

# Huhtamäki Oyj Interim Report Q3 2020

January 1 – September 30, 2020

**Huhtamäki**



## Strong profitability improvement

### Q3 2020 in brief

- Net sales decreased 1% to EUR 847 million (EUR 855 million)
- Adjusted EBIT was EUR 86 million (EUR 72 million); reported EBIT was EUR 65 million (EUR 68 million)
- Adjusted EPS was EUR 0.56 (EUR 0.45); reported EPS was EUR 0.43 (EUR 0.41)
- Comparable net sales growth was 2% at Group level and -2% in emerging markets
- The impact of currency movements was EUR -38 million on the Group's net sales and EUR -4 million on EBIT

### Q1-Q3 2020 in brief

- Net sales decreased 1% to EUR 2,489 million (EUR 2,524 million)
- Adjusted EBIT was EUR 229 million (EUR 218 million); reported EBIT was EUR 217 million (EUR 213 million)
- Adjusted EPS was EUR 1.46 (EUR 1.40) reported EPS was EUR 1.40 (EUR 1.36)
- Comparable net sales growth was -1% at Group level and -6% in emerging markets
- The impact of currency movements was EUR -37 million on the Group's net sales and EUR -3 million on EBIT

### Key figures

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Net sales	847.3	854.9	-1%	2,489.0	2,524.3	-1%
Comparable net sales growth	2%	7%		-1%	6%	
Adjusted EBITDA <sup>1</sup>	127.2	113.5	12%	356.3	339.0	5%
Margin <sup>1</sup>	15.0%	13.3%		14.3%	13.4%	
EBITDA	120.1	108.8	10%	363.2	333.8	9%
Adjusted EBIT <sup>2</sup>	85.5	72.3	18%	229.2	218.4	5%
Margin <sup>2</sup>	10.1%	8.5%		9.2%	8.7%	
EBIT	64.7	67.7	-4%	217.4	213.2	2%
Adjusted EPS <sup>3</sup>	0.56	0.45	25%	1.46	1.40	5%
EPS, EUR	0.43	0.41	4%	1.40	1.36	3%
Adjusted ROI <sup>2</sup>				11.9%	12.0%	
Adjusted ROE <sup>3</sup>				14.9%	15.2%	
ROI				11.3%	10.3%	
ROE				14.3%	12.8%	
Capital expenditure	40.6	54.6	-26%	120.3	132.9	-10%
Free Cash Flow	103.7	82.9	25%	149.6	117.1	28%
<sup>1</sup> Excluding IAC of	-7.1	-4.6		6.8	-5.2	
<sup>2</sup> Excluding IAC of	-20.9	-4.6		-11.8	-5.2	
<sup>3</sup> Excluding IAC of	-13.8	-3.6		-6.8	-4.1	

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2019. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) as well as net debt to EBITDA presented in this report are calculated on a 12-month rolling basis.

*The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.*

## Charles Héaulmé, President and CEO

"The COVID-19 pandemic continued to dominate the news flow and everyday life in the third quarter of 2020. We remained focused on safeguarding the health and safety of our employees and business continuity throughout the organization. Whilst parts of our business, particularly foodservice, were still substantially impacted, we have seen a limited recovery during the third quarter. Demand for food on-the-go products has gradually improved, but it is still lower than in 2019. The significant gap in consumption in restaurant services is partly compensated by the fast-increasing trend in food delivery. On the other hand, demand for food on-the-shelf products has remained strong throughout the crisis. In North America, the increased in-home consumption continued to support retail tableware and consumer goods sales. Growth in the Fiber Packaging segment continued to be driven by high demand for eggs and continued substitution of plastics. In the Flexible Packaging segment, the supply chain disruptions suffered in India and UAE during the second quarter eased during the third quarter, although we did not see fully the recovery to a normal level of logistics and consumption.

Our resilient and diversified portfolio continued delivering solid performance in the third quarter, with a comparable net sales growth of 2%. On Group level, comparable net sales from the beginning of the year declined -1% compared to 2019. The adjusted EBIT margin in the third quarter increased to 10.1%, improving 1.6 percentage-points compared to the same period last year. Year to date it increased from 8.7% in 2019 to 9.2%. The improvement in profitability reflects favorable mix impact and our continued focus on costs and efficiency.

During the quarter, the Board of Directors decided to pay a dividend of EUR 0.89 per share for the fiscal year 2019. The dividend has increased every year since 2009, in line with Huhtamaki's growth trajectory.

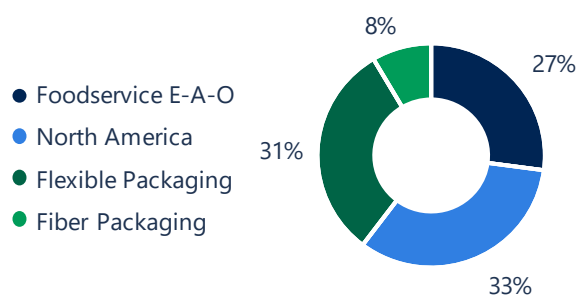
In March, we had introduced our 2030 strategy and laid out high ambitions for this decade. We are focused on delivering growth, improving competitiveness, developing talent, and embedding sustainability in everything we do. I am pleased to see that our work towards these ambitions is proceeding positively, albeit with some challenges and potential delays related to the current crisis. Our determination to strengthen and embed sustainability across products and operations has already yielded results. This is also visible in our stakeholders' evaluation of Huhtamaki as a company with a strong commitment to sustainability."

## Financial review Q3 2020

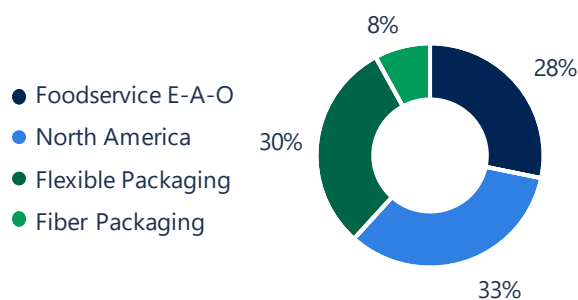
### Net sales by business segment

EUR million	Q3 2020	Q3 2019	Change
Foodservice Europe-Asia-Oceania	230.8	242.4	-5%
North America	282.6	287.0	-2%
Flexible Packaging	266.0	260.7	2%
Fiber Packaging	72.2	68.2	6%
Elimination of internal sales	-4.3	-3.4	
<b>Group</b>	<b>847.3</b>	<b>854.9</b>	<b>-1%</b>

### Net sales by segment, Q3 2020



### Net sales by segment, Q3 2019



### Comparable net sales growth by business segment

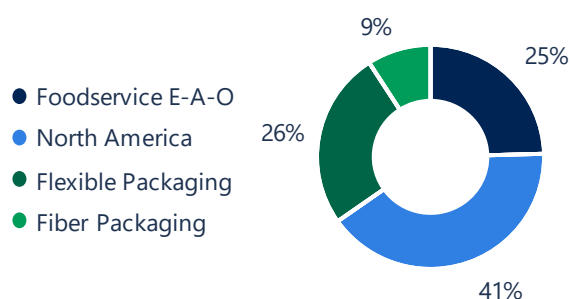
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Foodservice Europe-Asia-Oceania	-1%	-28%	-4%	4%	4%
North America	4%	-5%	9%	6%	14%
Flexible Packaging	1%	2%	2%	3%	4%
Fiber Packaging	7%	10%	9%	8%	7%
<b>Group</b>	<b>2%</b>	<b>-8%</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>

The Group's net sales decreased 1% to EUR 847 million (EUR 855 million) during the quarter. Comparable net sales growth was 2%. Growth was especially strong in the Fiber Packaging segment, following mainly the strong demand of egg packaging. The Group's growth in emerging markets was -2%. Foreign currency translation impact on the Group's net sales was EUR -38 million (EUR 24 million) compared to 2019 exchange rates.

