

Duni Presentation

Handelsbanken March 17, 2010



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2009 Q4 Highlights

- Net sales increased with 1.0% to SEK 1,157 m
- Underlying operating income¹ amounted to SEK 167 m (145)
- Underlying operating margin¹ amounted to 14.4% (12.7%)
- Strong cash flow and net debt reduction to SEK 631 m
- Strong quarter with increased operating income in Professional
 - Modestly positive volume development, driven by the Central region
 - Lower cost of goods sold, cost savings and product mix supporting margins
- Volumes declined 3% in Retail, but operating margin continues to improve
 - Better customer and product mix coupled with lower costs
- Positive volume trend in Tissue vs H1 continuing in Q4. Pulp and energy prices rising.



¹ Excluding market valuation of derivatives SEK 6 m (-39) and restructuring costs 0 m (-41)
Excluding translation effect: net sales SEK 1.147 m, underlying operating income SEK 159 m
with underlying operating income 13.9%

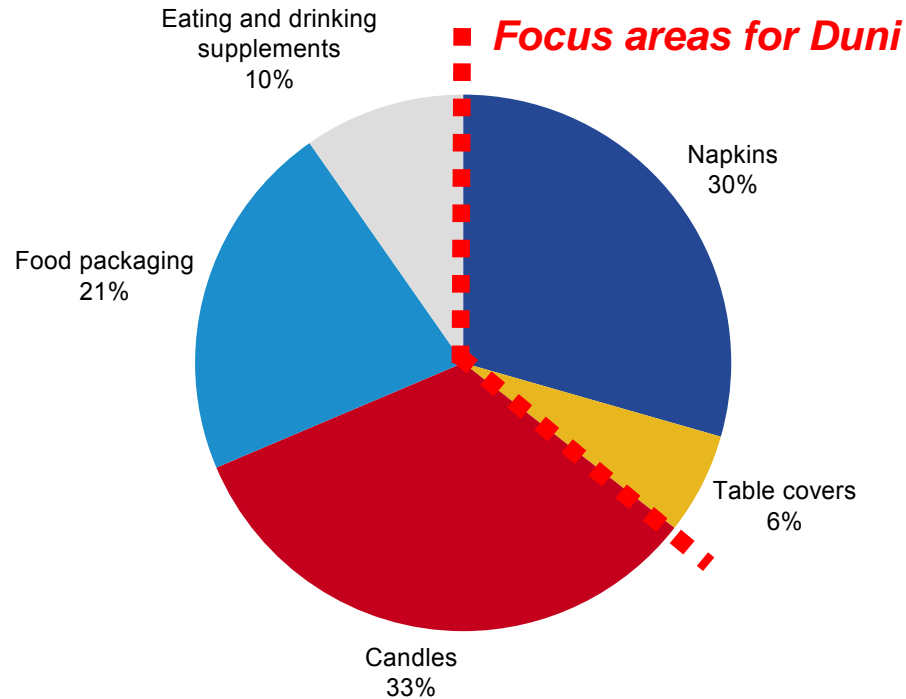
Duni in Brief



(MSEK)	Professional	Retail	Tissue	Group full year 2009
Sales	2 885	792	543	4 220
Sales share	68%	19%	13%	100%
EBIT (underlying)	402	18	16	436
EBIT share	92%	4%	4%	100%
EBIT Margin	13.9%	2.2%	3.0%	10.3%

