Duni Presentation

Remium, September 7, 2010

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2010 Q2 Highlights

- Net sales declined by 6.3% to SEK 970 m (1,035) [1)]
- Underlying operating income amounted to SEK 91 m (84) [1) 2)]
- Underlying operating margin amounted to 9.4% (8.1%) [1) 2)]
- Continued sharp increases in main raw materials
- Actions taken to mitigate the consequences from fire in production site. Limited financial impact expected.
- Growth increasing in Professional
  - Volume growth in most markets and improvement in Central region versus Q1
  - Strengthened operating margin
- Negative sales development in Retail, but operating profit improved
  - Improved gross margin and reduced indirect costs compensate for volume drop
- Better capacity utilization in Tissue lead to a better result

1) Excluding translation effect: net sales SEK 1,039 m, underlying operating income SEK 104 m with underlying operating margin 10.0%

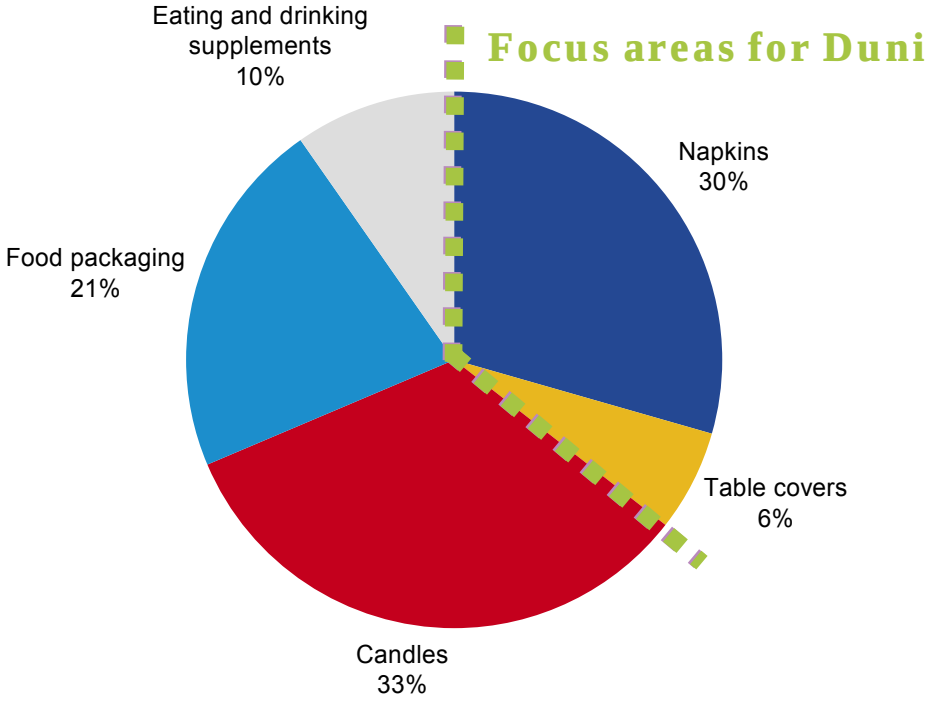
2) Excluding market valuation of derivatives SEK -1 m (25) and restructuring costs of SEK 0 m (-1)

