



PRESS RELEASE

INTERIM REPORT FOR DUNI AB (PUBL) JANUARY 1–SEPTEMBER 30, 2019

(Compared to the same period previous year)

October 18, 2019

Improved operating margin and continuing growth in sustainable packaging solutions

JULY 1–SEPTEMBER 30

- Net sales amounted to SEK 1,377 m (1,190), corresponding to a 15.7% increase in sales. Adjusted for exchange rate movements, net sales increased by 11.7%.
- Earnings per share after dilution amounted to SEK 1.71 (1.39).
- The implemented price increases and continuing decline of raw material prices contributes positively to the strong cash flow. The improvement in operating income takes place successively as the lower raw material prices affect the inventory revaluation.

JANUARY 1–SEPTEMBER 30

- Net sales amounted to SEK 3,990 m (3,467), corresponding to a 15.1% increase in sales. Adjusted for exchange rate movements, net sales increased by 11.8%.
- Earnings per share after dilution amounted to SEK 4.20 (4.00).
- Prices increases, cost controls and BioPak in Australia made a positive contribution.
- The raw material impact remains negative due to inventory revaluation effects.

KEY FINANCIALS

	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m						
Net sales	1,377	1,190	3,990	3,467	5,450	4,927
Organic growth	0.2%	0.8%	-0.5%	1.6%	-0.1%	1.5%
Organic pro forma growth ¹⁾	3.1%	1.4%	2.4%	1.9%	2.9%	2.5%
Operating income ^{2,3)}	130	107	334	293	471	430
Operating margin ^{2,3)}	9.5%	9.0%	8.4%	8.5%	8.6%	8.7%
Income after financial items	106	90	258	254	332	328
Income after tax	81	66	200	191	259	249

¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

²⁾ For key financials, definitions and reconciliation of alternative key financials, see pages 26-27.

³⁾ For the impact of the new leases standard as of January 1, 2019, see Note 1.

Duni is a leading supplier of attractive and functional 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 2,400 employees in 24 countries, its headquarters in Malmö and production units in Sweden, Germany, Poland, New Zealand and Thailand. Duni is listed on the NASDAQ Stockholm under the ticker name "DUNI". Its ISIN code is SE0000616716. This information is information that Duni AB is obligated 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 October 18, 2019.

CEO'S COMMENTS

Stronger operating margin

"The operating margin increased in the quarter to 9.5% (9.0%) and the operating income was SEK 130 m (107). The main reasons for the 21% increase in income are the implemented price increases, the continuing decline in pulp prices and effective cost controls. Income was impacted negatively by higher logistics costs and inventory revaluation effects related to lower pulp prices.

A more sustainable Duni driving growth

Net sales increased by 11.7% at fixed exchange rates. This increase mainly stems from our acquisitions, which continue to perform well. Organic pro forma growth¹⁾ for the quarter amounted to 3.1%. The trend from previous quarters continued, with growth being driven primarily by sustainable packaging solutions but also premium napkins. The table cover market continues to decline while the sustainable packaging market is experiencing strong growth.

Duni's goal is to build BioPak into a global brand, and the brand was launched in Singapore during the quarter along with the first parts of the product range in Europe. On October 1, we also completed a complementary acquisition of the Australian company Horizons, which further strengthens our existing position as a market leader in sustainable packaging in Australia.

Performance of our business areas

The Meal Service and New Markets business areas performed well in terms of both sales and operating income. Table Top experienced slightly positive sales growth and margin improvements while Consumer reported a decrease in both sales and operating income. In line with the retail market, the Consumer business area experienced a continued negative income performance, and we have now initiated a program to further strengthen synergies within the business area.

Stable pulp prices

We observed that pulp prices were down further in the third quarter but this decline is now expected to come to a stop. Taken as a whole, this should have a positive impact on income in the fourth quarter," says Johan Sundelin, President and CEO, Duni.



¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

NET SALES

JULY 1–SEPTEMBER 30

Compared to the same period previous year, net sales increased by SEK 187 m to SEK 1,377 m (1,190). At fixed exchange rates, net sales increased by 11.7%. The increase mainly comes from acquired companies, which continue to perform well. Organic pro forma growth¹⁾ totaled 3.1% while organic growth was 0.2%. The Meal Service business area continues to grow in the majority of its markets, while the Table Top business area posted sales in line with the previous year. The Consumer business area, which caters to a retail market subject to tighter competition, saw its sales decline. Environmentally-conscious products for the take-away market and premium napkins continue to drive growth. Duni's product portfolio exhibited lower demand for simple plastic products and table cloths.

JANUARY 1–SEPTEMBER 30

Compared to the same period of the previous year, net sales increased by SEK 523 m to SEK 3,990 m (3,467). Organic pro forma growth¹⁾ totaled 2.4% while organic growth was -0.5%. During the year, most markets in Europe reported sales in line with or slightly up from the previous year, except for the UK and Germany, which are two significant markets for Duni. Outside of Europe, sales decreased slightly in the small markets of South America and Asia while increasing significantly in Australia and New Zealand as a result of BioPak, which was acquired in October 2018. The competition in the retail private label market increased during the year, which led to lower volumes for Duni in relation to several major customer contracts. However, the market for environmentally-conscious products continues to expand, resulting in increased sales.

¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

NET SALES, CURRENCY EFFECT

	3 months Jul-Sep 2019	3 months Jul-Sep 2019 ¹⁾ recalculated	3 months Jul-Sep 2018	Change in fixed exchange rates	9 months Jan-Sep 2019	9 months Jan-Sep 2019 ¹⁾ recalculated	9 months Jan-Sep 2018	Change in fixed exchange rates
SEK m								
Table Top	652	628	625	0.4%	1,896	1,840	1,804	2.0%
Meal Service	231	225	218	3.2%	685	670	627	6.8%
Consumer	241	232	247	-5.7%	682	662	733	-9.7%
New Markets	231	222	78	182.8%	655	632	238	165.1%
Other	22	22	21	2.4%	72	72	64	11.3%
Duni	1,377	1,329	1,190	11.7%	3,990	3,876	3,467	11.8%

¹⁾ Reported net sales for 2019 recalculated at 2018 exchange rates.

NET INCOME

JULY 1–SEPTEMBER 30

Operating income amounted to SEK 130 m (107), with an operating margin of 9.5% (9.0%). The gross margin was 24.6% (25.9%). Adjusted for translation effects due to exchange rate movements, operating income was up SEK 17 m from the previous year. The decrease in raw material costs made a positive contribution to income during the quarter as a result of lower purchase prices. However, this impact was limited by inventory revaluations. The Meal Service and Table Top business areas improved their income, with growth and margin improvements as the main underlying factors. Consumer's income for the quarter signaled a positive trend compared to the previous quarter but was down year-on-year. New Markets strengthened its income, largely as a result of BioPak, the Australian company acquired in October 2018.

Income after financial items totaled SEK 106 m (90). Income after tax was SEK 81 m (66).

JANUARY 1–SEPTEMBER 30

Operating income amounted to SEK 334 m (293), with an operating margin of 8.4% (8.5%). The gross margin was 24.1% (26.4%). Adjusted for translation effects due to exchange rate movements, operating income was up SEK 26 m from the previous year. For the year, the decreasing raw material prices made a positive contribution to income, but this impact is still negative when including the inventory revaluation effects. The implemented price increases and the cost controls continue to make a positive contribution while decreased volumes in Consumer led to lower capacity utilization in plants. Additionally, capacity shortages in the shipping market continued to push up prices for logistics services.

Income after financial items totaled SEK 258 m (254). Income after tax was SEK 200 m (191).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

	3 months Jul-Sep 2019	3 months Jul-Sep 2019 ¹⁾ recalculated	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2019 ¹⁾ recalculated	9 months Jan-Sep 2018
SEK m						
Table Top	95	88	84	247	237	233
Meal Service	19	19	14	46	45	33
Consumer	4	5	10	2	2	19
New Markets	12	11	-3	36	34	4
Other	1	1	2	2	2	5
Duni	130	124	107	334	319	293

¹⁾ Operating income for 2019 recalculated at 2018 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 healthcare 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 47% (52%) of Duni's net sales during the January 1–September 30, 2019 period.

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

The **Consumer** business area offers consumer products, primarily to the retail sector 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 17% (21%) of Duni's net sales during the period.

The **New Markets** business area offers Duni's attractive quality product concept, table top concept and packaging to markets outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also aims its offering at the retail sector. The business area accounted for approximately 17% (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.

The business areas generally share the same product range. However, design and packaging solutions are adapted to match the different sales channels. Production and support functions are shared by these business areas to a great degree. 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.

Unallocated income and expenses, which are also designated as Other in all tables, concern 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

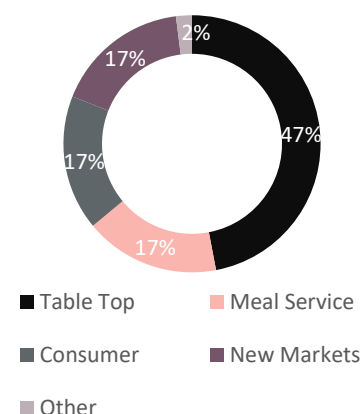




TABLE TOP BUSINESS AREA

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

JULY 1–SEPTEMBER 30

- Net sales amounted to SEK 652 m (625).
- Operating income was SEK 95 m (84) and the operating margin was 14.5% (13.5%).

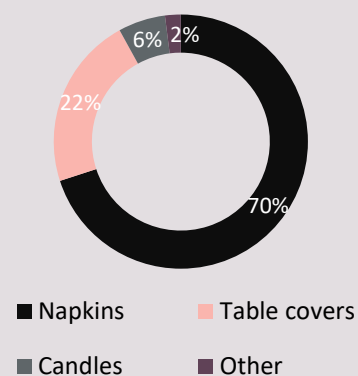
JANUARY 1–SEPTEMBER 30

- Net sales amounted to SEK 1,896 m (1,804).
- Operating income was SEK 247 m (233) and the operating margin was 13.0% (12.9%).

SHARE OF DUNI'S NET SALES DURING THE PERIOD, 47%



NET SALES BY PRODUCT GROUP, %



JULY 1–SEPTEMBER 30

Net sales amounted to SEK 652 m (625). At fixed exchange rates, this corresponds to a sales increase of 0.4%. The majority of Duni's markets reported sales at par with the previous year. The UK was an exception, with a decrease in sales on account of lower volumes to a small number of major customers. Table covers continue to be the segment with declining demand, while premium napkins are gaining in sales in almost every market.

Operating income was SEK 95 m (84) and the operating margin was 14.5% (13.5%). The quarter was impacted positively by input material prices, but this impact was limited by inventory revaluations resulting from the lower raw material values. The price increases implemented earlier in the year continued to make a positive contribution while the current logistics market situation had a negative impact on income performance.

JANUARY 1–SEPTEMBER 30

Net sales amounted to SEK 1,896 m (1,804). At fixed exchange rates, this corresponds to a sales increase of 2.0%. Most markets reported increased sales, including the key German and Dutch markets. In line with the quarter, the UK's sales were down. Responsibility for Russia and North America was moved from the New Markets business area to the Table Top business area as of January 1, 2019. In addition to napkins, the candle segment is growing as a result of several product launches in recent years.

