

Annual Report 2007



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Huhtamaki's Annual Report comprises two separate booklets: the Annual Report and the Annual Accounts. A 2007 Sustainability Report is also available.

Huhtamaki in brief

*Huhtamaki is one of the world's leading consumer packaging companies.
Our consumer and specialty packaging carries the world's most renowned brands.*

A global organization with specialization in different packaging technologies differentiates Huhtamaki from its competitors. In all operations, Huhtamaki creates value for its stakeholders through packaging solutions that bring convenience and safety to consumers' everyday lives. We apply our expansive technological know-how and market expertise to develop not only safe packaging but packaging that enhances our customers' brands.

Our way of working is built on three values: we treat our world with respect, we know our business and we like to get it done. Huhtamaki's performance with regard to

sustainability is monitored and measured through Group-wide principles and environmental Key Performance Indicators.

Our people in Europe, North and South America, Asia, Oceania and Africa serve our global customers locally. Food and beverage companies, foodservice operators, retailers and other non-food consumer product customers are served through 66 production facilities in 36 countries.

In 2007, net sales totaled EUR 2.3 billion. Huhtamaki's share is listed on the Helsinki Stock Exchange.

Key figures

EUR million	2007	2006	Change, %
Net sales	2,311	2,276	1.6
EBIT underlying	136	158	-13.6
EBIT reported	28	146	-80.7
Result before taxes, underlying	94	121	-22.4
Result for the year, underlying	76	107	-28.8
EPS reported (EUR)	-0.22	0.94	
Dividend per share (EUR)	0.42*	0.42	
Dividend yield (%)	5.2*	2.8	
Personnel at year-end	15,092	14,792	

2007 underlying figures do not include restructuring charges of EUR 4 million, goodwill impairment charges of EUR 47 million and tangible asset impairment charges of EUR 58 million.

2006 underlying figures do not include restructuring charge of EUR 12 million.

*Board's proposal



Market position remained solid despite challenges



Our aim is to achieve a significant global position in flexible packaging and films. In rigid food and beverage packaging, growth is focused on Foodservice in Europe and Asia and on Retail in North America.

The past year was challenging for Huhtamaki. With raw material prices at a record high, a considerably weakened dollar and the unstable economic outlook towards the end of the year, particularly in the United States, we can be relatively satisfied with the results we have achieved. Group net sales grew by two per cent on the previous year and totaled EUR 2,311 million. The global consumer packaging market in general is growing in line with gross national product and the varying growth rates between continents are balancing both demand for Huhtamaki's products and the overall business performance of our global operations.

During the financial year we saw strong growth in the emerging markets of Asia and Europe, where changing lifestyles, increasing disposable income and new consumer needs are increasing demand for our products. Huhta-

maki's presence in these markets was further strengthened by investments in new manufacturing capacity principally in India, China and Thailand. In Europe, Foodservice production capacity was increased in several countries.

Foodservice and Flexibles going strong

In Europe, demand for foodservice packaging remained strong with eastern parts of Europe accounting for an increasingly large proportion of total sales. Swings in demand for Consumer Goods rigid packaging were stronger, however, and challenges were faced particularly in the UK and in Southern Europe.

In the Americas, demand remained strong during the first half of the year, but fell slightly by the year-end due to general economic instability. However, the market position

of the Chinet® products remains solid and was further strengthened during the year with new product launches.

Flexibles packaging sales were strong in Europe and accelerated towards the end of the year in the emerging markets of Asia. In the Americas, high-performance packaging is targeted as a strong growth area for the Flexibles business and production capacity in this area was increased in the United States during the reporting year.

Sustainable development a precondition for profitable growth

Sustainability has risen as a leading global trend and increased consumer awareness of environmental issues and sustainability is evident also in the packaging industry. Huhtamaki embraces its responsibility by pursuing continuous improvement in the economical, social and environmental dimensions of sustainability. Last year new environmental targets for the year 2011 were set. Huhtamaki also assists its customers in attaining their objectives by offering biodegradable and compostable tableware, recyclable molded fiber products and lightweight flexible packaging. More on these matters is presented in detail in our separate Sustainability Report.

Forward with a focused strategy

In accordance with our focused strategy, we strive to enhance our shareholder value by concentrating on business areas that offer the most positive outlook for profitable growth. Our aim is to achieve a significant global position in flexible packaging and films, a goal supported in 2007 by the formation of a new global Flexibles and Films organization as well as new plant investments in key

growth areas. In rigid food and beverage packaging, growth is more selected: in Europe and Asia growth is focused on Foodservice and in North America on Retail.

The role of our people in carrying out the strategy is essential and our objective is to improve the unity, commitment and development of our employees. Defining our strategy also means being prepared to withdraw, and we do not hesitate to decrease presence in business areas that either do not support our strategy or are not sufficiently profitable.

Future outlook

Last year was both eventful and challenging. I thank our customers, shareholders, investors and all other stakeholders for excellent and close cooperation. I wish to thank our employees for their commitment, persistence and perseverance in the changing environment. Each achievement, no matter how small, brings us closer to our goal, our vision. Although our ability to influence the changing global environment may be limited, much potential lies in our own hands. In line with our strategic direction, our key objective for the new year is closer concentration on our areas of strength. The strategic investments we have already made will enable us to fully capitalize on this profitable growth potential.

Timo Salonen

Interim CEO
February 2008

Highlights 2007



Production starts at the new flexibles packaging facility in Rudrapur, India.

Construction work on the new rigid paper and plastic packaging facility in Guangzhou, China, nears completion. Full production capacity is reached at the beginning of 2008.

Beverage cup capacity expansion starts in Europe. The new capacity is brought on stream in the third quarter.

DuoSmart® yogurt cups launch successful in the Australian market.

Triple-wall hot cups launch in the European market.

Cyclero® application for coffee pads receives the Alufoil Trophy 2007 from the European Aluminium Foil association.

Construction work for the new flexibles facility starts in Thailand. Production will begin in mid 2008.

Release paper production relocates to Forchheim, Germany, and the Göttingen plant closes.

Chinet Cut Crystal® premium disposable plastic cups launch in the United States.





New Milka flow wrap production line opens at the flexibles facility in Germany. Huhtamaki's flow wrap is used on all Milka chocolate bars.

Chinet® ComfortCup™ insulated hot cup launch in the US market.

Cyclero® Drinkbax flexibles packaging for non-carbonated drinks launch. New application receive German Packaging Award 2007.

Food containers and lids made of recycled PET launch in the UK.

Huhtamaki Thailand's General Manager nominated "Manager of the Year" and Huhtamaki Forchheim in Germany nominated "Unit of the year" in Huhtamaki's Global Management Meeting.

Retortable flexibles packaging capacity expansion starts in Malvern, USA.

Chinet Cut Crystal® product line expands with the launch of Cut Crystal plates.

Compostable BioWare™ paper cups for cold and hot drinks launch in the European market.

Five Huhtamaki packages receive global WorldStar 2007 awards. These include the Style-a-Coke and Kiwi shoe polish shrink sleeves, molded fiber tray for yogurt tubs and Cyclero® flexibles packages for coffee pads and non-carbonated drinks.



Convenience and sustainability are trends in packaging

Emerging markets in Asia and Eastern Europe are driving packaging industry growth. In the mature markets of Western Europe and North America, growth in demand is based on product innovation and product differentiation. The packaging market is growing worldwide in line with gross domestic product (GDP).

The global packaging industry is fragmented in a market shared by international and local companies. Many of these companies solely operate within a single segment of the packaging industry. Huhtamaki is a world leader in such Flexibles and Films product segments as tube laminates, retortable packaging and release films. Selected segments of Huhtamaki's foodservice packaging are market leaders in Europe and Asia and frozen dessert packaging in the United States.

Huhtamaki conducts and develops its operations worldwide together with its customers without losing sight of variations in local preferences. Ease and convenience,

Ease and convenience, as well as sustainability, have become significant worldwide consumer trends.

as well as sustainability, have become significant worldwide consumer trends. Consumer habits and lifestyles have become westernized in emerging markets, but traditional preferences and cultural requirements still need to be considered when introducing new packaging concepts. In mature markets, sustainability is reflected as a growing interest in recycling, composting and responsible use of raw materials. This trend is likely to lead to a strong increase in demand for biodegradable and more light-weight packaging solutions.

Consumers value convenience

Huhtamaki actively monitors changes in its operating environment and uses its observations as a basis for new product innovation and packaging solutions.

In Asia and Eastern Europe, growth is driven by urbanization and increasing disposable income. This is leading to a demand for more fast food and packaged meals. Quick service restaurants and retailers are gradually spreading from cities to smaller population centers where global chains are planning many new restaurants and stores.

In Europe and North America, Huhtamaki responds to consumer demand by further developing product assortments. Consumers' desire for convenience and indulgence is increasing the amount of easy-to-use and take-away packaging solutions. Busy lifestyles and individual values

are affecting food choices and guide the development of packaging solutions.

Sustainability in the packaging industry

Consumers' increasing interest in sustainability is also reflected in the packaging industry. The principal role of packaging is to protect its contents. In consumer goods packaging in particular, the impacts of the manufacture of the packaging itself are relatively low when the full life cycle of the packaged product is considered.

As one of the world's leading consumer packaging companies, Huhtamaki regularly monitors its economic, environmental and social performance. Huhtamaki strives to continuously develop its operations and packaging solutions to maximize the positive whole lifecycle impact of the packaged product.

Packaging solutions respond to changes in demand

Demand for convenience foodproducts is rising among North America's growing middle-aged population. Retailers also are simultaneously pushing for sustainability throughout the value-chain. As a result, Huhtamaki's best-sellers in the North American market are Chinet® plates made of recycled fiber and premium quality Chinet beverage cups.

A burgeoning coffee-shop culture, healthy and easy take-away meals and beverages, as well as expanding quick service restaurant breakfast offerings are growth trends in Europe. Huhtamaki's customer intimacy, coupled with its leading paper and fiber capabilities and sustainable packaging alternatives create a solid basis for growth in the Foodservice sector.

Growth from emerging markets

International food and beverage companies, pharmaceutical companies and other fast-moving non-food consumer product manufacturers value packaging suppliers that have global reach as well as a strong local service presence. Customers appreciate premium quality packaging that promotes their products. Changing population structure and consumer preferences are increasing worldwide demand for easy-to-open and re-sealable packaging as well as portion-sized ready meals. The world's flexible packaging and film markets are growing by some 5% annually, with growth especially strong in Asia, Eastern Europe and North America. Huhtamaki is pursuing global expansion of its flexibles and films businesses.

Demand for foodservice packaging in Eastern Europe and Asia is healthy. In emerging markets, westernization

Consumer preferences are increasing worldwide demand for easy-to-open and re-sealable packaging as well as portion-sized ready meals.

and urbanization are driving demand and supporting the spread of retail and quick service restaurants. The annual global expansion of the foodservice market is around 4 %. The growth rate is double in Asia and Eastern Europe, where the market for take-away meals and beverages as well as quick service restaurants is expanding quickly.

Raw material and energy sourcing coordinated globally

Hand-in-hand with increased crude oil and energy prices, raw material costs for consumer goods packaging have risen to their highest levels in 30 years. Raw materials and utilities account for 40-50% of Huhtamaki's total sales revenue.

Huhtamaki's sourcing operations have been coordinated along with ongoing supplier base consolidation, particularly in mature markets. In emerging markets, industrial growth is increasing raw material prices and impacting price levels also in mature markets. The strong euro is making exports unfavorable and increasing

European raw materials suppliers' offerings to their own market.

Elevating crude oil and pulp prices may put pressure on the plastic and paperboard packaging industry. Increasing customer awareness of the changes in the raw material and energy markets and their impact on consumer packaging prices remains a continuous challenge.

