

Good resilience in the face of the COVID-19 crisis

Half-yearly Report 2020

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President and CEO

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CFO

Huhtamaki



Our operating
environment



Huhtamaki



Visible and tangible recovery

- Consistent increase in order-in-take since April
- Food on-the-go most impacted by the restrictions, order-in-take end June still lower than 2019 with variations across geographies

Consumption shifts will drive innovation and new models

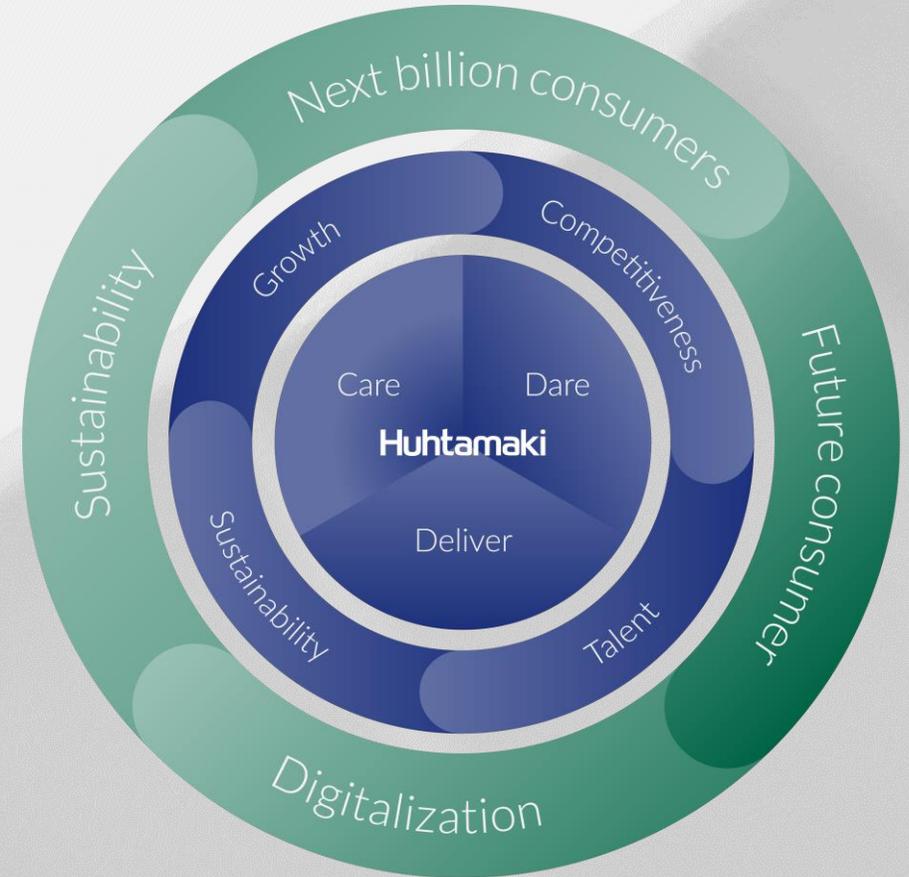
- Shift to working from home, changing foodservice store visiting culture
- Retail as a source of “ready to eat and ready to cook”. Fresh food as a new category for packaging
- Increase in food and groceries delivery, requiring more functional packaging
- Higher need for hygiene and safety, requiring high-quality, tamper-proof packaging and traceability
- Increased e-commerce and accelerated need of digital solutions

The fundamental trends underlying our strategy remain true

- the next billion consumers
- the consumer of the future
- digitalisation
- sustainability

Our Strategy is the right strategy

- Ambition: first choice in sustainable food packaging
- Strategic priorities:
 - accelerate **Growth**
 - improve **Competitiveness**
 - develop **Talent**
 - embed **Sustainability** in everything we do
- Operating model: empowered Business Segments and World-Class Management program to drive transformation across businesses
- Core values: Care Dare Deliver



Celebrating our 100-year legacy by donating up to 3 MEUR to initiatives addressing global sustainability challenges



Caring immediately

0.5 MEUR to boost COVID-19 emergency relief efforts in Asia and Europe and improving the lives of the world's most vulnerable

