



PRESS RELEASE

INTERIM REPORT FOR DUNI AB (PUBL)

1 JANUARY – 30 SEPTEMBER 2018

(compared to the same period previous year)

18 October 2018

Margins under pressure from higher pulp prices – efficiency program initiated

1 JULY – 30 SEPTEMBER

- Net sales amounted to SEK 1,190 m (1,082). Adjusted for exchange rate movements, net sales increased by 2.7%. Organic growth for the quarter was 0.8%.
- Earnings per share after dilution amounted to SEK 1.39 (1.68).
- Price increases to compensate for rising raw materials prices have been implemented and further price increases have been initiated.

1 JANUARY – 30 SEPTEMBER

- Net sales amounted to SEK 3,467 m (3,188). Adjusted for exchange rate movements, net sales increased by 3.7%.
- Earnings per share after dilution amounted to SEK 4.00 (4.44).
- Pulp prices continued to rise during Q3, with an increase of more than 40% in euro terms during the past 12 months.

EVENTS AFTER THE END OF THE PERIOD

- On 15 October, Duni acquired 75% of the shares in BioPak Pty Ltd in Australia and New Zealand.
- Duni has launched a cost efficiency program of indirect costs, leading to restructuring costs of around SEK 30 m in Q4. The fully implemented program is estimated to give annual savings of approximately SEK 30 m.

KEY FINANCIALS

	3 months	3 months	9 months	9 months	12 months	12 months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK m	2018	2017	2018	2017	2017/2018	2017
Net sales	1,190	1,082	3,467	3,188	4,721	4,441
Operating income ¹⁾	107	123	293	322	463	491
Operating margin ¹⁾	9.0%	11.4%	8.5%	10.1%	9.8%	11.1%
Income after financial items	90	108	254	284	409	439
Net income	66	80	191	212	313	334

¹⁾ For key financials and reconciliation of alternative key financials, see pages 27-28.

Duni is a leading supplier of attractive and convenient products for table setting and take-away. The Duni brand name is sold in more than 40 markets and enjoys a number one position in Central and Northern Europe. Duni has around 2,500 employees in 24 countries, headquarters in Malmö, Sweden, and production units in Sweden, Germany, Poland, Thailand and New Zealand. Duni is listed on NASDAQ Stockholm under the ticker name "DUNI". The ISIN code is SE0000616716. This information is information that Duni AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 CET on 18 October 2018.

CEO'S COMMENTS

“Net sales increased by 10% from SEK 1,082 m to SEK 1,190 m in Q3. Adjusted for exchange rate movements, net sales increased by 2.7% and organic growth amounted to 0.8%. Operating income was SEK 107 m (123). The lower result is a consequence of continuously increasing pulp prices during the quarter. Pulp prices have increased by more than 40% during the last 12 months.

The Table Top and Consumer business areas were both affected negatively by the high pulp prices during the period. For New Markets, costs related to the restructuring activities in Singapore had an impact on the result. In the Meal Service business area, both growth and operating income increased during the quarter, driven by the continually strong performance of the ecoecho® range.

Program to strengthen margins

In order to improve results, and to release resources for investment in an improved customer experience, Duni is now undertaking three major initiatives to improve margins:

- 1) As announced before summer, further price increase will take effect during Q1 2019.
- 2) We are now initiating a cost efficiency program of the indirect costs. This program will include personnel reductions and, as a consequence, restructuring costs of around SEK 30 m which are mainly expected to have an impact in Q4 2018. The annual savings related to the program, once fully implemented during the second half of 2019, are estimated at approximately SEK 30 m.
- 3) We have started a major optimization of the logistics flow, which will result in significant positive effects during 2019 and 2020, for both costs and the environment.

A new strategy for a more customer-oriented and sustainable Duni

The objective with Duni's new strategy is to be a more customer-oriented and sustainable company. This includes increasing investments in digital customer experiences, development of organic products and a more customer-oriented offering. We will also seek to achieve further organic growth, as well as growth throughout acquisitions, in Asia and Oceania.

Acquisition of rapidly growing packaging company, with focus on sustainability

As of 15 October, Duni acquired 75% of BioPak Pty Ltd in Australia and New Zealand. With sales of around SEK 385 m, the company is a rapidly expanding market leader for sustainable disposable packaging and exhibit an annual historical growth above 20%. The acquisition of BioPak is in line with our strategy, since it strengthens our position within the prioritized product area of sustainable packaging, and also in the growth region of Asia and Oceania.

Looking forward, in Q4 Duni will still be affected negatively by the high pulp prices, since the price increases we have announced will not begin to have an effect until during Q1 2019,” says Johan Sundelin, President and CEO, Duni.



NET SALES

1 JULY – 30 SEPTEMBER

Compared to the same period in the previous year, net sales increased by SEK 108 m to SEK 1,190 m (1,082). Adjusted for exchange rate movements, net sales increased by SEK 29 m or 2.7%. Organic growth during the quarter amounted to 0.8%. Napkins, take-away boxes and environmentally optimized products in Duni's ecoecho® range continue to be strong growth drivers. Sales in Germany, Duni's largest market, were marginally higher, but with substantial differences between the business areas. Table Top declined by 2-3%, while Meal Service and Consumer increased by 6-7%. Central Europe achieved strong growth for all business areas. The Nordic and Southern European regions are the strongest growth drivers for Meal Service, however the UK market continues to present challenges for Consumer.

1 JANUARY – 30 SEPTEMBER

Compared to the same period in the previous year, net sales increased by SEK 280 m to SEK 3,467 m (3,188). Adjusted for exchange rate movements, net sales increased by SEK 118 m or 3.7%. Organic growth during the nine month period amounted to 1.5%. Growth was achieved in all business areas, apart from Consumer, a majority of Duni's geographic markets are growing. The price increases implemented so far are gradually contributing to sales increases during the year for all business areas. Stronger growth is primarily challenged by the lower general demand of table covers within Table Top, increased competition for simpler standard products for Meal Service, and strong price competition for tissue napkins, based on the high capacity in the Consumer market.

NET SALES, CURRENCY EFFECT

SEK m	3 months Jul-Sep 2018	3 months Jul-Sep 2018 ¹⁾ recalculated	3 months Jul-Sep 2017	Change in fixed exchange rates	9 months Jan-Sep 2018	9 months Jan-Sep 2018 ¹⁾ recalculated	9 months Jan-Sep 2017	Change in fixed exchange rates
Table Top	625	581	581	0.0%	1,804	1,712	1,697	0.9%
Meal Service	218	207	170	22.3%	627	605	525	15.2%
Consumer	247	228	235	-2.9%	733	693	693	0.0%
New Markets	78	73	78	-6.8%	238	232	226	2.4%
Other	21	21	18	16.6%	64	64	46	39.1%
Duni	1,190	1,111	1,082	2.7%	3,467	3,305	3,188	3.7%

¹⁾ Reported net sales for 2018 recalculated at 2017 exchange rates.

