

Solid performance despite COVID-19 pandemic

Results 2020

Charles Héaulmé
President and CEO

Thomas Geust
CFO

Huhtamaki



Continued solid performance despite COVID-19 pandemic

- Solid full year sales performance, continued profit improvement and strong cash flow, enabling continued investments into levers for growth
- Gradual recovery in short-term demand has continued, however volatility remains especially for foodservice
- Strong continued demand for fiber packaging and retail tableware
- We have embarked on a transformation journey in line with our long-term growth ambition. We focus on improving our competitiveness, innovation and sustainability, for growth



Our operating
environment



Huhtamaki

2020 has been a year of external disruption and internal transformation

EXTERNAL DISRUPTION

- **Macroeconomy impacted by COVID-19** crisis and **continued geopolitical tensions**
- **Sustainability legislation** gaining momentum particularly in the EU, creating uncertainty, and also opportunities
- **Consumption shift** towards **consumption at home**. Rise in demand for **innovation in circular products**. **Competitive pressure** created by available capacity

INTERNAL TRANSFORMATION

- **2030 growth strategy** finalized and rolled-out with enhanced focus on **sustainability, digitalization, innovation and high-performance**
- **Product portfolio adapting** to consumption changes and increased sustainability focus
- **Preparing for post-COVID**, including actions to improve competitiveness and investments for expansion and automation

Our renewed purpose inspires our everyday work: **Protecting food, people and the planet**

Essential status and health and safety safeguards ensured business continuity to serve our customers



- During 2020, temporary close-down of operations in 14 out of 81 units, with only 3 units closed for more than 3 weeks
- Operations have been closed during 1% of the time
- We have constantly worked on protecting the health of our employees

% of weeks in operation in 2020

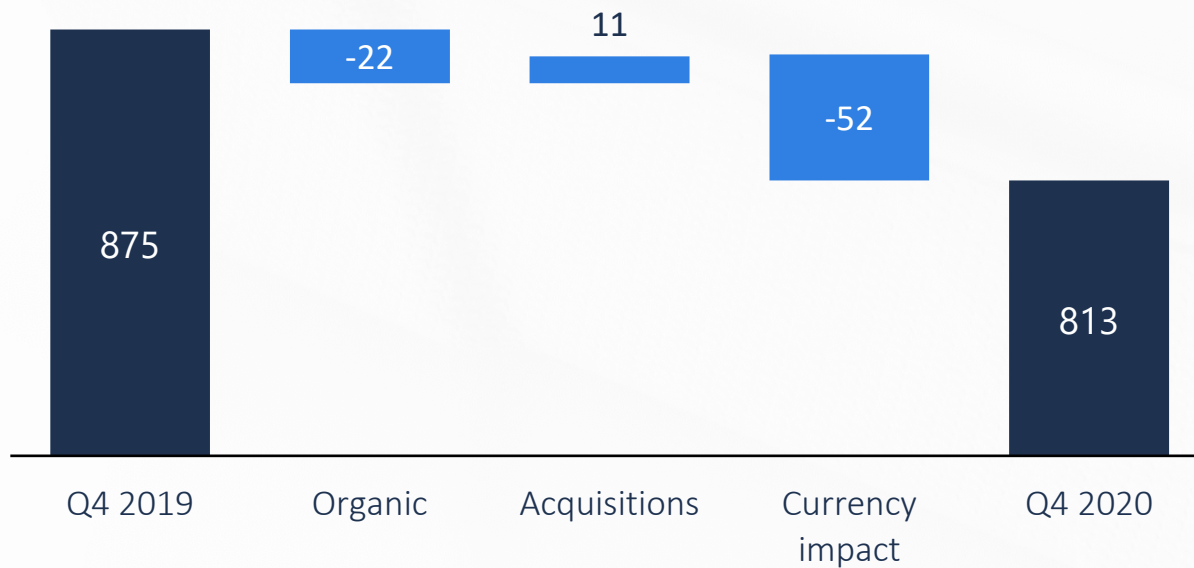
North & South America	99%
Europe (incl. Eastern Europe)	97%
Middle East & Africa	99%
Asia and Oceania	99%
Total	99%

Business performance



Q4 2020: Net sales negatively impacted by effects from COVID-19

Development of net sales in Q4 2020
(EUR million)



