

# Strong cash flow and margin improvement

Results 2023

Charles Héaulmé, President and CEO  
Thomas Geust, CFO



# Strong cash flow and margin improvement

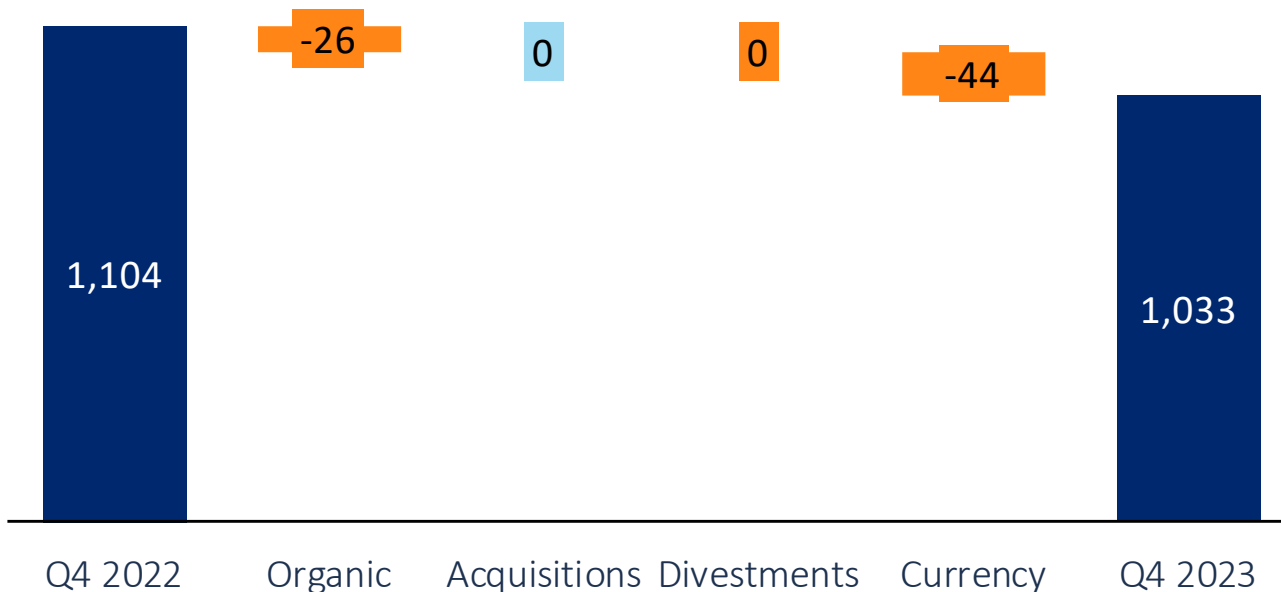
- **Market trends** – After a challenging H1, impacted by inflation and destocking, demand continued to be affected during H2. Some improvements seen in North American towards the end of the year
- **Financial performance** – Strong end to the year, supported by temporary raw material price tailwinds. Full-year adj. EBIT only 1% below 2022 level despite divestment of operations in Russia. Adj. EBIT margin improved significantly to 9.4% (8.8%)
- **Dividend proposal** – Board proposes EUR 1.05 per share. This would be the 15<sup>th</sup> consecutive year of growing dividends (CAGR: 8%)
- **Efficiency measures** – Program to accelerate strategy implementation announced on November 30, 2024
  - All cost levers: potential restructuring to a more optimal manufacturing footprint, reducing input costs at an accelerated pace, and improving productivity globally
  - Savings of approximately EUR 100 million over the next three years
  - Costs of the program are expected to be approximately EUR 80 million as IAC's
  - We will communicate the performance on a regular basis



# Business performance

# Q4 2023: Sales affected by currencies and volumes, still supported by pricing

Development of net sales in Q4 2023  
(EUR million)



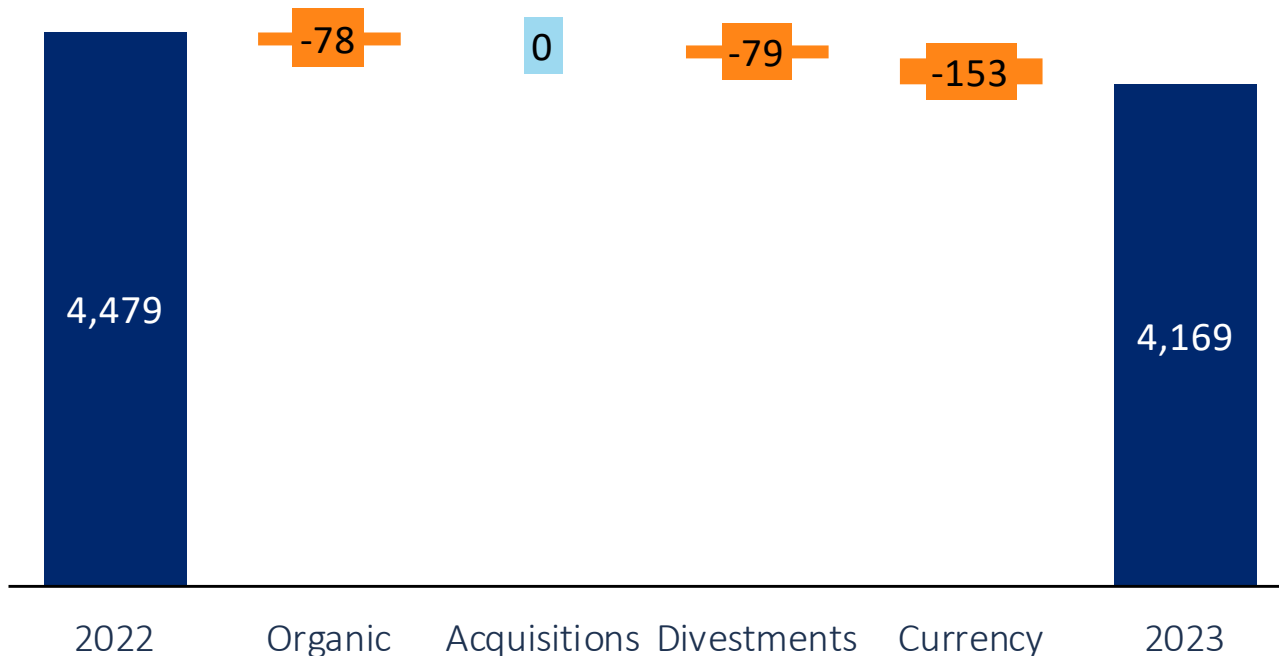
Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses. Acquisitions calculated for 12 first months from closing.

