

Huhtamäki Oyj Half-yearly Report 2019

January 1–June 30, 2019

Huhtamäki



Strong net sales growth and solid profitability

Q2 2019 in brief

- Net sales grew to EUR 867 million (EUR 786 million)
- Adjusted EBIT was EUR 78 million (EUR 71 million); reported EBIT EUR 78 million (EUR 80 million)
- Adjusted EPS was EUR 0.51 (EUR 0.46); reported EPS EUR 0.51 (EUR 0.54)
- Comparable net sales growth was 6% at Group level and 7% in emerging markets
- Currency movements had a positive impact of EUR 25 million on the Group's net sales and EUR 2 million on EBIT

H1 2019 in brief

- Net sales grew to EUR 1,669 million (EUR 1,511 million)
- Adjusted EBIT was EUR 146 million (EUR 131 million); reported EBIT EUR 145 million (EUR 141 million)
- Adjusted EPS was EUR 0.95 (EUR 0.86); reported EPS EUR 0.95 (EUR 0.93)
- Comparable net sales growth was 5% at Group level and 7% in emerging markets
- Currency movements had a positive impact of EUR 44 million on the Group's net sales and EUR 4 million on EBIT

Key figures

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	867.3	785.9	10%	1,669.4	1,511.1	10%	3,103.6
Adjusted EBITDA ¹	118.6	107.0	11%	225.5	202.6	11%	398.7
Margin ¹	13.7%	13.6%		13.5%	13.4%		12.8%
EBITDA	118.1	118.6	-0%	224.9	214.2	5%	390.3
Adjusted EBIT ²	78.3	70.8	11%	146.1	131.5	11%	251.0
Margin ²	9.0%	9.0%		8.8%	8.7%		8.1%
EBIT	77.8	80.3	-3%	145.5	141.0	3%	225.5
Adjusted EPS ³	0.51	0.46	11%	0.95	0.86	11%	1.69
EPS, EUR	0.51	0.54	-5%	0.95	0.93	1%	1.49
Adjusted ROI ^{2,4}				11.5%	12.8%		11.6%
Adjusted ROE ^{3,4}				14.8%	16.3%		14.5%
ROI ⁴				10.0%	13.1%		10.4%
ROE ⁴				12.6%	16.6%		12.8%
Capital expenditure	38.6	47.7	-19%	78.3	80.9	-3%	196.9
Free cash flow	52.4	49.9	5%	34.2	36.5	-6%	79.6

¹ Excluding IAC of EUR -0.5 million in Q2 2019 (EUR 11.6 million) and EUR -0.6 million in H1 2019 (EUR 11.6 million) and EUR -8.4 million in FY 2018.

² Excluding IAC of EUR -0.5 million in Q2 2019 (EUR 9.5 million) and EUR -0.6 million in H1 2019 (EUR 9.5 million) and EUR -25.5 million in FY 2018.

³ Excluding IAC of EUR -0.4 million in Q2 2019 (EUR 7.7 million) and EUR -0.5 million in H1 2019 (EUR 7.7 million) and EUR -20.6 million in FY 2018.

⁴ ROI and ROE for H1 2018 have not been restated for IFRS 16 impact.

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2018. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) as well as net debt to EBITDA presented in this report are calculated on a 12-month rolling basis.

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. For more information see the notes.

The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Charles Héaulmé, President and CEO:

“In the second quarter of 2019 we achieved a strong growth of 10%, reporting net sales of EUR 867 million. Comparable growth was 6% and in emerging markets 7%. We also continued good progress with our global key accounts. Positive currency translation impact was 3%. The acquisitions completed during the last 12 months accounted for 2% of the total growth, adding EUR 13 million to the net sales.

Our adjusted EBIT for the quarter grew by 11% to EUR 78 million. All segments report an improved adjusted EBIT. The strong net sales growth, led by the North America segment, combined with the efficiency improvement actions and price increases we implemented last year, translated to higher adjusted earnings. Our tight focus on portfolio and margin management, particularly in Flexible Packaging India, drove profitability improvement.

It is good to see that the heavy investments of the last few years are paying off. The North America segment delivered a particularly strong quarter. In the Foodservice Europe-Asia-Oceania segment the investments to expand our product offering with folded carton, bags, wraps and paper straws are delivering good growth in the fast food segment. Capacity additions within the Fiber Packaging segment are consistently resulting in volume growth. In addition, during Q2 2019 we inaugurated a new manufacturing facility in Egypt to facilitate growth in Flexible Packaging in Africa and in Europe.

In addition, we continued our work to further improve the environmental performance of our products. With the launch of our Huhtamaki blueloop -concept we began commercial deliveries of recyclable flexible packaging. Waitrose in the UK chose our Fresh tray for the relaunch of their Italian ready meal range and we have invested in more capacity to meet the demand. We also opened a new paper straw manufacturing facility in Northern Ireland and expect to begin paper straw manufacturing in further units in Europe. We also published the results of an LCA study on coffee-to-go cups. The study confirmed that our Future Smart range, which is 100% made of renewable resources, is the best currently available solution for coffee-to-go.

During my first 100 days at Huhtamaki, meeting our customers and our employees, I am impressed with our business model, our operating structure and the competence of our people. Looking at our industry and the market, powerful trends are strengthening and changing the way forward for packaging. These include evolving consumer preferences that encourage us to accelerate our innovation work; rapid advancements in digitalization and analytics; strong growth of food delivery and grocery e-commerce; and focus on the impact packaging has on the environment. We are well positioned to deliver on these challenges, and we will further invest in the required strategic capabilities and resources to transform those trends into opportunities.”

Financial review Q2 2019

The Group's net sales growth was strong during the quarter, with all segments contributing. Comparable net sales growth was also strong at 6%, led by the North America business segment. Growth in emerging markets was 7%. The Group's net sales grew to EUR 867 million (EUR 786 million). Foreign currency translation impact on the Group's net sales was EUR 25 million (EUR -48 million) compared to 2018 exchange rates. The majority of the positive impact came from the US Dollar.

