



Tikkurila

Interim Report for January–June 2011

Erkki Järvinen, President and CEO, and Jukka Havia, CFO

August 11, 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



Highlights of Q2/2011

- Revenue increased by 8.7% in comparison to the corresponding period last year
 - Brisk growth in the East, Finland did not meet the expectations
- Operating profit decreased by 3.2%
 - Due to wide-reaching cost inflation
 - Prices of the key raw materials approximately 20% higher
- Challenges related to raw material prices and availability estimated to continue
- Outlook for 2011 reiterated
- Financial uncertainty has gained momentum, making it more difficult to forecast the development during the rest of the year



Operating environment and market position

General development of the market areas in 2011

- Economic development in Tikkurila's key market areas was fairly favorable, although general uncertainty increased
- Consumer confidence improved in Russia and Poland, but declined in Finland and Sweden
- Construction grew in Finland, Sweden, and Poland, development continued to be slow in Russia
- High inflation remains a challenge in both developed and developing markets

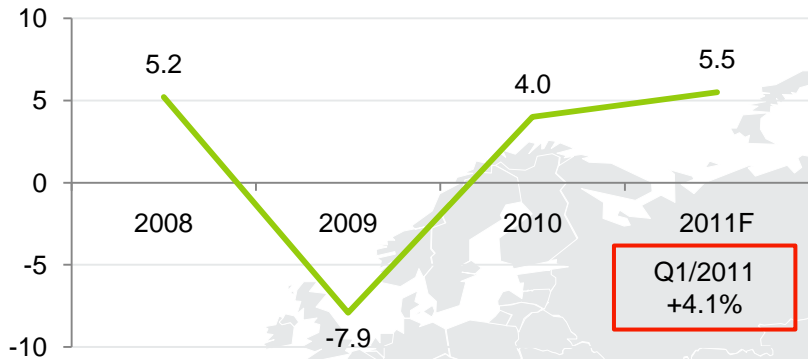
Tikkurila's market positions*



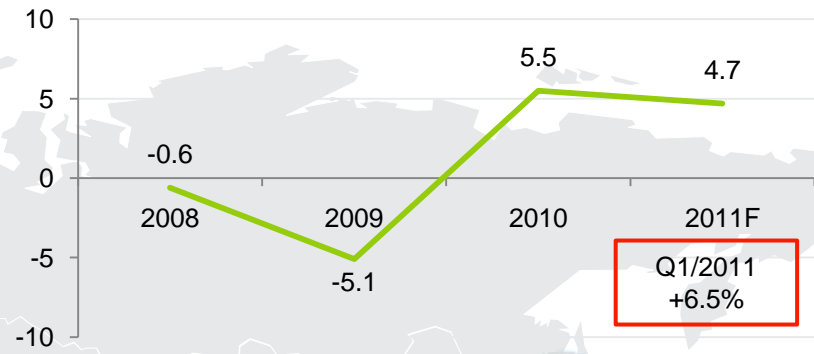
* Decorative paints

Development of gross domestic product 2008–2011F, growth-%

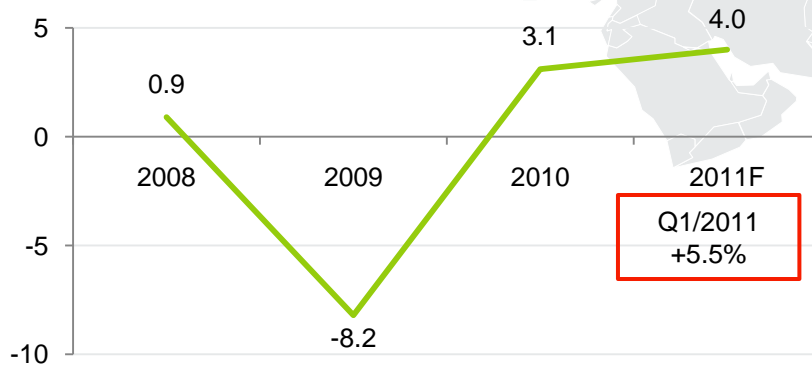
Russia



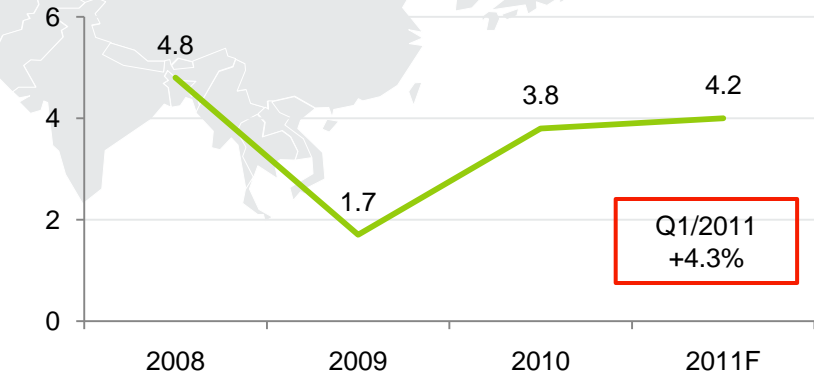
Sweden



Finland



Poland

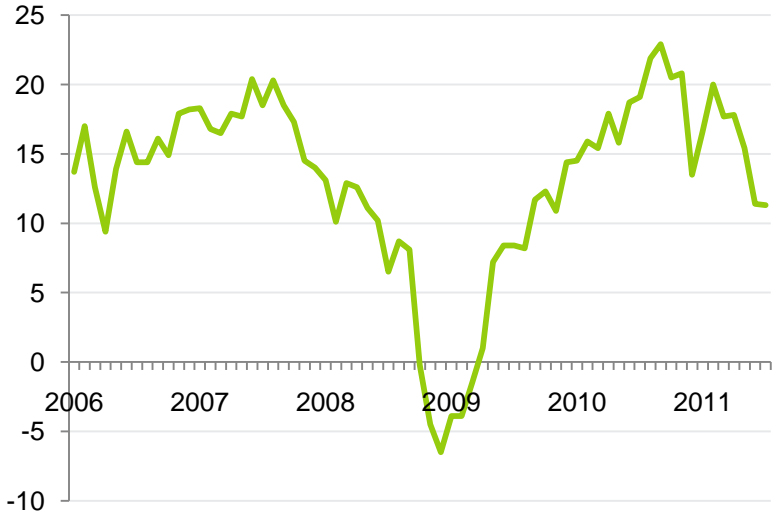


Source: BOFIT, European Commission, Statistics Finland and Sweden, Etila, Bank of Finland, EIU

