

Continued improvement in operational profitability

Half-yearly report 2024

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Huhtamaki

Q2 2024: Continued improvement in operational profitability

Market trends

- Some signs of increasing demand, with differences between geographies and categories. Improvement in on-the-shelf categories (food and everyday necessities), while on-the-go categories (hospitality and restaurants) softer
- Market environment still impacted by the inflation pressure, the Israel-Hamas war and Red Sea crisis

Financial performance

- Comparable sales -1%, volumes close to the previous year's level
- Adj. EBIT +14%, margin 10.2%; driven by cost saving actions

Program to improve efficiency proceeding well

- Savings continues to above linear savings trajectory



Efficiency program well underway and contributing to Q2 2024 profitability improvement

Program targets MEUR 100 savings in 2024-26

Sourcing

Indirect and direct spend

- Efficiency program leading to savings of appr. EUR 100 million over the next three years
- Program expected to cost appr. EUR 80 million

Material efficiency

Waste reduction

- Significant actions initiated in the second half of 2023 in the context of lower demand in the market, such as
 - Procurement acceleration program to cover all input costs (materials and services)

Labor productivity

Direct and indirect labor

- Acceleration of our continuous improvement program on manufacturing practices, focusing on material waste reduction
- Reduction of workforce by ~8 % (including own and contracted)

Footprint optimization

Structural cost reduction

- Flexible Packaging further footprint optimization – decision to close manufacturing in Prague (Czech Republic) and Hyderabad (India)

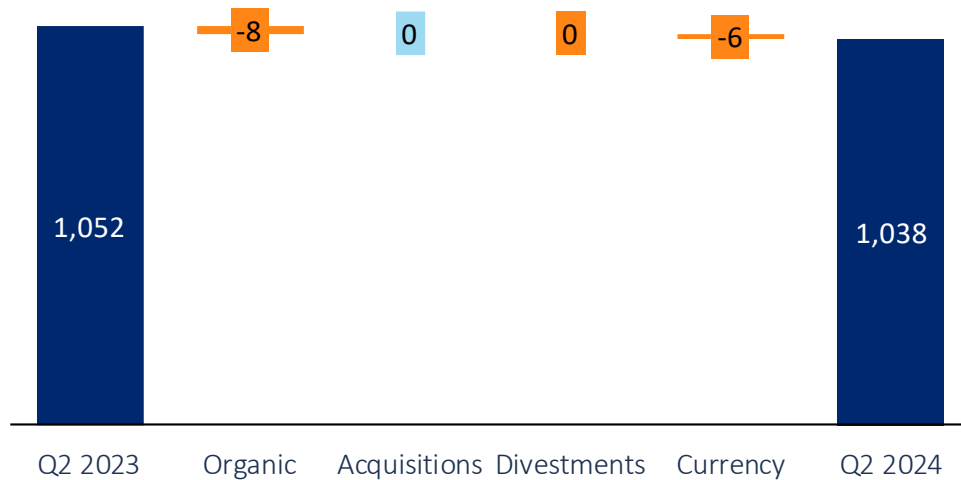
Execution progressed as expected in Q2 2024

- Initiatives in execution in all four areas, achieving in H1 2024 above linear savings trajectory. This contributed materially to the Group's profit expansion, including compensating for continued soft market, inflation and adverse currency impacts
- Program-related costs accounted for EUR 15 million during H1, including a positive impact from divestment of real estate in China
- Key benefits and activities in Q2 include Sourcing, Labor Productivity and footprint optimization
 - Announced on April 23 further consolidation of Foodservice EAO manufacturing, closing Port Klang site in Malaysia by end of Q2 2024
 - Announced on May 31 consolidation of three Flexible Packaging manufacturing sites in the United Arab Emirates into two during H2 2024
- Savings expected to accumulate gradually over 3 years leading to EUR 100 million in accordance with the program plan

Business performance

Q2 2024: Comparable net sales slightly impacted by soft volumes

Development of net sales in Q2 2024
(EUR million)



