



# Q1 2010 Presentation



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# 2010 Q1 Highlights

Net sales declined by 4.7% to SEK 960 m (1,007)

Underlying operating income<sup>1</sup> amounted to SEK 77 m (73)

Underlying operating margin<sup>1</sup> amounted to 8.1% (7.2%)

Unprecedented sharp increase in raw material

Increased operating income in Professional

- Growth in most markets, at fixed exchange rates
- Healthy product mix supported by new product launches

Sales in Retail declined but operating profit continue to improve

- More favorable customer and product mix
- Challenges in some regions

Sales in Tissue improved, but operating profit declined related to increasing raw material and energy prices as well as phase in of new products

<sup>1</sup> Excluding market valuation of derivatives SEK -4 m (-2) and restructuring costs of SEK 0 m (0).  
Excluding translation effect: net sales SEK 1,018 m, underlying operating income SEK 90 m with underlying operating income 8.8%.



# 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

**Stabilized, with 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**



*Changing eating habits*

# Horeca Sales, Germany



## ZAHLENSPIEGEL IV/2009

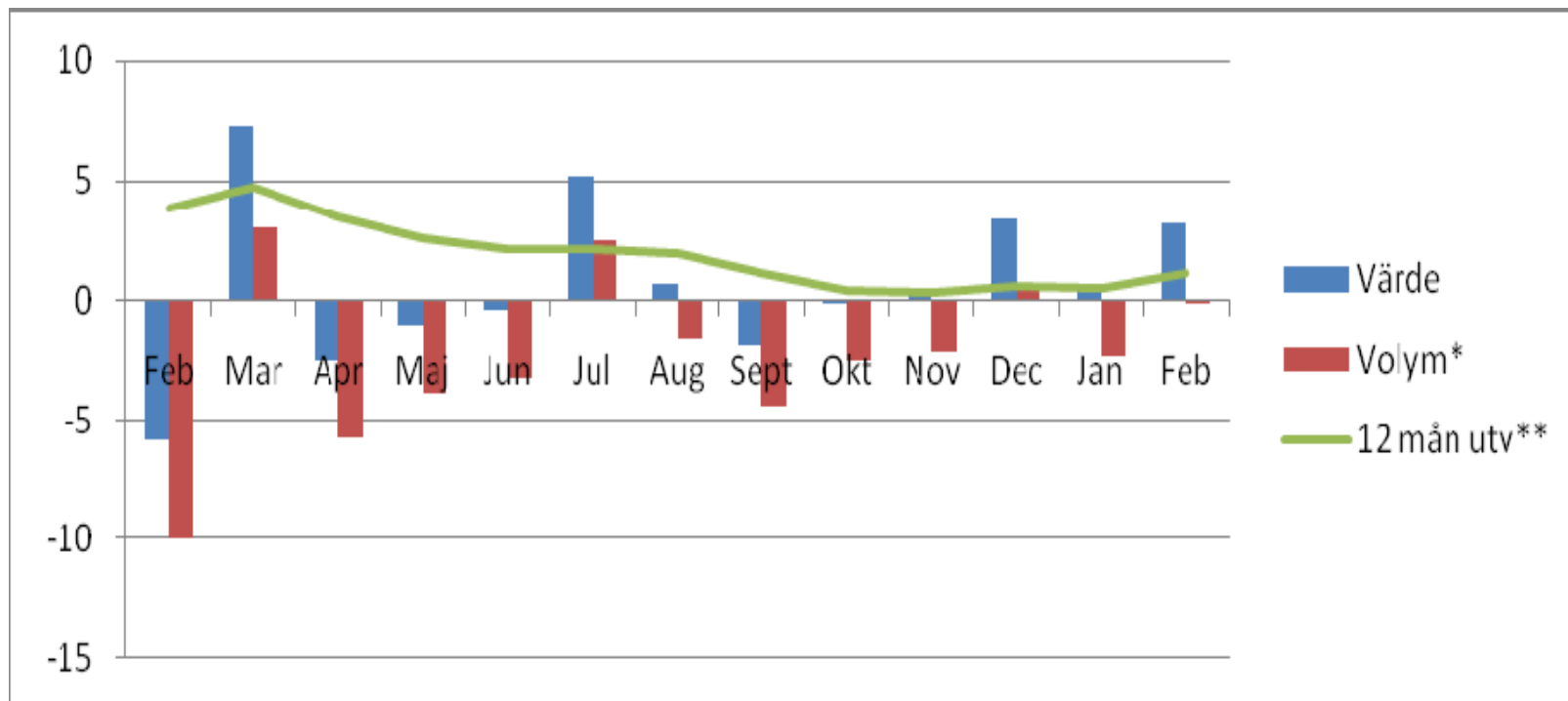
DEUTSCHER HOTEL- UND GASTSTÄTTENVERBAND (DEHOGA BUNDESVERBAND)

