

Huhtamäki Oyj Interim Report Q3 2016

January 1–September 30, 2016

Huhtamäki



Profitability improvement continued

Q3 2016 in brief

- Net sales grew to EUR 719 million (EUR 692 million)
- EBIT improved to EUR 67 million (EUR 62 million)
- EPS improved to EUR 0.46 (EUR 0.43)
- Comparable net sales growth was 2% in total and 7% in emerging markets
- Currency movements had a negative impact of EUR -10 million on the Group's net sales and EUR -1 million on EBIT
- Revised capital expenditure outlook for 2016 (published on October 24): Capital expenditure is expected to be higher than in 2015 with the majority of the investments directed to business expansion.

Q1-Q3 2016 in brief

- Net sales grew to EUR 2,134 million (EUR 2,036 million)
- Adjusted EBIT improved to EUR 202.5 million (EUR 181.8 million); EBIT EUR 202.3 million (EUR 159.2 million)
- Adjusted EPS improved to EUR 1.39 (EUR 1.27); EPS EUR 1.39 (EUR 1.05)
- Comparable net sales growth was 4% in total and 8% in emerging markets
- Currency movements had a negative impact of EUR -49 million on the Group's net sales and EUR -5 million on EBIT
- Free cash flow improved to EUR 79 million (EUR 38 million)

Key figures

EUR million	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	FY 2015
Net sales	719.2	692.2	4%	2,133.5	2,035.9	5%	2,726.4
Adjusted EBITDA ¹	96.1	88.6	8%	286.6	259.6	10%	342.0
Margin ¹	13.4%	12.8%		13.4%	12.8%		12.5%
EBITDA	96.1	88.6	8%	286.4	237.0	21%	319.4
Adjusted EBIT ¹	66.9	62.4	7%	202.5	181.8	11%	237.5
Margin ¹	9.3%	9.0%		9.5%	8.9%		8.7%
EBIT	66.9	62.4	7%	202.3	159.2	27%	214.9
Adjusted EPS ¹ , EUR	0.46	0.43	7%	1.39	1.27	9%	1.65
EPS, EUR	0.46	0.43	7%	1.39	1.05	32%	1.43
ROI ¹				14.7%	14.2%		14.7%
ROE ¹				18.0%	18.4%		18.1%
Capital expenditure	39.2	34.8	13%	95.2	96.4	-1%	146.9
Free cash flow	41.0	27.2	51%	78.6	38.2	106%	91.2

¹ Excluding IAC of EUR -0.2 million in Q1-Q3 2016 and EUR -22.6 million in Q1-Q3 2015 and in FY 2015.

Unless otherwise stated, all figures presented in this report, including corresponding periods in 2015, cover continuing operations only. Continuing operations include the Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Molded Fiber business segments. Discontinued operations for 2015 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 2015. ROI, ROE and RONA figures presented in this report are calculated on a 12-month rolling basis.

Impact of new ESMA guidelines

In accordance with the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) Huhtamäki Oyj has revised the terminology used in its financial reporting. The term "Items affecting comparability (IAC)" replaces the term "Non-recurring items (NRI)". IAC includes, but is not limited to, material restructuring costs, impairment losses and reversals, gains and losses relating to business combinations and disposals, gains and losses relating to sale of intangible and tangible assets, as well as material fines and penalties imposed by authorities.

Alternative performance measures are derived from performance measures reported in accordance to International Financial Reporting Standards (IFRS) by adding or deducting the IAC and they are called Adjusted. Thus the term "Adjusted earnings before interests, taxes, depreciation and amortization (Adjusted EBITDA)" replaces the term "EBITDA excluding non-recurring items", the term "Adjusted earnings before interests and taxes (Adjusted EBIT)" replaces the term "EBIT excluding non-recurring items" and the term "Adjusted earnings per share (Adjusted EPS)" replaces the term "EPS excluding non-recurring items".

Huhtamaki uses alternative performance measures to better reflect the operational business performance and to enhance comparability between financial periods. They are reported in addition to, but not substituting, the performance measures reported in accordance with IFRS.

Jukka Moisio, CEO:

“During the third quarter, growth continued on a good level in the Foodservice Europe-Asia-Oceania and Molded Fiber segments. Net sales development was soft in the North America and Flexible Packaging segments, where we have initiated actions to accelerate top line growth. The Group’s comparable net sales growth was 2% for the third quarter and 4% for the first 9 months. Emerging market growth at 7% for the third quarter was at a good level.

Our margins and returns improved against previous year. We achieved a 12-month rolling EBIT margin of 9.1% and ROI of 14.7% – both approximately at our mid-term ambitions set in March 2015. Similarly, cash generation from operations was strong meeting our mid-term expectations.

We announced several growth actions across our business segments during the quarter. The largest one is the USD 100 million investment to build a new manufacturing and distribution facility in Goodyear, Arizona. The unit is set to improve our future competitiveness and capability in serving the foodservice packaging and retail tableware customers in the west coast and southwest of the United States. Flexible Packaging segment is in the process of building three new plants in India and will also start to build a new Greenfield facility in Egypt. Foodservice Europe-Asia-Oceania segment is improving its profitability in China through portfolio optimization and modernization and expansion of its plant in Guangzhou. Molded Fiber segment inaugurated new lines in Russia and in Northern Ireland during the quarter. Following the recently announced growth investments, mainly the one in the U.S., we have updated our capital expenditure outlook for 2016.

We continue to see good long term growth opportunities in food packaging. With our broad geographic footprint and our ambition to continue developing new businesses and building new facilities, we are well placed to help our customers grow and serve consumers in a competitive way.”

Financial review Q3 2016

The Group's comparable net sales growth was 2% during the quarter. Good growth was achieved in the Foodservice Europe-Asia-Oceania and Molded Fiber business segments. Growth was more modest in the North America business segment against a strong third quarter in the previous year and high growth in the second quarter in 2016. In the Flexible Packaging business segment net sales declined. Comparable growth in emerging markets was 7% with big variation between the markets. Strong growth in Eastern Europe and South Asia, led by good momentum both in Russia and in India, continued. Net sales grew in China, but declined in South America. Export sales of flexible packaging to African countries declined. The Group's net sales grew to EUR 719 million (EUR 692 million). Foreign currency translation impact on the Group's net sales was EUR -10 million (EUR 40 million) compared to 2015 exchange rates with vast majority of the impact originating from the weakening of the pound sterling against euro.

