

More Than A Logistics Problem

- Recovery repeatedly delayed
- Margins remain under pressure
- Upside depends on improving demand

A leading player in dining and food packaging

Duni is a leading supplier of table setting and food packaging products, mainly serving hotels, restaurants and catering businesses across Europe.

Underlying weakness remains

Duni has reported five consecutive quarters of negative organic growth, while weak demand and a shift towards lower-priced products have pressured both sales and margins. Logistics issues have added further pressure in 2026, but profitability was already weakening before these problems.

“A recovery is plausible, but plausibility alone does not provide sufficient reason to hold on to the stock.”

Valuation and Target Price

Duni's lower share price has improved the risk/reward, but the valuation still depends on a clear earnings and margin recovery. With the timing and strength of this recovery being uncertain, we see limited margin of safety and set our target price at SEK 85 per share.

SEKm	2024	2025	2026E	2027E	2028E
Net Sales	7.578	7.685	7.624	7.767	8.010
Sales Growth	-1.8%	1.4%	-0.8%	2.0%	3.0%
Gross Earnings	1.731	1.882	1.721	1.856	1.912
Gross Margin	22.8%	24.5%	22.7%	24.0%	24.0%
EBITDA	622	707	512	633	693
EBITDA Margin	8.2%	9.2%	6.7%	8.1%	8.7%
EBIT	403	465	273	437	491
EBIT Margin	5.3%	6.1%	3.6%	5.6%	6.1%
Earnings	257	312	130	272	320
Earnings Margin	3.4%	4.1%	1.7%	3.5%	4.0%

Target price (SEK): 86.3

Share price (SEK): 76.7



General Info

CEO	Robert Dackeskog
Exchange	Mid Cap Stockholm
Sector	Consumer Cyclical
Shares Outstanding (m)	47.0
Market Cap (mSEK)	3.614
Adj. Net Debt (mSEK)	1.550
Enterprise Value (mSEK)	5.164
Free Float (%)	42.9

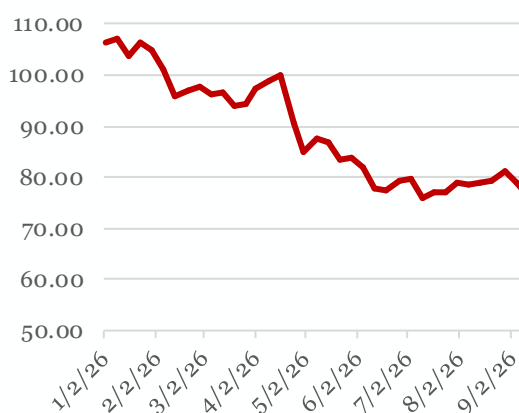
Valuation

Current Share Price (SEK)	76.7
Target Price DCF (SEK)	86.3
Target Price Multiples (SEK)	83.8
Weighted Target Price (SEK)	85.0
Upside/Downside (%)	11.0

Analysts

Anton Öst
Angelo Epanty

Duni shareprice YTD



	R12	2026E	2027E	2028E
P/E	17.6x	27.2x	12.4x	10.8x
P/S	0.48x	0.47x	0.46x	0.45x
EV/EBITDA	7.3x	10.1x	8.2x	7.5x
EV/EBIT	13.7x	18.9x	11.8x	10.5x
EV/S	0.80x	0.69x	0.68x	0.66x

Table of Contents

Investment Case	- 3 -
Ownership Structure and Key Personnel	- 5 -
Business Model	- 7 -
Market and Competition	- 10 -
Financial Performance and Estimates	- 13 -
Valuation	- 14 -
Recommendation	- 16 -

Investment Case

The expected cyclical recovery has failed to materialize

Our previous investment case rested partly on the assumption that Duni's weak performance was predominantly cyclical. Lower inflation, declining interest rates and improving consumer purchasing power were expected to support European HoReCa (Hotel, Restaurant, and Café/Catering) demand and allow Duni to return to organic growth. This recovery has been considerably slower than expected. Organic sales declined 2.1% in 2025 and remained negative in early 2026, with Germany in particular continuing to suffer from weak restaurant traffic and cautious consumers. The reduction in German restaurant VAT from 19% to 7% has so far provided limited visible support to demand. While a recovery remains possible, limited visibility on its timing weakens the case for remaining invested.

Acquisitions hide weak organic growth

Reported sales have held up better than the underlying business, as acquisitions such as Poppies, LinePack and ByGreen have compensated for negative organic growth. This marks a change from the previous investment case, where acquisitions complemented an expected organic recovery and expansion in Asia-Pacific. The company's new financial target of more than 6% currency-adjusted growth, with roughly half expected to come organically, also formalizes M&A as a more important part of the growth model. While the acquired businesses appear strategically sound, we view the increased dependence on M&A as a deterioration in the quality of growth, adding integration and capital-allocation risk while making ROIC and cash conversion increasingly important.