### 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
<b>Beherbergungsgewerbe insgesamt</b>	<b>-4,5%</b>	<b>-6,2%</b>	<b>-5,5%</b>	<b>-7,6%</b>	<b>17,6</b>
Speisengeprägte Gastronomie	-3,9%	-5,4%	-2,5%	-4,3%	24,6
Getränkegeprägte Gastronomie	-5,9%	-7,6%	-6,3%	-8,1%	6,5
<b>Gaststättengewerbe insgesamt</b>	<b>-4,2%</b>	<b>-5,8%</b>	<b>-3,1%</b>	<b>-4,9%</b>	<b>31,1</b>
Pachtkantinen	-3,9%	-5,5%	-4,4%	-6,3%	1,8
Caterer	-4,3%	-5,9%	-3,1%	-4,9%	2,4
<b>Pachtkantinen und Caterer insgesamt</b>	<b>-3,9%</b>	<b>-5,5%</b>	<b>-4,3%</b>	<b>-6,2%</b>	<b>4,2</b>
<b>Gastgewerbe insgesamt</b>	<b>-4,3%</b>	<b>-5,9%</b>	<b>-4,1%</b>	<b>-6,1%</b>	<b>52,9</b>

Restaurant Sales Jan-Feb 2010: -1,4%

# Restaurant Sales, Sweden (Feb 2009-Feb 2010)



Source: SCB

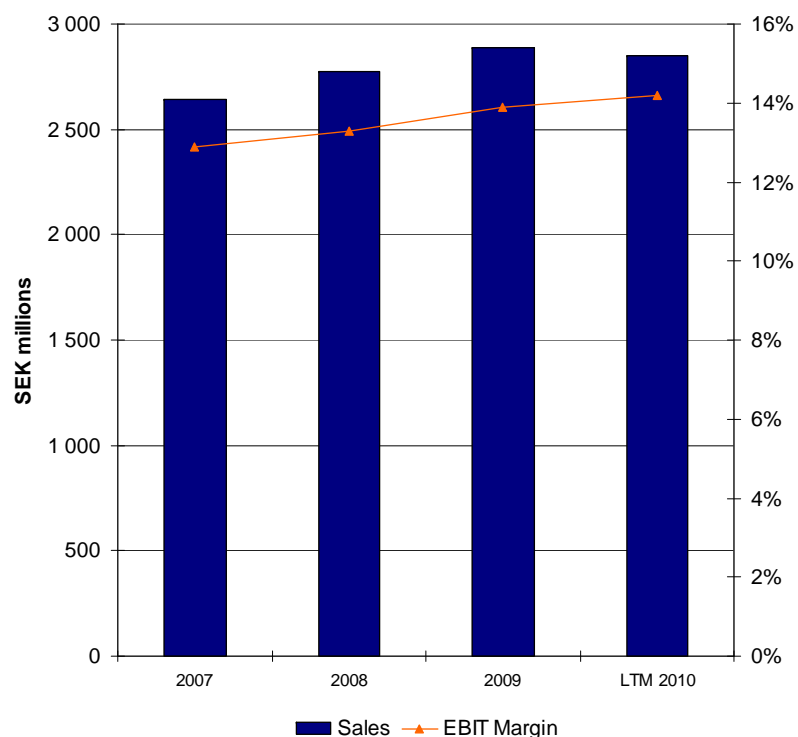


# Business Areas



# Professional

## Sales and EBIT<sup>1</sup>



## Geographical split – sales Q1 2010<sup>2</sup>

<i>Net Sales - Professional</i>	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>Growth</b>
Nordic region	146	144	1,4%
Central Europe	382	418	-8,6%
Southern & Eastern Europe	99	101	-2,0%
Rest of the World	7	6	16,7%
<i>Total</i>	<i>634</i>	<i>669</i>	<i>-5,2%</i>

