



Sustainable beauty since 1862

Erkki Järvinen, President and CEO

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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. Actual results may differ from the expectations and beliefs such statements contain.



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- Tikkurila in Russia
- Tikkurila as an investment



Tikkurila review

Tikkurila in brief

Our end-customers



Consumers Professionals Industry

#1

Market position in key markets* in decorative paints

50%

Balanced geographical presence between mature and emerging markets

Our goal is to provide the best user experience



More than 3,100 employees

Operations in 16 countries

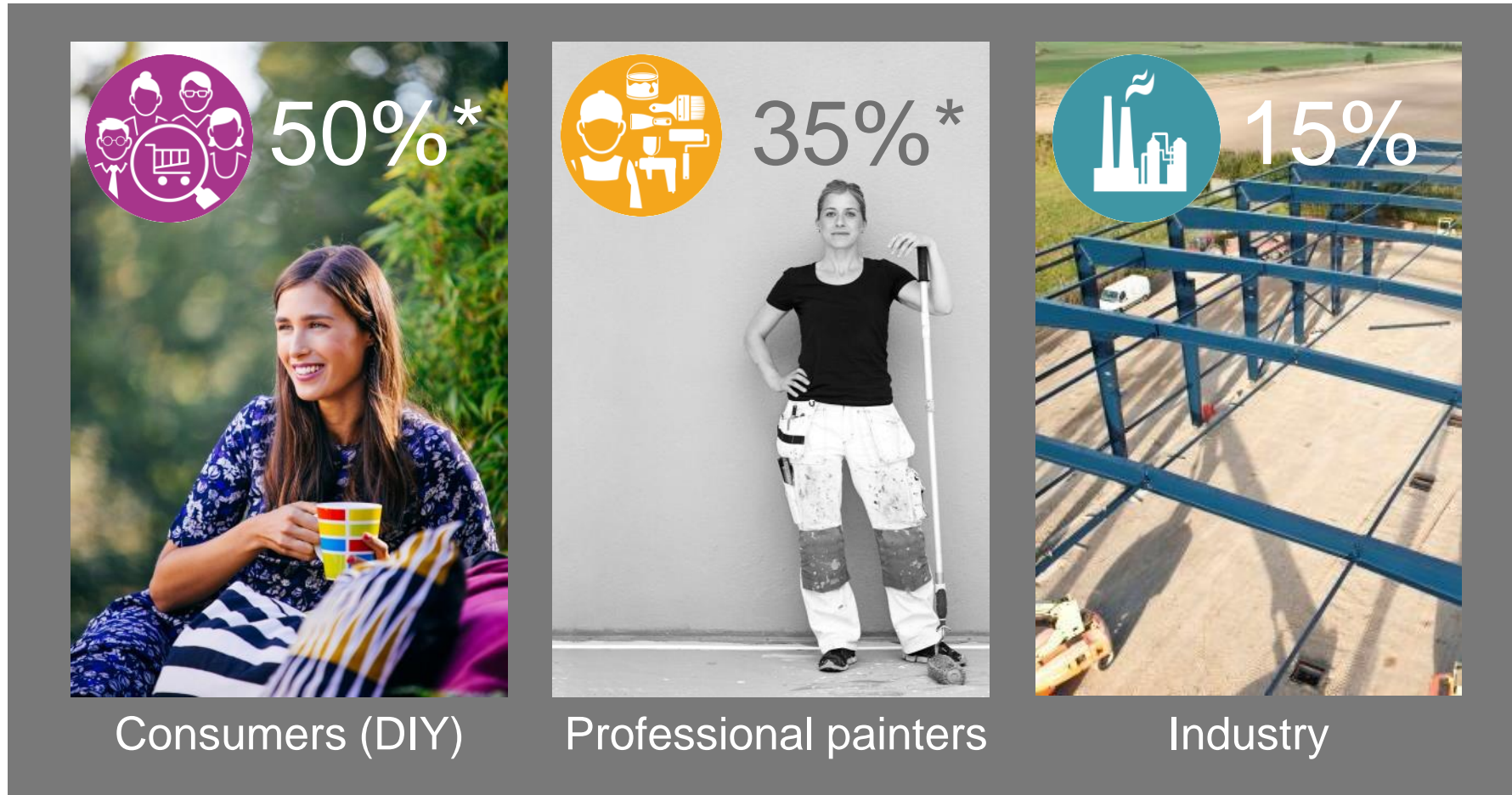
Production in 9 countries



*Russia, Sweden, Finland, the Baltic countries
Tikkurila is #4 in Poland



Our end-customers

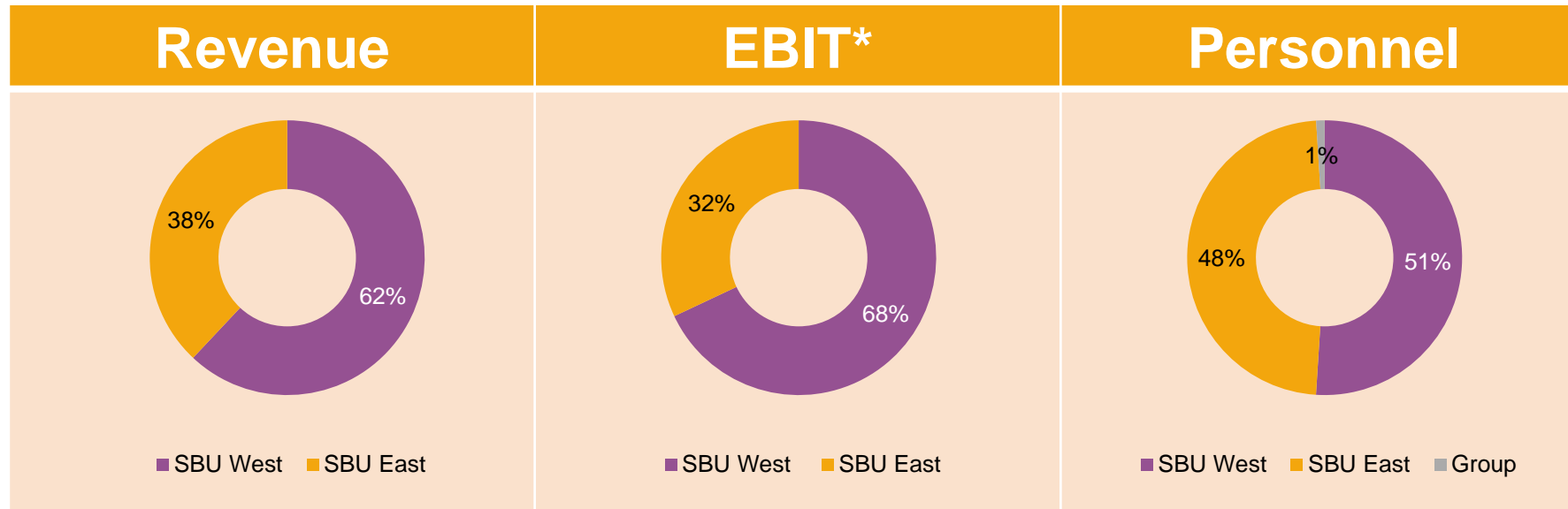


*Tikkurila estimate



Tikkurila 2014

Tikkurila is the leading paints and coatings professional in the Nordic region and Russia. With our roots in Finland, we now operate in 16 countries. Our high-quality products and extensive services ensure the best possible user experience in the market. Sustainable beauty since 1862.