Consumer confidence declined in Finland and Sweden, improved in Russia and Poland

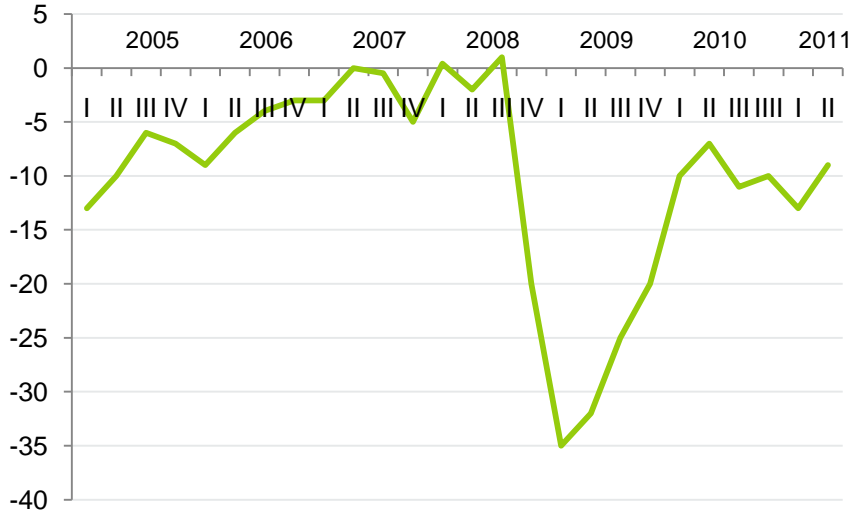
Consumer confidence in Finland

Balance figure



Consumer confidence in Russia

%



Source: Statistics Finland, Rosstat

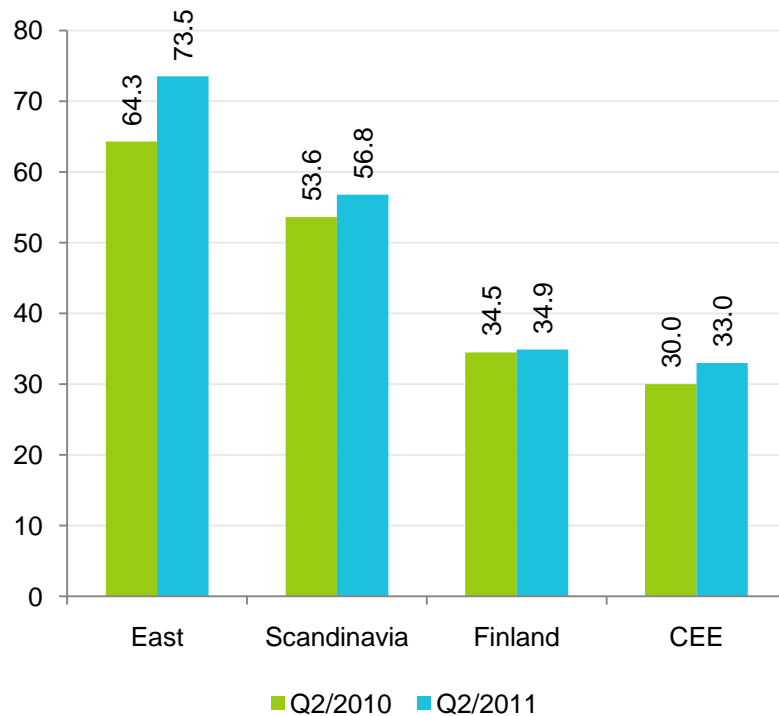
Key figures of the review period

EUR million	4-6/2011	4-6/2010	Change %	1-6/2011	1-6/2010	Change %	2010
Revenue	198.3	182.5	8.7%	332.8	301.8	10.3%	588.6
EBIT excluding non-recurring items	27.5	28.4	-3.2%	34.0	35.9	-5.2%	59.7
EBIT excluding non-recurring items, %	13.8%	15.5%		10.2%	11.9%		10.1%
EBIT	27.5	29.1	-5.5%	34.0	36.6	-7.0%	60.8
EBIT, %	13.8%	15.9%		10.2%	12.1%		10.3%
EPS*, EUR	0.39	0.46	-17.0%	0.42	0.55	-23.2%	0.83
ROCE, % p.a.	18.8%	18.5%		18.8%	18.5%		19.2%
Cash flow after capital expenditure	1.7	5.1	-67.2%	-26.0	-25.0	-3.8%	51.4
Net interest-bearing debt at period-end				137.7	155.3	-11.3%	78.6
Gearing, %				77.1%	87.0%		41.4%
Equity ratio, %				34.4%	34.2%		41.1%
Personnel at period-end				3,794	3,946	-3.8%	3,468

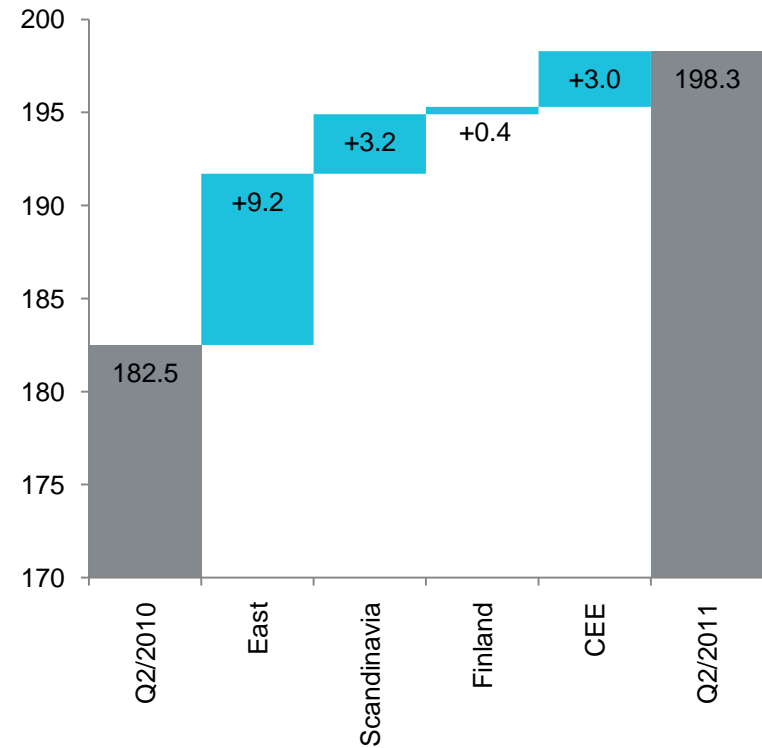
* Calculated by using the amount of outstanding shares of 44,108,252.