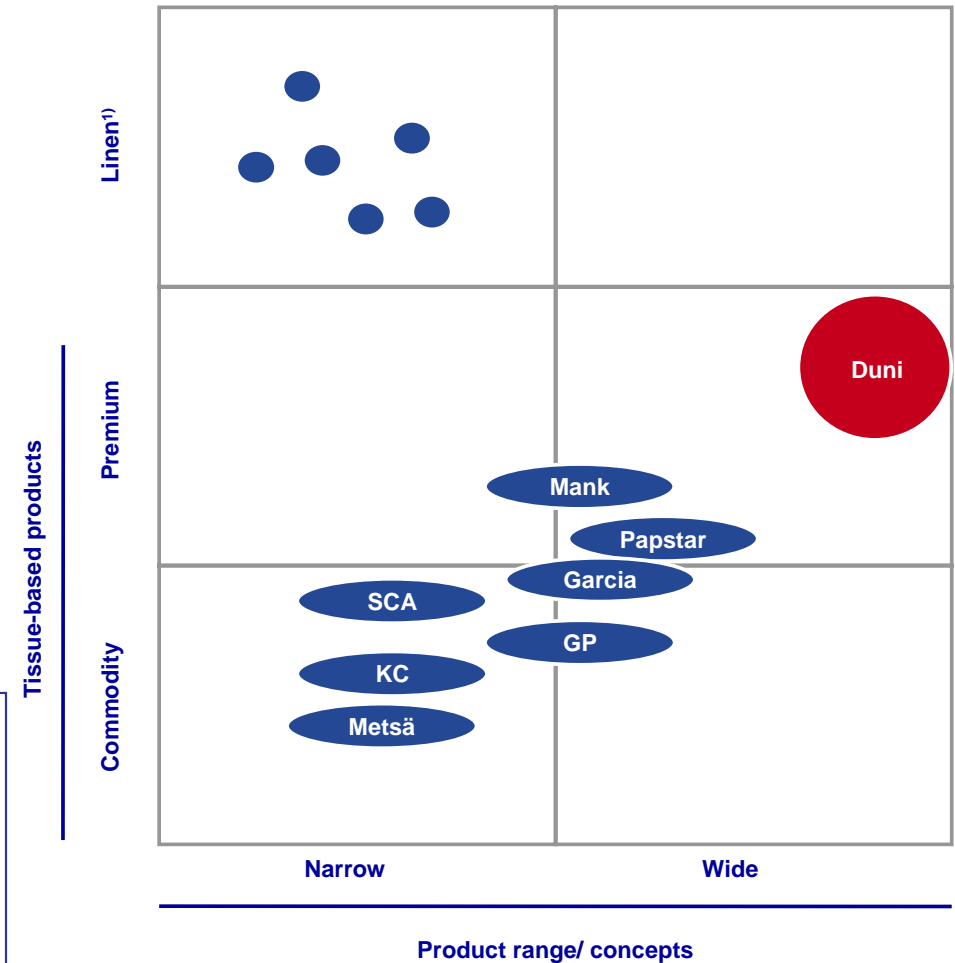
European Market Leader in Table Top

European Disposable Table Top Market



- Addressable market of EUR 4 bn
- ~2/3 of market is in the professional customer segment
- Market leader with 20 % share (tissue products)

Premium Positioning



Strong Market Position

Market (by size in value)	Premium Share of Market	Duni Position
1) Southern Europe	1/3	3
2) Central Europe	2/3	1
3) The UK	1/3	2
4) Northern Europe	2/3	1
5) Benelux	2/3	1
6) Eastern Europe	1/3	3



Market Outlook - Slow Recovery

HORECA market long term growing in line or slightly above GDP

- Positive eating out trend
- Continued strong growth in take-away sector

Retail growth in line with GDP

- Private label over-represented in our category
- Discount stores and private label more in focus in a weaker economy

Stabilized, but continued weak macro economic environment

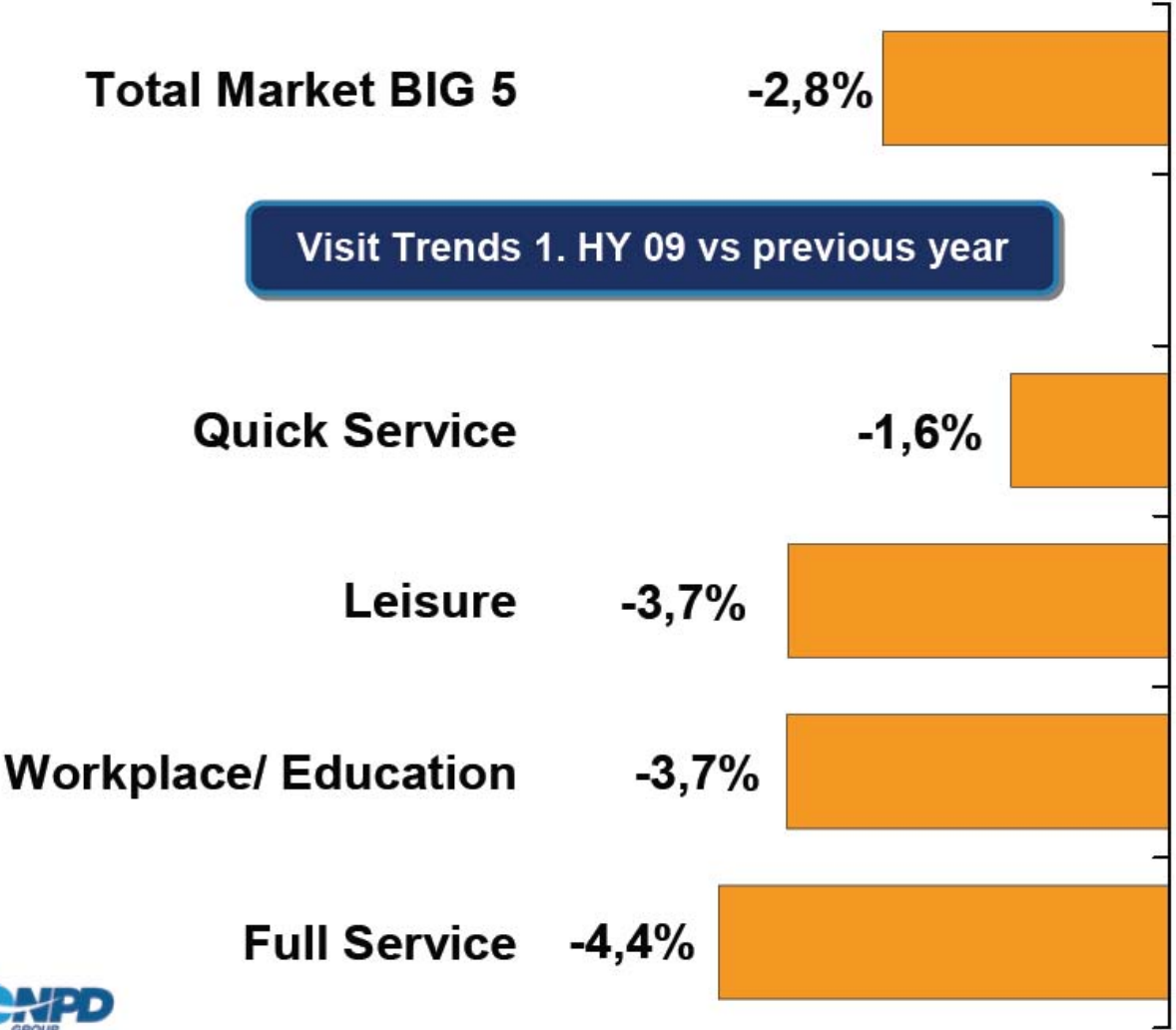
- European countries coming out of recession but demand remains low
- Slow recovery expected

