1H16 Results Presentation

Peter Diplaris – CEO and Managing Director & Paul Townsend – Chief Financial Officer

25 August 2016

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1H16 Results Presentation

Peter Diplaris – CEO and Managing Director

25 August 2016

Highlights

1H16 Profit decline due to adverse FX impacting costs and unfavourable pricing

Results:

- Revenue decline of 4.3% due to price downside across key retail categories, and volume declines in Feminine Care and Baby Care, particularly in June
- Underlying^ EBITDA $58.6m (-10.1%): Personal Care EBITDA $30.9m (-11.2%), Tissue EBITDA $27.7m (-9.1%)
- Underlying^ NPAT $27.1m (-16.4%), Statutory NPAT $24.9m (-23.2%)

Capital Management

- Strong Free Cash generation: Leverage Ratio at 2.0x EBITDA despite $74m share buy-back
- On-market share buy-back: Extended beyond 1 October 2016 to enable the acquisition of up to a further 17m shares or spending up to a further $26m (whichever comes first)
- Dividend: 4cps dividend 50% franked for 1H16 (4cps unfranked in 1H15)

Strategy and Brands

- Strategy maintained with market and operational initiatives being executed with a strong pipeline of innovation to come
- Every Day Pricing (EDP) introduced with major retailers in the Australian Feminine Care and Incontinence Care markets to offer customers every day value
- Professional Hygiene, Incontinence Care and Pacific Islands businesses performed better than 1H15

FY16 Guidance:

- Underlying* EBITDA decline of approximately 10% and underlying* NPAT decline of approximately 15% mainly attributable to:
  - In Tissue: (i) weaker A$ and NZ$ increasing pulp costs, and (ii) retail market price deflation and recent falls in US$ pulp making it difficult to take price
  - In Personal Care: Increasing price discounting impacting performance, specifically in the first half

Underlying 1H16 EBITDA:

$58.6m

1H16 DPS:

4cps

50% franked

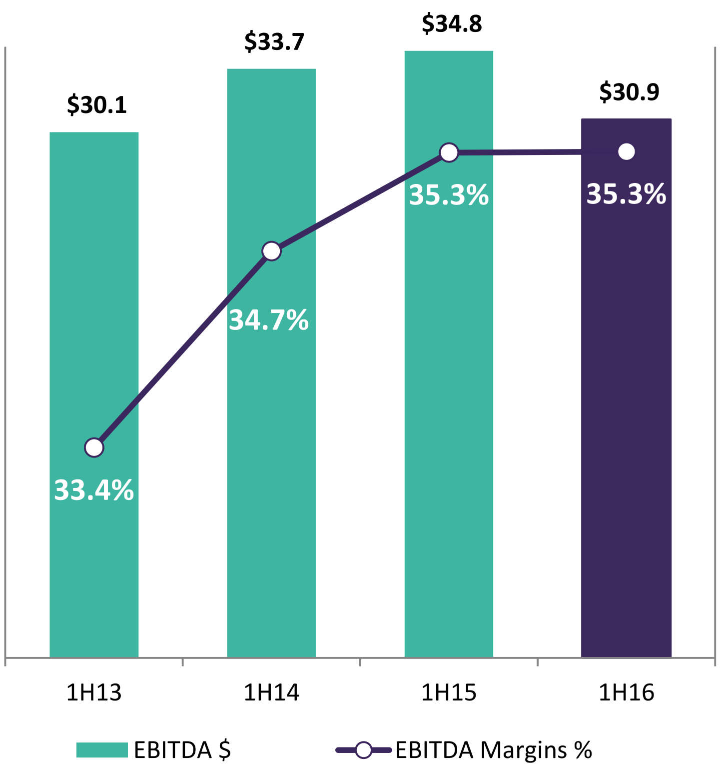
^ Underlying 1H16 Result: Has been adjusted for ~$3m (pre-tax) or $2.1m (after-tax) non-recurring costs, including relocation of the NZ nappy machine and machine upgrades.

*** Underlying FY16 Guidance:** Before impact of ~$6m (pre-tax) or $4.3m (after tax) non-recurring costs, including for the nappy machine relocation and machine upgrades.

Segment Performance: Personal Care

EBITDA impacted by more pronounced price promotional activity for Feminine Care and Baby Care in a competitive marketplace

Personal Care EBITDA ($m)



1H16 market price deflation evident in key categories

- Market data shows retail market price deflation in Australian Feminine Care and New Zealand nappy/diaper categories
- Price deflation driven by more significant promotional activity in 1H16

Feminine Care

- Increased competitor promotional activity (compared to 1H15), increased investment in trade spend in response and one-off Every Day Pricing transition costs had significant negative impact on June EBITDA
- EDP strategy introduced mid-May with a competitive price every day of the week with major Australian retailers in the Feminine Care and Incontinence Care markets
- Strategy of Product Innovation/Development will continue with strong pipeline of innovation in 2017

