



13 July 2016

Q2 Presentation 2016 

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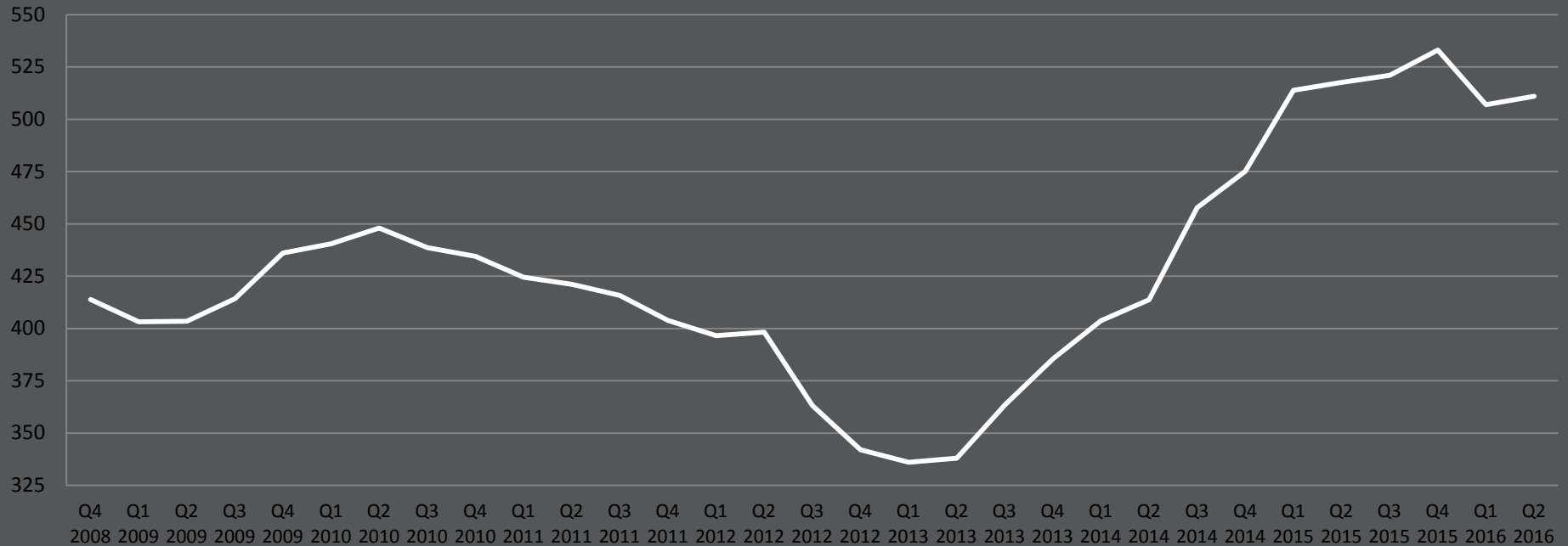
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# 2016 Q2 Highlights

- Agreement finalized of acquisition of 60% of shares in Terinex Siam, Thailand, 49% direct and 11% indirect. Will be incorporated from Q3 2016.
- Q2 with 3% growth in comparable currencies, partly driven by more invoicing days, but also from a recovery in Central Region.
- Q2 with highest operating profit in Duni history.
- Business area Meal Service main driver for growth as well as profit improvement.
- Unfavorable currency development compared to previous year, but partly offset by lower cost for production input materials.
- Net sales SEK 1 013 m (1 002)
- Operating income SEK 108 m (104)
- Operating margin 10.6% (10.3%)



# LTM operating income development



Includes discontinued operations







# Market Outlook



# 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 with modest growth in 2016. Tourism in South Europe with positive effects, in particular noticeable in Spain.
- Increased uncertainty with Brexit, but still strong purchase power.
  - Consumer confidence and economic sentiment flattened out in European Union, but recent development might cause higher uncertainty influencing HoReCa segment.
  - Albeit uncertain times, purchase power still on high levels due to low interest rates.
  - Difficult to compensate for higher cost due to low inflation.
- Higher volatility in exchange rates with weaker GDP and NOK, causing mostly negative effects for Duni.
- High volatility in underlying raw materials for sourced products, partly driven by speculation.





