# Results 2006

*Huhtamaki Group is a leading manufacturer of consumer and specialty packaging with 2006 net sales totaling EUR 2.3 billion. Consumer goods and foodservice markets are served by some 14,800 employees in 66 manufacturing units and several sales offices in 36 countries. 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*

**Huhtamäki Oyj**

## RESULTS 2006

### Huhtamaki full year result stable in 2006 – Board proposes increased dividend of EUR 0.42 per share (+11%)

- **Net sales were EUR 2,275.6 million (+2%)**
- **The underlying EBIT* was EUR 157.6 million (EUR 160.2 million)**
- **Significant improvement in profitability in Americas**
- **Strong growth in Flexibles and Films as well as in Rigid Foodservice business in the emerging markets**
- **Margin erosion in Rigid businesses in Europe and Oceania**
- **Bulk of restructuring programs in Europe completed**
- **In 2007, the underlying EBIT is expected to be around the level of 2006**

**Key figures**

| EUR million | Q4 2006 | Q4 2005 | Change, % | 2006 | 2005 | Change, % |
|---|---|---|---|---|---|---|
| Net sales | 557.2 | 558.4 | 0% | 2,275.6 | 2,226.6 | 2% |
| EBIT – underlying* | 23.7 | 35.0 | -32% | 157.6 | 160.2 | -2% |
| EBIT margin % | 4.3 | 6.3 | - | 6.9 | 7.2 | - |
| EBIT – reported | 20.4 | 25.1 | -19% | 145.5 | 57.7 | 152% |
| EPS** – reported | 0.12 | 0.12 | 0% | 0.94 | 0.07 | - |
| Free cash flow | -35.7 | 5.3 | - | -8.4 | 65.5 | - |

* The underlying earnings before interest and taxes (EBIT) excludes restructuring and goodwill impairment charges
** Earnings per share (EPS)

CEO Heikki Takanen: “Year 2006 was eventful for Huhtamaki. We are pleased with the growth achieved in strategic growth markets and segments. We are especially satisfied with the significant improvement in profitability in the Americas. Progress has been made in the implementation of our change programs with the bulk of the restructuring program in Europe being completed. Margin erosion in the Rigid businesses in Europe and Oceania was more severe than expected, further accelerated by a clear increase in raw material and energy costs. Also, the changing market dynamics in the UK was unexpected resulting in volume decline.”

“We will remain focused on operational efficiency. The emphasis will be on finalizing the change programs and developing attractive growth platforms while sharpening our strategy. In 2007, we expect the underlying EBIT to be around the level of 2006.”

### October-December 2006

Net sales were flat at EUR 557.2 million. Sales were positively impacted by price/mix changes (+2%) with minor effect from volume (+1%) and currency translations (-3%).

In Europe-region, net sales increased to EUR 288.4 million (+5%) driven by volume growth (+4%) with minor effect from price/mix changes and currency translations. The region’s underlying EBIT decreased by 71% to EUR 3.4 million (EUR 11.7 million) in the quarter, corresponding to an EBIT margin of 1.2%

(4.2%). The reported EBIT, EUR 0.4 million (EUR 7.7 million), includes restructuring charges of EUR 3.0 million (EUR 4.0 million).

In the Americas, the reported net sales figure of EUR 170.3 million (-6%) was impacted by currency translations (-7%). The positive effect from price/mix changes (+3%) was offset by volume decline (-2%). On a comparable basis, volume development was flat. The region's underlying EBIT was EUR 13.9 million (EUR 14.9 million), corresponding to an EBIT margin of 8.2% (8.1%). The reported and underlying EBIT are the same in both years.

In Asia-Oceania-Africa, the net sales figure of EUR 98.5 million (-2%) was impacted by currency translations (-7%). Sales were positively impacted by price/mix changes (+2%) and volume growth (+3%). The region's underlying EBIT increased by 11% to EUR 6.9 million (EUR 6.2 million) in the quarter, corresponding to an EBIT margin of 7.0% (6.2%). The reported EBIT, EUR 6.6 million (EUR 0.2 million), includes restructuring charges of EUR 0.2 million (EUR 6.0 million).

In the fourth quarter, the Group's underlying EBIT before corporate items decreased by 26% to EUR 24.2 million (EUR 32.7 million), corresponding to an EBIT margin of 4.3% (5.9%). Corporate net in the quarter was EUR -0.5 million (EUR 2.3 million) reflecting the expiry of a major royalty income. Hence, the underlying EBIT decreased by 32% to EUR 23.7 million (EUR 35.0 million), corresponding to an EBIT margin of 4.3% (6.3%). The reported EBIT, EUR 20.4 million (EUR 25.1 million), includes restructuring charges of EUR 3.3 million (EUR 9.9 million).

Net financial items were EUR 9.4 million (EUR 11.5 million) in the quarter. The reported result for the period was EUR 12.5 million (EUR 12.0 million). The reported EPS remained unchanged at 12 cents.

In the fourth quarter, free cash flow was EUR -35.7 million (EUR 5.3 million) including capital expenditure of EUR 80.7 million (EUR 58.3 million).

