

Q1 Presentation 2019

24 April, 2019



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2019 Q1 Highlights:

Growth and improved operating income

- **Organic proforma growth* improved to 3.2%.**
 - Very high growth rates in sustainable packaging.
 - High growth rates in premium napkins.
- **Operating income increases with 3 MSEK, margin improvement plan starts to deliver.**
 - **Price compensation activities** are now implemented according to plan.
 - **Cost efficiency program** launched in Q3 in order to reduce indirect cost has developed according to plan and has a positive impact during Q1.
 - **Logistics project** as part of the cost efficiency program has faced challenges due to limited market supply for forwarding services.

- Net sales SEK 1 264 m (1 080)
- Operating income SEK 93 m (90)
- Operating margin 7.3% (8.4%)

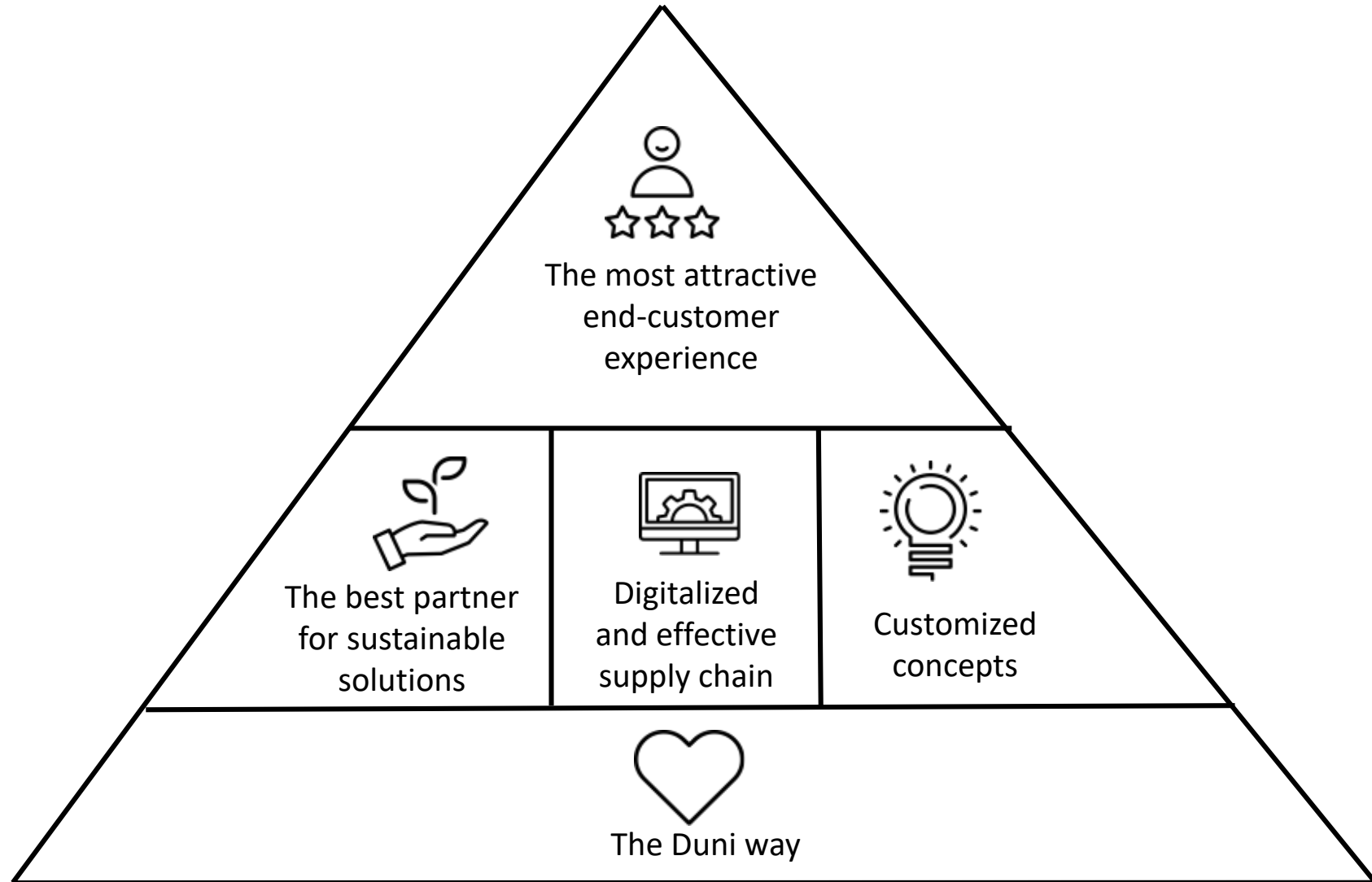
**currency-adjusted growth including acquired companies, which are compared with the previous year's pro forma figures.*

