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As one of the world's largest consumer packaging companies, Huhtamaki offers customers smooth and rough molded fiber products, release films, flexible packaging, foodservice and consumer goods paper and plastic packaging combined with environmentally friendly solutions.

In 2008, net sales totaled EUR 2.3 billion. Huhtamäki Oyj's share is listed on the NASDAQ OMX Helsinki Ltd.

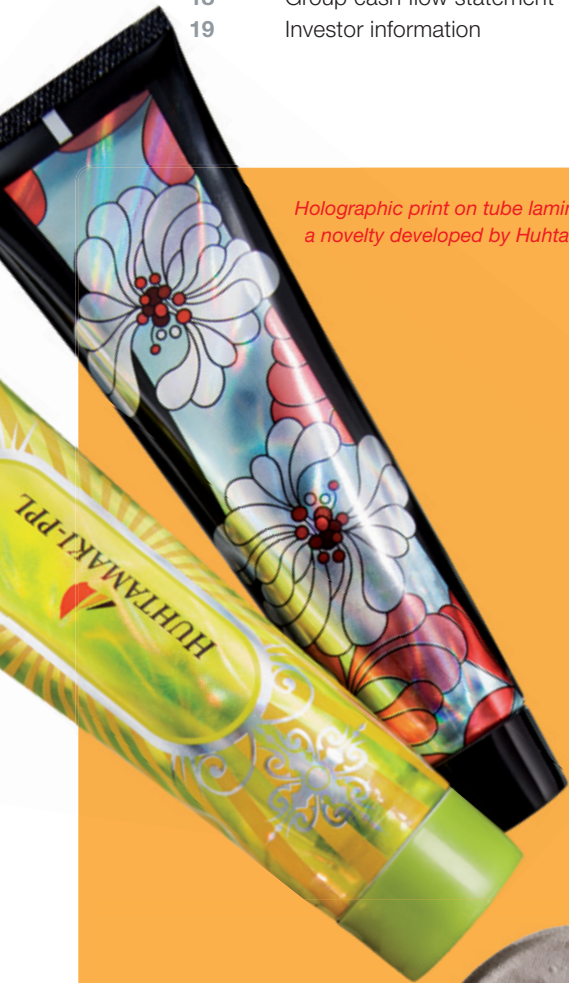
*Holographic print on tube laminates is a novelty developed by Huhtamaki in India.*

THE WORLD'S MOST RENOWNED BRANDS USE HUHTAMAKI'S PACKAGING TO CARRY THEIR PRODUCTS.

FOOD AND BEVERAGE COMPANIES, FOODSERVICE OPERATORS, RETAILERS AND OTHER NON-FOOD CONSUMER GOODS

CUSTOMERS ARE SERVED THROUGH 65 PRODUCTION AND SALES UNITS IN EUROPE, THE AMERICAS, ASIA AND OCEANIA.

*Huhtamaki has a large share of the four cup carrier market in North America.*





## Key figures

EUR million	2008	2007
Net sales	2,260.0	2,311.0
EBIT excl. non-recurring charges	91.0	136.1
EBIT margin %	4.0	5.9
EBIT <sup>1)</sup>	-74.5	28.1
EPS (EUR)	-1.12	-0.22
ROI % (12m. roll.)	-4.8	1.8
ROE % (return on equity)	-14.8	-2.4
Gearing % (net debt to equity)	0.84	0.94
Capital expenditure	74.3	147.9
Dividend per share (EUR)	0.34*	0.42
Personnel at year-end	14,644	15,092

1) 2008 EBIT includes EUR 165.5 million (EUR 108.0 million) non-recurring charges.

\*Board's proposal

Chinet® cups market share in North America measured markets

5%

Lost Time Incident Frequency (LTIF) improvement

40%

Direct carbon dioxide (CO<sub>2</sub>) emissions reduced

3%

Launched in March 2008, the Chinet® Comfort Cup™ cups and lids meet the needs of busy retail consumers who enjoy hot beverages on the go. All branded Chinet® disposable cups, including Chinet® Comfort Cup™ have reached a 5% share of all disposable cup dollar sales in US measured markets by year-end 2008.

*Insulated Chinet®  
Comfort Cup™ hot cups  
keep fingers cool  
and the contents hot.*



## Focus on strongholds contributes to customers' success

As the year 2008 passed on and the worldwide economic downturn became more pronounced, the visibility of the market situation for Huhtamaki among many others declined. Financially, our main achievement in 2008 was positive free cash flow of EUR 104 million. This compares favorably with negative free cash flows in both 2007 and in 2006. Coupled with the issuance of a hybrid bond of EUR 75 million, we reduced net debt by EUR 162 million. As a whole, our performance was, however, not satisfactory.

I started as CEO in April 2008 and we immediately took strong actions to define ways to achieve further financial success. Focus was put on businesses with a strong market position and good growth potential. Release films, flexible packaging, foodservice paper cups, as well as molded fiber and other paper products were defined as strongholds. Now, our organizational structure is more strongly based on product and service offerings instead of a traditional regional emphasis. This improves our capability to provide winning product concepts and -solutions for our customers and help them become successful.

During 2008, we implemented actions to reduce costs and addressed loss-making units. Economic uncertainty calls for prudent house-keeping, and cost efficiency combined with strong positive cash flow are our priorities.

The year 2009 will be demanding for Huhtamaki and its business partners but we remain committed to delivering good positive cash flow. Our main financial target for the medium to long term, ROI of 15%, remains unchanged. The economic downturn will subdue short-term growth prospects although our stronghold businesses can in normal circumstances deliver 5% organic growth.

One focus for 2009 and onwards is to improve our industrial performance through the worldwide implementation of continuous improvement programs. Our employees have already been directly contributing to the success of the business through these projects. I am very proud of them and the level of success they have reached. This work has improved our profit and ensures that recent investments deliver the expected benefits. We will also continue to work on safety matters. During 2008, the Lost Time Incident Frequency rate was 40% lower than in 2007.

I would like to thank our customers, suppliers, investors and other stakeholders for their support in 2008. Our people also deserve credit for their work and commitment in this difficult environment. The Huhtamaki team has decided where its future success lies and has started to implement the actions accordingly. The first sign of success in 2008 – good free cash flow and reduced net debt – will give us more flexibility in 2009. We have important actions and milestones ahead of us, and each success will make us more confident that we can win.

**Jukka Moisio**  
CEO  
February 2009

**Dedication  
to businesses with  
competitive advantage creates  
value for Huhtamaki and  
its customers.**



## Dedication to businesses with competitive advantage

### STRATEGIC STRONGHOLDS:

- SMOOTH AND ROUGH MOLDED FIBER
- RELEASE FILMS
- FLEXIBLE PACKAGING
- FOODSERVICE PAPER CUPS
- OTHER PAPER FORMING PRODUCTS

In 2008, Huhtamaki continued to pursue a strategy focusing on packaging operations where it has a competitive advantage, a good market position, and which create value for Huhtamaki and its customers.

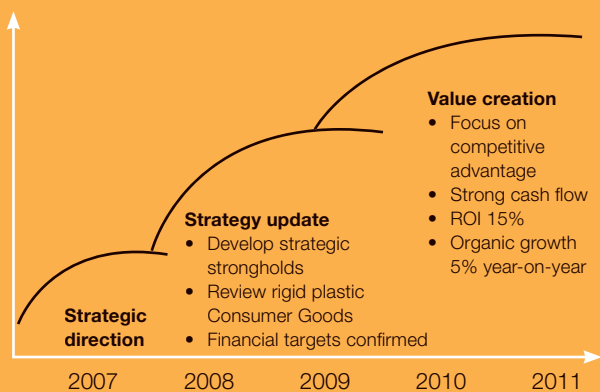
An update of the strategy defined the business strongholds to be smooth and rough molded fiber products, release films, flexible packaging, foodservice led by paper cups, and other products based on Huhtamaki's paper forming technology. At the same time, a review of the rigid plastic consumer goods operations started. Huhtamaki's reporting segments will be updated accordingly starting in 2009. Reorganization and closures of production in Europe and North America as well as inaugurations of new flexible and foodservice packaging production in Asia have supported the strategy in 2008.

