

# Results 2005

*Huhtamäki Group is a leading manufacturer of consumer and specialty packaging with 2005 net sales exceeding EUR 2.2 billion. Consumer goods and foodservice markets are served by over 15,000 employees in approximately 70 manufacturing and sales units in more than 30 countries worldwide. The parent company, Huhtamäki Oyj, has its head office in Espoo, Finland and is listed on the Helsinki Stock Exchange. Additional information is available at [www.huhtamaki.com](http://www.huhtamaki.com).*



## RESULTS 2005



### Continued recovery in fourth quarter, full year underlying results improved

- Net sales increased by 11% during the fourth quarter and by 7% for the full year
- Underlying EBIT\* improved by 33% during the fourth quarter and by 9% for the full year
- Underlying business improvement mainly driven by sustained turnaround in the Americas, further supported by lower cost structure achieved in Europe
- First phase of restructuring completed at year-end according to plan, second phase on track
- Further investments in strategic growth markets were initiated during the year
- In 2006, the underlying EBIT is expected to show moderate improvement

#### Key figures

| EUR million        | Q4<br>2005 | Q4<br>2004 | Change, % | 2005  | 2004  | Change, % |
|--------------------|------------|------------|-----------|-------|-------|-----------|
| Net sales          | 564        | 506        | +11       | 2,244 | 2,092 | +7        |
| EBIT - underlying* | 35         | 26         | +33       | 160   | 147   | +9        |
| EBIT margin %      | 6.2        | 5.2        |           | 7.1   | 7.0   |           |
| EBIT - reported    | 25         | -20        | -         | 58    | 101   | -43       |
| EPS - reported     | 0.12       | -0.26      | -         | 0.07  | 0.52  | -87       |

In 2005, Huhtamaki's underlying business result improved in line with expectations, despite volatility in raw material prices and the focus on restructuring. After a slower start, positive business momentum continued throughout the year, mainly driven by strong recovery in North America.

During 2005 Huhtamaki began the implementation of a restructuring program that targets at optimizing the group's global manufacturing footprint in order to achieve a major improvement in cost efficiency and to build a foundation for future growth. The restructuring program was announced in two phases, at the end of 2004 and mid-year 2005. The first phase was completed on schedule by year-end and the second phase is progressing according to plan. Parallel to the restructuring work, which primarily concerns rigid packaging operations, further capacity expansion was initiated in strategic growth markets.

During the year the company's organization was strengthened and change momentum accelerated through a number of key appointments.

\* The underlying EBIT excludes a restructuring charge of EUR 10 million in Q4 2005. In 2005, restructuring charges amounted to EUR 70 million and the goodwill impairment charge was EUR 33 million. A restructuring charge of EUR 46 million was recorded in Q4 2004.



## **Business review**

In the fourth quarter, net sales increased by 11% to EUR 564 million. Sales were positively impacted by currency translations (+5%), price/mix changes (+3%) and volume growth (+3%). Sales growth accelerated across the board: especially in the Americas (+23%), Asia-Oceania-Africa (+15%), and more moderately also in Europe (+4%).

During the fourth quarter raw material prices remained at high levels, similar to those experienced in the same period in the previous year. Compared to the third quarter of 2005, raw materials on the average were somewhat higher.

For the full year, net sales increased by 7% to EUR 2,244 million, with growth accelerating towards the end of the year. Sales were positively impacted by price/mix changes (+4%), volume growth (+2%) and currency translations (+1%). Sales growth was robust in the Americas (+16%) and Asia-Oceania-Africa (+10%), while growth in Europe remained moderate (+2%).

The geographical distribution of sales was the following: Europe 52% (55% in 2004), Americas 32% (29%) and Asia-Oceania-Africa 16% (16%).

In 2005, raw material prices continued to increase strongly compared to the average level in 2004. Furthermore, volatility was present throughout the year, while in 2004 there was a steady increase, with prices accelerating towards year-end.

## **Europe**

In Europe, net sales increased by 4% to EUR 276 million in the fourth quarter. Sales were positively impacted by price/mix changes (+4%) and currency translations (+1%), partly offset by the negative impact from decline in volume (-1%). Sales development reflects growth within the Films and Flexibles businesses, and solid performance by the Foodservice business, driven by growth in Eastern Europe and key accounts. Market conditions within the Consumer Goods business, especially in the UK, remained challenging.

The region's underlying EBIT improved by 22% to EUR 12 million in the quarter, corresponding to an EBIT margin of 4.2% (3.6%). This reflects favorable sales development in the Films, Flexibles and Foodservice businesses, as well as a lower cost structure achieved across the region. The reported EBIT, EUR 8 million (EUR -19 million), includes a restructuring charge of EUR 4 million (EUR 28 million).

In Europe, net sales for the full year were up by 2% to EUR 1,172 million. Sales were positively impacted by price/mix changes (+2%) and currency translations (+1%), partly offset by the negative impact from decline in volume (-2%). While price/mix changes and currency translations developed in a more stable manner during the year, overall volume growth was weak in the first quarter, recovering slightly in the remaining quarters. While Eastern Europe as a whole was dynamic with sales growth especially in Russia, development in Western Europe was more varied. The Foodservice business saw accelerated growth, especially during the high season in the middle of the year, but the Consumer Goods business remained subdued over the year. Performance in the Films business was strong all year, while the Flexibles business started and finished strongly. The Molded Fiber business maintained its solid footing throughout the year.