Recipient: International Red Cross



Acting today

0.6 MEUR to set a cleaning system of plastic waste from Mithi river in Mumbai, India

Recipient: partnership by UNTIL, VTT, RiverRecycle and Earth5R



Educating for tomorrow

0.9 MEUR to provide education and training on waste management and circular systems in South Africa, Vietnam, and India

Recipient: WasteAid



Innovating for the future

1 MEUR to surface and support early stage solutions for a circular economy, via organizing a start-up program

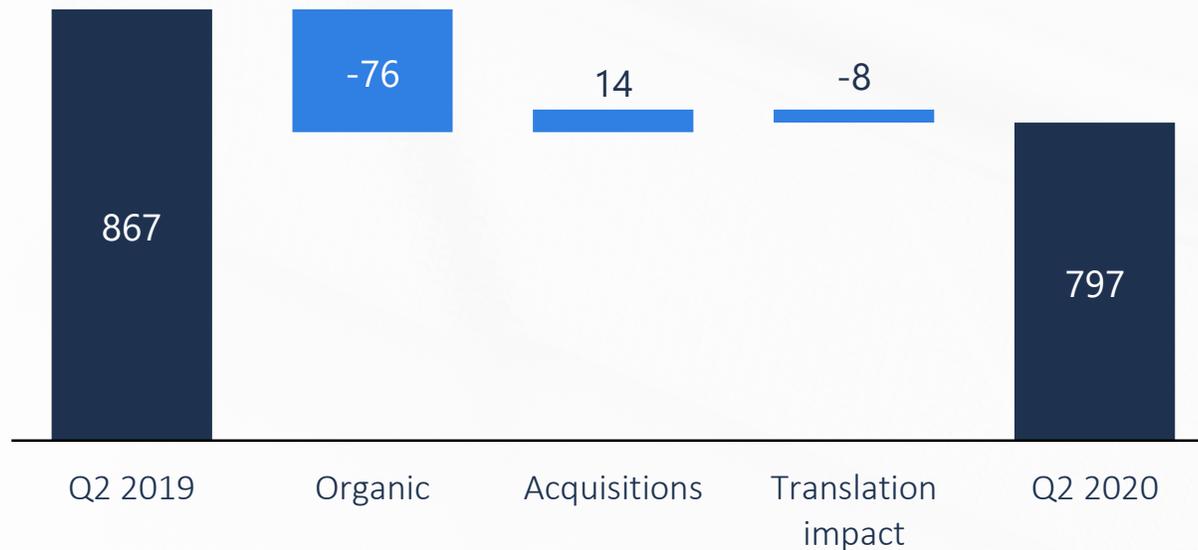
Recipient: Food System 6

Business performance



Q2 2020: Sales impacted by the COVID-19 related restrictions

Development of net sales in Q2 2020
(EUR million)



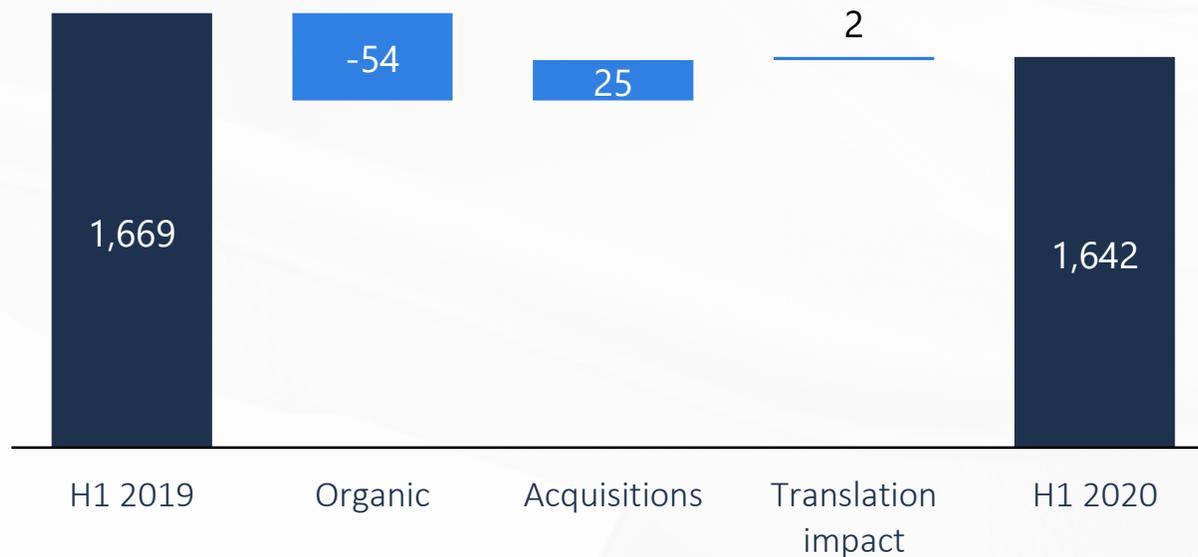
Net sales growth -8% in Q2 2020

- Comparable net sales growth -8% (-12% in emerging markets)
- 2% from acquisitions
- 1% negative 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.

H1 2020: Strong sales in Q1 offset the drop in sales in Q2

Development of net sales in H1 2020
(EUR million)



Net sales growth -2% in H1 2020

- Comparable net sales growth -3% (-8% in emerging markets)
- 2% from acquisitions
- Insignificant 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, food on-the-go significantly impacted

| <i>Comparable growth</i> | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | H1 19 | H1 20 | Long-term ambitions |
|--------------------------|-----------|-----------|-----------|-----------|------------|-----------|------------|---------------------|
| Foodservice E-A-O | 3% | 4% | 4% | -4% | -28% | 4% | -17% | 5-7% |
| North America | 13% | 14% | 6% | 9% | -5% | 9% | 1% | 3-5% |
| Flexible Packaging | 1% | 4% | 3% | 2% | 2% | 3% | 2% | 6-8% |
| Fiber Packaging | 7% | 7% | 8% | 9% | 10% | 5% | 10% | 3-5% |
| Group | 6% | 7% | 5% | 3% | -8% | 5% | -3% | 5+% |

