



# Good comparable net sales growth, negative currency impact

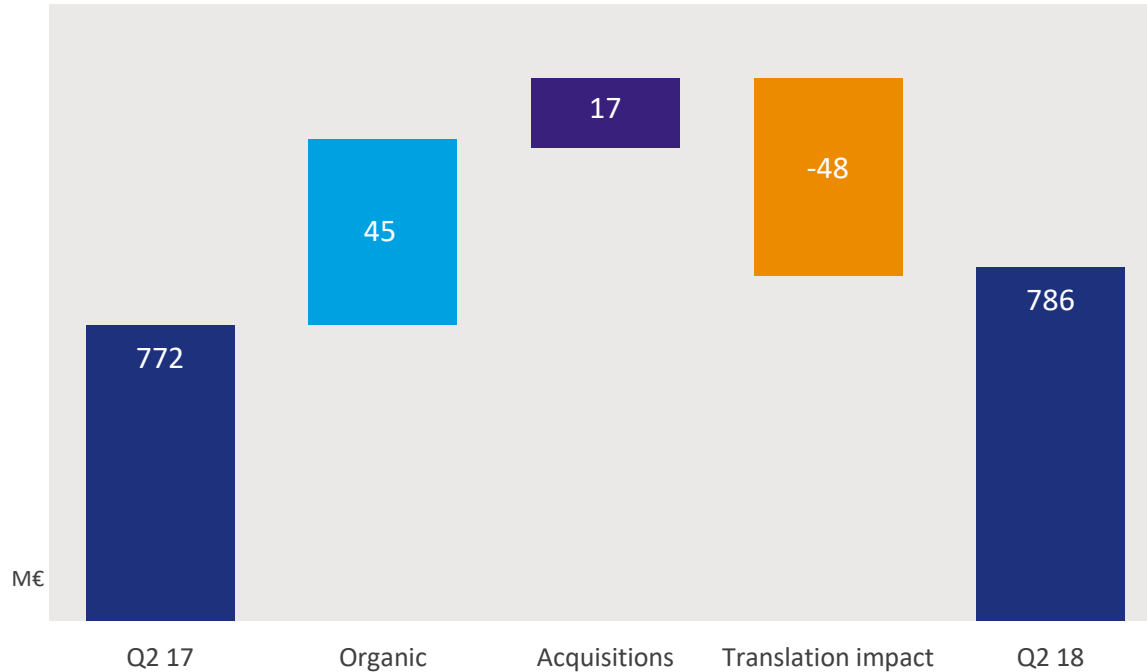
Half-yearly Report 2018

CEO Jukka Moisio

CFO Thomas Geust

**Huhtamaki**

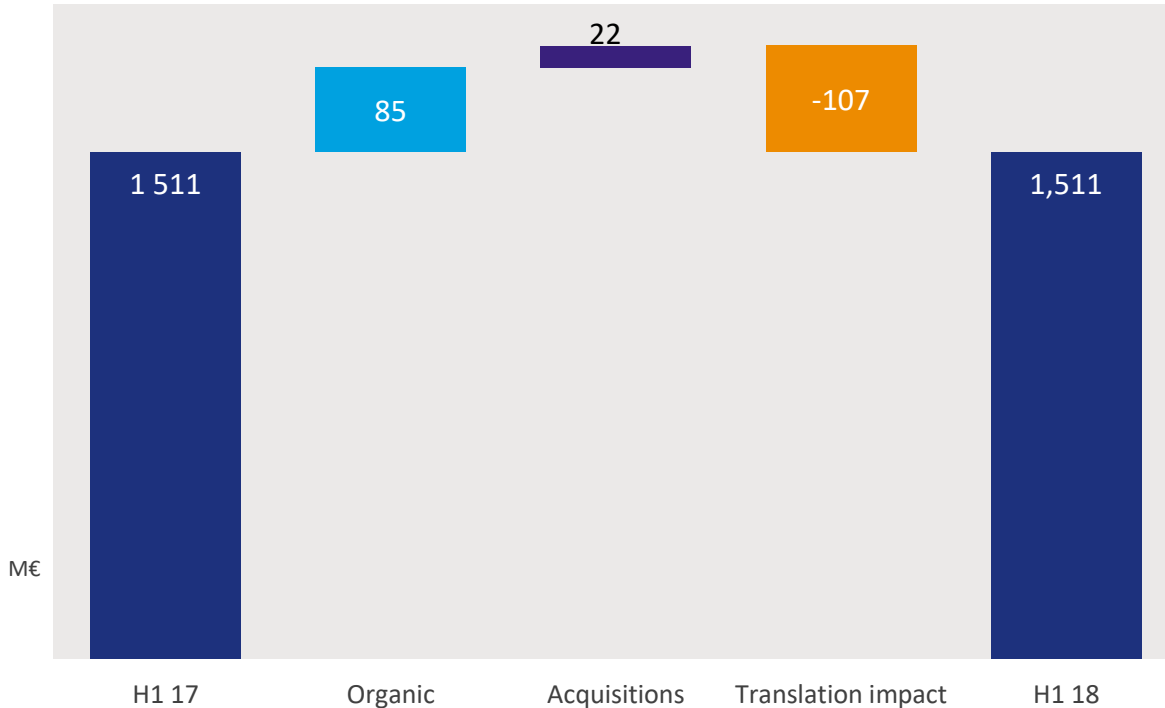
# Good comparable growth, further boosted by acquisitions



## Net sales growth split in Q2 18

- 6% comparable growth with all business segments contributing
- 10% in emerging markets; India, Eastern Europe and MEA leading
- 2% from acquisitions
- Currency headwind of MEUR 48 (app. -6%)

# Organic growth 6% in H1



## Net sales growth split in H1 18

- 6% comparable growth
- 9% in emerging markets
- 1% from acquisitions
- Negative currency translation impact of M€ 107 (app. 7%)

# Accelerating group growth

	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	H1 18	FY 2017	Long-term ambitions
Foodservice E-A-O	5%	5%	6%	4%	2%	3%	5%	4%	5-7%
North America	2%	5%	2%	2%	1%	2%	3%	2%	2-5%
Flexible Packaging	11%	6%	9%	7%	-2%	3%	9%	4%	6-8%
Fiber Packaging	3%	5%	4%	5%	8%	4%	4%	5%	5-7%
<b>Group</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>4%</b>	<b>1%</b>	<b>3%</b>	<b>6%</b>	<b>3%</b>	<b>5+%</b>

- Flexible Packaging growth driven by good development in India, MEA and Europe
- Strong growth continued in Foodservice E-A-O; driven by good volume development
- North America Q2 growth moderated by lower promotional activity in retail
- Strong growth of fiber packaging in Russia, Brazil and Africa; weakness in North West Europe

# Costs of growth visible in results

MEUR	Q2 18	Q2 17	Change	H1 2018	H1 2017	Change
Net sales	<b>785.9</b>	771.9	2%	<b>1,511.1</b>	1,511.3	-0%
Adjusted EBITDA <sup>1</sup>	<b>100.7</b>	106.4	-5%	<b>190.8</b>	200.4	-5%
Margin <sup>1</sup>	<b>12.8%</b>	13.8%		<b>12.6%</b>	13.3%	
Adjusted EBIT <sup>2</sup>	<b>70.2</b>	75.6	-7%	<b>130.2</b>	138.4	-6%
Margin <sup>2</sup>	<b>8.9%</b>	9.8%		<b>8.6%</b>	9.2%	
Adjusted EPS, EUR <sup>3</sup>	<b>0.47</b>	0.52	-10%	<b>0.87</b>	0.95	-9%
ROI <sup>2</sup>				<b>12.7%</b>	14.2%	
ROE <sup>3</sup>				<b>16.3%</b>	16.9%	
Capital expenditure	<b>47.7</b>	48.4	-2%	<b>80.9</b>	95.4	-15%
Free cash flow	<b>44.8</b>	-3.0		<b>26.8</b>	-11.8	

<sup>1</sup> Excluding IAC of EUR 11.6 million in Q2 and H1 2018. FY 2017 excluding IAC of EUR -3.4 million.

