

*Still going strong*

**Pure genius of detail...**

**Annual Report 2009**

*Huhtamaki had a financially strong 2009. While demand was characterized by caution, earnings improved and net debt level reduced.*

EBIT margin

**5.8%**

ROI (12m. Roll.)

**9.6%**

Dividend proposal (EUR)

**0.38**

Lost Time Incident Frequency (LTIF) improvement

**4%**

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**Huhtamaki** is a global packaging company with net sales totaling EUR 2 billion in 2009. Some 13,000 employees in 33 countries serve customers in the foodservice and consumer goods markets. The parent company Huhtamäki Oyj's share is quoted on NASDAQ OMX Helsinki Ltd.

Focus and expertise are in molded fiber packaging, flexible packaging, release films and paper cup manufacture. Our offering includes standardized products and customized packaging as well as complete packaging systems.

*Millions of consumers daily* use Huhtamaki's packaging. Its packaging products guarantee safe and fresh food from the producer to the dinner table, and make the transportation, display and use of products as convenient as possible. From Brazil to New Zealand, the world's most famous brands use Huhtamaki's packaging to carry their products and to bring them safely to the consumer.

Huhtamaki's strong industrial know-how, cost-efficient solutions and solid finances benefit its customers and owners. *Our focus is on* fiber-, paperboard-, flexible- and film-based packaging serving the food and beverage industry, foodservice operators and retailers.

At Huhtamaki, we are experts in combining the sustainability demand, customers' needs and retailers' expectations. In the coming decades, we want to develop the future together with our customers. Fair partnership and cost-efficient solutions are part of our code of conduct.

Our daily actions are guided by common values: we treat our world with respect, we know our business and we deliver on our promises.



**...you'll miss it when it's gone.**

## CEO's review 2009

*The operating environment in 2009 was clouded by the economic downturn. Many companies, including ourselves, focused on cost containment and cash flow maximization, and carried out only selected growth actions. Gradually market and customer sentiments have improved, paving the way for a better economy.*

**The financial foundation for further developing our business strongholds has been laid.**

Huhtamäki strengthened its financial position in 2009. Profitability improved and free cash flow increased despite a year-on-year decline in volume. This achievement took us closer to our financial targets: net debt is now at a good level of EUR 368 million, free cash flow is positive at EUR 208 million and return on investment (ROI) improved significantly. The financial foundation for a more exciting future has been laid.

Our future lies with our five stronghold businesses and we are optimistic of the opportunities in these areas. Flexible Packaging, Molded Fiber, Foodservice Europe-Asia-Oceania, and North America business segments all improved their profits and cash flow from the previous year. The Films business, which is most exposed to the downturn in industrial demand, suffered from weak activity. In 2010 the focus is on developing further our five strongholds.

**Industrial performance was improved, benefiting both Huhtamäki and our customers.**

We will continue prudent house-keeping to ensure that our finances remain healthy. Cost efficiency combined with strong positive cash flow will be the foundation on which we build our future business expansion. The continuous improvement program, Lean Six Sigma, has proven its value and helps us to fine-tune our operations and find improvement opportunities throughout the Group. Health, safety, and environment remain close to our hearts and we will seek to achieve yet another year of better performance.

Huhtamäki will be 90 years old in 2010. Heikki Huhtamäki founded our company as a candy factory in 1920 in Kokkola, on the western coast of Finland. Successful regeneration and resilience in economic cycles have been essential throughout the history. However, the real value and opportunities lie in the future and in the work we can do together with current and prospective customers and, therefore, Huhtamäki will celebrate its anniversary with its customers at several events throughout the year.

2010 includes many ingredients of an exciting year: we have a stronger balance sheet and business portfolio, a year of improvements behind us, and we are determined to be more successful. An upturn in the worldwide economy would open avenues for new opportunities and new business ideas. We are in a good position to start the year 2010, and to create value by building the business and expanding our strongholds.

I would like to take this opportunity to thank the Huhtamäki team. We have implemented our strategy well in 2009. I would also like to thank our customers, business partners and shareholders for collaborating towards mutual benefits. In 2010, we want to confirm the Group's stakeholders that we can win by aiming for another year of improved performance.

Jukka Moisio  
CEO  
March 2010

ROI  
**9.6%**

Gearing  
**0.50**

*We have a stronger balance sheet and business portfolio, a year of improvements behind us, and we are determined to be more successful.*



## *Securing a solid base for growth*

In 2009, Huhtamäki continued to solidify the Group's financial position and develop its strategic strongholds. Cost control and cash generation as well as price and product mix management were key priorities.

Strategic investments were made in successful businesses with the most favorable preconditions to further improve the results and market share. Consequently, the North America and Molded Fiber business segments upgraded and expanded their capacity most during the course of the year. Films segment increased its focus on release films and the release paper business was divested. An upturn in the worldwide economy will bring opportunities to further strengthen market leadership in release films. The Foodservice Europe-Asia-Oceania and Flexible Packaging business segments improved their operational performance and continued to develop a solid base for growth. Emphasis on continuous improvement programs was again a proven way of enhancing industrial performance.

Going into 2010, Huhtamäki's financial targets, return on investment (ROI) of 15% and dividend payout ratio of 40%, remain unchanged.

At the turn of the year, strategic review of the rigid plastic consumer goods operations was halfway through in terms of net assets. The review of the remaining operations in Europe continues.

### Strategic direction



## Economic review and 2009 in brief

### Improved profitability and strong cash flow despite lower net sales

The year was characterized by customer cautiousness and uncertainty. Demand remained sluggish throughout the year. At EUR 2,038 million (EUR 2,260 million in 2008), the Group net sales declined due to lower volumes, divestments and discontinued operations. In addition, currency translations had a minor adverse effect on the euro-denominated value of net sales. Despite the decline in net sales, profitability improved markedly. The full year Group EBIT, excluding non-recurring charges, was higher than the previous year. Most of the business segments were able to maintain sound margins, and successful cost reductions added to earnings growth. These positive factors more than compensated for the decrease in volumes which was experienced in most business segments. Cash flow generation was strong throughout 2009, supported by improved working capital efficiency and low capital expenditure. All segments achieved good results in cash generation. This contributed to a considerable reduction of net debt, which advanced the accomplishment of the Group's key financial targets. As of January 1, 2010, the Flexibles Global segment was renamed Flexible Packaging, the Films Global segment was renamed Films and the Rough Molded Fiber Global segment was renamed Molded Fiber.

