




TIKKURILA

Tikkurila in Poland Towards podium position

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Tikkurila Capital Markets Day in Poland on June 14 and 15, 2016

Tikkurila in Poland

2015 revenue	EUR 68 million 12% of Group revenue
Personnel	429 employees at year end (2015)
Production sites	Debica Production capacity ~20% of Group total
Brands	
History	<ul style="list-style-type: none"> 1982 Paint export to Poland started 1998 Joint venture established with a local partner 1998 Tikkurila acquires Baltcolor in Szczecin 1999 Alcro-Beckers increases ownership to 95% in Debica 2001 Tikkurila Oy acquires Alcro-Beckers Szczecin factory closed Debica production site and Jedyinka brand obtained through the Alcro-Beckers acquisition 2012 Industrial coatings operations were merged into Tikkurila Polska S.A. 2015 Restructuring of the logistic network



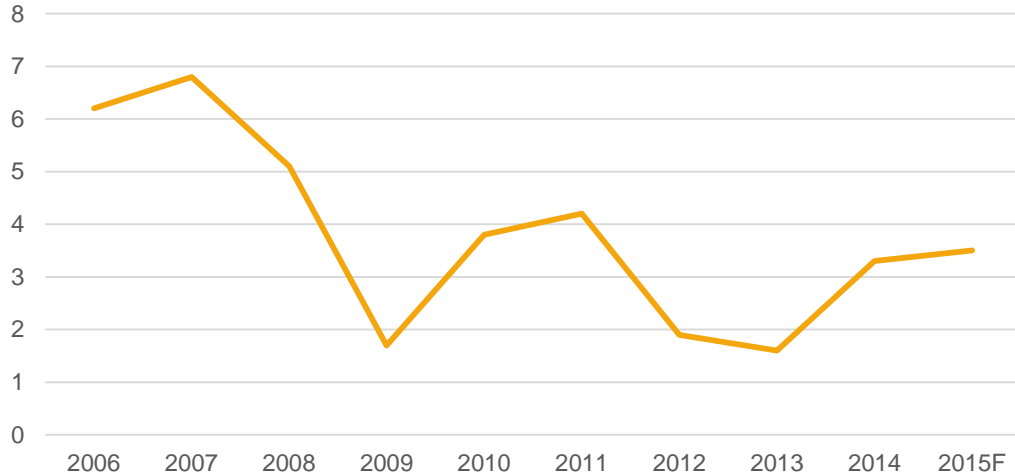
Tikkurila's site in Debica, Poland



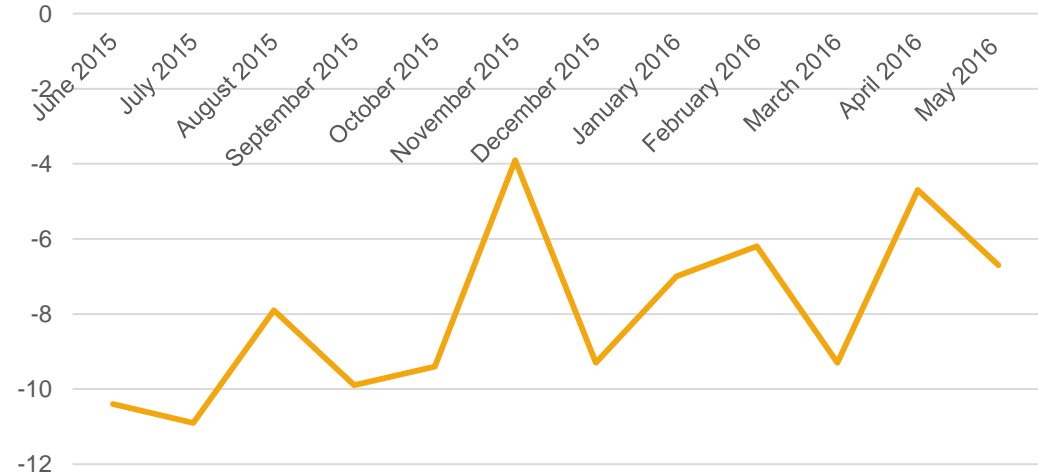
- Water-borne and solvent-borne products for consumers, professionals and the industry
- Resin production for both internal and external use
- Modern RDI center

Strong development of the Polish economy is expected to continue in the coming years despite the political situation

