



Tikkurila

Interim Report for January–September 2011

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October 27, 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.

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

Review period – Group highlights



Highlights of Q3/2011

- Revenue increased by 10.5%
 - Particularly due to sales price increases
- Operating profit increased by 22.8%
 - Due to revenue growth, as well as streamlining and savings measures
- Raw material prices have continued to rise, although the pressure has partly decreased
- Costs are expected to continue rising
- Revised strategy was approved on October 26, 2011
- Outlook for 2011 reiterated



Operating environment and market position

General development of the market areas in 2011

- Global economic outlook has clearly weakened
- Consumer confidence declined rapidly in the developed markets, in particular
- Grimmer economic outlook and decline in confidence predict a slowdown in growth for many markets

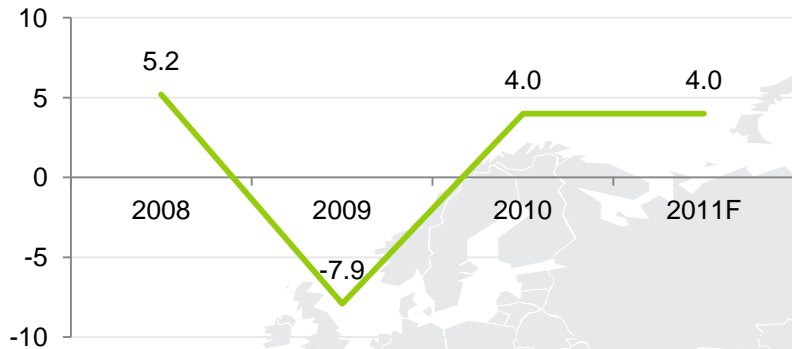
Tikkurila's market positions*



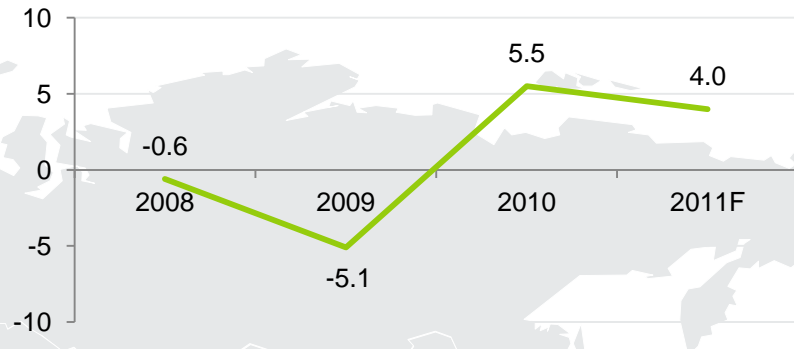
* Decorative paints

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

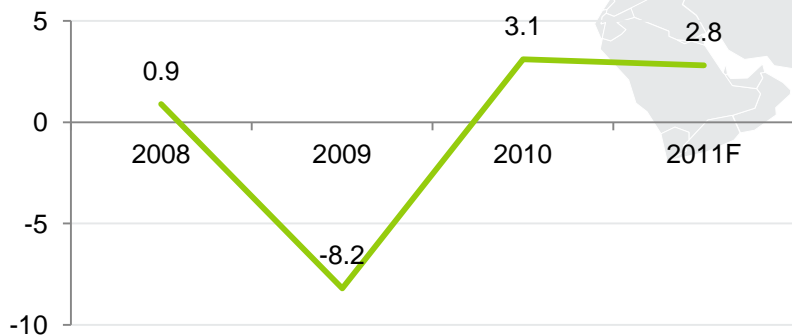
Russia



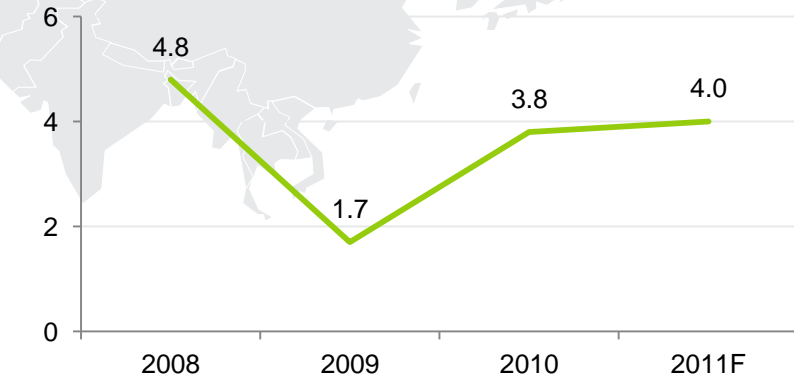
Sweden



Finland



Poland



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

Key figures of the review period

EUR million	7-9/2011	7-9/2010	Change %	1-9/2011	1-9/2010	Change %	2010
Revenue	191.8	173.5	10.5%	524.6	475.4	10.4%	588.6
EBIT excluding non-recurring items	31.0	25.2	22.8%	65.0	61.1	6.3%	59.7
EBIT excluding non-recurring items, %	16.2%	14.5%		12.4%	12.9%		10.1%
EBIT	31.0	25.2	22.8%	65.0	61.8	5.1%	60.8
EBIT, %	16.2%	14.5%		12.4%	13.0%		10.3%
EPS*, EUR	0.50	0.38	31.6%	0.92	0.93	-1.1%	0.83
ROCE, % p.a.	20.6%	18.0%		20.6%	18.0%		19.2%
Cash flow after capital expenditure	38.5	62.5	-38.4%	12.5	37.5	-66.7%	51.4
Net interest-bearing debt at period-end				102.7	92.0	11.6%	78.6
Gearing, %				53.3%	47.9%		41.4%
Equity ratio, %				41.0%	40.0%		41.1%
Personnel at period-end				3,721	3,677	1.2%	3,468

