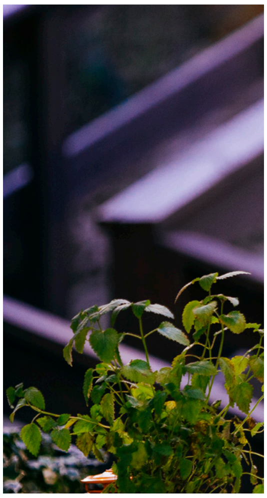
TIKKURILA



FINANCIAL STATEMENT RELEASE JANUARY–DECEMBER 2015

Tikkurila Oyj
Financial Statement Release
February 9, 2016 at 9:00 a.m. (CET+1)

Tikkurila's Financial Statement Release for January−December 2015 – Relative profitability was good and stable despite the market challenges

Full-year 2015 highlights

- Revenue decreased by 5.5 percent to EUR 584.1 million (2014: EUR 618.4 million).
- Operating profit (EBIT) excluding non-recurring items was EUR 58.9 (64.2) million, i.e. 10.1 (10.4) percent of revenue.
- Operating profit (EBIT) was EUR 61.7 (63.7) million, i.e. 10.6 (10.3) percent of revenue.
- EPS was EUR 0.94 (1.10).
- Cash flow after capital expenditure was EUR 32.6 (49.9) million.

October–December 2015 highlights

- Revenue decreased by 0.9 percent to EUR 103.4 million (10–12/2014: EUR 104.4 million).
- Operating result (EBIT) excluding non-recurring items was EUR -11.1 (-13.2) million, i.e. -10.7 (-12.6) percent of revenue.
- Operating result (EBIT) was EUR -10.3 (-13.9) million, i.e. -9.9 (-13.3) percent of revenue.
- EPS was EUR -0.25 (-0.19).

Dividend proposal

- The Board proposes a dividend of EUR 0.80 (0.80) per share, which corresponds to about 85 (73) percent of the Group's 2015 earnings per share.

Revenue and EBIT estimates for 2016

- Tikkurila expects its revenue for the financial year 2016, with exchange rates as of the publication date of the financial statement release, to be at the same level as in 2015. EBIT excluding non-recurring items is expected to stay at 2015 level.

Key figures (EUR million)	**10–12/2015**	10–12/2014	Change %	**1–12/2015**	1–12/2014	Change %
Income statement						
Revenue	**103.4**	104.4	-0.9%	**584.1**	618.4	-5.5%
Operating profit (EBIT), excluding non-recurring items	**-11.1**	-13.2	16.1%	**58.9**	64.2	-8.2%
Operating profit (EBIT) margin, excluding non-recurring items, %	**-10.7%**	-12.6%		**10.1%**	10.4%	
Operating profit (EBIT)	**-10.3**	-13.9	25.9%	**61.7**	63.7	-3.2%
Operating profit (EBIT) margin, %	**-9.9%**	-13.3%		**10.6%**	10.3%	
Profit before taxes	**-13.7**	-9.7	-41.9%	**52.8**	63.3	-16.6%
Net profit for the period	**-11.0**	-8.2	-33.3%	**41.5**	48.3	-14.0%
Other key indicators						
EPS, EUR	**-0.25**	-0.19	-33.1%	**0.94**	1.10	-14.1%
ROCE, %, rolling	**22.2%**	22.9%		**22.2%**	22.9%	
Cash flow after capital expenditure	**-1.6**	7.6		**32.6**	49.9	-34.5%
Net interest-bearing debt at period-end				**46.2**	47.4	-2.4%
Gearing, %				**23.7%**	24.6%	
Equity ratio, %				**51.1%**	49.5%	
Personnel at period-end				**3,100**	3,142	-1.3%

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com

Comments by Erkki Järvinen, President and CEO:

“Revenue in the last quarter of the year was at the comparison period level and operating loss decreased. This improvement was due to the sales price increases implemented in Russia and the good development in China.

The last quarter did not change the overview for the full year. The performance of markets which experienced a boost during the year, such as Sweden, Poland, the Baltic countries and China, continued to be strong. Growth in the national economies of Sweden and Poland is among the strongest in the EU region, which also reflected favorably in the paint market. Our growth in these countries has also been supported by our own efforts to boost market demand. Our sales volumes grew strongly in China, where we extended the retail network with 100 new stores opened during the year by our partners. We believe that the strong development will continue in these markets also in the future.

The euro-denominated revenue for the entire year decreased by six percent, but the comparable revenue grew. Our relative profitability remained at the previous year's level. We have to be satisfied with this achievement, considering the difficult market conditions in the east. No turn for the better is to be expected in the Russian situation in the near future. The exchange rate of the ruble continued to decline at the beginning of the current year, consumers' purchasing power shrank and the market shares of import products have decreased. In light of these factors, we will work to further increase local manufacturing and raw material purchasing in Russia and its neighboring regions in the future in order to secure sales and profitability.

Despite the challenges related to the market environment, our aim is to grow. Growth is being actively sought in different geographical areas and various product groups. To support our growth objective, we have modified the structure of the company and streamlined our operating methods in the recent years. We expect 2016 revenue, with exchange rates as of the publication date of the financial statement release, to remain at the same level as in 2015. EBIT excluding non-recurring items is expected to stay at 2015 level.”

Press Conference and webcast

Tikkurila will hold a press conference regarding the Financial Statement Release for 2015 for the media and analysts today on February 9, 2016, at 12:00 p.m. (CET+1) in the Akseli Gallén-Kallela Cabinet at the Hotel Kämp (address Pohjoisesplanadi 29, 00100 Helsinki). The conference will be held in Finnish language. Attendees will be served lunch at the conference premises starting at 11:30 (CET+1). The Financial Statement Release will be presented by **Erkki Järvinen**, and **Jukka Havia**, CFO.

A live webcast, conducted in English, will be organized on February 9, 2016, at 3:00 p.m. The live webcast will be available at www.tikkurilagroup.com. The participants can also join a telephone conference that will be arranged in conjunction with the live webcast. The telephone conference details are set out below:

+358 9 6937 9590 (Finnish callers)
+44 20 3427 1919 (UK callers)
+1212 444 0412 (US callers)
Participant code: 2434440

An on-demand version of the webcast will be available at www.tikkurilagroup.com/investors later during the same day.

The Financial Statement Release and presentation materials will be available before the event at www.tikkurilagroup.com/investors.

Tikkurila will publish the Business Review for January−March 2016 on Friday April 29, 2016, at around 9:00 a.m. (CET+1).

Tikkurila Oyj
Erkki Järvinen, President and CEO

For further information, please contact:

Erkki Järvinen, President and CEO
Mobile +358 400 455 913, erkki.jarvinen@tikkurila.com

Jukka Havia, CFO
Mobile +358 50 355 3757, jukka.havia@tikkurila.com

Minna Avellan, Director, Investor Relations and Brand Concept Development
Mobile +358 40 533 7932, minna.avellan@tikkurila.com

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.

www.tikkurilagroup.com

Tikkurila Oyj Financial Statement Release for January 1–December 31, 2015

This Financial Statement Release has been prepared in accordance with the IAS 34 standard and other valid regulations. The information disclosed is unaudited with the exception of full year figures for 2014 and 2015. The figures presented in the Financial Statement Release are independently rounded.

Fluctuations in exchange rates in this Financial Statement Release refer to the translation effect of the exchange rates.

In this report, 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.

If there are any discrepancies between the language versions of the Financial Statement Release, the Finnish version shall prevail.

As of January 1, 2014, Tikkurila's business operations are organized in two reporting segments, or Strategic Business Units (SBU). Tikkurila's reporting segments are SBU West and SBU East. SBU West consists of Sweden, Denmark, Norway, Finland, Poland, Germany, Estonia, Latvia, and Lithuania. SBU East consists of Russia, Central Asian countries, Ukraine, Belarus, Serbia, Macedonia, and China. Furthermore, SBU East is responsible for the exports to more than 20 countries.

Market Review

The market conditions were two-fold in Tikkurila's operating area. Among our large markets, the economies in Sweden and Poland grew steadily. In Russia, the situation continued to be exceptionally difficult. The economic situation was weak in Finland as well.

The market situation was difficult in Russia throughout the year. The price of crude oil, already at a low level, continued to decline at the end of the year, which weakened the Russian ruble further. The inflation level was high and private consumption shrank considerably due to the weaker purchasing power of consumers and low consumer confidence. Demand for construction materials and supplies also declined year-on-year. In the paint market, competition continued to be fierce and regional price campaigns became increasingly common. The low purchasing power resulted in a growing relative demand for lower quality and price grade paints. Management estimates that Tikkurila grew its market share in the premium segment of decorative paints and thus its total market share in value.

The economy in Sweden grew strongly during the year. Confidence in the development of the economy is strong in all sectors. Growth in the paint market was weak during the first months of the year, but demand picked up considerably in the autumn, boosted by the good weather for painting and the general economic situation. The competitive situation was challenging and big box stores increased their share of paint sales. According to the estimate by the management, Tikkurila strengthened its market share slightly in decorative paints (the market share in value in 2014: approximately 37 percent).

In Finland, the economic situation was challenging. The sales of consumer and industrial products were slightly weakened by consumer confidence, which was clearly below the long-term average, the weak construction and housing sales activity, as well as the low investment level. For Tikkurila, the sales of products for construction and renovation professionals however developed favorably. According to Tikkurila's estimate, there were no significant changes in the market shares of decorative paints during the year (market share in value in 2014: more than 50 percent).