NET INCOME

1 JULY – 30 SEPTEMBER

Operating income amounted to SEK 107 m (123), with an operating margin of 9.0% (11.4%). Gross margin amounted to 25.9% (28.1%). Adjusted for translation effects due to exchange rate movements, operating income was SEK 28 m lower than in the previous year. The lower result is mainly related to increased raw materials prices, which, despite price increases, continue to put pressure on margins. During Q3, pulp prices increased by more than 8% compared to Q2. During the last 12 months, pulp prices have risen by more than 40% in EUR terms. Besides pulp prices, electricity prices have also increased significantly, and had a negative impact during the quarter. Increase from the previous year amounts to around 30%. Fully implementation of the announced price increases is therefore very important. Logistics costs also rose during the quarter, primarily in Germany, as a result of a capacity shortage in the market.

Income after financial items amounted to SEK 90 m (108). Income after tax was SEK 66 m (80).

1 JANUARY – 30 SEPTEMBER

Operating income amounted to SEK 293 m (322), with a gross margin of 26.4% (28.0%). The operating margin was 8.5% (10.1%). Adjusted for translation effects due to exchange rate movements, operating income was SEK 53 m lower than in the previous year. The Table Top and Consumer business areas' operating income is declining, strongly influenced by pulp prices. While the Meal Service business area improved its operating income significantly, New Markets experienced a significant downturn. Meal Service is impacted by higher raw material prices compared to the preceding year, but the increase has been lower than for other business areas.

Income after financial items amounted to SEK 254 m (284). Income after tax was SEK 191 m (212).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

	3 months Jul-Sep 2018	3 months Jul-Sep 2018 ¹⁾	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2018 ¹⁾	9 months Jan-Sep 2017
SEK m	recalculated			recalculated		
Table Top	84	75	96	233	215	254
Meal Service	14	12	7	33	30	23
Consumer	10	9	14	19	16	25
New Markets	-3	-3	5	4	3	17
Other	2	2	1	5	5	3
Duni	107	95	123	293	269	322

¹⁾ Operating income for 2018 recalculated at 2017 exchange rates.

BUSINESS AREAS

Duni's operations are divided into four operating segments, which are referred to by Duni as business areas.

The **Table Top** business area offers Duni's concepts and products primarily to hotels, restaurants and catering, and to companies in the health and care sectors. Table Top mainly markets napkins, table covers and candles for the set table. Duni is a market leader within the premium segment in Europe. The business area accounted for approximately 52% (53%) of Duni's net sales during the period 1 January - 30 September 2018.

The **Meal Service** business area offers concepts for meal packaging and service for e.g. take-away, ready-to-eat meals, and catering of different types. The business area's customers are mainly take-away-driven restaurants, food producers, and enterprises in the health and care sectors. As a niche player, Duni enjoys a leading position within this area in the Nordic region and has a clear growth agenda on identified markets in Europe. The business area accounted for approximately 18% (17%) of Duni's net sales during the period. Biopac UK Ltd is included in the business area as of February 2018.

The **Consumer** business area offers consumer products to primarily the retail trade in Europe. The business area's customers comprise grocery retail chains, but also other channels such as different types of specialty stores, including garden centers, home furnishing stores, and DIY stores. The business area accounted for approximately 21% (22%) of Duni's net sales during the period.

The **New Markets** business area offers Duni's attractive quality product concepts, table top concepts and packaging to markets outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also aims its offerings at the retail sector. The business area accounted for approximately 7% (7%) of Duni's net sales during the period. Terinex Siam has been included in the business area since August 2016 and Sharp Serviettes, with the legal trading name of United Corporation Limited, has been included in the business area since May 2017.

These business areas generally have the same product assortment. However, design and packaging solutions are adapted to suit the different sales channels. Production and support functions are to a great extent shared by these business areas. Group management, which is the highest executive and decision-making body in Duni, decides on the allocation of resources within Duni and evaluates the results of the operations. The business areas are managed on the basis of operating income, after shared costs have been allocated between them. For further information, see Note 3.

Other in all tables, are unallocated income and expenses from external sales of tissue and airlaid materials from the Skåpafors factory, as well as external sales of finance and accounting services from the finance function in Poznan.

SPLIT OF NET SALES BETWEEN BUSINESS AREAS

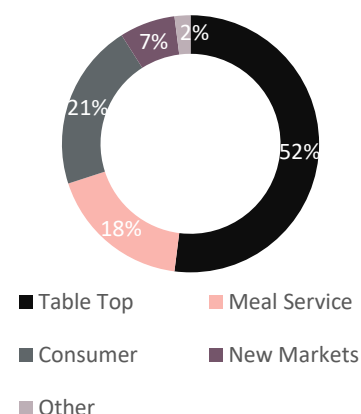




TABLE TOP BUSINESS AREA

Table Top focuses on full-service restaurants, hotels and the catering industry and primarily markets napkins, table covers and candles for the set table.

1 JULY – 30 SEPTEMBER

- Net sales amounted to SEK 625 m (581).
- Operating income was SEK 84 m (96) and the operating margin was 13.5% (16.5%).

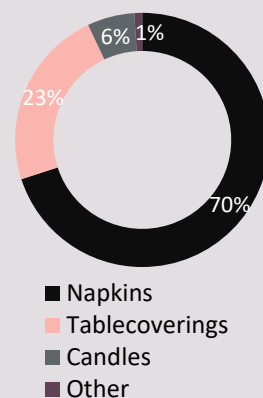
1 JANUARY – 30 SEPTEMBER

- Net sales amounted to SEK 1,804 m (1,697).
- Operating income was SEK 233 m (254) and the operating margin was 12.9% (14.9%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 52%



NET SALES BY PRODUCT GROUP, %



1 JULY – 30 SEPTEMBER

Net sales amounted to SEK 625 m (581). In fixed exchange rates, this is equivalent to the preceding year's sales. Despite strong growth in a number of key markets, sales are at par with the previous year. Sales in the business area declined in Germany. This is partly explained by later placement of Christmas orders than in previous years, as well as fewer restaurant visits during the unusually hot summer. The challenge of the reduced use of high-quality table covers still remains, but is alleviated by Duni's most recently launched premium table cover brand, Evolin®, which continues to grow.

Operating income was SEK 84 m (96) and the operating margin was 13.5% (16.5%). As in Q1 and Q2, Q3 was also affected negatively by continuously increasing pulp prices. Q3 is also burdened by increased logistics costs due to the limited availability of freight forwarders.

1 JANUARY – 30 SEPTEMBER

Net sales amounted to SEK 1,804 m (1,697). At fixed exchange rates, this corresponds to a sales increase of 0.9%. The first nine months show moderate, but stable growth in most markets, although declining sales in Germany have a direct impact on the total sales of Q3. The growth is driven primarily by napkins in the ecoecho® range, while the downturn in Germany affects the entire portfolio.

Operating income was SEK 233 m (254) and the operating margin was 12.9% (14.9%). More than 85% of the portfolio in Table Top is linked to pulp prices and the strong increase in costs thus has a significant impact on results. Price increases and cost control are important ongoing activities to safeguard operating margins.

NET SALES, TABLE TOP

	3 months Jul-Sep 2018	3 months Jul-Sep 2018 ¹⁾	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2018 ¹⁾	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
SEK m	recalculated			recalculated				
Nordic region	90	90	85	256	255	251	362	357
Central Europe	411	377	384	1,190	1,122	1,127	1,618	1,555
Southern & Eastern Europe	124	114	111	358	334	317	464	424
Rest of the world	0	0	1	0	0	2	0	2
Total	625	581	581	1,804	1,712	1,697	2,444	2,338

¹⁾Reported net sales for 2018 recalculated at 2017 exchange rates.



