

Huhtamäki Oyj Interim Report Q3 2018

January 1–September 30, 2018

Huhtamäki



Good net sales development, margins impacted by increased costs

Q3 2018 in brief

- Net sales were EUR 780 million (EUR 732 million)
- Adjusted EBIT was EUR 56.5 million (EUR 64.3 million); EBIT EUR 56.4 million (EUR 64.3 million)
- Adjusted EPS was EUR 0.38 (EUR 0.44); EPS EUR 0.38 (EUR 0.44)
- Comparable net sales growth was 4% in total and 5% in emerging markets
- Currency movements had a negative impact of EUR 9 million on the Group's net sales but no significant impact on the Group's profitability

Q1-Q3 2018 in brief

- Net sales were EUR 2,291 million (EUR 2,243 million)
- Adjusted EBIT was EUR 186.7 million (EUR 202.7 million); EBIT EUR 196.1 million (EUR 202.7 million)
- Adjusted EPS was EUR 1.25 (EUR 1.39); EPS EUR 1.33 (EUR 1.39)
- Comparable net sales growth was 5% in total and 8% in emerging markets
- Currency movements had a negative impact of EUR 117 million on the Group's net sales and EUR 9 million on EBIT
- Capital expenditure decreased to EUR 127 million (EUR 144 million) and free cash flow was EUR 24 million (EUR 5 million)

Key figures

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	779.8	732.0	7%	2,290.9	2,243.3	2%	2,988.7
Adjusted EBITDA ¹	87.6	94.0	-7%	278.4	294.4	-5%	389.7
Margin ¹	11.2%	12.8%		12.2%	13.1%		13.0%
EBITDA	87.5	94.0	-7%	289.9	294.4	-2%	386.3
Adjusted EBIT ²	56.5	64.3	-12%	186.7	202.7	-8%	267.7
Margin ²	7.3%	8.8%		8.2%	9.0%		9.0%
EBIT	56.4	64.3	-12%	196.1	202.7	-3%	264.3
Adjusted EPS, EUR ³	0.38	0.44	-12%	1.25	1.39	-10%	1.90
EPS, EUR	0.38	0.44	-12%	1.33	1.39	-5%	1.86
ROI ²				12.2%	13.9%		13.6%
ROE ³				15.4%	16.4%		17.0%
Capital expenditure	45.6	48.7	-6%	126.5	144.1	-12%	214.8
Free cash flow	-3.3	17.0		23.5	5.2		55.5

¹ Excluding IAC of EUR -0.1 million in Q3 2018 and EUR 11.5 million Q1-Q3 2018. FY 2017 excluding IAC of EUR -3.4 million.

² Excluding IAC of EUR -0.1 million in Q3 2018 and EUR 9.4 million Q1-Q3 2018. FY 2017 excluding IAC of EUR -3.4 million.

³ Excluding IAC of EUR -0.0 million in Q3 2018 and EUR 7.6 million Q1-Q3 2018. FY 2017 excluding IAC of EUR -4.8 million.

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2017. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) presented in this report are calculated on a 12-month rolling basis.

All figures in the tables have been rounded to the nearest whole number and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Jukka Moisio, CEO:

“Our reported third quarter net sales grew 7% including a minor currency headwind impact of -1%. Comparable growth for the Group was 4% and in emerging markets 5%. Acquisitions added EUR 30 million to reported net sales accounting for 4% growth. During the quarter a number of important emerging market currencies devalued significantly.

Our profitability weakened because price and mix improvement actions were not enough to offset the increase in input costs. We will continue the price and mix improvement actions. In addition, we announced in early October plans to close down non-competitive production lines and invest further in automation to improve our productivity and efficiency. Executing the plan would generate an item affecting comparability (IAC) of EUR -30 million, to be recognized in Q4, and it is expected to improve our profitability by EUR 15-18 million annually, with full impact in 2020.

Net sales with global key accounts developed well and we made good progress on many innovation projects. I am pleased to see the project Fresh progressing to a second, larger consumer test phase in the UK. This compostable ready meal tray is made from renewable fibers and it can replace black plastic trays. Fresh is a good example of the work we do in developing solutions to pack and serve food safely and conveniently with less negative impact on the environment.

The ramp-up of our new facility in Arizona, the U.S., is on track supporting the sales growth of paperboard-based products. The building of the new flexible packaging manufacturing unit in Egypt is also progressing as planned and we expect to start early trials towards the end of 2018 and commercial deliveries in early 2019. Both units will help us address the growth opportunities we continue to see in food and drink packaging.”

Financial review Q3 2018

The Group's comparable net sales growth was 4% during the quarter, with all segments contributing. Growth was strongest in the Flexible Packaging and Foodservice Europe-Asia-Oceania business segments. Comparable growth in emerging markets was 5%. The Group's net sales grew to EUR 780 million (EUR 732 million). Foreign currency translation impact on the Group's net sales was EUR -9 million (EUR -21 million) compared to 2017 exchange rates. The majority of the negative impact came from the Indian rupee and Russian ruble, while the impact of the US dollar turned positive during the quarter.

Net sales by business segment

EUR million	Q3 2018	Q3 2017	Change	Of Group in Q3 2018
Foodservice Europe-Asia-Oceania	229.9	202.6	14%	29%
North America	242.3	235.3	3%	31%
Flexible Packaging	242.4	229.7	6%	31%
Fiber Packaging	69.1	68.6	1%	9%
Elimination of internal sales	-4.0	-4.2		
Group	779.8	732.0	7%	

Comparable growth by business segment

	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Foodservice Europe-Asia-Oceania	5%	5%	5%	6%
North America	2%	2%	5%	2%
Flexible Packaging	6%	11%	6%	9%
Fiber Packaging	4%	3%	5%	4%
Group	4%	6%	5%	5%

The Group's earnings declined. Earnings continued to develop favorably in the Foodservice Europe-Asia-Oceania business segment while earnings declined in other business segments. The earnings decline in the North America segment was due to higher distribution costs and costs related to the start-up of the Goodyear plant. The Group's Adjusted earnings before interests and taxes (EBIT) were EUR 56.5 million (EUR 64.3 million) and reported EBIT EUR 56.4 million (EUR 64.3 million). There was no significant foreign currency translation impact on the Group's profitability (EUR -2 million).

