YEAR-END REPORT FOR DUNI AB (PUBL)
1 JANUARI – 31 DECEMBER 2018

(compared to the same period previous year)

14 February 2019

Organic growth and continuing high input material costs

1 OCTOBER – 31 DECEMBER

- Net sales amounted to SEK 1,460 m (1,254). Adjusted for exchange rate movements, net sales increased by 11.9%. Organic growth for the quarter was 1.5%.
- Earnings per share after dilution amounted to SEK 1.21 (2.55) SEK.
- Pulp prices remain high, increasing year-on-year by approximately 35%.
- Price increases to compensate for the raw material prices have been implemented and further price increases have been initiated.
- Duni acquired 75% of the shares in BioPak Ltd based in Australia and New Zealand, which is consolidated in New Markets since mid-October.

1 JANUARY – 31 DECEMBER

- Net sales amounted to SEK 4,927 m (4,441). Adjusted for exchange rate movements, net sales increased by 6.0%.
- Earnings per share after dilution amounted to SEK 5.22 (6.99).
- Prices for input material have increased dramatically during the year, impacting all business areas except Meal Service.
- 75% of the shares in Biopac UK Ltd were acquired, and is consolidated in the Meal Service business area since February.
- The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share, to be divided into two installments.

KEY FINANCIALS

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net sales	1,460	1,254	4,927	4,441
Operating income [1)]	137	169	430	491
Operating margin [1)]	9.4%	13.5%	8.7%	11.1%
Income after financial items	74	155	328	439
Net income	58	121	249	334

[1)] For key financials and reconciliation of alternative key financials, see pages 29-30.

CEO'S COMMENTS

"Net sales increased by 16% from SEK 1,254 m to SEK 1,460 m in Q4. Adjusted for exchange rate movements, net sales increased by 11.9% and organic growth excluding the acquisition of Biopac UK and BioPak AU amounted to 1.5%. Both acquisitions have performed well with continuing strong growth.

Operating income was SEK 137 m (169). This decrease in operating income was a result of continuing high pulp prices during the quarter. Pulp prices were up approximately 35% from the same period in 2017.

On the business area level, both Table Top and Consumer were negatively impacted by the high pulp prices and New Markets was affected by costs related to the restructuring of operations in Singapore. In the Meal Service business area, both growth and operating income increased during the quarter, driven by the current strong performance of our ecoecho® range.

Ongoing program to strengthen margins

In order to improve earnings and free up resources for investment in the new strategy, we are now undertaking three major initiatives to improve margins:

1) The most recently announced price increase has been implemented and will gradually take effect in Q1 2019.
2) We commenced a major optimization effort of our logistics flow, where we can foresee positive effects for both our own costs and the environment. This initiative is expected to gradually have a positive effect during 2019.
3) In Q3 2018, we initiated an efficiency program for indirect costs, including redundancies. In Q4, SEK 31 m in restructuring costs were recognized for this initiative. The annual savings related to the program, once it has been fully implemented, are estimated to exceed SEK 35 m. This program is also expected to have a gradually increasing effect during 2019.

Stronger position in sustainable packaging

The strategic acquisitions of BioPak Pty Ltd in Australia and New Zealand, as well as Biopac Ltd in the UK gives Duni an annual sales of more than SEK 700 m in the rapidly growing market of sustainable disposable packaging. We do not see any slowdown in the growth of this market as both market forces and political initiatives are driving the trend toward more sustainable solutions.

Pulp price on a high level

2018 turned out to be a challenging year for Duni with continually increasing prices for inputs and energy. We announced a price increase early on, but it proved insufficient as the price of pulp continued to increase. Another price increase was announced that will gradually take effect in Q1 2019. The Board of Directors will propose to keep the dividend in line with the previous year, SEK 5.00 per share, at the Annual General Meeting on 7 May 2019," says Johan Sundelin, President and CEO of Duni.

NET SALES

1 OCTOBER – 31 DECEMBER

Compared to the same period of the previous year, net sales increased by SEK 206 m to SEK 1,460 m (1,254). Adjusted for exchange rate movements, net sales increased by SEK 149 m or 11.9%. Organic growth during the quarter amounted to 1.5%. The Meal Service business area delivered solid growth. The net sales of Table Top and New Markets were at par with the previous year while Consumer experienced a quarter of lower sales. Napkins, take-away boxes and environmentally-conscious products in Duni's ecoecho® range made a positive contribution to the increase in sales while table covers, and simple plastic products experienced lower sales. The acquisition of BioPak Pty Ltd in October added over SEK 100 m to sales for the quarter.

1 JANUARY – 31 DECEMBER

Compared to the same period of the previous year, net sales increased by SEK 486 m to SEK 4,927 m (4,441). Adjusted for exchange rate movements, net sales increased by SEK 268 m or 6.0%. Organic growth for the year was the same as for the quarter – 1.5%. Substantial raw material price increases left their mark on the year, in turn prompting increases in the market prices Duni charges. This gradually contributed to an increase in sales during the second half of the year. The majority of Duni's markets increased in sales or were at par with the previous year. Like for the fourth quarter, napkins, take-away boxes and environmentally- conscious products account for the growth in sales for the full year. The challenges in the way of even stronger growth are mainly related to the lower demand for table covers in the Table Top business area and increased price competition for the Consumer business area.

NET SALES, CURRENCY EFFECT

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2018 [1] recalculated	3 months Oct-Dec 2017	Change in fixed exchange rates	12 months Jan-Dec 2018	12 months Jan-Dec 2018 [1] recalculated	12 months Jan-Dec 2017	Change in fixed exchange rates
Table Top	683	652	641	11	2,486	2,365	2,338	26
Meal Service	218	211	179	32	846	816	704	112
Consumer	328	312	317	-5	1,061	1,005	1,010	-6
New Markets	210	206	96	110	448	438	322	116
Other	22	22	21	1	86	85	67	19
Duni	**1,460**	**1,403**	**1,254**	**150**	**4,927**	**4,709**	**4,441**	**267**

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

NET INCOME

1 OCTOBER – 31 DECEMBER

Operating income amounted to SEK 137 m (169), with an operating margin of 9.4% (13.5%). The gross margin was 24.8% (29.8%). Adjusted for translation effects due to exchange rate movements, operating income was down SEK 41 m from the previous year. This decrease is related to the rising prices of input materials throughout the year, which, despite increases in the market prices Duni charges, drove down operating income. Raw material prices for the fourth quarter were up approximately 35% from the same period in the previous year. In addition to pulp prices, the costs of electricity, cardboard, polystyrene and shipping increased significantly during the year, which had a negative impact on the quarter. A three-pronged margin improvement program was launched during the quarter. The three cornerstones of this program are the gradual effect of the announced price increases during Q1 2019, the positive impact in terms of lower logistics costs in 2019, which are gradually achieved by optimization of the logistics flow, and an efficiency program focusing on cutting indirect costs.

