



Q2 Presentation 2011

15 July, 2011



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2011 Q2 Highlights

- Net sales declined by 1,0% to SEK 960 m (970)¹⁾
- Underlying operating income amounted to SEK 88 m (91)^{1) 2)}
- Underlying operating margin amounted to 9.1% (9,4%)^{1) 2)}
- Improving growth rates and operating margin within Professional
 - Improved growth figures for key mature markets compared to previous quarter.
 - Selected markets in Southern and Eastern Europe prioritized for growth.
- Continued EBIT improvement for Retail
 - Growth compared to last year, mainly explained by stabilization in Nordics and gains in Central.
- Low capacity utilization affecting EBIT in seasonally weak quarter for Tissue

1) Excluding translation effect: net sales SEK 1 004 m, underlying operating income SEK 93 m with underlying operating margin 9,2%

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



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
 - Continuous weak retail markets in Western Europe, albeit improving compared to last year.
 - Even though private-label over-represented in category, competitive pressure remains fierce.
- Improved GDP statistics positively influencing HORECA markets
 - Consumer's confidence remains positive, but with some clouds in debt burden countries.
 - HORECA statistics in key markets confirm recovery.
 - Hotel sector demonstrate higher growth than restaurant sector.
- Production input material as well as traded goods remain on historical high levels
 - Pulp stabilized on high level.
 - Raw materials for traded goods are flattening out after a firm increase over the last 18 months.
 - Price increases announced to migrate the higher costs.



HORECA Sales Development, Germany (Q1 2011)



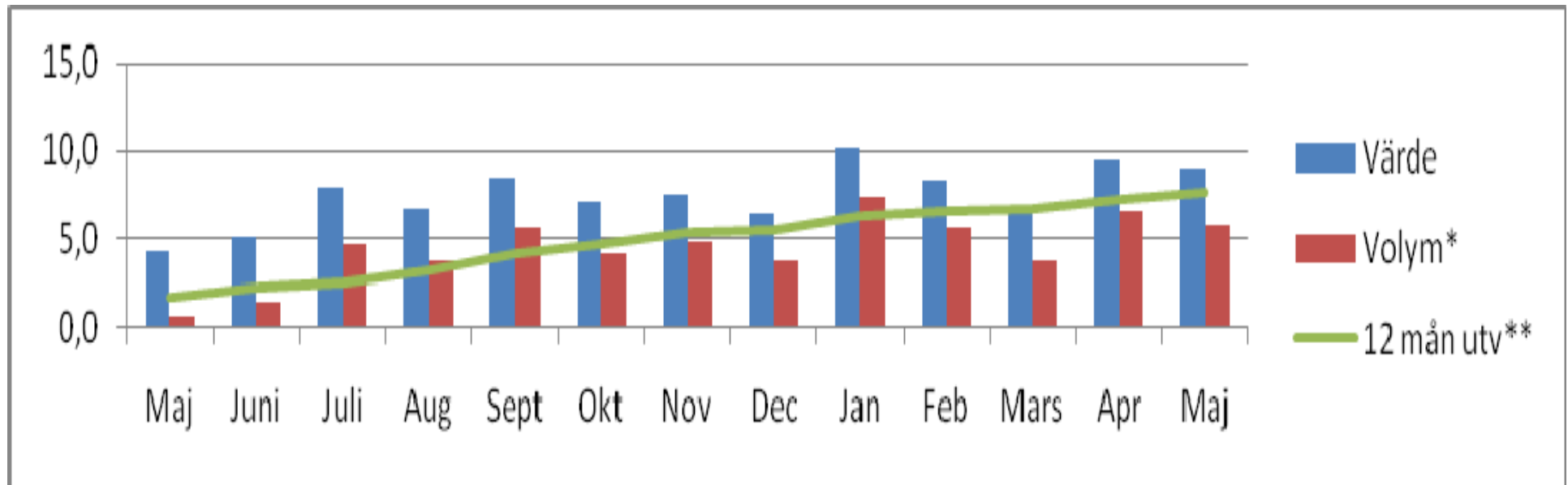
Umsatzentwicklung im Gastgewerbe erstes Quartal 2011 und Gesamtjahr 2010
(Veränderungen gegenüber Vorjahreszeitraum)

