

Solid net sales growth and profitability in an increasingly uncertain environment

Interim Report Q1 2020

Charles Héaulmé
President and CEO

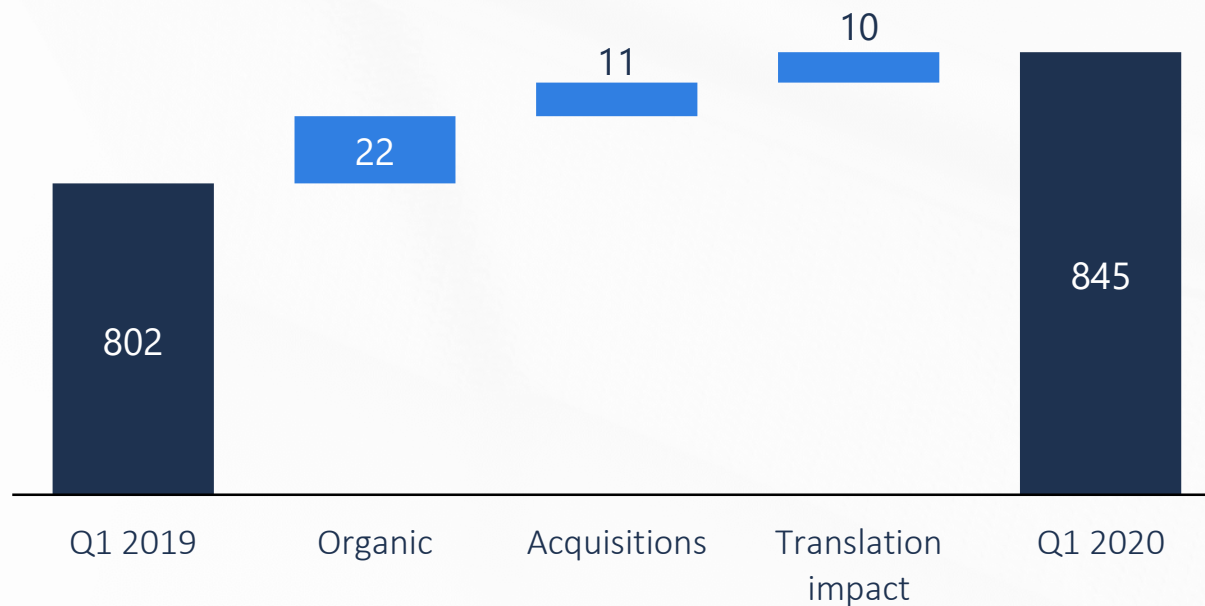
Thomas Geust
CFO

Huhtamaki



Solid net sales growth in the current global turmoil

Development of net sales in Q1 20
(EUR million)



5% net sales growth in Q1 20

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

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses. Acquisitions calculated for 12 first months from closing.

Food on-the-shelf packaging continued to grow while the ongoing crisis started affecting food on-the-go

<i>Comparable growth</i>	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	2019	Long-term ambitions
Foodservice E-A-O	4%	3%	4%	4%	-4%	4%	5-7%
North America	5%	13%	14%	6%	9%	9%	3-5%
Flexible Packaging	5%	1%	4%	3%	2%	3%	6-8%
Fiber Packaging	4%	7%	7%	8%	9%	6%	3-5%
Group	5%	6%	7%	5%	3%	6%	5+%

- COVID-19 crisis affected our foodservice business globally due to rolling lock-downs during Q1
- Strong growth continued in North America
- Solid demand of food on-the-shelf globally supports our growth in Flexible Packaging and Fiber Packaging

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses.

Increase in adjusted EBIT higher than sales growth

<i>MEUR</i>	Q1 20	Q1 19	Change	FY 2019
Net sales	844.6	802.1	5%	3,399.0
Adjusted EBIT ¹	73.6	67.8	9%	293.1
Margin	8.7%	8.5%		8.6%
Adjusted EPS, EUR ²	0.46	0.44	5%	1.88
Capital expenditure	39.4	39.7	-1%	203.9

Q1 20 highlights

- Earnings increase driven by more favorable raw material environment and higher capacity utilization
- Adjusted EPS growth of 5% affected by higher tax rate and financing costs
- Capex focused only on critical investments

¹ Excluding IAC of EUR 8.9 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019.

² Excluding IAC of EUR 6.9 million in Q1 2020 (EUR -0.1 million) and EUR -5.9 million in 2019.

