FY18 Results Presentation

Sid Takla – CEO & Managing Director
Lyndal York – Chief Financial Officer
20 February 2019

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Executive Summary

Actions taken for long term success

- FY18 total underlying EBITDA of $80.6m within guidance of $80.0m - $85.0m
- FY18 underlying EBITDA from continuing operations was $81.5m
- Sale of Consumer Tissue Australia business to Solaris Paper at >10x pro forma EBITDA
- Significant inventory reduction since June 2018, $32.5m
- In principle agreement to extend Trade Mark & Technology License with Essity until 2027
- Strengthened Balance Sheet and reduced volatility of earnings
- Improved and solidified relationship with customers
- New strategic direction has been set for the business

Sale of Consumer Tissue Australia

Successful outcome from strategic review

- On 6th December 2018 we announced the sale of the Consumer Tissue Australia business to Solaris Paper Pty Ltd for $180 million at a multiple of over 10x pro forma EBITDA
- The sale enables us to re-focus on the higher margin divisions Personal Care and B2B, which also offer higher growth opportunities
- Settlement is expected to occur Q1 2019 and is on schedule
- Proceeds from the sale will be used to pay down debt
- Discontinued Operations (Consumer Tissue Australia) will be disclosed separately in-line with accounting standards

Impact of Discontinued Operations

$Am	FY18 Total	FY18 Discontinued	FY18 Continuing		FY17 Total	FY17 Discontinued	FY17 Continuing
Revenue	558.5	150.8	407.8		585.8	170.4	415.4
Underlying EBITDA^	80.6	(0.9)	81.5		124.3	26.7	97.6

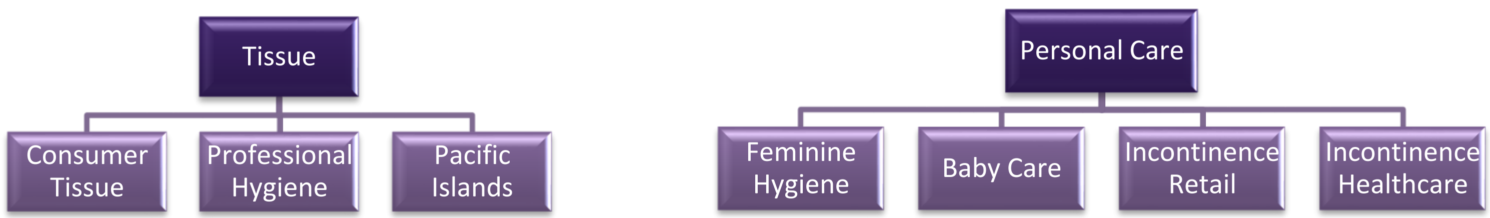
- Total Underlying^ EBITDA of $80.6m in line with guidance of $80 - $85m
- Overhead costs previously absorbed by discontinued operations have been allocated back to the remaining divisions
- Discontinued operations in 2018 made a ($0.9m) loss compared to a profit of $26.7m in 2017. The decline in profitability was driven by:
  - Higher pulp and electricity costs
  - Lower retail sales volumes during protracted price negotiations early in the year
  - Increased investment to support new Sorbent product launch
- All financial analysis will be on a continuing operations basis

^ *Discontinued operations underlying FY18 EBITDA* has been adjusted for $130.1 pre-tax non-recurring expenditure associated with restructuring, abnormal manufacturing, abnormal third party warehousing, sale of the business and asset write-downs and impairments.

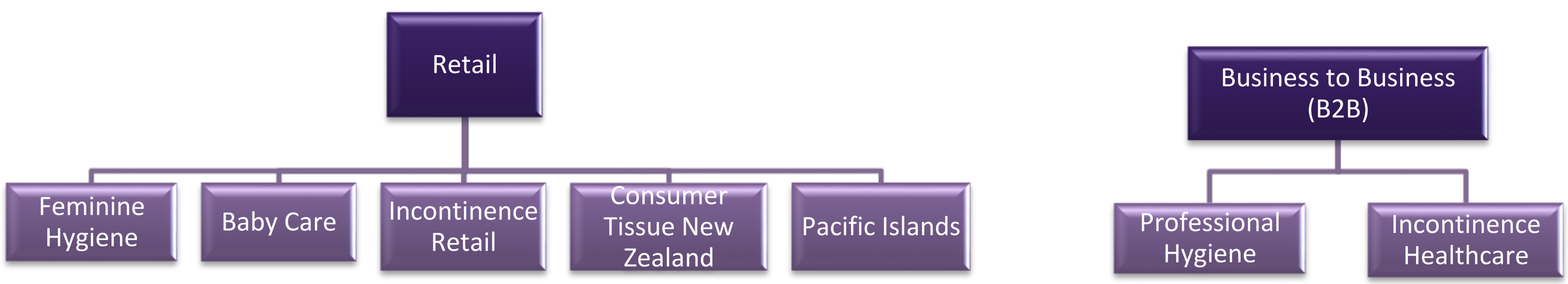
Segment Change

Our reporting segments have been changed to better reflect how we manage the business

