



# Interim Report for Duni AB (publ) 1 January – 30 September 2012

(compared with the same period of the previous year)

24 October 2012

## *Lower earnings but strong cash flow*

1 January – 30 September 2012

- Net sales amounted to SEK 2 638 m (2 744). Adjusted for exchange rate changes, net sales fell by 2.2%.
- Earnings per share, after dilution, amounted to SEK 2.98 (3.46).
- Stagnating market development.

1 July – 30 September 2012

- Net sales amounted to SEK 849 m (917). Adjusted for exchange rate changes, net sales fell by 2.3%.
- Earnings per share, after dilution, amounted to SEK 1.01 (1.34).
- Operating income of SEK 63 m (98). Currency effects, lower seasonal inventory buildup, and fewer invoicing days than last year account for approximately three-quarters of the decline in earnings.
- Strong cash flow led to a reduction in the net debt in the quarter, from SEK 830 m to SEK 740 m.

## *Key financials*

SEK m	9 months January- September 2012	9 months January- September 2011	3 months July – September 2012	3 months July – September 2011	12 months October – September 2011/2012	12 months January – December 2011
Net sales	2 638	2 744	849	917	3 701	3 807
Operating income <sup>1)</sup>	212	253	63	98	363	404
Operating margin <sup>1)</sup>	8.1%	9.2%	7.4%	10.7%	9.8%	10.6%
Income after financial items	186	224	59	90	321	358
Net income	140	163	47	63	238	261

1) Underlying operating income; for link to reported operating income, see the section entitled "Non-recurring items".

## *CEO's comments*

“The deteriorating economic climate has continued to impact on Duni's markets during the third quarter. The weaker economic trend is particularly noticeable in southern Europe, but generally speaking the hotel and restaurant markets in Europe also display a degree of weakening resilience.

Duni's business model has demonstrated its staying power and stability during tough times. Duni continues to develop at a relatively stable pace, bearing in mind market conditions. In total, Duni's sales in the quarter reached SEK 849 m, a reduction of 2.3% at fixed exchange rates. Cash flow during the quarter was strong and the net debt has fallen from SEK 830 m as per 30 June to SEK 740 m.

The Professional business area posted sales of SEK 635 m. Excluding currency effects, this represents a downturn of 3.1%. This reduction reflects a weaker market and the loss of a couple of large volume contracts in England. In addition, September – when the important Christmas sales begin to take off – had fewer invoicing days this year than last year. As regards Duni's market investments, growth has slowed down appreciably in southern Europe, while sales in Russia continue to develop very positively. The new premium tablecovering, Evolin<sup>®</sup>, is continuing to gain territory, but it takes time to create substantial sales figures on a conservative and fragmented market.

The sales trend in the Consumer business area improved as well during the third quarter. Sales were SEK 101 m, a decline with 1.6% at fixed exchange rates, on a slightly weaker market. During the quarter, Consumer began deliveries under the major contracts which were entered into during the second quarter, however, with a slight delay on the German market. The phase-in is resource-intensive and has an initial negative impact on earnings. Sales in the Consumer business area is expected to develop positively during the remainder of the year, thanks to the new contracts.

The Tissue business area remains stable with sales of SEK 112 m during the quarter, compared with SEK 111 m last year. Costs have also been incurred in the third quarter regarding test runs of new hygiene product qualities, and earnings have also been affected by lower production volumes aimed at reducing inventory levels.

Duni reports a weaker earnings trend in the third quarter, with an operating income of SEK 63 m. This is SEK 35 m down on the figure of SEK 98 m reported last year. Since sales revenues and operating income are mainly derived from Eurozone countries, Duni's profitability has been affected by the substantial strengthening of the Swedish krona. The currency effect is the most important reason for the weaker result. This factor, taken together with a lower rate of production aimed at avoiding stock building, as well as the fact that there were fewer invoicing days in September, accounts of the overwhelming proportion of the fall in earnings. When purely operational effects are considered, income was negatively affected to a certain extent by somewhat lower volumes, but this in turn was partly offset by effective cost control.

We are now entering Duni's most important quarter, which includes the Christmas season. We believe that the economic climate will remain weak, which may impact on demand. On the other hand, it may also bring with it certain reductions in raw material prices from relatively high levels,” says Fredrik von Oelreich, President and CEO, Duni.



## Net sales amounted to SEK 2 638 m

1 January – 30 September

Compared with the same period last year, net sales declined by SEK 106 m, to SEK 2 638 m (2 744). Adjusted for exchange rate changes, net sales fell by 2.2%. Duni sales have been negatively affected by the weaker economic climate. Most of the markets on which Duni operates are reporting declining sales within the HoReCa sector.

1 July – 30 September

Net sales amounted to SEK 849 m (917). Adjusted for exchange rate changes, net sales fell by 2.3%, which largely corresponds to a decline in volume. Consumer reports an improved volume trend compared with the first half of the year, while Professional lost somewhat more compared with last year.

Net sales, currency effect	9 months January- September 2012	9 months January- September 2012 <sup>1)</sup> recalculated	9 months January- September 2011	Change in fixed exchange rates	3 months July – September 2012	3 months July – September 2012 <sup>1)</sup> recalculated	3 months July – September 2011	Change in fixed exchange rates
SEK m								
Professional	1 959	1 999	2 016	-0.8%	635	675	696	-3.1%
Consumer	354	360	403	-10.9%	101	108	110	-1.6%
Tissue	325	325	324	0.2%	112	112	111	1.6%
<b>Duni</b>	<b>2 638</b>	<b>2 683</b>	<b>2 744</b>	<b>-2.2%</b>	<b>849</b>	<b>895</b>	<b>917</b>	<b>-2.3%</b>

<sup>1)</sup> Reported net sales for 2012 recalculated at 2011 exchange rates.