Operating income was SEK 247 m (233) and the operating margin was 13.0% (12.9%). During the year, raw material prices declined steadily but their impact on income was still negative as a result of inventory revaluations. In line with the quarter, logistics costs also performed negatively. In addition to the increase in the market prices the business area charges, effective cost controls made a positive contribution to income as well.

NET SALES, TABLE TOP

	3 months Jul-Sep 2019	3 months Jul-Sep 2019 ¹⁾ recalculated	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2019 ¹⁾ recalculated	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m								
Nordic region	90	89	90	256	256	256	368	367
Central Europe	419	400	411	1,236	1,193	1,190	1,687	1,641
Southern & Eastern Europe	141	135	124	396	385	358	517	478
Rest of the world	3	3	0	7	6	0	7	0
Total	652	628	625	1,896	1,840	1,804	2,578	2,486

¹⁾ Reported net sales for 2019 recalculated at 2018 exchange rates.



MEAL SERVICE BUSINESS AREA

The Meal Service business area offers concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering.

JULY 1–SEPTEMBER 30

- Net sales amounted to SEK 231 m (218).
- Operating income was SEK 19 m (14) and the operating margin was 8.3% (6.2%).

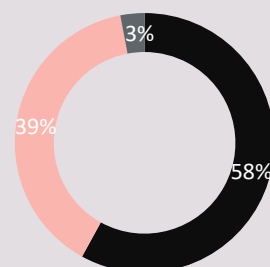
JANUARY 1–SEPTEMBER 30

- Net sales amounted to SEK 685 m (627).
- Operating income was SEK 46 m (33) and the operating margin was 6.7% (5.2%).

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



NET SALES BY PRODUCT GROUP, %



- Packaging solutions
- Serving products
- Other

JULY 1–SEPTEMBER 30

Net sales amounted to SEK 231 m (218). Organic pro forma growth¹⁾ amounted to 4.2%. The demand for environmentally-conscious packaging continues to grow, and sales in most of Meal Service's markets increased by more than 5%, while the business area saw gains of more than 10% in countries such as Sweden, Italy and Spain. At the same time, the business area saw a sharp decline in simple single-use products made from plastic, which resulted in decrease in sales in countries where the product portfolio historically comprised a large share of this type of product. Take-away boxes grew significantly while simple glasses and cutlery experienced a sharp decline. Meal Service continues its focus on synergies with the acquired Australian company BioPak. In the quarter BioPak's premium-designed, environmentally-conscious cup concept, ArtSeries, has been launched in Europe.

Operating income was SEK 19 m (14) and the operating margin was 8.3% (6.2%). Meal Service was also impacted by higher logistics costs but was not subject to the same raw material fluctuations as Table Top and Consumer. The business area did not implement any significant price increases either. The overall reason for the improvement in income is efficiency in both procurement and indirect functions combined with increased sales.

JANUARY 1–SEPTEMBER 30

Net sales amounted to SEK 685 m (627). Organic pro forma growth¹⁾ amounted to 6.2%. Meal Service experienced broad-based sales gains, with almost every market showing growth. Environmentally- conscious products in the take-away segment continued to drive growth, while sales decreased for most plastic items. These are mostly products that are later slated for complete removal from the business area's portfolio. Meal Service is highly focused on continuing to strengthen its portfolio in environmentally- conscious products via continuing collaboration with BioPak Australia and by strengthening its procurement organization.

Operating income was SEK 46 m (33) and the operating margin was 6.7% (5.2%). In line with the third quarter, Meal Service improved its income as a result of a strong product portfolio and an excellent market position for environmentally-conscious packaging, which generates growth and economies of scale in relation to overheads.

¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

NET SALES, MEAL SERVICE

	3 months Jul-Sep 2019	3 months Jul-Sep 2019 ¹⁾	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2019 ¹⁾	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m	recalculated			recalculated				
Nordic region	86	86	83	254	254	243	339	328
Central Europe	97	93	93	288	277	258	379	349
Southern & Eastern Europe	48	46	42	143	139	127	185	168
Rest of the world	0	0	-	0	0	0	0	0
Total	231	225	218	685	670	627	903	846

¹⁾ Reported net sales for 2019 recalculated at 2018 exchange rates.



CONSUMER BUSINESS AREA

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

JULY 1–SEPTEMBER 30

- Net sales amounted to SEK 241 m (247).
- Operating income was SEK 4 m (10) and the operating margin was 1.5% (4.1%).

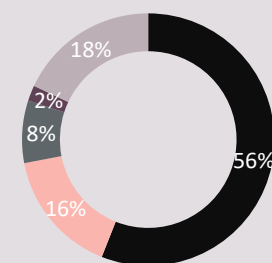
JANUARY 1–SEPTEMBER 30

- Net sales amounted to SEK 682 m (733).
- Operating income was SEK 2 m (19) and the operating margin was 0.3% (2.6%).

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



NET SALES BY PRODUCT GROUP, %



- Napkins
- Table covers
- Serving products
- Candles
- Other

JULY 1–SEPTEMBER 30

Net sales amounted to SEK 241 m (247). At fixed exchange rates, this corresponds to a sales decrease of 5.7%. Consumer boosted its sales in nearly half of its markets, but the net impact was lower sales due to decreases in key markets such as Germany and the UK. During the quarter, Consumer saw its volumes continue to decrease to several major international customers for products such as napkins and hygiene items. In terms of seasonal fluctuations, the fourth quarter is the strongest quarter for sales because of Christmas.

