



Tikkurila

Interim Report for January–March 2011

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May 6, 2011



TIKKURILA

Disclaimer

- *All forward-looking statements in this presentation are based on the management's current expectations and beliefs about future events, and actual results may differ from the expectations and beliefs such statements contain.*

Contents

- Review period – Group highlights
- Review period – Segment highlights
- Outlook



**Review period –
Group highlights**

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Stronger market demand

Development Q1/2011 vs. Q1/2010

- Revenue increased by 12.6%
 - Sales volumes improved in all markets, except for Finland
- Operating profit decreased by 12.9%
 - Increase in raw material prices was mostly covered by raising prices
 - Sales and marketing expenses were 20% higher than in the comparison period
- The importance of the first quarter in the entire year's result is relatively low
- The challenges related to raw materials are expected to continue in the coming months
- Tikkurila reiterates its outlook for the financial year 2011



Operating environment and market position

General development of the market areas in 2011

- Emerging markets are leading the economic growth
- Development of the European economy has also been good
- Growth of Russia's total production is expected to accelerate from last year
- Inflation is eroding purchase power in both developed and developing economies
- Construction is picking up also in Russia and Poland

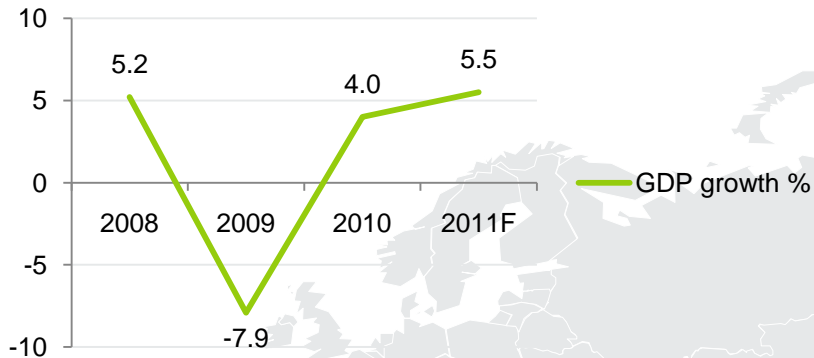
Tikkurila's market positions*



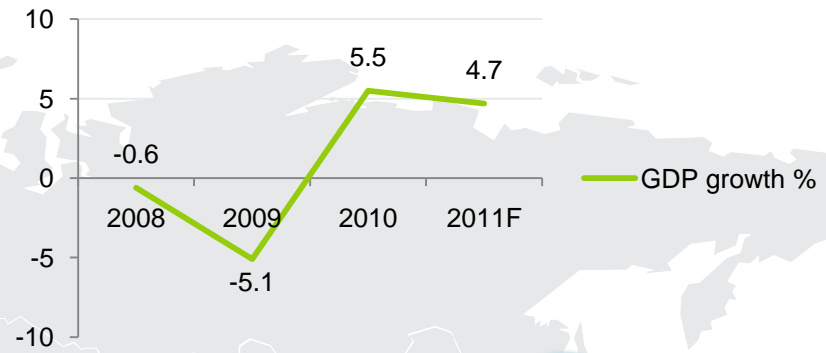
* Decorative paints

Development of gross domestic product 2008–2011F

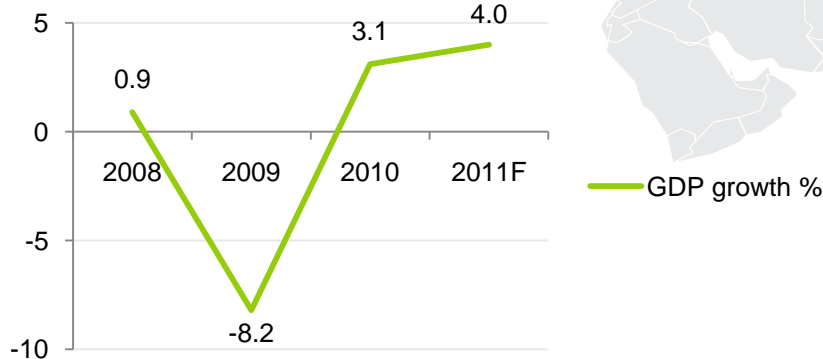
Russia



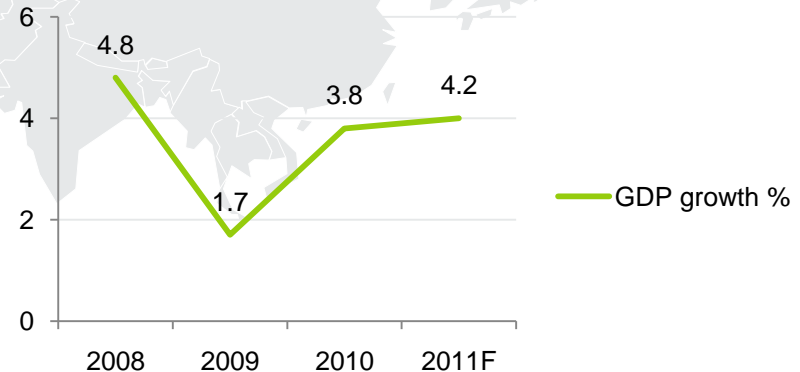
Sweden



Finland



Poland



Source: BOFIT, European Commission, Statistics Finland and Sweden, Etila, Bank of Finland, EIU