Net sales, MEUR

2,038

EBIT, MEUR  
(excl. non-recurring charges)

133

EPS, EUR  
(excl. non-recurring charges)

0.74

Free cash flow,  
MEUR

208



### Key figures

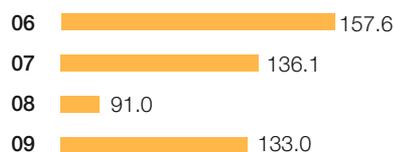
EUR million	2009	2008
Net sales	2,037.7	2,260.0
EBIT excl. non-recurring charges	133.0	91.0
EBIT margin % <sup>1</sup>	6.5	4.0
EBIT <sup>1</sup>	119.1	-74.5
EPS (EUR)	0.63	-1.12
ROI % (12m. roll.)	9.6	-4.8
ROE % (return on equity)	10.1	-14.8
Gearing % (net debt to equity)	0.50	0.84
Capital expenditure	52.9	74.3
Dividend per share (EUR)	0.38*	0.34
Personnel at year-end	12,900	14,644

<sup>1</sup> EBIT includes non-recurring charges of EUR 13.9 million in 2009 and EUR 165.5 million in 2008.

\* Board's proposal

### EBIT, MEUR

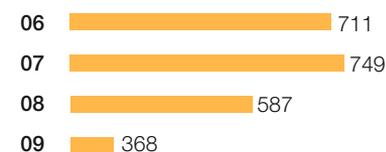
(excl. non-recurring shares)



### Free cash flow, MEUR



### Net debt, MEUR



# Flexible Packaging

The Flexibles Global segment was renamed Flexible Packaging as of January 1, 2010.

*Market shares were maintained and profitability improved in a challenging market environment.*

**Soft demand in Europe –  
Asia showed signs of growth.**

**Increased profitability  
compensated for  
declined volumes.**

**More sustainable products  
developed by optimizing  
production processes.**

## Operating environment

Developed markets, including North America, Europe and Oceania, experienced a soft packaging demand during the year. In India, which is an important market for the Group, the market situation was very competitive. The urbanization and development of modern retail and consumer demand growth in Asia continue to be the key drivers for market growth.

The Flexible Packaging business segment maintained its strong position in the global tube laminates market, in the retort laminates market for pet food packaging in Europe and Thailand, and in the shrink sleeve- and wrap around label market in India. The segment also holds strong positions in several niche markets such as ice cream cone wrapping and value-added flow packs for chocolate.

## Year 2009

In 2009, strong growth was achieved in profitability despite softened volumes caused by the market situation. Profitability was improved by favorable raw material price development during the first quarter of the year, better operational control as well as cost-cutting activities. Inventory management and working capital management were under special focus.

Research and development concentrated on improving products in terms of costs, value engineering and design. During the year, the production unit in Thane, India, was reconstructed and an enterprise resource planning (ERP) system was successfully implemented at all four plants in India. In Malvern, North America, flexibles production was discontinued according to plan.

Flexible Packaging also trained new experts and launched a second wave of Lean Six Sigma projects. In 2010, emphasis will be on further benefiting from the synergies of a global organization in research and development, sourcing and other global initiatives. At local country level there will be a strong focus on tailored initiatives to meet specific needs of individual customers.

## Sustainability

Low-weight flexibles packaging continues to benefit from environmental pressure on heavy-weight materials. The Flexible Packaging segment has been successful in further light-weighting its packaging products material layers. This continues as one focus area for research and development, especially in layers of high energy-consuming raw materials.

Waste reduction is another key priority for the Flexible Packaging segment.



€	Net sales MEUR 464.6 (497.6) EBIT* MEUR, 28.4 (16.9) Cash flow, MEUR 81.8 (20.8) RONA % 8.8 (-0.3)
👤	Personnel at the end of 2009 3,643 (3,603) LTIF 2.9 (3.2)
🏭	Number of manufacturing units 11 (12)
%	Share of net sales % 22 (21)
👤	Suresh Gupta, Executive Vice President, Flexible Packaging

\* excluding non-recurring charges



Huhtamäki has many international flexible packaging customers in Asia. Pictured a stand-up pouch manufactured in Thailand.

# Films

The Films Global segment was renamed Films as of January 1, 2010.

*After a disappointing year in terms of volume, market leadership in release films and improved focus supported Films' position as a stronghold.*



Volumes suffered from the weak market. The business was only slightly impacted by changes in raw material prices.

A disappointing year overall entailed restructuring measures to support future success.

The BioWare® product range today includes films suitable for food contact. Films segment also manufactures biodegradable films used in hygiene and other applications.

## Operating environment

The films market saw a significant volume decrease in 2009. Huhtamäki's production volumes were especially impacted by a decrease in roofing film demand in North America. Supply to the automotive industry also suffered, while the market for hygiene and health care products was more stable. Regardless of the tough year, the Films business segment kept its leading position, occupying almost a third of the global release films volume. The global release liner market is estimated to grow about 2% annually\*. The growth rate for release films is estimated to be twice as high as for the release liner market in general. [\*Source: AVVA 2009]

Changes in raw material prices had no major impact on the films business as raw material price fluctuation clauses are in use with most customers. Towards the end of the year some signs of recovery in the roofing films market were recognized in North America.

## Year 2009

Early reaction and a rigorous approach to cost containment enabled the Films segment to bring the year to a close with a positive EBIT before non-recurring charges. However, the weak market situation and a significant volume decrease impacted the ambitions to further grow the business.

Product development was rejuvenated during the year and new products, such as high temperature surface films for the North American roofing market, are in place for market upturn. Lean Six Sigma continuous improvement projects were introduced and resulted in cost savings as well as reductions in production downtime and waste.

During the year, the release paper business was divested and the transfer of all manufacturing will be finalized by the end of the first quarter of 2010. An upturn in the global economy will bring opportunities to further develop the strong foothold in release films. Plans to grow in core markets such as siliconized single wrap films, surface films and biodegradable films are in place for 2010. Other critical success factors include cost containment, prudent margin management and confirmation of the Huhtamäki brand identity in Films.

## Sustainability

Large international customers have set their own sustainability targets which support further development of biodegradable films solutions. Active product development and cooperation with local organizations bore fruit as Films introduced new EN13432 certified biodegradable films.

