

Becoming the first choice in sustainable food packaging

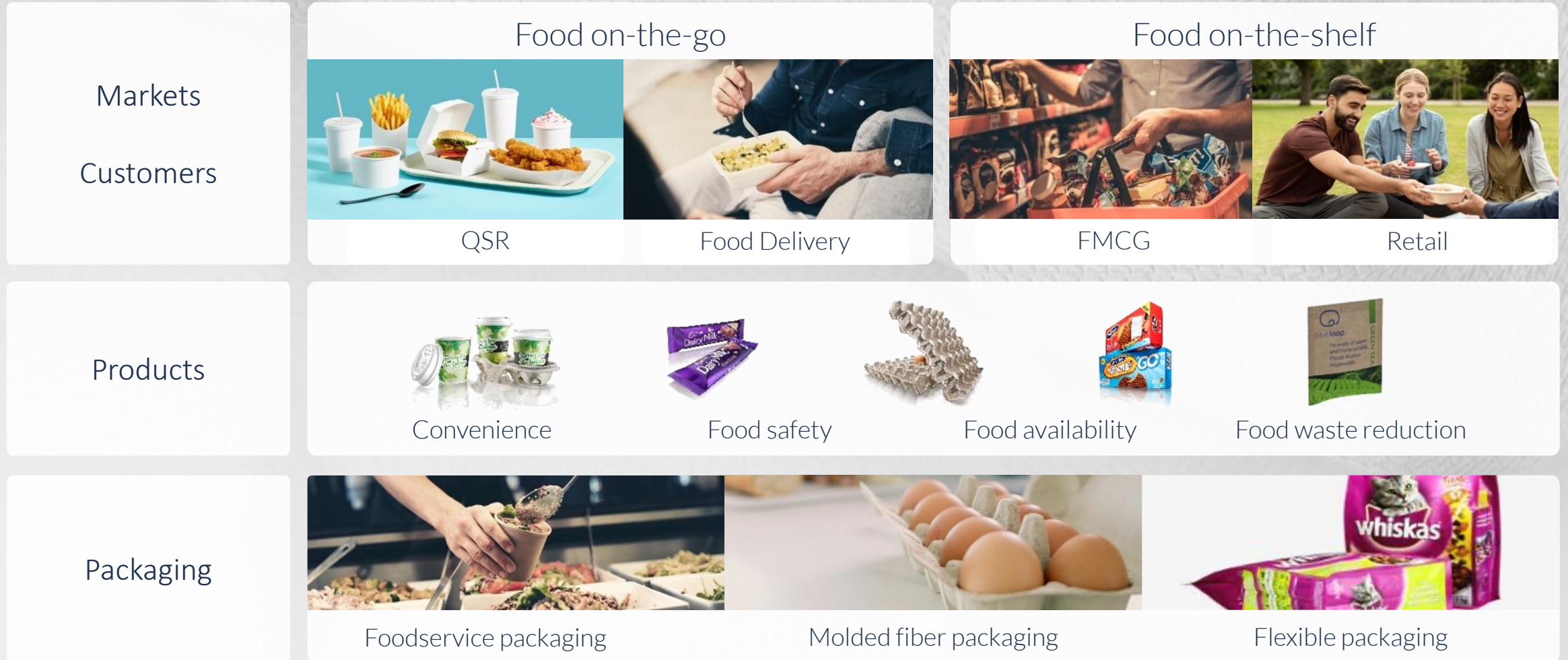
Thomas Geust
CFO

Handelsbanken's Nordic Mid/Small Cap Seminar 2020
June 4, 2020

Huhtamaki



Broadly serving food on-the-go and food on-the-shelf



Huhtamaki operates on a global scale

Figures for 2019

NET SALES

€3.4B

ADJUSTED EBIT MARGIN

8.6%

MANUFACTURING UNITS

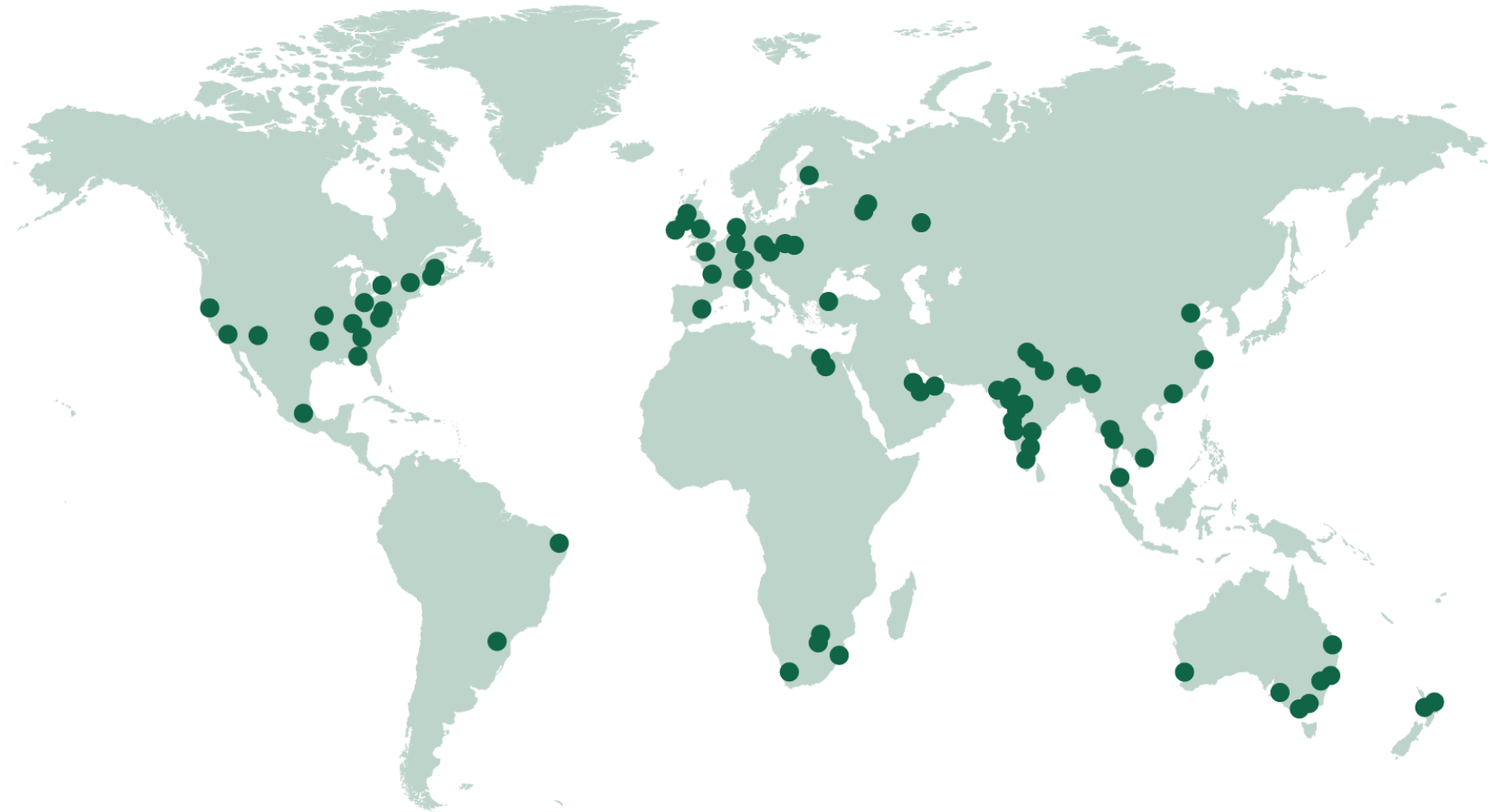
81

OPERATING COUNTRIES

35

EMPLOYEES

18,598



We operate through 3 business segments

North America

18 manufacturing units in
2 countries

4,200 employees

€1.2B net sales

Fiber and Foodservice (Europe-Asia-Oceania)

33 manufacturing units in
28 countries

6,800 employees

€1.3B net sales

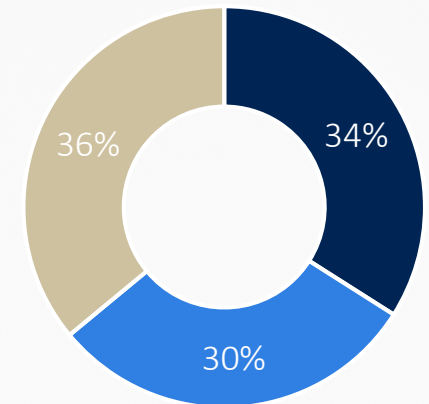
Flexible Packaging

