

Huhtamaki 2014

Annual Accounts and Directors' Report

Huhtamaki



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With our global network of manufacturing and sales units, we're well placed to support our customers' growth wherever they operate. Mastering three distinctive technologies we develop and make packaging that helps great products reach more people, more easily.

Huhtamaki 2014 in figures

€2,236 million

Net sales*

13,818

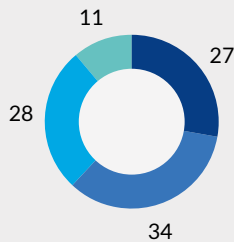
Number of employees

€1.24

Earnings per share*

Net sales

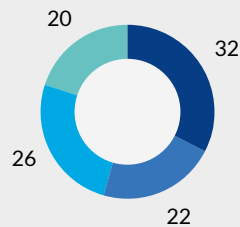
%



- Foodservice E-A-O, EUR 620 million
- North America, EUR 769 million
- Flexible Packaging, EUR 618 million
- Molded Fiber, EUR 247 million

EBIT

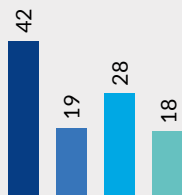
%



- Foodservice E-A-O, EUR 57 million
- North America, EUR 38 million
- Flexible Packaging, EUR 46 million
- Molded Fiber, EUR 35 million

Operating cash flow

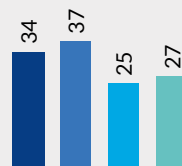
EUR million



- Foodservice E-A-O
- North America
- Flexible Packaging
- Molded Fiber

Capital expenditure

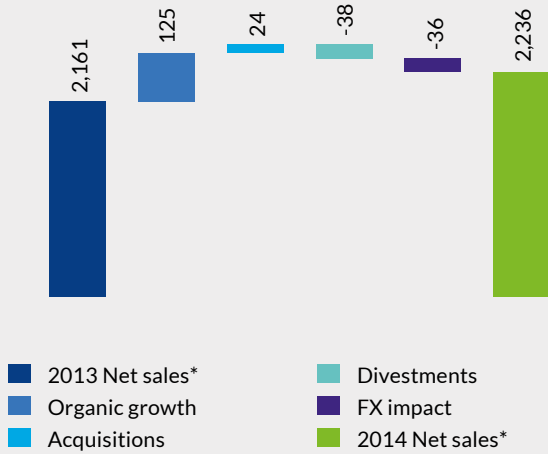
EUR million



- Foodservice E-A-O
- North America
- Flexible Packaging
- Molded Fiber

Net sales growth

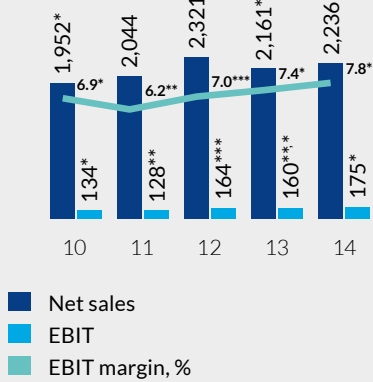
EUR million



6%
comparable
net sales
growth

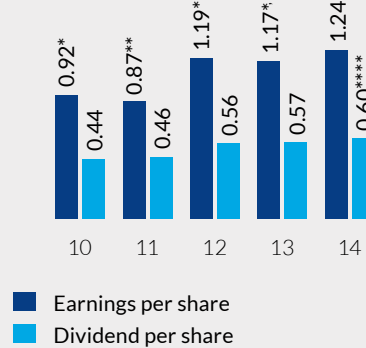
Net sales and EBIT

EUR million



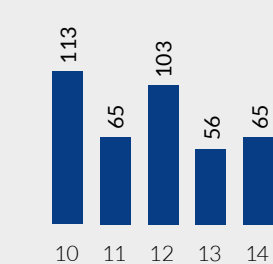
Earnings and dividend per share

EUR



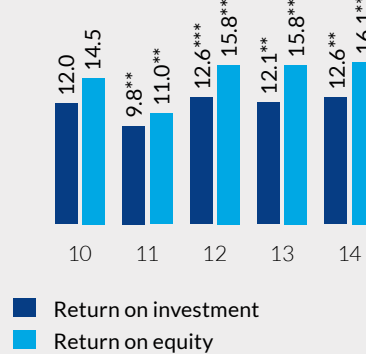
Free cash flow

EUR million



Return on investment and equity

%



* Continuing business

** Excluding non-recurring items

*** 2012 restated figures, as published on February 25, 2013

**** Board's proposal

The global specialist in packaging for food and drink



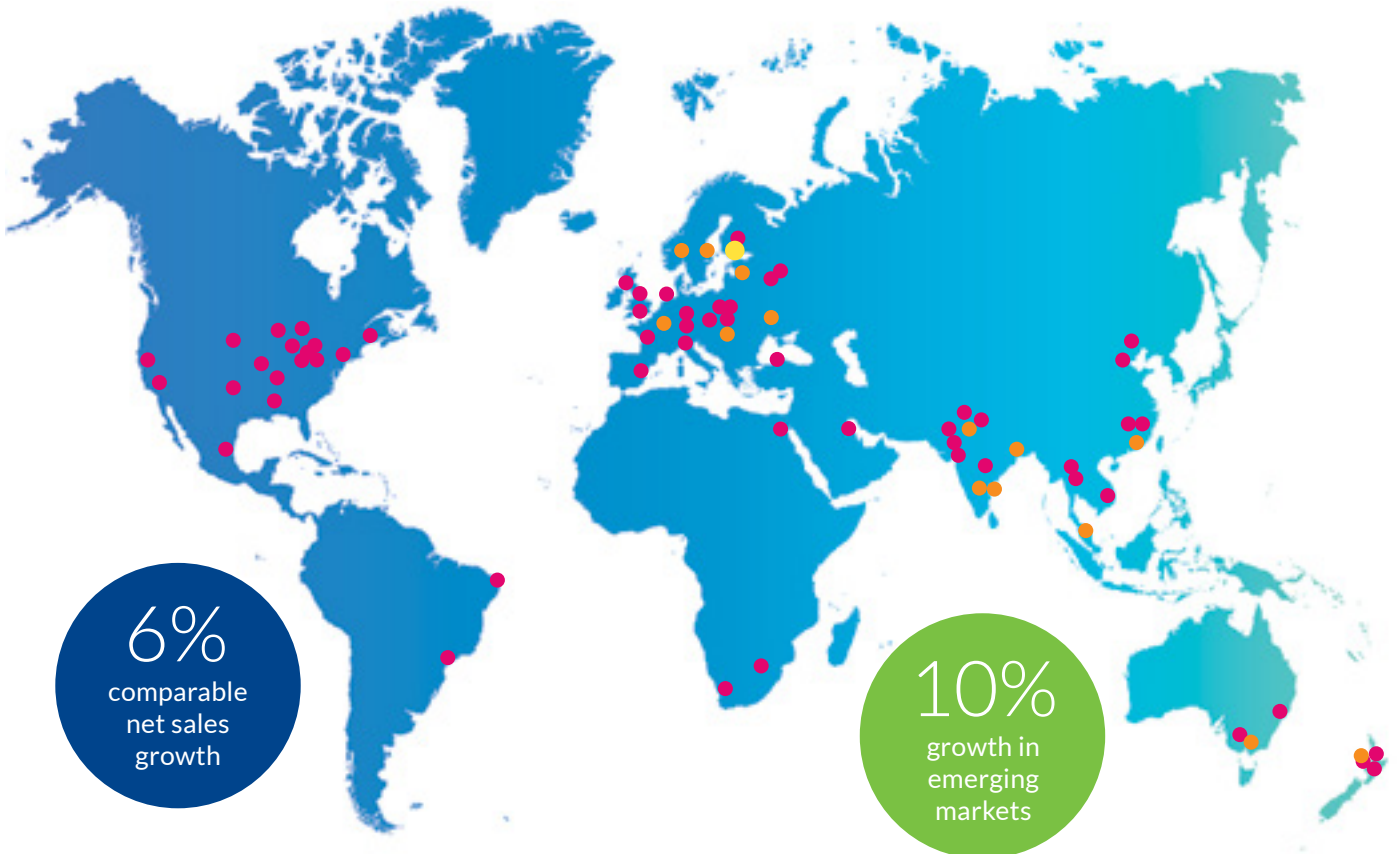
Our **foodservice** business serves quick service and fast casual restaurants, convenience stores, coffee shops, cafeterias, caterers and vending operators. We offer single and double wall paper cups, paper and plastic plates and bowls, plastic cups, cutlery, and food-to-go packaging. We're a pioneer in exploring and using new, more sustainable materials, such as bio-plastics.



Our **flexible packaging** business produces innovative, high-quality packaging and labels for global and local brands that are a part of everyday life. We offer shelf-appeal and fit-for-purpose material structures for food and drink, pet food, household and hygiene products, as well as pharmaceuticals.



Our **molded fiber** business uses recycled fiber to make egg cartons and trays, fruit trays and cup carriers, as well as other protective packaging.



● Manufacturing unit ● Sales unit ● Head office

“The new strategy will challenge us to become a more consistent and collaborative company.”

Jukka Moisio
CEO

We initiated and implemented important changes in 2014. In particular we sharpened our strategy and focused our business on food packaging, where we are already among the leading companies in the world and where we want to be successful also in years to come. We redefined our purpose to “helping great products reach more people, more easily.” This purpose captures the fact that we serve great global and local brands as our customers, we will grow with them through innovations and investments, and we make life easier for them by being a competent and professional partner. The purpose is augmented by our ambition to be “the preferred global food packaging brand.”

The core of our new strategy is the focus on food and drink packaging, based on our proven know-how and experience in providing high-quality food contact packaging solutions on a global scale and scope. We also have an established capability to grow through investments and acquisitions to new geographies and new food packaging applications. These elements combined with excellent operational discipline and high standards allow us to meet our customers' expectations.

Our past business model – “multi-packaging holding” – did not fully benefit from synergies enabled by sharper focus, nor did it support presenting a unified Huhtamaki to our customers. The new strategy will challenge us to become a more consistent and collaborative company for the benefit of our customers and business partners. For our team members this will be visible through increased sharing of know-how and customer knowledge as well as with a wider range of career opportunities. In specific the new strategy will call for more collaboration in innovation, operations, and supply chain as well as higher consistency in managing customer interfaces.

Our new strategy is a foundation that helps us build and communicate a stronger Huhtamaki packaging brand with clarity of customer benefits, competitive advantages, and success factors. To further support this work we redesigned and modernized the Huhtamaki brand identity. The previous brand

identity was 20 years old and was designed for a different company than what we are today and want to be in the future. The new identity was introduced in December 2014 and we will be implementing it throughout 2015.

The new strategic direction was the main driver for re-alignment of our structure in 2014. The Films segment serving hygiene, health care, and industrial end uses was divested, and Positive Packaging, an India-based flexibles manufacturer serving primarily food customers, was acquired to strengthen our flexible packaging business. These two sizable transactions increased significantly our focus on food packaging and narrowed our scope to three businesses with leading positions; foodservice packaging, flexible packaging, and molded fiber packaging. In external reporting we will report four business segments with the foodservice business reported in two geographic regions, North America and Europe-Asia-Oceania.

In addition to structural changes the two transactions, Films segment divestment and Positive Packaging acquisition, increased the share that fast-growing emerging markets have of our business. Now a majority of our employees and manufacturing plants are at the emerging markets as well as almost 40% of our net sales. We are well-positioned for future growth as we have strong businesses in global growth markets which include North America and fast-growing emerging markets. Our presence at these growth markets will help us realize our purpose of “helping great products reach more people, more easily.”

We reported an all time
high EPS of

€1.24



Financial performance of 2014 was strong. This is the case for continued business as well as for the Films business segment, which is reported as discontinued operations. We recorded good net sales growth at 6% and have now reported more than 5% like-for-like growth in six consecutive quarters since the mid 2013. Profitability was at good level and we reported all-time high EBIT, EBIT margin, and earnings per share before non-recurring items. Return on equity before non-recurring items was 16% and free cash flow EUR 65 million.

Good financial results were one important trigger, as well as an enabler, to sharpen our strategy and brand promise. Despite achieving all-time high financial results in 2014 we believe that there is an additional upside to our performance which we can capture by focusing on food packaging and executing the new strategy well. We are confident that we can serve our customers even better and by doing it we can deliver higher results. A strong financial position secures the financial resources for strategy execution where organic and acquired growth play important roles, both expected to deliver approximately 5% annual net sales growth.

In 2014 our operative performance improved and we essentially achieved our medium-term EBIT margin target of 8%. This development was spearheaded by Foodservice Europe-Asia-Oceania and Molded Fiber segments which achieved excellent profitability levels and great improvements year-on-year. Flexible Packaging also improved while North America had a more modest annual development despite clear improvement towards the end of the year. The key driver behind improved operative performance is our continuous improvement program, Lean Six Sigma. The search and execution of operational excellence will remain highly important in the future.

Capital expenditures were EUR 127 million, the same level as in 2013 but with a different focus. In 2014 the majority of our growth investments were targeted at emerging markets with new plants in Thailand and Russia and significant expansion

investments in India, Brazil, Czech Republic, and Egypt, while in 2013 the majority of our growth investments were made in the United States. We committed approximately EUR 260 million into acquired growth in 2014, with actions in India and Dubai, as well as in New Zealand.

Year 2015 will see a well-focused Huhtamaki with clarified brand promise and a new, modern identity. Our three businesses – foodservice packaging, flexible packaging and molded fiber packaging – are leaders at the markets they serve. We will keep on investing organically to support our customers' growth and innovation expectations and we will look for acquisitions to ensure that our global footprint is augmented and reinforced by local add-ons in different geographies. In line with our new strategy the capital outlays will be in food and drink packaging and our customers and partners can expect a more consistent, collaborative, and passionate Huhtamaki.

We did well in 2014 and achieved a new record performance. This raises the expectations for 2015 but records are meant to be broken. We will implement our new strategy in 2015 and beyond, and we believe that a well-executed food and drink packaging strategy will bring benefits to our customers and our stakeholders. When our customers are successful, so are we!

Our ambition is to be the preferred global food packaging brand. In this quest we need all support from customers, suppliers, and other stakeholders and we are thankful for the continued support we have received in 2014.

Jukka Moisio
CEO

February 2015

Directors' Report 2014

Overview

The Group's trading conditions remained relatively stable during 2014 despite general economic uncertainty. Demand for food and drink packaging grew strongest in fast-growing emerging markets, particularly in Eastern Europe, whereas in Western Europe and in North America development was more moderate. The fragile economic situation in Russia as well as the sharp decline in oil prices had only a minor impact on Huhtamaki's business. Raw material prices were relatively stable throughout the year, except in North America where paperboard prices as well as energy and distribution costs increased.

The Films business segment was sold at the end of December 2014 and is reported as discontinued operations. Unless otherwise stated, all income statement related figures presented in this report, including corresponding periods in 2013, cover continuing operations only. Continuing operations include the Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Molded Fiber business segments.

The Group's net sales in 2014 were EUR 2,236 million (EUR 2,161 million). Comparable net sales growth was 6% in total and 10% in emerging markets. Profitability development was stronger than the sales development and the Group reported all-time high earnings before interest and taxes (EBIT) at EUR 175 million (EUR 160 million excluding non-recurring items (NRI) of EUR -28 million). EBIT margin was 7.8% (7.4% excluding NRI) and earnings per share (EPS) were EUR 1.24 (EUR 1.17 excluding NRI). The Group's free cash flow, return on investment (ROI) and return on equity (ROE) also improved compared to 2013. The Group's financial position remains strong and supports its future growth aspirations.

A new strategic direction with a clear focus on food and drink packaging, and a strong ambition to become the preferred global food packaging brand, was defined for the Group. Two growth enhancing acquisitions were announced during the year. The acquisition of Positive Packaging, a flexible packaging manufacturer with significant positions in India, Middle East and in Africa, was announced in July and completed after the reporting period at the end of January 2015. The acquisition of a folded carton packaging manufacturer in New Zealand was completed in August. In July, the Group also announced its intention to evaluate options for the Films business segment. The business segment, which serves primarily non-food customers, was subsequently divested at the end of the year. Majority of the Group's capital expenditure was dedicated to organic growth investments in emerging markets.

Strategic review

The implementation of the Group's growth strategy was continued during the year. The integration work at the units acquired during 2013 and 2014 was continued, and actions supporting organic growth by investing in additional capacity were taken. Majority of the growth related capital expenditure was targeted to emerging markets, especially Russia, Brazil, India and Thailand, whereas in 2013 the majority of investments were made in the United States. Organic growth was strongest in Eastern Europe, particularly Russia, both in foodservice and molded fiber businesses.

During the year a new strategic direction with a clear focus on food and drink packaging, and a strong ambition to become

the preferred global food packaging brand, was defined for the Group. To support the future implementation of the new strategic direction and its communication both internally and externally, the Huhtamaki brand identity was renewed. Along with modernizing the visual identity, Huhtamaki's purpose was defined as "helping great products reach more people, more easily". The new Huhtamaki brand identity was launched at the end of the year.

In line with the strategic focus on food, two growth enhancing acquisitions were announced during the year. The acquisition of Positive Packaging, a flexible packaging manufacturer with significant positions in India, Middle East and in Africa, was announced in July and closed in January 2015. The acquisition of Positive Packaging will further strengthen the Group's position in emerging markets, particularly in Africa. In addition, with the acquisition of a folded carton packaging manufacturer in New Zealand, completed in August, the extension of the foodservice product range across geographies was continued.

Also in line with the new strategic focus, the Group announced its intention to evaluate options for the Films business segment in July. The business, which serves primarily non-food customers, was subsequently divested at the end of the year.

In 2014 the Board of Directors actively deliberated the renewal of the Group's strategy and the Huhtamaki brand, as well as M&A transactions. The Board also reviewed the Group's innovation activities and had a meeting in Japan, which is considered a leading market in packaging innovation. In addition, the Board focused on Flexible Packaging business segment by visiting the manufacturing unit in Germany.

Financial review

The Group's comparable net sales growth was 6%. In the emerging markets comparable growth was 10%, with Eastern European markets showing fastest growth throughout the year. The Group's net sales were EUR 2,236 million (EUR 2,161 million). The negative foreign currency translation impact on Group's net sales, primarily related to adverse currency movements during the first half of the year, was EUR 36 million compared to the 2013 exchange rates. The largest negative impact came from the Russian ruble, Indian rupee and Australian dollar. For the whole year, translation impact from the US dollar was minor, despite strong fluctuations towards euro during the year.

The Group's earnings development was strong, with all business segments contributing to the earnings growth. Earnings growth was strongest in the Foodservice Europe-Asia-Oceania business segment. The Group's EBIT was EUR 175 million (EUR 160 million, excluding NRI of EUR -28 million). EBIT in constant currencies grew by 10%. Negative foreign currency translation impact on Group's EBIT, resulting from currency movements during the first half of the year, was EUR 3 million.

Net financial expenses were EUR 29 million (EUR 23 million). Tax expense was EUR 15 million (EUR 13 million). The corresponding tax rate was 10% (12%). The tax rate for continuing and discontinued operations combined was 11% (12%).

Profit for the period was EUR 132 million (EUR 96 million including NRI of EUR -28 million). EPS was EUR 1.24 (EUR 1.17 excluding NRI or EUR 0.91 reported).

Profit for the period for discontinued operations was EUR 10 million, including NRI of EUR 5 million (EUR 2 million, including NRI of EUR -3 million). Profit for the period for continuing and discontinued operations in total was EUR 141 million, including NRI of EUR 5 million (EUR 98 million, including NRI of EUR -31 million).

Reported EPS for discontinued operations was EUR 0.09 (EUR 0.01). Reported EPS for continuing and discontinued operations in total was EUR 1.33 (EUR 0.91). EPS for continuing and discontinued operations in total excluding NRI was EUR 1.28 (EUR 1.21).

Statement of financial position and cash flow

The Group's net debt decreased and was EUR 288 million (EUR 405 million) at the end of the year. The net debt includes the funds received from the sale of the Films business segment. As the Positive Packaging acquisition was closed after the reporting period, the payment of the purchase price did not have an impact on the Group's net debt at the end of 2014. The level of net debt corresponds to a gearing ratio of 0.32 (0.50). Net debt to EBITDA ratio (excl. NRI) was 1.0 (1.6). Average maturity of external committed credit facilities and loans was 2.5 (3.4) years. After the reporting period, the Group refinanced its EUR 400 million syndicated revolving credit facility, which prolonged the average maturity.

Cash and cash equivalents were EUR 351 million (EUR 241 million) at the end of the year and the Group had EUR 323 million (EUR 310 million) of unused committed credit facilities available. The Group's liquidity position remained strong.

Total assets on the statement of financial position were EUR 2,298 million (EUR 2,142 million).

Capital expenditure was EUR 127 million (EUR 121 million). Majority of the business expansion investments were in emerging markets, and largest investments were made in Russia, Brazil, India and Thailand. In 2013 the focus of the investments was in the United States. The Group's free cash flow was EUR 65 million (EUR 56 million). Cash flow improved clearly towards the end of the year.

Acquisitions and divestments

On November 22, 2014 Huhtamäki entered into an agreement to sell its Films business segment to DBAG Fund VI, a fund advised by Deutsche Beteiligungs AG, a German private equity company listed on the Frankfurt stock exchange. The annual net sales of the Films business segment were EUR 199 million in 2014 and it had 919 employees at the end of the year. The sale was completed on December 31, 2014 and the business is reported as discontinued operations in 2014. The divestment supports Huhtamäki's growing focus on food packaging.

On August 29, 2014 Huhtamäki acquired a folded carton packaging manufacturer Interpac Packaging Limited based in Auckland, New Zealand. The acquired unit became part of the Foodservice Europe-Asia-Oceania business segment and has been consolidated in the Group's financial statements as of September 1, 2014.

On July 8, 2014 Huhtamäki entered into an agreement to acquire Positive Packaging, a privately owned flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates as well as significant business in Africa and other export markets. With the acquisition Huhtamäki continued to implement its strategy of quality growth and strengthen its position in the fast-growing emerging markets. The transaction was closed on January 30, 2015. The business was consolidated into the Flexible Packaging business segment as of February 1, 2015.

On February 21, 2014, Huhtamäki Oyj's fully owned subsidiary increased its shareholding in the Indian subsidiary Huhtamäki PPL Limited from 60.8% to 63.9% by acquiring the remaining shares of the former promoter family. Subsequently the joint venture agreement between Huhtamäki and the former promoter family was terminated. In August 2014, the shareholding in Huhtamäki PPL Limited was further increased to 68.8% subsequent to a directed share issue.

Business review by segment

The net sales distribution by business segment in 2014 was the following: Foodservice Europe-Asia-Oceania 27% (29%), North America 34% (33%), Flexible Packaging 28% (27%) and Molded Fiber 11% (11%).

Foodservice Europe-Asia-Oceania

Demand for foodservice packaging was relatively stable across markets throughout the period. In Eastern Europe demand continued strong despite the increasingly fragile economic situation in Russia. Strongest performing product categories were hot cups and matching lids.

The Foodservice Europe-Asia-Oceania segment's net sales were EUR 620 million (EUR 629 million). The segment's comparable net sales developed positively with growth being 4%. Net sales growth was strongest in Eastern Europe and Oceania, whereas in Central Europe net sales declined as a result of declining volumes of plastic containers. Net sales development in Asia was flat due to soft demand for packaging for the quick service restaurant (QRS) sector in China.

The unit acquired in the UK during the fourth quarter of 2013 as well as the unit acquired in New Zealand during the third quarter of 2014 had a positive contribution on the segment's net sales in 2014. This partially offset the EUR 37 million decrease in the segment's net sales resulting from the sale of the plastics unit in Italy during the fourth quarter of 2013.

The segment's reported net sales were negatively affected by adverse currency movements. The translation impact was EUR -17 million, coming mostly from the Russian ruble.

The segment's EBIT grew significantly and was EUR 57 million (EUR 47 million, excluding NRI of EUR -28 million). The positive EBIT development was due to favorable volume and product mix development as well as high capacity utilization and the effect of the successful restructuring actions taken during 2013. Favorable product mix development is a result of the continued growth of the core product range volumes, systematic extension of product portfolio and the lower share of low-margin plastic items. The segment's return on net assets (RONA) was 18% (14% excluding NRI). Operating cash flow decreased to EUR 42 million (EUR 56 million) as a result of increased capital expenditure.

North America

After a weak first quarter, partially driven by harsh winter conditions, the overall economic activity in the US normalized, having a positive effect on both retail trade as well as restaurant visits. Increasing costs and capacity pressures in both distribution and raw materials characterized the year, moderating during the fourth quarter.

The North America segment's net sales developed positively and were EUR 769 million (EUR 725 million). Comparable net sales grew by 6%. Net sales growth was strongest in private label tableware for the retail trade and foodservice packaging

to national accounts. Sales of Chinet® branded tableware also developed favorably due to product line extensions, whereas sales of packaging for frozen desserts declined.

Despite currency fluctuations during the year, the full year currency impact on the segment's net sales was insignificant.

The segment's EBIT remained flat at EUR 38 million (EUR 38 million). The strong EBIT growth during the fourth quarter was not sufficient to offset the negative effects of increased costs earlier in the year. EBIT was positively affected by a EUR 8 million one-time gain related to a redesign of a pension plan during the first quarter. The segment's RONA was 7% (8%). As a result of decreased capital expenditure the segment's operating cash flow was EUR 19 million (EUR -15 million).

Flexible Packaging

Overall demand for flexible packaging was relatively good. Positive market sentiment in Asia continued throughout the year, whereas the markets in Europe were rather soft during the second and third quarters, but picked up towards the end of the year. Raw material prices were relatively stable in Europe and Asia, but increased moderately in India during the latter part of the year. Competition remained strong across the markets.

The acquisition of Positive Packaging, a flexible packaging manufacturer with significant positions in India, Middle East and in Africa, was announced in July and completed after the reporting period at the end of January 2015. The business, which became part of the Flexible Packaging segment, further strengthens the Group's position in the fast-growing emerging markets, particularly in Africa.

The Flexible Packaging segment's net sales grew and were EUR 618 million (EUR 586 million). Comparable net sales grew by 7%, driven by healthy volume growth in Asia throughout the year. Strong volume growth in Europe in the first and last quarters also contributed to the net sales growth. Sales growth was strongest in packaging for ready meals and beverages as well as personal care.

Adverse currency movements during the first half of the year resulted in a negative impact on the segment's reported net sales. The translation impact was EUR -11 million.