Business Areas



# Table Top

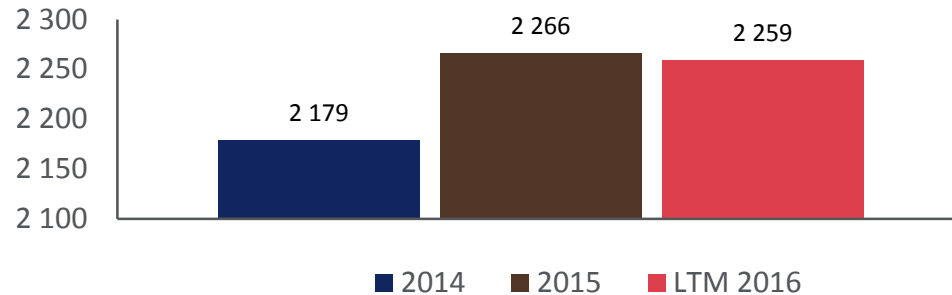
Back to growth in  
comparable FX rates.



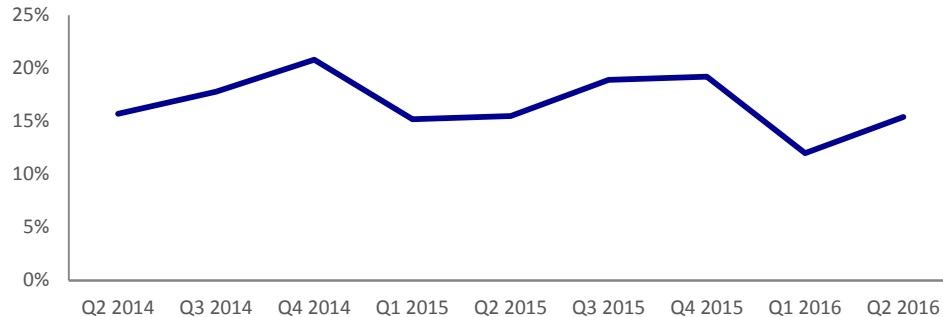
# Table Top

## SALES & OPERATING MARGIN <sup>1)</sup>

### 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.

## Q2, 2016

- Central region including Germany recovered in second quarter.
- Majority of the markets with growth, but Germany and partly Nordics are still slightly behind last year.
- Table covers continue to develop poorly, while premium napkins are continuously growing.
- Closer cooperation needed with key customers to optimize assortment and sales initiatives.
- Converting contributed positively with high efficiency and low cost of production.
- Unfavorable FX rates, in particular weak GBP is burdening the result.



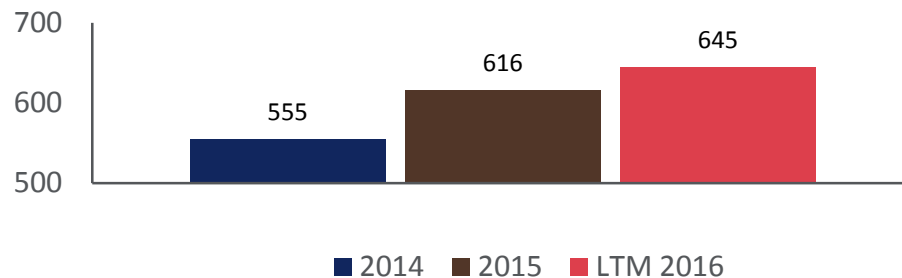
# Meal Service

Continued acceleration in growth.

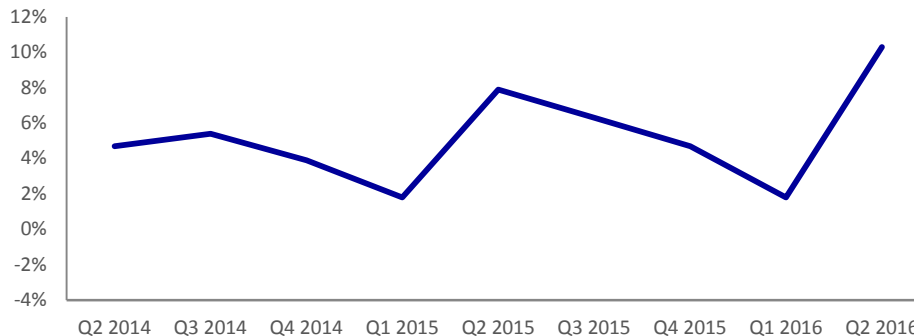
# Meal Service

## SALES & OPERATING MARGIN <sup>1)</sup>

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.