MEAL SERVICE BUSINESS AREA

The Meal Service business area offers concepts for meal packaging and service for take-away, ready-to-eat meals, and catering of different types.

1 JULY – 30 SEPTEMBER

- Net sales amounted to SEK 218 m (170).
- Operating income was SEK 14 m (7) and the operating margin was 6.2% (4.0%).

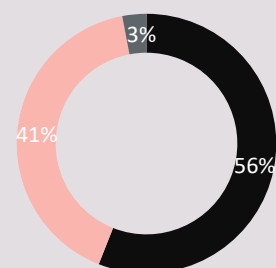
1 JANUARY – 30 SEPTEMBER

- Net sales amounted to SEK 627 m (525).
- Operating income was SEK 33 m (23) and the operating margin was 5.2% (4.4%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 18%



NET SALES PER PRODUCT GROUP, %



- Packaging solutions
- Serving products
- Other

1 JULY – 30 SEPTEMBER

Net sales amounted to SEK 218 m (170). In fixed exchange rates, this corresponds to a sales increase of 22.3%, and 10.3% excluding the acquisition of Biopac. The strong growth in Meal Service is driven primarily by the focus on environmentally optimized products in general, and take-away boxes more specifically. The launch of boxes, cups and packaging machines in the preceding autumn and spring have had a positive sales impact in Q3. The newly acquired company, Biopac in the UK, continues to develop positively, and is achieving strong growth. At the same time, there is still a persistent downward trend for simpler disposable items, and securing the procurement of natural fiber products presents an ongoing challenge.

Operating income was SEK 14 m (7) and the operating margin was 6.2% (4.0%). Q3 of the preceding year was under severe pressure from raw materials prices, while the weak krona has impacted Meal Service negatively in 2018. The result is strengthened by the Biopac acquisition, as well as a higher contribution margin.

1 JANUARY – 30 SEPTEMBER

Net sales amounted to SEK 627 m (525). In fixed exchange rates, this corresponds to a sales increase of 15.2%, and around 5.9% excluding the Biopac acquisition. Meal Service business area is experiencing an increase in sales across most European countries, and the Nordic region has rebounded from a flat growth rate; Southern Europe exhibits strong growth.

Operating income was SEK 33 m (23) and the operating margin was 5.2% (4.4%). Besides the sales increase, the result was affected positively by price increases implemented in order to compensate for the rising raw materials prices. In Q3 the business area continued to strengthen its procurement organization, to be able to drive the transition to more environmentally sustainable disposable products.

NET SALES, MEAL SERVICE

	3 months Jul-Sep 2018	3 months Jul-Sep 2018 ¹⁾	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2018 ¹⁾	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
SEK m	recalculated			recalculated				
Nordic region	83	83	73	243	243	321	231	309
Central Europe	93	85	60	258	244	185	323	251
South & East Europe	42	39	36	127	118	108	162	143
Rest of the world	-	-	0	0	0	1	0	1
Total	218	207	170	627	605	525	806	704

¹⁾ Reported net sales for 2018 recalculated at 2017 exchange rates.



CONSUMER BUSINESS AREA

The Consumer business area offers consumer products, primarily to the grocery retail trade in Europe.

1 JULY – 30 SEPTEMBER

- Net sales amounted to SEK 247 m (235).
- Operating income was SEK 10 m (14) and the operating margin was 4.1% (6.1%).

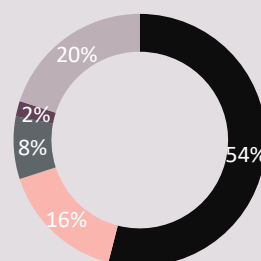
1 JANUARY – 30 SEPTEMBER

- Net sales amounted to SEK 733 m (693).
- Operating income was SEK 19 m (25) and the operating margin was 2.6% (3.6%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 21%



NET SALES BY PRODUCT GROUP, %



- Napkins
- Tablecoverings
- Serving products
- Candles
- Other

1 JULY – 30 SEPTEMBER

Net sales amounted to SEK 247 m (235). At fixed exchange rates, this corresponds to a sales decrease of 2.9%. In Q3, Consumer achieved strong sales, with growth exceeding 5% in most markets, except the UK, Switzerland and Poland. Lower sales in these three markets, together with lower sales to a major contract customer, mean that the business area lost sales during the quarter, calculated at fixed exchange rates. Growth is primarily within environmentally profiled products.

Operating income was SEK 10 m (14) and the operating margin was 4.1% (6.1%). The customer mix had a beneficial impact on the quarter, but like the Table Top business area, the high raw materials prices exert downward pressure on Consumer's results. Within Consumer, customer contracts have longer lead times, which reduces opportunities for rapid price compensation to offset rising raw materials prices.

1 JANUARY – 30 SEPTEMBER

Net sales amounted to SEK 733 m (693). In fixed exchange rates, this is equivalent to the level of sales in the preceding year. Sales of products under the Duni brand are increasing, while sales of products under retailers' own brands are declining. Growth is driven by such factors as successful seasonal campaigns, and the downturn is primarily related to increased competition and the loss of a few large customers.

Operating income was SEK 19 m (25) and the operating margin was 2.6% (3.6%). Despite strongly increasing costs for raw materials, Consumer managed to maintain relatively good results during the year. In Q3, however, the cost increases, combined with reduced sales and lower production in one of the German converting units, led to negative development in the result.

NET SALES, CONSUMER

	3 months Jul-Sep 2018	3 months Jul-Sep 2018 ¹⁾	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2018 ¹⁾	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
SEK m	recalculated			recalculated				
Nordic region	37	36	36	108	106	108	151	151
Central Europe	176	161	167	528	497	490	765	727
South & East Europe	16	15	15	47	44	45	76	73
Rest of the world	17	16	17	49	46	49	59	59
Total	247	228	235	733	693	693	1,051	1,010

¹⁾ Reported net sales for 2018 recalculated at 2017 exchange rates.



NEW MARKETS BUSINESS AREA

The New Markets business area offers Duni's attractive quality product concepts, table top concepts and packaging to markets outside Europe.

SHARE OF DUNI'S NET SALES DURING
THE PERIOD, 7%

1 JULY – 30 SEPTEMBER

- Net sales amounted to SEK 78 m (78).
- Operating income was SEK -3 m (5) and the operating margin was -3.4% (6.4%).

1 JANUARY – 30 SEPTEMBER

- Net sales amounted to SEK 238 m (226).
- Operating income was SEK 4 m (17) and the operating margin was 1.7% (7.4%).





1 JULY – 30 SEPTEMBER

Net sales amounted to SEK 78 m (78). At fixed exchange rates, this corresponds to a decrease in sales of 6.8%. Q3 saw a downturn in most markets, with weak demand from a number of distributors in the markets outside Asia and Oceania. Duni Song Seng, in Singapore, was affected negatively by structural changes involving relocation of stores at the same time as a new business system has been implemented. The organization has adopted the measures necessary to stabilize deliveries, but nonetheless invoicing during the quarter was affected. Sharp Serviettes, in New Zealand, is contributing positively to sales performance and in overall terms, sales of Duni's premium products have been strong, with growth exceeding 10% during the quarter.

