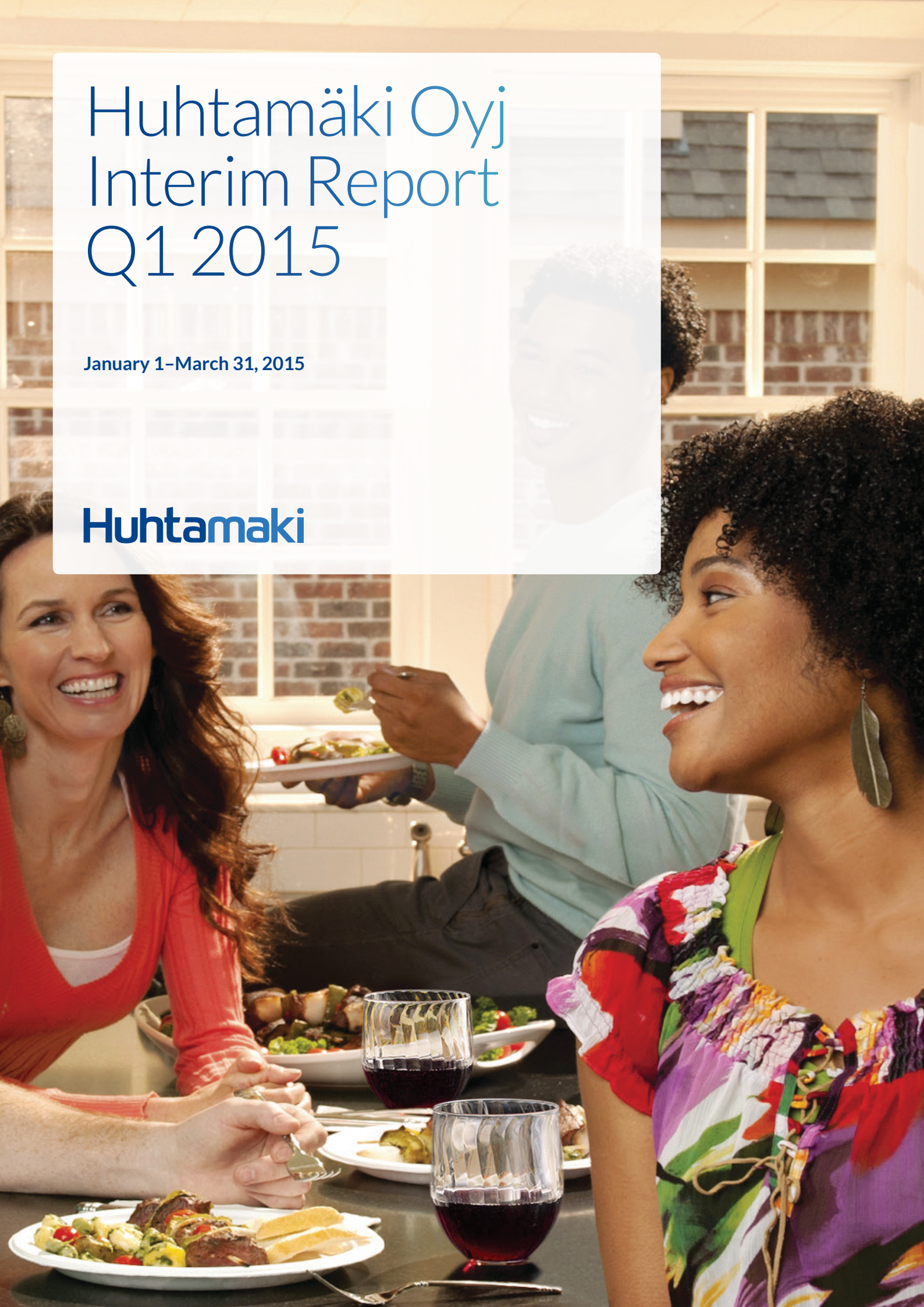


# Huhtamäki Oyj Interim Report Q1 2015

January 1–March 31, 2015

**Huhtamäki**



## Solid profitability improvement

### Q1 2015 in brief

- Net sales were EUR 630 million (EUR 514 million)
- EBIT excluding non-recurring items (NRI) was EUR 50 million (EUR 38 million)
- EPS excluding NRI was EUR 0.33 (EUR 0.25)
- Comparable net sales growth was 5% in total and 6% in emerging markets
- Currency movements had a positive impact of EUR 53 million on the Group's net sales
- Acquisition of Positive Packaging, a flexible packaging company operating in India, United Arab Emirates and Africa, was closed at the end of January and the business was consolidated into the Flexible Packaging business segment as of February 1, 2015

### Key figures

EUR million	Q1 2015	Q1 2014	Change	FY 2014
Net sales	630.1	513.6	23%	2,235.7
EBITDA*	74.8	58.7	27%	259.0
EBITDA margin*	11.9%	11.4%		11.6%
EBIT*	49.7	38.4	29%	174.9
EBIT margin*	7.9%	7.5%		7.8%
EPS*, EUR	0.33	0.25	32%	1.24
ROI**	12.8%	12.1%		12.6%
ROE**	16.2%	16.1%		16.1%
Capital expenditure	24.7	21.5	15%	127.0
Free cash flow	-19.4	-11.3	-72%	64.6
<b>Including discontinued operations for 2014</b>				
EPS**, EUR	0.33	0.27	22%	1.28
EPS, reported, EUR	0.29	0.27	7%	1.33

\* Excluding NRI of EUR -4.1 million in Q1 2015.

