Huhtamaki 2015

Annual Accounts and Directors' Report

Contents

With our global network of manufacturing and sales units, we're well placed to support our customers' growth wherever they operate. Mastering three distinctive technologies we develop and make packaging that helps great products reach more people, more easily.

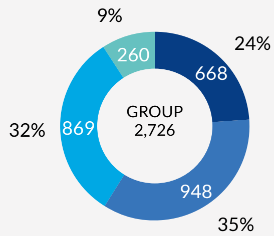
Huhtamaki 2015 in figures

€2,726 million
Net sales

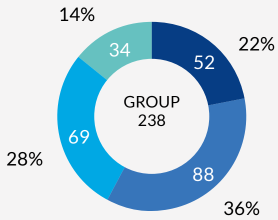
15,844
Number of employees

€1.65
Earnings per share

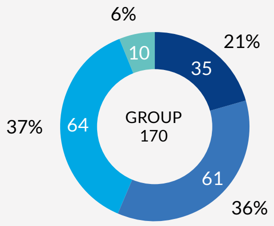
Net sales
EUR million



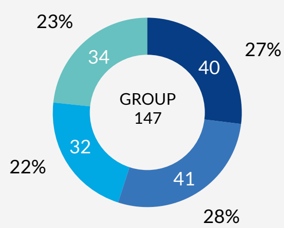
EBIT
EUR million



Operating cash flow
EUR million



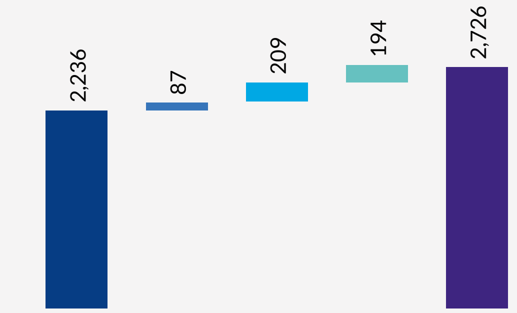
Capital expenditure
EUR million



Foodservice E-A-O
North America
Flexible Packaging
Molded Fiber

Net sales by segment includes internal sales of EUR 18 million.
Group's EBIT of EUR 238 million includes Other activities EBIT of EUR -5 million.

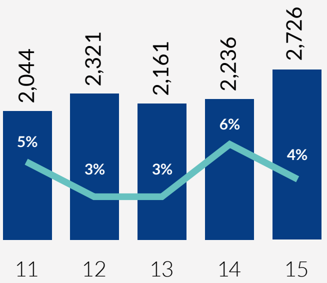
Net sales growth
EUR million



2014 Net sales
Organic growth
Acquisitions
FX impact
2015 Net sales

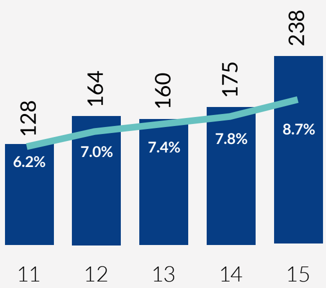
4%
comparable net sales growth

Net sales
EUR million



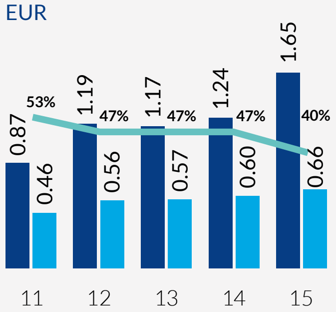
Net sales
Comparable growth

EBIT
EUR million



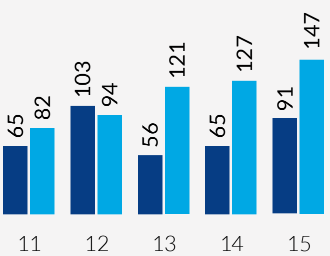
EBIT
EBIT margin

Earnings and dividend per share
EUR



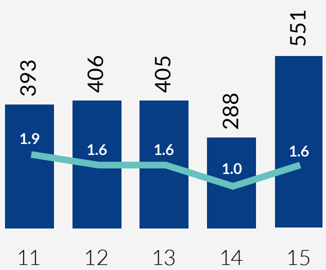
Earnings per share
Dividend per share
Payout ratio

Free cash flow and capital expediture
EUR million



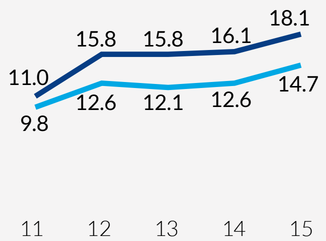
Free cash flow
Capital expenditure

Net debt
EUR million



Net debt
Net debt / EBITDA

Return on investment and equity
%



Return on investment
Return on equity

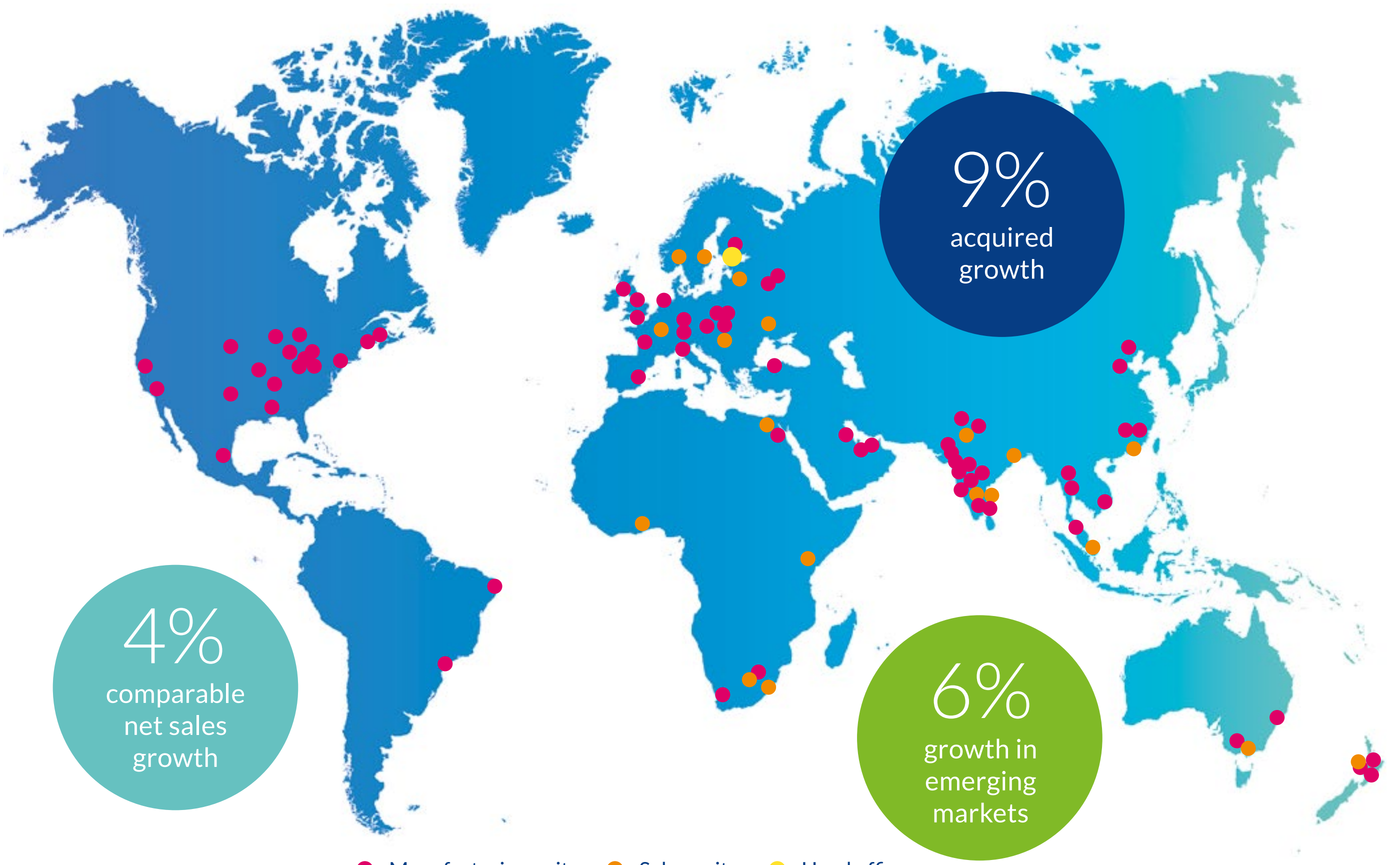
2013–2015 figures are for continuing business. EBIT, EBIT margin, EPS, net debt / EBITDA, ROI and ROE figures are excluding non-recurring items. 2015 dividend as proposed by the Board of Directors. 2012 figures as restated in February 2013.

The global specialist in packaging for food and drink

Our **foodservice** business serves quick service and fast casual restaurants, convenience stores, coffee shops, cafeterias, caterers and vending operators. We offer single and double wall paper cups, paper and plastic plates and bowls, plastic cups, cutlery, and food-to-go packaging. We're a pioneer in exploring and using new, more sustainable materials, such as bio-plastics.

Our **flexible packaging** business produces innovative, high-quality packaging and labels for global and local brands that are a part of everyday life. We offer shelf-appeal and fit-for-purpose material structures for food and drink, pet food, household and hygiene products, as well as pharmaceuticals.

Our **molded fiber** business uses recycled fiber to make egg cartons and trays, fruit trays and cup carriers, as well as other protective packaging.



● Manufacturing unit ● Sales unit ● Head office

"We have a strategic arena that is both exciting and growth-oriented."

Jukka Moisio
CEO

2015 was a great year for Huhtamaki. We reported all-time high profitability and I'm pleased with our performance. Our net sales, earnings, and returns both on investment and equity improved and were supported by strengthened free cash flow. Several factors contributed to our record profitability. Firstly, we completed our multi-year investment plan and had a normalized operating year in North America. Secondly, we integrated a profit-enhancing acquisition in India and United Arab Emirates, and in addition we continued our innovation and capital expenditure driven organic growth program in our molded fiber business.

The business environment was in general positive in 2015. Previously experienced currency headwinds turned to tailwinds with the main impact coming from the strengthening of the US dollar versus euro. Prices of resin-based raw materials were volatile throughout the year while recycled fiber and paperboard prices were more stable. Demand for our products was good in North America, but in the emerging markets the demand picture was mixed due to fluctuations in currencies, raw material prices, and consumer sentiment. The foodservice packaging market in North Asia was weak. In Europe demand growth was modest throughout the year.

The new Huhtamaki identity was well received amongst our customers, employees, investors and other stakeholders when we implemented it during the year. With our purpose of helping great products reach more people, more easily and our ambition to be the preferred global food packaging brand we have a strategic arena that is both exciting and growth-oriented. With population, urbanization, and middle class income growing globally food packaging is an attractive business that thrives on innovation and seeks new and more sustainable ways to pack and serve food.

The early days of our new strategy and the first full year with focus on food packaging have been rewarding. Obviously we are only in the beginning of this journey and we will continue to implement our strategy with discipline. We will improve the consistency of our operations and customer interfaces via improved internal collaboration. We will also strengthen our people management practices and processes, for example in the areas of leadership, learning and development, as well as communication. Focus on food is a common theme in all our businesses, and as we live, breathe, and practice this strategic direction together, we improve the "same Huhtamaki" brand experience and its promise to our customers and cooperation partners. This is vitally important in serving leading global and local consumer food brands as our customers.

There are plenty of opportunities for innovation in food packaging. Consumers remain excited when new products are introduced, existing products or brands are re-formulated, and products are packed or served in a different way. Sustainability is one important source of innovative ideas and a long-term necessity to meet the needs of growing population of the globe with available resources. We work in all the above areas with a target that a significant part of our net sales should come from new or renewed products. Majority of innovations are incremental developments, but we also aim to introduce game changing innovations which are a long term success factor of a great company.

In addition to innovativeness, operational efficiency and high standards are required to successfully service our customers. We pursue this through our Lean Six Sigma program that runs now into its 8th year. The transfer of best practices and learning from each other as well as from benchmark

We reported an all time high EPS* of

€1.65

* *Excluding non-recurring items.*

companies fosters the spirit of continuous improvement and brings results.

Thanks to favorable megatrends and the ever growing need for innovations, food packaging is a growth business. Our opportunity is in helping our customers realize their revenue plans. We keep on investing in organic growth and seeking suitable acquisitions to complement our geographic footprint and product offering. In 2015 we announced three acquisitions and spent EUR 147 million in capital expenditure, primarily on new capacity and plants. We expect to continue a similar rate of capital expenditure in 2016 and we look for additional acquisition targets to deploy our acquisition firepower of EUR 400–500 million.

Our financial performance in 2015 was good. We recorded good net sales growth at 22% of which 4% was like-for-like organic growth, 9% acquired growth, and the rest favorable currency conversion. Our profitability was on a good level and we reported all-time high EBIT, EBIT-margin, and EPS excluding non-recurring items. ROE excluding non-recurring items was 18.1% and free cash flow EUR 91 million. Financially we are well on our way to achieving our mid-term ambitions that were launched in March 2015.

Good financial results maintain the solidity that gives us an opportunity to develop our business. Our net debt/EBITDA -ratio at the year-end was 1.6 despite the three acquisitions and a growth oriented capital expenditure program. Our key non-financial metrics were also good as our lost time incidents per million working hours improved to 2.6 and incident severity (the number of hours lost per every million hours worked) decreased to 673. Based on our second global employee engagement survey, which was conducted during the early autumn 2015, both engagement and enablement indices improved from the previous survey of late 2013. We will provide more non-financial information in a separate Corporate Responsibility Report that will be published during spring 2016.

In 2016 we will continue to invest in our three businesses – foodservice packaging, flexible packaging, and molded fiber packaging – to support our customers' growth and innovations. We will utilize our presence in growth markets to dedicate our capital expenditures to the best opportunities. Growing population and growing middle class are the key macro drivers that advance food packaging demand, and currently the best opportunities are in the emerging markets and in North America which together account for approximately 70% of Huhtamaki net sales in 2015.

As we continue our journey towards becoming the preferred global food packaging brand we need the support from our customers, suppliers and other stakeholders. I would like to take this opportunity to thank you for the continued support we have received in 2015.

Jukka Moisio
CEO

February 2016

Directors' Report 2015

Overview

The Group's trading conditions were stable in 2015 and demand for Huhtamaki's products was good in most markets. In the emerging markets fluctuations in currencies, raw material prices, and consumer sentiment led to a mixed demand picture, and some markets, such as the foodservice packaging market in North Asia, were weak. In Europe demand growth was modest throughout the year, though improved compared to 2014. Prices of resin-based raw materials declined during the year while recycled fiber and paperboard prices remained relatively stable. Currency translation impact on the Group's net sales and earnings was positive, led by the strengthening of the US dollar versus euro.

The Group's net sales grew to EUR 2,726 million in 2015 (EUR 2,236 million in 2014)*. Comparable net sales growth was 4% in total and 6% in emerging markets. Profitability development was strong and the Group's earnings before interest and taxes (EBIT) were EUR 238 million excluding non-recurring items (NRI) of EUR -23 million (EUR 175 million). EBIT margin excluding NRI was 8.7% (7.8%) and earnings per share (EPS) excluding NRI were EUR 1.65 (EUR 1.24). The Group's free cash flow, return on investment (ROI) and return on equity (ROE) also improved compared to 2014. The Group's financial position remains strong and supports its future growth ambitions.

During the year the Group implemented its strategic direction focused on food and drink packaging. The acquisition of Positive Packaging, a flexible packaging manufacturer with significant positions in India, Middle East and Africa, was completed in January, and the integration of the business into the Group's flexible packaging business was begun. Three other acquisitions were announced during the year. The Group also continued its organic investments in growth.

Strategic review

2015 was the first full year of implementing the Group's new strategic direction with a focus on food and drink packaging. Following the sale of the Films business at the end of 2014 all of Huhtamaki's businesses concentrate on food and drink packaging, and the Group is working towards its ambition to become the preferred global food packaging brand. Global megatrends – population growth, growing middle class, urbanization and sustainable use of scarce resources – support the Group's growth plans both in the short and the long term. In emerging markets megatrends promote growth of modern retail and pre-packed food in the first phase, whereas in the developed markets growing popularity of food-to-go products and a growing demand for sustainable packaging solutions offer the most attractive growth opportunities.

The Group has good positions in the current growth markets: fast-growing emerging markets and North America together make up approximately 70% of the Group's net sales. These positions and the financial stability allow the Group to support its global customers' growth ambitions wherever they operate. At the same time, the Group can offer its packaging expertise and innovations capability to a large number of local and regional customers.

The new strategic direction was communicated to all employees during the first half of the year, and a working model enhancing collaboration between the Group's business segments in the areas of sourcing, operational, innovation, and commercial excellences was set up. During the year the strategic direction was further fine-tuned and translated into segment and unit level business plans and actions. The renewed brand identity was implemented both internally and externally during the year.

The integration of Positive Packaging, a flexible packaging manufacturer with significant positions in India, Middle East and Africa, commenced after the transaction was completed at the end of January 2015. The Indian businesses were integrated into the Group's flexible packaging business in India, and the business in United Arab Emirates became a new hub for the Group's flexible packaging business for Middle East and Africa.

Three other acquisitions were announced during the year. To further build the Group's positions in fast growing emerging markets, a paper cup and foodservice packaging manufacturer in Malaysia, Butterworth Paper Cups, was acquired. In the United States the assets and business of Pure-Stat Technologies were acquired to secure in-house know-how of molded fiber lamination technology. At the end of the year, the Group announced the acquisition of FIOMO, a flexible packaging and foil manufacturer in the Czech Republic, to better serve its customers in Europe.

In 2015 the Board of Directors actively deliberated the implementation of the Group's strategy with focus on food and drink packaging, growth investments, innovation activities, and acquisitions. During the year, the Board acquainted more closely with the North America and Flexible Packaging business segments by visiting units in the United States and India.

Financial review

The Group's comparable net sales growth was 4% during the year. All business segments contributed relatively evenly to the net sales growth. Comparable growth in emerging markets was 6%, driven by good development in Eastern Europe, Southeast Asia and South America. Net sales development was relatively flat in India and negative in China. The Group's net sales grew to EUR 2,726 million (EUR 2,236 million). Positive Packaging contributed EUR 203 million on the Group's net sales. Foreign currency translation impact on the Group's net sales was EUR 194 million compared to the 2014 exchange rates. The foreign currency translation impact weakened towards the end of the year. The majority of the currency impact came from the strengthening of the US dollar versus euro.

The Group's earnings were on a good level and grew throughout the year. Earnings improvement was strongest in the North America business segment, followed by Flexible Packaging business segment with good organic growth development as well as acquired growth brought by Positive Packaging. Earnings declined in the Foodservice Europe-Asia-Oceania and Molded Fiber business segments. The impact of Other activities in the Group's earnings was primarily due to expenses related to the Group's long-term incentive plans. The Group's EBIT was EUR 238 million, excluding NRI of

* *Unless otherwise stated, all income statement related figures presented in this Directors' Report, including corresponding periods in 2014, cover continuing operations only.*

EUR -23 million (EUR 175 million). Positive foreign currency translation impact on the Group's EBIT was EUR 16 million.

Net financial expenses increased to EUR 34 million (EUR 29 million). The payment of purchase price for Positive Packaging led to a higher amount of net debt and thus higher financial expenses. Tax expense was EUR 29 million (EUR 15 million). The corresponding tax rate was 16% (10%).

Profit for the year was EUR 151 million, including NRI of EUR -23 million (EUR 132 million). EPS excluding NRI were EUR 1.65 (EUR 1.24). Reported EPS were EUR 1.43 (EUR 1.24). Including discontinued operations, the reported EPS was EUR 1.42 (EUR 1.33).

Statement of financial position and cash flow

The Group's net debt increased and was EUR 551 million (EUR 288 million) at the end of the year. The level of net debt corresponds to a gearing ratio of 0.53 (0.32) and the net debt to EBITDA ratio (excl. NRI) was 1.6 (1.0). The increase in net debt was to a large extent due to the payment of purchase price for Positive Packaging in the first quarter as well as currency translation impact. Average maturity of external committed credit facilities and loans was extended to 3.9 (2.5) years as the Group refinanced its EUR 400 million syndicated revolving credit facility for the period of five years in January 2015. In December, the maturity of the facility was extended with a further period of one year.

Cash and cash equivalents were EUR 103 million (EUR 351 million) at the end of the year and the Group had EUR 309 million (EUR 323 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 2,515 million (EUR 2,298 million).

In accordance with its strategy, the Group continued investments in organic growth. Capital expenditure increased to EUR 147 million (EUR 127 million). Largest investments for business expansion were made in the U.S., Brazil, Thailand, Russia and the UK. In addition to organic investments, the Group's asset base grew through acquisitions especially in India and the United Arab Emirates. The Group's free cash flow improved to EUR 91 million (EUR 65 million) despite high organic growth investments, the EUR 15.6 million fine paid to the European Commission during the third quarter and higher taxes paid compared to 2014.

Acquisitions

On January 30, 2015 Huhtamaki completed the acquisition of Positive Packaging, a flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates as well as significant business in Africa and other export markets. With the acquisition Huhtamaki continued to implement its strategy of quality growth and significantly strengthened its position in the fast-growing emerging markets. Net sales of the acquired business in February-December 2015 were EUR 203 million and it employs approximately 2,000 people in India and the UAE as well as in sales offices in seven countries. The debt free purchase price was USD 336 million. The business has been consolidated into the Flexible Packaging business segment as of February 1, 2015.

On March 13, 2015 Huhtamaki announced the acquisition of Butterworth Paper Cups, a privately owned paper cup and foodservice packaging manufacturer in Malaysia. The debt free purchase price of approximately EUR 8 million approximately corresponds with the annual net sales of the business. The company employs approximately 120 people in its manufacturing unit in Penang, Malaysia. The acquisition was closed on April 1, 2015 and the business became part of the Foodservice Europe-Asia-Oceania business segment.

On July 1, 2015 Huhtamaki acquired the assets and business of Pure-Stat Technologies, a privately owned company in the U.S. Pure-Stat's laminate is used as a component in a number of Huhtamaki's molded fiber products. The company employs 12 people in its manufacturing unit in Lewiston, Maine. The purchase price was approximately EUR 6 million and the acquired unit became part of the North America business segment as of July 1, 2015.

On December 23, 2015 Huhtamaki entered into an agreement to acquire FIOMO, a privately owned manufacturer of flexible packaging foils and labels in the Czech Republic. The annual net sales of the acquired business in 2015 were approximately EUR 21 million and it employs approximately 120 people in its manufacturing unit in the Prague area. The debt-free purchase price was approximately EUR 28 million. The transaction was closed on January 29, 2016 and the acquired unit became part of the Flexible Packaging business segment as of February 1, 2016.

Business review by segment

The net sales distribution by business segment in 2015 was the following: Foodservice Europe-Asia-Oceania 24% (27%), North America 35% (34%), Flexible Packaging 32% (28%) and Molded Fiber 9% (11%).

Foodservice Europe-Asia-Oceania

Demand for foodservice packaging varied between geographies during the year. In Western Europe demand for insulated paper cups in particular was on a good level. In Oceania, healthy demand continued throughout the year. Demand development was relatively flat in Russia and soft in China. Prices for plastic resins were on a downward trend during the year, while paperboard prices remained relatively stable.

The Foodservice Europe-Asia-Oceania segment's net sales grew to EUR 668 million (EUR 620 million) with growth accelerating towards the end of the year. Comparable net sales growth was 4%. Growth was strongest in Europe, driven by strong development in overall foodservice packaging in Eastern Europe and in particular insulated paper cups in Western Europe. Net sales declined in China.

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

The segment's EBIT declined and was EUR 52 million (EUR 57 million). Positive earnings development in Eastern Europe together with improved competitiveness of plastics operations in Europe were not sufficient to offset the adverse effects of certain underperforming units in Oceania and Asia as well as the net sales decline and cost inflation in China. The segment's return on net assets (RONA) declined and was 14.2% (17.6%). As a result of increased capital expenditure, the segment's operating cash flow decreased to EUR 35 million (42 million).

North America

In general, market conditions in the United States were stable. Demand for frozen dessert packaging picked up in the first half of the year supported by lower producer ingredient costs, and continued on a good level. Demand development for foodservice packaging and retail tableware was positive. Prices for paperboard and recycled fiber were stable during the year, whereas there were more fluctuations in prices for plastic resins.

The North America segment's net sales grew to EUR 948 million (769 million). Comparable net sales growth was 4%. Growth was strongest in frozen dessert packaging, supported by good development in foodservice packaging. Net sales for retail tableware also developed positively.

The segment's reported net sales were positively affected by currency movements. The translation impact was EUR 156 million.

The segment's EBIT grew to EUR 88 million (EUR 38 million) with growth accelerating during the second half of the year. EBIT growth was driven by net sales growth, improved operational efficiency, the segment's actions to normalize its margins, favorable product mix as well as lower distribution and energy costs. Additionally the segment's reported earnings were positively affected by currency movements. As a further note, the segment's earnings in FY 2014 included a EUR 8 million one-time gain related to a redesign of a pension plan. The segment's RONA improved significantly and was 14.1% (7.2%). As a result of improved profitability and operational efficiency, the segment's operating cash flow improved to EUR 61 million (EUR 19 million).

Flexible Packaging

Demand across flexible packaging product categories was good throughout the year in Europe, Southeast Asia and Middle East. In India domestic demand turned subdued during the course of the year. Currency fluctuations and economic uncertainty had an adverse effect on demand on many export markets, particularly in Africa. Raw material prices were volatile during the year, but in general the prices for plastic resins declined compared to the end of 2014.

The Flexible Packaging segment's net sales grew and were EUR 869 million (EUR 618 million). Comparable net sales growth was 3%. Growth was strongest in Southeast Asia driven by packaging for ready meals and snacks. Net sales growth was good also in Europe, whereas in India net sales development was subdued. Positive Packaging contributed EUR 203 million on the segment's net sales.

Currency movements had a positive impact on the segment's reported net sales. The translation impact was EUR 35 million.

The segment's EBIT grew to EUR 69 million (EUR 46 million). The strong EBIT growth was mainly due to favorable product mix and raw material costs. In addition, good volume growth in certain regions as well as Positive Packaging contributed positively to the segment's earnings. The segment's RONA decreased slightly and was 12.3% (13.6%). Despite of increased capital expenditure, the segment's operating cash flow improved and was EUR 64 million (EUR 28 million).

