

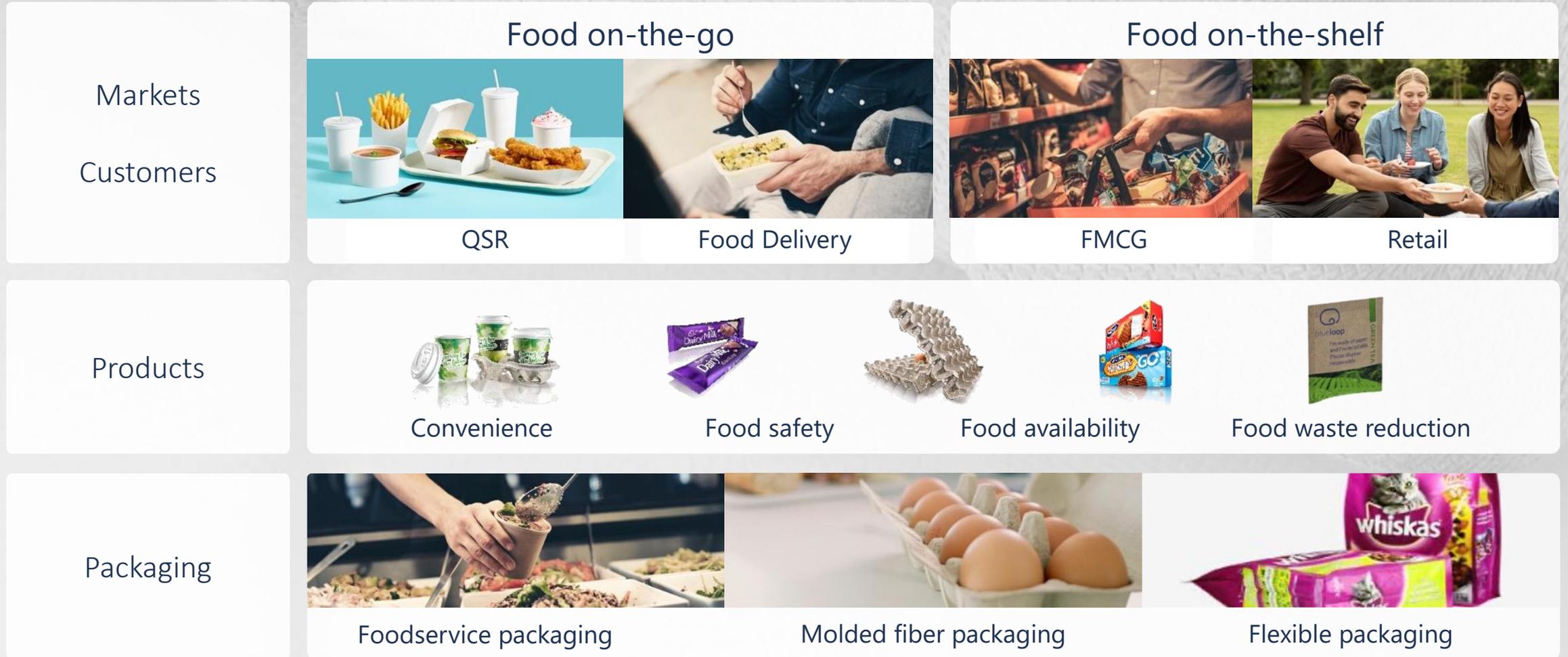
# Becoming the first choice in sustainable food packaging

Roadshow presentation  
May 2020

**Huhtamaki**



# Broadly serving food on-the-go and food on-the-shelf



# Huhtamaki operates on a global scale

Figures for 2019

NET SALES

€3.4B

ADJUSTED EBIT MARGIN

8.6%

MANUFACTURING UNITS

81

OPERATING COUNTRIES

35

EMPLOYEES

18,598



# We operate through 3 business segments

## North America

**18** manufacturing units in  
**2** countries

**4,200** employees

**€1.2B** net sales

## Fiber and Foodservice Europe-Asia-Oceania

**33** manufacturing units in  
**28** countries

**6,800** employees

**€1.3B** net sales

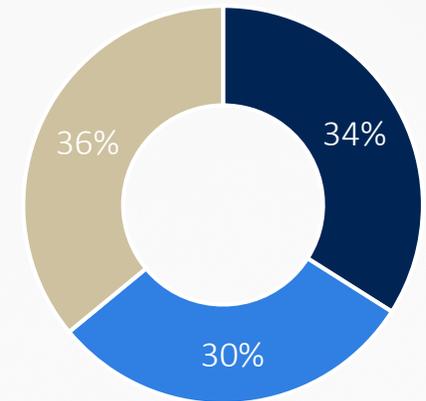
## Flexible Packaging

**29** manufacturing units in  
**16** countries

**7,500** employees

**€1.0B** net sales

## Net sales per segment (2019)



- North America
- Flexible Packaging
- Fiber and Foodservice Europe-Asia-Oceania

Fiber Packaging and Foodservice EAO will be integrated as of June 1, 2020, while the segments will continue to be reported separately, at least for the remainder of the financial year 2020.

# Understanding the value of packaging within the broader sustainability context

## Hygiene

Packaging promotes hygiene and prevents spread of disease

## Food safety

Packaging keeps food safe from spoilage and preserves its original properties

## Food availability

Packaging enables food availability everywhere in the world and allows food to be transported affordably and at low emissions

## Food waste prevention

1/3 of food is wasted, representing 8% of global greenhouse gases. Packaging prevents food waste

# The future of food packaging is impacted by four transformative trends

- The next billion consumers will come from emerging markets
- Future consumer will require packaging to be innovative, individual and sustainable
- Digitalization will influence packaging and the way we do business
- Sustainability will drive innovation and collaboration



# Our strategic priorities

We are for shaping the sustainable future of everyday life to offer wellbeing, convenience and responsible lifestyle to billions of people everywhere

OUR AMBITION and FOUR STRATEGIC PRIORITIES

Our ambition is to be the first choice in sustainable food packaging

## GROWTH

Scaling our core businesses  
Expansion in emerging markets  
Developing sustainable solutions  
Food delivery packaging  
Innovation & venturing

## COMPETITIVENESS

Top operational performance  
Process performance  
Scale & structural efficiencies  
Digitalizing operations

## TALENT

Zero accident safety record  
Strategic capabilities  
High-performance culture  
Values in the way we work

## SUSTAINABILITY

Embedded in everything we do

## FLAWLESS STRATEGY EXECUTION

Our empowered **Business Segments** execute and drive the business strategy  
Our **Global Functions** support strategy delivery  
Our **World Class Management** program transforms our performance

## OUR VALUES

Care Dare Deliver

# We have high financial and sustainability ambitions

Our ambition

## First choice in sustainable food packaging

Comparable growth

5+%

Adjusted EBIT margin

10+%

Net debt/Adjusted EBITDA

2-3

Dividend payout ratio

40-50%

100%

of products designed to be recyclable, compostable or reusable

>80%

renewable or recycled raw material

100%

of fiber from recycled or certified sources

>90%

of non-hazardous waste recycled or composted

100%

renewable electricity

Carbon neutral production

and science-based emission target



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[www.huhtamaki.com/investors](http://www.huhtamaki.com/investors)

**Huhtamaki**

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# Appendix:

## The role of packaging



# The future of food packaging is impacted by four transformative trends



The next billion consumers will come from emerging markets

- Middle class will increase by 1.8B people in the next 10 years
- Coming from China, India, South East Asia and longer-term Africa
- Demanding safe access to affordable food every day, enabled by packaging
- Driving the need for local scale and cost competitiveness



Future consumer will require packaging to be innovative, individual and sustainable

- Future consumer values convenience and self expression
- Consciousness of personal and environmental wellbeing is increasing
- New brands and models are emerging in Food delivery, FMCG, Retail
- Increasing demand for innovative, individual, sustainable packaging fast to the market



Digitalization will influence packaging and the way we do business

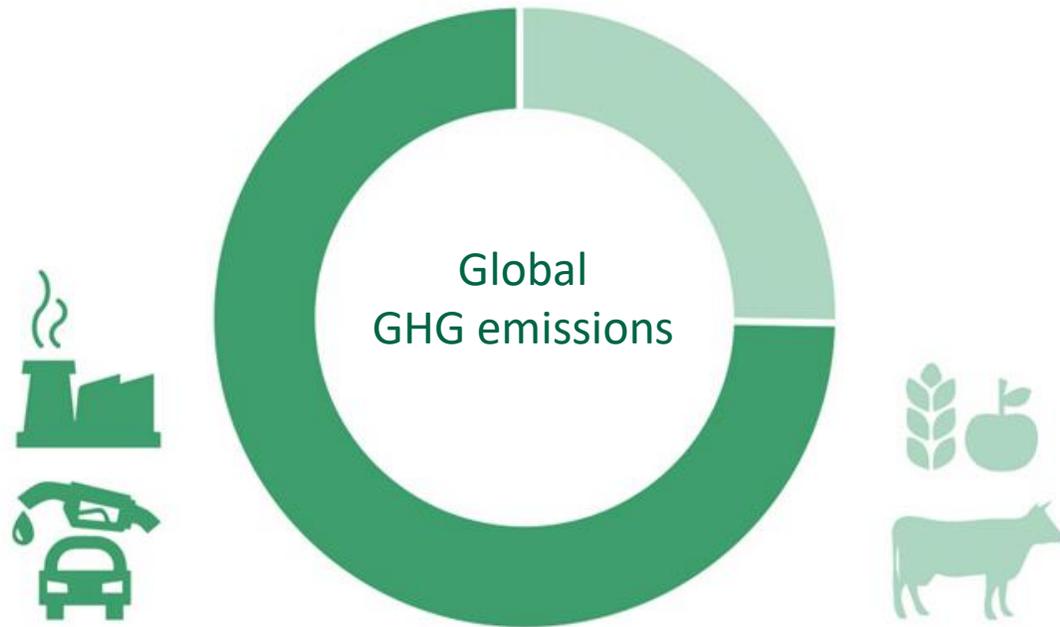
- The pace of digitalization will accelerate
- Creating demand for smart packaging for product traceability and consumer engagement
- Technology and analytics will reshape operations
- New digital-enabled business models will rise