\*\* Excluding NRI of EUR -4.1 million in Q1 2015 and EUR 5.1 million in FY 2014.

Unless otherwise stated, all figures presented in this report, including corresponding periods in 2014, cover continuing operations only. Continuing operations include the Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Molded Fiber business segments. Discontinued operations for 2014 include the Films business segment, which was sold at the end of December 2014. Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2014. ROI, ROE and RONA figures presented in this report are calculated on a 12-month rolling basis.

## Jukka Moisio, CEO:

“We had a good start to the year. All our business segments achieved organic growth and improved profitability. Our comparable net sales growth during the quarter was 5%. Net sales and earnings in North America and Flexible Packaging developed strongly. It is rewarding to see that the actions taken by our team in North America are bearing fruit. We are pleased with our net sales development in Europe, which was positive across business segments. On the other hand, growth in emerging markets at 6% did not entirely meet our expectations. The weakness was primarily due to China, whereas our businesses in Southeast Asia, Russia and South America continued to grow.

The acquisition of Positive Packaging was finalized at the end of January and it contributed to net sales growth for two months. The integration is still in early stages, but we’re happy to report positive earnings from the business already for the first two months.

We sharpened our strategy and launched a renewed brand identity at the end of 2014. It’s been delightful to note that the new Huhtamaki has been well received amongst our customers, employees, investors and other stakeholder groups. We’ll continue to implement our new strategy and aim to achieve net sales and profitability growth.”

## Financial review Q1 2015

The Group's comparable net sales growth was 5% during the quarter. All business segments contributed to the net sales growth. Growth was strongest in the North America business segment. Comparable growth in emerging markets was 6%. The growth in emerging markets was driven by continued good development especially in Russia, Southeast Asia and South America, whereas negative net sales development in China continued. The Group's net sales grew to EUR 630 million (EUR 514 million). In addition to organic growth, there was a significant positive impact on net sales from the Positive Packaging acquisition as well as the foreign currency translation, which was EUR 53 million compared to the 2014 exchange rates. The majority of the currency impact came from the strengthening of the US dollar versus euro.

### Net sales by business segment

EUR million	Q1 2015	Q1 2014	Change	Of Group in Q1 2015
Foodservice Europe-Asia-Oceania	153.9	142.0	8%	24%
North America	210.7	164.2	28%	33%
Flexible Packaging	206.0	150.8	37%	33%
Molded Fiber	65.2	61.5	6%	10%
Elimination of internal sales	-5.7	-4.9		
<b>Group</b>	<b>630.1</b>	<b>513.6</b>	<b>23%</b>	

### Comparable growth by business segment

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Foodservice Europe-Asia-Oceania	3%	2%	4%	5%
North America	7%	5%	4%	10%
Flexible Packaging	5%	12%	6%	4%
Molded Fiber	5%	7%	9%	10%
<b>Group</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>

The Group's earnings development was good, with all business segments contributing to the earnings growth. Earnings improvement was strongest in the North America business segment. The Group's earnings before interest and taxes (EBIT) were EUR 50 million, excluding NRI of EUR -4 million (EUR 38 million). The acquired Positive Packaging also contributed positively to earnings. Positive foreign currency translation impact on Group's EBIT was EUR 4 million.

### EBIT by business segment

EUR million	Q1 2015	Q1 2014	Change	Of Group in Q1 2015
Foodservice Europe-Asia-Oceania	11.9	11.0	8%	23%
North America	13.8	8.8	57%	27%
Flexible Packaging	17.0	11.0	55%	33%
Molded Fiber	8.6	7.6	13%	17%
Other activities	-1.6	0.0		
<b>Group</b>	<b>49.7</b>	<b>38.4</b>	<b>29%</b>	

*Other activities EBIT excluding NRI of EUR -4.1 million in Q1 2015.*

Net financial expenses increased to EUR 9 million (EUR 7 million). The payment of purchase price for Positive Packaging at the end of January led to a higher amount of net debt and thus higher financial expenses. Tax expense was EUR 6 million (EUR 5 million). The corresponding tax rate was 16% (16%).

Profit for the period was EUR 31 million, including NRI of EUR -4 million (EUR 26 million). Earnings per share (EPS) excluding NRI were EUR 0.33 (EUR 0.25). Reported EPS were EUR 0.29 (EUR 0.25 for continuing operations and EUR 0.27 including discontinued operations).

## Statement of financial position and cash flow

The Group's net debt increased and was EUR 591 million (EUR 418 million) at the end of the quarter. Increase in net debt was due to the payment of purchase price for Positive Packaging at the end of January. The level of net debt corresponds to a gearing ratio of 0.60 (0.50). Net debt to EBITDA ratio (excl. NRI) was 2.1 (1.6). Average maturity of external committed credit facilities and loans was 4.0 (3.1) years. In January, the Group refinanced its EUR 400 million syndicated revolving credit facility for the period of five years, which prolonged the average maturity.