## Q2, 2016

- Acceleration in growth during second quarter.
- Customized products together with environmentally adapted products with clearly higher growth vs. average.
- Meal Service main driver for improved sales and profit in the quarter for Duni Group.







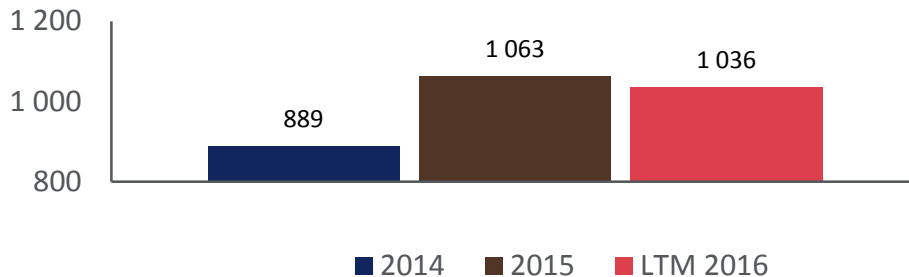
# Consumer

Improvement from weak start of the year.

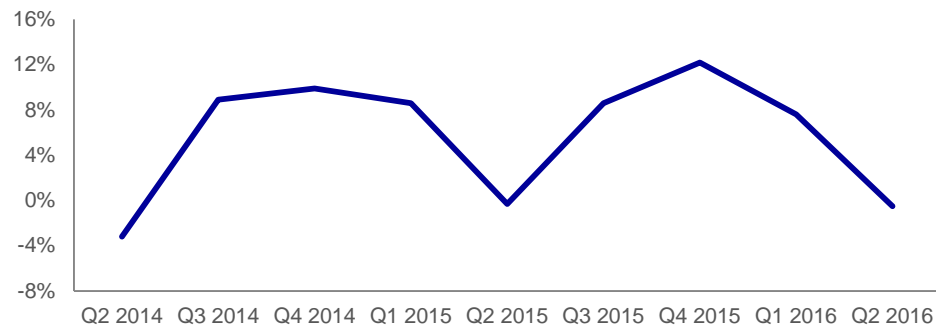
# Consumer

## SALES & OPERATING MARGIN <sup>1)</sup>

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.

## Q2, 2016

- Back to growth mode after weak start of the year.
- Second quarter normally the weakest quarter of the year.
- UK strong quarter from sales perspective, but with diluted margins due to weaker GBP.
- Lost contracts in 2015 with only limited effects in the quarter.
- Retail development in EU with modest increase, but sharp competitive environment.





# New Markets

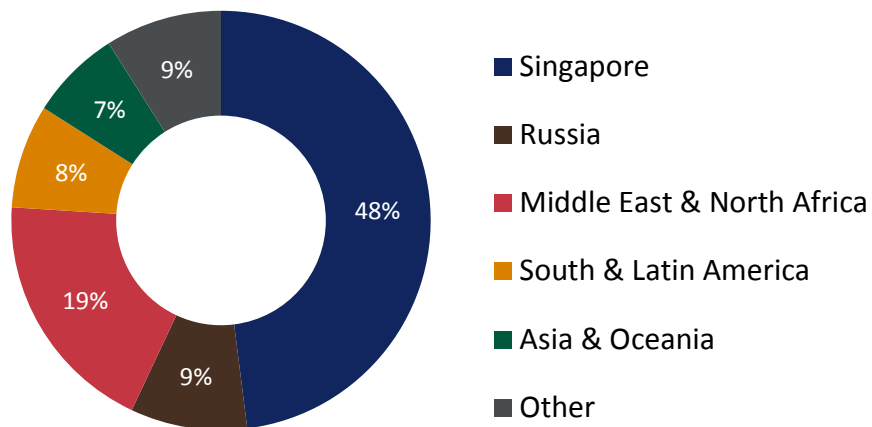
Weak sales in Middle East  
& Russia.