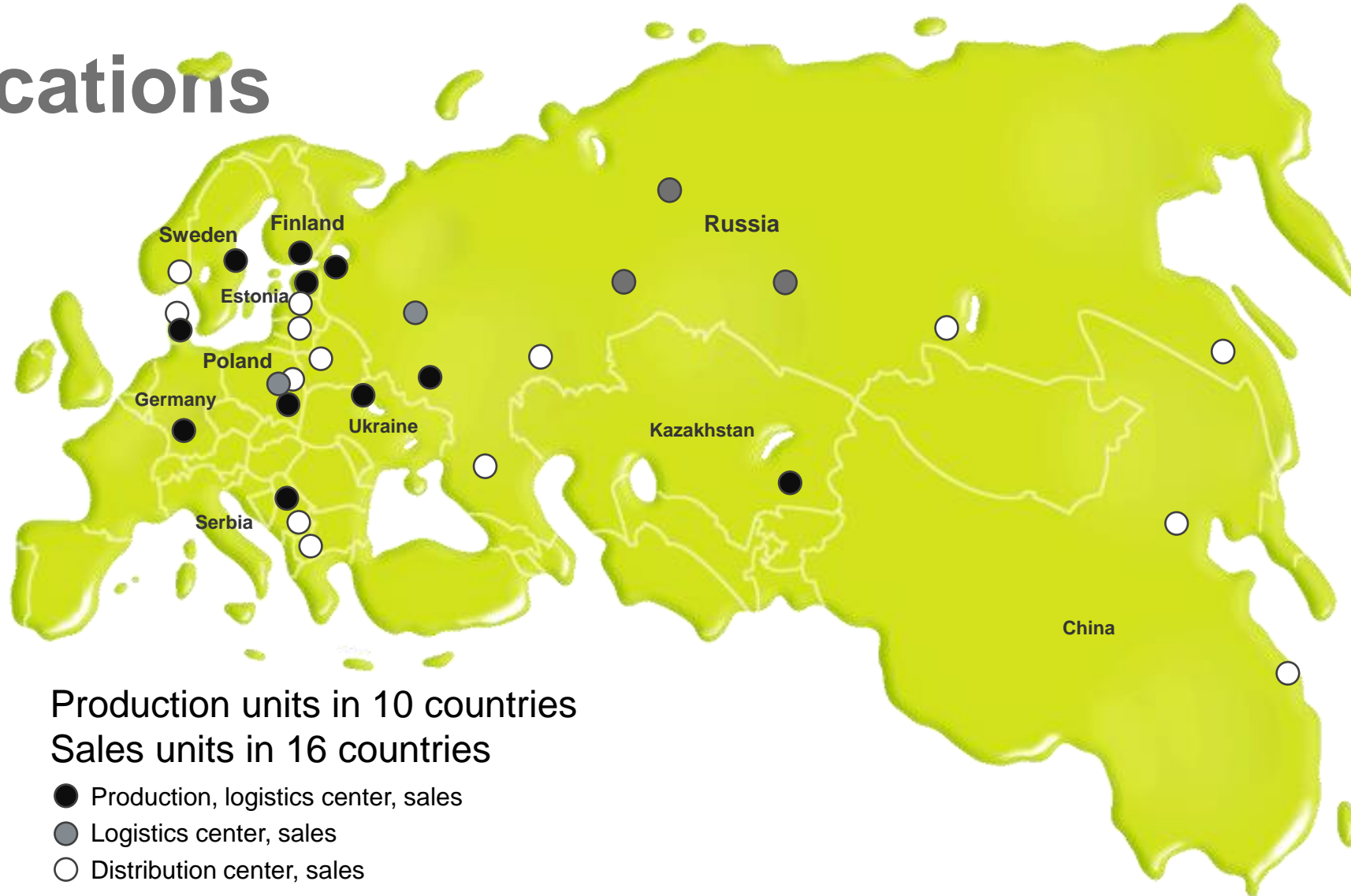
Revenue EUR 618 million

EBIT* EUR 64 million

Personnel 3,142

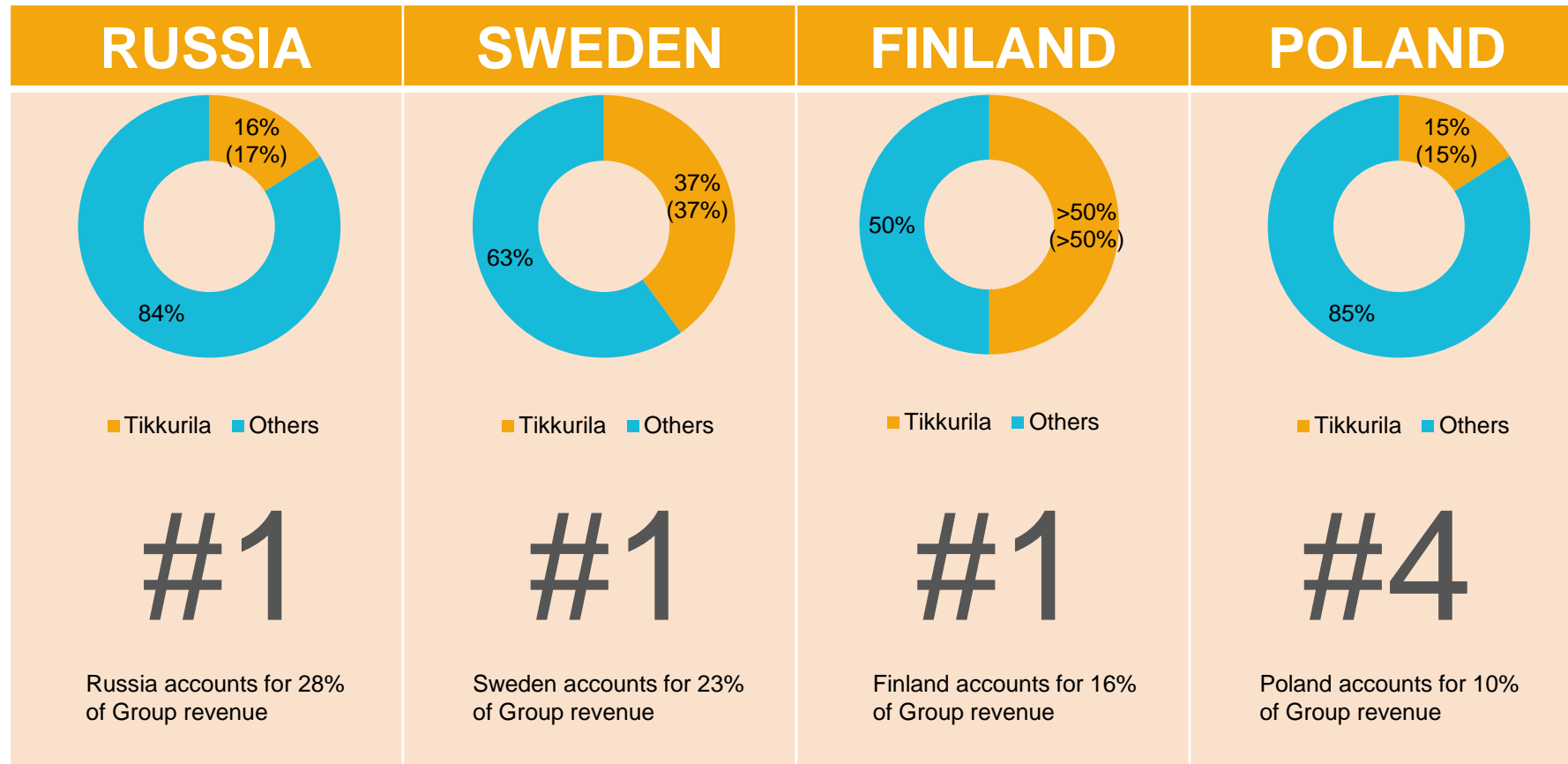
*Excl. non-recurring and Group items

Our locations





Tikkurila market shares and positions in decorative paints in key markets in 2014



