

The background features several large, glossy, colored circles in shades of yellow, red, green, and blue, scattered across the page. The largest green circle is in the top right corner, a smaller yellow one is in the top left, a red one is in the top center, a blue one is in the middle left, a yellow one is in the bottom left, and a green one is in the bottom center.

Tikkurila

Interim Report for January–September 2011

Investors and media

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

- Tikkurila overview
- Review period – Group highlights
- Review period – Segment highlights
- Strategy
- Outlook
- Appendix

Tikkurila overview



Tikkurila in brief

Tikkurila in a nutshell

Customers:

Consumers, professionals and industry

Market position:

Leading market position in decorative paints in Finland, Sweden, Russia and the Baltic countries, one of the leading in Poland

Market area:

Northern Europe, Central Eastern Europe, Russia and other CIS countries, Ukraine

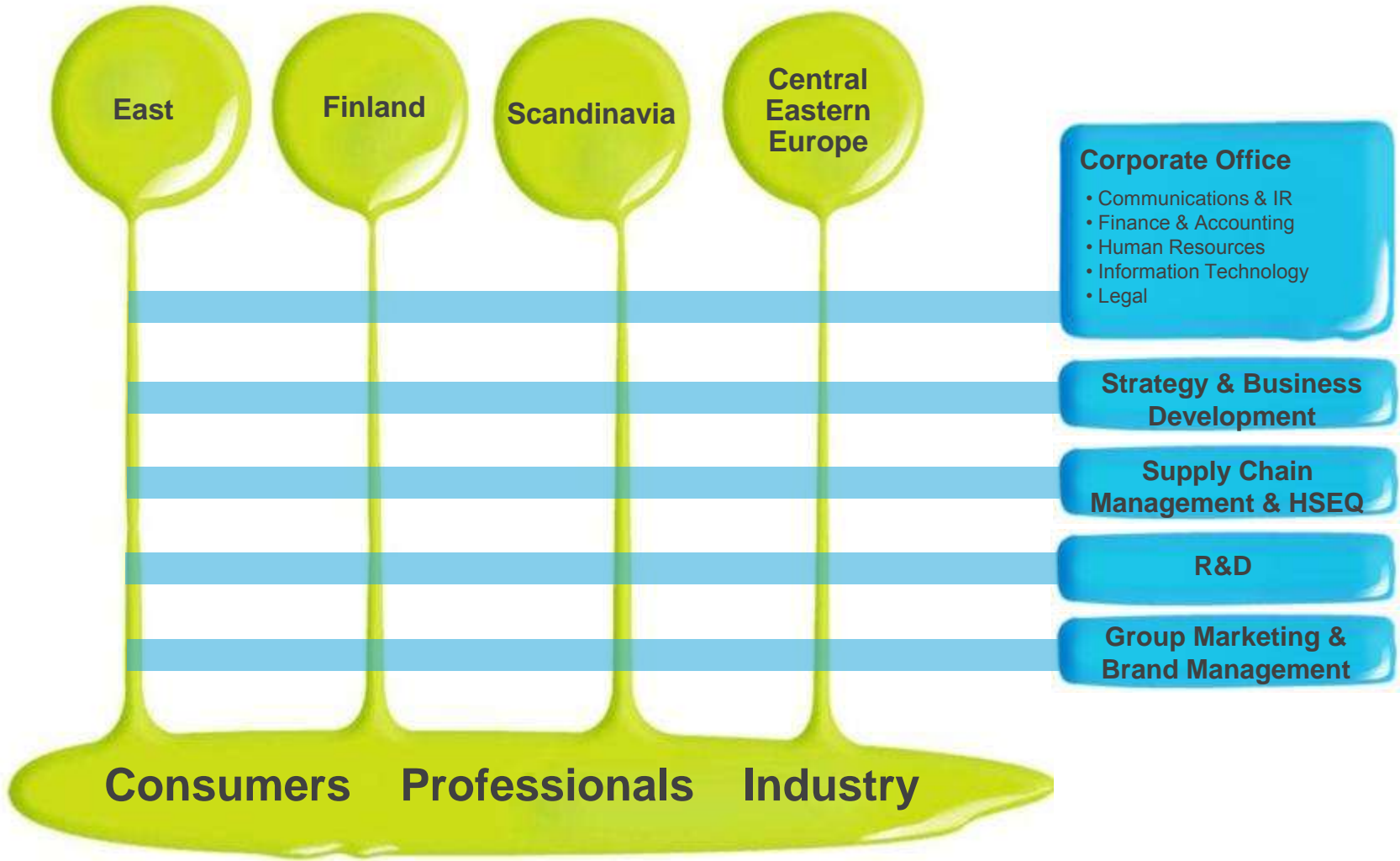
Products and services:

Decorative paints, industrial wood and metal coatings, customer training, comprehensive advisory service (e.g. Customer hotline), Designer and Contractor Pool etc.

Tikkurila's locations



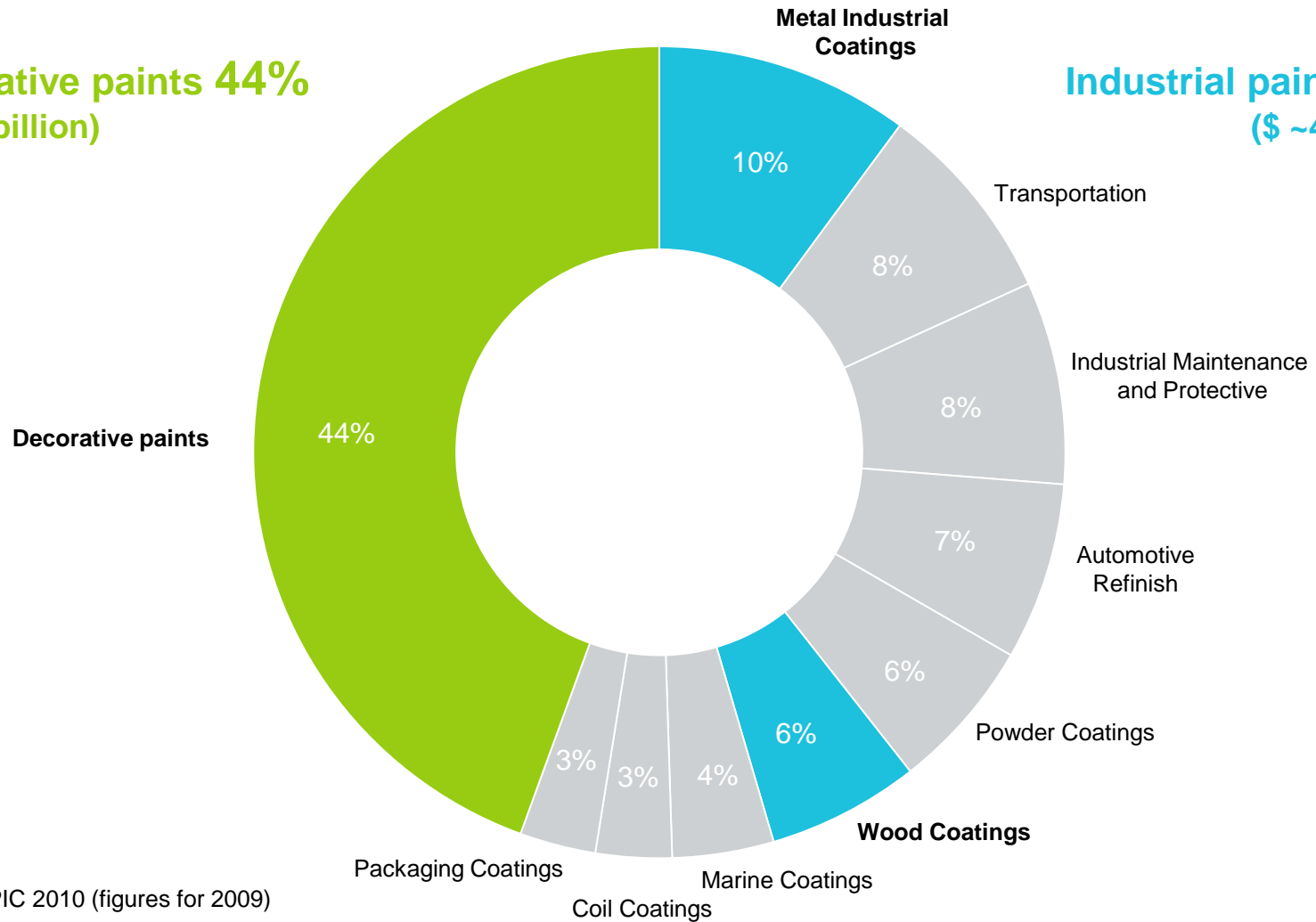
Tikkurila group structure



Value of the global paints and coatings market

Decorative paints 44%
(\$ ~38 billion)

