

Site visit – Alf

September 28, 2023



Huhtamaki

Recap of strategy

Charles Héaulmé
President & CEO

Our 2030 Profitable Growth Strategy



Scale up profitable core businesses



Develop blueloop™ sustainable innovation in partnership with our customers



Drive world-class operational performance

Smart, fit-for purpose sustainable packaging solutions

Powered by strategic capabilities



Safety



Sustainability



Innovation



Digitalization



Customer excellence



World-class operations

Empower our Talent to succeed

We have a strong and complementary portfolio

	Healthcare	FMCG	Foodservice	Retail
Fiber		<div style="background-color: #007bff; color: white; padding: 5px;">Smooth molded fiber</div> <div style="background-color: #002060; color: white; padding: 5px;">Rough molded fiber</div>		
Flexibles	<div style="background-color: #007bff; color: white; padding: 5px;">Flexible packaging</div>		<div style="background-color: #002060; color: white; padding: 5px;">Foodservice packaging</div>	
Paperboard		<div style="background-color: #007bff; color: white; padding: 5px;">FMCG board packaging</div>		<div style="background-color: #002060; color: white; padding: 5px;">Retail tableware</div>
Complementary technologies				

Innovative solutions
Scaling profitable core

- Serving customers with several technologies, providing them with the best solution for each requirement
- Growth through scaling operations and innovation
- ~70% of last years' growth capex focused to scaling fiber solutions and monomaterial flexible packaging

Molded fiber is together with paperboard technology the strategic answer to rigid plastic substitution needs

Key attributes that customers and consumers require from packaging



Sustainable solutions - Renewable, recyclable, compostable



Competitiveness / affordability



Innovation and functionality

Increasing market demands for packaging is an opportunity to create value

Sustainable fiber solutions are more expensive than plastics, provides higher margins but requires more capex

Winning with fiber requires:

- Expanding the technology from rough to high-precision products
- Further barrier development
- Competitive production at scale

Huhtamaki investment case – increasing our long-term growth and profitability ambition

Huhtamaki is a market and technology innovation leader for essential packaging, creating value through:

- Attractive portfolio of sustainable core businesses to capture strong underlying market growth
- Technology innovation to capture value-added sustainable innovation opportunities as the industry shifts to circularity
- Step-up in operational performance to secure competitiveness in short and long term
- Strategic capabilities to win today and in the future

Absolute **EPS** growth

5-6%
Comparable
growth

10-12%
Adjusted EBIT
margin

13-15%
Adjusted
ROI

2-3x
Net debt /
Adjusted
EBITDA

40-50% dividend pay-out ratio

Driving growth with fiber products

Fredrik Davidsson

President, Fiber Foodservice Europe-Asia-Oceania

Market leader with solid growth potential

Foodservice EAO

Net sales **1,111** MEUR

Adj. EBIT margin **9.5%**

Fiber Packaging

Net sales **363** MEUR

Adj. EBIT margin **11.0%**

Employees **6,116**

Manufacturing sites **32**

Foodservice

53% of sales



FMCG

9% of sales



Retail

38% of sales



100-110 BEUR markets growing at 3-5% p.a.

Global Fiber leader

Global paperboard conversion* leader

Own manufacturing and traded goods

Overview of products and customers

Paperboard



Molded fiber



Legacy plastics



Foodservice

FMCG

Distribution and retail

Strength of our complementary portfolio – case McDonald's

- McDonald's is one of our key customers, with a decades-long partnership
- We currently serve McDonald's in more than 50 markets globally
- Product offering spanning several categories and technologies





Move to fiber gaining global momentum, driven by sustainability

- Molded fiber packaging is a rapidly growing segment
- Sustainability requirement driving growth, as Foodservice and FMCG players are looking to replace rigid plastics
- Transition also supported by regulation in several markets

Fiber at the core of our business – more opportunities emerging

Huhtamaki has a strong position in molded fiber

- proprietary technologies
- high-precision capabilities
- unique capability to develop and scale up

Rough-Molded Fiber



- Established technology suitable for products requiring lower level of precision
- Strong market position in mature markets
- Growth with market and expansion to new geographies

Smooth-Molded Fiber



- High-end proprietary technology for demanding applications
- Growth driver with new products gaining market share
- Value accretive

FMCG & Foodservice offer attractive growth opportunities in rigid plastics substitution

- Several expansion opportunities beyond current products
- Can be served with different molded fiber and paperboard solutions
- Expansion can be done with own capacity or with partner suppliers
- Growth requires investments into product development and capacity

Our current offering



Official photo by Nespresso

Potential new applications



Huhtamaki is the pioneer in fiber lids and is well positioned to grow profitably

Market*

- The lid market is today still mainly in plastic – estimated at around 30 bn pieces
- Fiber lids penetration is accelerating with scale production coming on stream
 - Estimated currently at 1 bn pieces
 - Expected growth 10x by 2030
- Key players
 - Huhtamaki, Be Green, USEO, Biopak and Stora Enso