Sustainability will drive innovation and collaboration

- Increasing consumer sentiment and regulation spreading globally
- Demanding circularity and plastic substitution solutions
- Driving a need for innovation in products and business models
- Requiring us to collaborate across the value chain

# Food is a major contributor to climate change

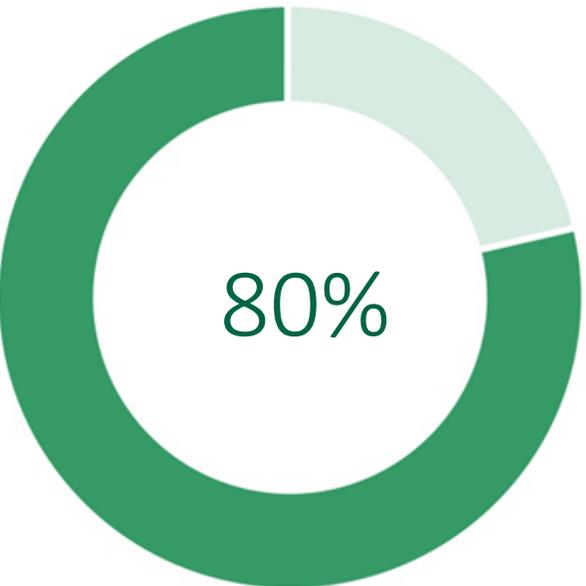


approx. 25%  
of global GHG emissions come from  
food systems

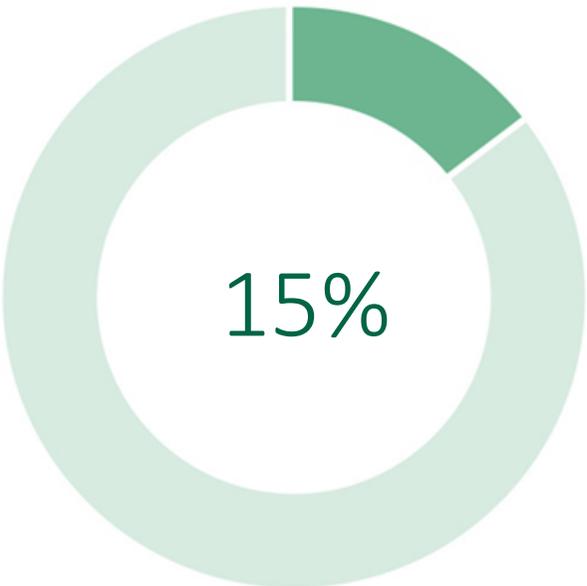


8%  
of global GHG emissions come from wasted  
of lost food

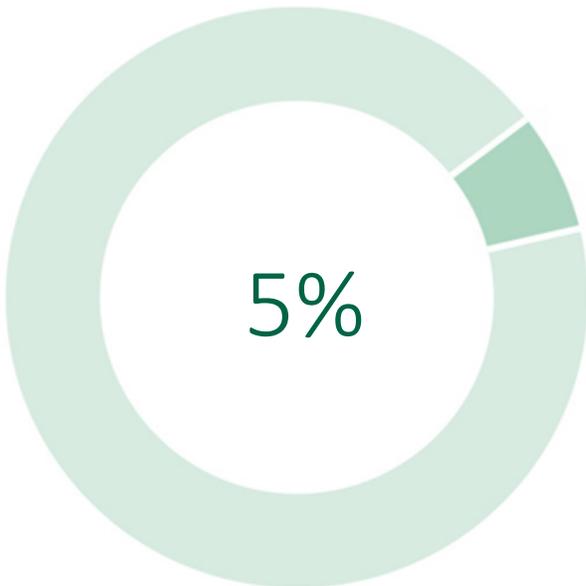
# Packaging accounts for approx. 5% of food's CO<sub>2</sub> footprint



Food production

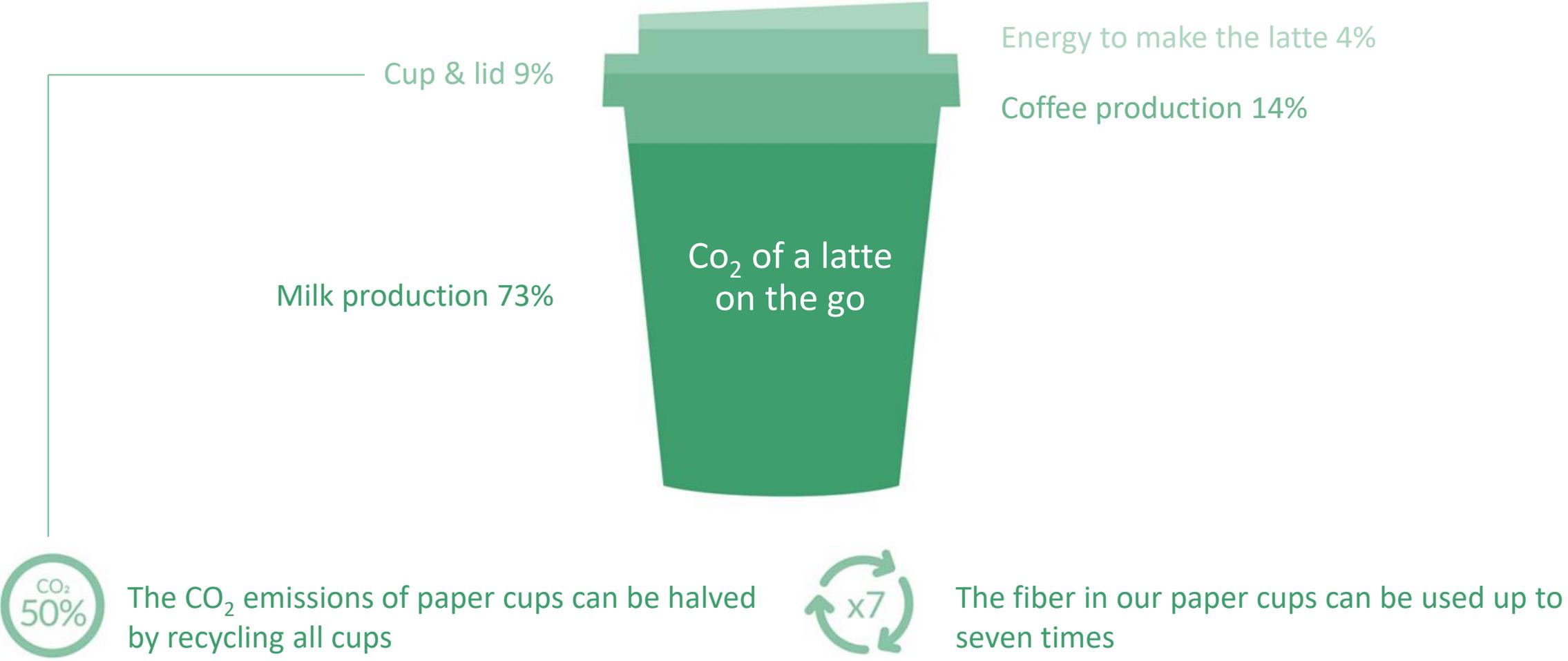


Transport and distribution



Packaging

# Only a small share of CO<sub>2</sub> emissions of a latte on-the-go come from the cup, and these can be halved by increasing recycling



Source: Comparative LCA study of cups for hot drinks made of six different materials, VTT 2019

In addition to recyclable packaging, consumer awareness and an efficient collection, sorting and recycling infrastructure are required to solve littering and waste challenges



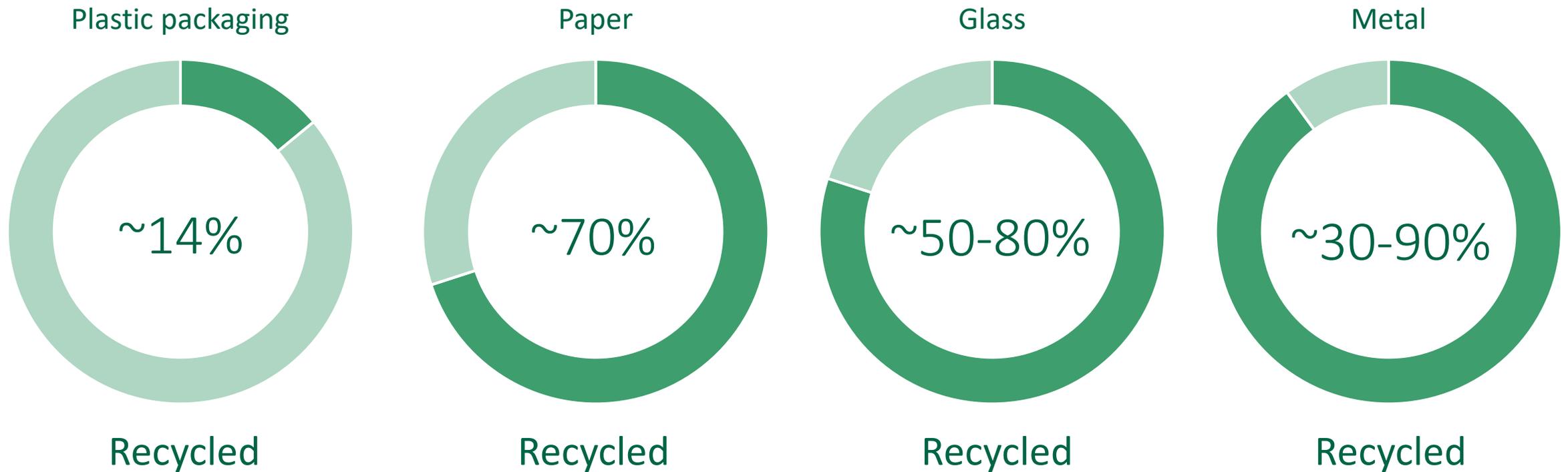
Recyclable packaging

Collection, sorting and recycling infrastructure

Consumer behaviour

Less waste in the environment

# Recycling rates vary – significant potential to utilize valuable materials



Source: Smithers Pira: Future Lifecycles of Packaging Recycling to 2023

# Examples of recent innovations and product launches



Huhtamaki Fresh ready meal tray – a recyclable alternative to black plastic, made of renewable raw materials