Business segment review

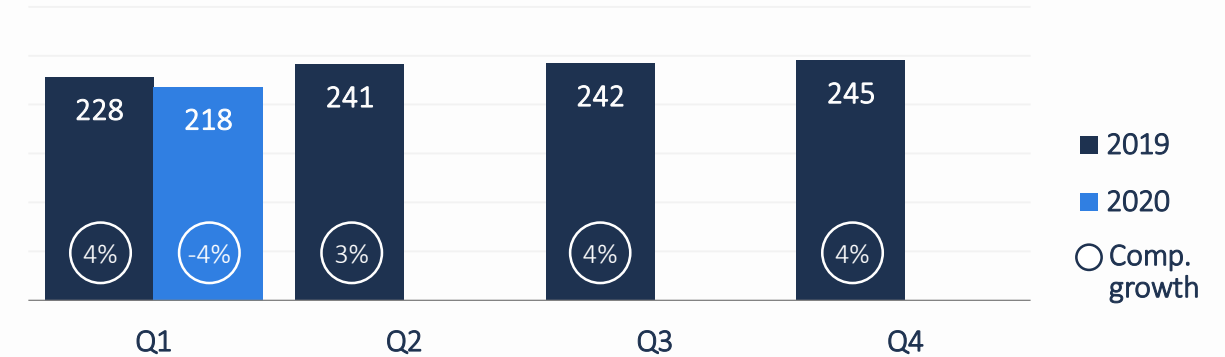


Foodservice Europe-Asia-Oceania: COVID-19 impacts sales and earnings negatively

Key figures, MEUR

	Q1 20	Q1 19	Change
Net sales	217.6	227.9	-5%
Comparable growth	-4%	4%	
Adjusted EBIT ¹	17.5	20.1	-13%
Margin	8.0%	8.8%	
Adjusted RONA ¹	10.9%	11.3%	
Capital expenditure	16.0	13.6	18%
Operating cash flow ¹	11.1	7.7	43%

Net sales and comparable growth (EUR million & %)



- Foodservice sales in Asia have been affected throughout the quarter, as a result of the COVID-19 outbreak starting in January in China
- In Europe, good sales growth during two first months was hampered by the COVID-19 in March
- We estimate that COVID-19 accounts for approximately 10%-points of sales decline in Q1 2020
- Immediate cost management actions have been taken to mitigate the impact, however, the lower utilization of our assets drive profitability decline

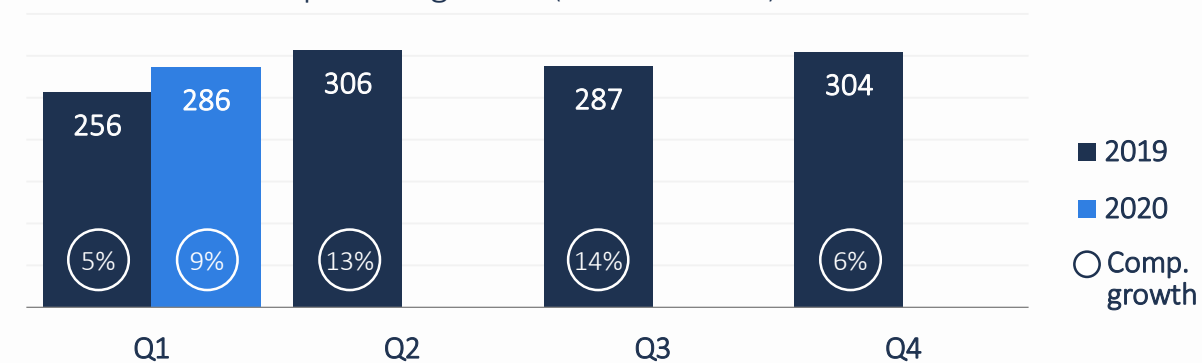
¹ Excluding IAC of EUR -1.6 million in Q1 2020 (no IAC in Q1 2019).

North America: Continued strong growth and earnings improvement

Key figures, MEUR

	Q1 20	Q1 19	Change
Net sales	286.2	255.7	12%
Comparable growth	9%	5%	
Adjusted EBIT ¹	30.4	20.6	48%
Margin	10.6%	8.0%	
Adjusted RONA ¹	14.0%	9.4%	
Capital expenditure	11.9	14.6	-19%
Operating cash flow ¹	7.3	2.9	>100%

Net sales and comparable growth (EUR million & %)