Margin recovery has become an execution case

Duni still targets an operating margin above 10%, while our previous analysis assumed a more conservative normalized margin of approximately 7.5%. Cost reductions, restructuring and a larger revenue base provide scope for meaningful operating leverage, and Q3 2025 demonstrated that margins can improve even in a weak market. However, the path has become considerably less predictable. Downtrading towards lower-priced and private-label products is pressuring the profitable premium offering, while the Meppen logistics transition resulted in lost sales, additional freight costs and operational inefficiencies during Q2 2026. Consequently, the earnings recovery now requires several factors to improve simultaneously rather than simply a normalization in demand.

Investment Case

New operational risks weaken the risk/reward

The problems surrounding the new external logistics setup are particularly important as they introduce a company-specific execution risk that was largely absent from our previous thesis. The February 2025 analysis viewed Duni's control over production and supply chains as a competitive strength. Outsourcing parts of the logistics structure should ultimately improve scalability and cost efficiency, but the transition has been turbulent. If the problems prove temporary, 2027 could benefit from both normalized deliveries and lower transition costs. However, until this is demonstrated, we believe earnings uncertainty has increased.

A good company, but no longer a sufficiently attractive investment

We continue to view Duni as a fundamentally solid company with leading market positions, established brands, a strong controlling shareholder and exposure to structural growth in sustainable food packaging. The issue is instead the opportunity cost of remaining invested. The original recovery thesis has been repeatedly delayed, organic growth remains weak and a larger proportion of future performance now depends on successful acquisitions, cost reductions and operational execution. Although a recovery in European HoReCa, improved product mix and normalized logistics could create substantial earnings leverage, we believe too many positive developments are currently required to justify the expected return. We therefore see a more attractive risk/reward in reallocating the capital elsewhere.

Ownership Structure and Key Personnel

Weak ownership among management

Insider ownership within Duni's executive management is limited. CEO Robert Dackeskog, who has led the company since 2021, owns shares worth approximately SEK 1.5m and has the largest direct holding within the management team. Ownership among the remaining executives is modest and there is no meaningful share-based long-term incentive programme in place.

We view the limited management ownership as a weakness. This is particularly notable following several years of weak share-price performance, during which insider buying within the management team has remained limited. While management ownership is not a prerequisite for disciplined decision-making, greater personal capital at risk would provide stronger alignment with minority shareholders.

Name	Position	Shares	Value (MSEK)	Capital (%)	Votes (%)
Mellby Gård Holding AB	Principal owner	24,699,546	1,882	52.55%	52.55%
Thomas Gustafsson	Chairman of the Board	112,388	8.56	0.24%	0.24%
Robert Dackeskog	CEO	20,000	1.52	0.04%	0.04%
Magnus Carlsson	CFO	11,000	0.84	0.02%	0.02%
Morten Falkenberg	Board member	10,112	0.77	0.02%	0.02%
Sven Knutsson	Board member	5,000	0.38	0.01%	0.01%
Johan Crusefalk	Management team	4,000	0.3	0.01%	0.01%
Hanna Banica	Management team	3,250	0.25	0.01%	0.01%
Magnus Holmberg	Board member	3,000	0.23	0.01%	0.01%
Pia Askenström Marions	Board member	1,000	0.08	0.00%	0.00%
Viktoria Bergman	Board member	1,000	0.08	0.00%	0.00%
Janne Buchardt Moltke-Leth	Board member	-	-	-	-
Jenny Bergin	Management team	-	-	-	-
Katarina Skalare	Management team	-	-	-	-
Total				52.92%	52.92%

Ownership Structure and Key Personnel

Strong principal owner with deep operational knowledge

The ownership structure looks considerably stronger at the principal-owner level. Mellby Gård, together with chairman Thomas Gustafsson's direct ownership, controls approximately 53% of Duni's capital and votes. Mellby Gård has been a shareholder since 2007, giving it a long history with the company across several economic cycles.

The relationship also extends beyond financial ownership. Thomas Gustafsson served as CEO of Duni between 2012 and 2017 and is currently Deputy CEO of Mellby Gård. The controlling shareholder consequently combines substantial financial exposure with detailed operational knowledge of the business.

Mellby Gård has continued to increase its position, including purchases of approximately SEK 48m over the past year. We view the continued accumulation positively. A financially strong and patient majority shareholder should also provide Duni with greater flexibility to pursue restructuring, acquisitions and investments whose returns may take several years to materialize.

