



Improved profitability with a gradual recovery in demand

Interim Report Q1 2021

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Huhtamaki

Improved profitability with a gradual recovery in demand

- The gradual recovery in demand for food on-the-go products has continued. Strong continued demand for fiber packaging and retail tableware
- Significant tension in supply and price of raw materials – especially in polymers and recycled fiber
- Unfavorable currency exchange rate evolution
- Our transformation journey continues, with focus on improving our competitiveness, innovation and sustainability, for growth



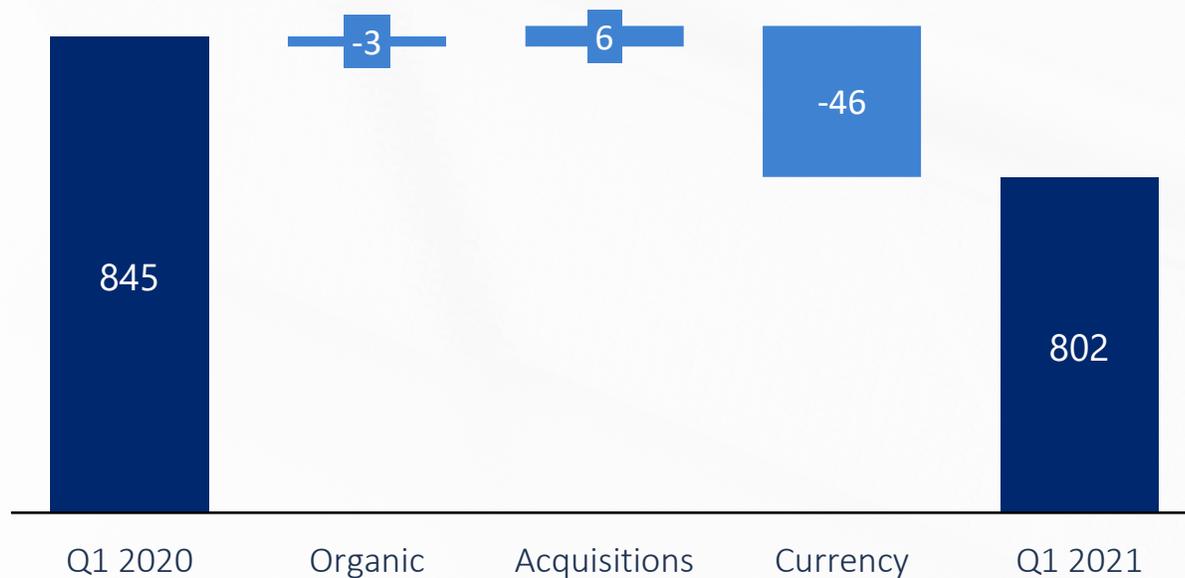
Business performance



Huhtamaki

Flat organic growth impacted by negative currency impact

Development of net sales in Q1 2021
(EUR million)



Net sales -5% in Q1 2021

- Comparable net sales flat (4% in emerging markets)
- 1% growth from acquisitions
- 5% 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.

Gradual recovery for food on-the-go, slow progress in Flexible Packaging

<i>Comparable growth</i>	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	2020	Long-term ambitions
Foodservice E-A-O	-4%	-28%	-1%	-7%	-2%	-10%	5-7%
North America	9%	-5%	4%	-2%	-2%	1%	3-5%
Flexible Packaging	2%	2%	1%	0%	0%	1%	6-8%
Fiber Packaging	9%	10%	7%	8%	4%	9%	3-5%
Group	3%	-8%	2%	-2%	-0%	-2%	5+%

- COVID-19 continued to affect foodservice business globally, however demand is gradually improving
- North America sales growth impacted by the relative comparison to a very strong Q1 2020
- Slow progress in Flexible Packaging organic growth
- Solid growth in fiber even in comparison to a very strong Q1 last year

