Strong performance continued

Half-yearly Report 2022

Charles Héaulmé
President and CEO

Thomas Geust
CFO

Huhtamaki

Strong performance continued

- **Volatile market conditions** – severe and broad-based inflation, supply chain constraints, challenges with raw material availability and geopolitical turmoil
- **Strong net sales and adjusted EBIT growth** – Sales driven by pricing, currencies and acquisitions. EBIT driven by increased net sales, continued focus on operational efficiencies and acquisitions
- **Our evolving strategy**
  - Divestiture process of operations in Russia initiated in April, process ongoing
  - Launched a sustainability-linked EUR 500 million bond in June, securing long-term financing
  - Announced plan to expand molded fiber product manufacturing in the US

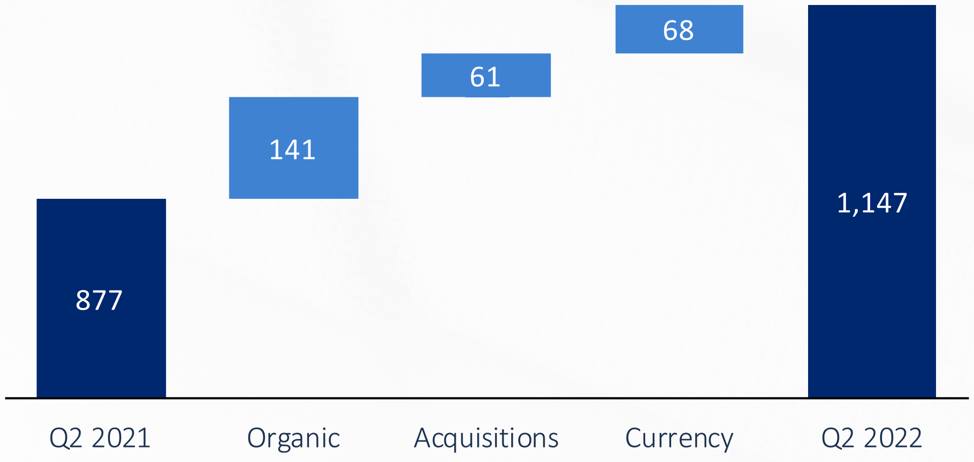
Expanding molded fiber manufacturing capacity in North America

- Expanding current production of rough molded fiber products in Hammond, Indiana, US
- A USD 100 million investment, production expected to start ramping up towards the end of 2023
- Will enable Huhtamaki to better serve existing and new customers with a broad range of sustainable, fully recyclable and compostable, fiber-based packaging solutions, including egg cartons and cup carriers
- The products will be manufactured from 100% recycled North American raw material
- Huhtamaki has operated in Hammond since 1948 and currently has approximately 140 employees. Expected to employ a further 100 new employees when fully operational

Business performance

Q2 2022: Continued strong organic growth

Development of net sales in Q2 2022
(EUR million)



Net sales increased 31% in Q2 2022

- Comparable net sales growth 17% (16 % in emerging markets), driven by pricing
- 7% from acquisitions, mainly Elif
- 8% 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.

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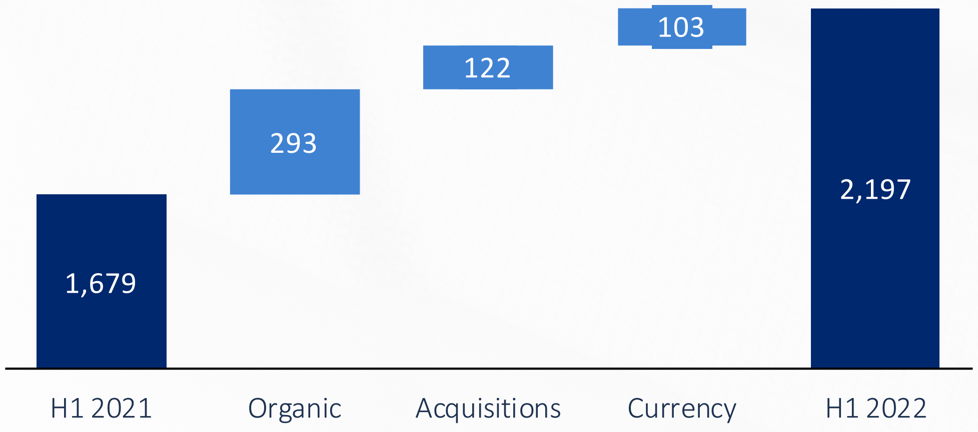
H1 2022: Solid growth throughout the first half

Development of net sales in H1 2022
(EUR million)



Net sales increased 31% in H1 2022

- Comparable net sales growth 18% (17 % in emerging markets) - pricing and volume growth
- 7% from acquisitions, mainly Elif
- 6% 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.