Previous Segments



New Segments



Financial Summary - Continuing Operations

Continuing growth in B2B, Feminine care stabilized, higher pulp prices

- Underlying^ FY18 EBITDA $81.5m (-16.5%), Retail EBITDA $36.4m (-21.1%), B2B EBITDA $45.1m (-12.4%)
- Underlying^ NPAT $37.0m (-26.4%), Statutory NPAT from continuing operations of $0.8m (-98.5%)
- Retail was impacted by significantly higher pulp costs.
    - Baby Care quality issues in 2H17 (now resolved) are still impacting market share in FY18.
    - Feminine Care sales were lower than prior year driven by market share lost in FY17 not being fully regained.
    - Incontinence Care performed strongly with year on year sales growth driven by new product launches and focused promotional programs
- B2B sales up 1.2% on last year (branded sales up 2.3%). Professional Hygiene EBITDA impacted by increased pulp price
- Non-cash impairment charges and inventory write-down of $30.5m were booked in June (discontinued impairment charges of $116.3m)
- No final dividend to be paid

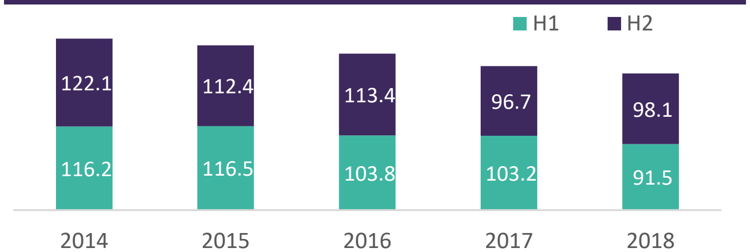
^ Underlying FY18 Result: Has been adjusted for $46.6m pre-tax or $36.2m after-tax non-recurring expenditure associated with abnormal manufacturing, abnormal third party warehousing, restructuring, Kawerau site upgrade, strategic review and asset write-downs and impairments.

Segment Performance: Retail

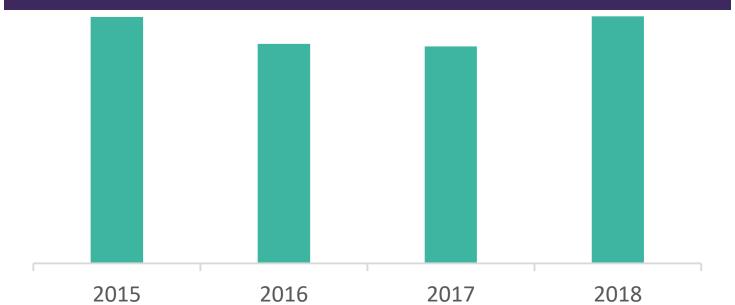
Incontinence Care continues to grow, Feminine Care market share stabilized, Baby Care still challenging

$m	FY18	FY17	FY18 vs FY17
Revenue	189.6	199.9	-5.2%
Underlying EBITDA	36.4	46.1	-21.1%
EBITDA Margin %	19.2%	23.1%	

Retail – NSV $AUDM



Incontinence Retail – Historical NSV



Overall

- FY18 revenue decline 5.2% compared to FY17 with reduction in Feminine and Baby partially offset by growth in Incontinence Care, Consumer Tissue New Zealand and Pacific Islands
- Unfavourable pulp, loss of export tampon volume and rent on Springvale site (sold in June 2017) slightly offset through favourable foreign exchange.
- Favourable A&P (~$3.0m) with advertising on Roll.Press.Go. innovation last year not repeated this year

Incontinence Retail

- Incontinence Retail performing strongly with year on year revenue growing by 4.8%
- Growth was driven by launch of new products “Night Pants” and “Lights by Tena” in major grocery channels
- Pharmacy sales channel grew strongly
- Online sales grew by over 40% year on year