Operating income was SEK 4 m (10) and the operating margin was 1.5% (4.1%). The decrease in income reflects the lower volumes in the previously mentioned contract losses. Logistics costs for the quarter were also higher than before, which compounds the difference in income.

JANUARY 1–SEPTEMBER 30

Net sales amounted to SEK 682 m (733). At fixed exchange rates, this corresponds to a sales decrease of 9.7%. Consumer's sales declined across the entire product portfolio. However, from a customer perspective, this decline is linked to a small number of large contracts. The market for standard napkins and retail sector private labels have been subject to tight competition for a long time, which resulted in lower volumes for Duni.

Operating income was SEK 2 m (19) and the operating margin was 0.3% (2.6%). For the year, raw material levels including inventory revaluations had a negative impact on income. In addition, the decreased volumes resulted in lower capacity utilization for conversion units with a negative impact on cost absorption. The retail market has for a long time been characterized by major challenges, including intense price competition. This has affected the Consumer business area where an increased focus is now to further improve efficiency in both product portfolio and sales force.

NET SALES, CONSUMER

	3 months Jul-Sep 2019	3 months Jul-Sep 2019 ¹⁾	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2019 ¹⁾	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m	recalculated			recalculated				
Nordic region	41	41	37	118	116	108	158	149
Central Europe	168	161	176	481	465	528	735	782
Southern & Eastern Europe	18	17	16	40	39	47	64	71
Rest of the world	14	13	17	44	42	49	53	59
Total	241	232	247	682	662	733	1,010	1,061

¹⁾ Reported net sales for 2019 recalculated at 2018 exchange rates.



NEW MARKETS BUSINESS AREA

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

JULY 1–SEPTEMBER 30

- Net sales amounted to SEK 231 m (78).
- Operating income was SEK 12 m (-3) and the operating margin was 5.2% (-3.4%).

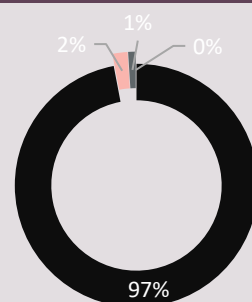
JANUARY 1–SEPTEMBER 30

- Net sales amounted to SEK 655 m (238).
- Operating income was SEK 36 m (4) and the operating margin was 5.5% (1.7%).

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



NET SALES, GEOGRAPHICAL SPLIT, NEW MARKETS



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

JULY 1–SEPTEMBER 30

Net sales amounted to SEK 231 m (78). Organic pro forma growth¹⁾ amounted to 15.2%. The substantial increase in sales comes from the acquired company BioPak in Australia, which also has a strong organic growth in the year. The other markets reported sales in line with the previous year, except Singapore, which experienced a slight decline.

Operating income was SEK 12 m (-3) and the operating margin was 5.2% (-3.4%). The improvement in income largely reflects the business area's sales performance, to which BioPak made a strong contribution, except that Sharp Serviettes reported lower income in the quarter and that Duni in Singapore, which had a weak quarter last year, now contributed to improvement.

JANUARY 1–SEPTEMBER 30

Net sales amounted to SEK 655 m (238). Organic pro forma growth¹⁾ amounted to 14.4%. The trends for the year are in line with the quarter, with BioPak making the strongest contribution and most other markets staying in line with the previous year. For the year, the Middle East & North Africa grew more than for the quarter, while South & Latin America experienced a slight decline. As of 2019, the Russian and North American markets are no longer included in the business area, as these were moved to the Table Top business area, which decreased the sales of New Markets by SEK 21 m.

Operating income was SEK 36 m (4) and the operating margin was 5.5% (1.7%). In addition to BioPak's contribution, most markets are in line with the previous year, despite all markets, similarly to Duni at large, being impacted by raw material fluctuations and inventory revaluation effects. Singapore reported a slight decrease in income, while the Middle East & North Africa, which did a good job with price increases, made a positive contribution.

¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.



CASH FLOW

The Group's cash flow from operating activities was SEK 296 m (152) for the period from January 1 to September 30. Accounts receivable amounted to SEK 952 m (829), and accounts payable to SEK 408 m (382), while inventory was valued at SEK 850 m (768).

Cash flow including investing activities amounted to SEK 196 m (-12). Net investments for the period amounted to SEK 93 m (142). Depreciation and amortization for the period amounted to SEK 222 m (143), and SEK 50 m of this item was attributable to lease depreciation resulting from the new leases standard that became effective on January 1, 2019. Cash flow was stronger than the previous year, which, apart from the improvement in income, was mainly due to an improvement in working capital and lower investments than previous years.

The Group's interest-bearing net debt as of September 30, 2019 was SEK 1,800 m, and SEK 189 m of this item comprises a lease liability resulting from the new leases standard. The Group's interest-bearing net debt at September 30, 2018 was SEK 1,184 m. The Annual General Meeting on May 7, 2019 resolved to divide up the dividend of SEK 5 per share into two separate payments. SEK 117 m was paid in May, and the next payment of SEK 117 m will be disbursed in November.

NET FINANCIAL ITEMS

Net financial items for the period from January 1 to September 30 were SEK -24 m (-10). External interest expenses were up this year as a result of higher debt following the acquisition of BioPak in Australia at the end of the previous year. Financial expenses increased by SEK 4 m during the quarter due to the new leases standard. Translation effects were positive in the previous year but are negative this year.

TAXES

The total reported tax expenses for the period from January 1 to September 30 amounted to SEK 58 m (63), equivalent to an effective tax rate of 22.4% (24.8%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK -0.8 m (-2.4).

