

Q4 Presentation 2019

February 7, 2020

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2019 Q4 Highlights

- **Net sales +6.7% and Organic proforma growth* at 1.8%**
 - **High growth** rates in **sustainable packaging** while plastic articles continue to decrease. Growth in premium napkins and declining sales in table covers.
 - Continued **challenging retail market** for Consumer however improvement vs. earlier quarters.
 - Very strong growth in New Markets driven by **acquired company BioPak** in Australia.
- **Operating income increases with SEK 62 m**
 - **Margin improvement program** supports improved profits with implemented price increases and cost efficiency program.
 - **Pulp price** development stabilized during the quarter.
 - **Logistics market** with limited market supply of forwarder services leads to cost increases compared to last year.

- Net sales SEK 1 558 m (1 460)
- Operating income SEK 199 m (137)
- Operating margin 12.8% (9.4%)
- Operating cash flow SEK 358 m (186)

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

2019 YTD Highlights

- **Net sales +12.6% and Organic proforma growth* at 2.4%**
 - **High growth** rates in **sustainable packaging** while plastic articles continue to decrease. Growth in premium napkins and declining sales in table covers.
 - Continued **challenging retail market for** Consumer however improvement in second half of the year.
 - Strong growth in Meal Service and in New Markets including **acquired company BioPak** in Australia.
- **Operating income increases with SEK 103 m**
 - **Margin improvement program** supports improved profits with implemented price increases and cost efficiency program.
 - **Pulp price** development favorable during the year.
 - **Logistics market** with limited market supply of forwarder services leads to cost increases compared to last year.

- Net sales SEK 5 547 m (4 927)
- Operating income SEK 533 m (430)
- Operating margin 9.6% (8.7%)
- Operating cash flow SEK 665 m (343)

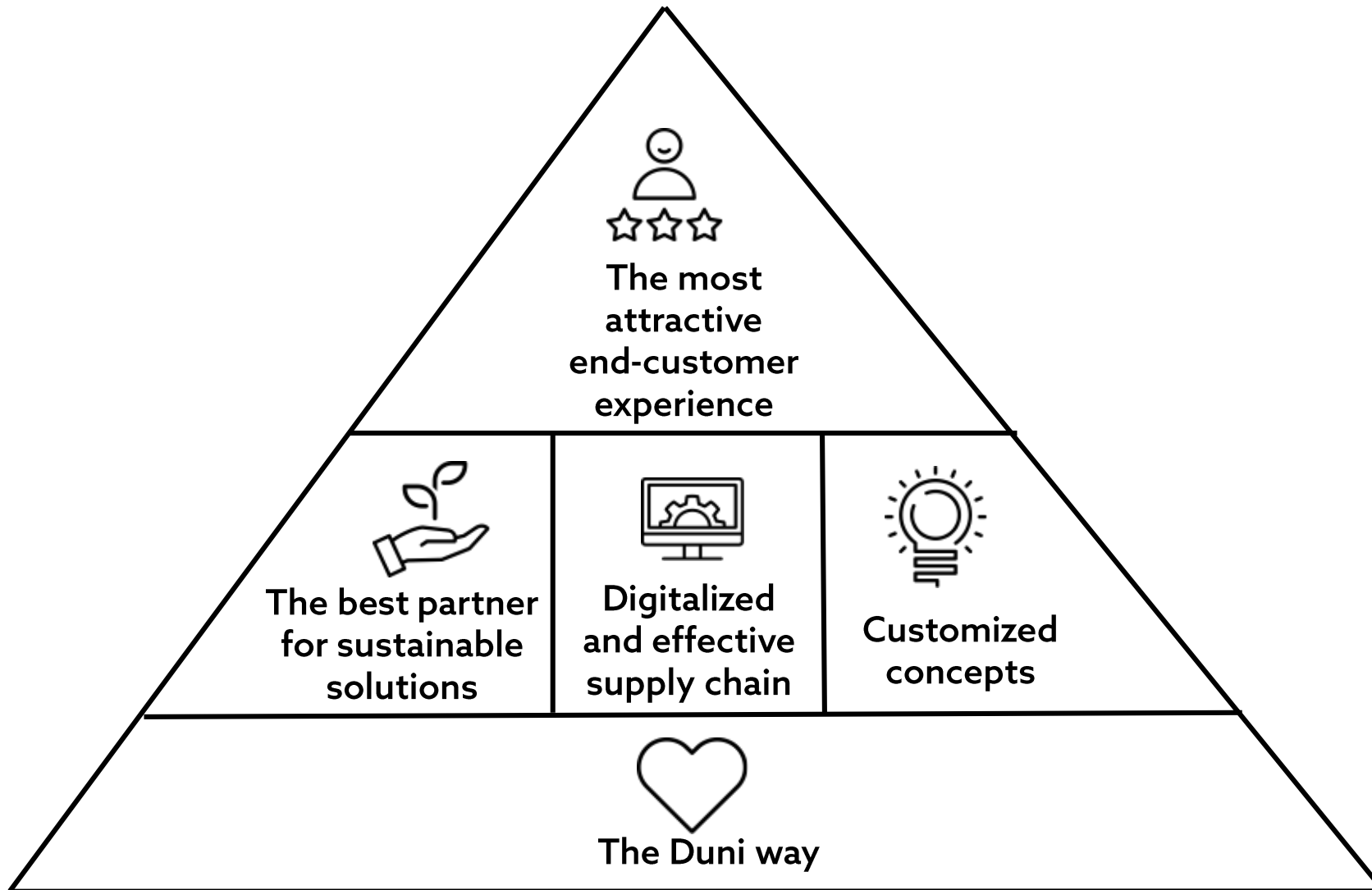
*currency-adjusted growth including acquired companies, which are compared with the previous year's pro forma figures.