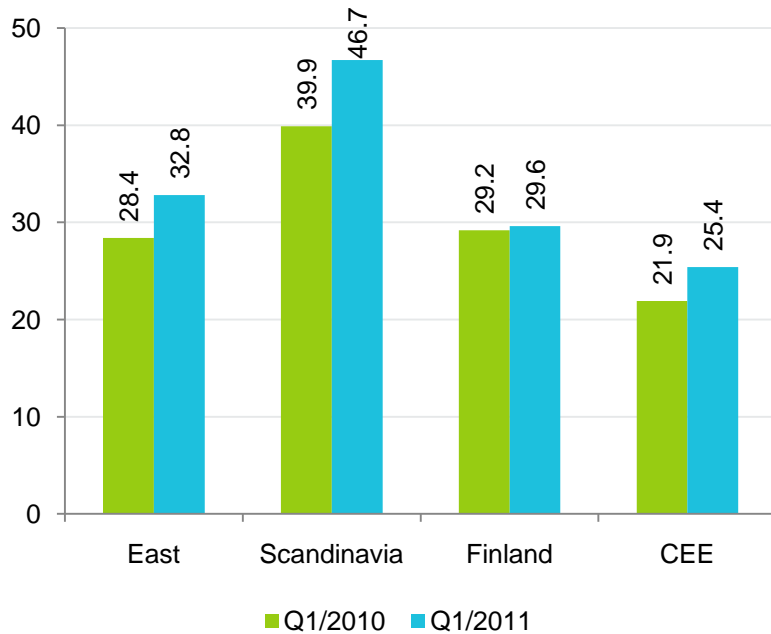
Key figures of the review period

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	134.5	119.4	12.6%	588.6
EBIT excluding non-recurring items	6.5	7.5	-12.9%	59.7
EBIT excluding non-recurring items, %	4.9%	6.3%		10.1%
EBIT	6.5	7.5	-12.9%	60.8
EBIT, %	4.9%	6.3%		10.3%
EPS*, EUR	0.03	0.08	-58.2%	0.83
ROCE, % p.a.	19.1%	16.6%		19.2%
Cash flow after capital expenditure	-27.7	-30.2	8.2%	51.4
Net interest-bearing debt at period-end	106.4	158.7	-32.9%	78.6
Gearing, %	65.8%	101.0%		41.4%
Equity ratio, %	34.7%	34.5%		41.1%
Personnel at period-end	3,555	3,695	-3.8%	3,468

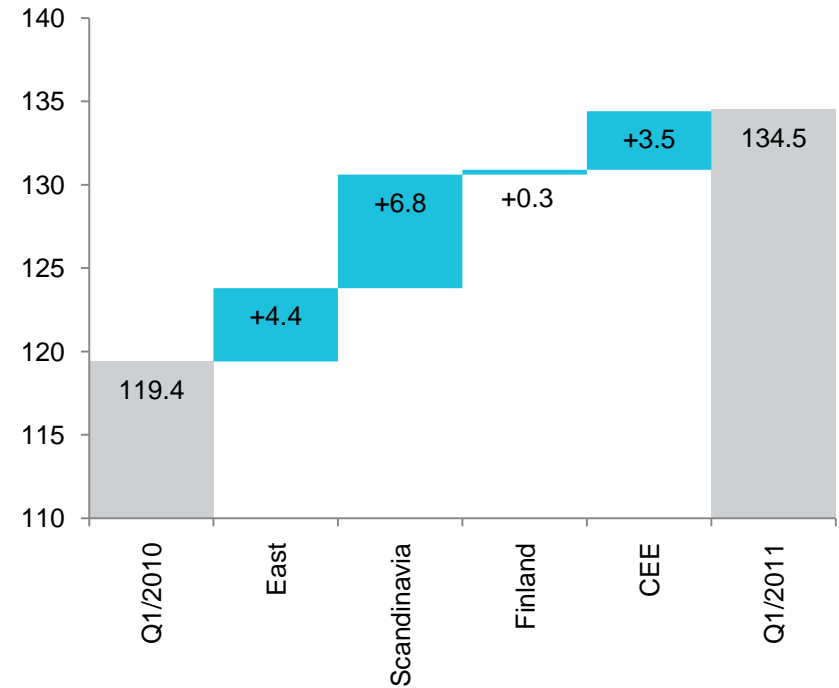
* Calculated by using the amount of outstanding shares of 44,108,252

Revenue development by segment Q1/2010 vs. Q1/2011

EUR million



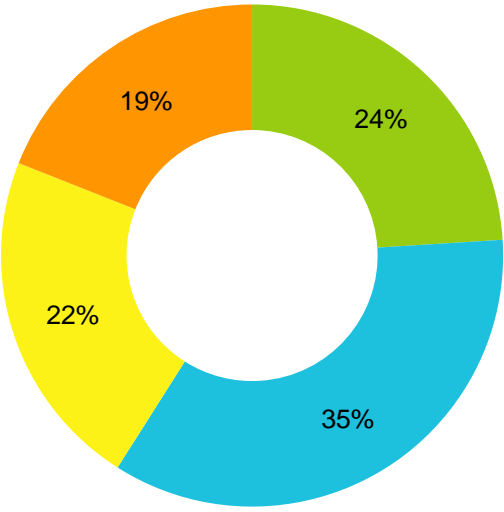
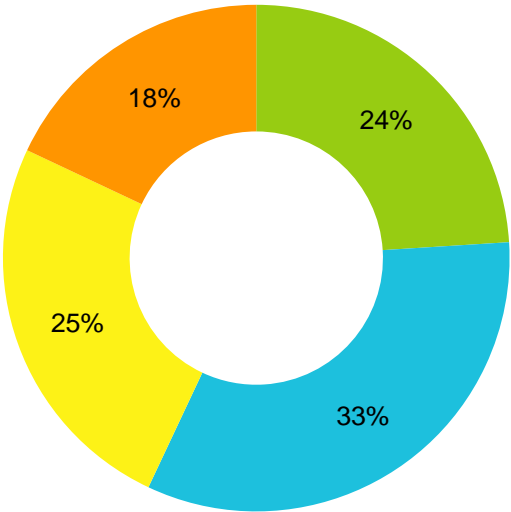
EUR million