**Net sales decreased 6% in Q4 2023**

- Comparable net sales decreased 3% (-5 % in emerging markets). Support from pricing but softness in volumes
- -4% currency impact

# FY 2023: Divestment, currencies and volumes impacting net sales

Development of net sales in 2023  
(EUR million)



## Net sales decreased 7% in 2023

- Comparable net sales decreased 2% (-4 % in emerging markets). Support from pricing but softness in volumes
- -2% from divestment
- -3% currency impact

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses. Acquisitions calculated for 12 first months from closing.

# Higher pressure from softer demand and pricing on Flexible Packaging

<i>Comparable net sales growth</i>	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	2022	2023	Long-term ambitions
Foodservice E-A-O	15%	11%	5%	-3%	-5%	18%	2%	4-5%
North America	10%	2%	1%	1%	4%	14%	2%	5-6%
Flexible Packaging	1%	-5%	-11%	-11%	-9%	14%	-9%	6-7%
Fiber Packaging	17%	17%	7%	4%	2%	15%	7%	3-4%
<b>Group</b>	<b>9%</b>	<b>2%</b>	<b>-2%</b>	<b>-4%</b>	<b>-3%</b>	<b>15%</b>	<b>-2%</b>	<b>5-6%</b>

## Market demand during the quarter remained soft compared to last year

- Foodservice packaging demand remained soft
- In North America, demand started to show signs of improvement, particularly in Retail and Foodservice
- Demand for flexible packaging continued to be soft
- Demand for fiber-based egg packaging and food on-the-go products remained stable in most markets

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses.

# Strong adj. EBIT performance

<i>MEUR</i>	Q4 23	Q4 22	Change	2023	2022	Change
Net sales	1,032.9	1,103.6	-6%	4,168.9	4,479.0	-7%
Adjusted EBIT <sup>1</sup>	107.5	93.3	15%	392.6	395.1	-1%
<i>Margin</i>	10.4%	8.5%		9.4%	8.8%	
Adjusted EPS, EUR <sup>2</sup>	0.68	0.65	5%	2.32	2.49	-7%
Capital expenditure	114.8	133.2	-14%	318.7	318.5	0%

## Significant growth in adj. EBIT:

- Adj. EBIT increased and margin improved clearly, driven by the company's efficiency actions and lower costs. Lower volumes and currencies had a negative impact
- Adjusted EPS increased driven by EBIT growth, but negatively impacted by higher financing costs
- Capex decreased due to timing reasons

Excluding IAC of EUR 38.5 million in Q4 2023 (EUR -15.3 million) and EUR -11.7 million in 2023 (EUR 10.2 million).  
 Excluding IAC of EUR 16.0 million in Q4 2023 (EUR -11.6 million) and EUR -35.9 million in 2023 (EUR 16.0 million).