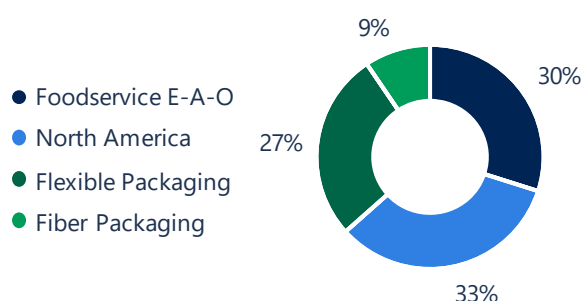
## Adjusted EBIT by business segment

EUR million	Q3 2020	Q3 2019	Change	Items affecting comparability	
				Q3 2020	Q3 2019
Foodservice Europe-Asia-Oceania	21.7	22.7	-4%	-17.3	-0.1
North America	36.0	25.3	42%	-3.2	-3.0
Flexible Packaging	22.7	20.6	10%	-0.7	-0.1
Fiber Packaging	8.0	7.1	13%	-0.2	-1.0
Other activities	-2.9	-3.4		0.6	-0.4
<b>Group</b>	<b>85.5</b>	<b>72.3</b>	<b>18%</b>	<b>-20.9</b>	<b>-4.6</b>

### Adjusted EBIT by segment, Q3 2020



### Adjusted EBIT by segment, Q3 2019



## Adjusted EBIT margin by business segment

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Foodservice Europe-Asia-Oceania	9.4%	3.7%	8.0%	8.5%	9.4%
North America	12.7%	12.8%	10.6%	10.9%	8.8%
Flexible Packaging	8.5%	7.3%	7.7%	7.4%	7.9%
Fiber Packaging	11.1%	11.2%	11.0%	9.8%	10.4%
<b>Group</b>	<b>10.1%</b>	<b>8.8%</b>	<b>8.7%</b>	<b>8.5%</b>	<b>8.5%</b>

The Group's adjusted EBIT increased to EUR 86 million (EUR 72 million) and reported EBIT was EUR 65 million (EUR 68 million). The increase in earnings was supported by the Fiber Packaging and Flexible Packaging segments and especially by the North America segment. The Group's adjusted EBIT margin improved and was 10.1% (8.5%). Foreign currency translation impact on the Group's earnings was EUR -4 million (EUR 2 million).

Adjusted EBIT excludes EUR -20.9 million (EUR -4.6 million) of items affecting comparability (IAC).

## Adjusted EBIT and IAC

EUR million	Q3 2020	Q3 2019
<b>Adjusted EBIT</b>	85.5	72.3
Acquisitions	-0.2	-0.6
Restructuring costs including write-downs of related assets	-21.2	-
One-time gain from acquisition of Laminor	0.5	-
Losses from property damage incidents	-	-4.0
<b>EBIT</b>	<b>64.7</b>	<b>67.7</b>

Net financial expenses were EUR 4 million (EUR 7 million). Tax expense was EUR 14 million (EUR 15 million). Profit for the quarter was EUR 47 million (EUR 46 million). Adjusted earnings per share (EPS) were EUR 0.56 (EUR 0.45) and reported EPS EUR 0.43 (EUR 0.41). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -13.8 million (EUR -3.6 million) of IAC.

## Adjusted EPS and IAC

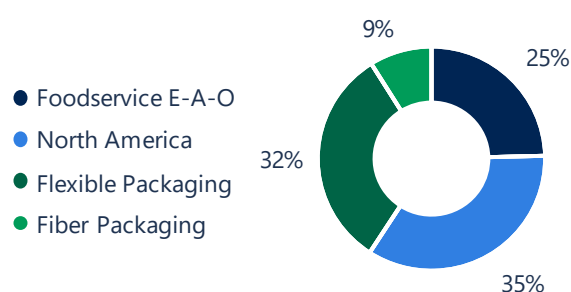
EUR million	Q3 2020	Q3 2019
<b>Adjusted profit for the period attributable to equity holders of the parent company</b>	58.7	46.9
IAC in EBIT	-20.9	-4.6
IAC in Financial items (related to reversal of contingent consideration related to acquisition)	3.0	-
Taxes relating to IAC	4.0	1.1
<b>Profit for the period attributable to equity holders of the parent company</b>	<b>44.9</b>	<b>43.3</b>

## Financial review Q1-Q3 2020

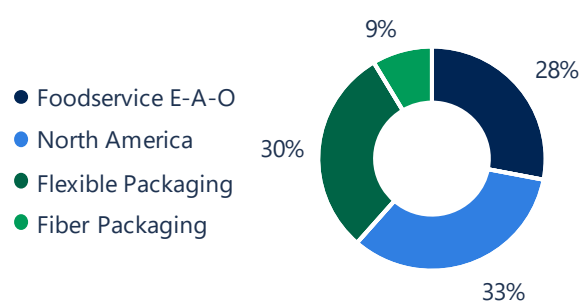
### Net sales by business segment

EUR million	Q1-Q3 2020	Q1-Q3 2019	Change
Foodservice Europe-Asia-Oceania	615.6	711.4	-13%
North America	864.9	849.0	2%
Flexible Packaging	800.0	761.3	5%
Fiber Packaging	222.5	217.3	2%
Elimination of internal sales	-14.0	-14.7	
<b>Group</b>	<b>2,489.0</b>	<b>2,524.3</b>	<b>-1%</b>

### Net sales by segment, Q1-Q3 2020



### Net sales by segment, Q1-Q3 2019



### Comparable net sales growth by business segment

	Q1-Q3 2020	Q1-Q3 2019	2019
Foodservice Europe-Asia-Oceania	-11%	4%	4%
North America	2%	11%	9%
Flexible Packaging	2%	3%	3%
Fiber Packaging	9%	6%	6%
<b>Group</b>	<b>-1%</b>	<b>6%</b>	<b>6%</b>

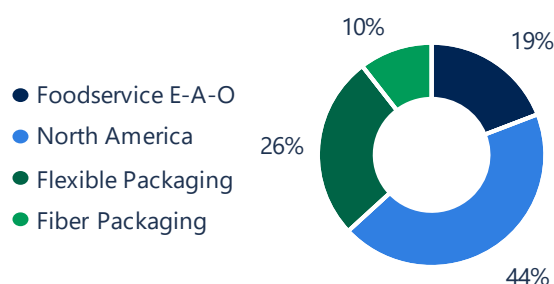
The Group's net sales decreased 1% to EUR 2,489 million (EUR 2,524 million) during the reporting period. Comparable net sales growth was -1%. Net sales decreased in the Foodservice Europe-Asia-Oceania segment, following the impact of COVID-19, and increased in the other segments. The Group's growth in emerging markets was -6%. Foreign currency translation impact on the Group's net sales was EUR -37 million (EUR 68 million) compared to 2019 exchange rates.



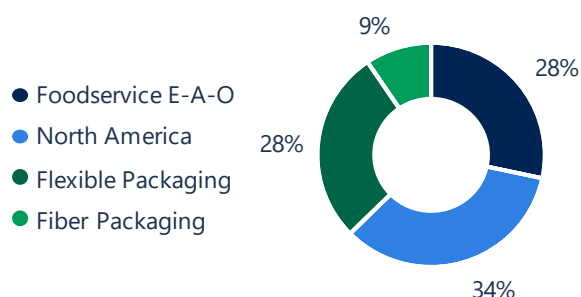
## Adjusted EBIT by business segment

EUR million	Q1-Q3 2020	Q1-Q3 2019	Change	Items affecting comparability	
				Q1-Q3 2020	Q1-Q3 2019
Foodservice Europe-Asia-Oceania	45.3	64.7	-30%	-19.4	-0.3
North America	104.4	78.3	33%	-6.6	-3.0
Flexible Packaging	62.7	63.8	-2%	-5.7	-0.1
Fiber Packaging	24.8	21.6	15%	-1.7	-1.0
Other activities	-7.9	-10.0		21.5	-0.8
<b>Group</b>	<b>229.2</b>	<b>218.4</b>	<b>5%</b>	<b>-11.8</b>	<b>-5.2</b>

### Adjusted EBIT by segment, Q1-Q3 2020



### Adjusted EBIT by segment, Q1-Q3 2019



## Adjusted EBIT margin by business segment

	Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2018
Foodservice Europe-Asia-Oceania	7.4%	9.1%	9.1%
North America	12.1%	9.2%	7.4%
Flexible Packaging	7.8%	8.4%	7.1%
Fiber Packaging	11.1%	9.9%	10.7%
<b>Group Total</b>	<b>9.2%</b>	<b>8.7%</b>	<b>8.2%</b>

The Group's adjusted EBIT increased to EUR 229 million (EUR 218 million) and reported EBIT was EUR 217 million (EUR 213 million). The increase in earnings was supported by the North America and Fiber Packaging segments. The Group's adjusted EBIT margin improved and was 9.2% (8.7%). Foreign currency translation impact on the Group's earnings was EUR -3 million (EUR 6 million).

Adjusted EBIT excludes EUR -11.8 million (EUR -5.2 million) of items affecting comparability (IAC).



## Adjusted EBIT and IAC

EUR million	Q1-Q3 2020	Q1-Q3 2019
<b>Adjusted EBIT</b>	229.2	218.4
Acquisitions	-0.7	-1.2
Restructuring costs including write-downs of related assets	-33.6	-
One-time gain from acquisition of Laminor	22.4	-
Losses from property damage incidents	-	-4.0
<b>EBIT</b>	<b>217.4</b>	<b>213.2</b>

Net financial expenses were EUR 22 million (EUR 23 million). Tax expense was EUR 44 million (EUR 43 million). The corresponding tax rate was 23% (23%). Profit for the period was EUR 152 million (EUR 148 million). Adjusted earnings per share (EPS) were EUR 1.46 (EUR 1.40) and reported EPS EUR 1.40 (EUR 1.36). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -6.8 million (EUR -4.1 million) of IAC.