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

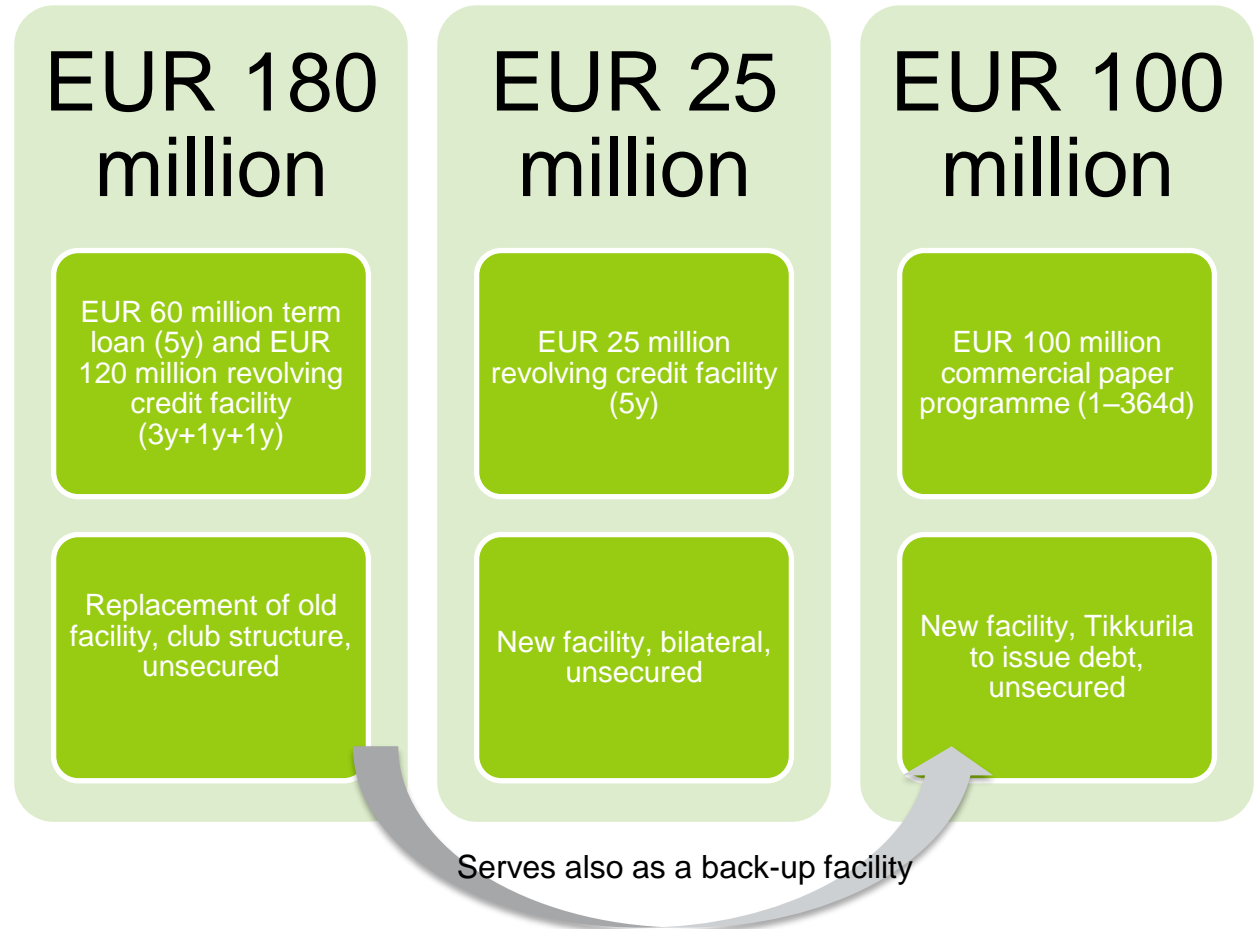
Restructuring of debt financing

Key targets

- More emphasis on revolving facilities, less fixed components
- Longer and more diversified tenure
- More cost-efficient and flexible package

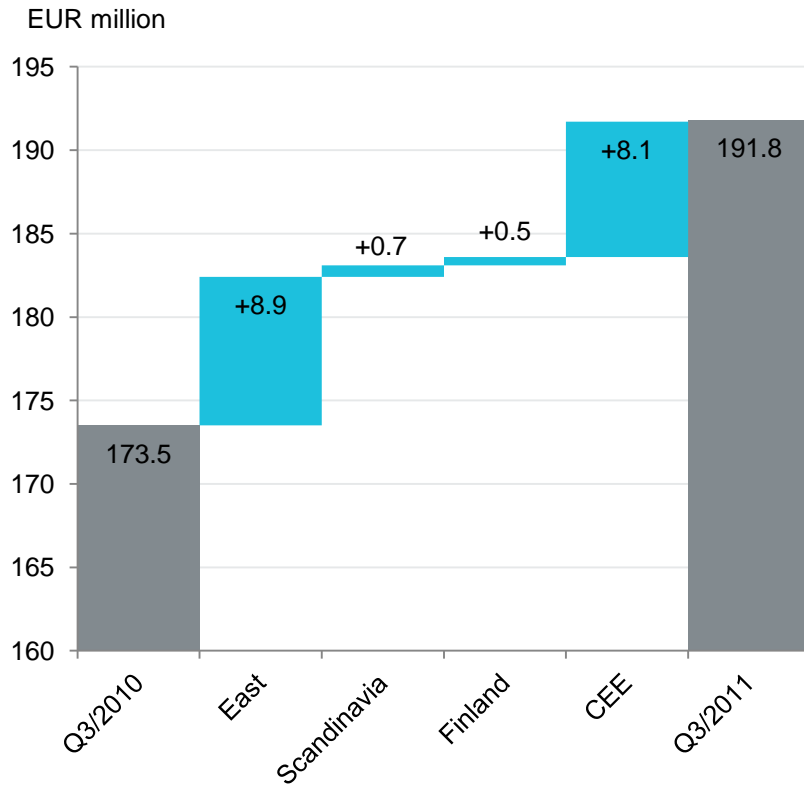
Covenants

- Net debt to EBITDA
- Net debt to equity (gearing)