## Operating margin of 8.1%

1 January – 30 September

Operating income (EBIT) adjusted for non-recurring items amounted to SEK 212 m (253). The gross margin was 25.7% (26.1%) and the underlying operating margin for the group was 8.1% (9.2%). Adjusted for exchange rate changes, operating income was SEK 34 m lower than last year. Lower volumes due to the weaker economic climate have impacted on earnings, as have investments such as Evolin®. In addition, capacity utilization was lower due to activities to reduce inventory tie-up. Income after financial items was SEK 186 m (224). Income after tax was SEK 140 m (163).

1 July – 30 September

Operating income (EBIT) adjusted for non-recurring items fell by SEK 35 m to SEK 63 m (98), while the gross margin was weaker at 24.3% (27.1%). The operating margin fell to 7.4% (10.7%). Adjusted for exchange rate changes, operating income is SEK 27 m lower than last year. Income after financial items was SEK 59 m (90). Income after tax was SEK 47 m (63).

The pulp price is somewhat below last year's level and energy prices are clearly lower, which has made a positive contribution to the gross margin. Prices for raw materials for traded goods remain, however, at a high level. The weaker operating margin is primarily attributable to a strong Swedish krona, since a clearly predominant portion of Duni's revenues are in Euro. In addition, the translation of balance sheet items in respect of working capital has negatively affected earnings due to the sharp currency fluctuations during the quarter. In addition, a much lower than normal inventory buildup for the season had a negative impact on capacity utilization, while at the same time contributing to a strong cash flow. There were two fewer invoicing days in September than last year, which also affects sales in a month in which the important Christmas sales take off.

<i>Underlying operating income, currency effect</i>	9 months January- September 2012	9 months January- September 2012 <sup>1)</sup> recalculated	9 months January- September 2011	3 months July- September 2012	3 months July- September 2012 <sup>1)</sup> recalculated	3 months July- September 2011
<i>SEK m</i>						
Professional	228	235	237	77	85	93
Consumer	-13	-14	-3	-12	-12	-5
Tissue	-2	-2	20	-2	-2	10
<b>Duni</b>	<b>212</b>	<b>219</b>	<b>253</b>	<b>63</b>	<b>71</b>	<b>98</b>

<sup>1)</sup> Underlying operating income for 2012 recalculated at 2011 exchange rates.

### *Non-recurring items*

Non-recurring items means restructuring costs as well as non-realized valuation effects of currency and energy derivatives due to the fact that hedge accounting is not applied in respect of these financial instruments. Within the scope of the restructuring program which was announced at the end of last year SEK 6 m has been taken as cost in 2012.

Reported income for the period 1 January – 30 September 2012 is affected by non-realized valuation effects of derivatives in the amount of SEK 0 m (-9). For further information see Note 3.

<i>Non-recurring items</i>	9 months January- September 2012	9 months January- September 2011	3 months July- September 2012	3 months July- September 2011	12 months October – September 11/12	12 months January – December 2011
<i>SEK m</i>						
<b>Underlying operating income</b>	<b>212</b>	<b>253</b>	<b>63</b>	<b>98</b>	<b>363</b>	<b>404</b>
Unrealized value changes, derivative instruments	0	-9	0	0	-1	-10
Restructuring costs	-6	0	-1	0	-13	-6
<b>Reported operating income</b>	<b>207</b>	<b>244</b>	<b>62</b>	<b>98</b>	<b>350</b>	<b>388</b>

### *Reporting of operating segments*

Duni's operations are divided into three segments, referred to as business areas.

The Professional business area (sales to hotels, restaurants and catering companies) accounted for 74% (73%) of Duni's net sales during the period 1 January – 30 September 2012. Professional comprises two product categories: Table Top and Meal Service. Table Top markets primarily napkins, tablecoverings and candles, which are combined in matching concepts for the set table. Meal Service markets more functional concepts for take-away packaging and serving products, such as to-go, take-away and catering. Table Top accounts for approximately 80% of total sales within the Professional business area.

The Consumer business area (focused primarily on the grocery retail trade), accounted for 14% (15%) of net sales during the period.

<b>Duni</b>		
<i>Professional</i> 74%	<i>Consumer</i> 14%	<i>Tissue</i> 12%



*Split on Net sales between business areas*

The Tissue business area (airlaid and tissue-based material for tabletop products and hygiene applications) accounted for 12% (12%) of sales to external customers during the period.

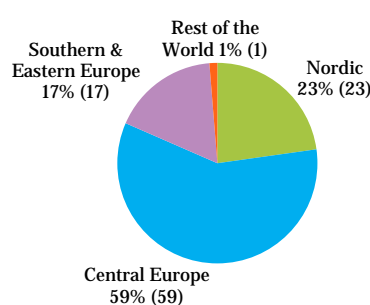
The Professional and Consumer business areas have, to a large extent, a common product range. Design and packaging solutions are, however, adapted to suit the different sales channels. Production and support functions are shared to a large degree by the business areas.

Duni management team, which decides upon the allocation of resources within Duni and evaluates results from the business operations, is the highest executive decision-making body in Duni. Duni controls the business areas on the underlying operating income, after shared costs have been allocated to each business area. For further information, see Note 2.

