

A man and a woman are smiling and holding coffee cups outdoors. The man is on the left, wearing a dark cap and sunglasses, and the woman is on the right, wearing sunglasses and a blue shirt. They are both holding brown paper coffee cups. The background is a bright, sunny outdoor setting with green foliage.

# Becoming the first choice in food packaging

Jukka Moisio, CEO

Huhtamäki Oyj

Annual General Meeting of Shareholders, April 25, 2019

**Huhtamaki**

# Our Global Executive Team



Jukka Moisio  
CEO



Clay Dunn  
EVP, North America



Thomas Geust  
CFO



Olli Koponen  
EVP, Flexible Packaging



Eric Le Lay  
EVP, Foodservice  
Europe-Asia-Oceania



Leena Lie  
SVP, Marketing and  
Communications



Michael Orye  
EVP, Fiber  
Packaging



Sami Pauni  
SVP, Corporate Affairs  
and Legal, Group  
General Counsel



Teija Sarajärvi  
SVP, Human  
Resources

# We're the global specialist in packaging for food and drink

Net sales  
**€ 3.1bn**



Comparable growth  
**5%**

Adjusted  
EBIT margin  
**8.0%**



Adjusted ROI  
**11.9%**

Our vision

The first choice in  
food packaging

Employees  
**17,700**



Manufacturing sites  
**78**



Operations in  
**34** countries

Our purpose

Helping great products  
reach more people,  
more easily

# In 2018 we reached our long-term ambition of 5+% organic growth

	2014	2015	2016	2017	2018	Long-term ambition
Net sales, MEUR	2,236	2,726	2,865	2,989	3,104	
Organic growth	6%	4%	4%	3%	5+%	5+%
EBIT margin	7.8%	7.9%	9.3%	8.8%	7.2%	
Adjusted EBIT margin*	7.8%	8.7%	9.4%	9.0%	8.0%	10+%
ROI	13.0%	13.3%	14.7%	13.4%	10.7%	
ROE	16.7%	15.6%	17.6%	16.6%	12.9%	
Adjusted ROI*	12.6%	14.7%	14.7%	13.6%	11.9%	15+%
Adjusted ROE*	16.1%	18.1%	17.7%	17.0%	14.6%	18%
Capex, MEUR	127	147	199	215	197	
Free cash flow, MEUR	65	91	100	56	59	150

# All business segments contributed to organic growth

## Foodservice Europe-Asia-Oceania

- Net sales MEUR 882
- Comparable growth 4%
- Adjusted EBIT margin 8.6%
- Adjusted RONA 12.6%
- 4,826 employees



## North America

- Net sales MEUR 1.003
- Comparable growth 5%
- Adjusted EBIT margin 7.2%
- Adjusted RONA 9.3%
- 3,884 employees



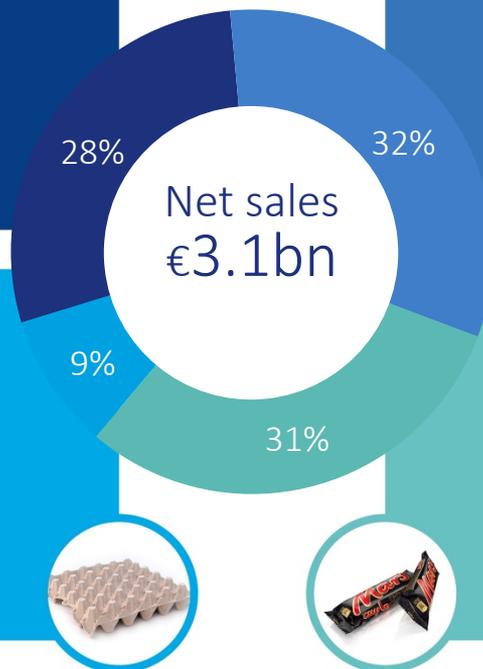
## Fiber Packaging

- Net sales MEUR 283
- Comparable growth 4%
- Adjusted EBIT margin 10.9%
- Adjusted RONA 14.4%
- 1,720 employees