## January-December 2006

In 2006, market demand for Huhtamaki's consumer packaging remained stable in the mature markets and continued robust in the emerging markets, which represented approximately 17% of Group net sales.

The underlying EBIT was largely in line with expectations, excluding weaker than anticipated profitability within the Rigid businesses in Europe and Oceania. In the Americas net sales were sustained on a good level, while profitability improved significantly. The strong growth in net sales in the Flexibles and Films businesses and in the emerging markets as a whole had a positive result.

The implementation of change programs continued in 2006. Towards the end of the year the emphasis shifted to developing attractive growth platforms and accelerating profitable growth.

## Business review by region

Net sales were EUR 2,275.6 million (+2% compared to year 2005). Sales were positively impacted by volume growth (+2%) with minor effect from price/mix changes and currency translations. The geographical distribution of sales was the following: Europe 52%, Americas 31% and Asia-Oceania-Africa 17%.

Raw material prices remained on a high level in 2006. The prices showed a clear increase compared to the average level of the previous year and peaked in October. Energy costs also increased from the previous year's level.

**Europe**

In Europe, net sales for the full year remained flat at EUR 1,188.7 million (+1%). Sales were positively impacted by volume growth (+2%) with minor effect from price/mix changes and currency translations.

Net sales development in Europe was varied. Within Consumer Goods, sales growth in the Flexibles and Films businesses was strong in product groups such as confectionary and beverages, and was further accelerated by new product introductions. Sales in the Rigid business remained subdued in certain units. Volume decline was strongest in the UK due to the changing market dynamics. Sales development in the Molded Fiber business was stable. Within Foodservice, the business maintained its solid footing throughout the year with growth accelerating towards the end of the year. In Eastern Europe, which represented approximately 11% of the region's sales, sales growth was robust as a whole and especially in Russia and Poland.

In 2006 the region's underlying EBIT decreased by 28% to EUR 52.1 million (EUR 71.9 million), corresponding to an EBIT margin of 4.4% (6.1%). The positive impact from cost savings related to the restructuring program was more than offset by margin erosion experienced in the Rigid business, further accelerated by higher raw material and energy prices. Operational inefficiencies in units with major change programs had a negative effect with a weaker than anticipated closing of the year. In order to address the situation in the Rigid business, the reinforcement of price management and the alignment of the UK business to match market development were started. The reported EBIT, EUR 40.3 million (EUR 8.1 million), includes restructuring charges of EUR 11.8 million (EUR 63.9 million). On a rolling 12-month basis, the region's underlying RONA was 6.7% (9.2%).

**Americas**

In the Americas, net sales for the full year were EUR 711.5 million (+3%). On a comparable basis, sales were flat with a minor impact by price/mix changes (+4%). After a stronger first quarter of the year, volume growth leveled off in the remaining quarters. The impact from currency translations was positive in the first half of the year; annualized the effect was neutral.

Within Foodservice, performance was driven by the Retail Division especially following the successful extension of the product offering of the Chinet® brand with the Chinet Casuals® product line. In the remaining Foodservice categories the change of product assortment in the second half of the year had a negative sales impact before new product introductions from year-end. Within Consumer Goods, the Frozen desserts category benefited from a strong start to the year while the Flexibles and Films businesses enjoyed favorable sales development throughout the year. In South America, which represented approximately 14% of the region's sales, the Dairy category posted good sales growth.

In 2006 the region's underlying EBIT showed a significant increase of 33% to EUR 61.3 million (EUR 46.0 million), corresponding to an EBIT margin of 8.6% (6.7%). This reflects continued improvements in operational efficiency along with a successful supply chain and price management. The pace of result improvement stabilized towards year-end. The reported EBIT was EUR 61.3 million. In the previous year the reported EBIT of EUR 14.8 million included goodwill impairment charges of EUR 31.2 million. On a rolling 12-month basis, underlying RONA was 11.0% (8.0%).

**Asia-Oceania-Africa**

In Asia-Oceania-Africa, net sales for the full year were EUR 375.4 million (+3%). The positive impact of volume growth (+6%) was partially offset by currency translations (-3%). Growth was led by the Flexibles business in India. Sales development was favorable in South Africa while a reverse trend prevailed in Oceania. The emerging markets represent approximately 43% of the region's sales.

In 2006 the region's underlying EBIT remained flat at EUR 24.7 million (EUR 24.3 million), corresponding to an EBIT margin of 6.6% (6.7%). The overall progress in profitability posted by the emerging markets was largely offset by margin erosion in the Rigid business in Oceania due to an increasingly competitive environment further accelerated by higher raw material and energy prices. The reported full year EBIT of EUR 24.4 million includes restructuring charges of EUR 0.3 million. The previous year's reported EBIT of EUR 16.8 million included restructuring charges of EUR 6.0 million and goodwill impairment charges of EUR 1.5 million. On a rolling 12-month basis, underlying RONA was 8.1% (8.2%).

