Q3 Presentation, 2020

October 22, 2020

DUNI GROUP

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2020 Q3 Highlights

Net sales -7%

- Strong sales recovery during the summer months for the Duni Segment after restrictions have eased
- Recovery is seen across all markets
- The BioPak segment is back to showing strong growth numbers

Operating income up with SEK 202 m vs Q2

- Increased sales in the Duni segment, better cost absorption in production and strong development in the BioPak segment contributes to a more than SEK 200 m improvement of operating income vs Q2

NET SALES
SEK 1 251 m
(1 377)

OPERATING INCOME
SEK 110 m
(130)

OPERATING MARGIN
8.8%
(9.5%)

OPERATING CASH FLOW
SEK 89 m
(202)

2020 YTD Highlights

Net sales -16%

- Stable start of the year, but significant loss in volume from mid of March in connection with Covid-19 restrictions
- Volume recovery from mid of second quarter with very positive development during the summer months
- The BioPak segment grows, as demand for take-away has been good

Operating income down SEK 236 m vs last year

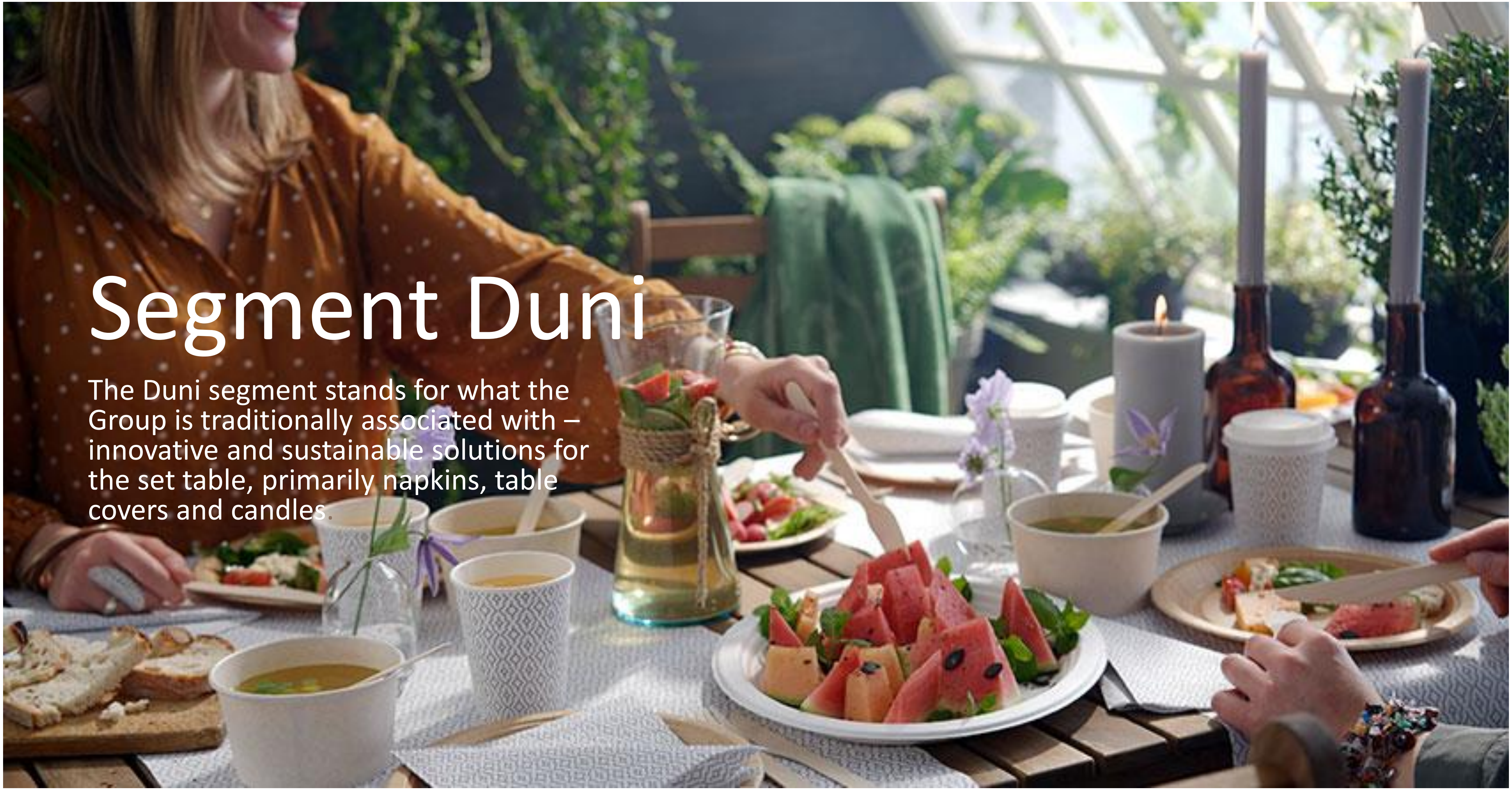
- Capacity adjustments, cost saving program, improvements in the BioPak segment and low input material cost with positive impact on result

