Q4 Presentation 2012

14 February, 2013

Duni

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2012 Q4 Highlights

- Professional – underlying demand stabilized
  - Sales almost on par with last year in comparable currency rates.
  - Maintained focus on inventory reduction with negative absorption effects as a consequence.
- Consumer – delays in implementation of new contracts
  - Some delay in two important new contracts – expected to be in full force in Q1 2013.
  - Costs of implementing contracts relatively high in the quarter.
- Tissue – Initiated closing of one of three factories in Dalsland
  - Unsatisfactory profitability in factory supplying hygiene business.
  - Closure will not effect Duni's future EBIT, but improve net debt. Restructuring cost taken of SEK 83 m in Q4.
- Other restructuring cost of SEK 24 m in the quarter
  - SEK 6 m related to previous announced program.
  - SEK 18 m related to change of CEO, write downs and restructuring in the export markets.
- Net debt at historically low level as a result of improvements in Working Capital and lower CAPEX.

- Net sales SEK 1 031 m (1 063)
- Underlying operating income SEK 128 m (151)
- Underlying operating margin 12.4% (14.2%)

Market Outlook

- HORECA market long-term growing in line or slightly above GDP.
  - Positive eating out trend.
  - Higher growth in take-away sector.
- Macro statistics stabilizing, but growth not to be expected in short to mid term.
  - Economic crisis creates uncertainty in consumer confidence, influencing Duni’s end customers.
  - Duni’s major markets including Germany and Benelux with flat or minor decrease in volume.
- Pulp price flat, but expected to slowly increase. Plastics on all time high levels in EUR.

HoReCa Sales Development

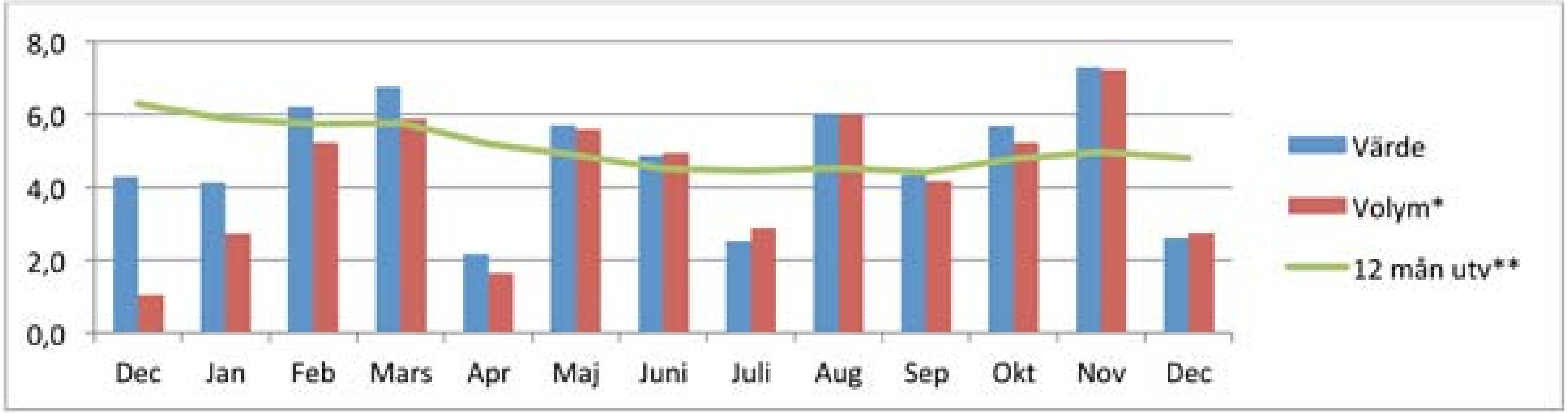
Germany (Nov 2012)

Wirtschaftsbereich	11/2012 zu 11/2011		01-11/2012 zu 01-11/2011	
	nominal	real	nominal	real
Gastgewerbe insgesamt	2,0	0,2	2,3	0,3
davon:				
Beherbergung	1,7	0,6	3,2	1,4
Gastronomie	2,1	0,0	1,7	-0,3