- COVID-19 affected foodservice business globally
- Strong growth continued in retail tableware in North America
- Strong demand for food on-the-shelf products disrupted by interruptions in the supply chain

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

Solid adjusted EBIT margin despite COVID-19 crisis

| <i>MEUR</i> | Q2 20 | Q2 19 | Change | H1 20 | H1 19 | Change |
|--------------------------------|-------|-------|--------|---------|---------|--------|
| Net sales | 797.1 | 867.3 | -8% | 1,641.7 | 1,669.4 | -2% |
| Adjusted EBIT ¹ | 70.1 | 78.3 | -10% | 143.7 | 146.1 | -2% |
| Margin | 8.8% | 9.0% | | 8.8% | 8.8% | |
| Adjusted EPS, EUR ² | 0.44 | 0.51 | -14% | 0.90 | 0.95 | -5% |
| Capital expenditure | 40.3 | 38.6 | 4% | 79.7 | 78.3 | 2% |

- Lower earnings due to decrease in net sales
- Positive impacts from 2019 price management, lower raw material prices and a favorable sales mix in North America
- Adjusted EPS negatively affected by higher tax rate and financing costs
- Capex for future growth and efficiency enabled by our healthy balance sheet

¹ Excluding IAC of EUR 0.1 million in Q2 2020 (EUR -0.5 million) and EUR 9.0 million in H1 2020 (EUR -0.6 million).

² Excluding IAC of EUR 0.1 million in Q2 2020 (EUR -0.4 million) and EUR 7.0 million in H1 2020 (EUR -0.5 million).

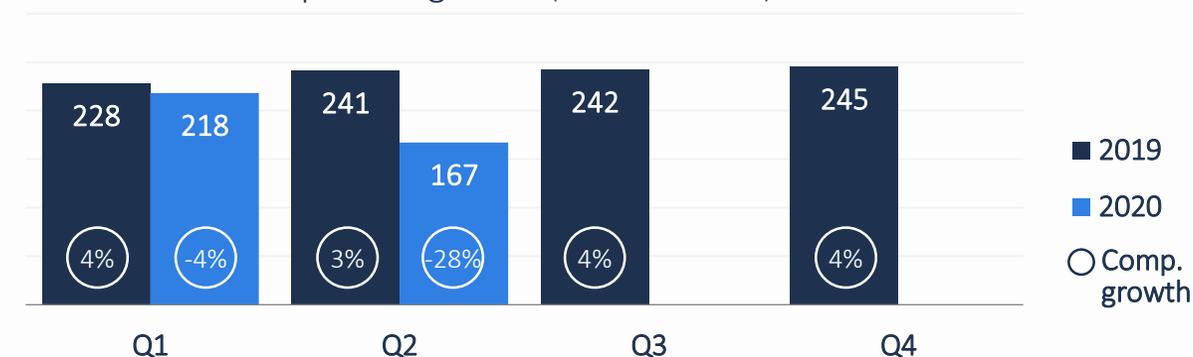
Business segment review



Foodservice EAO: COVID-19 drives decrease in sales and earnings

| Key figures, MEUR | Q2 20 | Q2 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 167.2 | 241.0 | -31% |
| Comparable growth | -28% | 3% | |
| Adjusted EBIT ¹ | 6.2 | 22.0 | -72% |
| Margin | 3.7% | 9.1% | |
| Capital expenditure | 18.5 | 15.3 | 21% |
| Operating cash flow ¹ | -7.0 | 15.6 | <-100% |

Net sales and comparable growth (EUR million & %)



| Key figures, MEUR | H1 20 | H1 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 384.8 | 469.0 | -18% |
| Comparable growth | -17% | 4% | |
| Adjusted EBIT ¹ | 23.6 | 42.1 | -44% |
| Margin | 6.1% | 9.0% | |
| Adjusted RONA ¹ | 8.7% | 11.1% | |
| Capital expenditure | 34.5 | 28.9 | 20% |
| Operating cash flow ¹ | 4.1 | 23.4 | -83% |

- Lockdown and restrictions resulted in significant negative impact on demand for foodservice packaging, affecting both sales and earnings
- Measures taken to mitigate the crisis impact e.g. allocation of idle manufacturing capacity for other purposes
- Continued investments for future growth and category expansion based on the step-wise recovery post lockdown in Q2 and our overarching confidence in the category