<sup>2</sup> Excluding IAC of EUR 9.5 million in Q2 and H1 2018. FY 2017 excluding IAC of EUR -3.4 million.

<sup>3</sup> Excluding IAC of EUR 7.6 million in Q2 and H1 2018. FY 2017 excluding IAC of EUR -4.8 million.

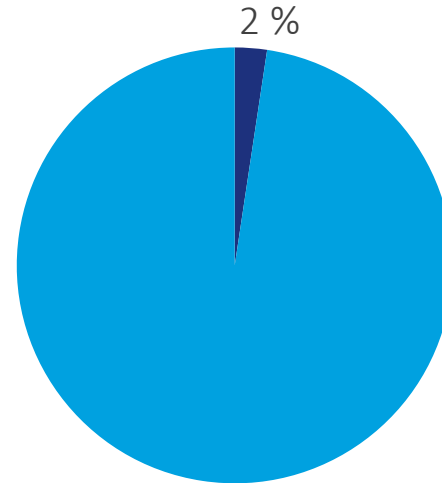
## Q2 18 Highlights

- Earnings improvement in Foodservice E-A-O and Flexible Packaging
- North America margins impacted by high distribution costs and Goodyear start-up
- Main contributor to EBIT decline is negative currency translation; MEUR -4 in Q2 and MEUR -8 in H1 (half from USD)

# European Commission proposal for a directive on Single Use Plastics

- Directive aims to curb top sources of marine pollution in Europe: single-use plastic items found in EU waters and beaches
- Applicable for a part of our product range in Europe
- Clear increase in interest to replace plastic items with alternative materials (mainly paper and fiber) post directive publication
- An opportunity for Huhtamaki to extend and innovate on product range
- Huhtamaki will be one of the two companies to start supplying McDonald's with paper straws in the UK and Ireland

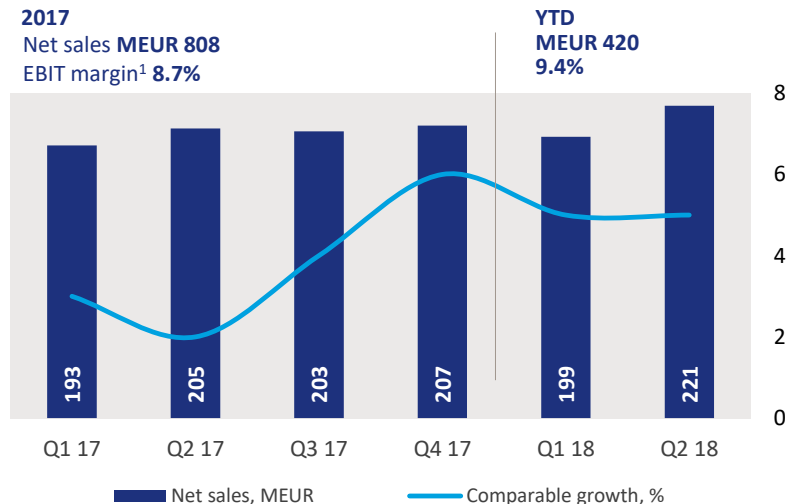
Items proposed to be banned represent app. 2% of Foodservice E-A-O turnover in Europe



# Business segment review

# Foodservice Europe-Asia-Oceania: Earnings improvement continued

- Healthy volume development of core paperboard product range and ice cream packaging, especially in continental Europe
- Good progress with global key accounts
- Solid earnings improvement
  - Strong sales development
  - Contribution from acquired units



<b>Key figures, MEUR</b>	Q2 18	Q2 17	Change
Adjusted EBIT <sup>1</sup>	<b>20.3</b>	18.4	10%
<i>Margin</i> <sup>1</sup>	<b>9.2%</b>	9.0%	
RONA <sup>1</sup>	<b>13.5%</b>	12.5%	
Capital expenditure	<b>14.0</b>	12.8	9%
Operating cash flow	<b>13.0</b>	11.6	12%



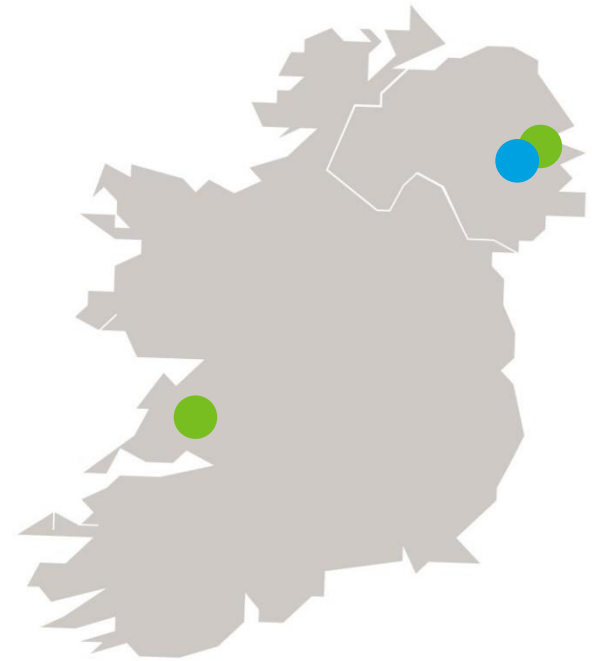
# Acquisition of CupPrint in Ireland - creating excellence in personalization and short runs

- Custom printed cups with quick delivery time
- Online service model allows efficient design and delivery of small runs (starting at just 1,000 cups)
- Short run capability enhances Huhtamaki's ability to support current customers' promotional activities
- Debt free purchase price for 70% ownership approx. EUR 22 million
- Annual net sales approx. EUR 14 million
- Approx. 110 employees
- Reported as part of Foodservice E-A-O business segment



# Huhtamaki in Ireland

- Three manufacturing units and three technologies
  - Paper cups, folded cartons and fiber packaging
  - Carton production waste recycled in Fiber Packaging
- In total approximately 620 employees



- Foodservice manufacturing
- Fiber packaging manufacturing

# Acquisition of Tailored Packaging – access to a national network of distribution centers in Australia

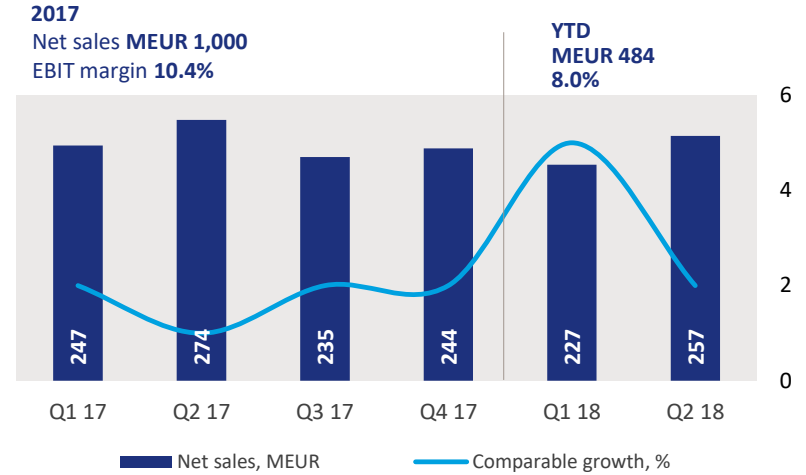
- Foodservice packaging distribution and wholesale group based in Sydney
- Ability to efficiently service main states across the country and strong sourcing capability
- Debt free purchase price for 65% majority EUR 35 million
- Annual net sales approx. EUR 85 million, Approx. 130 employees
- Reported as part of Foodservice E-A-O business segment
- The acquisition takes Huhtamaki turnover in Oceania towards MEUR 200 and total number of employees to approx. 700



