21 October 2016

Q3 Presentation 2016

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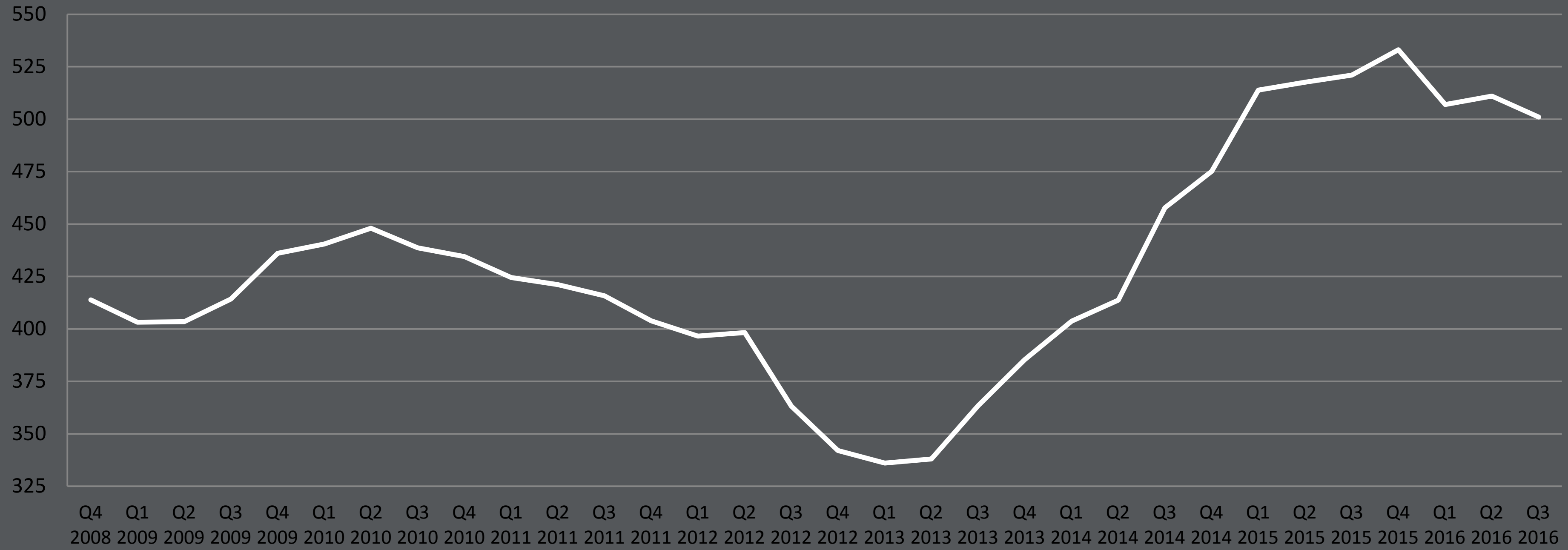
2016 Q3 Highlights

- 60% of shares in Terinex Siam acquired in August. Now consolidated in Business Area New Markets. Only marginal contribution to result in Q3.
- 1% growth corrected for structure and exchange rate effects.
- All Business Areas on par or better than last year in terms of growth.
- Continuous unfavorable development in FX rates, in particular the weak British pound.
- Profit down with -7% in the quarter, fully explained by currency effects.
- High efficiency and capacity utilization within Production.
- Weak delivery performance resulted in temporary higher cost for the quarter.

- Net sales SEK 1 064 m (1 043)
- Operating income SEK 136 m (146)
- Operating margin 12.8% (14.0%)

LTM operating income development



Includes discontinued operations


Music
Market Outlook
Duni

Market Outlook

- HoReCa market long-term growing in line with or slightly above GDP.
  - Higher growth in take-away, catering and fast food restaurants compared to traditional full service restaurants.
  - Restaurant sector in Germany slightly down for the first half year (volume).
  - Mixed signals from tourism industry. Southern Europe like Spain and Italy up by 5-7%, but sharp decrease in France.

- Weaker British pound
  - Weaker British pound creates significant negative transactional effects.
  - Consumer confidence relatively stable during 2016 with a slightly higher concern about future unemployment.
  - Purchase power still on high levels due to low interest rates.