Net sales by business segment

EUR million	Q3 2016	Q3 2015	Change	Of Group in Q3 2016
Foodservice Europe-Asia-Oceania	195.2	169.5	15%	27%
North America	244.4	240.3	2%	34%
Flexible Packaging	216.5	223.6	-3%	30%
Molded Fiber	67.1	62.4	8%	9%
Elimination of internal sales	-4.0	-3.6		
Group	719.2	692.2	4%	

Comparable growth by business segment

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Foodservice Europe-Asia-Oceania	5%	7%	7%	8%
North America	2%	8%	10%	5%
Flexible Packaging	-3%	2%	1%	-1%
Molded Fiber	6%	5%	4%	6%
Group	2%	6%	6%	4%

The Group's earnings grew driven by solid profitability improvement in the Foodservice Europe-Asia-Oceania and Flexible Packaging business segments. Good progress in the Molded Fiber business segment also contributed to the earnings growth, whereas in the North America business segment earnings remained at the good level achieved in the strong third quarter of the previous year. The Group's earnings before interests and taxes (EBIT) were EUR 67 million (EUR 62 million). Foreign currency translation impact on the Group's earnings was EUR -1 million (EUR 3 million).

EBIT by business segment

EUR million	Q3 2016	Q3 2015	Change	Of Group in Q3 2016
Foodservice Europe-Asia-Oceania	18.3	13.8	33%	27%
North America	24.5	25.0	-2%	35%
Flexible Packaging	18.2	15.7	16%	26%
Molded Fiber	8.3	7.9	5%	12%
Other activities	-2.4	0.0		
Group	66.9	62.4	7%	

Net financial expenses decreased to EUR 7 million (EUR 10 million). Tax expense increased to EUR 12 million (EUR 8 million).

Profit for the quarter was EUR 48 million (EUR 44 million). Earnings per share (EPS) were EUR 0.46 (EUR 0.43).

Financial review Q1-Q3 2016

The Group's comparable net sales growth was 4% during the reporting period. Growth was strong in the Foodservice Europe-Asia-Oceania and Molded Fiber business segments throughout the period, whereas it was more uneven between quarters in the North America and Flexible Packaging business segments. Comparable growth in emerging markets was 8%. Growth was strongest in Eastern Europe and South Asia. Net sales grew moderately in China. The Group's net sales grew to EUR 2,134 million (EUR 2,036 million). Foreign currency translation impact on the Group's net sales was EUR -49 million (EUR 160 million) compared to 2015 exchange rates. The majority of the negative currency impact came from the weakening of the pound sterling and certain emerging market currencies versus euro.

Net sales by business segment

EUR million	Q1-Q3 2016	Q1-Q3 2015	Change	Of Group in Q1-Q3 2016
Foodservice Europe-Asia-Oceania	548.0	498.8	10%	25%
North America	745.3	703.5	6%	35%
Flexible Packaging	654.7	654.4	0%	31%
Molded Fiber	198.8	193.8	3%	9%
Elimination of internal sales	-13.3	-14.6		
Group	2,133.5	2,035.9	5%	

The Group's earnings grew driven by the North America business segment's solid earnings improvement. The good development in the Flexible Packaging and Foodservice Europe-Asia-Oceania business segments further supported earnings growth. The Group's Adjusted EBIT were EUR 202.5 million (EUR 181.8 million) and reported EBIT EUR 202.3 million (EUR 159.2 million). Foreign currency translation impact on the Group's profitability was EUR -5 million (EUR 13 million).

Adjusted EBIT by business segment

EUR million	Q1-Q3 2016	Q1-Q3 2015	Change	Of Group in Q1-Q3 2016
Foodservice Europe-Asia-Oceania ¹	47.9	42.1	14%	23%
North America	82.5	65.0	27%	39%
Flexible Packaging	56.2	50.5	11%	26%
Molded Fiber	24.7	25.5	-3%	12%
Other activities ²	-8.8	-1.3		
Group^{1,2}	202.5	181.8	11%	

¹ Excluding IACs of EUR -0.2 million in Q1-Q3 2016

² Excluding IACs of EUR -22.6 million in Q1-Q3 2015

Adjusted EBIT includes EUR -0.2 million of IACs, which consist of restructuring costs of EUR -8.0 million and a gain of EUR 7.8 million relating to business combination. The restructuring costs include costs expected to incur from actions to improve the competitiveness of the foodservice business in China and New Zealand and a provision to cover potential environmental remediation actions at the former Huhtamaki manufacturing unit in Norway as announced on June 27, 2016. The gain relating to business combination derives from the increase of Huhtamaki's ownership in Arabian Paper Products Company as announced on March 22, 2016. IACs were booked for Q2 2016 in the Foodservice Europe-Asia-Oceania business segment.

Adjusted EBIT and IACs

EUR million	Q1-Q3 2016	Q1-Q3 2015
Adjusted EBIT	202.5	181.8
Restructuring costs	-8.0	
Gains and losses relating to business combinations and disposals	7.8	-4.3
Fines and penalties imposed by authorities		-18.3
EBIT	202.3	159.2

Net financial expenses decreased to EUR 20 million (EUR 27 million). Tax expense increased and was EUR 35 million (EUR 21 million). The corresponding tax rate was 19% (16%).

Profit for the period was EUR 148 million (EUR 111 million). Adjusted EPS were EUR 1.39 (EUR 1.27) and reported EPS EUR 1.39 (EUR 1.05).

Statement of financial position and cash flow

The Group's net debt increased and was EUR 681 million (EUR 604 million) at the end of September. The increase in net debt was to a large extent due to the acquisitions completed during the reporting period. The level of net debt corresponds to a gearing ratio of 0.61 (0.64). Net debt to EBITDA ratio (excluding IACs) was 1.8 (1.8). Average maturity of external committed credit facilities and loans was 3.8 (3.5) years.

Cash and cash equivalents were EUR 102 million (EUR 81 million) at the end of September and the Group had EUR 311 million (EUR 311 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 2,725 million (EUR 2,485 million).

Capital expenditure during the reporting period was EUR 95 million (EUR 96 million). Largest investments for business expansion were made in the U.S., the UK and Poland. The Group's free cash flow improved to EUR 79 million (EUR 38 million). Good operating cash flows in the North America, Foodservice Europe-Asia-Oceania and Flexible Packaging business segments supported the Group's free cash flow generation.

Acquisitions

On January 29, 2016 Huhtamaki completed the acquisition of FIOMO, a privately owned manufacturer of flexible packaging foils and labels in the Czech Republic. The annual net sales of the acquired business in 2015 were approx. EUR 21 million and it employs approx. 120 people in its manufacturing unit in the Prague area. The debt-free purchase price was approx. EUR 28 million. The business has been consolidated into the Flexible Packaging business segment as of February 1, 2016.

On March 22, 2016 Huhtamaki announced the expansion and revision of its long-standing joint venture relationship in Arabian Paper Products Company (APPCO) with Olayan Saudi Holding Company. Huhtamaki's ownership in APPCO increased to 50% from the earlier 40%. With the expansion of the joint venture relationship Huhtamaki continues to implement its growth strategy and strengthens its position in Middle-East and North Africa. The annual net sales of APPCO in 2015 were approx. EUR 24 million. The additional shares were acquired at a price of approx. EUR 4 million. The business has been consolidated into the Foodservice Europe-Asia-Oceania business segment as of April 1, 2016.

