

# Net sales grew and earnings improved

Interim Report Q1 2017

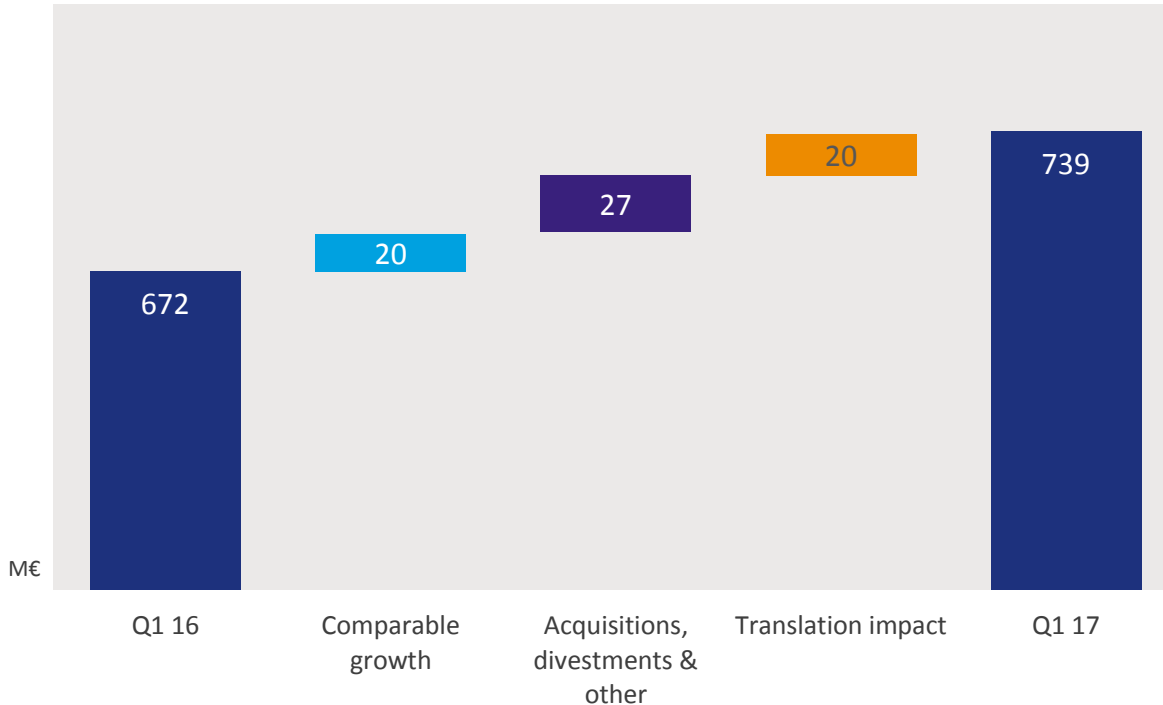
CEO Jukka Moisio

CFO Thomas Geust

**Huhtamaki**



# All-in-all 10% topline growth in Q1 17



## Net sales growth split in Q1 17

- 3% comparable growth
- 2% in emerging markets
- 4% from acquisitions
- Positive currency translation impact of M€ 20
- Demonetization action in India had a negative impact in growth. Without Indian impact:
  - Group's emerging market growth would have been 6-7%
  - Group comparable growth would have been approx. 5%

# All segments grew organically

|                    | Q1 17     | Q4 16     | Q3 16     | Q2 16     | Q1 16     | 2016      | Long-term ambitions |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Foodservice EAO    | <b>3%</b> | 3%        | 5%        | 7%        | 7%        | 5%        | 5-7%                |
| North America      | <b>2%</b> | 5%        | 2%        | 8%        | 10%       | 6%        | 2-5%                |
| Flexible Packaging | <b>3%</b> | -3%       | -3%       | 2%        | 1%        | -1%       | 6-8%                |
| Fiber Packaging    | <b>4%</b> | 6%        | 6%        | 5%        | 4%        | 5%        | 5-7%                |
| <b>Group</b>       | <b>3%</b> | <b>3%</b> | <b>2%</b> | <b>6%</b> | <b>6%</b> | <b>4%</b> | <b>5+%</b>          |

- Flexible Packaging segment returned to growth path despite approx. 5% like-for-like net sales decline in India
- Solid growth in Foodservice EAO and Fiber Packaging segments
- Good progress in the North America segment against strong comparison

# Net sales grew and earnings improved

| M€                   | Q1 17        | Q1 16 | Change | FY 2016 |
|----------------------|--------------|-------|--------|---------|
| Net sales            | <b>739.4</b> | 672.3 | 10%    | 2,865.0 |
| EBITDA <sup>1</sup>  | <b>94.0</b>  | 84.6  | 11%    | 381.8   |
| <i>Margin</i>        | <b>12.7%</b> | 12.6% |        | 13.3%   |
| EBIT <sup>1</sup>    | <b>62.8</b>  | 57.8  | 9%     | 267.9   |
| <i>Margin</i>        | <b>8.5%</b>  | 8.6%  |        | 9.4%    |
| EPS <sup>1</sup> , € | <b>0.43</b>  | 0.40  | 8%     | 1.83    |
| ROI <sup>1</sup>     | <b>14.6%</b> | 14.8% |        | 14.7%   |
| ROE <sup>1</sup>     | <b>17.4%</b> | 18.3% |        | 17.7%   |
| Capital expenditure  | <b>47.0</b>  | 24.3  | 93%    | 199.1   |
| Free cash flow       | <b>-8.8</b>  | 25.6  | -134%  | 100.3   |

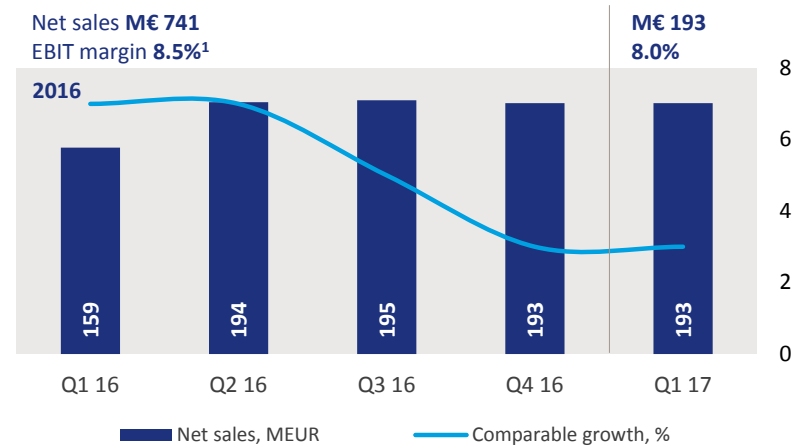
## Q1 17 Highlights

- Earnings growth driven by Foodservice EAO and North America segments
- ROI and ROE solid at PY levels
- Negative cash flow due to high capex and seasonal inventory buildup

