25 April 2017

Q1 Presentation 2017

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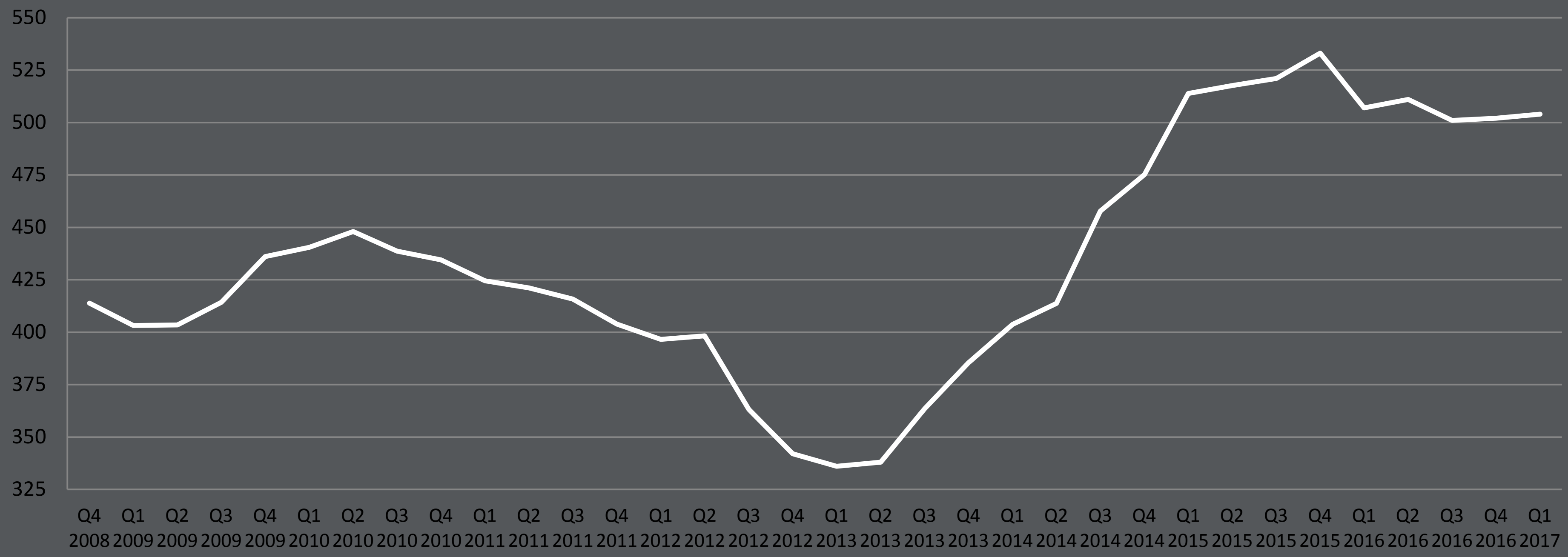
2017 Q1 Highlights

- After a weak start of the year, the quarter ended with increased sales.
- Operating Income strengthened despite continued headwind on FX rates and higher raw material costs.
- Table Top improved from previous year benefitting from good capacity utilization.
- Meal Service remain focused on building and strengthening resources in sales and sourcing.
- Plastic prices reached all time high and other major input materials like pulp continued to increase. Activities to adjust prices to customers were important in the quarter.

- Net sales SEK 1,004 m (959)
- Operating income SEK 89 m (87)
- Operating margin 8.9% (9.0%)

LTM operating income development



Includes discontinued operations


Market Outlook

Market Outlook

- HoReCa market long-term growing in line with or slightly above GDP.
  - Duni LTM sales on almost 2% which is close to the expected average weighted real GDP for Europe 2017.
  - Real GDP has grown for 15 consecutive quarters and unemployment continue to fall which creates healthy prerequisite for improved spending in HoReCa sector.
  - Germany slightly improving despite traditional restaurant sector still with low growth numbers.
- Unfavorable FX rates (in particular GBP) continue to burden result, however to a lesser extent than previous quarters.
  - Weaker British Pound continue to create significant negative transactional effects, albeit to a somewhat lower degree than in second half of 2016.
  - All time high levels in raw material prices for polystyrene (plastics), which gives strong pressure on sourcing costs. This is expected to further accelerate in second quarter.
  - Purchasing power still on high levels due to low interest rates, but inflation is picking up. Trigger for further cost control and price increase activities.