Micro-wave and oven safe

Cooler to touch than plastic



High-quality alternative to plastic straws

Huhtamaki paper straws – an eco-friendly solution for enjoying cold drinks

Recyclable

Made from 100% PEFC certified paper



Huhtamaki blueloop – flexible packaging designed for recycling

- Mono-material structures
- Minimum 90% standard materials like PE, PP, or PET
- Available already for several end applications ranging from candy and chocolates to dry foods and personal care products

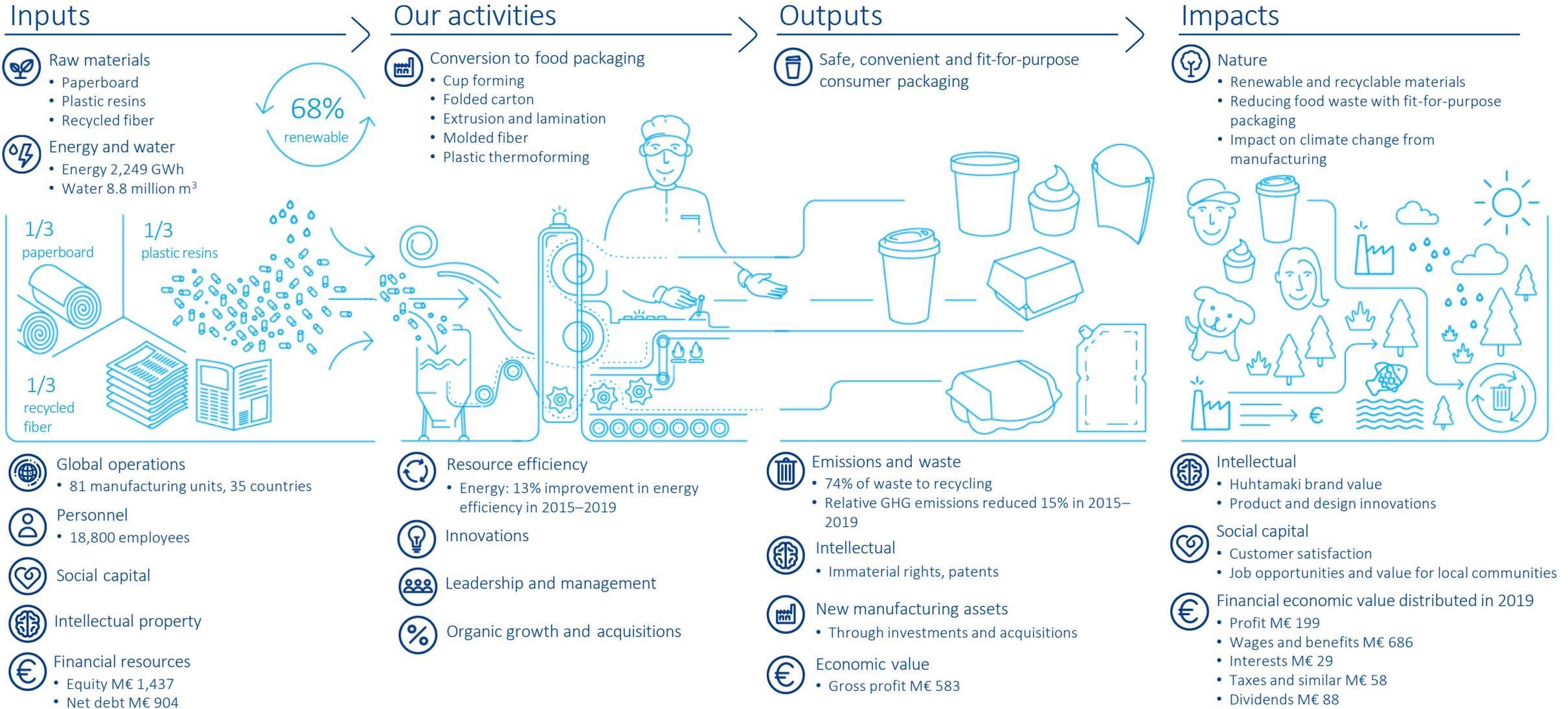
100% renewable FutureSmart product line further reduces CO<sub>2</sub> emissions



# Appendix: Segments and financials



# Operating model: We are a converter



# Fiber and Foodservice Europe-Asia-Oceania

Fiber Packaging and Foodservice EAO has been integrated as of June 1, 2020

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging, and foodservice paper and plastic disposable tableware, such as cups and lids, is supplied to foodservice operators, fast food restaurants and coffee shops.

Production in Europe, South Africa, Middle East, Asia and Oceania.

## NET SALES

€1,250 mn

## ADJUSTED EBIT MARGIN

9.2%

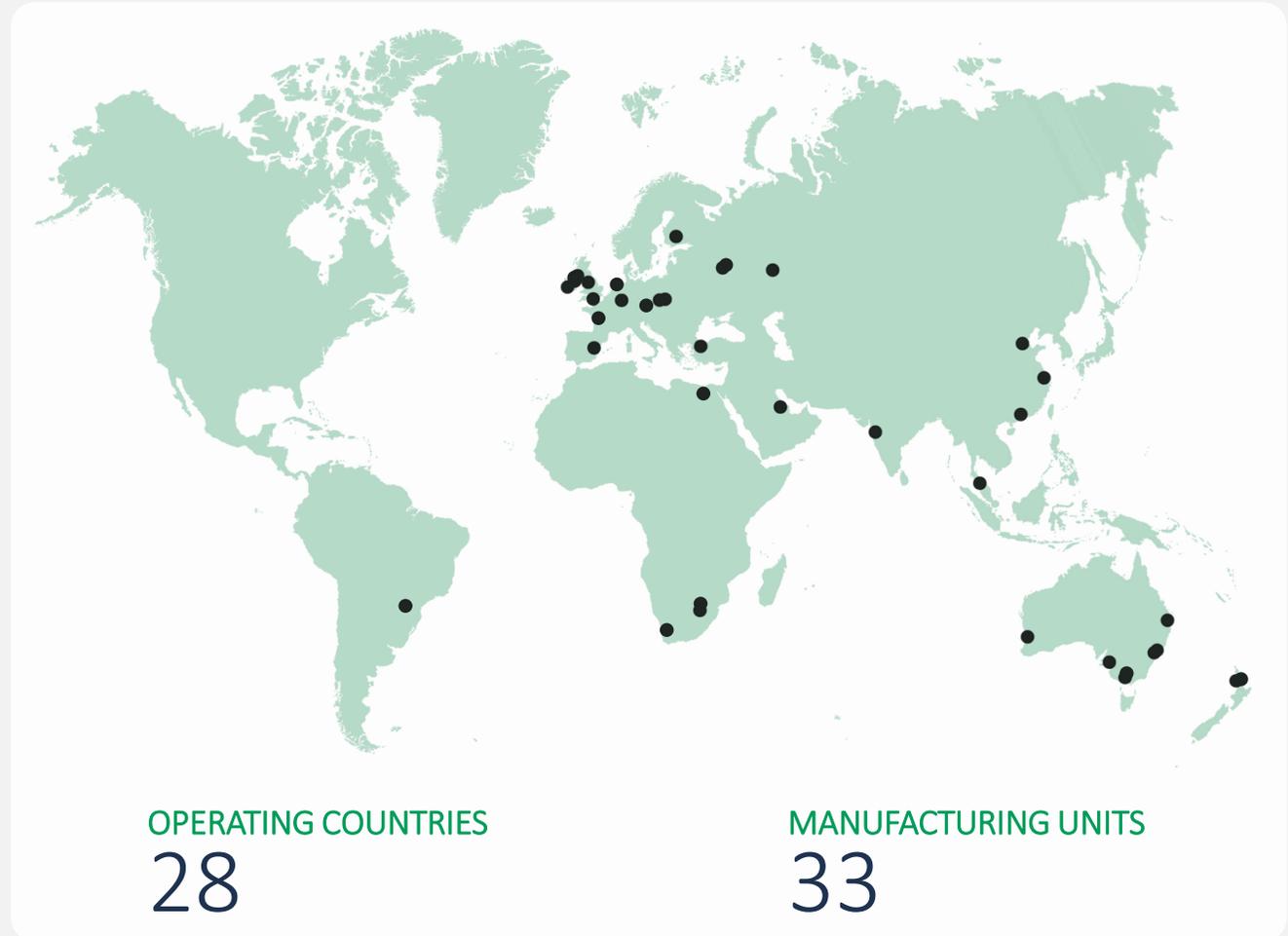
## EMPLOYEES

6,762

## MARKET POSITION

#1

- globally operating foodservice packaging company
- in fiber packaging globally



Combined figures for 2019 for Fiber Packaging and Foodservice Europe-Asia-Oceania.

# North America

Serves local markets with foodservice packaging, Chinet® disposable tableware as well as ice-cream containers and other consumer goods packaging products.

Production in the United States and Mexico.