€ Net sales MEUR 154.4 (200.7)  
EBIT\*, MEUR 1.1 (7.9)  
Cash flow, MEUR 23.5 (24.6)  
RONA % -2.2 (5.6)

Personnel at the end of 2009  
775 (926)  
LTIF 18.5 (7.4)

Number of manufacturing  
units 2 (2)

% Share of net sales % 7 (9)

Personnel icon  
Peter Wahsner,  
Executive Vice President,  
Films

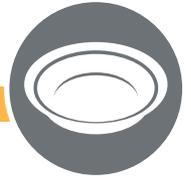
\* excluding non-recurring charges



Huhtamäki is a leading producer of siliconized single wrap films used to pack women's hygiene products.

# North America

*In an unstable economic environment the North America business segment reinforced its position as one of Huhtamäki's most successful strongholds.*



**Retail sales increased despite economic turmoil.**

**The improved profitability reflects strong market positions, improved product mix and cost control.**

**Demand for environmentally responsible products is beginning to emerge.**

## Operating environment

Market positions for Retail and frozen dessert products remained strong in the North America business segment. The segment kept its strong market position in premium tableware for retail stores, four-cup carriers for the foodservice industry and paperboard ice cream containers for the consumer goods industry. Small changes in consumer habits and reduced purchasing power were visible in the market.

During the first half of the year, decreasing raw material prices and energy and freight costs contributed positively to the results. Costs, however, escalated rapidly during the second half of the year.

## Year 2009

The North America business segment endured the unstable economic environment well. Profitability improved substantially although sales decreased due to elimination of certain product categories, inventory reductions, and customers' cautious ordering conduct. Successful cost control programs helped the business segment to nearly double its profitability from the previous year. Currency exchange rates were favorable and contributed to an increase in reported net sales.

Proceeding towards the second half of the year, continued business success enabled investments. Significant upgrades to paperboard printers for shaped ice cream containers began and are scheduled to be completed in 2010. In addition to operational efficiency and quality improvements, Lean Six Sigma projects contributed to significant savings. Continuous improvement initiatives were deployed extensively in the business segment.

Efforts to improve safety and employee engagement results continued and injury rates were better than half of the industry average.

In 2009, the closure of the Phoenix, Arizona, production facility was finalized and the product mix, especially in the Foodservice and Retail categories, was improved. In 2010, the focus will be on further growing the Retail business and strengthening the Chinet® brand ([www.mychinet.com](http://www.mychinet.com)). Cost control and management of commodity costs will continue.

## Sustainability

Despite the global economic turmoil, consumers increasingly sought products perceived as environmentally responsible. Huhtamäki's molded fiber products and shaped paperboard ice cream containers both meet this demand. The segments work to reduce the use of virgin paper and conventional polymers continue and all virgin paperboard will be purchased from suppliers that utilize sustainable forestry practices.

€	Net sales MEUR 528.7 (536.0) EBIT*, MEUR 55.5 (38.6) Cash flow MEUR 55.9 (42.4) RONA % 14.8 (8.9)
👤	Personnel at the end of 2009 2,643 (2,731) LTIF 2.3 (3.7)
🏭	Number of manufacturing units 10 (11)
%	Share of net sales % 25 (23)
👤	Clay Dunn, Executive Vice President, North America and Molded Fiber

\* excluding non-recurring charges

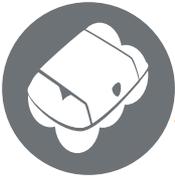


The Quad Cup, sold in retail stores, is a popular party cup in North America.

## Molded Fiber

The Rough Molded Fiber Global segment was renamed Molded Fiber as of January 1, 2010.

*Sales of egg packaging continued strong and accelerated especially in Europe and Africa.*



**Information on health impact of eggs boosts consumption. Eggs are also a cheap protein replacement for meat.**

**Sales of egg packaging continued to grow and profitability improved.**

**Energy reduction initiatives resulted in cost savings and reduced carbon dioxide emissions.**

### Operating environment

Economic instability benefited the world's egg markets. People increased their egg consumption as they are a cheap source of protein. Increased cooking at home has also led to growing demand. The Molded Fiber business segment maintained its strong market position in molded fiber egg packaging in Europe, Oceania, Africa and South America.

The price of recycled paper, which is the main raw material for molded fiber packaging, decreased during the year. Volatile currency exchange rates and increased use of plastic egg packaging posed a challenge in some countries.

### Year 2009

Molded Fiber sustained yet another year of solid performance. Sales continued to grow in constant currencies and profitability improved as a result of successful sales and cost containment actions. The new egg packaging design Effect was the spearhead for improved sales. Its launch was a success in Europe and it was also introduced to the Oceania market. The sales of pulp molding machinery and the profitability of recycled waste paper trading decreased due to the unstable economic environment.

The integration of the molded fiber business into a global segment progressed smoothly. Special emphasis was placed on cultivating management teams and Lean Six Sigma projects, which have been successfully deployed since 2006 in Europe.

A major investment to improve the efficiency of the La Rochelle facility in France was finalized during the year and full benefits are expected in 2010. In other units capacity was made available to manufacture Effect egg cartons. Targets for the year 2010 include further promotion of Effect, hastening continuous improvement and best practices sharing programs as well as seeking further growth in Russia, Northern Africa and South America.

### Sustainability

The retail community focused more on the importance of authenticating sustainability aspects of molded fiber packaging, and requests for carbon footprint results were more frequent. Typically, consumers perceive molded fiber packaging as an environmentally friendly alternative, but still want to compare it to other options.

During 2009, manufacturing processes were also adjusted. The production unit in the UK reduced direct carbon dioxide emissions as a spin-off effect of energy reduction initiatives. This work will continue.

€ Net sales MEUR 207.6 (214.0)  
EBIT \*, MEUR 17.6 (12.1)  
Cash flow, MEUR 18.4 (17.4)  
RONA % 10.5 (4.8)

Personnel at the end of 2009  
1,581 (1,613)  
LTIF 8.4 (8.6)

Number of manufacturing units 10 (10)

% Share of net sales % 10 (9)

Olli Koponen,  
Senior Vice President,  
Molded Fiber

\* excluding non-recurring charges



Pictured fruit trays are compostable according to EN 13432 as certified by DIN CERTCO®.