Betriebsart	1. Quartal 2011		2010		
	nominal	real	nominal	real	in Mrd. € (netto)
Hotellerie (Hotels, Hotels garnis, Gasthöfe, Pensionen)	5,0%	4,5%	7,1%	1,5%	17,2
Beherbergungsgewerbe insgesamt	4,5%	3,9%	6,9%	1,1%	19,4
Speisengeprägte Gastronomie	3,2%	1,9%	-0,8%	-2,1%	25,9
Getränkegeprägte Gastronomie	-0,4%	-1,3%	-2,3%	-3,3%	6,6
Gaststättengewerbe insgesamt	2,7%	1,4%	-1,0%	-2,2%	32,5
Event-Caterer	1,0%	k.A.	8,3%	k.A.	k.A.
Erbringung sonstiger Verpflegungsdienstleistungen	1,5%	k.A.	2,6%	k.A.	k.A.
Caterer und sonstige Verpflegungsdienstleistungen	1,4%	0,1%	3,3%	2,2%	5,5
Gastgewerbe insgesamt	3,1%	2,1%	2,2%	-0,7%	57,4

5 HoReCa total →
15/07/2011



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



□ **May 2011: +5,8% volume, 9,0% value**

□ **2010: +2,4% volume, 5,6% value**



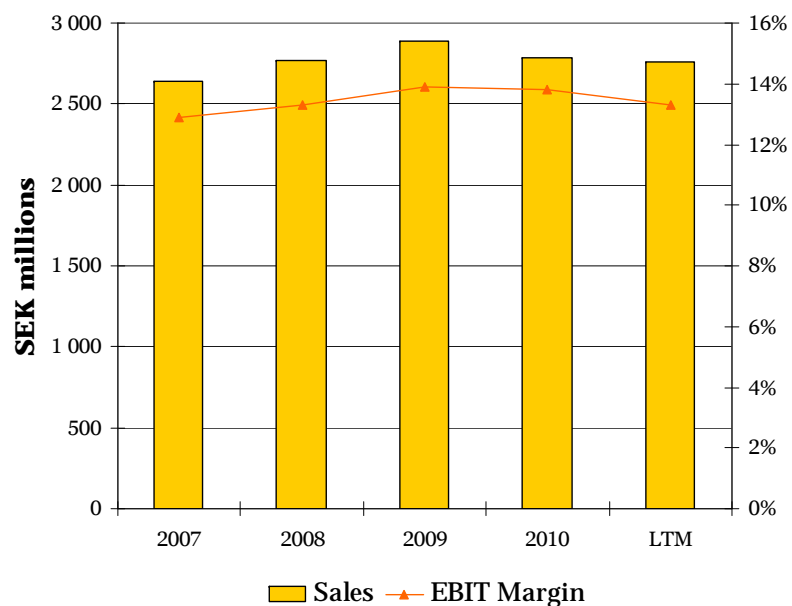


Business Areas



Professional – Improving Sales Trend

Sales and EBIT¹



Geographical split – sales Q2 2011

Net sales Professional	Q2 2011	Q2 2010	Growth	Growth at fixed exchange rates
Nordic	162	166	-2.4%	-2.4%
Central Europe	418	414	1.0%	7.2%
South & East Europe	131	123	6.5%	13.8%
Rest of the World	6	6	0.0%	0.0%
TOTAL	717	710	1.0%	6.1%