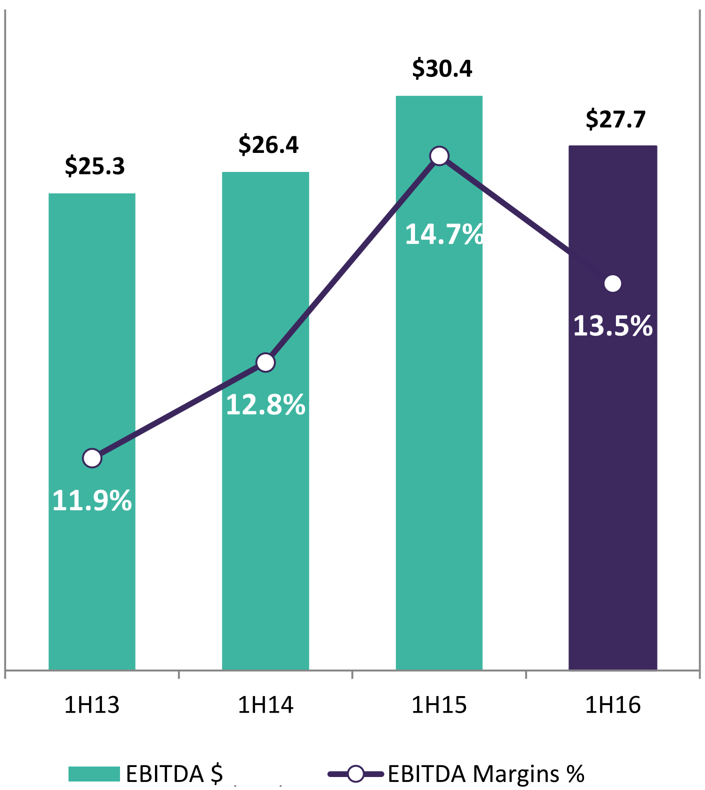
Baby Care

- Intense competition in New Zealand impacting volumes and price
- Adverse Baby manufacturing performance in June
- Baby product improvement initiatives in market 2017

Segment Performance: Tissue

Market price deflation in key retail categories with FX headwinds coming in 2H16

Tissue EBITDA ($m)



Overall

- Revenue -1% to $205.3 (from $207.4) due to Consumer Tissue
- EBITDA reduction reflects higher production costs in pulp and raw materials due to adverse FX, adverse pricing on Consumer Tissue and higher A&P to support brands
- Solid growth in Professional Hygiene (B2B)

Consumer Tissue

- Market data shows retail market price deflation in Consumer Toilet, Facial and Towel categories
- Price deflation increased in 2Q16 as competitive intensity increased
- Sales impacted by de-ranging of Purex in major Australian retailer and New Zealand private label volume reductions

Professional Hygiene

- Improved EBITDA with new contract wins and improved sales mix through Tork proprietary products
- Strong sales growth in Australia of 7%

Consumer Tissue outlook

- Cost headwinds impacting COGS to hit in 2H16 as a result of adverse FX movements vs pcp
- Notwithstanding cost headwinds in 2H16, market pricing unlikely to rise given competitive intensity and recent falls in US$ pulp prices
- Management believe recent pulp price declines will largely be realised in 1Q17 COGS, benefiting Consumer Tissue and Professional Hygiene.

FY16 Outlook

	FY16 Guidance (vs FY15)
Underlying* EBITDA	Decline of approximately 10%
Underlying* NPAT	Decline of approximately 15%
Underlying* Earnings Per Share	Decline of approximately 9%^
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:** Complete on-market buy-back of up to another ~3% of issued capital (up to $26m)

* Underlying result is before ~$6m (pre-tax) or $4.3m (after tax) non-recurring costs, including for the nappy machine relocation and machine upgrades.

^ Based on the weighted average number of shares on issue and assuming that the average buy-back price paid to date applies for the remainder of the program.

1H16 Results Presentation

Paul Townsend – Chief Financial Officer

25 August 2016

1H16 Underlying Results vs 1H15 Statutory Results

1H16 profit decline due to adverse pricing and competitive retail market

A$m (Consolidated)	1H16 Underlying	1H15 Statutory	% Change
Revenue	292.7	305.9	-4.3%
Cost of Sales	(177.0)	(179.4)	-1.3%
Gross Profit	**115.6**	**126.4**	**-8.5%**
Distribution Expenses	(37.1)	(37.0)	0.5%
Sales, Marketing and Admin	(32.4)	(36.5)	-11.3%
Other Income/Expenses	(2.7)	(2.0)	33.6%
EBITDA	**58.6**	**65.2**	**-10.1%**
Depreciation and Amortisation	(15.2)	(14.2)	6.6%
EBIT	**43.4**	**51.0**	**-14.8%**
Net Finance Costs	(5.2)	(5.3)	-0.7%
NPBT	**38.2**	**45.7**	**-16.4%**
Income Tax Benefit/(Expense)	(11.1)	(13.2)	-16.4%
NPAT	**27.1**	**32.5**	**-16.4%**
Non-recurring expenses (pre-Tax)	(3.0)	0.0	N/A
Statutory NPAT (vs Statutory)	**24.9**	**32.5**	**-23.2%**

Revenue:

- Decline in retail categories due to price downsides in competitive marketplace and loss of sales following some range rationalisation, including Purex in Australia and NZ tissue private label
- Partly offset by increase in sales in Professional Hygiene and Pacific Islands and by strong growth in Towel volumes

Cost of Sales:

- Increase in costs as a percentage of sales resulting from adverse FX impacts on raw materials and usual cost base inflation. These increases were partially offset by improved pulp prices and manufacturing performance

Gross Profit:

- 1H16 margin declined to 39.5% from 41.3% in 1H15

Expenses:

- **Distribution Expenses:** Annual rental increases for distribution centres mostly offset by lower volumes
- **Sales, Marketing and Admin Expenses:** Savings from functional restructuring and overhead rationalisation and tight discretionary spend control, and lower half on half A&P given 1H15 campaign launches
- **Depreciation**: Increase due to full year impact of the depreciation on new plant introduced as part of the $114.8m Tissue Capital Investment Program
- **Other Income/Expenses:** Includes costs of TMTLA with SCA
- **Net Finance Costs:** Lower effective interest rates in 1H16 to reflect lower rates from refinance in May 2015, which is offset by a higher net debt average in 1H16

Non-recurring expenses:

- Costs associated with relocation of nappy machine and other non-recurring manufacturing and restructuring costs

Sensitivities and FX Hedging Policy

Rolling 12 month FX hedging policy to mitigate risk. No Pulp hedging

Gross FX Sensitivity (excluding mitigation from hedging)^

Assumption	Variance	Forecast FY16 NPAT impact (A$m)
A$/US$	-/+1%	**-0.5/+0.5**
NZ$/US$	-/+1%	**-0.4/+0.4**
A$/EUR	-/+1%	**-0.3/+0.3**
NZ$/EUR	-/+1%	**-0.1/+0.1**

NZ$/A$: Natural hedge in FY16 due to offset between:
- Net imports of NZ finished goods, and
- NZ EBITDA translated into A$ accounts

^ Gross FX sensitivity also **excludes** "Natural hedges and Offsets" from (i) potential relationship between pulp prices and US$/A$ that has existed historically, and (ii) the Net Impact of FX changes on competitive dynamics. Refer to additional detail in Appendix.