29 manufacturing units in
16 countries

7,500 employees

€1.0B net sales

Net sales per segment (2019)



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

Fiber Packaging and Foodservice EAO will be integrated as of June 1, 2020, while the segments will continue to be reported separately, at least for the remainder of the financial year 2020.

Understanding the value of packaging within the broader sustainability context

Hygiene

Packaging promotes hygiene and prevents spread of disease

Food safety

Packaging keeps food safe from spoilage and preserves its original properties

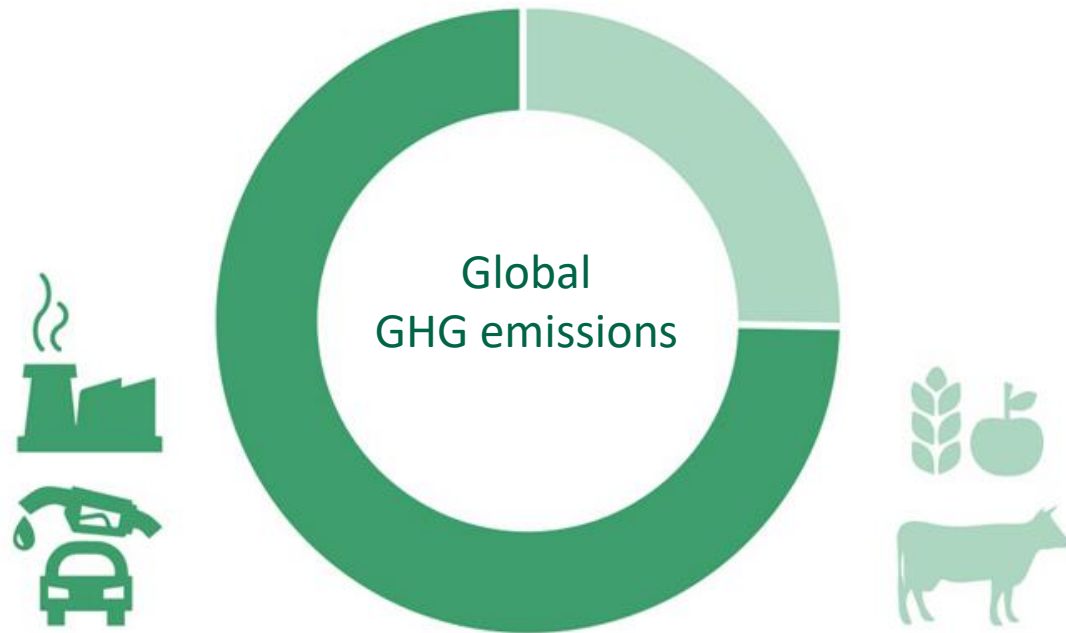
Food availability

Packaging enables food availability everywhere in the world and allows food to be transported affordably and at low emissions