Industrial paints 56%
(\$ ~49 billion)



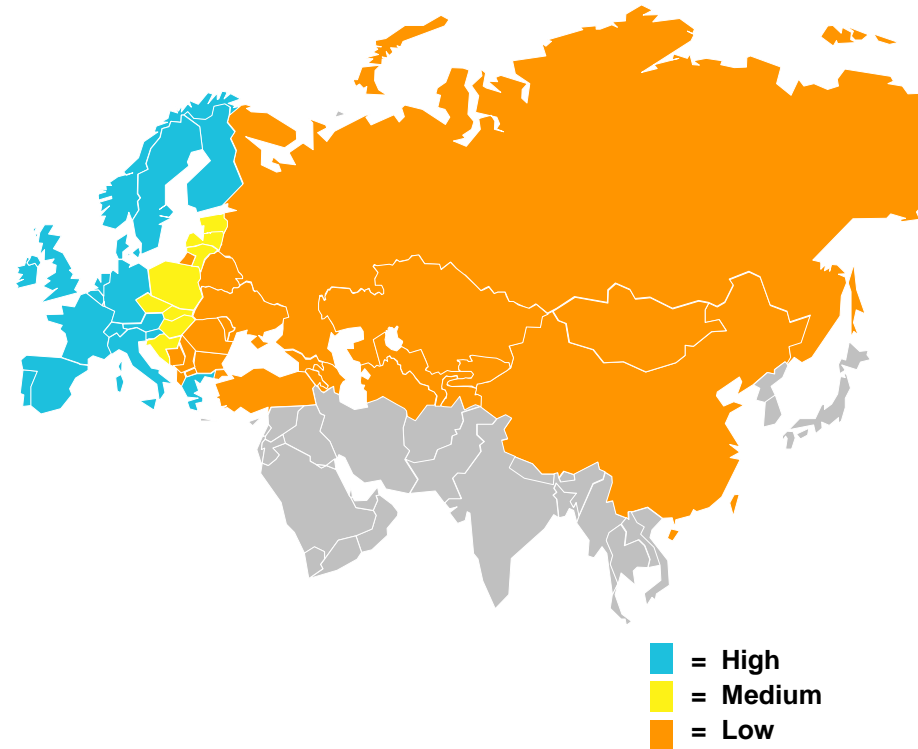
Lähde: IPPIC 2010 (figures for 2009)

Paint consumption and demand structure

Factors impacting paint demand

- Living standards
 - Local habits and painting methods
 - Construction styles and available materials
 - Trends in interior decoration, colors etc.
 - Level of activity in new construction, renovation and industry
 - Functional paints
- Markets in Western Europe mature, growth opportunities in areas with increasing income per household
- Tikkurila has an established presence in areas with expected growth in consumption per capita and increasing demand for premium products

Estimated paint consumption per capita*



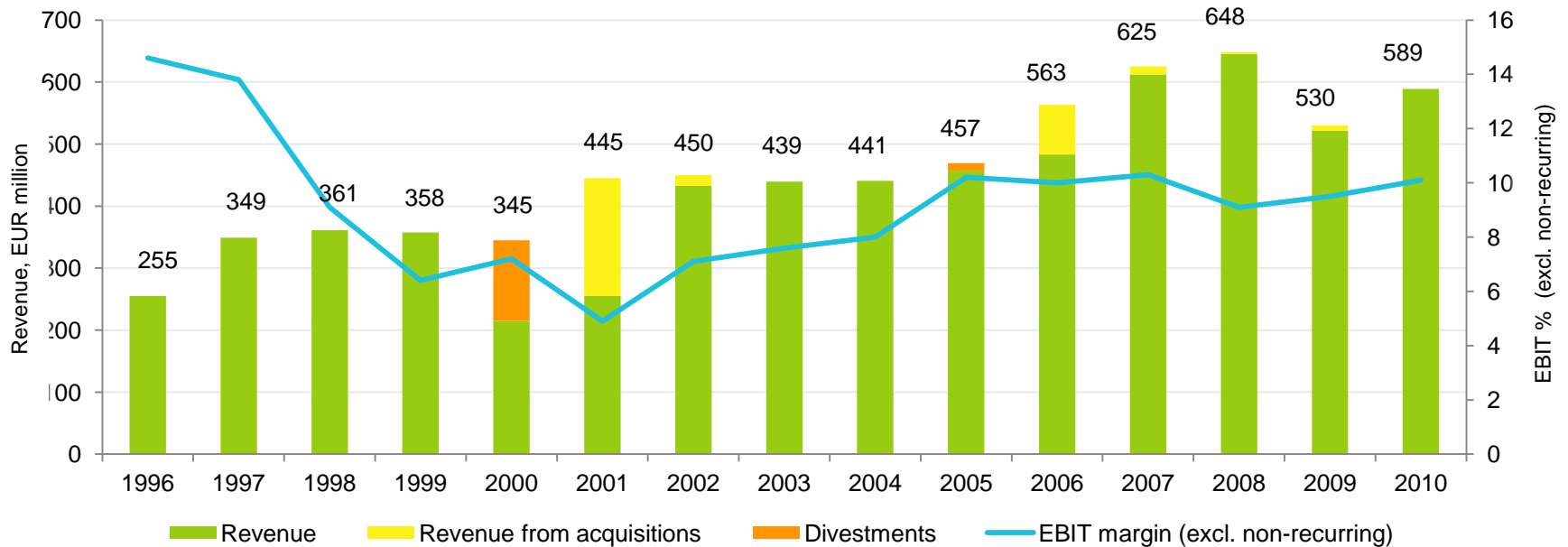
* Paint consumption source: Management estimates, IPPIC

Long term financial development

Development of sales and profitability 1996–2010

Major acquisitions and divestments

Sale of tinting business in 2000 (Revenue ~MEUR 130)	Acquisition of Alcro-Beckers in 2001 (Revenue ~MEUR 190)	Acquisition of Kraski Tekes in 2006 (Revenue ~MEUR 80)	Acquisition of Gamma and Ohtek in 2007 (Revenue ~MEUR 11)
---------------------------------------------------------	-------------------------------------------------------------	-----------------------------------------------------------	--------------------------------------------------------------



Strong and well-established brands

Strategic brands



"High end" (premium),



"High end" (premium),



"Medium",



"Economy",

Local brands



Large majority of sales from strategic brands

Deep partnerships with retailers are of crucial importance

- Creating added value to consumers
- The strongest brands
- Marketing support
- Active product and service development
- Training for retailers' personnel
- Developing the category together with the retailers