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

Strong adjusted EBIT adding to the progress made in previous quarters

<i>MEUR</i>	Q1 21	Q1 20	Change	2020
Net sales	801.9	844.6	-5%	3,301.8
Adjusted EBIT ¹	77.0	73.6	5%	302.1
<i>Margin</i>	9.6%	8.7%		9.1%
Adjusted EPS, EUR ²	0.49	0.46	7%	1.95
Capital expenditure	33.0	39.4	-16%	223.5

- Net sales decreased due to FX impact – gradually improving sales not enough to offset
- Adjusted EBIT improved following favorable sales mix and continued focus on operational efficiency
- Increase in adjusted EPS following improvement in earnings
- Significant decrease in capex, mostly timing-related

1) Excluding IAC of EUR -5.3 million in Q1 2021 (EUR 8.9 million) and -36.8 million in 2020.

2) Excluding IAC of EUR -4.1 million in Q1 2021 (EUR 6.9 million) and -26.2 million in 2020.

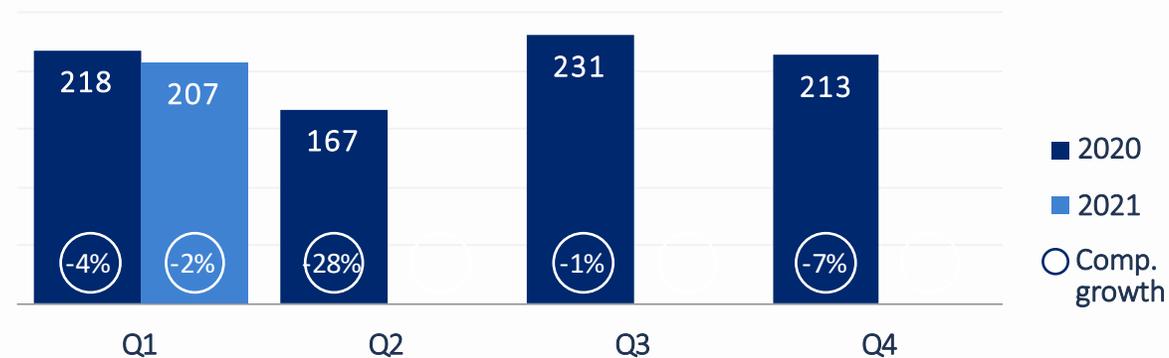
Business segment review



Foodservice EAO: Gradual recovery in demand

Key figures, MEUR	Q1 21	Q1 20	Change
Net sales	207.4	217.6	-5%
Comparable growth	-2%	-4%	
Adjusted EBIT ¹	17.6	17.5	1%
Margin	8.5%	8.0%	
Adjusted RONA	7.7%	10.9%	
Capital expenditure	9.8	16.0	-39%
Operating cash flow ¹	21.4	11.1	93%

Net sales and comparable growth (EUR million and %)



- COVID-19 continued to have a negative impact on demand – demand improved gradually
- The segment’s adjusted EBIT remained at the previous year’s level despite lower sales
- Encouraging signs on the back of the transformation

1) Excluding IAC of EUR -4.2 million in Q1 2021 (EUR -1.6 million).

Acquisition of Jiangsu Hihio-Art Packaging Co. Ltd in China

Jiangsu Hihio-Art Packaging Co. Ltd.

(announced on April 21, 2021)

- A leading manufacturer of paper bags, wraps and folding carton packaging in China
- Manufacturing unit in Xuzhou city, Jiangsu
- Currently serves international quick-service restaurants (QSR) as well as national bakery chains
- Strengthens Huhtamaki's position as the leading foodservice packaging provider in Asia and expands product portfolio in China