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



Tikkurila Group structure

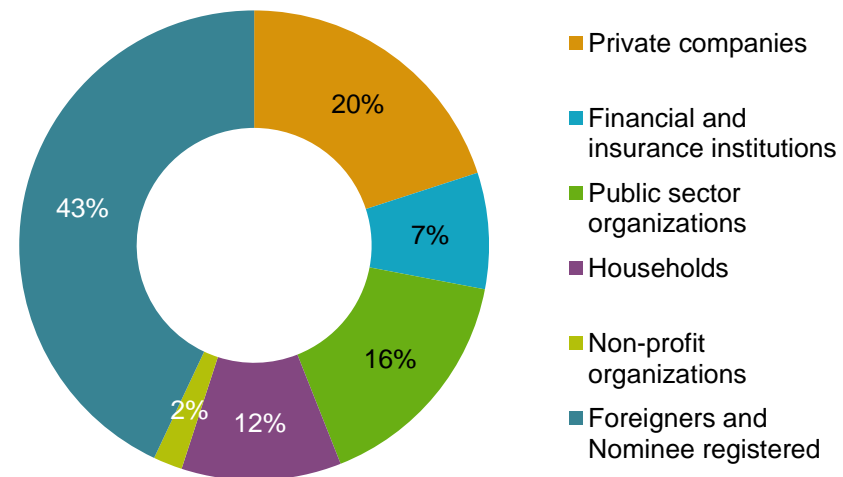


Tikkurila's reporting units: West and East.

Tikkurila's ownership at the end of March 2015

- Number of shareholders ~21,300
- Foreign ownership in Tikkurila has increased strongly
- Largest shareholders: Oras Invest Oy (18.1%), Ilmarinen (8.4%) and Varma (5.7%)
- 50 largest shareholders holding ~45%

Tikkurila's ownership structure on March 31, 2015





Tikkurila's strategy

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





Strong and well-established brands



Strategic international brands



Strategic regional or local brands

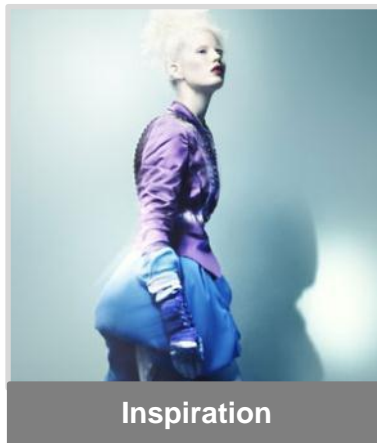


Tactical regional or local brands

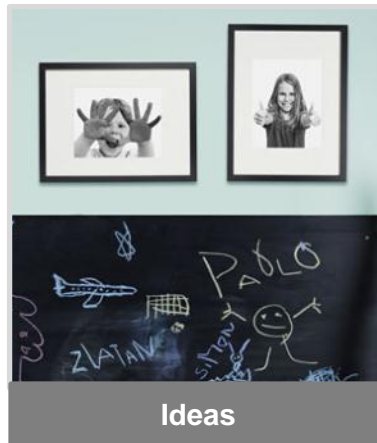




We help our customers to succeed in surface protection and decoration



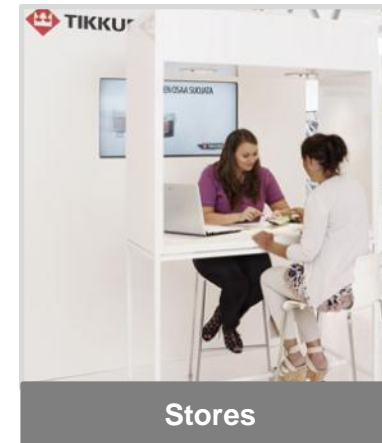
Inspiration



Ideas



Colors



Stores



Helpline



Internet



Training



Designer Pool
Contractor Pool



Professional
services

Trends affecting Tikkurila's business operations



On-going development projects

Products and services to the professionals



Online services and ecommerce



Resource efficiency



Excellence in energy-efficient solutions

- In 2014, Tikkurila acquired two companies specializing in functional products: KEFA Drytech AB and ISO Paint Nordic A/S.
- Acquisitions complemented Tikkurila's professional product range and expertise in functional, energy-efficient coating solutions.
- Products to prevent condensation and mold, to damp noise, and to reduce the amount of energy needed for heating or cooling of buildings, as well as to extend the life cycle of building structures.