Net sales by business segment

EUR million	Q2 2019	Q2 2018	Change	Of Group in Q2 2019
Foodservice Europe-Asia-Oceania	241.0	221.5	9%	28%
North America	306.4	257.0	19%	35%
Flexible Packaging	248.7	240.3	3%	28%
Fiber Packaging	77.5	71.3	9%	9%
Elimination of internal sales	-6.4	-4.2		
Group	867.3	785.9	10%	

Comparable net sales growth by business segment

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Foodservice Europe-Asia-Oceania	3%	4%	3%	5%
North America	13%	5%	11%	2%
Flexible Packaging	1%	5%	4%	6%
Fiber Packaging	7%	4%	5%	4%
Group	6%	5%	6%	4%

The Group's adjusted EBIT improved significantly and profitability was at a good level. Earnings improved significantly in the North America segment as a result of successful pricing actions, volume increases and lower distribution costs. Earnings improved significantly also in the Flexible Packaging segment, driven by strong improvement in emerging markets. The Group's adjusted EBIT was EUR 78 million (EUR 71 million) and reported EBIT EUR 78 million (EUR 80 million). Foreign currency translation impact on the Group's earnings was EUR 2 million (EUR -4 million).

Adjusted EBIT by business segment

EUR million	Q2 2019	Q2 2018	Change	Of Group in Q2 2019
Foodservice Europe-Asia-Oceania ¹	22.0	20.6	7%	27%
North America	32.4	22.6	43%	39%
Flexible Packaging ²	20.1	18.1	11%	25%
Fiber Packaging ³	7.6	7.4	3%	9%
Other activities ⁴	-3.9	2.1		
Group	78.3	70.8	11%	

¹ Excluding IAC of EUR -0.2 million in Q2 2019 and EUR -1.3 million in Q2 2018

² Excluding IAC of EUR -1.5 million in Q2 2018

³ Excluding IAC of EUR -0.6 million in Q2 2018

⁴ Excluding IAC of EUR -0.3 million in Q2 2019 and EUR 12.9 million in Q2 2018

Adjusted EBIT excludes EUR -0.5 million (EUR 9.5 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	Q2 2019	Q2 2018
Adjusted EBIT	78.3	70.8
Acquisition related costs	-0.5	-1.2
Restructuring costs including write-downs of related assets	-	-3.5
Gains relating to sale of trademark portfolio	-	14.2
EBIT	77.8	80.3

Net financial expenses were EUR 8 million (EUR 8 million). Tax expense was EUR 15 million (EUR 15 million).

Profit for the quarter was EUR 55 million (EUR 57 million). Adjusted and reported earnings per share (EPS) were EUR 0.51 (adjusted EPS EUR 0.46 and reported EPS EUR 0.54). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -0.5 million (EUR 9.5 million) of IAC and related taxes.

Adjusted EPS and IAC

EUR million	Q2 2019	Q2 2018
Adjusted profit for the period attributable to equity holders of the parent company	53.7	48.4
IAC excluded from adjusted EBIT	-0.5	9.5
Taxes related to IAC	0.1	-1.9
Profit for the period attributable to equity holders of the parent company	53.3	56.1

Financial review H1 2019

The Group's net sales growth was strong during the first half of the year, with all segments contributing. Growth was strongest in the North America segment. Comparable net sales growth was solid at 5%, also led by the North America business segment. Growth in emerging markets was 7%. The Group's net sales grew to EUR 1,669 million (EUR 1,511 million). Foreign currency translation impact on the Group's net sales was EUR 44 million (EUR -107 million) compared to 2018 exchange rates. The majority of the positive impact came from the US Dollar.

Net sales by business segment

EUR million	H1 2019	H1 2018	Change	Of Group in H1 2019
Foodservice Europe-Asia-Oceania	469.0	420.3	12%	28%
North America	562.1	483.8	16%	33%
Flexible Packaging	500.5	474.3	6%	30%
Fiber Packaging	149.1	141.0	6%	9%
Elimination of internal sales	-11.3	-8.3		
Group	1,669.4	1,511.1	10%	

The Group's adjusted EBIT improved significantly and profitability was solid. Earnings improved significantly in the North America and Flexible Packaging segments. Earnings declined in the Fiber Packaging segment due to development and commercialization costs of the Fresh ready meal tray. The Group's adjusted EBIT was EUR 146 million (EUR 131 million) and reported EBIT EUR 145 million (EUR 141 million). Foreign currency translation impact on the Group's earnings was EUR 4 million (EUR -8 million).

Adjusted EBIT by business segment

EUR million	H1 2019	H1 2018	Change	Of Group in H1 2019
Foodservice Europe-Asia-Oceania ¹	42.1	40.1	5%	28%
North America	53.0	38.9	36%	35%
Flexible Packaging ²	43.2	35.7	21%	28%
Fiber Packaging ³	14.4	15.4	-6%	9%
Other activities ⁴	-6.6	1.3		
Group	146.1	131.5	11%	

¹ Excluding IAC of EUR -0.2 million in H1 2019 and EUR -1.3 million in H1 2018

² Excluding IAC of EUR -1.5 million in H1 2018

³ Excluding IAC of EUR -0.6 million in H1 2018

⁴ Excluding IAC of EUR -0.4 million in H1 2019 and EUR 12.9 million in H1 2018

Adjusted EBIT excludes EUR -0.6 million (EUR 9.5 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	H1 2019	H1 2018
Adjusted EBIT	146.1	131.5
Acquisition related costs	-0.6	-1.2
Restructuring costs including write-downs of related assets	-	-3.5
Gains relating to sale of trademark portfolio	-	14.2
EBIT	145.5	141.0

Net financial expenses were EUR 16 million (EUR 16 million). Tax expense was EUR 28 million (EUR 26 million). The corresponding tax rate was 22% (21%).

Profit for the period was EUR 102 million (EUR 99 million). Adjusted and reported earnings per share (EPS) were EUR 0.95 (adjusted EPS EUR 0.86 and reported EPS EUR 0.93). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -0.6 million (EUR 9.5 million) of IAC and related taxes.

Adjusted EPS and IAC

EUR million	H1 2019	H1 2018
Adjusted profit for the period attributable to equity holders of the parent company	99.1	89.6
IAC excluded from adjusted EBIT	-0.6	9.5
Taxes related to IAC	0.1	-1.9
Profit for the period attributable to equity holders of the parent company	98.7	97.3

Statement of financial position and cash flow

The Group's net debt increased, primarily due to higher working capital. At the end of June net debt was EUR 1,019 million (EUR 960 million). The level of net debt corresponds to a gearing ratio of 0.78 (0.79). Net debt to EBITDA ratio (excluding IAC) was 2.4 (2.2). Average maturity of external committed credit facilities and loans was 3.2 years (4.1 years).

Cash and cash equivalents were EUR 123 million (EUR 117 million) at the end of June and the Group had EUR 303 million (EUR 305 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 3,413 million (EUR 3,265 million).

Capital expenditure was EUR 78 million (EUR 81 million). The largest investments for business expansion were made in the U.S., the UK and Russia. The Group's free cash flow was EUR 34 million (EUR 36 million). The cash flow was impacted by high receivables following good sales.

