

# Hammond site visit



September 4, 2024

**Huhtamaki**

# 01 Huhtamaki strategy

Charles Héaulmé – President & CEO

# A strong local presence, delivering for our customers, globally

NET SALES

€4.2B

ADJUSTED EBIT MARGIN

9.4%

OPERATING LOCATIONS

103

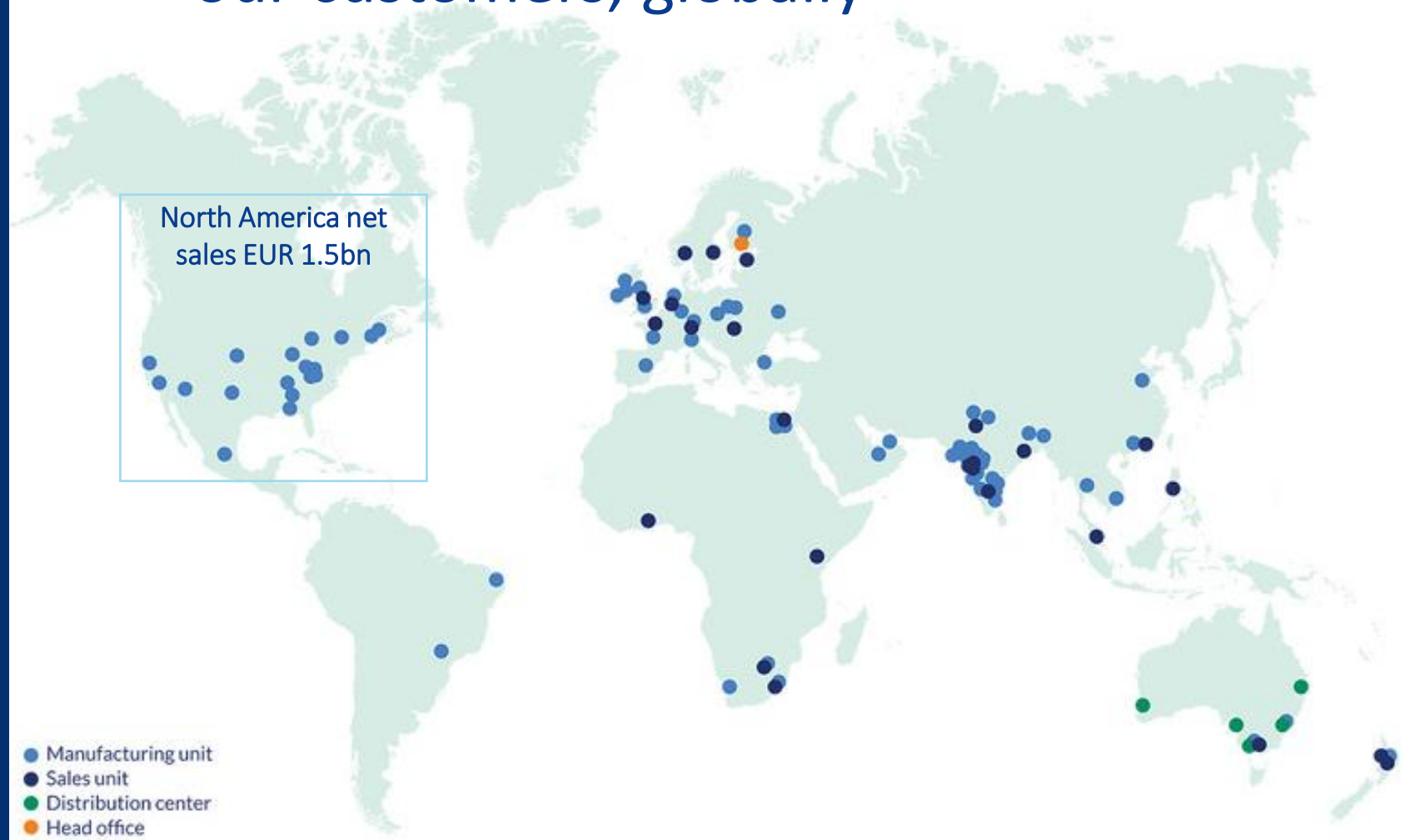
OPERATING COUNTRIES

37

EMPLOYEES

17,910

All figures as on Dec 31, 2023



Huhtamaki

# Providing sustainable packaging for food and everyday necessities

Customers

Foodservice



FMCG



Retail



Healthcare



Products

Food packaging



Packaging for everyday necessities



Packaging technology

Paperboard



Flexibles



Fiber

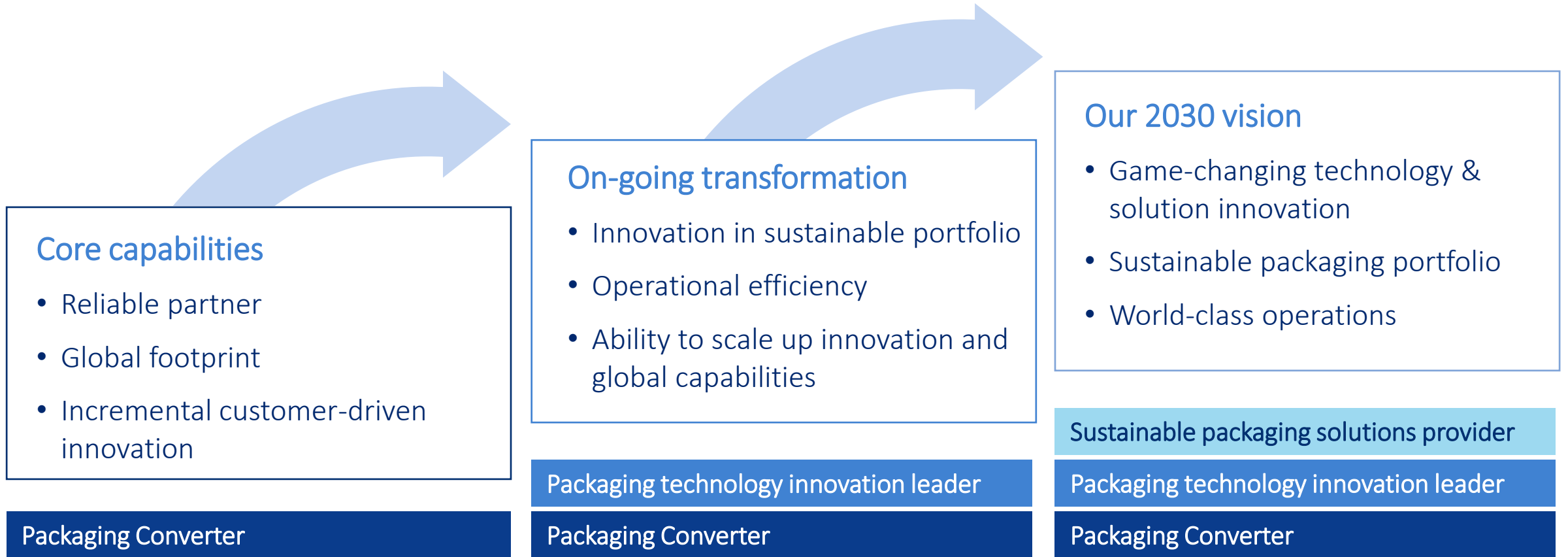


Non-integrated Global Leader

Global Category Leader

Global Leader

# We drive an ambitious transformation developing technology leadership for sustainable packaging solutions



# Our 2030 Profitable Growth Strategy



Scale up profitable  
core businesses



Develop blueloop™  
sustainable innovation  
in partnership with our  
customers



Drive world-class  
competitiveness

Smart, fit-for purpose sustainable packaging solutions

Powered by strategic capabilities



Safety



Sustainability



Innovation



Digitalization



Customer excellence



World-class operations

Empower our Talent to succeed

# Huhtamaki investment case

Huhtamaki is a market and technology innovation leader for food and everyday necessities packaging, creating value through:

- Attractive **portfolio of sustainable core technologies** to capture underlying market growth
- **Innovation in sustainability** to capture conversion opportunities, as the industry shifts to circularity
- **Operational efficiency** to secure competitiveness in short and long term
- **Strategic capabilities** to win today and in the future