Molded Fiber

Overall demand for molded fiber egg packaging was relatively stable. In Europe demand was somewhat soft after Easter, whereas in other main markets demand remained solid throughout the year. In Oceania demand for molded fiber fruit packaging was negatively affected by adverse weather conditions during the first half of the year. Raw material prices and supply conditions remained relatively stable across markets.

The Molded Fiber segment's net sales grew steadily and were EUR 260 million (EUR 247 million). Comparable net sales growth was 5%. Net sales growth was strongest in South America, Eastern Europe and Africa. In these regions capacity additions were taken into production during the year. In Europe net sales development was relatively flat. In order to address the growing trend of organic and free-range eggs, the segment commercialized a completely new molded fiber packaging with 50% grass fiber content.

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

The segment's EBIT declined and was EUR 34 million (EUR 35 million). Positive EBIT development earlier during the year, driven by volume growth, continued operational efficiency and favorable product mix, was not sufficient to cover the negative impact that costs related to additional technology investments and new product development had on the segment's EBIT during the fourth quarter. As a further note, the segment's EBIT in 2014 includes a one-time gain related to a refund of historic energy costs in Brazil. The segment's RONA declined and was 17.7% (20.4%). Operating cash flow declined to EUR 10 million (EUR 18 million) reflecting the increased capital expenditure.

Personnel review

The Group had a total of 15,844 (13,818) employees at the end of 2015. The increase of personnel was mainly due to the acquisition of Positive Packaging. The number of employees by business segment was the following: Foodservice Europe-Asia-Oceania 4,188 (4,441), North America 3,553 (3,554), Flexible Packaging 6,358 (4,199), Molded Fiber 1,682 (1,565), and Other activities 63 (59). The average number of employees was 15,987 (14,562)

At the end of 2015 the Group had employees in 34 countries, with 28% (31%) of employees in Europe, 48% (42%) in Asia-Oceania-Africa, 23% (26%) in North America and 1% (1%) in South America. The countries with the largest number of employees were the United States 21% (25%), India 20% (12%), Germany 8% (9%) and China 8% (12%). The Group had 58% (59%) of its total personnel in the aforementioned countries. Excluding acquisitions the number of employees increased the most in Spain, the UK, Thailand and Vietnam.

Huhtamäki Oyj employed 58 (56) people at the end of 2015. The annual average was 57 (55).

The Group's second global employee engagement survey took place in August-September 2015 and the results were received in November 2015. The goal of the survey is to seek feedback and identify the key improvement areas affecting employee engagement and follow up their development. In the 2015 survey, the global response rate was again high, 76% (80% in 2013).

Compared to the 2013 survey, results improved in all dimensions of the survey. The index used to measure employee engagement improved from 62% to 65% compared to the previous survey. Results related to safety and ethical conduct were strong, and according to the survey results, communication of future strategy and direction had improved, which had also strengthened the employees' confidence in Huhtamaki's future. Employees were clear on what is expected of them and how their jobs align to their location's objectives. To ensure further improvement of employee engagement, the Group will continue communicating its strategy and direction for the future, encouraging open and honest two-way communication, and identifying ways to better recognize everyone's contribution. In addition, the Group will focus on leadership development. All units discuss the results of the survey and create their action plans for improvement to be implemented during 2016.

The Group wide online learning tool that was launched at the end of 2014 has been taken into active use. The tool provides a flexible and cost efficient channel for delivering training and sharing information globally. Among the trainings published during 2015 were 17 language versions of Code of Conduct training and training on competition compliance.

Workplace safety is very important at Huhtamaki. Safety measures and practices are continuously developed, in particular by striving to impact attitudes and proactive thinking. In addition, the goal is to harmonize occupational safety practices between business segments and to pay attention to near misses. Continuous work to improve the safety behavior and culture within the Group helped in improving the relative occupational health and safety performance during 2015. The number of accidents or injuries at work resulting in an absence of at least one shift (the lost time incident frequency rate, LTIF) improved to 2.6 (2.9) per one million hours worked. The number of incidents increased to 75 (69) and the lost time incident severity (LTIS) rate (how many hours that are lost for every million hours worked) decreased by 7% and was 673 (727). When reported, workplace incidents are classified into 15 incident type and cause categories for consolidation at Group level. During 2015 there was an increase in incidents caused by contact with moving machinery or equipment, as well as slips, trips and falls from height. Also the number of incidents involving fingers increased during 2015 compared to 2014. During 2016 the Group will continue its work to improve workplace safety and focus particularly on changing behaviors potentially leading to the types of incidents that increased during 2015.

Changes in management

Sami Pauni, Master of Laws (LL.M.), EMBA, previously Group Vice President, Legal, and General Counsel was appointed as Senior Vice President, Corporate Affairs and Legal, Group General Counsel and member of the Group Executive Team as of February 12, 2015.

Teija Sarajärvi, M.A., was appointed as Senior Vice President, Human Resources and a member of the Group Executive Team as of October 1, 2015. Sari Lindholm, Senior Vice President, Human Resources and a member of the Group Executive Team, left the company.

Olli Koponen, M.Sc. (Eng., Process and Information Technology), previously Executive Vice President, Molded Fiber, was appointed as Executive Vice President, Flexible Packaging as of October 22, 2015. He continued as a member of the Group Executive Team. Shashank Sinha, Executive Vice President, Flexible Packaging and member of the Group Executive Team, left the company.

Petr Domin, previously Managing Director, Molded Fiber Europe, was appointed as interim Executive Vice President, Molded Fiber as of October 22, 2015.

Risk review

Risk management at Huhtamaki aims at identifying potential events that may affect the achievement of the Group's objectives in a changing business environment, either with positive or negative effects, managing risks to be within the Group's risk appetite, providing reasonable assurance and predictability regarding the achievement of the Group's objectives and enabling efficient allocation of resources and risk management efforts.

The Group's business objectives are set forth in four main categories: strategic, operational, financial and compliance. This categorization also forms the basis for the Group's risk management methodology with risks identified under the main categories of strategic, operational, financial and information risks.

During 2015 the key risks identified in the 2014 risk assessment process were monitored in terms of the efficiency of their existing and newly implemented controls and any changes in the risk level itself. The actions to treat those risks were followed by the Group Risk Management function on a quarterly basis with focus on each business segment's most significant risks.

Parallel to the strategic planning and budgeting process, business units, segments and Group functions identified and assessed business risks against their medium to long term objectives. These risk assessment results were consolidated from business unit to segment level and from segment to Group level and used to identify the key risks at segment and Group level. At each level from business unit to Group, risk treatment actions on such key risks were defined in order to reach acceptable risk levels. The acceptable risk levels associated with appropriate risk management efforts were reviewed by the Group Executive Team as well as the Audit Committee of the Board of Directors and approved by the Board of Directors. The risk management efforts will be conducted and followed during 2016.

While macroeconomic instability remains to be considered one of the most significant risks to the achievement of the Group's strategic goals, the assessed exposure after risk treatment actions has slightly decreased since 2014. Political risks cause unpredictability in business environment, and therefore remain in key focus. Price management in connection with raw material and energy price risk continue being ranked among the top risks. Growth and market position risk and major change program risk have gained more importance as a result of the acquisitive and organic growth focused strategy of the Group. Operations management as well as demand and competition remain key focus areas. The main financial risks continue to be related to raw material price volatility and foreign exchange rate fluctuations. More information on financial risks can be found in Note 27 in the Annual Accounts 2015.

Variance between the assessed business impacts of the Group's ten most important risks after risk treatment actions is small. None of the identified risks are considered of a magnitude that could not be managed or would endanger the implementation of the Group's strategy.

The Group's risk management is incorporated into day to day business management. As examples of that, in 2015, awareness of the risks associated with foreign exchange rate fluctuations and disciplined adaptation of the Group hedging policy helped in mitigating the impact of foreign exchange transaction risk on the Group's result, despite volatility in many of the global currencies and especially those of the emerging markets. Further in terms of financial management, the level of debt as well as the debt maturity profile is continuously reviewed and monitored in order to secure both financial efficiency and flexibility in line with the Group's needs. In terms of operations management, application of the well-established Lean Six Sigma and 5S methodologies to the business and continuous improvement efforts on any underperforming parts of the operations contributed favorably to the Group's result. Encouraged by the proven benefit of these methodologies, the Group's business excellence community is further widened. New resources, such as green and black belts, are trained and the methodologies are introduced to any acquired businesses.

Environmental review

Respecting the environment is important to Huhtamaki and the Group is committed to the framework of the International Chamber of Commerce's Business Charter for Sustainable Development. The Huhtamaki Code of Conduct sets out the standards for ethical business practices. Additionally, several other Group-wide policies and related instructions have been issued, including the environmental policy and the Supplier Code of Conduct.

Huhtamaki aims to mitigate negative environmental impacts in its operations. The significant direct environmental impacts relate to energy use, emissions to air and solid waste. Environmental management systems have been implemented to support the monitoring and continuous improvement of the Group's operational and product related environmental performance. At the end of 2015, 37 (35) manufacturing units, representing 54% (61%) of all manufacturing units in the Group including the 10 (10) largest units by net sales, followed an externally certified environmental management system such as ISO 14001, the Eco-Management and Audit Scheme (EMAS) or the Environmental Care Program implemented in North America. The energy management system ISO 50001 was successfully externally certified in the units in Lurgan and Gosport, both in the UK, bringing the total amount of externally certified ISO 50001 implementations to six (four).

The Group's environmental operating costs totaled EUR 11 million (EUR 8 million). The costs consist mainly of expenses related to the use and maintenance of environmental protection equipment, and expenses related to waste management and waste water treatment.

Huhtamaki monitors its environmental performance at Group, segment and manufacturing unit levels. The most relevant indicators to our operations are reported according to the Global Reporting Initiative (GRI) G4 guidelines. All manufacturing units report their environmental key performance indicators against set targets. The performance is consolidated in the segment level and reported quarterly to the Board of Directors and the Group Executive Team.

Internal and external audits are performed to assess the environmental performance of manufacturing units. During 2015 in total 332 external audits were conducted by certification bodies, authorities or customers.

The Group's Corporate Responsibility Report for 2015 will be published in the spring 2016. The report presents the Group's corporate responsibility themes, aspects and goals. The report is prepared in accordance with the GRI G4 guidelines.

Share capital and shareholders

At the end of 2015, Huhtamäki Oyj's ("the Company") registered share capital was EUR 366 million (EUR 366 million) corresponding to a total number of shares of 107,760,385 (107,760,385), including 4,063,906 (4,206,064) Company's own shares. Own shares represent 3.8% (3.9%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 103,696,479 (103,554,321). The average number of outstanding shares used in EPS calculations was 103,665,405 (103,505,319), excluding the Company's own shares. The Company has no ongoing option rights plans.

There were 24,484 (25,392) registered shareholders at the end of 2015. Foreign ownership including nominee registered shares accounted for 50% (43%).

Company's own shares

The Annual General Meeting (AGM) held on April 21, 2015 authorized the Board of Directors to decide on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares, subject to the number of shares held by the Company at any given moment not exceeding 10% of all the shares of the Company. The authorization remains in force until the end of the next AGM, however, no longer than until June 30, 2016. No own shares were repurchased during the year. Previously during 2002 and 2003, based on the authorization given by the AGM on March 25, 2002, the Company repurchased in total 5,061,089 own shares. After 2003 no own shares have been repurchased.

The AGM 2015 also authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares. The aggregate number of shares to be issued on the basis of this authorization may not exceed 10,776,038 shares. The authorization concerns both the issuance of new shares and the transfer of the Company's own treasury shares. The authorization remains in force until the end of the next AGM, however, no longer than until June 30, 2016. During 2015 a total of 142,158 (21,525) of the Company's own shares were transferred in accordance with the performance share plan for the key personnel of the Company and its subsidiaries. On December 31, 2015 the Company owned a total of 4,063,906 (4,206,064) own shares.

Share trading

During 2015 the Company's share was quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the Nasdaq Helsinki 25 Index. At the end of 2015, the Company's market capitalization was EUR 3,610 million (EUR 2,353 million) and EUR 3,474 million (EUR 2,262 million) excluding the Company's own shares. With a closing price of EUR 33.50 (EUR 21.84) the share price increased by 53% from the beginning of the year. During the year the volume weighted average price for the Company's share was EUR 28.72 (EUR 19.95). The highest price paid was EUR 34.90 (EUR 22.21) and the lowest price paid was EUR 21.35 (EUR 17.63).

During the year the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,787 million (EUR 1,042 million). The trading volume of 62 million (52 million) shares equaled an average daily turnover of 247,918 (208,754) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 3,898 million (EUR 2,078 million). During the year, 54% (50%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com)

Information provided pursuant to the Securities Market Act, Chapter 7, Section 6

Information required under the Securities Market Act, Chapter 7, Section 6 is presented in Note 21 in the Annual Accounts 2015.

Resolutions of the Annual General Meeting 2015

Huhtamäki Oyj's AGM was held in Helsinki on April 21, 2015. The meeting adopted the Company's Annual Accounts including the Consolidated Annual Accounts for 2014 and discharged the members of the Company's Board of Directors and the CEO from liability. As proposed by the Board of Directors, dividend for 2014 was set at EUR 0.60 per share compared to EUR 0.57 paid for the previous year.

Seven members of the Board of Directors were elected for a term ending at the end of the next AGM. To the Board of Directors were re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner. The Board of Directors elected Mr. Pekka Ala-Pietilä as the Chairman of the Board and Mr. Jukka Suominen as the Vice-Chairman of the Board.

The AGM kept the annual remuneration to the members of the Board of Directors unchanged: to the Chairman EUR 100,000, to the Vice-Chairman EUR 60,000 and to other members EUR 50,000. In addition, the AGM confirmed that the meeting fees are paid for each meeting attended as follows: EUR 1,000 for all meetings, except EUR 2,000 to the chairman for the Audit Committee meetings, EUR 1,200 to the chairman for the Human Resources Committee meetings and EUR 1,200 to the chairman for the Nomination Committee meetings.

Ernst & Young Oy, a firm of Authorized Public Accountants, was elected as Auditor of the Company for the financial year January 1–December 31, 2015. Mr. Harri Pärssinen, APA, has been the Auditor with principal responsibility.

The AGM authorized the Board of Directors 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 decide on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of shares to be issued on the basis of the authorization may not exceed 10,776,038 shares. Both authorizations remain in force until the end of the next AGM, however, no longer than until June 30, 2016.

Significant events during the reporting period

On June 24, 2015 the European Commission announced the outcome of its investigations on anticompetitive behavior in the markets of plastic trays used for retail packaging. Huhtamäki Oyj had received in September 2012 the European Commission's statement of objections concerning alleged anticompetitive behavior in the markets of plastic trays used for retail packaging of fresh food during years 2000–2008. The European Commission found certain of Huhtamaki's former operations to have been involved in anticompetitive practices. The concerned operations are no longer part of Huhtamaki as they were part of the Group's rigid consumer goods business in Europe that was closed down or divested in years 2006 and 2010. Based on infringements in North-West Europe and France during years 2002–2006 the European Commission imposed a EUR 15.6 million fine on Huhtamaki. The fine and legal costs of EUR 3 million related to the investigation and the appeal process were recognized as a non-recurring expense in the Group's Q2 2015 result and the payment of the fine was made during Q3 2015. Huhtamaki has launched an appeal against the decision before the General Court of the European Union.

Significant events after the reporting period

On January 29, 2016 Huhtamaki completed the acquisition of FIOMO, a privately owned manufacturer of flexible packaging foils and labels in the Czech Republic. The annual net sales of the acquired business in 2015 were approximately EUR 21 million and it employs approximately 120 people in its manufacturing unit in the Prague area. The debt-free purchase price was approximately EUR 28 million. The business has been consolidated into the Flexible Packaging business segment as of February 1, 2016.

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 2016

The Group's trading conditions are expected to remain relatively stable during 2016. 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 2015 with the majority of the investments directed to business expansion.

Dividend proposal

On December 31, 2015 Huhtamäki Oyj's non-restricted equity was EUR 696 million (EUR 743 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.66 (EUR 0.60) per share be paid.

Annual General Meeting 2016

The Annual General Meeting of Shareholders will be held on Thursday, April 21, 2016 at 13.00 (EET) at Finlandia Hall, Mannerheimintie 13 e, in Helsinki, Finland.

Corporate Governance Statement

A separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Corporate Governance Statement is also available on the Group's website www.huhtamaki.com.

Consolidated Annual Accounts 2015
Group income statement (IFRS)

EUR million	Note	2015	%	2014	%
CONTINUING OPERATIONS					
Net sales	1	2,726.4	100.0	2,235.7	100.0
Cost of goods sold		-2,255.5		-1,886.7	
Gross profit		470.9	17.3	349.0	15.6
Other operating income	4	18.3		21.3	
Sales and marketing		-74.1		-62.5	
Research and development		-15.7		-13.3	
Administration costs		-156.3		-113.7	
Other operating expenses	5	-30.3		-7.5	
Share of profit of equity-accounted investments		2.1		1.6	
		-256.0		**-174.1**	
Earnings before interest and taxes	6, 7	214.9	7.9	174.9	7.8
Financial income	8	4.9		4.4	
Financial expenses	8	-39.1		-33.3	
Profit before taxes		180.7	6.6	146.0	6.5
Income tax expense	9	-29.3		-14.5	
Profit for the period from continuing operations		151.4	5.6	131.5	5.9
DISCONTINUED OPERATIONS					
Profit from operations	3	-		4.6	
Result relating to disposed operations		-1.3		5.1	
Result for the period from discontinued operations		-1.3		9.7	
Profit for the period		150.1	5.5	141.2	6.3
Attributable to:					
Equity holders of the parent company					
Profit for the period from continuing operations		148.2		128.3	
Result for the period from discontinued operations		-1.3		9.7	
Profit for the period attributable to equity holders of the parent company		146.9		138.0	
Non-controlling interest					
Profit for the period from continuing operations		3.2		3.2	
Result for the period from discontinued operations		-		-	
Profit for the period attributable to non-controlling interest		3.2		3.2	
EUR					
EPS profit for the period from continuing operations	10	1.43		1.24	
EPS result for the period from discontinued operations		-0.01		0.09	
EPS attributable to equity holders of the parent company		1.42		1.33	
Diluted EPS profit for the period from continuing operations		1.43		1.24	
Diluted EPS result for the period from discontinued operations		-0.01		0.09	
Diluted EPS attributable to equity holders of the parent company		1.42		1.33	

Group statement of comprehensive income (IFRS)

EUR million	Note	2015	2014
Profit for the period		**150.1**	**141.2**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	17	36.9	-57.5
Income taxes related to items that will not be reclassified	9	-9.3	11.9
Total		**27.6**	**-45.6**
Items that may be reclassified subsequently to profit or loss			
Translation differences		51.7	83.8
Equity hedges		-23.4	-23.9
Cash flow hedges	22	-4.0	6.5
Income tax related to items that may be reclassified	9	-0.1	-0.4
Total		**24.2**	**66.0**
Other comprehensive income, net of tax		51.8	20.4
Total comprehensive income		201.9	161.6
Attributable to:			
Equity holders of the parent company		198.7	158.4
Non-controlling interest		3.2	3.2

Group statement of financial position (IFRS)

Assets

EUR million	Note	2015	2014
Non-current assets			
Goodwill	11	571.3	431.5
Other intangible assets	11	29.7	19.1
Tangible assets	12	853.8	680.1
Equity-accounted investments	13	12.8	11.6
Available-for-sale investments	14, 26	1.9	1.9
Interest-bearing receivables	15, 26	4.1	4.2
Deferred tax assets	16	50.9	55.9
Employee benefit assets	17	48.8	48.8
Other non-current assets		8.6	7.4
		1,581.9	**1,260.5**
Current assets			
Inventory	18	385.7	312.7
Interest-bearing receivables	15	2.0	2.4
Current tax assets		3.8	9.8
Trade and other current receivables	19, 26	438.7	361.8
Cash and cash equivalents	20, 26	103.2	350.8
		933.4	**1,037.5**
Total assets		**2,515.3**	**2,298.0**

Equity and liabilities

EUR million	Note	2015	2014
Share capital	21	366.4	366.4
Premium fund	21	115.0	115.0
Treasury shares	21	-37.3	-38.7
Translation differences	22	-49.5	-77.8
Fair value and other reserves	22	-75.8	-99.3
Retained earnings		682.1	596.6
Equity attributable to equity holders of the parent company		**1,000.9**	**862.2**
Non-controlling interest		35.1	30.6
Total equity		**1,036.0**	**892.8**
Non-current liabilities			
Interest-bearing liabilities	23, 26	503.1	527.4
Deferred tax liabilities	16	78.4	72.2
Employee benefit liabilities	17	199.2	232.7
Provisions	24	27.9	25.6
Other non-current liabilities		5.4	4.3
		814.0	**862.2**
Current liabilities			
Interest-bearing liabilities			
Current portion of long-term loans	23, 26	66.7	76.1
Short-term loans	23, 26	90.8	41.9
Provisions	24	2.1	3.6
Current tax liabilities		12.9	8.8
Trade and other current liabilities	25, 26	492.8	412.6
		665.3	**543.0**
Total liabilities		**1,479.3**	**1,405.2**
Total equity and liabilities		**2,515.3**	**2,298.0**

Group statement of cash flows (IFRS)

EUR million	2015	2014
Profit for the period	**150.1**	**141.2**
Adjustments	164.6	119.3
Depreciation and amortization	104.5	91.2
Share of profit of equity-accounted investments	-2.1	-1.6
Gain/loss from disposal of assets	-0.1	-1.0
Financial expense/-income	34.2	31.9
Income tax expense	29.3	16.8
Other adjustments, operational	-1.2	-17.9
Change in inventory	-28.3	-25.7
Change in non-interest bearing receivables	-19.3	-46.1
Change in non-interest bearing payables	25.8	37.1
Dividends received	1.7	1.0
Interest received	1.2	1.5
Interest paid	-25.7	-25.2
Other financial expenses and income	-3.3	-2.1
Taxes paid	-29.1	-22.1
Net cash flow from operating activities	**237.7**	**178.9**
Capital expenditure	-146.9	-127.0
Proceeds from selling tangible assets	0.4	12.7
Divested subsidiaries and associates	-	101.0
Acquired subsidiaries and assets	-210.8	-6.7
Proceeds from long-term deposits	1.2	0.8
Payment of long-term deposits	-0.7	-1.1
Proceeds from short-term deposits	5.4	19.4
Payment of short-term deposits	-4.8	-15.6
Net cash flow from investing activities	**-356.2**	**-16.5**
Proceeds from long-term borrowings	40.0	17.1
Repayment of long-term borrowings	-94.5	-90.3
Proceeds from short-term borrowings	988.5	127.8
Repayment of short-term borrowings	-1,009.6	-54.7
Dividends paid	-62.2	-59.0
Proceeds from stock option exercises	-	0.7
Acquisition of non-controlling interest	-	-4.2
Net cash flow from financing activities	**-137.8**	**-62.6**
Change in liquid assets	**-247.6**	**109.8**
Cash flow based	-256.3	99.8
Translation difference	8.7	10.0
Liquid assets on January 1	350.8	241.0
Liquid assets on December 31	103.2	350.8

Group statement of changes in equity (IFRS)

Attributable to equity holders of the parent company

EUR million	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, 2013	**365.9**	**114.8**	**-38.9**	**-137.7**	**-82.3**	**558.1**	**779.9**	**24.9**	**804.8**
Dividends paid						-59.0	-59.0		-59.0
Share-based payments			0.2			-1.6	-1.4		-1.4
Stock option exercised	0.5	0.2					0.7		0.7
Total comprehensive income for the year				59.9	-39.5	138.0	158.4	3.2	161.6
Acquisition of non-controlling interest					0.0	-4.9	-4.9	-3.8	-8.7
Other changes					22.5	-34.0	-11.5	6.3	-5.2
Balance on Dec 31, 2014	**366.4**	**115.0**	**-38.7**	**-77.8**	**-99.3**	**596.6**	**862.2**	**30.6**	**892.8**
Dividends paid						-62.2	-62.2		-62.2
Share-based payments			1.4			3.6	5.0		5.0
Total comprehensive income for the year				28.3	23.5	146.9	198.7	3.2	201.9
Other changes						-2.8	-2.8	1.3	-1.5
Balance on Dec 31, 2015	**366.4**	**115.0**	**-37.3**	**-49.5**	**-75.8**	**682.1**	**1,000.9**	**35.1**	**1,036.0**

Significant accounting policies

Main activities

Huhtamaki Group is a global specialist in packaging for food and drink with operations in 34 countries. The Group's focus and expertise are in paperboard packaging, particularly cup forming, smooth and rough molded fiber packaging as well as flexible packaging. Huhtamaki offers standardized products, customized designs as well as total packaging systems and solutions. Main customers are food and beverage companies, quick service and fast casual restaurants, foodservice operators, fresh produce packers and retailers.

The parent company, Huhtamäki Oyj, is a limited liability company domiciled in Espoo, Finland and listed on Nasdaq Helsinki Ltd. The address of its registered office is Miestentie 9, 02150 Espoo, Finland.

These Group consolidated financial statements were authorized for issue by the Board of Directors on February 10, 2016. According to the Finnish Companies Act shareholders decide on the adoption of financial statements at the general meeting of shareholders held after the publication of the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IAS and IFRS standards as well as SIC- and IFRIC- interpretations which were valid on December 31, 2015. IFRS, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of said Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulations (EC) No 1606/2002 of the EU.

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial investments, financial instruments at fair value through profit or loss, derivative instruments and cash-settled share-based payment arrangements that are measured at fair value. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The use of estimates and assumptions is described in more detail in the section "Use of estimates". The consolidated financial statements are presented in millions of euros.

The following new and amended standards, which have been adopted as of January 1, 2015 had no impact on the consolidated financial statements:

- Revised IAS 19 Employee benefits. The amendment concerns defined benefit plans with contributions from employees or third parties.
- Annual improvements (2010–2012 Cycle and 2011–2013 Cycle, December 2013). Annual improvements include smaller amendments to nine standards.