NET SALES

€1,153 mn

ADJUSTED EBIT MARGIN

9.7%

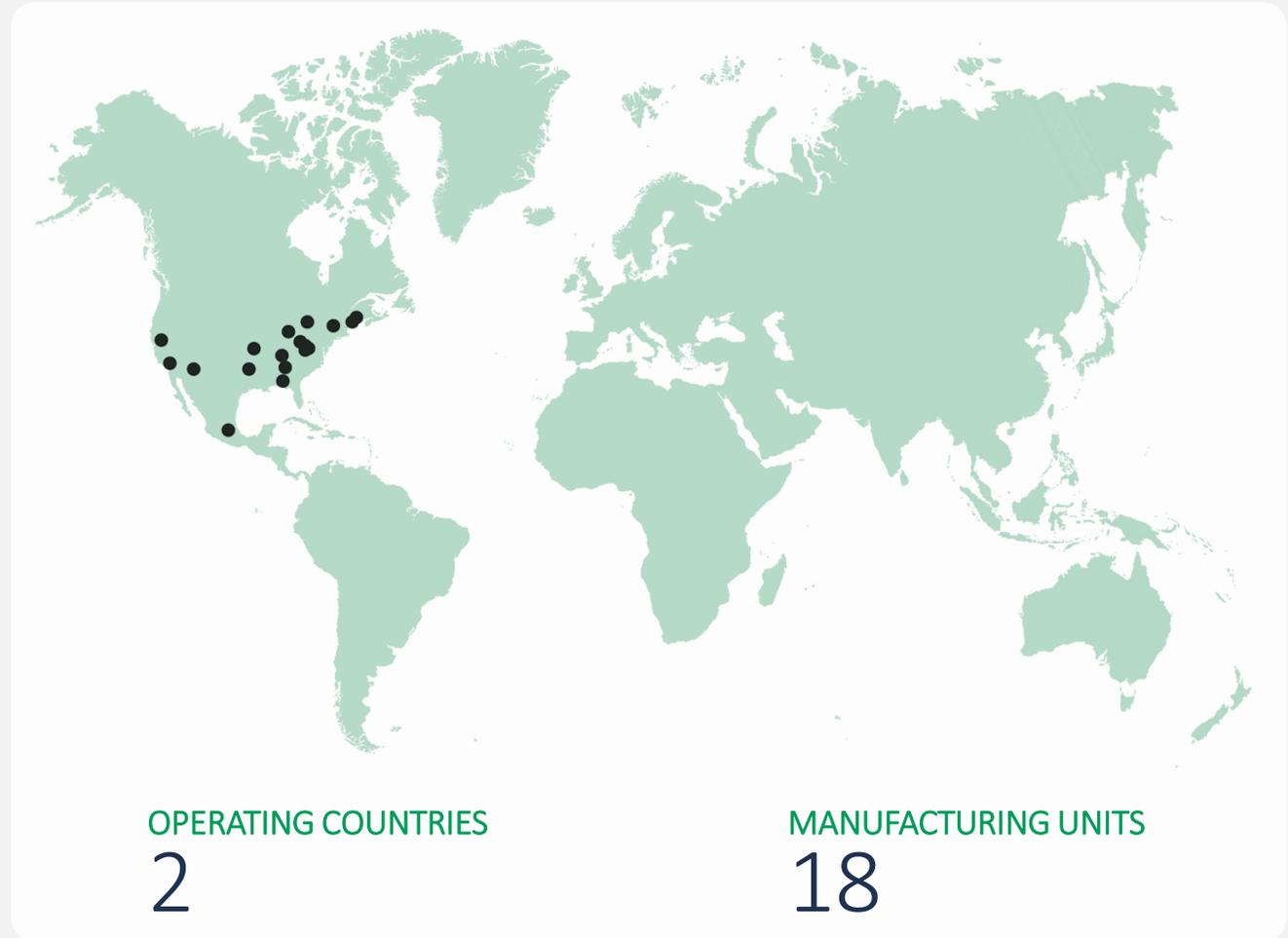
EMPLOYEES

4,209

MARKET POSITION

#1

globally operating  
foodservice packaging  
company



Figures for 2019

# Flexible Packaging

Flexible packaging is used for a wide range of pre-packed consumer products including food, beverages, pet food, hygiene and health care products.

Production in Europe, Middle East and Africa, Asia and South America.

## NET SALES

€1,016 mn

## ADJUSTED EBIT MARGIN

8.1%

## EMPLOYEES

7,544

## MARKET POSITION

#1

flexible packaging  
company in  
emerging markets



Figures for 2019

# Products, customers, sales split and competitors per segment

Fiber Packaging and Foodservice EAO has been integrated as of June 1, 2020

	Fiber Packaging	Foodservice E-A-O	North America	Flexible Packaging
Our products				
Our customers				
Net sales split	<ul style="list-style-type: none"> <li>Europe</li> <li>ROW</li> </ul>	<ul style="list-style-type: none"> <li>Western Europe &amp; UK</li> <li>Central &amp; Eastern Europe</li> <li>Rest of world</li> </ul>	<ul style="list-style-type: none"> <li>Foodservice</li> <li>Retail</li> <li>Consumer goods</li> </ul>	<ul style="list-style-type: none"> <li>Europe</li> <li>Asia</li> <li>Middle East and Africa</li> </ul>
Key competitors	<ul style="list-style-type: none"> <li>Hartmann</li> <li>Local players</li> <li>Pactiv</li> <li>Plastics manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Seda</li> <li>Graphic Packaging</li> <li>Detpak</li> <li>Dart/Solo</li> <li>HK Cup</li> <li>Local players</li> </ul>	<ul style="list-style-type: none"> <li>Graphic Packaging</li> <li>Dart/Solo</li> <li>Reynolds/Pactiv</li> <li>Koch/Georgia Pacific</li> <li>Novolex</li> <li>Berry Plastics</li> <li>Westrock</li> <li>Sabert</li> <li>Gen Pak</li> <li>AJM</li> <li>Aspen</li> </ul>	<ul style="list-style-type: none"> <li>Amcor</li> <li>Constantia</li> <li>Sealed Air</li> <li>Dai Nippon</li> <li>Regional players</li> <li>Local players</li> </ul>

# Strategic focus areas for segments

Fiber Packaging and Foodservice EAO has been integrated as of June 1, 2020

## Fiber Packaging

### Egg and fruit protective packaging

- Steady underlying growth and plastic substitution in some geographies
- Room to expand geographically, within product categories and to take share from plastic
- Base to develop circular models together with Foodservice

### Molded fiber technology

- Plastic substitution in QSR, FMCG and Grocery Retail drives demand for more complex molded fiber applications
- Our molded fiber technology and application development capabilities position us well to capture this opportunity together with Foodservice

## Foodservice E-A-O

### Global key accounts in QSR, Coffee and FMCG

- Strong business with room to grow product portfolio and expand geographically
- Well positioned to expand in emerging markets

### Plastic substitution

- Unique platform in paperboard conversion and molded fiber, to develop complex sustainable solutions
- Global reach and scale allows to industrialize new solutions fast

### Agile models

- Agile model serving small accounts, combining short-run, long-run, sourcing and distribution capabilities
- Base to build a strong food delivery packaging business

## North America

### Retail, Foodservice, Consumer goods

- Convenience lifestyle driving growth for our core products
- Room to expand in growing categories – folded carton, molded fiber, private label pressed plates

### Unique capabilities position us well to capture growth

- Brand building and retail expertise
- Ice cream systems and capabilities
- Paperboard technology and ability to do complex promotion management
- Molded fiber technology and scale
- Strong track record in sustainability
- National network allowing us to offer right products in the right markets to the right customers

## Flexible Packaging

### Strong demand for flexible packaging

- Strong underlying demand for FMCG products, driven by emerging markets
- Flexible packaging remains superior solution for modern retail supply chain
- Footprint in fast growing emerging markets with further room to expand
- Accelerating innovation in line with our customer needs positions us for growth above market

### Competitiveness, agility and sustainability

- Improving operations to be the best-in-class will drive rise in profitability
- Increasing agility, while maintaining quality and reliability
- Actions in circularity, advocacy and innovation for sustainability will enhance our industry leadership

# Segment key figures (1/2)

Fiber Packaging and Foodservice EAO has been integrated as on June 1, 2020

- Improving customers access to combined fiber and paperboard technology
- Leveraging organization synergies and growth opportunities (plastic substitution, food delivery)
- Positive financial benefits

## Foodservice Europe-Asia-Oceania

Key figures (MEUR)	2013	2014	2015	2016	2017	2018 <sup>1</sup>	2019	Long-term ambition
Net sales	629.1	620.4	667.5	741.0	807.5	881.7	956.7	
Comparable growth	2%	4%	4%	5%	4%	4%	4%	5-7%
Adjusted EBIT	46.9	57.4	52.4	63.2	70.1	77.1	85.7	
Margin	7.5%	9.3%	7.9%	8.5%	8.7%	8.7%	9.0%	9-11%

## Fiber Packaging

Key figures (MEUR)	2013	2014	2015	2016	2017	2018 <sup>1</sup>	2019	Long-term ambition
Net sales	236.3	247.0	260.3	267.8	285.1	283.0	293.4	
Comparable growth	6%	9%	5%	5%	5%	4%	6%	3-5%
Adjusted EBIT	29.6	35.0	33.5	34.6	28.2	31.2	29.0	
Margin	12.5%	14.2%	12.9%	12.9%	9.9%	11.0%	9.9%	13-15%

All figures excluding Items Affecting Comparability (IAC). <sup>1</sup> 2018 figures have been restated for IFRS 16 impact.

# Segment key figures (2/2)

## North America

Key figures (MEUR)	2013	2014	2015	2016	2017	2018 <sup>1</sup>	2019	Long-term ambition
Net sales	725.3	769.3	947.7	1,005.1	1,000.4	1,002.7	1,152.7	
Comparable growth	5%	6%	4%	6%	2%	5%	9%	3-5%
Adjusted EBIT	38.4	38.4	88.2	107.6	104.1	73.0	111.4	
Margin	5.3%	5.0%	9.3%	10.7%	10.4%	7.3%	9.7%	9-10%

## Flexible Packaging

Key figures (MEUR)	2013	2014	2015	2016	2017	2018 <sup>1</sup>	2019	Long-term ambition
Net sales	585.8	618.0	868.9	868.6	912.7	952.3	1,016.4	
Comparable growth	4%	7%	3%	-1%	4%	7%	3%	6-8%
Adjusted EBIT	44.0	45.5	68.8	73.8	69.7	67.8	82.6	
Margin	7.5%	7.4%	7.9%	8.5%	7.6%	7.1%	8.1%	9-11%

All figures excluding Items Affecting Comparability (IAC). <sup>1</sup> 2018 figures have been restated for IFRS 16 impact.

