

Growing into the preferred global food packaging brand – next steps

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Huhtamaki



We're the global specialist in packaging for food and drink

Net sales

€2.8bn

Comparable growth

4%



EBIT margin

9%

ROI

15%



Our ambition

The preferred global
food packaging brand

Employees

17,000



Manufacturing sites

75

Operations in
34 countries



Our purpose

Helping great products
reach more people,
more easily.

We're well positioned to deliver on our ambitions

Who we are:

Who we serve:

What we offer:

Main materials we use:

#1

FOODSERVICE
packaging company
operating globally



Paperboard

#1

MOLDED FIBER
company globally



Recycled fibers

#1

FLEXIBLE PACKAGING
company in emerging
markets



Plastic & other
materials

Megatrends support food packaging growth...

Food packaging offers stable
growth opportunities
over the cycle

Food contact
requirements create
a higher entry barrier

Innovations create more
sustainable and easy-to-use
packaging

Megatrends create opportunities for us



More people



Growing middle class



More urban

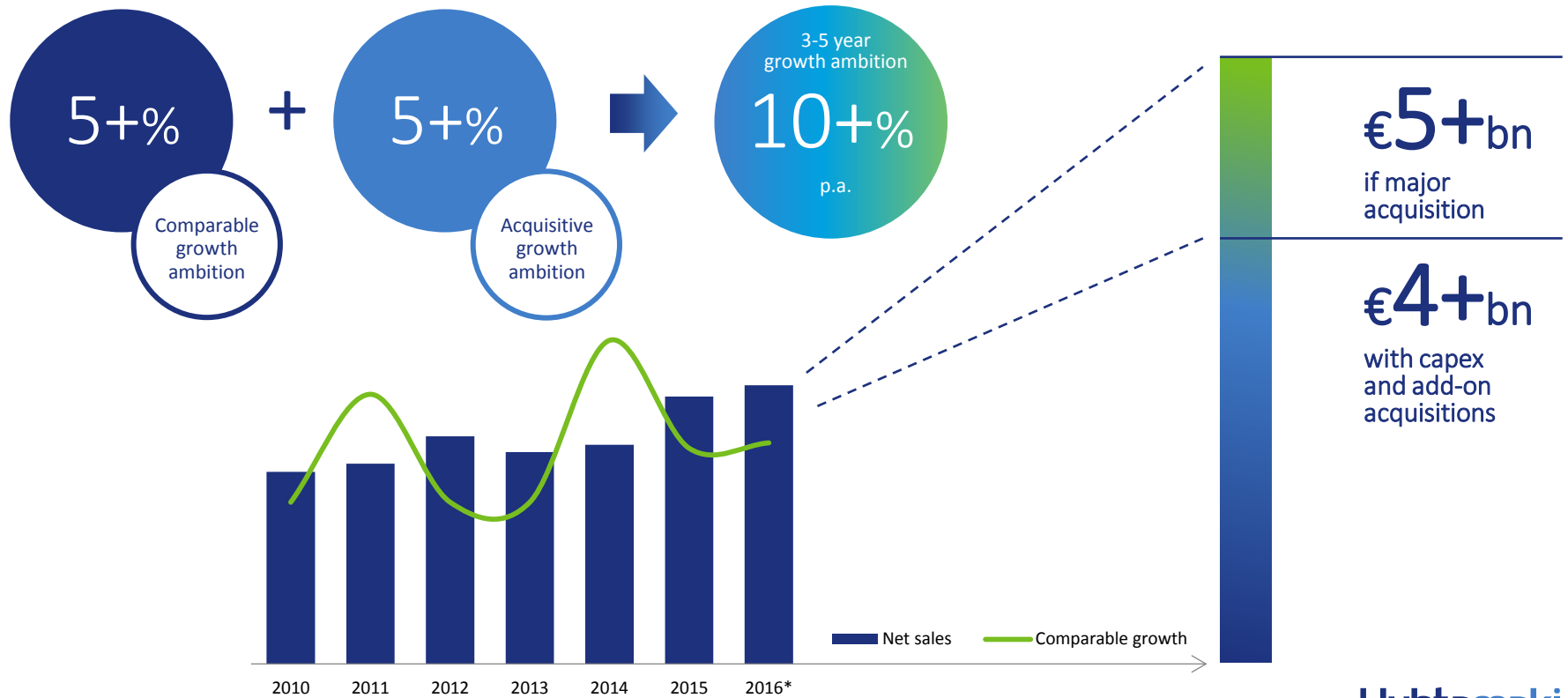


More sustainable

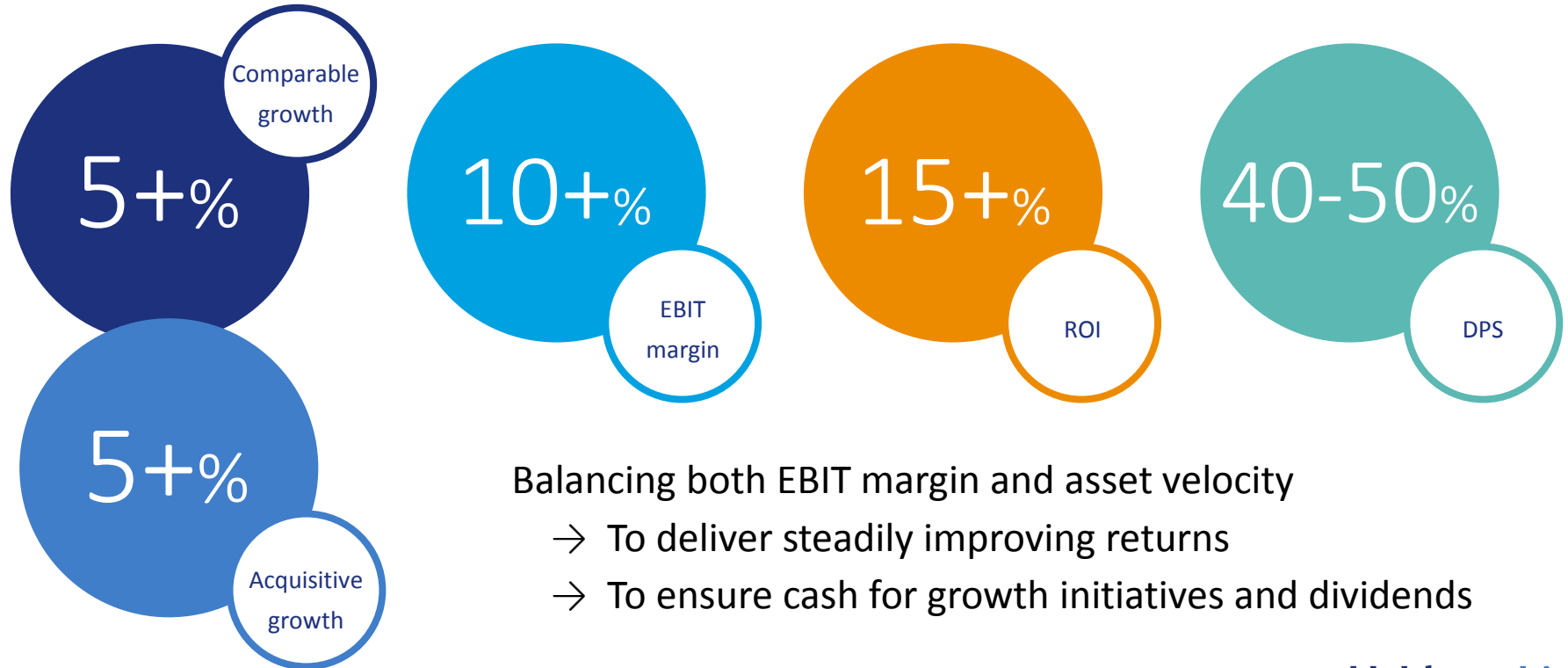
... and our positions offer good opportunities



We target long-term growth both organically and via acquisitions



Growth and operational efficiency drive profitability improvement – Summary of our new long-term ambitions



Balancing both EBIT margin and asset velocity

- To deliver steadily improving returns
- To ensure cash for growth initiatives and dividends