### Professional business area

*1 January – 30 September*

Net sales amounted to SEK 1,959 m (2,016). At fixed exchange rates, this represents a decline in sales of 0.8%. Southern Europe, where Duni is focusing on accelerated growth, has been negatively affected by the European debt crisis. In Eastern Europe, Russia continues to demonstrate strong growth. The decline in sales for the year is to a large extent due to the loss of the low margin customer contracts in the UK. Operating income was SEK 228 m (237) and the operating margin was 11.6% (11.7%).



*Sales, Geographical split, Professional*

*1 July – 30 September*

Net sales declined by SEK 61 m, to SEK 635 m (696). At fixed exchange rates, this corresponds to a fall in sales of 3.1%. The third quarter demonstrates that demand is continuing to weaken on essentially all markets. The Meal Service product category, which is focused primarily on the takeaway sector, continues to grow. This is in line with a more favorable market trend in that area. The price increases carried out during the third quarter of last year have had only a marginal impact on sales.

Operating income declined to SEK 77 m (93), with an operating margin of 12.1% (13.3%). Logistics costs, which were unusually low during the third quarter of last year, are now on a more normal level. The effects of the lower sales were partly mitigated by somewhat lower raw material prices as well as effective cost control.

<i>Net Sales, Professional</i>	9 months January- September 2012	9 months January- September 2012 <sup>1)</sup> recalculated	9 months January- September 2011	3 months July – September 2012	3 months July- September 2012 <sup>1)</sup> recalculated	3 months July – September 2011	12 months October – September 11/12	12 months January – December 2011
<i>SEK m</i>								
Nordic region	441	441	456	140	141	152	620	635
Central Europe	1 155	1 181	1 194	375	406	417	1 601	1 640
Southern & Eastern Europe	338	350	346	111	120	119	454	462
Rest of the World	26	27	21	9	9	8	34	29
<b>Total</b>	<b>1 959</b>	<b>1 999</b>	<b>2 016</b>	<b>635</b>	<b>675</b>	<b>696</b>	<b>2 709</b>	<b>2 766</b>

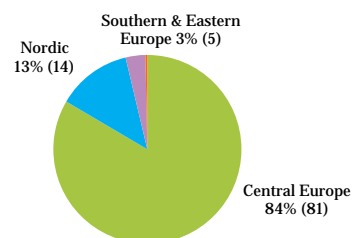
<sup>1)</sup> Reported net sales for 2012 recalculated at 2011 exchange rates.



## Consumer business area

1 January – 30 September

Net sales amounted to SEK 354 m (403), representing a 10.9% fall in sales at fixed exchange rates. Phase-in has begun of the new customer contracts which were announced last quarter, but in certain cases at a slower pace than planned. The grocery retail trade has had a soft development in most parts of Europe. Operating income was SEK -13 m (-3). The operating margin weakened to -3.8% (-0.8%).



Sales – Geographical split, Consumer

1 July – 30 September

Net sales amounted to SEK 101 m (110). At fixed exchange rates, this corresponds to a decline in sales of 1.6%. Third quarter sales represent a clear improvement compared with the first half of the year. The improved sales trend is primarily due to the new contracts.

The seasonally weak third quarter has been negatively affected by implementation costs relating to the new customer contracts. At the same time, Christmas deliveries were affected by the fact that there were fewer invoicing days in September. Competitive pressure remains fierce in a stagnating grocery retail trade. However, the opinion is that Duni successfully defends its position, with generally retained gross margins. Operating income was SEK -12 m (-5) and the operating margin was -11.8% (-4.4%).

Net Sales, Consumer	9 months January- September 2012	9 months January- September 2012 <sup>1)</sup> recalculated	6 months January- September 2011	3 months July- September 2012	3 months July – September 2012 <sup>1)</sup> recalculated	3 months July - September 2011	12 months October – September 2011/2012	12 months January – December 2011
Nordic region	48	48	57	15	15	16	73	82
Central Europe	296	301	325	84	91	90	473	502
Southern & Eastern Europe	10	10	21	2	2	4	15	26
Rest of the World	1	1	1	0	0	0	2	2
<b>Total</b>	<b>354</b>	<b>360</b>	<b>403</b>	<b>101</b>	<b>108</b>	<b>110</b>	<b>563</b>	<b>612</b>

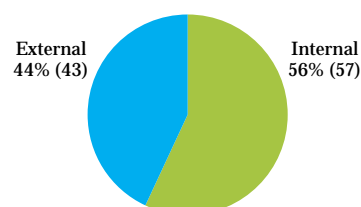
<sup>1)</sup> Reported net sales for 2012 recalculated at 2011 exchange rates.

## Tissue business area

1 January – 30 September

At SEK 325 m (324), external net sales during the year are in line with last year, with the hygiene sector remaining the dominant share of sales.

Operating income was negatively affected during the year by inventory reductions, which resulted in lower capacity utilization. Productivity was thereby negatively affected, as it was by the start-up of new equipment as well as extensive test runs for new qualities. Operating income was SEK -2 m (20). The operating margin weakened to -0.8% (6.1%).



Sales mix, Tissue



## *1 July – 30 September*

Sales remain stable compared with last year. External net sales amounted to SEK 112 m (111). Operating income was SEK -2 m (10), and the operating margin thereby fell from 9.2% to -2.2%. The third quarter has been characterized by inventory reductions; this has benefited cash flow but has negatively affected capacity utilization. Earnings were also negatively affected by a number of test runs.