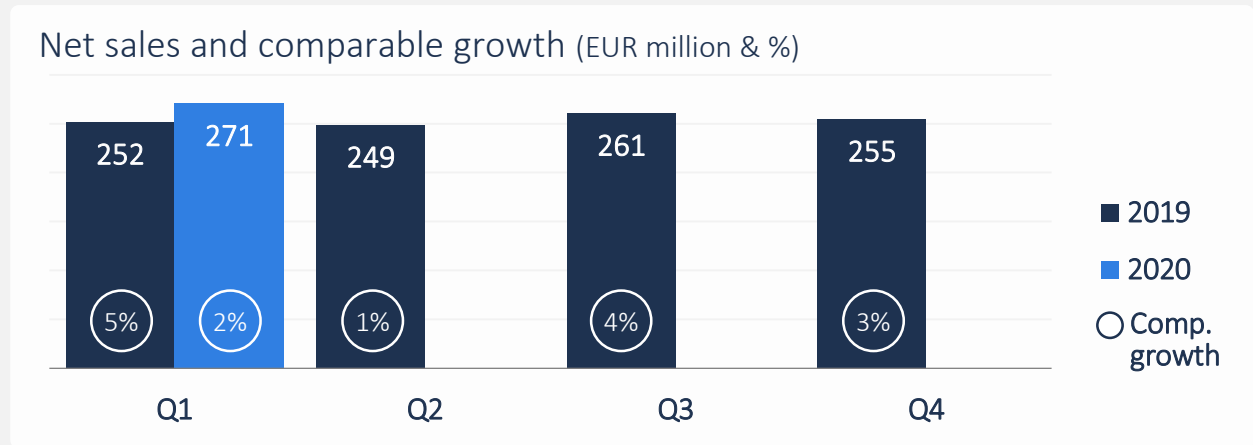


- Demand for foodservice packaging decreased significantly towards the end of the quarter, following the outbreak of COVID-19
- Very strong demand in retail products, particularly in March linked to consumption spike related to COVID-19 and timing of Easter
- Earnings improved as a result of sales volumes growth, price increases implemented during previous quarters, and other operational improvements

¹ Excluding IAC of EUR -3.4 million in Q1 2020 (no IAC in Q1 2019).

Flexible Packaging: Solid net sales growth but decrease in earnings

Key figures, MEUR	Q1 20	Q1 19	Change
Net sales	271.0	251.8	8%
Comparable growth	2%	5%	
Adjusted EBIT ¹	20.9	23.0	-9%
Margin	7.7%	9.1%	
Adjusted RONA ¹	10.5%	10.5%	
Capital expenditure	7.9	8.7	-10%
Operating cash flow ¹	1.7	-0.7	



- Good demand in most markets, continued tight competitive situation in Southeast Asia. Overall increased demand for food on-the-shelf and health care products due to COVID-19, visible through extra volumes ordered by our main customers
- Growth driven mainly by Middle East, Africa, and Europe. The sales growth in India was severely impacted in March by the country lockdown in the middle of the month which created strong disruption of the supply chain.
- We estimate the overall COVID-19 negative net impact to approximately 2%-points of segment's growth
- The lower earnings were driven by the production and logistics interruptions in India

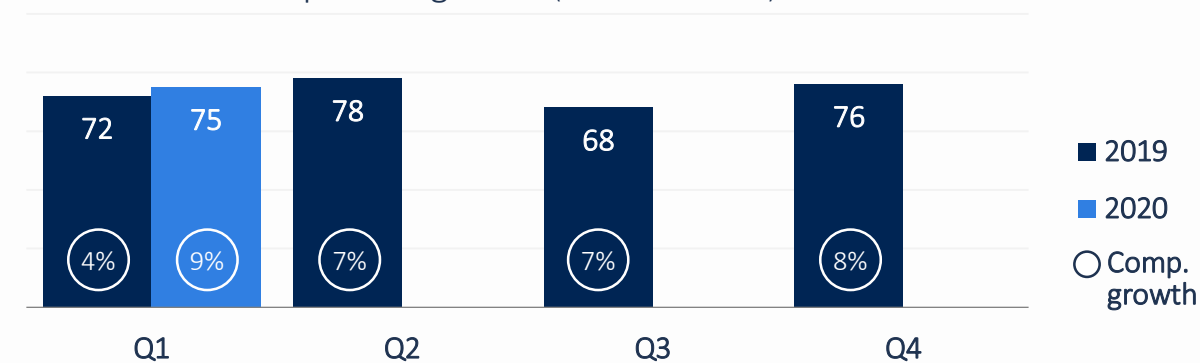
¹ Excluding IAC of EUR -4.7 million in Q1 2020 (no IAC in Q1 2019).

Fiber Packaging: Growth in sales and earnings

Key figures, MEUR

	Q1 20	Q1 19	Change
Net sales	74.5	71.5	4%
Comparable growth	9%	4%	
Adjusted EBIT ¹	8.2	6.9	20%
Margin	11.0%	9.6%	
Adjusted RONA ¹	13.1%	13.5%	
Capital expenditure	3.4	2.6	32%
Operating cash flow ¹	-0.1	4.6	

Net sales and comparable growth (EUR million & %)



- Strong comparable growth of 9% in product business – net sales increased in Eastern Europe and South Africa, driven primarily by volume
- Continued increasing demand accelerating during Q1 due to the COVID-19 consumption spike of food on-the-shelf
- Profitability driven by growth, supported by pricing and favorable raw material prices
- Development and commercialization costs of the Fresh ready meal tray burdening margins

¹ Excluding IAC of EUR -0.7 million in Q1 2020 (no IAC in Q1 2019).

COVID-19 update



We play an essential role in the food supply chain

As a [global leader in food-on-the go and food-on-the-shelf packaging](#), we play a crucial role and are an integral part in the supply chain, to make food safe, convenient and available to everyone in the world.

Our [customers are essential in ensuring the supply and access to food products](#) for consumers worldwide.