The region's underlying full year EBIT improved by 5% to EUR 72 million, corresponding to an EBIT margin of 6.1% (5.9%). This reflects cost savings materializing from the ongoing restructuring, while polymer-based raw material prices remained extremely volatile throughout the year exerting pressure on margins. The reported EBIT, EUR 8 million (EUR 40 million), includes a restructuring charge of EUR 64 million (EUR 28 million). On a rolling 12-month basis, the region's underlying RONA was 9.2% (8.6%).



## **Americas**

In the Americas, net sales increased by 23% to EUR 187 million in the fourth quarter. Sales were positively impacted by currency translations (+11%), price/mix changes (+8%) and volume growth (+4%). Sales growth was robust across the whole region. In North America, the Retail division enjoyed a strong quarter. Also, performance was driven by favorable development in the key accounts, especially within the Foodservice business as well as within the Consumer Goods business.

The region's underlying EBIT improved more than fivefold to EUR 15 million in the quarter, corresponding to an EBIT margin of 7.9% (1.8%). This reflects positive sales development and successful price management, along with improving performance in operations.

In the Americas, net sales for the full year were up by 16% to EUR 707 million. Sales were positively impacted by price/mix changes (+9%), volume growth (+6%) and currency translations (+1%). After a strong first half of the year, volume growth stabilized closer to market growth in the second half. The development in price/mix was solid throughout the year, being especially strong in the second and third quarters. After a negative first half of the year, the impact from currency translations turned positive in the third quarter and continued to boost reported sales in the final quarter. In North America, performance within the Retail division and the Consumer Goods business was strong throughout the year. Also, the Foodservice business posted solid growth, which accelerated towards year-end. Mexico improved after a slow start to the year. In South America, business in Brazil remained on a solid footing.

The region's underlying full year EBIT of EUR 46 million showed a clear improvement of 55%, corresponding to an EBIT margin of 6.5% (4.9%). This reflects positive sales development and successful price management, partly offset by operational inefficiencies and higher distribution costs. The reported EBIT of EUR 15 million includes a goodwill impairment charge of EUR 31 million. The previous year's EBIT, EUR 16 million, included a restructuring charge of EUR 14 million. On a rolling 12-month basis, underlying RONA was 8.0% (5.1%).

## **Asia-Oceania-Africa**

In Asia-Oceania-Africa, where the majority of the region experienced high season, net sales increased by 15% to EUR 101 million in the fourth quarter. Sales were positively impacted by volume growth (+12%) and currency translations (+7%) more than offsetting negative change in price/mix (-4%). Sales growth was robust across the whole region with strongest performance by the Flexibles businesses in Southeast Asia and India.

The region's underlying EBIT declined by 16% to EUR 6 million in the quarter, corresponding to an EBIT margin of 6.2% (8.4%). Profitability was burdened mainly by one-off costs relating to the downsizing of the Flexibles business in South Africa. The reported EBIT, EUR 0 million (EUR 3 million), includes a restructuring charge of EUR 6 million (EUR 4 million).

In Asia-Oceania-Africa, net sales for the full year were up by 10% to EUR 365 million. Sales were positively impacted by volume growth (+6%), currency translations (+3%) and price/mix changes (+1%). After a slower start to the year, volume growth accelerated towards year-end. The reverse took place with price/mix development. After a negative first quarter, positive impact from currency translations accelerated towards year-end. Overall, the whole region put in a solid performance during the year led by the Flexibles business in Southeast Asia.

The region's underlying full year EBIT improved by 3% to EUR 24 million, corresponding to an EBIT margin of 6.7% (7.1%). The overall progress in profitability posted by the Rigid business in Oceania was largely offset by operational inefficiencies in the rest of the business in Oceania, as well as one-off costs relating to the downsizing of the Flexibles business in South Africa recorded in the fourth quarter. The reported full year EBIT of EUR 17 million includes a



restructuring charge of EUR 6 million and a goodwill impairment charge of EUR 1 million. The previous year's reported EBIT of EUR 20 million included a restructuring charge of EUR 4 million. On a rolling 12-month basis, underlying RONA was 8.2% (8.4%).

The company is also taking steps to increase production capacity in selected, strategic growth markets. During the third quarter a decision was reached to build a new flexible packaging facility in Northern India, and to add a new production line to the existing flexible packaging site in Vietnam. Both projects are progressing according to plan and are expected to be operational around mid 2006. Furthermore, a new rigid packaging facility will be constructed in Southern China, which is expected to be ready by the end of 2007.

### **Financial review**

In the fourth quarter, the underlying EBIT before corporate items increased by 65% to EUR 33 million, corresponding to an EBIT margin of 5.8% (3.9%). The improvement was mainly driven by the sustained recovery in the Americas, and further supported by a clear improvement in Europe. Asia-Oceania-Africa recorded a lower underlying EBIT, due to one-off costs related to the downsizing of the Flexibles business in South Africa.