Significant renewals and launches

Tikkurila brand renewal



New brand to Scandinavia



Wallpaper and paint collection, Duett


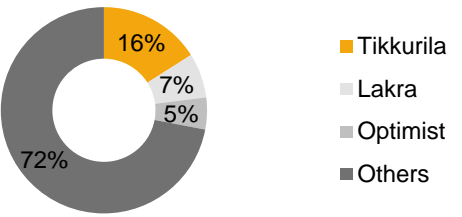




Tikkurila in Russia



Tikkurila in Russia

| | |
|--------------------------------------|--|
| 2014 revenue | EUR 176 million, 28% of Group |
| Brands |  |
| Production | <p>Production sites in St. Petersburg (3) and Stary Oskol</p> <p>Majority of the products sold in the area are produced locally, Tikkurila brand is also exported from Finland</p> |
| Raw materials | Approximately half of the raw materials used in the production in Russia is sourced from local suppliers |
| Retail | Tikkurila's products are sold in more than 5,000 retail outlets |
| Market position in decorative paints |  <p>Source: Chem-Courier, 2014 (volume)</p> |



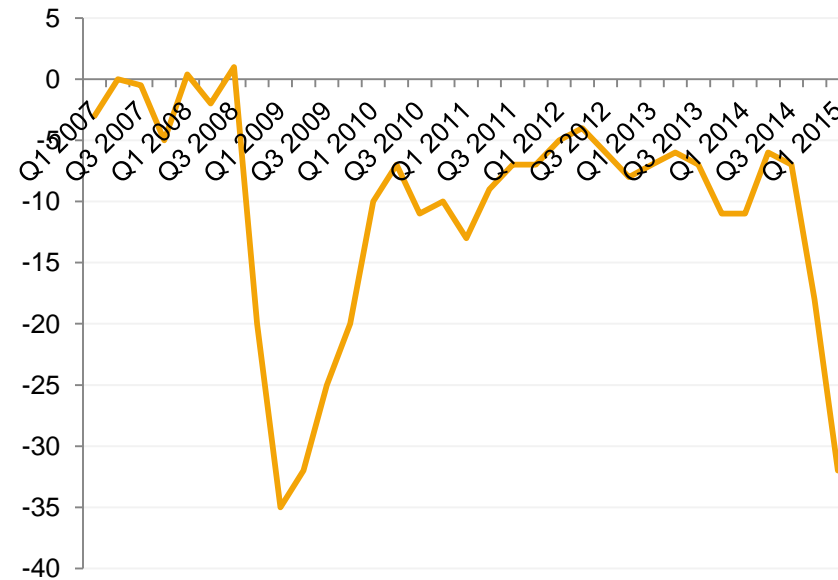
Outlook for Russia remains weak

EUR RUB exchange rate



- Russian ruble has been clearly strengthening in the spring from the situation at year-end

Russian consumer confidence

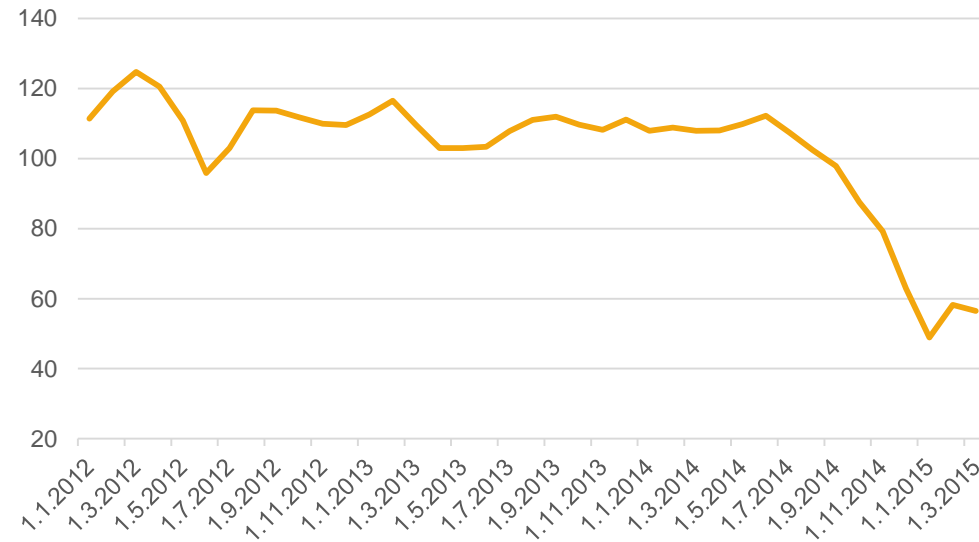


- Consumer confidence plummeted during the first quarter of the year

Impact of oil price changes on Tikkurila

- Changes in oil prices will have a delayed impact on many of the raw materials and packaging materials Tikkurila uses
- The drop in oil prices will reduce our raw material costs, but the lower costs will be partly offset by the stronger dollar
- Falling oil prices will have a significant negative impact on the ruble exchange rate and the Russian economy in particular, and with that, an overall adverse effect on Tikkurila's operations

Oil price development, USD



Business development operations will be continued in Russia

- Active sales and marketing activities
- Increased presence and shelf space
- Active pricing; sales prices were increased in early 2015 to compensate the weak ruble
- Development of the retail operations
- Growth will be sought actively also in other markets

