



HUHTAMAKI VAN LEER

PACKAGING WORLDWIDE

During the third quarter of 2000, Huhtamaki Van Leer's strategic initiatives resulted in several corporate transactions, culminating in an agreement to divest the Industrial Packaging division at the end of October. Sales and earnings growth slowed down, however, largely due to the timing of corporate transactions, delays in passing the continuous increases in raw materials prices on to product prices, and the management attention required by structural changes. The consolidated nine-month sales were 15% ahead of the respective pro forma figure for 1999. As the third quarter was weaker than in 1999, year-to-date operating earnings (EBIT) were up only marginally. In September, profit margins for the continuing consumer packaging business nevertheless strengthened for the first time during the year.

Key figures (against pro forma 1999)

- Net sales EUR 2,487 million (+ 15%)
- EBIT EUR 147 million (+ 2%)
- Profit before minority interest and taxes EUR 102 million (+ 4%)
- Net income EUR 67 million (+ 8%)
- EPS EUR 2.12 (+ 8%)
- Cash EPS (excluding goodwill amortisation) EUR 3.15 (+ 5%)

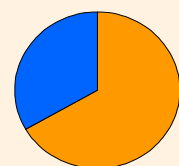
The Industrial Packaging division will be sold to the U.S. packaging company Greif Bros. Corporation for USD 620 million including debt. The divestment of the technical films and coatings operations will be completed before year-end. These transactions, together with the acquisition of two U.S. consumer packaging operations, will conclude Huhtamaki Van Leer's strategic transformation into a global consumer

packaging specialist, with world leadership positions in chosen product segments and technologies.

As separately communicated on October 30, the timing of corporate transactions, together with the soft third quarter, has affected the short-term earnings outlook. The full-year earnings per share are now expected to reach the same level as in 1999.

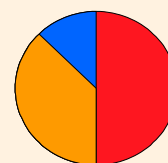
Espoo, November 7, 2000
Huhtamäki Van Leer Oyj
Board of Directors

Net sales by division



Consumer 69%
 Industrial 31%

Net sales by region



Europe 53%
 Americas 32%
 Rest of the world 15%

This report has been prepared according to Finnish Accounting Standards. It contains pro forma figures from 1999 which assume that 100% of Van Leer shares have been held by Huhtamaki Van Leer as from January 1, 1999, and that the company has divested its confectionery interests prior to that date. For a full explanation of adjustments made to the pro forma combined income statement, please refer to Huhtamaki Van Leer's 1999 Annual Report. Confectionery has been eliminated from the actual 1999 profit and loss figures.

The actual figures for 2000 as well as the pro forma figures for 1999 are unaudited.

Slower sales growth in third quarter

At EUR 2,487 million, the January-September sales were 15% ahead of the corresponding pro forma figure for 1999.

Consumer sales, including the technical films and coatings business, amounted to EUR 1,712 million (+ 15%), while Industrial sales were EUR 775 million (+ 13%).

During the third quarter, overall growth stood at 10%, as the divested part of the technical films and coatings business was de-consolidated as of September 15. Continuing Consumer sales were nevertheless up by 15%, while Industrial advanced by 14%.

The nine-month sales growth stems from a combination of 4.2% volume growth, 4.2% price increases and 6.4% currency effect. The net contribution from acquisitions and divestments was marginal. Volume growth in Consumer was 3.8%, reflecting divested operations, while price changes contributed by 6.2% and currency conversions by 5.9%. In Industrial, volume growth amounted to 5.1% and currency effect to 7.5%, while prices were up by 0.2% only.

Sales in **Europe** were EUR 1,326 million (+ 12%). In Consumer, the flexibles business in particular experienced strong volume growth.

Good progress continued in North East Europe, and the Central Europe region also reported significant growth for most units. South Europe was mainly steady. The U.K. operations continued to struggle in weak market conditions.

Industrial's performance no doubt reflected the significant management effort absorbed by the divestment process. Western European sales were steady. In the U.K. and Ireland sales continued to disappoint, reflecting the difficult trading environment caused by the strong currency. By contrast, good growth continued across Eastern Europe.