#### Strong cash flow

In the short term, emphasis will be on debt reduction and core stronghold businesses will focus on organic development targeting approximately 5% growth year-on-year. Improving cash flow is also an important focus area where significant progress was made in 2008. Huhtamaki's financial targets, return on investment (ROI) at 15% and dividend payout ratio of 40%, remain unchanged.



#### Strategic direction



*Huhtamaki has a large share of the North American market for Frozen dessert packaging and a majority of the shaped paper ice cream container market.*





**692**  
net sales MEUR

**24.8**

EBIT before non-recurring items MEUR

**45.4**

operative cash flow MEUR



Personnel at year-end

**4,515**



**13**

Number of manufacturing units

Share of net sales

**30%**



## Flexibles and Films Global

Flexibles and Films functioned as one global business segment in 2008. Flexibles are used for food, pet food and non-food consumer packaging, while Films are mainly used for technical applications in the label, adhesive tape, hygiene and health care industries as well as the building and construction, automotive, packaging and graphic art industries.

In the global flexibles packaging market, Huhtamäki is a significant player in chosen niche markets such as tube laminates and pet food retort laminates. In India, Huhtamäki is the market leader, and significant investments have been made to further increase flexible packaging capacity in Asia.

In release films, Huhtamäki is the global market leader. Excellent coating capabilities and focus on new product development and innovation drive the organic growth of the Films business.

As of January 1, 2009, this business segment was divided into Flexibles Global and Films Global.

## Five business segments

In 2008, the geographical reporting segments (Europe, Americas, Asia-Oceania-Africa) were replaced with five segments to improve transparency. These segments – Flexibles and Films Global, Rigid Europe, Molded Fiber Europe, Rigid and Molded Fiber Americas and Rigid and Molded Fiber Asia-Oceania-Africa – were in line with the internal management structure.

During the year, Huhtamäki continued the work to identify the businesses where it has a competitive advantage, a good market position, and which create value for Huhtamäki and its customers. The reporting segments were revised to reflect the new strongholds. Starting 2009, the six segments are: Flexibles Global, Films Global, North America, Rough Molded Fiber Global, Foodservice Europe-Asia-Oceania and Rigid Consumer Goods Plastics.



**210**  
net sales MEUR

**-0.2**

EBIT before non-recurring items MEUR

**12.3**

operative cash flow MEUR



Personnel at year-end

**2,034**



**17**

Number of manufacturing units

Share of net sales

**9%**



## Rigid and Molded Fiber Asia-Oceania-Africa

Rigid paper and plastic packaging serves the foodservice and consumer goods markets in Asia, Oceania and Africa and the Molded Fiber business produces fresh product packaging, such as egg and fruit trays. Customers for rigid products are both global and local, while Molded Fiber customers are local producers.

In Foodservice, Huhtamäki has a leading position in the key foodservice markets in Greater China, Singapore and Oceania with core products serving 50% of the market. The lead has been developed through early entries into the market, substantial paper capabilities as well as dedicated local customer relationships. Significant growth is expected in Asia and Huhtamäki is at pole position to benefit from the growth. In Molded Fiber, Huhtamäki has leading market positions in Oceania and South Africa in egg and fruit packaging.

As of January 1, 2009, this business segment was included in the Foodservice Europe-Asia-Oceania, Rigid Consumer Goods Plastics and Rough Molded Fiber Global segments.

## Huhtamäki Oyj Group Executive Team January 1, 2009



**Jukka Moisio**  
CEO



**Timo Salonen**  
CFO



**Juha Salonen**  
Senior Vice President,  
Administration and  
General Counsel



**Clay Dunn**  
Executive Vice  
President,  
Americas and Rough  
Molded Fiber Global



**Suresh Gupta**  
Executive Vice  
President,  
Flexibles Global



**Eric Le Lay**  
Executive Vice  
President,  
Foodservice  
Europe-Asia-Oceania



**Peter Wahsner**  
Executive Vice  
President,  
Films Global



**626**  
net sales MEUR

**9.0**

EBIT before  
non-recurring  
items MEUR

**46.4**

operative  
cash flow MEUR



Personnel at  
year-end

**3,604**



**13**

Number of manufacturing units

Share of net sales

**28%**



## Rigid Europe

Rigid Europe supplies European foodservice and consumer goods markets with rigid paper and plastic disposable tableware as well as fresh food, dairy, ice cream and edible fat packaging. The main customers are foodservice operators, fast food restaurants and food manufacturers.

Foodservice is a business where Huhtamaki has an attractive position and growth outlook, while the Consumer Goods business operates in a very competitive environment. Due to challenges in competitiveness and lower than average profitability it was decided to review strategic alternatives for the rigid plastic Consumer Goods operations. In Foodservice, Huhtamaki has a leading position in the key categories – quick service restaurant, catering and vending products – paper cups being the spearhead product. Significant growth is expected in Eastern Europe and Huhtamaki is at pole position to benefit from the growth.

As of January 1, 2009, this business segment was included in the Foodservice Europe-Asia-Oceania and Rigid Consumer Goods Plastics segments.



**138**  
net sales MEUR

**10.3**

EBIT before  
non-recurring  
items MEUR

**10.6**

operative  
cash flow MEUR



Personnel at  
year-end

**922**



**6**

Number of manufacturing units

Share of net sales

**6%**



## Molded Fiber Europe

Molded Fiber serves the European market with fresh product packaging, such as egg and fruit trays, as well as protective packaging. The raw material is 100% recycled paper, which makes the products compostable and environmentally friendly. Huhtamaki also designs its own pulp molding machinery and process technology.

In Europe, Huhtamaki is one of two major players in the market and has a 30% market share in egg and fruit packaging.

As of January 1, 2009, this business segment was included in the Rough Molded Fiber Global segment.



**608**  
net sales MEUR

**45.3**

EBIT before  
non-recurring  
items MEUR

**53.3**

operative  
cash flow MEUR



Personnel at  
year-end

**3,512**



**16**

Number of manufacturing units

Share of net sales

**27%**



## Rigid and Molded Fiber Americas

Rigid and Molded Fiber Americas serves the retail, frozen dessert and foodservice industry with rigid paper and plastic packaging. This product segment is complemented with Chinnet® disposable tableware products made with molded fiber technology.

Huhtamaki's brand Chinnet is the market leader for premium tableware. Chinnet molded fiber plates and bowls are made from 100% pre-consumer recycled fiber and are certified biodegradable. Huhtamaki's market position is strong in Frozen desserts, Foodservice four-cup carriers and premium disposable dishes and cups.

As of January 1, 2009, this business segment was called North America, except for the South American businesses which were included in the Rough Molded Fiber Global and Rigid Consumer Goods Plastics segments.

## Business year 2008

### Flexibles and Films Global

The year in Flexibles was characterized by the increase in material costs and strong growth in Asia while sales in Europe and North America remained modest. In Films, the profitability trend recovered after a weak start to the year but declined again towards the end of the year.