Trend for raw material prices and costs of certain traded is upwards since several months increasing pressure on margins



Changing eating habits

Full Service Restaurants Lost Faster than the Total Market while Quick Service Concepts were more Stable



Visit Trends 1. HY 09 vs previous year



Turnover in different sectors, Germany 2009



ZAHLENSPIEGEL
IV/2009

DEUTSCHER HOTEL- UND GASTSTÄTTENVERBAND (DEHOGA BUNDESVERBAND)

Umsatzentwicklung im Gastgewerbe viertes Quartal und Gesamtjahr 2009 (Veränderungen gegenüber Vorjahreszeitraum)

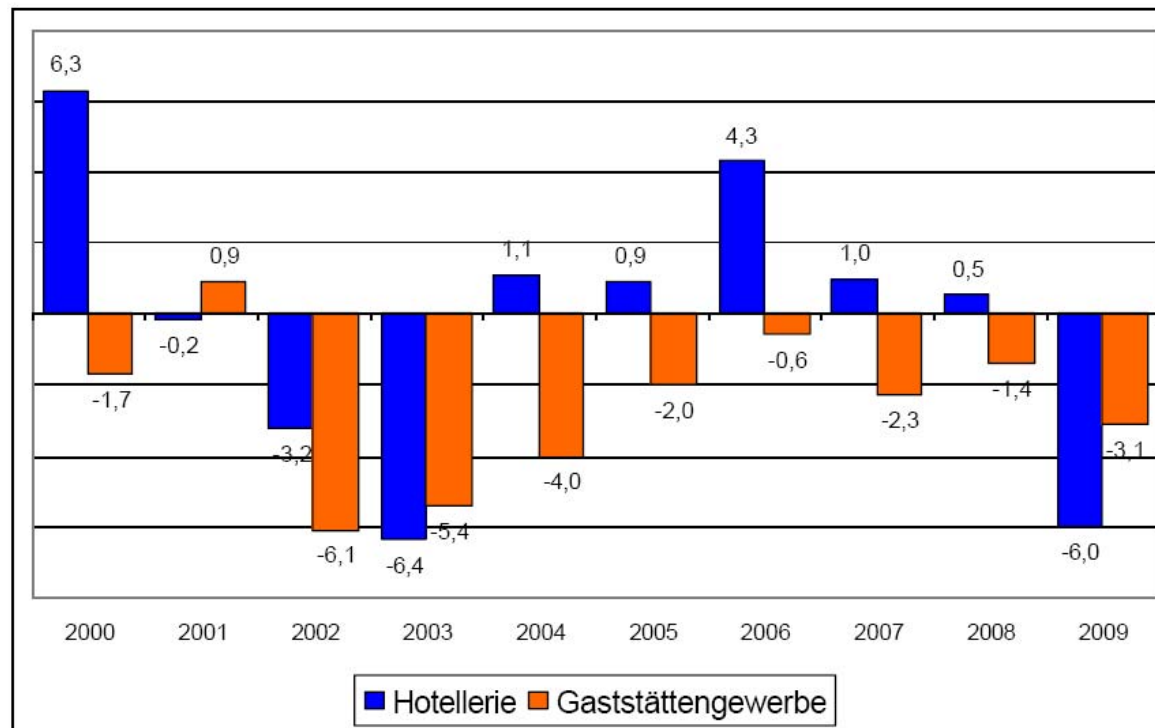
Betriebsart	4. Quartal 2009		Januar bis Dezember 2009		
	nominal	real	nominal	real	in Mrd. € (netto)
Hotellerie (Hotels, Hotels garnis, Gasthöfe, Pensionen)	-4,7%	-6,3%	-6,0%	-8,1%	15,6
Beherbergungsgewerbe insgesamt	-4,5%	-6,2%	-5,5%	-7,6%	17,6
Speisengeprägte Gastronomie	-3,9%	-5,4%	-2,5%	-4,3%	24,6
Getränkegeprägte Gastronomie	-5,9%	-7,6%	-6,3%	-8,1%	6,5
Gaststättengewerbe insgesamt	-4,2%	-5,8%	-3,1%	-4,9%	31,1
Pachtkantinen	-3,9%	-5,5%	-4,4%	-6,3%	1,8
Caterer	-4,3%	-5,9%	-3,1%	-4,9%	2,4
Pachtkantinen und Caterer insgesamt	-3,9%	-5,5%	-4,3%	-6,2%	4,2
Gastgewerbe insgesamt	-4,3%	-5,9%	-4,1%	-6,1%	52,9