The efficiency program covers Duni's entire business and includes streamlining and redundancies. The total restructuring cost of the program is estimated at SEK 33 m, of which SEK 31 m was charged in Q4 2018. The annual savings of the program are estimated to exceed SEK 35 m with full effect as of Q3 2019. Restructuring costs are not included in operating income. Instead, these are recognized as one-off expenses along with non-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisitions. For the bridge between EBIT and operating income, please see page 30.

Income after financial items amounted to SEK 74 m (155). Income after tax was SEK 58 m (121).

1 JANUARY – 31 DECEMBER

Operating income amounted to SEK 430 m (491), with a gross margin of 25.9% (28.5%). The operating margin was 8.7% (11.1%). Adjusted for translation effects due to exchange rate movements, operating income was SEK 94 m lower than for the previous year. As a result of the substantial increases in input material prices, the financial target of an operating margin over 10% could not be achieved. The Table Top business area and especially the Consumer business area were hit the hardest by the sharp raw material price increases during the year, which consequently decreased their operating income. The income of New Markets also decreased, partly as a result of the high raw material costs but mainly due to higher costs related to the relocation of warehouse, office and the implementation of a new ERP system at Duni's company in Singapore. Meal Service, with a portfolio that is not dependent on pulp prices, experienced a significantly better year and increased its operating income.

Income after financial items amounted to SEK 328 m (439). Income after tax was SEK 249 m (334).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

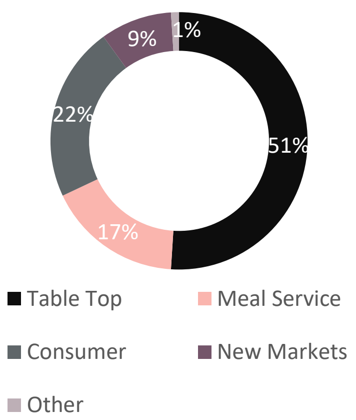
SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2018 [1] recalculated	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2018 [1] recalculated	12 months Jan-Dec 2017
Table Top	97	91	121	330	305	375
Meal Service	9	8	7	41	39	31
Consumer	23	21	32	42	38	57
New Markets	9	8	7	13	12	24
Other	0	0	2	4	4	5
Duni	**137**	**128**	**169**	**430**	**397**	**491**

[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.

SPLIT OF NET SALES BETWEEN 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 51% (53%) of Duni's net sales during the period 1 January - 31 December 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 17% (16%) of Duni's net sales during the period. Biopac UK Ltd in UK 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 22% (23%) 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 9% (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. BioPak Pty Ltd in Australia and New Zealand has been included in the business area since October 2018.

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.

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 OCTOBER – 31 DECEMBER

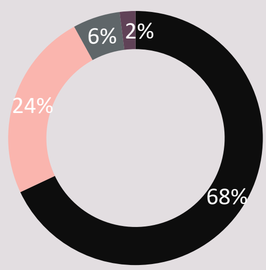
- Net sales amounted to SEK 683 m (641).
- Operating income was SEK 97 m (121) and the operating margin was 14.2% (18.8%).

1 JANUARY – 31 DECEMBER

- Net sales amounted to SEK 2,486 m (2,338).
- Operating income was SEK 330 m (375) and the operating margin was 13.3% (16.0%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 51 %

NET SALES BY PRODUCT GROUP, %



1 OCTOBER – 31 DECEMBER

Net sales amounted to SEK 683 m (641). At fixed exchange rates, this corresponds to a sales increase of 1.8%. In Q4, sales growth varied between markets with the UK and Southern Europe experiencing the strongest growth while Central Europe and Northern Europe reported a decline.

Operating income was SEK 97 m (121) and the operating margin was 14.2% (18.8%). In line with the three previous quarters, the fourth quarter was also heavily impacted by high raw material prices. The implemented increases in the market prices Duni charges strengthened both the margin and sales but have not yet fully compensated for the increase in expenses resulting from input material prices.

1 JANUARY – 31 DECEMBER

Net sales amounted to SEK 2,486 m (2,338). At fixed exchange rates, this corresponds to a sales increase of 1.1%. Much like the fourth quarter, several key markets increased their sales during the year, but sales fell in Duni's largest market, Germany, and in the Nordic region. Napkins experienced stable growth while overall growth is still being slowed down by lower demand for table covers. To optimize its product portfolio, Table Top worked on a marketing concept for napkins, reducing the portfolio size and launching new products.

Operating income was SEK 330 m (375) and the operating margin was 13.3% (16.0%). More than 85% of the Table Top assortment is linked to pulp and the business area experienced a decline in its margin during the year in light of the significant cost increase. This also prompted the business area to dedicate great focus to price increases and cost control. Another round of price increases to continue strengthening the margin is in the process of implementation.

NET SALES, TABLE TOP

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2018 [1] recalculated	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2018 [1] recalculated	12 months Jan-Oct 2017
Nordic region	111	111	106	367	367	357
Central Europe	451	427	428	1,641	1,549	1,555
Southern & Eastern Europe	121	115	106	478	449	424
Rest of the world	0	0	0	0	0	2
Total	**683**	**652**	**641**	**2,486**	**2,365**	**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 OCTOBER – 31 DECEMBER

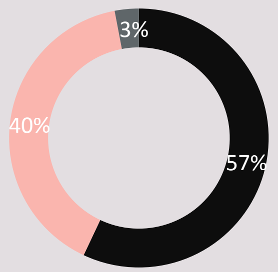
- Net sales amounted to SEK 218 m (179).
- Operating income was SEK 9 m (7) and the operating margin was 3.9% (4.1%).