Revenue development by segment Q2/2010 vs. Q2/2011

EUR million

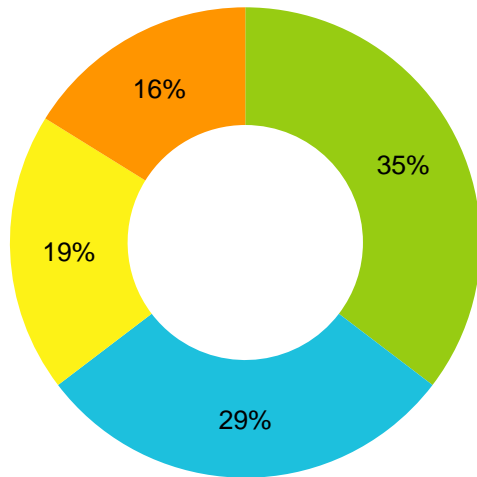


EUR million

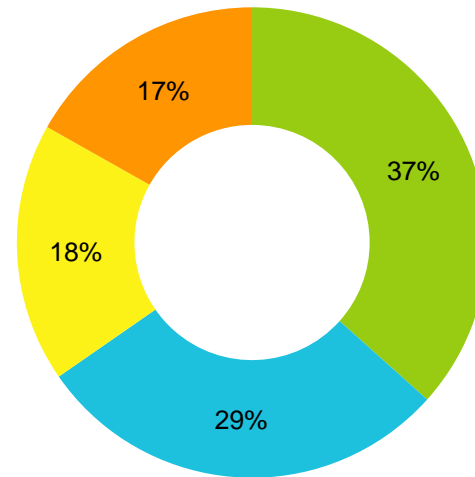


Revenue by segment (SBU) Q2/2010 vs. Q2/2011

Q2/2010 total revenue EUR 182.5 million



Q2/2011 total revenue EUR 198.3 million



- East
- Scandinavia
- Finland
- CEE

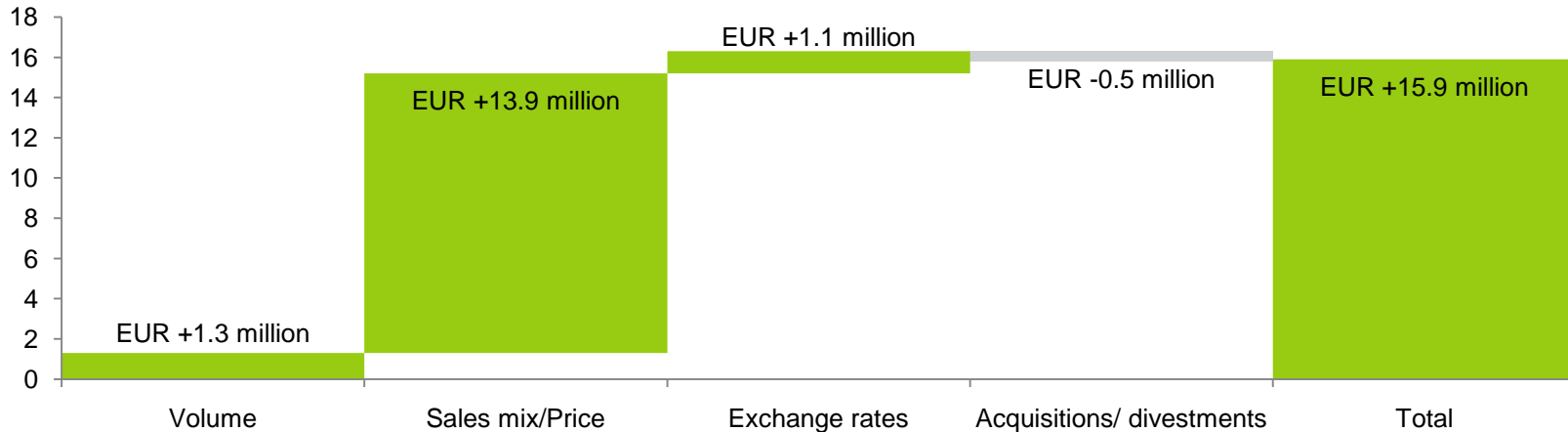
Decorative paints accounted for 86% of revenue in Q2/2010 and Q2/2011.