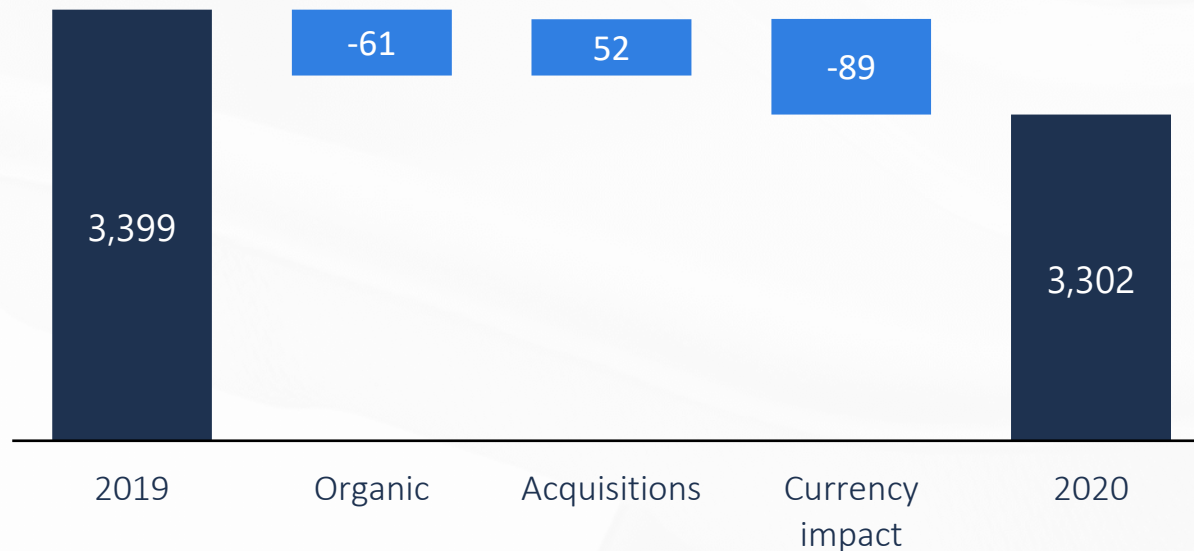
Net sales -7% in Q4 2020

- Comparable net sales -2% (-7% in emerging markets)
- 1% from acquisitions
- 6% 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.

2020: Food on-the-shelf packaging continued to grow, whilst food on-the-go was affected by the pandemic

Development of net sales in 2020
(EUR million)



Net sales -3% in 2020

- Comparable net sales -2% (-6% in emerging markets)
- 2% from acquisitions
- 3% 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.

The global pandemic resulted in a minor decrease in 2020 net sales

<i>Comparable growth</i>	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	2019	2020	Long-term ambitions
Foodservice E-A-O	4%	-4%	-28%	-1%	-7%	4%	-10%	5-7%
North America	6%	9%	-5%	4%	-2%	9%	1%	3-5%
Flexible Packaging	3%	2%	2%	1%	0%	3%	1%	6-8%
Fiber Packaging	8%	9%	10%	7%	8%	6%	9%	3-5%
Group	5%	3%	-8%	2%	-2%	6%	-2%	5+%

- Comparison vs. high 2019 Q4 sales unhelpful against consistency of sales in 2020 H2
 - Strong demand continued in retail tableware in North America, growth limited by available inventory and no seasonal impact
 - COVID-19 continued to affect foodservice business, globally
 - Solid demand continued for food on-the-shelf products. However, with high volatility in emerging markets throughout the year

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

Improved adjusted EBIT margin by 0.5 p.p.

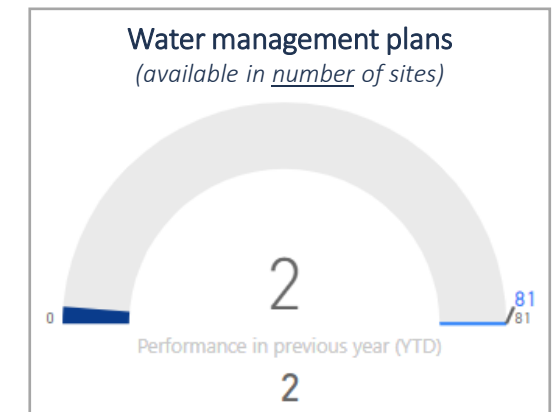
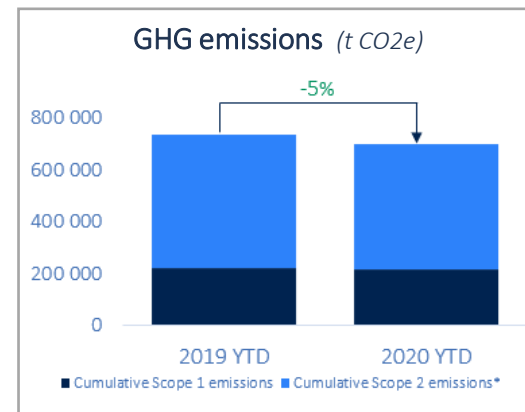
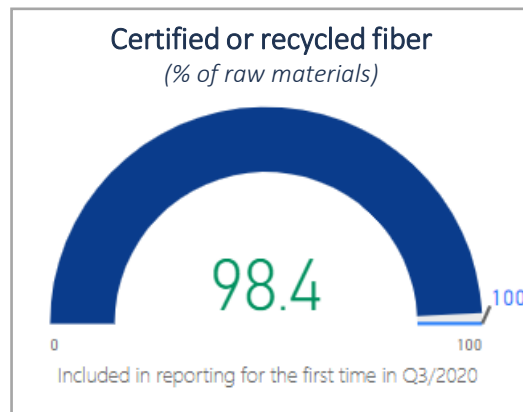
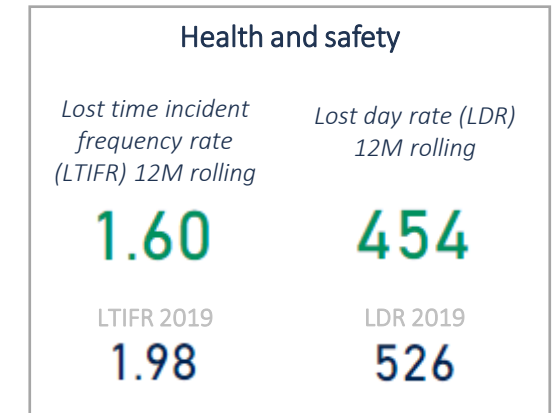
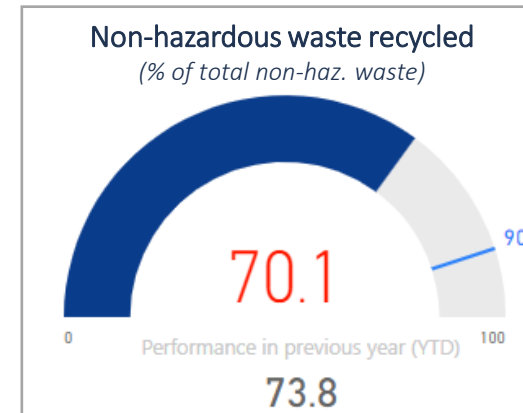
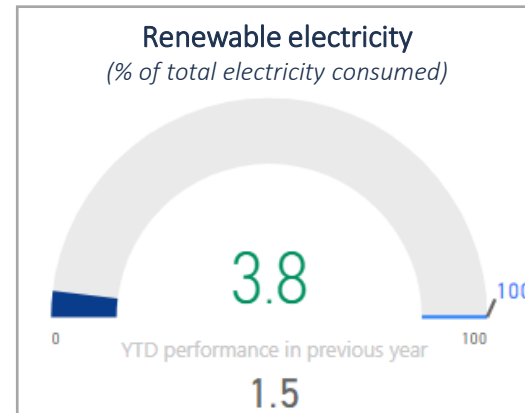
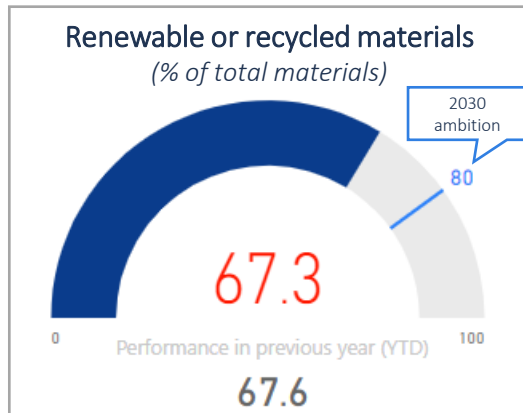
<i>MEUR</i>	Q4 20	Q4 19	Change	2020	2019	Change
Net sales	812.8	874.6	-7%	3,301.8	3,399.0	-3%
Adjusted EBIT ¹	72.8	74.7	-2%	302.1	293.1	3%
<i>Margin</i>	9.0%	8.5%		9.1%	8.6%	
Adjusted EPS, EUR ²	0.48	0.48	1%	1.95	1.88	4%
Capital expenditure	103.2	71.0	45%	223.5	203.9	10%