1 JANUARI – 31 DECEMBER

- Net sales amounted to SEK 846 m (704).
- Operating income was SEK 41 m (31) and the operating margin was 4.9% (4.4%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 17 %

NET SALES PER PRODUCT GROUP, %



1 OCTOBER – 31 DECEMBER

Net sales amounted to SEK 218 m (179). At fixed exchange rates, this corresponds to a sales increase of 18.0%, and 8.1% excluding the acquisition of Biopac in the UK. Meal Service reported increased sales in all regions and almost every country. After several years of a flat growth curve, the Nordic countries stood out the most with positive growth for the third quarter in a row. This growth is driven by environmentally-conscious products generally and take-away boxes specifically, while lower demand for simple single-use products, especially plastic-based products, continues to trend. Biopac, the company acquired in February, continues to perform well with solid growth.

Operating income was SEK 9 m (7) and the operating margin was 3.9% (4.1%). Income improved as a result of increased sales, activities to improve the margin, restraint in cost increases and the effects of the Biopac acquisition.

1 JANUARY – 31 DECEMBER

Net sales amounted to SEK 846 m (704). In fixed exchange rates, this corresponds to a sales increase of 15.9%, and 6.4% excluding the acquisition of Biopac. Several products were successfully launched during the year that were highly successful in boosting sales. This success was the result of investments in a portfolio transition to the more in-demand ecoecho® range, which is now a key part of the overall portfolio.

Operating income was SEK 41 m (31) and the operating margin was 4.9% (4.4%). The Meal Service business area was not impacted by material cost increases as the other business areas were because its portfolio is based on other raw materials. Sharp price increases were experienced for part of the portfolio's input materials in Q4 of the previous year. As the cost increase stabilized early in the year, the business area was able to compensate for it with increases in the market prices it charges, which led to a stable margin. Meal Service also improved its operational efficiency, which along with the Biopac acquisition further strengthened the income.

NET SALES, MEAL SERVICE

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2018 [1) recalculated	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2018 [1) recalculated	12 months Jan-Dec 2017
Nordic region	85	85	78	328	328	309
Central Europe	91	87	66	349	330	251
South & East Europe	41	39	35	168	158	143
Rest of the world	-	-	0	0	0	1
Total	**218**	**211**	**179**	**846**	**816**	**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 OCTOBER – 31 DECEMBER

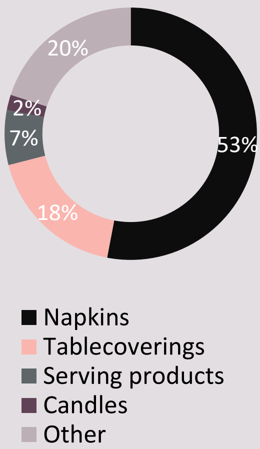
- Net sales amounted to SEK 328 m (317).
- Operating income was SEK 23 m (32) and the operating margin was 7.1% (10.0%).

1 JANUARY – 31 DECEMBER

- Net sales amounted to SEK 1,061 m (1,010).
- Operating income was SEK 42 m (57) and the operating margin was 4.0% (5.6%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 22 %

NET SALES BY PRODUCT GROUP, %



1 OCTOBER – 31 DECEMBER

Net sales amounted to SEK 328 m (317). At fixed exchange rates, this corresponds to a sales decrease of 1.7%. In Q4, Consumer had strong sales in several markets but had lower sales in the UK, which is one of its key markets. Lower volumes to a major contract customer continue to drag down sales and the business area’s overall sales adjusted for currency effects at the end of the quarter were down slightly from the previous year.

Operating income was SEK 23 m (32) and the operating margin was 7.1% (10.0%). The customer mix was negative for the quarter and like the Table Top business area, the high raw materials prices exerted downward pressure on Consumer's income.

1 JANUARY – 31 DECEMBER

Net sales amounted to SEK 1,061 m (1,010). At fixed exchange rates, this corresponds to a decrease in sales of 0.6%. Despite excess capacity in the market for both contract production and napkins geared toward the retail sector and lower volumes to a major international customer, the business area managed to hold its ground on sales of customer-specific products while sales of the business area’s own brand landed just below the previous year. Overall, at fixed exchange rates, sales closed out the year at par with the previous year. Growth in key markets such as Germany and the Netherlands played a key role in propping up sales. A large project during the year involved improving the customer experience and the implementation of a strategy that will take further advantage of Duni’s ecoecho® range.

Operating income was SEK 42 m (57) and the operating margin was 4.0% (5.6%). Given the market situation, Consumer has been caught between cutthroat price competition and sharply increasing raw material prices. Carefully considered price increases and stable cost controls have been a strong focus during the year. The negative performance of income makes additional price increases highly important.

NET SALES, CONSUMER

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2018 [1] recalculated	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2018 [1] recalculated	12 months Jan-Dec 2017
Nordic region	40	40	43	149	145	151
Central Europe	254	240	236	782	737	727
South & East Europe	23	22	28	71	67	73
Rest of the world	10	9	10	59	56	59
Total	**328**	**312**	**317**	**1,061**	**1,005**	**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, 9 %

1 OCTOBER – 31 DECEMBER

- Net sales amounted to SEK 210 m (96).
- Operating income was SEK 9 m (7) and the operating margin was 4.2% (7.7%).

1 JANUARY – 31 DECEMBER

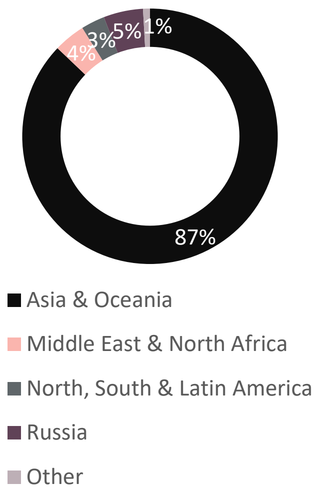
- Net sales amounted to SEK 448 m (322).
- Operating income was SEK 13 m (24) and the operating margin was 2.9% (7.4%).