Net sales

Approximately EUR 20 million

Employees

Approximately 200

Debt free purchase price

EUR 27 million

Expected completion of acquisition

End of Q3 2021

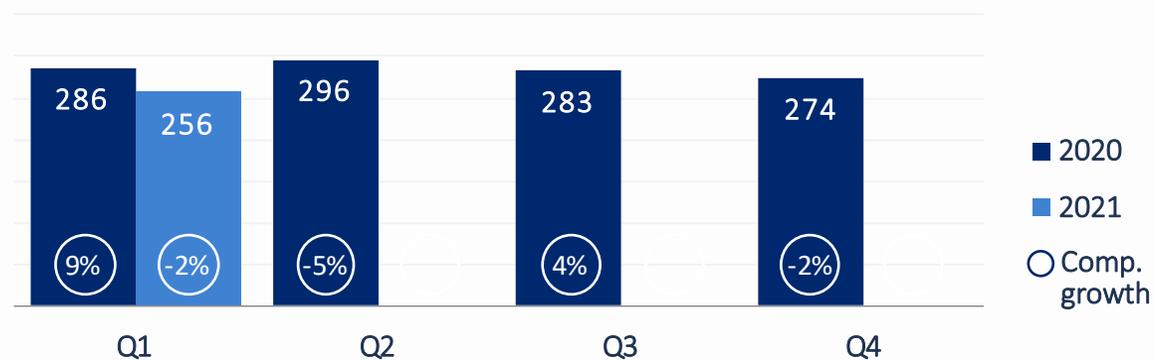
Reporting segment

Part of the Foodservice Europe-Asia-Oceania segment

North America: Continued strong performance

Key figures, MEUR	Q1 21	Q1 20	Change
Net sales	256.0	286.2	-11%
Comparable growth	-2%	9%	
Adjusted EBIT ¹	31.2	30.4	2%
Margin	12.2%	10.6%	
Adjusted RONA	17.0%	14.0%	
Capital expenditure	9.6	11.9	-19%
Operating cash flow ¹	13.0	7.3	77%

Net sales and comparable growth (EUR million and %)



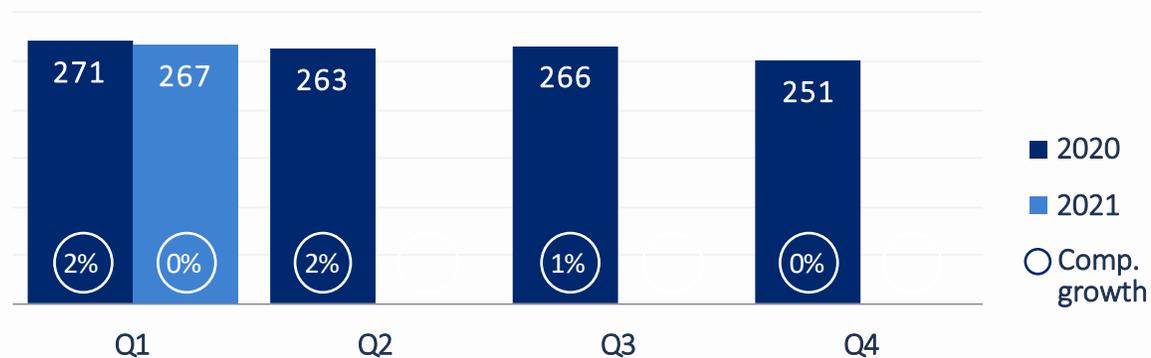
- Sales growth impacted by the relative comparison to a very strong Q1 2020
- Demand for foodservice packaging still impacted by COVID-19, continued strong demand for retail tableware
- Earnings improved as a result of operational performance and favorable sales mix

1) Excluding IAC of EUR 0.0 million in Q1 2021 (EUR -3.4 million).