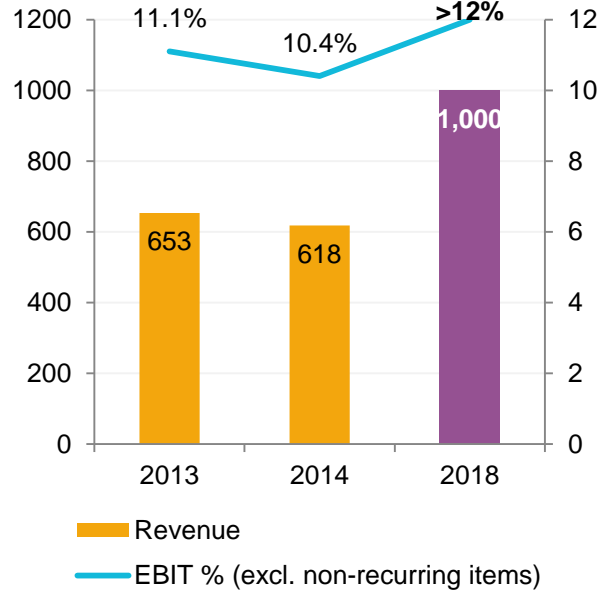




Tikkuria as an investment

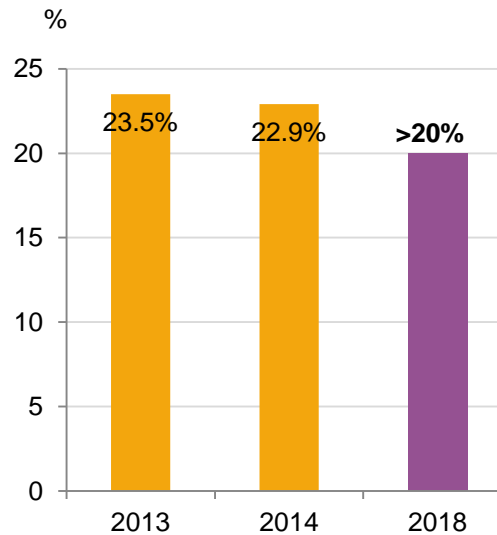
Financial targets for 2018

Revenue and operative EBIT %



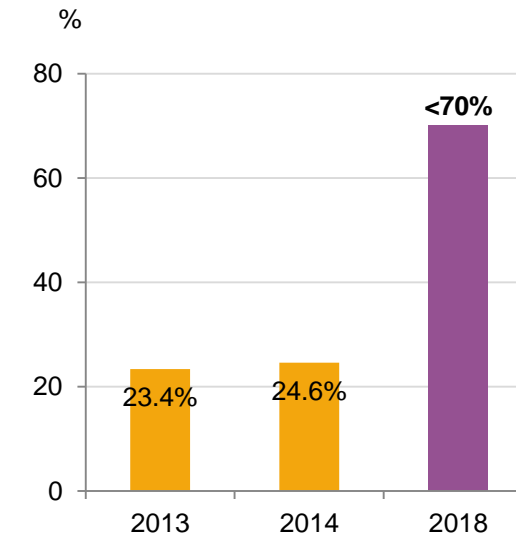
- Revenue of EUR 1 billion
- Operative EBIT >12%

ROCE



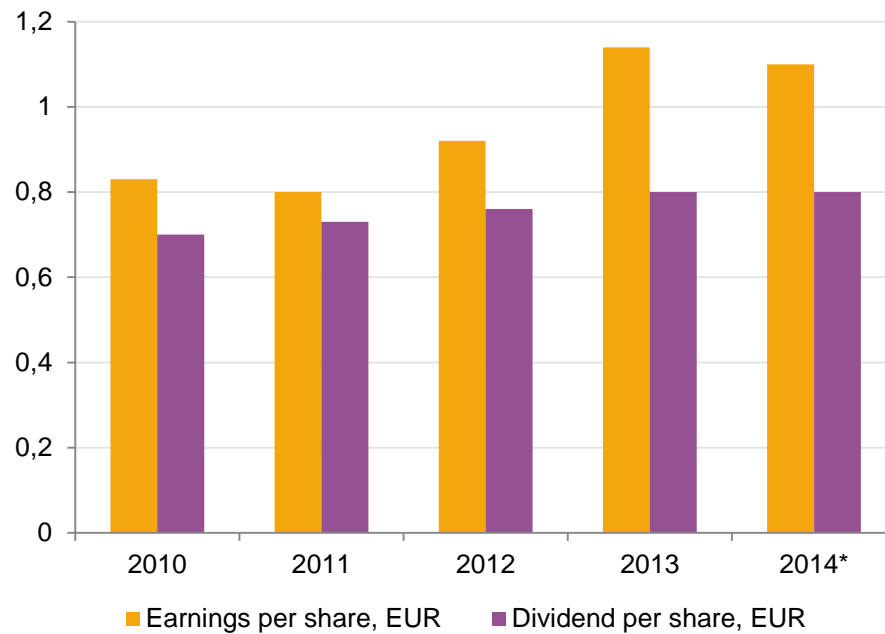
- Operative return on capital employed (ROCE) >20%