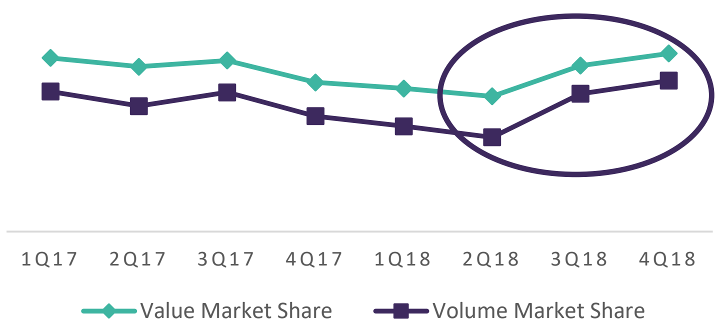
Baby Care

- Sales decline in Baby Care due to loss of private label contract, exiting of Australia business and new entrant into the market at same time as 2017 quality issues
- New and improved product now fully in market, heightened competitive activity has made it difficult for Treasures to regain share

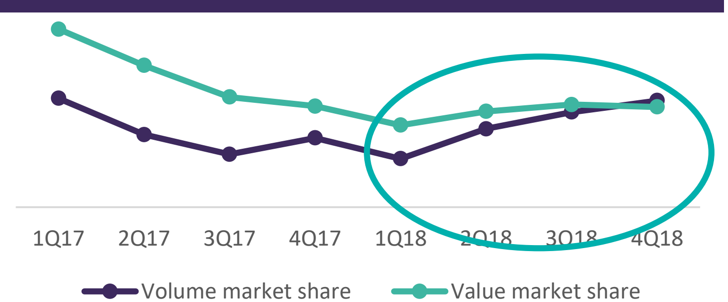
Segment Performance: Retail (cont)

Incontinence Care continues to grow, Feminine Care market share now stabilized, Baby Care still challenging

Consumer Tissue NZ – Purex Market Share



Libra Australia Market Share



Consumer Tissue New Zealand

- Consumer Tissue New Zealand revenue up year on year
- Price increase was successfully negotiated early in FY18 however to maintain competitive with market, deeper and more frequent promotional activity was executed
- Purex delivered strong value and volume market share growth during the year
- Continued focus on quality and in store activation of Handee product has also driven volume and value market share growth
- Significant increase in input costs through pulp which has increased year on year by over 30%

Feminine Care

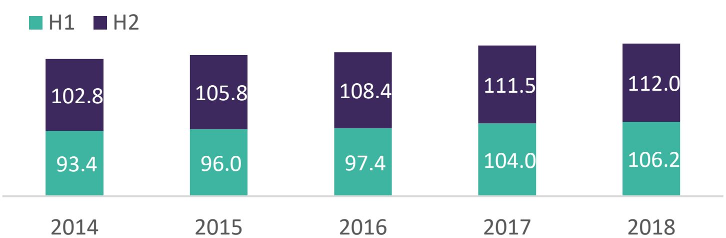
- The Feminine Care share decline experienced in FY17 has stabilized in FY18 as we moved off Every Day Pricing (EDP) in 4Q17
- Feminine Care volume share in Australia in 2H18 is higher than 2H17. Volume growth has been in higher margin pad and liner products
- Increased trade spend to support market share as a result of continued heavy discounting by competitors
- Loss of export tampon impacting top line but minimal EBITDA impact

Segment Performance: Business to Business (B2B)

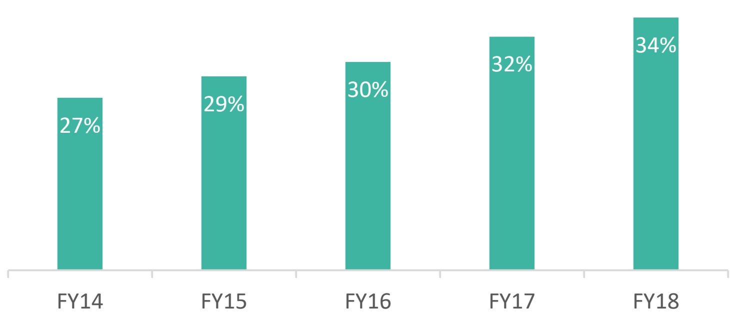
Strong sales growth in Incontinence Healthcare, pulp imposts not fully offset through price and cost outs

$m	FY18	FY17	FY18 vs FY17
Revenue	218.2	215.5	1.2%
Underlying EBITDA	45.1	51.5	-12.4%
EBITDA Margin %	20.7%	23.9%	