Flexible Packaging: Slow progress in organic growth

Key figures, MEUR	Q1 21	Q1 20	Change
Net sales	267.1	271.0	-1%
Comparable growth	0%	2%	
Adjusted EBIT ¹	21.7	20.9	4%
Margin	8.1%	7.7%	
Adjusted RONA	10.1%	10.5%	
Capital expenditure	8.1	7.9	3%
Operating cash flow ¹	14.8	1.7	>100%

Net sales and comparable growth (EUR million and %)



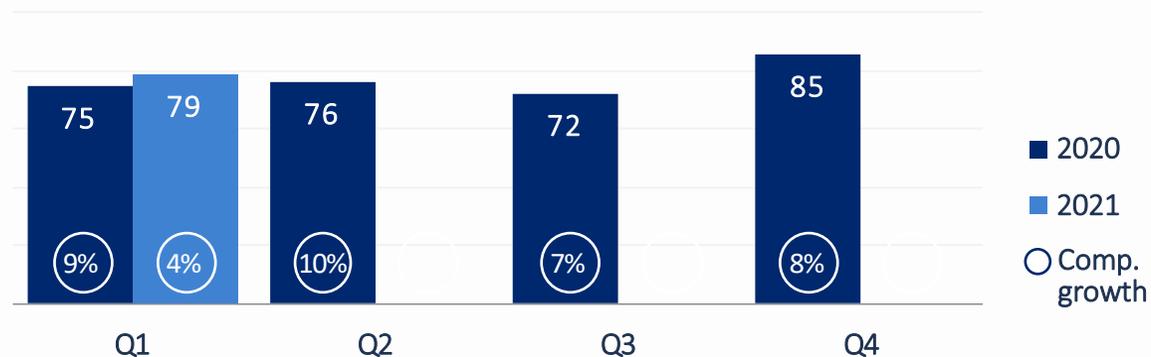
- Slow progress particularly linked to varying levels of demand across geographies
- Growth was strongest in Southeast Asia – restrictions and lockdowns impacted sales negatively in the United Arab Emirates
- Earnings growth was driven mainly by improved operational efficiency and partially offset by higher raw material prices

1) Excluding IAC of EUR -1.1 million in Q1 2021 (EUR -4.7 million).

Fiber Packaging: Continued strong demand and performance

Key figures, MEUR	Q1 21	Q1 20	Change
Net sales	78.6	74.5	5%
Comparable growth	4%	9%	
Adjusted EBIT ¹	9.5	8.2	15%
Margin	12.1%	11.0%	
Adjusted RONA	16.1%	13.1%	
Capital expenditure	5.2	3.4	53%
Operating cash flow ¹	2.6	-0.1	>100%

Net sales and comparable growth (EUR million and %)



- Continued strong demand for fiber-based packaging
- Net sales growth was strong, especially in Eastern Europe, driven by volume and pricing actions
- Earnings improvement driven by volume growth and pricing actions implemented earlier

1) Excluding IAC of EUR 0.0 million in Q1 2021 (EUR -0.7 million).

Financial review



Adjusted EBIT margin increased to 9.6%

MEUR	Q1 21	Q1 20	Change	2020
Net sales	801.9	844.6	-5%	3,301.8
Adjusted EBITDA ¹	117.8	117.0	1%	473.1
<i>Margin¹</i>	14.7%	13.9%		14.3%
Adjusted EBIT ²	77.0	73.6	5%	302.1
<i>Margin²</i>	9.6%	8.7%		9.1%
EBIT	71.6	82.6	-13%	265.3
Net financial items	-8.4	-9.2	9%	-28.2
Adjusted profit before taxes	68.6	64.4	6%	270.9
Adjusted income tax expense ³	-16.0	-14.5	-11%	-60.9
Adjusted profit for the period ⁴	52.5	49.9	5%	209.9
Adjusted EPS, EUR ⁴	0.49	0.46	7%	1.95

- Lower net sales due to negative impact from COVID-19 on foodservice products
- Earnings improved following favorable sales mix and continued focus on operational efficiency
- Lower net financial items
- Tax rate 23%
- Adjusted EPS increased 7%

1) Excluding IAC of EUR -3.0 million in Q1 2021 (EUR 13.1 million) and EUR -8.6 million in 2020.

2) Excluding IAC of EUR -5.3 million in Q1 2021 (EUR 8.9 million) and EUR -36.8 million in 2020.

3) Excluding IAC of EUR 1.2 million in Q1 2021 (EUR -2.0 million) and EUR 7.6 million in 2020.