The segment's EBIT developed positively and was EUR 46 million (EUR 44 million). Majority of the EBIT improvement resulted from volume growth in Europe during the first and last quarters as well as strong volume growth in Asia during the last quarter. Fierce competition and higher raw material costs in India impacted the segment's EBIT negatively. Further, EBIT was somewhat negatively impacted by adverse currency movements. The segment's RONA was 14% (13%) and operating cash flow was EUR 28 million (EUR 35 million).

Molded Fiber

In Europe, customers moving from plastics based egg packaging to molded fiber packaging characterized the year and created a good growth momentum for molded fiber egg packaging. In Russia, demand for molded fiber egg packaging was strong throughout the year despite the economic and political turmoil, and the depreciation of ruble towards the end of the year. During the first half of the year, favorable apple season in New Zealand had a positive impact on the demand for molded fiber fruit packaging, whereas in Australia a hen disease impacted negatively the availability of eggs and consequently the demand for egg packaging. The segment's capacity utilization was high, even though competitive activity remained strong throughout the year.

The Molded Fiber segment's net sales were EUR 247 million (EUR 236 million). Comparable net sales growth was strong at 9%, led by the Eastern European markets. Net sales growth was also strong in South America and Africa. Customers' preference for molded fiber packaging in Europe had a positive effect on the segment's net sales development. In addition, favorable product mix as well as the segment's long term focus on new product development contributed positively.

The segment's reported net sales were negatively impacted by adverse currency movements. The translation impact was EUR -7 million.

The segment's EBIT grew strongly and was EUR 35 million (EUR 30 million). Volume growth, operational efficiency across the segment and favorable product mix all contributed positively to EBIT growth. In addition, EBIT was positively affected by a one-time gain in the second quarter related to a refund of historic energy costs in Brazil. The segment's EBIT was somewhat negatively affected by adverse currency movements. Good EBIT development and increased capital efficiency resulted in strong return on net assets. The segment's RONA was excellent at 20% (18%). As a result of high investment activity the segment's operating cash flow decreased and was EUR 18 million (EUR 21 million).

Personnel review

The Group had a total of 13,818 (14,362) employees at the end of 2014. The decrease of personnel was mainly due to the sale of the Films business segment. The number of employees by business segment was the following: Foodservice Europe-Asia-Oceania 4,441 (4,220), North America 3,554 (3,521), Flexible Packaging 4,199 (4,106), Molded Fiber 1,565 (1,537), and Other activities 59 (54). The average number of employees including the divested Films business segment was 14,562 (14,303).

At the end of 2014 the Group had employees in 30 countries, with 31% (33%) of employees in Europe, 42% (39%) in Asia-Oceania-Africa, 26% (25%) in North America and 1% (3%) in South America. The countries with the largest number of employees were the United States 25% (24%), India 12% (12%), China 12% (12%) and Germany 9% (13%). The Group had 59% (61%) of its total personnel in the aforementioned countries. Excluding acquisitions and divestments, the number of employees increased the most in Vietnam and Russia.

Huhtamäki Oyj employed 56 (53) people at the end of 2014. The annual average was 55 (53).

The Group's first global employee engagement survey, with data collected at the end of 2013, was welcomed by employees and management, and a high response rate of 80% was achieved. Results of the survey were presented early 2014, followed by discussions and agreements in teams on improvement actions and their implementation. Based on the survey results the most important areas for improvement were communication of strategy and vision of the future, recognition of employee contribution, as well as further encouragement for open expression of different ideas and opinions.

The results of the engagement survey were taken into consideration in preparing the internal communication of the new strategic direction. The communication program was launched at a two-day global management meeting held in September in Finland, with altogether 78 managers from across the Group participating. Also, a new Group-wide online e-learning environment was launched in December 2014. The online e-learning environment is a cost efficient, globally consistent and comprehensive solution for

providing development programs online to support learning and information sharing globally.

Implementation of the Group's occupational health and safety principles continued during 2014 with a particular focus on the newly acquired manufacturing units. The occupational health and safety performance of the Group improved slightly. The lost time incident frequency rate (LTIF), excluding the divested Films business segment, decreased to 2.9 compared to 3.0 in 2013. The number of incidents decreased by one to 69 (70) and the lost time incident severity (LTIS) rate decreased by 6.5% and was 727 (778).

Systematic work to identify and eliminate hazards that could potentially lead to incidents and injuries was continued, and projects for identifying such hazards were run in all manufacturing units. Corrective actions were created and continued to receive high priority for prompt completion. Workplace safety and the importance of all employees' individual responsibility for complying with safety instructions is also one of the key areas emphasized.

Changes in management

As a result of the divestment of the Films business segment on December 31, 2014, Peter Wahsner, Executive Vice President, Films, is no longer member of the Group Executive Team.

Director, Finance, and a member of the Group Executive Team Thomas Geust was appointed as Chief Financial Officer as of July 1, 2014. He continues as a member of the Group Executive Team.

Shashank Sinha was appointed as Executive Vice President, Flexible Packaging and a member of the Group Executive Team as of April 14, 2014. Simultaneously Suresh Gupta stepped aside from the role of Executive Vice President and a member of the Group Executive Team and continues as a Senior Advisor for the Group reporting to CEO Jukka Moisio.

Risk review

Within the Group's risk management methodology risks are categorized into strategic, operational, financial and information risks. During the year, risk assessments were conducted at Group, business segment and business unit levels. Risk mitigation action plans were prepared in each business unit and acceptable risk levels were defined by the line management. The acceptable risk levels for the Group were reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The strategic fit and performance of the business units were actively monitored with focus on continued quality growth.

Actions to mitigate the risks identified through the risk review process in 2013 were defined and their implementation was followed. Special attention was paid to ensuring continued growth, while still safeguarding the long-term profitability of operations.

Targeted profitability improvement projects on the Group level were successful and supported by Lean Six Sigma projects throughout the Group as well as by integration of business acquired during 2013. The Group's hedging policy contributed to securing the operational performance of the business units despite heavy fluctuations in currencies. The Group's liquidity position remained strong. The average debt maturity profile shortened during the year, but was extended as a result of a refinancing transaction at the beginning of January.

The Group's annual risk assessment for 2014 was conducted during the year. Uncertainties related to macro economics are expected to continue during 2015 with a possible negative effect on the Group's business environment. The presence of political risks has increased even in the European markets. Due to the nature of

the Group's businesses, risks related to pricing as well as raw material and energy price fluctuations continued to be considered key strategic risks. Growth and market position risk was also identified as a key risk due to the Group's continuing organic and acquisition driven growth ambitions in emerging markets. On the other hand, capability of the personnel to adapt to changes and new markets was acknowledged as a key success factor for the Group.

The main operational risks identified relate to operations management, especially ramp up of new businesses, as well as supply chain and purchasing management. The main financial risks continue to be related to raw material price volatility, while foreign exchange fluctuations affect the comparability of the Group's financial figures between reporting periods. Some business units are exposed to transaction related foreign exchange risk, which is to a large extent mitigated through hedging.

Appropriate mitigation actions for the Group's key risks identified at the end of 2014 have been defined and will be implemented and followed during 2015.

More information on financial risks can be found in Note 28 in the Annual Accounts 2014.

Environmental review

The Group Environmental Policy together with the Group Code of Conduct define the framework for the globally consistent operating principles for the Group's environmental management. The Group is also a signatory to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. In 2014 regular internal and external audits were performed to assess the environmental performance of the manufacturing units. A total of 359 audits by external system auditors, authorities, customers and suppliers were conducted at manufacturing unit level during the year. All manufacturing units report regularly their performance against set targets via environmental key performance indicators. Results are consolidated for each business segment and reported to the Board of Directors quarterly.

The significant direct environmental aspects of the Group's operations are energy use, emissions into the air and solid waste. Environmental management systems have been implemented to support the monitoring and continuous improvement of the Group's operational and product related environmental performance. At the end of 2014, 35 (35) manufacturing units, representing 61% (57%) of all manufacturing units in the Group and including the 10 (10) largest units by net sales, followed an externally certified environmental management system such as ISO 14001, the Eco-Management and Audit Scheme (EMAS) or an internally audited program such as the Environmental Care Program implemented in North America. During the year several manufacturing units successfully passed the re-certification of the International Organization for Standardization's (ISO) environmental management system ISO 14001. Additional ISO 14011 environmental management systems were implemented in Guangdong, China and Samutsakorn, Thailand. International Organization for Standardization's (ISO) energy management system ISO 50001 was successfully externally certified in La Rochelle, France, bringing the number of externally certified ISO 50001 implementations to four.

The Group's environmental operating costs totaled EUR 8.1 million (EUR 7.2 million).

The annual Sustainability Report was published in April. The report presents the Group's significant sustainability aspects, the sustainability framework and the operational sustainability per-

formance for the Group and its business segments. The report also includes examples of product sustainability profiles. The complete report, as well as the data, is available on the Group's website. The scope of the quantitative operational data in the sustainability report covers 100% of the manufacturing units but does not include locations where Huhtamäki does not have manufacturing i.e. standalone sales offices or warehouses.

Share capital and shareholders

At the end of 2014, Huhtamäki Oyj's ("the Company") registered share capital was EUR 366 million (EUR 366 million) corresponding to a total number of shares of 107,760,385 (107,608,751), including 4,206,064 (4,227,589) Company's own shares. Own shares represent 3.9% (3.9%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 103,554,321 (103,381,162). The average number of outstanding shares used in EPS calculations was 103,505,319 (103,067,409), excluding the Company's own shares.

Based on share subscriptions with option rights 2006 C under the Company's Option Rights 2006 Plan, a total of 151,634 (402,765) new shares were issued during January-May 2014. The corresponding increase in the Company's share capital was EUR 0.5 million (EUR 1.4 million), representing approximately 0.1% (0.4%) of the share capital. The subscription period for shares based on the Company's option rights 2006 C ceased on April 30, 2014 and the Company's Option Rights 2006 Plan terminated. The Company has no ongoing option rights plans.

There were 25,392 (24,895) registered shareholders at the end of 2014. Foreign ownership including nominee registered shares accounted for 43% (40%).

Company's own shares

The Annual General Meeting (AGM) held on April 24, 2014 authorized the Board of Directors to decide on the repurchase of an aggregate maximum of 10,760,875 of the Company's own shares, subject to the number of shares held by the Company at any given moment not exceeding 10 percent of all the shares of the Company. The authorization remains in force until the end of the next AGM, however, no longer than until June 30, 2015. No own shares were repurchased during the year. Previously during 2002 and 2003, based on the authorization given by the AGM on March 25, 2002, the Company repurchased in total 5,061,089 own shares. After 2003 no own shares have been repurchased.

The AGM 2014 also authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares. The aggregate number of shares to be issued on the basis of this authorization may not exceed 10,760,875 shares. The authorization concerns both the issuance of new shares and the transfer of the Company's own treasury shares. The authorization remains in force until the end of the next AGM, however, no longer than until June 30, 2015. During 2014 a total of 21,525 (366,500) of the Company's own shares were transferred in accordance with the performance share plan for the key personnel of the Company and its subsidiaries. On December 31, 2014 the Company owned a total of 4,206,064 (4,227,589) own shares.

Share trading

During 2014 the Company's share was quoted on NASDAQ OMX Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the OMX Helsinki 25 Index.

At the end of 2014, the Company's market capitalization was EUR 2,353 million (EUR 2,007 million) and EUR 2,262 million (EUR 1,928 million) excluding the Company's own shares. With a closing price of EUR 21.84 (EUR 18.65) the share price increased by 17% (52%) from the beginning of the year. During the year the volume weighted average price for the Company's share was EUR 19.95 (EUR 15.21). The highest price paid was EUR 22.21 (EUR 18.81) and the lowest price paid was EUR 17.63 (EUR 12.32).

During the year the cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd was EUR 1,042 million (EUR 566 million). The trading volume of 52 million (37 million) shares equaled an average daily turnover of 208,754 (149,723) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 2,078 million (EUR 928 million). During the year, 50% (39%) of all trading took place outside NASDAQ OMX Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com)

During the year the total turnover of the Company's option rights 2006 C was EUR 0.5 million (EUR 1.8 million) corresponding to a trading volume of 37,573 (195,496) option rights. The subscription period for shares based on the Company's option rights 2006 C ceased on April 30, 2014 and the Company's Option Rights 2006 Plan terminated. The Company has no ongoing option rights plans.

Information provided pursuant to the Securities Market Act, Chapter 7, Section 6

Information required under the Securities Market Act, Chapter 7, Section 6 is presented in Note 22 in the Annual Accounts 2014.

Resolutions of the Annual General Meeting 2014

Huhtamäki Oyj's Annual General Meeting of Shareholders (AGM) was held in Helsinki on April 24, 2014. The meeting adopted the Company's Annual Accounts and the Consolidated Annual Accounts for 2013 and discharged the members of the Company's Board of Directors and the CEO from liability. As proposed by the Board of Directors, dividend for 2013 was set at EUR 0.57 per share compared with EUR 0.56 paid for the previous year.

Seven members of the Board of Directors were elected for a term ending at the end of the next AGM. To the Board of Directors were re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner. The Board of Directors subsequently elected Mr. Pekka Ala-Pietilä as Chairman of the Board and Mr. Jukka Suominen as Vice-Chairman of the Board. In addition, the Board of Directors resolved upon members of its committees for a term ending at the end of the next AGM.

The AGM decided that the remuneration for the members of the Board of Directors is kept unchanged and thus confirmed the following annual remuneration: for the Chairman EUR 100,000, for the Vice-Chairman EUR 60,000 and for other members EUR 50,000. In addition, the following meeting fees are paid for each meeting attended: EUR 600 to all members for the Board meetings, EUR 2,000 to the Chairman and EUR 1,000 to the other members for the Audit Committee meetings, EUR 1,200 to the Chairman and EUR 600 to the other members for the Human Resources Committee meetings and EUR 1,200 to the Chairman and EUR 600 to the other members for the Nomination Committee meetings.

The Authorized Public Accountant firm Ernst & Young Oy was elected as Auditor of the Company for the financial year January 1–December 31, 2014. Mr. Harri Pärssinen, APA, is the Auditor with principal responsibility.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares. The AGM also authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. Both authorizations remain in force until the end of the next AGM, however, no longer than until June 30, 2015.

Significant events after the reporting period

On January 30, 2015 Huhtamaki completed the acquisition of Positive Packaging, a flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates as well as significant business in Africa and other export markets. With the acquisition Huhtamaki continued to implement its strategy of quality growth and significantly strengthened its position in the fast-growing emerging markets. The annual net sales of the acquired business are approximately EUR 220 million and it employs approximately 2,500 people in India and the UAE as well as in sales offices in seven countries. The debt free purchase price was USD 336 million. The business was consolidated into the Flexible Packaging business segment as of February 1, 2015.

On January 9, 2015 Huhtamäki Oyj signed a EUR 400 million syndicated revolving credit facility loan agreement for the period of five (5) years. With the new credit facility, Huhtamaki refinanced a previous EUR 400 million credit facility signed in March 2011. The funds will be used for general corporate purposes of the Group.

European Commission's statement of objections

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anti-competitive behavior in the markets of plastic trays used for retail packaging of fresh food, such as meat and poultry, in South-West Europe, North-West Europe and France. The alleged infringements of EU competition regulations relate to the Group's operations during years 2000–2008. The operations referred to in the statement of objections were part of the Group's rigid plastic consumer goods business in Europe. Based on the statement of objections, the annual net sales of the affected business, as alleged by the European Commission, were EUR 40–50 million and the duration of the alleged infringements was on average 4–5 years depending on the market. Most of the operations concerned by the statement of objections have been closed down or divested in years 2006 and 2010, and the part of the concerned operations that currently remains in the Group is reported within the Foodservice Europe-Asia-Oceania business segment and its annual net sales are approximately EUR 0.5 million. The Group's other business segments, North America, Flexible Packaging and Molded Fiber, are not concerned by the statement of objections.

The statement of objections was addressed to Huhtamäki Oyj and certain of its subsidiaries.

A statement of objections is a formal step in the European Commission's investigations into suspected violations of EU competition regulations. Huhtamäki Oyj has examined the documents received from the European Commission, responded to the statement of objections as requested by the European Commission and is exercising its rights of defense in the process. The statement of objections does not prejudge the final outcome of the European Commission's investigation. Thus, no provisions have been made in the Group statement of financial position. It is expected that the European Commission's investigations will take several months.

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 political, 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.

In September 2012 Huhtamäki Oyj received the European Commission's statement of objections concerning alleged anti-competitive behavior during years 2000–2008. Huhtamäki Oyj has responded to the statement of objections and is exercising its rights of defense in the process, which is expected to take several months. The final outcome of the process is uncertain.

Outlook for 2015

The Group's trading conditions are expected to remain relatively stable during 2015. The good financial position and ability to generate a positive cash flow will enable the Group to continue to address profitable growth opportunities. Capital expenditure is expected to be at the same level as in 2014. Majority of the investments are expected to be directed to enhance growth in the emerging markets.

Dividend proposal

On December 31, 2014 Huhtamäki Oyj's non-restricted equity was EUR 743 million (EUR 786 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 (EUR 0.57) per share be paid.

Annual General Meeting 2015

The Annual General Meeting of Shareholders will be held on Tuesday, April 21, 2015 at 11 am (EET) at Finlandia Hall, Mannerheimintie 13 e, in Helsinki, Finland.

Corporate Governance Statement

A separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Corporate Governance Statement is also available on the Group's website www.huhtamaki.com.

Consolidated Annual Accounts 2014

Group income statement (IFRS)

EUR million	Note	2014	%	2013	%
CONTINUING OPERATIONS					
Net sales	1	2,235.7	100.0	2,161.1	100.0
Cost of goods sold	4	-1,886.7		-1,836.3	
Gross profit		349.0	15.6	324.8	15.0
Other operating income	5	21.3		17.1	
Sales and marketing	4	-62.5		-65.4	
Research and development		-13.3		-14.7	
Administration costs	4	-113.7		-110.5	
Other operating expenses	6	-7.5		-22.8	
Share of profit of equity-accounted investments		1.6		3.4	
		-174.1		-192.9	
Earnings before interest and taxes	7, 8	174.9	7.8	131.9	6.1
Financial income	9	4.4		8.0	
Financial expenses	9	-33.3		-30.6	
Profit before taxes		146.0	6.5	109.3	5.1
Income tax expense	10	-14.5		-13.1	
Profit for the period from continuing operations		131.5	5.9	96.2	4.5
DISCONTINUED OPERATIONS					
Profit from operations	3	4.6		1.5	
Profit relating to disposed operations		5.1		-	
Profit for the period from discontinued operations		9.7		1.5	
Profit for the period		141.2	6.3	97.7	4.5
Attributable to:					
Equity holders of the parent company					
Profit for the period from continuing operations		128.3		92.6	
Profit for the period from discontinued operations		9.7		1.5	
Profit for the period attributable to owners of the parent		138.0		94.1	
Non-controlling interest					
Profit for the period from continuing operations		3.2		3.6	
Profit for the period from discontinued operations		-		-	
Profit for the period attributable to non-controlling interest		3.2		3.6	
EUR					
EPS profit for the period from continuing operations	11	1.24		0.90	
EPS profit for the period from discontinued operations		0.09		0.01	
EPS attributable to equity holders of the parent company		1.33		0.91	
Diluted EPS profit for the period from continuing operations		1.24		0.90	
Diluted EPS profit for the period from discontinued operations		0.09		0.01	
Diluted EPS attributable to equity holders of the parent company		1.33		0.91	

Group statement of comprehensive income (IFRS)

EUR million	Note	2014	2013
Profit for the period		141.2	97.7
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	18	-57.5	7.2
Income taxes related to items that will not be reclassified	10	11.9	-4.8
Total		-45.6	2.4
Items that may be reclassified subsequently to profit or loss			
Translation differences		83.8	-34.4
Equity hedges		-23.9	7.6
Cash flow hedges	23	6.5	2.7
Income tax related to items that may be reclassified	10	-0.4	-0.4
Total		66.0	-24.5
Other comprehensive income, net of tax		20.4	-22.1
Total comprehensive income		161.6	75.6
Attributable to:			
Equity holders of the parent company		158.4	72.0
Non-controlling interest		3.2	3.6

Group statement of financial position (IFRS)

Assets

<i>EUR million</i>	Note	2014	2013
Non-current assets			
Goodwill	12	431.5	458.5
Other intangible assets	12	19.1	24.9
Tangible assets	13	680.1	653.6
Equity-accounted investments	14	11.6	10.0
Available-for-sale investments	15	1.9	1.7
Interest-bearing receivables	16	4.2	4.8
Deferred tax assets	17	55.9	38.1
Employee benefit assets	18	48.8	38.5
Other non-current assets		7.4	6.0
		1,260.5	1,236.1
Current assets			
Inventory	19	312.7	305.0
Interest-bearing receivables	16	2.4	4.6
Current tax assets		9.8	6.4
Trade and other current receivables	20	361.8	349.0
Cash and cash equivalents	21	350.8	241.0
		1,037.5	906.0
Total assets		2,298.0	2,142.1

Equity and liabilities

<i>EUR million</i>	Note	2014	2013
Share capital			
Share capital	22	366.4	365.9
Premium fund	22	115.0	114.8
Treasury shares	23	-38.7	-38.9
Translation differences	23	-77.8	-137.7
Fair value and other reserves	23	-99.3	-82.3
Retained earnings		596.6	558.1
Equity attributable to equity holders of the parent company		862.2	779.9
Non-controlling interest		30.6	24.9
Total equity		892.8	804.8
Non-current liabilities			
Interest-bearing liabilities	24	527.4	594.9
Deferred tax liabilities	17	72.2	63.4
Employee benefit liabilities	18	232.7	182.4
Provisions	25	25.6	30.7
Other non-current liabilities		4.3	5.7
		862.2	877.1
Current liabilities			
Interest-bearing liabilities			
Current portion of long-term loans	24	76.1	23.3
Short-term loans	24	41.9	36.8
Provisions	25	3.6	5.6
Current tax liabilities		8.8	7.7
Trade and other current liabilities	26	412.6	386.8
		543.0	460.2
Total liabilities		1,405.2	1,337.3
Total equity and liabilities		2,298.0	2,142.1

Group cash flow statement (IFRS)

EUR million	2014	2013
Profit for the period	141.2	97.7
Adjustments	119.3	143.9
Depreciation and amortization	91.2	96.5
Share of profit of equity-accounted investments	-1.6	-3.4
Gain/loss from disposal of assets	-1.0	-1.6
Financial expense/-income	31.9	25.5
Income tax expense	16.8	12.9
Other adjustments, operational	-17.9	14.0
Change in inventories	-25.7	-8.0
Change in non-interest bearing receivables	-46.1	-16.3
Change in non-interest bearing payables	37.1	-6.0
Dividends received	1.0	3.1
Interest received	1.5	2.6
Interest paid	-25.2	-19.2
Other financial expenses and income	-2.1	-2.8
Taxes paid	-22.1	-21.1
Net cash flow from operating activities	178.9	173.9
Capital expenditure	-127.0	-121.0
Proceeds from selling tangible assets	12.7	3.1
Divested subsidiaries and associates	101.0	6.2
Acquired subsidiaries	-6.7	-18.0
Proceeds from long-term deposits	0.8	15.7
Payment of long-term deposits	-1.1	-3.8
Proceeds from short-term deposits	19.4	35.2
Payment of short-term deposits	-15.6	-31.1
Net cash flow from investing activities	-16.5	-113.7
Proceeds from long-term borrowings	17.1	205.5
Repayment of long-term borrowings	-90.3	-29.0
Proceeds from short-term borrowings	127.8	740.9
Repayment of short-term borrowings	-54.7	-756.1
Dividends paid	-59.0	-57.7
Proceeds from stock option exercises	0.7	2.1
Acquisition of non-controlling interest	-4.2	-
Net cash flow from financing activities	-62.6	105.7
Change in liquid assets	109.8	160.0
Cash flow based	99.8	165.9
Translation difference	10.0	-5.9
Liquid assets on January 1	241.0	81.0
Liquid assets on December 31	350.8	241.0

Statement of changes in shareholders' equity

Attributable to equity holders of the parent company

<i>EUR million</i>	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance on Dec 31, 2012	364.5	114.1	-42.2	-110.0	-87.9	540.5	779.0	26.5	805.5
Dividends paid						-57.7	-57.7		-57.7
Share-based payments			3.3			-0.1	3.2		3.2
Stock option exercised	1.4	0.7					2.1		2.1
Total comprehensive income for the year				-26.8	4.7	94.1	72.0	3.6	75.6
Other changes				-0.9	0.9	-18.7	-18.7	-5.2	-23.9
Balance on Dec 31, 2013	365.9	114.8	-38.9	-137.7	-82.3	558.1	779.9	24.9	804.8
Dividends paid						-59.0	-59.0		-59.0
Share-based payments			0.2			-1.6	-1.4		-1.4
Stock option exercised	0.5	0.2					0.7		0.7
Total comprehensive income for the year				59.9	-39.5	138.0	158.4	3.2	161.6
Acquisition of non-controlling interest					0.0	-4.9	-4.9	-3.8	-8.7
Other changes					22.5	-34.0	-11.5	6.3	-5.2
Balance on Dec 31, 2014	366.4	115.0	-38.7	-77.8	-99.3	596.6	862.2	30.6	892.8

Significant accounting policies

Main activities

Huhtamäki Group is a global specialist in packaging for food and drink with operations in 30 countries. The Group's focus and expertise are in paperboard packaging, particularly cup forming, smooth and rough molded fiber packaging as well as flexible packaging. Huhtamäki offers standardized products, customized designs as well as total packaging systems and solutions. Main customers are food and beverage companies, quick service and fast casual restaurants, foodservice operators, fresh produce packers and retailers.

The parent company, Huhtamäki Oyj, is a limited liability company domiciled in Espoo, Finland and listed on NASDAQ OMX Helsinki Ltd. The address of its registered office is Miestentie 9, 02150 Espoo, Finland.

These Group consolidated financial statements were authorized for issue by the Board of Directors on February 11, 2015. According to the Finnish Companies Act shareholders decide on the adoption of financial statements at the general meeting of shareholders held after the publication of the financial statements.

Bases of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IAS and IFRS standards as well as SIC- and IFRIC- interpretations which were valid on December 31, 2014. IFRS, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of said Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulations (EC) No 1606/2002 of the EU.

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, financial instruments at fair value through income statement, derivative instruments and liabilities for cash-settled share-based payment arrangements that are measured at fair value. The consolidated financial statements are presented in millions of euros.

The following new and amended standards, which have been adopted as of January 1, 2014, had no impact on the financial statements:

- Revised IAS 32 Financial Instruments: Presentation. The amendments clarify the instructions on the right to offset financial assets and liabilities.
- Revised IAS 39 Financial Instruments: Recognition and measurement. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes.
- IFRIC 21 Levies. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, occurs.

