

Q2 Presentation 2019

12 July, 2019



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2019 Q2 Highlights:

Historically strong second quarter

- **Net sales +13%. Organic proforma growth* at 1.0%**
 - Fewer days of sales vs last year.
 - Very high growth rates in sustainable packaging.
 - Good growth rates in premium napkins.
 - Declining sales in table covers.
 - Challenging market for private label Consumer with negative development of volumes.
- **Operating income increases with SEK 15 m, margin improvement program starts to deliver**
 - **Margin improvement program** supports improved profits with implemented price increases and cost efficiency program.
 - **Pulp price** continues down in the quarter.
 - **Logistics market** with limited market supply of forwarder services leading to cost increases.

- Net sales SEK 1 348 m (1 197)
- Operating income SEK 111 m (96)
- Operating margin 8.2% (8.0%)

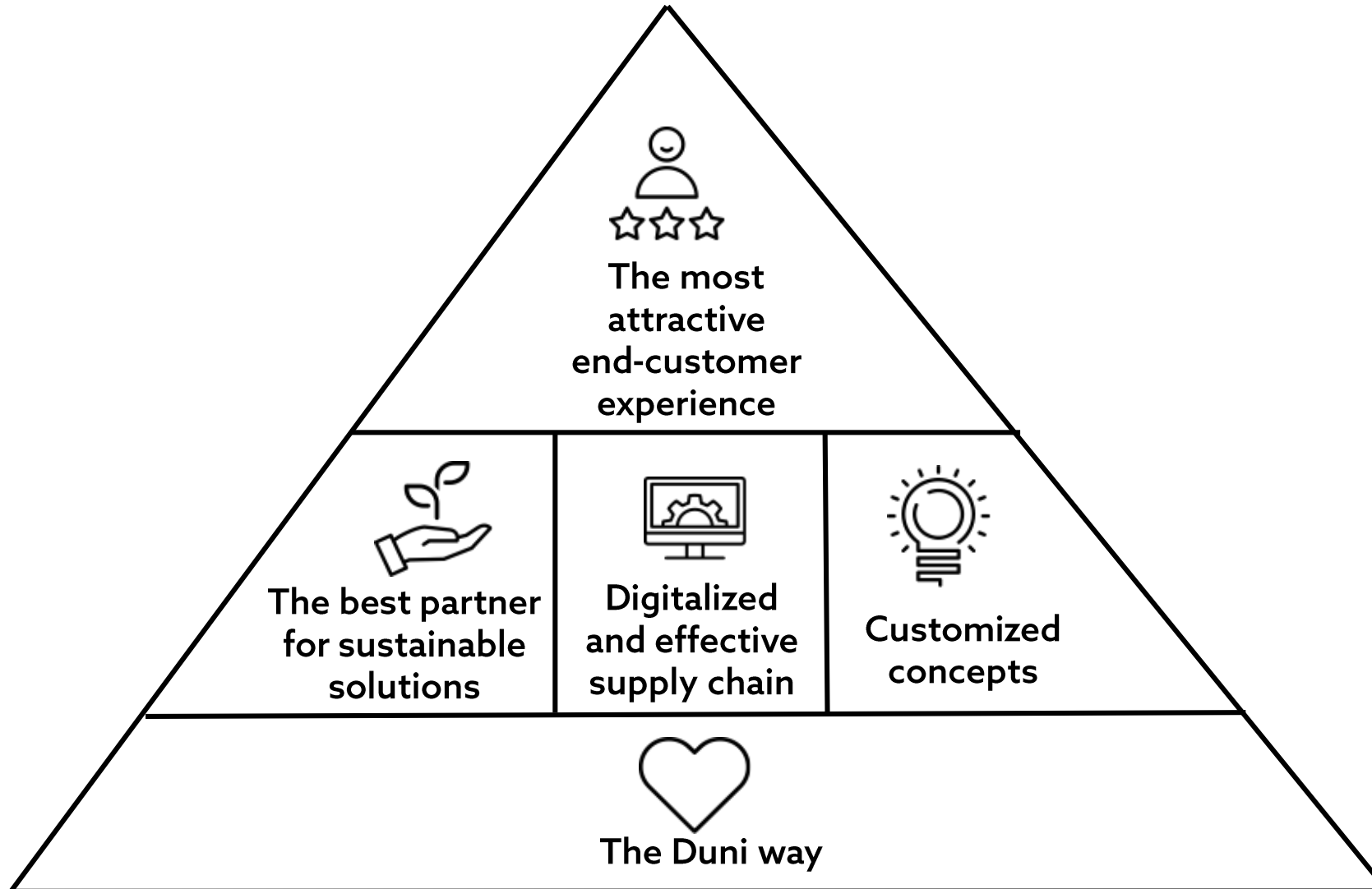
**currency-adjusted growth including acquired companies, which are compared with the previous year's pro forma figures.*

