



# Q3 Presentation, 2021

October 21, 2021

**DUNI**  
GROUP

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# The period in short

- Eased restrictions leads to continued sales recovery within business area Duni
- Rapidly increased volumes lead to strong efficiency in the factories
- Business area BioPak continues to grow rapidly with strong operational leverage
- Raw material, energy and sea freight costs continues to increase to concerning levels



# 2021 Q3 Highlights

## Restaurant visits finally back - net sales 16.2%

- Eased restrictions throughout Europe with almost no restrictions left at the end of the quarter
- As a consequence, with restaurants now open again the demand for business area Duni's products increase rapidly
- Growth in BioPak continues despite disruption in the freight market as demand for sustainable packaging in take-away is continuously strong and demand for Eating & Drinking products normalizes

## Returning volumes gives high efficiency

- High efficiency in the factories with the returning volumes and low activity level in for example travel and marketing gives high operational leverage
- Rise in raw material, energy costs and sea freight impact the result negatively, but full effect is delayed by lead time in stock

NET SALES  
**SEK 1 453 m**  
(1 251)

OPERATING INCOME  
**SEK 151 m**  
(110)

OPERATING MARGIN  
**10.4%**  
(8.8%)

OPERATING CASH FLOW  
**SEK 119 m**  
(82)



# 2021 YTD Highlights

## Recovering sales for Duni and strong growth for BioPak

- Heavy restrictions in most of the first half year limited restaurants and hotel business while enabling growth for the take-away segment
- Due to the restrictions, demand for business area Duni's portfolio was very low until end of May but recovered as restrictions gradually eased from end of Q2
- Business area BioPak grew throughout the period but has had challenges in ensuring supplies in time as the pandemic caused disturbances in the sea freight market

## Improved operating income despite accelerating cost increases

- Higher volumes, higher government support and strong cost control has strengthened the result, while continuous raw material and freight costs increases have a negative impact

NET SALES  
**SEK 3 509 m**  
(3 320)

OPERATING INCOME  
**SEK 169 m**  
(98)

OPERATING MARGIN  
**4.8%**  
(3.0%)

OPERATING CASH FLOW  
**SEK 7 m**  
(115)



# Business area 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	Q3 2021	Q3 2020	LTM 20/21	FY 2020
NorthEast	134	130	411	413
Central	361	324	953	1 109
West	155	130	439	448
South	136	98	246	243
Rest of World	48	40	213	198
Other Sales	24	45	177	216
<b>Duni</b>	<b>857</b>	<b>767</b>	<b>2 439</b>	<b>2 628</b>

SEK m	Q3 2021	Q3 2020	LTM 20/21	FY 2020
Net Sales	857	767	2 439	2 628
Operating Income	96	68	11	7
Operating Margin %	11.2%	8.8%	0.4%	0.3%

## Q3, 2021

- Net sales SEK 857 m (767), operating income SEK 96 m (68)
- Very strong sales recovery in the quarter as restaurants were allowed to be opened since May with further ease of restrictions over the summer
- All regions improved from last year with exception from sales of raw materials (other sales)
- Sales through the Retail chain reached pre-pandemic levels in the quarter as private events recuperates
- Strong operational leverage from both high efficiency in the factories and lower indirect cost spend
- Accelerated raw material and energy costs gradually impact the result negatively with full impact being delayed by inventory lead time



# Business area 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	Q3 2021	Q3 2020	LTM 20/21	FY 2020
NorthEast	125	108	470	433
Central	68	54	284	232
West	81	59	298	241
South	47	33	161	128
Rest of World	276	230	1 037	842
Other Sales	0	0	1	-1
<b>BioPak</b>	<b>596</b>	<b>484</b>	<b>2 251</b>	<b>1 874</b>

