

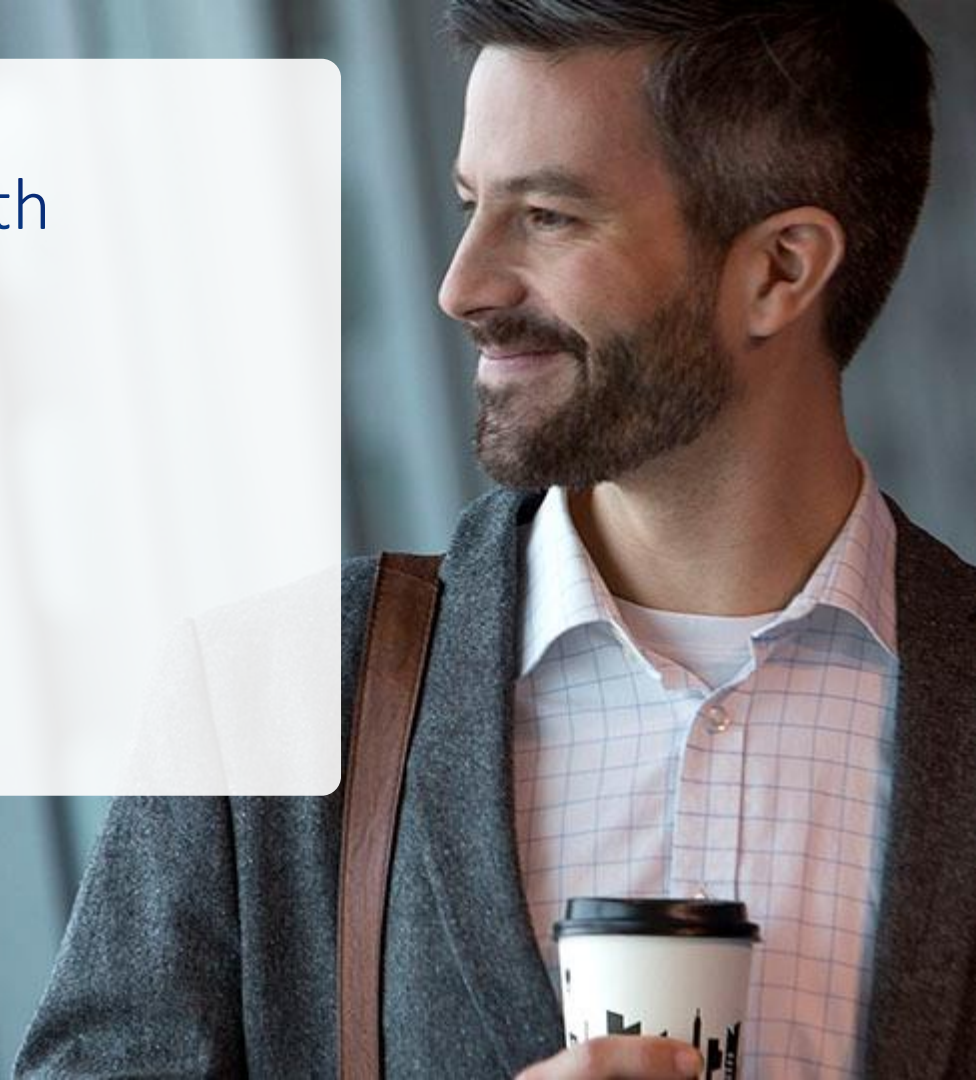
# Good sales and EBIT growth

Results 2014

CEO Jukka Moisio

CFO Thomas Geust

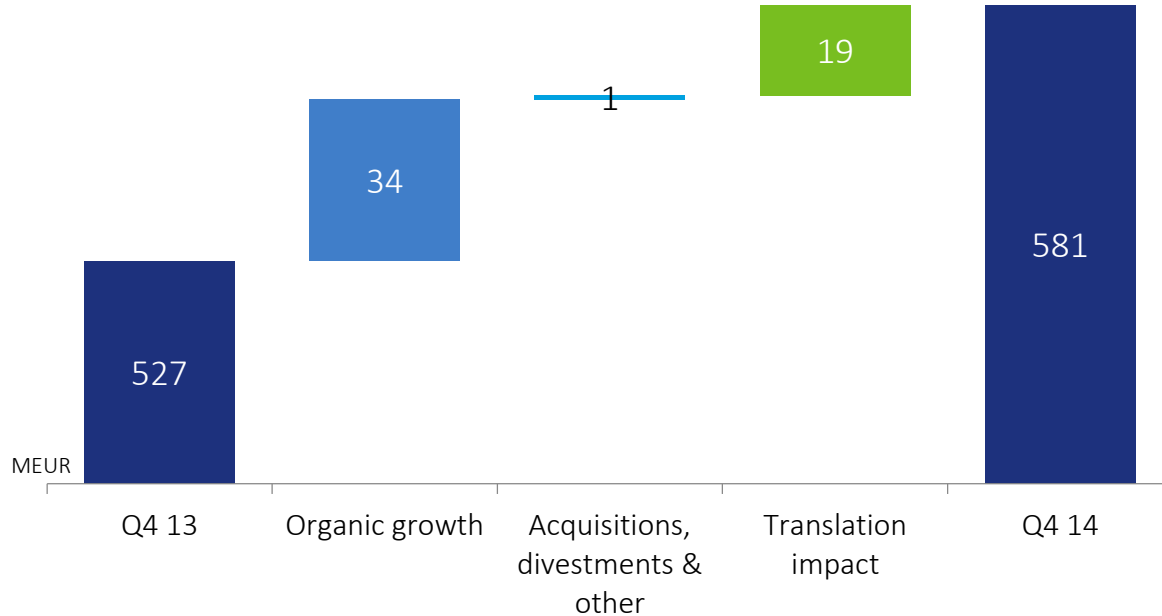
**Huhtamaki**



# Divestment of Films business segment on Dec 31, 2014 and its implications on 2014 financial reporting

The Films business segment, which was sold at the end of December 2014, is presented as discontinued operations in Results 2014 and in this presentation. Unless otherwise stated, all income statement related quarterly and reporting period figures presented in Results 2014 and in this presentation, including corresponding periods in 2013, cover continuing operations only. Continuing operations include the Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Molded Fiber business segments.