The strong economic growth in Poland continued last year, mainly as a result of private demand but also due to growth in exports. However, the general economic atmosphere in Poland was weakened by the uncertain political situation and external factors causing uncertainty, such as the decrease in raw material prices.

Consumer confidence, in particular, weakened further at the end of the year. Many competitors continued their aggressive price campaigns targeting distributors. Price competition was fierce in industrial products as well. Tikkurila's market share in decorative paints strengthened to approximately 16 percent (the market share in volume in 2014: approximately 15 percent).

Among Tikkurila's key currencies, the Russian ruble was clearly weaker in the period under review than the year before. The Swedish krona was also at a slightly weaker level. The exchange rate of the Polish zloty was near the comparison period level.

The prices of raw materials were, on the whole, close to the comparison period level, although there were differences in the price development of individual raw materials.

Financial Performance in October–December 2015

Revenue and operating result by reporting segment in October–December are presented in the table below.

October–December (EUR million)	**Revenue**		**Operating result (EBIT) excluding non-recurring items**	
	10–12/2015	10–12/2014	**10–12/2015**	10–12/2014
SBU West	**68.0**	68.3	**-8.5**	-8.1
SBU East	**35.4**	36.2	**-1.5**	-4.9
Group common and eliminations	**0.0**	0.0	**-1.1**	-0.1
Consolidated Group	**103.4**	104.4	**-11.1**	-13.2

Tikkurila Group's **revenue** decreased by one percent in the last quarter of 2015. The lower sales volumes reduced the Group's revenue by one percent. Exchange rate fluctuations reduced euro-denominated revenue by one percent. Sales price increases and changes in the sales mix increased revenue by one percent.

Operating result (EBIT) excluding non-recurring items totaled EUR -11.1 (-13.2) million, which accounts for -10.7 (-12.6) percent of revenue.

Operating result (EBIT) totaled EUR -10.3 (-13.9) million, equaling -9.9 (-13.3) percent of revenue. Operating loss decreased due to price increases implemented in Russia and good business development in China. Non-recurring items for the review period totaled EUR 0.8 (-0.7) million net.

The net financial expenses in October–December 2015 were EUR -3.5 (4.1) million. Expenses were higher due to exchange rate differences. Earnings per share were EUR -0.25 (-0.19) in the review period.

Financial Performance in 2015

Revenue and operating result by reporting segment in January–December are presented in the table below.

January–December (EUR million)	Revenue		Operating result (EBIT) excluding non-recurring items	
	1–12/2015	1–12/2014	**1–12/2015**	1–12/2014
SBU West	**395.3**	382.5	**50.5**	45.8
SBU East	**188.9**	236.0	**13.4**	21.3
Group common and eliminations	**-0.1**	0.0	**-5.0**	-2.9
Consolidated Group	**584.1**	618.4	**58.9**	64.2

Tikkurila Group's **revenue** decreased by 6 percent in 2015. Exchange rate fluctuations reduced revenue by 9 percent, particularly due to the weakened Russian ruble but also due to the weakened Swedish krona. Lower sales volumes decreased revenue by 2 percent. Sales price increases and changes in the sales mix increased revenue by 4 percent. Acquisitions increased revenue by 2 percent.

Operating profit (EBIT) excluding non-recurring items totaled EUR 58.9 (64.2) million, which accounts for 10.1 (10.4) percent of revenue.

Operating profit (EBIT) totaled EUR 61.7 (63.7) million, equaling 10.6 (10.3) percent of revenue. The decrease in revenue weakened profitability. Cost management was strict. However, strong sales and marketing investments were continued, and the relative share of sales and marketing costs of revenue increased. Prices of raw materials were slightly higher than in the comparison period due to the unfavorable exchange rate development.

The net financial expenses in January–December 2015 were EUR -9.3 (-0.8) million. The net financial expenses increased from the comparison period due to exchange rate differences related to the Russia ruble, in particular. Profit before taxes was EUR 52.8 (63.3) million. Taxes totaled EUR 11.3 (15.0) million, equaling an effective tax rate of 21.4 (23.7) percent. Earnings per share were EUR 0.94 (1.10) in the review period.

Financial Performance by Reporting Segments

SBU West

EUR million	10–12/2015	10–12/2014	Change %	1–12/2015	1–12/2014	Change %
Revenue	**68.0**	68.3	-0.3%	**395.3**	382.5	3.3%
Operating result (EBIT), excluding non-recurring items	**-8.5**	-8.1	-4.4%	**50.5**	45.8	10.2%
Operating result (EBIT) margin, excluding non-recurring items, %	**-12.5%**	-11.9%		**12.8%**	12.0%	
Operating result (EBIT)	**-7.9**	-7.3	-8.9%	**53.2**	47.5	12.2%
Operating result (EBIT) margin, %	**-11.6%**	-10.6%		**13.5%**	12.4%	
Capital expenditure excluding acquisitions	**5.1**	4.5	13.1%	**15.8**	10.8	47.4%

Financial Performance in October–December 2015

SBU West's last quarter revenue remained at the comparison period's level. The higher sales volumes increased revenue by 2 percent. Changes in the sales mix decreased revenue by 4 percent. Development was mainly driven by the increased relative share of professional sales in Finland. Acquisitions increased revenue by one percent. Among the key markets, in Sweden revenue increased to EUR 28.2 (26.3) million, while in Finland revenue decreased to EUR 12.2 (14.4) million, and in Poland revenue remained at the comparison period's level at EUR 12.4 (12.3) million.

Last quarter operating loss increased slightly from the comparison period. Profitability was weakened by changes in the sales mix and by the increase in fixed costs, caused by the larger sales and marketing investments.

Financial Performance in 2015

SBU West's full-year revenue increased by 3 percent from the comparison period. The higher sales volumes increased revenue by 3 percent due to favorable development in Sweden, Poland, and the Baltic countries. Exchange rate fluctuations, primarily the weakened Swedish krona, decreased revenue by 2 percent. Acquisitions increased revenue by 3 percent. In Sweden, revenue increased to EUR 151.7 (143.6) million, while in Finland revenue decreased to EUR 98.1 (101.3) million, and in Poland revenue increased to EUR 68.4 (63.9) million.

Full-year profitability improved. The increase in revenue had a favorable impact on profitability. Production efficiency improved and cost management was strict. Sales and marketing investments increased slightly from the comparison period. The non-recurring income for the review period amounted to EUR 2.8 million net and was associated with the capital gain from financial assets available for sale in Finland, the changes in personnel benefits based on the length of employment relationships, as well as restructuring expenses in Sweden and Finland.

SBU East

EUR million	10–12/2015	10–12/2014	Change %	1–12/2015	1–12/2014	Change %
Revenue	**35.4**	36.2	-2.1%	**188.9**	236.0	-19.9%
Operating result (EBIT), excluding non-recurring items	**-1.5**	-4.9	69.1%	**13.4**	21.3	-37.0%
Operating result (EBIT) margin, excluding non-recurring items, %	**-4.3%**	-13.7%		**7.1%**	9.0%	
Operating result (EBIT)	**-1.3**	-6.5	79.7%	**13.6**	19.2	-29.2%
Operating result (EBIT) margin, %	**-3.7%**	-18.0%		**7.2%**	8.1%	
Capital expenditure excluding acquisitions	**1.1**	1.8	-37.4%	**5.1**	6.6	-22.1%

Financial Performance in October–December 2015

SBU East's last quarter revenue decreased by 2 percent from the comparison period. The lower sales volumes decreased revenue by 8 percent mainly due to the difficult situation in Russia and Ukraine. Sales price increases and changes in the sales mix increased revenue by 8 percent. Sales prices were increased in Russia at the beginning of 2015 and again in November. Exchange rate fluctuations reduced revenue by 2 percent. Revenue in Russia decreased to EUR 22.9 (24.3) million.

Last quarter operating loss decreased clearly. Sales price increases in Russia and the good development in China improved profitability.

Financial Performance in 2015

SBU East's full-year revenue decreased by 20 percent from the comparison period. Exchange rate fluctuations reduced revenue by 22 percent due to the weak Russian ruble, in particular. The lower sales volumes decreased revenue by 11 percent due to the weak development in Russia and its adjacent countries. Sales volumes in China increased strongly from the comparison period. Sales price increases, carried out to offset the impact of the weakening ruble, and changes in the sales mix increased SBU East's revenue by 12 percent. Acquisitions increased revenue by one percent. Revenue in Russia decreased to EUR 128.4 (175.7) million.

Full-year operating profit decreased from the comparison period. Profitability was burdened by the decline in revenue, and weak currencies which affected the purchasing prices of raw materials and paints exported to Russia.

Cash Flow, Financing Activities, and Financial Risk Management

Tikkurila’s financial position and liquidity remained at a good level during the review period.

Cash flow from operations in January–December totaled EUR 48.5 (75.9) million. Cash flow was weakened by lower profitability and changes in net working capital. On the closing date, trade receivables were at a higher level than in the previous year due to the differences in the timing of sales. In addition, inventory levels were deliberately increased on certain markets in order to secure the service level. At the end of the review period, net working capital totaled EUR 78.9 (73.1) million. The net cash flow from the investing activities was EUR -15.8 (-26.1) million, when taking into account the acquisitions and divestments. Cash flow after capital expenditure totaled EUR 32.6 (49.9) million at the end of the review period.

