

Huhtamäki Oyj Results 2014

January 1 - December 31, 2014

Huhtamäki



Good sales growth and EBIT

The Films business segment, which was sold at the end of December 2014, is reported as discontinued operations in this report. Unless otherwise stated, all income statement related quarterly and reporting period figures presented in this report, including corresponding periods in 2013, cover continuing operations only. Continuing operations include the Foodservice Europe-Asia-Oceania, North America, Flexible Packaging and Molded Fiber business segments.

Q4 2014 in brief

- Net sales were EUR 581 million (EUR 527 million)
- EBIT was EUR 45 million (EUR 38 million, excluding NRI of EUR -18 million)
- EPS was EUR 0.39 (EUR 0.32, excluding NRI)
- Comparable net sales growth was 6% in total and 7% in emerging markets
- Currency movements had a positive impact of EUR 19 million on the Group's net sales
- The Films business segment was sold to a German private equity fund and is reported as discontinued operations

FY 2014 in brief

- Net sales were EUR 2,236 million (EUR 2,161 million)
- EBIT was EUR 175 million (EUR 160 million, excluding NRI of EUR -28 million)
- EPS was EUR 1.24 (EUR 1.17, excluding NRI)
- Comparable net sales growth was 6% in total and 10% in emerging markets
- Currency movements had a negative impact of EUR 36 million on the Group's net sales
- Acquisition of Positive Packaging, a flexible packaging company operating in India, United Arab Emirates and Africa, was announced in July and closed at the end of January 2015
- The Board of Directors proposes a dividend of EUR 0.60 (EUR 0.57) per share

Key figures

EUR million	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	580.5	526.8	10%	2,235.7	2,161.1	3%
EBITDA*	67.6	57.7	17%	259.0	241.6	7%
EBITDA margin*	11.6%	11.0%		11.6%	11.2%	
EBIT**	45.3	37.5	21%	174.9	160.0	9%
EBIT margin**	7.8%	7.1%		7.8%	7.4%	
EPS**, EUR	0.39	0.32	22%	1.24	1.17	6%
ROI***				12.6%	12.1%	
ROE***				16.1%	15.8%	
Capital expenditure	49.8	39.0	28%	127.0	121.0	5%
Free cash flow	54.1	18.3	196%	64.6	56.0	15%
Including discontinued operations						
EPS***, EUR	0.35	0.32	9%	1.28	1.21	6%
EPS, reported, EUR	0.40	0.14	186%	1.33	0.91	46%

* Excluding non-recurring items (NRI) of EUR -17.1 million in Q4 2013 and EUR -21.3 million in FY 2013.

** Excluding NRI of EUR -18.1 million in Q4 2013 and EUR -28.1 million in FY 2013.

*** Excluding NRI of EUR 5.1 million in Q4 2014 and FY 2014 and EUR -18.1 million in Q4 2013 and EUR -30.6 million in FY 2013.

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2013. ROI, ROE and RONA figures presented in this report are calculated on a 12-month rolling basis.

Jukka Moisio, CEO:

“Our financial performance in 2014 was strong. We recorded comparable net sales growth of 6% and have now reported more than 5% like-for-like growth in six consecutive quarters since mid-2013. Growth in emerging markets during the year was 10%, although there were large monthly and country-by-country variations during the course of the year. Our profitability development was stronger than the sales development and we reached all-time high EBIT, EBIT margin and EPS. The profitability improvement was particularly good during the fourth quarter. We were also able to improve our cash flow compared to the previous year, mostly thanks to the final quarter. Our financial position remains strong and supports us in our future growth aspirations.

For Huhtamaki, 2014 was a year of change. We sharpened our strategy and focused our business on food packaging, where we already are among the leading companies in the world, and where we want to be successful in years to come. In July, we announced the acquisition of Positive Packaging, a flexible packaging manufacturer having operations in India, the United Arab Emirates and Africa. After closing the acquisition at the end of January, we're now enthusiastic to start integrating the business into our Flexible Packaging segment.

Due to our focus on food packaging, we decided in the summer to look for future options for our Films segment and announced the sale of the segment in November. The transaction was closed on the last day of 2014 and therefore the business is now reported as discontinued operations. Related to the sale, we have also booked a gain of approximately EUR 5 million for the fourth quarter. These two sizable transactions, the acquisition of Positive Packaging and the sale of Films, increased significantly our focus on food packaging and also the share of fast-growing emerging markets in our portfolio. Now a majority of our employees and manufacturing plants are at the emerging markets, as well as close to 40% of our net sales.

After the changes made in 2014, this year we will focus on implementing our sharpened strategy. The new strategy will call for more collaboration in innovation, operations and supply chain as well as higher consistency in managing customer interfaces – all this for the benefit of our customers and business partners. We're well positioned for future growth and look positively into 2015.”

Strategic review

The implementation of the Group's growth strategy was continued during the year. The integration work at the units acquired during 2013 and 2014 was continued, and actions supporting organic growth by investing in additional capacity were taken. Majority of the growth related capital expenditure was targeted to emerging markets, especially Russia, Brazil, India and Thailand, whereas in 2013 the majority of investments were made in the United States. Organic growth was strongest in Eastern Europe, particularly Russia, both in foodservice and molded fiber businesses.

During the year a new strategic direction with a clear focus on food and drink packaging, and a strong ambition to become the preferred global food packaging brand, was defined for the Group. To support the future implementation of the new strategic direction and its communication both internally and externally, the Huhtamaki brand identity was renewed. Along with modernizing the visual identity, Huhtamaki's purpose was defined as “helping great products reach more people, more easily”. The new Huhtamaki brand identity was launched at the end of the year.

Financial review Q4 2014

The Group's comparable net sales growth was 6% during the quarter. Growth was strongest in the Flexible Packaging business segment, followed by the Molded Fiber and North America business segments. Comparable growth in the emerging markets was 7%. The growth in emerging markets was driven by good volume development especially in South Asia and Eastern Europe, whereas negative net sales development in China continued. The Group's net sales were EUR 581 million (EUR 527 million). The foreign currency translation impact on Group's net sales turned positive during the quarter and was EUR 19 million compared to the 2013 exchange rates. The majority of the positive currency impact came from the strengthening of the US dollar versus euro.

Net sales by business segment

EUR million	Q4 2014	Q4 2013	Change	Of Group in Q4 2014
Foodservice Europe-Asia-Oceania	155.6	152.1	2%	27%
North America	205.7	181.0	14%	35%
Flexible Packaging	159.8	138.6	15%	27%
Molded Fiber	63.2	60.3	5%	11%

Excluding internal sales eliminations of EUR -3.8 million in Q4 2014 and EUR -5.2 million in Q4 2013.

Comparable growth by business segment

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	FY 2014
Foodservice Europe-Asia-Oceania	2%	4%	5%	3%	4%
North America	5%	4%	10%	3%	6%
Flexible Packaging	12%	6%	4%	7%	7%
Molded Fiber	7%	9%	10%	10%	9%
Group	6%	5%	7%	5%	6%

The Group's earnings development was good, with particularly strong improvement in the North America business segment. Earnings growth was strong also in the Foodservice Europe-Asia-Oceania and Flexible Packaging business segments. The Group's earnings before interest and taxes (EBIT) was EUR 45 million (EUR 38 million, excluding NRI of EUR -18 million). In constant currencies EBIT grew by 18%. Positive foreign currency translation impact on Group's EBIT was EUR 1 million.