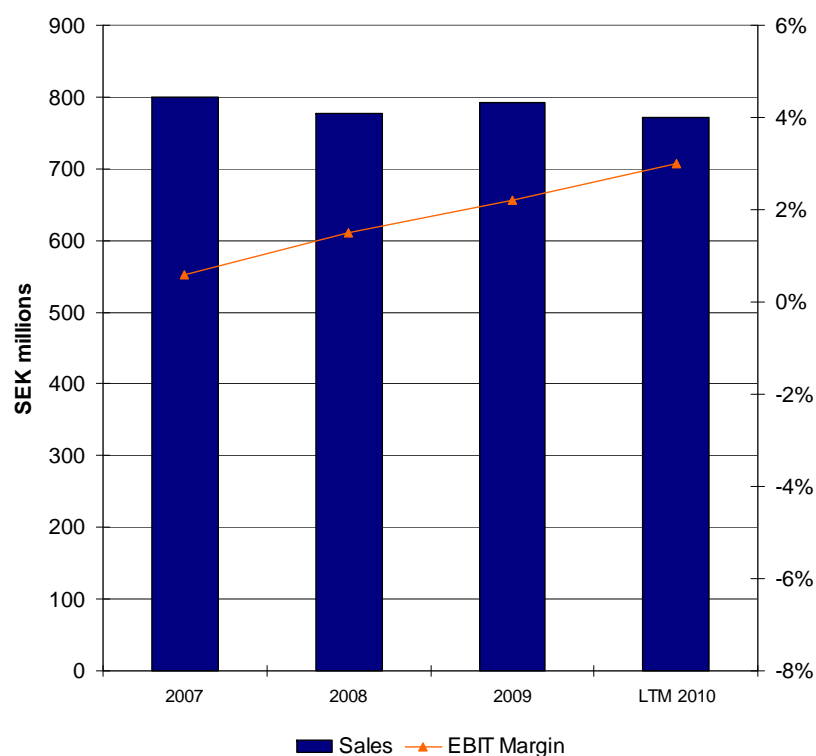
- Continued improvement in operating margin
- Growth in all regions at fixed exchange rates

- 1) Excluding non-recurring costs and market valuation of derivatives
- 2) Negative translation effect on sales in Q1 2010 with SEK 45 m