GDP development, change %



Consumer confidence



Actual	Previous	Highest	Lowest	Dates
-6.70	-4.70	-3.20	-39.70	2000 - 2016

Source: Several sources, trading economics

Slight headwind from the exchange rate

PLN vs. EUR exchange rate



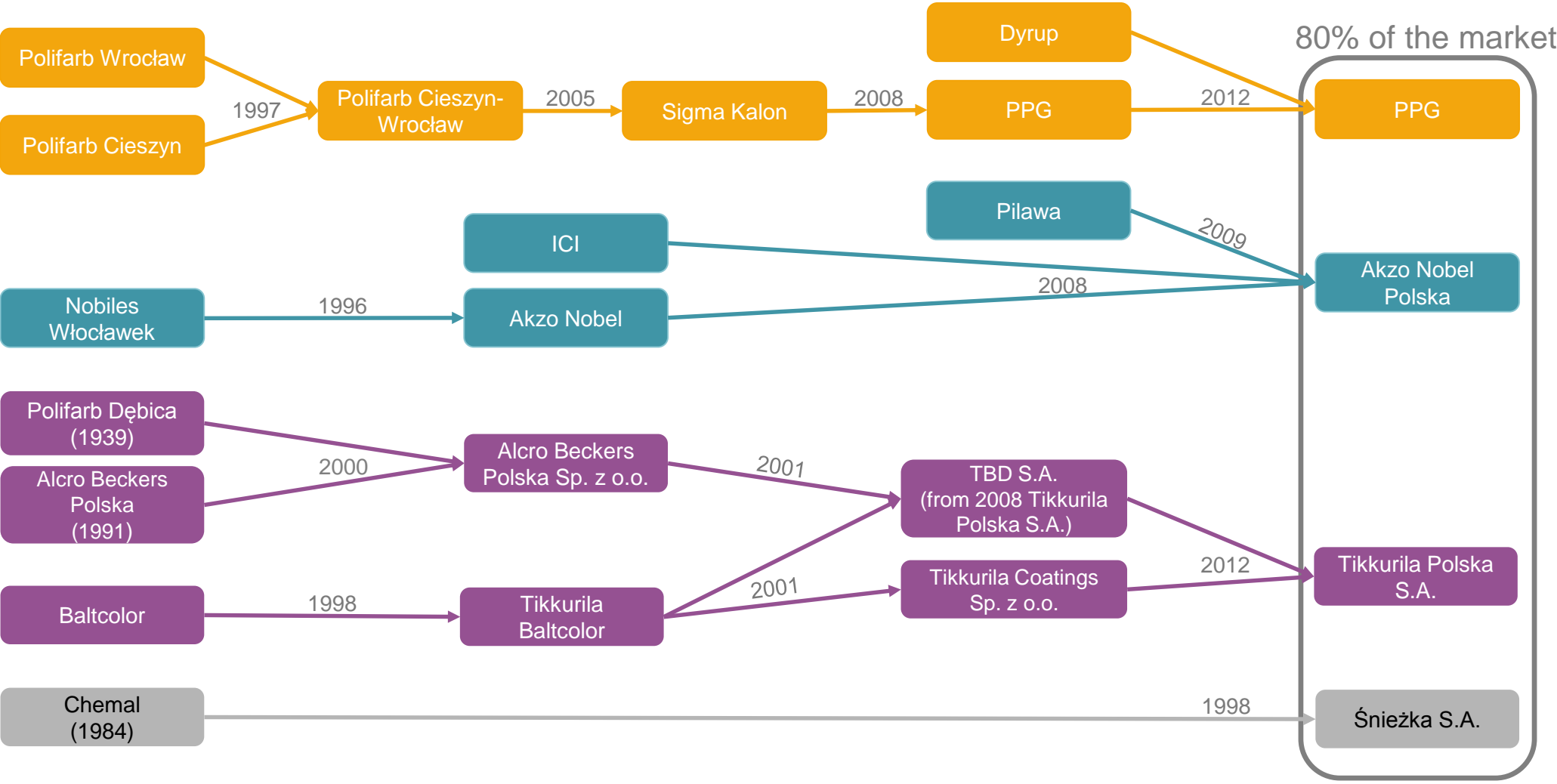
- Polish zloty (PLN) has weakened against the euro during the past year
- Slight strengthening during the past month

Polish paint market is median in terms of consumption and quality but the market is trading up

Paint market in Poland	
Population	38.4 million
Decorative paint market	EUR 560 million
Paint consumption	10 liters per capita (deco + industry)
Paint market growth	Volume +6% (2015 vs. 2010) Value +15% (2015 vs. 2010)
Price level	Average liter price 2.1 €/l (2015)
Current demand structure	Economy and medium segments dominating, premium segment expected to grow fastest Private labels are growing in Big Boxes, current market share >5%
Competition	Almost all major players from east and west present Four biggest paint producers account for almost 80% of the total decorative paint market



Key decorative paint players in Poland



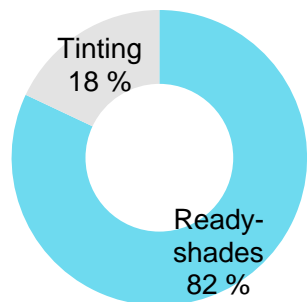
Polish decorative paint market is crowded

According to Tikkurila's estimation, there are more than 70 decorative paint brands on Polish market. Some of them are provided on the chart below:

	PPG	AKZO/ ICI	ŚNIEŻKA	TIKKURILA	Others
White & ready shades	Dekoral Sigma Drewnochron Domalux Dekoral Professional Bondex* Cieszynka Malfarb Dyrup*	Dulux Nobiles Sadolin Hammerite Nobiles Pro Sikkens	Śnieżka Magnat Vidaron Senseo Foveo Beston Professional	Tikkurila Beckers Jedynka Polifarb Dębica	Caparol Alpina Bolix Fox Deco Altax Private Labels: Luxens Colours Primacol Unicel
Tinting segment	Dekoral Sigma Malfarb Dyrup* *merge with Dyrup in 2012	Dulux Sikkens	Śnieżka Magnat	Tikkurila Beckers Jedynka	Benjamin Moore Flugger Kabe Caparol Alpina Teknos Para Jeger Bolix

Source: Public information

Segmentation of the Polish decorative paint market by paint type



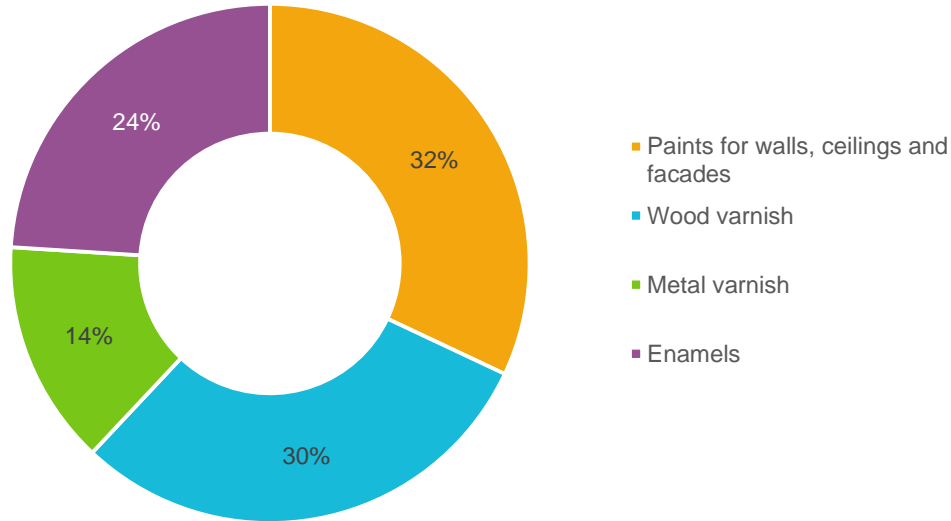
- Ready-shades constitute a majority of the category (including white paints)
- Tinting accounts only for small part of the market and is concentrated on premium/super-premium

