

# Building the best food packaging company in the world

Jukka Moisio, CEO

Huhtamäki Oyj  
Annual General Meeting of Shareholders,  
April 25, 2018

**Huhtamaki**



# Our Global Executive Team



Jukka Moisio  
CEO



Petr Domin  
EVP, Fiber  
Packaging



Clay Dunn  
EVP, North  
America



Thomas Geust  
CFO



Olli Koponen  
EVP, Flexible  
Packaging



Eric Le Lay  
EVP,  
Foodservice  
Europe-Asia-  
Oceania



Sami Pauni  
SVP, Corporate  
Affairs and  
Legal, Group  
General  
Counsel



Teija Sarajärvi  
SVP, Human  
Resources

Leena Lie will join as SVP, Marketing and Communications during H2 2018

# 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

17,600



Manufacturing sites

76

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 financial results were good in 2017

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Long-term ambition
Net sales	2,161	2,236	2,726	2,865	2,988.7	
Organic growth	3%	6%	4%	4%	3%	5+%
EBIT margin	7.4%	7.8%	8.7%	9.4%	9.0%	10+%
ROI	12.1%	12.6%	14.7%	14.7%	13.6%	15+%
ROE	15.8%	16.1%	18.1%	17.7%	17.0%	18%
Capex	121	127	147	199	215	
Free cash flow, MEUR	56	65	91	100	56	150



# All business segments contributed to our good performance

## Foodservice Europe-Asia-Oceania

- Net sales MEUR 808
- Comparable growth 4%
- EBIT margin 8.7%
- RONA 13.0%
- 4,870 employees



## North America

- Net sales MEUR 1,000
- Comparable growth 2%
- EBIT margin 10.4%
- RONA 14.2%
- 3,839 employees



## Fiber Packaging

- Net sales MEUR 285
- Comparable growth 5%
- EBIT margin 9.9%
- RONA 12.8%
- 1,761 employees



## Flexible Packaging

- Net sales MEUR 913
- Comparable growth 4%
- EBIT margin 7.6%
- RONA 10.8%
- 6,874 employees



# Many customers recognized our service in 2017



Supplier of  
the Year



Supplier of  
the Year



Service Vendor  
of the Year



Packaging Supplier  
of the Year



Unilever

Winning Quality  
and Service



Supplier of  
the Year



Wendy's

Golden link  
award

# Packaging industry recognized our innovations

## 3 WorldStar awards:

- Shaped beverage pouch
- Single-serve pack for instant coffee
- Refill Coffee pouch

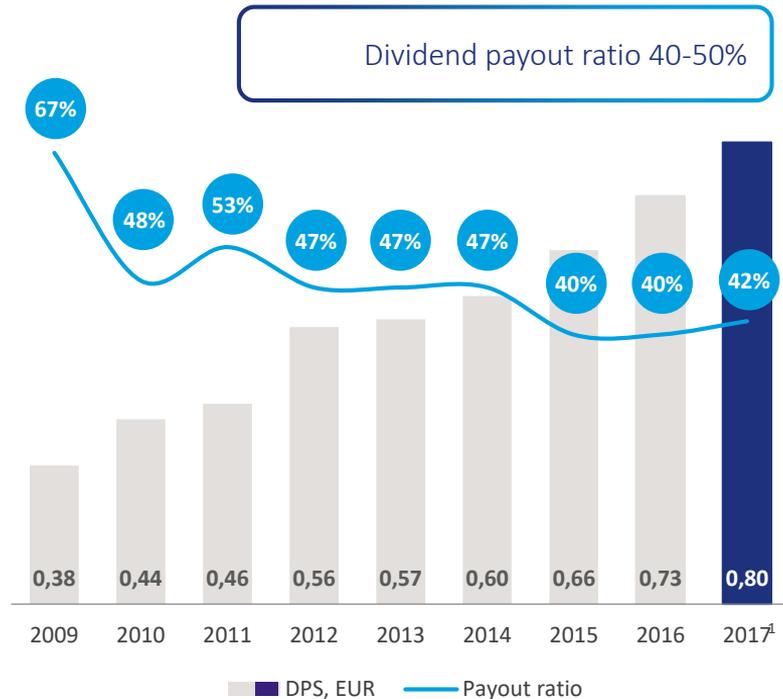
## 3 AsiaStar awards:

- Kinder Joy
- Paper Boat Badam Milk
- Brookside



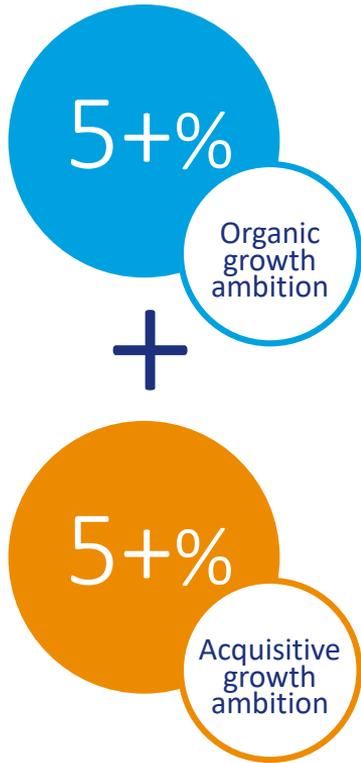
In addition, we received several other innovation awards in 2017,  
for example 10 IndiaStar awards

# The Board of Directors aims at predictable and growing dividends



- The Board proposes a €0.80 dividend per share
- Adjusted EPS €1.90
- Based on Board proposal, 10% increase in dividend
  - Payout ratio 42%
  - Dividend yield<sup>2</sup> 2.3%
- Dividend +110% since 2009
- Dividend CAGR for 2009-2017 is approx. 10%

# We target long-term **profitable** growth in food packaging



Our ambition is to be the preferred global food packaging brand.

Our growth is supported by global megatrends and our unique footprint in emerging markets.

