

Q1 Presentation 2018

20 April, 2018

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2018 Q1 Highlights

- **Operating income marginally improved** vs. previous year contributed from improved volumes and positive FX effects.
- **Biopac UK Ltd acquired** in order to further strengthen Duni's position in sustainable disposable segment.
- **Organic growth 2%** in spite of less invoicing days in the quarter.
- **Pulp prices** continue to rise, putting pressure on gross margin.
- **Price compensation activities** only had limited effect, but will from second quarter mitigate the higher costs.
- **Table Top** operating income on par with previous year - launch of a new marketing concept strengthens go-to-market strategy.
- **Meal Service** with improved profitability vs. previous year and Biopac acquired in the quarter.
- **Consumer with improvements** in Central regions through successful campaigns and higher cost efficiency.
- **New Markets continues to strengthen in Asia and Oceania**, but high investment costs in some markets weaken the margin.

- Net sales SEK 1 080 m (1 004)
- Operating income SEK 90 m (89)
- Operating margin 8.4% (8.9%)

Market Outlook

- **HoReCa market long-term growing** in-line with or slightly above GDP.
- In general good development in the HoReCa sector. Main growth still in “**fast casual**” – a challenge for premium sales, but supporting take-away-segment.
- **FX rates** continue to develop in a more favorable direction for Duni with in **general weaker SEK**.
- **Capacity constraints** for key sustainable material is noticeable in the quarter.
- **Raw material prices increase.** Pulp has steadily increased from end of last year. Plastic prices are again picking up from already high levels.





Business Areas



The image shows two large, cylindrical lanterns made of woven bamboo or rattan with a handle on top. They are positioned in the foreground on a paved surface. In the background, there is a blurred scene of people in white uniforms, possibly waiters, standing near a table with a blue tablecloth. The right side of the image is a solid blue background with white text.

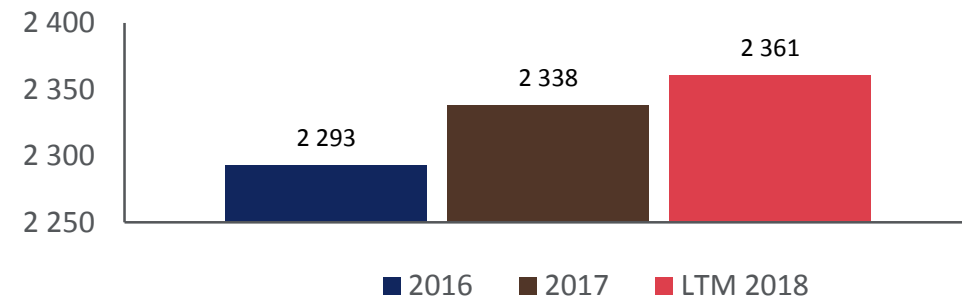
Table Top

Pulp puts pressure on margins.

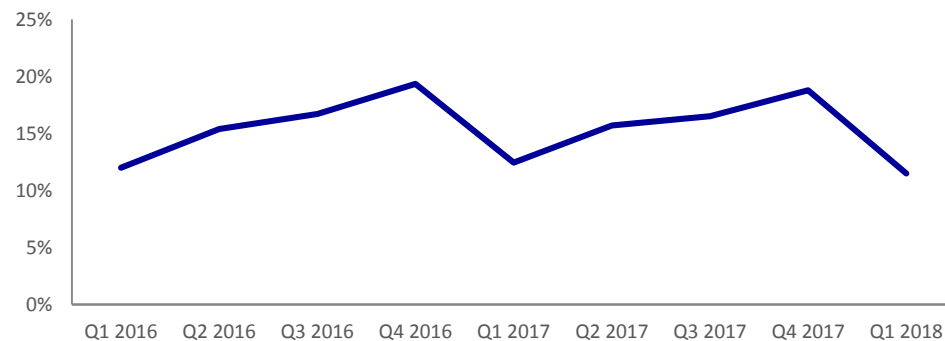
Table Top

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, 2018

- Positive growth in a majority of markets, regardless of 2 fewer invoicing days.
- Launch of new marketing concept that allows customers to choose appropriate napkins based on their prioritized occasions.
- Nordic with weak development in the quarter, while East and South Europe experience good growth.
- Pulp prices continue upwards trend.
- Price compensation activities and cost reductions implemented to mitigate continuously increasing raw material costs.



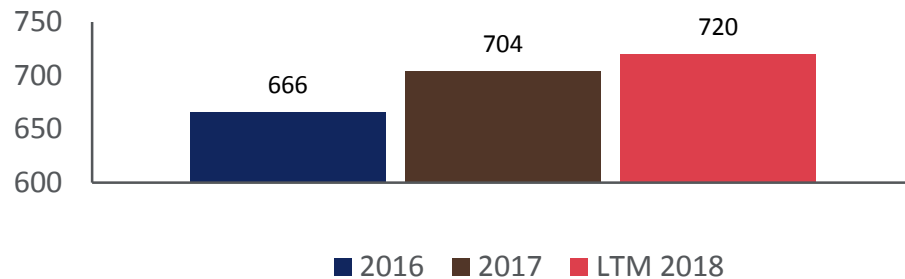
Meal Service

Biopac UK Ltd acquired in the quarter.