## Flexible Packaging

- Net sales MEUR 952
- Comparable growth 7%
- Adjusted EBIT margin 7.1%
- Adjusted RONA 10.1%
- 7,147 employees



# Our achievements in 2018

5+%  
organic  
growth

Key account  
growth

Progress in  
digitalization

Stronger  
team

3  
acquisitions

Arizona  
ramp-up

# Our achievements in 2018 continued

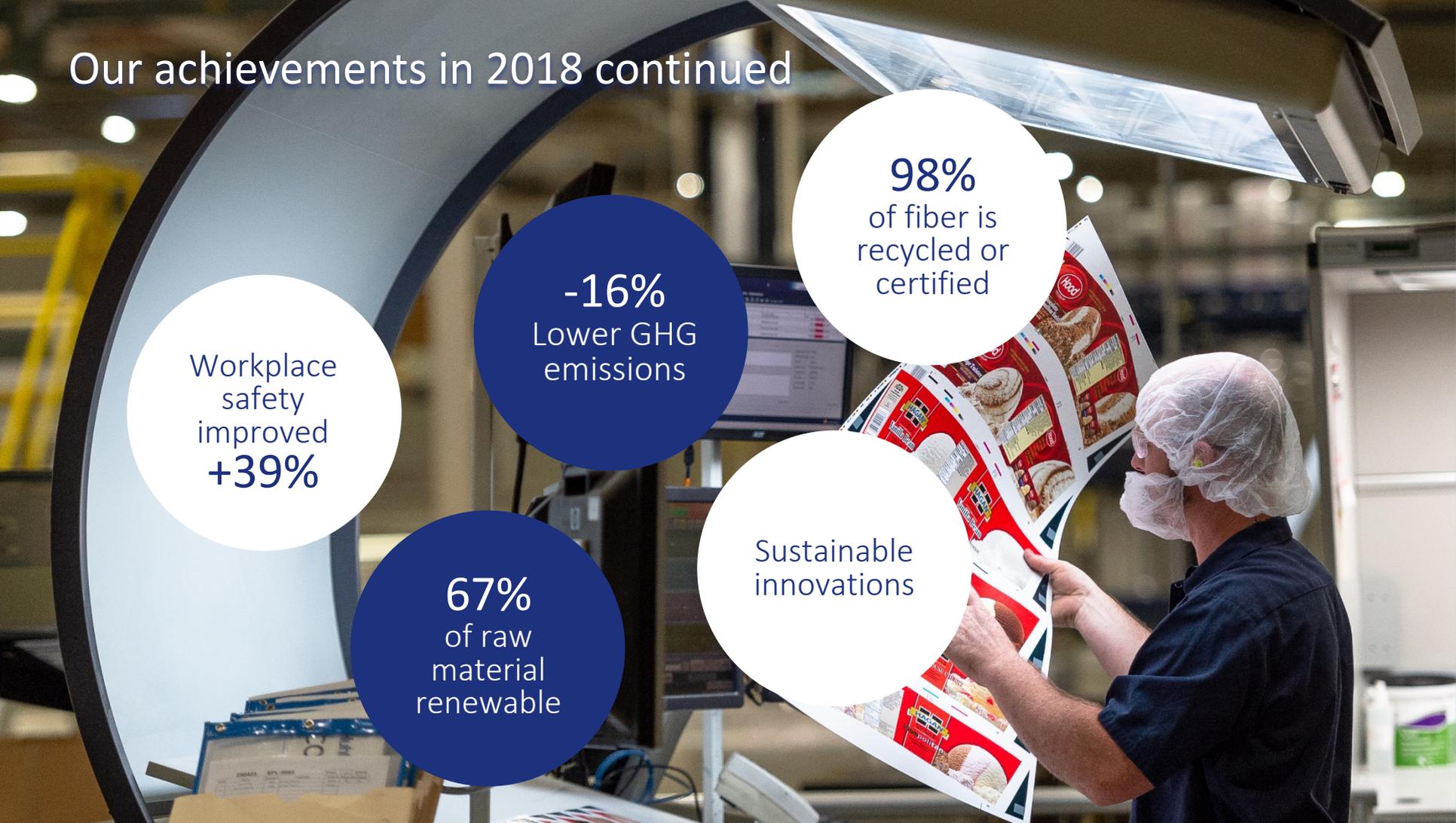
Workplace  
safety  
improved  
**+39%**

