

Tikkurila Annual General Meeting

Erkki Järvinen, President and CEO, March 28, 2012



TIKKURILA

Disclaimer

All forward-looking statements in this presentation are based on the management's current expectations and beliefs about future events, and actual results may differ from the expectations and beliefs such statements contain.

Contents

- Group highlights in 2011
- Strategy
- Outlook
- Tikkurila 150 years

A woman with long dark hair, wearing a red and white floral dress with a brown belt and brown boots, is walking on a dirt path in a forest. She is carrying a brown suitcase. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The background consists of tall, thin trees and a dense canopy of leaves.

Group highlights in 2011

Full year highlights

Development 2011 vs. 2010

- Revenue increased by 9.4%
- Comparable revenue increased by 7.7%
 - Particularly due to sales price increases
- Operating profit excl. non-recurring items increased by 5.0%
 - Particularly due to revenue growth, as well as streamlining and savings measures
- Comparable operating profit was 10.1% of revenue
- Decline in cash flow from operations mainly caused by the higher level of net working capital

Key figures

EUR million	1-12/2011	1-12/2010	Change %
Revenue	643.7	588.6	9.4%
EBIT excluding non-recurring items	62.7	59.7	5.0%
EBIT excluding non-recurring items, %	9.7%	10.1%	
EBIT	61.2	60.8	0.7%
EBIT, %	9.5%	10.3%	
EPS*, EUR	0.80	0.83	-3.6%
ROCE, % rolling	19.4%	19.2%	
Cash flow after capital expenditure	13.3	51.4	-74.2%
Net interest-bearing debt at period-end	99.4	78.6	26.5%
Gearing, %	51.9%	41.4%	
Equity ratio, %	44.1%	41.1%	
Personnel at period-end	3,551	3,468	2.4%

* Calculated by using the amount of outstanding shares of 44,108,252.

Operating environment and market position

General development of the market areas in 2011

- GDP growth of key market areas some 3–4%
- Consumer confidence declined in mature markets, in particular
- Construction at a relatively good level in many markets
- Tikkurila's market position strengthened slightly in Russia and Poland, and remained unchanged in Sweden and Finland