# Group financials 2010-2019

		2010	2011	2012 <sup>2</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018 <sup>2</sup>	2019
Net sales	MEUR	1,952	2,043	2,321	2,161	2,236	2,726	2,865	2,989	3,104	3,399
Comparable growth <sup>3</sup>		3%	5%	3%	3%	6%	4%	4%	3%	5%	6%
Adjusted EBITDA <sup>4</sup>	MEUR	214	208	254	242	259	342	382	390	399	456
Margin <sup>4</sup>		11.0%	10.2%	10.9%	11.2%	11.6%	12.5%	13.3%	13.0%	12.8%	13.4%
Adjusted EBIT <sup>4</sup>	MEUR	134	128	164	160	175	238	268	268	251	293
Margin <sup>4</sup>		6.9%	6.2%	7.0%	7.4%	7.8%	8.7%	9.4%	9.0%	8.1%	8.6%
Adjusted EPS <sup>4</sup>	EUR	0.92	0.87	1.19	1.17	1.24	1.65	1.83	1.9	1.69	1.88
Adjusted ROI <sup>4</sup>		12.0%	9.8%	12.6%	12.1%	12.6%	14.7%	14.7%	13.6%	11.6%	12.3%
Adjusted ROE <sup>4</sup>		14.5%	11.0%	15.8%	15.8%	16.1%	18.1%	17.7%	17.0%	14.5%	15.2%
Capex	MEUR	86	82	94	121	127	147	199	215	197	203.9
Free cash flow	MEUR	113	65	103	56	65	91	100	56	80	225.8
Gearing		0.32	0.49	0.5	0.5	0.32	0.53	0.57	0.58	0.73	0.63
Net debt to adj. EBITDA <sup>4</sup>		1.2	1.9	1.6	1.6	1.0	1.6	1.8	1.8	2.3	2.0
Dividend per share	EUR	0.44	0.46	0.56	0.57	0.6	0.66	0.73	0.8	0.84	0.89 <sup>5</sup>

<sup>1</sup>Continuing operations <sup>2</sup>Figures restated <sup>3</sup>Net sales growth excluding foreign currency changes, acquisitions and divestments <sup>4</sup>Excluding IAC <sup>5</sup>Proposal by the Board of Directors

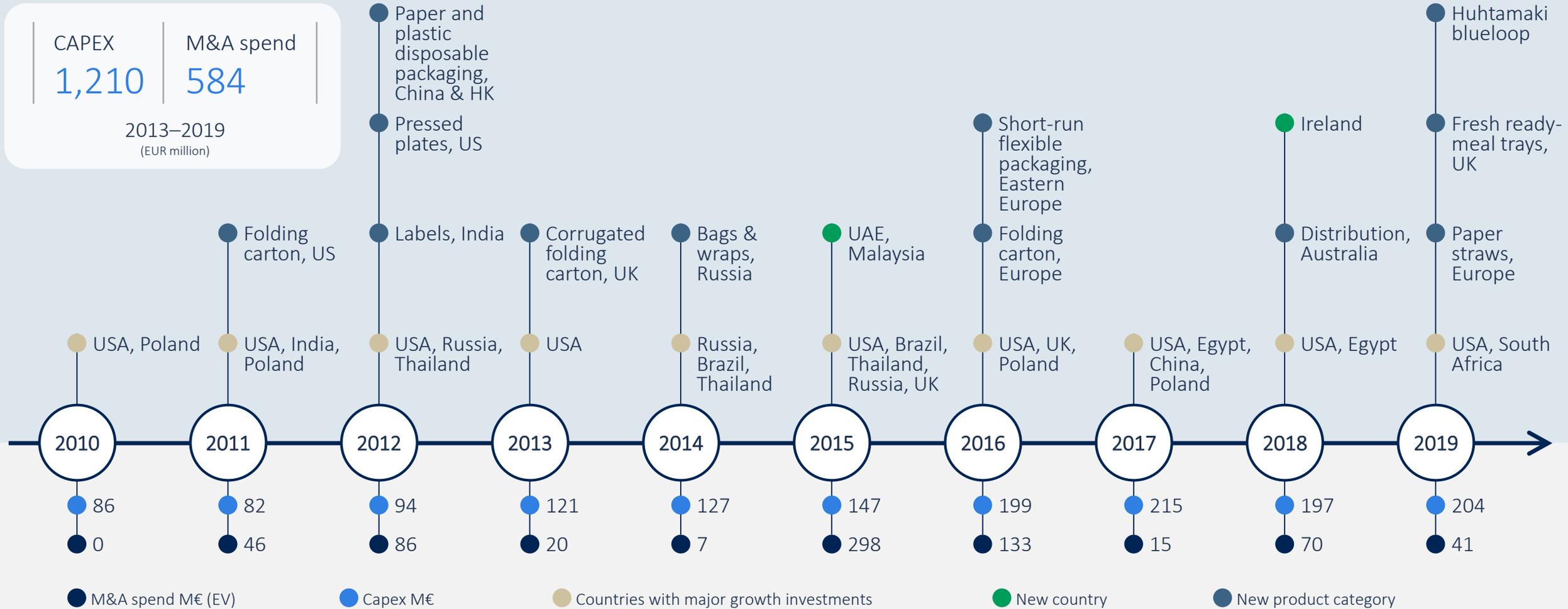
# Quarterly comparable net sales growth by business segment

	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 17	FY 18	FY 19	Long-term ambition
Foodservice E-A-O	3%	2%	4%	6%	5%	5%	5%	3%	4%	3%	4%	4%	4%	4%	4%	5-7%
North America	2%	1%	2%	2%	5%	2%	2%	11%	5%	13%	14%	6%	2%	5%	9%	3-5%
Flexible Packaging	3%	-2%	7%	9%	6%	11%	6%	4%	5%	1%	4%	3%	4%	7%	3%	6-8%
Fiber Packaging	4%	8%	5%	4%	5%	3%	4%	5%	4%	7%	7%	8%	5%	4%	6%	3-5%
<b>Group</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>	<b>6%</b>	<b>5+%</b>

Fiber Packaging and Foodservice EAO has been integrated as on June 1, 2020

- Improving customers access to combined fiber and paperboard technology
- Leveraging organization synergies and growth opportunities (plastic substitution, food delivery)
- Positive financial benefits

# Solid track record of growth investments



# 20 acquisitions completed since 2011

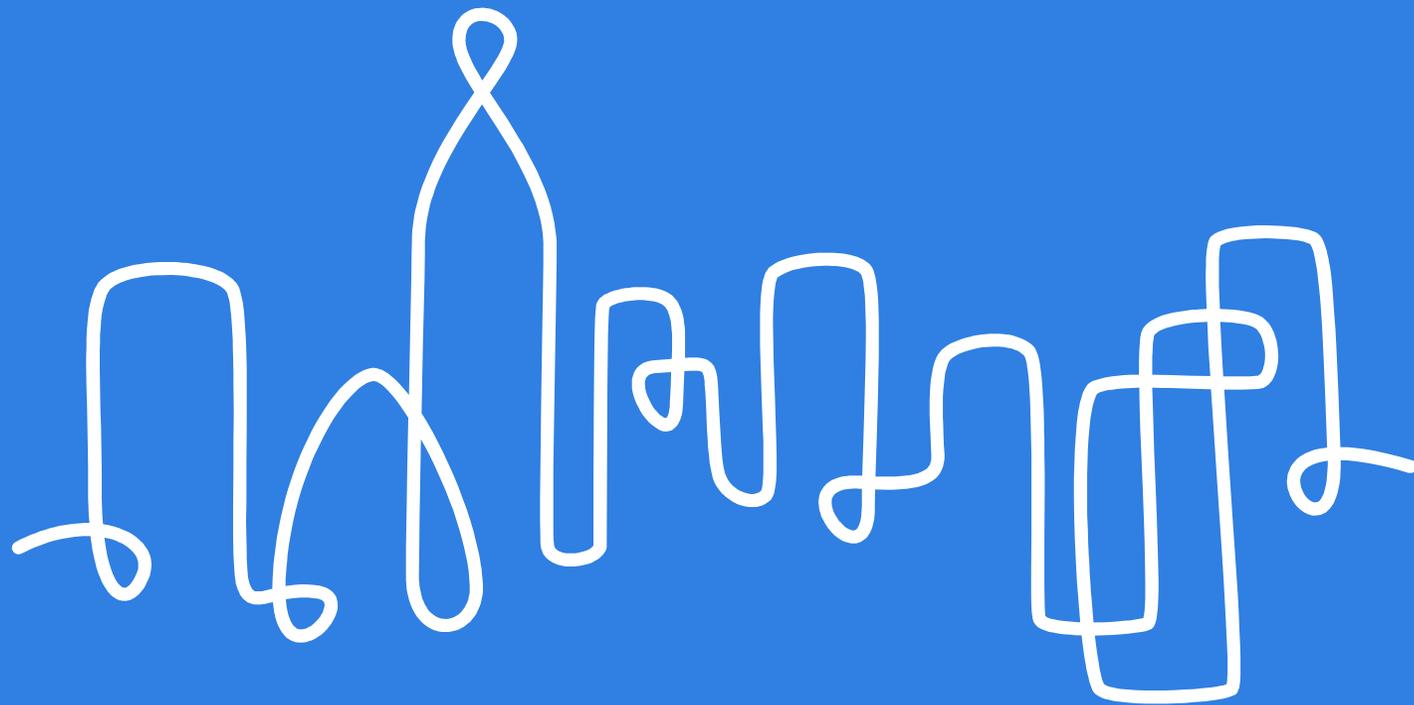
Date (completed)	Acquired company	Country	Acquiring segment
Mar 2020	Laminor S.A.	Brazil	Flexible Packaging
Jan 2020	Mohan Mutha Polytech Private Limited	India	Flexible Packaging
Dec 2019	Everest Flexibles Pty Ltd	South Africa	Flexible Packaging
Jun 2018	Ajanta Packaging	India	Flexible Packaging
May 2018	Cup Print Unlimited Company	Republic of Ireland	Foodservice E-A-O
Apr 2018	Tailored Packaging Pty Ltd.	Australia	Foodservice E-A-O
Sep 2017	International Paper foodservice packaging units	China	Foodservice E-A-O
Jul 2016	Val Pack Solutions Private Limited	India	Foodservice E-A-O
May 2016	Delta Print and Packaging Ltd.	UK	Foodservice E-A-O
Jan 2016	FIOMO a.s.	Czech Republic	Flexible Packaging
Jul 2015	Pure-Stat Technologies, Inc.	USA	North America
Apr 2015	Butterworth Paper Cups	Malaysia	Foodservice E-A-O
Jan 2015	Positive Packaging	India	Flexible Packaging
Aug 2014	Interpac Packaging Ltd.	New Zealand	Foodservice E-A-O
Nov 2013	BCP Fluted Packaging Ltd.	UK	Foodservice E-A-O
Nov 2012	Webtech Labels Private Limited	India	Flexible Packaging
Aug 2012	Winterfield, LLC	USA	North America
Apr 2012	Josco (Holdings) Limited	China	Foodservice E-A-O
Nov 2011	Ample Industries, Inc.	USA	North America
Sep 2011	Paris Packaging, Inc.	USA	North America