Interest-bearing debt amounted to EUR 63.0 (73.1) million at the end of the review period, and net debt was EUR 46.2 (47.4) million. At the end of the review period, cash and cash equivalents amounted to EUR 16.8 (25.8) million, and short-term interest-bearing debt totaled EUR 12.8 (12.8) million, including the company's issued commercial papers for a total nominal amount of EUR 10.0 (10.0) million. Moreover, the Group had long-term interest-bearing debt totaling EUR 50.2 (60.3) million. At the end of December, the Group had a total of EUR 111.1 (155.7) million of unused committed credit facilities or credit limits.

The Group´s net financial expense was EUR 9.3 (0.8) million, of which interest expenses totaled EUR 0.9 (1.0) million and other financing expenses EUR 0.5 (4.0) million. The average capital-weighted interest rate of interest-bearing debt was 1.2 (1.6) percent. The net profit was negatively affected by a total of EUR 7.9 (4.2 positively affected) million based on the impact of realized and unrealized exchange rate differences recognized during the review period. The main negative impact was related to the Russian ruble. At the end of 2014, the Board of Directors decided to change the exchange rate risk management so that the company will not carry out forward exchange agreements as of the beginning of the 2015 financial period or apply other financial instruments to hedge risks; instead, exchange rate risk management will, as applicable, involve operative measures such as the coordination of currency allocation of incoming and outgoing cash flows. At the end of the review period, Tikkurila had no open foreign exchange rate forward agreements. At the comparison period, the nominal value of open foreign exchange rate forward agreements was EUR 27.8 million and the corresponding market value was EUR 3.2 million.

At the end of December, the equity ratio was 51.1 (49.5) percent, and gearing was 23.7 (24.6) percent.

In June 2015, Tikkurila Group signed the new EUR 150 million long-term credit facility and term loan agreement with three banks. This new loan arrangement replaced the loan arrangement EUR 180 million signed in September 2011 as well as the EUR 25 million revolving credit facility agreed in October 2011. The new debt credit facility consists of EUR 100 million five-year revolving credit facility and EUR 50 million term loan, which matures in January 2021. The financial agreement includes one financial covenant, which is based on Tikkurila Group's net gearing and which sets the ratio of net liabilities to equity to a maximum of 1.30.

In October 2015, Tikkurila Oyj signed a new commercial paper frame agreement with a nominal value of EUR 150 million. Based on this new program, Tikkurila Oyj can issue unsecured debt with a maturity of less than one year. This will replace the previous EUR 100 million commercial paper program.

Capital Expenditure

In 2015, the gross capital expenditure excluding acquisitions amounted to EUR 20.9 (17.3) million. Capital expenditures in the period under review were related to, among others, the optimization of production and warehousing as well as to the introduction of IT systems in different locations of the Group. One of the most important on-going ICT investments is the deployment of enterprise resource planning system (ERP), which will start in the Group phase by phase during the first year-half of 2016. On December 31, 2015, the prepayments and non-current assets under construction related to the ERP totaled EUR 3.4 million in the Group consolidated statement of financial position.

The Group's depreciation, amortization and impairment losses amounted to EUR 17.3 (21.0) million in 2015. The Group performs impairment tests in accordance with the IAS 36 standard.

Sales and Marketing

Tikkurila invests significant amounts of money and resources each year in marketing its products and services and strengthening its brands. Tikkurila continued to actively raise its profile and improve the user experience throughout 2015. Tikkurila Group’s sales and marketing expenses, including personnel costs, were EUR 92.6 (92.5) million in 2015, which accounts for 15.8 (15.0) percent of its revenue.

In addition to its two international brands, Tikkurila and Beckers, Tikkurila has numerous local brands, of which the largest are Alcro, Teks, and Vivacolor. The emphasis of Tikkurila’s operations is on premium products, but due to the demand structure of certain markets, it also supplies some medium and economy segment products. According to external surveys, Tikkurila Group’s strategic brands are either the best known or among the best known paint brands in their respective market areas.

Tikkurila aims to offer the best user experience. Tikkurila develops high-quality, user-friendly and environmentally sustainable solutions, and trains its stakeholders in the durable use of the products. Tikkurila invests in developing solutions that make selecting, buying and selling of paints easier, and supports its customers through every stage of their painting work to ensure successful and durable end results. Tikkurila's range of services includes color design and tinting services, painting advice, as well as expert consultation and training services. The skilled personnel guide the customers by providing them painting advice and help with product and color selection. Through ideas and instructions offered in stores and on websites, Tikkurila inspires people to paint, helps them choose the right products, and gives advice on the safe use of the products.

The major events during the year included, among others, growing the store network by 100 stores in China, revamping the Tikkurila brand website and renewing product packaging in different countries, launching the new Color Up! color design program, rebranding the functional products obtained through acquisitions, as well as the design reform of the Alcro brand in Sweden and the brand reform of the Tikkurila Euro series in Russia.

In the challenging markets in Russia and Finland, the focus during the year was on tactical measures and sales promotion at the store level. In Sweden, we concentrated on strengthening the positioning of brands, whereas in Poland the focus was on increasing the awareness of premium brands and developing store displays, in particular.

Research, Development and Innovation

In 2015, Tikkurila’s research and development expenses totaled EUR 11.2 (2014: EUR 10.7 and 2013: EUR 10.5) million or 1.9 (2014: 1.7 and 2013: 1.6) percent of revenue. At the end of 2015, the unit employed 184 (179) people. Tikkurila’s largest R&D units are located in Finland, Russia, Poland and Sweden.

Tikkurila’s RDI operation is responsible for creating new business opportunities, maintaining and renewing the product range as well as studying and adopting alternative raw materials. R&D operations are guided by customer needs as well as environmental and safety aspects and legislation.

In 2015, the focus of the RDI operations was on the development of new functionalities, product launches, product safety matters, environmental friendliness of products, harmonization of formulas and the raw material portfolio, cost savings as well as identifying potential external partners. Ensuring the availability of raw materials and implementing measures to secure the operations in geopolitically unstable market areas, as well as optimizing production between different units together with the supply chain also played a central role. The difficult situation in Russia increased local raw materials purchasing and local manufacturing.

The quality of Tikkurila's products was once again recognized in external tests. Consumer products did very well in tests performed on products for wooden exteriors in Sweden, and this boosted the sales of our exterior products. Pinja Protect S, designed for the wood industry, became the world's first product for the wood industry that meets the requirements of the Nordic Swan eco-label. We also introduced functional products through acquisitions and proprietary product development, such as the antibacterial Argentum 20 interior wall paint. For the metal industry, we introduced the Fontefire ST 60 fire protection paint for metal surfaces. For the fiber cement board industry, we launched the FonteFacade coating system.

Corporate Responsibility

Tikkurila provides its customers with high-quality, user-friendly and environmentally sustainable solutions for surface protection and decoration. We have been manufacturing high-quality paints for more than 150 years. Already for decades, the principles of our products and operations have been quality, durability and safety, as well as helping customers to achieve successful end results.

Corporate responsibility and sustainable development play a significant role in our business development, supporting our growth objectives and strengthening our market position. We aim to promote sustainable development and take environmental, financial and social aspects into account in our daily work as well as in our strategic business development. We want to make sure that our operations are responsible and that we work with business partners sharing similar values.

The Tikkurila Corporate Responsibility program has been updated in 2015. A Colorful Tomorrow program provides Tikkurila with a framework for responsible and sustainable business development. The priorities for Tikkurila’s responsibility work for the coming years are user experience, resources, and people. Each priority is divided into sub-areas and contains measures to be implemented in Tikkurila's operating countries and functions, as applicable.

User experience

Helping our customers achieve successful and durable end results is at the core of our business. We develop and promote environmentally sustainable and safe solutions and train our customers in the use of our products. Moreover, we introduce solutions that make selecting, buying and selling of paints as well as painting itself easier.

With active collaboration with our business partners, retailers and customers, we aim to enhance the quality of painting, sustainable use of our products, product and user safety, as well as the knowledge of surface treatment. Our focus will increasingly be on cooperation with suppliers and customers, on developing functional and user-friendly products, and on introducing solutions that extend the life cycle of surfaces. We will also pay attention to recycling and waste management.

Resources

We drive sustainable beauty by using the limited resources of nature and society in a sustainable manner. We aim to continuously minimize the environmental impact of our operations and products, for instance, by developing products that extend the service life of the painted item and allow for longer maintenance painting intervals. The environmental impact and other sustainability aspects of our products are considered throughout their entire life cycle – from raw material selection and product manufacture to the use of products and waste management. Quality, health, safety and functionality aspects are guiding our raw material choices and product development. We also work to further improve resource efficiency of production processes by minimizing loss and increasing the reuse of waste.

People

We are pioneers of sustainable painting, surface treatment and use of colors, and we do it responsibly. We want to be a sought-after employer, a reliable tax payer, and a responsible and active neighbor in the communities in which we operate. We act in accordance with legislation and adhere to high ethical values and our Code of Conduct as well as internationally acknowledged standards for human rights and labor practices in all markets where we operate. We also aim to ensure that our business partners operate accordingly.

For a business to be successful, it needs a competent, thriving and motivated workforce. We take care of our employees, their well-being, occupational health and safety in all of our operating countries. We inspire our people to develop their skills, participate and innovate, and we also encourage them to engage in dialogue and close cooperation with both internal and external stakeholders.

Tikkurila reports the progress in its corporate responsibility matters annually. Tikkurila GRI 2015 Corporate Responsibility report describes key matters of responsibility in terms of Tikkurila's operations and outlines the progress in the different areas of corporate responsibility. The report is published in Finnish and English. The 2015 reporting applies the international GRI (Global Reporting Initiative) G4 guidelines.