Business Areas

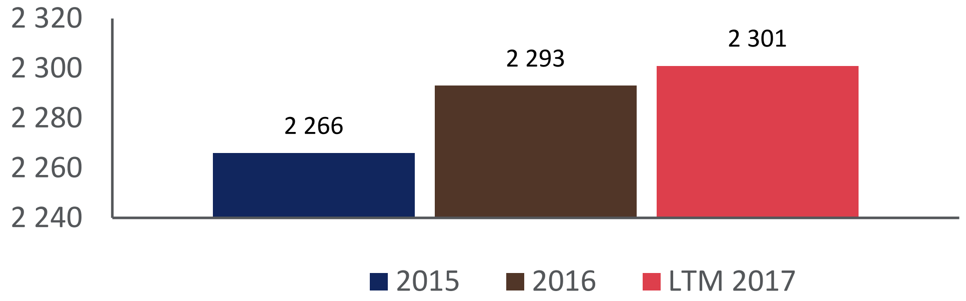
Table Top

Strengthened profit margin

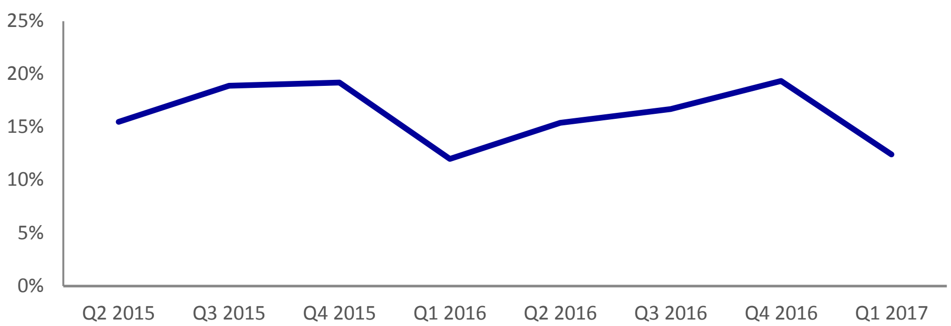
Table Top

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, 2017

- Majority of the markets with growth in the quarter.
- Increased corporation with main accounts to better predict end-customer demand and capture additional needs from market.
- Increased cost of input material for production – price compensation activities started with effect later this year.
- High efficiency in production with satisfactory capacity utilization – main driver for improved margin in the quarter.

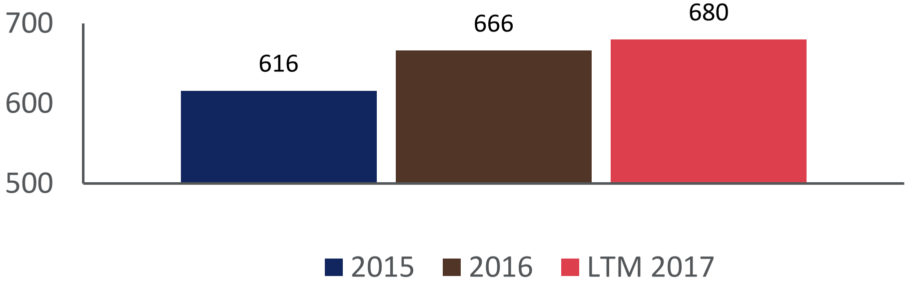
Meal Service

Sustained efforts to build stronger sales and sourcing organizations

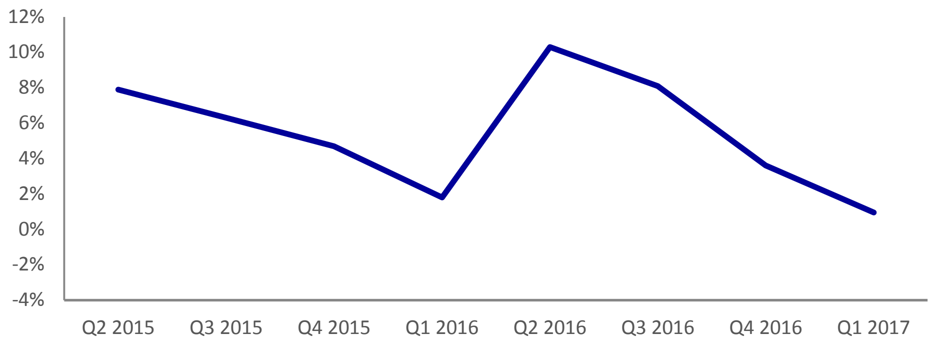
Meal Service

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, 2017

- Growth close to 10% in the quarter, but still some sluggishness in parts of Nordic Region.
- All time high levels on key raw materials like polystyrene.
- Price and sourcing activities in the quarter to mitigate the negative effects. Gradual effects from second and third quarter.

