

IN A STRONG POSITION BUT NOW NOTES SIGNIFICANT DISRUPTIONS IN SOME OF THE BUSINESS LINKED TO COVID-19

March 19, 2020

The extensive spread of the Corona virus (covid-19) now affects production and sales in all Duroc Group's business areas, and this will have significant effects on our results from mid-March and probably also during the last quarter of the financial year. However, Duroc is well equipped to meet these exceptional circumstances, with a strong balance sheet essentially built up of real assets, and a comprehensive long-term financing agreement, which is currently being used to a limited extent.

The report for Q3 will be published on May 8. For the first two months of this quarter, the EBIT result (the figures are preliminary and not audited) amounted to about SEK 30 million, compared with a profit for the whole of Q3 2018/19 of about SEK 30.5 million. During the current year, the Group's cash flow was positive and the net debt (including the acquisition proceeds for the Cotting Group) was reduced significantly during the year.

Disruptions in the supply chain and the measures taken by authorities and governments to curb the spread of covid-19 presently create difficulties in carrying on a normal business in several of the Group's subsidiaries - in this regard we share the experiences and problems that large parts of the western world's industries and business today is struggling with. In some cases, it will be necessary for subsidiaries to temporarily shut down their operations. So far, this has been done in the Cotting Group's plant in Nucourt in France, and planning for the reduction of production is also ongoing in other European units within the Duroc Group.

Today, in light of the highly changing situation we are surrounded by, it is not possible to realistically try to assess the duration of these necessary measures, or the consequences these have for the ongoing results and development of the business. In the Duroc Group, there are also units that conduct their operations without significant disruptions. For example, within the Cotting Group, its Belgian unit has noted a clear increase in demand in the "medical" segment.

The Group is not active in segments which we believe may be affected by more structural and long-term damage as a result of the more acute problems we see around us today, such as the airline industry, tourism and the event industry, etc. Sharply falling oil prices are also expected to impact the pricing of the Group's most important input raw material Polypropylene (PP). Declining prices for PP allow for marginal strengthening in parts of our Fiber / Yarn operations, while declining tied-up capital releases liquid funds in the business.

For further information

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The Duroc Group manages and develops industrial and trading companies. With deep knowledge of technology and market, the Group's companies strive to achieve a leading position in their respective industries. As owner Duroc contributes actively to the development. Consolidated sales amount to approximately MSEK 3,700. The Group has approximately 1,200 employees. Duroc is listed on NASDAQ OMX Stockholm (symbol: DURC). www.duroc.se

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