**-16%**  
Lower GHG  
emissions

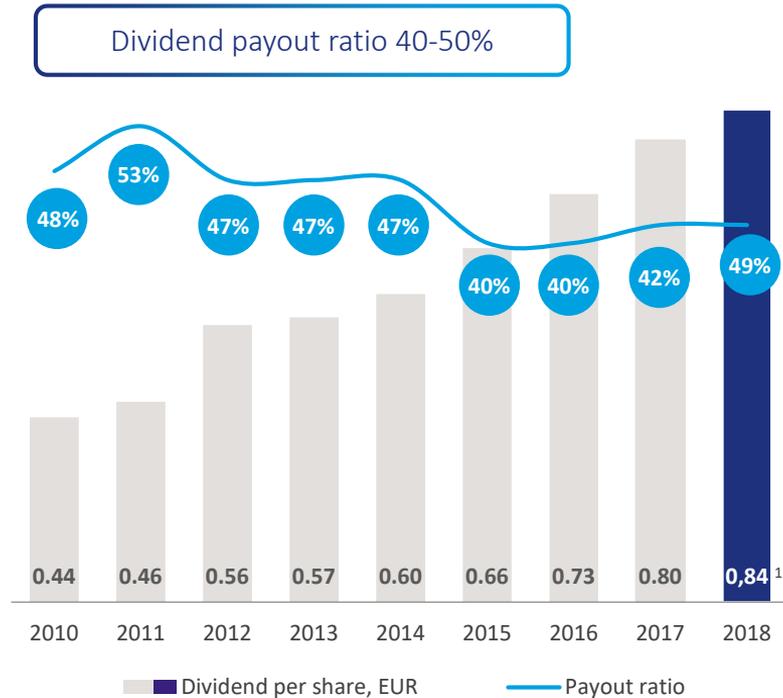
**67%**  
of raw  
material  
renewable

**98%**  
of fiber is  
recycled or  
certified

Sustainable  
innovations



# The Board of Directors aims at predictable and growing dividends



- The board proposes a €0.84 dividend per share
- Adjusted EPS €1.70
- Based on Board proposal, 5% increase in dividend
  - Payout ratio 49%
  - Dividend yield<sup>2</sup> 3.1%
- Dividend +91% since 2010
- Dividend CAGR for 2010-2018 is approx. 8%

# Our business is consumer food and drink packaging

Food-on-the-go

Pre-packed food



Convenience

Short shelf life

Food safety

Long shelf life

Food waste prevention

Our packaging protects food and drink products, delivering them to consumers safely and in good condition, helping to reduce waste.