- Net sales decreased due to lower demand for foodservice, following the impact of COVID-19
- Adjusted EBIT margin improved in 2020 following favorable sales mix, beneficial cost environment and continued focus on operational efficiency
- Adjusted EPS increased 4% in 2020
- 2020 investments geared towards business expansion and automation

1) Excluding IAC of EUR -24.9 million in Q4 2020 (EUR -2.3 million) and EUR -36.8 million in 2020 (EUR -7.6 million).

2) Excluding IAC of EUR -19.3 million in Q4 2020 (EUR -1.8 million) and EUR -26.2 million in 2020 (EUR -5.9 million).

Embedding sustainability across our operations and setting clear ambitions



Ambitions displayed in the graphs are Huhtamaki group's 2030 ambitions; GHG = greenhouse gas

*Scope 2 emissions are calculated using location-based calculation method. Market-based calculation method to be taken into use in 2021.

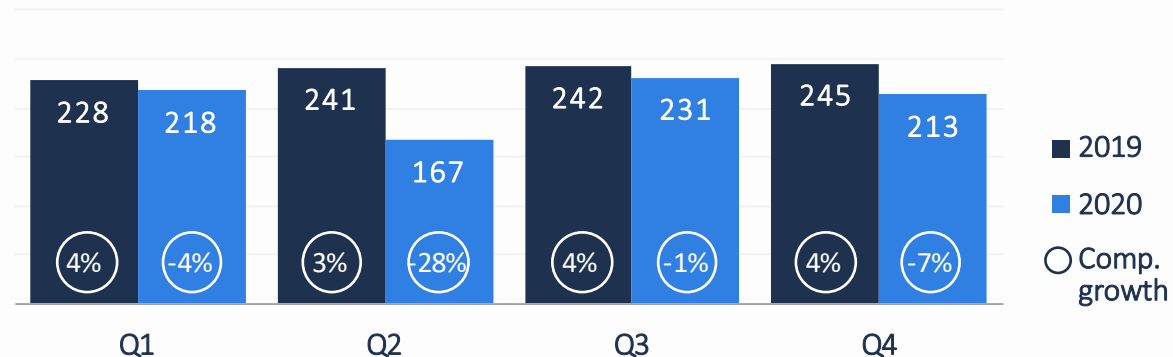
Business segment review



Foodservice EAO: Transformation initiated to secure competitiveness and to adapt to future trends

Key figures, MEUR	Q4 20	Q4 19	Change
Net sales	213.5	245.3	-13%
Comparable growth	-7%	4%	
Adjusted EBIT ¹	15.5	20.9	-26%
Margin	7.3%	8.5%	
Capital expenditure	31.6	26.1	21%
Operating cash flow ¹	11.7	22.3	-48%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	2020	2019	Change
Net sales	829.1	956.7	-13%
Comparable growth	-10%	4%	
Adjusted EBIT ¹	60.9	85.7	-29%
Margin	7.3%	9.0%	
Adjusted RONA	7.7%	11.5%	
Capital expenditure	78.7	74.7	5%
Operating cash flow ¹	41.6	66.8	-38%