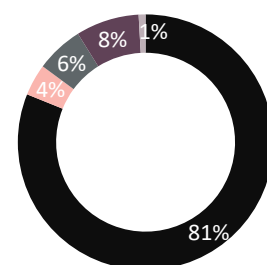
Operating income was SEK -3 m (5) and the operating margin was -3.4% (6.4%). The result was affected negatively in the quarter, primarily by running-in problems in Duni Song Seng in Singapore. The deviation is mainly related to write-downs on accounts receivable, but also the additional costs of resolving the delivery situation.

1 JANUARY – 30 SEPTEMBER

Net sales amounted to SEK 238 m (226). At fixed exchange rates, this corresponds to a 2.4% increase in sales. Recent years' focus on Asia and Oceania continues to drive sales. The demand for sustainable products and concepts is still on the increase, which is to Duni's benefit, although in the short term this presents the challenge of securing raw materials than can replace plastic-based products.

Operating income was SEK 4 m (17) and the operating margin was 1.7% (7.4%). The system-related costs in Duni Song Seng that in Q2 were assessed to be of a more temporary nature also continued in Q3. Duni in Russia is under severe pressure from the weaker ruble. The measures to strengthen the organization that were initiated at the end of last year have affected the result for the year. An evaluation is underway to review the organizational structure, in line with Duni's cost efficiency program.

NET SALES, GEOGRAPHICAL SPLIT,
NEW MARKETS



- Asia & Oceania
- Middle East & North Africa
- North, South & Latin America
- Russia
- Other

CASH FLOW

The Group's cash flow from operations for the period 1 January - 30 September was SEK 152 m (187). Accounts receivable amounted to SEK 829 m (772), and accounts payable to SEK 382 m (346), while inventory was valued at SEK 768 m (652).

Cash flow including investment activities amounted to SEK -12 m (-37). Net investments for the period amounted to SEK 142 m (165). Amortization/depreciation for the period was SEK 143 m (129). Duni has during the year invested SEK 45 m in upgrading the airlaid machine at the subsidiary Rexcell Tissue & Airlaid AB. In Q1 of the previous year, Duni invested around SEK 60 m in a logistics property in Germany.

The Group's net interest-bearing debt as of 30 September 2018 was SEK 1,184 m, compared with SEK 1,032 m as of 30 September 2017. The acquisition of Biopac UK Ltd in Q1 2018 had an impact of SEK 26 m on the net debt. At the end of September 2018, prior to the acquisition of BioPak Pty Ltd, Duni was preparing by taken up a loan within the existing facility which is also booked as cash at the end of September.

FINANCIAL NET

Net financials for the period 1 January – 30 September were SEK -10 m (-13).

TAXES

The total reported tax expense for the period 1 January – 30 September amounted to SEK 63 m (72), giving an effective tax rate of 24.8% (25.4%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK -2.4 m (-0.8). The total effect of changed tax rates, as from 2019 and 2021, on deferred tax assets and deferred tax liabilities in Sweden amounts to SEK 2.5 m.

EARNINGS PER SHARE

The year's earnings per share before and after dilution amounted to SEK 4.00 (4.44).

Duni's share

At 30 September 2018, the share capital amounted to SEK 58,748,790 divided into 46,999,032 outstanding ordinary shares. The quotient value of the shares was SEK 1.25 per share.

Shareholders

Duni is listed on NASDAQ Stockholm under the ticker name "DUNI". Duni's three largest shareholders are Mellby Gård Investeringar AB (29.99%), Polaris Capital Management, LLC (9.09%) and Carnegie fonder (9.04%).

PERSONNEL

On 30 September 2018, there were 2,477 (2,379) employees. 1,118 (1,065) of the employees were engaged in production. Duni's production units are located in Bramsche and Wolkenstein in Germany, Poznan in Poland, Bengtsfors in Sweden, Bangkok in Thailand and Auckland in New Zealand.

ACQUISITIONS

BioPak Pty Ltd

On 15 October 2018, Duni acquired 75% of the shares and votes in BioPak Pty Ltd in Australia. BioPak is a leading supplier of sustainable disposable packaging for the food service industry in Australia and New Zealand. BioPak was started in 2006 and has 26 employees. The annual turnover is approximately SEK 385 m and the company's operating margin is well in line with Duni's financial goals. BioPak is currently exhibiting strong growth and has an annual historical growth of more than 20%.

The purchase price is approximately SEK 410 m and is covered within existing loan facilities. There is a supplementary payment of approximately SEK 24 m for an additional 5% of the shares after two years. Duni has an obligation to acquire the remaining 20% of the shares after five years. One of the minority owners of BioPak Pty Ltd has thus a put option during the period from October 2023 to April 2024, whereby the redemption price is determined by the future income. As a consequence of the option, Duni will recognize the acquisition of the shares in BioPak Pty Ltd as if the company had been fully consolidated, and will recognize a liability equivalent to the discounted expected redemption price of the

options which is calculated with a profit multiple in parity with that one used in the initial transaction. The development of the value of the option price is dependent of the company's growth and profitability over the next five years.

BioPak Pty Ltd has three subsidiaries and will be consolidated, starting mid-October, into business area New Markets. Acquisition costs, estimated at SEK 9 m, will be charged in the fourth quarter. BioPak's net assets amount to about SEK 120 m and interest-bearing net debt to about SEK 15 m.

The difference between the cash paid purchase price, the value on the option and the liability for the additional purchase price, as well as acquired net assets will essentially consist of goodwill, trademarks and customer relations where no part is expected to be deductible in conjunction with income taxation. Goodwill primarily relates to Duni achieving a strong position in sustainable disposable packaging products on the Australian and New Zealand markets. A preliminary acquisition analysis will be presented in the Year-End report.

Kindtoo Ltd, Biopac UK Ltd

On 8 February 2018, Duni acquired 75% of the shares in Kindtoo Ltd, which is marketed under the name of Biopac UK Ltd. Biopac is a leading supplier of sustainable disposable packaging for food and beverages in the UK. As from and including February, the company is consolidated in the Meal Service business area.

Biopac UK Ltd was established in 2002 and has 12 employees. They specialize in food packaging and service products made from sustainable materials. Based on its capacity to customize food and beverage packaging according to the customer's brand, with a clear focus on sustainable, environmentally-optimized products, Biopac has won market shares in the UK. Biopac has annual sales of approximately SEK 55 m, with an operating margin well in line with Duni's Meal Service business area.

The consideration of SEK 23 m was paid in cash in conjunction with the takeover. The purchase impacted Duni's net debt at the amount of SEK 26 m, which is accommodated within the current loan facility. The acquisition costs affect the net income for the year under "Other operating expenses" and amount to SEK 2.1 m. In accordance with RFR2, the parent company reports these expenses as financial fixed assets.

Duni has an obligation to acquire the remaining 25% of the shares. The minority owners of Kindtoo Ltd have a put option during the period from August 2020 to March 2021, whereby the redemption price is determined by the future income. As a consequence of the option, Duni recognizes the acquisition of the shares in Kindtoo Ltd as if the company had been fully consolidated, and recognizes a liability equivalent to the discounted expected redemption price of the options. The difference between the liability for the option and the non-controlling interest to which the option is related will be recognized directly against equity. For more information regarding accounting principles, see Note 1.