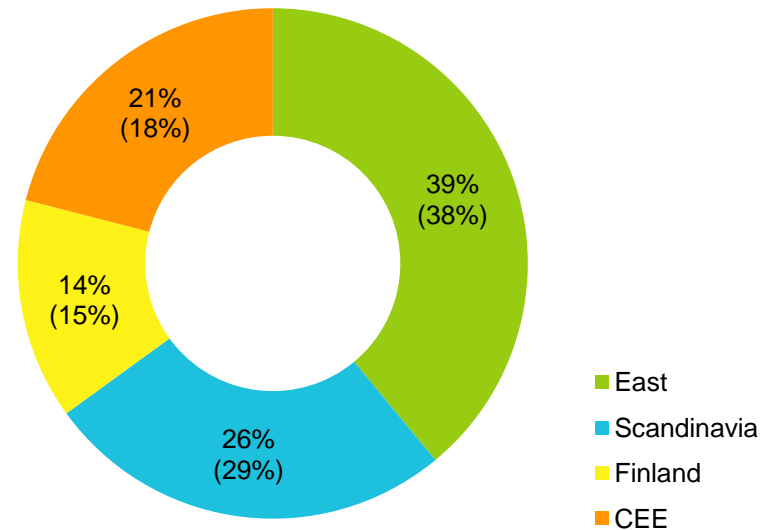


Revenue by segment (SBU) Q3/2010 vs. Q3/2011

Revenue development by segment



Revenue split by segment



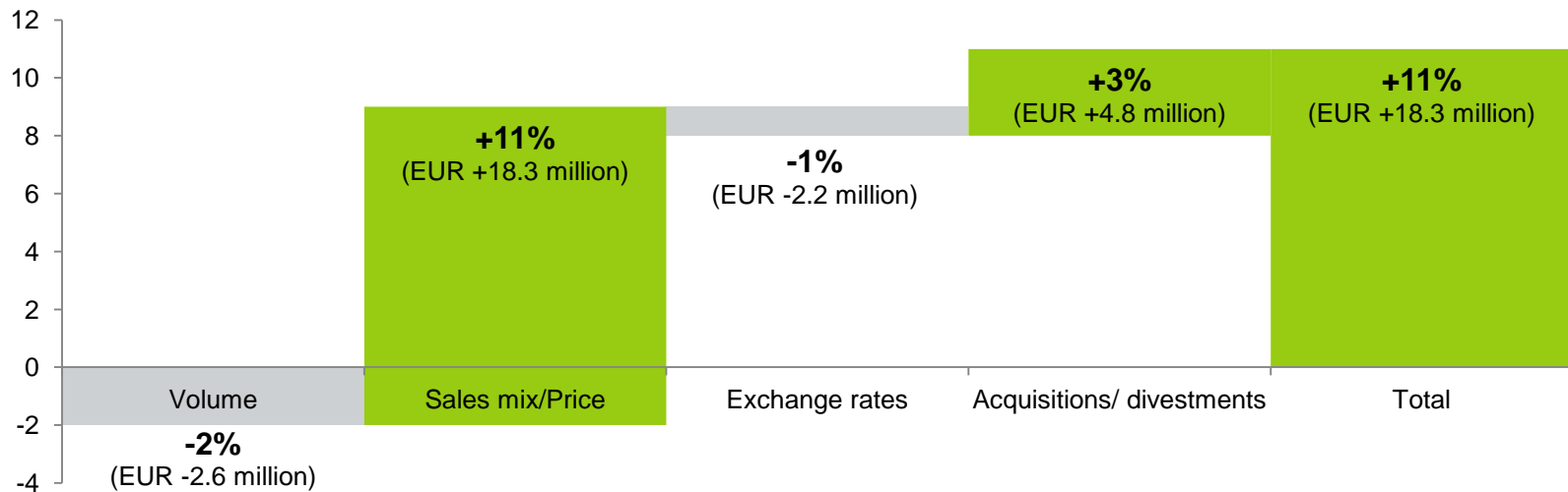
Decorative paints accounted for 85% of revenue in Q3/2010 and Q3/2011.