Germany 2009, hotels and restaurants: Major decline in turnover

IV/2009

DEHOGA-ZAHLENSPIEGEL

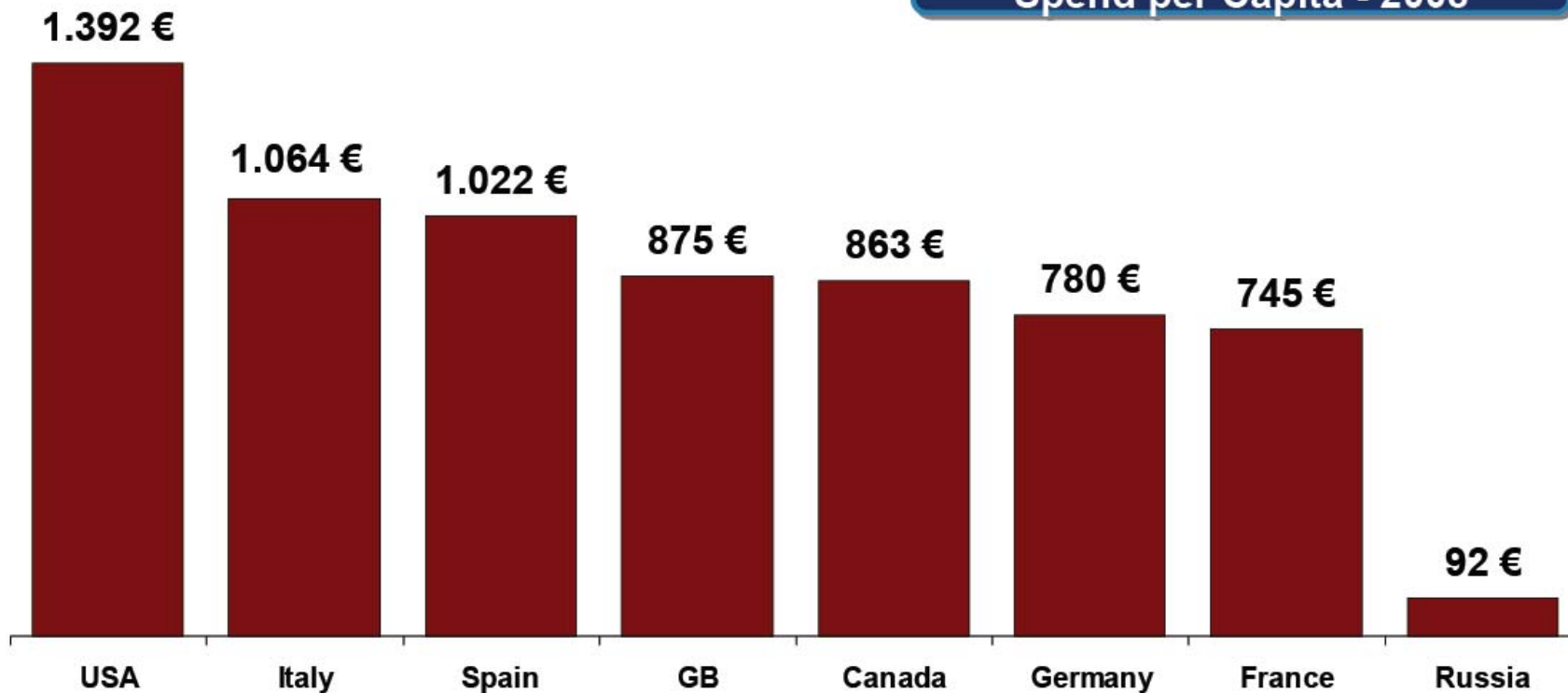
Nominale Umsatzentwicklung in Hotellerie und Gastronomie (in %)



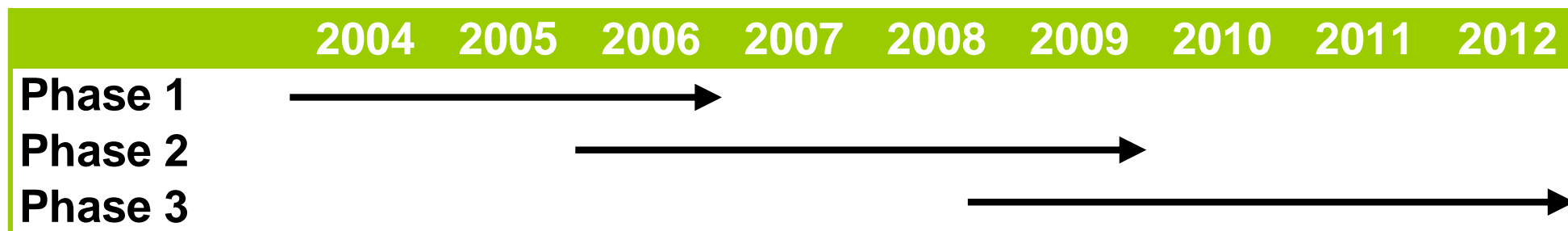
Russians Spend Less than a Tenth of the Western Europeans into Foodservice



Total Away from Home Spend per Capita - 2008



Increased Focus on Growth



Phase 1: "Restructuring"

- Establishing efficient operating platforms
- Focus on cost and efficiency rather than growth

Phase 2: "Consolidation & Growth"

- Consolidate lean operating model
- Profitable growth
- Accelerate new product development

Phase 3: "Platform Extension & Enhancement"

- Establish platforms in new geographies
- Position Duni for growth within growing market segments