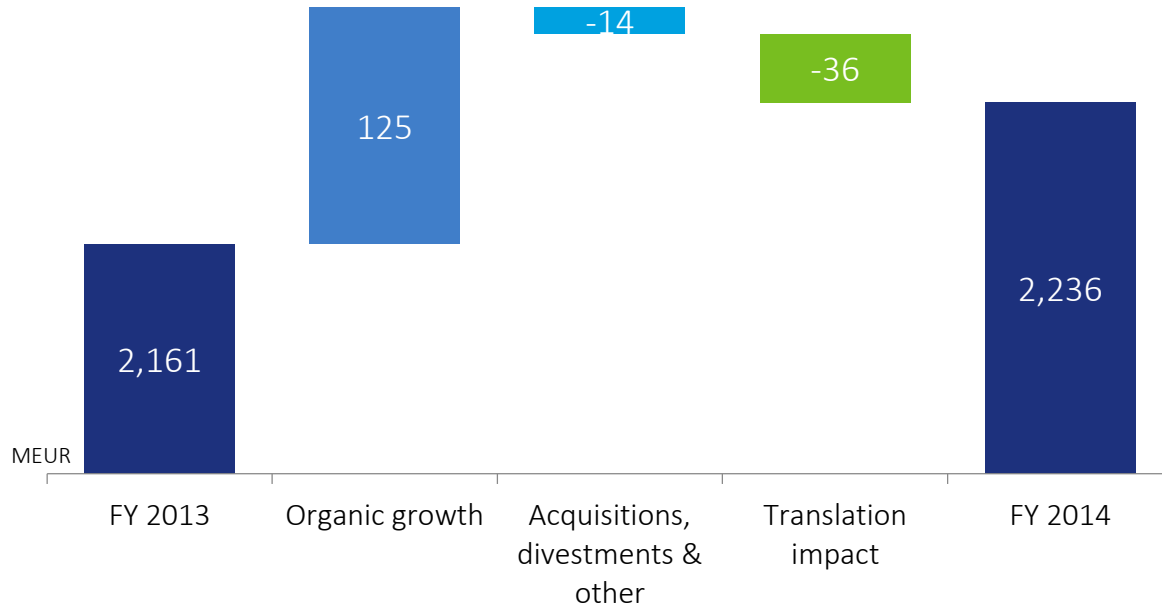
# Good growth continued in Q4 2014



Comparable net sales growth in Q4 2014

- 6% for the Group
- 7% in the emerging markets

# Good growth throughout the year



Comparable net sales growth in 2014

- 6% for the Group
- 10% in the emerging markets

# Comparable growth by business segment

	2014					2013				
	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Foodservice E-A-O	<b>4%</b>	2%	4%	5%	3%	<b>2%</b>	3%	3%	1%	-1%
North America	<b>6%</b>	5%	4%	10%	3%	<b>5%</b>	6%	7%	3%	3%
Flexible Packaging	<b>7%</b>	12%	6%	4%	7%	<b>4%</b>	9%	6%	3%	-1%
Molded Fiber	<b>9%</b>	7%	9%	10%	10%	<b>6%</b>	10%	6%	5%	4%
<b>Group total</b>	<b>6%</b>	6%	5%	7%	5%	<b>4%</b>	6%	5%	2%	1%

- Group’s comparable growth 5+% for six consecutive quarters
- Growth in all business segments for seven consecutive quarters

# Group highlights

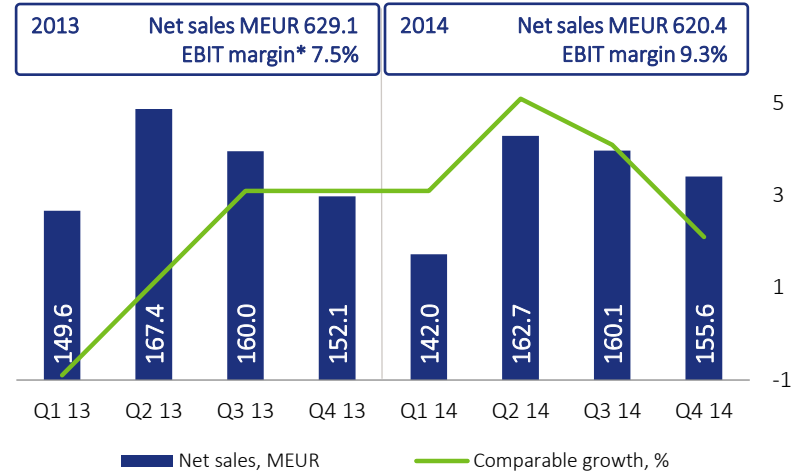
EUR million	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	580.5	526.8	10%	2,235.7	2,161.1	3%
EBITDA*	67.6	57.7	17%	259.0	241.6	7%
EBITDA margin*	11.6%	11.0%		11.6%	11.2%	
EBIT**	45.3	37.5	21%	174.9	160.0	9%
EBIT margin**	7.8%	7.1%		7.8%	7.4%	
EPS**, EUR	0.39	0.32	22%	1.24	1.17	6%
ROI***				12.6%	12.1%	
ROE***				16.1%	15.8%	
Capital expenditure	49.8	39.0	28%	127.0	121.0	5%
Free cash flow	54.1	18.3	196%	64.6	56.0	15%
DPS****, EUR				0.60	0.57	

- Net sales and earnings growth in all business segments in Q4 2014
- All-time-high EPS at EUR 1.24
- ROI and ROE improved
- Dividend proposal EUR 0.60 per share

# Business segment review

# Foodservice Europe-Asia-Oceania: Strong profitability improvement

- Good growth in Eastern Europe including Russia continued, China remained soft
- Strong earnings growth was a result of favorable product and geographic mix, good control of input and operational costs and the divestment of the loss-making Italian unit