Market Outlook

- **FX rates** have developed favorably for Duni during 2019 with in **general weaker SEK**.
- **Pulp prices** continued down in the beginning of the quarter and stabilized thereafter.
- **HoReCa market long-term growing** in-line with GDP.
- Continued very strong demand for **sustainable products** while plastic displays an accelerating decrease.
 - Still very strong anti-plastic trend driving market into fiber based solutions.
- Continued strong competition on the retail market.



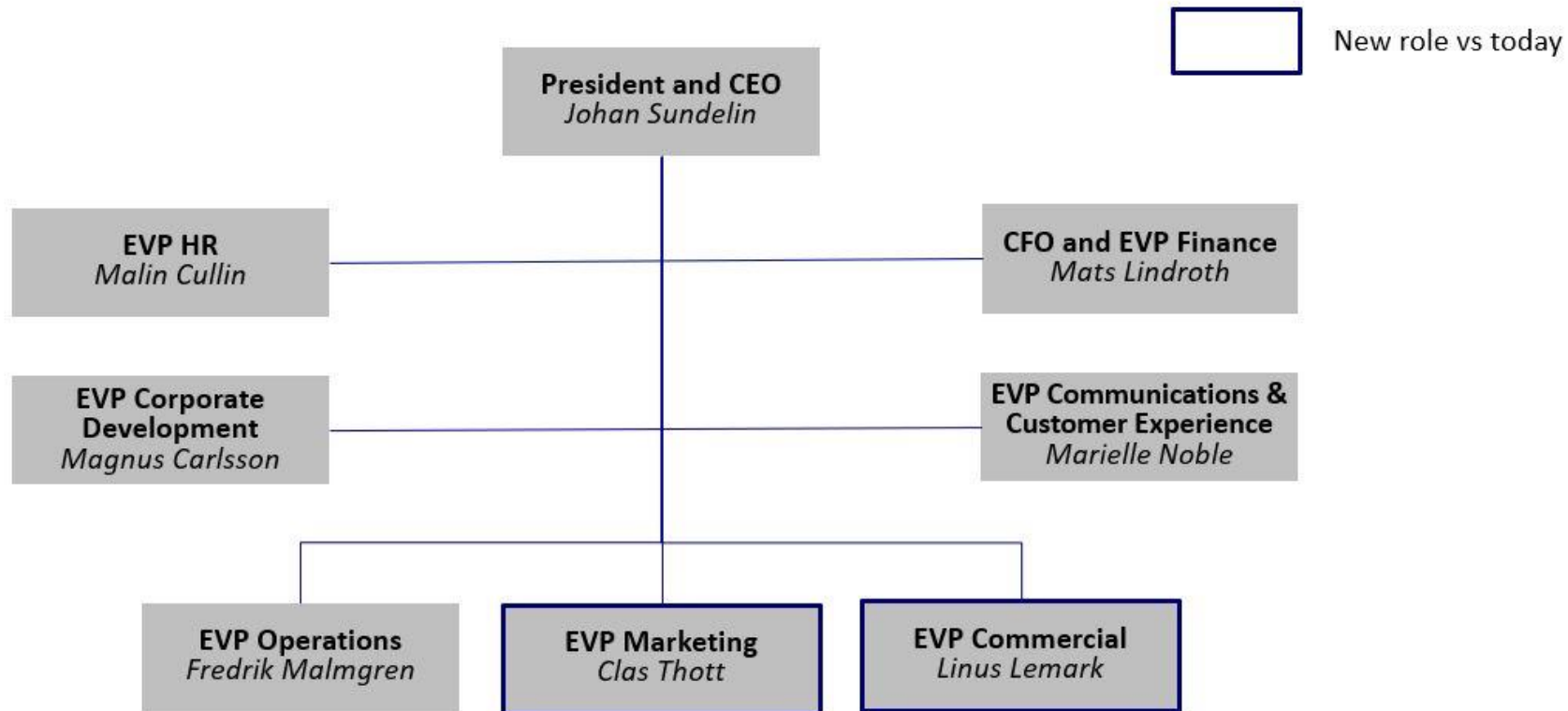
New strategy to transform Duni into an even more **sustainable** and **customer oriented** business