On May 19, 2016 Huhtamaki acquired Delta Print and Packaging Limited ("Huhtamaki Delta"), a privately held folding carton packaging manufacturer based in Belfast, Northern Ireland, and its affiliated Polish unit with a new manufacturing unit in Gliwice, Poland. With the acquisition Huhtamaki entered the folding carton packaging market also in Europe, as Huhtamaki Delta is specialized in bespoke printed folding carton packaging for the UK and European foodservice, packaged food and retail markets. The net sales of Huhtamaki Delta for the year 2016 are expected to be approx. EUR 70 million and it employs altogether approx. 300 employees. The debt free purchase price was GBP 80 million (approx. EUR 103 million at the time of the acquisition). The business has been consolidated into the Foodservice Europe-Asia-Oceania business segment as of May 1, 2016.

On July 22, 2016 Huhtamaki acquired 51% of Val Pack Solutions Private Limited ("Valpack"), a privately held paper cup manufacturer based in Mumbai, India. With the acquisition Huhtamaki enters the growing foodservice packaging market in India, where many of its key customers already are present. Valpack's annualized net sales are approx. EUR 4 million and it employs approx. 100 people in its manufacturing unit in the Mumbai area. The debt-free purchase price was approx. EUR 2 million. The business has been consolidated into the Foodservice Europe-Asia-Oceania business segment as of July 22, 2016.

Significant events during the reporting period

On March 22, 2016 Huhtamaki signed a EUR 150 million freely transferable loan agreement (Schuldschein). The loan is targeted to institutional investors and is divided into two floating rate and two fixed rate tranches with maturities of 5 and 7 years. Huhtamaki will use the funds for refinancing and general corporate purposes of the Group.

On June 27, 2016 Huhtamaki announced actions to improve the competitiveness of its foodservice business in Asia and Oceania. The foodservice packaging manufacturing operations in South China will be consolidated into one efficient, modernized unit. In addition, manufacturing will be focused on a defined core foodservice packaging product range. The actions are expected to have an impact on approx. 350 employees across functions. At the foodservice packaging unit in Henderson, New Zealand, manufacturing operations are reorganized to improve efficiency of the unit. The reorganization is expected to have an impact on approx. 15 employees.

On September 16, 2016 Huhtamaki announced that it will invest in the expansion and modernization of its manufacturing unit in Guangzhou, South China. The total investment including site expansion, improvements in plant layout and new high-speed machinery is expected to be approx. EUR 15 million. The investment follows the earlier announced actions to improve the competitiveness of the foodservice business in China and consolidate the South China manufacturing operations. Majority of the investment will take place in the latter part of 2016 and early 2017, and the modernization is expected to be completed by the end of 2017. The Guangzhou manufacturing unit is part of the Foodservice Europe-Asia-Oceania business segment.

On September 19, 2016 Huhtamaki announced that it will purchase a manufacturing facility in Goodyear, Arizona, U.S. to set up a new world class manufacturing and distribution unit. The facility is set to service the southwest and west coast foodservice packaging and retail tableware markets. The total investment including the site purchase and modifications, improvements in infrastructure, and machinery investments and installations is expected to exceed USD 100 million (approx. EUR 90 million). Majority of the investment will take place in 2016-2017 and manufacturing is scheduled to begin in late 2017. When fully operational, the unit is expected to employ approx. 300 employees and it will become part of the North America business segment.

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	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	FY 2015
Net sales	195.2	169.5	15%	548.0	498.8	10%	667.5
Adjusted EBIT ¹	18.3	13.8	33%	47.9	42.1	14%	52.4
Margin ¹	9.4%	8.1%		8.7%	8.4%		7.9%
EBIT	18.3	13.8	33%	47.7	42.1	13%	52.4
RONA ¹				13.5%	15.2%		14.2%
Capital expenditure	13.8	12.1	14%	27.3	29.4	-7%	39.6
Operating cash flow	7.2	10.0	-28%	30.3	23.6	28%	35.4

¹ Excluding IAC of EUR -0.2 million in Q1-Q3 2016

Q3 2016

Solid demand for foodservice packaging continued in Eastern and Western Europe driven by the QSR and coffee categories. Demand development in emerging markets was in general positive, but uneven between markets. Raw material prices were relatively stable. Competitive situation remained tight.

The Foodservice Europe-Asia-Oceania segment's comparable net sales growth was 5%. Growth was strongest in Eastern Europe with especially the coffee and QSR categories developing favorably. Net sales grew also in the segment's key paper packaging categories in the UK and South Asia. Net sales grew moderately also in China. Huhtamaki Delta has been reported as part of the segment as of May 1, 2016 and contributed EUR 16 million to the segment's net sales.

Currency movements had a negative impact on the segment's reported net sales. The translation impact was EUR -6 million.

The segment's earnings improved significantly driven by healthy net sales development, favorable product mix and improved operational efficiency. Huhtamaki Delta contributed positively to the segment's earnings.

On September 16, 2016 Huhtamaki announced that the Foodservice-Europe-Asia-Oceania segment will invest approx. EUR 15 million in the expansion and modernization of its manufacturing unit in Guangzhou, South China. Majority of the investment will take place in the latter part of 2016 and early 2017, and the modernization is expected to be completed by the end of 2017.

Q1-Q3 2016

Overall demand for foodservice packaging was healthy across markets. Momentum was good especially in the specialty coffee and QSR categories in Eastern and Western Europe. Raw material prices were relatively stable. Competitive situation was tight across markets.

The Foodservice Europe-Asia-Oceania segment's net sales grew, comparable growth being 6%. Net sales growth was good in Europe, especially in Eastern Europe overall and for insulated paper cups in Western Europe. Net sales development in China stabilized and turned positive starting in the second quarter. Huhtamaki Delta contributed EUR 27 million to the segment's net sales.

Currency movements had a negative impact on the segment's reported net sales. The translation impact was EUR -26 million.

The segment's earnings grew led by net sales growth and improved operational efficiency. Certain units in China and New Zealand had a negative impact on the segment's earnings, but actions to improve their competitiveness were started during the second quarter. Huhtamaki Delta 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	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	FY 2015
Net sales	244.4	240.3	2%	745.3	703.5	6%	947.7
EBIT	24.5	25.0	-2%	82.5	65.0	27%	88.2
Margin	10.0%	10.4%		11.1%	9.2%		9.3%
RONA				16.5%	12.0%		14.1%
Capital expenditure	12.4	11.2	11%	35.8	28.9	24%	40.9
Operating cash flow	21.0	31.7	-34%	53.4	28.1	90%	61.1

Q3 2016

Overall demand for foodservice packaging and retail disposable tableware remained stable during the quarter, while demand for frozen dessert packaging was soft. Main input costs remained relatively stable.