Adjusted EBIT by business segment

EUR million	Q3 2018	Q3 2017	Change	Of Group in Q3 2018
Foodservice Europe-Asia-Oceania	18.7	18.4	2%	34%
North America	14.6	20.2	-28%	26%
Flexible Packaging ¹	15.0	17.7	-15%	27%
Fiber Packaging	7.0	7.3	-4%	13%
Other activities ²	1.2	0.7		
Group	56.5	64.3	-12%	

¹ Excluding IAC of EUR 0.0 million in Q3 2018 (no IAC in Q3 2017).

² Excluding IAC of EUR -0.1 million in Q3 2018 (no IAC in Q3 2017).

Adjusted EBIT and IAC

EUR million	Q3 2018	Q3 2017
Adjusted EBIT	56.5	64.3
Restructuring costs including write-downs of related assets	0.3	-
Acquisition related costs	-0.4	-
EBIT	56.4	64.3

Net financial expenses increased to EUR 7 million (EUR 5 million). Tax expense was EUR 10 million (EUR 13 million).

Profit for the quarter was EUR 39 million (EUR 46 million). Earnings per share (EPS) were EUR 0.38 (EUR 0.44).

Adjusted EPS and IAC

EUR million	Q3 2018	Q3 2017
Adjusted profit for the quarter	39.4	46.2
IAC items included in adjusted EBIT	-0.1	-
Taxes relating to IAC items	0.1	-
Profit for the quarter	39.4	46.2

Financial review Q1-Q3 2018

The Group's comparable net sales growth was 5% with a positive contribution from all business segments. Comparable growth in emerging markets was 8%. Growth was strongest in Africa, Russia, Brazil and India. The Group's net sales grew to EUR 2,291 million (EUR 2,243 million). Foreign currency translation impact on the Group's net sales was EUR -117 million (EUR 16 million). The majority of the negative impact came from the US dollar, Indian rupee and Russian ruble.

Net sales by business segment

EUR million	Q1-Q3 2018	Q1-Q3 2017	Change	Of Group in Q1-Q3 2018
Foodservice Europe-Asia-Oceania	650.2	600.5	8%	28%
North America	726.1	756.9	-4%	32%
Flexible Packaging	716.8	686.0	4%	31%
Fiber Packaging	210.2	212.7	-1%	9%
Elimination of internal sales	-12.3	-12.8		
Group	2,290.9	2,243.3	2%	

The Group's earnings declined due to weak profitability in the North America business segment. The Foodservice Europe-Asia-Oceania segment's earnings improved significantly as a result of volume growth and favorable product mix development. In constant currencies earnings grew moderately in the Flexible Packaging segment and were at previous year's level in the Fiber Packaging segment. The Group's Adjusted EBIT were EUR 186.7 million (EUR 202.7 million) and reported EBIT EUR 196.1 million (EUR 202.7 million). Foreign currency translation impacted the Group's profitability by EUR -9 million (EUR 2 million).

Adjusted EBIT by business segment

EUR million	Q1-Q3 2018	Q1-Q3 2017	Change	Of Group in Q1-Q3 2018
Foodservice Europe-Asia-Oceania ¹	58.2	52.2	12%	32%
North America	53.4	75.3	-29%	29%
Flexible Packaging ²	50.4	50.6	-0%	27%
Fiber Packaging ³	22.2	22.7	-2%	12%
Other activities ⁴	2.5	1.9		
Group	186.7	202.7	-8%	

¹ Excluding IAC of EUR -1.3 million in Q1-Q3 2018 (no IAC in Q1-Q3 2017).

² Excluding IAC of EUR -1.5 million in Q1-Q3 2018 (no IAC in Q1-Q3 2017).

³ Excluding IAC of EUR -0.6 million in Q1-Q3 2018 (no IAC in Q1-Q3 2017).

⁴ Excluding IAC of EUR 12.8 million in Q1-Q3 2018 (no IAC in Q1-Q3 2017).

Adjusted EBIT excludes EUR 9.4 million of IAC, which consist of EUR 3.2 million restructuring costs including write-downs of related assets, EUR 1.6 million acquisition related costs and a gain of EUR 14.2 million. The restructuring costs are related to improvement actions in Foodservice Europe-Asia-Oceania, Flexible Packaging and Fiber Packaging segments, as well as in Other activities. The gain is related to the sale of the Group's confectionery trademark portfolio, as announced on April 30, 2018. Huhtamaki's confectionery business was divested in 1996.

Adjusted EBIT and IAC

EUR million	Q1-Q3 2018	Q1-Q3 2017
Adjusted EBIT	186.7	202.7
Restructuring costs including write-downs of related assets	-3.2	-
Acquisition related costs	-1.6	-
Gains relating to sale of trademark portfolio	14.2	-
EBIT	196.1	202.7

Net financial expenses increased to EUR 20 million (EUR 16 million). Tax expense was EUR 37 million (EUR 41 million). The corresponding tax rate was 21% (22%).

Profit for the period was EUR 139 million (EUR 146 million). Adjusted EPS were EUR 1.25 (EUR 1.39) and reported EPS EUR 1.33 (EUR 1.39). Adjusted EPS is calculated based on Adjusted profit for the period, which excludes EUR 9.4 million of IAC and EUR -1.8 million of taxes relating to IAC items.

Adjusted EPS and IAC

EUR million	Q1-Q3 2018	Q1-Q3 2017
Adjusted profit for the period	131.5	145.7
IAC items included in adjusted EBIT	9.4	-
Taxes relating to IAC items	-1.8	-
Profit for the period	139.1	145.7

Statement of financial position and cash flow

The Group's net debt increased as a result of completed acquisitions and was EUR 839 million (EUR 741 million) at the end of September. The level of net debt corresponds to a gearing ratio of 0.67 (0.64). Net debt to EBITDA ratio (excluding IACs) was 2.2 (1.9). Average maturity of external committed credit facilities and loans was 3.9 years (4.8 years).