Duni becomes Duni Group selling two main brands



Changes in the Duni Group Management Team





Very strong growth of sustainable packaging

- Duni growth of sustainable packaging now above 30%.
- Acquisition of Horizons Supply Pty Ltd in Australia with an annual turnover of about SEK 60 m. To be integrated into BioPak Australia.
- 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 one billion.

Business Areas





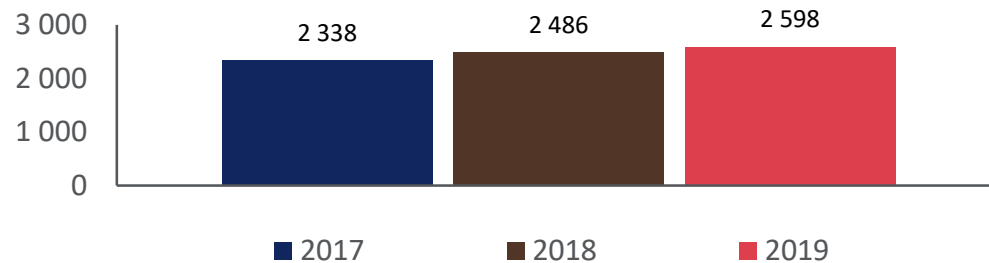
Table Top

Sales in line with last year, improved margin

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.

Q4, 2020

- Net sales SEK 702 m (683), operating income SEK 131 m (97).
- Most markets sales in line with last year level.
- UK decline in turnover due to decreased sales to a few larger customers.
- Premium napkins continue to increase in sales while table covers continue to decrease.
- Raw material development has a positive impact in the quarter compared to Q4 2018.
- Logistic costs increase, especially in Central Europe.
- Cost control continues to positively contribute to operating income.



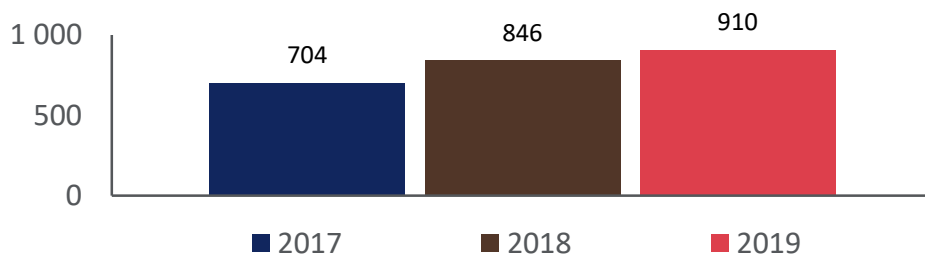
Meal Service

Improved profit margin with strong momentum in sustainable packaging and decline in plastic products