Strong net sales growth across all segments

Comparable growth	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	H1 21	H1 22	Long-term ambitions
Foodservice E-A-O	40%	2%	12%	18%	18%	17%	18%	5-7%
North America	9%	5%	11%	24%	14%	4%	19%	3-5%
Flexible Packaging	6%	7%	12%	18%	19%	3%	19%	6-8%
Fiber Packaging	1%	2%	2%	8%	16%	3%	12%	3-5%
Group	**14%**	**4%**	**12%**	**19%**	**17%**	**6%**	**18%**	5+%

Q2 commentary:

- Foodservice packaging demand continued at a good level
- Demand exceeding supply in some categories in North America
- Demand for flexible packaging remained good
- Demand for fiber-based egg packaging and food on the go products remained stable in most markets

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

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Improved adjusted EBIT despite inflation

MEUR	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Net sales	1,147.3	876.9	31%	2,197.0	1,679.0	31%
Adjusted EBIT[1]	102.7	79.8	29%	200.3	156.8	28%
Margin	*9.0%*	*9.1%*		*9.1%*	*9.3%*	
Adjusted EPS, EUR[2]	0.63	0.53	18%	1.26	1.02	23%
Capital expenditure	51.5	51.8	-1%	127.9	84.9	51%

Q2 commentary:

- Improved adjusted EBIT through sales growth, continued focus on operational efficiency and acquisitions
- Increase in adjusted EPS following improvement in earnings
- Continued expansion investments, particularly for fiber-based sustainable packaging solutions

1) Excluding IAC of EUR -6.2 million in Q2 2022 (EUR -4.9 million) and EUR -10.2 million in H12022 (EUR -10.3 million).
2) Excluding IAC of EUR -4.5 million in Q2 2022 (EUR -3.8 million) and EUR -4.2 million in H12022 (EUR -7.9 million).

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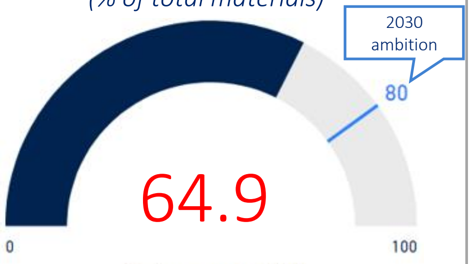
Continued progress towards our sustainability targets

Renewable or recycled materials
(% of total materials)



Performance in 2021

66.6

Renewable electricity
(% of total electricity consumed)

Performance in 2021

18.0

Non-hazardous waste recycled
(% of total non-haz. waste)

Performance in 2021

72.3

Health and safety

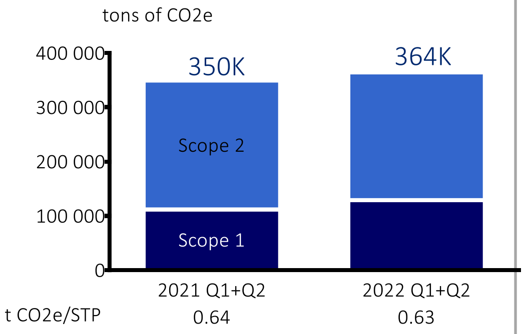
Lost time injury frequency rate (LTIFR) 12M rolling	Total recordable injury rate (TRIR) 12M rolling
1.51	4.12
End of year ceiling 2022	End of year ceiling 2022
2.16	3.86

Certified or recycled fiber
(% of raw materials)

Performance in 2021

98.0

GHG emissions *(t CO2e)*



Waste to landfill
(% of total waste)

Performance in 2021

17.9

Water management plans
(available in number of sites)

Performance in 2021

47

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

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Business segment review

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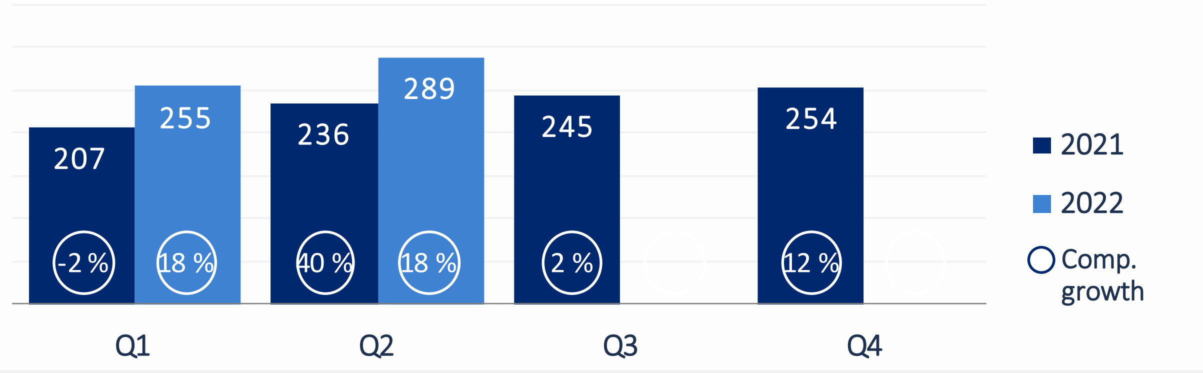
Foodservice EAO: Strong overall performance