Packaging [promotes hygiene and prevents spread of disease](#). It keeps food safe, prevents spoilage and preserves its original properties and it avoids food waste.

Our diversified portfolio provides resilience during the ongoing crisis

Food on-the-go

(Foodservice packaging)

Foodservice sales are temporarily affected by closures of quick-service restaurants

Demand for food delivery increased, as people stay more at home, however not compensating in-store decline

Strong activity in drive-thru restaurants continues

Food on-the-shelf

(Flexible and Fiber packaging)

Demand for **Flexible packaging** and **Fiber packaging** resilient to effects of COVID-19, including consumption spike

In Europe, multinationals are building safety stocks and asking for additional volumes on short notice

Limited impact expected on retail business and consumer goods products

We have a healthy balance sheet ensuring our resilience in this temporary crisis

We continue our planned investments and efficiency activities, which are key for our future success

Phased approach from initial crisis shock to managing the “new normal”

Phase 1 Initial shock

- Daily crisis management at global and unit level
- Protect our employees, increased hygiene procedures
- Protect business continuity with contingency plans

Phase 2 Managing the crisis

- Manage cash daily and tightly
- Containment actions in costs and investment prioritization
- Focus on company competitiveness to prepare the “after crisis”

Phase 3 Planning Ahead

- Define the opportunities that will unfold from the crisis, using our strengths
- Cross-business team raising data and insights to generate innovation
- Immediate opportunities, long-term shifts, M&A

Enhancing our citizenship role

- Food packaging is essential for the society
- Beyond core role, will to play an active part in helping where it matters and is most needed
- Local and global CSR initiatives

Making a difference where it matters most

Global donation to the Red Cross



Local product donations

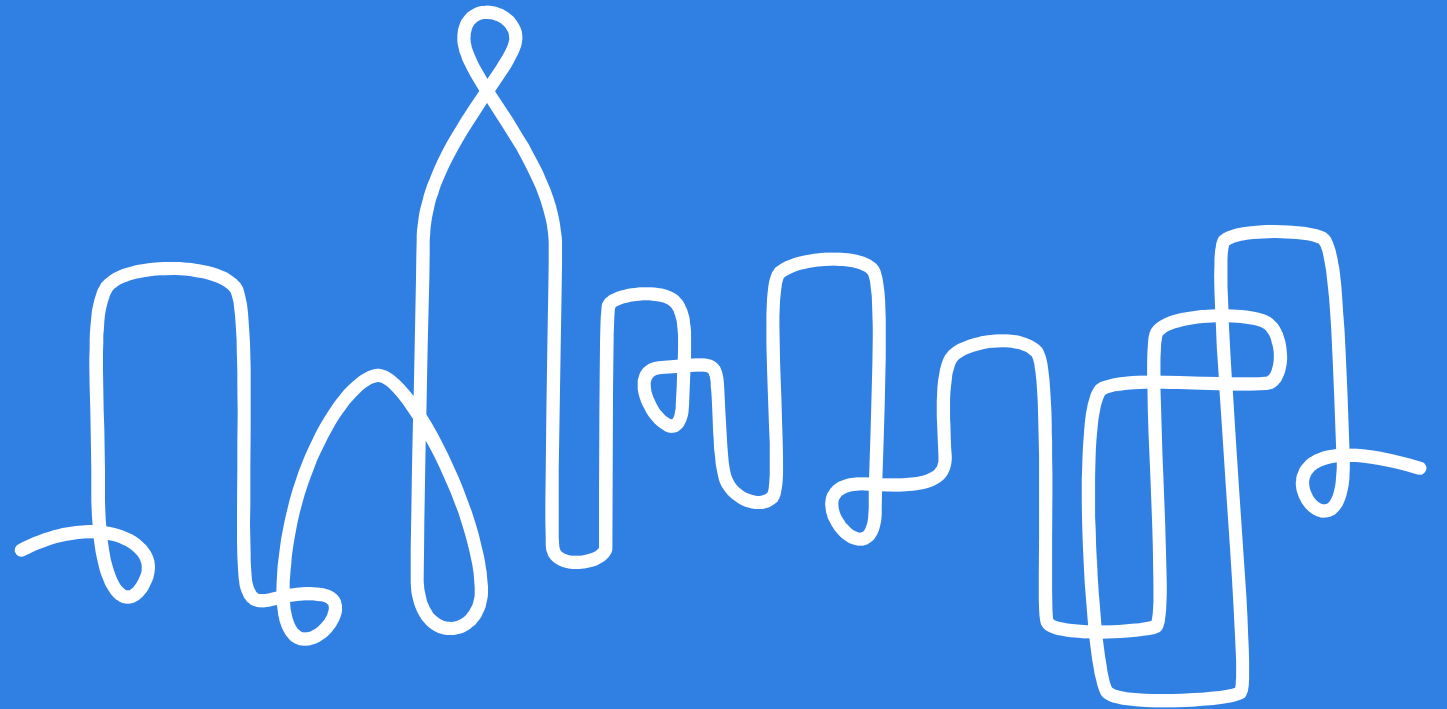


Launch of protective face shields



These unprecedented times remind us of our beliefs and reinforce our commitment to our priorities:
protect people, protect food,
protect the planet