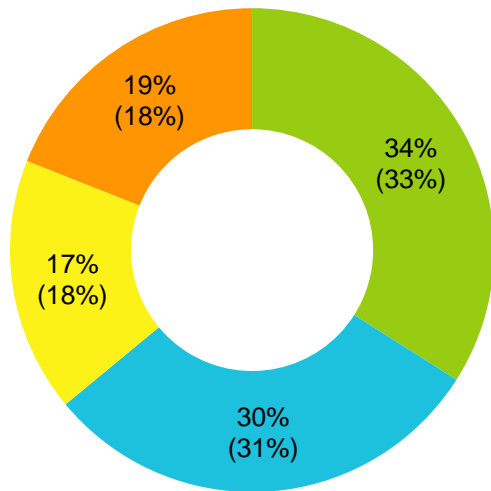
Tikkurila's market positions*



* Decorative paints

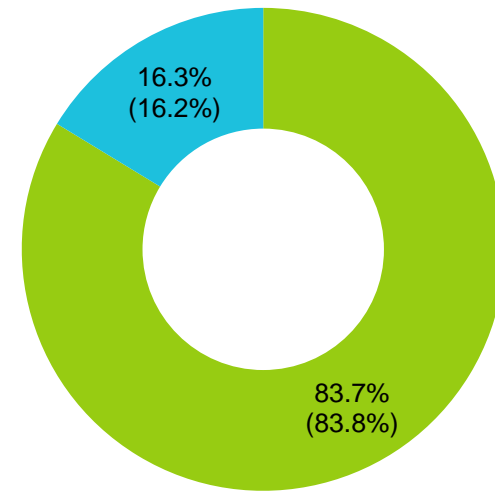
Revenue split January–December

Revenue by reporting segment



■ East ■ Scandinavia ■ Finland ■ CEE

Revenue by customer segment

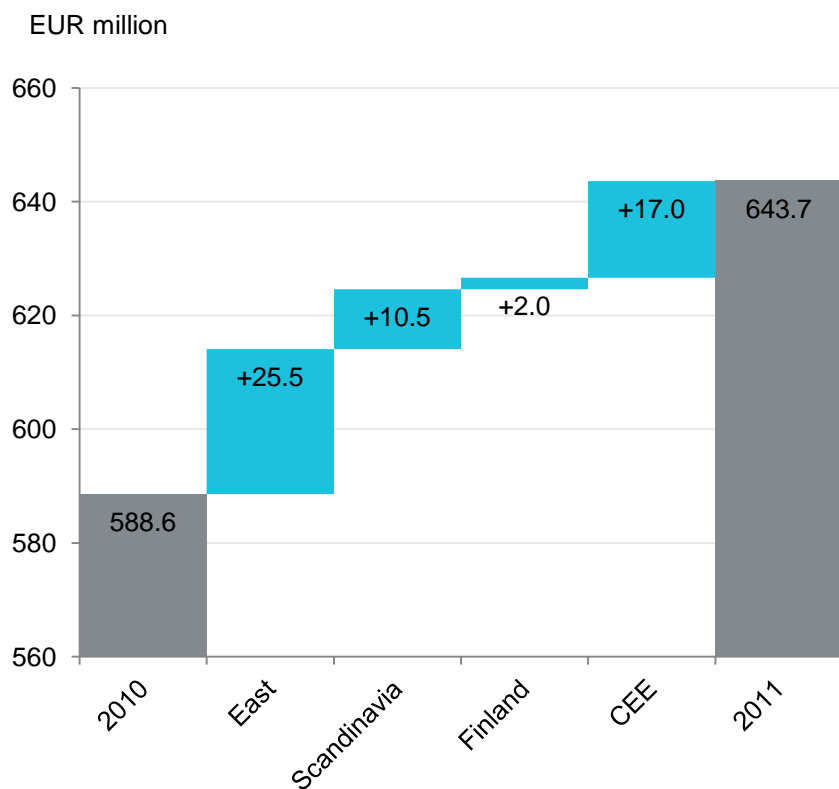


■ Decorative paints ■ Industrial coatings

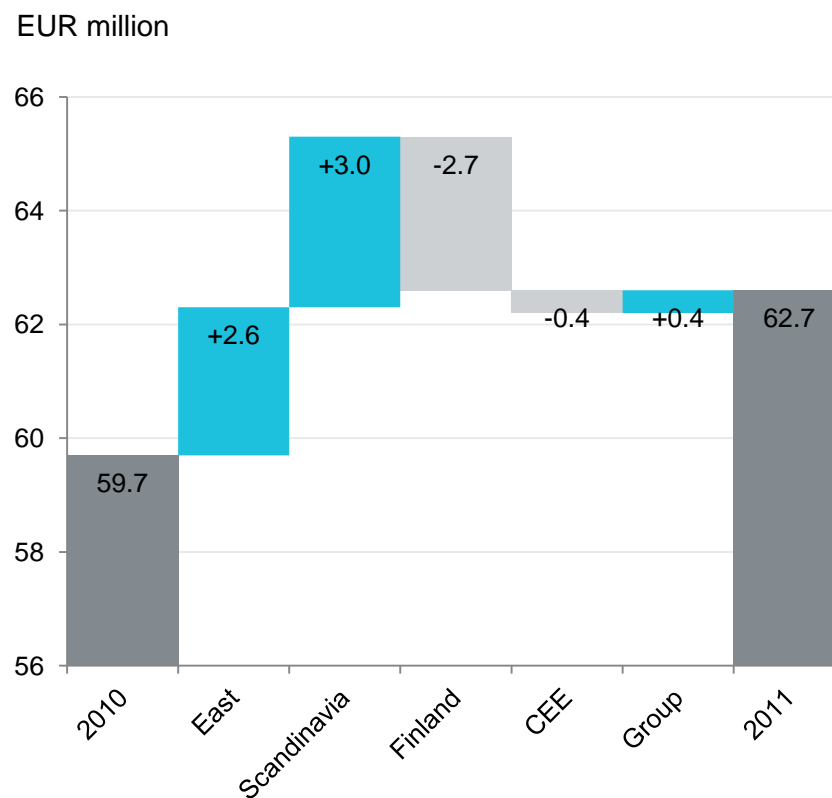
According to the revised strategy, Tikkurila's customer segments are consumers and professionals as of January 1, 2012. Industrial customers are included in the professional segment.