Meal Service

SALES & OPERATING MARGIN ¹⁾

NET SALES, SEK m



OPERATING MARGIN, %



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Q1, 2018

- Sustainable disposable solutions strengthened with Biopac acquisition.
- Ecoecho products, Duni's environmentally profiled assortment, continue to drive growth and consistently increase in share of sales.
- Focus on ensuring key materials for sustainable segment due to capacity constraints in Asia.
- Limited growth in volume based products like plastic cups and glasses.





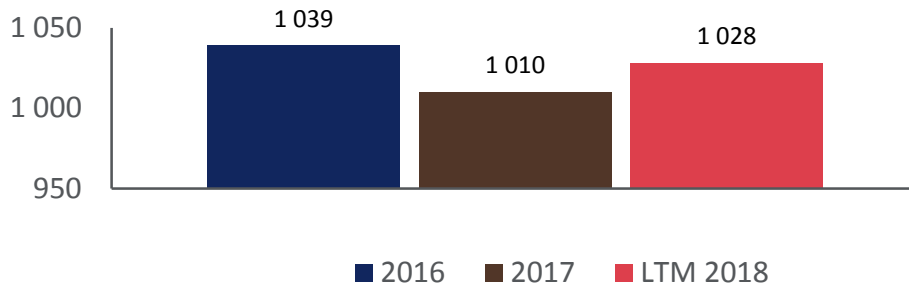
Consumer

Good growth in Central region.

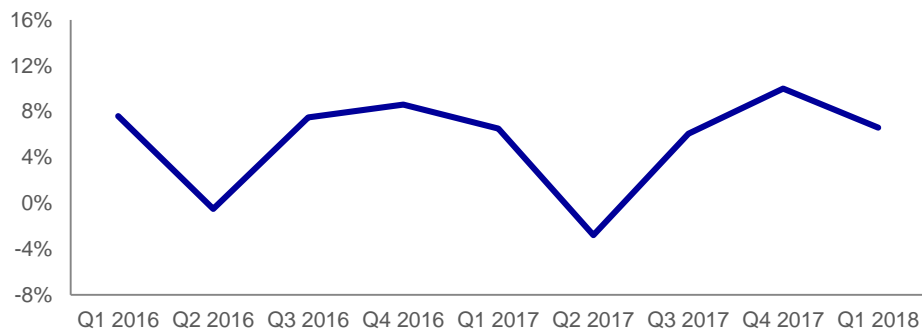
Consumer

SALES & OPERATING MARGIN ¹⁾

NET SALES, SEK m



OPERATING MARGIN, %



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Q1, 2018

- Growth in Central region and especially Germany benefitted from successful campaigns.
- Although challenging situation in UK with continuous weak British pound, Duni experienced positive trend.
- Segment analysis more important in order to increase efficiency as well as optimizing customer offer.
- Pulp cost increases impacting margins emphasizing need to further reduce costs and compensate by price increases.

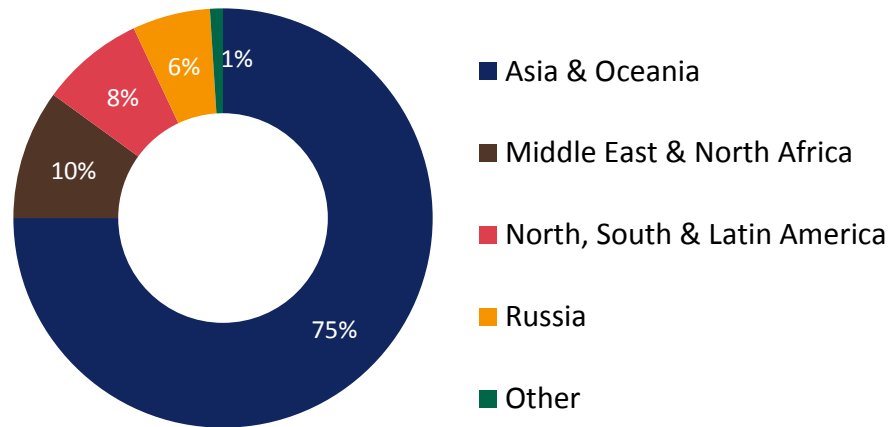


New Markets

Global coverage and expansion.

New Markets

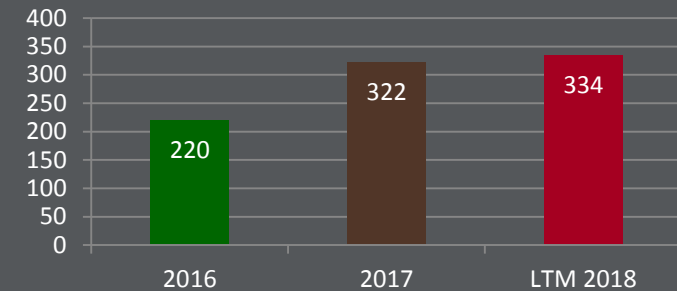
- Duni present on all continents, but high volatility in demand between months and quarters. Steady, positive development in Asia and Oceania.
- Continuous market investment and focus on strengthening organization in order to accelerate growth of Duni premium products and consolidate customer offering.