## Financial review

In 2006 the underlying EBIT before corporate items decreased by 3% to EUR 138.1 million (EUR 142.2 million), corresponding to an EBIT margin of 6.1% (6.4%). This reflects weak development in certain Rigid units in Europe and Oceania partly compensated for by improved profitability in the Americas and sustained growth in the Flexibles and Films businesses, as well as in the emerging markets.

Corporate net for the year was slightly higher at EUR 19.5 million (EUR 18.0 million). Hence the underlying group EBIT remained flat at EUR 157.6 million (EUR 160.2 million), corresponding to an EBIT margin of 6.9% (7.2%). The reported EBIT of EUR 145.5 million includes restructuring charges of EUR 12.1 million. The previous year's reported EBIT of EUR 57.7 million included restructuring charges of EUR 69.8 million and goodwill impairment charges of EUR 32.7 million.

Net financial items for the year were EUR 36.8 million, virtually unchanged from the previous year's EUR 36.9 million. The reported result for the period was EUR 96.6 million (EUR 9.4 million). The reported EPS was 94 cents (7 cents).

The average number of outstanding shares used in the EPS calculation was 99,169,003 (98,501,625) excluding 5,061,089 (unchanged) company's own shares.

On a rolling 12-month basis, the return on investment (ROI) was 9.4% (4.0%) and return on equity (ROE) was 11.7% (1.3%).

## Balance sheet and cash flow

At the end of December 2006, net debt remained flat at EUR 710.7 million (EUR 711.5 million). This corresponds to a gearing ratio of 0.83 (0.87).

Free cash flow was EUR -8.4 million (EUR 65.5 million) burdened by an increase in capital expenditure and cash outflow relating to restructuring. Working capital increased mainly due to higher inventories in units with major change programs.

Total capital expenditure in 2006 amounted to EUR 154.0 million (EUR 113.4 million), corresponding to an investment rate of 162% (113%) of depreciation. The increase in capital expenditure is mainly explained by the capacity expansion in China, India and Vietnam, as well as the continued implementation of a common European enterprise resource planning (ERP) platform.

Direct expenditure on research and development amounted to EUR 19.3 million (EUR 18.7 million).

The proceeds from the divestments conducted during the year amounted to EUR 22.9 million. The Molded Fiber unit in Mexico was sold in March. It had annual net sales of around EUR 12 million with approximately 100 employees. As a result of the transaction the North American molded fiber operations are more focused on foodservice and retail markets. The sale of Huhtamaki's expanded polystyrene (EPS) packaging businesses in France and Portugal was finalized in June. The sold units had annual net sales of around EUR 21 million with approximately 130 employees. In the future serving the European fresh food markets will continue by growing capacity in alternative technologies.

## Strategic direction and financial targets

Several change programs have been launched to secure the long-term competitiveness of the core businesses, including the restructuring program announced in two phases. The first phase was completed in 2005. During the reporting period the headline of efforts was operational efficiency. In addition to the implementation of the second phase, the focus was on getting the continuous improvement programs up to speed and identifying ways to leverage group synergies. Towards the end of the year, the emphasis was shifted to developing attractive growth platforms in order to accelerate profitable growth in markets and segments where the biggest competitive advantages can be achieved.

Progress was made in the key change program activities during the year. In Europe, the relocation of the rigid packaging site from Göttingen in Germany to Spain was completed during the first quarter of 2006, while the relocation to Poland was completed by mid 2006. Over 400 employees were affected in Göttingen. The final exit of the site in Göttingen is planned to take place by mid 2007. The downsizing of the rigid packaging site in Portadown, UK, was completed by the end of the first quarter of 2006, resulting in an employee reduction of close to 90.

In Asia-Oceania-Africa the construction of the new rigid packaging facility in Guangzhou, China, started during the third quarter of 2006. Once the larger facility in Guangzhou is in operation, the existing site in Hong Kong will be relocated there by the end of 2007. Over 100 employees will be affected in Hong Kong. The new flexible packaging facility in the state of Uttaranchal in India was in operation at year-end 2006. The new capacity added to the existing flexible packaging facility in Vietnam was in operation during the third quarter of 2006.

In total, the activities from the first and second phases of the restructuring program are estimated to result in annualized savings of EUR 40 million by 2008.

The company's long term financial targets were updated in 2006. The objective is for the earnings before interest and taxes (EBIT) margin to reach 9%. The return on investment (ROI) is targeted at 15%. The long term gearing target is around 100%. The target remains to keep an average dividend payout ratio of 40% of the profit for the period.

## Risk management

Risk management is an essential part of the Group's control system purporting to ensure that the risks related to the business operations are identified and monitored. During the year special emphasis has been laid on the effectiveness of various risk management activities. Huhtamaki's risk management comprises the organization participating in risk management, a risk management process and related reporting, as well as the Group Enterprise Risk Management (ERM) Policy. All Group functions and business units participate in a regular risk survey and the survey is performed annually for all relevant units. The key risks are divided into strategic risks, financial risks and operational risks. Huhtamaki takes measures to manage and limit the possible effects of risks.

Regarding strategic risks, special focus has been laid on shifts in technologies and materials. Increasing attention has also been paid to risks attached to major change programs. Raw material and energy price fluctuations as well as changes in clientele are challenging factors in price management and profitability. Strategic risks also include environmental risks.