Cash and cash equivalents were EUR 79 million (EUR 90 million) at the end of September and the Group had EUR 306 million (EUR 320 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 3,082 million (EUR 2,912 million).

Capital expenditure was EUR 127 million (EUR 144 million). Largest investments for business expansion were made in the U.S. and Egypt. The Group's free cash flow was EUR 24 million (EUR 5 million) mainly due to lower capital expenditure.

Acquisitions and divestments

On March 23, 2018 Huhtamaki announced that it has entered into an agreement to acquire the Indian business and related assets of Ajanta Packaging, a privately-owned manufacturer of pressure sensitive labels. With the acquisition Huhtamaki strengthened its labeling business in India by adding new printing technologies into its offering as well as improving its innovation capability. The acquisition is complementary to Huhtamaki's existing labeling product portfolio. The annual net sales of the acquired business are approximately EUR 10 million. It employs altogether 170 people and has two state-of-the-art manufacturing facilities. The debt free purchase price was approximately EUR 13 million. The transaction was closed at the end of May 2018. The business has been reported as part of the Flexible Packaging business segment as of June 1, 2018.

On April 30, 2018 Huhtamaki announced the majority acquisition of Tailored Packaging, an Australian foodservice packaging distribution and wholesale group. With the acquisition Huhtamaki gained access to a national network of distribution centers across Australia, allowing it to serve its customers even better and with more agility. Tailored Packaging is one of the largest importers and distributors of foodservice packaging in Australia with annualized net sales

of approximately EUR 85 million and approximately 130 employees. The debt free purchase price for 65% ownership of the joint venture was approximately EUR 35 million. As the majority shareholder Huhtamaki consolidates the joint venture company as a subsidiary in the Group's financial reporting. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment as of May 1, 2018.

On April 30, 2018 Huhtamaki announced the sale of its confectionery trademark portfolio to Highlander Partners, a US based investment firm. Related to the sale, an after taxes gain of approximately USD 16 million was booked as an item affecting comparability during the second quarter of 2018. The sold trademark portfolio was related to Huhtamaki's confectionery business divested in 1996.

On May 31, 2018 Huhtamaki announced the majority acquisition of Cup Print Unlimited Company, a privately-owned paper cup manufacturer based in the Republic of Ireland. With the acquisition Huhtamaki improved its access to the growing market of short run custom-printed cups and boosted its on-line commercial activity. The short run capability allows Huhtamaki to even better support its current customers' promotional activities. CupPrint's annual net sales are approximately EUR 14 million and it employs altogether approximately 110 people. The debt free purchase price for 70% ownership of CupPrint was approximately EUR 22 million. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment as of June 1, 2018.

Significant events during the reporting period

On May 28, 2018 the European Commission published a proposal for a Directive of the European Parliament and of the Council on the reduction of the impact of certain plastic products on the environment (the Single Use Plastics proposal) targeting items that have been identified as contributing to marine pollution. The proposal is applicable to a part of Huhtamaki's product range and contains a number of different measures ranging from banning certain plastic products within the EU to introducing labelling requirements in order to reduce marine pollution. Adoption of the proposal will follow the EU's Ordinary Legislative Procedure and will be the subject of negotiations between the Council of Ministers, the European Parliament and the European Commission (the Trialogue). Once adopted by the EU, Member States will have two years to transpose the final Directive before it becomes law. Currently the majority of Huhtamaki's products are fiber-based.

Significant events after the reporting period

On October 2, 2018 Huhtamaki announced that it is considering to close and write-off non-competitive production lines, and planning to speed-up actions to improve productivity by investing further in automation. The total effect of write-offs and other actions is estimated to amount to EUR -30 million, which would be reported as items affecting comparability (IAC) in the fourth quarter 2018. The planned actions are estimated to result in annual profit improvement of approximately EUR 15-18 million with full impact in 2020.

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 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	229.9	202.6	14%	650.2	600.5	8%	807.5
Adjusted EBIT ¹	18.7	18.4	2%	58.2	52.2	12%	70.1
Margin ¹	8.1%	9.1%		9.0%	8.7%		8.7%
EBIT	18.7	18.4	2%	56.9	52.2	9%	66.7
RONA ¹				13.1%	12.6%		13.0%
Capital expenditure	14.1	11.5	23%	37.9	35.8	6%	53.4
Operating cash flow	10.5	16.0	-34%	27.8	41.0	-32%	57.1

¹ Excluding IAC of EUR -1.3 million in Q1-Q3 2018. FY 2017 figures excluding IAC of EUR -3.4 million.

Q3 2018

Demand for foodservice packaging was good across markets, particularly in Southern and Eastern Europe and South Asia. Prices of raw materials and other input costs increased. Customer interest in substituting plastic products with alternatives made of paperboard continued in Europe.

The Foodservice Europe-Asia-Oceania segment's comparable net sales growth was 5%. Growth was strongest in continental Europe, South Asia and Eastern Europe. Net sales developed particularly well in the segment's core paperboard items and among global key accounts. The businesses acquired during the second quarter in 2018 contributed EUR 21 million to the segment's net sales. Tailored Packaging in Australia has been reported as part of the Foodservice Europe-Asia-Oceania segment as of May 1, 2018 and CupPrint in Ireland as of June 1, 2018.

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

The segment's earnings grew as a result of positive net sales development, good cost control and successful price management. The acquired businesses contributed positively to the segment's earnings.

Currency movements had a negative translation impact of EUR 1 million on the segment's reported earnings.

Q1-Q3 2018

Demand for foodservice packaging was good across markets. Prices for paperboard and plastic resins increased and competition remained tight. The increased public awareness of plastic marine waste and regulatory proposals, particularly in Europe, led to notable increase in interest towards replacing plastic foodservice packaging products with alternatives made of paperboard.