Revenue development

EUR million	4-6/2011	4-6/2010	Change %	2010
Revenue	198.3	182.5	8.7%	588.6

Different factors impacting revenue development, Q2/2010 vs. Q2/2011

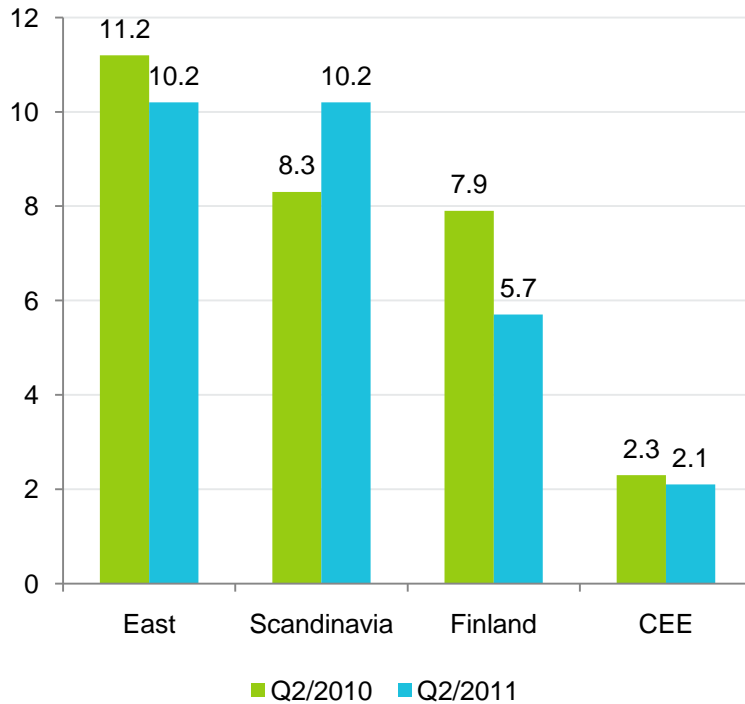
Increase/decrease, EUR million



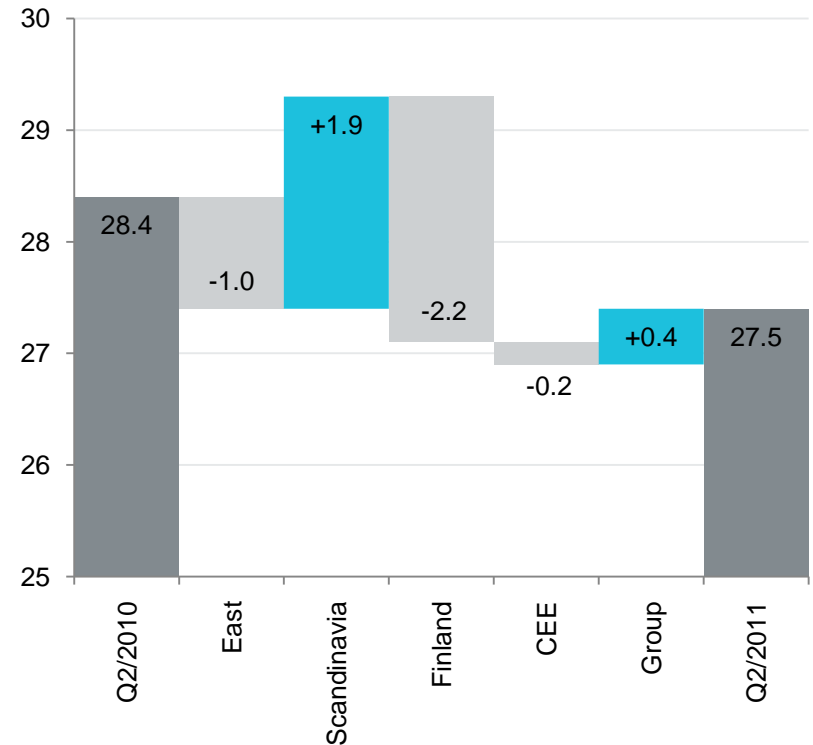
The figures on the graph above have been independently rounded to one decimal, which should be taken into account when calculating total figures.