# Business segment review

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

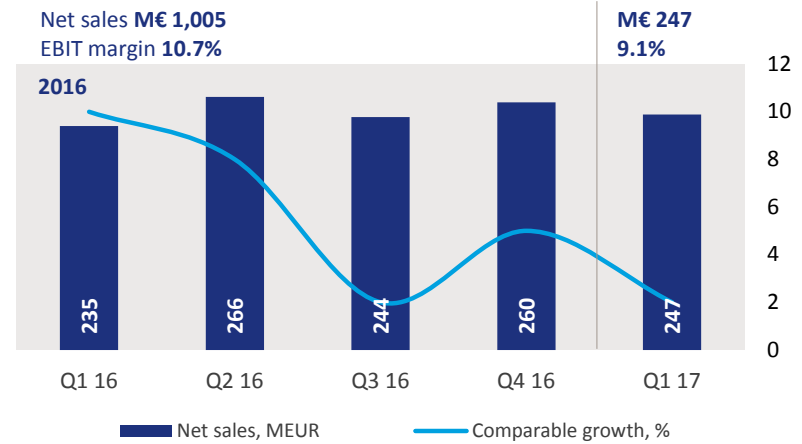
- Organic growth across Europe
- Integration of manufacturing operations in China proceeding
  - Net sales declined due to planned exit of non-core product categories
  - One of the two facilities in Guangzhou sold in April
- Earnings grew driven by net sales growth, operational efficiency, and restructuring actions
- A greenfield paper cup manufacturing unit will be set up in Kiev, Ukraine



| Key figures, M€     | Q1 17 | Q1 16 | Change |
|---------------------|-------|-------|--------|
| EBIT                | 15.4  | 12.0  | 28%    |
| <i>Margin</i>       | 8.0%  | 7.6%  |        |
| RONA                | 13.4% | 14.0% |        |
| Capital expenditure | 11.5  | 5.3   | 117%   |
| Operating cash flow | 13.4  | 9.4   | 43%    |

# North America: Solid progress

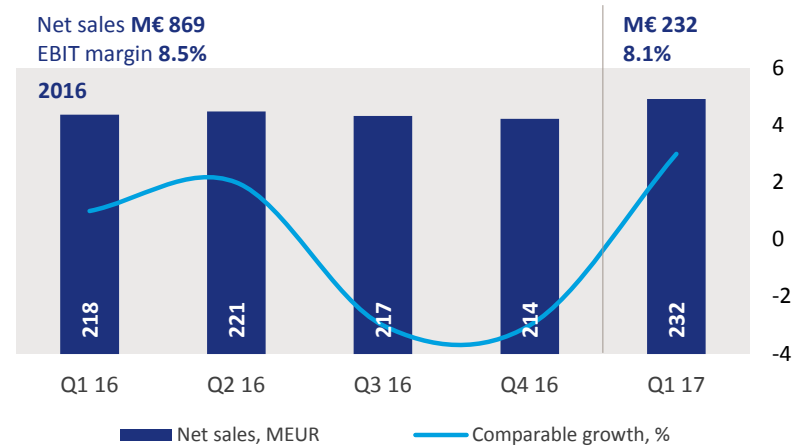
- Sales growth from retail; Easter promotions boosted private label tableware and Chinet®
- Sales of frozen dessert packaging declined
- Profitability improved driven by solid manufacturing performance and volume growth
- Investments in the new facility in Arizona continued and burdened operating cash flow
  - Distribution center commenced operations during Q1 17



| Key figures, M€     | Q1 17        | Q1 16 | Change |
|---------------------|--------------|-------|--------|
| EBIT                | <b>22.5</b>  | 20.8  | 8%     |
| <i>Margin</i>       | <b>9.1%</b>  | 8.8%  |        |
| RONA                | <b>16.0%</b> | 14.9% |        |
| Capital expenditure | <b>24.2</b>  | 10.4  | 133%   |
| Operating cash flow | <b>-17.1</b> | 10.3  | -266%  |

# Flexible Packaging: Return to growth path

- Net sales grew driven by good development in Southeast Asia, Europe and Middle East
- Net sales declined in India
  - Soft demand following the government’s demonetization action in Q4 16; started to normalize towards the end of Q1 17
  - Adverse impact on the segment’s earnings
  - Without the negative impact of India the segment’s comparable growth would have been 6-7%
- Volume growth, operational efficiency and product mix supported earnings
- Manufacturing operations started in two new sites in Northeast India at the end of Q1 17

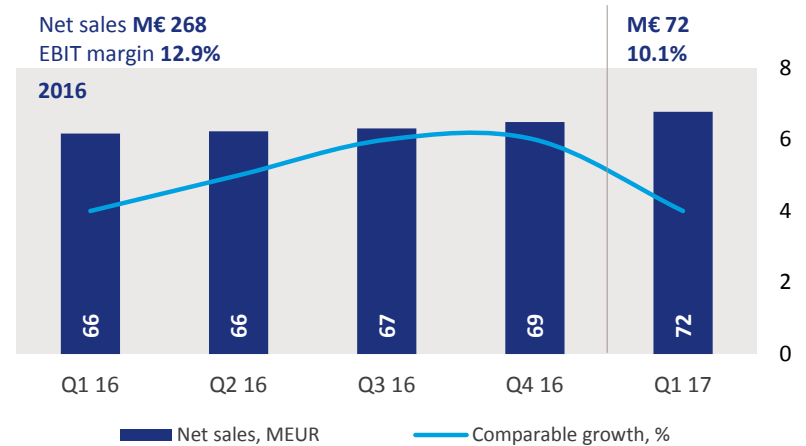


| Key figures, M€     | Q1 17 | Q1 16 | Change |
|---------------------|-------|-------|--------|
| EBIT                | 18.9  | 18.9  | 0%     |
| <i>Margin</i>       | 8.1%  | 8.7%  |        |
| RONA                | 11.5% | 11.5% |        |
| Capital expenditure | 6.9   | 4.1   | 68%    |
| Operating cash flow | 16.2  | 16.7  | -3%    |



# Fiber Packaging: Solid net sales growth, earnings declined

- Good volume growth particularly in the UK and Eastern Europe through added capacity
- South America net sales and earnings declined in weak markets
- Earnings declined due to unfavorable product mix and higher raw material prices
- Segment's name has been changed from Molded Fiber to Fiber Packaging



| Key figures, M€     | Q1 17        | Q1 16 | Change |
|---------------------|--------------|-------|--------|
| EBIT                | <b>7.3</b>   | 8.2   | -11%   |
| <i>Margin</i>       | <b>10.1%</b> | 12.5% |        |
| RONA                | <b>15.6%</b> | 17.1% |        |
| Capital expenditure | <b>4.3</b>   | 4.3   | 0%     |
| Operating cash flow | <b>5.2</b>   | 3.9   | 33%    |