Principles of consolidation

The consolidated financial statements include the parent company Huhtamäki Oyj and all its subsidiaries where over 50% of the subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company.

Subsidiaries are accounted for using the acquisition method according to which the consideration transferred and the identifiable assets and liabilities of the acquired company are measured at their fair value at the date of acquisition and the remaining balance of consideration less acquired net asset is recognized as goodwill. The costs relating to the acquisition are accounted as expense. Any possible contingent consideration is recognized at fair value at the acquisition date and it is classified as a liability or equity. Contingent consideration classified as a liability is remeasured at every balance sheet date and the related profit or loss is recognized in the comprehensive income statement. Contingent consideration classified as equity is not remeasured. The acquisitions before January 1, 2010 are accounted according to the current regulations in force. Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of their acquisition and divested subsidiaries are included up to their date of sale.

All intercompany transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the Group, are eliminated.

Profit and loss for the period attributable to equity holders of the parent company and to non-controlling interest is presented in the income statement. Comprehensive income attributable to equity holders of the parent company and to non-controlling interest is presented in the comprehensive income statement. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Non-controlling interest is also disclosed as a separate item within equity.

Associated companies, where the Group holds voting rights of between 20% and 50% and in which the Group has significant influence, but not control, over the financial and operating policies, are consolidated using the equity method. The joint arrangements are companies over whose activities the Group has joint control, established by contractual agreement. The joint arrangements classified as joint ventures are consolidated using the equity method. When the Group's share of losses exceeds the carrying amount of the equity-accounted investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the equity-accounted investments. The Group's share of result of equity-accounted investments is presented as a separate item above Earnings before interest and taxes. Correspondingly the Group's share of changes in other comprehensive income statement is recognized in the Group statement of comprehensive income.

Foreign currency translation

Foreign currency transactions are translated into functional currency at the rates of exchange prevailing at the date of the transaction. For practical reasons an approximate exchange rate is often used for transactions taking place during the month. Monetary assets and liabilities are translated at the rates of exchange at the balance sheet date. Foreign exchange differences arising from translation are recognized in the income statement. Foreign exchange gains and losses relating to operating activities are recognized in the same account as the underlying transaction above Earnings before interest and taxes. Foreign exchange differences relating to financial liability are recognized in financial income or expense except for those currency differences that relate to loans designated as a hedge of the net investment in foreign operations. Those currency differences are recognized as translation differences in comprehensive income.

On consolidation the income statements of foreign entities are translated into euros at the average exchange rate for the accounting period. The statements of financial position of foreign entities are translated at the year-end exchange rate. Differences resulting from the translation of income statement items at the average rate and balance sheet items at the closing rate are recognized as part of translation differences in comprehensive income.

In accordance with the exception included in the IFRS 1 the cumulative translation differences until the transition date January 1, 2002 have been reclassified to retained earnings. From the transition date onwards exchange differences arising on the translation of the net investment in foreign subsidiaries, associated companies and joint ventures are recorded as translation differences in comprehensive income. A similar treatment is applied to intragroup permanent loans, which in substance are equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Financial instruments

Financial instruments are classified based on IAS 39 to the following groups: financial assets at fair value through profit or loss, available-for-sale assets and loans and other receivables, and other liabilities.

Cash balances and call deposits with banks and other liquid investments, such as cash and cash equivalents and derivative instruments which do not fulfill IAS 39 hedge accounting requirements, are classified as financial assets at fair value through profit and loss. Publicly traded and unlisted shares are classified as available-for-sale assets.

Publicly traded shares are recognized at fair value, which is based on quoted market prices at the balance sheet date. Gains or losses arising from changes in fair value are recognized in other comprehensive income and are presented in equity in fair value reserves. Fair value changes are transferred from equity to income statement, when the investment is sold or its value has been impaired so that related impairment loss should be recognized. Unlisted shares are carried at cost, as their fair value cannot be measured reliably.

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as loans and other receivables. Trade and other receivables are included in this class. Trade and other receivables are initially measured at cost.

An impairment loss on trade receivables is recognized, when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed.

Interest-bearing borrowings are classified as other liabilities. Interest-bearing borrowings are originated loans and bank loans, and are carried at amortized cost by using the effective interest rate method.

All derivative financial instruments are carried at fair value. The Group applies cash flow hedge accounting for certain interest rate swaps and foreign exchange forwards that meet hedge accounting criteria as defined in IAS 39. The hedged item must be highly probable to occur and must ultimately affect the income statement. The hedges must be highly effective both prospectively and retrospectively. For qualifying cash flow hedges, the portion of any change in fair value that is effective is included in other comprehensive income, and any remaining ineffective portion is reported in the income statement. The cumulative changes of fair value of the hedging instrument that have been recorded in equity are included in the income statement when the forecasted transaction affects net income. When the hedged transaction is a firm commitment, the cumulative change of fair value of the hedging instrument that has been recorded in equity is included in the initial carrying value of the asset or liability at the time it is recognized.

Changes in fair values of derivative financial instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

The Group uses foreign exchange forwards and foreign currency loans to hedge net investments in foreign entities. Hedges of net investment in foreign entities must meet the same hedge accounting criteria as cash flow hedges as detailed in IAS 39. All changes in fair value arising from the hedges are recognized as a translation difference in other comprehensive income if hedge accounting criteria are met. If the hedged entity is disposed of, the cumulative changes in fair value of the hedging instrument that have been recorded in equity are included in the income statement at the time of disposal.

Fair values of foreign exchange forwards are calculated using market rates on the balance sheet date. Fair values of foreign exchange options are calculated with the Garman-Kohlhagen model. Fair values of interest rate swaps, futures and forwards are based on net present values of estimated future cash flows. Cash, short-term loans and overdrafts have fair values that approximate to their carrying amounts because of their short-term nature.

The recoverable amount for financial investments such as available-for-sale investments or receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate. Short-term receivables are not discounted. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Goodwill and other intangible assets

Goodwill arising from an acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is allocated to cash generating units and is not amortized but is tested annually for impairment.

In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is valued at cost less impairment losses.

Other intangible assets include customer relations, patents, copyrights, land use rights, emission rights and software licenses. These are stated at cost and amortized on a straight-line basis over expected useful lives, which may vary from 3 to 20 years. Land use rights are depreciated over the agreement period.

Bought emission rights will be initially valued at cost. Received emission rights are reported in the statement of financial position initially at their fair value. After that emission rights are valued at cost. Emission rights, which are traded on active markets, are not depreciated, as the carrying value of those emission rights is considered to account for initial value. Emission rights will be derecognized at transaction date, when actual emissions have been defined.

Periods of amortization used (years):

Intangible rights	up to 20
Software	3–8
Customer relations	7

Subsequent expenditure on capitalized other intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Research and development

Research costs are recognized in the income statement as incurred. Expenditure on development activities related to new products and processes are capitalized in the statement of financial position from the moment future economic benefits are expected to be available from the product and the Group has intention and resources to finalize the development. Previously expensed development expenditure is not capitalized later.

Tangible assets

Tangible assets comprising mainly of land, buildings, machinery, tooling and equipment are valued at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of material, direct labor costs and an appropriated proportion of production overheads. When an asset includes major components that have different useful lives, they are accounted for as separate items.

Expenditure incurred to replace a component in a tangible asset that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure such as ordinary maintenance and repairs is recognized in the income statement as an expense as incurred. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition cost. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated.

The estimated useful lives are (years):

Buildings and other structures	20–40
Machinery and equipment	5–15
Other tangible assets	3–12

Tangible assets which are classified as held for sale are valued at lower of its carrying amount or fair value less costs to sell. The depreciation of these assets will be ceased when assets are classified as held for sale. Gains or losses arising on the disposal of tangible assets are included in Earnings before interest and taxes.

Impairment

The carrying amounts of assets are assessed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying value of goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of other assets in the group of units on pro rata bases.

For intangible and tangible assets the recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the average cost of capital rate (pre-tax) of the cash-generating unit where the assets are located, adjusted for risks specific to the assets.

In respect of tangible assets and other intangible assets excluding goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is never reversed.

Leases

Lease contracts in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

In finance leases the assets and accumulated depreciation are included in tangible assets and the associated obligations are included in interest-bearing liabilities. When a Group company is the lessor, the discounted future lease payments are booked as interest-bearing receivables and the assets that have been leased out are removed from tangible assets. Lease payments under finance leases are divided into interest expense or interest income and installment payment of liability or receivable. Rental payments and rental income under operating leases are charged to the income statement.

Assets financed with leasing contracts have been capitalized and are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, and are depreciated at the rates disclosed above for tangible fixed assets, however not exceeding the rental period.

The leasing components included in purchase agreements are recognized according to same principles. Other parts of the agreement are recognized according to the related IFRS-standards.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined using the first-in first-out principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for produced finished goods and work-in-process represent the purchase price of materials, direct labor costs, other direct costs and related production overheads excluding selling and financial costs.

Employee benefits

The Group companies have various pension and other post-employment benefit plans in accordance with local conditions and practices throughout the world. The plans are classified as either defined contribution plans or defined benefit plans.

A defined contribution plan is a plan under which the Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the entity is not able to pay the benefits relating to employee service in the current and prior periods. The contributions to defined contribution plans are charged to the income statement in the year to which they relate. A defined benefit plan is a plan which is not a defined contribution plan.

The present value of the obligation of defined benefit plans is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined using interest rates of high-quality corporate bonds that have maturity terms approximating to the terms of the related defined benefit obligation. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less fair value of plan assets.

Remeasurements, including actuarial gains and losses, are recognized to equity through other comprehensive income when incurred and are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in income statement at the earlier of when the plan amendment or curtailment occurs or when related restructuring costs or termination benefits are recognized.

For defined benefit plans the Group reports the current and past service cost as well as gains and losses on non-routine settlements in personnel expenses by functions. The net interest income or expense is recognized in financial income or expenses. The net interest is determined by applying the discount rate used to determine present value of obligation to the net defined benefit liability or asset at the beginning of the annual period. In addition, the changes during the period caused by contributions and benefit payments are taken into account.

Share-based payment transactions

The Group has incentive plans which include equity-settled or cash-settled share-based payment transactions. The fair value of equity-settled share-based payments granted is recognized as an employee expense with a corresponding increase in equity. The fair value of cash-settled share-based payments is valued at each statement of financial position date and the changes in fair value of liability are recognized as expense when incurred. The fair value is measured at grant date and spread over the vesting

period during which the employees become unconditionally entitled to the awards. The fair value of awards granted is measured using the Black-Scholes model, taking into account the market terms and conditions of agreement when pricing the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards that will be vested. Non-market vesting conditions (for example, EBIT growth target) are not included in the value of share-based instruments but in the number of instruments that are expected to vest. At each balance sheet date the estimates about the number of awards that are expected to vest are revised and the impact is recognized in income statement. The proceeds received from the exercise of options are credited to share capital (book value equivalent) and share premium fund.

Provisions

Provisions are recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle such obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions arise from restructuring plans, onerous contracts, legal proceedings and from environmental litigation or tax risks. Obligations arising from restructuring plans are recognized when the detailed and formal plans have been established and when there is a valid expectation that such plan will be carried out (plan has been announced). Provision from emissions is recognized according to actual emissions.

Taxes

The Group income statement includes current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes. Tax effect relating to items recognized directly to equity or other comprehensive income is recognized to equity or other comprehensive income.

Deferred tax assets and liabilities are recognized using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values for IFRS reporting purposes.

Deferred tax is not recognized for non-deductible goodwill and for differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is not recognized in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. In the determination of deferred income tax the enacted tax rate is used.

Principal temporary differences arise from tangible assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which such assets can be utilized.

Equity, dividends and own shares

Financial instruments are included in the Group's equity unless they contain a contractual obligation for the issuer to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions which are unfavorable to the issuer. When Huhtamäki Oyj's own shares are repurchased, the amount of

the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Dividends proposed by the Board of Directors are not recorded in the financial statements until the shareholders have approved them at the Annual General Meeting.

Revenue recognition

The sales income adjusted with sales discounts, indirect sales taxes and exchange rate differences relating to foreign currency sales is presented as net sales. Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. Revenue recognition takes place as a main rule at the date of delivery according to delivery terms.

Grants

Government or other grants are recognized in the income statement on a systematic basis in the same periods in which the expenses are incurred. Investment grants are presented in the statement of financial position as deferred income and recognized as income on a systematic basis over the useful life of the asset. These grants are included in other operating income. Government grants relating to emissions are accrued based on actual emissions.

Other operating income and expense

Other operating income includes gains from disposal of assets and regular income, such as royalty and rental income, which have not been derived from primary activities.

Other operating expenses include losses from disposal of assets and other costs not directly related to production or sale of products such as amortization of software and goodwill impairment losses.

Non-recurring items

Material restructuring costs, material impairment losses and reversals, material gains and losses relating to business combinations and disposals, and material gains and losses relating to sale of intangible and tangible assets are presented as non-recurring items.

Earnings before interest and taxes

Earnings before interest and taxes consists of net sales less costs of goods sold, sales and marketing expenses, research and development costs, administration costs, other operating expenses plus other operating income and share of result of equity-accounted investments. Foreign exchange gains and losses and changes of fair value of the derivative financial instruments relating to business are included in earnings before interest and taxes.

Use of estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, which form the basis of making the judgments about carrying values. These estimates and assumptions are reviewed on an ongoing basis. Possible effect of the changes in estimates and assumptions are recognized during the period they are changed.

The estimates and assumptions that have a significant risk of causing adjustment to the carrying value of assets within next financial year relate to impairment testing, the measurement of pension liabilities, litigation and tax risks, restructuring plans, provision for inventory obsolescence and the probability of deferred tax assets being recovered against future taxable profits.

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. More information about the sensitivity of recoverable amount relating to used assumptions can be found in note Intangible assets.

New IAS/IFRS standards and interpretations

New standards and amendments to existing standards applicable for the Group that have been published and are not mandatory, and which the Group has not yet adopted are described in the following.

The Group plans to adopt the following standards and amendments in 2015:

- Revised IAS 19 Employee benefits. The amendment concerns defined benefit plans with contributions from employees or third parties. The change is not expected to have impact on the consolidated financial statements.
- Annual improvements (December 2013). Annual improvements include smaller amendments to nine standards. The changes are not expected to have impact on the consolidated financial statements.

The Group expects to adopt later than 2015 the following new standards and amendments to existing standards, which have not yet been endorsed in the EU:

- IFRS 15 Revenue from Contracts with Customers (effective for 2017 annual period with early adoption permitted). IFRS 15 establishes a new comprehensive framework that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group is currently assessing the impact of IFRS 15, but does not expect material impact on the consolidated financial statements.
- IFRS 9 Financial Instruments (effective for 2018 annual period with early adoption permitted). IFRS 9 will replace current IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group is currently assessing the impact of IFRS 9.
- Annual improvements (September 2014). Annual improvements include smaller changes to four standards, the impact of which differ by standard.
- Revised IFRS 11 Joint arrangements (effective for 2016 annual period with early adoption permitted). Amendment concerns accounting for the acquisition of an interest in a joint operation. Since Group currently has no interest in joint arrangements classified as joint operations, the amendment is not expected to have impact on the consolidated financial statements.

- Revised IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (effective for 2016 annual period with early adoption permitted). Revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendment is not expected to have impact on the consolidated financial statements.
- Revised IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective for 2016 annual period with early adoption permitted). The amendment addresses sale or contribution of assets between an investor and its associate or joint venture, more specifically transactions involving a business. The amendment is not expected to have impact on the consolidated financial statements.

Notes to the consolidated financial statements

1. Segment information

The Group's reportable segments are strategic business units which produce different products and which are managed as separate units. The Group's segment information is based on internal management reporting. The Group has the following four reporting segments:

Foodservice Europe-Asia-Oceania: Foodservice paper and plastic disposable tableware is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, Middle-East, Asia, Africa and Oceania.

North America: The segment serves local markets in North America with Chinet® disposable tableware products, food-service packaging products, as well as ice cream containers and other consumer goods packaging products. The segment has rigid paper, plastic and molded fiber manufacturing units in the United States and Mexico.

Flexible Packaging: Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Asia and South America.

Molded Fiber: Recycled fiber is used to make fresh product packaging, such as egg and fruit packaging. The segment has production in Europe, Oceania, Africa and South America.

In the Group the performance assessment of segments and decisions on allocation of resources to segments are based on a segment's potential to generate earnings before interest

and taxes (EBIT), operating cash flow and return on net assets. In management's opinion these are the most suitable key indicators for analyzing the segments' performance. The Chief Executive Officer is the highest decision maker regarding the above mentioned assessments and resource allocation.

Segment's net assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. Net assets comprise intangible assets (including goodwill), tangible assets, equity-accounted investments, inventories, trade and other receivables, accrued income and prepayments, trade payables, other payables and accrued expense. Capital expenditure includes acquisition of tangible and intangible assets which will be used during more than one reporting period. Intersegment pricing is based on fair market value.

Other activities include unallocated corporate costs and royalty income and related net assets. Unallocated assets and liabilities relate to post-employment benefits, taxes and financial items.

Segments 2014

EUR million	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Molded Fiber	Segments total
Net sales	613.0	760.4	617.5	244.8	2,235.7
Intersegment net sales	7.4	9.0	0.5	2.2	19.1
EBIT	57.4	38.4	45.5	35.0	176.3
Net assets	344.5	558.7	346.2	177.4	1,426.8
Capital expenditure	33.6	36.7	24.7	27.3	122.3
Depreciation and amortization	25.1	28.8	18.0	11.5	83.4
RONA, % (12m roll.)	17.6%	7.2%	13.6%	20.4%	-
Operating cash flow	41.9	18.7	27.8	17.5	-

Intersegment net sales are eliminated on consolidation.

See notes 2, 3, 4, 8, 12 and 13.

Segments 2013

EUR million	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Molded Fiber	Segments total
Net sales	620.8	721.2	584.9	234.2	2,161.1
Intersegment net sales	8.3	4.1	0.9	2.1	15.4
EBIT*	18.8	38.4	44.0	29.6	130.8
Net assets	315.2	488.2	320.5	160.9	1,284.8
Capital expenditure	16.8	66.7	15.6	18.9	118.0
Depreciation and amortization	32.7	26.1	17.6	11.3	87.7
RONA, % (12m roll.)	5.6%	8.0%	13.3%	18.2%	-
Operating cash flow	55.9	-15.0	34.8	21.0	-
* includes restructuring cost of	12.5	-	-	-	12.5
* includes divestment cost of	15.6	-	-	-	15.6

Reconciliation calculations

Result

<i>EUR million</i>	2014	2013
Total EBIT for reportable segments	176.3	130.8
EBIT for other activities	-1.4	1.1
Net financial items	-28.9	-22.6
Profit before taxes from continuing operations	146.0	109.3

Assets

<i>EUR million</i>	2014	2013
Total assets for reportable segments	1,795.5	1,615.8
Assets in other activities	17.1	24.7
Assets in discontinued operations	-	156.3
Unallocated assets	485.4	345.3
Group's total assets	2,298.0	2,142.1

Liabilities

<i>EUR million</i>	2014	2013
Total liabilities for reportable segments	368.7	331.0
Liabilities in other activities	35.5	26.8
Liabilities in discontinued operations	-	20.4
Unallocated liabilities	1,001.0	959.1
Group's total liabilities	1,405.2	1,337.3

Geographical information

In presenting information on geographical basis revenues are reported based on the selling entity's location. Assets are reported based on geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets and post-employment benefit assets.

2014 <i>EUR million</i>	External net sales from continuing operations	Non-current assets
The United States	755.4	459.6
Germany	404.7	140.4
India	148.2	61.6
The UK	141.4	68.7
China	95.8	72.9
Thailand	81.0	42.2
Russia	79.8	25.8
Australia	70.9	27.4
The Netherlands	64.9	38.8
Other countries	393.6	204.9
Total	2,235.7	1,142.3

2013 <i>EUR million</i>	External net sales from continuing operations	Non-current assets
The United States	714.4	425.3
Germany	399.7	209.7
India	136.6	50.4
The UK	111.0	58.6
China	99.8	68.3
Thailand	75.9	38.9
Russia	80.7	31.7
Australia	72.5	26.4
The Netherlands	62.5	40.3
Other countries	408.0	197.4
Total	2,161.1	1,147.0

2. Business combinations and disposals

Acquisitions

2014

On August 29 Huhtamäki Oyj's New Zealand based subsidiary Huhtamäki (NZ) Holdings Limited acquired all shares of the privately owned Interpack Packaging Limited based in Auckland. Interpack manufactures folded carton packaging for the fast-moving consumer goods and retail products as well as the foodservice market in New Zealand. Company also manufactures corrugated protective packaging for the local wine industry. With the acquisition Huhtamäki continued to implement its strategy of quality growth and expanded its product offering. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania segment as of September 1, 2014. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 4.7 million was paid in cash. The cost relating to advice etc. services EUR 0.2 million are included in the Group income statement in account Other operating expenses.

The values of acquired assets and liabilities at time of acquisition were as follows:

<i>EUR million</i>	Note	Recognized values
Customer relations	12	0.4
Tangible assets	13	3.9
Inventories	19	1.1
Trade and other receivables	20	1.6
Cash and cash equivalents	21	0.1
Total assets		7.1
Deferred taxes	17	-0.1
Interest-bearing loans	24	-1.8
Trade and other payables	26, 27	-2.1
Total liabilities		-4.0
Net assets total		3.1
Goodwill	12	1.6
Consideration		4.7

The analysis of cash flows of acquisition is as follows:

<i>EUR million</i>	2014
Purchase consideration, paid in cash	-4.7
Cash and cash equivalents in acquired companies	0.1
Transaction costs of the acquisition	-0.2
Net cash flow on acquisition	-4.8

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 4.1 million and profit for the period was EUR 0.3 million. The Group's net sales from continuing operations would have been EUR 2,242.8 million, profit for the period from continuing operations EUR 131.8 million and profit for the period EUR 141.5 million, if the acquired business had been consolidated from January 1, 2014.

2013

On November 27 Huhtamäki Oyj's UK based subsidiary Huhtamäki Finance Limited acquired all shares of the privately owned BCP Corporate Limited, holding company of the Group, whose operational subsidiary is specialized in corrugated packaging for the foodservice, confectionery and cosmetics markets. The company is located in Blackburn, Lancashire, the UK. The acquired business has been consolidated into Foodservice-Europe-Asia-Oceania segment as of December 1, 2013. The consideration of EUR 18.8 million was paid in cash. The cost relating to advice etc. services EUR 0.3 million were included in Group income statement in account Other operating expenses.

The values of acquired assets and liabilities at time of acquisition were as follows:

<i>EUR million</i>	Note	Recognized values
Customer relations	12	2.5
Tangible assets	13	2.5
Inventories	19	1.7
Trade and other receivables	20	3.7
Cash and cash equivalents	21	1.1
Total assets		11.5
Deferred taxes	17	-1.0
Trade and other liabilities	26, 27	-5.0
Total liabilities		-6.0
Net assets total		5.5
Goodwill	12	13.3
Consideration		18.8

The analysis of cash flows of acquisition is as follows:

<i>EUR million</i>	2013
Purchase consideration, paid in cash	-18.8
Cash and cash equivalents in acquired companies	1.1
Transaction costs of the acquisition	-0.3
Net cash flow on acquisition	-18.0

The net sales of the acquired business included in the Group income statement 2013 since acquisition date were EUR 1.4 million and profit for the period was EUR 0.2 million. The Group's net sales from continuing operations in 2013 would have been EUR 2,179.5 million, profit for the period from continuing operations EUR 97.8 million and profit for the period EUR 99.3 million, if the acquired business had been consolidated from January 1, 2013.

Disposals

2014

The Films business segment was divested during 2014 as a result of the Group's growing strategic focus on food packaging. See note 3 Discontinued operations for further information.

2013

On October 30, Huhtamäki Oyj divested its loss-making Italian subsidiary, Huhtamäki S.p.A., to Diesse S.r.l., a manufacturer of polystyrene packaging for the foodservice markets. The divestment included the rigid plastic manufacturing units in Settimo Torinese, Sant'Ilario d'Enza and Buccino. The total consideration was EUR 6.2 million. The loss of EUR 15.6 million relating to the sale was included in Group income statement in account Other operating expenses.

The net assets of the divested subsidiary were as follows:

<i>EUR million</i>	Recognized values
Intangible and tangible assets	7.9
Inventories	8.9
Trade and other receivables	17.5
Cash and cash equivalents	0.9
Long-term liabilities	-2.3
Short-term liabilities	-11.9
Net assets in divested company	21.0

3. Discontinued operations

The Films business segment was sold during 2014 to DBAG Fund VI, a fund advised by Deutsche Beteiligungs AG, a German private equity company listed on the Frankfurt stock exchange. The divestment was a result of the Group's growing strategic focus on food packaging. The results and net cash flows of the sold operations are as follows:

<i>EUR million</i>	2014	2013
Result of the discontinued operations:		
Net sales	193.4	181.1
Expenses	-186.5	-179.8
Profit before taxes	6.9	1.3
Income taxes	-2.3	0.2
Profit after taxes	4.6	1.5
Profit relating to disposed operations	5.1	-
Profit for the period from discontinued operations	9.7	1.5

<i>EUR million</i>	2014	2013
Net cash flow of the discontinued operations:		
Cash flow from operating activities	7.3	11.1
Cash flow from investing	-4.0	-2.7
Cash flow from financing	-33.0	8.1
Net cash flow	-29.7	16.5

4. Restructuring costs

In 2014 the Group did not decide on any new restructuring programs.

The restructuring costs for 2013 included efficiency enhancing measures in the Foodservice Europe-Asia-Oceania segment. The manufacturing units in Viul, Norway and Epping, South Africa were closed down. The segment also implemented reorganizing programs in manufacturing units in Alf, Germany and Hämeenlinna, Finland with some impact on personnel. In total 170 employees were affected. The restructuring programs were finalized during 2013.

Restructuring costs represent the costs of reduction in the number of employees together with the writing down of manufacturing assets. The costs of the restructuring programs have been included within reported Earnings before interest and taxes under the appropriate expense classifications within the consolidated income statement and are as follows:

<i>EUR million</i>	2014	2013
Cost of goods sold	-	12.0
Sales and marketing	-	0.2
Administration costs	-	0.3
Total	-	12.5

See note 1.

