

Huhtamäki Oyj Interim Report Q1 2018

January 1–March 31, 2018

Huhtamäki



Solid comparable growth, negative currency impact

Q1 2018 in brief

- Net sales were EUR 725 million (EUR 739 million)
- EBIT was EUR 60 million (EUR 63 million)
- EPS was EUR 0.40 (EUR 0.43)
- Comparable net sales growth was 5% in total and 8% in emerging markets
- Currency movements had a negative impact of EUR 59 million on the Group's net sales and EUR 4 million on EBIT

Key figures

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	725.2	739.4	-2%	2,988.7
EBITDA	90.1	94.0	-4%	389.7 ¹
Margin	12.4%	12.7%		13.0% ¹
EBIT	60.0	62.8	-4%	267.7 ¹
Margin	8.3%	8.5%		9.0% ¹
EPS, EUR	0.40	0.43	-7%	1.90 ²
ROI	13.3% ¹	14.6%		13.6% ¹
ROE	16.7% ²	17.4%		17.0% ²
Capital expenditure	33.3	47.0	-29%	214.8
Free cash flow	-18.0	-8.8	-105%	55.5

¹ FY 2017 excluding IAC of EUR -3.4 million. Reported EBITDA for FY 2017 EUR 386.3 million and EBIT EUR 264.3 million.

² FY 2017 excluding IAC of EUR -4.8 million. Reported EPS for FY 2017 EUR 1.86.

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2017. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) presented in this report are calculated on a 12-month rolling basis.

All figures in the tables have been rounded to the nearest whole number and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Jukka Moisio, CEO:

"We achieved a solid 5% comparable net sales growth in the first quarter. In emerging markets our comparable net sales grew by 8% with Eastern Europe and India growing strongest. The North America segment started to benefit from the Goodyear plant start-up and reported 5% comparable growth while other segments continued with good momentum that was already visible in 2017. Currency headwinds were strong and they had a significant negative impact on reported net sales. The main impact came from the weakening of the U.S. dollar versus euro, but all key currencies weakened versus euro.

In constant currencies our profitability was slightly ahead of previous year while reported EBIT declined. The Foodservice Europe-Asia-Oceania segment reported an improved EBIT and Fiber Packaging also progressed well. The North America segment reported weaker profitability due to currency conversion, higher distribution costs, and start-up of the Goodyear facility. The Flexible Packaging segment reported slightly weaker profitability due to tight pricing and competitive situation in Europe, while in India sales and profitability developed well.

During the quarter we were ramping up the new capacity of the Goodyear plant in North America. The project is progressing according to our plan and has met the first quarter technical and operational targets. Later in the year we will commission new lines and machines that have been part of our capital expenditure in 2017 and in the early part of 2018. The additional capacity allows us to capture further growth opportunities.

During the quarter we announced an acquisition of a labeling company Ajanta Packaging in India to expand our product offer and improve our competitive position in this key market for us. We also established a joint venture with Smith Anderson Group to manufacture and sell foodservice paper bags in Eastern Europe, strengthening our position as a one-stop-shop to foodservice customers.

Our high season is starting and we are confident about the growth momentum in our business."

Financial review Q1 2018

The Group's comparable net sales growth was 5% with all segments making good progress. Comparable growth in emerging markets was 8%. In absolute terms growth was strongest in Eastern Europe, India, and Middle East and Africa. The Group's reported net sales declined and were EUR 725 million (EUR 739 million). Foreign currency translation impact on the Group's net sales was EUR -59 million (EUR 20 million) compared to 2017 exchange rates. The majority of the negative currency impact came from the weakening of the U.S. dollar versus euro, however, all key currencies weakened against euro contributing to the negative translation impact.

Net sales by business segment

EUR million	Q1 2018	Q1 2017	Change	Of Group in Q1 2018
Foodservice Europe-Asia-Oceania	198.8	192.5	3%	27%
North America	226.8	247.3	-8%	31%
Flexible Packaging	234.0	232.3	1%	32%
Fiber Packaging	69.7	72.3	-4%	10%
Elimination of internal sales	-4.1	-5.0		
Group	725.2	739.4	-2%	

Comparable growth by business segment

	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Foodservice Europe-Asia-Oceania	5%	6%	4%	2%
North America	5%	2%	2%	1%
Flexible Packaging	6%	9%	7%	-2%
Fiber Packaging	5%	4%	5%	8%
Group	5%	5%	4%	1%

The Group's reported earnings declined but in comparable currencies the Group's earnings improved slightly compared to the previous year. Foodservice Europe-Asia-Oceania segment's earnings increased significantly as a result of sales growth and operational efficiency. Fiber Packaging segment's earnings grew as well, while earnings in Flexible Packaging and North America segments declined. Earnings decline in the North America segment was due to negative currency impact, higher distribution costs and costs related to the start-up of the Goodyear plant. The Group's earnings before interest and taxes (EBIT) were EUR 60 million (EUR 63 million). Foreign currency translation impact on Group's EBIT was EUR -4 million (EUR 2 million positive).