# Foodservice Europe-Asia-Oceania

*Employees' commitment supported the new organization in a difficult economic environment. Sales decreased but profitability improved.*



**Oceania recovering – slight market downturn in Europe.**

**Cost containment and dedicated customer service work generated good results.**

**Long experience and strong knowledge in developing sustainable foodservice packaging.**

## Operating environment

Lack of visibility characterized the operating environment of the Foodservice Europe-Asia-Oceania business segment. People continued to seek enjoyment in quick service restaurants and coffee shops, although sales decline was visible. Catering and vending businesses were affected as factories and office canteens were closed. Oceania seemed to recover relatively fast while markets in China and Asia remained highly price sensitive.

After a long period of moderate development paperboard prices increased. Oil-based plastic prices varied, decreasing rapidly in the beginning of the year and then increasing quickly during the second half. The economic downturn also resulted in volatile currency exchange rates with negative effect.

## Year 2009

2009 was an intense year for the Foodservice Europe-Asia-Oceania business segment. The year started with a new organization in a challenging economic environment. While sales and volumes decreased, work to preserve market share, improve profitability and maintain a high level of customer service was successful. Profitability improved particularly in Asia and Oceania. Also cash flow was improved. During the year, a sub-scale manufacturing unit in Malaysia was closed.

Safety remained an important focus and accidents were reduced by half compared to 2008. Lean Six Sigma training was introduced throughout the segment and the platform to implement continuous improvement projects is in place for 2010.

During the year the business segment succeeded in its aim to improve profitability and to create a strong sense of commitment among the regional teams. In 2010, focus will continue to be on costs, margins and cash flow. Dedicated teams will serve customers from strong platforms in Western Europe, Eastern Europe, Middle East, Asia, and Oceania.

## Sustainability

The Foodservice Europe-Asia-Oceania business segment is a pioneer in sustainable packaging. The BioWare® range launched in 2004 includes hot and cold cups, plates, tumblers and cutlery and is being continuously developed.

Strong customer interest and demand for sustainable foodservice packaging drive more than half of all development projects within the segment. In order to support customers' sustainability projects, special resources were invested during the year to develop a Life Cycle Analysis tool to help assess the lifecycle impacts of different packaging.

€	Net sales MEUR 449.6 (489.5) EBIT*, MEUR 16.3 (12.9) Cash flow, MEUR 32.9 (27.0) RONA % 6.9 (-0.6)
👤	Personnel at the end of 2009 2,849 (3,663) LTIF 11.9 (19.7)
🏭	Number of manufacturing units 13 (14)
%	Share of net sales % 22 (21)
👤	Eric Le Lay, Executive Vice President, Foodservice Europe-Asia-Oceania

\* excluding non-recurring charges



Huhtamäki's biodegradable cups were used at the Copenhagen Climate Change Summit.

Coca-Cola, Coke, the Coca-Cola Contour Bottle and Live Positively are trademarks of The Coca-Cola Company. © 2009 The Coca-Cola Company

# Rigid Consumer Goods Plastics

*Strategic review of the business progressed well. Sales declined but profitability improved.*



The segment's profitability improved clearly.

## Year 2009

As most Huhtamäki's business segments, the Rigid Consumer Goods Plastics business segment was affected by the economic uncertainty and sales varied significantly from one month to another. Additionally, divested units and discontinued business brought down sales. Customers were cautious in their ordering conduct throughout Europe. The signs of recession faded more swiftly in Oceania, where sales returned to a normal level during the second half of the year. During the first half of the year the whole segment benefited from low raw material prices, which boosted profitability. Raw material prices started to climb rapidly during the second half of the year.

Dedicated teamwork to control capital expenditure and costs generated results. Profitability improved markedly compared to previous years and was positive throughout the segment. Elimination of the unprofitable UK business further improved the segment's results in 2009.

As a response to the economic downturn, efforts were increased to supply more value-added items and to further strengthen new product development services for the food industry. Huhtamäki's position as one of the leading suppliers of rigid plastic packaging for dairy, edible fats, fresh food and ice cream products in Europe and Australia was retained.

## Strategic review

The strategic review of the Rigid Consumer Goods Plastics segment continued successfully during the year 2009. Intensive work was undertaken to separate the segment from the Foodservice business, and strategic options of the different regions were reviewed.

By the end of the year, half of the Rigid Consumer Goods Plastics segment, in terms of net assets, had been divested. The combined annualized net sales of the divested units were some EUR 120 million. The review of the remaining operations – eight manufacturing units in five European countries – continues.

The divested rigid plastic consumer goods units in 2009 included:

- » Four units in Australia
- » Three units in Brazil and one in Argentina
- » One unit in South Africa

€ Net sales MEUR 282.2 (389.9)  
EBIT\*, MEUR 19.7 (0.8)  
Cash flow, MEUR 24.4 (35.8)  
RONA % 9.2 (-52.8)

Personnel at the end of 2009  
1,355 (2,051),  
LTIF 9.6 (14.6)

Number of manufacturing  
units 8 (17)

% Share of net sales % 14 (17)

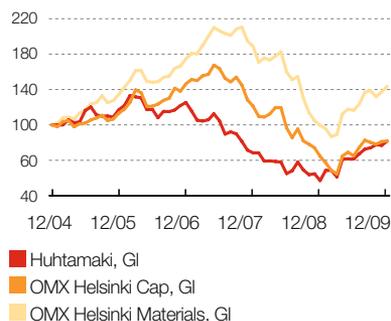
Eric Le Lay, Executive Vice  
President, Foodservice  
Europe-Asia-Oceania

\* excluding non-recurring charges



Baby food is kept fresh by high-barrier packaging in an innovative design.

## Share development, 2005–2009

Shareholder distribution by sector  
December 31, 2009Largest registered shareholders,  
December 31, 2009

## Investor information

## Information on Huhtamäki Oyj's share

Huhtamäki Oyj's share, HUH1V, is quoted on NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Materials sector. At year-end 2009, the Company had 22,935 registered shareholders, the largest registered shareholder being the Finnish Cultural Foundation. Nominee registrations including foreign ownership accounted for 28.7%. The Company's share capital registered with the Trade Register totaled EUR 360,615,288.00 million.

## Share performance

Huhtamäki Oyj's share closed 2009 at EUR 9.70, improving by 120% from the end of 2008 (EUR 4.40). The year high at EUR 9.90 was recorded on December 30, 2009 and the year low at EUR 4.46 on January 2, 2009.

## Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of Huhtamäki Oyj will be held on Wednesday, March 24, 2010 at 2.00 pm (Finnish time) at Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. In order to attend the AGM, shareholders must be registered in the Company's shareholders' register maintained by Euroclear Finland Ltd on March 12, 2010. Registration instructions for the participants in the AGM will be provided in the notice to the AGM, which can be found on the Company's website at [www.huhtamaki.com](http://www.huhtamaki.com) – Investors.

## Dividend

The Board of Directors proposes a dividend of EUR 0.38 per share, representing 60% of reported earnings per share, to be paid for 2009.

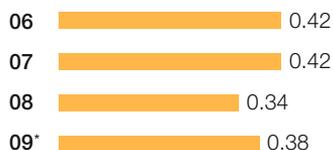
## Financial reporting in 2010

February 12	Results 2009
April 22	Interim Report, January 1 – March 31, 2010
July 22	Interim Report, January 1 – June 30, 2010
October 21	Interim Report, January 1 – September 30, 2010

## Investor relations

Huhtamäki Group Investor Relations aims to provide investors, analysts and other capital market participants with relevant and timely information to help ensure fair valuation of the Company's securities. Key principles include openness and consistency. All market participants are treated equally and have simultaneous access to material information. Investor information, including a calendar of upcoming publications and events, real-time and historical share prices, contact information on analysts following Huhtamäki and on the Group's Investor Relations, is updated on the Company's website at [www.huhtamaki.com](http://www.huhtamaki.com) – Investors.

## Dividend per share 2006–2009



\* Board's proposal

# People, health and safety

*Continuous improvement projects generated significant results and safety targets were exceeded when employees joined forces to improve industrial performance and occupational safety.*

## Talented and high-performing employees drive success.

### Continuously improving human resources, performance and processes

Huhtamäki actively strives to build a high-performance culture in which employees are engaged and achievement driven. As a response to the global economic downturn in 2009, job redesign, in-house recruitment and job rotation were encouraged in order to ensure motivating career paths without compromising cost efficiency.

The Lean Six Sigma continuous improvement program was extended to cover all business segments, and more than 500 employees have been trained over 3,500 training days by year-end 2009. Significant cost savings have been achieved through numerous improvement projects.

Talented and high-performing employees continue to be key drivers of Huhtamäki's success. In 2010 further emphasis will be placed on the link between remuneration and performance while ensuring well-functioning succession planning.

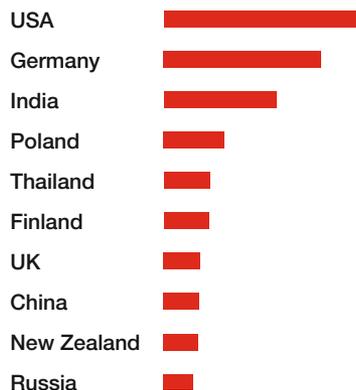
## Safety targets will be reached ahead of schedule.

### Commitment to health and safety

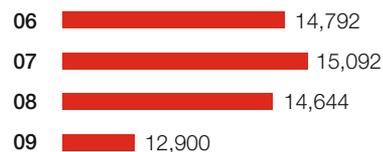
Continuous focus on employee safety improvement has brought clear results since 2005. In 2007, Huhtamäki set a target to halve the Lost Time Incident Frequency (LTIF) and Lost Time Incident Severity (LTIS) rates before year-end 2011. The safety performance shows that the amount of occupational incidents has been halved by the end of 2009. The incident frequency rate is also very close to reaching the year-end 2011 target.

Strong safety performance is the result of commitment and focused employee efforts throughout the organization. Several new manufacturing units reached an outstanding health and safety track record, such as two years free of incidents recorded by the Henderson site in New Zealand. But even more importantly, this is yet another indication that the ultimate target – a workplace free of incidents – can be achieved.

### Employees by country, 10 largest countries



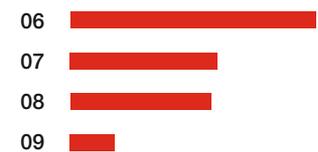
### Number of employees, year-end



### LTIF (Lost Time Incident Frequency) <sup>1)</sup>



### LTIS (Lost Time Incident Severity) <sup>2)</sup>



A Lost Time Incident (LTI) is defined as an accident or injury resulting in an employee missing one full shift that is regularly scheduled for the employee.

<sup>1)</sup> Lost Time Incident Frequency (LTIF) = (LTI divided by worked man-hours) \* 1,000,000 hours.

<sup>2)</sup> Lost Time Incident Severity (LTIS) = (Lost time hours divided by worked man-hours) \* 1,000,000 hours.

# Sustainability

*While sustainability is about measuring performance on the economical-, social- and environmental dimensions, the most significant operational and product aspects for Huhtamäki lie within the environmental dimension.*

## Operational sustainability

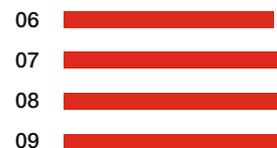
Operational sustainability means a constant effort towards a more eco-efficient manufacturing process. Each manufacturing unit's sustainability performance is measured against long- and short-term targets using metrics for energy and material efficiency, emissions and effluent intensity derived from the Global Reporting Initiative (GRI\*). Sustainability performance is benchmarked internally in order to identify the issues in which the potential for improvement compared to resource input has the most attractive ratio.

During 2009, the operational environmental targets for year end 2011 were redefined for each segment in order to better support and strengthen the relevance of the targets and related performance indicators for the segment's operations.

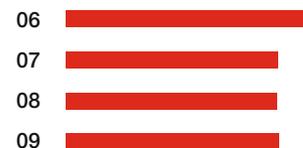
## Product sustainability

Already in 2008, in an effort to gain further understanding of packaging sustainability performance profiles, Huhtamäki generated a substantial Life Cycle Analysis (LCA) for rough molded fiber packaging. A tool rather than mere research results is needed to define effects of packaging. In 2009, within the Foodservice Europe-Asia-Oceania business segment, an LCA tool for assessing and portraying an article's overall environmental performance was developed and will be used in proposing customer solutions.