## Adjusted EPS and IAC

EUR million	Q1-Q3 2020	Q1-Q3 2019
<b>Adjusted profit for the period attributable to equity holders of the parent company</b>	152.6	146.0
IAC in EBIT	-11.8	-5.2
IAC in Financial items (related to reversal of contingent consideration related to acquisition)	3.0	-
Taxes relating to IAC	2.0	1.2
<b>Profit for the period attributable to equity holders of the parent company</b>	<b>145.8</b>	<b>141.9</b>

## Statement of financial position and cash flow

The Group's net debt decreased, primarily due to improved cash flow. At the end of September, net debt was EUR 896 million (EUR 944 million). The level of net debt corresponds to a gearing ratio of 0.65 (0.68). Net debt to adjusted EBITDA ratio (excluding IAC) was 1.9 (2.1). Average maturity of external committed credit facilities and loans was 3.0 years (3.0 years).

On June 26, 2020, a signing of a EUR 150 million freely transferable loan agreement (Schuldschein) was announced. The loan is divided into two floating rate and two fixed rate tranches with maturities of 3 and 5 years. The funds, which were received in July, will be used for refinancing and general corporate purposes of the Group.

Cash and cash equivalents were EUR 315 million (EUR 128 million) at the end of September and the Group had EUR 306 million (EUR 299 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 3685 million (EUR 3473 million).

Capital expenditure was EUR 120 million (EUR 133 million). The largest investments for business expansion were made in the U.S., the UK and Germany. The Group's free cash flow was EUR 150 million (EUR 117 million).

## Impact of COVID-19

As a global leader in food-on-the go and food-on-the-shelf packaging, Huhtamaki is an integral part of the supply chain making food safe, convenient and available to everyone in the world. Huhtamaki's customers are essential in ensuring the supply and access to food products for consumers worldwide. Packaging promotes hygiene and prevents spread of disease. It keeps food safe, prevents spoilage, preserves the food's original properties and helps in avoiding food waste. Huhtamaki's diversified portfolio of food on-the-go and food on-the-shelf packaging has been providing resilience from the impact of COVID-19.

Within food on-the-go packaging, foodservice sales have been affected by closures of quick-service restaurants. As people have stayed at home more, demand for food delivery has increased. However, this increase in demand has not compensated the decline of in-store restaurant sales. Demand for food on-the-shelf packaging, constituting of mainly flexible packaging and fiber packaging, has remained resilient to the effects of COVID-19. The impact on retail business and consumer goods products has been limited, as some of Huhtamaki's customers have been stocking up.

The impact of COVID-19 on the Foodservice Europe-Asia-Oceania segment has been significantly negative during the reporting period. COVID-19 has impacted foodservice products negatively also in the North America segment. In India, strict restrictions following COVID-19 impacted the supply chain during the reporting period, while some factories in the United Arab Emirates have temporarily been shut down due to local restrictions. These have impacted net sales in the Flexible Packaging segment negatively. COVID-19 has not had any meaningful impact on net sales in the Fiber Packaging segment. The overall impact from COVID-19 on net sales has reduced as countries and governments have lifted restrictions on movement and access to establishments. Huhtamaki has a healthy balance sheet and its financial position is strong. The company has continued with investments and efficiency activities, which are key for its future success.

To manage the impact of COVID-19, Huhtamaki has implemented a phased approach. In the first phase, the crisis was managed daily at a global and unit level. The focus during this phase was to protect the employees, through increased hygiene procedures, and to protect business continuity through contingency plans. In the second phase, the company's cash position was managed daily and effectively. This included increased focus on cost management and prioritization of investments. During this phase, the company also focused on its competitiveness to prepare itself for the post COVID-19 time. Currently, in the third phase, the company is focused on defining the opportunities that will unfold from the crisis. This includes among others generating innovation and identifying immediate opportunities and long-term shifts in our operating environment. The number of COVID-19 cases increased across Huhtamaki's main markets towards the end of the reporting period. Consequently, the company has continued with its precautionary measures ahead of a second wave of the pandemic.

As food packaging is essential for the society, Huhtamaki has also been conscious about its role as a corporate citizen. The company has played an active part in making a difference in where it matters the most. For example, during 2020 Huhtamaki donated EUR 0.5 million to the International Red Cross, made product donations to ensure food hygiene and food safety, started production of high-quality protective face shields for health care workers, and launched a range of reusable face masks, called Huhta Mask, for consumers.

## Acquisitions and divestments

On September 30, 2019, Huhtamaki announced its agreement to acquire the assets and operations of Mohan Mutha Polytech Private Limited (MMPPL), a privately-owned flexible packaging manufacturer located in Sri City, Andhra Pradesh, India. The acquisition allows Huhtamaki to speed up its growth in India by improving its capability to serve the customers in South India. MMPPL has approximately 160 employees and its net sales in 2018 were approximately EUR 9 million. The debt-free purchase price was approximately EUR 10 million. The acquisition was completed on January 10, 2020 and since then the business has reported as part of the Flexible Packaging business segment.

On December 23, 2019, Huhtamaki announced its agreement to acquire full ownership of its joint venture company Laminor S.A. in Brazil. Laminor is specialized in high-quality tube laminates, particularly for oral care applications, and was set up in 2002 as a 50/50 joint venture together with Bemis Company, which is now part of Amcor. The acquisition enables Huhtamaki to expand its tube laminate business, an important part of the Group's flexible packaging offering. Laminor has approximately 130 employees and its net sales in 2018 were approximately EUR 25 million. The additional shares were acquired at a price of approximately EUR 28 million and the acquisition was completed on March 31, 2020. The business has been consolidated as a subsidiary in the Group's financial reporting and it has been reported as part of the Flexible Packaging business segment as of April 1, 2020. As a result of the transaction, a gain from the difference between remeasured interest according to the purchase price and previously held equity interest of approximately EUR 22 million has been recognized in the income statement as item affecting comparability in Q1-Q3 2020 financial results.

## Significant events during the reporting period

On March 23, 2020, Huhtamaki announced its long-term 2030 strategy in order to maintain its growth trajectory and meet future transformative trends. Going forward, Huhtamaki will focus on growth, competitiveness, talent and sustainability. The company's ambition is to become the first choice in sustainable food packaging. Huhtamaki also outlined its long-term financial ambitions and introduced its new 2030 sustainability ambitions. The strategy emphasizes strong core values: Care, Dare, Deliver. In line with its renewed strategy, the company decided to integrate its Foodservice Europe-Asia-Oceania and Fiber Packaging business segments. The segments will continue to be reported separately, at least for the remainder of the financial year 2020. Eric Le Lay will continue as President for the combined Fiber and Foodservice EAO (Europe-Asia-Oceania) segment. This change became effective as of June 1, 2020.

On March 26, 2020, Huhtamaki announced that it has decided to withdraw its outlook for 2020 (published on February 13, 2020) due to the unprecedented and accelerated situation caused by the COVID-19 and its impact on the Group's trading conditions. It was announced that the company will provide a new outlook when impacts of the changing business environment on its trading conditions in 2020 can be assessed in a reliable manner. Huhtamaki announced a new outlook for 2020 on July 23, 2020, in conjunction with its Half-yearly Report January 1–June 30, 2020.

On March 26, 2020, Huhtamaki announced that the Board of Directors changed its proposal for use of the profit shown on the balance sheet and proposed that no dividend payment would be decided by the Annual General Meeting. Instead, the Board of Directors proposed to the Annual General Meeting that the Annual General Meeting would authorize the Board of Directors to decide at a later stage and in its discretion on a dividend payment in one or several installments of a total maximum of EUR 0.89 per share. On September 17, 2020, Huhtamaki announced that the Board of Directors of Huhtamäki Oyj decided to pay out a dividend of EUR 0.89 per share from the distributable funds of the Company. The dividend was paid to a shareholder who on the dividend record date September 18, 2020 was registered as a shareholder in the Company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on September 25, 2020.

## Business review by segment

### Foodservice Europe-Asia-Oceania

Foodservice paper and plastic disposable tableware, such as cups, is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, South Africa, Middle East, Asia and Oceania.

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Net sales	230.8	242.4	-5%	615.6	711.4	-13%
Comparable net sales growth	-1%	4%		-11%	4%	
Adjusted EBIT <sup>1</sup>	21.7	22.7	-4%	45.3	64.7	-30%
Margin <sup>1</sup>	9.4%	9.4%		7.4%	9.1%	
Adjusted RONA <sup>1</sup>				8.5%	11.4%	
Capital expenditure	12.6	19.8	-37%	47.1	48.7	-3%
Operating cash flow <sup>1</sup>	25.9	21.1	23%	30.0	44.5	-33%
Items affecting comparability (IAC)	-17.3	-0.1		-19.4	-0.3	

<sup>1</sup> Excluding IAC.

### Q3 2020

COVID-19 continued to have a significant negative impact on demand for foodservice packaging. Demand improved gradually during the quarter but remained low. Compared to Q3 2019, prices of paperboard increased, and prices of plastic resins decreased, though with variation between markets and types of resin.