### *Cash flow*

The Group's operating cash flow for the period 1 January – 30 September was SEK 207 m (185). The inventory value is SEK 481 m (534). Accounts receivable were SEK 66 m lower at SEK 604 m (670). Accounts payable amounted to SEK 270 m (315).

Cash flow including investing activities amounted to SEK 121 m (10). The investment level has normalized and is at approximately half of last year's level. This factor, together with the non-buildup of inventory during the quarter, resulted in a significant improved cash flow in a quarter which is normally seasonally weak. The net debt thereby declined by SEK 95 m in the quarter. Net capital expenditures for the period amounted to SEK 89 m (177). Amortization and depreciation for the period amounted to SEK 83 m (80).

The Group's interest-bearing net debt as per 30 September 2012 was SEK 740 m, compared with SEK 755 m as per 30 September 2011.

### *Financial net*

The financial net for the period 1 January – 30 September amounted to SEK -20 m (-20). The external interest expenses are lower than last year, while translation effects on cash balances are more negative than last year.

### *Taxes*

The total reported tax expense for the period 1 January – 30 September was SEK 46 m (61), yielding an effective tax rate of 24.7% (27.2%). The tax expense for the year includes adjustments from preceding periods of SEK -10.1 m (-2.4), of which SEK -9.0 m relates to adjustments in respect of a completed tax audit in Germany. At the same time, the outcome of the tax audit entails an increase in the deferred tax asset which positively affects reported tax by SEK 14 m. The deferred tax asset relating to loss carryforwards has been utilized in the amount of SEK 11 m (30).

The Swedish Government has presented a proposal to reduce the Swedish corporate tax rate from 26.3% to 22.0%. A reduction in the tax rate to 22.0% would, as per 31 December 2012, entail a write-down of Duni AB's tax assets by approximately SEK 35 m.

### *Earnings per share*

The earnings per share before and after dilution amounted to SEK 2.98 (3.46).

### **Duni's share**

As per 30 September 2012 the share capital amounted to SEK 58,748,790 divided into 46,999,032 shares, each with a quotient value of SEK 1.25.

### **Shareholders**

Duni is listed on NASDAQ OMX Stockholm under the ticker name "DUNI". Duni's three largest shareholders are Mellby Gård Investering AB (29.99%), Polaris Capital Management, LLC (10.58%) and Lannebo fonder (9.53%).

## *Personnel*

On 30 September 2012 there were 1,860 (1,907) employees. 798 (817) of the employees were engaged in production. Duni's production units are located in Bramsche in Germany, Poznan in Poland, and Bengtsfors in Sweden.

## *Acquisitions*

No acquisitions were carried out during the period.

## *New establishment*

No new establishments were carried out during the period.

## *Risk factors for Duni*

A number of risk factors may affect Duni's operations in terms of both operational and financial risks. Operational risks are normally handled by each operating unit and financial risks are managed by the Group's Treasury department, which is included as a unit within the Parent Company.

## **Operational risks**

Duni is exposed to a number of operational risks which it is important to manage. The development of attractive product ranges, particularly the Christmas collection, is extremely important in order for Duni to achieve good sales and income growth. Duni addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to, and to create new, trends. A weaker economy over an extended period of time in Europe might lead to fewer restaurant visits, reduced consumption at consumer level and increased price competition, which may affect volumes and gross margins. Fluctuations in prices of raw materials and energy constitute an operational risk which may have a material impact on Duni's operating income.

## **Financial risks**

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing and liquidity risks. These risks are controlled in an overall risk management policy which focuses on unforeseen events on the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are in all essential respects also related to the Parent Company. Duni's management of financial risks is described in greater detail in the Annual Report as per 31 December 2011.

Contingent liabilities have been reduced by SEK 15 m since 31 December 2011 because the trade with forward electricity contracts has ceased.

As from 5 July 2012, Duni has a new financing agreement in place which extends over three years; thus, commencing the third quarter the borrowing is once again reported as non-current.

## *Transactions with related parties*

No transactions with related parties took place during the third quarter of 2012.

## *Major events since 30 September*

No major events have occurred since the balance sheet date.

## *Interim reports*

Quarter IV 14 February, 2013

Quarter I 19 April, 2013



## *Annual General Meeting 2013*

Duni AB's annual general meeting will be held in Malmö at 3 pm on 2 May 2013. For further information, please see Duni's website.

## *Parent Company*

Net sales for the period 1 January – 30 September amounted to SEK 747 m (825). Income after financial items was SEK 13 m (-15). The net debt amounted to SEK -310 m (-228), of which a net asset of SEK 1,017 m (940) relates to subsidiaries. Net capital expenditures amounted to SEK 10 m (35). During the quarter, a net claim against one of the subsidiaries in Germany has been reclassified from being a short-term financial receivable to being a long-term financial receivable.

## *Accounting principles*

This interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's financial statements are prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied are those described in the annual report as per 31 December 2011. There is no non-controlling interest in Duni.

## *Information in the report*

The information is such that Duni AB (publ) is to publish in accordance with the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information will be submitted for publication on 24 October at 8.00 AM CET.

The interim report will be presented on Wednesday, 24 October at 10.00 AM CET at a telephone conference which also can be followed via the web. To participate in the telephone conference, please dial +46 (0)8 505 598 16. To follow the presentation via the web, please visit this link:

<https://www.anywhereconference.com/?Conference=108276184&PIN=103088>

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version shall apply.