# Major themes affecting the future of food packaging

8.5bn  
people by 2030

38  
megacities

Climate change

Littering & waste

Resource scarcity

# Packaging enables our way of life

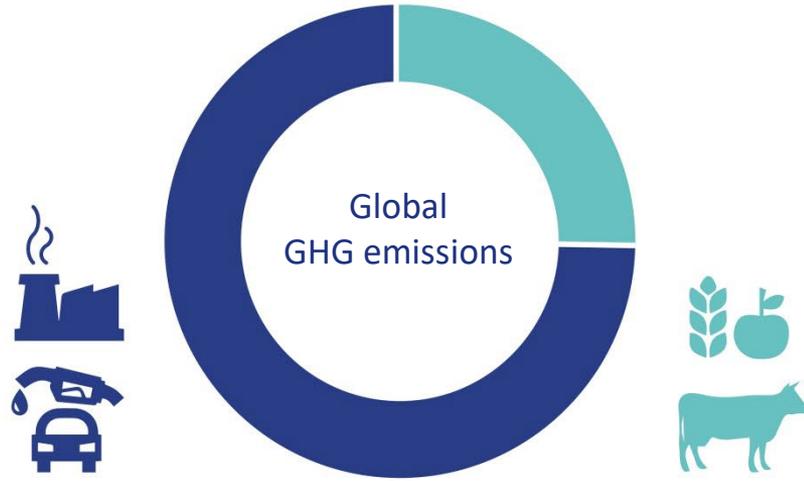


Thanks to packaging, people can safely consume food that is produced elsewhere, even on-the-go

Different materials are needed for different purposes – our aim is optimal packaging, designed for recycling

Packaging reduces the overall greenhouse gas emissions by reducing food waste

# Food is a major contributor to climate change

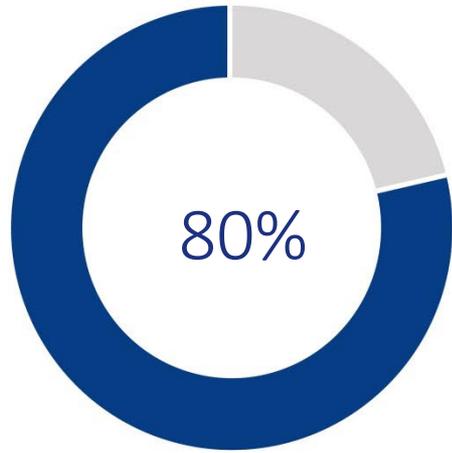


approx. 25%  
of global GHG emissions come from  
food systems

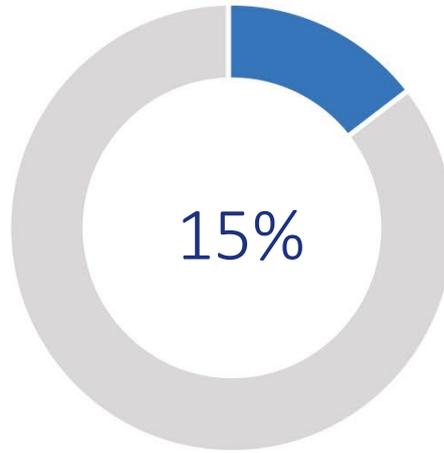


8%  
of global GHG emissions come from  
wasted or lost food

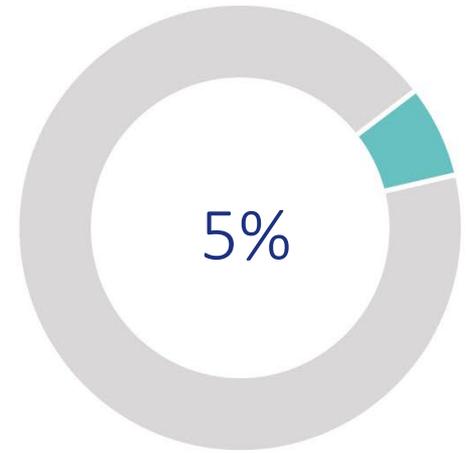
# Packaging accounts for approx. 5% of food's CO<sub>2</sub> footprint