4) Excluding IAC of EUR -4.1 million in Q1 2021 (EUR 6.9 million) and EUR -26.2 million in 2020.

Continued negative currency impact

	Average rate Q1 2020	Average rate Q1 2021	Change in average rate	Closing rates					Change in closing rate (YoY)
				Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	
USD	1.10	1.21	-9%	1.10	1.13	1.17	1.23	1.17	-6%
INR	79.80	87.95	-10%	83.50	85.19	86.28	89.88	86.25	-3%
GBP	0.86	0.88	-2%	0.89	0.92	0.91	0.90	0.85	4%
CNY	7.69	7.82	-2%	7.83	7.98	7.98	8.01	7.72	2%
AUD	1.67	1.56	7%	1.80	1.64	1.64	1.60	1.54	14%
THB	34.46	36.49	-6%	36.08	34.85	36.99	36.77	36.71	-2%
RUB	73.45	89.75	-22%	88.14	78.92	92.16	91.89	89.16	-1%
BRL	4.89	6.59	-35%	5.65	6.11	6.60	6.36	6.77	-20%
NZD	1.74	1.68	3%	1.84	1.75	1.77	1.71	1.68	9%
ZAR	16.87	18.05	-7%	19.73	19.43	19.87	18.01	17.54	11%

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

Foreign currency translation impact

Q1 2021

(EUR million)