Source: destatis

Restaurant Sales Development

Sweden (Dec 2011 – Dec 2012)



- **+2,7% in volume in Dec and +2,6% in value.**


Business Areas
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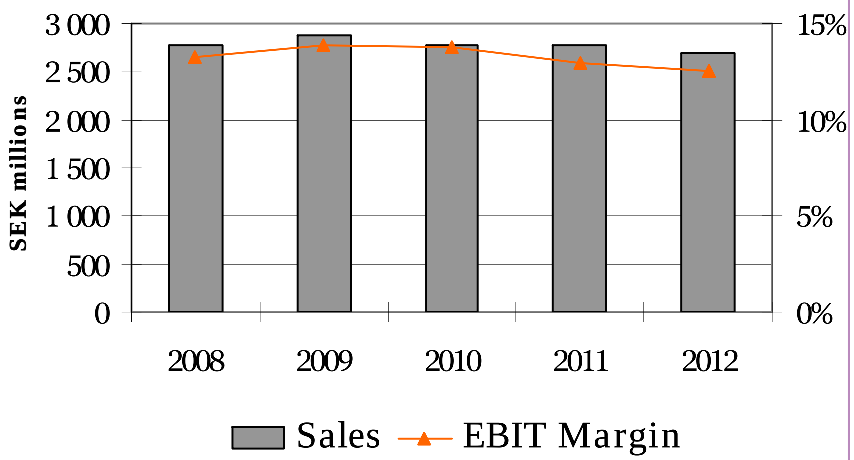
Professional

–Lower sales and EBIT mainly impacted by currency

Sales and EBIT [1)]



Geographical split – sales Q4 2012

Net sales Professional	Q4 2012	Q4 2011	Growth	Growth at fixed exchange rates
Nordic	173	179	-3.4%	-3.4%
Central Europe	424	446	-4.9%	-0.9%
South & East Europe	117	117	0.0%	4.3%
Rest of the World	9	9	0.0%	0.0%
TOTAL	**722**	**750**	**-3.7%**	**-0.5%**

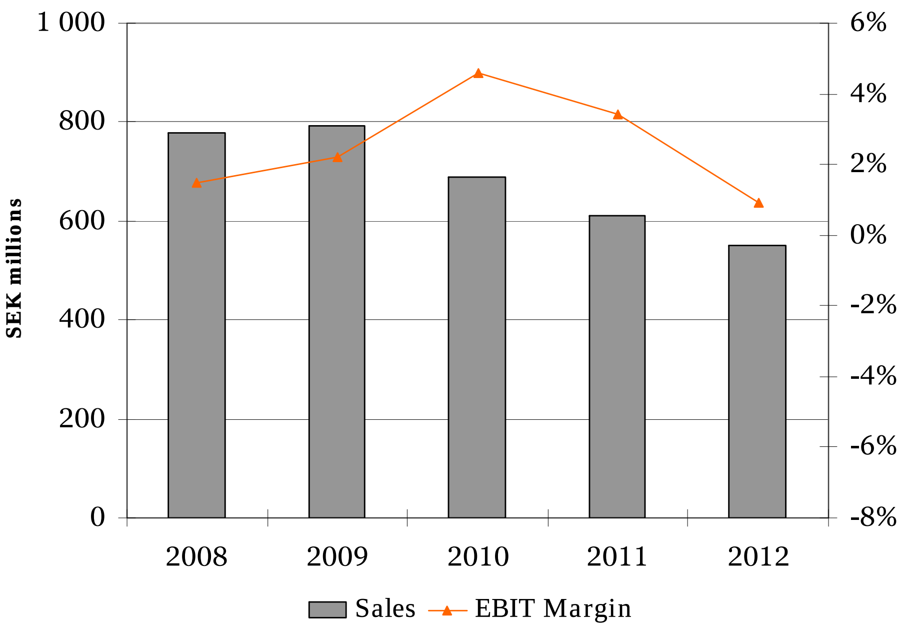
- Stable development in major markets.
- Evolin launch continues with new colors.

