



*HUHTAMAKI*

## **Huhtamaki – in a good position to start the high season**

Huhtamaki's history – and future – is filled with regeneration, innovation and solid development. Today our sustainably developed packaging carries the world's most renowned brands. We are 90 years old and still going strong!

Investor Relations  
May 2010

# Group highlights

## *Q1 2010*



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	485.0	506.6
EBIT	30.8	35.0
EBIT margin %	6.4	6.9
EPS	0.19	0.18
Free cash flow	7.1	37.1
ROI % (12m roll.)	9.5	-3.9

- Net sales stable, reported sales down due to divestments and discontinued operations
- Volume growth achieved in Flexible Packaging, Films and Molded Fiber
- Financial charges considerably lower
- Successful cost containment and stable margins contributed to EPS growth



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# Flexible Packaging

## Q1 2010



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	126.8	120.3
EBIT	9.9	8.8
EBIT margin %	7.8	7.3
Operating cash flow	1.2	20.0
RONA % (12m roll.)	9.3	0.4

- Increase in volumes and sales, positive contribution from both Europe and Asia
- Earnings growth stable, supported by volume growth
- Adverse impact of increasing raw material prices largely offset with a favorable price and product mix, successful cost containment and a real estate gain (appr. EUR 2m) from selling land in India



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# Films

## Q1 2010



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	41.2	41.2
EBIT	2.5	0.5
EBIT margin %	6.1	1.2
Operating cash flow	-4.8	1.9
RONA % (12m roll.)	-0.6	5.7

- Sales at previous year's level despite the divestment of the release paper business, nearly twenty per cent recovery in volumes
- Recovery in demand in industrial applications, better sentiment in other markets too
- Earnings increase reflects positive volume development
- Improvement in EBIT further supported by good operational control and lower cost base after refocusing the business in 2009



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# North America

## Q1 2010



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	113.6	129.1
EBIT	8.4	14.5
EBIT margin %	7.4	11.2
Operating cash flow	12.6	14.5
RONA % (12m roll.)	13.3	10.7

- Sales decreased due to exit from certain plastic business segments and weak demand on soft markets; further negative impact from currency translation
- Some recovery in sales performance in the end of Q1
- Earnings lag those of previous year, primarily due to more expensive raw materials
- Actions related to Chinet® brand re-launch continued in Q1, level of expenditure lower than in Q4 2009



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# Molded Fiber

## Q1 2010



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	55.5	48.3
EBIT	4.6	3.8
EBIT margin %	8.3	7.9
Operating cash flow	2.3	-0.6
RONA % (12m roll.)	10.9	5.3

- Sales increased as a result of successful price and product mix management
- Earnings growth reflects good cost containment, efficient operations and a favorable price and product mix



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# Foodservice Europe-Asia-Oceania

## Q1 2010



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	106.0	104.5
EBIT	3.5	2.4
EBIT margin %	3.3	2.3
Operating cash flow	-0.3	-2.1
RONA % (12m roll.)	7.4	-0.6

- Sales stable, minor decrease in volumes compensated by a favorable impact from currency translations
- EBIT supported by good operational control and successful cost containment



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# Rigid Consumer Goods Plastics

## *Q1 2010*



<b>EUR million</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Net sales	53.1	77.7
EBIT	1.1	5.7
EBIT margin %	2.1	7.3
Operating cash flow	4.2	0.7
RONA % (12m roll.)	5.6	-59.3