Revenue development

EUR million	7-9/2011	7-9/2010	Change %	2010
Revenue	191.8	173.5	10.5%	588.6

Group's revenue development Q3/2010 vs. Q3/2011

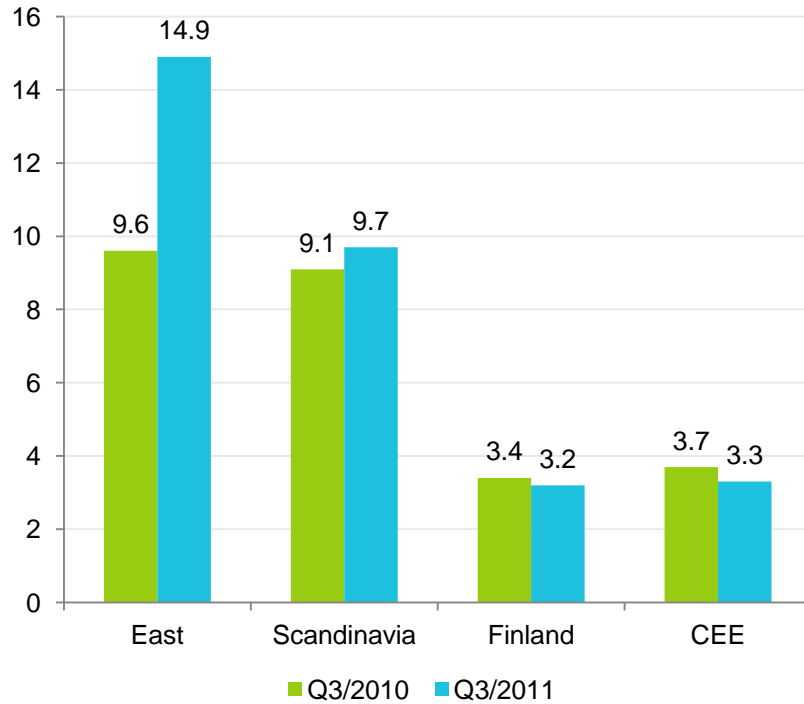
Increase/decrease, %



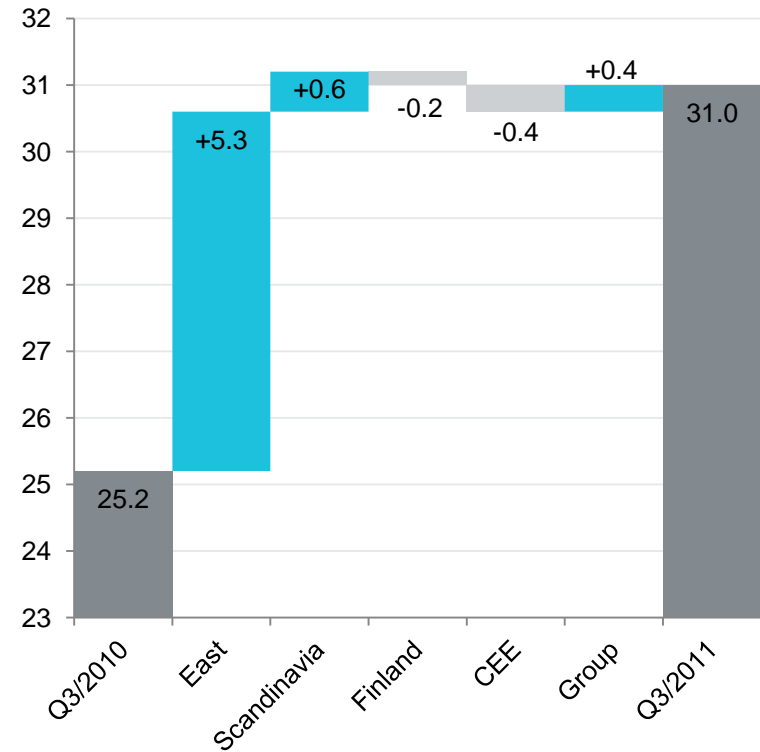
The figures on the graph above have been independently rounded to one decimal, which should be taken into account when calculating total figures.

EBIT* development by segment (SBU) Q3/2010 vs. Q3/2011

EUR million



EUR million



* Excluding non-recurring items

Brands and marketing



Tikkurila professional services

- More extensive and targeted services for painting contractors, building developers, and designers



Tikkurila trend colors 2012–2013


- The five different color collections were inspired by simple life, absence of rush, and doing it yourself



Swan labels to Tikkurila products

- Swan labels granted to Joker and Remontti-Ässä paints
- In Scandinavia, Tikkurila has more than 100 eco labeled products

