



HUHTAMAKI

PACKAGING WORLDWIDE

Huhtamaki, the worldwide leader in speciality consumer packaging, reports solid sales progress and improving profitability in the first quarter of 2001 against the corresponding pro forma¹⁾ figures in 2000. The Van Leer industrial packaging division divested at the beginning of March 2001 has been eliminated from the reported figures.

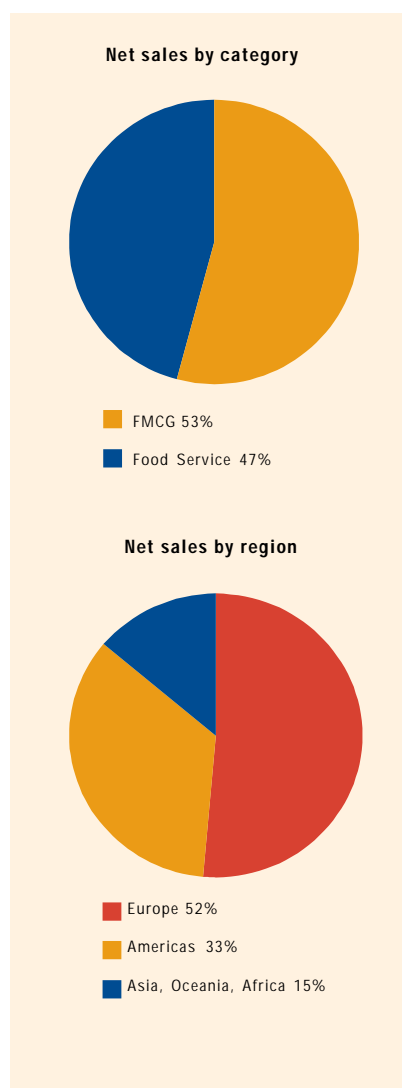
Key figures

EUR million		Change % pro forma	Change % actual
Net Sales	570.8	6	- 27
EBIT	34.9	28	- 13
Profit before minority interest and taxes	20.7	10	- 11
EPS (EUR)	0.41	17	- 7
EPS before amortisation (EUR)	0.75	14	- 4

The year has started largely according to plans. The Group EBIT margin improved by a full percentage point, mainly driven by strong progress in Europe. The divestment of the industrial packaging division resulted in a sharp reduction of net debt.

Market developments and commercial success during the seasonally strong second and third quarters are decisive for the full-year results. While the European beef crisis

has disturbed the food service and fresh foods markets in many countries, Huhtamaki's sales have been affected only marginally. The slowdown in the United States has so far had no visible influence. Synergy and restructuring benefits will accelerate profit generation towards year-end. Overall, Huhtamaki remains comfortable about its prospects in 2001 and expects an improvement in the full-year earnings per share.



Espoo, Finland, May 11, 2001

**Huhtamäki Oyj
Board of Directors**

¹⁾ The pro forma figures for 2000 include divested consumer packaging operations until the time of divestment. The sales, EBIT, depreciation, goodwill amortisation and financial expenses related to Van Leer Industrial have been eliminated in 2000 and 2001.

Positive business developments

After years of strategic reorientation, Huhtamaki is now fully focused on developing its consumer packaging operations. This is beginning to pay off commercially and financially. Against the background of the European beef crisis, a slowdown in the U.S. economy and a poor summer in Australia, the overall sales performance was satisfactory in the first quarter, and many problem units showed improving results. The margin recovery was particularly strong in Europe. Key customer relationships advanced well, and important sales agreements were concluded or extended during the quarter.

Net sales amounted to EUR 570.8 million in January-March, 6% above the corresponding pro forma figure for 2000. Volume growth amounted to 2% and prices were up by 4%, while net effect of acquisitions and divestments was close to zero, and that of foreign exchange conversions also minimal. Sales were 27% below the actual net sales in the first quarter in 2000, including industrial packaging division.