Financial risks are risks attached to credit, liquidity and interest rates as well as foreign exchange risks.

Operational risks are managed by creating procedures, systems and models in order to secure compliance with best practices. The most significant operational risks are destruction of production facilities, product safety and quality risks, disruptions in raw material supply, contractual risks and human resources risks. Also Group-wide insurance programs have been established to govern insurable operational risks. The programs cover risks relating to property damage, business interruption, various liability exposures, cargo and business travel in the Group.

## Environmental review

Huhtamaki adheres to its Group Environmental Policy in order to ensure globally consistent operating principles. This is complemented by more detailed corporate policies and guidelines such as the code of conduct for suppliers. In addition, the Group has committed to following the Business Charter for Sustainable Development by the International Chamber of Commerce (ICC). Environmental management systems and tools have been created to support implementation and monitor progress. All manufacturing sites regularly report on their environmental performance through environmental key performance indicators. From the total number of manufacturing sites, 51% (49%) follow externally certified environmental management systems such as ISO 14001 and the Eco-Management and Audit Scheme (EMAS) or internally audited programs such as the US Environmental Care Program. The significant direct environmental aspects of operations are energy use, emissions into the air and solid waste.

The Group is pursuing the environmental targets set in 2003 and the cycle for their renewal calls for an update in 2007. Progress towards reaching these goals has been made in energy efficiency and waste to recovery. While the level of volatile organic compounds (VOC) emissions has reduced, there is still room for improvement. The new Regulation of the European Union concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is initially assessed to have rather insignificant direct impacts on a downstream user like Huhtamaki.

## Personnel

Huhtamaki had 14,792 (14,935) employees at year-end. The number employees in Europe-region was 6,731 (7,022); the corresponding figure for the Americas was 3,728 (3,867) and for Asia-Oceania-Africa 4,333 (4,046). The average number of employees was 14,749 (15,294).

The parent company employed 839 (762) people at year-end, comprising the Espoo head office 75 (80) and the Finnish packaging operations 764 (682). The annual average was 850 (783).

## Changes in Group Executive Team

A number of key appointments took place in the Group Executive Team during the year. Pii Kotilainen started as Senior Vice President, Human Resources on January 2, 2006. Timo Salonen was appointed Executive Vice President, Strategy Development, and Walter Günter started as Executive Vice President, Europe Rigid Packaging; both appointments became effective from September 1, 2006. Simultaneously, Maurice Petitjean was appointed Executive Vice President, Flexibles, Films and Molded Fiber Europe. He assumed global leadership of the Flexibles and Films businesses from the beginning of

2007. George T. Lai was appointed Executive Vice President to the Asia-Oceania-Africa region, responsible for the Rigid and Molded Fiber businesses, with effect from January 1, 2007. He succeeded Henk Koekoek, who retired as planned at the end of 2006.

### Decisions taken by the Annual General Meeting in 2006

The Annual General Meeting of Shareholders (AGM) was held in Helsinki on March 27, 2006. The meeting approved the company's and consolidated accounts for 2005 and discharged the company's Board of Directors and the CEO from liability. The dividend was set at EUR 0.38 per share, unchanged from the previous year. Furthermore, the AGM approved the option rights 2006 plan directed at certain members of the management of Huhtamäki Oyj and its subsidiaries. The option rights will entitle subscription for a total of 3,300,000 shares during 2008-2014. The Board of Directors was granted authorization to decide on the conveyance of the company’s own shares within one year’s time. The authorization was not exercised during the year.

Eija Ailasmaa, George V. Bayly, Robertus van Gestel, Paavo Hohti, Mikael Lilius, Anthony J.B. Simon and Jukka Suominen were re-elected to the Board of Directors for the term lasting until the next AGM. The Board of Directors subsequently elected Mikael Lilius as its Chairman and Paavo Hohti as Vice Chairman.

### Share capital and shareholders

At year-end, the company's registered share capital was EUR 358,657,670.00 (EUR 353,053,864.80) corresponding to a total number of outstanding shares of 105,487,550 (103,839,372) including 5,061,089 (unchanged) company’s own shares. The company’s own shares represent 4.8% of the total number of shares. The net figure of outstanding shares was 100,426,461 (98,778,283). In January-December, a total of 1,648,178 new shares were issued following share subscriptions based on option rights 2000 A, B and C as well as 2003 A and B. The option rights 2000 plan expired on October 31, 2006.

The ownership structure relating to the largest registered shareholders saw some adjustments but was not subject to major changes over the year. At the end of December there were 21,582 (20,268) registered shareholders. Foreign ownership accounted for 23.7% (21.3%), of which 19.2% (17.8%) was under nominee registration within financial institutions.