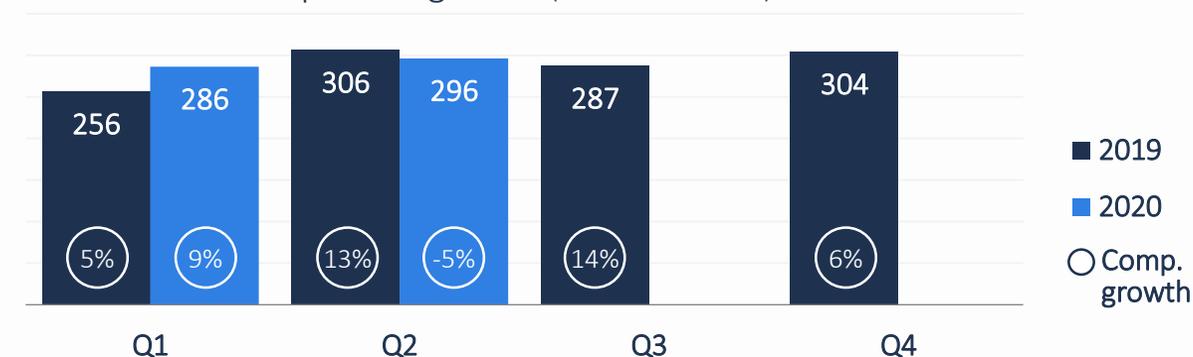
¹ Excluding IAC of EUR -0.5 million in Q2 2020 (EUR -0.2 million) and EUR -2.1 million in H1 2020 (EUR -0.2 million).

North America: Strong performance during Q2 and H1

Key figures, MEUR

| | Q2 20 | Q2 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 296.1 | 306.4 | -3% |
| Comparable growth | -5% | 13% | |
| Adjusted EBIT ¹ | 37.9 | 32.4 | 17% |
| Margin | 12.8% | 10.6% | |
| Capital expenditure | 9.9 | 9.4 | 5% |
| Operating cash flow ¹ | 71.9 | 34.2 | >100% |

Net sales and comparable growth (EUR million & %)



Key figures, MEUR

| | H1 20 | H1 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 582.3 | 562.1 | 4% |
| Comparable growth | 1% | 9% | |
| Adjusted EBIT ¹ | 68.4 | 53.0 | 29% |
| Margin | 11.7% | 9.4% | |
| Adjusted RONA ¹ | 14.9% | 10.3% | |
| Capital expenditure | 21.8 | 24.1 | -9% |
| Operating cash flow ¹ | 79.2 | 37.1 | >100% |

- Strong growth in retail tableware and in-home ice cream consumption
- COVID-19 impacted foodservice packaging sales negatively, primarily in drink cups and trays
- Earnings improved as a result of the continuation of the margins established in 2019, favorable sales mix and lower energy, fuel and plastic resin costs

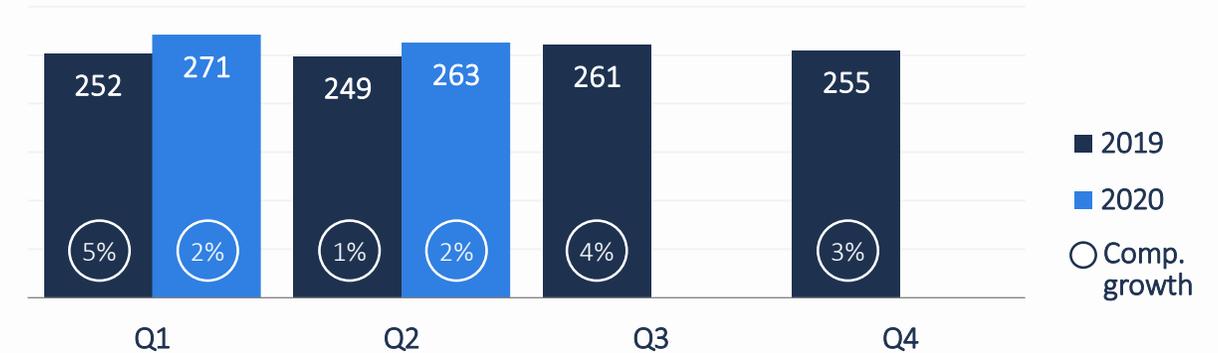
¹ Excluding IAC of EUR -0.0 million in Q2 2020 (no IAC in Q2 2019) and EUR -3.4 million in H1 2020 (no IAC in H1 2019).

Flexible Packaging: Performance impacted by disruptions in the supply chain

Key figures, MEUR

| | Q2 20 | Q2 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 263.1 | 248.7 | 6% |
| Comparable growth | 2% | 1% | |
| Adjusted EBIT ¹ | 19.1 | 20.1 | -5% |
| Margin | 7.3% | 8.1% | |
| Capital expenditure | 7.5 | 10.6 | -29% |
| Operating cash flow ¹ | 7.4 | 16.5 | -55% |

Net sales and comparable growth (EUR million & %)



Key figures, MEUR

| | H1 20 | H1 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 534.0 | 500.5 | 7% |
| Comparable growth | 2% | 3% | |
| Adjusted EBIT ¹ | 40.1 | 43.2 | -7% |
| Margin | 7.5% | 8.6% | |
| Adjusted RONA ¹ | 10.1% | 10.5% | |
| Capital expenditure | 15.5 | 19.3 | -20% |
| Operating cash flow ¹ | 9.1 | 15.8 | -42% |

- Good demand for flexible packaging across most markets, with higher than normal demand in Europe
- The lower performance was driven mainly by UAE and India
 - India business was severely impacted during Q2 by the strict restrictions across the country limiting demand and supply
 - UAE suffered factory lockdowns
- Integration of recent acquisitions continues according to plan and supported growth and earnings