EARNINGS PER SHARE

The year's earnings per share before and after dilution amounted to SEK 4.20 (4.00).

Duni's shares

At September 30, 2019, 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 (9.67%) and Carnegie fonder (9.57%).

PERSONNEL

On September 30, 2019, there were 2,406 (2,477) employees. 1,058 (1,118) of the employees were engaged in production. Duni's production plants are located in Bramsche and Wolkenstein, Germany, in Poznan, Poland, in Bengtsfors, Sweden, in Bangkok, Thailand and in Auckland, New Zealand.

ACQUISITIONS

In May, Duni bought out the remaining 20% of the shares in Sharp Serviettes in New Zealand after the minority owners exercised their option. The consideration was SEK 7.2 m, which is in line with initial statements. The company was already 100% consolidated from the start and the purchase only had a minor impact on financial net debt.

Horizons Supply Pty Ltd

On October 1, Duni's subsidiary BioPak Pty Ltd in Australia acquired 100% of the shares and votes in Horizons Supply Pty Ltd. Horizons is a sales company specializing in customer-specific, tailored and sustainable packaging solutions for the restaurant and retail sectors in Australia. The company boasts a strong rate of growth, sales of approximately SEK 60 m and an operating margin in line with Duni's financial targets. Horizons was founded in 2013, has 6 employees and offices in Melbourne.

The consideration was approximately SEK 40 m and is accommodated within the current loan facility. 80% of the consideration was paid at the time of acquisition and 20% will be paid as an additional purchase price on October 1, 2020. The acquisition costs amounted to SEK 2 m and were charged to income for the year under "Other operating expenses". The acquisition will be consolidated in the New Markets business area as of October 1, 2019. A preliminary acquisition analysis was initiated and presented in the year-end report. The goodwill arising on the acquisition will be matched by synergies in the sales and marketing organization between BioPak and Horizons and by synergies in procurement mainly from China. There will be intangible assets in the form of customer contracts.

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.

Sustainability is an integral part of Duni's operations. The platform for Duni's CSR program is the annually updated sustainability report "Our Blue Mission". This report describes Duni's work in identified risk areas and reports on results and goals for its business.

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 impact Duni's operations 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 December 31, 2018.

Duni's contingent liabilities have risen since the start of the year by SEK 3 m to SEK 49 m (46).

TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties took place during Q3 2019.

MAJOR EVENTS DURING THE PERIOD

No significant events have occurred during the period.

MAJOR EVENTS SINCE SEPTEMBER 30

On October 1, Duni announced in a press release that its subsidiary BioPak Pty Ltd in Australia acquired 100% of the shares in Horizons Supply Pty Ltd. The consideration was approximately SEK 40 m and is accommodated within the current loan facility. 80% of the consideration was paid at the time of acquisition and 20% one year later.

INTERIM REPORTS

Q4 February 7, 2020

Q1 April 24, 2020

2020 ANNUAL GENERAL MEETING

The Annual General Meeting of Duni AB will be held in Malmö at 3 PM on May 12, 2020. More information will be available on Duni's website shortly.

PARENT COMPANY

Net sales for the period from January 1 to September 30 amounted to SEK 870 m (871). Income after financial items totaled SEK 57 m (63). The interest-bearing net debt was SEK -192 m (-524), of which a net asset of SEK 1,697 m (1,612) relates to subsidiaries. Net investments amounted to SEK 21 m (19) and amortization/depreciation was SEK 14 m (13).

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, 2018. IFRS 16 has been applied as of January 1, 2019.

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 will be provided for publication on October 18 at 07:45 am.

At 10:00 am on Friday, October 18, 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 (0)8-566 426 51, Pin: 50086072#. To follow the presentation online, please visit this link:

<https://event.on24.com/wcc/r/2087006/41EC97AE3D72AF7A28DFD30AC3100F0F>

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.

Malmö, October 17, 2019

Johan Sundelin, President and CEO

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Company registration no.: 556536-7488



AUDITOR'S REPORT

Duni AB (publ) org nb 556536-7488

Introduction

We have reviewed the condensed interim financial information (interim report) of Duni AB (publ) as of 30 September 2019 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, 2019

PricewaterhouseCoopers AB

Carl Fogelberg
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
Net sales	1,377	1,190	3,990	3,467	5,450	4,927
Cost of goods sold	-1,038	-882	-3,029	-2,551	-4,127	-3,649
Gross profit	339	308	961	916	1,323	1,278
Selling expenses	-140	-131	-441	-408	-598	-565
Administrative expenses	-68	-67	-197	-202	-277	-282
Research and development expenses	0	-2	-3	-7	-5	-9
Other operating income	4	0	24	3	23	3
Other operating expenses	-22	-12	-61	-38	-97	-75
EBIT (Note 4)	113	96	283	264	369	351
Financial income	1	0	1	0	2	1
Financial expenses	-8	-7	-26	-10	-38	-23
Net financial items	-7	-7	-24	-10	-37	-22
Income after financial items	106	90	258	254	332	328
Income tax	-25	-23	-58	-63	-74	-79
Net income	81	66	200	191	259	249
Net income attributable to:						
- Equity holders of the Parent Company	80	65	198	188	255	245
- Non-controlling interests	1	1	3	3	4	4
Earnings per share attributable to equity holders of the Parent Company:						
Before and after dilution (SEK)	1.71	1.39	4.20	4.00	5.42	5.22
Average number of shares before and after dilution ('000)	46,999	46,999	46,999	46,999	46,999	46,999

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
Net income	81	66	200	191	259	249
Other comprehensive income:						
<i>Items that will not be reclassified to profit or loss:</i>						
Actuarial loss on post-employment benefit obligations*	-21	1	-41	-3	-56	-18
Total	-21	1	-41	-3	-56	-18
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange rate differences – translation of subsidiaries	20	2	58	15	56	14
Cash flow hedge	-2	1	-5	2	-2	5
Total	18	3	53	17	55	19
Other comprehensive income for the period, net of tax:	-3	4	12	14	-1	1
Total comprehensive income for the period	79	71	212	205	258	251
- Of which non-controlling interests	7	2	13	4	15	6

*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.