# Sustainability Dashboard – Good progress towards our 2030 targets

**Renewable or recycled materials**  
(% of total materials)



**Renewable electricity**  
(% of total electricity consumed)



**Non-hazardous waste recycled**  
(% of total non-haz. waste)



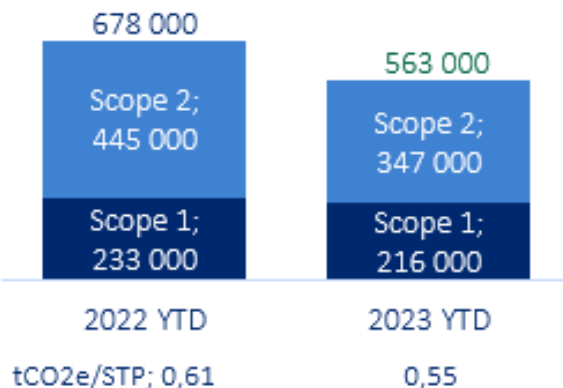
**Health and safety**



**Certified or recycled fiber**  
(% of raw materials)



**GHG emissions** (t CO<sub>2</sub>e)



**Waste to landfill**  
(% of total waste)



**Water management plans**  
(available in number of sites)





# Business segment review

# Foodservice EAO: Margin improved significantly in Q4

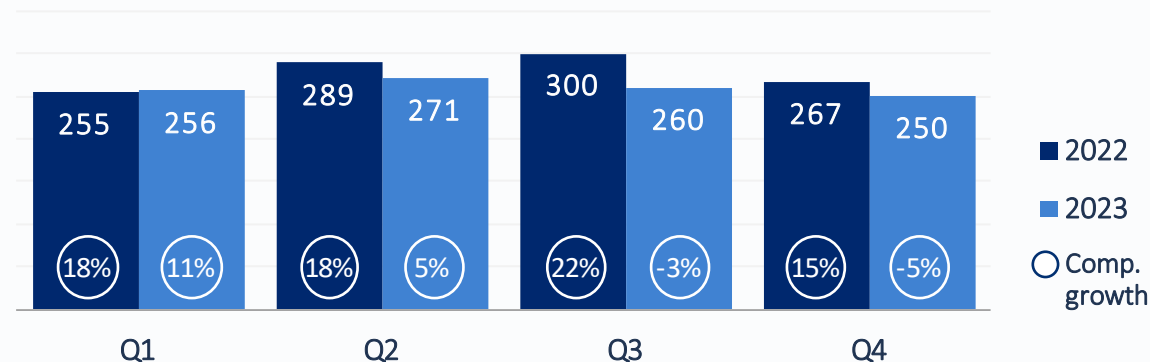
Key figures, MEUR

	Q4 23	Q4 22	Change
Net sales	250.2	266.7	-6%
Comparable growth	-5%	15%	
Adjusted EBIT <sup>1</sup>	25.0	24.2	3%
Margin	10.0%	9.1%	
Capital expenditure	21.7	41.2	-47%
Operating cash flow <sup>1</sup>	25.3	29.5	-14%

Key figures, MEUR

	2023	2022	Change
Net sales	1,037.2	1,110.7	-7%
Comparable growth	2%	18%	
Adjusted EBIT <sup>1</sup>	98.0	105.7	-7%
Margin	9.4%	9.5%	
Adjusted RONA	10.4%	10.9%	
Capital expenditure	64.0	118.9	-46%
Operating cash flow <sup>1</sup>	130.6	28.3	>100%

Net sales and comparable growth (EUR million & %)



- The demand for foodservice packaging continued to be soft
- Net sales remained unchanged in Europe but decreased in the Middle East and Africa and Asia-Oceania, including China. Pricing supported net sales, whereas lower sales volumes had a negative impact
- With the exception of paperboard, most raw material prices decreased
- Adjusted EBIT increased supported by lower costs and improved pricing and mix, whereas a decrease in sales volumes had a negative impact

1) Excluding IAC of EUR -7.8 million in Q4 2023 (EUR -4.9 million) and EUR -9.9 million in 2023 (EUR 16.0 million).

# North America: Significant profitability improvement in Q4, also supported by volume growth

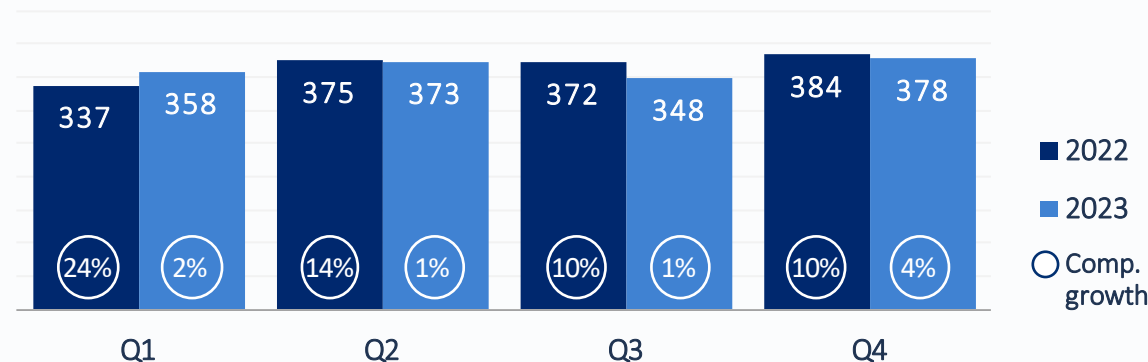
Key figures, MEUR

	Q4 23	Q4 22	Change
Net sales	378.1	383.6	-1%
Comparable growth	4%	10%	
Adjusted EBIT <sup>1</sup>	54.1	49.0	10%
Margin	14.3%	12.8%	
Capital expenditure	43.7	49.5	-12%
Operating cash flow <sup>1</sup>	35.5	13.1	>100%

Key figures, MEUR

	2023	2022	Change
Net sales	1,457.9	1,468.3	-1%
Comparable growth	2%	14%	
Adjusted EBIT <sup>1</sup>	187.9	171.6	9%
Margin	12.9%	11.7%	
Adjusted RONA	18.4%	17.9%	
Capital expenditure	121.4	99.8	22%
Operating cash flow <sup>1</sup>	122.2	45.6	>100%

Net sales and comparable growth (EUR million & %)



- Demand started to show signs of improvement. Prices of most raw materials decreased
- Net sales decreased slightly due to the FX impact. Comparable net sales increased driven by volumes, partly supported by strong seasonal demand. Comparable net sales increased in all key product categories
- Strong adjusted EBIT margin at 14.3%, supported by temporary gains from lower costs, growth in sales volumes and increased operational efficiency

1) Excluding IAC of EUR 0.0 million in Q4 2023 (EUR -5.6 million) and EUR 0.0 million in 2023 (EUR -5.6 million).