Exploring different Growth Paths



New Horeca concepts



Table top

Core geography

New geography

Concept expansion

Market Penetration

Platform expansion

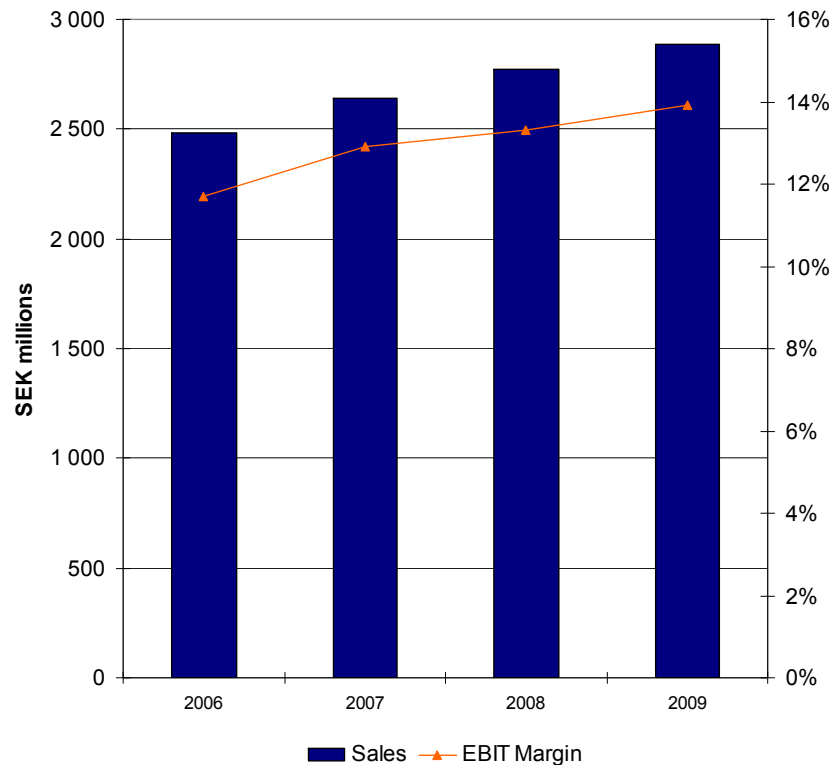


Business Areas



Professional – Solid Development

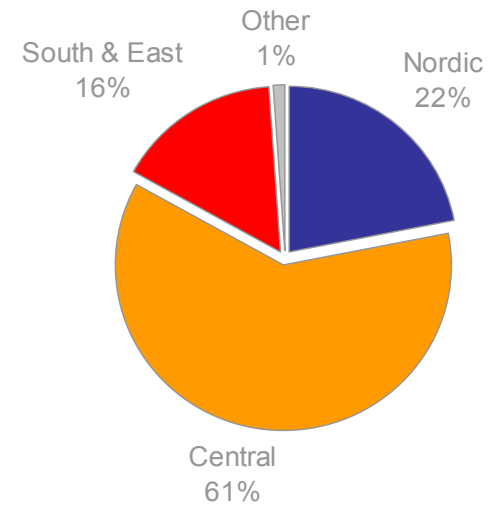
Sales and EBIT ¹



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

2) Translation effect on sales in 2009 is SEK 192

Geographical split – sales 2009 ²⁾



Stable sales growth over time

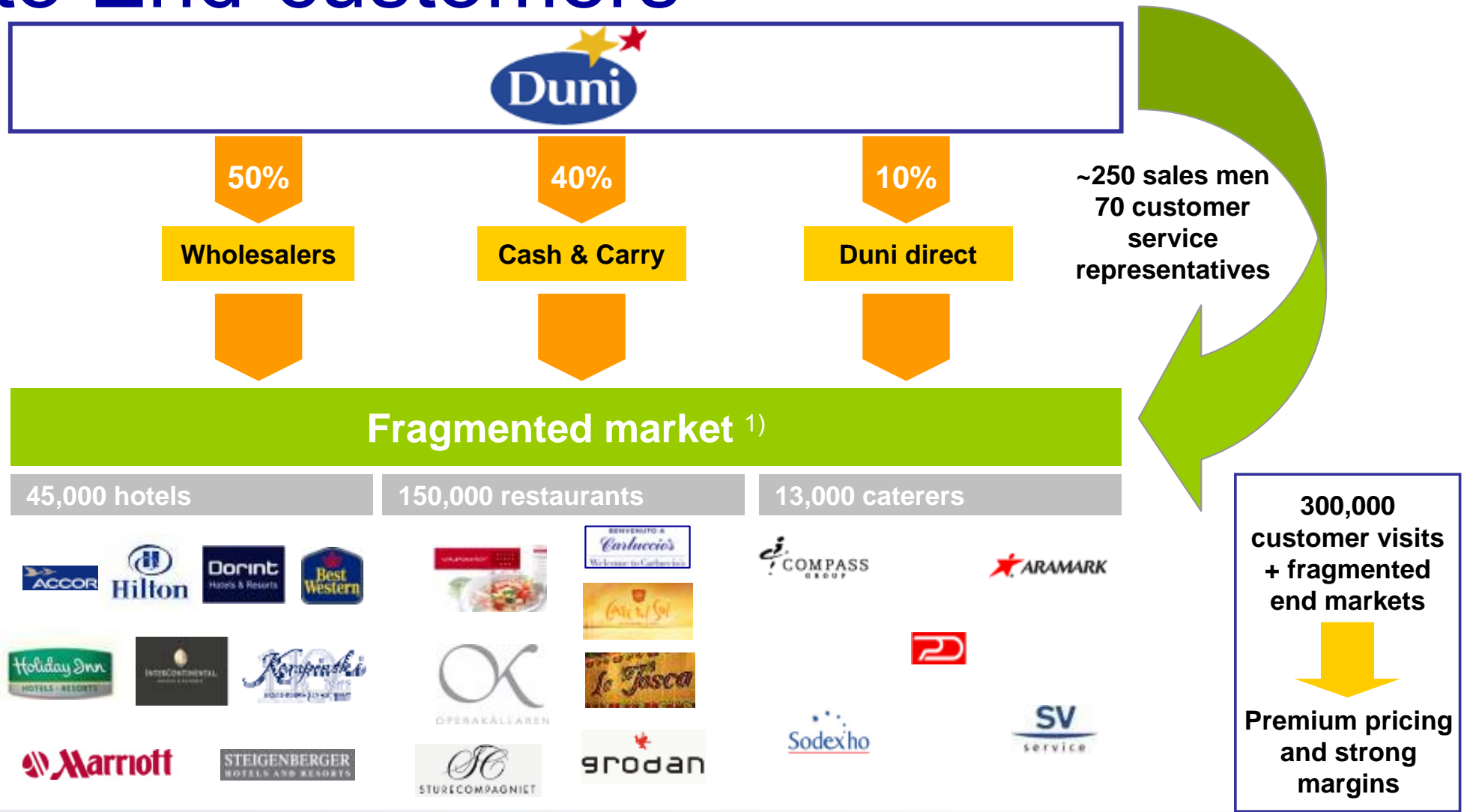
Solid EBIT margin, further improving

Key Success Factors

- #1 brand – premium focus
- Unique sales model
- Concept selling
- Product development



Duni's Unique Direct Approach to End-customers



1) Estimated number of customers using Duni's products



New Premium Products

Sensia®



Elegance®
Lily



New Concepts



Duni Amuse-bouche®



Duni ecoecho®

