



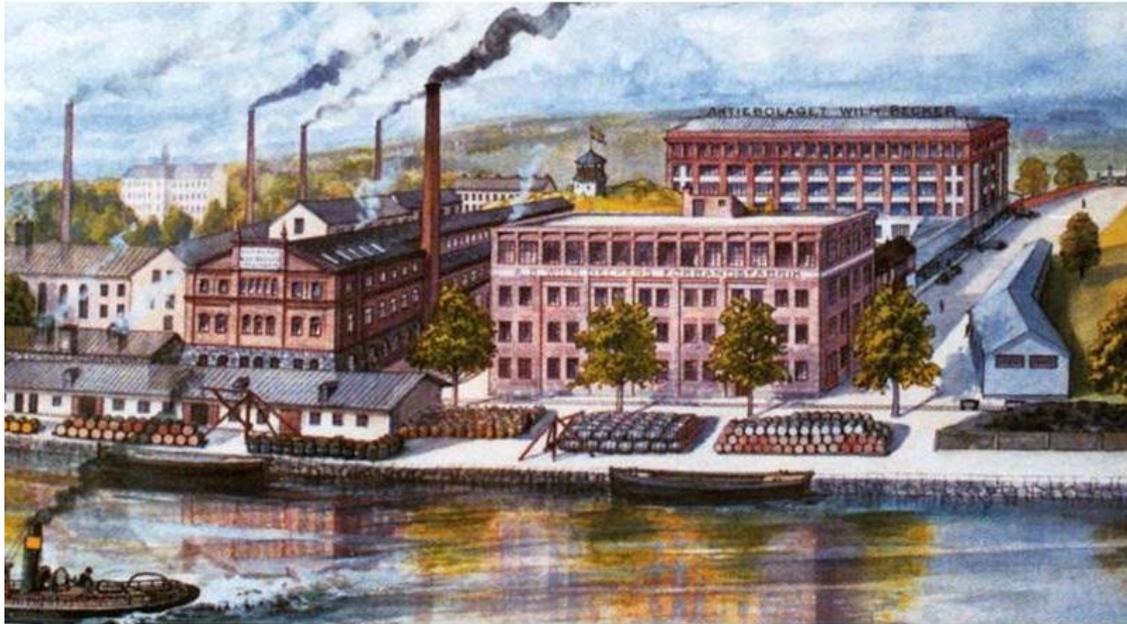
Capital Markets Day Scandinavian operations

Claes Mittjas, Area Director, Scandinavia

TIKKURILA

Our history in Scandinavia

Carl Wilhelm Becker established the Beckers company in 1865. Beckers merged with the paint division of Alfort & Cronholm in 1986 and Alcro-Beckers was formed.



Development in Scandinavia

- 1865** Beckers founded
- 1906** Alcro founded
- 1967** First Tikkurila subsidiary established in Sweden
- 2001** Acquisition of Alcro-Beckers
- 2002** Acquisition of Akzo Nobel's general industrial finishes business
- 2007** New production plant in Nykvarn
- 2008** New headquarters in Hammarby Sjöstad