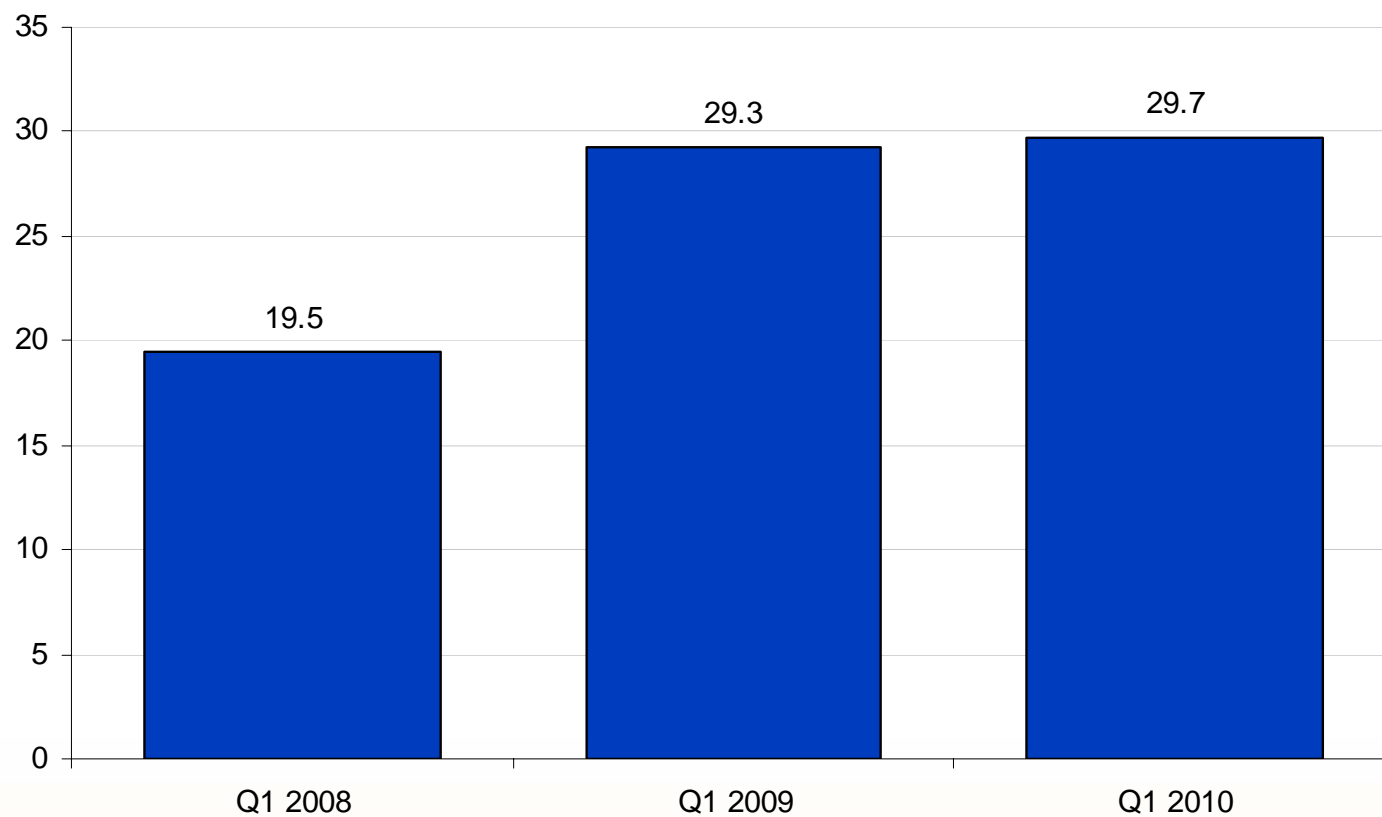
- Sales and EBIT lower than previous year due to the divestments completed in 2009
- More expensive raw materials compressed margins
- Strategic review of the remaining operations is ongoing



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# Group EBIT excluding Rigid Consumer Goods Plastics



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# Financial review



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# Income statement

## *Q1 2010*



EUR million	Q1 2010	Q1 2009
<b>Net sales</b>	<b>485.0</b>	<b>506.6</b>
EBITDA	50.6	56.5
EBITDA margin %	10.4%	11.2%
<b>EBIT</b>	<b>30.8</b>	<b>35.0</b>
EBIT margin %	6.4%	6.9%
Net financial items	-4.0	-9.0
<b>Result before taxes</b>	<b>26.9</b>	<b>26.2</b>
Taxes	-4.6	-5.2
<b>Result for the period</b>	<b>22.3</b>	<b>21.0</b>
<b>EPS</b>	<b>0.19</b>	<b>0.18</b>



