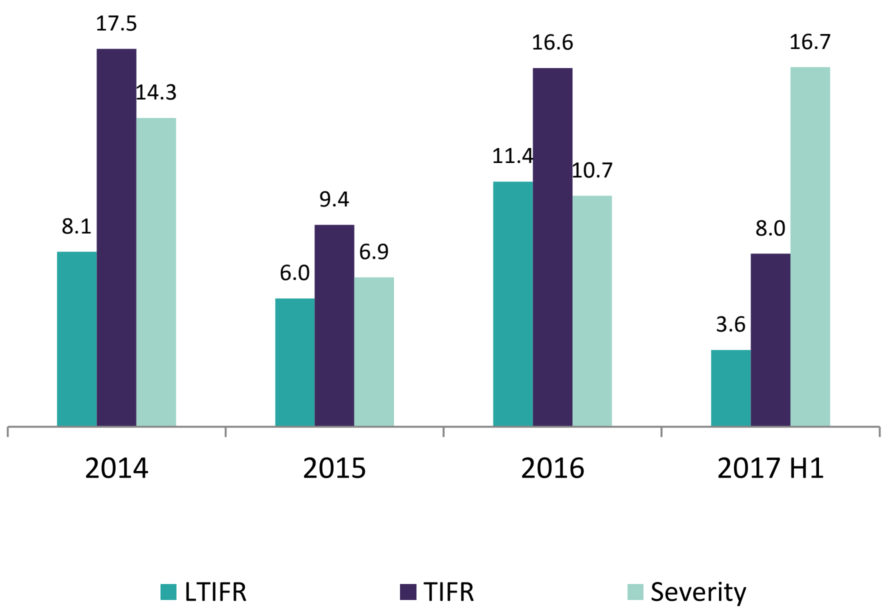
Key FY17 savings initiatives

- Optimisation of finished goods levels within our internal network
- Distribution centre ‘pick-to-voice’ technology installed
- Completion of Nappy machine capital project
- Box Hill paper machine capital project which reduces energy usage
- Operations expense focus including logistics, procurement and other cost efficiency initiatives
- Targeted capex to improve efficiency and enable innovation
- Process improvement focus

Safety

Improved safety metrics with continued focus on injury prevention

Safety performance measures



- Substantial decrease in the 1H17 LTIFR and TIFR
- Metrics evidence that focus and actions on safety are gaining traction
- Aim to further improve performance

- **LTIFR:** Lost Time Injury Frequency Rate (no. of lost time injuries per million hours worked)
- **TIFR**: Total Injury Frequency Rate (no. of lost time, doctors cases and restricted work injuries per million hours worked)

Paul Townsend – Chief Financial Officer

1H17 Results Presentation

1H17 Underlying Results vs 1H16 Underlying Results

Profit improvement achieved despite adverse FX and increased advertising and promotional expenditure

$Am	Underlying 1H17	Underlying 1H16	% Change
Revenue	294.2	292.7	0.5%
Cost of Sales	(178.3)	(177.0)	0.7%
Gross profit	**116.0**	**115.6**	**0.3%**
Distribution Expenses	(34.2)	(37.1)	-8.0%
Sales, Marketing & Admin Expenses	(33.0)	(32.4)	1.9%
Other Income/Expenses	(2.7)	(2.7)	2.0%
EBITDA	**60.9**	**58.6**	**4.0%**
Depreciation and Amortisation	(14.8)	(15.2)	-2.3%
EBIT	**46.1**	**43.4**	**6.1%**
Net Finance Costs	(5.9)	(5.2)	12.4%
NPBT	**40.2**	**38.2**	**5.2%**
Income Tax Expense	(12.0)	(11.1)	8.1%
Underlying NPAT	**28.2**	**27.1**	**4.1%**
Non-recurring income/expenses	(1.3)	(3.0)	N/A
Income tax on non-recurring items	0.8	0.9	N/A
Statutory NPAT	**27.7**	**24.9**	**11.0%**

Revenue:

- Growth in B2B categories and Baby, exceeded decline in Consumer Tissue, Feminine, Incontinence Retail and Pacific Islands
- Revenue increase in B2B category driven by realisation of new contract wins and organic customer growth.
- Retail price per piece (PC) / per tonne (CT) improved. However, volume decline experienced due to competition

Cost of Sales & Gross Profit:

- Costs of sales percentage maintained in 1H17 which includes adverse FX impacts on raw materials/finished goods (~-$8m) and increased energy costs offset by declining $US pulp prices (~+$6m)
- 1H17 margin of 39.4% consistent with 1H16 of 39.5%

Expenses:

- **Distribution Expenses:** Declined due to exit from third party storage (derived from the finished goods reduction initiative) and savings from lower volumes/rates
- **Sales, Marketing and Admin Expenses:** Increased due to additional advertising expenditure (~$1.7m) to support the Feminine Care and Baby Care innovation market launches, offset by reduced headcount and discretionary spend control
- **Other Income/Expenses:** Includes costs of TMTLA with Essity ($3.1m)
- **Net Finance Costs:** Increased on higher average gross debt (1H17: $340m vs 1H16: $311m) and a higher effective interest rate (1H17: 3.6% vs 1H16: 3.4%)

