



Q4 Presentation 2011

15 February, 2012



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2011 Q4 Highlights

- Stable sales in Professional
 - Prioritized growth initiatives within Professional generated results.
 - Decline in Retail attributed to one private label customer, otherwise stable development.
 - Lower demand from hygiene sector including stock reductions affected sales within Tissue.
- Healthy profitability during the seasonally strongest quarter
 - Strong gross margin.
 - Some degree of cautiousness in the markets.
- Evolin[®], the new premium material ready for market launch
- Additional activities for efficiency improvements initiated

- **Net sales SEK 1 063 m (1 097)**
- **Underlying operating income SEK 151 m (163)**
- **Underlying operating margin 14.2% (14,8%)**



Market Outlook

- HORECA market long-term growing in line or slightly above GDP
 - Positive eating out trend.
 - Higher growth in take-away sector.
- Retail growth in line with GDP over time
 - Retail sector struggles in a tough economic climate.
- Mixed signals in HoReCa sector
 - Northern Europe still stable, worsening economic climate mainly affecting Southern Europe.
 - Cost per meal more sensitive to economic downturn than number of visits.
- Key input material including traded goods easing off from high levels



HORECA Sales Development

Germany (Nov 2011)

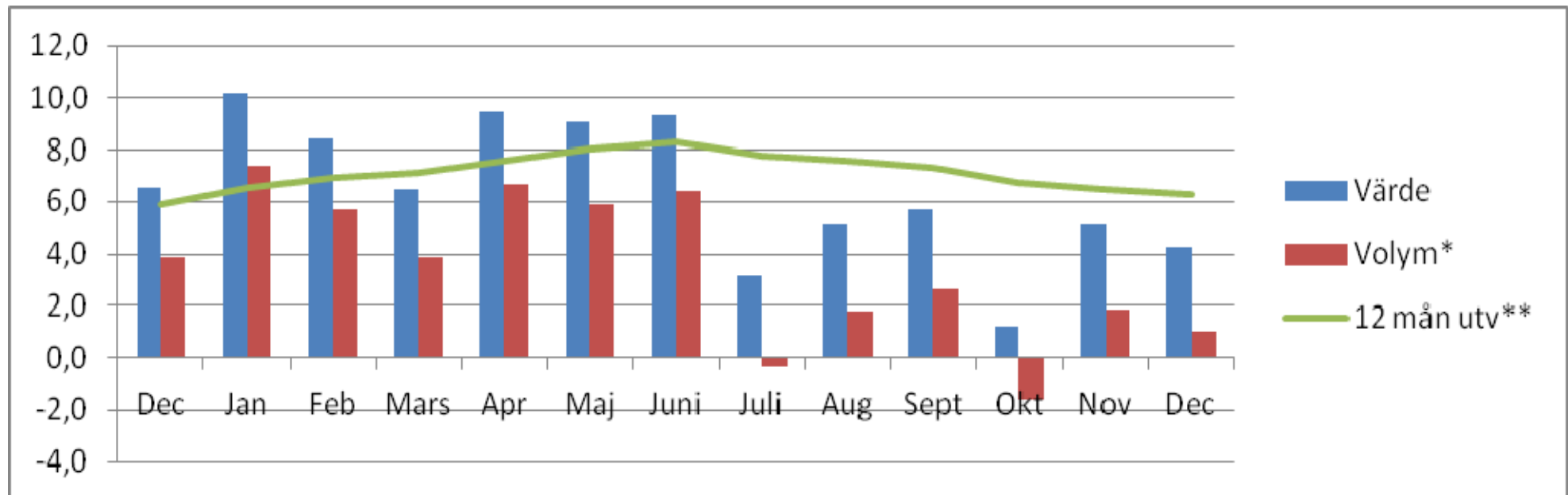
HoReCa total →

Wirtschaftsbereich	November 2011 gegenüber November 2010		Januar–November 2011 gegenüber Januar–November 2010	
	nominal	real	nominal	real
Gastgewerbe insgesamt	2,8	0,8	3,8	2,3
davon:				
Beherbergung	1,8	– 0,4	3,9	2,5
Gastronomie	3,4	1,6	3,8	2,2
darunter:				
Caterer und sonstige Verpflegungsdienstleistungen	2,9	0,6	3,3	1,5

¹ Berechnet aus den Ursprungswerten (ohne Kalender- und Saisonbereinigung).