Revenue by segment (SBU) Q1/2010 vs. Q1/2011

Q1/2010 total revenue EUR 119.4 million

Q1/2011 total revenue EUR 134.5 million



- East
- Scandinavia
- Finland
- CEE

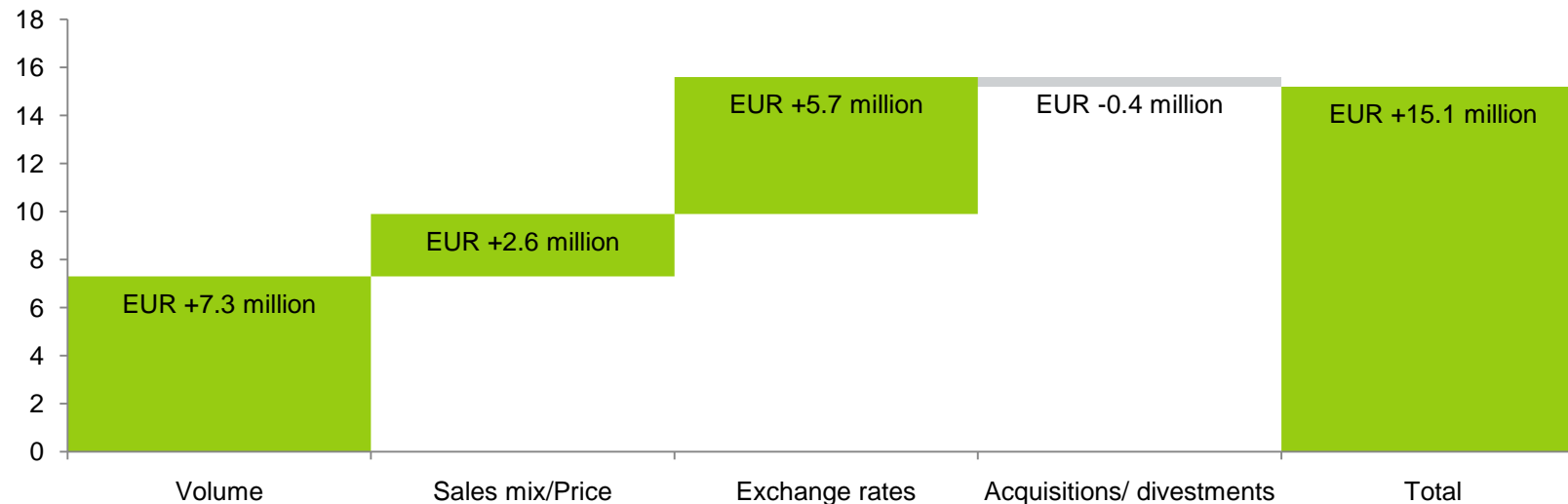
Decorative paints accounted for 84% of revenue in Q1/2010 and Q1/2011

Revenue development

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	134.5	119.4	12.6%	588.6

Different factors impacting revenue development, Q1/2010 vs. Q1/2011

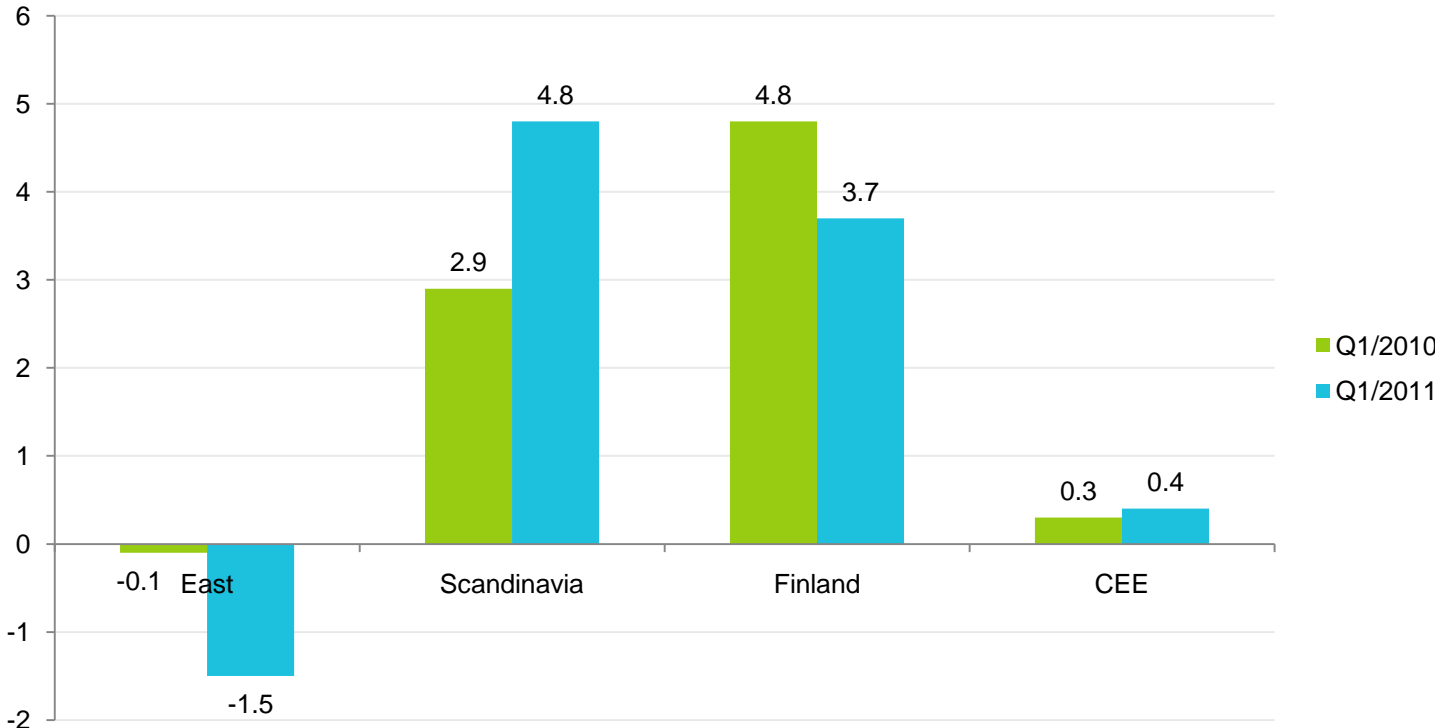
Increase/decrease, EUR million



The figures on the graph above have been independently rounded to one decimal, which should be taken into account when calculating total figures.