5. Other operating income

EUR million	2014	2013
Royalty income	9.6	10.0
Gain on disposal of tangible assets	1.5	1.5
Rental income	1.4	1.1
Gain on divested associates	1.1	-
Other	7.7	4.5
Total	21.3	17.1

6. Other operating expenses

EUR million	2014	2013
Amortization of other intangible assets	7.4	6.9
Strategic project expenses	0.0	0.3
Losses on disposal of businesses	0.0	15.6
Other	0.1	0.0
Total	7.5	22.8

7. Personnel expenses

EUR million	2014	2013
Wages and salaries	364.9	354.2
Compulsory social security contributions	36.6	37.2
Pensions		
Defined benefit plans	-2.3	5.6
Defined contribution plans	8.3	10.5
Other post-employment benefits	0.6	0.6
Share-based payments	4.2	0.3
Other personnel costs	31.7	29.7
Total	444.0	438.1

Remuneration paid by the parent company to the members of the Board of Directors as well as the Chief Executive Officer (CEO) of Huhtamäki Oyj (8 people) amounted to EUR 1.3 million (2013: EUR 3.7 million).

See note 29 and Corporate Governance Statement.

Average number of personnel	2014	2013
Group	14,562	14,303
Huhtamäki Oyj	55	53

Average number of Group personnel includes discontinued operations.

8. Depreciation and amortization

EUR million	2014	2013
Depreciation and amortization by function:		
Production	72.3	76.5
Sales and marketing	0.1	0.1
Research and development	0.1	0.6
Administration	1.3	1.3
Other	10.3	10.0
Total	84.1	88.5
Depreciation and amortization by asset type:		
Buildings	9.3	10.2
Machinery and equipment	63.7	67.9
Other tangible assets	3.7	3.5
Other intangible assets	7.4	6.9
Total	84.1	88.5

See notes 1, 12 and 13.

9. Net financial items

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Taxes reported in other financial expenses are taxes payable in some jurisdictions on financial transactions. Only foreign exchange revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items.

<i>EUR million</i>	2014	2013
Interest income on bank deposits and other receivables	1.5	6.0
Interest income on defined benefit plans	1.7	1.2
Dividend income on available-for-sale assets	0.9	0.4
FX revaluation gains on interest-bearing assets and liabilities	0.3	0.4
Financial income	4.4	8.0
Interest expense on liabilities	-24.5	-22.7
Interest expense on defined benefit plans	-6.4	-5.4
FX revaluation losses on interest-bearing assets and liabilities	0.0	-0.6
Bank fees, taxes and stock exchange expenses	-2.4	-1.9
Financial expense	-33.3	-30.6
Net financial items	-28.9	-22.6

10. Taxes in income statement

<i>EUR million</i>	2014	2013
Current period taxes	19.7	14.1
Previous period taxes	-4.5	-3.9
Deferred tax expense	-0.7	2.9
Total tax expense	14.5	13.1
Profit before taxes	146.0	109.3
Tax calculated at domestic rate	29.2	26.8
Effect of different tax rates in foreign subsidiaries	4.8	3.7
Income not subject to tax	-14.3	-10.5
Expenses not deductible for tax purposes	11.2	2.4
Utilization of previously unrecognized tax losses	-6.5	-5.9
Recognition of previously unrecognized tax losses	-6.6	-
Previous period taxes	-4.5	-3.9
Other items	1.2	0.5
Total tax expense	14.5	13.1

Tax effects relating to components of other comprehensive income

<i>EUR million</i>	2014			2013		
	Before tax amount	Tax expense/benefit	Net of tax amount	Before tax amount	Tax expense/benefit	Net of tax amount
Cash flow hedges	6.5	-0.4	6.1	2.7	-0.4	2.3
Remeasurements on defined benefit plans	-57.5	11.9	-45.6	7.2	-4.8	2.4

11. Earnings per share

EUR million	2014	2013
Net income attributable to equity holders of the parent company (basic/diluted)		
Profit for the period from continuing operations	128.3	92.6
Profit for the period from discontinued operations	9.7	1.5
Total	138.0	94.1
<i>Thousands of shares</i>	2014	2013
Weighted average number of shares outstanding	103,505	103,067
Effect of share-based payments	151	111
Diluted weighted average number of shares outstanding	103,656	103,178
<i>Basic earnings per share, EUR:</i>	2014	2013
From profit for the period, continuing operations	1.24	0.90
From profit for the period, discontinued operations	0.09	0.01
From profit for the period attributable to equity holders of the parent company	1.33	0.91
<i>Diluted earnings per share, EUR:</i>	2014	2013
From profit for the period, continuing operations	1.24	0.90
From profit for the period, discontinued operations	0.09	0.01
From profit for the period attributable to equity holders of the parent company	1.33	0.91

12. Intangible assets

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2014
Acquisition cost on January 1, 2014	572.5	14.3	72.7	11.6	671.1
Additions	-	-	1.0	0.4	1.4
Disposals	-46.2	-1.2	-3.6	-0.8	-51.8
Intra-balance sheet transfer	-	-	0.9	0.5	1.4
Business combinations	1.6	0.4	-	-	2.0
Changes in exchange rates	12.5	1.7	1.3	0.7	16.2
Acquisition cost on December 31, 2014	540.4	15.2	72.3	12.4	640.3
Accumulated amortization and impairment on January 1, 2014	114.0	3.1	62.8	7.8	187.7
Accumulated amortization on disposals and transfers	-9.7	-0.5	-3.0	-0.2	-13.4
Amortization during the financial year	-	2.1	6.4	0.2	8.7
Changes in exchange rates	4.6	0.5	1.2	0.4	6.7
Accumulated amortization and impairment on December 31, 2014	108.9	5.2	67.4	8.2	189.7
Book value on December 31, 2014	431.5	10.0	4.9	4.2	450.6

Emission rights are included in other intangible rights and are valued at fair value on January 2, 2014. The value of emission rights at balance sheet date was EUR 0.3 million (2013: EUR 0.3 million). The Group has not sold any emission rights during 2014. 330,166 emission rights have been allocated to the Group for the commitment period 2013–2020. There were not any emission allowance surplus in 2014.

Amortization during the financial year includes EUR 1.3 million (2013: EUR 1.3 million) from discontinued operations.

<i>EUR million</i>	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2013
Acquisition cost on January 1, 2013	572.5	12.5	72.8	12.5	670.3
Additions	-	-	1.2	0.3	1.5
Disposals	-10.4	-	-1.2	-0.5	-12.1
Intra-balance sheet transfer	-	-	1.0	0.1	1.1
Business combinations	13.3	2.6	-	0.2	16.1
Changes in exchange rates	-2.9	-0.8	-1.1	-1.0	-5.8
Acquisition cost on December 31, 2013	572.5	14.3	72.7	11.6	671.1
Accumulated amortization and impairment on January 1, 2013	120.5	1.5	58.6	8.5	189.1
Accumulated amortization on disposals and transfers	-10.4	-	-1.1	-	-11.5
Amortization during the financial year	-	1.8	6.2	0.2	8.2
Changes in exchange rates	3.9	-0.2	-0.9	-0.9	1.9
Accumulated amortization and impairment on December 31, 2013	114.0	3.1	62.8	7.8	187.7
Book value on December 31, 2013	458.5	11.2	9.9	3.8	483.4

Impairment test for cash-generating units containing goodwill

Goodwill acquired through business combinations has been allocated to the level of groups of cash-generating units that are expected to benefit from the synergies of the acquisitions, which represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill has been allocated to the following groups of cash-generating units:

<i>EUR million</i>	2014	2013
Flexible Packaging Europe	81.1	81.1
Films Europe and North America	-	45.9
Molded Fiber Europe	47.3	47.3
North America	211.5	198.9
	339.9	373.2
Multiple units with smaller goodwill amount	91.6	85.3
Total goodwill	431.5	458.5

The multiple units with smaller goodwill represent smaller scale units in different segments.

Goodwill has been tested for impairment and since the recoverable value of the groups of the cash generating units has been higher than the carrying value, no impairment charges have been recognized.

Goodwill is tested annually or more frequently if there are indications of impairment. In assessing whether goodwill has been impaired, the carrying value of the group of cash generating units has been compared to the recoverable amount of the group of cash generating units. The recoverable amount is based on value in use, which is estimated using a discounted cash flow model. The cash flows are determined using five year cash flow forecasts, which are based on business plans. The plans are based on past experience as well as future expected market trend. The plans are approved by Management and are valid when the impairment test is performed. Cash flows for future periods are extrapolated using a one per cent growth rate in developed countries, two per cent growth rate in developing countries and three per cent growth rate in high growth countries. The management views these

growth rates as being appropriate for the business, given the long time horizon of the testing period. The pre-tax discount rate used in calculation reflects the weighted average cost of capital and risks to the asset under review. The pre-tax discount rates used in discounting the projected cash flows are as follows: Flexible Packaging Europe 7.4% (2013: 7.0%), Molded Fiber Europe 7.7% (2013: 8.0%) and North America 7.4% (2013: 7.5%). The pre-tax discount rates used in the smaller scale units with smaller goodwill range from 7.1% to 17.2% (2013: 9.5% to 17.6%). The cash generating unit relating to the Films Europe and North America goodwill was the sold Films business segment, so the goodwill was derecognized from the Group's statement of financial position.

Sensitivity analysis around the key assumptions have been performed and management believes that any reasonably possible change in the key assumptions (EBIT and discount rates) would not cause carrying amount of cash generating unit to exceed its recoverable amount.

13. Tangible assets

<i>EUR million</i>	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2014
Acquisition cost on January 1, 2014	20.8	285.3	1,076.3	48.1	46.3	1,476.8
Additions	-	7.3	7.7	119.5	0.9	135.4
Disposals	-5.1	-58.2	-105.4	-1.5	-	-170.2
Intra-balance sheet transfer	-0.3	6.2	82.1	-91.9	2.5	-1.4
Business combinations	-	-	5.7	-	0.1	5.8
Changes in exchange rates	1.2	14.6	64.3	-	5.1	85.2
Acquisition cost on December 31, 2014	16.6	255.2	1,130.7	74.2	54.9	1,531.6
Accumulated depreciation and impairment on January 1, 2014	-	126.8	663.2	-	33.2	823.2
Accumulated depreciation on disposals and transfers	-	-33.0	-74.9	-	-	-107.9
Depreciation during the financial year	-	10.2	68.2	-	4.1	82.5
Changes in exchange rates	-	5.4	42.5	-	5.8	53.7
Accumulated depreciation and impairment on December 31, 2014	-	109.4	699.0	-	43.1	851.5
Book value on December 31, 2014	16.6	145.8	431.7	74.2	11.8	680.1
Value of financial leased items included in book value 2014	-	7.8	0.5	-	0.1	8.4

Depreciation during the financial year includes EUR 5.8 million (2013: EUR 6.7 million) from discontinued operations.

<i>EUR million</i>	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2013
Acquisition cost on January 1, 2013	22.5	287.7	1,109.7	52.6	46.7	1,519.2
Additions	-	0.4	6.5	111.7	0.9	119.5
Disposals	-1.2	-15.7	-64.4	-0.1	-3.2	-84.6
Intra-balance sheet transfer	0.6	25.2	80.1	-111.6	4.6	-1.1
Business combinations	-	-	2.1	-	0.2	2.3
Changes in exchange rates	-1.1	-12.3	-57.7	-4.5	-2.9	-78.5
Acquisition cost on December 31, 2013	20.8	285.3	1,076.3	48.1	46.3	1,476.8
Accumulated depreciation and impairment on January 1, 2013	-	131.8	684.7	-	34.5	851.0
Accumulated depreciation on disposals and transfers	-	-11.4	-60.9	-	-3.2	-75.5
Depreciation during the financial year	-	11.2	73.2	-	3.9	88.3
Changes in exchange rates	-	-4.8	-33.8	-	-2.0	-40.6
Accumulated depreciation and impairment on December 31, 2013	-	126.8	663.2	-	33.2	823.2
Book value on December 31, 2013	20.8	158.5	413.1	48.1	13.1	653.6
Value of financial leased items included in book value 2013	-	2.6	0.6	-	0.2	3.4

14. Equity-accounted investments

The Group has investments in the following associates and joint arrangements:

<i>Company</i>	<i>Country</i>	<i>Ownership 2014</i>	<i>Ownership 2013</i>
Laminor S.A. (joint venture)	Brazil	50.0%	50.0%
Arabian Paper Products Co. (associate)	Saudi Arabia	40.0%	40.0%
Hiatus B.V. (associate)	The Netherlands	-	50.0%

Laminor S.A. is classified as a joint venture and consolidated using equity method, since the Group has a residual interest in its net assets. The interest in net assets is based on the contractual arrangements between the owners and the legal form of the company.

The Group divested its share in Hiatus B.V. during 2014. The consideration received was EUR 1.5 million and book value EUR 0.4 million.

The carrying amounts of interests and Group's share of results:

<i>EUR million</i>	2014	2013
Interest in a joint venture	6.0	5.0
Interests in associates	5.6	5.0
Total	11.6	10.0
Share of profit from continuing operations in a joint venture	1.0	2.3
Share of profit from continuing operations in associates	0.6	1.1
Total	1.6	3.4

15. Available-for-sale investments

Available-for-sale investments include listed and unlisted shares. Listed shares are measured at fair value. For unlisted shares the fair value cannot be measured reliably, as a result of which the investment is carried at cost.

<i>EUR million</i>	2014	2013
Book value on January 1	1.7	1.3
Additions	0.2	0.4
Book value on December 31	1.9	1.7

16. Interest-bearing receivables

<i>EUR million</i>	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Current				
Loan receivables	1.0	1.0	3.5	3.5
Finance lease receivables	1.4	1.4	1.1	1.1
Current interest-bearing receivables	2.4	2.4	4.6	4.6
Non-current				
Loan receivables	1.4	1.4	2.5	2.5
Finance lease receivables	2.8	2.8	2.3	2.3
Non-current interest-bearing receivables	4.2	4.2	4.8	4.8

Fair values have been calculated by discounting future cash flows of each major receivable at the appropriate market interest rate prevailing at closing date. Receivables payable on demand have a fair value equal to their carrying amount, which would be recovered if the receivables were disposed of at closing date.

Finance lease receivables

<i>EUR million</i>	2014	2013
Finance lease receivable is payable as follows:		
In less than one year	1.6	1.1
Between one and five years	3.0	2.6
Total minimum lease payments	4.6	3.7
Present value of minimum lease payments		
In less than one year	1.4	1.1
Between one and five years	2.8	2.3
Total present value of minimum lease payments	4.2	3.4
Unearned future financial income	0.4	0.3

Finance lease receivables relates to packaging machines leased to customers.

17. Deferred taxes

EUR million	2014	2013
Deferred tax assets by types of temporary differences		
Tangible assets	2.2	0.9
Employee benefit	44.6	22.1
Provisions	2.4	2.7
Unused tax losses	14.7	17.1
Other temporary differences	21.7	22.5
Total	85.6	65.3
Deferred tax liabilities		
Tangible assets	65.0	55.3
Employee benefit	19.5	12.3
Other temporary differences	17.4	23.0
Total	101.9	90.6
Net deferred tax liabilities	16.3	25.3
Reflected in statement of financial position as follows:		
Deferred tax assets	55.9	38.1
Deferred tax liabilities	72.2	63.4
Total	16.3	25.3

On December 31, 2014 the Group had EUR 142 million (2013: EUR 152 million) worth of deductible temporary differences, for which no deferred tax asset was recognised. EUR 105 million of these temporary differences have unlimited expiry, EUR 1 million expire later than in five years and EUR 36 million expire in five years.

Deferred taxes recognized directly in other comprehensive income are presented in note 10.

18. Employee benefits

The Group has established a number of defined benefit plans providing pensions and other post-employment benefits for its personnel throughout the world. The US, the UK, Germany and the Netherlands are the countries having major defined benefit plans comprising approximately 90% of the Group consolidated defined benefit obligation.

The US and the UK defined benefit plans are organized through a pension fund and the German and Dutch defined benefit plans through an insurance company. The major pension plans are funded and the assets of these plans are segregated from the assets of the Group. The subsidiaries' level of funding of the plans and asset allocation to asset categories meet local authority requirements.

In the defined benefit pension plans the pensions payable are based on salary level before retirement and number of service years. Some plans can include early retirement. The calculations for defined benefit obligations and assessment of the fair value of assets at closing date have been made by qualified actuaries.

The Group has also unfunded post-employment medical benefit plans, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes.

These defined benefit plans expose the Group to actuarial risks, such as inflation risk, interest rate risk, life expectancy and market risk.

EUR million	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2014	2013	2014	2013	2014	2013
Balance on January 1	517.2	531.3	-373.3	-379.1	143.9	152.2
Included in Income statement						
Current service cost	7.4	9.1			7.4	9.1
Plan amendment cost	-8.7	-2.1			-8.7	-2.1
Interest cost (+) / income (-)	21.2	18.5	-16.3	-13.4	4.9	5.1
	19.9	25.5	-16.3	-13.4	3.6	12.1
Included in Other comprehensive income						
Remeasurements						
Actuarial loss (+) / gain (-) arising from						
Demographic assumptions	10.5	-0.6			10.5	-0.6
Financial assumptions	76.5	-3.9			76.5	-3.9
Experience adjustment	-8.6	2.2			-8.6	2.2
Actual return on plan assets less interest income			-20.9	-4.9	-20.9	-4.9
	78.4	-2.3	-20.9	-4.9	57.5	-7.2
Other movements						
Benefits paid	-26.5	-26.7	19.1	19.1	-7.4	-7.6
Contribution by employer			-3.1	-3.0	-3.1	-3.0
Contribution by employee			-1.2	-1.1	-1.2	-1.1
Obligations and assets extinguished on settlements	-6.6	0.0	6.6	-	0.0	0.0
Obligations and assets extinguished on disposals	-22.9	-2.1	11.7	-	-11.2	-2.1
Effect of movements in exchange rates	30.5	-8.5	-28.7	9.1	1.8	0.6
Balance on December 31	590.0	517.2	-406.1	-373.3	183.9	143.9
<i>Reflected to statement of financial position</i>			2014			2013
Employee benefit assets			48.8			38.5
Employee benefit liabilities			232.7			182.4
			183.9			143.9
<i>Amounts of funded and unfunded obligations</i>			2014			2013
Present value of funded obligations			549.5			480.8
Present value of unfunded obligations			40.5			36.4
			590.0			517.2
<i>Plan assets comprise:</i>			2014			2013
European equities			66.8			63.9
North American equities			33.3			35.2
European debt instruments			59.5			46.9
North American debt instruments			107.1			86.7
Property			15.1			11.3
Insured plans			100.3			111.4
Other			24.0			17.9
			406.1			373.3

All equity and debt instruments as well as derivatives have quoted prices in active markets.

Expected contribution to defined benefit plans during 2015 is 5.1 million euros.

The weighted average duration of defined benefit obligation was 15 years (2013: 15 years).

<i>Significant actuarial assumptions</i>	2014	2013
Discount rate (%)		
Europe	1.0-3.6	2.0-4.5
Americas	3.7-7.0	4.5-6.5
Asia, Oceania, Africa	3.3-8.2	2.0-9.5
Annual increase in healthcare costs (%)		
Americas	7.5	7.7
Asia, Oceania, Africa	7.4	7.6

The effect of changes in significant actuarial assumptions on the defined benefit obligation

<i>EUR million</i>	2014	2013
1% p. increase in discount rate	-58.1	-57.3
1% p. decrease in discount rate	81.4	78.8
1% p. increase in estimated healthcare cost	2.8	2.2
1% p. decrease in estimated healthcare cost	-2.5	-1.9

19. Inventories

<i>EUR million</i>	2014	2013
Raw and packaging material	98.0	90.9
Work-In-Process	47.2	46.3
Finished goods	164.1	164.4
Advance payments	3.4	3.4
Inventories total	312.7	305.0

The value at cost for finished goods amounts to EUR 173.9 million (2013: EUR 173.3 million). An allowance of EUR 13.1 million (2013: EUR 12.3 million) has been established for obsolete items. Total inventories include EUR 2.7 million resulting from reversals of previously written down values (2013: EUR 2.3 million).

20. Trade and other current receivables

<i>EUR million</i>	2014	2013
Trade receivables	304.5	287.7
Other receivables	26.9	28.0
Accrued interest and other financial items	4.5	8.2
Other accrued income and prepaid expenses	25.9	25.1
Total	361.8	349.0

Other accrued income and prepaid expenses include prepayments for goods, accrued royalty income, rebates and other miscellaneous accruals.

Aging and impairment losses of trade receivables at the closing date

<i>EUR million</i>	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	269.1	1.2	249.3	1.4
Past due 0-30 days	32.1	0.5	33.7	0.5
Past due 31-120 days	5.8	0.5	6.9	1.7
Past due more than 120 days	3.7	4.0	5.5	4.1
Total	310.7	6.2	295.4	7.7

The maximum exposure to credit risk related to trade and other current receivables is equal to the book values of these items.

21. Cash and cash equivalents

EUR million	2014	2013
Cash and bank	326.5	234.2
Marketable securities	24.3	6.8
Total	350.8	241.0

22. Share capital of the parent company

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2013	107,205,986	364,500,352.40	114,055,766.48	-42,218,057.87	436,338,061.01
Subscriptions through option rights	402,765	1,369,401.00	739,712.10	-	2,109,113.10
Own shares transferred through performance share incentive plan	-	-	-	3,368,005.76	3,368,005.76
December 31, 2013	107,608,751	365,869,753.40	114,795,478.58	-38,850,052.11	441,815,179.87
Subscriptions through option rights	151,634	515,555.60	227,624.80	-	743,180.40
Own shares transferred through performance share incentive plan	-	-	-	197,807.37	197,807.37
December 31, 2014	107,760,385	366,385,309.00	115,023,103.38	-38,652,244.74	442,756,167.64

All shares issued are fully paid.

Huhtamäki Oyj has one series of shares. Each share entitles its holder to equal voting rights and equal distribution of dividend and other assets. The Company's Articles of Association do not contain rules regarding the minimum or maximum number of shares or the minimum or maximum share capital. Shares do not have a nominal value. All shares issued are fully paid.

The amount of the subscription price exceeding the par value of shares (EUR 3.40) received by the Company in connection with share subscriptions based on option rights granted under the option rights plan established under the old Companies Act (734/1978) has been recorded in the share premium. The Company's only existing option rights plan ceased on April 30, 2014.

Based on the authorization given by the Annual General Meeting of Shareholders on March 25, 2002, the Company repurchased in total 5,061,089 own shares during 2002 and 2003. After 2003 no own shares have been repurchased. The Annual General Meeting of Shareholders on April 24, 2014 authorized the Board of Directors to decide on the repurchase of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2015.

The Annual General Meeting of Shareholders on April 24, 2014 authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2015. This authorization cancelled the authorization given by the Annual General Meeting on April 24, 2012 to decide on the transfer of the Company's own shares which authorization was originally valid until April 30, 2015. During 2013 a total of 366,500 shares were transferred based on the old authorization and during 2014 a total of 21,525 shares were transferred based on the authorizations.

On December 31, 2014 the Company owned a total of 4,206,064 own shares (December 31, 2013: 4,227,589 own shares).

Members of the Board of Directors and the CEO of the Company owned on December 31, 2014 a total of 108,000

shares (December 31, 2013: 213,900 shares). These shares represented 0.10% (December 31, 2013: 0.20%) of the total number of shares and voting rights in the Company on December 31, 2014.

Information according to the Securities Market Act, Chapter 7, Section 6

Pursuant to the Securities Market Act (746/2012) Chapter 7, Section 6 and the Degree on the Regular Duty of Disclosure of an Issuer of a Security (VMa 1020/2012) Chapter 2, Section 8, the Company shall present in the Directors' Report information on factors that are likely to have a material effect on a public tender offer to acquire the shares of the Company. In accordance with the aforementioned regulations, the Company gives the following information:

The Company has one class of shares. Each share carries one vote at the General Meeting of Shareholders. The Company does not have in force any option rights plan or any other plan based on which the Company can issue special rights entitling to subscription of the Company's shares.

Article 11 of the Articles of Association of the Company contains provisions concerning the redemption obligation of shareholders. Election of the members of the Board of Directors and the Chief Executive Officer is stipulated in Articles 4, 5 and 8 of the Articles of Association.

The Annual General Meeting of Shareholders on April 24, 2014 authorized the Board of Directors to decide: (i) on the repurchase of the Company's own shares and (ii) on the issuance of shares as well as the issuance of special rights entitling to shares. The authorizations remain in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2015.

Certain agreements relating to the financing of the Company as well as supply agreements entered into with certain most significant customers contain terms and conditions upon which the agreement may terminate if control in the Company changes as a result of a public tender offer.

Distribution of ownership by number of shares on December 31, 2014

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	5,773	22.7	353,224	0.3
101-1,000	15,025	59.2	6,250,044	5.8
1,001-10,000	4,204	16.6	10,908,378	10.1
10,001-100,000	333	1.3	9,128,266	8.5
100,001-1,000,000	48	0.2	13,809,908	12.8
More than 1,000,000	9	0.0	67,238,781	62.4
Total	25,392	100.0	107,688,601	99.9
In the joint book-entry account			71,784	0.1
Number of shares issued			107,760,385	100.0

Distribution of ownership by sector on December 31, 2014

Sector	Number of shares	%
Nominee-registered shares	42,681,912	39.6
Non-profit organizations	20,416,843	18.9
Households	18,035,078	16.7
Private companies	7,818,739	7.3
Public-sector organizations	7,681,149	7.1
Financial and insurance companies	7,177,987	6.7
Foreigners	3,876,893	3.6
In the joint book-entry account	71,784	0.1
Number of shares issued	107,760,385	100.0

Largest registered shareholders on December 31, 2014*

Name	Number of shares and votes	%
Finnish Cultural Foundation	13,714,345	12.7
Ilmarinen Mutual Pension Insurance Company	3,414,318	3.2
ODIN Norden	1,644,504	1.5
The State Pension Fund	1,355,000	1.3
Society of Swedish Literature in Finland	1,008,500	0.9
ODIN Finland	866,842	0.8
Mandatum Life Unit-Linked	796,598	0.7
Nordea Fennia Fund	757,332	0.7
The Local Government Pensions Institution	750,000	0.7
Varma Mutual Pension Insurance Company	743,478	0.7
Total	25,050,917	23.2

* Excluding own shares held by Huhtamäki Oyj totaling 4,206,064 shares and representing 3.9% of the total number of shares.

Option rights

Option Rights 2006 Plan

The Annual General Meeting of Shareholders held on March 27, 2006 approved the issue of 3,300,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The Option Rights 2006 Plan ceased on April 30, 2014.

The option rights were marked as follows: 1,100,000 with 2006 A, 1,100,000 with 2006 B and 1,100,000 with 2006 C. According to the terms and conditions of the option rights each option right entitled to the subscription of one share and thus, if exercised in full, the option rights under the Option Rights 2006 Plan entitled to the subscription for a total of 3,300,000 shares whereby the share capital would have been increased by a maximum amount of EUR 11,220,000 repre-

senting approximately 3.1% of the Company's share capital on December 31, 2014. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011, with the option rights 2006 B on October 31, 2012 and with the option rights 2006 C on April 30, 2014. No shares were subscribed for based on the option rights 2006 A during the subscription period. A total of 749,665 new shares were subscribed for based on the option rights 2006 B and 947,400 new shares were subscribed for based on the option rights 2006 C during the subscription period. The following table depicts the share subscription period and the last subscription price for the option rights 2006 C.