EBIT by business segment

EUR million	Q1 2018	Q1 2017	Change	Of Group in Q1 2018
Foodservice Europe-Asia-Oceania	19.2	15.4	25%	32%
North America	16.2	22.5	-28%	26%
Flexible Packaging	17.5	18.9	-7%	29%
Fiber Packaging	7.9	7.3	9%	13%
Other activities	-0.9	-1.3		
Group	60.0	62.8	-4%	

Net financial expenses were EUR 7 million (EUR 5 million). Tax expense was EUR 11 million (EUR 13 million). The corresponding tax rate was 21% (22%).

Profit for the quarter was EUR 42 million (EUR 45 million). Earnings per share (EPS) were EUR 0.40 (EUR 0.43).

Statement of financial position and cash flow

The Group's net debt was EUR 712 million (EUR 681 million) at the end of March. The level of net debt corresponds to a gearing ratio of 0.58 (0.56). Net debt to EBITDA ratio (excl. IAC) was 1.8 (1.7). Average maturity of external committed credit facilities and loans was 4.4 (3.7) years.

Cash and cash equivalents were EUR 111 million (EUR 100 million) at the end of March and the Group had EUR 311 million (EUR 308 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 2,938 million (EUR 2,946 million).

Capital expenditure was EUR 33 million (EUR 47 million). Largest investments for business expansion were made in the U.S., UK and India. The Group's free cash flow was EUR -18 million (EUR -9 million). Free cash flow declined due to changes in working capital.

Acquisitions

On March 23, 2018 Huhtamaki announced that it has entered into an agreement to acquire the Indian business and related assets of Ajanta Packaging, a privately-owned manufacturer of pressure sensitive labels. With the acquisition Huhtamaki strengthens its labeling business in India by adding new printing technologies into its offering as well as improving its innovation capability. The acquisition is complementary to Huhtamaki's existing labeling product portfolio. The annual net sales of the business to be acquired are approximately EUR 10 million. It employs altogether 170 people and has two state-of-the-art manufacturing facilities. The debt free purchase price is approximately EUR 13 million. The transaction is expected to be closed at the end of April 2018. The business will become part of the Flexible Packaging business segment.

Business review by segment

Foodservice Europe-Asia-Oceania

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

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	198.8	192.5	3%	807.5
EBIT	19.2	15.4	25%	70.1 ¹
Margin	9.7%	8.0%		8.7% ¹
RONA	13.6% ¹	13.4%		13.0% ¹
Capital expenditure	9.8	11.5	-15%	53.4
Operating cash flow	4.2	13.4	-69%	57.1

¹ FY 2017 figures excluding IAC of EUR -3.4 million; Reported EBIT for FY 2017 EUR 66.7 million.

Q1 2018

Demand for foodservice packaging was good across markets except in Oceania where demand was moderate. Competition was tight, especially in China. Prices for paperboard and plastic resins increased across markets.

The Foodservice Europe-Asia-Oceania segment's comparable net sales growth was 5%. Net sales growth was strongest in Southern and Eastern Europe, driven by good demand for paper cups for hot drinks, take-away packaging and packaging for ice cream. Net sales also increased in China.

Currency movements had a negative translation impact of EUR 9 million on the segment's reported net sales.

The segment's earnings improved significantly, mainly as a result of good volume development, operational efficiency and favorable product mix development. The successful implementation of actions to improve competitiveness in China also contributed positively to the segment's earnings.

On January 26, 2018 Huhtamaki announced that it had agreed to establish a joint venture with Smith Anderson Group Limited, one of Europe's leading paper bag suppliers, to manufacture and sell foodservice paper bags in Eastern Europe. The joint venture manufactures paper bags at Huhtamaki's facility in Czeladz, Poland. As the majority shareholder Huhtamaki consolidates the joint venture company as a subsidiary in the Group's financial reporting. The business is reported as part of the Foodservice Europe-Asia-Oceania business segment.