EBIT* development by segment (SBU) Q2/2010 vs. Q2/2011

EUR million



EUR million

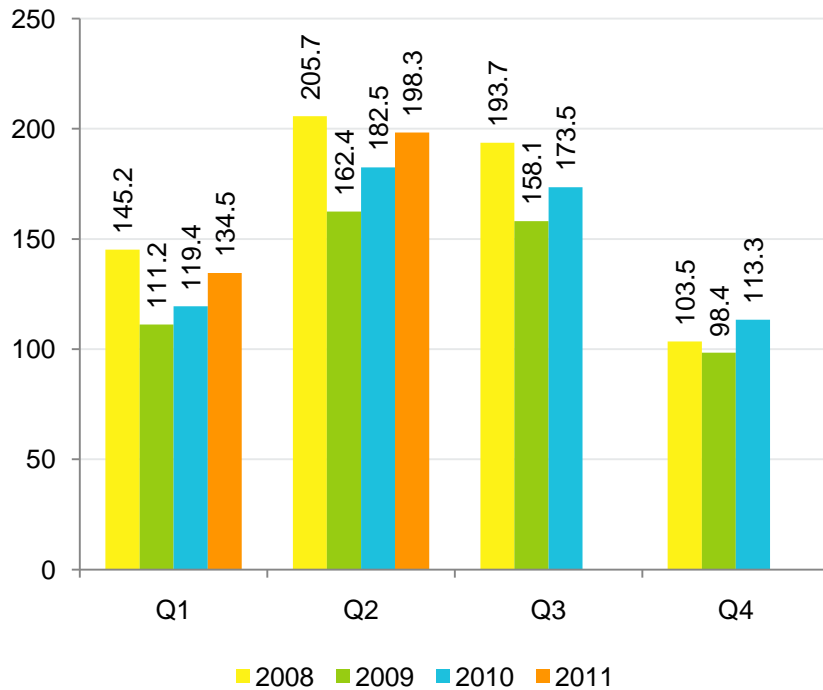


* Excluding non-recurring items

Seasonality

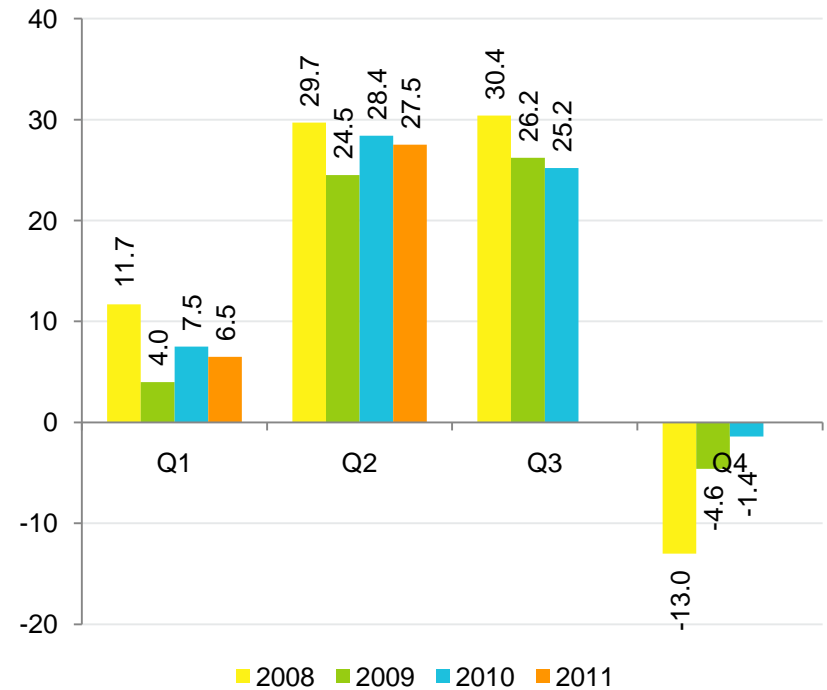
Revenue by quarter 2008–2011

EUR million



EBIT* by quarter 2008–2011

EUR million



* Excluding non-recurring items

Tikkurila's Valtti donated money to forest conservation

- Tikkurila celebrated Valtti's 60th anniversary by donating EUR 0.60 on every 9-liter can of Valtti Color sold in Finland between January 1–June 24, 2011, to Luonto-Liitto to the conservation of old-growth forests



For further information, please visit www.tikkurila.fi

New environmental labels

- Tikkurila's products were awarded five new Nordic Swan ecolabels in Scandinavia
- Tikkurila has the largest number of ecolabeled decorative paints in Scandinavia



For further information, please visit www.alcro.se/miljo

Launched in spring: Tikkurila's Yki Aitokivi, a stone coating for outer surfaces

- Coating with crushed natural stone for outer surfaces and plinths
- Ready-made basic colors derived from the Finnish nature: red granite, black gabro, grey granite, and pale limestone
- The product can also be tinted
- Reception for the product has been good and a patent application has been filed





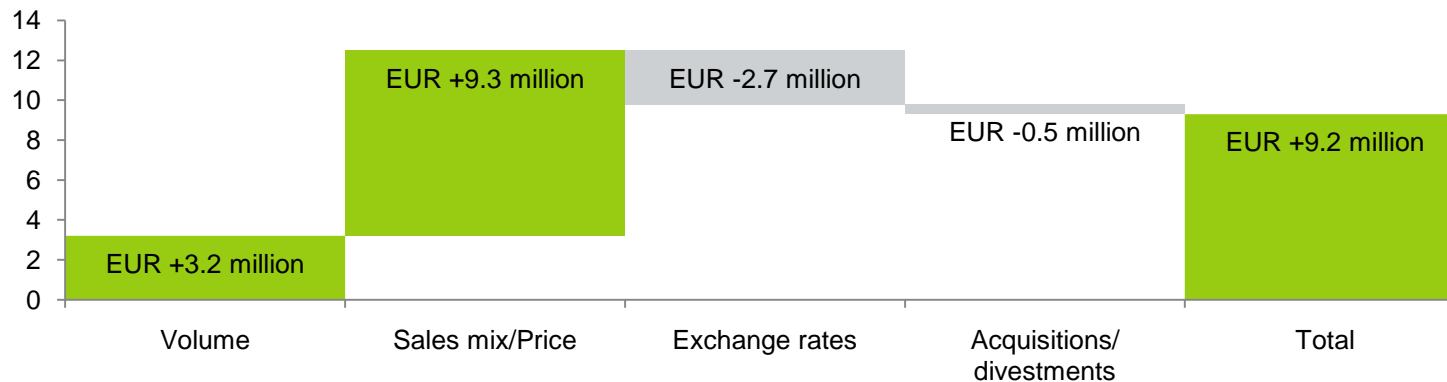
Review period – Group highlights

SBU East Q2/2011

EUR million	4-6/2011	4-6/2010	Change %	1-6/2011	1-6/2010	Change %	2010
Revenue	73.5	64.3	14.3%	106.3	92.7	14.7%	194.5
EBIT*	10.2	11.2	-8.9%	8.7	11.2	-21.8%	22.7
EBIT*, %	13.9%	17.4%		8.2%	12.0%		11.6%
Capital expenditure excl. acquisitions	0.9	1.2	-19.8%	1.5	1.8	-19.0%	4.5

Different factors impacting the revenue development of SBU East, Q2/2011 vs. Q2/2010

Increase/decrease, EUR million



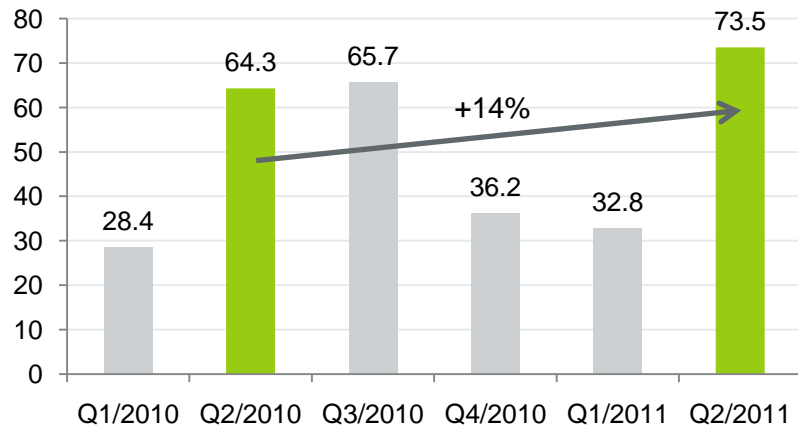
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* Excluding non-recurring items

SBU East Q2/2011

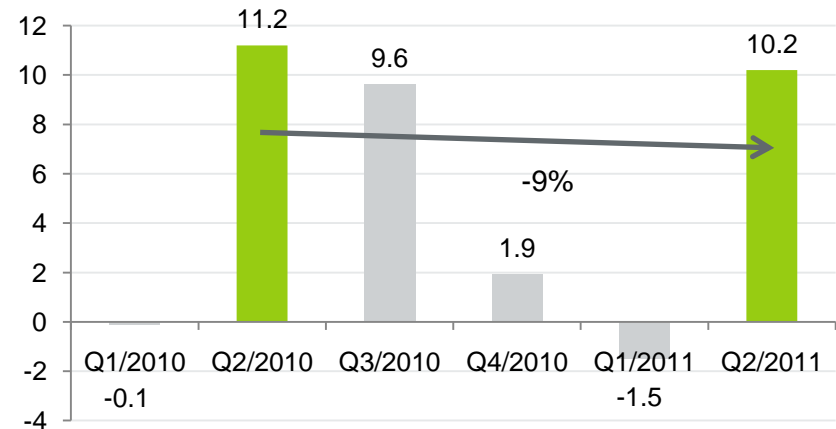
Revenue by quarter Q1/2010–Q2/2011

EUR million



EBIT* by quarter Q1/2010–Q2/2011

EUR million



Key issues in Q2/2011

- Sales prices were increased in June
- Profitability was weakened by general cost inflation and higher level of salary expenses
- Tikkurila continued investing in brand building and sales promotion