The fair value of 100% of the net assets amounts to SEK 30 m. Intangible fixed assets primarily comprise customer contracts. The goodwill is related to how Duni has access to an existing distribution model in the capital region and how Meal Service gains a footing in the British market. Duni has not previously been established with these types of products in this market. No part of the reported goodwill or intangible fixed assets is expected to be deductible in conjunction with income taxation.

Acquired net assets	TSEK, Fair value
Intangible fixed assets	5,627
Tangible fixed assets	705
Inventory	9,970
Accounts receivable	8,939
Cash	1,774
Deferred income and expenditure	139
Long-term loans	-1,699
Short-term loans	-3,425
Accounts payables	-5,860
Deferred tax liability	-1,049
Tax liabilities	-961
Other current liabilities	-1,061
Other liabilities	-200

Acquired identifiable net assets	19,898
Non-controlling interests	-7,556
Goodwill	17,326
Acquired net assets	22,668

NEW ESTABLISHMENT

No new establishment was carried out during the period.

RISK FACTORS FOR DUNI

A number of risk factors may affect Duni's operations in terms of both operational and financial risks. Operational risks are normally handled by each operating unit and financial risks are managed by the Group's Treasury department, which is included as a unit within the Parent Company.

Operational risks

Duni is exposed to a number of operational risks that are important to manage. The development of attractive product ranges, particularly the Christmas collection, is very important in order for Duni to achieve good sales and income growth. Duni addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to, and to create new trends. A weaker economy over an extended period of time in Europe might lead to fewer restaurant visits. Reduced market demand and increased price competition may affect volumes and gross margins, among other things through increased discounts and customer bonuses. Fluctuations in prices of raw materials and energy constitute an operational risk which may have a material impact on Duni's operating income.

Financial risks

Duni's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing risks and liquidity risks. These risks are controlled in an overall risk management policy that focuses on unforeseen events in the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are in all essential respects also related to the Parent Company. Duni's management of financial risks is described in greater detail in the Annual Report as of 31 December 2017.

Duni's contingent liabilities have risen since the start of the year by SEK 6 m to SEK 46 m (40).

TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties took place during Q3 2018.

MAJOR EVENTS SINCE 30 SEPTEMBER

On 15 October, it was announced in a press release that Duni has acquired 75% of the shares in BioPak Pty Ltd. The purchase price amounts to approximately SEK 410 m and is covered by the current loan agreement. The company is a leading supplier of sustainable packaging in Australia and New Zealand.

INTERIM REPORTS

Quarter IV 14 February 2019

Quarter I 24 April 2019

ANNUAL GENERAL MEETING 2019

The Annual General Meeting of Duni AB will be held in Malmö at 3 pm on 7 May 2019. More information will be available on Duni's website shortly.

PARENT COMPANY

Net sales for the period 1 January - 30 September amounted to SEK 871 m (835). Income after financial items amounted to SEK 63 m (79). The net interest-bearing debt was SEK -524 m (-508), of which a net asset of SEK 1,612 m (1,446) relates to subsidiaries. Net investments amounted to SEK 19 (15) MSEK and amortization amounted to SEK 13 m (12).

ACCOUNTING PRINCIPLES

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act. The parent company's reporting is prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Reports Act. Accounting principles have been applied as reported in the Annual Report at 31 December 2017. As from and including 1 January 2018, IFRS 9 and IFRS 15 are applied.

INFORMATION IN THE REPORT

Duni AB (publ) publishes this information in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information is provided for publication on 18 October at 07.45 am.

At 10 am on Thursday, 18 October, the report will be presented at a telephone conference, which can also be followed on the web. To participate in the telephone conference, call +46 8 566 426 96. To follow the presentation on the web, please visit this link:

<http://event.on24.com/wcc/r/1842687-1/9FA46C6E23200E201C59C8EA72EAA380>

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version will apply.

Malmö, 17 October 2018

Johan Sundelin, President and CEO

For additional information please contact:

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Business registration number: 556536-7488

AUDITOR'S REPORT

Duni AB (publ.) corp. reg. no. 556536-7488

Introduction

We have reviewed the condensed interim financial information (interim report) of Duni AB (publ.) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 17 2018

PricewaterhouseCoopers AB

Carl Fogelberg
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
Net sales	1,190	1,082	3,467	3,188	4,721	4,441
Cost of goods sold	-882	-778	-2,551	-2,296	-3,432	-3,177
Gross profit	308	304	916	891	1,289	1,264
Selling expenses	-131	-118	-408	-375	-538	-505
Administrative expenses	-67	-61	-202	-188	-274	-261
Research and development expenses	-2	-2	-7	-6	-9	-8
Other operating incomes	0	2	3	9	6	12
Other operating expenses	-12	-12	-38	-35	-50	-47
EBIT (Note 5)	96	114	264	297	424	456
Financial income	0	0	0	0	1	0
Financial expenses	-7	-6	-10	-13	-15	-18
Net financial items	-7	-6	-10	-13	-14	-17
Income after financial items	90	108	254	284	409	439
Income tax	-23	-27	-63	-72	-97	-106
Net income	66	80	191	212	313	334
Net income attributable to:						
- Equity holders of the Parent Company	65	79	188	209	308	329
- Non-controlling interests	1	1	3	4	5	5
Earnings per share attributable to equity holders of the Parent Company:						
Before and after dilution (SEK)	1.39	1.68	4.00	4.44	6.55	6.99
Average number of shares before and after dilution ('000)	46,999	46,999	46,999	46,999	46,999	46,999

STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
Net income	66	80	191	212	313	334
Other comprehensive incomes:						
<i>Items that will not be reclassified to profit or loss:</i>						
Actuarial loss on post-employment benefit obligations*	1	-1	-3	-6	8	4
Total	1	-1	-3	-6	8	4
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange rate differences - translation of subsidiaries	2	-13	15	-12	30	3
Cash flow hedge	1	0	2	2	2	2
Total	3	-13	17	-10	32	5
Other comprehensive income for the period, net after tax:	4	-14	14	-16	40	10
Sum of comprehensive income for the period	71	67	205	196	352	343
- Of which non-controlling interests	2	-1	4	0	8	5

* Post-employment benefit obligations are recalculated each quarter since interest rates vary depending on market circumstances; a lower rate of interest gives rise to a higher cost in comprehensive income and a higher pension debt, while a higher rate of interest gives rise to a lower cost in comprehensive income and a lower pension debt than in the preceding quarter.