The Foodservice Europe-Asia-Oceania segment's net sales growth was solid. Comparable net sales growth was 5%. Growth was strongest in Southern and Eastern Europe, driven by good demand in all key product categories, as well as in South Asia. Net sales also increased in China. The businesses acquired during the second quarter in 2018 contributed EUR 33 million to the segment's net sales. Tailored Packaging in Australia has been reported as part of the Foodservice Europe-Asia-Oceania segment as of May 1, 2018 and CupPrint in Ireland as of June 1, 2018.

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

The segment's earnings improved significantly, mainly as a result of volume growth and favorable product mix development.

Currency movements had a negative translation impact of EUR 2 million on the segment's reported 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 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	242.3	235.3	3%	726.1	756.9	-4%	1,000.4
EBIT	14.6	20.2	-28%	53.4	75.3	-29%	104.1
Margin	6.0%	8.6%		7.4%	9.9%		10.4%
RONA				10.8%	13.9%		14.2%
Capital expenditure	12.6	27.0	-53%	42.6	75.0	-43%	97.9
Operating cash flow	-4.2	9.6	-143%	-4.7	6.9	-169%	31.7

Q3 2018

Demand for foodservice packaging and tableware was good in the U.S. Private label products continued to grow within the U.S. retail environment. Distribution costs remained at a high level, as freight capacity was tight. Prices of main raw materials were higher than previous year, especially for fiber feedstocks. The labor market was tight.

The North America segment's comparable net sales growth was 2%. Net sales of ice cream packaging, foodservice packaging and private label retail tableware grew, while net sales of branded retail tableware declined due to lower promotional activity.

Currency movements had a positive translation impact of EUR 4 million on the segment's reported net sales.

The segment's earnings declined as a result of higher distribution costs, higher input costs and costs related to the start-up of the Goodyear plant. Sales mix was unfavorable due to lower sales of branded retail tableware.

Currency movements had a positive translation impact of EUR 1 million on the segment's reported earnings.

Q1-Q3 2018

Demand for foodservice packaging and tableware was good throughout the period. Demand for ice cream packaging improved towards the end of the period, largely driven by growth in low-sugar and low-calorie offerings. Prices for raw materials and distribution costs continued to trend significantly higher than prior year. The labor market was tight.

The North America segment's comparable net sales growth was 3%. Growth was strongest in the retail business, with strong growth in private label tableware throughout the period. Net sales of ice cream packaging and foodservice packaging also grew.

Currency movements had a negative translation impact of EUR 54 million on the segment's reported net sales.

The segment's earnings declined as a result of higher distribution costs, higher input costs and costs related to the start-up of the Goodyear plant.

Currency movements had a negative translation impact of EUR 4 million on the segment's reported earnings.

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 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	242.4	229.7	6%	716.8	686.0	4%	912.7
Adjusted EBIT ¹	15.0	17.7	-15%	50.4	50.6	-0%	69.7
Margin ¹	6.2%	7.7%		7.0%	7.4%		7.6%
EBIT	15.0	17.7	-15%	49.0	50.6	-3%	69.7
RONA ¹				10.6%	10.6%		10.8%
Capital expenditure	13.5	5.8	133%	33.7	20.4	65%	41.1
Operating cash flow	1.7	12.4	-86%	21.2	28.1	-25%	36.6

¹ Excluding IAC of EUR 0.0 million in Q3 2018 and EUR -1.5 million in Q1-Q3 2018.

Q3 2018

Demand for flexible packaging was on a good level in most markets, particularly in Europe. In Southeast Asia demand was moderate. Prices of raw materials and other input costs continued to increase, especially in India. Competitive situation remained tight.

The Flexible Packaging segment's comparable net sales growth was 6%. Net sales growth was strongest in India, driven by domestic sales of labels. Export sales to Africa were subdued. Net sales growth was solid also in Europe. Ajanta Packaging, acquired during the second quarter in 2018, contributed EUR 3 million to the segment's net sales.

Currency movements had a negative translation impact of EUR 5 million on the segment's reported net sales.

The segment's earnings declined. The continued positive earnings development in Europe was not sufficient to offset the earnings decline in India, which was due to the time lag in implementing sales price increases following increased input costs.

There was no significant foreign currency impact on the segments reported earnings.

Q1-Q3 2018

Demand for flexible packaging was good across markets. Prices of plastic resins and other input costs increased, and competitive situation was tight.

The Flexible Packaging segment's comparable net sales growth was 8%. Growth was strongest in India, where domestic net sales developed well. Net sales growth was strong also in Middle East and Africa, and healthy in Europe. Ajanta Packaging, acquired during the second quarter in 2018, contributed EUR 4 million to the segment's net sales.

Currency movements had a negative translation impact of EUR 30 million on the segment's reported net sales.

The segment's adjusted earnings were in line with prior year. In constant currencies the segment's earnings grew slightly as a result of positive development in India and Europe.

Currency movements had a negative translation impact of EUR 2 million on the segment's reported earnings.

Fiber Packaging

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production in Europe, Oceania, Africa and South America.

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	69.1	68.6	1%	210.2	212.7	-1%	285.1
Adjusted EBIT ¹	7.0	7.3	-4%	22.2	22.7	-2%	28.2
Margin ¹	10.1%	10.6%		10.6%	10.7%		9.9%
EBIT	7.0	7.3	-4%	21.7	22.7	-5%	28.2
RONA ¹				12.9%	14.8%		12.8%
Capital expenditure	4.7	4.3	9%	9.8	12.7	-23%	22.0
Operating cash flow	1.5	3.3	-54%	18.3	18.0	2%	20.7

¹ Excluding IAC of EUR -0.6 million in Q1-Q3 2018.

Q3 2018

Solid demand for fiber packaging continued in Russia and Africa. In Europe the warm weather continued to have a negative impact on egg sales, impacting demand for egg packaging. Demand for cup carriers was good in Europe. Prices of recycled fiber remained stable. Competitive situation was tight.

The Fiber Packaging segment's comparable net sales growth was 4%. Strong net sales growth continued in the UK, Russia, Brazil and Africa. Net sales growth was moderate in continental Europe and Oceania.

Currency movements had a negative translation impact of EUR 2 million on the segment's reported net sales.