### Share developments

Huhtamaki’s share is quoted on the Helsinki Stock Exchange on the Nordic Large Cap list under the Materials sector. At the end of December, the company’s market capitalization was EUR 1,569.7 million (EUR 1,444.4 million) and EUR 1,494.3 million (EUR 1,374.0 million) excluding company’s own shares. With a closing price of EUR 14.88 (EUR 13.91) the share price increased by 7% (17%) from the beginning of the year, while the OMX Helsinki CAP PI Index increased by 25% (30%). In January-December, the highest price paid for the Huhtamaki share was EUR 16.73 on April 7, 2006 (EUR 14.88 on July 14, 2005), and the lowest price paid was EUR 12.21 on June 13, 2006 (EUR 11.37 on April 18, 2005). The volume weighted average price was EUR 14.35 (EUR 12.84).

The cumulative value of the Huhtamaki share turnover was virtually unchanged from the previous year at EUR 1,085.6 million. The trading volume of 75.6 million (84.4 million) shares equaled an average daily turnover of EUR 4.3 million (unchanged) or, correspondingly 301,371 (333,665) shares. Trading in the Huhtamaki share was particularly strong in October with a volume turnover of EUR 126.4 million and weakest in July with EUR 62.7 million.

In total, turnover of the company's 2000 A, B and C as well as 2003 A and B option rights was EUR 14.6 million (EUR 9.4 million), corresponding to a trading volume of 1,252,614 (738,916). The company's 2003 B option rights were listed on the Helsinki Stock Exchange on May 2, 2006.

## Outlook for 2007

Organic growth will continue to be a priority. The positive impact from sales growth and cost savings should balance out the significant reduction in unallocated corporate income. Volatile polymer-based raw material and energy prices may put pressure on margins.

Capital expenditure is estimated to be somewhat lower in 2007 versus 2006.

Despite a slow start in the first half of the year, the underlying EBIT for the full year is expected to be around the level of 2006.

## Annual General Meeting 2007

The Annual General Meeting of Shareholders will be held on Thursday, April 12, 2007, at 15.00 pm (Finnish time), at Finlandia Hall, Mannerheimintie 13 e, Helsinki.

## Dividend proposal

The Board of Directors will propose to the AGM that a dividend of EUR 0.42 (EUR 0.38) per share be paid.

Espoo, February 14, 2007
Huhtamäki Oyj
Board of Directors

In 2007, Huhtamaki will publish three Interim Reports: the January – March on May 10, January – June on July 19 and January – September on October 25.

## NOTE: CHANGES TO ACCOUNTING PRINCIPLES

The Group has adopted the following IFRS standards and interpretations considered applicable to Huhtamaki, with effect from January 1, 2006:

IFRS 7 Financial Instruments: Disclosures
Following amendments to IAS 39 Financial Instruments: Recognition and Measurement
  Fair value option
  Cash flow hedge accounting of forecast intra-group transactions
  Financial guarantee contracts and credit insurance
Amendment to IAS 21 The effects of Changes in Foreign Exchange Rates
  Foreign operations

The effect of these newly adopted standards has not had a material impact on the reported results.

In the Americas segment, the price reduction type item has been transferred from sales and marketing costs to amend net sales.
In the business segment the whole item fell on the Foodservice segment. The effect of this restatement on net sales was EUR -13.8 million in January-September 2006 and EUR -17.1 million in 2005. The restatement did not have material impact on net sales based key ratios.

### Income statement

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % | Q4 2006 | Q4 2005 | Change % |
|---|---|---|---|---|---|---|
| Net sales | 2,275.6 | 2,226.6 | 2.2% | 557.2 | 558.4 | -0.2% |
| EBITDA | 240.4 | 190.2 | 26.4% | 44.7 | 51.0 | -12.4% |
| EBIT | 145.5 | 57.7 | 152.2% | 20.4 | 25.1 | -18.7% |
| % of net sales | 6.4% | 2.6% | - | 3.7% | 4.5% | - |
| Net financial items | -36.8 | -36.9 | -0.3% | -9.4 | -11.5 | -18.3% |
| Income of associated companies | 0.5 | 0.6 | -16.7% | 0.2 | 0.3 | -33.3% |
| Result before taxes | 109.2 | 21.4 | 410.3% | 11.2 | 13.9 | -19.4% |
| Taxes | -12.6 | -12.0 | 5.0% | 1.3 | -1.9 | -168.4% |
| Result for the period | 96.6 | 9.4 | 927.7% | 12.5 | 12.0 | 4.2% |
| Attributable to: | | | | | | |
| Equity holders of the parent | 93.3 | 6.9 | | 11.8 | 11.3 | 4.4% |
| Minority interest | 3.3 | 2.5 | 32.0% | 0.7 | 0.7 | 0.0% |
| | 96.6 | 9.4 | - | 12.5 | 12.0 | 4.2% |
| Earnings per share (EUR) | 0.94 | 0.07 | - | 0.12 | 0.12 | 0.0% |
| Earnings per share (EUR) - diluted | 0.93 | 0.07 | - | 0.12 | 0.11 | 9.1% |

### Regions
### Net sales

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % | Q4 2006 | Q4 2005 | Change % |
|---|---|---|---|---|---|---|
| Europe | 1,188.7 | 1,172.1 | 1.4% | 288.4 | 276.1 | 4.5% |
| Americas | 711.5 | 690.0 | 3.1% | 170.3 | 181.7 | -6.3% |
| Asia-Oceania-Africa | 375.4 | 364.5 | 3.0% | 98.5 | 100.6 | -2.1% |
| Total | 2,275.6 | 2,226.6 | 2.2% | 557.2 | 558.4 | -0.2% |

Interregional sales are not significant.