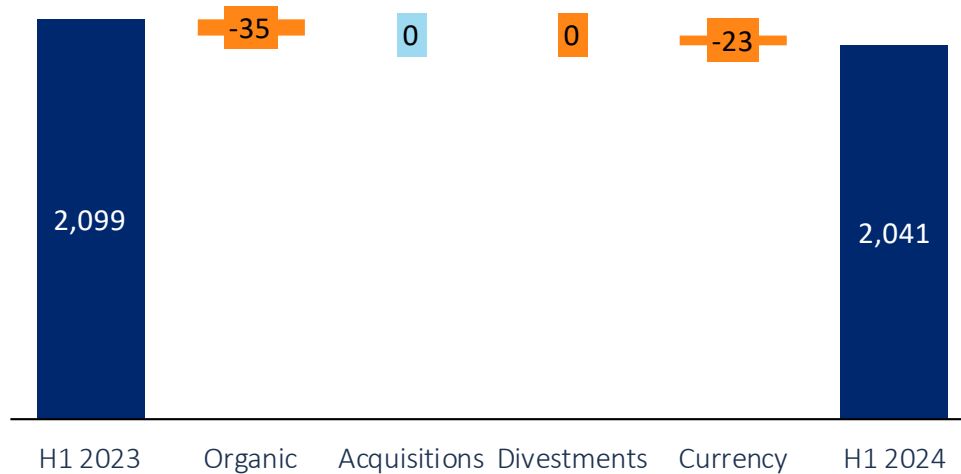
Net sales decreased 1% in Q2 2024

- Comparable net sales growth -1% (-2 % in emerging markets). Volumes and pricing close to the previous year's level
- 0% from acquisitions and divestments
- -1% currency impact

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses. Acquisitions calculated for 12 first months from closing.

H1 2024: Pricing weighing on comparable net sales development

Development of net sales in H1 2024
(EUR million)



Net sales decreased 3% in H1 2024

- Comparable net sales growth -2% (-3 % in emerging markets). Volumes close to the previous year's level, pricing impact slightly negative
- 0% from acquisitions and divestments
- -1% currency impact

Comparable net sales growth is growth excluding foreign currency changes, acquisitions, divestments and ancillary businesses. Acquisitions calculated for 12 first months from closing.

Comparable net sales trend improving

<i>Comparable net sales growth</i>	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	H1 23	H1 24	Long-term ambitions
Foodservice E-A-O	5%	-3%	-5%	-5%	-6%	8%	-6%	4-5%
North America	1%	1%	4%	-3%	-2%	1%	-2%	5-6%
Flexible Packaging	-11%	-11%	-9%	-1%	2%	-8%	1%	6-7%
Fiber Packaging	7%	4%	2%	1%	3%	11%	2%	3-4%
Group	-2%	-4%	-3%	-2%	-1%	0%	-2%	5-6%

Q2 commentary:

- Foodservice packaging demand remained soft
- In North America, demand remained at the previous year's level
- Demand for flexible packaging improved
- Demand for fiber-based egg packaging improved, but remained stable for food-on-the-go products

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

Adjusted EBIT increased

<i>MEUR</i>	Q2 24	Q2 23	Change	H1 24	H1 23	Change
Net sales	1,037.5	1,051.7	-1%	2,041.4	2,098.8	-3%
Adjusted EBIT ¹	105.5	92.7	14%	204.3	184.8	11%
<i>Margin</i>	10.2%	8.8%		10.0%	8.8%	
Adjusted EPS, EUR ²	0.63	0.55	14%	1.17	1.06	10%
Capital expenditure	48.1	69.0	-30%	84.7	134.2	-37%