FMCG (fast moving consumer goods packaging) sales amounted to EUR 305.2 million, almost unchanged from 2000 pro forma, which includes the subsequently divested technical films and coatings units. Food Service (including fresh foods packaging) sales advanced by 16% to EUR 265.6 million.

In Europe, sales for the quarter increased by 5% to EUR 296.1 million pro forma. Healthy growth was evident across North Europe. In Central Europe, flexible packaging continued to grow, and the German rigid packaging operations improved their performance remarkably. The films business enjoyed another strong quarter. Moulded fibre operations benefited from declining raw materials prices. Firmer sales and earnings were evident in the U.K., whereas sales in Southern Europe reflected the beef crisis, voluntary retreat from certain unprofitable segments in France, and soft demand in Italy and Spain.

With all regions nevertheless showing firmer earnings compared to the first quarter of 2000, the EBIT contribution from Europe improved by 48% to EUR 21.4 million or 7.2% of sales.

Boosted by acquisitions in late 2000, American sales increased by 46% to EUR 190.9 million. Steady growth continued in

the North American food packaging business, with new contracts more than offsetting any declines in traditional business. The food service segment reflected cautious ordering by major distributors, while retail sales were quite strong, and the new plastic packaging and flexibles operations met expectations. Strong business performance continued in South America.

Major new accounts were secured, and leading food companies adopted Sealright® system packaging for new, innovative product applications.

The EBIT from Americas increased by 34% to EUR 11.7 million, 6.1% of sales.

Sales in Asia, Oceania and Africa amounted to EUR 83.8 million. The 31% decline from the previous year's figure was due to divestments. Australia and New Zealand account for over 40% of the region's sales. These countries again displayed steady progress despite some weakness in food service and consumer flexibles. The Chinese and Southeast Asian rigid packaging operations advanced well, and the Thai flexibles business was on track. PPL, the major Indian flexibles operation, began to recover from a slowdown caused by both economic factors and a devastating earthquake towards the end of 2000.

The economic situation in Turkey hampered results, and the South African operations also had an unsatisfactory quarter. The aggregate EBIT contribution from Asia, Oceania and Africa declined to EUR 4.4 million or 5.3% of net sales.

Profit improvement on track

In 2000, profitability suffered from the continuing increases in key raw materials prices. The pressure continued through the third quarter, after which a slow recovery became evident in consumer packaging margins.

This year, movements in raw materials prices have been less pronounced. Polystyrene, the most important polymer for Huhtamaki, has declined from its peak price in 2000, while polypropylene and polyethylene prices have remained stable. The prices for recycled paper have declined significantly. For the remainder of the year, steady prices for virgin paperboard (cupstock) have been secured. At the same time, further price increases for finished products have been implemented.

Synergies and restructuring benefits were on track, with positive developments

evident in both sourcing and manufacturing. The savings from manufacturing operations will nevertheless become more pronounced during the second half of the year.

The EBIT from business operations (excluding corporate items) amounted to EUR 37.5 million, 6.6% of net sales and 12% above the corresponding pro forma figure in 2000. FMCG contributed EUR 18.1 million, 5.9% of sales and down by 19% due to effect of divested operations. Food Service accounted for EUR 19.4 million, 7.3% of sales and 73% ahead of last year's figure. Depreciation of tangible assets amounted to EUR 28 million (- 23% against actual 2000).

The corporate EBIT contribution, a net cost of EUR 2.6 million, represents a significant improvement from the first quarter of 2000. Corporate income increased markedly and unallocated costs declined, while goodwill amortisation remained almost unchanged at EUR 10.7 million.

At EUR 14.4 million, the net financial expenses were 16% below the actual 2000 figure. Interest related to the divested Van Leer Industrial assets has been eliminated from this figure.

Taxes for the quarter amounted to EUR 6.6 million, 14% less than actual 2000 and 6% above pro forma. After a minority interest of EUR 1.2 million, net income stood at EUR 12.9 million, 7% below actual 2000 but 16% ahead of pro forma. Earnings per share for the period amounted to EUR 0.41, 7% below actual 2000 but 17% better than pro forma. The figure is fully in line with internal projections.

