Q2 Presentation

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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)

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

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HoReCa Sales Development, Germany

DEHOGA BUNDESVERBAND

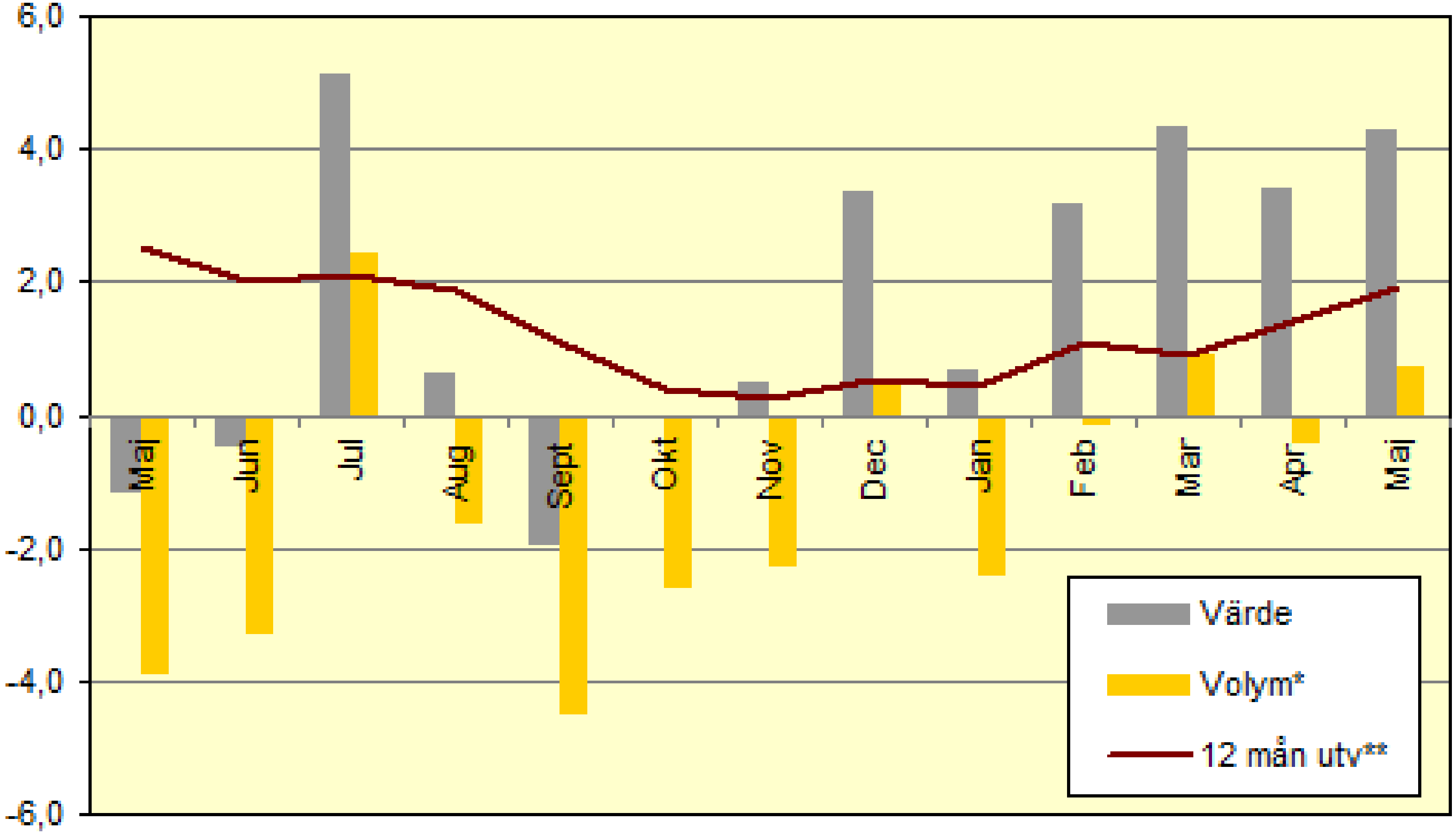
ZAHLENSPIEGEL I/2010

DEUTSCHER HOTEL- UND GASTSTÄTTENVERBAND (DEHOGA BUNDESVERBAND)

Umsatzentwicklung im Gastgewerbe erstes Quartal 2010 und Gesamtjahr 2009 (Veränderungen gegenüber Vorjahreszeitraum)