CONDENSED CONSOLIDATED QUARTERLY INCOME STATEMENTS

SEK m	2019			2018				2017
Quarter	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec
Net sales	1,377	1,348	1,264	1,460	1,190	1,197	1,080	1,254
Cost of goods sold	-1,038	-1,028	-963	-1,098	-882	-884	-785	-881
Gross profit	339	320	301	363	308	313	295	373
Selling expenses	-140	-149	-152	-157	-131	-135	-141	-129
Administrative expenses	-68	-68	-61	-80	-67	-70	-64	-72
Research and development expenses	0	-1	-2	-2	-2	-3	-3	-2
Other operating income	4	10	10	1	0	0	8	3
Other operating expenses	-22	-19	-20	-38	-12	-18	-13	-13
EBIT	113	93	76	87	96	87	81	159
Financial income	1	1	0	0	0	0	0	0
Financial expenses	-8	-8	-10	-13	-7	0	-3	-5
Net financial items	-7	-7	-10	-13	-7	0	-3	-5
Income after financial items	106	86	67	74	90	87	78	155
Income tax	-25	-18	-15	-16	-23	-21	-20	-33
Net income	81	67	52	58	66	66	59	121
Net income attributable to:								
- Equity holders of the Parent Company	80	66	51	57	65	65	57	120
- Non-controlling interests	1	1	1	1	1	1	1	2

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK m	September 30, 2019	December 31, 2018	September 30, 2018
ASSETS			
Goodwill	2,171	2,114	1,656
Other intangible assets	525	541	291
Tangible assets	1,330	1,143	1,134
Financial assets	81	67	52
Total fixed assets	4,108	3,866	3,133
Inventory	850	771	768
Accounts receivable	952	921	829
Other receivables	321	210	165
Cash and cash equivalents	246	260	602
Total current assets	2,369	2,162	2,363
TOTAL ASSETS	6,477	6,027	5,497
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	2,711	2,616	2,565
Long-term loans	1,520	1,402	1,441
Other long-term liabilities	866	800	396
Total long-term liabilities	2,386	2,202	1,837
Accounts payable	408	424	382
Short-term financial liabilities	226	103	103
Other short-term liabilities	745	682	610
Total short-term liabilities	1,379	1,209	1,095
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,477	6,027	5,497

STATEMENT OF CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

SEK m	Attributable to equity holders of the Parent Company						Non-controlling interests	TOTAL EQUITY
	Share capital	Other contributed capital	Reserves	Cash flow reserve	Fair value reserve ¹⁾	Profit carried forward incl. net income for the period		
Opening balance January 1, 2018	59	1,681	57	-5	13	704	85	2,594
Total 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 September 30, 2018	59	1,681	72	-3	13	655	89	2,565
Total comprehensive income for the period	-	-	-1	3	-	42	2	45
Transactions with minority shareholders	-	-	6	-	-	-	-	6
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Closing balance December 31, 2018	59	1,681	76	0	13	697	91	2,616
Total comprehensive income for the period	-	-	47	-5	-	157	13	212
Transactions with minority shareholders	-	-	-	-	-	-	-	-
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	-117	-	-117
Closing balance September 30, 2019	59	1,681	123	-5	13	736	104	2,711

¹⁾ The fair value reserve concerns 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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	9 months Jan-Sep 2019	9 months Jan-Sep 2018
Operating activities		
Reported EBIT	283	264
Adjusted for items not included in cash flow, etc.	215	127
Paid interest and tax	-121	-96
Change in working capital	-81	-144
Cash flow from operating activities	296	152
Investing activities		
Acquisitions of fixed assets	-94	-143
Sales of fixed assets	1	0
Acquisition of subsidiaries	-7	-21
Cash flow from investing activities	-100	-164
Financing activities		
Loans raised ¹⁾	57	672
Repayment of debt ¹⁾	-72	-
Dividend paid to shareholders	-117	-235
Change in borrowing	-83	-56
Cash flow from financing activities	-215	381
Cash flow for the period	-19	369
Cash and cash equivalents, opening balance	260	227
Exchange difference, cash and cash equivalents	5	6
Cash and cash equivalents, closing balance	246	602

¹⁾ Loans raised and repayments on loans within the adopted credit facility are recognized at their gross amounts for loans with maturities exceeding 3 months, in accordance with IAS 7.

KEY FINANCIALS IN SUMMARY

	9 months Jan-Sep 2019	9 months Jan-Sep 2019 recalculated*	9 months Jan-Sep 2018
Net sales, SEK m	3,990	3,990	3,467
Gross profit, SEK m	961	961	916
Operating income, SEK m	334	330	293
Operating EBITDA, SEK m	507	453	408
EBIT, SEK m	283	278	264
EBITDA, SEK m	505	451	406
Interest-bearing net debt	1,800	1,611	1,184
Number of employees	2,406	2,406	2,477
Sales growth	15.1%	15.1%	8.8%
Organic growth	-0.5%	-0.5%	1.6%
Organic pro forma growth	2.4%	2.4%	1.9%
Gross margin	24.1%	24.1%	26.4%
Operating margin	8.4%	8.3%	8.5%
Operating EBITDA margin	12.7%	11.4%	11.8%
EBIT margin	7.1%	7.0%	7.6%
EBITDA margin	12.7%	11.3%	11.7%
Return on capital employed ¹⁾	10.6%	11.0%	12.5%
Interest-bearing net debt/shareholders' equity	66.4%	59.4%	46.2%
Interest-bearing net debt/operating EBITDA ¹⁾	2.64	2.38	1.93

Alternative key financials are described in definitions.