Capital expenditure

Capital expenditure during the quarter amounted to EUR 20 million. Several capacity expansions were in progress for rigid and flexible packaging, as well as projects related to manufacturing streamlining. Plans for the reconstruction of the Siemianowice plant in Poland, which suffered from a fire in late 2000, were nearing completion.

Industrial Packaging division divested

The sale of the Van Leer Industrial Packaging division to the U.S. company Greif Bros. was finalised on March 2. Its sales and earnings have not been included in the Group income statement during 2001.

The final sale price was USD 555 million (hedged to translate into EUR 610 million). The profit from the transaction, i.e. the difference between the sale price and the division's net equity value (book value) in the balance sheet, has been booked against goodwill emanating from the original Van Leer transaction. The gross capital gain from the transaction amounted to approx. EUR 115 million. Van Leer Industrial's operating loss and interest charges in January-February 2001 have been deducted from this figure. Further write-backs to goodwill were made to provision for the restructuring of certain smaller ex-Van Leer packaging operations, as well as for potential liabilities associated with the divestment of Van Leer Industrial. The net reduction in goodwill hence amounted to approx. EUR 75 million.

As a broadly similar amount of new goodwill emanated from the acquisition of the PRI assets, goodwill amortisation will remain on its present level, i.e. at approx. EUR 10 million per quarter for the rest of 2001. Depreciation of physical assets will decline to approx. EUR 27 million per quarter. Net financial expenses will decline to approx. EUR 13 million per quarter, assuming stable interest rates.

Financial position

The Group's balance sheet strengthened significantly in early March, when the divestment of Van Leer Industrial was completed. Through transfer and immediate repayment of debt, net debt declined from year-end by 40%, to EUR 824 million at the end of March. The corresponding net debt to equity ratio (gearing) declined from 1.22 to 0.73.

Annual General Shareholders' Meeting

The Annual General Shareholders' Meeting was held in Helsinki on April 3.

The AGM approved the Board's dividend proposal of EUR 1.10 per share, changed the parent company's name back into Huhtamäki Oyj, authorised the Board of Directors to launch a share repurchase programme covering up to 5% of the company's outstanding shares within a year, and amended the pricing mechanism in the company's Option Rights 2000 programme.

All Board members were re-elected for a new one-year term, except for Mr. Heikki Marttinen, who no longer was available and was replaced by CEO Timo Peltola as a nominee of the Finnish Cultural Foundation.

Share developments

During the first quarter, the Huhtamaki share fluctuated within a range of EUR 25-29, strengthening towards the end of the period. The share outperformed the HEX index but momentarily lost valuation relative to its international peer companies. Turnover was low early in the year but picked up during March. There were no major changes in the company's shareholder structure.

The share repurchase programme commenced on April 11. By May 7, a total of 187,550 shares had been repurchased at an average price of EUR 28.80 per share.

Corporate structure

Apart from the divestment of Van Leer Industrial, the corporate structure saw no significant changes. The restructuring of European rigid packaging operations advanced in line with plans, and a small French plant was shut down during the period. Negotiations stipulated in Dutch law continued for the transfer of paper cup production from Groenlo, The Netherlands, mainly to Göttingen, Germany. After hearing advice from the Works Council, the company has formally

decided to carry out the plan, and machine transfers are expected to start during May. The streamlining of flexible packaging operations continued in New Zealand.

Management

There were no changes in senior management during the quarter.

Personnel

At the end of March, the company had 17,700 employees on its payroll in 36 countries. The figure was 5,398 less than at year-end, reflecting the divestment of Van Leer Industrial. By the number of employees, the largest operating country was the United States with 3,440 persons, followed by Germany (2,609), the U.K. (1,463), India (1,352) and Australia (835).

The company's European Works Council (EWC) held its first official meeting in Espoo, Finland, on March 28-29.