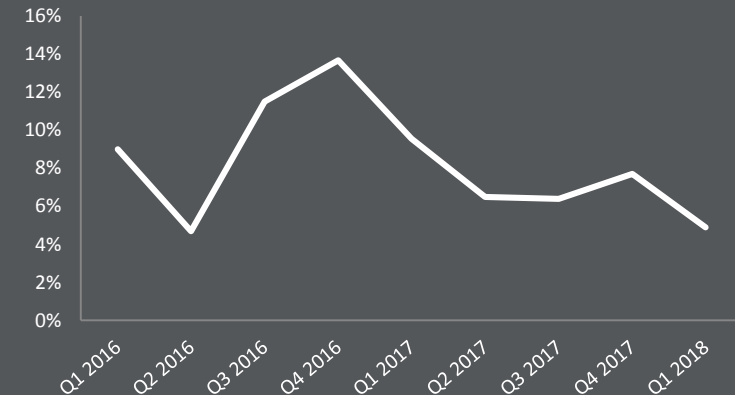
Net sales, geographical split

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



Earnings per share on par with previous year

SEK m	Q1 2018	Q1 2017	LTM 2017/2018	FY 2017
Net sales	1 080	1 004	4 517	4 441
Gross profit	295	286	1 274	1 264
Gross margin	27.3%	28.4%	28.2%	28.5%
Selling expenses	-141	-130	-516	-505
Administrative expenses	-64	-61	-264	-261
R & D expenses	-3	-2	-9	-8
Other operating net	-5	-11	-29	-35
EBIT	81	81	456	456
Adjustments	-9	-8	-35	-35
Operating income ¹⁾	90	89	492	491
Operating margin	8.4%	8.9%	10.9%	11.1%
Financial net	-3	-3	-17	-17
Taxes	-20	-20	-105	-106
Net income	59	58	334	334
Earnings per share	1.22	1.22	6.99	6.99

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

Increased operating income in Meal Service

SEK m		Q1 2018	Q1 2017	LTM 2017/2018	FY 2017
Table Top	Net Sales	534	511	2 361	2 338
	Operating income ¹⁾	62	64	373	375
	Operating margin	11.5%	12.4%	15.8%	16.0%
Meal Service	Net Sales	178	162	720	704
	Operating income ¹⁾	6	2	35	31
	Operating margin	3.2%	0.9%	4.8%	4.4%
Consumer	Net Sales	265	247	1 028	1 010
	Operating income ¹⁾	18	16	58	57
	Operating margin	6.6%	6.5%	5.6%	5.6%
New Markets	Net Sales	81	70	334	322
	Operating income ¹⁾	4	7	21	24
	Operating margin	4.9%	9.6%	6.4%	7.4%
Other	Net Sales	22	14	75	67
	Operating income ¹⁾	2	1	6	5
Duni total	Net Sales	1 080	1 004	4 517	4 441
	Operating income ¹⁾	90	89	492	491
	Operating margin	8.4%	8.9%	10.9%	11.1%

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

Improved cash flow

SEK m	Q1 2018	Q1 2017	LTM 2017/2018	FY 2017
Operating EBITDA ¹⁾	127	123	635	630
Capital expenditure	-29	-89	-174	-234
Change in; Inventory	-55	-74	-38	-57
Accounts receivable	59	28	-18	-49
Accounts payable	-57	-48	47	56
Other operating working capital	-59	-28	-29	2
Change in working capital	-112	-122	-38	-48
Operating cash flow	-14	-88	422	348

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

Financial position

SEK m	March 2018	December 2017	March 2017
Goodwill	1 654	1 617	1 580
Tangible and intangible fixed assets	1 410	1 374	1 308
Net financial assets ¹⁾	-110	-107	-69
Inventories	712	627	622
Accounts receivable	777	798	703
Accounts payable	-385	-428	-326
Other operating assets and liabilities ³⁾	-390	-433	-377
Net assets	3 668	3 449	3 441
Net debt	987	855	887
Equity	2 681	2 594	2 554
Equity and net debt	3 668	3 449	3 441
ROCE ²⁾	14%	14%	15%
ROCE ²⁾ w/o Goodwill	25%	28%	28%
Net debt / Equity	37%	33%	35%
Net debt / EBITDA ²⁾	1.56	1.36	1.39

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.

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,
excluding hygiene business

Operating margin

> 10%

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

LTM

10.9%

Dividend payout ratio

40+%

Target at least 40% of net profit

2017

5.00 SEK
per share

Proposal AGM 2018

Thank you!