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%**

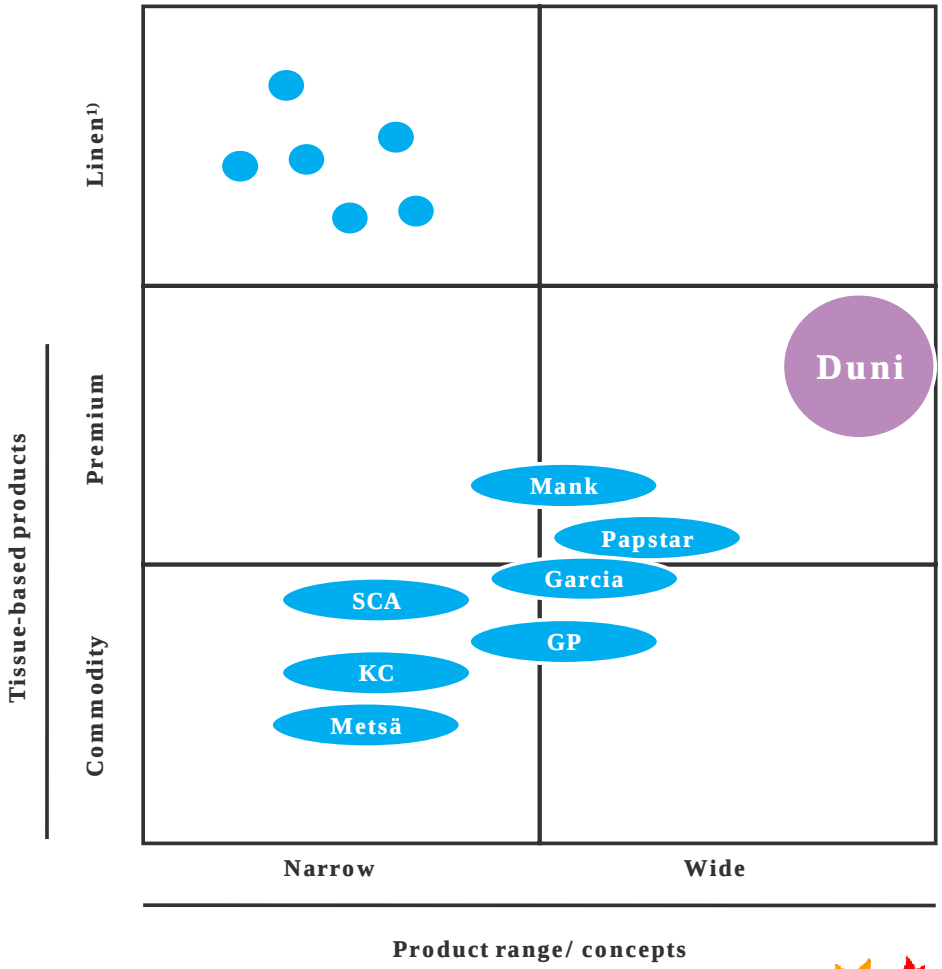
European Market Leader in Table Top

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



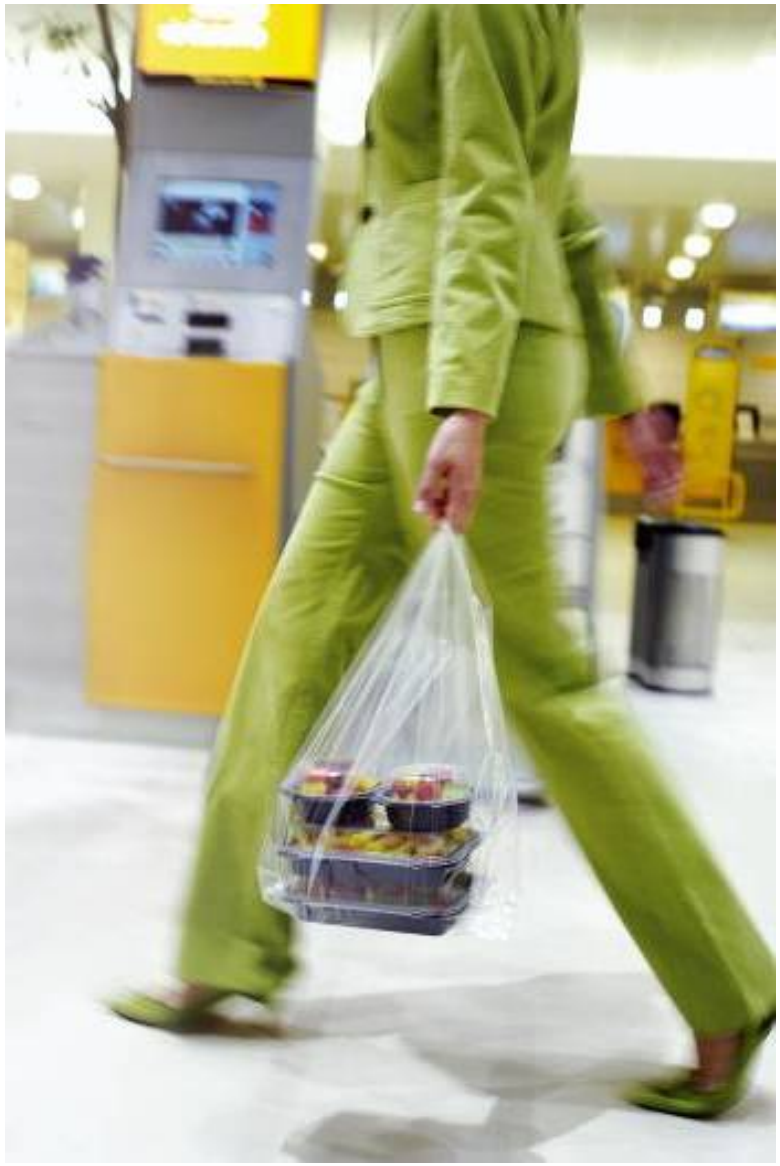
Source: B Kay tissue, Duni management

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

- 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
- Uncertainty in some European markets, but general signs of slow recovery
  - European countries coming out of recession but demand remains low
- Trend for raw material prices and costs of certain traded goods is sharply upwards since several months, increasing pressure on margins
  - Pulp hit an all time high in EUR during Q2, but is expected to level off in the quarters to come



