



TIKKURILA

# Public Tender Offer for all shares in Tikkurila

WEBCAST

DECEMBER 18, 2020

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The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended as a “Tier II” tender offer, and otherwise in accordance with the requirements of Finnish law. Accordingly, the Tender Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

To the extent permissible under applicable law or regulations, PPG and its affiliates or brokers (acting as agents for PPG or its affiliates, as applicable) may from time to time, and other than pursuant to the Tender Offer, directly or indirectly purchase or arrange to purchase, shares in Tikkurila that are the subject of the Tender Offer or any securities that are convertible into, exchangeable for or exercisable for such shares. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a stock exchange release or other means reasonably calculated to inform U.S. shareholders of Tikkurila of such information. In addition, the financial advisers to PPG may also engage in ordinary course trading activities in securities of Tikkurila, which may include purchases or arrangements to purchase such securities.

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# Today's agenda

1. Tender Offer in brief
  2. Board of Director's view on the Tender Offer
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- **Heikki Westerlund**  
Chairman of the Committee  
representing the independent  
members of the Board of  
Directors, Tikkurila



3. Tikkurila's strategic path
- 

- **Elisa Markula**  
CEO, Tikkurila



4. PPG Introduction and Overview
- 

- **Michael McGarry**  
Chairman and CEO, PPG



5. Q & A

## Today's announcement

- PPG has made a voluntary recommended public cash Tender Offer to purchase all the issued and outstanding shares in Tikkurila
- Certain major shareholders of Tikkurila, i.e. Oras Invest, Mandatum Life Insurance Company, Varma Mutual Pension Insurance Company and Kaleva Mutual Insurance Company, representing in aggregate approximately 29.34% of the shares and votes in the company, have irrevocably undertaken to accept the Tender Offer subject to certain customary conditions
- The combination agreement between Tikkurila and PPG was signed on December 18, 2020



## The Tender Offer in brief

- PPG, the global coatings company, has made a voluntary recommended public cash Tender Offer to purchase all the issued and outstanding shares in Tikkurila
- PPG's offer price is **EUR 25.00** per share\*
  - **66.2%** premium compared to the closing price of Tikkurila share on Nasdaq Helsinki on December 17, 2020 (EUR 15.04)
  - **70.3%** premium compared to the 3-month volume-weighted average price of Tikkurila share preceding the announcement of the Tender Offer
  - **77.8%** premium compared to the 12-month volume-weighted average price of Tikkurila share preceding the announcement of the Tender Offer
- Completion of the Tender Offer is subject to certain customary conditions to be fulfilled
- The Offeror expects to publish a Tender Offer document with detailed information on the Tender Offer on or about January 15, 2021
- The offer period is expected to commence on or about January 18, 2021, and to expire on or about March 12, 2021, unless PPG extends the offer period
- Tender Offer and delisting are expected to be completed during H1/2021

\*) Should Tikkurila change the number of shares or distribute a dividend or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing shall occur prior to the consummation of the Tender Offer, the offer price shall be adjusted accordingly on a euro-for-euro basis



# Board of Directors' view on the Tender Offer

## The Board's process regarding the Tender Offer

- In order to evaluate the offer, the Board of Directors established a Committee representing the independent members of the Board
- The Board has carefully considered PPG's ability to become a good and strong owner in terms of personnel and sustainability as well as the price offered to the shareholders



# Tikkurila Board of Directors' perspective and analysis

## Industry rationale

**Speed of consolidation in paint industry is accelerating**

- M&A a major growth driver in the industry

**Industrial logic for consolidation is strong**

- Including:*
- R&D
  - Raw materials
  - Industrial products

**Complementary businesses**

- Limited overlap in business areas – geographically and from a decorative brand perspective

## Stakeholder view

**Employees**

- PPG high-level preliminary plans reviewed

**Sustainability**

- PPG Sustainability strategy and plans reviewed

**Offer price is fair**

- 66% premium to last closing price\*
- 70% premium to 3-month VWAP\*

\*) On December 17, 2020

## Board's view on the Tender Offer

- Consistent with this view and considering the fair price offered to the shareholders, the Board of Directors sees that the offer presents a fair alternative for Tikkurila and its shareholders
- The members of the Board of Directors, who participated in the decision-making, have unanimously decided to recommend that the shareholders of Tikkurila accept the Tender Offer
- The Statement of the Board of Directors on the Tender Offer will be issued prior to the commencement of the Tender Offer