Food waste prevention

1/3 of food is wasted, representing 8% of global greenhouse gases. Packaging prevents food waste

Food is a major contributor to climate change

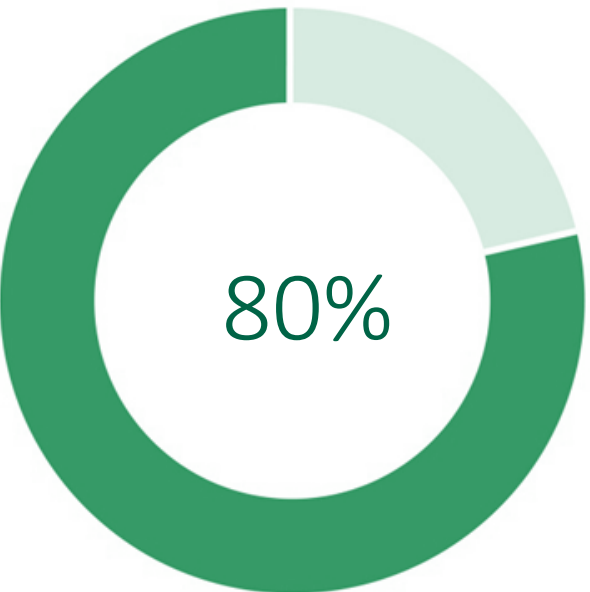


approx. 25%
of global GHG emissions come from
food systems

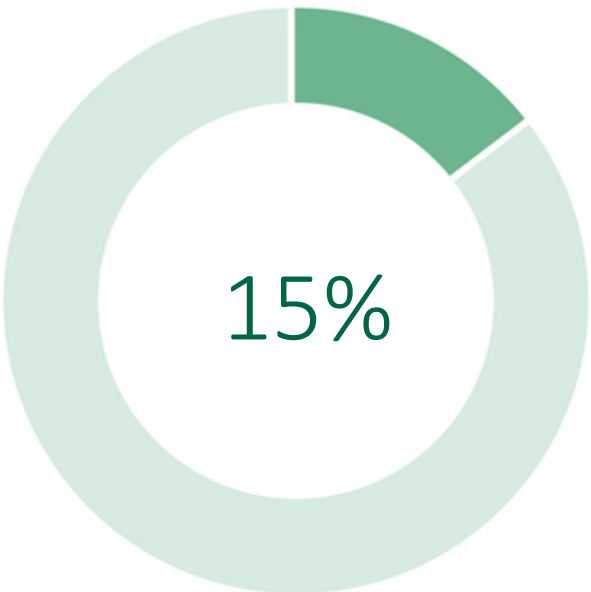


8%
of global GHG emissions come from wasted
of lost food

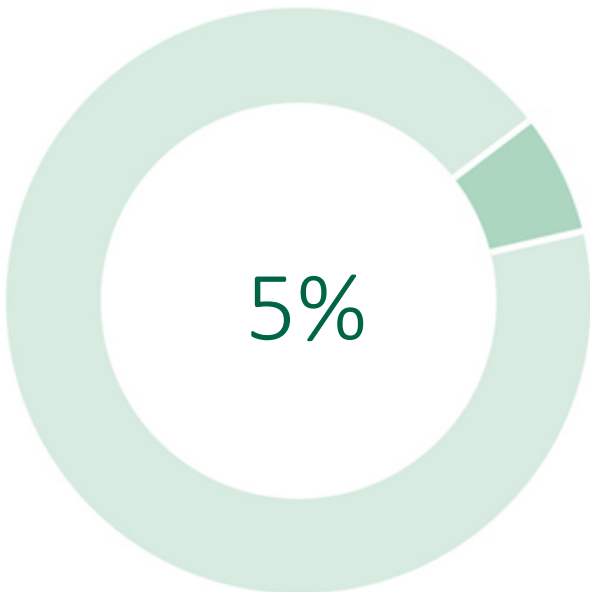
Packaging accounts for approx. 5% of food's CO₂ footprint