Market Outlook

- **FX rates** have developed favorably for Duni during Q1 with a in **general weaker SEK**.
- **Pulp** still at high price levels after increasing almost every week throughout 2018.
 - Slight downturn in the end of 2018 and during Q1 2019, but still close to **10% higher than last year**.
 - Unplanned supply interruptions together with increased demand on virgin fibers from China are the main drivers for the very strong increase in pulp prices.
- **HoReCa market long-term growing** in-line with or slightly above GDP.
 - Stable development in the HoReCa sector for most of 2018 and beginning of 2019.
- Continued very strong demand for **sustainable products** while plastic decreases.



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 UK and BioPak Australia and New Zealand.
- Gives Duni Group a total annual turnover in the fast growing sustainable packaging segment of more than SEK 700 m.



Business Areas





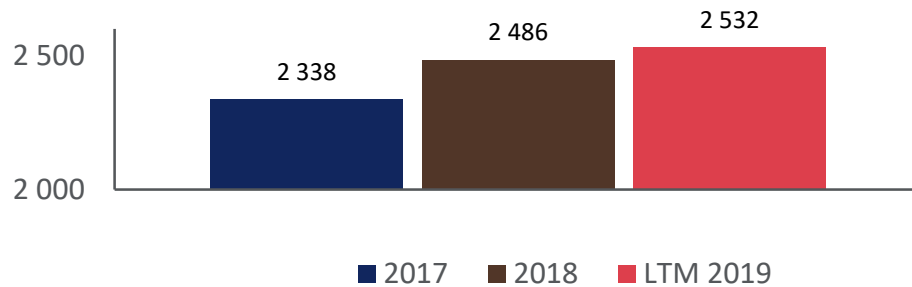
Table Top

Improved sales, profit in line with last year

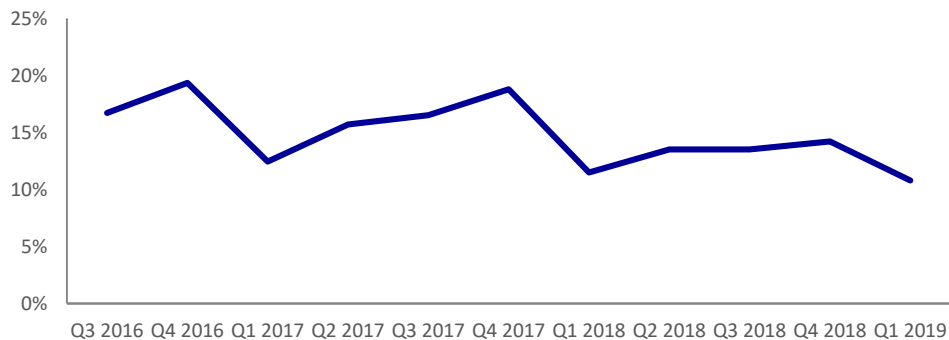
Table Top

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.