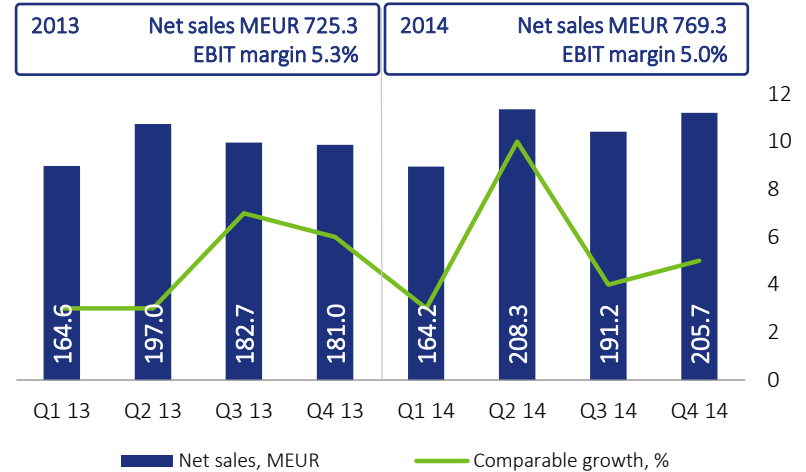
## Key figures

MEUR	Q4 2014	Q4 2013	Change
EBIT*	13.0	12.2	7%
EBIT margin*	8.4%	8.0%	
RONA*	17.6%	13.9%	
Capital expenditure	14.4	7.2	100%
Operating cash flow	3.4	15.7	-78%



# North America: Improved performance

- Good volume growth led to positive net sales development and improved profitability
- Profitability also supported by decreased distribution costs
- Cash flow supported by decreased inventories

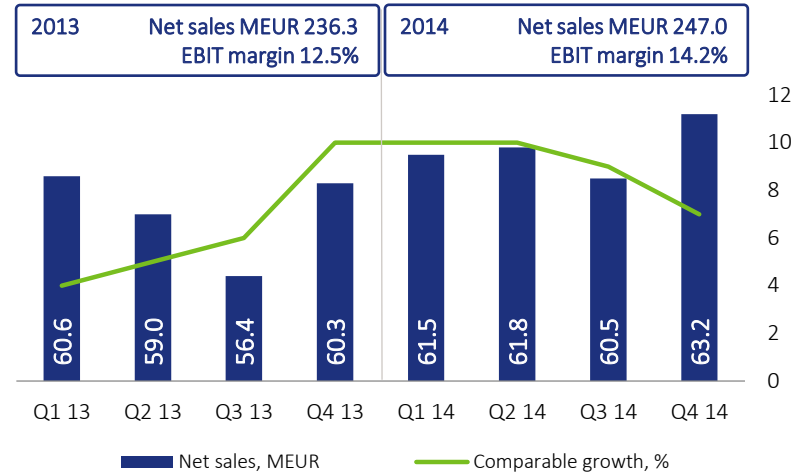


## Key figures

MEUR	Q4 2014	Q4 2013	Change
EBIT	8.6	5.0	72%
EBIT margin	4.2%	2.8%	
RONA	7.2%	8.0%	
Capital expenditure	14.9	18.5	-19%
Operating cash flow	28.7	-16.8	271%

# Molded Fiber: Strong margins

- Good growth momentum in Europe continued, supported by customers' preference for molded fiber egg packaging over plastics
- Volume growth and strong operational performance supported earnings
- RONA improvement continued

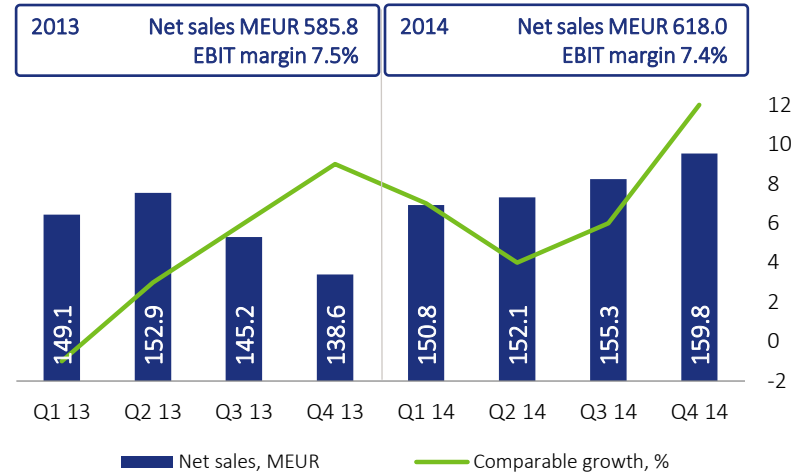


## Key figures

MEUR	Q4 2014	Q4 2013	Change
EBIT	10.0	8.9	12%
EBIT margin	15.8%	14.8%	
RONA	20.4%	18.2%	
Capital expenditure	10.1	7.1	42%
Operating cash flow	3.4	7.8	-56%

# Flexible Packaging: Strong comparable growth across markets

- Strong volume growth both in Europe and in Asia led to net sales growth and profitability improvement
- New products were launched, especially in Asia
- Raw material prices were relatively stable despite the declining oil prices



## Key figures

MEUR	Q4 2014	Q4 2013	Change
EBIT	12.4	10.1	23%
EBIT margin	7.8%	7.3%	
RONA	13.6%	13.3%	
Capital expenditure	8.5	5.3	60%
Operating cash flow	13.0	21.2	-39%

# Films out in Q4 2014, Positive Packaging in Q1 2015

## Films sold Dec 31, 2014

- Net sales 2014 MEUR 199
- Impacts on Group financials:
  - Increase in cash reserves MEUR 141
  - Decrease in goodwill MEUR 46
  - One-time gain MEUR 5.0

## Positive Packaging in as of Feb 1, 2015

- Annual net sales approx. MEUR 220
- EBITDA margin approx. 9%
- Purchase price USD 336
- One-time transaction costs will be booked in Q1 2015



# Huhtamaki will become a leading flexible packaging manufacturer with an unmatched footprint in the fast-growing emerging markets

## Positive Packaging in brief

- Annual net sales approx. MEUR 220
- Historical growth rate 10-15%
- 2,500 employees
- 6 manufacturing units in India
- 3 manufacturing units in UAE
- Sales network across Africa