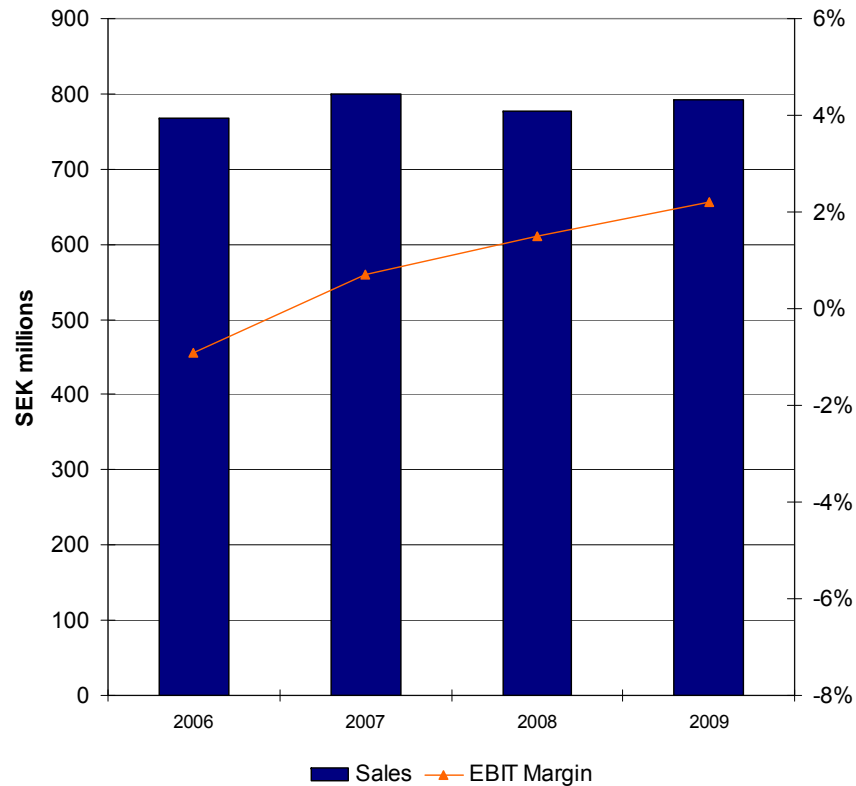


Customized Solutions



Retail – Turnaround

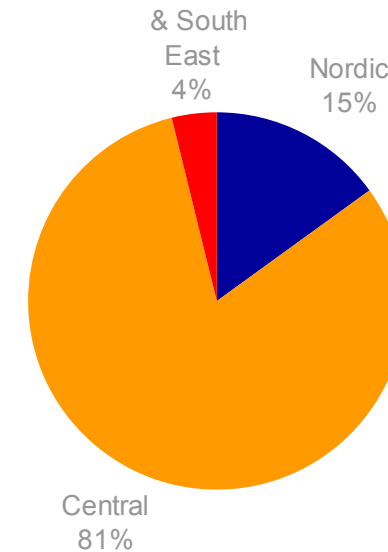
Sales and EBIT ¹



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

2) Translation effect on sales in 2009 is SEK 38

Geographical split – sales 2009 ²



Improved profitability prioritized over sales growth

Duni brand & premium in focus

Retail towards Sustainable Profitability

Duni opportunity

- Brands are being re-introduced in retail stores
- Non-food category is a key growth driver for retailers
- Table top is a high margin category
- Leverage on Duni's brand recognition
- Private label development stagnating in Sweden: 17,1% value and 23,8% volume (Source:GfK 2007)

Duni Focus Areas

- Customer profitability: Play in the right field
- Assortment optimization and sales solutions
- Sales and merchandising coverage: cost to serve
- Category captain