Environment

Tikkurila aims to continuously minimize the environmental impact of its operations and products, for instance, by developing products that extend the service life of the painted item and allow for longer maintenance painting intervals. Furthermore, we promote the use of water-borne products, and select the options which burden the environment less, whenever it is technically and financially possible. We also work to develop our production processes and improve resource efficiency of production units to reduce environmental impacts of production, minimize loss and increase the reuse of waste.

The main environmental impacts of paint during its life cycle result from raw materials and packaging materials production, energy consumption during product manufacture, emissions and wastes generated in manufacture, as well as the distribution of raw materials, packaging materials and finished products, compounds evaporating (VOC emissions) from the paint during painting and drying, and the disposal of paint waste. The quality of the product affects the environmental impact of the product. The better the qualities that the painted surface offers, the less maintenance is needed and the longer the maintenance painting interval is.

Sustainable solutions
Customer interest in environmentally sound products has increased due to the overall increased environmental awareness, and legislative changes concerning the composition and safety of paints. Customers want to choose products that have minimal environmental impact in production and in use, and that are safe to use.

Products which burden the environment as little as possible are a key element in our strategy, and we have been investing in developing and promoting the use of water-borne products for years already. An increasing number of paints are water-borne or solvent-free. In 2015, the share of water-borne products in production was 73.5 (72.0) percent.

Water-borne paints are a better choice for both the health and the environment. The environmental impact of water-borne paint is smaller than that of solvent-borne paint, especially in the application stage, since mainly water evaporates from water-borne paint. The benefits of water-borne paints include ease of use, odorlessness and fast drying times.

Paints are awarded with various eco-labels and classifications with the aim to increase the knowledge of their environmental and health impacts and product characteristics, to help and guide consumers in their purchasing decisions, as well as to make consumption habits more environmentally sound. The eco-labels and classifications awarded to paints indicate the environmental impacts of products as well as their proven safety characteristics. Tikkurila Group's different paint brands have been awarded several official and local eco-labels and product-specific classifications. In all, the number of Tikkurila's eco-labeled paints is counted in the hundreds.

Functional products
Tikkurila's product range includes several paints and coatings that deliver some specific functionality. These products can, for example, be used to create more energy-efficient or fire-resistant surfaces, or achieve

surfaces that are extremely wear-resistant and washable. Some of the other functionalities of our products include anti-bacterial and self-cleaning effects. These functional properties can be achieved through different types of additives and binders.

We believe that there will be an increase in demand for functional products, in particular for solutions that help improve energy and eco efficiency and humidity control. In 2015, Tikkurila introduced solutions, for example, to humidity, mold, noise and asbestos problems.

Paint industry regulation
The production, product safety, handling and marketing of paints are governed by a number of international regulations. One of the most significant changes in legislation in the EU region is the REACH regulation, which is European Union's directive on the registration, evaluation, authorizations and restriction of chemicals. REACH obligates manufacturers and importers of chemicals to assess the risks related to the use of the product and to provide end-users with the instructions on the safe use of chemicals. Tikkurila has ensured that all raw materials used in the EU region have been or will be registered by 2018 in accordance with the schedule specified in REACH.

The CLP directive (Classification, Labeling and Packaging) harmonizes the classification criteria of substances and compounds and the rules governing labeling and packaging. Along with the directive, the Globally Harmonized System of classification and labeling of chemicals (GHS) will be implemented. Tikkurila has been preparing for the new labeling and safety data sheet requirements of the CLP directive since 2013. The warning texts on the labels of Tikkurila's products manufactured and sold in the EU region were replaced by June 2015.

The VOC directives define the maximum volume of VOC emissions in production and the maximum allowed amount of volatile compounds contained in paints. The purpose of the directives is to prevent or reduce the direct or indirect impact of volatile organic compound (VOC) emissions on the environment or people. The biocide directive governs the use of preservatives in paints.

In 2015, Tikkurila invested EUR 0.7 (0.5) million into environmental protection in its units, and environmental operating costs totaled EUR 2.2 (2.0) million. In 2015, the environmental investments included, among other things, improvements in raw material warehousing, waste water and waste handling equipment and improvements to building technology, e.g. related to heating, ventilation, lightning and more efficient use of water. The operating costs include, among other things, waste handling, waste water treatment and analyses as well as certification costs.

Tikkurila's objective is to create independently audited and certified quality, environmental, and safety management systems for each of Tikkurila's production sites. Tikkurila's operations and operational systems are assessed in various reviews. In addition to external auditors and certification organizations, the Group HSE function sets the targets and audits the company's various sites, gives recommendations and follows up the local development work. The audits aim to promote the development of the environmental, occupational health and safety management operations. In 2015, the internal audits were performed at Tikkurila sites in Poland, Serbia, Denmark and Russia.

Personnel

At the end of December 2015, the Tikkurila Group employed 3,100 (3,142) people. The average number of employees in January–December was 3,193 (3,212).

Tikkurila Group's number of employees at the end of each quarter is presented below split by SBU, starting from the first quarter of 2014.

	Q1/2014	Q2/2014	Q3/2014	Q4/2014	Q1/2015	Q2/2015	Q3/2015	**Q4/2015**
SBU West	1,536	1,683	1,587	1,606	1,626	1,717	1,645	**1,630**
SBU East	1,621	1,628	1,594	1,505	1,558	1,553	1,515	**1,441**
Group functions	29	29	31	31	31	30	29	**29**
Total	3,186	3,340	3,212	3,142	3,215	3,300	3,189	**3,100**

The company's own production has a significant effect on Tikkurila's personnel structure and amount. Approximately half of Tikkurila's personnel work in the supply chain (production, sourcing, logistics and HSEQ) and one-third in sales, marketing and technical support.

The share of temporary employments at the end of 2014 was 9.9 (6.7) percent and 35.5. (37.7) percent were blue-collar workers. 65.0 (62.7) percent of the personnel were men and 35.0 (37.3) percent women. The average age of the employees was 40.8. (40.5) years.

In 2015, Tikkurila Group recruited 565 new employees, and 638 persons left the company. The most common reason for termination of employment was expiration of temporary employment. Due to the seasonality fluctuation in the paint market, the number of personnel is highest during the outdoor painting season in the summer and lowest during the winter.

A total of 41 employment contracts were terminated in Finland due to financial or production related reasons. In October 2015, Tikkurila concluded the co-operation negotiations which concerned the entire Tikkurila Oyj personnel of approximately 600 in Finland. As a result of the negotiations, a total of 41 people working in various functions of the company were dismissed. Of those dismissed, 16 were white-collar and 25 blue-collar workers.

Performance-based salaries and compensation paid in 2015 totaled EUR 79.8 (81.4) million.

Occupational health and safety

The safety work at Tikkurila focuses on preventive measures, such as risk assessments, safety training, safety talks and rounds, reporting of safety observations and safety-related communications, as well as internal and external audits. We want to ensure a safe workplace for all Tikkurila employees.

Tikkurila monitors the safety of the operations using the LTA1 accident frequency rating which indicates the number of accidents that cause absences lasting at least one day per one million working hours. In 2015, Tikkurila's accident frequency rate (LTA) was 1.9 (2.9), which is the lowest in the history of Tikkurila Group. The biggest improvements were made in safety work at the Vantaa site.

Supplier management

Tikkurila offers high-quality, safe and sustainable solutions to its customers. This sets high standards to the cooperation between Tikkurila and its suppliers, to all purchased raw materials, other goods and services. It is of utmost importance to us that our business partners also operate responsibly. Our aim is to ensure that our partners operate in accordance with our Code of Conduct and fulfil our quality, safety and responsibility requirements. We only cooperate with suppliers that have been approved by our principles for supplier collaboration and make a group-level agreement with our most significant suppliers.

Raw materials for paint production as well as packaging materials are Tikkurila's main purchases. On the group-level, Tikkurila has approximately 500 local and international raw material and packaging material suppliers. More than 90 percent of the raw materials and packaging materials for Tikkurila's units in the EU are bought from the EU region. In Russia, more than 60 percent of all raw materials and packaging materials are bought from local suppliers. More than a third of Tikkurila's raw material and packaging material purchases are covered by a group-level agreement.

The aim of Tikkurila's sourcing is to ensure smooth cooperation with suppliers and to guarantee precise deliveries with right quantities and quality. Sourcing works in close cooperation with R&D in the selection of raw materials and suppliers. Tikkurila's principles for supplier collaboration define our expectations with regards to quality, safety and the environment as well as to procurement matters from the selection and assessment of suppliers to the continuous improvement of the cooperation. Tikkurila monitors and assesses the supplier collaboration on regular basis through an evaluation process.

Since 2013, Tikkurila has systematically audited its suppliers. Between 2013 and 2015, we have audited 29 suppliers concentrating on the suppliers' order, delivery and production processes, quality control measures, environmental and safety aspects as well as the suppliers' social responsibility and ethical business practices. Furthermore, we discuss with them the principles of our Code of Conduct and our Corporate Responsibility program.

Our aim is to continuously develop our own procurement processes and practices as well as the cooperation with our goods and services providers. In 2015, we have trained our sourcing personnel, developed our internal processes and reporting and improved the traceability of our raw materials. In 2016, we will concentrate on cost-efficiency as well as developing our reporting and the traceability of raw materials, making our evaluation and auditing processes more efficient and work on our co-operation with our business partners.

Shares and Shareholders

At the end of 2015, Tikkurila's share capital was EUR 35.0 million, and the total number of registered shares was 44,108,252. At the end of 2015, Tikkurila held 2,461 treasury shares.