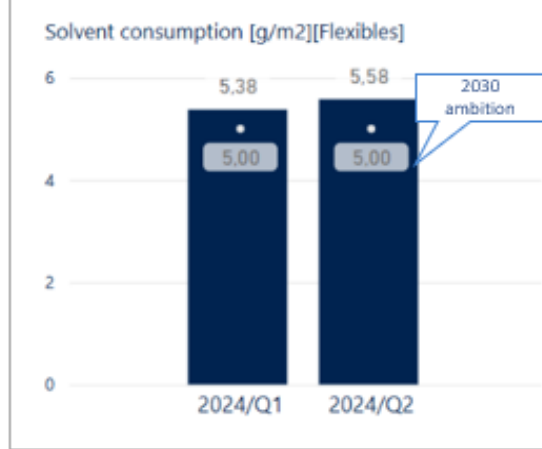
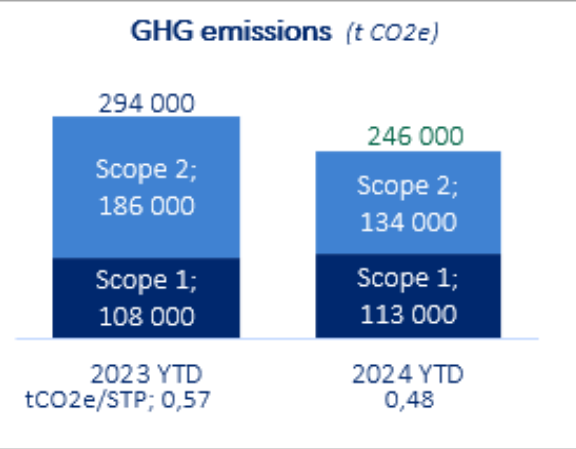
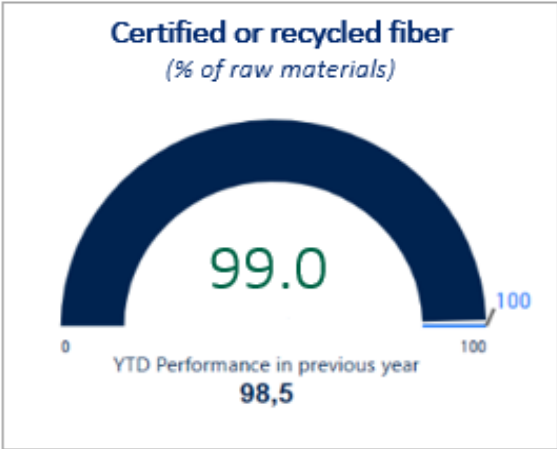
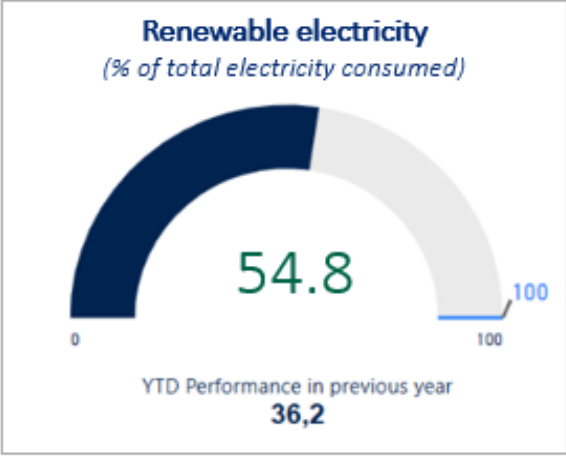
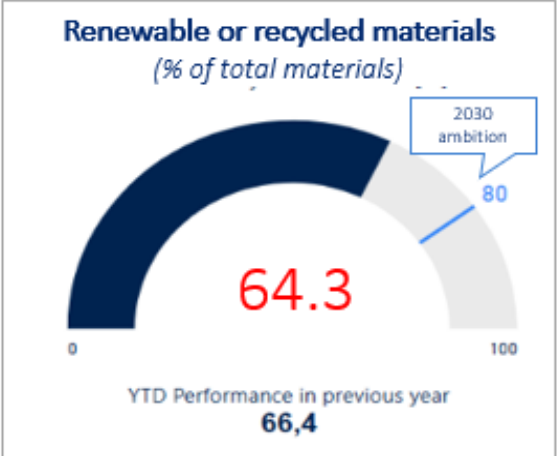
Q2 commentary:

- Adj. EBIT increased and margin improved clearly, supported by lower raw material, transportation and energy costs and the company's actions to improve profitability. Lower sales prices and the increase in labor costs had a negative impact on profitability
- Increased adjusted EPS, driven by higher adjusted EBIT
- Capex decreased

1) Excluding IAC of EUR -0.9 million in Q2 2024 (EUR -38.0 million) and EUR -22.1 million in Q1-Q2 2024 (EUR -42.7 million).

2) Excluding IAC of EUR -0.7 million in Q2 2024 (EUR -32.3 million) and EUR -21.6 million in Q1-Q2 2024 (EUR -36.2 million).

Our sustainability performance continues to progress in line with our targets



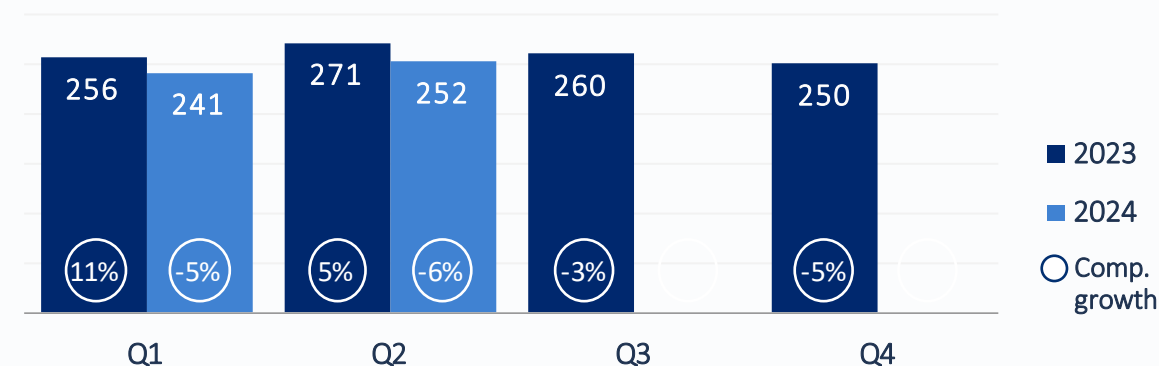
Targets displayed in the graphs are Huhtamaki group's 2030 ambitions; GHG = greenhouse gas