# Financial review

# Net sales grew and earnings improved

| M€                    | Q1 17        | Q1 16 | Change | FY 2016 |
|-----------------------|--------------|-------|--------|---------|
| Net sales             | <b>739.4</b> | 672.3 | 10%    | 2,865.0 |
| EBITDA <sup>1</sup>   | <b>94.0</b>  | 84.6  | 11%    | 381.8   |
| <i>Margin</i>         | <b>12.7%</b> | 12.6% |        | 13.3%   |
| EBIT <sup>1</sup>     | <b>62.8</b>  | 57.8  | 9%     | 267.9   |
| <i>Margin</i>         | <b>8.5%</b>  | 8.6%  |        | 9.4%    |
| Net financial items   | <b>-5.0</b>  | -5.7  | -12%   | -26.9   |
| Profit before taxes   | <b>57.8</b>  | 52.1  | 11%    | 239.3   |
| Income tax expense    | <b>-12.8</b> | -9.4  | 36%    | -47.8   |
| Profit for the period | <b>45.0</b>  | 42.7  | 5%     | 191.5   |
| EPS <sup>1</sup> , €  | <b>0.43</b>  | 0.40  | 8%     | 1.83    |

## Q1 17 Highlights

- Solid improvement throughout the P/L
- Higher depreciation and amortization due to investments
- Lower royalty income related to Hershey trademarks
- Tax rate increased to 22%

# Foreign currency translation turned positive

|     | Average rate Q1 16 | Closing rates |       |       |       |              | Average rate Q1 17 |
|-----|--------------------|---------------|-------|-------|-------|--------------|--------------------|
|     |                    | Q1 16         | Q2 16 | Q3 16 | Q4 16 | Q1 17        |                    |
| USD | 1.10               | 1.14          | 1.11  | 1.12  | 1.05  | <b>1.07</b>  | <b>1.06</b>        |
| INR | 74.43              | 75.43         | 74.96 | 75.03 | 71.09 | <b>69.69</b> | <b>71.35</b>       |
| GBP | 0.77               | 0.79          | 0.83  | 0.86  | 0.85  | <b>0.86</b>  | <b>0.86</b>        |
| CNY | 7.21               | 7.35          | 7.38  | 7.48  | 7.27  | <b>7.40</b>  | <b>7.34</b>        |
| AUD | 1.53               | 1.48          | 1.49  | 1.46  | 1.45  | <b>1.40</b>  | <b>1.41</b>        |
| THB | 39.29              | 40.02         | 39.01 | 38.88 | 37.57 | <b>36.95</b> | <b>37.40</b>       |
| RUB | 82.54              | 76.31         | 71.52 | 70.88 | 63.26 | <b>60.34</b> | <b>62.60</b>       |
| BRL | 4.31               | 4.12          | 3.59  | 3.63  | 3.41  | <b>3.36</b>  | <b>3.35</b>        |
| NZD | 1.66               | 1.64          | 1.56  | 1.55  | 1.50  | <b>1.53</b>  | <b>1.50</b>        |
| ZAR | 17.47              | 16.79         | 16.45 | 15.47 | 14.29 | <b>13.82</b> | <b>14.09</b>       |

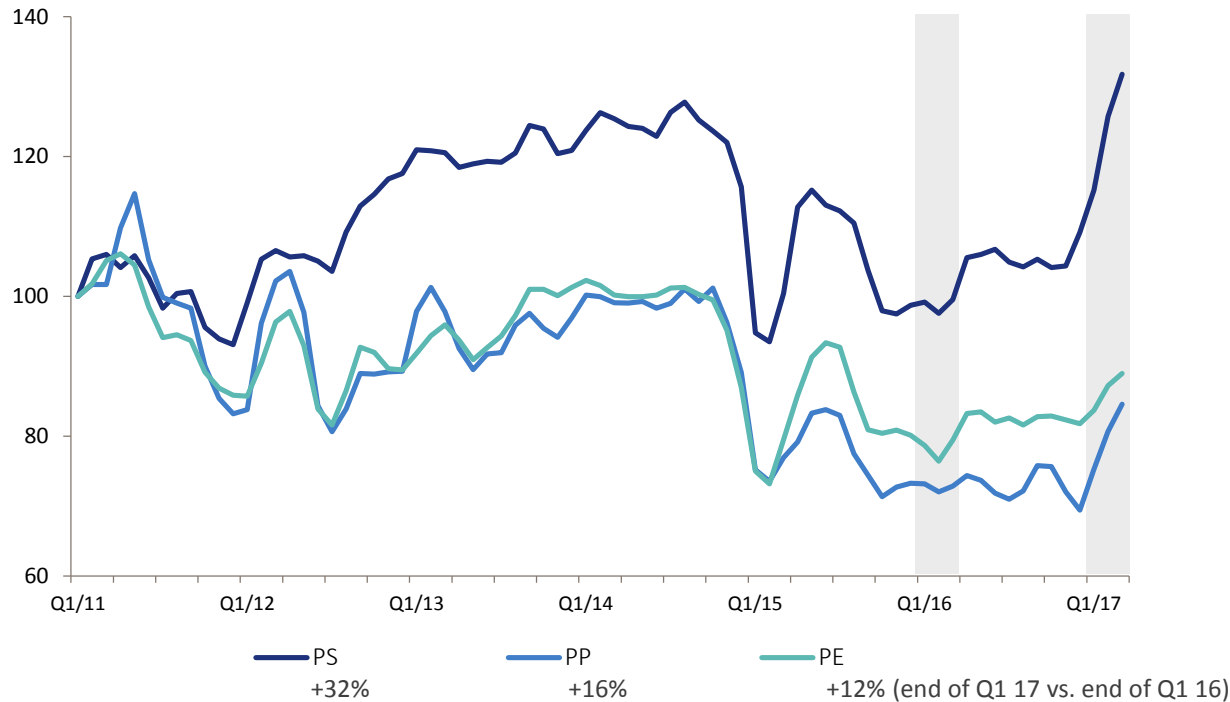
## Foreign currency translation impact

Q1 17:

M€ 20 on net sales

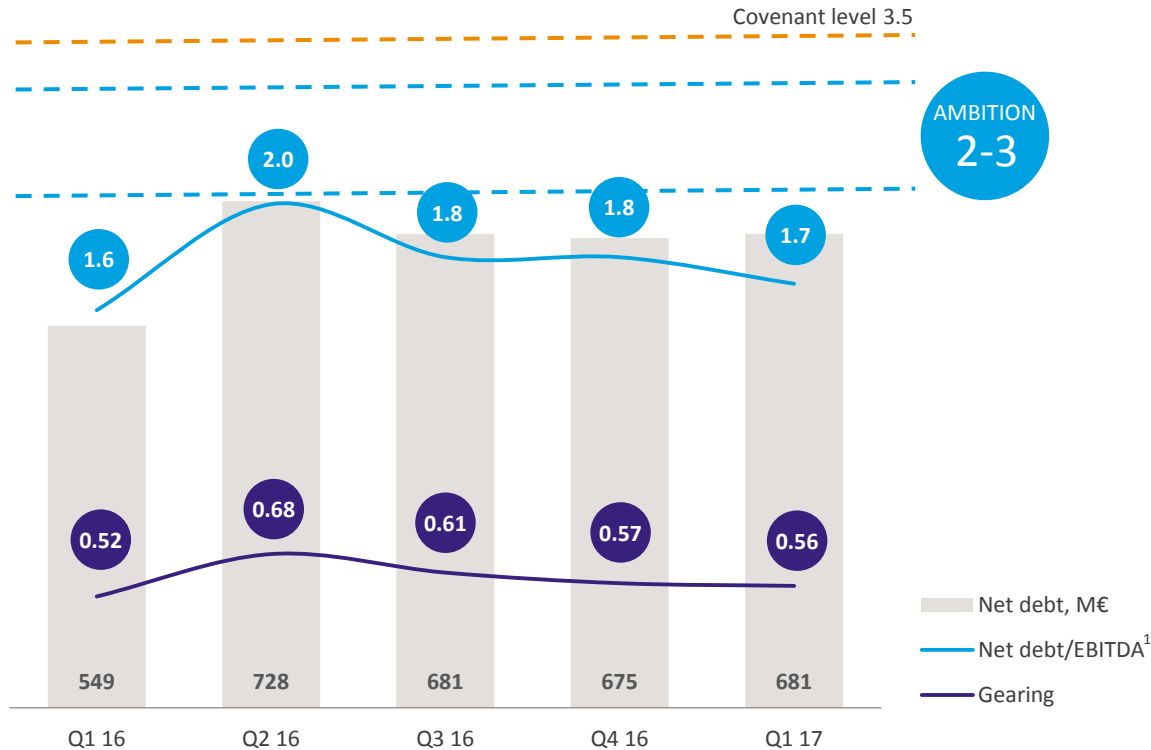
M€ 2 on EBIT

# Prices for plastic resins increased



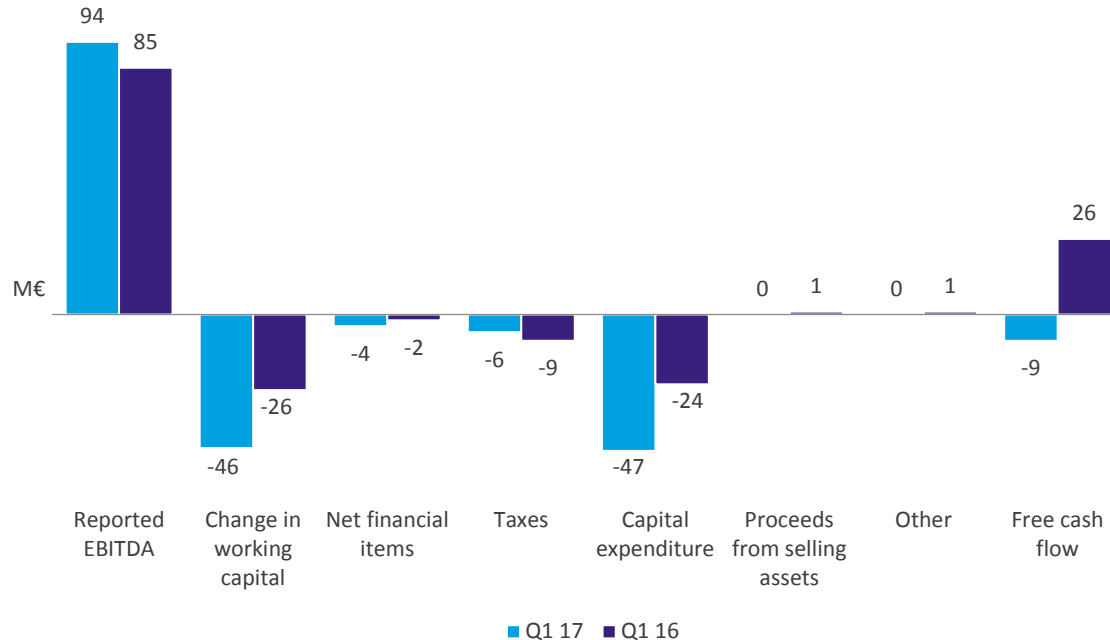
- Prices for plastic resins increased markedly across markets
- Prices for paperboard were relatively stable
- Prices for recycled fiber increased driven by higher demand in Asia

# Solid balance sheet allows continuing growth investments



- Net debt/EBITDA stable at 1.7
- At the end of Q1 17
  - Cash and cash equivalents M€ 100
  - Unused committed credit facilities available M€ 308
- Schuldschein issued in April extending maturity
- Funds available for acquisitions approx. M€ 400-500

# Free cash flow was negative due to high capex and working capital



- Capex significantly above PY level due to high growth investments especially in the U.S., Poland, India and China
- Working capital impacted by seasonal inventory buildup and sales accelerating towards the end of the quarter

# Stable financial position

| M€                                | Mar 2017 | Dec 2016 | Mar 2016 |
|-----------------------------------|----------|----------|----------|
| Total assets                      | 2,946    | 2,875    | 2,596    |
| Operating working capital         | 533      | 515      | 474      |
| Net debt                          | 681      | 675      | 549      |
| Equity & non-controlling interest | 1,222    | 1,182    | 1,050    |
| Gearing                           | 0.56     | 0.57     | 0.52     |
| ROI <sup>1</sup>                  | 14.6%    | 14.7%    | 14.8%    |
| ROE <sup>1</sup>                  | 17.4%    | 17.7%    | 18.3%    |

- Dividend of approx. M€ 76 to be paid early May<sup>2</sup>
  - Dividend proposal € 0.73 per share
    - Payout ratio 40%
    - Yield approx. 2%



# Progress towards our long-term ambitions

|                       | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016          | Q1 2017 | Long-term ambition |
|-----------------------|---------|---------|---------|---------|------------------|---------|--------------------|
| Organic growth        | 3%      | 3%      | 6%      | 4%      | 4%               | 3%      | 5+%                |
| EBITDA margin         | 10.9%   | 11.2%   | 11.6%   | 12.5%   | 13.3%            | 12.7%   | 14+%               |
| EBIT margin           | 7.0%    | 7.4%    | 7.8%    | 8.7%    | 9.4%             | 8.5%    | 10+%               |
| ROI                   | 12.6%   | 12.1%   | 12.6%   | 14.7%   | 14.7%            | 14.6%   | 15+%               |
| ROE                   | 15.8%   | 15.8%   | 16.1%   | 18.1%   | 17.7%            | 17.4%   | 18%                |
| Capex/EBITDA          | 37%     | 50%     | 49%     | 43%     | 52%              | 50%     | 40%                |
| Net debt/EBITDA       | 1.6     | 1.6     | 1.0     | 1.6     | 1.8              | 1.7     | 2-3                |
| Free cash flow, M€    | 103     | 56      | 65      | 91      | 100              | -9      | 150                |
| Dividend payout ratio | 47%     | 47%     | 47%     | 40%     | 40% <sup>1</sup> | n/a     | 40-50%             |

Looking forward

## Outlook 2017 – unchanged

The Group's trading conditions are expected to remain relatively stable during 2017. The good financial position and ability to generate a positive cash flow will enable the Group to address profitable growth opportunities. Capital expenditure is expected to be approximately at the same level as in 2016 with the majority of the investments directed to business expansion.