The North America segment's comparable net sales growth was 2% against a strong comparator last year and following high growth in the second quarter in 2016. Growth was strongest in private label disposable tableware for retail customers. In addition, net sales of retail branded tableware and foodservice packaging developed favorably. Net sales of frozen dessert packaging declined reflecting soft market conditions and strong performance in the third quarter in previous year.

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

The segment's profitability remained on a good level. Good net sales development in the retail and foodservice businesses and relatively stable input costs supported the segment's profitability.

As announced on September 19, 2016, the segment will invest approx. USD 100 million in setting up a new world class manufacturing and distribution unit in Goodyear, Arizona, U.S. Majority of the investment will take place in 2016-2017 and manufacturing is scheduled to begin in late 2017.

Q1-Q3 2016

Overall market conditions in the U.S. were stable with growing demand for foodservice packaging and retail tableware. Demand for frozen dessert packaging was soft. Main input costs were relatively stable.

The North America segment's net sales growth was strong, comparable growth being 6%. Growth was strongest in the foodservice packaging and retail tableware businesses, where onboarding new business resulted in healthy volume growth. Net sales of frozen dessert packaging declined.

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

The segment's earnings growth was strong. Favorable net sales development combined with relatively stable input costs and solid manufacturing efficiency contributed positively to earnings growth.

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	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	FY 2015
Net sales	216.5	223.6	-3%	654.7	654.4	0%	868.9
EBIT	18.2	15.7	16%	56.2	50.5	11%	68.8
Margin	8.4%	7.0%		8.6%	7.7%		7.9%
RONA				11.9%	12.4%		12.3%
Capital expenditure	4.9	5.2	-6%	14.7	22.1	-33%	31.6
Operating cash flow	27.2	9.5	186%	51.7	44.8	15%	63.5

Q3 2016

In emerging markets domestic demand for flexible packaging was healthy. The uncertainty in trading environment due to currency fluctuations as well as tightened foreign exchange controls continued to have a negative impact on exports to African markets. In Europe market sentiment was relatively stable. Prices for plastic resins were relatively stable.

The Flexible Packaging segment's comparable net sales declined by 3%. Net sales grew in India, driven by good domestic volume development, whereas in Europe net sales declined. Export sales to African countries declined due to challenging market conditions.

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

The segment's earnings grew driven by favorable product mix and good cost containment.

Q1-Q3 2016

Demand for flexible packaging was good in Asia, whereas in Europe demand was modest. Uncertainty in trading environment due to currency fluctuations as well as tightened foreign exchange controls had a negative impact on exports to African markets. Prices for plastic resins were soft.

The Flexible Packaging segment's comparable net sales development was flat. The segment's overall volume development was positive, but low raw material prices had a negative impact on selling prices and thus moderated the comparable growth. Geographically, net sales grew in India and Southeast Asia and declined in Europe. Export sales to African countries declined.

Currency movements had a negative impact on the segment's reported net sales. The translation impact was EUR -12 million.

The segment's earnings grew. Main drivers behind earnings growth were low raw material prices, favorable product mix and positive volume development.

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	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	FY 2015
Net sales	67.1	62.4	8%	198.8	193.8	3%	260.3
EBIT	8.3	7.9	5%	24.7	25.5	-3%	33.5
Margin	12.4%	12.7%		12.4%	13.2%		12.9%
RONA				16.0%	19.1%		17.7%
Capital expenditure	7.9	6.3	25%	16.9	15.7	8%	34.1
Operating cash flow	3.5	4.0	-13%	11.6	15.2	-24%	9.9

Q3 2016

Overall demand for molded fiber egg packaging was stable. In Central and Eastern Europe demand for egg trays continued to grow at the expense of egg cartons. In Europe prices for recycled fiber increased moderately, while they stayed on a higher level in certain emerging markets due to increased exports. Competitive situation remained tight.

The Molded Fiber segment's comparable net sales growth was 6%. Net sales growth was driven by recent capacity additions in the UK, Russia and Czech Republic. In addition, good volume development across Europe contributed to net sales growth. Net sales declined in South America.

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

The segment's earnings grew driven by healthy net sales growth and solid operational efficiency.

Q1-Q3 2016

Overall demand for molded fiber packaging was relatively stable. In Europe, demand for egg trays and larger family egg packs grew. Prices for recycled fiber started to increase towards the end of the reporting period in Europe and were on a higher level in certain emerging markets as the depreciation of local currencies boosted export demand. Competitive situation was tight.

The Molded Fiber segment's comparable net sales growth was 5%. Net sales growth was mainly driven by recent capacity additions.

Currency movements had a negative impact on the segment's reported net sales. The translation impact was EUR -10 million.

The segment's reported earnings declined slightly reflecting the impact of currency movements. Operational earnings development was positive as a result of healthy volume growth, solid operational efficiency and good cost containment.

Personnel

The Group had a total of 17,084 (16,721) employees at the end of September 2016. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 5,162 (4,613), North America 3,658 (3,588), Flexible Packaging 6,508 (6,810), Molded Fiber 1,685 (1,649), and Other activities 71 (61).

Changes in management

Petr Domin, previously interim Executive Vice President, Molded Fiber, was appointed Executive Vice President, Molded Fiber and member of the Group Executive Team as of July 1, 2016.

Share capital and shareholders

At the end of September 2016, 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 (107,760,385), including 3,903,846 (4,063,906) Company's own shares. Own shares represent 3.6% (3.8%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 103,856,539 (103,696,479). The average number of outstanding shares used in EPS calculations was 103,810,400 (103,654,933), excluding the Company's own shares.

There were 24,143 (24,621) registered shareholders at the end of September 2016. Foreign ownership including nominee registered shares accounted for 51% (49%).

Share trading

During January-September 2016 the Company's share was quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the Nasdaq Helsinki 25 Index.

At the end of September 2016, the Company's market capitalization was EUR 4,306 million (EUR 2,832 million) excluding the Company's own shares. With a closing price of EUR 41.46 (EUR 27.31) the share price increased 24% from the beginning of the year. During the reporting period the volume weighted average price for the Company's share was EUR 35.52. The highest price paid was EUR 42.33 and the lowest price paid was EUR 27.14.

During the reporting period the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,440 million (EUR 1,387 million). The trading volume of 41 million (50 million) shares equaled an average daily turnover of 213,344 (263,672) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 4,263 million (EUR 2,928 million). During the reporting period, 64% (53%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, 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.

Outlook for 2016 (revised on October 24)

The Group's trading conditions are expected to remain relatively stable during 2016. The good financial position and ability to generate a positive cash flow will enable the Group to address profitable growth opportunities. Capital expenditure is expected to be higher than in 2015 with the majority of the investments directed to business expansion.