Principles of consolidation

The consolidated financial statements include the parent company Huhtamäki Oyj and all its subsidiaries where over 50% of the subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company.

Subsidiaries are accounted for using the acquisition method according to which the consideration transferred and the identifiable assets and liabilities of the acquired company are measured at their fair value at the date of acquisition and the remaining balance of consideration less acquired net asset is recognized as goodwill. The costs relating to the acquisition are accounted as expense. Any possible contingent consideration is recognized at fair value at the acquisition date and it is classified as a liability or equity. Contingent consideration classified as a liability is remeasured at reporting period closing date and the related profit or loss is recognized in the income statement. Contingent consideration classified as equity is not remeasured. The acquisitions before January 1, 2010 are accounted according to the current regulations in force at the time of acquisition. Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of their acquisition and divested subsidiaries are included up to their date of sale.

All intercompany transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the Group, are eliminated.

Profit and loss for the period attributable to equity holders of the parent company and to non-controlling interest is presented in the income statement. Comprehensive income attributable to equity holders of the parent company and to non-controlling interest is presented in the statement of comprehensive income. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Non-controlling interest is also disclosed as a separate item within equity.

Associated companies, where the Group holds voting rights of between 20% and 50% and in which the Group has significant influence, but not control, over the financial and operating policies, are consolidated using the equity method. Joint arrangements are companies over whose activities the Group has joint control, established by contractual agreement. The joint arrangements classified as joint ventures are consolidated using the equity method. When the Group's share of losses exceeds the carrying amount of the equity accounted investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the equity-accounted investments. The Group's share of result of equity-accounted investments is presented as a separate item above Earnings before interest and taxes. Correspondingly the Group's share of changes in other comprehensive income is recognized in the Group statement of comprehensive income.

Foreign currency translation

Foreign currency transactions are translated into functional currency at the rates of exchange prevailing at the date of the transaction. For practical reasons an approximate exchange rate is often used for transactions taking place during the month. Monetary assets and liabilities are translated at the rates of exchange at the reporting period closing date. Foreign exchange differences arising from translation are recognized in the income statement. Foreign exchange gains and losses relating to operating activities are recognized in the same account as the underlying transaction above Earnings before interest and taxes. Foreign exchange differences relating to financial liability are recognized in financial income or expense except for those currency differences that relate to loans designated as a hedge of the net investment in foreign operations. Those currency differences are recognized as translation differences in other comprehensive income.

On consolidation the income statements of foreign entities are translated into euros at the average exchange rate for the accounting period. The statements of financial position of foreign entities are translated at the exchange rate of reporting period closing date. Differences resulting from the translation of income statement items at the average rate and items in the statement of financial position at the closing rate are recognized as part of translation differences in other comprehensive income.

In accordance with the exception included in the IFRS 1 the cumulative translation differences until the transition date January 1, 2002 have been reclassified to retained earnings. From the transition date onwards exchange differences arising on the translation of the net investment in foreign subsidiaries, associated companies and joint ventures are recognized as translation differences in other comprehensive income. A similar treatment is applied to intragroup permanent loans, which in substance are equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Financial instruments

Financial instruments are classified based on IAS 39 to the following categories: financial assets at fair value through profit or loss, available-for-sale investments, loans and other receivables and financial liabilities measured at amortized cost.

Publicly traded and unlisted shares are classified as available-for-sale investments. Publicly traded shares are recognized at fair value, which is based on quoted market prices at the reporting period closing date. Gains or losses arising from changes in fair value are recognized in other comprehensive income and are presented in equity in fair value reserves. Fair value changes are transferred from equity to the income statement, when the investment is sold or its value has been impaired so that related impairment loss should be recognized. Unquoted shares are measured at cost, as their fair value cannot be measured reliably.

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as loans and other receivables. Trade receivables and other receivables are included in this category. Trade and other receivables are measured at amortized cost by using the effective interest rate method.

An impairment loss on trade receivables is recognized, when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed.

All derivative financial instruments are measured at fair value. The Group applies hedge accounting for certain interest rate swaps and foreign exchange forwards that meet hedge accounting criteria as defined in IAS 39. The hedged item must be highly probable to occur and must ultimately affect the income statement. The hedges must be highly effective both prospectively and retrospectively. For qualifying cash flow hedges, the portion of any change in fair value that is effective is included in other comprehensive income, and any remaining ineffective portion is recognized in the income statement. The cumulative changes of fair value of the hedging instrument that have been recognized in equity are transferred from equity and included in the income statement when the forecasted transaction is recognized in the income statement. When the hedged forecast transaction subsequently results in the recognition of non-financial asset, the cumulative change of fair value of the hedging instrument that has been recognized in equity is transferred from equity and included in the initial carrying amount of the asset at the time it is recognized. For qualifying fair value hedges, the valuation is recognized in the income statement. Derivative instruments which do not fulfill IAS 39 hedge accounting requirements are classified as financial assets at fair value through profit or loss and valued at fair value. Changes in fair values of these derivative financial instruments are recognized in the income statement.

The Group uses foreign exchange forwards and foreign currency loans to hedge net investments in foreign entities. Hedges of net investment in foreign entities must meet the same hedge accounting criteria as cash flow hedges as detailed in IAS 39. All changes in fair value arising from the hedges are recognized as a translation difference in other comprehensive income if hedge accounting criteria are met. If the hedged entity is disposed of, the cumulative changes in fair value of the hedging instrument that have been recognized in equity are included in the income statement at the time of disposal.

Fair values of foreign exchange forwards are calculated using market rates on the reporting period closing date. Fair values of foreign exchange options are calculated with the Garman-Kohlhagen model. Fair values of interest rate swaps, futures and forwards are based on net present values of estimated future cash flows. Cash, short-term loans and overdrafts have fair values that approximate to their carrying amounts because of their short-term nature.

The recoverable amount for financial assets is calculated as the present value of expected future cash flows, discounted at the original effective interest rate. Short-term receivables are not discounted. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Cash and cash equivalents comprise of cash at bank and short term highly liquid money market securities for the Group's cash management purposes that are subject to insignificant risk of changes in value.

Interest-bearing loans and borrowings are originated loans and bank loans, and are carried at amortized cost by using the effective interest rate method.

Goodwill and other intangible assets

Goodwill arising from an acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment. For associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is valued at cost less impairment losses.

Other intangible assets include customer relations, patents, copyrights, trademarks, land use rights, emission rights and software licenses. These are measured at cost and amortized on a straight-line basis over the estimated useful lives, which may vary from 3 to 20 years. Land use rights are amortized over the agreement period.

Bought emission rights will be initially valued at cost. Received emission rights are reported in the statement of financial position initially at their fair value. Emission rights are subsequently valued at cost. Emission rights, which are traded on active markets, are not amortized, as the carrying value of those emission rights is considered to account for initial value. Emission rights will be derecognized at transaction date, when actual emissions have been defined.

The estimated useful lives are (years):

Intangible rights	up to 20
Software	3–5
Customer relations	7

Subsequent expenditure on capitalized other intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Research and development

Research costs are recognized in the income statement as incurred. Expenditure on development activities related to new products and processes are capitalized in the statement of financial position from the moment they are expected to bring future economic benefits and the Group has intention and resources to finalize the development. Previously expensed development expenditure is not capitalized later.

Tangible assets

Tangible assets comprising mainly of land, buildings, machinery, tooling and equipment are valued at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of material, direct labor costs and an appropriated proportion of production overheads. When an asset includes major components that have different useful lives, they are accounted for as separate items.

Expenditure incurred to replace a component in a tangible asset that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure such as ordinary maintenance and repairs is recognized in the income statement as an expense as incurred. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition cost. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated.

The estimated useful lives are (years):

Buildings and other structures	20–40
Machinery and equipment	5–15
Other tangible assets	3–12

Tangible assets which are classified as held for sale are valued at lower of its carrying amount or fair value less costs to sell. The depreciation of these assets will be ceased when assets are classified as held for sale. Gains or losses arising from the disposal of tangible assets are included in Earnings before interest and taxes.

Impairment

The carrying amounts of assets are assessed at each reporting period closing date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying value of goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of other assets in the group of units on pro rata bases.

For intangible and tangible assets the recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the average cost of capital rate (pre-tax) of the cash-generating unit where the assets are located, adjusted for risks specific to the assets.

In respect of tangible assets and other intangible assets excluding goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is never reversed.

Leases

Lease contracts in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

In finance leases the assets and accumulated depreciation are included in tangible assets and the associated obligations are included in interest-bearing liabilities. When a Group company is the lessor, the discounted future lease payments are booked as interest-bearing receivables and the assets that have been leased out are removed from tangible assets. Lease payments under finance leases are divided into interest expense or interest income and installment payment of liability or receivable. Rental payments and rental income under operating leases are charged to the income statement.

Assets financed with leasing contracts have been capitalized and are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Assets are impaired and depreciated under the same principles and rates as tangible fixed assets. The depreciation time is the shorter of the useful life of the asset and the lease term.

The leasing components included in purchase agreements are recognized according to same principles. Other parts of the agreement are recognized according to the related IFRS standards.

Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined using the first-in first-out principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for produced finished goods and work-in-process represent the purchase price of materials, direct labor costs, other direct costs and related production overheads excluding selling and financial costs.

Employee benefits

The Group companies have various pension and other post-employment benefit plans in accordance with local conditions and practices throughout the world. The plans are classified as either defined contribution plans or defined benefit plans.

A defined contribution plan is a plan under which the Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the entity is not able to pay the relating benefits. The contributions to defined contribution plans are charged to the income statement in the year to which they relate. A defined benefit plan is a plan which is not a defined contribution plan.

The present value of the obligation of defined benefit plans is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined using interest rates of high-quality corporate bonds that have maturity terms approximating to the terms of the related defined benefit obligation. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting period closing date less fair value of plan assets.

Remeasurements, including actuarial gains and losses, are recognized to equity through other comprehensive income when incurred and are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in income statement at the earlier of when the plan amendment or curtailment occurs or when related restructuring costs or termination benefits are recognized.

For defined benefit plans the Group reports the current and past service cost as well as gains and losses on non-routine settlements in personnel expenses by functions. The net interest income or expense is recognized in financial income or expenses. The net interest is determined by applying the discount rate used to determine present value of obligation to the net defined benefit liability or asset at the beginning of the annual period. In addition, the changes during the period caused by contributions and benefit payments are taken into account.

Share-based payment transactions

The Group has incentive plans which include equity-settled or cash-settled share-based payment transactions. The fair value of equity-settled share-based payments granted is recognized as an employee expense with a corresponding increase in equity. The fair value of cash-settled share-based payments is valued at each reporting period closing date and the changes in fair value of liability are recognized as expense when incurred. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the awards. The fair value of awards granted is measured using the Black-Scholes model, taking into account the market terms and conditions of agreement when pricing the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards that will be vested. Non-market vesting conditions (for example, EBIT growth target) are not included in the value of share-based instruments but in the number of instruments that are expected to vest. At each reporting period closing date the estimates about the number of awards that are expected to vest are revised and the impact is recognized in income statement. The proceeds received from the exercise of options are credited to share capital (book value equivalent) and share premium fund.

Provisions

Provisions are recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle such obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions arise from restructuring plans, onerous contracts, legal proceedings and from environmental litigation or tax risks. Obligations arising from restructuring plans are recognized when the detailed and formal plans have been established and when there is a valid expectation that such plan will be carried out (plan has been announced). Provision from emissions is recognized according to actual emissions.

Taxes

The Group income statement includes current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes. Tax effect relating to items recognized directly on equity or in other comprehensive income is recognized in equity or in other comprehensive income.

Deferred tax assets and liabilities are recognized using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values for IFRS reporting purposes. Deferred tax is not recognized for non-deductible goodwill and for differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is not recognized in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. In the determination of deferred income tax the enacted tax rate is used.

Principal temporary differences arise from tangible assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which such assets can be utilized.

Equity, dividends and own shares

The Group's equity includes instruments that evidences a residual interest in the assets of an entity after deducting all of its liabilities and contains no contractual obligation for the issuer to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions which are unfavorable to the issuer. When Huhtamäki Oyj's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Dividends proposed by the Board of Directors are not recognized in the financial statements until the shareholders have approved them at the Annual General Meeting.

Revenue recognition

The sales income adjusted with sales discounts, indirect sales taxes and exchange rate differences relating to sales in foreign currency is presented as net sales. Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. As a main rule, revenue recognition takes place at the date of delivery according to delivery terms.

Grants

Government or other grants are recognized in the income statement on a systematic basis in the same periods in which the expenses are incurred. Investment grants are presented in the statement of financial position as deferred income and recognized as income on a systematic basis over the useful life of the asset. These grants are included in other operating income. Government grants relating to emissions are accrued based on actual emissions.

Other operating income and expense

Other operating income includes gains from disposal of assets and regular income, such as royalty and rental income, which have not been derived from primary activities.

Other operating expenses include losses from disposal of assets and other costs not directly related to production or sale of products such as amortization of software and goodwill impairment losses.

Non-recurring items

Material restructuring costs, material impairment losses and reversals, material gains and losses relating to business combinations and disposals, and material gains and losses relating to sale of intangible and tangible assets are presented as nonrecurring items.

Earnings before interest and taxes

Earnings before interest and taxes consists of net sales less costs of goods sold, sales and marketing expenses, research and development costs, administration costs, other operating expenses plus other operating income and share of result of equity-accounted investments. Foreign exchange gains and losses and changes of fair value of the derivative financial instruments relating to business are included in Earnings before interest and taxes.

Use of estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, which form the basis of making the judgments about carrying values. These estimates and assumptions are reviewed on an ongoing basis. Possible effect of the changes in estimates and assumptions are recognized during the period they are changed.

The estimates and assumptions that have a significant risk of causing adjustment to the carrying value of assets within next financial year relate to impairment testing, the measurement of pension liabilities, litigation and tax risks, restructuring plans, provision for inventory obsolescence and the probability of deferred tax assets being recovered against future taxable profits.

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. More information about the sensitivity of recoverable amount relating to used assumptions can be found in note Intangible assets.

New IAS/IFRS standards and interpretations

New standards and amendments to existing standards applicable for the Group that have been published and are not mandatory, and which the Group has not yet adopted are described in the following.

The Group plans to adopt the following standards and amendments in 2016:

- Revised IAS 1 Presentation of Financial Statements: Disclosure Initiative. The amendment clarifies the application of materiality concept and judgment when determining where an in what order information is presented in the consolidated financial statements.
- Revised IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendment clarifies that the revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- Revised IAS 27 Separate Financial Statements. The amendment allows entities to use the equity method in their separate financial statements.
- Revised IFRS 11 Joint arrangements. Amendment concerns accounting for the acquisition of an interest in a joint operation. The Group currently has no interest in joint arrangements classified as joint operations.
- Annual improvements (2012–2014 Cycle, December 2014). Annual improvements include smaller amendments to four standards.

The amendments listed above are not expected to have impact on the consolidated financial statements.

The Group expects to adopt later than 2016 the following new standards and amendments to existing standards, which have not yet been endorsed in the EU:

- IFRS 9 Financial Instruments (effective for 2018 annual period with early adoption permitted). IFRS 9 will replace current IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group is currently assessing the impact of IFRS 9.
- Revised IFRS 10 Consolidated Financial Statements and IFRS 12, IAS 28 Investment Entities. The amendment permits the application of consolidation exception of subsidiaries of an investment entity. The amendment is not expected to have impact on the consolidated financial statements.
- Revised IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendment addresses sale or contribution of assets between an investor and its associate or joint venture, more specifically transactions involving a business. The amendment is not expected to have impact on the consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customers (effective for 2018 annual period with early adoption permitted). IFRS 15 establishes a new comprehensive framework that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group is currently assessing the impact of IFRS 15, but does not expect material impact on the consolidated financial statements.

1. Segment information

The Group's reportable segments are strategic business units which produce different products and which are managed as separate units. The Group's segment information is based on internal management reporting. The Group has the following four reporting segments:

Foodservice Europe-Asia-Oceania: Foodservice paper and plastic disposable tableware is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, Middle East, Asia, Africa and Oceania.

North America: The segment serves local markets in North America with Chinet® disposable tableware products, foodservice packaging products, as well as ice cream containers and other consumer goods packaging products. The segment has rigid paper, plastic and molded fiber manufacturing units in the United States and Mexico.

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.

Molded Fiber: Recycled fiber is used to make fresh product packaging, such as egg and fruit packaging. The segment has production in Europe, Oceania, Africa and South America.

In the Group the performance assessment of segments and decisions on allocation of resources to segments are based on a segment's potential to generate earnings before interest and taxes (EBIT), operating cash flow and return on net assets. In management's opinion these are the most suitable key indicators for analyzing the segments' performance. The Chief Executive Officer is the highest decision maker regarding the above mentioned assessments and resource allocation.

Segment's net assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. Net assets comprise intangible assets (including goodwill), tangible assets, equity-accounted investments, inventories, trade and other receivables, accrued income and prepayments, trade payables, other payables and accrued expense. Capital expenditure includes acquisition of tangible and intangible assets which will be used during more than one reporting period. Intersegment pricing is based on fair market value.

Other activities include unallocated corporate costs and royalty income and related net assets. Unallocated assets and liabilities relate to post-employment benefits, taxes and financial items.

Segments 2015

EUR million	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Molded Fiber	Segments total
Net sales	660.4	939.0	868.7	258.3	2,726.4
Intersegment net sales	7.1	8.7	0.2	2.0	18.0
EBIT	52.4	88.2	68.8	33.5	242.9
Net assets	371.5	638.9	611.3	197.8	1,819.5
Capital expenditure	39.6	40.9	31.6	34.1	146.2
Depreciation and amortization	26.8	36.4	27.8	12.9	103.9
RONA, % (12m roll.)	14.2%	14.1%	12.3%	17.7%	-
Operating cash flow	35.4	61.1	63.5	9.9	-

Intersegment net sales are eliminated on consolidation.

See notes 2, 3, 7, 11 and 12.

Segments 2014

EUR million	Foodservice Europe-Asia-Oceania	North America	Flexible Packaging	Molded Fiber	Segments total
Net sales	613.0	760.4	617.5	244.8	2,235.7
Intersegment net sales	7.4	9.0	0.5	2.2	19.1
EBIT	57.4	38.4	45.5	35.0	176.3
Net assets	344.5	558.7	346.2	177.4	1,426.8
Capital expenditure	33.6	36.7	24.7	27.3	122.3
Depreciation and amortization	25.1	28.8	18.0	11.5	83.4
RONA, % (12m roll.)	17.6%	7.2%	13.6%	20.4%	-
Operating cash flow	41.9	18.7	27.8	17.5	-

Reconciliation calculations

Result

EUR million	2015	2014
Total EBIT for reportable segments	242.9	176.3
EBIT for other activities	-28.0	-1.4
Net financial items	-34.2	-28.9
Profit before taxes from continuing operations	**180.7**	**146.0**

Assets

EUR million	2015	2014
Total assets for reportable segments	2,275.4	1,795.5
Assets in other activities	24.5	17.1
Unallocated assets	215.4	485.4
Group's total assets	**2,515.3**	**2,298.0**

Liabilities

EUR million	2015	2014
Total liabilities for reportable segments	455.9	368.7
Liabilities in other activities	28.3	35.5
Unallocated liabilities	995.1	1,001.0
Group's total liabilities	**1,479.3**	**1,405.2**

Geographical information

In presenting information on geographical basis revenues are reported based on the selling entity's location. Assets are reported based on geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets and post-employment benefit assets.

2015 *EUR million*	External net sales from continuing operations	Non-current assets
The United States	933.8	515.2
Germany	409.6	142.3
India	270.9	117.2
The UK	164.4	83.8
China	107.7	75.6
Thailand	100.3	49.3
The United Arab Emirates	81.6	43.1
Australia	79.1	27.5
Russia	69.9	29.4
The Netherlands	66.1	41.0
New Zealand	52.1	26.6
Other countries	390.9	316.6
Total	**2,726.4**	**1,467.6**

2014 *EUR million*	External net sales from continuing operations	Non-current assets
The United States	755.4	459.6
Germany	404.7	140.4
India	148.2	61.6
The UK	141.4	68.7
China	95.8	72.9
Thailand	81.0	42.2
The United Arab Emirates	-	-
Australia	70.9	27.4
Russia	79.8	25.8
The Netherlands	64.9	38.8
New Zealand	49.4	26.8
Other countries	344.2	178.1
Total	**2,235.7**	**1,142.3**

2. Business combinations and disposals

Acquisitions

2015

On January 30, 2015 Huhtamaki completed the acquisition of Positive Packaging, a privately owned flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates (UAE) as well as significant business in Africa and other countries. With the acquisition Huhtamaki continued to implement its strategy of quality growth and strengthen its position in the fast-growing emerging markets. The acquired business has been consolidated into Flexible Packaging business segment as of February 1, 2015. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 199.6 million was paid in cash. The costs relating to advice etc. services EUR 4.1 million are included in Group income statement in account Other operating expenses. The initial accounting of business combination is ongoing and the presented values of assets, liabilities and goodwill may change when the accounting will be finalized.

The draft values of acquired assets and liabilities at time of acquisition were as follows:

EUR million	Note	Recognized values
Customer relations	11	7.1
Intangible assets	11	4.3
Tangible assets	12	93.1
Inventories	18	29.6
Trade and other receivables	19	62.6
Cash and cash equivalents	20	2.5
Total assets		**199.2**
Deferred taxes	16	-4.2
Interest-bearing loans	23	-69.5
Trade and other payables	25	-42.4
Total liabilities		**-116.1**
Net assets total		**83.1**
Goodwill	11	116.5
Consideration		199.6

The analysis of cash flows of acquisition is as follows:

EUR million	2015
Purchase consideration, paid in cash	-199.6
Cash and cash equivalents in acquired companies	2.5
Transaction costs of the acquisition	-4.1
Net cash flow on acquisition	-201.2

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 203.0 million and profit for the period was EUR 6.5 million. The Group net sales from continuing operations would have been EUR 2,742.0 million, profit for the period from continuing operations EUR 151.7 million and profit for the period EUR 150.4 million, if the acquired business had been consolidated from January 1, 2015.

On April 1, 2015 Huhtamaki completed the acquisition of Butterworth Paper Cups Sdn Bhd, a privately owned paper cup and foodservice packaging manufacturer in Malaysia. With the acquisition Huhtamaki expanded its foodservice manufacturing footprint to Southeast Asia and significantly strengthened its presence and capability to serve customers in Malaysia, Singapore and other regional Southeast Asian markets. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania business segment as of April 1, 2015. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 5.8 million was paid in cash. The costs of EUR 0.2 million relating to advice etc. services are included in the Group income statement in account Other operating expenses.

On July 1, 2015 Huhtamaki completed the acquisition of assets and business of Pure-Stat Technologies Inc., a privately owned laminate manufacturer in the United States. Pure-Stat's laminate is used as a component in a number of Huhtamaki's molded fiber products. The acquired business has been consolidated into North America business segment as of July 1, 2015. The goodwill is expected to be deductible for income tax purposes. The consideration of EUR 6.6 million was paid in cash. The costs relating to advice etc. services are not considered to be material.

The combined values of acquired assets and liabilities at time of acquisition were as follows:

EUR million	Note	Recognized values
Customer relations	11	0.6
Tangible assets	12	4.9
Inventories	18	1.4
Trade and other receivables	19	2.0
Cash and cash equivalents	20	0.1
Total assets		**9.0**
Deferred taxes	16	-0.2
Interest-bearing loans	23	-2.7
Trade and other payables	25	-0.9
Total liabilities		**-3.8**
Net assets total		**5.2**
Goodwill	11	7.2
Consideration		12.4

The analysis of combined cash flows of acquisitions are as follows:

EUR million	2015
Purchase consideration, paid in cash	-12.4
Cash and cash equivalents in acquired companies	0.1
Transaction costs of the acquisition	-0.2
Net cash flow on acquisition	-12.5

The combined net sales of the acquired businesses included in the Group income statement since acquisition date were EUR 6.1 million and profit for the period was EUR 0.3 million. The net sales and the profit for the period of the acquired businesses would not have had material effect in the Group income statement, if the acquired businesses had been consolidated from January 1, 2015.

2014

On August 29, 2014 Huhtamäki Oyj's New Zealand based subsidiary Huhtamaki (NZ) Holdings Limited acquired all shares of the privately owned Interpack Packaging Limited based in Auckland. Interpack manufactures folded carton packaging for the fast-moving consumer goods and retail products as well as the foodservice market in New Zealand. Company also manufactures corrugated protective packaging for the local wine industry. With the acquisition Huhtamaki continued to implement its strategy of quality growth and expanded its product offering. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania segment as of September 1, 2014. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 4.7 million was paid in cash. The cost relating to advice etc. services EUR 0.2 million are included in the Group income statement in account Other operating expenses.

The values of acquired assets and liabilities at time of acquisition were as follows:

EUR million	Note	Recognized values
Customer relations	11	0.4
Tangible assets	12	3.9
Inventories	18	1.1
Trade and other receivables	19	1.6
Cash and cash equivalents	20	0.1
Total assets		**7.1**
Deferred taxes	16	-0.1
Interest-bearing loans	23	-1.8
Trade and other payables	25	-2.1
Total liabilities		**-4.0**
Net assets total		**3.1**
Goodwill	11	1.6
Consideration		4.7

The analysis of cash flows of acquisition is as follows:

EUR million	2014
Purchase consideration, paid in cash	-4.7
Cash and cash equivalents in acquired companies	0.1
Transaction costs of the acquisition	-0.2
Net cash flow on acquisition	-4.8

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 4.1 million and profit for the period was EUR 0.3 million. The Group's net sales from continuing operations would have been EUR 2,242.8 million, profit for the period from continuing operations EUR 131.8 million and profit for the period EUR 141.5 million, if the acquired business had been consolidated from January 1, 2014.

Disposals

2014

The Films business segment was divested during 2014 as a result of the Group's growing strategic focus on food packaging. See note 3 Discontinued operations for further information.