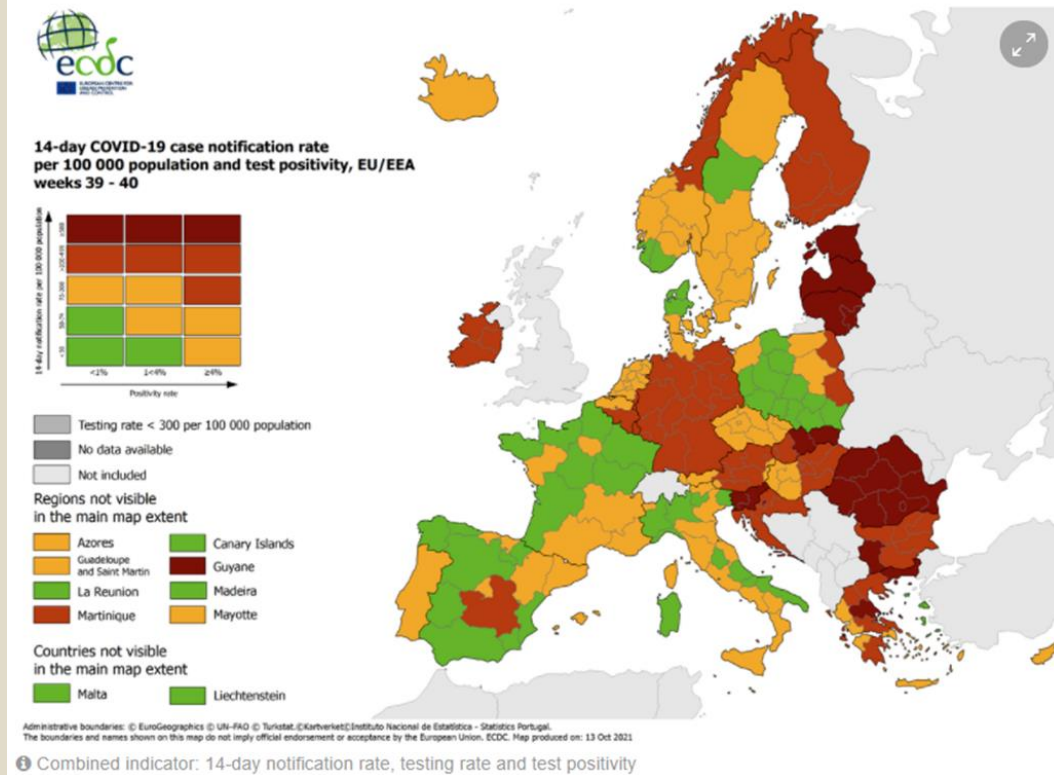
SEK m	Q3 2021	Q3 2020	LTM 20/21	FY 2020
Net Sales	596	484	2 251	1 874
Operating Income	55	42	209	142
Operating Margin %	9.3%	8.7%	9.3%	7.6%

## Q3, 2021

- Net sales SEK 596 m (484), operating income SEK 55 m (42)
- Demand for take-away products, especially environmentally sound products, continue to be high in the quarter generating strong growth
- Demand for Eating & Drinking products return to pre-pandemic levels
- Growth is seen in almost all markets in Europe as well as Asia Pacific
- Low activity level in travel and marketing strengthens the result on top of the volume growth
- Raw materials were at historically high levels during the quarter
- Price increases for container shipping accelerated during the quarter in what media calls “Containergeddon” and has a negative impact in the quarter, but full impact is delayed by shipping and inventory lead times