# Flexible Packaging: Continued profitability recovery trend in Q4

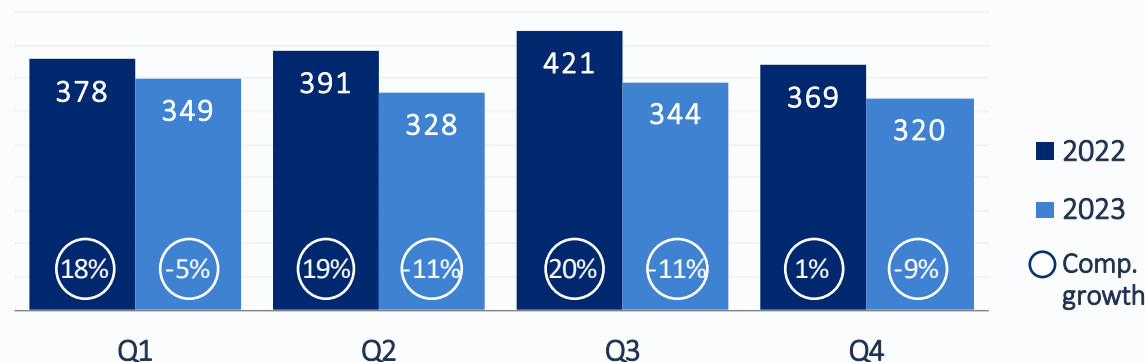
Key figures, MEUR

	Q4 23	Q4 22	Change
Net sales	319.8	369.1	-13%
Comparable growth	-9%	1%	
Adjusted EBIT <sup>1</sup>	26.0	15.5	68%
Margin	8.1%	4.2%	
Capital expenditure	40.3	32.9	22%
Operating cash flow <sup>1</sup>	46.9	62.9	-25%

Key figures, MEUR

	2023	2022	Change
Net sales	1,341.0	1,558.2	-14%
Comparable growth	-9%	14%	
Adjusted EBIT <sup>1</sup>	88.0	98.1	-10%
Margin	6.6%	6.3%	
Adjusted RONA	6.5%	6.9%	
Capital expenditure	103.7	68.2	52%
Operating cash flow <sup>1</sup>	103.9	51.5	>100%

Net sales and comparable growth (EUR million & %)



- Overall demand for flexible packaging continued to be soft due to inflationary pressure on consumption. Most raw material prices decreased
- Net sales decreased particularly in India and Europe due to lower exports, but remained at the previous year's level in South-East Asia and Oceania
- Adjusted EBIT increased, supported by lower costs, whereas a decrease in sales volumes and lower pricing had a negative impact. Additionally, the comparison period results were negatively impacted by a one-off inventory adjustment

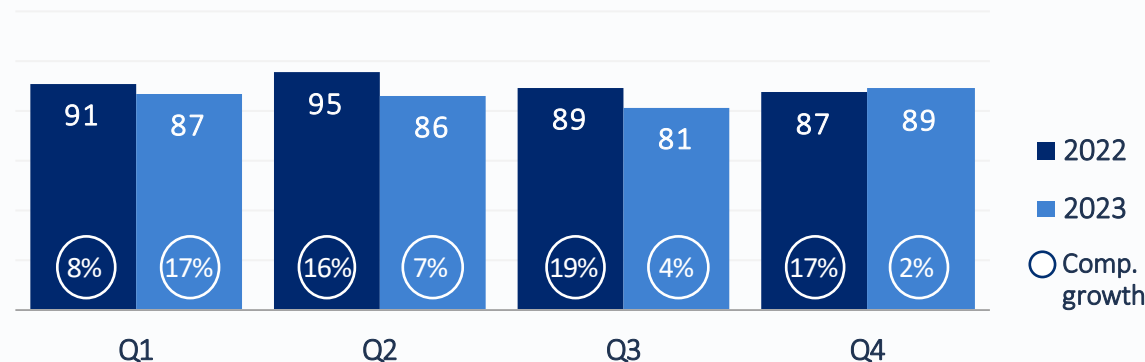
1) Excluding IAC of EUR 48.2 million in Q4 2023 (EUR -6.0 million) and EUR 5.8 million in 2023 (EUR -15.9 million).

# Fiber Packaging: Flat volumes while the avian flu impact continued

Key figures, MEUR

	Q4 23	Q4 22	Change
Net sales	88.8	87.4	2%
Comparable growth	2%	17%	
Adjusted EBIT <sup>1</sup>	9.7	11.1	-13%
Margin	10.9%	12.7%	
Capital expenditure	9.0	9.5	-6%
Operating cash flow <sup>1</sup>	9.4	-11.6	>100%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR

	2023	2022	Change
Net sales	343.1	363.0	-5%
Comparable growth	7%	15%	
Adjusted EBIT <sup>1</sup>	39.6	40.0	-1%
Margin	11.6%	11.0%	
Adjusted RONA	13.7%	14.4%	
Capital expenditure	29.3	31.2	-6%
Operating cash flow <sup>1</sup>	31.8	20.9	52%

- Overall demand for fiber-based egg packaging and food-on-the-go products remained stable in most markets. South Africa was the main exception, due to avian flu. The prices of recycled fiber decreased
- Comparable net sales growth driven by pricing and mix, while sales volumes remained at the previous year's level. Net sales increased in Europe but decreased in most other markets
- Adjusted EBIT decreased due to a weaker operational performance

1) Excluding IAC of EUR -0.7 million in Q4 2023 (EUR 1.7 million) and EUR -6.2 million in 2023 (EUR 18.1 million).

# Financial review

# Strong adjusted and reported EBIT growth

MEUR	Q4 23	Q4 22	Change	2023	2022	Change
Net sales	1,032.9	1,103.6	-6%	4,168.9	4,479.0	-7%
Adjusted EBITDA <sup>1</sup>	159.5	143.3	11%	590.1	596.9	-1%
<i>Margin<sup>1</sup></i>	<i>15.4%</i>	<i>13.0%</i>		<i>14.2%</i>	<i>13.3%</i>	
Adjusted EBIT <sup>2</sup>	107.5	93.3	15%	392.6	395.1	-1%
<i>Margin<sup>2</sup></i>	<i>10.4%</i>	<i>8.5%</i>		<i>9.4%</i>	<i>8.8%</i>	
EBIT	146.0	78.1	87%	380.9	405.3	-6%
Adjusted Net financial items <sup>3</sup>	-16.8	-16.5	-2%	-68.9	-53.2	-29%
Adjusted profit before taxes	90.7	76.8	18%	323.7	341.9	-5%
Adjusted income tax expense <sup>4</sup>	-16.2	-6.2	<-100%	-71.2	-72.5	2%
Adjusted profit for the period <sup>5</sup>	74.5	70.6	5%	252.5	269.4	-6%
Adjusted EPS, EUR <sup>6</sup>	0.68	0.65	5%	2.32	2.49	-7%