## Deal rationale in brief

- Further enhances Huhtamaki's position in India
- Expands our flexibles manufacturing footprint into Middle East
- More than doubles our sales in Africa
- Serves similar customers in several countries with partly complementary product range

The combined Huhtamaki Flexible Packaging business targets a runrate of EUR 1 billion by the end of 2015

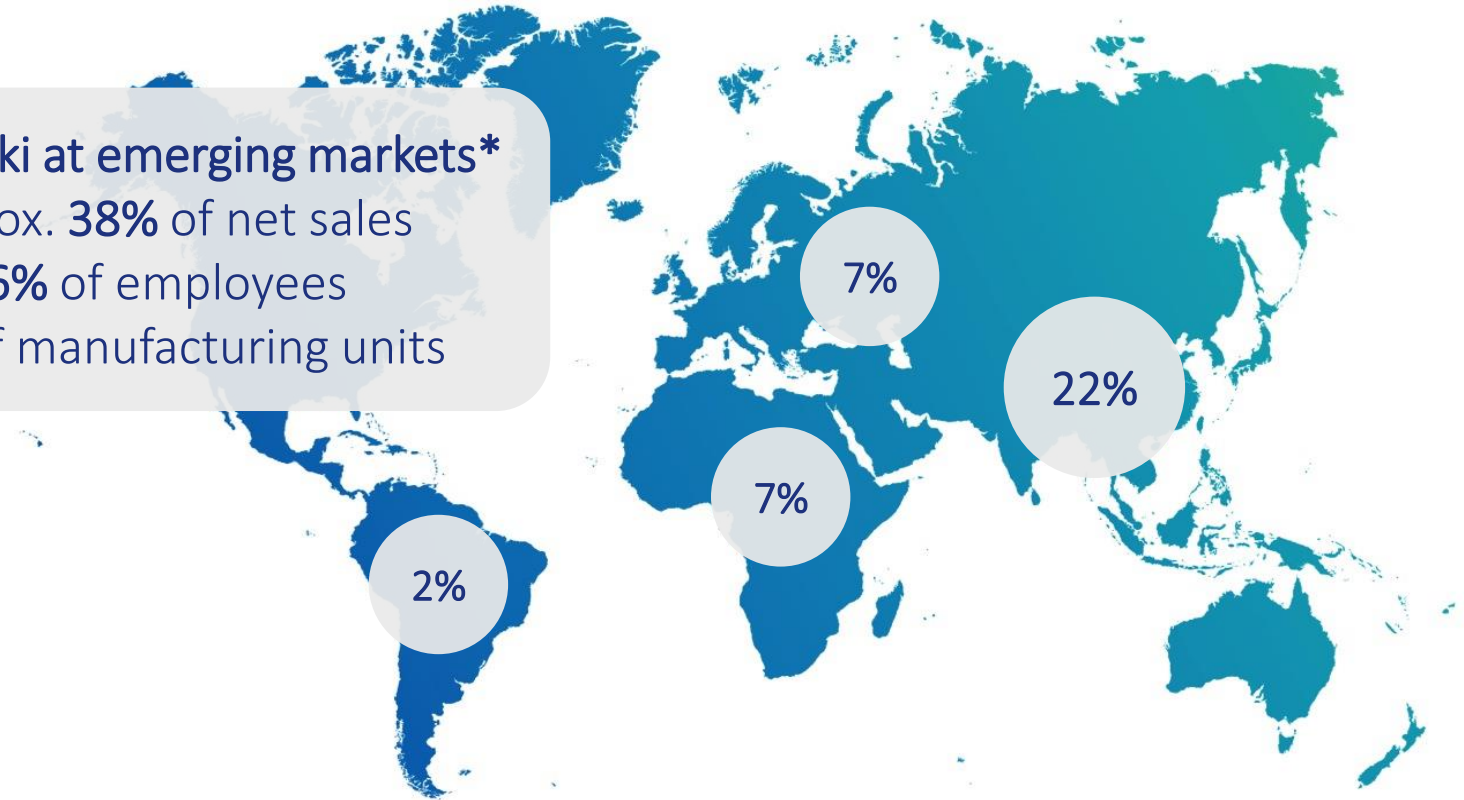
# Huhtamaki has a strong position in the fast-growing emerging markets

## Huhtamaki at emerging markets\*

Approx. **38%** of net sales

**56%** of employees

**55%** of manufacturing units



# Financial review

# Income statement

EUR million	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	580.5	526.8	10%	2,235.7	2,161.1	3%
EBITDA*	67.6	57.7	17%	259.0	241.6	7%
EBIT**	45.3	37.5	21%	174.9	160.0	9%
Net financial items	-7.6	-3.6		-28.9	-22.6	
Profit before taxes**	37.7	33.9	11%	146.0	137.4	6%
Income tax expense	4.8	0.3		-14.5	-13.1	
Profit for the period**	42.5	34.2	24%	131.5	124.3	6%
EPS, EUR**	0.39	0.32	22%	1.24	1.17	6%

- Financing costs increased due to the larger share of higher interest-paying bonds in the external loan portfolio
- Positive taxes in Q4 2014 due to dissolved tax provisions based on finalized tax audits
- Group net sales in 2014 including Films would have been MEUR 2,429 (MEUR 2,342)
- Reported EPS including all items EUR 1.33 (0.91)



# Foreign currency translation impact

## Average exchange rates

	Q1-Q4 2014	Q1-Q4 2013	Change
USD	1.33	1.33	0%
INR	81.07	77.85	-4%
GBP	0.81	0.85	5%
CNY	8.19	8.17	0%
AUD	1.47	1.38	-7%
THB	43.16	40.82	-6%
RUB	51.03	42.32	-21%
BRL	3.12	2.87	-9%
NZD	1.60	1.62	1%
ZAR	14.41	12.83	-12%