The segment's earnings declined as the positive earnings development in operating businesses, particularly in non-European markets, was not sufficient to offset the costs related to product development projects. Fresh, the fiber-based ready meal tray progressed to a second, larger consumer test phase in the UK. Higher distribution costs contributed to the negative earnings development.

Currency movements had a minor negative translation impact on the segment's reported earnings.

Q1-Q3 2018

Overall demand for fiber packaging was solid, except in Europe where it was subdued due to the exceptionally warm weather. Price of recycled fiber was on a low level in Europe.

The Fiber Packaging segment's comparable net sales growth was 4%. Net sales growth was strong in Africa, Brazil and Russia, but moderate in Europe.

Currency movements had a negative translation impact of EUR 8 million on the segment's reported net sales.

The segment's adjusted earnings declined slightly as the positive earnings development in non-European markets was not sufficient to offset the impact of adverse earnings development in Europe during the second quarter. In constant currencies the segment's earnings were at previous year's level.

Currency movements had a negative translation impact of EUR 1 million on the segment's reported earnings.

Personnel

The Group had a total of 18,098 (17,643) employees at the end of September 2018. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 5,010 (5,057), North America 3,920 (3,873), Flexible Packaging 7,340 (6,897), Fiber Packaging 1,749 (1,746), and Other activities 79 (70). The changes in number of employees are related to completed acquisitions as well as structural changes, primarily in China.

Changes in management

Petr Domin (52), Executive Vice President, Fiber Packaging and a member of the Global Executive Team left Huhtamaki on August 31, 2018. The process for finding a successor to Mr. Domin has been initiated.

Leena Lie (49), M.Sc. (Economics) was appointed Senior Vice President, Marketing and Communications and a member of the Global Executive Team on April 4, 2018. Ms. Lie started at Huhtamaki on August 27, 2018.

Share capital and shareholders

At the end of September 2018, 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 3,425,709 (3,648,318) Company's own shares. Own shares represent 3.2% (3.4%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 104,334,676 (104,112,067). The average number of outstanding shares used in EPS calculations was 104,263,519 (104,029,919), excluding the Company's own shares.

There were 31,630 (32,198) registered shareholders at the end of September 2018. Foreign ownership including nominee registered shares accounted for 46% (46%).

Share trading

During January-September 2018 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 2018, the Company's market capitalization was EUR 2,975 million (EUR 3,555 million) excluding the Company's own shares. With a closing price of EUR 27.61 (EUR 34.15) the share price decreased 21% from the beginning of the year. During the reporting period the volume weighted average price for the Company's share was EUR 32.70. The highest price paid was EUR 36.89 and the lowest price paid was EUR 27.15.

During the reporting period the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,809 million (EUR 1,813 million). The trading volume of 55 million (53 million) shares equaled an average daily turnover of 297,237 (280,418) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 4,860 million (EUR 4,716 million). During the reporting period, 63% (62%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, 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 2018

The Group's trading conditions are expected to remain relatively stable during 2018. 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 approximately at the same level as in 2017 with the majority of the investments directed to business expansion.

Financial reporting in 2019

In 2019, Huhtamaki will publish financial information as follows:

Results 2018	February 14
Interim Report, January 1–March 31, 2019	April 25
Half-yearly Report, January 1–June 30, 2019	July 19
Interim Report, January 1–September 30, 2019	October 23

Annual Accounts 2018 will be published on week 8.

Huhtamäki Oyj's Annual General Meeting is planned to be held on Thursday, April 25, 2019.

Espoo, October 24, 2018

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	Q1-Q4 2017
Net sales	2,290.9	2,243.3	779.8	732.0	2,988.7
Cost of goods sold	-1,924.5	-1,856.9	-660.7	-608.5	-2,482.4
Gross profit	366.4	386.4	119.0	123.5	506.3
Other operating income	25.7	5.1	1.8	1.5	22.4
Sales and marketing	-55.5	-58.5	-18.1	-18.5	-77.6
Research and development	-15.5	-14.5	-5.2	-4.9	-19.2
Administration costs	-118.8	-110.0	-39.3	-35.3	-149.8
Other operating expenses	-7.8	-7.6	-2.3	-2.7	-20.0
Share of profit of equity-accounted investments	1.6	1.8	0.6	0.7	2.2
	-170.3	-183.7	-62.6	-59.2	-242.0
Earnings before interest and taxes	196.1	202.7	56.4	64.3	264.3
Financial income	3.1	4.9	1.0	0.0	4.9
Financial expenses	-23.1	-20.9	-7.6	-5.1	-22.4
Profit before taxes	176.1	186.7	49.8	59.2	246.8
Income tax expense	-37.0	-41.0	-10.5	-13.0	-50.3
Profit for the period	139.1	145.7	39.4	46.2	196.5
Attributable to:					
Equity holders of the parent company	138.2	144.5	40.1	45.6	193.1
Non-controlling interest	0.9	1.2	-0.7	0.6	3.4
EUR					
EPS attributable to equity holders of the parent company	1.33	1.39	0.38	0.44	1.86
Diluted EPS attributable to equity holders of the parent company	1.33	1.39	0.38	0.44	1.85

Group statement of comprehensive income (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	Q1-Q4 2017
Profit for the period	139.1	145.7	39.4	46.2	196.5
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit plans	-0.6	0.8	-0.9	-0.1	6.5
Taxes related to items that will not be reclassified	0.2	-0.2	0.3	0.0	-4.2
Total	-0.5	0.6	-0.6	-0.1	2.3
Items that may be reclassified subsequently to profit or loss					
Translation differences	-17.3	-110.4	-25.0	-31.5	-118.8
Equity hedges	-5.5	23.2	1.5	5.4	25.4
Cash flow hedges	2.6	-1.4	-0.8	-1.3	-0.5
Taxes related to items that may be reclassified	-0.6	0.3	-0.0	0.1	0.2
Total	-20.7	-88.3	-24.4	-27.3	-93.7
Other comprehensive income, net of tax	-21.2	-87.7	-25.0	-27.3	-91.4
Total comprehensive income	117.9	58.0	14.4	18.9	105.1
Attributable to:					
Equity holders of the parent company	117.1	56.8	15.1	18.3	101.7
Non-controlling interest	0.9	1.2	-0.7	0.6	3.4