1) Excluding non-recurring costs and market valuation of derivatives

Consumer

– Improvement in sales trend

Sales and EBIT 1)



Geographical split - sales Q4 2012

Net sales Consumer	Q4 2012	Q4 2011	Growth	Growth at fixed exchange rates
Nordic	28	25	12.0%	12.0%
Central Europe	161	177	-9.0%	-6.2%
South & East Europe	8	6	33.3%	50.0%
Rest of the World	0	1	-100.0%	-100.0%
TOTAL	**197**	**209**	**-5.7%**	**-2.8%**

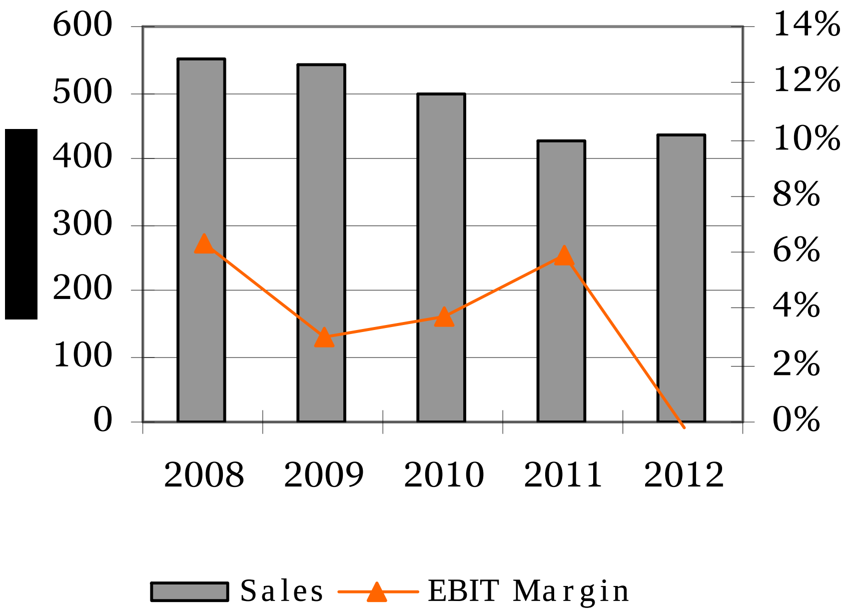
- Improvement from previous quarters, but delay in implementation of new accounts.

1) Excluding non-recurring costs and market valuation of derivatives

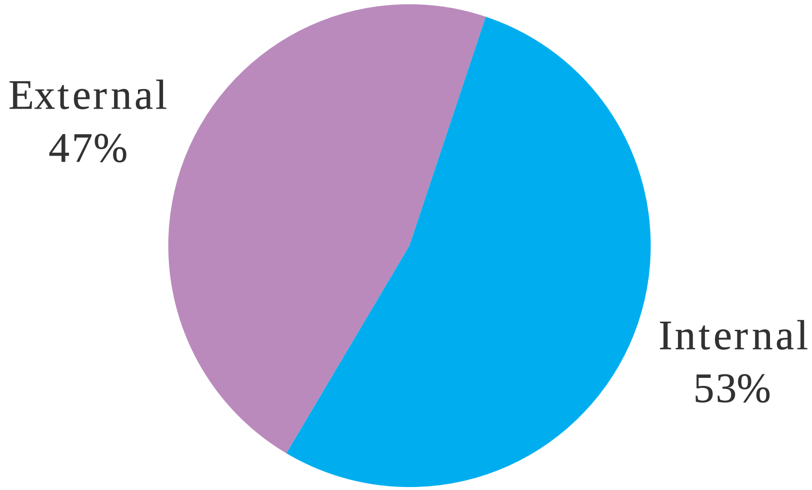
Tissue

– Low capacity utilization

Sales and EBIT



Sales mix Q4 2012



- Decision to initiate closing of hygiene business.
- Restructuring cost of 83 MSEK.
- Insignificant effect on Duni's future EBIT.