Business segment review

Foodservice EAO: Market softness weighing on performance

Key figures, MEUR	Q2 24	Q2 23	Change
Net sales	252.3	270.9	-7%
Comparable growth	-6%	5%	
Adjusted EBIT ¹	23.2	25.0	-7%
Margin	9.2%	9.2%	
Capital expenditure	12.9	13.4	-4%
Operating cash flow ¹	27.9	30.8	-10%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR	H1 24	H1 23	Change
Net sales	493.4	527.1	-6%
Comparable growth	-6%	8%	
Adjusted EBIT ¹	45.3	46.2	-2%
Margin	9.2%	8.8%	
Adjusted RONA	10.9%	10.4%	
Capital expenditure	18.3	37.8	-52%
Operating cash flow ¹	57.4	53.0	8%

- The demand for foodservice packaging remained soft, affected by the high inflation on food products, particularly for quick service restaurants
- Net sales decreased due to lower sales volumes. The Israel-Hamas war led to boycotts of most global brands. Net sales decreased in most markets, particularly in Asia-Oceania as well as Middle-East and Africa
- Prices of most raw materials remained favorable
- Adjusted EBIT decreased due to lower sales volumes, but H1 margins improved despite market headwinds

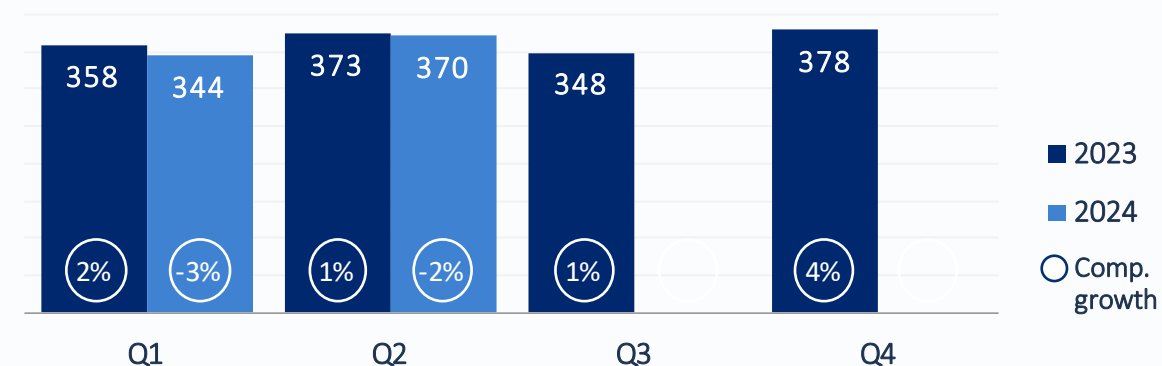
1) Excluding IAC of EUR 4.9 million in Q2 2024 (EUR -0.5 million) and EUR -11.4 million in Q1-Q2 2024 (EUR -2.0 million).

North America: Continued solid performance in a flat market

Key figures, MEUR

	Q2 24	Q2 23	Change
Net sales	370.2	373.2	-1%
Comparable growth	-2%	1%	
Adjusted EBIT ¹	53.0	45.4	17%
Margin	14.3%	12.2%	
Capital expenditure	17.1	29.5	-42%
Operating cash flow ¹	46.5	20.7	>100%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR

	H1 24	H1 23	Change
Net sales	714.3	731.4	-2%
Comparable growth	-2%	1%	
Adjusted EBIT ¹	100.9	87.9	15%
Margin	14.1%	12.0%	
Adjusted RONA	19.5%	17.6%	
Capital expenditure	31.7	49.7	-36%
Operating cash flow ¹	119.5	38.6	>100%

- Demand remained unchanged from the previous year's level
- Net sales increased in Consumer Goods, supported by the ramp-up of egg carton capacity in the Hammond, Indiana, site. Sales volumes remained at the previous year's level
- Prices of most raw materials decreased except for resins
- Adjusted EBIT increased, supported by actions to improve profitability

