



# Q1 Presentation, 2020

April 24, 2020

**DUNI**  
GROUP

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# 2020 Q1 Highlights

## Net sales -1.2% and Organic proforma growth\* at -4.0%

- Strong sales in January and February but sales drop in March due to Covid-19.
- Significant sales drop from Duni-segment expected in Q2

## Operating income down SEK 13 m vs last year

- The decreased sales volumes generated less fixed cost coverage.
- Cost reduction program initiated in Q1 to cope with the Covid-19 situation

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

NET SALES  
**SEK 1 249 m**  
(1 264)

OPERATING INCOME  
**SEK 80 m**  
(93)

OPERATING MARGIN  
**6.4%**  
(7.3%)

OPERATING CASH FLOW  
**SEK -40 m**  
(-46)



# New sales and marketing organization

- Focus on Duni and BioPak brands.
- New reporting structure.
- Stronger innovation, marketing and sales capabilities.
- Fast implementation of Covid-19 mitigation activities.
- SEK 20 m yearly savings.



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



# Segment Duni

The Duni segment stands for what the Group is traditionally associated with – innovative and sustainable solutions for the set table, primarily napkins, table covers and candles.

# Duni

## Net Sales per region

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
NorthEast	128	136	641	648
Central	391	415	1 659	1 683
West	136	157	698	719
South	70	87	394	411
Rest of World	61	70	255	264
Other Sales	25	25	90	90
<b>Duni</b>	<b>811</b>	<b>889</b>	<b>3 737</b>	<b>3 815</b>

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
Net Sales	811	889	3 737	3 815
Operating Income	56	76	397	416
Operating Margin %	6.9%	8.5%	10.6%	10.9%

## Q1, 2020

- Net sales SEK 811 m (889), operating income SEK 56 m (76).
- Stable sales in the first months of the quarter.
- March volumes dropped significantly as Covid-19 restrictions impacted restaurants and hotels.
- Main decreases are seen in Southern Europe while Northern Europe is less impacted.
- All product categories are affected negatively, but mainly premium napkins and table covers.
- The operating income is supported by lower input material costs compared to last year, but heavily impacted by the lower volumes.



# Segment BioPak

The BioPak segment offers environmentally-sound concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering.



# BioPak

## Net Sales per region

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
NorthEast	104	94	433	423
Central	56	51	222	217
West	32	28	131	126
South	30	30	139	139
Rest of World	217	173	871	827
Other Sales	0	0	0	0
<b>BioPak</b>	<b>439</b>	<b>375</b>	<b>1 796</b>	<b>1 733</b>

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
Net Sales	439	375	1 796	1 733
Operating Income	24	17	123	116
Operating Margin %	5.5%	4.5%	6.9%	6.7%

## Q1, 2020


- Net sales SEK 439 m (375), operating income SEK 24 m (17).
- Good growth in most markets and strong growth in Rest of World.
- Covid-19 restrictions increased demand for take-away products during end of the quarter.
- Increase in line with historical trend, i.e. mainly on the eco-conscious portfolio, but increased demand is seen across the portfolio.
- A weak Australian dollar put pressure on margins in Rest of World.
- Acquired Horizons Supply is included since October 2019.



# Covid-19 Situation

## Sales and outlook


- Healthy and fully operational business.
- Covid-19 lockdown impacting restaurants and hotels.
- Take-away opportunity.
- If lockdowns remains in Q2 we expect sales to be reduced with more than 50% in the quarter.
- Expected recovery during Q3-Q4 but very difficult to forecast.

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- Strong financial situation before Covid-19.
  - Focus on bridging activities to build a strong company in ramp up period.

# Covid-19 Situation

## Our actions

- Adopting capacity.
- Total cost cutting program of SEK 150 m in Q2 with no restructuring cost. Impact as from April.
- Proposal to withdraw already proposed dividend of SEK 5.00 per share.
- No need for additional liquidity.




*"We have a great offering to support restaurants and hotels in making a quick comeback with a focus on good hygiene and take-away."*



# Covid-19 Situation

## Market outlook post lockdown

- Strong need for social interactions could lead to a quick recovery.
- Future opportunities in hygiene and take-away.
- Well positioned for a strong post Covid-19 development.