Financial review



Increased net sales driving returns

MEUR	Q1 20	Q1 19	Change	2019
Net sales	844.6	802.1	5%	3,399.0
Adjusted EBITDA ¹	117.0	107.0	9%	456.3
<i>Margin</i> ¹	13.9%	13.3%		13.4%
Adjusted EBIT ²	73.6	67.8	9%	293.1
<i>Margin</i> ²	8.7%	8.5%		8.6%
EBIT	82.6	67.7	22%	285.5
Net financial items	-9.2	-8.0		-28.8
Adjusted profit before taxes	64.4	59.9	8%	264.3
Adjusted income tax expense ³	-14.5	-12.4		-59.5
Adjusted profit for the period ⁴	49.9	47.4	5%	204.8
Adjusted EPS, EUR ⁴	0.46	0.44	5%	1.88

Highlights

- Solid growth and positive currency translation
- Earnings increase driven by raw materials environment and higher capacity utilization
- Positive gain from Laminor transaction, partly offset by efficiency measures
- Net financial items and income tax expense increased
 - Higher reported tax in Q1 2020 with adjusted tax rate 23% (21% in Q1 2019)
- Adjusted profit for the period increased, leading to higher EPS

¹ Excluding IAC of EUR 13.1 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019.

² Excluding IAC of EUR 8.9 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019

³ Excluding IAC of EUR -2.0 million in Q1 2020 (EUR 0.0 million) and EUR 1.7 million in 2019.

⁴ Excluding IAC of EUR 6.9 million in Q1 2020 (EUR -0.1 million) and EUR -5.9 million in 2019.

Continuing positive currency impact

	Average rate	Closing rates					Average rate	Change in average rate
	Q1 2019	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q1 2020	
USD	1.14	1.12	1.14	1.09	1.12	1.10	1.10	3%
INR	80.11	77.78	78.57	77.07	79.81	83.50	79.80	0%
GBP	0.87	0.86	0.89	0.89	0.85	0.89	0.86	1%
CNY	7.67	7.56	7.82	7.79	7.82	7.83	7.69	-0%
AUD	1.59	1.58	1.63	1.62	1.60	1.80	1.67	-5%
THB	35.93	35.75	35.00	33.51	33.47	36.08	34.46	4%
RUB	74.99	73.14	71.61	70.37	69.28	88.14	73.45	2%
BRL	4.28	4.46	4.39	4.55	4.51	5.65	4.89	-14%
NZD	1.67	1.65	1.70	1.74	1.66	1.84	1.74	-4%
ZAR	15.92	16.49	16.09	16.48	15.74	19.73	16.87	-6%

Foreign currency translation impact

Q1 2020
(EUR million)