Food production

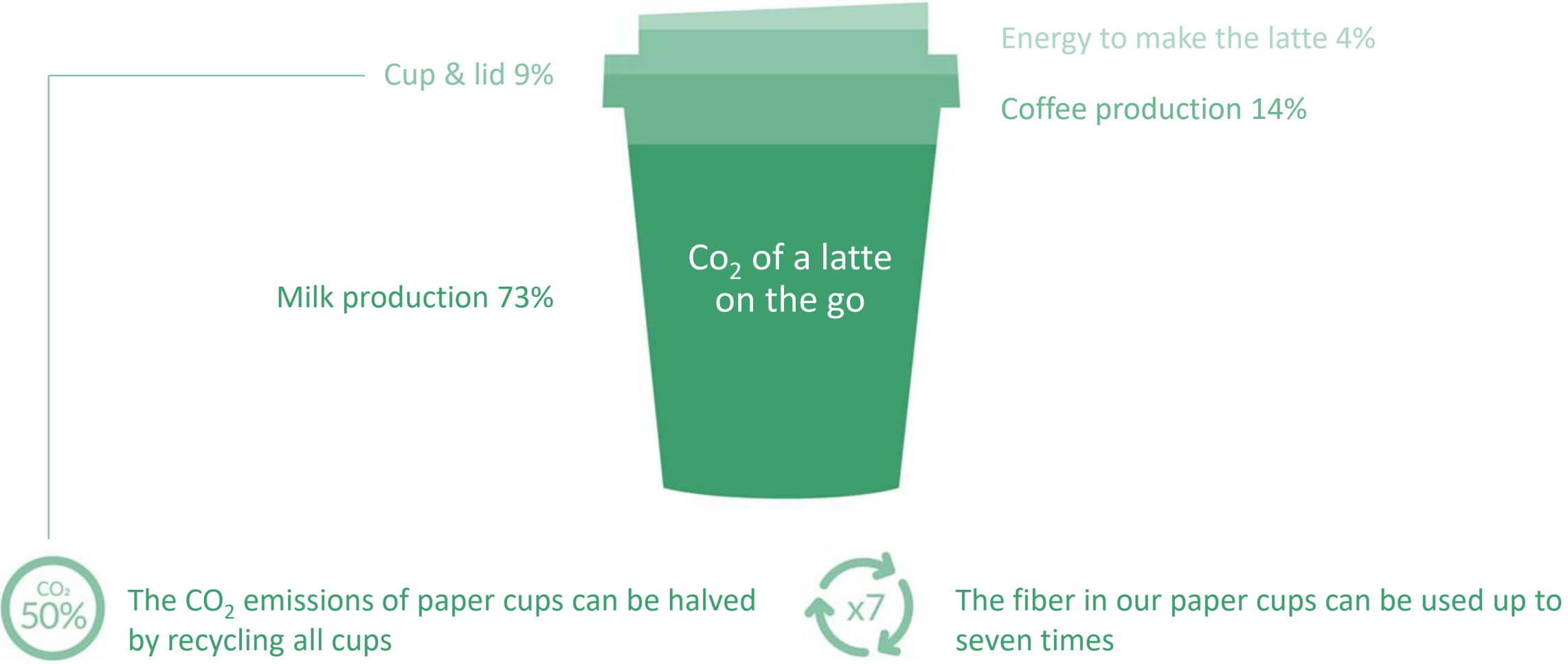


Transport and distribution



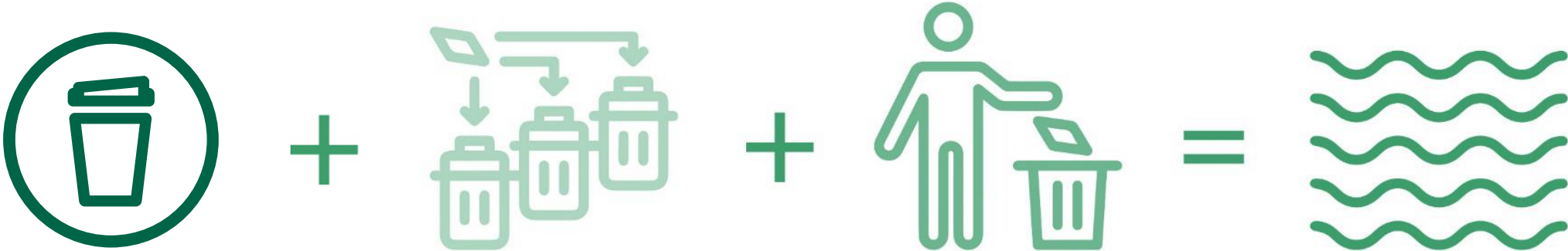
Packaging

Only a small share of CO₂ emissions of a latte on-the-go come from the cup, and these can be halved by increasing recycling



Source: Comparative LCA study of cups for hot drinks made of six different materials, VTT 2019

In addition to recyclable packaging, consumer awareness and an efficient collection, sorting and recycling infrastructure are required to solve littering and waste challenges