Restaurant Sales Development, Sweden (Dec 2010 – Dec 2011)



- +1.0% in volume in Dec and +4.3% in value.
- +3.2% in volume YTD and +6.3% in value





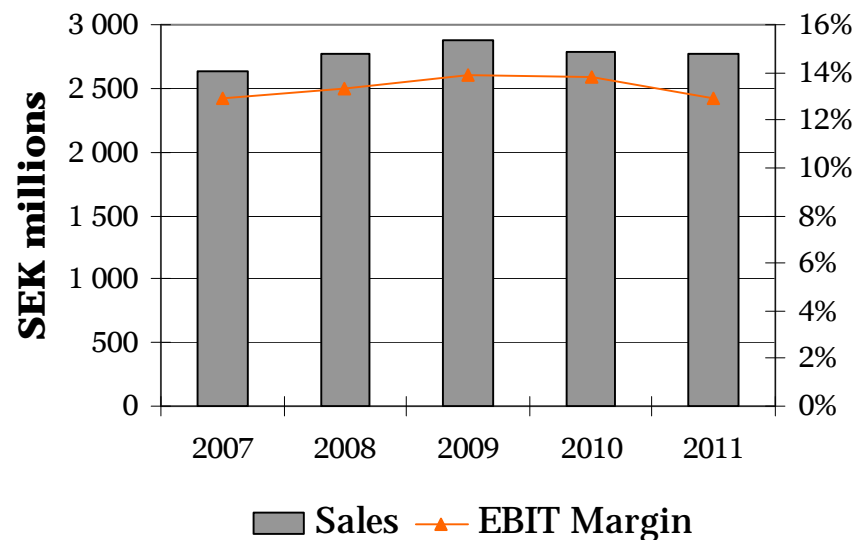
Business Areas



Professional

– Stability in all regions

Sales and EBIT¹⁾



Geographical split – sales Q4 2011

Net sales Professional	Q4 2011	Q4 2010	Growth	Growth at fixed exchange rates
Nordic	179	182	-1.6%	-1.6%
Central Europe	446	451	-1.1%	-0.4%
South & East Europe	117	118	-0.8%	1.7%
Rest of the World	9	7	28.6%	28.6%
TOTAL	750	758	-1.1%	-0.1%

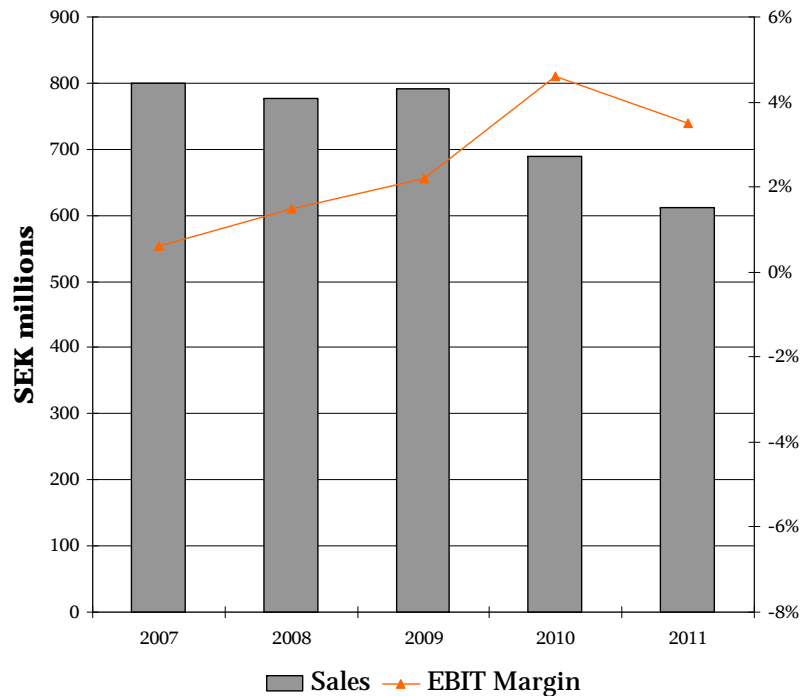
- Customer confidence negatively influenced by EUR/debt crisis.
- Gross margin improved as a result of price increases and leveling off raw materials prices.