EBIT development by segment (SBU) Q1/2010 vs. Q1/2011

EUR million



Sales and marketing activities were increased

- Sales and marketing expenses were approximately 20% higher in the first quarter of 2011 than in the comparison period
- Securing sales of the upcoming outdoor painting season and further strengthening positions in the prevailing challenging raw material situation
- In addition to traditional advertising, promotional activities include, among others, collaboration projects with different TV programs, web-based services, mobile applications and store materials

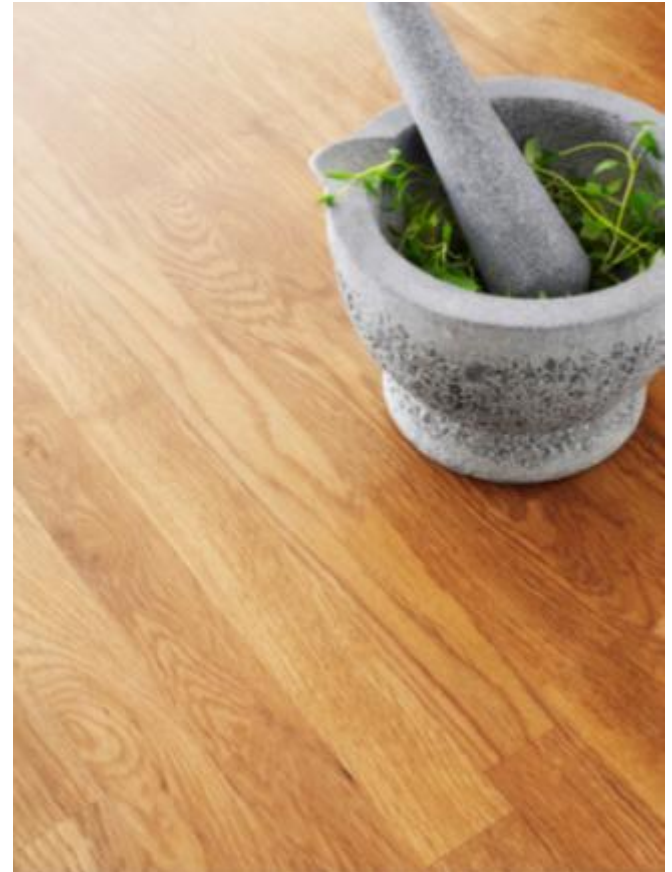


Launched in Finland in spring: Zen products of Tikkurila's Pigrol brand

Pigrol Zen Beeswax oil



Pigrol Zen Oil for wooden surfaces

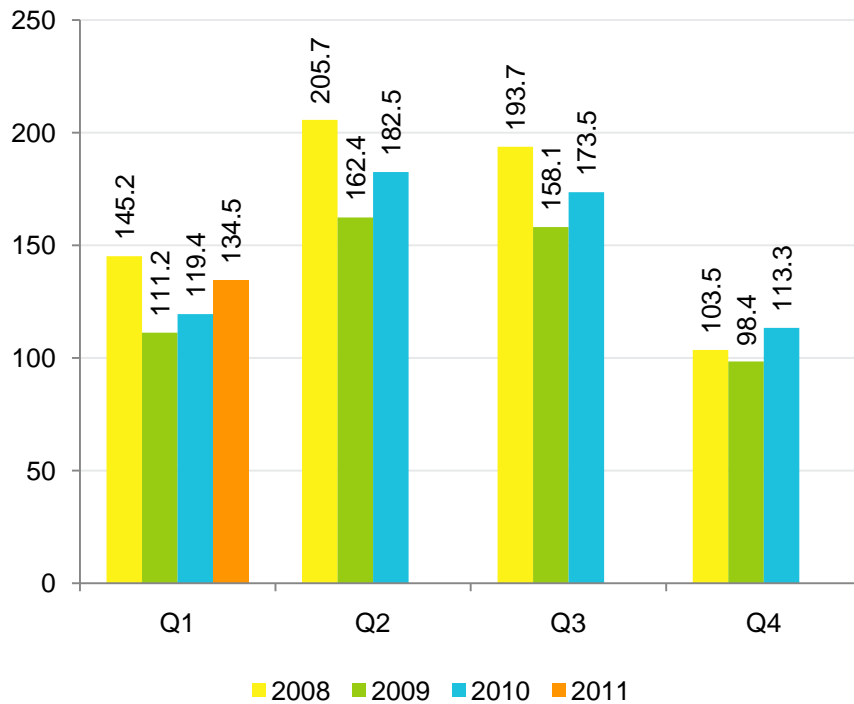


For further information, please visit www.tikkurila.fi

Seasonality

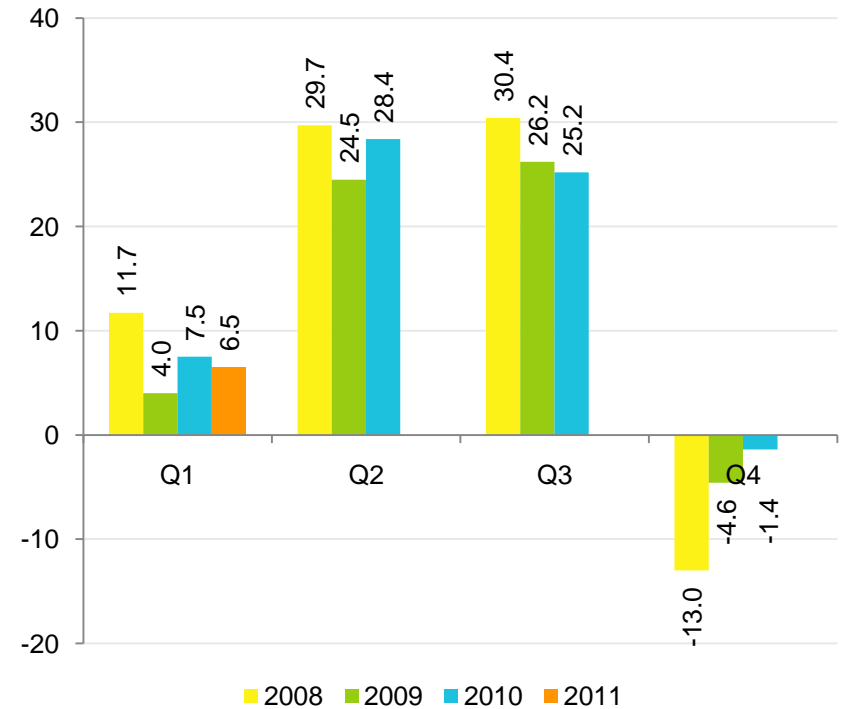
Revenue by quarter 2008–2011

EUR million



EBIT* by quarter 2008–2011

EUR million



* Excluding non-recurring items



Review period – Segment highlights

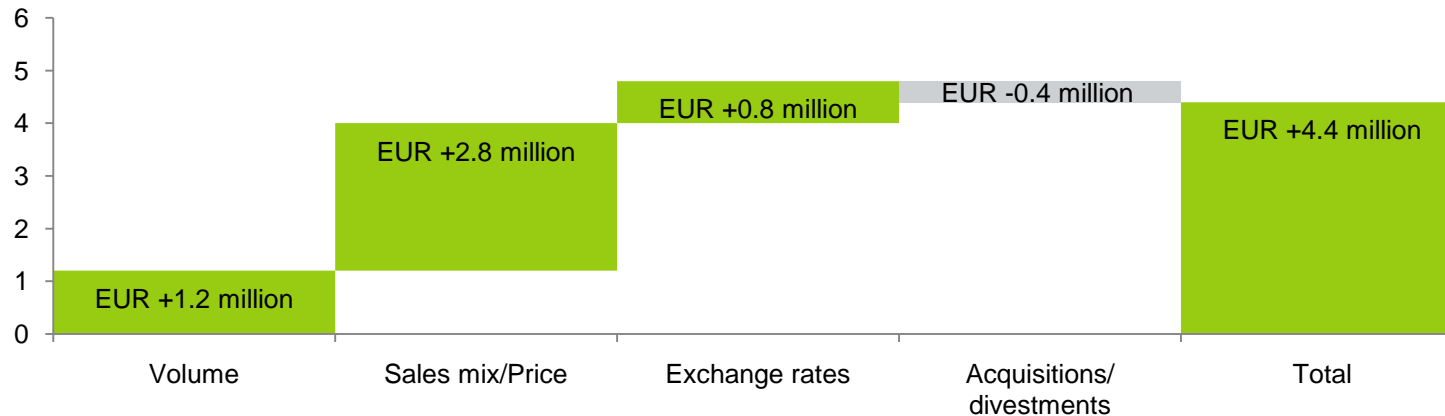
