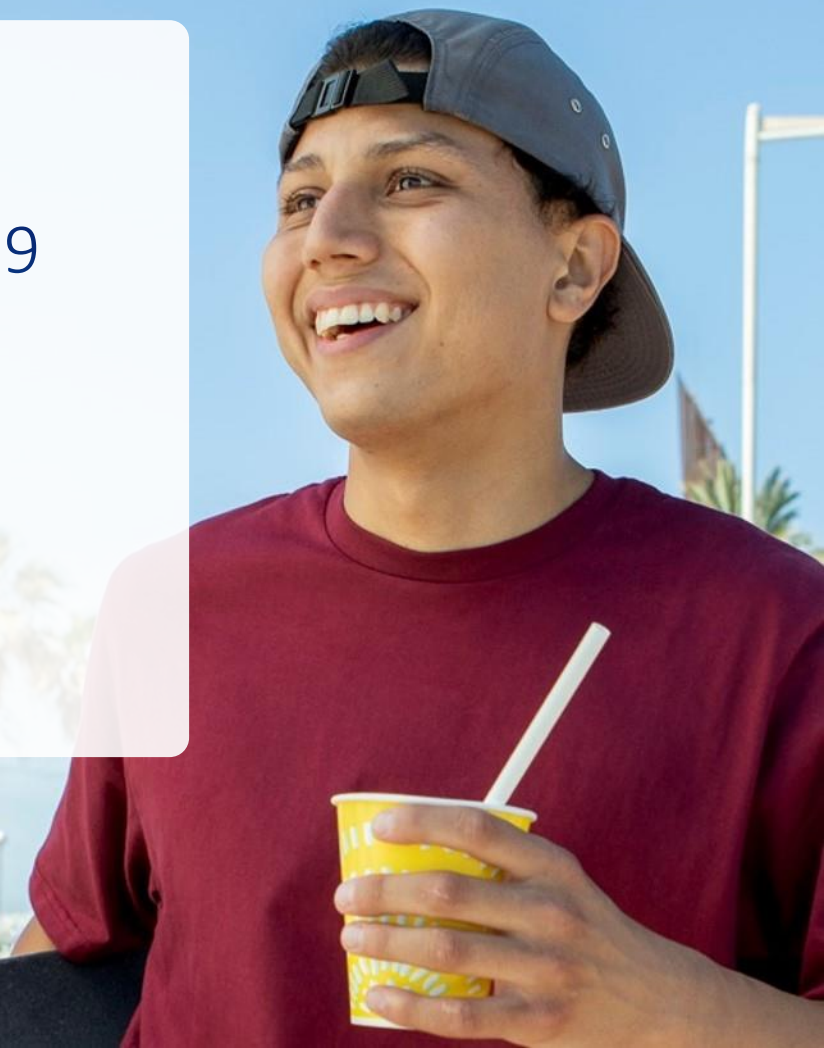


# Strong net sales growth and profitability improvement in 2019

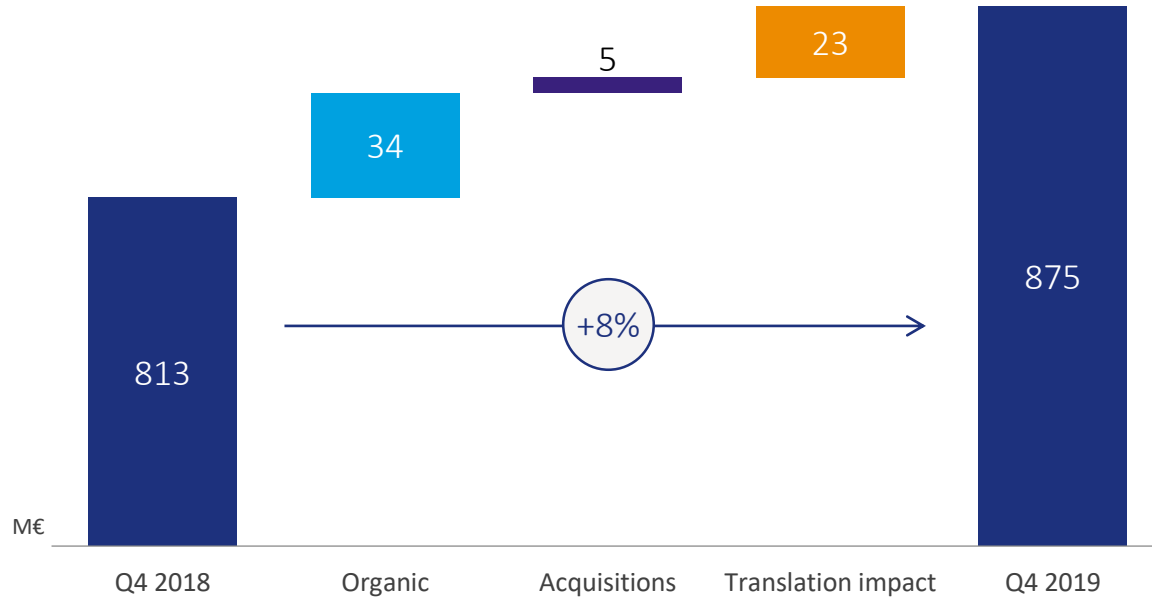
Results 2019

President and CEO Charles Héaulmé  
CFO Thomas Geust

**Huhtamaki**



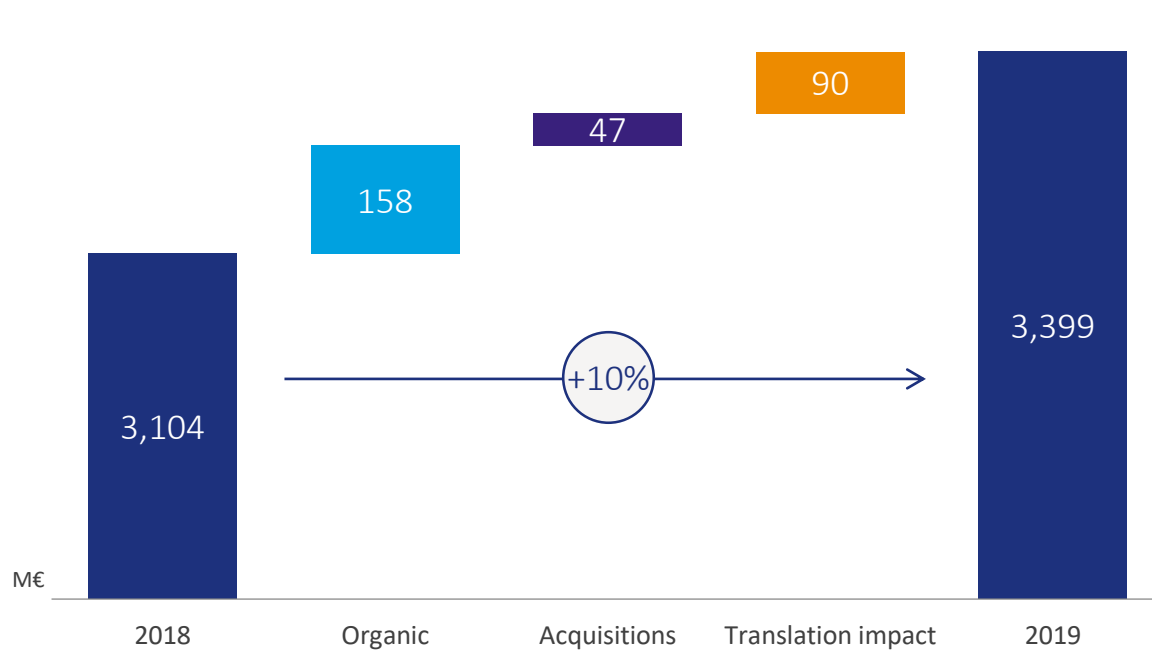
# Solid comparable growth in Q4 19



## 8% net sales growth in Q4 19

- 5% comparable net sales growth (6% in emerging markets)
- 1% from acquisitions
- 3% positive currency impact

# Comparable growth in line with our long-term ambition in FY 2019



## 10% net sales growth in 2019

- 6% comparable net sales growth (7% in emerging markets)
- 2% from acquisitions
- 3% positive currency impact

# All segments contributing to comparable net sales growth

	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	2018	2019	Long-term ambitions
Foodservice E-A-O	3%	4%	3%	4%	4%	4%	4%	5-7%
North America	11%	5%	13%	14%	6%	5%	9%	2-5%
Flexible Packaging	4%	5%	1%	4%	3%	7%	3%	6-8%
Fiber Packaging	5%	4%	7%	7%	8%	4%	6%	5-7%
<b>Group</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>5+%</b>

- 6% comparable growth on group level in 2019