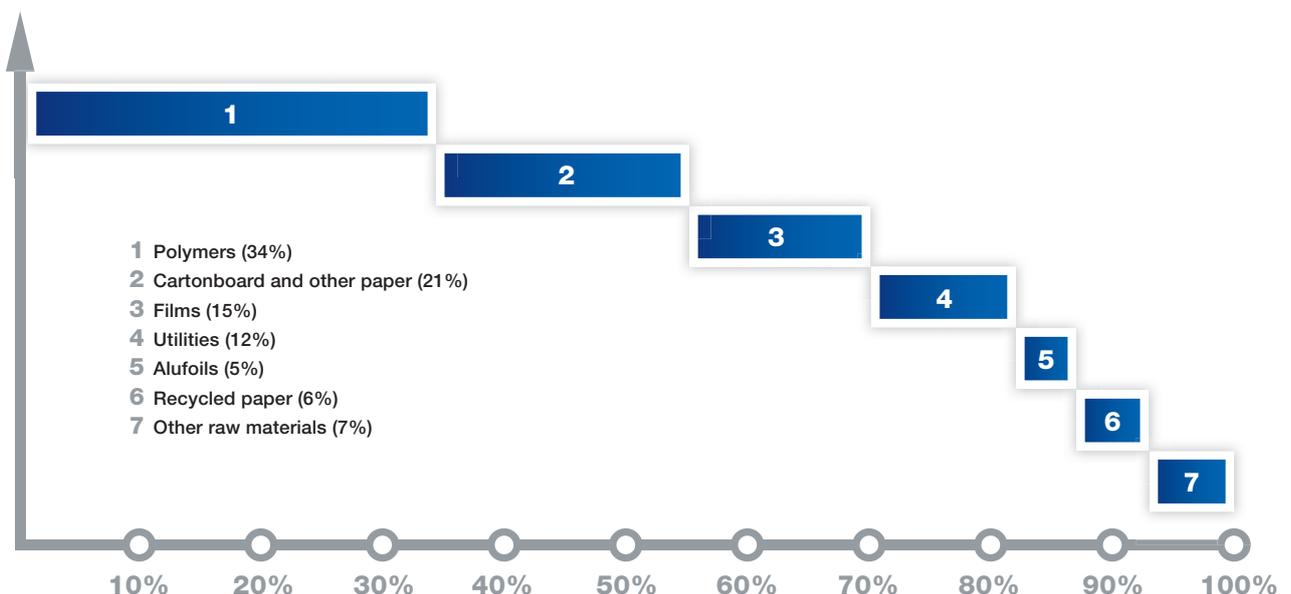
Dynamic lifestyle and new eating habits boost packaging demand

In 2007, several quick service restaurant and retail chains announced expansions.

Fast food chains are opening new restaurants in both mature and emerging markets. Leading international chains have announced they will open up to 1,000 new restaurants in Asia's emerging markets, as well as numerous new restaurants in mature markets in both the U.S. and Europe.

International retail chains are also growing fast and have announced the opening of some 200 new stores in the emerging markets of Asia and Eastern Europe as well as some 600 new stores in North America within the current decade. These chains are also expanding through local acquisitions.

Breakdown of raw materials and utilities (2007)



Focused targets lead to accelerated growth

In 2007, Huhtamaki's strategy was further developed with the focus on profitable growth areas. The move was supported by investments in foodservice packaging production in Europe and China and new Flexibles capacity in Asia and North America.

Huhtamaki's strategic framework was set in 2006 and it confirms the company values, mission, vision and long-term financial targets. The strategy was defined further during the year, and the following targets were specified:

Profitable growth

Enhanced shareholder value will be created through focused, accelerated growth capitalizing on the positions of strength. Previously confirmed financial targets will remain the same: earnings before interest and taxes (EBIT) margin is targeted at 9%, return on investment (ROI) at 15%, gearing at around 100%, and an average dividend payout ratio of 40%.

Huhtamaki will create enhanced shareholder value through focused, accelerated growth capitalizing on its positions of strength.

Global leadership in Flexibles and Films

Flexibles and Films will expand globally and be recognized as an innovative leader and best-in-class performer in chosen product and market segments. Our customers value our global dimension and local presence. They have trust in our strong technology know-how and innovations which are used to support their position and brand recognition on the market.

Food and beverage packaging as a foundation for growth

Rigid Food and Beverage Packaging will grow selectively with particular focus on Foodservice in Europe and Asia and Retail in the United States. Leading paper and fiber capabilities strengthen our position also as a supplier of sustainable packaging alternatives.

Asia's rapid development, growing demand and westernizing consumer habits support growth. In Europe, we have a strong position as a hot cup supplier and the

markets for paper cups continue to grow year on year. The target is to reach a leading position as a hot cup manufacturer and as the preferred partner for key customers in Europe and Asia.

Chinet® is already one of the leading disposable brands in the United States, and our strategic focus is on leveraging the Chinet brand. Demographic changes in North America support the growth of the Chinet brand and Chinet is already the fastest growing brand in its own category.

Investments targeted at profitable growth areas

The strategic emphasis has been shifted to developing attractive growth platforms. During 2006–2007 investments were made in the target growth markets such as India, Vietnam and China. In 2007, a new flexible packaging facility started production in India. Furthermore, new capacity was added to the flexibles production in the United States and beverage cup production in several locations in Europe. The construction of a new flexible packaging facility was commenced in Thailand.

Focus on improving profitability

All businesses will focus on improving profitability. Presence will be decreased in business areas that do not meet its profitability requirements or do not create value in the execution of the Group strategy. At the end of the year it was announced that different strategic options are considered for the Consumer Goods business unit in the UK and all of the operations in South Africa.

The closure of the Göttingen production unit during the second quarter of 2007 was a part of the restructuring

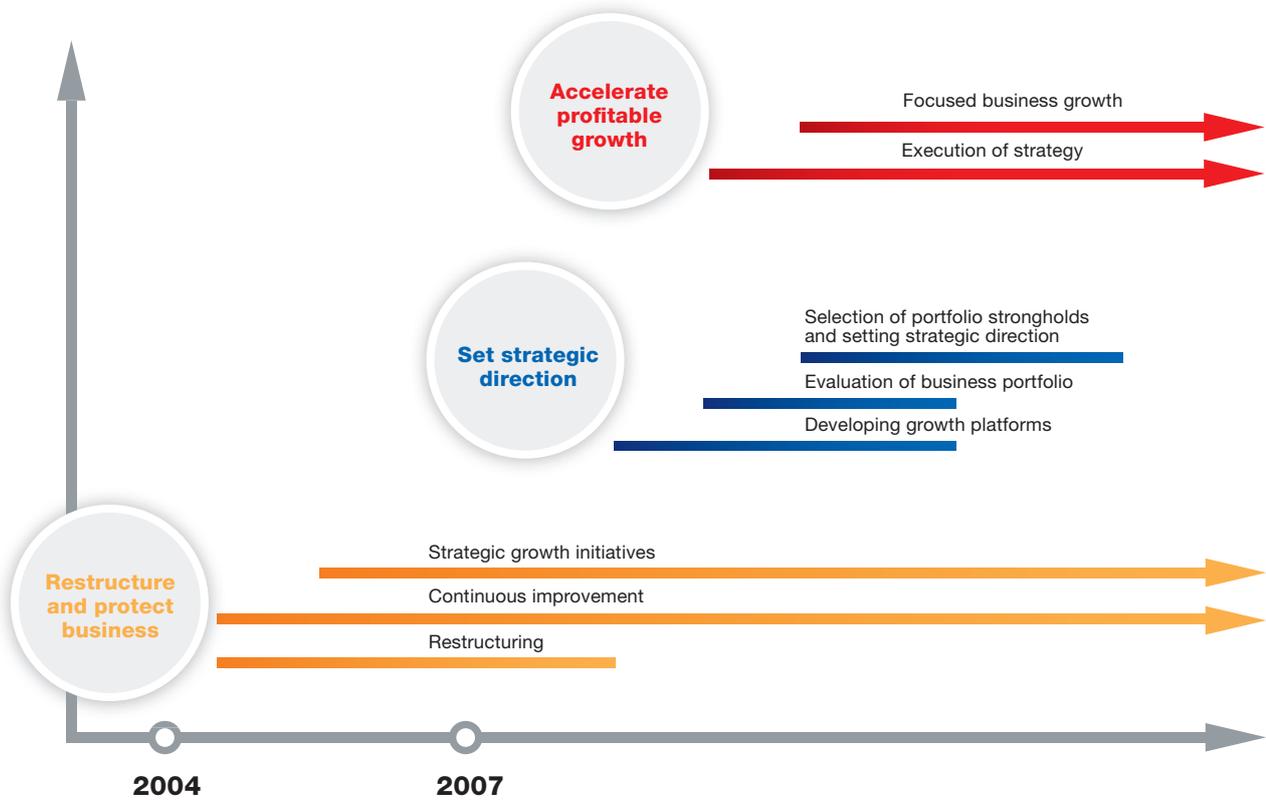
Huhtamaki's strong technology know-how and innovations support customers' position and brand recognition on the market.

program as well as the ongoing relocation of rigid packaging production from Hong Kong to a new larger facility in Guangzhou, China. The rigid paper production commenced there in the second half of 2007 and rigid plastics production came on line around year-end. The new production facility is expected to be fully operational during the first half of 2008.

A united, strong corporate culture

It is the people of an organization that make the strategy come true. Reaching set targets therefore calls for investment in people development. A common target is to improve the unity, commitment and development of the employees. The growth theme – “passion, pride and performance” – supports common values and strengthens the corporate culture. Skills and global networking are capitalized on and supported.

Strategic direction



Aiming for a leading position in global markets

In Flexibles and Films, the aim is to expand globally and be recognized as an innovative leader and best-in-class performer in chosen market segments. To optimize synergies, the Flexibles and Films businesses have functioned as a global organization since the beginning of January 2007. In line with the strategy, investments are targeted at strengthening market positions, especially in North America and Asia. High knowledge of technologies, innovation leadership and growth in selected product groups ensures success.

Huhtamaki has specialized in producing technically superior Flexibles and Films. The company has a significant global position in retort and tube laminates as well as a leading position in release films. Flexibles are used for food and pet food packaging as well as non-food consumer packaging. Films are mainly used for technical applications in the label, adhesive tape, graphic arts, hygiene and health care industries, as well as the building and construction, automotive and packaging industries.

The company has a significant global position in retort and tube laminates as well as a leading position in release films.

The world flexible packaging market uses over 14 million tons of plastic films, specialty papers and aluminum foils to produce a variety of flexible packaging for consumer packaging markets. Almost half of this total is used in the Asia Pacific market, yet per capita consumption of substrates in this region remains well below that of Europe and North America. This clearly illustrates the huge growth potential for flexible packaging in the Asia Pacific market.

Demand for flexible packaging is growing

The world's flexible packaging markets are forecasted to grow around five percent annually. Emerging markets in Asia, especially China and India, will account for half of this growth. As an example, currently only two percent of all food sold to Indian consumers is ready-packed.

Flexibles offer several benefits which make them the number one choice for packaging. They have superior barrier properties, can be sterilized, are puncture resistant and are easy to process. Flexible packaging is also cost efficient and has excellent printability. Only small amounts of raw material are needed to produce the packaging, thus conserving natural resources and enabling production of extremely lightweight packages. Flexibles are supplied to

Interest towards environmentally friendly films in hygiene and food contact applications has grown universally.

the converter in reels, therefore decreasing transportation costs and emissions.

In Asia, the growth strategy focuses on chosen market segments and market share improvement. In North America, growth is driven by retort pouches, pet food and other technically high quality packaging. In Europe, growth is focused on packaging for the food, beverage and pharmaceutical industries.

The first Cyclero® flexible packages were launched in the market in 2007.



Films are used, for example, as release paper applications for adhesive bandages.

Extensive range of Films applications

Huhtamaki's Films production unit is one of the largest polyolefin film producers in Europe and an important converter of films, papers and other web-form materials. The range of applications for films and other laminated films is extensive. For example, release film for first-aid bandages is an important product on all continents, and siliconized single wrap films are particularly important in Europe and Asia. The main markets for films in the construction industry are in North America.