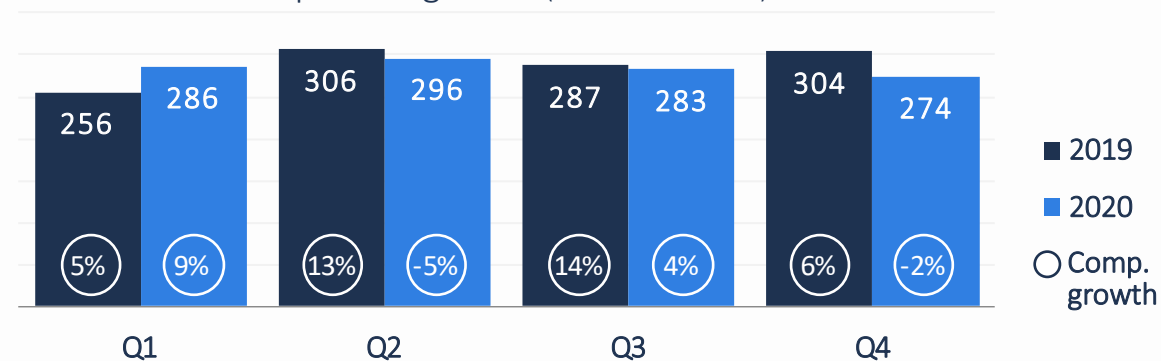
- COVID-19 continued to have a significant negative impact on demand
- Net sales decreased in most main markets, however partly compensated by sales of face shields and face masks (Huhta Mask)
- The segment's adjusted EBIT decreased as a result of lower asset utilization due to lower demand
- IAC of EUR -10 million in Q4 (EUR -29 million in 2020) booked to adapt capacity to future market demand while investing in new products, industrialization and investments in growth markets (Malaysia)

1) Excluding IAC of EUR -10.5 million in Q4 2020 (EUR -0.2 million) and EUR -30.0 million in 2020 (EUR -0.5 million).

North America: Strong performance throughout the year

Key figures, MEUR	Q4 20	Q4 19	Change
Net sales	274.0	303.6	-10%
Comparable growth	-2%	6%	
Adjusted EBIT ¹	32.2	33.1	-3%
Margin	11.8%	10.9%	
Capital expenditure	35.9	15.9	>100%
Operating cash flow ¹	22.1	44.4	-50%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	2020	2019	Change
Net sales	1,138.9	1,152.7	-1%
Comparable growth	1%	9%	
Adjusted EBIT ¹	136.6	111.4	23%
Margin	12.0%	9.7%	
Adjusted RONA	16.8%	13.0%	
Capital expenditure	71.7	54.6	31%
Operating cash flow ¹	150.1	125.0	20%

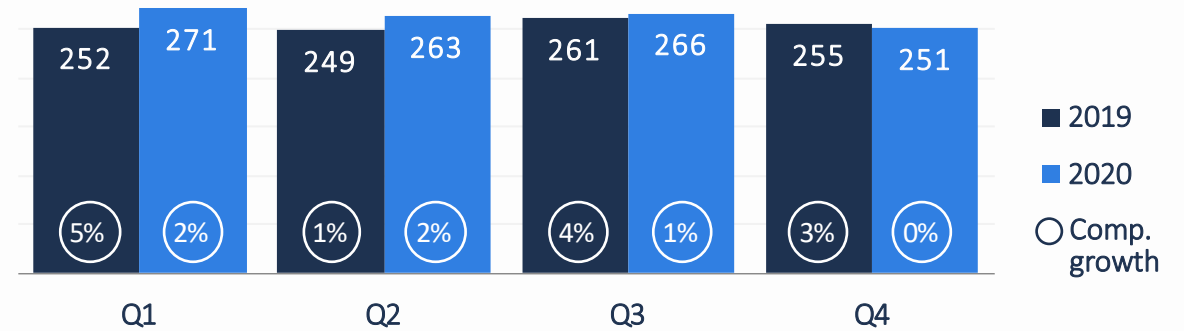
- Demand for foodservice packaging still impacted by COVID-19, continued strong demand for retail tableware and in-home ice cream packaging
- Sales in retail tableware were limited by a lower-than-normal available inventory following the strong demand in the previous quarter
- Earnings were supported by the continuation of the margins established in 2019 and favorable sales mix

1) Excluding IAC of EUR 0.1 million in Q4 2020 (EUR -0.1 million) and EUR -6.5 million in 2020 (EUR -3.1 million).

Flexible Packaging: Performance held back by COVID-19

Key figures, MEUR	Q4 20	Q4 19	Change
Net sales	250.8	255.1	-2%
Comparable growth	0%	3%	
Adjusted EBIT ¹	17.9	18.8	-5%
Margin	7.2%	7.4%	
Capital expenditure	12.9	15.2	-15%
Operating cash flow ¹	45.4	49.3	-8%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	2020	2019	Change
Net sales	1,050.8	1,016.4	3%
Comparable growth	1%	3%	
Adjusted EBIT ¹	80.7	82.6	-2%
Margin	7.7%	8.1%	
Adjusted RONA	10.1%	11.1%	
Capital expenditure	35.9	44.4	-19%
Operating cash flow ¹	83.8	88.8	-6%

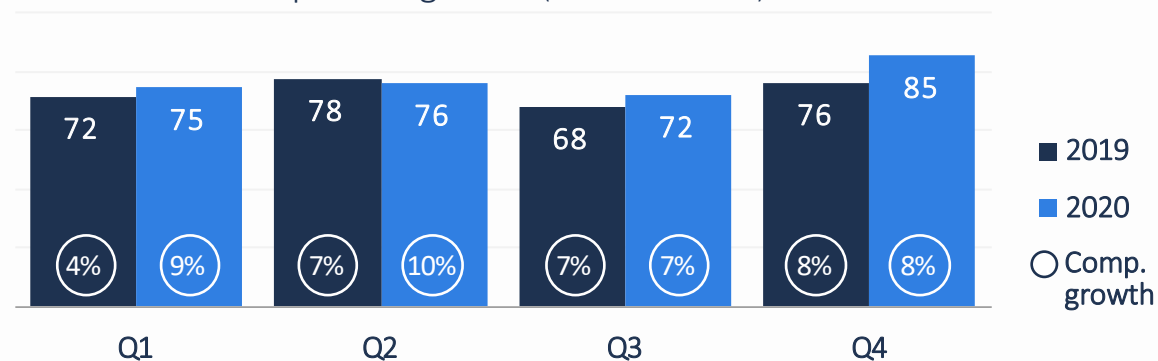
- Overall good demand in Europe, with volatility of demand and disruption of the value chain in India and the Middle East
- In Q4, growth was strongest in Europe and decreased especially in India due to pandemic-driven shifts in consumer behavior and unfavorable product mix – also reflected in earnings
- Blueloop deployment ramping up in line with plan