%	Scandinavia	Russia	Finland	Poland	Estonia	Latvia	Lithuania	Export
TINTING	35	50	70	18	70	75	40	25
READY SHADES	5	20	10	44	15	7	50	70
WHITE PAINTS	60	30	10*	38	15	18	10	5
Comments	WP - incl. off-white shades		* (+10% colourless)					

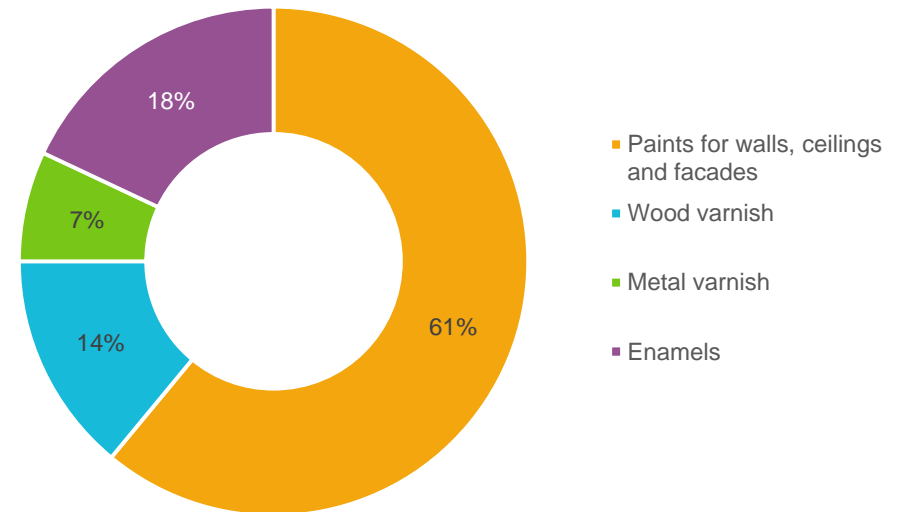
Source: PMR research report and internal data

Segmentation of the Polish decorative paint market by application surface

Category split in value



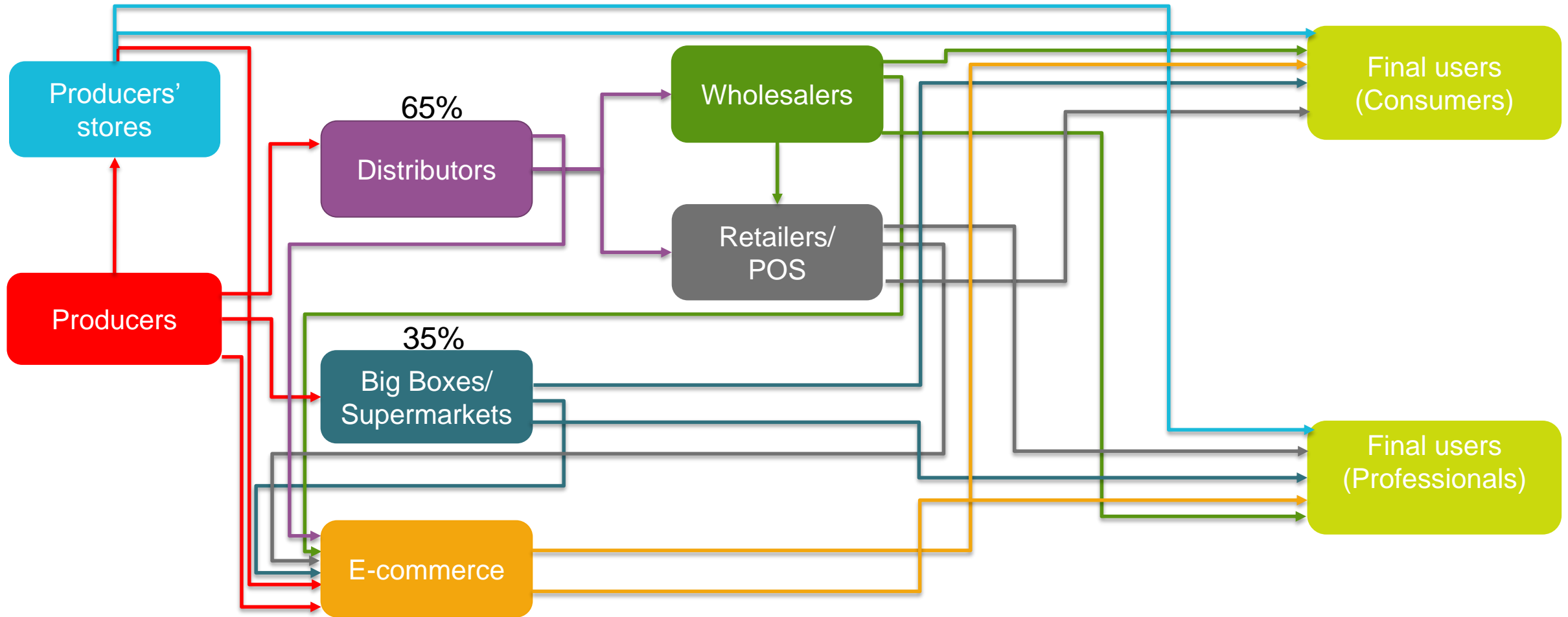
Category split in volume



- Paints for walls (interior and exterior) and ceilings is the biggest segment, particularly in volume terms. The share of white paints and economy/medium brands is high