Significant events during the reporting period

On March 7, 2019 the European Commission announced that it has opened an investigation into Luxembourg tax practices, in particular Huhtamaki tax rulings from the years 2009, 2012 and 2013. The investigation is not targeted at Huhtamaki and Huhtamaki has not been approached by the European Commission.

Significant events after the reporting period

On July 11, 2019 the General Court of the European Union announced that it has dismissed Huhtamaki's appeal against the European Commission's decision on anticompetitive behavior. In June 2015 the European Commission announced that it had found certain of Huhtamaki's former operations to have been involved in anticompetitive practices during years 2000-2006 and imposed a EUR 15.6 million fine on Huhtamaki. The fine and legal costs of EUR 2.7 million were recognized as a non-recurring expense in the Group's Q2 2015 result and the payment of fine was made during Q3 2015.

Business review by segment

Foodservice Europe-Asia-Oceania

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.

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	241.0	221.5	9%	469.0	420.3	12%	881.7
Adjusted EBIT ¹	22.0	20.6	7%	42.1	40.1	5%	77.1
Margin ¹	9.1%	9.3%		9.0%	9.5%		8.7%
Adjusted RONA ¹				11.1%	13.5%		11.9%
Capital expenditure	15.3	14.0	9%	28.9	23.7	22%	57.8
Operating cash flow	15.6	15.6	0%	23.4	21.7	8%	53.9

¹ Excluding IAC of EUR -0.2 million in Q2 and H1 2019, EUR -1.3 million in Q2 and H1 2018 and EUR -13.3 million in FY 2018. RONA for H1 2018 has not been restated for IFRS 16 impact.

Q2 2019

Demand for foodservice packaging was relatively stable across markets, particularly within the fast food sector. Preference for fiber-based packaging over plastics continued. Paperboard prices were stable during the quarter. Polymer prices increased compared to the previous quarter but were lower than during Q2 2018.

The Foodservice Europe-Asia-Oceania segment's net sales growth was strong, with a significant contribution from the businesses acquired during Q2 2018. Comparable net sales growth was 3%. Growth was strongest in Eastern Europe and Middle-East and Africa, driven by good progress in the fast food customer segment. Net sales of paper-based ice cream containers declined. Net sales growth in China was solid. The businesses acquired during the second quarter of 2018 contributed EUR 24 million to the segment's net sales. Tailored Packaging in Australia has been reported as part of the Foodservice Europe-Asia-Oceania segment as of May 1, 2018 and CupPrint in Ireland as of June 1, 2018.

The impact of currency movements on the segment's reported net sales was EUR 2 million.

The segment's adjusted EBIT grew mainly as a result of net sales growth and earlier implemented price increases. Good profitability was supported by stable paperboard prices and a favorable product mix.

There was no significant foreign currency impact on the segment's reported earnings.

H1 2019

Demand for foodservice packaging was reasonably stable. In Eastern Europe demand was solid. Consumers' increased preference for sustainable packaging was visible across markets and translated to growing demand for paperboard products. Raw material prices were relatively stable, with plastic resin prices increasing during the latter part of the reporting period.

The Foodservice Europe-Asia-Oceania segment's net sales growth was strong, driven by contribution from the businesses acquired during Q2 2018. Comparable net sales growth was 4%. Growth was strongest in Eastern Europe and Middle-East and Africa. Net sales in China were in line with prior year. The businesses acquired during the second quarter of 2018 contributed EUR 46 million to the segment's net sales. Tailored Packaging in Australia has been reported as part of the Foodservice Europe-Asia-Oceania segment as of May 1, 2018 and CupPrint in Ireland as of June 1, 2018.

There was no significant foreign currency impact on the segment's reported net sales.

The segment's adjusted EBIT grew as a result of net sales growth and earlier implemented price increases and efficiency measures. The favorable earnings development was supported by stable raw material prices. The businesses acquired during Q2 2018 had a positive contribution to the segment's earnings.

There was no significant foreign currency impact on the segment's reported earnings.

North America

The North America segment serves local markets with Chinet® 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.

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	306.4	257.0	19%	562.1	483.8	16%	1,002.7
Adjusted EBIT ¹	32.4	22.6	43%	53.0	38.9	36%	73.0
Margin ¹	10.6%	8.8%		9.4%	8.0%		7.3%
Adjusted RONA ¹				10.3%	11.7%		9.2%
Capital expenditure	9.4	15.1	-38%	24.1	30.0	-20%	62.9
Operating cash flow	34.2	27.0	27%	37.1	1.4	2,608%	19.8

¹ Excluding IAC of EUR -10.7 million in FY 2018. RONA for H1 2018 has not been restated for IFRS 16 impact.

Q2 2019

Strong demand for retail private label tableware continued in the U.S. Demand for ice cream packaging was flat while demand for foodservice packaging continued to be subdued. Distribution costs were lower than during Q2 2018. The labor market continued to be tight.

The North America segment's net sales growth was very strong, with all businesses contributing. Net sales grew as a result of good volume development, further boosted by pricing actions. Comparable net sales growth was 13%. Net sales growth was strongest within retail tableware products, supported by the timing of Easter deliveries. Net sales of foodservice packaging grew also while net sales of ice cream packaging were flat.

The impact of currency movements on the segment's reported net sales was EUR 18 million.

The segment's adjusted EBIT grew significantly and profitability was strong. Earnings grew as a result of pricing actions, volume increases from new business gains and moderation in distribution costs. Earnings growth was further supported by good operational efficiency and the efficiency measures taken.

The impact of currency movements on the segment's reported earnings was EUR 2 million.

H1 2019

Demand for private label tableware was strong throughout the period in the U.S. , while demand for ice cream packaging moderated during the second quarter. Demand for foodservice packaging was subdued. The labor market was tight.

The North America segment's net sales growth was very strong, comparable net sales growth being 9%. Net sales grew as a result of good volume development, supported by pricing actions. Growth was strongest within retail tableware and consumer goods businesses. Net sales of foodservice packaging grew also.

The impact of currency movements on the segment's reported net sales was EUR 38 million.

The segment's adjusted EBIT grew significantly and profitability was strong. Earnings grew as a result of successful pricing actions, volume increases from new business gains and moderation in distribution costs. Earnings growth was further supported by good operational efficiency.

The impact of currency movements on the segment's reported earnings was EUR 4 million.

Flexible Packaging

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, Middle East, Asia and South America.