Scandinavia in brief

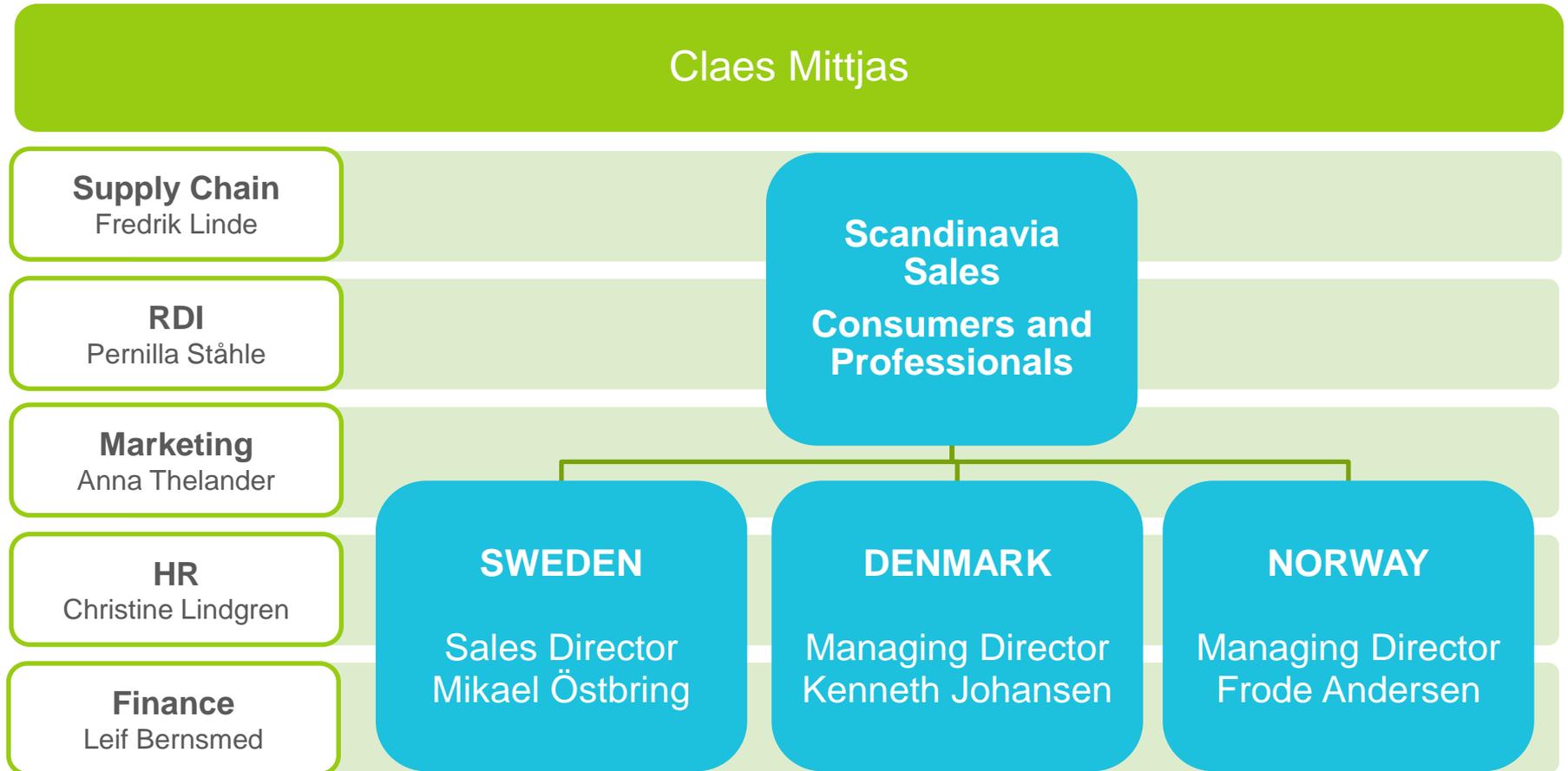
Key facts	
Operational area	Sweden, Norway, Denmark
2013 revenue	EUR 191.7 million, 29% of Group
2013 EBIT ¹	EUR 26.0 million, 34% of Group ²
Employees	400
Production sites	Nykvarn, Sweden
Production capacity	~ 28 million liters, 9% of group
Sales offices	Sweden, Norway, Denmark
Decorative paint brands	 For professionals and consumers in Sweden  For professionals and consumers in Sweden, Norway, and Denmark  For industrial customers in all Scandinavian markets
Other	25 own retail shops for professionals

