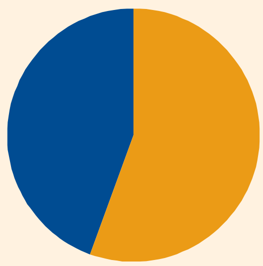
HUHTAMAKI
PACKAGING WORLDWIDE

Huhtamaki, the consumer packaging specialist, reports steady sales growth and profit improvement during the second quarter of 2001. Net sales increased by 7% and earnings before interest and tax (EBIT) by 25% against the corresponding pro forma[1)] figures in 2000. Similar growth rates were evident in the Group's sales and earnings for the first half of 2001.

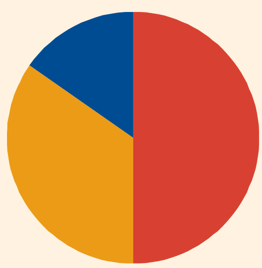
## Key figures

| EUR million | Q2 | Change % | H1 | Change % |
|---|---|---|---|---|
| Net sales | 649 | 7 | 1,220 | 7 |
| EBITA | 67 | 22 | 113 | 22 |
| EBIT | 56 | 25 | 91 | 26 |
| Profit before minority interest and taxes | 44 | 5 | 65 | 7 |
| EPS (before amortization) (EUR) | 1.35 | 7 | 2.10 | 9 |
| EPS (after amortization) | 1.00 | 6 | 1.41 | 9 |

Net sales by category




Net sales by region




The important second quarter advanced according to plan. The Group EBIT margin was 8.6% in April-June, 2.5 percentage points above the previous quarter's figure and 1.2 percentage points ahead of the corresponding pro forma figure in Q2 2000. The second-quarter EBITA margin, which excludes goodwill amortization, was 10.3%. A better price balance between raw materials and finished products, benefits from ongoing rationalization, and focus on value added segments all contributed to the margin improvement, which was quite pronounced in Europe.

The outlook for the rest of the year is solid. The seasonal food service packaging sales have progressed well, and long-term customer relationships will contribute to healthy volumes in other segments. Against the soft second half of 2000, Huhtamaki remains well positioned to show improved full-year results.

**Espoo, Finland, August 7, 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, earnings, depreciation, goodwill amortization and financial expenses related to Van Leer Industrial have been eliminated in 2000 and 2001.*

## Business developments on track

The cooling of the world economy has so far had little if any impact on Huhtamaki's sales. The packaging segments exposed to European cattle diseases in the first quarter have started to recover, and sales growth accelerated slightly in the second quarter, to 7% against 2000 pro forma.

The January-June net sales amounted to EUR 1,220 million, 7% up on the previous year's pro forma figure. Excluding the effect of acquisitions and divestments, as well as the very volatile waste paper trading activity, comparable growth was 6%, of which 2% was volume growth and 4% from price increases, while the effect of currency translations was negligible.

Sales in Europe accounted for 50% of the total, Americas for 35% and Asia, Oceania and Africa for 15%.

European sales progressed to plan, displaying a 1.4% growth to EUR 613 million for the first six months. The slight decline evident in the second quarter was mainly due to a sharp drop in waste paper trading prices and volumes. Excluding this, comparable growth in Europe amounted to approx. 5%. North Europe showed the strongest growth, Central Europe also advanced and U.K.-Ireland was steady, while South Europe experienced a small decline, partly due to divestments and production transfers.

Flexible packaging continued its healthy growth in Europe. In rigid consumer packaging, take-home ice cream containers and impulse items were in season. The food service range also enjoyed strong demand in much of Europe. In fresh foods packaging, declining raw materials prices favored molded fiber products, while foam plastic trays came under heavy price pressure. The German-based films business had another solid quarter.

Reflecting an improving pricing balance, synergies and a strong recovery of former problem units in Germany and the U.K., the second quarter resulted in another strong improvement in the EBITA contribution from Europe. The six-month EBITA figure was EUR 51 million, up by 33% and 8.3% of net sales. The region's return on net assets (RONA) improved to 13.4% from 11.0% a year ago.

Fueled by recent acquisitions, the six-month sales in the Americas amounted to EUR 427 million, up by 43%. Overall, sales were in line with expectations. Growth in the second quarter slowed down marginally, however, reflecting lower ice cream packaging volumes in North America as customers abstained from promotional activity due to high butterfat prices. The Chinet® line of retail food products was in strong demand. In flexible packaging, the quarter was sluggish. Molded fiber products sold well. Business in South America remained on a solid footing.