# Enablers of our growth strategy

## Our strong positions:

#1

globally operating  
foodservice  
packaging company

#1

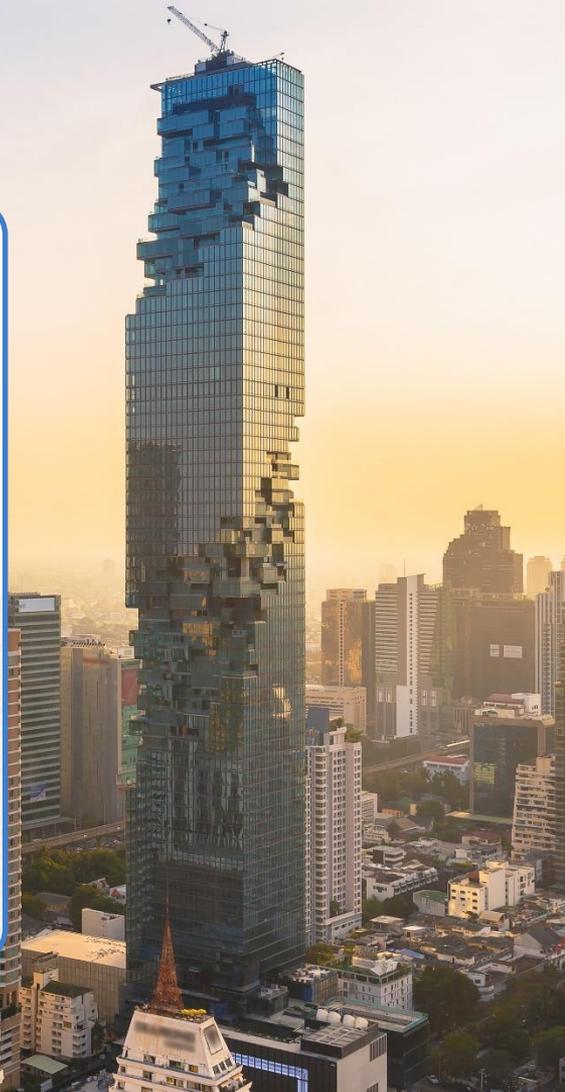
player on fiber  
packaging globally

#1

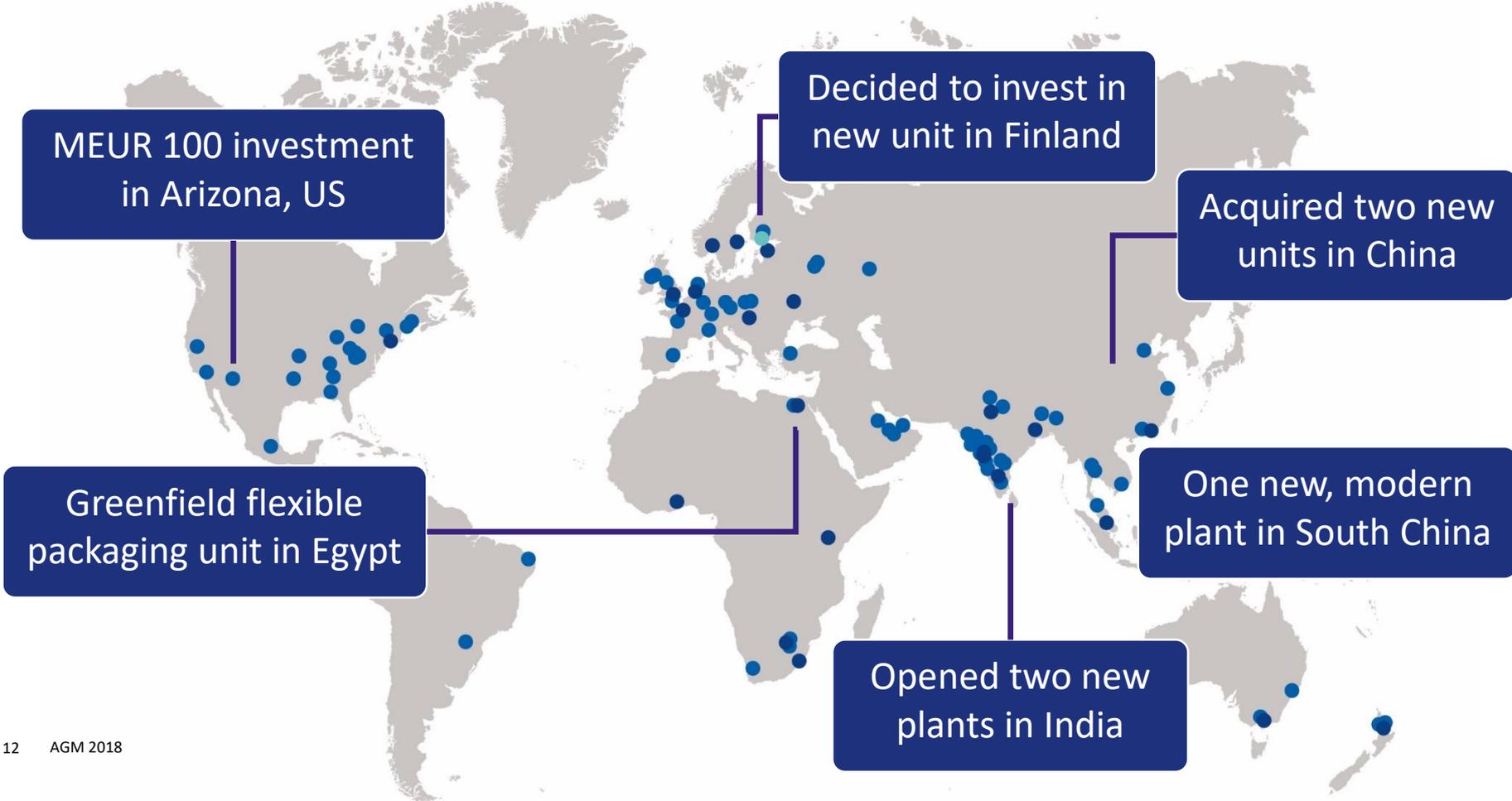
in flexible packaging  
in fast-growing  
emerging markets

## Continued improvement in:

- Our teams and our collaboration
- Our operations and business concepts
- Our innovation capability
- Our Corporate Responsibility activities