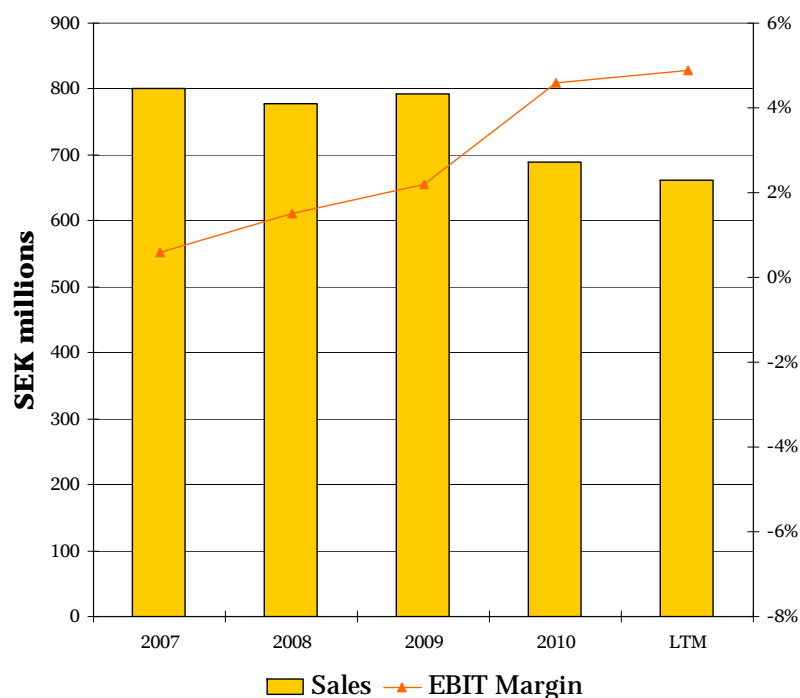
- EBIT margin initially influenced by increased investments in growth.
- Volume growth in all major markets.

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



Retail – Healthy Top Line

Sales and EBIT¹



Geographical split – sales Q2 2011

Net sales Retail	Q2 2011	Q2 2010	Growth	Growth at fixed exchange rates
Nordic	21	22	-4.5%	0.0%
Central Europe	104	105	-1.0%	4.8%
South & East Europe	9	9	0.0%	0.0%
Rest of the World	1	0	100.0%	0.0%
TOTAL	135	136	-0.8%	4.2%

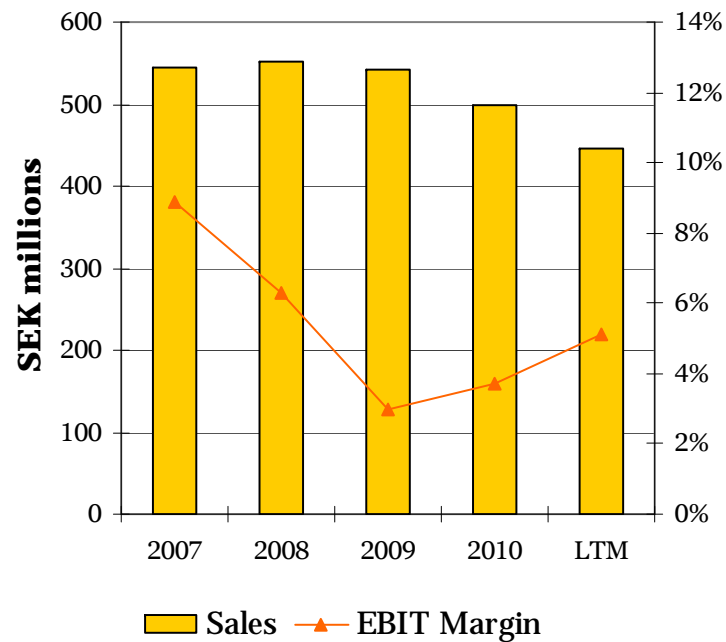
- LTM operating margin improving.
- Phase-out of one major private label customer will impact H2.

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

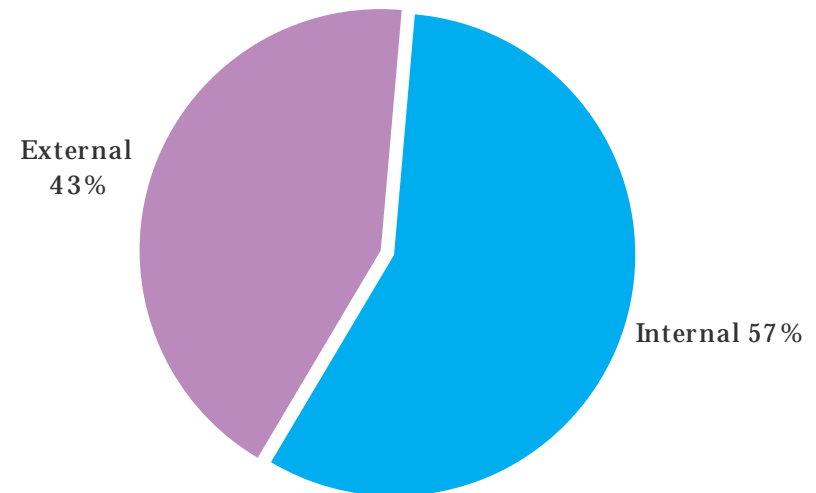


Tissue – Low Capacity Utilization

Sales and EBIT



Sales mix Q2 2011



- Increased share of internal sales due to seasonally low demand on hygienic products.
- Stock decrease main reason for low utilization of capacity.