Net sales

+10

EBIT

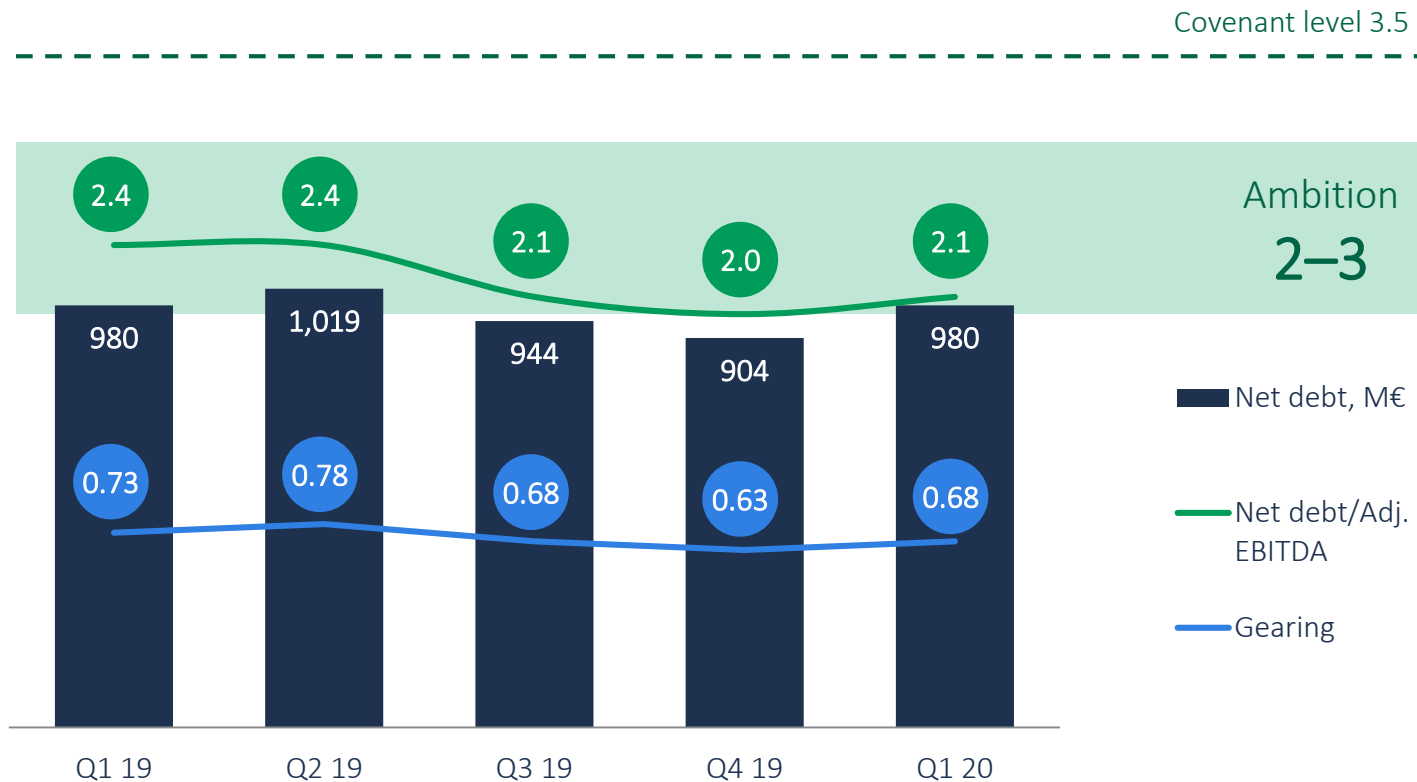
+1

Most relevant currencies trending favorably – biggest impact from USD

Please note: Income statement is valued on average rate, balance sheet on closing rate.

Net debt remained unchanged compared to Q1 2019

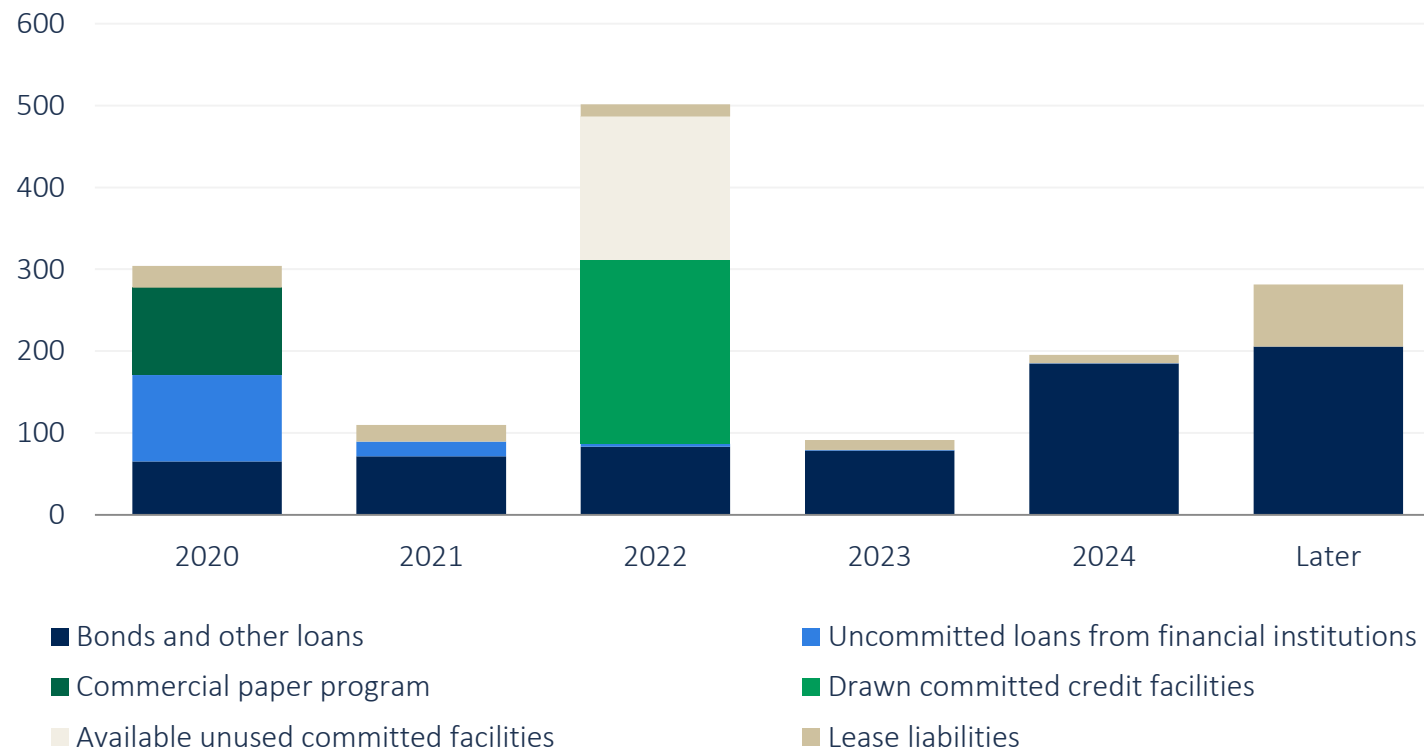
Net debt, net debt/adj. EBITDA and gearing