# Financial calendar 2017

July 21

Half-yearly Report  
2017

October 26

Q3 17 Interim Report



Helping great  
products reach more  
people, more easily

# Short-term risks and uncertainties

Volatile raw material and energy prices as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. General political, economic and financial market conditions can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

# Appendices

# We're the global specialist in packaging for food and drink

Net sales

€2.9bn

Comparable growth

3%



EBIT margin

9.3%

ROI

14.6%



Our ambition

The preferred global  
food packaging brand

Employees

17,300



Manufacturing sites

76

Operations in  
34 countries



Our purpose

Helping great products  
reach more people,  
more easily.



# We're well positioned to deliver on our ambitions

Who we are:

Who we serve:

What we offer:

Main materials we use:

#1

**FOODSERVICE**  
packaging company  
operating globally



Paperboard

#1

**FIBER PACKAGING**  
company globally



Recycled fibers

#1

**FLEXIBLE PACKAGING**  
company in emerging  
markets



Plastic & other  
materials

# Our three business areas are organized into four reporting segments

## Foodservice packaging



### Foodservice Europe-Asia-Oceania and North America

- 39 plants on 5 continents
- 8,800 employees
- €1.7bn net sales

## Flexible packaging



### Flexible Packaging

- 26 plants on 3 continents
- 6,700 employees
- €870mn net sales

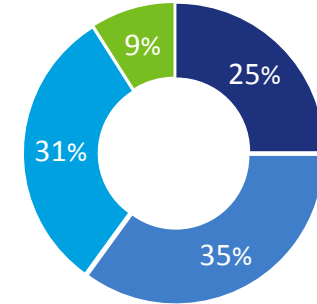
## Fiber packaging



### Fiber Packaging

- 11 plants on 4 continents
- 1,700 employees
- €270mn net sales

## Share of net sales per segment in 2016



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

# Foodservice E-A-O: Geared for profitable growth

Foodservice paper and plastic disposable tableware, such as cups and lids, is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, South Africa, Middle East, Asia and Oceania.

## Our products



Net sales by geography



## Our competitive advantages

- Unique footprint
- Wide product range
- High standards to operate applied in all locations
- Renewed innovations roadmap
- Sourcing ability
- Solid operating efficiency and up-to-date manufacturing capacity

## Our customers



## Market position



## Key competitors

Seda, HK Cups, International Paper and local players

| M€                  | Long-term ambition | LTM Q1 17       | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  |
|---------------------|--------------------|-----------------|-------|-------|-------|-------|-------|-------|
| Net sales           |                    | 774.6           | 741.0 | 667.5 | 620.4 | 629.1 | 626.8 | 524.1 |
| Comparable growth   | 5-7%               | 3% <sup>1</sup> | 5%    | 4%    | 4%    | 2%    | -1%   | 0%    |
| EBIT                |                    | 66.6            | 63.2  | 52.4  | 57.4  | 46.9  | 38.1  | 20.0  |
| Margin              | 9-11%              | 8.6%            | 8.5%  | 7.9%  | 9.3%  | 7.5%  | 6.1%  | 3.8%  |
| RONA                | 15+%               | 13.4%           | 13.7% | 14.2% | 17.6% | 13.9% | 11.6% | 7.8%  |
| Capex               |                    | 53.1            | 46.9  | 39.6  | 33.6  | 16.8  | 21.1  | 20.9  |
| Operating cash flow |                    | 42.0            | 38.0  | 35.4  | 41.9  | 55.9  | 39.7  | 10.7  |



## Focus areas

- Footprint expansion
- Product portfolio expansion, especially folded carton and bags & wraps
- Execution of the renewed innovation roadmap with emphasis on sustainability and aim for enhanced differentiation
- Sourcing collaboration across segments

# North America: Continue on the growth path

The North America segment serves local markets with foodservice packaging, Chinet® disposable tableware as well as ice-cream containers and other consumer goods packaging products. The segment has production in the United States and Mexico.

## Our products



Net sales by market channel



## Our competitive advantages

- Leading shaped paperboard converter
- 21st century new capacity
- Capability for customer promotions
- Molded fiber competence and scale, Chinet® brand
- Uniquely global in foodservice packaging
- Ice-cream systems offering

| M€                  | Long-term ambition | LTM Q1 17       | 2016    | 2015  | 2014  | 2013  | 2012  | 2011  |
|---------------------|--------------------|-----------------|---------|-------|-------|-------|-------|-------|
| Net sales           |                    | 1,017.2         | 1,005.1 | 947.7 | 769.3 | 725.3 | 704.3 | 532.3 |
| Comparable growth   | 2-5%               | 2% <sup>1</sup> | 6%      | 4%    | 6%    | 5%    | 5%    | -4%   |
| EBIT                |                    | 109.3           | 107.6   | 88.2  | 38.4  | 38.4  | 53.0  | 43.5  |
| Margin              | 9-10%              | 10.7%           | 10.7%   | 9.3%  | 5.0%  | 5.3%  | 7.5%  | 8.2%  |
| RONA                | 11-14%             | 16.0%           | 16.3%   | 14.1% | 7.2%  | 8.0%  | 11.7% | 11.2% |
| Capex               |                    | 111.7           | 97.9    | 40.9  | 36.7  | 66.7  | 31.5  | 24.0  |
| Operating cash flow |                    | 13.0            | 40.4    | 61.1  | 18.7  | -15.0 | 28.7  | 43.5  |

## Our customers



## Market position

#1 globally operating foodservice packaging company

## Key competitors

International Paper, Dart/Solo, Reynolds/Pactiv, AJM, Koch/Georgia Pacific, Aspen, Rock Tenn, Gen Pak



## Focus areas

- Replicate Batavia success in Goodyear, AZ
- Build culture to attract best employees and best customers
- Leverage our capacity in foodservice paperboard packaging and retail store brands



<sup>1</sup> For Q1 17

# Flexible Packaging: Strengthening our position

Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Middle East, Asia and South America.

## Our products



Sales by geography



## Our competitive advantages

- Unmatched footprint in emerging markets
- Good reputation among blue-chip customers
- Global R&D knowhow to speed up innovations & commercialization
- Wide product offering
- Strong teams & resource pool in India

## Our customers



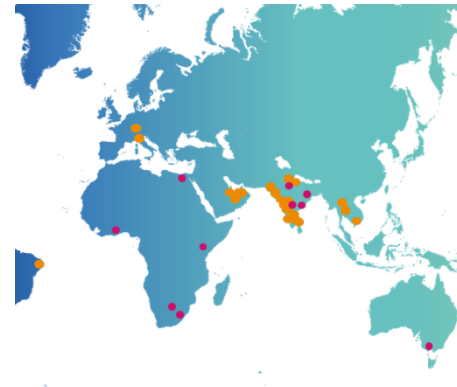
## Market position



## Key competitors

Amcor, Constantia, Bemis, Dai Nippon, regional and local players

| M€                  | Long-term ambition | LTM Q1 17       | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  |
|---------------------|--------------------|-----------------|-------|-------|-------|-------|-------|-------|
| Net sales           |                    | 883.2           | 868.6 | 868.9 | 618.0 | 585.8 | 573.3 | 578.3 |
| Comparable growth   | 6-8%               | 3% <sup>1</sup> | -1%   | 3%    | 7%    | 4%    | 2%    | 4%    |
| EBIT                |                    | 73.8            | 73.8  | 68.8  | 45.5  | 44.0  | 44.6  | 38.3  |
| Margin              | 9-11%              | 8.4%            | 8.5%  | 7.9%  | 7.4%  | 7.5%  | 7.8%  | 6.6%  |
| RONA                | 15+%               | 11.5%           | 11.6% | 12.3% | 13.6% | 13.3% | 13.8% | 9.3%  |
| Capex               |                    | 28.5            | 25.7  | 31.6  | 24.7  | 15.6  | 19.8  | 18.6  |
| Operating cash flow |                    | 87.4            | 87.9  | 63.5  | 27.8  | 34.8  | 41.4  | 39.7  |



