



# HUHTAMÄKI OYJ INTERIM REPORT

*January 1 – March 31, 2014*



**HUHTAMAKI**

**Q1 2014**

## Comparable net sales growth across the business segments

### Q1 2014 in brief

- Net sales was EUR 564 million (EUR 568 million)
- EBIT was EUR 41 million (EUR 37 million)
- EPS was EUR 0.27 (EUR 0.24)
- Comparable net sales growth was 5% in total and 13% in the emerging markets
- Currency movements had a significant negative impact of EUR 30 million on the Group's net sales

### Key figures

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	<b>563.7</b>	568.4	-1%	2,342.2
EBITDA*	<b>63.6</b>	59.7	7%	256.4
EBITDA margin*	<b>11.3%</b>	10.5%		10.9%
EBIT*	<b>41.4</b>	37.2	11%	166.7
EBIT margin*	<b>7.3%</b>	6.5%		7.1%
EPS*, EUR	<b>0.27</b>	0.24	13%	1.21
ROI*	<b>12.1%</b>	12.9%		12.1%
ROE*	<b>16.1%</b>	15.4%		15.8%
Capital expenditure	<b>22.0</b>	26.8	-18%	121.0
Free cash flow	<b>-11.3</b>	-21.4	47%	56.0

\* Excluding EUR -30.6 million non-recurring items (NRI) in FY 2013.

*Unless otherwise stated, all comparisons in this report are compared to the corresponding reporting period in 2013. ROI, ROE and RONA figures presented in this report are calculated on a 12-month rolling basis.*

## Jukka Moisio, CEO:

“Despite increasing political unrest in Eastern Europe and slow growth in Europe and in North America, the trading conditions for Huhtamaki were relatively stable and good during the first quarter of 2014. Demand for consumer packaging was good in Eastern European markets as well as in emerging markets. The Group’s comparable growth was 5% mainly driven by positive volume development; emerging markets’ comparable growth was 13%. Currency fluctuations had a significant negative impact on the Group’s reported net sales, as almost all of the non-euro currencies of Huhtamaki’s operating countries weakened against the euro.

The situation in Crimea has until now had very little if any impact on Huhtamaki’s business. Our foodservice and molded fiber businesses in Russia serve primarily local customers with products manufactured locally, and unless things change dramatically we expect the growth in Russia to continue.

Despite general economic uncertainty the prices of Huhtamaki’s main raw materials have been relatively stable during the first quarter of the year. Demand and supply for recycled fiber have been quite well balanced globally. The decision of major foodservice operator in the United States to discontinue foam cups and move to paperboard based cups in their operations is hiking up the price of cupstock as demand increases. Prices of plastic resins are increasing in Asia and in North America creating pressure on margins.

Huhtamaki’s financial performance during the first quarter was good. Volume growth and good operational efficiency helped improve the Group’s earnings. This is a good start for the year and we see no reason to change the 2014 outlook given in February.”

## Financial review Q1 2014

The Group's comparable net sales growth was 5% during the quarter with all business segments reporting organic growth. In the emerging markets, comparable growth was 13%, with Eastern European markets showing fastest growth. The Group's reported net sales were EUR 564 million (EUR 568 million). The negative foreign currency translation impact on Group's net sales was significant, being EUR 30 million compared to the 2013 exchange rates, as most currencies weakened towards euro. The largest negative impact on the Group's net sales came from the fluctuations of US dollar, Indian rupee and Russian ruble.

### NET SALES BY BUSINESS SEGMENT

EUR million	Q1 2014	Q1 2013	Change	Of Group in Q1 2014
Foodservice Europe-Asia-Oceania	142.0	149.6	-5.1%	25%
North America	164.2	164.6	-0.2%	29%
Flexible Packaging	150.8	149.1	1.1%	26%
Molded Fiber	61.5	60.6	1.5%	11%
Films	51.7	48.6	6.4%	9%

*Excluding internal sales eliminations of EUR -6.5 million in Q1 2014 and EUR -4.1 million in Q1 2013.*

### COMPARABLE GROWTH BY BUSINESS SEGMENT

	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Foodservice Europe-Asia-Oceania	3%	3%	3%	1%
North America	3%	6%	7%	3%
Flexible Packaging	7%	9%	6%	3%
Molded Fiber	10%	10%	6%	5%
Films	9%	2%	3%	-7%
Group	5%	6%	5%	2%

The Group's earnings development in constant currencies was strong, with all business segments contributing to the positive development. Main reason for the positive development was volume growth and continued good cost containment. In constant currencies the earnings before interest and taxes (EBIT) grew by 14%. The Group's reported EBIT were EUR 41 million (EUR 37 million). Negative foreign currency translation impact on Group's EBIT was EUR 2 million.