Option right	Number of shares one option right entitles to subscribe for	Subscription price for one share	Subscription period
2006 C	1:1	EUR 4.53	April 1, 2011 – April 30, 2014 ¹

¹ The subscription period for shares ceased for option rights 2006 C on April 30, 2014.

During the year 2014 a total of 151,634 option rights 2006 C under the Option Rights 2006 Plan were exercised. Correspondingly 151,634 new shares were issued and the share capital was increased with EUR 515,555.60 representing approximately 0.14% of the share capital on December 31, 2014.

During the year 2013 a total of 402,765 option rights 2006 C under the Option Rights 2006 Plan were exercised. Correspondingly 402,765 new shares were issued and the share capital was increased with EUR 1,369,401.00 representing approximately 0.37% of the share capital on December 31, 2013.

Information relating to the amount of option rights outstanding in 2014 and 2013

	Weighted average exercise price/share EUR 2014	Option rights (pcs) 2014	Shares based on option rights (pcs) 2014	Weighted average exercise price/share EUR 2013	Option rights (pcs) 2013	Shares based on option rights (pcs) 2013
At the beginning of the financial year	5.10	165,834	165,834	5.66	568,599	568,599
Exercised	4.90	-151,634	-151,634	5.24	-402,765	-402,765
Forfeited and expired	0.00	-14,200	-14,200	-	-	-
At the end of the financial year	0.00	0	0	5.10	165,834	165,834
Exercisable at the end of the period	0.00	0	0	5.10	165,834	165,834

Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the Group Executive Team shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2010–2012

The Performance Share Plan 2010–2012 commenced in 2010. The reward was based on the Group's earnings per share (EPS) in 2012 and was paid in 2013. The Performance Share Plan 2010–2012 was directed to 58 persons at the end of 2012.

The target, Group's earnings per share (EPS) in 2012, set forth in the Performance Share Arrangement 2010 for the earnings period 2010–2012, was reached. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 366,500 shares were paid as a reward under the plan in 2013. Fair value of the paid shares on the grant date was EUR 15.20 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2010–2012 totaling EUR 7,441,085 was recorded for the reporting periods 2010–2012. This amount includes an expense totaling EUR 5,365,585 which was recorded in the reporting period ending on December 31, 2012.

Performance Share Plan 2011–2013

The Performance Share Plan 2011–2013 commenced in 2011. The reward was based on the Group's earnings per share (EPS) in 2013 and was paid in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

The target, Group's earnings per share (EPS) in 2013, set forth in the Performance Share Arrangement 2010 for the earnings period 2011–2013, was reached. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 21,525 shares were paid as a reward under the plan in 2014. Fair value of the paid shares on the grant date was EUR 19.48 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2011–2013 totaling EUR 0 was recorded for the reporting periods 2011–2013. This amount includes an income totaling EUR 856,215 which was recorded in the reporting period ending on December 31, 2013.

Performance Share Plan 2012–2014

The Performance Share Plan 2012–2014 commenced in 2012. The reward is based on the Group's earnings per share (EPS) in 2014 and will be paid during 2015. The Performance Share Plan 2012–2014 was directed to 63 persons at the end of 2014.

The target, Group's earnings per share (EPS) in 2014, set forth in the Performance Share Arrangement 2010 for the earnings period 2012–2014, was reached. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 146,780 shares will be paid as a reward under the plan in 2015. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2012–2014 totaling EUR 4,089,520 was recorded for the reporting periods 2012–2014. This amount includes an expense totaling EUR 1,780,795 which was recorded in the reporting period ending on December 31, 2014.

Performance Share Plan 2013–2015

The Performance Share Plan 2013–2015 commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 64 persons at the end of 2014.

Performance Share Plan 2014–2016

The Performance Share Plan 2014–2016 commenced in 2014 and the possible reward will be based on the Group's earnings per share (EPS) in 2016. The reward, if any, will be paid during 2017. The Performance Share Plan 2014–2016 was directed to 83 persons at the end of 2014.

23. Fair value and other reserves

<i>EUR million</i>	
December 31, 2012	-87.9
Cash flow hedge result recognized in other comprehensive income	3.2
Cash flow hedge result recognized in profit or loss	-0.5
Cash flow hedge result recognized in statement of financial position	0.0
Deferred taxes	-0.4
Change of remeasurements on defined benefit plans	7.2
Deferred taxes	-4.8
Other changes	0.9
December 31, 2013	-82.3
Cash flow hedge result recognized in other comprehensive income	6.3
Cash flow hedge result recognized in profit or loss	0.3
Cash flow hedge result recognized in statement of financial position	-0.1
Deferred taxes	-0.4
Change of remeasurements on defined benefit plans	-57.5
Deferred taxes	11.9
Other changes	22.5
December 31, 2014	-99.3

Fair value and other reserves

Fair value and other reserves contain fair value changes of derivative instruments assigned as cash flow hedges and remeasurements on defined benefit plans. Also deferred taxes in equity are reported in fair value and other reserves.

Translation differences

Translation differences contain the differences resulting from the translation of foreign entities' financial statements into euros. Also gains and losses from net investments in foreign entities are reported in translation differences. Hedges of those investments are reported in translation differences, if hedge accounting criteria is met.

Treasury shares

Treasury shares include the purchase price of Huhtamäki Oyj's shares held by Group companies. In 2014 own shares were transferred according to the terms and conditions of the Performance Share Incentive Plan. The purchase price of transferred shares was EUR 0.2 million. There are no additions in treasury shares in financial year 2014.

24. Interest-bearing liabilities

<i>EUR million</i>	2014 Carrying amount	Fair value	2013 Carrying amount	Fair value
Current				
Loans from financial institutions				
Fixed rate	5.0	5.0	10.8	10.8
Floating rate	111.4	111.4	48.9	48.9
Other current loans				
Floating rate	0.5	0.5	-	-
Finance lease liabilities	1.1	1.1	0.4	0.4
Total	118.0	118.0	60.1	60.1
Non-current				
Loans from financial institutions				
Fixed rate	12.5	12.5	17.5	17.1
Floating rate	175.6	175.6	201.0	201.0
Other long-term loans				
Fixed rate	325.0	321.6	325.0	304.1
Floating rate	6.3	6.3	48.0	48.0
Finance lease liabilities	8.0	8.0	3.4	3.4
Total	527.4	524.0	594.9	573.6

All interest-bearing liabilities are other liabilities than available-for-sale liabilities or derivative financial instruments defined in IAS 39 and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at closing date. Effective interest rate for measuring fair values of interest-bearing liabilities was 0.11%–0.30%.

<i>Repayments</i>	Loans from financial institutions	Finance lease liabilities	Other loans	Total
2015	116.4	1.1	0.5	118.0
2016	55.6	1.2	1.2	58.0
2017	95.7	1.1	126.3	223.1
2018	21.8	1.1	0.6	23.5
2019	15.0	1.0	0.7	16.7
2020–	-	3.6	202.5	206.1

Finance lease liabilities

<i>EUR million</i>	2014	2013
Finance lease liabilities are payable as follows:		
In less than one year	1.5	0.6
Between one and five years	5.8	1.8
More than five years	6.1	5.3
Total minimum lease payments	13.4	7.7
Present value of minimum lease payments		
In less than one year	1.1	0.4
Between one and five years	4.4	0.7
More than five years	3.6	2.7
Total present value of minimum lease payments	9.1	3.8
Future finance charges	4.3	3.9

25. Provisions

Restructuring provisions

Restructuring provisions include costs for various ongoing projects to streamline operations. Provisions relate to employee termination benefits.

Tax provisions

Tax provisions are recognized for tax risks mainly due to changes in the corporate structure and intercompany financing arrangements.

Other provisions

Other provisions include mainly captive insurance provisions relating to workers compensation.

EUR million	Restructuring reserve	Taxes	Other	Total 2014	Total 2013
Provision on January 1, 2014	4.3	21.2	10.8	36.3	42.6
Translation difference	-0.5	0.3	1.2	1.0	-1.3
Provisions made during the year	0.1	2.2	2.8	5.1	19.1
Provisions used during the year	-3.2	-0.3	-0.7	-4.2	-14.8
Unused provisions reversed during the year	-0.1	-5.7	-0.4	-6.2	-9.3
Disposed operations	-	-2.6	-0.2	-2.8	-
Provision on December 31, 2014	0.6	15.1	13.5	29.2	36.3
Current	0.3	1.1	2.2	3.6	5.6
Non-current	0.3	14.0	11.3	25.6	30.7

26. Trade and other current liabilities

EUR million	2014	2013
Trade payables	253.6	229.3
Other payables	30.0	35.4
Accrued interest expense and other financial items	23.0	11.7
Personnel and social security accruals	57.5	58.8
Other accrued expenses	48.5	51.6
Total	412.6	386.8

Other accrued expenses include accruals for purchases of material, rebates and other miscellaneous accruals.

27. Financial assets and liabilities by category

EUR million	2014	2013
Financial assets at fair value through profit or loss		
Designated as such upon initial recognition		
Derivatives	8.5	5.9
Loans and receivables		
Non-current interest-bearing receivables	4.2	4.8
Other non-current assets	3.4	4.2
Current interest-bearing receivables	2.4	4.6
Trade and other current receivables	331.4	344.9
Cash and cash equivalents	350.8	241.0
Available-for-sale investments	1.9	1.7
Financial assets total	702.6	607.1
Financial liabilities at fair value through profit or loss		
Derivatives	18.4	7.0
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	527.4	594.9
Other non-current liabilities	1.4	2.3
Current portion of long-term loans	76.1	23.3
Short-term loans	41.9	36.8
Trade and other current liabilities	280.4	383.2
Financial liabilities total	945.6	1,047.5

In the balance sheet derivatives are included in the following groups: Non-current interest bearing liabilities, other non-current assets, trade and other current receivables, other non-current liabilities and trade and other current liabilities.

<i>Financial instruments measured at fair value on a recurring basis</i>	Quoted prices in active markets	Valuation techniques based on observable market data	Total 2014
Assets			
Fair value through profit and loss			
Currency derivatives	-	4.5	4.5
Interest rate derivatives	-	4.0	4.0
Available-for-sale investments	1.9	-	1.9
Total	1.9	8.5	10.4
Liabilities			
Fair value through profit and loss			
Currency derivatives	-	15.3	15.3
Interest rate derivatives	-	2.9	2.9
Electricity forward contracts	0.2	-	0.2
Total	0.2	18.2	18.4

<i>Financial instruments measured at fair value on a recurring basis</i>	Quoted prices in active markets	Valuation techniques based on observable market data	Total 2013
Assets			
Fair value through profit and loss			
Currency derivatives	-	4.1	4.1
Interest rate derivatives	-	1.8	1.8
Available-for-sale investments	1.7	-	1.7
Total	1.7	5.9	7.6
Liabilities			
Fair value through profit and loss			
Currency derivatives	-	3.4	3.4
Interest rate derivatives	-	3.4	3.4
Electricity forward contracts	0.2	-	0.2
Total	0.2	6.8	7.0

The Group uses income approach in determining the fair value. Inputs used are foreign exchange rates, interest rates and yield curves as well as implied volatilities.

Group's currency and interest rate derivatives are subject to International Swaps and Derivatives Association (ISDA) master netting agreements. The amounts are not offset in the statement of financial position.

28. Management of financial risks

The objective of financial risk management is to ensure that the Group has access to sufficient funding in the most cost efficient way and to minimize the impact on the Group from adverse movements in the financial markets. As defined in the Group Treasury Policy, management of financial risks is guided and controlled by a Finance Committee, led by the CFO. The Finance Committee reviews risk reports on the Group's interest bearing balance sheet items, commercial flows, derivatives and foreign exchange exposures and approves required measures on a monthly basis.

The Group Treasury department at the Espoo headquarters is responsible for the Group's funding and risk management and serves the business units in daily financing, foreign exchange transactions and cash management coordination.

Currency risk

The Group is exposed to exchange rate risk through cross-border trade within the Group, exports and imports, funding of foreign subsidiaries and currency denominated equities.

Transaction risk

The largest transaction exposures derive from capital flows, imports, exports and royalty receivables. The objective of currency transaction risk management is to protect the Group from negative exchange rate movements. Business units are responsible for actively managing their currency risks related to future commercial cash flows, in accordance with policies and limits defined by the business unit and approved by the Finance Committee. As a rule, commercial receivables and payables recorded on the balance sheet are always fully hedged, as well as 25% of probable flows over a minimum 12-month horizon. Eligible hedging instruments include currency forwards and in authorized subsidiaries also currency options. The business units' counterparty in hedging transactions is mainly Huhtamäki Oyj.

Foreign exchange transaction exposure

EUR million	EUR exposure in companies reporting in GBP		EUR exposure in companies reporting in RUB		USD exposure in companies reporting in AUD		USD exposure in companies reporting in GBP		USD exposure in companies reporting in THB	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Trade receivables	2.0	2.6	1.7	1.8	0.4	0.4	0.0	1.9	0.5	0.1
Trade payables	-3.7	-2.6	-7.8	-4.7	-1.6	-1.1	-3.0	-1.9	-2.3	-0.5
Net balance sheet exposure	-1.7	0.0	-6.1	-2.9	-1.2	-0.7	-3.0	0.0	-1.8	-0.4
Forecasted sales (12 months)	13.1	12.4	15.2	8.1	3.2	2.3	0.2	0.1	3.1	1.8
Forecasted purchases (12 months)	-27.2	-27.0	-24.0	-19.9	-10.2	-9.0	-14.4	-10.2	-14.9	-13.0
Net forecasted exposure	-14.1	-14.6	-8.8	-11.8	-7.0	-6.7	-14.2	-10.1	-11.8	-11.2
Hedges										
Currency forwards (12 months)			5.8	4.2	2.5	3.8			2.9	3.8
Currency options (12 months)	4.1	5.4					5.1	6.3		
Total net exposure	-11.7	-9.2	-9.1	-10.5	-5.7	-3.6	-12.1	-3.8	-10.7	-7.8

Translation risk

As a main rule individual subsidiaries do not carry translation risk as they are financed in local currencies. As an exception, the Finance Committee has approved the use of foreign currency borrowing in countries with high local interest rates, totaling EUR 1.2 million (2013: EUR 1.8 million) on balance sheet date.

The main translation exposures derive from equities and permanent loans, which in substance form a part of the net investment in the US, China and UK based subsidiaries. The Group hedges its translation risks selectively by using foreign currency loans and derivatives. Equity hedging decisions are made by the Finance Committee, who in its decision making considers the hedge's estimated impact on the consolidated income statement and balance sheet ratios, long-term cash flows and hedging cost. On balance sheet date the Group had outstanding translation risk hedges of USD 223 million (of which USD 110 million in the form of currency loans and USD 113 million in the form of derivatives) and of GBP 20 million (of which GBP 20 million in the form of derivatives) (2013: USD 223 million, of which USD 130 million in the form of currency loans and USD 93 million in the form of derivatives and GBP 20 million, of which GBP 20 million in the form of derivatives).

A 10% appreciation of the EUR versus the USD, CNY and GBP would as of the balance sheet date decrease the result before taxes by EUR 5.5 million (2013: EUR 4.2 million) and the Group consolidated equity by EUR 35.5 million (2013: EUR 29.7 million).

Interest rate risk

The interest bearing debt exposes the Group to interest rate risk, namely re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralized to the Group Treasury. The Group's policy is to maintain in the main currency debt portfolios a duration that matches a benchmark duration range based on the Group's estimated cash flow, selected balance sheet ratios and also the shape of the yield curve. The objective of interest rate risk management is to reduce the fluctuation of the interest charge, enabling a more stable net income. The Group manages interest rate risk by selection of debt interest periods and by using derivatives such as futures, forward rate agreements, interest rate swaps and options.

Currency split and repricing schedule of outstanding net debt including hedges

Currency	2014				Rate sensitivity ¹ EUR million	Debt repricing in period, incl. derivatives						2013		
	Amount EUR million	Avg. duration (y)	Avg. rate (%)			2015	2016	2017	2018	2019	Later	Amount EUR million	Avg. duration (y)	Avg. rate (%)
EUR	1.6	2.4	4.5	0.3	-280.9	5.0	150.0	2.5		125.0	110.7	3.8	4.6	
USD	108.2	2.5	2.3	0.3	17.6	8.2	33.0	16.5	24.7	8.2	97.6	2.0	2.9	
GBP	52.4	0.2	0.7	0.3	52.4						48.5	0.3	0.6	
HKD	35.4	0.4	0.5	0.2	35.4						35.2	0.1	0.1	
RUB	17.6	0.1	22.2	0.1	17.6						20.1	0.1	7.5	
Other	72.8	0.1	2.8	0.6	72.8						92.5	0.2	4.1	
Total	288.0	1.4	3.4	1.8	-85.1	13.2	183.0	19.0	24.7	133.2	404.6	1.6	3.3	

¹ Effect of one percentage point rise in market interest rates on Group's net interest expenses over the following 12 months. A similar rise in interest rates would increase Group equity with EUR 2.8 million due to mark-to-market revaluations of interest rate derivatives designated for cash flow hedges. All other variables, such as FX rates have been assumed constant.

Liquidity and refinancing risk

The Group maintains sufficient liquidity reserves at all times by efficient cash management structures such as cash pools, concentration accounts and overdraft financing facilities. To mitigate the refinancing risk, the Group diversifies funding sources as well as the maturity structure of loans and debt facilities. The Group utilizes a EUR 400 million Finnish commercial paper program and uncommitted credit facilities with

relationship banks for short-term financing purposes. At year-end 2014, the Group had committed credit facilities totaling EUR 420 million (2013: EUR 418 million) of which EUR 323 million (2013: EUR 312 million) remained undrawn. Undrawn committed long term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

Debt structure

EUR million	2014									2013		
	Amount drawn	Amount available of committed	Total	Maturity of facility/loan						Amount drawn	Amount available of committed	Total
2015				2016	2017	2018	2019	Later				
Committed revolving facilities	97.5	322.8	420.3	2.8	400.0		17.5			105.3	312.2	417.5
Bonds and other loans	490.9		490.9	72.9	55.5	130.0	17.5	15.0	200.0	504.6		504.6
Commercial paper program	10.0		10.0	10.0						-		-
Uncommitted loans from financial institutions	37.9		37.9	37.9						41.3		41.3
Finance lease liabilities	9.1		9.1	1.1	1.2	1.1	1.1	1.0	3.6	3.8		3.8
Total	645.4	322.8	968.2	124.7	456.7	131.1	36.1	16.0	203.6	655.0	312.2	967.2

Credit risk

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivatives transactions.

The business units are responsible for the management of commercial credit risk in accordance with policies defined by the business units and approved by the Finance Committee. A Group policy sets out certain minimum requirements as to credit quality, sales terms and collection. The commercial credit risk for the Group as a whole is considered low as the receivable portfolio is diversified and historical credit loss frequency is low (see note 20).

Liquid funds are from time to time invested in short-term bank deposits at relationship banks with a solid credit rating, in government bonds, treasury bills or in commercial papers issued by corporate borrowers with an investment grade rating. Credit risk stemming from receivables from financial institutions, including derivative transaction settlements,

is considered small and is managed centrally by the Group Treasury department and in accordance with limits set by the Finance Committee.

Capital management

The Group's objective is to maintain an efficient capital structure. Consequently, the Group aims to maintain in the long term the net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio in a range between 2-3. Net debt is defined as interest bearing liabilities less interest bearing receivables, cash and cash equivalents.

The Group is subject to a restriction on its net debt to EBITDA ratio through a clause in a key financing agreement. This restriction is not seen hindering the Group's ability to carry out its business or its strategy.

Changes in the capital structure are resulting from capital investments in the business and cash returns to shareholders, which are funded by the stable cash flow.

Capital structure

EUR million	2014	2013
Interest-bearing debt	645.4	655.0
Interest-bearing receivables, cash and cash equivalents	357.4	250.4
Net debt	288.0	404.6
Total equity	892.8	804.8
Net debt to equity (Gearing ratio)	0.32	0.50
Net debt to EBITDA (excluding non-recurring items)	1.04	1.58

Nominal values of derivative financial instruments

EUR million	2014							2013
	Nominal Value		Maturity Structure					Nominal Value
Instrument	2015	2016	2017	2018	2019	Later		
Currency forwards								
for transaction risk								
Outflow	-139.6	-139.6					-62.6	
Inflow	153.0	153.0					63.1	
for translation risk								
Outflow	-118.8	-118.8					-91.4	
Inflow	107.3	107.3					93.7	
for financing purposes								
Outflow	-142.0	-142.0					-132.5	
Inflow	131.4	131.4					131.3	
Currency options								
for transaction risk								
Bought options	18.5	18.5					19.8	
Sold options	-14.8	-14.8					-15.5	
Interest rate swaps								
EUR	-55.0		20.0				-75.0	
USD	98.8	8.2	8.2	32.9	16.5	24.7	8.2	
Cross currency swaps								
SEK	-47.9	-47.9					-50.8	
EUR	48.0	48.0					48.0	
Electricity forward contracts	-0.2	-0.1	0.0	0.0	0.0		-0.2	

Fair values of derivative financial instruments

EUR million	2014			2013		
	Positive Fair values	Negative Fair values	Net Fair values	Positive Fair values	Negative Fair values	Net Fair values
Currency forwards						
for transaction risk ¹	3.4	-0.9	2.5	1.2	-0.6	0.6
for translation risk ²		-11.4	-11.4	1.7	-0.5	1.2
for financing purposes	1.0	-2.7	-1.7	1.0	-1.7	-0.7
Currency options						
for transaction risk	0.3	-0.2	0.1	0.1	-0.6	-0.5
Interest rate swaps ³						
EUR	3.9	-0.7	3.2		-2.0	-2.0
USD	0.1	-1.3	-1.2	0.2	-1.4	-1.2
Cross currency swaps ⁴						
EURSEK		-0.9	-0.9	1.6		1.6
Electricity forward contracts ⁵	0.0	-0.2	-0.2		-0.2	-0.2

¹ Out of the currency forwards, fair value EUR 0.7 million was designated for cash flow hedges (2013: EUR 0.6 million) and reported in fair value and other reserves.

² Out of the currency forwards, fair value of EUR -11.4 million was designated for hedges of net investment in foreign subsidiaries (2013: EUR 1.2 million) and reported in translation difference.

³ Fair values of interest rate swaps include accrued interest. Fair value of EUR -1.9 million was designated for cash flow hedges (2013: EUR -1.8 million) out of which EUR -1.5 million was reported in equity in fair value and other reserves and EUR -0.4 million in the income statement in financial expense. Fair value of EUR 3.9 million was designated for fair value hedges out of which EUR 3.9 million was reported in the income statement in financial income.

⁴ Out of the cross currency swaps, the foreign exchange revaluation result of EUR -0.1 million (2013: EUR 2.8 million) was designated for fair value hedges and was reported in net financial items. The interest rate revaluation result of EUR -0.9 million (2013: EUR -1.2 million) was designated for cash flow hedges and was reported in equity in fair value and other reserves. The fair value includes accrued interest of EUR -0.1 million (2013: EUR 0.0 million) which was reported in financial expense.

⁵ Out of the electricity forward contracts, EUR -0.2 million (2013: EUR -0.2 million) was designated for cash flow hedges and was reported in equity in fair value and other reserves.

29. Related party transactions

Huhtamäki Group has related party relationships with its joint ventures and associated companies as well as members of the Board of Directors and the Group Executive Team.

Employee benefits of CEO and other members of the Group Executive Team

<i>EUR million</i>	2014	2013
Salaries and other short-term employee benefits	3.3	5.0
Share-based payments	1.1	-0.3

Remuneration of CEO and members of the Board of Directors

<i>In thousands of euros</i>	2014	2013
CEO Moisio Jukka	852	3,214
Board members		
Ala-Pietilä Pekka	112	97
Suominen Jukka	77	77
Ailasmaa Eija	62	62
Barker William R.	57	58
Börjesson Rolf	56	58
Corrales Maria Mercedes	57	57
Turner Sandra	62	62
Lilius Mikael	-	29
CEO and Board in total	1,335	3,714

Members of the Board of Directors and the Group Executive Team owned a total of 231,340 shares at the end of the year 2014 (2013: 462,400 shares). The members of the Group Executive Team did not own any option rights at the end of the year 2014 and the Company's only existing option rights plan ceased on April 30, 2014 (2013: 0 option rights). The same terms and conditions applied to the option rights owned by the Group Executive Team members and to those owned by the other holders of option rights.

The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. Expenses for the CEO's statutory pension were EUR 134 thousand (2013: EUR 184 thousand) and for the supplementary pension arrangement EUR 51 thousand (2013: EUR 50 thousand). Liability from the supplementary pension arrangement was EUR 330 thousand (2013: EUR 272 thousand) in the statement of financial position.

Transactions with associated companies and joint ventures

<i>EUR million</i>	2014	2013
Purchase of goods from associated companies	-	1.6

Transactions are carried out at fair market prices.

30. Operating lease commitments

<i>EUR million</i>	2014	2013
Operating lease payments		
Not later than 1 year	13.6	12.7
Later than 1 year and not later than 5 years	23.3	18.6
Later than 5 years	28.8	18.8
Total	65.7	50.1

Huhtamäki Oyj has sold its property located in Hämeenlinna and leased it back for agreed lease period.

31. Contingencies

Capital expenditure commitments

<i>EUR million</i>	2014	2013
Under 1 year	31.7	18.4

Mortgages

<i>EUR million</i>	2014	2013
For own debt	0.0	0.0

Guarantee obligations

<i>EUR million</i>	2014	2013
For associated companies	0.4	0.4
For external parties	0.3	-

Litigations

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anticompetitive behavior in the markets of plastic trays used for retail packaging of fresh food, such as meat and poultry, in South-West Europe, North-West Europe and France.

The statement of objections does not prejudge the final outcome of the European Commission's investigation, thus no provision has been made in Group statement of financial position.

32. Significant events after reporting period

On July 8, 2014 Huhtamäki entered into an agreement to acquire Positive Packaging, a privately owned flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates (UAE) as well as significant business in Africa and other export markets. With the acquisition Huhtamäki continued to implement its strategy of quality growth and strengthen its position in the fast-growing emerging markets. The annual net sales of the business are approximately EUR 220 million and it employs approximately 2,500 people in India and UAE as well as in the sales offices in seven countries. The business became part of the Group's Flexible Packaging business segment as of February 1, 2015.