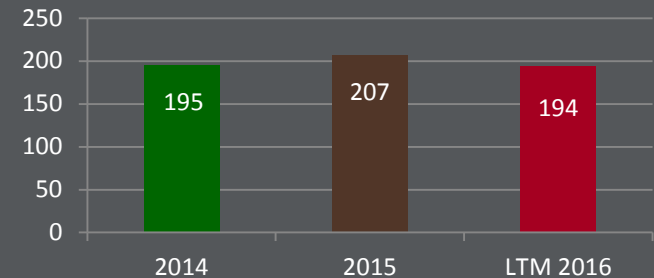
# New Markets

- Albeit still low demand in Russia, activity program mitigate losses and improve profitability.
- Middle East below last year, partly due to de-stocking effects from customers.
- Premium sales remains main contributor to profit.

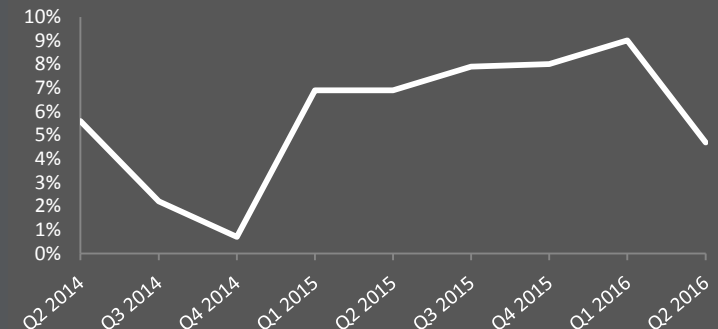


Net sales, geographical split

## SALES & OPERATING MARGIN <sup>1)</sup>



## 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





# Record Q2 operating income

SEK m Continuing operations	Q2 2016	Q2 2015	YTD 2016	YTD 2015	LTM 2015/2016	FY 2015
Net sales	1 013	1 002	1 973	1 987	4 186	4 200
Gross profit	285	284	558	571	1 228	1 241
Gross margin	28.2%	28.4%	28.3%	28.8%	29.3%	29.6%
Selling expenses	-115	-116	-241	-241	-476	-476
Administrative expenses	-61	-60	-118	-117	-241	-240
R & D expenses	2	-3	-4	-5	-9	-10
Other operating net	-6	-9	-14	-10	-28	-24
<b>EBIT</b>	<b>101</b>	<b>97</b>	<b>181</b>	<b>198</b>	<b>473</b>	<b>490</b>
Adjustments	-7	-7	-13	-13	-27	-38
<b>Operating income <sup>1)</sup></b>	<b>108</b>	<b>104</b>	<b>194</b>	<b>211</b>	<b>511</b>	<b>528</b>
Operating margin	10.6%	10.3%	9.8%	10.6%	12.2%	12.6%
Financial net	-7	-7	-14	-12	-33	-31
Taxes	-21	-22	-41	-47	-107	-113
Net income	72	68	127	138	335	346
Earnings per share	1.54	1.44	2.69	2.94	7.12	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.



