



Q2 Presentation, 2020

July 15, 2020

DUNI
GROUP

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2020 Q2 Highlights

Net sales -39%

- Significant sales drop in the Duni segment related to Covid-19 restrictions.
- BioPak segment in line with last year.
- Total sales recover gradually during the quarter from a decline of 54% in April to 18% in June.

Operating income down SEK 202 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 shows results above expectations.
- Gradual improvement during the quarter up to a break even result in June.

NET SALES
SEK 820 m
(1 348)

OPERATING INCOME
SEK -92 m
(111)

OPERATING MARGIN
-11.2%
(8.2%)

OPERATING CASH FLOW
SEK 59 m
(124)

2020 YTD Highlights

Net sales -21%

- Stable start of the year but significant volume loss in all regions from mid of March.
- BioPak had high growth in Q1 but struggled to meet demand in Q2.

Operating income down SEK 217 m vs last year

- Volume decreases drives result down despite strong start of the year.
- High focus on adjusting capacity and costs according to forecast.

NET SALES
SEK 2 069 m
(2 612)

OPERATING INCOME
SEK -12 m
(203)

OPERATING MARGIN
-0.6%
(7.8%)

OPERATING CASH FLOW
SEK 20 m
(77)

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.
- Helping sit down restaurants with take-away solutions.
- SEK 20 m yearly savings.



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	Q2 2020	Q2 2019	LTM 19/20	FY 2019
NorthEast	52	158	534	648
Central	144	378	1 425	1 684
West	46	158	587	719
South	27	113	308	411
Rest of World	26	60	221	264
Other Sales	81	23	148	90
Duni	377	890	3 223	3 816

SEK m	Q2 2020	Q2 2019	LTM 19/20	FY 2019
Net Sales	377	890	3 223	3 816
Operating Income	-118	83	196	416
Operating Margin %	-31.4%	9.3%	6.1%	10.9%

Q2, 2020

- Net sales SEK 377 m (890), operating income SEK -118 m (83).
- Volumes dropped significantly as Covid-19 restrictions impacts restaurants and hotels.
- Decreases are seen in all markets and across all product categories, but bigger decreases on table covers and less on hygiene assortment.
- Focus on maintaining customer relationships via digital media and supporting good hygiene by for example additional project launches.
- The operating income is supported by lower input material costs, cost control and government support but heavily impacted by the lower volumes.
- Growth in Other Sales due to higher external sales from papermill in Skåpafors.

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	Q2 2020	Q2 2019	LTM 19/20	FY 2019
NorthEast	117	119	432	423
Central	60	62	219	216
West	35	34	132	126
South	33	41	131	139
Rest of World	199	202	867	827
Other Sales	0	0	0	0
BioPak	443	458	1 781	1 732

SEK m	Q2 2020	Q2 2019	LTM 19/20	FY 2019
Net Sales	443	458	1 781	1 732
Operating Income	26	28	121	116
Operating Margin %	5.9%	6.1%	6.8%	6.7%

Q2, 2020

- Net sales SEK 443 m (458), operating income SEK 26 m (28).
- Strong increase in demand of take-away solutions in Q1 resulted in supply shortages in Q2 and sales ending in line with last year.
- Demand is, in line with historical trend, mainly on the eco-conscious portfolio, but significant increase in demand is also seen in sealable packaging solutions.
- Lower sales of Eating & Drinking due to less at home social dining.
- Focus on helping restaurants add or expand their take-away assortment.
- Savings on indirect costs while logistic costs increase.
- Acquired Horizons Supply is included since October 2019.

Covid-19 Situation

Sales and outlook

- Healthy and fully operational business.
- Covid-19 restrictions still impacting restaurants and hotels negatively.
- Continued take-away opportunity.
- Expected sales development in Q3-Q4 to follow changes in restrictions impacting the hotel- and restaurant business.
- Still very difficult to forecast.



Covid-19 Situation

Our actions

- Adopting capacity in line with increased sales.
- Total cost cutting program of SEK 157 m in Q2 with no restructuring cost.
- Gradually diminishing cost cutting activities in line with sales growth.
- The AGM on May 12, 2020 resolved that no dividend would be paid.
- No need for additional liquidity.