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SBU East Q1/2011

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	32.8	28.4	15.5%	194.5
EBIT*	-1.5	-0.1		22.7
EBIT*, %	-4.5%	-0.2%		11.6%
Capital expenditure excl. acquisitions	0.6	0.7	-17.6%	4.5

Different factors impacting the revenue development of SBU East, Q1/2011 vs. Q1/2010

Increase/decrease, EUR million

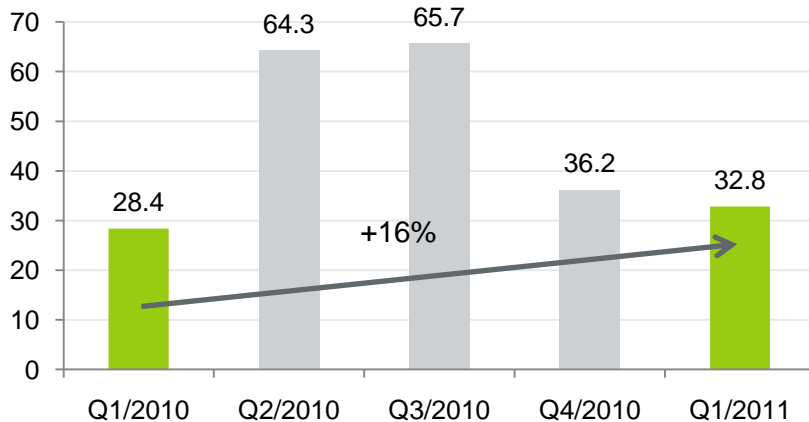


* Excluding non-recurring items

SBU East Q1/2011

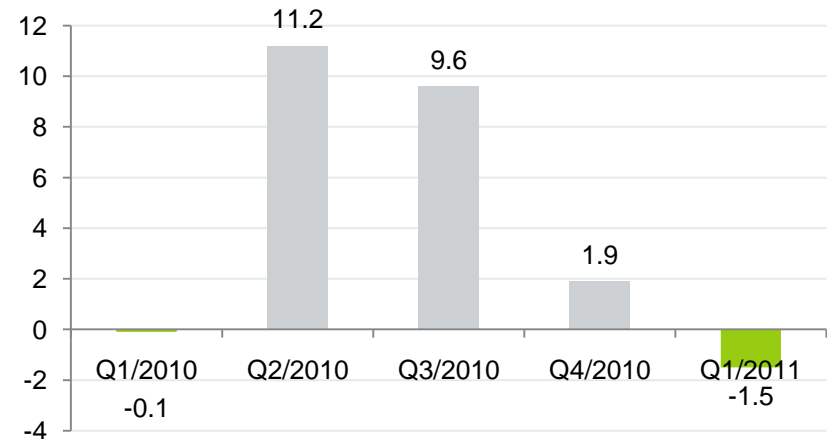
Revenue by quarter Q1/2010–Q1/2011

EUR million



EBIT* by quarter Q1/2010–Q1/2011

EUR million



- The long and cold winter in Russia has delayed the start of the painting season
- Sales prices were increased at the beginning of the year
- Sales and marketing expenses were higher than in the comparison period
- Salary inflation

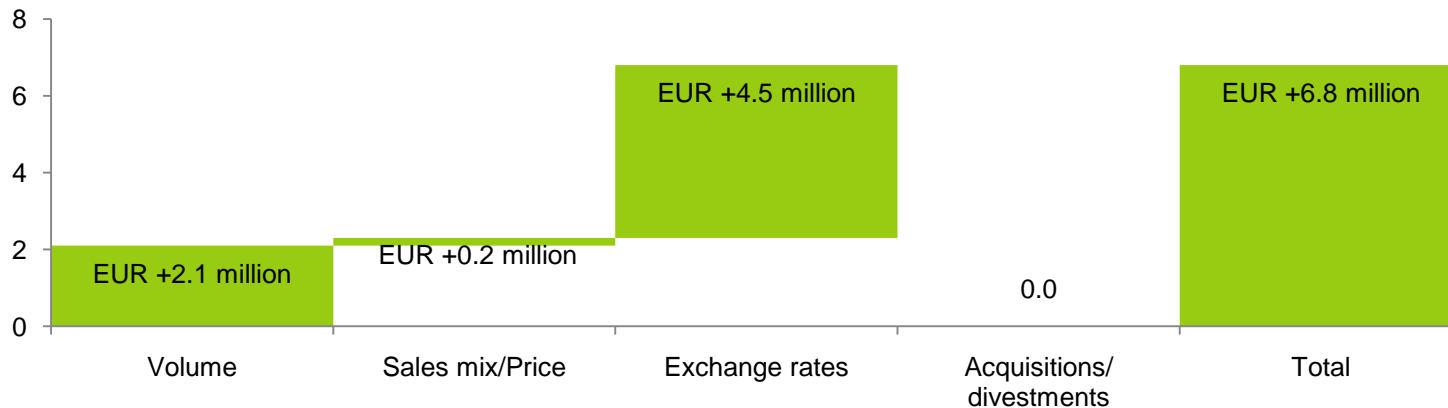
* Excluding non-recurring items

SBU Scandinavia Q1/2011

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	46.7	39.9	17.2%	181.8
EBIT*	4.8	2.9	61.9%	21.3
EBIT*, %	10.2%	7.4%		11.7%
Capital expenditure excl. acquisitions	0.2	0.4	-48.2%	2.3