Food production

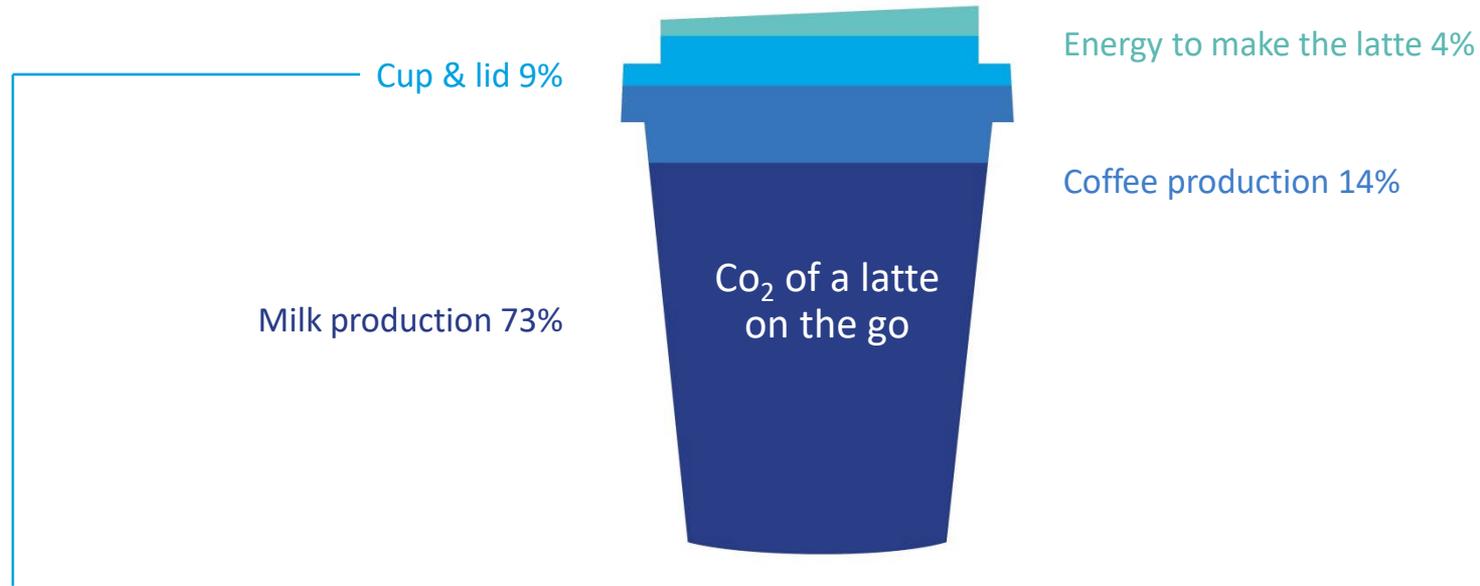


Transport and distribution



Packaging

# Only a small share of CO<sub>2</sub> emissions of a latte on the go come from the cup, and these can be halved by increasing recycling



The CO<sub>2</sub> emissions of paper cups can be halved by recycling all cups



The fiber in our paper cups can be used up to seven times

# 100% renewable FutureSmart product line further reduces CO<sub>2</sub> emissions



# Changes in consumer behavior and investments in waste management are required to solve littering and waste challenges



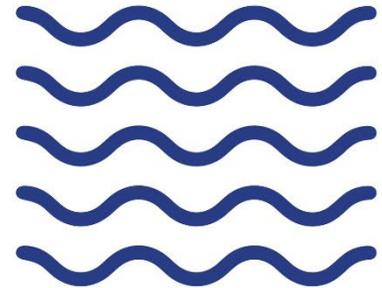
Waste collection & recycling

+



Consumer behavior

=



Less marine plastics

# Recycling rates vary – significant potential to utilize valuable materials

Plastic packaging



\*Recycled

Paper



\*Recycled

Glass



\*Recycled

Metal



\*Recycled

# Huhtamaki Fresh ready meal tray – a recyclable alternative to black plastic, made of renewable raw materials

Micro-wave  
and oven safe

Cooler to  
touch than  
plastic

Natural look

Renewable raw  
materials





# Huhtamaki paper straws

– an eco-friendly solution for enjoying cold drinks

High-quality  
alternative to  
plastic straws

Recyclable

Made from  
100%  
PEFC certified  
paper

# Huhtamaki blueloop – flexible packaging designed for recycling

- Mono-material structures
- Minimum 90% standard materials like PE, PP, or PET
- Available already for several end applications ranging from candy and chocolates to dry foods and personal care products



Our purpose – why we're in business:  
Helping great products reach more  
people, more easily.