NET SALES
SEK 3 320 m
(3 990)

OPERATING INCOME
SEK 98 m
(334)

OPERATING MARGIN
3.0%
(8.4%)

OPERATING CASH FLOW
SEK 109 m
(280)



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	Q3 2020	Q3 2019	LTM 19/20	FY 2019
NorthEast	135	165	504	648
Central	325	413	1 337	1 684
West	129	169	547	719
South	93	111	290	411
Rest of World	40	67	195	264
Other Sales	46	22	171	90
Duni	**767**	**946**	**3 044**	**3 816**

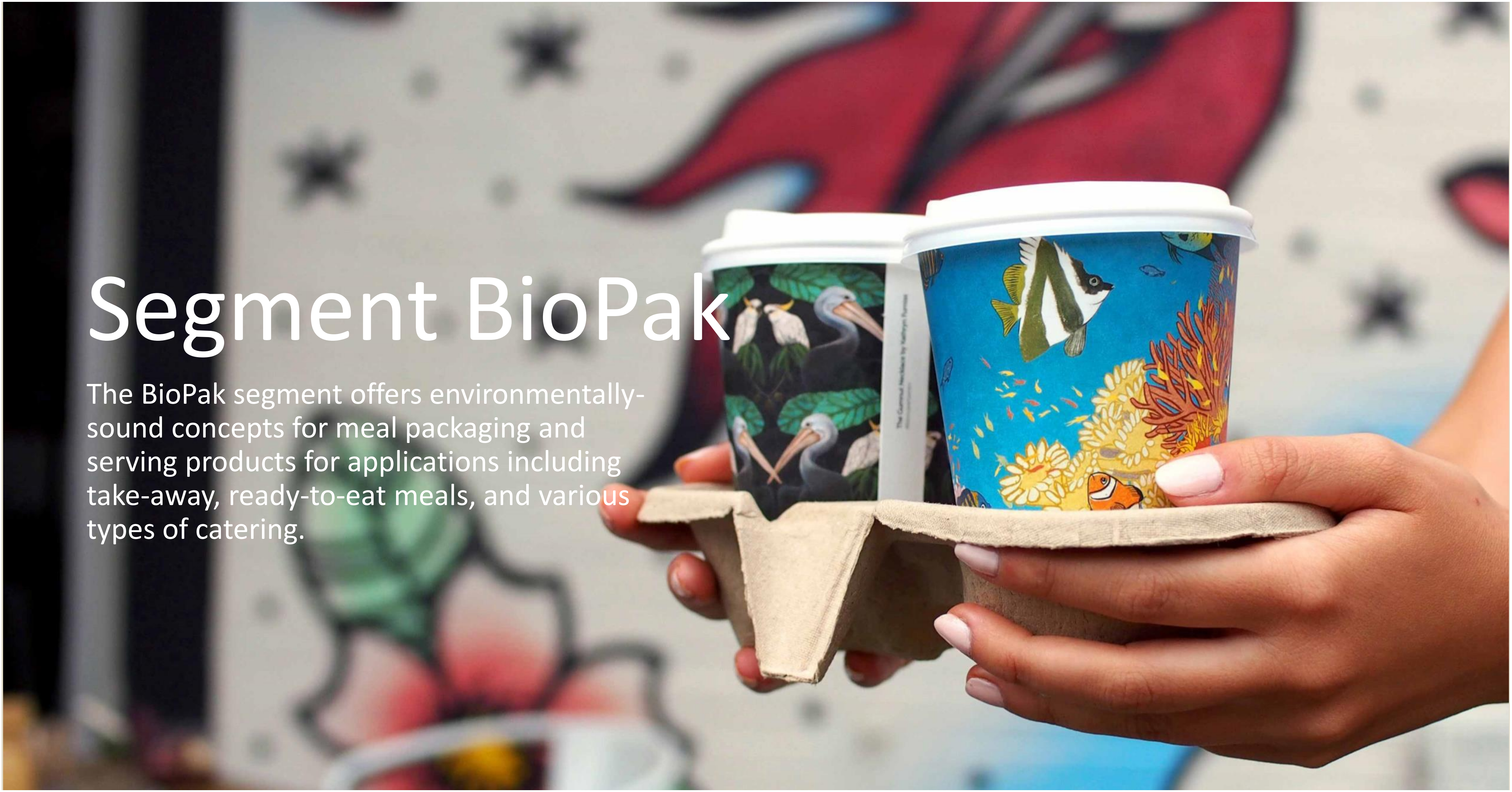
SEK m	Q3 2020	Q3 2019	LTM 19/20	FY 2019
Net Sales	767	946	3 044	3 816
Operating Income	68	99	164	416
Operating Margin %	8.8%	10.5%	5.4%	10.9%