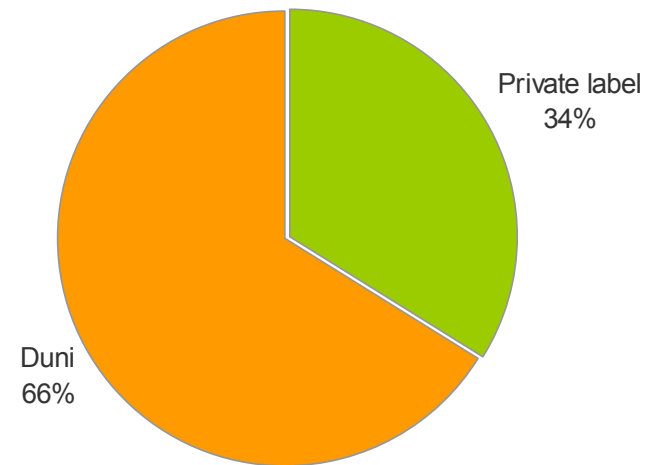


Duni – the Leading Brand

Duni branded market share, napkins (value share, Nielsen, 2009)

- Germany, 12.4 %
(54.0 % private label)
- Sweden 15.7 %
(50.9 % private label)
- The Netherlands, 25.1 %
(30.6 % private label)

Share Duni branded vs. private label



In-store Solutions

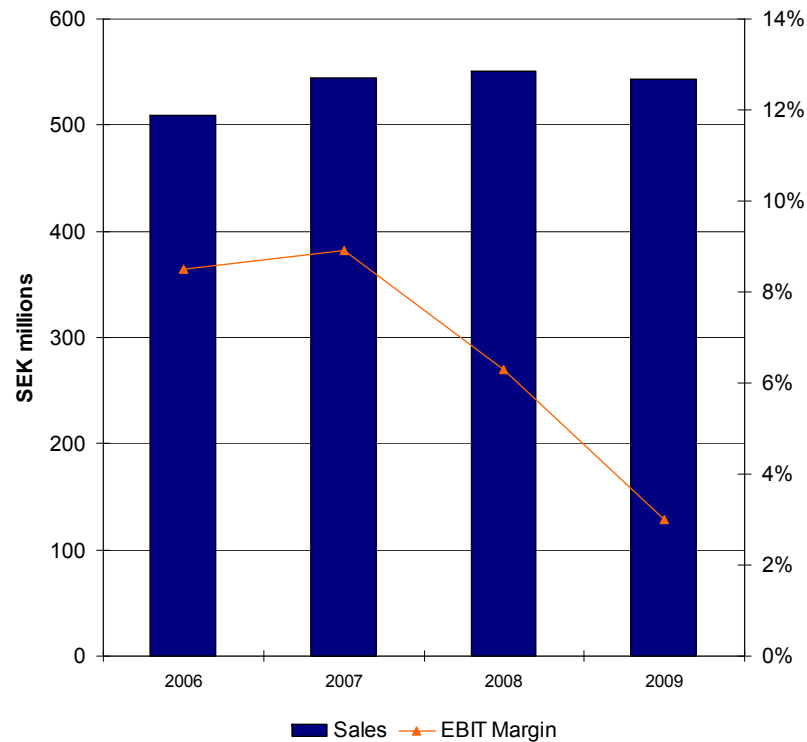


Sales Concepts

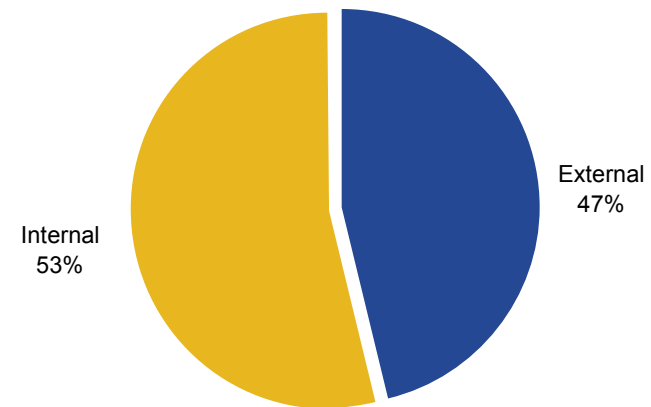


Tissue – Volumes Stabilizing

Sales and EBIT ¹



Sales mix 2009



Tissue in-house provides competitive advantage

2009 impacted by lower volumes.



Financials

Income Statement

SEK millions	2006	2007	2008	2009	Q4 2008	Q4 2009
Net sales	3 762	3 985	4 099	4 220	1 145	1 157
Gross profit	950	1 037	1 079	1 166	297	357
Gross margin	25,3%	26,0%	26,3% ²⁾	27,6%	25,9% ³⁾	30,9%
Selling expenses	-459	-446	-465	-482	-119	-128
Administrative expenses	-219	-208	-198	-184	-51	-43
R&D expenses	-6	-13	-23	-29	-6	-10
Other operating net	11	24	-67	17	-55	-3
Operating income (reported)	277	394	326	488	66	173
Non-recurring items ¹⁾	-50	-1	-89	52	-80	6
Operating income (underlying)	328	395	414	436	145	167
Operating margin	8,7%	9,9%	10,1%	10,3%	12,7%	14,4%
Financial net			-75	-43	-27	-7
Taxes			-60	-108	-3	-35
Net income, continuing operations			191	336	36	131
Earnings per share, continuing operations			4,06	7,15	0,76	2,79