- Huhtamaki foodservice manufacturing units
- Huhtamaki fiber packaging manufacturing unit

# North America: Start-up of new investments continued

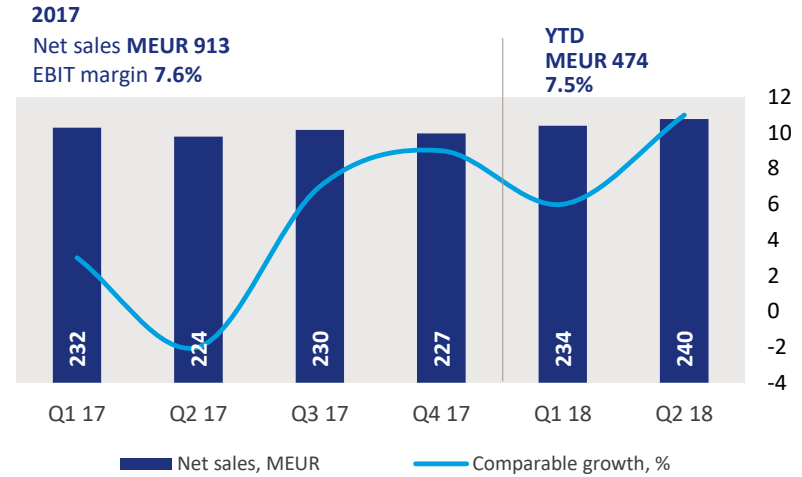
- Foodservice and ice cream volumes grew, retail tableware flat due to lower promotional activity
- Currency headwind (Net sales MEUR -23, EBIT MEUR -2)
- High distribution costs and Goodyear start-up costs burden margins
  - Goodyear according to plan serving foodservice and retail customers
- Cash flow improves with major capital cycle coming to an end (total investment in North America since Q4/16 MEUR 190)



Key figures, MEUR	Q2 18	Q2 17	Change
Adjusted EBIT	<b>22.5</b>	32.6	-31%
<i>Margin</i>	<b>8.8%</b>	11.9%	
RONA	<b>11.7%</b>	14.8%	
Capital expenditure	<b>15.1</b>	23.8	-36%
Operating cash flow	<b>26.0</b>	14.4	81%

# Flexible Packaging: Growth accelerating

- Solid volume growth across markets, driven by India
- Currency headwind on net sales
  - Net sales EUR -12 million
- Earnings improved in India and in Europe
- Acquisition of Ajanta Packaging finalized and consolidated from June onwards
- Building of new plant in Egypt impacting capital expenditure – start-up expected Q4/18



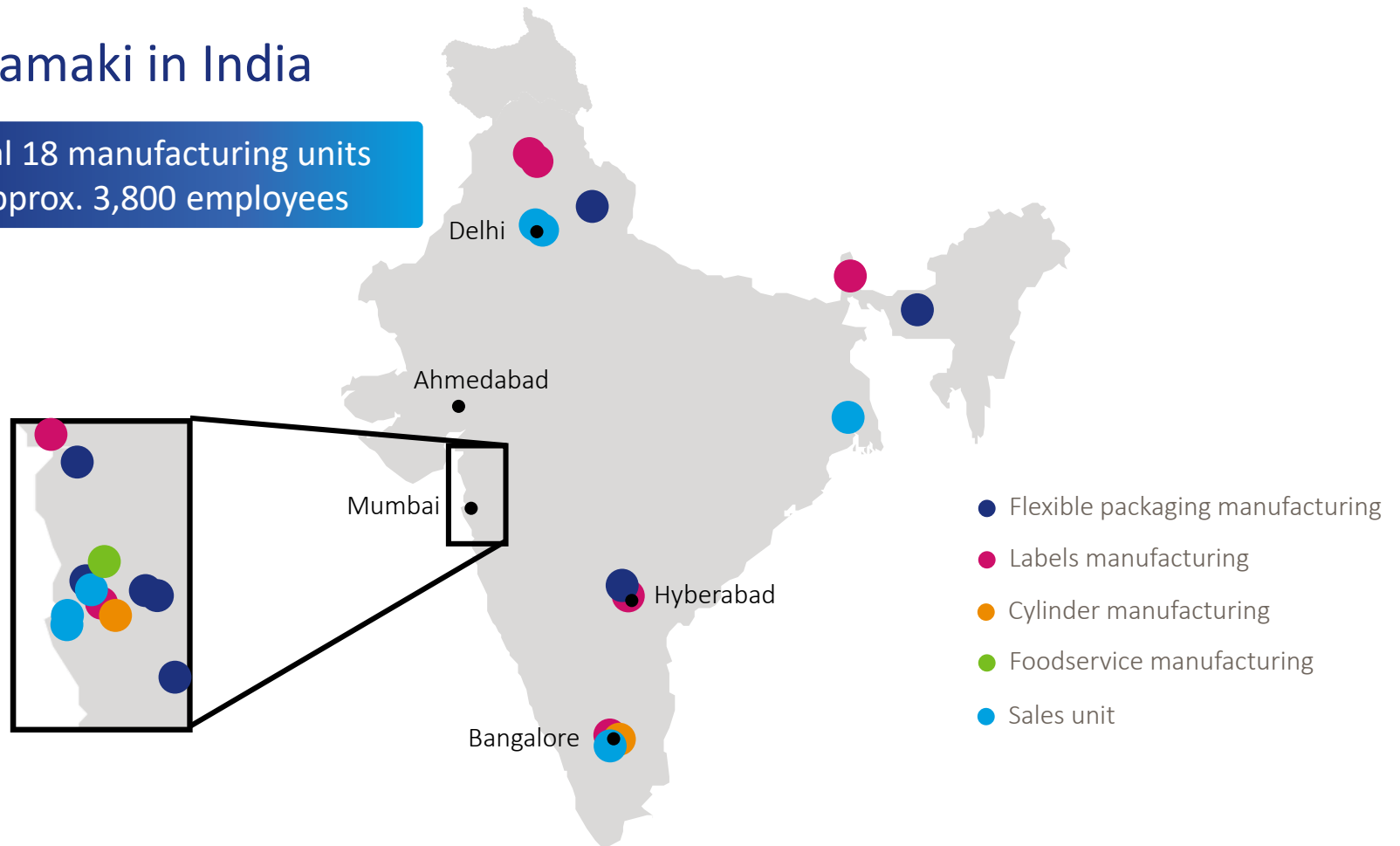
Key figures, MEUR	Q2 18	Q2 17	Change
Adjusted EBIT <sup>1</sup>	<b>18.0</b>	14.0	28%
Margin <sup>1</sup>	<b>7.5%</b>	6.3%	
RONA	<b>11.2%</b>	10.7%	
Capital expenditure	<b>14.6</b>	7.7	89%
Operating cash flow	<b>10.0</b>	-0.5	2103%

## Ajanta Packaging strengthens our labeling business in India

- Leader in Pressure Sensitive labels in India with two manufacturing units
- Complementary to existing Huhtamaki business with similar customer base and additional printing technology
- Debt free purchase price approx. EUR 13 million
- Annual net sales approx. EUR 10 million
- Approx. 170 employees
- Acquisition finalized during Q2, business reported as part of Flexible Packaging business segment