# Covid-19 Situation: Actions & Outlook

## Combined indicator: 14-day notification rate, testing rate and test positivity, updated 14 October 2021

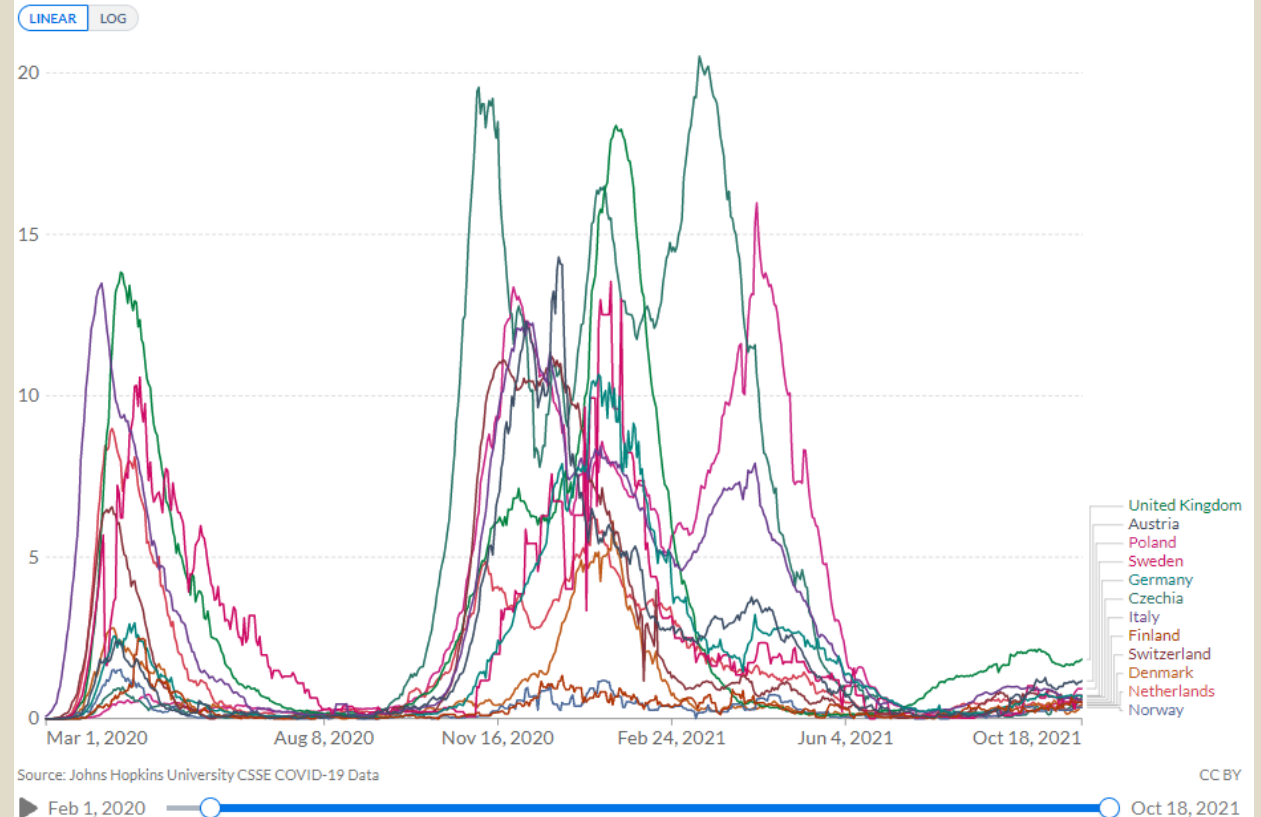


<https://www.ecdc.europa.eu/en/covid-19/situation-updates/weekly-maps-coordinated-restriction-free-movement>

## Daily new confirmed COVID-19 deaths per million people

Shown is the rolling 7-day average. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