1) Restructuring costs and market valuation of derivatives

2) Excluding restructuring costs, 26.8%

3) Excluding restructuring costs, 27.8%

Improved Profitability in All Segments vs Q4 2008

SEK millions	2006	2007	2008	2009	Q4 2008	Q4 2009
Professional						
Net sales	2 485	2 641	2 771	2 885	753	766
Operating income	291	342	368	402	122	137
Operating margin	11,7%	12,9%	13,3%	13,9%	16,2%	17,8%
Retail						
Net sales	768	800	777	792	261	257
Operating income	-7	5	11	18	21	26
Operating margin	-0,9%	0,6%	1,5%	2,2%	8,1%	10,1%
Tissue						
Net sales	509	544	551	543	131	134
Operating income	43	48	35	16	2	4
Operating margin	8,5%	8,9%	6,3%	3,0%	1,3%	3,1%
Duni						
Net sales	3 762	3 985	4 099	4 220	1 145	1 157
Operating income	328	395	414	436	145	167
Operating margin	8,7%	9,9%	10,1%	10,3%	12,7%	14,4%

Operating income and margin exclude non-recurring costs and market valuation of derivatives

Continued Strong Cash Flow

Simplified Cash Flow Profile

SEK millions	2006 ²⁾	2007 ²⁾	2008	2009	Q4 2008	Q4 2009
EBITDA ¹⁾	409	485	511	539	168	193
Capital expenditures	-130	-132	-139	-121	-57	-40
Change in;						
Inventory	26	-24	-3	146	106	70
Accounts Receivable	8	14	-114 ³⁾	58	18	39
Accounts Payable	-66	30	15	3	50	52
Other operating working capital	-74	-48	27	56	-32	-29
Change in working capital	-106	-28	-75	263	142	132
Operating Cash flow	173	322	297	681	253	285

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

2) Excluding discontinued operations

3) Cancellation of factoring contracts amounting to SEK 135 m

Solid Financial Position

SEK millions	2007	2008	2009
Goodwill	1 199	1 199	1 199
Tangible & Intangible Fixed Assets	462	539	540
Net Financial Assets ¹⁾	339	366	327
Inventories	500	542	382
Accounts Receivable	546	731	640
Accounts Payable	-305	-358	-344
Other operating assets and liabilities ³⁾	-238	-375	-324
Net Assets	2 503	2 644	2 420
Net Debt	1 087	1 100	631
Equity	1 416	1 544	1 789
Equity & Net Debt	2 503	2 644	2 420
ROCE ²⁾	19%	18%	21%
ROCE ²⁾ w/o Goodwill	44%	39%	49%
Net Debt/Equity	77%	71%	35%
Net Debt/EBITDA ²⁾	2,2	2,2	1,2

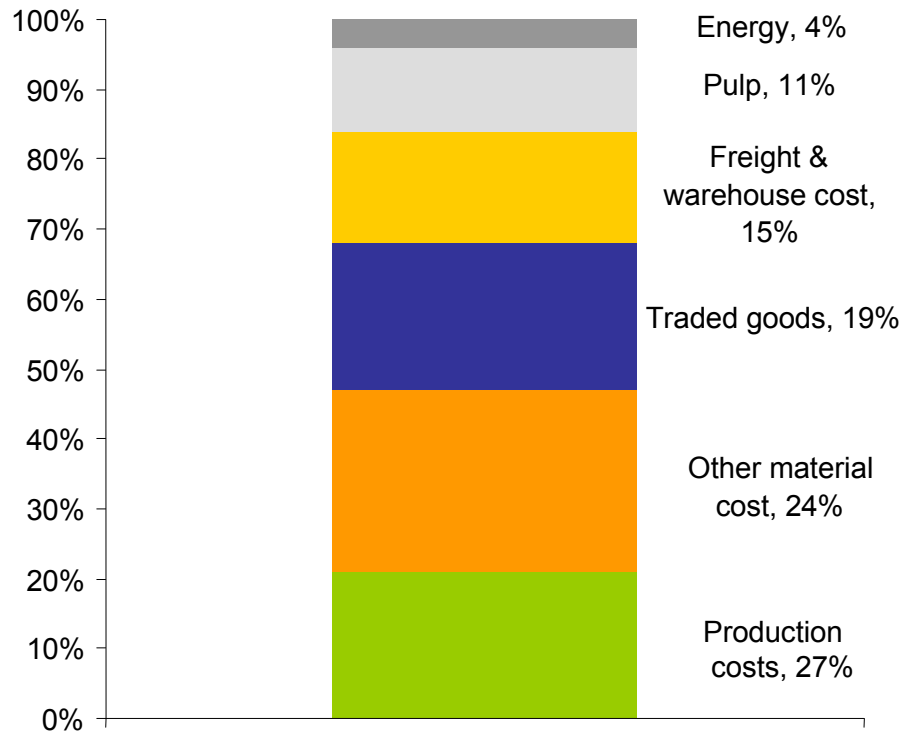
1) Deferred tax assets and liabilities + Income tax receivables and payables

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

3) Including restructuring provision and derivatives

Some Sensitivity to Major Input Materials

COGS breakdown (approximate)



Sensitivity analysis

	Δ	<u>EBIT impact</u>
• Energy	1%	SEK 1 million
• Pulp	1%	SEK 4 million
• Freight	1%	SEK 2 million
• Price	1%	SEK 40 million

- Unique business model in Professional enables price leadership to mitigate swings in cost base

Financial Targets

2009-12

Sales growth > 5%

- Organic growth of 5% over a business cycle
- Consider acquisitions to reach new markets or to strengthen current market positions

3.0%

EBIT margin > 10%

- Top-line growth – premium focus
- Improvements in manufacturing, sourcing and logistics

10.3%

Dividend payout ratio 40+%

- Board target at least 40% of net profit

2.50 kr per share
(proposal)