



Tikkurila Annual General Meeting

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TIKKURILA

Disclaimer

In this presentation, all forward-looking statements in relation to the company or its business are based on the management judgment, and macroeconomic or general industry data are based on third-party sources, and actual results may differ from the expectations and beliefs such statements contain.

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Year 2012 in brief

2012 was a record-breaking year

Development 2012 vs. 2011

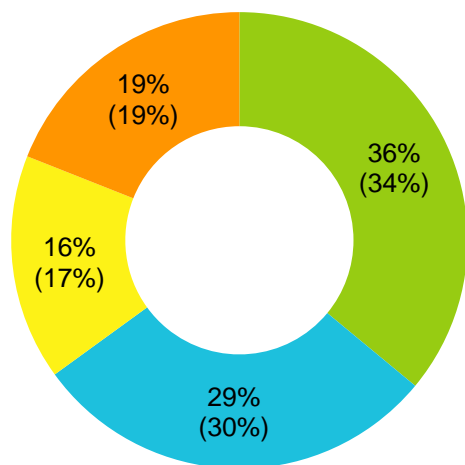
- Tikkurila's 150th operating year was record-high in terms of revenue, operating profit and cash flow
- Revenue grew slightly mainly due to increases in sales prices
- Excellent operative profitability was due to efficiency boosting measures, in particular
- Improved net working capital management increased cash flow clearly

Key figures

EUR million	1-12/2012	1-12/2011	Change %
Revenue	671.8	643.7	4.4%
EBIT excluding non-recurring items	73.9	62.7	17.8%
EBIT excluding non-recurring items, %	11.0%	9.7%	
EBIT	66.6	61.2	8.7%
EBIT, %	9.9%	9.5%	
EPS, EUR	0.92	0.80	14.3%
ROCE, %, rolling	21.0%	19.4%	
Cash flow after capital expenditure	50.3	13.3	278.7%
Net interest-bearing debt at period-end	80.6	99.4	-18.9%
Gearing, %	39.1%	51.9%	
Equity ratio, %	47.7%	44.1%	
Personnel at period-end	3,227	3,551	-9.1%

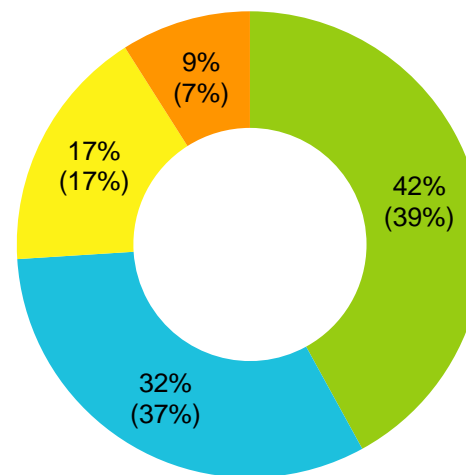
Revenue and EBIT split January–December 2012

Revenue by reporting segment



■ East ■ Scandinavia ■ Finland ■ CEE

EBIT* by reporting segment



■ East ■ Scandinavia ■ Finland ■ CEE

Decorative paints accounted for 84.0% (83.7) and industrial coatings 16.0% (16.3) of revenue

* Excluding non-recurring and Group items

Financial targets for 2010–2012

Tikkurila's financial targets for 2010–2012 were the following

- 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
	2007	2008	2009	2010	2011	2012	
Organic growth, % ¹	9%	3%	-20%	11%	8%	4%	> 5%
EBIT, % ²	10.3%	9.1%	9.5%	10.1%	9.7%	11.0%	> 10%
ROCE	24.5%	18.7%	15.7%	19.2%	19.4%	21.0%	Continuous improvement
Gearing	135.3%	208.5%	90.0%	41.4%	51.9%	39.1%	< 100 %
Dividend payout; share of operative net income, %				86% (EUR 0.70 per share)	88% (EUR 0.73 per share)	72% ³ (EUR 0.76 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

Training center in St. Petersburg, Russia

- Tikkurila provides its personnel, customers, retailers and paint professionals and students with training in its training centers.
- A modern training center has been completed to the immediate vicinity of the factory producing only water-borne products in Obukhovo, St. Petersburg in Russia.
- Training center is a facility for seminars, lectures, and training related to the painting and paints.
- In Russia, training centers also is Moscow and Novosibirsk.