Financials
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Operating Margin (underlying) 12.4% - Significant Restructuring cost

SEKm	Q4 2012	Q4 2011	FY 2012	FY 2011
Net sales	1 031	1 063	3 669	3 807
Gross profit	267	315	945	1 031
Gross margin	25.9%	29.7%	25.8%	27.1%
Selling expenses	-111	-109	-438	-441
Administrative expenses	-56	-45	-177	-172
R&D expenses	-5	-9	-26	-30
Other operating net	-75	-9	-77	0
Operating income (reported)	**21**	**144**	**228**	**388**
Non-recurring items[1)]	-107	-7	-113	-16
Operating income (underlying)	**128**	**151**	**340**	**404**
Operating margin (underlying)	12.4%	14.2%	9.3%	10.6 %
Financial net	-5	-9	-25	-30
Taxes	-32	-36	-79	-98
Net income	-16	98	124	261
Earnings per share	-0.35	2.09	2.63	5.54

1) Restructuring costs and market valuation of derivatives

Lower Capacity Utilization in Q4 and FY 2012

SEKm		Q4 2012	Q4 2011	FY 2012	FY 2011
Professional	Net sales	722	750	2 682	2 766
	Operating income[1)]	108	121	336	357
	Operating margin	14.9%	16.1%	12.5%	12.9%
Consumer	Net sales	197	209	551	612
	Operating income[1)]	19	24	5	21
	Operating margin	9.4%	11.7%	0.9%	3.4%
Tissue	Net sales	111	104	436	428
	Operating income[1)]	1	6	-1	25
	Operating margin	1.3%	5.4%	-0.2%	5.9%
Duni	**Net sales**	**1 031**	**1 063**	**3 669**	**3 807**
	Operating income[1)]	**128**	**151**	**340**	**404**
	Operating margin	**12.4%**	**14.2%**	**9.3%**	**10.6%**

1) Excluding non-recurring cost and market valuation of derivates

Continued strong Cash Flow

SEKm	Q4 2012	Q4 2011	FY 2012	FY 2011
EBITDA[1)]	**156**	**177**	**452**	**511**
Capital expenditure	**-26**	**-200**	**-113**	**-377**
Change in;				
Inventory	90	55	66	-37
Accounts receivable	-9	-13	20	-36
Accounts payable	26	-4	7	-8
Other operating working capital	-16	-22	-17	23
Change in working capital	**91**	**16**	**76**	**-58**
Operating cash flow	**221**	**-7**	**415**	**76**

1) Excluding non-recurring costs and market valuation of derivatives

Net Debt at all time low

SEKm	2012	2011	2010
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	795	888	632
Net financial assets[1)]	185	210	253
Inventories	387	470	437
Accounts receivable	624	663	634
Accounts payable	-301	-302	-315
Other operating assets and liabilities[3)]	-282	-300	-266
Net assets	**2 607**	**2 827**	**2 573**
Net debt	555	745	582
Equity	2 051	2 082	1 991
Equity and net debt	**2 607**	**2 827**	**2 573**
ROCE[2)]	14%	17%	19%
ROCE[2)] w/o Goodwill	28%	29%	40%
Net debt / Equity	27%	36%	29%
Net debt / EBITDA[2)]	1.2	1.5	1.1

1) Deferred tax assets and liabilities + Income tax receivables and payables
2) Excluding non-recurring costs and market valuation of derivatives
3) Including restructuring provision and derivatives

Financial Targets

Target	Focus	2012
Sales growth > 5%	• Organic growth of 5% over a business cycle • Consider acquisitions to reach new markets or to strengthen current market positions	-1.6% **(at fixed exchange rates)**
EBIT margin > 10% *Underlying*	• Top line growth – premium focus • Improvements in manufacturing, sourcing and logistics	9.3%
Dividend payout ratio 40+%	• Target at least 40% of net profit	3.50 SEK per share (proposal)


Thank you!