Non-recurring expenses:

- Includes non-recurring income and expenditure associated with the finished goods inventory reduction initiative, abnormal storage costs and the gain recognised from the Springvale site sale (refer to Appendix for details)

FY17 Capital Optimisation

Projects to optimise balance sheet implemented and delivered $38.4m incremental free cash in 1H17

Optimising Working Capital

- **Project Goal:** Finished goods inventory to be reduced to more optimal levels including release of stock builds from 2016 machine upgrades
- **Project Outcome:** Executed following exit from third party storage by Jun-17 with the finished goods balance reduced by -$16.3m

Property Sale & Leaseback

- **Project Goal:** Inefficient use of capital in Springvale site for Personal Care business due to sub-optimal space utilisation. The intention is to recycle capital back into higher returning investments. Anticipated completion is mid-FY17
- **Project Outcome:** Sale completed in Jun-17 for $22.4m ($22.1M after transaction costs), with a 7-year leaseback (two 5-year extension options), purchaser is a prominent institutional property group

Incremental Free Cash	Leverage reduction	Increase in ROIC
Guidance ~$35-40m	Guidance ≤2x by Dec-17	Guidance +0.7pp*
1H17 Delivered ~$38.4m	1H17 Delivered 2.05x (on-track)	1H17 Delivered +1.0pp*

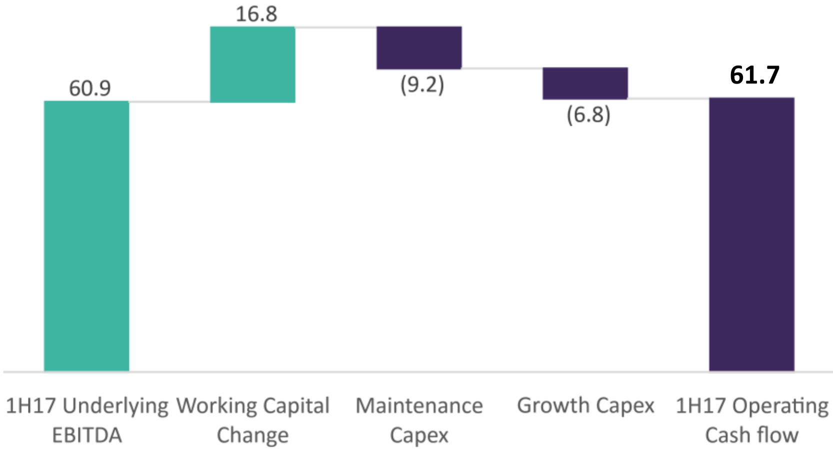
Opportunity to recycle cash into higher returning investments

* ‘pp’ means percentage points

Cash Flow

Strong Cash Flow generation in 1H17 driven by improved working capital position

Operating Cash Flow ($m)



Inventory Breakdown ($m)

$m	Jun-17	Dec-16	Jun-17 vs Dec-16
Raw materials & stores	48.2	41.4	6.8
Work in progress	11.8	10.7	1.1
Finished Goods	96.2	112.5	-16.3
TOTAL	**156.2**	**164.7**	**-8.5**

Operating Cash Flow: $61.7m achieved in 1H17.

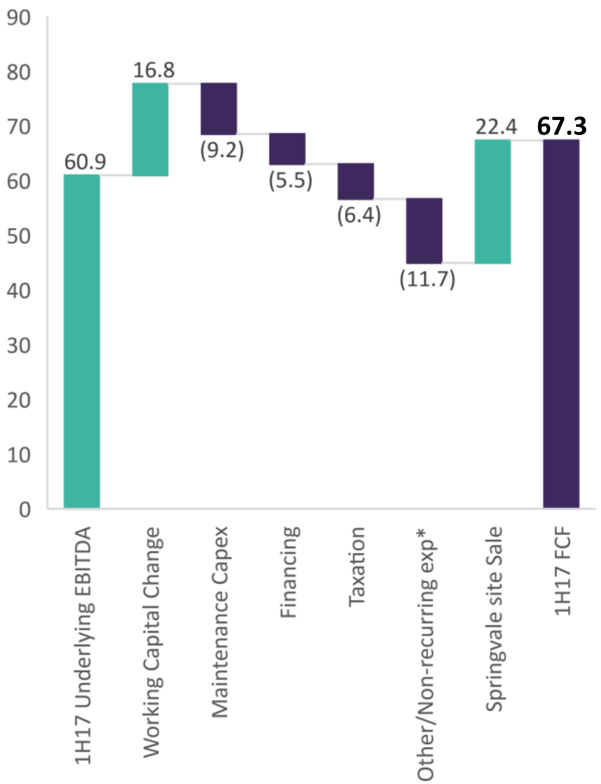
Working Capital -$16.8m improvement in 1H17 due to:

- Inventory -$8.5m:
  - Raw materials +$6.8m – higher raw materials at Jun-17 following the Dec-16 balance reflecting low Q416 procurement in anticipation of capacity shuts and Baby machine relocation and upgrade
  - Finished Goods -16.3m – reflects the Tissue 1H17 capacity shuts and Baby machine relocation, offset by higher imported finished goods which aligns with growing Professional Hygiene and Incontinence categories
- Accounts receivable -$2.8m – reflects improved debtor aging and a reduction in prepayments due to timing
- Trade & Other Payables +$6.4m – primarily due to an increase in imported finished goods, raw materials and other expenses.