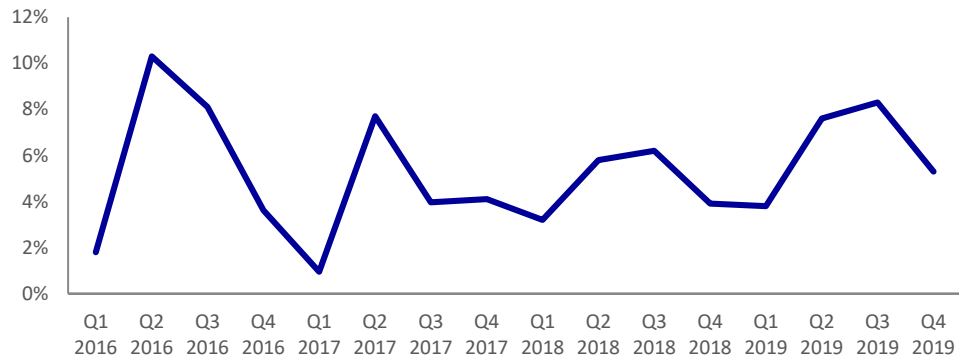
Meal Service

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.

Q4, 2020

- Net sales SEK 226 m (218), operating income SEK 12 m (9).
- Good operating margin development.
- Significant growth in sustainable packaging products and more products launched.
- Accentuated trend of decreased sales in plastic based products.
- Continued work to achieve synergy effects with BioPak in Australia.



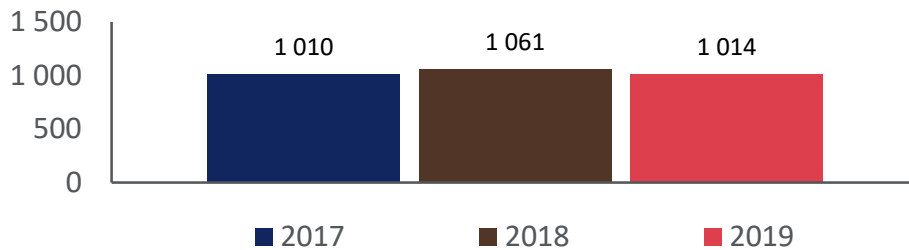
Consumer

Improvement in quarter 4

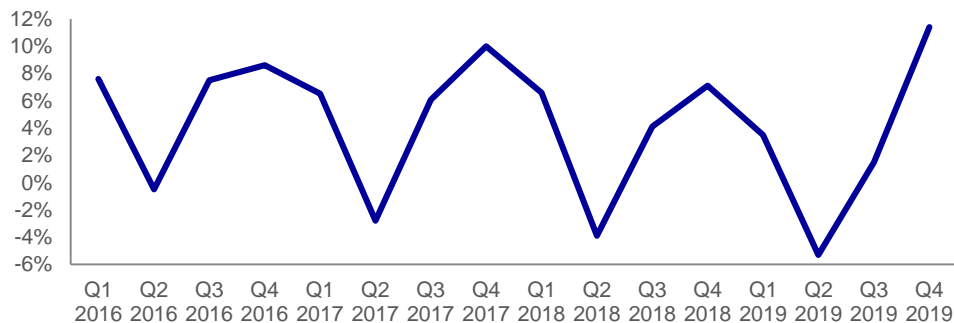
Consumer

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.

Q4, 2020

- Net sales SEK 331 m (328), operating income SEK 38 m (23).
- Still highly competitive retail market.
- Successful Christmas sales and campaigns contributed to improved trend vs. earlier quarters.
- Raw material development has positive impact in the quarter vs. same quarter last year.
- Focus is on synergy effects with 2014 acquired German Paper+Design.



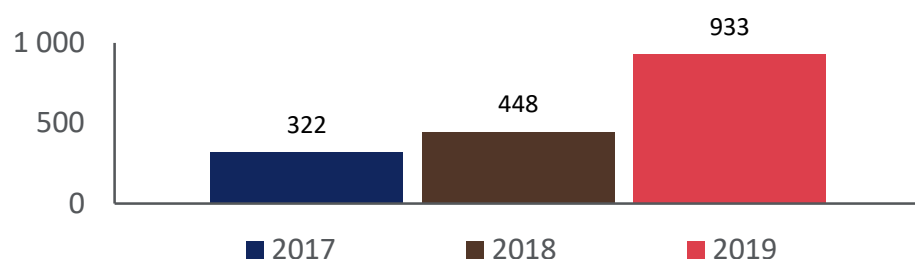
New Markets

Underlying in line with last year,
increased by BioPak

New Markets

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.