### EBIT

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % | Q4 2006 | Q4 2005 | Change % |
|---|---|---|---|---|---|---|
| Europe | 40.3 | 8.1 | 397.5% | 0.4 | 7.7 | -94.8% |
| % of net sales | 3.4% | 0.7% | - | 0.1% | 2.8% | - |
| Americas | 61.3 | 14.8 | 314.2% | 13.9 | 14.9 | -6.7% |
| % of net sales | 8.6% | 2.1% | - | 8.2% | 8.2% | - |
| Asia-Oceania-Africa | 24.4 | 16.8 | 45.2% | 6.6 | 0.2 | - |
| % of net sales | 6.5% | 4.6% | - | 6.7% | 0.2% | - |
| EBIT before corporate items | 126.0 | 39.7 | 217.4% | 20.9 | 22.8 | -8.3% |
| % of net sales | 5.5% | 1.8% | - | 3.8% | 4.1% | - |
| Corporate net | 19.5 | 18.0 | 8.3% | -0.5 | 2.3 | -121.7% |
| Total | 145.5 | 57.7 | 152.2% | 20.4 | 25.1 | -18.7% |
| % of net sales | 6.4% | 2.6% | | 3.7% | 4.5% | |

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

| EUR million | Dec 31 2006 | Dec 31 2005 | Change % |
|---|---|---|---|
| Europe | 782.7 | 781.9 | 0.1% |
| RONA-% underlying | 6.7% | 9.2% | - |
| RONA-% reported | 5.1% | 1.0% | - |
| Americas | 558.1 | 575.6 | -3.0% |
| RONA-% underlying | 11.0% | 8.0% | - |
| RONA-% reported | 11.0% | 2.6% | - |
| Asia-Oceania-Africa | 301.0 | 296.3 | 1.6% |
| RONA-% underlying | 8.1% | 8.2% | - |
| RONA-% reported | 8.1% | 5.7% | - |

**Business segments**

**Net sales**

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % | Q4 2006 | Q4 2005 | Change % |
|---|---|---|---|---|---|---|
| Consumer Goods | 1,495.3 | 1,470.2 | 1.7% | 359.0 | 360.3 | -0.4% |
| Foodservice | 780.3 | 756.4 | 3.2% | 198.2 | 198.1 | 0.1% |
| Total | 2,275.6 | 2,226.6 | 2.2% | 557.2 | 558.4 | -0.2% |

Intersegment sales are not significant.

**EBIT**

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % | Q4 2006 | Q4 2005 | Change % |
|---|---|---|---|---|---|---|
| Consumer Goods | 74.7 | 26.8 | 178.7% | 11.6 | 13.9 | -16.5% |
| % of net sales | 5.0% | 1.8% | - | 3.2% | 3.9% | - |
| Foodservice | 51.3 | 12.9 | 297.7% | 9.3 | 8.9 | 4.5% |
| % of net sales | 6.6% | 1.7% | - | 4.7% | 4.5% | - |
| EBIT before corporate items | 126.0 | 39.7 | 217.4% | 20.9 | 22.8 | -8.3% |
| % of net sales | 5.5% | 1.8% | - | 3.8% | 4.1% | - |
| Corporate net | 19.5 | 18.0 | 8.3% | -0.5 | 2.3 | -121.7% |
| Total | 145.5 | 57.7 | 152.2% | 20.4 | 25.1 | -18.7% |
| % of net sales | 6.4% | 2.6% | | 3.7% | 4.5% | |

## Balance sheet

| EUR million | Dec 31 2006 | % | Dec 31 2005 | % |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 560.3 | 24.7% | 554.0 | 24.0% |
| Tangible assets | 840.1 | 37.0% | 849.2 | 36.8% |
| Investments | 3.3 | 0.1% | 3.5 | 0.2% |
| Interest bearing receivables | 6.6 | 0.3% | 4.3 | 0.2% |
| Deferred tax assets | 14.1 | 0.6% | 16.0 | 0.7% |
| Other non-current assets | 69.0 | 3.0% | 83.9 | 3.6% |
| | 1,493.4 | 65.8% | 1,510.9 | 65.5% |
| **Current assets** | | | | |
| Inventory | 341.8 | 15.1% | 311.3 | 13.5% |
| Interest bearing receivables | 0.5 | 0.0% | 17.2 | 0.7% |
| Income tax receivables | 9.9 | 0.4% | 29.6 | 1.3% |
| Trade and other current receivables | 400.7 | 17.7% | 400.7 | 17.4% |
| Cash and cash equivalents | 22.3 | 1.0% | 37.6 | 1.6% |
| | 775.2 | 34.2% | 796.4 | 34.5% |
| **Total assets** | 2,268.6 | 100.0% | 2,307.3 | 100.0% |
| **EQUITY AND LIABILITIES** | | | | |
| Shareholders' equity | 841.1 | 37.1% | 802.0 | 34.8% |
| Minority interest | 19.3 | 0.9% | 18.4 | 0.8% |
| | 860.4 | 37.9% | 820.4 | 35.6% |
| **Non-current liabilities** | | | | |
| Interest bearing liabilities | 314.7 | 13.9% | 404.1 | 17.5% |
| Deferred tax liabilities | 62.9 | 2.8% | 81.5 | 3.5% |
| Provisions | 46.8 | 2.1% | 51.1 | 2.2% |
| Other non-current liabilities | 115.3 | 5.1% | 122.7 | 5.3% |
| | 539.7 | 23.8% | 659.4 | 28.5% |
| **Current liabilities** | | | | |
| Interest bearing liabilities | 425.4 | 18.8% | 366.5 | 15.9% |
| Provisions | 11.9 | 0.5% | 24.2 | 1.0% |
| Income tax liabilities | 19.7 | 0.9% | 35.4 | 1.5% |
| Trade and other current liabilities | 411.5 | 18.1% | 401.4 | 17.4% |
| | 868.5 | 38.3% | 827.5 | 35.9% |
| **Total equity and liabilities** | 2,268.6 | 100.0% | 2,307.3 | 100.0% |