Market Outlook

- **FX rates** have developed favorably for Duni during Q2 with a in **general weaker SEK**.
- **Pulp prices** with a declining trend in the quarter.
- **HoReCa market long-term growing** in-line with GDP.
- Continued very strong demand for **sustainable products** while plastic decreases.
 - Still very strong anti-plastic trend driving market into fiber based solutions.



New strategy to transform Duni into an even more **sustainable** and **customer oriented** business



Very strong growth of sustainable packaging

- Duni growth of sustainable packaging now above 25%.
- Very good performance of all three areas; Duni ecoecho®, Biopac in UK and BioPak in Australia.
- Gives Duni Group a total annual turnover in the fast growing sustainable packaging segment of more than SEK 850 m.



Business Areas





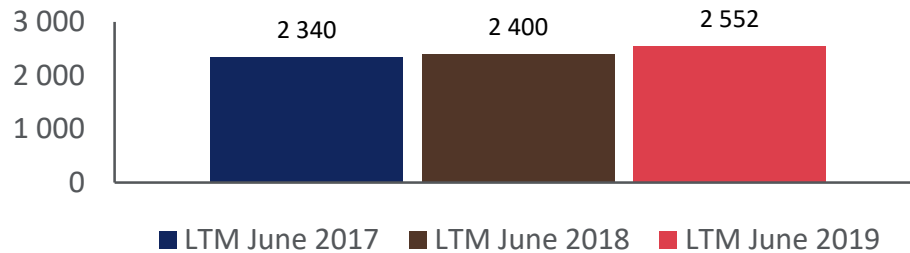
Table Top

Sales in line with last year, profit improves somewhat

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.

Q2, 2019

- Net sales SEK 664 m (645), operating income SEK 90 m (87).
- Table Top turnover is in line with last year for most markets.
- Germany increases in sales while Southern Europe and UK decline slightly.
- Premium Napkins continue to drive the growth while table covers continue to decrease.
- Raw material development has gradually lower negative impact in the quarter.
- Price compensation activities implemented according to plan.
- Logistic costs increase, especially in Central Europe.