Cash and cash equivalents were EUR 98 million (EUR 217 million) at the end of the quarter and the Group had EUR 310 million (EUR 327 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 2,560 million (EUR 2,168 million).

Capital expenditure was EUR 25 million (EUR 22 million). Majority of the business expansion investments was at growth markets, and largest investments were made in Russia and North America. The Group's free cash flow was EUR -19 million (EUR -11 million).

## Acquisitions and divestments

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. The annual net sales of the acquired business are approximately EUR 220 million and it employs approximately 2,500 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 was consolidated into the Flexible Packaging business segment as of February 1, 2015.

On March 13, 2015 Huhtamaki announced the acquisition of Butterworth Paper Cups Sdn Bhd, a privately owned paper cup and foodservice packaging manufacturer in Malaysia. The 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 and the business consolidated into the Foodservice Europe-Asia-Oceania business segment as of April 1, 2015.

## 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 2015	Q1 2014	Change	FY 2014
Net sales	153.9	142.0	8%	620.4
EBIT	11.9	11.0	8%	57.4
EBIT margin	7.7%	7.7%		9.3%
RONA	17.2%	15.0%		17.6%
Capital expenditure	7.5	5.6	34%	33.6
Operating cash flow	5.9	10.2	-42%	41.9

### Q1 2015

Demand for foodservice packaging varied both within the quarter as well as within geographies. In Western Europe the year started slow as customers had high stocks at the end of 2014. Towards the end of the quarter demand picked up, particularly for insulated paper cups. In Russia, demand for foodservice packaging remained good, whereas in Asia, particularly in China, soft demand continued. In Oceania demand was on a healthy level. Raw material prices were relatively stable.

The Foodservice Europe-Asia-Oceania segment's net sales grew, comparable growth being 3%. Growth was strongest in Russia, Western Europe and Australia, primarily driven by volume growth. In North Asia net sales development was negative, primarily due to continued soft demand in China.

Currency movements had a positive impact on the segment's reported net sales. The translation impact was EUR 3 million.

The segment's earnings grew significantly, primarily due to positive volume development. The positive impact of moderate resin prices combined with improved competitiveness of Central European plastics operations also contributed 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 2015	Q1 2014	Change	FY 2014
Net sales	210.7	164.2	28%	769.3
EBIT	13.8	8.8	57%	38.4
EBIT margin	6.5%	5.4%		5.0%
RONA	7.6%	8.0%		7.2%
Capital expenditure	7.9	9.1	-13%	36.7
Operating cash flow	-13.7	-21.5	36%	18.7

### Q1 2015

The general trading environment in the U.S. was positive, although retail activity was slightly subdued. Raw material prices remained relatively stable with moderate resin prices on one side and high smooth fiber costs on the other side. Demand for private label tableware and foodservice packaging remained good and was further boosted by the early Easter season.

The North America segment's net sales grew, comparable growth being 7%. Growth was strongest in the retail tableware business, where sales of both branded Chinet® plates as well as private label tableware grew. Sales of foodservice packaging to national accounts also developed positively. Volumes for frozen dessert packaging were positively impacted by lower producer ingredient costs favoring stock building.

The segment's reported net sales were positively affected by currency movements. The translation impact was EUR 37 million.

The segment's earnings grew significantly. Strong sales growth and a positive product mix effect in retail tableware business, together with improved pricing and better control of distribution costs across the business enhanced the segment's profitability. Solid operational performance also had a positive effect on the segment's earnings. The segment's earnings were positively affected by currency movements. As a further note, the segment's earnings in the first quarter in 2014 included a EUR 8 million one-time gain related to a redesign of a pension plan.

## 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.*

EUR million	Q1 2015	Q1 2014	Change	FY 2014
Net sales	206.0	150.8	37%	618.0
EBIT	17.0	11.0	55%	45.5
EBIT margin	8.3%	7.3%		7.4%
RONA	12.9%	13.2%		13.6%
Capital expenditure	5.8	4.2	38%	24.7
Operating cash flow	12.8	2.1	510%	27.8

### Q1 2015

Overall demand for flexible packaging was relatively stable. Good momentum continued in Europe and Southeast Asia across product categories. In many markets, currency fluctuations had an effect on export demand. Raw material prices were favorable although shortage of supply in Europe and in Middle East led to price increases at the end of the quarter.

The Flexible Packaging segment's net sales developed positively with all markets reporting growth. Comparable growth was 5%. Net sales grew strongest in Southeast Asia and Oceania as a result of healthy volume growth. In Europe, growth was driven by favorable product mix. Positive Packaging has been reported as part of the segment as of February 1, 2015 and contributed EUR 36 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 13 million.

The segment's earnings growth was strong. Earnings growth was driven by volume growth in Asia and Oceania, and positive product mix in Europe. Favorable raw material costs and the acquired Positive Packaging also contributed positively to the segment's earnings.



