Q4 Presentation 2013

13 February, 2014

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2013 Q4 Highlights

- Growth in all areas. Positive absorption effects are the most important explanation for EBIT improvement.
- Professional – still challenging HoReCa market, but small signs of improvement.
  - Mature regions including Central and Nordics are flattening out.
  - Growth in both premium napkins and Meal service (traded goods).
- Consumer – strong fourth quarter.
  - Profit improvement due to operational leverage of volumes from new customer contracts.
- Tissue – On par with fourth quarter last year, but improvement in full year numbers.
- Historically low net debt; 491 MSEK.

- Net sales SEK 1 102 m (1 031)
- Underlying operating income SEK 152 m (130)
- Underlying operating margin 13.8% (12.6%)

Market Outlook

- HORECA market long-term growing in line or slightly above GDP.
  - Minor improvement in the latest macro indicators, but still weak HoReCa statistics.
  - Higher growth in take-away, catering and fast food restaurants.
- Uncertainty of macro development in short- and mid term perspective.
  - Non food sector stable and even minor growth in the forth quarter.
  - Retail area more volatile than HoReCa, listings with customers normally more influential then the overall market development.
- Pulp continue to increase, particularly noticeable in USD.
- Stability on high levels for other main input materials.
- Consumer confidence implicates uncertainty regarding development of market demand.

HoReCa Sales Development

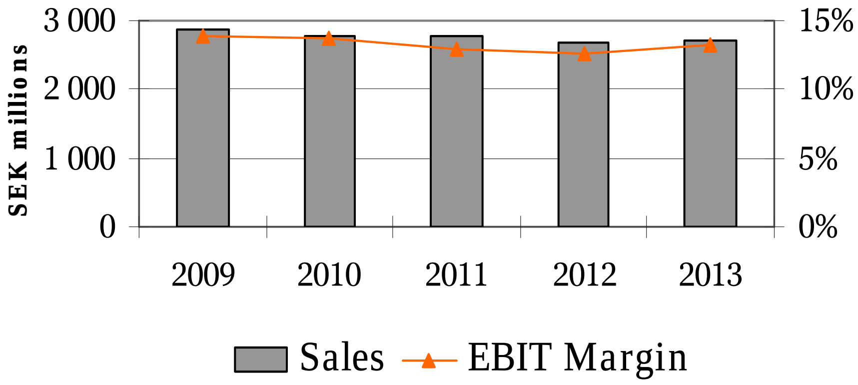
- Professional Northern Europe:
  - Stable to Positive development in Nordics. Sweden still utilize on VAT reduction in restaurant sector which mainly generated growth in café and bakery sector.
- Professional Central Europe:
  - Stability or small decrease throughout 2013. Signs of recent stabilization and in some cases improvements.
- Professional South/East Europe:
  - South negative influenced by the financial debt crisis resulting in a long term downward trend. However, latest statistics indicate a positive tourist season for parts of the Mediterranean area, in particular Spain.
  - Eating out a relatively new tradition with low share of disposable income. Long term trend improving from low levels.

Business Areas

Professional

–Strong SEK continue to weight on the quarter

Sales and EBIT 1)



Geographical split – sales Q4 2013

Net sales Professional	Q4 2013	Q4 2012	Growth	Growth at fixed exchange rates
Nordic	175	173	1.2%	1.2%
Central Europe	429	423	1.4%	0.0%
South & East Europe	121	117	3.4%	2.6%
Rest of the World	39	9	333.3%	344.4%
TOTAL	**764**	**722**	**5.8%**	**4.9%**