- Stable growth throughout the year in Foodservice Europe-Asia-Oceania
- Strong sales growth in North America continued in Q4 despite strong comparisons
- Moderate growth in Flexible Packaging
- Strong growth in Fiber Packaging, accelerating in the 2<sup>nd</sup> half of the year

# Earnings increase outperforming sales growth

<i>MEUR</i>	Q4 19	Q4 18	Change	2019	2018	Change
Net sales	874.6	812.8	8%	3,399.0	3,103.6	10%
Adjusted EBIT <sup>1</sup>	74.7	62.4	20%	293.1	251.0	17%
Margin	8.5%	7.7%		8.6%	8.1%	
Adjusted EPS, EUR <sup>2</sup>	0.48	0.45	8%	1.88	1.69	11%
Capital expenditure	71.0	70.4	1%	203.9	196.9	4%

## Q4 19 Highlights

- Earnings growth driven by pricing actions, operational improvement in all businesses and more favorable raw material environment
- EPS translation burdened mainly by increased tax rate
- Capex supporting continued capacity investments and innovation of sustainable products

<sup>5</sup> Results 2019

<sup>1</sup> Excluding IAC of EUR -2.3 million in Q4 2019 (EUR -34.9 million) and EUR -7.6 million in 2019 (EUR -25.5 million).