Changing eating habits

Horeca Sales Development, Germany, H1 2010

DEHOGA BUNDESVERBAND

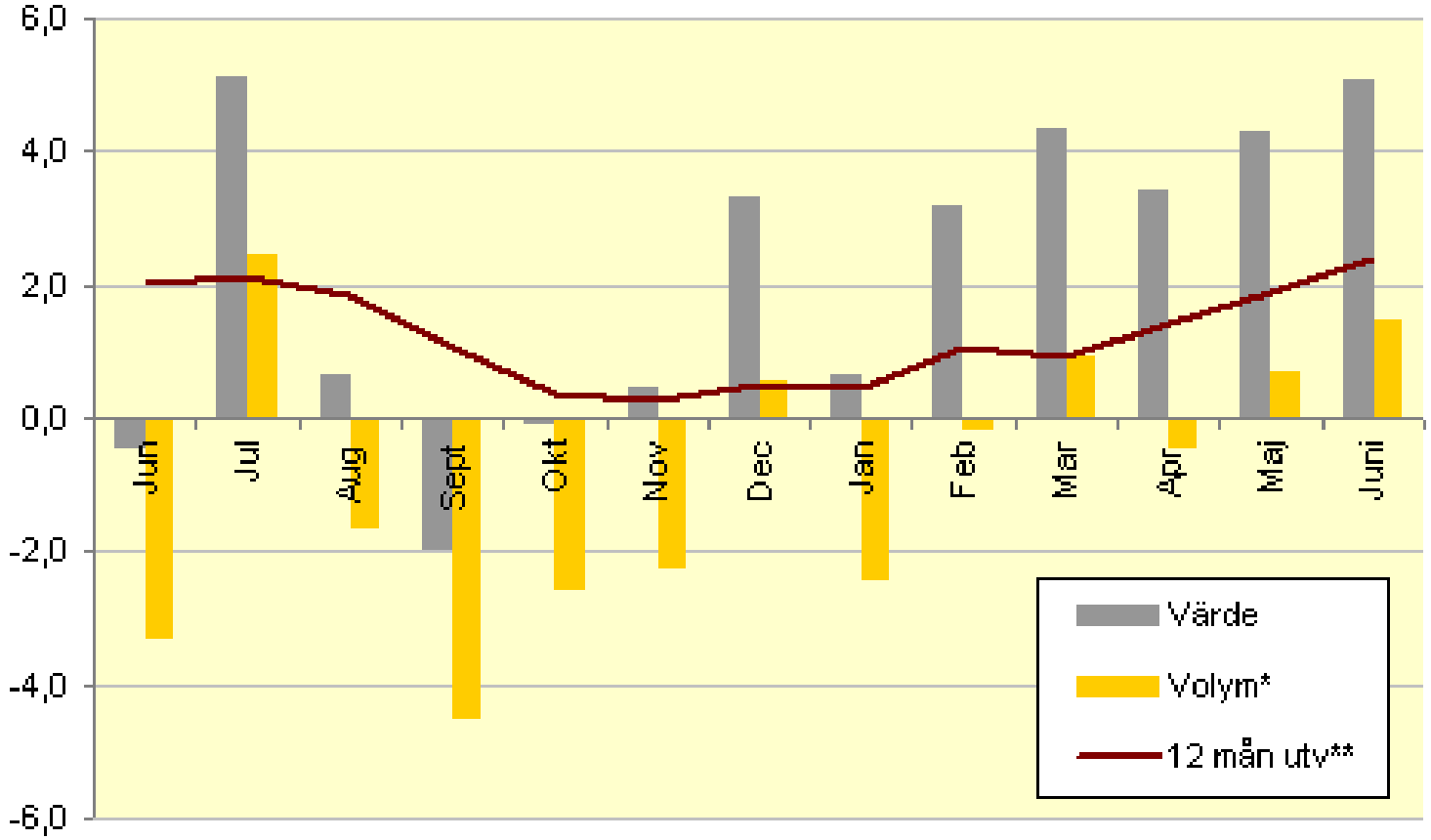
ZAHLENSPIEGEL II/2010

DEUTSCHER HOTEL- UND GASTSTÄTTENVERBAND (DEHOGA BUNDESVERBAND)

Umsatzentwicklung im Gastgewerbe zweites Quartal 2010 und erstes Halbjahr 2010 (Veränderungen gegenüber Vorjahreszeitraum)