Q1, 2019

- Table Top improves underlying growth in most markets.
- Germany stable with increase in sales while the Nordic markets and UK decline slightly.
- Premium Napkins continue to drive the growth.
- An improved Dunilin® has been launched during the quarter making the full assortment compostable.
- Price compensation activities implemented according to plan.



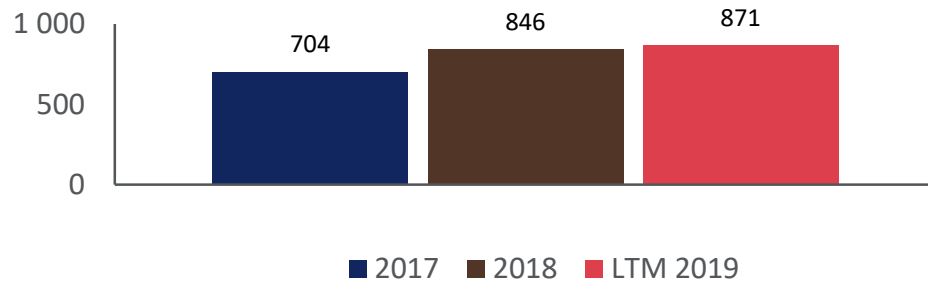
Meal Service

Good growth and improved profit

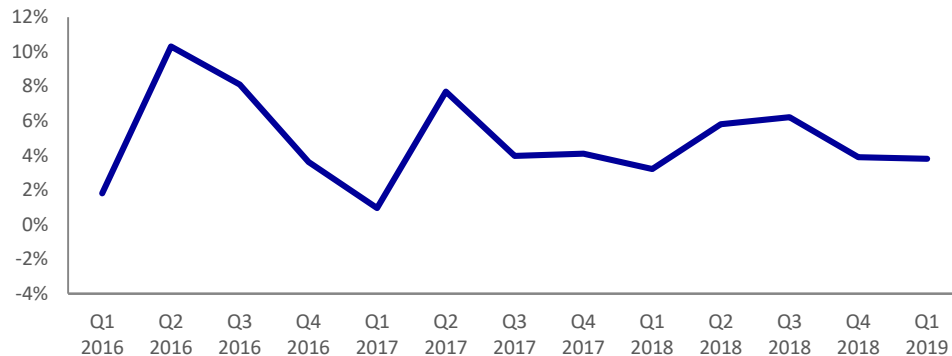
Meal Service

SALES & OPERATING MARGIN ¹⁾

NET SALES, SEK m



OPERATING MARGIN, %



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Q1, 2019

- Good growth in almost all markets including the important Nordic markets.
- Biopac Ltd UK, acquired in February 2018, grows and improves Duni market share in the UK.
- Continues work to improve the range of the ecoecho[®] portfolio, latest with the launch of wooden cutlery.