Financial reporting in 2017

In 2017, Huhtamaki will publish financial information as follows:

Results 2016	February 15
Interim Report, January 1–March 31, 2017	April 27
Half-yearly Report, January 1–June 30, 2017	July 21
Interim Report, January 1–September 30, 2017	October 26

Annual Accounts 2016 will be published on week 8.

Huhtamäki Oyj's Annual General Meeting is planned to be held on Thursday, April 27, 2017.

Espoo, October 25, 2016

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS) - unaudited

EUR million	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015	Q1-Q4 2015
Continuing operations					
Net sales	2,133.5	2,035.9	719.2	692.2	2,726.4
Cost of goods sold	-1,749.5	-1,684.7	-592.3	-568.0	-2,255.5
Gross profit	384.0	351.2	126.9	124.2	470.9
Other operating income	19.5	13.2	3.4	4.0	18.3
Sales and marketing	-55.5	-54.2	-17.6	-19.0	-74.1
Research and development	-13.5	-11.7	-4.8	-4.2	-15.7
Administration costs	-122.0	-111.6	-37.9	-40.6	-156.3
Other operating expenses	-11.8	-29.3	-3.7	-2.5	-30.3
Share of profit of equity-accounted investments	1.6	1.6	0.6	0.5	2.1
	-181.7	-192.0	-60.0	-61.8	-256.0
Earnings before interest and taxes	202.3	159.2	66.9	62.4	214.9
Financial income	3.7	3.2	1.4	1.1	4.9
Financial expenses	-23.6	-30.3	-8.1	-10.7	-39.1
Profit before taxes	182.4	132.1	60.2	52.8	180.7
Income tax expense	-34.9	-20.9	-11.9	-8.4	-29.3
Profit for the period from continuing operations	147.5	111.2	48.3	44.4	151.4
Discontinued operations					
Result relating to disposed operations	-	-1.3	-	-	-1.3
Result for the period from discontinued operations	-	-1.3	-	-	-1.3
Profit for the period	147.5	109.9	48.3	44.4	150.1
Attributable to:					
Equity holders of the parent company					
Profit for the period from continuing operations	144.3	108.8	47.4	43.8	148.2
Result for the period from discontinued operations	-	-1.3	-	-	-1.3
Profit for the period attributable to equity holders of the parent company	144.3	107.5	47.4	43.8	146.9
Non-controlling interest					
Profit for the period from continuing operations	3.2	2.4	0.9	0.6	3.2
Result for the period from discontinued operations	-	-	-	-	-
Profit for the period attributable to non-controlling interest	3.2	2.4	0.9	0.6	3.2
EUR					
EPS profit for the period from continuing operations	1.39	1.05	0.46	0.43	1.43
EPS result for the period from discontinued operations	-	-0.01	-	-	-0.01
EPS attributable to equity holders of the parent company	1.39	1.04	0.46	0.43	1.42
Diluted:					
EPS profit for the period from continuing operations	1.39	1.05	0.46	0.43	1.43
EPS result for the period from discontinued operations	-	-0.01	-	-	-0.01
EPS attributable to equity holders of the parent company	1.39	1.04	0.46	0.43	1.42

Group statement of comprehensive income (IFRS) - unaudited

EUR million	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015	Q1-Q4 2015
Profit for the period	147.5	109.9	48.3	44.4	150.1
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit plans	0.0	-0.8	0.0	0.1	36.9
Taxes related to items that will not be reclassified	0.0	0.3	0.0	-	-9.3
Total	0.0	-0.5	0.0	0.1	27.6
Items that may be reclassified subsequently to profit or loss					
Translation differences	-20.2	30.3	-8.8	-24.8	51.7
Equity hedges	9.2	-17.2	2.8	1.1	-23.4
Cash flow hedges	-2.5	-4.9	0.9	1.1	-4.0
Taxes related to items that may be reclassified	0.4	-0.1	-0.1	-0.2	-0.1
Total	-13.1	8.1	-5.2	-22.8	24.2
Other comprehensive income, net of tax	-13.1	7.6	-5.2	-22.7	51.8
Total comprehensive income	134.4	117.5	43.1	21.7	201.9
Attributable to:					
Equity holders of the parent company	131.2	115.1	42.2	21.1	198.7
Non-controlling interest	3.2	2.4	0.9	0.6	3.2

Group statement of financial position (IFRS) - unaudited

EUR million	Sept 30 2016	Dec 31 2015	Sept 30 2015
ASSETS			
Non-current assets			
Goodwill	649.0	571.3	562.5
Other intangible assets	39.3	29.7	29.2
Tangible assets	925.5	853.8	826.9
Equity-accounted investments	6.2	12.8	11.9
Available-for-sale investments	2.0	1.9	1.8
Interest-bearing receivables	3.3	4.1	4.3
Deferred tax assets	47.9	50.9	49.5
Employee benefit assets	46.3	48.8	51.6
Other non-current assets	8.3	8.6	7.4
	1,727.8	1,581.9	1,545.1
Current assets			
Inventory	408.9	385.7	397.2
Interest-bearing receivables	2.8	2.0	2.8
Current tax assets	4.2	3.8	7.8
Trade and other current receivables	479.2	438.7	451.1
Cash and cash equivalents	101.7	103.2	81.3
	996.8	933.4	940.2
Total assets	2,724.6	2,515.3	2,485.3
EQUITY AND LIABILITIES			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-35.9	-37.3	-37.3
Translation differences	-60.5	-49.5	-64.7
Fair value and other reserves	-77.9	-75.8	-104.8
Retained earnings	759.1	682.1	642.8
Total equity attributable to equity holders of the parent company	1,066.2	1,000.9	917.4
Non-controlling interest	44.0	35.1	33.3
Total equity	1,110.2	1,036.0	950.7
Non-current liabilities			
Interest-bearing liabilities	521.8	503.1	505.0
Deferred tax liabilities	77.5	78.4	81.3
Employee benefit liabilities	192.4	199.2	240.3
Provisions	30.2	27.9	26.4
Other non-current liabilities	6.6	5.4	6.1
	828.5	814.0	859.1
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	136.8	66.7	115.6
Short-term loans	130.3	90.8	72.2
Provisions	8.5	2.1	1.9
Current tax liabilities	10.2	12.9	7.9
Trade and other current liabilities	500.1	492.8	477.9
	785.9	665.3	675.5
Total liabilities	1,614.4	1,479.3	1,534.6
Total equity and liabilities	2,724.6	2,515.3	2,485.3
	Sept 30 2016	Dec 31 2015	Sept 30 2015
Net debt	681.1	551.3	604.4
Net debt to equity (gearing)	0.61	0.53	0.64