For further information, please visit www.tikkurila.fi



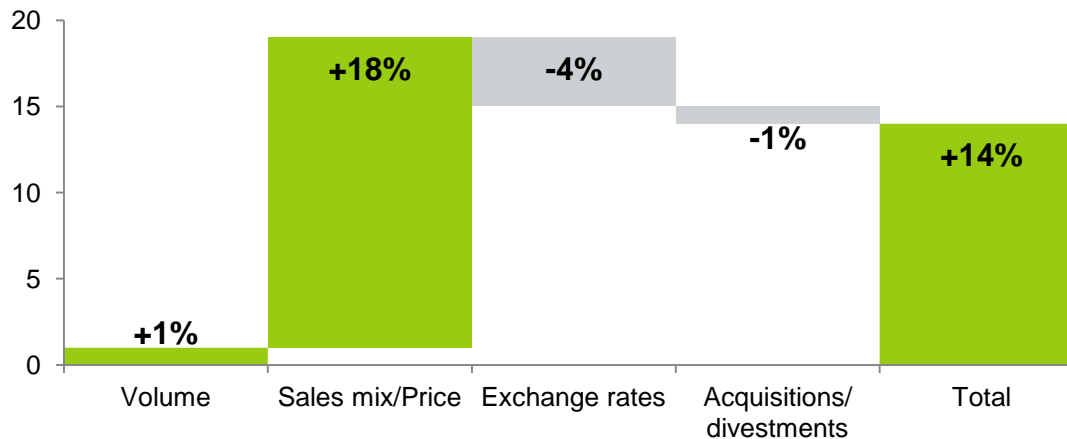
Review period – Segment highlights

SBU East Q3/2011

EUR million	7-9/2011	7-9/2010	Change %	1-9/2011	1-9/2010	Change %	2010
Revenue	74.6	65.7	13.7%	181.0	158.4	14.3%	194.5
EBIT*	14.9	9.6	55.3%	23.6	20.8	13.9%	22.7
EBIT*, %	20.0%	14.6%		13.1%	13.1%		11.6%

Revenue development Q3/2011 vs. Q3/2010

Increase/decrease, %



* Excluding non-recurring items

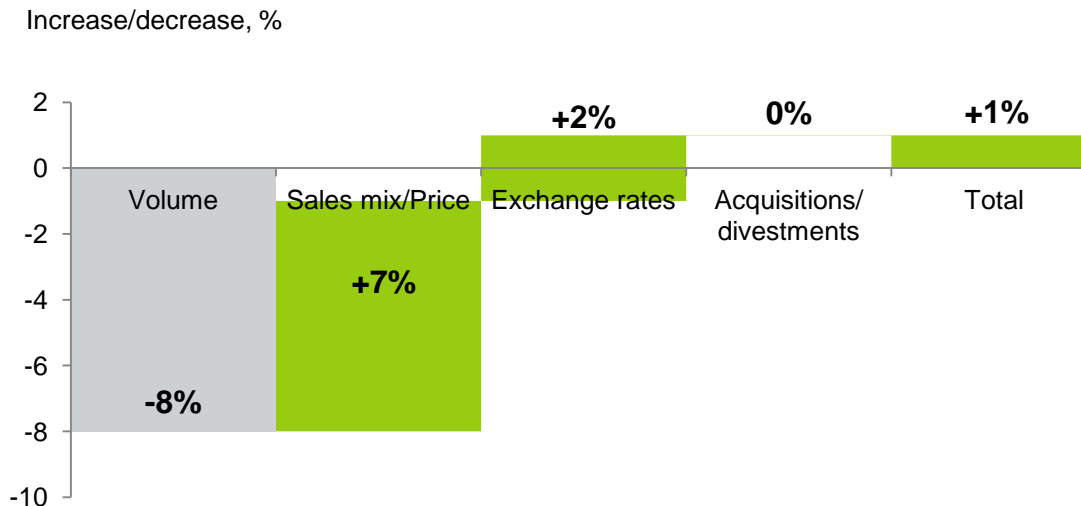
Highlights Q3/2011

- The improved profitability was particularly due to Tikkurila's good pricing power in Russia