Net sales decreased moderately in the Foodservice Europe-Asia-Oceania segment. Comparable net sales growth was -1%. Net sales decreased in most main markets. During the quarter, Huhtamaki started selling reusable face masks called Huhta Mask, which together with sales of face shields and customers restocking partially offset the reduction in net sales.

The impact of currency movements on the segment's reported net sales was EUR -7 million.

The segment's adjusted EBIT decreased as a result of lower utilization of assets due to lower demand. The adjusted EBIT margin improved due to continued actions addressing cost in line with demand and favorable mix.

There was no significant foreign currency impact on the segment's reported earnings.

### Q1-Q3 2020

Demand for foodservice packaging was good in the first two months of the year, but the outbreak of COVID-19 had a significant negative impact on demand for foodservice packaging as governments across markets imposed restrictions on movement to contain the spread of the virus. Demand gradually improved towards the end of the reporting period as restrictions started to be lifted, but the overall demand remained low. Compared to the previous year, prices of paperboard increased, and prices of plastic resins decreased, though with variation between markets and types of resin.

Net sales decreased significantly in the Foodservice Europe-Asia-Oceania segment. Comparable net sales growth was -11%. Net sales decreased in all main markets. During the reporting period, Huhtamaki started selling face shields and face masks, which partially offset the reduction in net sales.

The impact of currency movements on the segment's reported net sales was EUR -12 million.

The segment's adjusted EBIT decreased as a result of lower utilization of assets due to lower demand.

There was no significant foreign currency impact on the segment's reported earnings.

## North America

The North America segment serves local markets with Chinet® disposable tableware products, foodservice packaging products, as well as ice-cream containers and other consumer goods packaging products. The segment has production in the United States and Mexico.

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Net sales	282.6	287.0	-2%	864.9	849.0	2%
Comparable net sales growth	4%	14%		2%	11%	
Adjusted EBIT <sup>1</sup>	36.0	25.3	42%	104.4	78.3	33%
Margin <sup>1</sup>	12.7%	8.8%		12.1%	9.2%	
Adjusted RONA <sup>1</sup>				16.4%	11.5%	
Capital expenditure	13.9	14.6	-5%	35.7	38.7	-8%
Operating cash flow <sup>1</sup>	48.8	43.5	12%	128.0	80.6	59%
<i>Items affecting comparability (IAC)</i>	-3.2	-3.0		-6.6	-3.0	

<sup>1</sup> Excluding IAC.

### Q3 2020

Demand for foodservice packaging, consumer goods packaging, and retail tableware were affected by COVID-19. Some products in each market saw increased demand while other product areas were affected negatively, in some cases significantly. Demand for plates in retail tableware and in-home ice cream packaging was especially strong, while demand for foodservice drink cups and school lunch trays, and institutional ice cream packaging was weak. Compared to Q3 2019, raw material prices were generally stable.

Net sales decreased in the North America segment following negative impact from currencies. Comparable net sales growth was 4%. Growth was strong within retail tableware plate products and in-home ice cream uses while COVID-19 impacted foodservice packaging sales negatively. The decrease in net sales was primarily driven by foodservice packaging declines in drink cups and tray markets.

The impact of currency movements on the segment's reported net sales was EUR -15 million.

The segment's adjusted EBIT increased, and profitability was strong. Earnings improved as a result of the continuation of the margins established in 2019 and favorable sales mix.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

### Q1-Q3 2020

Demand for foodservice packaging decreased following the outbreak of COVID-19. Demand for retail tableware was strong throughout the period, partially supported by the consumption spike related to COVID-19. Demand for ice cream in-home packaging improved. Compared to the previous year, costs of transportation fuel, energy and plastic resins decreased during the latter part of the reporting period.

Net sales growth in the North America segment was strong in Q1 but growth in the rest of the reporting period was impacted by the outbreak of COVID-19. Comparable net sales growth was 2% in Q1-Q3. Growth was strong within retail tableware while COVID-19 impacted foodservice packaging sales negatively. Net sales growth was driven primarily by strong demand for retail tableware plates and in-home ice cream packaging.

The impact of currency movements on the segment's reported net sales was EUR -1 million.

The segment's adjusted EBIT increased, and profitability was strong. Earnings improved as a result of the continuation of the margins established in 2019 and favorable sales mix.

There was no significant foreign currency impact on the segment's reported earnings.

## Flexible Packaging

Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Middle East and Africa, Asia and South America.

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Net sales	266.0	260.7	2%	800.0	761.3	5%
Comparable net sales growth	1%	4%		2%	3%	
Adjusted EBIT <sup>1</sup>	22.7	20.6	10%	62.7	63.8	-2%
Margin <sup>1</sup>	8.5%	7.9%		7.8%	8.4%	
Adjusted RONA <sup>1</sup>				10.3%	11.1%	
Capital expenditure	7.5	9.9	-24%	23.0	29.2	-21%
Operating cash flow <sup>1</sup>	29.3	23.6	24%	38.4	39.4	-3%
<i>Items affecting comparability (IAC)</i>	<i>-0.7</i>	<i>-0.1</i>		<i>-5.7</i>	<i>-0.1</i>	

<sup>1</sup> Excluding IAC.

### Q3 2020

Demand for flexible packaging was good across most markets. Demand in Europe decreased due to the higher than normal demand in Q2 2020. The tight competitive situation in Southeast Asia continued. Raw material prices decreased compared to Q3 2019.

Net sales growth in the Flexible Packaging segment was moderate. Comparable net sales growth was 1%. Growth was strongest in South East Asia and Oceania, while sales in Europe was impacted by reversal of consumer-led stocking in Q2 2020. Sales growth in India was moderated by impacts from COVID-19. The units acquired in South Africa (Everest Flexibles, as of December 1, 2019), India (Mohan Mutha Polytech, as of January 10, 2020) and Brazil (Laminor S.A. as of April 1, 2020) supported net sales growth.

The impact of currency movements on the segment's reported net sales was EUR -13 million.

The segment's adjusted EBIT increased driven by cost management actions and lower raw material prices. The acquired units supported earnings.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

### Q1-Q3 2020

Demand for flexible packaging was good across most markets. The competitive situation in Southeast Asia was tight. Raw material prices decreased compared to the previous year.

Net sales growth in the Flexible Packaging segment was moderate. Comparable net sales growth was 2%. Growth was strongest in South East Asia and Oceania. The impact from restrictions and lockdowns related to COVID-19 moderated sales growth in India and the United Arab Emirates. Net sales was supported by the new unit in Egypt, inaugurated in April 2019, and the acquired units.

The impact of currency movements on the segment's reported net sales was EUR -15 million.

The segment's adjusted EBIT decreased driven by the production and logistics interruptions mainly during Q2 2020 related to COVID-19 in India, and the impact of strict restrictions related to COVID-19 in the United Arab Emirates. COVID-19 had less impact in Q3 2020 compared to Q2 2020. Cost management actions, lower raw material prices and the acquired units supported earnings.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

## Fiber Packaging

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

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Net sales	72.2	68.2	6%	222.5	217.3	2%
Comparable net sales growth	7%	7%		9%	6%	
Adjusted EBIT <sup>1</sup>	8.0	7.1	13%	24.8	21.6	15%
Margin <sup>1</sup>	11.1%	10.4%		11.1%	9.9%	
Adjusted RONA <sup>1</sup>				13.7%	13.3%	
Capital expenditure	6.5	10.1	-35%	14.2	15.8	-10%
Operating cash flow <sup>1</sup>	3.0	1.1	>100%	10.3	14.6	-29%
<i>Items affecting comparability (IAC)</i>	-0.2	-1.0		-1.7	-1.0	

<sup>1</sup> Excluding IAC.

### Q3 2020

Demand for fiber-based packaging, especially egg packaging, continued strong across the markets. Prices of recycled fiber were at similar levels compared to Q3 2019.

Net sales growth in the Fiber Packaging segment was good. Comparable net sales growth was 7%. Net sales increased especially in Europe. Net sales growth was driven primarily by volume.

The impact of currency movements on the segment's reported net sales was EUR -4 million.

The segment's adjusted EBIT increased driven especially by volume growth but also by pricing actions implemented earlier. The development and commercialization costs of the Fresh ready meal tray had a negative impact on the segment's earnings growth.

There was no significant foreign currency impact on the segment's reported earnings.

### Q1-Q3 2020

Demand for fiber-based packaging was strong, with strong demand for egg packaging throughout period. Demand for cup carriers decreased following the outbreak of COVID-19 but increased as restrictions related to COVID-19 were lifted. Prices of recycled fiber were at similar levels compared to the previous year.

Net sales growth in the Fiber Packaging segment was strong. Comparable net sales growth was 9%. Net sales increased especially in Europe. Net sales growth was driven primarily by volume.

The impact of currency movements on the segment's reported net sales was EUR -9 million.

The segment's adjusted EBIT increased driven especially by volume growth but also by pricing actions implemented earlier. The development and commercialization costs of the Fresh ready meal tray had a negative impact on the segment's earnings growth.