## Focus areas

- Harvest full benefits of the recent growth initiatives
- Seize the momentum with global key accounts
- Offer best-in-market innovation capability
- Build capacity for organic growth and seek for potential acquisition targets

**Huhtamaki**

# Fiber Packaging: Focus on profitable growth to enhance our positions

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production in Europe, Oceania, Africa and South America.

## Our products



Sales by geography



## Our competitive advantages

- Full control throughout the value chain from raw material sourcing to NPD
- Centralized R&D
- Sustainability knowhow
- Local service backed by global knowledge
- Strong teams and continuous knowledge sharing

| M€                  | Long-term ambition | LTM Q1 17       | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  |
|---------------------|--------------------|-----------------|-------|-------|-------|-------|-------|-------|
| Net sales           |                    | 274.6           | 267.8 | 260.3 | 247.0 | 236.3 | 237.3 | 244.0 |
| Comparable growth   | 5-7%               | 4% <sup>1</sup> | 5%    | 5%    | 9%    | 6%    | 4%    | 3%    |
| EBIT                |                    | 33.7            | 34.6  | 33.5  | 35.0  | 29.6  | 26.4  | 20.9  |
| Margin              | 13-15%             | 12.3%           | 12.9% | 12.9% | 14.2% | 12.5% | 11.1% | 8.6%  |
| RONA                | 18+%               | 15.6%           | 16.4% | 17.7% | 20.4% | 18.2% | 16.1% | 12.0% |
| Capex               |                    | 27.6            | 27.6  | 34.1  | 27.3  | 18.9  | 14.8  | 11.2  |
| Operating cash flow |                    | 18.0            | 16.7  | 9.9   | 17.5  | 21.0  | 25.6  | 18.5  |

## Our customers



## Market position



## Key competitors

Hartmann, Pactiv, local players, plastics manufacturers



## Focus areas

- Continued investments in new capacity
- Expansion of product portfolio
- Active interest in potential acquisitions
- Innovations and sustainability
- Continuous improvement: operational efficiency, cost mgmt
- Knowledge sharing

<sup>1</sup> For Q1 17

# Group financials 2009-2016

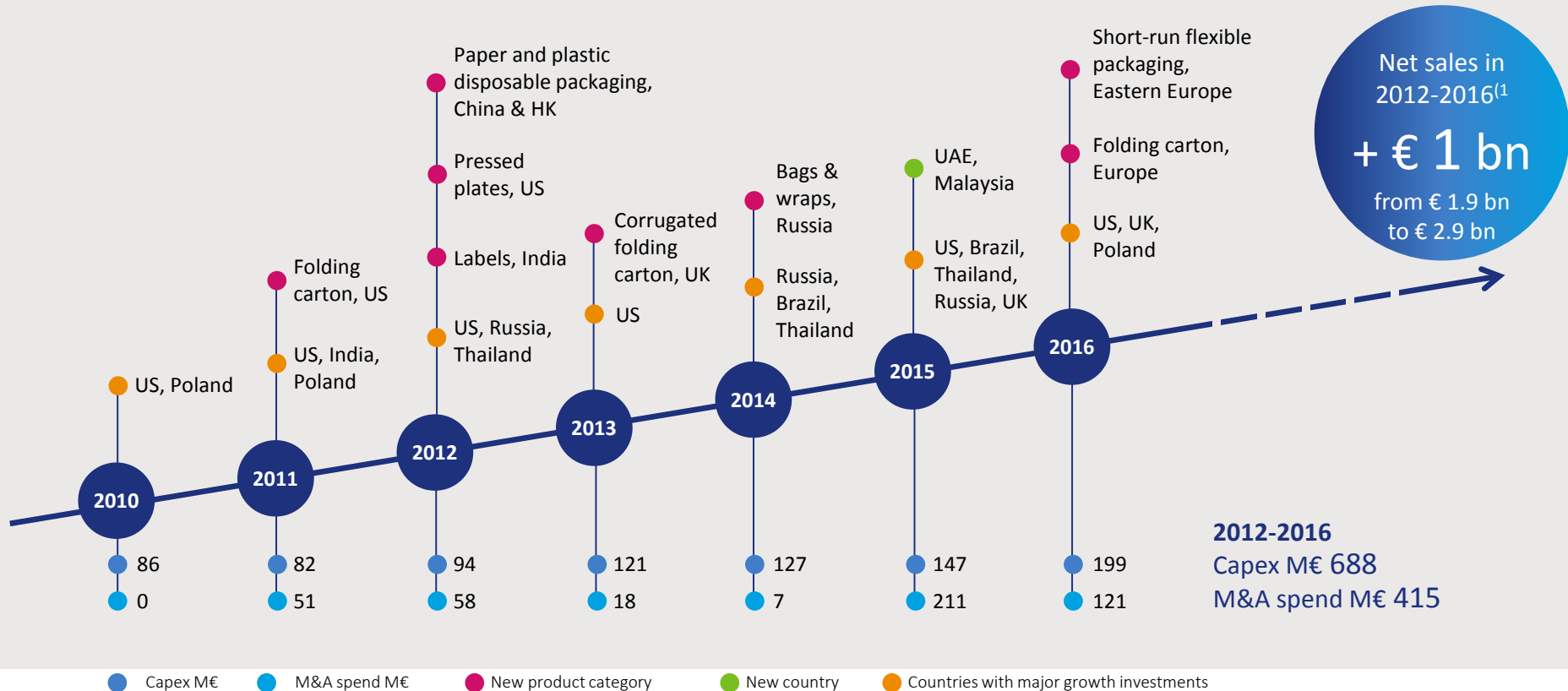
|   |    | 2016                      | 2015  | 2014 <sup>(1)</sup> | 2013 <sup>(1)</sup> | 2012 <sup>(2)</sup> | 2011  | 2010  | 2009  |
|---|----|---------------------------|-------|---------------------|---------------------|---------------------|-------|-------|-------|
| Net sales                               | M€ | <b>2,865</b>              | 2,726 | 2,236               | 2,161               | 2,321               | 2,043 | 1,952 | 1,832 |
| <i>Comparable growth <sup>(3)</sup></i> | %  | <b>4</b>                  | 4     | 6                   | 3                   | 3                   | 5     | 3     | -5    |
| Adjusted EBITDA <sup>(4)</sup>          | M€ | <b>382</b>                | 342   | 259                 | 242                 | 254                 | 208   | 214   | 193   |
| <i>Margin <sup>(4)</sup></i>            | %  | <b>13.3</b>               | 12.5  | 11.6                | 11.2                | 10.9                | 10.2  | 11.0  | 10.5  |
| Adjusted EBIT <sup>(4)</sup>            | M€ | <b>268</b>                | 238   | 175                 | 160                 | 164                 | 128   | 134   | 112   |
| <i>Margin <sup>(4)</sup></i>            | %  | <b>9.4</b>                | 8.7   | 7.8                 | 7.4                 | 7.0                 | 6.2   | 6.9   | 6.1   |
| Adjusted EPS <sup>(4)</sup>             | €  | <b>1.83</b>               | 1.65  | 1.24                | 1.17                | 1.19                | 0.87  | 0.92  | 0.57  |
| ROI <sup>(4)</sup>                      | %  | <b>14.7</b>               | 14.7  | 12.6                | 12.1                | 12.6                | 9.8   | 12.0  | 9.6   |
| ROE <sup>(4)</sup>                      | %  | <b>17.7</b>               | 18.1  | 16.1                | 15.8                | 15.8                | 11.0  | 14.5  | 10.1  |
| Capex                                   | M€ | <b>199</b>                | 147   | 127                 | 121                 | 94                  | 82    | 86    | 53    |
| Free cash flow                          | M€ | <b>100</b>                | 91    | 65                  | 56                  | 103                 | 65    | 113   | 208   |
| Gearing                                 |    | <b>0.57</b>               | 0.53  | 0.32                | 0.50                | 0.50                | 0.49  | 0.32  | 0.50  |
| Net debt to EBITDA <sup>(4)</sup>       |    | <b>1.8</b>                | 1.6   | 1.0                 | 1.6                 | 1.6                 | 1.9   | 1.2   | 1.7   |
| Dividend per share                      | €  | <b>0.73<sup>(5)</sup></b> | 0.66  | 0.60                | 0.57                | 0.56                | 0.46  | 0.44  | 0.38  |