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# Volume development by segment



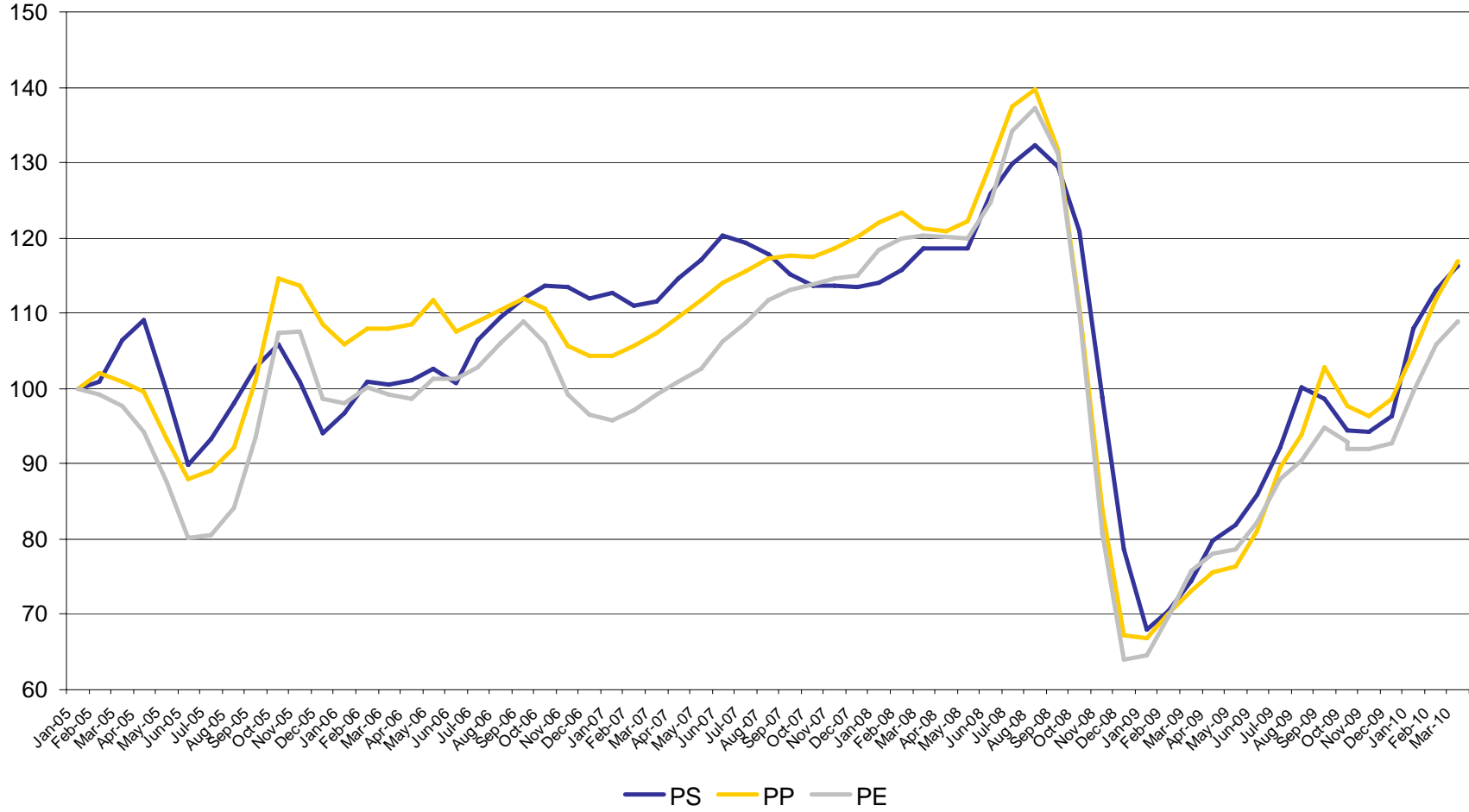
	Q1 2010	FY 2009
Flexible Packaging	7%	0%
Films	18%	-20%
North America	-7%	-4%
Molded Fiber	-1%	-2%
Foodservice EAO	-2%	-6%*)
Consumer Goods	7%	
<b>Group total</b>	<b>1%</b>	<b>-5%</b>