The six-month EBITA contribution from the Americas amounted to EUR 37 million, up by 38%. The second-quarter growth was 40%. Improving efficiencies were evident in most established units, and the newly acquired operations improved their performance. At 8.6% of sales, the six-month EBITA margin for the region was nevertheless still marginally below last year's. RONA stood at 14.1%.

Sales in Oceania were steady overall, with food service packaging in growth but rigid and flexible consumer packaging sluggish. An upswing was evident in many Asian markets, notably China and India. Rigid packaging in Turkey did well in the challenging economic circumstances, and the flexibles business stabilized. An uneven picture prevailed in Africa. Total sales for the Region, Asia-Oceania-Africa, amounted to EUR 179 million in January-June, 25% less than a year ago. The decline is entirely due to the divestment, in the second half of 2000, of the strength films businesses reported under this region.

The region's six-month EBITA contribution amounted to EUR 11 million or 6.2% of sales; RONA was 8.8%.

## Steady improvement in financial performance

The Group's financial performance shows steady improvement. Stable or declining raw materials prices have contributed to this progress, but success in the marketplace, focus on higher value added segments as well as internal efficiency improvements have played an equally important role. Further synergies will become visible during the second half of the year.

EBITA from operations increased by 24% in the second quarter, more than doubling the first-quarter growth. Group royalty income and unallocated expenses showed a net income of EUR 14 million for the first six months, 51% more than a year ago. Hence, the corresponding Group EBITA figure amounted to EUR 113 million, up by 22% and equal to 9% of net sales. After a goodwill charge of EUR 22 million, the corresponding EBIT improved by 26% to EUR 91 million or 7.4% of net sales.

The Group's financial expenses in 2001 are significantly higher than in 2000 pro forma, due to the financing of major U.S. acquisitions towards the end of 2000. Therefore, the profit improvement after financial expenses, while in line with projections, is more moderate than on the EBIT level. A major one-time dividend income significantly lowered the financial expenses in the second quarter 2000, affecting comparisons.

At EUR 26 million, the net financial expense for the first half of 2001 was up by 128% against the 2000 pro forma figure. Group profit before minority interest and taxes amounted to EUR 44 million (+ 5%) in the second quarter and to EUR 65 million (+ 7%) for the first six months. The second-quarter tax charge declined somewhat from the previous year's figure, whereby net income improved by 9% in the quarter and similarly by 9% for the first six months, to EUR 44 million.

The six-month EPS before amortization amounted to EUR 2.10, up by 9%, while the corresponding figure after amortization was EUR 1.41, up by 9%.

## Capital expenditure accelerated

The Group's capital expenditure accelerated during the second quarter, and amounted to EUR 55 million in January-June. Projects related to line transfers progressed according to plan, including the closure process of the Groenlo paper cup plant in the Netherlands, which commenced in the early summer.

## Financial position steady

The Group's finacial position remained comfortable, with no unforeseen developments during the second quarter. Net debt amounted to EUR 856 million at the end of June, increasing slightly from the end of the first quarter and corresponding to a net debt to equity (gearing) ratio of 0.75. Equity per share was EUR 34.13, slightly up from the end of the first quarter. The average number of shares in issue was 31,312,756. The Group's working capital requirement was unusually high, as seasonal inventories were built up to support ongoing equipment transfers. The strong U.S. dollar also increased the amount of debt and the cost of servicing it. During the second quarter, EUR 35 million was paid out in dividends.

## Share developments

The upward trend in the Huhtamaki share price, evident since February, gained momentum in mid-June, after which the price has mainly stayed above EUR 30. The company's share buyback program, commenced in April and has advanced swiftly, with share turnover up markedly. Huhtamaki has repurchased a total of 1,343,712 own shares (corresponding to 4.3% of shares in issue) by July 31 and expects the 5% authorization by the AGM to be exhausted in August. Tweedy Browne, a U.S institutional investor, announced in June that various funds under its management hold a total of 5.1% of Huhtamaki's shares.

## Corporate structure - rationalization and fine-tuning (developments until July 31)

Huhtamaki's business portfolio saw minor changes during the second quarter and the month of July. A lengthy process of analysis and negotiations with employee representatives led to the decision in May to close down the loss-making paper cup plant in Groenlo, The Netherlands. Machine transfers to Göttingen, Germany, started immediately and will be completed by the end of the third quarter, resulting a net reduction of 100 employees. No disturbances in customer service have occurred. Overall, the Group is determined to favor manufacturing locations where a continuous 7-day operation is feasible.

