Interim Report Q2 2014

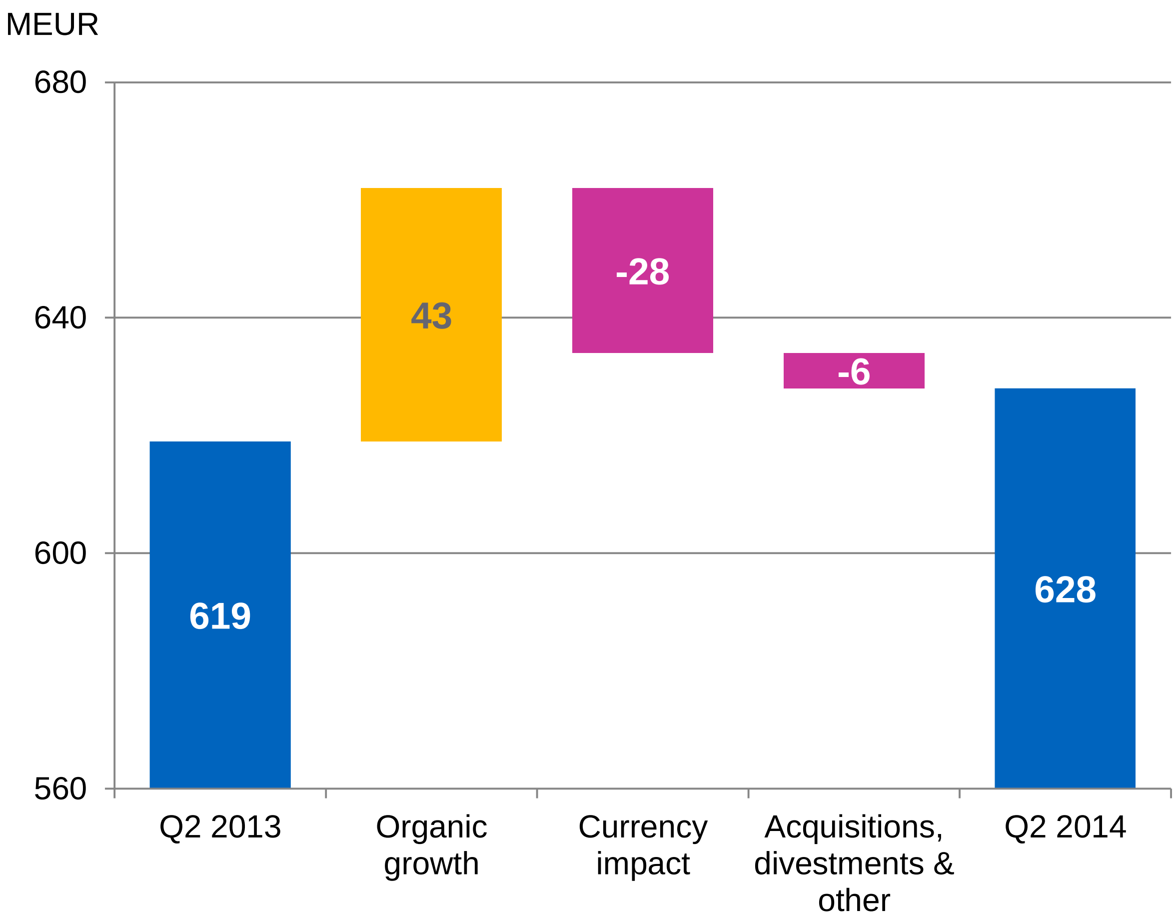
Net sales and EBIT growth continued

CEO Jukka Moisio
CFO Thomas Geust

HUHTAMAKI
GROUP

July 18, 2014

Comparable net sales growth accelerated to 7% in Q2 2014



Strong 12% comparable growth in emerging markets, especially Eastern Europe

Negative currency translation impact of MEUR 28 on net sales

Group highlights Q2 2014

EUR million	Q2 2014	Q2 2013	Change
Net sales	**628.2**	618.9	2%
EBITDA*	**76.7**	71.9	7%
EBITDA margin*	**12.2%**	11.6%	
EBIT*	**54.3**	49.2	10%
EBIT margin*	**8.6%**	7.9%	
EPS*, EUR	**0.37**	0.34	9%
ROI*	**12.3%**	12.3%	
ROE*	**16.6%**	15.0%	
Capital expenditure	**23.6**	29.1	-19%
Free cash flow	**7.1**	27.2	-74%

- Strong EBIT growth continued; led by good volume growth and continued focus on operational efficiencies
- Improvement in EBIT margin continued
- Seasonality impact on cash flow

Q2 2014

* Excluding NRI of MEUR -7.3 in Q2 2013 and MEUR -30.6 in FY 2013. ROI and ROE 12 month rolling figures.

Comparable growth by business segment*

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

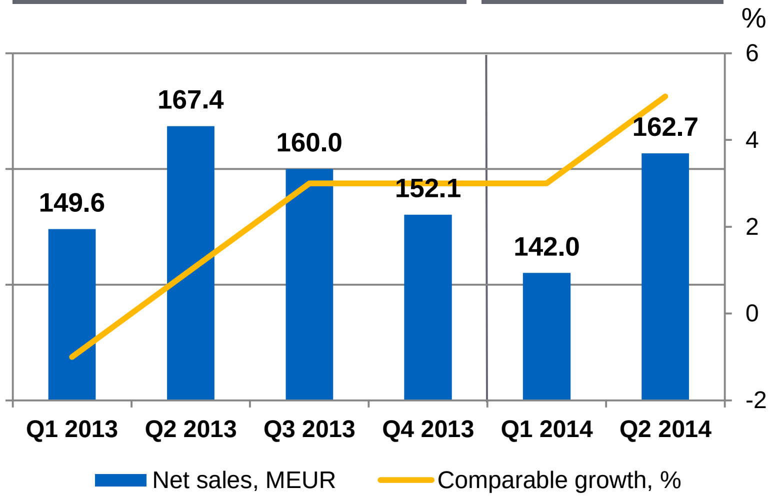
- Highest comparable growth for the Group during the past six quarters
- Growth accelerated in our foodservice businesses globally
- Strong growth in Molded Fiber and Films continued
- In Flexible Packaging, good development in Asia continued, whereas growth in Europe slowed down after strong Q1

* In constant currencies, excluding acquisitions and divestments.

Business review by segment

Foodservice Europe-Asia-Oceania

Net sales:	FY 2013	H1 2014
	MEUR 629.1	MEUR 304.7



Key figures:

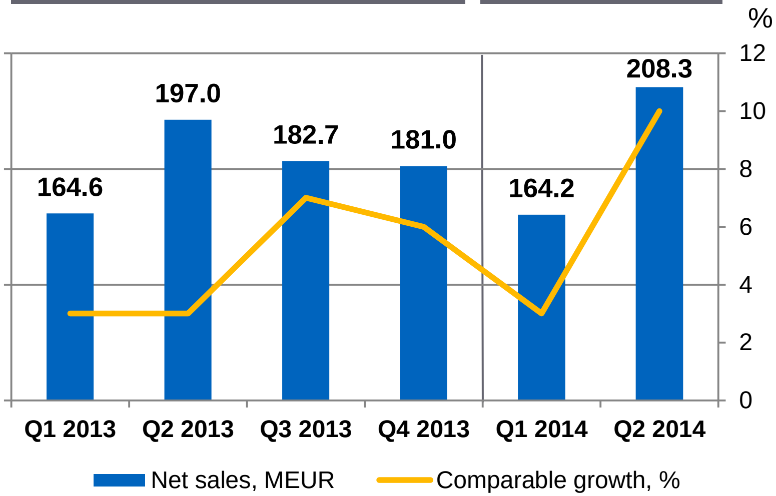
MEUR	Q2 2014	Q2 2013	Change
EBIT*	**17.4**	14.8	17.6%
EBIT margin*	**10.7%**	8.8%	
RONA*	**16.1%**	12.4%	
Capital expenditure	**5.6**	3.5	60.0%
Operating cash flow	**9.8**	10.8	-9.3%

- Strong growth especially in Eastern Europe and Oceania
- In addition to volume growth and operational efficiency, favorable product mix was key to profitability improvement
  - Volume growth of core product range, especially double-wall hot cups
  - Successful product portfolio extension
  - Lower share of plastic items, particularly in Europe

* Excluding EUR -7.3 million NRI in Q2 2013.