*Malmö, 23 October 2012*

Fredrik von Oelreich, President and CEO

*Additional information is provided by:*

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## **Report of Review of Interim Financial Information**

### **Introduction**

We have reviewed this report for the period January 1, 2012 to September 30, 2012 for Duni AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 23, 2012  
PricewaterhouseCoopers

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Eva Carlsvi  
Authorised Public Accountant  
Auditor in charge

## Consolidated Income Statements

SEK m (Note 1)	9 months January - September 2012	9 months January - September 2011	3 months July- September 2012	3 months July - September 2011	12 months October - September 2011/2012	12 months January- December 2011
<b>Net Sales</b>	<b>2 638</b>	<b>2 744</b>	<b>849</b>	<b>917</b>	<b>3 701</b>	<b>3 807</b>
Cost of goods sold	-1 960	-2 028	-642	-669	-2 707	-2 776
<b>Gross profit</b>	<b>678</b>	<b>716</b>	<b>207</b>	<b>248</b>	<b>993</b>	<b>1 031</b>
Selling expenses	-327	-332	-97	-105	-436	-441
Administrative expenses	-122	-128	-39	-43	-166	-172
Research and development expenses	-20	-21	-5	-7	-29	-30
Other operating incomes (Note 1, 3)	3	17	0	5	7	15
Other operating expenses (Note 1, 3)	-6	-8	-4	-1	-18	-15
<b>Operating income (Note 2)</b>	<b>207</b>	<b>244</b>	<b>62</b>	<b>98</b>	<b>350</b>	<b>388</b>
Financial income	4	2	1	1	5	3
Financial expenses, etc.	-24	-22	-4	-9	-34	-33
<b>Net financial items</b>	<b>-20</b>	<b>-20</b>	<b>-3</b>	<b>-8</b>	<b>-29</b>	<b>-30</b>
<b>Income after financial items</b>	<b>186</b>	<b>224</b>	<b>59</b>	<b>90</b>	<b>321</b>	<b>358</b>
Income tax	-46	-61	-11	-26	-83	-98
<b>Net Income</b>	<b>140</b>	<b>163</b>	<b>47</b>	<b>63</b>	<b>238</b>	<b>261</b>
<b>Income attributable to:</b>						
Equity holders of the Parent Company	140	163	47	63	238	261
<b>Earnings per share, attributable to equity holders of the Parent Company, SEK</b>						
Before and after dilution	2.98	3.46	1.01	1.34	5.07	5.54
Average number of shares before and after dilution ('000)	46 999	46 999	46 999	46 999	46 999	46 999

## Statement of Comprehensive Income

SEK m	9 months January- September 2012	9 months January- September 2011	3 months July – September 2012	3 months July- September 2011	12 months October- September 2011/2012	12 months January- December 2011
<b>Net income of the period</b>	<b>140</b>	<b>163</b>	<b>47</b>	<b>63</b>	<b>238</b>	<b>261</b>
<b>Comprehensive income, net after tax:</b>						
Exchange rate differences - translation of subsidiaries	14	-11	6	-6	18	-6
Cash flow hedge	-2	0	-1	0	-2	0
<b>Comprehensive income of the period, net after tax:</b>	<b>12</b>	<b>-11</b>	<b>5</b>	<b>-6</b>	<b>16</b>	<b>-6</b>
<b>Sum of comprehensive income of the period</b>	<b>152</b>	<b>152</b>	<b>52</b>	<b>57</b>	<b>254</b>	<b>255</b>
<b>Comprehensive income of the period attributable to:</b>						
Equity holders of the Parent Company	152	152	52	57	254	255

## Consolidated Quarterly Income Statements in brief

SEK m	2012			2011			2010	
	Jul- Sep	Apr - Jun	Jan - Mar	Oct- Dec	Jul- Sep	Apr- Jun	Jan- Mar	Oct- Dec
<b>Net Sales</b>	<b>849</b>	<b>934</b>	<b>856</b>	<b>1 063</b>	<b>917</b>	<b>960</b>	<b>867</b>	<b>1 097</b>
Cost of goods sold	-642	-689	-629	-747	-669	-720	-640	-785
<b>Gross profit</b>	<b>207</b>	<b>245</b>	<b>227</b>	<b>315</b>	<b>248</b>	<b>241</b>	<b>227</b>	<b>312</b>
Selling expenses	-97	-108	-122	-109	-105	-110	-118	-107
Administrative expenses	-39	-40	-42	-45	-43	-43	-42	-45
Research and development expenses	-5	-8	-8	-9	-7	-7	-6	-9
Other operating incomes (Note 1)	0	2	4	1	5	11	5	65
Other operating expenses (Note 1)	-4	-3	-2	-10	-1	-6	-6	-48
<b>Operating income</b>	<b>62</b>	<b>87</b>	<b>57</b>	<b>144</b>	<b>98</b>	<b>86</b>	<b>61</b>	<b>169</b>
Financial income	1	1	1	1	1	1	1	0
Financial expenses etc.	-4	-11	-8	-10	-9	-7	-6	-6
<b>Net financial items</b>	<b>-3</b>	<b>-10</b>	<b>-7</b>	<b>-9</b>	<b>-8</b>	<b>-7</b>	<b>-6</b>	<b>-6</b>
<b>Income after financial items</b>	<b>59</b>	<b>77</b>	<b>50</b>	<b>134</b>	<b>90</b>	<b>79</b>	<b>55</b>	<b>163</b>
Income tax	-11	-21	-13	-36	-26	-20	-15	-46
<b>Net Income</b>	<b>47</b>	<b>56</b>	<b>37</b>	<b>98</b>	<b>63</b>	<b>59</b>	<b>41</b>	<b>117</b>