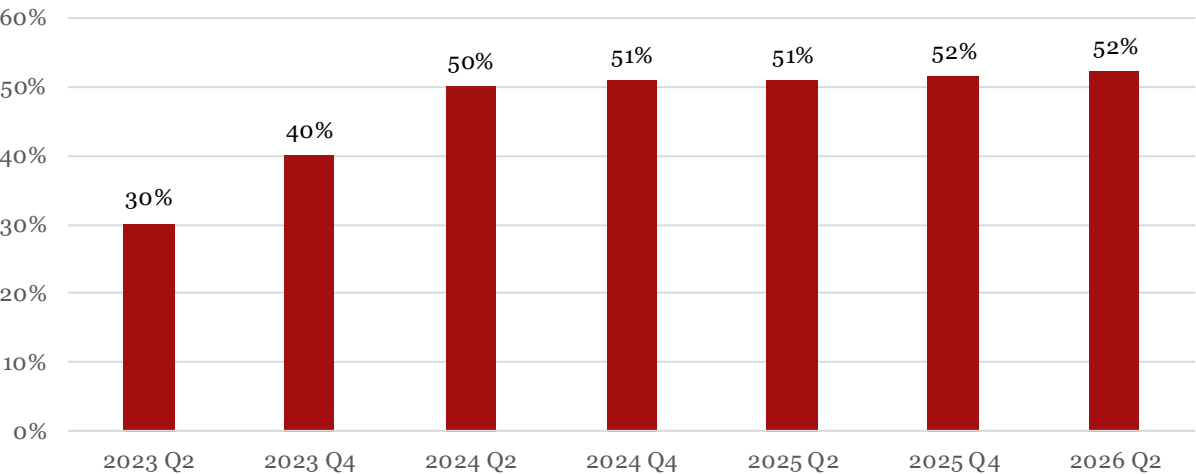
The concentrated ownership is not without drawbacks. With one shareholder controlling more than half of the votes, minority shareholders have limited influence over strategic direction and capital allocation. This makes Mellby Gård's incentives and capital-allocation discipline particularly important.

A potential buy-out?

Mellby Gård's ownership also creates a natural take-private angle. After exceeding the 30% voting threshold in 2023, Mellby Gård was required to launch a mandatory offer for the remaining shares. The offer was made without a premium and attracted limited acceptance. Its ownership has subsequently continued to increase.

With control already established and Mellby Gård continuing to accumulate shares, another offer cannot be ruled out. We nevertheless assign no value to a potential transaction. The timing, willingness to acquire the minorities and potential premium are inherently speculative, while the 2023 offer provides little evidence that Mellby Gård would necessarily pay a substantial control premium. A buy out should therefore be regarded as optionality rather than part of the fundamental valuation.

Mellby Gård's ownership stake over the years

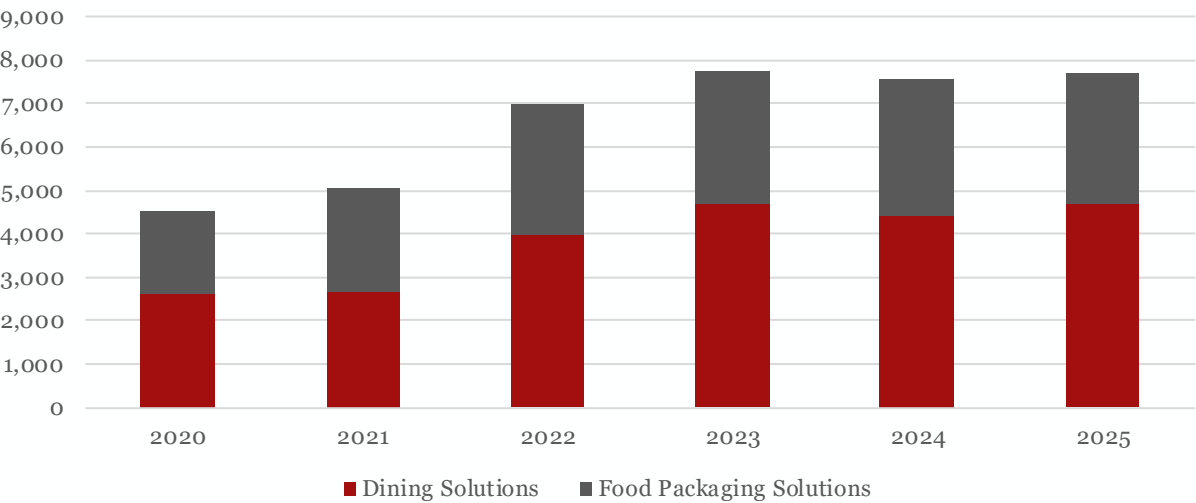


Business Model

Duni is a B2B supplier to the global foodservice industry, serving wholesalers, restaurants, hotels, cafés, catering operators and other professional customers. The group operates through two business areas, Dining Solutions and Food Packaging Solutions, which have distinctly different earnings profiles.