<sup>2</sup> Excluding IAC of EUR -1.8 million in Q4 2019 (EUR -28.2 million) and EUR -5.9 million in 2019 (EUR -20.6 million).

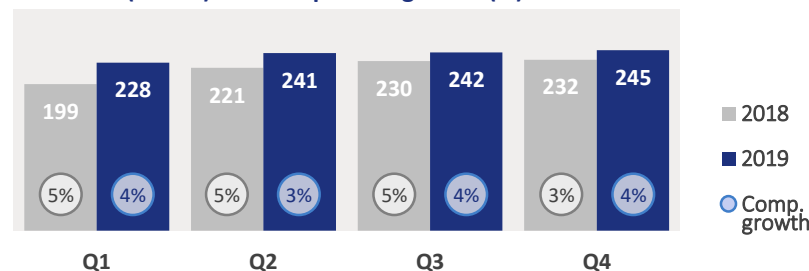
# Business segment review

# Foodservice Europe-Asia-Oceania: Solid net sales growth and improved profitability

Key figures, MEUR	Q4 19	Q4 18	Change
Net sales	245.3	231.6	6%
Adjusted EBIT <sup>1</sup>	20.9	18.0	16%
Margin <sup>1</sup>	8.5%	7.8%	
Capital expenditure	26.1	19.9	31%
Operating cash flow <sup>1</sup>	22.3	18.9	18%

Key figures, MEUR	2019	2018	Change
Net sales	956.7	881.7	8%
Adjusted EBIT <sup>1</sup>	85.7	77.1	11%
Margin <sup>1</sup>	9.0%	8.7%	
Adjusted RONA (12m roll.) <sup>1</sup>	11.5%	11.9%	
Capital expenditure	74.7	57.8	29%
Operating cash flow <sup>1</sup>	66.8	53.9	24%

Net sales (MEUR) and comparable growth (%)



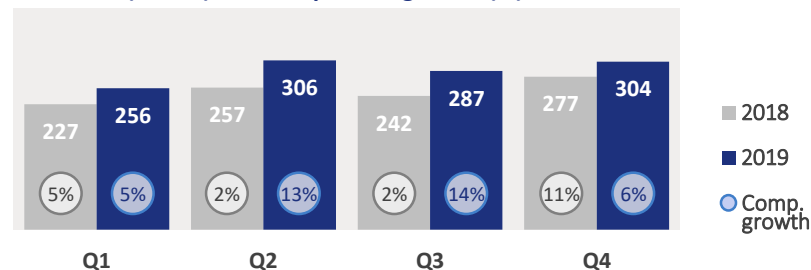
- Solid net sales growth in Q4 with strongest growth in Middle East and Africa, and Europe
- Earnings growth from improved operational efficiency and pricing actions
- Sustainability driven preference of fiber-based packaging continues to take traction

# North America: Continued strong growth and earnings improvement

Key figures, MEUR	Q4 19	Q4 18	Change
Net sales	303.6	276.6	10%
Adjusted EBIT <sup>1</sup>	33.1	19.4	71%
Margin <sup>1</sup>	10.9%	7.0%	
Capital expenditure	15.9	20.3	-22%
Operating cash flow <sup>1</sup>	44.4	21.6	>100%

Key figures, MEUR	2019	2018	Change
Net sales	1,152.7	1,002.7	15%
Adjusted EBIT <sup>1</sup>	111.4	73.0	53%
Margin <sup>1</sup>	9.7%	7.3%	
Adjusted RONA (12m roll.) <sup>1</sup>	13.0%	9.2%	
Capital expenditure	54.6	62.9	-13%
Operating cash flow <sup>1</sup>	125.0	19.8	>100%

Net sales (MEUR) and comparable growth (%)



- Net sales growth driven by volume and price, with strongest growth in retail tableware products
- Significant earnings growth and profitability improvement driven by pricing, higher sales volumes, somewhat lower distribution costs and good operational efficiency
- Ramp-up of new capacity in Goodyear has supported volume growth throughout the year