## Consolidated Balance Sheets in brief

SEK m	30 September 2012	31 December 2011	30 September 2011
<b>ASSETS</b>			
Goodwill	1 199	1 199	1 199
Other intangible fixed assets	55	57	46
Tangible fixed assets	814	830	682
Financial fixed assets	228	243	257
<b>Total fixed assets</b>	<b>2 296</b>	<b>2 329</b>	<b>2 184</b>
Inventories	481	470	534
Accounts receivable	604	663	670
Other operating receivables	119	134	163
Cash and cash equivalents	123	85	127
<b>Total current assets</b>	<b>1 327</b>	<b>1 352</b>	<b>1 492</b>
<b>TOTAL ASSETS</b>	<b>3 623</b>	<b>3 681</b>	<b>3 677</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>2 070</b>	<b>2 082</b>	<b>1 979</b>
Long-term loans	699	26	706
Other long-term liabilities	207	212	221
<b>Total long-term liabilities</b>	<b>906</b>	<b>238</b>	<b>927</b>
Accounts payable	270	302	315
Short-term loans	-	635	-
Other short-term liabilities	377	424	455
<b>Total short-term liabilities</b>	<b>647</b>	<b>1 361</b>	<b>770</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3 623</b>	<b>3 681</b>	<b>3 677</b>



## Change in the Group's shareholders' equity

SEK m	Attributable to equity holders of the parent company						TOTAL EQUITY
	Share capital	Other injected capital	Reserves	Cash flow reserves	Fair value reserve <sup>1)</sup>	Profit carried forward incl. net income for the period	
<b>Opening balance 1 January 2011</b>	<b>59</b>	<b>1 681</b>	<b>49</b>	-	<b>13</b>	<b>189</b>	<b>1 991</b>
Sum of comprehensive income of the period	-	-	-11	0	-	163	152
Dividend paid to shareholders	-	-	-	-	-	-164	-164
<b>Closing balance 30 September 2011</b>	<b>59</b>	<b>1 681</b>	<b>38</b>	<b>0</b>	<b>13</b>	<b>188</b>	<b>1 979</b>
Sum of comprehensive income of the period	-	-	5	0	-	98	103
<b>Closing balance 31 December 2011</b>	<b>59</b>	<b>1 681</b>	<b>43</b>	<b>0</b>	<b>13</b>	<b>286</b>	<b>2 082</b>
Sum of comprehensive income of the period	-	-	14	-2	-	140	152
Dividend paid to shareholders	-	-	-	-	-	-164	-164
<b>Closing balance 30 September 2012</b>	<b>59</b>	<b>1 681</b>	<b>57</b>	<b>-2</b>	<b>13</b>	<b>262</b>	<b>2 070</b>

<sup>1)</sup> Fair value reserve means a reappraisal of land in accordance with earlier accounting principles. The reappraised value is adopted as the acquisition value in accordance with the transition rules in IFRS 1.

## Consolidated Cash Flow Statement

SEK m	1 January- 30 September 2012	1 January- 30 September 2011
<b>Current operation</b>		
Operating income	207	244
Adjustment for items not included in cash flow etc.	67	73
Paid interest and tax	-51	-59
Change in working capital	-15	-74
<b>Cash flow from operations</b>	<b>207</b>	<b>185</b>
<b>Investments</b>		
Acquisition of fixed assets	-90	-180
Sales of fixed assets	3	3
Change in interest-bearing receivables	2	2
<b>Cash flow from investments</b>	<b>-86</b>	<b>-175</b>
<b>Financing</b>		
Taken up loans <sup>1)</sup>	134	125
Amortization of debt <sup>1)</sup>	-42	-37
Dividend paid	-164	-164
Change in borrowing	-8	71
<b>Cash flow from financing</b>	<b>-81</b>	<b>-5</b>
<b>Cash flow from the period</b>	<b>40</b>	<b>5</b>
Liquid funds, opening balance	85	122
Exchange difference, cash and cash equivalents	-1	0
<b>Cash and cash equivalents, closing balance</b>	<b>123</b>	<b>127</b>

<sup>1)</sup> Loans and amortizations, within the credit facility, are reported gross for duration above 3 months according to IAS 7.

## Key ratios in brief

	1 January- 30 September 2012	1 January- 30 September 2011
Net Sales, SEK m	2 638	2 744
Gross Profit, SEK m	678	716
EBIT <sup>1)</sup> , SEK m	212	253
EBITDA <sup>1)</sup> , SEK m	296	333
Net debt	740	755
Number of Employees	1 860	1 907
Sales growth	-3.9%	-4.5%
Gross margin	25.7%	26.1%
EBIT <sup>1)</sup> margin	8.1%	9.2%
EBITDA <sup>1)</sup> margin	11.2%	12.1%
Return on capital employed <sup>1) 2)</sup>	14.0%	16.8%
Net debt/equity ratio	35.7%	38.1%
Net debt/EBITDA <sup>1) 2)</sup>	1.56	1.45

<sup>1)</sup> Calculated based on underlying operating income.

<sup>2)</sup> Calculated based on the last twelve months.