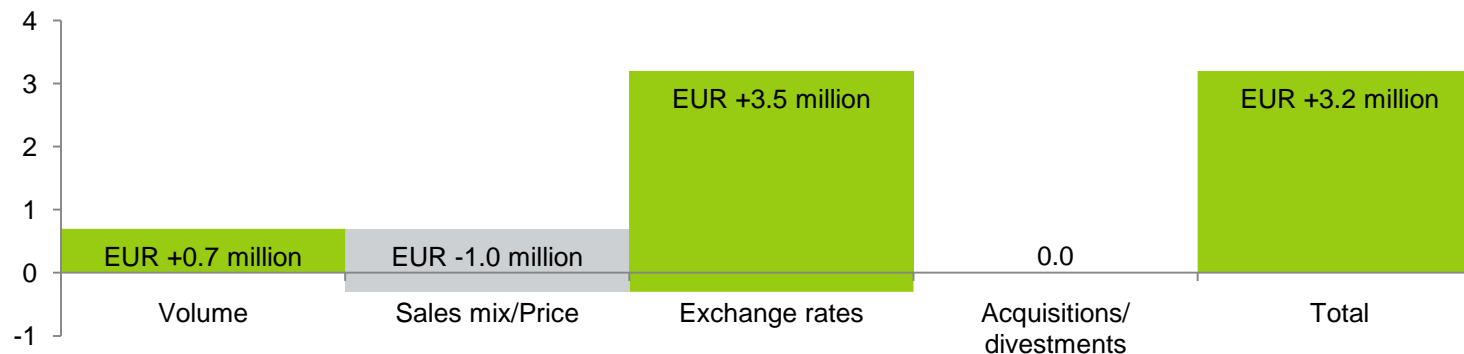
* Excluding non-recurring items

SBU Scandinavia Q2/2011

EUR million	4-6/2011	4-6/2010	Change %	1-6/2011	1-6/2010	Change %	2010
Revenue	56.8	53.6	6.0%	103.5	93.5	10.7 %	181.8
EBIT*	10.2	8.3	23.3%	15.0	11.2	33.4%	21.3
EBIT*, %	18.0%	15.4%		14.5%	12.0%		11.7%
Capital expenditure excl. acquisitions	1.0	0.6	66.3%	1.2	1.0	19.4%	2.3

Different factors impacting the revenue development of SBU Scandinavia, Q2/2011 vs. Q2/2010

Increase/decrease, EUR million

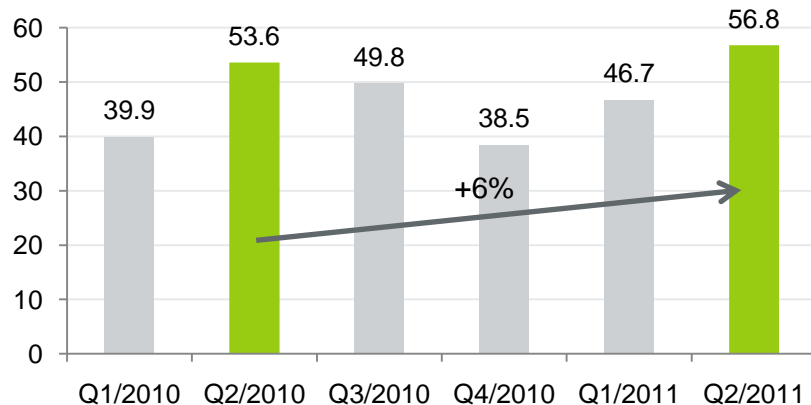


* Excluding non-recurring items

SBU Scandinavia Q2/2011

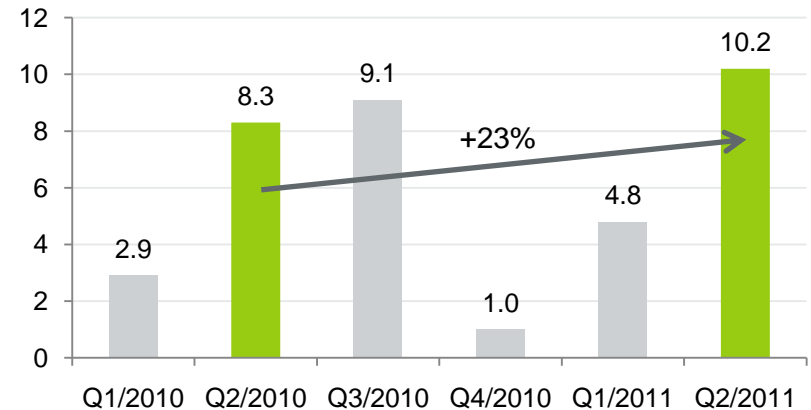
Revenue by quarter Q1/2010–Q2/2011

EUR million



EBIT* by quarter Q1/2010–Q2/2011

EUR million



Key issues in Q2/2011

- Higher productivity of Nykvarn site in Sweden and effective management of fixed costs improved the relative profitability
- Growth of the Swedish economy showed some signs of weakening
- Consumer confidence declined in Sweden