1) Excluding IAC of EUR -0.5 million in Q4 2020 (EUR -0.6 million) and EUR -6.2 million in 2020 (EUR -0.7 million).

Fiber Packaging: Strong performance throughout the year

Key figures, MEUR	Q4 20	Q4 19	Change
Net sales	85.4	76.1	12%
Comparable growth	8%	8%	
Adjusted EBIT ¹	12.7	7.5	70%
Margin	14.8%	9.8%	
Capital expenditure	22.5	13.7	65%
Operating cash flow ¹	8.5	7.8	10%

Net sales and comparable growth (EUR million & %)

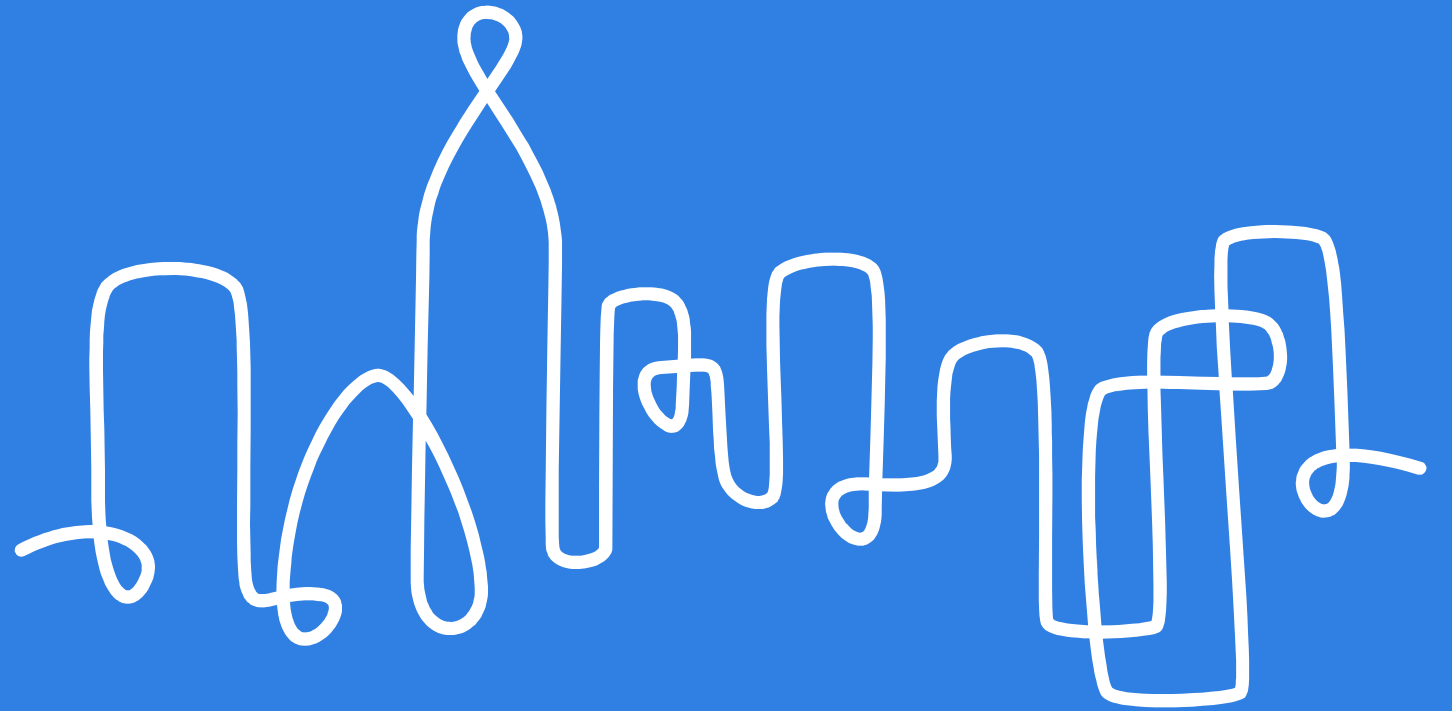


Key figures, MEUR	2020	2019	Change
Net sales	307.8	293.4	5%
Comparable growth	9%	6%	
Adjusted EBIT ¹	37.4	29.0	29%
Margin	12.2%	9.9%	
Adjusted RONA	15.8%	12.6%	
Capital expenditure	36.7	29.5	24%
Operating cash flow ¹	18.9	22.4	-16%

- Underlying market growth boosted by the COVID driven in-house consumption trend – net sales growth was strong, especially in Europe
- Earnings improvement driven by volume growth and pricing actions implemented earlier
- Continued investments in capacity, including new factory in Russia

1) Excluding IAC of EUR -3.5 million in Q4 2020 (EUR -0.2 million) and EUR -5.2 million in 2020 (EUR -1.2 million).