Key figures, MEUR	Q2 22	Q2 21	Change
Net sales	288.8	235.6	23%
Comparable growth	18%	40%	
Adjusted EBIT[1]	25.3	19.9	27%
Margin	8.7%	8.5%	
Capital expenditure	19.6	15.4	27%
Operating cash flow[1]	5.9	12.5	-53%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	H1 22	H1 21	Change
Net sales	543.5	443.1	23%
Comparable growth	18%	17%	
Adjusted EBIT[1]	50.9	37.6	35%
Margin	9.4%	8.5%	
Adjusted RONA	9.9%	9.3%	
Capital expenditure	57.7	25.2	>100%
Operating cash flow[1]	-5.2	33.9	<-100%

1) Excluding IAC of EUR -3.5 million in Q2 2022 (EUR -1.4 million) and EUR -3.5 million in H12022 (EUR -5.6 million).

- The demand for foodservice packaging continued to improve, but variations between markets and product categories remained. Sales growth in main markets, despite negative deviations in China, Ukraine and Russia
- Raw material prices have increased significantly, and supply chain continues to be disrupted
- Adjusted EBIT improved driven by increased sales volumes, an improved mix and pricing to offset the significant cost inflation

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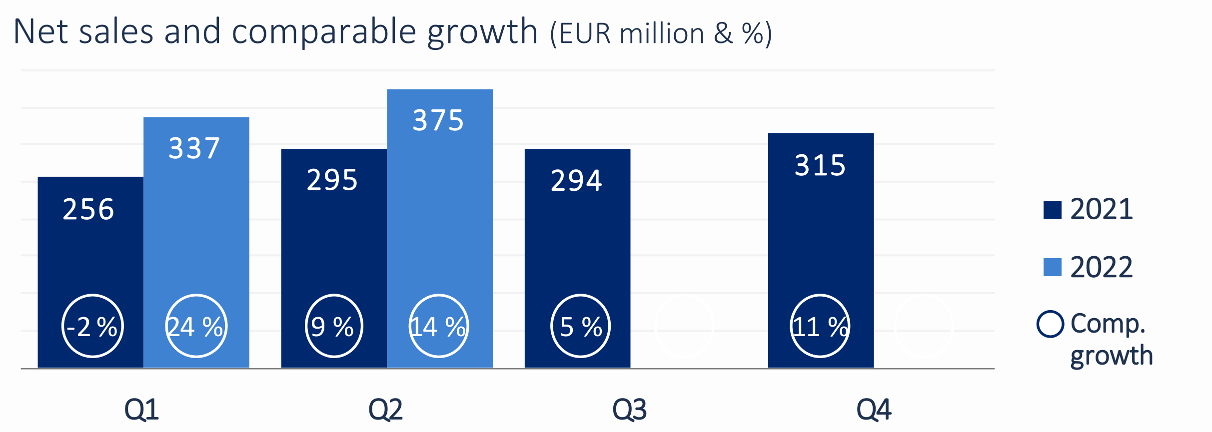
North America: Growth limited by raw material availability

Key figures, MEUR	Q2 22	Q2 21	Change
Net sales	374.8	295.2	27%
Comparable growth	14%	9%	
Adjusted EBIT[1]	41.9	38.2	10%
Margin	11.2%	13.0%	
Capital expenditure	16.2	12.8	26%
Operating cash flow[1]	24.9	34.1	-27%



Key figures, MEUR	H1 22	H1 21	Change
Net sales	712.3	551.3	29%
Comparable growth	19%	4%	
Adjusted EBIT[1]	80.8	69.4	16%
Margin	11.3%	12.6%	
Adjusted RONA	17.4%	17.4%	
Capital expenditure	32.4	22.4	45%
Operating cash flow[1]	3.9	47.1	-92%

1) Excluding IAC of EUR 0.0 million in Q2 2022 (EUR -0.6 million) and EUR 0.0 million in H12022 (EUR -0.6 million).