Outlook

The outlook for the remainder of 2001 justifies careful optimism. The company has kept its market shares, has won new business and is on track with its internal synergy and rationalisation programmes.

Market developments and commercial success during the seasonally strong second and third quarters are decisive for the full-year results. While the European beef crisis has disturbed the food service and fresh foods markets in many countries, Huhtamaki's sales have been affected only marginally. The slowdown in the United States has so far had no visible influence. Synergy and restructuring benefits will accelerate profit generation towards year-end. Overall, Huhtamaki remains comfortable about its prospects in 2001 and expects an improvement in the full-year earnings per share.

Income Statement (2000 pro forma)

EUR million	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
Net sales	570.8	536.1	6.5	2,278.0
EBITDA	74.1	64.5	14.9	296.6
EBIT	34.9	27.3	27.8	144.5
% of net sales	6.1	5.1		6.3
Net financial +income/-expense	-14.4	-8.6	67.4	-27.6
+Gain/-loss on equity of associated companies	0.2	0.2	-	0.9
Profit before minority interest and taxes	20.7	18.9	9.5	117.7
Taxes	6.6	6.2	6.5	31.5
Minority interest	1.2	1.6	-25.0	6.1
Net income	12.9	11.1	16.2	80.2

Income Statement (2000 actual)

EUR million	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
Net sales	570.8	786.2	-27.4	3,307.7
EBITDA	74.1	87.6	-15.3	376.8
EBIT	34.9	40.3	-13.4	182.1
% of net sales	6.1	5.1		5.5
Net financial +income/-expense	-14.4	-17.2	16.3	-61.9
+Gain/-loss on equity of associated companies	0.2	0.2	-	0.9
Profit before minority interest and taxes	20.7	23.3	-11.2	121.1
Taxes	6.6	7.7	-14.3	33.6
Minority interest	1.2	1.7	-29.4	6.4
Net income	12.9	13.9	-7.2	81.1

Categories (2000 pro forma)
Net Sales

EUR million	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
FMCG	305.2	306.6	-0.5	1,283.5
Food Service	265.6	229.5	15.7	994.5
Total	570.8	536.1	6.5	2,278.0

EBIT

EUR million	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
FMCG	18.1	22.4	-19.2	79.4
% of net sales	5.9	7.3		6.2
Food Service	19.4	11.2	73.2	79.7
% of net sales	7.3	4.9		8.0
Total from operations	37.5	33.6	11.6	159.1
% of net sales	6.6	6.3		7.0
Corporate net	-2.6	-6.3	58.7	-14.6
Total	34.9	27.3	27.8	144.5
% of net sales	6.1	5.1		6.3

Regions (2000 pro forma)

Net Sales

	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
EUR million				
Europe	296.1	283.3	4.5	1,217.9
Americas	190.9	131.0	45.7	624.5
Asia, Oceania, Africa	83.8	121.8	-31.2	435.6
Total	570.8	536.1	6.5	2,278.0

EBIT

	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
EUR million				
Europe	21.4	14.5	47.6	73.6
% of net sales	7.2	5.1		6.0
Americas	11.7	8.7	34.5	53.9
% of net sales	6.1	6.6		8.6
Asia, Oceania, Africa	4.4	10.4	-57.7	31.6
% of net sales	5.3	8.5		7.3
Total	37.5	33.6	11.6	159.1

Other key information

	Jan-Mar 2001	Jan-Mar 2000	Change %	Jan-Dec 2000
Earnings per share (EUR) - pro forma	0.41	0.35	17.1	2.55
Earnings per share (EUR) - actual	0.41	0.44	-6.8	2.58
Earnings per share before amortisation (EUR) - pro forma	0.75	0.66	13.6	3.82
Earnings per share before amortisation (EUR) - actual	0.75	0.78	-3.8	3.98
Equity per share (EUR) - actual	33.2	31.9	4.1	32.8
Return on equity, % (12m roll.) - actual	7.9	8.3	-4.8	7.8
Return on investment, % (12m roll.) - actual	8.9	9.6	-7.3	8.7
Capital expenditure - actual	20.4	37.5	-45.6	172.7
Personnel - actual	17,700	23,625	-25.1	23,098
Profit before minority interest and taxes EUR million (12 m roll.) - actual	118.5	131.6	-10.0	121.1
Depreciation - actual	28.2	36.5	-22.7	149.1
Amortisation - actual	11.0	10.8	1.9	45.6
	March 31 2001	Dec 31 2000	Change %	
Net debt	824.5	1,326.8	-39.5	
Gearing	0.73	1.22		