At EUR 2 million, corporate net in the quarter was lower than the EUR 7 million recorded in the same period last year. Hence, the underlying group EBIT was EUR 35 million (+33%), corresponding to an EBIT margin of 6.2% (5.2%). The reported EBIT of EUR 25 million includes a restructuring charge of EUR 10 million, and compares with last year's EUR -20 million, which included a restructuring charge of EUR 46 million. Net financial items were EUR 12 million in the quarter, compared with EUR 10 million in the same period last year. The reported result for the period was EUR 12 million (EUR -24 million). The reported EPS was 12 cents (-26 cents).

For the full year, the underlying EBIT before corporate items increased by 17% to EUR 142 million, corresponding to an EBIT margin of 6.3% (5.8%). The improvement was mainly driven by the sustained turnaround in the Americas, and further supported by a lower cost structure achieved in Europe.

At EUR 18 million, corporate net for the year was lower than the EUR 25 million a year ago. Hence, the underlying group EBIT amounted to EUR 160 million (+9%), corresponding to an EBIT margin of 7.1% (7.0%). The reported EBIT of EUR 58 million includes a restructuring charge of EUR 70 million and a goodwill impairment charge of EUR 33 million, and compares with the previous year's EUR 101 million, which included a restructuring charge of EUR 46 million. Net financial items for the year were EUR 37 million, unchanged from the previous year. The reported profit for the period was EUR 9 million (EUR 52 million). The reported EPS was 7 cents (52 cents).

The average number of outstanding shares used in the EPS calculation was 98,501,625 (96,734,981), both figures excluding the 5,061,089 shares owned by the company.

On a rolling 12-month basis, the return on investment (ROI) was 4.0% (6.7%), reflecting the restructuring costs and goodwill impairment charge recorded. Correspondingly, return on equity (ROE) was 1.3% (6.7%).

### **Balance sheet and cash flow**

In the fourth quarter, free cash flow decreased to EUR 5 million (EUR 16 million) driven primarily by capital expenditure accelerating towards year end.

At the end of December 2005, net debt was EUR 712 million increasing by 2% from a year ago. This corresponds with a gearing ratio of 0.87 (0.88).



In December, a EUR 475 million revolving credit facility was signed, used to refinance the company's existing facility from November 2003 as well as for general corporate purposes. The maturity of the new facility is five years with one-year extension options after years one and two.

For the full year, free cash flow decreased to EUR 66 million (EUR 77 million) driven by an increase of capital expenditure as well as cash outflow relating to restructuring.

### **Capital expenditure**

Capital expenditure amounted to EUR 58 million (EUR 40 million) in the fourth quarter.

Total capital expenditure amounted to EUR 113 million (EUR 94 million), corresponding to an investment rate of 113% (95%) of depreciation. Although the level of comparison was on the low side to begin with, the increase in capital expenditure in 2005 is explained by projects relating to restructuring and capacity expansion, as well as to the continued development of a common European enterprise resource planning (ERP) platform.

Direct expenditure on research and development amounted to EUR 19 million (EUR 18 million).

### **Restructuring program**

The ongoing restructuring program was announced in two phases, at the end of 2004 and mid-year 2005. At year-end, all activities of the first phase had been completed according to plan.

The larger second phase of restructuring is proceeding on track. During the fourth quarter, closure of the rigid packaging sites in Skelmersdale (UK) and Bayswater (Australia) were completed. In addition, the program was extended in Europe to include the downsizing of the rigid packaging site in Portadown (UK), with the remaining operations becoming a satellite of the unit in Gosport (UK).

### **Corporate structure**

No material acquisitions or divestments were conducted.

### **Personnel**

At year-end, Huhtamaki had 14,935 (15,531) employees. The number of European employees was 7,022 (7,352); the corresponding figure for the Americas was 3,867 (3,949) and for Asia-Oceania-Africa 4,046 (4,230). The average number of employees was 15,294 (15,652).

The parent company employed 762 (720) people at year-end, comprising the Espoo head office 80 (73) and the Finnish packaging operations 682 (647). The annual average was 783 (768).

### **Changes in management**

In November, Mr. Tony Combe, EVP Australia-Oceania-Africa and Executive Committee member announced his resignation in order to pursue a career outside of the company. Mr. Henk Koekoek, an Executive Committee member, replaced Mr. Tony Combe and relocated to Sydney, Australia from his previous position as EVP Europe Flexibles, Films and Molded Fiber (FFF) with effect from January 9, 2006. Mr. Walter Günter, Division President Films, will assume responsibility for Europe FFF until further notice.





### **Share capital and shareholders**

At year-end, the company's registered share capital was EUR 353,053,864.80 (EUR 351,549,024.80) corresponding to a total number of outstanding shares of 103,839,372 (103,396,772) including 5,061,089 (unchanged) shares owned by the company; net figure of outstanding shares: 98,778,283 (98,335,683). In 2005, a total of 442,600 new shares were issued under the 2000 A, B and C stock option rights.

The ownership structure relating to the largest shareholders was not subject to major changes over the year. At the end of December 2005 there were 20,268 (18,303) registered shareholders. Foreign ownership accounted for 21.3% (26.7%), of which 17.8% (24.5%) was under nominee registration.