Q3, 2020

- Net sales SEK 767 m (946), operating income SEK 68 m (99).
- Volumes recovered in a strong way as Covid-19 restrictions ease across Europe.
- Recovery is seen in all markets and across all product categories.
- Despite recovery, restaurant and hotel market are still well below normal turnover.
- The operating income is still burdened by the lower volumes, but with significantly better fixed cost coverage than in the second quarter.
- Lower input material costs, cost control and government support strengthens the operating income.
- 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	Q3 2020	Q3 2019	LTM 19/20	FY 2019
NorthEast	107	105	434	423
Central	54	54	219	216
West	31	30	132	126
South	34	37	129	139
Rest of World	259	206	920	827
Other Sales	0	0	-1	0
BioPak	**484**	**431**	**1 834**	**1 732**

SEK m	Q3 2020	Q3 2019	LTM 19/20	FY 2019
Net Sales	484	431	1 834	1 732
Operating Income	42	31	132	116
Operating Margin %	8.7%	7.2%	7.2%	6.7%

Q3, 2020

- Net sales SEK 484 m (431), operating income SEK 42 m (31).
- Continued strong demand and back to growth after Q2 supply shortage.
- The trend of increased demand on eco-conscious products vs plastic products has continued strongly in the quarter.
- The Australian market shows the strongest growth where the portfolio is made up of only eco-conscious products.
- Operating income improves in line with growing sales, supported by savings on indirect costs and lower raw material costs.
- Acquired Horizons Supply is included since October 2019.

Covid-19 Situation
Sales and outlook

- Continuous measures to ensure fully operational business.
- Although, Covid-19 restrictions eased during Q3, limitations in restaurants and hospitality industry still impacted negatively.
- Take-away solutions with increased share of business.
- New restrictions and lockdowns seen in October will have an impact on sales, but uncertainty still remains.

Covid-19 Situation
Our actions

- Capacity in factories constantly adjusted to current demand.
- Total cost cutting program of SEK 60 m in Q3 and ~ SEK 200 m year to date. No restructuring cost.
- Short time work allowance program important, but only one of many activities.
- No need for additional liquidity.