In Europe, Flexibles sales growth in confectionery was strong, tube laminate market development was stable and the retort laminate pet food market was soft. The enterprise resource planning system was implemented on schedule without major issues. Flexibles North America suffered from soft pet food markets leading to underutilized capacity and unsatisfactory profitability. In November, Huhtamaki decided to discontinue flexible packaging production in North America. In the Asia-Oceania region, Flexibles sales' robust growth partly compensated for the decline of sales in other regions. The new plant in Thailand was completed on schedule and had a successful start to commercial production in July. Also the new plant in Rudrapur, India, achieved full capacity utilization during the year. With the reconstruction of capacity in Thane, India, Huhtamaki now holds a firm position in Asia's growing but competitive flexible packaging market.

In Films, the position in release films remained strong in Europe and North America. In North America, where the Films production mainly serves the roofing industry, the year was successful. Hygiene and health care products, such as siliconized single wrap films, also showed growing sales.

In 2009, emphasis in Flexibles will be on the time-to-market approach in further development of retort flexible packaging and tube laminate products. Films will focus on continued and accelerated growth in release films, the core strategic product line.



#### Meeting packaging demand in Thailand

- An EUR 17 million investment was made to start a second flexible packaging facility in Bangkok
- Serving customers since August 2008
- Designed to be the best in packaging hygiene
- Huhtamaki now has seven Flexibles sites in Asia

### Rigid and Molded Fiber Asia-Oceania-Africa

2008 was a turbulent year for Rigid and Molded Fiber Asia-Oceania-Africa with a slowdown in demand, rapid raw material cost increases, volatility in currency exchanges as well as a slower than planned generation of new business for the new rigid packaging plant in Guangzhou, China.

Regardless of the challenges, the business was able to leverage many of the opportunities in China and kept a leading position in the foodservice market in Greater China, Singapore and Oceania.

#### Guangzhou facility serves growth targets

- New and larger rigid packaging facility started operations in Guangzhou, China, early 2008
- Together with Tianjin facility in North China, plays an important role in supporting Huhtamaki's Foodservice growth targets
- In Greater China, Foodservice market expected to grow 10% a year

Double-wall hot cup sales almost doubled in Oceania and cold cups with detachable game pieces developed for the Beijing Olympic Games was a successful product in China. The BioWare® range, introduced in Oceania, was extremely well received.

In 2009, the focus will be on capturing the growth opportunities in Asia, particularly in China. Huhtamaki is one of the few companies offering service throughout the world and holds leadership positions in foodservice markets in countries such as Taiwan, Singapore, China, Australia, and New Zealand. The review of strategic alternatives for the rigid plastic Consumer Goods business in Oceania is ongoing. The Asian business and the Foodservice units in Oceania will become part of the Foodservice Europe-Asia-Oceania segment. There will be synergies created particularly in areas of global customer interface and new product offerings and developments.



## Rigid Europe

In 2008, sales growth experienced at the beginning of the year turned into decline in the second half. In Foodservice, sales were significantly up from the previous year with solid growth above the global market's growth. Business in the UK was restructured and the Consumer Goods business discontinued. The process was finalized on schedule and had a negative impact on sales.

### Strategic review of rigid plastic Consumer Goods

- Consumer Goods rigid plastic business is a very competitive business environment and Huhtamaki has few advantages
- Profitability has been below the Huhtamaki average
- Different strategic alternatives are currently being reviewed for this business
- Foodservice – with paper cups as a good growth basis – remains a stronghold



Sales growth was also offset by market softness in the Ice Cream category.

Raw material and oil prices kept increasing until the fourth quarter and created, together with the global economic downturn, considerable uncertainty on the European market, also in forecasting customer demand. However, both Foodservice and Consumer Goods were able to defend their margins through cost reductions in operations and active pricing management.

Safety at the production sites was once again improved and the number of accidents was almost halved. The target to minimize the number of accidents will continue to be a focus area.

In 2009, rigid plastic Consumer Goods operations will be organized as a separate business entity and at the same time the operational model in both Consumer Goods and Foodservice businesses will be simplified for improved accountability. An important goal is to create leaner and more efficient organizations for these businesses. The Foodservice business in Europe, Asia and Oceania will merge into one segment for an improved service and product offering to key customers.

## Molded Fiber Europe

2008 was a rewarding year for Molded Fiber Europe, which achieved a solid financial performance. The global economic downturn had a modest impact on the business. In Central and Eastern Europe, performance was stable and elsewhere challenges with new generation egg carton penetration eased up towards the end of the year. In Russia, Huhtamaki was able to capture the growth potential through added capacity.

Due to the energy intensiveness of production, energy pricing was a significant challenge. The matter was tackled by successful cost cut initiatives. Operational efficiency was also constantly improved and a full lifecycle analysis was conducted on molded fiber egg cartons.

Egg carton product development was intense in the market. A new generation egg carton Effect™ was developed and gradually able to compete with the competitor options. Throughout

the year, Huhtamaki was able to keep a steady foothold in the challenging market conditions.

In 2009, emphasis will be put on integrating rough molded fiber businesses into a global segment, getting the global business model to work properly, on improving profitability and making better use of best practice sharing.

### Production efficiency improved in France

- Molded Fiber Europe's major investment in 2007–2008 was made at the La Rochelle facility
- The revitalized production unit manufactures egg cartons, fruit and egg trays as well as bottle dividers
- Target is to reduce the cost base and improve profitability

## Rigid and Molded Fiber Americas

During 2008, the Retail business grew in double digits due to product line expansion and growth from new products such as Chinet® Cut Crystal plastic cups and Chinet® Comfort Cup™ paper cups. Plastic thermoformed cups also gained a good position. In the retail market, Huhtamaki holds a 10% market share, and in retail dish sales, a 15% market share with Chinet® molded fiber plates.

The Consumer Goods Frozen dessert business continued to be stable throughout the year while the Foodservice businesses experienced softness. In Frozen desserts, many customer companies in the industry changed their packaging sizes. The smooth size transition demonstrated the value and flexibility of the Huhtamaki Systems – machinery provided to customers by Huhtamaki to form and fill paper frozen dessert packaging.

Despite the changes in demand and costs, profits for the year were at a good level. Also net sales grew in local currencies but showed decline after currency translations into euro.

In 2009, the segment will continue to build on employee

engagement and safety culture. The closure of the rigid plastic operations in Phoenix, Arizona will be finalized during the first half of the year and the manufacturing equipment and operations will be consolidated into the plastics operations in Coleman, Michigan and New Vienna, Ohio. Leveraging the Huhtamaki Systems, increasing the growth of the Retail business and improving profitability in Foodservice will be continued.

### Chinet® products gain market share

- Chinet® is the number one brand of premium disposable tableware in North America
- Holds an estimated 10% share of total EUR 2.5 billion retail tableware sales in the US
- In 2008, 10% of pink Chinet® Casuals™ plate sales were donated to Susan G. Komen for the Cure®
- Product sales are supported by a consumer website [www.mychinet.com](http://www.mychinet.com)



## Employees

Huhtamaki is committed to the development and well-being of its employees. The Global Human Resources network, consisting of professionals at Group, Business Segment and local level, supports management in all human resource matters with particular focus on attracting, retaining, developing and motivating employees and ensuring compliance with legislation and regulations.

Focus on employee development and motivation is supported by several global human resource processes, such as Management and Succession Planning, Performance Review as well as Management and Leadership Development. Performance Reviews are well established with almost 20 years of practice and ensure the alignment of individual efforts with the strategy as well as strengthen employee competencies, motivation and commitment.

Leadership development programs have long traditions within the company. In 2008, a new management and leadership program "Navigate" was launched. "Creating Customer Value" program was designed in order to refresh the key concepts of creating value and customer focus as well as to strengthen the cooperation between the sales and operations teams.