### EBIT BY BUSINESS SEGMENT

EUR million	Q1 2014	Q1 2013	Change	Of Group in Q1 2014
Foodservice Europe-Asia-Oceania	11.0	8.4	31.0%	27%
North America	8.8	7.8	12.8%	21%
Flexible Packaging	11.0	11.2	-1.8%	27%
Molded Fiber	7.6	7.1	7.0%	18%
Films	3.0	1.8	66.7%	7%

*Excluding Other activities EBIT EUR 0.0 million in Q1 2014 and EUR 0.9 million in Q1 2013.*

Net financial expenses increased and were EUR 8 million (EUR 7 million). The increase was due to a higher amount of external debt compared to the previous year as a result of the fixed rate unsecured bond issued in the second quarter of 2013. Tax expense was EUR 5 million (EUR 5 million). The corresponding tax rate was 16% (16%).

Reported profit for the period was EUR 28 million (EUR 26 million). Earnings per share (EPS) were EUR 0.27 (EUR 0.24).

## **STATEMENT OF FINANCIAL POSITION AND CASH FLOW**

The Group's net debt was EUR 418 million (EUR 433 million) at the end of the reporting period. This corresponds to a gearing ratio of 0.50 (0.51). Net debt to EBITDA ratio (excl. NRI) was 1.6 (1.7). Average maturity of external committed credit facilities and loans was 3.1 (3.2) years.

The Group's liquidity position remained strong. At the end of the reporting period cash and cash equivalents were EUR 217 million (EUR 66 million) and the Group had EUR 327 million (EUR 303 million) of unused committed credit facilities available. Funds available for acquisitions are approximately EUR 400-500 million.

Total assets on the statement of financial position were EUR 2,168 million (EUR 2,086 million).

Capital expenditure was EUR 22 million (EUR 27 million). Focus of the capital expenditure was in business expansion investments, particularly in the United States, Russia and India. The Group's free cash flow was EUR -11 million (EUR -21 million). Main reasons for the improved cash flow were improved working capital management and less capital expenditure during the quarter due to timing of capital expenditure projects.

There were no acquisitions, divestments or non-recurring items recorded during the quarter. On February 21, 2014, Huhtamäki Oyj's wholly owned subsidiary increased its shareholding in the Indian subsidiary The Paper Products Limited from 60.8% to 63.9% by acquiring the remaining shares of the former promoter family. Subsequently the joint venture agreement between Huhtamäki and the former promoter family was terminated.

## Business review by segment

### FOODSERVICE EUROPE-ASIA-OCEANIA

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

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	142.0	149.6	-5.1%	629.1
EBIT*	11.0	8.4	31.0%	46.9
EBIT margin*	7.7%	5.6%		7.5%
RONA*	15.0%	12.1%		13.9%
Capital expenditure	5.6	2.1	166.7%	16.8
Operating cash flow	10.2	6.8	50.0%	55.9

\* Excluding EUR -28.1 million NRI in FY 2013.

#### Q1 2014

Demand for foodservice packaging, particularly paperboard based items, was good. Demand growth was strongest in Eastern Europe and in Asia. In the UK, good progress of double-wall hot cups continued. Competitive activity was strong especially in Asia and the increased tendering activity of major quick-service customers strengthened the pressure on selling prices.

The Foodservice Europe-Asia-Oceania segment's comparable net sales developed positively. Comparable growth was 3%. Net sales grew strongest in Eastern Europe and in Asia as a result of volume growth. In Central Europe net sales development was negative due to declined volumes of plastic containers.

For the first quarter of 2013 the segment's net sales include EUR 12 million sales of the plastics unit in Italy that was divested during the fourth quarter of 2013. The negative effect of the divestment on the segment's net sales was partially offset by the positive contribution of the specialty corrugated packaging unit acquired in the UK during the fourth quarter of 2013.

The segment's reported net sales were negatively affected by adverse currency movements, especially in Russia and Oceania. The translation impact was EUR -8 million.

The segment's earnings grew significantly. The positive earnings development was due to volume growth in Eastern Europe and the effect of the successful restructuring actions taken during 2013. Favorable product mix development, resulting from the continued growth of double-wall paper cup volumes and the simultaneous volume decline of low-margin plastic items, also contributed positively to the earnings growth.

The integration of the specialty corrugated packaging unit, acquired in the UK during the fourth quarter of 2013, was continued. The unit contributed positively to the segment's earnings.



## NORTH AMERICA

The North America segment serves local markets with Chinet® disposable tableware products, foodservice packaging products, as well as ice-cream containers and other consumer goods packaging products. The segment has production in the United States and Mexico.

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	164.2	164.6	-0.2%	725.3
EBIT	8.8	7.8	12.8%	38.4
EBIT margin	5.4%	4.7%		5.3%
RONA	8.0%	11.0%		8.0%
Capital expenditure	9.1	18.0	-49.4%	66.7
Operating cash flow	-21.5	-15.1	-42.4%	-15.0

### Q1 2014

The general economic activity in the United States continued to improve but at a slower pace than in 2013. Exceptionally harsh weather conditions in large areas of the country had a negative effect on business activity during the quarter. For Huhtamaki, the negative impact came through less retail store and quick-service restaurant visits as well as from higher distribution and energy costs.