Net sales

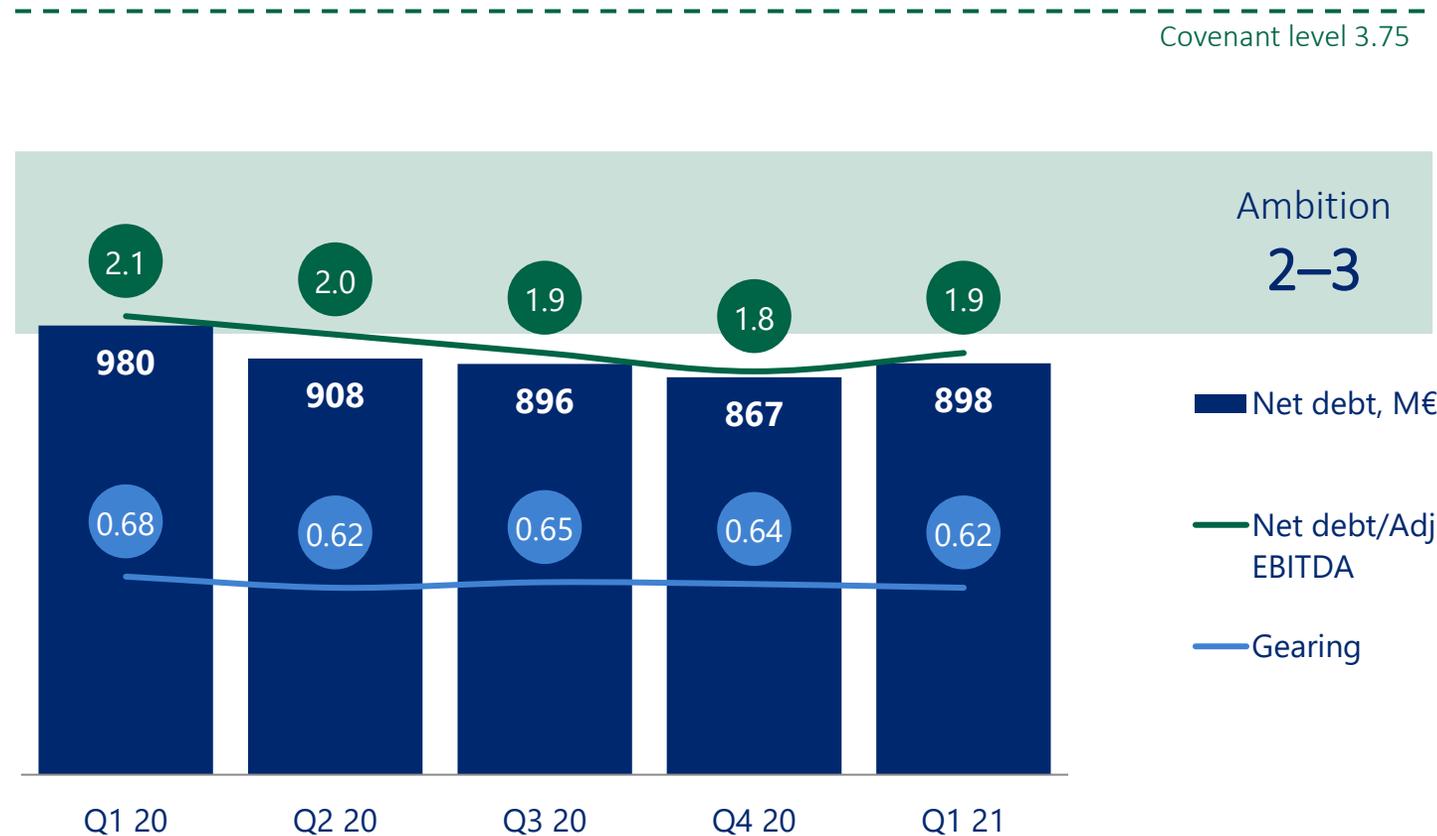
-46

EBIT

-5

Net debt to adjusted EBITDA decreased compared to Q1/2020

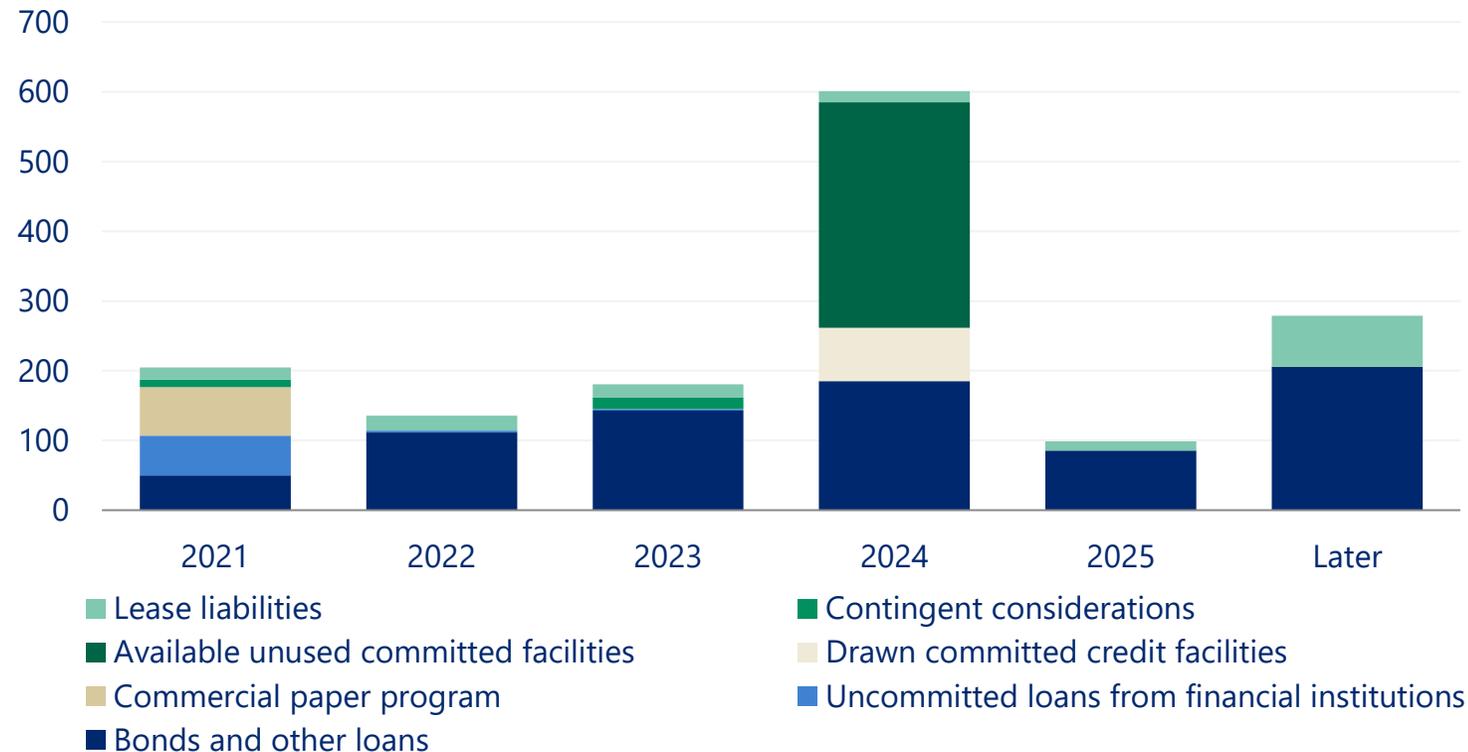
Net debt, net debt/adj. EBITDA and gearing