The impact of currency movements on the segment's reported earnings was EUR -1 million.



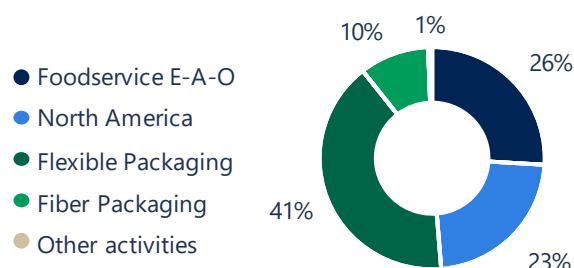
## Personnel

### Number of personnel

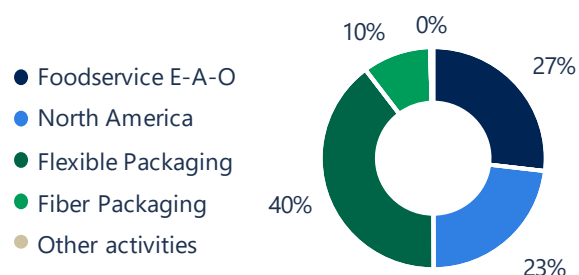
	September 30, 2020	September 30, 2019	Change
Foodservice Europe-Asia-Oceania	4,814	4,866	-1%
North America	4,225	4,187	1%
Flexible Packaging	7,550	7,205	5%
Fiber Packaging	1,858	1,784	4%
Other activities <sup>1</sup>	107	83	29%
<b>Group</b>	<b>18,554</b>	<b>18,125</b>	<b>2%</b>

<sup>1</sup> Including global functions in Finland

### Personnel by segment on September 30, 2020



### Personnel by segment on September 30, 2019



At the end of September 2020, the Group had a total of 18,554 (18,125) employees. The number of employees was 2% higher than in the comparison period.

## Changes in management

Marina Madanat (40), M.Sc. (Economics and Business Administration), B.Sc. (Electrical Engineering), was appointed Executive Vice President, Strategy and Business Development as of January 1, 2020.

Antti Valtokari (44), M.Sc. (Computer Science), was appointed Executive Vice President, IT and Process Performance as of January 1, 2020.

Leena Lie (51), Executive Vice President, Marketing and Communications, and a member of the Global Executive Team decided to leave Huhtamaki to pursue other career opportunities on January 16, 2020.

Arup Basu (52), PhD (Technology), was appointed President, Flexible Packaging and a member of Global Executive Team as of February 1, 2020. Olli Koponen, (61), President, Flexible Packaging, stepped down from the Global Executive Team and was appointed as Senior Vice President, Total Productive Manufacturing until his retirement.

Thomasine Kamerling (47), M.A., Modern History, was appointed as Executive Vice President, Sustainability and Communications and a member of Global Executive Team as of March 1, 2020.

Ann O'Hara, (49), MBA, BSE (Chemical Engineering), was appointed President, North America business segment and a member of the Global Executive Team as of January 1, 2021. Clay Dunn, (63), President, North America business segment has decided to retire at the end of 2020 after successfully leading Huhtamaki's business in North America since 2005.

## Share capital, shareholders and trading of shares

### Share capital and number of shares

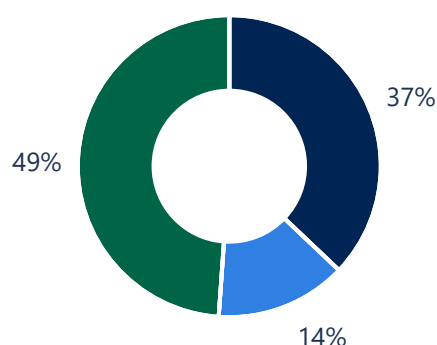
	September 30, 2020	September 30, 2019
Registered share capital (EUR million)	366	366
Total number of shares	107,760,385	107,760,385
Shares owned by the Company	3,410,709	3,410,709
% of total number of shares	3.2%	3.2%
Number of outstanding shares <sup>1</sup>	104,349,676	104,349,676
Average number of shares <sup>1,2</sup>	104,349,676	104,343,357

<sup>1</sup> Excluding shares owned by the Company

<sup>2</sup> Average number of outstanding shares used in EPS calculations

### Shareholder structure as at September 30, 2020

- Finnish institutions, companies and organizations
- Households
- Foreign and nominee-registered shareholders



There were 35,025 (31,390) registered shareholders at the end of September 2020. Foreign ownership including nominee registered shares accounted for 49% (46%).

### Trading of shares

Trading of Huhtamaki shares on Nasdaq Helsinki	Q1-Q3 2020	Q1-Q3 2019
Number of shares traded, million	46.7	42.0
Closing price on final day of trading, EUR	42.18	36.58
Volume-weighted average price, EUR	35.72	33.12
High, EUR	43.56	37.76
Low, EUR	24.18	26.81
Market capitalization (at end of period), EUR million	4,545	3,942

During the reporting period, the Company's shares were quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. It was a component of the Nasdaq Helsinki 25 Index.

At the end of September 2020, the Company's market capitalization was EUR 4,545 million (EUR 3,942 million). With a closing price of EUR 42.18 (EUR 36.58) at the end of the reporting period, the share price increased approximately 2% from the beginning of the year. During the reporting period the volume weighted average price for the Company's

shares was EUR 35.72 (EUR 33.12). The highest price paid was EUR 43.56 (EUR 37.76) and the lowest was EUR 24.18 (EUR 26.81).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,600 million (EUR 1,385 million). The trading volume of approximately 47 million (42 million) shares equaled an average daily turnover of 246,944 (221,811) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 4,328 million (EUR 3,683 million). During the reporting period, 63% (64%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, [fragmentation.fidessa.com](http://fragmentation.fidessa.com))

## Resolutions of the Annual General Meeting 2020

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 29, 2020. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2019, discharged the members of the Company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors. The Annual General Meeting also decided to approve the Remuneration Policy for the Company's Governing Bodies presented to it.

The Annual General Meeting authorized the Board of Directors to decide at a later stage and in its discretion on the distribution of dividend in one or several instalments of a total maximum of EUR 0.89 per share. The authorization is valid until the next Annual General Meeting, however, no longer than until June 30, 2021.

The number of members of the Board of Directors was confirmed to be seven (7). Mr. Pekka Ala-Pietilä, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas, Ms. Sandra Turner and Mr. Ralf K. Wunderlich were re-elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting. The Board of Directors elected Mr. Pekka Ala-Pietilä as the Chairman of the Board and Ms. Kerttu Tuomas as the Vice-Chairman of the Board.

KPMG Oy Ab, a firm of authorized public accountants, was elected as Auditor of the company for the financial year January 1 - December 31, 2020. Mr. Henrik Holmbom, APA, will be the Auditor with principal responsibility.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares. The Annual General Meeting also authorized the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 10,000,000 shares which corresponds to approximately 9.3 percent of the current shares of the Company, and the aggregate number of own treasury shares to be transferred may not exceed 4,000,000 shares which corresponds to approximately 3.7 percent of the current shares of the Company. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2021.

The Annual General Meeting resolved to establish a Shareholders' Nomination Board and to adopt the Charter of the Shareholders' Nomination Board. The Shareholders' Nomination Board replaces the Nomination Committee of the Board of Directors. The Shareholders' Nomination Board comprises one member appointed by each of the four largest shareholders of the Company in accordance with the appointment procedure set out in the Charter. The Chairman of the Board of Directors serves as an expert member of the Shareholders' Nomination Board.

The Annual General Meeting resolved to amend the Articles of Association in accordance with the proposal of the Board of Directors so that amendments related to the establishment of the Shareholders' Nomination Board and certain other technical amendments were made to the Articles of Association. As a result of the amendments, the Chairman and the Vice-Chairman of the Board of Directors can in the future be elected at the General Meeting.

## Short-term risks and uncertainties

The COVID-19 pandemic including a potential second wave of the pandemic is a significant short-term risk potentially creating disturbance in the Group's trading conditions and its operating environment, as well as in demand for the Group's products. Volatile raw material and energy prices as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. General political, economic and financial market conditions can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

## Outlook for 2020

Disturbance from the COVID-19 pandemic on Huhtamaki's operating environment is expected to continue. The demand especially for food on-the-go packaging may be significantly negatively impacted whilst demand for food on-the-shelf packaging and convenience tableware may be positively impacted. Huhtamaki's diversified product portfolio provides resilience to the effects of the pandemic.

## Financial reporting in 2021

In 2021, Huhtamaki will publish financial information as follows:

Results 2020	February 11
Interim Report, January 1 - March 31, 2021	April 22
Half-yearly Report, January 1 - June 30, 2021	July 22
Interim Report, January 1 - September 30, 2021	October 21

Annual Accounts 2020 will be published on the week commencing March 1, 2021.

Huhtamäki Oyj's Annual General Meeting is planned to be held on April 22, 2021.