Locations



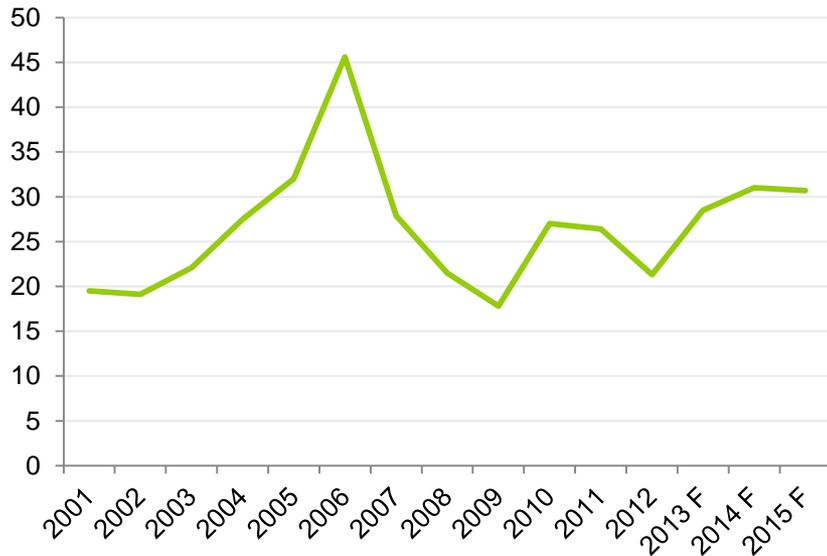
- 1 Excluding non-recurring items
- 2 Excluding group items

Scandinavian management team

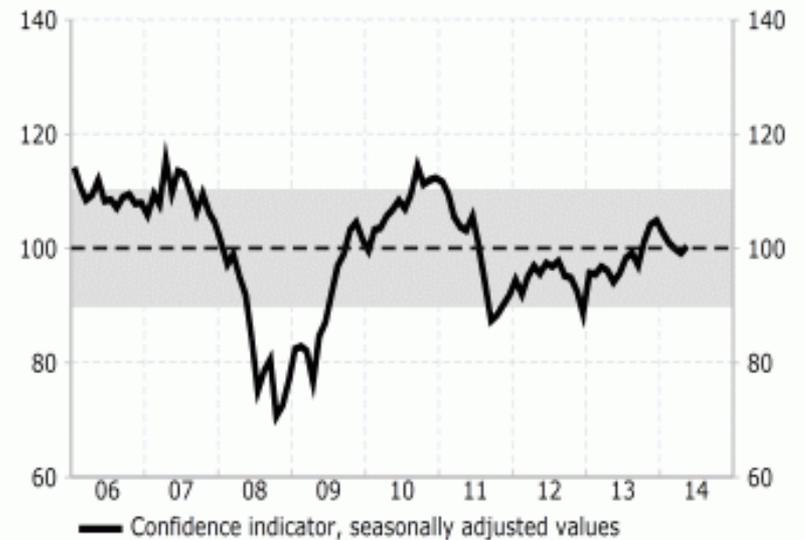


Positive signs in the Swedish macro environment

Number of housing starts
1,000



Consumer confidence indicator



- Improving economic situation and low interest rate level increase construction activity and housing demand

- Consumer confidence is at a normal level
- Positive trend in private consumption continued in Q1/2014

Scandinavian paint market

Facts about the Scandinavian paint market

Paint market

The value of the paint market approximately EUR 830 million
Consumption ~13 liters per capita
Market growth has been moderate for the last 10 years

Market characteristics

People are very interested in interior design and care a lot for their homes
Special climate with plenty of wooden buildings that require constant maintenance
Premium products are dominating the market
Professional painters account for more than 50% of total market
Traditional retail channels very strong, especially in Sweden

Change forces

Economic development (GDP)
Construction and housing market activity
Consumer confidence
Increasing importance of big boxes
Paint stores are not dependent on one supplier or brand
Share of private label/economy brands is growing
Focus on environmental issues
Increasing demand for buying professional services