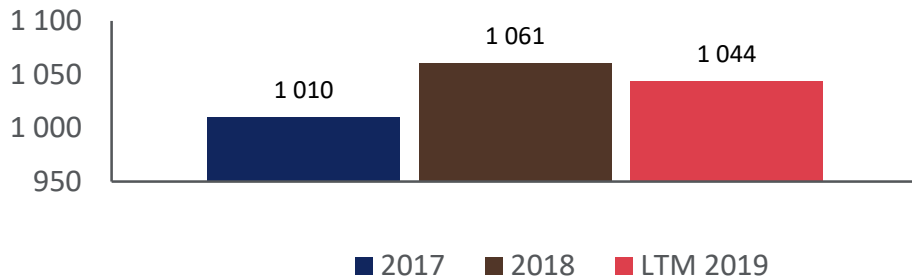
Consumer

Remains a highly competitive market

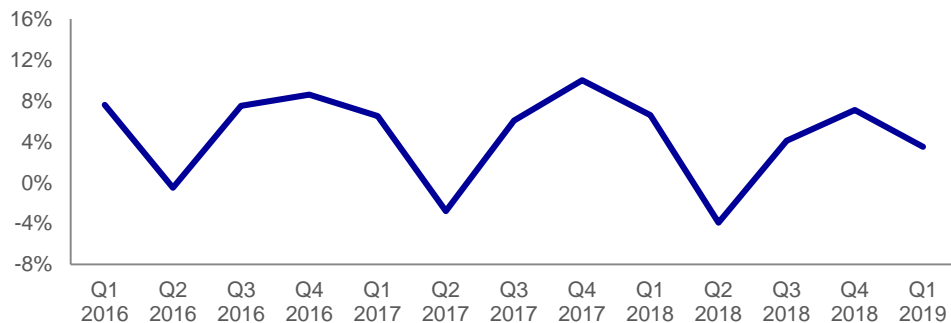
Consumer

SALES & OPERATING MARGIN ¹⁾

NET SALES, SEK m



OPERATING MARGIN, %



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Q1, 2019

- Growth in many markets does not offset decreased volumes to a few significant customers.
- Over capacity in the market increases price competition.
- All plastic products will be delisted as from end of the year.

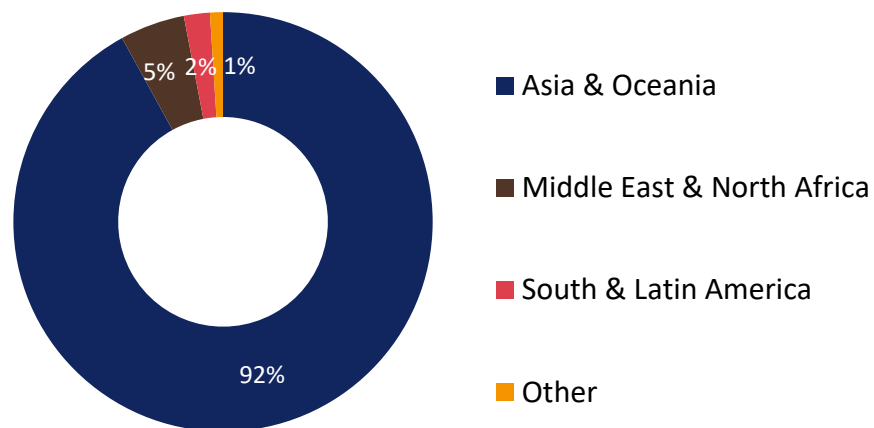


New Markets

Stable quarter improved by BioPak

New Markets

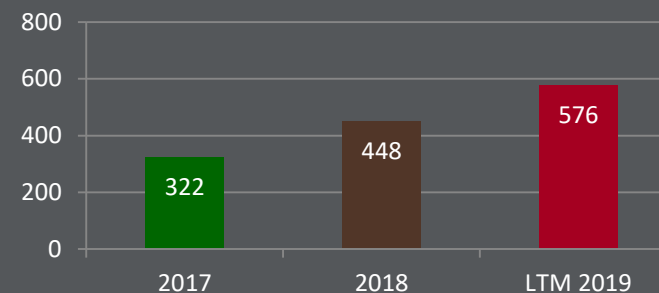
- Recently acquired BioPak in Australia and New Zealand contributes significantly to the growth and profit.
- Good growth in the Middle East & North Africa, other markets in line with last year, Singapore slightly down.
- Quality napkins and sustainable products drive the growth.
- Russia and North America moved to business area Table Top.



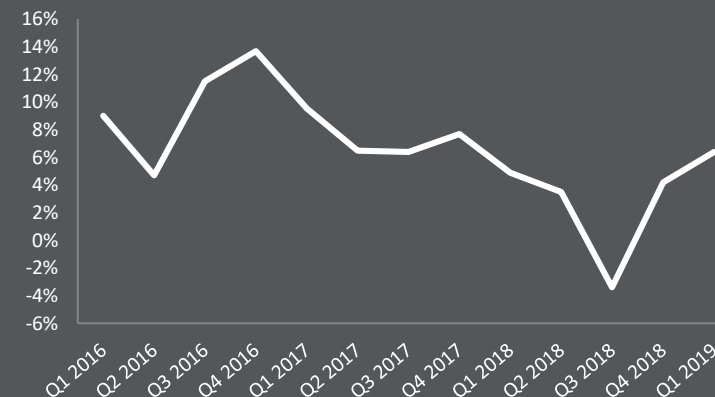
Net sales, geographical split

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.