\* Comparable volume information for 2009 growth available only in consolidated Foodservice and Consumer Goods level



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# Polymer based raw material prices



# Group statement of financial position

## *March 31, 2010*



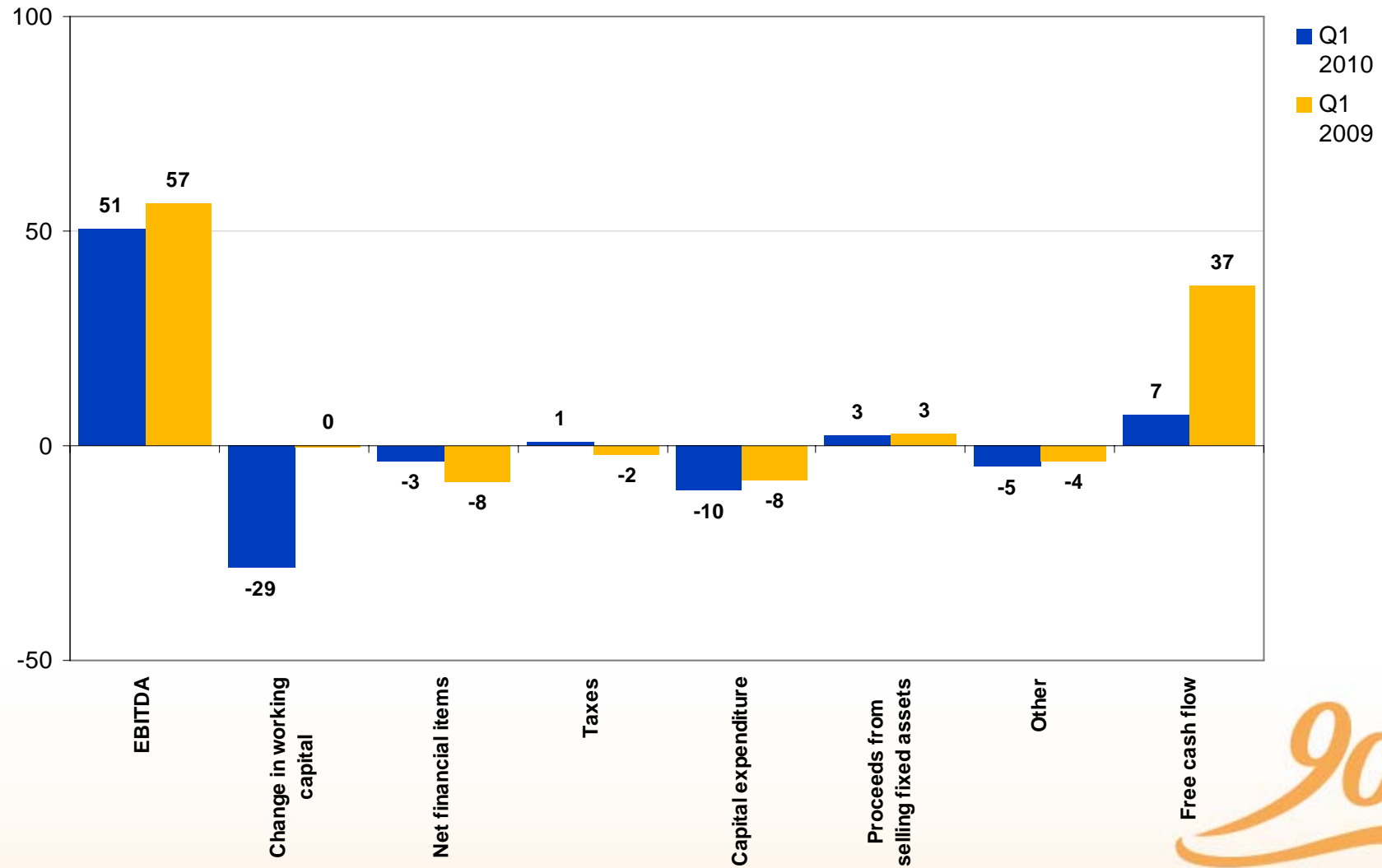
EUR million	March 2010	FY 2009	March 2009
Total assets	1,876.8	1,758.6	1,929.7
Operating working capital	335.0	299.4	400.7
Net debt	371.0	368.3	561.4
Equity + non-controlling interest	743.8	736.6	730.5
Gearing	0.50	0.50	0.77
ROI % (12m roll.)	9.5	9.6	-3.9
ROE % (12m roll.)	10.2	10.1	-13.3