Comparable annual net sales growth:  
5–6%

Adjusted return on investment (ROI):  
13–15%

Adjusted EBIT margin:  
10–12%

Net debt / Adjusted EBITDA ratio:  
2–3

Dividend payout ratio:  
40–50%

**Huhtamaki**

# North America is our strongest performing segment

The role of the North America segment in the Group's portfolio

- Attractive large market
- Opportunities to scale in our core categories
- An integrated organization maintaining strong profitability

*Huhtamaki has developed a significant presence in North America through the last 25 years.*

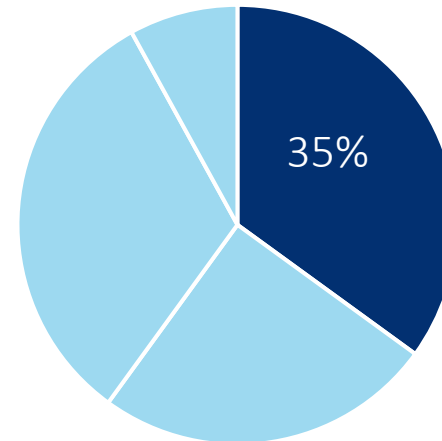
*Growing through organic expansion and M&A.*

*- Net sales in 2010 EUR 0.5bn*

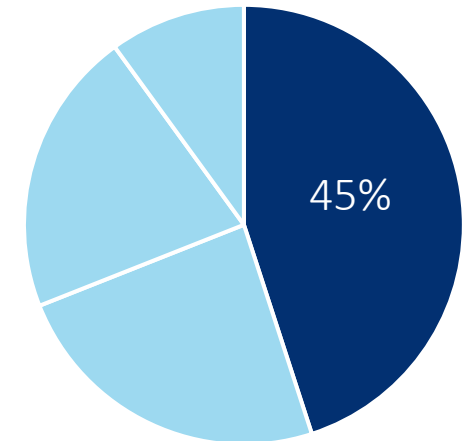
*- Net sales in 2023 EUR 1.5bn*

North America share of Group (2023)

Net sales



Adj. EBIT



Net sales EUR 1.5bn  
Adj. EBIT margin 12.9%

**Huhtamaki**



# 02

## North America segment

Ann O'Hara – President, North America

# Strong market position in an attractive market

**30-40 BEUR markets  
growing at 3-5% p.a.**

Key growth drivers:

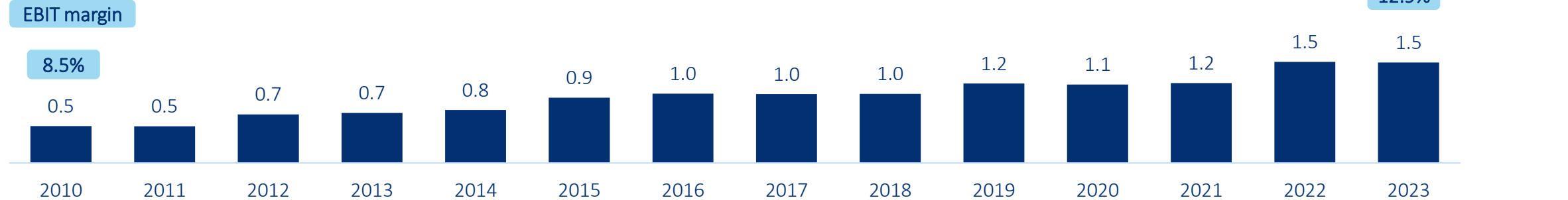
- Population growth
- Increasing demand for convenience
- Legislation-driven foam replacement trend

Source: Technovia, Smithers, Mordor Intelligence, Grand View Research, Huhtamaki estimates



# In North America, we plan on continuing our successful profitable growth trajectory

Huhtamaki North America Revenue (€bn)



## BUILDING ON FROZEN DESSERT AND MOLDED FIBER CORE

The foundation for our growth journey leveraging our frozen dessert, molded fiber and rigid plastics core