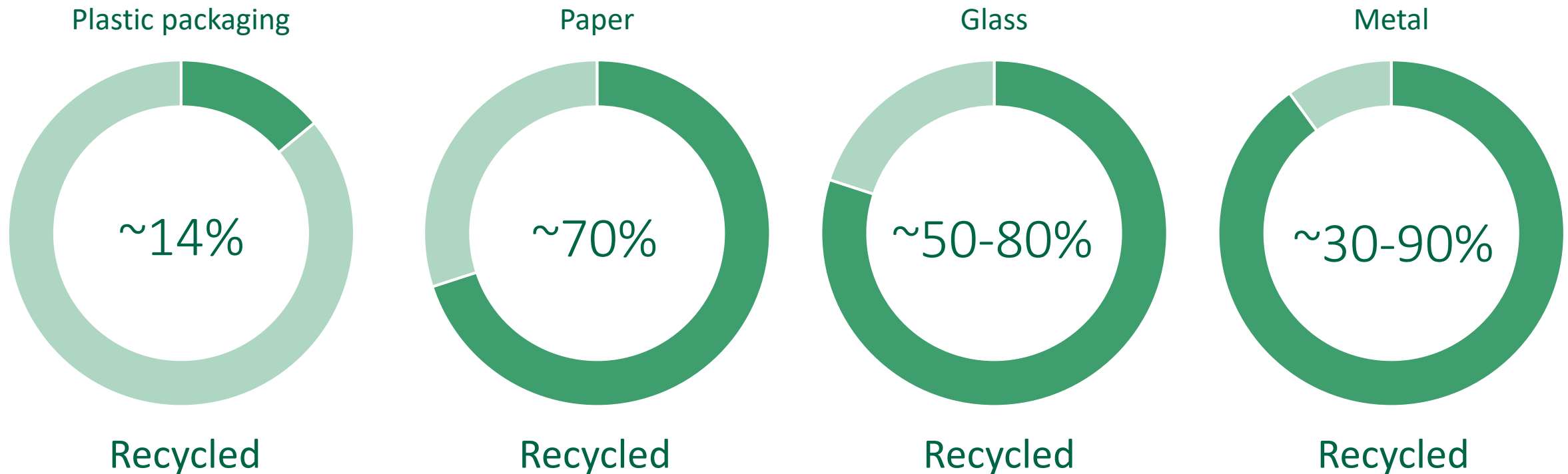
Recyclable packaging

Collection, sorting and recycling infrastructure

Consumer behaviour

Less waste in the environment

Recycling rates vary – significant potential to utilize valuable materials



Source: Smithers Pira: Future Lifecycles of Packaging Recycling to 2023

The future of food packaging is impacted by four transformative trends

- The next billion consumers will come from emerging markets
- Future consumer will require packaging to be innovative, individual and sustainable
- Digitalization will influence packaging and the way we do business
- Sustainability will drive innovation and collaboration



Our strategic priorities

We are for shaping the sustainable future of everyday life to offer wellbeing, convenience and responsible lifestyle to billions of people everywhere

OUR AMBITION and FOUR STRATEGIC PRIORITIES

Our ambition is to be the first choice in sustainable food packaging

GROWTH

- Scaling our core businesses
- Expansion in emerging markets
- Developing sustainable solutions
- Food delivery packaging
- Innovation & venturing

COMPETITIVENESS

- Top operational performance
- Process performance
- Scale & structural efficiencies
- Digitalizing operations

TALENT

- Zero accident safety record
- Strategic capabilities
- High-performance culture
- Values in the way we work

SUSTAINABILITY

Embedded in everything we do

FLAWLESS STRATEGY EXECUTION

- Our empowered **Business Segments** execute and drive the business strategy
- Our **Global Functions** support strategy delivery
- Our **World Class Management** program transforms our performance

OUR VALUES

Care Dare Deliver

We have high financial and sustainability ambitions

Our ambition

First choice in sustainable food packaging

Comparable growth

5+%

Adjusted EBIT margin

10+%

Net debt/Adjusted EBITDA

2-3

Dividend payout ratio

40-50%

100%

of products designed to be recyclable, compostable or reusable

>80%

renewable or recycled raw material

100%

of fiber from recycled or certified sources

>90%

of non-hazardous waste recycled or composted

100%

renewable electricity

Carbon neutral production

and science-based emission target

Q1 2020 results:

Solid net sales growth and profitability in an increasingly uncertain environment



Food on-the-shelf packaging continued to grow while the ongoing crisis started affecting food on-the-go

<i>Comparable growth</i>	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	2019	Long-term ambitions
Foodservice E-A-O	4%	3%	4%	4%	-4%	4%	5-7%
North America	5%	13%	14%	6%	9%	9%	3-5%
Flexible Packaging	5%	1%	4%	3%	2%	3%	6-8%
Fiber Packaging	4%	7%	7%	8%	9%	6%	3-5%
Group	5%	6%	7%	5%	3%	6%	5+%

- COVID-19 crisis affected our foodservice business globally due to rolling lock-downs during Q1
- Strong growth continued in North America
- Solid demand of food on-the-shelf globally supports our growth in Flexible Packaging and Fiber Packaging

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

Increase in adjusted EBIT higher than sales growth

<i>MEUR</i>	Q1 20	Q1 19	Change	FY 2019
Net sales	844.6	802.1	5%	3,399.0
Adjusted EBIT ¹	73.6	67.8	9%	293.1
Margin	8.7%	8.5%		8.6%
Adjusted EPS, EUR ²	0.46	0.44	5%	1.88
Capital expenditure	39.4	39.7	-1%	203.9

Q1 20 highlights

- Earnings increase driven by more favorable raw material environment and higher capacity utilization
- Adjusted EPS growth of 5% affected by higher tax rate and financing costs
- Capex focused only on critical investments

¹ Excluding IAC of EUR 8.9 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019.

² Excluding IAC of EUR 6.9 million in Q1 2020 (EUR -0.1 million) and EUR -5.9 million in 2019.

Food on-the-shelf packaging continues to grow whilst COVID-19 started affecting food on-the-go packaging

Foodservice EAO

- Solid underlying sales growth globally
- COVID-19 impacted negatively sales growth and earnings in Asia during whole quarter and globally in March

Net sales (MEUR)

218

Comparable growth

-4%

Adj. EBIT margin

8.0%

North America

- Continued strong growth and earnings improvement
- Very strong demand in retail products
- Decline of Foodservice in March

Net sales (MEUR)

286

Comparable growth

9%

Adj. EBIT margin

10.6%

Flexible Packaging

- Good demand in most markets
- Overall increased demand for food on-the-shelf and health care products during COVID-19

Net sales (MEUR)

271

Comparable growth

2%

Adj. EBIT margin

7.7%

Fiber Packaging

- Strong comparable growth
- Continued increasing demand accelerating during Q1 due to the COVID-19 consumption spike of food on-the-shelf

Net sales (MEUR)

75

Comparable growth

9%

Adj. EBIT margin

11.0%

COVID-19 update

(as given at Q1 2020 results)



We play an essential role in the food supply chain

As a [global leader in food on-the go and food on-the-shelf packaging](#), we play a crucial role and are an integral part in the supply chain, to make food safe, convenient and available to everyone in the world.