Espoo, October 21, 2020

Huhtamäki Oyj  
Board of Directors

## Group income statement (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	Q1-Q4 2019
<b>Net sales</b>	<b>2,489.0</b>	<b>2,524.3</b>	<b>847.3</b>	<b>854.9</b>	<b>3,399.0</b>
Cost of goods sold	-2,066.2	-2,094.4	-703.2	-710.4	-2,816.2
<b>Gross profit</b>	<b>422.8</b>	<b>429.9</b>	<b>144.1</b>	<b>144.5</b>	<b>582.8</b>
Other operating income	34.2	5.7	4.9	0.1	7.4
Sales and marketing	-60.1	-63.9	-19.9	-21.3	-85.2
Research and development	-15.0	-17.2	-4.7	-6.1	-22.0
Administration expenses	-152.6	-129.5	-53.1	-42.9	-179.7
Other operating expenses	-12.3	-13.3	-6.6	-7.1	-19.8
Share of profit of equity-accounted investments	0.4	1.4	-0.0	0.4	2.0
	<b>-205.4</b>	<b>-216.8</b>	<b>-79.5</b>	<b>-76.9</b>	<b>-297.3</b>
<b>Earnings before interest and taxes</b>	<b>217.4</b>	<b>213.2</b>	<b>64.7</b>	<b>67.7</b>	<b>285.5</b>
Financial income	6.4	4.7	3.6	2.0	8.4
Financial expenses	-28.2	-27.3	-7.8	-8.9	-37.1
<b>Profit before taxes</b>	<b>195.7</b>	<b>190.5</b>	<b>60.5</b>	<b>60.8</b>	<b>256.7</b>
Income tax expense	-44.0	-42.9	-13.6	-15.0	-57.8
<b>Profit for the period</b>	<b>151.6</b>	<b>147.7</b>	<b>46.9</b>	<b>45.8</b>	<b>199.0</b>
<b>Attributable to:</b>					
Equity holders of the parent company	145.8	141.9	44.9	43.3	190.1
Non-controlling interest	5.9	5.7	2.0	2.5	8.9
<b>EUR</b>					
EPS attributable to equity holders of the parent company	1.40	1.36	0.43	0.41	1.82
Diluted EPS attributable to equity holders of the parent company	1.40	1.36	0.43	0.41	1.82

## Group statement of comprehensive income (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	Q1-Q4 2019
<b>Profit for the period</b>	151.6	147.7	46.9	45.8	199.0
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements on defined benefit plans	-0.1	-	0.0	-	-11.3
Income taxes related to items that will not be reclassified	0.0	-0.0	-0.0	-	8.3
<b>Total</b>	<b>-0.1</b>	<b>-0.0</b>	<b>0.0</b>	<b>-</b>	<b>-3.1</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Translation differences	-114.7	65.6	-55.0	41.0	47.5
Equity hedges	8.6	-12.2	6.5	-9.0	-9.1
Cash flow hedges	-0.9	-4.2	-0.2	-0.5	-5.0
Income taxes related to items that may be reclassified	0.3	0.6	-0.3	-0.1	0.6
<b>Total</b>	<b>-106.7</b>	<b>49.7</b>	<b>-49.0</b>	<b>31.5</b>	<b>34.0</b>
<b>Other comprehensive income, net of tax</b>	<b>-106.8</b>	<b>49.7</b>	<b>-49.0</b>	<b>31.5</b>	<b>31.0</b>
<b>Total comprehensive income</b>	<b>44.8</b>	<b>197.3</b>	<b>-2.1</b>	<b>77.3</b>	<b>229.9</b>
<b>Attributable to:</b>					
Equity holders of the parent company	39.0	191.6	-4.1	74.8	221.2
Non-controlling interest	5.8	5.7	2.1	2.5	8.7

## Group statement of financial position (IFRS) – unaudited

<i>EUR million</i>	Sep 30, 2020	Dec 31, 2019	Sep 30, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	740.8	735.7	712.3
Other intangible assets	35.4	35.2	37.0
Tangible assets	1,332.3	1,398.1	1,324.9
Equity-accounted investments	0.0	4.9	4.2
Other investments	2.3	2.4	2.3
Interest-bearing receivables	3.3	4.2	3.7
Deferred tax assets	50.2	50.9	44.9
Employee benefit assets	51.5	55.4	50.5
Other non-current assets	3.5	3.1	3.0
	<b>2,219.4</b>	<b>2,290.1</b>	<b>2,182.8</b>
<b>Current assets</b>			
Inventory	523.3	497.8	530.9
Interest-bearing receivables	28.6	12.9	12.6
Current tax assets	19.7	14.6	17.5
Trade and other current receivables	578.7	595.9	601.2
Cash and cash equivalents	315.1	199.4	127.6
	<b>1,465.4</b>	<b>1,320.6</b>	<b>1,289.8</b>
<b>Total assets</b>	<b>3,684.7</b>	<b>3,610.6</b>	<b>3,472.6</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-31.3	-31.3	-31.3
Translation differences	-172.0	-65.8	-50.9
Fair value and other reserves	-104.0	-103.4	-99.8
Retained earnings	1,129.1	1,067.1	1,024.1
<b>Total equity attributable to equity holders of the parent company</b>	<b>1,303.2</b>	<b>1,348.0</b>	<b>1,323.5</b>
Non-controlling interest	76.2	89.1	61.2
<b>Total equity</b>	<b>1,379.4</b>	<b>1,437.1</b>	<b>1,384.7</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	929.3	879.7	668.4
Deferred tax liabilities	96.5	97.7	95.5
Employee benefit liabilities	219.5	225.2	206.4
Provisions	12.1	13.2	15.2
Other non-current liabilities	14.3	7.0	6.7
	<b>1,271.6</b>	<b>1,222.9</b>	<b>992.1</b>
<b>Current liabilities</b>			
Interest-bearing liabilities			
Current portion of long term loans	118.8	92.7	92.3
Short-term loans	195.2	148.0	327.0
Provisions	12.7	8.4	11.7
Current tax liabilities	64.2	50.5	57.5
Trade and other current liabilities	642.9	651.0	607.2
	<b>1,033.7</b>	<b>950.7</b>	<b>1,095.8</b>
<b>Total liabilities</b>	<b>2,305.3</b>	<b>2,173.6</b>	<b>2,087.9</b>
<b>Total equity and liabilities</b>	<b>3,684.7</b>	<b>3,610.6</b>	<b>3,472.6</b>
Net debt	896.3	904.0	943.9
Net debt to equity (gearing)	0.65	0.63	0.68



## Group statement of changes in equity (IFRS) – unaudited

Attributable to equity holders of the parent company

<i>EUR million</i>	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance on December 31, 2018</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.5</b>	<b>-104.2</b>	<b>-96.1</b>	<b>965.5</b>	<b>1,215.1</b>	<b>52.2</b>	<b>1,267.3</b>
Dividends paid						-87.6	-87.6		-87.6
Share-based payments			0.1			1.5	1.6		1.6
Total comprehensive income for the year				53.4	-3.7	141.9	191.6	5.7	197.3
Acquisition of non-controlling interest						-1.6	-1.6	0.3	-1.3
Other Changes						4.5	4.5	2.9	7.4
<b>Balance on September 30, 2019</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.3</b>	<b>-50.9</b>	<b>-99.8</b>	<b>1,024.1</b>	<b>1,323.5</b>	<b>61.2</b>	<b>1,384.7</b>
<b>Balance on December 31, 2019</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.3</b>	<b>-65.8</b>	<b>-103.4</b>	<b>1,067.1</b>	<b>1,348.0</b>	<b>89.1</b>	<b>1,437.1</b>
Dividends paid						-92.9	-92.9		-92.9
Share-based payments						1.6	1.6		1.6
Total comprehensive income for the year				-106.1	-0.7	145.8	39.0	5.8	44.8
Acquisition of non-controlling interest						8.7	8.7	-8.3	0.4
Other Changes						-1.3	-1.3	-10.4	-11.7
<b>Balance on September 30, 2020</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.3</b>	<b>-172.0</b>	<b>-104.0</b>	<b>1,129.1</b>	<b>1,303.2</b>	<b>76.2</b>	<b>1,379.4</b>

