
Q2 Presentation 2013
12 July, 2013
Duni

Disclaimer

- This presentation has been prepared by Duni AB (the “Company”) solely for use at this investor presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

2013 Q2 Highlights

- Professional – small growth in comparable exchange rates.
  - Negative HoReCa statistics in the majority of our markets, but Business Area on par with last year.
  - Song Seng Associates Pte. Ltd. aquired and will contribute from July 1st.
  - Continuous focus on Meal Service segment to leverage on take-away trend.
- Consumer – Weak quarter caused by low promotion activity.
  - New contracts contribute to growth, but lower impact from promotions.
- Tissue – Stability on planned levels.
  - Sales and profit clearly improved from weak quarter 2012.
- Cash flow normal for second quarter.

- Net sales SEK 914 m (934)
- Underlying operating income SEK 91 m (90)
- Underlying operating margin 10.0% (9.6%)

Market Outlook

- HORECA market long-term growing in line or slightly above GDP.
  - Latest statistics indicate small volume decrease, including Germany.
  - Higher growth in take-away, catering and fast food restaurants.
- Macro statistics – latest statistics indicate real GDP growth on par or slightly better than 2012.
  - Consumer confidence still pessimistic, but with more positive outlook for Northern Europe.
  - Retail trade indicate improvement in May but still with negative growth compared to last year.*
- Stability in currency and raw materials. Plastic prices still on high level; selected price increases to compensate.

*Eurostat July 3, 2013

HoReCa Sales Development

Germany April 2013

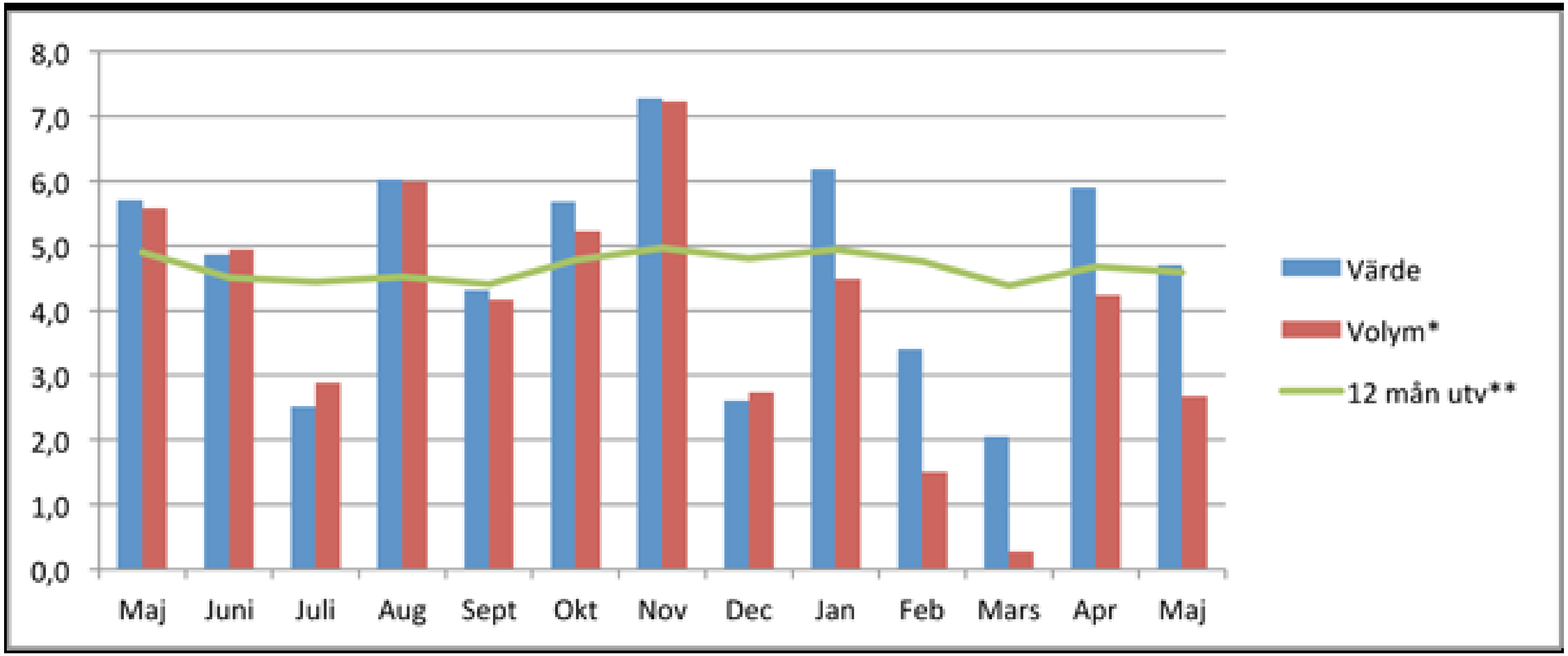
Wirtschaftsbereich	04/2013 zu 04/2012		01-04/2013 zu 01-04/2012	
	nominal	real	nominal	real
Gastgewerbe insgesamt	2,2	-0,4	0,6	-1,7
davon:				
Beherbergung	4,4	1,8	1,2	-1,0
Gastronomie	0,9	-1,7	0,2	-2,1