# Tikkurila's strategic path

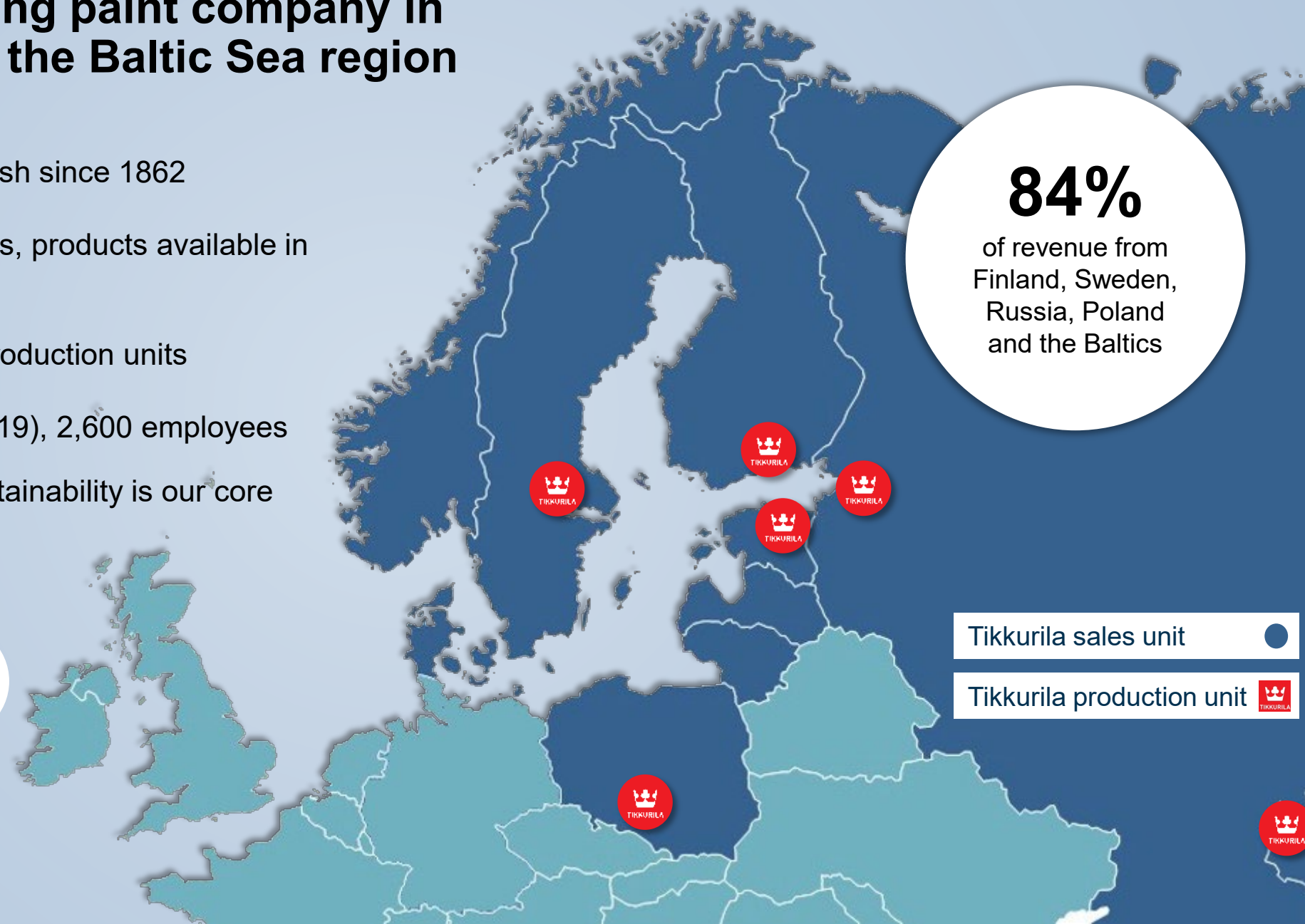
ELISA MARKULA, CEO, TIKKURILA

# Tikkurila is the leading paint company in decorative paints in the Baltic Sea region

- Nordic quality from start to finish since 1862
- Own sales units in 11 countries, products available in 40+ countries
- Production in 6 countries, 7 production units
- Revenue EUR 564 million (2019), 2,600 employees
- A Colourful Tomorrow™ – sustainability is our core
- High quality premium brands:



**84%**  
of revenue from Finland, Sweden, Russia, Poland and the Baltics

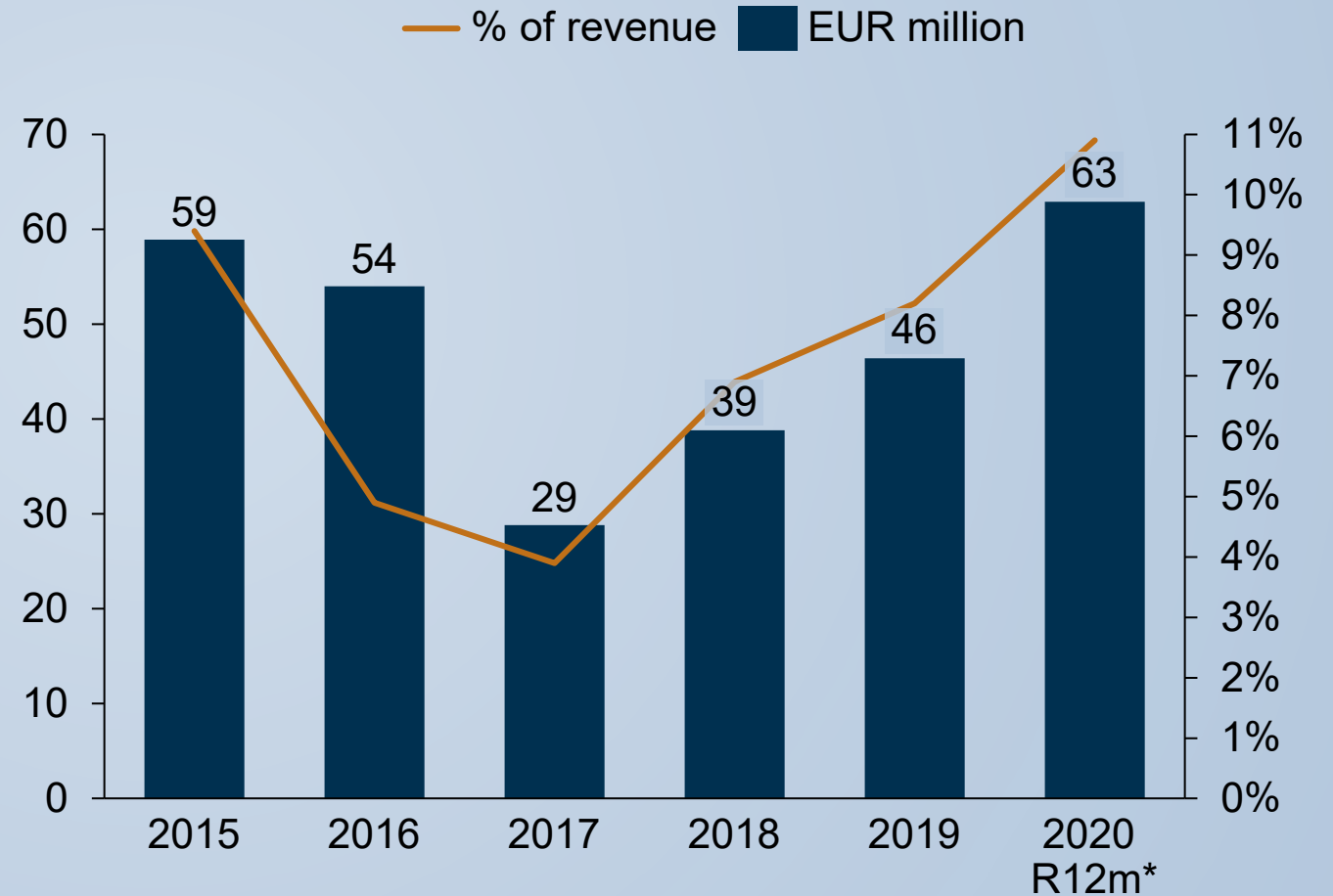


# Tikkurila has made a clear turnaround over 2017-2020

## Strategy action plan

-  Increased efficiency in operations
-  Improved sales performance management
-  Optimized portfolio
-  Savings in fixed costs
-  Increased efficiency in sourcing
-  Growth in decorative paints and selected industrial paints