Service concepts and tinting technology



Inspiration



Ideas



Colors



Stores



Designer Pool



Contractor Pool



Internet

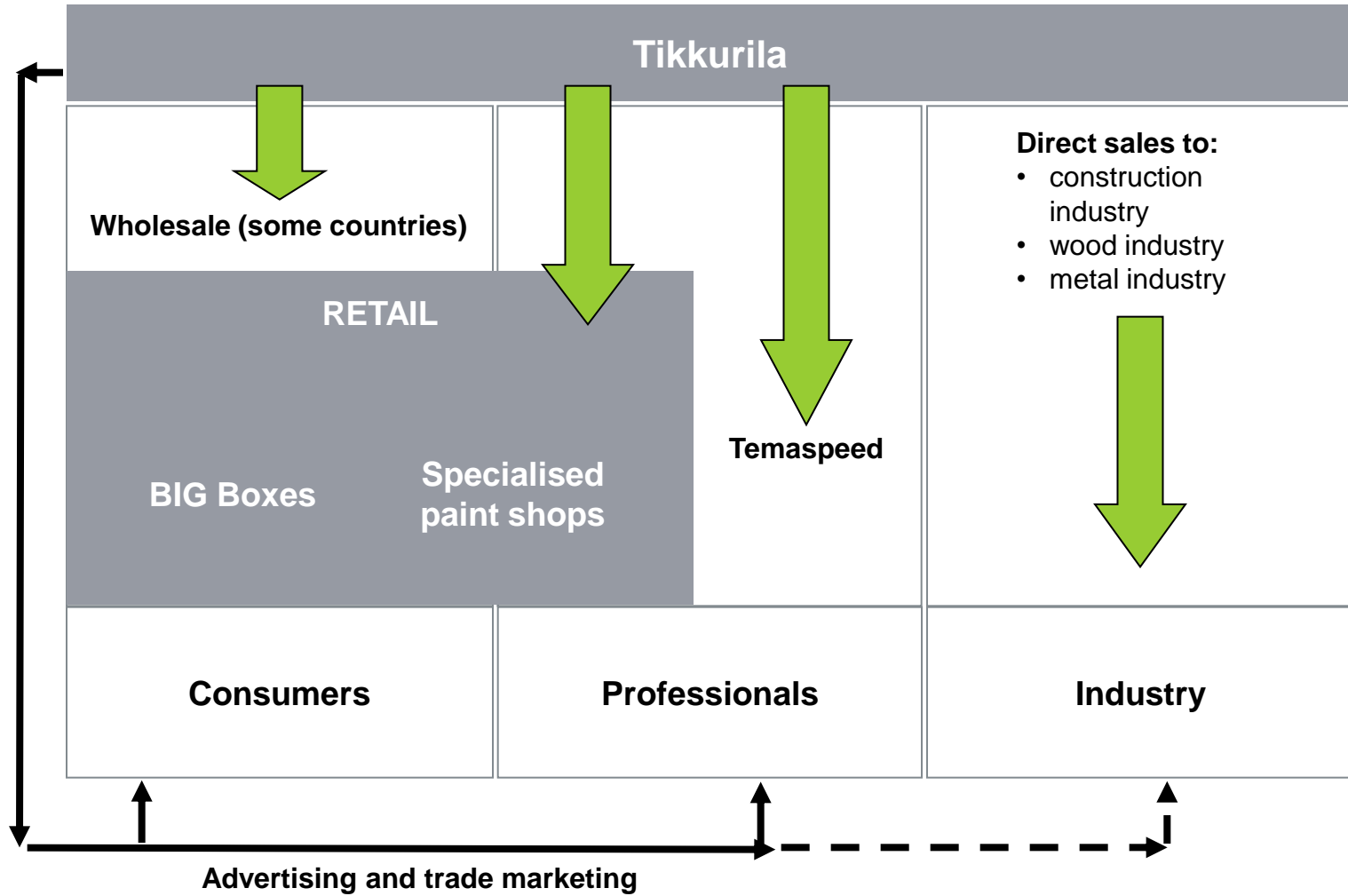


Helpline



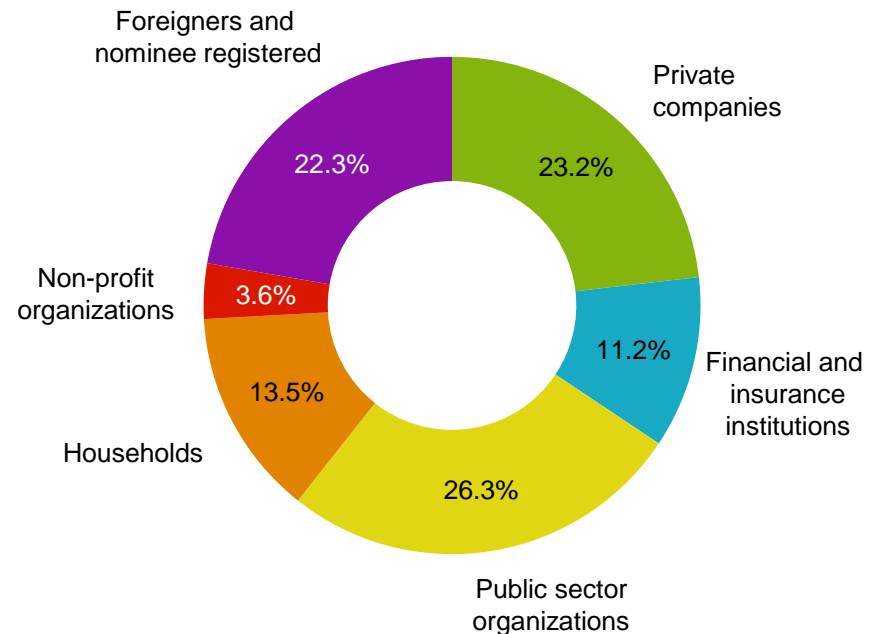
Training

Distribution channels



Tikkurila's ownership structure on September 30, 2011

- Number of shareholders ~23,300
- Largest shareholders Oras Invest Oy (18.1%), Ilmarinen (10.1%) and Varma (8.6%)
- 50 largest shareholders holding ~60%
- ~94% of shareholders holding max 1,000 shares
- Foreigners and nominee registered ownership ~22%
- On August 5, 2011, Ilmarinen's holding in Tikkurila increased to 10.1%
- On August 10, 2011, Orkla's holding in Tikkurila increased to 6.2%



Financial targets

Tikkurila has set the following financial targets in 2010 for medium term

- An annual organic revenue growth of > 5%
- Operating EBIT > 10%
- ROCE %: continuous improvement
- Gearing < 100%
- Dividend policy: Target is to pay at least 40 % of annual operative net income as dividends

	Historical performance						Target
	2005	2006	2007	2008	2009	2010	
Organic growth, % ¹	7%	6%	9%	3%	-20%	11%	> 5%
EBIT, % ²	10.3%	9.9%	10.3%	9.1%	9.5%	10.1%	> 10%
ROCE	20.2%	23.7%	24.5%	18.7%	15.7%	19.2%	Continuous improvement
Gearing	315.4%	220.3%	135.3%	208.5%	90.0%	41.4%	< 100 %

1) Organic growth calculated based on reported net revenue and reported acquisitions and divestments