### Waste to recovery (%)



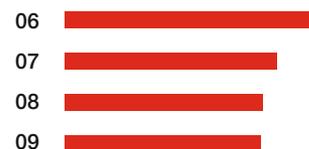
### Energy efficiency improvement (indexed normalized)



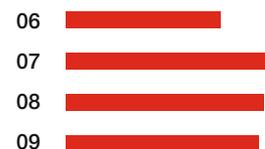
### Direct carbon dioxide (CO<sub>2</sub>) emissions (GHG-protocol Scope 1 Emissions)



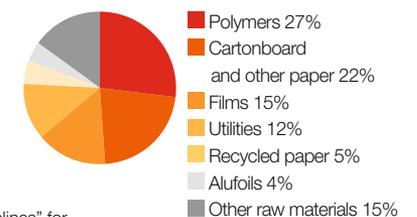
### Total waste (indexed normalized)



### VOC emissions (indexed normalized)



### Raw material and utilities, December 31, 2009 (%)



\*Global Reporting Initiative (GRI) develops and disseminates globally applicable "Sustainability Reporting Guidelines" for voluntary use by organizations reporting on their environmental, social and financial performance.

# Board of Directors on December 31, 2009

## 1 Chairman Mr. Mikael Lilius (1949)

Date of election: March 30, 2005

**Main occupation:** Fortum Oyj, CEO, retired

**Education:** B.Sc. (Econ)

**Primary working experience:** Gambro AB, CEO; Incentive AB, CEO; KF Industri AB, CEO; Huhtamäki Oyj, President of the Packaging Division

**Key positions of trust:** Hafslund ASA, Board; Aker Solutions ASA, Board; East Office of Finnish Industries, Chairman of the Board

**Shares on December 31, 2009:** 50,000

## 2 Vice-Chairman

### Mr. Jukka Suominen (1947)

Date of election: March 30, 2005

**Education:** M.Sc. (Eng), B.Sc. (Econ)

**Primary working experience:** Silja Oyj Abp, Group CEO

**Key positions of trust:** Fiskars Oyj Abp, Board; Rederiaktiebolaget Eckerö, Chairman of the Board; Merivaara Oy, Chairman of the Board; Arctia Shipping Oy, Board; Lamor Group Oy, Board; The Finnish Cultural Foundation, Supervisory Board

**Shares on December 31, 2009:** 3,000

## Remuneration of the Board members

The AGM is resolving upon remuneration for the Board of Directors. In 2009, the annual compensation for the Chairman of the Board was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were paid in accordance with the Company policy. None of the Board members receives any other remuneration from the Company than that based on Board membership. The Company's option rights plans do not extend to the Board members. There is no pension scheme for the Board members.

## 3 Ms. Eija Ailasmaa (1950)

Date of election: March 22, 2004

**Main occupation:** Sanoma Magazines B.V., President and CEO

**Education:** M.Pol.Sc.

**Primary working experience:** Various Sanoma Group executive roles, including President of Helsinki Media and Sanoma Magazines Finland magazine publishing subsidiaries; Editor-in-chief for the family magazine Kodin Kuvalehti in 1985–1989

**Key positions of trust:** Solidium Oy, Vice-Chairman of the Board

**Shares on December 31, 2009:** 1,000

## 4 Mr. George V. Bayly (1942)

Date of election: March 28, 2003

**Main occupation:** Whitehall Investors, LLC, Consultant

**Education:** MBA

**Primary working experience:** Altivity Packaging, LLC, Chairman & CEO; U.S. Can Company, Chairman; Ivex Packaging Corporation, Chairman, President & CEO; Olympic Packaging, Inc., Chairman, President & CEO; Packaging Corporation of America (PCA), Senior Vice President

**Key positions of trust:** ACCO Brands Corporation, Inc., Board; Graphic Packaging Corporation, Board; Ryt-Way Industries, LLC, Board; Treehouse Foods, Inc., Board; John G. Shedd Aquarium, Board; Miami University, Board; United Way Chicago, Board

**Shares on December 31, 2009:** -

## 5 Mr. Rolf Börjesson (1942)

Date of election: March 31, 2008

**Education:** M.Sc. (Chemical Engineering)

**Primary working experience:** Rexam PLC, Chairman of the Board (2004–2008)

and the CEO and Board member (1996–2004)

**Key positions of trust:** Ahlsell AB, Chairman of the Board; Svenska Cellulosa Aktiebolaget SCA (publ), Board; Avery Dennison Corporation, Board

**Shares on December 31, 2009:** -

## 6 Mr. Robertus van Gestel (1946)

Date of election: March 22, 2004

**Main occupation:** Proudfoot Consulting Europe (1994–2009), Deputy President, retired; C.I. International (London) (2009–), President

**Education:** MBA, PhD

**Primary working experience:** Ford Motor Company; GTE; Mannesmann Tally; Anglo-Dutch Investments, Inc.

**Key positions of trust:** Moore Hall Investments Ltd., Chairman of the Board; C.I. International (Geneva), Chairman of the Advisory Board

**Shares on December 31, 2009:** -

## 7 Ms. Siao-Sze Lien (1950)

Date of election: April 3, 2009

**Main occupation:** Mobley Group Pacific Ltd., Senior Executive Coach

**Education:** M.Sc. (Computer Science)

**Primary working experience:** Hewlett-Packard, several different roles, latest position as Senior Vice President, Hewlett-Packard Services Asia-Pacific

**Key positions of trust:** Nanyang Technological University Singapore, Board of Trustees; Republic Polytechnic Singapore, Board of Governors; Luvata Ltd., Board

**Shares on December 31, 2009:** 1,000

## 8 Mr. Anthony J.B. Simon (1945)

Date of election: October 7, 1999

**Main occupation:** Unilever N.V., President Marketing, retired

**Education:** MA, MBA

**Primary working experience:** Unilever, Bestfoods, Corporate Vice President; Bowater Paper Corporation, Packaging Division

**Key positions of trust:** -

**Shares on December 31, 2009:** 1,248



# Group Executive Team on December 31, 2009

## Mr. Jukka Moisio (1961)

*Chairman, Chief Executive Officer (CEO)*

**Education:** M.Sc. (Econ), MBA

**Joined the company:** 2008

**Primary working experience:** Ahlstrom Corporation (1991–2008), several different roles, latest position as CEO

**Key positions of trust:** -

**Shares on December 31, 2009:** 25,900

**Option rights on December 31, 2009:** 2006 B 80,000, 2006 C 80,000

## Mr. Timo Salonen (1958)

*Chief Financial Officer (CFO)*

**Education:** M.Sc. (Econ), LL.M.

**Joined the company:** 1991

**Primary working experience:** Huhtamäki Oyj (1991–), several different roles, previous positions as Executive Vice President, Strategy and Development, Executive Vice President, Europe Rigid Packaging as well as CFO; Partek Corporation (1983–1991), several different roles, latest position as Division Controller, Partek Concrete International, Belgium