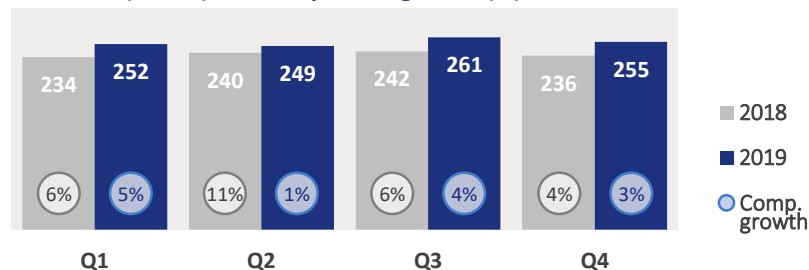


# Flexible Packaging: Moderate net sales growth and improvement in earnings

Key figures, MEUR	Q4 19	Q4 18	Change
Net sales	255.1	235.5	8%
Adjusted EBIT <sup>1</sup>	18.8	16.9	11%
Margin <sup>1</sup>	7.4%	7.2%	
Capital expenditure	15.2	16.0	-5%
Operating cash flow <sup>1</sup>	49.3	17.4	>100%

Key figures, MEUR	2019	2018	Change
Net sales	1,016.4	952.3	7%
Adjusted EBIT <sup>1</sup>	82.6	67.8	22%
Margin <sup>1</sup>	8.1%	7.1%	
Adjusted RONA (12m roll.) <sup>1</sup>	11.1%	10.0%	
Capital expenditure	44.4	49.7	-11%
Operating cash flow <sup>1</sup>	88.8	42.2	>100%

Net sales (MEUR) and comparable growth (%)



- Growth driven by emerging markets and moderated by Europe
- Significant improvement in earnings driven mainly by improved operational efficiency and lower raw material prices
- In 2019, net sales exceeded EUR 1 bn for the first time

# Acquisition for full ownership in joint venture company in Brazil

Announced on December 23, 2019

## Laminor S.A.

Brazil

- Huhtamaki acquires full ownership of joint venture company Laminor S.A. in Brazil
- Laminor is specialized in high-quality tube laminates, particularly for oral care applications
- Joint venture (50/50) was set up in 2002 with Bemis Company, which is now part of Amcor
- The acquisition enables Huhtamaki to expand its tube laminate business
- Laminor will be consolidated as a subsidiary in the Group's financial reporting and reported as part of the Flexible Packaging segment
- The transaction is subject to the approval of competition authorities in Brazil and it is expected to be closed during the first quarter in 2020.

### Key figures

#### Net sales

Approximately EUR 25 million

#### Employees

Approximately 130

#### Value of additional shares

EUR 30 million

## Recent completed acquisitions

Announced on September 27, 2019

### Everest Flexibles

South Africa

Net sales  
~40  
EUR million

Completed on  
December 18, 2019



Joint venture  
70%

Announced on September 30, 2019

### Mohan Mutha Polytech

India

Net sales  
~9  
EUR million

Completed on  
January 10, 2019

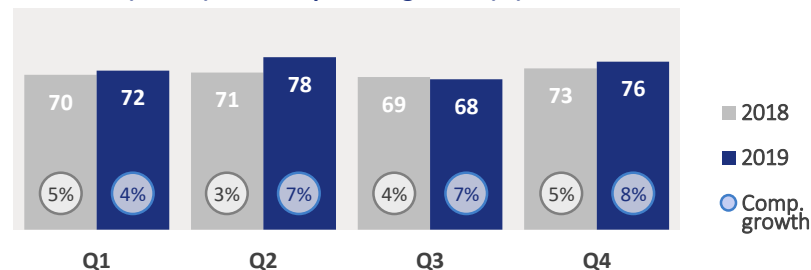


# Fiber Packaging: Strong net sales growth

Key figures, MEUR	Q4 19	Q4 18	Change
Net sales	76.1	72.9	4%
Adjusted EBIT <sup>1</sup>	7.5	8.7	-14%
Margin <sup>1</sup>	9.8%	12.0%	
Capital expenditure	13.7	13.6	1%
Operating cash flow <sup>1</sup>	7.8	4.2	86%

Key figures, MEUR	2019	2018	Change
Net sales	293.4	283.0	4%
Adjusted EBIT <sup>1</sup>	29.0	31.2	-7%
Margin <sup>1</sup>	9.9%	11.0%	
Adjusted RONA (12m roll.) <sup>1</sup>	12.6%	14.2%	
Capital expenditure	29.5	23.4	26%
Operating cash flow <sup>1</sup>	22.4	25.1	-11%

Net sales (MEUR) and comparable growth (%)



- Net sales increased in Eastern Europe and South Africa
- Profitability was moderate as the improved operational performance across units did not fully offset the development and commercialization costs of the Fresh ready meal tray
- Commercial progress with Fresh during the year continued development and deployment of capacity