Source: IBP research 2015

Complexity of decorative paint distribution



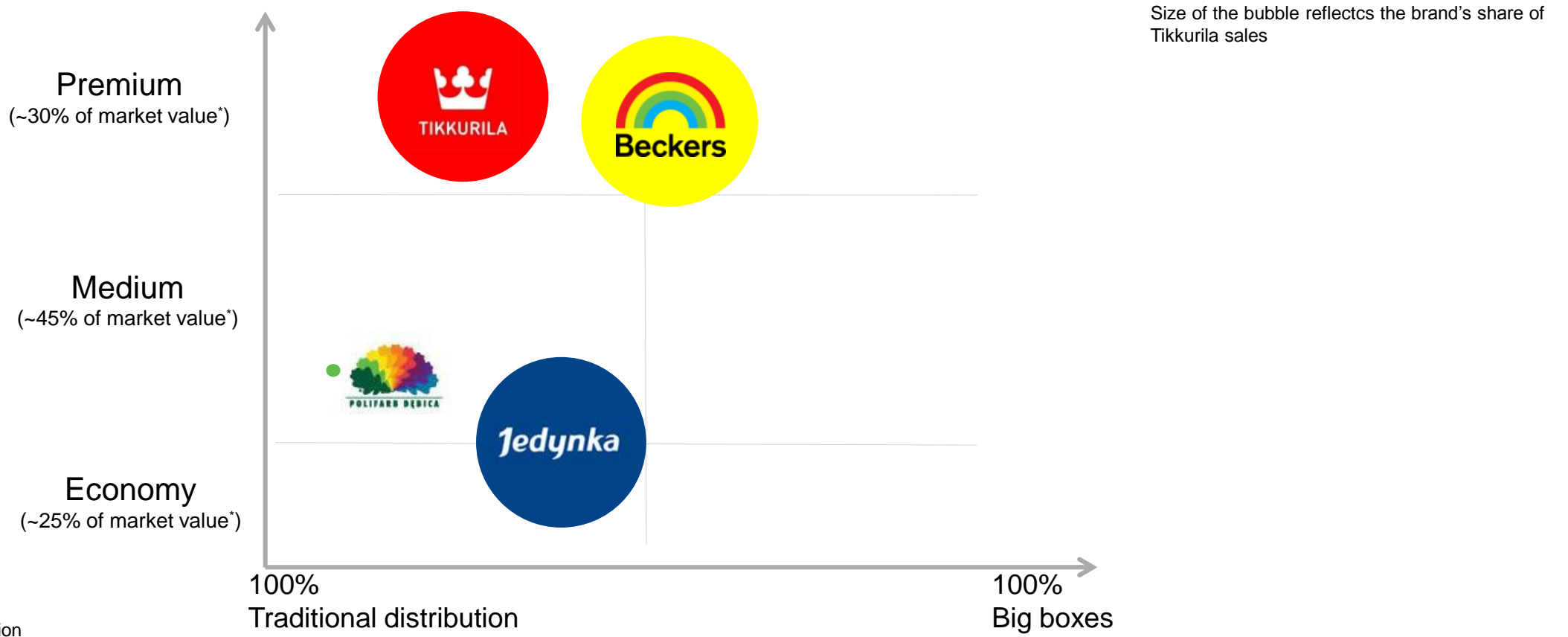
Focus areas for Tikkurila's commercial activities

- Point of sales management
 - Optimizing the amount of point of sales
 - Securing the availability of products and marketing materials in the shops, stimulating shoppers with attractive product displays
- Professional painters and influencers
 - Further increasing the brand awareness and recommendation
 - Deeper integration and cooperation
- Focus on premium brands
 - Quality promotion
 - Sustainability approach