Q4, 2020

- Net sales SEK 278 m (210), operating income SEK 18 m (9).
- BioPak in Australia contributes significantly, both through the acquisition as such and through growth in the company.
- Duni Song Seng in Singapore with improvement vs. quarter 4 2018 though still below historical levels.
- Sharp Serviettes New Zealand with weak operational development.
- Improvement programs ongoing in both Singapore and New Zealand however goodwill impairment of 58 MSEK made in Q4.



Financials

Substantially increased Operating Income

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Net sales	1 558	1 460	5 547	4 927
Gross profit	442	363	1 403	1 278
Gross margin	28.4%	24.8%	25.3%	25.9%
Selling expenses	-151	-157	-592	-565
Administrative expenses	-89	-80	-285	-282
R & D expenses	0	-2	-3	-9
Other operating net	-76	-37	-114	-72
EBIT	126	87	408	351
Adjustments	73	50	125	80
Operating income ^{1, 2)}	199	137	533	430
Operating margin ²⁾	12.8%	9.4%	9.6%	8.7%
Financial net ²⁾	-7	-13	-32	-22
Taxes	-46	-16	-103	-79
Net income	72	58	273	249
Earnings per share	1.52	1.21	5.73	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.

Operating Income improvement in Q4 in all Business Areas

SEK m		Q4 2019	Q4 2018	FY 2019	FY 2018
Table Top	Net Sales	702	683	2 598	2 486
	Operating income ¹⁾	131	97	378	330
	Operating margin	18.6%	14.2%	14.6%	13.3%
Meal Service	Net Sales	226	218	910	846
	Operating income ¹⁾	12	9	58	41
	Operating margin	5.1%	3.9%	6.3%	4.9%
Consumer	Net Sales	331	328	1 014	1 061
	Operating income ¹⁾	38	23	40	42
	Operating margin	11.6%	7.1%	4.0%	4.0%
New Markets	Net Sales	278	210	933	448
	Operating income ¹⁾	18	9	54	13
	Operating margin	6.4%	4.2%	5.8%	2.9%
Other	Net Sales	20	22	92	86
	Operating income ¹⁾	0	0	2	4
Duni total	Net Sales	1 558	1 460	5 547	4 927
	Operating income ^{1, 2)}	199	137	533	430
	Operating margin ²⁾	12.8%	9.4%	9.6%	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.

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

Strong Operating Cash Flow

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating EBITDA ^{1, 2)}	238	175	691	583
Capital expenditure³⁾	-45	-60	-137	-202
Change in;				
Inventory	61	46	9	-66
Accounts receivable	28	-10	38	-2
Accounts payable	93	26	62	-34
Other operating working capital	-17	9	-26	29
Change in working capital	165	71	83	-73
Operating cash flow	358	186	637	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 and current figures are excluding leasing amortizations to be comparable with 2018.

3) As from 1st January 2019 Duni adapt IFRS 16 Leasing. Comparative figures are not restated and current figures are excluding new leasing contracts for the year to be comparable with 2018.

Improved Financial Position

SEK m	December 2019	December 2018
Goodwill	2 053	2 073
Tangible and intangible fixed assets ⁴⁾	1 820	1 653
Net financial assets ¹⁾	-37	-135
Inventories	781	771
Accounts receivable	915	921
Accounts payable	-505	-424
Other operating assets and liabilities ³⁾	-818	-752
Net assets	4 211	4 107
Net debt ⁴⁾	1 546	1 490
Equity	2 664	2 616
Equity and net debt	4 211	4 107
ROCE ^{2, 4)}	13%	11%
ROCE ^{2, 4)} w/o Goodwill	26%	22%
Net debt / Equity ⁴⁾	58%	57%
Net debt / EBITDA ^{2, 4)}	2.03	2.56

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

2019

-0.5%

at fixed exchange rates

Operating margin

> 10%

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

2019

9.6%

Dividend payout ratio

40+%

Target at least 40% of net profit
-Proposal to AGM 2019 SEK 5.00 per share in
two installments.

2019

5.00 SEK
per share

Proposal AGM 2020

Thank you!