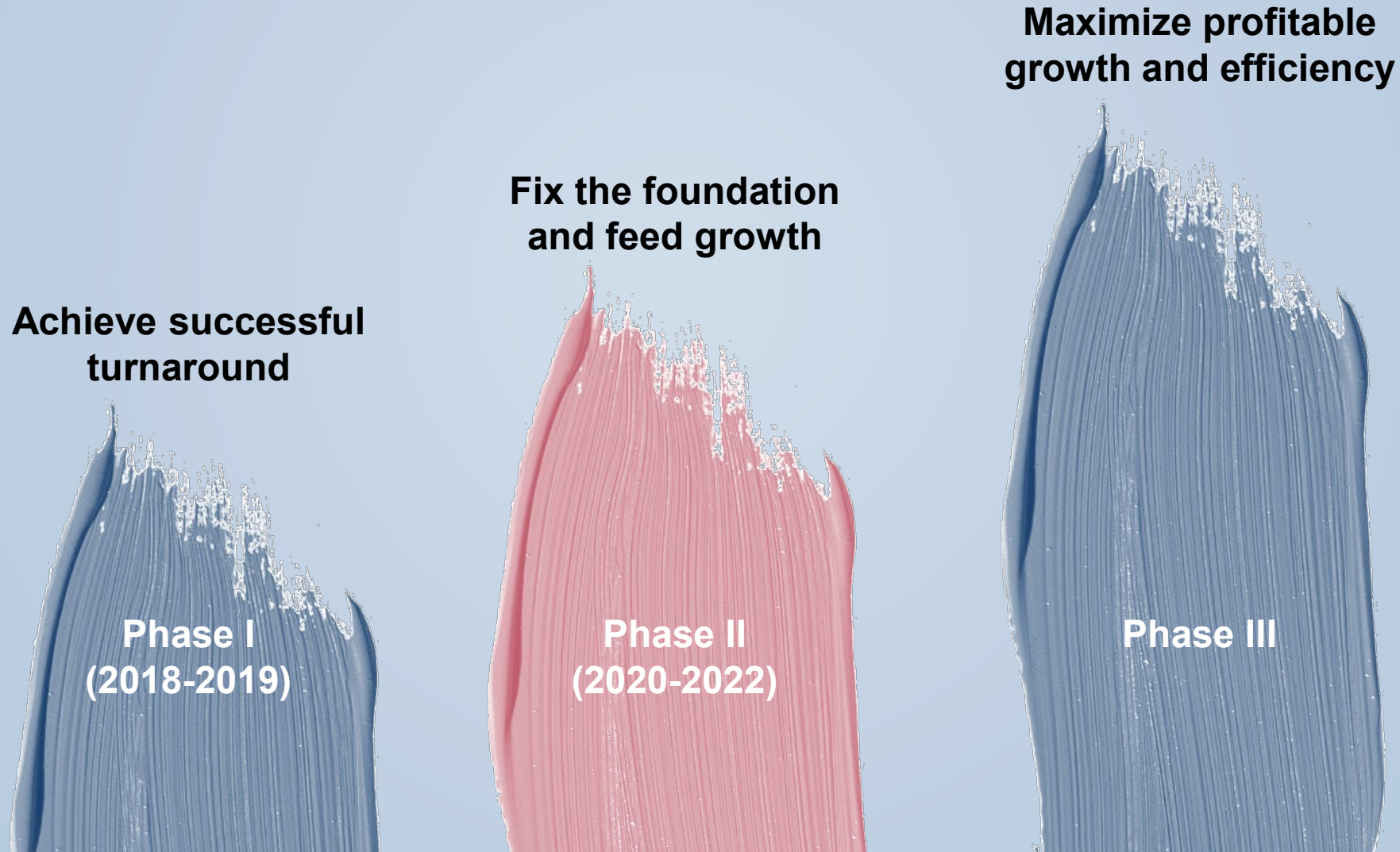
## Adjusted EBIT



\*) Q4/2019-Q3/2020



**We have moved from turnaround phase to transformation phase, we will invest in profitable growth and execute last bigger efficiency projects**