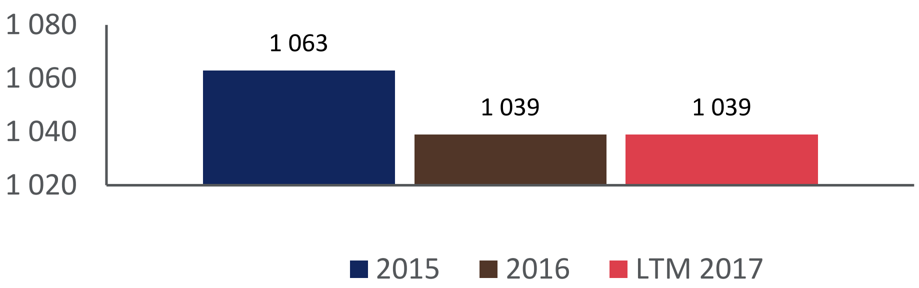
Consumer

Stable development though sharp competitive environment

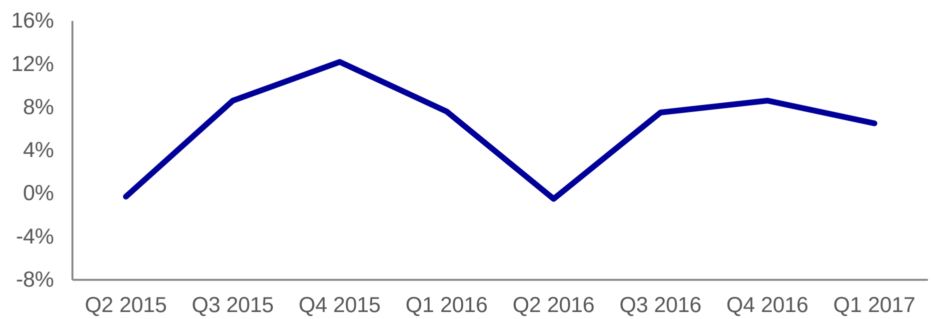
Consumer

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, 2017

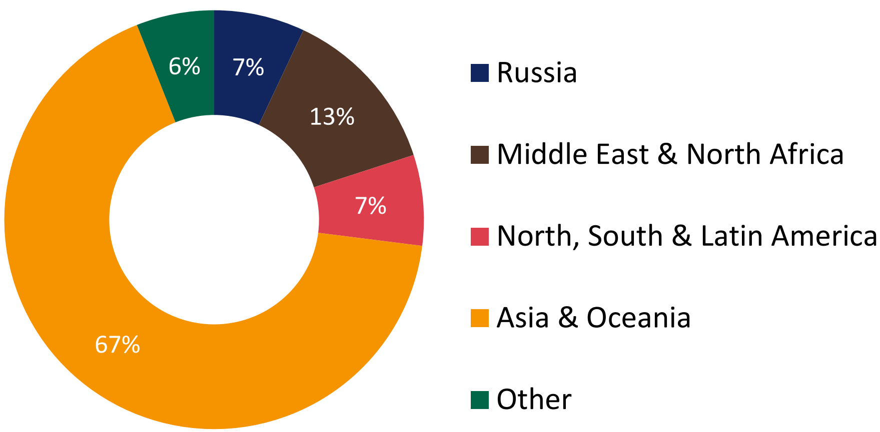
- Lower purchase from one large customer had a negative influence on sales.
- Easter collection well received, lower importance over time.
- Good performance in Central Europe. Nonetheless, significant volatility between markets.
- Higher costs and lower efficiency in terms of assortment complexity. Activities accelerated to improve going forward.