## Group statement of cash flows (IFRS) – unaudited

<i>EUR million</i>	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	Q1-Q4 2019
<b>Profit for the period*</b>	151.6	147.7	46.9	45.8	199.0
Adjustments*	193.4	178.3	76.4	61.9	239.3
Depreciation and amortization*	145.7	120.6	55.4	41.2	163.2
Share of profit of equity-accounted investments*	-0.4	-1.4	0.0	-0.4	-0.1
Gain/loss from disposal of assets*	-0.1	-1.1	0.0	0.0	-0.6
Financial expense/-income*	21.7	22.6	4.2	6.9	28.8
Income tax expense*	44.0	42.9	13.6	15.0	57.8
Other adjustments, operational*	-17.7	-5.2	3.2	-0.9	-9.8
Change in inventory*	-49.4	-18.3	-1.6	4.7	19.1
Change in non-interest bearing receivables*	3.0	-50.5	23.3	31.3	-40.2
Change in non-interest bearing payables*	18.8	33.1	26.6	8.2	66.4
Dividends received*	0.0	0.0	0.0	-	0.0
Interest received*	1.8	2.7	0.2	1.0	3.8
Interest paid*	-16.2	-16.7	-4.7	-5.3	-22.6
Other financial expense and income*	-0.6	0.0	-0.6	0.2	0.8
Taxes paid*	-34.0	-29.0	-22.8	-10.5	-39.3
<b>Net cash flows from operating activities</b>	<b>268.6</b>	<b>247.3</b>	<b>143.8</b>	<b>137.2</b>	<b>426.4</b>
Capital expenditure*	-120.3	-132.9	-40.6	-54.6	-203.9
Proceeds from selling tangible assets*	1.3	2.6	0.5	0.3	3.3
Acquired subsidiaries and assets	-38.0	-	-0.6	-	-32.5
Proceeds from long-term deposits	0.8	0.3	0.3	0.1	0.5
Payment of long-term deposits	0.0	-1.3	0.0	-0.9	-2.0
Proceeds from short-term deposits	8.8	0.4	2.9	0.2	1.0
Payment of short-term deposits	-24.6	-3.9	-20.6	-2.8	-4.8
<b>Net cash flows from investing activities</b>	<b>-171.9</b>	<b>-134.7</b>	<b>-58.0</b>	<b>-57.7</b>	<b>-238.5</b>
Proceeds from long-term borrowings	313.8	230.3	161.9	109.4	477.1
Repayment of long-term borrowings	-155.9	-229.1	-17.5	-105.3	-299.2
Change in short-term loans	-26.4	-1.9	-46.8	-84.4	-180.3
Acquisition of non-controlling interest	-	-1.4	-	-0.3	-1.4
Dividends paid	-92.9	-87.6	-92.9	-	-87.6
<b>Net cash flows from financing activities</b>	<b>38.7</b>	<b>-89.7</b>	<b>4.7</b>	<b>-80.6</b>	<b>-91.4</b>
<b>Change in liquid assets</b>	<b>115.7</b>	<b>32.6</b>	<b>80.8</b>	<b>4.9</b>	<b>104.4</b>
Cash flow based	135.3	22.9	90.4	-1.1	96.5
Translation difference	-19.6	9.7	-9.6	6.1	7.9
Liquid assets period start	199.4	95.0	234.3	122.6	95.0
Liquid assets period end	315.1	127.6	315.1	127.6	199.4
Free cash flow (including figures marked with *)	149.6	117.1	103.7	82.9	225.8

## Notes to the Interim Report

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the Interim Report as in the annual financial statements for 2019. The following new and amended standards and interpretations have been adopted with effect from January 1, 2020:

- **Revised IAS 1 Presentation of Financial Statements** and **revised IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**. The amendments clarify the definition of material and how it should be applied. The amendments had no impact on the interim financial statements.
- **Revised IFRS 3 Business Combinations**. The amendments clarify the definition of a business and help to determine whether an acquisition made is of a business or a group of assets. The amendments had no impact on the interim financial statements.
- **Revised IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement** and **IFRS 7 Financial Instruments: Disclosures** (Interest Rate Benchmark Reform). The amendments modify specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should be continued to be recorded in the income statement. The Group's risk exposure that is directly affected by the reform are fair value hedge accounting of long term fixed rate debt for changes in fair value attributable to changes in EURIBOR and cash flow hedge accounting for long term floating rate debt for fair value changes attributable to changes in USD LIBOR. For the fair value hedge accounting relationships, the fair value of the hedged item and hedging instruments are calculated with an identical interest rate and therefore no ineffectiveness is expected. For the cash flow hedge accounting relationships, some minor ineffectiveness may occur. The Group will continue to monitor the effects of the IBOR reform and its potential uncertainty on hedge accounting.
- **Revised Conceptual Framework for Financial Reporting**. The amendments include revised definitions for an asset and a liability, new guidance on measurement and derecognition, presentation and disclosure. The amendments had no impact on the interim financial statements.

Description of the impact of COVID-19 on the business can be found in the chapter 'Impact of COVID-19' in the Interim Report.

## Segments

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

### Net sales

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	613.2	230.3	166.4	216.4	952.8	244.2	241.6	240.4	226.5
Intersegment net sales	2.4	0.5	0.8	1.2	3.9	1.1	0.8	0.6	1.4
North America	861.2	281.8	294.6	284.8	1,145.3	302.0	284.6	304.9	253.8
Intersegment net sales	3.7	0.8	1.5	1.4	7.4	1.7	2.3	1.6	1.8
Flexible Packaging	796.0	264.5	261.7	269.9	1,011.5	253.4	259.0	248.0	251.1
Intersegment net sales	4.0	1.5	1.4	1.1	4.9	1.7	1.7	0.7	0.7
Fiber Packaging	218.6	70.7	74.4	73.5	289.4	75.1	69.6	74.1	70.6
Intersegment net sales	3.8	1.5	1.4	1.0	4.0	1.1	-1.4	3.5	0.9
Elimination of intersegment net sales	-14.0	-4.3	-5.1	-4.6	-20.2	-5.5	-3.4	-6.4	-4.9
<b>Total</b>	<b>2,489.0</b>	<b>847.3</b>	<b>797.1</b>	<b>844.6</b>	<b>3,399.0</b>	<b>874.6</b>	<b>854.9</b>	<b>867.3</b>	<b>802.1</b>

### EBIT

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	25.9	4.4	5.7	15.8	85.1	20.7	22.5	21.8	20.1
North America	97.8	32.8	37.9	27.1	108.3	33.0	22.3	32.4	20.6
Flexible Packaging	57.1	21.9	18.9	16.3	82.0	18.3	20.5	20.1	23.0
Fiber Packaging	23.1	7.8	7.7	7.5	27.8	7.2	6.1	7.6	6.9
Other activities	13.6	-2.3	0.0	15.9	-17.7	-6.9	-3.8	-4.2	-2.8
<b>Total</b>	<b>217.4</b>	<b>64.7</b>	<b>70.2</b>	<b>82.6</b>	<b>285.5</b>	<b>72.3</b>	<b>67.7</b>	<b>77.8</b>	<b>67.7</b>

### IAC in EBIT

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	-19.4	-17.3	-0.5	-1.6	-0.5	-0.2	-0.1	-0.2	-
North America	-6.6	-3.2	-0.0	-3.4	-3.1	-0.1	-3.0	-	-
Flexible Packaging	-5.7	-0.7	-0.3	-4.7	-0.7	-0.6	-0.1	-	-
Fiber Packaging	-1.7	-0.2	-0.8	-0.7	-1.2	-0.2	-1.0	-	-
Other activities	21.5	0.6	1.7	19.3	-2.0	-1.2	-0.4	-0.3	-0.1
<b>Total</b>	<b>-11.8</b>	<b>-20.9</b>	<b>0.1</b>	<b>8.9</b>	<b>-7.6</b>	<b>-2.3</b>	<b>-4.6</b>	<b>-0.5</b>	<b>-0.1</b>

## EBITDA

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	78.5	28.0	19.5	31.0	135.9	34.1	35.1	34.2	32.5
North America	140.9	48.8	51.5	40.7	158.7	46.0	35.2	44.9	32.5
Flexible Packaging	89.1	32.3	28.0	28.8	120.6	28.5	30.5	29.6	32.0
Fiber Packaging	39.2	12.7	13.3	13.2	47.5	12.4	10.9	12.5	11.7
Other activities	15.5	-1.7	0.7	16.4	-13.9	-6.0	-2.9	-3.1	-1.9
<b>Total</b>	<b>363.2</b>	<b>120.1</b>	<b>113.0</b>	<b>130.1</b>	<b>448.8</b>	<b>115.0</b>	<b>108.8</b>	<b>118.1</b>	<b>106.8</b>

## IAC in EBITDA

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	-8.3	-7.4	-0.5	-0.3	-0.5	-0.2	-0.1	-0.2	-
North America	-3.3	0.1	-0.0	-3.4	-3.1	-0.1	-3.0	-	-
Flexible Packaging	-2.8	-0.2	-0.3	-2.3	-0.7	-0.6	-0.1	-	-
Fiber Packaging	-0.3	-0.1	-0.1	-0.2	-1.2	-0.2	-1.0	-	-
Other activities	21.5	0.6	1.7	19.3	-2.0	-1.2	-0.4	-0.3	-0.1
<b>Total</b>	<b>6.8</b>	<b>-7.1</b>	<b>0.9</b>	<b>13.1</b>	<b>-7.6</b>	<b>-2.3</b>	<b>-4.6</b>	<b>-0.5</b>	<b>-0.1</b>