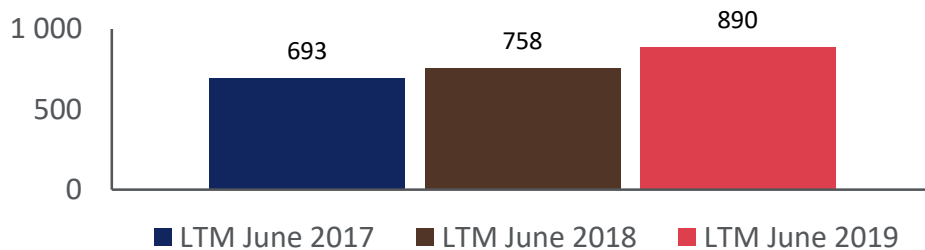
Meal Service

Continued good growth momentum
and improved profit

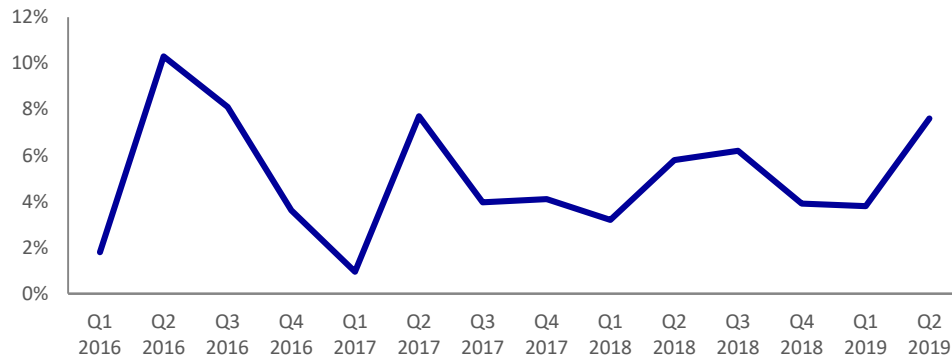
Meal Service

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.

Q2, 2019

- Net sales SEK 250 m (231), operating income SEK 19 m (14).
- Good growth in almost all markets, but with some challenges in Norway and Denmark.
- Demand for sustainable packaging remains to be main driver while basic plastic single use articles decrease.
- Continues work to improve the range of the ecoecho[®] portfolio, latest with the launch of a grass fiber based concept directed towards the Bakery segment.
- Focus on synergies with BioPak Ltd moving forward.



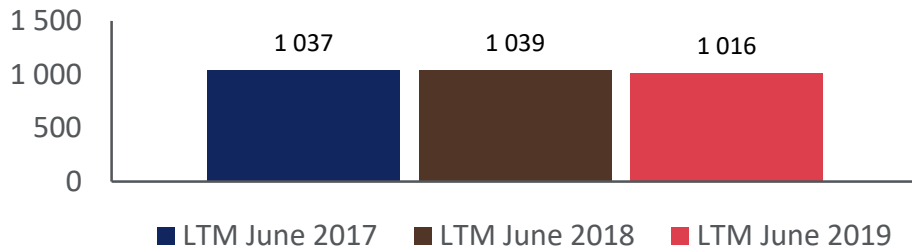
Consumer

Decreasing sales, margin in line with last year

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.

Q2, 2019

- Net sales SEK 193 m (221), operating income SEK -10 m (-9).
- Sales within the Duni brand in line with last year.
- Private label sales decrease significantly, due to lost contracts, following necessary price increases.
- Over capacity in the market makes up a challenging market.
- Raw material development has gradually lower negative impact in the quarter.
- Focus is on regaining volume and optimizing value chain moving forward.





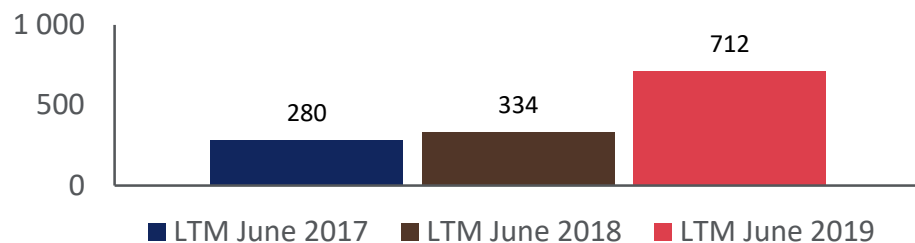
New Markets

Stable quarter improved by BioPak

New Markets

SALES & OPERATING MARGIN ¹⁾

NET SALES, SEK m



OPERATING MARGIN, %



Q2, 2019

- Net sales SEK 215 m (79), operating income SEK 11 m (3).
- BioPak in Australia contributes significantly to the growth and profit.
- Good growth in the Middle East & North Africa, Singapore decrease both on top line and profit.
- Russia and North America markets moved to business area Table Top as from January 2019.

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



Financials

Operating Income 111 MSEK

SEK m	Q2 2019	Q2 2018	YTD 2019	YTD 2018	LTM 2018/2019	FY 2018
Net sales	1 348	1 197	2 612	2 277	5 263	4 927
Gross profit	320	313	621	608	1 292	1 278
Gross margin	23.7%	26.1%	23.8%	26.7%	24.5%	25.9%
Selling expenses	-149	-135	-301	-277	-589	-565
Administrative expenses	-68	-70	-129	-135	-276	-282
R & D expenses	-1	-3	-3	-6	-6	-9
Other operating net	-9	-18	-19	-23	-68	-72
EBIT	93	87	169	168	352	351
Adjustments	-18	-9	-34	-19	-94	-80
Operating income ^{1, 2)}	111	96	203	186	447	430
Operating margin ²⁾	8.2%	8.0%	7.8%	8.2%	8.5%	8.7%
Financial net ²⁾	-7	0	-17	-3	-36	-22
Taxes	-18	-21	-33	-40	-72	-79
Net income	67	66	119	125	244	249
Earnings per share	1.41	1.39	2.49	2.61	5.10	5.22