## 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 2015	Q1 2014	Change	FY 2014
Net sales	65.2	61.5	6%	247.0
EBIT	8.6	7.6	13%	35.0
EBIT margin	13.2%	12.4%		14.2%
RONA	20.4%	18.4%		20.4%
Capital expenditure	3.4	2.5	36%	27.3
Operating cash flow	3.7	5.1	-27%	17.5

### Q1 2015

Demand for molded fiber egg packaging was solid in Europe, Russia and South America. In Oceania, demand for molded fiber fruit packaging was negatively affected by the delayed apple season in New Zealand due to weather conditions. Raw material prices were stable.

The Molded Fiber segment's net sales grew steadily, comparable net sales growth being 5%. Net sales growth was strongest in Eastern Europe, particularly Russia, and South America. In Central Europe the segment's net sales were positively affected by growing popularity of organic and free-range eggs primarily packed into high end egg cartons. Addressing this trend, a completely new molded fiber packaging with 50% grass fiber content has been introduced and commercial production of the Greenest egg packaging began in the Netherlands.

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

The segment's positive earnings development was driven by continued operational efficiency and favorable product mix, particularly in Europe, as well as prudent margin management.

## Personnel

The Group had a total of 15,953 (14,501) employees at the end of March 2015. The change in the number of personnel is mainly due to the acquisition of Positive Packaging at the end of January 2015 and the sale of the Films business segment at the end of 2014. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 4,441 (4,318), North America 3,272 (3,540), Flexible Packaging 6,595 (4,133), Molded Fiber 1,586 (1,543), and Other activities 59 (55).

## 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.

## Share capital and shareholders

At the end March 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 (107,629,663), including 4,102,334 (4,226,989) 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 103,658,051 (103,402,674). The average number of outstanding shares used in EPS calculations was 103,570,457 (103,389,095), excluding the Company's own shares. The Company has no ongoing option rights plans.

There were 25,683 (25,047) registered shareholders at the end March 2015. Foreign ownership including nominee registered shares accounted for 46% (40%).

## Share trading

During January-March 2015 the Company's share was quoted on NASDAQ OMX Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the OMX Helsinki 25 Index.

At the end March 2015, the Company's market capitalization was EUR 3,001 million (EUR 2,058 million) excluding the Company's own shares. With a closing price of EUR 28.95 the share price increased by 33% from the beginning of the year. During the quarter the volume weighted average price for the Company's share was EUR 25.61. The highest price paid was EUR 29.46 and the lowest price paid was EUR 21.35.

During the quarter the cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd was EUR 474 million (EUR 245 million). The trading volume of 18 million (13 million) shares equaled an average daily turnover of 298,222 (201,811) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 964 million (EUR 526 million). During the quarter, 51% (54%) of all trading took place outside NASDAQ OMX Helsinki Ltd. (Source: Fidessa Fragmentation Index, [www.fragmentation.fidessa.com](http://www.fragmentation.fidessa.com))

## 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 2014 published on February 12, 2015.

## Outlook for 2015

The Group's trading conditions are expected to remain relatively stable during 2015. 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 2014. Majority of the investments are expected to be directed to enhance growth in the emerging markets.

## Annual General Meeting 2015

The Annual General Meeting of Shareholders will be held on Tuesday, April 21, 2015 at 11 am (EET) at Finlandia Hall, Mannerheimintie 13e, in Helsinki, Finland.

## Financial reporting in 2015

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

Interim Report January 1 – June 30, 2015

July 24, 2015

Interim Report January 1 – September 30, 2015

October 22, 2015

Espoo, April 20, 2015

Huhtamäki Oyj  
Board of Directors

## Group income statement (IFRS) - unaudited

<i>EUR million</i>	Q1 2015	Q1 2014	Q1-Q4 2014
<b>Continuing operations</b>			
Net sales	630.1	513.6	2,235.7
Cost of goods sold	-529.0	-436.6	-1,886.7
<b>Gross profit</b>	<b>101.1</b>	<b>77.0</b>	<b>349.0</b>
Other operating income	4.4	4.0	21.3
Sales and marketing	-16.5	-13.0	-62.5
Research and development	-3.8	-3.1	-13.3
Administration costs	-34.4	-25.5	-113.7
Other operating expenses	-5.7	-1.5	-7.5
Share of profit of equity-accounted investments	0.5	0.5	1.6
	<b>-55.5</b>	<b>-38.6</b>	<b>-174.1</b>
<b>Earnings before interest and taxes</b>	<b>45.6</b>	<b>38.4</b>	<b>174.9</b>
Financial income	1.2	1.0	4.4
Financial expenses	-10.1	-8.1	-33.3
<b>Profit before taxes</b>	<b>36.7</b>	<b>31.3</b>	<b>146.0</b>
Income tax expense	-5.8	-5.4	-14.5
<b>Profit for the period from continuing operations</b>	<b>30.9</b>	<b>25.9</b>	<b>131.5</b>
<b>Discontinued operations</b>			
Profit from operations	-	2.4	4.6
Profit relating to disposed operations	-	-	5.1
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>2.4</b>	<b>9.7</b>
<b>Profit for the period</b>	<b>30.9</b>	<b>28.3</b>	<b>141.2</b>
<b>Attributable to:</b>			
Equity holders of the parent company			
Profit for the period from continuing operations	29.7	25.3	128.3
Profit for the period from discontinued operations	-	2.4	9.7
<b>Profit for the period attributable to owners of the parent</b>	<b>29.7</b>	<b>27.7</b>	<b>138.0</b>
Non-controlling interest			
Profit for the period from continuing operations	1.2	0.6	3.2
Profit for the period from discontinued operations	-	-	-
<b>Profit for the period attributable to non-controlling interest</b>	<b>1.2</b>	<b>0.6</b>	<b>3.2</b>
<b>EUR</b>			
EPS profit for the period from continuing operations	0.29	0.25	1.24
EPS profit for the period from discontinued operations	-	0.02	0.09
<b>EPS attributable to equity holders of the parent company</b>	<b>0.29</b>	<b>0.27</b>	<b>1.33</b>
<b>Diluted:</b>			
EPS profit for the period from continuing operations	0.29	0.25	1.24
EPS profit for the period from discontinued operations	-	0.02	0.09
<b>EPS attributable to equity holders of the parent company</b>	<b>0.29</b>	<b>0.27</b>	<b>1.33</b>