Our vision – what we want to achieve:  
The first choice in packaging.

**Huhtamaki**

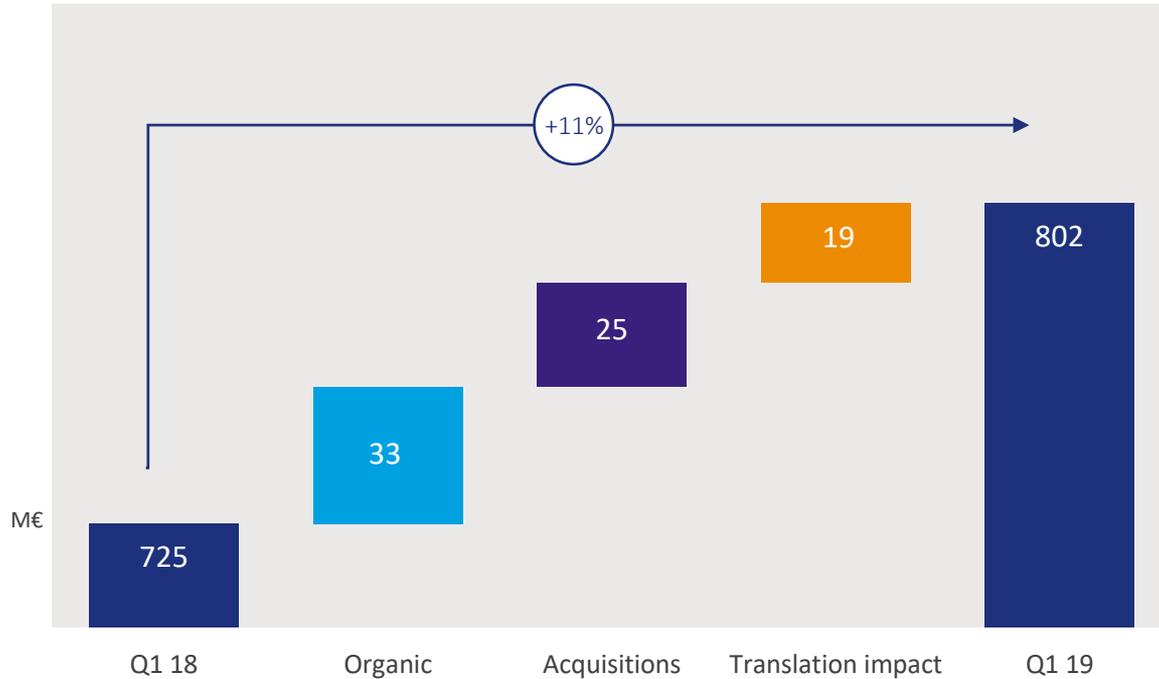


Q1 2019: Solid comparable net  
sales growth and profitability

# Adoption of IFRS 16 Leases standard

- IFRS 16 Leases standard has been adopted as of January 1, 2019 using full retrospective transition method
- The financial information for 2018 has been restated except for key figures ROI, ROE, RONA and net debt to EBITDA for periods Q1 2018, Q2 2018 and Q3 2018.
- Restated quarterly financial information for 2018 was published March 27, 2019

# Strong total net sales growth



## Net sales growth split in Q1 19

- 5% comparable net sales growth with all segments contributing
- 7% in emerging markets
- 3% from acquisitions
- Positive currency impact