*"We have a great offering to support restaurants and hotels in making a quick comeback with a focus on good hygiene and take-away."*

## A platform for growth

In late 2018, Duni Group launched a new strategy to transform the company to an even more sustainable and customer oriented business.





# Our Blue Mission – Sustainability

The Duni Group has set five primary goals for its sustainability efforts to achieve by 2030.



Environmentally-sound  
products for every  
Goodfoodmood®  
occasion



Circular solutions



Partnerships for  
sustainability



Carbon-neutral  
by 2030



100 percent  
engaged employees

## Two main brands clarifies the offer



The Duni brand stands for what the Group traditionally is recognized for: innovative table top solutions. It is for example napkins, table covers and candles – products where design, colour, and for and also atmosphere is at heart. Duni adds value to wherever people make, serve or enjoy food and drinks.



BioPak are the Australian idealists that are part of Duni Group since 2018. The brand is now established in Europe and spreads the vision om circularity on the market as well. The BioPak brand is the go to option for sustainable meal serving products.



# Financials

# Income Statement

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
Net sales	1 249	1 264	5 533	5 547
Gross profit	291	301	1 393	1 403
Gross margin	23.3%	23.8%	25.2%	25.3%
Selling expenses	-163	-152	-603	-592
Administrative expenses	-72	-61	-296	-285
R & D expenses	-2	-2	-4	-3
Other operating net	-15	-10	-119	-114
EBIT	<b>39</b>	<b>76</b>	<b>371</b>	<b>408</b>
Adjustments	-41	-16	-149	-125
Operating income <sup>1)</sup>	<b>80</b>	<b>93</b>	<b>520</b>	<b>533</b>
Operating margin	6.4%	7.3%	9.4%	9.6%
Financial net	-10	-10	-32	-32
Taxes	-7	-15	-96	-103
Net income	22	52	243	273
Earnings per share	0.43	1.08	5.08	5.73

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



# Segment Financials

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# Cash Flow

SEK m	Q1 2020	Q1 2019	LTM 19/20	FY 2019
Operating EBITDA <sup>1)</sup>	119	132	679	691
Capital expenditure <sup>1)</sup>	-26	-26	-137	-137
Change in;				
Inventory	-62	-80	27	9
Accounts receivable	105	80	63	38
Accounts payable	-94	-65	33	62
Other operating working capital	-82	-88	-19	-26
Change in working capital	-133	-152	104	83
Operating cash flow <sup>2)</sup>	-40	-46	646	637

<sup>1)</sup> Operating EBITDA is EBITDA less restructuring costs and fair value allocations.

<sup>2)</sup> Operating cash flow excludes changes in right-of-use assets and changes in leasing debts.



# Financial position

SEK m	March 2020	December 2019	March 2019
Goodwill	2 047	2 053	2 148
Tangible and intangible fixed assets	1 823	1 820	1 885
Net financial assets <sup>1)</sup>	-51	-37	-130
Inventories	864	781	863
Accounts receivable	836	915	861
Accounts payable	-416	-505	-367
Other operating assets and liabilities <sup>3)</sup>	-756	-818	-754
<b>Net assets</b>	<b>4 348</b>	<b>4 211</b>	<b>4 506</b>
Net debt	1 664	1 546	1 809
Equity	2 684	2 664	2 697
<b>Equity and net debt</b>	<b>4 348</b>	<b>4 211</b>	<b>4 506</b>
ROCE <sup>2)</sup>	12%	13%	10%
ROCE <sup>2)</sup> w/o Goodwill	23%	26%	19%
Net debt / Equity	62%	58%	67%
Net debt / EBITDA <sup>2)</sup>	2.22	2.03	2.99

<sup>1)</sup> Deferred tax assets and liabilities + Income tax receivables and payables.

<sup>2)</sup> 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.

<sup>3)</sup> 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 19/20**

**-2.1%**

at fixed exchange rates

## Operating margin

> 10%

**TOP LINE GROWTH  
– PREMIUM FOCUS**

Improvements in manufacturing, sourcing and logistics.

**LTM 19/20**

**9.4%**

## Dividend payout ratio

40+%

**TARGET AT LEAST 40%  
OF NET PROFIT**

Proposal to AGM 2020 SEK 0.00 per share.

**2019**

**0.00 SEK**

proposal AGM 2020