- Demand continued at a good level. Significant and broad-based cost inflation, affecting raw material, labor, distribution, and energy
- Net sales growth driven by all product categories, but limited by challenges in raw material availability
- Adjusted EBIT improved; positive impact from net sales growth and increased operational efficiency but sales mix was unfavorable. The impact from inflation was offset by pricing actions

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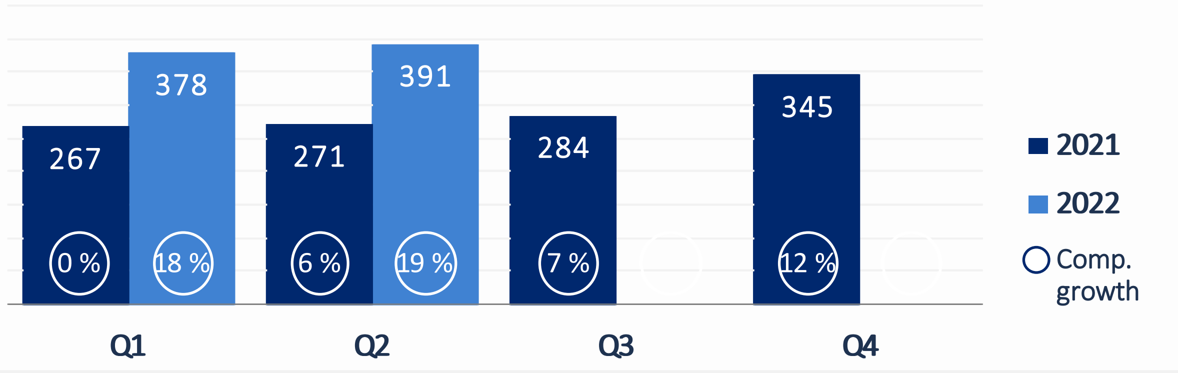
Flexible Packaging: Strong growth continued, supported by Elif acquisition and cost mitigation

Key figures, MEUR	Q2 22	Q2 21	Change
Net sales	390.7	270.7	44%
Comparable growth	19%	6%	
Adjusted EBIT[1]	26.9	16.6	62%
Margin	6.9%	6.1%	
Capital expenditure	7.0	11.5	-39%
Operating cash flow[1]	8.2	11.8	-31%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	H1 22	H1 21	Change
Net sales	768.4	537.8	43%
Comparable growth	19%	3%	
Adjusted EBIT[1]	56.4	38.3	47%
Margin	7.3%	7.1%	
Adjusted RONA	7.2%	9.8%	
Capital expenditure	21.4	19.7	9%
Operating cash flow[1]	-9.1	26.7	<-100%

- Overall demand for flexible packaging remained good
- Net sales increased in most markets, driven by pricing activities
- Adjusted EBIT increased. The significant cost inflation was largely offset by pricing actions and cost management
- The Elif acquisition contributed favorably to net sales and adjusted EBIT

1) Excluding IAC of EUR -2.3 million in Q2 2022 (EUR -1.7 million) and EUR -5.1 million in H12022 (EUR -2.8 million).

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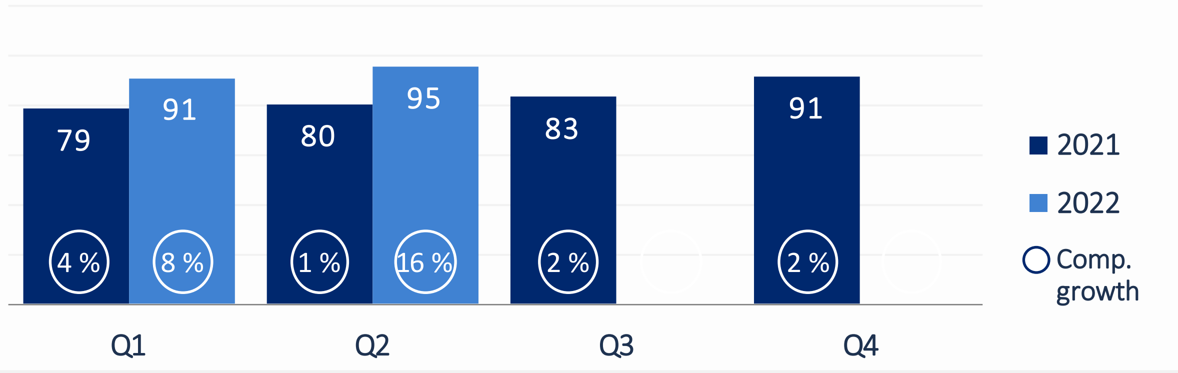
Fiber Packaging: Growth accelerated, supported by volume and pricing

Key figures, MEUR	Q2 22	Q2 21	Change
Net sales	95.4	80.4	19%
Comparable growth	16%	1%	
Adjusted EBIT[1]	12.8	8.3	55%
Margin	13.4%	10.3%	
Capital expenditure	8.7	11.6	-25%
Operating cash flow[1]	2.6	2.4	7%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	H1 22	H1 21	Change
Net sales	186.4	158.9	17%
Comparable growth	12%	3%	
Adjusted EBIT[1]	20.3	17.7	15%
Margin	10.9%	11.2%	
Adjusted RONA	14.1%	15.7%	
Capital expenditure	16.1	16.9	-4%
Operating cash flow[1]	23.1	5.0	>100%

1) Excluding IAC of EUR -0.3 million in Q2 2022 (EUR -0.5 million) and EUR -0.3 million in H12022 (EUR -0.5 million).