Different factors impacting the revenue development of SBU Scandinavia, Q1/2011 vs. Q1/2010

Increase/decrease, EUR million

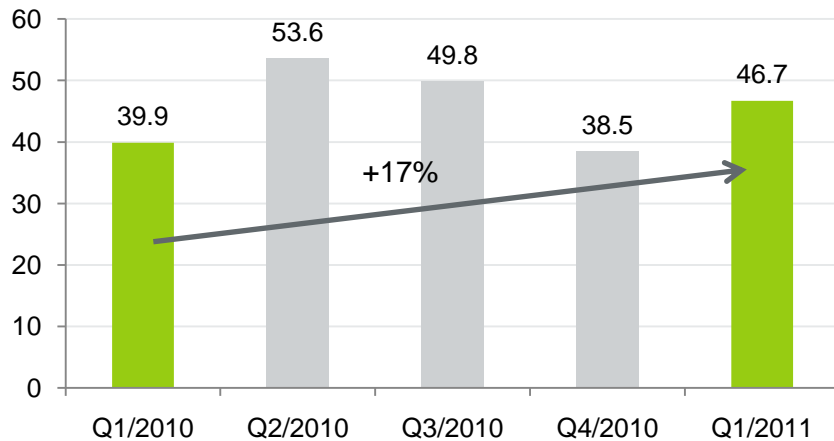


* Excluding non-recurring items

SBU Scandinavia Q1/2011

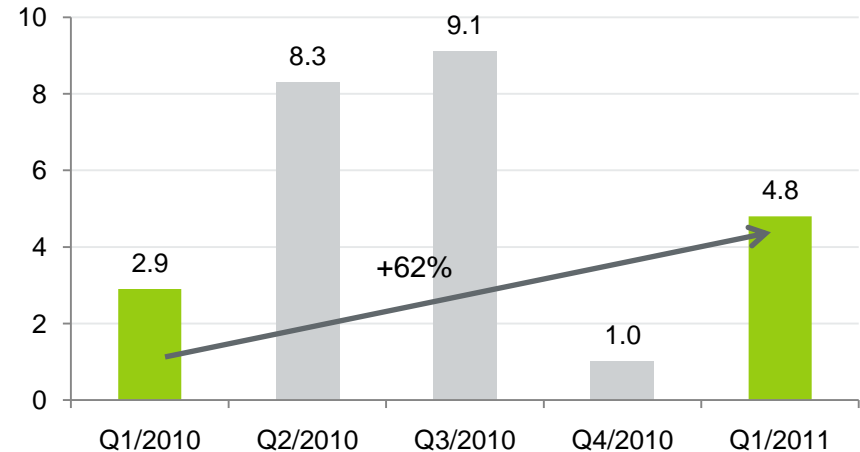
Revenue by quarter Q1/2010–Q1/2011

EUR million



EBIT* by quarter Q1/2010–Q1/2011

EUR million



- Advance orders for the summer season remained at the same level as last year
- Sales prices were increased at the beginning of the year
- Sales and marketing expenses were higher than in the comparison period
- Productivity of the Nykvarn site in Sweden improved

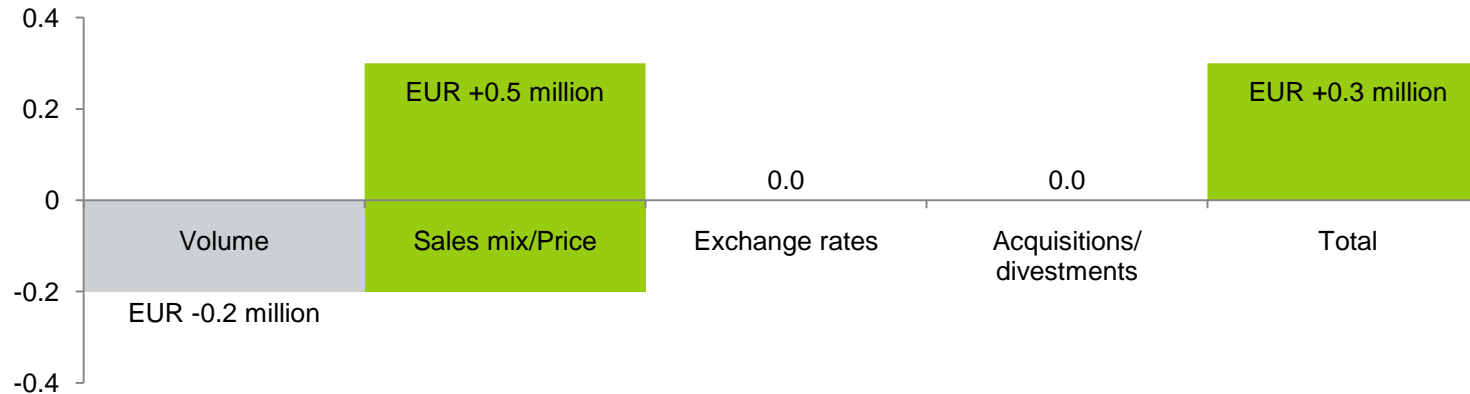
* Excluding non-recurring items

SBU Finland Q1/2011

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	29.6	29.2	1.2%	107.2
EBIT*	3.7	4.8	-23.1%	13.6
EBIT*, %	12.6%	16.5%		12.7%
Capital expenditure excl. acquisitions	0.8	0.6	37.6%	2.2