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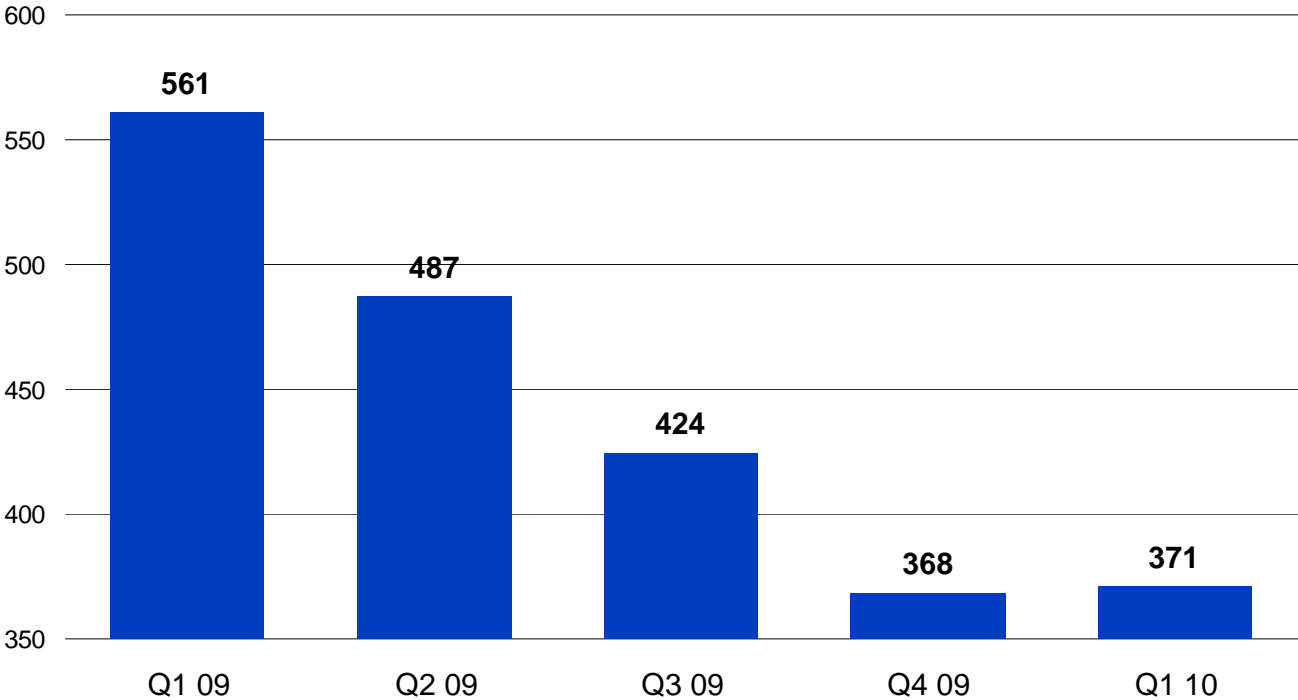
# Cash flow