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

2) As from 1st January 2019 Duni adapt IFRS 16 Leasing, comparative figures are not restated.

Strong quarter in Meal Service

SEK m		Q2 2019	Q2 2018	YTD 2019	YTD 2018	LTM 2018/2019	FY 2018
Table Top	Net Sales	664	645	1 244	1 178	2 552	2 486
	Operating income ¹⁾	90	87	153	149	334	330
	Operating margin	13.5%	13.5%	12.3%	12.6%	13.1%	13.3%
Meal Service	Net Sales	250	231	454	409	890	846
	Operating income ¹⁾	19	14	27	19	49	41
	Operating margin	7.6%	5.8%	5.9%	4.7%	5.5%	4.9%
Consumer	Net Sales	193	221	441	487	1 016	1 061
	Operating income ¹⁾	-10	-9	-2	9	32	42
	Operating margin	-5.3%	-3.9%	-0.4%	1.9%	3.1%	4.0%
New Markets	Net Sales	215	79	424	160	712	448
	Operating income ¹⁾	11	3	24	7	30	13
	Operating margin	5.0%	3.5%	5.7%	4.2%	4.3%	2.9%
Other	Net Sales	25	21	50	43	93	86
	Operating income ¹⁾	1	1	1	3	3	4
Duni total	Net Sales	1 348	1 197	2 612	2 277	5 263	4 927
	Operating income ^{1, 2)}	111	96	203	186	447	430
	Operating margin ²⁾	8.2%	8.0%	7.8%	8.2%	8.5%	8.7%

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

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Cash Flow

SEK m	Q2 2019	Q2 2018	YTD 2019	YTD 2018	LTM 2018/2019	FY 2018
Operating EBITDA ^{1, 2)}	169	134	319	261	640	583
Capital expenditure	-36	-57	-63	-86	-179	-202
Change in;						
Inventory	35	17	-45	-38	-73	-66
Accounts receivable	-61	-46	20	13	5	-2
Accounts payable	-3	-38	-68	-95	-7	-34
Other operating working capital	38	57	-50	-3	-18	29
Change in working capital	10	-11	-143	-123	-93	-73
Operating cash flow	142	66	113	52	368	307

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

2) As from 1st January 2019 Duni adapt IFRS 16 Leasing, comparative figures are not restated.

Financial position

SEK m	June 2019	December 2018	June 2018
Goodwill	2 148	2 114	1 660
Tangible and intangible fixed assets ⁴⁾	1 857	1 685	1 428
Net financial assets ¹⁾	-100	-135	-106
Inventories	833	771	700
Accounts receivable	929	921	832
Accounts payable	-366	-424	-350
Other operating assets and liabilities ³⁾	-781	-825	-451
Net assets	4 520	4 107	3 714
Net debt ⁴⁾	1 887	1 490	1 220
Equity	2 633	2 616	2 494
Equity and net debt	4 520	4 107	3 714
ROCE ^{2, 4)}	10%	11%	13%
ROCE ^{2, 4)} w/o Goodwill	19%	23%	24%
Net debt / Equity ⁴⁾	72%	57%	49%
Net debt / EBITDA ^{2, 4)}	2.95	2.56	1.96

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. Calculated based on the last twelve months.

³⁾ Including restructuring provision and derivatives.

⁴⁾ As from 1st January 2019 Duni adapt IFRS 16 Leasing, comparative figures are not restated.

Sales growth

> 5%

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

LTM

0.1%

at fixed exchange rates

Operating margin

> 10%

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

LTM

8.5%

Dividend payout ratio

40+%

Target at least 40% of net profit

2018

5.00 SEK
per share

Thank you!