According to Euroclear Finland Oy's register, Tikkurila had a total of some 20,500 shareholders on December 31, 2015. A list of the largest shareholders registered in the book-entry account system is regularly updated and is available on Tikkurila's website at www.tikkurilagroup.com/investors/share_information/shareholders.

At the end of December, the closing price of Tikkurila's share was EUR 16.11. In January–December, the volume-weighted average share price was EUR 16.94, the lowest price EUR 14.15, and the highest price EUR 19.50. At the end of December, the market value of Tikkurila Oyj's shares was EUR 710.5 million. During January–December, a total of 11.4 million Tikkurila shares, corresponding to approximately 25.9 percent of the number of shares, were traded on NASDAQ OMX Helsinki Ltd. The value of the traded volume was EUR 193.7 million. Tikkurila's shares are traded also outside of NASDAQ OMX Helsinki, but the company does not have detailed statistics available on this external trading.

Tikkurila Board members and their interest parties held altogether 100,450 shares on December 31, 2015, which is about 0.2 percent of the share capital and votes in Tikkurila. Furthermore, Jari Paasikivi, the Chairman of the Tikkurila Board, acts as the President and CEO in Oras Invest Oy, which is the single largest shareholder in Tikkurila.

Tikkurila Management Board members and their interest parties held altogether 102,564 shares on December 31, 2015, which is about 0.2 percent of the share capital and votes. Up-to-date information concerning the holdings of Tikkurila statutory insiders is available at http://www.tikkurilagroup.com/corporate_governance/insiders.

Tikkurila is not aware of any valid shareholders' agreements regarding the ownership of Tikkurila shares and voting rights.

Corporate Governance Statement

Tikkurila will prepare a separate Corporate Governance Statement which follows the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers some other central areas of corporate governance. The statement will be included in Tikkurila's Annual Report, but it will be published separately from the Board of Directors' Report. The statement will also be available on week 9 at www.tikkurilagroup.com/investors.

Decisions of the Annual General Meeting

Matters relating to the Annual General Meeting

The Annual General Meeting of Tikkurila Oyj approved on March 25, 2015, the Financial Statements for 2014 and decided to discharge the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved a EUR 0.80 dividend per share for the financial year 2014. The rest were retained and carried further in the company's unrestricted equity. The dividend was paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Ltd on the dividend record date, March 27, 2015. The dividend was paid on April 9, 2015.

The Annual General Meeting decided that the Board of Directors consists of six members. Eeva Ahdekivi, Harri Kerminen, Jari Paasikivi, Riitta Mynttinen, Pia Rudengren and Petteri Walldén were re-elected as members of the Board of Directors until the end of the next Annual General Meeting.

The Annual General Meeting decided that the annual remuneration of the members of the Board of Directors will be slightly increased. The annual remuneration to the members of the Board of Directors will be as follows: EUR 64,000 for the Chairman, EUR 40,000 for the Vice Chairman and the Chairman of the Audit Committee, and EUR 32,000 for other members of the Board of Directors. Approximately 40 percent of the annual remuneration will be paid in Tikkurila Oyj's shares acquired from the market and the rest in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for January 1 - March 31, 2015. Furthermore, a meeting fee for each meeting of the Board and its Committees (excluding decisions without a meeting) will be paid to the members of the Board of Directors as follows: EUR 600 for meetings held in the home state of a member and EUR 1,200 for meetings held outside the home state of a member. If a member participates in a meeting via telephone or video connection the remuneration will be EUR 600. Travel expenses will be paid according to the travel policy of the company.

The Annual General Meeting decided that the Auditor's fees will be paid against an invoice approved by the company. KPMG Oy Ab was re-elected as the company's auditor until the end of the next Annual General Meeting, with APA Toni Aaltonen nominated by KPMG as the principal auditor.

Authorization to repurchase own shares and to decide on the issuance of shares

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 4,400,000 company's own shares. The shares may be repurchased to be used for financing or implementing possible mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares or to be used for the payment of the annual fees payable to the members of the Board of Directors or for implementing the share-based incentive programs of the company. The repurchase authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2016.

The Annual General Meeting authorized the Board of Directors to decide to transfer company's own shares held by the company or to issue new shares limited to a maximum of 4,400,000 shares. The company's own shares held by the company may be transferred and the new shares may be issued either against payment or without payment The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares or to be used for the payment of the annual fees payable to the members of the Board of Directors. The authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2016.

Decisions by the Board of Directors

In its meeting held on March 25, 2015, the Board of Directors of Tikkurila elected from among its members Jari Paasikivi as Chairman and Petteri Walldén as Vice Chairman of the Board of Directors.

Eeva Ahdekivi was re-elected as Chairman and Riitta Mynttinen and Pia Rudengren as members of the Audit Committee. Jari Paasikivi was re-elected as Chairman and Harri Kerminen and Petteri Walldén as members of the Remuneration Committee.

Board of Directors' proposal for the distribution of profit

Tikkurila Oyj's distributable equity totaled EUR 157.8 million on December 31, 2015: reserve for invested unrestricted equity totaled EUR 40.0 million and retained earnings totaled EUR 117.8 million. The Board proposes to the Annual General Meeting that a dividend of EUR 0.80 per share will be distributed for the year ended on December 31, 2015, and that the rest be retained in the unrestricted equity. The proposed dividend totals about EUR 35.3 million, which corresponds to approximately 85 percent of the Group's net profit for 2015. It is proposed that the record date for the payment of the dividend will be April 8, 2016, and that the dividend will be paid on April 15, 2016.

Annual General Meeting 2016

The Annual General Meeting of Tikkurila Oyj will be held at 1:00 p.m. on Wednesday, April 6, 2016 at the Finlandia Hall (address: Mannerheimintie 13, 00100 Helsinki). The report of the Board of Directors and Financial Statements will be available on week 9 at www.tikkurilagroup.com.

Events after the review period

On January 14, 2016, Tikkurila Oyj received a notification, based on the Securities Markets Act, from Prudential Plc. According to the notification, the holding of Prudential Plc and its subsidiaries (M&G Group Limited, M&G Limited, M&G Investment Management Limited, and M&G Securities Limited) in shares of Tikkurila Oyj fell below the 1/20 (5%) threshold on January 13, 2016. After these transactions the holding of Prudential Plc and its subsidiaries in Tikkurila Oyj amounts to a total of 2,122,074 shares, which corresponds to 4.81 percent of the total amount of shares in Tikkurila Oyj and to a total of 1,613,512 voting rights, which corresponds to 3.66 percent of the total amount of votes in Tikkurila Oyj.

Near-term risks and uncertainties

Tikkurila's business operations are affected by various strategic, operational, financial, and accident risks. Tikkurila endeavors to identify and evaluate risks and respond to them as proactively as possible and contain their possible adverse effects. The company anticipates the following to be central risks and uncertainties on the date of publishing this Financial Statement Release:

Macroeconomic situation in Russia and its neighboring regions

The Russian economy shrank considerably last year. The situation continues to be uncertain in Russia, and the country's economy is expected to continue to shrink slightly during the current year due to the low price of oil and the economic sanctions, among others. If the price of oil remains at the current level of approximately USD 30 per barrel or decreases even further, the Russian economy may shrink even more than forecasted. In Russia, consumers' purchasing power has weakened, demand for Tikkurila's products has decreased and the focus of demand is shifting to lower price grade products. This kind of development may intensify if the weak economic situation prolongs. The development in Russia is also reflected in its neighboring regions and Ukraine, in particular. Thus far, the sanctions issued by the USA and the European Union on Russia have not had a considerable direct impact on Tikkurila's operations, but they may result in Tikkurila having to change its production and logistics structures in order to ensure competitiveness. In addition, the availability of financing has weakened and interest rates are high in the eastern markets, resulting in increased credit loss risks. Even though Tikkurila did not experience considerable credit losses, counterparty risks will increase in importance in the future and may hinder business operations or cause losses, although Tikkurila has a broad customer base.

Exchange rate development

Due to the international nature of Tikkurila’s operations, the Group’s income statement, balance sheet, and cash flow are subject to currency risks. The most significant currency risks will target the Russian ruble, Swedish krona and Polish zloty, which are the reporting currencies of Tikkurila's largest subsidiaries. The exchange rate of the Russian ruble against the euro weakened by a third during 2015 compared to the average rate in 2014 and by approximately 60 percent compared to the average rate in 2013. This has had and will continue to have a considerable negative impact on Tikkurila's revenue and operating profit.
If the steep decline of the ruble continues, this will have an adverse effect on Tikkurila’s operations in Russia and, as a result, could weaken profitability. Some of the Group’s raw material purchases are directly or indirectly priced in US dollars. The dollar strengthened significantly during last year, and if this development continues, it may increase the Group’s raw material costs. Furthermore, the company’s equity will be subject to currency risks when the subsidiaries’ foreign currency-denominated equity items are converted to euro and the euro-denominated consolidated balance sheet assets’ values change with the exchange rates.

Risks related to the industry and operative activities

In the paint industry, competition has become increasingly fierce and the importance of price is highlighted amidst financial difficulties. For example, some companies in the construction industry or related fields have expanded their product range to paints as well in order to supplement their total range of services offered to professional customers, whose importance is increasing. In the future, this may impact the structure of Tikkurila's product portfolio and customer base, which in turn will affect profitability, for example. Tikkurila's sales volumes in SBU East and in the lower price grade products, in particular, have been declining for several years due to both the general economic situation and the tightening competition. This has had a negative impact on revenue and profitability and may weaken the development of operative efficiency and productivity in the future.