Positioning and distribution patterns of Tikkurila brands



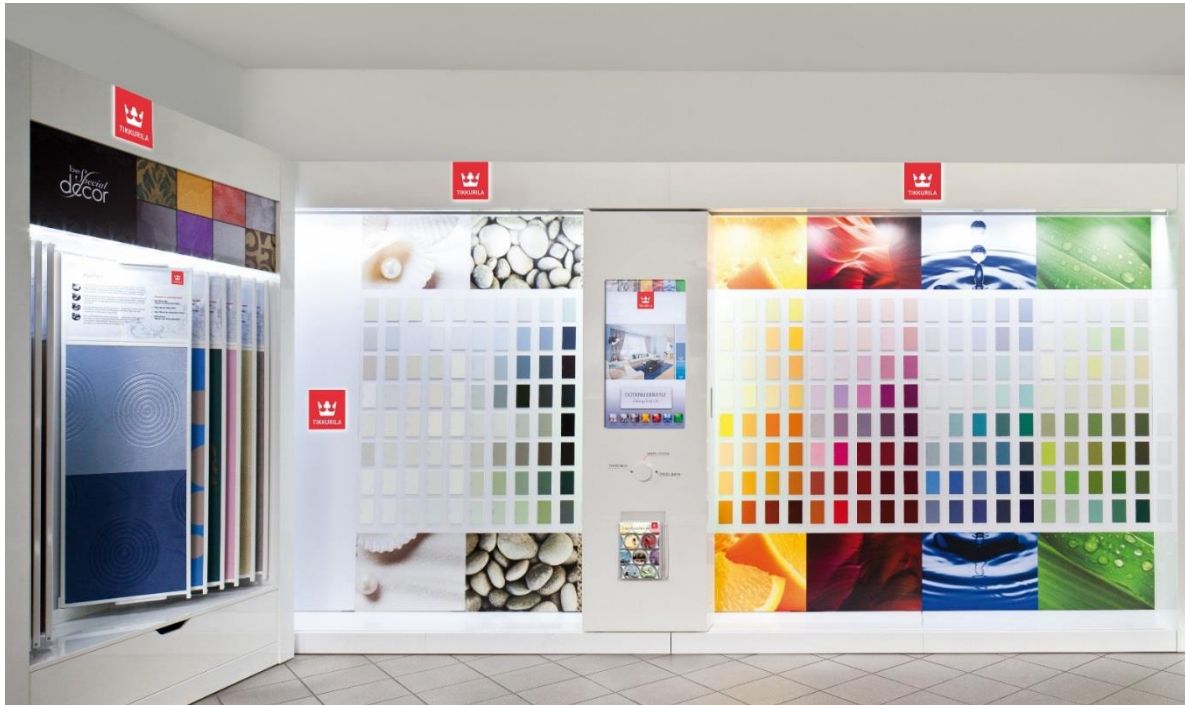
*Tikkurila's estimation

Tikkurila's presence is increasing rapidly

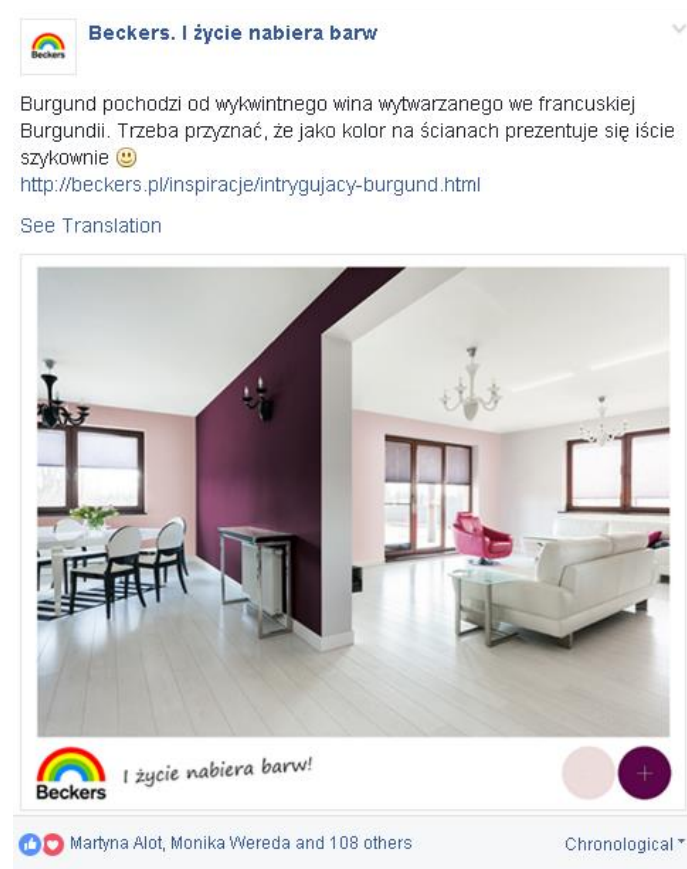
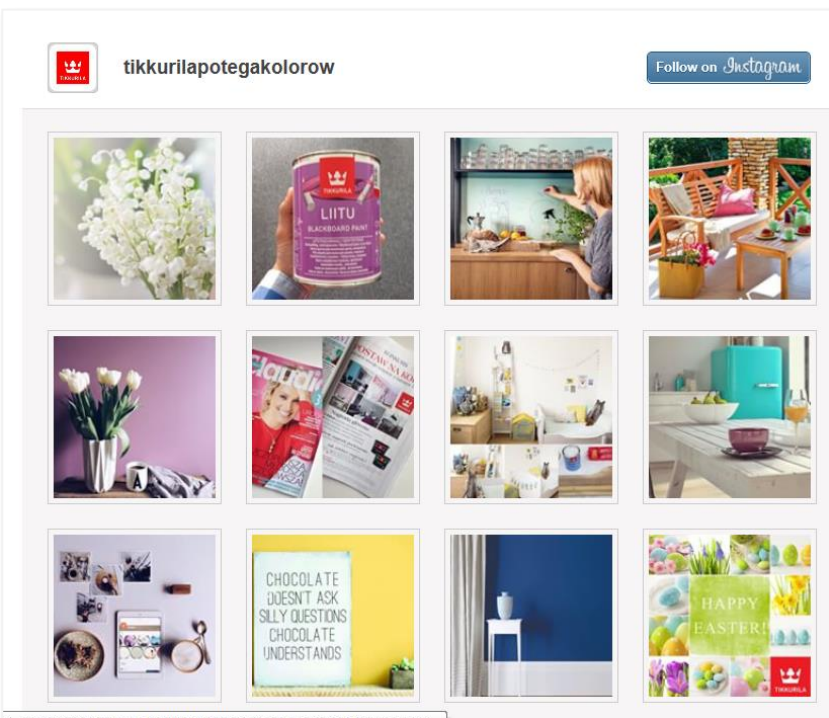
Brand	Type of in-store solution	# of retail points
Tikkurila	Tikkurila Colour Studio – Shop Concept	71 (10 in 2016)
	Tikkurila Tinting Studio – Tinting zone Concept for DIY	21
	Tikkurila Tinting Set – Tinting zone Concept	125 (47 in 2016)
	Tikkurila Duett – Wallpaper Display	90
	Tikkurila Valtti Expert – Display	38
Beckers	Beckers Designer Colour – Display	582 (120 in 2016)
	Beckers Designer Kitchen & Bathroom - Display	115 (40 in 2016)
Jedynka	Jedynka ready-shades interior – Display	135
	Jedynka ready-shades exterior wood & universal products – Display	322 (145)

According to Tikkurila's estimation, there are some 3,500 shops selling decorative paints in the Polish market. Tikkurila's products are available in approximately 2,000 shops

