



Q2 Presentation 2014

11 July, 2014

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2014 Q2 Highlights

- Paper+Design Group acquired mid June.
- Table Top – Modest growth, but with limited effect on results due to temporary marketing cost. Further on, high cost within logistics derived from unsatisfactory delivery performance.
- Meal Service – Continuous healthy growth. Extraordinary strong result in Q2 2013 due to one off positive sourcing effects which was not repeated in 2014.
- Consumer – Acquisition of Paper+Design. Good momentum in almost all markets.
- New Markets – Russia impacted by the political situation. Song Seng acquisition (Singapore) still contributing fully in year-on-year effect.
- Material & Services – Lower sales following divestment plan. Profit increase should be seen as temporary.

- Net sales SEK 1 017 m (914)
- Operating income SEK 101 m (91)
- Operating margin 10.0% (10.0%)





Market Outlook

Market Outlook

- HORECA market long-term growing in line or slightly above GDP.
 - Higher growth in take-away, catering and fast food restaurants.
 - South improving due to stronger tourism season.
- Macro climate indicate modest growth for EU.
 - Inflation very low, implicating challenging environment for price compensation towards customers for raw material increases.
 - Retail area indicate similar development as GDP with marginal growth levels in EU.
- Plastic prices have stabilized on high levels with signs of further increase.
- Pulp somewhat higher in second quarter compared to first quarter.
- SEK continue to weaken vs EUR.
- Sourcing capacity on environmentally friendly materials like bagasse has decreased during the quarter due to increasing global demand.
- Overall slightly better market demand in second quarter.



HoReCa Sales Development

- Northern Europe:
 - Sweden continue to show strong figures for restaurants; still benefitting from VAT reduction in restaurant sector which mainly generated growth in café and bakery sector.
- Central Europe:
 - Germany indicate unchanged growth figures (real) in HoReCa sector. However still challenging environment for pub sector (getränkeprägte gastronomi).
- South/East Europe:
 - South expects an improved tourism season, especially noticeable in Spain.
 - Eating out a relatively new tradition with low share of disposable income for Eastern Europe. Long term trend improving from low levels.
 - Political turmoil related to Ukraine has caused a reduction in demand in East Region.





Business Areas

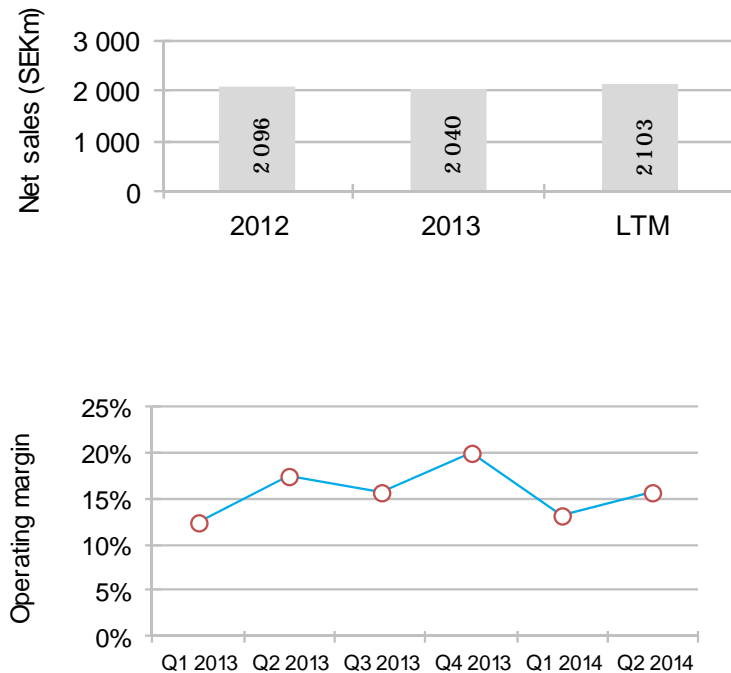


Table Top

Improvement in sales and profit

Table Top

Sales and Operating margin ¹⁾



Q2 2014

- Napkins continue to be the dominating product group within Table Top and strengthening its share within the quarter.
- In comparable exchange rates, sales increased by 1.8% to a large extent due to stronger position in South.
- No profitability leverage from increased sales due to high temporary marketing cost. Delivery performance underperformed causing high logistic cost.

1) Operating margin adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

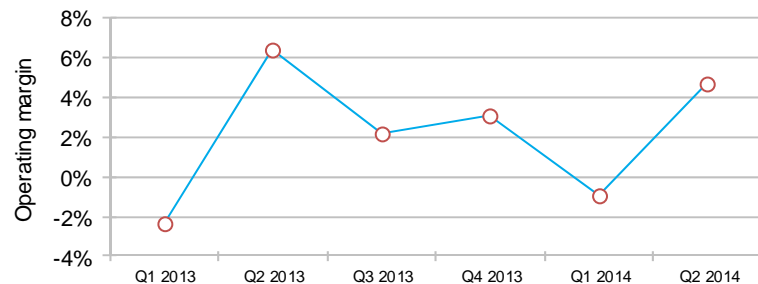
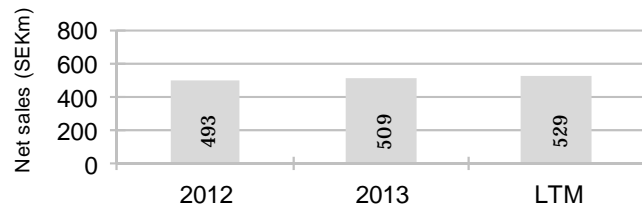
Meal Service