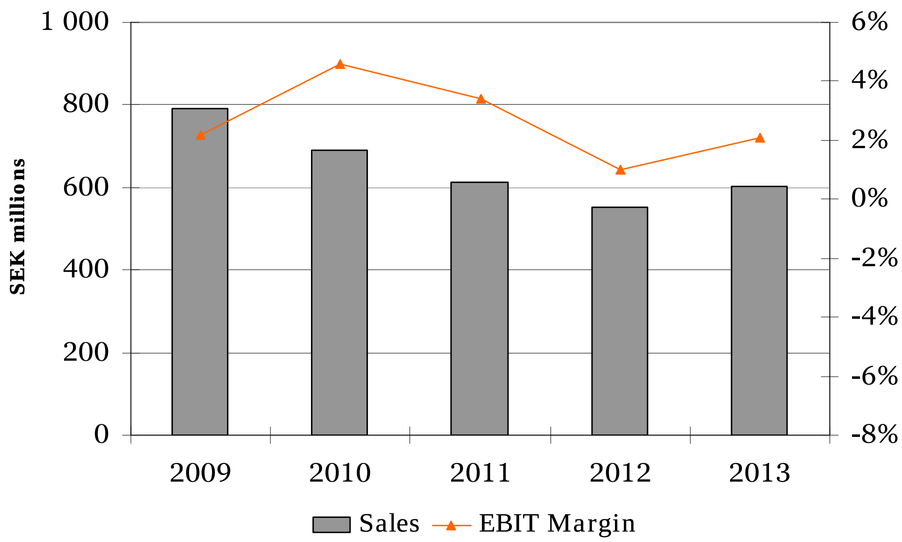
- Acquisition of Song Seng continue to contribute to Professional.
- Stability in mature markets like Germany and Nordics and improvements in East and partly South.

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

Consumer

– Growth within all major regions

Sales and EBIT 1)



Geographical split - sales Q4 2013

Net Sales Consumer	Q4 2013	Q4 2012	Growth	Growth at fixed exchange rates
Nordic	35	28	38.7%	25.0%
Central Europe	173	161	4.6%	7.5%
South & East Europe	12	8	11.1%	50%
Rest of the World	0	0	0.0%	0.0%
TOTAL	**221**	**197**	**9.4%**	**11.8%**

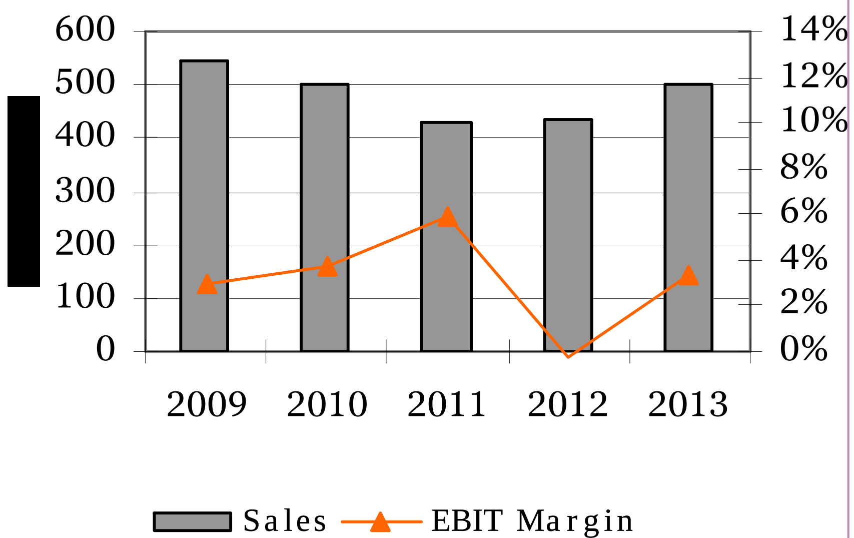
- Continued success in gaining new customer contracts which positively contributed to the fourth quarter and 2013 overall.
- For the first time in many years, Nordic region is growing, partly due to the "Designs for Duni" concept.

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

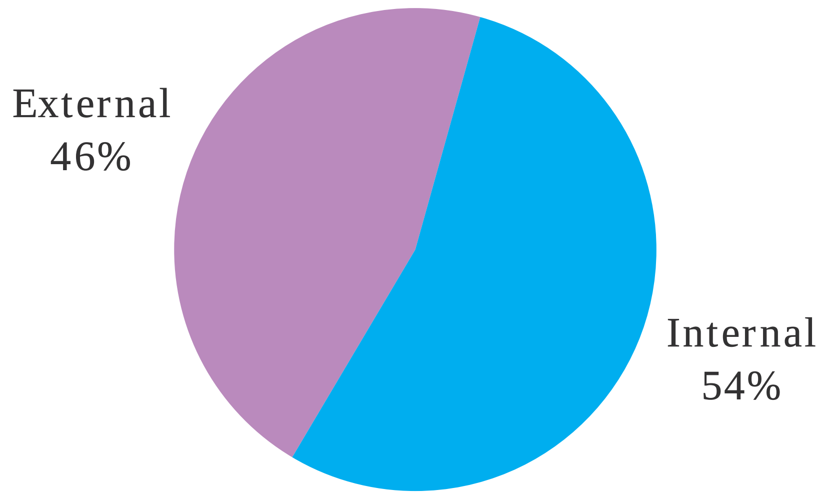
Tissue

– Temporary increase in production output

Sales and EBIT



Sales mix Q4 2013



- Slightly lower volume compared to previous quarters, but still above last year.
- Consequence of divestment decision is less complex production and accordingly productivity improves.