- Overall demand for fiber-based egg packaging and food-on-the-go products remained stable in most markets. The prices of recycled fiber continued to increase
- Net sales increased especially in Europe and was driven by volume and pricing actions
- Adjusted EBIT increased, supported by increased sales volumes and pricing actions, to offset the significant cost inflation

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Financial review

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Higher sales are driving improved earnings

MEUR	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Net sales	1,147.3	876.9	31%	2,197	1,679	31%
Adjusted EBITDA[1]	153.8	121.0	27%	300.4	238.8	26%
Margin[1]	*13.4%*	*13.8%*		*13.7%*	*14.2%*	
Adjusted EBIT[2]	102.7	79.8	29%	200.3	156.8	28%
Margin[2]	*9.0%*	*9.1%*		*9.1%*	*9.3%*	
EBIT	96.5	74.9	29%	190.1	146.5	30%
Adjusted Net financial items[3]	-12.3	-5.9	<-100%	-19.6	-14.3	-37%
Adjusted profit before taxes	90.5	73.9	22%	180.7	142.5	27%
Adjusted income tax expense[4]	-23.2	-17.3	-34%	-45.2	-33.4	-35%
Adjusted profit for the period[5]	67.3	56.6	19%	135.5	109.2	24%
Adjusted EPS, EUR[5]	0.63	0.53	18%	1.26	1.02	23%

- Sales growth supported by all segments
- Earnings improved following increased net sales, continued focus on operational efficiency and acquisitions
- Net financial items increased due to higher net debt
- Tax rate increased

1) Excluding IAC of EUR -4.6 million in Q2 2022 (EUR -6.8 million) and EUR -6.6 million in H12022 (EUR -9.7 million).
2) Excluding IAC of EUR -6.2 million in Q2 2022 (EUR -4.9 million) and EUR -10.2 million in H12022 (EUR -10.3 million).
3) Excluding IAC of EUR 0.3 million in Q2 2022 (EUR 0.0 million) and EUR 4.6 million in H12022 (EUR 0.0 million).
4) Excluding IAC of EUR 1.5 million in Q2 2022 (EUR 1.2 million) and EUR 1.4 million in H12022 (EUR 2.4 million).
5) Excluding IAC of EUR -4.5 million in Q2 2022 (EUR -3.8 million) and EUR -4.2 million in H12022 (EUR -7.9 million).

Continued positive currency impact

	Average rate H1 21	Average rate H1 22	Change in average rate	Closing rates Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Change in closing rate (YoY)
USD	1.21	1.09	9 %	1.19	1.17	1.13	1.11	1.05	12%
INR	88.45	83.34	6 %	88.31	86.47	84.26	84.38	83.04	6%
GBP	0.87	0.84	3 %	0.86	0.86	0.84	0.85	0.86	-1%
CNY	7.80	7.08	9 %	7.68	7.53	7.22	7.07	7.04	8%
AUD	1.56	1.52	3 %	1.58	1.61	1.56	1.48	1.53	4%
THB	37.13	36.86	1 %	38.17	39.49	37.87	37.14	36.93	3%
RUB	89.64	83.71	7 %	86.47	84.68	84.89	96.01	55.89	35%
BRL	6.50	5.56	14 %	5.88	6.32	6.37	5.28	5.52	6%
NZD	1.68	1.65	2 %	1.70	1.68	1.65	1.59	1.69	1%
ZAR	17.54	16.85	4 %	17.05	17.52	18.02	16.13	16.93	1%
TRY	9.50	16.21	-71 %	10.36	10.32	14.72	16.33	17.50	-69%

Foreign currency translation impact

Q2 2022
(EUR million)

Net sales	EBIT
+68	+6

Q1-Q1 2022
(EUR million)