- Stable FX rates with exception of British pound with lowest point in 7 years.

Business Areas

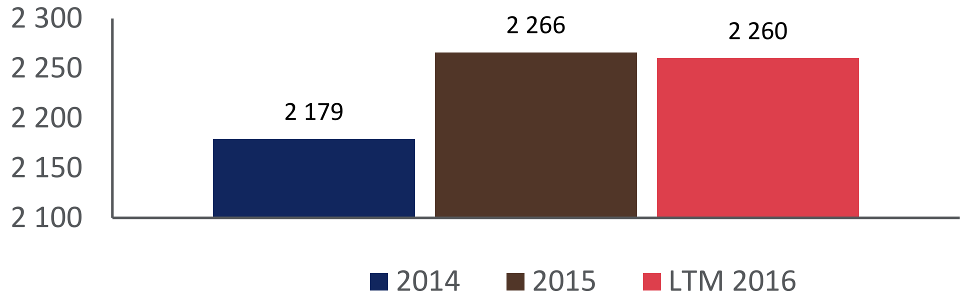
Table Top

Weaker British pound influence gross margins

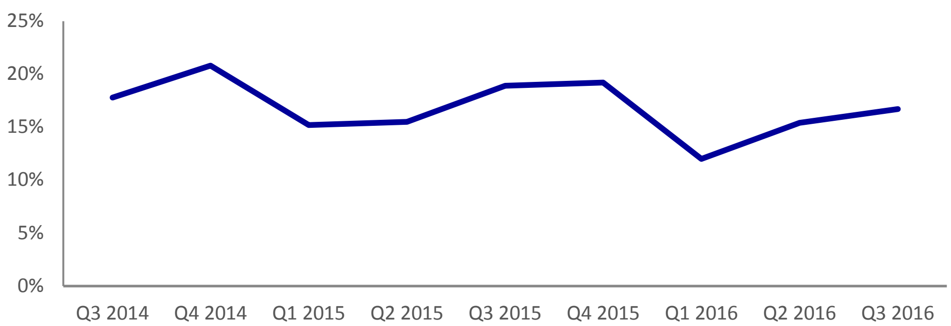
Table Top

SALES & OPERATING MARGIN 1)

NET SALES, SEK m



OPERATING MARGIN, %



1) Operating margin adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Q3, 2016

- Significant negative FX effects in the quarter is the main explanation for gap vs. last year.
- Germany stabilized and on par with previous year.
- All markets on par or with growth vs. previous year. UK exception with decline in the quarter.
- Table covers are still decreasing its share of total sales, but development improved from previous quarter.
- High efficiency and capacity utilization in Production, but delivery performance temporary down.