3. Discontinued operations

The Films business segment was sold in 2014 to DBAG Fund VI, a fund advised by Deutsche Beteiligungs AG, a German private equity company listed on the Frankfurt stock exchange. The divestment was a result of Group's growing strategic focus on food packaging. The sale was completed in 2015. The results and net cash flows of the sold operations were as follows:

EUR million	2015	2014
Result of the discontinued operations:		
Net sales	-	193.4
Expenses	-	-186.5
Profit before taxes	-	6.9
Income taxes	-	-2.3
Profit after taxes	-	4.6
Result relating to disposed operations	-1.3	5.1
Result for the period from discontinued operations	-1.3	9.7

EUR million	2015	2014
Net cash flow of the discontinued operations:		
Cash flow from operating activities	-	7.3
Cash flow from investing	-	-4.0
Cash flow from financing	-	-33.0
Net cash flow	-	-29.7

4. Other operating income

EUR million	2015	2014
Royalty income	12.2	9.6
Rental income	0.6	1.4
Gain on disposal of tangible assets	0.3	1.5
Gain on divested associates	-	1.1
Other	5.2	7.7
Total	18.3	21.3

5. Other operating expenses

EUR million	2015	2014
European Commission's fine and legal costs	18.3	-
Amortization of intangible assets	6.8	7.4
Strategic project expenses	4.3	0.0
Other	0.9	0.1
Total	30.3	7.5

6. Personnel expenses

EUR million	2015	2014
Wages and salaries	446.4	364.9
Compulsory social security contributions	41.6	36.6
Pensions		
Defined benefit plans	10.2	-2.3
Defined contribution plans	11.9	8.3
Other post-employment benefits	1.6	0.6
Share-based payments	11.1	4.2
Other personnel costs	39.1	31.7
Total	561.9	444.0

Remuneration paid by the parent company to the members of the Board of Directors as well as the Chief Executive Officer (CEO) of Huhtamäki Oyj (8 people) amounted to EUR 2.3 million (2014: EUR 1.3 million).

See note 28 and Corporate Governance Statement.

Average number of personnel	2015	2014
Group	15,987	14,562
Huhtamäki Oyj	57	55

In 2014 average number of Group personnel includes discontinued operations.

7. Depreciation and amortization

EUR million	2015	2014
Depreciation and amortization by function:		
Production	92.0	72.3
Sales and marketing	0.1	0.1
Research and development	0.1	0.1
Administration	1.9	1.3
Other	10.4	10.3
Total	**104.5**	**84.1**
Depreciation and amortization by asset type:		
Buildings	11.9	9.3
Machinery and equipment	80.7	63.7
Other tangible assets	5.1	3.7
Intangible assets	6.8	7.4
Total	104.5	84.1

See notes 1, 11 and 12.

8. Net financial items

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Taxes reported in other financial expenses are taxes payable in some jurisdictions on financial transactions. Only foreign exchange revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items.

EUR million	2015	2014
Interest income on bank deposits and other receivables	1.2	1.5
Interest income on defined benefit plans	2.0	1.7
Dividend income on available-for-sale assets	1.7	0.9
FX revaluation gains on interest-bearing assets and liabilities	0.0	0.3
Financial income	**4.9**	**4.4**
Interest expense on liabilities	-28.0	-24.5
Interest expense on defined benefit plans	-6.3	-6.4
FX revaluation losses on interest-bearing assets and liabilities	-1.8	0.0
Other financial expenses	-3.0	-2.4
Financial expense	**-39.1**	**-33.3**
Net financial items	-34.2	-28.9

9. Taxes in income statement

EUR million	2015	2014
Current period taxes	42.1	19.7
Previous period taxes	-2.0	-4.5
Deferred tax expense	-10.8	-0.7
Total tax expense	**29.3**	**14.5**
Profit before taxes	180.7	146.0
Tax calculated at domestic rate	36.1	29.2
Effect of different tax rates in foreign subsidiaries	3.9	4.8
Income not subject to tax	-17.5	-14.3
Expenses not deductible for tax purposes	11.0	11.2
Utilization of previously unrecognized tax losses	-2.7	-6.5
Recognition of previously unrecognized tax losses	-0.6	-6.6
Previous period taxes	-2.0	-4.5
Other items	1.1	1.2
Total tax expense	29.3	14.5

Tax effects relating to components of other comprehensive income

EUR million	2015 Before tax amount	Tax expense/ benefit	Net of tax amount	2014 Before tax amount	Tax expense/ benefit	Net of tax amount
Cash flow hedges	-4.0	-0.1	-4.1	6.5	-0.4	6.1
Remeasurements on defined benefit plans	36.9	-9.3	27.6	-57.5	11.9	-45.6

10. Earnings per share

EUR million	2015	2014
Net income attributable to equity holders of the parent company (basic/diluted)		
Profit for the period from continuing operations	148.2	128.3
Result for the period from discontinued operations	-1.3	9.7
Total	**146.9**	**138.0**

Thousands of shares	2015	2014
Weighted average number of shares outstanding	103,665	103,505
Effect of share-based payments	151	151
Diluted weighted average number of shares outstanding	**103,816**	**103,656**

Basic earnings per share, EUR:	2015	2014
From profit for the period, continuing operations	1.43	1.24
From result for the period, discontinued operations	-0.01	0.09
From profit for the period attributable to equity holders of the parent company	**1.42**	**1.33**

Diluted earnings per share, EUR:	2015	2014
From profit for the period, continuing operations	1.43	1.24
From result for the period, discontinued operations	-0.01	0.09
From profit for the period attributable to equity holders of the parent company	**1.42**	**1.33**

11. Intangible assets

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2015
Acquisition cost on January 1, 2015	540.4	15.2	72.3	12.4	**640.3**
Additions	-	-	0.9	1.4	**2.3**
Disposals	-	-	-0.3	-0.6	**-0.9**
Intra-balance sheet transfer	-	-	2.4	0.1	**2.5**
Business combinations	123.7	7.7	0.2	4.1	**135.7**
Changes in exchange rates	21.4	1.4	0.9	0.2	**23.9**
Acquisition cost on December 31, 2015	685.5	24.3	76.4	17.6	**803.8**
Accumulated amortization and impairment on January 1, 2015	108.9	5.2	67.4	8.2	**189.7**
Accumulated amortization on disposals and transfers	-	-	-0.3	-0.3	**-0.6**
Amortization during the financial year	-	3.3	2.8	0.7	**6.8**
Changes in exchange rates	5.3	0.6	1.1	-0.1	**6.9**
Accumulated amortization and impairment on December 31, 2015	114.2	9.1	71.0	8.5	**202.8**
Book value on December 31, 2015	**571.3**	**15.2**	**5.4**	**9.1**	**601.0**

Emission rights are included in other intangible rights and are valued at fair value on January 8, 2015. The value of emission rights at balance sheet date was EUR 0.3 million (2014: EUR 0.3 million). The Group has not sold any emission rights during 2015. 330,166 emission rights have been allocated to the Group for the commitment period 2013-2020. There was not any emission allowance surplus in 2015.

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2014
Acquisition cost on January 1, 2014	572.5	14.3	72.7	11.6	**671.1**
Additions	-	-	1.0	0.4	**1.4**
Disposals	-46.2	-1.2	-3.6	-0.8	**-51.8**
Intra-balance sheet transfer	-	-	0.9	0.5	**1.4**
Business combinations	1.6	0.4	-	-	**2.0**
Changes in exchange rates	12.5	1.7	1.3	0.7	**16.2**
Acquisition cost on December 31, 2014	540.4	15.2	72.3	12.4	**640.3**
Accumulated amortization and impairment on January 1, 2014	114.0	3.1	62.8	7.8	**187.7**
Accumulated amortization on disposals and transfers	-9.7	-0.5	-3.0	-0.2	**-13.4**
Amortization during the financial year	-	2.1	6.4	0.2	**8.7**
Changes in exchange rates	4.6	0.5	1.2	0.4	**6.7**
Accumulated amortization and impairment on December 31, 2014	108.9	5.2	67.4	8.2	**189.7**
Book value on December 31, 2014	**431.5**	**10.0**	**4.9**	**4.2**	**450.6**

In 2014 amortization includes EUR 1.3 million from discontinued operations.

Impairment test for cash-generating units containing goodwill

Goodwill acquired through business combinations has been allocated to the level of groups of cash-generating units that are expected to benefit from the synergies of the acquisition, which represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill has been allocated to the following groups of cash-generating units:

EUR million	2015	2014
Flexible Packaging Europe	81.1	81.1
Flexible Packaging Global	116.5	-
Molded Fiber Europe	47.3	47.3
North America	229.2	211.5
	474.1	**339.9**
Multiple units with smaller goodwill amount	97.2	91.6
Total goodwill	**571.3**	**431.5**

The multiple units with smaller goodwill represent smaller scale units in different segments.

Goodwill has been tested for impairment and since the recoverable value of the groups of the cash generating units has been higher than the carrying value, no impairment charges have been recognized.

Goodwill is tested annually or more frequently if there are indications of impairment. In assessing whether goodwill has been impaired, the carrying value of the group of cash generating units has been compared to the recoverable amount of the group of cash generating units. The recoverable amount is based on value in use, which is estimated using a discounted cash flow model. The cash flows are determined using five year cash flow forecasts, which are based on business plans. The plans are based on past experience as well as future expected market trend. The plans are approved by management and are valid when impairment test is performed. Cash flows for future periods are extrapolated using a one percent growth rate in developed countries, two percent growth rate in developing countries and three percent growth rate in high growth countries. The management views these growth rates as being appropriate for the business, given the long time horizon of the testing period. The pre-tax discount rate used in calculation reflects the weighted average cost of capital and risks to the asset under review. The pre-tax discount rates used in discounting the projected cash flows are as follows: Flexible Packaging Europe 7.4% (2014: 7.4%), Flexible Packaging Global 11.7% (2014: -), Molded Fiber Europe 7.8% (2014: 7.7%) and North America 7.4% (2014: 7.4%). The pre-tax discount rates used in the smaller scale units with smaller goodwill range from 7.4% to 19.2% (2014: 7.1% to 17.2%). The cash generating unit relating to the Flexible Packaging Global includes the goodwill from the acquisition of Positive Packaging.

Sensitivity analysis around the key assumptions have been performed and management believes that any reasonably possible change in the key assumptions (EBIT and discount rates) would not cause carrying amount of cash generating unit to exceed its recoverable amount.

12. Tangible assets

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2015
Acquisition cost on January 1, 2015	16.6	255.2	1,130.7	74.2	54.9	**1,531.6**
Additions	-	6.9	5.6	134.3	2.1	**148.9**
Disposals	-	-0.1	-17.2	-	-1.4	**-18.7**
Intra-balance sheet transfer	-	8.7	107.8	-122.5	3.5	**-2.5**
Business combinations	0.5	29.9	59.2	3.4	4.6	**97.6**
Changes in exchange rates	0.8	12.6	52.7	0.1	1.2	**67.4**
Acquisition cost on December 31, 2015	17.9	313.2	1,338.8	89.5	64.9	**1,824.3**
Accumulated depreciation and impairment on January 1, 2015	-	109.4	699.0	-	43.1	**851.5**
Accumulated depreciation on disposals and transfers	-	-	-16.9	-	-1.4	**-18.3**
Depreciation during the financial year	-	11.9	80.7	-	5.1	**97.7**
Changes in exchange rates	-	4.6	34.1	-	0.9	**39.6**
Accumulated depreciation and impairment on December 31, 2015	-	125.9	796.9	-	47.7	**970.5**
Book value on December 31, 2015	17.9	187.3	541.9	89.5	17.2	853.8
Value of financial leased items included in book value 2015	-	**6.8**	**0.6**	-	**0.2**	**7.6**

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2014
Acquisition cost on January 1, 2014	20.8	285.3	1,076.3	48.1	46.3	**1,476.8**
Additions	-	7.3	7.7	119.5	0.9	**135.4**
Disposals	-5.1	-58.2	-105.4	-1.5	-	**-170.2**
Intra-balance sheet transfer	-0.3	6.2	82.1	-91.9	2.5	**-1.4**
Business combinations	-	-	5.7	-	0.1	**5.8**
Changes in exchange rates	1.2	14.6	64.3	-	5.1	**85.2**
Acquisition cost on December 31, 2014	16.6	255.2	1,130.7	74.2	54.9	**1,531.6**
Accumulated depreciation and impairment on January 1, 2014	-	126.8	663.2	-	33.2	**823.2**
Accumulated depreciation on disposals and transfers	-	-33.0	-74.9	-	-	**-107.9**
Depreciation during the financial year	-	10.2	68.2	-	4.1	**82.5**
Changes in exchange rates	-	5.4	42.5	-	5.8	**53.7**
Accumulated depreciation and impairment on December 31, 2014	-	109.4	699.0	-	43.1	**851.5**
Book value on December 31, 2014	**16.6**	**145.8**	**431.7**	**74.2**	**11.8**	**680.1**
Value of financial leased items included in book value 2014	-	**7.8**	**0.5**	-	**0.1**	**8.4**

In 2014 depreciation includes EUR 5.8 million from discontinued operations.

13. Equity-accounted investments

The Group has investments in the following associates and joint arrangements:

Company	Country	Ownership 2015	Ownership 2014
Laminor S.A. (joint venture)	Brazil	50.0%	50.0%
Arabian Paper Products Co. (associate)	Saudi Arabia	40.0%	40.0%

Laminor S.A. is classified as a joint venture and consolidated using equity method, since the Group has a residual interest in its net assets. The interest in net assets is based on the contractual arrangements between the owners and the legal form of the company.

The carrying amounts of interests and Group's share of results:

EUR million	2015	2014
Interest in a joint venture	5.5	6.0
Interest in an associate	7.3	5.6
Total	12.8	11.6
Share of profit in a joint venture	1.2	1.0
Share of profit in an associate	0.9	0.6
Total	2.1	1.6

14. Available-for-sale investments

Available-for-sale investments includes unquoted shares. For unquoted shares the fair value cannot be measured reliably, in which case the investment is carried at cost.

EUR million	2015	2014
Book value on January 1	1.9	1.7
Additions	0.0	0.1
Disposals	0.0	-
Changes in exchange rates	0.0	0.1
Book value on December 31	1.9	1.9

15. Interest-bearing receivables

EUR million	2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Current				
Loan receivables	0.6	0.6	1.0	1.0
Finance lease receivables	1.4	1.4	1.4	1.4
Current interest-bearing receivables	2.0	2.0	2.4	2.4
Non-current				
Loan receivables	1.4	1.4	1.4	1.4
Finance lease receivables	2.7	2.7	2.8	2.8
Non-current interest-bearing receivables	4.1	4.1	4.2	4.2

Fair values have been calculated by discounting future cash flows of each material receivable at the appropriate market interest rate prevailing at closing date. The fair value of current interest-bearing receivables is estimated to equal the carrying amount.

Finance lease receivables

EUR million	2015	2014
Finance lease receivable is payable as follows:		
In less than one year	1.6	1.6
Between one and five years	2.8	3.0
Total minimum lease payments	4.4	4.6
Present value of minimum lease payments		
In less than one year	1.4	1.4
Between one and five years	2.7	2.8
Total present value of minimum lease payments	4.1	4.2
Unearned future financial income	0.3	0.4

Finance lease receivables relates to packaging machines leased to customers.

16. Deferred taxes

EUR million	2015	2014
Deferred tax assets by types of temporary differences		
Tangible assets	1.0	2.2
Employee benefit	37.4	44.6
Provisions	4.0	2.4
Unused tax losses	23.2	14.7
Other temporary differences	28.1	21.7
Total	**93.7**	**85.6**
Deferred tax liabilities		
Tangible assets	84.9	65.0
Employee benefit	20.7	19.5
Other temporary differences	15.6	17.4
Total	**121.2**	**101.9**
Net deferred tax liabilities	27.5	16.3
Reflected in statement of financial position as follows:		
Deferred tax assets	50.9	55.9
Deferred tax liabilities	78.4	72.2
Total	27.5	16.3

On December 31, 2015 the Group had EUR 171 million (2014: EUR 142 million) worth of deductible temporary differences, for which no deferred tax asset was recognized. EUR 160 million of these temporary differences have unlimited expiry, EUR 2 million expire later than in five years and EUR 9 million expire in five years.

Deferred taxes recognized directly in other comprehensive income are presented in note 9.

17. Employee benefits

The Group has established a number of defined benefit plans providing pensions and other post-employment benefits for its personnel throughout the world. The US, the UK, Germany and the Netherlands are the countries having major defined benefit plans comprising approximately 90% of the Group consolidated defined benefit obligation.

The US and the UK defined benefit plans are organized through pension funds and the German and Dutch defined benefit plans through an insurance company. The major pension plans are funded and the assets of these plans are segregated from the assets of the Group. The subsidiaries' level of funding of the plans and asset allocation to asset categories meet local authority requirements.

In the defined benefit pension plans the pensions payable are based on salary level before retirement and number of service years. Some plans can include early retirement. The calculations for defined benefit obligations and assessment of the fair value of assets at reporting period closing date have been made by qualified actuaries.

The Group has also unfunded post-employment medical benefit plans, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes.

These defined benefit plans expose the Group to actuarial risks, such as inflation risk, interest rate risk, life expectancy and market risk.

EUR million	Present value of defined benefit obligation 2015	2014	Fair value of plan assets 2015	2014	Net defined benefit liability 2015	2014
Balance on January 1	590.0	517.2	-406.1	-373.3	183.9	143.9
Included in Income statement						
Current service cost	10.1	7.4			10.1	7.4
Plan amendment cost	0.1	-8.7			0.1	-8.7
Interest cost (+) / income (-)	18.1	21.2	-13.8	-16.3	4.3	4.9
	28.3	**19.9**	**-13.8**	**-16.3**	**14.5**	**3.6**
Included in Other comprehensive income						
Remeasurements						
Actuarial loss (+) / gain (-) arising from						
Demographic assumptions	-4.8	10.5			-4.8	10.5
Financial assumptions	-40.6	76.5			-40.6	76.5
Experience adjustment	2.2	-8.6			2.2	-8.6
Actual return on plan assets less interest income			6.3	-20.9	6.3	-20.9
	-43.2	**78.4**	**6.3**	**-20.9**	**-36.9**	**57.5**
Other movements						
Benefits paid	-29.5	-26.5	21.8	19.1	-7.7	-7.4
Contribution by employer			-5.5	-3.1	-5.5	-3.1
Contribution by employee			-1.1	-1.2	-1.1	-1.2
Obligations and assets extinguished on settlements	-	-6.6	-	6.6	-	0.0
Obligations and assets extinguished on disposals	-	-22.9	-	11.7	-	-11.2
Obligations and assets assumed in business combinations	2.7	-	-0.5	-	2.2	-
Effect of movements in exchange rates	27.2	30.5	-26.2	-28.7	1.0	1.8
Balance on December 31	575.5	590.0	-425.1	-406.1	150.4	183.9

Reflected to statement of financial position	2015	2014
Employee benefit assets	48.8	48.8
Employee benefit liabilities	199.2	232.7
	150.4	**183.9**

Amounts of funded and unfunded obligations	2015	2014
Present value of funded obligations	424.5	549.5
Present value of unfunded obligations	151.0	40.5
	575.5	**590.0**

Plan assets comprise:	2015	2014
European equities	64.6	66.8
North American equities	35.6	33.3
European debt instruments	67.7	59.5
North American debt instruments	116.4	107.1
Property	15.7	15.1
Insured plans	95.3	100.3
Other	29.8	24.0
	425.1	**406.1**

All equity and debt instruments have quoted prices in active markets.

Expected contribution to defined benefit plans during 2016 is EUR 5.3 million.

The weighted average duration of defined benefit obligation was 15 years (2014: 15 years).

Significant actuarial assumptions	2015	2014
Discount rate (%)		
Europe	1.5–4.0	1.0–3.6
Americas	4.1–6.6	3.7–7.0
Asia, Oceania, Africa	3.9–8.5	3.3–8.2
Annual increase in healthcare costs (%)		
Americas	7.3	7.5
Asia, Oceania, Africa	7.7	7.4

The effect of changes in significant actuarial assumptions on the defined benefit obligation

EUR million	2015	2014
1% p. increase in discount rate	-68.7	-69.4
1% p. decrease in discount rate	90.6	95.4
1% p. increase in estimated healthcare cost	2.5	2.8
1% p. decrease in estimated healthcare cost	-2.1	-2.5

18. Inventories

EUR million	2015	2014
Raw and packaging material	133.5	98.0
Work-In-Process	55.1	47.2
Finished goods	191.8	164.1
Advance payments	5.3	3.4
Total	**385.7**	**312.7**

The value at cost for finished goods amounts to EUR 203.3 million (2014: EUR 173.9 million). An allowance of EUR 16.9 million (2014: EUR 13.1 million) has been established for obsolete items. Total inventories include EUR 4.1 million resulting from reversals of previously written down values (2014: EUR 2.7 million).

19. Trade and other current receivables

EUR million	2015	2014
Trade receivables	375.2	304.5
Other receivables	32.3	26.9
Accrued interest and other financial items	4.8	4.5
Other accrued income and prepaid expenses	26.4	25.9
Total	**438.7**	**361.8**

Other accrued income and prepaid expenses include prepayments for goods, accrued royalty income, rebates and other miscellaneous accruals.

Aging and impairment losses of trade receivables at the closing date

EUR million	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not past due	306.0	1.1	269.1	1.2
Past due 0–30 days	41.8	0.3	32.1	0.5
Past due 31–120 days	24.6	0.4	5.8	0.5
Past due more than 120 days	7.8	3.2	3.7	4.0
Total	**380.2**	**5.0**	**310.7**	**6.2**

The maximum exposure to credit risk related to trade and other current receivables is equal to the book values of these items.

20. Cash and cash equivalents

EUR million	2015	2014
Cash and bank	73.7	326.5
Liquid marketable securities	29.5	24.3
Total	**103.2**	**350.8**

21. Share capital of the parent company

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2014	107,608,751	365,869,753.40	114,795,478.58	-38,850,052.11	441,815,179.87
Subscriptions through option rights	151,634	515,555.60	227,624.80	-	743,180.40
Own shares transferred through performance share incentive plan	-	-	-	197,807.37	197,807.37
December 31, 2014	107,760,385	366,385,309.00	115,023,103.38	-38,652,244.74	442,756,167.64
Own shares transferred through performance share incentive plan	-	-	-	1,306,381.89	1,306,381.89
December 31, 2015	107,760,385	366,385,309.00	115,023,103.38	-37,345,862.85	444,062,549.53

All shares issued are fully paid.

Huhtamäki Oyj has one series of shares. Each share entitles its holder to equal voting rights and equal distribution of dividend and other assets. The Company's Articles of Association do not contain rules regarding the minimum or maximum number of shares or the minimum or maximum share capital. Shares do not have a nominal value. All shares issued are fully paid.

The amount of the subscription price exceeding the par value of shares (EUR 3.40) received by the Company in connection with share subscriptions based on option rights granted under the option rights plan established under the old Companies Act (734/1978) has been recorded in the share premium. The Company's only existing option rights plan ceased on April 30, 2014.

Based on the authorization given by the Annual General Meeting of Shareholders on March 25, 2002, the Company repurchased in total 5,061,089 own shares during 2002 and 2003. After 2003 no own shares have been repurchased. The Annual General Meeting of Shareholders on April 21, 2015 authorized the Board of Directors to decide on the repurchase of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2016. This authorization cancelled the authorization given by the Annual General Meeting on April 24, 2014 to decide on the repurchase of the Company's own shares.

The Annual General Meeting of Shareholders on April 21, 2015 authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2016. This authorization cancelled the authorization given by the Annual General Meeting on April 24, 2014 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. During 2014 a total of 21,525 shares were transferred based on the authorizations and during 2015 a total of 142,158 shares were transferred based on the authorization.

On December 31, 2015 the Company owned a total of 4,063,906 own shares (December 31, 2014: 4,206,064 own shares).

Members of the Board of Directors and the CEO of the Company owned on December 31, 2015 a total of 88,000 shares (December 31, 2014: 108,000 shares). These shares represented 0.08% (December 31, 2014: 0.10%) of the total number of shares and voting rights in the Company on December 31, 2015.

Information according to the Securities Market Act, Chapter 7, Section 6

Pursuant to the Securities Market Act (746/2012) Chapter 7, Section 6 and the Degree on the Regular Duty of Disclosure of an Issuer of a Security (VMa 1020/2012) Chapter 2, Section 8, the Company shall present in the Directors' Report information on factors that are likely to have a material effect on a public tender offer to acquire the shares of the Company. In accordance with the aforementioned regulations, the Company gives the following information:

The Company has one class of shares. Each share carries one vote at the General Meeting of Shareholders. The Company does not have in force any option rights plan or any other plan based on which the Company can issue special rights entitling to subscription of the Company's shares.

Article 11 of the Articles of Association of the Company contains provisions concerning the redemption obligation of shareholders. Election of the members of the Board of Directors and the Chief Executive Officer is stipulated in Articles 4, 5 and 8 of the Articles of Association.

The Annual General Meeting of Shareholders on April 21, 2015 authorized the Board of Directors to decide: (i) on the repurchase of the Company's own shares and (ii) on the issuance of shares as well as the issuance of special rights entitling to shares. The authorizations remain in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2016.

Certain agreements relating to the financing of the Company as well as supply agreements entered into with certain most significant customers contain terms and conditions upon which the agreement may terminate if control in the Company changes as a result of a public tender offer.

Distribution of ownership by number of shares on December 31, 2015

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	6,332	25.9	362,348	0.3
101–1,000	13,941	56.9	5,705,950	5.3
1,001–10,000	3,871	15.8	10,101,292	9.4
10,001–100,000	287	1.2	7,678,422	7.1
100,001–1,000,000	43	0.2	10,948,427	10.2
More than 1,000,000	10	0.0	72 ,893,426	67.6
Total	24,484	100.0	107,689,865	99.9
In the joint book-entry account			70,520	0.1
Number of shares issued			107,760,385	100.0

Distribution of ownership by sector on December 31, 2015

Sector	Number of shares	%
Nominee-registered shares	50,410,314	46.8
Non-profit organizations	18,210,313	16.9
Households	16,509,018	15.3
Private companies	7,040,738	6.5
Public-sector organizations	6,616,718	6.1
Financial and insurance companies	5,388,382	5.0
Foreigners	3,514,382	3.3
In the joint book-entry account	70,520	0.1
Number of shares issued	107,760,385	100.0

Largest registered shareholders on December 31, 2015*

Name	Number of shares and votes	%
Finnish Cultural Foundation	12,000,800	11.1
Ilmarinen Mutual Pension Insurance Company	1,895,318	1.8
The Local Government Pensions Institution	1,543,000	1.4
ODIN Norden	1,484,114	1.4
The State Pension Fund	1,305,000	1.2
Society of Swedish Literature in Finland	1,008,500	0.9
Varma Mutual Pension Insurance Company	743,478	0.7
Mandatum Life Unit-Linked	738,713	0.7
Nordea Fennia Fund	693,750	0.7
Nordea Nordenfonden	655,564	0.6
Total	22,068,237	20.5

* *Excluding own shares acquired by Huhtamäki Oyj totaling 4,063,906 and representing 3.8% of the total number of shares.*

Option rights

Option Rights 2006 Plan

The Annual General Meeting of Shareholders held on March 27, 2006 approved the issue of 3,300,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The Option Rights 2006 Plan ceased on April 30, 2014.