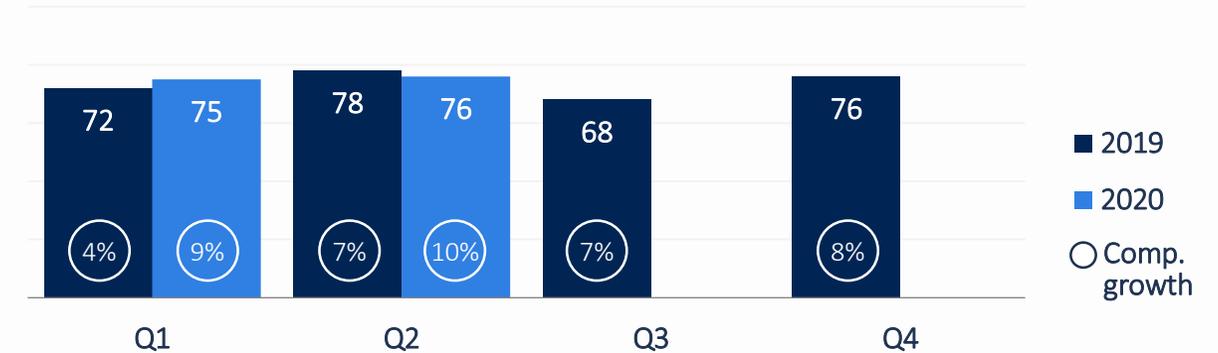
¹ Excluding IAC of EUR -0.3 million in Q2 2020 (no IAC in Q2 2019) and EUR -4.9 million in H1 2020 (no IAC in H1 2019).

Fiber Packaging: Significant growth in sales and solid profitability

Key figures, MEUR

| | Q2 20 | Q2 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 75.7 | 77.5 | -2% |
| Comparable growth | 10% | 7% | |
| Adjusted EBIT ¹ | 8.5 | 7.6 | 12% |
| Margin | 11.2% | 9.8% | |
| Capital expenditure | 4.3 | 3.2 | 34% |
| Operating cash flow ¹ | 7.5 | 8.9 | -16% |

Net sales and comparable growth (EUR million & %)