We're an industrial manufacturing company by nature

In 2012-2016, we have invested

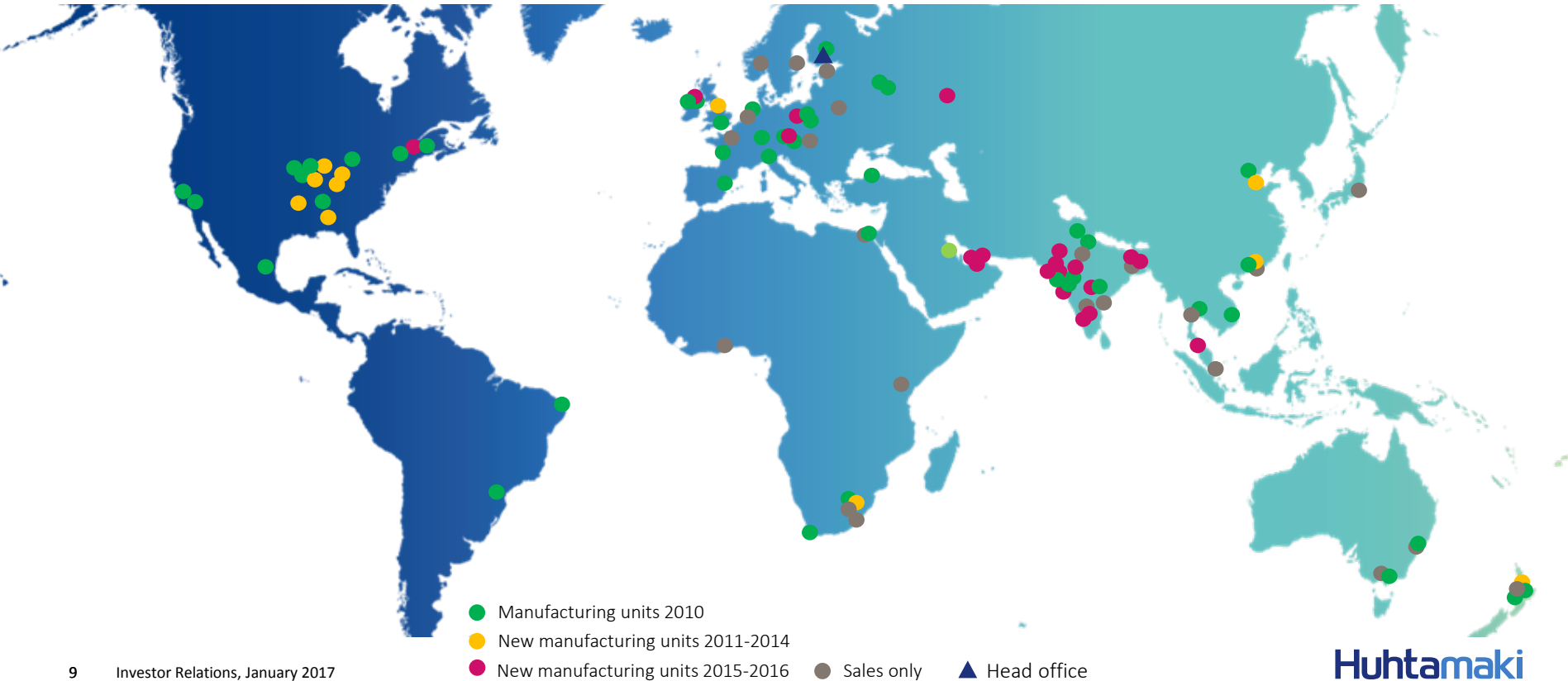
- M€ 635 in organic growth as capex
 - M€ 544 in acquisitions
- **Topline growth approx. M€ 950* with CAGR at 9.1%**