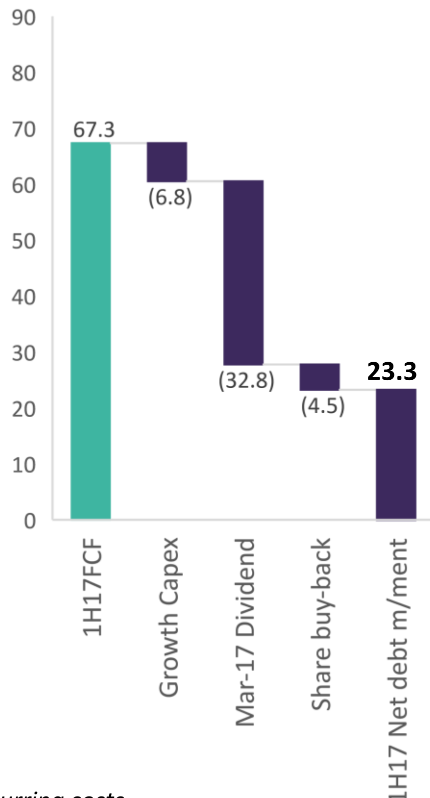
Free Cash Flow & Net Debt Movement

Strong Free Cash Flow generation allowing for growth capex expenditure, $37.3m in Capital Management in 1H17 and a -$23.3m reduction in Net debt^

Free Cash Flow (FCF) ($m)



FCF Applied to Capital Allocation ($m)



** "Other/Non-recurring exp" category includes Non-recurring costs -$10.6m, FX on opening cash held -$0.2m & Non-cash items -$0.9m*

Free Cash Flow

- Free cash flow of $67.3m ($60.5m after growth capex), which includes proceeds from sale of Springvale site and non-recurring expenditure associated with the finished goods inventory reduction initiative and abnormal third party storage costs
- FY17 Free cash flow guidance of $85m to $95m inclusive of capital optimisation initiatives and growth capex is on-track to be achieved

Cash Flow Applied to Capital Allocation:

- 1H17 generated $67.3m which is available for strategic investment and / or capital management
- $6.8m allocated to Growth Capex
- $37.3m allocated to Capital Management
  - $32.8m Mar-17 Dividend
  - $4.5m 1H17 share buy-back

Net Debt Movement:

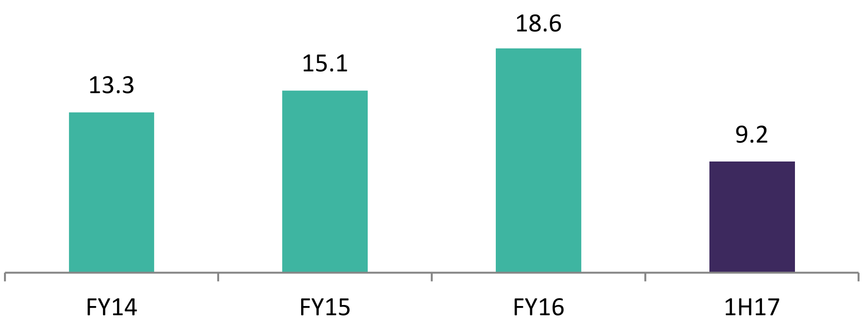
- Reduction of -$23.3m^ to $272.2m at Jun-17 (Dec-16: $295.2m)

^ Includes incremental accrued interest of $0.3m

Capex and Depreciation

Capex < Depreciation due to recent substantial Growth Capex investments

Maintenance Capex ($m)



Depreciation ($m)

Maintenance Capex:

- 1H17 Maintenance Capex includes site improvements for Box Hill and Kawerau, investment in digital platforms and increased investment in Professional Hygiene proprietary dispensers
- Maintenance Capex to be ~$20m in FY17

Growth Capex:

- 1H17 Growth Capex of $6.8m includes relocation/upgrade of nappy plant, Box Hill paper machine upgrade and pre-engineering for a Professional Hygiene initiative that is being evaluated
- FY17 Growth Capex guidance maintained at ~$15m, but could be lower depending on timing on the Professional Hygiene initiative

Depreciation:

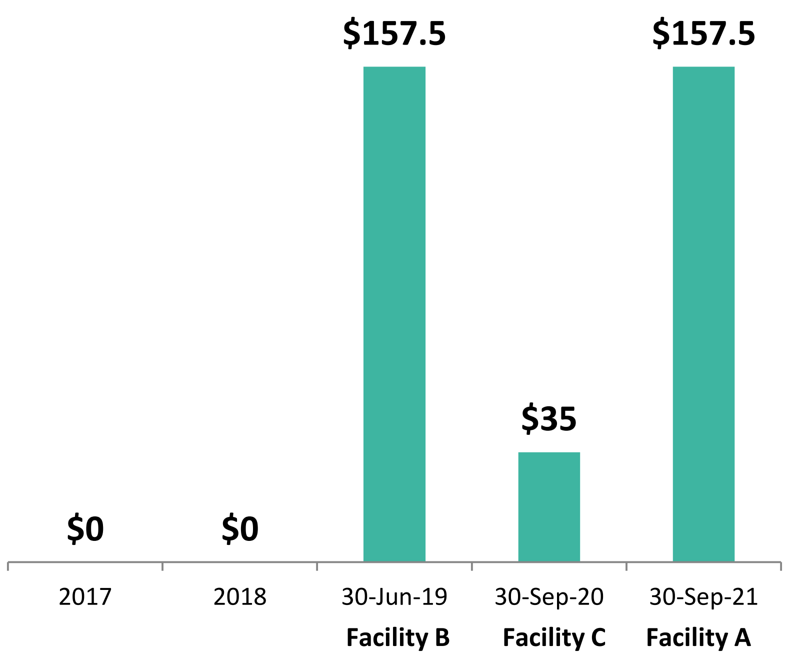
- Includes impact of the depreciation of new plant introduced as part of the $114.8m Tissue Capital Investment Program and other projects
- Depreciation expense for FY17 expected to be materially consistent with prior years

** FY15 & FY16 depreciation reflects underlying levels. FY16 underlying excludes $0.3m adjustment due to write off associated with nappy machine relocation.*

Debt Management

Leverage of 2.05x after share buy-back & capital optimisation program

Debt Maturity Profile ($m)



Leverage^ Target Range:

- Target leverage range between 1.5x and 2.5x
- Range set to minimise cost of capital and maintain investment grade credit profile
- Leverage at 2.05x within target range, despite impact of $99.5m share buy-back

1H17 Financing Cashflow ($5.5m):

- Lower effective interest rates offset by a higher net debt average in 1H17 ($340m) v 1H16 ($311m) due to capital management
- 1H17 effective interest rate of 3.6%, vs. 3.4% in 1H16

Debt Maturity Profile:

- Weighted average maturity of 3.1 years, with Facility B not maturing until 30 June 2019.

	As at 30 June 2017
Total Facilities	$350.0m
Drawn Debt	$298.5m
Cash & Cash Equivalents	$27.0m
Net Debt	$272.2m*

* After adjusting for accrued interest of $0.8m on drawn debt

^ Leverage = Net Debt / EBITDA

Capital Management

Dividend maintained and buy-back completed

Interim dividend of 4 cps, 50% franked

- Maintained 4 cps interim dividend in accordance with Asaleo Care's capital management framework of paying 70-80% of statutory NPAT as dividends (1H17 is 78.5%)
- 50% franking attached to the Sep-17 dividends

On-market buy-back complete

Details of Buy-back	
Shares brought back	60,346,943 shares
Total number of shares issued after buy-back	543,122,491 shares
Total Cost	$99,489,653
Average buy-back price	**$1.65/share**

As a result of Essity^ not participating in the buy-back, Essity's stake in Asaleo Care has increased from 32.54% holding to 36.16%.

^ Essity AB was listed on Nasdaq Sweden on 15 June 2017 and was formed from the demerger of SCA's forestry and hygiene business. Essity is the ultimate parent entity in their investment in Asaleo Care Limited

Shareholder Returns Focused

EPS, ROE and ROIC improvement in 1H17

Key objective: Maximise ROIC

- Underlying 1H17 improvement in EPS, ROE and ROIC
- Increase in key metrics driven by growth in profit and execution of the Capital Optimisation program
- Strict discipline maintained for all investment decisions – hurdle rate materially higher than WACC
- ROIC still substantially exceeds current WACC of 8.5%

	1H17 Underlying	1H16 Underlying	Change
EPS	5.2cps	4.8cps	+7.7%

	1H17 LTM Underlying	FY16 Underlying	Change*
ROIC	13.0%	12.0%	+1.0pp
ROE	22.3%	21.0%	+1.3pp

Methodology^:

- Earnings Per Share **(EPS)**
  - NPAT / Weighted average shares on issue
  - 1H17: $28.2m / 545,115,268 = 5.2 cps
  - 1H16: $27.1m / 563,645,428 = 4.8 cps
- Return on Invested Capital **(ROIC)**
  - NoPAT / Debt + Equity
  - 1H17#: $73.6m / ($272.2m + $295.2m) = 13.0%
  - FY16: $72.0m / ($295.2m + $307.4m) = 12.0%
- Return on Equity **(ROE)**
  - NPAT / Equity
  - 1H17#: $65.7m / $295.2m = 22.3%
  - FY16: $64.6m / $307.4m = 21.0%

* 'pp' means percentage points
^ Calculated on an underlying basis
# 1H17 = Jul-16 to Jun-17

Summary

Strategy, guidance maintained and capital management principles being delivered

Executing Strategy	• Feminine Care & Baby Care product innovations in market • Strong B2B growth which is diversifying our customer base • Expect return to profit growth in FY17, but will be challenging
Delivering on Capital Management	• Dividends: 1H17 4cps, 50% franked • On-market buy-back completed (10% issued equity acquired for $99.5m) • FY17 Capital optimisation projects executed and delivered incremental free cash in 1H17
Financial returns remain strong	• 1H17 Underlying EPS 5.2 cps • 1H17 Underlying ROE 22.3%, 1H17 Underlying ROIC 13.0%
Guidance maintained	• FY17 guidance remains unchanged, despite the challenges of cost imposts and a competitive retail marketplace • On track to deliver low single digit growth in underlying EBITDA and NPAT and low to mid single digit growth in EPS