Group 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, 2014	366.4	115.0	-38.7	-77.8	-99.3	596.6	862.2	30.6	892.8
Dividends paid						-62.2	-62.2		-62.2
Share-based payments			1.4			1.6	3.0		3.0
Total comprehensive income for the year				13.1	-5.5	107.5	115.1	2.4	117.5
Other changes						-0.7	-0.7	0.3	-0.4
Balance on Sept 30, 2015	366.4	115.0	-37.3	-64.7	-104.8	642.8	917.4	33.3	950.7
Balance on Dec 31, 2015	366.4	115.0	-37.3	-49.5	-75.8	682.1	1,000.9	35.1	1,036.0
Dividends paid						-68.5	-68.5		-68.5
Share-based payments			1.4			4.0	5.4		5.4
Total comprehensive income for the year				-11.0	-2.1	144.3	131.2	3.2	134.4
Other changes						-2.8	-2.8	5.7	2.9
Balance on Sept 30, 2016	366.4	115.0	-35.9	-60.5	-77.9	759.1	1,066.2	44.0	1,110.2

Group statement of cash flows (IFRS) - unaudited

EUR million	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015	Q1-Q4 2015
Profit for the period*	147.5	109.9	48.3	44.4	150.1
Adjustments*	137.5	123.3	45.3	44.0	164.6
Depreciation and amortization*	84.1	77.8	29.2	26.2	104.5
Share of profit of equity-accounted investments*	0.2	-1.6	-0.5	-0.5	-2.1
Gain/loss from disposal of assets*	-0.1	-0.2	-0.2	-0.1	-0.1
Financial expense/-income*	19.9	27.1	6.7	9.6	34.2
Income tax expense*	34.9	20.9	11.9	8.4	29.3
Other adjustments, operational*	-1.5	-0.7	-1.8	0.4	-1.2
Change in inventory*	-14.3	-46.2	-7.3	-16.3	-28.3
Change in non-interest bearing receivables*	-40.3	-33.4	32.9	20.1	-19.3
Change in non-interest bearing payables*	-2.4	19.4	-18.8	-20.8	25.8
Dividends received*	1.1	1.0	0.3	0.3	1.7
Interest received*	0.9	0.7	0.4	0.2	1.2
Interest paid*	-18.7	-23.0	-3.6	-3.8	-25.7
Other financial expense and income*	-1.0	-2.2	-0.2	-1.5	-3.3
Taxes paid*	-38.1	-15.3	-17.4	-4.8	-29.1
Net cash flows from operating activities	172.2	134.2	79.9	61.8	237.7
Capital expenditure*	-95.2	-96.4	-39.2	-34.8	-146.9
Proceeds from selling tangible assets*	1.6	0.4	0.3	0.2	0.4
Acquired subsidiaries and assets	-117.9	-210.8	-2.3	-6.6	-210.8
Proceeds from long-term deposits	1.0	0.9	0.3	0.4	1.2
Payment of long-term deposits	-0.3	-0.6	0.0	0.0	-0.7
Proceeds from short-term deposits	1.3	1.4	0.0	0.3	5.4
Payment of short-term deposits	-2.0	-1.8	-0.2	-0.2	-4.8
Net cash flows from investing activities	-211.5	-306.9	-41.1	-40.7	-356.2
Proceeds from long-term borrowings	166.7	28.1	0.1	4.2	40.0
Repayment of long-term borrowings	-169.7	-80.3	-15.0	-49.7	-94.5
Proceeds from short-term borrowings	1,300.6	568.6	461.2	187.1	988.5
Repayment of short-term borrowings	-1,186.7	-556.9	-484.9	-175.0	-1,009.6
Dividends paid	-68.5	-62.2	-	-	-62.2
Net cash flows from financing activities	42.4	-102.7	-38.6	-33.4	-137.8
Change in liquid assets	-1.5	-269.5	-0.7	-16.4	-247.6
Cash flow based	3.1	-275.4	0.2	-12.3	-256.3
Translation difference	-4.6	5.9	-0.9	-4.1	8.7
Liquid assets period start	103.2	350.8	102.4	97.7	350.8
Liquid assets period end	101.7	81.3	101.7	81.3	103.2
Free cash flow (including figures marked with *)	78.6	38.2	41.0	27.2	91.2

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 2015. The following amended standards and interpretations, which have been adopted with effect from January 1, 2016, had no impact on the interim financial statements:

- Revised IAS 1 Presentation of Financial Statements: Disclosure Initiative. The amendment clarifies the application of materiality concept and judgment when determining where and in what order information is presented in the consolidated financial statements.
- Revised IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendment clarifies that the revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- Revised IAS 27 Separate Financial Statements. The amendment allows entities to use the equity method in their separate financial statements.
- Revised IFRS 11 Joint arrangements. Amendment concerns accounting for the acquisition of an interest in a joint operation.
- Annual improvements (2012-2014 Cycle, September 2014). Annual improvements include smaller amendments to four standards.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT - financial items and taxes - are not allocated to the segments. Unless otherwise stated, all figures presented in the notes of interim results report, including corresponding periods in 2015, cover continuing operations only.

Net Sales

EUR million	Q1-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	542.9	194.0	192.3	156.6	660.4	166.9	168.8	173.6	151.1
Intersegment net sales	5.1	1.2	1.6	2.3	7.1	1.8	0.7	1.8	2.8
North America	738.8	242.1	263.7	233.0	939.0	243.0	238.0	249.6	208.4
Intersegment net sales	6.5	2.3	2.0	2.2	8.7	1.2	2.3	2.9	2.3
Flexible Packaging	654.5	216.5	220.4	217.6	868.7	214.5	223.5	224.8	205.9
Intersegment net sales	0.2	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.1
Molded Fiber	197.3	66.6	65.6	65.1	258.3	66.1	61.9	65.6	64.7
Intersegment net sales	1.5	0.5	0.6	0.4	2.0	0.4	0.5	0.6	0.5
Elimination of intersegment net sales	-13.3	-4.0	-4.3	-5.0	-18.0	-3.4	-3.6	-5.3	-5.7
Total	2,133.5	719.2	742.0	672.3	2,726.4	690.5	692.2	713.6	630.1

EBIT

EUR million	Q1-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Continuing operations									
Foodservice Europe-Asia-Oceania ¹	47.7	18.3	17.4	12.0	52.4	10.3	13.8	16.4	11.9
North America	82.5	24.5	37.2	20.8	88.2	23.2	25.0	26.2	13.8
Flexible Packaging	56.2	18.2	19.1	18.9	68.8	18.3	15.7	17.8	17.0
Molded Fiber	24.7	8.3	8.2	8.2	33.5	8.0	7.9	9.0	8.6
Other activities ²	-8.8	-2.4	-4.3	-2.1	-28.0	-4.1	0.0	-18.2	-5.7
Total continuing operations	202.3	66.9	77.6	57.8	214.9	55.7	62.4	51.2	45.6
Discontinued operations									
Films ³	-	-	-	-	-1.3	-	-	-1.3	-

¹ Q1-Q3 2016 and Q2 2016 include items affecting comparability MEUR -0.2.