- Net debt/Adj. EBITDA at 2.1
- At the end of Q1 2020:
 - Cash and cash equivalents EUR 313 million
 - Unused committed credit facilities available EUR 175 million
- Net debt EUR 980 million and lease liabilities EUR 160 million

Loan maturities

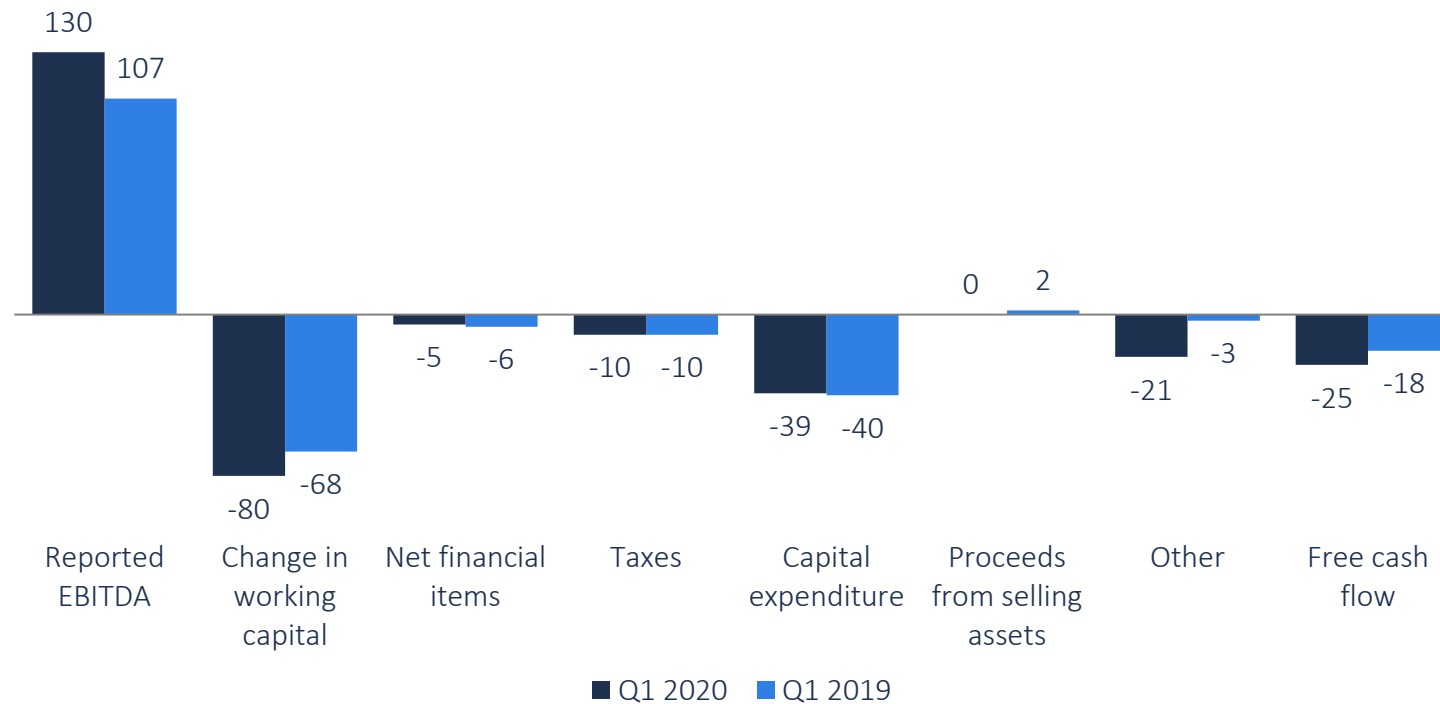
Debt maturity structure March 31, 2020
(EUR million)



- Average maturity 3.2 years at the end of Q1 2020 (3.5 at the end of Q1 2019)
- Unused committed credit facilities of EUR 175 million maturing in 2022

Lower free cash flow

Free cash flow bridge
(EUR million)



Cash flow driven by:

- Higher EBITDA following improved performance
 - EBITDA includes ~13 MEUR net benefit from Items Affecting Comparability (IAC)
 - Laminor gain of ~20 MEUR is recognized as non-cash in 'Other'
- Working capital impacted by COVID-19 through safety inventory
- For free cash flow, the first quarter is seasonally the weakest quarter of the year

Stable financial position

<i>MEUR</i>	Mar 2020	Mar 2019
Total assets	3,824	3,417
Operating working capital	636	661
Net debt	980	980
Equity & non-controlling interest	1,444	1,345
Gearing	0.68	0.73
Adjusted ROI ¹	12.1%	11.5%
Adjusted ROE ¹	15.0%	14.6%

- Higher total assets following growth
- Net debt unchanged, gearing improved
- Improvement in adjusted ROI and adjusted ROE

¹ Excluding IAC.