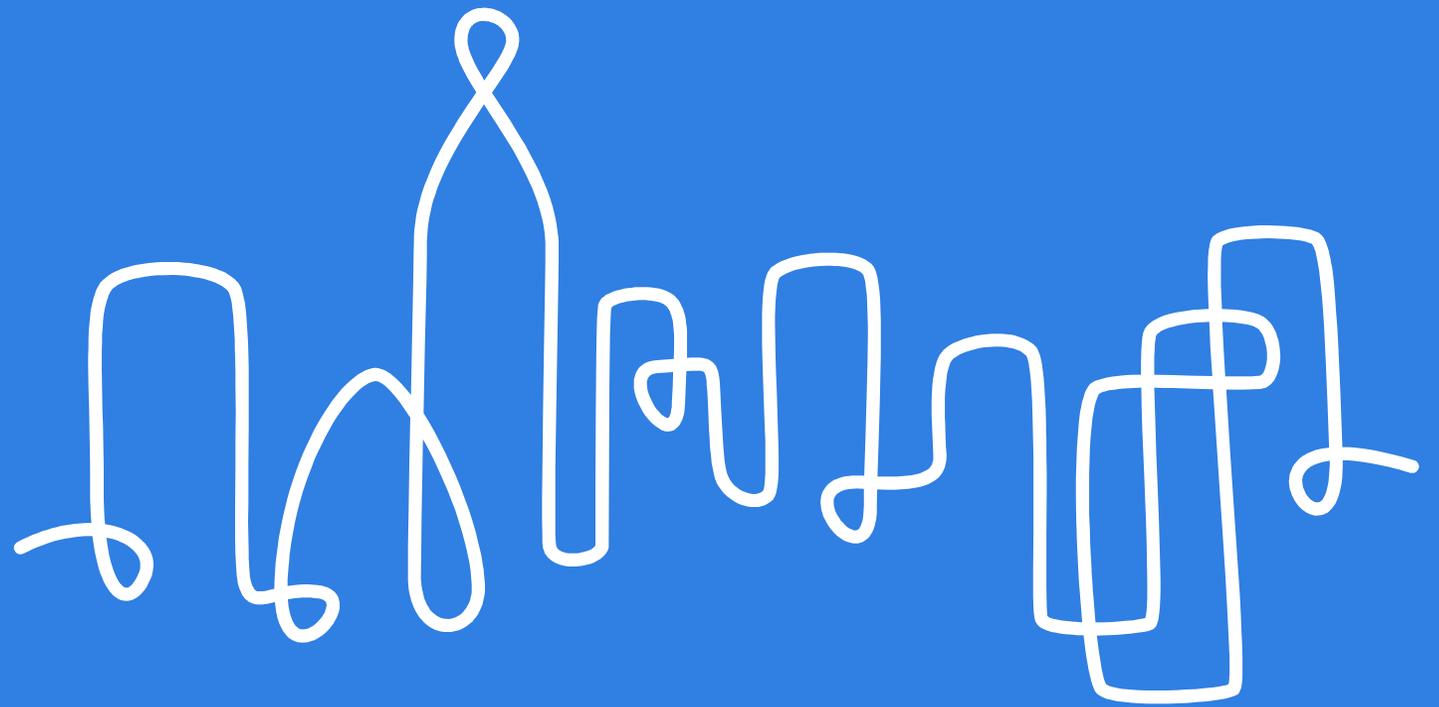
Key figures, MEUR

| | H1 20 | H1 19 | Change |
|----------------------------------|-------|-------|--------|
| Net sales | 150.2 | 149.1 | 1% |
| Comparable growth | 10% | 5% | |
| Adjusted EBIT ¹ | 16.7 | 14.4 | 16% |
| Margin | 11.1% | 9.7% | |
| Adjusted RONA ¹ | 13.4% | 13.5% | |
| Capital expenditure | 7.7 | 5.8 | 33% |
| Operating cash flow ¹ | 7.4 | 13.5 | -46% |

- Strong demand across markets – especially in egg packaging and continued plastic substitution
- Net sales increased especially in Europe
- Earnings improvement driven by volume growth, pricing actions implemented earlier and lower raw material prices

¹ Excluding IAC of EUR -0.8 million in Q2 2020 (no IAC in Q2 2019) and EUR -1.5 million in H1 2020 (no IAC in H1 2019).

Financial review



Solid EBIT margin whilst EPS affected by financial items and tax rate

| MEUR | Q2 20 | Q2 19 | Change | H1 20 | H1 19 | Change |
|---|--------------|-------|--------|--------------|---------|--------|
| Net sales | 797.1 | 867.3 | -8% | 1,641.7 | 1,669.4 | -2% |
| Adjusted EBITDA ¹ | 112.1 | 118.6 | -5% | 229.1 | 225.5 | 2% |
| <i>Margin¹</i> | 14.1% | 13.7% | | 14.0% | 13.5% | |
| Adjusted EBIT ² | 70.1 | 78.3 | -10% | 143.7 | 146.1 | -2% |
| <i>Margin²</i> | 8.8% | 9.0% | | 8.8% | 8.8% | |
| EBIT | 70.2 | 77.8 | -10% | 152.7 | 145.5 | 5% |
| Net financial items | -8.4 | -7.8 | -8% | -17.6 | -15.7 | -12% |
| Adjusted profit before taxes | 61.7 | 70.5 | -12% | 126.1 | 130.4 | -3% |
| Adjusted income tax expense ³ | -13.9 | -15.6 | 11% | -28.4 | -28.0 | -1% |
| Adjusted profit for the period ⁴ | 47.8 | 54.9 | -13% | 97.7 | 102.3 | -4% |
| Adjusted EPS, EUR ⁴ | 0.44 | 0.51 | -14% | 0.90 | 0.95 | -5% |

- Net financial items increased following internal funding arrangements and precautionary measures for COVID-19
- Higher reported tax in H2 2020 with adjusted tax rate 23% (22% in H1 2019)

¹ Excluding IAC of EUR 0.9 million in Q2 20 (EUR -0.5 million) and EUR 14.0 million in H1 20 (EUR -0.6 million). ³ Excluding IAC of EUR 0.0 million in Q2 20 (EUR 0.1 million) and EUR -2.0 million in H1 20 (EUR 0.1 million).

² Excluding IAC of EUR 0.1 million in Q2 20 (EUR -0.5 million) and EUR 9.0 million in H1 20 (EUR -0.6 million). ⁴ Excluding IAC of EUR 0.1 million in Q2 20 (EUR -0.4 million) and EUR 7.0 million in H1 20 (EUR -0.5 million).

No significant impact from currencies

| | Average rate H1 2019 | Closing rates | | | | | Average rate H1 2020 | Change in average rate |
|-----|-------------------------|---------------|-------|-------|-------|-------|-------------------------|------------------------------|
| | | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | | |
| USD | 1.13 | 1.14 | 1.09 | 1.12 | 1.10 | 1.13 | 1.10 | 3% |
| INR | 79.13 | 78.57 | 77.07 | 79.81 | 83.50 | 85.19 | 81.63 | -3% |
| GBP | 0.87 | 0.89 | 0.89 | 0.85 | 0.89 | 0.92 | 0.87 | 0% |
| CNY | 7.67 | 7.82 | 7.79 | 7.82 | 7.83 | 7.98 | 7.75 | -1% |
| AUD | 1.60 | 1.63 | 1.62 | 1.60 | 1.80 | 1.64 | 1.68 | -5% |
| THB | 35.72 | 35.00 | 33.51 | 33.47 | 36.08 | 34.85 | 34.82 | 3% |
| RUB | 73.79 | 71.61 | 70.37 | 69.28 | 88.14 | 78.92 | 76.61 | -4% |
| BRL | 4.34 | 4.39 | 4.55 | 4.51 | 5.65 | 6.11 | 5.40 | -24% |
| NZD | 1.68 | 1.70 | 1.74 | 1.66 | 1.84 | 1.75 | 1.76 | -5% |
| ZAR | 16.05 | 16.09 | 16.48 | 15.74 | 19.73 | 19.43 | 18.30 | -14% |