² Q1-Q4 2015 includes items affecting comparability MEUR -22.6, Q2 2015 MEUR -18.5 and Q1 2015 MEUR -4.1.

³ Q1-Q4 2015 and Q2 2015 include items affecting comparability MEUR -1.3.

Segments (continued)

EBITDA

<i>EUR million</i>	Q1-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Continuing operations									
Foodservice Europe-Asia-Oceania ¹	71.1	26.9	25.5	18.7	79.2	17.2	20.4	23.3	18.3
North America	109.8	33.6	46.2	30.0	124.6	32.7	34.0	35.1	22.8
Flexible Packaging	78.3	25.7	26.5	26.1	96.6	25.2	22.9	25.2	23.3
Molded Fiber	35.3	11.9	11.7	11.7	46.4	11.2	11.2	12.2	11.8
Other activities ²	-8.1	-2.0	-4.2	-1.9	-27.4	-3.9	0.1	-18.1	-5.5
Total continuing operations	286.4	96.1	105.7	84.6	319.4	82.4	88.6	77.7	70.7
Discontinued operations									
Films ³	-	-	-	-	-1.3	-	-	-1.3	-

¹ Q1-Q3 2016 and Q2 2016 include items affecting comparability MEUR -0.2.

² Q1-Q4 2015 includes items affecting comparability MEUR -22.6, Q2 2015 MEUR -18.5 and Q1 2015 MEUR -4.1.

³ Q1-Q4 2015 and Q2 2015 include items affecting comparability MEUR -1.3.

Depreciation and amortization

<i>EUR million</i>	Q1-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	23.4	8.6	8.1	6.7	26.8	6.9	6.6	6.9	6.4
North America	27.3	9.1	9.0	9.2	36.4	9.5	9.0	8.9	9.0
Flexible Packaging	22.1	7.5	7.4	7.2	27.8	6.9	7.2	7.4	6.3
Molded Fiber	10.6	3.6	3.5	3.5	12.9	3.2	3.3	3.2	3.2
Other activities	0.7	0.4	0.1	0.2	0.6	0.2	0.1	0.1	0.2
Total	84.1	29.2	28.1	26.8	104.5	26.7	26.2	26.5	25.1

Net assets allocated to the segments ⁴

<i>EUR million</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	520.3	514.6	366.9	371.5	372.9	385.0	377.7
North America	654.2	654.3	631.1	638.9	634.8	643.0	653.5
Flexible Packaging	639.8	648.3	631.9	611.3	604.1	608.5	630.8
Molded Fiber	216.6	215.1	202.6	197.8	192.5	189.5	189.1

⁴ 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-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	27.3	13.8	8.2	5.3	39.6	10.2	12.1	9.8	7.5
North America	35.8	12.4	13.0	10.4	40.9	12.0	11.2	9.8	7.9
Flexible Packaging	14.7	4.9	5.7	4.1	31.6	9.5	5.2	11.1	5.8
Molded Fiber	16.9	7.9	4.7	4.3	34.1	18.4	6.3	6.0	3.4
Other activities	0.5	0.2	0.1	0.2	0.7	0.4	0.0	0.2	0.1
Total	95.2	39.2	31.7	24.3	146.9	50.5	34.8	36.9	24.7

RONA (12m roll.)

<i>EUR million</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	13.5%	13.3%	14.0%	14.2%	15.2%	16.2%	17.2%
North America	16.5%	16.6%	14.9%	14.1%	12.0%	9.5%	7.6%
Flexible Packaging	11.9%	11.6%	11.5%	12.3%	12.4%	12.8%	12.9%
Molded Fiber	16.0%	16.2%	17.1%	17.7%	19.1%	19.2%	20.4%

Operating cash flow

<i>EUR million</i>	Q1-Q3 2016	Q3 2016	Q2 2016	Q1 2016	Q1-Q4 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Foodservice Europe-Asia-Oceania	30.3	7.2	13.7	9.4	35.4	11.8	10.0	7.7	5.9
North America	53.4	21.0	22.1	10.3	61.1	33.0	31.7	10.1	-13.7
Flexible Packaging	51.7	27.2	7.8	16.7	63.5	18.7	9.5	22.5	12.8
Molded Fiber	11.6	3.5	4.2	3.9	9.9	-5.3	4.0	7.5	3.7

Reportable segments' net sales and EBIT form Group's 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. The measurement period ended in January 2016. The values of assets, liabilities and goodwill have not changed from the values reported in the annual financial statements for 2015.

On January 29, 2016 Huhtamaki completed the acquisition of FIOMO, a privately owned manufacturer of flexible packaging foils and labels in Czech Republic. With the acquisition Huhtamaki expanded its flexible manufacturing footprint to Eastern Europe. The acquired business has been consolidated into Flexible Packaging business segment as of February 1, 2016. The goodwill is expected to be non-deductible for income tax purposes. The consideration in cash amounted to EUR 26.4 million. The costs relating to advice etc. services EUR 0.5 million are included in the Group income statement in account Other operating expenses.

On March 22, 2016 Huhtamaki expanded its long-standing relationship in Arabian Paper Products Company (APPCO) with Olayan Saudi Holding Company (OSHCO) by increasing its ownership in APPCO to 50%. Due to the revised Shareholders' Agreement relating to APPCO the previous joint venture company is consolidated as a subsidiary in the Foodservice Europe-Asia-Oceania business segment as of April 1, 2016. The goodwill is expected to be non-deductible for income tax purposes. The consideration in cash for additional shares amounted to EUR 3.6 million. The costs relating to advice etc. services EUR 0.1 million are included in the Group income statement in account Other operating expenses. As a result of the transaction, a gain of EUR 7.8 million from the difference between remeasured interest according to the purchase price and previously held equity interest is recognized in the income statement.

On July 22, 2016 Huhtamaki acquired 51% of Val Pack Solutions Private Limited, a privately held paper cup manufacturer based in Mumbai, India. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania business segment as of July 22, 2016. The goodwill is expected to be non-deductible for income tax purposes. The consideration in cash amounted to EUR 3.0 million. The costs relating to advice etc. services EUR 0.3 million are included in Group income statement in account Other operating expenses.