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

Retail

– Challenging business environment

Sales and EBIT¹⁾



Geographical split - sales Q4 2011

Net sales Retail	Q4 2011	Q4 2010	Growth	Growth at fixed exchange rates
Nordic	25	28	-10.7%	-10.7%
Central Europe	177	181	-2.2%	0.6%
South & East Europe	6	22	-72.7%	-72.7%
Rest of the World	1	0	100.0%	100.0%
TOTAL	209	231	-9.5%	-7.0%

- Volume decline entirely due to loss of major private label customer.
- Duni has gained market shares in the UK and Benelux.
- Some delay in price increases.

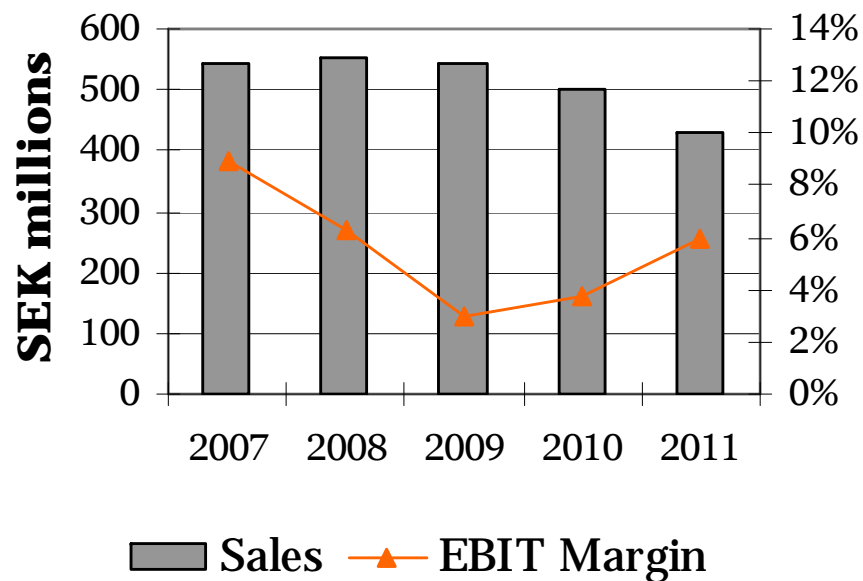
1) Excluding non-recurring costs and market valuation of derivatives



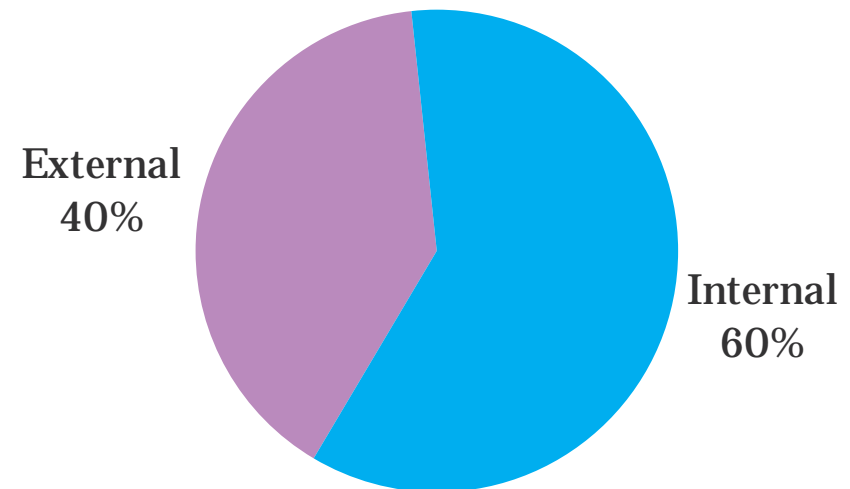
Tissue

– Result trend remains positive

Sales and EBIT



Sales mix Q4 2011



- Lower demand from hygiene sector, including stock decrease.
- Continued improvement in production efficiency enables stable margins.