## Parent Company Income Statements in brief

SEK m (Note 1)	9 months January - September 2012	9 months January - September 2011	3 months July - September 2012	3 months July - September 2011
<b>Net Sales</b>	<b>747</b>	<b>825</b>	<b>242</b>	<b>276</b>
Cost of goods sold	-671	-739	-223	-242
<b>Gross profit</b>	<b>76</b>	<b>85</b>	<b>20</b>	<b>35</b>
Selling expenses	-89	-82	-22	-24
Administrative expenses	-93	-101	-29	-30
Research and development expenses	-10	-10	-2	-4
Other operating incomes	139	159	29	56
Other operating expenses	-124	-110	-47	-38
<b>Operating income</b>	<b>-100</b>	<b>-58</b>	<b>-52</b>	<b>-5</b>
Revenue from participations in Group Companies	109	39	11	5
Other interest revenue and similar income	23	22	7	8
Interest expenses and similar expenses	-19	-19	-6	-7
<b>Net financial items</b>	<b>113</b>	<b>43</b>	<b>13</b>	<b>6</b>
<b>Income after financial items</b>	<b>13</b>	<b>-15</b>	<b>-39</b>	<b>1</b>
Taxes on income for the period	5	-6	7	-6
<b>Net income for the period</b>	<b>18</b>	<b>-21</b>	<b>-33</b>	<b>-5</b>

## Parent Company Statement of Comprehensive Income

SEK m	9 months January - September 2012	9 months January - September 2011	3 months July - September 2012	3 months July - September 2011
<b>Net income of the period</b>				
<b>Comprehensive income, net after tax:</b>	<b>18</b>	<b>-21</b>	<b>-33</b>	<b>-5</b>
Exchange rate differences - translation of subsidiaries	0	3	1	1
Cash flow hedge	-2	0	-1	0
<b>Comprehensive income of the period, net after tax</b>	<b>-2</b>	<b>3</b>	<b>0</b>	<b>1</b>
<b>Sum of comprehensive income of the period</b>	<b>16</b>	<b>-18</b>	<b>-33</b>	<b>-4</b>
<b>Comprehensive income of the period attributable to:</b>				
Equity holders of the Parent Company	16	-18	-33	-4

## Parent Company Balance Sheets in Brief

SEK m	30 September 2012	31 December 2011	30 September 2011
<b>ASSETS</b>			
Goodwill	425	500	525
Other intangible fixed assets	45	49	38
<b>Total intangible fixed assets</b>	<b>469</b>	<b>548</b>	<b>563</b>
Tangible fixed assets	67	69	80
Financial fixed assets	2 003	992	1 025
<b>Total fixed assets</b>	<b>2 539</b>	<b>1 610</b>	<b>1 668</b>
Inventories	103	88	110
Accounts receivable	98	96	110
Other operating receivables	229	1 298	1 014
Cash and bank	84	43	85
<b>Total current assets</b>	<b>514</b>	<b>1 526</b>	<b>1 319</b>
<b>TOTAL ASSETS</b>	<b>3 053</b>	<b>3 135</b>	<b>2 987</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Total restricted shareholders equity	83	83	83
Total unrestricted shareholders equity	1 845	1 993	1 812
<b>Shareholders' equity</b>	<b>1 928</b>	<b>2 076</b>	<b>1 895</b>
<b>Provisions</b>	<b>112</b>	<b>114</b>	<b>115</b>
Long-term financial liabilities	681	9	686
<b>Total long-term liabilities</b>	<b>681</b>	<b>9</b>	<b>686</b>
Accounts payable	46	56	58
Short-term financial liabilities	-	635	-
Other short-term liabilities	286	245	233
<b>Total short-term liabilities</b>	<b>332</b>	<b>936</b>	<b>291</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>3 053</b>	<b>3 135</b>	<b>2 987</b>



## Definitions

**Cost of goods sold:** Cost of goods sold including production and logistic costs.

**Gross margin:** Gross profit as a percentage of net sales.

**EBIT:** Operating income.

**Underlying EBIT:** Operating income adjusted for non recurring items.

**EBIT margin:** EBIT as a percentage of net sales.

**EBITA:** Operating income adjusted for impairment of fixed assets.

**EBITA margin:** EBITA as a percentage of net sales.

**EBITDA:** Operating income before depreciation and impairment of fixed assets.

**EBITDA margin:** EBITDA as a percentage of net sales.

**Capital employed:** Non-interest bearing fixed assets and current assets, excluding deferred tax assets, less non-interest bearing liabilities.

**Return on capital employed:** Operating income as a percentage of capital employed.

**Return on shareholders' equity:** Net income as a percentage of shareholders' equity.

**Number of employees:** The number of employees at end of period.

**Currency adjusted:** Figures adjusted for changes in exchange rates related to consolidation. Figures for 2012 are calculated at exchange rates for 2011. Effects of translation of balance sheet items are not included.

**Earnings per share:** Net income divided by the average number of shares.

**Net Interest-bearing debt:** Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables.

**HoReCa:** Abbreviation for hotels, restaurants and catering.

**Private label:** Products marketed under customer's own label.

## Notes

### *Note 1 • Accounting and valuation principles*

Since January 1, 2005, Duni applies International Financial Reporting Standards (IFRS) as adopted by the European Union. For transition effects see notes 45 and 46 in the Annual Report of 30 June 2007.