# Comparable net sales growth

	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	2018	Long-term ambitions
Foodservice E-A-O	4%	3%	5%	5%	5%	4%	5-7%
North America	5%	11%	2%	2%	5%	5%	2-5%
Flexible Packaging	5%	4%	6%	11%	6%	7%	6-8%
Fiber Packaging	4%	5%	4%	3%	5%	4%	5-7%
<b>Group</b>	<b>5%</b>	<b>6%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5+%</b>

- Good volume growth across Flexible Packaging units, particularly in Africa, Middle East and India
- Positive volume development in North America, especially in private label retail tableware, boosted by successful pricing actions
- Good growth in Europe, driven by QSR as well as folded carton and ice cream packaging in Foodservice Europe-Asia-Oceania
- Solid growth in Fiber Packaging led by Oceania, Central Europe and Africa

# Strong net sales growth and solid profitability

<i>MEUR</i>	Q1 19	Q1 18	<i>Change</i>	FY 2018
Net sales	<b>802.1</b>	725.2	11%	<b>3,103.6</b>
Adjusted EBITDA <sup>1</sup>	<b>107.0</b>	95.6	12%	<b>398.7</b>
<i>Margin</i> <sup>1</sup>	<b>13.3%</b>	13.2%		<b>12.8%</b>
Adjusted EBIT <sup>2</sup>	<b>67.8</b>	60.6	12%	<b>251.0</b>
<i>Margin</i> <sup>2</sup>	<b>8.5%</b>	8.4%		<b>8.1%</b>
Adjusted EPS, EUR <sup>3</sup>	<b>0.44</b>	0.40	10%	<b>1.69</b>
Adjusted ROI <sup>2</sup>	<b>11.5%</b>	13.3%		<b>11.6%</b>
Adjusted ROE <sup>3</sup>	<b>14.6%</b>	16.7%		<b>14.5%</b>
Capital expenditure	<b>39.7</b>	33.0	19%	<b>196.9</b>
Free cash flow	<b>-18.3</b>	-13.5	-35%	<b>79.6</b>

## Q1 19 Highlights

- 11% reported net sales growth, with all segments contributing
- Productivity improvements visible in EBITDA
- Earnings growth led by the Flexible Packaging and North America segments
- ROI and ROE Q1 comparison impacted by IFRS 16 implementation
- Cash flow reflecting good sales, preparation for high season and timing of investments

<sup>1</sup> Excluding IAC of EUR -0.1 million in Q1 2019 (no IAC in Q1 2018) and -8.4 million in FY 2018.

<sup>2</sup> Excluding IAC of EUR -0.1 million in Q1 2019 (no IAC in Q1 2018) and -25.5 million in FY 2018. ROI for Q1 2018 has not been restated for IFRS 16 impact

<sup>3</sup> Excluding IAC of EUR -0.1 million in Q1 2019 (no IAC in Q1 2018) and -20.6 million in FY 2018. ROE for Q1 2018 has not been restated for IFRS 16 impact

# Stable financial position

<i>MEUR</i>	Mar 2019	Dec 2018	Mar 2018
Total assets	<b>3,417</b>	3,240	3,035
Operating working capital	<b>661</b>	598	562
Net debt	<b>980</b>	928	815
Equity & non-controlling interest	<b>1,345</b>	1,267	1,201
Gearing	<b>0.73</b>	0.73	0.68
Adjusted ROI <sup>1</sup>	<b>11.5%</b>	11.6%	13.3%
Adjusted ROE <sup>1</sup>	<b>14.6%</b>	14.5%	16.7%

- Investments and acquisitions still visible
  - Higher assets
  - Impact on key return ratios
- Dividend of approx. MEUR 88 to be paid early May<sup>2</sup>
- Dividend proposal €0.84 per share
  - Payout ratio 49% (excl. IFRS 16 restatement)
  - Yield<sup>3</sup> approx. 3.1%
- ROI and ROE Q1 comparison impacted by IFRS 16 implementation

Helping great products  
reach more people,  
more easily