B2B – NSV $AUDM



Hero Systems – Percentage of Professional Hygiene Sales



Overall

- Revenue growth of 1.2% (branded growth up 2.3%). Incontinence Healthcare up 5.3%
- Significant cost imposts with pulp price of ~$12m, offset with favourable FX of ~$1m
- Tight cost control to help mitigate rising commodity costs
- In principle agreement to extend the Trade Mark and Technology License (TMTLA) agreement with Essity until 2027

Incontinence Healthcare

- Incontinence Healthcare delivered top line growth with Australia up 5.2% and New Zealand up 7.6% on last year
- Higher margin products continued strong growth, driving favourable margin mix
- Full year impact of major contracts won during 2017
- Renewal of large contracts which are growing organically

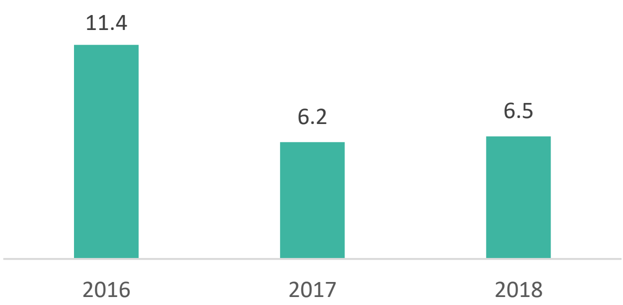
Professional Hygiene

- Modest growth despite loss of low margin private label contract. Branded sales growth of 1.3%
- Continued focus on growing our proprietary branded systems, now 34% of total Professional Hygiene sales
- Major contracts renewed during the year
- Margin impacted by pulp cost imposts

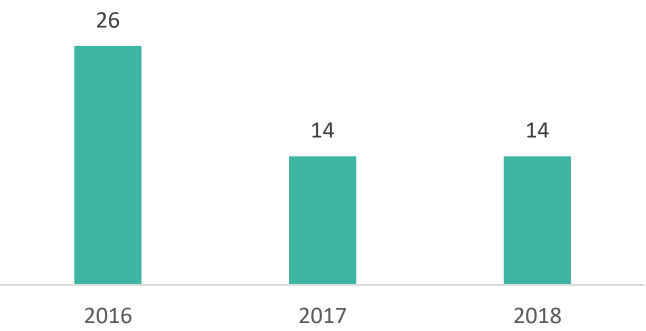
Safety

Focus on proactive risk management continues

Lost Time Injury Frequency Rate (LTIFR)



Lost Time Injuries



- Continued focus on injury prevention
- Metrics evidence that focus and actions on safety are gaining traction

- ***LTIFR:*** *Lost Time Injury Frequency Rate (no. of lost time injuries per million hours worked)*
- ****R12****: Last 12 months*

FY18 Results Presentation

Lyndal York – Chief Financial Officer

20 February 2019

Underlying Results

$Am	Underlying FY18	Underlying FY17
Revenue from continuing operations	407.8	415.4
Cost of Sales	(243.7)	(237.4)
Gross profit	**164.1**	**178.0**
Distribution expenses	(42.1)	(39.6)
Sales, Marketing & Admin	(50.0)	(51.5)
Other Income/expenses	(6.2)	(4.7)
EBITDA	**81.5**	**97.6**
Depreciation and Amortisation	(15.7)	(15.4)
EBIT	**65.8**	**82.2**
Net Finance Costs	(14.8)	(11.3)
Underlying NPBT	**51.0**	**70.9**
Income Tax Expense	(14.0)	(20.6)
Underlying NPAT	**37.0**	**50.3**
Non-recurring (expenses)/benefit	(46.6)	6.9
Income tax benefit/(expense) non-recurring	10.4	(2.1)
Statutory NPAT Continuing Operations	**0.8**	**55.1**
(Loss)/Profit from discontinued operation	(109.5)	2.1
Statutory (NLAT)/NPAT	**(108.7)**	**57.2**

*Non-recurring expenses are detailed on the following slide

Revenue:

- Driven by reduction in Baby Care and Feminine Care, slightly offset with favourable Incontinence Care and Pacific Islands

Cost of Sales & Gross Profit:

- Cost of sales increase is attributable to unfavourable pulp (~$19.4m) slightly offset with favourable FX (~$5.7m) on raw materials/finished goods

Expenses:

- **Distribution Expenses:** Increase in distribution costs driven by higher line haul rates, higher diesel prices, slightly offset with reduced volume
- **Sales, Marketing and Admin Expenses:** Reduced spend on advertising and promotion in Personal Care with no major market launches compared to last year
- **Net Finance Costs:** Increased on higher average net debt (FY18: $312.1m vs FY17: $295.3m) with effective interest rate in FY18 of 4.3% compared with FY17 of 3.5%

Non-recurring expenses:

- Includes non-recurring expenditure associated with Kawerau site upgrade, abnormal manufacturing, abnormal third party warehousing, strategic review, restructure and asset write downs and impairments

Underlying to Statutory NPAT Results Reconciliation

Underlying Continuing NPAT	37.0
Abnormal manufacturing costs	(6.0)
Abnormal third party warehouse expenses	(0.7)
Restructuring	(3.2)
Kawerau site upgrade	(5.7)
Strategic Review	(0.5)
Impairment and asset writedowns	(30.5)
Tax Benefit	10.4
Statutory NPAT Continuing Operations	**0.8**
Discontinued Operations Underlying NLAT	(7.8)
Discontinued Non Recurring	(130.1)
Tax Benefit	28.4
Statutory NLAT	**(108.7)**

Non-recurring costs:

- **Abnormal manufacturing:** represents abnormal manufacturing costs resulting from the 2H18 capacity shuts to return inventory to target optimal levels
- **Abnormal third party warehousing:** reduction of inventory to target optimal levels resulted in an exit of excess third party warehousing
- **Restructuring:** Operational headcount reductions and corporate restructuring
- **Kawerau site upgrade:** Incudes accelerated depreciation, restructuring costs and provision for spares inventory
- **Strategic review:** Consultant costs associated with the strategic review
- **Impairment and asset write down:** Inventory write down and impairment in June 2018 related to Personal Care New Zealand. Refer to slide 15 for further details

Impairment of goodwill and other net assets

- In June 2018 an impairment was booked for $146.8m. This impairment has been split between continuing and discontinued operations. Discontinued operations impairment was $116.3m. Continuing operations impairment was $30.5m, split as follows:
  - $13.1m charge to goodwill and other intangible assets
  - $13.8m charge to property plant and equipment
  - $0.4m charge to inventory for spare parts
  - $3.2m charge to inventory

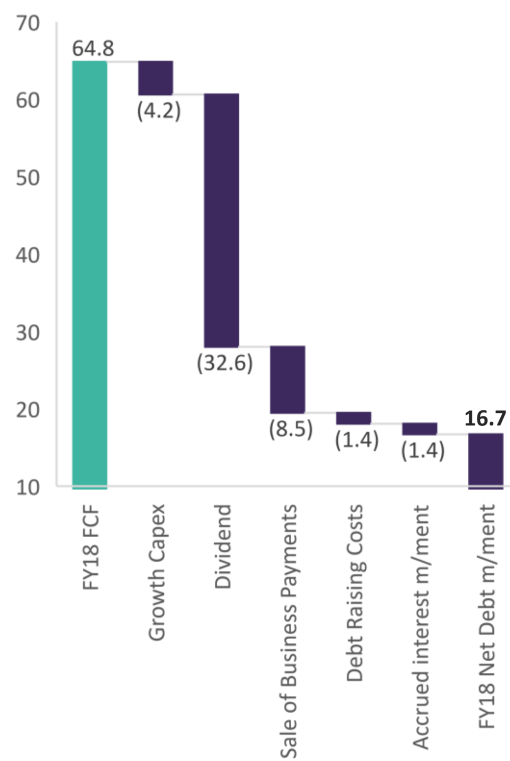
- Continuing operations impairment reflects the change in assumptions concerning future cash flows in Personal Care New Zealand as a result of:
  - Investment required to support market share
  - Continued decline in market share of Baby Care business
  - The ongoing intensity of competition in the retail business

Free Cash Flow & Net Debt Movement

Significant reduction in debt levels 2H18

Free Cash Flow (FCF) ($m)

FCF Applied to Capital Allocation ($m)



Free Cash Flow

- Free cash flow of $64.8m
- Agile inventory program executed during 2H18 to reduce inventory to target optimal levels
- Additional accounts receivable securitisation facility was executed resulting in a reduction in receivables
- Strict management of debt through transition of sale of Consumer Tissue Australia

Cash Flow Applied to Capital Allocation:

- 2H17 dividend paid in 1H18
- Growth capex relates to pre development work of new converting machine in Kawerau
- Sale of business payments relate mainly to an amount held in escrow until expected settlement occurs in Q1 2019