Sales in **North and South America** amounted to EUR 799 million (+ 15%). In Consumer, most U.S. food service segments did well, but food packaging was affected by a slow summer season for ice cream. The South American business continued to improve, mainly driven by good progress in Brazil. On the Industrial side, North American steel drum volumes remained below expectations. In South America, sales slowed down, especially in Brazil, but were still clearly ahead of last year's figures.

Sales in **Oceania, Asia** and the rest of the world were EUR 362 million (+ 25%). In Oceania, rigid Consumer sales were on track and flexible packaging solid in view of ongoing customer consolidation. In Asia, rigid packaging volumes were softish except for China, while strong growth continued for flexible packaging in Thailand. India, Turkey and Africa now constitute a separate Business Group. Its rapid growth reflects acquisitions, but also the good progress of flexibles in India and rigid packaging in Turkey. In Industrial, volumes in Oceania were stable. Asia contributed significantly to overall sales growth, even if the major Japanese unit failed to meet its targets. African sales continued to grow.

The two product-specific Business Groups, technical films and coatings (Consumer) and closures (Industrial) enjoyed another quarter of strong sales.

Profit growth slowed down

Although most raw materials prices appear to have stabilised during the third quarter, the value added from continuing Consumer business recovered for the first time during the year in September. This points to delays in implementing price increases. Industrial continued its aggressive pursuit of market share and higher capacity utilisation, maintaining stable prices.

The nine-month EBIT from Consumer amounted to EUR 123 million (- 2%), equal to 7.2% of net sales. The corresponding figure for Industrial was EUR 39 million (- 6%) or 5.0% of net sales. Net corporate items amounted to EUR -15 million (-24 million in 1999), whereby Group EBIT increased by 2% to EUR 147 million. In the third quarter, Consumer EBIT declined by 8%, Industrial by 42% and Group total by 9% compared to the same period in 1999.

At EUR 88 million, Europe's nine-month EBIT contribution was 3% below the comparison figure from 1999, while North and South America, EUR 55 million, were 5% behind. Asia, Oceania and the rest of the world displayed a small increase. Weakness in Europe was in part attributable to the dire market conditions in the U.K. and continuing delivery problems at the Groenlo unit in Holland.

Net financial expenses in January-September, EUR 45 million, were virtually unchanged from the previous year. Taxes declined by 4% to EUR 31 million, where-

by net income, EUR 67 million, and earnings per share, EUR 2.12, both advanced by 8% compared to the corresponding nine-month pro forma figures in 1999.

Capital expenditure

Capital expenditure in January-September amounted to EUR 112 million, of which EUR 68 million related to Consumer. Main Consumer projects included a new lamination line for complex flexibles in Germany, new manufacturing and printing lines for flexible units in India and Thailand, as well as a new printing capacity for rigid packaging in the U.S.

Financial position

The Group's financial position strengthened somewhat, reflecting divestments, but working capital levels remained high. At the end of September, net debt amounted to EUR 1,106 million and the net debt to equity ratio stood at 0.97.

As a full-year projection, divestments during 2000 will fetch approx. EUR 950 million in cash and debt reduction, while acquisitions will absorb approx. EUR 275 million. Overall, the company's net debt is likely to decline by approx. EUR 600 million by year-end.

Share developments

After maintaining the EUR 32-33 range through the summer, the Huhtamaki Van Leer share slid below EUR 30 in September and fluctuated near this price point at the close of the quarter. Daily trading volumes on the HEX remain modest compared to technology shares. Volumes on the AEX remained very low. The shareholder structure displayed no major changes. At the end of September, shareholding outside Finland (including the Van Leer Group Foundation) accounted for 31% of the total.

Corporate structure - developments from August 1 to November 1

The corporate transactions listed below conclude Huhtamaki Van Leer's transformation into a consumer packaging specialist. Consequently, the company does not contemplate further strategic transactions for the time being and will concentrate on day-to-day business, as well as on delivering synergies from existing operations. An internal restructuring programme will be implemented, involving a reduction in the total number of manufac-

turing units, as well as numerous transfers of manufacturing equipment. All of the contemplated measures will be covered from a provision taken in 1999.