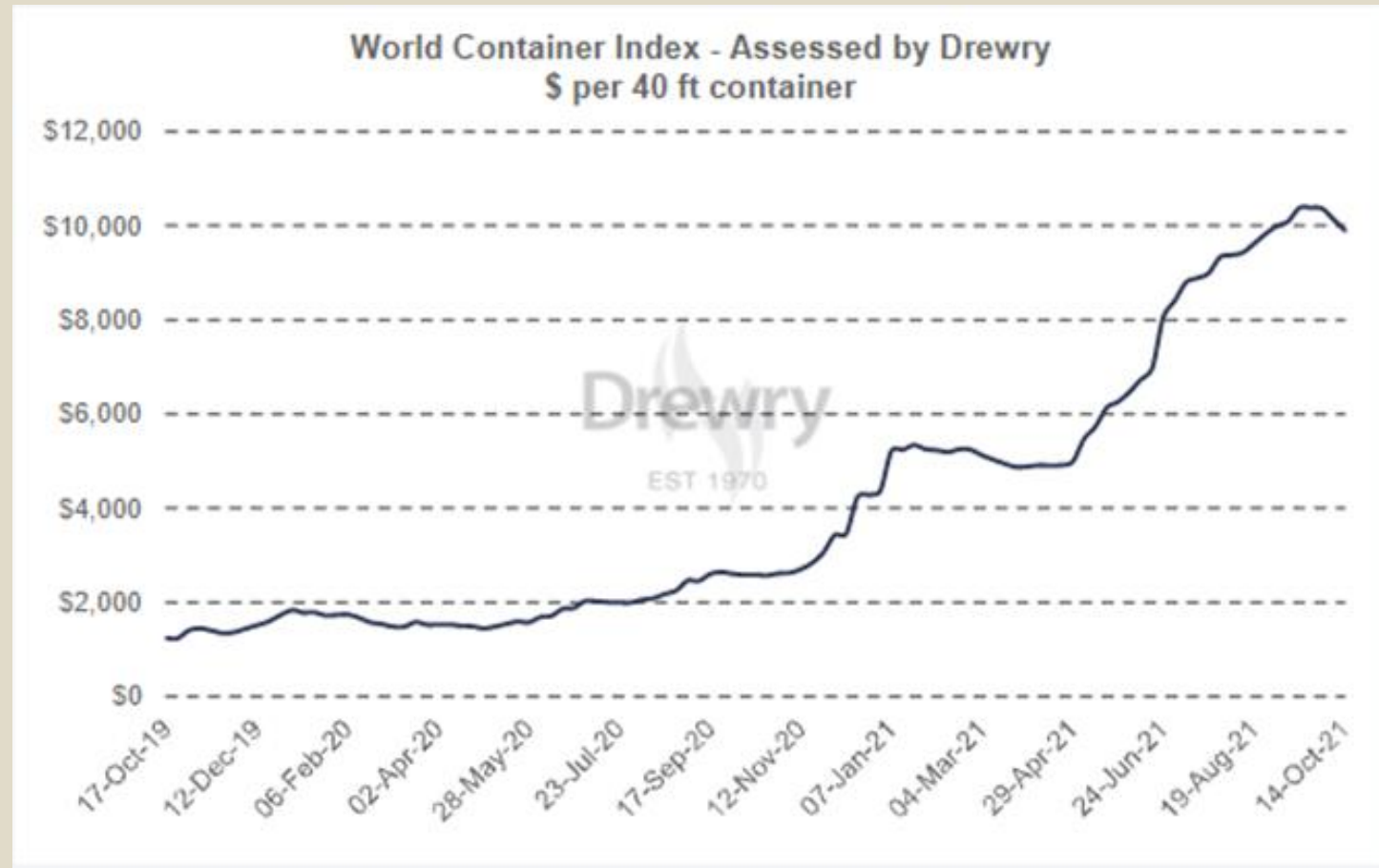
Our World in Data



<https://ourworldindata.org/>



# Cost inflation puts pressure on margins, container example below



<https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Partnerships and  
collaboration  
towards a more  
sustainable future





# Financials

# Income Statement

SEK m	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM 20/21	FY 2020
Net sales	1 453	1 251	3 509	3 320	4 690	4 501
Gross profit	337	278	635	601	847	814
Gross margin	23.2%	22.2%	18.1%	18.1%	18,1%	18.1%
Selling expenses	-125	-121	-369	-396	-487	-514
Administrative expenses	-64	-68	-190	-200	-256	-265
R & D expenses	0	0	0	-3	-3	-5
Other operating net	-12	-7	47	9	79	41
EBIT	135	82	122	11	181	70
Adjustments	-16	-28	-47	-87	-39	-79
Operating income <sup>1)</sup>	151	110	169	98	220	149
Operating margin	10.4%	8.8%	4.8%	3.0%	4.7%	3.3%
Financial net	-7	-13	-32	-51	-44	-63
Taxes	-27	-21	-22	9	-34	-3
Net income	102	48	68	-31	103	4
Earnings per share	2.16	1.02	1.43	-0.68	2.17	0.05

<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.