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	248.7	240.3	3%	500.5	474.3	6%	952.3
Adjusted EBIT ¹	20.1	18.1	11%	43.2	35.7	21%	67.8
Margin ¹	8.1%	7.5%		8.6%	7.5%		7.1%
Adjusted RONA ¹				10.5%	11.2%		10.0%
Capital expenditure	10.6	14.6	-27%	19.3	20.2	-5%	49.7
Operating cash flow	16.5	11.2	47%	15.8	21.9	-28%	42.2

¹ Excluding IAC of EUR -1.5 million in Q2 and H1 2018 and EUR -9.7 million in FY 2018. RONA for H1 2018 has not been restated for IFRS 16 impact.

Q2 2019

Demand for flexible packaging was good across most markets, except in Europe. Raw material prices were stable. Tight competitive situation in Southeast Asia continued. Environmental awareness amongst consumers globally continued to increase and several customers made public pledges to increase their use of reusable, recyclable or compostable packaging.

The Flexible Packaging segment's net sales growth was moderate, comparable net sales growth being 1%. Net sales grew in India, Southeast Asia as well as Middle East and Africa but declined in Europe. The decline in Europe was primarily due to soft demand for packaging in the food & beverage category. Second quarter net sales growth in India was driven by increased prices and tight portfolio management. The new unit in Egypt, inaugurated early April, contributed positively to the segment's net sales growth. Ajanta Packaging, acquired during the second quarter in 2018, contributed EUR 3 million to the segment's net sales.

The Flexible Packaging segment launched Huhtamaki blueloop, an umbrella concept for recyclable flexible packaging. With blueloop, fit-for-purpose barrier properties are achieved with mono-material structures instead of the traditional multi-material structures. Commercial deliveries of recyclable laminates for shampoo began during the quarter and solutions for other product groups are expected to be commercialized by the end of the year.

The impact of currency movements on the segment's reported net sales was EUR 5 million.

The segment's adjusted EBIT improved significantly and the segment's profitability was solid. Earnings growth was driven by continued positive development in India, resulting from successful pricing activity and improved product mix. Earnings grew also in Southeast Asia and Middle East and Africa but declined in Europe. The earnings decline in Europe was primarily due to the low net sales, with a further negative impact from support strikes at the segment's manufacturing unit in Germany.

There was no significant foreign currency impact on the segment's reported earnings.

H1 2019

Demand for flexible packaging was good across most markets, except in Europe. Prices of plastic resins decreased during the beginning of the reporting period. Competitive situation was tight, particularly in Southeast Asia. Pressures related to environmental sustainability of flexible packaging intensified.

The Flexible Packaging segment's net sales growth was solid. Comparable net sales growth was moderate at 3% due to the negative net sales development in Europe during the second quarter. Growth was strongest in Africa, the Middle East and India, with both domestic and export sales contributing. Ajanta Packaging, acquired during the second quarter in 2018, contributed EUR 5 million to the segment's net sales.

The impact of currency movements on the segment's reported net sales was EUR 7 million.

The segment's adjusted EBIT improved significantly and the segment's profitability was solid. Earnings grew mainly as a result of positive development in India.

There was no significant foreign currency impact on the segment's reported earnings.

Fiber Packaging

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production in Europe, Oceania, Africa and South America.

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	77.5	71.3	9%	149.1	141.0	6%	283.0
Adjusted EBIT ¹	7.6	7.4	3%	14.4	15.4	-6%	31.2
Margin ¹	9.8%	10.4%		9.7%	10.9%		11.0%
Adjusted RONA ¹				13.5%	13.0%		14.2%
Capital expenditure	3.2	2.9	8%	5.8	5.1	13%	23.4
Operating cash flow	8.9	12.5	-29%	13.5	18.6	-27%	25.1

¹ Excluding IAC of EUR -0.6 million in Q2 and H1 2018 and EUR -2.1 million in FY 2018. RONA for H1 2018 has not been restated for IFRS 16 impact.

Q2 2019

Demand for fiber-based packaging was solid across most markets. In Europe and in Russia demand for egg cartons remained strong, while in Brazil demand for egg cartons stalled due to economic conditions. In South Africa demand for fruit packaging was strong, following intensified replacement of plastic fruit packaging with fiber by the UK retail chains. Prices of recycled fiber declined. Energy prices were at a high level.

The Fiber Packaging segment's net sales growth was strong with comparable net sales growth at 7%. Growth was strongest in Eastern Europe and Oceania. Net sales growth in Australia was supported by new capacity installed during late 2018. While growth in Russia continued to be constrained by lack of capacity, favorable product mix resulted in net sales growth.

There was no significant foreign currency impact on the segment's reported net sales.

The segment's adjusted EBIT improved slightly. Profitability declined as the improved operational performance across units was not sufficient to fully offset the development and commercialization costs of the Fresh ready meal tray.

There was no significant foreign currency impact on the segment's reported earnings.

H1 2019

Demand for fiber-based packaging was solid across most markets, except in Brazil where demand for egg packaging was negatively impacted by economic conditions. Prices of recycled fiber declined towards the end of the reporting period. Energy prices were at a high level.

The Fiber Packaging segment's net sales growth was solid with comparable net sales growth at 5%. Growth was strongest in Central Europe, Oceania and Russia.

The impact of currency movements on the segment's reported net sales was EUR -1 million.

The segment's adjusted EBIT declined as the improved operational performance across units was not sufficient to fully cover the development and commercialization costs of the Fresh ready meal tray.

There was no significant foreign currency impact on the segment's reported earnings.

Personnel

The Group had a total of 18,064 (18,182) employees at the end of June 2019. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 4,973 (5,058), North America 4,101 (3,999), Flexible Packaging 7,137 (7,331), Fiber Packaging 1,773 (1,724), and Other activities, including global functions in Finland 80 (70).

Changes in management

Charles Héaulmé (52) started as President and CEO of Huhtamäki Oyj, and Chairman of the Global Executive Team, on April 26, 2019.

Share capital and shareholders

At the end of June 2019, the registered share capital of Huhtamäki Oyj ("the Company") was EUR 366 million (EUR 366 million) corresponding to a total number of shares of 107,760,385 (107,760,385), including 3,410,709 (3,425,709) shares owned by the Company. Own shares represent 3.2% (3.2%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 104,349,676 (104,334,676). The average number of outstanding shares used in EPS calculations was 104,340,146 (104,227,351), excluding the Company's own shares.

There were 31,575 (30,227) registered shareholders at the end of June 2019. Foreign ownership including nominee registered shares accounted for 45% (48%).

Share trading

During January-June 2019, the Company's shares were quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. It was a component of the Nasdaq Helsinki 25 Index.