2) Excluding non-recurring items



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

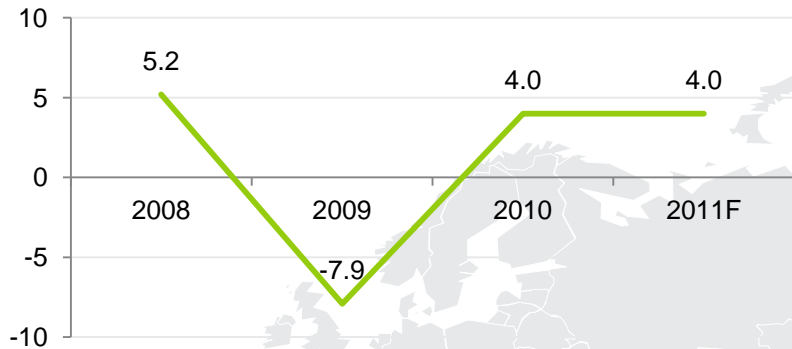
Tikkurila's market positions*



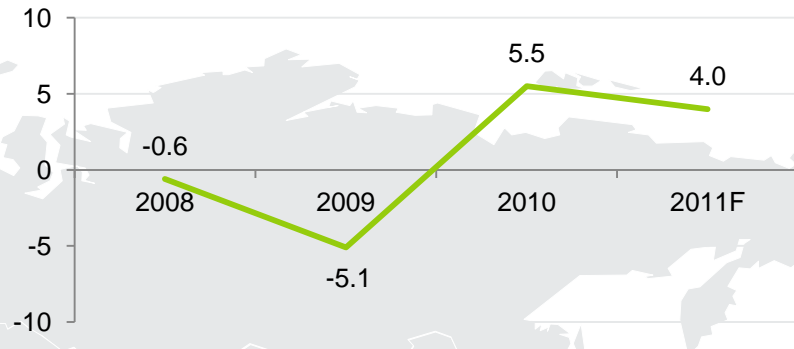
* Decorative paints

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

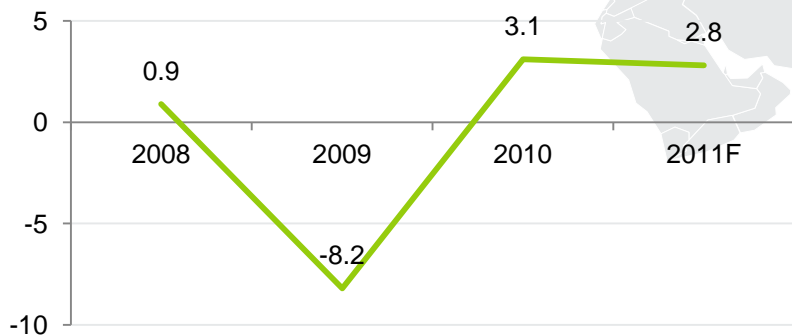
Russia



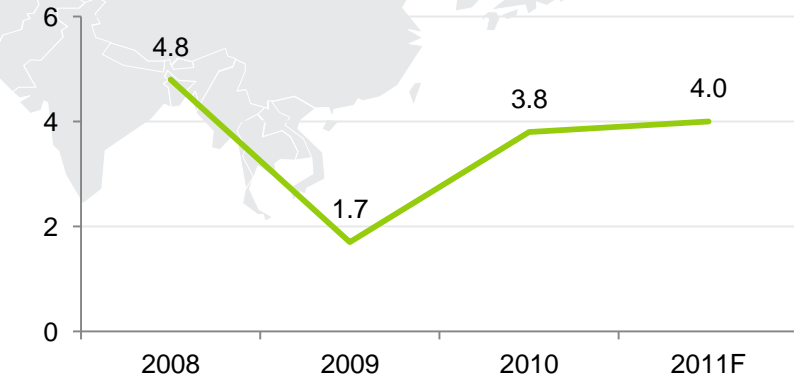
Sweden



Finland



Poland



Source: BOFIT, European Commission, Statistics Finland and Sweden, Etila, 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.