1H17 Results Presentation

Appendices

Business Unit Financials

Personal Care

	FY11	FY12	FY13	FY14	FY15	FY16	FY11-16 CAGR*	1H13	1H14	1H15^	1H16^	1H17^	1H17 vs 1H16
Revenue ($m)	174.7	178.8	184.9	198.5	192.8	182.7	0.9%	90.2	97.3	98.5	87.4	87.5	0.2%
EBITDA ($m)	50.5	57.1	63.6	70.0	72.0	66.9	5.8%	30.1	33.7	34.8	30.9	28.2	-8.8%
EBITDA Margins	28.9%	31.9%	34.4%	35.3%	37.3%	36.6%	7.7pps	33.4%	34.7%	35.3%	35.3%	32.2%	-3.1pps

Tissue

	FY11	FY12	FY13	FY14	FY15	FY16	FY11-16 CAGR*	1H13	1H14	1H15^	1H16^	1H17^	1H17 vs 1H16
Revenue ($m)	442.7	436.5	440.2	431.4	429.4	423.2	-0.9%	211.9	206.2	207.4	205.3	206.7	0.7%
EBITDA ($m)	35.5	48.6	61.0	70.8	73.2	63.8	12.4%	25.3	26.4	30.4	27.7	32.7	18.3%
EBITDA Margins	8.0%	11.1%	13.9%	16.4%	17.1%	15.1%	7.1pps	11.9%	12.8%	14.7%	13.5%	15.8%	2.3pps

* EBITDA Margin FY11-16 CAGR reflects percentage point change between FY11 and FY16

^ 1H17 and 1H16 are underlying results. 1H15 is a statutory result. FY11 to FY14, 2H13 and 2H14 are Pro Forma results.

Business Overview

Leading personal care and hygiene company that manufactures, markets, distributes and sells Personal Care and Tissue products under market leading brands

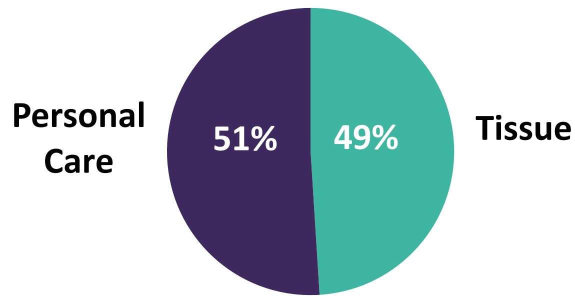
Incontinence Care (Retail & B2B)

*

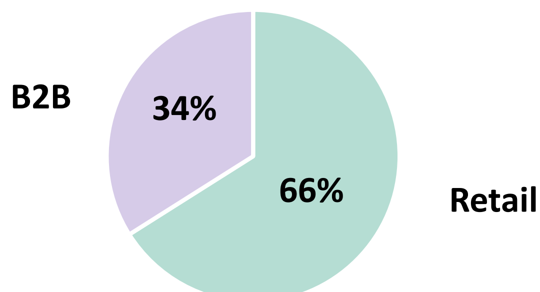
Feminine Care

Baby Care

FY16 EBITDA split



FY16 Sales – Retail v B2B



Manufacturing Plants

Personal Care	Springvale (Feminine Care, Incontinence Care), Te Rapa (Baby Care)
Tissue	Box Hill, Kawerau, Fiji

Consumer Tissue

Professional Hygiene (B2B)

*

* Licensed from Essity

Past Strategic Focus & Financial Results

Significant operational improvements & Capex invested (~$150m Growth Capex from FY09-FY15)

1. Fix Tissue

FY09-FY15 Capex: ~$125m
- Tissue Capital Investment Program & Facial plant investment – Reconfiguring Tissue manufacturing footprint to increase efficiency and flexibility, and reduce the costs of production
- Focus on core brands, change sales mix including exiting low margin business