Foreign currency translation impact

Q2 2020
(EUR million)

| | |
|-----------|----------|
| Net sales | EBIT |
| -8 | 0 |

H1 2020
(EUR million)

| | |
|-----------|-----------|
| Net sales | EBIT |
| +2 | +1 |

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

Net debt decreased compared to Q2 2019 and Q1 2020

Net debt, net debt/adj. EBITDA and gearing

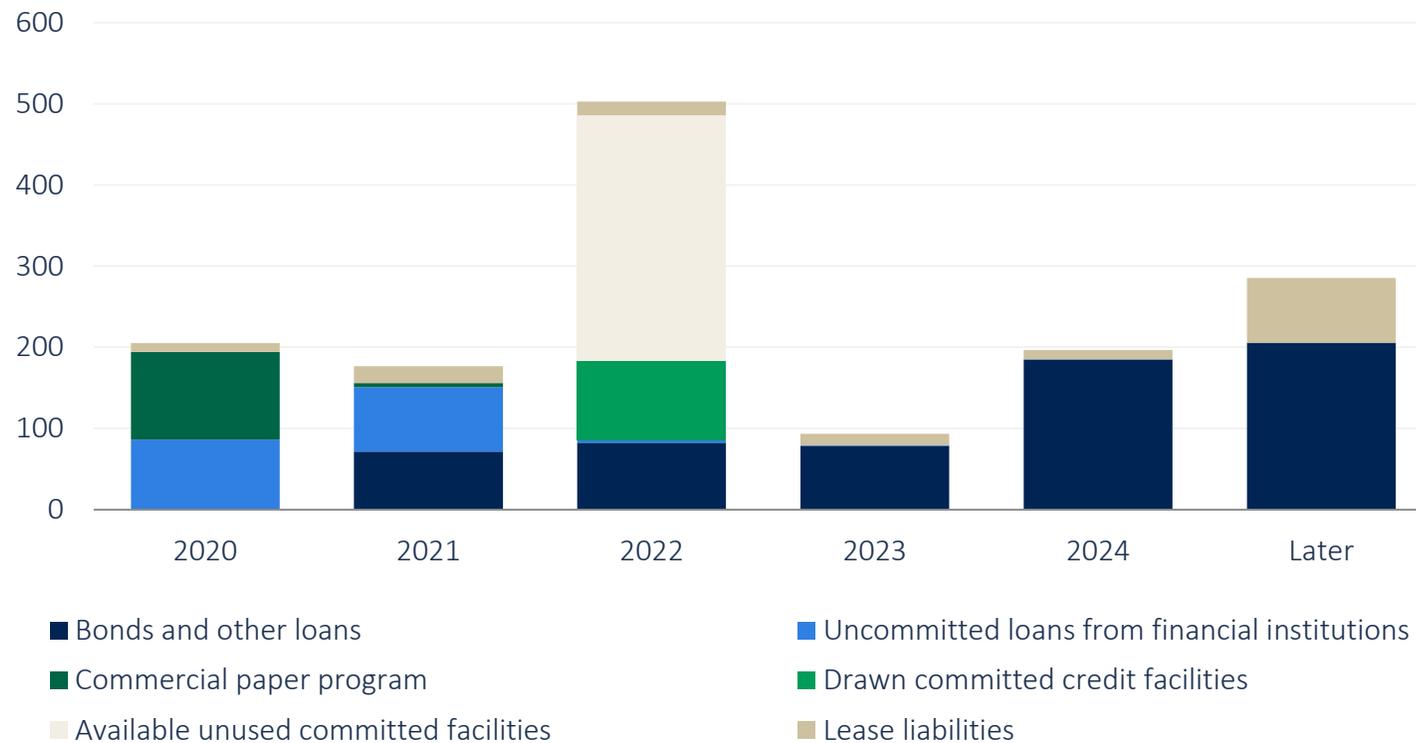


- Net debt/Adj. EBITDA at 2.0
- At the end of Q2 2020:
 - Cash and cash equivalents EUR 234 million
 - Unused committed credit facilities available EUR 303 million
- Net debt EUR 908 million and lease liabilities EUR 154 million

¹ Covenant level is excluding IFRS 16 lease liabilities.

Loan maturities

Debt maturity structure June 30, 2020
(EUR million)