Betriebsart	2. Quartal 2010		1. Halbjahr 2010	
	nominal	real	nominal	real
Hotellerie (Hotels, Hotels garnis, Gasthöfe, Pensionen)	+7,1%	+1,3 %	+5,1%	-0,2%
Beherbergungsgewerbe insgesamt	**+6,8%**	**+0,7%**	**+5,1%**	**-0,6%**
Speisengeprägte Gastronomie	-1,1%	-2,4%	-0,7%	-2,0%
Getränkegeprägte Gastronomie	+0,4%	-0,7%	-0,6%	-1,7%
Gaststättengewerbe insgesamt	**-0,9%**	**-2,1%**	**-0,7%**	**-2,0%**
Pachtkantinen	+4,5%	k.A.	+4,6%	k.A.
Caterer	+10,2%	k.A.	+9,0%	k.A.
Pachtkantinen und Caterer insgesamt	**+5,5%**	**+4,4%**	**+5,2%**	**+4,2%**
Gastgewerbe insgesamt	**+2,2%**	**-0,6%**	**+1,8%**	**-0,9%**

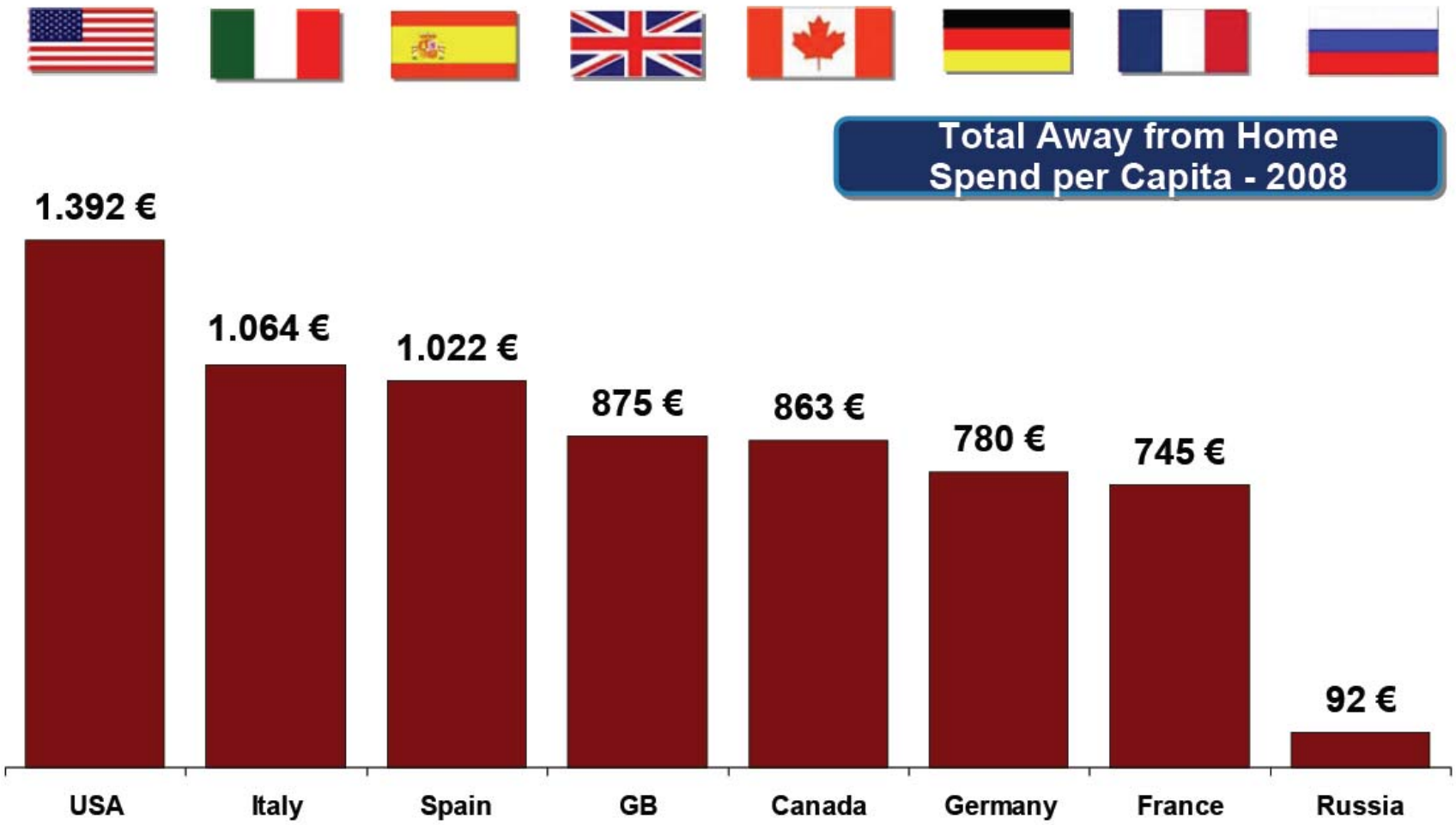
Restaurant Sales Development, Sweden (June 2009 – June 2010)