## Depreciation and amortization

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	52.6	23.6	13.8	15.2	50.7	13.4	12.5	12.4	12.4
North America	43.1	16.0	13.6	13.6	50.4	13.0	12.9	12.5	12.0
Flexible Packaging	32.0	10.3	9.1	12.6	38.6	10.2	10.0	9.5	9.0
Fiber Packaging	16.1	4.9	5.6	5.6	19.7	5.2	4.8	4.9	4.9
Other activities	1.9	0.7	0.7	0.6	3.8	0.9	0.9	1.0	0.9
<b>Total</b>	<b>145.7</b>	<b>55.4</b>	<b>42.8</b>	<b>47.5</b>	<b>163.2</b>	<b>42.6</b>	<b>41.2</b>	<b>40.3</b>	<b>39.1</b>

## Net assets allocated to the segments<sup>1</sup>

<i>EUR million</i>	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	788.8	803.8	775.2	799.8	747.7	738.2	745.3
North America	779.0	826.6	878.6	836.0	865.4	861.4	878.8
Flexible Packaging	801.0	822.3	828.8	769.0	754.9	746.0	742.8
Fiber Packaging	236.4	236.7	234.7	236.6	231.5	232.5	229.2

<sup>1</sup> Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

## Capital expenditure

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	47.1	12.6	18.5	16.0	74.7	26.1	19.8	15.3	13.6
North America	35.7	13.9	9.9	11.9	54.6	15.9	14.6	9.4	14.6
Flexible Packaging	23.0	7.5	7.5	7.9	44.4	15.2	9.9	10.6	8.7
Fiber Packaging	14.2	6.5	4.3	3.4	29.5	13.7	10.1	3.2	2.6
Other activities	0.3	0.0	0.1	0.1	0.6	0.1	0.2	0.1	0.2
<b>Total</b>	<b>120.3</b>	<b>40.6</b>	<b>40.3</b>	<b>39.4</b>	<b>203.9</b>	<b>71.0</b>	<b>54.6</b>	<b>38.6</b>	<b>39.7</b>

## RONA (12m roll.)

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	6.0%	8.4%	10.6%	11.4%	9.7%	9.4%	9.4%
North America	15.6%	14.1%	13.3%	12.7%	9.9%	9.1%	8.1%
Flexible Packaging	9.5%	9.4%	9.8%	11.0%	9.9%	9.4%	9.1%
Fiber Packaging	12.9%	12.2%	12.2%	12.1%	12.2%	12.8%	12.5%

## Operating cash flow

<i>EUR million</i>	Q1-Q3 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Foodservice Europe-Asia-Oceania	30.0	25.9	-7.0	11.1	66.8	22.3	21.1	15.6	7.7
North America	128.0	48.8	71.9	7.3	125.0	44.4	43.5	34.2	2.9
Flexible Packaging	38.4	29.3	7.4	1.7	88.8	49.3	23.6	16.5	-0.7
Fiber Packaging	10.3	3.0	7.5	-0.1	22.4	7.8	1.1	8.9	4.6

## Business combinations

On January 10, 2020 Huhtamaki completed the acquisition of the assets and operations of Mohan Mutha Polytech Private Limited (MMPPL), a privately-owned flexible packaging manufacturer located in Sri City, Andhra Pradesh, India. The consideration in cash amounted to EUR 9.4 million. The business has been reported as part of the Flexible Packaging business segment as of January 10, 2020. The goodwill from the acquired business is expected to be non-deductible for income tax purposes.

On March 31, 2020 Huhtamaki completed the acquisition of full ownership of its joint venture company Laminor S.A. in Brazil. Laminor is specialized in high-quality tube laminates, particularly for oral care applications, and was set up in 2002 as a 50/50 joint venture together with Bemis Company, which is now part of Amcor. Due to the full ownership in Laminor the Group has control in the company and the previous joint venture has been consolidated as a subsidiary in the Flexible Packaging business segment as of April 1, 2020. The goodwill from the acquired business is expected to be non-deductible for income tax purposes. The consideration in cash for the additional shares amounted to EUR 28.6 million. As a result of the transaction, a gain of EUR 22.4 million from the difference between remeasured interest according to the purchase price and previously held equity interest is recognized in the income statement.

The costs relating to advice etc. services EUR 0.3 million are included in the Group income statement in account Other operating expenses.

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

<b>EUR million</b>	
Customer lists	3.8
Tangible assets	13.1
Deferred tax assets	3.7
Other non-current assets	0.1
Inventory	3.5
Non-current receivables, interest-bearing	1.6
Trade and other current receivables	6.9
Cash and cash equivalents	0.0
<b>Total assets</b>	<b>32.7</b>
Deferred tax liabilities	-4.3
Non-current liabilities, interest-bearing	-0.1
Trade and other current liabilities	-6.6
<b>Total liabilities</b>	<b>-11.0</b>
<b>Net assets total</b>	<b>21.7</b>
Goodwill	42.3
<b>Remeasurements</b>	<b>26.1</b>
<b>Consideration</b>	<b>38.0</b>

### Analysis of cash flows of acquisitions

<b>EUR million</b>	
Purchase consideration, cash payment	-38.0
Cash and cash equivalents in acquired companies	0.0
Transaction costs of the acquisitions	-0.3
<b>Net cash flow on acquisitions</b>	<b>-38.3</b>

The net sales of the acquired businesses included in the Group income statement since acquisition date were EUR 18.4 million and result for the period was EUR 1.4 million. The net sales and the result for the period of the acquired business would not have had material effect in the Group income statement, if the acquired business had been consolidated from January 1, 2020.

On December 18, 2019 Huhtamaki completed the acquisition of the majority of the business of Everest Flexibles (Pty) Limited ("Everest"), a privately-owned flexible packaging manufacturer in South Africa. The initial accounting for the acquisition is still incomplete.



## Other information

### Key indicators

	Q1-Q3 2020	Q1-Q4 2019	Q1-Q3 2019
Equity per share (EUR)	12.49	12.92	12.68
ROE, % (12m roll.)	14.3	14.8	12.8
ROI, % (12m roll.)	11.3	11.9	10.3
Personnel	18,554	18,598	18,125
Profit before taxes (EUR million, 12m roll.)	261.9	256.7	210.2
Depreciation of tangible assets (EUR million)	135.9	154.2	113.8
Amortization of other intangible assets (EUR million)	9.8	9.0	6.8

### Contingent liabilities

EUR million	Sep 30, 2020	Dec 31, 2019	Sep 30, 2019
Capital expenditure commitments	66.4	45.7	56.9

### Financial instruments measured at fair value

EUR million	Sep 30, 2020	Dec 31, 2019	Sep 30, 2019
Derivatives - assets			
Currency forwards, transaction risk hedges	2.9	0.8	3.1
Currency forwards, translation risk hedges	2.9	0.3	0.0
Currency forwards, for financing purposes	7.8	1.0	1.6
Currency options, transaction risk hedges	0.3	0.0	0.0
Interest rate swaps	1.0	1.0	1.0
Other investments	2.3	2.4	2.3
Derivatives - liabilities			
Currency forwards, transaction risk hedges	2.6	3.2	2.6
Currency forwards, translation risk hedges	0.1	3.4	3.8
Currency forwards, for financing purposes	1.5	9.0	5.3
Currency options, transaction risk hedges	0.4	0.0	0.0
Interest rate swaps	3.6	2.0	1.7
Cross currency swaps	2.6	0.9	0.1

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Other investments include quoted and unquoted shares. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

### Interest-bearing liabilities

EUR million	Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	929.3	939.5	879.7	882.3	668.4	673.6
Current	314.0	314.0	240.7	240.7	419.4	419.4
<b>Total</b>	<b>1,243.3</b>	<b>1,253.5</b>	<b>1,120.4</b>	<b>1,123.0</b>	<b>1,087.7</b>	<b>1,093.0</b>

## Exchange rates

Income statement, average:

	Q1-Q3 2020	Q1-Q3 2019
AUD 1 =	0.6013	0.6221
GBP 1 =	1.1310	1.1325
INR 1 =	0.0120	0.0127
RUB 1 =	0.0125	0.0137
THB 1 =	0.0282	0.0284
USD 1 =	0.8898	0.8897

Statement of financial position, month end:

	Sep 30, 2020	Sep 30, 2019
AUD 1 =	0.6093	0.6178
GBP 1 =	1.0993	1.1264
INR 1 =	0.0116	0.0130
RUB 1 =	0.0109	0.0142
THB 1 =	0.0270	0.0298
USD 1 =	0.8546	0.9145

## Definitions for performance measures

### Performance measures according to IFRS

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

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

**Diluted earnings per share (diluted EPS) attributable to equity holders of the parent company =**

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

### Alternative performance measures

**EBITDA =**

EBIT + depreciation and amortization

**Net debt to equity (gearing) =**

Interest-bearing net debt  
Total equity

**Return on net assets (RONA) =**

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

**Operating cash flow =**

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

**Shareholders' equity per share =**

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

**Return on equity (ROE) =**

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

**Return on investment (ROI) =**

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

**Comparable net sales growth =**

Net sales growth excluding foreign currency changes, acquisitions and divestments

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