The Lean Six Sigma continuous improvement program has been operating since 2005, and going into 2009, will include all businesses and manufacturing locations. The new culture that fosters continuous improvement and cooperation has enabled the achievement of major success in the areas of safety, quality improvement,

production efficiency, product line flexibility and

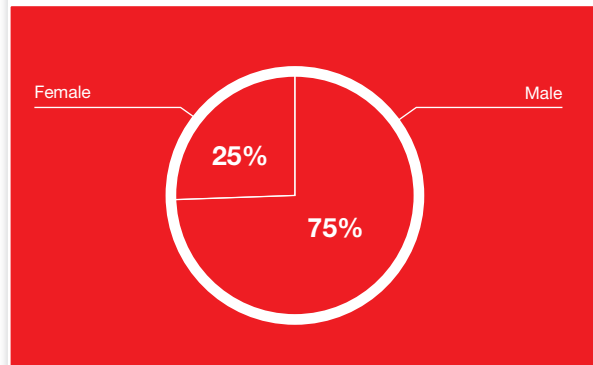
waste reduction. Being part of the Six Sigma project teams has led to an enormous sense of accomplishment amongst the employees and the enthusiasm, paired with pride, has had a very positive effect on the company culture.

The first Sustainability Report was published in 2008 providing information on both the social and

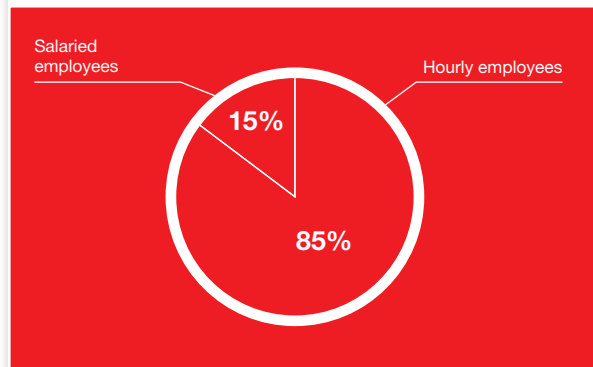
environmental actions that Huhtamaki is taking to further improve its sustainability.

During 2008, the Human Resources as well as the Legal and Communications functions supported the restructuring processes and planned redundancies

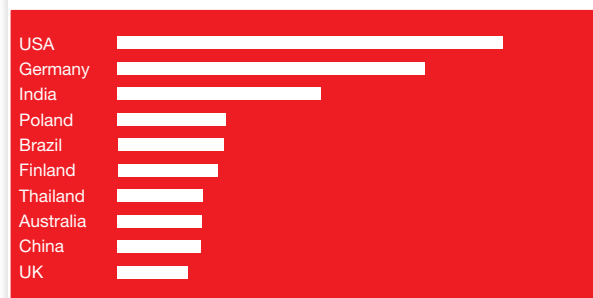
Gender distribution (%)



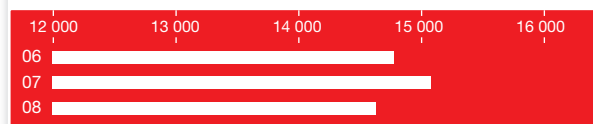
Hourly and salaried employees (%)



Number of employees by country (10 largest countries)



Number of employees, year-end



The Lean Six Sigma continuous improvement program involves employees directly in the ongoing improvement of the business.

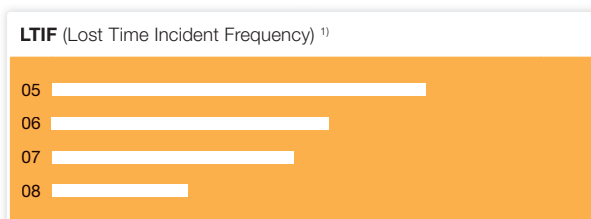
by active internal communication and cooperation. Due to the overall rapid business expansion in China, India and Thailand, the recruitment of managerial talent and skilled labour for the new operations in these regions proved to be challenging.

Moving into 2009, Huhtamaki will focus on the stronghold businesses. Execution of the updated strategy and ongoing communication to the personnel need to be

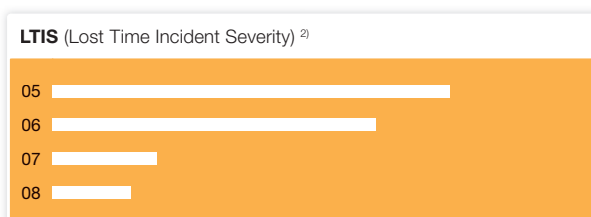
ensured. The corporate goals will be cascaded into the organization through performance management. Organizational transformation is supported by leadership development, change management and increasing the clarity of roles and responsibilities. The Human Resources function works in cooperation with the management to ensure effective human resources policy and process design and implementation.

## Health & Safety

Building a safe work environment and a culture that focuses on safe practices is a clear way to demonstrate that each and everyone cares about the wellbeing of the people with whom they work. Important steps in improving safety performance have been completed during the last few years. Employees are trained to rethink their behavior and to be proactive in identifying potential risks. A fostering culture in which all employees feel responsible for maintaining a safe work environment has been introduced. Means and programs differ between cultures but the target to improve safety remains the same. Communicating results on the site level encourages improvement measures.



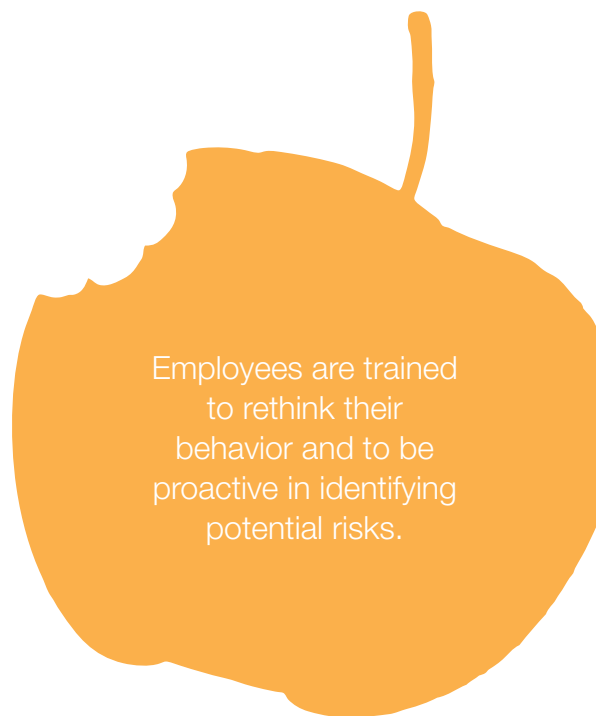
**Yet another strong year in terms of occupational health and safety performance with an 40% improvement in the LTIF (Lost Time Incident Frequency) rate compared to 2007. The 50% reduction of the LTIF rate by year-end 2011 is well supported by this years performance.**



**The LTIS (Lost Time Incident Severity) rate improvement in 2008 does not reflect the strong LTIF improvement. The focus to reduce severe incidents will continue in 2009.**

In 2008, the Lost Time Incident rate reduced 40% compared to 2007. The incident reduction target was supported by the launch of the “Be safe” program at many sites. The success of the program proved itself when incident rates outdid the targeted levels. Severe accidents were also subject to special monitoring.

Safety actions and incident levels are monitored at the site level and consolidated to Group level. In 2007, Huhtamaki set a target to halve the current Lost Time Incident Frequency (LTIF) and Severity (LTIS) rate by the end of 2011. Striving towards an incident-free workplace means that safety will continue to be a priority and is supported by the ethical principles, safety programs and employee education.