Source: SCB

+ 1.5% in volume, June
+ 5.1% in value, June

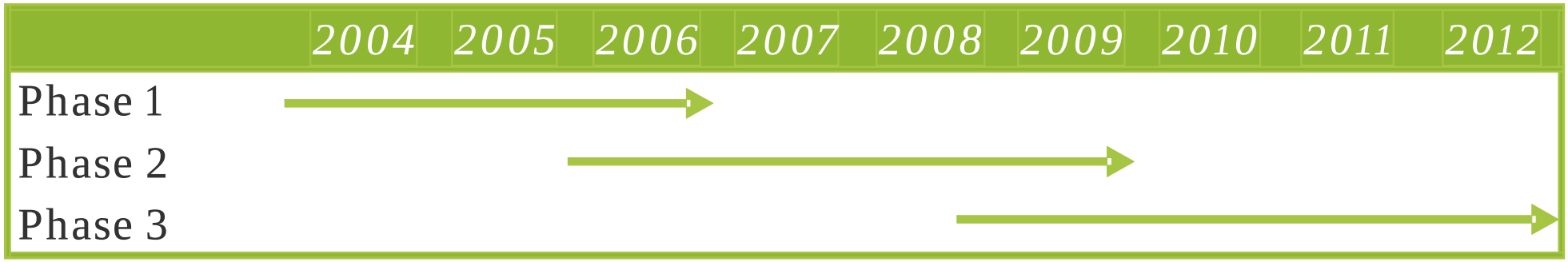
Russians Spend Less than a Tenth of the Western Europeans into Foodservice



NPD GROUP
Behind Every Business Decision

Duni

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

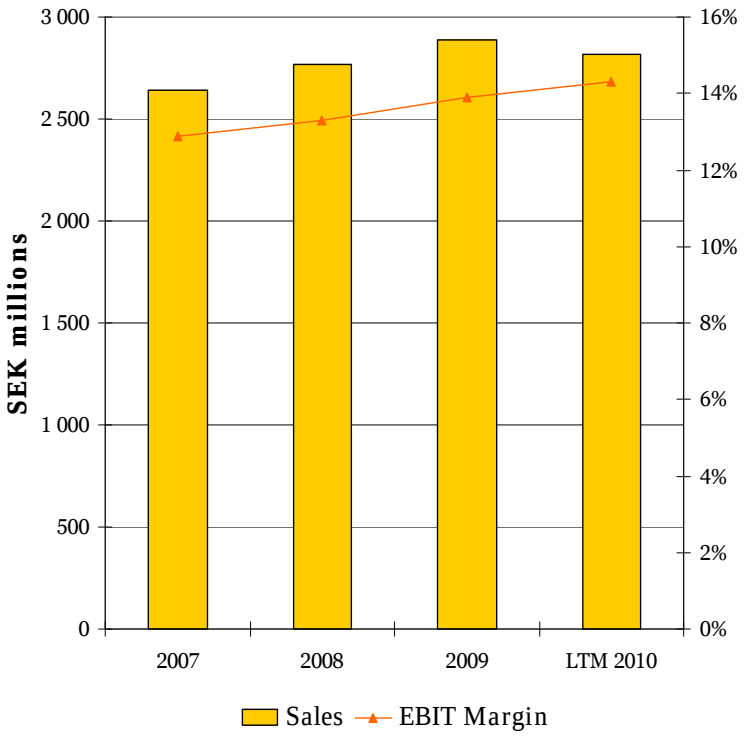
Exploring different Growth Paths

	Core geography	*New geography*
New Horeca concepts	Concept expansion	
Table top	Market Penetration	Platform expansion

Business Areas
Duni

Professional – Solid Development

Sales and EBIT [1]



Geographical split – sales Q2 2010

Net sales Professional	Q2 2010	Q2 2009	Growth	Growth at fixed exchange rates
Nordic	166	164	1.2%	1.2%
Central Europe	414	442	-6.3%	3.8%
South & East Europe	123	129	-4.7%	4.7%
Rest of the World	6	6	0.0%	16.7%
TOTAL	**710**	**742**	**-4.3%**	**3.3%**

- Improvement in some key markets compared to Q1
- Continued positive trend in EBIT margin

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

Key Success Factors

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

Duni's Unique Direct Approach to End-customers

Duni

50%	40%	10%
Wholesalers	Cash & Carry	Duni direct

~250 sales men
70 customer service representatives

Fragmented market [1)]