North America

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.

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	226.8	247.3	-8%	1,000.4
EBIT	16.2	22.5	-28%	104.1
Margin	7.2%	9.1%		10.4%
RONA	13.2%	16.0%		14.2%
Capital expenditure	14.9	24.2	-39%	97.9
Operating cash flow	-26.6	-17.1	-55%	31.7

Q1 2018

Demand for foodservice packaging and retail disposable tableware was good in the U.S. Distribution costs were high as freight capacity continued to be tight. Raw material costs had inflationary pressures and were higher than previous year. Labor market continued to be tight.

The North America segment's comparable net sales growth was 5%. Growth continued strongest in the retail business, with healthy volume development both in private label tableware and Chinet® branded disposable tableware. Net sales of foodservice packaging also developed positively while net sales of frozen dessert packaging were flat.

Currency movements had a significant negative translation impact of EUR 35 million on the segment's reported net sales.

The segment's profitability declined. Earnings decline was due to higher distribution costs and costs related to the start-up of the Goodyear plant, which is progressing according to plan.

Currency movements had a negative translation impact of EUR 3 million on the segment's reported earnings.

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, Middle East, Asia and South America.

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	234.0	232.3	1%	912.7
EBIT	17.5	18.9	-7%	69.7
Margin	7.5%	8.1%		7.6%
RONA	10.6%	11.5%		10.8%
Capital expenditure	5.7	6.9	-18%	41.1
Operating cash flow	9.5	16.2	-41%	36.6

Q1 2018

Demand for flexible packaging was good across markets. Prices of plastic resins and other input costs increased. Competitive situation was tight as global FMCG companies continued to implement their improvement programs.

The Flexible Packaging segment's comparable net sales growth was 6%. Growth was strongest in India driven by good domestic net sales development of flexible packaging for coffee, tea and other beverages, as well as labels. Net sales growth was healthy also in Middle East and Africa, as well as in Europe and Oceania.

Currency movements had a negative translation impact of EUR 13 million on the segment's reported net sales.

The segment's earnings declined mainly due to negative development in Europe, where volume growth was not sufficient to offset the impact of tight competitive situation. In addition, the segment's earnings were negatively impacted by increased raw material prices. Earnings grew in India and Middle East.

Currency movements had a negative translation impact of EUR 1 million on the segment's reported earnings.

Fiber Packaging

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.

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales ¹	69.7	72.3	-4%	285.1
EBIT	7.9	7.3	9%	28.2
Margin	11.4%	10.1%		9.9%
RONA	13.2%	15.6%		12.8%
Capital expenditure	2.2	4.3	-50%	22.0
Operating cash flow	5.2	5.2	1%	20.7

¹ Equipment sales and waste paper trading are included in the segment's reported net sales but not in the segment's comparable net sales.

Q1 2018

Demand for fiber packaging was solid across markets. However, in Europe the pre-Easter demand of egg packaging was subdued compared to previous years. Prices of recycled fiber declined in Europe due to reduced exports.

The Fiber Packaging segment's comparable net sales growth was 5%¹. Net sales grew in Russia, the UK and Southern Europe, but declined in North West Europe mainly as a result of lower sales prices. Net sales growth in Africa and Brazil were supported by recent capacity increases and new product launches respectively.

Currency movements had a negative translation impact of EUR 3 million on the segment's reported net sales.

The segment's earnings grew as a result of favorable raw material prices in Europe. Positive volume development in South America and Africa, as well as overall operational efficiency contributed positively to the segment's earnings.

Personnel

The Group had a total of 17,645 (17,261) employees at the end of March 2018. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 4,945 (4,954), North America 3,894 (3,842), Flexible Packaging 6,995 (6,694), Fiber Packaging 1,734 (1,706), and Other activities, including global functions in Finland, 77 (65).

Changes in management

Leena Lie (49), M.Sc. (Economics) was appointed Senior Vice President, Marketing and Communications and a member of the Global Executive Team latest as of October 1, 2018.

Share capital and shareholders

At the end of March 2018, 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 (107,760,385), including 3,488,722 (3,723,484) Company's own shares. Own shares represent 3.2% (3.5%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 104,271,663 (104,036,901). The average number of outstanding shares used in EPS calculations was 104,120,933 (103,864,555), excluding the Company's own shares.