- Delayed impact on income statement as average exchange rates are used

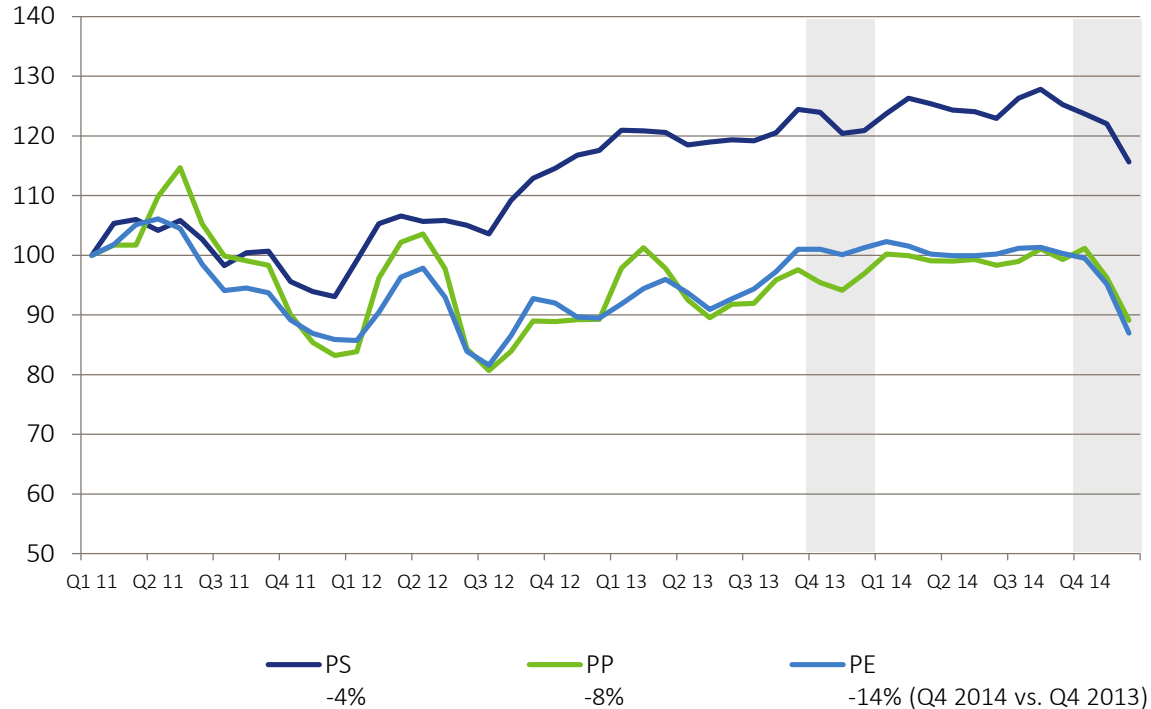
→ Foreign currency translation impact on net sales MEUR 19 and on EBIT MEUR 1 in Q4 2014, MEUR -36 and on EBIT MEUR -3 respectively in 2014.

## Closing exchange rates

	Dec 31 2014	Dec 31 2013	Change
USD	1.21	1.38	12%
INR	76.72	85.37	10%
GBP	0.78	0.83	7%
CNY	7.54	8.35	10%
AUD	1.48	1.54	4%
THB	39.91	45.18	12%
RUB	72.34	45.32	-60%
BRL	3.22	3.26	1%
NZD	1.55	1.68	7%
ZAR	14.04	14.57	4%

- Balance sheet inflated as closing exchange rates are used

# Raw material price development



- Polymer prices were relatively stable in 2014
- Price volatility in the emerging markets continued, caused mainly by demand and exchange rates
- Paperboard prices stabilized, but prices for recycled fiber continued to increase in the US

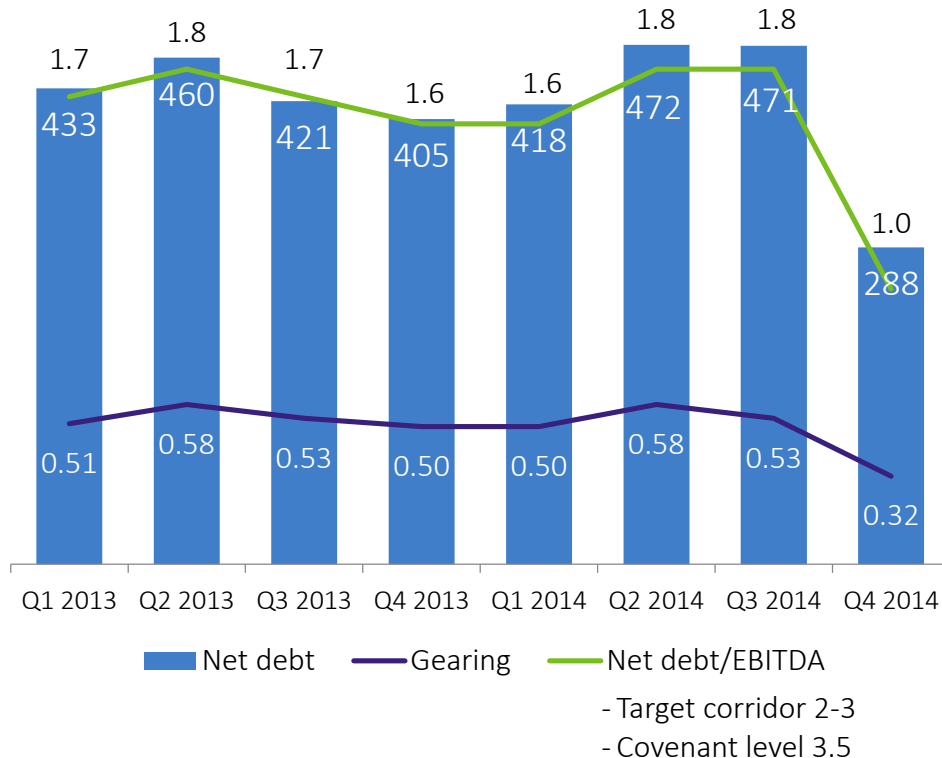
# Statement of financial position

EUR million	Dec 2014	Dec 2013
Total assets	2,298.0	2,142.1
Operating working capital	363.6	363.5
Net debt	288.0	404.6
Equity & non-controlling interest	892.8	804.8
Gearing	0.32	0.50
ROI*	12.6%	12.1%
ROE*	16.1%	15.8%