Source: destatis

Impression from the flooded areas in Germany. Only in Passau (picture) more than 70 restaurants and hotels were seriously affected

Restaurant Sales Development

Sweden (May 2012 – May 2013)



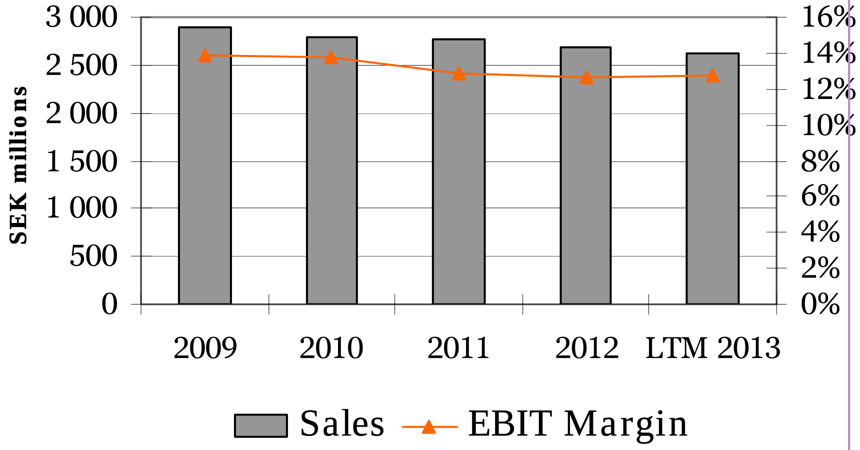
- ❑ **+2,7% in volume in Feb and +4,7% in value.**

Business Areas

Professional

–Strong SEK continue to weight on the quarter

Sales and EBIT 1)



Geographical split – sales Q2 2013

Net sales Professional	Q2 2013	Q2 2012	Growth	Growth at fixed exchange rates
Nordic	156	160	-2.5%	-2.5%
Central Europe	384	402	-4.7%	-0.2%
South & East Europe	129	128	0.8%	4.7%
Rest of the World	12	8	50.0%	50.0%
TOTAL	**681**	**699**	**-2.6%**	**0.9%**

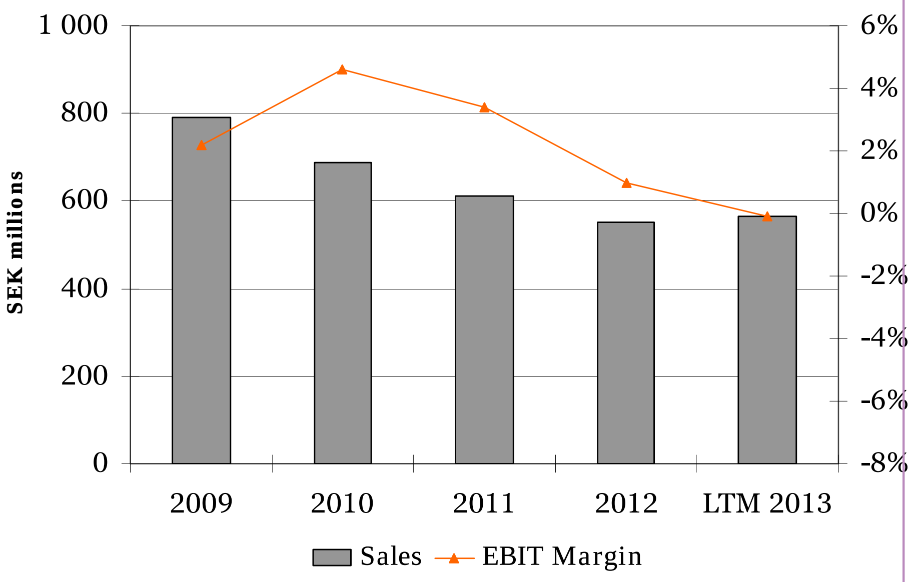
- Song Seng Associates Pte. Ltd acquired in June and with completion from July 1st.
- Although continued weak market conditions, profit margin improved.