Financial review



Higher adjusted EBIT margin with lower sales

<i>MEUR</i>	Q4 20	Q4 19	Change	2020	2019	Change
Net sales	812.8	874.6	-7%	3,301.8	3,399.0	-3%
Adjusted EBITDA ¹	116.8	117.3	0%	473.1	456.3	4%
<i>Margin¹</i>	14.4%	13.4%		14.3%	13.4%	
Adjusted EBIT ²	72.8	74.7	-2%	302.1	293.1	3%
<i>Margin²</i>	9.0%	8.5%		9.1%	8.6%	
EBIT	47.9	72.3	-34%	265.3	285.5	-7%
Net financial items	-6.5	-6.2	-5%	-28.2	-28.8	2%
Adjusted profit before taxes	66.4	68.5	-3%	270.9	264.3	2%
Adjusted income tax expense ³	-14.9	-15.4	3%	-60.9	-59.5	-2%
Adjusted profit for the period ⁴	51.4	53.1	-3%	209.9	204.8	2%
Adjusted EPS, EUR ⁴	0.48	0.48	1%	1.95	1.88	4%

- The increase in earnings in 2020 was supported by the North America and Fiber Packaging segments
- Higher adjusted tax in 2020 with corresponding tax rate 23% (23% in 2019)

1) Excluding IAC of EUR -15.4 million in Q4 2020 (EUR -2.3 million) and EUR -8.6 million in 2020 (EUR -7.6 million).

2) Excluding IAC of EUR -24.9 million in Q4 2020 (EUR -2.3 million) and EUR -36.8 million in 2020 (EUR -7.6 million).

3) Excluding IAC of EUR 5.6 million in Q4 2020 (EUR 0.5 million) and EUR 7.6 million in 2020 (EUR 1.7 million).

4) Excluding IAC of EUR -19.3 million in Q4 2020 (EUR -1.8 million) and EUR -26.2 million in 2020 (EUR -5.9 million).

Impact from currencies turned negative during 2020

	Average rate 2019	Average rate 2020	Change in average rate	Closing rates					Change in closing rate (YoY)
				Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	
USD	1.12	1.14	-2%	1.12	1.10	1.13	1.17	1.23	-10%
INR	78.85	84.54	-7%	79.81	83.50	85.19	86.28	89.88	-13%
GBP	0.88	0.89	-1%	0.85	0.89	0.92	0.91	0.90	-6%
CNY	7.73	7.87	-2%	7.82	7.83	7.98	7.98	8.01	-3%
AUD	1.61	1.66	-3%	1.60	1.80	1.64	1.64	1.60	0%
THB	34.78	35.68	-3%	33.47	36.08	34.85	36.99	36.77	-10%
RUB	72.50	82.56	-14%	69.28	88.14	78.92	92.16	91.89	-33%
BRL	4.41	5.88	-33%	4.51	5.65	6.11	6.60	6.36	-41%
NZD	1.70	1.76	-3%	1.66	1.84	1.75	1.77	1.71	-3%
ZAR	16.18	18.76	-16%	15.74	19.73	19.43	19.87	18.01	-14%

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

Foreign currency translation impact

Q4 2020

(EUR million)

Net sales

-52

EBIT

-5

2020

(EUR million)