Financials



Strong Gross Margin

<i>SEKm</i>	Q4 2011	Q4 2010	YTD 2011	YTD 2010
Net sales	1 063	1 097	3 807	3 971
Gross profit	315	312	1 031	1 052
Gross margin	29.7 %	28.4 %	27.1%	26.5 %
Selling expenses	-109	-107	-441	-434
Administrative expenses	-45	-45	-172	-174
R&D expenses	-9	-9	-30	-25
Other operating net	-9	18	0	17
Operating income (reported)	144	169	388	436
Non-recurring items ¹⁾	-7	6	-16	1
Operating income (underlying)	151	163	404	435
Operating margin (underlying)	14.2 %	14.8 %	10.6 %	10.9 %
Financial net	-9	-6	-30	-18
Taxes	-36	-46	-98	-112
Net income	98	117	261	306
Earnings per share	2.09	2.49	5.54	6.52

1) Restructuring costs and market valuation of derivatives

Stable operating margin in Professional

<i>SEKm</i>		Q4 2011	Q4 2010	YTD 2011	YTD 2010
<i>Professional</i>	Net sales	750	758	2 766	2 783
	Operating income ¹⁾	121	124	357	384
	Operating margin	16.1%	16.4%	12.9%	13.8%
<i>Retail</i>	Net sales	209	231	612	689
	Operating income ¹⁾	24	33	21	32
	Operating margin	11.7%	14.1%	3.4%	4.6%
<i>Tissue</i>	Net sales	104	109	428	499
	Operating income ¹⁾	6	6	25	18
	Operating margin	5.4%	5.4%	5.9%	3.7%
<i>Duni</i>	Net sales	1 063	1 097	3 807	3 971
	Operating income¹⁾	151	163	404	435
	Operating margin	14.2%	14.8%	10.6%	10.9%

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



Capex affected by buy-back of German premises

<i>SEKm</i>	Q4 2011	Q4 2010	YTD 2011	YTD 2010
EBITDA¹⁾	177	186	511	537
Capital expenditure	-200	-58	-377	-236
<i>Change in;</i>				
Inventory	55	67	-37	-83
Accounts receivable	-13	-33	-36	-74
Accounts payable	-4	49	-8	7
Other operating working capital	-22	-6	23	-26
Change in working capital	16	77	-58	-175
Operating cash flow	-7	205	76	126

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



Continued solid financial position

<i>SEKm</i>	2011	2010	2009
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	888	632	540
Net financial assets ¹⁾	210	253	327
Inventories	470	437	382
Accounts receivable	663	634	640
Accounts payable	-302	-315	-344
Other operating assets and liabilities ³⁾	-300	-266	-324
Net assets	2 827	2 573	2 420
Net debt	745	582	631
Equity	2 082	1 991	1 789
Equity and net debt	2 827	2 573	2 420
ROCE ²⁾	17%	19%	21%
ROCE ²⁾ w/o Goodwill	29%	40%	49%
Net debt / Equity	36%	29%	35%
Net debt / EBITDA ²⁾	1.5	1.1	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



Strategic challenge



Financial Targets

2011

Sales growth > 5%

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

-0.8%
(at fixed exchange rates)

EBIT margin > 10%

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

10.6%

Dividend payout ratio 40+%

- Target at least 40% of net profit

3.50 SEK per share
(proposal)



Exploring Different Growth Paths



*New Horeca
concepts*

Core geography

New geography

Concept
expansion



Table top

Market
Penetration

Platform
expansion

Market Penetration - Evolin[®]

- Evolin[®] -the revolutionary new table covering from Duni.
- Innovation that for the first time combines single use convenience with the premium look and feel of linen.
- Unique Duni technology/process: patent pending.



Why Evolin[®]?

- Market research pointed out that linen-users are looking for a better way to balance a premium image with everyday convenience.
- Over 80% of the total professional table covering market is still linen.
 - The table covering market <

Single use:	2,5 bn SEK
Textile:	15 bn SEK
- Evolin has been developed to offer a true alternative to linen.