North America

Net sales:	FY 2013	H1 2014
	MEUR 725.3	MEUR 372.5



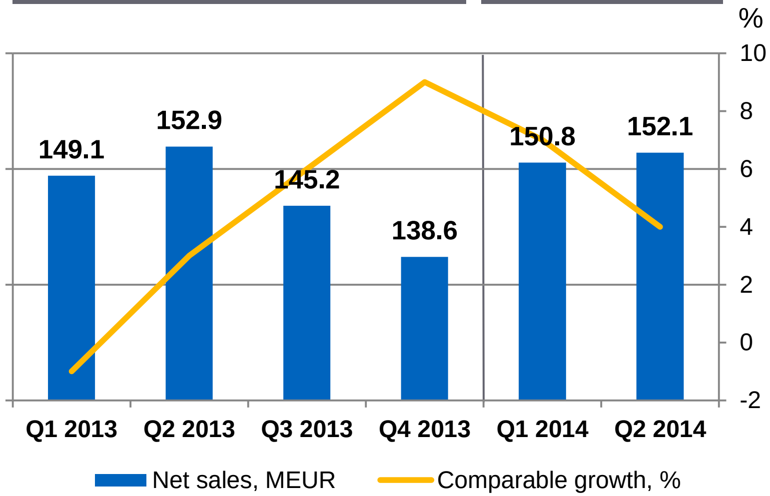
Key figures:

MEUR	Q2 2014	Q2 2013	Change
EBIT	**13.2**	15.0	-12.0%
EBIT margin	**6.3%**	7.6%	
RONA	**7.5%**	9.7%	
Capital expenditure	**7.0**	14.4	-51.4%
Operating cash flow	**-2.5**	7.0	-135.7%

- Strong growth boosted by foodservice and retail as well as deliveries from new facilities
- Earnings declined due to higher distribution and raw material costs
- Growth coming mostly from new extended product range, while the volumes of frozen dessert packaging were soft
- Segment’s mid-term targets unchanged

Flexible Packaging

Net sales:	FY 2013	H1 2014
	MEUR 585.8	MEUR 302.9



Key figures:

MEUR	Q2 2014	Q2 2013	Change
EBIT	**11.3**	12.0	-5.8%
EBIT margin	**7.4%**	7.8%	
RONA	**13.0%**	13.3%	
Capital expenditure	**5.3**	4.3	23.3%
Operating cash flow	**2.8**	11.3	-75.2%

- Strong volume development in Asia continued, led by personal care and food packaging
- Net sales development in Europe was flat after strong Q1
- Strong volumes turned into good profitability in Asia
- Focus on cost containment, especially in Europe, continued

Acquisition of Positive Packaging

Positive Packaging in brief

- Net sales MEUR 220 (2014e)
- 2,500 employees
- 7 manufacturing units in India
- 2 manufacturing units in UAE
- Sales network across Africa

Deal rationale in brief

- Further enhances Huhtamaki's position in India
- Expands the manufacturing footprint into Middle East
- More than doubles the sales in Africa

Huhtamaki will become a leading flexible packaging provider with an unmatched footprint in emerging markets

Acquisition of Positive Packaging

- Net sales MEUR 220 (2014e)
- Historical growth rate 10-15%
- Enterprice value (EV) MEUR 247
- EV/EBITDA 11-11.5 (8-9 after synergies)
- Main synergies in manufacturing footprint, production and operative efficiencies – expected synergies approximately 3% of net sales
- Serves similar clientele in several countries with partly complementary product range

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

Future growth of flexible packaging mostly at emerging markets

Global consumer flexible packaging market* USD 76 billion (2013) »» USD 100 billion (2018e)

EMERGING MARKETS	Share of global market 2013	Expected 5y CAGR	Share of global market 2018e
India	5%	*14%*	**7%**
Middle East & Africa	5%	*13%*	**7%**
China	10%	*10%*	**13%**
Remaining South & SE Asia	8%	*12%*	**10%**
Eastern Europe	4%	*7%*	**5%**
Central & South America	8%	*7%*	**9%**
Emerging markets	40%	***10.4%***	**51%**
5 year growth (USD)			**20 bn**

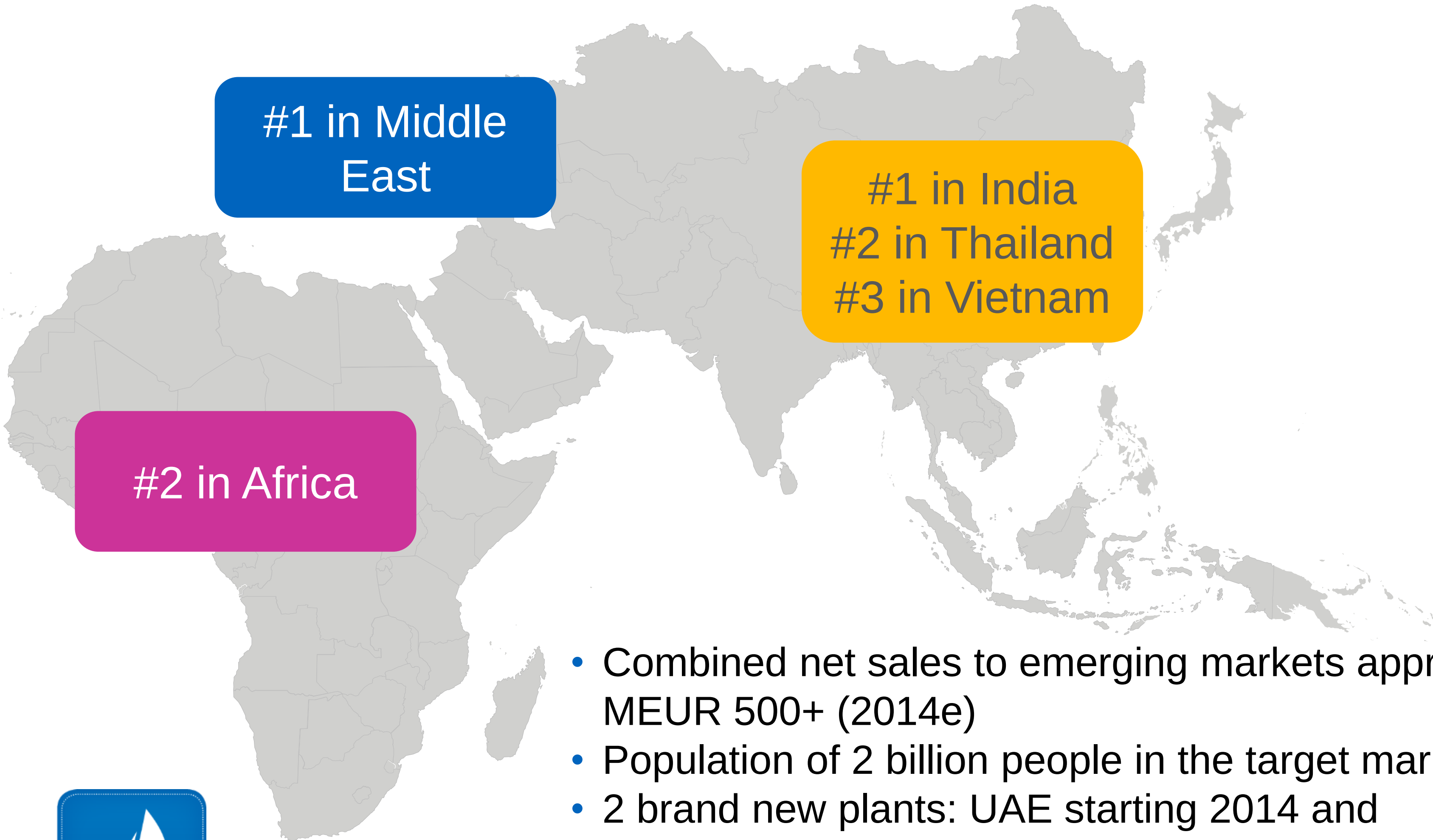
DEVELOPED MARKETS	Share of global market 2013	Expected 5y CAGR	Share of global market 2018e
Western Europe	22%	*1.3%*	**17%**
North America	23%	*2.6%*	**20%**
Japan/ Korea/ Taiwan/ Singapore	14%	*1.5%*	**11%**
Oceania	1%	*1.5%*	**1%**
Developed markets	60%	***2.0%***	**49%**
			4 bn