- Inventories improved during Q4 2014
- Cash and cash equivalents MEUR 351 (MEUR 241)

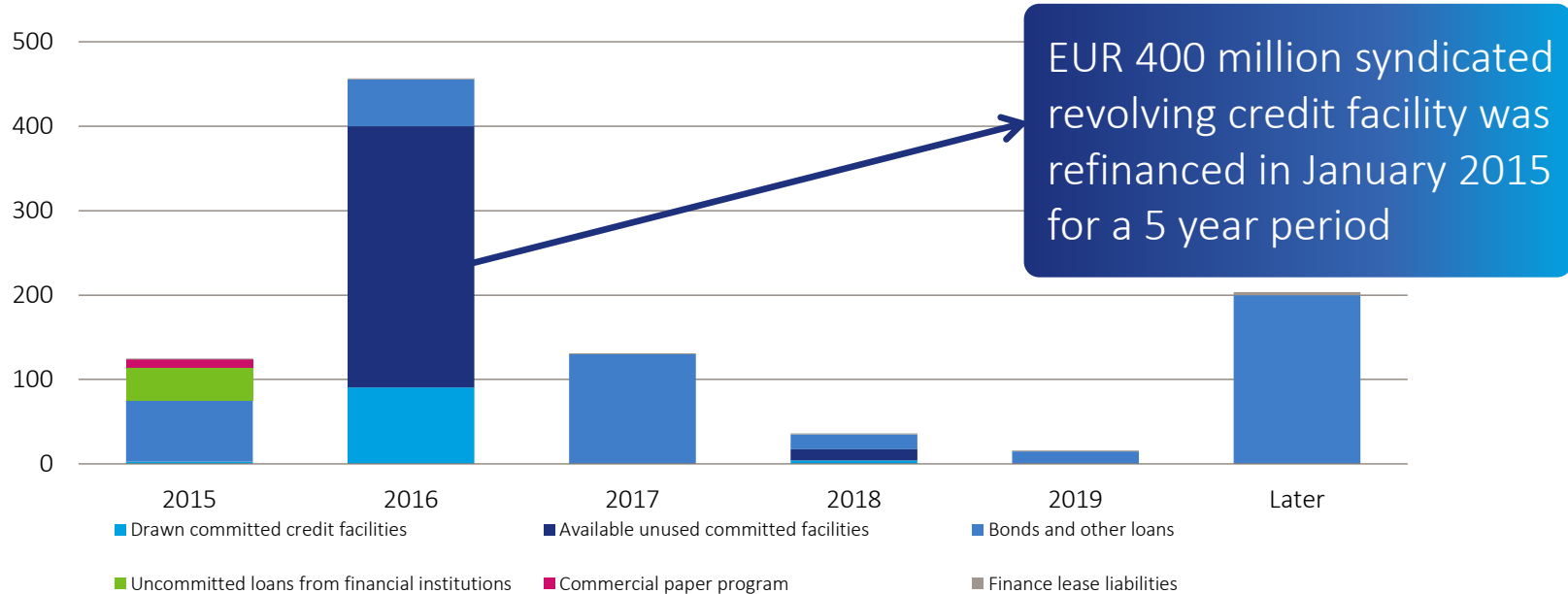


# Net debt decreased in Q4 2014 as result of the sale of Films



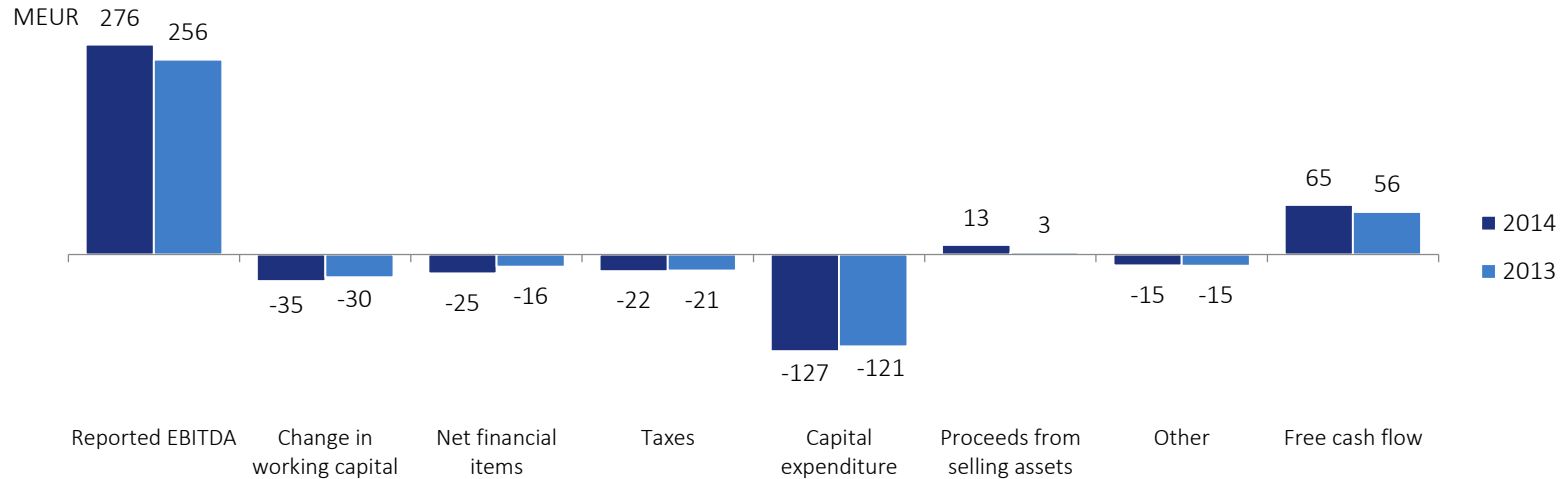
- Net debt unusually low at the end of the year
  - Impact of the sale of the Films segment
  - Positive Packaging purchase price was paid only end of January 2015
- Funds available for acquisitions MEUR 300-400 after Positive Packaging acquisition