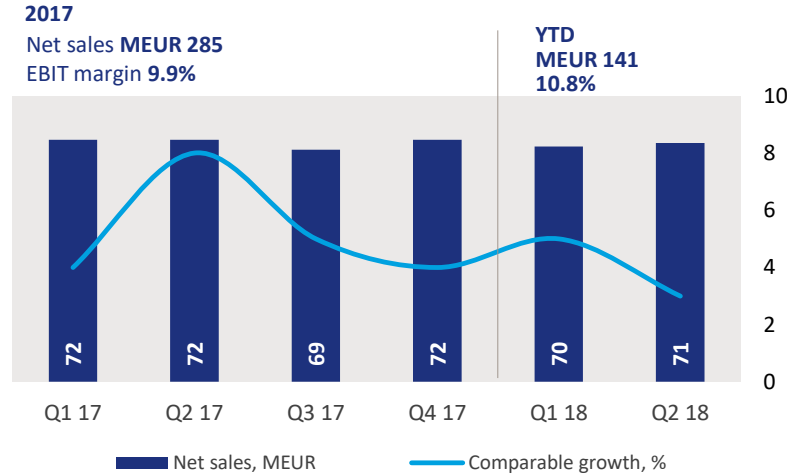
# Huhtamaki in India

In total 18 manufacturing units  
and approx. 3,800 employees



# Fiber Packaging: Growth outside Europe

- Strong growth continued in Russia, Brazil and Africa
  - Low volumes impacting North West Europe
- Earnings strong outside Europe
  - Weak volumes in North West Europe burdened earnings
  - Raw material prices favorable in Europe
- A new fiber based ready meal tray in consumer tests in the UK

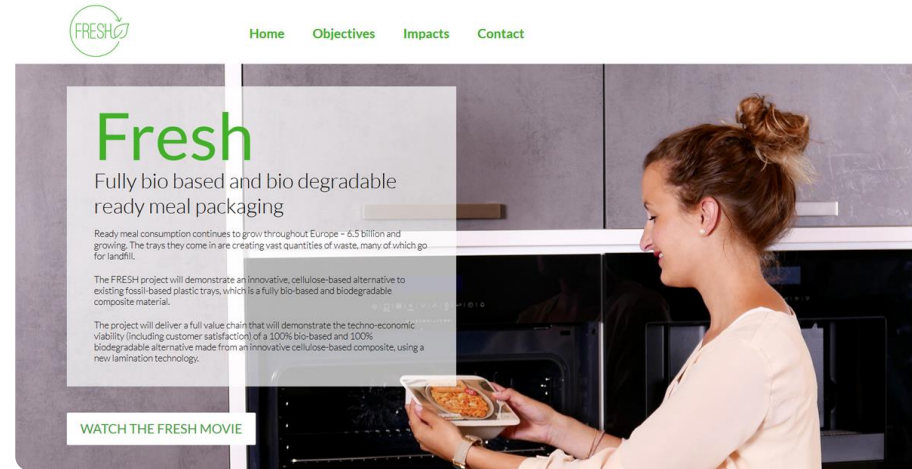


Key figures, MEUR	Q2 18	Q2 17	Change
Adjusted EBIT <sup>1</sup>	<b>7.3</b>	8.1	-10%
Margin <sup>1</sup>	<b>10.2%</b>	11.3%	
RONA	<b>13.0%</b>	15.3%	
Capital expenditure	<b>2.9</b>	4.1	-29%
Operating cash flow	<b>11.6</b>	9.5	23%



# Fresh – a fiber-based ready-meal tray for retail

- Ovenable and microwaveable fiber based food tray
- Aims to replace the commonly used black plastic ready-meal food trays
- Trialed in the UK retail market in June '18
- Joint development between Huhtamaki, Södra, and Saladworks
  - Partly EU-funded project with focus on sustainability and plastic replacement
  - Development towards commercial launch continues



# Financial review

# Currency headwinds and costs of growth visible

<i>MEUR</i>	Q2 18	Q2 17	<i>Change</i>	H1 2018	H1 2017	<i>Change</i>
Net sales	<b>785.9</b>	771.9	2%	1,511.1	1,511.3	-0%
Adjusted EBITDA <sup>1</sup>	<b>100.7</b>	106.4	-5%	190.8	200.4	-5%
<i>Margin</i> <sup>1</sup>	<b>12.8%</b>	13.8%		12.6%	13.3%	
Adjusted EBIT <sup>2</sup>	<b>70.2</b>	75.6	-7%	130.2	138.4	-6%
<i>Margin</i> <sup>2</sup>	<b>8.9%</b>	9.8%		8.6%	9.2%	
EBIT	<b>79.7</b>	75.6	5%	139.7	138.4	1%
Net financial items	<b>-6.8</b>	-5.9	-15%	-13.5	-10.9	-24%
Profit before taxes	<b>72.8</b>	69.7	5%	126.2	127.5	-1%
Income tax expense	<b>-15.3</b>	-15.2	-1%	-26.5	-28.0	5%
Profit for the period	<b>57.5</b>	54.5	6%	99.7	99.5	0%
Adjusted EPS, EUR <sup>3</sup>	<b>0.47</b>	0.52	-10%	0.87	0.95	-9%

## Q2 and H1 Highlights

- Good growth and significant currency headwind
- Foodservice E-A-O and Flexible Packaging ahead of prior year; lower North America margins due to distribution and Goodyear
- Tax rate at 21%

# Significant negative currency impact

	Average rate H1 2017	Closing rates					Average rate H1 2018
		Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	
USD	1.08	1.14	1.18	1.19	1.24	1.16	1.21
INR	71.11	73.71	77.11	76.47	80.80	79.68	79.49
GBP	0.86	0.88	0.88	0.89	0.88	0.89	0.88
CNY	7.44	7.74	7.84	7.80	7.80	7.67	7.71
AUD	1.44	1.49	1.51	1.53	1.61	1.58	1.57
THB	37.56	38.79	39.33	38.93	38.74	38.36	38.43
RUB	62.70	67.30	68.39	68.80	71.33	73.10	71.94
BRL	3.44	3.75	3.75	3.95	4.13	4.48	4.14
NZD	1.53	1.57	1.64	1.69	1.71	1.71	1.69
ZAR	14.31	14.83	15.92	14.73	14.50	16.06	14.88