The option rights were marked as follows: 1,100,000 with 2006 A, 1,100,000 with 2006 B and 1,100,000 with 2006 C. According to the terms and conditions of the option rights each option right entitled to the subscription of one share and thus, if exercised in full, the option rights under the Option Rights 2006 Plan entitled to the subscription for a total of 3,300,000 shares whereby the share capital would have been increased by a maximum amount of EUR 11,220,000 representing approximately 3.1% of the Company's share capital on December 31, 2014. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011, with the option rights 2006 B on October 31, 2012 and with the option rights 2006 C on April 30, 2014. No shares were subscribed for based on the option rights 2006 A during the subscription period. A total of 749,665 new shares were subscribed for based on the option rights 2006 B and 947,400 new shares were subscribed for based on the option rights 2006 C during the subscription period. The following table depicts the share subscription period and the last subscription price for the option rights 2006 C.

Option right	Subscription ratio	Subscription price for one share	Subscription period
2006 C	1:1	EUR 4.53	April 1, 2011 – April 30, 2014[1]

[1] *The subscription period for shares ceased for option rights 2006 C on April 30, 2014.*

During the year 2014 a total of 151,634 option rights 2006 C under the Option Rights 2006 Plan were exercised. Correspondingly 151,634 new shares were issued and the share capital was increased with EUR 515,555.60 representing approximately 0.14% of the share capital on December 31, 2014.

Information relating to the amount of option rights outstanding in 2015* and 2014

	Weighted average exercise price/share EUR 2015	Option rights (pcs) 2015	Shares based on option rights (pcs) 2015	Weighted average exercise price/share EUR 2014	Option rights (pcs) 2014	Shares based on option rights (pcs) 2014
At the beginning of the financial year	-	-	-	5.10	165,834	165,834
Exercised	-	-	-	4.90	-151,634	-151,634
Forfeited and expired	-	-	-	0.00	-14,200	-14,200
At the end of the financial year	-	-	-	0.00	0	0
Exercisable at the end of the period	-	-	-	-	-	-

* *During the year 2015 there was no exercisable option rights outstanding.*

Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the Group Executive Team shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2011–2013

The Performance Share Plan 2011–2013 commenced in 2011. The reward was based on the Group's earnings per share (EPS) in 2013 and was paid in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

The target, Group's earnings per share (EPS) in 2013, set forth in the Performance Share Arrangement 2010 for the earnings period 2011–2013, was reached. According to the terms and conditions of the Performance Share Arrangement a total of 21,525 shares were paid as a reward under the plan in 2014. Fair value of the paid shares on the grant date was EUR 19.48 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2011–2013 totaling EUR 0 was recorded for the reporting periods 2011–2013. This amount includes an income totaling EUR 856,215 which was recorded in the reporting period ending on December 31, 2013.

Performance Share Plan 2012–2014

The Performance Share Plan 2012–2014 commenced in 2012. The reward was based on the Group's earnings per share (EPS) in 2014 and was paid during 2015. The Performance Share Plan 2012–2014 was directed to 63 persons at the end of 2014.

The target, Group's earnings per share (EPS) in 2014, set forth in the Performance Share Arrangement 2010 for the earnings period 2012–2014, was reached. According to the terms and conditions of the Performance Share Arrangement a total of 142,158 shares were paid as a reward under the plan in 2015. Fair value of the paid shares on the grant date was EUR 28.96 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2012–2014 totaling EUR 4,089,520 was recorded for the reporting periods 2012–2014. This amount includes an expense totaling EUR 1,780,795 which was recorded in the reporting period ending on December 31, 2014.

Performance Share Plan 2013–2015

The Performance Share Plan 2013–2015 commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015 and will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 61 persons at the end of 2015.

The target, Group's earnings per share (EPS) in 2015, set forth in the Performance Share Arrangement 2010 for the earnings period 2013–2015, was reached. According to the terms and conditions of the Performance Share Arrangement a total of 158,188 shares will paid as a reward under the plan in 2016. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2013–2015 totaling EUR 7,260,080 was recorded for the reporting periods 2013–2015. This amount includes an expense totaling EUR 6,440,691 which was recorded in the reporting period ending on December 31, 2015.

Performance Share Plan 2014–2016

The Performance Share Plan 2014–2016 commenced in 2014 and the possible reward will be based on the Group's earnings per share (EPS) in 2016. The reward, if any, will be paid during 2017. The Performance Share Plan 2014–2016 was directed to 78 persons at the end of 2015.

Performance Share Plan 2015–2017

The Performance Share Plan 2015–2017 commenced in 2015 and the possible reward will be based on the Group's earnings per share (EPS) in 2017. The reward, if any, will be paid during 2018. The Performance Share Plan 2015–2017 was directed to 87 persons at the end of 2015.

22. Fair value and other reserves

EUR million	
December 31, 2013	**-82.3**
Cash flow hedges recognized in other comprehensive income	6.3
Cash flow hedges transferred to profit or loss	0.3
Cash flow hedges transferred to statement of financial position	-0.1
Deferred taxes	-0.4
Change of remeasurements on defined benefit plans	-57.5
Deferred taxes	11.9
Other changes	22.5
December 31, 2014	**-99.3**
Cash flow hedges recognized in other comprehensive income	-3.6
Cash flow hedges transferred to profit or loss	0.1
Cash flow hedges transferred to statement of financial position	-0.5
Deferred taxes	-0.1
Change of remeasurements on defined benefit plans	36.9
Deferred taxes	-9.3
Other changes	-
December 31, 2015	**-75.8**

Fair value and other reserves

Fair value and other reserves contain the effective portion of fair value changes of derivative instruments designated as cash flow hedges, fair value changes of available-for-sale investments and remeasurements on defined benefit plans. Also deferred taxes in equity are reported in fair value and other reserves.

Translation differences

Translation differences contain the differences resulting from the translation of foreign entities' financial statements into euros. Also gains and losses from net investments in foreign entities are reported in translation differences. Hedges of those investments are reported in translation differences, if hedge accounting criteria is met.

Treasury shares

Treasury shares include the purchase price of Huhtamäki Oyj's shares held by Group companies. In 2015 own shares were transferred according to the terms and conditions of the Performance Share Incentive Plan. The purchase price of transferred shares was EUR 1.4 million. There are no additions in treasury shares in 2015.

23. Interest-bearing liabilities

EUR million	2015 Carrying amount	Fair value	2014 Carrying amount	Fair value
Current				
Loans from financial institutions				
Fixed rate	5.0	5.0	5.0	5.0
Floating rate	150.3	150.3	111.4	111.4
Other current loans				
Floating rate	0.5	0.5	0.5	0.5
Finance lease liabilities	1.7	1.7	1.1	1.1
Total	**157.5**	**157.5**	**118.0**	**118.0**
Non-current				
Loans from financial institutions				
Fixed rate	7.5	7.5	12.5	12.5
Floating rate	154.1	154.1	175.6	175.6
Other long-term loans				
Fixed rate	325.0	324.0	325.0	321.6
Floating rate	4.9	4.9	6.3	6.3
Finance lease liabilities	11.6	11.6	8.0	8.0
Total	**503.1**	**502.1**	**527.4**	**524.0**

All interest-bearing liabilities are other liabilities than liabilities for trading purposes or derivative financial instruments defined in IAS 39 and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at period end closing date. Interest rates for measuring fair values of interest-bearing liabilities were -0.08%–0.12%. The fair value of current interest-bearing liabilities is estimated to equal the carrying amount.

Repayments	Loans from financial institutions	Finance lease liabilities	Other loans	Total
2016	155.3	1.7	0.5	157.5
2017	121.1	1.8	125.5	248.4
2018	22.9	1.8	0.5	25.2
2019	17.4	4.3	0.6	22.3
2020	0.1	1.1	203.0	204.2
2021–	0.1	2.6	0.3	3.0

Finance lease liabilities

EUR million	2015	2014
Finance lease liabilities are payable as follows:		
In less than one year	2.5	1.5
Between one and five years	10.8	5.8
More than five years	4.8	6.1
Total minimum lease payments	**18.1**	**13.4**
Present value of minimum lease payments		
In less than one year	1.7	1.1
Between one and five years	9.0	4.4
More than five years	2.6	3.6
Total present value of minimum lease payments	**13.3**	**9.1**
Future finance charges	**4.8**	**4.3**

24. Provisions

Restructuring provisions

Restructuring provisions include costs for various ongoing projects to streamline operations. Provisions relate to employee termination benefits.

Tax provisions

Tax provisions are recognized for tax risks mainly due to changes in the corporate structure and intercompany financing arrangements.

Other provisions

Other provisions include mainly captive insurance provisions relating to workers compensation.

EUR million	Restructuring reserve	Taxes	Other	Total 2015	Total 2014
Provision on January 1, 2015	0.6	15.1	13.5	29.2	36.3
Translation difference	0.0	0.1	0.9	1.0	1.0
Provisions made during the year	-	1.9	3.7	5.6	5.1
Provisions used during the year	0.0	-0.3	-3.5	-3.8	-4.2
Unused provisions reversed during the year	-0.1	-1.3	-0.6	-2.0	-6.2
Disposed operations	-	-	-	-	-2.8
Provision on December 31, 2015	**0.5**	**15.5**	**14.0**	**30.0**	**29.2**
Current	0.2	0.9	1.0	2.1	3.6
Non-current	0.3	14.6	13.0	27.9	25.6

25. Trade and other current liabilities

EUR million	2015	2014
Trade payables	301.9	253.6
Other payables	45.1	30.0
Accrued interest expense and other financial items	13.1	23.0
Personnel and social security accruals	79.0	57.5
Other accrued expenses	53.7	48.5
Total	**492.8**	**412.6**

Other accrued expenses include accruals for purchases of material, rebates and other miscellaneous accruals.

26. Financial assets and liabilities by category

EUR million	2015	2014
Financial assets at fair value through profit or loss		
Derivatives	3.4	3.8
Derivatives designated for hedge accounting	5.1	4.7
Loans and receivables		
Non-current interest-bearing receivables	4.1	4.2
Other non-current assets	4.8	3.4
Current interest-bearing receivables	2.0	2.4
Trade and other current receivables	407.5	331.4
Cash and cash equivalents	103.2	350.8
Available-for-sale investments	1.9	1.9
Financial assets total	**532.0**	**702.6**
Financial liabilities at fair value through profit or loss		
Derivatives	2.8	3.9
Derivatives designated for hedge accounting	4.3	14.5
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	503.1	527.4
Other non-current liabilities	3.7	1.4
Current portion of long-term loans	66.7	76.1
Short-term loans	90.8	41.9
Trade and other current liabilities	344.5	280.4
Financial liabilities total	**1,015.9**	**945.6**

In the statement of financial position derivatives are included in the following groups: non-current interest bearing liabilities, other non-current assets, trade and other current receivables, other non-current liabilities and trade and other current liabilities.

Financial instruments measured at fair value	Quoted prices in active markets	Valuation techniques based on observable market data	Unquoted investments	Total 2015
Assets				
Derivatives				
Currency derivatives	-	4.7	-	4.7
Interest rate derivatives	-	3.8	-	3.8
Available-for-sale investments	-	-	1.9	1.9
Total	-	8.5	1.9	10.4
Liabilities				
Derivatives				
Currency derivatives	-	5.1	-	5.1
Interest rate derivatives	-	1.7	-	1.7
Electricity forward contracts	0.3	-	-	0.3
Total	0.3	6.8	-	7.1

Financial instruments measured at fair value	Quoted prices in active markets	Valuation techniques based on observable market data	Unquoted investments	Total 2014
Assets				
Derivatives				
Currency derivatives	-	4.5	-	4.5
Interest rate derivatives	-	4.0	-	4.0
Available-for-sale investments	-	-	1.9	1.9
Total	**-**	**8.5**	**1.9**	**10.4**
Liabilities				
Derivatives				
Currency derivatives	-	15.3	-	15.3
Interest rate derivatives	-	2.9	-	2.9
Electricity forward contracts	0.2	-	-	0.2
Total	**0.2**	**18.2**	**-**	**18.4**

The Group uses income approach in determining the fair value. Inputs used are foreign exchange rates, interest rates and yield curves as well as implied volatilities.

Group's currency and interest rate derivatives are subject to International Swaps and Derivatives Association (ISDA) master netting agreements. The amounts are not offset in the statement of financial position.

Unquoted investments are carried at cost, as their fair value cannot be measured reliably.

27. Management of financial risks

The objective of financial risk management is to ensure that the Group has access to sufficient funding in the most cost efficient way and to minimize the impact on the Group from adverse movements in the financial markets. As defined in the Group Treasury Policy, management of financial risks is guided and controlled by a Finance Committee, led by the CFO. The Finance Committee reviews risk reports on the Group's interest bearing balance sheet items, commercial flows, derivatives and foreign exchange exposures and approves required measures on a monthly basis.

The Group Treasury department at the Espoo headquarters is responsible for the Group's funding and risk management and serves the business units in daily financing, foreign exchange transactions and cash management coordination.

Currency risk

The Group is exposed to exchange rate risk through cross-border trade within the Group, exports and imports, funding of foreign subsidiaries and currency denominated equities.

Transaction risk

The largest transaction exposures derive from capital flows, imports, exports and royalty receivables. The objective of currency transaction risk management is to protect the Group from negative exchange rate movements. Business units are responsible for actively managing their currency risks related to future commercial cash flows, in accordance with policies and limits defined by the business unit and approved by the Finance Committee. As a rule, commercial receivables and payables recorded on the balance sheet are always fully hedged, as well as 25% of probable flows over a minimum 12-month horizon. Eligible hedging instruments include currency forwards and in authorized subsidiaries also currency options. The business units' counterparty in hedging transactions is mainly Huhtamäki Oyj.

Foreign exchange transaction exposure

EUR million	EUR exposure in companies reporting in GBP		EUR exposure in companies reporting in RUB		EUR exposure in companies reporting in AUD		USD exposure in companies reporting in GBP		USD exposure in companies reporting in THB	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Trade receivables	2.6	2.0	3.6	1.7	0.0	0.0	0.1	0.0	1.4	0.5
Trade payables	-3.5	-3.7	-7.4	-7.8	-0.3	-0.9	-2.4	-3.0	-1.3	-2.3
Net balance sheet exposure	-0.9	-1.7	-3.8	-6.1	-0.3	-0.9	-2.3	-3.0	0.1	-1.8
Forecasted sales (12 months)	11.2	13.1	3.9	15.2	0.0	0.0	0.2	0.2	4.9	3.1
Forecasted purchases (12 months)	-30.7	-27.2	-22.4	-24.0	-13.3	-8.5	-10.5	-14.4	-15.5	-14.9
Net forecasted exposure	-19.5	-14.1	-18.5	-8.8	-13.3	-8.5	-10.3	-14.2	-10.6	-11.8
Hedges										
Currency forwards (12 months)	4.3		2.9	5.8	9.2	5.1	1.6		5.9	2.9
Currency options (12 months)	5.7	4.1					3.4	5.1		
Total net exposure	**-10.4**	**-11.7**	**-19.4**	**-9.1**	**-4.4**	**-4.3**	**-7.6**	**-12.1**	**-4.6**	**-10.7**

Translation risk

As a main rule individual subsidiaries do not carry translation risk as they are financed in local currencies. As an exception, the Finance Committee has approved the use of foreign currency borrowing in countries with high local interest rates, totaling EUR 11.5 million (2014: EUR 1.2 million) on reporting period closing date.

The main translation exposures derive from equities and permanent loans, which in substance form a part of the net investment in the US, India and UK based subsidiaries. The Group hedges its translation risks selectively by using foreign currency loans and derivatives. Equity hedging decisions are made by the Finance Committee, who in its decision making considers the hedge's estimated impact on the Group's key indicators, long-term cash flows and hedging cost. On the reporting period closing date the Group had outstanding translation risk hedges of USD 223 million (of which USD 110 million in the form of currency loans and USD 113 million in the form of derivatives) and of GBP 20 million (of which GBP 20 million in the form of derivatives) (2014: USD 223 million, of which USD 110 million in the form of currency loans and USD 113 million in the form of derivatives and GBP 20 million, of which GBP 20 million in the form of derivatives).

A 10% appreciation of the EUR versus the USD, INR and GBP would as of the reporting period closing date decrease the result before taxes by EUR 9.0 million (2014: EUR 6.3 million) and the Group consolidated equity by EUR 47.9 million (2014: EUR 35.7 million).

Interest rate risk

The interest bearing debt exposes the Group to interest rate risk, namely re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralized to the Group Treasury. The Group's policy is to maintain in the main currency debt portfolios a duration that matches a benchmark duration range based on the Group's estimated cash flow, selected balance sheet ratios and also the shape of the yield curve. The objective of interest rate risk management is to reduce the fluctuation of the interest charge, enabling a more stable net income. The Group manages interest rate risk by selection of debt interest periods and by using derivatives such as futures, forward rate agreements, interest rate swaps and options.

Currency split and repricing schedule of outstanding net debt including hedges

	2015										2014		
Currency	Amount EUR million	Avg. duration (y)	Avg. rate (%)	Rate sensitivity[1] EUR million	Debt repricing in period, incl. derivatives 2016	2017	2018	2019	2020	Later	Amount EUR million	Avg. duration (y)	Avg. rate (%)
EUR	230.9	2.7	4.8	0.3	-46.6	150.0	2.5		125.0		1.6	2.4	4.5
USD	164.1	1.6	1.8	0.3	67.6	36.7	18.4	27.6	9.2	4.6	108.2	2.5	2.3
GBP	59.5	0.4	1.0	0.3	59.5						52.4	0.2	0.7
HKD	38.4	0.4	0.9	0.2	38.4						35.4	0.4	0.5
RUB	20.2	0.1	13.4	0.2	20.2						17.6	0.1	22.2
Other	38.2	0.4	2.3	0.4	38.2						72.8	0.1	2.8
Total	**551.3**	**1.7**	**3.4**	**1.7**	**177.3**	**186.7**	**20.9**	**27.6**	**134.2**	**4.6**	**288.0**	**1.4**	**3.4**

[1] *Effect of one percentage point rise in market interest rates on Group's net interest expenses over the following 12 months. A similar rise in interest rates would increase Group equity with EUR 2.5 million due to mark-to-market revaluations of interest rate derivatives designated for cash flow hedges. All other variables, such as FX rates have been assumed constant.*

Liquidity and refinancing risk

The Group maintains sufficient liquidity reserves at all times by efficient cash management structures such as cash pools, concentration accounts and overdraft financing facilities. To mitigate the refinancing risk, the Group diversifies funding sources as well as the maturity structure of loans and debt facilities. The Group utilizes a EUR 400 million Finnish commercial paper program and uncommitted credit facilities with relationship banks for short-term financing purposes. At the reporting period closing date, the Group had committed credit facilities totaling EUR 420 million (2014: EUR 420 million) of which EUR 309 million (2014: EUR 323 million) remained undrawn. Undrawn committed long term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

Debt structure

EUR million	2015									2014		
				Maturity of facility/loan								
Debt type	Amount drawn	Amount available of committed	Total	2016	2017	2018	2019	2020	Later	Amount drawn	Amount available of committed	Total
Committed revolving facilities	111.0	309.0	420.0	2.5		17.5			400.0	97.5	322.8	420.3
Bonds and other loans	418.0		418.0	55.5	130.0	17.5	15.0	200.0		490.9		490.9
Commercial paper program	55.0		55.0	55.0						10.0		10.0
Uncommitted loans from financial institutions	63.3		63.3	42.8	8.2	5.9	3.0	3.1	0.3	37.9		37.9
Finance lease liabilities	13.3		13.3	1.7	1.8	1.8	4.3	1.1	2.6	9.1		9.1
Trade and other current liabilities	492.8		492.8	492.8						412.6		412.6
Total	**1,153.4**	**309.0**	**1,462.4**	**650.3**	**140.0**	**42.7**	**22.3**	**204.2**	**402.9**	**1,058.0**	**322.8**	**1,380.8**

Credit risk

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivatives transactions.

The business units are responsible for the management of commercial credit risk in accordance with policies defined by the business units and approved by the Finance Committee. A Group policy sets out certain minimum requirements as to credit quality, sales terms and collection. The commercial credit risk for the Group as a whole is considered low as the receivable portfolio is diversified and historical credit loss frequency is low (see note 19).

Liquid funds are from time to time invested in short-term bank deposits at relationship banks with a solid credit rating, in government bonds, treasury bills or in commercial papers issued by corporate borrowers with an investment grade rating. Credit risk stemming from receivables from financial institutions, including derivative transaction settlements, is considered small and is managed centrally by the Group Treasury department and in accordance with limits set by the Finance Committee.

Capital management

The Group's objective is to maintain an efficient capital structure. Consequently, the Group aims to maintain in the long term the net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio in a range between 2–3. Net debt is defined as interest bearing liabilities less interest bearing receivables, cash and cash equivalents.

The Group is subject to a restriction on its net debt to EBITDA ratio through a clause in a key financing agreement. This restriction is not seen hindering the Group's ability to carry out its business or its strategy.

Changes in the capital structure are resulting from capital investments in the business and cash returns to shareholders, which are funded by the stable cash flow.

Capital structure

EUR million	2015	2014
Interest-bearing debt	660.6	645.4
Interest-bearing receivables, cash and cash equivalents	109.3	357.4
Net debt	551.3	288.0
Total equity	1,036.0	892.8
Net debt to equity (Gearing ratio)	**0.53**	**0.32**
Net debt to EBITDA (excluding non-recurring items)	**1.61**	**1.04**

Nominal values of derivative financial instruments

EUR million	2015							2014
	Nominal Value	Maturity Structure						Nominal Value
Instrument		2016	2017	2018	2019	2020	Later	
Currency forwards								
for transaction risk								
Outflow	-124.8	-124.8						-139.6
Inflow	126.2	126.2						153.0
for translation risk								
Outflow	-131.0	-131.0						-118.8
Inflow	128.2	128.2						107.3
for financing purposes								
Outflow	-246.7	-246.7						-142.0
Inflow	247.0	247.0						131.4
Currency options								
for transaction risk								
Bought options	17.7	17.7						18.5
Sold options	-17.7	-17.7						-14.8
Interest rate swaps								
EUR	-55.0		20.0			-75.0		-55.0
USD	105.6	9.2	36.7	18.4	27.5	9.2	4.6	98.8
Cross currency swaps								
SEK								-47.9
EUR								48.0
Electricity forward contracts	-0.3	-0.1	-0.1	-0.1				-0.2

Fair values of derivative financial instruments

EUR million	2015			2014		
Instrument	Positive Fair values	Negative Fair values	Net Fair values	Positive Fair values	Negative Fair values	Net Fair values
Currency forwards						
for transaction risk[1]	2.4	-1.5	0.9	3.4	-0.9	2.5
for translation risk[2]		-2.2	-2.2		-11.4	-11.4
for financing purposes	2.0	-1.3	0.7	1.0	-2.7	-1.7
Currency options						
for transaction risk	0.4	-0.1	0.3	0.3	-0.2	0.1
Interest rate swaps[3]						
EUR	3.8	-0.5	3.3	3.9	-0.7	3.2
USD		-1.3	-1.3	0.1	-1.3	-1.2
Cross currency swaps[4]						
EURSEK					-0.9	-0.9
Electricity forward contracts[5]	0.0	-0.3	-0.3	0.0	-0.2	-0.2

1 *Out of the currency forwards, fair value EUR 1.4 million was designated for cash flow hedges (2014: EUR 0.7 million) and reported in fair value and other reserves.*

2 *Out of the currency forwards, fair value of EUR -2.2 million was designated for hedges of net investment in foreign subsidiaries (2014: EUR -11.4 million) and reported in translation difference.*

3 *Fair values of interest rate swaps include accrued interest. Fair value of EUR -1.8 million was designated for cash flow hedges (2014: EUR -1.9 million) out of which EUR -1.4 million was reported in fair value and other reserves and EUR -0.4 million in the income statement in financial expense. Fair value of EUR 3.8 million was designated for fair value hedges out of which EUR 3.8 million was reported in the income statement in financial income.*

4 *No cross currency swaps are outstanding as of December 31, 2015. On December 31, 2014, the foreign exchange revaluation result of EUR -0.1 million was designated for fair value hedges and was reported in net financial items. The interest rate revaluation result of EUR -0.9 million was designated for cash flow hedges and was reported in fair value and other reserves. The fair value includes accrued interest of EUR -0.1 million which was reported in financial expense.*

5 *Out of the electricity forward contracts, EUR - 0.3 million (2014: EUR -0.2 million) was designated for cash flow hedges and was reported in fair value and other reserves.*

28. Related party transactions

Huhtamaki Group has related party relationships with its joint ventures and associated companies as well as members of the Board of Directors and the Group Executive Team.

Employee benefits of the CEO and other members of the Group Executive Team

EUR million	2015	2014
Salaries and other short-term employee benefits	4.3	3.3
Share-based payments	3.3	1.1

Remuneration of the CEO and members of the Board of Directors

In thousands of euros	2015	2014
CEO Moisio Jukka	1,758	852
Board members		
Ala-Pietilä Pekka	117	112
Suominen Jukka	83	77
Ailasmaa Eija	66	62
Barker William R.	64	57
Börjesson Rolf	64	56
Corrales Maria Mercedes	64	57
Turner Sandra	66	62
CEO and Board in total	**2,282**	**1,335**

Members of the Board of Directors and the Group Executive Team owned a total of 194,770 shares at the end of the year 2015 (2014: 231,340 shares). The Company's only existing option rights plan ceased on April 30, 2014 and the members of the Group Executive Team did not own any option rights at the end of the year 2014.