Group statement of financial position (IFRS) – unaudited

<i>EUR million</i>	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
ASSETS			
Non-current assets			
Goodwill	680.9	633.8	640.5
Other intangible assets	32.2	36.5	37.9
Tangible assets	1,090.7	1,055.0	1,023.7
Equity-accounted investments	4.4	5.9	5.8
Other investments	2.3	1.7	1.5
Interest-bearing receivables	2.6	3.0	3.3
Deferred tax assets	49.0	51.2	57.5
Employee benefit assets	53.0	53.2	48.3
Other non-current assets	5.7	5.8	6.2
	1,920.8	1,846.1	1,824.7
Current assets			
Inventory	518.5	444.8	446.4
Interest-bearing receivables	6.9	5.2	4.0
Current tax assets	6.6	11.2	18.3
Trade and other current receivables	549.9	507.3	528.6
Cash and cash equivalents	79.0	116.0	89.6
	1,160.9	1,084.5	1,086.9
Total assets	3,081.8	2,930.6	2,911.6
EQUITY AND LIABILITIES			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-31.5	-33.5	-33.5
Translation differences	-127.4	-104.8	-98.6
Fair value and other reserves	-99.7	-101.3	-103.8
Retained earnings	968.0	917.0	867.5
Total equity attributable to equity holders of the parent company	1,190.7	1,158.8	1,113.0
Non-controlling interest	52.0	49.4	45.4
Total equity	1,242.8	1,208.2	1,158.4
Non-current liabilities			
Interest-bearing liabilities	631.4	643.7	622.1
Deferred tax liabilities	88.9	86.9	96.6
Employee benefit liabilities	214.8	215.7	222.4
Provisions	14.7	15.8	15.9
Other non-current liabilities	24.1	25.4	19.9
	973.8	987.5	976.9
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	17.7	25.8	28.3
Short-term loans	278.2	153.1	187.9
Provisions	4.4	6.9	2.5
Current tax liabilities	15.7	10.0	11.8
Trade and other current liabilities	549.1	539.1	545.8
	865.2	734.9	776.3
Total liabilities	1,839.0	1,722.4	1,753.2
Total equity and liabilities	3,081.8	2,930.6	2,911.6
Net debt	838.8	698.4	741.4
Net debt to equity (gearing)	0.67	0.58	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, 2016	366.4	115.0	-35.9	-11.4	-103.3	803.8	1,134.6	47.6	1,182.2
Change in accounting policy (IFRS 15) ¹						-1.1	-1.1		-1.1
Balance on Jan 1, 2017	366.4	115.0	-35.9	-11.4	-103.3	802.7	1,133.5	47.6	1,181.1
Dividends paid						-76.0	-76.0		-76.0
Share-based payments			2.4			-1.5	0.9		0.9
Total comprehensive income for the year				-87.2	-0.5	144.5	56.8	1.2	58.0
Other changes						-2.2	-2.2	-3.4	-5.6
Balance on Sep 30, 2017	366.4	115.0	-33.5	-98.6	-103.8	867.5	1,113.0	45.4	1,158.4
Balance on Jan 1, 2018	366.4	115.0	-33.5	-104.8	-101.3	917.0	1,158.8	49.4	1,208.2
Dividends paid						-83.5	-83.5		-83.5
Share-based payments			2.0			-1.9	0.2		0.2
Total comprehensive income for the year				-22.7	1.6	138.2	117.1	0.9	117.9
Acquisition of non-controlling interest						-2.1	-2.1	4.4	2.3
Other changes						0.2	0.2	-2.6	-2.4
Balance on Sep 30, 2018	366.4	115.0	-31.5	-127.4	-99.7	968.0	1,190.7	52.0	1,242.8

¹ The Group has adopted IFRS 15 Revenue from Contracts with Customers using a modified retrospective approach. An adjustment related to cash discounts has been done to the opening balance of retained earnings at the date of initial application.

Group statement of cash flows (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	Q1-Q4 2017
Profit for the period*	139.1	145.7	39.4	46.2	196.5
Adjustments*	145.9	150.7	48.2	48.9	191.0
Depreciation and amortization*	93.8	91.7	31.1	29.7	122.0
Share of profit of equity-accounted investments*	0.6	0.6	1.6	-0.8	0.2
Gain/loss from disposal of assets*	-1.6	0.2	-0.1	0.2	-5.2
Financial expense/-income*	20.1	16.0	6.6	5.1	17.5
Income tax expense*	37.0	41.0	10.5	13.0	50.3
Other adjustments, operational*	-4.0	1.2	-1.5	1.7	6.2
Change in inventory*	-63.5	-70.9	-22.5	-23.2	-69.6
Change in non-interest bearing receivables*	-35.1	-76.0	6.0	0.8	-37.8
Change in non-interest bearing payables*	-5.9	53.1	-23.6	7.8	41.9
Dividends received*	0.1	0.9	0.0	0.2	1.1
Interest received*	1.6	1.1	0.5	0.3	1.7
Interest paid*	-10.2	-18.0	-2.7	-2.5	-21.9
Other financial expense and income*	0.2	-1.1	0.4	-0.5	-2.3
Taxes paid*	-24.2	-37.8	-4.0	-13.0	-43.9
Net cash flows from operating activities	148.0	147.7	41.8	65.0	256.7
Capital expenditure*	-126.5	-144.1	-45.6	-48.7	-214.8
Proceeds from selling tangible assets*	2.0	1.6	0.4	0.7	13.6
Acquired subsidiaries and assets	-57.3	-3.2	-2.3	-3.2	-3.2
Proceeds from long-term deposits	0.6	1.0	0.2	0.1	1.3
Payment of long-term deposits	-0.2	0.0	-0.2	0.0	0.0
Proceeds from short-term deposits	4.9	0.7	1.9	0.1	2.8
Payment of short-term deposits	-6.9	-2.9	-1.5	-2.6	-6.1
Net cash flows from investing activities	-183.5	-146.9	-47.0	-53.6	-206.4
Proceeds from long-term borrowings	199.9	256.7	101.6	106.7	420.8
Repayment of long-term borrowings	-211.2	-151.5	-100.0	-136.1	-292.6
Proceeds from short-term borrowings	2,003.4	2,164.9	593.1	553.3	2,650.6
Repayment of short-term borrowings	-1,909.0	-2,203.4	-628.2	-556.8	-2,735.6
Dividends paid	-83.5	-76.0	-	-	-76.0
Net cash flows from financing activities	-0.4	-9.3	-33.7	-32.9	-32.8
Change in liquid assets	-37.0	-16.3	-37.7	-24.0	10.1
Cash flow based	-35.8	-8.5	-38.8	-21.5	17.5
Translation difference	-1.2	-7.8	1.2	-2.5	-7.4
Liquid assets period start	116.0	105.9	116.7	113.6	105.9
Liquid assets period end	79.0	89.6	79.0	89.6	116.0
Free cash flow (including figures marked with *)	23.5	5.2	-3.3	17.0	55.5