Covid-19 Situation Market outlook post lockdown

- Duni with strong solutions for hygiene enhancing products supported sales in Q3 and will continue to be important in the future.
- Take-away products together with delivery solutions even more important in future.
- Hygiene together with sustainable consumption and circular economy strong macro trends. Duni well positioned in both areas.


Financials

Income Statement

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Net sales	1 251	1 377	3 320	3 990	4 878	5 547
Gross profit	278	339	601	961	1 044	1 403
Gross margin	22.2%	24.6%	18.1%	24.1%	21.4%	25.3%
Selling expenses	-121	-140	-396	-441	-548	-592
Administrative expenses	-68	-68	-200	-197	-288	-285
R & D expenses	0	0	-3	-3	-3	-3
Other operating net	-7	-18	8	-37	-67	-114
EBIT	**82**	**113**	**11**	**283**	**137**	**408**
Adjustments	-28	-17	-87	-51	-160	-125
Operating income 1)	**110**	**130**	**98**	**334**	**297**	**533**
Operating margin	8,8%	9.5%	3.0%	8.4%	6.1%	9.6%
Financial net	-13	-7	-51	-24	-58	-32
Taxes	-21	-25	9	-58	-37	-103
Net income	48	81	-31	200	42	273
Earnings per share	1.02	1.71	-0.68	4.20	0.84	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		Q3 2020	Q3 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Duni	Net Sales	767	946	1 954	2 726	3 044	3 816
	Operating income 1)	68	99	6	257	164	416
	Operating margin	8.8%	10.5%	0.3%	9.4%	5.4%	10.9%
BioPak	Net Sales	484	431	1 366	1 264	1 834	1 732
	Operating income 1)	42	31	92	76	132	116
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Duni Group	Net Sales	**1 251**	**1 377**	**3 320**	**3 990**	**4 878**	**5 547**
	Operating income 1)	**110**	**130**	**98**	**334**	**297**	**533**
	Operating margin	**8.8%**	**9.5%**	**3.0%**	**8.4%**	**6.1%**	**9.6%**

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

Cash Flow

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	LTM 19/20	FY 2019
Operating EBITDA [1)]	**148**	**170**	**215**	**453**	**453**	**691**
Capital expenditure [1)]	**-12**	**-30**	**-59**	**-92**	**-103**	**-137**
Change in;						
Inventory	15	-7	-86	-52	-25	9
Accounts receivable	-225	-9	106	10	134	38
Accounts payable	53	36	-96	-31	-3	62
Other operating working capital	109	41	28	-9	11	-26
Change in working capital	**-47**	**62**	**-48**	**-81**	**117**	**83**
Operating cash flow [2)]	**89**	**202**	**109**	**280**	**467**	**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	September 2020	December 2019	September 2019
Goodwill	2 037	2 053	2 171
Tangible and intangible fixed assets	1 694	1 820	1 856
Net financial assets [1)]	-21	-37	-80
Inventories	863	781	850
Accounts receivable	803	915	952
Accounts payable	-401	-505	-408
Other operating assets and liabilities [3)]	-852	-818	-830
Net assets	**4 123**	**4 211**	**4 511**
Net debt	1 538	1 546	1 800
Equity	2 585	2 664	2 711
Equity and net debt	**4 123**	**4 211**	**4 511**
ROCE [2)]	7%	13%	11%
ROCE [2)] w/o Goodwill	15%	26%	21%
Net debt / Equity	60%	58%	66%
Net debt / EBITDA [2)]	2.94	2.03	2.64

[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

-13.3%

at fixed exchange rates

Operating margin

> 10%

TOP LINE GROWTH – PREMIUM FOCUS

Improvements in manufacturing, sourcing and logistics.

LTM 19/20

6.1%

Dividend payout ratio

40+%

TARGET AT LEAST 40% OF NET PROFIT

2019

0.00 SEK


Thank you!