Tikkurila's Retail concept introduced in Finland

- Helping paint retailers succeed.
- Making paint buying a pleasant experience.
- Increasing the popularity of painting among people interested in interior design.



New, user-friendly plastic cans

- New, easy-to-open and easy-to-close plastic cans taken into use in Finland in spring 2013.
- Remontti-Ässä, Harmony and Joker in 7,2 liter cans.
- Just the right size for painting one room.



ad.elle – Colours inspired by fashion



- Alcro of Sweden has launched a color collection called ad.elle. It was developed in close cooperation with Elle magazine.
- Choosing the right color and sustainable materials and adding a little bit of glitter every now and then. This simple advice applies to clothes, makeup and interior colors alike, according to Alcro.

The color names of the ad.elle collection come from the world of fashion: Miss Elle, Den lilla svarta (Basic black [dress]), Lipstick and Bling bling.

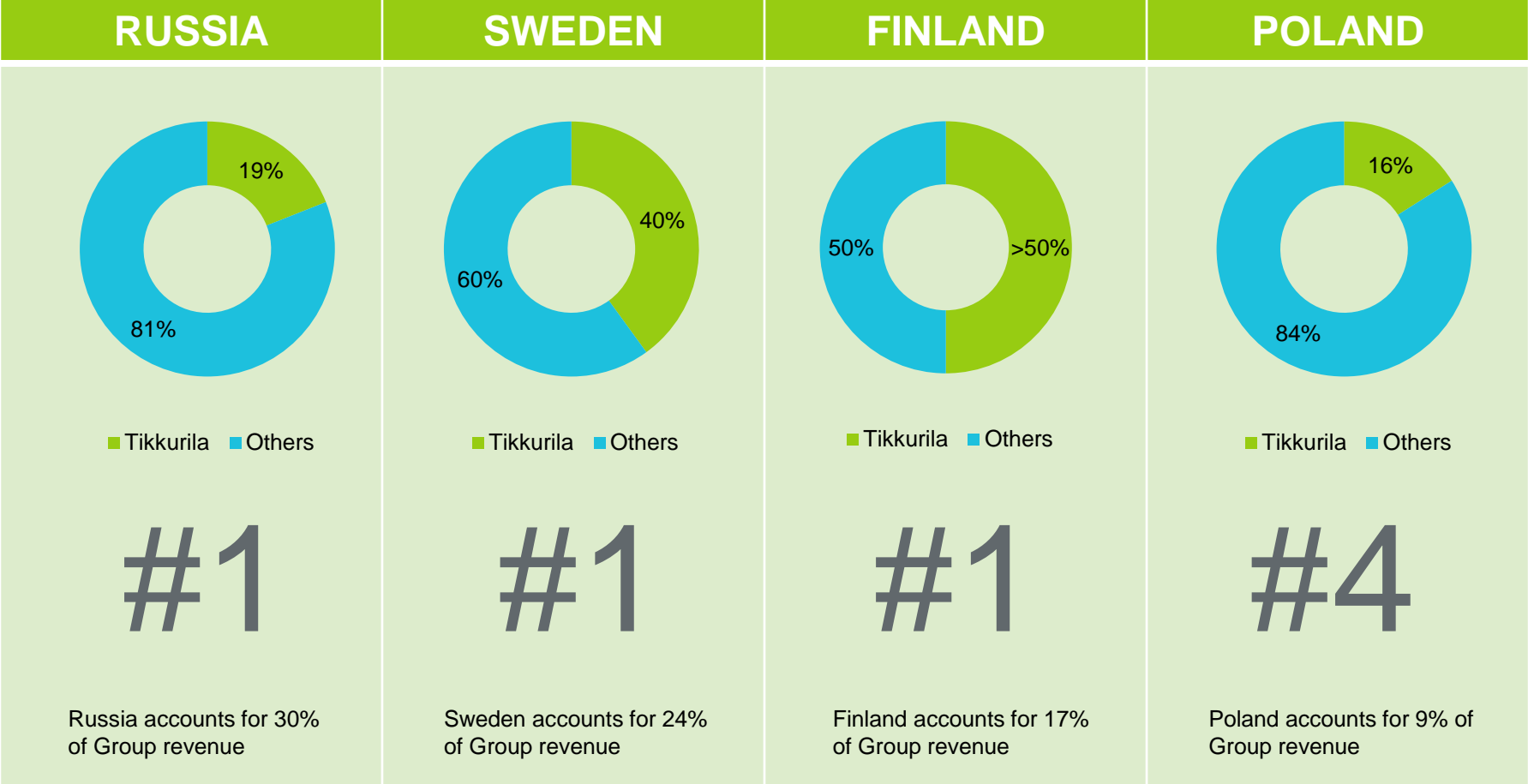


Strategy

Durable protection and sustainable beauty for built environments since 1862



Tikkurila market shares and positions in decorative paints in key markets in 2011



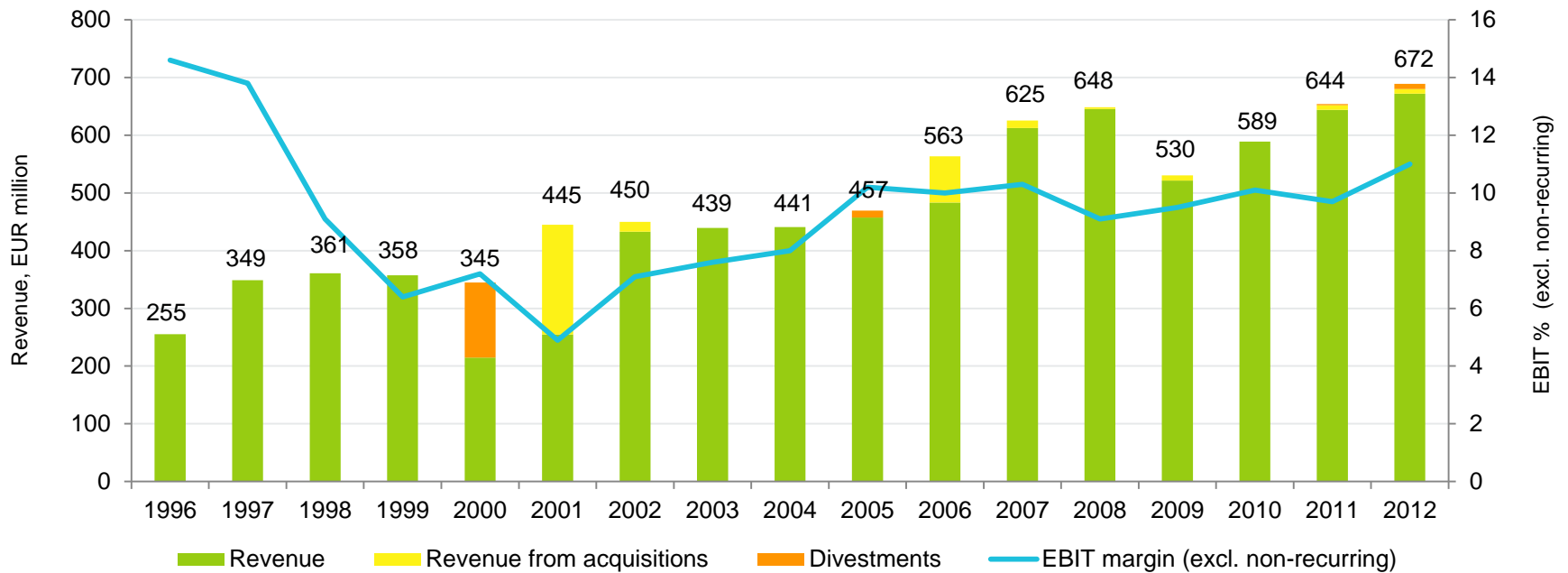
Source: Chem-Courier (Russia, volume), SVEFF (Sweden, value), Association of Finnish Paint Industry (Finland, value), IRP Research (Poland, volume)

Long term financial development

Development of sales and profitability 1996–2012

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 16)
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Tikkurila's strategy for 2012–2014

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



Focusing
Customers
Geographic area
Brands

Profitability
Resilience
Realignment
Agility

Growth
Organic
Well-targeted acquisitions

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.