Q2 2014

* Does not include shopping bags or similar; flexibles materials applications in irrigation, construction or similar; single unprinted film over wraps for cigarettes, daily fresh vegetables etc.
Source: Huhtamaki estimate

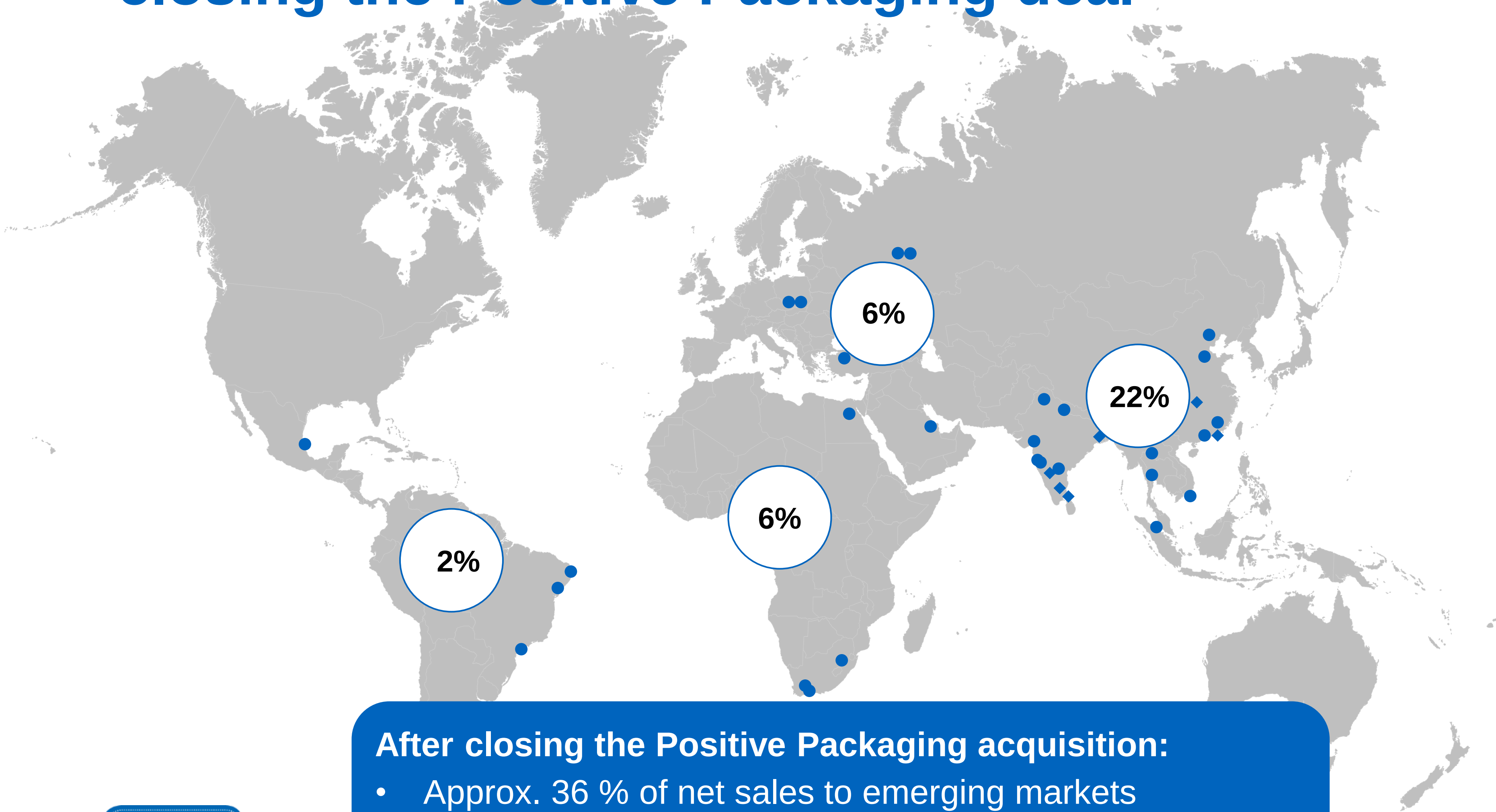
Combined emerging market footprint

Huhtamaki Flexible Packaging & Positive Packaging



- Combined net sales to emerging markets approx. MEUR 500+ (2014e)
- Population of 2 billion people in the target market
- 2 brand new plants: UAE starting 2014 and Thailand in 2015

Huhtamaki emerging markets’ position after closing the Positive Packaging deal



After closing the Positive Packaging acquisition:

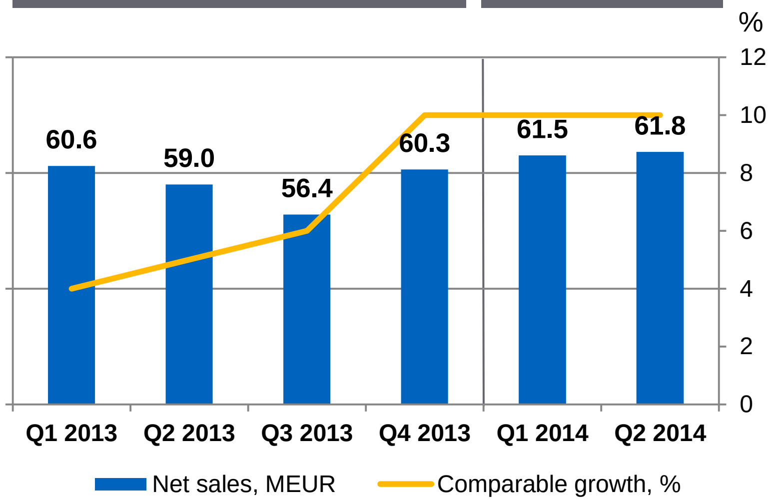
- Approx. 36 % of net sales to emerging markets
- 54% of employees in emerging markets
- 53% of manufacturing units in emerging markets

Q2 2014

Emerging markets as defined in IMF World Economic Outlook 2014.