Further to developments reported in the January-June Interim Report, corporate structure has been subject to following changes:

In August, an agreement was reached to sell the technical films and coatings operations in Houston (Texas) and Essen (Belgium) to the U.S. company Illinois Tool Works, for a price of approx. EUR 100 million.

In October, the company signed a letter of intent for the acquisition of Packaging Resources Incorporated, a U.S. rigid packaging company with net sales of approx. EUR 170 million, for approx. EUR 205 million. The transaction is expected to be closed before year-end.

Also in October, the company acquired a flexible packaging unit in Malvern, Pennsylvania from Graphic Packaging for approx. EUR 40 million.

An agreement to sell the Van Leer industrial packaging division to the U.S. company Greif Bros. was signed on October 27, for a total consideration of USD 620 million (approx. EUR 730 million) including assumed debt. The transaction is subject to regulatory scrutiny and a 30-day first right of refusal for the Van Leer Group Foundation.

The Amstelveen office building was sold in October. On November 1, the Group's remaining confectionery unit, Wuxi Leaf in China, was sold to Cadbury Schweppes. The divestment of the remaining technical films and coatings operation in Germany is in its final stage.

Management and organisation

In August, the Board of Directors appointed two new Executive Committee members, Mark Staton (Consumer Packaging Americas) and Tony Combe (Consumer Packaging Oceania and Asia). At the same time, industrial packaging operations in South America, Asia, Oceania and Africa were separated from regional Business Groups.

Francisco de Miguel, Vice-Chairman of the Executive Committee and Division President Industrial Packaging, vacated his position in the Executive Committee on October 30, following the agreement to sell the Industrial Packaging division, which he continues to head.

Personnel

The company employed 23,455 persons at the end of September (- 3%). After pending acquisitions and divestments, the number of employees will be around 17,000.

Outlook

The timing of corporate transactions and the weak third quarter will affect the company's financial outcome. Profitable operations have been divested during the year, while new acquisitions will begin to contribute from the beginning of 2001.

Even if raw materials prices remain stable during the final quarter, price increases for finished products cannot fully recover the EBIT shortfall of the third quarter, and the impact of divested operations. Therefore, it is now expected that the full-year earnings per share will reach the same level as in 1999.

The company's long-term prospects have been enhanced by recent structural measures:

- The company's business portfolio is now in line with its strategic objectives, i.e. focused on growing, high value added consumer packaging.
- Structural stability enables the company to improve and deepen its customer relationships and strengthen key functions such as research and development.
- Original synergy projections remain valid despite the sale of industrial packaging operations, thanks to new synergies available in North America.
- Internal streamlining will accelerate, resulting in a dedicated, more efficient manufacturing structure.
- Restoring balance between prices for raw materials and finished products will improve contribution margins tangibly. Lower debt service charges and goodwill amortisation also enhance the company's earnings potential.

Income Statement

	Jan-Sep 2000	Jan-Sep 1999*	Change %	Jan-Dec 1999*	Jul-Sep 2000	Jul-Sep 1999*	Change %
EUR million							
Net sales	2,487.1	2,165.8	14.8	2,951.9	838.0	764.4	9.6
EBITDA	286.9	274.5	4.5	366.9	92.6	96.7	-4.2
EBIT	147.0	143.7	2.3	190.5	47.0	51.6	-8.9
Net financial							
+income/-expense	-45.3	-45.5	0.4	-62.3	-16.6	-15.9	-4.4
+Gain/-loss on equity							
of associated companies	0.6	0.4	50.0	0.6	0.3	0.1	200.0
Profit before minority							
interest and taxes	102.3	98.7	3.6	128.8	30.7	35.9	-14.5
Taxes	30.7	32.1	-4.4	42.3	9.8	11.6	-15.5
Minority interest	4.9	4.8	2.1	6.7	1.7	1.7	0.0
Net income	66.7	61.8	7.9	79.8	19.2	22.7	-15.4