45,000 hotels	150,000 restaurants	13,000 caterers

300,000 customer visits + fragmented end markets

Premium pricing and strong margins

Duni

1) Estimated number of customers using Duni's products

New Premium Products

Sensia®

Elegance® Lily

New Concepts

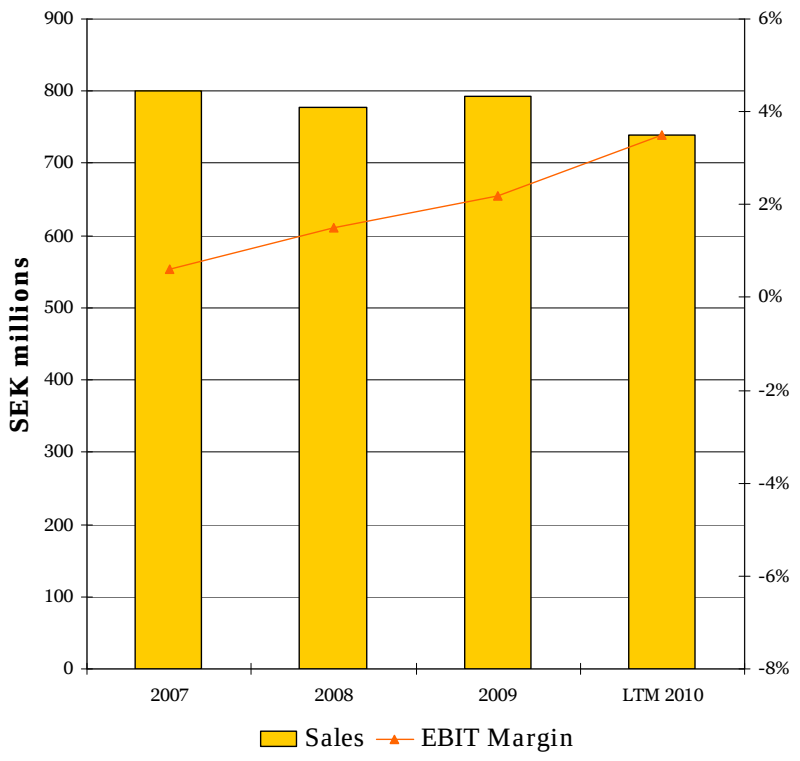
Duni Amuse-bouche®

Duni ecoecho®

Customized Solutions

Retail – Improved Profitability

Sales and EBIT [1]



Geographical split – sales Q2 2010

Net sales Retail	Q2 2010	Q2 2009	Growth	Growth at fixed exchange rates
Nordic	22	28	-21.4%	-21.4%
Central Europe	105	136	-22.8%	-14.7%
South & East Europe	9	4	125.0%	125.0%
Rest of the World	0	1	-100.0%	-100.0%
TOTAL	**136**	**169**	**-19.5%**	**-13.0%**

- Significant volume drop mainly related to phase out/loss of low margin business
- Healthier base creating opportunity for profitable growth