Molded Fiber

Net sales:	FY 2013	YTD 2014
	MEUR 236.3	MEUR 123.3



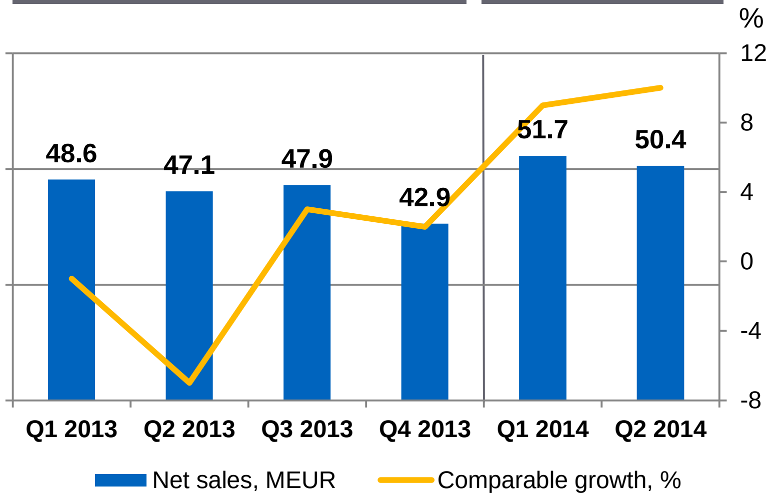
Key figures:

MEUR	Q2 2014	Q2 2013	Change
EBIT	**10.0**	7.3	37.0%
EBIT margin	**16.2%**	12.4%	
RONA	**19.9%**	17.1%	
Capital expenditure	**4.9**	6.3	-22.2%
Operating cash flow	**4.2**	9.0	-53.3%

- Strong net sales growth continued, led by Eastern and Central Europe, where customers prefer molded fiber vs. plastic egg packaging
- Strong earnings include a MEUR 1.8 received refund to correct historical energy costs in Brazil
- Active long term focus on new product and concept development as well as operational enhancements have turned into strong pipeline

Films

Net sales:	FY 2013	YTD 2014
	MEUR 186.5	MEUR 102.1



Key figures:

MEUR	Q2 2014	Q2 2013	Change
EBIT	**3.3**	1.8	83.3%
EBIT margin	**6.5%**	3.8%	
RONA	**6.8%**	4.6%	
Capital expenditure	**0.7**	0.5	40.0%
Operating cash flow	**4.0**	5.6	-28.6%

- Volumes grew in all product segments
- Positive earnings development accelerated
- Due to the Group's growing strategic focus on food packaging, options regarding the Films business will be evaluated

Financial review

Income statement

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Net sales	**628.2**	618.9	1,191.9	1,187.3	2,342.2
EBITDA*	**76.7**	71.9	140.3	131.6	256.4
EBIT*	**54.3**	49.2	95.7	86.4	166.7
Net financial items	**-7.6**	-7.3	-15.3	-14.1	-25.5
Profit before taxes*	**46.7**	41.9	80.4	72.3	141.2
Income tax expense	**-7.5**	-5.5	-12.9	-10.4	-12.9
Profit for the period*	**39.2**	36.4	67.5	61.9	128.3
EPS*, EUR	**0.37**	**0.34**	**0.64**	**0.58**	**1.21**

- Strong operational performance also visible in profit
- Development of net financial items close to flat
- Tax rate unchanged at 16%

* Excluding NRI of MEUR -7.3 in Q2 2013 and H1 2013 and -30.6 in FY 2013.

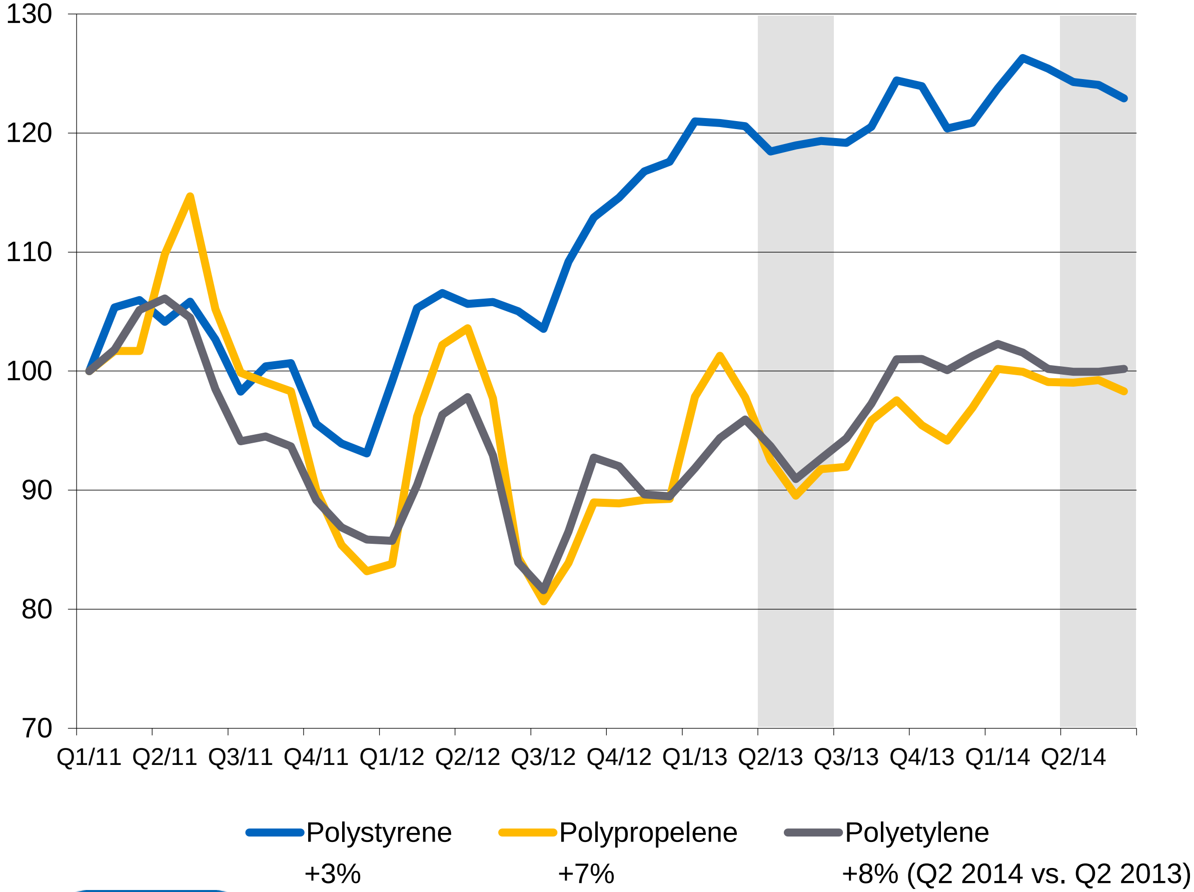
Volatility caused by foreign currency translation continued in H1 2014

- Average exchange rates:

	H1 2014	FY 2013	H1 2013	Change H1 14 vs. FY 2013	Change H1 14 vs. H1 13
GBP	**0.82**	0.85	0.85	4%	4%
NZD	**1.61**	1.62	1.59	1%	-1%
CNY	**8.45**	8.17	8.11	-3%	-4%
USD	**1.37**	1.33	1.31	-3%	-5%
THB	**44.62**	40.82	39.24	-9%	-14%
INR	**83.3**	77.85	72.23	-7%	-15%
AUD	**1.50**	1.38	1.29	-9%	-16%
RUB	**48.03**	42.32	40.78	-13%	-18%
BRL	**3.15**	2.87	2.67	-10%	-18%
ZAR	**14.68**	12.83	12.06	-14%	-22%

- Foreign currency translation impact on
  - Net sales MEUR -58 (Q1 MEUR -30 and Q2 MEUR -28)
  - EBIT MEUR -4 (Q1 MEUR -2 and Q2 MEUR -2)

Raw material price development



- Polymer prices were stable during H1; some volatility in emerging markets
- Recycled fiber prices were stable globally
- Growing demand was visible in the U.S. paperboard prices