Our [customers are essential in ensuring the supply and access to food products](#) for consumers worldwide.

Packaging [promotes hygiene and prevents spread of disease](#). It keeps food safe, prevents spoilage and preserves its original properties and it avoids food waste.

Our diversified portfolio provides resilience during the ongoing crisis

Food on-the-go

(Foodservice packaging)

Foodservice sales are temporarily affected by closures of quick-service restaurants

Demand for food delivery increased, as people stay more at home, however not compensating in-store decline

Strong activity in drive-thru restaurants continues

Food on-the-shelf

(Flexible and Fiber packaging)

Demand for **Flexible packaging** and **Fiber packaging** resilient to effects of COVID-19, including consumption spike

In Europe, multinationals are building safety stocks and asking for additional volumes on short notice

Limited impact expected on retail business and consumer goods products

We have a healthy balance sheet ensuring our resilience in this temporary crisis

We continue our planned investments and efficiency activities, which are key for our future success

Phased approach from initial crisis shock to managing the “new normal”

Phase 1 Initial shock

- Daily crisis management at global and unit level
- Protect our employees, increased hygiene procedures
- Protect business continuity with contingency plans

Phase 2 Managing the crisis

- Manage cash daily and tightly
- Containment actions in costs and investment prioritization
- Focus on company competitiveness to prepare the “after crisis”

Phase 3 Planning Ahead

- Define the opportunities that will unfold from the crisis, using our strengths
- Cross-business team raising data and insights to generate innovation
- Immediate opportunities, long-term shifts, M&A

Enhancing our citizenship role

- Food packaging is essential for the society
- Beyond core role, will to play an active part in helping where it matters and is most needed
- Local and global CSR initiatives

Making a difference where it matters most

Global donation to the Red Cross



Local product donations

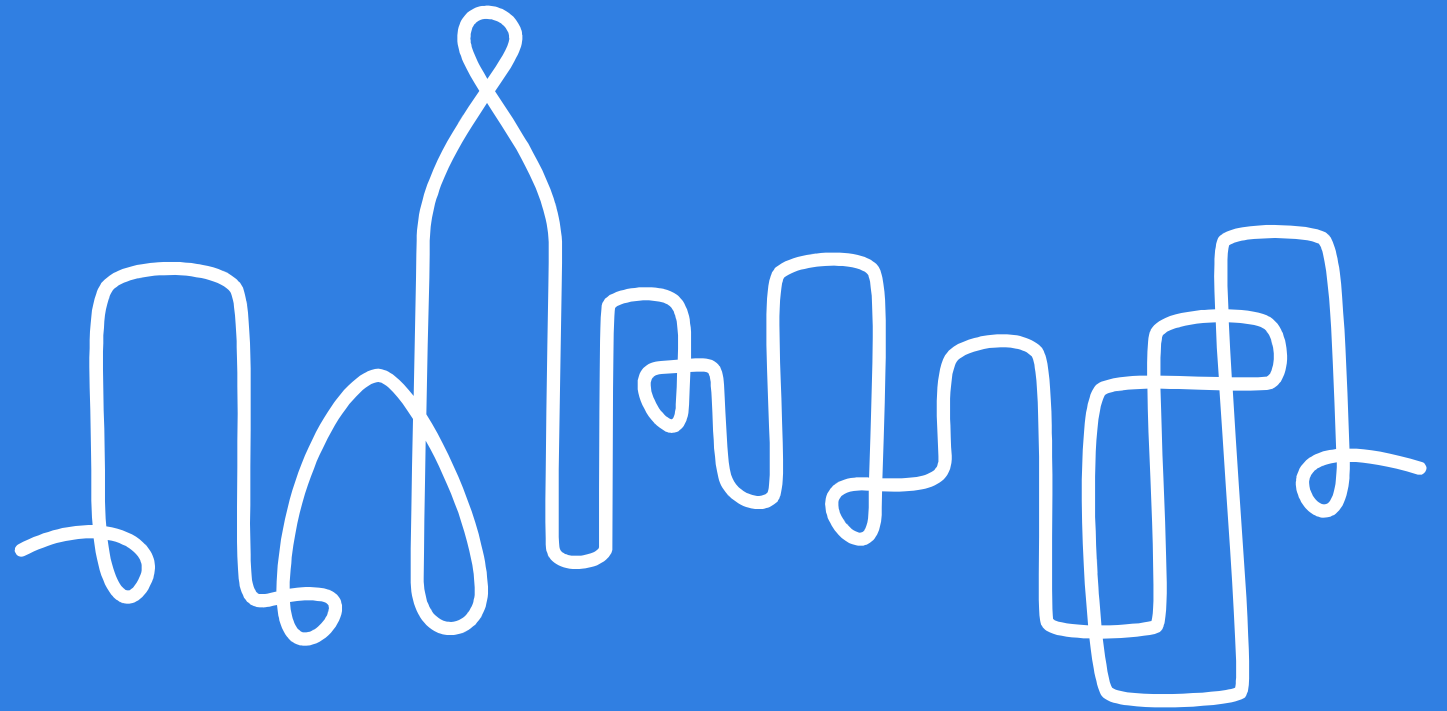


Launch of protective face shields



These unprecedented times remind us of our beliefs and reinforce our commitment to our priorities:
protect people, protect food,
protect the planet