1 OCTOBER – 31 DECEMBER

Net sales amounted to SEK 210 m (96). At fixed exchange rates, this corresponds to a 114.8% increase in sales, while sales for New Markets excluding acquisitions decreased by 4.1%. The acquisition of BioPak in Australia made a substantial contribution to Duni's total sales in Q4, more than doubling the sales of New Markets. BioPak further strengthens Duni's position in Asia and Oceania. Russia grew in the quarter and other markets are at par with the previous year.

Operating income was SEK 9 m (7) and the operating margin was 4.2% (7.7%). In spite of the positive contribution from BioPak, the operating margin of New Markets decreased mainly because of continuing high costs in connection with changing ERP systems and relocating warehouses and offices in Singapore. The increase in raw material costs lowered the margin in all markets and price increases have been implemented to gradually improve the margin.

NET SALES, GEOGRAPHICAL SPLIT, NEW MARKETS



1 JANUARY – 31 DECEMBER

Net sales amounted to SEK 448 m (322). At fixed exchange rates, this corresponds to a 35.9% increase in sales, but when excluding acquisitions, it comes out to a 10% decrease in sales. Apart from BioPak and the acquisition of Sharp Serviettes in 2017, New Markets is on a downward sales trend. This is mainly because several markets near Europe that were previously included in the New Markets business area have been moved to the Table Top business area and because of the restructuring in Singapore. Russia, the US and Thailand exhibited stable growth during the year.

Operating income was SEK 13 m (24) and the operating margin was 2.9% (7.4%). Income was impacted by high costs from the business area's operations in Singapore where extra resources were deployed. This means that the business disruptions in Singapore are expected to end in the first half of 2019. Furthermore, Duni in Russia has come under pressure by the weakened ruble, the increase in raw material costs and activities in strengthening the organization during the year. Assessments were conducted to review the organizational structure, in line with Duni's efficiency program.

CASH FLOW
The Group's cash flow from operating activities was SEK 343 m (449) for the period from 1 January to 31 December. Accounts receivable amounted to SEK 921 m (798), and accounts payable to SEK 424 m (428), while inventory was valued at SEK 771 m (627).

Cash flow including investing activities amounted to SEK -289 m (156). Net investments for the period totaled SEK 198 m (234). Amortization/depreciation for the period was SEK 201 m (174). Duni invested SEK 45 m during the year to upgrade the airlaid machine at its subsidiary Rexcell Tissue & Airlaid AB. In 2017, Duni invested around SEK 60 m in a logistics property in Germany.

The Group's interest-bearing net debt as of December 31, 2018 was SEK 1 490 m, compared with SEK 855 m as of December 31, 2017. The acquisition of UK-based Biopac UK Ltd in Q1 2018 had an impact of SEK 26 m on the net debt and the acquisition of Australia-based BioPak Pty Ltd in Q4 2018 had an impact of SEK 430 m on the net debt.

FINANCIAL NET
Net financial items for the period from January 1 to December 31 was SEK -22 m (-17).

TAXES
The total reported tax expense for the period from January 1 to December 31 amounted to SEK 79 m (106), yielding an effective tax rate of 24.0% (24.0%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK -2.6 m (-1.3). The total effect of changed tax rates, as from 2019 and 2021, on deferred tax assets and liabilities in Sweden is SEK 1.9 m.

EARNINGS PER SHARE
The year's earnings per share before and after dilution amounted to SEK 5.22 (6.99).

Duni's share
At 31 December 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 Investerings AB (29.99%), Polaris Capital Management, LLC (9.27%) and Carnegie fonder (9.04%).

PERSONNEL
On 31 December 2018 there were 2,477 (2,362) employees. 1,085 (1,057) of the employees were engaged in production. Duni's production units are located in Bramsche and Wolkenstein, Germany, in Poznan, Poland, in Bengtsfors, Sweden, in Bangkok, Thailand and in Auckland, 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. The company was established in 2006 and has 26 employees. Its sales are approximately SEK 385 m and its operating margin is well in line with Duni's financial targets. BioPak boasts a strong rate of growth and annual historic growth of over 20%. BioPak Pty Ltd has three subsidiaries and was consolidated in the New Markets business area as of mid-October.

The consideration was approximately SEK 411 m and is accommodated within the current loan facility. The purchase was charged to Duni's net debt in the amount of SEK 430 m. Acquisition costs of SEK 9.3 m were charged to Q4 under the Other expenses line item. In accordance with RFR2, the Parent Company recognizes these expenses as financial assets.

Additional consideration amounting to approximately SEK 24 m for an additional 5% of the shares is due within two years. Duni also has an obligation to acquire the remaining 20% of the shares within five years. One of the minority shareholders of BioPak Pty Ltd thus has 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 option, which is calculated using a profit multiple at par with that used in the initial transaction. The liability is recognized as a derivative instrument and included in the Other long-term liabilities line item. This liability to minority shareholders was measured at SEK 336 m at year-end. The value of this option will change depending on the company's growth and profitability in the coming five years.

The difference between the cash consideration paid, the value of the option and liability for the additional consideration and the net assets acquired will essentially consist of goodwill, trademarks and customer relationships, with no part of these acquisition-related items estimated to be deductible for tax purposes. The goodwill is primarily attributable to Duni gaining a strong position in sustainable disposable packaging in the Australian and New Zealand markets. The acquisition analysis is still preliminary and the distribution between intangible assets and goodwill is still being calculated.

Acquired net assets	**TSEK, Fair value**
Intangible fixed assets	247,714
Tangible fixed assets	1,708
Inventory	54,356
Accounts receivable	86,032
Cash	4,922
Long-term loans	-18,233
Short-term loans	-5,439
Accounts payables	-16,971
Deferred tax liability	-71,322
Tax liabilities	-25
Other current liabilities	-3,667
Acquired identifiable net assets	**279,076**
Liability to minority shareholders	-335,972
Goodwill	468,147
Acquired net assets	**411,251**

Kindtoo Ltd, Biopac UK Ltd

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

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-conscious products, Biopac has gained market share in the UK. The company 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 was charged to Duni's net debt in the amount of SEK 26 m, which is accommodated within the current loan facility. The acquisition costs were charged to income for the year under "Other operating expenses" and totaled SEK 2.1 m. In accordance with RFR2, the Parent Company recognizes these expenses as financial 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 option. 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 assets primarily comprise customer contracts. The goodwill is related to Duni's access to an existing distribution model in the capital region and Meal Service gaining a footing in the UK market. Duni has not previously been established with these types of products in this market. No part of the reported goodwill or intangible 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**
Liability to minority shareholders	-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 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 sound 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 existing trends and to shape 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 could impact volumes and gross margins through factors such as increased discounts and customer bonuses. Fluctuations in prices of raw materials and energy constitute an operational risk that could have a material impact on Duni's EBIT. In addition, Brexit may have an impact on Duni's business in the UK.