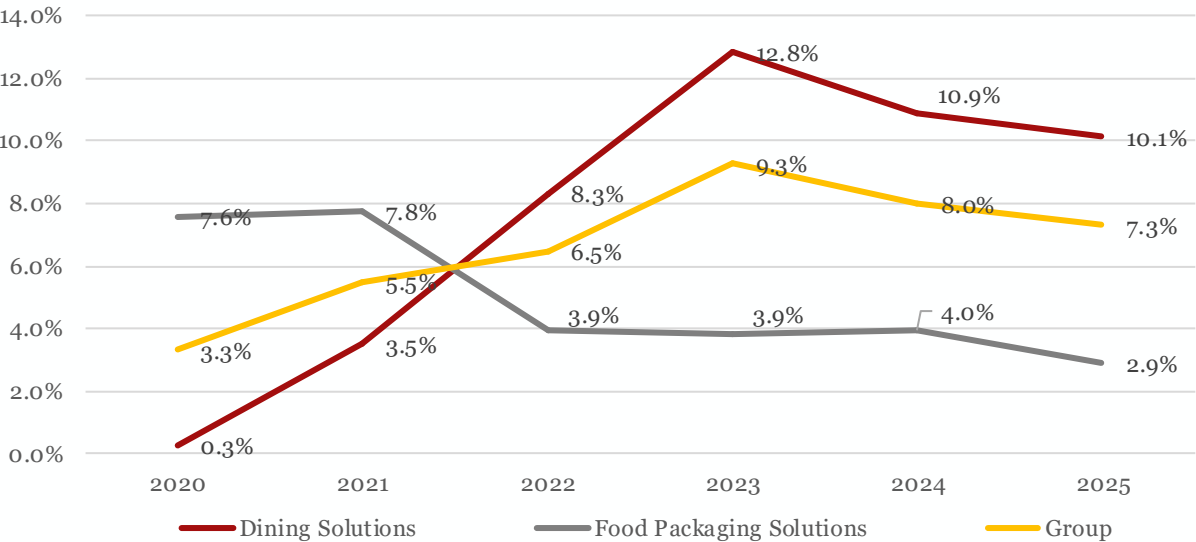
The group combines in-house manufacturing with externally sourced products and distributes through established wholesale and foodservice channels. Scale provides advantages in sourcing, product development and distribution, while Duni's established brands and broad assortment support long-standing customer relationships.

Revenue per business segment



Source: Company Reports

Operating margin per business segment



Source: Company Reports

Business Model

Dining Solutions - the earnings engine

Dining Solutions is the group's traditional core business and offers premium table-setting products including napkins, table covers and candles, primarily under the Duni brand. The company holds a leading position in the European premium segment and benefits from broad distribution, brand recognition and long-standing relationships with professional foodservice customers.

Dining has historically been the more profitable business area. The products generally account for a small proportion of a restaurant's total operating costs but contribute to presentation and customer experience. This supports a degree of pricing power and attractive margins when restaurant operators are financially healthy.

The premium positioning also creates sensitivity to the economic cycle. Restaurants facing weaker traffic and margin pressure can reduce expenditure on table-setting products without affecting their core food offering. The current shift towards simpler products and private-label illustrates this dynamic.

For Dining, mix is therefore nearly as important as volume. An improvement in restaurant traffic can support volumes, but the earnings impact becomes considerably stronger if customers simultaneously return towards higher-value branded products. Conversely, improving HoReCa volumes without a recovery in mix could result in a relatively modest margin response.

Food Packaging Solutions - stronger structural growth, weaker economics

Food Packaging Solutions supplies packaging and serving solutions for take-away, delivery, catering and other foodservice applications, primarily through Duni and BioPak. The business has broader geographic exposure than Dining, particularly through BioPak's position in Australia and Asia-Pacific.

The structural demand drivers are attractive. Take-away and delivery have become established parts of food consumption, while regulation and customer preferences continue to shift demand from conventional plastics towards fibre-based, recyclable and compostable alternatives.

The economics are less straightforward. Food packaging is generally more commoditized than premium table-setting products, with greater price competition and lower barriers to entry in several product categories. Capacity added during the pandemic has also contributed to a more competitive market. Food Packaging has consequently generated lower margins than Dining despite operating in a structurally faster-growing end market.

This distinction is important. End-market growth does not necessarily translate into attractive returns on capital. Duni's ability to differentiate its offering and improve profitability within Food Packaging matters more than the underlying packaging-market CAGR alone.

Business Model

Duniform adds a new dimension

Duniform is gradually broadening Food Packaging Solutions beyond disposable products. Through LinePack and Solserv, Duni is expanding into packaging machinery, automation, installation, service and aftermarket.