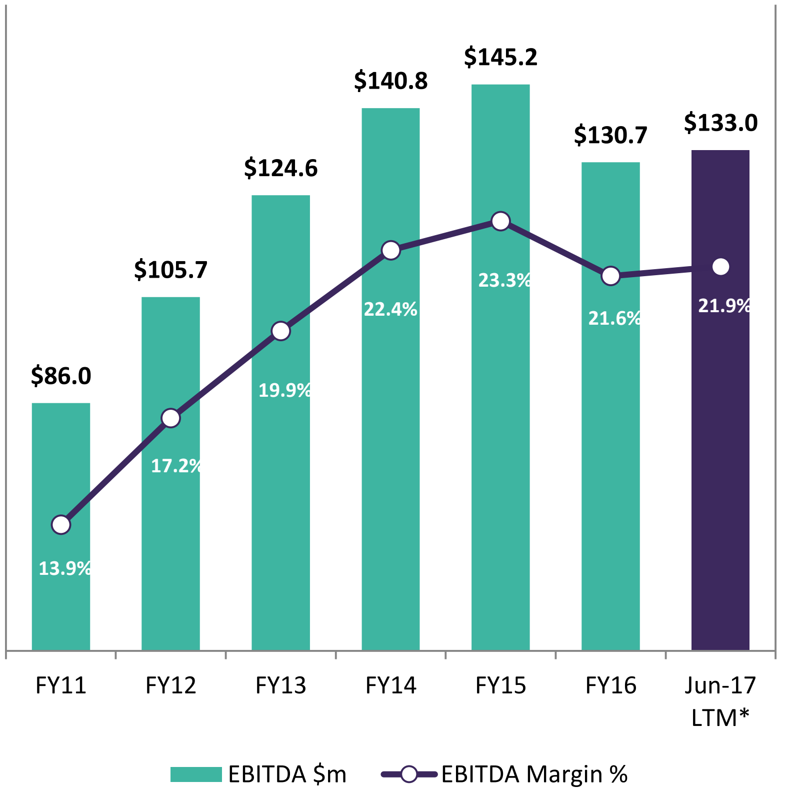
2. Grow Personal Care

FY09-FY15 Capex: ~$25m
- Upgrading machines & optimising footprint
- Accelerate new product development
- Marketing support

3. Non-capex profit improvement initiatives

Ongoing
- Machine efficiency improvement
- Product mix
- Sourcing
- Logistics footprint
- Right sizing structure

Underlying EBITDA FY11 to Jun-17 LTM

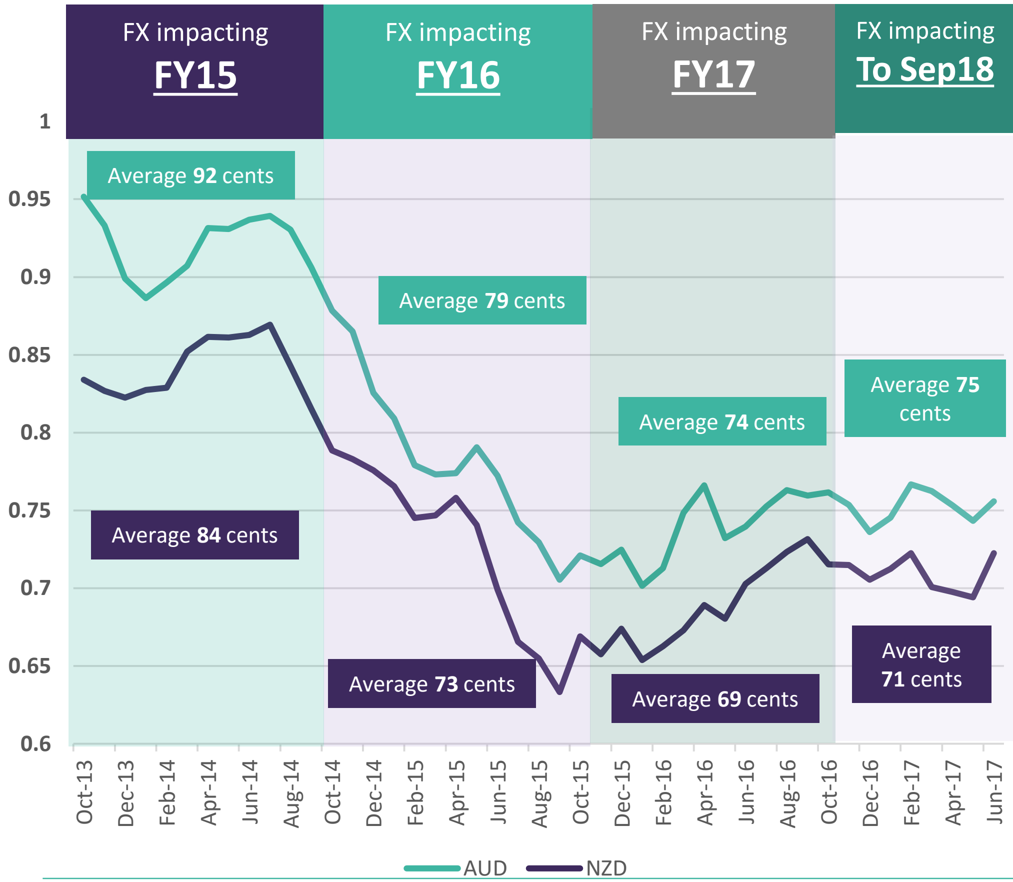


* LTM: Jul-16 to Jun-17

Impact of FX

A$ & NZ$ Exposure to the US$ – Indicative impact of Cost of Sale Time Lag

A$ & NZ$ v US$: 2014 to Jun-17 ^*



Gross FX Sensitivity (excluding mitigation from hedging)^

Assumption	Variance	Forecast FY17 NPAT impact (A$m)
A$/US$	-/+1%	**-0.5/+0.5**
NZ$/US$	-/+1%	**-0.3/+0.3**
A$/EUR	-/+1%	**-0.3/+0.3**
NZ$/EUR	-/+1%	**-0.1/+0.1**