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 also related to the Parent Company in all essential respects. Duni's management of financial risks is described in greater detail in the Annual Report for the year ended on 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 Q4 2018.

MAJOR EVENTS DURING THE PERIOD

On 15 October 2018, Duni acquired 75% of the shares in BioPak Pty Ltd, a leading supplier of sustainable packaging in Australia and New Zealand.

A press release was issued on October 31, 2018 announcing the composition of Duni's Nomination Committee for the 2019 Annual General Meeting.

MAJOR EVENTS SINCE 31 DECEMBER

On 15 January 2019, Duni issued a press release announcing changes to its management team. Linus Lemark was appointed to succeed Robert Dackeskog as the Table Top Business Area Director effective when Dackeskog leaves Duni on 31 January 2019.

On 4 February 2019, Duni issued a press release announcing the Nomination Committee's proposals to the Board of Directors for the 2019 Annual General Meeting. These include to elect Thomas Gustafsson as a new board director given that Johan Andersson has declined re-election. In addition, the Nomination Committee proposes the re-election of all other board directors and the re-election of Magnus Yngen as Chairman of the Board.

INTERIM REPORTS

Quarter I	24 April 2019
Quarter II	12 July 2019
Quarter III	18 October 2019

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share, or SEK 235 m (235). The Board believes that Duni with major acquisitions and investments along with a challenging year in terms of raw material prices still has a financial position and future competitiveness that allows a dividend in line with the previous year. After the proposed dividend, the Board believes that Duni will still have room to make acquisitions while perform its obligations and implement investments.

The Board of Directors also proposes that the dividend is divided into two installments to achieve a more balanced cash flow in relation to Duni's seasonal variation. 9 May 2019 and 12 November 2019 are proposed as the record dates for the right to receive dividends.

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. The Annual Report will be available on Duni's website during the week beginning on Monday, 8 April. Shareholders who wish to present proposals to Duni's Nomination Committee or wish to have a matter addressed at the Annual General Meeting may do so by email to valberedning@duni.com or bolagsstamma@duni.com, or by letter to: Duni AB, Attn: Nomination Committee or AGM, Box 237, SE-201 22 Malmö, by no later than 15 March 2019.

COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee is a shareholder committee responsible for nominating the persons proposed at the Annual General Meeting for election to Duni's Board of Directors. The Nomination Committee presents proposals regarding a Chairman of the Board and other board directors It also presents proposals regarding Board fees, including the allocation of such fees between the Chairman and other board directors, as well as any compensation for committee work.

Duni's Nomination Committee for the 2019 Annual General Meeting comprises four members: Magnus Yngen (Chairman of Duni AB), Rune Andersson (Mellby Gård Investerings AB), Johan Strömgren (Carnegie fonder) and Bernard R. Horn, Jr. (Polaris Capital Management, LLC).

PARENT COMPANY

Net sales for the period from January 1 to December 31 amounted to SEK 1,194 m (1,160). Income after financial items totaled SEK 289 m (323). The interest-bearing net debt was SEK -335 m (-799), of which a net asset of SEK 1,738 m (1,572) relates to subsidiaries. Net investments amounted to SEK 29 m (21) and amortization/depreciation was SEK 17 m (16). The Parent Company's total assets increased as a result of the acquisitions of BioPak Pty Ltd and Biopac UK Ltd. In total, shares in subsidiaries increased by SEK 439 m during the year, which also resulted in an increase in external borrowings.

ACCOUNTING PRINCIPLES

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The parent company's report is prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Accounting principles have been applied as reported in the Annual Report for the year ended on December 31, 2017. IFRS 9 and IFRS 15 have been applied as of 1 January 2018.

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 was provided for publication on February 14 at 07:45 AM.

At 10:00 AM on Thursday, 14 February, 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 51, pincode 58509002#. To follow the presentation online, please visit this link:

http://event.on24.com/wcc/r/1917079-1/67B9007C6973787EA4F8A7662972F80D

Both a Swedish and an English version of this report have been prepared. In the event of any discrepancy between the two, the Swedish version will apply. This report has not been audited by the Company's auditors.

REPORT FROM BOARD OF DIRECTORS AND CEO

The Board of Directors and CEO affirm that this report provides a true and fair view of the group's financial position and performance and describes the substantial risks and uncertainties to which the group and the companies that are part of the group are subject.

Malmö, 13 February 2019

Magnus Yngen, Chairman of the Board

Johan Andersson, Director

Pauline Lindwall, Director

Alex Myers, Director

Pia Rudengren, Director

Per-Åke Halvordsson, Employee Representative, PTK

David Green, Employee Representative, LO

Johan Sundelin, President and CEO

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CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net sales	**1,460**	**1,254**	**4,927**	**4,441**
Cost of goods sold	-1,098	-881	-3,649	-3,177
Gross profit	**363**	**373**	**1,278**	**1,264**
Selling expenses	-157	-129	-565	-505
Administrative expenses	-80	-72	-282	-261
Research and development expenses	-2	-2	-9	-8
Other operating incomes	1	3	3	12
Other operating expenses	-38	-13	-75	-47
EBIT (Note 5)	**87**	**159**	**351**	**456**
Financial income	0	0	1	0
Financial expenses	-13	-5	-23	-18
Net financial items	**-13**	**-5**	**-22**	**-17**
Income after financial items	**74**	**155**	**328**	**439**
Income tax	-16	-33	-79	-106
Net income	**58**	**121**	**249**	**334**
Net income attributable to:				
- Equity holders of the Parent Company	57	120	245	329
- Non-controlling interests	1	2	4	5
Earnings per share attributable to equity holders of the Parent Company:				
Before and after dilution (SEK)	1.21	2.55	5.22	6.99
Average number of shares before and after dilution (‘000)	46,999	46,999	46,999	46,999

STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net income	**58**	**121**	**249**	**334**
Other comprehensive incomes:				
Items that will not be reclassified to profit or loss:				
Actuarial loss on post-employment benefit obligations *	-15	10	-18	4
Total	**-15**	**10**	**-18**	**4**
Items that may be reclassified subsequently to profit or loss:				
Exchange rate differences - translation of subsidiaries	-1	15	14	3
Cash flow hedge	3	0	5	2
Total	**2**	**15**	**19**	**5**
Other comprehensive income for the period, net after tax:	**-13**	**26**	**1**	**10**
Sum of comprehensive income for the period	**45**	**147**	**251**	**343**
- Of which non-controlling interests	2	5	6	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			
Quarter	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales	**1,460**	**1,190**	**1,197**	**1,080**	**1,254**	**1,082**	**1,101**	**1,004**
Cost of goods sold	-1,098	-882	-884	-785	-881	-778	-800	-719
Gross profit	**363**	**308**	**313**	**295**	**373**	**304**	**302**	**286**
Selling expenses	-157	-131	-135	-141	-129	-118	-128	-130
Administrative expenses	-80	-67	-70	-64	-72	-61	-66	-61
Research and development expenses	-2	-2	-3	-3	-2	-2	-2	-2
Other operating income	1	0	0	8	3	2	9	1
Other operating expenses	-38	-12	-18	-13	-13	-12	-13	-12
EBIT	**87**	**96**	**87**	**81**	**159**	**114**	**102**	**81**
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-13	-7	0	-3	-5	-6	-4	-3
Net financial items	**-13**	**-7**	**0**	**-3**	**-5**	**-6**	**-4**	**-3**
Income after financial items	**74**	**90**	**87**	**78**	**155**	**108**	**98**	**78**
Income tax	-16	-23	-21	-20	-33	-27	-25	-20
Net income	**58**	**66**	**66**	**59**	**121**	**80**	**73**	**58**
Net income attributable to:								
- Equity holders of the Parent Company	*57*	*65*	*65*	*57*	*120*	*79*	*72*	*57*
- Non-controlling interests	*1*	*1*	*1*	*1*	*2*	*1*	*1*	*1*

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK m	31 December 2018	31 December 2017
ASSETS		
Goodwill	2,114	1,617
Other intangible fixed assets	541	294
Tangible fixed assets	1,143	1,080
Financial fixed assets	67	51
Total fixed assets	**3,866**	**3,042**
Inventory	771	627
Accounts receivable	921	798
Other operating receivables	210	139
Cash and cash equivalents	260	227
Total current assets	**2,162**	**1,791**
TOTAL ASSETS	**6,027**	**4,833**
SHAREHOLDERS’ EQUITY AND LIABILITIES		
Equity	**2,616**	**2,594**
Long-term loans	1,402	653
Other long-term liabilities	800	388
Total long-term liabilities	**2,202**	**1,041**
Accounts payable	424	428
Short-term loans	103	197
Other short-term liabilities	682	573
Total short-term liabilities	**1,209**	**1,197**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**6,027**	**4,833**

CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Parent Company							
SEK m	Share capital	Other injected capital	Reserves	Cash flow reserve	Fair value reserve 1)	Profit carried forward incl. net income for the period	Non-controlling interests	TOTAL EQUITY
Opening balance 1 January 2017	**59**	**1,681**	**53**	**-7**	**13**	**606**	**80**	**2,486**
Sum of comprehensive income for the period	-	-	4	2	-	333	5	343
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Dividend paid to shareholders	-	-	-	-	-	-235	-	-235
Closing balance 31 December 2017	**59**	**1,681**	**57**	**-5**	**13**	**704**	**85**	**2,594**
Sum of comprehensive income for the period	-	-	13	5	-	228	6	251
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Dividend paid to shareholders	-	-	-	-	-	-235	-	-235
Transactions with minority shareholders	-	-	-	-	-	-	6	6
Closing balance 31 December 2018	**59**	**1,681**	**70**	**0**	**13**	**697**	**97**	**2,616**

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	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Current operation		
Reported operating income	351	456
Adjusted for items not included in cash flow etc.	215	141
Paid interest and tax	-150	-100
Change in working capital	-73	-48
Cash flow from operations	**343**	**449**
Investments		
Acquisitions of fixed assets continuing operations	-205	-237
Sales of fixed assets	0	3
Acquisition of subsidiaries	-427	-59
Cash flow from investments	**-632**	**-293**
Financing		
Taken up loans [1)]	672	640
Amortization of debt [1)]	-52	-488
Dividend paid to shareholders	-235	-235
Change in borrowing	-68	-32
Cash flow from financing	**317**	**-114**
Cash flow from the period	**28**	**41**
Liquid funds, operating balance	227	186
Exchange difference, cash and cash equivalents	6	0
Cash and cash equivalents. closing balance	**260**	**227**

[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

	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net sales, SEK m	4,927	4,441
Gross profit, SEK m	1,278	1,264
Operating income, SEK m	430	491
Operating EBITDA, SEK m	583	630
EBIT	351	456
EBITDA, SEK m	546	630
Interest-bearing net debt	1,490	855
Number of employees	2,477	2,362
Sales growth	10.9%	4.0%
Gross margin	25.9%	28.5%
Operating margin	8.7%	11.1%
Operating EBITDA margin	11.8%	14.2%
EBIT margin	7.1%	10.3%
EBITDA margin	11.1%	14.2%
Return on capital employed [1)]	10.6%	14.4%
Net debt/equity ratio	57.0%	32.9%
Net debt/EBITDA [1)]	2.56	1.36