| | Dec 31 2006 | Change % | Dec 31 2005 |
|---|---|---|---|
| Net debt | 710.7 | -0.1% | 711.5 |
| Net debt to equity (gearing) | 0.83 | -4.6% | 0.87 |

## Cash flow statement

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Q4 2006 | Q4 2005 |
|---|---|---|---|---|
| **Result for the period*** | **96.6** | **9.4** | **12.5** | **12.0** |
| Adjustments* | 126.9 | 225.4 | 21.8 | 44.4 |
| Change in inventory* | -44.1 | -2.7 | 2.5 | -0.7 |
| Change in non-interest bear. receivables* | -9.7 | -59.5 | 34.0 | -6.7 |
| Change in non-interest bearing payables* | 19.3 | 52.7 | -15.7 | 22.7 |
| Dividends received* | 1.0 | 0.9 | 0.7 | 0.5 |
| Interest received* | 2.7 | 3.8 | 0.0 | 1.0 |
| Interest paid* | -38.0 | -43.6 | -9.3 | -9.3 |
| Other financial expense and income* | 0.7 | -2.5 | 0.9 | -2.4 |
| Paid taxes* | -16.3 | -15.4 | -4.1 | -1.0 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | **139.1** | **168.5** | **43.3** | **60.5** |
| Capital expenditure* | -154.0 | -113.4 | -80.7 | -58.3 |
| Proceeds from selling tangible assets* | 6.5 | 10.4 | 1.7 | 3.1 |
| Divested subsidiaries | 22.9 | - | -0.4 | - |
| Change in long-term deposits | -2.3 | 15.7 | -0.5 | -0.1 |
| Change in short-term deposits | 16.7 | -1.2 | 0.1 | 2.1 |
| **CASH FLOWS FROM INVESTING** | **-110.2** | **-88.5** | **-79.8** | **-53.2** |
| Proceeds from long-term borrowing | 409.0 | 1045.0 | 16.0 | 404.9 |
| Repayment of long-term borrowing | -495.5 | -1021.8 | -49.3 | -435.1 |
| Proceeds from short-term borrowing | 2,612.7 | 2,343.1 | 655.2 | 713.7 |
| Repayment of short-term borrowing | -2,543.6 | -2,405.7 | -600.7 | -697.5 |
| Dividends paid | -37.5 | -37.4 | - | - |
| Proceeds from stock option exercises | 13.5 | 2.9 | 8.7 | 0.3 |
| **CASH FLOWS FROM FINANCING** | **-41.4** | **-73.9** | **29.9** | **-13.7** |
| **CHANGE IN LIQUID ASSETS** | **-15.3** | **9.0** | **-6.3** | **-6.0** |
| Cash flow based | -12.5 | 6.1 | -6.6 | -6.4 |
| Translation difference | -2.8 | 2.9 | 0.3 | 0.4 |
| Liquid assets period start | 37.6 | 28.6 | 28.6 | 43.6 |
| Liquid assets period end | 22.3 | 37.6 | 22.3 | 37.6 |
| Free cash flow (including figures marked with *) | -8.4 | 65.5 | -35.7 | 5.3 |