### **Share developments**

Huhtamaki's share is quoted on the main list of the Helsinki Stock Exchange under the Materials sector (previously Food Industry). Huhtamaki's share price rose by 17% (26% in 2004) during the year with the closing price at year-end being EUR 13.91 (EUR 11.87). Meanwhile, the OMX Helsinki CAP Index (previously HEX Portfolio Index) increased over the year by 27% (11%).

Huhtamaki's market capitalization at year-end was EUR 1,374 million (EUR 1,167 million). The highest price paid for the Huhtamaki share was EUR 14.88 (EUR 12.30) on July 14, 2005 occurring shortly after the second phase of restructuring was announced. The lowest share price paid was EUR 11.37 (EUR 9.40) on April 18, 2005 taking place a few days prior to the publication of the first quarter results. In 2005, the volume weighted average price was EUR 12.84 (EUR 10.71).

The cumulative value of the share turnover was EUR 1,085 million (EUR 759 million) with a trading volume of 84 million (71 million) shares, 86% (73%) of the average number of shares in issue. This equals an average daily turnover of 4.3 million (3.0 million) or correspondingly of 333,665 (280,315) shares. Trading in the Huhtamaki share was particularly strong in September with a volume turnover of 11.1 million shares. The weakest months in trading were in July and in December with a turnover of 3.9 million shares and 5.5 million shares, respectively. For the majority of the year trading activity was relatively even with volumes between 6.2–8.1 million shares per month.

In total, trading volume in the company's 2000 A, B, C and 2003 A option rights was 738,916 (694,950), 45% (77%) of the total in issue. The company's 2003 A stock option rights were listed on the Helsinki Stock Exchange on May 2, 2005.

### **Outlook for 2006**

In 2006, the underlying EBIT is expected to show a moderate improvement over 2005, despite decreasing unallocated corporate income in the second half of the year. The improvement will be based on cost savings, as well as profitable growth in selected markets. Volatile polymer-based raw material prices may put pressure on margins. The reported result will include most of the remaining EUR 10 million of charges related to the previously announced restructuring programs.

Capital expenditure will be temporarily elevated to EUR 150 million primarily driven by the announced expansion projects. This combined with restructuring related cash outflows will impact on free cash flow.





Emphasis on performance management and capacity investments for growth will continue. Execution of the change program remains essential while maintaining positive business momentum.

### **Annual General Meeting 2006**

The Annual General Meeting of Huhtamäki Oyj will be held on Monday March 27, 2006 at 16.00 (Finnish time) at Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland.

### **Dividend proposal**

The Board proposes a dividend of EUR 0.38 (EUR 0.38) per share.

Espoo, February 8, 2006  
Huhtamäki Oyj  
Board of Directors

The Interim Report Q1 2006 will be published on April 27, 2006.

## NOTE: CHANGES TO ACCOUNTING PRINCIPLES

The Group has adopted the following IFRS standards and interpretations considered applicable to Huhtamaki, with effect from January 1, 2005:

- IFRS 2 Share-based payment
- IFRS 4 Insurance contracts
- IFRS 5 Non-current asset held for sale and discontinued operations
- IAS 19 (Revised) employee benefits

Furthermore, the following IFRIC interpretations have been adopted:

- IFRIC 1 Changes in existing commissions, restructuring and similar liabilities
- IFRIC 4 Determining whether an arrangement contains a lease

As IASB has cancelled the interpretation of IFRIC 3 Emission rights in June 2005, Huhtamaki has valued and booked the emission rights and liability to deliver allowances initially at their fair value. After changed accounting principles, the booking of emission rights has been applied retroactively. This has no material effect for Q1 2005 result.

The effect of these newly adopted standards has not had a material impact on the reported results. The 2004 income statement and equity full year comparative figures have been restated by EUR 0.8 million reflecting the adoption of IFRS 2 Share-based payment

### Income statement

| EUR million                       | Q1-Q4<br>2005 | Q1-Q4<br>2004 | Change<br>% | Q4<br>2005 | Q4<br>2004 | Change<br>% |
|-----------------------------------|---------------|---------------|-------------|------------|------------|-------------|
| Net sales                         | 2,243.7       | 2,092.3       | 7.2%        | 564.0      | 506.2      | 11.4%       |
| EBITDA                            | 190.2         | 235.2         | -19.1%      | 51.0       | 35.2       | 44.9%       |
| EBIT                              | 57.7          | 101.3         | -43.0%      | 25.1       | -19.7      | 227.4%      |
| -% of net sales                   | 2.6%          | 4.8%          | -           | 4.5%       | -3.9%      |             |
| Net financial items               | -36.9         | -36.6         | -0.8%       | -11.5      | -10.3      | -11.7%      |
| Income of associated companies    | 0.6           | 0.8           | -25.0%      | 0.3        | 0.5        | -40.0%      |
| Result before taxes               | 21.4          | 65.5          | -67.3%      | 13.9       | -29.5      | 147.0%      |
| Taxes                             | -12.0         | -13.1         | 8.4%        | -1.9       | 5.5        | -134.5%     |
| Result for the period             | 9.4           | 52.4          | -82.1%      | 12.0       | -24.0      | 149.8%      |
| Attributable to:                  |               |               |             |            |            |             |
| Equity holders of the parent      | 6.9           | 50.4          | -86.3%      | 11.3       | -24.6      | 145.7%      |
| Minority interest                 | 2.5           | 2.0           | 25.0%       | 0.7        | 0.6        | 16.7%       |
|                                   | 9.4           | 52.4          | -82.1%      | 12.0       | -24.0      | 149.8%      |
| Earnings per share (EUR)          | 0.07          | 0.52          | -86.5%      | 0.12       | -0.26      | 146.2%      |
| Earning per share (EUR) - diluted | 0.07          | 0.52          | -86.5%      | 0.11       | -0.26      | 142.3%      |