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

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

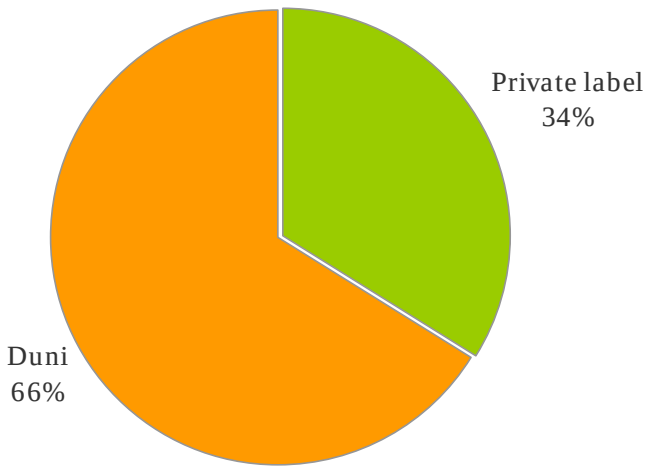
Duni – the Leading Brand

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

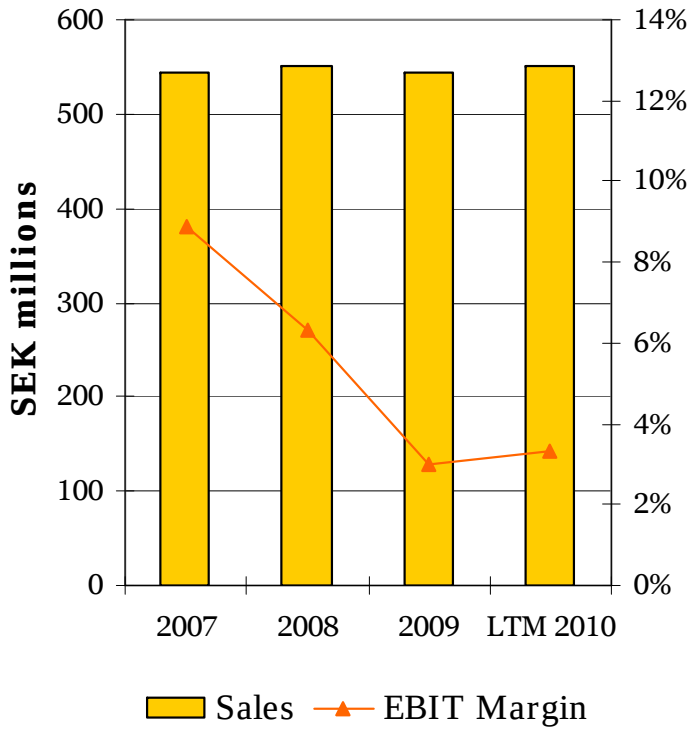


In-store Solutions

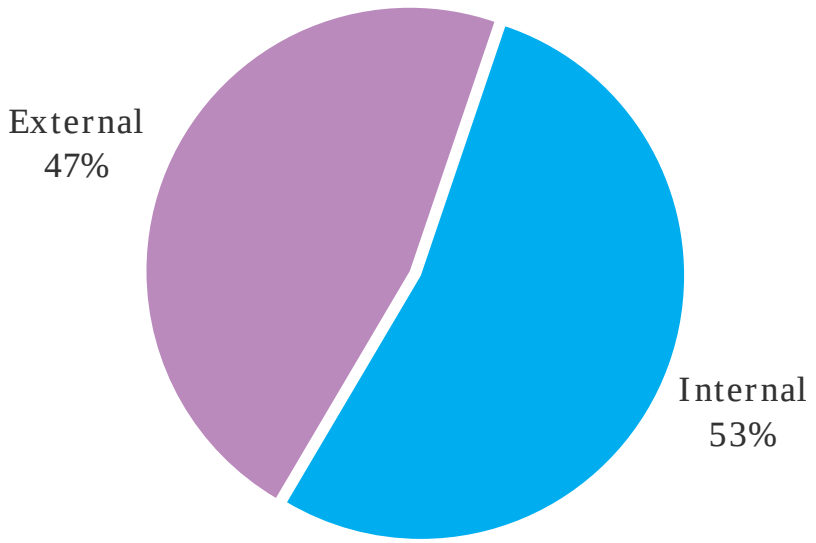
Sales Concepts

Tissue – Normalized Capacity Utilization

Sales and EBIT



Sales mix Q2 2010



- Normalized production level positively influenced EBIT margin

Financials

Duni

Income Statement

SEKm	Q2 2010	Q2 2009	YTD 2010	YTD 2009	LTM	FY 2009
Net sales	970	1 035	1 930	2 042	4 109	4 220
Gross profit	246	269	494	522	1 139	1 166
Gross margin	25,4 %	26,0 %	25,6 %	25,6 %	27,7 %	27,6 %
Selling expenses	-107	-119	-228	-245	-466	-482
Administrative expenses	-42	-52	-87	-96	-175	-184
R&D expenses	-5	-6	-11	-12	-27	-29
Other operating net	-2	16	-3	10	3	17
Operating income (reported)	**91**	**108**	**165**	**178**	**474**	**488**
Non-recurring items[1)]	-1	24	-4	22	27	52
Operating income (underlying)	**91**	**84**	**168**	**157**	**448**	**436**
Operating margin (underlying)	9.4%	8.1%	8.7%	7.7%	10.9%	10.3%
Financial net	-1	-14	-9	-34	-18	-43
Taxes	-24	-26	-39	-39	-109	-108
Net income, continuing operations	66	68	117	105	347	336
Earnings per share, continuing operations	1.40	1.45	2.48	2.24	7.39	7.15

1) Restructuring costs and market valuation of derivatives

Improved Profitability

SEKm		Q2 2010	Q2 2009	YTD 2010	YTD 2009	LTM	FY 2009
Professional	Net sales	710	742	1 344	1 411	2 818	2 885
	Operating income[1)]	94	96	163	161	404	402
	Operating margin	13.2%	12.9%	12.1%	11.4%	14.3%	13.9%
Retail	Net sales	136	169	320	374	739	792
	Operating income[1)]	-7	-10	1	-8	26	18
	Operating margin	-5.4%	-6.2%	0.2%	-2.1%	3.5%	2.2%
Tissue	Net sales	125	124	266	258	552	543
	Operating income[1)]	5	-2	5	3	18	16
	Operating margin	3.8%	-1.5%	2.0%	1.3%	3.3%	3.0%
Duni	**Net sales**	**970**	**1 035**	**1 930**	**2 042**	**4 109**	**4 220**
	Operating income[1)]	**91**	**84**	**168**	**157**	**448**	**436**
	Operating margin	**9.4%**	**8.1%**	**8.7%**	**7.7%**	**10.9%**	**10.3%**