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

Consumer

– Growth within all major regions

Sales and EBIT 1)



Geographical split - sales Q2 2013

Net sales Consumer	Q2 2013	Q2 2012	Growth	Growth at fixed exchange rates
Nordic	23	18	27.8%	27.8%
Central Europe	92	103	-10.7%	-5.8%
South & East Europe	4	4	0.0%	0.0%
Rest of the World	0	0	0.0%	0.0%
TOTAL	**119**	**126**	**-5.6%**	**-1.6%**

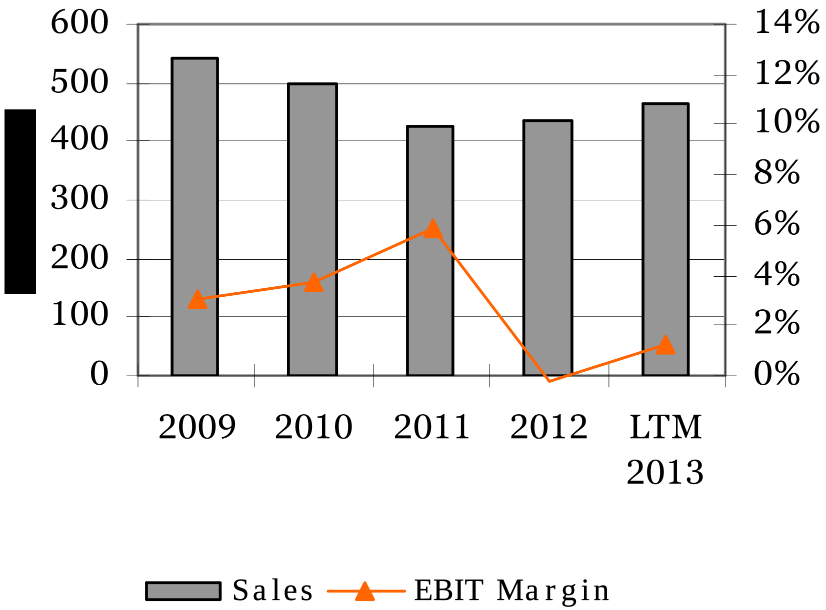
- Although contribution from new accounts, less promotions resulted in weaker sales & profit.
- Additional Christmas listings secured, contributing in H2 2013.

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

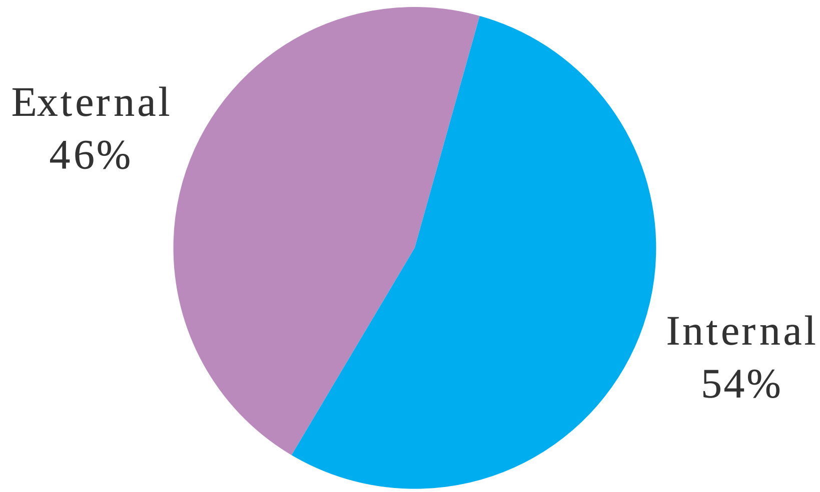
Tissue

– Temporary increase in production output

Sales and EBIT



Sales mix Q2 2013



- Sales on planned levels during transition phase for hygiene divestment.
- Profit improved from weak quarter 2012.

