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ASX Announcement

30 April 2019

2019 Annual General Meeting Addresses & Presentation slides

Attached are addresses from the Chairman, CEO & Managing Director and Chair of the Remuneration and Human Resources Committee to the 2019 Annual General Meeting.

Presentation slides are also attached.

CHAIRMAN'S ADDRESS

In 2018 your Company delivered underlying EBITDA of $80.6m, which is in line with revised guidance, but down 35% on prior year. If we exclude the now sold Australian Consumer Tissue business, underlying EBITDA from our continuing operations was down 17% on prior year. This decline was driven by a massive $33m cost increase in pulp prices and continuing high energy costs. Despite some price increases, we were unable to recover all these cost increases in the year. Lower sales in our Baby care and Feminine care businesses also had an adverse effect. Our CEO/Managing Director, Sid Takla will provide more detail on individual Segment performance.

Given the challenges facing the Company, the Board determined to undertake an in depth strategic review of the whole business during the second half of 2018 and to take clear and decisive action to ensure the long term success of our brands. The strategic review aimed to find the most efficient structure and business model for sustainable long term growth and to maximise the return on our invested capital.

Following the strategic review, a decision was made to divest our Australian Consumer Tissue Business. The sale of this business for $180m was announced in December 2018 and was completed at the end of March 2019, without the loss of any jobs. The sale proceeds will significantly strengthen our balance sheet, reduce net debt, improve our leverage ratio, and is expected to reduce volatility in future earnings.

As part of the strategic review, we also reached in principle Agreement with Essity to extend our Trade Mark and Technology Licence Agreement by a further 5 years, through to 2027.

Strong capital management continued throughout 2018 with solid free cash flow of $64.8m. An aggressive inventory reduction program was executed during the second half of 2018 to reduce inventory by $32.5m, and Company net debt was reduced to $262m at year end, with a leverage ratio of 3.25x. This strong cash generation allows us to reinvest in the business for the long term.

Importantly, these major developments will set the Company on a firm foundation for sustainable, long term growth and allow us to focus on our higher margin and less capital intensive Personal Care and B2B businesses, which offer better growth opportunities. 2018 and 2019 are transition years from a cash flow perspective, with the net proceeds from the sale of the Consumer Tissue Australia business used to pay down debt and complete the Kawerau site upgrade

The Board is acutely aware that shareholders are keen for the Company to return to paying dividends and will regularly reassess the position. Importantly, shareholders have seen the benefit of strong cash generation since our listing in 2014, with more than $300 million distributed by way of dividends and share buyback.

Turning to workplace safety, our work injury statistics remained largely unchanged in 2018. We recognise that our safety performance can improve and we undertook a comprehensive review of our Occupational Health & Safety culture and management system to raise the importance of risk management, increase employee engagement and adopt a culture with a greater focus on safety. We work hard to build a high performing and collaborative culture, and to provide opportunities for our people to grow and succeed. This helps to attract and retain our great people, while our shared values of pride, integrity and courage, as well as our focus on a more diverse workplace, guide our behaviours and decisions.

In 2018 we continued to invest in our leaders to acquire new talent, promote our high performers into senior leadership positions and provide development and coaching support. We achieved our gender diversity targets of having at least 2 female members in the Executive Leadership Team and increased female representation in the Senior Leadership Team from 28% to 44%.

We continued our association with our main charity partners, Foodbank and Ronald McDonald House, with donations of cash, goods and our employees contributing their time. We also provided aid and assistance to our local communities in times of disaster, in particular after serious floods in Fiji.

Helping to create a more sustainable society through our products and business operations is crucial to our growth and success. Through purposeful management of our raw materials, supply chains and operations, we can minimise our impact on the environment and improve our processes, reduce our operating costs, and thereby create value for our customers, shareholders, communities and employees. Sustainable Packaging was added to our goals in 2018 and details of how this is managed are set out in the Annual Report and on the Company's website. During 2018, we also commenced implementing the recommendations of the Task Force on Climate-related Financial Disclosure, with the aim of broadening our understanding of climate-related risks and opportunities within the business.

We continue to believe that the Board's size and breadth of skills and experience remain appropriate for the size and circumstances of the Company. The Company's Governance Statement, and Board and Committee Charters, all of which are available on the Company's website, give a good overview of how the Board works. The performance of the Board, Committees and individual directors was again evaluated during 2018, with no significant concerns or issues being raised through this process. We continue to monitor and review governance arrangements and policies to ensure they remain appropriate and effective for the Company.

Our CEO and Managing Director, Sid Takla, has done a tremendous job in leading the Company through the strategic review and resultant sale of the Australian Consumer business. He has set the new Company direction and is addressing the challenges facing the Company head on. Since being appointed as interim CEO last May, the Board has gained great confidence in Sid and the management team he leads, and we were pleased to appoint Sid as CEO and Managing Director in October 2018.