Despite the challenging conditions, the North America segment's comparable net sales grew by 3%. Net sales growth was strongest in private label tableware for the retail trade and in the foodservice business, where sales were boosted as deliveries to new customers acquired in connection with the Batavia expansion were begun. Sales of Chinet® branded tableware also developed favorably, whereas sales of packaging for frozen desserts remained soft.

The segment's reported net sales were negatively affected by adverse currency movements. The translation impact was EUR -7 million.

The segment's earnings grew as the increased costs caused by the harsh winter conditions were largely offset by a EUR 8 million one-time gain related to a redesign of a pension plan. The extreme weather conditions led to increased transportation and energy costs as well as to significant downtime in manufacturing activities. Changes in the product mix, primarily the increased share of lower-margin private label and folding carton items, also had an effect on the earnings development.

The ramp-up process of the new distribution and manufacturing facility in Batavia, Ohio, was successfully completed. In addition to the distribution center also the paper cup manufacturing operations are in full speed servicing major new customers.

## 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, Asia and South America.*

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	150.8	149.1	1.1%	585.8
EBIT	11.0	11.2	-1.8%	44.0
EBIT margin	7.3%	7.5%		7.5%
RONA	13.2%	13.3%		13.3%
Capital expenditure	4.2	3.6	16.7%	15.6
Operating cash flow	2.1	-2.9	172.4%	34.8

### Q1 2014

Demand for flexible packaging was relatively stable in Europe with increased customer activity after inventory reductions at year-end 2013. Mild weather had a positive effect on the demand for ice cream. In Asia, demand for flexible packaging continued to grow despite high inflation in many Asian markets affecting consumer demand. Raw material prices were stable in Europe but increased in Asia.

The Flexible Packaging segment's comparable net sales grew by 7%, mainly as a result of volume growth. Volume growth was strongest in Europe and in South-East Asia. Sales grew especially for the personal care; coffee, tea and beverages; as well as the confectionery product segments.

Adverse currency movements, especially in India and Thailand, had a negative impact on the segment's reported net sales. The translation impact was EUR -9 million.

In constant currencies the segment's earnings grew, mainly due to volume growth in Europe. In Asia, successful cost containment was not sufficient to fully offset the negative effects of unfavorable product mix development, competitive pressure and increasing raw material prices. The segment's earnings were also negatively impacted by adverse currency movements.



## MOLDED FIBER

Recycled molded 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.

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	61.5	60.6	1.5%	236.3
EBIT	7.6	7.1	7.0%	29.6
EBIT margin	12.4%	11.7%		12.5%
RONA	18.4%	16.4%		18.2%
Capital expenditure	2.5	2.5	0.0%	18.9
Operating cash flow	5.1	3.2	59.4%	21.0

### Q1 2014

Solid demand for molded fiber packaging continued across all markets. In Eastern and Southern Europe demand for egg packaging was positively impacted by further customers choosing molded fiber based packaging over plastics. In Europe competitive activity remained strong. In Australia, avian flu had a negative impact on demand for egg packaging due to shortage of eggs, and in South Africa the fruit crops were somewhat affected by hail storms.

The Molded Fiber segment's comparable net sales growth was strong being 10%, led by the Eastern European markets. Both volume growth as well as favorable product mix development contributed to the net sales growth.

The segment's reported net sales were negatively impacted by adverse currency movements. The translation impact was EUR -4 million.

The segment's strong earnings development continued and the earnings growth in constant currencies was 17%. The earnings growth was due to favorable product mix development, especially in Europe, as well as operational efficiency and volume growth leading to high capacity utilization across the markets. The segment's earnings were negatively affected by adverse currency movements.

## FILMS

Films are mainly used for technical applications in the label, adhesive tape, hygiene and health care industries, as well as building and construction, automotive, packaging and graphic arts industries. The segment serves global markets from production units in Europe, Asia, North America and South America.

EUR million	Q1 2014	Q1 2013	Change	FY 2013
Net sales	51.7	48.6	6.4%	186.5
EBIT*	3.0	1.8	66.7%	6.7
EBIT margin*	5.8%	3.7%		3.6%
RONA*	5.5%	5.3%		4.6%
Capital expenditure	0.5	0.6	-16.7%	2.7
Operating cash flow	0.2	-2.5	108.0%	13.5

\* Excluding EUR -2.5 million NRI in FY 2013.

### Q1 2014

Demand for films for the building and construction industries was healthy, supported by the mild weather in Europe and customers in the United States building stocks in anticipation of the coming season. In addition, demand for pressure sensitive films for the automotive industry improved, whereas demand for hygiene films was more stable.

The Films segment's strong net sales growth was due to volume growth in Europe and in the United States. Positive product mix development in Brazil also contributed to the net sales growth. The segment's comparable net sales growth was 9%.

The segment's reported net sales were negatively affected by adverse currency movements, primarily in Brazil. The translation impact was EUR -2 million.

The segment's earnings development turned positive as a result of positive volume development in all markets. Increased share of higher-margin products in the segment's product portfolio in Brazil also contributed to earnings growth. The positive impact of the pension plan redesign in the United States offset the increased costs caused by harsh weather conditions.