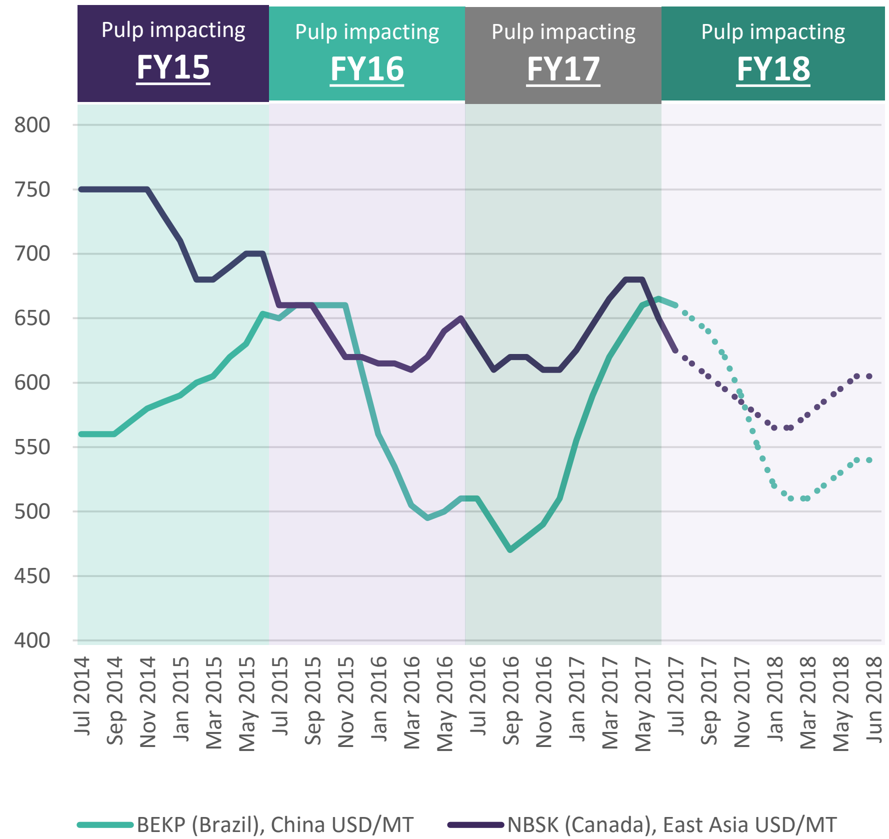
^ Indicative impact of FX changes - driven by 15 month lagged average rates for A$/US$* from FX hedge placement to Cost of Sale impact – refer appendix

** Source: rba.gov.au – While movements are indicative of actual change in FX rates for Asaleo Care, average FX rates quoted reflect market rates on a linear average basis. Absolute FX rates realised by Asaleo Care may differ depending on the timing of FX hedges, the non-linear hedges purchased, FX hedging costs and other factors. NZ$/US$ rates also relevant for NZ$ tissue production costs, though these impact Asaleo Care Limited COGS on A$/NZ$ translation.*

Impact of Pulp

US$ Pulp Asian Index Price – Indicative impact of Cost of Sale Time Lag

US$ Pulp Price: Jul-14 to Jun-18^*



Gross Pulp Sensitivity (excluding FX impact)

Assumption	Variance	Forecast FY17 NPAT impact (A$m)
US$ pulp price	-/+1%	**+0.5/-0.5**

^ Indicative impact of US$ pulp price changes - driven by 6 month lag from pulp purchase price being set to pricing reflected in Cost of Sales – refer appendix

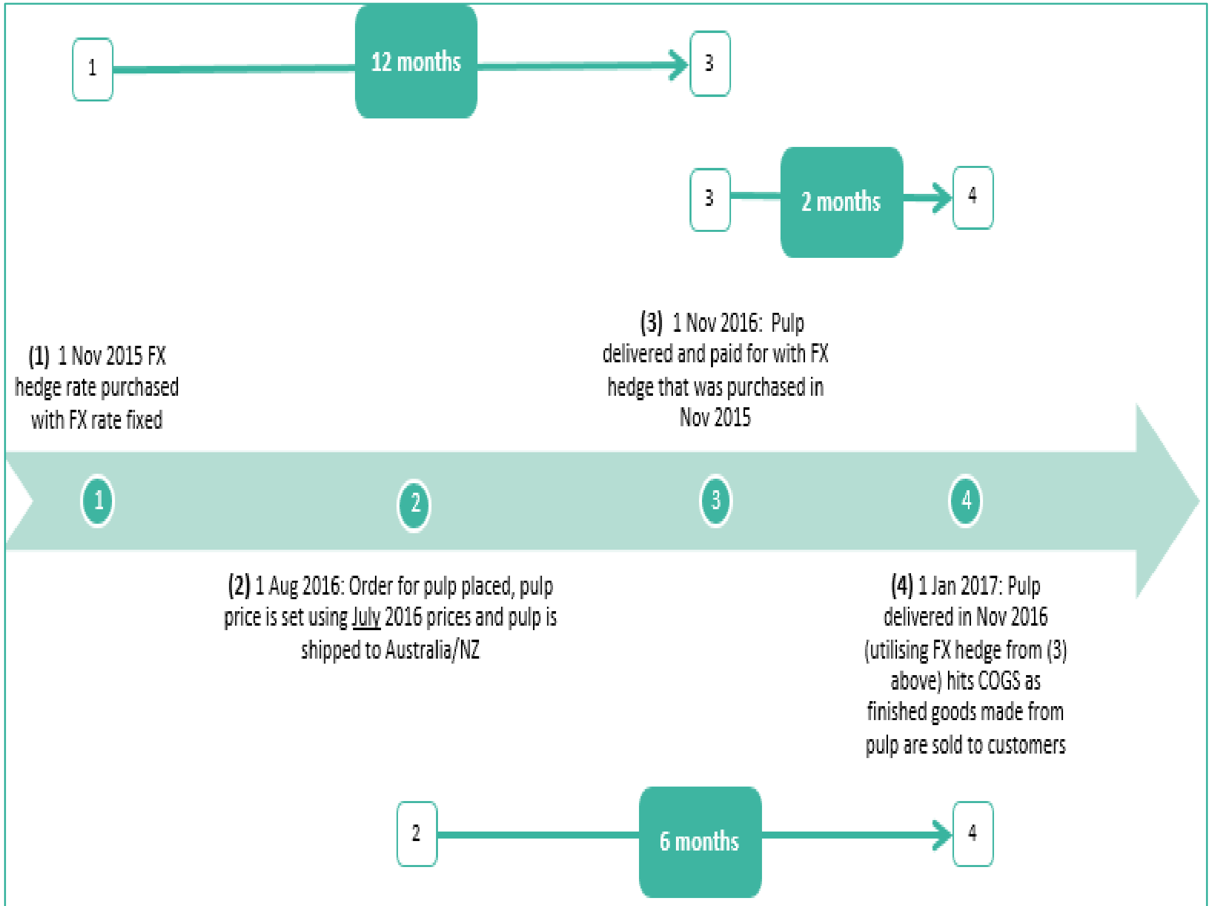
Correlation between pulp prices and US$/A$