## Q4 2023:

- Strong adj. EBIT growth
- Reported EBIT also supported by the divestment of real estate in Thane, India and Prague, Czech Republic
- Comparison period (Q4 2022) taxes were lower due to a one-off fixed asset revaluation in Turkey, decreasing deferred tax liability

1) Excluding IAC of EUR 46.2 million in Q4 2023 (EUR -12.7 million) and EUR 31.1 million in 2023 (EUR 18.0 million).

2) Excluding IAC of EUR 38.5 million in Q4 2023 (EUR -15.3 million) and EUR -11.7 million in 2023 (EUR 10.2 million).

3) Excluding IAC of EUR -0.9 million in Q4 2023 (EUR 0.2 million) and EUR -0.1 million in 2023 (EUR 0.0 million).

4) Excluding IAC of EUR -13.0 million in Q4 2023 (EUR 3.4 million) and EUR -15.5 million in 2023 (EUR 5.8 million).

5) Excluding IAC of EUR 24.6 million in Q4 2023 (EUR -11.6 million) and EUR -27.3 million in 2023 (EUR 16.0 million).

6) Excluding IAC of EUR 16.0 million in Q4 2023 (EUR -11.6 million) and EUR -35.9 million in 2023 (EUR 16.0 million).

# Currency impact remained negative

	Average rate	Average rate	Change in average rate	Closing rates					Change in closing rate (YoY)
	2022	2023		Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	
USD	1.05	1.08	-3 %	1.06	1.09	1.09	1.05	1.11	-4%
INR	82.70	89.31	-8 %	88.23	89.36	89.71	87.64	92.45	-5%
GBP	0.85	0.87	-2 %	0.89	0.88	0.86	0.86	0.87	2%
CNY	7.08	7.66	-8 %	7.42	7.49	7.91	7.70	7.89	-6%
AUD	1.52	1.63	-7 %	1.59	1.63	1.65	1.65	1.62	-2%
THB	36.86	37.63	-2 %	36.88	37.25	38.93	38.66	38.00	-3%
BRL	5.45	5.40	1 %	5.54	5.55	5.30	5.31	5.37	3%
NZD	1.66	1.76	-6 %	1.69	1.75	1.79	1.77	1.75	-4%
ZAR	17.21	19.95	-16 %	18.20	19.65	20.46	20.17	20.60	-13%
TRY	17.36	25.70	-48 %	19.93	20.87	28.48	28.90	32.75	-64%

## Foreign currency translation impact

### Q4 2023

(EUR million)

Net sales

**-44**

EBIT

**-5**

### Q1-Q4 2023

(EUR million)