The strategic logic is attractive. Selling equipment establishes a longer customer relationship than selling individual packaging products, while installed machines can generate recurring demand for compatible trays, films, maintenance and spare parts. This creates opportunities for cross-selling and potentially increases switching costs.

Duniform also broadens Duni's exposure towards industrial food-production customers whose demand drivers differ from traditional restaurants and hospitality. Over time, this could improve the quality and diversification of Food Packaging's earnings.

The business remains relatively small, however. Its potential contribution to recurring revenues and margins should therefore be viewed as a longer-term opportunity rather than a material driver of current group profitability.

Increasing complexity

The group increasingly combines several different earnings streams: premium table-setting through Duni, sustainable food packaging through BioPak, automated packaging through Duniform and additional product and geographic exposure through acquisitions.

The broader platform provides diversification and creates potential synergies in sourcing, distribution and cross-selling. At the same time, it increases organizational complexity. Duni must integrate acquired businesses, allocate capital between multiple growth opportunities and extract scale benefits without allowing central costs or working capital to increase at the same pace.

The key measure of success is therefore not simply whether the group becomes larger. It is whether the broader platform can generate higher organic growth, improved margins and returns on invested capital above the cost of capital.

Market and Competition

A prolonged weak HoReCa environment

Duni operates in a cyclical market where demand is closely linked to restaurant activity, travel, consumer confidence and disposable income. The European HoReCa market has remained subdued as higher living costs and elevated restaurant prices have made consumers more selective in discretionary spending.

This relationship requires some nuance. Duni's addressable demand is more closely related to restaurant activity and units consumed than nominal HoReCa revenue. A restaurant increasing menu prices can report higher sales while serving fewer customers, which may result in little or no corresponding growth for Duni.

This makes topline HoReCa market growth an imperfect proxy for the company. Restaurant visits, occupancy, openings and closures, customer purchasing behavior and product mix are more relevant indicators.

Germany remains the main cyclical exposure

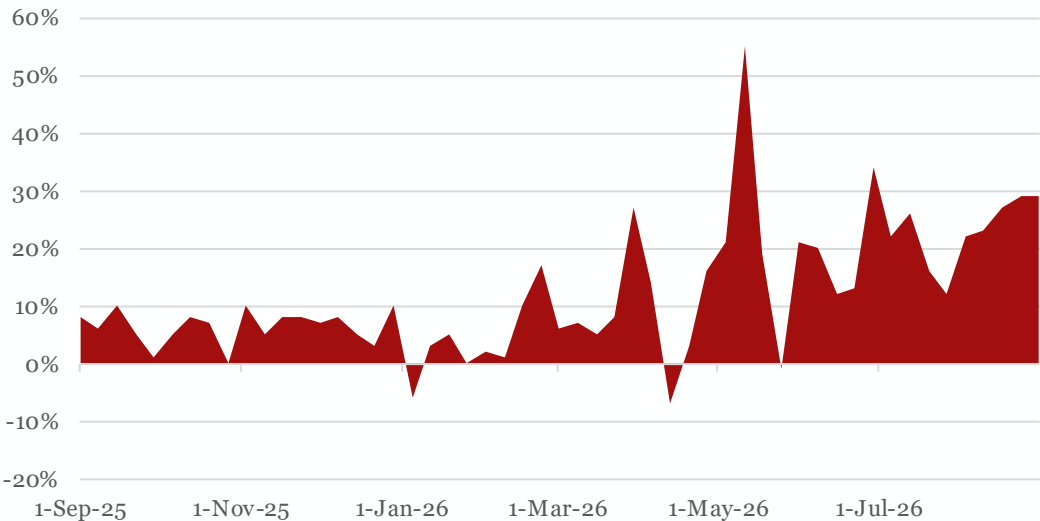
Germany represents roughly 20% of group sales and approximately 30% of Dining Solutions, making it particularly important to group earnings. Revenue generated in Germany has fallen by approximately 12% since 2023 before currency effects.

The reduction in German restaurant VAT from 19% to 7% introduced in January 2026 creates a potential support for the industry, although the initial impact on customer traffic has been limited. Restaurants appear to have retained much of the benefit rather than materially reducing menu prices.

This does not necessarily make the VAT reduction irrelevant for Duni. Even without stimulating traffic immediately, higher restaurant profitability could improve customers' financial position and eventually increase their willingness to spend on premium table-setting products. The effect may therefore emerge through improved restaurant economics and product mix rather than purely through higher footfall.

More encouragingly, external booking indicators for Germany have shown signs of improvement since the summer. It remains too early, however, to conclude that this represents a sustained recovery.