Net sales	EBIT
+103	+9

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

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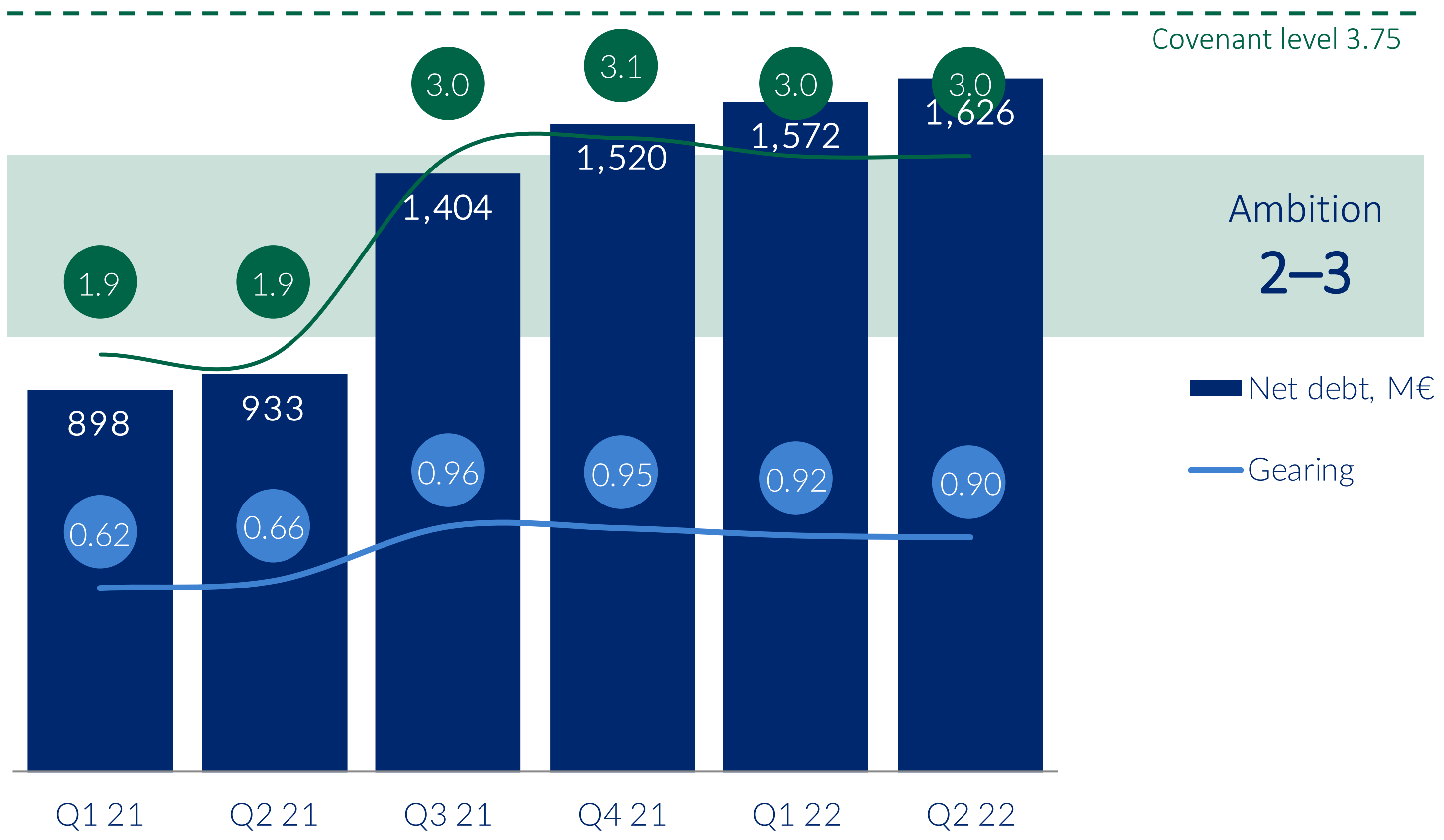
Net debt to adjusted EBITDA remained at the same level

Net debt, net debt/adj. EBITDA and gearing



- Net debt/Adj. EBITDA at **3.0**
- At the end of Q2 2022:
  - Cash and cash equivalents EUR 355 million
  - Unused committed credit facilities available EUR 314 million
- Net debt EUR 1,626 million