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

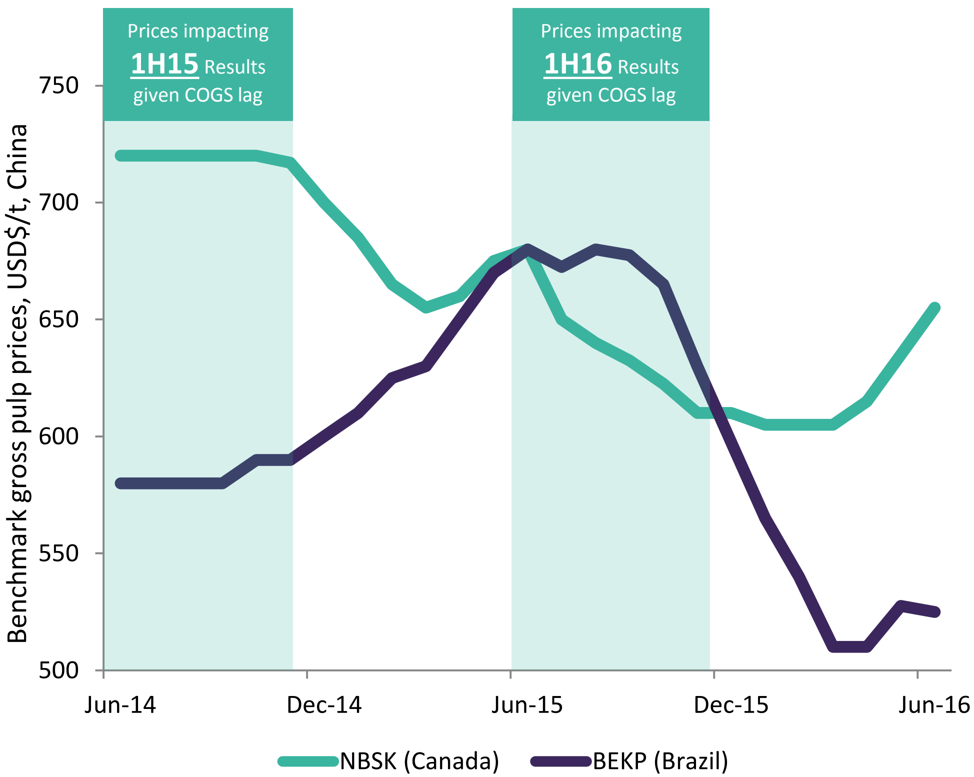
Gross Pulp Sensitivity (excluding FX impact)

Assumption	Variance	Forecast FY16 NPAT impact (A$m)
US$ pulp price	-/+1%	**+0.5/-0.5**

1H16 Results – Impact of FX and Pulp

Cost headwinds in 1H16 (due to falling A$/NZ$) to increase in 2H16, pulp prices falling

'Market Pulp' Pricing*



* Source: Hawkins Wright. 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.

Indicative impact of FX changes - driven by 15 month^ lagged average rates for A$/US$^^

- **1H16: 82c (vs 1H15: 91c)**
  - 1H16 average: reflects average of linear market pricing 1 Oct 2014 to 31 Mar 2015
  - 1H15 average: reflects average of linear market pricing 1 Oct 2013 to 31 Mar 2014
- **2H16: 75c (vs 2H15: 93c)** –> increased headwinds coming
  - 2H16 average: reflects average of linear market pricing 1 April 2015 to 30 Sept 2015
  - 2H15 average: reflects average of linear market pricing 1 April 2014 to 30 Sept 2014

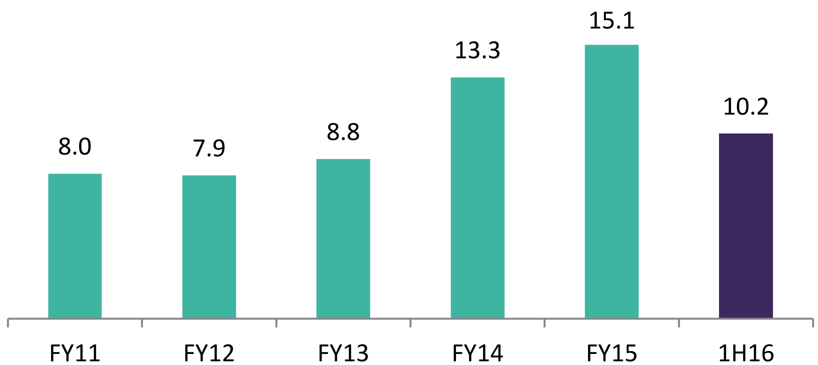
^ 15 month lag – refer Appendix

^^ Note – 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.

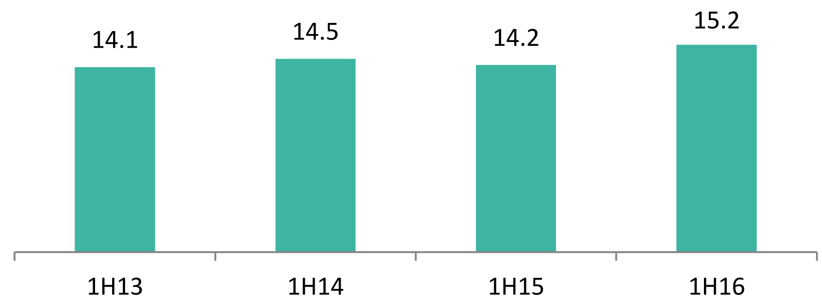
Capex and Depreciation

Capex < Depreciation due to recent substantial Growth Capex investments

Maintenance Capex ($m)



Depreciation ($m)



