



Q1 Presentation 2013

19 April, 2013



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2013 Q1 Highlights

- Professional – overall stability with soft market conditions in South
 - Although continuous weak market in South Region, improvements visible in several markets.
 - Profit negatively influenced by strong Swedish krona.
 - Traditional restaurants weakest trend within HoReCa, further utilization on take-away trend accelerated.
- Consumer – Sales growth from new contracts
 - Sales growth driven by two large contracts.
 - Increased geographical width initiated in the quarter e.g. France and Poland.
- Tissue – High temporary utilization influenced by phase out decision.
 - Production output clearly higher compared to last year, influenced by circumstances around phase out decision.
- Net debt continues to be on historical low levels, but negatively influenced by new accounting principles around pension debt (IAS 19)

- Net sales SEK 852 m (856)
- Underlying operating income SEK 55 m (60)
- Underlying operating margin 6.4% (7.0%)



Market Outlook

- HORECA market long-term growing in line or slightly above GDP.
 - Mixed signals from numerous markets, but main markets indicate zero growth.
 - Higher growth in take-away, catering and fast 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.
- Pulp price slowly moving upwards. Energy prices normalized after low levels in 2012.
- Plastic prices still challenging and clearly higher than last year.



HoReCa Sales Development

Germany 2012

Betriebsart	4. Quartal 2012		Januar - Dezember 2012	
	nominal	real	nominal	real
Hotellerie (Hotels, Hotels garnis, Gasthöfe, Pensionen)	1,1%	0,1%	3,2%	1,5%
Beherbergungsgewerbe insgesamt	1,1%	-0,1%	3,1%	1,4%
Speisengeprägte Gastronomie	0,4%	-1,8%	1,3%	-0,8%
Getränkegeprägte Gastronomie	-0,7%	-3,0%	0,5%	-1,6%
Gaststättengewerbe insgesamt	0,2%	-2,1%	1,2%	-0,8%
Event-Caterer	6,3%	k.A.	8,8%	k.A.
Erbringung sonstiger Verpflegungsdienstleistungen	2,2%	k.A.	2,2%	k.A.
Caterer und sonstige Verpflegungsdienstleistungen	2,9%	1,3%	3,1%	1,2%
Gastgewerbe insgesamt	0,9%	-0,9%	2,1%	0,2%