The small Indian molded fiber business was sold to management in May. A molded fiber unit in Sicily, Italy, was sold to private investors in early July. The U.S. molded fiber fruit packaging business based on the West Coast was sold to an investment company in mid-July. The total annual sales of the divested units amount to less than EUR 30 million, and their aggregate profit contribution is not material. These transactions, as well as the ongoing exit from minority stakes e.g. in Morocco do not signal a change in Huhtamaki's molded fiber strategy, but rather mirror the desire to concentrate on larger, synergistic operations in core markets.

## Personnel

Huhtamaki had 18,121 employees on June 30, 421 more than at the end of the first quarter. The increase represents temporary labor needs during high season.

## Outlook

The outlook for the rest of the year is solid. In 2000, the second half of the year was relatively weaker than the first, and the third quarter was particularly disappointing. This year, the seasonal food service packaging sales have progressed well, and long-term customer relationships will contribute to healthy volumes in other segments. Raw materials prices are likely to remain stable. Synergy and restructuring benefits will become more tangible towards year-end.

The comparison against last year's reported figures also becomes more favourable, as the divested industrial packaging operations produced only a small EBIT contribution and clearly diluted earnings per share during the second half of the year. Overall, Huhtamaki remains well positioned to show improved full-year results.

**Income Statement (2000 pro forma)**

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| **Net sales** | **1,219.5** | 1,142.9 | 6.7 | 2,278.0 | **648.7** | 606.8 | 6.9 |
| **EBITDA** | **171.0** | 144.8 | 18.1 | 296.6 | **96.9** | 80.3 | 20.6 |
| **EBIT** | **90.7** | 71.9 | 26.1 | 144.5 | **55.7** | 44.6 | 24.9 |
| % of net sales | **7.4** | 6.3 | 18.2 | 6.3 | **8.6** | 7.4 | 16.9 |
| Net financial +income/-expense | **-26.2** | -11.5 | -128.2 | -27.6 | **-11.8** | -2.9 | -308.5 |
| +Gain/-loss on equity of associated companies | **0.4** | 0.4 | 9.7 | 0.9 | **0.3** | 0.2 | 59.0 |
| **Profit before minority interest and taxes** | **64.9** | 60.8 | 6.7 | 117.7 | **44.2** | 41.9 | 5.5 |
| Taxes | **18.1** | 17.3 | 4.6 | 31.5 | **10.5** | 11.1 | -5.5 |
| Minority interest | **2.8** | 3.0 | -6.1 | 6.1 | **1.6** | 1.4 | 14.6 |
| **Net income** | **44.0** | 40.5 | 8.7 | 80.2 | **32.1** | 29.4 | 9.2 |

**Income Statement (2000 actual)**

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| **Net sales** | **1,219.5** | 1,649.1 | -26.0 | 3,307.7 | **648.7** | 862.9 | -24.8 |
| **EBITDA** | **171.0** | 194.3 | -12.0 | 376.8 | **96.9** | 106.7 | -9.2 |
| **EBIT** | **90.7** | 100.0 | -9.3 | 182.1 | **55.7** | 59.7 | -6.7 |
| % of net sales | **7.4** | 6.1 | 22.6 | 5.5 | **8.6** | 6.9 | 24.2 |
| Net financial +income/-expense | **-26.2** | -28.7 | 8.6 | -61.9 | **-11.8** | -11.5 | -2.9 |
| +Gain/-loss on equity of associated companies | **0.4** | 0.3 | 32.2 | 0.9 | **0.3** | 0.1 | 536.0 |
| **Profit before minority interest and taxes** | **64.9** | 71.6 | -9.4 | 121.1 | **44.2** | 48.3 | -8.6 |
| Taxes | **18.1** | 20.9 | -13.2 | 33.6 | **10.5** | 13.2 | -20.4 |
| Minority interest | **2.8** | 3.2 | -11.4 | 6.4 | **1.6** | 1.5 | 8.4 |
| **Net income** | **44.0** | 47.5 | -7.3 | 81.1 | **32.1** | 33.6 | -4.5 |