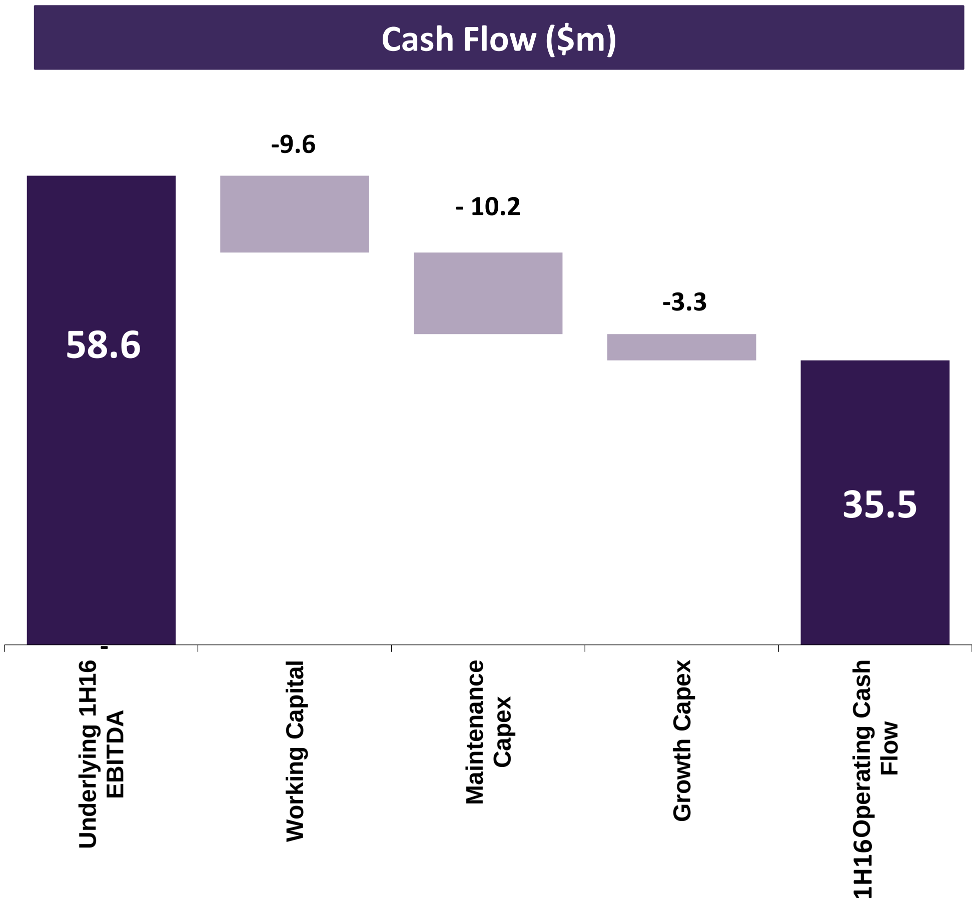
Maintenance Capex:
- 1H16 Maintenance Capex of $10.2m
- 1H16 Maintenance Capex includes one-off investment in KPM2 project
- FY16 Maintenance Capex expected to be between $17m to $18m
- Based on FY16 guidance, Maintenance Capex will average ~$15m per annum over 3 years from FY14

Growth Capex:
- 1H16 Growth Capex of $3.3m
- FY16 Growth Capex expected to be $5m to $6m including relocation/upgrade of nappy plant, and machine upgrade in Feminine for new product innovations.

Depreciation:
- 1H16 increase due to impact of the depreciation on new plant that was introduced as part of the $114.8m Tissue Capital Investment Program
- Depreciation expense to stabilise at current levels in FY16

Cash Flow

Strong cash generation following completion of Tissue Capital Investment Program



Free Cash Flow:

- Based on FY16 Guidance, Free Cash Flow (after interest and tax) of ~$65m to $75m likely before change in Working Capital

Working Capital:

- Increase in inventory primarily due to increase in finished goods arising from stock build associated with nappy machine relocation and upgrade and Feminine Care machine upgrade, undersells in June and unfavourable FX on inventory

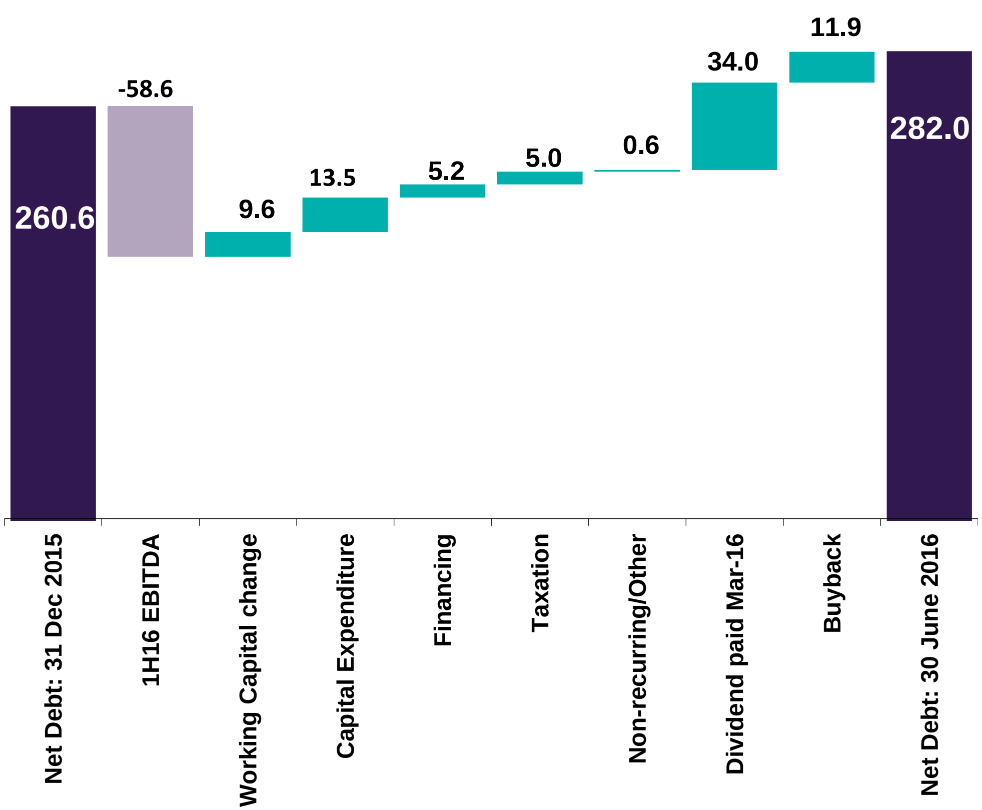
Capex:

- Includes strategic projects for Feminine Care and Baby Care product innovation

Net Debt Movement

Net Debt $282m after $46m Capital Management in 1H16

Changes in Net Debt ($m)



Capital Management $46m:

- Dividends $34.0m
- On-market share buy-back $11.9m

Financing $5.2m:

- Lower effective interest rates in 1H16 following refinance in May 2015, offset by a higher net debt average in 1H16

Tax paid $5.0m:

- No Australian tax payable in 1H16 due to carry forward tax losses and offsets, but Australian tax payments start in 2H16.
- Tax paid in 1H16 of $5.0m, including NZ tax paid of $4.5m and Fiji tax paid $0.5m

Debt Management

Leverage of 2.0x comfortably within target range despite significant share buy-back

	As at 30 June 2016
Total Facilities	$350.0m
Drawn Debt	$320.0m
Cash & Cash Equivalents	$38.8m
Net Debt	$282.0m*

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 2.0x after impact of $74m of share buy-back

Facilities:

- Facility A:
  - — $157.5m due 30 September 2017
  - — Average margin 1.10%
- Facility B:
  - — $157.5m due 30 June 2019
  - — Average margin 1.30%
- Facility C:
  - — $35m due 30 September 2017
  - — Average margin 1.10%

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

^ Leverage = Net Debt / EBITDA

Capital Management – Principles

Disciplined drive to maximising shareholder returns

Strategic Focus

Focus: 4 key areas for business

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

Strategic enablers

Optimise Assets

Focus: Deliver Return on Investment

$150m Capex invested between FY09 and FY15

Maintenance Capex less than depreciation over the medium term

Cash Flow & Profit Growth

Capital Allocation Framework

Focus: Deliver Return on Investment

Dividends

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

Investments

- Disciplined approach to evaluating investments - organic and inorganic
- Gateway: hurdle rate > Asaleo Care's WACC

Excess Cash

- Most efficient distribution mechanism judged at the relevant time

Optimal gearing range of 1.5x to 2.5x EBITDA

Asset Base Growth

Maximise Total Shareholder Returns over time

Capital Management

Substantial progress with on-market share buy-back since 1 October 2015

On-market buy-back: up to $100m or 10%

- **Objectives**:
  - Optimise shareholders' returns
  - Treat shareholders equitably with the option of participating in the program
  - EPS and DPS accretive
  - Maintain an efficient and flexible capital structure
- **Implementation**: On-market buy-back of up to $100m (or up to 10% of issued capital) commenced on 1 October 2015
- **Target Gearing**: Intend to stabilise around 2.0x to 2.5x EBITDA
- **SCA**: Will not participate in the buy-back*

Buy-back progress	
Issued Capital – Pre buy-back start on 1 October 2015	603,469,434 shares
Buy-back completed (up to 30 June 2016)	43,328,798 shares
Issued Capital (as at 25 August 2016)	560,140,636 shares
Cost to date	$73,962,095
Average buy-back price	**$1.707/share**
Buy-back remaining	Up to 17,018,145 shares or $26,037,905 (whichever comes first)

* As a result of the buy-back being undertaken and SCA not participating, SCA's stake in Asaleo Care has increased from its 32.5% holding prior to the start of the buy-back to 35.1%. If Asaleo Care purchases 10% of its shares in the buy-back, SCA's holding will increase to 36.2%.

Shareholder Returns Focused

EPS, ROE and ROIC remain strong

Key objective: Maximise ROIC

- Underlying 1H16 EPS, ROE and ROIC remain strong despite fall in 1H16 earnings
- ROIC substantially exceeding current WACC of 8.9%
- Strict discipline maintained for all investment decisions – hurdle rate greater than WACC

	1H16 Underlying	1H15	Change
EPS	4.8cps	5.4cps	-10.6%

	1H16 LTM^ Underlying	FY15	Change*
ROIC	13.1%	14.0%^^	-0.9pp
ROE	22.7%	22.8%^^	-0.1pp

Methodology:

- Earnings Per Share **(EPS)**
  - NPAT / Weighted average shares on issue
  - 1H16: $27.1m / 563,645,428 = 4.8 cps
  - 1H15: $32.5m / 603,469,434 = 5.4 cps
- Return on Invested Capital **(ROIC)**
  - NoPAT / Debt + Equity (as at 30 June)
  - 1H16: $77.8m / ($281.2m + $311.4m) = 13.1%
  - 1H15: $83.2m / ($259.8m + $333.1m) = 14.0%
- Return on Equity **(ROE)**
  - NPAT / Equity (as at 31 Dec 2015)
  - 1H16: $70.7m / $311.4m = 22.7%
  - 1H15: $76.1m / $333.1m = 22.8%

* 'pp' means percentage points
^ LTM means 'Last Twelve Months' so 1H16 LTM is 1 July 2015 to 30 June 2016. LTM is used as seasonality of earnings would impact annualising 1H performance
^^ FY15 ROIC adjusted from 13.9% to 14.0% due to change to reflect provision in Professional Hygiene business for price support provision in the B2B business for $4.1M net of tax that changed Equity in Dec 2015.