Q2 2014

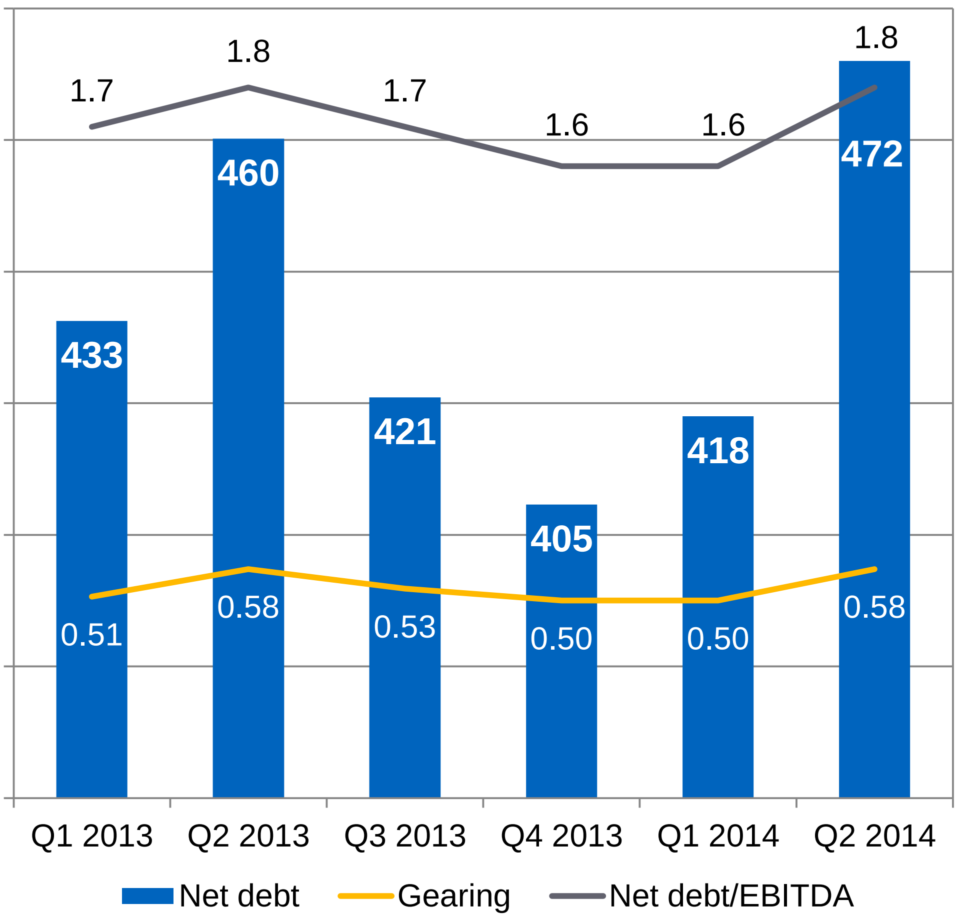
Group statement of financial position

EUR million	Jun 2014	Dec 2013	Jun 2013
Total assets	**2,177.8**	2,142.1	2,187.8
Operating working capital	**439.0**	363.5	411.0
Net debt	**471.9**	404.6	460.2
Equity & non-controlling interest	**815.9**	804.8	792.5
Gearing	**0.58**	0.50	0.58
ROI*	**12.3%**	12.1%	12.3%
ROE*	**16.6%**	15.8%	15.0%

- Seasonality in net debt and gearing
- ROE at 16.6% is all-time-high

* Excluding NRI of MEUR -7.3 in Jun 2013 and MEUR -30.6 in Dec 2013.

Net debt development

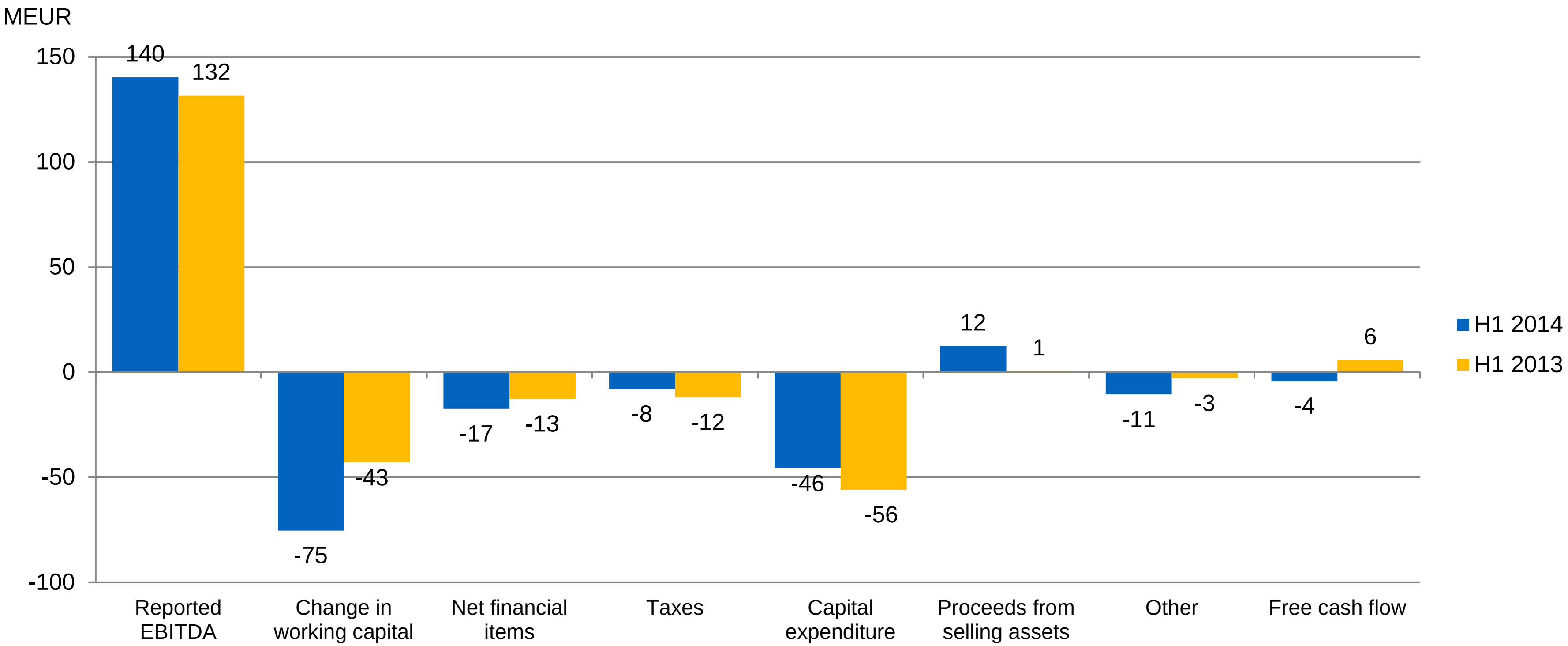


- Target corridor 2-3
- Covenant level 3.5

- Financial position remains strong
- Cash and cash equivalents* MEUR 170
- Unused committed credit facilities* MEUR 330
- Funds available for acquisitions* MEUR 400-500, of which MEUR 247 will be used for Positive Packaging acquisition