The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. Expenses for the CEO's statutory pension were 170 thousand euros (2014: 134 thousand euros) and for the supplementary pension arrangement 53 thousand euros (2014: 51 thousand euros). Liability from the supplementary pension arrangement was 391 thousand euros (2014: 330 thousand euros).

Transactions with associated companies and joint ventures

There were no transactions with associated companies or joint ventures in 2015 or 2014.

29. Operating lease commitments

EUR million	2015	2014
Operating lease payments		
Not later than 1 year	15.6	13.6
Later than 1 year and not later than 5 years	26.5	23.3
Later than 5 years	25.3	28.8
Total	**67.4**	**65.7**

30. Contingencies

Capital expenditure commitments

EUR million	2015	2014
Under 1 year	30.4	31.7

Mortgages

EUR million	2015	2014
For own debt	0.0	0.0

Guarantee obligations

EUR million	2015	2014
For associated companies	0.5	0.4
For external parties	0.0	0.3

Litigations

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anticompetitive behavior in the markets of plastic trays used for retail packaging of fresh food during years 2000–2008. On June 24, 2015 the European Commission announced the outcome of its investigations and found certain of Huhtamaki's former operations to have been involved in anticompetitive practices. Based on infringements in North-West Europe and France during years 2002–2006 the European Commission imposed a EUR 15.6 million fine on Huhtamaki. The fine and legal costs of EUR 2.7 million related to the investigation and the appeal process were recognized as a non-recurring expense in the Group's Q2 2015 result and the payment of fine was made during Q3 2015. Huhtamaki has launched an appeal against the decision before the General Court of the European Union.

31. Significant events after the reporting period

On January 29, 2016 Huhtamaki completed the acquisition of FIOMO, a privately owned manufacturer of flexible packaging foils and labels in the Czech Republic. With the acquisition Huhtamaki expanded its flexible packaging manufacturing footprint to Eastern Europe. The acquired business has been consolidated into Flexible Packaging business segment as of February 1, 2016. The annual net sales of the acquired business in 2015 were approximately EUR 21 million and it employs approximately 120 people in its manufacturing unit in the Prague area. The debt-free purchase price was approximately EUR 28 million.

Per share data

		2015	2014	2013	2012*	2011
Earnings per share	EUR	1.42	1.33	0.91	1.19	0.80
Earnings per share (diluted)	EUR	1.42	1.33	0.91	1.18	0.80
Dividend, nominal	EUR	0.66[1]	0.60	0.57	0.56	0.46
Dividend/earnings per share	%	46.6[1]	45.0	62.6	47.1	57.5
Dividend yield[2]	%	2.0[1]	2.7	3.1	4.6	5.0
Shareholders' equity per share	EUR	9.65	8.33	7.54	7.59	7.71
Average number of shares at year end[2]		103,665,405	103,505,319	103,067,409	101,710,693	101,418,398
Number of shares at year end[2]		103,696,479	103,554,321	103,381,162	102,611,897	101,472,231
P/E ratio[2]		23.6	16.4	20.5	10.3	11.5
Market capitalization on December 31[2]	EUR million	3,473.8	2,261.6	1,928.1	1,259.0	929.5
Trading volume in Nasdaq Helsinki Ltd.[3]	units	62,227,323	52,188,506	37,430,717	44,253,448	51,301,751
Trading volume in alternative trading venues[4]	units	73,032,436	51,927,797	24,197,786	28,367,244	28,396,040
Trading volume, total	units	135,259,759	104,116,303	61,628,503	72,620,692	79,697,791
In relation to average number of shares[2]	%	130.5	100.6	59.8	71.4	78.6
Development of share price						
Lowest trading price	EUR	21.35	17.63	12.32	8.88	7.09
Highest trading price	EUR	34.90	22.21	18.81	13.19	10.75
Trading price on December 31	EUR	33.50	21.84	18.65	12.27	9.16

* *Restated figures, as published in February 2013*

1 *2015: Board's proposal*

2 *Issue-adjusted and excluding treasury shares*

3 *Source: Nasdaq Helsinki Ltd*

4 *Source: Fidessa Fragmentation Index, fragmentation.fidessa.com*

Huhtamaki 2011–2015

EUR million	2015	2014	2013	2012*	2011
Net sales	2,726.4[1]	2,235.7[1]	2,161.1[1]	2,321.2	2,043.6
Increase in net sales (%)	21.9[1]	3.5[1]	0.9	13.6	4.7
Net sales outside Finland	2,672.3[1]	2,182.7[1]	2,112.4[1]	2,267.7	1,988.8
Earnings before interest, taxes, depreciation, amortization and impairment	319.4[1]	259.0[1]	220.4[1]	253.5	196.9
Earnings before interest, taxes, depreciation and amortization/net sales (%)	11.7[1]	11.6[1]	10.2[1]	10.9	9.6
Earnings before interest and taxes	214.9[1]	174.9[1]	131.9[1]	163.5	120.6
Earnings before interest and taxes/net sales (%)	7.9[1]	7.8[1]	6.1[1]	7.0	5.9
Profit before taxes	180.7[1]	146.0[1]	109.3[1]	137.4	105.2
Profit before taxes/net sales (%)	6.6[1]	6.5[1]	5.1[1]	5.9	5.1
Profit for the period	151.4[1]	131.5[1]	96.2[1]	124.1	91.7
Total equity	1,036.0	892.8	804.8	805.5	805.0
Return on investment (%)	13.3	13.0	9.9	12.6	9.8
Return on shareholders' equity (%)	15.6	16.7	12.0	15.8	11.0
Solidity (%)	41.3	38.9	37.7	40.1	42.2
Net debt to equity	0.53	0.32	0.50	0.50	0.49
Current ratio	1.40	1.91	1.97	1.53	1.12
Times interest earned	10.21	9.16	8.56	9.68	12.69
Capital expenditure	146.9	127.0	121.0	93.5	82.2
Capital expenditure/net sales (%)	5.4	5.7	5.2	4.0	4.0
Research & development	15.7[1]	13.3[1]	14.7[1]	15.7	16.2
Research & development/net sales (%)	0.6[1]	0.6[1]	0.7[1]	0.7	0.8
Number of shareholders (December 31)	24,484	25,392	24,895	24,290	26,604
Personnel (December 31)	15,844	13,818	14,362	14,170	12,739

* *Restated figures, as published in February 2013*

1 *Continuing business*

Key exchange rates in euros

		2015 Income statement	2015 Statement of financial position	2014 Income statement	2014 Statement of financial position
Australia	AUD	0.6774	0.6713	0.6791	0.6744
The UK	GBP	1.3776	1.3625	1.2400	1.2839
India	INR	0.0141	0.0139	0.0123	0.0130
Russia	RUB	0.0147	0.0124	0.0196	0.0138
Thailand	THB	0.0263	0.0255	0.0232	0.0251
The United States	USD	0.9015	0.9185	0.7525	0.8237

Definitions for key indicators

Earnings per share (EPS) from profit for the period from continuing operations =	Profit for the period from continuing operations – non-controlling interest / Average number of shares outstanding
Earnings per share (EPS) from profit for the period from discontinued operations =	Profit for the period from discontinued operations – non-controlling interest / Average number of shares outstanding
Earnings per share (EPS) attributable to equity holders of the parent company =	Profit for the period – non-controlling interest / Average number of shares outstanding
Diluted earnings per share (EPS) from profit for the period from continuing operations =	Diluted profit for the period from continuing operations – non-controlling interest / Average fully diluted number of shares outstanding
Diluted earnings per share (EPS) from profit for the period from discontinued operations =	Diluted profit for the period from discontinued operations – non-controlling interest / Average fully diluted number of shares outstanding
Earnings per share attributable to equity holders of the parent company (diluted EPS) =	Diluted profit for the period – non-controlling interest / Average fully diluted number of shares outstanding
Dividend yield =	100 x Dividend per share / Share price at December 31
Shareholders' equity per share =	Total equity attributable to equity holders of the parent company / Number of shares outstanding at December 31
P/E ratio =	Share price at December 31 / Earnings per share
Market capitalization =	Number of shares outstanding multiplied by the corresponding share price on the stock exchange at December 31
Return on investment (ROI) =	100 x (Profit before taxes + interest expenses + net other financial expenses) / Statement of financial position total – interest-free liabilities (average)
Return on equity (ROE) =	100 x Profit for the period / Total equity (average)
Net debt to equity (gearing) =	Interest-bearing net debt / Total equity
Solidity =	100 x Total equity / Statement of financial position total – advances received
Current ratio =	Current assets / Current liabilities
Times interest earned =	Earnings before interest and taxes + depreciation, amortization and impairment / Net interest expenses
Return on net assets (RONA) =	100 x Earnings before interest and taxes (12 m roll.) / Net assets (12 m roll.)
Operating cash flow =	EBIT + depreciation and amortization (including impairment) – capital expenditure + disposals +/– change in inventories, trade receivables and trade payables
Free cash flow =	Net cash flow from operating activities – capital expenditure + proceeds from selling tangible and intangible assets

Subsidiaries

The list contains significant subsidiaries. A complete list is enclosed in the official statutory accounts which may be obtained from the company on request.

Name	Domicile	Size of holding, %	Group holding, %
Huhtamäki Oyj's shareholding in subsidiaries:			
Huhtamäki Holding Oy	Finland	100.0	100.0
Huhtamaki Finance B.V.	The Netherlands	75.0	100.0
Partner Polarcup Oy	Finland	100.0	100.0
Huhtamäki Foodservice Finland Oy	Finland	100.0	100.0
Huhtamaki Hungary Kft	Hungary	100.0	100.0
Huhtamäki Holding Oy's shareholding in subsidiaries:			
Huhtalux Supra S.à r.l.	Luxembourg	100.0	100.0
Huhtalux Supra S.à r.l.'s shareholding in subsidiaries:			
Huhtamaki Germany GmbH	Germany	75.0	100.0
Huhtamaki Germany GmbH's shareholding in subsidiaries:			
Huhtamaki Flexible Packaging Germany GmbH & Co. KG	Germany	75.1	100.0
Huhtamaki Foodservice Germany Holding GmbH	Germany	100.0	100.0
Huhtamaki Foodservice Germany Holding GmbH's shareholding in subsidiaries:			
Huhtamaki Foodservice Germany GmbH & Co. KG	Germany	99.9	100.0
Huhtamaki Finance B.V.'s shareholding in subsidiaries:			
Huhtamaki Finance Company I B.V.	The Netherlands	100.0	100.0
Huhtamaki Anglo Holding	United Kingdom	100.0	100.0
Huhtamaki Finance Limited	United Kingdom	100.0	100.0
Huhtamaki Holdings France SNC	France	100.0	100.0
Huhtamaki (Norway) Holdings AS	Norway	100.0	100.0
Huhtamaki Holding UAE Limited	United Arab Emirates	100.0	100.0
Huhtamaki Holdings Pty Limited	Australia	100.0	100.0
Huhtamaki (NZ) Holdings Limited	New Zealand	100.0	100.0
Huhtamaki Foodservice Malaysia Sdn. Bhd.	Malaysia	100.0	100.0
Huhtamaki Spain S.L.	Spain	99.9	100.0
Huhtamaki Flexibles Italy S.r.l.	Italy	100.0	100.0
Huhtamaki Sweden AB	Sweden	100.0	100.0
Huhtamaki Turkey Gıda Servisi Ambalajı A.Ş.	Turkey	100.0	100.0
Huhtamaki Singapore Pte. Ltd.	Singapore	100.0	100.0
Huhtamaki (Vietnam) Limited	Vietnam	100.0	100.0
Huhtamaki Egypt L.L.C.	Egypt	75.0	75.0
Huhtamaki South Africa (Pty) Ltd.	South Africa	100.0	100.0
Huhtamaki Finance Company I B.V.'s shareholding in subsidiaries:			
Huhtamaki Beheer XI B.V.	The Netherlands	100.0	100.0
Huhtavefa B.V.	The Netherlands	100.0	100.0
Huhtamaki Beheer V B.V.	The Netherlands	100.0	100.0
Huhtamaki Paper Recycling B.V.	The Netherlands	100.0	100.0
Huhtamaki Nederland B.V.	The Netherlands	100.0	100.0
Huhtamaki Molded Fiber Technology B.V.	The Netherlands	100.0	100.0
Huhtamaki Ceska republika, a.s.	Czech Republic	100.0	100.0
Huhtamaki Foodservice Poland Sp. z o.o.	Poland	100.0	100.0
Huhtamaki Foodservice Ukraine LLC	Ukraine	99.0	100.0
Huhtamaki Mexicana S.A. de C.V.	Mexico	98.0	100.0
Huhtamaki New Zealand Limited	New Zealand	100.0	100.0
Huhtamaki (Thailand) Ltd.	Thailand	100.0	100.0
Huhtamaki Beheer XI B.V.'s shareholding in subsidiaries:			
Huhtamaki Brazil Investments B.V.	The Netherlands	100.0	100.0

Name	Domicile	Size of holding, %	Group holding, %
Huhtamaki Brazil Investments B.V.'s shareholding in subsidiaries:			
Huhtamaki do Brasil Ltda	Brazil	100.0	100.0
Huhtavefa B.V.'s shareholding in subsidiaries:			
Huhtamaki PPL Limited	India	68.8	68.8
Huhtamaki PPL Limited's shareholding in subsidiaries:			
Webtech Labels Private Limited	India	51.0	35.1
Positive Packaging Industries Limited	India	100.0	100.0
Huhtamaki Beheer V B.V.'s shareholding in subsidiaries:			
Huhtamaki Americas, Inc.	USA	100.0	100.0
Huhtamaki Americas, Inc.'s shareholding in subsidiaries:			
Huhtamaki, Inc.	USA	100.0	100.0
Huhtamaki Paper Recycling B.V.'s shareholding in subsidiaries:			
LeoCzech spol s r.o.	Czech Republic	90.0	100.0
Huhtamaki Anglo Holding's shareholding in subsidiaries:			
Huhtamaki Limited	United Kingdom	100.0	100.0
Huhtamaki Limited's shareholding in subsidiaries:			
Huhtamaki (UK) Limited	United Kingdom	100.0	100.0
Huhtamaki (Lurgan) Limited	United Kingdom	100.0	100.0
Huhtamaki (Lurgan) Limited's shareholding in subsidiaries:			
Huhtamaki (Lisburn) Limited	United Kingdom	100.0	100.0
Huhtamaki Finance Limited's shareholding in subsidiaries:			
Josco (Holdings) Limited	Hong Kong	100.0	100.0
BCP Corporate Limited	United Kingdom	100.0	100.0
Josco (Holdings) Limited's shareholding in subsidiaries:			
Huhtamaki Hong Kong Limited	Hong Kong	100.0	100.0
Huhtamaki Hong Kong Limited's shareholding in subsidiaries:			
Huhtamaki (Tianjin) Limited	China	100.0	100.0
Huhtamaki (Guangzhou) Limited	China	100.0	100.0
Guangdong Josco Disposable Product Ltd.	China	100.0	100.0
Shandong GreenGood Eco-Tech Co. Ltd.	China	86.8	86.8
Dixie Cup (Hong Kong) Limited	Hong Kong	54.0	54.0
BCP Corporate Limited's shareholding in subsidiaries:			
2 View Media Limited	United Kingdom	100.0	100.0
2 View Media Limited's shareholding in subsidiaries:			
Huhtamaki BCP Limited	United Kingdom	100.0	100.0
Huhtamaki Holdings France SNC's shareholding in subsidiaries:			
Huhtamaki Participations France SNC	France	100.0	100.0
Huhtamaki Participations France SNC's shareholding in subsidiaries:			
Huhtamaki La Rochelle S.A.S	France	100.0	100.0
Huhtamaki Foodservice France S.A.S	France	100.0	100.0
Huhtamaki (Norway) Holdings AS's shareholding in subsidiaries:			
Huhtamaki Norway AS	Norway	100.0	100.0
Huhtamaki Holding UAE Limited's shareholding in subsidiaries:			
Primetech (M.E.) FZE	United Arab Emirates	100.0	100.0
Positive Packaging Industries South Africa (Pty) Limited	South Africa	100.0	100.0
Gravics Systems South Africa (Pty) Limited	South Africa	100.0	100.0
Huhtamaki Flexible Packaging Kenya Limited	Kenya	99.8	100.0

Name	Domicile	Size of holding, %	Group holding, %
Primetech (M.E.) FZE's shareholding in subsidiaries:			
Positive Packaging United (M.E.) FZCO	United Arab Emirates	60.0	100.0
Positive Packaging United (M.E.) FZCO's shareholding in subsidiaries:			
Huhtamaki Flexible Packaging Middle East LLC	United Arab Emirates	49.0	100.0
Huhtamaki Holdings Pty. Ltd.'s shareholding in subsidiaries:			
Huhtamaki Australia Pty Limited	Australia	100.0	100.0
Huhtamaki (NZ) Holdings Limited's shareholding in subsidiaries:			
Huhtamaki Henderson Limited	New Zealand	99.8	100.0
Partner Polarcup Oy's shareholding in subsidiaries:			
OOO Huhtamaki S.N.G.	Russia	95.0	100.0
OOO Huhtamaki Foodservice Alabuga	Russia	95.0	100.0

The following German subsidiaries are exempt from the duty of corporations to audit and disclose financial statements pursuant to German legislation (Sec. 264b HGB):
Huhtamaki Flexible Packaging Germany GmbH & Co. KG
Huhtamaki Foodservice Germany GmbH & Co. KG
Huhtamaki Real Estate Holding B.V. & Co. KG

Parent Company Annual Accounts 2015
Parent company income statement (FAS)

EUR million	Note	2015	2014
Other operating income	1	89.6	62.5
Sales and marketing		-2.7	-3.3
Administration costs		-25.1	-24.8
Other operating expenses	2	-29.2	-5.6
Earnings before interest and taxes	**3, 4**	**32.6**	**28.8**
Net financial income/expense	5	-12.5	-13.9
Profit before taxes		**20.1**	**14.9**
Appropriations		0.0	0.5
Income tax expense	6	-4.9	-0.1
Profit for the period		**15.2**	**15.3**

Parent company balance sheet (FAS)

Assets

EUR million	Note	2015	%	2014	%
Non-current assets					
Intangible assets	7				
Intangible rights		0.5		0.3	
Other capitalized expenditure		0.4		0.5	
		0.9	**0.0**	**0.8**	**0.0**
Tangible assets	8				
Other tangible assets		0.4		0.5	
Construction in progress and advance payments		0.2		0.2	
		0.6	**0.0**	**0.7**	**0.0**
Investments					
Investment in subsidiaries		1,611.2		1,602.6	
Investment in associated companies		0.5		0.5	
Other shares and holdings		0.7		0.6	
Loan receivables	9	3.3		3.3	
Other receivables		0.1		0.0	
		1,615.8	**80.8**	**1,607.0**	**80.0**
Current assets					
Current receivables					
Loan receivables	9	301.9		189.3	
Accrued income	10	40.2		54.4	
Other receivables	9	36.8		32.2	
		378.9	**19.0**	**275.9**	**13.7**
Cash and bank		3.4	0.2	128.0	6.3
Total assets		**1,999.6**	**100.0**	**2,012.4**	**100.0**

Equity and liabilities

EUR million	Note	2015	%	2014	%
Shareholders' equity	11				
Share capital		366.4		366.4	
Premium fund		115.0		115.0	
Retained earnings		680.5		727.4	
Profit for the period		15.2		15.3	
		1,177.1	**58.9**	**1,224.1**	**60.8**
Appropriations		-	-	**0.0**	**0.0**
Liabilities					
Non-current liabilities					
Loans from financial institutions	12	361.8		417.1	
Other non-current liabilities	13	2.4		2.8	
		364.2	**18.2**	**419.9**	**20.9**
Current liabilities					
Loans from financial institutions	12	110.5		82.9	
Other loans	12	313.7		242.8	
Trade payables	14	2.1		1.7	
Accrued expenses	15	30.0		39.8	
Other current liabilities		2.0		1.2	
		458.3	**22.9**	**368.4**	**18.3**
Total equity and liabilities		**1,999.6**	**100.0**	**2,012.4**	**100.0**
Total retained earnings available for distribution		**695.7**		**742.7**	

Parent company cash flow statement (FAS)

EUR million	**2015**	**2014**
EBIT	32.6	28.8
Adjustments		
Depreciation and amortization	0.5	4.3
Other adjustments	-0.1	0.3
Change in non-interest-bearing receivables	-1.0	-19.5
Change in non-interest-bearing payables	3.7	0.4
Dividends received	0.0	0.0
Net financial income and expense	-18.8	-5.9
Taxes paid	-0.2	-0.1
Net cash flow from operating activities	**16.7**	**8.3**
Capital expenditure	-0.7	-0.6
Disposal of tangible and intangible assets	0.1	12.3
Investments in subsidiaries	-8.5	-
Proceeds from subsidiary investments	-	48.3
Change in non-current receivables	-0.1	0.4
Change in current deposits	-112.7	-26.3
Net cash flow from investing activities	**-121.9**	**34.1**
Change in non-current loans	-55.7	-74.0
Change in current loans	98.5	159.5
Dividends paid	-62.2	-59.0
Proceeds from stock option exercises	-	0.7
Net cash flow from financing activities	**-19.4**	**27.2**
Change in liquid assets	-124.6	69.6
Liquid assets on January 1	128.0	58.4
Liquid assets on December 31	3.4	128.0

Parent Company accounting principles

The financial statements of Huhtamäki Oyj have been prepared according to Finnish Accounting Standards (FAS). The financial statements have been prepared on the basis of historical costs and do not take into account increases in the fair value of assets, unless otherwise stated.

Foreign currency

Foreign currency transactions are recorded according to the exchange rates prevailing on the transaction date. Receivables and payables are revalued at the rate of exchange on the balance sheet date. Exchange rate differences arising from translation of receivables are recognized under other operating income, and exchange rate differences on payables under costs and expenses. Exchange rate differences on translation of financial items, such as loans and deposits, are recognized under financial income and expenses.

Derivative instruments

Foreign exchange derivative contracts are used for hedging the company's currency position. The company manages its interest rate risks using interest rate derivatives. The prudence principle is applied to derivatives in the financial statements. However, also the positive changes in market values of foreign exchange derivatives are recognized in the income statement and the balance sheet in cases where corresponding negative changes in market values exists. Foreign exchange derivatives are marked-to-market at the rate of exchange on the balance sheet date and recorded in the income statement as an adjustment to financial items or sales and purchases only to the extent they relate to balance sheet items being hedged. Interest derivatives used for hedging the company's loans are stated at historical cost. Interest derivatives used for hedging subsidiaries' external loans are stated at lower of historical cost or market value. Interest income or expenses deriving from such instruments are accrued over the contract period.

Intangible assets

Intangible assets are amortized on a systematic basis over their estimated useful life. The period of amortization does not exceed 20 years.

Tangible assets

Items of property, plant and equipment are stated at historical cost and are depreciated using the straight line method over their estimated useful lives. Land is not depreciated.

Periods of depreciation used:	
Buildings and other structures	20–40 years
Other tangible assets	3–12 years

Leases of equipment are classified as operating leases.

Investments

Investments classified as long-term assets are carried at cost, less amounts written off to recognize permanent declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense. Investments in subsidiaries are carried at cost in the balance sheet of the company. Investments in associated companies are carried in the company's balance sheet in accordance with the valuation policy applied to long-term investments noted above. An associated company is one in which Huhtamäki Oyj holds, directly or indirectly, between 20% and 50% of the voting power of the company.

Income taxes

The income statement includes income taxes of the Company based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes.

Other operating income and revenue recognition

The Company's operations comprise investment to subsidiaries and offering services to subsidiaries. The revenue relating to sale of services is reported under Other operating income. Revenue is recognized at the date of delivery. In addition, gains from disposal of assets, royalty and rental income are included in other operating income.

Other operating expenses

Other operating expenses include e.g. losses from disposal of assets.

Exceptional income and expenses

Exceptional income and expenses include items which fall outside the ordinary activities of the company, such as group contribution or divestment related items.

Notes to the parent company financial statements

1. Other operating income

EUR million	2015	2014
Royalty income	47.4	25.2
Group cost income	18.4	18.4
IT recharge	2.2	2.3
Rental income	2.0	2.7
Other	19.6	13.9
Total	**89.6**	**62.5**

2. Other operating expenses

EUR million	2015	2014
European Commission's fine and legal costs	17.5	-
Intercompany other operating expenses	3.1	2.1
Other	8.6	3.5
Total	**29.2**	**5.6**

3. Personnel expenses

EUR million	2015	2014
Wages and salaries	9.6	8.0
Pension costs	1.7	1.4
Other personnel costs	3.5	1.5
Total	**14.8**	**10.9**

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the Board of Directors as well as the CEO of Huhtamäki Oyj (8 people) amounted to EUR 2.3 million (2014: EUR 1.3 million).

See note 28 and Corporate Governance Statement.

Average number of personnel	2015	2014
Huhtamäki Oyj	57	55

4. Depreciation and amortization

EUR million	2015	2014
Depreciation and amortization by function:		
Administration	0.5	4.0
Other	-	0.3
Total	**0.5**	**4.3**
Depreciation and amortization by asset type:		
Buildings	-	0.3
Other tangible assets	0.3	0.4
Other capitalized expenditure	0.2	3.6
Total	**0.5**	**4.3**

5. Financial income and expense

EUR million	2015	2014
Dividend income	**0.0**	**0.0**
Interest and other financial income		
Intercompany interest income	8.1	8.0
Other interest income	0.1	0.3
Total interest income	**8.2**	**8.3**
Other financial income	226.2	109.9
Total interest and other financial income	**234.4**	**118.2**
Interest and other financial expenses		
Intercompany interest expenses	-1.0	-1.5
Other interest expenses	-18.8	-19.2
Total interest expenses	**-19.8**	**-20.7**
Other financial expenses	-227.1	-111.4
Total interest and other financial expenses	**-246.9**	**-132.1**
Net financial items	-12.5	-13.9

6. Taxes

EUR million	2015	2014
Ordinary taxes	4.9	0.1
Total	4.9	0.1

Deferred taxes are not included in income statement or balance sheet. Unrecognized deferred tax liability from timing differences is EUR 0.3 million (2014: EUR 1.5 million).