1H16 Results Presentation

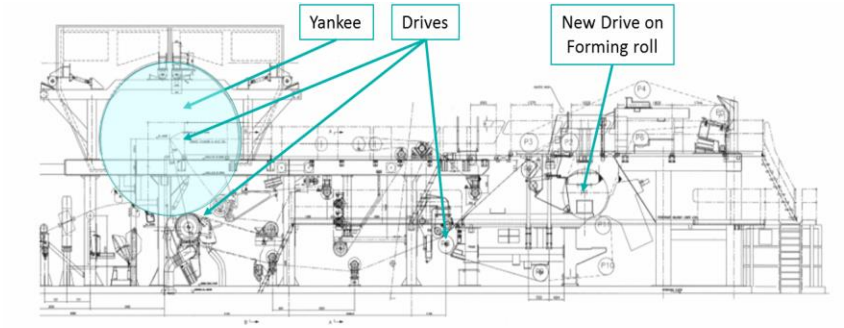
Peter Diplaris – CEO and Managing Director

25 August 2016

Continuing to invest in Manufacturing

New investment in Tissue and Personal Care following $150m spent FY09-FY15

Tissue - NZ paper machine



- Investment in Kawerau Paper Machine (KPM2): ~$4m over FY15 and FY16
- Status: Project completed on budget, on time
- Works completed:
  - Replaced drives
  - Installed drive on forming roll
  - Metalised the Yankee cylinder
  - Polished the headbox
- Results of Project:
  - Target capacity increase in FY17: ~950 tonnes
  - Paper quality improvement already achieved

Personal Care – Australia and NZ

- Feminine Care
  - Investment: $2m over FY15 and FY16
  - Upgrade of machine to support product innovations
- Baby Care
  - Investment: $10m over FY16 and FY17
  - Nappy machine relocation and upgrade to support product innovations in FY17

Strategic Focus

Strategy remains unchanged, focus on execution

1. Product Innovation & Differentiation

- Investments in major marketing initiatives continue

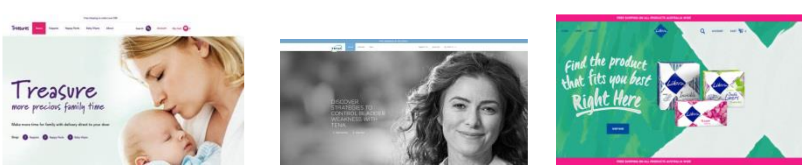
- Pipeline of new product development being built

2. Range & Coverage

- Geographic - significant opportunities within region remain
  - — Exports to Melanesia from Fiji utilising local manufacturing tax incentives
  - — Gaps in New Zealand Healthcare and Australia Baby Care
  - — Feminine Care exports to Europe
- Significant customer opportunities
  - — Fast growing new customers
  - — Building the range at existing customers

3. Distribution Innovation

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



4. Cost Reduction & Efficiency

- Maintaining intense focus on improving efficiency and productivity

Innovation & Differentiation

Many initiatives implemented to seed future improved performance

Treasures: Improved 'look and feel'

TENA: Product design upgrade for Men's Pads

Tork Image Design: New range of architecturally designed stainless steel dispensers launched

Facial: Innovative new Sorbent product launched

Bulk pack 'Handles': 1st in NZ Toilet & Towel & 1st in Australia Towel

TENA: Improved skincare range and proprietary 'u-test' rolled out

Sorbent: Fiji exports to PNG improved with changes to scent, emboss & packaging

Purex: Modernised packaging and focus on unique point of difference 'harnessing geothermal steam'

Tork: Innovative Xpressnap drive-thru dispenser rolled out to McDonald's NZ stores

Exports

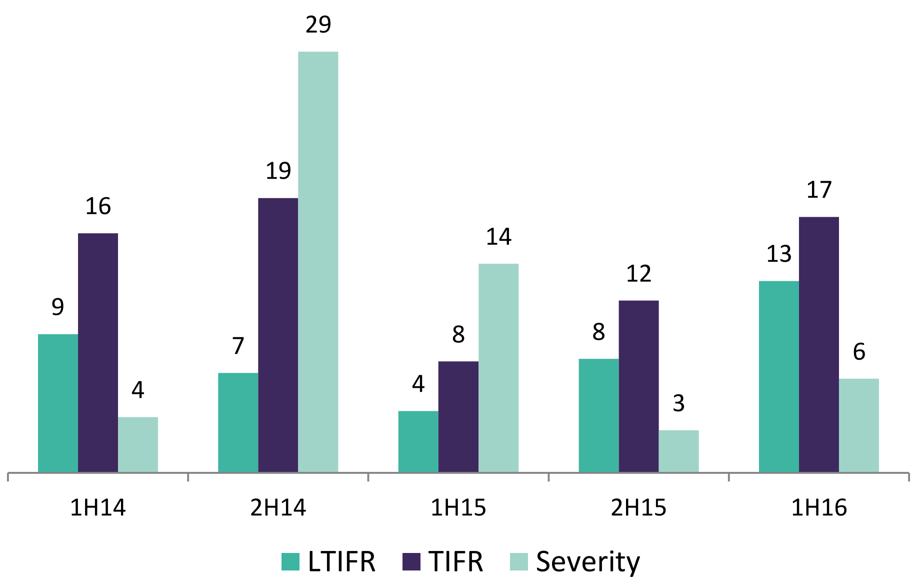
Exports to SCA Europe

- Tampons made in Australia and exported to SCA to be sold under the Libresse brand
- Existing export contract with SCA for Nordic region to be expanded

Safety

Key area of business focus with targeted objectives for improvement

Safety performance measures



- Increase in LTIFR & TIFR due to high incidence of minor injuries with more than half of events resulting in loss of one or two shifts
- 1H16 'Severity' measure remains below 2014 and 2015 averages
- Areas of focus in 2016 include:
  - — Standardised Safety Management System that defines minimum safety standards to ensure safety practices are high and consistent across the business
  - — Revitalised Risk Management Program supported by training, expertise and a database to provide visibility and continued focus on high risks

- **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)
- **Severity**: Average number of days lost per Lost Time Injury