CONSOLIDATED QUARTERLY INCOME STATEMENTS IN BRIEF

SEK m	2018			2017			2016	
Quarter	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales	1,190	1,197	1,080	1,254	1,082	1,101	1,004	1,234
Cost of goods sold	-882	-884	-785	-881	-778	-800	-719	-874
Gross profit	308	313	295	373	304	302	286	360
Selling expenses	-131	-135	-141	-129	-118	-128	-130	-129
Administrative expenses	-67	-70	-64	-72	-61	-66	-61	-67
Research and development expenses	-2	-3	-3	-2	-2	-2	-2	-2
Other operating income	0	0	8	3	2	9	1	1
Other operating expenses	-12	-18	-13	-13	-12	-13	-12	-10
EBIT	96	87	81	159	114	102	81	153
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-7	0	-3	-5	-6	-4	-3	-5
Net financial items	-7	0	-3	-5	-6	-4	-3	-5
Income after financial items	90	87	78	155	108	98	78	148
Income tax	-23	-21	-20	-33	-27	-25	-20	-34
Net income	66	66	59	121	80	73	58	113
Net income attributable to:								
- Equity holders of the Parent Company	65	65	57	120	79	72	57	112
- Non-controlling interests	1	1	1	2	1	1	1	2

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK m	30 September 2018	31 December 2017	30 September 2017
ASSETS			
Goodwill	1,656	1,617	1,605
Other intangible fixed assets	291	294	295
Tangible fixed assets	1,134	1,080	1,021
Financial fixed assets	52	51	41
Total fixed assets	3,133	3,042	2,962
Inventory	768	627	652
Accounts receivable	829	798	772
Other operating receivables	165	139	126
Cash and cash equivalents	602	227	187
Total current assets	2,363	1,791	1,738
TOTAL ASSETS	5,497	4,833	4,699
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	2,565	2,594	2,447
Long-term loans	1,441	653	14
Other long-term liabilities	396	388	393
Total long-term liabilities	1,837	1,041	407
Accounts payable	382	428	346
Short-term loans	103	197	956
Other short-term liabilities	610	573	542
Total short-term liabilities	1,095	1,197	1,845
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,497	4,833	4,699

CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY

SEK m	Attributable to equity holders of the Parent Company						Non-controlling interests	TOTAL EQUITY
	Share capital	Other injected capital	Reserves	Cash flow reserve	Fair value reserve ¹⁾	Profit carried forward incl. net income for the period		
Opening balance 1 January 2017	59	1,681	53	-7	13	606	80	2,486
Sum of comprehensive income for the period	-	-	-8	2	-	203	0	196
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Dividend paid to shareholders	-	-	-	-	-	-235	-	-235
Closing balance 30 September 2017	59	1,681	45	-5	13	574	80	2,447
Sum of comprehensive income for the period	-	-	12	0	-	130	5	147
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Closing balance 31 December 2017	59	1,681	57	-5	13	704	85	2,594
Sum of comprehensive income for the period	-	-	14	2	-	185	4	205
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Dividend paid to shareholders	-	-	-	-	-	-235	-	-235
Closing balance 30 September 2018	59	1,681	72	-3	13	655	89	2,565

¹⁾ Fair value reserve means a reappraisal of land in accordance with earlier accounting principles. The reappraised value is adopted as the acquisition value in accordance with the transition rules in IFRS 1.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	9 months Jan-Sep 2018	9 months Jan-Sep 2017
Current operation		
Reported operating income	264	297
Adjusted for items not included in cash flow etc.	127	111
Paid interest and tax	-96	-82
Change in working capital	-144	-138
Cash flow from operations	152	187
Investments		
Acquisitions of fixed assets continuing operations	-143	-167
Sales of fixed assets	0	1
Acquisition of subsidiaries	-21	-59
Cash flow from investments	-164	-224
Financing		
Taken up loans ¹⁾	672	395
Amortization of debt ¹⁾	-	-95
Dividend paid to shareholders	-235	-235
Change in borrowing	-56	-26
Cash flow from financing	381	39
Cash flow from the period	369	2
Liquid funds, operating balance	227	186
Exchange difference, cash and cash equivalents	6	-1
Cash and cash equivalents. closing balance	602	187

¹⁾ Loans and amortizations within the adopted credit facility are reported gross for durations exceeding 3 months, in accordance with IAS 7.

KEY RATIOS IN BRIEF

	9 months Jan-Sep 2018	9 months Jan-Sep 2017
Net sales, SEK m	3,467	3,188
Gross profit, SEK m	916	891
Operating income, SEK m	293	322
Operating EBITDA, SEK m	408	426
EBIT	264	297
EBITDA, SEK m	406	425
Interest-bearing net debt	1,184	1,032
Number of employees	2,477	2,379
Sales growth	8.8%	5.0%
Gross margin	26.4%	28.0%
Operating margin	8.5%	10.1%
Operating EBITDA margin	11.8%	13.4%
EBIT margin	7.6%	9.3%
EBITDA margin	11.7%	13.3%
Return on capital employed ¹⁾	12.5%	14.3%
Net debt/equity ratio	46.2%	42.2
Net debt/EBITDA ¹⁾	1.93	1.63

¹⁾ Calculated on the basis of the last twelve months and operating income.

PARENT COMPANY INCOME STATEMENTS IN BRIEF

SEK m	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017
(Note 1)				
Net sales	302	275	871	835
Cost of goods sold	-284	-251	-813	-759
Gross profit	19	24	58	77
Selling expenses	-28	-27	-95	-90
Administrative expenses	-36	-35	-119	-112
Research and development expenses	-1	-1	-6	-4
Other operating income	61	61	184	186
Other operating expenses	-9	-12	-29	-33
EBIT	5	10	-7	22
Revenue from participation in Group companies	40	14	63	52
Financial income	6	5	18	16
Financial expenses	-6	-5	-11	-12
Net financial items	40	14	70	57
Income after financial items	44	24	63	79
Income tax	-1	-3	-1	-7
Net income	43	22	62	72

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017
Net income	43	22	62	72
Other comprehensive income ¹⁾:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange rate differences - translation of subsidiaries	0	0	0	-1
Cash flow hedge	1	0	2	2
Total	1	0	2	1
Other comprehensive income for the period, net after tax	1	0	2	1
Sum of comprehensive income for the period	44	22	64	73
Sum of comprehensive income for the period attributable to:				
Equity holders of the Parent Company	44	22	64	73

¹⁾ The Parent company does not have any items that will "not be reclassified to profit or loss".

PARENT COMPANY BALANCE SHEET IN BRIEF

SEK m	30 September 2018	31 December 2017	30 September 2017
ASSETS			
Goodwill	0	0	0
Other intangible fixed assets	47	40	38
Total intangible fixed assets	47	40	38
Tangible fixed assets	24	25	25
Financial fixed assets	2,681	2,575	2,482
Total fixed assets	2,752	2,640	2,546
Inventory	121	98	96
Accounts receivable	123	112	120
Other operating receivables	205	205	177
Cash and bank	548	157	116
Total current assets	997	572	510
TOTAL ASSETS	3,749	3,211	3,056
SHAREHOLDERS' EQUITY AND LIABILITIES			
Total restricted shareholders' equity	83	83	83
Total unrestricted shareholders' equity	1,539	1,710	1,499
Shareholders' equity	1,622	1,794	1,582
Provisions	107	109	98
Long-term loans	1,438	637	-
Other long-term liabilities	-	5	6
Total long-term liabilities	1,438	642	6
Accounts payable	59	60	55
Short-term loans	103	197	956
Other short-term liabilities	420	409	358
Total short-term liabilities	582	667	1,370
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	3,749	3,211	3,056

GLOSSARY

Airlaid: A material known for its wetness allocation, absorption capability and softness. The process is based on using air to divide the fibers in the material, instead of water as in traditional tissue production. Airlaid is used for table covers, placemats and napkins.