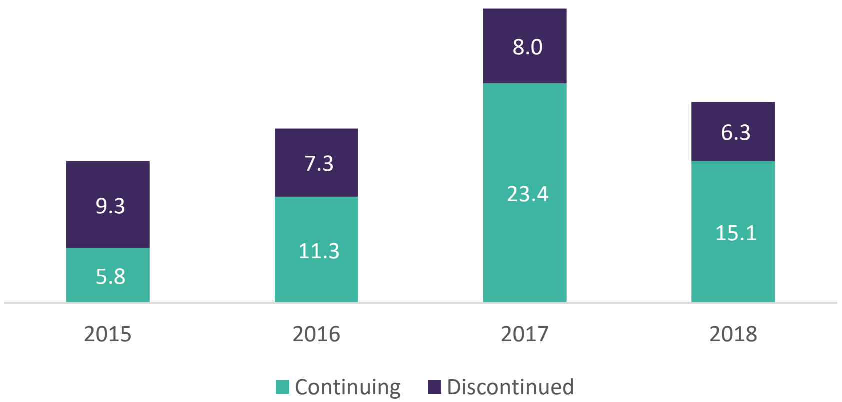
Net Debt Movement:

- Decrease of $16.7m to $262.4m at 31 Dec-18 (Dec-17: $279.1m)
- Leverage ratio 3.25x

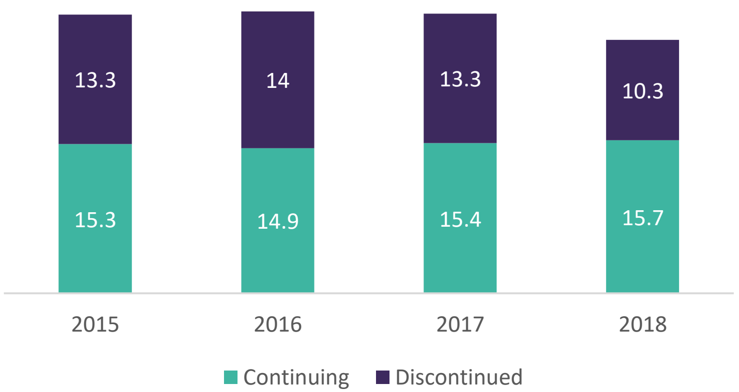
Capex and Depreciation

Disciplined approach to capital expenditure in light of strategic review

Capital Expenditure^ ($m)



Depreciation ($m)*



Capex:

- Continuing capex consists of both growth and maintenance. The large spend in 2017 was driven by growth capex in Feminine and Baby divisions
- With the sale of Consumer Tissue Australia discontinued capex will not be incurred in the future. On average one third of capex has been for Consumer Tissue Australia

Depreciation:

- Continuing operations depreciation is relatively consistent, with an average annual charge of $15.3m
- Discontinued depreciation reduction in 2018 reflects impairment of assets in June 2018

*^ **Total Capex:** maintenance and growth capex included*

** Depreciation reflects underlying levels.*

Debt Management

Debt refinanced during the period with extended tenor and competitive pricing

Debt Maturity Profile ($m)

	As at 31 Dec 2018
Total Facilities	$400m
Drawn Debt	$327.5m
Cash & Cash Equivalents	$67.3m
Net Debt	$262.4m*

Leverage^

- Leverage ratio at 31 December 2018 is 3.25x

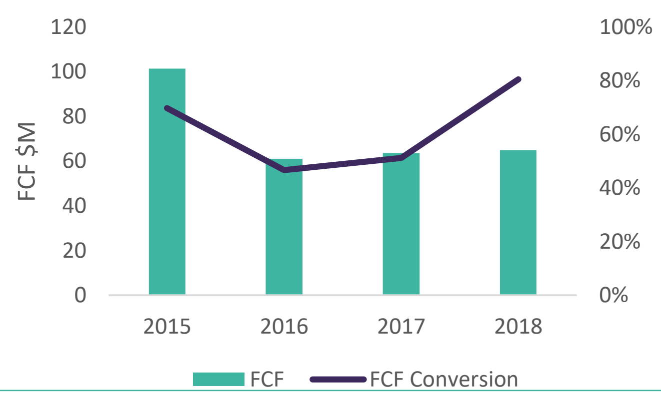
Refinance

- Debt facilities extended and refinanced in June 2018
- Total debt facilities now $400m. Average maturity of debt is 4.3 years
- Following sale of Consumer Tissue Australia total facilities will be reduced