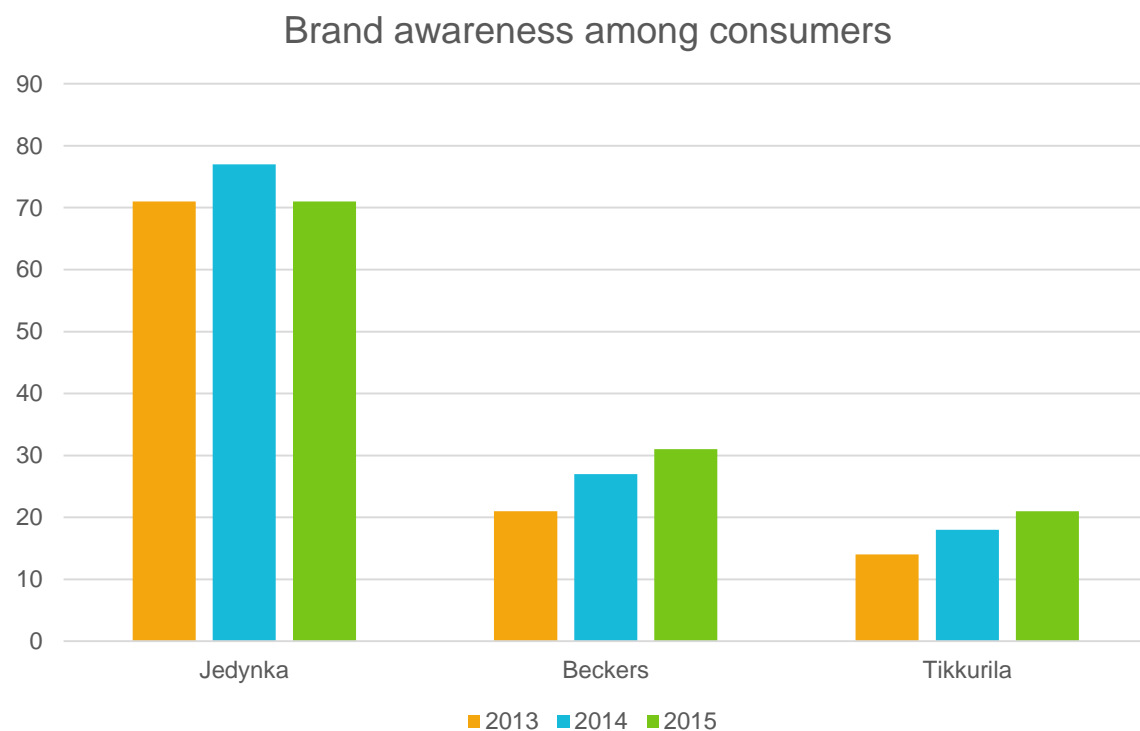
Tikkurila color studio shop concepts



Digital channels have a significant role in marketing



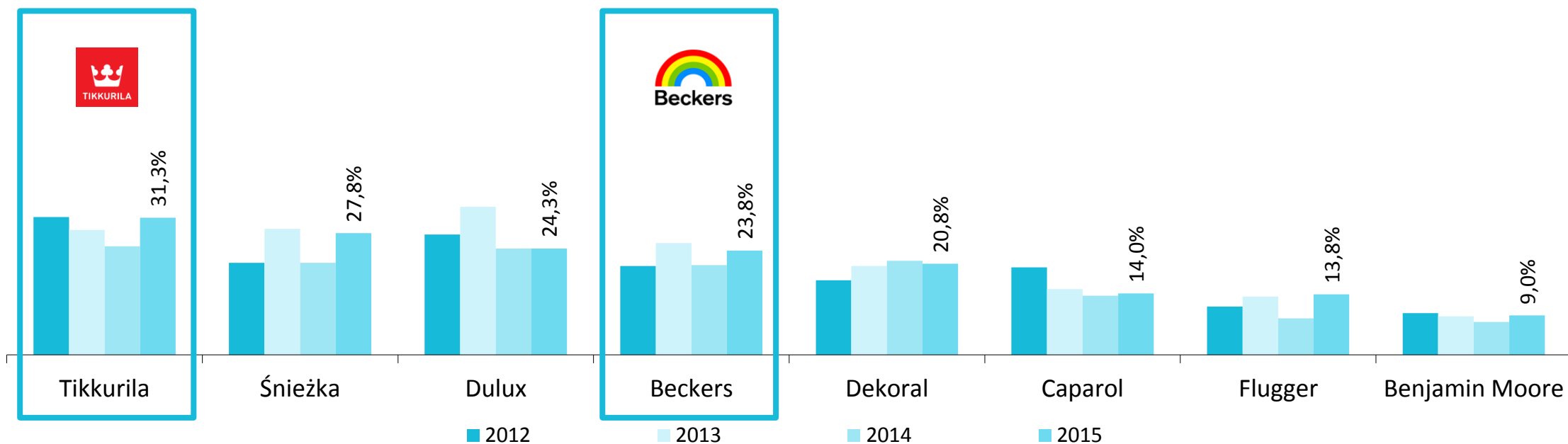
Favorable development with the awareness of our premium brands



Source: OMNIBUD, IPSOS 2013/2014/2015, prompted awareness

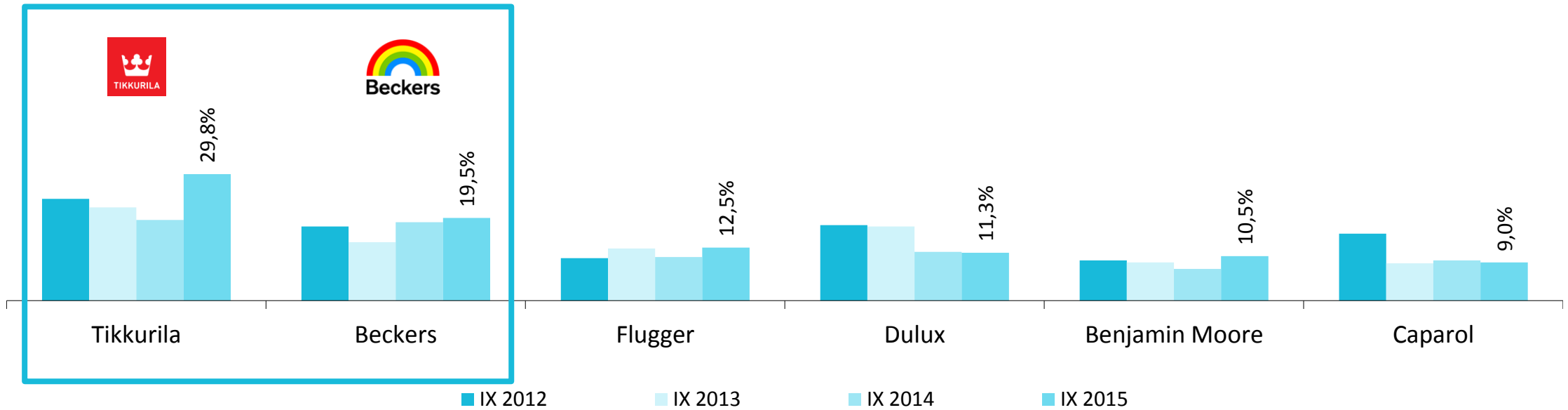
- Focus has been on promoting the premium brands of Tikkurila
- All Tikkurila brands in Poland are among the most mentioned paint brands (spontaneously mentioned brands)
- In consumer brand mappings, both Beckers and Tikkurila are categorized in the highest possible quality segment