## Q1 2010 and Q1 2009



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# Net debt development



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# 2010 guidance



## **Outlook:**

- General economic and market conditions in 2010 remain uncertain
- The Group is in a good financial position to address growth opportunities in stronghold segments when they arise
- Capital expenditure is expected to be higher than in 2009 but below EUR 100 million

## **Short-term risks and uncertainties:**

- Volatile raw material and energy prices as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations
- General economic and financial market conditions can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings

## **Profitability :**

- EPS at approximately the same level as in 2009, before non-recurring items (EUR 0.74)



# Key focus areas in the short-term



- Price management
- Cost containment
- Good cash generation
- Completion of CG strategic review
- Capitalizing on strong market positions for profitable growth
- Recent decisions on new investments in stronghold areas on the back of improving market sentiment (Films, Molded Fiber, emerging markets)



# Value creation drivers



- North America
- Molded Fiber
- Films
- Foodservice Europe-Asia-Oceania
- Flexibles Packaging
- Rigid Consumer Goods Plastics

*Seek growth opportunities*

*Execute expansion projects & seek additional growth opportunities*

*Execute expansion projects*

*Improve operational performance*

*Improve operational performance and product mix*

*Complete strategic review*

# Scheduled events in 2010



- July 22 Interim Report Q2 2010
- October 21 Interim Report Q3 2010



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## **Appendices**

# Huhtamaki in brief



- A leading manufacturer of consumer and specialty packaging with head office in Espoo, Finland
- Net sales EUR 2 billion in 2009
- 54 manufacturing units and several sales offices in 33 countries worldwide
- Approximately 13,000 employees
- Share listed on the NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Materials sector
- With a closing price of EUR 9.70, market capitalization EUR 1,029 million at year-end 2009



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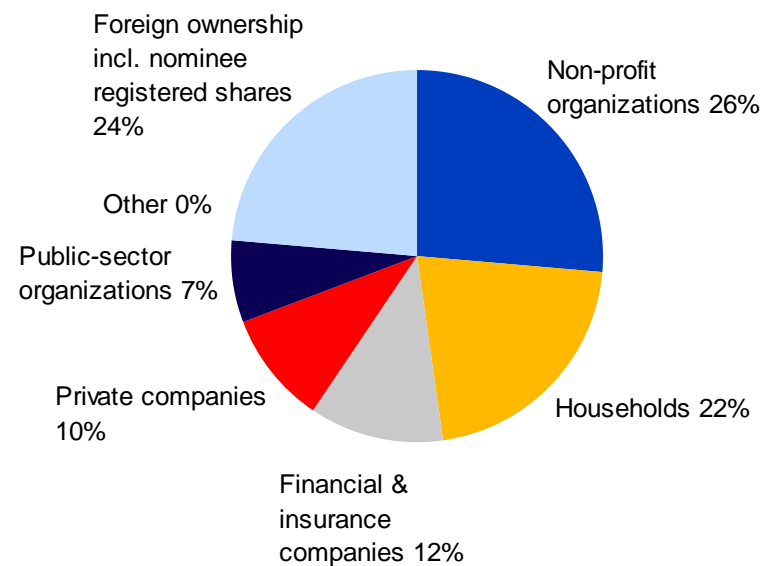
# Shareholders



## Largest registered shareholders March 31, 2010

1. The Finnish Cultural Foundation	15.2%
2. Huhtamäki Oyj	4.6%
3. Ilmarinen Mutual Pension Insurance Company	3.5%
4. Society of Swedish Literature in Finland	3.4%
5. OP-Delta Fund	3.1%
6. The Association for the Finnish Cultural Foundation	2.0%
7. Odin Norden	1.7%
8. The State Pension Fund	1.3%
9. Mutual Life Insurance Company Suomi	1.1%
10. OP-Finland Value Fund	1.0%
<b>Ten largest shareholders</b>	<b>37%</b>
Others	63%
Total	100%