**Regions (2000 pro forma)**

**Net Sales**

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| Europe | **613.4** | 605.0 | 1.4 | 1,202.5 | **317.2** | 321.7 | -1.4 |
| Americas | **427.1** | 298.1 | 43.3 | 624.5 | **236.1** | 167.1 | 41.3 |
| Asia, Oceania, Africa | **179.0** | 239.8 | -25.4 | 451.0 | **95.4** | 118.0 | -19.2 |
| **Total** | **1,219.5** | 1,142.9 | 6.7 | 2,278.0 | **648.7** | 606.8 | 6.9 |

**EBITA and RONA-%**

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| **Europe** | **50.7** | 38.2 | 32.6 | 73.6 | **29.3** | 23.7 | 23.5 |
| % of net sales | **8.3** | 6.3 | 30.8 | 6.1 | **9.2** | 7.4 | 25.3 |
| RONA-% (12m roll.) | **13.4** | 11.0 | - | 11.4 | - | - | - |
| **Americas** | **36.9** | 26.7 | 38.0 | 53.9 | **25.2** | 18.0 | 39.7 |
| % of net sales | **8.6** | 9.0 | -3.7 | 8.6 | **10.7** | 10.8 | -1.1 |
| RONA-% (12m roll.) | **14.1** | 15.6 | - | 15.0 | - | - | - |
| **Asia, Oceania, Africa** | **11.2** | 18.1 | -38.0 | 31.6 | **6.8** | 7.7 | -11.3 |
| % of net sales | **6.2** | 7.5 | -17.0 | 7.0 | **7.1** | 6.5 | 9.7 |
| RONA-% (12m roll.) | **8.8** | 15.7 | - | 10.1 | - | - | - |

HUHTAMAKI
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## Categories

### Net sales

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| Consumer Goods | **668.1** | 666.9 | 0.2 | 1,283.5 | **347.5** | 360.3 | -3.6 |
| Food Service | **551.4** | 476.0 | 15.8 | 994.5 | **301.2** | 246.5 | 22.2 |
| **Total** | **1,219.5** | 1,142.9 | 6.7 | 2,278.0 | **648.7** | 606.8 | 6.9 |

### EBITA

| EUR million | H1 2001 | H1 2000 | Change % | 2000 | Q2 2001 | Q2 2000 | Change % |
|---|---|---|---|---|---|---|---|
| **Consumer Goods** | **47.3** | 49.2 | -3.9 | 79.4 | **28.5** | 26.8 | 6.3 |
| % of net sales | **7.1** | 7.4 | -4.0 | 6.2 | **8.2** | 7.4 | 10.3 |
| **Food Service** | **51.5** | 33.8 | 52.4 | 79.7 | **32.5** | 22.6 | 43.8 |
| % of net sales | **9.3** | 7.1 | 31.5 | 8.0 | **10.8** | 9.2 | 17.7 |
| **Total from operations** | **98.8** | 83.0 | 19.0 | 159.1 | **61.3** | 49.4 | 24.1 |
| % of net sales | **8.1** | 7.3 | 11.6 | 7.0 | **9.4** | 8.1 | 16.1 |
| **Corporate net** | **13.7** | 9.1 | 50.5 | 20.8 | **5.6** | 5.6 | 0.0 |
| **Total** | **112.5** | 92.1 | 22.1 | 179.9 | **66.9** | 55.0 | 21.6 |
| % of net sales | **9.2** | 8.1 | 14.5 | 6.7 | **10.3** | 9.1 | 13.8 |

**Other key information** (H1/2000 figures actual, unless otherwise incidated)

| | H1 2001 | H1 2000 | Change % | 2000 |
|---|---|---|---|---|
| Earnings per share (EUR) - pro forma | **1.41** | 1.29 | 9.0 | 2.55 |
| Earnings per share (EUR) | **1.41** | 1.51 | -6.9 | 2.58 |
| Earnings per share before amortization (EUR) - pro forma | **2.10** | 1.92 | 9.5 | 3.82 |
| Earnings per share before amortization (EUR) | **2.10** | 2.22 | -5.2 | 3.98 |
| Equity per share (EUR) | **34.1** | 31.4 | 8.8 | 32.8 |
| ROE, % (12m roll.) | **7.4** | 8.9 | -16.9 | 7.8 |
| ROI, % (12m roll.) | **8.6** | 10.1 | -14.9 | 8.7 |
| ROI before amortization (12m roll.) | **10.5** | 12.0 | -12.5 | 10.5 |
| Capital expenditure | **55.1** | 66.2 | -16.8 | 172.7 |
| Personnel | **18,121** | 23,709 | -23.6 | 23,098 |
| Profit before minority interest and taxes EUR million (12m roll.) | **114.4** | 137.6 | -16.9 | 121.1 |
| Depreciation | **57.7** | 71.8 | -19.6 | 149.1 |
| Amortization | **22.6** | 22.5 | 0.5 | 45.6 |

| | Jun 30 2001 | Dec 31 2000 | Change % |
|---|---|---|---|
| Net debt | **856.1** | 1,362.8 | -37.2 |
| Gearing | **0.75** | 1.22 | |