Divisions - Pro Forma Net Sales

	Jan-Sep 2000	Jan-Sep 1999*	Change %	Jan-Dec 1999*	Jul-Sep 2000	Jul-Sep 1999*	Change %
EUR million							
Consumer	1,712.0	1,482.6	15.5	2,022.0	569.1	528.1	7.8
Industrial	775.1	683.2	13.5	929.9	268.9	236.3	13.8
Total	2,487.1	2,165.8	14.8	2,951.9	838.0	764.4	9.6

Divisions - Pro Forma EBIT

	Jan-Sep 2000	Jan-Sep 1999*	Change %	Jan-Dec 1999*	Jul-Sep 2000	Jul-Sep 1999*	Change %
EUR million							
Consumer	123.3	126.2	-2.3	169.1	40.3	44.0	-8.4
% of net sales	7.2	8.5		8.4	7.1	8.3	
Industrial	38.8	41.4	-6.3	53.2	8.7	14.9	-41.6
% of net sales	5.0	6.1		5.7	3.2	6.3	
Corporate	-15.1	-23.9	36.8	-31.8	-2.0	-7.3	72.6
Total	147.0	143.7	2.3	190.5	47.0	51.6	-8.9
% of net sales	5.9	6.6		6.5	5.6	6.8	

Regions - Pro Forma Net Sales

	Jan-Sep 2000	Jan-Sep 1999*	Change %	Jan-Dec 1999*	Jul-Sep 2000	Jul-Sep 1999*	Change %
EUR million							
Europe	1,326.0	1,181.6	12.2	1,619.7	496.8	389.0	27.7
Americas	798.7	693.9	15.1	927.2	246.2	251.3	-2.0
Rest of the World	362.4	290.3	24.8	405.0	95.0	124.1	-23.4
Total	2,487.1	2,165.8	14.8	2,951.9	838.0	764.4	9.6

Regions - Pro Forma EBIT

	Jan-Sep 2000	Jan-Sep 1999*	Change %	Jan-Dec 1999*	Jul-Sep 2000	Jul-Sep 1999*	Change %
EUR million							
Europe	88.2	91.2	-3.3	118.3	28.5	29.7	-4.0
% of net sales	6.7	7.7		7.3	5.7	7.6	
Americas	54.7	57.8	-5.4	77.4	14.9	20.4	-27.0
% of net sales	6.8	8.3		8.3	6.1	8.1	
Rest of the World	19.2	18.6	3.2	26.6	5.6	8.7	-35.6
% of net sales	5.3	6.4		6.6			
Total	162.1	167.6	-3.3	222.3	49.0	58.8	-16.7

* 1999 comparison on Pro Forma basis

Other key information

EUR million	Jan-Sep 2000	Jan-Sep 1999	Change %	Jan-Dec 1999
Pro forma				
Earnings per share (EUR)*	2.12	1.97	7.6	2.54
Profit before minority interest and taxes (12 m roll.)*	132.5	132.1	0.3	128.8
Personnel*	23,455	24,149	-2.9	23,876
Statutory				
Earnings per share (EUR)**	2.12	1.65	28.5	2.39
Return on investment, % (12m roll.)**	9.2	12.5	-26.4	10.4
Equity per share (EUR)**	33.52	31.30	7.1	30.44
Capital expenditure**	111.6	68.4	63.2	100.7
Depreciation**	106.5	33.0	222.7	67.6
Amortisation**	33.4	9.6	247.9	20.6
Personnel**	23,455	7,784	201.3	23,876