Net sales

**-153**

EBIT

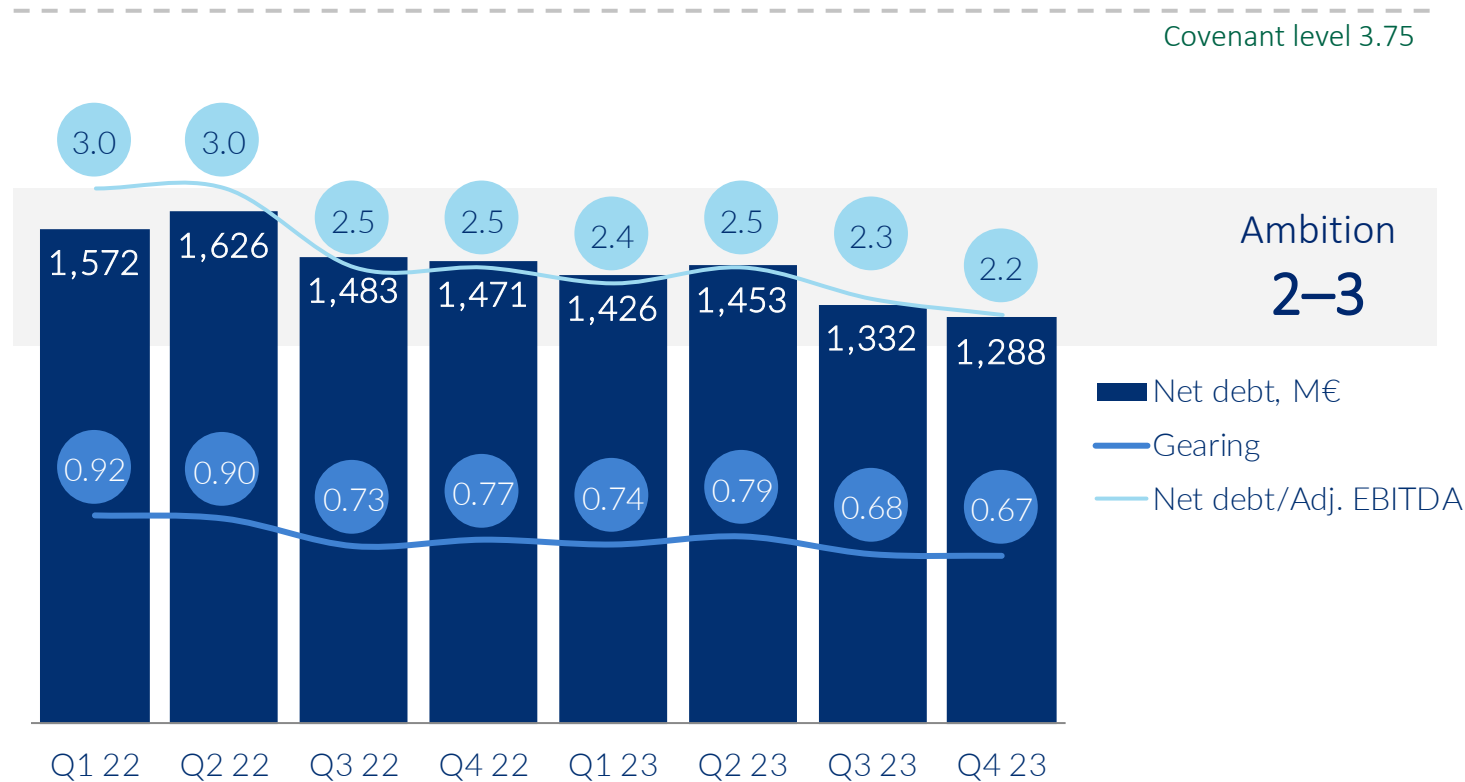
**-15**

Please note: Income statement is valued on average rate, balance sheet on closing rate.



# Continued to deleverage balance sheet with strong cash flow

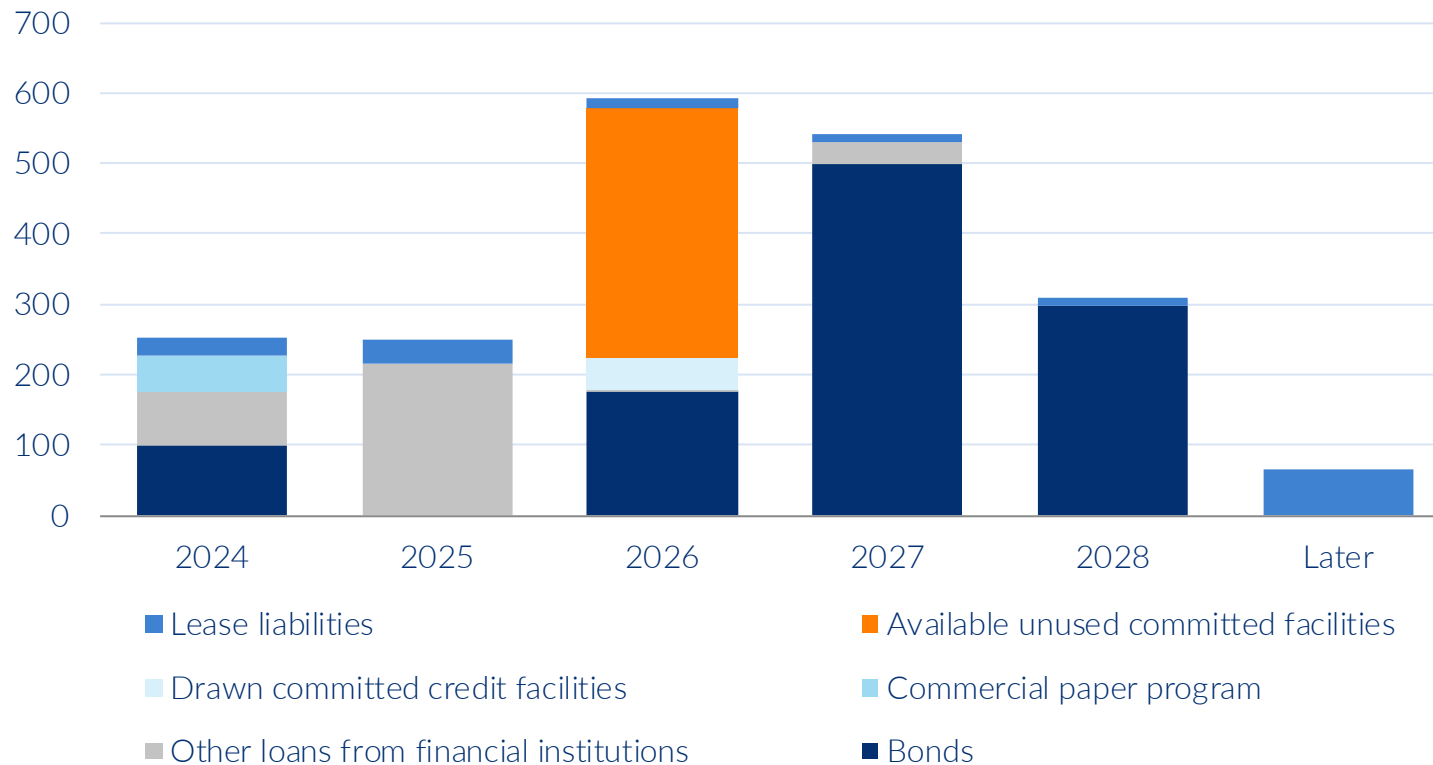
Net debt, net debt/adj. EBITDA and gearing



- Net debt/Adj. EBITDA at 2.2
- At the end of 2023:
  - Cash and cash equivalents EUR 348 million (309)
  - Unused committed credit facilities available EUR 355 million (353)
- Net debt EUR 1,288 million