Gearing



- Gearing <70%

Stable dividend outflow



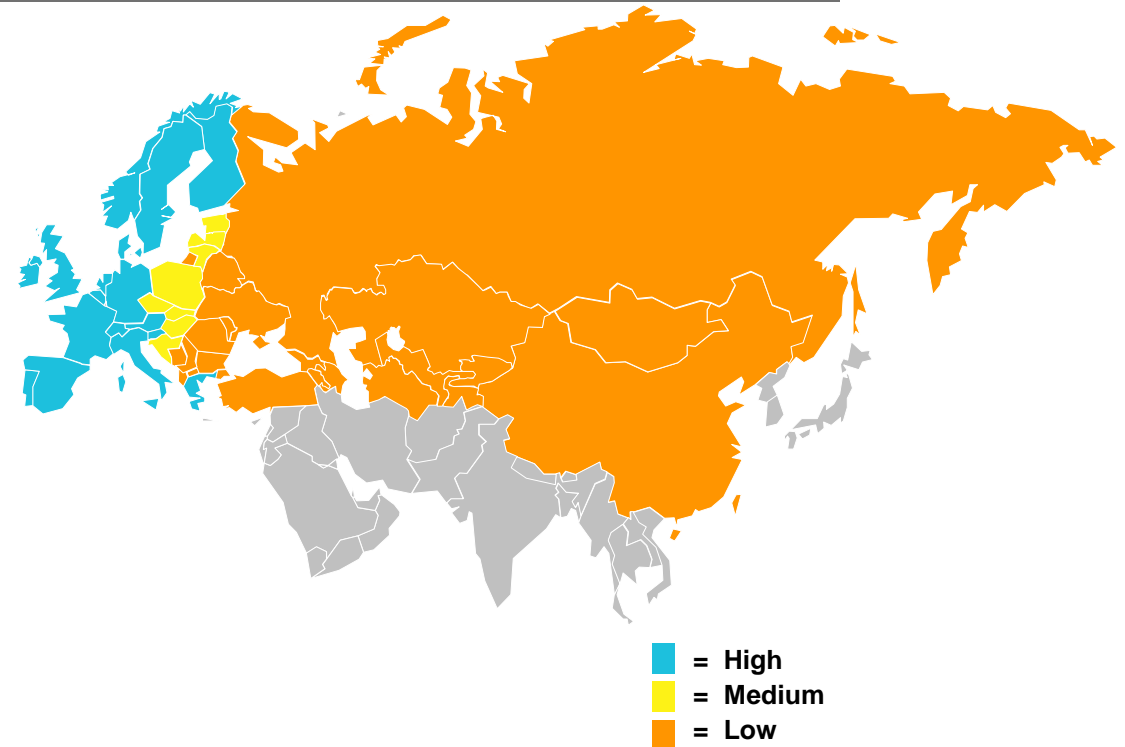
- Dividend policy: Target is to pay at least 40 % of annual operative net income as dividends
- Historical dividends have corresponded to approximately 70-90% of the operative net income

Paint consumption and demand structure

Factors impacting paint demand

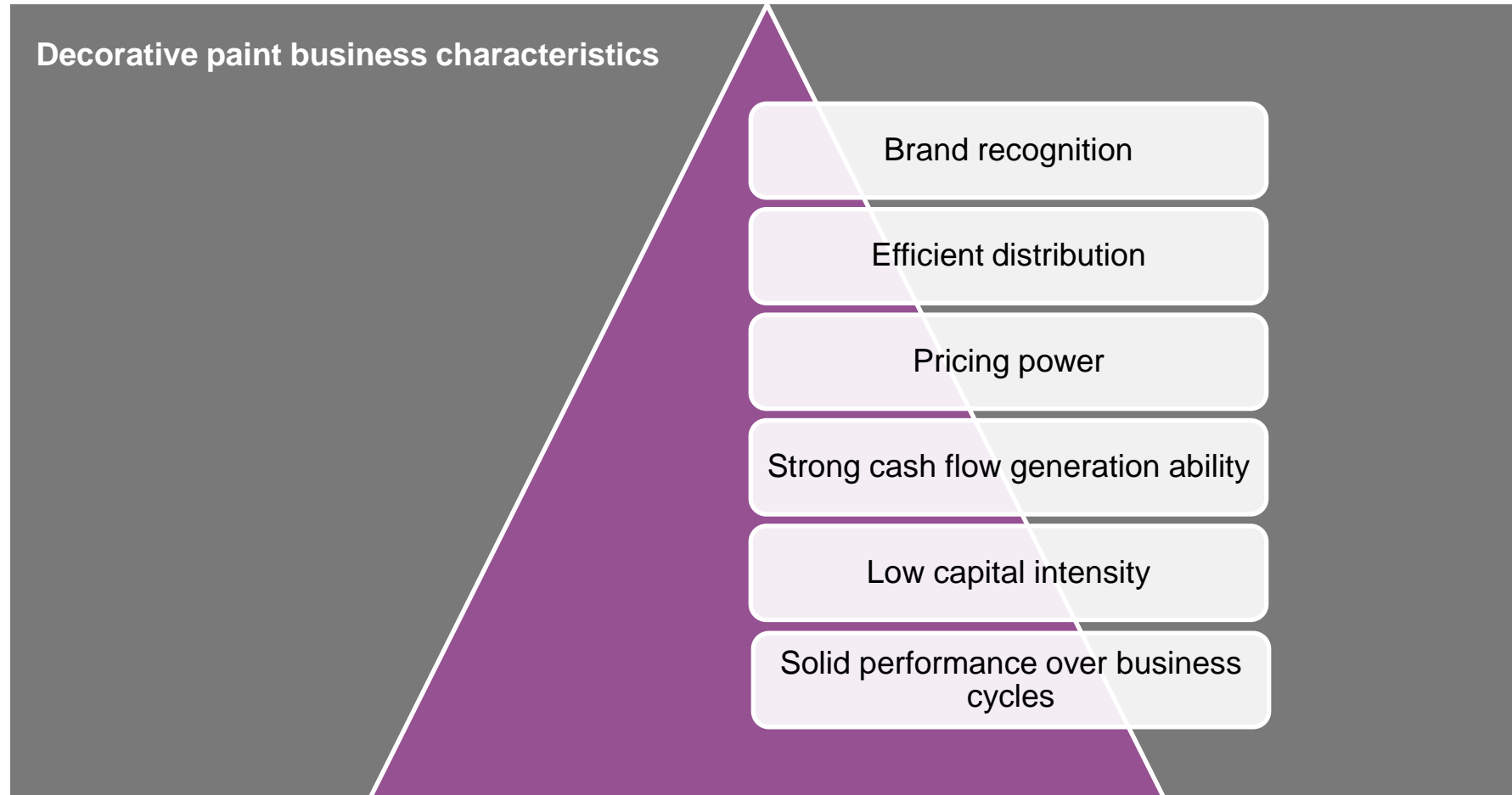
- Living standards
 - GDP development
 - Consumers' and companies' confidence
 - Level of activity in new construction, renovation and industry
 - Local habits and painting methods
 - Construction styles and available materials
 - Trends in interior decoration, colors etc.
 - Functional paints
- ➔ Markets in Western Europe mature, growth opportunities in areas with increasing income per household
 - ➔ Tikkurila has an established presence in areas with expected growth in consumption per capita and increasing demand for premium products