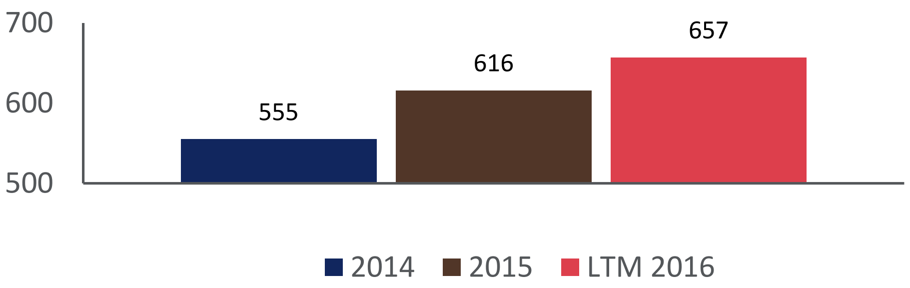
Meal Service

Growth driver within Duni Group

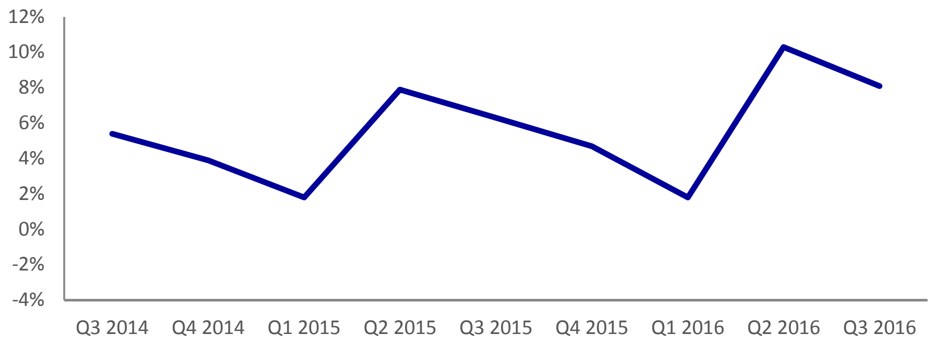
Meal Service

SALES & OPERATING MARGIN 1)

NET SALES, SEK m



OPERATING MARGIN, %



1) Operating margin adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Q3, 2016

- Growth above Duni average, but the quarter with slightly lower growth level vs. year to date.
- Successful campaign in the quarter on Duniform machines, used for food packaging.
- Customized products together with environmentally adapted products with clearly higher growth vs. average.

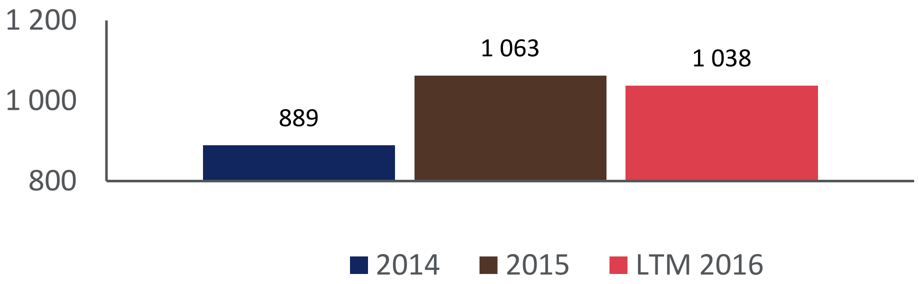
Consumer

Growth in the quarter

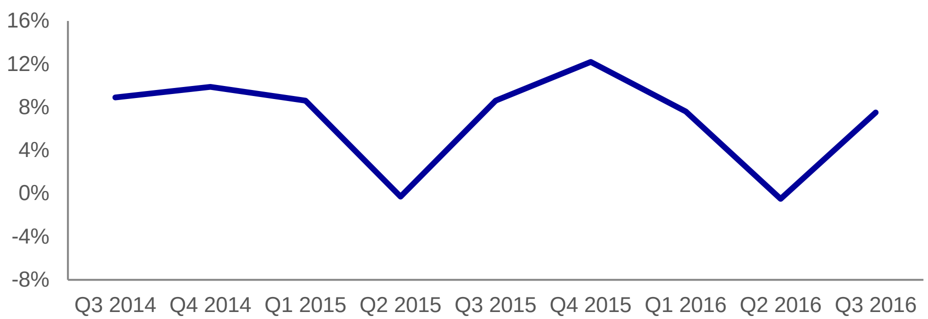
Consumer

SALES & OPERATING MARGIN [1)]

NET SALES, SEK m



OPERATING MARGIN, %



1) Operating margin adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Q3, 2016

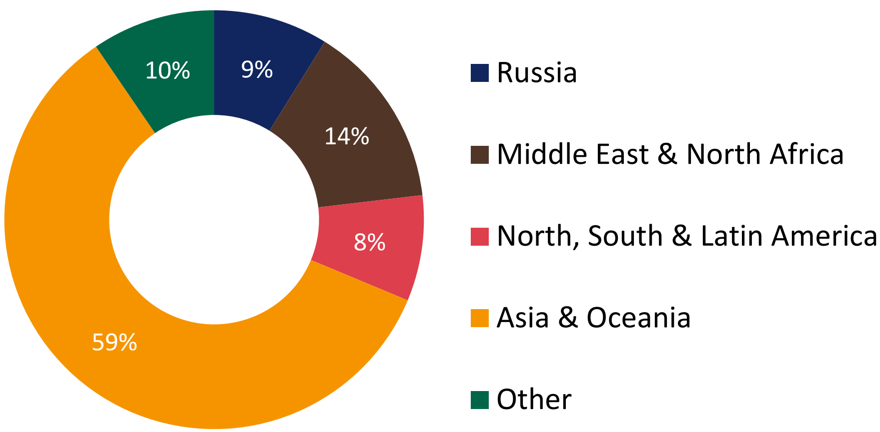
- Second quarter in row with growth, but year to date still marginally below last year due to weak start of the year.
- Like Table Top, weaker British pound main explanation for lower profitability in the quarter.
- Retail industry with modest increase, but continuous sharp competitive environment.