Strong history of cash generation

- Since listing $300m returned to shareholders
- Record cash flow conversion in 2018 will reduce in 2019 as we transition through the sale of the Consumer Tissue Australia business
- Sustainable free cash flow conversion from 2020 onwards is ~60 - 65%

Free Cash Realisation



^ Leverage = Net Debt / Underlying EBITDA

* After adjusting for accrued interest of $2.2m on drawn debt

Shareholder Return Calculations

Weaker returns reflecting trading performance

	FY18 Underlying	FY17 Underlying	Change
EPS	5.4cps	10.9cps	-50%

	FY18 Underlying	FY17 Underlying	Change*
ROIC	9.2%	11.7%	-2.5pp
ROE	17.7%	20.1%	-2.4pp

Methodology^:

- Earnings Per Share **(EPS)**
  - NPAT / Weighted average shares on issue
  - FY18: $29.2m / 543,122,491 = 5.4 cps
  - FY17: $59.4m / 544,110,690 = 10.9 cps
- Return on Invested Capital **(ROIC)**
  - Annualised NoPAT / Debt + Equity
  - FY18: $39.5m / ($262.4m + $164.7m) = 9.2%
  - FY17: $67.3m / ($279.2m + $296.3m) = 11.7%
- Return on Equity **(ROE)**
  - Annualised NPAT / Equity
  - FY18: $29.2m / $164.7 m = 17.7%
  - FY17: $59.4m / $296.3m = 20.1%

* 'pp' means percentage points
^ Calculated on reported underlying basis i.e. includes Consumer Tissue Australia

New Lease Accounting Impact

- AASB 116 changes accounting for leases
- Effective 1 Jan 2019
- Results in
  - Increase in assets (right of use)
  - Increase in liabilities (lease)
  - Increase in EBITDA (removal of rental expense)
  - Increase in depreciation
  - Increase in interest expense

FY18 Notional Impact of AASB 116

A$m	Reported	AASB 116 Adj	Revised under AASB 116
NSV	407.8	-	407.8
GM	164.1	8.0	172.1
Underlying EBITDA	81.5	9.1	90.6
Underlying NPAT	37.0	0.0	37.0
Total Assets	480.2	23.2	503.4
Total Liabilities excluding debt	122.2	26.1	148.3

*continuing operations only shown

FY18 Results Presentation

Sid Takla – CEO & Managing Director

20 February 2019

New Strategic Direction

FY19 Outlook

Underlying Continuing EBITDA*	In the range of $80m to $85m (comparable to $90.6m in FY18 on slide 20)
Free Cash flow	Free cash flow will be negligible in 2019 as we transition to a business model without Consumer Tissue Australia
Capital Management	No final FY2018 dividend

Underlying Assumptions

- Significant increased investment to support long term growth of brands
- Pulp USD pricing to remain near current levels

* Excludes underlying EBITDA from discontinued operations and profit on sale. Excludes ~ $6m of non-recurring costs primarily to complete the Kawerau site upgrade of which ~ $4m is cash.

Summary

Reset and Renew

- Business reset for long term success
- Significantly strengthened our balance sheet
- Making major investments in our higher margin, higher growth brands
- Creating new opportunities with a strong Customer and Consumer focus
- Other initiatives from our Strategic Review will reduce cost and add long term value to our shareholders

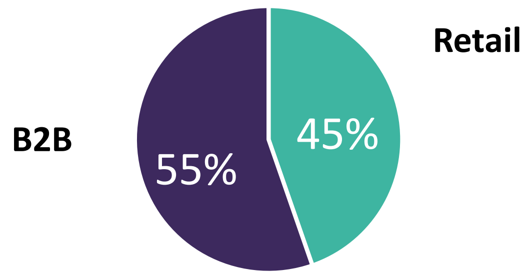
Appendix

Appendix – Continuing Business Overview

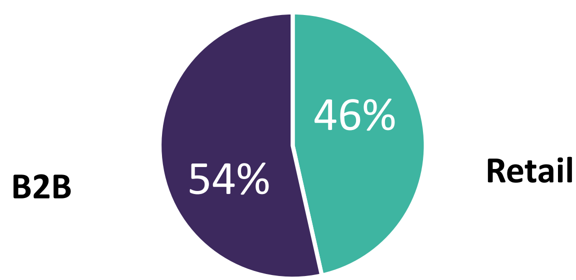
Leading personal care and hygiene company that manufactures, markets, distributes and sells products under trusted brands