Estimated paint consumption per capita*



* Paint consumption source: Management estimates, IPPIC

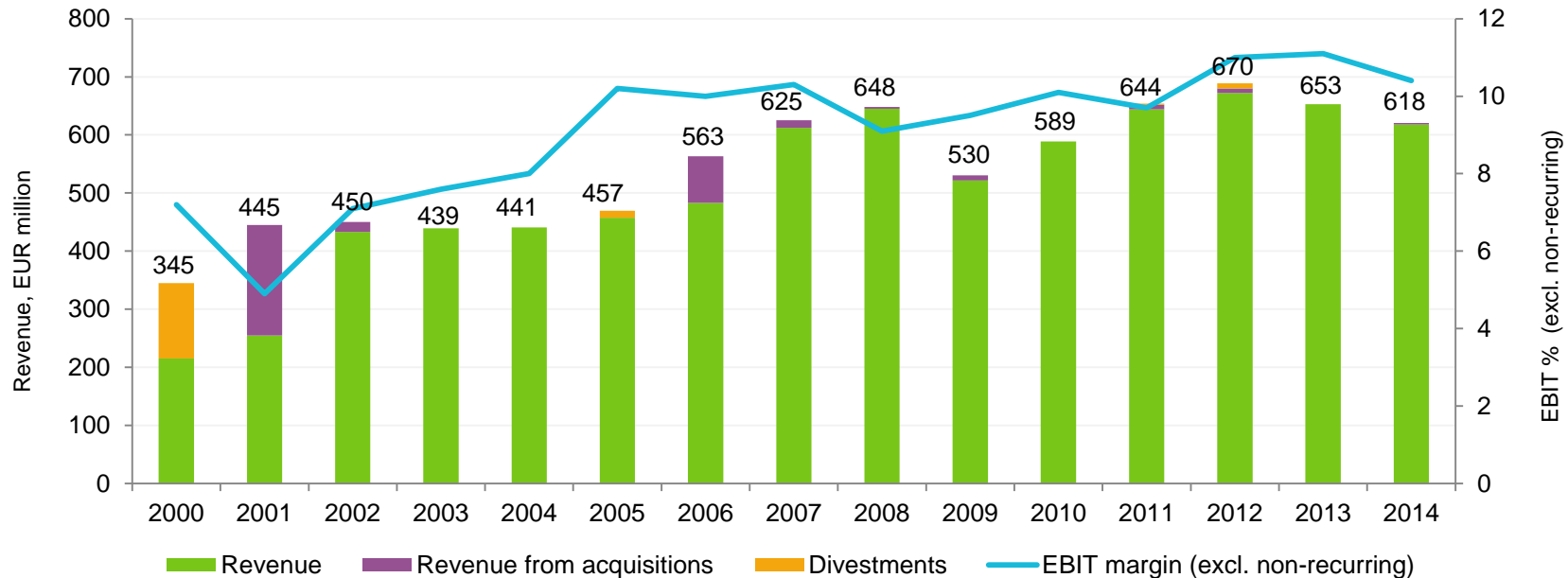
Market leader position enables solid business performance



Solid performance over business cycles

Development of sales and profitability 2000–2013

| 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) |





TIKKURILA

TIKKURILA INSPIRES YOU
TO COLOR YOUR LIFE.™