# Financial review

# Increased net sales feeding through to EPS

<i>MEUR</i>	Q4 19	Q4 18	<i>Change</i>	2019	2018	<i>Change</i>
Net sales	<b>874.6</b>	812.8	8%	<b>3,399.0</b>	3,103.6	10%
Adjusted EBITDA <sup>1</sup>	<b>117.3</b>	101.9	15%	<b>456.3</b>	398.7	14%
<i>Margin<sup>1</sup></i>	<b>13.4%</b>	12.5%		<b>13.4%</b>	12.8%	
Adjusted EBIT <sup>2</sup>	<b>74.7</b>	62.4	20%	<b>293.1</b>	251.0	17%
<i>Margin<sup>2</sup></i>	<b>8.5%</b>	7.7%		<b>8.6%</b>	8.1%	
EBIT	<b>72.3</b>	27.5	>100%	<b>285.5</b>	225.5	27%
Net financial items	<b>-6.2</b>	-7.8		<b>-28.8</b>	-31.2	
Adjusted profit before taxes	<b>68.5</b>	54.6	26%	<b>264.3</b>	219.8	20%
Adjusted income tax expense <sup>3</sup>	<b>-15.4</b>	-7.5		<b>-59.5</b>	-42.3	
Adjusted profit for the period <sup>4</sup>	<b>53.1</b>	47.1	13%	<b>204.8</b>	177.5	15%
Adjusted EPS, EUR <sup>4</sup>	<b>0.48</b>	0.45	8%	<b>1.88</b>	1.69	11%

## Highlights

- Solid growth and positive currency translation
- Net sales growth, operational improvement and some support from raw materials translated into improved profitability
- Net financial items decreased while income tax expense increased
  - Higher reported tax in 2019 with adjusted tax rate 23% (19% in 2018)
- Adjusted profit for the period increased, leading to higher EPS

<sup>1</sup> Excluding IAC of EUR -2.3 million in Q4 2019 (EUR -19.9 million) and EUR -7.6 million in 2019 (EUR -8.4 million).

<sup>2</sup> Excluding IAC of EUR -2.3 million in Q4 2019 (EUR -34.9 million) and EUR -7.6 million in 2019 (EUR -25.5 million)

<sup>3</sup> Excluding IAC of EUR 0.5 million in Q4 2019 (EUR 6.6 million) and EUR 1.7 million in 2019 (EUR 4.9 million).

<sup>4</sup> Excluding IAC of EUR -1.8 million in Q4 2019 (EUR -28.2 million) and EUR -5.9 million in 2019 (EUR -20.6 million).

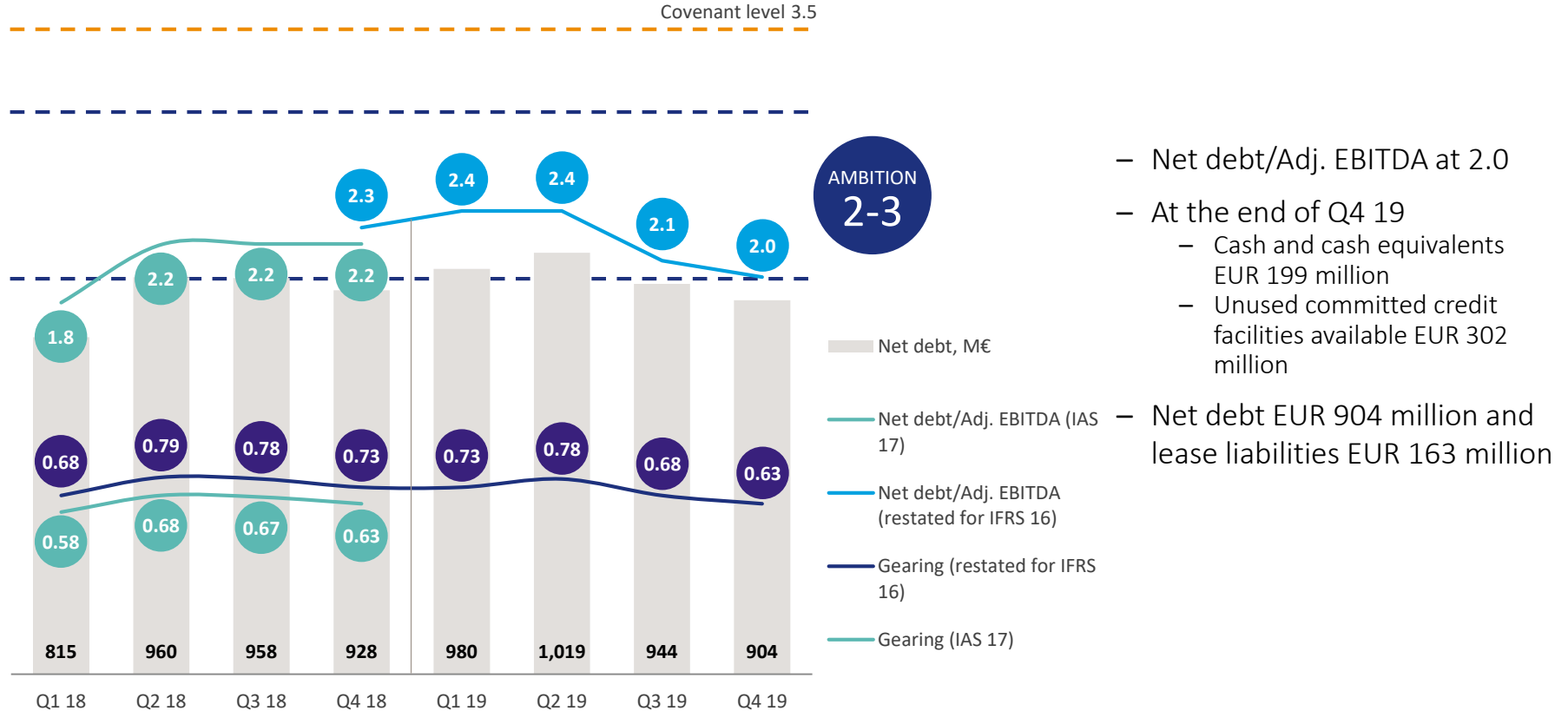
# Continuing positive currency impact, mostly from USD