*Huhtamaki estimate

Our position

- Significant market share with ambition to continue leading the transition to fiber
- Deployment happening through largest key foodservice brands
- Capacity built in 2022 in our Alf Factory will be fully utilized by mid 2024 – continued growth supported by incremental capacity investments
- Key growth opportunities currently in Europe and APAC, other markets under evaluation (e.g. US)

Huhtamaki is a proven choice for SMF with a strong reputation among our global customers



Manufacturing Expertise

- Largest molded fiber manufacturer globally
- Operating 18+ rough & smooth molded fiber factories
- Our own inhouse equipment technologies manufactured in Netherlands & USA



Cutting Edge Technologies

- Early expansion into smooth molded fiber capacity
- Partnering with strategic fiber manufacturers
- International patent on molded fiber lids
- High quality control standards in place



Fiber Innovation Hub

- Global molded fiber Innovation Hub in Netherlands
- 150 development engineers
- Engineering & material experts around the world



Products many years in market

- Supplying today Europe-Asia-Oceania markets
- Deep understanding on global customers' system requirements
- Successfully launched lids at scale

We address the plastic substitution opportunity through two complementary streams

Molded fiber

- We have invested in our Center of Excellence in Leeuwarden, Netherlands and Alf, Germany



Paperboard

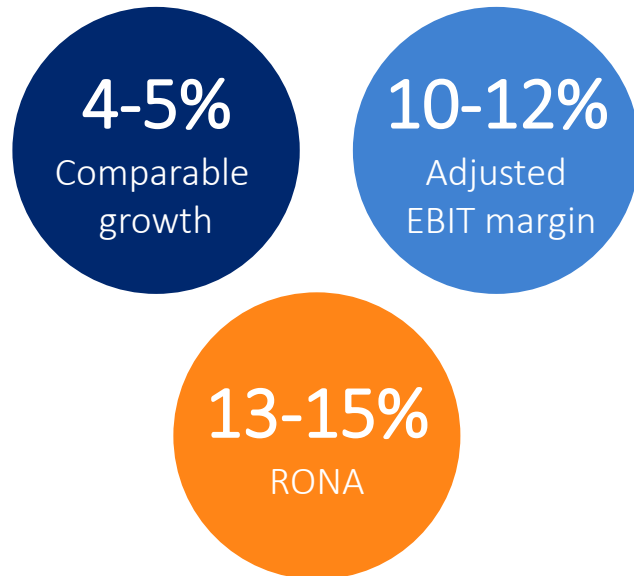
- We have invested in our Center of Excellence in Nules, Spain



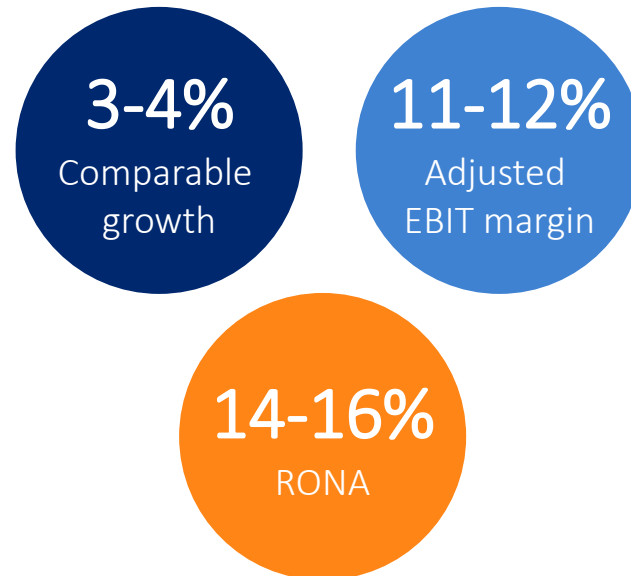
We will scale and optimize our core business, while investing in breakthrough innovation

Long-term ambition

Foodservice EAO



Fiber Packaging



How we get there

World-class operational performance in our core businesses

Invest in capacity in RMF

Expand in SMF and FMCG, including through incremental innovation

Invest in further technology and barrier development for complex, high-precision applications

Alf site

Markus Kühn
Site manager

Alf site

Current production

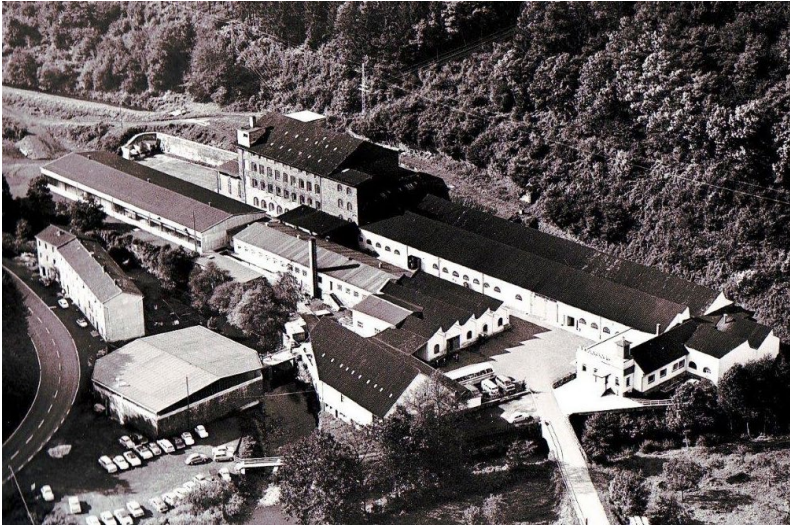
- 7 fiber lines -> aiming to double
- 8 plastics lines
- 11,108 m² production spaces