- Net debt/Adj. EBITDA at 1.9
- At the end of Q1 2021:
 - Cash and cash equivalents EUR 272 million
 - Unused committed credit facilities available EUR 323 million
- Net debt EUR 898 million and lease liabilities EUR 160 million

Loan maturities

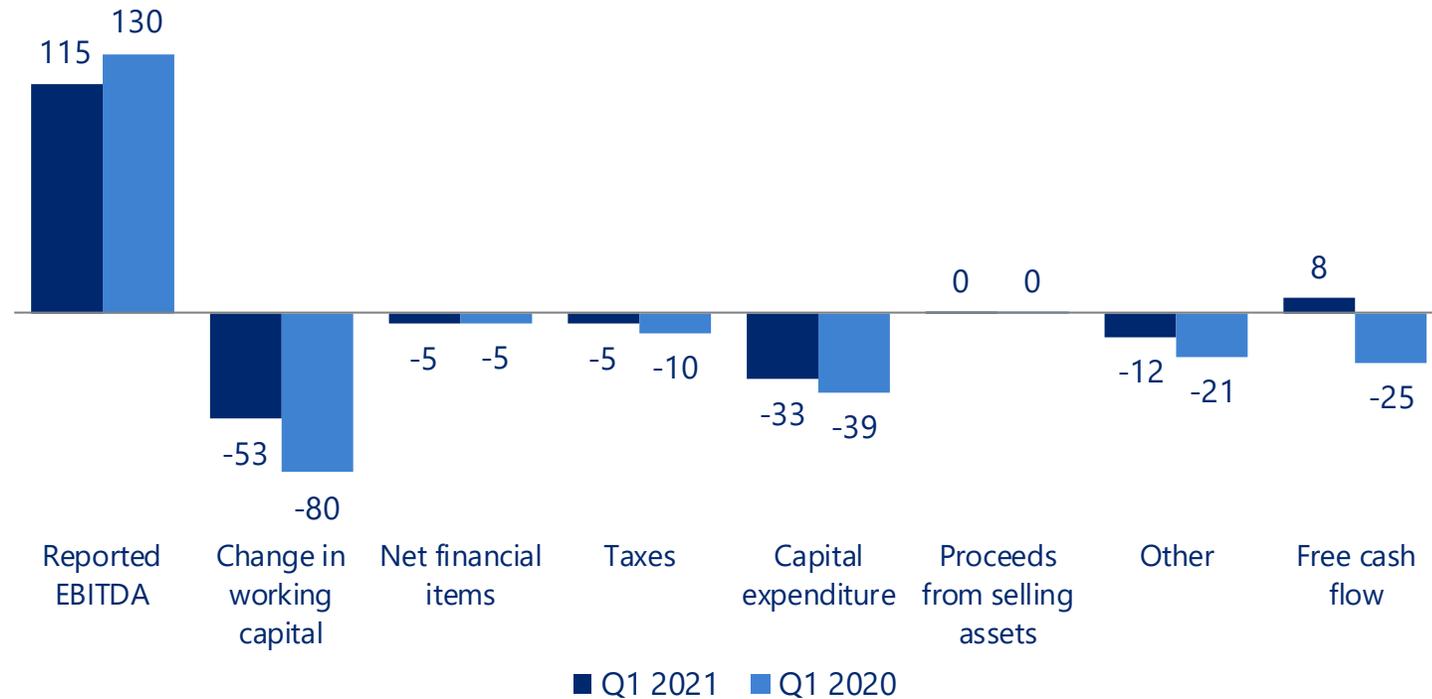
Debt maturity structure March 31, 2021
(EUR million)