New Markets

Strengthened position in Asia

New Markets

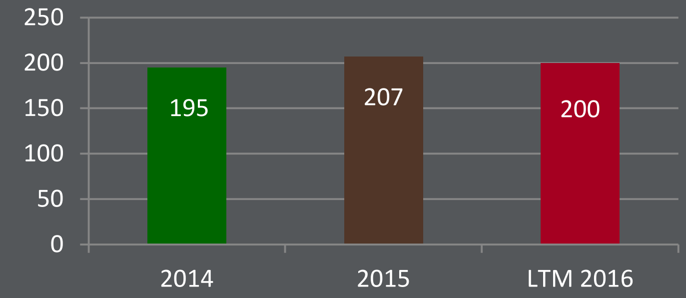
- Acquisition of Terinex Siam, Thailand, now part of New Markets strengthens position in South East Asia.
- Russia still below last year, but stable Russian Ruble and less effect on P&L.



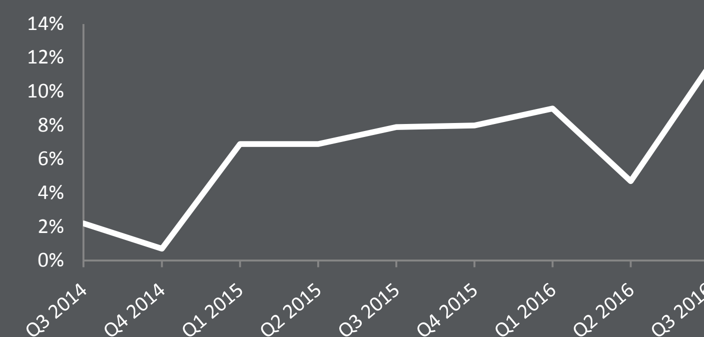
Net sales, geographical split

SALES & OPERATING MARGIN [1)]

NET SALES, SEK m



OPERATING MARGIN, %



1) Operating margin adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Materials & Services

- Hygiene is no longer included in Materials & Services.
- Remaining business are mainly external sales of tissue and airlaid plus some external services.

Financials

Gross margin influenced by FX effects

SEK m Continuing operations	**Q3 2016**	**Q3 2015**	**YTD 2016**	**YTD 2015**	**LTM 2016/2015**	**FY 2015**
Net sales	1 064	1 043	3 037	3 030	4 207	4 200
Gross profit	313	311	871	883	1 229	1 241
Gross margin	29.4%	29.9%	28.7%	29.1%	29.2%	29.6%
Selling expenses	-112	-112	-353	-353	-476	-476
Administrative expenses	-60	-59	-178	-176	-242	-240
R & D expenses	-2	-2	-6	-8	-8	-10
Other operating net	1	0	-24	-9	-39	-24
EBIT	**130**	**139**	**311**	**337**	**464**	**490**
Adjustments	-6	-7	-20	-20	-37	-38
Operating income [1)]	**136**	**146**	**331**	**357**	**501**	**528**
Operating margin	12.8%	14.0%	10.9%	11.8%	12.2%	12.6%
Financial net	-4	-10	-18	-22	-27	-31
Taxes	-32	-31	-73	-78	-108	-113
Net income	94	99	220	237	329	346
Earnings per share	1.99	2.10	4.68	5.05	7.01	7.37

1) Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

All Business Areas' sales on par or above last year

SEK m		Q3 2016	Q3 2015	YTD 2016	YTD 2015	LTM 2016/2015	FY 2015
Table Top	Net Sales	579	578	1 648	1 654	2 260	2 266
	Operating income 1)	97	109	244	274	362	392
	Operating margin	16.7%	18.9%	14.8%	16.6%	16.0%	17.3%
Meal Service	Net Sales	167	155	495	454	657	616
	Operating income 1)	13	10	35	25	42	33
	Operating margin	8.1%	6.3%	7.0%	5.5%	6.4%	5.3%
Consumer	Net Sales	247	245	708	733	1 038	1 063
	Operating income 1)	18	21	36	44	76	84
	Operating margin	7.5%	8.6%	5.1%	6.0%	7.4%	7.9%
New Markets	Net Sales	59	53	147	155	200	207
	Operating income 1)	7	4	13	11	17	15
	Operating margin	11.5%	7.9%	8.8%	7.2%	8.6%	7.4%
Materials & Services	Net Sales	12	11	39	34	53	48
	Operating income 1)	1	2	3	3	4	4
	Operating margin	9.5%	15.8%	6.8%	8.8%	6.8%	8.2%
Continuing operations	**Net Sales**	**1 064**	**1 043**	**3 037**	**3 030**	**4 207**	**4 200**
	Operating income 1)	**136**	**146**	**331**	**357**	**501**	**528**
	Operating margin	**12.8%**	**14.0%**	**10.9%**	**11.8%**	**12.2%**	**12.6%**
Discontinued operations	Net Sales	0	2	0	83	0	83
	Operating income 1)	0	0	0	5	0	5
	Operating margin	0%	-7.0%	0%	6.2%	0%	6.3%
Duni Total	**Net Sales**	**1 064**	**1 045**	**3 037**	**3 113**	**4 207**	**4 283**
	Operating income 1)	**136**	**146**	**331**	**362**	**501**	**533**
	Operating margin	**12.8%**	**14.0%**	**10.9%**	**11.6%**	**12.2%**	**12.4%**

1) Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Duni

Improved cash flow in Q3

SEK m Continuing operations	**Q3 2016**	**Q3 2015**	**YTD 2016**	**YTD 2015**	**LTM 2016/2015**	**FY 2015**
EBITDA from continuing operations [1)]	**169**	**177**	**426**	**452**	**630**	**656**
Capital expenditure	**-31**	**-53**	**-115**	**-105**	**-171**	**-161**
Change in; Inventory	-60	-35	-81	-83	-21	-23
Accounts receivable	-31	-39	-42	-24	0	18
Accounts payable	28	-15	-39	-3	15	51
Other operating working capital	60	49	41	22	-4	-23
Change in working capital	**-4**	**-40**	**-120**	**-88**	**-9**	**23**
Operating cash flow	**134**	**84**	**191**	**258**	**450**	**518**

Cash flow for continuing operations.

1) Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Net debt influenced by acquisition

SEK m	September 2016	December 2015	September 2015
Goodwill	1 576	1 455	1 461
Tangible and intangible fixed assets	1 243	1 132	1 144
Net financial assets [1)]	-48	-72	-42
Inventories	602	500	571
Accounts receivable	723	660	727
Accounts payable	-323	-352	-311
Other operating assets and liabilities [3)]	-434	-394	-449
Net assets	**3 339**	**2 929**	**3 100**
Net debt	982	584	867
Equity	2 357	2 345	2 233
Equity and net debt	**3 339**	**2 929**	**3 100**
ROCE [2)]	15%	19%	17%
ROCE [2)] w/o Goodwill	30%	38%	34%
Net debt / Equity	42%	25%	39%
Net debt / EBITDA [2)]	1.56	0.89	1.34

1) Deferred tax assets and liabilities + Income tax receivables and payables.
2) Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives. Calculated based on the last twelve months, continuing operations.
3) Including restructuring provision and derivatives.

Sales growth

> 5%

Organic growth of 5% over a business cycle

Consider acquisitions to reach new markets or to strengthen current market positions

LTM

1.0%

at fixed exchange rates, excluding hygiene business[1)]

Operating margin

> 10%

Top line growth – premium focus

Improvements in manufacturing, sourcing and logistics

LTM

12.2%

Dividend payout ratio

40+%

Target at least 40% of net profit

2015

5.00 SEK per share

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Thank you!
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