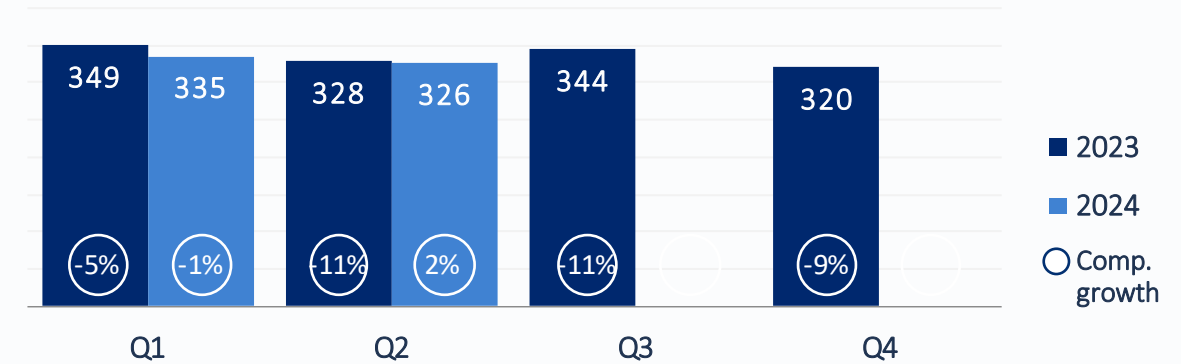
1) Excluding IAC of EUR -2.5 million in Q2 2024 (EUR 0.0 million) and EUR -3.5 million in Q1-Q2 2024 (EUR 0.0 million).

Flexible Packaging: Volume growth supporting profitability improvement

Key figures, MEUR

	Q2 24	Q2 23	Change
Net sales	325.9	327.9	-1%
Comparable growth	2%	-11%	
Adjusted EBIT ¹	20.9	16.0	31%
Margin	6.4%	4.9%	
Capital expenditure	12.3	22.6	-46%
Operating cash flow ¹	22.3	5.4	>100%

Net sales and comparable growth (EUR million & %)



Key figures, MEUR

	H1 24	H1 23	Change
Net sales	661.1	677.0	-2%
Comparable growth	1%	-8%	
Adjusted EBIT ¹	42.5	37.3	14%
Margin	6.4%	5.5%	
Adjusted RONA	7.0%	5.5%	
Capital expenditure	24.9	38.8	-36%
Operating cash flow ¹	22.1	25.6	-13%

- Demand improved, but with significant variations by market
- Comparable net sales were supported by increased sales volumes, and increased particularly in South-East Asia and Oceania
- Most raw material prices decreased
- Adjusted EBIT increased, supported by actions to improve profitability and higher sales volumes

1) Excluding IAC of EUR -2.9 million in Q2 2024 (EUR -36.5 million) and EUR -5.3 million in Q1-Q2 2024 (EUR -39.4 million).

Fiber Packaging: Solid net sales growth and profitability

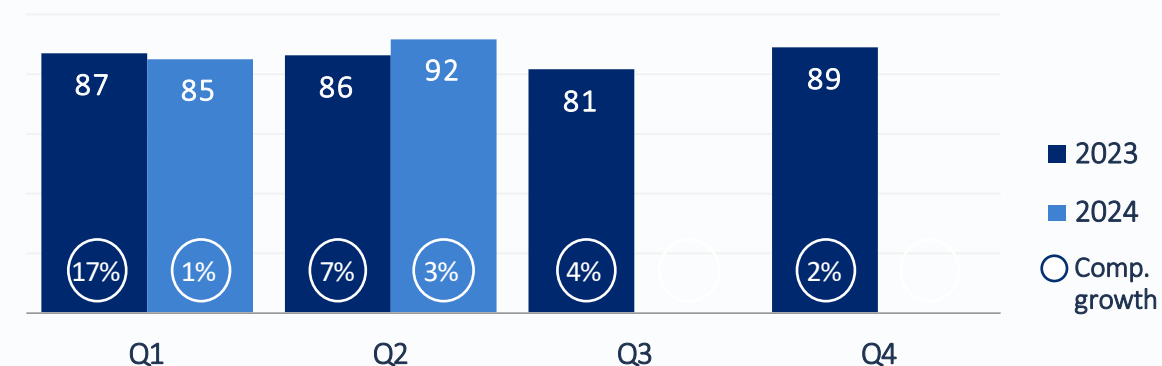
Key figures, MEUR

	Q2 24	Q2 23	Change
Net sales	91.7	86.1	7%
Comparable growth	3%	7%	
Adjusted EBIT ¹	11.9	9.3	27%
Margin	12.9%	10.8%	
Capital expenditure	5.8	3.4	73%
Operating cash flow ¹	16.8	17.6	-5%

Key figures, MEUR

	H1 24	H1 23	Change
Net sales	176.7	173.0	2%
Comparable growth	2%	11%	
Adjusted EBIT ¹	20.4	19.8	3%
Margin	11.6%	11.4%	
Adjusted RONA	14.0%	14.0%	
Capital expenditure	9.3	7.8	19%
Operating cash flow ¹	11.5	13.2	-13%

Net sales and comparable growth (EUR million & %)



- Demand for fiber-based egg packaging improved, but remained stable for food-on-the-go products
- Net sales driven by increased sales volumes and higher prices. Net sales increased mainly in Europe
- Prices of recycled fiber increased
- Adjusted EBIT increased, driven by higher sales volumes and actions to improve profitability

1) Excluding IAC of EUR -0.3 million in Q2 2024 (EUR -0.8 million) and EUR -1.5 million in Q1-Q2 2024 (EUR -1.1 million).