New Markets

Strengthened position in South East Asia

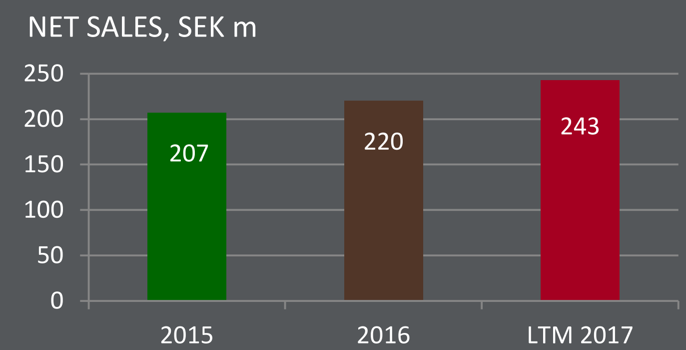
New Markets

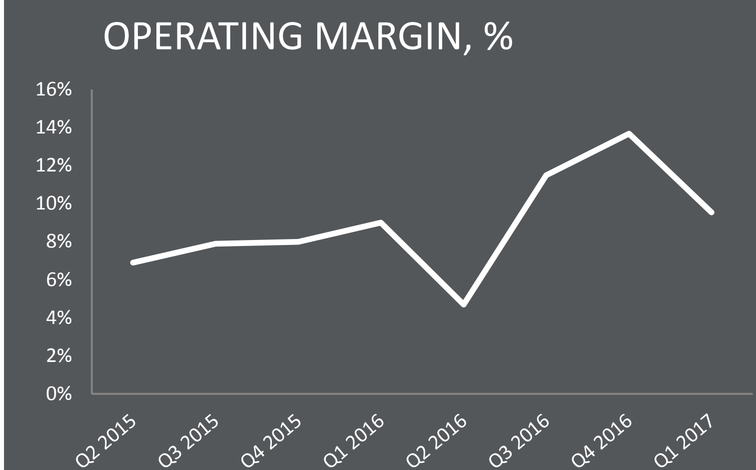
- Improvement in several markets/regions like Russia, Thailand and South America.
- Focus on developing Asia and Oceania continues with positive response on Duni brand (premium assortment).



Net sales, geographical split

SALES & OPERATING MARGIN [1)]





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Financials

Net income improvement

SEK m	Q1 2017	Q1 2016	LTM 2016/2017	FY 2016
Net sales	1 004	959	4 316	4 271
Gross profit	286	273	1 244	1 231
Gross margin	28.4%	28.4%	28.8 %	28.8%
Selling expenses	-130	-126	-487	-483
Administrative expenses	-61	-57	-249	-245
R & D expenses	-2	-2	-8	-8
Other operating net	-11	-8	-36	-33
EBIT	**81**	**80**	**465**	**463**
Adjustments	-8	-7	-39	-38
Operating income [1)]	**89**	**87**	**504**	**502**
Operating margin	8.9%	9.0%	11.7%	11.8%
Financial net	-3	-6	-19	-22
Taxes	-20	-19	-108	-107
Net income	58	54	338	334
Earnings per share	1.22	1.16	7.12	7.06

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

Improved income in Table Top

SEK m		Q1 2017	Q1 2016	LTM 2016/2017	FY 2016
Table Top	Net Sales Operating income 1) Operating margin	511 64 12.4%	503 60 12.0%	2 301 372 16.2%	2 293 369 16.1%
Meal Service	Net Sales Operating income 1) Operating margin	162 2 0.9%	148 3 1.8%	680 40 5.8%	666 41 6.1%
Consumer	Net Sales Operating income 1) Operating margin	247 16 6.5%	248 19 7.6%	1 039 62 6.0%	1 039 65 6.2%
New Markets	Net Sales Operating income 1) Operating margin	70 7 9.6%	47 4 9.0%	243 25 10.4%	220 23 10.4%
Other	Net Sales Operating income 1)	14 1	14 1	52 5	52 4
Duni total	**Net Sales** **Operating income 1)** **Operating margin**	**1 004** **89** **8.9%**	**959** **87** **9.0%**	**4 316** **504** **11.7%**	**4 271** **502** **11.8%**

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 impacted from capex and increased inventory

SEK m	Q1 2017	Q1 2016	LTM 2016/2017	FY 2016
EBITDA[1)]	**123**	**118**	**637**	**632**
Capital expenditure	**-89**	**-33**	**-232**	**-176**
Change in; Inventory	-74	-34	-58	-18
Accounts receivable	28	51	-65	-42
Accounts payable	-48	-54	15	9
Other operating working capital	-28	-32	24	20
Change in working capital	**-122**	**-69**	**-85**	**-32**
Operating cash flow	**-88**	**16**	**320**	**424**

[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 2017	December 2016	March 2016
Goodwill	1 580	1 577	1 459
Tangible and intangible fixed assets	1 308	1 255	1 135
Net financial assets [1]	-69	-72	-29
Inventories	622	548	538
Accounts receivable	703	730	612
Accounts payable	-326	-373	-301
Other operating assets and liabilities [3]	-377	-422	-365
Net assets	**3 441**	**3 243**	**3 050**
Net debt	887	757	659
Equity	2 554	2 486	2 391
Equity and net debt	**3 441**	**3 243**	**3 050**
ROCE [2]	15%	16%	17%
ROCE [2] w/o Goodwill	28%	31%	34%
Net debt / Equity	35%	31%	28%
Net debt / EBITDA [2]	1.39	1.20	1.04

[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

1.7%

at fixed exchange rates, excluding hygiene business1)

Operating margin

> 10%

Top line growth – premium focus

Improvements in manufacturing, sourcing and logistics

LTM

11.7%

Dividend payout ratio

40+%

Target at least 40% of net profit

2016

5.00 SEK per share

(proposal)

Duni


Thank you!
Duni