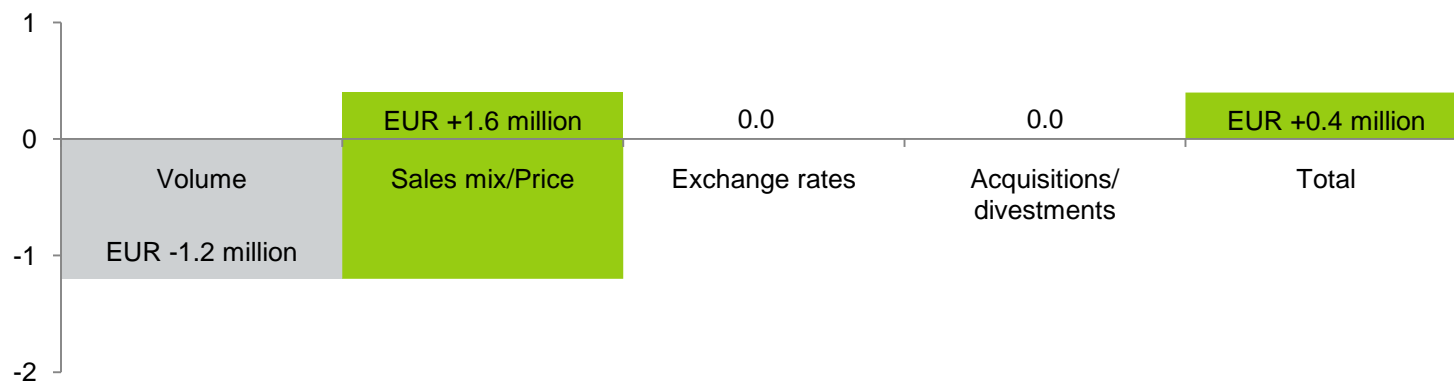
* Excluding non-recurring items

SBU Finland Q2/2011

EUR million	4-6/2011	4-6/2010	Change %	1-6/2011	1-6/2010	Change %	2010
Revenue	34.9	34.5	1.2%	64.5	63.7	1.2%	107.2
EBIT*	5.7	7.9	-27.5%	9.4	12.7	-25.8%	13.6
EBIT*, %	16.3%	22.8%		14.6%	19.9%		12.7%
Capital expenditure excl. acquisitions	0.5	0.7	-19.0%	1.3	1.2	7.1%	2.2

Different factors impacting the revenue development of SBU Finland, Q2/2011 vs. Q2/2010

Increase/decrease, EUR million

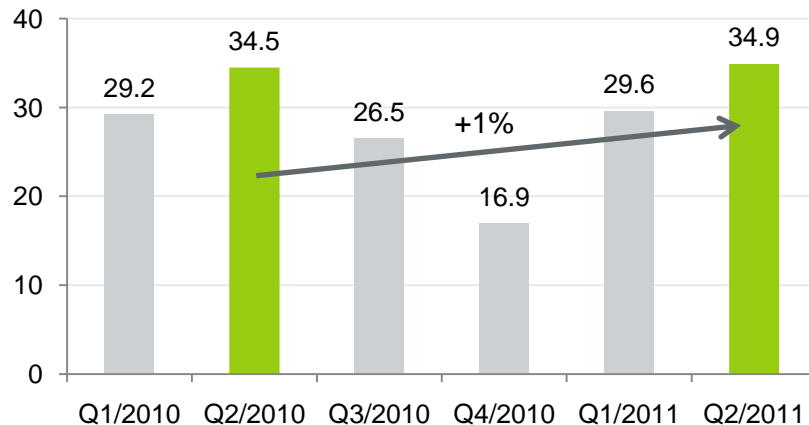


* Excluding non-recurring items

SBU Finland Q2/2011

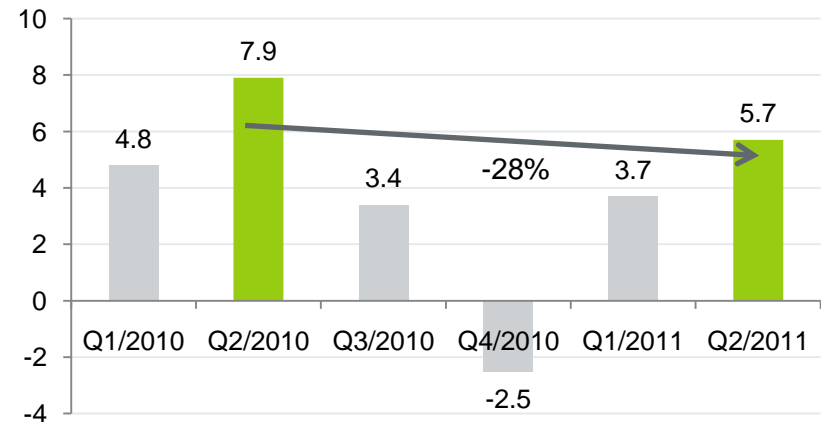
Revenue by quarter Q1/2010–Q2/2011

EUR million



EBIT* by quarter Q1/2010–Q2/2011

EUR million



Key issues in Q2/2011

- Profitability was weakened by general cost inflation and lower sales volumes
- Consumer confidence declined
- Tikkurila's market share in decorative paints remained unchanged

* Excluding non-recurring items

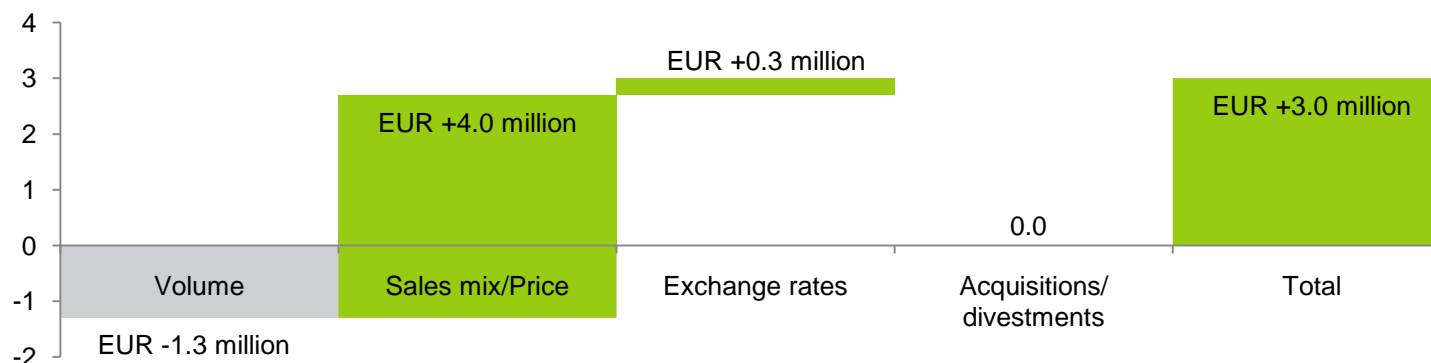
SBU Central Eastern Europe (CEE) Q2/2011