And we continue to address profitable growth opportunities

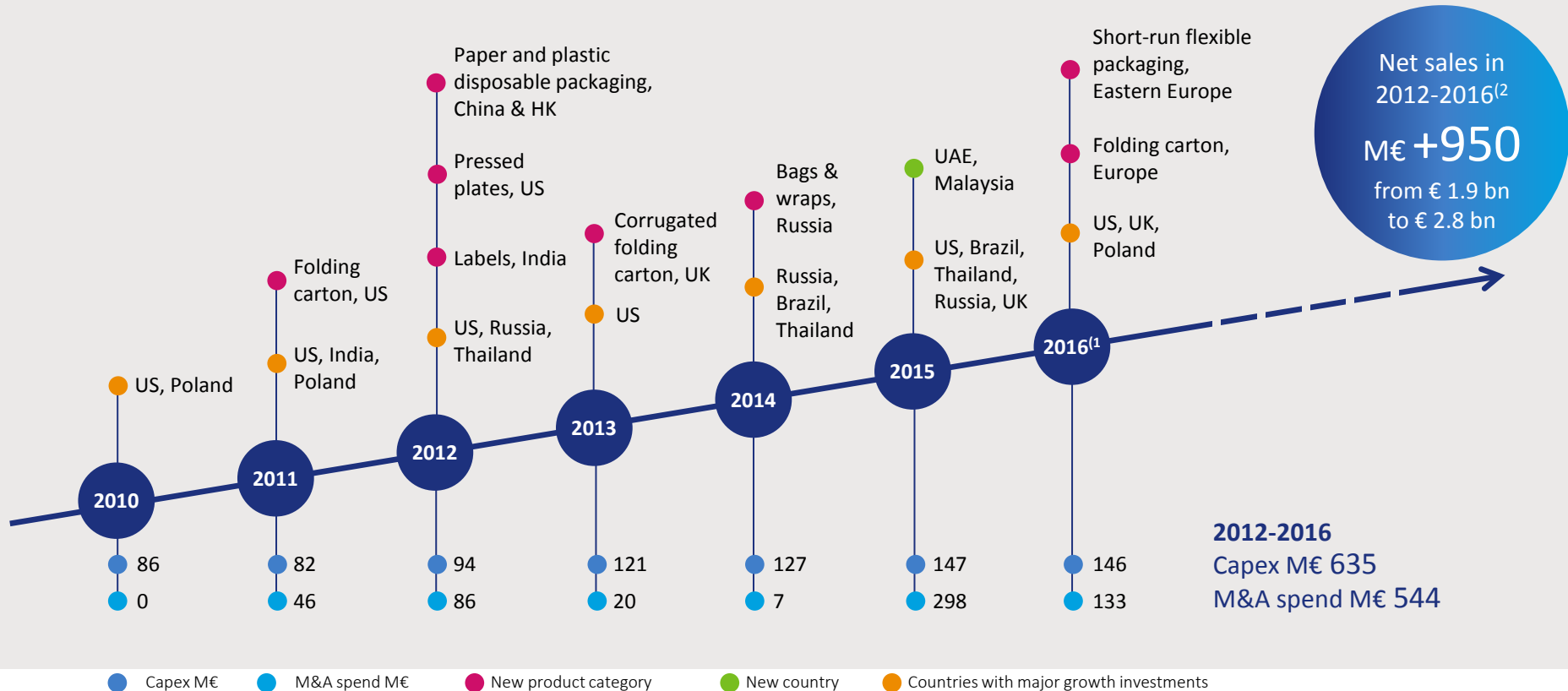
- To expand our footprint
 - To widen our product range
- **To serve our customers better**



We have built a unique global footprint...



... with major investments in growth in 2012-2016



Our ongoing growth cases 1: Expansion to the US west coast

- A world class manufacturing and distribution unit will be set up in Goodyear, Arizona, close to Phoenix
- Serves southwest and west coast foodservice packaging and retail tableware markets with full range of foodservice packaging products
- Total investment expected to exceed USD 100 million, majority will be spent in 2016-17
- Distribution center will be taken into use in early 2017 and manufacturing is scheduled to begin in late 2017