More details of the acquisitions available on our website:

[www.huhtamaki.com/en/investors/huhtamaki-as-an-investment/acquisitions-and-divestments/](http://www.huhtamaki.com/en/investors/huhtamaki-as-an-investment/acquisitions-and-divestments/)

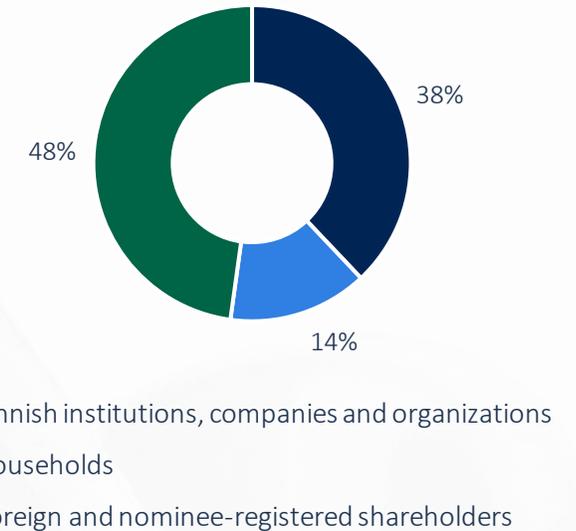
# Appendix: Shareholders and management



# Largest shareholders and split of shareholding

Shareholder	Number of shares	% of total shares	Change	Change %
1. Finnish Cultural Foundation	12,010,653	11.15%	0	0.00%
2. Huhtamäki Oyj	3,410,709	3.17%	0	0.00%
3. Varma Mutual Pension Insurance Company	2,983,809	2.77%	0	0.00%
4. Ilmarinen Mutual Pension Insurance Company	2,656,675	2.47%	10,675	0.40%
5. The Local Government Pensions Institution	1,091,596	1.01%	0	0.00%
6. ODIN Norden	997,701	0.93%	0	0.00%
7. Society of Swedish Literature in Finland	988,500	0.92%	0	0.00%
8. Elo Mutual Pension Insurance Company	949,276	0.88%	0	0.00%
9. Nordea Nordic Fund	890,087	0.83%	-17,903	-1.97%
10. The State Pension Fund	795,951	0.74%	0	0.00%
<b>Total of 10 largest shareholders</b>	<b>26,774,957</b>	<b>24.85%</b>	<b>-7,228</b>	<b>-0.01%</b>
<b>Other shareholders</b>	<b>80,985,428</b>	<b>75.15%</b>	-	-
<b>Total</b>	<b>107,760,385</b>	<b>100.00%</b>	-	-

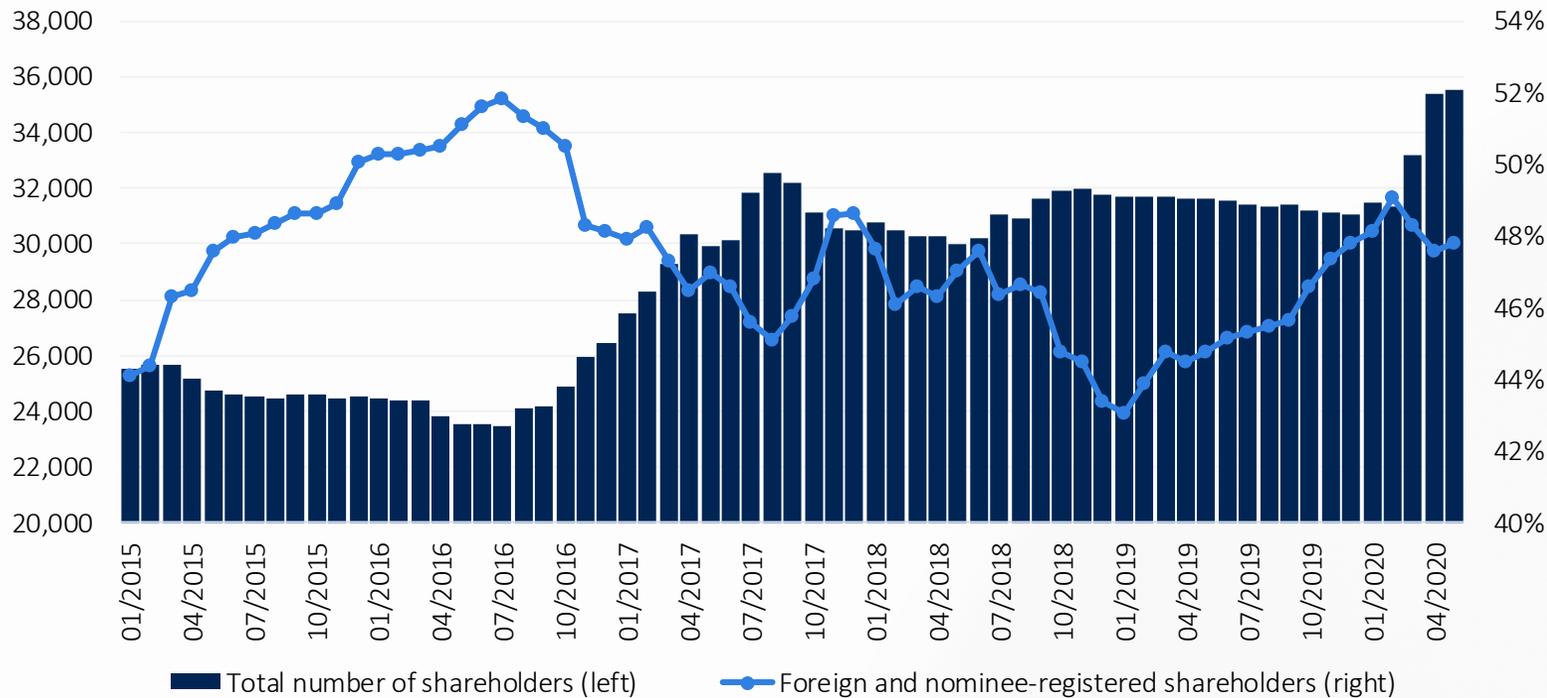
## Split of shareholding



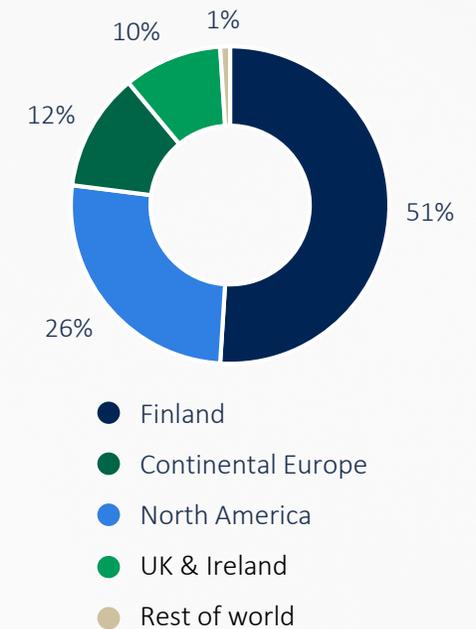
Shareholder data as at May 31, 2020. 'Change' refers to the change in shareholding during the month.

# Foreign shareholding and distribution by geography

## Total number of shareholders and foreign shareholding



## Approximate shareholder distribution by geography (as in May 2019)



# Global Executive Team



Charles Héaulmé  
President and CEO



Arup Basu  
President, Flexible Packaging



Clay Dunn  
President, North America



Eric Le Lay  
President, Foodservice EAO  
and Fiber Packaging



Thomas Geust  
CFO



Thomasine Kamerling  
EVP Sustainability  
and Communications



Marina Madanat  
EVP Strategy and  
Business Development



Sami Pauni  
EVP Corporate Affairs and  
Legal, Group General Counsel



Teija Sarajärvi  
EVP Human Resources  
and safety



Antti Valtokari  
EVP IT and  
Process Performance

# Board of Directors



**Pekka Ala-Pietilä**  
Chairman of the Board



Born 1957, Finnish citizen  
**Starting date:** April 24, 2012

**Key positions of trust:**  
Sanoma Corporation, Chairman of the Board (2016–) and Board member (2014–); SAP SE, Supervisory Board member (2002–); and others



**Kerttu Tuomas**  
Vice-Chairman



Born 1957, Finnish citizen  
**Starting date:** April 27, 2017

**Key positions of trust:**  
Kemira Oyj, Vice-Chairman of the Board (2014–) and Board member (2010–); Medix Biochemica Group Oy, Board member (2018–); and others



**Doug Baillie**



Born 1955, U.K. citizen  
**Starting date:** April 21, 2016

**Key positions of trust:**  
Airtel Africa PLC, Board member (2019–); The MasterCard Foundation, Board member (2015–); Leverhulme Trust, Board member (2015–)



**William R. Barker**



Born 1949, U.S. citizen  
**Starting date:** March 24, 2010

**Key positions of trust:**  
Shield Holdco LLC (holding company of Dynatect Manufacturing, Inc.), Board member (2014, 2019–) and Chairman of the Board (2014–2019); and others



**Anja Korhonen**



Born 1953, Finnish citizen  
**Starting date:** April 25, 2018

**Key positions of trust:**  
Outotec Oyj, Board member (2013–); Oriola Oyj, Board member (2014–)



**Sandra Turner**



Born 1952, U.K. citizen  
**Starting date:** April 20, 2011

**Key positions of trust:**  
Carpetright PLC, Board member (2010–); McBride PLC, Board member (2011–); Greggs PLC, Board member (2014–); Greene King PLC, Board member (2019–); and others



**Ralf K. Wunderlich**



Born 1966, German citizen  
**Starting date:** July 1, 2018

**Key positions of trust:**  
AptarGroup, Board member (2009–); Essentra PLC, Board member (2017–)

All members of the Board of Directors are independent of the Company and significant shareholders.