## Shareholder distribution by sector March 31, 2010



25,840 registered shareholders at the end of March 2010; total number of outstanding shares 106,063,320

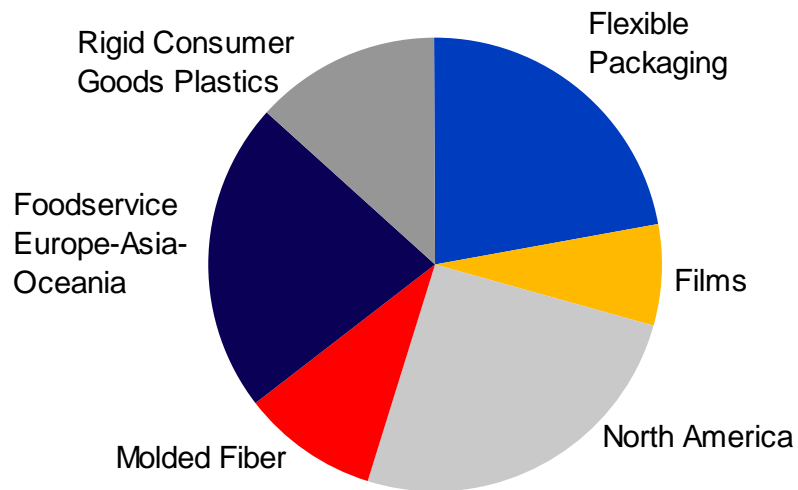


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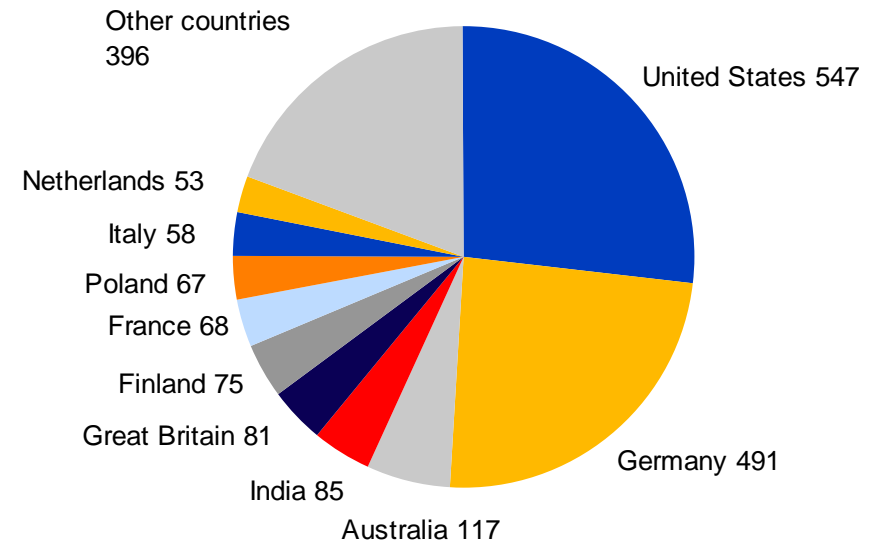
# Sales by segment and location



**Sales by reporting segment, 2009**



**Sales by geographical location\*, 2009**



\* Net sales from external customers based on the selling entity's location



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# Products



Flexible Packaging	Films	North America	Molded Fiber	Foodservice <i>Europe-Asia-Oceania</i>	<i>Rigid</i> Consumer Goods <i>Plastics*</i>
<ul style="list-style-type: none"> <li>• Food and pet food packaging</li> <li>• Non-food consumer packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Technical applications</li> </ul>	<ul style="list-style-type: none"> <li>• Chinet®</li> <li>• Disposable tableware</li> <li>• Frozen dessert packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Egg and fruit packaging</li> <li>• Protective packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging including hot and cold beverage cups, food containers, lids</li> <li>• Disposable tableware</li> <li>• BioWare®</li> </ul>	Packaging for: <ul style="list-style-type: none"> <li>• Dairy</li> <li>• Edible fats</li> <li>• Fresh food</li> <li>• Ice cream</li> </ul>