# Loan maturities

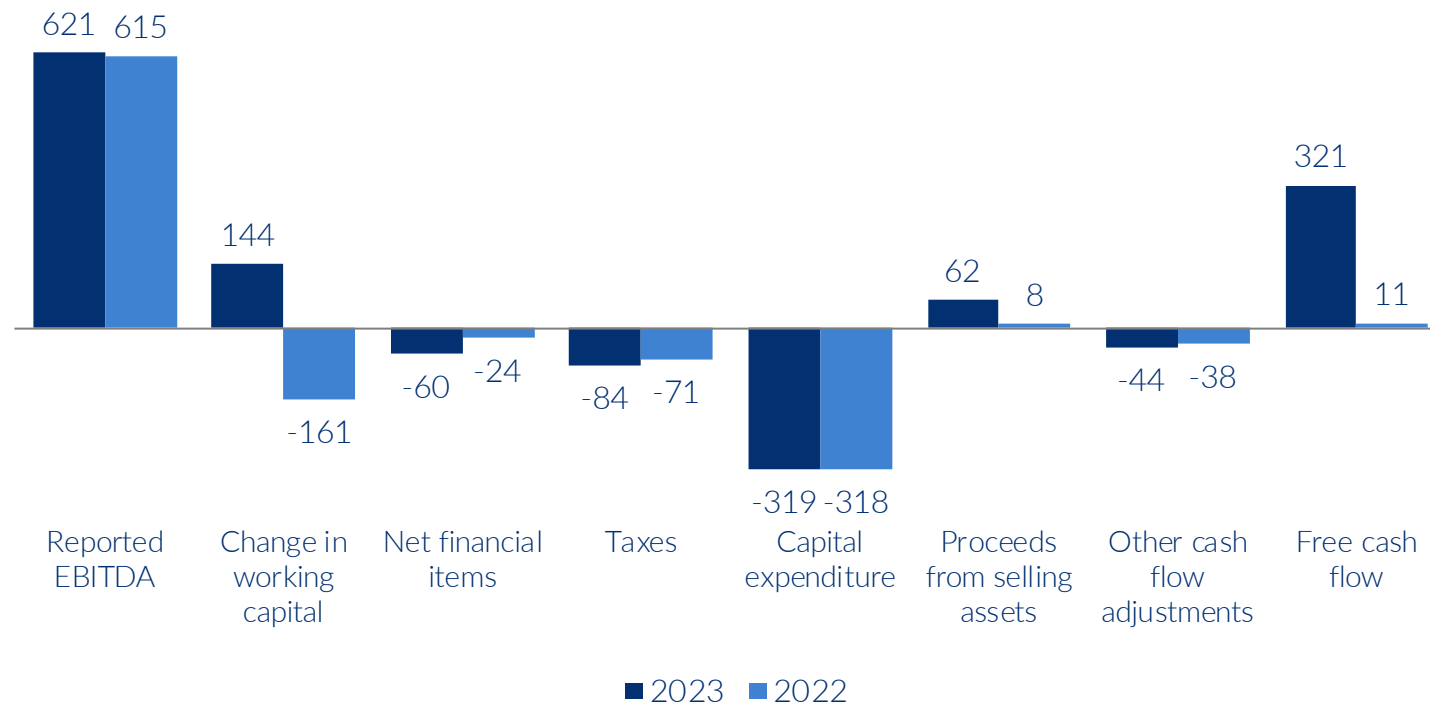
Debt maturity structure December 31, 2023  
(EUR million)



- Average maturity 2.9 years at the end of 2023 (3.2 at the end of 2022)
- EUR 300 million bond issued in November

# Strong free cash flow generation in 2023, despite continued growth investment

Free cash flow bridge  
(EUR million)



Cash flow driven by:

- Significantly improved impact from change in working capital
- Higher net financial items and cash taxes
- Proceeds from selling assets includes divestment of real estate in Thane, India

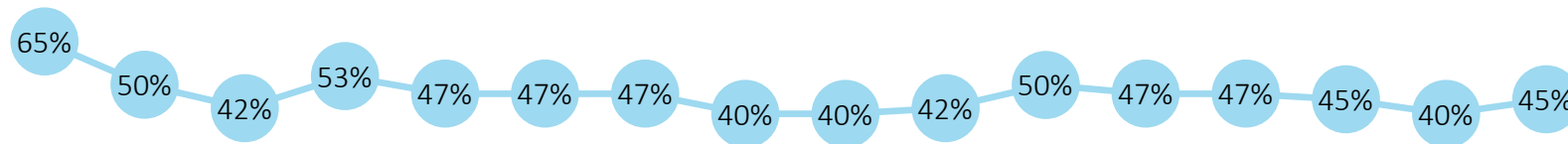
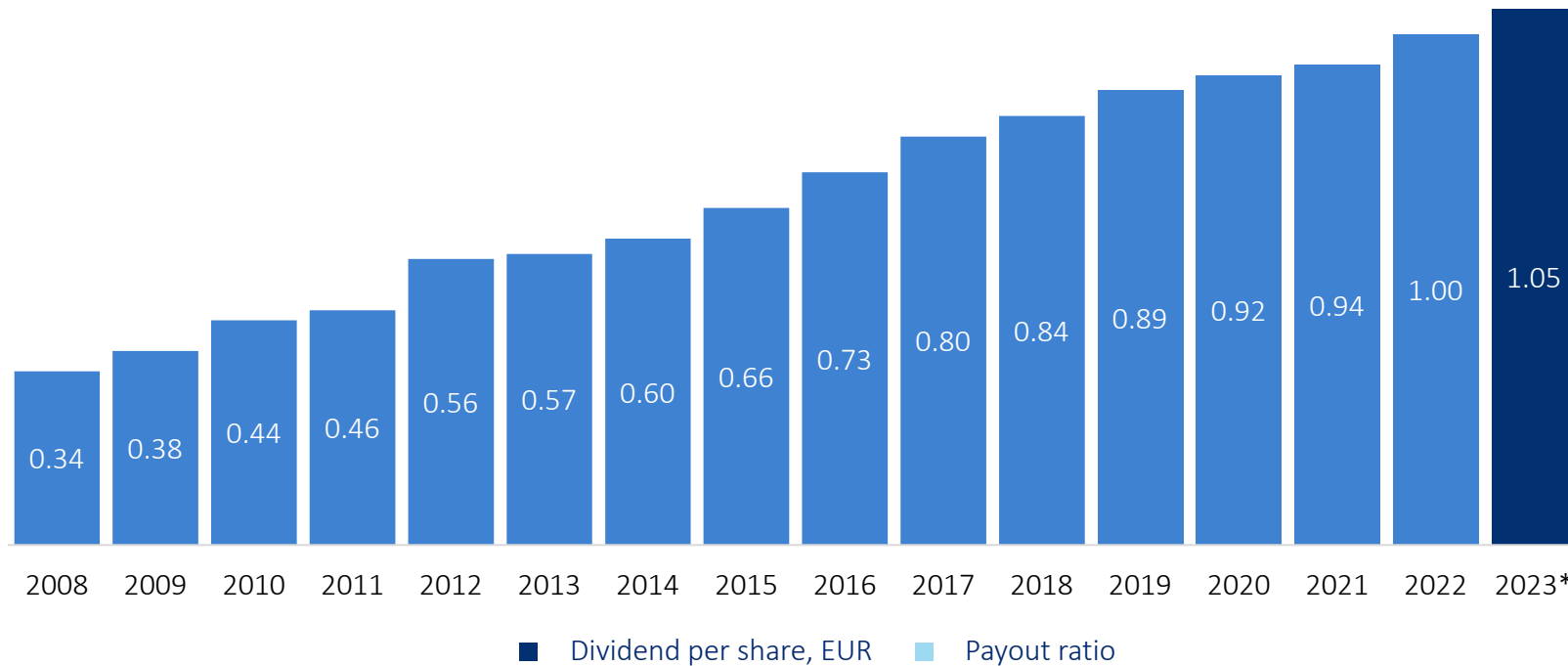
# Improving financial position