Revenue and operating profit* by segment 2010 vs. 2011

Revenue change by segment



Operating profit* change by segment



* Excluding non-recurring items

Financial targets

Tikkurila has set the following financial targets in 2010 for the medium term

- An annual organic revenue growth of > 5%
- Operating EBIT > 10%
- ROCE %: continuous improvement
- Gearing < 100%
- Dividend policy: Target is to pay at least 40 % of annual operative net income as dividends

	Historical performance						Target
	2006	2007	2008	2009	2010	2011	
Organic growth, % ¹	6%	9%	3%	-20%	11%	8%	> 5%
EBIT, % ²	10.0%	10.3%	9.1%	9.5%	10.1%	9.7%	> 10%
ROCE	23.7%	24.5%	18.7%	15.7%	19.2%	19.4%	Continuous improvement
Gearing	220.3%	135.3%	208.5%	90.0%	41.4%	51.9%	< 100 %
Dividend payout; share of operative net income, %					86% (EUR 0.70 per share)	88% ³ (EUR 0.73 per share)	

1) Organic growth calculated based on reported net revenue and reported acquisitions and divestments

2) Excluding non-recurring items

3) Board of Directors' proposal

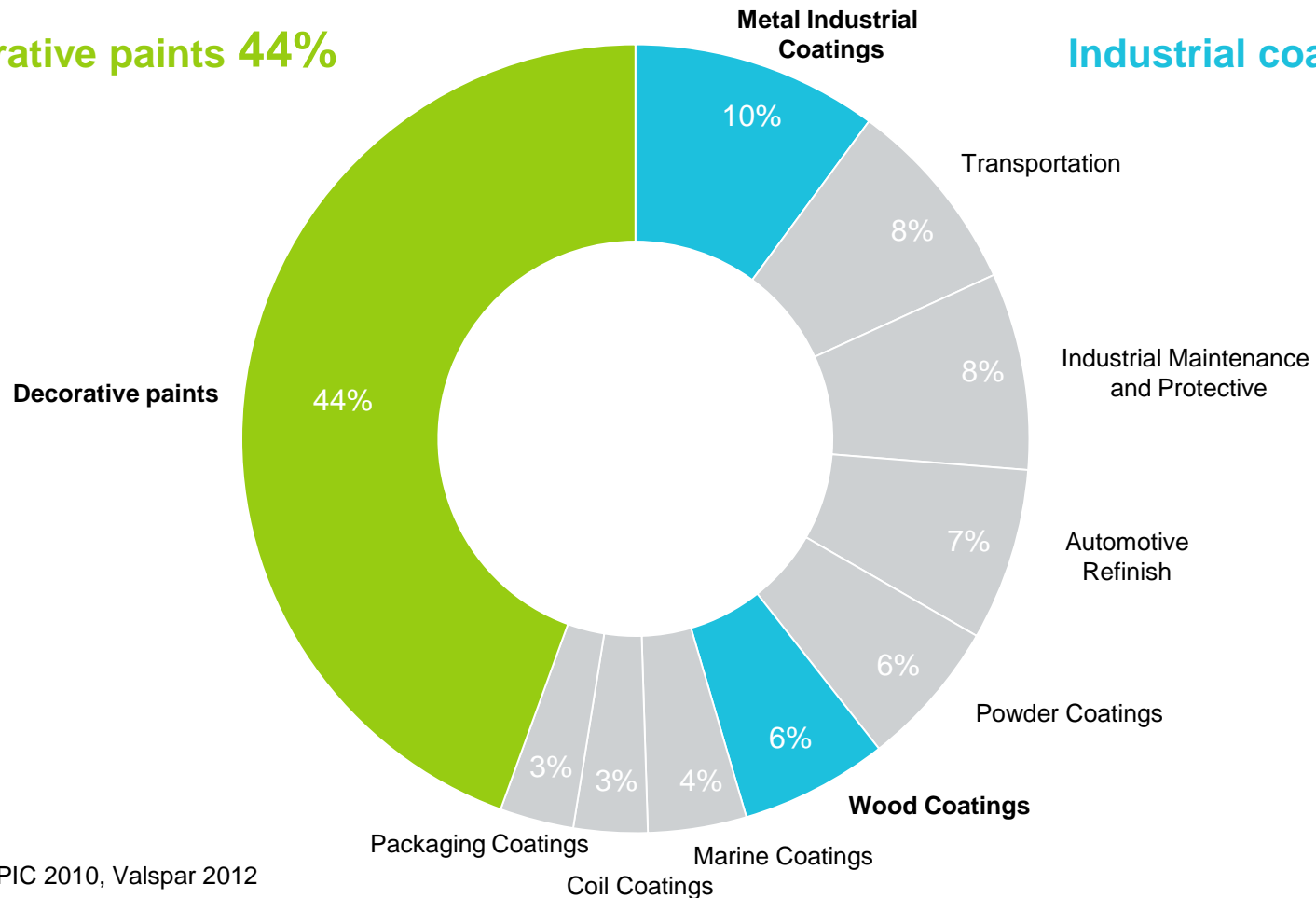
A photograph of a person from the waist down, wearing a light pink, flowing dress, walking barefoot on a sandy beach. The person is walking towards the right, with their feet in the shallow water of a wave. The background is a bright, hazy sunset or sunrise over the ocean, with a warm, golden glow. The overall mood is serene and peaceful.