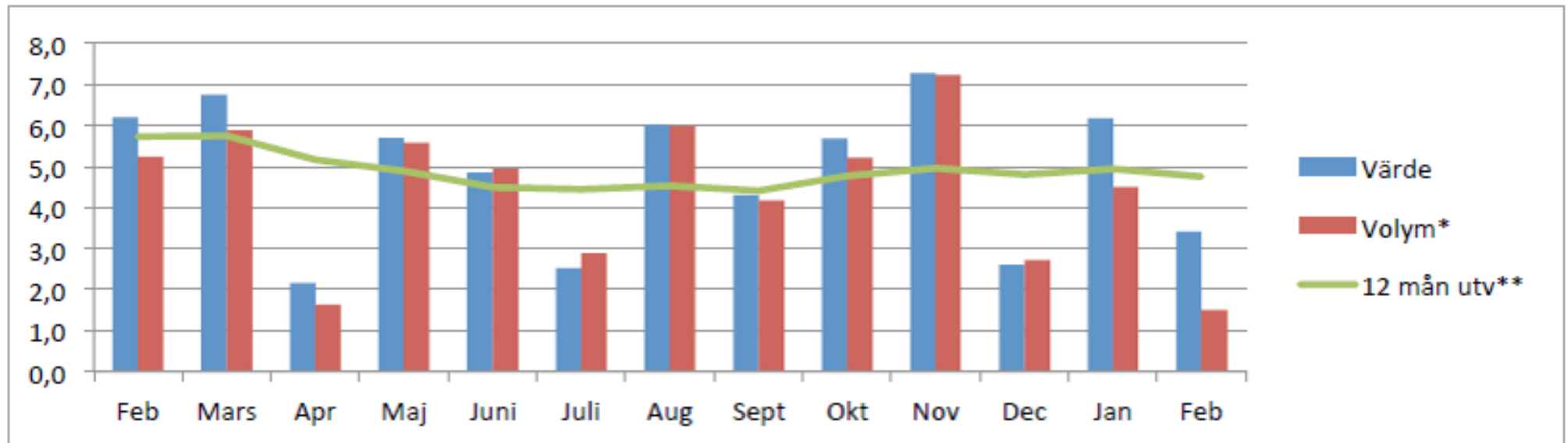
SoU

Quelle: Statistisches Bundesamt/ GENESIS-online



Restaurant Sales Development

Sweden (Feb 2012 – Feb 2013)



* Volymutfallet baseras på omsättningsförändring efter korrigering för prisförändringar. **Jämförelse mellan senaste 12-månadsperiod och samma period föregående år.

□ +1,5% in volume in Feb and +3,4% in value.



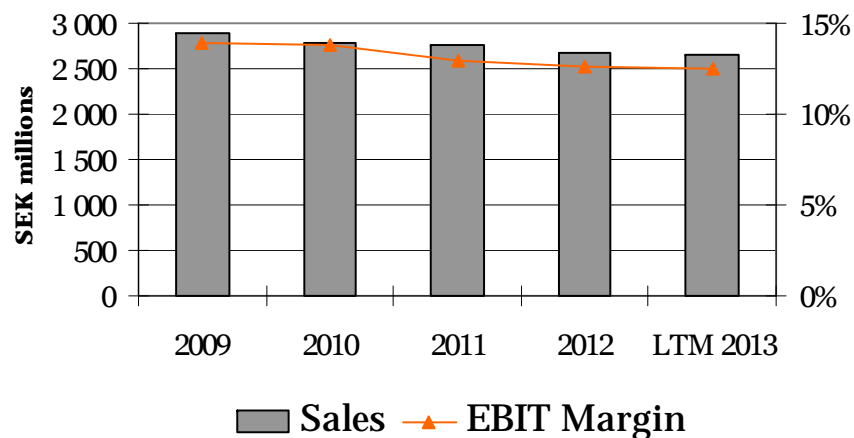
Business Areas



Professional

–Strong SEK continue to weight on the quarter

Sales and EBIT¹⁾



Geographical split – sales Q1 2013

Net sales Professional	Q1 2013	Q1 2012	Growth	Growth at fixed exchange rates
Nordic	137	140	-2.1%	-2.1%
Central Europe	345	377	-8.5%	-4.2%
South & East Europe	94	99	-5.1%	-1.0%
Rest of the World	10	10	0.0%	0.0%
TOTAL	586	626	-6.4%	-3.2%

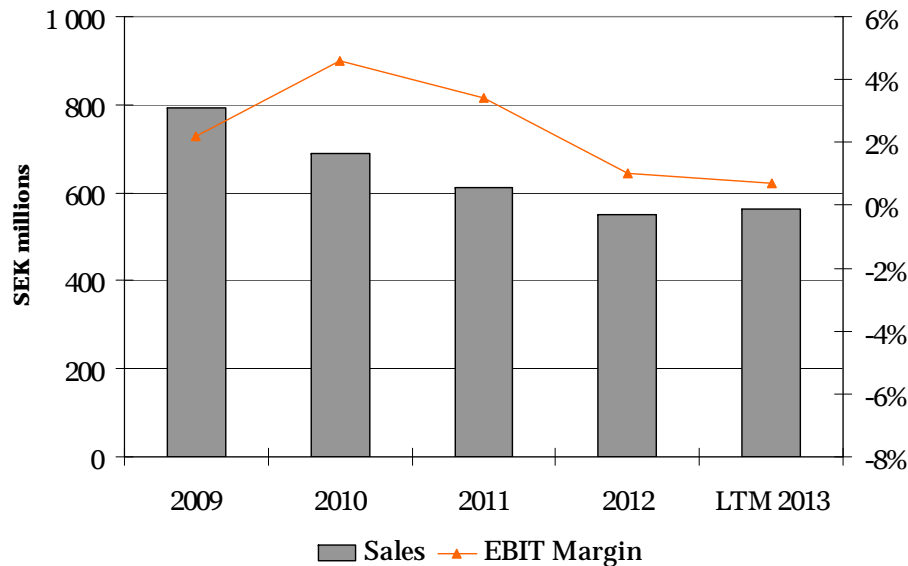
- Russia and export trigger for growth.
- Although cost pressure on traded goods, gross margin stable.