7. Intangible assets

EUR million	Intangible rights	Other capitalized expenditure	2015 Total	2014 Total
Acquisition cost on January 1	0.7	66.9	67.6	67.5
Additions	0.1	0.0	0.1	0.3
Disposals	-0.1	0.0	-0.1	-0.3
Intra-balance sheet transfer	0.1	0.2	0.3	0.1
Acquisition cost on December 31	0.8	67.1	67.9	67.6
Accumulated amortization on January 1	0.3	66.5	66.8	63.2
Accumulated amortization on disposals and transfers	0.0	0.0	0.0	0.0
Amortization during the financial year	0.0	0.2	0.2	3.6
Accumulated amortization on December 31	0.3	66.7	67.0	66.8
Book value on December 31, 2015	0.5	0.4	0.9	-
Book value on December 31, 2014	0.3	0.5	-	0.8

8. Tangible assets

EUR million	Construction in progress and advance payments	Other tangible assets	2015 Total	2014 Total
Acquisition cost on January 1	0.2	3.2	3.4	34.7
Additions	0.3	0.2	0.5	0.3
Disposals	0.0	0.0	0.0	-31.5
Intra-balance sheet transfer	-0.3	0.0	-0.3	-0.1
Acquisition cost on December 31	0.2	3.4	3.6	3.4
Accumulated depreciation on January 1	-	2.7	2.7	18.2
Accumulated depreciation on disposals and transfers	-	-	-	-16.2
Depreciation during the financial year	-	0.3	0.3	0.7
Accumulated depreciation on December 31	-	3.0	3.0	2.7
Book value on December 31, 2015	**0.2**	**0.4**	**0.6**	**-**
Book value on December 31, 2014	0.2	0.5	-	0.7

Huhtamäki Oyj sold its property in 2014.

9. Receivables

EUR million	2015	2014
Current		
Loan receivables from subsidiaries	301.9	189.3
Accrued income	18.2	20.7
Accrued corporate income	22.0	33.7
Other receivables	1.2	4.4
Other receivables from subsidiaries	35.6	27.8
Total	**378.9**	**275.9**
Non-current		
Intercompany loan receivables	3.3	3.3
Other receivables	0.1	-
Total	**3.4**	**3.3**
Total	382.3	279.2

10. Accrued income

EUR million	2015	2014
Accrued interest and other financial items	1.9	1.1
Accruals for profit on exchange	3.4	3.5
Miscellaneous accrued income	11.8	10.7
Accrued corporate income and prepaid expense	22.0	33.7
Other	1.1	5.4
Total	40.2	54.4

11. Changes in equity

EUR million	2015	2014
Restricted equity		
Share capital January 1	366.4	365.9
Subscription through option rights	-	0.5
Share capital December 31	366.4	366.4
Premium fund January 1	115.0	114.8
Subscription through option rights	-	0.2
Premium fund December 31	115.0	115.0
Restricted equity total	**481.4**	**481.4**
Non-restricted equity		
Retained earnings January 1	742.7	786.4
Dividends paid	-62.2	-59.0
Net income for the period	15.2	15.3
Retained earnings December 31	695.7	742.7
Non-restricted equity total	**695.7**	**742.7**
Total equity	1,177.1	1,224.1

For details on share capital see note 21 of the notes to the consolidated financial statements.

12. Loans

EUR million	2015	2014
Non-current		
Loans from financial institutions	361.8	417.1
Non-current loans from financial institutions total	361.8	417.1
Current		
Current portion of long-term loans from financial institutions	55.5	72.9
Loans from financial institutions and other current loans	55.0	10.0
Current loans from financial institutions total	110.5	82.9
Loans from subsidiaries	313.7	242.8
Other loans total	313.7	242.8
Changes in non-current loans		
Loans from financial institutions		
January 1	417.1	492.6
Decreases	-55.3	-73.3
FX movement	-	-2.2
Total	**361.8**	**417.1**

Repayments	Loans from financial institutions
2016	110.5
2017	130.0
2018	17.5
2019	15.0
2020	199.3
2021–	-

13. Other non-current liabilities

EUR million	2015	2014
Interest rate derivatives	0.5	1.0
Loans from subsidiaries	0.0	0.0
Employee benefits	0.4	0.3
Long-term provisions	1.5	1.5
Total	2.4	2.8

14. Trade payables

EUR million	2015	2014
Trade payables	1.6	1.3
Intercompany trade payables	0.5	0.4
Total	2.1	1.7

15. Accrued expenses

EUR million	2015	2014
Accrued interest expense	12.3	22.6
Accrued interest expense to subsidiaries	5.2	11.9
Salaries and social security	5.7	3.8
Accrued income taxes	4.8	-
Miscellaneous accrued expense	2.0	1.5
Total	30.0	39.8

16. Derivatives

Fair values of derivatives, EUR million	2015	2014
Currency derivatives		
with external parties	-1.7	-11.5
with subsidiaries	1.4	5.3
Cross currency and interest rate swaps	2.0	1.1
Total	1.7	-5.1

Nominal values of principles, EUR million	2015	2014
Currency derivatives		
with external parties	517.4	533.8
with subsidiaries	481.2	495.0
Cross currency and interest rate swaps	200.6	241.8
Total	1,199.2	1,270.6

The nominal value of external currency derivatives is EUR 517.4 million and the nominal value of internal currency derivatives allocated to them is EUR 481.2 million. For the rest of the external currency derivatives hedge accounting is applied.

See note 27 in the consolidated financial statements for more information on the Group's financial risk management.

17. Commitments and contingencies

EUR million	2015	2014
Operating lease payments		
Under one year	2.1	2.1
Later than one year	12.8	14.8
Total	14.9	16.9
Guarantee obligations		
For subsidiaries	81.0	110.4
For associated companies	0.5	0.4
For external parties	-	0.3

Proposal of the Board of Directors to Distribute Retained Earnings

On December 31, 2015 Huhtamäki Oyj's non-restricted equity was	EUR 695,630,202.20
of which the result for the financial period was	EUR 15,151,574.47

The Board of Directors proposes that dividend will be distributed at EUR 0.66 per share.
No dividend for the own shares held by the Company on the record date shall be distributed.

The total amount of dividend on the date of this proposal would be	EUR 68,439,676.14

No significant changes have taken place in the Company's financial position since the end of the financial year. The Company's liquidity position is good and the proposed distribution does not, in the view of the Board of Directors, risk the Company's ability to fulfill its obligations.

Espoo, February 10, 2016

Pekka Ala-Pietilä   Jukka Suominen   Eija Ailasmaa   William R. Barker

Rolf Börjesson   Maria Mercedes Corrales   Sandra Turner

Jukka Moisio
CEO

Auditors’ Report

To the Annual General Meeting of Huhtamäki Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Huhtamäki Oyj for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the Company or have violated the Limited Liability Companies Act or the articles of association of the Company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company’s Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 10, 2016

Ernst & Young Oy
Authorized Public Accounting Firm

Harri Pärssinen
Authorized Public Accountant

Corporate Governance Statement

Huhtamäki Oyj (Huhtamaki or the Company) complies with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association and being in force from time to time. The Code is available in its entirety on the internet at www.cgfinland.fi. In 2015, the Company complied with the Code effective from October 1, 2010. In 2016, the Company will comply with the Code effective from January 1, 2016. Huhtamäki Oyj is a support member of the Securities Market Association.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Audit Committee of the Board of Directors of the Company has reviewed this statement and this statement has been approved by the Board of Directors. The Auditor of the Company has reviewed that this statement has been issued and that the description of the main principles of the internal control and risk management systems of the financial reporting process fully complies with the annual accounts of the Company.

Huhtamaki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and the committees founded by it, the Chief Executive Officer (CEO) and the Group Executive Team (GET), laws and regulations applicable in the Group's operations as well as the Group's internal policies, guidelines and practices.

Updated information on the governance and remuneration of the Company is available on the Company's website in section "Corporate Governance" (www.huhtamaki.com/investors/governance).

Corporate governance structure

General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are defined in the Finnish Companies Act and the Company's Articles of Association. The Annual General Meeting of Shareholders (AGM) shall be held annually in Espoo or Helsinki before the end of June on a date set by the Board of Directors. In 2015, the AGM was held on April 21, 2015 at Finlandia Hall, Helsinki. The AGM 2016 has been planned to be held on April 21, 2016 in Helsinki.

The AGM passes resolutions i.a. upon adoption of financial statements including the consolidated financial statements, distribution of profits, granting the members of the Board and the CEO discharge from liability as well as election of the members of the Board and the Auditor. The AGM decides also on the Board members' and the Auditor's remuneration. A General Meeting of Shareholders may also decide on, for example, amendments to the Company's Articles of Association, issuance of new shares and option rights and repurchase of the Company's own shares. The General Meeting of Shareholders may authorize the Board to decide, for example, on issuances of new shares or share repurchases.

The AGM 2015 decided in accordance with the proposal by the Board of Directors to set the dividend for 2014 at EUR 0.60 per share. The AGM re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner as members of the Board of Directors. The resolution on remuneration for the Board of Directors made by the AGM has been described later in section "Remuneration – Board of Directors – Financial benefits" and the resolution on election of the Auditor in section "Audit" of this statement.

At the General Meeting of Shareholders decisions are primarily made by a simple majority of votes. However, some decisions such as amendment of the Articles of Association, deviation from the shareholder's pre-emption right in connection with a share issue and decisions on merger, demerger or dissolution require a 2/3 qualified majority of the votes cast and the shares represented at the General Meeting of Shareholders.

An Extraordinary General Meeting of Shareholders (EGM) shall be held when considered necessary by the Board. An EGM shall also be held for the handling of a specified matter if requested in writing by the Auditor or shareholders holding altogether a minimum of one-tenth of all Company shares.

Shareholder rights

According to the Companies Act, a shareholder may request that a matter falling under the authority of the General Meeting of Shareholders shall be placed on the agenda of the meeting. To this effect, a written request should be sent to the Board well before the publication of the notice to convene the meeting. A shareholder has a right to make proposals and questions on matters handled in the General Meeting of Shareholders.

In order to be entitled to attend the General Meeting of Shareholders, a shareholder shall have to notify the Company of the intention to attend the meeting by the date specified in the notice to the meeting, which date may not be earlier than ten days prior to the meeting. A right to participate and vote in the meeting requires also that a shareholder has been entered in the shareholders' register of the Company eight business days before the General Meeting of Shareholders (record date of the meeting). The holder of a share registered under the name of a nominee may be temporarily entered in the shareholders' register for the purpose of participating in a General Meeting of Shareholders. A registration for temporary entry into the shareholders' register of the Company must be made by the date specified in the notice to the meeting, which date is after the record date of the meeting. This registration constitutes due registration for the General Meeting of Shareholders.

A shareholder may participate and vote in a General Meeting of Shareholders either in person or by proxy. A shareholder may also employ the services of an assistant in a General Meeting of Shareholders. Each share entitles its holder to one vote at the meeting.

In addition to attending and voting at a General Meeting of Shareholders, important rights of shareholders include for example shareholder's pre-emption right in connection with share issues, unless this right is deviated by a qualified majority of votes at a General Meeting of Shareholders, as well as right to receive dividends. All shares have equal rights to receive dividends.

Board of Directors

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamaki. The duty of the Board is to promote the interests of the Company and of all the shareholders.

Duties of the Board

The Board has a general authority regarding matters not specifically designated by law or the Articles of Association to any other governing body of the Company. In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Code of Governance for the Board of Directors. The Board decides on long-term strategic and financial targets as well as on dividend policy. The Board approves the strategic plans, annual plans and budget as well as monitors their implementation. The Board also decides on acquisitions and divestments as well as other significant corporate transactions, annual investment plan and individual capital expenditures exceeding EUR 6 million. The Board elects the CEO, approves the proposals by the CEO for GET members' appointments, decides on executive compensation and annually reviews the performance of the CEO and other management. The Board also conducts an annual evaluation of its own performance and working methods. The evaluation may be conducted as an internal self-evaluation or by using an external evaluator. In 2015, the evaluation was done as an internal self-evaluation without an external evaluator.

In order to discharge its duties, the Board requires information on the structure, business operations, operating environment, markets and financial position of the Group. Each member of the Board is provided with a monthly report on the financial situation and markets of the Group. In addition, if necessary, the Board is informed of all material events in the Group. New Board members are properly introduced to the operations of the Company.

Composition and election of the Board of Directors

The number of Board members and the composition of the Board shall enable the Board to see to its duties efficiently. The composition shall reflect the requirements set by the Group's operations and the development stage of the Group. Both genders shall be represented in the Board. According to the Articles of Association of the Company the Board shall consist of a minimum of six and a maximum of nine members. There are no limitations as to the number of terms a person may be elected as Board member or as to the maximum age of a Board member. The Company strives to ensure strong expertise in the business lines and geographical market areas that are important for the Group when electing the Board members. The Board members of the Company represent various business lines and they have broad management experience in several important market areas for the Group, including the emerging markets.

The Nomination Committee of the Board of Directors prepares a proposal for the election of the Board members to the AGM which elects the Board members for the term of office expiring at the close of the AGM following the election. The Articles of Association of the Company do not contain any provisions on a special order of appointment of the Board members but the AGM elects the Board members based on the proposal of the Nomination Committee of the Board of Directors. The Board shall elect from among its members the Chairman and the Vice-Chairman. If the CEO of the Company was elected to the Board, the CEO could however not be elected as the Chairman of the Board. The AGM 2015 elected the following seven individuals to the Board:

From left: Pekka Ala-Pietilä, Jukka Suominen, Eija Ailasmaa, William R. Barker, Rolf Börjesson, Maria Mercedes Corrales and Sandra Turner.

Mr. Pekka Ala-Pietilä

Chairman, born 1957, Finnish citizen
Independent of the Company and significant shareholders
Date of election: April 24, 2012
Board Committees: Chairman of the Nomination Committee and Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: M.Sc. (Econ), D.Sc. (Econ) h.c. and D.Sc. (Tech) h.c.
Primary working experience: Blyk Services Ltd., Co-founder and CEO (2006–2011); Nokia Corporation, several different positions (1984–2005), last positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)
Key positions of trust: SAP AG, Supervisory Board member (2002–); Pöyry PLC, Board member (2006–); Sanoma Corporation, Board member (2014–); Blyk International Ltd., Chairman of the Board (2009–2015); Solidium Oy, Chairman of the Board (2011–2015)

Mr. Jukka Suominen

Vice-Chairman, born 1947, Finnish citizen
Independent of the Company, based on an overall evaluation dependent of a significant shareholder
Date of election: March 30, 2005
Board Committees: Chairman of the Audit Committee, member of the Nomination Committee
Main occupation: Miscellaneous positions of trust
Education: M.Sc. (Eng.), B.Sc. (Econ)
Primary working experience: Silja Group, executive roles (1975–2000), Group CEO, Silja Oyj Abp (1995–2000), CEO, Silja Line (1991–1995) and VP, Effoa / Finland Steamship Company Ltd. (1975–1994)
Key positions of trust: Rederiaktiebolaget Eckerö, Chairman of the Board (2006–); Lamor Corporation Ab, Chairman of the Board (2010–); Fiskars Oyj Abp, Board member (2008–2014)

Ms. Eija Ailasmaa

Born 1950, Finnish citizen
Independent of the Company and significant shareholders
Date of election: March 22, 2004
Board Committees: Member of the Audit Committee
Main occupation: Miscellaneous positions of trust
Education: M.Pol.Sc.
Primary working experience: Sanoma Media B.V., President and CEO (2003–2011); Sanoma Group, executive roles in magazine publishing subsidiaries, including Helsinki Media/ Sanoma Magazines Finland, President (2000–2003) and other executive roles (1989–2000); Kodin Kuvalehti magazine, Editor-in-chief (1985–1989)
Key positions of trust: Outotec Oyj, Board member (2010–); Solidium Oy, Vice-Chairman of the Board (2008–2015)

Mr. William R. Barker

Born 1949, U.S. citizen
Independent of the Company and significant shareholders
Date of election: March 24, 2010
Board Committees: Member of the Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: MBA and B.Sc. (Chemical Engineering)
Primary working experience: Milacron LLC, Executive Vice President (2013–2014); Mold-Masters (2007) Limited, President (2013) and President and CEO (2010–2013); The Whitehawk Group LLC, CEO (2009–2010); Rexam PLC, Board member and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron, Inc., President, Textron Fastening Systems - Commercial Solutions (2000–2001); OEA Inc., President, OEA Automotive Safety Products (1998–2000); Bosal International N.V., President, Bosal North America (1995–1998); Gates Rubber Company, Vice President, Gates Power Drive Products, Managing Director, Asia Pacific Operations and other positions (1972–1995)
Key positions of trust: Shield Holdco LLC (holding company of Dynatect Manufacturing, Inc), Chairman of the Board (2014–) and Board member (2014); Shape Technologies Group, Inc., Chairman of the Board (2015–) and Board member (2015); The Carlstar Group LLC, Board member (2014–); Leeds School of Business, University of Colorado, Board member (2008–); Mcron Acquisition Corporation, Board Member (2013–2014); Mold-Masters (2007) Limited, Board member (2010–2013)

Mr. Rolf Börjesson

Born 1942, Swedish citizen
Independent of the Company and significant shareholders
Date of election: March 31, 2008
Board Committees: Member of the Nomination Committee and Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: M.Sc. (Chemical Engineering)
Primary working experience: Rexam PLC, Chairman of the Board (2004–2008) and CEO and Board member (1996–2004)
Key positions of trust: Biolight AB, Chairman of the Board (2011–); Svenska Cellulosa Aktiebolaget SCA (publ), Board member (2003–2015); Avery Dennison Corporation, Board member (2005–2015); Ahlsell AB, Chairman of the Board (2006–2012)

Ms. Maria Mercedes Corrales

Born 1949, Filipino citizen
Independent of the Company and significant shareholders
Date of election: April 24, 2012
Board Committees: Member of the Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: MBA and B.Sc. (Business Management)
Primary working experience: Starbucks Corporation, Corporate Senior Vice President & President, Asia Pacific Division (2009–2010) and Representative Director, CEO/COO, Starbucks Japan (2006–2009); Levi Strauss & Co., several executive positions in Asia and Latin America (1973–2005), last positions as President and Representative Director (LS Japan KK) & Regional Vice President, North Asia (Japan, Greater China and South Korea) (2001–2005) and Regional Vice President, South America (1996–2000)
Key positions of trust: Mapúa Institute of Technology, Board of Trustees (2013–); D.E Master Blenders 1753, Board member (2012–2013); Fraser and Neave, Limited, Board member (2010–2013); RCBC Savings Bank Philippines, Board member (2015–)

Ms. Sandra Turner

Born 1952, U.K. citizen
Independent of the Company and significant shareholders
Date of election: April 20, 2011
Board Committees: Member of the Audit Committee
Main occupation: Miscellaneous positions of trust
Education: BA (Marketing) Honours
Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), last position Commercial Director, Tesco Ireland Limited (2003–2009)
Key positions of trust: Carpetright PLC, Board member (2010–); McBride PLC, Board member (2011–); Greggs PLC, Board member (2014–); Berkhamsted School, Board of Governors, Vice-Chairman (2013–) and member (2011–2013); Countrywide PLC, Board member (2013–2014); Northern Foods PLC, Board member (2010–2011)

Board meetings

The Board has drawn up a written charter for its work. The meetings of the Board are held at the Company's headquarters in Espoo or in other Group locations. The Board may also hold its meetings by telephone and make decisions without convening a meeting. According to the Code of Governance for the Board it shall hold at least six regular meetings each year. One session is entirely dedicated to Group strategy. In 2015, the Board held eleven meetings (2014: eleven meetings), three (2014: five) of which were telephone meetings and two (2014: one) were held without convening. The average attendance of the members at the Board meetings was 99% (2014: 92%). The CEO and the CFO of the Company are usually attending the Board meetings. When necessary, e.g. in connection with deliberation of strategy or annual plans, the meetings are attended also by other members of the Group Executive Team. The Auditor is participating in the meeting deliberating the annual accounts. The General Counsel of the Company acts as the secretary of the Board.

In 2015 the Board of Directors actively deliberated implementation of the Group strategy with focus on food and drink packaging, growth investments, innovation activities and acquisitions. The Board focused especially on North America business segment by visiting a manufacturing unit in the U.S. as well as flexible packaging business by visiting factories in India.

Board members' attendance at the Board meetings

	2015		2014	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	11/11	100	11/11
Jukka Suominen (Vice-Chairman)	100	11/11	100	11/11
Eija Ailasmaa	100	11/11	100	11/11
William R. Barker	100	11/11	100	11/11
Rolf Börjesson	91	10/11	73	8/11
Maria Mercedes Corrales	100	11/11	82	9/11
Sandra Turner	100	11/11	91	10/11

Independence of the Board members

All members of the Board are non-executive. The Board considers all members of the Board independent of the Company. The Board also considers all members except Jukka Suominen independent of the significant shareholders of the Company. According to his own notification and an overall evaluation by the Board, Jukka Suominen is dependent of the significant shareholder of the Company, The Finnish Cultural Foundation.

Board Committees

In order to focus on certain responsibilities, the Board may appoint permanent Committees consisting of three to five Board members each. The Committees assist the Board by preparing matters belonging to the competence of the Board. The Board shall appoint from among itself the members and chairman of each Committee. The members of each Committee shall have the expertise and experience required for the duties of the Committee. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus, the Board passes its resolutions collectively. The entire Board remains responsible for the duties assigned to the Committees.

The Board currently has three committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. Each Committee has a written charter summarizing its tasks.

The Nomination Committee prepares proposals to the AGM concerning election of Board members and their remuneration. It may also conduct succession planning of the Board members. The Committee meets once a year as a minimum, prior to the AGM. The following individuals have comprised the Nomination Committee in 2015: Pekka Ala-Pietilä (Chairman), Rolf Börjesson and Jukka Suominen. In 2015, the Nomination Committee held one meeting (2014: one meeting). The average attendance of the Nomination Committee members at the meetings was 100% (2014: 100%).

Members' attendance at the Nomination Committee meetings

	2015		2014	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	1/1	100	1/1
Rolf Börjesson	100	1/1	100	1/1
Jukka Suominen	100	1/1	100	1/1

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as remuneration and appointment of the CEO and other senior executives and principles of remuneration observed by the Company. The following individuals have comprised the Human Resources Committee in 2015: Pekka Ala-Pietilä (Chairman), William R. Barker, Rolf Börjesson and Maria Mercedes Corrales. In 2015, the Human Resources Committee held five meetings (2014: three meetings). The average attendance of the Human Resources Committee members at the meetings was 100% (2014: 92%).

Members' attendance at the Human Resources Committee meetings

	2015		2014	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)	100	5/5	100	3/3
William R. Barker	100	5/5	100	3/3
Rolf Börjesson	100	5/5	67	2/3
Maria Mercedes Corrales	100	5/5	100	3/3

The Audit Committee deals with the preparation of matters relating to the Company's financial reporting and control. The Audit Committee assists the Board in its responsibility to supervise that the bookkeeping and financial administration of the Company are appropriately arranged as well as to monitor the financial status of the Company and compliance with the Group policies. It monitors and supervises matters relating to financial statements and consolidated financial statements, interim reports, accounting principles and policies as well as internal reporting systems. Additionally, the Audit Committee monitors the efficiency of the Company's internal control, internal audit as well as risk assessment and risk management mechanisms. It reviews the description of the main principles of the Company's internal control and risk management systems pertaining to the financial reporting process which is included in the Company's Corporate Governance Statement. The Audit Committee prepares to the AGM the resolution concerning appointment of the Auditor. It also evaluates the independence of the Auditor and provision of other consultancy services by the Auditor to the Company. In addition to the members of the Audit Committee, the CFO of the Company participates in the Committee's meetings. The Auditor participates in the meeting deliberating the financial statements and also other meetings, if considered necessary. The following individuals have comprised the Audit Committee in 2015: Jukka Suominen (Chairman), Eija Ailasmaa and Sandra Turner. In 2015, the Audit Committee held six meetings (2014: five meetings). The average attendance of the Audit Committee members at the meetings was 100% (2014: 100%).

Members' attendance at the Audit Committee meetings

	2015		2014	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Jukka Suominen (Chairman)	100	6/6	100	5/5
Eija Ailasmaa	100	6/6	100	5/5
Sandra Turner	100	6/6	100	5/5

Shares owned by the Board members

The shares owned by the Board members on December 31, 2015 and December 31, 2014

	2015	2014
Pekka Ala-Pietilä	0	0
Jukka Suominen	3,000	3,000
Eija Ailasmaa	1,000	1,000
William R. Barker	0	0
Rolf Börjesson	3,000	3,000
Maria Mercedes Corrales	0	0
Sandra Turner	1,000	1,000
Board total	**8,000**	**8,000**

Information on the remuneration of the Board members is available later in section "Remuneration – Board of Directors – Financial benefits" and in the Remuneration Statement available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Chief Executive Officer

The CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The CEO is responsible for ensuring that the book-keeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. The CEO is the Chairman of the Group Executive Team.

M.Sc. (Econ), MBA Jukka Moisio (born 1961) has acted as the Company's CEO since April 1, 2008. Before joining the Company, Jukka Moisio acted during 1991–2008 in several different roles in Ahlstrom Corporation, last position being the CEO.

Certain key conditions of the written Service Agreement between the Company and the CEO, CEO's remuneration and information on the supplementary pension arrangement of the CEO is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits" and in the Remuneration Statement available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Group Executive Team

Duties of the Group Executive Team

The Group Executive Team (GET) assists the CEO. It addresses and follows the implementation of the Group strategy and overall financial performance as well as the fulfillment of significant projects and set targets. It has no formal status under company law. The GET consists of the CEO as the Chairman and the executives approved by the Board. The GET members report to the CEO. Each GET member has a clear operational responsibility within a Group function or a business segment. The GET convenes at least once a month. In 2015 the GET focused on implementation and communication of the Group strategy with focus on food and drink packaging, analyzing the results of the global employee engagement survey and relative action plans, acquisitions, growth investments and corporate responsibility agenda.