### Regions

#### Net sales

| EUR million         | Q1-Q4<br>2005 | Q1-Q4<br>2004 | Change<br>% | Q4<br>2005 | Q4<br>2004 | Change<br>% |
|---------------------|---------------|---------------|-------------|------------|------------|-------------|
| Europe              | 1,172.1       | 1,151.5       | 1.8%        | 276.1      | 266.6      | 3.6%        |
| Americas            | 707.1         | 608.7         | 16.2%       | 187.3      | 152.0      | 23.2%       |
| Asia-Oceania-Africa | 364.5         | 332.1         | 9.8%        | 100.6      | 87.6       | 14.8%       |
| Total               | 2,243.7       | 2,092.3       | 7.2%        | 564.0      | 506.2      | 11.4%       |

Interregional sales are not significant.

#### EBIT

| EUR million                 | Q1-Q4<br>2005 | Q1-Q4<br>2004 | Change<br>% | Q4<br>2005 | Q4<br>2004 | Change<br>% |
|-----------------------------|---------------|---------------|-------------|------------|------------|-------------|
| Europe                      | 8.1           | 40.1          | -79.8%      | 7.7        | -18.8      | 141.0%      |
| % of net sales              | 0.7%          | 3.5%          | -           | 2.8%       | -7.1%      | -           |
| Americas                    | 14.8          | 16.2          | -8.6%       | 14.9       | -10.7      | 239.3%      |
| % of net sales              | 2.1%          | 2.7%          | -           | 8.0%       | -7.0%      | -           |
| Asia-Oceania-Africa         | 16.8          | 19.6          | -14.3%      | 0.2        | 3.3        | -93.9%      |
| % of net sales              | 4.6%          | 5.9%          | -           | 0.2%       | 3.8%       | -           |
| EBIT before corporate items | 39.7          | 75.9          | -47.7%      | 22.8       | -26.2      | 187.0%      |
| % of net sales              | 1.8%          | 3.6%          | -           | 4.0%       | -5.2%      | -           |
| Corporate net               | 18.0          | 25.4          | -29.1%      | 2.3        | 6.5        | -64.6%      |
| Total                       | 57.7          | 101.3         | -43.0%      | 25.1       | -19.7      | 227.4%      |
| % of net sales              | 2.6%          | 4.8%          |             | 4.5%       | -3.9%      |             |

**Net assets and RONA % (12m roll.)**

| <b>EUR million</b>  | <b>Dec 31<br/>2005</b> | <b>Dec 31<br/>2004</b> | <b>Change<br/>%</b> |
|---------------------|------------------------|------------------------|---------------------|
| Europe              | 781.9                  | 787.7                  | -0.7%               |
| RONA-% underlying   | 9.2%                   | 8.6%                   | -                   |
| RONA-% reported     | 1.0%                   | 5.0%                   | -                   |
| Americas            | 575.6                  | 538.8                  | 6.8%                |
| RONA-% underlying   | 8.0%                   | 5.1%                   | -                   |
| RONA-% reported     | 2.6%                   | 2.8%                   | -                   |
| Asia-Oceania-Africa | 296.3                  | 278.2                  | 6.5%                |
| RONA-% underlying   | 8.2%                   | 8.4%                   | -                   |
| RONA-% reported     | 5.7%                   | 7.0%                   | -                   |

**Business segments**

**Net sales**

| <b>EUR million</b> | <b>Q1-Q4<br/>2005</b> | <b>Q1-Q4<br/>2004</b> | <b>Change<br/>%</b> | <b>Q4<br/>2005</b> | <b>Q4<br/>2004</b> | <b>Change<br/>%</b> |
|--------------------|-----------------------|-----------------------|---------------------|--------------------|--------------------|---------------------|
| Consumer Goods     | 1,470.2               | 1,387.9               | 5.9%                | 360.3              | 329.2              | 9.4%                |
| Foodservice        | 773.5                 | 704.4                 | 9.8%                | 203.7              | 177.0              | 15.1%               |
| <b>Total</b>       | <b>2,243.7</b>        | <b>2,092.3</b>        | <b>7.2%</b>         | <b>564.0</b>       | <b>506.2</b>       | <b>11.4%</b>        |

Intersegment sales are not significant.