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

<i>EUR million</i>	Q1 2015	Q1 2014	Q1-Q4 2014
Profit for the period	30.9	28.3	141.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	-0.8	0.0	-57.5
Income taxes related to items that will not be reclassified	0.3	-0.2	11.9
<b>Total</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-45.6</b>
Items that may be reclassified subsequently to profit or loss			
Translation differences	93.4	1.5	83.8
Equity hedges	-25.4	-0.3	-23.9
Cash flow hedges	-7.0	-0.3	6.5
Income taxes related to items that may be reclassified	0.1	-0.4	-0.4
<b>Total</b>	<b>61.1</b>	<b>0.5</b>	<b>66.0</b>
<b>Other comprehensive income, net of tax</b>	<b>60.6</b>	<b>0.3</b>	<b>20.4</b>
<b>Total comprehensive income</b>	<b>91.5</b>	<b>28.6</b>	<b>161.6</b>
Attributable to:			
Equity holders of the parent company	90.3	28.0	158.4
Non-controlling interest	1.2	0.6	3.2

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

EUR million	Mar 31 2015	Dec 31 2014	Mar 31 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	570.8	431.5	458.9
Other intangible assets	29.2	19.1	23.7
Tangible assets	846.8	680.1	657.4
Equity-accounted investments	12.4	11.6	10.7
Available-for-sale investments	1.9	1.9	1.7
Interest-bearing receivables	5.1	4.2	4.6
Deferred tax assets	58.3	55.9	37.0
Employee benefit assets	54.7	48.8	45.7
Other non-current assets	8.0	7.4	5.9
	<b>1,587.2</b>	<b>1,260.5</b>	<b>1,245.6</b>
<b>Current assets</b>			
Inventory	391.9	312.7	335.8
Interest-bearing receivables	2.4	2.4	6.1
Current tax assets	9.8	9.8	6.0
Trade and other current receivables	470.6	361.8	357.6
Cash and cash equivalents	97.6	350.8	216.7
	<b>972.3</b>	<b>1,037.5</b>	<b>922.2</b>
<b>Total assets</b>	<b>2,559.5</b>	<b>2,298.0</b>	<b>2,167.8</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	366.4	366.4	365.9
Premium fund	115.0	115.0	115.2
Treasury shares	-37.7	-38.7	-38.8
Translation differences	-9.8	-77.8	-136.5
Fair value and other reserves	-106.7	-99.3	-83.2
Retained earnings	626.4	596.6	582.2
<b>Total equity attributable to equity holders of the parent company</b>	<b>953.6</b>	<b>862.2</b>	<b>804.8</b>
Non-controlling interest	36.1	30.6	24.6
<b>Total equity</b>	<b>989.7</b>	<b>892.8</b>	<b>829.4</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	566.0	527.4	560.9
Deferred tax liabilities	84.5	72.2	64.8
Employee benefit liabilities	242.5	232.7	182.7
Provisions	25.5	25.6	29.9
Other non-current liabilities	5.3	4.3	3.9
	<b>923.8</b>	<b>862.2</b>	<b>842.2</b>
<b>Current liabilities</b>			
Interest-bearing liabilities			
Current portion of long term loans	68.9	76.1	42.4
Short-term loans	61.4	41.9	41.6
Provisions	5.0	3.6	5.0
Current tax liabilities	8.6	8.8	9.0
Trade and other current liabilities	502.1	412.6	398.2
	<b>646.0</b>	<b>543.0</b>	<b>496.2</b>
<b>Total liabilities</b>	<b>1,569.8</b>	<b>1,405.2</b>	<b>1,338.4</b>
<b>Total equity and liabilities</b>	<b>2,559.5</b>	<b>2,298.0</b>	<b>2,167.8</b>
	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>	<b>Mar 31 2014</b>
Net debt	591.2	288.0	417.5
Net debt to equity (gearing)	0.60	0.32	0.50