- The ruble has weakened during the fall

SBU Scandinavia Q3/2011

EUR million	7-9/2011	7-9/2010	Change %	1-9/2011	1-9/2010	Change %	2010
Revenue	50.5	49.8	1.4%	154.0	143.3	7.5%	181.8
EBIT*	9.7	9.1	6.4%	24.7	20.3	21.3%	21.3
EBIT*, %	19.2%	18.3%		16.0%	14.2%		11.7%

Revenue development Q3/2011 vs. Q3/2010



* Excluding non-recurring items

Highlights Q3/2011

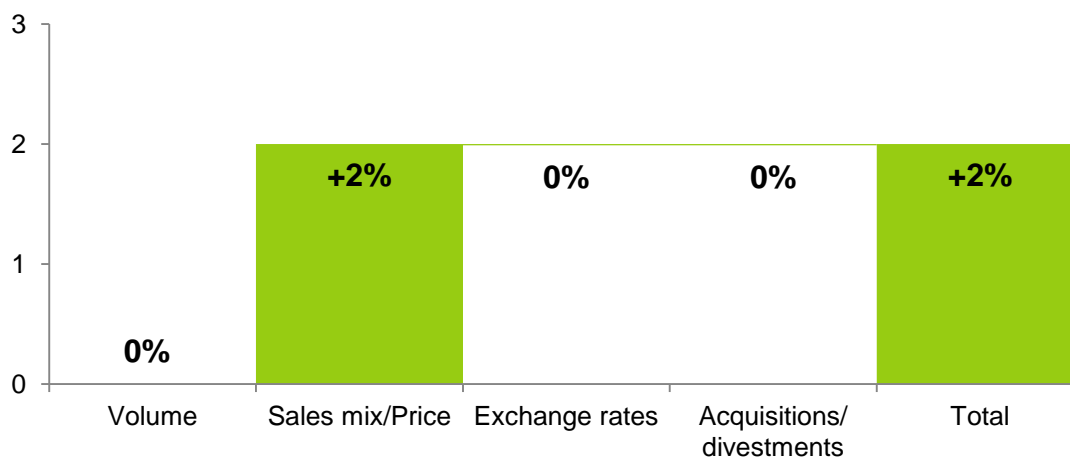
- The economic uncertainty and declining confidence were reflected in the demand for Tikkurila's products
- Profitability was improved by sales price increases and cutting down fixed expenses