Different factors impacting the revenue development of SBU Finland, Q1/2011 vs. Q1/2010

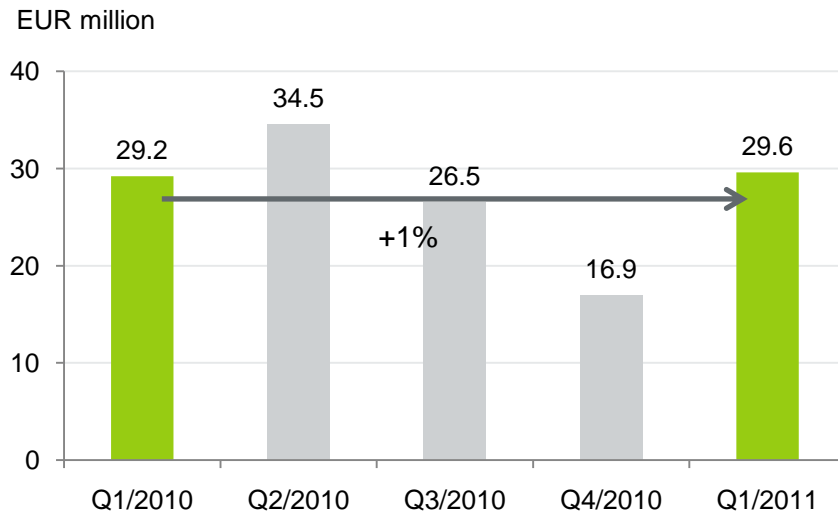
Increase/decrease, EUR million



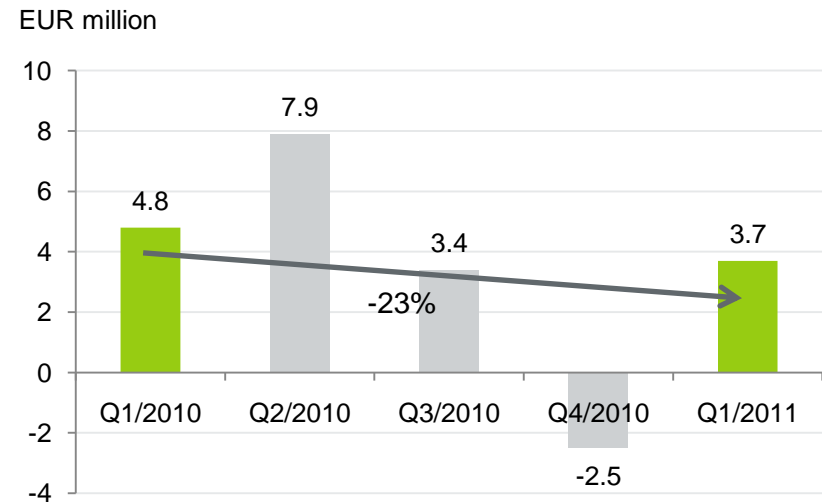
* Excluding non-recurring items

SBU Finland Q1/2011

Revenue by quarter Q1/2010–Q1/2011



EBIT* by quarter Q1/2010–Q1/2011



- Cold spring has slightly postponed advance orders of outdoor paints; orders are expected to remain at last year's level
- Sales prices were increased at the beginning of the year
- Sales and marketing expenses were higher than in the comparison period

* Excluding non-recurring items

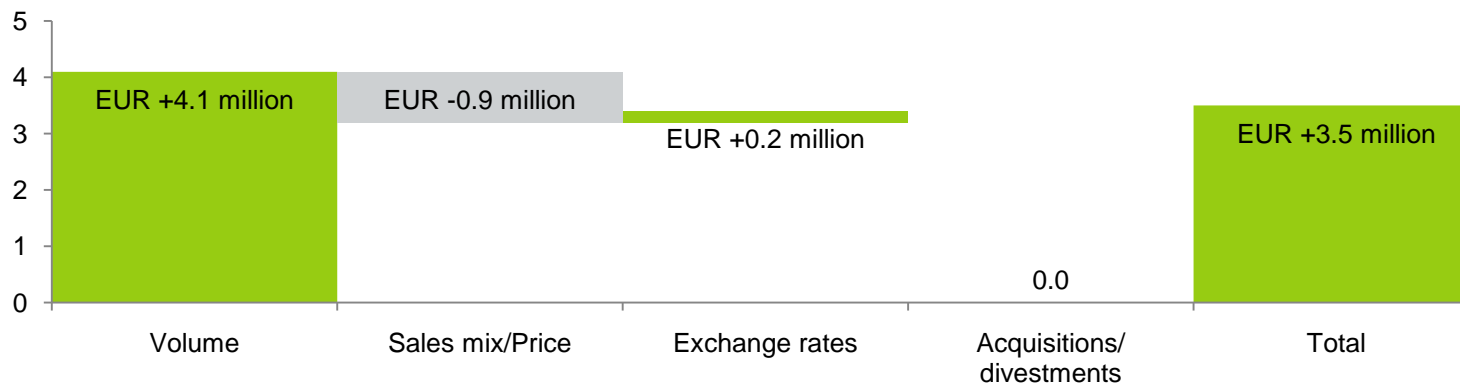
SBU Central Eastern Europe (CEE) Q1/2011

EUR million	1-3/2011	1-3/2010	Change %	2010
Revenue	25.4	21.9	16.0%	105.2
EBIT*	0.4	0.3	43.9%	4.8
EBIT*, %	1.7%	1.3%		4.6%
Capital expenditure excl. acquisitions	0.4	0.5	-15.2%	2.2

Figures include export to more than 20 countries

Different factors impacting the revenue development of SBU CEE, Q1/2011 vs. Q1/2010

Increase/decrease, EUR million



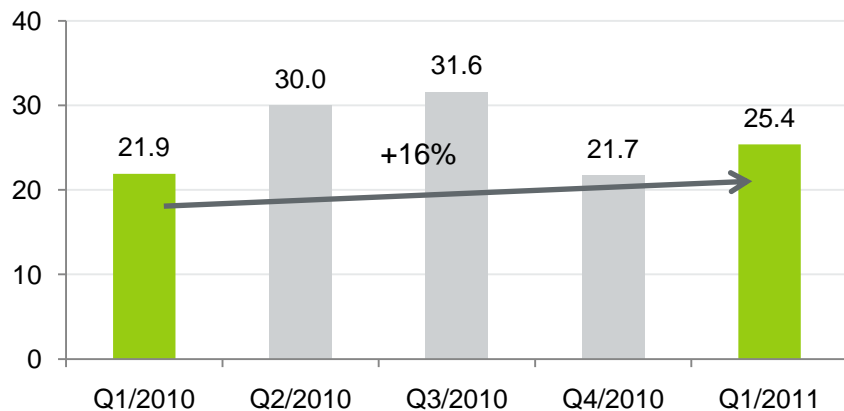
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* Excluding non-recurring items