## Personnel

The Group had a total of 14,501 (14,357) employees at the end of March 2014. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 4,318 (4,367), North America 3,540 (3,273), Flexible Packaging 4,133 (4,080), Molded Fiber 1,543 (1,666), Films 912 (918), and Other activities 55 (53).

## Shares and shareholders

### SHARE CAPITAL AND SHAREHOLDERS

At the end of the reporting period, the Company's registered share capital was EUR 366 million (EUR 365 million) corresponding to a total number of shares of 107,629,663, including 4,226,989 Company's own shares. Own shares represent 3.9% (4.0%) of the total number of shares and votes. The amount of outstanding shares excluding the Company's own shares was 103,402,674. The average number of outstanding shares used in EPS calculations was 103,389,095 (102,667,035), excluding the Company's own shares. Based on share subscriptions with Huhtamäki Oyj's option rights 2006 C under the Company's Option Rights 2006 Plan, a total of 20,912 new shares of Huhtamäki Oyj were issued during the first quarter. The corresponding increase in the Company's share capital was EUR 0.1 million.

There were 25,047 (24,932) registered shareholders at the end of March 2014. Foreign ownership including nominee registered shares accounted for 40% (35%).

### SHARE TRADING

At the end of March 2014, the Company's market capitalization was EUR 2,058 million (EUR 1,579 million) excluding the Company's own shares. With a closing price of EUR 19.90 the share price increased by 7% from the beginning of the year. During the reporting period the volume weighted average price for the Company's share was EUR 19.55. The highest price paid was EUR 21.07 and the lowest price paid was EUR 17.63.

During the first quarter the cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd was EUR 245 million (EUR 147 million). The trading volume of 13 million (11 million) shares equaled an average daily turnover of 201,811 (170,542) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 526 million (EUR 239 million). During the first quarter, 54% (38%) of all trading took place outside NASDAQ OMX Helsinki Ltd. (Source: Fidessa Fragmentation Index, [www.fragmentation.fidessa.com](http://www.fragmentation.fidessa.com))

During the reporting period the total turnover of the Company's option rights 2006 C was EUR 0.3 million corresponding to a trading volume of 21,073 option rights. The subscription period for shares based on the Company's option rights 2006 C will cease on April 30, 2014.

## Changes after the reporting period

Shashank Sinha was appointed Executive Vice President, Flexible Packaging and a member of the Group Executive Team as of April 14, 2014. Simultaneously Suresh Gupta stepped aside from the role of Executive Vice President and a member of the Group Executive Team and continues as a Senior Advisor for the Group reporting to CEO Jukka Moisio.

## 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.

In September 2012 Huhtamäki Oyj received the European Commission's statement of objections concerning alleged anticompetitive behavior during years 2000-2008. Huhtamäki Oyj has responded to the statement of objections and is exercising its rights of defense in the process, which is expected to

take several months. The final outcome of the process is uncertain. More information on the matter is available in the Results 2013 published on February 6, 2014.

## **Outlook for 2014**

The Group's trading conditions are expected to remain relatively stable during 2014. The good financial position and ability to generate a positive cash flow will enable the Group to continue to address profitable growth opportunities. Capital expenditure is expected to be at the same level as in 2013. A significant part of the investments are expected to be directed to enhance growth in the emerging markets.

## **Annual General Meeting 2014**

The Annual General Meeting of Shareholders will be held on Thursday, April 24, 2014 at 1 pm (Finnish time), at Finlandia Hall, Mannerheimintie 13e, in Helsinki, Finland.

## **Financial reporting in 2014**

Huhtamäki will publish the following interim reports during the course of the year:

Interim Report January 1 – June 30, 2014

July 18, 2014

Interim Report January 1 – September 30, 2014

October 23, 2014

Espoo, April 23, 2014  
Huhtamäki Oyj  
Board of Directors

## Group income statement (IFRS) – unaudited

EUR million	Q1 2014	Q1 2013	Q1-Q4 2013
<b>Net sales</b>	<b>563.7</b>	568.4	2,342.2
Cost of goods sold	-479.2	-482.7	-1,994.3
<b>Gross profit</b>	<b>84.5</b>	85.7	347.9
Other operating income	4.5	4.3	18.5
Sales and marketing	-15.0	-17.3	-73.0
Research and development	-3.4	-3.9	-16.2
Administration costs	-27.1	-30.1	-117.9
Other operating expenses	-2.6	-2.2	-26.6
Share of profit of equity-accounted investments	0.5	0.7	3.4
	<b>-43.1</b>	-48.5	-211.8
<b>Earnings before interest and taxes</b>	<b>41.4</b>	37.2	136.1
Financial income	1.0	1.0	8.0
Financial expenses	-8.7	-7.8	-33.5
<b>Profit before taxes</b>	<b>33.7</b>	30.4	110.6
Income tax expense	-5.4	-4.9	-12.9
<b>Profit for the period</b>	<b>28.3</b>	25.5	97.7
Attributable to:			
Equity holders of the parent company	27.7	24.4	94.1
Non-controlling interest	0.6	1.1	3.6
<b>EUR</b>			
EPS attributable to equity holders of the parent company	0.27	0.24	0.91
Diluted EPS attributable to equity holders of the parent company	0.27	0.24	0.91