A Lost Time Incident (LTI) is defined as an accident or injury resulting in an employee missing one full shift that is regularly scheduled for the employee.

1) Lost Time Incident Frequency (LTIF) = (LTI divided by worked man-hours) \* 1,000,000 hours.

2) Lost Time Incident Severity (LTIS) = (Lost time hours divided by worked man-hours) \* 1,000,000 hours.



## Sustainability and the necessity of packaging

Through a diverse range of initiatives, the environmental performance of packaging can be impacted in a concrete way. In packaging manufacturing, the environmental performance of operations plays an important role. Product life cycle analysis and understanding environmental aspects of the supply chain justify the purpose of packaging. With the appropriate packaging, food can be brought fresh to the consumer from the producer or manufacturer, decreasing the amount of food going to waste.

Together with the European Moulded Fibre Association, a lifecycle analysis on molded fiber packaging was finalized in 2008. Lifecycle analyses also for other packaging are being prepared internally as well as together with relevant organizations.

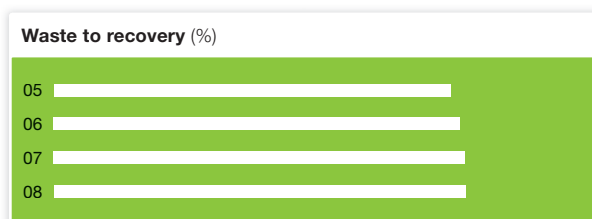
### Environmental targets support operational sustainability

Operational sustainability means a constant strive to improve the eco-efficiency of manufacturing units. Long-term and annual targets are based on environmental and social performance indicators as defined in the Global Reporting Initiative (GRI)\* guidelines. Performance is benchmarked internally in order to further focus efforts on the essential issues and to better share best practices. The most significant direct environmental aspects of the operations are energy consumption, emissions to air and solid waste.

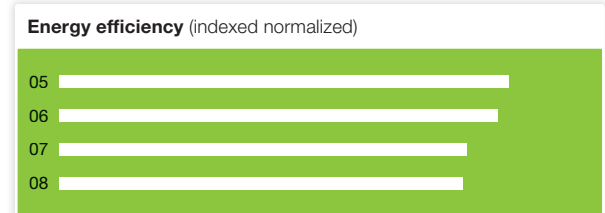
During 2008, progress was made in some of the target areas while others stand as challenges which require long-term solutions. Shifts in the product mix and production inefficiencies are less easy to predict and impact environmental performance with regard to waste, emissions and energy consumption.

In 2007, the long-term sustainability targets were renewed and targets were set for 2008–2011.

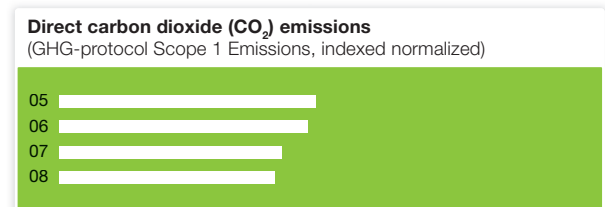
The waste to recovery indicator, targeting a 95% rate in 2011 for all waste leaving production, was slightly improved during the year. The recovery performance has continued to improve already for several years.



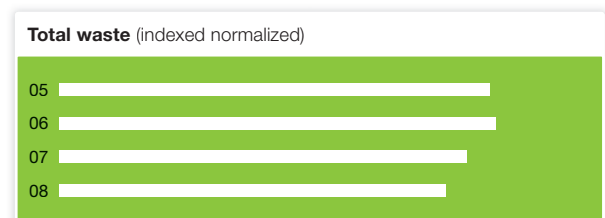
\* Global Reporting Initiative (GRI) develops and disseminates globally applicable "Sustainability Reporting Guidelines" for voluntary use by organizations reporting on their environmental, social and financial performance.



A relative improvement of 15% has been set as the target for the energy efficiency of production in 2011. Energy efficiency improved slightly in 2008, but major improvements stand as challenges which require long-term solutions.

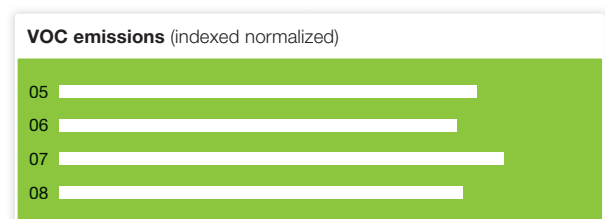


A relative reduction of 15% has been set for CO<sub>2</sub> emissions in 2011. The CO<sub>2</sub> emissions reduction of 3% in 2008 was good and supports continued improvement targets.



A 20% relative reduction has been set as a target for the total amount of waste per ton of packaging during 2008–2011. Huhtamaki has reduced the total amount of waste year-on-year since 2006 and 2008 showed yet another year of reduced total waste, supporting the 2011 target level.

New volatile organic compound (VOC) emission abatement equipment reduced total VOC emissions by 9% in 2008. Due to constant changes in production, a numeric target is compensated by the continuous work to reduce VOC emissions.



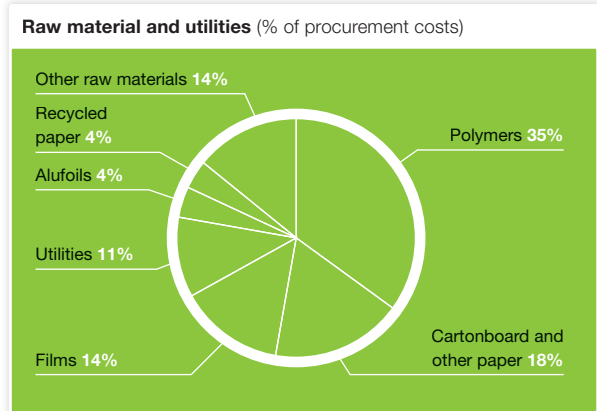
In addition to the operational environmental targets, externally certified Environmental Management Systems or internally audited programs are implemented at 48% (47% of the sites, hygiene management systems at 57% (50%) and 69% (60%) have a certified ISO 9001 quality system. External environmental audits are carried out on some 60% of the current asset base annually, totaling 31 site visits in 2008.

**Product Sustainability**



Product sustainability means that the environmental impact of packaging is reduced without sacrificing functional properties or the highest standards of hygiene and safety. The biggest environmental impacts of packaging, for example, arise at the upstream stages such as in food preparation, thus giving food protection and barrier properties an active role.

The BioWare® range of environmentally friendly packaging was introduced successfully in Oceania. The range was further developed to also include packaging beyond foodservice products. The BioWare offering now includes biocoated paperboard packaging for ice cream and chilled dairy products, as well as films for hygiene and health care, food and non-food packaging.



Raw materials and utilities account for close to half of Huhtamaki's total sales revenue. Raw material costs, especially for polymers and other raw materials, remained high during the year with a rapid decline at year-end.