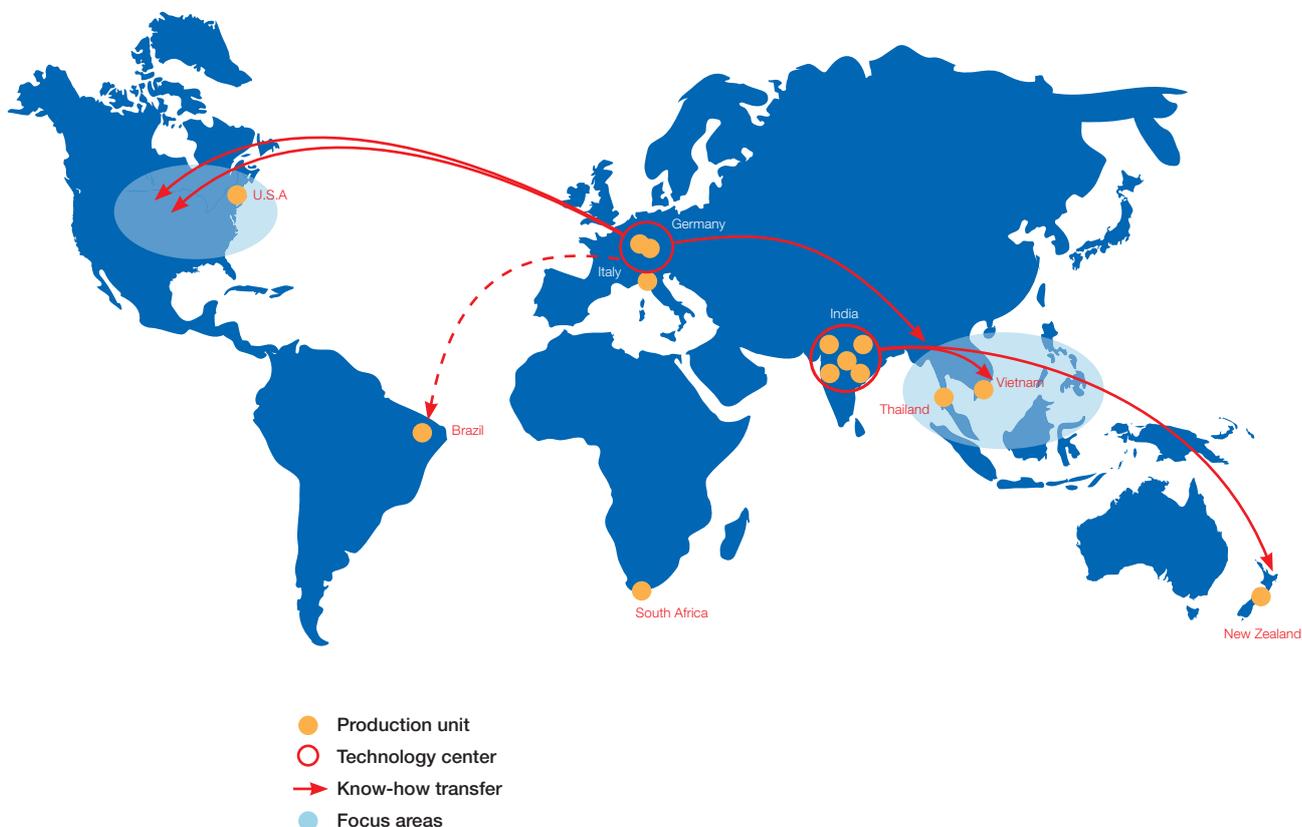
Interest towards environmentally friendly films in hygiene and food contact applications has grown universally. This has boosted investment in the development of new film solutions.

Innovations to meet customer needs

Key account relationships are important. Close cooperation offers an opportunity to get to know customers' strategies and to support their success through pro-active product development. New flexibles production units and added capacity in Asia and the Americas serve both local and global customers by offering best possible know-how internationally and high quality products locally.

Huhtamaki strives to be recognized as an innovative leader in flexibles and films. Increasingly environmentally friendly and easy-to-use packaging and film solutions are the driving forces of product development.

Centers of excellence in Germany and India support product development and production on a global scale



Another Cyclero® application for non-carbonated drinks was launched at the end of 2007.



Hot cup timeline

1967

1st generation hot cup with handle



1998

2nd generation heavyboard hot cup



Stand up pouch

1993

Huhtamaki's first retortable stand up pouch

1998

Transparent retortable stand up pouch for food application



Convenience

Good packaging is half the food experience. Convenience is a growing trend and an important part of product branding today. Convenient packaging saves time and brings ease to daily life.

How do you define convenient packaging?

- » Today's consumers want products that help them save time and make life easier. Real-life observations tell us a lot about how consumers use packaging. Some of the most requested packaging functions today are easy opening, easy pour, re-closeability, portion sizes and microwaveability. Or, from the fast food restaurants' and retailers' point of view, better storage properties.



Carlo Alberto Zaggia

Sector Director Innovation
Flexibles and Films,
Huhtamaki

How do you collaborate with customers?

- » Today the role of packaging is stretched far beyond the traditional role of containing, protecting and presenting the product. Premium packaging, in particular, has to connect emotionally with the consumer. For this reason we work closely with brand managers, marketing people and the packaging development team in the process of developing new packaging solutions.

How important a factor is convenience when new products are being developed and designed?

- » Convenience is used to strengthen the image of brands and differentiate the product in the eyes of the consumer. The features most valued by our customers are easy opening and re-closeability. For the new Milka chocolate flow wraps, for example, we designed an emblem on the packaging that highlights this feature.

The world is truly global nowadays. However, are there any regional differences in convenience?

- » Convenience is often linked to consumer habits and needs, but there are also examples where a regional market has set a new global standard. The need for single-serve portions and easy to use packaging was identified for pet food packaging some years ago. This was the driver for the launch of the retort stand up pouch in this market. Today, the retort stand up pouch for pet food can be considered a global standard.

2001

3rd generation
double-wall cup



2007

4th generation
triple-wall hot cup



2000

Thinner pouch with
improved opening
features



2005

Introduction of
Terolen, enabling
straight and easy
tearing

2007

First Cyclero®
applications for
coffee pads - next
generation flexible
packaging



Strong foothold in Europe

During the past year Huhtamaki improved performance of its businesses in Europe. Growth was strongest in Eastern Europe, while stable markets in Western Europe drove product development and trends. Europe's share of the Group's net sales accounted for 53%.

In Foodservice, Huhtamaki is the market leader in selected Quick service restaurant, Catering and Vending segments. The demand for foodservice packaging in Europe grew for the third consecutive year. In Flexibles, the first Cyclero® products were successfully launched. The Cyclero Drinkbax packaging for non-carbonized beverages, for instance, is the world's first flexibles packaging solution for beverages. For rigid packaging, net sales in Eastern Europe increased by 17% during the year. The strongest areas for Rigid Consumer Goods are in Northern and Eastern Europe, particularly the Nordic countries and Poland.

The biggest achievements in Europe Rigid for 2007 were improved performance and delivery capabilities.

Investments were focused on increasing beverage cup capacity in Finland, Russia, Spain, Turkey and the UK, while flexibles capacity was added in Germany. Films manufacturing was concentrated at Forchheim in Germany.

The biggest achievements in Europe Rigid for 2007 were improved performance and delivery capabilities. Product development was also successful and new products are being launched in the market at an increasing pace.

From tailor-made solutions to a wide product assortment

In Europe, the Foodservice and Consumer Goods rigid packaging businesses differ significantly in their dynamics and business approach. Foodservice strives to be the regional market leader, while the Consumer Goods rigid business is highly localized with packaging solutions tailor-made for its customers. The sales and marketing functions for Foodservice and for Consumer Goods

concentrate on supporting their own business targets, while close business cooperation is carried out in production and product development. The markets for Flexibles and Films remain global, with aligned sales and marketing functions.

Flexibles sales developed solidly throughout Europe while growth opportunities for Films were not fully captured due to the implementation and stabilization of the new enterprise resource planning (ERP) platform. Sales of Consumer Goods rigid packaging varied during the year with continued weakness in the United Kingdom. Huhtamaki is considering different strategic options for the UK Consumer Goods business unit.

Selected product assortments and good quality drive sales for Foodservice. International restaurant and retail chains as well as major customers are demanding consistent product quality worldwide. Customers vary between segments: the market share of Catering customers grew slightly, while the market share in Vending grew considerably. The market for Quick Service Restaurant customers grew especially in Eastern Europe, where Huhtamaki further strengthened its leading position.

Demand for sustainability drives packaging development

Sustainability has arisen as one of the key elements of packaging development. At the same time, consumption of premium and health foods is rising in Europe, with salads and health drinks being included in fast food restaurant offerings. Huhtamaki's customers aiming to highlight their sustainability values are choosing environmentally friendly raw materials for their packaging solutions. Sustainability

Sustainability has arisen as one of the key elements of packaging development.

legislation is also likely to increase, thus increasing demand for compostable, recyclable and lightweight packaging.

Huhtamaki works closely with its customers to develop more sustainable packaging. Prime examples of sustainability know-how are biocoated paper cups, compostable bioplastic cups and cutlery, recyclable fiber packaging and ultra light flexible packaging.

Growth from Eastern Europe

Huhtamaki strives to maintain its strong position in mature markets and to further enlarge its market share in emerging markets. Packaging offerings are being optimized accord-

ing to regional demand while more focus is placed on international key accounts. Product development and technological expertise will expand across the region.

In Flexibles, Huhtamaki aims for growth in packaging for the food, beverage and pharmaceutical industries. In Consumer Goods rigid packaging, the focus is on profitable and value-added packaging solutions. The market for Consumer Goods rigid packaging is expected to continue to be fragmented with moderate growth. Business opportunities will be sought through selected special products that support ongoing packaging trends.

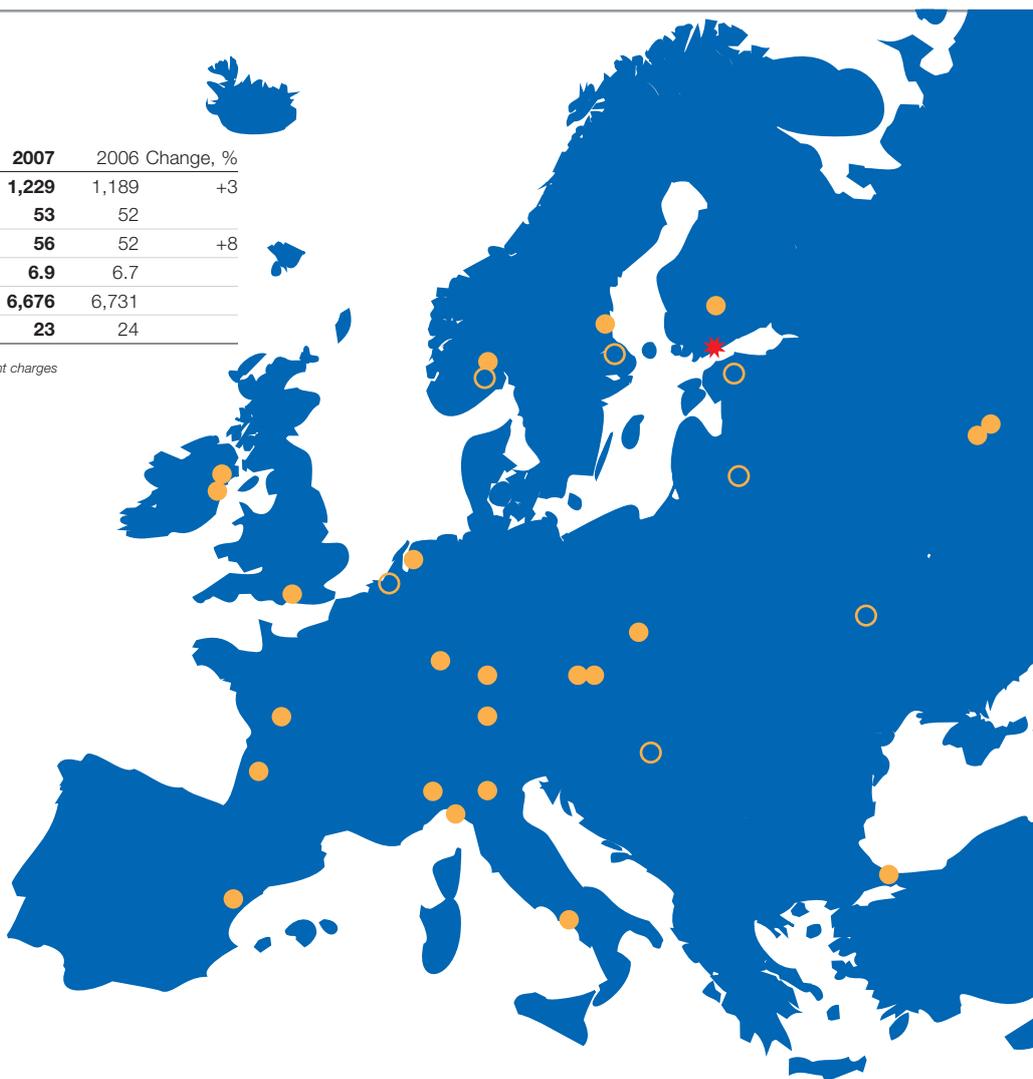
Key Figures Europe

	2007	2006	Change, %
Net sales, EUR million	1,229	1,189	+3
% of Group total	53	52	
EBIT underlying*, EUR million	56	52	+8
RONA*, %	6.9	6.7	
Personnel at year-end	6,676	6,731	
Number of manufacturing units	23	24	

* excluding restructuring, goodwill and tangible asset impairment charges

1,229 EUR million
 manufacturing units **23**
 6,676 people

-  Headquarters
-  Manufacturing unit
-  Sales unit



Profitable growth through increased production efficiency

In the Americas, 2007 was financially a good year. Costs were further cut by improving production and supply chain efficiencies. The Americas region accounted for 29% of the Group's net sales.