Q1 2020 results: Financials review



Increased net sales driving returns

MEUR	Q1 20	Q1 19	Change	2019
Net sales	844.6	802.1	5%	3,399.0
Adjusted EBITDA ¹	117.0	107.0	9%	456.3
<i>Margin</i> ¹	13.9%	13.3%		13.4%
Adjusted EBIT ²	73.6	67.8	9%	293.1
<i>Margin</i> ²	8.7%	8.5%		8.6%
EBIT	82.6	67.7	22%	285.5
Net financial items	-9.2	-8.0		-28.8
Adjusted profit before taxes	64.4	59.9	8%	264.3
Adjusted income tax expense ³	-14.5	-12.4		-59.5
Adjusted profit for the period ⁴	49.9	47.4	5%	204.8
Adjusted EPS, EUR ⁴	0.46	0.44	5%	1.88

Highlights

- Solid growth and positive currency translation
- Earnings increase driven by raw materials environment and higher capacity utilization
- Positive gain from Laminor transaction, partly offset by efficiency measures
- Net financial items and income tax expense increased
 - Higher reported tax in Q1 2020 with adjusted tax rate 23% (21% in Q1 2019)
- Adjusted profit for the period increased, leading to higher EPS

¹ Excluding IAC of EUR 13.1 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019.

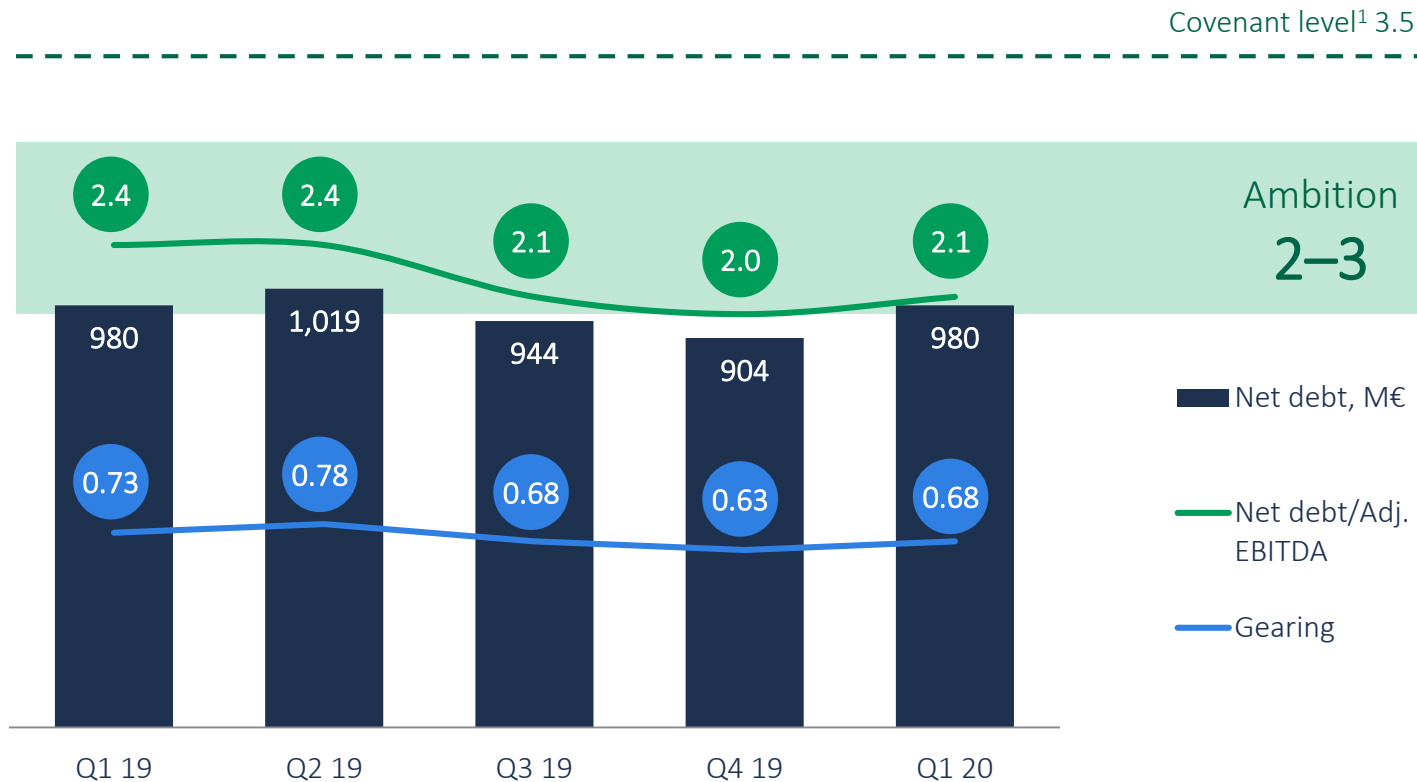
² Excluding IAC of EUR 8.9 million in Q1 2020 (EUR -0.1 million) and EUR -7.6 million in 2019

³ Excluding IAC of EUR -2.0 million in Q1 2020 (EUR 0.0 million) and EUR 1.7 million in 2019.

⁴ Excluding IAC of EUR 6.9 million in Q1 2020 (EUR -0.1 million) and EUR -5.9 million in 2019.