**EBIT**

| <b>EUR million</b>          | <b>Q1-Q4<br/>2005</b> | <b>Q1-Q4<br/>2004</b> | <b>Change<br/>%</b> | <b>Q4<br/>2005</b> | <b>Q4<br/>2004</b> | <b>Change<br/>%</b> |
|-----------------------------|-----------------------|-----------------------|---------------------|--------------------|--------------------|---------------------|
| Consumer Goods              | 26.8                  | 50.7                  | -47.1%              | 13.9               | -18.5              | 175.1%              |
| % of net sales              | 1.8%                  | 3.7%                  | -                   | 3.9%               | -5.6%              | -                   |
| Foodservice                 | 12.9                  | 25.2                  | -48.8%              | 8.9                | -7.7               | 215.6%              |
| % of net sales              | 1.7%                  | 3.6%                  | -                   | 4.4%               | -4.4%              | -                   |
| EBIT before corporate items | 39.7                  | 75.9                  | -47.7%              | 22.8               | -26.2              | 187.0%              |
| % of net sales              | 1.8%                  | 3.6%                  | -                   | 4.0%               | -5.2%              | -                   |
| Corporate net               | 18.0                  | 25.4                  | -29.1%              | 2.3                | 6.5                | -64.6%              |
| <b>Total</b>                | <b>57.7</b>           | <b>101.3</b>          | <b>-43.0%</b>       | <b>25.1</b>        | <b>-19.7</b>       | <b>227.4%</b>       |
| % of net sales              | 2.6%                  | 4.8%                  |                     | 4.5%               | -3.9%              |                     |

**Balance sheet**

| EUR million                         | Dec 31        |               | Dec 31        |        |
|-------------------------------------|---------------|---------------|---------------|--------|
|                                     | 2005          | %             | 2004          | %      |
| <b>ASSETS</b>                       |               |               |               |        |
| <b>Non-current assets</b>           |               |               |               |        |
| Intangible assets                   | 554.0         | 24.0%         | 575.4         | 25.8%  |
| Tangible assets                     | 849.2         | 36.8%         | 816.7         | 36.6%  |
| Investments                         | 3.5           | 0.2%          | 3.3           | 0.2%   |
| Interest bearing receivables        | 4.3           | 0.2%          | 20.0          | 0.9%   |
| Deferred tax assets                 | 16.0          | 0.7%          | 21.8          | 1.0%   |
| Other non-current assets            | 83.9          | 3.6%          | 74.7          | 3.3%   |
|                                     | 1,510.9       | 65.5%         | 1,511.9       | 67.8%  |
| <b>Current assets</b>               |               |               |               |        |
| Inventory                           | 311.3         | 13.5%         | 289.8         | 13.0%  |
| Interest bearing receivables        | 17.2          | 0.7%          | 15.5          | 0.7%   |
| Income tax receivables              | 29.6          | 1.3%          | 24.2          | 1.1%   |
| Trade and other current receivables | 400.7         | 17.4%         | 361.5         | 16.2%  |
| Cash and cash equivalents           | 37.6          | 1.6%          | 28.6          | 1.3%   |
|                                     | 796.4         | 34.5%         | 719.6         | 32.2%  |
| <b>Total assets</b>                 | 2,307.3       | 100.0%        | 2,231.5       | 100.0% |
| <b>EQUITY AND LIABILITIES</b>       |               |               |               |        |
| Shareholders' equity                | 802.0         | 34.8%         | 781.8         | 35.0%  |
| Minority interest                   | 18.4          | 0.8%          | 14.7          | 0.7%   |
|                                     | 820.4         | 35.6%         | 796.5         | 35.7%  |
| <b>Non-current liabilities</b>      |               |               |               |        |
| Interest bearing liabilities        | 404.1         | 17.5%         | 370.7         | 16.6%  |
| Deferred tax liabilities            | 81.5          | 3.5%          | 42.2          | 1.9%   |
| Provisions                          | 51.1          | 2.2%          | 84.7          | 3.8%   |
| Other non-current liabilities       | 122.7         | 5.3%          | 131.4         | 5.9%   |
|                                     | 659.4         | 28.5%         | 629.0         | 28.2%  |
| <b>Current liabilities</b>          |               |               |               |        |
| Interest bearing liabilities        | 366.5         | 15.9%         | 392.6         | 17.6%  |
| Provisions                          | 24.2          | 1.0%          | 24.0          | 1.1%   |
| Income tax liabilities              | 35.4          | 1.5%          | 35.2          | 1.6%   |
| Other current liabilities           | 401.4         | 17.4%         | 354.2         | 15.9%  |
|                                     | 827.5         | 35.9%         | 806.0         | 36.1%  |
| <b>Total equity and liabilities</b> | 2,307.3       | 100.0%        | 2,231.5       | 100.0% |
|                                     | <b>Dec 31</b> | <b>Change</b> | <b>Dec 31</b> |        |
|                                     | <b>2005</b>   | <b>%</b>      | <b>2004</b>   |        |
| Net debt                            | 711.5         | 1.8%          | 699.1         |        |
| Net debt to equity (gearing)        | 0.87          | -             | 0.88          |        |