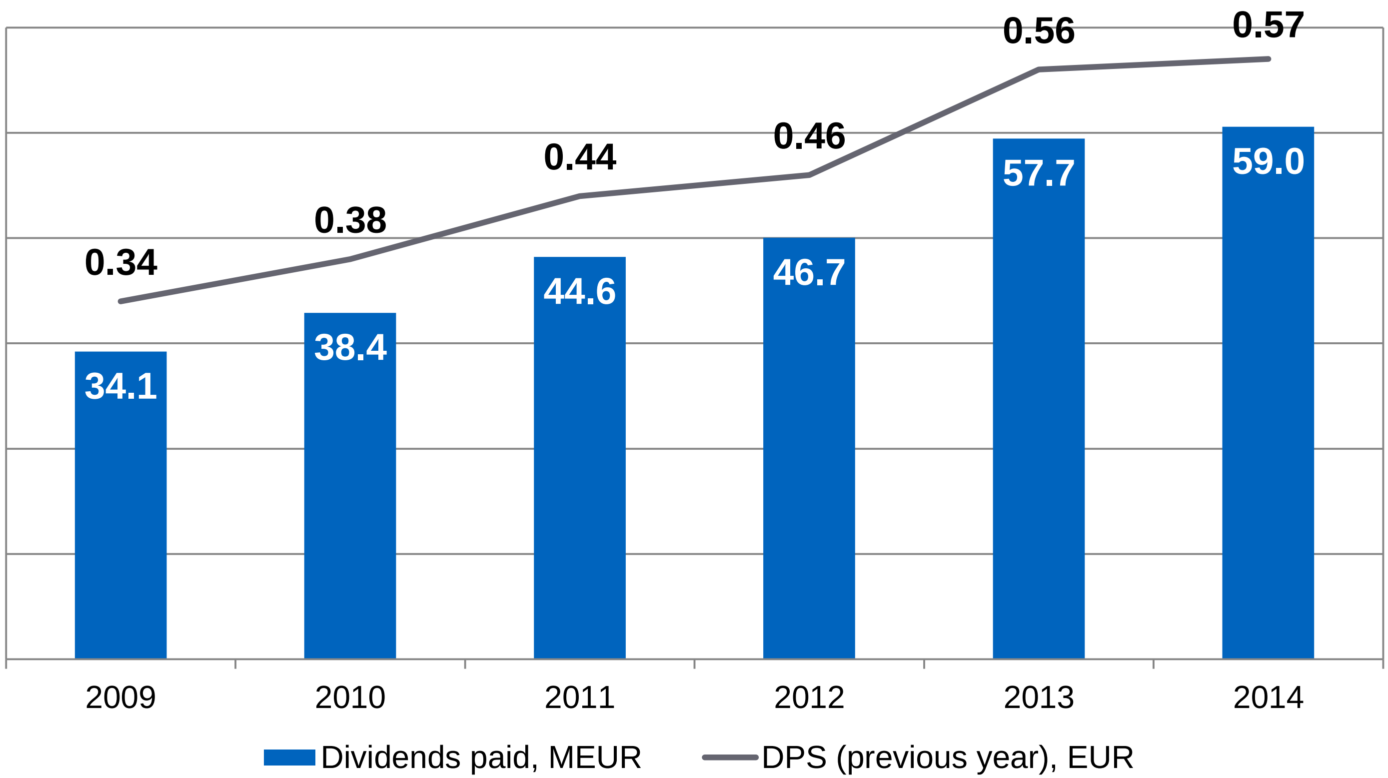
* End of Q2 2014

Cash flow



- Strong growth and June deliveries visible in the amount working capital
  - Change in receivables MEUR 27 (Q2 2014 vs. Q2 2013)
  - Change in inventory MEUR 22 (Q2 2014 vs. Q2 2013)

Dividends were paid in May



- Dividend EUR 0.57 per share → payout ratio 47% and yield 3%*
- Dividend per share (DPS) +68% in 2008-2013

* Calculated with 2013 closing share price of EUR 18.65.

Well on track towards our medium-term financial ambitions

	FY 2013	YTD 2014	Mid-term ambition
Organic growth	3%	6%	5+%
EBITDA margin	10.9%	11.8%	12+%
EBIT margin	7.1%	8.0%	8+%
ROI	12.1%	12.3%	15%
ROE	15.8%	16.6%	15+%
Capex/EBITDA	50%	33%	40%
Net debt/EBITDA	1.6	1.8	2-3
Free cash flow, MEUR	56	-4	100
Dividend payout ratio	47%	n/a	40-50%

Looking forward

Outlook 2014 - unchanged

- The Group’s trading conditions are expected to remain relatively stable during 2014.
- 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 2013. A significant part of the investments are expected to be directed to enhance growth in the emerging markets.

Scheduled events

- Interim Report Q3 2014 October 23, 2014

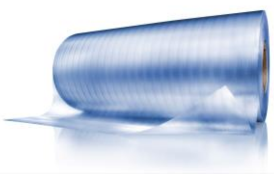
Short-term risks and uncertainties

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

Huhtamaki businesses in brief

Businesses	Foodservice disposables*	Flexible packaging	Molded fiber packaging	Films
				
Share of net sales**	57%	25%	10%	8%
Operations in	• North America • Europe • Asia • Oceania • Middle East • Africa	• Europe • Asia • South America	• Europe • Oceania • South America • Africa	• Europe • North America • South America • Asia

In total				
	EUR 2.3 billion in net sales**	**14,362** people employed**	**30** operating countries	**61** manufacturing units

Q2 2014

* Includes reporting segments North America and Foodservice Europe-Asia-Oceania

** FY 2013 figures

Reporting segment Foodservice E-A-O:

Global footprint brings competitive advantage

QSR&B	Catering & Distribution	Consumer Goods	Vending

Key customers

Key competitors

Seda, HK Cups, International Paper, local players

Key facts

- 26% of Group sales
- 4,220 employees
- 17 manufacturing units

Sales by geography

Q2 2014

MEUR	LTM Q2 14	FY 2013	FY 2012	FY 2011	FY 2010
Net sales	616.8	629.1	626.8	524.1	467.6
EBIT*	52.1	46.9	38.1	20.0	24.5
EBIT margin*	8.4%	7.5%	6.1%	3.8%	5.2%
RONA*	16.1%	13.9%	11.6%	7.8%	10.6%

** Excluding NRI of MEUR 0.8 in FY 2011, MEUR -28.1 in FY 2013 and MEUR -20.8 in LTM Q2 2014.*

Competitive advantages

- Global business and network – local presence
- Frontrunner in innovative and sustainable solutions
- Ability to meet needs of global key accounts
- Expertise in paper and fiber conversion
- People

Focus areas

- Upside potential from product portfolio, customer and capacity expansion
- Investments in new products and plants especially at emerging markets

Medium-term targets

- Organic net sales growth: 4-6% (annual growth rate)
- EBIT margin: 8-9%
- RONA: ~15+%

Reporting segment North America:

Leveraging global foodservice expertise to accelerate growth

QSR&B	Catering & Distribution	Retail	Consumer Goods

Key customers

Key competitors

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

Key facts

- 31% of Group sales
- 3,521 employees
- 17 manufacturing units

Sales by market channel

Q2 2014

Note: QSR&B = Quick Service Restaurants & Beverages

MEUR	LTM Q2 14	FY 2013	FY 2012	FY 2011	FY 2010
Net sales	736.2	725.3	704.3	532.3	535.6
EBIT	37.6	38.4	53.0	43.5	45.4
EBIT margin	5.1%	5.3%	7.5%	8.2%	8.5%
RONA	7.5%	8.0%	11.7%	11.2%	11.9%

Competitive advantages

- Chinet® brand
- Molded fiber
- Paperboard scale, technology and footprint
- Low weight plastic cup design
- Uniquely global
- Offering and expertise to build store brand

Focus areas

- Portfolio transformation brings substantially increased opportunity for growth in foodservice & retail
- Reduced capex after completion of Batavia
- EBIT and RONA margins returning to more normalized levels

Medium-term targets

- Organic net sales growth: 4-6% (annual growth rate)
- EBIT margin: 7-8%
- RONA: ~12%

Reporting segment Flexible Packaging:
A leader in technology and innovation

Food & Beverages	Petfood	Tube laminates	Personal care & household	Pharma/ medical	Labels

Key customers

Mondelēz International, Nestlé, MARS, Unilever, Coca-Cola, P&G, AJINOMOTO, Sara Lee, COLGATE-PALMOLIVE, DANONE, gsk GlaxoSmithKline

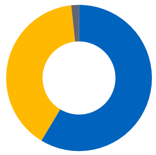
Key competitors

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

Key facts

- 25% of Group sales
- 4,106 employees
- 12 manufacturing units

Sales by geography



MEUR	LTM Q2 14	FY 2013	FY 2012	FY 2011	FY 2010
Net sales	586.7	585.8	573.3	578.3	524.6
EBIT*	43.1	44.0	44.6	38.3	34.3
EBIT margin*	7.3%	7.5	7.8	6.6	6.5
RONA	13.0%	13.3	13.8	9.3	10.7