**Key positions of trust:** -

**Shares on December 31, 2009:** 30,000

**Option rights on December 31, 2009:** 2006 A 40,000, 2006 B 40,000, 2006 C 50,000

## Mr. Juha Salonen (1949)

*Senior Vice President, Administration and General Counsel*

*Secretary of the Board of Directors*

**Education:** LL.M., B.Sc. (Econ)

**Joined the company:** 1983

**Primary working experience:** Huhtamäki Oyj (1983–), several different roles, previous position as Group Vice President, General Counsel; Finnish Employers' Association (1979–1982), Legal Advisor; Attorney (1977–1979); several different positions in courts (1974–1977)

**Key positions of trust:** Member of the Finnish Takeover Panel

**Shares on December 31, 2009:** 5,000

**Option rights on December 31, 2009:** 2006 A 15,000, 2006 B 25,000, 2006 C 35,000

## Mr. Clay Dunn (1957)

*Executive Vice President, North America and Molded Fiber*

**Education:** BBA (Marketing and Management)

**Joined the company:** 2005

**Primary working experience:** Dow Chemical Company (1979–2005), several different roles, latest position as Vice President, Global Sourcing

**Key positions of trust:** -

**Shares on December 31, 2009:** 5,000

**Option rights on December 31, 2009:** 2006 A 40,000, 2006 B 50,000, 2006 C 50,000

## Mr. Suresh Gupta (1952)

*Executive Vice President, Flexible Packaging*

**Education:** M.M.S. (Management)

**Joined the company:** 1999

**Primary working experience:** Huhtamäki Group (1999–), previous position as Senior Vice President, Flexibles and Films Asia-Oceania; The Paper Products Ltd., (1987–), Deputy Managing Director, Managing Director and CEO; Alman Group (1983–1987), Executive Director

**Key positions of trust:** Paper, Film & Foil Convertors Association, India, President

**Shares on December 31, 2009:** -

**Option rights on December 31, 2009:** 2006 A 13,000, 2006 B 20,000, 2006 C 25,000

## Mr. Eric Le Lay (1962)

*Executive Vice President, Foodservice Europe-Asia-Oceania*

**Education:** MBA

**Joined the company:** 2008

**Primary working experience:** Amcor Limited (1997–2008), several different roles, latest position as Managing Director, Chilled Foods Europe; Amcor United Biscuits (1996–1997); Johnson & Johnson International S.A. (1994–1996); Kraft General Food France S.A. (1986–1994)

**Key positions of trust:** -

**Shares on December 31, 2009:** -

**Option rights on December 31, 2009:** 2006 B 30,000, 2006 C 40,000

## Mr. Peter Wahsner (1962)

*Executive Vice President, Films*

**Education:** M.Sc. (Business Management)

**Joined the company:** 2008

**Primary working experience:** Huhtamäki Group (2008–), previous position as Senior Vice President, Films Global; Chesapeake (2006–2007), Director, Pharmaceuticals & Healthcare Division; Huhtamäki Group (2004–2005), Division President, Molded Fiber Europe; Rexam PLC (2001–2004), Managing Director, Healthcare Flexibles Division, Europe & Asia

**Key positions of trust:** -

**Shares on December 31, 2009:** 1,500

**Option rights on December 31, 2009:** 2006 B 20,000, 2006 C 25,000

### Remuneration of CEO

Jukka Moisio's salary and benefits in the year 2009 amounted to EUR 613,060, including EUR 61,875 of incentive related payment based on the year 2008. He did not receive option rights during the year 2009.

### Remuneration of the Group Executive Team members

The remuneration of the Group Executive Team (GET) is determined by the Board of Directors. In 2009, the aggregate compensation including the benefits to the GET members excluding the CEO was EUR 2,453,621, which included EUR 204,079 of incentive related pay based on the year 2008.

The GET members excluding the CEO had, on December 31, 2009, an aggregate of 518,000 option rights under the Option Rights Plan 2006. In 2009, a total of 89,000 new option rights were granted to the GET members excluding the CEO.

## Group income statement (IFRS)

EUR million	2009	2008
<b>Net sales</b>	<b>2,037.7</b>	<b>2,260.0</b>
Cost of goods sold	-1,699.1	-2,043.2
<b>Gross profit</b>	<b>338.6</b>	<b>216.8</b>
Other operating income	19.0	21.6
Sales and marketing	-75.7	-84.8
Research and development	-16.5	-16.2
Administration costs	-120.8	-117.2
Other operating expenses	-25.5	-94.7
	<b>-219.5</b>	<b>-291.3</b>
<b>Earnings before interest and taxes</b>	<b>119.1</b>	<b>-74.5</b>
Financial income	24.1	10.0
Financial expenses	-49.9	-55.7
Income from associated companies	0.6	0.5
<b>Result before taxes</b>	<b>93.9</b>	<b>-119.7</b>
Income taxes	-20.4	9.5
<b>Result for the period</b>	<b>73.5</b>	<b>-110.2</b>
Attributable to:		
Equity holders of the parent company	71.1	-111.9
Minority interest	2.4	1.7
EPS (EUR) from result for the period	0.71	-1.11
EPS (EUR) attributable to hybrid bond investors	0.08	0.01
EPS (EUR) attributable to equity holders of the parent company	0.63	-1.12
Diluted:		
EPS (EUR) from result for the period	0.71	-1.11
EPS (EUR) attributable to hybrid bond investors	0.08	0.01
EPS (EUR) attributable to equity holders of the parent company	0.63	-1.12

## Group statement of financial position (IFRS)

EUR million	2009	2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	394.8	402.4
Other intangible assets	32.7	34.5
Tangible assets	604.2	676.3
Investments in associated companies	2.5	1.9
Available for sale investments	1.9	1.9
Interest bearing receivables	11.0	0.1
Deferred tax assets	16.5	15.1
Employee benefit assets	57.9	62.5
Other non-current assets	3.0	3.7
	<b>1,124.5</b>	<b>1,198.4</b>
<b>Current assets</b>		
Inventory	236.1	296.7
Interest bearing receivables	19.4	2.1
Current tax assets	9.1	9.4
Trade and other current receivables	305.5	377.9
Cash and cash equivalents	64.0	67.8
	<b>634.1</b>	<b>753.9</b>
<b>Total assets</b>	<b>1,758.6</b>	<b>1,952.3</b>