The transaction was subject to the approval of competition authorities and other regulators and was finalized on January

30, 2015. The Group acquired 100% of the share capital of Positive Packaging company. The consideration of EUR 284 million was paid in cash. The initial accounting for the business combination is incomplete at the time the financial statements are authorized for issue. Disclosure information regarding e.g. acquired assets and liabilities, goodwill and cash flows are not yet available.

On January 9, 2015 Huhtamäki Oyj signed a EUR 400 million syndicated revolving credit facility loan agreement for the period of five (5) years. With the new credit facility, Huhtamäki refinanced a previous EUR 400 million credit facility signed in March 2011. The funds will be used for general corporate purposes of the Group.

Per share data

		2014	2013	2012*	2011	2010
Earnings per share	EUR	1.33	0.91	1.19	0.80	1.02
Earnings per share (diluted)	EUR	1.33	0.91	1.18	0.80	1.02
Dividend, nominal	EUR	0.60 ¹	0.57	0.56	0.46	0.44
Dividend/earnings per share	%	45.0 ¹	62.6	47.1	57.5	43.1
Dividend yield	%	2.7 ¹	3.1	4.6	5.0	4.3
Shareholders' equity per share	EUR	8.33	7.54	7.59	7.71	7.40
Average number of shares adjusted for share issue at year end		103,505,319 ²	103,067,409	101,710,693	101,418,398	101,185,001
Number of shares adjusted for share issue at year end		103,554,321 ²	103,381,162	102,611,897	101,472,231	101,237,231
P/E ratio		19.7	20.5	10.3	11.5	10.1
Market capitalization on December 31	EUR million	2,261.6 ²	1,928.1	1,259.0	929.5	1,047.8
Trading volume in NASDAQ OMX Helsinki Ltd.	units	52,188,506 ³	37,430,717	44,253,448	51,301,751	86,717,677
Trading volume in alternative trading venues	units	51,927,797 ⁴	24,197,786	28,367,244	28,396,040	31,713,869
Trading volume, total	units	104,116,303	61,628,503	72,620,692	79,697,791	118,431,546
In relation to average number of shares	%	100.6 ²	59.8	71.4	78.6	117.0
Development of share price						
Lowest trading price	EUR	17.63	12.32	8.88	7.09	7.30
Highest trading price	EUR	22.21	18.81	13.19	10.75	10.48
Trading price on December 31	EUR	21.84	18.65	12.27	9.16	10.35

* Restated figures

¹ 2014: Board's proposal.

² Excluding treasury shares.

³ Source: NASDAQ OMX Helsinki Ltd.

⁴ Source: Fidessa Fragmentation Index, fragmentation.fidessa.com

Huhtamaki 2010–2014

EUR million	2014	2013	2012*	2011	2010
Net sales	2,235.7 ¹	2,161.1 ¹	2,321.2	2,043.6	1,951.8 ¹
Increase in net sales (%)	3.5 ¹	0.9	13.6	4.7	6.6 ¹
Net sales outside Finland	2,182.7 ¹	2,112.4 ¹	2,267.7	1,988.8	1,898.5 ¹
Earnings before interest, taxes, depreciation, amortization and impairment	259.0 ¹	220.4 ¹	253.5	196.9	213.6 ¹
Earnings before interest, taxes, depreciation and amortization/net sales (%)	11.6 ¹	10.2 ¹	10.9	9.6	10.9 ¹
Earnings before interest and taxes	174.9 ¹	131.9 ¹	163.5	120.6	134.3 ¹
Earnings before interest and taxes/net sales (%)	7.8 ¹	6.1 ¹	7.0	5.9	6.9 ¹
Profit before taxes	146.0 ¹	109.3 ¹	137.4	105.2	120.7 ¹
Profit before taxes/net sales (%)	6.5 ¹	5.1 ¹	5.9	5.1	6.2 ¹
Profit for the period	131.5 ¹	96.2 ¹	124.1	91.7	104.5 ¹
Total equity	892.8	804.8	805.5	805.0	848.7
Return on investment (%)	13.0	9.9	12.6	9.8	12.0
Return on shareholders' equity (%)	16.7	12.0	15.8	11.0	14.5
Solidity (%)	38.9	37.7	40.1	42.2	45.5
Net debt to equity	0.32	0.50	0.50	0.49	0.32
Current ratio	1.91	1.97	1.53	1.12	1.38
Times interest earned	9.16	8.56	9.68	12.69	16.62
Capital expenditure	127.0	121.0	93.5	82.2	85.8
Capital expenditure/net sales (%)	5.7	5.2	4.0	4.0	4.1
Research & development	13.3 ¹	14.7 ¹	15.7	16.2	16.3 ¹
Research & development/net sales (%)	0.6 ¹	0.7 ¹	0.7	0.8	0.8 ¹
Number of shareholders (December 31)	25,392	24,895	24,290	26,604	26,858
Personnel (December 31)	13,818	14,362	14,170	12,739	11,687

* Restated figures

¹ Continuing business

Key exchange rates in euros

		2014 Income statement	2014 Statement of financial position	2013 Income statement	2013 Statement of financial position
Australia	AUD	0.6791	0.6744	0.7262	0.6484
The UK	GBP	1.2400	1.2839	1.1775	1.1995
India	INR	0.0123	0.0130	0.0128	0.0117
Russia	RUB	0.0196	0.0138	0.0236	0.0221
Thailand	THB	0.0232	0.0251	0.0245	0.0221
The United States	USD	0.7525	0.8237	0.7530	0.7251

Definitions for key indicators

Earnings per share (EPS) from profit for the period from continuing operations =	$\frac{\text{Profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$
Earnings per share (EPS) from profit for the period from discontinued operations =	$\frac{\text{Profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$
Earnings per share (EPS) attributable to equity holders of the parent company =	$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$
Diluted earnings per share (EPS) from profit for the period from continuing operations =	$\frac{\text{Diluted profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$
Diluted earnings per share (EPS) from profit for the period from discontinued operations =	$\frac{\text{Diluted profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$
Earnings per share attributable to equity holders of the parent company (diluted EPS) =	$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$
Dividend yield =	$\frac{100 \times \text{issue-adjusted dividend}}{\text{Issue-adjusted share price at December 31}}$
Shareholders' equity per share =	$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at December 31}}$
P/E ratio =	$\frac{\text{Issue-adjusted share price at December 31}}{\text{Earnings per share}}$
Market capitalization =	Number of shares outstanding multiplied by the corresponding share prices on the stock exchange at December 31
Return on investment (ROI) =	$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses})}{\text{Statement of financial position total} - \text{Interest-free liabilities (average)}}$
Return on equity (ROE) =	$\frac{100 \times \text{Profit for the period}}{\text{Equity} + \text{non-controlling interest (average)}}$
Net debt to equity (gearing) =	$\frac{\text{Interest-bearing net debt}}{\text{Equity} + \text{non-controlling interest}}$
Solidity =	$\frac{100 \times (\text{Equity} + \text{non-controlling interest})}{\text{Statement of financial position total} - \text{advances received}}$
Current ratio =	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Times interest earned =	$\frac{\text{Earnings before interest and taxes} + \text{depreciation, amortization and impairment}}{\text{Net interest expenses}}$
Return on net assets (RONA) =	$\frac{100 \times \text{Earnings before interest and taxes (12 m roll.)}}{\text{Net assets (12 m roll.)}}$
Operating cash flow =	EBIT + depreciation and amortization (including impairment) – capital expenditure + disposals +/- change in inventories, trade receivables and trade payables
Free cash flow =	Net cash flow from operating activities – capital expenditure + proceeds from selling tangible and intangible assets

List of Subsidiaries

The list contains operative companies, holding companies and other subsidiaries with sufficient assets. A complete list is enclosed in the official statutory accounts, which may be obtained from the company on request. Foreign subsidiaries' nominal values are expressed in local currency (1,000). Subsidiaries book values are expressed in the holding company's currency (1,000).

Name	Number of shares	Size of holding, %	Nominal value	Book value	Group holding, %
Huhtamäki Oyj's shareholding in subsidiaries:					
Huhtamäki Holding Oy	8	100.0	EUR 8	EUR 731,057	100.0
Huhtamäki Finance B.V.	4,900,713	75.0	EUR 490,071	EUR 844,855	100.0
Huhtamäki Foodservice Finland Oy	25,025	100.0	EUR 2,503	EUR 13,172	100.0
Partner Polarcup Oy	78,695	100.0	EUR 13,236	EUR 13,236	100.0
Huhtamäki Hungary Kft	1	100.0	HUF 67,240	EUR 339	100.0
Huhtamäki Holding Oy's shareholding in subsidiaries:					
Huhtalux Supra S.à r.l.	46,698,627	100.0	EUR 46,699	EUR 486,998	100.0
Huhtalux Supra S.à r.l.'s shareholding in subsidiaries:					
Huhtamäki Germany GmbH	3	75.0	EUR 30	EUR 25	100.0
Huhtamäki Germany GmbH's shareholding in subsidiaries:					
Huhtamäki Flexible Packaging Germany GmbH & Co. KG	19,391	75.1	EUR 1,939	EUR 327,898	100.0
Huhtamäki Foodservice Germany GmbH & Co. KG	999,000	99.9	EUR 999	EUR 3,999	100.0
Huhtamäki Finance B.V.'s shareholding in subsidiaries:					
Huhtamäki Turkey Gıda Servisi Ambalajı A.Ş.	16,999,984	100.0	TRY 17,000	EUR 7,342	100.0
Huhtamäki Holdings Pty Limited	63,052,750	100.0	AUD 86,202	EUR 11,987	100.0
Huhtamäki (NZ) Holdings Limited	13,920,000	100.0	NZD 12,223	EUR 2,637	100.0
Huhtamäki Holdings France SNC	2,523,290	100.0	EUR 38,480	EUR 38,739	100.0
Huhtamäki Anglo Holding	1,000	100.0	GBP 1	EUR 225,418	100.0
Huhtamäki Finance Limited	10,000	100.0	GBP 10	EUR 12	100.0
Huhtamäki (Norway) Holdings A/S	28,459	100.0	NOK 28,459	EUR 3,470	100.0
Huhtamäki Sweden AB	1,500	100.0	SEK 1,500	EUR 2,401	100.0
Huhtamäki Finance Company I B.V.	200	100.0	EUR 20	EUR 309,982	100.0
Huhtamäki Spain S.L.	773,473	99.9	EUR 23,243	EUR 24,601	100.0
Huhtamäki Egypt L.L.C.	6,000	75.0	EGP 6,000	EUR 2,593	75.0
Huhtamäki South Africa (Pty) Ltd	167,662	100.0	ZAR 335	EUR 8,211	100.0
Huhtamäki Flexibles Italy S.r.l.	1	100.0	EUR 1,000	EUR 6,160	100.0
Huhtamäki Singapore Pte. Ltd	28,000,000	100.0	SGD 28,000	EUR 11,977	100.0
Huhtamäki (Vietnam) Limited	-	100.0	USD 25,097	EUR 19,797	100.0
Huhtamäki Holdings Pty Limited's shareholding in subsidiaries:					
Huhtamäki Australia Pty Limited	9,241,702	100.0	AUD 9,242	AUD 9,242	100.0
Huhtamäki (NZ) Holdings Limited's shareholding in subsidiaries:					
Huhtamäki Henderson Limited	195,211	99.8	NZD 390	NZD 28,493	100.0
Interpac Packaging Limited	100,000	100.0	NZD 100	NZD 7	100.0
Huhtamäki Holdings France SNC's shareholding in subsidiaries:					
Huhtamäki Participations France SNC	70,612,842	100.0	EUR 70,613	EUR 70,613	100.0
Huhtamäki Participations France SNC's shareholding in subsidiaries:					
Huhtamäki Foodservice France S.A.S	25,869	100.0	EUR 962	EUR 2,607	100.0
Huhtamäki La Rochelle S.A.S.	2,500	100.0	EUR 3,825	EUR 33,243	100.0
Huhtamäki Anglo Holding's shareholding in subsidiaries:					
Huhtamäki Limited	145,460,910	100.0	GBP 145,461	GBP 180,533	100.0
Huhtamäki Limited's shareholding in subsidiaries:					
Huhtamäki (UK) Limited	63,769,695	100.0	GBP 63,770	GBP 78,282	100.0
Huhtamäki (Lurgan) Limited	3,103,999	100.0	GBP 1,568	GBP 4,937	100.0
Huhtamäki (Lurgan) Limited's shareholding in subsidiaries:					
Huhtamäki (Lisburn) Limited	105,000	100.0	GBP 105	GBP 133	100.0

Name	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Huhtamaki Finance Limited's shareholding in subsidiaries:							
Josco (Holdings) Limited	30,000,000	100.0	HKD	30,000	GBP	38,721	100.0
BCP Corporate Limited	100	100.0	GBP	-	GBP	15,844	100.0
Josco (Holdings) Limited's shareholding in subsidiaries:							
Huhtamaki Josco Limited	60,000	100.0	HKD	60,000	HKD	30,000	100.0
Huhtamaki Hong Kong Limited	25,044,055	100.0	HKD	317,905	HKD	679,000	100.0
Josco Inflight Limited	10,000	100.0	HKD	10	HKD	10	100.0
Dixie Cup (Hong Kong) Limited	2,160,000	54.0	HKD	2,160	HKD	2,160	54.0
Huhtamaki Hong Kong Limited's shareholding in subsidiaries:							
Huhtamaki (Tianjin) Limited	-	100.0	CNY	128,124	HKD	127,952	100.0
Huhtamaki (Guangzhou) Limited	-	100.0	USD	30,000	HKD	233,198	100.0
Shandong GreenGood Eco-Tech Co. Limited	-	86.8	CNY	26,399	HKD	7,856	86.8
Guangdong Josco Disposable Product Ltd.	-	100.0	USD	29,000	HKD	313,942	100.0
BCP Corporate Limited's shareholding in subsidiaries:							
2 View Media Limited	7,254	100.0	GBP	7	GBP	8,945	100.0
2 View Media Limited's shareholding in subsidiaries:							
Huhtamaki BCP Limited	8,066	100.0	GBP	8	GBP	7	100.0
Huhtamaki (Norway) Holdings A/S's shareholding in subsidiaries:							
Huhtamaki Norway A/S	950	100.0	NOK	950	NOK	106,412	100.0
Huhtamaki Finance Company I B.V.'s shareholding in subsidiaries:							
Huhtamaki Foodservice Poland Sp. z o.o.	6,153	100.0	EUR	3,077	EUR	796	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.	61,902,970	93.9	MXN	61,903	EUR	3,911	100.0
Huhtamaki Ceska republika, a.s.	3	100.0	CZK	111,215	EUR	5,389	100.0
Huhtavefa B.V.	180	100.0	EUR	18	EUR	22,890	100.0
Huhtamaki Beheer V B.V.	182	100.0	EUR	18	EUR	264,512	100.0
Huhtamaki Beheer XI B.V.	182	100.0	EUR	18	EUR	23,759	100.0
Huhtamaki Nederland B.V.	10,000	100.0	EUR	4,530	EUR	-	100.0
Huhtamaki Paper Recycling B.V.	1,350	100.0	EUR	61	EUR	-	100.0
Huhtamaki Molded Fiber Technology B.V.	200	100.0	EUR	91	EUR	-	100.0
Huhtamaki New Zealand Limited	33,737,306	100.0	NZD	33,737	EUR	37,675	100.0
Huhtamaki (Thailand) Limited	999,998	100.0	THB	100,000	EUR	7,885	100.0
Huhtamaki Foodservice Ukraine LLC	-	99.0	EUR	124	EUR	124	100.0
Huhtamaki Paper Recycling B.V. 's shareholding in subsidiaries:							
LeoCzech spol s.r.o	-	90.0	CZK	270	EUR	306	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.'s shareholding in subsidiaries:							
Huhtamaki Mexicana S.A. de C.V.	102,267,316	100.0	MXN	102,267	MXN	102,267	100.0
Huhtavefa B.V. 's shareholding in subsidiaries:							
Huhtamaki PPL Limited	50,003,997	68.8	INR	100,008	EUR	47,941	68.8
Huhtamaki PPL Limited's shareholding in subsidiaries:							
Webtech Labels Private Limited	10,404	51.0	INR	104	INR	376,738	35.1
Huhtamaki Beheer V B.V.'s shareholding in subsidiaries:							
Huhtamaki Americas, Inc.	100	100.0	USD	-	EUR	263,828	100.0
Huhtamaki Americas, Inc.'s shareholding in subsidiaries:							
Huhtamaki, Inc.	1,000	100.0	USD	1	USD	684,073	100.0
Huhtamaki Beheer XI B.V.'s shareholding in subsidiaries:							
Huhtamaki Brazil Investments B.V.	200	100.0	EUR	20	EUR	58,610	100.0

<i>Name</i>	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Huhtamaki Brazil Investments B.V.'s shareholding in subsidiaries							
Huhtamaki do Brasil Ltda	7,635,699	100.0	BRL	7,636	EUR	2	100.0
Partner Polarcup Oy's shareholding in subsidiaries							
OOO Huhtamaki S.N.G.	162,410,860	95.0	RUB	162,411	EUR	16,563	100.0
OOO Huhtamaki Foodservice Alabuga	9,500	95.0	RUB	10	EUR	-	100.0

The following German subsidiaries are exempt from the duty of corporations to audit and disclose financial statements pursuant to German legislation (Sec. 264b HGB):

Huhtamaki Flexible Packaging Germany GmbH & Co. KG

Huhtamaki Foodservice Germany GmbH & Co. KG

Huhtamaki Real Estate Holding B.V. & Co. KG

Parent Company Annual Accounts 2014

Parent company income statement (FAS)

EUR million	Note	2014	2013
Other operating income	1	62.5	59.9
Sales and marketing		-3.3	-2.2
Administration costs		-24.8	-24.3
Other operating expenses	2	-5.6	-3.9
Earnings before interest and taxes	3, 4	28.8	29.5
Net financial income/expense	5	-13.9	-15.0
Profit before taxes		14.9	14.5
Appropriations		0.5	-0.5
Income tax expense	6	-0.1	-0.2
Profit for the period		15.3	13.8

Parent company balance sheet (FAS)

Assets

EUR million	Note	2014	%	2013	%
Fixed assets					
Intangible assets					
	7				
Intangible rights		0.3		0.5	
Other capitalized expenditure		0.5		3.8	
		0.8	0.0	4.3	0.2
Tangible assets					
	8				
Land		-		0.3	
Buildings and constructions		-		15.2	
Other tangible assets		0.5		0.6	
Construction in progress and advance payments		0.2		0.3	
		0.7	0.0	16.4	0.8
Other fixed assets					
Investment in subsidiaries		1,602.6		1,651.1	
Investment in associated companies		0.5		0.5	
Other shares and holdings		0.6		0.6	
Loan receivables	9	3.3		3.3	
Other receivables		0.0		0.4	
		1,607.0	80.0	1,655.9	84.8
Short-term					
Loan receivables	9	189.3		163.0	
Accrued income	10	54.4		36.1	
Other receivables	9	32.2		19.3	
		275.9	13.7	218.4	11.2
Cash and bank		128.0	6.3	58.4	3.0
Total assets		2,012.4	100.0	1,953.4	100.0

Equity and liabilities

EUR million	Note	2014	%	2013	%
Shareholders' equity					
	11				
Share capital		366.4		365.9	
Premium fund		115.0		114.8	
Retained earnings		727.4		772.6	
Profit for the period		15.3		13.8	
		1,224.1	60.8	1,267.1	64.9
Appropriations					
		0.0	0.0	0.5	0.0
Non-current liabilities					
Loans from financial institutions	12	417.1		492.6	
Other non-current liabilities	13	2.8		1.2	
		419.9	20.9	493.8	25.3
Current liabilities					
Loans from financial institutions	12	82.9		10.8	
Other loans	12	242.8		155.4	
Trade payables	14	1.7		1.2	
Accrued expenses	15	39.8		22.6	
Other current liabilities		1.2		2.0	
		368.4	18.3	192.0	9.8
Total equity and liabilities		2,012.4	100.0	1,953.4	100.0
Total retained earnings available for distribution		742.7		786.4	

Parent company cash flow statement (FAS)

<i>EUR million</i>	2014	2013
EBIT	28.8	29.5
Adjustments		
Depreciation and amortization	4.3	4.8
Other adjustments	0.3	-
Change in non-interest-bearing receivables	-19.5	-1.7
Change in non-interest-bearing payables	0.4	-3.4
Dividends received	0.0	0.2
Net financial income and expense	-5.9	-8.7
Taxes paid	-0.1	-0.2
Net cash flow from operating activities	8.3	20.5
Capital expenditure	-0.6	-0.3
Disposal of tangible and intangible assets	12.3	-
Investments in subsidiaries	-	-74.3
Proceeds from subsidiary investments	48.3	48.0
Change in long-term receivables	0.4	-0.4
Change in short-term deposits	-26.3	-24.4
Net cash flow from investing activities	34.1	-51.4
Change in long-term loans	-74.0	187.9
Change in short-term loans	159.5	-44.6
Dividends paid	-59.0	-57.7
Proceeds from stock option exercises	0.7	2.2
Net cash flow from financing activities	27.2	87.8
Change in liquid assets	69.6	56.9
Liquid assets on January 1	58.4	1.5
Liquid assets on December 31	128.0	58.4

Parent Company accounting principles

The financial statements of Huhtamäki Oyj have been prepared according to Finnish Accounting Standards (FAS). The financial statements have been prepared on the basis of historical costs and do not take into account increases in the fair value of assets, unless otherwise stated.

Foreign currency

Foreign currency transactions are recorded according to the exchange rates prevailing on the transaction date. Receivables and payables are revalued at the rate of exchange on the balance sheet date. Exchange rate differences arising from translation of receivables are recognized under other operating income, and exchange rate differences on payables under costs and expenses. Exchange rate differences on translation of financial items, such as loans and deposits, are recognized under financial income and expenses.

Derivative instruments

Foreign exchange derivative contracts are used for hedging the company's currency position. Foreign exchange derivatives are marked-to-market at the rate of exchange on the balance sheet date and recorded in the income statement as an adjustment of sales and purchases only to the extent they relate to balance sheet items being hedged. The revaluation differences of derivatives used for hedging forecasted cash flows are recorded to the income statement. Foreign exchange forward contracts used for hedging financial items, such as loans and deposits, are marked-to-market and recorded to other financial income and expense. The company manages its interest rate risks using interest rate derivatives. Interest income or expenses deriving from such instruments are accrued over the contract period. Interest derivatives used for hedging the Company's loans are stated at historical cost. Interest derivatives used for hedging subsidiaries' external loans are stated at lower of historical cost or market value. Valuation differences are recorded to other financial income and expense.

Intangible assets

Intangible assets are amortized on a systematic basis over their estimated useful life. The period of amortization does not exceed 20 years.

Tangible assets

Items of property, plant and equipment are stated at historical cost and are depreciated using the straight line method over their estimated useful lives. Land is not depreciated.

Periods of depreciation used:

Buildings and other structures	20–40 years
Other tangible assets	3–12 years

Leases of equipment are classified as operating leases.

Investments

Investments classified as current assets are carried at fair value. Any changes in fair values are recognized as income or expense in financial income/expense. Investments classified as long-term assets are carried at cost, less amounts written off to recognize permanent declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense.

Investments in subsidiaries are carried at cost in the balance sheet of the company. Investments in associated companies are carried in the company's balance sheet in accordance with the valuation policy applied to long-term investments noted above. An associated company is one in which Huhtamäki Oyj holds, directly or indirectly, between 20% and 50% of the voting power of the company.

Income taxes

The income statement includes income taxes of the Company based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes.

Other operating income and revenue recognition

The Company's operations comprise investment to subsidiaries and offering services to subsidiaries. The revenue relating to sale of services is reported under Other Operating Income. Revenue is recognized at the date of delivery. In addition, gains from disposal of assets, royalty and rental income are included in other operating income.

Other operating expenses

Other operating expenses include e.g. losses from disposal of assets.

Exceptional income and expenses

Exceptional income and expenses include items which fall outside the ordinary activities of the company, such as group contribution or divestment related items.

Notes to the parent company financial statements

1. Other operating income

<i>EUR million</i>	2014	2013
Royalty income	25.2	24.9
Group cost income	18.4	18.6
Rental income	2.7	2.4
IT recharge	2.3	2.3
Other	13.9	11.7
Total	62.5	59.9

2. Other operating expenses

<i>EUR million</i>	2014	2013
Intercompany other operating expenses	2.1	2.9
Other	3.5	1.0
Total	5.6	3.9

3. Personnel expenses

<i>EUR million</i>	2014	2013
Wages and salaries	8.0	8.4
Pension costs	1.4	0.7
Other personnel costs	1.5	1.6
Total	10.9	10.7

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the Board of Directors as well as the CEO of Huhtamäki Oyj (8 people) amounted to EUR 1.3 million (2013: EUR 3.7 million).

See note 29 and Corporate Governance Statement.

<i>Average number of personnel</i>	2014	2013
Huhtamäki Oyj	55	53

4. Depreciation and amortization

<i>EUR million</i>	2014	2013
Depreciation by function:		
Administration	4.0	3.8
Other	0.3	1.0
Total depreciation	4.3	4.8
Depreciation by asset type:		
Buildings	0.3	1.0
Other tangible assets	0.4	0.3
Other capitalized expenditure	3.6	3.5
Total depreciation	4.3	4.8

5. Financial income and expense

<i>EUR million</i>	2014	2013
Dividend income	0.0	0.2
Interest and other financial income		
Intercompany interest income	8.0	6.2
Other interest income	0.3	0.3
Total interest income	8.3	6.5
Other financial income	109.9	79.3
Total interest and other financial income	118.2	85.8
Interest and other financial expenses		
Intercompany interest expenses	-1.5	-1.3
Other interest expenses	-19.2	-18.4
Total interest expenses	-20.7	-19.7
Other financial expenses	-111.4	-81.3
Total interest and other financial expenses	-132.1	-101.0
Net financial items	-13.9	-15.0

6. Taxes

<i>EUR million</i>	2014	2013
Ordinary taxes	0.1	0.2
Total	0.1	0.2

Deferred taxes are not included in income statement or balance sheet. Unrecognized deferred tax liability from timing differences is EUR 1.5 million (2013: EUR 0.0 million).