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

PARENT COMPANY INCOME STATEMENTS IN BRIEF

SEK m (Note 1)	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net sales	**323**	**325**	**1,194**	**1,160**
Cost of goods sold	-286	-291	-1,099	-1,050
Gross profit	**37**	**33**	**95**	**110**
Selling expenses	-39	-31	-134	-122
Administrative expenses	-50	-47	-170	-160
Research and development expenses	-2	-1	-7	-5
Other operating income	84	61	268	247
Other operating expenses	-10	-10	-39	-44
EBIT	**20**	**4**	**13**	**26**
Revenue from participation in Group companies	210	238	273	290
Financial income	7	6	25	22
Financial expenses	-11	-4	-22	-16
Net financial items	**206**	**240**	**276**	**297**
Income after financial items	**225**	**244**	**289**	**323**
Income tax	-32	-32	-33	-39
Net income	**194**	**212**	**256**	**284**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Net income	**194**	**212**	**256**	**284**
Other comprehensive income [1]:				
Items that may be reclassified subsequently to profit or loss:				
Exchange rate differences - translation of subsidiaries	-	-1	-	-2
Cash flow hedge	3	0	5	2
Total	**3**	**-1**	**5**	**1**
Other comprehensive income for the period, net after tax	**3**	**-1**	**5**	**1**
Sum of comprehensive income for the period	**197**	**211**	**261**	**285**
Sum of comprehensive income for the period attributable to:				
Equity holders of the Parent Company	197	211	261	285

[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	31 December 2018	31 December 2017
ASSETS		
Goodwill	0	0
Other intangible fixed assets	53	40
Total intangible fixed assets	**53**	**40**
Tangible fixed assets	24	25
Financial fixed assets	3,159	2,575
Total fixed assets	**3,237**	**2,640**
Inventory	105	98
Accounts receivable	121	112
Other operating receivables	199	205
Cash and bank	171	157
Total current assets	**595**	**572**
TOTAL ASSETS	**3,832**	**3,211**
SHAREHOLDERS’ EQUITY AND LIABILITIES		
Total restricted shareholders’ equity	87	84
Total unrestricted shareholders’ equity	1,732	1,709
Shareholders’ equity	**1,819**	**1,794**
Provisions	**106**	**109**
Long-term loans	1,384	637
Other long-term liabilities	-	5
Total long-term liabilities	**1,384**	**642**
Accounts payable	61	60
Short-term loans	103	197
Other short-term liabilities	360	409
Total short-term liabilities	**524**	**667**
TOTAL SHAREHOLDERS’ EQUITY, PROVISIONS AND LIABILITIES	**3,832**	**3,211**

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 Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Operating income	**137**	**169**	**430**	**491**
Restructuring costs	-30	-1	-31	0
Amortization of intangible assets identified in connection with business acquisitions	-16	-9	-43	-34
Fair value allocation in connection with acquisitions	-5	0	-6	-1
EBIT	**87**	**159**	**351**	**456**

RECONCILIATION BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Operating EBITDA	**175**	**205**	**583**	**630**
Restructuring costs	-30	-1	-31	0
Fair value allocation in connection with acquisitions	-5	0	-6	-1
EBITDA	**140**	**204**	**546**	**629**
Amortization of intangible assets identified in connection with business acquisitions	-16	-9	-43	-34
Amortization included in operating income	-38	-36	-152	-139
EBIT	**87**	**159**	**351**	**456**

NOTES

NOTE 1 • ACCOUNTING AND VALUATION PRINCIPLES

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

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

Duni recognizes 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 the non-controlling interests in both Biopac UK Ltd and BioPak Pty Ltd, Duni has chosen to recognize non-controlling interests at fair value.

IFRS 16 Leases will be applied starting on January 1, 2019 and stipulates that Duni recognize assets and liabilities in the balance sheet for all leases where it is the lessee. The income statement will be impacted by the depreciation of the asset and interest expenses for the liability instead of an operating lease expense. Duni has identified and assessed the leases subject to the new standard. Duni has chosen to use the simplified transition method for transition to IFRS 16 where comparative figures are not restated. Duni will recognize the accumulated effect of initial IFRS 16 application as an adjustment to the opening balance on the initial application date and the transition will not have any impact on shareholders' equity. The lease liability is measured at the present value of the remaining lease payments, and the right-of-use asset for all identified leases subject to the new standard equals the amount of the lease liability. The expenses for these leases will be recognized in the income statement as depreciation and interest expenses, which will impact income metrics such as EBITDA, EBIT and net financial items. Duni has chosen to apply the practical exemptions for short-term leases (leases of 12 months or less) and leases of low-value assets (the underlying asset's value is less than 5 TUSD) and not recognize an asset and liability for them. Instead, these leases are recognized as recurring expenses in the income statement. Duni has chosen to divide its leases into portfolios and use the same discount rate on lease portfolios with similar characteristics. Upon application of the standard, Duni recognizes a right-of-use asset and a corresponding financial liability amounting to between SEK 180 and 220 m. The assets are mainly for leased premises for offices and warehouses and for cars.

Duni applies IFRS 9 and IFRS 15 as of January 1, 2018. With the exception of the Parent Company's reporting, Duni has no income-based transition effects from these standards. The Parent Company's transition effect concerns provisions for intra-Group receivables as a consequence of IFRS 9, even if no loss events have been incurred, and they amount to SEK 0.7 m, which is carried to equity in the Parent Company. IFRS 15 stipulates new requirements for revenue recognition and revenue from customer contracts is divided into different categories. Duni has identified each of its business areas in 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 rendered.

Segment	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Primary geographic regions						
Nordic region	367	328	149	1	18	**863**
Central Europe	1,641	349	782	1	42	**2,815**
Southern & Eastern Europe	478	168	71	32	22	**771**
Rest of the world	0	0	59	415	4	**478**
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Product groups						
Napkins	1,699	-	559	213	-	**2,472**
Table covers	588	-	195	16	-	**799**
Candles	157	-	20	7	-	**183**
Packaging solutions	-	478	1	47	-	**526**
Serving products	-	341	77	135	-	**553**
Other	42	26	210	29	86	**394**
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Time of income recognition						
Goods/services transferred at one time	2,486	846	1,061	448	86	**4,927**
Goods/services transferred over time	-	-	-	-	-	**0**
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**

NOTE 2 • FINANCIAL ASSETS AND LIABILITIES

Duni has derivative instruments measured 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. Measurement of currency forward contracts at fair value is based on published forward prices on an active market. The measurement of interest rate swaps is based on forward interest rates produced from observable yield curves. The discounting has no material impact on the measurement of level 2 derivative instruments. 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 measurement 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 for the year ended on December 31, 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 carrying amount.

NOTE 3 • SEGMENT REPORTING, SEK m

The assets in Biopac UK Ltd are allocated to the Meal Service business area and the assets in BioPak Pty Ltd in Australia are allocated to the New Markets business area.