- 
- = Audit Committee
  - = Human Resources Committee
  - = Chairman of the Committee
- 

For more information about the Board of Directors, please see [here](#).

# COVID-19 update

(as given at Q1 2020 results)



# 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

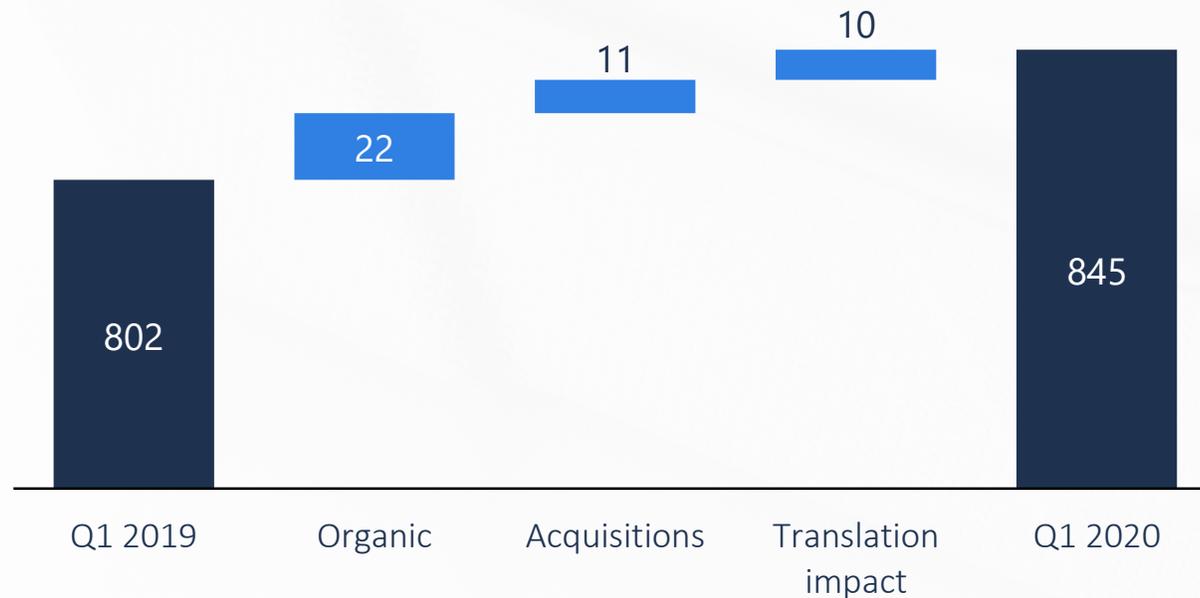
## Q1 2020 results:

Solid net sales growth and profitability in an increasingly uncertain environment



# 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%
<b>Group</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>3%</b>	<b>6%</b>	<b>5+%</b>

- 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 <sup>1</sup>	73.6	67.8	9%	293.1
Margin	8.7%	8.5%		8.6%
Adjusted EPS, EUR <sup>2</sup>	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

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

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

# Q1 2020 results: Business segment review

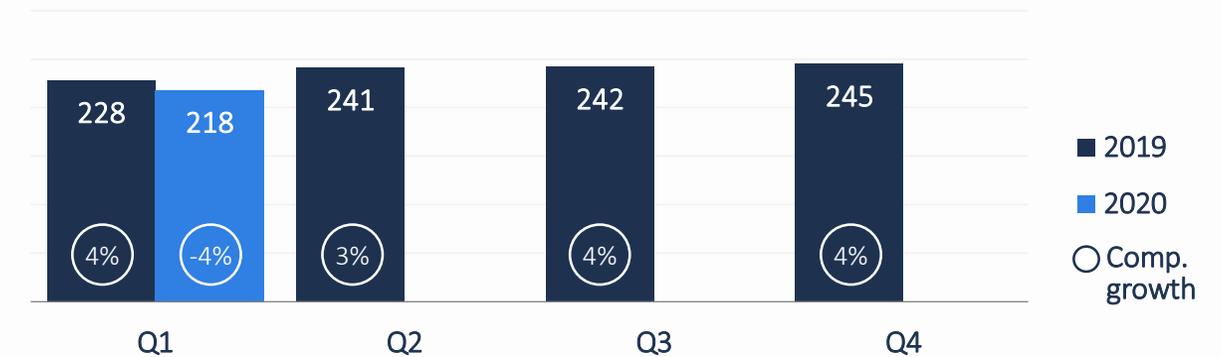


# Foodservice Europe-Asia-Oceania: COVID-19 impacts sales and earnings negatively

Key figures, MEUR

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

<sup>1</sup> 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 <sup>1</sup>	30.4	20.6	48%
Margin	10.6%	8.0%	
Adjusted RONA <sup>1</sup>	14.0%	9.4%	
Capital expenditure	11.9	14.6	-19%
Operating cash flow <sup>1</sup>	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

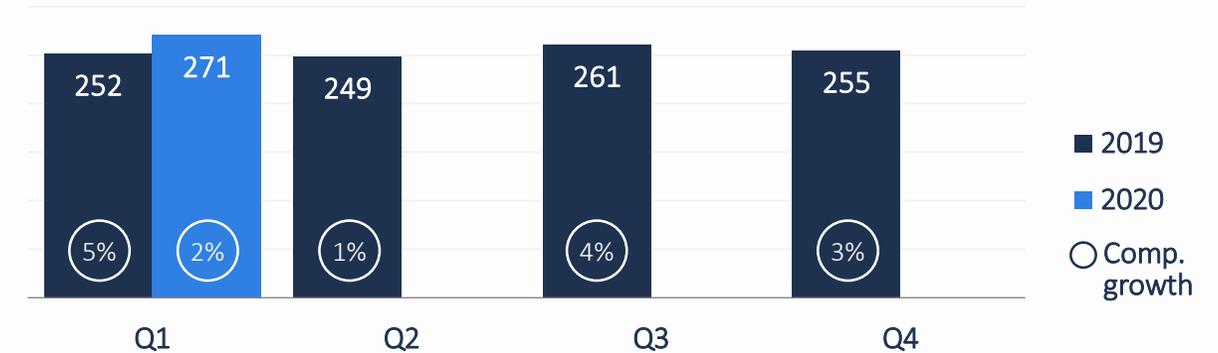
<sup>1</sup> Excluding IAC of EUR -3.4 million in Q1 2020 (no IAC in Q1 2019).

# 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 <sup>1</sup>	20.9	23.0	-9%
Margin	7.7%	9.1%	
Adjusted RONA <sup>1</sup>	10.5%	10.5%	
Capital expenditure	7.9	8.7	-10%
Operating cash flow <sup>1</sup>	1.7	-0.7	

Net sales and comparable growth (EUR million & %)



- 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

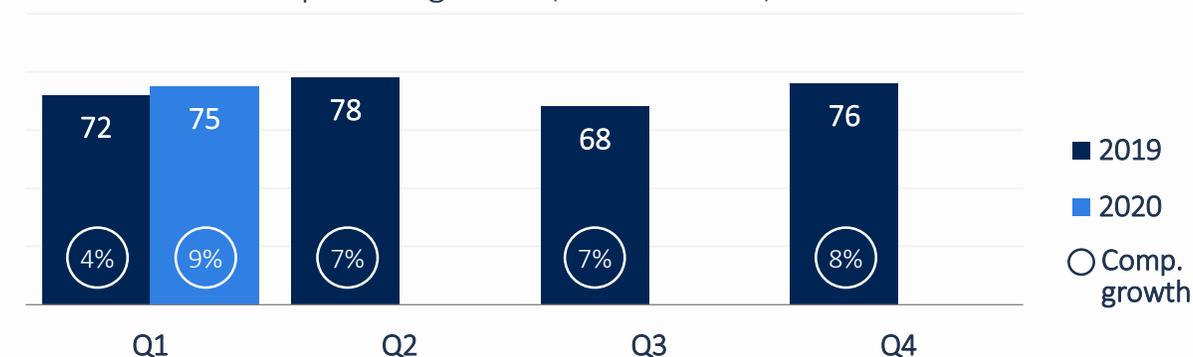
<sup>1</sup> Excluding IAC of EUR -4.7 million in Q1 2020 (no IAC in Q1 2019).