## EXPANDING PORTFOLIO TANGENT MARKETS

Acquisition of Paris and Ample to expand into QSRs via folding cartons becoming leader in National Account Brands (2012)  
Build a brownfield investment in Batavia supporting FS Cups/Lids (2013)

## STRENGTHENING THE CORE & LEVERAGING OUR GROWTH

Acquisition of Winterfield (pressed plates) and expansion of Batavia into pressboard (2016)  
Leveraging synergies between pressboard and folding carton volumes for raw material

## EXPANDING WEST AND MANAGING VOLATILITY

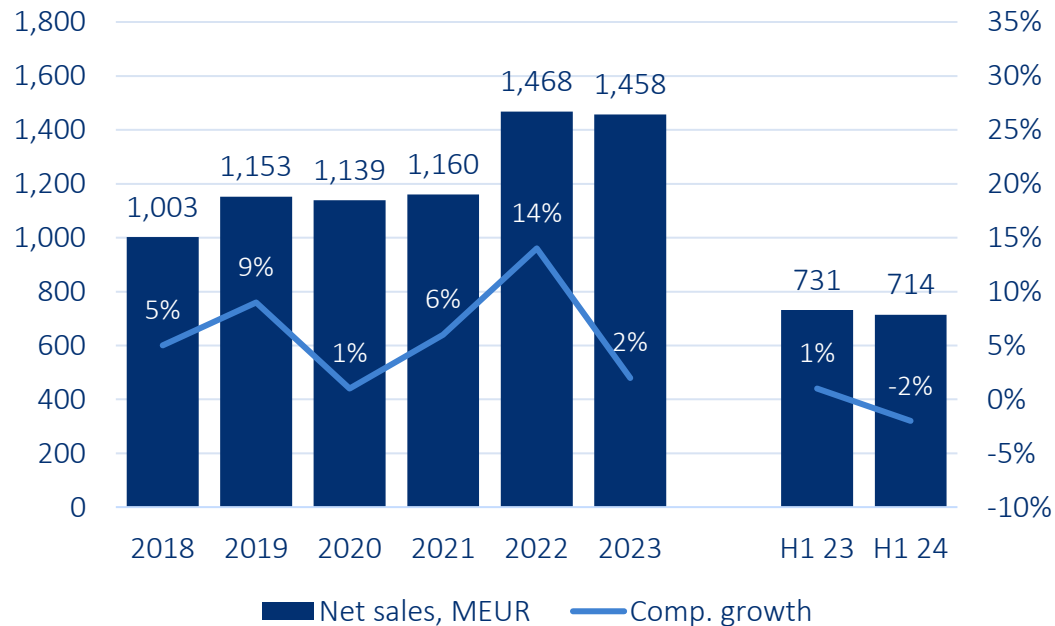
Construction of multi-technology site at Goodyear (2018)  
Managed through COVID and supply chain constraints shifting from growth to portfolio mgt (2020-2022)