Financials

Operating margin 10.0%

SEKm	Q2 2013	Q2 2012	YTD 2013	YTD 2012	LTM 2013	FY 2012
Net sales	914	934	1 766	1 790	3 645	3 669
Gross profit	239	245	458	472	932	945
Gross margin	26.1%	26.2%	25.9%	26.4%	25.56%	25.8%
Selling expenses	-102	-108	-216	-230	-424	-438
Administrative expenses	-41	-40	-80	-83	-173	-176
R&D expenses	-5	-8	-10	-15	-21	-26
Other operating net	0	-1	0	1	-83	-77
Operating income (reported)	**91**	**87**	**146**	**145**	**230**	**229**
Non-recurring items[1)]	0	-2	0	-5	-107	-113
Operating income (underlying)	**91**	**90**	**146**	**150**	**338**	**342**
Operating margin (underlying)	10.0%	9.6%	8.3%	8.4%	9.3%	9.3%
Financial net	-3	-10	-9	-17	-17	-25
Taxes	-22	-21	34	35	-78	-79
Net income	66	56	103	93	135	126
Earnings per share	1.41	1.19	2.18	1.97	2.88	2.67

1) Restructuring costs and market valuation of derivatives

Comparison figures for 2012 recalculated in accordance with IAS19R

Good development in Prof. & Tissue

SEKm		Q2 2013	Q2 2012	YTD 2013	YTD 2012	LTM 2013	FY 2012
Professional	Net sales	681	699	1 266	1 324	2 624	2 682
	Operating income1)	94	90	147	151	333	337
	Operating margin	13.8%	12.9%	11.6%	11.4%	12.7%	12.6%
Consumer	Net sales	119	126	259	253	557	551
	Operating income1)	-5	0	-8	-1	-1	6
	Operating margin	-4.4%	-0.2%	-3.0%	-0.6%	-0.1%	1.0%
Tissue	Net sales	114	109	240	213	464	436
	Operating income1)	2	0	6	0	5	-1
	Operating margin	1.9%	-0.3%	2.6%	0.0%	1.2%	-0.2%
Duni	**Net sales**	**914**	**934**	**1766**	**1790**	**3 645**	**3 669**
	Operating income1)	**91**	**90**	**146**	**150**	**338**	**342**
	Operating margin	**10.0%**	**9.6%**	**8.3%**	**8.4%**	**9.3%**	**9.3%**

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Capex on low levels

SEKm	Q2 2013	Q2 2012	YTD 2013	YTD 2012	LTM 2013	FY 2012
EBITDA[1)]	**120**	**118**	**205**	**206**	**453**	**454**
Capital expenditure	**-15**	**-27**	**-30**	**-66**	**-77**	**-113**
Change in;						
Inventory	-7	12	-60	-4	10	66
Accounts receivable	-52	-57	-41	18	-39	20
Accounts payable	-32	-1	-39	-16	-16	7
Other operating working capital	39	29	39	-28	47	-20
Change in working capital	**-52**	**-17**	**-101**	**-30**	**2**	**73**
Operating cash flow	**53**	**74**	**74**	**110**	**378**	**414**

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Stable balance sheet

SEKm	Q2 2013	FY 2012	Q2 2012
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	768	795	891
Net financial assets[1)]	200	205	222
Inventories	450	387	469
Accounts receivable	669	624	636
Accounts payable	-261	-301	-282
Other operating assets and liabilities[3)]	-312	-286	-273
Net assets	**2 712**	**2 623**	**2 862**
Net debt	793	638	897
Equity	1 919	1 985	1 965
Equity and net debt	**2 712**	**2 623**	**2 862**
ROCE[2)]	13%	14%	15%
ROCE[2)] w/o Goodwill	26%	28%	28%
Net debt / Equity	41%	32%	46%
Net debt / EBITDA[2)]	1.8	1.4	1.8

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

Comparison figures for 2012 recalculated in accordance with IAS19R

Financial Targets

Target		Q2 LTM 2013
Sales growth > 5%	• Organic growth of 5% over a business cycle • Consider acquisitions to reach new markets or to strengthen current market positions	0.2% **(at fixed exchange rates)**
EBIT margin > 10% *Underlying*	• Top line growth – premium focus • Improvements in manufacturing, sourcing and logistics	9.3%
Dividend payout ratio 40+%	• Target at least 40% of net profit	3.50 SEK per share


Thank you!
Duni