Our ongoing growth cases 2: Expansion and modernization in China

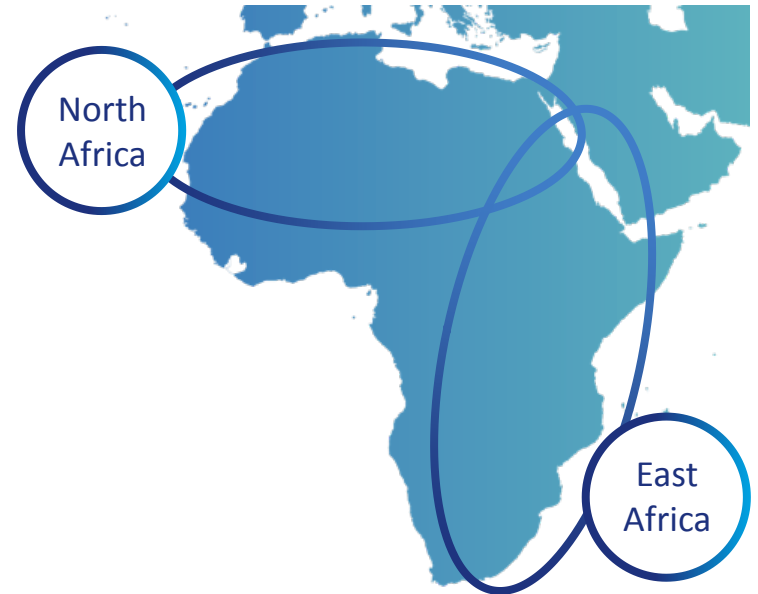
- Huhtamaki will invest EUR 15 million in the expansion and modernization of its manufacturing operations in Guangzhou, South China
- China is an important market for our quick service and specialty coffee customers
 - Growing population
 - Rapid urbanization
- The investment includes site expansion, improvements in plant layout and new high-speed machinery
 - Creates a modern, efficient, high-capacity manufacturing unit
- Majority of the investment will take place in late 2016 and early 2017



Our ongoing growth cases 3: Flexible packaging greenfield in Egypt

- Entry in manufacturing flexible packaging in Africa
- The new state of the art manufacturing unit will be built in the greater Cairo area
- Will be owned and operated as a JV with a long-term JV partner
 - Huhtamaki owns 75% of the JV
- Total investment in 2016-17 approx. M€ 23 with Huhtamaki share approx. M€ 17
- Manufacturing expected to start early 2018
- Approx. 300 employees when fully operational
- Flexible packaging customers in Egypt currently served from UAE and India

Egypt opens local access to North and East Africa trading blocks



Our ongoing growth cases 4: Expanding our flexible packaging footprint in India

2 new units in Northeast India

- Flexible packaging manufacturing unit in Assam
- Label manufacturing unit in Sikkim
- Both expected to start manufacturing in H1 17

Relocation of a unit in Mumbai

- A label manufacturing unit operating in the greater Mumbai area will be relocated to a new state of the art facility in Ambernath in order to gain room for growth
- Expected to be completed by the end of 2017

Additional M€ 9 to be invested in growth in India

- Improved geographic coverage of India and better ability to service customers in food and pharma industries
- Total number of Flexible Packaging manufacturing units in India grows to 16

How we support our customers' growth

We invest to expand our network and to improve our capabilities

- Follow global customers
- Serve local customers

We're a safe pair of hands throughout our network

- Global standards locally
- Constant quality & reliable delivery

We offer a wide product range to make our customers' lives easier

- Food packaging experience and planned product range expansion

We take innovation into next level

- Game-changing
- Incremental
- Sustainability enhancing

Enhanced collaboration across competent and experienced teams that we continuously develop

Developing & building our manufacturing capability is in our DNA

Our recent new product development cases support our customers growth



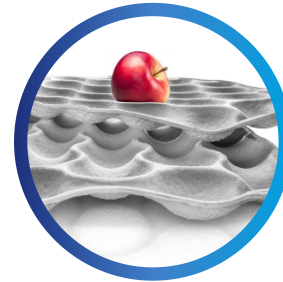
Launch of Impresso cup to McDonalds in Oceania