The overall digitization of society has accelerated, which may impact Tikkurila's logistics and product distribution channels in the future. It will also increase the opportunities available for end users of paint products to seek and select paint companies across geographical borders. Increased fluctuation in customer demand and better utilization of real-time information may also create needs to make structural changes in production technology and equipment in the future. Understanding customer needs will increase in importance in the future. Strong fluctuations in the business operations and a rapid technological change will pose additional challenges to the availability of skilled personnel and competence development. Securing and diversifying competence is essential for ensuring growth.

Tikkurila's risk management principles can be viewed on Tikkurila's website at www.tikkurilagroup.com. Additional information on the short- and long-term risks of Tikkurila's business operations will be published in the Corporate Governance Statement. More information on financial risks is provided in the Notes to the 2015 Consolidated Financial Statements.

Outlook for 2016

Growth in the EU region is forecasted to be steady but fairly low. The importance of the Western markets, particularly Sweden and Poland, is expected to increase further. The weak economic situation in Russia and the low level of ruble will make the operating environment difficult in 2016. In Russia, paint demand is expected to decrease and the relative market share of the lower price and quality grade products is expected to grow. Tikkurila is planning to increase its prices primarily in Russia, as well as to increase local manufacturing and raw material purchasing. Sales and marketing investments will continue in the previous years' manner in order to strengthen the market position. At the same time, increased operational efficiency and cost savings will be actively sought in all operations.

Guidance for 2016

Tikkurila expects its revenue for the financial year 2016, with exchange rates as of the publication date of the financial statement release, to be at the same level as in 2015. EBIT excluding non-recurring items is expected to stay at 2015 level.

Summary Financial Statements and Notes

The annual financial statement figures of Tikkurila are audited. Auditors' report was issued on February 8, 2016. The financial information presented in this financial statement release is prepared in accordance with IAS 34 Interim Financial Reporting standard. As a result of rounding differences, the figures presented in the tables may not add up to the total. Quarterly information and interim reports are unaudited.

The following new or revised or amended standards and interpretations have been applied from January 1, 2015:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after July 1, 2014)
- Annual Improvements to IFRSs 2010-2012 and 2011-2013, December 2013 (effective for financial years beginning on or after July 1, 2014)

The Group’s view is that the adoption of the standards and interpretations above did not have any material effect on the financial statements of the reporting period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Revenue	**103.4**	104.4	**584.1**	618.4
Other operating income	**0.8**	2.5	**4.8**	6.0
Expenses	**-110.1**	-114.0	**-509.8**	-539.7
Depreciation, amortization and impairment losses	**-4.4**	-6.8	**-17.3**	-21.0
Operating profit	**-10.3**	-13.9	**61.7**	63.7
Total financial income and expenses	**-3.5**	4.1	**-9.3**	-0.8
Share of profit or loss of equity-accounted investees	**0.1**	0.1	**0.4**	0.3
Profit before taxes	**-13.7**	-9.7	**52.8**	63.3
Income taxes	**2.7**	1.4	**-11.3**	-15.0
Net result for the period	**-11.0**	-8.2	**41.5**	48.3
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	**0.1**	0.5	**0.3**	-3.6
Income taxes relating to items that will not be reclassified to profit or loss	**0.0**	-0.1	**-0.1**	0.8
Total items that will not be reclassified to profit or loss	**0.1**	0.4	**0.2**	-2.8
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	**-**	0.4	**-2.4**	-0.3
Foreign currency translation differences for foreign operations	**-2.5**	-17.3	**-2.1**	-23.1
Income taxes relating to items that may be reclassified subsequently to profit or loss	**-0.1**	-0.1	**0.4**	0.0
Total items that may be reclassified subsequently to profit or loss	**-2.6**	-17.0	**-4.0**	-23.4
Total comprehensive income for the period	**-13.4**	-24.8	**37.7**	22.0
Net result attributable to:				
Owners of the parent	**-11.0**	-8.2	**41.5**	48.3
Non-controlling interest	**-**	-	**-**	-
Net result for the period	**-11.0**	-8.2	**41.5**	48.3
Total comprehensive income attributable to:				
Owners of the parent	**-13.4**	-24.8	**37.7**	22.0
Non-controlling interest	**-**	-	**-**	-
Total comprehensive income for the period	**-13.4**	-24.8	**37.7**	22.0
Earnings per share of the net profit attributable to owners of the parent				
Basic earnings per share (EUR)	**-0.25**	-0.19	**0.94**	1.10
Diluted earnings per share (EUR)	**-0.25**	-0.19	**0.94**	1.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

ASSETS	**Dec 31, 2015**	Dec 31, 2014
Non-current assets		
Goodwill	**71.9**	72.5
Other intangible assets	**19.4**	18.4
Property, plant and equipment	**89.4**	90.3
Equity-accounted investees	**0.8**	0.8
Available-for-sale financial assets	**1.1**	3.2
Non-current receivables	**2.9**	4.3
Defined benefit pension and other long-term employee benefit assets	**0.1**	-
Deferred tax assets	**6.7**	7.8
Total non-current assets	**192.3**	197.3
Current assets		
Inventories	**78.4**	73.7
Interest-bearing receivables	**0.6**	0.6
Non-interest-bearing receivables	**93.3**	92.5
Cash and cash equivalents	**16.8**	25.8
Non-current assets held for sale	**-**	-
Total current assets	**189.1**	192.6
Total assets	**381.4**	389.8

EQUITY AND LIABILITIES	**Dec 31, 2015**	Dec 31, 2014
Share capital	**35.0**	35.0
Other reserves	**0.0**	0.0
Fair value reserve	**-**	1.9
Reserve for invested unrestricted equity	**40.0**	40.0
Treasury shares	**0.0**	-1.6
Translation differences	**-41.8**	-39.6
Retained earnings	**161.7**	157.0
Equity attributable to owners of the parent	**195.0**	192.7
Non-controlling interest	**-**	-
Total equity	**195.0**	192.7
Non-current liabilities		
Interest-bearing non-current liabilities	**50.2**	60.3
Other non-current liabilities	**0.1**	0.0
Defined benefit pension and other long-term employee benefit liabilities	**25.6**	27.6
Provisions	**0.6**	0.5
Deferred tax liabilities	**6.9**	8.1
Total non-current liabilities	**83.4**	96.5
Current liabilities		
Interest-bearing current liabilities	**12.8**	12.8
Non-interest-bearing current liabilities	**89.7**	87.4
Provisions	**0.5**	0.4
Liabilities classified as held for sale	**-**	-
Total current liabilities	**103.1**	100.6
Total equity and liabilities	**381.4**	389.8

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
CASH FLOW FROM OPERATING ACTIVITIES				
Net result for the period	**-11.0**	-8.2	**41.5**	48.3
Adjustments for:				
Non-cash transactions	**3.4**	6.5	**15.5**	22.4
Interest and other financial expenses	**3.7**	0.4	**10.1**	6.4
Interest income and other financial income	**-0.2**	-4.5	**-0.9**	-5.7
Income taxes	**-2.7**	-1.4	**11.3**	15.0
Funds from operations before change in net working capital	**-6.8**	-7.3	**77.5**	86.4
Change in net working capital	**15.0**	27.7	**-10.7**	6.2
Interest and other financial expenses paid	**-4.7**	-2.2	**-7.2**	-7.0
Interest and other financial income received	**-0.4**	8.5	**0.4**	9.6
Income taxes paid	**0.2**	-2.7	**-11.5**	-19.3
Total cash flow from operations	**3.2**	24.0	**48.5**	75.9
CASH FLOW FROM INVESTING ACTIVITIES				
Business combinations	**-**	-12.1	**0.2**	-14.4
Other capital expenditure	**-5.3**	-5.4	**-20.4**	-16.3
Proceeds from sale of assets	**0.0**	0.7	**2.8**	3.3
Non-current loan receivables decrease (+), increase (-)	**-**	0.2	**1.0**	1.0
Dividends received	**0.4**	0.3	**0.5**	0.4
Net cash used in investing activities	**-4.8**	-16.3	**-15.8**	-26.1
Cash flow before financing	**-1.6**	7.6	**32.6**	49.9
CASH FLOW FROM FINANCING ACTIVITIES				
Non-current borrowings, increase (+), decrease (-)	**-**	-2.4	**-10.0**	-2.4
Current financing, increase (+), decrease (-)	**-33.7**	-20.2	**0.3**	-5.9
Dividends paid	**-**	-	**-35.3**	-35.3
Acquisition of own shares	**-**	-	**0.0**	-2.0
Other	**1.9**	-5.7	**3.5**	-7.6
Net cash used in financing activities	**-31.9**	-28.3	**-41.5**	-53.2
Net change in cash and cash equivalents	**-33.4**	-20.7	**-8.9**	-3.3
Cash and cash equivalents at the beginning of period	**49.8**	47.0	**25.8**	29.2
Effect of exchange rate fluctuations on cash held	**-0.4**	0.5	**0.1**	0.1
Cash and cash equivalents at the end of period	**16.8**	25.8	**16.8**	25.8
Net change in cash and cash equivalents	**-33.4**	-20.7	**-8.9**	-3.3

