

FINANCIAL REVIEW – B2B

A\$ MILLION	UNDERLYING 2019	UNDERLYING 2018	LEASE ADJUSTMENT	LEASE ADJUSTED UNDERLYING 2018	GROWTH %
Revenue	221.6	218.2	0.0	218.2	1.6%
EBITDA	46.8	45.1	4.1	49.2	-4.9%
EBITDA %	21.1%	20.7%		22.5%	

Business-to-Business

Our Business-to-Business (B2B) division has two segments – Professional Hygiene and Incontinence Healthcare.

In the Professional Hygiene segment, Tork is the leading global brand in workplace hygiene offering a range of products including hand towels, toilet and facial tissue, napkins, soaps and other hygiene accessories. Schools, hospitals, shopping centres, industrial companies and the hospitality sector are just some of those that use Tork's products.

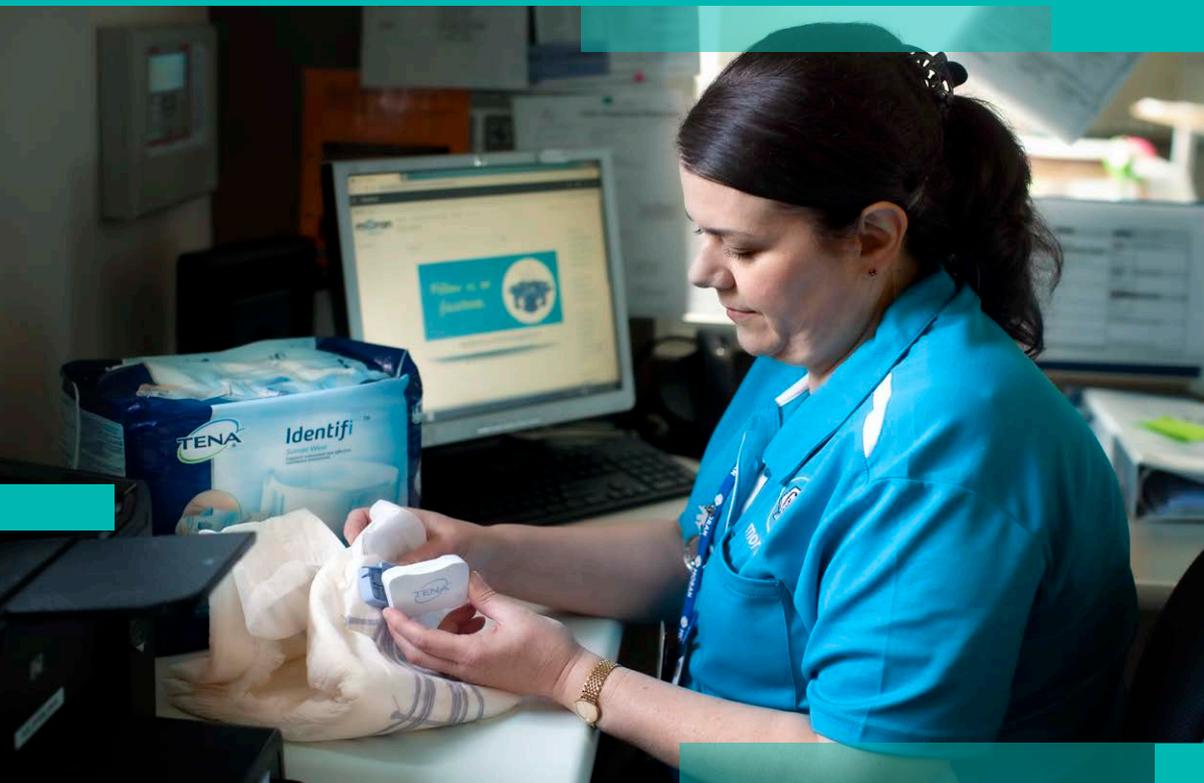
Our TENA Incontinence Care products and support services are provided to healthcare professionals in residential and community care facilities, retirement villages and hospitals.

In 2019, our B2B division experienced solid sales growth in Incontinence Healthcare with modest topline growth for Professional Hygiene. Total revenue grew 1.6 per cent. The appreciation in the Euro increased the cost of imported products,

primarily TENA, which impacted the overall results. Pulp costs remained relatively flat year-on-year, while increased energy and insurance costs impacted production costs.

While Professional Hygiene realised modest growth of just over 1 per cent for the year, the business further increased sales for its high-value proprietary systems and successfully completed the installation of its new Forte Winder machine at its Kawerau, New Zealand operation. The new machine will further expand the group's product range and deliver operating efficiencies across the manufacturing plant.

Topline sales in Incontinence Healthcare grew 3 per cent from new contract wins, improved sales mix and a full sales team complement.



TENA Incontinence Healthcare

With over 50 years' experience, TENA has long been committed to finding better ways to care for the elderly. Our products and services have proven benefits that make a real difference to the quality of care. TENA prides itself on offering tailored support and guidance to ensure healthcare professionals can provide the best possible care for individuals in their care, every time.

2019 saw significant scrutiny and change in the aged care sector in Australia with the introduction of new Australian Aged Care Quality Standards and the Royal Commission into Aged Care Quality and Safety. Quality of care continues to be a major focus for change and one in which TENA endorses and is well positioned to support its customers.

The Company has a strong pipeline of product innovation, and in 2019, TENA healthcare launched TENA Identifi and rolled out its TENA assist program for healthcare professionals.