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

Attributable to equity holders of the parent company

<i>EUR million</i>	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
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>
Balance on Dec 31, 2014	366.4	115.0	-38.7	-77.8	-99.3	596.6	862.2	30.6	892.8
Share-based payments			1.0			-0.4	0.6		0.6
Total comprehensive income for the year				68.0	-7.4	29.7	90.3	1.2	91.5
Other changes						0.5	0.5	4.3	4.8
<b>Balance on Mar 31, 2015</b>	<b>366.4</b>	<b>115.0</b>	<b>-37.7</b>	<b>-9.8</b>	<b>-106.7</b>	<b>626.4</b>	<b>953.6</b>	<b>36.1</b>	<b>989.7</b>

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

EUR million	Q1 2015	Q1 2014	Q1-Q4 2014
<b>Profit for the period*</b>	30.9	28.3	141.2
Adjustments*	38.3	26.2	119.3
Depreciation and amortization*	25.1	22.2	91.2
Share of profit of equity-accounted investments*	-0.5	-0.5	-1.6
Gain/loss from disposal of assets*	0.0	-0.1	-1.0
Financial expense/-income*	8.9	7.7	31.9
Income tax expense*	5.8	5.4	16.8
Other adjustments, operational*	-1.0	-8.5	-17.9
Change in inventory*	-23.3	-30.7	-25.7
Change in non-interest bearing receivables*	-69.6	-13.7	-46.1
Change in non-interest bearing payables*	39.4	7.4	37.1
Dividends received*	0.3	0.2	1.0
Interest received*	0.2	0.5	1.5
Interest paid*	-5.6	-4.4	-25.2
Other financial expense and income*	-0.8	-0.9	-2.1
Taxes paid*	-4.5	-2.3	-22.1
<b>Net cash flows from operating activities</b>	<b>5.3</b>	<b>10.6</b>	<b>178.9</b>
Capital expenditure*	-24.7	-22.0	-127.0
Proceeds from selling tangible assets*	0.0	0.1	12.7
Divested subsidiaries and associated companies	-	-	101.0
Acquired subsidiaries and assets	-208.0	-	-6.7
Proceeds from long-term deposits	1.5	0.3	0.8
Payment of long-term deposits	-1.9	0.0	-1.1
Proceeds from short-term deposits	1.7	10.0	19.4
Payment of short-term deposits	-0.3	-11.2	-15.6
<b>Net cash flows from investing activities</b>	<b>-231.7</b>	<b>-22.8</b>	<b>-16.5</b>
Proceeds from long-term borrowings	23.9	0.1	17.1
Repayment of long-term borrowings	-18.1	-35.2	-90.3
Proceeds from short-term borrowings	42.1	36.6	127.8
Repayment of short-term borrowings	-88.0	-10.3	-54.7
Dividends paid	-	-	-59.0
Proceeds from stock option exercises	-	0.5	0.7
Acquisition of non-controlling interest	-	-4.2	-4.2
<b>Net cash flows from financing activities</b>	<b>-40.1</b>	<b>-12.5</b>	<b>-62.6</b>
<b>Change in liquid assets</b>	<b>-253.2</b>	<b>-24.3</b>	<b>109.8</b>
Cash flow based	-266.5	-24.7	99.8
Translation difference	13.3	0.4	10.0
Liquid assets period start	350.8	241.0	241.0
Liquid assets period end	97.6	216.7	350.8
Free cash flow (including figures marked with *)	-19.4	-11.3	64.6



## 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 2014. The following amended standards and interpretations, which have been adopted with effect from January 1, 2015, had no impact on the interim financial statements:

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

## 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

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	151.1	613.0	154.4	158.9	160.1	139.6
Intersegment net sales	2.8	7.4	1.2	1.2	2.6	2.4
North America	208.4	760.4	203.7	188.8	205.6	162.3
Intersegment net sales	2.3	9.0	2.0	2.4	2.7	1.9
Flexible Packaging	205.9	617.5	159.7	155.2	151.9	150.7
Intersegment net sales	0.1	0.5	0.1	0.1	0.2	0.1
Molded Fiber	64.7	244.8	62.7	59.8	61.3	61.0
Intersegment net sales	0.5	2.2	0.5	0.7	0.5	0.5
Elimination of intersegment net sales	-5.7	-19.1	-3.8	-4.4	-6.0	-4.9
<b>Total continuing operations</b>	<b>630.1</b>	<b>2,235.7</b>	<b>580.5</b>	<b>562.7</b>	<b>578.9</b>	<b>513.6</b>
<b>Discontinued operations</b>						
Films	-	193.4	43.5	50.5	49.3	50.1
Intersegment net sales	-	6.0	1.5	1.8	1.1	1.6
Elimination of intersegment net sales	-	-6.0	-1.5	-1.8	-1.1	-1.6
<b>Total discontinued operations</b>	<b>-</b>	<b>193.4</b>	<b>43.5</b>	<b>50.5</b>	<b>49.3</b>	<b>50.1</b>

### EBIT

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	11.9	57.4	13.0	16.0	17.4	11.0
North America	13.8	38.4	8.6	7.8	13.2	8.8
Flexible Packaging	17.0	45.5	12.4	10.8	11.3	11.0
Molded Fiber	8.6	35.0	10.0	7.4	10.0	7.6
Other activities <sup>1</sup>	-5.7	-1.4	1.3	-1.8	-0.9	0.0
<b>Total continuing operations</b>	<b>45.6</b>	<b>174.9</b>	<b>45.3</b>	<b>40.2</b>	<b>51.0</b>	<b>38.4</b>
<b>Discontinued operations</b>						
Films <sup>2</sup>	-	15.0	4.0	4.7	3.3	3.0

<sup>1</sup> Q1 2015 includes non-recurring items MEUR -4.1.