Financials

Improved Operating Income

SEK m	Q1 2019	Q1 2018	LTM 2018/2019	FY 2018
Net sales	1 264	1 080	5 111	4 927
Gross profit	301	295	1 284	1 278
Gross margin	23.8%	27.3%	25.1%	25.9%
Selling expenses	-152	-141	-576	-565
Administrative expenses	-61	-64	-279	-282
R & D expenses	-2	-3	-8	-9
Other operating net	-10	-5	-77	-72
EBIT	76	81	346	351
Adjustments	-16	-9	-87	-80
Operating income ^{1, 2)}	93	90	432	430
Operating margin ²⁾	7.3%	8.4%	8.5%	8.7%
Financial net ²⁾	-10	-3	-29	-22
Taxes	-15	-20	-74	-79
Net income	52	59	243	249
Earnings per share	1.08	1.22	5.08	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.

Continued strong development in Meal Service

SEK m		Q1 2019	Q1 2018	LTM 2018/2019	FY 2018
Table Top	Net Sales	580	534	2 532	2 486
	Operating income ¹⁾	63	62	331	330
	Operating margin	10.8%	11.5%	13.1%	13.3%
Meal Service	Net Sales	203	178	871	846
	Operating income ¹⁾	8	6	43	41
	Operating margin	3.8%	3.2%	5.0%	4.9%
Consumer	Net Sales	249	265	1 044	1 061
	Operating income ¹⁾	9	18	33	42
	Operating margin	3.5%	6.6%	3.2%	4.0%
New Markets	Net Sales	208	81	576	448
	Operating income ¹⁾	13	4	22	13
	Operating margin	6.4%	4.9%	3.9%	2.9%
Other	Net Sales	25	22	89	86
	Operating income ¹⁾	0	2	3	4
Duni total	Net Sales	1 264	1 080	5 111	4 927
	Operating income ^{1, 2)}	93	90	432	430
	Operating margin ²⁾	7.3%	8.4%	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	Q1 2019	Q1 2018	LTM 2018/2019	FY 2018
Operating EBITDA ^{1, 2)}	150	127	605	583
Capital expenditure	-26	-29	-199	-202
Change in;				
Inventory	-80	-55	-91	-66
Accounts receivable	80	59	19	-2
Accounts payable	-65	-57	-42	-34
Other operating working capital	-88	-59	0	29
Change in working capital	-153	-112	-114	-73
Operating cash flow	-29	-14	293	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	March 2019	December 2018	March 2018
Goodwill	2 148	2 114	1 654
Tangible and intangible fixed assets ⁴⁾	1 885	1 685	1 410
Net financial assets ¹⁾	-130	-135	-110
Inventories	863	771	712
Accounts receivable	861	921	777
Accounts payable	-367	-424	-385
Other operating assets and liabilities ³⁾	-754	-825	-390
Net assets	4 506	4 107	3 668
Net debt ⁴⁾	1 809	1 490	987
Equity	2 697	2 616	2 681
Equity and net debt	4 506	4 107	3 668
ROCE ^{2, 4)}	10%	11%	14%
ROCE ^{2, 4)} w/o Goodwill	19%	23%	25%
Net debt / Equity ⁴⁾	67%	57%	37%
Net debt / EBITDA ^{2, 4)}	2.99	2.56	1.56

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

1.1%

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.
-Proposal to AGM 2019 SEK 5.00 per share in
two installments.

2018

5.00 SEK
per share

Proposal AGM 2019

Thank you!

