

ASX Release

10 December 2020

Receipt of unsolicited proposal from Essity

Asaleo Care Ltd recommends shareholders TAKE NO ACTION

Asaleo Care Limited ("Asaleo" or the "Company") advises that it has received an unsolicited, indicative, conditional and non-binding proposal from the ultimate parent of its major shareholder, Essity Aktiebolag (publ) ("Essity"). The proposal is to acquire all of the ordinary shares in Asaleo at a price of A\$1.26 per share in cash, less any dividends or distributions declared or paid by Asaleo after 09 December 2020 (the "Proposal"). Essity has reserved its right to terminate discussions and to withdraw the Proposal (for any reason or for no reason) at any time prior to the execution of a binding implementation agreement. An Essity subsidiary currently owns 36.2% of the issued share capital of Asaleo.

The Proposal, either by way of scheme of arrangement or off-market takeover, is subject to a number of conditions, including:

- Due diligence;
- Negotiation and execution of binding transaction documentation;
- A unanimous recommendation by the Asaleo Independent Directors in the absence of a superior proposal and subject to an independent expert concluding the Proposal is in the best interests of shareholders; and
- Certain regulatory and other approvals, including from the Foreign Investment Review Board and Overseas Investment Office.

A Board Committee consisting of the Independent Directors of Asaleo (excluding the Essity nominated directors) has been formed to consider the Proposal, including obtaining advice from its financial and legal advisers. Meanwhile, shareholders are advised to **take no action** in relation to Essity's Proposal.

While the assessment of the Proposal is at a very early stage, it is noted that:

- The Company's full year outlook remains strong with Underlying EBITDA expected to remain within previously advised guidance, being at the upper end of the \$84 - \$87 million range;
- The Company is benefitting from its recent investment in its brands and has enjoyed increases in market share;
- The Company's balance sheet is robust and the Board Committee believes the Company will be in a position to pay a final dividend in respect of the 2020 year; and
- The Proposal of A\$1.26 per share reflects a low takeover premium to recent market prices and is highly opportunistic in timing.

Asaleo will continue to update shareholders and the market, in accordance with the Company's continuous disclosure obligations.

Luminis Partners has been appointed as the Company's financial adviser and King & Wood Mallesons has been appointed as its legal adviser.

This release has been approved by the Board Committee of Independent Directors.

– ENDS –

Contacts:

Jim Kelly, Managing Director & Partner, Domestique Consulting

P: +61 2 9119 3352

E: jim@domestiqueconsulting.com.au

For more information about Asaleo Care: www.asaleocare.com

About Asaleo Care (ASX:AHY) Asaleo Care is a leading personal care and hygiene company that manufactures, markets, distributes and sells personal care and hygiene products. Our portfolio of market-leading brands includes Libra, TENA, Tork, Viti and Orchid. The Purex, Sorbent and Handee Ultra brands are not owned in Australia. The Company has 14 manufacturing and distribution facilities throughout Australia, New Zealand and the Pacific Islands. Asaleo Care employs about 650 people who work together to offer products and services which provide care, comfort and confidence every day. For more information visit www.asaleocare.com

Asaleo Care Limited

30-32 Westall Road, Springvale, Victoria 3171

ABN 61 154 461 300

www.asaleocare.com

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