Net sales

-89

EBIT

-8

Net debt decreased compared to Q4 2019 and Q3 2020

Net debt, net debt/adj. EBITDA and gearing

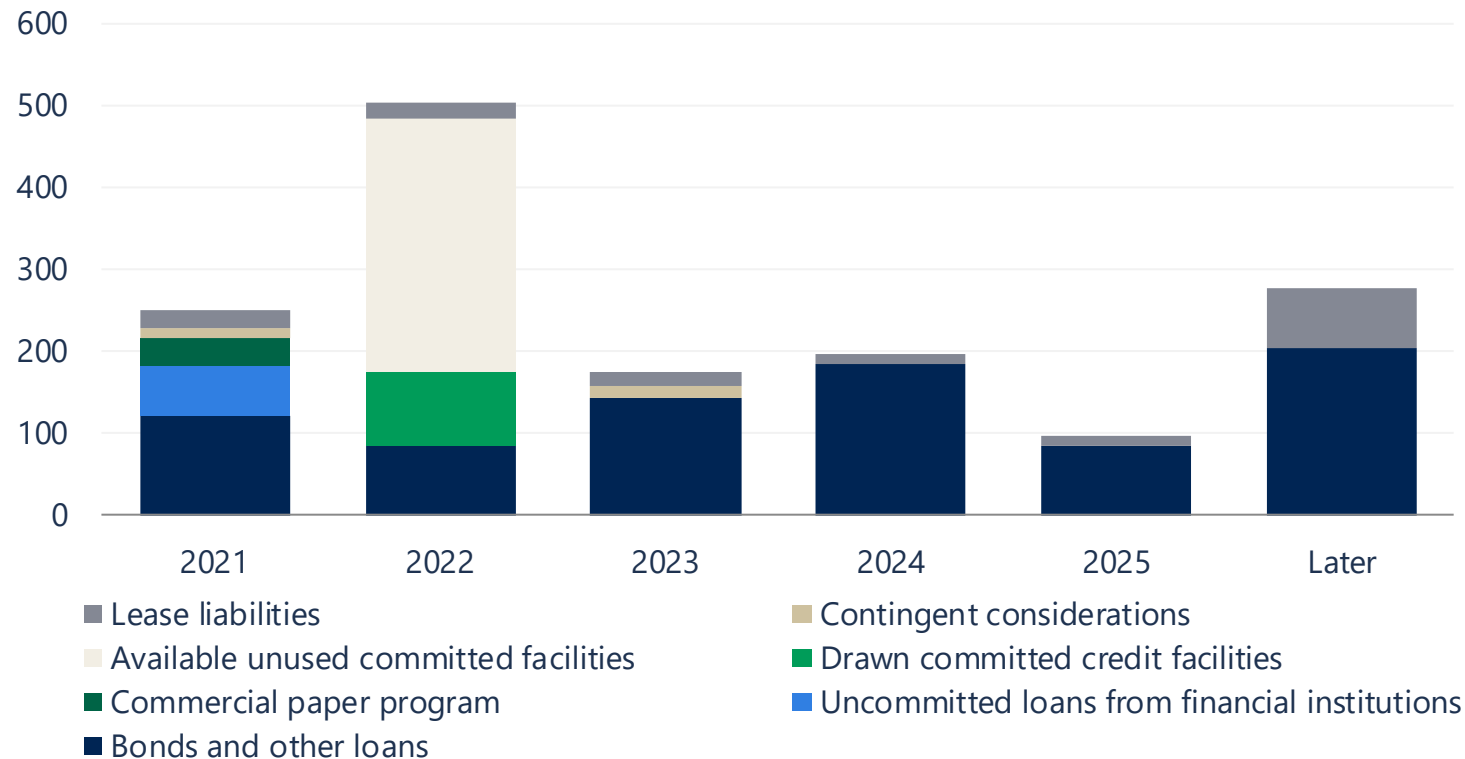


1) Covenant level is excluding IFRS 16 lease liabilities.

- Net debt/Adj. EBITDA at 1.8
- At the end of Q4 2020:
 - Cash and cash equivalents EUR 315 million
 - Unused committed credit facilities available EUR 310 million
- Net debt EUR 867 million and lease liabilities EUR 154 million
 - The dividend for 2019 (EUR 93 million in total) was paid out in September

Loan maturities

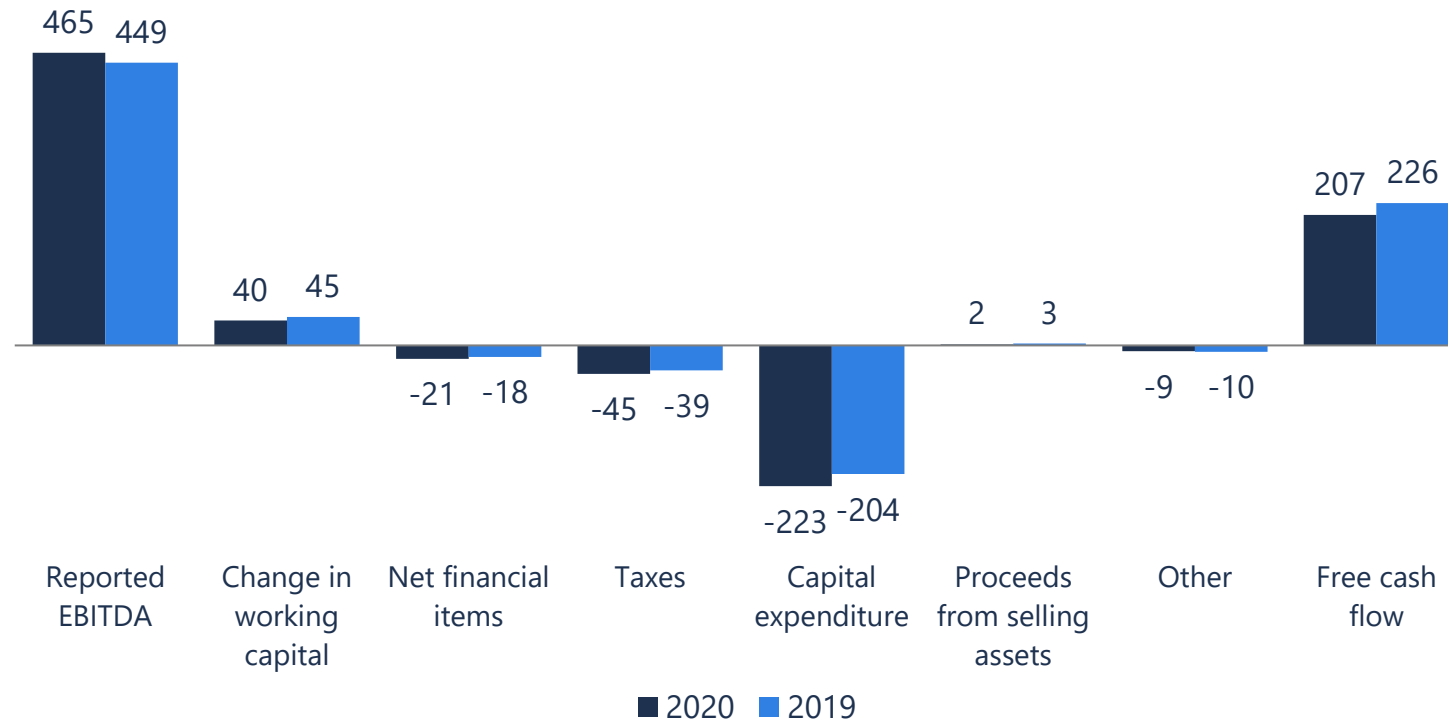
Debt maturity structure December 31, 2020
(EUR million)



- Average maturity 2.7 years at the end of Q4 2020 (3.4 at the end of Q4 2019)
- Unused committed credit facilities of EUR 310 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

Strong free cash flow enabled growth investments

Free cash flow bridge
(EUR million)



Cash flow driven by:

- Higher EBITDA despite impact from COVID-19
- Laminor gain of ~20 MEUR is recognized as non-cash in 'Other'
- Working capital well managed within the crisis context
- Higher capex in 2020, particularly focused on expansion and automation