# In 2017 we continued building our unique global footprint



## World changes create opportunities

8.6bn  
people by 2030

3.2bn  
in middle class

55%  
urban population

### Global challenges:

- Marine plastics
- Waste handling and processing
- Food safety

### Changing consumer habits:

- Lifestyle & convenience
- Home delivery

New  
packaging  
innovations

Circular  
economy in  
action

Responsible  
consumer  
behavior

# Simplified role of packaging



Enable transportation



Promote brands



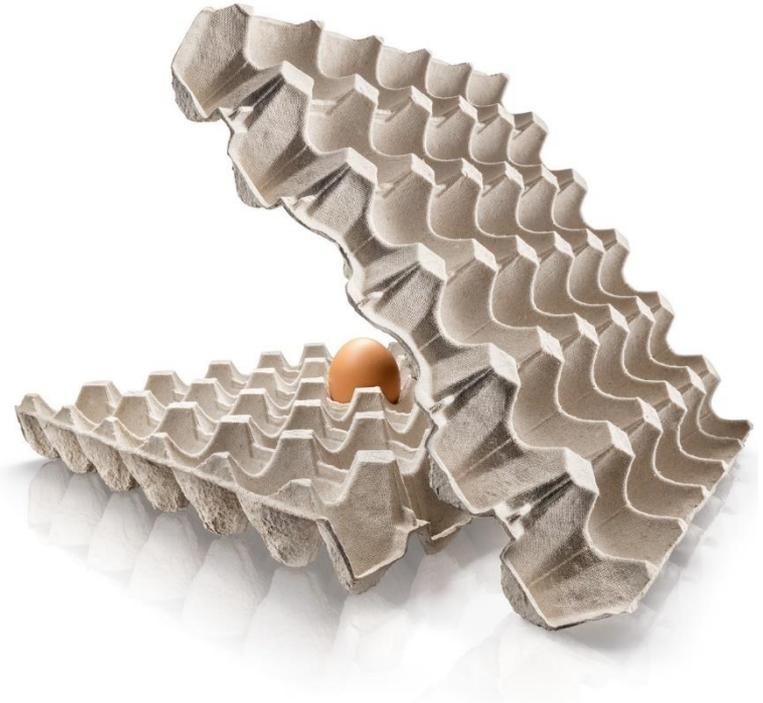
Ensure food safety



Minimize food waste



Enable material reuse and recycling



Our most significant sustainability action is to help reduce food waste by designing and manufacturing fit-for-purpose packaging

# Our key Corporate Responsibility achievements in 2017



of main raw material was renewable in 2017

$\frac{2}{3}$

of key suppliers covered by the Code of Conduct for Huhtamaki Group Suppliers



Our material recovery rate in 2017 improved by 2% compared to 2016

**+15%**

better energy efficiency since 2013

**+21%**

better workplace safety since 2013

**-14%**

lower CHG emissions per sellable metric tonne produced since 2013

# New Corporate responsibility agenda and goals towards 100th anniversary in 2020

## PACKAGING FOR GOOD

### PEOPLE



Our work culture and reputation as a responsible employer make us a desired place to work

### SUPPLY CHAIN



All key suppliers work with us to deliver on our Supplier Code of Conduct

### PACKAGING



Our customers see us as a most trusted partner to deliver and innovate on sustainability and food safety

### OPERATIONS



We produce more, with less impact on the environment per unit of production

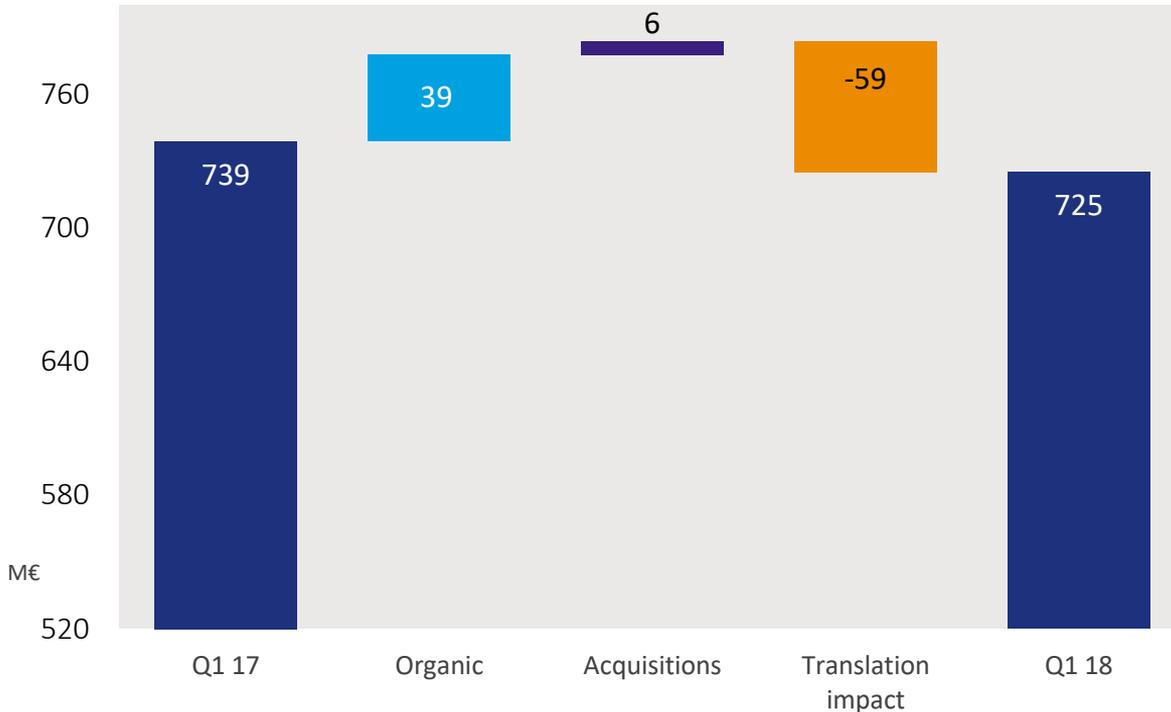
A group of diverse young people are sitting on the floor, laughing and talking. In the foreground, a young man with short dark hair, wearing a white t-shirt with red lettering and dark overalls, is laughing heartily. To his right, a young woman with blonde hair is also laughing. In the background, another young woman with dark hair is smiling. They appear to be in a casual, indoor setting, possibly a school or community center. The overall mood is joyful and positive.