## Cash flow statement

| EUR million                                      | Q1-Q4<br>2005 | Q1-Q4<br>2004 | Q4<br>2005   | Q4<br>2004   |
|--|---------------|---------------|--------------|--------------|
| <b>Result for the period*</b>                    | <b>9.4</b>    | <b>52.4</b>   | <b>12.0</b>  | <b>-24.1</b> |
| Adjustments*                                     | 225.4         | 184.9         | 44.4         | 68.0         |
| Change in inventory*                             | -2.7          | -28.4         | -0.7         | 1.0          |
| Change in non-interest bear. receivables*        | -59.5         | -8.8          | -6.7         | 3.1          |
| Change in non-interest bearing payables*         | 52.7          | 24.3          | 22.7         | 14.3         |
| Dividends received*                              | 0.9           | 0.9           | 0.5          | 0.2          |
| Interest received*                               | 3.8           | 4.6           | 1.0          | 1.2          |
| Interest paid*                                   | -43.6         | -40.7         | -9.3         | -8.4         |
| Other financial expense and income*              | -2.5          | -2.2          | -2.4         | -1.6         |
| Paid taxes*                                      | -15.4         | -20.4         | -1.0         | 1.7          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      | <b>168.5</b>  | <b>166.6</b>  | <b>60.5</b>  | <b>55.3</b>  |
| Capital expenditure*                             | -113.4        | -94.0         | -58.3        | -39.7        |
| Proceeds from selling other investments*         | -             | 0.1           | -            | 0.1          |
| Proceeds from selling tangible assets*           | 10.4          | 4.0           | 3.1          | 0.6          |
| Change in long-term deposits                     | 15.7          | 4.5           | -0.1         | 2.4          |
| Change in short-term deposits                    | -1.2          | -9.4          | 2.1          | -9.5         |
| <b>CASH FLOWS FROM INVESTING</b>                 | <b>-88.5</b>  | <b>-94.7</b>  | <b>-53.2</b> | <b>-46.1</b> |
| Proceeds from long-term borrowing                | 1,045.0       | 239.4         | 404.9        | 122.4        |
| Repayment of long-term borrowing                 | -1,021.8      | -204.4        | -435.1       | -142.9       |
| Proceeds from short-term borrowing               | 2,343.1       | 1,684.8       | 713.7        | 490.2        |
| Repayment of short-term borrowing                | -2,405.7      | -1,767.9      | -697.5       | -488.4       |
| Dividends paid                                   | -37.4         | -36.5         | -            | -            |
| Proceeds from stock option exercises             | 2.9           | 17.4          | 0.3          | 10.2         |
| <b>CASH FLOWS FROM FINANCING</b>                 | <b>-73.9</b>  | <b>-67.3</b>  | <b>-13.7</b> | <b>-8.5</b>  |
| <b>CHANGE IN LIQUID ASSETS</b>                   | <b>9.0</b>    | <b>3.9</b>    | <b>-6.0</b>  | <b>0.3</b>   |
| Cash flow based                                  | 6.1           | 4.6           | -6.4         | 0.8          |
| Translation difference                           | 2.9           | -0.7          | 0.4          | -0.5         |
| Liquid assets period start                       | 28.6          | 24.7          | 43.6         | 28.3         |
| Liquid assets period end                         | 37.6          | 28.6          | 37.6         | 28.6         |
| Free cash flow (including figures marked with *) | 65.5          | 76.7          | 5.3          | 16.3         |

## Changes in shareholders' equity

|   | Share capital | Share issue premium | Treasury shares | Translation diff. | Attributable to equity holders of the parent |                   |              | Minority interest | Total |
|---|---------------|---------------------|-----------------|-------------------|--|-------------------|--------------|-------------------|-------|
|   |               |                     |                 |                   | Fair value and other reserves                | Retained earnings | Total equity |                   |       |
| <b>EUR million</b>  |               |                     |                 |                   |  |                   |              |                   |       |
| TOTAL EQUITY AT 31.12.2003                                | 344.2         | 85.4                | -46.5           | -110.3            | -7.7   | 490.1             | 755.2        | 14.8              | 770.0 |
| <b>Cashflow hedges</b>                                    |               |                     |                 |                   |  |                   |              |                   |       |
| Hedge result deferred to equity                           |               |                     |                 |                   | -2.3   |                   | -2.3         |                   | -2.3  |
| Hedge result recognized in income statement               |               |                     |                 |                   | 8.5  |                   | 8.5          |                   | 8.5   |
| Hedge result to carrying amount of hedged items           |               |                     |                 |                   | 0.6  |                   | 0.6          |                   | 0.6   |
| <b>Translation differences</b>                            |               |                     |                 | -9.4              |  |                   | -9.4         | -0.6              | -10.0 |
| <b>Deferred tax in equity</b>                             |               |                     |                 |                   | -2.0   |                   | -2.0         |                   | -2.0  |
| <b>Share-based payments</b>                               |               |                     |                 |                   |  | 0.8               | 0.8          |                   | 0.8   |
| <b>Other changes</b>                                      |               |                     |                 |                   |  | -0.8              | -0.8         |                   | -0.8  |
| <b>NET INCOME RECOGNIZED DIRECTLY IN EQUITY</b>           |               |                     |                 |                   |  |                   |              |                   |       |
| <b>Net income for the period</b>                          |               |                     |                 | -9.4              | 4.8  | 0.0               | -4.6         | -0.6              | -5.2  |
| <b>TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD</b> |               |                     |                 | -9.4              | 4.8  | 50.4              | 45.8         | 1.4               | 47.2  |
| <b>Dividend</b>   |               |                     |                 |                   |  | -36.5             | -36.5        | -1.5              | -38.0 |
| <b>Stock options exercised</b>                            | 7.3           | 10.0                |                 |                   |  |                   | 17.3         |                   | 17.3  |
| BALANCE AT 31.12.2004                                     | 351.5         | 95.4                | -46.5           | -119.7            | -2.9   | 504.0             | 781.8        | 14.7              | 796.5 |
| <b>EUR million</b>  |               |                     |                 |                   |  |                   |              |                   |       |
| TOTAL EQUITY AT 31.12.2004                                | 351.5         | 95.4                | -46.5           | -119.7            | -2.9   | 504.0             | 781.8        | 14.7              | 796.5 |
| <b>Cashflow hedges</b>                                    |               |                     |                 |                   |  |                   |              |                   |       |
| Hedge result deferred to equity                           |               |                     |                 |                   | -2.0   |                   | -2.0         |                   | -2.0  |
| Hedge result recognized in income statement               |               |                     |                 |                   | 4.6  |                   | 4.6          |                   | 4.6   |
| <b>Translation differences</b>                            |               |                     |                 | 43.4              |  |                   | 43.4         | 1.1               | 44.5  |
| <b>Deferred tax in equity</b>                             |               |                     |                 |                   | 0.1  |                   | 0.1          |                   | 0.1   |
| <b>Share-based payments</b>                               |               |                     |                 |                   |  | 1.4               | 1.4          |                   | 1.4   |
| <b>Other changes</b>                                      |               |                     |                 |                   |  | 0.3               | 0.3          |                   | 0.3   |
| <b>NET INCOME RECOGNIZED DIRECTLY IN EQUITY</b>           |               |                     |                 |                   |  |                   |              |                   |       |
| <b>Result for the period</b>                              |               |                     |                 | 43.4              | 2.7  | 1.7               | 47.8         | 1.1               | 48.9  |
| <b>TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD</b> |               |                     |                 | 43.4              | 2.7  | 8.6               | 54.7         | 3.6               | 58.3  |
| <b>Dividend</b>   |               |                     |                 |                   |  | -37.4             | -37.4        |                   | -37.4 |
| <b>Stock options exercised</b>                            | 1.5           | 1.4                 |                 |                   |  |                   | 2.9          |                   | 2.9   |
| BALANCE AT 31.12.2005                                     | 353.0         | 96.8                | -46.5           | -76.3             | -0.2   | 475.2             | 802.0        | 18.4              | 820.4 |