Financial review

Improved margins driving earnings

MEUR	Q2 24	Q2 23	Change	H1 24	H1 23	Change
Net sales	1,037.5	1,051.7	-1%	2,041.4	2,098.8	-3%
Adjusted EBITDA ¹	156.4	141.2	11%	305.4	281.7	8%
Margin ¹	15.1%	13.4%		15.0%	13.4%	
Adjusted EBIT ²	105.5	92.7	14%	204.3	184.8	11%
Margin ²	10.2%	8.8%		10.0%	8.8%	
EBIT	104.6	54.7	91%	182.2	142.1	28%
Adjusted Net financial items ³	-16.5	-15.2	-8%	-37.3	-33.8	-10%
Adjusted profit before taxes	89.1	77.5	15%	167.1	150.9	11%
Adjusted income tax expense ⁴	-21.4	-18.2	-18%	-39.9	-35.5	-13%
Adjusted profit for the period ⁵	67.6	59.3	14%	127.1	115.5	10%
Adjusted EPS, EUR ⁶	0.63	0.55	14%	1.17	1.06	10%

Q2 commentary:

- Higher EBIT driven by actions to improve cost efficiency
- Net financial items increased due to higher interest rates
- Reported tax rate increased due to certain non-deductible costs related to the restructuring program. Adjusted tax rate unchanged at 24%

1) Excluding IAC of EUR 1.8 million in Q2 2024 (EUR -9.1 million) and EUR -9.5 million in Q1-Q2 2024 (EUR -11.5 million).

2) Excluding IAC of EUR -0.9 million in Q2 2024 (EUR -38.0 million) and EUR -22.1 million in Q1-Q2 2024 (EUR -42.7 million).

3) Excluding IAC of EUR 0.3 million in Q2 2024 (EUR 0.0 million) and EUR -0.2 million in Q1-Q2 2024 (EUR -0.4 million).

4) Excluding IAC of EUR 0.7 million in Q2 2024 (EUR 5.7 million) and EUR 1.4 million in Q1-Q2 2024 (EUR 6.9 million).

5) Excluding IAC of EUR 0.1 million in Q2 2024 (EUR -32.3 million) and EUR -20.9 million in Q1-Q2 2024 (EUR -36.2 million).

Currency impact remained negative but moderating

	Average rate H1 23	Average rate H1 24	Change in average rate	Closing rates					Change in closing rate (YoY)
				Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	
USD	1.08	1.08	0 %	1.09	1.05	1.11	1.08	1.07	2%
INR	88.87	90.01	-1 %	89.71	87.64	92.45	90.13	89.24	1%
GBP	0.88	0.85	3 %	0.86	0.86	0.87	0.86	0.85	2%
CNY	7.48	7.80	-4 %	7.91	7.70	7.89	7.82	7.77	2%
AUD	1.60	1.64	-3 %	1.65	1.65	1.62	1.66	1.61	2%
THB	36.95	39.11	-6 %	38.93	38.66	38.00	39.38	39.39	-1%
BRL	5.49	5.49	0 %	5.30	5.31	5.37	5.40	5.89	-11%
NZD	1.73	1.78	-3 %	1.79	1.77	1.75	1.80	1.75	2%
ZAR	19.66	20.26	-3 %	20.46	20.17	20.60	20.47	19.66	4%
TRY	21.47	34.23	-59 %	28.48	28.90	32.75	34.90	35.17	-24%
EGP	32.91	44.88	-36 %	33.60	32.60	34.20	51.13	51.41	-53%

Foreign currency translation impact

Q2 2024

(EUR million)

Net sales

-6

EBIT

-1

Q1-Q2 2024

(EUR million)

Net sales

-23

EBIT

-2

Please note: Income statement is valued on average rate, balance sheet on closing rate.