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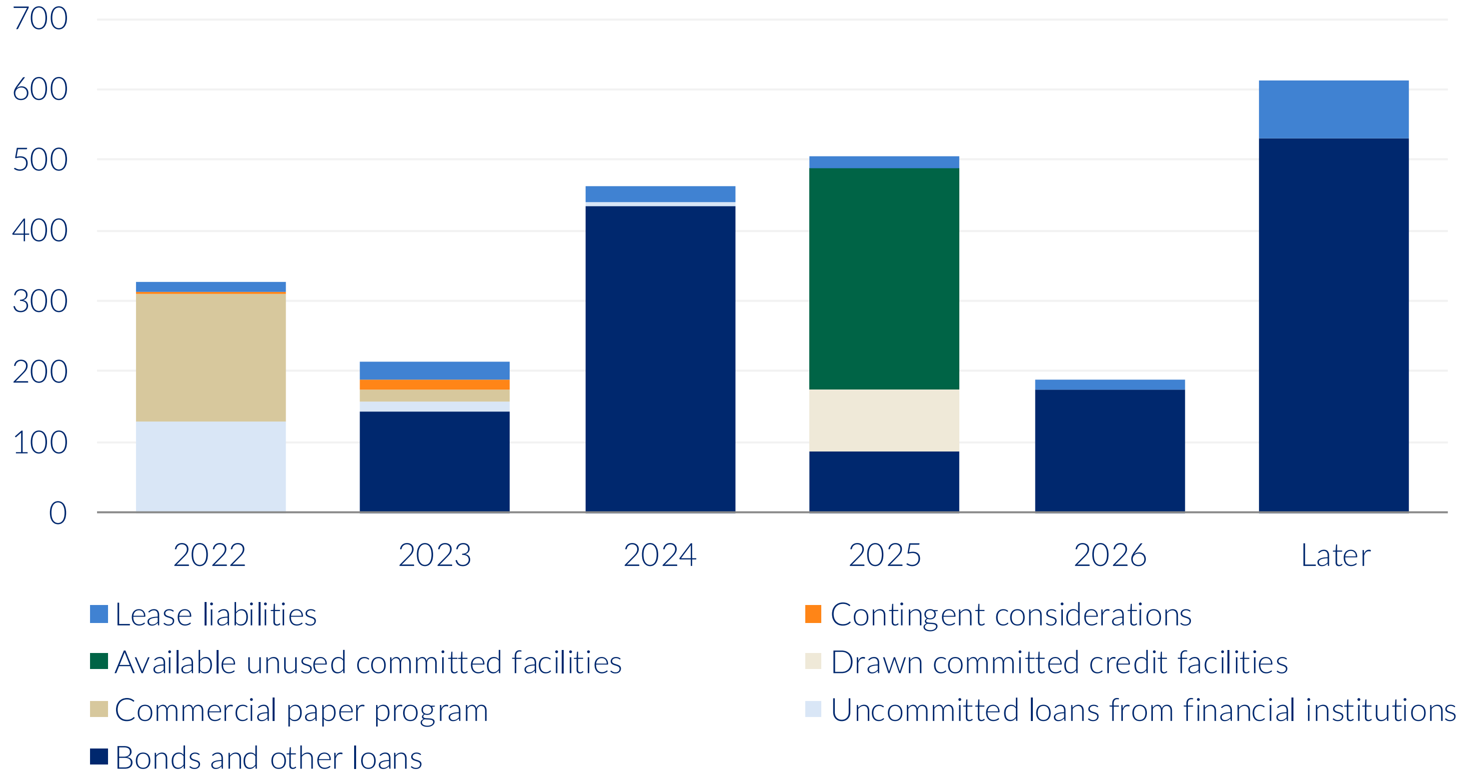
Loan maturities

Debt maturity structure June 30, 2022

(EUR million)



- Average maturity 3.5 years at the end of Q2 2022 (3.1 at the end of Q2 2021)
- Huhtamaki issued a EUR 500 million senior unsecured sustainability-linked bond

Huhtamaki issued a sustainability-linked bond

- Huhtamaki issued a EUR 500 million, 5-year, senior unsecured sustainability-linked bond
  - Interest at the rate of 4.25 per cent per annum, subject to an increased rate upon the failure to satisfy certain sustainability performance targets
  - Bond allocated to over 100 investors
  - Was used to refinance its USD 500 million bridge loan facility and for general corporate purposes

- S&P Global Ratings assigned BB+ issuer credit rating to Huhtamaki
- The Sustainability-Linked Bond Framework will support the future issuance of sustainability-linked securities