Bagasse: Bagasse is a waste product from cane sugar processing after the sugar has been extracted. The material is 100% biologically degradable. Bagasse is used primarily in Duni's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

Converting: The production phase in which tissue and airlaid in large rolls are cut, pressed, embossed and folded into finished napkins and table covers.

Currency adjusted/currency impact translation effects: Figures adjusted for changes in exchange rates related to consolidation. Figures for 2018 are calculated at exchange rates for 2017. Effects of translation of balance sheet items are not included.

Designs for Duni®: A unique concept whereby Duni develops specially design products in collaboration with well-known designers.

Ecoecho®: Ecoecho is a range for serving and meal solutions products with sound environmental characteristics. This range uses the best available materials with the aim of limiting the use of non-renewable resources, thereby reducing our carbon footprint. The products have been developed with the environment in mind and have been selected on the grounds that they possess one or more environmentally improved characteristics.

Goodfoodmood®: Duni's brand platform to create a convivial atmosphere and positive mood on all occasions when food and beverages are prepared and served – a Goodfoodmood.

Organic growth: Sales growth adjusted for currencies and acquisitions. Acquired companies are included in organic growth when they have been a part of the Duni Group for eight quarters.

Our Blue Mission: Duni's Corporate Social Responsibility (CSR) work is governed by the Our Blue Mission program. It describes how Duni shall exercise social responsibility within a number of areas such as the environment, product safety, social responsibility, social rights and business ethics.

Private label: Products marketed under the customer's own label.

Source reference: HoReCa statistics refer to the European Commission website, Key Indicators for the Euro Area. DEHOGA refers to HoReCa statistics for Germany on DEHOGA Zahlenspiegel.

DEFINITIONS OF KEY FINANCIALS

Duni uses financial measures that in some cases are not defined by IFRS, but are alternative key financials. The purpose is to give the reader further information which contributes to a better and more specific comparison of the company's development from year to year. One alternative key financial used by Duni is Operating income. Duni manages its activities and measures its business areas on this basis. Duni defines its key financials as below:

Capital employed: Non-interest bearing fixed assets and current assets, excluding deferred tax assets, less non-interest bearing liabilities.

Cost of goods sold: Cost of goods sold including production and logistic costs.

Earnings per share: Net income divided by the average number of shares.

EBIT: Reported operating income.

EBIT margin: EBIT as a percentage of net sales.

EBITA: Operating income before amortization of intangible assets.

EBITDA: Operating income before depreciation and impairment of fixed assets.

EBITDA margin: EBITDA as a percentage of net sales.

Gross margin: Gross profit as a percentage of net sales.

Net Interest-bearing debt: Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables.

Number of employees: The number of active full-time employees at end of period.

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

Operating margin: Operating income as a percentage of sales.

Return on capital employed: Operating income as a percentage of capital employed.

Return on shareholders' equity: Net income as a percentage of shareholders' equity.

RECONCILIATION BETWEEN OPERATING INCOME AND EBIT

SEK m	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
Operating income	107	123	293	322	463	491
Restructuring costs	-1	0	-1	1	-2	0
Amortization of intangible assets identified in connection with business acquisitions	-9	-8	-27	-25	-36	-34
Fair value allocation in connection with acquisitions	0	-1	-1	-1	-1	-1
EBIT	96	114	264	297	424	456

RECONCILIATION BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
Operating EBITDA	146	158	408	426	612	630
Restructuring costs	-1	0	-1	1	-2	0
Fair value allocation in connection with acquisitions	0	-1	-1	-1	-1	-1
EBITDA	145	157	406	425	610	629
Amortization of intangible assets identified in connection with business acquisitions	-9	-8	-27	-25	-36	-34
Amortization included in operating income	-40	-35	-114	-104	-150	-139
EBIT	96	114	264	297	424	456

NOTES

NOTE 1 • ACCOUNTING AND VALUATION PRINCIPLES

Since 1 January 2005, Duni applies International Financial Reporting Standards (IFRS) as adopted by the European Union.

This interim report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and with the related reference to Chapter 9 of the Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Reporting for Legal Entities, and the Annual Accounts Act. The accounting principles are the same as in the Annual Report for 31 December 2017.

Duni reports non-controlling interests in an acquired company either at fair value or at the holding's proportionate share of the identifiable net assets of the acquired company. This choice of principle is made for each individual business acquisition. In respect of non-controlling interests in Biopac UK Ltd, Duni has chosen to report non-controlling interests at fair value.

IFRS 16, Leases has not yet been adopted by the EU, but is expected to be applicable to financial years beginning on or after 1 January 2019. Duni does not plan for early application of IFRS 16. The work with identifying which contracts that are covered by IFRS16 is in progress, as well as decide transition method and discount rates for the contracts at the transition time. Duni's financial reports and key financials will be affected, but it is too early to estimate specific amounts. For more information, see Note 2 of the Annual Report as at 31 December 2017.

As from and including 1 January 2018, Duni applies IFRS 9 and IFRS 15. With the exception of the parent company, Duni has no result-based transition effects from these standards. The parent company's transition effect concerns reserves for intra-Group receivables as a consequence of IFRS 9, even if there are no actual loss events, and they amount to SEK 0.7 m, which is carried to equity in the parent company. In accordance with IFRS 15, income from agreements with customers must be divided into different categories. Duni has identified the different business areas as four different category types. Within these, sales by region and by product group are specified below, in order to reflect the nature of Duni's sales. Duni's goods and services are transferred at the same time, and income is received in the same month as the goods are delivered to the customer or the service is performed.

Segment	Table Top	Meal Service	Consumer	New Markets	Other	Duni
<i>Primary geographic regions</i>						
Nordic region	256	243	108	0	10	618
Central Europe	1,190	258	528	0	34	2,010
Southern & Eastern Europe	358	127	47	19	17	569
Rest of the world	0	0	49	218	3	270
Total	1,804	627	733	238	64	3,467
<i>Product groups</i>						
Napkins	1,267	-	395	143	-	1,806
Table covers	414	-	117	10	-	542
Candles	103	-	11	4	-	118
Packaging solutions	-	351	1	4	-	356
Serving products	-	256	61	64	-	382
Other	19	19	149	12	64	263
Total	1,804	627	733	238	64	3,467
<i>Time of income recognition</i>						
Goods/services transferred at one time	1,804	627	733	238	64	3,467
Goods/services transferred over time	-	-	-	-	-	0
Total	1,804	627	733	238	64	3,467

NOTE 2 • FINANCIAL ASSETS AND LIABILITIES

Duni has derivative instruments valued at fair value and held for hedging purposes that are classified at level 2. Level 2 derivative instruments consist of currency forward contracts and interest rate swaps, and are used for hedging purposes. Valuation of currency forward contracts at fair value is based on published forward prices on an active market. The valuation of interest rate swaps is based on forward interest rates produced from observable yield curves. The discounting has no material impact on the valuation of derivative instruments at level 2. The put option issued to the minority owners of Sharp Serviettes and Biopac UK Ltd at the time of acquisition is classified at level 3 and its valuation is largely based on unobservable market data such as the discount rate and future cash flows. No financial assets or liabilities have been moved between the valuation categories. The valuation techniques are unchanged during the year. As described in greater detail in the Annual Report at 31 December 2017, the financial assets and liabilities comprise items with short terms to maturity. The fair value is therefore in all essential respects considered to correspond to the book value.