## Group statement of comprehensive income (IFRS) – unaudited

EUR million	Q1 2014	Q1 2013	Q1-Q4 2013
<b>Profit for the period</b>	<b>28.3</b>	25.5	97.7
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements on defined benefit plans	0.0	1.2	7.2
Income taxes related to items that will not be reclassified	-0.2	-0.3	-4.8
<b>Total</b>	<b>-0.2</b>	0.9	2.4
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation differences	1.5	19.2	-34.4
Equity hedges	-0.3	-4.6	7.6
Cash flow hedges	-0.3	0.9	2.7
Income taxes related to items that may be reclassified	-0.4	-0.1	-0.4
<b>Total</b>	<b>0.5</b>	15.4	-24.5
<b>Other comprehensive income, net of tax</b>	<b>0.3</b>	16.3	-22.1
<b>Total comprehensive income</b>	<b>28.6</b>	41.8	75.6
Attributable to:			
Equity holders of the parent company	28.0	40.7	72.0
Non-controlling interest	0.6	1.1	3.6

## Group statement of financial position (IFRS) – unaudited

EUR million	Mar 31 2014	Dec 31 2013	Mar 31 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	458.9	458.5	456.1
Other intangible assets	23.7	24.9	28.2
Tangible assets	657.4	653.6	685.0
Equity-accounted investments	10.7	10.0	11.6
Available-for-sale investments	1.7	1.7	1.3
Interest-bearing receivables	4.6	4.8	17.0
Deferred tax assets	37.0	38.1	37.0
Employee benefit assets	45.7	38.5	33.0
Other non-current assets	5.9	6.0	6.0
	1,245.6	1,236.1	1,275.2
<b>Current assets</b>			
Inventory	335.8	305.0	345.7
Interest-bearing receivables	6.1	4.6	7.9
Current tax assets	6.0	6.4	1.7
Trade and other current receivables	357.6	349.0	389.9
Cash and cash equivalents	216.7	241.0	65.6
	922.2	906.0	810.8
<b>Total assets</b>	<b>2,167.8</b>	<b>2,142.1</b>	<b>2,086.0</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	365.9	365.9	364.8
Premium fund	115.2	114.8	114.3
Treasury shares	-38.8	-38.9	-39.8
Translation differences	-136.5	-137.7	-95.4
Fair value and other reserves	-83.2	-82.3	-86.2
Retained earnings	582.2	558.1	563.0
<b>Total equity attributable to equity holders of the parent company</b>	<b>804.8</b>	<b>779.9</b>	<b>820.7</b>
Non-controlling interest	24.6	24.9	28.7
<b>Total equity</b>	<b>829.4</b>	<b>804.8</b>	<b>849.4</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	560.9	594.9	433.3
Deferred tax liabilities	64.8	63.4	57.6
Employee benefit liabilities	182.7	182.4	185.5
Provisions	29.9	30.7	38.4
Other non-current liabilities	3.9	5.7	4.7
	842.2	877.1	719.5
<b>Current liabilities</b>			
Interest-bearing liabilities			
Current portion of long term loans	42.4	23.3	12.0
Short-term loans	41.6	36.8	77.7
Provisions	5.0	5.6	3.1
Current tax liabilities	9.0	7.7	11.5
Trade and other current liabilities	398.2	386.8	412.8
	496.2	460.2	517.1
<b>Total liabilities</b>	<b>1,338.4</b>	<b>1,337.3</b>	<b>1,236.6</b>
<b>Total equity and liabilities</b>	<b>2,167.8</b>	<b>2,142.1</b>	<b>2,086.0</b>
	<b>Mar 31 2014</b>	<b>Dec 31 2013</b>	<b>Mar 31 2013</b>
Net debt	417.5	404.6	432.5
Net debt to equity (gearing)	0.50	0.50	0.51