3 months 2018-10-01 – 2018-12-31	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	683	218	331	210	22	1,464
Net sales from other segments	-	-	3	-	-	3
Net sales from external customers	**683**	**218**	**328**	**210**	**22**	**1,460**
Operating income	**97**	**9**	**23**	**9**	**0**	**137**
EBIT						87
Net financial items						-13
Income after financial items						74

3 months 2017-10-01 – 2017-12-31	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	641	179	322	96	21	1,258
Net sales from other segments	-	-	5	-	-	5
Net sales from external customers	**641**	**179**	**317**	**96**	**21**	**1,254**
Operating income	**121**	**7**	**32**	**7**	**2**	**169**
EBIT						159
Net financial items						-5
Income after financial items						155

12 months 2018-01-01 – 2018-12-31	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	2,486	846	1,074	448	86	4,940
Net sales from other segments	-	-	12	-	-	12
Net sales from external customers	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Operating income	**330**	**41**	**42**	**13**	**4**	**430**
EBIT						351
Net financial items						-22
Income after financial items						328

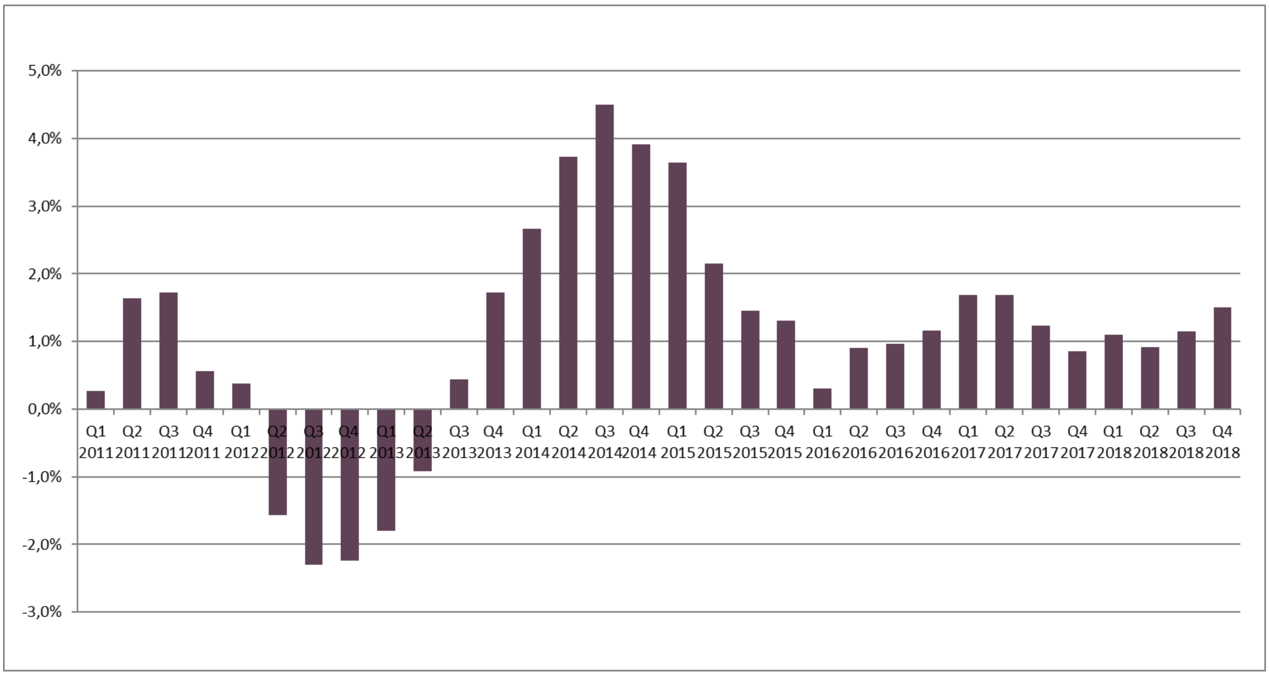
12 months 2017-01-01 – 2017-12-31	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	2,338	705	1,034	322	67	4,465
Net sales from other segments	-	0	24	-	-	24
Net sales from external customers	**2,338**	**704**	**1,010**	**322**	**67**	**4,441**
Operating income	**375**	**31**	**57**	**24**	**5**	**491**
EBIT						456
Net financial items						-17
Income after financial items						439

Quarterly overview of net sales and operating income by segment:

Net sales	**2018**				**2017**			
SEK m	**Oct-Dec**	**Jul-Sep**	**Apr-Jun**	**Jan-Mar**	**Oct-Dec**	**Jul-Sep**	**Apr-Jun**	**Jan-Mar**
Table Top	683	625	645	534	641	581	605	511
Meal Service	218	218	231	178	179	170	194	162
Consumer	328	247	221	265	317	235	211	247
New Markets	210	78	79	81	96	78	78	70
Other	22	21	21	22	21	18	14	14
Duni	**1,460**	**1,190**	**1,197**	**1,080**	**1,254**	**1,082**	**1,101**	**1,004**

Operating income								
SEK m	**Oct-Dec**	**Jul-Sep**	**Apr-Jun**	**Jan-Mar**	**Oct-Dec**	**Jul-Sep**	**Apr-Jun**	**Jan-Mar**
Table Top	97	84	87	62	121	96	95	64
Meal Service	9	14	14	6	7	7	15	2
Consumer	23	10	-9	18	32	14	-6	16
New Markets	9	-3	3	4	7	5	5	7
Other	0	2	1	2	2	1	1	1
Duni	**137**	**107**	**96**	**90**	**169**	**123**	**110**	**89**

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 **SEK m**	**3 months Oct-Dec 2018**	**3 months Oct-Dec 2017**	**12 months Jan-Dec 2018**	**12 months Jan-Dec 2017**
Cost of goods sold	-12	-1	-11	-1
Selling expenses	-12	0	-12	-4
Administrative expenses	-6	0	-8	-3
Other operating expenses/income	-	-	-	7
Total	**-30**	**-1**	**-31**	**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 4,927 m

Sales growth*

1.5%

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*

8.7%

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.

Proposal dividend for 2018

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, Jan-Dec 2018