The following EUR rates have been applied to GBP, SEK, AUD and USD conversions:

Income statement:

Average Jan-Mar/01	GBP 1=1.581 SEK 1=0.111 AUD 1=0.575 USD 1=1.084
Jan-Mar/00	GBP 1=1.627 SEK 1=0.118 AUD 1=0.640 USD 1=1.013
Jan-Dec/00	GBP 1=1.641 SEK 1=0.118 AUD 1=0.629 USD 1=1.082

Balance sheet:

Month end Mar/01	GBP 1=1.615 SEK 1=0.109 AUD 1=0.551 USD 1=1.132
Mar/00	GBP 1=1.671 SEK 1=0.121 AUD 1=0.632 USD 1=1.047
Dec/00	GBP 1=1.602 SEK 1=0.113 AUD 1=0.596 USD 1=1.075

Balance sheet

EUR million	Mar 31	%	Mar 31	%	Dec 31	%
	2001		2000		2000	
Assets						
Intangible assets	766.3	27.3	785.9	22.8	775.3	21.4
Tangible assets	1,027.2	36.6	1,324.3	38.6	1,277.0	35.2
Investments	7.2	0.3	10.5	0.3	189.3	5.2
Inventory	363.1	12.9	434.8	12.6	461.4	12.7
Interest bearing receivables	11.9	0.4	11.8	0.3	44.1	1.2
Other receivables	597.4	21.3	823.9	23.9	846.1	23.4
Cash and marketable securities	32.2	1.2	51.3	1.5	34.4	0.9
	2,805.3	100.0	3,442.5	100.0	3,627.6	100.0
Liabilities and equity						
Shareholders' equity	1,044.4	37.2	1,003.7	29.2	1,032.5	28.5
Minority interest	80.0	2.9	90.1	2.6	85.9	2.4
Interest bearing liabilities	868.6	30.9	1,211.1	35.2	1,441.3	39.7
Other current liabilities	812.3	29.0	1,137.6	33.0	1,067.9	29.4
	2,805.3	100.0	3,442.5	100.0	3,627.6	100.0

Contingent liabilities

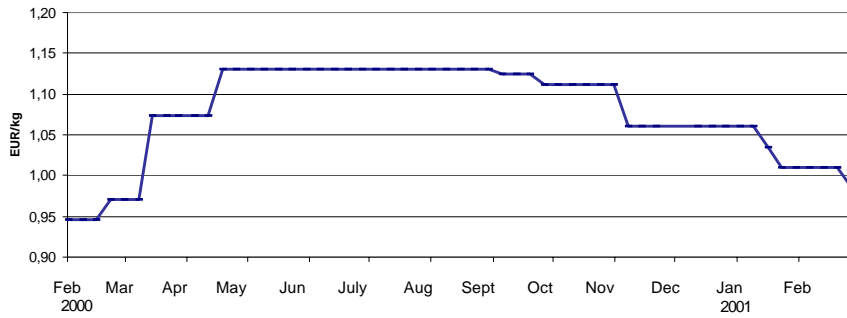
EUR million	Mar 31		Mar 31		Dec 31	
	Group	Parent	Group	Parent	Group	Parent
Mortgages	10.6	0.8	21.2	1.7	11.3	0.9
Guarantee obligations						
For subsidiaries	-	868.8	-	870.0	-	1,360.5
For associated companies	-	0.6	-	-	-	0.6
For others	-	-	5.7	5.7	-	-
Lease payments	49.3	0.4	48.4	0.2	58.2	1.6