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Equity attributable to the owners of the parent								Non-controlling interest	Total equity
	Share capital	Other reserves	Fair value reserve	Reserve for invested unrestricted equity	Treasury shares	Translation differences	Retained earnings	Total		
Equity at Jan 1, 2014	35.0	0.0	2.1	40.0	-	-16.4	147.4	208.1	-	208.1
Total comprehensive income for the period	-	-	-0.2	-	-	-23.2	45.5	22.0	-	22.0
Share-based compensation	-	-	-	-	0.4	-	0.1	0.5	-	0.5
Adjustment arising from hyperinflation	-	-	-	-	-	-	-0.7	-0.7	-	-0.7
Acquisition of treasury shares	-	-	-	-	-2.0	-	-	-2.0	-	-2.0
Dividends paid	-	-	-	-	-	-	-35.3	-35.3	-	-35.3
Equity at Dec 31, 2014	35.0	0.0	1.9	40.0	-1.6	-39.6	157.0	192.7	-	192.7
Equity at Jan 1, 2015	**35.0**	**0.0**	**1.9**	**40.0**	**-1.6**	**-39.6**	**157.0**	**192.7**	**-**	**192.7**
Total comprehensive income for the period	**-**	**-**	**-1.9**	**-**	**-**	**-2.1**	**41.7**	**37.7**	**-**	**37.7**
Share-based compensation	**-**	**-**	**-**	**-**	**1.6**	**-**	**-1.4**	**0.3**	**-**	**0.3**
Adjustment arising from hyperinflation	**-**	**-**	**-**	**-**	**-**	**-**	**-0.3**	**-0.3**	**-**	**-0.3**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**0.0**	**-**	**-**	**0.0**	**-**	**0.0**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-35.3**	**-35.3**	**-**	**-35.3**
Equity at Dec 31, 2015	**35.0**	**0.0**	**-**	**40.0**	**0.0**	**-41.8**	**161.7**	**195.0**	**-**	**195.0**

DISTRIBUTABLE EQUITY OF THE PARENT (FAS)
EUR 1,000

	2015	2014
Reserve for invested unrestricted equity	**40.0**	40.0
Retained earnings	**76.6**	63.0
Net profit for the period	**41.2**	48.9
Total	**157.8**	151.9

REPORTABLE SEGMENTS

Tikkurila reports its business activities in two segments: SBU West and SBU East. Transactions related to the Group headquarters operations are presented in separate section called Tikkurila common.

The segment split is based on Tikkurila Group's strategy to be 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. The segment definition is based on the differences in operating environments in the geographical areas, on valid legislation and regulations, and the management systems.

The evaluation of profitability and decision making concerning resource allocation are primarily based on operating profit of each segment. Segment assets are items on the statement of financial position that the segment employs in its business activities or which can reasonably be allocated to the segments.

Segments' revenue arises from the sales of various paints and related products that are sold to retailers, industrial customers and for professional use. Insignificant revenue is received from the sales of auxiliary services related to paints. Segments' revenue is presented based on the location of the customers, whereas reportable segment assets are presented according to the location of the assets. Inter-segment pricing is based on market prices. External revenue accumulates from a large number of customers.

Revenue by segment	**10-12/2015**	10-12/2014	**1-12/2015**	1-12/2014
EUR million				
SBU West	**68.0**	68.3	**395.3**	382.5
SBU East	**35.4**	36.2	**188.9**	236.0
Eliminations	**0.0**	0.0	**-0.1**	0.0
Total	**103.4**	104.4	**584.1**	618.4

EBIT by segment	**10-12/2015**	10-12/2014	**1-12/2015**	1-12/2014
EUR million				
SBU West	**-7.9**	-7.3	**53.2**	47.5
SBU East	**-1.3**	-6.5	**13.6**	19.2
Tikkurila common	**-1.0**	-0.1	**-5.1**	-2.9
Eliminations	**0.0**	0.0	**0.0**	0.0
Total	**-10.3**	-13.9	**61.7**	63.7
Non-allocated items:				
Total financial income and expenses	**-3.5**	4.1	**-9.3**	-0.8
Share of profit or loss of equity-accounted investees	**0.1**	0.1	**0.4**	0.3
Profit before taxes	**-13.7**	-9.7	**52.8**	63.3

Assets by segment	**Dec 31, 2015**	Dec 31, 2014
EUR million		
SBU West	**306.4**	296.4
SBU East	**96.7**	97.4
Assets, non-allocated to segments	**46.3**	59.3
Eliminations	**-68.0**	-63.4
Total assets	**381.4**	389.8

TIKKURILA OYJ

P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000

VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa

www.tikkurilagroup.com

Non-recurring items by segment

Tikkurila Group states separately non-recurring items in its consolidated statement of other comprehensive income. These are uncommon, non-recurring and significant items related to the company's normal operations. Such items include for instance received insurance compensations and their adjustments, received or paid penalties or their adjustments, or items related to business reorganizations such as items related to personnel dismissals or items related to the strategic based changes in organization structure as well as impairments of non-current assets and gains or losses on disposal of assets.

EUR million	SBU West	SBU East	Tikkurila Common	**Total 1-12/2015**
Personnel related	0.3	0.2	-0.1	**0,4**
Impairment of PPE	-	-0.1	-	**-0,1**
Gain on sale of available-for-sale financial assets	2.4	-	-	**2,4**
Total	**2.8**	**0.2**	**-0.1**	**2,8**

EUR million	SBU West	SBU East	**Total 1-12/2014**
Personnel related	-0.9	-	**-0.9**
Expenses related to dismantle of facilities	-0.1	-	**-0.1**
Gain on sale of held for sale assets	0.8	-	**0.8**
Gain on sale of available-for-sale financial assets	1.2	-	**1.2**
Decrease on accrual of fine, set on Tikkurila for breach of competition law in Poland	1.8	-	**1.8**
Impairment losses	-1.1	-2.1	**-3.2**
Total	1.7	-2.1	**-0.5**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT EUR million	**1-12/2015**	1-12/2014
Carrying amount at the beginning of period	**90.3**	104.2
Additions	**15.6**	16.2
Business combinations	**-**	3.0
Disposals	**-0.3**	-0.4
Depreciation, amortization and impairment losses	**-14.0**	-17.0
Exchange rate differences and other changes	**-2.3**	-15.6
Carrying amount at the end of period	**89.4**	90.3

Tikkurila Group had contractual commitments for purchase of property, plant and equipment EUR 0.6 (3.9) million at the end of year 2015.

CHANGES IN INTANGIBLE ASSETS EUR million	**1-12/2015**	1-12/2014
Carrying amount at the beginning of period	**90.8**	87.2
Additions	**5.1**	1.1
Business combinations	**-0.2**	13.7
Disposals	**-**	0.0
Depreciation, amortization and impairment losses	**-3.4**	-4.0
Exchange rate differences and other changes	**-1.0**	-7.3
Carrying amount at the end of period	**91.3**	90.8

Tikkurila Group had contractual commitments for intangible assets EUR 1.4 (0.0) million at the end of year 2015.

INVENTORIES

Write-down of inventory for a total amount of EUR 2.5 (3.9) million was recognized until end of year 2015.

RELATED PARTY TRANSACTIONS

Parties are considered as each other's related parties if one party is able to control or has significant influence over financial and operating decision making of another party. Tikkurila Group has related party relationships with the parent company of the Group (Tikkurila Oyj), subsidiaries, associates and joint ventures.

Related parties include members of Board of Directors and the Group's Board of Management, CEO as well as their family members.

EUR million

Joint ventures	**1-12/2015**	1-12/2014
Sales	**5.8**	5.2
Other operating income	**0.9**	0.9
Receivables	**0.2**	0.4
Liabilities	**0.1**	0.0
Associates		
Sales	**-**	2.5
Purchases	**-**	0.2
Receivables	**-**	-

Share-based Commitment and Incentive Plan

In order to commit and motivate key personnel, the Board of Directors of Tikkurila Oyj decided on a share-based plan in 2012, and it also selected key persons, each of which has a right to participate in this plan. In order to participate, each person has to buy Tikkurila Oyj's shares from the market. The maximum amount of shares under this plan has been individually defined for each participant. On December 31, 2015, a total of nine key employees selected by the Board participated in the share-based plan.

The final value of the plan for the performance period of 2012-2014 totaled EUR 3.1 million at the end of the performance period. In financial year 2015, the EUR 0.8 (0.8) million was recognized in personnel expenses based on this performance period. In comparison year, during the fourth quarter EUR 0.1 million was recognized as personnel expenses of this performance period.

Based on the commitment and incentive plan, and stemming from the performance periods 2013-2015 and 2014-2016, a total of EUR 0.1 million personnel expenses were recognized during the fourth quarter. In the comparison period 10-12/2014, a total of EUR 0.6 million was recognized as decrease in personnel expenses from these performance periods. From the beginning of the review period, expenses totaling around EUR 0.1 (-0.1 decrease in personnel expenses) million have been booked.

The estimated total value for the performance periods 2013–2015 and 2014–2016 totaled EUR 0.1 million at the end of the review period. The total value will be expensed over a three-year period until when the time of payments will take place as per the terms and conditions of the plan. About half of the payments will be in shares, and about half will be settled in cash. Share price changes as well as the terms and conditions of the plan will determine the value and corresponding liability in relation to the cash-settled portion.