Betriebsart	1. Quartal 2010		Januar bis Dezember 2009		
	nominal	real	nominal	real	in Mrd. € (netto)
Hotellerie (Hotels, Hotels garnis, Gasthöfe, Pensionen)	+1,0%	-3,9%	-6,0%	-8,1%	16,3
Beherbergungsgewerbe insgesamt	**+1,0%**	**-3,9%**	**-5,5%**	**-7,6%**	**18,3**
Speisengeprägte Gastronomie	-2,9%	-4,4%	-2,5%	-4,3%	26,7
Getränkegeprägte Gastronomie	-3,7%	-4,7%	-6,3%	-8,1%	7,0
Gaststättengewerbe insgesamt	**-3,0%**	**-4,4%**	**-3,1%**	**-4,9%**	**33,7**
Pachtkantinen	k.A.	k.A.	-4,4%	-6,3%	1,6
Caterer	k.A.	k.A.	-3,1%	-4,9%	3,6
Pachtkantinen und Caterer insgesamt	**+1,5%**	**+0,2%**	**-4,3%**	**-6,2%**	**5,2**
Gastgewerbe insgesamt	**-1,1%**	**-3,6%**	**-4,1%**	**-6,1%**	**57,2**

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



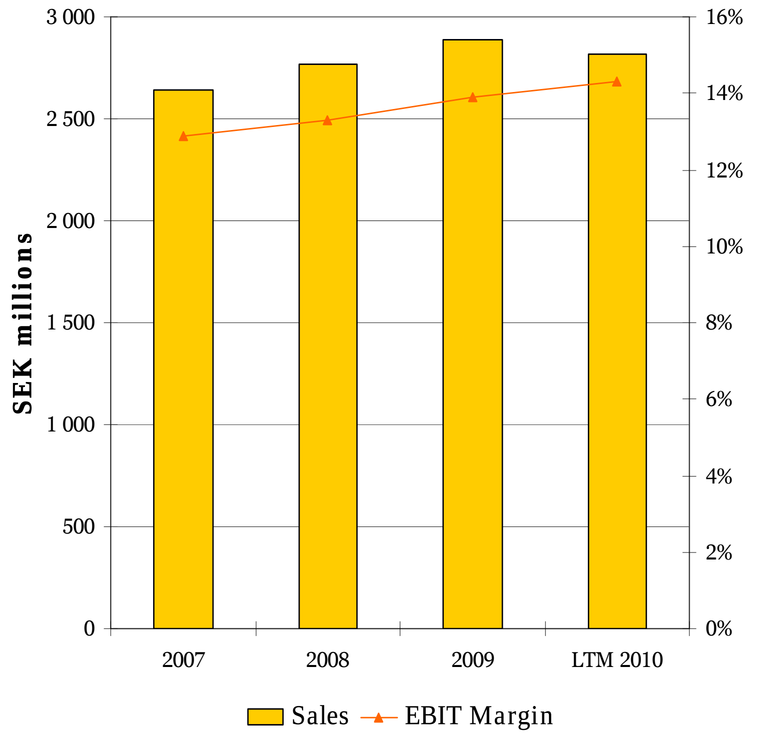
Source: SCB

+ 0.7% in volume, May
+ 4.3% in value, May

Business Areas

Professional

Sales and EBIT [1]



Geographical split – sales Q2 2010

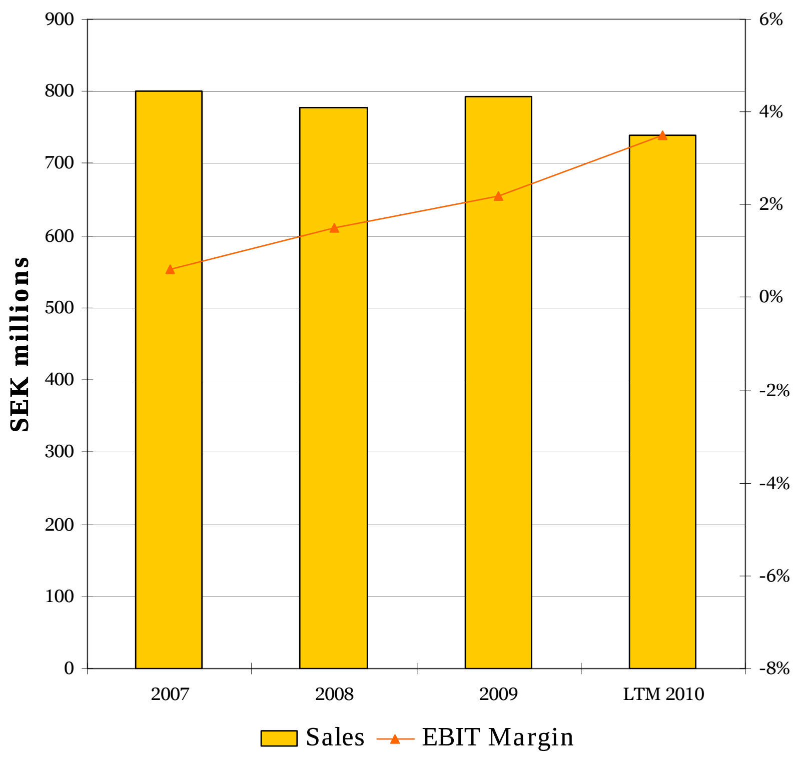
Net sales Professional	Q2 2010	Q2 2009	Growth	Growth at fixed exchange rates
Nordic	166	164	1.2%	1.2%
Central Europe	414	442	-6.3%	3.8%
South & East Europe	123	129	-4.7%	4.7%
Rest of the World	6	6	0.0%	16.7%
TOTAL	**710**	**742**	**-4.3%**	**3.3%**