Strategy

Value of the global paints and coatings market EUR ~73 billion

Decorative paints 44%

Industrial coatings 56%



Source: IPPIC 2010, Valspar 2012

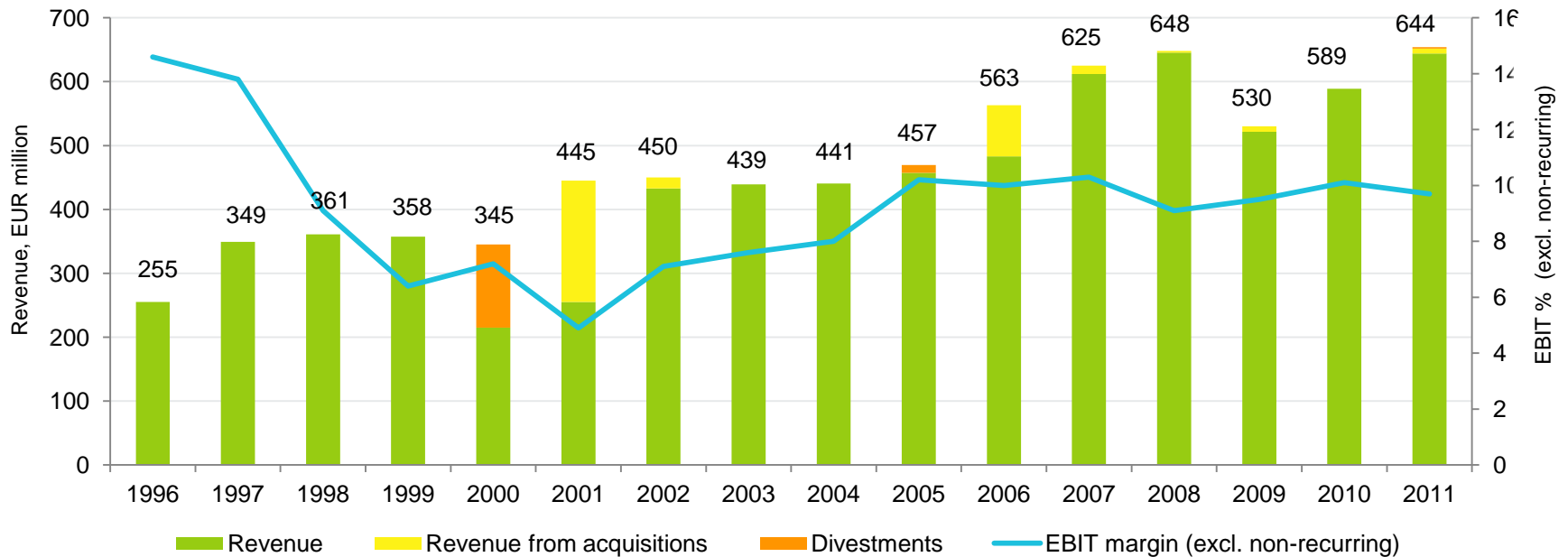
March 28, 2012

Long term financial development

Development of sales and profitability 1996–2011

Major acquisitions and divestments

Sale of tinting business in 2000 (Revenue ~MEUR 130)	Acquisition of Alcro-Beckers in 2001 (Revenue ~MEUR 190)	Acquisition of Kraski Tekes in 2006 (Revenue ~MEUR 80)	Acquisition of Zorka Color in 2011 (Revenue ~MEUR 8)
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Tikkurila's strategy 2012–2014

Tikkurila offers user-friendly and sustainable solutions for surface protection and decoration.