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

Consumer

– Growth within all major regions

Sales and EBIT¹⁾



Geographical split - sales Q1 2013

Net sales Consumer	Q1 2013	Q1 2012	Growth	Growth at fixed exchange rates
Nordic	24	15	60.0%	60.0%
Central Europe	115	108	6.5%	11.1%
South & East Europe	1	4	-75.0%	-75.0%
Rest of the World	0	0	0.0%	0.0%
TOTAL	140	127	10.2%	15.0%

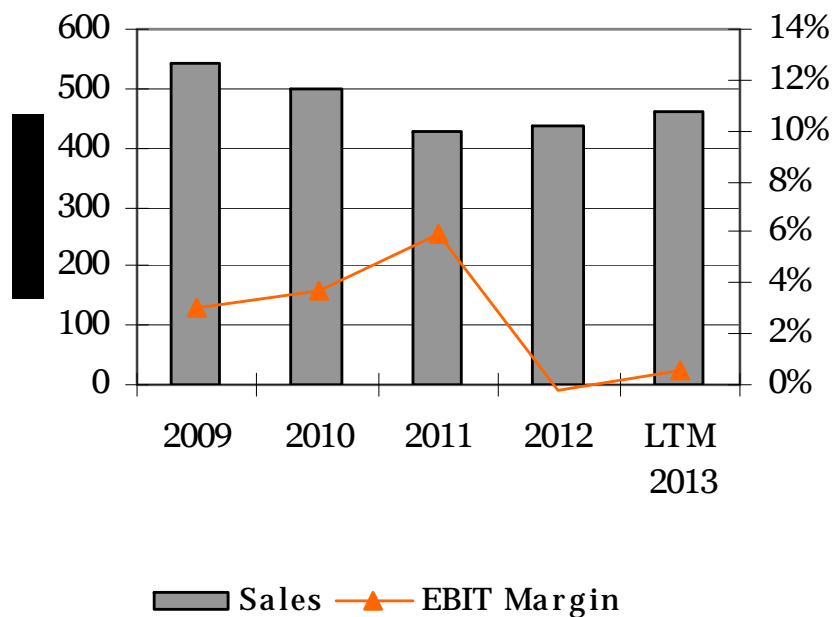
- Focus on reaching better price competitiveness in private label sector.
- Cooperation with well established designers in Nordic. Concept well received and reviewed for further expansion.

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

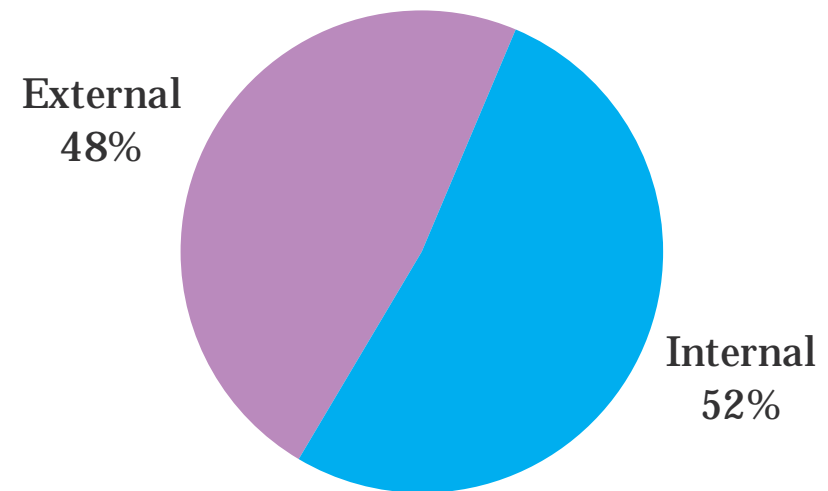
Tissue

– Temporary increase in production output

Sales and EBIT



Sales mix Q1 2013



- Detailed plan around phase out currently reviewed.
- Sales positively influenced in first quarter by circumstances around decision to close hygiene business.