Brand awareness among architects and designers



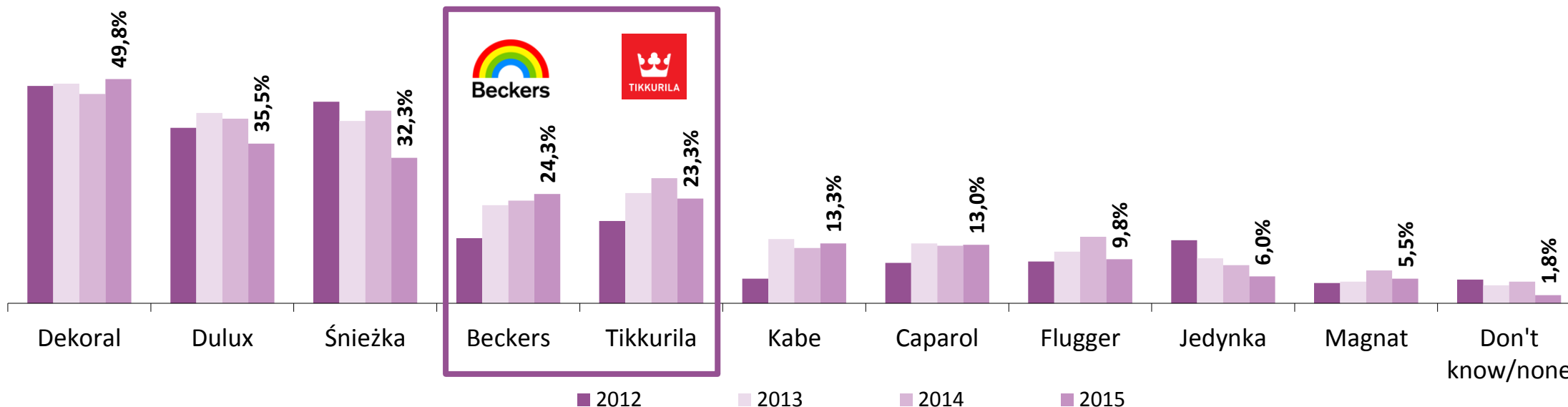
Source: OMNIBUD, BCMM Research company 2015

Brand recommendation among architects and designers



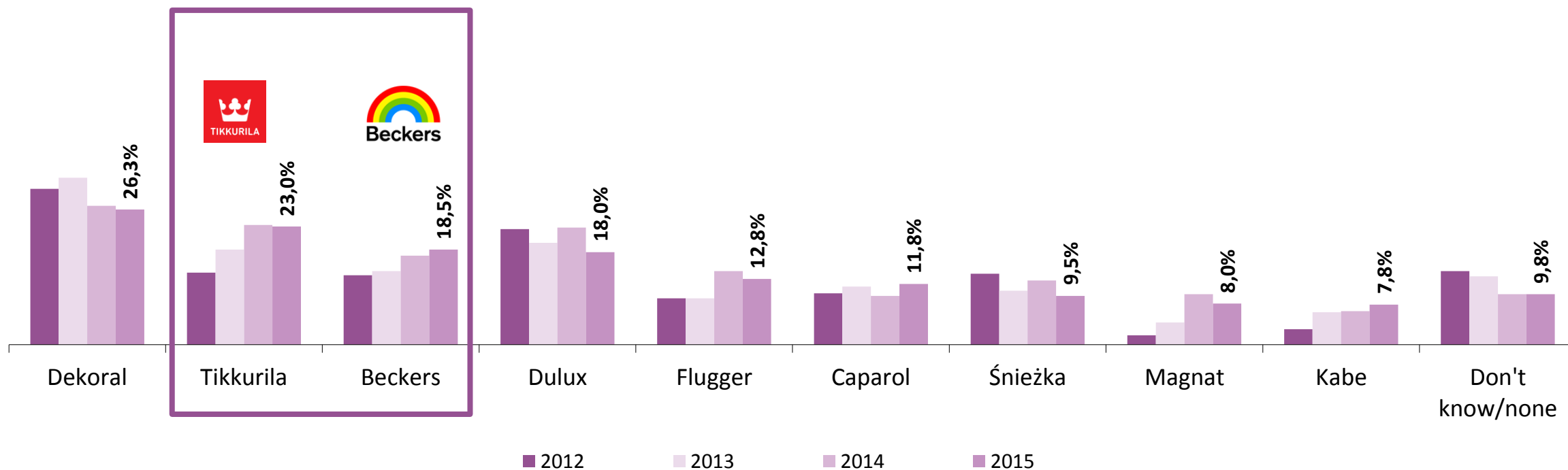
Source: OMNIBUD, BCMM Research company 2015