	Average rate 2018	Closing rates					Average rate 2019	Change in average rate (%)
		Q4 18	Q1 19	Q2 19	Q3 19	Q4 19		
USD	1.18	1.15	1.12	1.14	1.09	1.12	1.12	5%
INR	80.72	80.23	77.78	78.57	77.07	79.81	78.85	2%
GBP	0.88	0.90	0.86	0.89	0.89	0.85	0.88	1%
CNY	7.81	7.88	7.56	7.82	7.79	7.82	7.73	1%
AUD	1.58	1.62	1.58	1.63	1.62	1.60	1.61	-2%
THB	38.17	37.32	35.75	35.00	33.51	33.47	34.78	9%
RUB	74.00	79.54	73.14	71.61	70.37	69.28	72.50	2%
BRL	4.31	4.44	4.46	4.39	4.55	4.51	4.41	-2%
NZD	1.71	1.71	1.65	1.70	1.74	1.66	1.70	0%
ZAR	15.61	16.45	16.49	16.09	16.48	15.74	16.18	-4%

## Foreign currency translation impact (EUR million)

	Q4 2019	2019
Net sales	+23	+90
EBIT	+2	+8

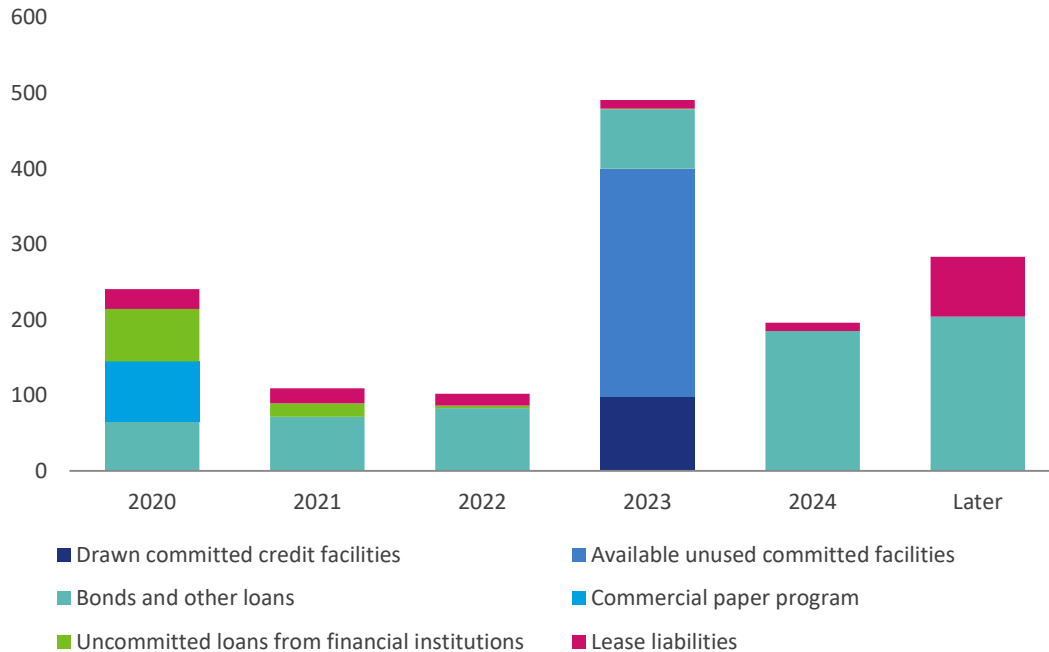
# Net debt decreased mainly due to improved working capital