This interim report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and with the related reference to Chapter 9 of the Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Reporting for Legal Entities, and the Annual Accounts Act. The accounting principles are the same as in the Annual Report as per 31 December 2011.

The accounting principle regarding group contributions was changed in 2011. Accordingly, the parent company's balance sheet for comparison years has been recalculated as regards received group contributions.

Currency exchange rate effects are reported as a net value in either other operating incomes or other operating expenses since January 1, 2012. Comparative figures have been recalculated.

### *Note 2 • Segment reporting, SEK m*

January - September

<b>2012-01-01 – 2012-09-30</b>	<b>Professional</b>	<b>Consumer</b>	<b>Tissue</b>	<b>Group's Total</b>
Total net sales	1 959	354	739	<b>3 052</b>
Net sales from other segments	-	-	414	<b>414</b>
<b>Net sales from external customers</b>	<b>1 959</b>	<b>354</b>	<b>325</b>	<b>2 638</b>
<b>Underlying operating income</b>	<b>228</b>	<b>-13</b>	<b>-2</b>	<b>212</b>
Non-recurring items	-	-	-	<b>-6</b>
<b>Operating income</b>	-	-	-	<b>207</b>
Net financial items	-	-	-	<b>-20</b>
Income after financial items	-	-	-	<b>186</b>

<b>2011-01-01 – 2011-09-30</b>	<b>Professional</b>	<b>Consumer</b>	<b>Tissue</b>	<b>Group's Total</b>
Total net sales	2 016	403	755	<b>3 175</b>
Net sales from other segments	-	-	431	<b>431</b>
<b>Net sales from external customers</b>	<b>2 016</b>	<b>403</b>	<b>324</b>	<b>2 744</b>
<b>Underlying operating income</b>	<b>237</b>	<b>-3</b>	<b>20</b>	<b>253</b>
Non-recurring items	-	-	-	<b>-9</b>
<b>Operating income</b>	-	-	-	<b>244</b>
Net financial items	-	-	-	<b>-20</b>
Income after financial items	-	-	-	<b>224</b>

## July - September

<b>2012-07-01 – 2012-09-30</b>	<b>Professional</b>	<b>Consumer</b>	<b>Tissue</b>	<b>Group's Total</b>
Total net sales	635	101	247	<b>983</b>
Net sales from other segments	-	-	135	<b>135</b>
<b>Net sales from external customers</b>	<b>635</b>	<b>101</b>	<b>112</b>	<b>849</b>
<b>Underlying operating income</b>	<b>77</b>	<b>-12</b>	<b>-2</b>	<b>63</b>
Non-recurring items	-	-	-	<b>-1</b>
<b>Operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>
Net financial items	-	-	-	<b>-3</b>
Income after financial items	-	-	-	<b>59</b>

<b>2011-07-01 – 2011-09-30</b>	<b>Professional</b>	<b>Consumer</b>	<b>Tissue</b>	<b>Group's Total</b>
Total net sales	696	110	254	<b>1 060</b>
Net sales from other segments	-	-	143	<b>143</b>
<b>Net sales from external customers</b>	<b>696</b>	<b>110</b>	<b>111</b>	<b>917</b>
<b>Underlying operating income</b>	<b>93</b>	<b>-5</b>	<b>10</b>	<b>98</b>
Non-recurring items	-	-	-	<b>0</b>
<b>Operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98</b>
Net financial items	-	-	-	<b>-8</b>
Income after financial items	-	-	-	<b>90</b>

No significant changes have taken place in the assets of the segments compared with the annual report as per 31 December 2011.

Quarterly overview, by segment:

<i>Net sales</i>								
SEK m	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Professional	635	699	626	750	696	717	604	758
Consumer	101	126	127	209	110	135	159	231
Tissue	112	109	104	104	111	109	104	109
<b>Duni</b>	<b>849</b>	<b>934</b>	<b>856</b>	<b>1 063</b>	<b>917</b>	<b>960</b>	<b>867</b>	<b>1 097</b>
<i>Underlying operating income</i>								
SEK m	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Professional	77	90	61	121	93	91	53	124
Consumer	-12	0	-1	24	-5	-4	6	33
Tissue	-2	0	0	6	10	1	9	6
<b>Duni</b>	<b>63</b>	<b>90</b>	<b>60</b>	<b>151</b>	<b>98</b>	<b>88</b>	<b>67</b>	<b>163</b>

### Note 3 • Non-recurring items

Duni considers restructuring cost and unrealized valuation effects on derivative instruments, due to non-application of hedge accounting, as non-recurring items. Presented below is a specification of the lines on which these items are included in the consolidated income statement.

<i>Derivative instruments</i> <i>SEK m</i>	9 months January- September 2012	9 months January- September 2011	3 months July - September 2012	3 months July - September 2011	12 months October - September 11/12	12 months January - December 2011
Other operating incomes	1	0	0	0	1	-
Other operating expenses	0	-9	0	0	-1	-10
<b>Total</b>	<b>0</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-10</b>

<i>Restructuring cost</i> <i>SEK m</i>	9 months January- September 2012	9 months January- September 2011	3 months July - September 2012	3 months July - September 2011	12 months October - September 11/12	12 months January- December 2011
Cost of goods sold	-1	-	-1	-	-3	-2
Selling expenses	-5	-	-	-	-5	-
Administrative expenses	-	0	-	0	0	-2
Other operating expenses	0	0	0	0	-5	-2
<b>Total</b>	<b>-6</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-13</b>	<b>-6</b>