Balance sheet

EUR million	Sep 30 2000	%	Sep 30 1999	%	Dec 31 1999	%
Assets						
Intangible assets	753.1	21.1	211.8	14.5	808.5	24.0
Tangible assets	1,311.0	36.8	438.4	30.0	1,323.8	39.3
Investments	12.9	0.4	4.9	0.3	9.7	0.3
Inventory	473.1	13.3	120.6	8.2	398.6	11.8
Interest bearing receivables	49.7	1.4	259.5	17.7	23.3	0.7
Other receivables	887.1	24.9	236.9	16.2	763.2	22.7
Cash and marketable securities	76.6	2.1	192.4	13.1	41.2	1.2
	3,563.5	100.0	1,464.5	100.0	3,368.3	100.0
Liabilities and equity						
Shareholders' equity	1,055.2	29.6	841.3	57.4	958.1	28.4
Minority interest	87.0	2.4	0.0	0.0	87.8	2.6
Interest bearing liabilities	1,232.5	34.6	301.1	20.6	1,205.7	35.8
Other current liabilities	1,188.8	33.4	322.1	22.0	1,116.7	33.2
	3,563.5	100.0	1,464.5	100.0	3,368.3	100.0

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

Income statement:

(Average) Jan-Sep/00	GBP 1=1.633 SEK 1=0.119 AUD 1=0.635 USD 1=1.062
Jan-Sep/99	GBP 1=1.500 SEK 1=0.113 AUD 1=0.600 USD 1=0.929
Jan-Dec/99	GBP 1=1.517 SEK 1=0.114 AUD 1=0.605 USD 1=0.938

Month-end: (Balance sheet)

Sep/00	GBP 1=1.676 SEK 1=0.117 AUD 1=0.618 USD 1=1.141
Sep/99	GBP 1=1.544 SEK 1=0.115 AUD 1=0.610 USD 1=0.938
Dec/99	GBP 1=1.608 SEK 1=0.117 AUD 1=0.648 USD 1=0.995

* 1999 comparison on Pro Forma basis

** 1999 comparison on statutory basis

Statutory Income Statement

EUR million	Jan-Sep 2000	Jan-Sep 1999**	Change %	Jan-Dec 1999**
Net sales	2,487.1	624.2	298.4	1,412.1
EBIT	147.0	68.8	113.7	113.9
Net financial +income/-expense	-45.3	-5.0	-806.0	-20.1
+Gain/-loss on equity of associated companies	0.6	0.4	50.0	0.6
Profit before exceptional items,				
minority interest and taxes	102.3	64.2	59.3	94.4
Taxes	30.7	21.9	40.2	25.5
Minority interest	4.9	0.0	..	1.9
Integration expenses	0.0	0.0	..	92.9
Discontinued operations	0.0	0.0	..	127.7
Net income	66.7	42.3	57.7	101.8

** 1999 comparison on statutory basis

Contingent liabilities

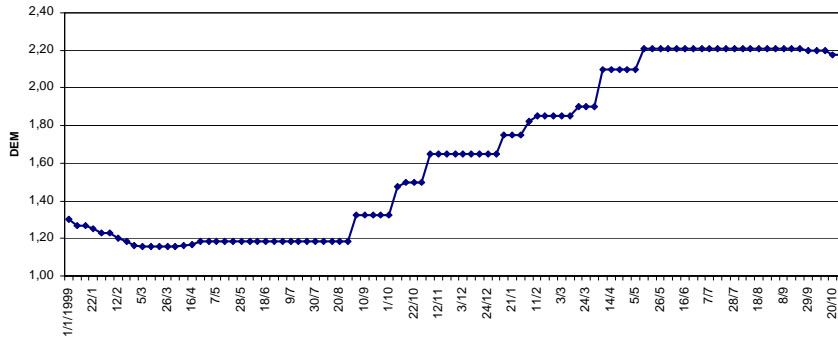
EUR million	Sep 30 2000		Sep 30 1999		Dec 31 1999	
	Group	Parent	Group	Parent	Group	Parent
Mortgages	11.4	1.5	9.8	4.1	22.6	1.8
Guarantee obligations						
For subsidiaries	-	1,096.1	-	255.2	-	897.0
For associated companies	-	0.9	-	-	-	-
For others	-	-	5.7	5.7	-	-
Lease payments	53.7	0.1	30.8	0.4	51.0	0.4