Molded fiber school lunch trays in the US – investment in additional capacity



Launch of Greenest and Touch egg cartons in Europe



Launch of new innovative fruit and egg trays



Innovations solidify our positions among customers

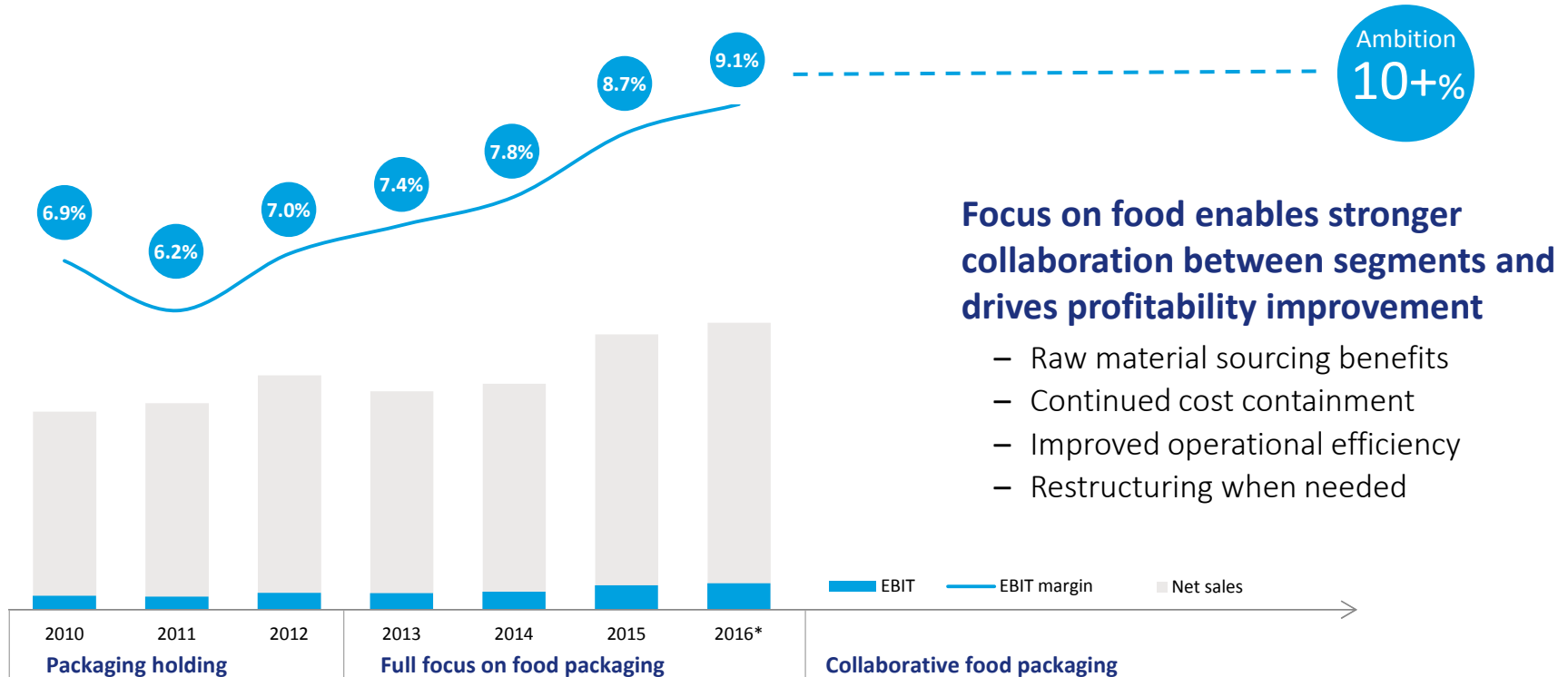
Our focus on food enables stronger collaboration between segments