NOTE 3 • SEGMENT REPORTING, SEK m

Assets in Biopac UK Ltd are allocated to the Meal Service business area.

3 months 2018-07-01 – 2018-09-30	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	625	218	251	78	21	1,195
Net sales from other segments	0	0	5	-	-	5
Net sales from external customers	625	218	247	78	21	1,190
Operating income	84	14	10	-3	2	107
EBIT						96
Net financial items						-7
Income after financial items						90

3 months 2017-07-01 – 2017-09-30	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	581	170	241	78	18	1,088
Net sales from other segments	0	-	6	-	-	6
Net sales from external customers	581	170	235	78	18	1,082
Operating income	96	7	14	5	1	123
EBIT						114
Net financial items						-6
Income after financial items						108

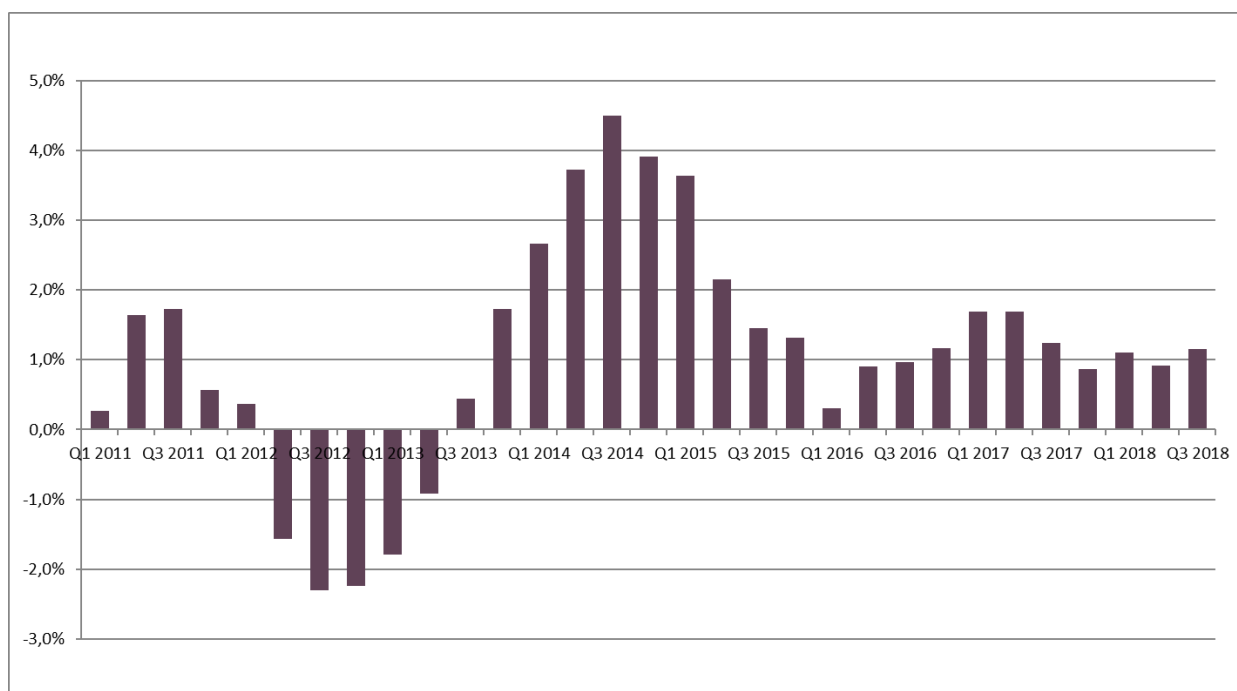
9 months 2018-01-01 – 2018-09-30	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	1,804	627	743	238	64	3,477
Net sales from other segments	0	0	9	-	-	10
Net sales from external customers	1,804	627	733	238	64	3,467
Operating income	233	33	19	4	5	293
EBIT						264
Net financial items						-10
Income after financial items						254

9 months 2017-01-01 – 2017-09-30	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	1,697	526	713	226	46	3,208
Net sales from other segments	0	0	20	-	-	20
Net sales from external customers	1,697	525	693	226	46	3,188
Operating income	254	23	25	17	3	322
EBIT						297
Net financial items						-13
Income after financial items						284

Quarterly overview of net sales and operating income by segment:

Net sales	2018			2017				2016
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Table Top	625	645	534	641	581	605	511	645
Meal Service	218	231	178	179	170	194	162	171
Consumer	247	221	265	317	235	211	247	331
New Markets	78	79	81	96	78	78	70	73
Other	21	21	22	21	18	14	14	14
Duni	1,190	1,197	1,080	1,254	1,082	1,101	1,004	1,234
Operating income								
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Table Top	84	87	62	121	96	95	64	125
Meal Service	14	14	6	7	7	15	2	6
Consumer	10	-9	18	32	14	-6	16	28
New Markets	-3	3	4	7	5	5	7	10
Other	2	1	2	2	1	1	1	1
Duni	107	96	90	169	123	110	89	171

NOTE 4 • ORGANIC SALES DEVELOPMENT, CURRENCY ADJUSTED, LTM



NOTE 5 • REPORTING OF RESTRUCTURING COSTS

Presented below is a specification of the lines on which restructuring costs are reported in the income statement.

Restructuring costs	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Oct-Sep 2017/2018	12 months Jan-Dec 2017
SEK m						
Cost of goods sold	0	0	1	0	0	-1
Selling expenses	-	0	-	-4	0	-4
Administrative expenses	-1	0	-2	-3	-2	-3
Other operating expenses/income	-	-	-	7	-	7
Total	-1	0	-1	1	-2	0



THIS IS DUNI

Duni is one of Europe's leading suppliers of high-quality napkins, table covers, candles and other products for the set table. Duni also offers packaging and packaging systems for the growing market for ready meals and take-away. All concepts are aimed at creating Goodfoodmood® in environments where people get together to enjoy food and drink.



DUNI's presence



The products are sold in more than 40 markets and Duni is the market leader in Central and Northern Europe. The Group has approximately 2,500 employees in 24 countries. The headquarters are located in Malmö, Sweden, and production units are located in Sweden, Germany, Poland, New Zealand and Thailand. We have sales offices in Finland, France, the Netherlands, Poland, Russia, Switzerland, Singapore, Spain, the UK, Sweden, the Czech Republic, Germany, the USA and Austria.

Net sales*

SEK 4,721 m

Sales growth*

1.2%

Duni's target is to achieve an average organic growth in sales in excess of 5% per year over a business cycle. In addition, Duni regularly assesses acquisition opportunities in order to access new growth markets or strengthen its position in existing markets.

Operating margin*

9.8%

Duni's target is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products and continued improvements within purchasing and production.

Dividend 2017

5.00 SEK

It is the Board of Directors' long-term intention for dividends to amount to at least 40% of income after tax.

* Last 12 months, Oct-Sep 2017/2018