# Customers



Flexible Packaging	Films	North America	Molded Fiber	Foodservice <i>Europe-Asia-Oceania</i>	<i>Rigid</i> Consumer Goods <i>Plastics*</i>
Food and pet food manufacturers, hygiene & health care industry	Label-, graphic arts-, adhesive tapes-, hygiene & health care, building & construction and automotive industries	Retail, foodservice operators, fast food restaurants and food manufacturers	Fresh product manufacturers	Foodservice operators, fast food restaurants and retail	Fresh food, dairy, ice cream and edible fat manufacturers

26 \* Under strategic review

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# Market position in the stronghold businesses



- Flexibles: strong position in tube laminates, pet food pouches (Europe and Thailand) and labels (India); strong Asian positions.
- Films: global market leader in release films.
- North America: Chinet disposable and paper-board ice-cream containers market leaders in their own categories.
- Molded Fiber: Strong global position in egg packaging.
- Foodservice Europe-Asia-Oceania: strong position in paper cups in several markets.

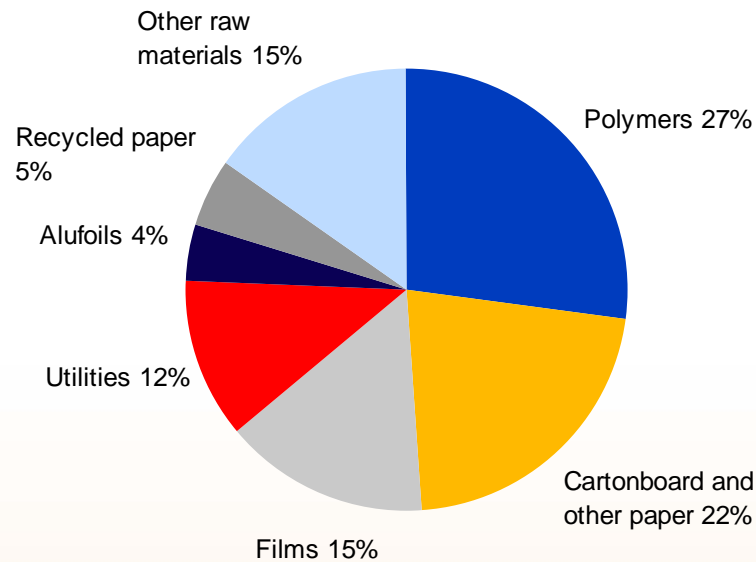


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# Raw materials



Flexible Packaging	Films	North America	Molded Fiber	Foodservice <i>Europe-Asia-Oceania</i>	<i>Rigid</i> Consumer Goods <i>Plastics*</i>
Films, alufoil, polymers, paper	Polymers, biopolymers	Post-industrial recycled fiber, paperboard, paper, polymers	Post-industrial recycled paper, post-consumer recycled paper	Paperboard, paper, post-industrial recycled paper, biopolymers and polymers	Polymers and biopolymers



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# Strategic direction

*Dedication to businesses with competitive advantage*



Huhtamäki Oyj focuses on packaging operations where it has a competitive advantage, good market positions and which create value for the company and its customers.

Huhtamäki has a good position in smooth and rough molded fiber products, release films, flexible packaging, foodservice paper cups and other products based on paper forming technology.

In these operations Huhtamäki has strong know-how, technology platforms and business concepts that allow continued competitive advantage.



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# Financial frame



- Huhtamaki's main financial targets:
  - Return on investment (ROI) at 15%
  - Average dividend payout ratio of 40%
- Maintaining a solid financial base
- Targeted capital expenditure with priority on strongholds
- Strong free cash flow generation



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**Thank you for your attention!**

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