Composition of the Group Executive Team

The following persons belong to the GET at the date of this statement:

Mr. Jukka Moisio

Born 1961, Finnish citizen
Chairman, Chief Executive Officer (CEO)
GET member since: April 1, 2008
Joined the company: 2008
Education: M.Sc. (Econ), MBA
Primary working experience: Ahlstrom Corporation (1991–2008), several different roles, last position as CEO
Key positions of trust: Atria Oyj, Board member (2014–); The Finnish Fair Corporation, Supervisory Board member (2009–)

Mr. Thomas Geust

Born 1973, Finnish citizen
Chief Financial Officer (CFO)
GET member since: October 1, 2013
Joined the company: 2013
Education: M.Sc. (Econ)
Primary working experience: ABB Group (2004–2013), several different roles, last position as Group Vice President, Global Controller, Business Unit Marine & Cranes; Schneider Electric (2003–2004), Global Division Controller, Vice President, Control; Lexel Group (2000–2003), Production Controller; KPMG (1998–2000), Auditor
Key positions of trust: -

Mr. Sami Pauni

Born 1974, Finnish citizen
Senior Vice President, Corporate Affairs and Legal, Group General Counsel
GET member since: February 12, 2015
Joined the company: 2006
Education: LL.M., EMBA
Primary working experience: Huhtamäki Oyj (2006–), several different legal and compliance positions, previous position as Group Vice President, Legal, and General Counsel; Roschier Attorneys Ltd. (2001–2006), Attorney
Key positions of trust: Securities Market Association, member of the Market Practice Board (2013–); Confederation of Finnish Industries EK, member of the Legal Affairs Committee (2013–)

Ms. Teija Sarajärvi

Born 1969, Finnish citizen
Senior Vice President, Human Resources
GET member since: October 1, 2015
Joined the company: 2015
Education: M.A.
Primary working experience: OP Financial Group (2012–2015), Executive Vice President HR; Metso Oyj (2009–2012), several different roles, last position as Senior Vice President, Human Resources; Nokia Oyj (1998–2009), several different roles, last position as Director, Human Resources, Nokia Markets; ABB Oyj (1993–1998), several different roles
Key positions of trust: Federation of Finnish Financial Service, Chairman of the Labour Market Committee (2013–2015); Confederation of Finnish Industries, Member of Skilled Workforce Committee (2014–2015); Unico Banking Group, Member of HR Committee (2012–2015); OP Pension Fund, OP Pension Foundation, Chairman of the Board (2012–2015)

Mr. Clay Dunn

Born 1957, U.S. citizen
Executive Vice President, North America
GET member since: June 1, 2005
Joined the company: 2005
Education: BBA (Marketing and Management)
Primary working experience: Dow Chemical Company (1979–2005), several different roles, including positions as Vice President, Global Sourcing and Vice President, Polystyrene
Key positions of trust: -

Mr. Olli Koponen

Born 1959, Finnish citizen
Executive Vice President, Flexible Packaging
GET member since: January 1, 2011
Joined the company: 1990
Education: M.Sc. (Eng., Automation & Information Technology), B.Sc. (Eng., Automation Technology)
Primary working experience: Huhtamäki Oyj (1990–), several different roles, previous positions as Executive Vice President, Molded Fiber; Senior Vice President, Molded Fiber Europe as well as General Manager positions in Hämeenlinna, Finland, Turkey, Hong Kong and Russia; Systecon Oy (1984–1990), several different roles, last position as Product Manager
Key positions of trust: -

Mr. Eric Le Lay

Born 1962, French citizen
Executive Vice President, Foodservice Europe-Asia-Oceania
GET member since: March 12, 2008
Joined the company: 2008
Education: MBA, M.Sc. (Eng.)
Primary working experience: Amcor Limited (1997–2008), several different roles, last position as Managing Director, Chilled Foods, Amcor Flexible Europe; United Biscuits (1996–1997), Plant Manager; Johnson & Johnson International S.A. (1994–1996), Deputy Plant Manager; Kraft General Food France S.A. (1986–1994), various positions in operations and finance/controlling
Key positions of trust: -

In addition, the following persons have been members of the GET during 2015: Mr. Shashank Sinha (until September 30, 2015) and Ms. Sari Lindholm (until May 31, 2015).

Mr. Shashank Sinha

Mr. Shashank Sinha's CV is presented as it was on September 30, 2015
GET member April 14, 2014–September 30, 2015
Born 1964, Indian citizen
Executive Vice President, Flexible Packaging
Joined the company: 2014
Education: Bachelor of Eng., MBA
Primary working experience: Godrej Consumer Products Ltd. (2011–2014), President, International Business; Navis Capital Partners (2008–2011), Executive Director; Sara Lee Corporation (2000–2008), several different roles in Asia and Europe, last position as President, Sara Lee South East Asia; Reckitt Benckiser Group Plc (1991–2000), several different roles in Asia, Europe and Latin America, last position as Global Category Marketing Manager
Key positions of trust: -

Ms. Sari Lindholm

Ms. Sari Lindholm's CV is presented as it was on May 31, 2015
GET member September 22, 2011–May 31, 2015
Born 1969, Finnish citizen
Senior Vice President, Human Resources
Joined the company: 2003
Education: M.Pol.Sc
Primary working experience: Huhtamäki Oyj (2003–), several different roles, previous position as Group Vice President, Human Resources; Nokia Oyj (2000–2003), Senior Manager, Compensation & Benefits; Elcoteq Network Oyj (1995–2000), several different roles
Key positions of trust: -

Shares owned by the members of the Group Executive Team

Shares held by the members of the Group Executive Team on December 31, 2015 and December 31, 2014

	2015	2014
	Shares	**Shares**
Jukka Moisio	80,000	100,000
Thomas Geust	1,880	240
Sami Pauni[1]	4,990	N/A
Teija Sarajärvi[2]	0	N/A
Clay Dunn	24,520	25,960
Olli Koponen	31,580	25,840
Eric Le Lay	43,800	45,460
GET total	**186,770**	**197,500**
Terminated GET memberships		
Shashank Sinha[3]	N/A	0
Sari Lindholm[4]	N/A	25,840
Peter Wahsner[5]	N/A	N/A
Suresh Gupta[6]	N/A	N/A
In total	**186,770**	**223,340**

1 *Member of the GET since February 12, 2015*
2 *Member of the GET since October 1, 2015*
3 *Member of the GET until September 30, 2015*
4 *Member of the GET until May 31, 2015*
5 *Member of the GET until December 31, 2014*
6 *Member of the GET until April 14, 2014*

Information on the remuneration of the GET members is available later in section "Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits" and in the Remuneration Statement available on the Company's website (www.huhtamaki.com/investors/governance/remuneration).

Internal control, internal audit and risk management systems

Internal control

Successful business requires continuous development and monitoring of the Group's operations, processes and procedures. Internal control is an essential part of the corporate governance and management of the Group. The Company has defined the operating principles for internal control. The Board of Directors and the CEO are responsible for adequate internal control. The Audit Committee of the Board of Directors is monitoring the effectiveness and efficiency of the internal control systems and the correctness of the financial reporting.

Internal control is a process aiming at providing reasonable assurance on achievement of Group's strategic and financial objectives. The responsibility for arranging the internal controls belongs to the executive management of the Group and is being carried out by the whole organization. The aim of internal control is to ensure reliability of financial reporting, effectiveness and efficiency of operations as well as compliance with laws and regulations.

Control of financial reporting assures that financial statements are prepared in a reliable manner. The aim is also to ensure that all financial reports published and other financial information disclosed by the Company provide a fair view on the Group's financial situation.

Control of operations is aiming to ensure effectiveness and efficiency of operations and achievement of the Group's strategic and financial objectives.

Control of compliance with applicable laws and regulations ensures that the Group complies with applicable laws and regulations.

Foundation of all Group's activities lies with Huhtamaki values and principles providing discipline and structure for the operations formalized in policies and guidelines on integrity, ethical behavior and management of personnel. Allocation of authorities and responsibilities as well as segregation of duties allow efficient and proper decision-making procedures.

Group policies, standards and guidelines are deployed in all segments and business units. Policies, standards and guidelines on financial, human resources, environmental, legal and compliance as well as risk management related matters have been issued in the Group. In addition to the Group policies, there may be more specific local policies in the segments and their business units.

Reliability of financial reporting

The Group's finance function and the network of segment and business unit controllers are supporting and coordinating the financial management and financial control of operations in the Group. The Group's financial reporting guidelines and standards are applicable throughout the financial reporting process of the Group. The interpretation and application of accounting standards are centralized in the Group finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Group's finance function also supervises the compliance with such guidelines and standards. Supervision of reporting and budgeting processes is based on the Group's reporting standards which are determined and updated by the Group's finance function. The reporting standards are uniformly applied in the whole Group and a unified Group reporting system is used.

Effectiveness and efficiency of operations

Group's strategic direction, objectives and related actions are deployed and communicated throughout the Group. Key performance indicators and annual targets are agreed, approved and communicated as part of the annual planning process. Achievements are followed monthly and quarterly in business review meetings that are held with line management in all segments and business units.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks as well as designing preventive and detective controls. Corrective actions are implemented and monitored by segment and business unit management. These activities need to be in compliance with Group policies and standards. Internal controls related to quality, safety and environmental processes and procedures are audited internally and by external service providers.

Actions aiming to improve Group's internal controls and deploy best practices were continued in 2015 with the aim to unify and deploy key internal control objectives for core operational processes throughout the Group. These control objectives are developed from the best industry practices and recommendations given in various internal audits in the Group.

The Group is applying Lean Six Sigma process in all segments to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies on corporate governance for subsidiaries, competition compliance, contracts and agreements, management of claims, disputes and proceedings as well as insider matters have been issued. Compliance with the policies is facilitated through communication and training. The training events arranged in different business units in 2015 have emphasized especially compliance with the Group's Code of Conduct setting standards for behavior required from every employee, contract management as well as competition and anti-corruption compliance related matters. In addition, attention has been paid to the general highlighting of the importance of compliance with rules and regulations in all operations. Internal audit also covers the compliance with policies.

Insider administration

The Company follows the Guidelines for Insiders issued by the Nasdaq Helsinki Ltd. as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority. In addition, there is an insider policy in the Group which was updated in 2013. The Company maintains a public insider register and a permanent company-specific insider register on persons holding an insider position. Pursuant to the Securities Market Act, the Board members, the CEO and the Auditors are registered in the public insider register on the basis of their position. As GET members belong to the senior management and regularly have access to insider information, the Company has decided to register also them in the public insider register. Persons included in the public and company-specific insider registers cannot trade with the Company's securities or other financial instruments (in practice shares) during the period which starts on the last trading day at Nasdaq Helsinki Ltd. of the year or of each interim report period and ends on the first day after the publication of the financial statements or the interim report in question. Real-time holdings of the Company's shares by the persons belonging to the public insider register of the Company as well as further information on insider administration in the Company are available on the Company's website in section "Insider administration" (www.huhtamaki.com/investors/governance/insider-administration).

Internal audit

The objective of the internal audit is to improve the effectiveness of supervising obligation of the Board of Directors. Internal audit aims at ensuring that the Group's operations are efficient, information is adequate and reliable and that set policies and procedures are properly followed by the organization.

The Group has an internal audit function and internal audits have been managed in the year 2015 in cooperation with Deloitte & Touche Oy. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities. Internal audits have been conducted in the year 2015 on a monthly basis according to approved annual internal audit plan in various Group and segment level processes as well as in business units.

Group internal audit function evaluates independently and systematically Group's management and governance systems as well as the effectiveness, efficiency and appropriateness of the Group's business processes and risk management. The internal audit function provides in the internal audit reports development recommendations for the aforementioned systems and processes. Main purpose of these activities is to assure achievement of strategic and financial objectives of the Group.

The Audit Committee of the Board approves the annual internal audit plan. Audit engagements are included in the plan in accordance with the Group's strategic objectives, assessed risks, focus areas defined by the Board and the executive management of the Group as well as according to the rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the CFO, the General Counsel and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

Internal audit pre-material, documentation and data are collected before internal audit field work. During the field work further findings are recorded at site. Internal audit reports include key findings, conclusions and recommendations for control improvements. Management of the audit target prepares an action plan to mitigate risks and develop controls to improve recommended audit issues. The implementation of the action plans is followed by the line management and the Group internal audit manager.

Risk management

Risk management is an essential part of the internal control system of the Group. The Company has defined the principles applied in the organization of the risk management. The purpose of risk management is to identify potential events that may affect the achievement of the Group's objectives in changing business environment and to manage such risks to be within the Group's risk appetite so that there is reasonable assurance and predictability on the achievement of the Group's objectives. The risk management process of the Group is based on Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Group's risk management process involves assessing risks systematically by business unit, segment and Group function, improving risk management awareness and quality, sharing best practices and supporting cross-functional risk management initiatives. In order to systematize and facilitate the identification of risks they are categorized as strategic, operational, financial and information risks. These categories are closely aligned with the strategic, operational, financial and compliance objectives of the Group.

Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the objectives, scope and responsibilities of risk management. Compliance with the risk management policy assures timely identification and recording of risks and the application of relevant risk management measures to address these risks. More detailed risk management procedures are set forth in the Group's ERM framework and process guideline.

The Audit Committee monitors the implementation of risk management activities, and evaluates the adequacy and appropriateness of the ERM. The Audit Committee reports regularly to the Board of Directors, which is responsible for reviewing the Group's strategic, operational, financial and information risks. The Board of Directors approves the Group's risk appetite and the extent to which risks have been identified, addressed and followed up.

The Group Executive Team is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The risk management process includes systematic identification and assessment of risks in each business segment and their business units as well as at Group level. Risks are consolidated from the business unit to the segment level and from the segment to the Group level. At each level risk treatment actions are defined in order to reach acceptable risk levels. Execution and supervision of these risk treatment actions is a task of line management. Upper level line management always approves lower level risk mitigation actions and the risk level reached after implementation of such actions. The Group Risk Management function monitors and reports the achievement of these actions. The purpose is to verify that risk treatment actions support the achievement of the Group's strategic, operational, financial and compliance objectives.

The Group Risk Management function organizes, instructs, supports, supervises and monitors risk management activities on an ongoing basis. The function also analyzes changes in the impact, likelihood and level of control for each identified business risk. It reports results of the risk management process to the Audit Committee annually. The Group risk management function also prepares reports to the segment and Group management as well as the internal audit and the Auditor.

Business unit, segment and Group level risk management process and activities are engaged with the Group's strategic planning and budgeting process. Risk management process may be commenced any time in the course of the financial year should a certain business area encounter essential strategic changes requiring initiation of the risk management process.

A description of the risks that are material to the Group as well as of the focus of the risk management processes in 2015 is available on the Company's website in section "Risk management" (www.huhtamaki.com/investors/governance/risk-management) and in the Annual Accounts and Directors' Report 2015 on page 7.

Audit

The Company must have one Auditor, which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The AGM elects the Company's Auditor. The AGM 2015 elected the Authorized Public Accounting firm Ernst & Young Oy as the Auditor of the Company. Mr. Harri Pärssinen, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local auditing under the local regulations, which is conducted by representatives of the Ernst & Young network in each country. Ernst & Young Oy has acted as the Company's Auditor since the AGM 2010. Before the financial year 2010 the Company's Auditor for several years was the Authorized Public Accountant firm KPMG Oy Ab and auditors representing it.

In 2015, total auditing costs of the Group amounted to EUR 1.9 million (2014: EUR 1.5 million). The Ernst & Young network has also provided other consultancy not related to auditing worth EUR 1.0 million (2014: EUR 1.6 million). Such other consultancy services included e.g. advisory in connection with various structuring and transactional projects.

Remuneration

The below description on remuneration outlines the Group's remuneration principles and the remuneration paid to the Board and GET members in 2015. The most recent Remuneration Statement prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code effective from October 1, 2010 is available on the Company's website in section "Remuneration" (www.huhtamaki.com/investors/governance/remuneration). The Remuneration Statement is updated when there are substantial changes to the information concerning remuneration. The next update takes place after the Annual General Meeting of Shareholders (AGM) of 2016, at the latest.

Board of Directors

Decision-making process and main principles of remuneration

The AGM decides on the remuneration payable to the members of the Board of Directors and its Committees as well as on related remuneration principles. The Nomination Committee of the Board of Directors prepares annually a proposal to the AGM on the remuneration and the principles for compensating the expenses of the Board members.

None of the Board members is employed by the Company and, thus, Board members are not eligible for any employment relationship related financial or other benefits not related to the Board work nor are they eligible for any pension scheme. Board members do not receive Company shares as remuneration and they are not participants in Company's share-based incentive plans.

Financial benefits

The AGM decides on the remuneration payable to the Board members based on the Nomination Committee's proposal. In accordance with the resolution passed by the AGM held on April 21, 2015, as of the AGM 2015 the annual compensation for the Chairman of the Board is EUR 100,000 (2014: EUR 100,000), for the Vice-Chairman EUR 60,000 (2014: EUR 60,000) and for other members EUR 50,000 (2014: EUR 50,000). In addition, the following meeting fees are paid for each meeting attended: EUR 1,000 (2014: EUR 600) for all meetings, except EUR 2,000 (2014: EUR 2,000) to the chairman for the Audit Committee meetings, EUR 1,200 (2014: EUR 1,200) to the chairman for the Human Resources Committee meetings and EUR 1,200 (2014: EUR 1,200) to the chairman for the Nomination Committee meetings. Traveling expenses of the Board members are compensated in accordance with the Company policy.

Remuneration paid to members of the Board of Directors in 2015 and 2014 (EUR)

	2015			2014		
	Annual compensation	Meeting fees	Total	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä*	100,240	17,200	117,440	100,240	11,400	111,640
Jukka Suominen	60,000	22,600	82,600	60,000	17,200	77,200
Eija Ailasmaa	50,000	16,000	66,000	50,000	11,600	61,600
William R. Barker	50,000	14,200	64,200	50,000	7,200	57,200
Rolf Börjesson	50,000	14,200	64,200	50,000	6,000	56,000
Maria Mercedes Corrales	50,000	14,200	64,200	50,000	7,200	57,200
Sandra Turner	50,000	16,000	66,000	50,000	11,600	61,600
Board total	**410,240**	**114,400**	**524,640**	**410,240**	**72,200**	**482,440**

* *Annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit*

Chief Executive Officer and Group Executive Team

Decision-making process and main principles of remuneration

Remuneration and financial benefits payable to the Chief Executive Officer (CEO) and members of the Group Executive Team (GET) are determined by the Board of Directors normally on a yearly basis. Prior to the relevant Board meeting, the matter is deliberated by the Human Resources Committee of the Board of Directors. Remuneration is based on Group level remuneration principles, but local laws and market practices are taken into account when applying these principles. The remuneration of the CEO and other GET members consists of a non-variable annual base salary, benefits and an annually determined short-term incentive. In addition, the CEO and other GET members are participants in the long-term incentive plans consisting of the performance share plans.

The short-term incentives for the CEO and other GET members are based on financial performance of the Group and achievement of the personal objectives. The short-term incentives for those GET members having a business segment responsibility are also determined based on the financial performance of the business segment in question. The relevance of the financial performance is 90% for the CEO and 80% for other GET members and the relevance of the personal objectives is correspondingly 10% for the CEO and 20% for other GET members. The following indicators are applied when setting financial objectives: earnings per share (EPS) before taxes, return on net assets (RONA), working capital ratios and value added. The above mentioned criteria are selected to promote the Group's financial targets and success on a short- and a long-term basis.

Objectives for the short-term incentives are set and the achievement is evaluated annually. Possible incentive payments are typically made in March following the earnings period January-December. The payment of the incentive is subject to the person being employed by the Group and not having resigned by the time of the payment. The maximum amount of the short-term incentive for the CEO is the amount corresponding to 100% of the non-variable annual base salary. The maximum amount of the short-term incentives for other GET members varies depending on the position between 40–60% of the non-variable annual base salary.

Performance share plans function as long-term incentives for the CEO and other GET members. During 2015 the CEO and other GET members were participants in the Performance Share Plans 2012–2014, 2013–2015, 2014–2016 and 2015–2017. Further information on the performance share plans is available later in section "Share-based incentive plans".

Financial benefits

Chief Executive Officer

In 2015, CEO Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 673,963 (2014: EUR 649,670) and the short-term incentive based on the performance in 2014 amounted to EUR 271,373 (2014: EUR 121,070 based on the performance in 2013). Based on the performance in 2014, the CEO received under the Performance Share Plan 2012–2014 a total of 13,120 shares with an aggregate value of EUR 379,955 at the time of the transfer and a cash payment of EUR 432,749 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 812,704 was paid in April 2015. Based on the performance in 2013, the CEO received under the Performance Share Plan 2011–2013 a total of 1,920 shares with an aggregate value of EUR 37,402 at the time of the transfer and a cash payment of EUR 44,319 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of 81,721 was paid in April 2014. No option rights were allocated to the CEO during 2015 (2014: 0) and the Company's only existing option rights plan ceased on April 30, 2014 (in 2014 the CEO did not subscribe for any shares with option rights or sell any option rights). Thus, in 2015 the CEO's total remuneration amounted to EUR 1,758,040 (2014: EUR 852,461).

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement with six months' prior notice. During the notice period, the CEO is entitled to normal salary payments. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' base salary in addition to the six months' salary paid for the notice period. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. In addition to statutory employment pension contribution, the early retirement possibility is covered by an arrangement under which the Company contributes annually to a supplementary pension arrangement an amount which shall not exceed the CEO's monthly base salary. However, the contribution paid by the Company is subject to the CEO contributing the same amount to the supplementary pension arrangement. In case the Service Agreement is terminated prior to the retirement and resignation age, the CEO maintains the right to the funds in the supplementary pension arrangement. The amount of the supplementary pension is determined based on funds contributed to the arrangement by the Company and the CEO as well as returns on these funds. In 2015, expenses for the Company for the CEO's statutory pension were EUR 170,160 (2014: EUR 134,055) and for the supplementary pension arrangement EUR 52,817 (2014: EUR 51,280). At the end of 2015 liability from the supplementary pension arrangement was EUR 390,942 (2014: EUR 329,874) in the Company's statement of financial position.

Group Executive Team

In 2015, the non-variable annual base salary of GET members, excluding the CEO, amounted to a total of EUR 2,741,772 including benefits and compensation relating to the commencement and termination of employment (2014: EUR 2,120,936) and the short-term incentives, based on the performance in 2014, amounted to a total of EUR 642,762 (2014: EUR 441,393 based on the performance in 2013). Based on the performance in 2014, GET members, excluding the CEO received under the Performance Share Plan 2012–2014 a total of 29,930 shares with an aggregate value of EUR 869,264 at the time of the transfer and a cash payment of EUR 1,002,343 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 1,871,607 was paid in April 2015. Based on the performance in 2013, GET members, excluding the CEO received under the Performance Share Plan 2011–2013 a total of 5,730 shares with an aggregate value of EUR 111,620 at the time of the transfer and a cash payment of EUR 110,259 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 221,879 was paid in April 2014. No option rights were allocated to the GET members during 2015 (2014: 0) and the Company's only existing option rights plan ceased on April 30, 2014 (during 2014 GET members did not sell or use for share subscriptions any option rights). Thus, in 2015 the total remuneration of GET members, excluding the CEO, amounted to EUR 5,256,141 (2014: EUR 2,784,208).

All GET members belong to pension systems of their country of residence in force at the time. At the end of 2015, in addition to the CEO, five other GET members belonged to the national employee pension system in Finland and one other GET member belonged to corresponding pension system in the United States. Subject to a specific resolution by the Board, GET members may additionally be entitled to pension arrangements following local practices, which may be considered partly comparable to supplementary pension plans. In 2015, the Company paid a total of EUR 34,739 (2014: EUR 33,477) to such pension arrangements of the GET members, excluding the CEO.

Remuneration paid to the CEO and other GET members (EUR)

	2015				2014			
	Non-variable annual base salary[1]	Short-term incentives[2]	Share-based incentives[3]	Total	Non-variable annual base salary[1]	Short-term incentives[2]	Share-based incentives[3]	Total
CEO	673,963	271,373	812,704	1,758,040	649,670	121,070	81,721	852,461
Other GET members[4]	2,741,772	642, 762	1,871,607	5,256,141	2,120,936	441,393	221,879	2,784,208
Total	**3,415,735**	**914,135**	**2,684,311**	**7,014,181**	**2,770,606**	**562,463**	**303,600**	**3,636,669**

1 *Non-variable annual base salary includes benefits and compensation relating to the commencement and termination of employment.*

2 *Short-term incentives are based on the performance in the year preceding the payment year. Paid short-term incentives have been entered in the table on the year when they have been paid.*

3 *Share-based incentives include the monetary value of the payments based on the Performance Share Plans at the time of granting the shares and including the value of taxes arising based on the received shares. The share-based incentives are based on the performance in the year preceding the payment year and they have been entered in the table on the year when they have been paid.*

4 *Remuneration paid to other GET members is reported for the period that the person has been a member of the GET.*

Share-based incentive plans

Share-based remuneration

The Company's share-based incentive plans in which the earnings year is 2013 or later and based on which incentives are paid in 2014 or later have been described below. Further information on the share-based remuneration is available in the notes to the consolidated annual accounts 2015 on pages 36–37.

Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the GET shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2011–2013

Performance Share Plan 2011–2013 commenced in 2011. The reward was based on the Group's earnings per share (EPS) in 2013 and was paid in 2014. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 21,525 shares were paid as a reward under the plan in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

Performance Share Plan 2012–2014

Performance Share Plan 2012–2014 commenced in 2012. The reward was based on the Group's earnings per share (EPS) in 2014 and was paid in 2015. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 142,158 shares were paid as a reward under the plan in 2015. The Performance Share Plan 2012–2014 was directed to 63 persons at the end of 2014.

Performance Share Plan 2013–2015

Performance Share Plan 2013–2015 commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 61 persons at the end of 2015.

Performance Share Plan 2014–2016

Performance Share Plan 2014–2016 commenced in 2014 and the possible reward will be based on the Group's earnings per share (EPS) in 2016. The reward, if any, will be paid during 2017. The Performance Share Plan 2014–2016 was directed to 78 persons at the end of 2015.

Performance Share Plan 2015–2017

Performance Share Plan 2015–2017 commenced in 2015 and the possible reward will be based on the Group's earnings per share (EPS) in 2017. The reward, if any, will be paid during 2018. The Performance Share Plan 2015–2017 was directed to 87 persons at the end of 2015.

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