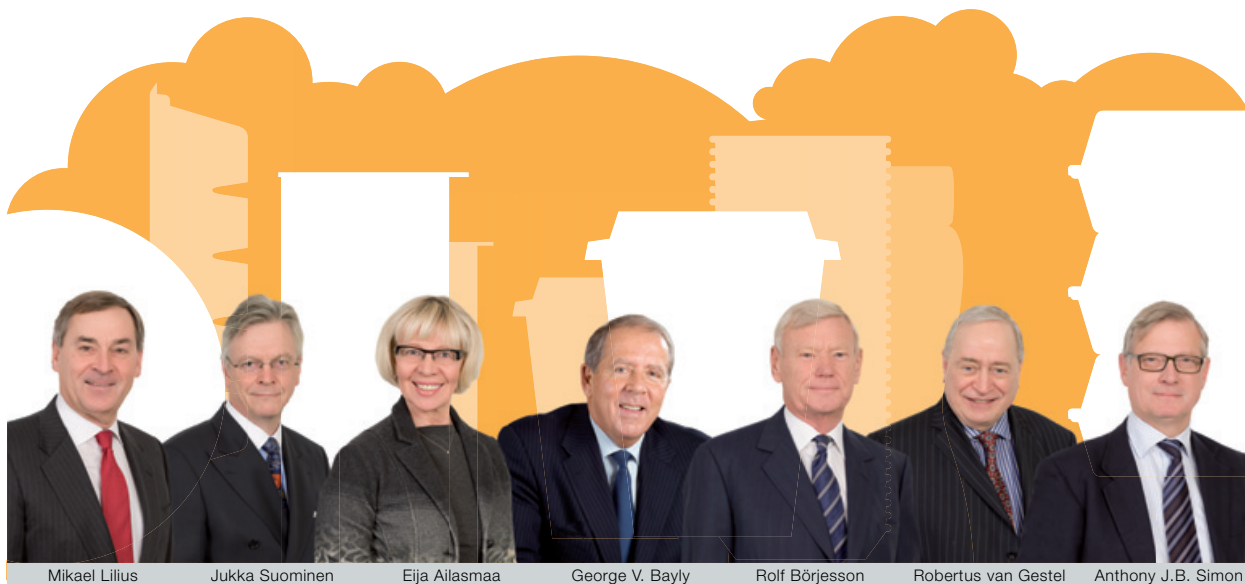
For more information on Huhtamaki and sustainability, please visit [www.huhtamaki.com](http://www.huhtamaki.com). Huhtamaki's 2008 Sustainability Report will be published on the website in May 2009.

*Bulkan containers for ice cream are shipped flat to the producer and assembled on site. Flat components reduce empty space transportation and storage costs. Huhtamaki has a 33% share of the total market for frozen dessert shaped packaging in North America.*



Huhtamäki Oyj's share is included in the Kempen SRI (Socially Responsible Investment) index. Companies whose business ethics, personnel management and environmental protection fulfill the index's criteria across all dimensions are approved as components.

# Huhtamäki Oyj Board of Directors, as of March 31, 2008



## Chairman **Mr. Mikael Lilius** (1949)

Date of election: March 30, 2005

**Main occupation:** Fortum Oyj, CEO

**Education:** B.Sc. (Econ)

**Primary working experience:** Gambro AB, CEO; Incentive AB, CEO; KF Industri AB, CEO; Huhtamäki Oyj, President of the Packaging Division

**Key positions of trust:** Sanitec Oy, Vice-Chairman of the Board; Hafslund ASA, Board

**Shares on December 31, 2008:** 50,000

## Vice-Chairman **Mr. Jukka Suominen** (1947)

Date of election: March 30, 2005

**Education:** M.Sc. (Eng), B.Sc. (Econ)

**Primary working experience:** Silja Oyj Abp, Group CEO

**Key positions of trust:** Fiskars Oyj Abp, Board; Rederiaktiebolaget Eckerö, Chairman of the Board; Merivaara Oy, Chairman of the Board; Varustamoliikelaitos (Finstaship), Board; The Finnish Cultural Foundation, Supervisory Board  
**Shares on December 31, 2008:** 3,000

## **Ms. Eija Ailasmaa** (1950)

Date of election: March 22, 2004

**Main occupation:** Sanoma Magazines B.V., CEO

**Education:** M.Pol.Sc.

**Primary working experience:** Various SanomaWSOY Group executive roles, including President of Helsinki Media and Sanoma Magazines Finland magazine publishing subsidiaries; Editor-in-chief for the family magazine Kodin Kuvaletti in 1985–1989

**Key positions of trust:** Solidium Oy, Vice-Chairman of the Board; Rotterdam School of Management, Erasmus University, Advisory Board

**Shares on December 31, 2008:** 1,000

## **Mr. George V. Bayly** (1942)

Date of election: March 28, 2003

**Main occupation:** Whitehall Investors, LLC, Consultant; Altivity Packaging, LLC, Chairman & CEO

**Education:** MBA

**Primary working experience:** U.S. Can Company, Co-Chairman; Ivex Packaging Corporation, Chairman, President & CEO; Olympic Packaging, Inc., Chairman, President & CEO; Packaging Corporation of America (PCA), Senior Vice President

**Key positions of trust:** Treehouse Foods, Inc., Board; Acco Brands Corporation, Inc., Board; John G. Shedd Aquarium, Board; Miami University, Board; United Way, Chicago, Board; Whitehall Investors, LLC, Board

**Shares on December 31, 2008:** -

## **Mr. Rolf Börjesson** (1942)

Date of election: March 31, 2008

**Education:** M.Sc. (Chemical Engineering)

**Primary working experience:** Rexam PLC, Chairman of the Board (2004–2008) and the CEO and Board member (1996–2004)

**Key positions of trust:** Ahlsell AB, Chairman of the Board; Svenska Cellulosa Aktiebolaget SCA (publ), Board; Avery Dennison Corporation, Board

**Shares on December 31, 2008:** -

## **Mr. Robertus van Gestel** (1946)

Date of election: March 22, 2004

**Main occupation:** Proudfoot Consulting

Europe, Deputy President

**Education:** MBA, PhD

**Primary working experience:**

Ford Motor Company; GTE; Mannesmann Tally; Anglo-Dutch Investments, Inc.

**Key positions of trust:** MCG PLC, Partner; Moore Hall Investments Ltd., Chairman of the Board

**Shares on December 31, 2008:** -

## **Mr. Anthony J.B. Simon** (1945)

Date of election: October 7, 1999

**Main occupation:** Unilever N.V., President Marketing, retired

**Education:** MA, MBA

**Primary working experience:** Unilever, Bestfoods, Corporate Vice President; Bowater Paper Corporation, Packaging Division

**Key positions of trust:** -

**Shares on December 31, 2008:** 1,248

**Mr. Paavo Hohti** acted as a member of the Board of Directors until the Annual General Meeting of Shareholders held on March 31, 2008.

## **Remuneration of the Board members**

The AGM is resolving upon remuneration for the Board of Directors. In 2008, the annual compensation for the Chairman of the Board was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were paid in accordance with the Company policy. None of the Board members receives any other remuneration from the Company than that based on Board membership. The Company's option rights plans do not extend to the Board members. There is no pension scheme for the Board members.