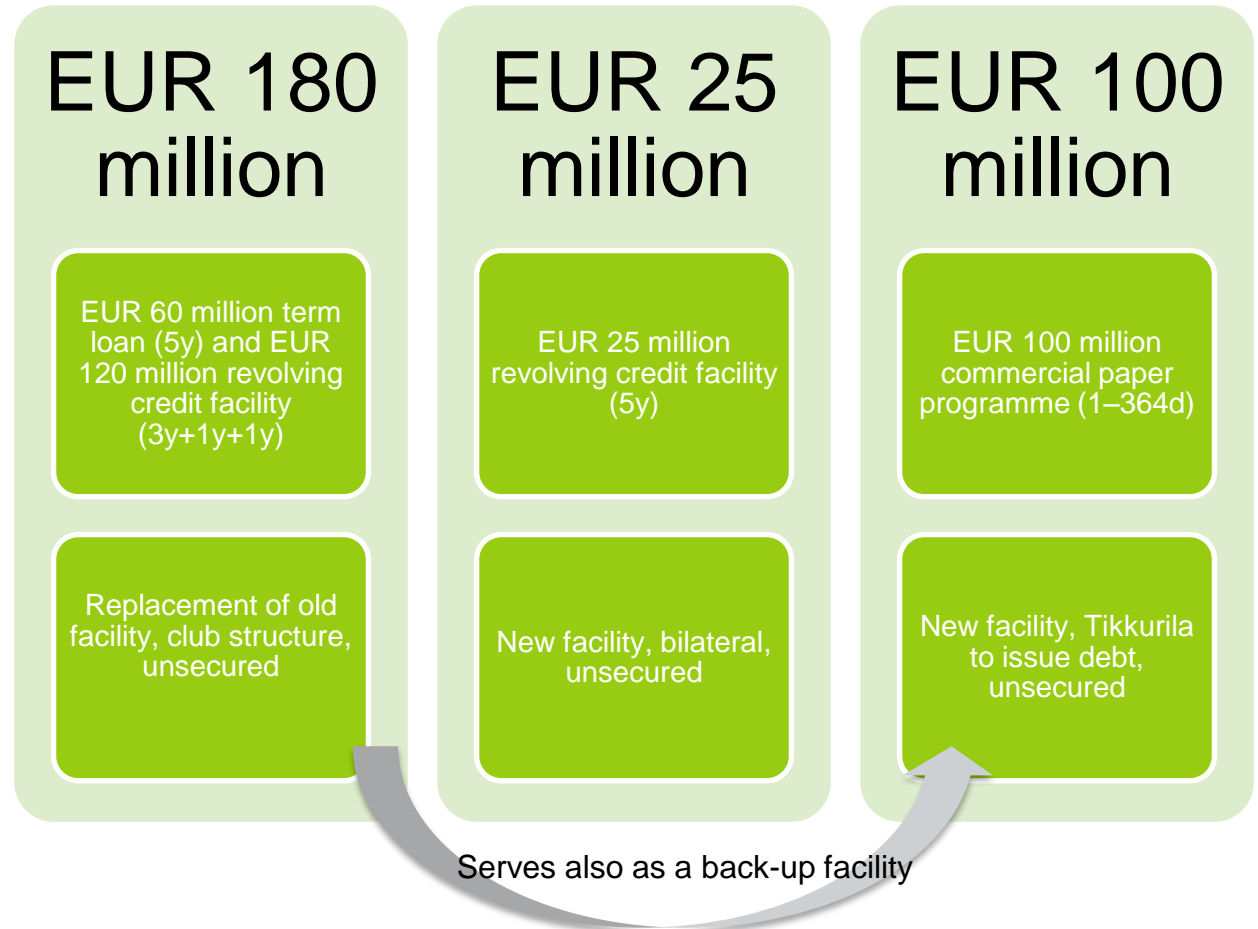
Restructuring of debt financing

Key targets

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

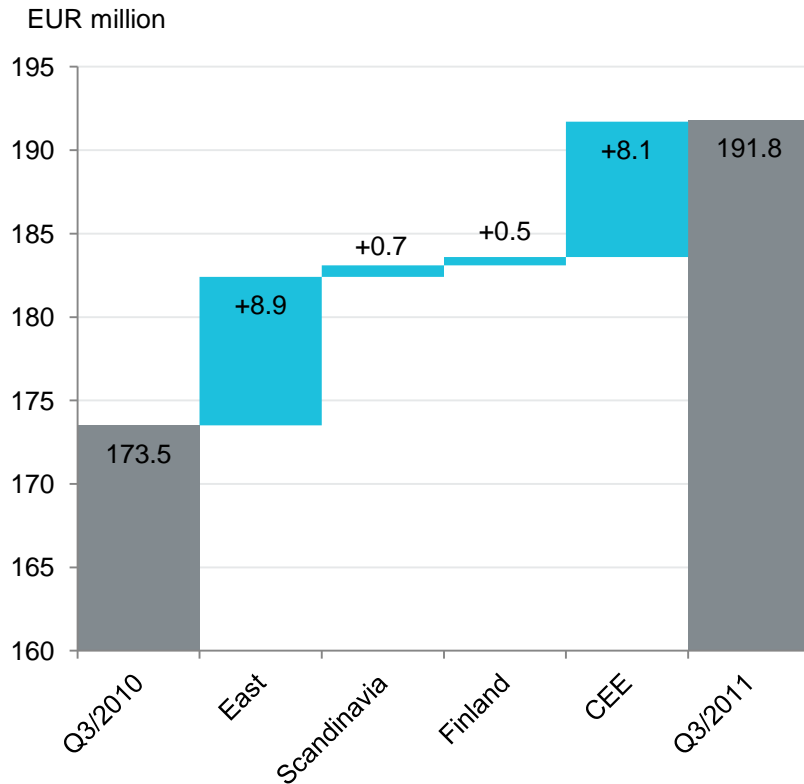
Covenants

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

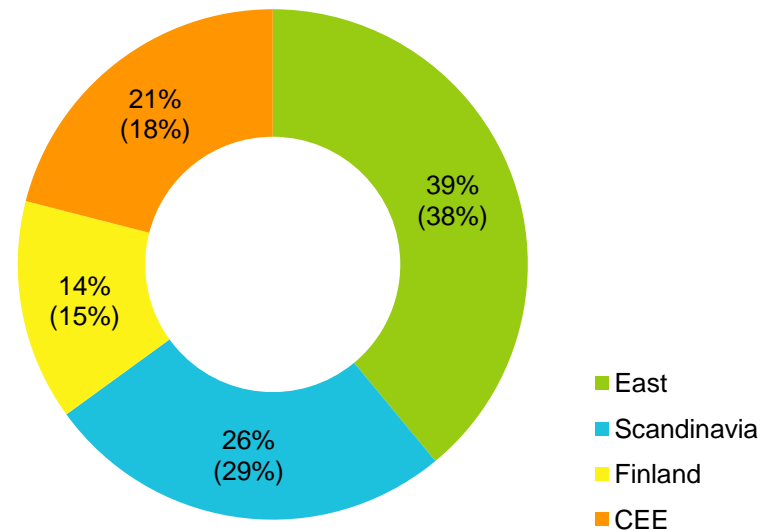


Revenue by segment (SBU) Q3/2010 vs. Q3/2011

Revenue development by segment



Revenue split by segment



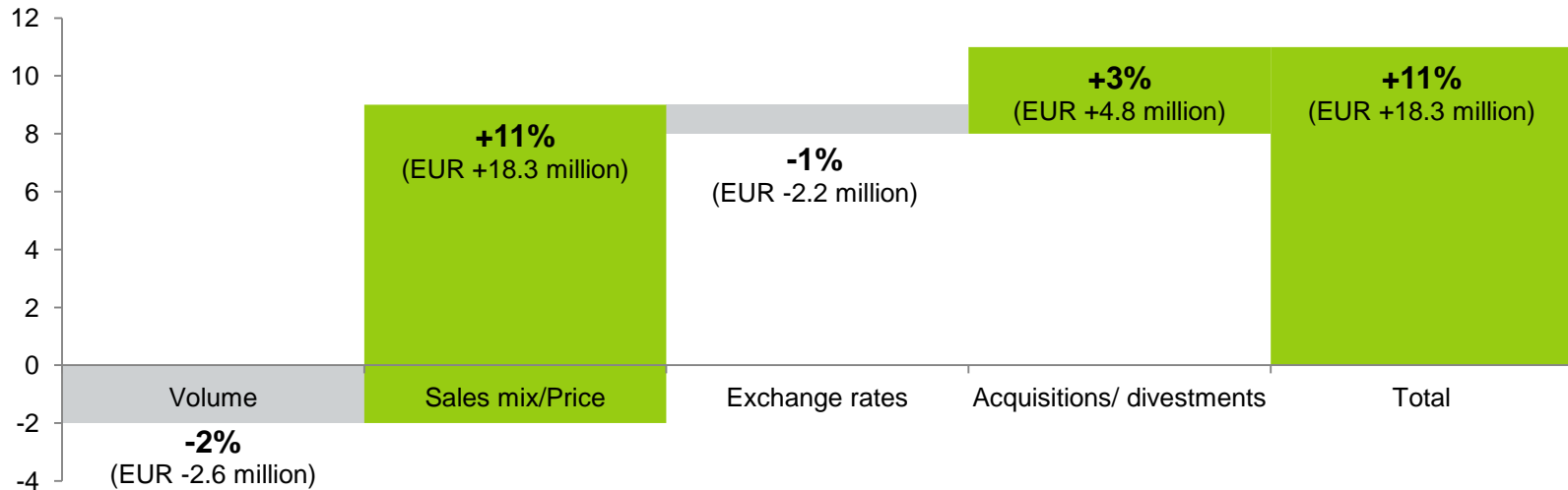
Decorative paints accounted for 85% of revenue in Q3/2010 and Q3/2011.

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

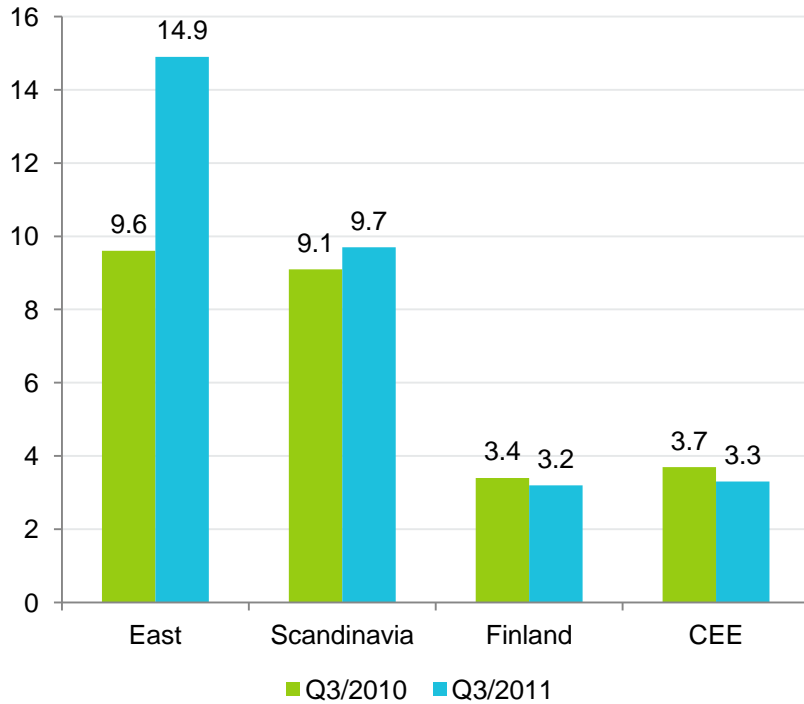
Increase/decrease, %



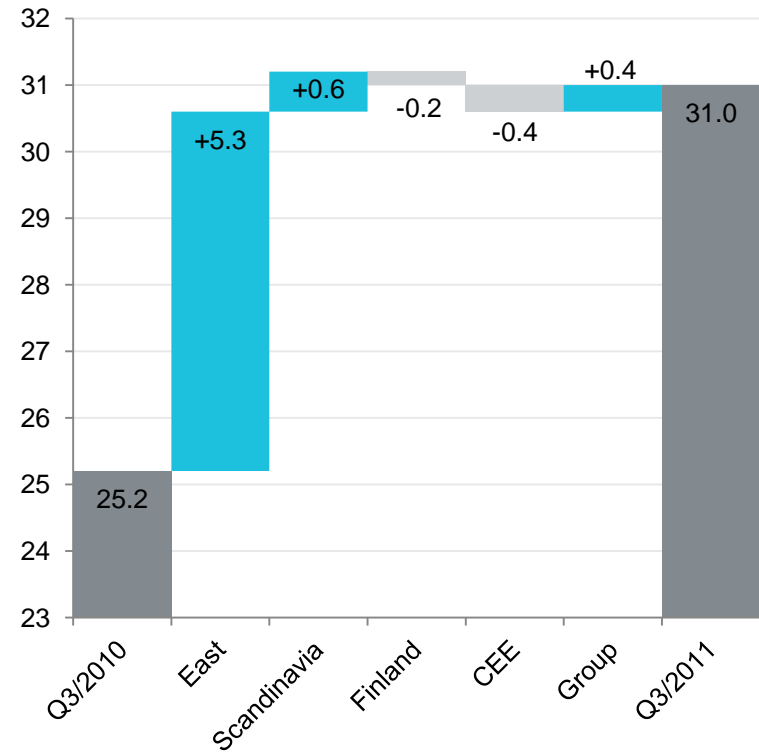
The figures on the graph above have been independently rounded to one decimal, which should be taken into account when calculating total figures.