Outstanding off-balance sheet instruments

EUR million	Sep 30 2000		Sep 30 1999		Dec 31 1999	
	Group	Group	Group	Group	Group	Group
Currency forwards, transaction risk hedges	512	24	78			
Currency swaps, financing hedges	268	79	396			
Currency options	-	13	4			
Forward rate agreements, gross	20	393	197			
Forward rate agreements, net	20	140	-			
Interest rate swaps	491	19	452			
Interest rate options	-	20	-			

Key raw material prices

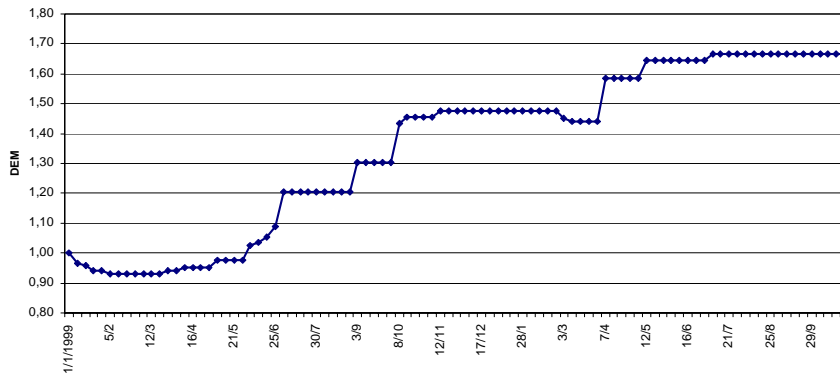
Polystyrene



Increase 91 %

Polystyrene Consumption
HVL Global Volume
150.000 tons

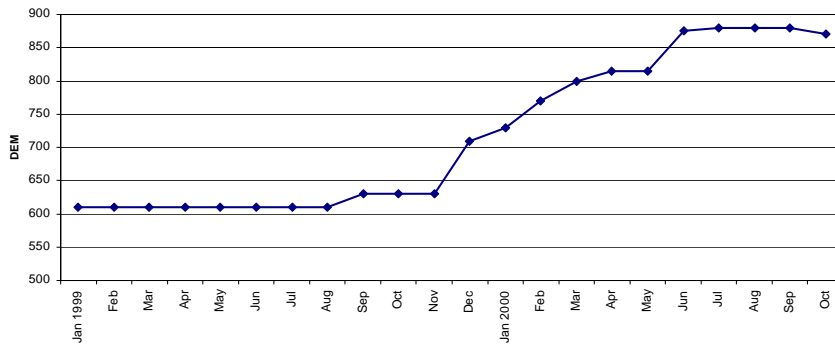
Polypropylene



Increase 79 %

Polypropylene Consumption
HVL Global Volume
60.000 tons

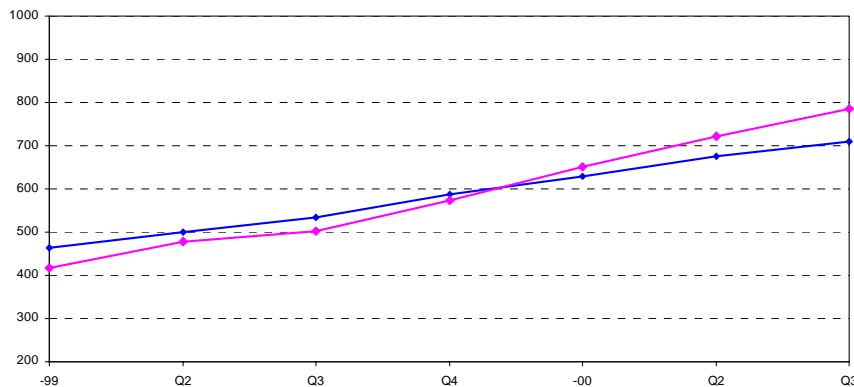
Steel



Increase 44 %

Steel Consumption
HVL Global Volume
725.000 tons

Pulp



Increase 53 % (USD)
Increase 88% (EUR)

Paper Consumption
HVL Global Volume
120.000 tons

—USD
—EUR