<sup>2</sup> Q1-Q4 2014, Q4 2014 includes non-recurring items MEUR 5.1.

## Segments (continued)

### EBITDA

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	18.3	82.5	19.5	22.3	23.6	17.1
North America	22.8	67.2	16.6	14.9	20.0	15.7
Flexible Packaging	23.3	63.5	17.1	15.4	15.7	15.3
Molded Fiber	11.8	46.5	12.9	10.3	12.9	10.4
Other activities <sup>1</sup>	-5.5	-0.7	1.5	-1.7	-0.7	0.2
<b>Total continuing operations</b>	<b>70.7</b>	<b>259.0</b>	<b>67.6</b>	<b>61.2</b>	<b>71.5</b>	<b>58.7</b>
<b>Discontinued operations</b>						
Films <sup>2</sup>	-	22.1	5.4	6.6	5.2	4.9

<sup>1</sup> Q1 2015 includes non-recurring items MEUR -4.1.

<sup>2</sup> Q1-Q4 2014, Q4 2014 includes non-recurring items MEUR 5.1.

### Depreciation and amortization

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	6.4	25.1	6.5	6.3	6.2	6.1
North America	9.0	28.8	8.0	7.1	6.8	6.9
Flexible Packaging	6.3	18.0	4.7	4.6	4.4	4.3
Molded Fiber	3.2	11.5	2.9	2.9	2.9	2.8
Other activities	0.2	0.7	0.2	0.1	0.2	0.2
<b>Total continuing operations</b>	<b>25.1</b>	<b>84.1</b>	<b>22.3</b>	<b>21.0</b>	<b>20.5</b>	<b>20.3</b>
<b>Discontinued operations</b>						
Films	-	7.1	1.4	1.9	1.9	1.9

### Net assets allocated to the segments<sup>3</sup>

<i>EUR million</i>	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>					
Foodservice Europe-Asia-Oceania	377.7	344.5	335.1	321.4	316.9
North America	653.5	558.7	568.8	537.6	522.1
Flexible Packaging	630.8	346.2	346.3	335.4	330.2
Molded Fiber	189.1	177.4	183.1	170.9	163.5
<b>Discontinued operations</b>					
Films	-	-	140.5	135.6	134.9

<sup>3</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).

## Segments (continued)

### Capital expenditure

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	7.5	33.6	14.4	8.0	5.6	5.6
North America	7.9	36.7	14.9	5.7	7.0	9.1
Flexible Packaging	5.8	24.7	8.5	6.7	5.3	4.2
Molded Fiber	3.4	27.3	10.1	9.8	4.9	2.5
Other activities	0.1	0.7	0.3	0.2	0.1	0.1
<b>Total continuing operations</b>	<b>24.7</b>	<b>123.0</b>	<b>48.2</b>	<b>30.4</b>	<b>22.9</b>	<b>21.5</b>
<b>Discontinued operations</b>						
Films	-	4.0	1.6	1.2	0.7	0.5

### RONA (12m roll.)

<i>EUR million</i>	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>					
Foodservice Europe-Asia-Oceania	17.2%	17.6%	11.9%	9.7%	6.5%
North America	7.6%	7.2%	6.7%	7.5%	8.0%
Flexible Packaging	12.9%	13.6%	13.0%	13.0%	13.2%
Molded Fiber	20.4%	20.4%	20.1%	19.9%	18.4%
<b>Discontinued operations</b>					
Films	-	-	8.3%	5.0%	3.8%

### Operating cash flow

<i>EUR million</i>	Q1 2015	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Continuing operations</b>						
Foodservice Europe-Asia-Oceania	5.9	41.9	3.4	18.5	9.8	10.2
North America	-13.7	18.7	28.7	14.0	-2.5	-21.5
Flexible Packaging	12.8	27.8	13.0	9.9	2.8	2.1
Molded Fiber	3.7	17.5	3.4	4.8	4.2	5.1
<b>Discontinued operations</b>						
Films	-	10.3	6.5	-0.4	4.0	0.2

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

## Business combinations

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 segment as of February 1, 2015. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 210.5 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*

Customer relations	7.3
Intangible assets	2.0
Tangible assets	99.4
Inventories	29.7
Trade and other receivables	69.9
Cash and cash equivalents	2.5
<b>Total assets</b>	<b>210.8</b>
Deferred taxes	-5.7
Interest-bearing loans	-69.6
Trade and other payables	-45.2
<b>Total liabilities</b>	<b>-120.5</b>
<b>Net assets total</b>	<b>90.3</b>
Goodwill	120.2
Consideration	210.5

## Analysis of cash flows of acquisition

### *EUR million*

Purchase consideration, paid in cash	-210.5
Cash and cash equivalents in acquired companies	2.5
Transaction costs of the acquisition	-4.1
Net cash flow on acquisition	-212.1

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 36.2 million and profit for the period was EUR 1.0 million. The Group net sales from continuing operations would have been EUR 645.7 million, profit for the period from continuing operations EUR 31.2 million and profit for the period EUR 31.2 million, if the acquired business had been consolidated from January 1, 2015.