The success of Chinet® products continued in the United States. The Chinet disposables assortment in Retail has expanded from dinner plates to include Chinet Comfort-Cup™, an insulated hot beverage cup, and premium Chinet Cut Crystal® plastic cups for more festive occasions. Largely due to the success of these products, retail demand improved during the last quarter of the year. Chinet ComfortCup, as well as cup carriers made of recycled fiber and cruiser cups, were successful Foodservice products.

This success was supported by investments in Chinet Cut Crystal plastic cup production and in new capacity for Chinet molded fiber products. Investments were also made in molded fiber cup carrier production.

Success was supported by investments in Chinet Cut Crystal plastic cup production and in new capacity for Chinet molded fiber products

Consumer Goods in the Americas is largely concentrated in frozen dessert packaging, predominantly ice cream packaging. The year started well for Frozen desserts, but increases in dairy costs affected ice cream sales.

The biggest achievements for the Americas in 2007 were significant improvements in work safety, raw material usage and production efficiency. Despite increases in raw material prices, profitability remained good due to successful price management.

Growth opportunities for Flexibles

In Flexibles, growth is targeted in retortable flexibles and other technically high performance flexible packaging. Pet food pouches represent another future growth area. Production capacity for retort laminates was expanded in the flexibles packaging facility in Malvern during the year

and is scheduled to be operational during the beginning of 2008.

South American packaging markets are growing. Brazil continues to step up as a food supplier to the rest of the world, thus benefiting the sales of rough molded fiber fruit trays. In addition, the plastics Consumer Goods business has close alignment with its international customers in South America. Huhtamaki also has production in Mexico and Argentina.

Strong position in sustainability

The importance of sustainability is growing in the North American market and consumers are becoming increasingly motivated to buy environmentally green products. Huhtamaki continues to develop both its products and operations towards more sustainable solutions. Package forming, for instance, is increasingly performed at customer locations, thus considerably reducing freight costs and lessening the product's ecological footprint.

Chinet disposables, some of which are made of recycled material, are some of the most successful and fastest growing products in their category. Buyers of environmentally friendly Chinet molded fiber plates consist largely of well educated and environmentally aware middle-aged Americans. The Chinet product family will be enhanced by expanding the offering of plates and cups.

Buyers of environmentally friendly Chinet plates consist largely of well educated and environmentally aware middle-aged Americans

In addition to Chinet branded products, molded fiber cup carriers used by quick service restaurants have also been successful.

Investing in key operations

Huhtamaki's position in the Americas is based on strong capabilities and specialization in key operations. In Retail,

growth prospects continue to be good and demand for Chinet products is forecast to continue favorably. Investments in the Chinet brand and in strengthening supply channels will continue. Work safety and manufacturing efficiency will also remain key priorities. Successful key account management will be pursued to help achieve a positive profit development.

As a supplier of molded fiber packaging and paper-board packaging for frozen desserts, Huhtamaki has a strong franchise position in the Americas. The current development in dairy costs and the effect of this on ice cream producers may, however, create some uncertainty.

Key Figures Americas



	2007	2006	Change, %
Net sales, EUR million	677	712	-5
% of Group total	29	31	
EBIT underlying, EUR million	63	61	+3
RONA, %	11.7	11.0	
Personnel at year-end	3,830	3,728	
Number of manufacturing units	17	17	

* excluding goodwill and tangible asset impairment charges

677 EUR million
 17 manufacturing units
 3,830 people

● Manufacturing unit

Asia grows in importance

The Asia-Oceania-Africa region experienced strong growth during the year, although profitability was affected by start-up costs associated with investments in new capacity. The region accounted for 18% of the Group's net sales.

Asia-Oceania-Africa is a geographically extensive area, including the mature markets of Australia, New Zealand and South Africa, as well as the fast-growing emerging markets of Asia.

Strong economic growth and westernized consumer habits are generating packaging demand in Asia. Eye-catching, affordable and lightweight flexible packaging, in particular, has gained a foothold in the Asian markets. Another key segment in Asia is foodservice packaging. Additional foodservice packaging capacity will be brought on stream with the inauguration of a brand new rigid packaging facility in Guangzhou, China, at the beginning of 2008.

Strong economic growth and westernizing consumer habits are generating packaging demand in Asia.

In Australia and New Zealand growth was solid for Consumer Goods in particular, boosted by the extremely successful launch of the DuoSmart® yogurt cup. Despite the successful launch of the double wall cup, competition in the foodservice market was stiff and raw material prices escalated. Demand for molded fiber packaging remained good. Imports increased competition, but Huhtamaki's molded fiber market share continued to be strong.

In South Africa, Flexibles and Molded Fiber succeeded according to plan, while rigid packaging experienced some fluctuation in demand. Different strategic options were decided to be considered for all operations in South Africa.

New capacity in China, India and Thailand

The most important growth area in the Asia-Oceania-Africa region is Greater China and India. China's growing economy coupled with its 1.3 billion people create natural demand for packaging solutions. In India, packaging demand continues to grow in line with the country's strong gross domestic product (GDP) growth. Huhtamaki's position in Australia and New Zealand's mature markets

remains stable and the region's market share is on a solid footing.

In 2007, large investments were made in new production capacity in Asia. The most significant investment was the relocation of rigid packaging production from Hong Kong to a new larger facility in Guangzhou, China. Rigid paper production began during the year and rigid plastics production came on line at the turn of the year-end. The new production unit should be fully operational during the first quarter of 2008. A new flexibles production facility began operations in Rudrapur, India, at the beginning of the year and another new flexibles unit will commence production in Thailand in mid 2008. Investments in new hot cup capacity were made at several production units and some of the molded fiber machinery were renewed.

Innovations and trends arrive from the West

Convenience, ease of use and attractiveness are valued most by packaging consumers. Particularly in Asia, attractiveness and good printing quality are essential. New trends and innovations continue to spread to the Asian markets as international companies move in. The adaptation of packaging innovations to suit local preferences and needs remains the primary role of localized product development.

Huhtamaki strives to be one of the leaders in the commercialization of sustainable packaging innovations.

Australians and New Zealanders are guided by sustainability and environmental values in their choice of packaging. Sustainable packaging solutions also are expected to be increasingly valued in Asia as production costs for biodegradable and recyclable products reach a competitive level. Huhtamaki strives to be one of the leaders in the commercialization of sustainable packaging innovations.

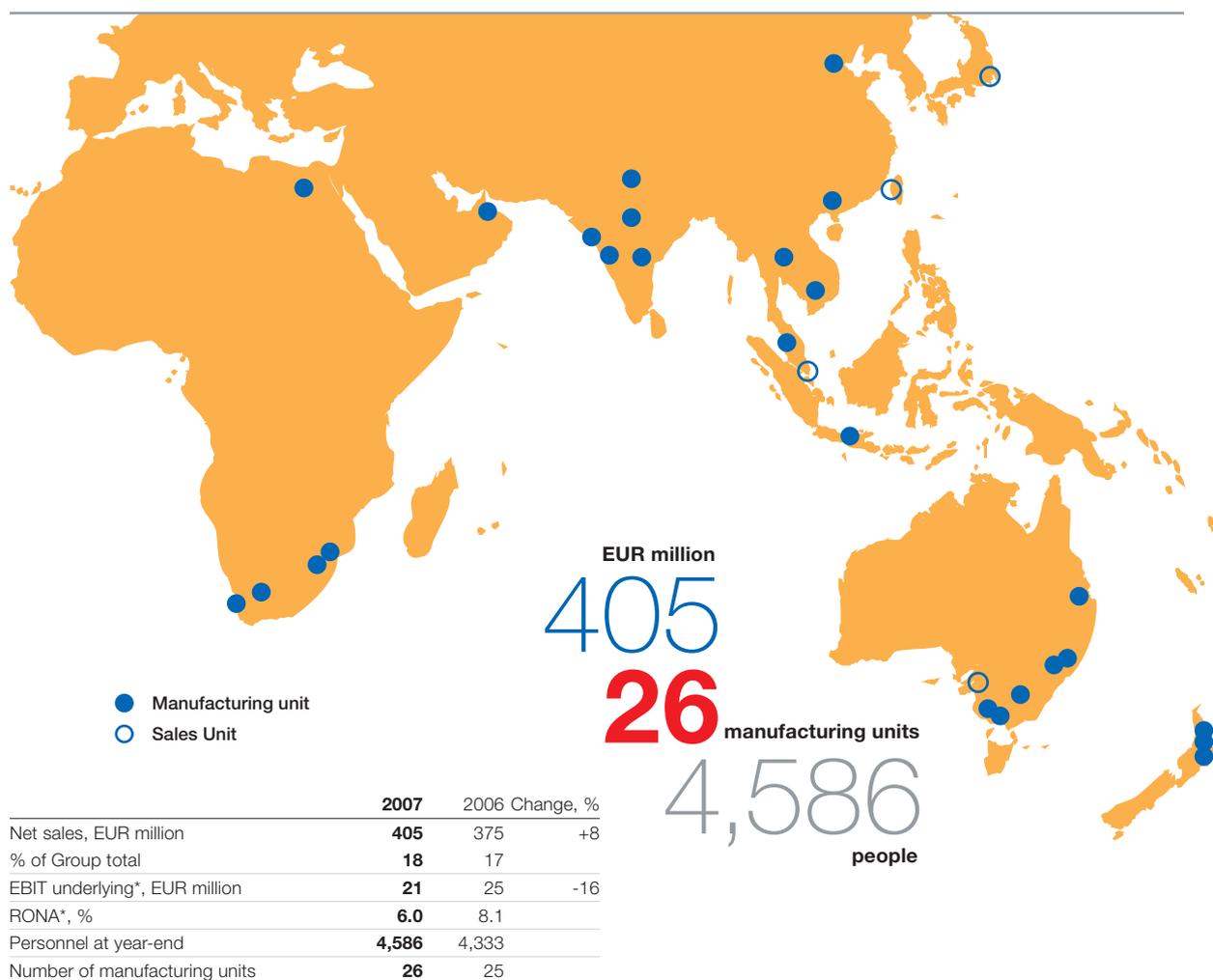
Capitalizing on growth

The objective for 2008 is to further capitalize on the fast growth in the Asian markets. Improved profitability will be a key priority. Improving production management and the supply chain will also continue to be focus areas. Modern, cost-effective new production units in China, India and Thailand are opening up opportunities to bring new packaging innovations into the Asian market.

Continuous improvements in production efficiencies remain another objective for 2008. The availability of a skilled workforce may present a challenge, especially in China where competition for skilled labor and managerial talents is intense.

The amount of imported product offerings, particularly rigid and molded fiber packaging, is forecasted to escalate in the Australian and New Zealand markets. The threat of these imports is less acute for Huhtamaki, as it is a truly international company with its own operations in Asia. Maximizing synergies and exploiting innovations worldwide gives a competitive edge compared to local competitors. International customers favor global suppliers who can deliver guaranteed quality and an extensive product assortment worldwide.

Key Figures Asia-Oceania-Africa



* excluding restructuring and goodwill impairment charges

People

Huhtamaki's personnel, around 15,000 employees, are located in 66 production and sales units in 36 countries across the globe.

Huhtamaki's values - we treat our world with respect, we know our business, and we like to get it done – are at the heart of the company. They play an important role in building a common culture and strengthening unity within the geographically widespread workforce.

Implementing the Human Resources Strategy

The priorities in human resources management are defined on the basis of the business objectives. Human resources management ensures the development and implementation of common ways of operating and people management practices throughout the organization. The task of the Human Resources function is to develop common practices, while leaders and managers are responsible for implementation. Daily human resources management takes place in the units in accordance with commonly agreed principles. These common practices relate to performance management, which includes setting objectives and development discussions as well as compensation principles.