At the end of June 2019, the Company's market capitalization was EUR 3,773 million (EUR 3,306 million) excluding the Company's own shares. With a closing price of EUR 36.16 (EUR 31.69) the share price increased 34% from the beginning of the year. During the reporting period the volume weighted average price for the Company's shares was EUR 31.99. The highest price paid was EUR 36.61 and the lowest was EUR 26.81.

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 940 million (EUR 1,282 million). The trading volume of 29 million (38 million) shares equaled an average daily turnover of 247,559 (305,541) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 2,646 million (EUR 3,498 million). During the reporting period, 64% (63%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, fragmentation.fidessa.com)

Resolutions of the Annual General Meeting 2019

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 25, 2019. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2018, discharged the members of the Company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors and its Committees.

The number of members of the Board of Directors was confirmed to be seven (7). Mr. Pekka Ala-Pietilä, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas, Ms. Sandra Turner and Mr. Ralf K. Wunderlich were re-elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting. The Board of Directors elected Mr. Pekka Ala-Pietilä as the Chairman of the Board and Ms. Kerttu Tuomas as the Vice-Chairman of the Board.

Ernst & Young Oy, a firm of authorized public accountants, was elected as Auditor of the Company for the financial year January 1 - December 31, 2019. Mr. Mikko Järventausta, APA, will be the Auditor with principal responsibility.

The Board of Directors was authorized to resolve on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares. The Board of Directors was also authorized to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 10,000,000 shares which corresponds to approximately 9.3 percent of the current shares of the Company, and the aggregate number of own treasury shares to be transferred may not exceed 4,000,000 shares which corresponds to approximately 3.7 percent of the current shares of the Company. The authorization covers also directed issuances of shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2020.

The Board of Directors was authorized in connection with the Company's 100 years anniversary to grant donations up to an aggregate maximum amount of three (3) million euros for charitable or corresponding purposes. The Board of Directors resolves on the recipients and other terms and conditions of the donations and the authorization remains in force until December 31, 2020.

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.

Outlook for 2019

The Group's trading conditions are expected to remain relatively stable during 2019. The good financial position and ability to generate a positive cash flow will enable the Group to address profitable growth opportunities. Capital expenditure is expected to be approximately at the same level as in 2018 with the majority of the investments directed to business expansion.

Financial reporting in 2019

In 2019, Huhtamäki will publish financial information as follows:

Interim Report, January 1–September 30, 2019

October 23

Espoo, July 18, 2019

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS) – unaudited

<i>EUR million</i>	H1 2019	H1 2018	Q2 2019	Q2 2018	Q1-Q4 2018
Net sales	1,669.4	1,511.1	867.3	785.9	3,103.6
Cost of goods sold	-1,384.0	-1,262.6	-717.6	-657.9	-2,630.8
Gross profit	285.4	248.5	149.8	128.0	472.8
Other operating income	5.6	23.9	3.5	21.4	28.5
Sales and marketing	-42.6	-37.3	-22.2	-19.3	-74.8
Research and development	-11.1	-10.3	-5.8	-5.2	-20.2
Administration costs	-86.6	-79.3	-44.7	-41.9	-170.4
Other operating expenses	-6.2	-5.6	-3.2	-3.1	-12.2
Share of profit of equity-accounted investments	1.0	1.0	0.4	0.5	1.8
	-139.9	-107.5	-72.0	-47.7	-247.3
Earnings before interest and taxes	145.5	141.0	77.8	80.3	225.5
Financial income	2.7	2.1	1.3	1.0	4.4
Financial expenses	-18.4	-17.9	-9.1	-9.2	-35.6
Profit before taxes	129.8	125.1	70.0	72.1	194.4
Income tax expense	-27.9	-26.3	-15.5	-15.1	-37.5
Profit for the period	101.9	98.8	54.5	57.0	156.9
Attributable to:					
Equity holders of the parent company	98.7	97.3	53.3	56.1	155.4
Non-controlling interest	3.2	1.6	1.3	0.9	1.5
EUR					
EPS attributable to equity holders of the parent company	0.95	0.93	0.51	0.54	1.49
Diluted EPS attributable to equity holders of the parent company	0.95	0.93	0.51	0.54	1.49

Group statement of comprehensive income (IFRS) – unaudited

<i>EUR million</i>	H1 2019	H1 2018	Q2 2019	Q2 2018	Q1-Q4 2018
Profit for the period	101.9	98.8	54.5	57.0	156.9
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit plans	0.0	0.3	0.0	0.0	4.5
Taxes related to items that will not be reclassified	0.0	-0.1	0.0	0.0	-1.1
Total	0.0	0.2	0.0	0.0	3.4
Items that may be reclassified subsequently to profit or loss					
Translation differences	24.6	7.8	-11.8	43.1	10.6
Equity hedges	-3.2	-6.9	2.9	-13.1	-10.1
Cash flow hedges	-3.8	3.4	-1.4	2.8	2.2
Taxes related to items that may be reclassified	0.6	-0.6	0.4	-0.3	-0.3
Total	18.2	3.6	-10.0	32.5	2.4
Other comprehensive income, net of tax	18.2	3.8	-10.0	32.5	5.7
Total comprehensive income	120.0	102.7	44.5	89.5	162.6
Attributable to:					
Equity holders of the parent company	116.8	101.2	43.3	88.6	161.2
Non-controlling interest	3.2	1.5	1.2	0.8	1.5

Group statement of financial position (IFRS) – unaudited

<i>EUR million</i>	Jun 30, 2019	Dec 31, 2018	Jun 30, 2018
ASSETS			
Non-current assets			
Goodwill	701.4	698.1	685.6
Other intangible assets	38.3	40.5	34.3
Tangible assets	1,274.7	1,233.4	1,210.1
Equity-accounted investments	6.0	4.9	6.1
Other investments	2.3	2.5	2.4
Interest-bearing receivables	2.8	2.6	2.6
Deferred tax assets	45.1	47.8	51.4
Employee benefit assets	48.9	49.1	54.1
Other non-current assets	3.0	4.6	5.9
	2,122.6	2,083.6	2,052.6
Current assets			
Inventory	526.2	497.7	502.8
Interest-bearing receivables	9.7	10.4	7.6
Current tax assets	7.4	15.1	13.7
Trade and other current receivables	624.4	538.2	571.9
Cash and cash equivalents	122.6	95.0	116.7
	1,290.3	1,156.5	1,212.7
Total assets	3,412.9	3,240.0	3,265.3
EQUITY AND LIABILITIES			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-31.3	-31.5	-31.5
Translation differences	-82.9	-104.2	-103.9
Fair value and other reserves	-99.3	-96.1	-98.3
Retained earnings	980.7	965.5	909.1
Total equity attributable to equity holders of the parent company	1,248.6	1,215.1	1,156.9
Non-controlling interest	56.9	52.2	54.4
Total equity	1,305.5	1,267.3	1,211.3
Non-current liabilities			
Interest-bearing liabilities	730.2	729.2	737.2
Deferred tax liabilities	87.2	91.1	90.3
Employee benefit liabilities	205.4	205.1	215.3
Provisions	14.3	14.4	15.9
Other non-current liabilities	36.6	35.1	38.2
	1,073.6	1,074.9	1,096.9
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	24.8	40.4	51.4
Short-term loans	398.8	266.6	298.4
Provisions	13.0	17.2	6.4
Current tax liabilities	18.4	15.5	17.1
Trade and other current liabilities	578.6	558.1	583.8
	1,033.7	897.8	957.1
Total liabilities	2,107.4	1,972.7	2,054.0
Total equity and liabilities	3,412.9	3,240.0	3,265.3
Net debt	1,018.7	928.2	960.1
Net debt to equity (gearing)	0.78	0.73	0.79