Financials



Significant FX effects

SEKm	Q1 2013	Q1 2012	Q1 LTM 2013	FY 2012
Net sales	852	856	3 665	3 669
Gross profit	219	227	938	945
Gross margin	25.7%	26.5%	25.6%	25.8%
Selling expenses	-115	-122	-431	-438
Administrative expenses	-39	-42	-172	-176
R&D expenses	-5	-8	-23	-26
Other operating net	-6	2	-85	-77
Operating income (reported)	55	57	227	229
Non-recurring items ¹⁾	0	-3	-110	-113
Operating income (underlying)	55	60	336	342
Operating margin (underlying)	6.4%	7.0%	9.2%	9.3%
Financial net	-6	-7	-24	-25
Taxes	-13	-13	-78	-79
Net income	36	37	125	126
Earnings per share	0.77	0.78	2.65	2.67

1) Restructuring costs and market valuation of derivatives

Comparison figures for 2012 recalculated in accordance with IAS19R



Increased Sales in Consumer & Tissue

<i>SEKm</i>		Q1 2013	Q1 2012	Q1 LTM 2013	FY 2012
<i>Professional</i>	Net sales	586	626	2 642	2 682
	Operating income ¹⁾	53	61	329	337
	Operating margin	9.1%	9.8%	12.5%	12.6%
<i>Consumer</i>	Net sales	140	127	564	551
	Operating income ¹⁾	-3	-1	4	6
	Operating margin	-1.8%	-0.9%	0.7%	1.0%
<i>Tissue</i>	Net sales	126	104	459	436
	Operating income ¹⁾	4	0	3	-1
	Operating margin	3.2%	0.2%	0.6%	-0.2%
<i>Duni</i>	Net sales	852	856	3 665	3 669
	Operating income¹⁾	55	60	336	342
	Operating margin	6.4%	7.0%	9.2%	9.3%

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

Comparison figures for 2012 recalculated in accordance with IAS19R



Seasonally Strong Cash Flow: Low Capex

<i>SEKm</i>	Q1 2013	Q1 2012	Q1 LTM 2013	FY 2012
EBITDA¹⁾	84	88	450	454
Capital expenditure	-14	-39	-88	-113
<i>Change in;</i>				
Inventory	-53	-16	29	66
Accounts receivable	11	75	-44	20
Accounts payable	-7	-15	15	7
Other operating working capital	0	-60	40	-20
Change in working capital	-49	-16	40	73
Operating cash flow	21	33	402	414

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

Comparison figures for 2012 recalculated in accordance with IAS19R



Pension Debt Impact from new IAS standard

SEKm	Q1 2013	Q1 2012	FY 2012
Goodwill	1 199	1 199	1 199
Tangible and intangible fixed assets	762	899	795
Net financial assets ¹⁾	206	230	207
Inventories	432	485	387
Accounts receivable	590	584	624
Accounts payable	-282	-287	-301
Other operating assets and liabilities ³⁾	-272	-242	-285
Net assets	2 635	2 868	2 626
Net debt	608	786	638
Equity	2 027	2 082	1 988
Equity and net debt	2 635	2 868	2 626
ROCE ²⁾	14%	15%	14%
ROCE ²⁾ w/o Goodwill	27%	28%	28%
Net debt / Equity	30%	34%	32%
Net debt / EBITDA ²⁾	1.4	1.5	1.4

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

**Q1 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

-0.8%

(at fixed
exchange rates)

EBIT margin > 10%

Underlying

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

9.2%

Dividend payout
ratio 40+%

- Target at least 40% of net profit

3.50 SEK
per share
(proposal)





Thank you!