The leading provider of paint-related architectural solutions for consumers and professionals in the Nordic area as well as in Russia and other selected Eastern European countries.

Growth

Organic
Well-targeted acquisitions

Target:
An annual organic revenue growth of >5%

Profitability

Resilience
Realignment
Agility

Targets:
Operating EBIT* >10%
Continuous improvement of ROCE %

*Excluding non-recurring items

Focusing

Customers
Geographic area
Brands



trustworthy



innovative



professionals

Strong and well-established brands

Strategic brands



"High end" (premium),



ALCRO

"High end" (premium),



"Medium",



"Economy",

Local brands



Jedynka



KOLORIT



Large majority of sales from strategic brands

More services and cooperation with professional customers

New international trend blog



ad.retur inspiration collection



Tikkurila in Russia

SBU East key facts

Operational area	Russia, other CIS countries, Ukraine
2011 revenue	EUR 220.0 million, 34% of Group Russia 88% of SBU East revenue
2011 EBIT ¹	EUR 25.3 million, 39% of Group ²
Personnel	1,577 (average)
Production sites	Russia (4) and Ukraine (1)

Locations



1 Excl. non-recurring items

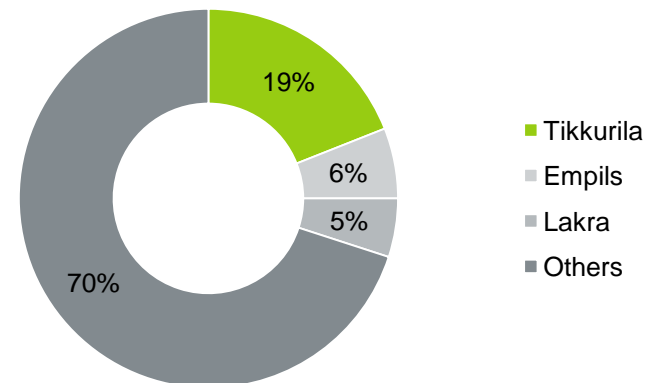
2 Excl. Group items

3 Source: Chem-Courier (volume)

Tikkurila's brands in Russia

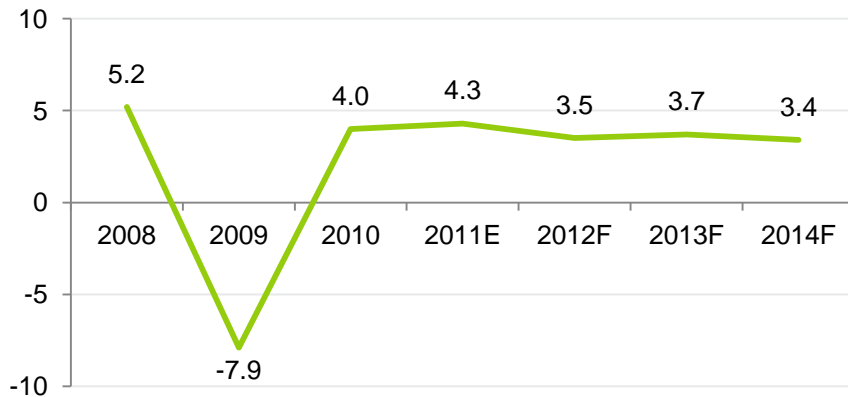


Market leader in decorative paints in 2011³

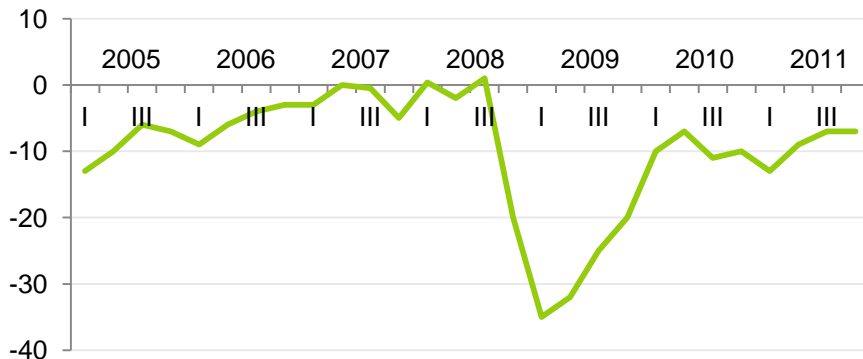


Oil price and the elections central in the Russian economy in 2012

Russian GDP growth (%) 2008–2014F



Russian consumer confidence index 2008–2011



Source: Rosstat, Bank of Finland, East Office

Russian economy outlook

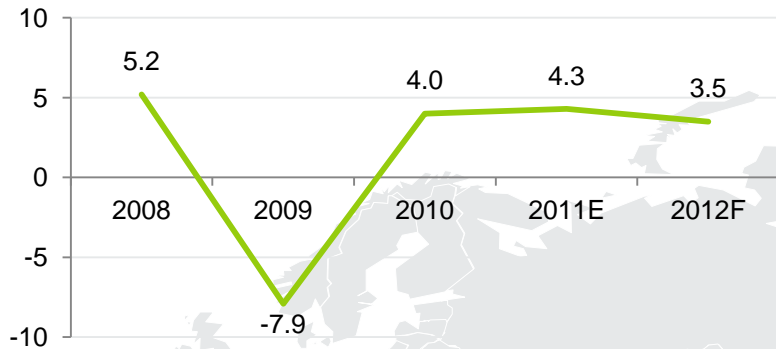
- Gross domestic product increased by more than 4% in 2011. The growth was supported, among others, by the high oil price
- Retail sales and construction experienced clear growth
- Growth is expected to slightly slow down due to the prevailing uncertainties in the world economy
 - In order to reach higher growth rates, structural economic reforms would be needed
 - In any event, the growth will exceed that of Western Europe
- State Duma is expected to ratify Russia's WTO membership in Spring 2012