## EXECUTING ON STRATEGY, EXPANDING INTO EGGS

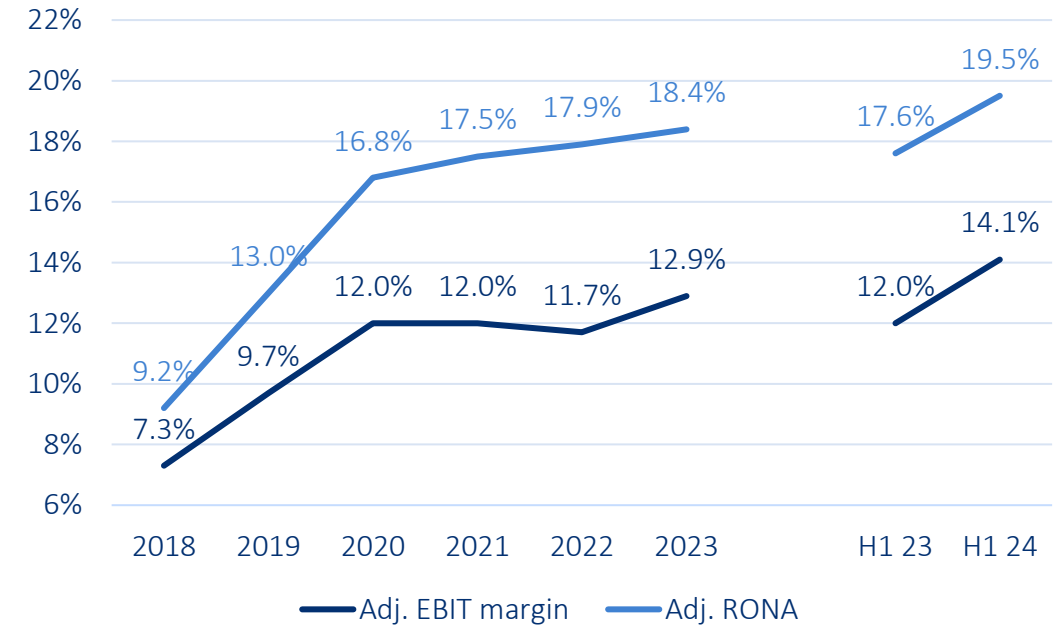
Investing in expansion of Hammond egg cartons and Paris folding cartons (2024, 2025)  
Geared up to continue scaling profitable core (Molded Fiber, Paperboard)

# Strong and consistently improving financial performance

## Net sales (EURm) and comparable growth



## Adj. EBIT margin and adj. RONA



Long-term ambition:

- 5-6% comparable growth

Long-term ambition:

- 11-12% adj. EBIT margin
- 15-17% RONA

# Product portfolio and customers

Product categories



Example of customers

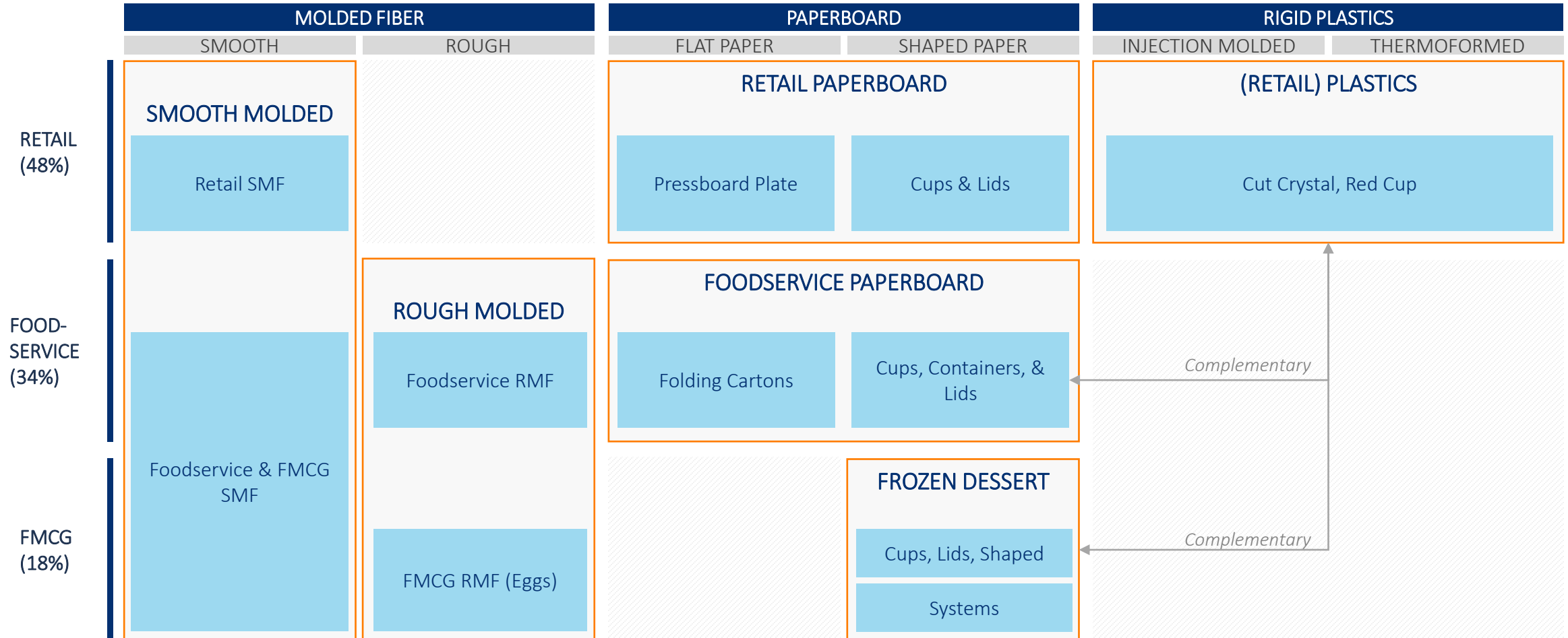


Key competitors



**Huhtamaki**

# Three core technologies with multiple and complementary products



# Our main focus is on expanding the profitable core



## Retail Tableware

- Further strengthen the Chinet brand
- Develop Private Label offering
- Capture share of foam transition



## Foodservice

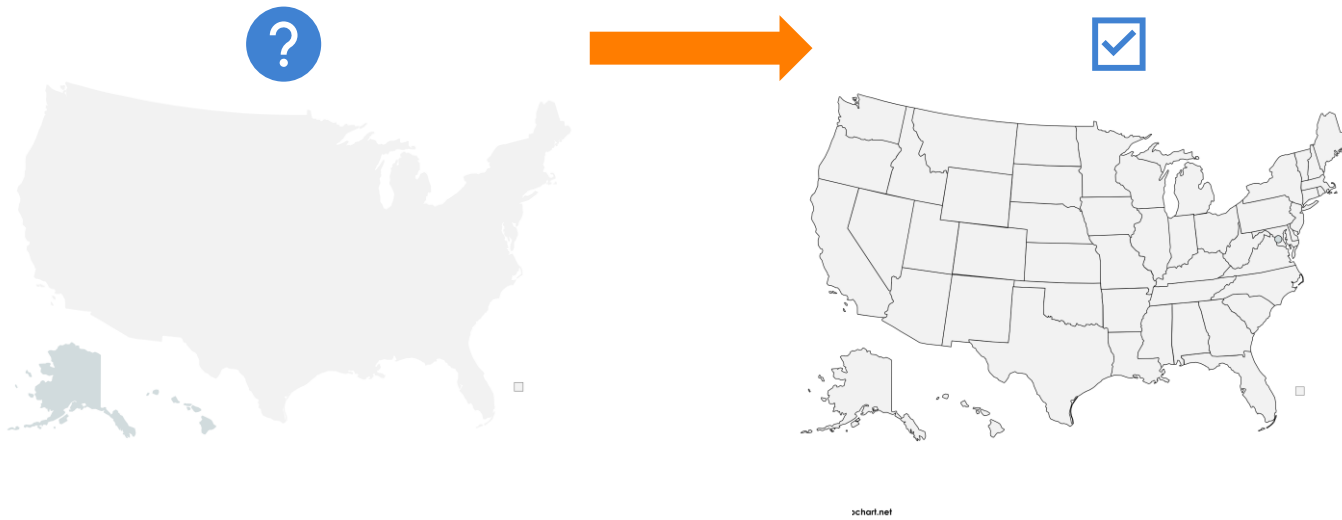
- Reviewing expansion opportunities through portfolio and service
- Expanding capacity at the Paris, Texas facility



## Consumer Goods

- Maintain strong position in frozen desserts
- Leverage ICON and other sustainable solutions
- Ramp up egg carton capacity as the market is transitioning away from foam