## Other information

### Key indicators

	Q1 2015	Q1-Q4 2014	Q1 2014
Equity per share (EUR)	9.20	8.33	7.78
ROE, % (12m roll.)	16.3	16.7	12.3
ROI, % (12m roll.)	12.9	13.0	10.0
Personnel	15,953	13,818	14,501
Profit before taxes (EUR million, 12m roll.)	151.4	146.0	110.3
Depreciation of tangible assets (EUR million)	23.6	76.7	18.5
Amortization of other intangible assets (EUR million)	1.5	7.4	1.8

### Contingent liabilities

EUR million	Mar 31 2015	Dec 31 2014	Mar 31 2014
Mortgages	0.0	0.0	0.0
Guarantee obligations	0.5	0.7	0.4
Lease payments	67.0	65.7	50.4
Capital expenditure commitments	44.1	31.7	28.1

### Financial instruments measured at fair value

EUR million	Mar 31 2015	Dec 31 2014	Mar 31 2014
Fair value through profit and loss - assets			
Currency forwards, transaction risk hedges	2.0	3.4	0.8
Currency forwards, translation risk hedges	-	-	0.1
Currency forwards, for financing purposes	4.5	1.0	0.5
Currency options, transaction risk hedges	0.5	0.3	0.1
Interest rate swaps	4.4	4.0	0.7
Cross currency swaps	0.4	-	2.3
Electricity forwards	0.0	-	-
Available-for-sale investments	1.9	1.9	1.7
Fair value through profit and loss - liabilities			
Currency forwards, transaction risk hedges	-3.1	0.9	1.4
Currency forwards, translation risk hedges	-4.6	11.4	0.7
Currency forwards, for financing purposes	-9.6	2.7	1.1
Currency options, transaction risk hedges	-0.6	0.2	0.5
Interest rate swaps	-2.3	2.0	1.6
Cross currency swaps	-0.6	0.9	1.1
Electricity forwards	-0.2	0.2	0.3

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 2015 Carrying amount	Fair value	Dec 31 2014 Carrying amount	Fair value	Mar 31 2014 Carrying amount	Fair value
Non-current	566.0	563.5	527.4	524.0	560.9	543.1
Current	130.3	130.3	118.0	118.0	84.0	84.0
<b>Total</b>	<b>696.3</b>	<b>693.8</b>	<b>645.4</b>	<b>642.0</b>	<b>644.9</b>	<b>627.1</b>

## Other information (continued)

### Exchange rates

Income statement, average:

	Q1 2015	Q1 2014
AUD 1 =	0.6984	0.6547
GBP 1 =	1.3453	1.2080
INR 1 =	0.0143	0.0118
RUB 1 =	0.0141	0.0208
THB 1 =	0.0272	0.0224
USD 1 =	0.8877	0.7301

Statement of financial position, month end:

	Mar 31 2015	Mar 31 2014
AUD 1 =	0.7065	0.6693
GBP 1 =	1.3749	1.2074
INR 1 =	0.0149	0.0121
RUB 1 =	0.0160	0.0205
THB 1 =	0.0286	0.0224
USD 1 =	0.9295	0.7253

## Definitions for key indicators

Earnings per share (EPS) from profit for the period from continuing operations =

$\frac{\text{Profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Earnings per share (EPS) from profit for the period from discontinued operations =

$\frac{\text{Profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Earnings per share (EPS) attributable to equity holders of the parent company =

$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Diluted earnings per share (EPS) from profit for the period from continuing operations =

$\frac{\text{Diluted profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Diluted earnings per share (EPS) from profit for the period from discontinued operations =

$\frac{\text{Diluted profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Earnings per share attributable to equity holders of the parent company (diluted EPS) =

$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Equity} + \text{non-controlling interest}}$

Return on net assets (RONA) =

$\frac{100 \times \text{Earnings before interest and taxes (12m roll)}}{\text{Net assets (12m roll)}}$

Operating cash flow =

$\text{Ebit} + \text{depreciation and amortization (including impairment)} - \text{capital expenditure} + \text{disposals} +/\text{- change in inventories, trade receivables and trade payables}$

Shareholders' equity per share =

$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at period end}}$

Return on equity (ROE) =

$\frac{100 \times \text{Profit for the period (12m roll)}}{\text{Equity} + \text{non-controlling interest (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses}) (12m roll)}{\text{Statement of financial position total} - \text{Interest-free liabilities (average)}}$