Our purpose - why we're in business:  
**Helping great products reach more people, more easily.**

Our ambition - what we want to achieve:  
**The preferred global food packaging brand.**

Q1 2018: Solid comparable  
growth, negative currency impact

# Good underlying organic growth



## Net sales growth split in Q1 18

- 5% comparable growth with all business segments contributing
- 8% in emerging markets; Eastern Europe, India and MEA leading
- 1% from acquisitions
- Negative currency translation impact of MEUR 59 (app. -8%)

# Solid comparable growth across business segments

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

- Flexible Packaging growth driven by good development in India and MEA, Europe also positive
- Good demand of core paper items in Southern and Eastern Europe within Foodservice E-A-O
- Strong growth in both branded and private label retail tableware in North America
- Solid growth of Fiber Packaging in Russia, the UK and Southern Europe; North West growth impacted by sales price decline

# Currency headwind impacted earnings negatively

<i>MEUR</i>	Q1 18	Q1 17	<i>Change</i>	FY 2017
Net sales	<b>725.2</b>	739.4	-2%	2,988.7
EBITDA	<b>90.1</b>	94.0	-4%	389.7 <sup>1</sup>
<i>Margin</i>	<b>12.4%</b>	12.7%		13.0% <sup>1</sup>
EBIT	<b>60.0</b>	62.8	-4%	267.7 <sup>1</sup>
<i>Margin</i>	<b>8.3</b>	8.5%		9.0% <sup>1</sup>
EPS, EUR	<b>0.40</b>	0.43	-7%	1.90 <sup>2</sup>
ROI	<b>13.3%<sup>1</sup></b>	14.6%		13.6% <sup>1</sup>
ROE	<b>16.7%<sup>2</sup></b>	17.4%		17.0% <sup>2</sup>
Capital expenditure	<b>33.3</b>	47.0	-29%	214.8
Free cash flow	<b>-18.0</b>	-8.8	-105%	55.5

## Q1 18 Highlights

- Currency impact on earnings EUR -4 million; in comparable currencies earnings improved slightly
- Significant earnings improvement in Foodservice E-A-O
- North America earnings decline due to currency, high distribution costs and Goodyear start-up

# Solid financial position

MEUR	Mar 2018	Dec 2017	Mar 2017
Total assets	<b>2,938</b>	2,931	2,946
Operating working capital	<b>562</b>	512	533
Net debt	<b>712</b>	698	681
Equity & non-controlling interest	<b>1,220</b>	1,208	1,222
Gearing	<b>0.58</b>	0.58	0.56
ROI <sup>1</sup>	<b>13.3%</b>	13.6%	14.6%
ROE <sup>1</sup>	<b>16.7%</b>	17.0%	17.4%

- Dividend of approx. MEUR 83 to be paid early May<sup>2</sup>
  - Dividend proposal €0.80 per share
    - Payout ratio 42%
    - Yield approx. 2.3%
- Currency translation impacting balance sheet

Helping great  
products reach more  
people, more easily