EBIT by business segment

EUR million	Q4 2014	Q4 2013	Change	Of Group in Q4 2014
Foodservice Europe-Asia-Oceania	13.0	12.2	7%	30%
North America	8.6	5.0	72%	19%
Flexible Packaging	12.4	10.1	23%	28%
Molded Fiber	10.0	8.9	12%	23%

Excluding Other activities EBIT EUR 1.3 million in Q4 2014 and EUR 1.3 million in Q4 2013. Foodservice Europe-Asia-Oceania EBIT excluding NRI of EUR -18.0 million in Q4 2013.

Net financial expenses increased to EUR 8 million (EUR 4 million). The increase was due to the larger share of higher interest-paying bonds in the external loan portfolio. Tax expense was EUR 4 million positive (EUR 0 million). The positive taxes were mostly due to dissolved tax provisions based on finalized tax audits.

Profit for the period was EUR 42 million (EUR 16 million including NRI of EUR -18 million). Earnings per share (EPS) were EUR 0.39 (EUR 0.32 excluding NRI or EUR 0.14 reported).

Profit for the period for discontinued operations was EUR 1 million, including NRI of EUR 5 million (EUR 0 million, no NRI reported). Profit for the period for continuing and discontinued operations in total was EUR 43 million, including NRI of EUR 5 million (EUR 16 million, including NRI of EUR -18 million).

Reported EPS for discontinued operations was EUR 0.01, (EUR 0.00, no NRI reported). Reported EPS for continuing and discontinued operations in total was EUR 0.40, (EUR 0.14). EPS for continuing and discontinued operations in total excluding NRI was EUR 0.35 (EUR 0.32).

Financial review FY 2014

The Group's comparable net sales growth was 6%. In the emerging markets comparable growth was 10%, with Eastern European markets showing fastest growth throughout the year. The Group's net sales were EUR 2,236 million (EUR 2,161 million). The negative foreign currency translation impact on Group's net sales, primarily related to adverse currency movements during the first half of the year, was EUR 36 million compared to the 2013 exchange rates. The largest negative impact came from the Russian ruble, Indian rupee and Australian dollar. For the whole year, translation impact from the US dollar was minor, despite strong fluctuations towards euro during the year.

Net sales by business segment

EUR million	FY 2014	FY 2013	Change	Of Group in FY 2014
Foodservice Europe-Asia-Oceania	620.4	629.1	-1%	27%
North America	769.4	725.3	6%	34%
Flexible Packaging	618.0	585.8	5%	28%
Molded Fiber	247.0	236.3	5%	11%

Excluding internal sales eliminations of EUR -19.1 million in FY 2014 and EUR -15.4 million in FY 2013.

The Group's earnings development was strong, with all business segments contributing to the earnings growth. Earnings growth was strongest in the Foodservice Europe-Asia-Oceania business segment. The Group's EBIT was EUR 175 million (EUR 160 million, excluding NRI of EUR -28 million). EBIT in constant currencies grew by 10%. Negative foreign currency translation impact on Group's EBIT, resulting from currency movements during the first half of the year, was EUR 3 million.

EBIT by business segment

EUR million	FY 2014	FY 2013	Change	Of Group in FY 2014
Foodservice Europe-Asia-Oceania	57.4	46.9	22%	32%
North America	38.4	38.4	0%	22%
Flexible Packaging	45.5	44.0	3%	26%
Molded Fiber	35.0	29.6	18%	20%

Excluding Other activities EBIT EUR -1.4 million in FY 2014 and EUR 1.1 million in FY 2013. Foodservice Europe-Asia-Oceania EBIT excluding NRI of EUR -28.1 million in FY 2013.

Net financial expenses were EUR 29 million (EUR 23 million). Tax expense was EUR 15 million (EUR 13 million). The corresponding tax rate was 10% (12%). The tax rate for continuing and discontinued operations combined was 11% (12%).

Profit for the period was EUR 132 million (EUR 96 million including NRI of EUR -28 million). EPS was EUR 1.24 (EUR 1.17 excluding NRI or EUR 0.91 reported).

Profit for the period for discontinued operations was EUR 10 million, including NRI of EUR 5 million (EUR 2 million, including NRI of EUR -3 million). Profit for the period for continuing and discontinued operations in total was EUR 141 million, including NRI of EUR 5 million (EUR 98 million, including NRI of EUR -31 million).

Reported EPS for discontinued operations was EUR 0.09, (EUR 0.01). Reported EPS for continuing and discontinued operations in total was EUR 1.33, (EUR 0.91). EPS for continuing and discontinued operations in total excluding NRI was EUR 1.28 (EUR 1.21).

Statement of financial position and cash flow

The Group's net debt decreased and was EUR 288 million (EUR 405 million) at the end of the year. The net debt includes the funds received from the sale of the Films business segment. As the Positive Packaging acquisition was closed after the reporting period, the payment of the purchase price did not have an impact on the Group's net debt at the end of 2014. The level of net debt corresponds to a gearing ratio of 0.32 (0.50). Net debt to EBITDA ratio (excl. NRI) was 1.0 (1.6).

Average maturity of external committed credit facilities and loans was 2.5 (3.4) years. After the reporting period, the Group refinanced its EUR 400 million syndicated revolving credit facility, which prolonged the average maturity.

Cash and cash equivalents were EUR 351 million (EUR 241 million) at the end of the year and the Group had EUR 323 million (EUR 310 million) of unused committed credit facilities available. The Group's liquidity position remained strong.

Total assets on the statement of financial position were EUR 2,298 million (EUR 2,142 million).

Capital expenditure was EUR 127 million (EUR 121 million). Majority of the business expansion investments was in emerging markets, and largest investments were made in Russia, Brazil, India and Thailand. In 2013 the focus of the investments was in the United States. The Group's free cash flow was EUR 65 million (EUR 56 million). Cash flow improved clearly towards the end of the year.

Acquisitions and divestments

On November 22, 2014 Huhtamaki entered into an agreement to sell its Films business segment to DBAG Fund VI, a fund advised by Deutsche Beteiligungs AG, a German private equity company listed on the Frankfurt stock exchange. The annual net sales of the Films business segment were EUR 199 million in 2014 and it had 919 employees at the end of the year. The sale was completed on December 31, 2014 and the business is reported as discontinued operations in 2014. The divestment supports Huhtamaki's growing focus on food packaging.

On August 29, 2014 Huhtamaki acquired a folded carton packaging manufacturer Interpac Packaging Limited based in Auckland, New Zealand. The acquired unit became part of the Foodservice Europe-Asia-Oceania business segment and has been consolidated in the Group's financial statements as of September 1, 2014.

On July 8, 2014 Huhtamaki entered into an agreement to acquire Positive Packaging, a privately owned flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates as well as significant business in Africa and other export markets. With the acquisition Huhtamaki continued to implement its strategy of quality growth and strengthen its position in the fast-growing emerging markets. The transaction was closed on January 30, 2015. The business was consolidated into the Flexible Packaging business segment as of February 1, 2015.