EUR million	4-6/2011	4-6/2010	Change %	1-6/2011	1-6/2010	Change %	2010
Revenue	33.0	30.0	10.1%	58.4	51.9	12.6%	105.2
EBIT*	2.1	2.3	-6.0%	2.5	2.6	-0.3%	4.8
EBIT*, %	6.4%	7.5%		4.4%	4.9%		4.6%
Capital expenditure excl. acquisitions	0.7	0.4	80.7%	1.1	0.8	28.7%	2.2

Figures include export to more than 20 countries

Different factors impacting the revenue development of SBU CEE, Q2/2011 vs. Q2/2010

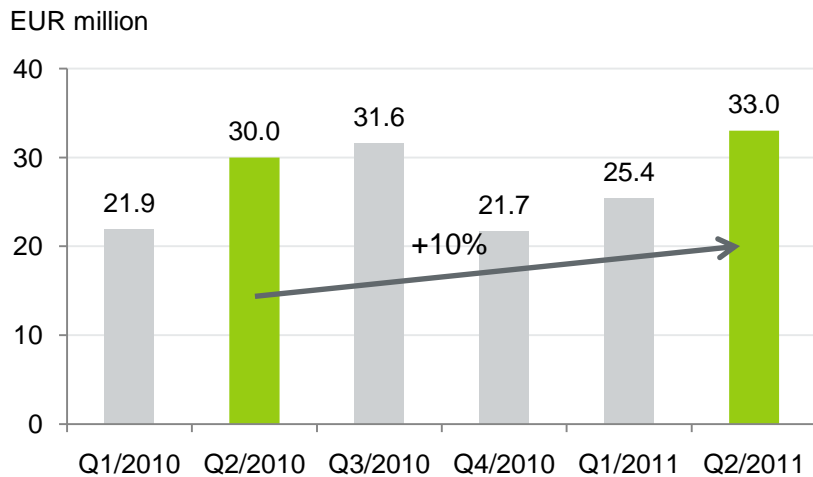
Increase/decrease, EUR million



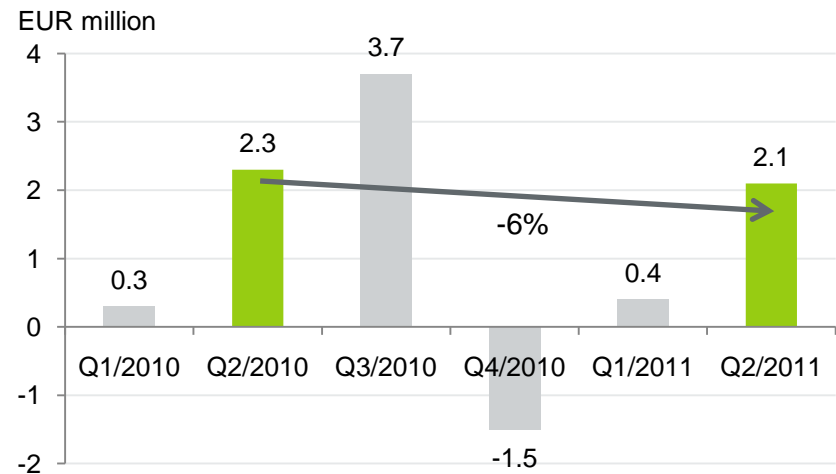
* Excluding non-recurring items

SBU Central Eastern Europe (CEE) Q2/2011

Revenue by quarter Q1/2010–Q2/2011



EBIT* by quarter Q1/2010–Q2/2011



Key issues in Q2/2011

- Sales prices were increased in Poland in April and July
- Efforts to improve the efficiency of the operations were continued

* Excluding non-recurring items

Outlook

August 11, 2011

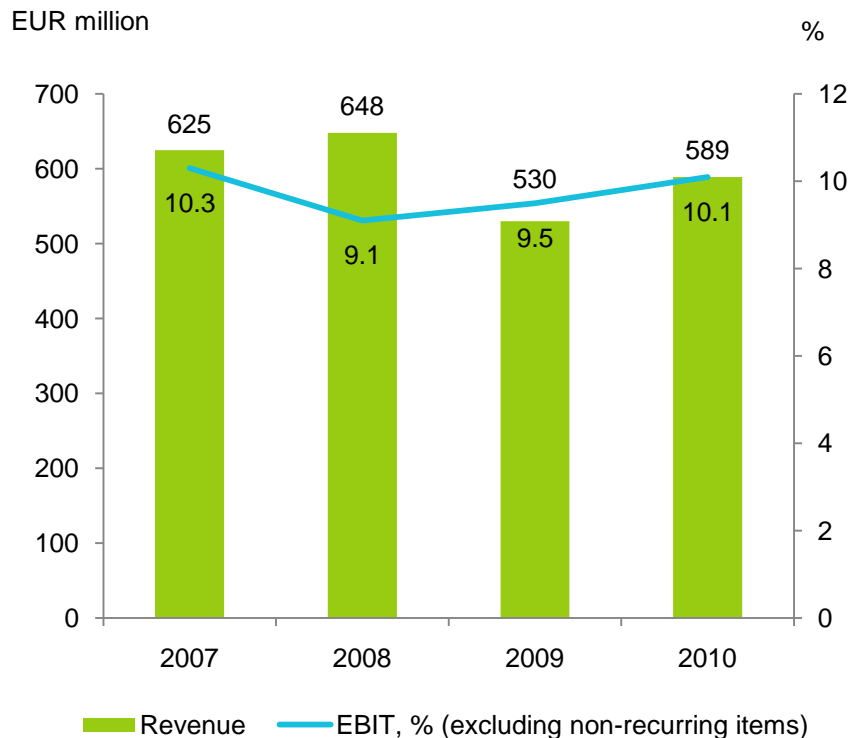
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Outlook for 2011 reiterated

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.

In order to enhance profitability and competitiveness, Tikkurila continues to increase sales prices as well as increases efficiency and decreases expenses.

Financial uncertainty has gained momentum, and therefore it is more difficult to forecast the development during the rest of the year.



Contact persons

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