SBU Finland Q3/2011

EUR million	7-9/2011	7-9/2010	Change %	1-9/2011	1-9/2010	Change %	2010
Revenue	27.0	26.5	1.8%	91.5	90.2	1.4%	107.2
EBIT*	3.2	3.4	-5.5%	12.6	16.1	-21.5%	13.6
EBIT*, %	11.9%	12.9%		13.8%	17.9%		12.7%

Revenue development Q3/2011 vs. Q3/2010

Increase/decrease, %



* Excluding non-recurring items

Highlights Q3/2011

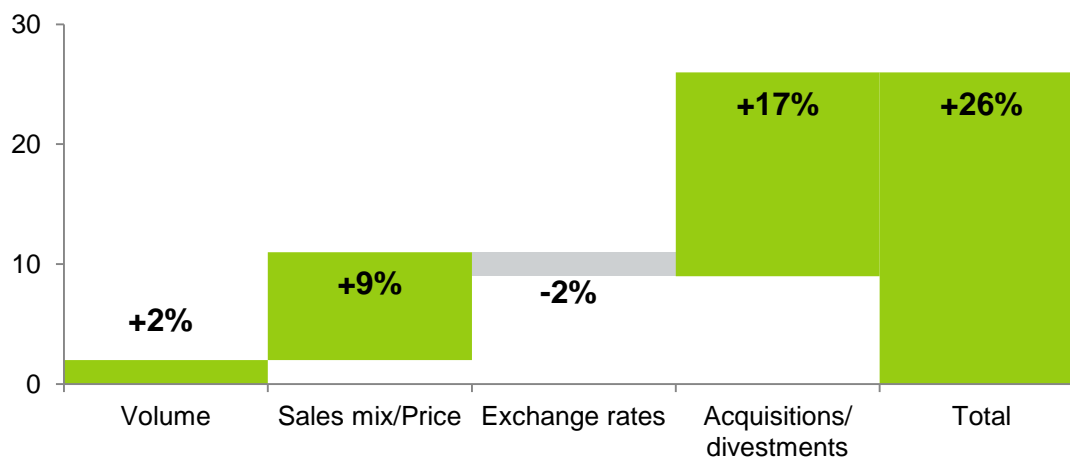
- The sales price increases were not sufficient to fully cover the increased raw material costs
- Tikkurila made an additional sales price increase at the beginning of October

SBU Central Eastern Europe Q3/2011

EUR million	7–9/2011	7–9/2010	Change %	1–9/2011	1–9/2010	Change %	2010
Revenue	39.7	31.6	25.7%	98.1	83.5	17.5%	105.2
EBIT*	3.3	3.7	-10.1%	5.9	6.3	-6.1%	4.8
EBIT*, %	8.4%	11.8%		6.0%	7.5%		4.6%

Revenue development Q3/2011 vs. Q3/2010

Increase/decrease, %



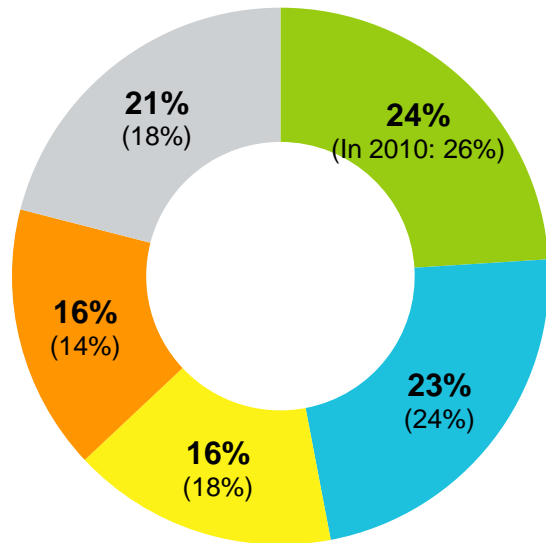
* Excluding non-recurring items

Highlights Q3/2011

- Tikkurila Zorka has been consolidated into the Group as of the beginning of July
- Profitability was burdened by the increased cost level
- Sales price increases will be continued in the region