There were 30,271 (29,301) registered shareholders at the end of March 2018. Foreign ownership including nominee registered shares accounted for 47% (47%).

Share trading

During January-March 2018 the Company's share was quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the Nasdaq Helsinki 25 Index.

At the end of March 2018, the Company's market capitalization was EUR 3,841 million (EUR 3,470 million) excluding the Company's own shares. With a closing price of EUR 35.64 (EUR 33.35) the share price increased 2% from the beginning of the year. During the reporting period the volume weighted average price for the Company's share was EUR 34.16 (EUR 34.08). The highest price paid was EUR 36.89 and the lowest price paid was EUR 31.17.

During the quarter the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 701 million (EUR 611 million). The trading volume of 21 million (18 million) shares equaled an average daily turnover of 325,710 (280,012) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS and Turquoise, was EUR 1,812 million (EUR 1,513 million). During the quarter, 61% (60%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, <http://www.fragmentation.fidessa.com>)

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.

Outlook for 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.

Annual General Meeting 2018

The Annual General Meeting of Shareholders will be held on Wednesday, April 25, 2018 at 11.00 (EET) at Messukeskus Helsinki, Expo and Convention Centre, Messuaukio 1, 00520 Helsinki, Finland.

Financial reporting in 2018

In 2018, Huhtamaki will publish financial information as follows:

Half-yearly Report, January 1–June 30, 2018	July 20
Interim Report, January 1–September 30, 2018	October 25

Espoo, April 25, 2018

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS) – unaudited

<i>EUR million</i>	Q1 2018	Q1 2017	Q1-Q4 2017
Net sales	725.2	739.4	2,988.7
Cost of goods sold	-605.3	-613.6	-2,482.4
Gross profit	120.0	125.8	506.3
Other operating income	2.5	1.6	22.4
Sales and marketing	-18.0	-19.1	-77.6
Research and development	-5.0	-4.9	-19.2
Administration costs	-37.5	-38.9	-149.8
Other operating expenses	-2.5	-2.4	-20.0
Share of profit of equity-accounted investments	0.6	0.7	2.2
	-59.9	-63.0	-242.0
Earnings before interest and taxes	60.0	62.8	264.3
Financial income	1.1	3.0	4.9
Financial expenses	-7.7	-8.0	-22.4
Profit before taxes	53.4	57.8	246.8
Income tax expense	-11.2	-12.8	-50.3
Profit for the period	42.2	45.0	196.5
Attributable to:			
Equity holders of the parent company	41.5	44.4	193.1
Non-controlling interest	0.7	0.6	3.4
EUR			
EPS attributable to equity holders of the parent company	0.40	0.43	1.86
Diluted EPS attributable to equity holders of the parent company	0.40	0.43	1.85

Group statement of comprehensive income (IFRS) – unaudited

<i>EUR million</i>	Q1 2018	Q1 2017	Q1-Q4 2017
Profit for the period	42.2	45.0	196.5
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	0.3	0.8	6.5
Taxes related to items that will not be reclassified	-0.1	-0.2	-4.2
Total	0.2	0.6	2.3
Items that may be reclassified subsequently to profit or loss			
Translation differences	-35.4	-10.7	-118.8
Equity hedges	6.1	5.4	25.4
Cash flow hedges	0.6	-0.9	-0.5
Taxes related to items that may be reclassified	-0.2	0.2	0.2
Total	-28.9	-6.0	-93.7
Other comprehensive income, net of tax	-28.7	-5.4	-91.4
Total comprehensive income	13.5	39.6	105.1
Attributable to:			
Equity holders of the parent company	12.8	39.0	101.7
Non-controlling interest	0.7	0.6	3.4