On February 21, 2014, Huhtamäki Oyj's fully owned subsidiary increased its shareholding in the Indian subsidiary Huhtamaki PPL Limited from 60.8% to 63.9% by acquiring the remaining shares of the former promoter family. Subsequently the joint venture agreement between Huhtamaki and the former promoter family was terminated. In August 2014, the shareholding in Huhtamaki PPL Limited was further increased to 68.8% subsequent to a directed share issue.

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	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	155.6	152.1	2%	620.4	629.1	-1%
EBIT*	13.0	12.2	7%	57.4	46.9	22%
EBIT margin*	8.4%	8.0%		9.3%	7.5%	
RONA*				17.6%	13.9%	
Capital expenditure	14.4	7.2	100%	33.6	16.8	100%
Operating cash flow	3.4	15.7	-78%	41.9	55.9	-25%

* Excluding NRI of EUR -18.1 million in Q4 2013 and EUR -28.1 million in FY 2013.

Q4 2014

Demand for foodservice packaging was soft at the beginning of the quarter, but accelerated as customers filled their stocks. Strong demand for double-wall hot cups continued across markets, whereas demand for plastic vending cups continued to decline. Despite the fragile economic situation in Russia and its impacts on ruble, demand for foodservice packaging, particularly within the quick service restaurant (QSR) sector, remained on a good level in Eastern Europe, although growth slowed down compared to the previous quarters. In Asia, particularly China, the demand for foodservice packaging continued soft. Raw material prices were steady throughout the quarter and the declining crude oil prices did not result in any significant price reductions for polystyrene, which is the main polymer used in foodservice packaging.

The Foodservice Europe-Asia-Oceania segment's net sales development was modest and comparable growth was 2%. Net sales growth was strongest in Eastern Europe, led by Russia. The positive momentum continued also in Oceania. Increases in double-wall hot cup capacity supported net sales growth in the UK and the Nordic countries. In North Asia net sales development was negative, primarily due to soft demand in China.

The unit acquired in the UK during the fourth quarter of 2013 as well as the unit acquired in New Zealand during the third quarter of 2014 had a positive contribution on the segment's net sales during the quarter. This more than offset the EUR 4 million decrease in the segment's net sales resulting from the sale of the plastics unit in Italy during the fourth quarter of 2013.

Currency movements had a slightly negative impact on the segment's reported net sales. The translation impact was EUR -2 million.

The segment's earnings grew significantly. Strong earnings growth was a result of favorable product and geographic mix as well as good control of input and operational costs combined with the effect of the successful restructuring actions taken during 2013.

FY 2014

Demand for foodservice packaging was relatively stable across markets throughout the period. In Eastern Europe demand continued strong despite the increasingly fragile economic situation in Russia. Strongest performing product categories were hot cups and matching lids.

The Foodservice Europe-Asia-Oceania segment's comparable net sales developed positively with growth being 4%. Net sales growth was strongest in Eastern Europe and Oceania, whereas in Central Europe net sales declined as a result of declining volumes of plastic containers. Net sales development in Asia was flat due to soft demand for QSR packaging in China.

The unit acquired in the UK during the fourth quarter of 2013 as well as the unit acquired in New Zealand during the third quarter of 2014 had a positive contribution on the segment's net sales in 2014. This partially offset the

EUR 37 million decrease in the segment's net sales resulting from the sale of the plastics unit in Italy during the fourth quarter of 2013.

The segment's reported net sales were negatively affected by adverse currency movements. The translation impact was EUR -17 million, coming mostly from the Russian ruble.

The segment's earnings grew significantly. The positive earnings development was due to favorable volume and product mix development as well as high capacity utilization and the effect of the successful restructuring actions taken during 2013. Favorable product mix development is a result of the continued growth of the core product range volumes, systematic extension of product portfolio and the lower share of low-margin plastic items.

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	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	205.7	181.0	14%	769.3	725.3	6%
EBIT	8.6	5.0	72%	38.4	38.4	0%
EBIT margin	4.2%	2.8%		5.0%	5.3%	
RONA				7.2%	8.0%	
Capital expenditure	14.9	18.5	-19%	36.7	66.7	-45%
Operating cash flow	28.7	-16.8	271%	18.7	-15.0	225%

Q4 2014

The general economic conditions in the U.S. improved during the quarter. Following large increases earlier during the year, the costs for distribution, energy and certain plastic resins moderated during the quarter. Paperboard prices were stable, but raw material costs for molded fiber packaging increased. Demand for private label tableware and foodservice packaging remained generally solid.

The North America segment's net sales growth continued and comparable growth was 5%. Net sales growth continued strongest in private label tableware for the retail trade, particularly in pressed paperboard plates. The sales of branded Chinet® tableware items grew, boosted by product line extensions. Sales of foodservice packaging, particularly paper cups to national accounts, continued to develop positively, whereas sales of packaging for frozen desserts were flat.

The segment's reported net sales were positively affected by currency movements. The translation impact was EUR 17 million.

The segment's earnings grew significantly. Strong sales growth in retail tableware and foodservice businesses with improved pricing and product mix enhanced profitability together with decreasing distribution costs. Favorable product mix in frozen dessert packaging also had a positive effect on the segment's earnings. The segment's earnings were positively affected by currency movements.

FY 2014

After a weak first quarter, partially driven by harsh winter conditions, the overall economic activity in the US normalized, having a positive effect on both retail trade as well as restaurant visits. Increasing costs and capacity pressures in both distribution and raw materials characterized the year, moderating during the fourth quarter.

The North America segment's comparable net sales grew by 6%. Net sales growth was strongest in private label tableware for the retail trade and foodservice packaging to national accounts. Sales of Chinet® branded tableware also developed favorably due to product line extensions, whereas sales of packaging for frozen desserts declined.

Despite currency fluctuations during the year, the full year currency impact on the segment's net sales was insignificant.

The segment's earnings remained flat. The strong earnings growth during the fourth quarter was not sufficient to offset the negative effects of increased costs earlier in the year. Earnings were positively affected by a EUR 8 million one-time gain related to a redesign of a pension plan during the first quarter.

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, Asia and South America.

EUR million	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	159.8	138.6	15%	618.0	585.8	5%
EBIT	12.4	10.1	23%	45.5	44.0	3%
EBIT margin	7.8%	7.3%		7.4%	7.5%	
RONA				13.6%	13.3%	
Capital expenditure	8.5	5.3	60%	24.7	15.6	58%
Operating cash flow	13.0	21.2	-39%	27.8	34.8	-20%

Q4 2014

Demand for flexible packaging in Europe was strong across product categories. In South-East Asia, good growth momentum continued. Plastic raw material prices were relatively stable in Europe despite the declining crude oil prices. In India the depreciation of rupee continued to moderately increase the raw material prices.

The Flexible Packaging segment's comparable net sales growth was strong being 12%. Strong volumes supported the net sales growth both in Europe and in Asia. Growth was strongest in packaging for ready meals and snacks, with new products launched in Asia. In addition, volumes for pet food packaging and tube laminate developed positively [due to extended market coverage and new product introductions].