<i>MEUR</i>	Dec 2023	Dec 2022
Total assets	4,665	4,821
Operating working capital	707	828
Net debt	1,288	1,471
Equity & non-controlling interest	1,925	1,922
Gearing	0.67	0.77
Adjusted ROI <sup>1</sup>	11.2%	11.0%
Adjusted ROE <sup>1</sup>	13.2%	14.9%

1) Excluding IAC.

- The financial position strengthened during the quarter
- Working capital decreased clearly

# The Board of Directors' dividend proposal would mean the 15<sup>th</sup> consecutive year of dividend growth



\*Based on the BoD proposal

	2023*	2022	Change
Adjusted EPS	2.32	2.49	-7%
Dividend per share	1.05	1.00	5%
Payout ratio	45%	40%	
Share price on Dec 31	36.73	32.00	15%
Dividend yield	2.9%	3.1%	

**40-50%**  
dividend pay-out ratio

**Huhtamaki**

# Progress towards long-term financial ambitions

	2016	2017	2018	2019	2020	2021	2022	2023	Long-term ambition
Comparable net sales growth	4%	3%	5%	6%	-2%	7%	15%	-2%	5-6%
Adjusted EBIT margin	9.4%	9.0%	8.1%	8.6%	9.1%	8.8%	8.8%	9.4%	10-12%
Adj. ROI	14.7%	13.6%	11.6%	12.3%	11.7%	11.3%	11.0%	11.2%	13-15%
Net debt/Adj. EBITDA	1.8	1.8	2.3	2.0	1.8	3.1	2.5	2.2	2-3
Dividend payout ratio	40 %	42 %	50 %	47 %	47 %	45 %	40 %	45%*	40-50%

\*Based on the Board of Director's proposal

Looking forward

# Outlook for 2024 and short-term risks and uncertainties

## Outlook for 2024

The Group's trading conditions are expected to improve compared to 2023. Volatility in the operating environment is expected to continue, while Huhtamaki's diversified product portfolio provides resilience. The company's initiatives, which include the ongoing savings and efficiency program, are expected to support the company's performance. The Group's good financial position enables addressing profitable growth opportunities.

## Short-term risks and uncertainties

Decline in consumer demand, inflation in key cost items (including raw materials, labor, distribution and energy), availability of raw materials and movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Economic and financial market conditions, as well as a potential geopolitical escalation and natural disasters can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.



# Reporting schedule in 2024

Week commencing

**February 26, 2024**

Annual Report 2023

**April 25, 2024**

Q1 2024 Interim Report,  
Annual General Meeting

**July 25, 2024**

Half-yearly Report 2024

**October 24, 2024**

Q3 2024 Interim Report

# Disclaimer

Information presented herein contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or Huhtamäki Oyj's or its affiliates' ("Huhtamäki") future financial performance, including, but not limited to, strategic plans, potential growth, expected capital expenditure, ability to generate cash flows, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause Huhtamäki's actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such risks and uncertainties include, but are not limited to: (1) general economic conditions such as movements in currency rates, volatile raw material and energy prices and political uncertainties; (2) industry conditions such as demand for Huhtamäki's products, pricing pressures and competitive situation; and (3) Huhtamäki's own operating and other conditions such as the success of manufacturing activities and the achievement of efficiencies therein as well as the success of pending and future acquisitions and restructurings and product innovations. Future results may vary from the results expressed in, or implied by, forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information currently available to the management and Huhtamäki assumes no obligation to update or revise any forward-looking statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

# Thank You

[ir@huhtamaki.com](mailto:ir@huhtamaki.com)

[www.huhtamaki.com/investors](http://www.huhtamaki.com/investors)

HuhtamakiGroup



**Huhtamaki**