Our purpose:
Helping great products reach more people, more easily

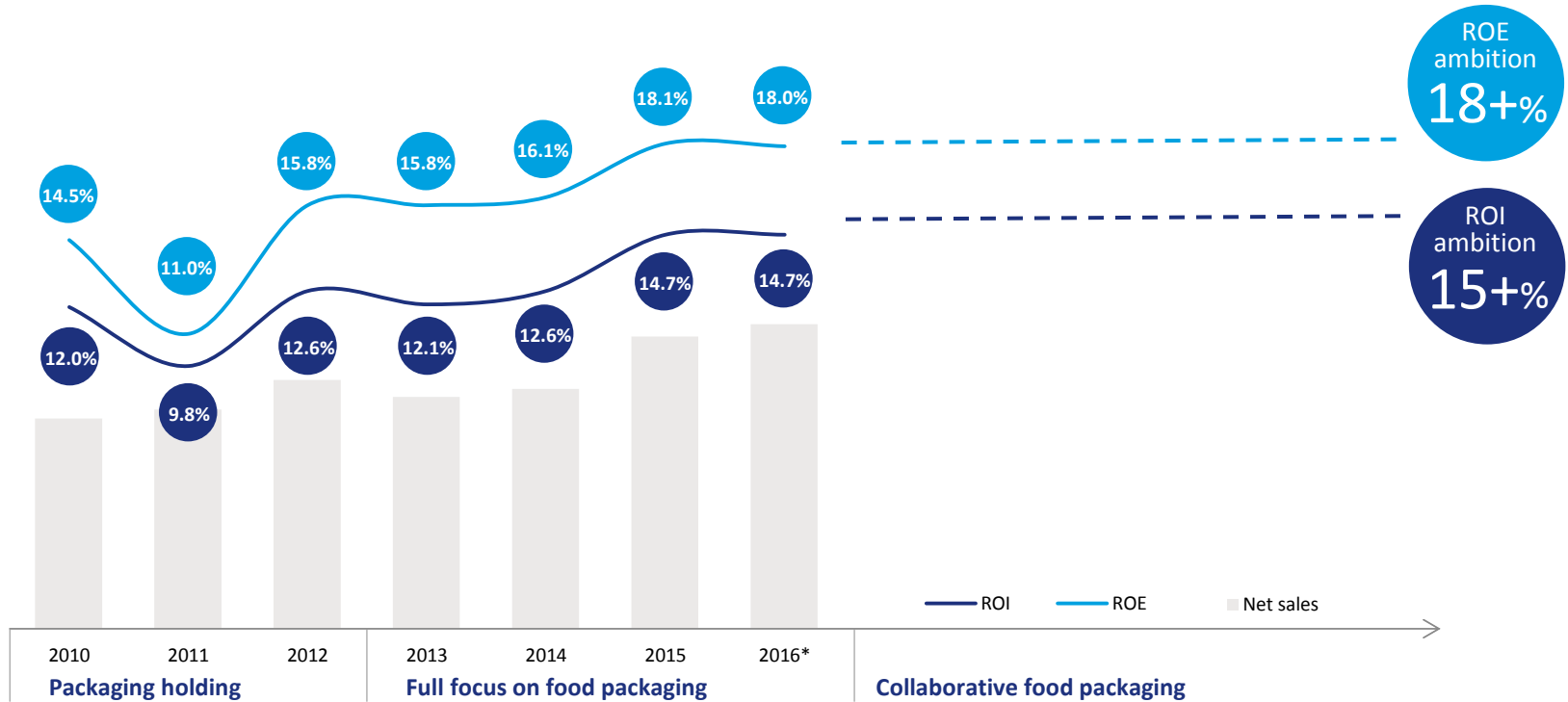


Our ambition:
The preferred global food packaging brand

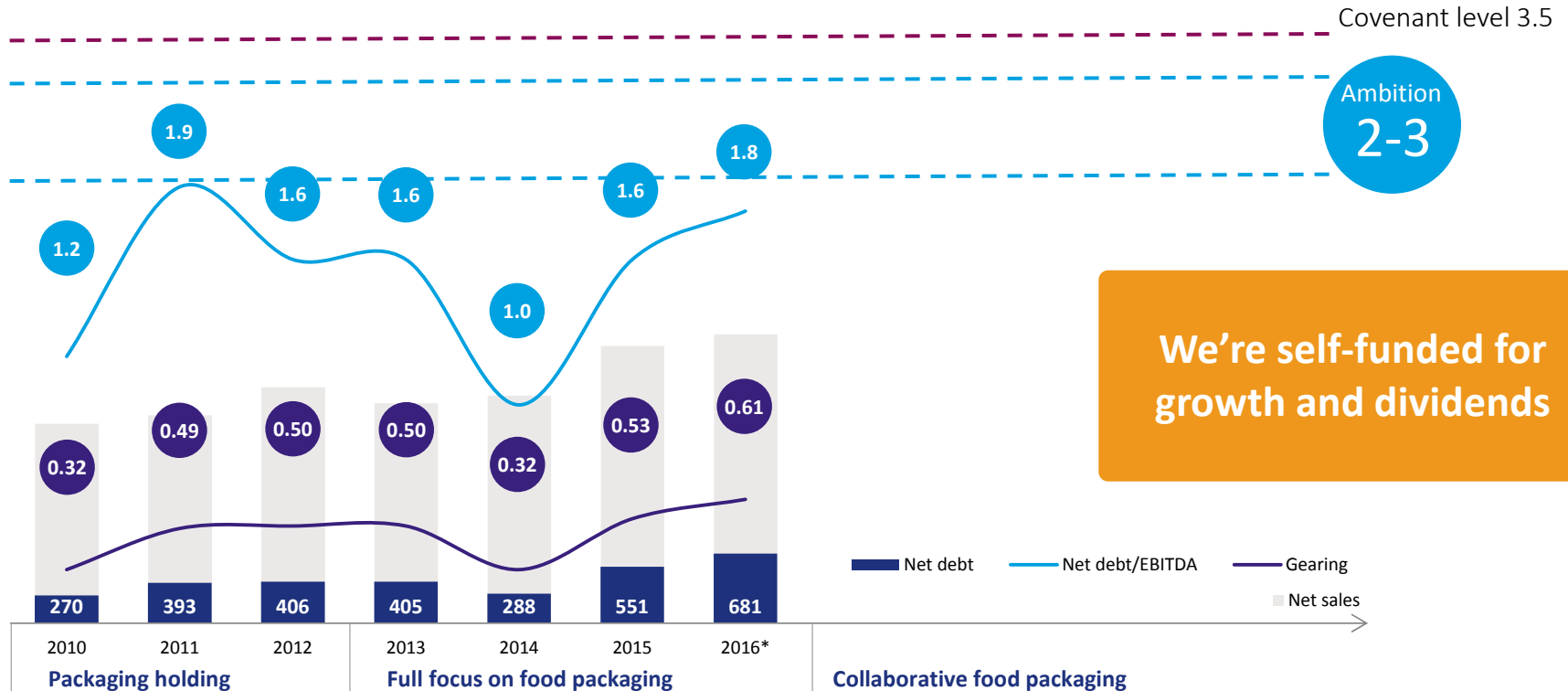
We aim to deliver profitable growth and improved EBIT margin...



... and strong returns



We have financial strength to continue investing



We've introduced higher long-term ambitions for the Group

	FY 2012	FY 2013	FY 2014	FY 2015	LTM Q3 16
Organic growth	3%	3%	6%	4%	4%
EBITDA margin	10.9%	11.2%	11.6%	12.5%	13.1%
EBIT margin	7.0%	7.4%	7.8%	8.7%	9.1%
ROI	12.6%	12.1%	12.6%	14.7%	14.7%
ROE	15.8%	15.8%	16.1%	18.1%	18.0%
Capex/EBITDA	37%	50%	49%	43%	39%
Net debt/EBITDA	1.6	1.6	1.0	1.6	1.8
Free cash flow, MEUR	103	56	65	91	132
Dividend payout ratio	47%	47%	47%	40%	n/a

Mid-term ambition since CMD 2013	Mid-term ambition since CMD 2015	New long-term ambition
5+%	5-7%	5+%
12+%	13+%	14+%
8+%	9+%	10+%
15%	15%	15+%
15+%	16+%	18%
40%	40%	40%
2-3	2-3	2-3
100	100	150
40-50%	40-50%	40-50%

Growing into the preferred global food packaging brand

– next steps

Grow

AMBITION
10+%

- Organic and innovative growth 5+%
- Acquisitive growth 5+%

Build more

- Continue organic investments
- Continue disciplined acquisitions

Achieve our ambition

The preferred global food packaging brand

Raise EBIT margin

AMBITION
10+%

- Topline growth
- Operating efficiency

Strengthen collaboration

- Focus on food
- Take innovation into next level
- Engaged and high performing teams

Live our purpose every day

Helping great products reach more people, more easily.

Helping great
products reach more
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