# Retail

## Sales and EBIT<sup>1</sup>



## Geographical split – sales Q1 2010<sup>2</sup>

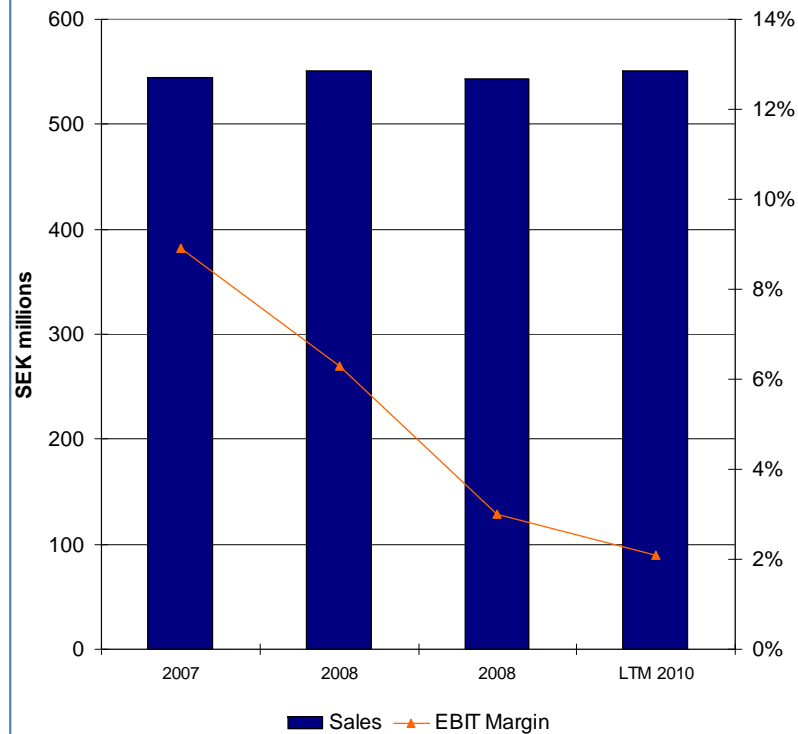
<i>Net Sales - Retail</i>	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>Growth</b>
Nordic region	26	27	-3,7%
Central Europe	150	175	-14,3%
Southern & Eastern Europe	9	3	200,0%
Rest of the World	0	0	0,0%
<i>Total</i>	<i>185</i>	<i>205</i>	<i>-9,8%</i>

- Advantageous product mix resulted in strong margin
- Loss of some, mainly low-end, customer contracts

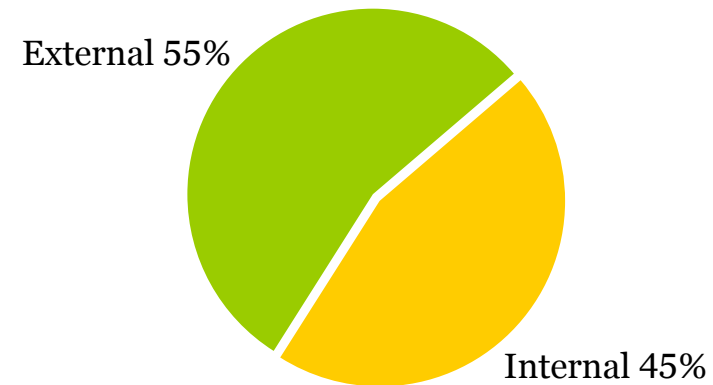
- 1) Excluding non-recurring costs and market valuation of derivatives
- 2) Negative translation effect on sales in Q1 2010 with SEK 13 m

# Tissue

## Sales and EBIT<sup>1</sup>



## Sales mix Q1 2010



- Recovery in volume compared to a weak first quarter last year
- Lower profitability in hygiene segment

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



# Financials



# Income Statement

SEK m	2006	2007	2008	2009	Q1 2010	Q1 2009
Net sales	3 762	3 985	4 099	4 220	960	1 007
Gross profit	950	1 037	1 079	1 166	248	252
Gross margin	25.3%	26.0%	26.3% <sup>2)</sup>	27.6%	25.8%	25.0%
Selling expenses	-459	-446	-465	-482	-121	-126
Administrative expenses	-219	-208	-198	-184	-45	-45
R & D expenses	-6	-13	-23	-29	-6	-6
Other operating net	11	24	-67	17	-2	-5
<b>Operating income (reported)</b>	<b>277</b>	<b>394</b>	<b>326</b>	<b>488</b>	<b>74</b>	<b>70</b>
Non-recurring items <sup>1)</sup>	-50	-1	-89	52	-4	-2
<b>Operating income (underlying)</b>	<b>328</b>	<b>395</b>	<b>414</b>	<b>436</b>	<b>77</b>	<b>73</b>
Operating margin (underlying)	8.7%	9.9%	10.1%	10.3%	8.1%	7.2%
Financial net			-75	-43	-8	-20
Taxes			-60	-108	-15	-13
Net income, continuing operations			191	336	51	37
Earnings per share, continuing operations			4.06	7.15	1.09	0.79