Financials

Profit margin >10%

SEKm	Q4 2013	Q4 2012	FY 2013	FY 2012
Net sales	1 102	1 031	3 803	3 669
Gross profit	308	267	1 005	945
Gross margin	28.0%	25.9%	26.4%	25.8%
Selling expenses	-117	-111	-437	-438
Administrative expenses	-48	-54	-173	-176
R&D expenses	-5	-5	-19	-26
Other operating net	1	-75	-8	-77
Operating income (reported)	**140**	**23**	**369**	**229**
Non-recurring items[1)]	-12	-107	-17	-113
Operating income (underlying)	**152**	**130**	**385**	**342**
Operating margin (underlying)	13.8%	12.6%	10.1%	9.3%
Financial net	-2	-5	-19	-25
Taxes	-32	-32	-83	-79
Net income	106	-15	267	126
Earnings per share	2.25	-0.32	5.68	2.67

1) Restructuring costs and market valuation of derivatives

Comparison figures for 2012 recalculated in accordance with IAS19R

Improvements in all segments

SEKm		Q4 2013	Q4 2012	FY 2013	FY 2012
Professional	Net sales	764	722	2 702	2 682
	Operating income[1)]	127	109	356	337
	Operating margin	16.6%	15.1%	13.2%	12.6%
Consumer	Net sales	221	197	603	551
	Operating income[1)]	23	19	12	6
	Operating margin	10.6%	9.6%	2.1%	1.0%
Tissue	Net sales	117	111	499	436
	Operating income[1)]	2	2	17	-1
	Operating margin	1.5%	1.5%	3.4%	-0.2%
Duni	**Net sales**	**1 102**	**1 031**	**3 803**	**3 669**
	Operating income[1)]	**152**	**130**	**385**	**342**
	Operating margin	**13.8%**	**12.6%**	**10.1%**	**9.3%**

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Two consecutive years of strong cash flow

SEKm	Q4 2013	Q4 2012	FY 2013	FY 2012
EBITDA[1)]	**181**	**158**	**503**	**454**
Capital expenditure	**-39**	**-26**	**-82**	**-113**
Change in;				
Inventory	61	90	-35	66
Accounts receivable	-6	-9	-4	20
Accounts payable	53	26	30	7
Other operating working capital	-20	-16	60	-20
Change in working capital	**88**	**91**	**50**	**73**
Operating cash flow	**230**	**223**	**471**	**414**

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Continued strengthening of financial position

SEKm	December 2013	December 2012	December 2011
Goodwill	1 249	1 199	1 199
Tangible and intangible fixed assets	802	795	888
Net financial assets[1)]	166	205	210
Inventories	434	387	470
Accounts receivable	658	624	663
Accounts payable	-348	-301	-302
Other operating assets and liabilities[3)]	-371	-286	-300
Net assets	**2 590**	**2 623**	**2 827**
Net debt	491	638	745
Equity	2 099	1 985	2 082
Equity and net debt	**2 590**	**2 623**	**2 827**
ROCE[2)]	16%	14%	17%
ROCE[2)] w/o Goodwill	33%	28%	29%
Net debt / Equity	23%	32%	36%
Net debt / EBITDA[2)]	1.0	1.4	1.5

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Financial Targets

		2013
Sales growth > 5%	• Organic growth of 5% over a business cycle • Consider acquisitions to reach new markets or to strengthen current market positions	3.3% **(at fixed exchange rates)**
EBIT margin > 10% *Underlying*	• Top line growth – premium focus • Improvements in manufacturing, sourcing and logistics	10.1%
Dividend payout ratio 40+%	• Target at least 40% of net profit	4.00 SEK per share (proposal)


Thank you!
Duni