# Quarterly comparable growth by business segment since 2015

|                    | Q1 17     | Q4 16     | Q3 16     | Q2 16     | Q1 16     | Q4 15     | Q3 15     | Q2 15     | Q1 15     | FY 16      | FY 15     | FY 14     | Long-term ambition |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|--------------------|
| Foodservice E-A-O  | <b>3%</b> | 3%        | 5%        | 7%        | 7%        | 8%        | 6%        | 2%        | 3%        | <b>5%</b>  | 4%        | 4%        | <b>5-7%</b>        |
| North America      | <b>2%</b> | 5%        | 2%        | 8%        | 10%       | 5%        | 7%        | -2%       | 7%        | <b>6%</b>  | 4%        | 6%        | <b>2-5%</b>        |
| Flexible Packaging | <b>3%</b> | -3%       | -3%       | 2%        | 1%        | -1%       | 5%        | 4%        | 5%        | <b>-1%</b> | 3%        | 7%        | <b>6-8%</b>        |
| Fiber Packaging    | <b>4%</b> | 6%        | 6%        | 5%        | 4%        | 6%        | 5%        | 5%        | 5%        | <b>5%</b>  | 5%        | 9%        | <b>5-7%</b>        |
| <b>Group total</b> | <b>3%</b> | <b>3%</b> | <b>2%</b> | <b>6%</b> | <b>6%</b> | <b>4%</b> | <b>6%</b> | <b>1%</b> | <b>5%</b> | <b>4%</b>  | <b>4%</b> | <b>6%</b> | <b>5+%</b>         |



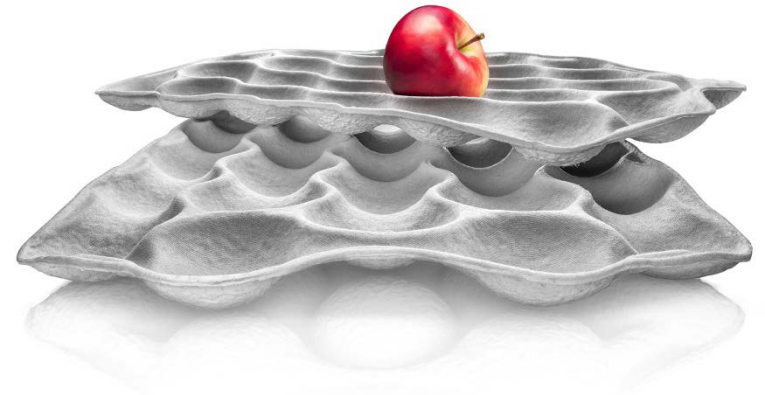
# We have made major investments in growth in 2010-2016



<sup>1)</sup> Continuing business only

# 13 acquisitions completed since 2011

- Paris Packaging, Inc., US, September 2011 (North America)
- Ample Industries, Inc., US, November 2011 (North America)
- Josco (Holdings) Limited, China, April 2012 (Foodservice E-A-O)
- Winterfield, LLC, US, August 2012 (North America)
- Webtech Labels Private Limited, India, November 2012 (Flexible Packaging)
- BCP Fluted Packaging Ltd., UK, November 2013 (Foodservice E-A-O)
- Interpac Packaging Ltd., New Zealand, August 2014 (Foodservice E-A-O)
- Positive Packaging, India, January 2015 (Flexible Packaging)
- Butterworth Paper Cups, Malaysia, March 2015 (Foodservice E-A-O)
- Pure-Stat Technologies, Inc., US, July 2015 (North America)
- FIOMO a.s., Czech Republic, January 2016 (Flexible Packaging)
- Delta Print and Packaging Ltd., UK, May 2016 (Foodservice E-A-O)
- Val Pack Solutions Private Limited, India, July 2016 (Foodservice E-A-O)



In total approx. M€ 585 of annual net sales acquired for M€ 466<sup>(1)</sup>

More details per acquisition are available on our website [www.huhtamaki.com/investors/financial-information/acquisitions-and-divestments](http://www.huhtamaki.com/investors/financial-information/acquisitions-and-divestments)