## Foreign currency translation impact

### Q2 18:

MEUR -48 on net sales

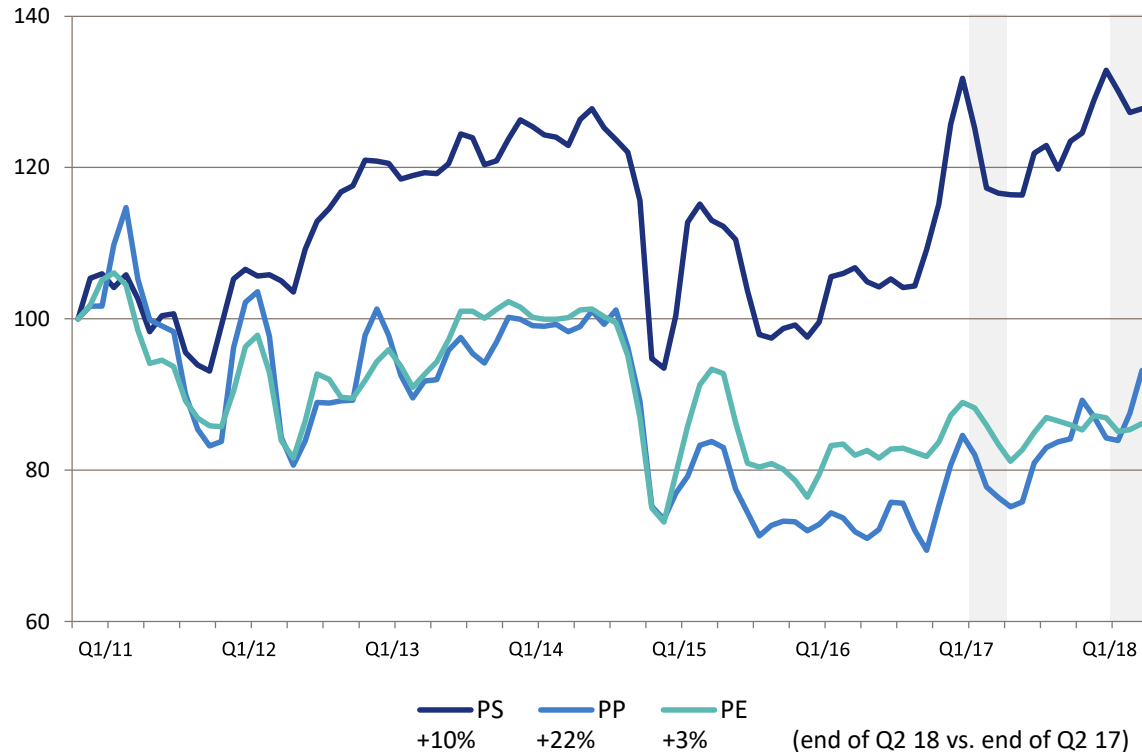
MEUR -4 on EBIT

### H1 18:

MEUR -107 on net sales

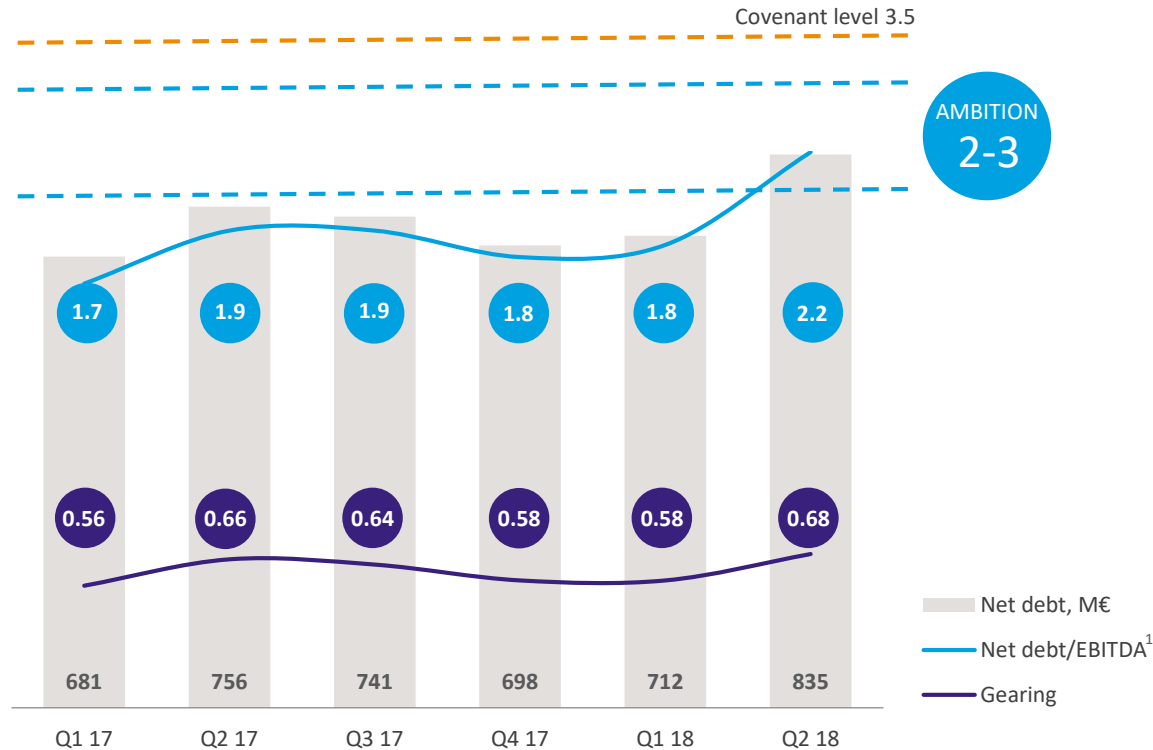
MEUR -8 on EBIT

# Inflationary pressures on raw materials



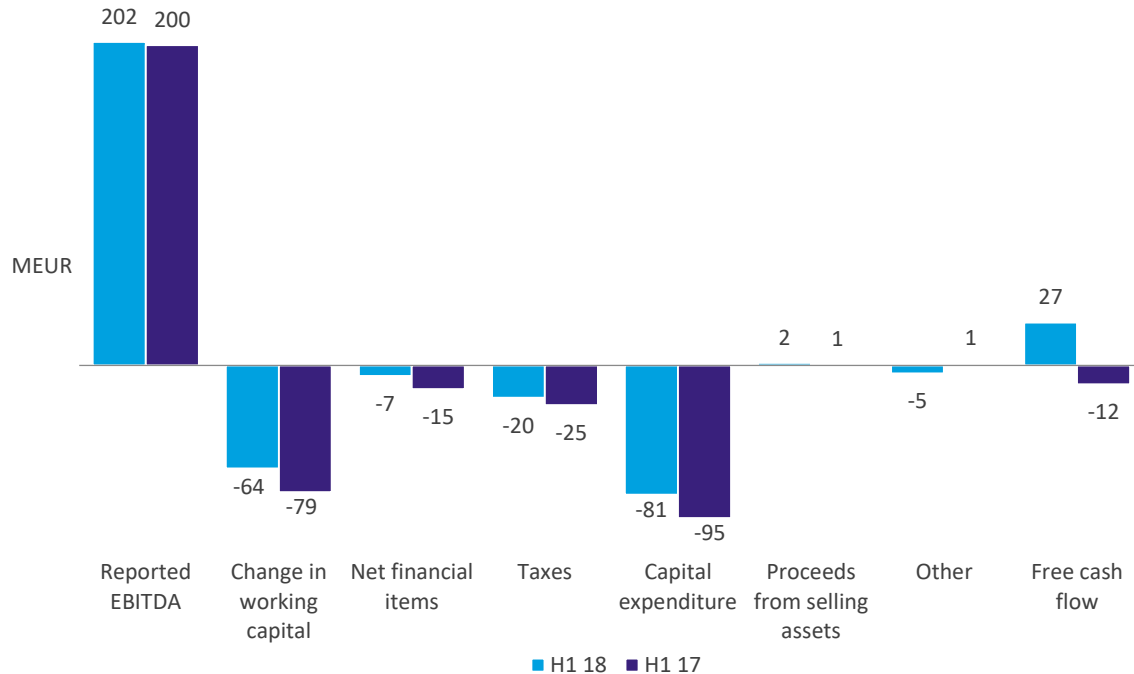
- Overall cost inflation
- Prices for plastic resins increased across markets
- Prices for paperboard were higher than previous year
- Prices of recycled fiber varied; low in Europe, high in North America

# Debt position reflects dividends and acquisitions in Q2



- Net debt/EBITDA at 2.2
- At the end of Q2 18
  - Cash and cash equivalents MEUR 117
  - Unused committed credit facilities available MEUR 305
- Dividends of MEUR 84 were paid in May
- Funds available for acquisitions approx. MEUR 400-500

# Free cash flow improved



- Improvement across main categories
- Acceleration in Q2 with MEUR 45 free cash flow

# Solid financial position

<i>MEUR</i>	June 2018	Dec 2017	June 2017
Total assets	<b>3,147</b>	2,931	2,914
Operating working capital	<b>591</b>	512	535
Net debt	<b>835</b>	698	756
Equity & non-controlling interest	<b>1,231</b>	1,208	1,142
Gearing	<b>0.68</b>	0.58	0.66
ROI <sup>1</sup>	<b>12.7%</b>	13.6%	14.2%
ROE <sup>1</sup>	<b>16.3%</b>	17.0%	16.9%

- Higher assets reflect investments and acquisitions
- Major investments in ramp-up phase or approaching completion



# Progress towards long-term ambitions

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	H1 2018	Long-term ambition
Organic growth	3%	6%	4%	4%	3%	6%	5+%
EBITDA margin	11.2%	11.6%	12.5%	13.3%	13.0%	12.6%	14+%
EBIT margin	7.4%	7.8%	8.7%	9.4%	9.0%	8.6%	10+%
ROI	12.1%	12.6%	14.7%	14.7%	13.6%	12.7%	15+%
ROE	15.8%	16.1%	18.1%	17.7%	17.0%	16.3%	18%
Capex/EBITDA	50%	49%	43%	52%	55%	43%	40%
Net debt/EBITDA	1.6	1.0	1.6	1.8	1.8	2.2	2-3
Free cash flow, MEUR	56	65	91	100	56	27	150
Dividend payout ratio	47%	47%	40%	40%	42%		40-50%

- Group organic growth accelerated to meet the ambition
- Group profit impacted by North America margins, which are burdened by distribution costs and Goodyear start-up

Looking forward

# Outlook 2018

The Group's trading conditions are expected to remain relatively stable during 2018. The good financial position and ability to generate a positive cash flow will enable the Group to address profitable growth opportunities. Capital expenditure is expected to be approximately at the same level as in 2017 with the majority of the investments directed to business expansion.