# Business Areas Financials

SEK m		Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM 20/21	FY 2020
Duni	Net Sales	857	767	1766	1 954	2 439	2 628
	Operating income <sup>1)</sup>	96	68	9	6	11	7
	Operating margin	11.2%	8.8%	0.5%	0.3%	0.4%	0.3%
BioPak	Net Sales	596	484	1 744	1 366	2 251	1 874
	Operating income <sup>1)</sup>	55	42	160	92	209	142
	Operating margin	9.3%	8.7%	9.2%	6.8%	9.3%	7.6%
Duni Group	Net Sales	<b>1 453</b>	<b>1 251</b>	<b>3 509</b>	<b>3 320</b>	<b>4 690</b>	<b>4 501</b>
	Operating income <sup>1)</sup>	<b>151</b>	<b>110</b>	<b>169</b>	<b>98</b>	<b>220</b>	<b>149</b>
	Operating margin	<b>10.4%</b>	<b>8.8%</b>	<b>4.8%</b>	<b>3.0%</b>	<b>4.7%</b>	<b>3.3%</b>

<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.

# Operating Cash Flow

SEK m	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM 20/21	FY 2020
<b>Operating EBITDA <sup>1)</sup></b>	<b>187</b>	<b>148</b>	<b>276</b>	<b>215</b>	<b>365</b>	<b>305</b>
<b>Capital expenditure <sup>1)</sup></b>	<b>-11</b>	<b>-12</b>	<b>-35</b>	<b>-62</b>	<b>-54</b>	<b>-77</b>
Change in;						
Inventory	-110	15	-160	-86	-185	-111
Accounts receivable	-172	-225	-281	106	-99	287
Accounts payable	104	53	76	-96	106	-66
Other operating working capital	120	102	131	39	8	-84
<b>Change in working capital</b>	<b>-57</b>	<b>-54</b>	<b>-234</b>	<b>-38</b>	<b>-170</b>	<b>26</b>
<b>Operating cash flow <sup>2)</sup></b>	<b>119</b>	<b>82</b>	<b>7</b>	<b>115</b>	<b>141</b>	<b>253</b>

<sup>1)</sup> Operating EBITDA is EBITDA less restructuring costs and fair value allocations and effects from IFRS 16 Leases.

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



# Financial position

SEK m	September 2021	December 2020	September 2020
Goodwill	2 016	2 011	2 037
Tangible and intangible fixed assets	1 521	1 615	1 694
Net financial assets <sup>1)</sup>	37	-22	-21
Inventories	1 033	861	863
Accounts receivable	891	599	803
Accounts payable	-506	-422	-401
Other operating assets and liabilities <sup>3)</sup>	-829	-689	-852
<b>Net assets</b>	<b>4 163</b>	<b>3 952</b>	<b>4 123</b>
Net debt	1 466	1 324	1 538
Equity	2 697	2 628	2 585
<b>Equity and net debt</b>	<b>4 163</b>	<b>3 952</b>	<b>4 123</b>
ROCE <sup>2)</sup>	5%	4%	7%
ROCE <sup>2)</sup> w/o Goodwill	11%	8%	15%
Net debt / Equity	54%	50%	60%
Net debt / EBITDA <sup>2)</sup>	3.39	3.54	2.94

<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.

## Financial targets

### Sales growth

> 5%

**ORGANIC GROWTH OF 5%  
OVER A BUSINESS CYCLE**

Consider acquisitions to reach new markets or to strengthen current market positions.

**LTM 20/21**

**-1.2%**

at fixed exchange rates

### Operating margin

> 10%

**TOP LINE GROWTH  
– PREMIUM FOCUS**

Improvements in manufacturing, sourcing and logistics.

**LTM 20/21**

**4.7%**

### Dividend payout ratio

40+%

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

**2020**

**0.00 SEK**





Thank you!