# Loan maturities

## Debt maturity structure December 31, 2019

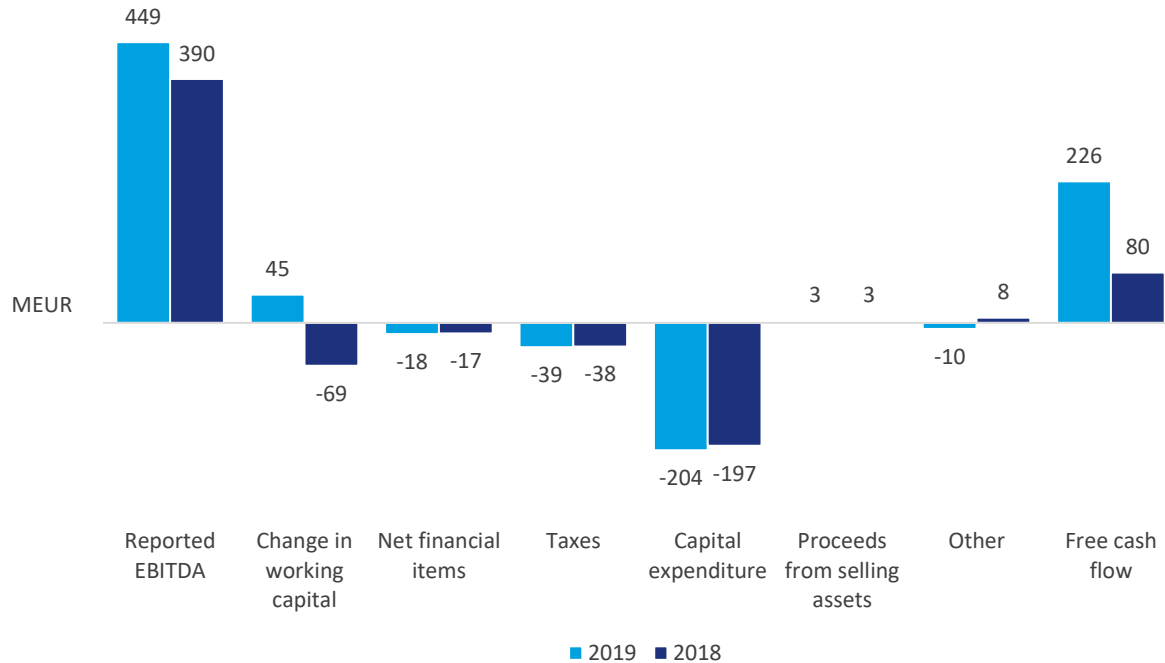
(EUR million)



- In 2019, Huhtamaki issued a seven-year senior unsecured bond of EUR 175 million
- Average maturity 3.4 years at the end of Q4 2019 (3.7 at the end of Q4 2018)
- Unused committed credit facilities of EUR 302 million maturing in 2023



# Strong free cash flow improvement



## Cash flow driven by:

- Higher EBITDA following net sales growth, pricing actions and efficiency improvement measures
  - Partly offset by one-time gain in 2018
- Improvement in net working capital in Q4 19
- **Free cash flow improved significantly**