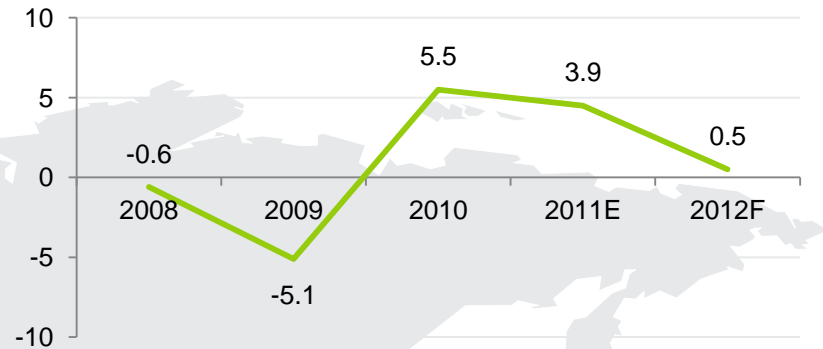
Outlook for 2012

Development of gross domestic product 2008–2011F, growth-%

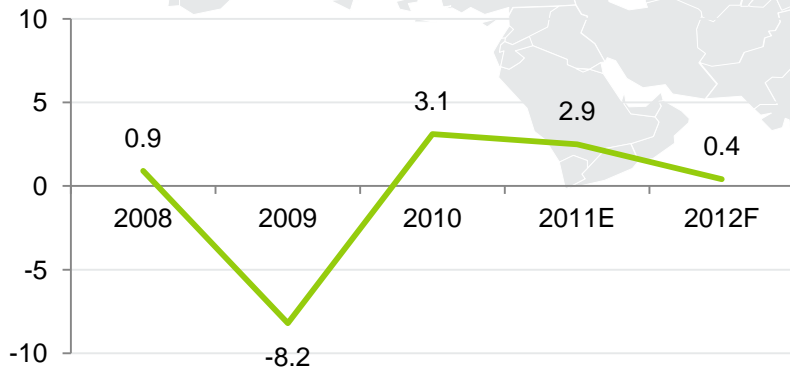
Russia



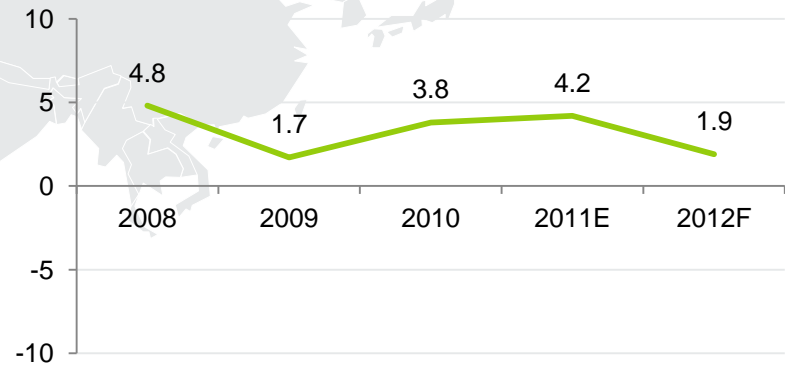
Sweden



Finland



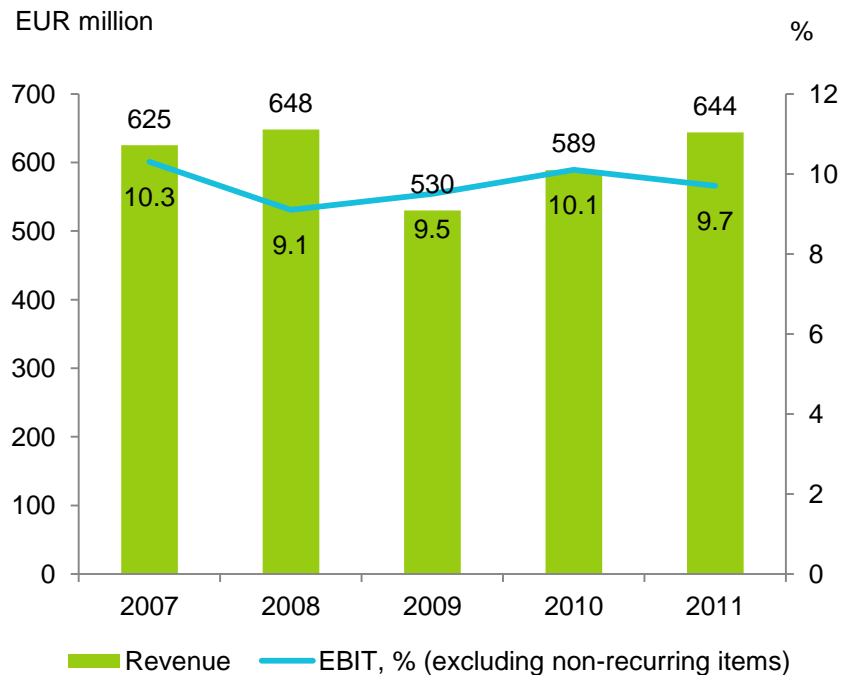
Poland



Source: Bank of Finland, Statistics Finland, Eurostat, Citibank

Outlook for 2012


Revenue and profitability of Tikkurila 2007–2011



Outlook for 2012

In 2012, the GDP is expected to remain close to the 2011 levels or the GDP growth is expected to be low in the key market areas of Tikkurila. Further raw material cost increases are predicted, even though it is assumed that the raw material and packaging material cost inflation will be clearly lower than in 2011.

In 2012, Tikkurila expects the revenue growth to exceed the average GDP growth in Tikkurila's main market areas. As far as the profitability is concerned, Tikkurila expects EBIT in euro to stay at the same level as in 2011.

A woman with long dark hair, wearing a red floral dress with a brown belt and brown boots, is walking on a dirt path in a forest. She is carrying a brown suitcase. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The background consists of tall, thin trees and a dense canopy of leaves.

Tikkurila 150 years

TIKKURILA

Colorful visions since 1862



150 years of decoration and protection

1920s

The manufacture of paints and lacquers began in Tikkurila in 1919. Extensive enlightenment and course activities began in the 1920s.



1960s

Entering the Scandinavian market through Sweden. A clear leading position was obtained through the acquisition of Alcro-Beckers in 2001. Tinting technology was introduced.



2010s

Tikkurila listed on the stock exchange. Tikkurila turns 150 years. The introduction of the Social Responsibility program "Sustainable Beauty".

1862

1950

1960

1970

1980

1990

2010

1862

An oil press was founded on the banks of the Keravanjoki River in Tikkurila.

1950s

Tikkurila introduced its first water-borne product, the Joker paint. Tikkurila's coloring service was led by designer Yki Nummi.



1970s

Entering the Eastern trade. Tikkurila was known as "Firma Miranol" in Soviet Union. The acquisition of Kraski Teks in 2006 made Tikkurila the leading decorative paint company in Russia.

1980s

To the Eastern European market and the Baltics through Poland.



Thank you!

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