Net debt to adjusted EBITDA continued to decrease

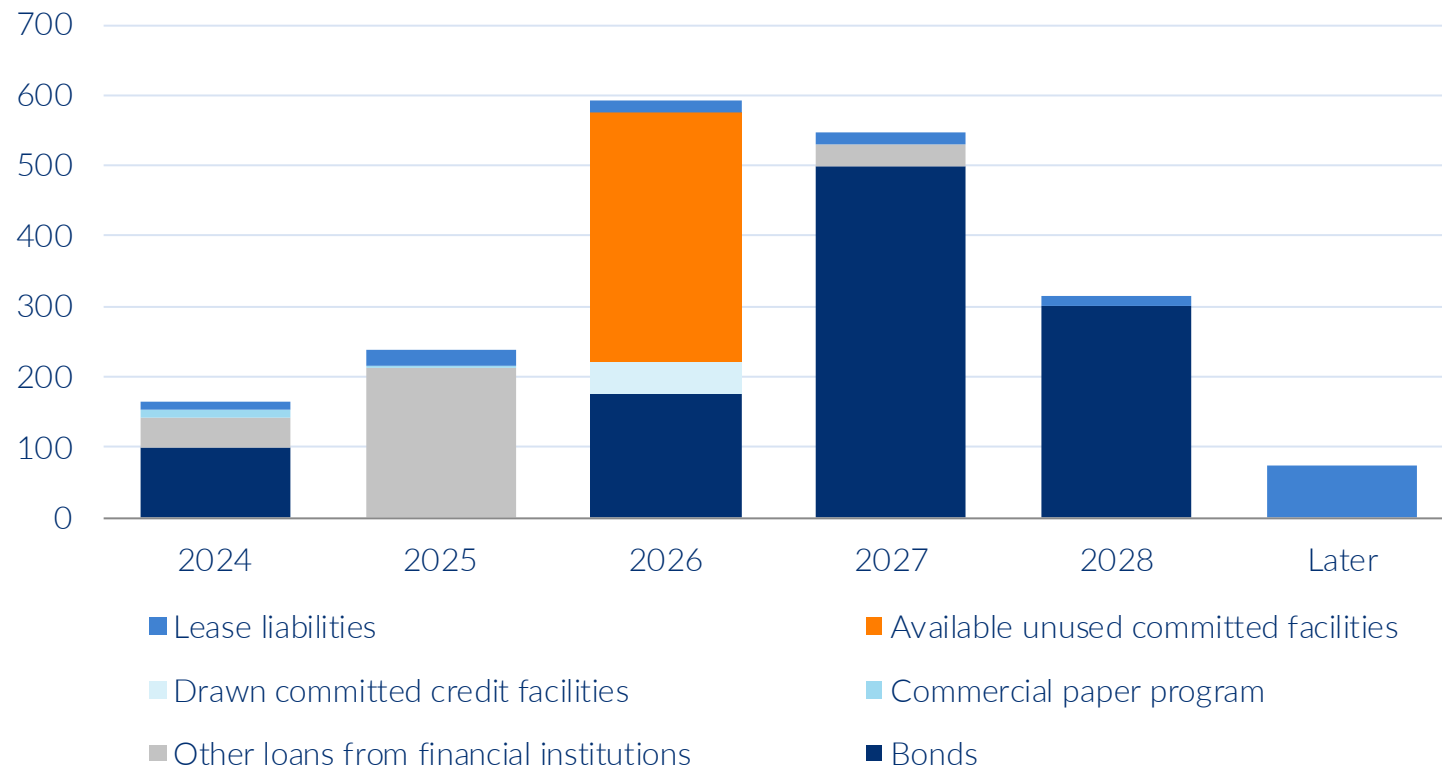
Net debt, net debt/adj. EBITDA and gearing



- Net debt/Adj. EBITDA at 2.0
- At the end of Q2 2024:
 - Cash and cash equivalents EUR 300 million
 - Unused committed credit facilities available EUR 353 million
- Net debt EUR 1,255 million