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

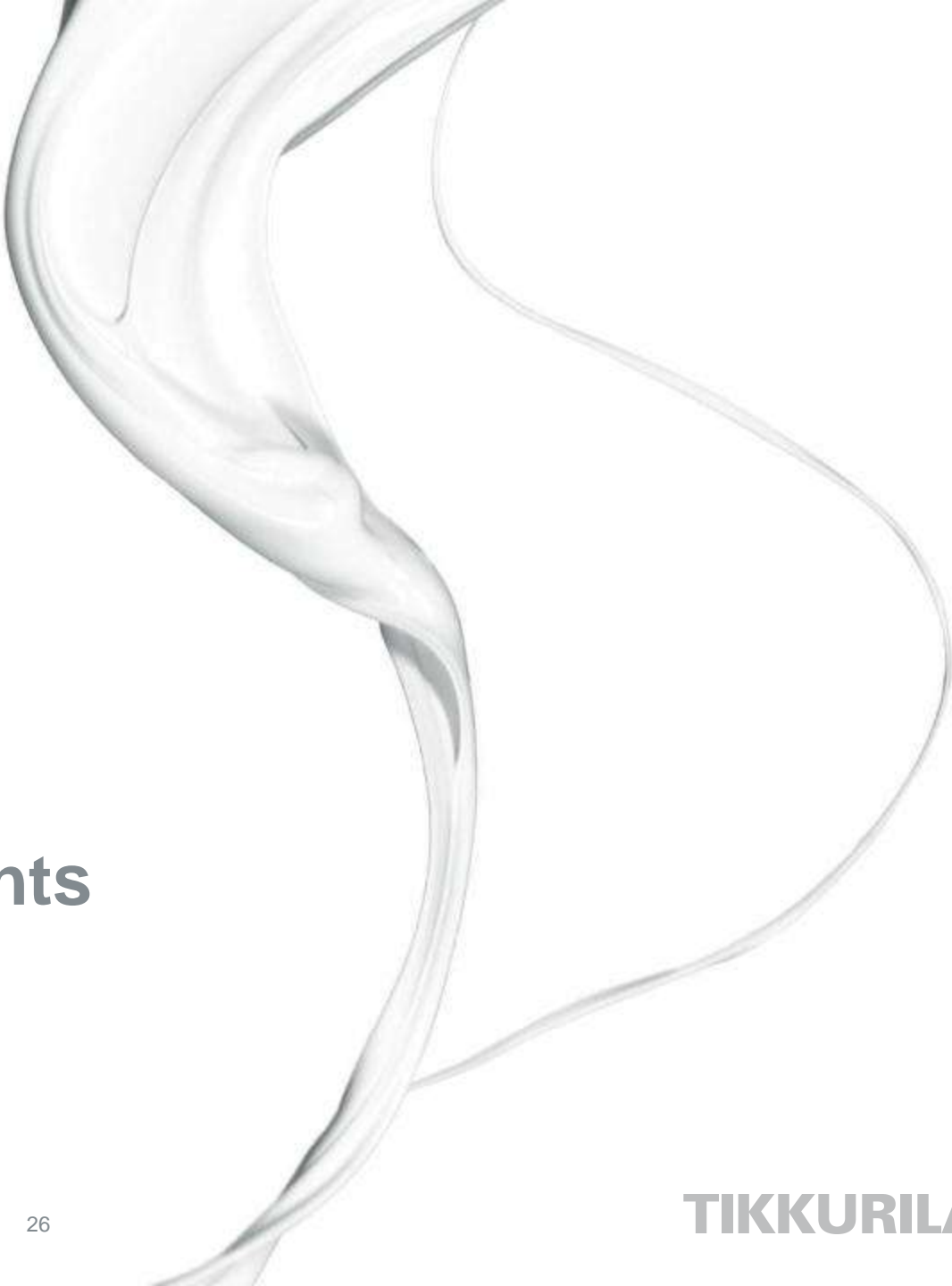
- The five different color collections were inspired by simple life, absence of rush, and doing it yourself