German Online Restaurant Bookings (YoY % Change)



Source: Opentable

Market and Competition

Weakness is broad-based

The weak performance is not isolated to Germany. Duni has experienced weak underlying development across several geographic markets. West benefited materially from the consolidation of Poppies in 2025, while sales excluding the acquisition declined approximately 8.7%.

The broad-based nature of the weakness has two implications. First, it limits the benefit of Duni's geographic diversification when consumer spending is weak across several economies simultaneously. Second, it suggests that at least part of the deterioration is cyclical rather than evidence of a company-specific competitive problem.

Rest of the World has faced somewhat different conditions, including weaker travel and tourism related to geopolitical instability in the Middle East. This illustrates the diversified but still discretionary nature of Duni's underlying demand.

Region	2023 (mSEK)	2024 (mSEK)	Change 23-24 (%)	2025 (mSEK)	Change 24-25 (%)
NorthEast	1,331	1,276	-4.1%	1,253	-1.8%
Central	2,244	2,084	-7.1%	1,962	-5.9%
West	1,138	1,160	1.9%	1,558	34.3%
South	778	670	-13.9%	639	-4.6%
Rest of World	2,080	2,220	6.7%	2,120	-4.5%
Other Sales	147	167	13.6%	151	-9.6%
Total	7,718	7,578	-1.8%	7685	1.4%

Source: Company Reports

Downtrading creates a second layer of pressure

The weakness in volumes has been compounded by an unfavorable product mix. Customers have increasingly shifted from premium branded products towards simpler, lower-priced alternatives and private label.

This is particularly important for Dining Solutions. Downtrading affects both revenue per unit and profitability, meaning that the impact on earnings can be disproportionate to the change in volumes.

Part of the shift is likely cyclical. Restaurant operators under pressure naturally become more price-sensitive, and improving profitability should support some return towards premium products. A complete reversal should not be taken for granted, however. Economic downturns can accelerate structural changes in procurement if customers become accustomed to cheaper alternatives without perceiving a meaningful deterioration in quality.

The development of private-label penetration therefore deserves close attention even after restaurant traffic improves. A recovery in volumes accompanied by a persistently weak mix would suggest that part of the change has become structural.

Market and Competition

Structural growth does not necessarily mean structural profit growth

Long-term market forecasts remain supportive. The HoReCa market is expected to grow over time, while the foodservice-disposables market benefits from delivery, convenience consumption and increasing demand for sustainable packaging. Current market outlooks expect a CAGR of the HoReCa market of approximately 3.1% and 4.9% for the foodservice-disposables market.

These figures should be interpreted carefully. A meaningful share of nominal HoReCa growth can come from inflation rather than additional restaurant visits, while packaging growth can occur in highly competitive categories with limited pricing power.

For Duni, the composition of growth is therefore more relevant than aggregate market growth. Premium Dining volumes are particularly valuable because of their higher margins. Packaging provides stronger structural volume growth but generally weaker economics. Automation and service remain relatively small but could generate more recurring revenues through service and aftermarket sales.

The opportunity is consequently less about capturing overall foodservice growth and more about shifting the portfolio towards areas where market growth can be converted into attractive returns.

Sustainability - competitive advantage or simply a requirement?

Regulation and customer preferences continue to support a shift towards fibre-based and more circular foodservice products. Duni is well positioned through its experience in fibre-based materials and BioPak's portfolio of plant-based and compostable packaging.

The economic benefit should nevertheless not be overstated. Sustainability is increasingly becoming a requirement for participating in the market rather than a unique differentiator. Customers expect compliant products, and competitors are moving in the same direction.

Duni's advantage instead lies in its scale, sourcing capabilities, product development and ability to adapt ahead of regulation. Increasing regulatory complexity can raise compliance costs and product-development requirements, potentially favoring established suppliers over smaller competitors.

Sustainability should therefore be viewed primarily as a source of competitive resilience and potential market-share gains, rather than as a reason in itself to assume structurally higher growth or valuation multiples.