# Huhtamäki Oyj Group Executive Team as of January 1, 2009

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**Mr. Jukka Moisio** (1961)

*Chairman, Chief Executive Officer (CEO)*

**Education:** M.Sc. (Econ), MBA

**Joined the company:** 2008

**Primary working experience:** Ahlstrom Corporation (1991–2008), several different roles, latest position as CEO

**Key positions of trust:** -

**Shares on December 31, 2008:** 25,900

**Option rights on December 31, 2008:** 2006 B 80,000, 2006 C 80,000

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**Mr. Timo Salonen** (1958)

*Chief Financial Officer (CFO)*

**Education:** M.Sc. (Econ), LL.M.

**Joined the company:** 1991

**Primary working experience:** Huhtamäki Oyj (1991–), several different roles, previous positions as Executive Vice President, Strategy and Development, Executive Vice President, Europe Rigid Packaging as well as CFO; Partek Corporation (1983–1991), several different roles, latest position as Division Controller, Partek Concrete International, Belgium

**Key positions of trust:** -

**Shares on December 31, 2008:** 30,000

**Option rights on December 31, 2008:** 2003 A 19,850, 2003 B 25,000, 2003 C 25,000, 2006 A 40,000, 2006 B 40,000, 2006 C 50,000

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**Mr. Juha Salonen** (1949)

*Senior Vice President,  
Administration and General Counsel,  
Secretary of the Board of Directors*

**Education:** LL.M., B.Sc. (Econ)

**Joined the company:** 1983

**Primary working experience:** Huhtamäki Oyj (1983–), several different roles, previous position as Group Vice President, General Counsel; Finnish Employers' Association (1979–1982), Legal Advisor; Attorney (1977–1979); several different positions in courts (1974–1977)

**Key positions of trust:** Member of the Finnish Takeover Panel

**Shares on December 31, 2008:** 5,000

**Option rights on December 31, 2008:** 2003 A 10,000, 2003 B 7,500, 2003 C 10,000, 2006 A 15,000, 2006 B 25,000, 2006 C 35,000

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**Mr. Clay Dunn** (1957)

*Executive Vice President, Americas and Rough Molded Fiber Global*

**Education:** BBA (Marketing and Management)

**Joined the company:** 2005

**Primary working experience:** Dow Chemical Company (1979–2005), several different roles, latest position as Vice President, Global Sourcing

**Key positions of trust:** -

**Shares on December 31, 2008:** 5,000

**Option rights on December 31, 2008:** 2003 C 15,000, 2006 A 40,000, 2006 B 50,000, 2006 C 50,000

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**Mr. Suresh Gupta** (1952)

*Executive Vice President, Flexibles Global*

**Education:** M.M.S. (Management)

**Joined the company:** 1999

**Primary working experience:** Huhtamäki Group (1999–), previous position as Senior Vice President, Flexibles and Films Asia-Oceania; The Paper Products Ltd., (1987–), Deputy Managing Director, Managing Director and CEO; Almana Group (1983–1987), Executive Director.

**Key positions of trust:** Paper, Film & Foil Convertors Association, India, President

**Shares on January 1, 2009:** -

**Option rights on January 1, 2009:** 2003 C 10,000, 2006 A 13,000, 2006 B 20,000, 2006 C 25,000

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**Mr. Eric Le Lay** (1962)

*Executive Vice President,  
Foodservice Europe-Asia-Oceania*

**Education:** MBA

**Joined the company:** 2008

**Primary working experience:** Amcor Limited (1997–2008), several different roles, latest position as Managing Director, Chilled Foods Europe; Amcor United Biscuits (1996–1997); Johnson & Johnson International S.A. (1994–1996); Kraft General Food France S.A. (1986–1994)

**Key positions of trust:** -

**Shares on December 31, 2008:** -

**Option rights on December 31, 2008:** 2006 B 30,000, 2006 C 40,000

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**Mr. Peter Wahsner** (1962)

*Executive Vice President, Films Global*

**Education:** M.Sc. (Business Management)

**Joined the company:** 2008

**Primary working experience:** Huhtamäki Group (2008–), previous position as Senior Vice President, Films Global; Chesapeake (2006–2007), Director, Pharmaceuticals & Healthcare Division; Huhtamäki Group (2004–2005), Division President, Molded Fiber Europe; Rexam PLC (2001–2004), Managing Director, Healthcare Flexibles Division, Europe & Asia

**Key positions of trust:** -

**Shares on January 1, 2009:** -

**Option rights on January 1, 2009:** 2006 B 20,000, 2006 C 25,000

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**Remuneration of CEO**

Jukka Moisio's salary and benefits in the year 2008 amounted to EUR 397,674. He received 80,000 option rights marked as 2006 B and 80,000 option rights marked as 2006 C during the year 2008.

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**Remuneration of Group Executive Team members**

The remuneration of the Group Executive Team (GET) is determined by the Board of Directors. In 2008, the aggregate compensation including the benefits to the GET members excluding the CEO was EUR 1,729,814, which included EUR 223,020 of incentive related pay based on the year 2007.

The GET members excluding the CEO had, on December 31, 2008, an aggregate of 577,350 option rights under the Option Rights Plans 2003 and 2006. In 2008, a total of 175,000 new option rights were granted to the GET members excluding the CEO.

## Group income statement (IFRS)

EUR million	2008	2007
<b>Net sales</b>	<b>2,260.0</b>	<b>2,311.0</b>
Cost of goods sold	-2,043.2	-2,028.0
<b>Gross profit</b>	<b>216.8</b>	<b>283.0</b>
Other operating income	21.6	31.9
Sales and marketing	-84.8	-83.6
Research and development	-16.2	-17.8
Administration costs	-117.2	-122.6
Other operating expenses	-94.7	-62.8
	-291.3	-254.9
<b>Earnings before interest and taxes</b>	<b>-74.5</b>	<b>28.1</b>
Financial income	10.0	9.2
Financial expenses	-55.7	-51.7
Income of associated companies	0.5	0.4
<b>Result before taxes</b>	<b>-119.7</b>	<b>-14.0</b>
Income tax expense	9.5	-6.2
<b>Result for the period</b>	<b>-110.2</b>	<b>-20.2</b>
Attributable to:		
Equity holders of the parent company	-111.9	-22.5
Minority interest	1.7	2.3
Basic earnings per share (EUR) for the shareholders of parent company	-1.12	-0.22
Diluted earnings per share (EUR) for the shareholders of parent company	-1.12	-0.22

### Definitions for key indicators

Earnings per share = 
$$\frac{\text{Profit before taxes} - \text{minority interest} - \text{taxes} - \text{interest of hybrid bond}}{\text{Average number of shares outstanding}}$$

Earnings per share (diluted) = 
$$\frac{\text{Diluted profit before taxes} - \text{minority interest} - \text{taxes} - \text{interest of hybrid bond}}{\text{Average fully diluted number of shares outstanding}}$$

## Group balance sheet (IFRS)

EUR million	Dec 31 2008	Dec 31 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	402.4	471.9
Other intangible assets	34.5	41.4
Tangible assets	676.3	799.3
Investments in associated companies	1.9	1.5
Available for sale investments	1.9	1.9
Interest bearing receivables	0.1	0.9
Deferred tax assets	15.1	13.7
Employee benefit assets	62.5	59.2
Other non-current assets	3.7	4.8
	<b>1,198.4</b>	<b>1,394.6</b>
<b>Current assets</b>		
Inventory	296.7	348.5
Interest bearing receivables	2.1	4.6
Current tax assets	9.4	17.9
Trade and other current receivables	377.9	394.8
Cash and cash equivalents	67.8	30.8
	<b>753.9</b>	<b>796.6</b>
<b>Total assets</b>	<b>1,952.3</b>	<b>2,191.2</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	358.7	358.7
Premium fund	104.7	104.7
Treasury shares	-46.5	-46.5
Translation differences	-130.5	-121.1
Fair value and other reserves	-5.0	1.4
Retained earnings	327.5	475.7
<b>Total equity attributable to equity holders of the parent company</b>	<b>608.9</b>	<b>772.9</b>
Minority interest	18.4	20.5
Hybrid bond	75.0	-
<b>Total equity</b>	<b>702.3</b>	<b>793.4</b>
<b>Non-current liabilities</b>		
Interest bearing liabilities	474.7	401.1
Deferred tax liabilities	29.8	38.8
Employee benefit liabilities	103.8	108.8
Provisions	58.4	60.3
Other non-current liabilities	6.5	4.3
	<b>673.2</b>	<b>613.3</b>
<b>Current liabilities</b>		
Interest bearing liabilities		
– Current portion of long term loans	25.2	17.9
– Short term loans	157.3	365.7
Provisions	10.1	8.0
Current tax liabilities	9.8	21.1
Trade and other current liabilities	374.4	371.8
	<b>576.8</b>	<b>784.5</b>
<b>Total liabilities</b>	<b>1,250.0</b>	<b>1,397.8</b>
<b>Total equity and liabilities</b>	<b>1,952.3</b>	<b>2,191.2</b>
Net debt	587.2	748.5
Net debt to equity (gearing)	0.84	0.94