Currency movements had a positive impact on the segment's reported net sales. The translation impact was EUR 5 million.

The segment's earnings growth was strong. Earnings were boosted by good volume growth both in Europe and in Asia.

FY 2014

Overall demand for flexible packaging was relatively good. Positive market sentiment in Asia continued throughout the year, whereas the markets in Europe were rather soft during the second and third quarters, but picked up towards the end of the year. Raw material prices were relatively stable in Europe and Asia, but increased moderately in India during the latter part of the year. Competition remained strong across the markets.

The Flexible Packaging segment's comparable net sales grew by 7%, driven by healthy volume growth in Asia throughout the year. Strong volume growth in Europe in the first and last quarters also contributed to the net sales growth. Sales growth was strongest in packaging for ready meals and beverages as well as personal care.

Adverse currency movements during the first half of the year resulted in a negative impact on the segment's reported net sales. The translation impact was EUR -11 million.

The segment's earnings developed positively. Majority of the earnings improvement resulted from volume growth in Europe during the first and last quarters as well as strong volume growth in Asia during the last quarter. Fierce competition and higher raw material costs in India impacted the segment's earnings negatively. Further, earnings were somewhat negatively impacted by adverse currency movements.

Molded Fiber

Recycled molded fiber is used to make fresh product packaging, such as egg and fruit packaging. The segment has production in Europe, Oceania, Africa and South America.

EUR million	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Net sales	63.2	60.3	5%	247.0	236.3	5%
EBIT	10.0	8.9	12%	35.0	29.6	18%
EBIT margin	15.8%	14.8%		14.2%	12.5%	
RONA				20.4%	18.2%	
Capital expenditure	10.1	7.1	42%	27.3	18.9	44%
Operating cash flow	3.4	7.8	-56%	17.5	21.0	-17%

Q4 2014

Demand for molded fiber egg packaging continued to grow in Europe as customers shifted from plastics based packaging to molded fiber. Demand for cup carriers remained solid across Europe. In Russia, the demand for egg cartons developed positively with some signs of customers looking for low price alternatives. Market conditions in Oceania, Africa and South America were stable. There were no significant changes in the raw material prices during the quarter.

The Molded Fiber segment's comparable net sales growth was 7%. Growth was strongest in Eastern Europe, including Russia, and South America. New products and customers' preference for molded fiber egg packaging over plastics based packaging had a positive effect on the segment's net sales in Europe.

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

The segment's earnings developed favorably driven by strong operational performance and continued volume growth.

FY 2014

In Europe, customers moving from plastics based egg packaging to molded fiber packaging characterized the year and created a good growth momentum for molded fiber egg packaging. In Russia, demand for molded fiber egg packaging was strong throughout the year despite the economic and political turmoil, and the depreciation of ruble towards the end of the year. During the first half of the year, favorable apple season in New Zealand had a positive impact on the demand for molded fiber fruit packaging, whereas in Australia a hen disease impacted negatively the availability of eggs and consequently the demand for egg packaging. The segment's capacity utilization was high, even though competitive activity remained strong throughout the year.

The Molded Fiber segment's comparable net sales growth was strong at 9%, led by the Eastern European markets. Net sales growth was also strong in South America and Africa. Customers' preference for molded fiber packaging in Europe had a positive effect on the segment's net sales development. In addition, favorable product mix as well as the segment's long term focus on new product development contributed positively.

The segment's reported net sales were negatively impacted by adverse currency movements. The translation impact was EUR -7 million.

The segment's earnings grew strongly. Volume growth, operational efficiency across the segment and favorable product mix all contributed positively to earnings growth. In addition, the earnings were positively affected by a one-time gain in the second quarter related to a refund of historic energy costs in Brazil. The segment's earnings were somewhat negatively affected by adverse currency movements. Good earnings development and increased capital efficiency resulted in strong return on net assets.

Personnel

The Group had a total of 13,818 (14,362) employees at the end of December 2014. The decrease of personnel is mainly due to the sale of the Films business segment. The number of employees by segment was the following: Foodservice Europe-Asia-Oceania 4,441 (4,220), North America 3,554 (3,521), Flexible Packaging 4,199 (4,106), Molded Fiber 1,565 (1,537), and Other activities 59 (54). The average number of employees during the year [including discontinued operations] was 14,562 (14,303). Huhtamäki Oyj employed 56 (53) people at the end of December 2014. The annual average was 55 (53).

Changes in management

As a result of the divestment of the Films business segment on December 31, 2014, Peter Wahsner, Executive Vice President, Films, is no longer member of the Group Executive Team.

Director, Finance, and a member of the Group Executive Team Thomas Geust was appointed as Chief Financial Officer as of July 1, 2014. He continues as a member of the Group Executive Team.

Shashank Sinha was appointed as Executive Vice President, Flexible Packaging and a member of the Group Executive Team as of April 14, 2014. Simultaneously Suresh Gupta stepped aside from the role of Executive Vice President and a member of the Group Executive Team and continues as a Senior Advisor for the Group reporting to CEO Jukka Moisio.

Share capital and shareholders

At the end of 2014, 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 (107,608,751), including 4,206,064 (4,227,589) Company's own shares. Own shares represent 3.9% (3.9%) of the total number of shares and votes. The number of outstanding shares excluding the Company's own shares was 103,554,321 (103,381,162). The average number of outstanding shares used in EPS calculations was 103,505,319 (103,067,409), excluding the Company's own shares.

Based on share subscriptions with option rights 2006 C under the Company's Option Rights 2006 Plan, a total of 151,634 (402,765) new shares were issued during January-May 2014. The corresponding increase in the Company's share capital was EUR 0.5 million (EUR 1.4 million), representing approximately 0.1% (0.4%) of the share capital. The subscription period for shares based on the Company's option rights 2006 C ceased on April 30, 2014 and the Company's Option Rights 2006 Plan terminated. The Company has no ongoing option rights plans.

There were 25,392 (24,895) registered shareholders at the end of 2014. Foreign ownership including nominee registered shares accounted for 43% (40%).

Share trading

During 2014 the Company's share was quoted on NASDAQ OMX Helsinki Ltd on the Nordic Large Cap list under the Industrials sector and it was a component of the OMX Helsinki 25 Index.

At the end of 2014, the Company's market capitalization was EUR 2,262 million (EUR 1,928 million) excluding the Company's own shares. With a closing price of EUR 21.84 the share price increased by 17% (52%) from the beginning of the year. During the year the volume weighted average price for the Company's share was EUR 19.95. The highest price paid was EUR 22.21 and the lowest price paid was EUR 17.63.

During the year the cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd was EUR 1,042 million (EUR 566 million). The trading volume of 52 million (37 million) shares equaled an average daily turnover of 208,754 (149,723) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 2,078 million (EUR 928 million). During the year, 50% (39%) of all trading took place outside NASDAQ OMX Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com)

During the year the total turnover of the Company's option rights 2006 C was EUR 0.5 million (EUR 1.8 million) corresponding to a trading volume of 37,573 (195,496) option rights. The subscription period for shares based on the Company's option rights 2006 C ceased on April 30, 2014 and the Company's Option Rights 2006 Plan terminated. The Company has no ongoing option rights plans.