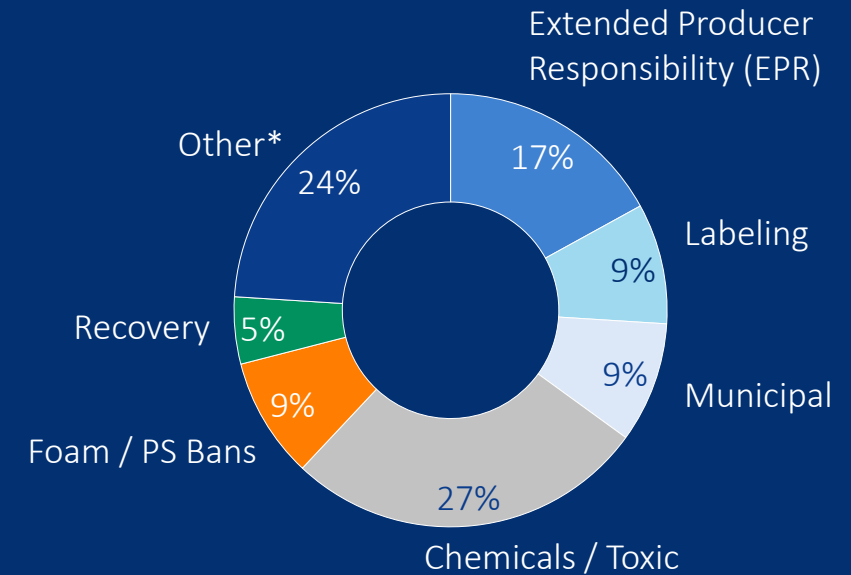
# Regulatory landscape in North America is less stringent than in Europe, but regulation is increasing and is scattered



In absence of federal laws that would harmonize legislation, states individually create bills that can create confusion

During 2024, approximately 225 pieces of legislation relating to packaging has been introduced, debated or passed in 30 states

## State of US State Policy Areas (2024)



Note: \*Other includes various product bans, agency procurement policies etc.  
Source: Huhtamaki Team; Desktop Research



# Significant expansion projects ongoing



## Egg cartons / Hammond

- USD 100 million project announced in June 2022, ramp-up ongoing
- New capability – previously only imported small amounts of egg cartons to North America
- Great timing – 17 US states are in the process of banning foam (expanded polystyrene) packaging, driving growth for fiber-based egg packaging

## Foodservice / Paris, Texas

- Approximately USD 30 million investment for expansion of folding carton manufacturing capacity and consolidation of an external warehouse in Paris, Texas
- Manufacturing capacity at the site will be doubled, expected to start ramping up in Q1 2025
- Capacity needed for servicing the growth of existing customers and a growing list of up-and-coming customers throughout the Southern and Midwestern states

## Retail tableware

- Increased Retail capacity with several projects during the last years, particularly for ...
  - Chinet-branded smooth molded fiber products ("Classic")
  - Chinet-branded hot cup ("Comfort")
  - Private label pressboard plates
- Reviewing further capacity expansion and sustainable innovations



We have several possible avenues to continue driving long-term profitable growth

## Scaling our current core

### Market conversion

- Foam-to-fiber -conversion
- Potential other substrate substitution

### Leveraging our global technologies and network

- RMF for multiple applications
- High-precision SMF for rigid applications
- Flexible packaging solutions



5-6%

Comparable  
growth

11-12%

Adjusted  
EBIT margin

15-17%

RONA

## Long-term ambition: Driving profitable growth

### How we get there

- **Partner** with strategic customers to continue to introduce new products and systems and help them achieve sustainable solutions
- **Build** on our continuous improvement culture to achieve World-Class operations and increase output, reduce waste and achieve new levels of efficiency
- **Complete** the next wave of investments in profitable growth in our core businesses (e.g., SMF Chinet® and Foodservice, paper-based conversion in all markets, new RMF egg packaging)

# 03

## Hammond Facility

# Welcome to Huhtamaki Hammond

## Plant / Operations Overview

- 34 acres
- Original construction in 1948; 200,000 sq. ft.
  - (4) B-molding machines
- Expansion in 1956; 100,000 sq. ft.
  - (3) B-molding machines
- Egg Carton Expansion in 2022-2023; 250,000 sq. ft.
  - (5) LeoTech molding machines
- 24 hour / 7-day operation

## Employees

- 28 Salaried, 164 Hourly / USW LOCAL NO. 645

## Certifications

- ISO 9001:2015
- NSF International
- YUM Brands Audit
- Burger King
- McDonald's Social Workplace Accountability
- Starbucks Audit
- FSC

The image shows the exterior of a large industrial building with a white facade and a blue horizontal stripe. The word "Huhtamaki" is written in large, bold, blue letters. Below it, in a smaller, blue, cursive font, is the text "Makers of *Chinet*". Several small black lights are mounted on the roofline of the building.