Retail

FY18 EBITDA split



FY18 Sales – Retail v B2B



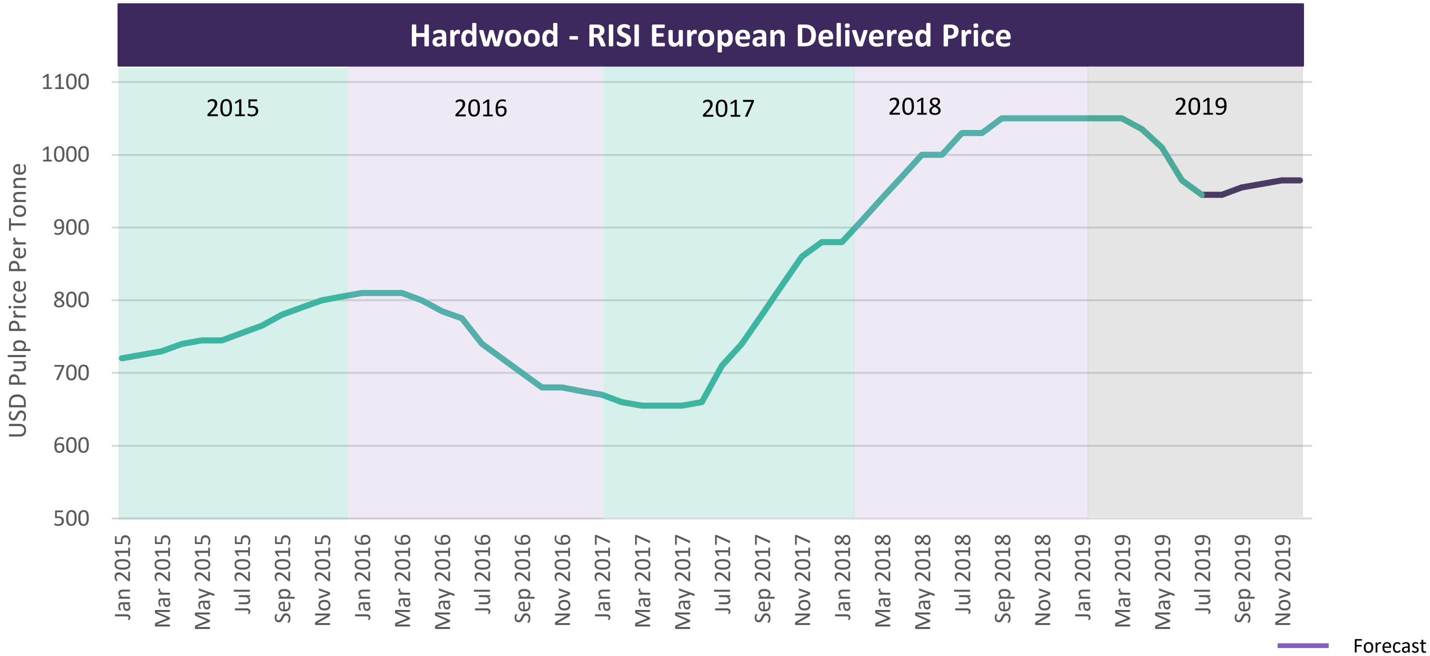
Manufacturing Plants

Springvale (Feminine Care, Incontinence Care), Te Rapa (Baby Care), Kawerau, Pacific Islands

Business to Business (B2B)

Pulp

Pulp price impact in 2018 on continuing business of $14.8m. Pulp expected to ease in 2019



- With the sale of Consumer Tissue Australia our pulp footprint will change.
- The European BEK is the most representative of our pulp trends following the sale of the Australian Consumer Tissue business.
- Six month lag of pulp pricing into COGS still holds
- USD pulp prices are expected to ease in 2019

Indicative impact of US$ pulp price changes – a ~6 month lag from pulp purchase price being set to pricing reflected in Cost of Sales has been taken into consideration

* Source: Risi,Inc. The price Asaleo Care pays is subject to commercial arrangements that impact price. Asaleo Care primarily sources Softwood from Canada and New Zealand and Hardwood from South America.

FX - Sensitivities

FX sensitivities have been updated with sale of business

Gross FX Sensitivity (excluding mitigation from hedging)		
Assumption	**Variance**	**Forecast FY19 NPAT impact ($m)**
A$/US$	-/+1%	**-0.1/+0.1**
NZ$/US$	-/+1%	**-0.4/+0.4**
A$/EUR	-/+1%	**-0.4/+0.4**
NZ$/EUR	-/+1%	**-0.1/+0.1**
A$/NZ$*	-/+1%	**-0.1/+0.1**