Notes to the Interim 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 report as in the annual financial statements for 2017. The following new and amended standards and interpretations, which have been adopted with effect from January 1, 2018, had no impact on the interim financial statements:

- Revised IAS 40 Investment Property. The amendments clarify transfers of property from to, or from, investment property.
- Revised IFRS 2 Share-based Payment. The amendment clarifies classification and measurement of share-based payment transactions.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies the treatment of consideration received in advance of performance.
- Annual improvements (2014-2016). Annual improvements include smaller amendments to three standards.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT – financial items and taxes – are not allocated to the segments. Reportable segments' net sales and EBIT form Group's total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

Net sales

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	646.0	228.6	220.1	197.2	801.3	205.3	200.9	204.3	190.8
Intersegment net sales	4.2	1.3	1.3	1.6	6.2	1.7	1.7	1.1	1.7
North America	720.5	240.4	255.1	225.1	992.5	241.8	233.4	272.4	244.9
Intersegment net sales	5.6	1.9	2.0	1.7	7.9	1.7	1.9	1.9	2.4
Flexible Packaging	716.5	242.4	240.2	234.0	912.4	226.6	229.6	224.0	232.2
Intersegment net sales	0.2	0.0	0.2	0.0	0.3	0.1	0.1	0.0	0.1
Fiber Packaging	207.9	68.4	70.5	69.0	282.5	71.7	68.1	71.2	71.5
Intersegment net sales	2.3	0.8	0.7	0.8	2.6	0.7	0.5	0.6	0.8
Elimination of intersegment net sales	-12.3	-4.0	-4.2	-4.1	-17.0	-4.2	-4.2	-3.6	-5.0
Total	2,290.9	779.8	785.9	725.2	2,988.7	745.4	732.0	771.9	739.4

EBIT

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania ¹	56.9	18.7	19.0	19.2	66.7	14.5	18.4	18.4	15.4
North America	53.4	14.6	22.5	16.2	104.1	28.8	20.2	32.6	22.5
Flexible Packaging ¹	49.0	15.0	16.5	17.5	69.7	19.1	17.7	14.0	18.9
Fiber Packaging ¹	21.7	7.0	6.7	7.9	28.2	5.5	7.3	8.1	7.3
Other activities ¹	15.2	1.1	15.0	-0.9	-4.4	-6.3	0.7	2.5	-1.3
Total¹	196.1	56.4	79.7	60.0	264.3	61.6	64.3	75.6	62.8

¹ Q1-Q3 2018 include items affecting comparability EUR 9.4 million (Foodservice E-A-O EUR -1.3 million, Flexible Packaging EUR -1.5 million, Fiber Packaging EUR -0.6 million and Other activities EUR 12.8 million). Q1-Q4 2017 Foodservice E-A-O include items affecting comparability EUR -3.4 million.

Segments (continued)

EBITDA

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania ¹	86.0	28.3	29.2	28.5	103.2	24.0	27.3	27.5	24.4
North America	83.3	24.9	32.6	25.9	143.2	38.3	29.5	42.6	32.8
Flexible Packaging ¹	71.5	22.3	24.6	24.6	99.8	26.6	25.2	21.5	26.5
Fiber Packaging ¹	33.1	10.7	10.7	11.8	43.6	9.2	11.0	12.1	11.3
Other activities ¹	16.0	1.4	15.2	-0.6	-3.5	-6.2	1.0	2.7	-1.0
Total¹	289.9	87.5	112.3	90.1	386.3	91.9	94.0	106.4	94.0

¹ Q1-Q3 2018 include items affecting comparability EUR 11.5 million (Foodservice E-A-O EUR -0.3 million, Flexible Packaging EUR -0.5 million, Fiber Packaging EUR -0.4 million and Other activities EUR 12.8 million). Q1-Q4 2017 Foodservice E-A-O include items affecting comparability EUR -3.4 million.

Depreciation and amortization

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	29.1	9.6	10.2	9.3	36.5	9.5	8.9	9.1	9.0
North America	29.9	10.3	10.0	9.6	39.1	9.5	9.3	10.0	10.3
Flexible Packaging	22.6	7.3	8.2	7.1	30.1	7.5	7.5	7.5	7.6
Fiber Packaging	11.4	3.6	3.9	3.9	15.4	3.7	3.7	4.0	4.0
Other activities	0.8	0.3	0.3	0.3	0.9	0.1	0.3	0.2	0.3
Total	93.8	31.1	32.6	30.1	122.0	30.3	29.7	30.8	31.2

Net assets allocated to the segments²

<i>EUR million</i>	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	633.4	631.0	554.3	551.0	543.1	528.9	540.1
North America	805.1	797.0	752.5	727.9	729.7	736.7	756.6
Flexible Packaging	675.4	672.7	639.4	647.2	641.4	638.4	645.1
Fiber Packaging	213.6	211.0	216.1	214.4	219.3	218.5	224.6

² Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

Capital expenditure

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	37.9	14.1	14.0	9.8	53.4	17.6	11.5	12.8	11.5
North America	42.6	12.6	15.1	14.9	97.9	22.9	27.0	23.8	24.2
Flexible Packaging	33.7	13.5	14.6	5.7	41.1	20.7	5.8	7.7	6.9
Fiber Packaging	9.8	4.7	2.9	2.2	22.0	9.3	4.3	4.1	4.3
Other activities	2.6	0.7	1.0	0.8	0.4	0.2	0.1	0.0	0.1
Total	126.5	45.6	47.7	33.3	214.8	70.7	48.7	48.4	47.0

RONA (12m roll.)