# Debt maturity structure at the end of 2014



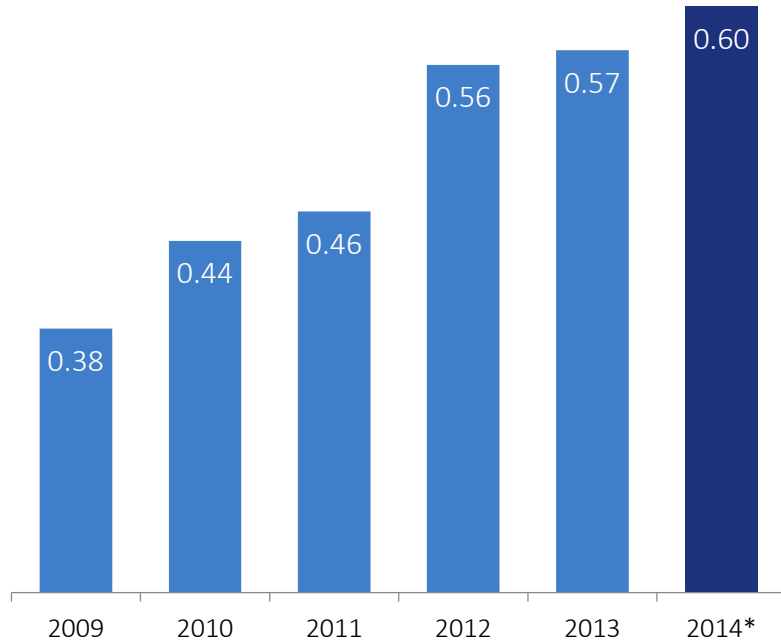
– Unused committed credit facilities MEUR 323 at the end of 2014

# Cash flow improved in Q4 2014



- Free cash flow improved towards the end of the year
- Includes the Films segment's cash flows for 2014

# Board proposes a dividend of EUR 0.60 per share



- EPS from continuing and discontinued operations EUR 1.28 (excl. NRI)
- Board proposes a 5% increase in dividend
  - Payout ratio 47%
  - Dividend yield\*\* 3%
- Dividend +58% since 2009
- Dividend CAGR for 2009-2014 is about 10%

# Well on track towards our medium-term financial ambitions

	FY 2013	FY 2014	Mid-term ambition
Organic growth	3%	6%	5+%
EBITDA margin	11.2%	11.6%	12+%
EBIT margin	7.4%	7.8%	8+%
ROI	12.1%	12.6%	15%
ROE	15.8%	16.1%	15+%
Capex/EBITDA	50%	46%	40%
Net debt/EBITDA	1.6	1.0	2-3
Free cash flow, MEUR	56	65	100
Dividend payout ratio	47%	47%	40-50%





Looking forward

# Outlook 2015

- The Group's trading conditions are expected to remain relatively stable during 2015.
- The good financial position and ability to generate a positive cash flow will enable the Group to continue to address profitable growth opportunities.
- Capital expenditure is expected to be at the same level as in 2014. Majority of the investments are expected to be directed to enhance growth in the emerging markets.

# Coming next

*Week 8*

Annual Accounts

*March 5*

Capital Markets Day

*April 21*

Q1 2015 Interim Report  
AGM



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.

In September 2012 Huhtamäki Oyj received the European Commission's statement of objections concerning alleged anticompetitive behavior during years 2000-2008. Huhtamäki Oyj has responded to the statement of objections and is exercising its rights of defense in the process, which is expected to take several months. The final outcome of the process is uncertain.

# Appendices

# Our business in a nutshell (pro forma\*)

- We're the global specialist in packaging for food and drink
- Helping great products reach more people, more easily
- Our ambition is to be the preferred global food packaging brand
- Our three business areas are Foodservice packaging, Flexible packaging and Molded fiber packaging
- We're listed as Huhtamäki Oyj on NASDAQ OMX Helsinki Ltd.

€2.4bn  
net sales\*

16,300  
employees\*

67  
manufacturing  
sites\*

6%  
comparable  
growth

8%  
EBIT  
margin

13%  
ROI

# Our three business areas are organized into four reporting segments

## Foodservice packaging



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

- 35 plants on 5 continents
- 8,000 employees
- €1,4bn net sales

## Flexible packaging



### **Flexible Packaging**

- 21 plants on 3 continents
- 6,700 employees
- €840mn net sales pro forma\*

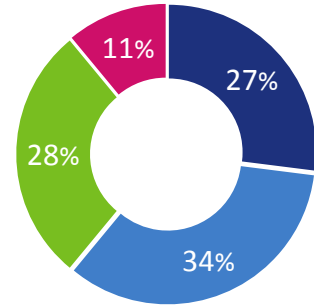
## Molded fiber packaging



### **Molded Fiber**

- 11 plants on 4 continents
- 1,500 employees
- €247mn net sales

## Share of net sales per segment in 2014



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



# Foodservice Europe-Asia-Oceania: Global footprint brings competitive advantage

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

## Key facts

- 27% of Group sales
- 4,400 employees
- 18 manufacturing units

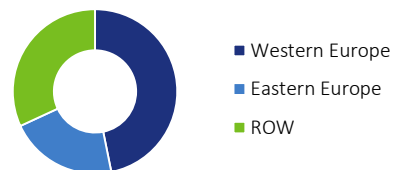
## Key customers



MEUR	2014	2013	2012	2011	2010
Net sales	620.4	629.1	626.8	524.1	467.6
Comparable growth	4%	2%	-1%	0%	-2%
EBIT*	57.4	46.9	38.1	20.0	24.5
EBIT margin*	9.3%	7.5%	6.1%	3.8%	5.2%
RONA*	17.6%	13.9%	11.6%	7.8%	10.6%
Capex	33.6	16.8	21.1	20.9	18.6
Operating cash flow	41.9	55.9	39.7	10.7	21.8

\* Excluding NRI of MEUR 0.8 in FY 2011 and MEUR -28.1 in FY 2013.