SBU CEE Q1/2011

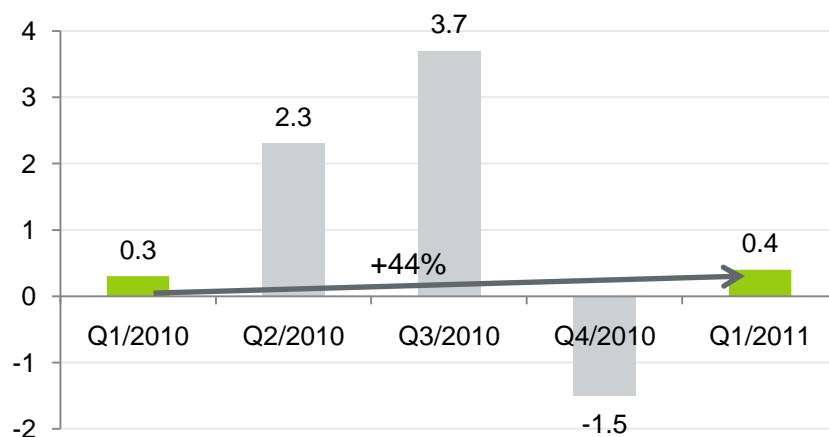
Revenue by quarter Q1/2010–Q1/2011

EUR million



EBIT* by quarter Q1/2010–Q1/2011

EUR million



- Sales volumes in the region clearly growing
- Sales prices were increased during the first months of the year; in Poland, price increases became effective after the review period
- Sales of industrial coatings grew more than that of decorative paints

* Excluding non-recurring items

Tikkurila strengthens its position in Central Eastern Europe



- In April, Tikkurila agreed on the acquisition of the business operations of Serbian Zorka Color
- Expanding geographical presence into the Balkans and strengthening position in Central Eastern Europe in accordance with the company's growth strategy
- In 2010, the revenue of Zorka Color was approximately EUR 16.2 million, operating profit EUR 1.0 million, and the number of employees 150
- A strong brand with a great product portfolio
- A leading player in its region
- The purchase price will be specified, and will be partly based on the future results
- Requires an approval from the competition authorities and fulfillment of other terms and conditions of the transaction

The emerging Balkan region

Emerging market area

- Zorka Color operates in Serbia, Macedonia, Bosnia-Herzegovina, Montenegro, Croatia and Kosovo
- Previously, Tikkurila has exported paints to the area
- Total population in the area ~20 million
- Estimated GDP growth 3% for 2011 in Serbia
- Paint consumption per capita 5 liters in Serbia, 3–7 liters in other countries
- Environmental awareness increasing, new interior decoration trends (more colors, growth in tinting system)
- Competitors in the region include Helios and JUB

Expansion to the Balkan region



— Tikkurila SBU CEE's current operating area
(China also includes in CEE)

— Zorka Color's operating area

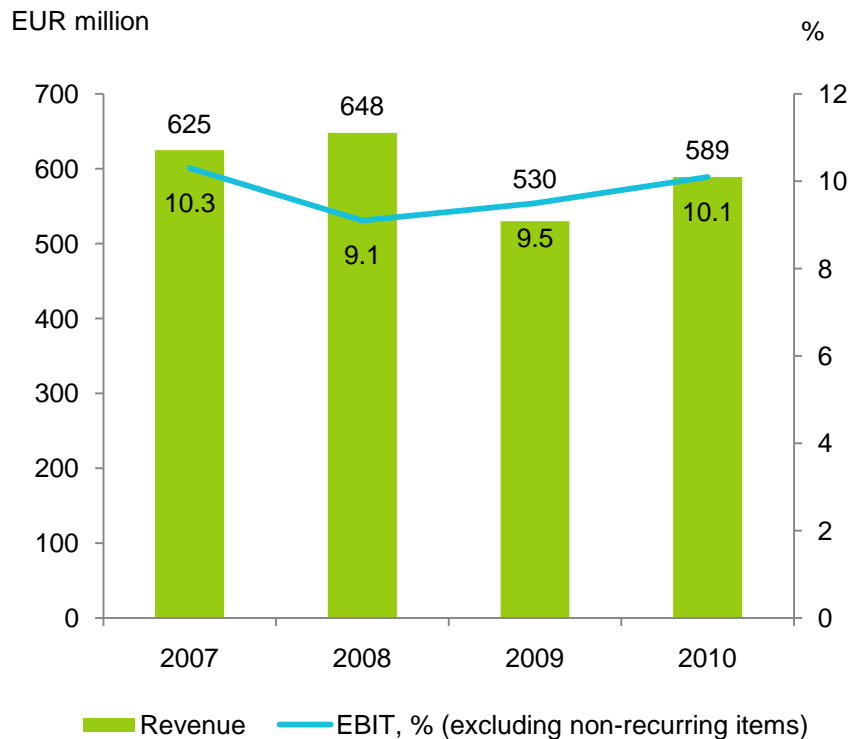
Outlook



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Outlook for 2011 reiterated

Revenue and profitability of Tikkurila 2007–2010



Outlook for 2011

In 2011, Tikkurila expects revenue growth to exceed the average GDP growth in Tikkurila's main market areas. In spite of the rising raw material prices, Tikkurila expects EBIT margin as a percentage of revenue to stay at the same level as in 2010.

Contact persons



Investor and media contacts



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CFO



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The background features several vibrant, glossy paint splashes in various colors: a large blue sphere at the top center, a small red sphere at the top right, a yellow sphere at the top right, a yellow splash on the left edge, a green sphere at the bottom center, and a large red sphere at the bottom left.

TIKKURILA INSPIRES YOU
TO COLOR YOUR LIFE.™

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