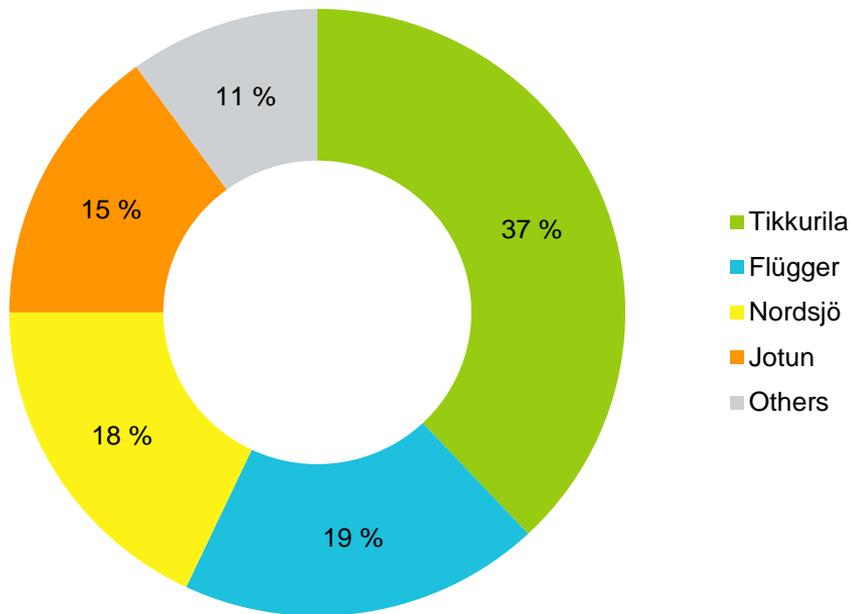
Tikkurila in Sweden



- In 2013, revenue in Sweden EUR 151 million and approximately 325 employees
- Our highly automated production site in Nykvarn, outside of Stockholm, is one of the most modern in Europe
- All paint produced in Nykvarn is water-borne

Swedish decorative paint market is consolidated

Market shares in the Swedish decorative paint market in 2013



Source: SVEFF 2014

- In decorative paints, the main competitors include Flügger, Akzo Nobel (Nordsjö), and Jotun
- Jotun is strong in Norway (70% market share) and Flügger in Denmark (30% market share)
- Jotun has gained some market share in recent years
- Mature market with quite low growth creates hard competition

Tikkurila in other Scandinavian markets

Tikkurila in Norway

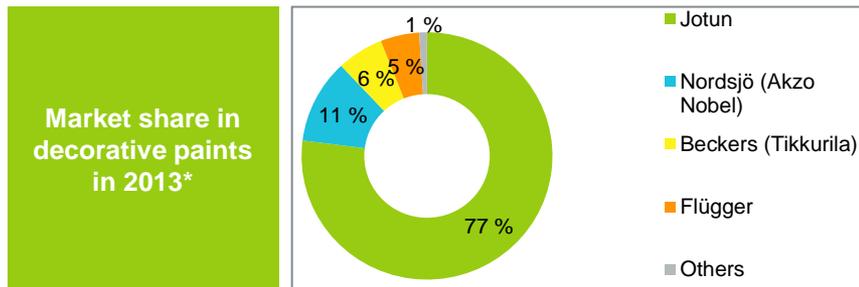
Managing Director	Frode Andersen 
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Sales offices	Main office in Oslo In addition, the sales reps have premises in own professional shops
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Employees	34
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Distribution	Mostly traditional distribution Seven own professional paint shops, the newest shop was opened in Rud (Oslo) in May 2014
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Decorative paint brands	 Beckers	For professionals and consumers
	 TIKKURILA	For industrial customers



Tikkurila in Denmark

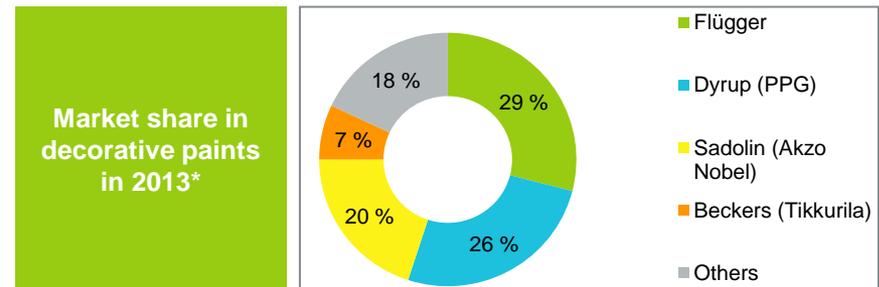
Managing Director	Kenneth Johansen 
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Sales offices	Main office in Copenhagen In addition, the sales reps have premises in own professional shops
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Employees	41
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Distribution	Mostly traditional distribution Nine own professional paint shops
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Decorative paint brands	 Beckers	For professionals and consumers
	 TIKKURILA	For industrial customers