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

Competitive advantages

- Strong technical knowhow
- Product portfolio – depth and width
- High focus on NPD and continuous innovation
- Global presence

Focus areas

- Significant growth opportunities in emerging markets and select categories
- Focus on profitable growth supported by investments in additional capacity

Medium-term targets

- Organic net sales growth: 6-8% (annual growth rate)
- EBIT margin: 8-9%
- RONA: ~15+%

Reporting segment Molded Fiber:

Global network and strong technological knowhow

Egg packaging	Fruit & vegetable	Other (cup carriers, bottle dividers)



Key customers

Packers

Retailers

NOBLE FOODS, Gebr. Van Beek Group, NNZ the packaging network, mauco, McDonald's

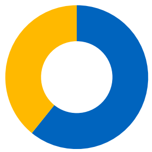
Key competitors

Hartmann, Pactiv, local players, plastics manufacturers

Key facts

- 10% of Group sales
- 1,537 employees
- 11 manufacturing units

Sales by geography



MEUR	LTM Q2 14	FY 2013	FY 2012	FY 2011	FY 2010
Net sales	240.0	236.3	237.3	244.0	232.9
EBIT	32.8	29.6	26.4	20.9	21.9
EBIT margin	13.7%	12.5%	11.1%	8.6%	9.4%
RONA	19.9%	18.2%	16.1%	12.0%	12.7%

Competitive advantages

- In-house proprietary technology
- In-house recycled paper sourcing
- Local presence – global support
- Motivated and capable team

Focus areas

- Growth driven by emerging markets and mix improvements
- High overall equipment efficiency targeted

Medium-term targets

- Organic net sales growth: ~5% (annual growth rate)
- EBIT margin: 12-14%
- RONA: ~18%

Q2 2014

Reporting segment Films:

Leading competencies and technical knowhow

Hygiene & healthcare	Pressure sensitive	Building & construction

Key customers

Johnson & Johnson
Kimberly-Clark
SCA Care of Life
3M
Avery Dennison
CertainTeed

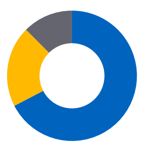
Key competitors

Mondi, Swanson, Siliconature, regional players

Key facts

- 8% of Group sales
- 924 employees
- 4 manufacturing units

Sales by geography



Q2 2014

MEUR	LTM Q2 14	FY 2013	FY 2012	FY 2011	FY 2010
Net sales	192.9	186.5	191.5	177.0	163.7
EBIT*	9.4	6.7	9.2	8.4	10.8
EBIT margin*	4.9%	3.6%	4.8%	4.7%	6.6%
RONA*	6.8%	4.6%	6.0%	6.2%	9.1%

** Excluding NRI of MEUR -7.8 in FY 2011, MEUR -2.5 in FY 2013 and MEUR -2.5 in LTM Q2 2014.*

Competitive advantages

- Unique global footprint
- Strong technology knowhow in release films
- Broad product portfolio – individualized solutions
- High focus on innovations

Focus areas

- Growth opportunities especially in emerging markets and hygiene & healthcare
- Focus on profitability and RONA improvement

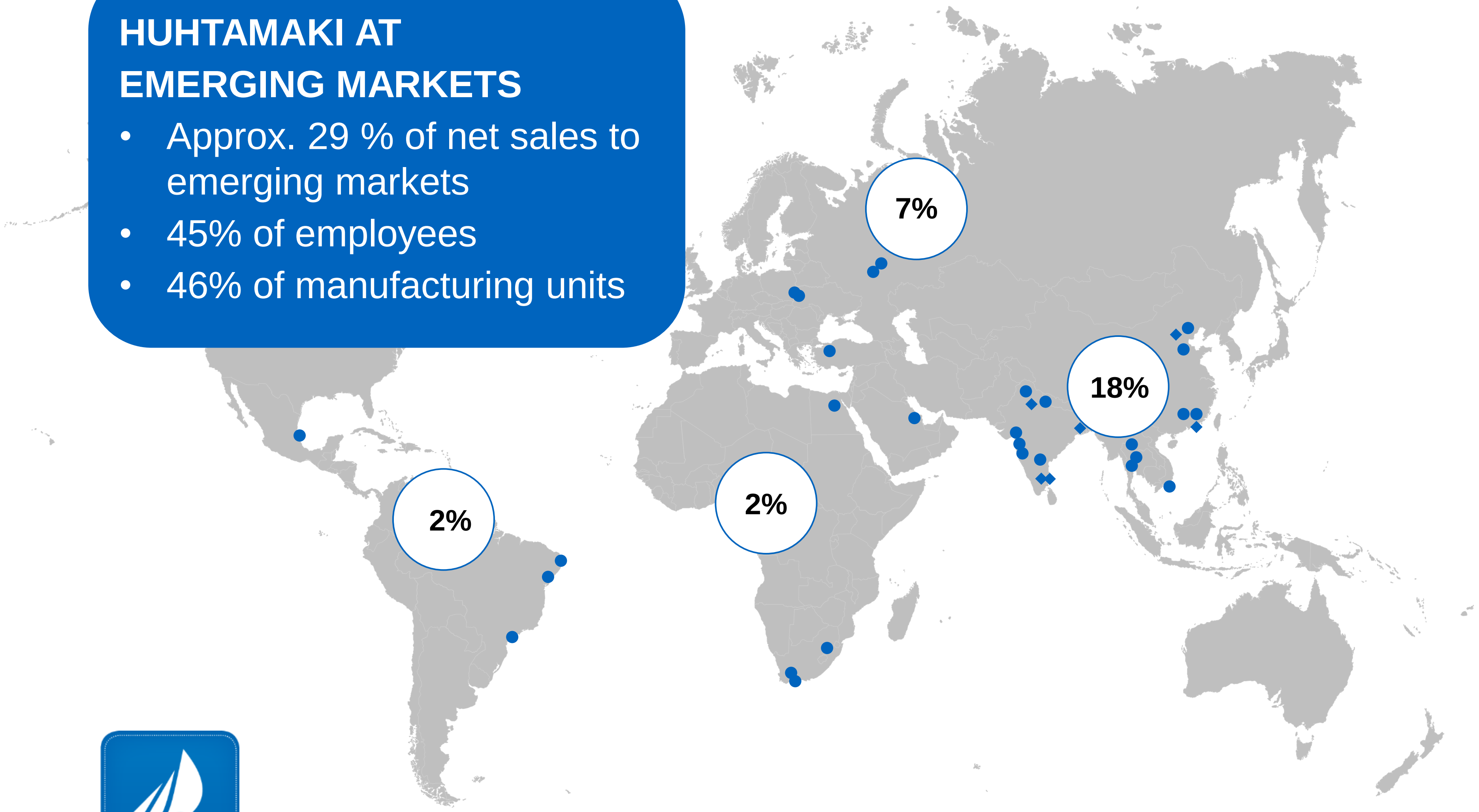
Medium-term targets

- Organic net sales: ~5% (annual growth rate)
- EBIT margin: 7-9%
- RONA: ~13%

Emerging markets' share of net sales

HUHTAMAKI AT EMERGING MARKETS

- Approx. 29 % of net sales to emerging markets
- 45% of employees
- 46% of manufacturing units



Emerging markets as defined in IMF World Economic Outlook 2014.