# 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 <sup>1</sup>	8.2	6.9	20%
Margin	11.0%	9.6%	
Adjusted RONA <sup>1</sup>	13.1%	13.5%	
Capital expenditure	3.4	2.6	32%
Operating cash flow <sup>1</sup>	-0.1	4.6	

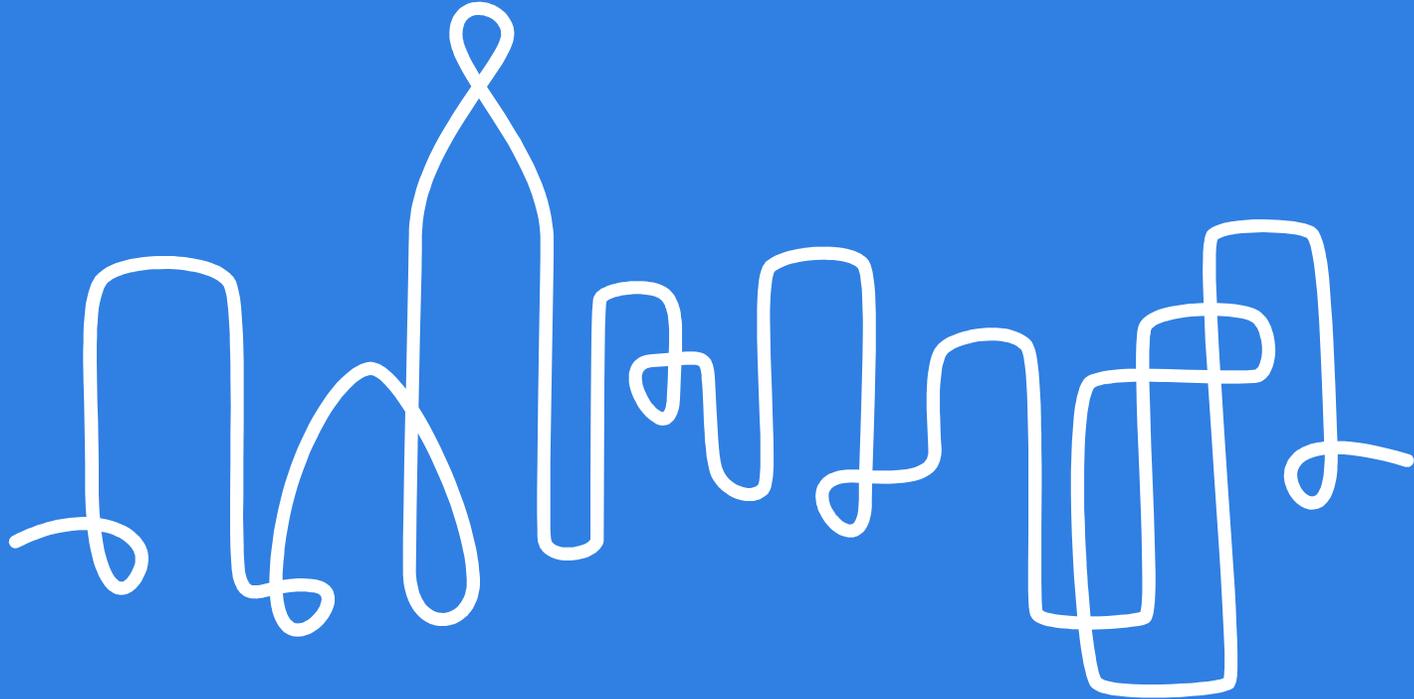
Net sales and comparable growth (EUR million & %)



- 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

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

Q1 2020 results:  
Financials 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 <sup>1</sup>	117.0	107.0	9%	456.3
<i>Margin</i> <sup>1</sup>	13.9%	13.3%		13.4%
Adjusted EBIT <sup>2</sup>	73.6	67.8	9%	293.1
<i>Margin</i> <sup>2</sup>	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 <sup>3</sup>	-14.5	-12.4		-59.5
Adjusted profit for the period <sup>4</sup>	49.9	47.4	5%	204.8
Adjusted EPS, EUR <sup>4</sup>	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

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

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

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

<sup>4</sup> 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

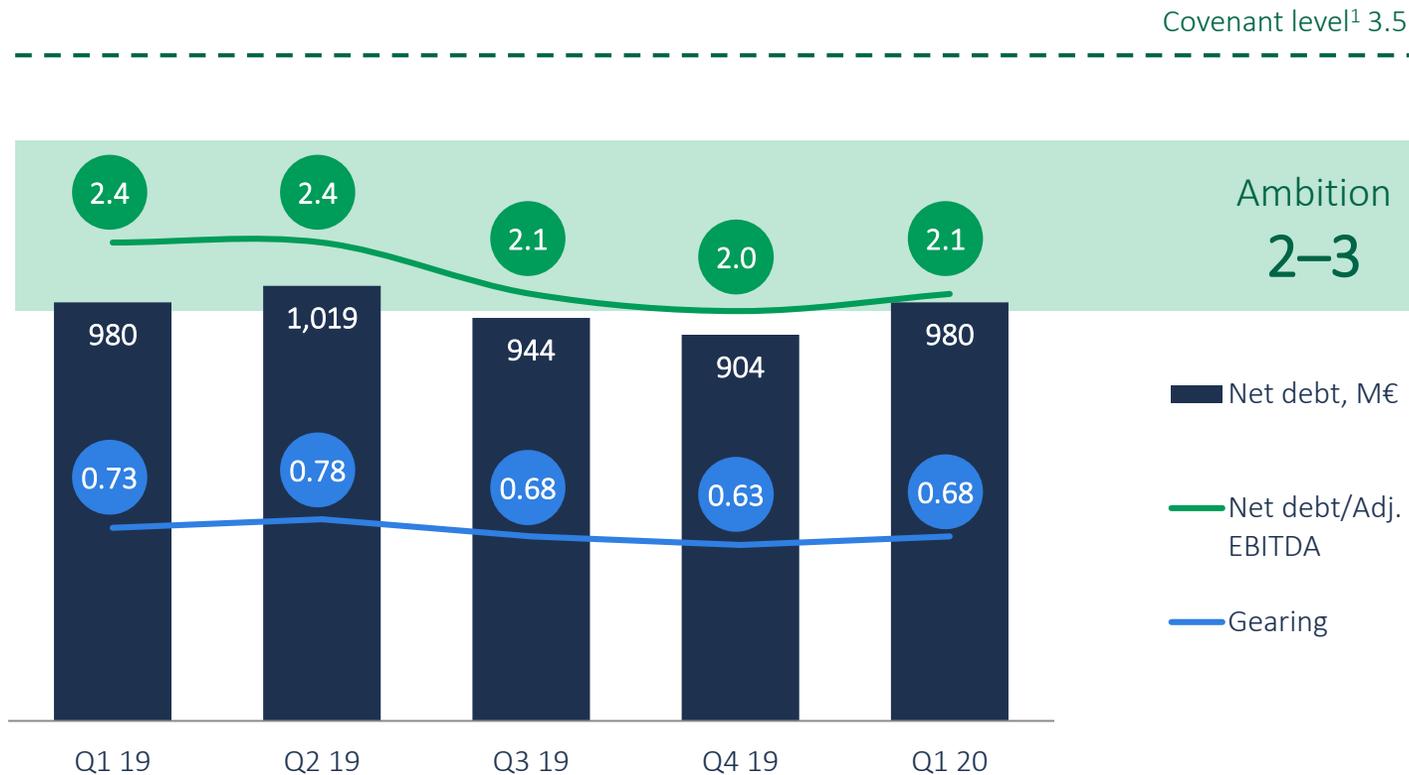
**+1**

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

<sup>1</sup> Covenant level is excluding IFRS 16 lease liabilities.

# Loan maturities

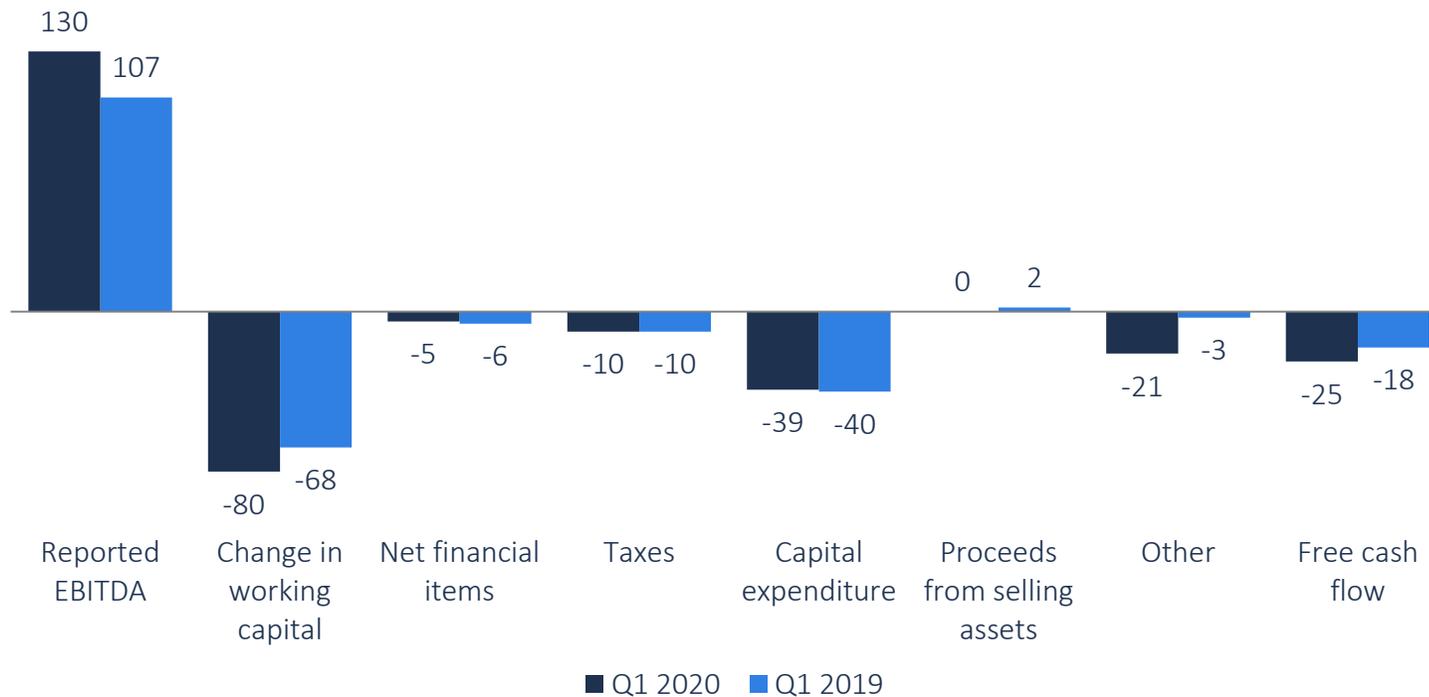
Debt maturity structure March 31, 2020  
(EUR million)



- 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 <sup>1</sup>	12.1%	11.5%
Adjusted ROE <sup>1</sup>	15.0%	14.6%

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

<sup>1</sup> Excluding IAC.

# Progress towards long-term ambitions

	2014	2015	2016	2017	2018 <sup>1</sup>	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% <sup>2</sup>		40-50%

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

<sup>1</sup> FY 2018 figures restated for IFRS 16 impact

<sup>2</sup> Proposal by the Board of Directors.

Q1 2020 results:  
Looking forward



Huhtamaki

# 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.

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