Resolutions of the Annual General Meeting 2014

Huhtamäki Oyj's Annual General Meeting of Shareholders (AGM) was held in Helsinki on April 24, 2014. The meeting adopted the Company's Annual Accounts and the Consolidated Annual Accounts for 2013 and discharged the members of the Company's Board of Directors and the CEO from liability. As proposed by the Board of Directors, dividend for 2013 was set at EUR 0.57 per share compared with EUR 0.56 paid for the previous year.

Seven members of the Board of Directors were elected for a term ending at the end of the next AGM. To the Board of Directors were re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner. The Board of Directors subsequently elected Mr. Pekka Ala-Pietilä as Chairman of the Board and Mr. Jukka Suominen as Vice-Chairman of the Board. In addition, the Board of Directors resolved upon members of its committees for a term ending at the end of the next AGM.

The Authorized Public Accountant firm Ernst & Young Oy was elected as Auditor of the Company for the financial year January 1 - December 31, 2014. Mr. Harri Pärssinen, APA, is the Auditor with principal responsibility.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares. The AGM also authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. Both authorizations remain in force until the end of the next AGM, however, no longer than until June 30, 2015.

Significant events after the reporting period

On January 30, 2015 Huhtamaki completed the acquisition of Positive Packaging, a flexible packaging company with nine manufacturing facilities in India and the United Arab Emirates as well as significant business in Africa and other export markets. With the acquisition Huhtamaki continued to implement its strategy of quality growth and significantly strengthened its position in the fast-growing emerging markets. The annual net sales of the acquired business are approximately EUR 220 million and it employs approximately 2,500 people in India and the UAE as well as in sales offices in seven countries. The debt free purchase price was USD 336 million. The business was consolidated into the Flexible Packaging business segment as of February 1, 2015.

On January 9, 2015 Huhtamäki Oyj signed a EUR 400 million syndicated revolving credit facility loan agreement for the period of five (5) years. With the new credit facility, Huhtamaki refinanced a previous EUR 400 million credit facility signed in March 2011. The funds will be used for general corporate purposes of the Group.

European Commission's statement of objections

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anti-competitive behavior in the markets of plastic trays used for retail packaging of fresh food, such as meat and poultry, in South-West Europe, North-West Europe and France. The alleged infringements of EU competition regulations relate to the Group's operations during years 2000–2008. The operations referred to in the statement of objections were part of the Group's rigid plastic consumer goods business in Europe. Based on the statement of objections, the annual net sales of the affected business, as alleged by the European Commission, were EUR 40–50 million and the duration of the alleged infringements was on average 4–5 years depending on the market. Most of the operations concerned by the statement of objections have been closed down or divested in years 2006 and 2010, and the part of the concerned operations that currently remains in the Group is reported within the Foodservice Europe-Asia-Oceania business segment and its annual net sales are approximately EUR 0.5 million. The Group's other business segments, North America, Flexible Packaging and Molded Fiber, are not concerned by the statement of objections. The statement of objections was addressed to Huhtamäki Oyj and certain of its subsidiaries.

A statement of objections is a formal step in the European Commission's investigations into suspected violations of EU competition regulations. Huhtamäki Oyj has examined the documents received from the European Commission, responded to the statement of objections as requested by the European Commission and is exercising its rights of

defense in the process. The statement of objections does not prejudice the final outcome of the European Commission's investigation. Thus, no provisions have been made in the Group statement of financial position. It is expected that the European Commission's investigations will take several months.

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.

In September 2012 Huhtamäki Oyj received the European Commission's statement of objections concerning alleged anticompetitive behavior during years 2000-2008. Huhtamäki Oyj has responded to the statement of objections and is exercising its rights of defense in the process, which is expected to take several months. The final outcome of the process is uncertain.

Outlook for 2015

The Group's trading conditions are expected to remain relatively stable during 2015. The good financial position and ability to generate a positive cash flow will enable the Group to continue to address profitable growth opportunities. Capital expenditure is expected to be at the same level as in 2014. Majority of the investments are expected to be directed to enhance growth in the emerging markets.

Dividend proposal

On December 31, 2014 Huhtamäki Oyj's non-restricted equity was EUR 743 million (EUR 786 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 (EUR 0.57) per share be paid.

Annual General Meeting 2015

The Annual General Meeting of Shareholders will be held on Tuesday, April 21, 2015 at 11 am (EET) at Finlandia Hall, Mannerheimintie 13e, in Helsinki, Finland.

Financial reporting in 2015

Annual Accounts and Directors' Report 2014 will be published during week 8 on Huhtamäki's website at www.huhtamaki.com.

Huhtamäki will publish the following interim reports during the course of the year:

Interim Report January 1 – March 31, 2015	April 21, 2015
Interim Report January 1 – June 30, 2015	July 24, 2015
Interim Report January 1 – September 30, 2015	October 22, 2015

Espoo, February 11, 2015

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS)

EUR million	Q1-Q4 2014	Q1-Q4 2013	Q4 2014	Q4 2013
Continuing operations				
Net sales	2,235.7	2,161.1	580.5	526.8
Cost of goods sold	-1,886.7	-1,836.3	-489.2	-449.3
Gross profit	349.0	324.8	91.3	77.5
Other operating income	21.3	17.1	7.6	6.8
Sales and marketing	-62.5	-65.4	-17.0	-16.3
Research and development	-13.3	-14.7	-3.4	-3.4
Administration costs	-113.7	-110.5	-31.6	-27.3
Other operating expenses	-7.5	-22.8	-2.0	-19.1
Share of profit of equity-accounted investments	1.6	3.4	0.4	1.2
	-174.1	-192.9	-46.0	-58.1
Earnings before interest and taxes	174.9	131.9	45.3	19.4
Financial income	4.4	8.0	1.3	4.7
Financial expenses	-33.3	-30.6	-8.9	-8.3
Profit before taxes	146.0	109.3	37.7	15.8
Income tax expense	-14.5	-13.1	4.2	0.3
Profit for the period from continuing operations	131.5	96.2	41.9	16.1
Discontinued operations				
Profit from operations	4.6	1.5	-4.3	-0.2
Profit relating to disposed operations	5.1	-	5.1	-
Profit for the period from discontinued operations	9.7	1.5	0.8	-0.2
Profit for the period	141.2	97.7	42.7	15.9
Attributable to:				
Equity holders of the parent company				
Profit for the period from continuing operations	128.3	92.6	40.8	15.2
Profit for the period from discontinued operations	9.7	1.5	0.8	-0.2
Profit for the period attributable to owners of the parent	138.0	94.1	41.6	15.0
Non-controlling interest				
Profit for the period from continuing operations	3.2	3.6	1.1	0.9
Profit for the period from discontinued operations	-	-	-	-
Profit for the period attributable to non-controlling interest	3.2	3.6	1.1	0.9
EUR				
EPS profit for the period from continuing operations	1.24	0.90	0.39	0.14
EPS profit for the period from discontinued operations	0.09	0.01	0.01	0.00
EPS attributable to equity holders of the parent company	1.33	0.91	0.40	0.14
Diluted:				
EPS profit for the period from continuing operations	1.24	0.90	0.39	0.14
EPS profit for the period from discontinued operations	0.09	0.01	0.01	0.00
EPS attributable to equity holders of the parent company	1.33	0.91	0.40	0.14