Tikkurila's market share increased in Poland

Market shares in volumes in Poland in 2011*



■ PPG Deco ■ AKZO ■ ŚNIEŻKA ■ TIKKURILA ■ OTHERS

*Decorative paints

Source: IBP Research, September 2011

Tikkurila awarded in Poland

- Leroy Merlin, a Do-it-Yourself store network, awarded Tikkurila Polska in September 2011 in the category "The most effective new products in 2010"
- Evaluation criteria included the company image and sales volumes of new products



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The emerging Balkan region

Emerging market area

- Zorka Color operates in Serbia, Macedonia, Bosnia-Hertzevovina, 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



Strategy



Tikkurila's revised strategy

Tikkurila's strategic target is to be the leading paint-related **architectural solutions** provider for **consumers** and **professional customers** in its geographic area.

The Group strives for a **right balance** of businesses in mature markets and in emerging markets. Tikkurila intends to further develop its businesses by a **more focused approach** and by **increasing agility** in all operations in order to adapt to dynamic changes in external conditions. **Profitable growth** and an **increasing return on capital employed** are still the key medium-term financial targets.

Strategy pillars

Growth

- At least at the pace of the average market growth
- Emphasis on organic growth
- Entering service business
- Evaluating new distribution methods
- Evaluating forward integration in the value chain in certain areas

Resilience

- Complexity reduction
- Prudent management of costs
- Harmonization of raw material bases, packaging solutions and production methodologies
- Optimization of production and supply chain

Realignment

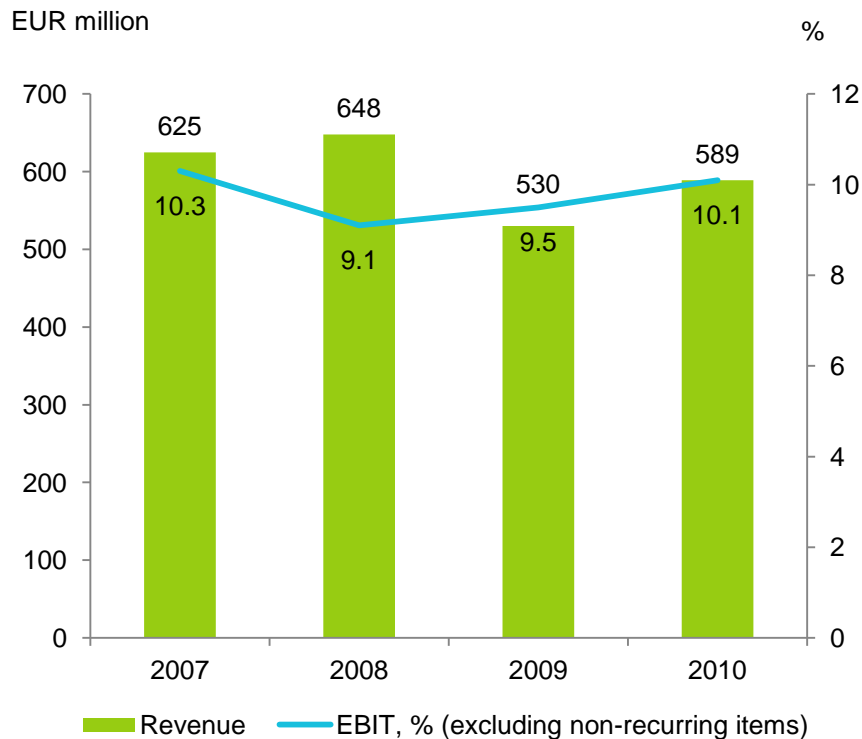
- Critical reassessment of existing product portfolio, market segments and certain geographical locations
- More rapid and dynamic resource allocation
- Modification of the organization structure to optimally support business and customer needs



Outlook

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. Tikkurila expects EBIT margin as a percentage of revenue to stay at the same level as in 2010, although it would seem to be that the previously estimated gradual strengthening of growth in the economies in Tikkurila's operating area will not be achieved in many markets for the last months of 2011.

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

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

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TO COLOR YOUR LIFE.™

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