A photograph of a person with their back to the camera, sitting on a large rock on a grassy bank. They are looking across a calm lake towards a valley between steep, green mountains. The mountains have patches of snow on their peaks. The sky is overcast. The water reflects the surrounding landscape.

*“We plan for the worst
and hope for the best”*

Covid-19 Situation

Market outlook post lockdown

- Increased demand for hygiene enhancing products. Duni has a good offer.
- Shift to more restaurants offering take-away expected to continue and providing increased growth opportunities for BioPak.
- Well positioned for a strong post Covid-19 development.



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 on circularity on the market as well. The BioPak brand is the go to option for sustainable meal serving products.

A platform for growth

In late 2018, Duni Group launched a 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

Financials

Income Statement

SEK m	Q2 2020	Q2 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Net sales	820	1 348	2 069	2 612	5 004	5 547
Gross profit	32	320	324	621	1 105	1 403
Gross margin	3.9%	23.7%	15.6%	23.8%	22.1%	25.3%
Selling expenses	-112	-149	-275	-301	-566	-592
Administrative expenses	-60	-68	-132	-129	-288	-285
R & D expenses	0	-1	-3	-3	-3	-3
Other operating net	31	-9	15	-19	-79	-114
EBIT	-110	93	-71	169	169	408
Adjustments	-18	-18	-59	-34	-149	-125
Operating income ¹⁾	-92	111	-12	203	317	533
Operating margin	-11.2%	8.2%	-0.6%	7.8%	6.3%	9.6%
Financial net	-10	-7	-20	-17	-35	-32
Taxes	33	-18	26	-33	-44	-103
Net income	-87	67	-65	119	89	273
Earnings per share	-1.84	1.41	-1.41	2.49	1.83	5.73

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

Segment Financials

SEK m		Q2 2020	Q2 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Duni	Net Sales	377	890	1 187	1 780	3 223	3 816
	Operating income ¹⁾	-118	83	-62	158	196	416
	Operating margin	-31.4%	9.3%	-5.2%	8.9%	6.1%	10.9%
BioPak	Net Sales	443	458	882	833	1 781	1 732
	Operating income ¹⁾	26	28	50	45	121	116
	Operating margin	5.9%	6.1%	5.7%	5.4%	6.8%	6.7%
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Cash Flow

SEK m	Q2 2020	Q2 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Operating EBITDA ¹⁾	-52	151	67	283	473	691
Capital expenditure ¹⁾	-20	-36	-46	-63	-121	-137
Change in;						
Inventory	-39	35	-102	-45	-47	9
Accounts receivable	225	-61	330	20	349	38
Accounts payable	-56	-3	-149	-68	-20	62
Other operating working capital	2	38	-80	-50	-56	-26
Change in working capital	132	10	-1	-143	225	83
Operating cash flow ²⁾	59	124	20	77	577	637

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

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

Financial position

SEK m	June 2020	December 2019	June 2019
Goodwill	2 042	2 053	2 148
Tangible and intangible fixed assets	1 721	1 820	1 857
Net financial assets ¹⁾	-27	-37	-100
Inventories	878	781	833
Accounts receivable	583	915	929
Accounts payable	-352	-505	-366
Other operating assets and liabilities ³⁾	-741	-818	-781
Net assets	4 104	4 211	4 520
Net debt	1 537	1 546	1 887
Equity	2 568	2 664	2 633
Equity and net debt	4 104	4 211	4 520
ROCE ²⁾	8%	13%	10%
ROCE ²⁾ w/o Goodwill	16%	26%	19%
Net debt / Equity	60%	58%	72%
Net debt / EBITDA ²⁾	2.82	2.03	2.95

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.

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 19/20

-11.9%

at fixed exchange rates

Operating margin

> 10%

**TOP LINE GROWTH
– PREMIUM FOCUS**

Improvements in manufacturing, sourcing and logistics.

LTM 19/20

6.3%

Dividend payout ratio

40+%

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

2019

0.00 SEK



Thank you!