Group statement of comprehensive income (IFRS)

<i>EUR million</i>	Q1-Q4 2014	Q1-Q4 2013	Q4 2014	Q4 2013
Profit for the period	141.2	97.7	42.7	15.9
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	-57.5	7.2	-58.7	5.1
Income taxes related to items that will not be reclassified	11.9	-4.8	12.5	-4.3
Total	-45.6	2.4	-46.2	0.8
Items that may be reclassified subsequently to profit or loss				
Translation differences	83.8	-34.4	25.7	-8.0
Equity hedges	-23.9	7.6	-6.6	3.4
Cash flow hedges	6.5	2.7	3.8	1.0
Income taxes related to items that may be reclassified	-0.4	-0.4	-0.1	-0.3
Total	66.0	-24.5	22.8	-3.9
Other comprehensive income, net of tax	20.4	-22.1	-23.4	-3.1
Total comprehensive income	161.6	75.6	19.3	12.8
Attributable to:				
Equity holders of the parent company	158.4	72.0	18.2	11.9
Non-controlling interest	3.2	3.6	1.1	0.9

Group statement of financial position (IFRS)

<i>EUR million</i>	Dec 31 2014	Dec 31 2013
ASSETS		
Non-current assets		
Goodwill	431.5	458.5
Other intangible assets	19.1	24.9
Tangible assets	680.1	653.6
Equity-accounted investments	11.6	10.0
Available-for-sale investments	1.9	1.7
Interest-bearing receivables	4.2	4.8
Deferred tax assets	55.9	38.1
Employee benefit assets	48.8	38.5
Other non-current assets	7.4	6.0
	1,260.5	1,236.1
Current assets		
Inventory	312.7	305.0
Interest-bearing receivables	2.4	4.6
Current tax assets	9.8	6.4
Trade and other current receivables	361.8	349.0
Cash and cash equivalents	350.8	241.0
	1,037.5	906.0
Total assets	2,298.0	2,142.1
EQUITY AND LIABILITIES		
Share capital	366.4	365.9
Premium fund	115.0	114.8
Treasury shares	-38.7	-38.9
Translation differences	-77.8	-137.7
Fair value and other reserves	-99.3	-82.3
Retained earnings	596.6	558.1
Total equity attributable to equity holders of the parent company	862.2	779.9
Non-controlling interest	30.6	24.9
Total equity	892.8	804.8
Non-current liabilities		
Interest-bearing liabilities	527.4	594.9
Deferred tax liabilities	72.2	63.4
Employee benefit liabilities	232.7	182.4
Provisions	25.6	30.7
Other non-current liabilities	4.3	5.7
	862.2	877.1
Current liabilities		
Interest-bearing liabilities		
Current portion of long term loans	76.1	23.3
Short-term loans	41.9	36.8
Provisions	3.6	5.6
Current tax liabilities	8.8	7.7
Trade and other current liabilities	412.6	386.8
	543.0	460.2
Total liabilities	1,405.2	1,337.3
Total equity and liabilities	2,298.0	2,142.1
	Dec 31 2014	Dec 31 2013
Net debt	288.0	404.6
Net debt to equity (gearing)	0.32	0.50

Statement of changes in equity (IFRS)

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, 2012	364.5	114.1	-42.2	-110.0	-87.9	540.5	779.0	26.5	805.5
Dividends paid						-57.7	-57.7		-57.7
Share-based payments			3.3			-0.1	3.2		3.2
Stock option exercised	1.4	0.7					2.1		2.1
Total comprehensive income for the year				-26.8	4.7	94.1	72.0	3.6	75.6
Other changes				-0.9	0.9	-18.7	-18.7	-5.2	-23.9
Balance on Dec 31, 2013	365.9	114.8	-38.9	-137.7	-82.3	558.1	779.9	24.9	804.8
Dividends paid						-59.0	-59.0		-59.0
Share-based payments			0.2			-1.6	-1.4		-1.4
Stock option exercised	0.5	0.2					0.7		0.7
Total comprehensive income for the year				59.9	-39.5	138.0	158.4	3.2	161.6
Acquisition of non-controlling interest					0.0	-4.9	-4.9	-3.8	-8.7
Other changes					22.5	-34.0	-11.5	6.3	-5.2
Balance on Dec 31, 2014	366.4	115.0	-38.7	-77.8	-99.3	596.6	862.2	30.6	892.8

Group statement of cash flows (IFRS)

EUR million	Q1-Q4 2014	Q1-Q4 2013	Q4 2014	Q4 2013
Profit for the period*	141.2	97.7	42.7	15.9
Adjustments*	119.3	143.9	22.6	35.5
Depreciation and amortization*	91.2	96.5	23.7	23.6
Share of profit of equity-accounted investments*	-1.6	-3.4	-0.4	-1.2
Gain/loss from disposal of assets*	-1.0	-1.6	-0.2	-1.1
Financial expense/-income*	31.9	25.5	8.5	4.4
Income tax expense*	16.8	12.9	-2.0	-0.4
Other adjustments, operational*	-17.9	14.0	-6.9	10.2
Change in inventory*	-25.7	-8.0	14.0	8.2
Change in non-interest bearing receivables*	-46.1	-16.3	31.2	7.4
Change in non-interest bearing payables*	37.1	-6.0	0.1	-8.1
Dividends received*	1.0	3.1	0.4	2.6
Interest received*	1.5	2.6	0.2	0.8
Interest paid*	-25.2	-19.2	-2.0	-2.6
Other financial expense and income*	-2.1	-2.8	-0.3	-0.5
Taxes paid*	-22.1	-21.1	-5.2	-3.9
Net cash flows from operating activities	178.9	173.9	103.7	55.3
Capital expenditure*	-127.0	-121.0	-49.8	-39.0
Proceeds from selling tangible assets*	12.7	3.1	0.2	2.0
Divested subsidiaries and associated companies	101.0	6.2	101.0	6.2
Acquired subsidiaries and assets	-6.7	-18.0	-2.0	-18.0
Proceeds from long-term deposits	0.8	15.7	0.2	15.1
Payment of long-term deposits	-1.1	-3.8	-0.6	-2.6
Proceeds from short-term deposits	19.4	35.2	0.8	0.7
Payment of short-term deposits	-15.6	-31.1	-1.1	-0.4
Net cash flows from investing activities	-16.5	-113.7	48.7	-36.0
Proceeds from long-term borrowings	17.1	205.5	2.3	12.4
Repayment of long-term borrowings	-90.3	-29.0	-50.1	-17.1
Proceeds from short-term borrowings	127.8	740.9	68.9	15.5
Repayment of short-term borrowings	-54.7	-756.1	-15.9	-7.2
Dividends paid	-59.0	-57.7	-	-
Proceeds from stock option exercises	0.7	2.1	-	0.3
Acquisition of non-controlling interest	-4.2	-	-	-
Net cash flows from financing activities	-62.6	105.7	5.2	3.9
Change in liquid assets	109.8	160.0	159.6	21.5
Cash flow based	99.8	165.9	157.6	23.2
Translation difference	10.0	-5.9	2.0	-1.7
Liquid assets period start	241.0	81.0	191.2	219.5
Liquid assets period end	350.8	241.0	350.8	241.0
Free cash flow (including figures marked with *)	64.6	56.0	54.1	18.3

Notes for the results report

Except for the accounting policy changes listed below, the same accounting policies have been applied in the financial statements as in the annual financial statements for 2013. The following amended standards and interpretations, which have been adopted with effect from January 1, 2014, had no impact on the financial statements:

- Revised IAS 32 Financial Instruments: Presentation. The amendments clarify the instructions on the right to offset financial assets and liabilities.
- Revised IAS 39 Financial Instruments: Recognition and measurement. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes.
- IFRIC 21 Levies. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, occurs.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT - financial items and taxes - are not allocated to the segments.