We are also pleased to welcome Campbell Richards to the Company as our new Chief Financial Officer. Campbell has more than 30 years of financial management experience in ASX listed companies with extensive experience in all aspects of the role as well as deep knowledge of industrial manufacturing and the healthcare and FMCG sectors. Campbell's skills and background are an excellent fit with Asaleo Care and he will further add to the bench strength of our executive leadership team.

The efforts of each and every one of our employees are a key asset for our business, and on behalf of the Board and shareholders, I would like to thank them for their ongoing dedication and contribution to the Company. Our thanks also extend to our customers, suppliers, contractors, business partners, advisors and shareholders for their ongoing support.

The decisive action taken during 2018 has set your Company up for long term, sustainable growth as we focus on the higher margin, higher growth Personal Care and B2B businesses. Through our strong management team, we are deepening relationships with our customers and working in new ways to create greater value for them and for our consumers. We are building a stronger more collaborative culture grounded in our values of Pride, Integrity and Courage that guide our decisions. There is a new energy within the Company as we are unified in reshaping a new and prosperous future.

CEO AND MANAGING DIRECTOR ADDRESS

It is with great pride that I accepted the Board's invitation to lead Asaleo Care and, with the support of my Executive team, we are committed to delivering our vision of being the number one personal care and hygiene company in Australasia.

As you have heard from the Chairman, 2018 was a year of significant challenges, with historically high input costs in what was already a highly competitive market. Our Tissue business was heavily impacted by significant increases in the cost of pulp and energy, and we made substantial investment in trade activity to protect the market share of our Personal Care division.

With the sale of the Australian Consumer Tissue business, which I'll talk to in a moment, we have changed our reporting for continuing operations to be under Retail and B2B segments. It was previously Tissue and Personal Care. Underlying EBITDA in 2018 from this continuing operations perspective, was $81.5m, down 16.5% on last year.

Revenue growth in the Incontinence Care, Consumer Tissue NZ and the Pacific Islands businesses was insufficient to offset declines in Baby and Feminine Care, with total Retail revenue down 5.2% on the prior year.

Our focus in Feminine Care was to transition off the "every day" pricing mechanism and reinvest in increased trade spend to support market share and protect our volumes against competitor discounting. Pleasingly, we achieved 3 consecutive quarters of volume growth, with 2nd half volumes higher than the previous 2nd half. The trend in value share has also been positive.

Sales of our Incontinence products grew by 4.8%, driven by the successful launch in the major grocery channel of new products, "Night Pants" and "lights by TENA". Other sales channels such as Pharmacy and direct On-line also performed strongly for this category.

In our B2B segment, branded Revenue growth was 2.3%.

As mentioned previously, the significant increase in pulp costs of $12m and the rapid rate at which this occurred, made it very difficult for the B2B business to offset the full cost impost in the year. Price increases, a positive product mix, and tight cost control helped mitigate a large portion of the cost increases but B2B EBITDA finished down 12.4% on the prior year.

Incontinence Healthcare delivered pleasing top-line growth of 5.2% in Australia and 7.6% in New Zealand. Our modern incontinence products continued strong growth and drove a favourable margin mix. We had a full year benefit from contracts won part way through 2017 and we were successful in renewing several of our large contracts in 2018.

Professional Hygiene had modest growth with branded sales up 1.3%. We have focussed on our proprietary branded systems, which continue to grow and now represent over 34% of our total Professional Hygiene sales. This continues to underpin our margin development. With a strong innovation pipeline, we remain optimistic about our growth in the B2B channel.

Since being appointed CEO, I have reiterated that we must become a more customer and consumer focused organisation in order to achieve sustainable profitable growth.

In 2018, we placed renewed emphasis on building stronger relationships with our customers. Growth for a branded business requires ongoing investment, and we demonstrated commitment to our brands through investment in quality and marketing spend. The relaunch of improved Sorbent is a great example of this. We achieved growth on this brand for the first time in many years, resulting in increased ranging, new Private Label opportunities and incremental promotional activity, all of which helped solidify our customer relationships. We will continue to work closely with our customers and invest in all our brands to bring value to our end consumers.

In addition to the investment we made in the Sorbent brand, we commenced a major capital project investing $25 million in our B2B segment, which will deliver cost savings, quality improvements and extend our B2B product range.

In mid-2018 we announced an in-depth strategic review of all parts of our business. We established 2 key objectives for that Review:

- Firstly, to drive profitable growth through our brands by being more consumer and customer focused and
- Secondly, to build a resilient business model that delivers sustainable, long term growth

After analyzing many options, a decision was made to divest our Australian Consumer Tissue business for $180 million, which is now complete. We believe this decision best delivered the objectives we had set for the strategic review.