Financials



Income Statement

<i>SEKm</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	LTM	FY 2010
Net sales	960	970	1 827	1 930	3 868	3 971
Gross profit	241	246	468	494	1 025	1 052
Gross margin	25.1%	25.4%	25.6%	25.6%	26.5%	26.5%
Selling expenses	-110	-107	-227	-228	-434	-434
Administrative expenses	-43	-42	-85	-87	-172	-174
R&D expenses	-7	-5	-14	-11	-28	-25
Other operating net	5	-2	5	-3	26	17
Operating income (reported)	86	91	147	165	418	436
Non-recurring items ¹⁾	-2	-1	-8	-4	-3	1
Operating income (underlying)	88	91	155	168	421	435
Operating margin (underlying)	9.1%	9.4%	8.5%	8.7%	10.9%	10.9%
Financial net	-7	-1	-12	-9	-21	-18
Taxes	-20	-24	-35	-39	-108	-112
Net income	59	66	99	117	289	306
Earnings per share	1.25	1.40	2.12	2.48	6.15	6.52

1) Restructuring costs and market valuation of derivatives



Retail LTM Operating Margin at 4.9%

<i>SEKm</i>		Q2 2011	Q2 2010	YTD 2011	YTD 2010	LTM	FY 2010
<i>Professional</i>	Net sales	717	710	1 320	1 344	2 759	2 783
	Operating income ¹⁾	91	94	144	163	366	384
	Operating margin	12.7%	13.2%	10.9%	12.1%	13.3%	13.8%
<i>Retail</i>	Net sales	135	136	293	320	662	689
	Operating income ¹⁾	-4	-7	1	1	33	32
	Operating margin	-3.0%	-5.4%	0.5%	0.2%	4.9%	4.6%
<i>Tissue</i>	Net sales	109	125	214	266	446	499
	Operating income ¹⁾	1	5	10	5	23	18
	Operating margin	0.5%	3.8%	4.5%	2.0%	5.1%	3.7%
<i>Duni</i>	Net sales	960	970	1 827	1 930	3 868	3 971
	Operating income¹⁾	88	91	155	168	421	435
	Operating margin	9.1%	9.4%	8.5%	8.7%	10.9%	10.9%

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



Improved Cash Flow driven by Inventory Reduction

<i>SEKm</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	LTM	FY 2010
EBITDA¹⁾	114	117	208	221	525	537
Capital expenditure	-81	-88	-119	-132	-222	-236
<i>Change in;</i>						
Inventory	29	-42	-26	-84	-26	-83
Accounts receivable	-87	-35	-61	-58	-77	-74
Accounts payable	61	9	-8	-41	40	7
Other operating working capital	21	30	19	4	-11	-26
Change in working capital	24	-38	-76	-179	-74	-175
Operating cash flow	57	-9	13	-91	229	126

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



Financial Position Remains Solid

<i>SEKm</i>	Q2 2011	Q2 2010	FY 2010
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	703	592	632
Net financial assets ¹⁾	248	299	253
Inventories	467	449	437
Accounts receivable	704	651	634
Accounts payable	-311	-283	-315
Other operating assets and liabilities ³⁾	-294	-315	-266
Net assets	2 715	2 593	2 573
Net debt	793	799	582
Equity	1 922	1 794	1 991
Equity and net debt	2 715	2 593	2 573
ROCE ²⁾	17%	20%	19%
ROCE ²⁾ w/o Goodwill	34%	41%	40%
Net debt / Equity	41%	45%	29%
Net debt / EBITDA ²⁾	1.5	1.5	1.1

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

**2011-06
LTM**

Sales growth > 5%

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

-0.01%

(at fixed
exchange rates)

EBIT margin > 10%

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

10.9%

Dividend payout
ratio 40+%

- Target at least 40% of net profit

3:50 SEK
per share
(2010)