TENA Identifi

TENA Identifi is a sophisticated, convenient system that tracks a person's urinary voids during a 72-hour assessment period using Sensor Wear pads. Thread-like sensors in the pads measure the urine volume and frequency while data is captured and transmitted into a secure web portal. A three-day bladder report is created which helps determine recommended toileting and pad change times and the most appropriate absorbent products to use.

Current assessment practices rely on manual checking and guesstimates by staff which can be inaccurate. Evidence shows that accurate assessments improve a resident's quality of care and dignity. To date, results in Australia have found:

- + A 39 per cent reduction in the absorbency of pads needed
- + Better comfort and less skin irritations for residents
- + Effectiveness in assessing residents to make informed clinical decisions

TENA Identifi is significantly improving individualised care.



Homecare – TENA assist

Homecare is the fastest growing sector in aged care with governments encouraging people to stay at home longer and funding homecare at higher rates than residential care.

Elderly in the homecare environment encounter a variety of healthcare professionals who support their care needs. The TENA assist program, launched in late 2018, supports healthcare professionals in dealing with clients with incontinence issues.

The program provides education, samples and tools to help recommend and prescribe incontinence products and incorporates specifically developed materials for different causes of incontinence. TENA assist is proving to be popular, with 2019 membership goals exceeded by more than 10 per cent.

Residential care

The Residential sector has seen great changes this year – from the commencement of the Royal Commission into the aged care sector, to the launch of new accreditation standards and discussions around a new funding model.

These changes are placing more emphasis on input from families and residents, resulting in residential care facilities adopting new ways to improve individualised care.

In response, TENA introduced a family program to destigmatise and demystify incontinence management. The program has been well received by facilities and families alike. We have also developed multiple new education programs to improve staff knowledge and skills in continence management.

TENA Proskin

The next key initiative for TENA is the introduction of Proskin. TENA Proskin is designed to maintain skin health by keeping skin dry, clean and protected, while preventing pain, preserving dignity and enhancing skin care knowledge to offer the best care.

In 2020, we will offer the same great quality product aimed at providing expert care for elderly skin which is backed by research and endorsed by experts.





Professional Hygiene

Tork is the leading global brand in professional hygiene. From paper towels in hospital washrooms to napkin dispensers in restaurant dining rooms, Tork delivers a great experience for the user and a convenient experience for the buyer.

Innovation and sustainability sets Tork apart, and this year, we continued to build our differentiated offer. In 2019, we successfully delivered a major capital investment and introduced new innovations and sustainability initiatives.

Think Ahead

Tork was excited to introduce a tagline to support the brand's promise – Think Ahead. Tork inspires and supports customers to think ahead so they're always ready for business – from rethinking the ultimate guest experience, to reimagining cleaning efficiencies and rethinking ways to become more sustainable.

Manufacturing investment

A \$23 million investment was made at our Kawerau manufacturing site in New Zealand as part of our commitment to ongoing local manufacturing. The new state-of-the-art Tork converting line enables us to enhance efficiencies, improve product quality and range, reduce waste and ensure continued, reliable local supply of Tork products throughout Australia and New Zealand.

With the new converting line, in 2020 Tork is introducing a stylish new leaf emboss pattern to its popular conventional toilet paper products, carry handles on toilet, hand towel and wiping products, and several new products.

Tork is also reducing its packaging by 20 per cent – or 143 tonnes less packaging waste per year – in all areas, including cores and inner and outer packs.

Product innovations

In 2019, Tork launched its latest product innovation, Tork PeakServe, a patented continuous hand towel dispensing system designed for high-traffic washrooms.

PeakServe provides 250 per cent more hand towels to avoid running out and cuts refill time in half. It also features compressed hand towels which require 50 per cent less storage space. PeakServe has been successfully installed into major stadiums and tourist attractions with positive reviews from venues for improved productivity and customer washroom experience.

EasyCube is the world's leading facility management software for data-driven cleaning empowering cleaning teams with new and smarter ways of working. It delivers real-time data enabling cleaners to work more efficiently by acting on what's needed, when and where.

Following its launch in 2018, EasyCube has been installed in a diverse range of market sectors including airports, tourist attractions, commercial offices, military establishments and universities.



LEADING THE INDUSTRY BY UNLOCKING OUR ENVIRONMENTAL IMPACT

Asaleo Care works to support a more sustainable society through our products and business operations. As a business that uses pulp products derived from natural resources, we are very conscious of our impact on the environment.

Giving customers more information about how our products break down after use can help them make more sustainable choices.



To understand the environmental impact of some of our popular products, the Company commissioned the development of Environmental Product Declarations (EPDs). Asaleo Care is the industry leader in its region to have EPDs.

“EPDs are a lot like nutritional panels for food available in supermarkets,” said Jane Mansfield, General Manager, Quality, Environment and Sustainability.

“They help us unlock areas where we are doing well and where we can improve. Independently verified, an EPD provides greater transparency over the full life-cycle of our products.”

This year, Asaleo Care added Tork Xpressnap napkins to its EPD library, which includes its toilet tissue and paper towel products released in 2016.

Through the EPD process, the Company found that greenhouse gas emissions can be reduced by up to 50 per cent by composting hand towels rather than disposing to landfill.

“This knowledge is empowering and may encourage our customers and others to consider implementing waste management strategies such as industrial or worm composting (or vermicomposting).”

Strong pipeline of innovation and products for 2020

Product innovation and sustainability will continue to be our focus for 2020. Over the coming year, Tork is set to deliver a strong pipeline of new product innovation designed to improve hygiene and cleaning efficiencies as well as reduce waste in the wiping, napkin and toilet paper categories.