### Definitions for key indicators

EPS from the result for the period	=	$\frac{\text{Result for the period} - \text{minority interest}}{\text{Average number of shares outstanding}}$
EPS from the result for the period (diluted)	=	$\frac{\text{Diluted result for the period} - \text{minority interest}}{\text{Average fully diluted number of shares outstanding}}$
EPS attributable to hybrid bond investors	=	$\frac{\text{Hybrid bond interest}}{\text{Average number of shares outstanding}}$
EPS attributable to hybrid bond investors (diluted)	=	$\frac{\text{Hybrid bond interest}}{\text{Average fully diluted number of shares outstanding}}$
EPS attributable to equity holders of the parent company	=	$\frac{\text{Result for the period} - \text{minority interest} - \text{hybrid bond interest}}{\text{Average number of shares outstanding}}$
EPS attributable to equity holders of the parent company (diluted)	=	$\frac{\text{Diluted result for the period} - \text{minority interest} - \text{hybrid bond interest}}{\text{Average fully diluted number of shares outstanding}}$
Net debt to equity (gearing)	=	$\frac{\text{Interest bearing net debt}}{\text{Equity} + \text{minority interest} + \text{hybrid bond (average)}}$

## Group cash flow statement (IFRS)

EUR million	2009	2008	EUR million	2009	2008
<b>EQUITY AND LIABILITIES</b>			<b>Result for the period*</b>	<b>73.5</b>	<b>-110.2</b>
Share capital	360.6	358.7	Adjustments*	134.2	280.0
Premium fund	106.8	104.7	Depreciation, amortization and impairment*	88.6	245.9
Treasury shares	-46.5	-46.5	Gain on equity of minorities*	-0.6	-0.5
Translation differences	-130.0	-130.5	Gain/loss from disposal of assets*	5.7	-4.3
Fair value and other reserves	-4.3	-5.0	Financial expense/-income*	25.8	45.7
Retained earnings	354.8	327.5	Income taxes*	20.4	-9.5
<b>Total equity attributable to equity holders of the parent company</b>	<b>641.4</b>	<b>608.9</b>	Other adjustments, operational*	-5.7	2.7
Minority interest	20.2	18.4	Change in inventory*	58.3	38.2
Hybrid bond	75.0	75.0	Change in non-interest bearing receivables*	50.4	8.2
<b>Total equity</b>	<b>736.6</b>	<b>702.3</b>	Change in non-interest bearing payables*	-28.3	2.8
<b>Non-current liabilities</b>			Dividends received*	0.5	0.5
Interest bearing liabilities	294.3	474.7	Interest received*	2.2	1.7
Deferred tax liabilities	42.5	29.8	Interest paid*	-21.0	-43.2
Employee benefit liabilities	102.8	103.8	Other financial expenses and income*	-2.3	-2.1
Provisions	55.9	58.4	Taxes paid*	-12.5	-5.0
Other non-current liabilities	5.4	6.5	<b>Net cash flows from operating activities</b>	<b>255.0</b>	<b>170.9</b>
	500.9	673.2	Capital expenditure*	-52.9	-74.3
<b>Current liabilities</b>			Proceeds from selling fixed assets*	5.9	7.1
Interest bearing liabilities			Divested subsidiaries	69.0	-
Current portion of long term loans	67.3	25.2	Proceeds from long-term deposits	1.3	3.3
Short term loans	101.1	157.3	Payment of long-term deposits	-11.4	-2.5
Provisions	6.0	10.1	Proceeds from short-term deposits	13.7	33.4
Current tax liabilities	10.9	9.8	Payment of short-term deposits	-29.2	-31.4
Trade and other current liabilities	335.8	374.4	<b>Net cash flows from investing</b>	<b>-3.6</b>	<b>-64.4</b>
	521.1	576.8	Proceeds from long-term borrowings	599.3	489.3
<b>Total liabilities</b>	<b>1,022.0</b>	<b>1,250.0</b>	Repayment of long-term borrowings	-785.2	-415.9
<b>Total equity and liabilities</b>	<b>1,758.6</b>	<b>1,952.3</b>	Proceeds from short-term borrowings	333.8	2,446.3
			Repayment of short-term borrowings	-363.3	-2,620.5
	Dec 31	Dec 31	Dividends paid	-34.1	-42.2
	2009	2008	Hybrid bond	-	75.0
Net debt	368.3	587.2	Hybrid bond interest	-7.9	-
Net debt to equity (gearing)	0.50	0.84	Proceeds from stock option exercises	4.1	-
			<b>Net cash flows from financing</b>	<b>-253.3</b>	<b>-68.0</b>
			<b>Change in liquid assets</b>	<b>-3.8</b>	<b>37.0</b>
			Cash flow based	-1.9	38.5
			Translation difference	-1.9	-1.5
			Liquid assets on period start	67.8	30.8
			Liquid assets on period end	64.0	67.8
			Free cash flow (including figures marked with *)	208.0	103.7



PART OF EVERYDAY LIFE SINCE 1920

## *Huhtamaki celebrates its 90th anniversary year in 2010*

Since 1920 Huhtamaki has established itself as one of the world's leading manufacturers of consumer packaging. This is a great achievement considering the company's humble beginnings as a small candy factory set up by Heikki Huhtamäki. In the 1930s, the company expanded into the food industry and in the 1960s packaging became a separate business. At the end of the 1970s Huhtamaki's packaging division became one of Europe's leading paper cup producers. Acquisitions in Europe, Oceania, Asia and the USA at the end of the century expanded Huhtamaki's packaging business to include five continents.

Huhtamaki's history – and future – is filled with regeneration, innovation and solid development. In 2010, Huhtamaki celebrates its 90th anniversary year by looking into the future together with its customers.

Part of everyday life since 1920.

The online Annual Report and the Annual Accounts 2009, including the Board of Directors' Report and the Corporate Governance Statement, are available at [www.huhtamaki.com](http://www.huhtamaki.com).

Business Identity Code: 0140879-6