Improved support for business operations

Huhtamaki's strategic direction was further defined in 2007. One of the major changes was the establishment of a global Flexibles and Films organization. The different needs of the businesses and the right competencies of the personnel each play an important part in the implementation of the strategy. The role of human resources management is to ensure that the right people are available in different parts of the organization so that best possible business synergies are accomplished. Huhtamaki complies with local regulations and good employer practices in its human resources planning and recruiting.

Employee satisfaction surveys were carried out during the year at regional and local level in, for example, the Americas and Oceania. Based on the results, development needs were identified and several projects are being implemented to improve employee satisfaction at work. Going forward, the aim is to develop employee satisfaction indicators and surveys throughout the organization.



Focus on Performance Management and Leadership and Competencies Development

Achieving the business targets calls for constant development of the personnel. Competence development is based on business needs and planned in the annual individual performance review discussions. The competence development discussions are an important element in supporting the employee's professional development.

A Talent Management Council was founded in 2007 consisting of representatives from business and support functions. The goal of the council is to support competence development in the group by harmonizing talent management practices and by enhancing a corporate culture where the people and values mindset is a top priority. Performance management practices and the People and Organization Planning Process are integral elements of organizational competence development.

The development of managers and leaders is supported by means of both global and local programs. These have included the group-wide International Leadership Program for senior managers, completed already by more than 300 people, and the Advanced Leadership Program,

a management and leadership training program completed by more than 400 people by the end of 2007.

Developing the quality and transparency of compensation practices continued during the year. The strong connection between work performance and compensation continues to be emphasized.

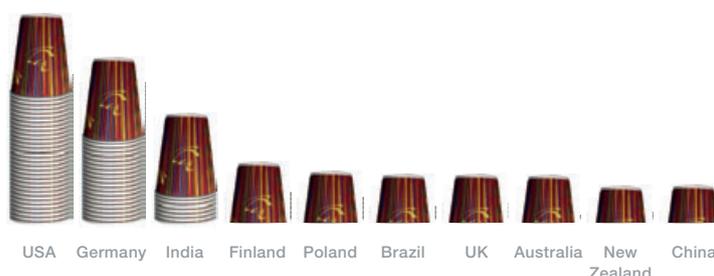
Goals for 2008

The intent is to strengthen leadership and managerial capabilities at all levels within the organization. In 2008, the performance management culture, which ensures the cascading of strategic corporate goals into the organization, will be further strengthened. The aim is to ensure each employee understands the strategic direction and contributes in their work to achieving the strategic targets. Developing capability in the Group's key success factor areas will also be crucial in future. Supporting managers' accountability in people issues continues to be a priority. This will be done through continuous dialogue and developing transparency in all of our people practices.

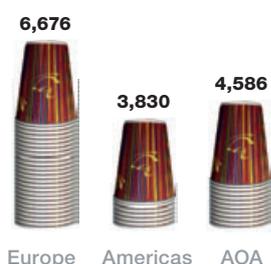
Number of employees, year-end



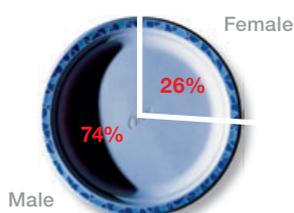
Number of employees by country (10 largest countries)



Number of employees by region



Gender distribution (%)



Hourly and salaried employees (%)



Sustainability

Today, sustainability is not an option but a prerequisite for profitable growth. For Huhtamaki, continual improvement of sustainability performance remains a key priority.

How can the consumers promote environmental sustainability in their choice of packaging?

- » Function should drive the choice. If the packaging increases the lifespan of food in your home and meets your needs and values in terms of re-closeability, compostability, recyclability or some other key properties, or even a combination of all of these, then you are making a sound environmental decision.



Mats Hägerström
Group EHS Manager, Huhtamaki

How do you define a sustainable package?

- » When evaluating the environmental sustainability of a consumer package, the entire life cycle of the packed item should be considered. The most important environmental objective the packaging has is to protect its contents, to make sure they stay fresh and usable for as long as possible. An environmentally sustainable package preserves the content without compromising its functional properties or the highest standards of hygiene and safety.

Customers are demanding new sustainable and environmentally friendly packaging solutions. What do you have to offer them?

- » Huhtamaki is well positioned to respond to this challenge. The BioWare range of compostable and biodegradable disposables and films for hygiene products is the obvious first choice for the environmentally discerning consumer. Our flexible packaging is a benchmark performer in terms of material efficiency and source reduction as it uses ultra thin layers of material to achieve superior protective properties.

How big an ecological footprint do your packages have?

- » The property requirements placed on the packaging determine its ecological footprint. In the lifecycle of packed food, the packaging itself is responsible only for a minor part of the product's overall environmental impact.

Chinet®

1930's

Production of Chinet plates begins

1979

First plates produced from recycled paper



BioWare™

1995

First commercial trials with biocoated paper cups



2002

Films and bags for hygiene & health care



Did you know that BioWare beverage cups compost to soil and carbon dioxide when composted in industrial conditions?

2004

Chinet Casuals plates



Today, 100% recycled paper is used and Chinet has become a market leader in premium disposables in the US.

2004

BioWare concept and foodservice tableware product line launched



2005

BioWare food packaging for a major retailer



2007

BioWare concept launched in Oceania

A comprehensive approach to sustainability

Huhtamaki's operations and products impact society and the environment. To understand and assess these impacts, and to apply a comprehensive and responsible policy, the role of sustainability and corporate responsibility were strengthened in 2007.

Both environmental and sustainability aspects are integrated into the Group's operations, which are developed with the aim of continuously improving eco-efficiency.

Principles of sustainable development

- Commitment to a compliance with the principles of sustainable development. Operations are based on mutual respect for our business partners, the environment, local communities and other stakeholders.
- Constant development of recoverable packaging solutions. Huhtamaki strives to be a preferred provider of environmentally friendly high-quality consumer goods and foodservice packaging products.
- Focus on improving operational eco-efficiency on a continuous basis while also striving for 100% success in the prevention of occupational incidents.

Huhtamaki is an early signatory to the ICC Charter of Sustainable Development. The Charter and its 16 principles form part of the basis for the Group's environmental management and are reflected in the environmental policy and guidelines regarding environmental issues as well as employee health and safety issues.

The sustainability principles are supported by the Code of Conduct and more detailed corporate policies and guidelines such as the company's global environmental policy and the code of conduct for group suppliers.

Sustainability calls for balance between all three dimensions

The three dimensions of sustainability are economic, social and environmental. Of these dimensions, economic sustainability provides the basis for all other sustainable development. Economic responsibility means that

Huhtamaki aims to meet the expectations of its shareholders and society and to contribute to economic welfare. This requires profitable, efficient and competitive business operations, compliance with the principles of good corporate governance and effective risk management.

Social responsibility entails taking good care of stakeholder relations. Key issues include product safety, employee wellbeing and consideration for the employees' competence development as well as their health and safety. Emphasis is also put on a broad dialogue with other stakeholders and the local community.

Environmental excellence is embedded in the policy of responsible operations. Environmental responsibility means sustainable management of issues relating to natural resources and the environment, protection of water sources, air and soil, measures to slow climate change and responsible use of natural resources. Environmental responsibility entails not only identification of the environmental impacts of the production process but also responsibility throughout the lifecycle of the product and the value chain.

Continuous assessment supports sustainable development

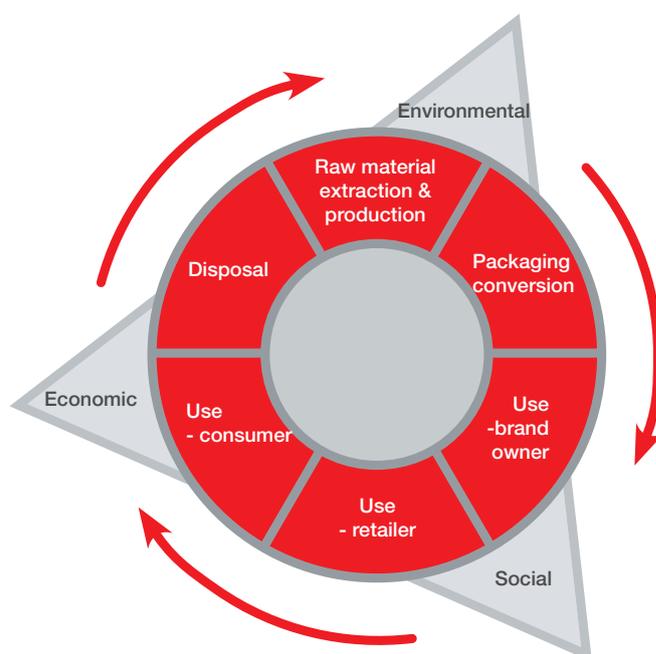
Economic, environmental and social performance are monitored on a regular basis. These assessments include the company's operations and the entire lifecycles of its products. Huhtamaki strives to continuously develop its operations and packaging solutions in order to maximize the positive whole lifecycle impacts of the products.

One of the keys to developing a sustainable packaging solution is to understand the requirements set for the package throughout its lifecycle. Conventional and

biodegradable polymers, virgin fiber cartonboard and molded fiber made from internally recycled paper scrap and post-consumer recycled fiber are used as main rawmaterials. The most significant direct environmental aspects of the operations are energy use, emissions to air and solid waste.

Huhtamaki's first Sustainability Report has been published for the year 2007.

Huhtamaki's share is included in the Kempen SRI (Socially Responsible Investment) index. Companies whose business ethics, personnel management and environmental protection fulfill the index's criteria across all dimensions are approved as members.



Opportunities and risks of sustainability are systematically identified over the entire lifecycle of the materials, technologies and products, covering all three dimensions of sustainability.

Committed to improving eco-efficiency

Huhtamaki continues its commitment to improve the eco-efficiency of its manufacturing processes by setting new eco-efficiency targets for 2011 following the successful attainment of its current targets. The number of environmentally friendly product launches in 2007 reflects the continued strong environmental product performance.

Huhtamaki manufactures packaging from conventional and biodegradable polymers, virgin fiber cartonboard and molded fiber made from internally recycled paper scrap and post-consumer recycled fiber. The material portfolio combined with technological capabilities provides an excellent platform for manufacturing environmentally sound packaging without sacrificing functional properties or the highest standards of hygiene and safety.

In addition to the BioWare™ range, the first choice for the environmentally aware consumer, Huhtamaki offers packaging made from renewable resources, such as its wide range of virgin fiber based packaging or recycled fiber packaging, which offer strong environmental benefits. The excellent properties of Huhtamaki's food contact packaging also play an active role in preserving packaged food and thus reducing the amount of food going to waste.

Strong environmental product performance is supported by the commitment to reduce the negative environmental impacts of packaging production. Focus on improving the environmental performance of the manufacturing units is continued by setting new environmental targets to be reached by the end of 2011.

Environmental performance targets 2003-2007 achieved

The environmental Key Performance Indicator's (eKPI) for 2007 were defined in 2003. They were a 2% year-on-year improvement in energy efficiency, an 85% recovery rate for all waste leaving Huhtamaki and a 10% reduction in VOC (volatile organic compound) emissions to air.

All environmental targets set in 2003 were met with the exception of VOC emissions, where an increase in solvent-based printing ink intensive production outweighed the emission reduction measures and implemented

investments. The key environmental aspects are monitored and controlled via eKPI's at each manufacturing site and are consolidated for analysis and reporting. Quantitative environmental information is reported for the calendar year 2007. The scope of this data covers all manufacturing units in which ownership exceeds 50%.

Group-level environmental indicators are broken down by technology and region for internal analysis. Internal site evaluations are carried out to compare existing performance results against best practices, and forums to encourage dissemination of best practices are held periodically throughout the year.

Future targets for 2008–2011

As a continuance to operational and eco-efficiency activities, Huhtamaki has set new operational environmental targets to be reached by 2011:

- A 15% relative improvement in energy efficiency of production
- A 15% relative improvement of the direct CO₂ emissions
- A 20% relative reduction in the total amount of waste per ton of packaging
- A 95% recovery rate for all waste leaving Huhtamaki
- Huhtamaki is revising the calculation and reporting guidelines and the abatement actions during 2008 and will set a target for the volatile organic compound (VOC) emissions during the reporting period for 2011

Environmental policy

Huhtamaki's environmental sustainability vision is endorsed by the Group's environmental policy. This global environmental policy is supported by the environmental policies implemented at the local manufacturing site level. Huhta-

maki strives to ensure globally consistent environmental operating principles by supporting its overall commitment to sustainable development.