- There has been a strong historic correlation between pulp prices and US$/A$
- Although the historic correlation has existed, no conclusions can be drawn as to whether future prices will reflect these historic trends

^ Source: Risi,Inc. Pricing to June-17 is actual and forecast is from July-17. The price Asaleo Care pays is subject to commercial arrangements that impact price. Asaleo Care primarily sources Softwood from Canada and NZ and Hardwood from South America.

Impact of FX Hedge on AHY Pulp Costs

Lengthy lags for changes in FX & Pulp prices to impact P&L due to hedging & manufacturing



FX Hedging Policy

Period	Policy*
0-6 months	75%-100% of exposure hedged
7-12 months	25% -75% of exposure hedged

* The exposure and hedging in place is measured at the end of each month on a rolling 12-month basis in respect of cash flows

Commitment to Capital Management

Strong free cash flow generation driving shareholder returns

Strategic Focus

Focus: 4 key areas for business

- **Product Innovation & Differentiation**
- **Range & Coverage**
- **Distribution Innovation**
- **Cost Reduction & Efficiency**

Strategic enablers driving Cash Flow and Profit Growth →

Capital Allocation Principles

Focus: Deliver Return on Investment

Dividends
- Distribute 70-80% of statutory NPAT
- Paying partly franked dividends from Sep-16

Investments
- Disciplined approach to evaluating investments - organic and inorganic
- Gateway: hurdle rate > Asaleo Care's WACC (8.5%)

Excess Cash
- Most efficient distribution mechanism judged at the relevant time

Optimal gearing range of 1.5x to 2.5x EBITDA

→ **Maximise Total Shareholder Returns over time**

Recent evidence in maximising shareholder returns

Dividends
- 1H17 dividend maintained at 4cps (78% payout ratio) evidencing confidence in cashflow generation
- Dividends franked at 50% since Sep-16

Investments
- Roll. Press.Go and Baby nappy product innovation investments
- On-going evaluation of a Professional Hygiene initiative

Excess Cash
- On-market buy-back for 10% of equity ($99.5m) completed

Gearing ratio
Dec-16 = 2.26x
Jun-17 = 2.05x
Dec-17 ≤2.0x*

* FY17 guidance

Underlying to Statutory Results Reconciliation

Net impact to Underlying of $0.5m

A$m	1H17
Underlying Net Profit After Tax	**28.2**
Springvale Site – profit on sale	9.3
Non-recurring costs	(10.6)
Tax benefit	0.8
Statutory Net Profit After Tax	**27.7**

Springvale Site – profit on sale:

- In June 2017, settlement occurred on the sale of the Springvale site which resulted in a profit on sale of $9.3m (pre-tax). Asaleo Care continues to manufacture at the Springvale site under a 7-year lease which contains two 5-year extension options.

Non-recurring costs:

- Finished Goods Inventory Reduction Initiative – represents abnormal manufacturing costs per unit resulting from the 1H17 capacity shuts which delivered the improved inventory holdings ($8.5m)
- Abnormal third party warehouse expenses – 1H17 manufacturing capacity shuts has resulted in an exit from holding stock in third party warehouses ($1.1m)
- Restructuring – operational headcount reductions and corporate restructure redundancies ($0.9m)
- Nappy machine upgrade and relocation – non-recurring storage and rent costs associated with the nappy machine capital investment ($0.2m)

Tax expense:

- Tax effect of the Springvale site profit on sale and the non-recurring costs

1H17 Results Presentation

Peter Diplaris – CEO and Managing Director
Paul Townsend – Chief Financial Officer
24 August 2017