The combined draft values of acquired assets and liabilities at time of the acquisition were as follows:

<i>EUR million</i>	
Customer relations	5.0
Tangible assets	33.3
Inventories	10.4
Trade and other receivables	10.1
Cash and cash equivalents	3.0
Total assets	61.8
Deferred taxes	-1.9
Interest-bearing loans	-19.7
Trade and other payables	-9.6
Total liabilities	-31.2
Net assets total	30.6
Non-controlling interest	-8.2
Goodwill	25.0
Remeasurements	14.4
Consideration	33.0

Analysis of combined cash flows of acquisitions

<i>EUR million</i>	
Purchase consideration, cash payment	-33.0
Cash and cash equivalents in acquired companies	3.0
Transaction costs of the acquisition	-0.9
Net cash flow on acquisition	-30.9

The net sales of the acquired businesses included in the Group income statement since acquisition date were EUR 25.5 million and profit for the period was EUR 1.9 million. The net sales and the profit for the period of the acquired businesses would not have had material effect in the Group income statement, if the acquired businesses had been consolidated from January 1, 2016.

Business combinations

On May 19, 2016 Huhtamaki completed the acquisition of Delta Print and Packaging Limited, a privately owned folding carton packaging manufacturer in Northern Ireland and its affiliated Polish unit European Packaging Solutions Poland Sp. Z o.o. With the acquisition Huhtamaki continued to implement its growth strategy focused on food and drink packaging and entered the folding carton packaging market also in Europe. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania business segment as of May 1, 2016. The goodwill is expected to be non-deductible for income tax purposes. The consideration in cash amounted to EUR 92.4 million. The costs relating to advice etc. services EUR 1.3 million are included in the Group income statement in account Other operating expenses.

The draft values of acquired assets and liabilities at time of acquisition were as follows:

EUR million

Customer relations	8.3
Tangible assets	38.4
Inventories	5.7
Trade and other receivables	14.7
Cash and cash equivalents	1.0
Total assets	68.1
Deferred taxes	-3.4
Interest-bearing loans	-14.9
Trade and other payables	-22.1
Total liabilities	-40.4
Net assets total	27.7
Goodwill	64.7
Consideration	92.4

Analysis of cash flows of acquisition

EUR million

Purchase consideration, cash payment	-92.4
Cash and cash equivalents in acquired companies	1.0
Transaction costs of the acquisition	-1.3
Net cash flow on acquisition	-92.7

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 27.5 million and profit for the period was EUR 2.5 million. The Group net sales would have been EUR 2,157.1 million and profit for the period EUR 144.9 million, if the acquired business had been consolidated from January 1, 2016.

Other information

Key indicators

	Q1-Q3 2016	Q1-Q4 2015	Q1-Q3 2015
Equity per share (EUR)	10.27	9.65	8.85
ROE, % (12m roll.)	18.0	15.6	16.4
ROI, % (12m roll.)	14.7	13.3	13.1
Personnel	17,084	15,844	16,721
Profit before taxes (EUR million, 12m roll.)	231.0	180.7	169.8
Depreciation of tangible assets (EUR million)	77.7	97.7	72.5
Amortization of other intangible assets (EUR million)	6.4	6.8	5.3

Contingent liabilities

EUR million	Sept 30 2016	Dec 31 2015	Sept 30 2015
Mortgages	-	0.0	0.0
Guarantee obligations	-	0.5	0.5
Lease payments	61.3	67.4	62.3
Capital expenditure commitments	50.7	30.4	30.7

Financial instruments measured at fair value

EUR million	Sept 30 2016	Dec 31 2015	Sept 30 2015
Derivatives - assets			
Currency forwards, transaction risk hedges	1.8	2.4	3.9
Currency forwards, translation risk hedges	0.0	-	1.0
Currency forwards, for financing purposes	1.0	2.0	3.0
Currency options, transaction risk hedges	1.1	0.4	0.5
Interest rate swaps	4.3	3.8	3.5
Electricity forwards	0.0	0.0	0.0
Available-for-sale investments	2.0	1.9	1.8
Derivatives - liabilities			
Currency forwards, transaction risk hedges	3.0	1.5	1.5
Currency forwards, translation risk hedges	0.5	2.2	0.1
Currency forwards, for financing purposes	1.3	1.3	0.8
Currency options, transaction risk hedges	0.4	0.1	0.1
Interest rate swaps	2.4	1.8	2.4
Cross currency swaps	-	-	0.4
Electricity forwards	0.2	0.3	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. Quoted and unquoted shares are classified as available-for-sale investments. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

Interest-bearing liabilities

EUR million	Sept 30 2016		Dec 31 2015		Sept 30 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	521.8	523.7	503.1	502.1	505.0	502.0
Current	267.1	267.1	157.5	157.5	187.8	187.8
Total	788.9	790.8	660.6	659.6	692.8	689.8

Other information (continued)

Exchange rates

As of July 2016 the exchange rates used at the month end are the rates of the date prior to the last working day of the month, due to the change of publication time of the ECB euro foreign exchange reference rates.

Income statement, average:

	Q1-Q3 2016	Q1-Q3 2015
AUD 1 =	0.6641	0.6841
GBP 1 =	1.2469	1.3749
INR 1 =	0.0133	0.0141
RUB 1 =	0.0131	0.0150
THB 1 =	0.0254	0.0266
USD 1 =	0.8962	0.8975

Statement of financial position, month end:

	Sept 30 2016	Sept 30 2015
AUD 1 =	0.6830	0.6274
GBP 1 =	1.1609	1.3541
INR 1 =	0.0133	0.0136
RUB 1 =	0.0141	0.0137
THB 1 =	0.0257	0.0246
USD 1 =	0.8912	0.8926

Definitions for performance measures

Performance measures according to IFRS

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

Profit for the period from continuing operations – non-controlling interest
Average number of shares outstanding

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

Profit for the period from discontinued operations – non-controlling interest
Average number of shares outstanding

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

Profit for the period – non-controlling interest
Average number of shares outstanding

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

Diluted profit for the period from continuing operations – non-controlling interest
Average fully diluted number of shares outstanding

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

Diluted profit for the period from discontinued operations – non-controlling interest
Average fully diluted number of shares outstanding

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

Diluted profit for the period – non-controlling interest
Average fully diluted number of shares outstanding

Alternative performance measures

EBITDA =

EBIT + depreciation and amortization

Net debt to equity (gearing) =

Interest-bearing net debt
Total equity

Return on net assets (RONA) =

100 x Earnings before interest and taxes (12m roll.)
Net assets (12m roll.)

Operating cash flow =

EBIT + depreciation and amortization - capital expenditure
+ disposals +/- change in inventories, trade receivables and trade payables

Shareholders' equity per share =

Total equity attributable to equity holders of the parent company
Issue-adjusted number of shares at period end

Return on equity (ROE) =

100 x Profit for the period (12m roll.)
Total equity (average)

Return on investment (ROI) =

100 x (Profit before taxes + interest expenses + net other financial expenses) (12m roll.)
Statement of financial position total - interest-free liabilities (average)

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.

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