Group statement of financial position (IFRS) – unaudited

<i>EUR million</i>	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
ASSETS			
Non-current assets			
Goodwill	624.3	633.8	661.7
Other intangible assets	35.2	36.5	37.7
Tangible assets	1,035.0	1,055.0	1,048.9
Equity-accounted investments	6.2	5.9	5.2
Other investments	1.7	1.7	1.6
Interest-bearing receivables	2.7	3.0	3.9
Deferred tax assets	50.8	51.2	58.7
Employee benefit assets	50.7	53.2	53.9
Other non-current assets	6.1	5.8	8.7
	1,812.7	1,846.1	1,880.3
Current assets			
Inventory	466.4	444.8	435.3
Interest-bearing receivables	3.8	5.2	2.3
Current tax assets	12.7	11.2	6.6
Trade and other current receivables	531.7	507.3	521.7
Cash and cash equivalents	110.7	116.0	100.1
	1,125.4	1,084.5	1,066.0
Total assets	2,938.1	2,930.6	2,946.3
EQUITY AND LIABILITIES			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-32.1	-33.5	-34.2
Translation differences	-134.0	-104.8	-16.7
Fair value and other reserves	-100.8	-101.3	-103.4
Retained earnings	957.4	917.0	846.3
Total equity attributable to equity holders of the parent company	1,172.0	1,158.8	1,173.4
Non-controlling interest	47.7	49.4	48.6
Total equity	1,219.7	1,208.2	1,222.0
Non-current liabilities			
Interest-bearing liabilities	622.3	643.7	515.6
Deferred tax liabilities	85.1	86.9	92.8
Employee benefit liabilities	214.5	215.7	226.6
Provisions	15.2	15.8	10.6
Other non-current liabilities	24.7	25.4	20.6
	961.7	987.5	866.2
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	36.0	25.8	135.2
Short-term loans	171.2	153.1	136.6
Provisions	6.2	6.9	3.7
Current tax liabilities	13.1	10.0	15.3
Trade and other current liabilities	530.1	539.1	567.3
	756.7	734.9	858.1
Total liabilities	1,718.4	1,722.4	1,724.3
Total equity and liabilities	2,938.1	2,930.6	2,946.3
Net debt	712.3	698.4	681.1
Net debt to equity (gearing)	0.58	0.58	0.56

Group statement of changes in equity (IFRS) – unaudited

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, 2016	366.4	115.0	-35.9	-11.4	-103.3	803.8	1,134.6	47.6	1,182.2
Change in accounting policy (IFRS 15) ¹						-1.1	-1.1		-1.1
Balance on Jan 1, 2017	366.4	115.0	-35.9	-11.4	-103.3	802.7	1,133.5	47.6	1,181.1
Share-based payments			1.7			-0.8	0.9		0.9
Total comprehensive income for the year				-5.3	-0.1	44.4	39.0	0.6	39.6
Other changes						0.0		0.4	0.4
Balance on Mar 31, 2017	366.4	115.0	-34.2	-16.7	-103.4	846.3	1,173.4	48.6	1,222.0
Balance on Jan 1, 2018	366.4	115.0	-33.5	-104.8	-101.3	917.0	1,158.8	49.4	1,208.2
Share-based payments			1.5			-1.2	0.3		0.3
Total comprehensive income for the year				-29.3	0.6	41.5	12.8	0.7	13.5
Other changes								-2.4	-2.4
Balance on Mar 31, 2018	366.4	115.0	-32.1	-134.0	-100.8	957.4	1,172.0	47.7	1,219.7

¹ The Group has adopted IFRS 15 Revenue from Contracts with Customers using a modified retrospective approach. An adjustment related to cash discounts has been done to the opening balance of retained earnings at the date of initial application.

Group statement of cash flows (IFRS) – unaudited

<i>EUR million</i>	Q1 2018	Q1 2017	Q1-Q4 2017
Profit for the period*	42.2	45.0	196.5
Adjustments*	45.9	48.6	191.0
Depreciation and amortization*	30.1	31.2	122.0
Share of profit of equity-accounted investments*	-0.6	1.9	0.2
Gain/loss from disposal of assets*	-0.6	0.0	-5.2
Financial expense/-income*	6.6	5.0	17.5
Income tax expense*	11.2	12.8	50.3
Other adjustments, operational*	-0.9	-2.3	6.2
Change in inventory*	-30.7	-35.6	-69.6
Change in non-interest bearing receivables*	-30.0	-51.3	-37.8
Change in non-interest bearing payables*	0.4	40.6	41.9
Dividends received*	0.1	0.3	1.1
Interest received*	0.5	0.4	1.7
Interest paid*	-3.6	-4.3	-21.9
Other financial expense and income*	-0.3	0.1	-2.3
Taxes paid*	-9.7	-5.8	-43.9
Net cash flows from operating activities	14.8	38.0	256.7
Capital expenditure*	-33.3	-47.0	-214.8
Proceeds from selling tangible assets*	0.4	0.2	13.6
Acquired subsidiaries and assets	-	-	-3.2
Proceeds from long-term deposits	0.2	0.6	1.3
Payment of long-term deposits	0.0	0.0	0.0
Proceeds from short-term deposits	1.3	0.2	2.8
Payment of short-term deposits	0.0	-0.3	-6.1
Net cash flows from investing activities	-31.3	-46.3	-206.4
Proceeds from long-term borrowings	90.0	0.4	420.8
Repayment of long-term borrowings	-110.6	-6.3	-292.6
Proceeds from short-term borrowings	503.2	708.1	2,650.6
Repayment of short-term borrowings	-470.6	-700.1	-2,735.6
Dividends paid	-	-	-76.0
Net cash flows from financing activities	12.1	2.1	-32.8
Change in liquid assets	-5.3	-5.8	10.1
Cash flow based	-4.4	-6.2	17.5
Translation difference	-0.9	0.4	-7.4
Liquid assets period start	116.0	105.9	105.9
Liquid assets period end	110.7	100.1	116.0
Free cash flow (including figures marked with *)	-18.0	-8.8	55.5