## Sales by geography



# North America: Leveraging global foodservice expertise to accelerate growth

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

## Key facts

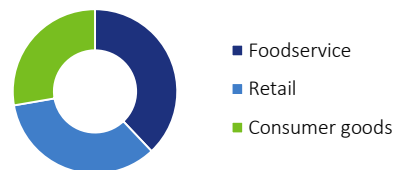
- 34% of Group sales
- 3,600 employees
- 17 manufacturing units

## Key customers



MEUR	2014	2013	2012	2011	2010
Net sales	769.3	725.3	704.3	532.3	535.6
Comparable growth	6%	5%	5%	-4%	-4%
EBIT*	38.4	38.4	53.0	43.5	45.4
EBIT margin*	5.0%	5.3%	7.5%	8.2%	8.5%
RONA*	7.2%	8.0%	11.7%	11.2%	11.9%
Capex	36.7	66.7	31.5	24.0	22.3
Operating cash flow	18.7	-15.0	28.7	43.5	59.0

## Sales by market channel



# Flexible Packaging: A leader in technology and innovation

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, Asia and South America.

## Key facts

- 28% of Group sales
- 4,200 employees
- 20 manufacturing units

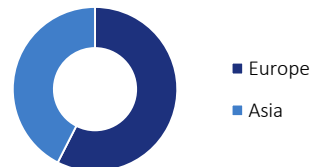
## Key customers



MEUR	2014	2013	2012	2011	2010
Net sales	618.0	585.8	573.3	578.3	524.6
Comparable growth	7%	4%	2%	4%	6%
EBIT*	45.5	44.0	44.6	38.3	34.3
EBIT margin*	7.4%	7.5%	7.8%	6.6%	6.5%
RONA*	13.6%	13.3%	13.8%	9.3%	10.7%
Capex	24.7	15.6	19.8	18.6	12.8
Operating cash flow	27.8	34.8	41.4	39.7	34.6

\* Excluding NRI of MEUR -7.8 in FY 2011.

## Sales by geography



# Molded Fiber: Global network and strong technological knowhow

Recycled molded fiber is used to make fresh product packaging, such as egg and fruit packaging. The segment has production in Europe, Oceania, Africa and South America.

## Key facts

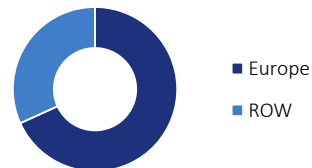
- 11% of Group sales
- 1,600 employees
- 11 manufacturing units

## Key customers



MEUR	2014	2013	2012	2011	2010
Net sales	247.0	236.3	237.3	244.0	232.9
Comparable growth	9%	6%	4%	3%	-1%
EBIT*	35.0	29.6	26.4	20.9	21.9
EBIT margin*	14.2%	12.5%	11.1%	8.6%	9.4%
RONA*	20.4%	18.2%	16.1%	12.0%	12.7%
Capex	27.3	18.9	14.8	11.2	15.8
Operating cash flow	17.5	21.0	25.6	18.5	23.1

## Sales by geography



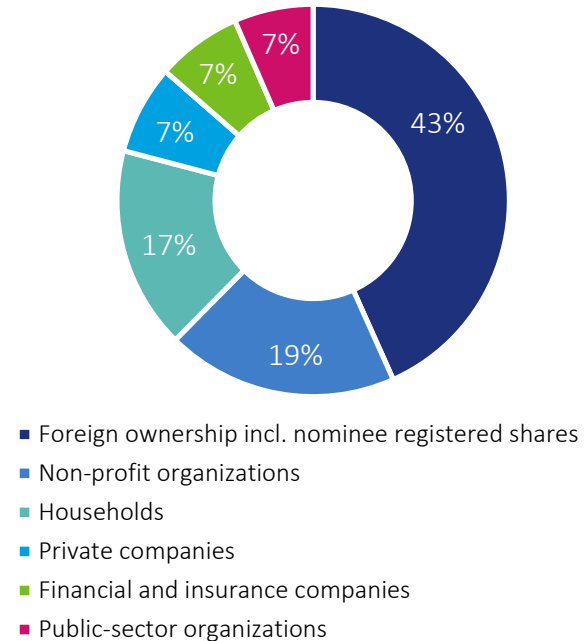
# Group financials 2009-2014

		*2014	*2013	**2012	2011	2010	2009
Net sales	MEUR	2,236	2,161	2,321	2,043	1,952	1,832
Comparable growth***	%	6	3	3	5	3	-5
EBITDA****	MEUR	259	242	254	208	214	193
EBITDA margin****	%	11.6	11.2	10.9	10.2	11.0	10.5
EBIT****	MEUR	175	160	164	128	134	112
EBIT margin****	%	7.8	7.4	7.0	6.2	6.9	6.1
EPS****	EUR	1.24	1.17	1.19	0.87	0.92	0.57
ROJ****	%	12.6	12.1	12.6	9.8	12.0	9.6
ROE****	%	16.1	15.8	15.8	11.0	14.5	10.1
Capex	MEUR	127	121	94	82	86	53
Free cash flow	MEUR	65	56	103	65	113	208
Gearing		0.32	0.50	0.50	0.49	0.32	0.50
Net debt to EBITDA****		1.0	1.6	1.6	1.9	1.2	1.7
Dividend per share	EUR	*****0.60	0.57	0.56	0.46	0.44	0.38

# Ownership

- 25,392 registered shareholders at the end of December 2014
- 57% of shares in domestic ownership
- 19% of shares controlled by non-profit organizations
  - Finnish Cultural Foundation a major owner since 1943, current ownership 13%
- Number of outstanding shares 107,760,385 including 4,206,064 of the Company's own shares

Shareholder distribution by sector  
December 31, 2014



# Definitions for key indicators

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) =

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

Net debt to equity (gearing) =

$$\frac{\text{Interest-bearing net debt}}{\text{Equity} + \text{non-controlling interest}}$$

Return on net assets (RONA) =

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

Operating cash flow =

$$\text{Ebit} + \text{depreciation and amortization (including impairment)} - \text{capital expenditure} + \text{disposals} +/- \text{change in inventories, trade receivables and trade payables}$$

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) =

$$\frac{100 \times \text{Profit for the period}}{\text{Equity} + \text{non-controlling interest (average)}}$$

Return on investment (ROI) =

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

# Disclaimer

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