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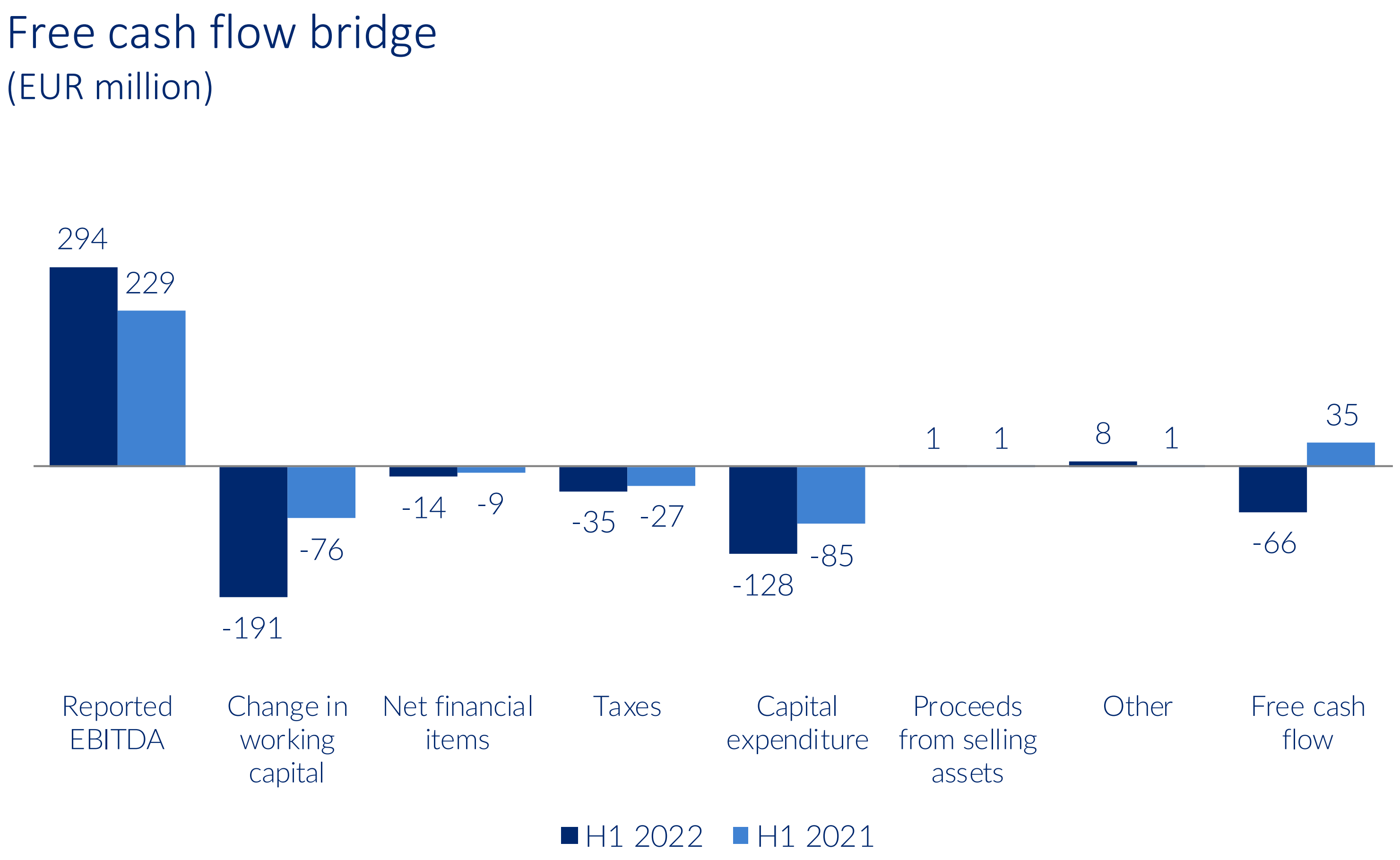
Free cash flow impacted by working capital and capital expenditure



Cash flow impacted by:

- Strong growth in EBITDA
- Significant change in working capital mainly following increase in inventory
- Higher cash taxes
- Higher capex

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Stable financial position

MEUR	Jun 2022	Jun 2021
Total assets	5,195	3,774
Operating working capital	904	580
Net debt	1,626	933
Equity & non-controlling interest	1,807	1,414
Gearing	0.90	0.66
Adjusted ROI[1]	11.1%	12.3%
Adjusted ROE[1]	15.4%	15.6%

- Total balance sheet impacted by Elif acquisition in Q3 2021
- Operating working capital increased due to higher inventories
- Stable financial position remains

1) Excluding IAC.

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Progress towards long-term financial ambitions

	2015	2016	2017	2018	2019	2020	2021	H1 22	Long-term ambition
Organic growth	4%	4%	3%	5%	6%	-2%	7%	18%	5+%
Adjusted EBIT margin	8.7%	9.4%	9.0%	8.1%	8.6%	9.1%	8.8%	9.1%	10+%
Net debt/Adj. EBITDA	1.6	1.8	1.8	2.3	2.0	1.8	3.1	3.0	2-3
Dividend payout ratio	40%	40%	42%	50%	47%	47%	45%		40-50%

- First dividend instalment of EUR 0.47 per share was paid on May 6, 2022
- Second dividend instalment of EUR 0.47 per share will be paid on October 10, 2022

FY 2018 figures restated for IFRS 16 impact.

Looking forward

Outlook 2022
(unchanged)

The Group’s trading conditions are expected to improve compared to 2021, 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

Significant and broad-based inflation (including raw materials, labor, distribution and energy as well as the impact on consumer demand), availability of raw materials as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Geopolitical, general political, economic and financial market conditions, as well as a potential further escalation of the geopolitical crisis in Europe, can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings. The COVID-19 pandemic may continue to create further disturbances in the Group’s trading conditions and its operating environment, as well as in demand for the Group’s products. Further, natural disasters may have negative effects on the Group’s operating environment.

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Financial calendar 2022

October 21, 2022

Q3 2022 Interim Report

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Fiber Solutions | *The Future Redesigned*

Learn more about our Fiber solutions

Nature creates fiber, this is how we redesign the future with it

We live and breathe innovation. Hear from our experts at Fiber Technology Centre in Leeuwarden, The Netherlands. Their expertise, passion and obsession runs through everything they do.

Click here and turn on the sound to enjoy what they say ›

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