* To make 2019 comparable with 2018, this column shows 2019 adjusted for the effects of the new IFRS 16 leases standard, which became effective on January 1, 2019.

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

CONDENSED PARENT COMPANY INCOME STATEMENTS

SEK m	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018
(Note 1)				
Net sales	305	302	870	871
Cost of goods sold	-277	-284	-803	-813
Gross profit	27	19	66	58
Selling expenses	-31	-28	-103	-95
Administrative expenses	-44	-36	-123	-119
Research and development expenses	-1	-1	-4	-6
Other operating income	66	61	200	184
Other operating expenses	-10	-9	-31	-29
EBIT	9	5	4	-7
Revenue from participation in Group companies	8	40	47	63
Financial income	7	6	22	18
Financial expenses	-6	-6	-17	-11
Net financial items	10	40	52	70
Income after financial items	18	44	57	63
Income tax	-2	-1	-3	-1
Net income	16	43	54	62

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018
Net income	16	43	54	62
Other comprehensive income¹⁾:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange rate differences – translation of subsidiaries	0	0	0	0
Cash flow hedge	-2	1	-5	2
Total	-2	1	-5	2
Other comprehensive income for the period, net of tax	-2	1	-5	2
Total comprehensive income for the period	14	44	49	64
Total comprehensive income for the period attributable to:				
Equity holders of the Parent Company	14	44	49	64

¹⁾ The parent company does not have any items that “will not be reclassified to profit or loss”.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	September 30, 2019	December 31, 2018	September 30, 2018
ASSETS			
Goodwill	0	0	0
Other intangible assets	62	53	47
Total intangible assets	62	53	47
Tangible assets	23	24	24
Financial assets	3,260	3,159	2,681
Total fixed assets	3,345	3,237	2,752
Inventory	128	105	121
Accounts receivable	126	121	123
Other receivables	301	199	205
Cash and bank balances	118	171	548
Total current assets	672	595	997
TOTAL ASSETS	4,018	3,832	3,749
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	87	87	83
Unrestricted equity	1,664	1,732	1,539
Total equity	1,751	1,819	1,622
Provisions	104	106	107
Long-term loans	1,322	1,384	1,438
Other long-term liabilities	1	-	-
Total long-term liabilities	1,323	1,384	1,438
Accounts payable	50	61	59
Short-term financial liabilities	215	103	103
Other short-term liabilities	576	360	420
Total short-term liabilities	840	524	582
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	4,018	3,832	3,749

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% biodegradable. Bagasse is used primarily in Duni's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

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

Ecoecho®: Ecoecho is a product range of serving and meal solutions 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 approved characteristics.

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

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

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

Our Blue Mission: Duni's Corporate Social Responsibility (CSR) efforts are governed by the Our Blue Mission program. It describes Duni's approach to sustainability in 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.

Currency adjusted/currency impact translation effects: Figures adjusted for changes in exchange rates related to consolidation. Figures for 2019 are calculated at exchange rates for 2018. Effects of translation of balance sheet items are not included.

DEFINITIONS OF KEY FINANCIALS

Duni uses financial measures that in some cases are not defined by the IFRSs, 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 performance 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. Another key financial used by Duni is organic pro forma growth. In recent years, Duni has acquired companies with very high growth rates, and it began using the term organic pro forma growth to show the contributions of these companies to growth. This means that the year-on-year increase in sales they contribute is already reported from the first day they are included in the Duni Group as the organic pro forma growth is calculated using pro forma figures from the previous year. Duni defines its key financials as stated below:

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

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

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

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

EBIT: Earnings before interest and taxes.

EBIT margin: EBIT as a percentage of net sales.

EBITA: Earnings before interest, taxes and amortization.

EBITDA: Earnings before interest, taxes, depreciation and amortization (including impairment).

EBITDA margin: EBITDA as a percentage of net sales.

Cost of goods sold: Cost of goods sold, including production and logistics costs.

Operating income: EBIT adjusted for restructuring costs, non-realized valuation effects of derivative instruments, fair value allocations and amortization of intangible assets identified in connection with business acquisitions.

Operating margin: Operating income as a percentage of sales.

Organic growth: Sales growth adjusted for currencies and acquisitions. Acquired companies are included in organic growth when they have comparable quarters. For 2018 and previous years, organic growth has been calculated when acquired companies have been a part of the Duni Group for eight quarters.

Organic pro forma growth: Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

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

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

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

RECONCILIATION BETWEEN OPERATING INCOME AND EBIT

	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m						
Operating income excluding the new leases standard	129	107	330	293	467	430
Effects of new leases standard as of January 1, 2019	1	-	4	-	4	-
Operating income	130	107	334	293	471	430
Restructuring costs	-1	-1	-2	-1	-32	-31
Amortization of intangible assets identified in business combinations	-17	-9	-49	-27	-65	-43
Fair value allocation in connection with acquisitions	0	0	0	-1	-5	-6
EBIT	113	96	283	264	369	351

RECONCILIATION BETWEEN OPERATING EBITDA, EBITDA AND EBIT

	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m						
Operating EBITDA excluding the new leases standard	170	146	453	408	628	583
Effects of new leases standard as of January 1, 2019	18	-	54	-	54	-
Operating EBITDA	188	146	507	408	682	583
Restructuring costs	-1	-1	-2	-1	-32	-31
Fair value allocation in connection with acquisitions	0	0	0	-1	-5	-6
EBITDA	188	145	505	406	645	546
Amortization of intangible assets identified in business combinations	-17	-9	-49	-27	-65	-43
Amortization/depreciation included in EBIT	-41	-40	-124	-114	-161	-152
Depreciation of leased assets, effect as of January 1, 2019	-17	-	-50	-	-50	-
EBIT	113	96	283	264	369	351

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, 2018.