1) Restructuring costs and market valuation of derivatives

2) Excluding restructuring costs, 26.8%

# Improved Profitability

SEK m		2006	2007	2008	2009	Q1 2010	Q1 2009
<b>Professional</b>	Net sales	2 485	2 641	2 771	2 885	634	669
	Operating income <sup>1)</sup>	291	342	368	402	69	65
	Operating margin	11.7%	12.9%	13.3%	13.9%	10.8%	9.7%
<b>Retail</b>	Net sales	768	800	777	792	185	205
	Operating income <sup>1)</sup>	-7	5	11	18	8	3
	Operating margin	-0.9%	0.6%	1.5%	2.2%	4.3%	1.3%
<b>Tissue</b>	Net sales	509	544	551	543	141	134
	Operating income <sup>1)</sup>	43	48	35	16	1	5
	Operating margin	8.5%	8.9%	6.3%	3.0%	0.4%	3.8%
<b>Duni</b>	Net sales	3 762	3 985	4 099	4 220	960	1 007
	Operating income <sup>1)</sup>	328	395	414	436	77	73
	Operating margin	8.7%	9.9%	10.1%	10.3%	8.1%	7.2%

<sup>1)</sup> Excluding non-recurring cost and market valuation of derivatives

# Simplified Cash Flow Profile

Simplified Cash Flow Profile						
SEK m	2006 <sup>2)</sup>	2007 <sup>2)</sup>	2008	2009	Q1 2010	Q1 2009
EBITDA <sup>1)</sup>	409	485	511	539	104	98
Capital expenditures	-130	-132	-139	-121	-45	-23
Change in;						
Inventory	26	-24	-3	146	-42	13
Accounts Receivable	8	14	-114 <sup>3)</sup>	58	-23	4
Accounts Payable	-66	30	15	3	-49	-81
Other operating working capital	-74	-48	27	56	-26	-13
<b>Change in working capital</b>	<b>-106</b>	<b>-28</b>	<b>-75</b>	<b>263</b>	<b>-140</b>	<b>-77</b>
<b>Operating Cash flow</b>	<b>173</b>	<b>322</b>	<b>297</b>	<b>681</b>	<b>-81</b>	<b>-2</b>

<sup>1)</sup> Excluding non-recurring costs and market valuation of derivatives

<sup>2)</sup> Excluding discontinued operations

<sup>3)</sup> Cancellation of factoring contracts amounting approximately to SEK 135 m

# Solid Financial Position

SEK m	2007	2008	2009	Q1 2010	Q1 2009
Goodwill	1 199	1 199	1 199	1 199	1 199
Tangible & Intangible Fixed Assets	462	539	540	545	528
Net Financial Assets <sup>1)</sup>	339	366	327	300	369
Inventories	500	542	382	413	528
Accounts Receivable	546	731	640	630	726
Accounts Payable	-305	-358	-344	-281	-274
Other operating assets and liabilities <sup>3)</sup>	-238	-375	-324	-285	-353
<b>Net Assets</b>	<b>2 503</b>	<b>2 644</b>	<b>2 420</b>	<b>2 521</b>	<b>2 724</b>
Net Debt	1 087	1 100	631	676	1 161
Equity	1 416	1 544	1 789	1 844	1 563
<b>Equity &amp; Net Debt</b>	<b>2 503</b>	<b>2 644</b>	<b>2 420</b>	<b>2 521</b>	<b>2 724</b>
ROCE <sup>2)</sup>	19%	18%	21%	16%	17%
ROCE <sup>2)</sup> w/o Goodwill	44%	39%	49%	27%	35%
Net Debt/Equity	77%	71%	35%	37%	74%
Net Debt/EBITDA <sup>2)</sup>	2,2	2,2	1,2	1,2	2,3

<sup>1)</sup> Deferred tax assets and liabilities + Income tax receivables and payables

<sup>2)</sup> Excluding non-recurring costs and market valuation of derivatives

<sup>3)</sup> Including restructuring provision and derivatives

# Financial Targets

**2010-03  
LTM**

Sales growth > 5%

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

0.9%

EBIT margin > 10%

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

10.6%

Dividend payout ratio 40+%

- Board target at least 40% of net profit

2.50 kr  
per share  
(proposal)