7. Intangible assets

<i>EUR million</i>	Intangible rights	Other capitalized expenditure	2014 Total	2013 Total
Acquisition cost on January 1	0.8	66.7	67.5	67.2
Additions	0.0	0.3	0.3	0.1
Disposals	-0.3	-	-0.3	0.0
Intra-balance sheet transfer	0.1	-	0.1	0.2
Acquisition cost on December 31	0.6	67.0	67.6	67.5
Accumulated amortization on January 1	0.3	62.9	63.2	59.7
Accumulated amortization on disposals and transfers	0.0	-	0.0	0.0
Amortization during the financial year	0.0	3.6	3.6	3.5
Accumulated amortization on December 31	0.3	66.5	66.8	63.2
Book value on December 31, 2014	0.3	0.5	0.8	-
Book value on December 31, 2013	0.5	3.8	-	4.3

8. Tangible assets

EUR million	Land	Buildings and constructions	Construction in progress and advance payments	Other tangible assets	2014 Total	2013 Total
Acquisition cost on January 1	0.3	30.7	0.3	3.4	34.7	34.6
Additions	-	0.0	0.1	0.2	0.3	0.2
Disposals	-0.3	-30.7	-0.1	-0.4	-31.5	-0.1
Intra-balance sheet transfer	-	-	-0.1	-	-0.1	-0.2
Acquisition cost on December 31	-	-	0.2	3.2	3.4	34.5
Accumulated depreciation on January 1	-	15.4	-	2.8	18.2	16.8
Accumulated depreciation on disposals and transfers	-	-15.7	-	-0.5	-16.2	-
Depreciation during the financial year	-	0.3	-	0.4	0.7	1.3
Accumulated depreciation on December 31	-	0.0	-	2.7	2.7	18.1
Book value on December 31, 2014	-	-	0.2	0.5	0.7	-
Book value on December 31, 2013	0.3	15.2	0.3	0.6	-	16.4

Huhtamäki Oyj has sold its property during 2014. Revaluations of buildings and constructions in 2013 was EUR 2.4 million.

9. Receivables

EUR million	2014	2013
Current		
Loan receivables from subsidiaries	189.3	163.0
Accrued income	20.7	20.7
Accrued corporate income	33.7	15.4
Other receivables	4.4	1.5
Other receivables from subsidiaries	27.8	17.8
Total	275.9	218.4
Long-term		
Intercompany loan receivables	3.3	3.3
Other receivables	-	0.4
Total	3.3	3.7
Total receivables	279.2	222.1

10. Accrued income

EUR million	2014	2013
Accrued interest and other financial items	1.1	2.2
Accruals for profit on exchange	3.5	7.8
Miscellaneous accrued income	10.7	9.0
Accrued corporate income and prepaid expense	33.7	15.4
Other	5.4	1.7
Total accrued income	54.4	36.1

11. Changes in equity

EUR million	2014	2013
Restricted equity		
Share capital January 1	365.9	364.5
Subscription through option rights	0.5	1.4
Share capital December 31	366.4	365.9
Premium fund January 1	114.8	114.1
Subscription through option rights	0.2	0.7
Premium fund December 31	115.0	114.8
Restricted equity total	481.4	480.7
Non-restricted equity		
Retained earnings January 1	786.4	830.3
Dividends paid	-59.0	-57.7
Net income for the period	15.3	13.8
Retained earnings December 31	742.7	786.4
Non-restricted equity total	742.7	786.4
Total equity	1,224.1	1,267.1

For details on share capital see note 22 of the notes to the consolidated financial statements.

12. Loans

EUR million	2014	2013
Non-current		
Long-term loans from financial institutions	417.1	492.6
Total	417.1	492.6
Current		
Current portion of loans from financial institutions	72.9	10.8
Short-term loans from financial institutions and other current loans	10.0	-
Loans from financial institutions	82.9	10.8
Short-term loans from subsidiaries	242.8	155.4
Other loans	242.8	155.4
Changes in long-term loans		
Loans from financial institutions		
January 1	492.6	305.7
Additions	-	200.0
Decreases	-73.3	-11.5
FX movement	-2.2	-1.6
Total	417.1	492.6

Repayments	Loans from financial institutions
2015	82.9
2016	55.5
2017	130.0
2018	17.5
2019	15.0
2020-	199.1

13. Other long-term loans

EUR million	2014	2013
Interest rate swaps	1.0	0.9
Loans from subsidiaries	0.0	0.0
Employee benefits	0.3	0.3
Long term provisions	1.5	-
Total	2.8	1.2

14. Trade payables

<i>EUR million</i>	2014	2013
Trade payables	1.3	0.8
Intercompany trade payables	0.4	0.4
Total	1.7	1.2

15. Accrued expenses

<i>EUR million</i>	2014	2013
Accrued interest expense	22.6	11.4
Accrued interest expense to subsidiaries	11.9	6.4
Salaries and social security	3.8	3.1
Miscellaneous accrued expense	1.5	1.7
Total	39.8	22.6

16. Derivatives

<i>Fair values of derivatives, EUR million</i>	2014	2013
Currency derivatives		
with external parties	-11.5	4.3
with subsidiaries	5.3	-2.3
Cross currency and interest rate swaps	1.1	-1.6
Total	-5.1	0.4

<i>Nominal values of derivatives, EUR million</i>	2014	2013
Currency derivatives		
with external parties	533.8	437.4
with subsidiaries	495.0	381.1
Cross currency and interest rate swaps	241.8	237.3
Total	1,270.6	1,055.8

The prudence principle is applied to derivatives in the parent company financial statements. However also the positive changes in market values of derivatives are recognized in the income statement and the balance sheet in cases where corresponding negative changes in market values exist. The nominal value of external currency derivatives is EUR 533.8 million and the nominal value of internal currency derivatives allocated to them is EUR 495.0 million. For the rest of the external currency derivatives hedge accounting is applied.

See note 28 in the consolidated financial statements for more information on the Group's financial risk management.

17. Commitments and contingencies

<i>EUR million</i>	2014	2013
Operating lease payments		
Under one year	2.1	0.9
Later than one year	14.8	1.7
Total	16.9	2.6
Guarantee obligations		
For subsidiaries	110.4	96.3
For associated companies	0.4	0.4
For external parties	0.3	-

Proposal of the Board of Directors to Distribute Retained Earnings

On December 31, 2014 Huhtamäki Oyj's non-restricted equity was EUR 742,696,515.13
of which the result for the financial period was EUR 15,261,988.99

The Board of Directors proposes that dividend will be distributed at EUR 0.60 per share.
No dividend for the own shares held by the Company on the record date shall be distributed.
The total amount of dividend on the date of this proposal would be EUR 62,132,592.60

No significant changes have taken place in the Company's financial position since the end of the financial year.
The Company's liquidity position is good and the proposed distribution does not, in the view of the Board of Directors,
risk the Company's ability to fulfill its obligations.

Espoo, February 11, 2015

Pekka Ala-Pietilä

Jukka Suominen

Eija Ailasmaa

William R. Barker

Rolf Börjesson

Maria Mercedes Corrales

Sandra Turner

Jukka Moisio
CEO

Auditors' Report

To the Annual General Meeting of Huhtamäki Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Huhtamäki Oyj for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the Company or have violated the Limited Liability Companies Act or the articles of association of the Company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 11, 2015

Ernst & Young Oy
Authorized Public Accounting Firm

Harri Pärssinen
Authorized Public Accountant

Corporate Governance Statement

Huhtamäki Oyj (Huhtamäki or the Company) complies without deviations with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association and effective from October 1, 2010. The Code is available in its entirety on the internet at www.cgfinland.fi. Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. This statement has been prepared in accordance with Recommendation 54 of the Code. In addition to the information required by the Code, this statement also provides other important information on the governance of the Company for the investors. The Audit Committee of the Board of Directors of the Company has reviewed this statement and this statement has been approved by the Board of Directors. The Auditor

of the Company has reviewed that this statement has been issued and that the description of the main principles of the internal control and risk management systems of the financial reporting process fully complies with the annual accounts of the Company.

Huhtamäki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and the committees founded by it, the Chief Executive Officer (CEO) and the Group Executive Team (GET), laws and regulations applicable in the Group's operations as well as the Group's internal policies, guidelines and practices.

Updated information on the governance and remuneration of the Company is available on the Company's website in section "Corporate Governance" (<http://www.huhtamaki.com/investors/governance>).

Corporate governance structure



General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are defined in the Finnish Companies Act and the Company's Articles of Association. The Annual General Meeting of Shareholders (AGM) shall be held annually in Espoo or Helsinki before the end of June on a date set by the Board of Directors. In 2014, the AGM was held on April 24, 2014 at Finlandia Hall, Helsinki. The AGM 2015 has been planned to be held on April 21, 2015 in Helsinki.

The AGM passes resolutions i.a. upon adoption of financial statements including the consolidated financial statements, distribution of profits, granting the members of the Board and the CEO discharge from liability as well as election of the members of the Board and the Auditor. The AGM decides also on the Board members' and the Auditor's remuneration. A

General Meeting of Shareholders may also decide on, for example, amendments to the Company's Articles of Association, issuance of new shares and option rights and repurchase of the Company's own shares. The General Meeting of Shareholders may authorize the Board to decide, for example, on issuances of new shares or share repurchases.

The AGM 2014 decided in accordance with the proposal by the Board of Directors to set the dividend for 2013 at EUR 0.57 per share. The AGM re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner as members of the Board of Directors. The resolution on remuneration for the Board of Directors made by the AGM has been described later in section "Remuneration – Board of Directors – Financial benefits" and the resolution on election of the Auditor in section "Audit" of this statement.

At the General Meeting of Shareholders decisions are primarily made by a simple majority of votes. However, some decisions such as amendment of the Articles of Association, deviation from the shareholder's pre-emption right in connection with a share issue and decisions on merger, demerger or dissolution require a 2/3 qualified majority of the votes cast and the shares represented at the General Meeting of Shareholders.

An Extraordinary General Meeting of Shareholders (EGM) shall be held when considered necessary by the Board. An EGM shall also be held for the handling of a specified matter if requested in writing by the Auditor or shareholders holding altogether a minimum of one-tenth of all Company shares.

Shareholder rights

According to the Companies Act, a shareholder may request that a matter falling under the authority of the General Meeting of Shareholders shall be placed on the agenda of the meeting. To this effect, a written request should be sent to the Board well before the publication of the notice to convene the meeting. A shareholder has a right to make proposals and questions on matters handled in the General Meeting of Shareholders.

In order to be entitled to attend the General Meeting of Shareholders, a shareholder shall have to notify the Company of the intention to attend the meeting by the date specified in the notice to the meeting, which date may not be earlier than ten days prior to the meeting. A right to participate and vote in the meeting requires also that a shareholder has been entered in the shareholders' register of the Company eight business days before the General Meeting of Shareholders (record date of the meeting). The holder of a share registered under the name of a nominee may be temporarily entered in the shareholders' register for the purpose of participating in a General Meeting of Shareholders. A registration for temporary entry into the shareholders' register of the Company must be made by the date specified in the notice to the meeting, which date is after the record date of the meeting. This registration constitutes due registration for the General Meeting of Shareholders.

A shareholder may participate and vote in a General Meeting of Shareholders either in person or by proxy. A shareholder may also employ the services of an assistant in a General Meeting of Shareholders. Each share entitles its holder to one vote at the meeting.

In addition to attending and voting at a General Meeting of Shareholders, important rights of shareholders include for example shareholder's pre-emption right in connection with share issues, unless this right is deviated by a qualified majority of votes at a General Meeting of Shareholders, as well as right to receive dividends. All shares have equal rights to receive dividends.

Board of Directors

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamäki. The duty of the Board is to promote the interests of the Company and of all the shareholders.

Duties of the Board

The Board has a general authority regarding matters not specifically designated by law or the Articles of Association to any other governing body of the Company. In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Code of Governance for the Board of Directors. The Board decides on long-term strategic and financial targets as well as on dividend policy. The Board approves the strategic plans, annual plans and budget as well as monitors their implementation. The Board also decides on acquisitions and divestments as well as other significant corporate transactions, annual investment plan and individual capital expenditures exceeding EUR 6 million. The Board elects the CEO, approves the proposals by the CEO for GET members' appointments, decides on executive compensation and annually reviews the performance of the CEO and other management. The Board also conducts an annual evaluation of its own performance and working methods. The evaluation may be conducted as an internal self-evaluation or by using an external evaluator. In 2014, the evaluation was done as an internal self-evaluation without an external evaluator.

In order to discharge its duties, the Board requires information on the structure, business operations and markets of the Group. Each member of the Board is provided with a monthly report on the financial situation and markets of the Group. In addition, if necessary, the Board is informed of all material events in the Group.

Composition and election of the Board of Directors

The number of the members of the Board and the composition of the Board shall make it possible for the Board to discharge its duties in an efficient manner. The composition shall take into account the needs of the Group operations and the development stage of the Group. Both genders shall be represented in the Board. According to the Articles of Association of the Company the Board shall consist of a minimum of six and a maximum of nine members. There are no limitations as to the number of terms a person may be elected as Board member or as to the maximum age of a Board member. The Company strives to ensure strong expertise in the business lines and geographical market areas that are important for the Group when electing the Board members. The Board members of the Company represent various business lines and they have broad management experience in several important market areas for the Group, including the emerging markets.

The Nomination Committee of the Board of Directors prepares a proposal for the election of the Board members to the AGM which elects the Board members for the term of office expiring at the close of the AGM following the election. The Articles of Association of the Company do not contain any provisions on a special order of appointment of the Board members but the AGM elects the Board members based on the proposal of the Nomination Committee of the Board of Directors. The Board shall elect from among its members the Chairman and the Vice-Chairman. If the CEO of the Company was elected to the Board, the CEO could however not be elected as the Chairman of the Board. The AGM 2014 elected the following seven individuals to the Board:



From left: Pekka Ala-Pietilä, Jukka Suominen, Eija Ailasmaa, William R. Barker, Rolf Börjesson, Maria Mercedes Corrales and Sandra Turner.

Mr. Pekka Ala-Pietilä

Chairman, born 1957, Finnish citizen

Independent of the Company and significant shareholders

Date of election: April 24, 2012

Board Committees: Chairman of the Nomination Committee and Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: M.Sc. (Econ), D.Sc. (Econ) h.c. and D.Sc. (Tech) h.c.

Primary working experience: Blyk Services Ltd., Co-founder and CEO (2006–2011); Nokia Corporation, several different positions (1984–2005), last positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)

Key positions of trust: Solidium Oy, Chairman of the Board (2011–); SAP AG, Supervisory Board member (2002–); Pöyry PLC, Board member (2006–); Sanoma Corporation, Board member (2014–); Blyk International Ltd., Chairman of the Board (2009–)

Mr. Jukka Suominen

Vice-Chairman, born 1947, Finnish citizen

Independent of the Company, based on an overall evaluation dependent of a significant shareholder

Date of election: March 30, 2005

Board Committees: Chairman of the Audit Committee, member of the Nomination Committee

Main occupation: Miscellaneous positions of trust

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

Primary working experience: Silja Group, executive roles (1975–2000), Group CEO, Silja Oyj Abp (1995–2000), CEO, Silja Line (1991–1995) and VP, Effoa / Finland Steamship Company Ltd. (1975–1994)

Key positions of trust: Rederiaktiebolaget Eckerö, Chairman of the Board (2006–); Lamor Corporation Ab, Chairman of the Board (2010–); Fiskars Oyj Abp, Board member (2008–2014)

Ms. Eija Ailasmaa

Born 1950, Finnish citizen

Independent of the Company and significant shareholders

Date of election: March 22, 2004

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: M.Pol.Sc.

Primary working experience: Sanoma Media B.V., President and CEO (2003–2011); Sanoma Group, executive roles in magazine publishing subsidiaries, including Helsinki Media/Sanoma Magazines Finland, President (2000–2003) and other executive roles (1989–2000); Kodin Kuvalehti magazine, Editor-in-chief (1985–1989)

Key positions of trust: Solidium Oy, Vice-Chairman of the Board (2008–); Outotec Oyj, Board member (2010–)

Mr. William R. Barker

Born 1949, U.S. citizen

Independent of the Company and significant shareholders

Date of election: March 24, 2010

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: MBA and B.Sc. (Chemical Engineering)

Primary working experience: Milacron LLC, Executive Vice President (2013–2014); Mold-Masters (2007) Limited, President (2013) and President and CEO (2010–2013); The Whitehawk Group LLC, CEO (2009–2010); Rexam PLC, Board member and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron, Inc., President, Textron Fastening Systems - Commercial Solutions (2000–2001); OEA Inc., President, OEA Automotive Safety Products (1998–2000); Bosal International N.V., President, Bosal North America (1995–1998); Gates Rubber Company, Vice President, Gates Power Drive Products, Managing Director, Asia Pacific Operations and other positions (1972–1995)

Key positions of trust: Shield Holdco LLC (holding company of Dynatect Manufacturing, Inc), Chairman of the Board (2014–) and Board member (2014); CTP Transportation Products Holdings LLC, Board member (2014–); Leeds School of Business, University of Colorado, Board member (2008–); Mcron Acquisition Corporation, Board Member (2013–2014); Mold-Masters (2007) Limited, Board member (2010–2013)

Mr. Rolf Börjesson

Born 1942, Swedish citizen

Independent of the Company and significant shareholders

Date of election: March 31, 2008

Board Committees: Member of the Nomination Committee and Human Resources Committee

Main occupation: Miscellaneous positions of trust

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: Biolight AB, Chairman of the Board (2011–); Svenska Cellulosa Aktiebolaget SCA (publ), Board member (2003–); Avery Dennison Corporation, Board member (2005–); Ahlsell AB, Chairman of the Board (2006–2012)

Ms. Maria Mercedes Corrales

Born 1949, Filipino citizen

Independent of the Company and significant shareholders

Date of election: April 24, 2012

Board Committees: Member of the Human Resources Committee

Main occupation: Miscellaneous positions of trust

Education: MBA and B.Sc. (Business Management)

Primary working experience: Starbucks Corporation, Corporate Senior Vice President & President, Asia Pacific Division (2009–2010) and Representative Director, CEO/COO, Starbucks Japan (2006–2009); Levi Strauss & Co.,

several executive positions in Asia and Latin America (1973–2005), last positions as President and Representative Director (LS Japan KK) & Regional Vice President, North Asia (Japan, Greater China and South Korea) (2001–2005) and Regional Vice President, South America (1996–2000)

Key positions of trust: Mapúa Institute of Technology, Board of Trustees (2013–); D.E Master Blenders 1753, Board member (2012–2013); Fraser and Neave, Limited, Board member (2010–2013)

Ms. Sandra Turner

Born 1952, U.K. citizen

Independent of the Company and significant shareholders

Date of election: April 20, 2011

Board Committees: Member of the Audit Committee

Main occupation: Miscellaneous positions of trust

Education: BA (Marketing) Honours

Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), last position Commercial Director, Tesco Ireland Limited (2003–2009)

Key positions of trust: Carpentryright PLC, Board member (2010–); McBride PLC, Board member (2011–); Greggs PLC, Board member (2014–); Berkhamsted School, Board of Governors, Vice-Chairman (2013–) and member (2011–2013); Countrywide PLC, Board member (2013–2014); Northern Foods PLC, Board member (2010–2011)

Board meetings

The meetings of the Board are held at the Company's headquarters in Espoo or in other Group locations. The Board may also hold its meetings by telephone and make decisions without convening a meeting. According to the Code of Governance for the Board it shall hold at least six regular meetings each year. One session is entirely dedicated to Group strategy. In 2014, the Board held 11 meetings (2013: nine meetings), five (2013: two) of which were telephone meetings and one (2013: one) was held without convening. The average attendance of the members at the Board meetings was 92% (2013: 99%). The CEO and the CFO of the Company are usually attending the Board meetings. When necessary, e.g. in connection with deliberation of strategy or annual plans, the meetings are attended also by other members of the Group Executive Team. The Auditor is participating in the meeting deliberating the annual accounts. The General Counsel of the Company acts as the secretary of the Board.

In 2014 the Board of Directors actively deliberated renewal of the Group strategy with growing focus on food and drink packaging, changing the Huhtamaki brand image and M&A transactions. To concentrate on packaging innovation the Board made an excursion to Japan. The Group's innovation activities were also reviewed. The Board focused especially on Flexible Packaging business segment by visiting the manufacturing unit in Germany.

Board members' attendance at the Board meetings

	2014		2013	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	11/11	100	9/9
Jukka Suominen (Vice-Chairman)	100	11/11	100	9/9
Eija Ailasmaa	100	11/11	100	9/9
William R. Barker	100	11/11	100	9/9
Rolf Börjesson	73	8/11	89	8/9
Maria Mercedes Corrales	82	9/11	100	9/9
Sandra Turner	91	10/11	100	9/9

Terminated Board memberships

Mikael Lilius*	-	-	100	2/2
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* Member of the Board until April 25, 2013

Independence of the Board members

All members of the Board are non-executive. The Board considers all members of the Board independent of the Company. The Board also considers all members except Jukka Suominen independent of the significant shareholders of the Company. According to his own notification and an overall evaluation by the Board, Jukka Suominen is dependent of the significant shareholder of the Company, The Finnish Cultural Foundation.

Board Committees

In order to focus on certain responsibilities, the Board may appoint permanent Committees consisting of three to five Board members each. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus,

the Board passes its resolutions collectively. The entire Board remains responsible for the duties assigned to the Committees.

The Board currently has three committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. Each Committee has a written charter summarizing its tasks.

The Nomination Committee prepares proposals to the AGM concerning election of Board members and their remuneration. It may also conduct succession planning of the Board members. The Committee meets once a year as a minimum, prior to the AGM. The following individuals have comprised the Nomination Committee in 2014: Pekka Ala-Pietilä (Chairman), Rolf Börjesson and Jukka Suominen. In 2014, the Nomination Committee held one meeting (2013: one meeting). The average attendance of the Nomination Committee members at the meetings was 100% (2013: 100%).

Members' attendance at the Nomination Committee meetings

	2014		2013	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	1/1	100	1/1
Rolf Börjesson	100	1/1	100	1/1
Jukka Suominen*	100	1/1	-	-
Mikael Lilius**	-	-	100	1/1

* Member of the Nomination Committee since April 25, 2013

** Member of the Nomination Committee until April 25, 2013

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as principles of remuneration of senior executives and their compensation. The following individuals have comprised the Human Resources Committee in 2014: Pekka Ala-Pietilä (Chairman), William

R. Barker, Rolf Börjesson and Maria Mercedes Corrales. In 2014, the Human Resources Committee held three meetings (2013: three meetings). The average attendance of the Human Resources Committee members at the meetings was 92% (2013: 93%).

Members' attendance at the Human Resources Committee meetings

	2014		2013	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	3/3	100	3/3
William R. Barker	100	3/3	67	2/3
Rolf Börjesson	67	2/3	100	3/3
Maria Mercedes Corrales*	100	3/3	100	1/1
Mikael Lilius**	-	-	100	2/2

* Member of the Human Resources Committee since April 25, 2013

** Member of the Human Resources Committee until April 25, 2013

The Audit Committee assists the Board in its responsibility to supervise that the bookkeeping and financial administration of the Company are appropriately arranged as well as to monitor the financial status of the Company and compliance with the Group policies. It monitors and supervises matters relating to financial statements and consolidated financial statements, interim reports, accounting principles and policies as well as internal reporting systems. Additionally, the Audit Committee monitors the efficiency of the Company's internal control, internal audit as well as risk assessment and risk management mechanisms. It reviews the description of the main principles of the Company's internal control and risk management systems pertaining to the financial reporting process which is included in the Company's Corporate Governance Statement.

The Audit Committee prepares to the AGM the resolution concerning appointment of the Auditor. It also evaluates the independence of the Auditor and provision of other consultancy services by the Auditor to the Company. In addition to the members of the Audit Committee, the CFO of the Company participates in the Committee's meetings. The Auditor participates in the meeting deliberating the financial statements and also other meetings, if considered necessary. The following individuals have comprised the Audit Committee in 2014: Jukka Suominen (Chairman), Eija Ailasmaa and Sandra Turner. In 2014, the Audit Committee held five meetings (2013: five meetings). The average attendance of the Audit Committee members at the meetings was 100% (2013: 100%).

Members' attendance at the Audit Committee meetings

	2014		2013	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Jukka Suominen (Chairman)	100	5/5	100	5/5
Eija Ailasmaa	100	5/5	100	5/5
Sandra Turner	100	5/5	100	5/5

Shares owned by the Board members

The shares owned by the Board members on December 31, 2014 and December 31, 2013

	2014	2013
Pekka Ala-Pietilä	0	0
Jukka Suominen	3,000	3,000
Eija Ailasmaa	1,000	1,000
William R. Barker	0	0
Rolf Börjesson	3,000	3,000
Maria Mercedes Corrales	0	0
Sandra Turner	1,000	1,000
Board total	8,000	8,000

Terminated Board memberships

Mikael Lilius*	N/A	N/A
In total	8,000	8,000

* Member of the Board until April 25, 2013

Information on the remuneration of the Board members is available later in section "Remuneration – Board of Directors – Financial benefits" and in the Remuneration Statement available on the Company's website (<http://www.huhtamaki.com/investors/governance/remuneration>).

Chief Executive Officer

The CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The CEO is responsible for ensuring that the book-keeping of the Company complies with the

law and that the financial administration is arranged in a reliable manner. The CEO is the Chairman of the Group Executive Team.

M.Sc. (Econ), MBA Jukka Moisio (born 1961) has acted as the Company's CEO since April 1, 2008. Before joining the Company, Jukka Moisio acted during 1991–2008 in several different roles in Ahlstrom Corporation, last position being the CEO.

Certain key conditions of the Service Agreement between the Company and the CEO, CEO's remuneration and information on the supplementary pension arrangement of the CEO is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits" and in the Remuneration Statement available on the Company's website (<http://www.huhtamaki.com/investors/governance/remuneration>).

Group Executive Team

Duties of the Group Executive Team

The Group Executive Team (GET) assists the CEO. It addresses and follows the implementation of the Group strategy and overall financial performance as well as the fulfillment of significant projects and set targets. It has no formal status under company law. The GET consists of the CEO as the Chairman and the executives approved by the Board. The GET members report to the CEO. Each GET member has a clear operational responsibility within a Group function or a business segment. The GET convenes at least once a month. In 2014 the GET focused on renewal of the Group strategy with growing focus on food and drink packaging, changing the Huhtamaki brand image, analyzing the results of the global employee engagement survey and relative action plans as well as M&A transactions.