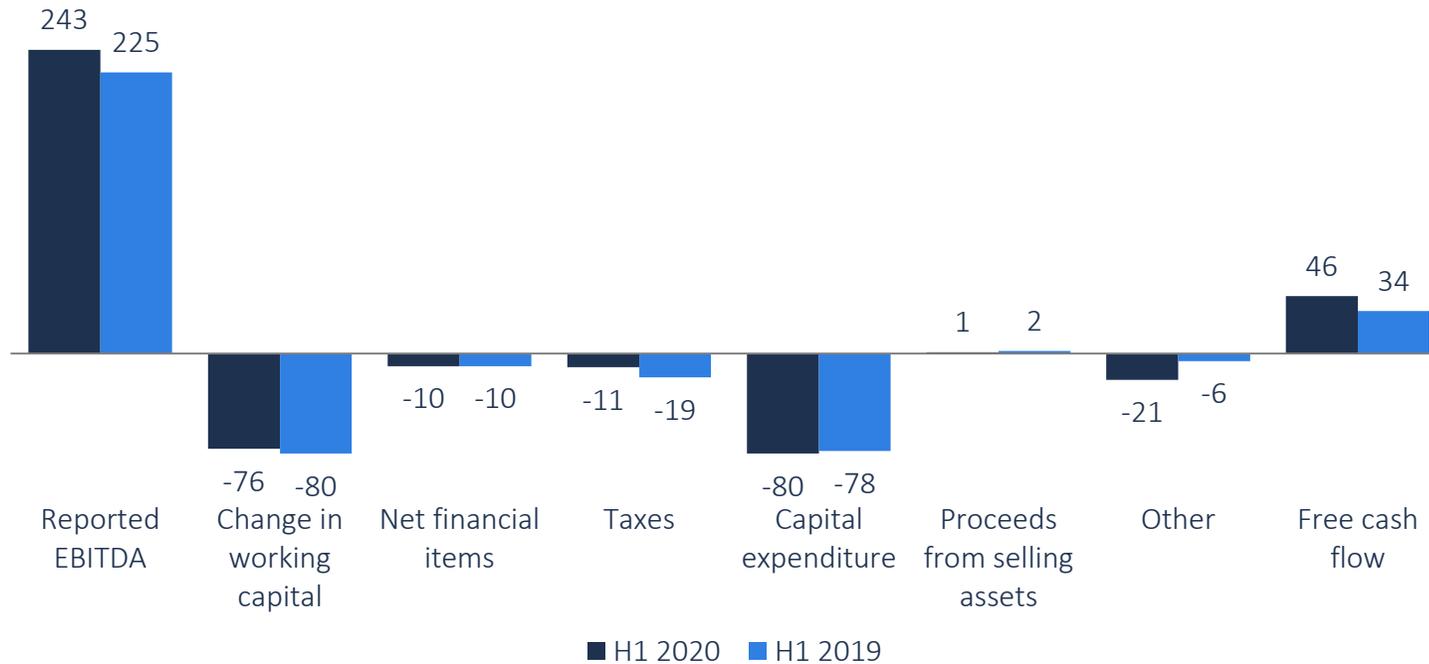


- Average maturity 3.1 years at the end of Q2 2020 (3.2 Q2 2019)
- Unused committed credit facilities of EUR 303 million maturing in 2022
- EUR 150 million Schuldschein in 3 and 5 year maturities signed on June 26, 2020¹
 - Proceeds will be used for general corporate purposes and repayment of existing debt maturing during the next 12 months

¹ Funds paid on July 3, 2020

Higher free cash flow

Free cash flow bridge
(EUR million)



Cash flow driven by:

- Higher EBITDA despite impact from COVID
- Laminor gain of ~20 MEUR is recognized as non-cash in 'Other'
- Positive impact from working capital following active receivables collection

Stable financial position

| <i>MEUR</i> | Jun 2020 | Jun 2019 |
|-----------------------------------|----------|----------|
| Total assets | 3,672 | 3,413 |
| Operating working capital | 617 | 662 |
| Net debt | 908 | 1,019 |
| Equity & non-controlling interest | 1,475 | 1,305 |
| Gearing | 0.62 | 0.78 |
| Adjusted ROI ¹ | 11.6% | 11.5% |
| Adjusted ROE ¹ | 14.2% | 14.8% |

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

¹ Excluding IAC.

Progress towards long-term financial ambitions

| | 2014 | 2015 | 2016 | 2017 | 2018 ¹ | 2019 | H1 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% | 8.8% | 10+% |
| Net debt/Adj. EBITDA | 1.0 | 1.6 | 1.8 | 1.8 | 2.3 | 2.0 | 2.0 | 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 23, 2020
- In April, the AGM authorized the Board of Directors to decide on the distribution of the dividend for 2019 in one or several instalments of a total maximum of EUR 0.89 per share

¹ FY 2018 figures restated for IFRS 16 impact

² The Annual General Meeting has authorized the Board of Directors to decide at a later stage and in its discretion on the distribution of dividend in one or several instalments of a total maximum of EUR 0.89 per share. Payout ratio of 47% corresponds to a dividend payout of EUR 0.89.

Looking forward



Huhtamaki

Outlook 2020

Disturbance from the COVID-19 pandemic on Huhtamaki's operating environment is expected to continue. The demand especially for food on-the-go packaging may be significantly negatively impacted whilst demand for food on-the-shelf packaging and convenience tableware may be positively impacted. Huhtamaki's diversified product portfolio provides resilience to the effects of the pandemic.

Short-term risks and uncertainties

The COVID-19 pandemic including a potential second wave of the pandemic is a significant short-term risk potentially 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

October 22

Q3 2020 Interim Report

November 10

Segment update and site visit in
Hämeenlinna, Finland

More information will follow. Event subject to restrictions following COVID-19.

Disclaimer

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