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

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

Retail

Sales and EBIT [1]



Geographical split – sales Q2 2010

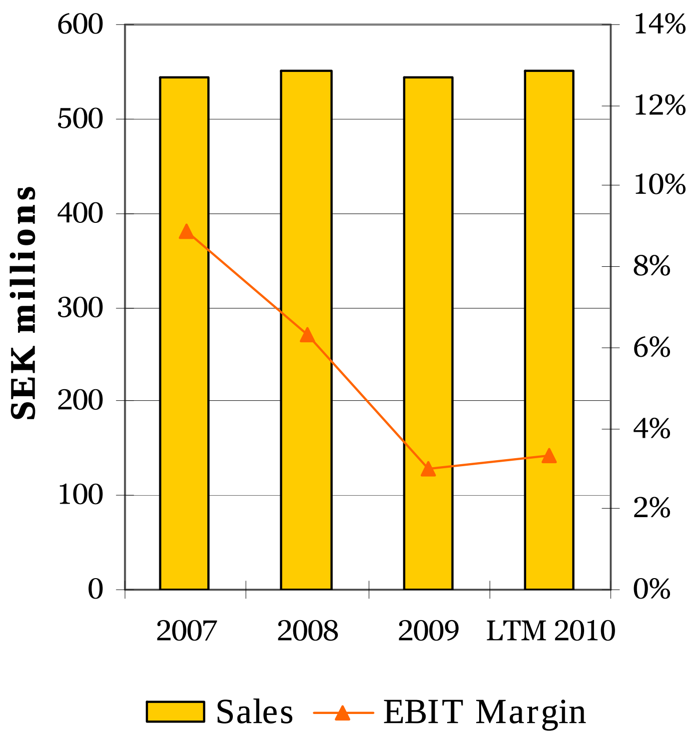
Net sales Retail	Q2 2010	Q2 2009	Growth	Growth at fixed exchange rates
Nordic	22	28	-21.4%	-21.4%
Central Europe	105	136	-22.8%	-14.7%
South & East Europe	9	4	125.0%	125.0%
Rest of the World	0	1	-100.0%	-100.0%
TOTAL	**136**	**169**	**-19.5%**	**-13.0%**

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

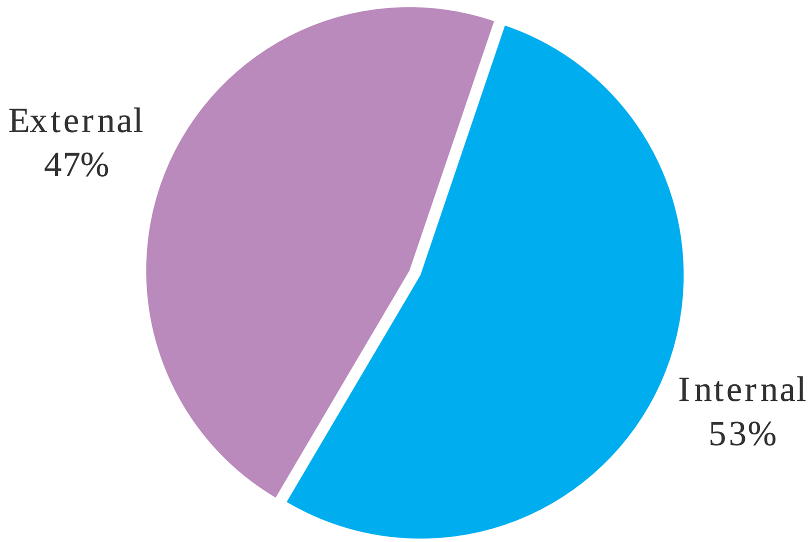
1) Excluding non-recurring costs and market valuation of derivatives

Tissue

Sales and EBIT



Sales mix Q2 2010



- Normalized production level positively influenced EBIT margin


Financials
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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

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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

Financial Targets

Target		2010-06 LTM
Sales growth > 5%	• Organic 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 (2009)