Paint is sold mainly through traditional retail channels

- Traditional retail is dominating the Scandinavian market (~85% of Tikkurila sales in Sweden)
- Decorative paints are sold through retail chains (such as Colorama and Happy Homes in Sweden), independent retailers, big boxes, and professional shops
- Many decorative paint companies, such as Akzo Nobel and Flügger, have own retail network as well
- Industrial coatings are sold directly to the customers or through Temaspeed network (Tikkurila's concept)



Own professional shop concept will be developed



Pro Center

Loyalty program

Total offer

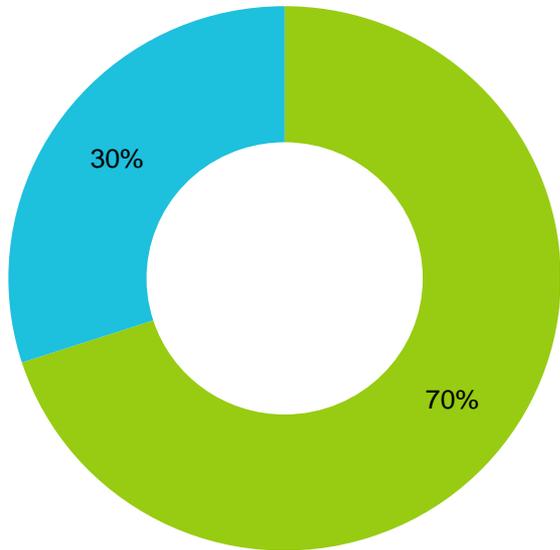
Store

Personnel



Traded goods are an important part of our product offering in our own shops

Traded goods account for approximately one third of sales in Scandinavia



■ Manufactured ■ Traded



- Tikkurila also sells and markets solutions produced by other manufacturers, such as painting tools

Our targets in Scandinavia

- Customers have a central role in our day-to-day work. Our customers should be the most satisfied in our business.
- We will be an environmental forerunner in our business. The environment will be taken into consideration in everything that we do.
- We strive for a sales growth every year that exceeds the average of the market.
- Our company culture should inspire all employees to outstanding achievements.
- Our financial result should be the highest within our industry in Scandinavia.



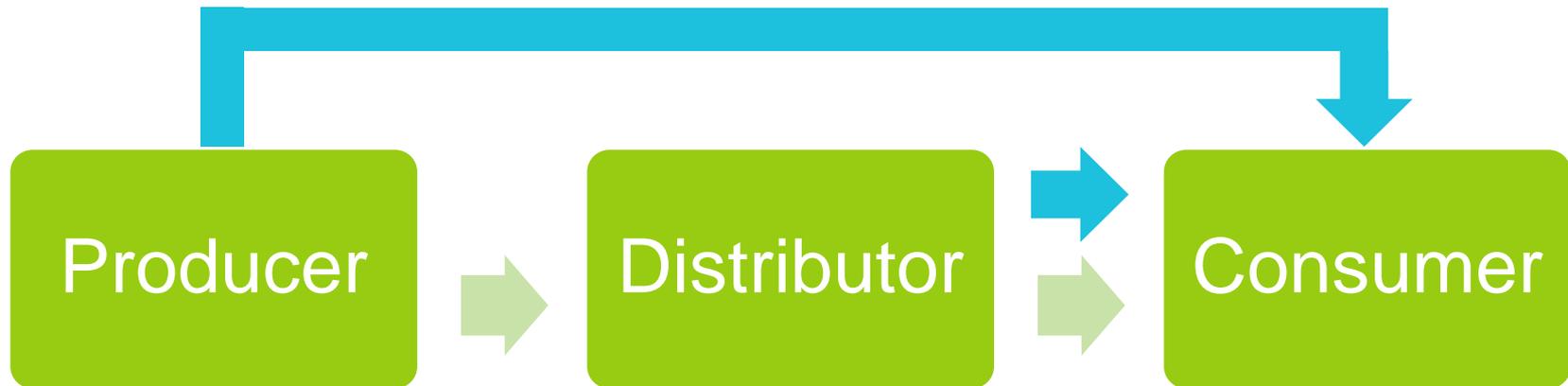
Tikkurila's Scandinavian management team members and other participants in the Beckers Day in 2014