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



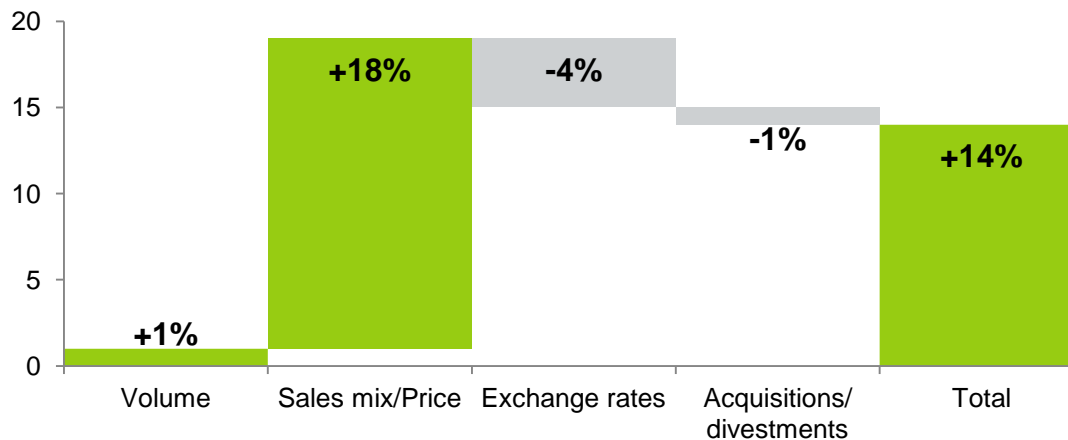
Review period – Segment highlights

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

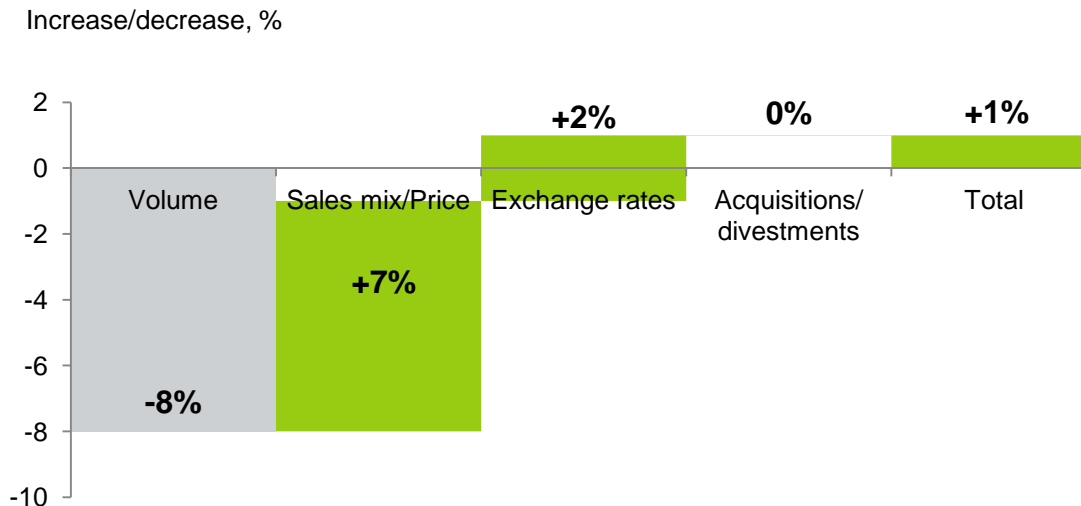
Highlights Q3/2011

- 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

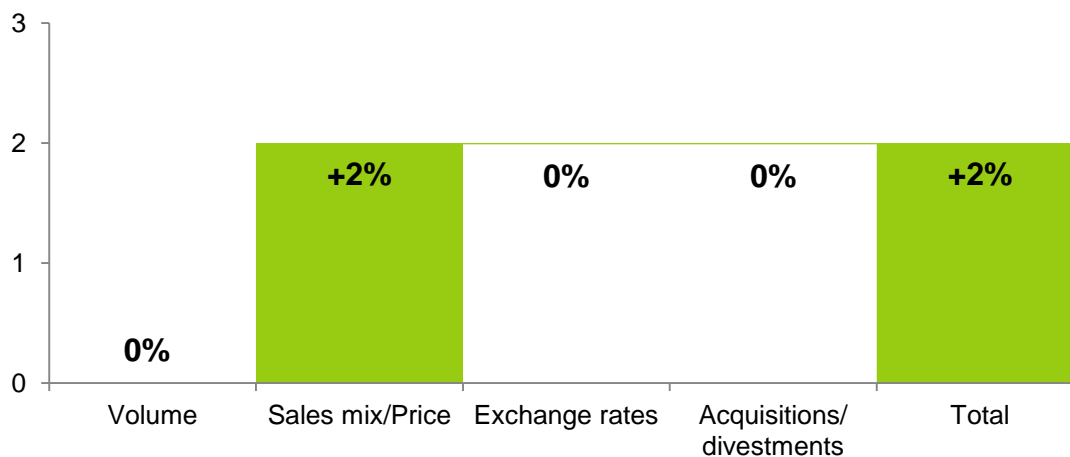
- The economic uncertainty and declining confidence were reflected in the demand for Tikkurila's products
- Profitability was improved by sales price increases and cutting down fixed expenses

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

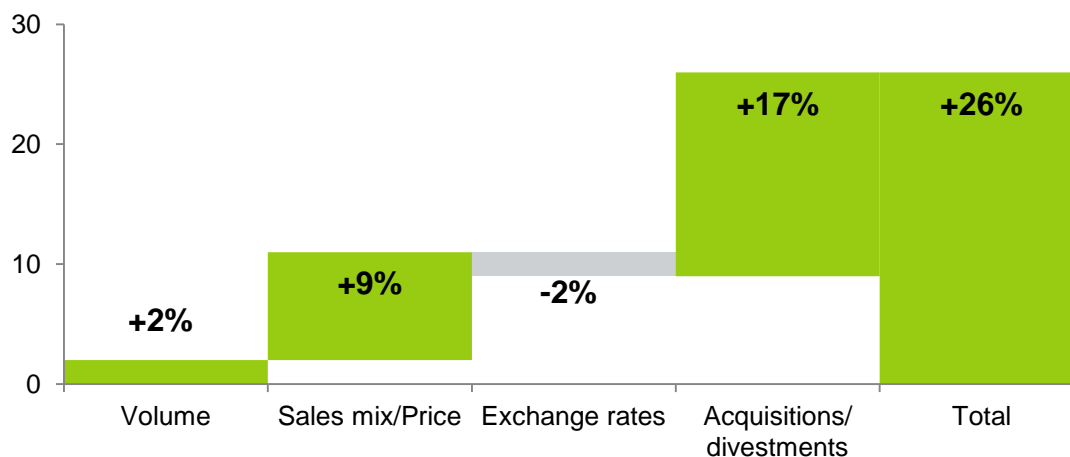
- The sales price increases were not sufficient to fully cover the increased raw material costs
- Tikkurila made an additional sales price increase at the beginning of October

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, %



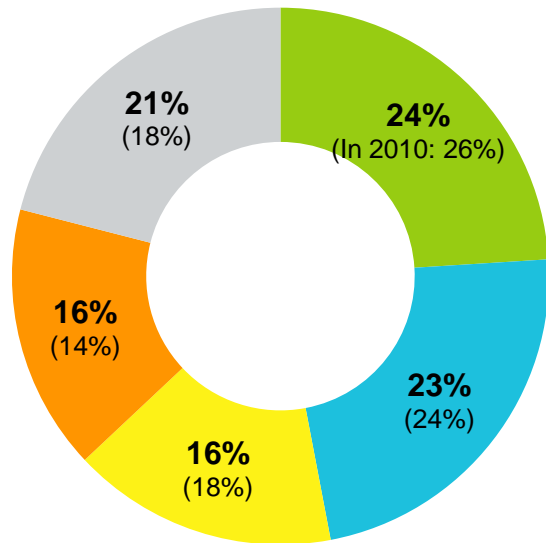
* Excluding non-recurring items

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



TIKKURILA

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

SBU CEE's key markets





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

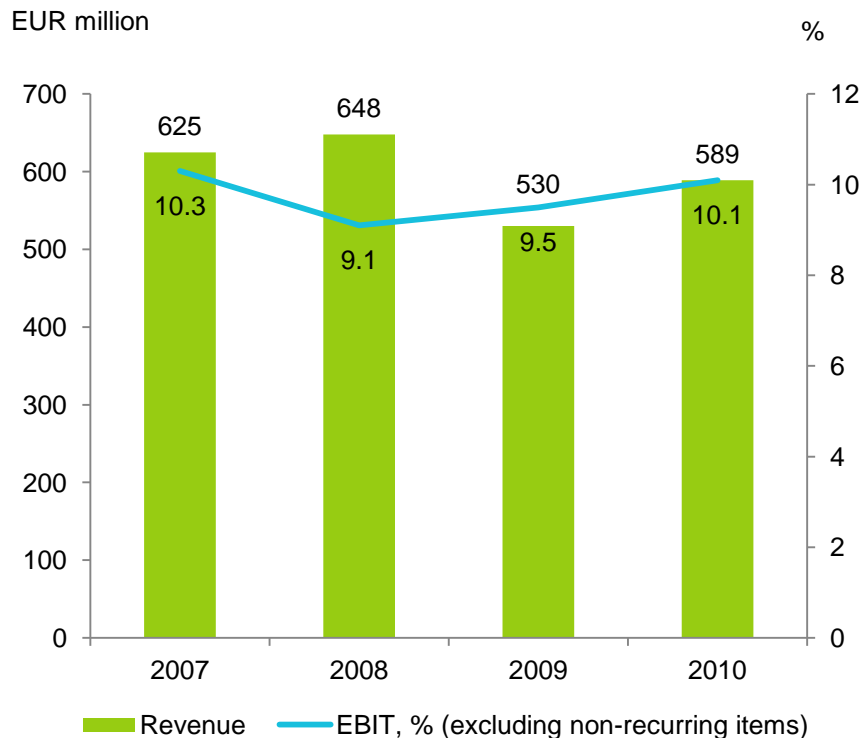
- Critical reassessment of existing product portfolio, market segments and certain geographical locations
- More rapid and dynamic resource allocation
- Modification of the organization structure to optimally support business and customer needs

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.