## Statement of changes in equity (IFRS) – unaudited

### 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
<b>Balance on Dec 31 2012</b>	<b>364.5</b>	<b>114.1</b>	<b>-42.2</b>	<b>-110.0</b>	<b>-87.9</b>	<b>540.5</b>	<b>779.0</b>	<b>26.5</b>	<b>805.5</b>
Share-based payments			2.4			0.1	2.5		2.5
Stock option exercised	0.3	0.2					0.5		0.5
Total comprehensive income for the year				14.6	1.7	24.4	40.7	1.1	41.8
Other changes						-2.0	-2.0	1.1	-0.9
<b>Balance on Mar 31 2013</b>	<b>364.8</b>	<b>114.3</b>	<b>-39.8</b>	<b>-95.4</b>	<b>-86.2</b>	<b>563.0</b>	<b>820.7</b>	<b>28.7</b>	<b>849.4</b>
<b>Balance on Dec 31 2013</b>	<b>365.9</b>	<b>114.8</b>	<b>-38.9</b>	<b>-137.7</b>	<b>-82.3</b>	<b>558.1</b>	<b>779.9</b>	<b>24.9</b>	<b>804.8</b>
Share-based payments			0.1			0.2	0.3		0.3
Stock option exercised	0.0	0.4					0.4		0.4
Total comprehensive income for the year				1.2	-0.9	27.7	28.0	0.6	28.6
Acquisition of non-controlling interest						-2.6	-2.6	-1.7	-4.3
Other changes						-1.2	-1.2	0.8	-0.4
<b>Balance on Mar 31 2014</b>	<b>365.9</b>	<b>115.2</b>	<b>-38.8</b>	<b>-136.5</b>	<b>-83.2</b>	<b>582.2</b>	<b>804.8</b>	<b>24.6</b>	<b>829.4</b>



## Group statement of cash flows (IFRS) – unaudited

EUR million	Q1 2014	Q1 2013	Q1-Q4 2013
<b>Profit for the period*</b>	<b>28.3</b>	25.5	97.7
Adjustments*	<b>26.2</b>	33.2	143.9
Depreciation and amortization*	<b>22.2</b>	22.5	96.5
Share of profit of equity-accounted investments*	<b>-0.5</b>	-0.7	-3.4
Gain/loss from disposal of assets*	<b>-0.1</b>	0.1	-1.6
Financial expense/-income*	<b>7.7</b>	6.8	25.5
Income tax expense*	<b>5.4</b>	4.9	12.9
Other adjustments, operational*	<b>-8.5</b>	-0.4	14.0
Change in inventory*	<b>-30.7</b>	-21.9	-8.0
Change in non-interest bearing receivables*	<b>-13.7</b>	-37.8	-16.3
Change in non-interest bearing payables*	<b>7.4</b>	16.2	-6.0
Dividends received*	<b>0.2</b>	0.1	3.1
Interest received*	<b>0.5</b>	0.4	2.6
Interest paid*	<b>-4.4</b>	-5.3	-19.2
Other financial expense and income*	<b>-0.9</b>	-0.6	-2.8
Taxes paid*	<b>-2.3</b>	-4.6	-21.1
<b>Net cash flows from operating activities</b>	<b>10.6</b>	5.2	173.9
Capital expenditure*	<b>-22.0</b>	-26.8	-121.0
Proceeds from selling tangible assets*	<b>0.1</b>	0.2	3.1
Divested subsidiaries	-	-	6.2
Acquired subsidiaries	-	-	-18.0
Proceeds from long-term deposits	<b>0.3</b>	0.2	15.7
Payment of long-term deposits	<b>0.0</b>	-0.2	-3.8
Proceeds from short-term deposits	<b>10.0</b>	2.9	35.2
Payment of short-term deposits	<b>-11.2</b>	-1.0	-31.1
<b>Net cash flows from investing</b>	<b>-22.8</b>	-24.7	-113.7
Proceeds from long-term borrowings	<b>0.1</b>	5.0	205.5
Repayment of long-term borrowings	<b>-35.2</b>	-0.5	-29.0
Proceeds from short-term borrowings	<b>36.6</b>	388.9	740.9
Repayment of short-term borrowings	<b>-10.3</b>	-391.3	-756.1
Dividends paid	-	-	-57.7
Proceeds from stock option exercises	<b>0.5</b>	0.6	2.1
Acquisition of non-controlling interest	<b>-4.2</b>	-	-
<b>Net cash flows from financing</b>	<b>-12.5</b>	2.7	105.7
<b>Change in liquid assets</b>	<b>-24.3</b>	-15.4	160.0
Cash flow based	<b>-24.7</b>	-16.8	165.9
Translation difference	<b>0.4</b>	1.4	-5.9
Liquid assets period start	<b>241.0</b>	81.0	81.0
Liquid assets period end	<b>216.7</b>	65.6	241.0
Free cash flow (including figures marked with *)	<b>-11.3</b>	-21.4	56.0

## Notes for the interim results report

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the interim financial statements as in the annual financial statements for 2013. The following amended standards, which have been adopted with effect from January 1, 2014, had no impact on the interim financial statements:

- Revised IAS 32 Financial Instruments: Presentation. The amendments clarify the instructions on the right to offset financial assets and liabilities.
- Revised IAS 39 Financial Instruments: Recognition and measurement. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes.

## Segments

Segment information is presented according to the IFRS standards. Items below EBIT - financial items and taxes - are not allocated to the segments.