Healthy sales development in seasonally weak quarter



Meal Service

Sales and Operating margin ¹⁾



Q2 2014

- Overall satisfactory growth levels, but continuously challenging market in Sweden with fierce competition.
- Second quarter in 2013 was positively influenced by some temporary effects from sourcing activities which was not repeated this year.
- High cost for plastics, but mitigated by price increases towards customers implemented throughout first quarter.

1) Operating margin adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

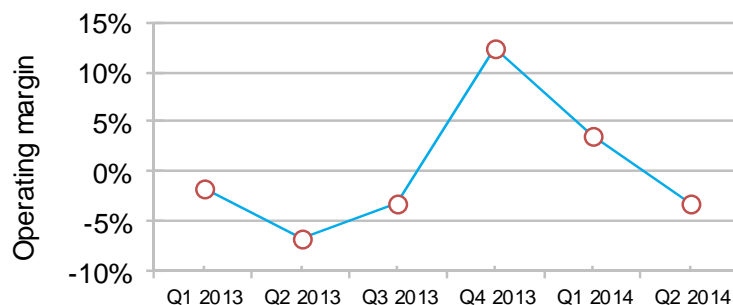
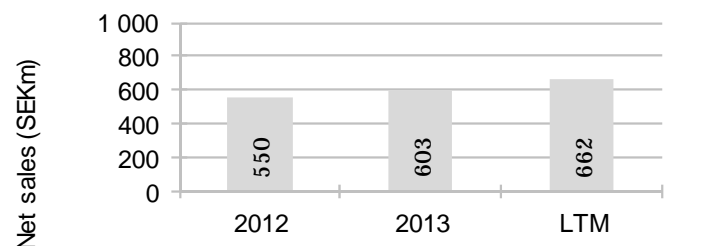


Consumer

Growth within all major regions

Consumer

Sales and Operating margin ¹⁾



Q2 2014

- Paper+Design acquired mid June and will contribute fully from third quarter. Costs connected to acquisition resulted in limited effects in operating income.
- Growth level indicate a level of 20%, after adjustments of acquisition, mainly in Nordics.

1) Operating margin adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

Paper+Design Group within Consumer

- Solid Business Model and new segment for Consumer
 - World Class performance within design, color and flexibility/speed.
 - Successful sales model in view of pricing and distributors.
 - Additional business segment “Specialty Trade”.
 - Expansion of current offer to customers.



SUMMER
PATCHWORK
FAMIL ...



SUMMER
DELICATE
DRAGON ...



SUMMER
LADYBUGS ON
TOU ...



SUMMER
COLOURFUL
BIRDS

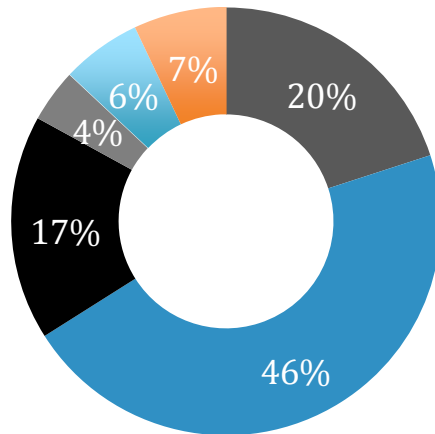


New Markets

Russian challenge, but positive
development outside Europe

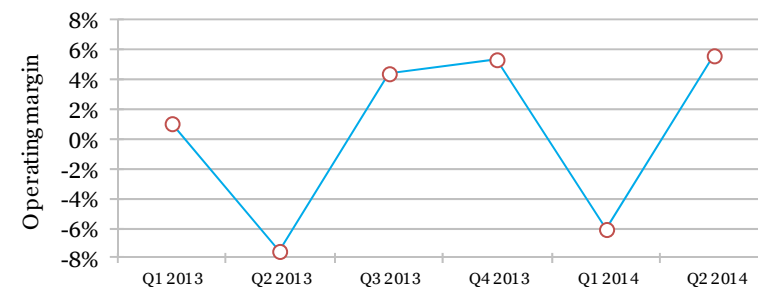
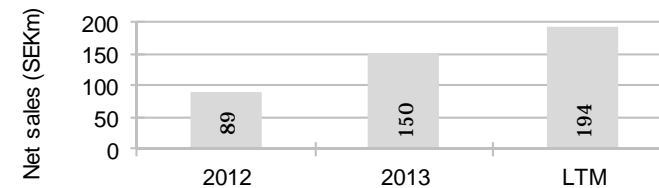
New Markets

- Song Seng, a Singapore based company acquired July 1st 2013, is the main explanation for doubling of sales.
- Political turmoil related to Ukraine has caused negative effects in demand. Weak Russian ruble puts further pressure on the gross margin.