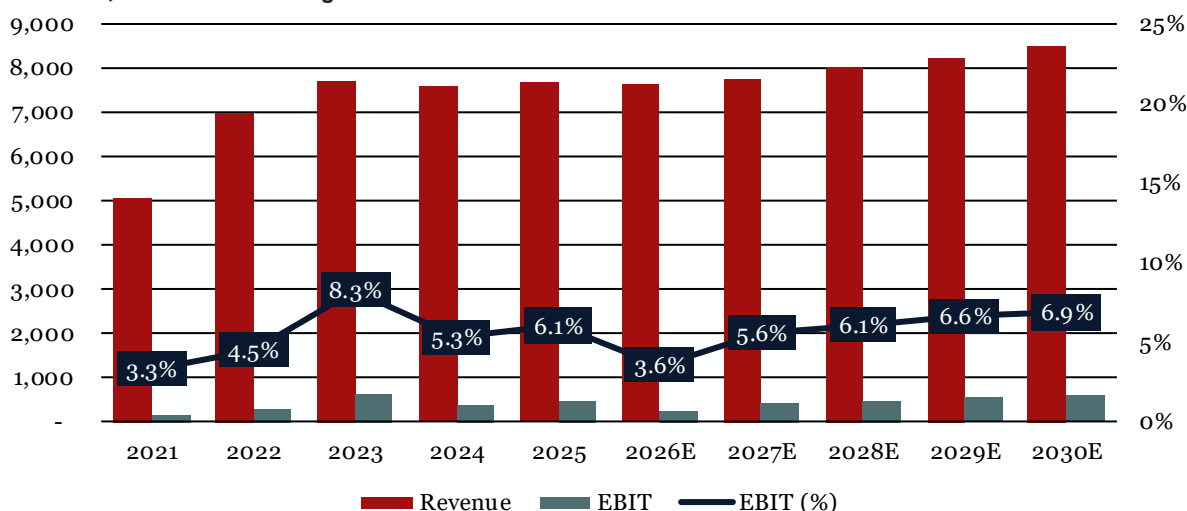
Financial Performance and Estimates

Revenue

The past two years have been difficult for Duni, with five consecutive quarters of negative organic growth. Weak end-market demand has been combined with a shift towards lower-priced products, putting pressure on both volumes and sales. Q2 was further affected by the logistics transition, but even excluding this impact, underlying sales remain weak.

For 2026E, we forecast revenue to decline by 0.8% to SEK 7,624m, with continued negative organic growth, somewhat offset by acquisitions. We expect Duni to return to growth in 2027 as logistics improve and market conditions gradually strengthen. Duni's sales remain closely linked to activity in its end markets, making the timing of a stronger recovery uncertain. Our estimates assume gradual improvement, with organic growth reaching 3-4% between 2028E and 2032E. Acquisitions could provide further growth on top of this.

Revenue, Ebit and Ebit-margin



Sources: UEAM Estimates & Company Reports

Profitability

Duni's average operating margin since 2021 has been 7.3%. The company defines operating margin as EBIT adjusted for restructuring costs, fair-value allocations and amortization of acquisition-related intangible assets. Profitability has weakened significantly in 2026. The operating margin fell to 4.6% in H1 2026 from 6.2% in H1 2025. Q1 was already affected by weak European HoReCa demand and an unfavorable product mix in Dining Solutions. In Q2, the logistics transition added further pressure through delivery problems, limited outbound capacity and higher warehouse and transportation costs.

For 2026E, we forecast an operating margin of 5.1% and an EBIT margin of 3.6%. We expect profitability to improve as logistics return to normal, cost savings take effect and product mix gradually improves. The logistics transition remains an important factor for the earnings recovery. As delivery capacity returns to normal, lost sales and additional logistics costs should gradually decrease, supporting both revenue and margins.

By 2028E, we estimate an operating margin of 7%, corresponding to an EBIT-margin of 6.1%, still below Duni's long-term target of at least 10%. This reflects our view that the current weakness is partly temporary, but that better logistics alone will not restore profitability. A stronger improvement would also require better organic growth and a return towards higher-margin products.

Valuation

Multiple Valuation

Duni currently trades at around 14.0x LTM EV/EBIT and 7.4x EV/EBITDA. Based on our estimates EV/EBIT rises to 18.9x in 2026E, when earnings are expected to bottom, before falling to 11.8x in 2027E, 10.5x in 2028E and 9.6x in 2029E. For 2027E, we assume a fair multiple of 13x, resulting in an upside of 9.9%, plus the dividend yield which currently stands at 6.5% per year. The falling multiples make Duni look increasingly more attractive. However, we see the markets current valuation as reasonable given the uncertainty around the business. If margins recover beyond our base scenario the stock looks cheap on current levels since the valuation depends heavily on how quickly and how far profitability improves rather than top-line growth.

	Bear	Base	Bull
Operating assumptions			
Revenue 2027E	7,418	7,777	7,995
YoY change	-2.0%	2.0%	3.0%
EBIT margin	3.5%	5.6%	7.0%
Valuation			
Fair EV/EBIT	12x	13x	14x
Implied upside/downside	-39.7%	9.9%	51.7%

Peer Valuation

Duni trades at 11.8x 2027E EV/EBIT, compared with a peer median of 12.6x. On P/E, Duni trades at 12.4x, compared with a peer median of 13.6x. Part of this discount is justified, Duni's estimated 5.6% EBIT margin in 2027E remains well below the peer median of around 10.6%. Duni also has weaker organic growth and higher uncertainty around the earnings recovery. The peer group should also be used with caution, Huhtamäki is the closest comparison due to its exposure to foodservice packaging, while Essity, Orkla and Axfood have different business models and end markets. We therefore used the peer valuation mainly as a reference point, rather than assuming Duni should trade at the peer median.