Developing our operations in Scandinavia

- Optimizing product portfolio
- Developing digital solutions
- Introducing new retail concepts (e.g. in cooperation with Bauhaus)
- Expanding and renewing own retail network
- Increasing operational efficiency

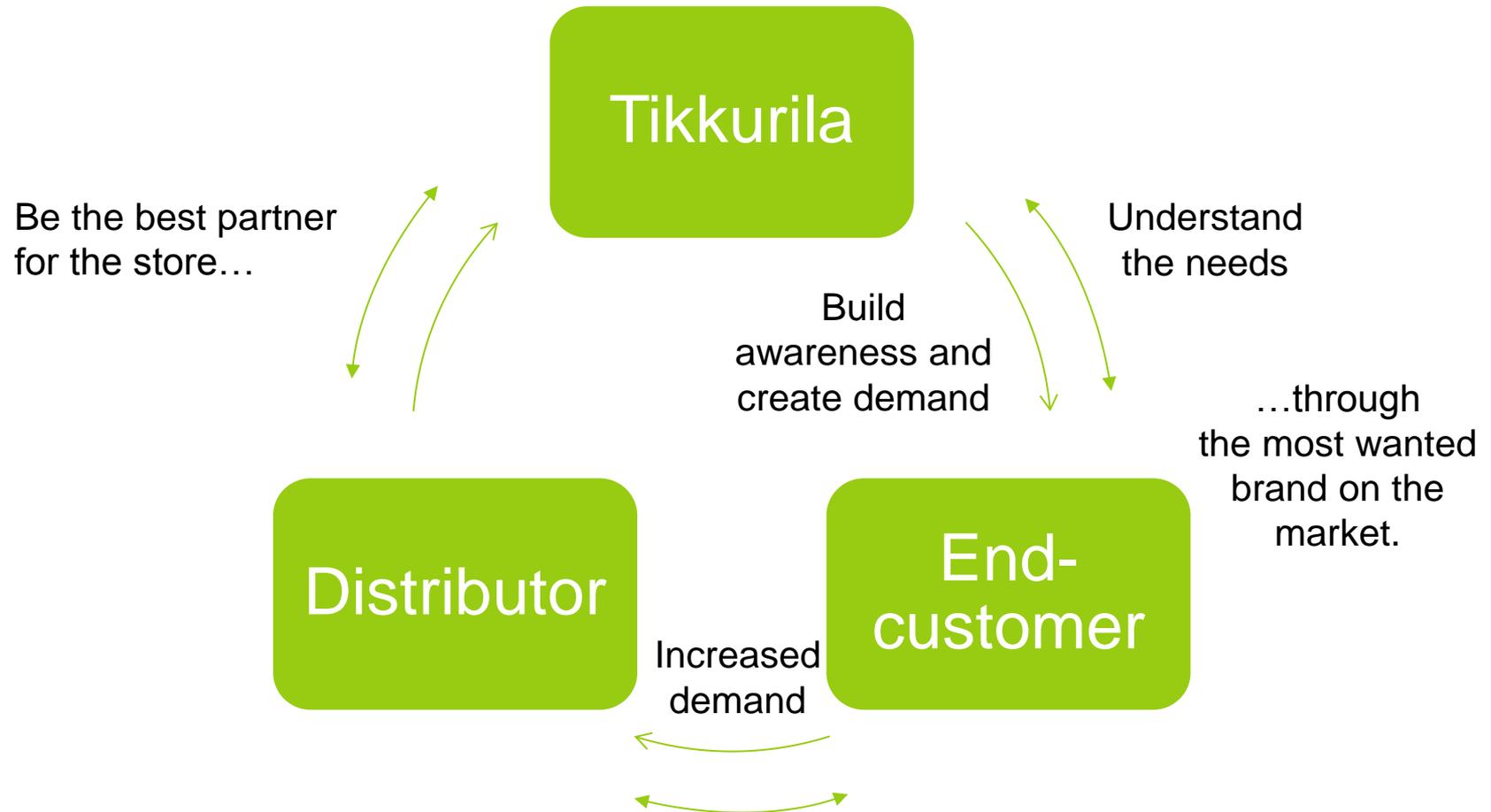


More focus on the end-customer



- Better understanding of the market
- Active brand positioning
- Continuous improvement and development

We are increasing our market awareness

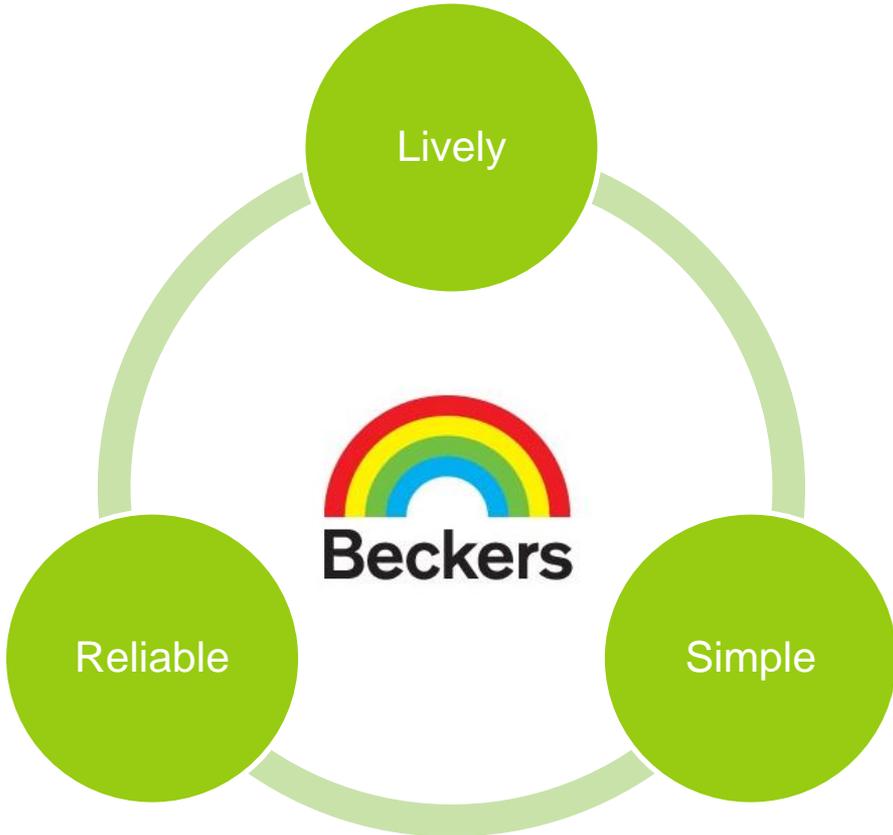


Environmental awareness is high in Scandinavia

- We want to be the leader in the environmental field, with an environmental commitment in all our activities.
- Our products are mainly manufactured in Nykvarn, in one of the most eco-adapted factories in Europe.
- We have more eco-labeled products than any other paint manufacturer in Europe.
- All products produced in Nykvarn are water-borne.



Core values of our brands





ALCRO



Nya Bestå.
Alcro älskar utomhus.

Scandinavian brand videos and advertisements



- Alcro Behind The Scenes:
<http://www.youtube.com/watch?v=gnY1YXc9kll>
- Alcro 60sek:
<http://www.youtube.com/watch?v=3HdWmdPyyzS>

- Beckers Behind The Scenes:
<http://www.youtube.com/watch?v=ZhVZzGYvT6I>
- Beckers 45sek:
<http://www.youtube.com/watch?v=uLOx1ib0bbk>

Q&A