### NET SALES

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	162.3	721.2	179.1	182.0	196.3	163.8
- Intersegment net sales	1.9	4.1	1.9	0.7	0.7	0.8
Foodservice Europe-Asia-Oceania	139.6	620.8	149.5	157.3	165.4	148.6
- Intersegment net sales	2.4	8.3	2.6	2.7	2.0	1.0
Flexible Packaging	150.7	584.9	138.4	144.9	152.7	148.9
- Intersegment net sales	0.1	0.9	0.2	0.3	0.2	0.2
Molded Fiber	61.0	234.2	59.8	55.9	58.6	59.9
- Intersegment net sales	0.5	2.1	0.5	0.5	0.4	0.7
Films	50.1	181.1	41.6	46.4	45.9	47.2
- Intersegment net sales	1.6	5.4	1.3	1.5	1.2	1.4
Elimination of intersegment net sales	-6.5	-20.8	-6.5	-5.7	-4.5	-4.1
Segments total	563.7	2,342.2	568.4	586.5	618.9	568.4

### EBIT

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	8.8	38.4	5.0	10.6	15.0	7.8
Foodservice Europe-Asia-Oceania <sup>(1)</sup>	11.0	18.8	-5.9	8.8	7.5	8.4
Flexible Packaging	11.0	44.0	10.1	10.7	12.0	11.2
Molded Fiber	7.6	29.6	8.9	6.3	7.3	7.1
Films <sup>(2)</sup>	3.0	4.2	0.5	0.1	1.8	1.8
Other activities	0.0	1.1	1.3	0.6	-1.7	0.9
Segments total <sup>(3)</sup>	41.4	136.1	19.9	37.1	41.9	37.2

<sup>1)</sup> Q1-Q4 2013 includes non-recurring items MEUR -28.1, Q4 2013 MEUR -18.1, Q3 2013 MEUR -2.7 and Q2 2013 MEUR -7.3.

<sup>2)</sup> Q1-Q4 and Q3 2013 include non-recurring items MEUR -2.5.

<sup>3)</sup> Q1-Q4 2013 includes non-recurring items MEUR -30.6, Q4 2013 MEUR -18.1, Q3 2013 MEUR -5.2 and Q2 2013 MEUR -7.3.

### EBITDA

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	15.7	64.5	11.6	17.1	21.5	14.3
Foodservice Europe-Asia-Oceania <sup>(1)</sup>	17.1	51.5	1.5	16.7	18.3	15.0
Flexible Packaging	15.3	61.6	14.6	15.0	16.5	15.5
Molded Fiber	10.4	40.9	11.8	9.1	10.0	10.0
Films <sup>(2)</sup>	4.9	12.2	2.6	2.0	3.8	3.8
Other activities	0.2	1.9	1.4	0.8	-1.4	1.1
Segments total <sup>(3)</sup>	63.6	232.6	43.5	60.7	68.7	59.7

<sup>1)</sup> Q1-Q4 2013 includes non-recurring items MEUR -21.3, Q4 2013 MEUR -17.1, Q3 2013 MEUR -1.0 and Q2 2013 MEUR -3.2.

<sup>2)</sup> Q1-Q4 and Q3 2013 include non-recurring items MEUR -2.5.

<sup>3)</sup> Q1-Q4 2013 includes non-recurring items MEUR -23.8, Q4 2013 MEUR -17.1, Q3 2013 MEUR -3.5 and Q2 2013 MEUR -3.2.

## Segments (continued)

### DEPRECIATION AND AMORTIZATION

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	6.9	26.1	6.6	6.5	6.5	6.5
Foodservice Europe-Asia-Oceania	6.1	32.7	7.4	7.9	10.8	6.6
Flexible Packaging	4.3	17.6	4.5	4.3	4.5	4.3
Molded Fiber	2.8	11.3	2.9	2.8	2.7	2.9
Films	1.9	8.0	2.1	1.9	2.0	2.0
Other activities	0.2	0.8	0.1	0.2	0.3	0.2
Segments total	22.2	96.5	23.6	23.6	26.8	22.5

### NET ASSETS ALLOCATED TO THE SEGMENTS<sup>4)</sup>

EUR million	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	522.1	488.2	479.9	493.2	494.2
Foodservice Europe-Asia-Oceania	316.9	315.2	323.8	338.0	356.8
Flexible Packaging	330.2	320.5	332.9	334.7	344.9
Molded Fiber	163.5	160.9	165.8	162.5	163.4
Films	134.9	135.9	141.2	145.6	152.8

<sup>4)</sup> Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

### CAPITAL EXPENDITURE

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	9.1	66.7	18.5	15.8	14.4	18.0
Foodservice Europe-Asia-Oceania	5.6	16.8	7.2	4.0	3.5	2.1
Flexible Packaging	4.2	15.6	5.3	2.4	4.3	3.6
Molded Fiber	2.5	18.9	7.1	3.0	6.3	2.5
Films	0.5	2.7	0.8	0.8	0.5	0.6
Other activities	0.1	0.3	0.1	0.1	0.1	0.0
Segments total	22.0	121.0	39.0	26.1	29.1	26.8

### RONA (12m roll.)

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	8.0%	8.0%	9.1%	9.7%	11.0%
Foodservice Europe-Asia-Oceania	6.5%	5.6%	10.3%	10.4%	12.1%
Flexible Packaging	13.2%	13.3%	13.2%	13.3%	13.3%
Molded Fiber	18.4%	18.2%	16.7%	17.1%	16.4%
Films	3.8%	2.9%	3.1%	4.6%	5.3%