■ Russia
 ■ Middle East & North Africa
 ■ Asia & Oceania
 ■ Singapore
 ■ South & Latin America
 ■ Other

Sales and Operating margin¹⁾



1) Operating margin adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.



Materials & Services

Hygiene business follows plan



Financials

Q2 Operating income > 100 MSEK

SEK m	Q2 2014	Q2 2013	YTD 2014	YTD 2013	LTM 2013/2014	FY 2013
Net sales	1 017	914	1 937	1 766	3 975	3 803
Gross profit	262	239	502	458	1 049	1 005
Gross margin	25.7%	26.1%	25.9%	25.9%	26.4%	26.4%
Selling expenses	-112	-102	-225	-216	-446	-437
Administrative expenses	-50	-41	-96	-80	-189	-173
R&D expenses	-2	-5	-6	-10	-15	-19
Other operating net	3	0	-2	-5	-3	-8
EBIT	100	91	172	146	395	369
Adjustments	-1	0	-1	0	-18	-17
Operating income¹⁾	101	91	174	146	414	385
Operating margin	10.0%	10.0%	9.0%	8.3%	10.4%	10.1%
Financial net	-1	-3	-4	-9	-14	-19
Taxes	-26	-22	-44	-34	-93	-83
Net income	73	66	124	103	288	267
Earnings per share	1.54	1.41	2.64	2.18	6.14	5.68

- 1) Operating income adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.



Strong development in Consumer

<i>SEK m</i>		Q2 2014	Q2 2013	YTD 2014	YTD 2013	LTM 2013/2014	FY 2013
Table Top	Net sales	552	517	1 030	967	2 103	2 040
	Operating income ¹⁾	87	90	150	146	344	339
	Operating margin	15.7%	17.4%	14.6%	15.1%	16.4%	16.6%
Meal Service	Net sales	148	137	271	251	529	509
	Operating income ¹⁾	7	9	6	6	13	13
	Operating margin	4.7%	6.4%	2.2%	2.4%	2.4%	2.5%
Consumer	Net sales	161	119	318	259	662	603
	Operating income ¹⁾	-5	-8	1	-10	24	13
	Operating margin	-3.2%	-6.7%	0.2%	-3.8%	2.6%	2.2%
New Markets	Net sales	48	26	91	47	194	150
	Operating income ¹⁾	3	-2	0	-2	5	3
	Operating margin	5.6%	-7.6%	0.0%	-3.7%	2.6%	2.2%
Materials & Services	Net sales	107	115	227	242	487	502
	Operating income ¹⁾	10	2	17	6	28	17
	Operating margin	9.0%	1.9%	7.5%	2.3%	5.8%	3.3%
Duni	Net sales	1 017	914	1 937	1 766	3 975	3 803
	Operating income¹⁾	101	91	174	146	414	385
	Operating margin	10.0%	10.0%	9.0%	8.3%	10.4%	10.1%

Continued improvement in operating cash flow

<i>SEK m</i>	Q2 2014	Q2 2013	YTD 2014	YTD 2013	LTM 2013/ 2014	FY 2013
EBITDA¹⁾	129	120	230	205	529	503
Capital expenditure	-22	-15	-32	-30	-84	-82
<i>Change in;</i>						
Inventory	12	-7	-32	-60	-7	-35
Accounts receivable	-71	-52	-33	-41	4	-4
Accounts payable	-10	-32	-38	-39	31	30
Other operating working capital	38	39	26	39	47	60
Change in working capital	-31	-52	-78	-101	73	50
Operating cash flow	76	53	120	74	517	471

- 1) Operating income adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.



Acquisition impacting balance sheet

SEK m	June 2014	December 2013	June 2013
Goodwill	1 493	1 249	1 199
Tangible and intangible fixed assets	1 107	802	768
Net financial assets ¹⁾	64	166	200
Inventories	531	434	450
Accounts receivable	748	658	669
Accounts payable	-330	-348	-261
Other operating assets and liabilities ³⁾	-429	-371	-312
Net assets	3 184	2 590	2 712
Net debt	1 164	491	793
Equity	2 021	2 099	1 919
Equity and net debt	3 184	2 590	2 712
ROCE ²⁾	14%	16%	13%
ROCE ²⁾ w/o Goodwill	34%	33%	26%
Net debt / Equity	58%	23%	41%
Net debt / EBITDA ²⁾	2.2	1.0	1.8

1) Deferred tax assets and liabilities + Income tax receivables and payables.

2) Operating income adjusted for amortization of intangible assets identified in connection with business acquisitions and for restructuring costs and market valuation of derivatives.

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

4.0%

(at fixed exchange rates)

Operating margin

> 10%

Top line growth – premium focus

Improvements in manufacturing, sourcing and logistics

LTM

10.4%

Dividend payout ratio

40+%

Target at least 40% of net profit

2013

4.00 SEK per share



Thank you!