Net Sales

EUR million	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania	613.0	154.4	158.9	160.1	139.6	620.8	149.5	157.3	165.4	148.6
Intersegment net sales	7.4	1.2	1.2	2.6	2.4	8.3	2.6	2.7	2.0	1.0
North America	760.4	203.7	188.8	205.6	162.3	721.2	179.1	182.0	196.3	163.8
Intersegment net sales	9.0	2.0	2.4	2.7	1.9	4.1	1.9	0.7	0.7	0.8
Flexible Packaging	617.5	159.7	155.2	151.9	150.7	584.9	138.4	144.9	152.7	148.9
Intersegment net sales	0.5	0.1	0.1	0.2	0.1	0.9	0.2	0.3	0.2	0.2
Molded Fiber	244.8	62.7	59.8	61.3	61.0	234.2	59.8	55.9	58.6	59.9
Intersegment net sales	2.2	0.5	0.7	0.5	0.5	2.1	0.5	0.5	0.4	0.7
Elimination of intersegment net sales	-19.1	-3.8	-4.4	-6.0	-4.9	-15.4	-5.2	-4.2	-3.3	-2.7
Total continuing operations	2,235.7	580.5	562.7	578.9	513.6	2,161.1	526.8	540.1	573.0	521.2
Discontinued operations										
Films	193.4	43.5	50.5	49.3	50.1	181.1	41.6	46.4	45.9	47.2
Intersegment net sales	6.0	1.5	1.8	1.1	1.6	5.4	1.3	1.5	1.2	1.4
Elimination of intersegment net sales	-6.0	-1.5	-1.8	-1.1	-1.6	-5.4	-1.3	-1.5	-1.2	-1.4
Total discontinued operations	193.4	43.5	50.5	49.3	50.1	181.1	41.6	46.4	45.9	47.2

EBIT

EUR million	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania (1)	57.4	13.0	16.0	17.4	11.0	18.8	-5.9	8.8	7.5	8.4
North America	38.4	8.6	7.8	13.2	8.8	38.4	5.0	10.6	15.0	7.8
Flexible Packaging	45.5	12.4	10.8	11.3	11.0	44.0	10.1	10.7	12.0	11.2
Molded Fiber	35.0	10.0	7.4	10.0	7.6	29.6	8.9	6.3	7.3	7.1
Other activities	-1.4	1.3	-1.8	-0.9	0.0	1.1	1.3	0.6	-1.7	0.9
Total continuing operations (1)	174.9	45.3	40.2	51.0	38.4	131.9	19.4	37.0	40.1	35.4
Discontinued operations										
Films (2)	15.0	4.0	4.7	3.3	3.0	4.2	0.5	0.1	1.8	1.8

¹⁾ Q1-Q4 2013 includes non-recurring items MEUR -28.1, Q4 2013 MEUR -18.1, Q3 2013 MEUR -2.7 and Q2 2013 MEUR -7.3.

²⁾ Q1-Q4 2014, Q4 2014 includes non-recurring items MEUR 5.1 and Q1-Q4 2013, Q3 2013 MEUR -2.5.

Segments (continued)

EBITDA

<i>EUR million</i>	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania (1)	82.5	19.5	22.3	23.6	17.1	51.5	1.5	16.7	18.3	15.0
North America	67.2	16.6	14.9	20.0	15.7	64.5	11.6	17.1	21.5	14.3
Flexible Packaging	63.5	17.1	15.4	15.7	15.3	61.6	14.6	15.0	16.5	15.5
Molded Fiber	46.5	12.9	10.3	12.9	10.4	40.9	11.8	9.1	10.0	10.0
Other activities	-0.7	1.5	-1.7	-0.7	0.2	1.9	1.4	0.8	-1.4	1.1
Total continuing operations (1)	259.0	67.6	61.2	71.5	58.7	220.4	40.9	58.7	64.9	55.9
Discontinued operations										
Films (2)	22.1	5.4	6.6	5.2	4.9	12.2	2.6	2.0	3.8	3.8

¹⁾ Q1-Q4 2013 includes non-recurring items MEUR -21.3, Q4 2013 MEUR -17.1, Q3 2013 MEUR -1.0 and Q2 2013 MEUR -3.2.

²⁾ Q1-Q4 2014, Q4 2014 includes non-recurring items MEUR 5.1 and Q1-Q4 2013, Q3 2013 MEUR -2.5.

Depreciation and amortization

<i>EUR million</i>	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania	25.1	6.5	6.3	6.2	6.1	32.7	7.4	7.9	10.8	6.6
North America	28.8	8.0	7.1	6.8	6.9	26.1	6.6	6.5	6.5	6.5
Flexible Packaging	18.0	4.7	4.6	4.4	4.3	17.6	4.5	4.3	4.5	4.3
Molded Fiber	11.5	2.9	2.9	2.9	2.8	11.3	2.9	2.8	2.7	2.9
Other activities	0.7	0.2	0.1	0.2	0.2	0.8	0.1	0.2	0.3	0.2
Total continuing operations	84.1	22.3	21.0	20.5	20.3	88.5	21.5	21.7	24.8	20.5
Discontinued operations										
Films	7.1	1.4	1.9	1.9	1.9	8.0	2.1	1.9	2.0	2.0

Net assets allocated to the segments (3)

<i>EUR million</i>	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations								
Foodservice Europe-Asia-Oceania	344.5	335.1	321.4	316.9	315.2	323.8	338.0	356.8
North America	558.7	568.8	537.6	522.1	488.2	479.9	493.2	494.2
Flexible Packaging	346.2	346.3	335.4	330.2	320.5	332.9	334.7	344.9
Molded Fiber	177.4	183.1	170.9	163.5	160.9	165.8	162.5	163.4
Discontinued operations								
Films	-	140.5	135.6	134.9	135.9	141.2	145.6	152.8

³⁾ Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

Segments (continued)

Capital expenditure

<i>EUR million</i>	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania	33.6	14.4	8.0	5.6	5.6	16.8	7.2	4.0	3.5	2.1
North America	36.7	14.9	5.7	7.0	9.1	66.7	18.5	15.8	14.4	18.0
Flexible Packaging	24.7	8.5	6.7	5.3	4.2	15.6	5.3	2.4	4.3	3.6
Molded Fiber	27.3	10.1	9.8	4.9	2.5	18.9	7.1	3.0	6.3	2.5
Other activities	0.7	0.3	0.2	0.1	0.1	0.3	0.1	0.1	0.1	0.0
Total continuing operations	123.0	48.2	30.4	22.9	21.5	118.3	38.2	25.3	28.6	26.2
Discontinued operations										
Films	4.0	1.6	1.2	0.7	0.5	2.7	0.8	0.8	0.5	0.6

RONA (12m roll.)