Group statement of changes in equity (IFRS) – unaudited

Attributable to equity holders of the parent company

<i>EUR million</i>	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance on Dec 31, 2017	366.4	115.0	-33.5	-104.8	-101.3	917.0	1,158.8	49.4	1,208.2
Change in accounting policy (IFRIC 23) ¹						-13.4	-13.4		-13.4
Change in accounting policy (IFRS 16) ²						-5.0	-5.0	-0.2	-5.2
Balance on Jan 1, 2018	366.4	115.0	-33.5	-104.8	-101.3	898.6	1,140.4	49.2	1,189.6
Dividends paid						-83.5	-83.5		-83.5
Share-based payments			2.0			-1.4	0.6		0.6
Total comprehensive income for the year				0.8	3.1	97.3	101.2	1.5	102.7
Acquisition of non-controlling interest						-2.1	-2.1	4.4	2.3
Other changes						0.2	0.2	-0.7	-0.4
Balance on Jun 30, 2018	366.4	115.0	-31.5	-103.9	-98.3	909.1	1,156.9	54.4	1,211.3
Balance on Jan 1, 2019	366.4	115.0	-31.5	-104.2	-96.1	965.5	1,215.1	52.2	1,267.3
Dividends paid						-87.6	-87.6		-87.6
Share-based payments			0.1			0.9	1.1		1.1
Total comprehensive income for the year				21.3	-3.2	98.7	116.8	3.2	120.0
Acquisition of non-controlling interest						-1.3	-1.3	0.2	-1.1
Other changes						4.6	4.6	1.3	5.8
Balance on Jun 30, 2019	366.4	115.0	-31.3	-82.9	-99.3	980.7	1,248.6	56.9	1,305.5

¹ The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments using a modified retrospective approach. An adjustment related to tax liabilities has been done to the opening balance of retained earnings at the date of initial application.

² The Group has adopted IFRS 16 Leases using a full retrospective approach. An adjustment related to tangible assets and interest bearing liabilities has been done to the opening balances of retained earnings and non-controlling interest at the date of initial application.

Group statement of cash flows (IFRS) – unaudited

<i>EUR million</i>	H1 2019	H1 2018	Q2 2019	Q2 2018	Q1-Q4 2018
Profit for the period*	101.9	98.8	54.5	57.0	156.9
Adjustments*	116.5	110.3	60.8	58.6	240.4
Depreciation and amortization*	79.4	73.2	40.3	38.2	164.7
Share of profit of equity-accounted investments*	-1.0	-1.0	-0.4	-0.5	0.4
Gain/loss from disposal of assets*	-1.1	-1.5	-0.1	-0.9	-1.7
Financial expense/-income*	15.7	15.8	7.8	8.2	31.2
Income tax expense*	27.9	26.3	15.5	15.1	37.5
Other adjustments, operational*	-4.4	-2.5	-2.2	-1.6	8.4
Change in inventory*	-22.9	-41.0	10.8	-10.3	-37.6
Change in non-interest bearing receivables*	-81.8	-41.1	-22.5	-11.1	-25.9
Change in non-interest bearing payables*	24.9	17.4	-0.1	17.2	-5.5
Dividends received*	0.0	0.1	0.0	0.0	0.1
Interest received*	1.7	1.1	0.9	0.6	2.0
Interest paid*	-11.5	-9.4	-5.0	-4.9	-18.7
Other financial expense and income*	-0.1	-0.2	0.0	0.0	-0.2
Taxes paid*	-18.5	-20.2	-9.0	-10.5	-37.8
Net cash flows from operating activities	110.1	115.8	90.5	96.5	273.7
Capital expenditure*	-78.3	-80.9	-38.6	-47.7	-196.9
Proceeds from selling tangible assets*	2.3	1.6	0.5	1.1	2.8
Acquired subsidiaries and assets	-	-55.1	0.0	-55.1	-55.1
Proceeds from long-term deposits	0.2	0.4	0.1	0.2	0.8
Payment of long-term deposits	-0.4	0.0	0.0	0.0	-0.4
Proceeds from short-term deposits	0.2	3.0	0.1	1.7	4.9
Payment of short-term deposits	-1.0	-5.4	-0.1	-5.4	-8.5
Net cash flows from investing activities	-77.0	-136.5	-38.0	-105.1	-252.4
Proceeds from long-term borrowings	120.9	98.3	3.0	8.3	202.0
Repayment of long-term borrowings	-123.8	-111.2	-7.5	-0.5	-221.7
Change in short-term loans	82.5	119.9	63.2	91.7	64.5
Acquisition of non-controlling interest	-1.1	-	-	-	-4.1
Dividends paid	-87.6	-83.5	-87.6	-83.5	-83.5
Net cash flows from financing activities	-9.1	23.6	-28.8	16.0	-42.7
Change in liquid assets	27.7	0.6	22.8	6.0	-21.0
Cash flow based	24.0	3.0	23.7	7.5	-21.3
Translation difference	3.6	-2.4	-1.0	-1.5	0.3
Liquid assets period start	95.0	116.0	99.9	110.7	116.0
Liquid assets period end	122.6	116.7	122.6	116.7	95.0
Free cash flow (including figures marked with *)	34.2	36.5	52.4	49.9	79.6

Notes to the Half-yearly Report

This Half-yearly Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the Half-yearly Report as in the annual financial statements for 2018. The following new and amended standards and interpretations have been adopted with effect from January 1, 2019:

- **IFRS 16 Leases.** The new standard (effective for 2019 annual period with early adoption permitted) replaces IAS 17 Leases -standard. The standard introduces new requirements for accounting for lease agreements. It introduces a single lessee accounting model that requires a lessee to recognize most leases as assets and liabilities in the statement of financial position.