Progress towards long-term ambitions

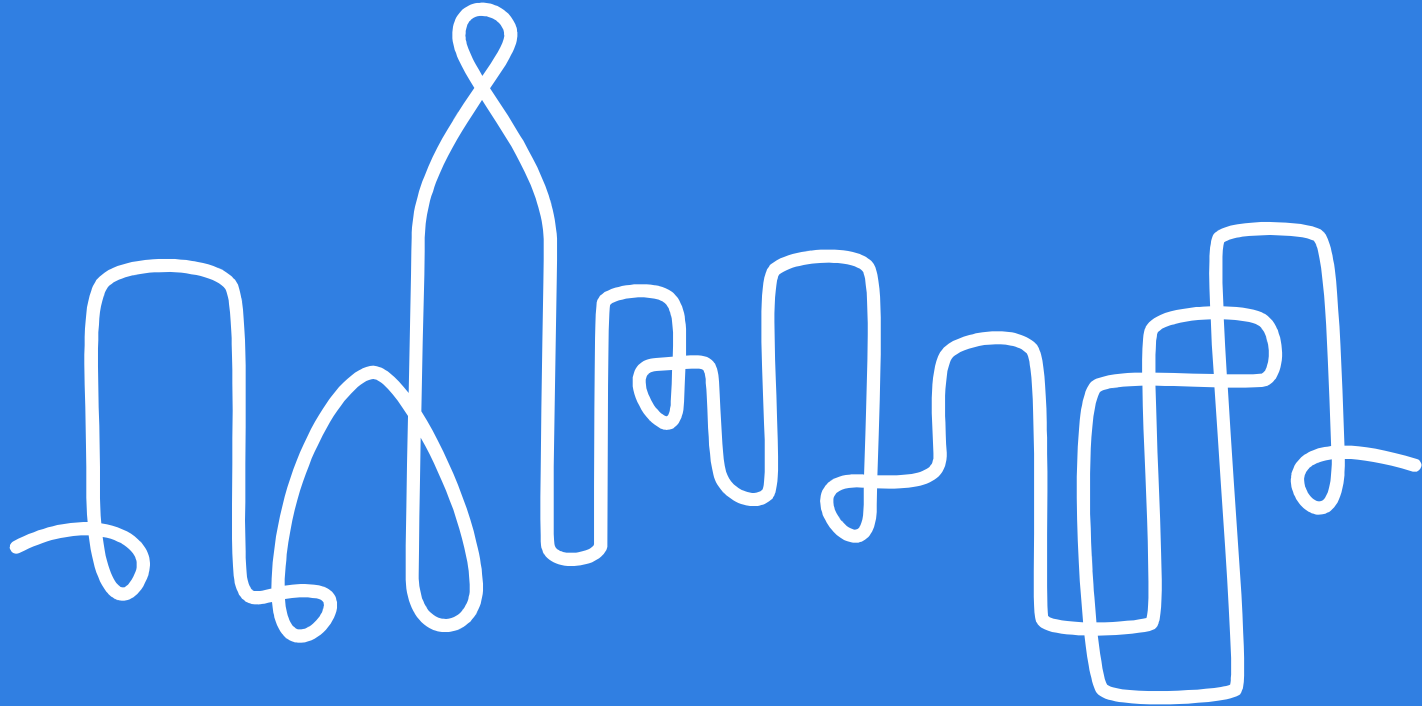
	2014	2015	2016	2017	2018 ¹	2019	Q1 2020	Long-term ambition
Organic growth	6%	4%	4%	3%	5%	6%	3%	5+%
Adjusted EBIT margin	7.8%	8.7%	9.4%	9.0%	8.1%	8.6%	8.7%	10+%
Net debt/Adj. EBITDA	1.0	1.6	1.8	1.8	2.3	2.0	2.1	2-3
Dividend payout ratio	47%	40%	40%	42%	50%	47% ²		40-50%

- The long-term ambitions were updated at the Strategy Update on March 23rd
- Due to ongoing COVID-19 crisis, proposal to postpone dividend payout decision by the Board of Directors subject to AGM approval

¹ FY 2018 figures restated for IFRS 16 impact

² Proposal by the Board of Directors.

Looking forward



Short-term risks and uncertainties

The COVID-19 pandemic is a significant short-term risk creating disturbance in the Group's trading conditions and its operating environment, as well as in demand for the Group's products.

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.

Financial calendar 2020

July 23

Half-yearly Report 2020

October 22

Q3 2020 Interim Report



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:

ir@huhtamaki.com

www.huhtamaki.com/investors

Huhtamaki