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

Simplified Cash Flow Profile

SEKm	Q2 2010	Q2 2009	YTD 2010	YTD 2009	LTM	FY 2009
EBITDA[1)]	**117**	**108**	**221**	**206**	**552**	**539**
Capital expenditure	**-88**	**-31**	**-132**	**-54**	**-200**	**-121**
Change in;						
Inventory	-42	78	-84	91	-29	146
Accounts receivable	-35	2	-58	5	-5	58
Accounts payable	9	2	-41	-79	43	3
Other operating working capital	30	56	4	43	17	56
Change in working capital	**-38**	**138**	**-179**	**61**	**26**	**263**
Operating cash flow	**-9**	**215**	**-91**	**213**	**378**	**681**

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

Solid Financial Position

SEKm	Q2 2010	Q2 2009	FY 2009
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	592	533	540
Net financial assets[1)]	299	362	327
Inventories	449	448	382
Accounts receivable	651	722	640
Accounts payable	-283	-275	-344
Other operating assets and liabilities[3)]	-315	-373	-324
Net assets	**2 593**	**2 616**	**2 420**
Net debt	799	1 066	631
Equity	1 794	1 551	1 789
Equity and net debt	**2 593**	**2 616**	**2 420**
ROCE[2)]	20%	18%	21%
ROCE[2)] w/o Goodwill	41%	38%	49%
Net debt / Equity	45%	69%	35%
Net debt / EBITDA[2)]	1.5	2.1	1.2

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

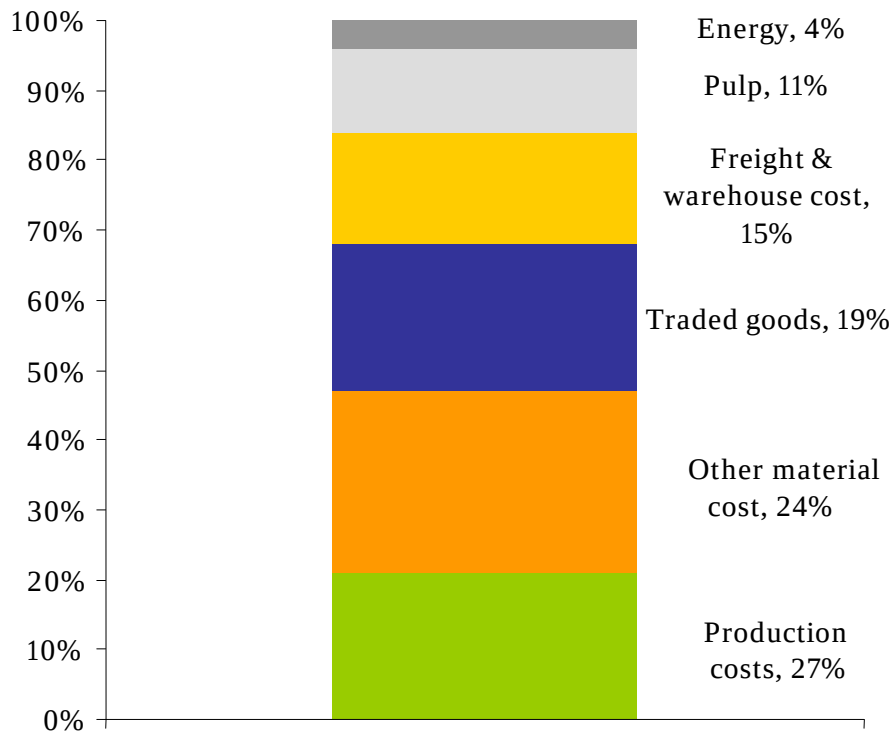
2) Excluding non-recurring costs and market valuation of derivatives

3) Including restructuring provision and derivatives

Duni

Some Sensitivity to Major Input Materials

COGS breakdown (approximate)



Sensitivity analysis

	Δ	EBIT impact
• 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

		2010-06 LTM
Sales growth > 5%	• Sales growth of 5% over a business cycle • Consider acquisitions to reach new markets or to strengthen current market positions	-1.2%
EBIT margin > 10%	• Top line growth – premium focus • Improvements in manufacturing, sourcing and logistics	10.9%
Dividend payout ratio 40+%	• Board target at least 40% of net profit	2.50 kr per share