- Average maturity 3.4 years at the end of Q1 2021 (3.2 at the end of Q1 2020)
- Unused committed credit facilities of EUR 323 million maturing in 2022
- New syndicated multicurrency revolving credit facility loan agreement signed in January 2021
 - **Size:** EUR 400 million
 - **Maturity:** 3 years with two one-year extension options
 - **Interest margin:** Tied to three sustainability indicators
 - **Reason:** To refinance existing credit facility signed in 2015
 - **Purpose:** For general corporate purposes

Positive free cash flow in a seasonally weak quarter

Free cash flow bridge
(EUR million)



Cash flow driven by:

- Higher EBITDA margin
 - In comparison period, Laminor gain of ~20 MEUR is recognized as non-cash in 'Other'
- Working capital well managed
 - In comparison period, working capital impacted by COVID-19 through safety inventory
- Lower capex in Q1/2021 (related to timing)
- For free cash flow, the first quarter is seasonally the weakest quarter of the year

Stable financial position

<i>MEUR</i>	Mar 2021	Mar 2020
Total assets	3,746	3,824
Operating working capital	570	636
Net debt	898	980
Equity & non-controlling interest	1,456	1,444
Gearing	0.62	0.68
Adjusted ROI ¹	11.7%	12.1%
Adjusted ROE ¹	14.9%	15.0%

- Total assets lower mainly due to negative impact from currencies
- Net debt and gearing decreased

-> **Stable financial position**

1) Excluding IAC.

Progress towards long-term financial ambitions

	2014	2015	2016	2017	2018	2019	2020	Q1 2021	Long-term ambition
Organic growth	6%	4%	4%	3%	5%	6%	-2%	-0%	5+%
Adjusted EBIT margin	7.8%	8.7%	9.4%	9.0%	8.1%	8.6%	9.1%	9.6%	10+%
Net debt/Adj. EBITDA	1.0	1.6	1.8	1.8	2.3	2.0	1.8	1.9	2-3
Dividend payout ratio	47%	40%	40%	42%	50%	47%	47%*		40-50%

- The Board of Directors propose a dividend of EUR 0.92 for fiscal year 2020, in two instalments:
 - First instalment: EUR 0.46 per share, payment date May 3, 2021
 - Second instalment: EUR 0.46 per share, payment date October 8, 2021

FY 2018 figures restated for IFRS 16 impact.

* Dividend for 2020 is a proposal made by the Board of Directors.

Looking forward



Huhtamaki

Outlook 2021

The Group's trading conditions are expected to improve compared to 2020, however with continued volatility in the operating environment. Huhtamaki's diversified product portfolio provides resilience and the Group's good financial position enables addressing profitable growth opportunities.

Short-term risks and uncertainties

The COVID-19 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.

Gradual recovery with improved profitability

- The gradual recovery in demand for food on-the-go products has continued
- Strong continued demand for fiber packaging and retail tableware
- Significant tension in supply and price of raw materials
- Our transformation journey continues, with focus on improving our competitiveness, innovation and sustainability, for growth



Financial calendar 2021

July 22, 2021

Half-yearly Report

October 21, 2021

Q3 2021 Interim Report

Disclaimer

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