**Tikkurila 2013–2015
Going for Growth**

Strategic focus areas in 2013



Paint consumption is still on a relatively low level in Russia

Europe
8–15 liters per capita



Russia
~6 liters per capita

Russian population

142.5 million people

* Source: paint consumption, IPPIC

Tikkurila is one of the most well-known brands in the St. Petersburg region



Financial targets for 2018

Growth

- Revenue EUR 1 billion

Profitability

- Operative EBIT margin over 12 percent

Return on capital

- Operative return on capital employed (ROCE) over 20 percent

Balance Sheet structure

- Gearing less than 70 percent

Tikkurila key strengths

LEADING MARKET POSITIONS IN KEY MARKETS

STRONG CASH FLOW GENERATION ABILITY

**INCREASING SHARE OF SALES IS DERIVED FROM EMERGING
MARKETS**

SOLID PERFORMANCE OVER BUSINESS CYCLE

PROFITABILITY EXCEEDS THE INDUSTRY AVERAGE

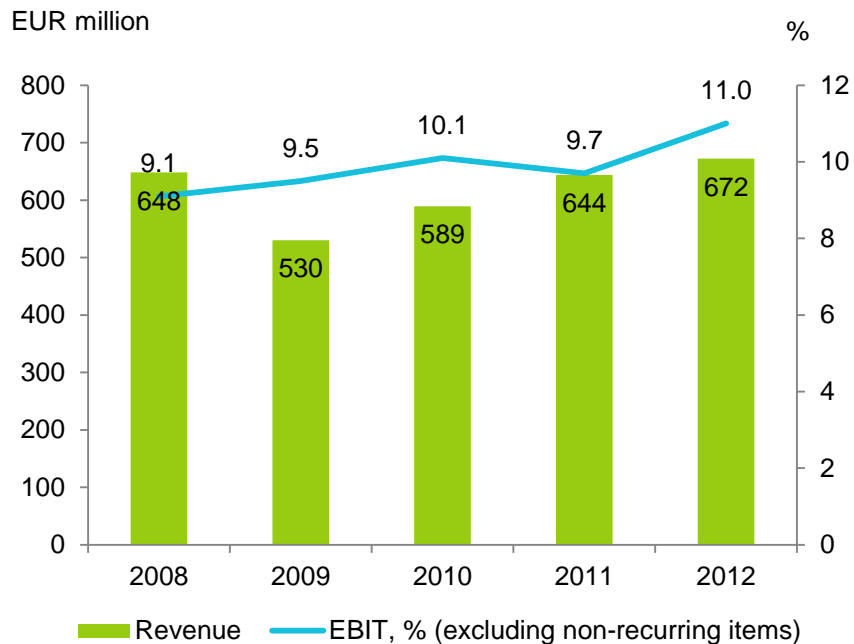
COMPETENT AND DIVERSIFIED MANAGEMENT TEAM

A photograph of a person's lower legs and feet. They are wearing blue denim jeans that are bunched at the ankles and bright green high-top sneakers with white laces and white soles. The person is standing on a dark, textured rock. The background is a soft-focus field of tall, golden-brown grass under a bright, hazy sky. The overall mood is casual and outdoorsy.

Outlook for 2013

Outlook for 2013

Revenue and profitability of Tikkurila 2008–2012



Outlook for 2013

Economic development in Europe is expected to be weak in 2013. The overall uncertainty and increasing unemployment are expected to have a negative impact on consumers' willingness to purchase and on the demand for Tikkurila's products. The GDPs in Tikkurila's key markets, in other words Russia, Sweden, Finland, and Poland, are estimated to grow an average of approximately two per cent in 2013. Raw material prices are estimated to remain stable or to decrease slightly.

Tikkurila expects its revenue and EBIT in euro excluding non-recurring items for the financial year 2013 to remain on 2012 level.

Sustainable beauty for 150 years



Thank you