The Group has examined the impacts of the new standard, analyzing especially the identification of a lease and the measurement of a lease liability. The new standard impacts primarily the accounting for the Group's IAS 17 operating leases. On December 31, 2018, the operating lease commitments were EUR 100 million. These were reported as the nominal value of the future minimum payments of non-cancellable leases and therefore do not directly correspond to the present value of lease liabilities according to IFRS 16.

The Group has adopted the standard as of January 1, 2019 using the full retrospective transition method. The Group uses the exemptions provided by the standard not to book short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value to the statement of financial position. The leases that the Group recognizes in the statement of financial position include forklifts, vehicles, other machinery and equipment, premises and land. The new standard impacts the consolidated financial statements and key figures such as earnings per share (EPS), net debt, gearing, return on net assets (RONA) and free cash flow.

The Group has restated the quarterly financial information for 2018. Restated tables were published March 27, 2019. The main impacts of the implementation are:

Group income statement for Q1-Q4 2018

- EUR 1.3 million decrease to the profit for the period
- EUR 2.6 million increase to EBIT and adjusted EBIT
- EUR 25.1 million increase to EBITDA and adjusted EBITDA

Group statement of financial position for January 1, 2018

- EUR 97.6 million increase to tangible assets
- EUR 5.2 million decrease to the total equity, which represent the cumulative impact on the profit for the period for previous reporting periods
- EUR 88.2 million increase to non-current interest-bearing liabilities and EUR 15.7 million increase to current interest-bearing liabilities

Group statement of financial position for December 31, 2018

- EUR 111.4 million increase to tangible assets
- EUR 100.7 million increase to non-current interest-bearing liabilities and EUR 18.9 million increase to current interest-bearing liabilities
- EUR 20.8 million increase to net cash flows from operating activities and 20.8 million decrease to net cash flows from financing activities

Summary of new accounting policies: Right of use (ROU) assets are recognized at the commencement date of the lease. ROU assets comprising mainly of land, building, machinery and equipment are measured at cost less accumulated depreciation and impairment losses. The costs include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any remeasurement of the lease liability. Depreciation is expensed to the income statement on a straight-line basis over the lease term. The lease term includes the non-cancellable period of lease together with any extension or termination options that are reasonable certain to be exercised. ROU assets are presented as tangible assets in the statement of financial position. Lease liabilities are recognized at the commencement date of the lease. Lease liabilities are measured at the present value of future lease payments using an effective interest method. The carrying amount is reduced to reflect the lease payments made and the interest expense is allocated over the lease term. A lease liability is remeasured, when there is a lease modification or reassessment. Lease liabilities are presented as current and non-current interest-bearing liabilities in the statement of financial position.

- **Revised IAS 19 Employee benefits.** The amendments clarify how a plan amendment, curtailment or settlement impact the current service cost, the net interest and the requirements regarding the asset ceiling. The amendments had no impact on the half-yearly financial statements.

- **Revised IAS 28 Investments in Associates and Joint Ventures.** The amendments clarify that IFRS 9 Financial Instruments is applied to the accounting for long-term interests in an associate or joint venture to which the equity method is not applied. The amendments had no impact on the half-yearly financial statements.

- **Revised IFRS 9 Financial Instruments.** The amendments allow the measurement of particular prepayable financial assets at amortized cost or at fair value through other comprehensive income if specified conditions are met. The amendments had no impact on the half-yearly financial statements.

- **Annual improvements (2015-2017).** Annual improvements include smaller amendments to four standards. The improvements had no impact on the half-yearly financial statements.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT – financial items and taxes – are not allocated to the segments. Reportable segments' net sales and EBIT form Group's total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

Net sales

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	467.0	240.4	226.5	876.2	230.2	228.6	220.1	197.2
Intersegment net sales	2.0	0.6	1.4	5.6	1.3	1.3	1.3	1.6
North America	558.7	304.9	253.8	995.7	275.1	240.4	255.1	225.1
Intersegment net sales	3.4	1.6	1.8	7.1	1.5	1.9	2.0	1.7
Flexible Packaging	499.1	248.0	251.1	951.8	235.3	242.4	240.2	234.0
Intersegment net sales	1.5	0.7	0.7	0.5	0.2	0.0	0.2	0.0
Fiber Packaging	144.7	74.1	70.6	280.0	72.1	68.4	70.5	69.0
Intersegment net sales	4.4	3.5	0.9	3.1	0.8	0.8	0.7	0.8
Elimination of intersegment net sales	-11.3	-6.4	-4.9	-16.1	-3.8	-4.0	-4.2	-4.1
Total	1,669.4	867.3	802.1	3,103.6	812.8	779.8	785.9	725.2

EBIT

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania ¹	41.9	21.8	20.1	63.9	6.0	19.1	19.3	19.5
North America ¹	53.0	32.4	20.6	62.3	8.7	14.7	22.6	16.3
Flexible Packaging ¹	43.2	20.1	23.0	58.1	8.7	15.2	16.6	17.6
Fiber Packaging ¹	14.4	7.6	6.9	29.1	7.2	7.1	6.8	8.0
Other activities ¹	-7.0	-4.2	-2.8	12.2	-3.1	1.1	15.0	-0.8
Total¹	145.5	77.8	67.7	225.5	27.5	57.1	80.3	60.6

¹ Q1-Q2 2019 includes items affecting comparability EUR -0.6 million (Foodservice E-A-O EUR -0.2 million and Other activities EUR -0.4 million). Q1-Q4 2018 includes items affecting comparability EUR -25.5 million (Foodservice E-A-O EUR -13.3 million, North America -10.7 million, Flexible Packaging EUR -9.7 million, Fiber Packaging EUR -2.1 million and Other activities EUR 10.3 million).

EBITDA

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania ¹	66.7	34.2	32.5	114.7	21.5	31.0	31.7	30.4
North America ¹	77.5	44.9	32.5	117.8	31.5	25.9	33.6	26.8
Flexible Packaging ¹	61.6	29.6	32.0	93.9	18.8	23.6	25.8	25.7
Fiber Packaging ¹	24.2	12.5	11.7	47.9	12.2	11.5	11.5	12.7
Other activities ¹	-5.0	-3.1	-1.9	16.0	-2.0	2.1	15.9	0.0
Total¹	224.9	118.1	106.8	390.3	82.0	94.1	118.6	95.6

¹ Q1-Q2 2019 includes items affecting comparability EUR -0.6 million (Foodservice E-A-O EUR -0.2 million and Other activities EUR -0.4 million). Q1-Q4 2018 includes items affecting comparability EUR -8.4 million (Foodservice E-A-O EUR -9.4 million, Flexible Packaging EUR -7.6 million, Fiber Packaging EUR -1.6 million and Other activities EUR 10.3 million).