### OPERATING CASH FLOW

EUR million	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
North America	-21.5	-15.0	-16.8	9.9	7.0	-15.1
Foodservice Europe-Asia-Oceania	10.2	55.9	15.7	22.6	10.8	6.8
Flexible Packaging	2.1	34.8	21.2	5.2	11.3	-2.9
Molded Fiber	5.1	21.0	7.8	1.0	9.0	3.2
Films	0.2	13.5	6.2	4.2	5.6	-2.5

Reportable segments' net sales and EBIT forms Groups' total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

## Other information

### KEY INDICATORS

	Q1 2014	Q1-Q4 2013	Q1 2013
Equity per share (EUR)	7.78	7.54	7.97
ROE, % (12m roll.)	12.3	12.0	15.4
ROI, % (12m roll.)	10.0	9.9	12.9
Personnel	14,501	14,362	14,357
Profit before taxes (EUR million, 12m roll.)	113.9	110.6	139.7
Depreciation of tangible assets (EUR million)	20.0	88.3	20.5
Amortization of other intangible assets (EUR million)	2.2	8.2	2.0

### CONTINGENT LIABILITIES

EUR million	Mar 31 2014	Dec 31 2013	Mar 31 2013
Mortgages	0.0	0.0	-
Guarantee obligations	0.4	0.4	0.4
Lease payments	50.4	50.1	58.2
Capital expenditure commitments	28.1	18.4	37.9

### FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EUR million	Mar 31 2014	Dec 31 2013	Mar 31 2013
Fair value through profit and loss - assets			
Currency forwards, transaction risk hedges	0.8	1.2	1.6
Currency forwards, translation risk hedges	0.1	1.8	0.1
Currency forwards, for financing purposes	0.5	1.0	0.6
Currency options, transaction risk hedges	0.1	0.1	0.1
Interest rate swaps	0.7	0.2	0.2
Cross currency swaps	2.3	1.6	5.9
Electricity forwards	-	-	0.0
Available-for-sale investments	1.7	1.7	1.3
Fair value through profit and loss - liabilities			
Currency forwards, transaction risk hedges	1.4	0.6	0.7
Currency forwards, translation risk hedges	0.7	0.5	0.9
Currency forwards, for financing purposes	1.1	1.7	1.4
Currency options, transaction risk hedges	0.5	0.6	0.1
Interest rate swaps	1.6	3.4	3.3
Cross currency swaps	1.1	-	1.7
Electricity forwards	0.3	0.2	0.1

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Only fair values of electricity forwards are based on quoted prices in active markets.

### INTEREST-BEARING LIABILITIES

EUR million	Mar 31 2014		Dec 31 2013		Mar 31 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	560.9	543.1	594.9	573.6	433.3	429.3
Current	84.0	84.0	60.1	60.1	89.7	89.7
Total	644.9	627.1	655.0	633.7	523.0	519.0

## Other information (continued)

### EXCHANGE RATES

Income statement, average:		Q1 2014	Q1 2013
	AUD 1 =	0.6547	0.7893
	GBP 1 =	1.2080	1.1836
	INR 1 =	0.0118	0.0140
	RUB 1 =	0.0208	0.0249
	THB 1 =	0.0224	0.0254
	USD 1 =	0.7301	0.7607
Statement of financial position, month end:		Mar 31 2014	Mar 31 2013
	AUD 1 =	0.6693	0.8125
	GBP 1 =	1.2074	1.1826
	INR 1 =	0.0121	0.0144
	RUB 1 =	0.0205	0.0251
	THB 1 =	0.0224	0.0267
	USD 1 =	0.7253	0.7809

### DEFINITIONS FOR KEY INDICATORS

<b>EPS attributable to equity holders of the parent company =</b>	<u>Profit for the period - non-controlling interest</u> Average number of shares outstanding
<b>EPS attributable to equity holders of the parent company (diluted) =</b>	<u>Diluted profit for the period - non-controlling interest</u> Average fully diluted number of shares outstanding
<b>Net debt to equity (gearing) =</b>	<u>Interest-bearing net debt</u> Equity + non-controlling interest
<b>Return on net assets (RONA) =</b>	<u>100 x Earnings before interest and taxes (12 m roll.)</u> Net assets (12 m roll.)
<b>Operating cash flow =</b>	Ebit + depreciation and amortization (including impairment) - capital expenditure + disposals +/- change in inventories, trade receivables and trade payables
<b>Shareholders' equity per share =</b>	<u>Total equity attributable to equity holders of the parent company</u> Issue-adjusted number of shares at period end
<b>Return on equity (ROE) =</b>	<u>100 x (Profit for the period) (12 m roll.)</u> Equity + non-controlling interest (average)
<b>Return on investment (ROI) =</b>	<u>100 x (Profit before taxes + interest expenses + net other financial expenses) (12 m roll.)</u> Statement of financial position total - Interest-free liabilities (average)

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