Composition of the Group Executive Team

The following persons belong to the GET at the date of this statement:

Mr. Jukka Moisio

Born 1961, Finnish citizen

Chairman, Chief Executive Officer (CEO)

GET member since: April 1, 2008

Joined the company: 2008

Education: M.Sc. (Econ), MBA

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

Key positions of trust: Atria Oyj, Board member (2014–); The Finnish Fair Corporation, Supervisory Board member (2009–)

Mr. Thomas Geust

Born 1973, Finnish citizen

Chief Financial Officer (CFO)

GET member since: October 1, 2013

Joined the company: 2013

Education: M.Sc. (Econ)

Primary working experience: ABB Group (2004–2013), several different roles, last position as Group Vice President, Global Controller, Business Unit Marine & Cranes; Schneider Electric (2003–2004), Global Division Controller, Vice President, Control; Lexel Group (2000–2003), Production Controller; KPMG (1998–2000), Auditor

Key positions of trust: -

Ms. Sari Lindholm

Born 1969, Finnish citizen

Senior Vice President, Human Resources

GET member since: September 22, 2011

Joined the company: 2003

Education: M.Pol.Sc

Primary working experience: Huhtamäki Oyj (2003–), several different roles, previous position as Group Vice President, Human Resources; Nokia Oyj (2000–2003), Senior Manager, Compensation & Benefits; Elcoteq Network Oyj (1995–2000), several different roles

Key positions of trust: -

Mr. Clay Dunn

Born 1957, U.S. citizen

Executive Vice President, North America

GET member since: June 1, 2005

Joined the company: 2005

Education: BBA (Marketing and Management)

Primary working experience: Dow Chemical Company (1979–2005), several different roles, including positions as Vice President, Global Sourcing and Vice President, Polystyrene

Key positions of trust: -

Mr. Olli Koponen

Born 1959, Finnish citizen

Executive Vice President, Molded Fiber

GET member since: January 1, 2011

Joined the company: 1990

Education: M.Sc. (Eng., Automation & Information Technology), B.Sc. (Eng., Automation Technology)

Primary working experience: Huhtamäki Oyj (1990–), several different roles, previous positions as Senior Vice President, Molded Fiber Europe as well as General Manager positions in Hämeenlinna, Finland, Turkey, Hong Kong and Russia; Sysytec Oy (1984–1990), several different roles, last position as Product Manager

Key positions of trust: -

Mr. Eric Le Lay

Born 1962, French citizen

Executive Vice President, Foodservice Europe-Asia-Oceania

GET member since: March 12, 2008

Joined the company: 2008

Education: MBA, M.Sc. (Eng.)

Primary working experience: Amcor Limited (1997–2008), several different roles, last position as Managing Director, Chilled Foods, Amcor Flexible Europe; United Biscuits (1996–1997), Plant Manager; Johnson & Johnson International S.A. (1994–1996), Deputy Plant Manager; Kraft General Food France S.A. (1986–1994), various positions in operations and finance/controlling

Key positions of trust: -

Mr. Shashank Sinha

Born 1964, Indian citizen

Executive Vice President, Flexible Packaging

GET member since: April 14, 2014

Joined the company: 2014

Education: Bachelor of Eng., MBA

Primary working experience: Godrej Consumer Products Ltd. (2011–2014), President, International Business; Navis Capital Partners (2008–2011), Executive Director; Sara Lee Corporation (2000–2008), several different roles in Asia and Europe, last position as President, Sara Lee South East Asia; Reckitt Benckiser Group Plc (1991–2000), several different roles in Asia, Europe and Latin America, last position as Global Category Marketing Manager

Key positions of trust: -

In addition, the following persons have been members of the GET during 2014: Mr. Peter Wahsner (until December 31, 2014) and Mr. Suresh Gupta (until April 14, 2014).

Mr. Peter Wahsner

Mr. Peter Wahsner's CV is presented as it was on December 31, 2014

GET member January 1, 2009–December 31, 2014

Born 1962, German citizen

Executive Vice President, Films

Joined the company: 2008

Education: M.Sc. (Business Management)

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

Key positions of trust: -

Mr. Suresh Gupta

Mr. Suresh Gupta's CV is presented as it was on April 14, 2014
GET member January 1, 2009–April 14, 2014

Born 1952, Indian citizen

Executive Vice President, Flexible Packaging

Joined the company: 1999

Education: M.M.S. (Management)

Primary working experience: Huhtamaki Group (1999–), previous position as Senior Vice President, Flexibles and Films Asia-Oceania; Huhtamaki PPL Limited (1987–), Deputy Managing Director, Chairman & Managing Director; Almana Group (1983–1987), Executive Director

Key positions of trust: Indian Flexible Packaging and Folding Carton Manufacturers Association IFCA (previously Paper, Film & Foil Convertors Association, India), President (1996–)

Shares and option rights owned by the members of the Group Executive Team

Shares and option rights held by the members of the Group Executive Team on December 31, 2014 and December 31, 2013

	2014	2013	2013
	Shares	Shares	Option rights 2006 C ¹
Jukka Moisio	100,000	205,900	0
Thomas Geust ²	240	0	0
Sari Lindholm	25,840	28,000	0
Clay Dunn	25,960	55,000	0
Olli Koponen	25,840	25,000	0
Eric Le Lay	45,460	47,500	0
Shashank Sinha ³	0	N/A	N/A
GET total	223,340	361,400	0

Terminated GET memberships

Peter Wahsner ⁴	N/A	45,500	0
Suresh Gupta ⁵	N/A	47,500	0
Timo Salonen ⁶	N/A	N/A	N/A
Juha Salonen ⁷	N/A	N/A	N/A
In total	223,340	454,400	0

¹ The Company's Option Rights 2006 Plan ceased on April 30, 2014

² Member of the GET since October 1, 2013

³ Member of the GET since April 14, 2014

⁴ Member of the GET until December 31, 2014

⁵ Member of the GET until April 14, 2014

⁶ Member of the GET until July 19, 2013

⁷ Member of the GET until April 30, 2013

Information on the remuneration of the GET members is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits" and in the Remuneration Statement available on the Company's website (<http://www.huhtamaki.com/investors/governance/remuneration>).

Internal control, internal audit and risk management systems

Internal control

Successful business requires continuous development and monitoring of the Group's operations, processes and procedures. Internal control is an essential part of the corporate governance and management of the Group. The Board of Directors and the CEO are responsible for adequate internal control. The Audit Committee of the Board of Directors is monitoring the effectiveness and efficiency of the internal control systems and the correctness of the financial reporting.

Internal control is a process aiming at providing reasonable assurance on achievement of Group's strategic and financial objectives. The responsibility for arranging the internal controls belongs to the executive management of the Group and is being carried out by the whole organization. The aim of internal control is to ensure reliability of financial reporting, effectiveness and efficiency of operations as well as compliance with laws and regulations.

Control of financial reporting assures that financial statements are prepared in a reliable manner. The aim is also to ensure that all financial reports published and other financial information disclosed by the Company provide a fair view on the Group's financial situation.

Control of operations is aiming to ensure effectiveness and efficiency of operations and achievement of the Group's strategic and financial objectives.

Control of compliance with applicable laws and regulations ensures that the Group complies with applicable laws and regulations.

Foundation of all Group's activities lies with Huhtamaki values and principles providing discipline and structure for the operations formalized in policies and guidelines on integrity, ethical behavior and management of personnel. Allocation of authorities and responsibilities as well as segregation of duties allow efficient and proper decision-making procedures.

Group policies, standards and guidelines are deployed in all segments and business units. Policies, standards and guidelines on financial, human resources, environmental, legal and compliance as well as risk management related matters have been issued in the Group. In addition to the Group policies, there may be more specific local policies in the segments and their business units.

Reliability of financial reporting

The Group's finance function and the network of segment and business unit controllers are supporting and coordinating the financial management and financial control of operations in the Group. The Group's financial reporting guidelines and standards are applicable throughout the financial reporting process of the Group. The interpretation and application of accounting standards are centralized in the Group finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Group's finance function also supervises the compliance with such guidelines and standards. Supervision of reporting and budgeting processes is based on the Group's reporting standards which are determined and updated by the Group's finance function. The reporting standards are uniformly applied in the whole Group and a unified Group reporting system is used.

Effectiveness and efficiency of operations

Group's strategic direction, objectives and related actions are deployed and communicated throughout the Group. Key performance indicators and annual targets are agreed, approved and communicated as part of the annual planning process. Achievements are followed monthly and quarterly in business review meetings that are held with line management in all segments and business units.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks as well as designing preventive and detective controls. Corrective actions are implemented and monitored by segment and business unit management. These activities need to be in compliance with Group policies and standards. Internal controls related to quality, safety and environmental processes and procedures are audited internally and by external service providers.

Actions aiming to improve Group's internal controls were continued in 2014 to deploy best practices in the area of efficiency and effectiveness of operations. Control objectives for several business processes were defined, and implementation processes in the segments were continued. The aim is to unify and deploy key internal control objectives for core operational processes throughout the Group. These control objectives are developed from the best industry practices and recommendations given in various internal audits in the Group.

The Group is applying Lean Six Sigma process in all segments to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies on corporate governance for subsidiaries, competition compliance, contracts and agreements, management of claims, disputes and proceedings as well as insider matters have been issued. Compliance with the policies is facilitated through communication and training. The training events arranged in different business units in 2014 have emphasized especially compliance with the Group's Code of Conduct setting standards for behavior required from every employee, contract management as well as competition and anti-corruption compliance related matters. In addition, attention has been paid to the general highlighting of the importance of compliance with rules and regulations in all operations. Internal audit also covers the compliance with policies.

Insider administration

The Company follows the Guidelines for Insiders issued by the NASDAQ OMX Helsinki Ltd. as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority. In addition, there is an insider policy in the Group which was updated in 2013. The Company maintains a public insider register and a permanent company-specific insider register on persons holding an insider position. Pursuant to the Securities Market Act, the Board members, the CEO and the Auditors are registered in the public insider register on the basis of their position. As GET members belong to the senior management and regularly have access to insider information, the Company has decided to register also them in the public insider register. Persons included in the public and company-specific insider registers cannot trade with the Company's securities or other financial instruments (in practice shares or option rights) during the period which starts on the last trading day at NASDAQ OMX Helsinki Ltd. of the year or of each interim report period and ends on the first day after the publication of the financial statements or the interim report in question. Real-time holdings of the Company's shares by the persons belonging to the public insider register of the Company as well as further information on insider administration in the Company are available on the Company's website in section "Insider administration" (<http://www.huhtamaki.com/investors/governance/insider-administration>).

Internal audit

The objective of the internal audit is to improve the effectiveness of supervising obligation of the Board of Directors. Internal audit aims at ensuring that the Group's operations are efficient, information is adequate and reliable and that set policies and procedures are properly followed by the organization.

The Group has an internal audit function and internal audits have been managed in the year 2014 in cooperation with Deloitte & Touche Oy. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities. Internal audits have been conducted on a monthly basis according to approved annual internal audit plan in various Group and segment level processes as well as in business units.

Group internal audit function evaluates independently and systematically Group's management and governance systems as well as the effectiveness, efficiency and appropriateness of the

Group's business processes and risk management. The internal audit function provides in the internal audit reports development recommendations for the aforementioned systems and processes. Main purpose of these activities is to assure achievement of strategic and financial objectives of the Group.

The Audit Committee of the Board approves the annual internal audit plan. Audit engagements are included in the plan in accordance with the Group's strategic objectives, assessed risks, focus areas defined by the Board and the executive management of the Group as well as according to the rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the CFO, the General Counsel and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

Audit pre-material, documentation and data are collected before audit field work. During the field work further findings are recorded at site. Internal audit reports include key findings, conclusions and recommendations for control improvements. Management of the audit target prepares an action plan to mitigate risks and develop controls to improve recommended audit issues. The implementation of the action plans is followed by the line management and the Group internal audit manager.

Risk management

Risk management is an essential part of the internal control system of the Group. The purpose of risk management is to ensure that the risks related to business objectives and operations are identified, managed and monitored. The risk management procedures are set forth in the risk management process description and instructions. The risk management process of the Group is based on Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Group's risk management focuses on risks relating to business opportunities and threats potentially jeopardizing achievement of the Group's strategic and financial objectives in the changing business environment. Risks are categorized as strategic, operational, financial and information risks.

The Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the risk management guidelines for the Group. The risk management policy sets forth the risk management process and responsibilities as well as the risk categories that are used to categorize identified risks. Compliance with the risk management policy assures timely identification and recording of risks and the application of relevant risk management measures to address these risks.

The Audit Committee is monitoring the implementation of risk management activities, and it evaluates the adequacy and appropriateness of the process and activities. The Audit Committee reports regularly to the Board of Directors, which is responsible for reviewing the Group's strategic, operational, financial and information risks. The Board of Directors approves acceptable risk levels and the extent to which these risks have been properly identified, addressed and followed up.

The executive management of the Group is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The risk management process includes systematic identification

and assessment of risks in each business segment and their business units as well as at Group level. Each of these defines risk mitigation actions that are needed to reach acceptable risk level. Risks are consolidated from the business unit level to the segment level and from the segment level to the Group level. At each level risk mitigation actions are defined in order to reach acceptable risk levels. Execution and supervision of these risk mitigation actions is a task of line management. Upper level line management always approves lower level risk mitigation actions and the risk level reached after implementation of such actions. Internal audit function monitors and reports achievement of these actions. The purpose is to verify that risk mitigation actions support achievement of Group's strategic and financial objectives.

The Group risk management function is organizing, instructing, supporting, supervising and monitoring risk management activities. The function also analyzes changes in impact, likelihood and level of control for each identified business risk. It reports annually results of the risk management process to the Audit Committee. The Group risk management function also prepares reports to the executive management of the Group and the Auditor.

Business unit, segment and Group level risk management process and activities are engaged with the Group's annual planning cycle. Risk management process may be commenced any time in the course of the financial year should a certain business area encounter essential strategic changes requiring initiation of the risk management process.

A description of the risks that are material to the Group as well as of the focus of the risk management processes in 2014 is available on the Company's website in section "Risk management" (<http://www.huhtamaki.com/investors/governance/risk-management>) and in the Annual Accounts and Directors' Report 2014 on page 7.

Audit

The Company must have one Auditor, which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The AGM elects the Company's Auditor. The AGM 2014 elected the Authorized Public Accounting firm Ernst & Young Oy as the Auditor of the Company. Mr. Harri Pärssinen, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local auditing under the local regulations, which is conducted by representatives of the Ernst & Young network in each country. Ernst & Young Oy has acted as the Company's Auditor since the AGM 2010. Before the financial year 2010 the Company's Auditor for several years was the Authorized Public Accountant firm KPMG Oy Ab and auditors representing it.

In 2014, total auditing costs of the Group amounted to EUR 1.5 million (2013: EUR 1.5 million). The Ernst & Young network has also provided other consultancy not related to auditing worth EUR 1.6 million (2013: EUR 1.4 million). Such other consultancy services included e.g. advisory in connection with various structuring and transactional projects.

Remuneration

The below description on remuneration outlines the Group's remuneration principles and the remuneration paid to the Board and GET members in 2014. The most recent Remuneration Statement prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code is available on the Company's website in section "Remuneration" (<http://www.huhtamaki.com/investors/governance/remuneration>).

The Remuneration Statement is updated when there are substantial changes to the information concerning remuneration. The next update takes place after the Annual General Meeting of Shareholders (AGM) of 2015, at the latest.

Board of Directors

Decision-making process and main principles of remuneration

The AGM decides on the remuneration payable to the members of the Board of Directors and its Committees as well as on related remuneration principles. The Nomination Committee of the Board of Directors prepares annually a proposal to the AGM on the remuneration and the principles for compensating the expenses of the Board members.

None of the Board members is employed by the Company and, thus, Board members are not eligible for any employment relationship related financial or other benefits not related to

the Board work nor are they eligible for any pension scheme. Board members do not receive Company shares as remuneration and they are not participants in Company's share-based incentive plans.

Financial benefits

The AGM decides on the remuneration payable to the Board members based on the Nomination Committee's proposal. In accordance with the resolution passed by the AGM held on April 24, 2014, as of the AGM 2014 the annual compensation for the Chairman of the Board is EUR 100,000 (2013: EUR 100,000), for the Vice-Chairman EUR 60,000 (2013: EUR 60,000) and for other members EUR 50,000 (2013: EUR 50,000). In addition, the following meeting fees are paid for each meeting attended: EUR 600 (2013: EUR 600) to all members for the Board meetings, EUR 2,000 (2013: EUR 2,000) to the Chairman and EUR 1,000 (2013: EUR 1,000) to the other members for the Audit Committee meetings, EUR 1,200 (2013: EUR 1,200) to the Chairman and EUR 600 (2013: EUR 600) to the other members for the Human Resources Committee meetings and EUR 1,200 (2013: EUR 1,200) to the Chairman and EUR 600 (2013: EUR 600) to the other members for the Nomination Committee meetings. Traveling expenses of the Board members are compensated in accordance with the Company policy.

Remuneration paid to members of the Board of Directors in 2014 and 2013 (EUR)

	2014			2013		
	Annual compensation	Meeting fees	Total	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä*	100,240	11,400	111,640	87,651	9,000	96,651
Jukka Suominen	60,000	17,200	77,200	60,000	16,600	76,600
Eija Ailasmaa	50,000	11,600	61,600	50,000	11,600	61,600
William R. Barker	50,000	7,200	57,200	50,000	8,400	58,400
Rolf Börjesson	50,000	6,000	56,000	50,000	8,400	58,400
Maria Mercedes Corrales	50,000	7,200	57,200	50,000	6,600	56,600
Sandra Turner	50,000	11,600	61,600	50,000	11,600	61,600
Board total	410,240	72,200	482,440	397,651	72,200	469,851

* Annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit

Terminated Board memberships

Mikael Lilius*	-	-	-	25,080	4,200	29,280
In total	410,240	72,200	482,440	422,731	76,400	499,131

* Member of the Board until April 25, 2013; annual compensation for Mikael Lilius includes a mobile phone benefit

Chief Executive Officer and Group Executive Team Decision-making process and main principles of remuneration

Remuneration and financial benefits payable to the Chief Executive Officer (CEO) and members of the Group Executive Team (GET) are determined by the Board of Directors normally on a yearly basis. Prior to the relevant Board meeting, the matter is deliberated by the Human Resources Committee of the Board of Directors. Remuneration is based on Group level remuneration principles, but local laws and market practices are taken into account when applying these principles. The remuneration of the CEO and other GET members consists of a non-variable annual base salary, benefits and an annually determined short-term incentive. In addition, the CEO and other GET members are participants in the long-term incentive plans consisting of the performance share plans.

The short-term incentives for the CEO and other GET members are based on financial performance of the Group and achievement of the personal objectives. The short-term incentives for those GET members having a business segment responsibility are also determined based on the financial performance of the business segment in question. The relevance of the financial performance is 85% for the CEO and 80% for other GET members and the relevance of the personal objectives is correspondingly 15% for the CEO and 20% for other GET members. The following indicators are applied when setting financial objectives: earnings per share (EPS) before taxes, return on net assets (RONA), working capital ratios and value added. The above mentioned criteria are selected to promote the Group's financial targets and success on a short- and a long-term basis.

Objectives for the short-term incentives are set and the achievement is evaluated annually. Possible incentive pay-

ments are typically made in March following the earnings period January-December. The payment of the incentive is subject to the person being employed by the Group and not having resigned by the time of the payment. The maximum amount of the short-term incentive for the CEO is the amount corresponding to 75% of the non-variable annual base salary. The maximum amount of the short-term incentives for other GET members varies depending on the position between 40–60% of the non-variable annual base salary.

Performance share plans function as long-term incentives for the CEO and other GET members. During 2014 the CEO and other GET members were participants in the Performance Share Plans 2011–2013, 2012–2014, 2013–2015 and 2014–2016 and in the Option Rights 2006 Plan that ceased in 2014. Further information on the performance share plans and the Company's Option Rights 2006 Plan is available later in section "Share-based incentive plans".

Financial benefits

Chief Executive Officer

In 2014, CEO Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 649,670 (2013: EUR 625,955) and the short-term incentive based on the performance in 2013 amounted to EUR 121,070 (2013: EUR 397,098 based on the performance in 2012). Based on the performance in 2013, the CEO received under the Performance Share Plan 2011–2013 a total of 1,920 shares with an aggregate value of EUR 37,402 at the time of the transfer and a cash payment of EUR 44,319 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of 81,721 was paid in April 2014. Based on the performance in 2012, the CEO received under the Performance Share Plan 2010–2012 a total of 40,000 shares with an aggregate value of EUR 608,000 at the time of the transfer and a cash payment of EUR 720,447 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 1,328,447 was paid in March 2013. No option rights were allocated to the CEO during 2014 (2013: 0) and the Company's only existing option rights plan ceased on April 30, 2014. In 2014 the CEO did not subscribe for any shares with option rights. In 2013 the CEO subscribed for 80,000 shares with option rights 2006 C received earlier. The value of the remuneration was EUR 862,400 taking into account the difference between the fair market value of the subscribed shares (EUR 1,270,400) and the subscription price (EUR 5.10 per share i.e. in total EUR 408,000). He did not sell any option rights during 2014 (2013: 0 option rights). Thus, in 2014 the CEO's total remuneration amounted to EUR 852,461 (2013: EUR 3,213,900).

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement with six months' prior notice. During the notice period, the CEO is entitled to normal salary payments. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' base salary in addition to the six months' salary paid for the notice period. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. In addition to statutory employment pension contribution, the early retirement possibility is covered by an arrangement under which the Company con-

tributes annually to a supplementary pension arrangement an amount which shall not exceed the CEO's monthly base salary. However, the contribution paid by the Company is subject to the CEO contributing the same amount to the supplementary pension arrangement. In case the Service Agreement is terminated prior to the retirement and resignation age, the CEO maintains the right to the funds in the supplementary pension arrangement. The amount of the supplementary pension is determined based on funds contributed to the arrangement by the Company and the CEO as well as returns on these funds. In 2014, expenses for the Company for the CEO's statutory pension were EUR 134,055 (2013: EUR 183,740) and for the supplementary pension arrangement EUR 51,280 (2013: EUR 49,786). At the end of 2014 liability from the supplementary pension arrangement was EUR 329,874 (2013: EUR 272,328) in the Company's statement of financial position.

Group Executive Team

In 2014, the non-variable annual base salary of GET members, excluding the CEO, amounted to a total of EUR 2,120,936 including benefits and compensation relating to the commencement and termination of employment (2013: EUR 2,980,600) and the short-term incentives, based on the performance in 2013, amounted to a total of EUR 441,393 (2013: EUR 978,989 based on the performance in 2012). Based on the performance in 2013, GET members, excluding the CEO received under the Performance Share Plan 2011–2013 a total of 5,730 shares with an aggregate value of EUR 111,620 at the time of the transfer and a cash payment of EUR 110,259 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 221,879 was paid in April 2014. Based on the performance in 2012, GET members, excluding the CEO received under the Performance Share Plan 2010–2012 a total of 118,000 shares with an aggregate value of EUR 1,792,240 at the time of the transfer and a cash payment of EUR 1,688,502 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 3,480,742 was paid in April 2013. No option rights were allocated to the GET members during 2014 (2013: 0) and the Company's only existing option rights plan ceased on April 30, 2014. During 2014 GET members did not sell or use for share subscriptions any option rights (2013: 12,000 option rights sold or used for share subscriptions, the corresponding taxable value being in total EUR 151,320). Thus, in 2014 the total remuneration of GET members, excluding the CEO, amounted to EUR 2,784,208 (2013: EUR 7,591,651).

All GET members belong to pension systems of their country of residence in force at the time. In addition to the CEO, four other GET members belonged to the national employee pension system in Finland at the end of 2014. The other GET members belonged to corresponding pension systems in India, in Germany and in the United States. Subject to a specific resolution by the Board, GET members may additionally be entitled to pension arrangements following local practices, which may be considered partly comparable to supplementary pension plans. In 2014, the Company paid a total of EUR 33,477 (2013: EUR 24,457) to such pension arrangements of the GET members, excluding the CEO.

Remuneration paid to the CEO and other GET members (EUR)

	2014				2013			
	Non-variable annual base salary ¹	Short-term incentives ²	Share-based incentives ³	Total	Non-variable annual base salary ¹	Short-term incentives ²	Share-based incentives ³	Total
CEO	649,670	121,070	81,721	852,461	625,955	397,098	2,190,847	3,213,900
Other GET members ⁴	2,120,936	441,393	221,879	2,784,208	2,980,600	978,989	3,632,062	7,591,651
Total	2,770,606	562,463	303,600	3,636,669	3,606,555	1,376,087	5,822,909	10,805,551

¹ Non-variable annual base salary includes benefits and compensation relating to the commencement and termination of employment.

² Short-term incentives are based on the performance in the year preceding the payment year. Paid short-term incentives have been entered in the table on the year when they have been paid.

³ Share-based incentives include the monetary value of the payments based on the Performance Share Plans at the time of granting the shares and including the value of taxes arising based on the received shares. For 2013 share-based incentives also include the taxable value that has arisen based on the sale of option rights or share subscriptions based on the option rights. The share-based incentives are based on the performance in the year preceding the payment year and they have been entered in the table on the year when they have been paid. As regards the option rights, entries have been recorded on the year of sale or share subscription.

⁴ Remuneration paid to other GET members is reported for the period that the person has been a member of the GET.

Share-based incentive plans Share-based remuneration

The Company's share-based incentive plans in which the earnings year is 2012 or later and based on which incentives are paid in 2013 or later have been described below. Further information on the share-based remuneration is available in the notes to the consolidated annual accounts 2014 on pages 36–37.

Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the GET shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2010–2012

Performance Share Plan 2010–2012 commenced in 2010. The reward was based on the Group's earnings per share (EPS) in 2012 and was paid in 2013. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 366,500 shares were paid as a reward under the plan in 2013. The Performance Share Plan 2010–2012 was directed to 58 persons at the end of 2012.

Performance Share Plan 2011–2013

Performance Share Plan 2011–2013 commenced in 2011. The reward was based on the Group's earnings per share (EPS) in 2013 and was paid in 2014. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 21,525 shares were paid as a reward under the plan in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

Performance Share Plan 2012–2014

Performance Share Plan 2012–2014 commenced in 2012. The reward is based on the Group's earnings per share (EPS) in 2014 and will be paid in 2015. The Performance Share Plan 2012–2014 was directed to 63 persons at the end of 2014.

Performance Share Plan 2013–2015

Performance Share Plan 2013–2015 commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 64 persons at the end of 2014.

Performance Share Plan 2014–2016

Performance Share Plan 2014–2016 commenced in 2014 and the possible reward will be based on the Group's earnings per share (EPS) in 2016. The reward, if any, will be paid during 2017. The Performance Share Plan 2014–2016 was directed to 83 persons at the end of 2014.

Option Rights 2006 Plan

The Option Rights 2006 Plan ceased on April 30, 2014. The option rights plan was approved by the AGM held on March 27, 2006 and it was divided to option rights 2006 A, 2006 B and 2006 C. Each series entitled for the subscription of 1,100,000 shares. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011, with the option rights 2006 B on October 31, 2012 and with the option rights 2006 C on April 30, 2014. No shares were subscribed for based on the option rights 2006 A but a total of 749,665 shares were subscribed for based on the option rights 2006 B and a total of 947,400 shares were subscribed for based on the option rights 2006 C during the subscription period.

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