Outstanding off-balance sheet instruments

EUR million	Mar 31	Mar 31	Dec 31
	2001	2000	2000
	Group	Group	Group
Currency forwards,			
transaction risk hedges	55	62	498
Currency swaps, financing hedges	441	193	481
Currency options	0	2	0
Forward rate agreements, gross	50	321	320
Forward rate agreements, net	50	221	200
Interest rate swaps	200	553	243
Interest rate options	-	-	-

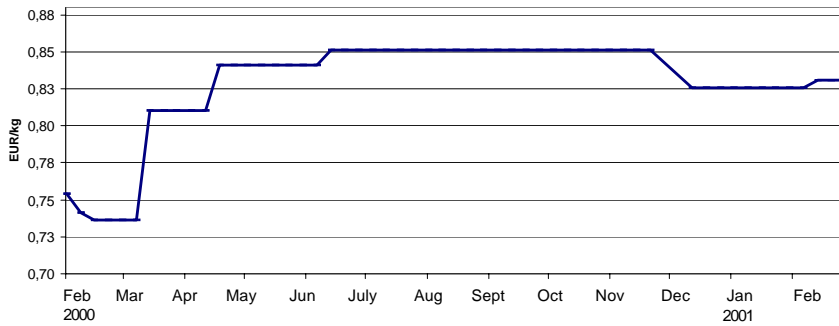
Key raw material prices

Polystyrene (Europe)



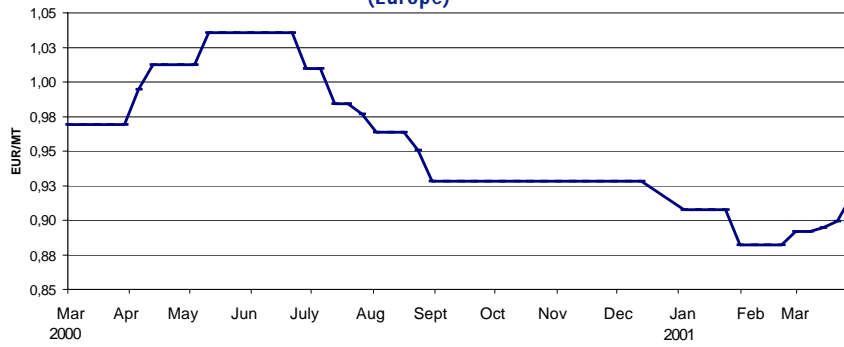
max/present -12.9%
max EUR 1.13
pres. EUR 0.98

Polypropylene (Europe)



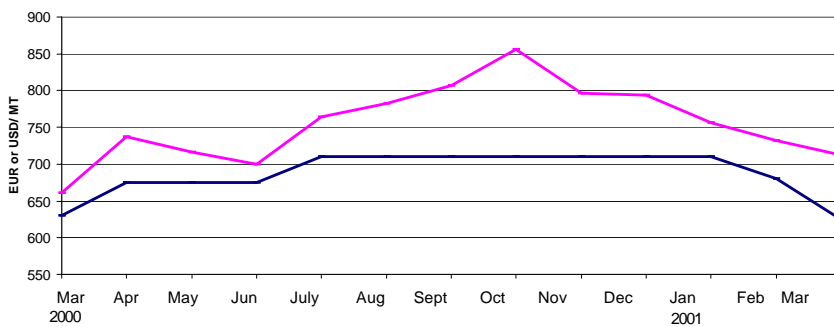
max/present -2.4 %
max EUR 0.85
pres. EUR 0.83

Polyethylene (Europe)



max/present -11.4%
max EUR 1.03
pres. EUR 0.92

Pulp (Europe & USA)



max/present -16.8%
max EUR 856
pres. EUR 712.5

max/present -12%
max USD 710
pres. USD 625

— USD
— EUR