<i>EUR million</i>	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations								
Foodservice Europe-Asia-Oceania	17.6%	11.9%	9.7%	6.5%	5.6%	10.3%	10.4%	12.1%
North America	7.2%	6.7%	7.5%	8.0%	8.0%	9.1%	9.7%	11.0%
Flexible Packaging	13.6%	13.0%	13.0%	13.2%	13.3%	13.2%	13.3%	13.3%
Molded Fiber	20.4%	20.1%	19.9%	18.4%	18.2%	16.7%	17.1%	16.4%
Discontinued operations								
Films	-	8.3%	5.0%	3.8%	2.9%	3.1%	4.6%	5.3%

Operating cash flow

<i>EUR million</i>	Q1-Q4 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q1-Q4 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Continuing operations										
Foodservice Europe-Asia-Oceania	41.9	3.4	18.5	9.8	10.2	55.9	15.7	22.6	10.8	6.8
North America	18.7	28.7	14.0	-2.5	-21.5	-15.0	-16.8	9.9	7.0	-15.1
Flexible Packaging	27.8	13.0	9.9	2.8	2.1	34.8	21.2	5.2	11.3	-2.9
Molded Fiber	17.5	3.4	4.8	4.2	5.1	21.0	7.8	1.0	9.0	3.2
Discontinued operations										
Films	10.3	6.5	-0.4	4.0	0.2	13.5	6.2	4.2	5.6	-2.5

Reportable segments' net sales and EBIT forms Groups' total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

Business combinations

On August 29 Huhtamäki Oyj's New Zealand based subsidiary Huhtamaki (NZ) Holdings Limited acquired all shares of the privately owned Interpac Packaging Limited based in Auckland. Interpac manufactures folded carton packaging for the fast-moving consumer goods and retail products as well as the foodservice market in New Zealand. Company also manufactures corrugated protective packaging for the local wine industry. With the acquisition Huhtamaki continued to implement its strategy of quality growth and expanded its product offering. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania segment as of September 1, 2014. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 4.7 million was paid in cash. The cost relating to advice etc. services EUR 0.2 million are included in Group income statement in account Other operating expenses.

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

EUR million

Customer relations	0.4
Tangible assets	3.9
Inventories	1.1
Trade and other receivables	1.6
Cash and cash equivalents	0.1
Total assets	7.1
Deferrred taxes	-0.1
Interest-bearing loans	-1.8
Trade and other payables	-2.1
Total liabilities	-4.0
Net assets total	3.1
Goodwill	1.6
Consideration	4.7

Analysis of cash flows of acquisition

EUR million

Purchase consideration, paid in cash	-4.7
Cash and cash equivalents in acquired companies	0.1
Transaction costs of the acquisition	-0.2
Net cash flow on acquisition	-4.8

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 4.1 million and profit for the period was EUR 0.3 million. The Group net sales from continuing operations would have been EUR 2,242.8 million, profit for the period from continuing operations EUR 131.8 million and profit for the period EUR 141.5 million, if the acquired business had been consolidated from January 1, 2014.

Other information

Key indicators

	Q1-Q4 2014	Q1-Q4 2013
Equity per share (EUR)	8.33	7.54
ROE, % (12m roll.)	16.7	12.0
ROI, % (12m roll.)	13.0	9.9
Personnel	13,818	14,362
Profit before taxes (EUR million, 12m roll.)	146.0	109.3
Depreciation of tangible assets (EUR million)	76.7	81.6
Amortization of other intangible assets (EUR million)	7.4	6.9

Contingent liabilities

EUR million	Dec 31 2014	Dec 31 2013
Mortgages	0.0	0.0
Guarantee obligations	0.7	0.4
Lease payments	65.7	50.1
Capital expenditure commitments	31.7	18.4

Financial instruments measured at fair value

EUR million	Dec 31 2014	Dec 31 2013
Fair value through profit and loss - assets		
Currency forwards, transaction risk hedges	3.4	1.2
Currency forwards, translation risk hedges	-	1.8
Currency forwards, for financing purposes	1.0	1.0
Currency options, transaction risk hedges	0.3	0.1
Interest rate swaps	4.0	0.2
Cross currency swaps	-	1.6
Available-for-sale investments	1.9	1.7
Fair value through profit and loss - liabilities		
Currency forwards, transaction risk hedges	0.9	0.6
Currency forwards, translation risk hedges	11.4	0.5
Currency forwards, for financing purposes	2.7	1.7
Currency options, transaction risk hedges	0.2	0.6
Interest rate swaps	2.0	3.4
Cross currency swaps	0.9	-
Electricity forwards	0.2	0.2

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.

Interest-bearing liabilities

EUR million	Dec 31 2014 Carrying amount	Fair value	Dec 31 2013 Carrying amount	Fair value
Non-current	527.4	524.0	594.9	573.6
Current	118.0	118.0	60.1	60.1
Total	645.4	642.0	655.0	633.7

Other information (continued)

Exchange rates

Income statement, average:

	Q1-Q4 2014	Q1-Q4 2013
AUD 1 =	0.6791	0.7262
GBP 1 =	1.2400	1.1775
INR 1 =	0.0123	0.0128
RUB 1 =	0.0196	0.0236
THB 1 =	0.0232	0.0245
USD 1 =	0.7525	0.7530

Statement of financial position, month end:

	Dec 31 2014	Dec 31 2013
AUD 1 =	0.6744	0.6484
GBP 1 =	1.2839	1.1995
INR 1 =	0.0130	0.0117
RUB 1 =	0.0138	0.0221
THB 1 =	0.0251	0.0221
USD 1 =	0.8237	0.7251

Definitions for key indicators

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

$\frac{\text{Profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

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

$\frac{\text{Profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

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

$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

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

$\frac{\text{Diluted profit for the period from continuing operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

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

$\frac{\text{Diluted profit for the period from discontinued operations} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

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

$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Equity} + \text{non-controlling interest}}$

Return on net assets (RONA) =

$\frac{100 \times \text{Earnings before interest and taxes (12 m roll.)}}{\text{Net assets (12 m roll.)}}$

Operating cash flow =

$\text{Ebit} + \text{depreciation and amortization (including impairment)} - \text{capital expenditure} + \text{disposals} +/\text{- change in inventories, trade receivables and trade payables}$

Shareholders' equity per share =

$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at period end}}$

Return on equity (ROE) =

$\frac{100 \times \text{Profit for the period}}{\text{Equity} + \text{non-controlling interest (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses})}{\text{Statement of financial position total} - \text{Interest-free liabilities (average)}}$