Stable financial position

<i>MEUR</i>	Dec 2020	Dec 2019
Total assets	3,596	3,611
Operating working capital	514	585
Net debt	867	904
Equity & non-controlling interest	1,364	1,437
Gearing	0.64	0.63
Adjusted ROI ¹	11.7%	12.3%
Adjusted ROE ¹	14.8%	15.2%

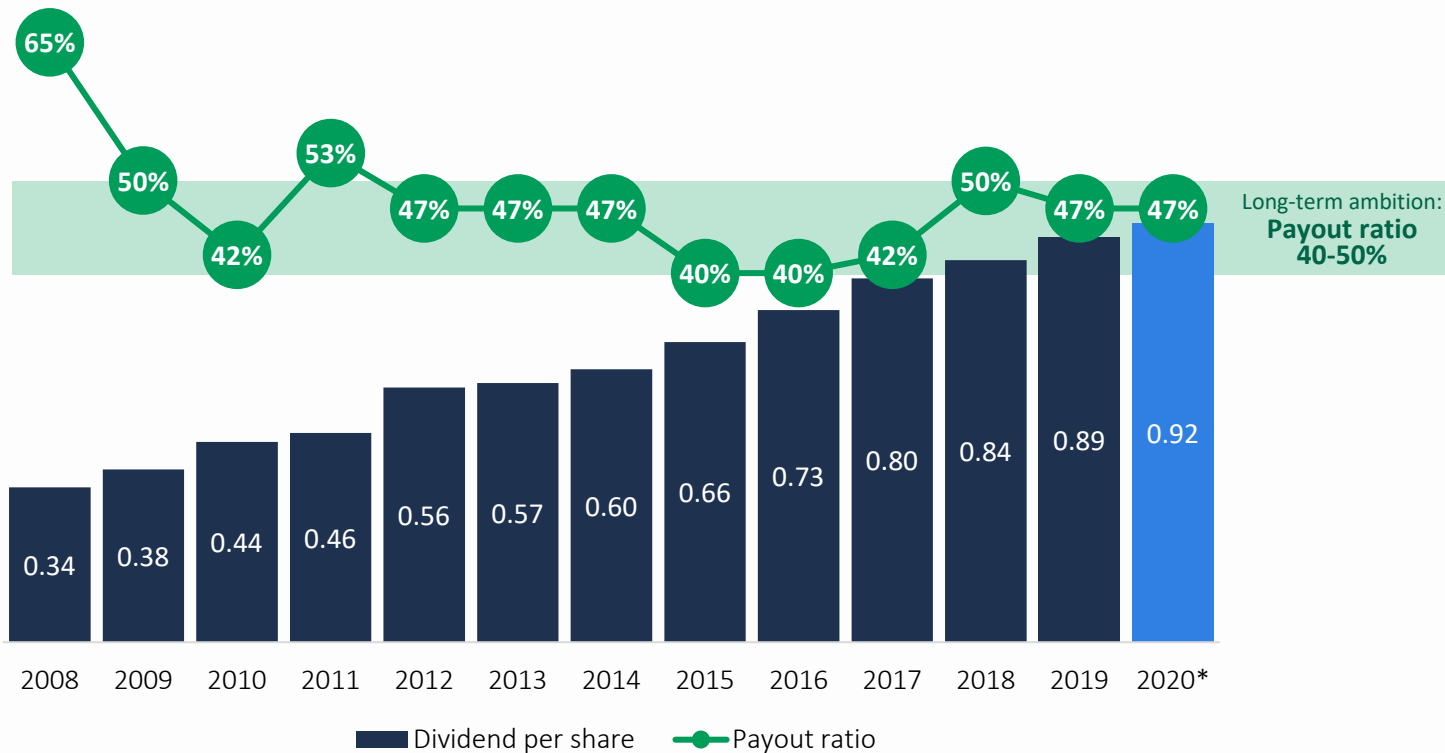
- Total assets lower mainly due to negative impact from currencies
- Net debt decreased and gearing at last year's level

-> **Stable financial position**

1) Excluding IAC.

The Board of Directors aims for predictable and growing dividends

Dividend per share (EUR) and payout ratio (% of adjusted EPS)



	2020*	2019	Change
Adjusted EPS	1.95	1.88	4%
Dividend per share	0.92	0.89	3%
Payout ratio	47%	47%	
Share price on Dec 31	42.26	41.38	2%
Dividend yield	2.2%	2.2%	

- 12th consecutive year of growing dividends*
- Dividend has increased 171% since 2008*
- CAGR +9% since 2008*

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

Progress towards long-term financial ambitions

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

- The long-term ambitions were updated at the Strategy Update on March 23, 2020
- A dividend of EUR 0.89 per share (for fiscal year 2019) was paid out on September 25, 2020
- The Board of Directors propose a dividend of EUR 0.92 for fiscal year 2020

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.

Continued solid performance despite COVID-19 pandemic

- Solid full year sales performance, continued profit improvement and strong cash flow, enabling continued investments into levers for growth
- Gradual recovery in short-term demand has continued, however volatility remains especially for foodservice
- Strong continued demand for fiber packaging and retail tableware
- We have embarked on a transformation journey in line with our long-term growth ambition. We focus on improving our competitiveness, innovation and sustainability, for growth



Financial calendar

Week commencing

March 1, 2021

Annual Accounts

April 22, 2021

Q1 2021 Interim Report &
Annual General Meeting

July 22, 2021

Half-yearly Report

October 21, 2021

Q3 2021 Interim Report

Disclaimer

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For further information,
please contact us:

ir@huhtamaki.com

www.huhtamaki.com/investors

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