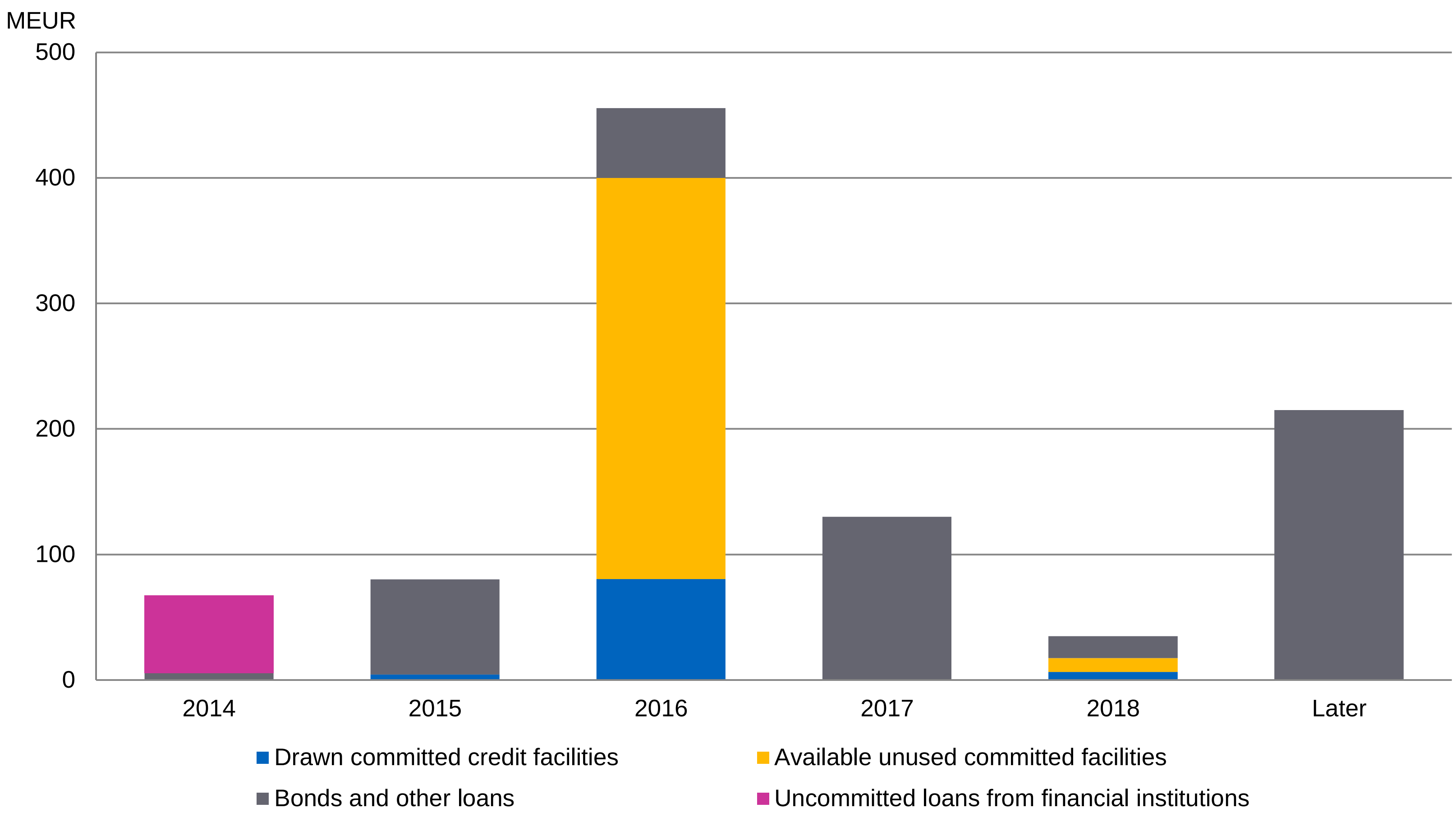
Successful implementation of the quality growth strategy

- Seven acquisitions completed to date:
  - Prisma Pack, September 2011 (Films)
  - Paris Packaging, Inc., September 2011 (North America)
  - Ample Industries, Inc., November 2011 (North America)
  - Josco (Holdings) Limited, April 2012 (Foodservice E-A-O)
  - Winterfield, LLC, August 2012 (North America)
  - Webtech Labels Private Limited, November 2012 (Flexible Packaging)
  - BCP Fluted Packaging Ltd., November 2013 (Foodservice E-A-O)
- In total MEUR 250 of annual net sales acquired for MEUR 170*
  - Positive Packaging, signed in July 2014 (Flexible Packaging)
- After closing the Positive Packaging acquisition,
  in total MEUR 470 of annual net sales acquired for MEUR 417*

* As announced at the time of the acquisitions and including assumed debt.

Debt maturity structure

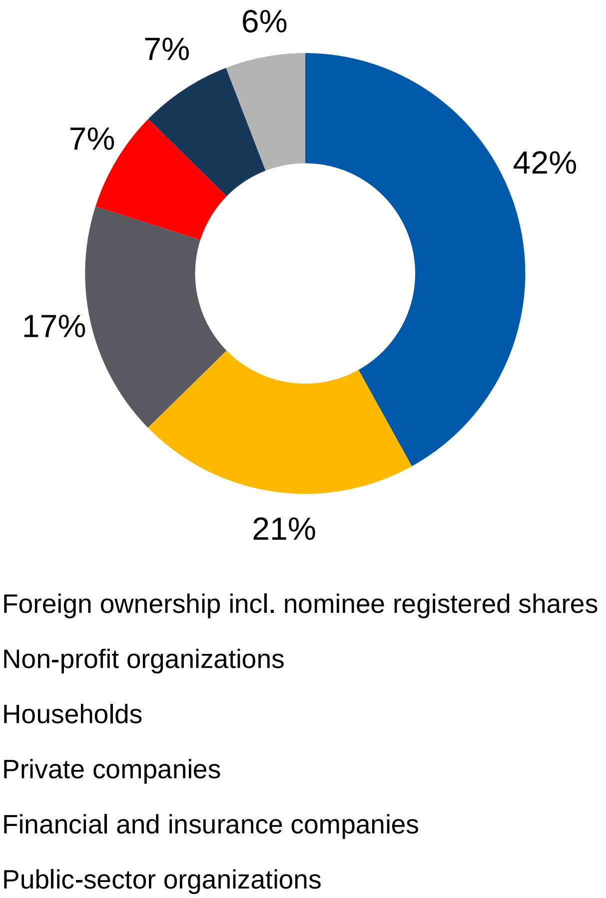
As of June 30, 2014



Ownership

- 25,178 registered shareholders at the end of June 2014
- 58% of shares in domestic ownership
- 21% of shares controlled by non-profit organizations
  - Finnish Cultural Foundation a major owner since 1943, current ownership 14%
- Number of outstanding shares 107,760,385 including 4,206,064 of the Company's own shares

Shareholder distribution by sector
June 30, 2014



Definitions for key indicators

EPS attributable to equity holders of the parent company =	Profit for the period - non-controlling interest Average number of shares outstanding
EPS attributable to equity holders of the parent company (diluted) =	Diluted profit for the period - non-controlling interest Average fully diluted number of shares outstanding
Net debt to equity (gearing) =	Interest-bearing net debt Equity + non-controlling interest
Return on net assets (RONA) =	100 x Earnings before interest and taxes (12 m roll.) Net assets (12 m roll.)
Operating cash flow =	Ebit + depreciation and amortization (including impairment) - capital expenditure + disposals +/- change in inventories, trade receivables and trade payables
Shareholders' equity per share =	Total equity attributable to equity holders of the parent company Issue-adjusted number of shares at period end
Return on equity (ROE) =	100 x (Profit for the period) (12 m roll.) Equity + non-controlling interest (average)
Return on investment (ROI) =	100 x (Profit before taxes + interest expenses + net other financial expenses) (12 m roll.) Statement of financial position total - Interest-free liabilities (average)

For further information, please contact us:

www.huhtamaki.com » Investors
ir@huhtamaki.com

Investor Relations
Kaisa Uurasmaa
Tel. +358 10 686 7815
kaisa.uurasmaa@huhtamaki.com