The sale significantly strengthens our balance sheet, reduces net debt and earnings volatility, and improves the Company's leverage ratio which we expect will be towards the bottom end of our target range of 1.5 to 2.5 times EBITDA by the end of 2019.

We will retain our cost competitive Consumer Tissue businesses in New Zealand and the Pacific Islands, which include brands such as Purex and Sorbent toilet tissue, Handee Ultra kitchen towel, and Orchid and Viti brands for toilet, towel and facial tissue in the Pacific.

Importantly, the transaction also improves the balance of our business portfolio. Over half of our future revenue and EBITDA will be generated from the B2B channel, which has grown strongly over recent years and where Asaleo Care is a market leader. Cash generation will also be stronger, as the Australian Consumer Tissue business historically consumed some 30 per cent of the Group's capital spending and working capital.

Other key outcomes of the strategic review include:

1. The establishment of a new company purpose; **"Care, Comfort and Confidence Everyday"**, which encapsulates the unique proposition of our organisation where we touch people's lives in a personal way at all stages of their life cycle. We also established a new vision, **"to be the number one personal care and hygiene company in Australasia"**. Both these statements set the tone for our future direction
2. In addition, we decided to reduce our inventory by $32.5m to be more responsive to changing consumer trends and to conserve working capital.
3. Further, we reached an "in principle" agreement with our Global technology partner and major shareholder, Essity, to extend the Trade Mark and Technology License Agreement for a further 5 years, out to 2027. This Agreement provides exclusive access to technology, marketing and sales rights for the Tork and TENA brands, and access to world-leading research, development and innovation for all our brands. This commitment from Essity highlights their confidence in our strategic plans.

Looking ahead to 2019, utilising the new lease accounting Standard, our EBITDA outlook for continuing operations is in a range of $80-85m. Under the same new Standard, 2018 continuing EBITDA would have been $90.6m, with the key driver of the year on year variance being the planned substantial increase in investment in our brands in 2019.

As a result of all these actions, we believe that the business has now been reset for long term success. Your company now has a stronger balance sheet, an improved business profile and an experienced management team with a renewed focus on building a business capable of sustainable profitable growth.

CHAIR OF REMUNERATION AND HUMAN RESOURCES COMMITTEE'S ADDRESS

The Board of Asaleo Care understands the importance to shareholders of being both transparent and rigorous with respect to remuneration.

The Company's executive remuneration strategy and policy are driven by the following principles:

- Motivating executives and senior management to pursue the long term growth and success for the Company;
- Aligning the interests of executives with the interests of shareholders and the business by linking remuneration outcomes to the achievement of financial and non-financial targets; and
- Ensuring we are compliant with all relevant legal and regulatory requirements.

Executives at Asaleo Care have demanding financial and non-financial targets. The Remuneration and Human Resources Committee and the Board approve these targets annually.

The targets are designed to deliver value creation for the Company and shareholders in the short term and long term and are aligned to selected Key Performance Indicators relevant to our business strategy.

These indicators include:

- Net Profit After Tax (NPAT);
- Operating Cash Flow;
- Return on Invested Capital;
- business unit specific Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA)
  and Net Sales Value (NSV) targets; and
- operational and safety measures.

Our approach to managing Executive remuneration also seeks to recognise and reward individual performance and accountability for key job goals in a way that differentiates pay based on performance outcomes.

Our remuneration practices also aim to ensure that Asaleo Care is able to attract and retain the best executives.

For the 2018 financial year, the Company did not achieve the gateway hurdle of NPAT at Threshold level approved by the Board.

As a consequence, no Executive Incentive Plan or discretionary payments will be made to the CEO, Key Management Personnel or the broader Executive team for the 2018 year.

For 2019, the Committee and Board have undertaken a review of Executive remuneration following the recent sale of the Australian Consumer Tissue business. Changes to our Executive Incentive Plan structure have been put in place to ensure an appropriate alignment to the Company's size and scale. Those changes are in the process of being implemented and will be disclosed during the next reporting period.

Remuneration for Non-Executive Directors reflects Directors' level of leadership and accountability. It takes into account the size of the Company as well as the complexity of the business. Since listing in 2014, Non-Executive Directors' fees have remained unchanged.

Independent Non-Executive Directors have each invested at least one year after tax fees in Company shares.

The Remuneration and Human Resources Committee of the Board comprises, in addition to myself the following non-executive directors:

- Harry Boon;
- JoAnne Stephenson; and
- Mats Berencruetz

The Board is responsible and accountable for the Company's remuneration practices supported by the Remuneration and Human Resources Committee. The Committee and the Board are proud of the robust governance standards that ensure remuneration is managed in a manner that supports a competitive business.

The Committee closely monitors shareholder expectations and market trends in relation to reporting and disclosure practices for Executive Remuneration. The Committee and Board are confident that our disclosure practices are consistent with other market leading firms noting that we will always look to improve our reporting practices in the future.