# Financial calendar 2018

A man in a dark blue suit and tie is walking on a staircase, looking to the right. He is holding a purple coffee cup with a white lid. The background is a blurred staircase with wooden steps and metal railings.

October 25

**Q3 18 Interim Report**

Helping great products  
reach more people,  
more easily

## 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.

# Appendices

# We're the global specialist in packaging for food and drink

Net sales

€3.0bn

Comparable growth

3%



EBIT margin

9.0%

ROI

13.6%



Our ambition

The preferred global  
food packaging brand

Employees

18,200



Manufacturing sites

78

Operations in

34 countries



Our purpose

Helping great products  
reach more people,  
more easily.



# We're well positioned to deliver on our ambitions

Who we are:

Who we serve:

What we offer:

Main materials we use:

#1

**FOODSERVICE**  
packaging company  
operating globally



Paperboard

#1

**FIBER PACKAGING**  
company globally



Recycled fibers

#1

**FLEXIBLE PACKAGING**  
company in  
emerging markets



Plastic & other  
materials

# Our three business areas are organized into four reporting segments

## Foodservice packaging



### Foodservice Europe-Asia-Oceania and North America

- 40 plants on 5 continents
- 9,100 employees
- €1.8bn net sales

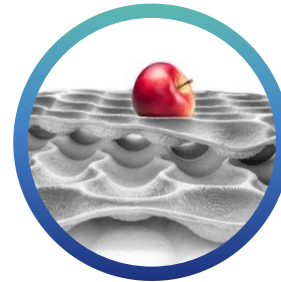
## Flexible packaging



### Flexible Packaging

- 27 plants on 3 continents
- 7,300 employees
- €913mn net sales

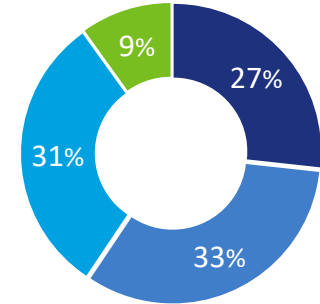
## Fiber packaging



### Fiber Packaging

- 11 plants on 4 continents
- 1,700 employees
- €285mn net sales

## Share of net sales per segment in 2017



- Foodservice Europe-Asia-Oceania
- North America
- Flexible Packaging
- Fiber Packaging

# Foodservice E-A-O: Geared for profitable growth

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

## Our products



Net sales by geography



## Our competitive advantages

- Unique footprint
- Wide product range
- High standards to operate applied in all locations
- Renewed innovations roadmap
- Sourcing ability
- Solid operating efficiency and up-to-date manufacturing capacity

MEUR	Long-term ambition	2017	2016	2015	2014	2013	2012	2011
Net sales		807.5	741.0	667.5	620.4	629.1	626.8	524.1
Comparable growth	5-7%	4%	5%	4%	4%	2%	-1%	0%
EBIT		70.1	63.2	52.4	57.4	46.9	38.1	20.0
Margin	9-11%	8.7%	8.5%	7.9%	9.3%	7.5%	6.1%	3.8%
RONA	15+%	13.0%	13.7%	14.2%	17.6%	13.9%	11.6%	7.8%
Capex		53.4	46.9	39.6	33.6	16.8	21.1	20.9
Operating cash flow		57.1	38.0	35.4	41.9	55.9	39.7	10.7

## Our customers



## Market position



## Key competitors

Seda, HK Cups, International Paper and local players



## Focus areas

- Footprint expansion
- Product portfolio expansion, especially folded carton and bags & wraps
- Execution of the renewed innovation roadmap with emphasis on sustainability and aim for enhanced differentiation
- Sourcing collaboration across segments

# North America: Continue on the growth path

The North America segment serves local markets with foodservice packaging, Chinet® disposable tableware as well as ice-cream containers and other consumer goods packaging products. The segment has production in the United States and Mexico.

## Our products



Net sales by market channel



## Our competitive advantages

- Leading shaped paperboard converter
- 21st century new capacity
- Capability for customer promotions
- Molded fiber competence and scale, Chinet® brand
- Uniquely global in foodservice packaging
- Ice-cream systems offering

MEUR	Long-term ambition	2017	2016	2015	2014	2013	2012	2011
Net sales		1,000.4	1,005.1	947.7	769.3	725.3	704.3	532.3
Comparable growth	2-5%	2%	6%	4%	6%	5%	5%	-4%
EBIT		104.1	107.6	88.2	38.4	38.4	53.0	43.5
Margin	9-10%	10.4%	10.7%	9.3%	5.0%	5.3%	7.5%	8.2%
RONA	11-14%	14.2%	16.3%	14.1%	7.2%	8.0%	11.7%	11.2%
Capex		97.9	97.9	40.9	36.7	66.7	31.5	24.0
Operating cash flow		31.7	40.4	61.1	18.7	-15.0	28.7	43.5

## Our customers



## Market position



## Key competitors

International Paper, Dart/Solo, Reynolds/Pactiv, AJM, Koch/Georgia Pacific, Aspen, Rock Tenn, Gen Pak



## Focus areas

- Replicate Batavia success in Goodyear, AZ
- Build culture to attract best employees and best customers
- Leverage our capacity in foodservice paperboard packaging and retail store brands

# Flexible Packaging: Strengthening our position

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, Middle East, Asia and South America.

## Our products



Sales by geography



## Our competitive advantages

- Unmatched footprint in emerging markets
- Good reputation among blue-chip customers
- Global R&D knowhow to speed up innovations & commercialization
- Wide product offering
- Strong teams & resource pool in India

MEUR	Long-term ambition	2017	2016	2015	2014	2013	2012	2011
Net sales		912.7	868.6	868.9	618.0	585.8	573.3	578.3
Comparable growth	6-8%	4%	-1%	3%	7%	4%	2%	4%
EBIT		69.7	73.8	68.8	45.5	44.0	44.6	38.3
Margin	9-11%	7.6%	8.5%	7.9%	7.4%	7.5%	7.8%	6.6%
RONA	15+%	10.8%	11.6%	12.3%	13.6%	13.3%	13.8%	9.3%
Capex		41.1	25.7	31.6	24.7	15.6	19.8	18.6
Operating cash flow		36.6	87.9	63.5	27.8	34.8	41.4	39.7

## Our customers

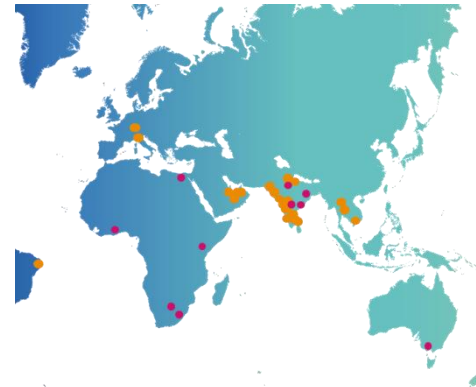


## Market position



## Key competitors

Amcor, Constantia, Bemis, Dai Nippon, regional and local players



## Focus areas

- Harvest full benefits of the recent growth initiatives
- Seize the momentum with global key accounts
- Offer best-in-market innovation capability
- Build capacity for organic growth and seek for potential acquisition targets

**Huhtamaki**

# Fiber Packaging: Focus on profitable growth to enhance our positions

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production in Europe, Oceania, Africa and South America.