Company	Size		Valuation				Financial performance			
	MCAP LTM	EV LTM	P/E		EV/EBIT		Revenue growth		EBIT margin	
			2025	2027E	2025	2027E	2025	2027E	2025	2027E
Essity	177306 mSEK	213042 mSEK	13.7x	13.5x	11.0x	11.0x	-4.8%	3.8%	13.4%	13.3%
Axfood	56119 mSEK	71926 mSEK	26.8x	18.1x	21.6x	16.3x	6.1%	3.9%	4.0%	4.0%
Orkla	91497 mSEK	112180 mSEK	18.9x	13.7x	20.1x	14.2x	1.3%	2.9%	9.9%	10.7%
Huhtamäki	36281 mSEK	50012 mSEK	17.3x	12.0x	14.0x	10.3x	-4.0%	4.0%	8.1%	10.5%
Median	73808 mSEK	92053 mSEK	18.1x	13.6x	17.1x	12.6x	-1.4%	3.9%	9.0%	10.6%
Average	90301 mSEK	111790 mSEK	19.2x	14.3x	16.7x	13.0x	-0.4%	3.7%	8.9%	9.6%
Duni	3553 mSEK	6120 mSEK	15.2x	12.4x	13.3x	11.8x	1.4%	2.0%	6.1%	5.6%

Valuation

DCF Valuation

Our DCF gives a fair value of SEK 86.3 per share, based on a WACC of 8.8% and a terminal growth of 1.5%. The DCF assumes a gradual recovery in profitability, with the EBIT margin moving towards 7% by 2030E. The valuation does not require Duni to reach its financial target. However, the model still assumes a clear recovery. EBIT more than doubles from the weak 2026E level, while revenue grows at a much slower pace. Margin improvement is therefore the main driver of the DCF value. Around two-thirds of enterprise value comes from the terminal value, making the valuation sensitive to WACC and long-term growth assumptions. We use a conservative terminal growth rate of 1.5%, reflecting Duni's mature European markets.

		TGR						
		0.9%	1.1%	1.3%	1.5%	1.7%	1.9%	2.1%
WACC	11.8%	-37%	-36%	-35%	-33%	-32%	-31%	-29%
	10.8%	-26%	-24%	-23%	-21%	-20%	-18%	-16%
	9.8%	-13%	-11%	-9%	-6%	-4%	-2%	1%
	8.8%	4%	7%	10%	13%	16%	19%	22%
	7.8%	26%	30%	34%	38%	42%	47%	52%
	6.8%	56%	61%	67%	73%	79%	86%	94%
	5.8%	97%	105%	114%	124%	134%	146%	159%

Risk/Reward

Our sales estimates are fairly close to market expectations, while our earnings estimates are more cautious. For 2027E, we estimate EBIT to SEK 437m, compared with current external estimates of roughly SEK 570-590m. The main difference is therefore not sales growth, but how quickly margins recover. We expect logistics to improve, but weak product mix and soft organic growth are likely to limit profitability. This also means that stronger than expected margin recovery is an important upside risk to both earnings and valuation.

The lower share price has made Duni more attractive from a valuation perspective. If logistics normalize quickly, demand improves and customers return to more premium products, there is clear upside to both earnings and valuation. However, much of the low valuation on 2027-2029E earnings already depends on this recovery taking place. If margins recover more slowly, the stock is considerably less cheap than the forward multiples suggest. We therefore see limited margin of safety at the current valuation. The upside is not large enough, in our view, to compensate for weak organic growth, uncertain margin recovery and higher execution risk.

Recommendation

We continue to view Duni as a solid company with leading market positions, established brands, a strong controlling shareholder and exposure to long-term growth in sustainable food packaging. However, the development over the past two years has weakened our view of the investment case.

Organic growth has remained negative, while weaker demand and a shift towards lower-priced products have put pressure on profitability. The logistics transition has added further pressure in 2026 and should provide some earnings support as operations return to normal. However, profitability had already weakened before the logistics issues, suggesting that a full recovery will require both stronger demand and a better product mix.

We expect earnings to improve from 2027, but our estimates assume a gradual recovery and remain below market expectations. The valuation also depends heavily on this improvement, as the lower forward multiples are mainly driven by higher expected margins rather than strong sales growth. A recovery is therefore plausible, but plausibility alone does not provide sufficient reason to hold on to the stock.

Our DCF indicates some upside, but we believe this is not enough given the uncertainty around the timing and strength of the recovery. We would prefer to see clearer signs of positive organic growth, improving product mix and stronger profitability before taking a more positive view. We therefore recommend sell.

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