## Changes in shareholders' equity

| EUR million | Share capital | Share issue premium | Treasury shares | Translation diff. | Fair value and other reserves | Retained earnings | Total equity | Minority interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the parent | | | | | | | | |
| TOTAL EQUITY AT DEC 31, 2004 | 351.5 | 95.4 | -46.5 | -119.7 | -2.9 | 504.0 | 781.8 | 14.7 | 796.5 |
| **Cash flow hedges** | | | | | | | | | |
| Hedge result deferred to equity | | | | | -2.0 | | -2.0 | | -2.0 |
| Hedge result recognized in income statement | | | | | 4.6 | | 4.6 | | 4.6 |
| **Translation differences** | | | | 43.4 | | | 43.4 | 1.1 | 44.5 |
| **Deferred tax in equity** | | | | | 0.1 | | 0.1 | | 0.1 |
| **Other changes** | | | | | | 0.3 | 0.3 | | 0.3 |
| **NET INCOME RECOGNIZED DIRECTLY IN EQUITY** | | | | 43.4 | 2.7 | 0.3 | 46.4 | 1.1 | 47.5 |
| **Result for the period** | | | | | | 6.9 | 6.9 | 2.5 | 9.4 |
| **TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD** | | | | 43.4 | 2.7 | 7.2 | 53.3 | 3.6 | 56.9 |
| **Dividend** | | | | | | -37.4 | -37.4 | | -37.4 |
| **Share based payments** | | | | | | 1.4 | 1.4 | | 1.4 |
| **Stock options exercised** | 1.5 | 1.4 | | | | | 2.9 | | 2.9 |
| BALANCE AT DEC 31, 2005 | 353.0 | 96.8 | -46.5 | -76.3 | -0.2 | 475.2 | 802.0 | 18.4 | 820.4 |
| | | | | | | | | | |
| TOTAL EQUITY AT DEC 31, 2005 | 353.0 | 96.8 | -46.5 | -76.3 | -0.2 | 475.2 | 802.0 | 18.4 | 820.4 |
| **Cash flow hedges** | | | | | | | | | |
| Hedge result deferred to equity | | | | | 1.7 | | 1.7 | | 1.7 |
| Hedge result recognized in income statement | | | | | 2.2 | | 2.2 | | 2.2 |
| **Translation differences** | | | | -30.4 | | | -30.4 | -2.4 | -32.8 |
| **Deferred tax in equity** | | | | | -1.7 | | -1.7 | | -1.7 |
| **Other changes** | | | | | | -3.6 | -3.6 | | -3.6 |
| **NET INCOME RECOGNIZED DIRECTLY IN EQUITY** | | | | -30.4 | 2.2 | -3.6 | -31.8 | -2.4 | -34.2 |
| **Result for the period** | | | | | | 93.3 | 93.3 | 3.3 | 96.6 |
| **TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD** | | | | -30.4 | 2.2 | 89.7 | 61.6 | 0.9 | 62.4 |
| **Dividend** | | | | | | -37.5 | -37.5 | | -37.5 |
| **Share based payments** | | | | | | 1.4 | 1.4 | | 1.4 |
| **Stock options exercised** | 5.7 | 7.9 | | | | | 13.6 | | 13.6 |
| BALANCE AT DEC 31, 2006 | 358.7 | 104.7 | -46.5 | -106.7 | 2.1 | 528.8 | 841.1 | 19.3 | 860.4 |

## Other key information

| EUR million | Q1-Q4 2006 | Q1-Q4 2005 | Change % |
|---|---|---|---|
| Equity per share (EUR) | 8.37 | 8.12 | 3.1% |
| ROE, % | 11.7 | 1.3 | 800.0% |
| ROI, % | 9.4 | 4.0 | 135.0% |
| Capital expenditure | 154.0 | 113.4 | 35.8% |
| Personnel | 14,792 | 14,935 | -1.0% |
| Result before taxes (12m roll.) | 109.2 | 21.4 | 410.3% |
| | | | |
| Depreciation | 92.6 | 96.5 | -4.0% |
| Amortization of other intangible assets | 2.7 | 36.0 | -92.5% |

| **Contingent liabilities** | **Dec 31** | | **Dec 31** | |
|---|---|---|---|---|
| | **2006** | | **2005** | |
| **EUR million** | **Group** | **Parent** | **Group** | **Parent** |
| Mortgages | 14.7 | 14.5 | 14.9 | 14.5 |
| Guarantee obligations | | | | |
| For subsidiaries | - | 132.0 | - | 111.2 |
| For others | 3.8 | 3.8 | 5.5 | 5.5 |
| Lease payments | 59.3 | 0.3 | 66.6 | 0.4 |

**Nominal values of derivative instruments**

| | **Dec 31** | **Dec 31** |
|---|---|---|
| | **2006** | **2005** |
| **EUR million** | **Group** | **Group** |
| Currency forwards, transaction risk hedges | 54 | 91 |
| Currency forwards, translation risk hedges | 112 | 59 |
| Currency swaps, financing hedges | 107 | 121 |
| Currency options | 1 | 1 |
| Interest rate swaps | 139 | 258 |
| Electricity forwards | 2 | 1 |

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

| | | Q4/06 | Q4/05 |
|---|---|---|---|
| Income statement, average: | GBP 1 = | 1.467 | 1.462 |
| | INR 1 = | 0.018 | 0.018 |
| | AUD 1 = | 0.600 | 0.612 |
| | USD 1 = | 0.796 | 0.803 |
| | | Q4/06 | Q4/05 |
| Balance sheet, month end: | GBP 1 = | 1.489 | 1.459 |
| | INR 1 = | 0.017 | 0.019 |
| | AUD 1 = | 0.599 | 0.621 |
| | USD 1 = | 0.759 | 0.848 |

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