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

**Income statement:**
Average

| | |
|---|---|
| H1/01 | GBP 1=1.604<br>SEK 1=0.110<br>AUD 1=0.581<br>USD 1=1.114 |
| H1/00 | GBP 1=1.634<br>SEK 1=0.119<br>AUD 1=0.635<br>USD 1=1.041 |
| Q1-Q4/00 | GBP 1=1.641<br>SEK 1=0.118<br>AUD 1=0.629<br>USD 1=1.082 |

**Balance sheet:**
Month end

| | |
|---|---|
| June/01 | GBP 1=1.658<br>SEK 1=0.109<br>AUD 1=0.598<br>USD 1=1.179 |
| June/00 | GBP 1=1.582<br>SEK 1=0.119<br>AUD 1=0.629<br>USD 1=1.046 |
| Dec/00 | GBP 1=1.602<br>SEK 1=0.113<br>AUD 1=0.596<br>USD 1=1.075 |

## Balance sheet

| EUR million | **Jun 30 2001** | % | Jun 30 2000 | % | Dec 31 2000 | % |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Intangible assets | **778.2** | 26.9 | 781.4 | 22.6 | 775.3 | 21.4 |
| Tangible assets | **1,048.2** | 36.3 | 1,291.5 | 37.3 | 1,277.0 | 35.2 |
| Investments | **7.9** | 0.3 | 12.7 | 0.4 | 189.3 | 5.2 |
| Inventory | **342.5** | 11.9 | 447.6 | 12.9 | 461.4 | 12.7 |
| Interest bearing receivables | **13.5** | 0.5 | 15.5 | 0.4 | 44.1 | 1.2 |
| Other receivables | **652.3** | 22.6 | 834.9 | 24.1 | 846.1 | 23.3 |
| Cash and marketable securities | **47.2** | 1.6 | 78.0 | 2.3 | 34.4 | 0.9 |
| | **2,889.8** | 100.0 | 3,461.6 | 100.0 | 3,627.6 | 100.0 |
| **Liabilities and equity** | | | | | | |
| Shareholders' equity | **1,068.6** | 37.0 | 987.7 | 28.5 | 1,032.5 | 28.5 |
| Minority interest | **79.8** | 2.8 | 85.4 | 2.5 | 85.9 | 2.4 |
| Interest bearing liabilities | **916.8** | 31.7 | 1,264.2 | 36.5 | 1,441.3 | 39.7 |
| Other current liabilities | **824.6** | 28.5 | 1,124.3 | 32.5 | 1,067.9 | 29.4 |
| | **2,889.8** | 100.0 | 3,461.6 | 100.0 | 3,627.6 | 100.0 |

## Contingent liabilities

| | | **Jun 30 2001** | | Jun 30 2000 | | Dec 31 2000 |
|---|---|---|---|---|---|---|
| EUR million | **Group** | **Parent** | Group | Parent | Group | Parent |
| Mortgages | **9.3** | **0.7** | 16.4 | 1.9 | 11.3 | 0.9 |
| Guarantee obligations | | | | | | |
| For subsidiaries | **-** | **858.1** | - | 961.0 | - | 1,360.5 |
| For associated companies | **-** | **-** | - | - | - | 0.6 |
| Lease payments | **47.7** | **0.3** | 48.9 | 0.1 | 58.2 | 1.6 |

## Outstanding off-balance sheet instruments

| EUR million | **Jun 30 2001 Group** | Jun 30 , 2000 Group | Dec 31 2000 Group |
|---|---|---|---|
| Currency forwards, transaction risk hedges | **67** | 192 | 498 |
| Currency swaps, financing hedges | **445** | 286 | 481 |
| Currency options | **0** | 2 | 0 |
| Forward rate agreements, gross | **0** | 50 | 320 |
| Forward rate agreements, net | **0** | 50 | 200 |
| Interest rate swaps | **207** | 538 | 243 |
| Interest rate options | **0** | 0 | 0 |

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