<i>EUR million</i>	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	12.3%	12.7%	13.0%	12.4%	12.4%	12.5%	13.1%
North America	10.8%	11.7%	13.2%	14.2%	13.9%	14.8%	16.0%
Flexible Packaging	10.4%	10.9%	10.6%	10.8%	10.6%	10.7%	11.5%
Fiber Packaging	12.6%	12.7%	13.2%	12.8%	14.8%	15.3%	15.6%

Operating cash flow

<i>EUR million</i>	Q1-Q3 2018	Q3 2018	Q2 2018	Q1 2018	Q1-Q4 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Foodservice Europe-Asia-Oceania	27.8	10.5	13.0	4.2	57.1	16.1	16.0	11.6	13.4
North America	-4.7	-4.2	26.0	-26.6	31.7	24.8	9.6	14.4	-17.1
Flexible Packaging	21.2	1.7	10.0	9.5	36.6	8.5	12.4	-0.5	16.2
Fiber Packaging	18.3	1.5	11.6	5.2	20.7	2.7	3.3	9.5	5.2

Business combinations

On April 30, 2018 Huhtamaki completed the acquisition of the majority of Tailored Packaging, an Australian foodservice packaging distribution and wholesale group. The debt free purchase price for 65% ownership of the joint venture was approximately EUR 35 million. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment as of May 1, 2018.

On May 31, 2018 Huhtamaki completed the acquisition of the majority of Cup Print Unlimited Company, a privately-owned paper cup manufacturer based in the Republic of Ireland. The debt free purchase price for 70% ownership of CupPrint was approximately EUR 22 million. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment as of June 1, 2018.

In the end of May, 2018 Huhtamaki completed the acquisition of Ajanta Packaging's business in India. Ajanta Packaging is a manufacturer of pressure sensitive labels in India. The debt free purchase price was approximately EUR 13 million. The business has been reported as part of the Flexible Packaging business segment as of June 1, 2018.

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

EUR million

Intangible assets	1.2
Tangible assets	11.9
Other long-term investments	0.7
Inventories	14.0
Trade and other receivables	17.8
Other short-term investments	0.0
Cash and cash equivalents	2.2
Total assets	47.7
Deferred taxes	-0.4
Interest-bearing loans	-21.1
Trade and other payables	-13.4
Total liabilities	-34.9
Net assets total	12.8
Goodwill	44.3
Consideration	57.1

Analysis of cash flows of acquisitions

EUR million

Purchase consideration, cash payment	-57.1
Cash and cash equivalents in acquired companies	2.2
Transaction costs of the acquisitions	1.5
Net cash flow on acquisitions	-53.4

The net sales of the acquired businesses included in the Group income statement since acquisition date were EUR 37.1 million and result for the period was EUR 2.4 million. The net sales and the result 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, 2018.

Other information

Key indicators

	Q1-Q3 2018	Q1-Q4 2017	Q1-Q3 2017
Equity per share (EUR)	11.41	11.13	10.69
ROE, % (12m roll.)	15.7	16.6	16.3
ROI, % (12m roll.)	12.5	13.4	13.8
Personnel	18,098	17,417	17,643
Profit before taxes (EUR million, 12m roll.)	236.2	246.8	243.7
Depreciation of tangible assets (EUR million)	87.5	113.6	85.5
Amortization of other intangible assets (EUR million)	6.3	8.4	6.2

Contingent liabilities

<i>EUR million</i>	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Lease payments	91.5	98.7	92.6
Capital expenditure commitments	71.7	68.9	78.3

Financial instruments measured at fair value

<i>EUR million</i>	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Derivatives - assets			
Currency forwards, transaction risk hedges	2.1	1.1	2.2
Currency forwards, translation risk hedges	-	2.7	2.0
Currency forwards, for financing purposes	2.3	1.2	6.9
Currency options, transaction risk hedges	0.1	0.2	0.2
Interest rate swaps	4.9	3.9	3.8
Electricity forwards	0.1	0.0	0.0
Other investments	2.3	1.7	1.5
Derivatives - liabilities			
Currency forwards, transaction risk hedges	1.6	1.7	1.1
Currency forwards, translation risk hedges	4.4	0.2	0.7
Currency forwards, for financing purposes	2.7	1.2	2.0
Currency options, transaction risk hedges	0.1	0.4	0.7
Interest rate swaps	0.0	0.2	0.4
Cross currency swaps	1.0	1.3	2.4
Electricity forwards	0.0	0.0	0.0

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. Other investments include quoted and unquoted shares. 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

<i>EUR million</i>	Sep 30, 2018		Dec 31, 2017		Sep 30, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	631.4	622.8	643.7	634.6	622.1	618.7
Current	295.9	295.9	178.9	178.9	216.2	216.2
Total	927.3	918.8	822.6	813.5	838.3	834.9

Other information (continued)

Exchange rates

Income statement, average:

	Q1-Q3 2018	Q1-Q3 2017
AUD 1 =	0.6345	0.6884
GBP 1 =	1.1313	1.1463
INR 1 =	0.0125	0.0138
RUB 1 =	0.0136	0.0154
THB 1 =	0.0260	0.0262
USD 1 =	0.8367	0.8989

Statement of financial position, month end:

	Sep 30, 2018	Sep 30, 2017
AUD 1 =	0.6173	0.6643
GBP 1 =	1.1239	1.1411
INR 1 =	0.0118	0.0130
RUB 1 =	0.0130	0.0146
THB 1 =	0.0263	0.0254
USD 1 =	0.8542	0.8490

Definitions for performance measures

Performance measures according to IFRS

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

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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