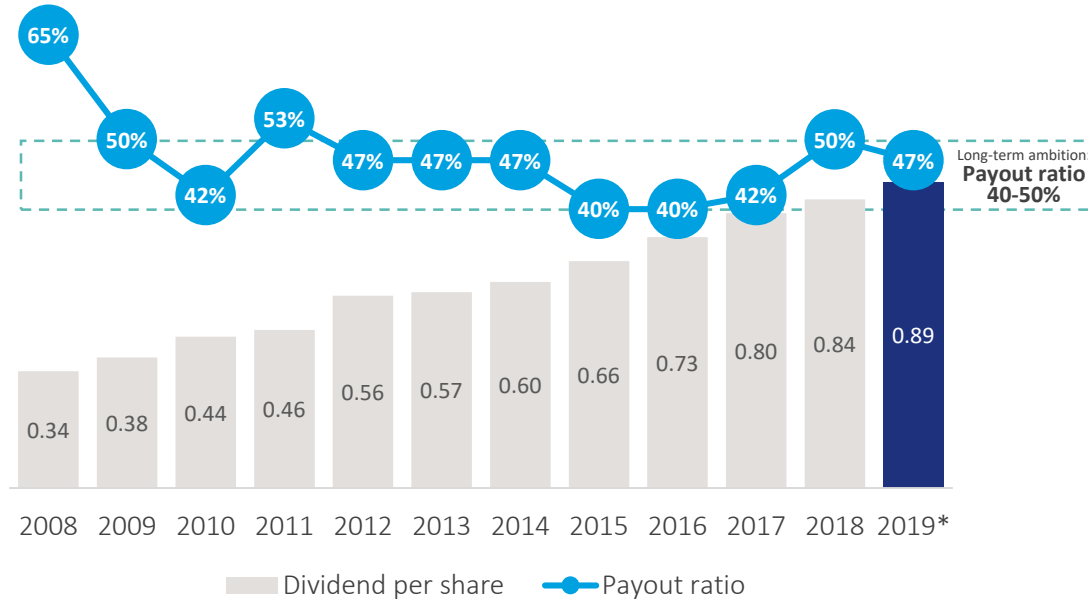
# Stable financial position

<i>MEUR</i>	Dec 2018	Dec 2019
Total assets	3,240	3,611
Operating working capital	598	585
Net debt	928	904
Equity & non-controlling interest	1,267	1,437
Gearing	0.73	0.63
Adjusted ROI <sup>1</sup>	11.6%	12.3%
Adjusted ROE <sup>1</sup>	14.5%	15.2%

- Higher assets and net debt decrease following growth
- Gearing improved

# The Board of Directors aims at predictable and growing dividends

Dividend per share (EUR) and payout ratio (% of adjusted EPS)



	2019*	2018	Change
Adjusted EPS	<b>1.88</b>	1.69	11%
Dividend	<b>0.89</b>	0.84	6%
Payout ratio	<b>47%</b>	50%	
Share price on Dec 31	<b>41.38</b>	27.07	
Dividend yield	<b>2.1%</b>	3.1%	

- 11<sup>th</sup> year of growing dividends\*
- Dividend has increased 162% since 2008\*
- CAGR +9% during last 10 years\*

# Progress towards long-term ambitions

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 <sup>1</sup>	FY 2019	Long-term ambition
Organic growth	6%	4%	4%	3%	5+	<b>6%</b>	<b>5+</b>
Adjusted EBITDA margin	11.6%	12.5%	13.3%	13.0%	12.8%	<b>13.4%</b>	<b>14+</b>
Adjusted EBIT margin	7.8%	8.7%	9.4%	9.0%	8.1%	<b>8.6%</b>	<b>10+</b>
Adjusted ROI	12.6%	14.7%	14.7%	13.6%	11.6%	<b>12.3%</b>	<b>15+</b>
Adjusted ROE	16.1%	18.1%	17.7%	17.0%	14.5%	<b>15.2%</b>	<b>18%</b>
Capex/Adj. EBITDA	49%	43%	52%	55%	49%	<b>45%</b>	<b>40%</b>
Net debt/Adj. EBITDA	1.0	1.6	1.8	1.8	2.3	<b>2.0</b>	<b>2-3</b>
Free cash flow, MEUR	65	91	100	56	80	<b>226</b>	<b>150</b>
Dividend payout ratio	47%	40%	40%	42%	50%	<b>47%<sup>2</sup></b>	<b>40-50%</b>

Looking forward

# Outlook 2020

The Group's trading conditions are expected to remain relatively stable during 2020. 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 2019 with the majority of the investments directed to business expansion.

# 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, and serious virus outbreaks can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

# Financial calendar 2020

March 24, 2020

**Capital Markets Day**

Helsinki, Finland

More information to follow.

Week 10

**Annual Accounts 2019**

April 29

**Q1 2019 Interim Report  
Annual General Meeting**

July 23

**Half-yearly Report 2020**

October 22

**Q3 2020 Interim Report**



Helping great products  
reach more people,  
more easily

# Disclaimer

Information presented herein contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or Huhtamäki Oyj's or its affiliates' ("Huhtamäki") future financial performance, including, but not limited to, strategic plans, potential growth, expected capital expenditure, ability to generate cash flows, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause Huhtamäki's actual results, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such risks and uncertainties include, but are not limited to: (1) general economic conditions such as movements in currency rates, volatile raw material and energy prices and political uncertainties; (2) industry conditions such as demand for Huhtamäki's products, pricing pressures and competitive situation; and (3) Huhtamäki's own operating and other conditions such as the success of manufacturing activities and the achievement of efficiencies therein as well as the success of pending and future acquisitions and restructurings and product innovations. Future results may vary from the results expressed in, or implied by, forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information currently available to the management and Huhtamäki assumes no obligation to update or revise any forward-looking statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

For further information, please contact us:

[www.huhtamaki.com](http://www.huhtamaki.com) » Investors

[ir@huhtamaki.com](mailto:ir@huhtamaki.com)

**Huhtamaki**