# Continued strong development in Meal Service

SEK m		Q2 2016	Q2 2015	YTD 2016	YTD 2015	LTM 2015/2016	FY 2015
Table Top	Net Sales	566	563	1 069	1 075	2 259	2 266
	Operating income <sup>1)</sup>	87	87	148	165	374	392
	Operating margin	15.4%	15.5%	13.8%	15.3%	16.6%	17.3%
Meal Service	Net Sales	180	163	328	299	645	616
	Operating income <sup>1)</sup>	19	13	21	15	39	33
	Operating margin	10.3%	7.9%	6.5%	5.1%	6.0%	5.3%
Consumer	Net Sales	213	212	461	488	1 036	1 063
	Operating income <sup>1)</sup>	-1	-1	18	23	79	84
	Operating margin	-0.5%	-0.3%	3.9%	4.7%	7.6%	7.9%
New Markets	Net Sales	42	55	88	102	194	207
	Operating income <sup>1)</sup>	2	4	6	7	15	15
	Operating margin	4.7%	6.9%	7.0%	6.9%	7.5%	7.4%
Materials & Services	Net Sales	13	10	23	23	52	48
	Operating income <sup>1)</sup>	1	0	1	1	4	4
	Operating margin	6.0%	2.5%	5.6%	5.3%	8.1%	8.2%
<b>Continuing operations</b>	<b>Net Sales</b>	<b>1 013</b>	<b>1 002</b>	<b>1 973</b>	<b>1 987</b>	<b>4 186</b>	<b>4 200</b>
	<b>Operating income <sup>1)</sup></b>	<b>108</b>	<b>104</b>	<b>194</b>	<b>211</b>	<b>511</b>	<b>528</b>
	<b>Operating margin</b>	<b>10.6%</b>	<b>10.3%</b>	<b>9.8%</b>	<b>10.6%</b>	<b>12.2%</b>	<b>12.6%</b>
Discontinued operations	Net Sales	0	20	0	81	2	83
	Operating income <sup>1)</sup>	0	1	0	5	0	5
	Operating margin	0	6.6%	0	6.6%	0%	6.3%
<b>Duni Total</b>	<b>Net Sales</b>	<b>1 013</b>	<b>1 022</b>	<b>1 973</b>	<b>2 067</b>	<b>4 188</b>	<b>4 283</b>
	<b>Operating income <sup>1)</sup></b>	<b>108</b>	<b>105</b>	<b>194</b>	<b>216</b>	<b>511</b>	<b>533</b>
	<b>Operating margin</b>	<b>10.6%</b>	<b>10.3%</b>	<b>9.8%</b>	<b>10.5%</b>	<b>12.2%</b>	<b>12.4%</b>

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.



# Higher capex and accounts receivable reduce cash flow

SEK m Continuing operations	Q2 2016	Q2 2015	YTD 2016	YTD 2015	LTM 2015/2016	FY 2015
<b>EBITDA from continuing operations <sup>1)</sup></b>	<b>139</b>	<b>134</b>	<b>257</b>	<b>274</b>	<b>639</b>	<b>656</b>
<b>Capital expenditure</b>	<b>-51</b>	<b>-33</b>	<b>-84</b>	<b>-52</b>	<b>-193</b>	<b>-161</b>
Change in; Inventory	14	-13	-20	-48	4	-23
Accounts receivable	-61	4	-11	15	-9	18
Accounts payable	-14	10	-67	12	-28	51
Other operating working capital	14	10	-18	-27	-13	-23
<b>Change in working capital</b>	<b>-47</b>	<b>11</b>	<b>-116</b>	<b>-48</b>	<b>-45</b>	<b>23</b>
<b>Operating cash flow</b>	<b>41</b>	<b>113</b>	<b>57</b>	<b>174</b>	<b>400</b>	<b>518</b>

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.



# Financial position on par with Q2 2015

SEK m	June 2016	December 2015	June 2015
Goodwill	1 466	1 455	1 459
Tangible and intangible fixed assets	1 161	1 132	1 113
Net financial assets <sup>1)</sup>	-32	-72	-24
Inventories	531	500	531
Accounts receivable	680	660	686
Accounts payable	-290	-352	-325
Other operating assets and liabilities <sup>3)</sup>	-386	-394	-395
<b>Net assets</b>	<b>3 128</b>	<b>2 929</b>	<b>3 045</b>
Net debt	920	584	916
Equity	2 280	2 345	2 130
<b>Equity and net debt</b>	<b>3 128</b>	<b>2 929</b>	<b>3 045</b>
ROCE <sup>2)</sup>	17%	19%	17%
ROCE <sup>2)</sup> w/o Goodwill	32%	38%	34%
Net debt / Equity	42%	25%	43%
Net debt / EBITDA <sup>2)</sup>	1.44	0.89	1.45

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

0.9%

at fixed exchange rates,  
excluding hygiene business<sup>1)</sup>

# 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



Thank you!