Net debt remained unchanged compared to Q1 2019

Net debt, net debt/adj. EBITDA and gearing

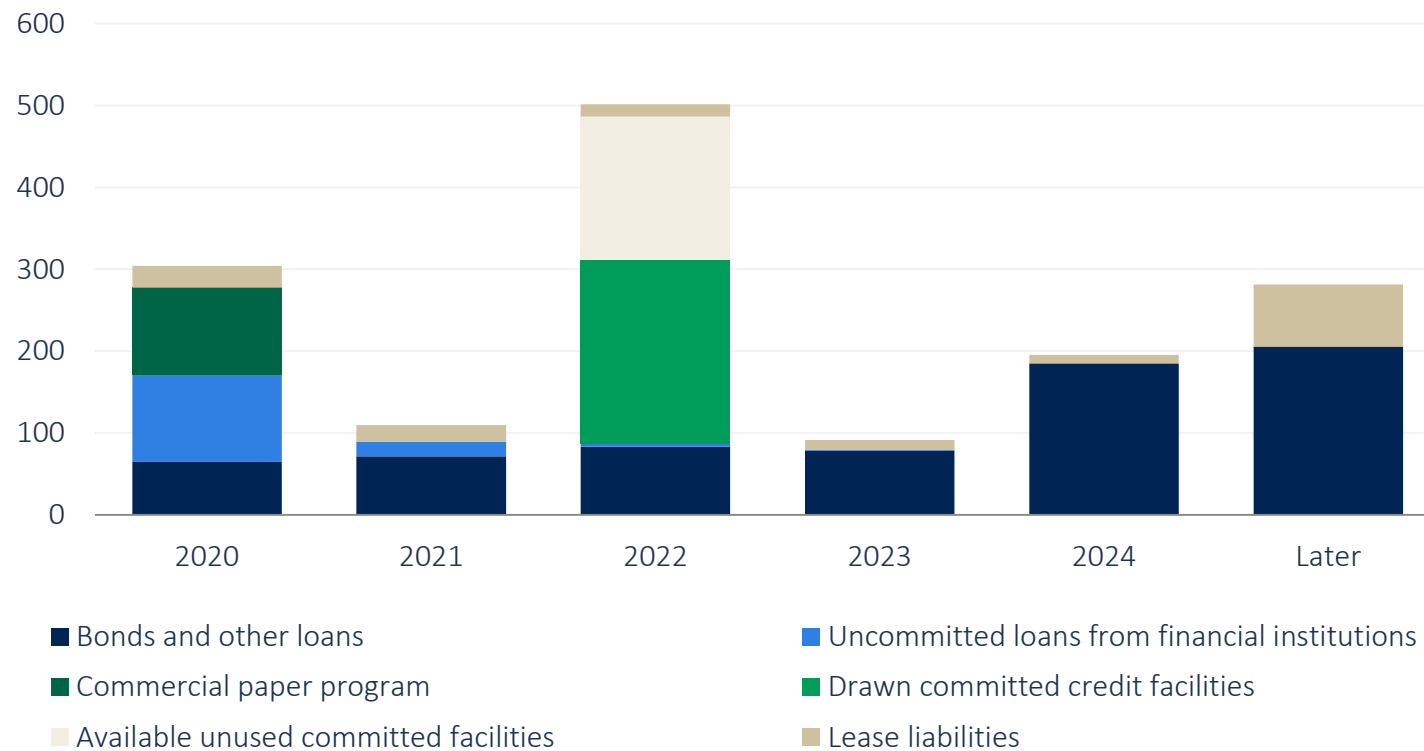


- Net debt/Adj. EBITDA at 2.1
- At the end of Q1 2020:
 - Cash and cash equivalents EUR 313 million
 - Unused committed credit facilities available EUR 175 million
- Net debt EUR 980 million and lease liabilities EUR 160 million

¹ Covenant level is excluding IFRS 16 lease liabilities.

Loan maturities

Debt maturity structure March 31, 2020
(EUR million)



- Average maturity 3.2 years at the end of Q1 2020 (3.5 at the end of Q1 2019)
- Unused committed credit facilities of EUR 175 million maturing in 2022

Stable financial position

<i>MEUR</i>	Mar 2020	Mar 2019
Total assets	3,824	3,417
Operating working capital	636	661
Net debt	980	980
Equity & non-controlling interest	1,444	1,345
Gearing	0.68	0.73
Adjusted ROI ¹	12.1%	11.5%
Adjusted ROE ¹	15.0%	14.6%

- Higher total assets following growth
- Net debt unchanged, gearing improved
- Improvement in adjusted ROI and adjusted ROE

¹ Excluding IAC.

Progress towards long-term ambitions

	2014	2015	2016	2017	2018 ¹	2019	Q1 2020	Long-term ambition
Organic growth	6%	4%	4%	3%	5%	6%	3%	5+%
Adjusted EBIT margin	7.8%	8.7%	9.4%	9.0%	8.1%	8.6%	8.7%	10+%
Net debt/Adj. EBITDA	1.0	1.6	1.8	1.8	2.3	2.0	2.1	2-3
Dividend payout ratio	47%	40%	40%	42%	50%	47% ²		40-50%

- The long-term ambitions were updated at the Strategy Update on March 23rd
- Due to ongoing COVID-19 crisis, proposal to postpone dividend payout decision by the Board of Directors subject to AGM approval

¹ FY 2018 figures restated for IFRS 16 impact

² Proposal by the Board of Directors.

Q1 2020 results:
Looking forward



Huhtamaki

Short-term risks and uncertainties

The COVID-19 pandemic is a significant short-term risk 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.



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Financial calendar 2020

July 23

Half-yearly Report 2020

October 22

Q3 2020 Interim Report

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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