Duni applies IFRS 16 Leases as of January 1, 2019. The new standard stipulates that Duni recognize assets and liabilities in the balance sheet for leases where it is the lessee. The income statement is impacted by the depreciation of the asset and interest expenses for the liability instead of an operating lease expense. Duni used the simplified transition method for transition to IFRS 16 where comparative figures are not restated. A lease asset and a lease liability both amounting to SEK 214 m were recognized at the transition date. At September 30, 2019 the lease asset and lease liability amounted to SEK 189 m. With respect to the impact of IFRS 16 in the cash flow statement, this is reported under financing activities, on the "Change in borrowing" line, and amounted to SEK 50 m at September 30, 2019.

Income metrics such as EBITDA, EBIT and net financial items were thus impacted as of January 1, 2019 along with the related margin metrics. Duni has estimated that the impact is not significant and has therefore chosen not to introduce new key financials. However, existing key financials, adjusted for the effects, are presented in a table comparable with 2018 in the section entitled Key ratios in summary. The accumulated annual effect of the new leases standard on existing leases is estimated to improve operating income by approximately SEK 6 m, EBITDA by SEK 60–80 m and impact interest-bearing net debt by between SEK 180–220 m. For more information about IFRS 16, see notes 2 and 37 in the annual report for the year ended on December 31, 2018.

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 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, 2018, 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

Jul-Sep 2019	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	654	231	246	231	22	1,384
Net sales from other segments	2	0	5	0	-	7
Net sales from external customers	652	231	241	231	22	1,377
Operating income	95	19	4	12	1	130
EBIT						113
Net financial items						-7
Income after financial items						106

Jul-Sep 2018	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

Jan-Sep 2019	Table Top	Meal Service	Consumer	New Markets	Other	Duni
Total net sales	1,898	685	691	655	72	4,001
Net sales from other segments	2	0	9	0	-	11
Net sales from external customers	1,896	685	682	655	72	3,990
Operating income	247	46	2	36	2	334
EBIT						283
Net financial items						-24
Income after financial items						258

Jan-Sep 2018	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

Quarterly overview of net sales and operating income by segment:

Net sales				2019				2018				2017	
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Table Top	652	664	580	683	625	645	534	641	581				
Meal Service	231	250	203	218	218	231	178	179	170				
Consumer	241	193	249	328	247	221	265	317	235				
New Markets	231	215	208	210	78	79	81	96	78				
Other	22	25	25	22	21	21	22	21	18				
Duni	1,377	1,348	1,264	1,460	1,190	1,197	1,080	1,254	1,082				
Operating income													
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Table Top	95	90	63	97	84	87	62	121	96				
Meal Service	19	19	8	9	14	14	6	7	7				
Consumer	4	-10	9	23	10	-9	18	32	14				
New Markets	12	11	13	9	-3	3	4	7	5				
Other	1	1	0	0	2	1	2	2	1				
Duni	130	111	93	137	107	96	90	169	123				

The business areas reflect Duni's customer category types. The nature of each category type is disclosed below for each business area by region and product group:

Net sales, Jan–Sep 2019

SEK m	Table Top	Meal Service	Consumer	New Markets	Other	Duni
<i>Primary geographic regions</i>						
Nordic region	256	254	118	0	9	637
Central Europe	1,236	288	481	2	42	2,048
Southern & Eastern Europe	396	143	40	1	21	601
Rest of the world	7	0	44	653	0	703
Total	1,896	685	682	655	72	3,990
<i>Product groups</i>						
Napkins	1,333	0	385	175	0	1,893
Table covers	423	0	107	6	0	536
Candles	110	0	11	4	0	124
Packaging solutions	3	400	1	130	0	534
Serving products	3	264	56	301	0	624
Other	21	21	123	41	72	278
Total	1,896	685	682	655	72	3,990
<i>Time of revenue recognition</i>						
Goods/services transferred at once	1,896	685	682	655	72	3,990
Goods/services transferred over time	-	-	-	-	-	-
Total	1,896	685	682	655	72	3,990

NOTE 4 • 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 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months Oct-Sep 2018/2019	12 months Jan-Dec 2018
SEK m						
Cost of goods sold	0	0	0	1	-12	-11
Selling expenses	-1	-	-2	-	-14	-12
Administrative expenses	0	-1	0	-2	-6	-8
Other operating expenses/income	-	-	-	-	-	-
Total	-1	-1	-2	-1	-32	-31



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 takeaway. All concepts are aimed at creating Goodfoodmood® in environments where people get together to enjoy food and drink.



DUNI's presence



Duni's 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 Group's headquarters are located in Malmö, Sweden, and production units are located in Sweden, Germany, Poland, New Zealand and Thailand. We have sales offices in Australia, Austria, Czechia, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the UK and the US.

Net sales*

SEK 5,450 M

Sales growth*

-0.1%

Duni's target is to achieve 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*

8.6%

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 2018

SEK 5.00

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

*Rolling 12 months, Oct-Sept 2018/2019