One of the essential functions of packaging is to protect food. By effectively protecting food, packaging contributes to reducing the environmental impact of the food production chain.

Environmental Management Systems

Continual environmental improvement efforts are supported by Environmental Management Systems, which are used to identify environmental risks and opportunities, implement policies and monitor progress.

In 2007, several units progressed in their efforts to achieve ISO 14001 certification by further developing their internal management procedures. Sites covered by an externally certified environmental management system totaled 47% in 2007. Hygiene management systems are

implemented in over 50% of manufacturing sites. Over 60% of sites have a certified ISO 9001 quality system.

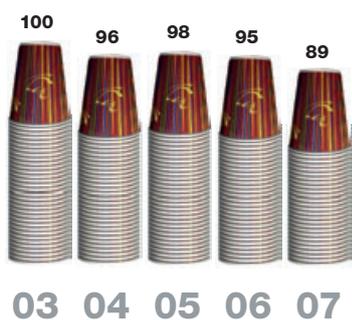
Asset risk management activities are carried out continuously. All manufacturing sites report on the development of their environmental management routines on a yearly basis. External environmental audits are carried out on some 60% of the current asset base annually, totaling 58 site visits in 2007. The remaining sites are audited in a three-year sequence.

Environmental and risk management best practices are consolidated at Group level and communicated throughout the Group for implementation.

New legislation

The environmental impacts of human activity continued to be a key topic of debate in 2007. In the wake of the ongoing debate on climate change and its potential impacts on humankind and our economy, a broader discussion on environmental issues has emerged at both the regional and international levels. For Huhtamaki, the first Kyoto commitment period and the new European chemical policy on Registration, Evaluation and Authorization of Chemicals (REACH) are not estimated to have a significant direct impact on operations.

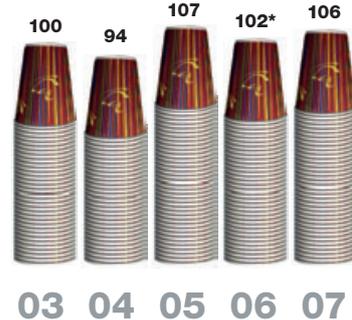
Energy efficiency improvement
(indexed normalized)



Waste to recovery (%)



VOC emissions
(indexed normalized)



*Corrections made to 2006 data (104)

Occupational Health & Safety

A workplace free of incidents and injuries can ultimately be attained only through continual improvement. Improving workers' safety is not a project, but a process. In 2007, Huhtamaki set a group target to halve the current lost time incident frequency (LTIF) and severity (LTIS) rate by the end of 2011. The ultimate target is the achievement of a totally incident-free workplace.

Employee wellbeing, health and safety are the cornerstones of a good work environment. Huhtamaki invests in preventive measures and, in recent years, has placed a particular focus on workplace safety. Employee wellbeing is also supported by the Group's ethical principles, with which all employees are expected to comply.

Activities and actions focusing on occupational health and safety continued during 2007. Regional programs, such as the safety training program in the Americas and the safety plan program implemented by Europe Rigid, have been initiated in order to improve performance by bringing occupational safety aspects all the way to the shop floor. In the Americas safety training program, managers and supervisors are trained to eliminate incidents and injuries by increasing employee safety awareness and preventing incidents by reinforcing safe work practice. For example, at the New Vienna site in the USA, recordable incidents have been reduced by a third since the implementation of the program. In the safety plan program taken into use by Europe Rigid, sharing and implementing best practices is used as a means of improving awareness of how to operate safely in the

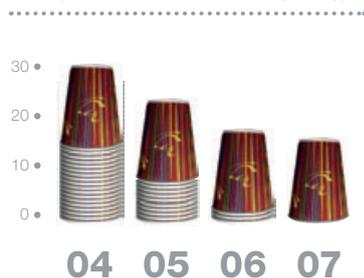
workplace. During 2007, best practices such as standardized accident reporting procedures and standardized personal protective equipment were implemented at all Europe Rigid sites.

In 2007, the Lost Time Incident Frequency showed an improving trend in terms of fewer occupational accidents. The number of incidents has decreased by 52 per cent since 2004. The results of the safety improvement efforts are also reflected in the decreased Lost Time Incident Frequency (LTIF, lost time incidents per million man-hours worked).

Lost Time Incident Severity (LTIS) did not follow the positive development of the LTIF. A key reason for this is that as levels of safety knowledge increase, less severe accidents are typically the first to decrease in number. Severe accidents (lost time exceeding 10 days) are now subject to special monitoring.

The Group health and safety performance data are consolidated monthly and actively communicated to the senior executives and back to the regions and units. The Group Executive Team confirms the annual target levels.

LTIF (Lost Time Incident Frequency)¹⁾



LTIS (Lost Time Incident Severity)²⁾



A Lost Time Incident (LTI) is defined as an accident or injury resulting in an employee missing one full shift that is regularly scheduled for the employee.

1) Lost Time Incident Frequency (LTIF) = (LTI divided by worked man-hours) * 1,000,000 hours.

2) Lost Time Incident Severity (LTIS) = (Lost time hours divided by worked man-hours) * 1,000,000 hours.

Corporate Governance

Huhtamäki Oyj (Huhtamaki or the Company) complies with the Corporate Governance Recommendation for Listed Companies adopted by the Helsinki Stock Exchange. Huhtamaki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and committees founded by it, the Chief Executive Officer (CEO) and the Group Executive Team (GET).

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are defined in the Companies Act and the Company's Articles of Association. The Annual General Meeting of Shareholders (AGM) shall be held annually in Espoo or Helsinki before the end of June on a date set by the Board of Directors.

The AGM resolves i.a. upon adoption of financial statements including the consolidated financial statements, distribution of profits, granting the members of the Board and the CEO discharge from liability as well as election of the members of the Board and Auditors. The AGM decides also on Board members' and Auditors' remuneration. A General Meeting of Shareholders may also resolve, for example, amendments to the Company's Articles of Association, issuing of new shares and option rights and repurchasing of the Company's own shares. The General Meeting of Shareholders may authorize the Board to decide, for example, on issuances of new shares or share repurchases.

An Extraordinary General Meeting of Shareholders (EGM) shall be held when considered necessary by the Board. An EGM shall also be held, if requested in writing, for the handling of a specified matter by an Auditor or Shareholders holding altogether a minimum of one-tenth of all Company shares.

Shareholder Rights

According to the Companies Act, a shareholder may request that a matter falling under the authority of the General Meeting of Shareholders be placed on the agenda of the meeting. To this effect, a written request should be sent to the Board well before the publication of the notice to convene the meeting. A shareholder has a right to make proposals and questions on matters handled in the General Meeting.

A shareholder who has been entered as a shareholder in the shareholder register of the Company 10 days before a General Meeting of Shareholders has the right to participate in the meeting. The holder of a share registered under the name of a nominee may be temporarily entered in the shareholder register for the purpose of participating in a General Meeting of Shareholders.

A shareholder may participate in a General Meeting either in person or by proxy. A shareholder may also employ the services of an assistant in a General Meeting.



Huhtamäki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and committees founded by it, the Chief Executive Officer (CEO) and the Group Executive Team (GET).

BOARD OF DIRECTORS

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamäki. In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Code of Governance for the Board of Directors. The Board decides on long-term strategic and financial targets as well as on dividend policy. The Board approves the strategic plans, annual plans and budget as well as monitors their implementation. The Board resolves upon corporate transactions and capital expenditures exceeding EUR 6 million. The Board elects the CEO, approves the GET members' appointments, decides on executive compensation and annually reviews the management performance. The Board also conducts an annual evaluation of its own performance and working methods.

The Board shall hold at least six regular meetings each year, with one session entirely dedicated to corporate strategy. In 2007, the Board held 16 meetings. The average attendance of directors at the Board meetings was 96 %.

Composition of the Board of Directors

The Board shall consist of a minimum of six and maximum of nine members. The AGM elects the Board members for the term of office expiring at the close of the AGM following the election. The Board shall elect from among its members a Chairman and a Vice-Chairman. The AGM 2007 elected the following seven individuals to the Board:

Mikael Lilius, *Chairman*
Jukka Suominen, *Vice-Chairman*
Eija Ailasmaa,
George V. Bayly,
Robertus van Gestel,
Paavo Hohti,
Anthony J.B. Simon.

More information on Board members is available on page 35.

Remuneration of the Board members

The AGM is resolving upon remuneration for the Board of Directors. In 2007, the annual compensation for the Chairman was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were paid in accordance with the Company policy.

Independence of the Board members

The Board considers all the members of the Board independent of the Company. The Board also considers all members except Jukka Suominen and Paavo Hohti independent of the significant shareholders of the Company.

Board Committees

In order to focus on certain responsibilities, the Board may appoint Committees consisting of 3–5 Board members each. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus, the Board makes its decisions collectively. The entire Board remains responsible for the duties assigned to the Committees.

The Board currently has three committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. Each Committee has a written charter summarizing its tasks.

The Nomination Committee prepares proposals to the AGM concerning Board members and their remuneration. The Committee meets once a year as a minimum, prior to the AGM. The following individuals comprised the Nomination Committee during 2007: Mikael Lilius (Chairman), Eija Ailasmaa and Jukka Suominen.

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as principles of remuneration of senior executives and their compensation. The following individuals comprised the Human Resources Committee during 2007: Mikael Lilius (Chairman), George V. Bayly and Anthony J.B. Simon.

The Audit Committee assists the Board in its responsibility to supervise that the book-keeping and financial administration of the Company is appropriately arranged. It handles matters relating to financial statements, interim reports, accounting principles and policies as well as internal reporting systems and internal audit. Additionally, the Audit Committee reviews risk assessment and risk management mechanisms and prepares to the AGM the resolution concerning appointment of external auditors. In addition to the members of the Audit Committee, the Chief Financial Officer participates in the Committee's meetings. The external auditors also participate in the discussion of the financial statements and interim reports. The following persons formed the Audit Committee during 2007: Jukka Suominen (Chairman), Eija Ailasmaa, Robertus van Gestel and Paavo Hohti.

In 2007 the Nomination Committee met two times, the Human Resources Committee four times and the Audit Committee seven times.

CHIEF EXECUTIVE OFFICER

The Board elects the CEO, who is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The remuneration of the CEO is also determined by the Board of Directors. The CEO is responsible for ensuring that the book-keeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. Heikki Takanen acted as the CEO until November 14, 2007. The Board of Directors has appointed CFO Timo Salonen to act as an interim CEO as from November 14, 2007. Further, the Board of Directors has appointed Clay Dunn, Executive Vice President, Americas, as the Company's interim Chief Operating Officer (COO), to whom the Executive Vice Presidents will report to.

Heikki Takanen's total compensation including benefits in 2007 amounted to EUR 778,303, including EUR 214,650 of incentive related pay based on the year 2006. Additionally he received 90,000 option rights marked as 2006 B during the year 2007. According to the CEO agreement, Heikki Takanen shall be paid a monthly salary until May 14, 2008, after which the Company shall pay Takanen as resignation compensation EUR 787 428, amounting to 18 months' salary. In accordance with Huhtamäki Oyj's 2006 option rights program conditions, Heikki Takanen shall return the 2006 A and 2006 B option rights granted to him.

GROUP EXECUTIVE TEAM

The Group Executive Team assists the CEO. It addresses strategic development, overall financial performance, Group wide projects and development efforts. It has no formal status under company law.

The GET consists of the CEO as the Chairman and the executives approved by the Board. The members of the GET report to the CEO. The GET convenes at least once a month.

Each GET member has a clear operating responsibility, either within a geographical region or for a Group function. The geographical regions are Europe (divided into Rigid and Molded Fiber), the Americas and Asia–Oceania–Africa. Flexibles and Films operate as a global business unit. The Group functions represented in the GET are Finance and Human Resources. GET members report directly to the CEO. The individual responsibility areas of GET members appear on page 35.

Remuneration of Group Executive Team members

The remuneration of GET members is determined by the Board of Directors. In 2007, the aggregate compensation including benefits to GET members excluding the CEO was EUR 2,102,771, which included EUR 430,868 of incentive related pay based on the year 2006.