Notes to the Interim Report

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the interim report as in the annual financial statements for 2017. The following new and amended standards and interpretations, which have been adopted with effect from January 1, 2018, had no impact on the interim financial statements:

- Revised IAS 40 Investment Property. The amendments clarify transfers of property from to, or from, investment property.
- Revised IFRS 2 Share-based Payment. The amendment clarifies classification and measurement of share-based payment transactions.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies the treatment of consideration received in advance of performance.
- Annual improvements (2014-2016). Annual improvements include smaller amendments to three standards.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT – financial items and taxes – are not allocated to the segments. Reportable segments' net sales and EBIT form Group's total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

Net sales

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	197.2	801.3	205.3	200.9	204.3	190.8
Intersegment net sales	1.6	6.2	1.7	1.7	1.1	1.7
North America	225.1	992.5	241.8	233.4	272.4	244.9
Intersegment net sales	1.7	7.9	1.7	1.9	1.9	2.4
Flexible Packaging	234.0	912.4	226.6	229.6	224.0	232.2
Intersegment net sales	0.0	0.3	0.1	0.1	0.0	0.1
Fiber Packaging	69.0	282.5	71.7	68.1	71.2	71.5
Intersegment net sales	0.8	2.6	0.7	0.5	0.6	0.8
Elimination of intersegment net sales	-4.1	-17.0	-4.2	-4.2	-3.6	-5.0
Total	725.2	2,988.7	745.4	732.0	771.9	739.4

EBIT

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania ¹	19.2	66.7	14.5	18.4	18.4	15.4
North America	16.2	104.1	28.8	20.2	32.6	22.5
Flexible Packaging	17.5	69.7	19.1	17.7	14.0	18.9
Fiber Packaging	7.9	28.2	5.5	7.3	8.1	7.3
Other activities	-0.9	-4.4	-6.3	0.7	2.5	-1.3
Total¹	60.0	264.3	61.6	64.3	75.6	62.8

¹ Q1-Q4 2017 and Q4 2017 include items affecting comparability MEUR -3.4.

Segments (continued)

EBITDA

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania ¹	28.5	103.2	24.0	27.3	27.5	24.4
North America	25.9	143.2	38.3	29.5	42.6	32.8
Flexible Packaging	24.6	99.8	26.6	25.2	21.5	26.5
Fiber Packaging	11.8	43.6	9.2	11.0	12.1	11.3
Other activities	-0.6	-3.5	-6.2	1.0	2.7	-1.0
Total¹	90.1	386.3	91.9	94.0	106.4	94.0

¹ Q1-Q4 2017 and Q4 2017 include items affecting comparability MEUR -3.4.

Depreciation and amortization

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	9.3	36.5	9.5	8.9	9.1	9.0
North America	9.6	39.1	9.5	9.3	10.0	10.3
Flexible Packaging	7.1	30.1	7.5	7.5	7.5	7.6
Fiber Packaging	3.9	15.4	3.7	3.7	4.0	4.0
Other activities	0.3	0.9	0.1	0.3	0.2	0.3
Total	30.1	122.0	30.3	29.7	30.8	31.2

Net assets allocated to the segments²

<i>EUR million</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	554.3	551.0	543.1	528.9	540.1
North America	752.5	727.9	729.7	736.7	756.6
Flexible Packaging	639.4	647.2	641.4	638.4	645.1
Fiber Packaging	216.1	214.4	219.3	218.5	224.6

² Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

Capital expenditure

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	9.8	53.4	17.6	11.5	12.8	11.5
North America	14.9	97.9	22.9	27.0	23.8	24.2
Flexible Packaging	5.7	41.1	20.7	5.8	7.7	6.9
Fiber Packaging	2.2	22.0	9.3	4.3	4.1	4.3
Other activities	0.8	0.4	0.2	0.1	0.0	0.1
Total	33.3	214.8	70.7	48.7	48.4	47.0

RONA (12m roll.)