Brand awareness among professional painters



Source: OMNIBUD, firma BCMM VII 2015

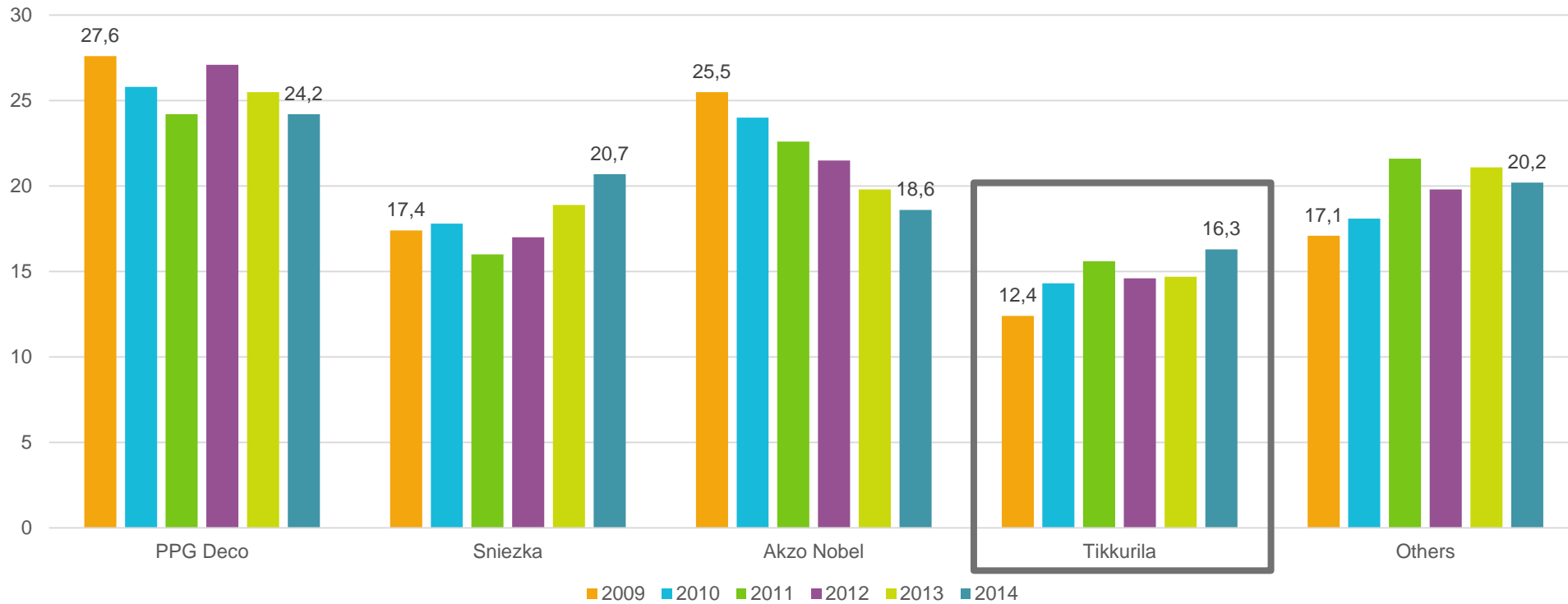
Brand recommendation among professional painters



Source: OMNIBUD, BCMM Research company 2015, spontaneous

Market share development

Polish decorative paint market, %



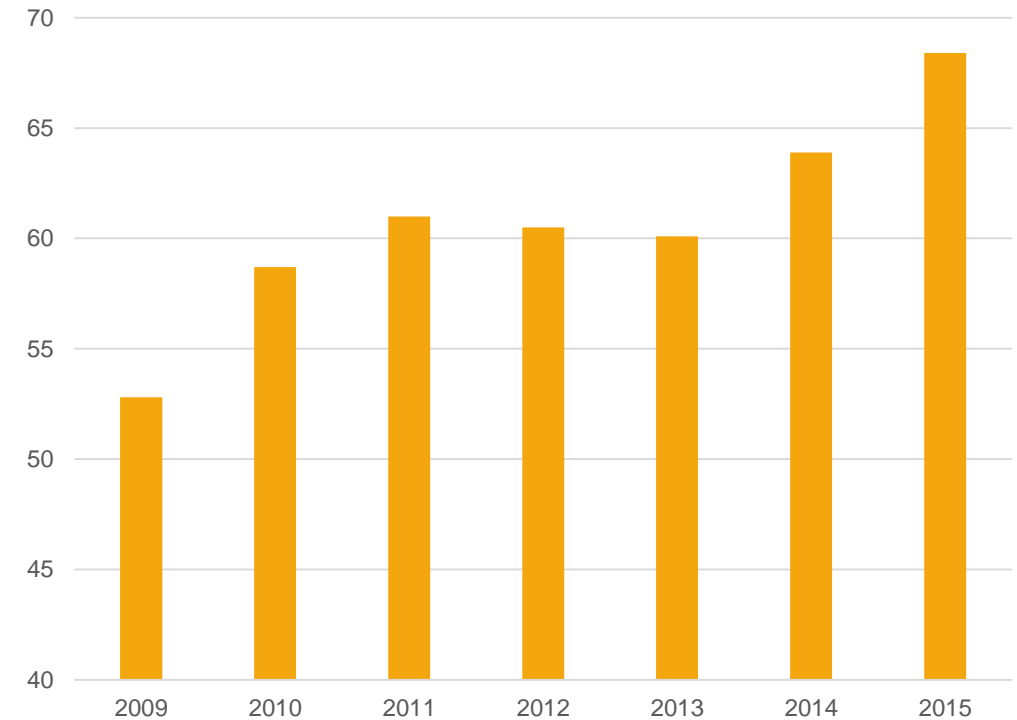
Since 2012, PPG includes Dyrup

Source: IBP Research 2015

Conclusions

- GDP has been growing steadily for a long time, even during the financial crisis
- Purchasing power has increased and people are getting more aware of quality issues; favorable sales mix development for Tikkurila
- Competition is fierce in the Polish paint market; Tikkurila has been one of the winners
- No radical changes to strategy; focus will be on decorative paints but industrial coatings provide also some growth opportunities
- Internal efficiency measures, such as deployment of new production technology and restructuring of the logistic network, have had a favorable impact on profitability

Tikkurila revenue development in Poland,
EUR million





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