# PPG Introduction and Overview

MICHAEL MCGARRY, CHAIRMAN & CEO, PPG

# PPG is a global maker of paints, coatings and specialty materials



Founded in 1883



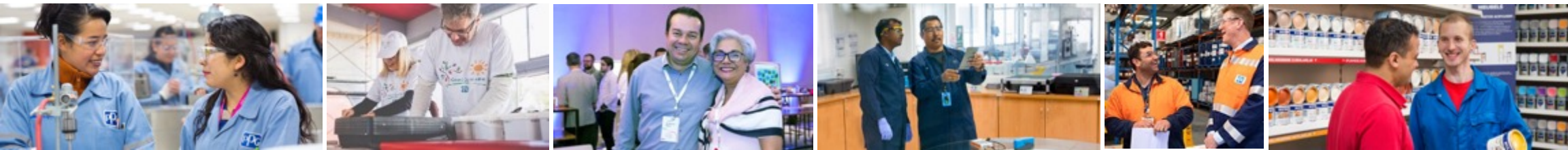
Headquarters in Pittsburgh, PA



Operations in 70+ countries

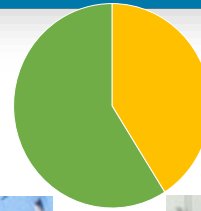


Ranked 209 on the Fortune 500 in 2020



# Two product segments drive our \$15.1B business\*

**Performance Coatings: 60%**



**Industrial Coatings: 40%**



Aerospace



Architectural Coatings\*\*



Automotive OEM Coatings



Industrial Coatings



Automotive Refinish Coatings



Protective and Marine Coatings



Packaging Coatings



Specialty Coatings and Materials



## Opportunities for profitable growth:



Well  
positioned  
to deliver  
growth

<p><b>Specialty</b> products and solutions with key functional value</p>	<p>Highly <b>Diversified</b> global coatings company</p>	<p>Growing portfolio of <b>Sustainable</b> products including EV solutions</p>
<p>High percentage of sales to <b>Aftermarket</b> end-use markets</p>	<p>Strong pipeline of <b>Innovative</b> products</p>	<p>Successful <b>Acquirer</b> of coatings assets</p>



# PPG global end-use positions

Position  
by Coatings  
Vertical



	Global Position	Architectural	General Industrial	Protective & Marine	Automotive OEM	Refinish / Collision	Packaging	Aerospace
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PPG	#2	#2	#2/3	#3	#1	#2	#2	#1
Sherwin-Williams	#1							
AkzoNobel	#3							
Nippon	#4							
RPM	#5							
Axalta	#6							
BASF	#7							









Meaningful presence     
  No Current Meaningful Presence

**PPG growth opportunity: To be #1 or #2 in every country/vertical**

Source: PPG, company annual reports, PPG estimates



# Architectural Coatings is diversified globally and well positioned

Region	Strength / Focus	Brands	
 <p><b>U.S. and Canada</b></p>	<ul style="list-style-type: none"> <li>• Services / Delivery</li> <li>• Digitalization</li> <li>• Omnichannel approach</li> </ul>		
 <p><b>EMEA</b></p>	<ul style="list-style-type: none"> <li>• Strong local brands</li> <li>• One of the leading positions in most countries</li> </ul>		
 <p><b>Latin America</b></p>	<ul style="list-style-type: none"> <li>• Strong brand recognition</li> <li>• Concessionaire model</li> <li>• Expansion into Central America</li> <li>• New factory in Panama</li> </ul>		
 <p><b>Asia-Pacific</b></p>	<ul style="list-style-type: none"> <li>• Strong brand in ANZ</li> <li>• Regional participation in China</li> </ul>		

**PPG's local brands provide opportunities for growth**





# Fit between PPG and Tikkurila

- **Shared focus on the customer and other stakeholders**
- **Geographic complementarity**
- **Combined portfolio of strong brands**
- **Cross-selling opportunities**
- **Best-in-class facilities and organization**
- **People opportunities (new countries, new segments, new growth roles)**
- **Commitment to sustainability and our communities**
- **Importance of culture and engagement**



# Questions & Answers

## Key dates

December 2020

**December 18, 2020**

Signing of the  
combination agreement and  
announcement of the Tender Offer

January 2021

**January 18, 2021  
(on or about)**

Offer period commences

H1/2021

**H1/2021  
(estimated)**

Offer period expires at the earliest  
and completion of the transaction\*

\*) Depending on, among other things, shareholder acceptances and approvals by the competition authorities