Loan maturities

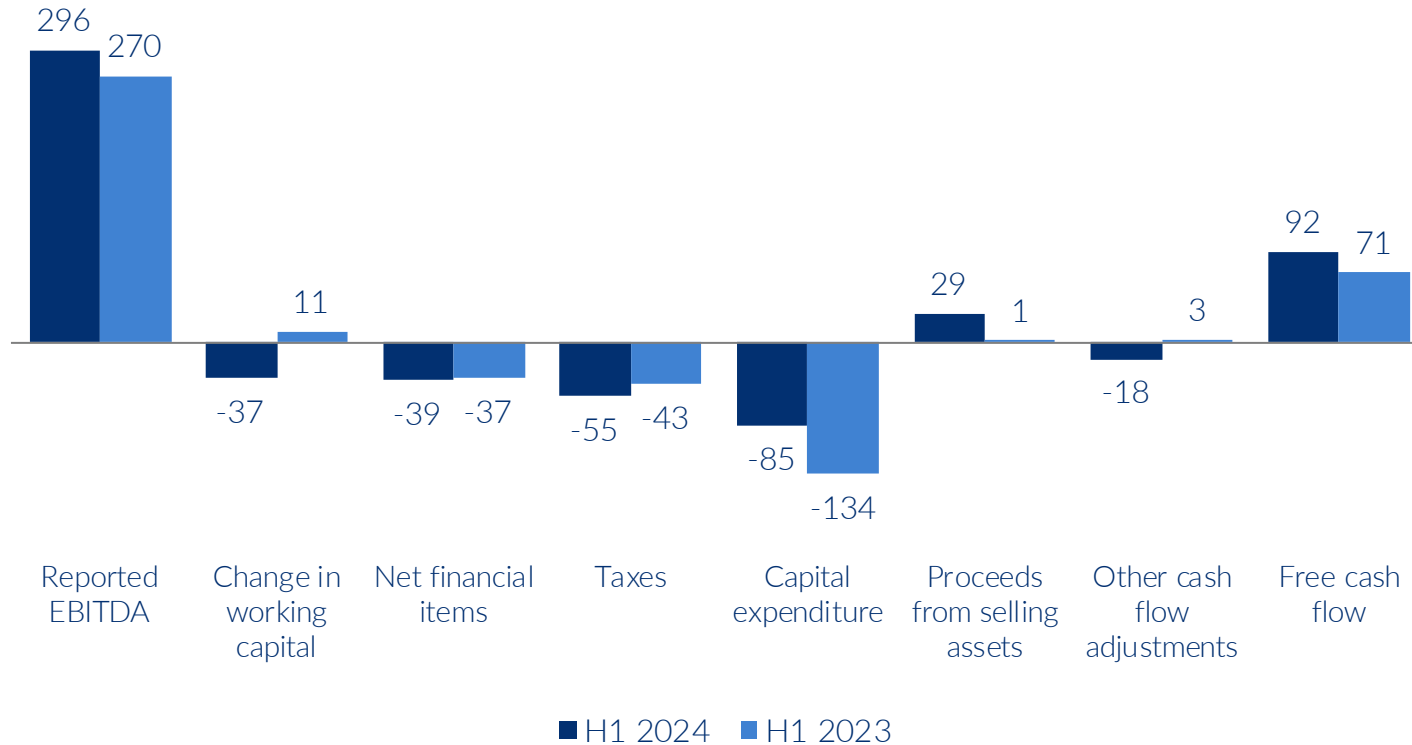
Debt maturity structure June 30, 2024
(EUR million)



- Average maturity 2.4 years at the end of Q2 2024 (2.5 at the end of Q2 2023)

Free cash flow increased

Free cash flow bridge
(EUR million)



Cash flow driven by:

- Higher reported EBITDA
- Negative impact from change in working capital
- Lower capex

Financial position improving

<i>MEUR</i>	Jun 2024	Jun 2023
Total assets	4,767	4,773
Working capital	593	727
Net debt	1,255	1,453
Equity & non-controlling interest	1,976	1,838
Gearing	0.64	0.79
Adjusted ROI ¹	11.9%	10.4%
Adjusted ROE ¹	13.6%	13.1%

- Working capital down yoy, but increased vs year-end 2023 due to higher inventories
- Net debt and gearing decreased
- Adjusted ROI improved

1) Excluding IAC.

Progress towards long-term financial ambitions

	2017	2018	2019	2020	2021	2022	2023	H1 24	Long-term ambition
Comparable net sales growth	3%	5%	6%	-2%	7%	15%	-2%	-2%	5-6%
Adjusted EBIT margin	9.0%	8.1%	8.6%	9.1%	8.8%	8.8%	9.4%	10.0%	10-12%
Adj. ROI	13.6%	11.6%	12.3%	11.7%	11.3%	11.0%	11.2%	11.9%	13-15%
Net debt/Adj. EBITDA	1.8	2.3	2.0	1.8	3.1	2.5	2.2	2.0	2-3
Dividend payout ratio	42 %	50 %	47 %	47 %	45 %	40 %	45 %		40-50%

FY 2018 figures restated for IFRS 16 impact.

Looking forward

Outlook for 2024 and short-term risks and uncertainties

Outlook for 2024 (unchanged)

The Group's trading conditions are expected to improve compared to 2023. Volatility in the operating environment is expected to continue, while Huhtamaki's diversified product portfolio provides resilience.

The company's initiatives, which include the ongoing savings and efficiency program are expected to support the company's performance. The Group's good financial position enables addressing profitable growth opportunities.

Short-term risks and uncertainties

Decline in consumer demand, inflation in key cost items (including raw materials, labor, distribution and energy), availability of raw materials and movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Economic and financial market conditions, as well as a potential geopolitical escalation and natural disasters can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

Upcoming events in 2024



September 4,
2024

Site visit to
Hammond
(near Chicago)



October 24,
2024

Q3 2024
Interim Report

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