We look forward to your support and endorsement of the Company's Remuneration Report for 2018.

The Board recommends the Remuneration Report for adoption by shareholders.

Asaleo Care

Annual General Meeting

30 April 2019

Harry Boon - Chairman

Annual General Meeting

30 April 2019

Our results at a glance

- Underlying EBITDA - $80.6 M down 35% on prior year
- Underlying EBITDA (from continuing operations) – down 17% on last year
- Increase of $33 M in pulp prices and energy costs

Strategic Review

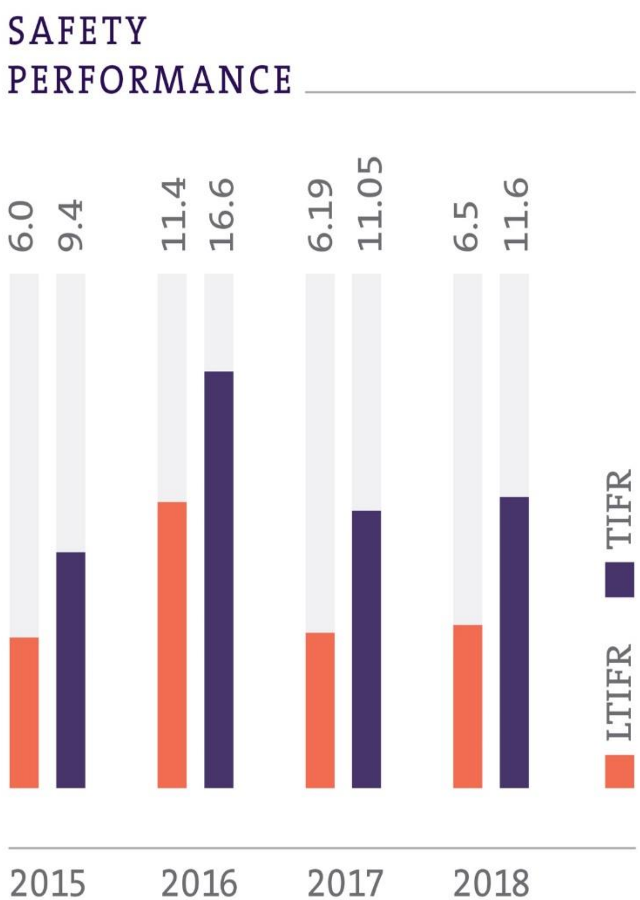
- To find the most efficient structure and business model for sustainable long term growth.
- Divestment of the Australian Consumer Tissue business - $180 M
  - Strengthen the balance sheet
  - Net debt reduction
  - Improved leverage ratio
  - In principle agreement to extend Trade Mark and Technology Licence until 2027

Strong Capital Management

- Free cash flow of $64.8 M
- Aggressive inventory reduction program
- Net debt reduced to $262 M (3.25 x EBITDA) at year end
- Proceeds of sale of Australian Consumer Tissue business used to pay down debt and complete Kawerau site upgrade
- $300 M returned to shareholders since Company listed in 2014

Firm foundation for sustainable, long term growth

Safety First at Asaleo Care



Investing in our people

Community

- Support to Foodbank and Ronald McDonald House

Springvale employees at pop up market


New Zealand employees prepare dinner at Ronald McDonald hous

Sustainability

Harry Boon - Chairman

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Sid Takla– Managing Director and CEO

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Results - Retail

- Total retail revenue down 5.2% on the prior year
- Exited "Every Day Pricing" strategy in Feminine Care and 3 consecutive quarters of volume growth
- Incontinence Care growth of 4.8%

Results – B2B

- Branded Revenue growth of 2.3%
- EBITDA down 12.4% on prior year
- Incontinence Healthcare up 5.2% in Australia and 7.6% in New Zealand
- Proprietary branded systems represent over 34% of total Professional Hygiene sales

Customer and Consumer Focus

- Renewed emphasis on building stronger relationships with customers
- Ongoing investment in quality and marketing
- Investment of $25 M for capital project in B2B segment

Strategic Review

- To drive profitable growth to build a resilient business
- Divestment of Australian Consumer Tissue Business now complete
- Divestment –
  - strengthens balance sheet
  - Reduces net debt
  - Reduces earnings volatility
  - Improves leverage ration to lower end of target range
  - Improves balance of business portfolio

Strategic Review - cont

- New Purpose – "Care, Comfort and Confidence every day"
- New Vision - "to be the number one personal care and hygiene company in Australia"
- Agile inventory program reduced inventory by $32.5 M
- In principle agreement to extension of Trade Mark and Technology License Agreement with Essity until 2027

2019 Outlook

- Full year Guidance for EBITDA in the range $80 M to $85 M
- Business reset for long term success

Asaleo Care

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