Depreciation and amortization

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	24.8	12.4	12.4	50.9	15.5	12.0	12.4	11.0
North America	24.5	12.5	12.0	55.4	22.8	11.2	11.0	10.5
Flexible Packaging	18.4	9.5	9.0	35.8	10.1	8.4	9.2	8.1
Fiber Packaging	9.7	4.9	4.9	18.8	5.0	4.4	4.7	4.6
Other activities	2.0	1.0	0.9	3.8	1.1	0.9	0.9	0.9
Total	79.4	40.3	39.1	164.7	54.5	37.0	38.2	35.0

Segments (continued)

Net assets allocated to the segments¹

<i>EUR million</i>	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	738.2	745.3	707.5	691.4	691.4	593.7
North America	861.4	878.8	825.6	823.7	816.4	771.2
Flexible Packaging	746.0	742.8	704.7	689.7	688.4	654.8
Fiber Packaging	232.5	229.2	221.6	220.9	218.9	224.6

¹ Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

Capital expenditure

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	28.9	15.3	13.6	57.8	19.9	14.1	14.0	9.8
North America	24.1	9.4	14.6	62.9	20.3	12.6	15.1	14.9
Flexible Packaging	19.3	10.6	8.7	49.7	16.0	13.5	14.6	5.7
Fiber Packaging	5.8	3.2	2.6	23.4	13.6	4.7	2.9	2.2
Other activities	0.3	0.1	0.2	3.2	0.6	0.7	1.0	0.8
Total	78.3	38.6	39.7	196.9	70.4	45.6	47.7	33.3

RONA (12m roll.)¹

<i>EUR million</i>	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	9.4%	9.4%	9.9%	12.3%	12.7%	13.0%
North America	9.1%	8.1%	7.9%	10.8%	11.7%	13.2%
Flexible Packaging	9.4%	9.1%	8.6%	10.4%	10.9%	10.6%
Fiber Packaging	12.8%	12.5%	13.2%	12.6%	12.7%	13.2%

¹ Comparative figures for Q3 2018, Q2 2018 and Q1 2018 have not been restated with IFRS 16 Leases impacts.

Operating cash flow

<i>EUR million</i>	H1 2019	Q2 2019	Q1 2019	Q1-Q4 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Foodservice Europe-Asia-Oceania	23.4	15.6	7.7	53.9	18.9	13.3	15.6	6.1
North America	37.1	34.2	2.9	19.8	21.6	-3.1	27.0	-25.6
Flexible Packaging	15.8	16.5	-0.7	42.2	17.4	2.9	11.2	10.6
Fiber Packaging	13.5	8.9	4.6	25.1	4.2	2.4	12.5	6.1

Other information

Key indicators

	H1 2019	Q1-Q4 2018	H1 2018
Equity per share (EUR)	11.97	11.65	11.09
ROE, % (12m roll.) ¹	12.6	12.8	16.6
ROI, % (12m roll.) ¹	10.0	10.4	13.1
Personnel	18,064	17,663	18,182
Profit before taxes (EUR million, 12m roll.) ¹	199.0	194.4	245.5
Depreciation of tangible assets (EUR million)	74.8	155.6	69.1
Amortization of other intangible assets (EUR million)	4.6	9.1	4.2

¹ Comparative figures for H1 2018 have not been restated with IFRS 16 Leases impacts.

Contingent liabilities

EUR million	Jun 30, 2019	Dec 31, 2018	Jun 30, 2018
Capital expenditure commitments	74.0	58.5	79.6

Financial instruments measured at fair value

EUR million	Jun 30, 2019	Dec 31, 2018	Jun 30, 2018
Derivatives - assets			
Currency forwards, transaction risk hedges	2.6	2.4	2.9
Currency forwards, translation risk hedges	0.0	0.1	0.1
Currency forwards, for financing purposes	5.3	0.9	3.3
Currency options, transaction risk hedges	0.0	0.0	0.2
Interest rate swaps	1.2	3.7	4.8
Electricity forwards	0.0	0.0	0.1
Other investments	2.3	2.5	2.4
Derivatives - liabilities			
Currency forwards, transaction risk hedges	1.6	0.7	1.1
Currency forwards, translation risk hedges	1.7	7.0	6.0
Currency forwards, for financing purposes	1.5	2.7	4.8
Currency options, transaction risk hedges	0.0	0.1	0.0
Interest rate swaps	1.3	0.3	0.0
Cross currency swaps	0.8	0.8	0.9
Electricity forwards	0.0	0.0	0.0

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Only fair values of electricity forwards are based on quoted prices in active markets. Other investments include quoted and unquoted shares. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

Interest-bearing liabilities

EUR million	Jun 30, 2019		Dec 31, 2018		Jun 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	730.2	732.8	729.2	724.8	737.2	730.4
Current	423.7	423.7	307.0	307.0	349.8	349.8
Total	1,153.8	1,156.5	1,036.2	1,031.7	1,087.0	1,080.1

Other information (continued)

Exchange rates

Income statement, average:

	H1 2019	H1 2018
AUD 1 =	0.6250	0.6375
GBP 1 =	1.1449	1.1366
INR 1 =	0.0126	0.0126
RUB 1 =	0.0136	0.0139
THB 1 =	0.0280	0.0260
USD 1 =	0.8851	0.8256

Statement of financial position, month end:

	Jun 30, 2019	Jun 30, 2018
AUD 1 =	0.6153	0.6338
GBP 1 =	1.1182	1.1297
INR 1 =	0.0127	0.0125
RUB 1 =	0.0140	0.0137
THB 1 =	0.0286	0.0261
USD 1 =	0.8795	0.8633

Definitions for performance measures

Performance measures according to IFRS

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 (diluted EPS) attributable to equity holders of the parent company =

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

Alternative performance measures

EBITDA =

EBIT + depreciation and amortization

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$

Return on net assets (RONA) =

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

Operating cash flow =

Adjusted EBIT + depreciation and amortization - capital expenditure + disposals +/- 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) =

$\frac{100 \times \text{Profit for the period (12m roll.)}}{\text{Total equity (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses}) (12m roll.)}{\text{Statement of financial position total} - \text{interest-free liabilities (average)}}$

Comparable net sales growth =

Net sales growth excluding foreign currency changes, acquisitions and divestments

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.