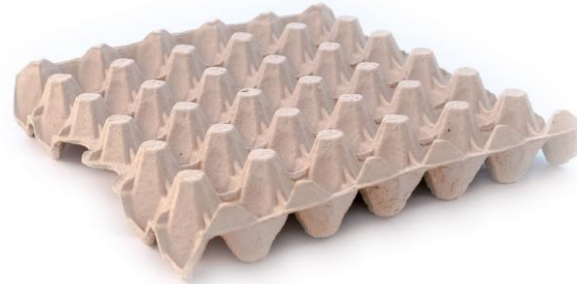
**Huhtamaki**  
Makers of *Chinet*

# Hammond Products and Customers

## Rough Finish Molded Fiber Products



4-Cup Carriers / 2-Cup Carriers



Egg trays / filler flats



Egg cartons (12 ct./18 ct.)



# Egg Carton Expansion Timeline



Groundbreaking  
June 2022



Construction Commenced  
December 2022



Construction Completed  
October 2023



First Operational Lines  
November 2023



The Huhtamaki-wide team ... the reason for an efficient and successful project



Additional machinery being installed through Q3 2024

# Hammond Sustainability Results - H1 2024

Renewable or recycled materials [%]



YTD Performance in previous year

**98.3**

Segment best

**98**

Certified or recycled fiber [%]



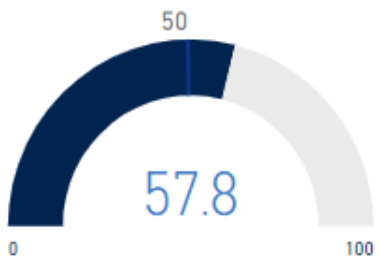
YTD Performance in previous year

**100.0**

Segment best

**100**

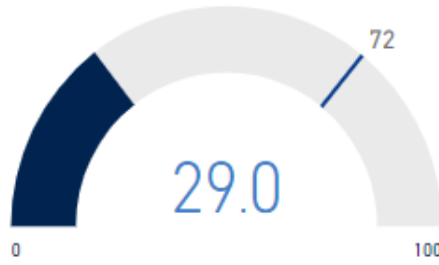
Renewable electricity [%]



YTD Performance in previous year

**40.0**

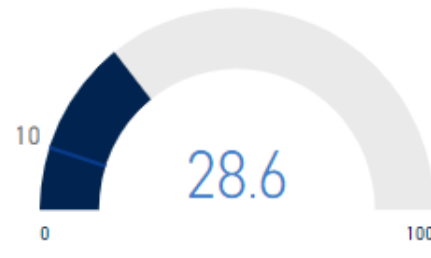
Non-hazardous waste recycled [%]



YTD Performance in previous year

**6.4**

Total waste to landfill [%]



YTD Performance in previous year

**64.7**

Our 2030 ambition is to be the first choice in sustainable packaging solutions





## Community Service and Engagement

- Hammond Boys and Girls Club Major Sponsor
- American Cancer Society Relay for Life
- School City of Hammond “Back to School” Supplies Giveaway
- Hammond Civic Center Clothing and Food Drive
- Hammond East Side Community Council Christmas Toy Giveaway
- Hammond Education Foundation Board Member and Sponsor
- Foodbank of Northwest Indiana- Hunger Hike
- Hammond ‘Toys for Tots’ Christmas Toy Giveaway
- The Salvation Army ‘Angel Tree’ Christmas Toy Giveaway
- City of Hammond FESTIVAL OF THE LAKES Sponsor
- Hammond SportsPlex Major Sponsor



Community involvement is the right thing to do ... amazing benefits for everyone who participates.

Rich Blastic, Hammond Plant Manager

# Thank you!

For more details, please reach out to the IR team  
[IR@huhtamaki.com](mailto:IR@huhtamaki.com)