## Other key information

| EUR million                             | Q1-Q4  | Q1-Q4  | Change |
|---|--------|--------|--------|
|   | 2005   | 2004   | %      |
| Equity per share (EUR)                  | 8.12   | 7.95   | 2.1%   |
| ROE, %                                  | 1.3    | 6.7    | -      |
| ROI, %                                  | 4.0    | 6.7    | -      |
| Capital expenditure                     | 113.4  | 94.0   | 20.6%  |
| Personnel                               | 14,935 | 15,531 | -3.8%  |
| Result before taxes (12m roll.)         | 21.4   | 65.5   | -67.3% |
| Depreciation                            | 96.5   | 129.4  | -25.4% |
| Amortization of other intangible assets | 36.0   | 4.5    | 700.0% |

| <b>Contingent liabilities</b> | <b>Dec 31</b> |               | <b>Dec 31</b> |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | <b>2005</b>   |               | <b>2004</b>   |               |
| <b>EUR million</b>            | <b>Group</b>  | <b>Parent</b> | <b>Group</b>  | <b>Parent</b> |
| Mortgages                     | 14.9          | 14.5          | 15.5          | 14.9          |
| Guarantee obligations         |               |               |               |               |
| For subsidiaries              | -             | 111.2         | -             | 111.3         |
| For others                    | 5.5           | 5.5           | 7.7           | 7.7           |
| Lease payments                | 66.6          | 0.4           | 66.6          | 0.4           |

#### **Nominal values of derivative instruments**

| <b>EUR million</b>                         | <b>Dec 31</b> |  | <b>Dec 31</b> |  |
|--|---------------|--|---------------|--|
|  | <b>2005</b>   |  | <b>2004</b>   |  |
|  | <b>Group</b>  |  | <b>Group</b>  |  |
| Currency forwards, transaction risk hedges | 91            |  | 36            |  |
| Currency forwards, translation risk hedges | 59            |  | 50            |  |
| Currency swaps, financing hedges           | 121           |  | 124           |  |
| Currency options                           | 1             |  | 6             |  |
| Interest rate swaps                        | 258           |  | 299           |  |
| Electricity forwards                       | 1             |  | 2             |  |

The following EUR rates have been applied to GBP, INR, AUD and USD

|                            |         |       |       |
|----------------------------|---------|-------|-------|
| Income statement, average: |         | Q4/05 | Q4/04 |
|                            | GBP 1 = | 1.462 | 1.472 |
|                            | INR 1 = | 0.018 | 0.018 |
|                            | AUD 1 = | 0.612 | 0.591 |
|                            | USD 1 = | 0.803 | 0.806 |
| Balance sheet, month end:  |         | Q4/05 | Q4/04 |
|                            | GBP 1 = | 1.459 | 1.418 |
|                            | INR 1 = | 0.019 | 0.017 |
|                            | AUD 1 = | 0.621 | 0.573 |
|                            | USD 1 = | 0.848 | 0.734 |





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