Highly automated production and logistics

More than 270 employees



The site has a long industrial history



1826 - 1885
Steel (Ferdinand Remy & Co)



1885 - 1957
Carpets, Ropes, Felt (Seilerwarenfabrik AG, Hanf Union AG, Viersener AG)



1957 - 1964
Tarred Board (Deutsche Pepeka AG)

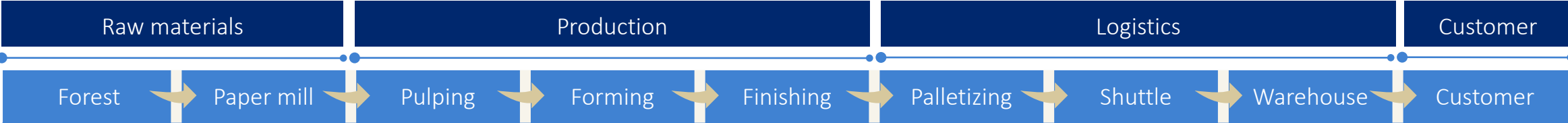


1965 ->
Plastic (Bellaplast, Polysar, Polarcup/Huhtamaki)



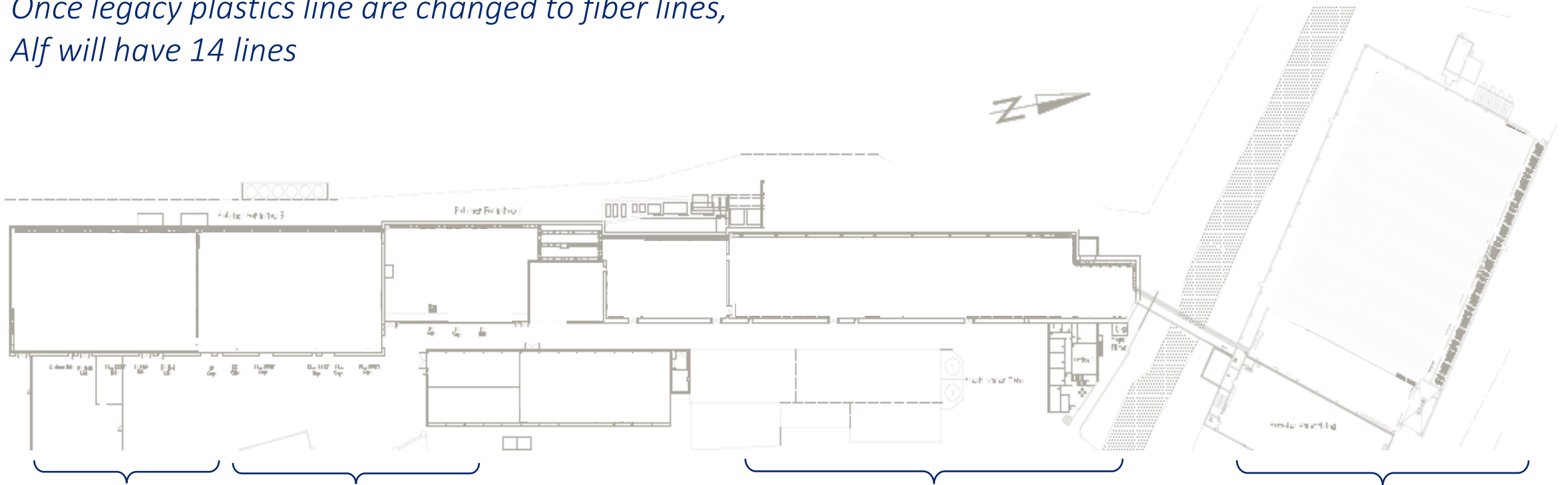
2020 ->
Fiber (Huhtamaki)

The journey of a fiber lid



Our production layout

*Once legacy plastics line are changed to fiber lines,
Alf will have 14 lines*



Hall 2B

- Currently plastics lines
- Planning to replace with lid lines and pulping unit (CSS)

Hall 2A

- Converted from plastics to fiber
- 3 lid lines and 1 CSS in use

Hall 1 (converted hall from plastic to fiber)

- 4 lid lines and 1 CSS in use

Hall 3 (new building)

- New building construction completed in 2022
- Work ongoing to add lines and pulping units

Thank you!

Huhtamaki