GET members, excluding the CEO, had on December 31, 2007, an aggregate of 495,350 option rights under the Option Rights Plans 2003 and 2006. In 2007, a total of 230,000 new option rights were granted to the GET members. Their current holdings of Company shares and option rights appear on page 35.

COMPENSATION PRINCIPLES

Huhtamäki compensation and benefits principles follow local laws and are aligned with market practice. Reviews of individual performance against set objectives take place annually. The short-term incentive for senior executives is assessed based on corporate performance and personal objectives metrics. Additionally, option rights plans and a performance share incentive plan function as long-term incentives.

Option rights plans extend to 110 persons belonging to the management of the Company and its subsidiaries. The Option Rights 2003 and 2006 Plans will entitle subscription for a total of 5,479,250 new shares in 2008 – 2014 representing approximately 5.2% of the Company's share capital.

A performance share incentive plan was also formed in Huhtamäki. The plan extended to approximately 15 key persons designated by the Board and having a possibility to earn Company's shares as remuneration for reaching targets set forth for a determined earning period. A possible remuneration would have been paid in 2008. The targets set forth for the determined earning period



were, however, not reached and hence no remuneration shall be paid under the plan.

The Board decided in February 2008 on a new performance share incentive plan to form a part of the incentive and commitment program for the key personnel of the Company and its subsidiaries. The plan includes three earnings periods which are calendar years 2008, 2009 and 2010. Upon establishment, the plan is directed to approximately 20 persons.

INTERNAL AUDIT

Successful business requires continuous monitoring of the Company's operations. Procedures forming part of the internal audit process help to improve the effective fulfillment of the Board of Director's supervising obligation. The Company's internal audit function has been managed in coordination with the Company's Internal Audit Manager as well as with Ernst & Young Oy and its international network. A number of internal audit processes have been conducted in pre-defined units in all regions during the year 2007.

The Company's internal audit evaluates independently and systematically the functionality, efficiency and appropriateness of the Company's managerial, administrative and risk management systems by giving recommendations for the development of these systems and for reaching the strategic targets of the Company.

The Board's Audit committee approves the internal audit's Annual plan. Audit engagements are selected according to the Company's strategic objectives, assessed risks and focus areas defined by the Board and the CEO. Audit engagements are also selected according to a rotation principle. The internal audit function reports to the Board's Audit Committee of such assignments that the Audit Committee has given to the internal audit function. Also, the CEO and the management of the unit where the audit has been conducted are informed of the results of the audit.

AUDIT

The Company must have one auditor, which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The AGM elects the Company's auditor. The AGM 2007 elected the Authorized Public Accounting firm KPMG Oy Ab as the auditor of the Company. Solveig Törnroos-Huhtamäki, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local

auditing under the local regulations, which is conducted by representatives of the KPMG network in each country.

In 2007, total auditing costs of the Group amounted to EUR 1,252,000. The KPMG network has also provided other consultancy worth EUR 510,000 in certain countries.

INSIDER ADMINISTRATION

Huhtamäki follows the Guidelines for Insiders issued by the Helsinki Stock Exchange. The Company maintains a public insider register and a company-specific insider register on persons holding an insider position. Pursuant to the Securities Market Act, the Board members, the CEO and the Auditors will be registered in the public insider register on the basis of their position. As GET members belong to the senior management and receive inside information on a regular basis, Huhtamäki has decided to register them in the public insider register. The company-specific insider register contains information on persons employed by Huhtamäki who, by virtue of their position or duties, receive inside information on a regular basis. The company-specific insider register is not public. A person may also be included as a temporary, project-based insider in an insider register created for major or otherwise significant projects.

Persons included in the public and company specific inside registers may not trade with the Company's shares or option rights during the period between December 31 and the publication of annual accounts of the Company, as well as during the period between the last trading day at Helsinki Stock Exchange of the period for which an interim report of the Company shall be prepared and the publication of such interim report.

The insider registers of Huhtamäki are maintained in the insider register system of the Finnish Central Securities Depository. Project-specific insider registers are maintained by the Group Legal Department.

The information contained in the public insider register is available to the public in the NetSire service through Company's website.

ARTICLES OF ASSOCIATION, DISCLOSED NOTIFICATIONS AND SHAREHOLDER AGREEMENTS

Section 11 of the Articles of Association of the Company contains provisions concerning the redemption obligation of Shareholders. The Articles of Association as well as disclosed notifications on major holdings during the past 12 months can be found on the Company's website, www.huhtamaki.com. There are no shareholder agreements known to the Company.

Risk Management and Risks

Risk management is an essential part of Huhtamaki's internal control system. The purpose of risk management is to ensure that the risks related to business objectives and operations are identified, managed and monitored.

Risk management at Huhtamaki focuses on business opportunities and threats that affect the achievement of Group objectives in the changing business environment. Business risks are categorized as strategic, operational and financial. The risk management process includes systematic identification and assessment of risks in each business unit and Group function, improving risk awareness and quality, sharing best practices and supporting cross-functional risk management initiatives.

Risk management policy

The Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the risk management guidelines for the Group. It also defines the risk management process and responsibilities and the risk categories used in risk analysis and risk consolidation. Huhtamaki follows Group ERM policy to assure timely Group-wide identification and recording of risks and the application of relevant risk management measures to address these risks.

Risk management organization

The Audit Committee evaluates the adequacy and appropriateness of risk management activities. The Audit Committee reports regularly to the Board of Directors, which is responsible for reviewing the Group's strategic, operational and financial risks. The Board of Directors decides on acceptable risk levels and the extent to which these risks have been properly identified, recognized and addressed.

The Group Executive Team (GET), consisting of the CEO as the Chairman and the executives approved by the Board of Directors, is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The GET regularly carries out risk prioritization based on data collected through annual risk analyses.

The Group Risk Committee is responsible for organizing, facilitating and supervising risk management activities and analyzing and reporting risks annually in accordance with the Huhtamaki Group Enterprise Risk Management (ERM) Policy.

Risk management process and reporting

All Group functions as well as major business units and, on a rotation principle other units, participate in a regular risk analysis. The GET performs risk prioritization in order to align risk management efforts with strategic goals.

The Group Risk Committee analyzes changes in impact, likelihood and level of control for each reported business risk, and annually reports the results of the risk management process to the Audit Committee. The Risk Committee also prepares reports for the CEO and the GET as well as for statutory reporting purposes.

Huhtamaki ERM Risk categories

Strategic risks:

- Business environment
- Market structure
- Governance and strategic management

Financial risks:

- Capital structure
- Credit
- Liquidity
- Market
- Reporting
- Tax

Operational risks:

- Crime and fraud
- Legal and compliance
- Management and operations
- Human resources
- Physical asset
- Production
- Supply chain
- Information security
- Information systems and IT
- Intellectual property

Board of Directors, from April 12, 2007

ANTHONY J.B. SIMON (1945)

Date of election: **October 7, 1999**
 Main occupation: **Unilever N.V., President Marketing, retired**
 Education: **MA, MBA**
 Primary work experience: **Unilever, Bestfoods, Corporate Vice President; Bowater Paper Corporation, Packaging Division**
 Shares 31.12.2007: **1,248**

MIKAEL LILIUS (1949)

Chairman

Date of election: **March 30, 2005**
 Main occupation: **Fortum Oyj, CEO**
 Education: **Bachelor of Science (Econ)**
 Primary work experience: **Gambro AB, CEO; Incentive AB, CEO; KF Industri AB, CEO; Huhtamäki Oy, President of the Packaging Division**
 Positions of trust:
Sanitec Oy, Chairman of the Board; Hafslund ASA, Board
 Shares 31.12.2007: **50,000**

JUKKA SUOMINEN (1947)

Vice Chairman

Date of election: **March 30, 2005**
 Education: **Master of Science (Eng), Bachelor of Science (Econ)**
 Primary work experience: **Silja Oyj Abp, Group CEO**
 Positions of trust:
Rederiaktiebolaget Eckerö, Chairman of the Board; Birka Line Abp, Chairman of the Board; Merivaara Oy, Chairman of the Board; Finnish Cultural Foundation, Supervisory Board; Varustamoliikelaitos, Board
 Shares 31.12.2007: **1,500**

SECRETARY

Juha Salonen

Group Vice President,
 General Counsel
 Education: **Master of Laws, Bachelor of Science (Econ)**



PAAVO HOHTI (1944)

Date of election: **March 18, 1999**
 Main occupation: **Council of Finnish Foundations, Managing Director**
 Education: **Doctor of Philosophy, Professor h.c.**
 Primary work experience:
Finnish Cultural Foundation, Secretary General
 Positions of trust: **SanomaWSOY Oyj, Board**
 Shares 31.12.2007: **-**



EIJA AILASMAA (1950)

Date of election: **March 22, 2004**
 Main occupation: **Sanoma Magazines B.V., CEO**
 Education: **Master of Political Science**
 Primary work experience: **Various SanomaWSOY group executive roles, including President of Helsinki Media and Sanoma Magazines Finland magazine publishing subsidiaries; Editor-in-chief for the family magazine Kodin Kuvalehti in 1985-89**
 Positions of trust: **Rotterdam School of Management, Erasmus University, Advisory Board**
 Shares 31.12.2007: **1,000**

GEORGE V. BAYLY (1942)

Date of election: **March 28, 2003**
 Main occupation: **Whitehall Investors, LLC, Consultant; Altivity Packaging, LLC, Chairman & CEO**
 Education: **MBA**
 Primary work experience: **U.S. Can Company, Co-Chairman; Ivex Packaging Corporation, Chairman, President & CEO; Olympic Packaging, Inc, Chairman, President & CEO; Packaging Corporation of America (PCA), Senior Vice President**
 Positions of trust: **Treehouse Foods, Inc., Board; Acco Brands Corporation, Inc., Board; John G. Shedd Aquarium, Board; Miami University, Board; United Way, Chicago, Board; Whitehall Investors, LLC, Board**
 Shares 31.12.2007: **-**

ROBERTUS VAN GESTEL (1946)

Date of election: **March 22, 2004**
 Main occupation: **Proudfoot Consulting Europe, Deputy President**
 Education: **MBA, PhD**
 Primary work experience: **Ford Motor Company; GTE; Mannesmann Tally; Anglo-Dutch Investments, Inc.**
 Positions of trust: **MCG PLC, Partner; Moore Hall Investments Ltd, Chairman of the Board**
 Shares 31.12.2007: **-**

Group Executive Team in 2007

TIMO SALONEN (1958)

Executive Vice President,
Strategy Development until June 30, 2007
Chief Financial Officer (CFO) since July 1, 2007
Interim CEO since November 14, 2007
Education: Master of Science (Econ), Master of Laws
Joined the company: 1991
Shares 31.12.2007: 20,000
Option rights 31.12.2007: 2003 A 19,850, 2003 B 25,000,
2003 C 25,000, 2006 A 40,000, 2006 B 40,000

WALTER GÜNTER (1948)

Executive Vice President,
Europe Rigid Packaging since
2006
Education: Chemical Engineer
Joined the company: 1972
Shares 31.12.2007: -
Option rights 31.12.2007:
2003 A 15,000, 2003 B 15,000,
2003 C 7,500, 2006 A 15,000

CLAY DUNN (1957)

Executive Vice President,
Americas since 2005
Interim Chief Operating Officer
(COO) since November 14, 2007
Education:
BBA (Marketing and Management)
Joined the company: 2005
Shares 31.12.2007: 5,000
Option rights 31.12.2007:
2003 C 15,000, 2006 A 40,000,
2006 B 50,000



GEORGE T. LAI (1951)

Executive Vice President, Asia-Oceania-
Africa since January 1, 2007
Education: MBA (Finance and Marketing),
Bachelor of Science (Econ)
Joined the company: 2007
Shares 31.12.2007: -
Option rights 31.12.2007: 2006 A 15,000,
2006 B 35,000

MAURICE PETITJEAN (1954)

Executive Vice President, Flexibles,
Films and Molded Fiber Europe
since 2006
Education: Master of Science (Eng)
Joined the company: 2006
Shares 31.12.2007: -
Option rights 31.12.2007:
2006 A 20,000, 2006 B 40,000

PII KOTILAINEN (1960)

Senior Vice President, Human Resources
since 2006
Education: Master of Science (Econ)
Joined the company: 2006
Shares 31.12.2007: -
Option rights 31.12.2007:
2003 B 5,000, 2003 C 15,000,
2006 A 28,000, 2006 B 30,000

HEIKKI TAKANEN (1952)

Chief Executive Officer until
November 14, 2007
Education: Master of Science (Eng)
Joined the company: 2004
Shares 14.11.2007: 20,000
Option rights 14.11.2007: 2003 B 50,000, 2003
C 50,000, 2006 A 80,000, 2006 B 90,000

SAKARI AHDEKIVI (1963)

Chief Financial Officer (CFO)
until June 30, 2007
Education: Master of Science (Econ)
Joined the company: 2005
Shares 30.9.2007: -
Option rights 30.9.2007: 2003 C 25,000

Investor information

Huhtamäki's share was quoted on the Helsinki Stock Exchange on the Nordic Large Cap list under the Materials sector until the end of 2007. From the beginning of 2008, Huhtamäki's share is quoted on the Nordic Mid Cap list for the same sector. The trading code is HUH1V and the ISIN code FI0009000459.

Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of Huhtamäki Oyj will be held on Monday, March 31, 2008 at 16.30 (Finnish time) at Finlandia Hall, Mannerheimintie 13 e, Helsinki. The AGM will be conducted in Finnish and interpreted simultaneously into English.

A shareholder who on Friday, March 21, 2008, has been entered as shareholder into the shareholder register of the Company is entitled to attend the AGM. The record date for registration in the shareholder register not being a banking day (Good Friday) in Finland the shareholder has to be entered into the shareholder register on Thursday, March 20, 2008, at the latest. The holder of a share registered in the name of a nominee may be temporarily entered in the shareholder register by the aforementioned record date for the purpose of participating in the AGM.

A shareholder who wishes to attend the AGM must notify the Company of his or her intention to attend no later than on Wednesday, March 26, 2008 by 18.00 (Finnish time) by telephone (+358 (0)800 90026) on weekdays from 08.00 to 18.00 or by e-mail AGM@huhtamaki.com. The notification period starts on March 4, 2008. Possible proxies are requested to be sent to Huhtamäki Oyj, Annual General Meeting of Shareholders, Keilaranta 10, FI-02150 Espoo, Finland, prior to the expiry of the notification period.

Dividend proposal

The Board of Directors proposes to the AGM that for the financial year 2007 a dividend of EUR 0.42 per share be paid. The ex-dividend date is April 1, 2008, the record date for dividend payment is April 3, 2008 and the proposed dividend payment date is April 10, 2008.

Publication of results

- » Interim Report January – March will be published on April 23, 2008
- » Interim Report January – June will be published on July 18, 2008
- » Interim Report January – September will be published on October 22, 2008

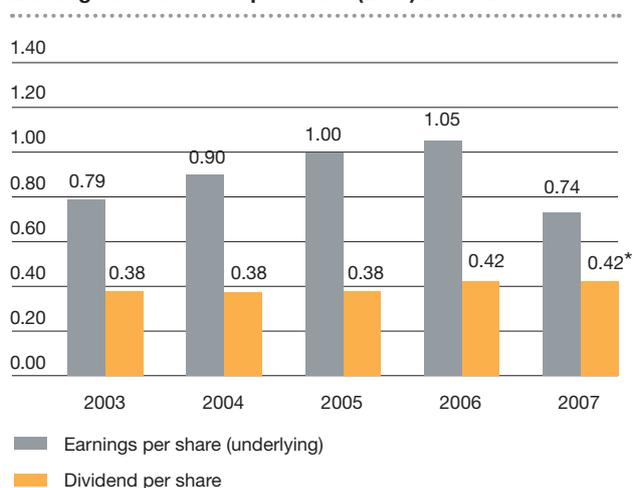
Annual Reports, Interim Reports and releases are published in English and Finnish.

Investor information is updated online at the Company website at www.huhtamaki.com/Investors, where you may also download or order publications.

Investor Relations at Huhtamäki

Kia Aejmelaeus
Head of Investor Relations
Tel.: +358 10 686 7819
E-mail: ir@huhtamaki.com

Earnings and dividend per share (EUR) 2003–2007



*Board's proposal

Figures are presented in accordance with IFRS. Underlying figures exclude goodwill and tangible asset impairment losses and restructuring charges.

Equity analysts covering Huhtamäki as of December 31, 2007

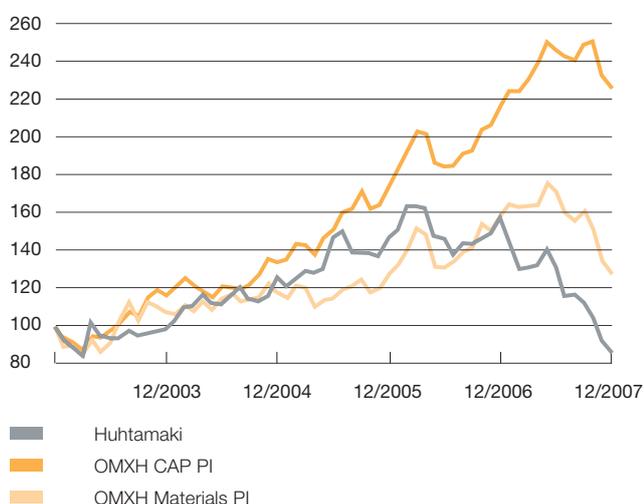
ABN AMRO, Helsinki
 Carnegie, Helsinki
 Danske Markets Equities, Helsinki
 Deutsche Bank, Helsinki
 eQ Bank Ltd, Helsinki
 Evli Bank Plc, Helsinki
 Glitnir, Helsinki
 Goldman Sachs, London
 Handelsbanken, Helsinki
 Impivaara Securities, London
 Inderes, Helsinki
 Kaupthing Bank, Helsinki
 Pohjola Bank plc, Helsinki
 SEB Enskilda, Helsinki

Share data for 2007 (compared to 2006)

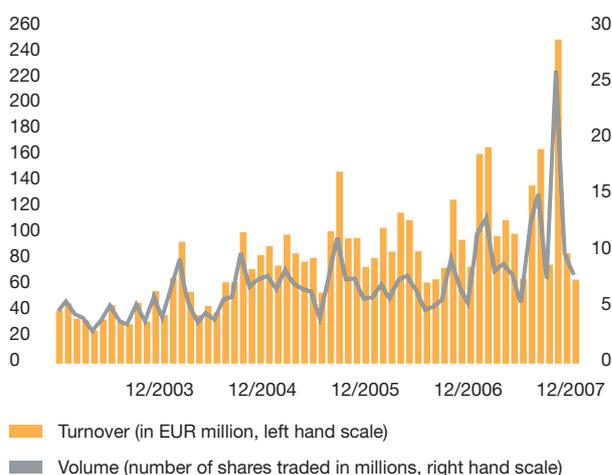
Market capitalization at year-end	EUR 857 million (EUR 1,570 million)
- excluding company's own shares	EUR 815 million (EUR 1,494 million)
Closing price at year-end	EUR 8.12 (EUR 14.88)
Volume weighted average share price	EUR 11.33 (EUR 14.35)
Highest share price on January 15, 2007	EUR 15.89 (EUR 16.73)
Lowest share price on December 28, 2007	EUR 7.65 (EUR 12.21)
Total turnover	EUR 1,483 million (EUR 1,086 million)
Total number of shares traded	131,050,556 (75,644,012)
Total number of outstanding shares	105,487,550 (unchanged)
- excluding company's own shares	100,426,461 (unchanged)

Additional share information can be found in the Annual Accounts.

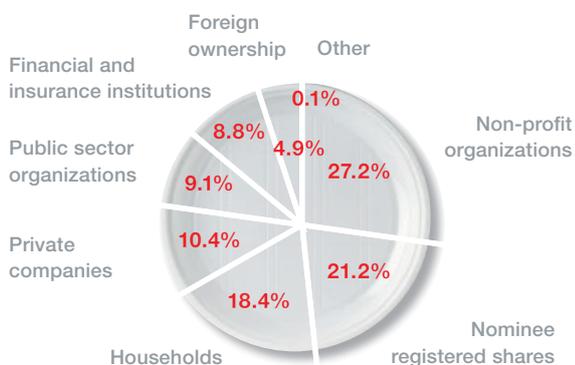
Share price development 2003–2007



Turnover and trading development 2003–2007



Ownership by category December 31, 2007



Shareholders

At year-end, there were 21,424 (21,582) registered shareholders. Nominee registrations including foreign ownership accounted for 26.1% (23.7%).

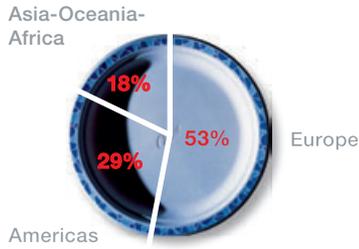
Largest registered shareholders December 31, 2007

	Shareholder name	Nr. of shares/ votes	%
1	The Finnish Cultural Foundation	16,110,196	15.3
2	Society of Swedish Literature in Finland	4,416,000	4.2
3	Ilmarinen Mutual Pension Insurance Company	2,540,793	2.4
4	The Association for the Finnish Cultural Foundation	2,150,000	2.0
5	Odin Norden	1,819,450	1.7
6	Varma Mutual Pension Insurance Company	1,764,369	1.7
7	Nordea Bank Finland Abp	1,559,165	1.5
8	Odin Forvaltning As/ Odin Europa Smb	1,222,265	1.2
9	Odin Förvaltning As	1,066,550	1.0
10	OP-Delta Fund	940,209	0.9
Total 10 largest shareholders		33,588,997	31.8

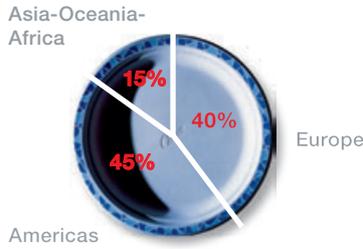
Excluding own shares acquired by Huhtamäki Oyj totalling 5,061,089 and representing 4.8% of the total number of shares.

Key figures

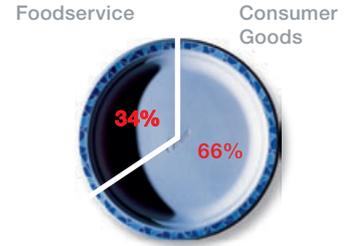
Net sales by region



Underlying EBIT by region



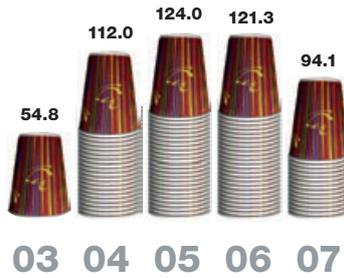
Net sales by business segment



Net sales (EUR million)



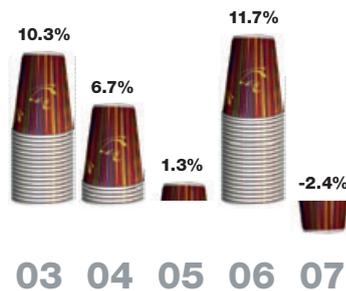
Result before taxes^{1) 2)} (EUR million)



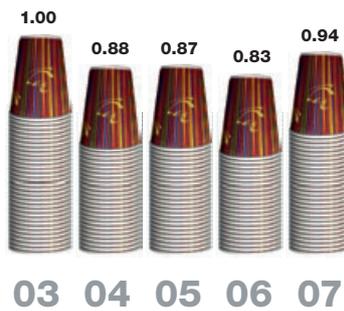
Personnel at year-end



Return on equity¹⁾



Net debt to equity



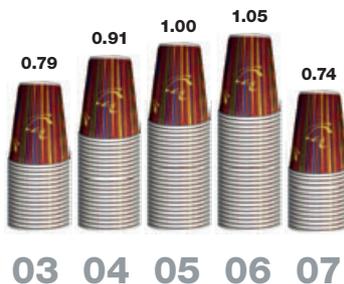
2003-2007 figures are presented in accordance with IFRS

1) Figures until 2003 are adjusted for goodwill amortization.
 2) 2007 figures do not include restructuring charge of EUR 4 million, goodwill impairment charge of EUR 47 million and tangible asset impairment charge of EUR 58 million. 2006 figures do not include restructuring charge of EUR 12 million. 2005 figures do not include restructuring charge of EUR 70 million and goodwill impairment charge of EUR 33 million. 2004 figures do not include restructuring charge of EUR 46 million.

Capital expenditure (EUR million)



Earnings per share^{1) 2)} (EUR)



Contact information

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Fax +358 (0) 10 686 7992

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www.huhtamaki.com

Business Identity Code: 0140879-6