COMMITMENTS AND CONTINGENT LIABILITIES EUR million	**Dec 31, 2015**	Dec 31, 2014
Mortgages given as collateral for liabilities in the statement of financial position		
Other loans	**-**	0.0
Mortgages given	**0.1**	0.3
Total loans	**-**	0.0
Total mortgages given	**0.1**	0.3
Contingent liabilities		
Guarantees		
On behalf of own commitments	**0.4**	0.3
On behalf of others	**1.5**	1.8
Other obligations of own behalf	**0.0**	0.1
Lease obligations	**28.4**	30.2
Total contingent liabilities	**30.3**	32.4

DERIVATIVE INSTRUMENTS EUR million	**Dec 31, 2015**		Dec 31, 2014	
	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Currency forwards	**-**	**-**	27.8	3.2

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORIES
EUR million

Dec 31, 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Other financial liabilities	Carrying amounts	Fair values
Non-current financial assets						
Available-for-sale financial assets	-	-	1.1	-	1.1	1.1
Non-current receivables	-	2.5	-	-	2.5	2.5
Current financial assets						
Interest-bearing receivables	-	0.6	-	-	0.6	0.6
Derivatives	-	-	-	-	-	-
Cash equivalents	-	16.8	-	-	16.8	16.8
Trade and other non-interest-bearing receivables	-	76.9	-	-	76.9	76.9
Total	**-**	**96.7**	**1.1**	**-**	**97.8**	**97.8**
Non-current financial liabilities						
Non-current interest-bearing liabilities	-	-	-	50.2	50.2	50.2
Current financial liabilities						
Current interest-bearing liabilities	-	-	-	12.8	12.8	12.8
Derivatives	-	-	-	-	-	-
Trade payables	-	-	-	42.2	42.2	42.2
Total	**-**	**-**	**-**	**105.2**	**105.2**	**105.2**

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com

Dec 31, 2014	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Other financial liabilities	Carrying amounts	Fair values
Non-current financial assets						
Available-for-sale financial assets	-	-	3.2	-	3.2	3.2
Non-current receivables	-	4.1	-	-	4.1	4.1
Current financial assets						
Interest-bearing receivables	-	0.6	-	-	0.6	0.6
Derivatives	3.2	-	-	-	3.2	3.2
Cash equivalents	-	25.8	-	-	25.8	25.8
Trade and other non-interest-bearing receivables	-	73.6	-	-	73.6	73.6
Total	**3.2**	**104.1**	**3.2**	**-**	**110.6**	**110.6**
Non-current financial liabilities						
Non-current interest-bearing liabilities	-	-	-	60.3	60.3	60.4
Current financial liabilities						
Current interest-bearing liabilities	-	-	-	12.8	12.8	12.8
Derivatives	-	-	-	-	-	-
Trade payables	-	-	-	42.1	42.1	42.1
Total	-	**-**	**-**	**115.3**	**115.3**	**115.3**

FAIR VALUE HIERARCHY
EUR million

Dec 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Available-for-sale financial assets	**-**	**-**	**1.1**	**1.1**
Dec 31, 2014				
Recurring fair value measurements				
Available-for-sale financial assets	-	2.4	0.8	3.2
Derivatives (in assets)	-	3.2	-	3.2
Recurring fair value measurements				
Derivatives (in liabilities)	-	-	-	-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Reconciliation of Level 3 fair value measured financial assets and liabilities

Available-for-sale financial assets	**Dec 31, 2015**	Dec 31, 2014
Carrying amount at Jan 1	**0.8**	0.9
Translation differences in other comprehensive income	**0.0**	0.0
Change in valuation	**0.0**	-
Disposals	**0.0**	0.0
Other changes / transfers	**0.3**	-
Carrying amount at end of review period	**1.1**	0.8

In year 2015, gain of EUR one thousand is recognized on available-for-sale financial assets in fair value hierarchy level 3 were recognized.

Available-for-sale financial assets in level 3 include unquoted shares that are measured at cost or at cost less impairment if value has impaired below the cost. These shares are of business supportive nature and personnel’s recreational activities related long-term investments that Tikkurila is not intending to sell. These shares have no quoted market price in an active market and their fair values cannot be measured reliably by using any valuation techniques. Therefore, according assessment of Tikkurila's management, in most cases the cost of shares is the best available estimate for fair value.

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com

KEY PERFORMANCE INDICATORS	**10-12/2015/ Dec 31, 2015**	10-12/2014/ Dec 31, 2014	**1-12/2015/ Dec 31, 2015**	1-12/2014/ Dec 31, 2014
Earnings per share / basic, EUR	**-0.25**	-0.19	**0.94**	1.10
Earnings per share / diluted, EUR	**-0.25**	-0.19	**0.94**	1.09
Cash flow from operations, EUR million	**3.2**	24.0	**48.5**	75.9
Cash flow from operations / per share, EUR	**0.07**	0.54	**1.10**	1.72
Capital expenditure, EUR million	**5.3**	17.5	**20.2**	30.7
of revenue %	**5.1%**	16.8%	**3.5%**	5.0%
Shares (1,000), average *)	**44,106**	44,015	**44,093**	44,054
Shares (1,000), at the end of the reporting period *)	**44,106**	44,029	**44,106**	44,029
Weighted average number of shares, adjusted for dilutive effect (1,000) 1) *)	**44,107**	44,134	**44,106**	44,177
Number of shares at the end of period, adjusted for dilutive effect (1,000) 1) *)	**44,109**	44,105	**44,109**	44,105
Equity attributable to the owners of the parent / per share, EUR	**4.42**	4.38	**4.42**	4.38
Equity ratio, %	**51.1%**	49.5%	**51.1%**	49.5%
Gearing, %	**23.7%**	24.6%	**23.7%**	24.6%
Interest-bearing financial liabilities (net), EUR million	**46.2**	47.4	**46.2**	47.4
Return on capital employed (ROCE), % p.a.	**22.2%**	22.9%	**22.2%**	22.9%
Personnel (average)	**3,112**	3,155	**3,193**	3,212

1) When calculating the dilution effect for the number of shares, it has been assumed that all the remuneration to be paid in shares would be issued as new shares, even though it is also possible that those shares might be acquired from the markets. Moreover, the number of shares adjusted for dilutive effect is based on estimates for Tikkurila Group’s future financial performance, and its impact on the outcome of the share-based commitment and incentive plan.

*) Number of shares outstanding, treasury shares excluded

DEFINITIONS OF KEY FIGURES

Earnings per share (EPS), basic

$$\frac{\text{Net profit of the period attributable to the owners of the parent}}{\text{Shares on average}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Net profit of the period attributable to the owners of the parent}}{\text{Weighted average number of shares, adjusted for dilutive effect}}$$

Equity per share

$$\frac{\text{Equity attributable to the owners of the parent at the end of the reporting period}}{\text{Number of shares at the end of the reporting period}}$$

Cash flow from operations / per share

$$\frac{\text{Cash flow from operations}}{\text{Shares on average}}$$

Equity ratio, %

$$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$$

Gearing, %

$$\frac{\text{Net interest-bearing financial liabilities x 100}}{\text{Total equity}}$$

Interest-bearing financial liabilities (net)

Interest-bearing liabilities - money market investments - cash and cash equivalents

Net working capital

Inventories + interest-free receivables, excluding current tax assets, accrued interest income and other prepaid financial items - interest-free liabilities, excluding current tax liabilities, accrued interest expenses and other accrued financial items

Return on capital employed (ROCE), % p.a. **

$$\frac{\text{Operating profit + share of profit or loss of equity-accounted investees x 100}}{\text{(Net working capital + property, plant and equipment ready for use + intangible assets ready for use + investments in equity-accounted investees)*}}$$

* average during the period

** actual operating profit and share of profit or loss of associates taken into account for a rolling twelve month period ending at the end of the review period

TIKKURILA OYJ

P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000

VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa

www.tikkurilagroup.com

SEGMENT INFORMATION BY QUARTER

Revenue by segment EUR million	1-3/2014	4-6/2014	7-9/2014	10-12/2014	1-3/2015	4-6/2015	7-9/2015	10-12/2015
SBU West	98.8	114.9	100.4	68.3	102.2	116.3	108.7	68.0
SBU East	42.6	78.0	79.2	36.2	31.0	63.2	59.3	35.4
Eliminations	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Total	141.5	192.9	179.6	104.4	133.2	179.5	168.0	103.4

EBIT by segment EUR million	1-3/2014	4-6/2014	7-9/2014	10-12/2014	1-3/2015	4-6/2015	7-9/2015	10-12/2015
SBU West	16.1	20.5	18.1	-7.3	16.8	22.6	21.7	-7.9
SBU East	-1.6	13.4	13.8	-6.5	0.1	9.8	5.0	-1.3
Tikkurila common	-0.7	-1.4	-0.7	-0.1	-1.7	-1.5	-0.9	-1.0
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	13.8	32.5	31.3	-13.9	15.2	30.9	25.8	-10.3
Non-allocated items:								
Total financial income and expenses	-2.0	-2.2	-0.7	4.1	2.1	-2.2	-5.7	-3.5
Share of profit or loss of equity-accounted investees	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Profit / loss before taxes	11.8	30.4	30.7	-9.7	17.5	28.9	20.2	-13.7

Assets by segment EUR million	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015
SBU West	312.9	322.8	307.3	296.4	323.5	341.4	329.4	306.4
SBU East	137.1	161.6	151.4	97.4	119.8	133.3	113.8	96.7
Assets, non-allocated to segments	66.5	89.5	77.7	59.3	83.8	107.9	83.5	46.3
Eliminations	-66.7	-87.1	-71.0	-63.4	-83.3	-98.3	-74.1	-68.0
Total assets	449.7	486.9	465.4	389.8	443.8	484.3	452.5	381.4

Vantaa, February 8, 2016

TIKKURILA OYJ
BOARD OF DIRECTORS

TIKKURILA OYJ
P.O.Box 53, Kuninkaalantie 1, FI-01301 Vantaa, Finland, Tel. +358 20 191 2000
VAT FI01970674, Business Identity Code 0197067-4, Registered Office Vantaa
www.tikkurilagroup.com