## Our products



Sales by geography



- Europe
- ROW

## Our competitive advantages

- Full control throughout the value chain from raw material sourcing to NPD
- Centralized R&D
- Sustainability knowhow
- Local service backed by global knowledge
- Strong teams and continuous knowledge sharing

MEUR	Long-term ambition	2017	2016	2015	2014	2013	2012	2011
Net sales		285.1	267.8	260.3	247.0	236.3	237.3	244.0
Comparable growth	5-7%	5%	5%	5%	9%	6%	4%	3%
EBIT		28.2	34.6	33.5	35.0	29.6	26.4	20.9
Margin	13-15%	9.9%	12.9%	12.9%	14.2%	12.5%	11.1%	8.6%
RONA	18+%	12.8%	16.4%	17.7%	20.4%	18.2%	16.1%	12.0%
Capex		22.0	27.6	34.1	27.3	18.9	14.8	11.2
Operating cash flow		20.7	16.7	9.9	17.5	21.0	25.6	18.5

## Our customers

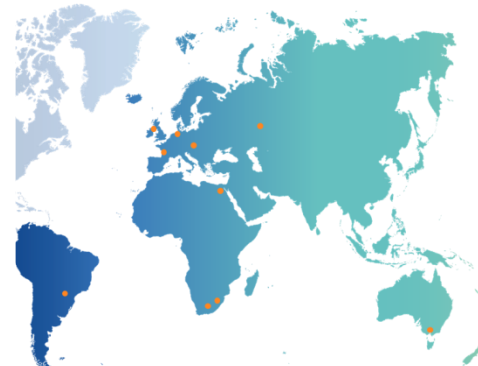


## Market position



## Key competitors

Hartmann, Pactiv, local players, plastics manufacturers



## Focus areas

- Continued investments in new capacity
- Expansion of product portfolio
- Active interest in potential acquisitions
- Innovations and sustainability
- Continuous improvement: operational efficiency, cost mgmt
- Knowledge sharing

# Group financials 2009-2017

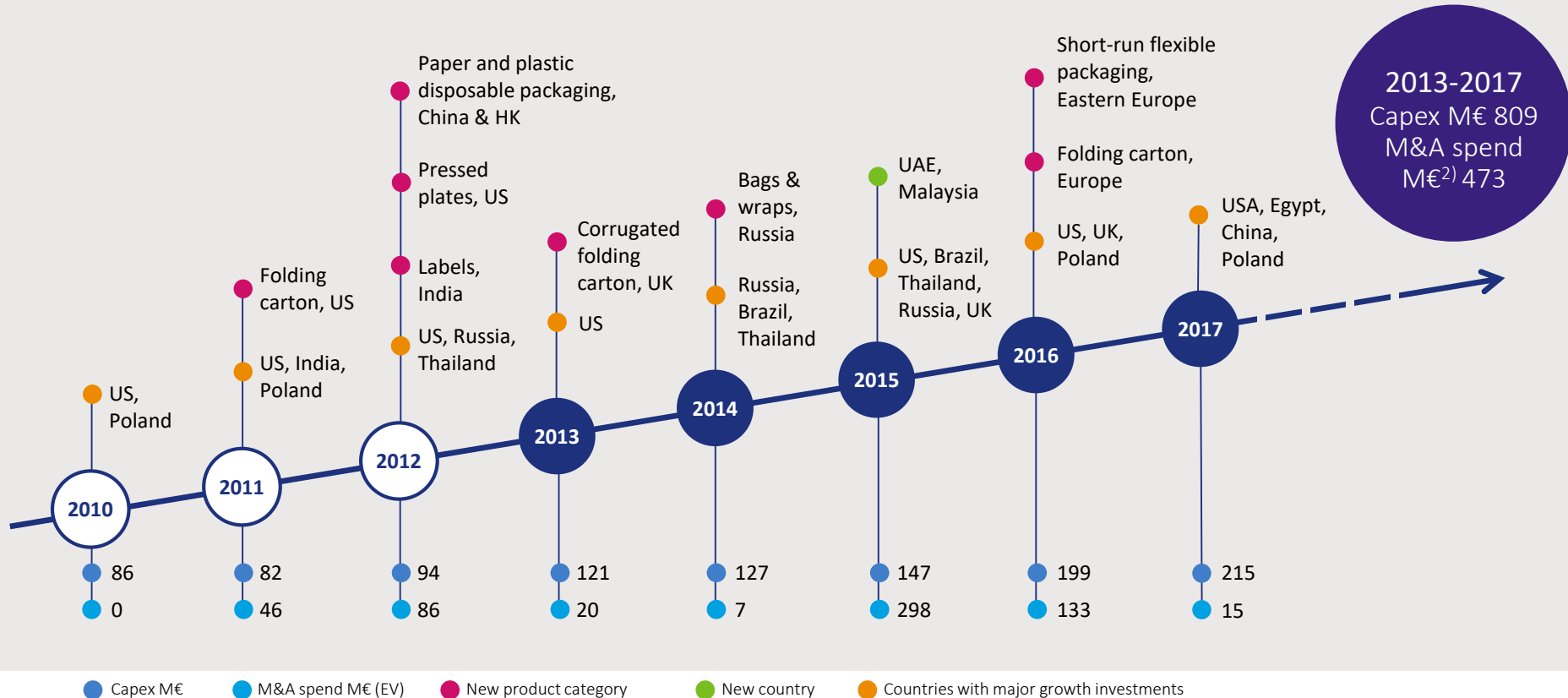
		2017	2016	2015	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012 <sup>(2)</sup>	2011	2010	2009
Net sales	MEUR	<b>2,988.7</b>	2,865	2,726	2,236	2,161	2,321	2,043	1,952	1,832
<i>Comparable growth <sup>(3)</sup></i>	%	<b>3</b>	4	4	6	3	3	5	3	-5
Adjusted EBITDA <sup>(4)</sup>	MEUR	<b>389.7</b>	382	342	259	242	254	208	214	193
<i>Margin <sup>(4)</sup></i>	%	<b>13.0</b>	13.3	12.5	11.6	11.2	10.9	10.2	11.0	10.5
Adjusted EBIT <sup>(4)</sup>	MEUR	<b>267.7</b>	268	238	175	160	164	128	134	112
<i>Margin <sup>(4)</sup></i>	%	<b>9.0</b>	9.4	8.7	7.8	7.4	7.0	6.2	6.9	6.1
Adjusted EPS <sup>(4)</sup>	EUR	<b>1.90</b>	1.83	1.65	1.24	1.17	1.19	0.87	0.92	0.57
ROI <sup>(4)</sup>	%	<b>13.6</b>	14.7	14.7	12.6	12.1	12.6	9.8	12.0	9.6
ROE <sup>(4)</sup>	%	<b>17.0</b>	17.7	18.1	16.1	15.8	15.8	11.0	14.5	10.1
Capex	MEUR	<b>214.8</b>	199	147	127	121	94	82	86	53
Free cash flow	MEUR	<b>56</b>	100	91	65	56	103	65	113	208
Gearing		<b>0.58</b>	0.57	0.53	0.32	0.50	0.50	0.49	0.32	0.50
Net debt to EBITDA <sup>(4)</sup>		<b>1.8</b>	1.8	1.6	1.0	1.6	1.6	1.9	1.2	1.7
Dividend per share	EUR	<b>0.80<sup>(5)</sup></b>	0.73	0.66	0.60	0.57	0.56	0.46	0.44	0.38