<i>EUR million</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	13.0%	12.4%	12.4%	12.5%	13.1%
North America	13.2%	14.2%	13.9%	14.8%	16.0%
Flexible Packaging	10.6%	10.8%	10.6%	10.7%	11.5%
Fiber Packaging	13.2%	12.8%	14.8%	15.3%	15.6%

Operating cash flow

<i>EUR million</i>	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	4.2	57.1	16.1	16.0	11.6	13.4
North America	-26.6	31.7	24.8	9.6	14.4	-17.1
Flexible Packaging	9.5	36.6	8.5	12.4	-0.5	16.2
Fiber Packaging	5.2	20.7	2.7	3.3	9.5	5.2

Other information

Key indicators

	Q1 2018	Q1-Q4 2017	Q1 2017
Equity per share (EUR)	11.24	11.13	11.28
ROE, % (12m roll.)	16.7	16.6	17.2
ROI, % (12m roll.)	13.3	13.4	14.5
Personnel	17,645	17,417	17,261
Profit before taxes (EUR million, 12m roll.)	242.5	246.8	244.9
Depreciation of tangible assets (EUR million)	28.0	113.6	29.0
Amortization of other intangible assets (EUR million)	2.1	8.4	2.2

Contingent liabilities

<i>EUR million</i>	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
Lease payments	94.4	98.7	90.3
Capital expenditure commitments	76.3	68.9	61.3

Financial instruments measured at fair value

<i>EUR million</i>	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
Derivatives - assets			
Currency forwards, transaction risk hedges	1.7	1.1	1.8
Currency forwards, translation risk hedges	1.3	2.7	-
Currency forwards, for financing purposes	3.0	1.2	2.6
Currency options, transaction risk hedges	0.1	0.2	0.3
Interest rate swaps	5.2	3.9	5.0
Electricity forwards	0.0	0.0	0.0
Other investments	1.7	1.7	1.6
Derivatives - liabilities			
Currency forwards, transaction risk hedges	1.8	1.7	3.5
Currency forwards, translation risk hedges	0.4	0.2	3.4
Currency forwards, for financing purposes	0.7	1.2	2.0
Currency options, transaction risk hedges	0.6	0.4	0.4
Interest rate swaps	0.0	0.2	0.4
Cross currency swaps	2.0	1.3	-
Electricity forwards	0.0	0.0	0.1

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Only fair values of electricity forwards are based on quoted prices in active markets. Other investments include quoted and unquoted shares. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

Interest-bearing liabilities

<i>EUR million</i>	Mar 31, 2018		Dec 31, 2017		Mar 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	622.3	612.7	643.7	634.6	515.6	515.1
Current	207.3	207.3	178.9	178.9	271.8	271.8
Total	829.5	820.0	822.6	813.5	787.4	786.9

Other information (continued)

Exchange rates

Income statement, average:

	Q1 2018	Q1 2017
AUD 1 =	0.6399	0.7112
GBP 1 =	1.1318	1.1629
INR 1 =	0.0126	0.0140
RUB 1 =	0.0143	0.0160
THB 1 =	0.0258	0.0267
USD 1 =	0.8137	0.9392

Statement of financial position, month end:

	Mar 31, 2018	Mar 31, 2017
AUD 1 =	0.6199	0.7149
GBP 1 =	1.1415	1.1604
INR 1 =	0.0124	0.0143
RUB 1 =	0.0140	0.0166
THB 1 =	0.0258	0.0271
USD 1 =	0.8066	0.9314

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.

Huhtamäki Oyj, Revontulenkujä 1, FI-02100 Espoo, Finland
 Tel +358 (0)10 686 7000, Fax +358 (0)10 686 7992, www.huhtamaki.com
 Domicile: Espoo, Finland, Business Identity Code: 0140879-6