### Definitions for key indicators

Net debt to equity (gearing) =  $\frac{\text{Interest bearing net debt}}{\text{Equity} + \text{minority interest (average)} + \text{hybrid bond}}$



## Group cash flow statement (IFRS)

EUR million	2008	2007
<b>Result for the period*</b>	<b>-110.2</b>	<b>-20.2</b>
Adjustments*	280.0	243.2
– Depreciation, amortization and impairment*	245.9	203.3
– Gain on equity of minorities*	-0.5	-0.4
– Gain/loss from disposal of assets*	-4.3	-8.1
– Financial expense/-income*	45.7	42.5
– Income tax expense*	-9.5	6.2
– Other adjustments, operational*	2.7	-0.3
Change in inventory*	38.2	-14.8
Change in non-interest bearing receivables*	8.2	-3.7
Change in non-interest bearing payables*	2.8	-38.5
Dividends received*	0.5	0.9
Interest received*	1.7	1.3
Interest paid*	-43.2	-42.7
Other financial expense and income*	-2.1	-1.1
Taxes paid*	-5.0	-18.6
<b>Net cash flows from operating activities</b>	<b>170.9</b>	<b>105.8</b>
Capital expenditure*	-74.3	-147.9
Proceeds from selling fixed assets*	7.1	14.3
Proceeds from long-term deposits	3.3	7.2
Payment of long-term deposits	-2.5	-6.1
Proceeds from short-term deposits	33.4	11.5
Payment of short-term deposits	-31.4	-11.0
<b>Net cash flows from investing</b>	<b>-64.4</b>	<b>-132.0</b>
Proceeds from long-term borrowings	489.3	520.2
Repayment of long-term borrowings	-415.9	-434.4
Proceeds from short-term borrowings	2,446.3	2,987.4
Repayment of short-term borrowings	-2,620.5	-2,995.0
Dividends paid	-42.2	-42.2
Hybrid equity	75.0	-
<b>Net cash flows from financing</b>	<b>-68.0</b>	<b>36.0</b>
<b>Change in liquid assets</b>	<b>37.0</b>	<b>8.5</b>
Cash flow based	38.5	9.8
Translation difference	-1.5	-1.3
Liquid assets period start	30.8	22.3
Liquid assets period end	67.8	30.8
Free cash flow (including figures marked with *)	103.7	-27.8

# Investor information

## Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of Huhtamäki Oyj will be held on Friday, April 3, 2009 at 3.00 pm (Finnish time) at Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland.

In order to participate in the AGM, shareholders must be registered in the Company's shareholders' register maintained by the Finnish Central Securities Depository (Euroclear Finland Ltd) on March 24, 2009. Additionally, a shareholder must notify the Company of his or her intention to attend the AGM no later than 6:00 pm on March 30, 2009. The notification can be made as of March 5, 2009 by telephone at +358 (0)800 9 0026 on weekdays from 8:00 am to 6:00 pm, by e-mail to AGM@huhtamaki.com or via the Company's website at www.huhtamaki.com – Investors – AGM 2009. Any proxies must be submitted in original prior to expiry of the notification period by letter to Huhtamäki Oyj, Annual General Meeting, Keilaranta 10, 02150 Espoo, Finland. A holder of nominee registered shares is advised to request necessary instructions regarding the registration in the shareholders' register, the issuance of proxy documents and the notification to participate in the AGM from his or her custodian bank.

The proposals to the AGM and the Annual Accounts are available as of March 5, 2009 to the shareholders at the Company's head office at Keilaranta 10, Espoo, as well as on the Company's website. Copies of the documents are also available at the AGM and will be sent to the shareholders upon request.

## Dividend distribution

The Board of Directors proposes a dividend of EUR 0.34 per share to be paid for 2008. The record date for dividend distribution is April 8, 2009 and the proposed dividend payment date is April 17, 2009.

## Financial reporting in 2009

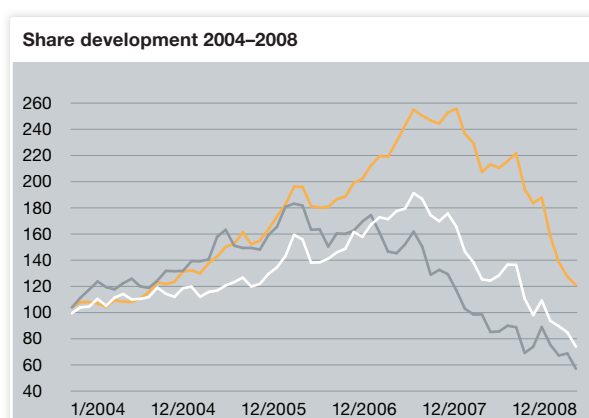
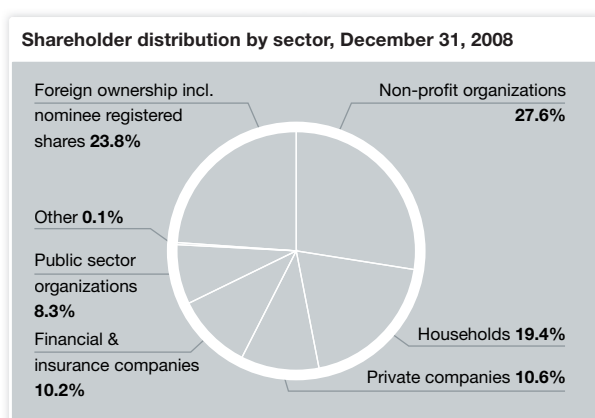
February 10	Results 2008
April 23	Interim Report, January 1 – March 31, 2009
July 23	Interim Report, January 1 – June 30, 2009
October 22	Interim Report, January 1 – September 30, 2009

The financial and other releases are available in Finnish and in English on the Company's website. Kindly order materials online from www.huhtamaki.com – Investors – Order Releases and Publications or by telephone at +358 10 686 7000.

## Share data

At year-end 2008, there were 22,089 registered shareholders. The largest registered shareholder was the Finnish Cultural Foundation. Nominee registrations including foreign ownership accounted for 24%.

The Company's share is quoted on the NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Materials sector. At the end of 2008, the total number of outstanding shares was 105,487,550 including 5,061,089 Company's own shares.



— Huhtamäki, GI — OMX Helsinki Cap, GI  
 — OMX Helsinki Materials, GI



Huhtamäki Oyj investor information, such as consensus estimates and analysts following the Company, is updated online at [www.huhtamaki.com – Investors](http://www.huhtamaki.com – Investors). Investor Relations contact: Kia Aejmelaeus, tel. +358 10 686 7819, e-mail: [ir@huhtamaki.com](mailto:ir@huhtamaki.com)



[www.huhtamaki.com](http://www.huhtamaki.com)

Business Identity Code: 0140879-6

The Annual Report is supplemented by an online version where two interactive cases – Milestones 2008 and Sustainability and the life-cycle of packaging – will be featured, as well as additional investor information. The online Annual Report is available at [www.huhtamaki.com](http://www.huhtamaki.com).

The Annual Accounts 2008, including the Board of Directors' Report and the Corporate Governance Statement, is also available at [www.huhtamaki.com](http://www.huhtamaki.com).