Summary

ROE and ROIC remains strong despite challenging market conditions

FY16 Guidance

Underlying EBITDA expected to decline ~10% and underlying NPAT to decline ~15% due to:

- **Lower sales revenue primarily due to assumption of a continued highly competitive retail environment**
- **Significant headwinds from weaker A$ and NZ$ impacting pulp costs increasing in 2H16**

ROE & ROIC remain strong

- **1H16 Underlying ROE 22.7%**
- **1H16 Underlying ROIC 13.1%**

Delivering Capital Management

- **4cps 50% franked dividend for 1H16**
- **On-market buy-back extended to enable acquisition of up to a further 3% of issued capital (or up to $26m)**

1H16 Results Presentation
Appendices

Business Unit Financials

Personal Care

	FY11	FY12	FY13	FY14	FY15	FY11-15 CAGR*	1H13	1H14	1H15	1H16^	1H16 vs 1H15
Revenue ($m)	174.7	178.8	184.9	198.5	192.8	2.5%	90.2	97.3	98.5	87.4	-11.3%
EBITDA ($m)	50.5	57.1	63.6	70.0	72.0	9.3%	30.1	33.7	34.8	30.9	-11.2%
EBITDA Margins	28.9%	31.9%	34.4%	35.3%	37.3%	8.4pps	33.4%	34.7%	35.3%	35.3%	0pps

Tissue

	FY11	FY12	FY13	FY14	FY15	FY11-15 CAGR*	1H13	1H14	1H15	1H16^	1H16 vs 1H15
Revenue ($m)	442.7	436.5	440.2	431.4	429.4	-0.8%	211.9	206.2	207.4	205.3	-1.0%
EBITDA ($m)	35.5	48.6	61.0	70.8	73.2	19.8%	25.3	26.4	30.4	27.7	-9.1%
EBITDA Margins	8.0%	11.1%	13.9%	16.4%	17.1%	9.1pps	11.9%	12.8%	14.7%	13.5%	-1.2pps

* EBITDA Margin FY11-15 CAGR reflects percentage point change between FY11 and FY15

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

Asaleo Care – Business Overview

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

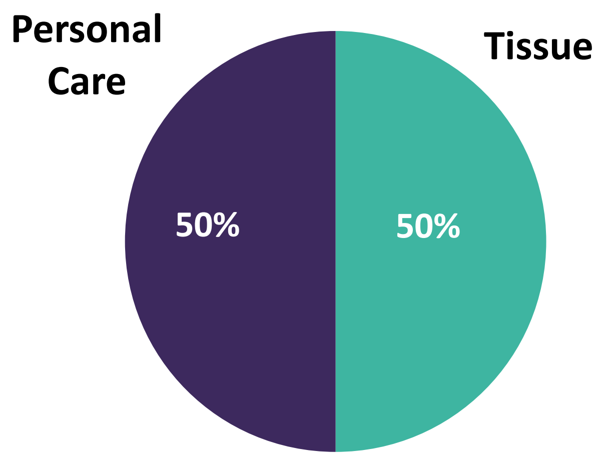
Incontinence Care

*

Feminine Care

Baby Care

FY15 EBITDA split



Manufacturing Plants

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

Consumer Tissue

Professional Hygiene

*

* Licensed from SCA

Tickers: ASX:AHY / US OTC:ARLRY

Past Strategic Focus and Financial Results

Significant operational improvements and ~$150m Growth Capex invested from FY09-FY15

1. Fix Tissue

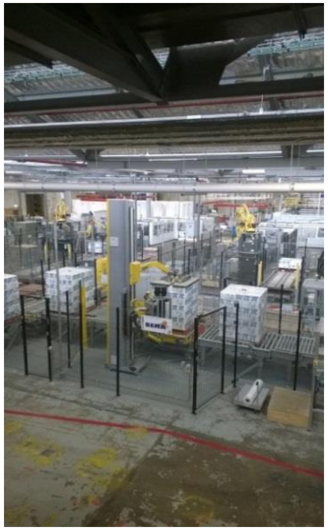
FY09-FY15 Capex: ~$125m
- Tissue Capital Investment Program and Facial plant investment – Reconfiguring Tissue manufacturing footprint to increase efficiency and flexibility, and reduce the costs of production
- Focus on core brands, change sales mix including exiting low margin business
- Tissue EBITDA CAGR FY11-15: +20%

2. Grow Personal Care

FY09-FY14 Capex: ~$25m
- Upgrading machines and optimising footprint
- Accelerate new product development
- Marketing support
- Personal Care EBITDA CAGR FY11-15: +9%