# Growing into the preferred global food packaging brand

– continuing on our strategic path

## Grow

AMBITION  
10+%

- Organic and innovative growth 5+%
- Acquisitive growth 5+%

## Build more

- Continue organic investments
- Continue disciplined acquisitions

## Achieve our ambition

The preferred global food packaging brand

## Raise EBIT margin

AMBITION  
10+%

- Topline growth
- Operating efficiency

## Strengthen collaboration

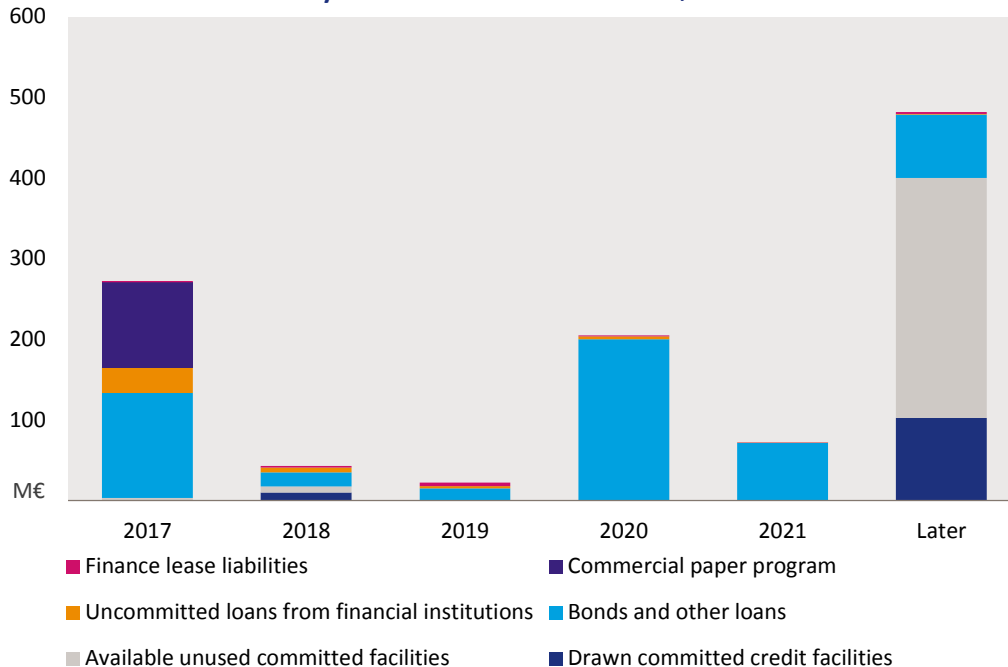
- Focus on food
- Engaged and high performing teams

## Live our purpose every day

Helping great products reach more people, more easily.

# Debt maturity structure unchanged

## Debt maturity structure March 31, 2017

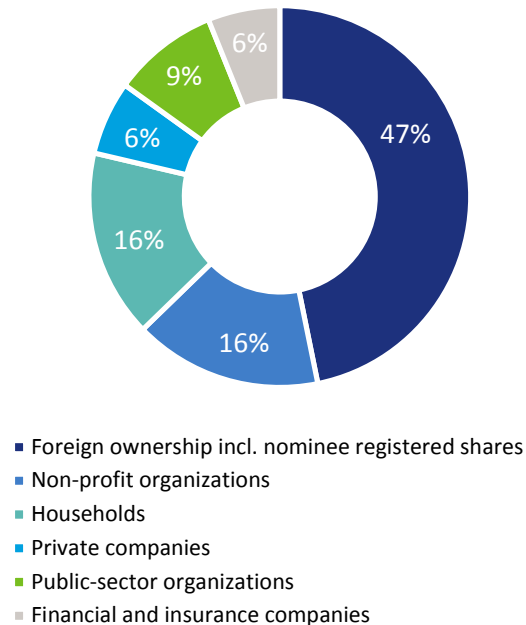


- Schuldschein issued in April 2017 extending maturity
- Average maturity at 3.7 years as of end of Q1 17 (3.9 at the end of 2016)

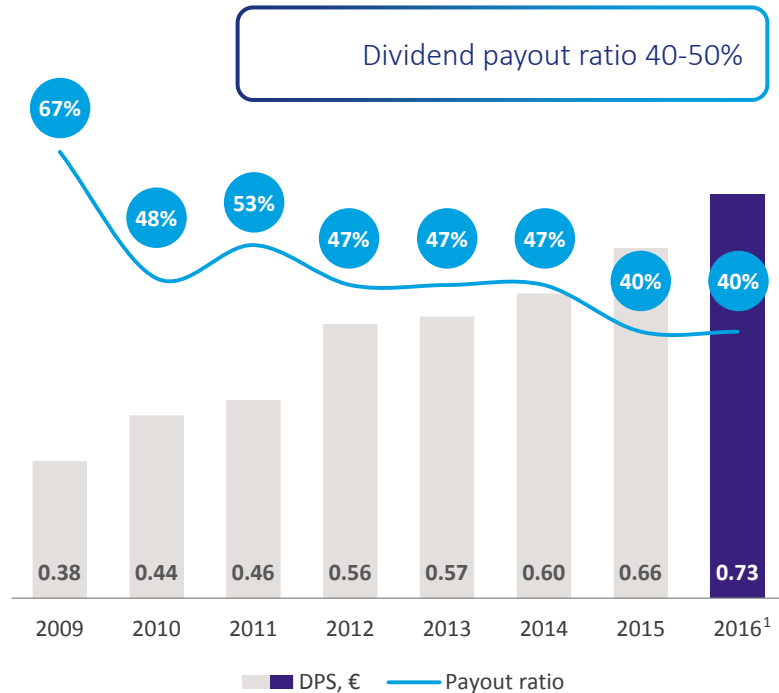
# Ownership

- 29,301 registered shareholders at the end of March 2017
- 53% of shares in domestic ownership
- 16% of shares controlled by non-profit organizations
  - Finnish Cultural Foundation a major owner since 1943, current ownership 11%
- Number of outstanding shares 107,760,385 including 3,723,484 of the Company's own shares

Shareholder distribution by sector  
March 31, 2017



# The Board of Directors aims at predictable and growing dividends



- The Board proposes a € 0.73 dividend per share
- Adjusted EPS € 1.83
- Free cash flow before dividends M€ 100 for FY 2016
- Based on Board proposal, 11% increase in dividend
  - Payout ratio 40%
  - Dividend yield<sup>2</sup> 2.1%
- Dividend +92% since 2009
- Dividend CAGR for 2009-2016 is approx. 10%

# Definitions for performance measures

## Performance measures according to IFRS

Earnings per share (EPS) from profit for the period from continuing operations =

$\frac{\text{Profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Earnings per share (EPS) from profit for the period from discontinued operations =

$\frac{\text{Profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Earnings per share (EPS) attributable to equity holders of the parent company =

$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Diluted earnings per share (EPS) from profit for the period from continuing operations =

$\frac{\text{Diluted profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Diluted earnings per share (EPS) from profit for the period from discontinued operations =

$\frac{\text{Diluted profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Earnings per share attributable to equity holders of the parent company (diluted EPS) =

$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

## Alternative performance measures

EBITDA =

EBIT + depreciation and amortization

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$

Return on net assets (RONA) =

$\frac{100 \times \text{Earnings before interest and taxes (12m roll.)}}{\text{Net assets (12m roll.)}}$

Operating cash flow =

EBIT + depreciation and amortization - capital expenditure  
+ disposals +/- change in inventories, trade receivables and trade payables

Shareholders' equity per share =

$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at period end}}$

Return on equity (ROE) =

$\frac{100 \times \text{Profit for the period (12m roll.)}}{\text{Total equity (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses}) (12m roll.)}{\text{Statement of financial position total} - \text{Interest-free liabilities (average)}}$

# 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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**Huhtamaki**