# Quarterly comparable growth by business segment since 2016

	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	FY 17	FY 16	FY 15	Long-term ambition
Foodservice E-A-O	<b>5%</b>	5%	6%	4%	2%	3%	3%	5%	7%	7%	<b>4%</b>	5%	4%	<b>5-7%</b>
North America	<b>2%</b>	5%	2%	2%	1%	2%	5%	2%	8%	10%	<b>2%</b>	6%	4%	<b>2-5%</b>
Flexible Packaging	<b>11%</b>	6%	9%	7%	-2%	3%	-3%	-3%	2%	1%	<b>4%</b>	-1%	3%	<b>6-8%</b>
Fiber Packaging	<b>3%</b>	5%	4%	5%	8%	4%	6%	6%	5%	4%	<b>5%</b>	5%	5%	<b>5-7%</b>
<b>Group total</b>	<b>6%</b>	5%	5%	<b>4%</b>	<b>1%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>6%</b>	<b>6%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>5+%</b>



# We have made major investments in growth in 2010-2017



# 17 acquisitions completed since 2011

- Paris Packaging, Inc., US, September 2011 (North America)
- Ample Industries, Inc., US, November 2011 (North America)
- Josco (Holdings) Limited, China, April 2012 (Foodservice E-A-O)
- Winterfield, LLC, US, August 2012 (North America)
- Webtech Labels Private Limited, India, November 2012 (Flexible Packaging)
- BCP Fluted Packaging Ltd., UK, November 2013 (Foodservice E-A-O)
- Interpac Packaging Ltd., New Zealand, August 2014 (Foodservice E-A-O)
- Positive Packaging, India, January 2015 (Flexible Packaging)
- Butterworth Paper Cups, Malaysia, March 2015 (Foodservice E-A-O)
- Pure-Stat Technologies, Inc., US, July 2015 (North America)
- FIOMO a.s., Czech Republic, January 2016 (Flexible Packaging)
- Delta Print and Packaging Ltd., UK, May 2016 (Foodservice E-A-O)
- Val Pack Solutions Private Limited, India, July 2016 (Foodservice E-A-O)
- International Paper foodservice packaging units, China, September 2017 (Foodservice E-A-O)
- Tailored Packaging Pty Ltd., Australia, April 2018 (Foodservice E-A-O)
- Cup Print Unlimited Company, May 2018 (Foodservice E-A-O)
- Ajanta Packaging, India, June 2018 (Flexible Packaging)

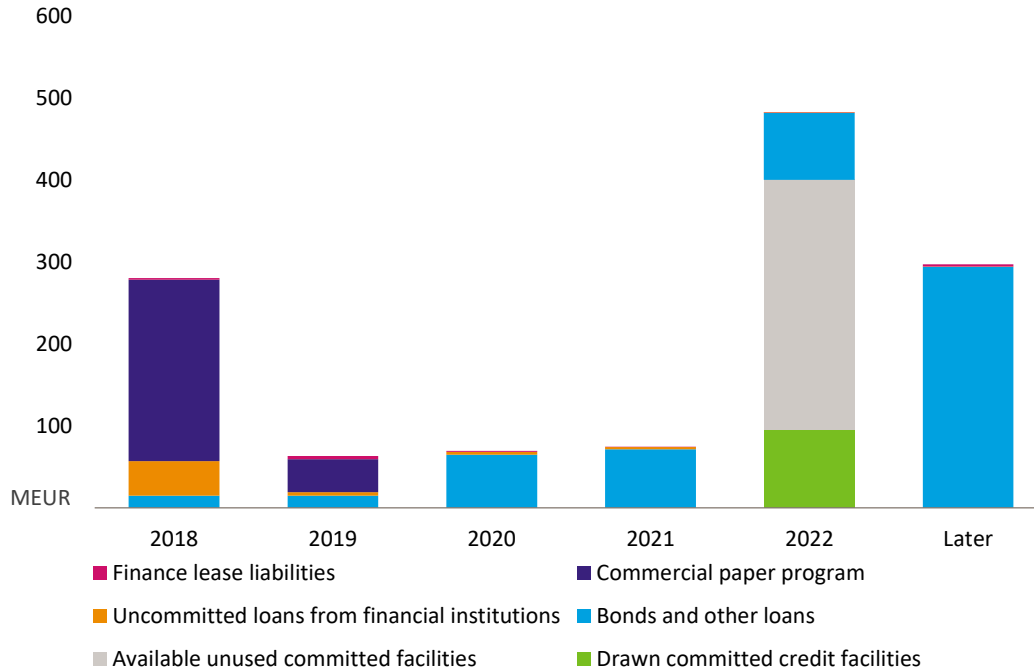


In total approx. MEUR 671 of annual net sales acquired for MEUR 675<sup>(1)</sup>

More details per acquisition are available on our website [www.huhtamaki.com/investors/financial-information/acquisitions-and-divestments](http://www.huhtamaki.com/investors/financial-information/acquisitions-and-divestments)

# Loan maturities extended in the course of 2017

## Debt maturity structure June 30, 2018



– Average maturity 4.1 years at the end of Q2 2018 (4.4 at the end of Q2 2017)

# Growing into the preferred global food packaging brand – continuing on our strategic path

## Grow

AMBITION  
10+%

- Organic and innovative growth 5+%
- Acquisitive growth 5+%

## Build more

- Continue organic investments
- Continue disciplined acquisitions

## Achieve our ambition

The preferred global food packaging brand

## Raise EBIT margin

AMBITION  
10+%

- Topline growth
- Operating efficiency

## Strengthen collaboration

- Focus on food
- Engaged and high performing teams

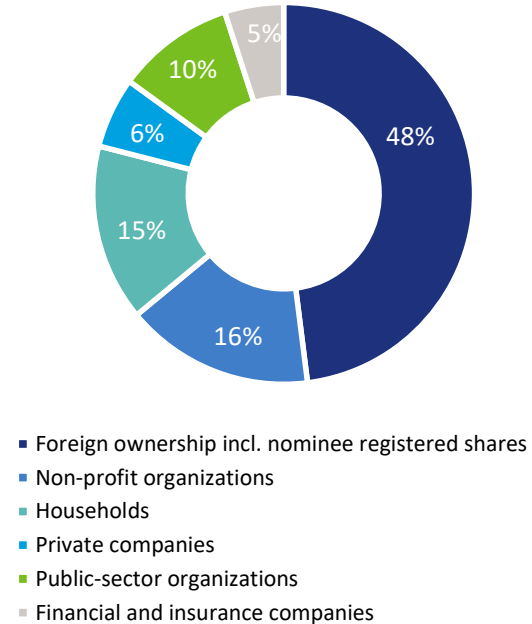
## Live our purpose every day

Helping great products reach more people, more easily.

# Ownership

- 30,227 registered shareholders at the end of June 2018
- 52% of shares in domestic ownership
- 16% of shares controlled by non-profit organizations
  - Finnish Cultural Foundation a major owner since 1943, current ownership 11%
- Number of outstanding shares 107,760,385 including 3,425,709 of the Company's own shares

Shareholder distribution by sector  
June 30, 2018



# Definitions for performance measures

## Performance measures according to IFRS

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 (diluted EPS) attributable to equity holders of the parent company =

$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

## Alternative performance measures

EBITDA =

EBIT + depreciation and amortization

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$

Return on net assets (RONA) =

$\frac{100 \times \text{Earnings before interest and taxes (12m roll.)}}{\text{Net assets (12m roll.)}}$

Operating cash flow =

EBIT + depreciation and amortization - capital expenditure  
+ disposals +/- change in inventories, trade receivables and trade payables

Shareholders' equity per share =

$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at period end}}$

Return on equity (ROE) =

$\frac{100 \times \text{Profit for the period (12m roll.)}}{\text{Total equity (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses}) (12m roll.)}{\text{Statement of financial position total} - \text{Interest-free liabilities (average)}}$

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.

# Disclaimer

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**Huhtamaki**