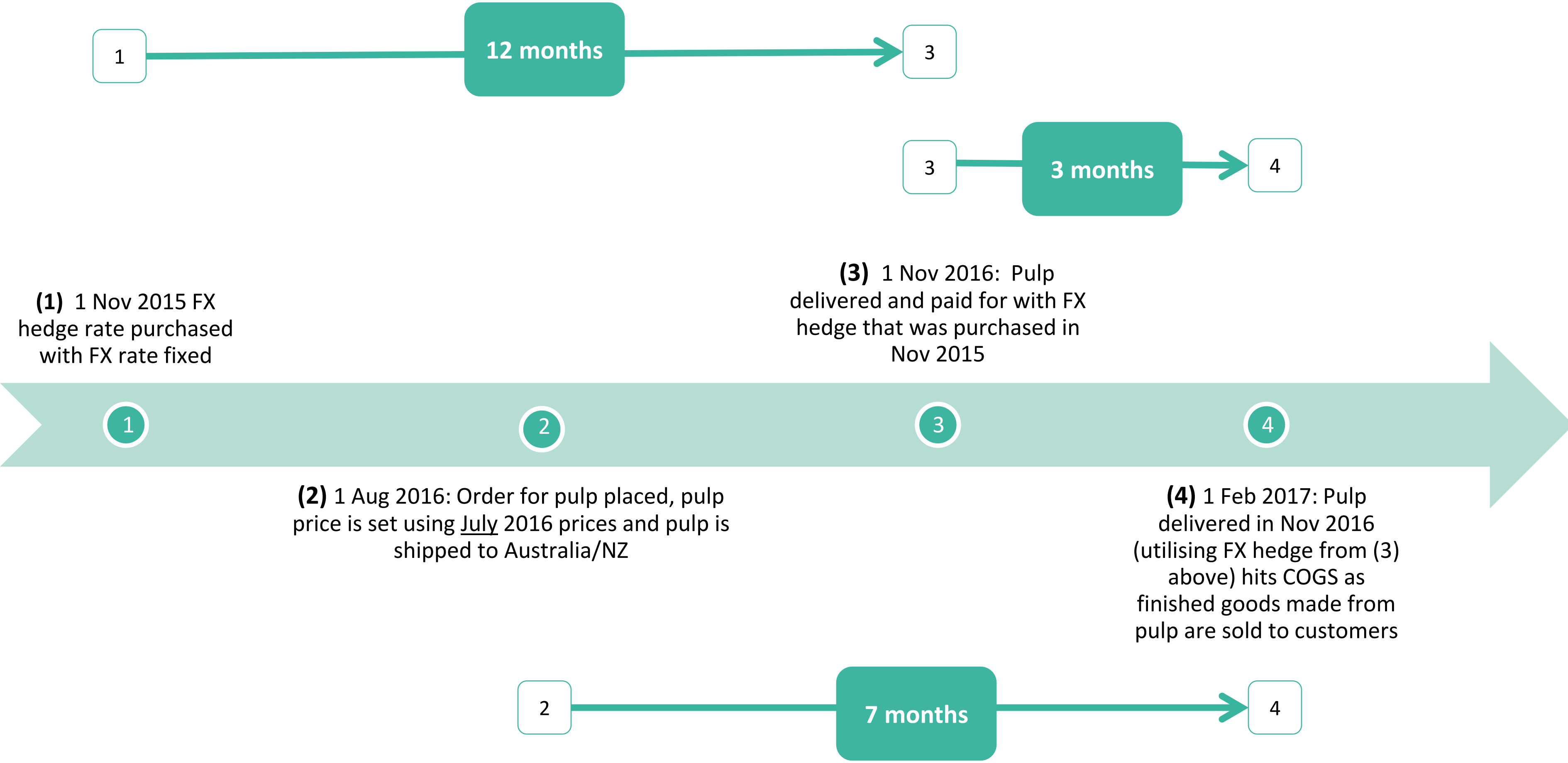
3. Non-Capex profit improvement initiatives

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



Impact of FX Hedge on AHY Pulp Costs

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



Note: Lag times in other periods may vary depending on various factors including actual FX hedging positions in place, amount of raw materials & WIP, sales volumes

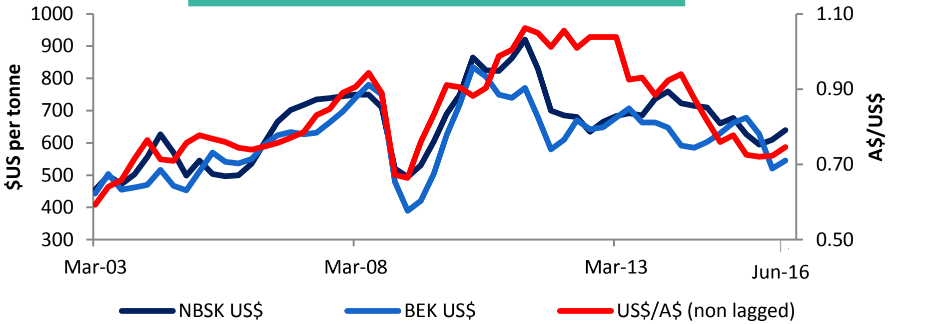
FX - Impact of Natural Hedges and Offsets

Potential market hedges and offsets to gross FX sensitivities

Pulp prices

- There has been a strong historic correlation between pulp prices and US$/A$[1]
- Although the historic correlation has existed, no conclusions can be drawn as to whether future prices will reflect these historic trends

Pulp price index and FX[1]



1. Source: Pulp pricing based on China pricing from Brian McClay & Associates Inc. June 2016. Historic pulp price index shown is indicative and does not represent the actual price paid by Asaleo Care.

Competitive dynamics

Category	Competitive dynamics
Feminine Care	Asaleo Care is the only Australian manufacturer competing against imported products primarily from Asia
Incontinence Care	Asaleo Care is part Australian manufacturer and part importer (EUR cost base) competing against imported products primarily from Asia
Baby Care	Asaleo Care is a NZ manufacturer competing against Australian and imported products
Consumer Tissue	**Paper**: Asaleo Care is a local paper maker competing against local and imported paper makers **Converting**: Asaleo Care has local converting competing against other local converting
Professional Hygiene	Asaleo Care is a local manufacturer competing against local and imported paper makers and tissue importers (including private label)

Net Impact of FX Change from competitive dynamics

Net impact depends on market dynamics:

- **Short term:** Competitor WIP and inventory, denominated currency, FX and hedging positions, competitor responses to price increases and promotional activity, market supply and demand dynamics
- **Medium to longer term:** competitor response to changes to prices and promotional activity

Statutory to Underlying Results Reconciliation

Net impact to Underlying of $2.2m

A$m	1H16
Statutory Net Profit After Tax	**24.9**
Non-recurring costs	2.9
Depreciation	0.1
Tax expense	(0.9)
Underlying Net Profit After Tax	**27.1**

Non-recurring costs:

- Non-recurring manufacturing and storage costs associated with the nappy plant relocation and non-recurring costs associated with New Zealand paper machine upgrade ($2.2m)
- Redundancies - operational headcount reductions and corporate restructure ($0.7m)

Depreciation:

- Write-offs associated with nappy machine relocation and upgrade

Tax expense:

- Tax effect of the non-recurring costs

1H16 Results Presentation

Peter Diplaris – CEO and Managing Director & Paul Townsend – Chief Financial Officer

25 August 2016