Appendix

Tikkurila SBUs

	East	Finland	Scandinavia	CEE
Operational area	Russia and other CIS countries	Finland	Sweden, Norway, Denmark	CEE countries and other countries incl. China
Production sites	St. Petersburg, Russia Stary Oskol, Russia Kiev, Ukraine	Tikkurila, Vantaa	Nykvärn, Sweden	Tallinn, Estonia Ansbach, Germany Debica, Poland Sabac, Serbia
Current demand structure	Economy price and quality segment products	Premium and medium price and quality segment products	Premium and medium price and quality segment products	Medium and economy price and quality segment products
Expected demand structure	Premium price and quality segment products expected to rise	Premium and medium price and quality segment products	Premium and medium price and quality segment products	Medium and premium price and quality segment products
Competitors	Akzo Nobel, Lakra-Sintez, Empils, ABC-Farben, Meffert, Caparol	Akzo Nobel, Teknos, Nor-Maali ² , Becker Acroma ²	Akzo Nobel, Flügger, Jotun, Becker Acroma, Teknos	Akzo Nobel, PPG, a large number of local and regional suppliers
Distribution channels	Deco: DIY retailers, independent retailers, wholesalers Industry: direct sales, Temaspeed	Deco: DIY retailers, independent paint retailers Industry: direct sales, Temaspeed	Deco: DIY retailers, Alcro-Beckers professional stores ¹ , Happy Homes chain ¹ , Colorama retail chain ¹ Industry: direct sales, Temaspeed	Deco: DIY retailers, independent retailers Industry: direct sales, Temaspeed

SBU East in brief

Key facts

Operational area	Russia, other CIS countries, Ukraine
2010 revenue	EUR 194.5 million, 33% of group
2010 EBIT ¹	EUR 22.7 million, 36% of group ²
Employees	1,508 (year-end)
Production sites	3 in St. Petersburg, Russia, Stary Oskol, Russia and Kiev, Ukraine
Sales offices	Russia, Ukraine, Belarus, Kazakhstan

Expansion in East

- 1970s** Export to Russia and the former Soviet Union started
- 1994** Sales company in Russia
- 1995** First western paint factory opened in St. Petersburg
- 1998** Sales company OOO Tikkurila Coatings established
- 2004** Acquisition of Kolorit in Ukraine
- 2006** Acquisition of Kraski Tekst
- 2006** Sales company established in Almaty, Kazakhstan
- 2007** Acquisition 2 St. Petersburg-based paint companies (Gamma, Powder Coatings)
- 2008** Sales company established in Minsk, Belarus
- 2009** Completion of logistic centre in Mytishchi, Moscow region

Locations



- 1 Excluding non-recurring items
- 2 Excluding group items

Tikkurila in Russia

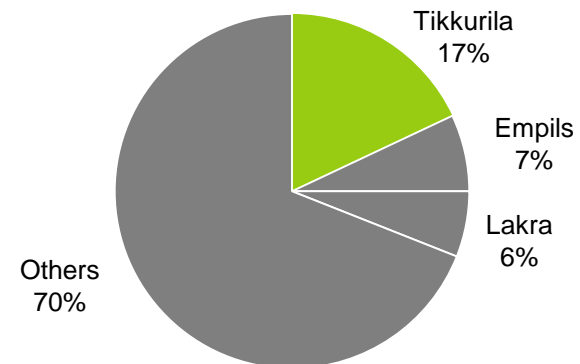
Overview

- Tikkurila is the leading decorative paints supplier in Russia
 - Tikkurila products are sold in over 5,000 retail outlets
- The product range consists of decorative paints and coatings for the wood and metal industries
- Products are sold under the well known brands: Teks, Finncolor, Gamma and Tikkurila
- Tikkurila has three paint factories in St. Petersburg and one in Sary Oskol
- Personnel 1,500 at year-end 2010

Tikkurila paint brands in Russia



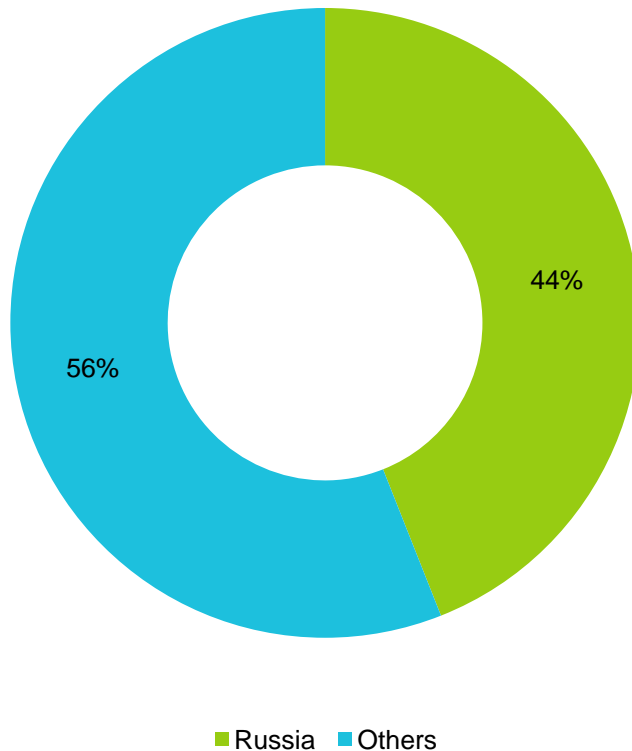
Market leader in decorative paints in 2010*



* Chem-Courier

In good position to grow further in Russia, other CIS Countries and CEE countries

Tikkurila's production capacity

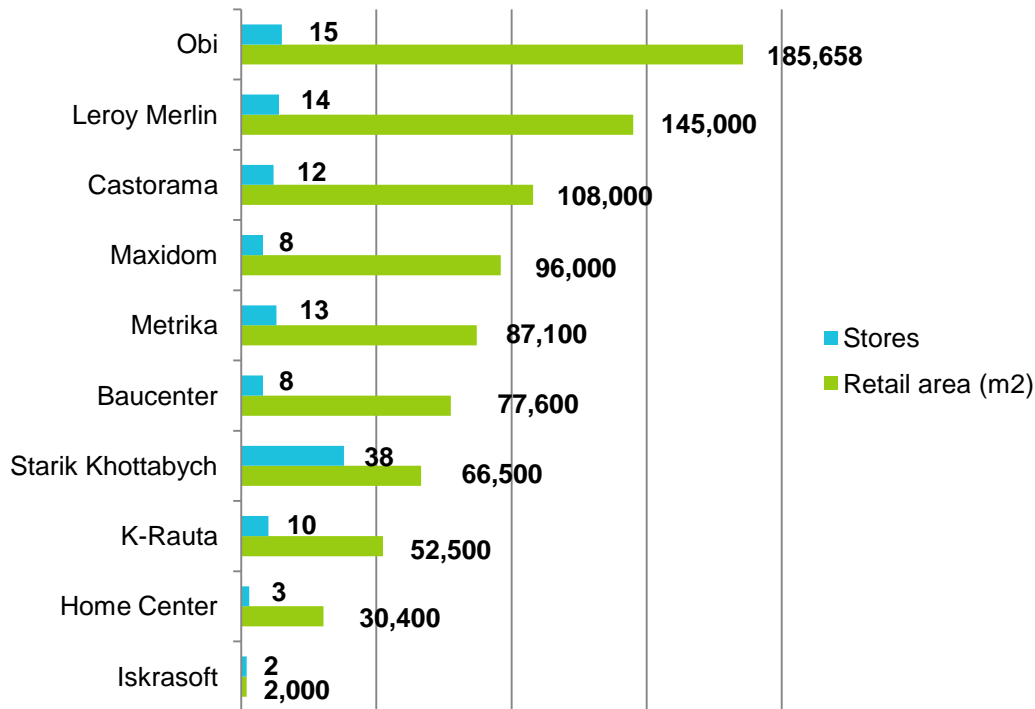


Production and raw materials

- Production in 8 countries, annual capacity ~300 million litres
- Local production increases flexibility, clear advantage specially during unstable market conditions
- Production of water-borne products increasing; ~60% of total, ~70% of decorative paints
- Raw material prices affected mainly by oil prices, supply capacity and currencies
- ~75% of raw materials from western suppliers, in Russia ~50% of raw materials from local suppliers

Russian Big Box market

Top ten retailers in Russia



Comments on Big Box market

- Tikkurila is represented by all major retailers in Russia.
- ~20% of Tikkurila's sales in Russia come from Big Boxes.
- The importance of the Big Boxes to Tikkurila is on the increase as the number of retail stores is growing.

Source: Retrospective 2010

SBU Scandinavia in brief

Key facts

Operational area	Sweden, Norway, Denmark
2010 revenue	EUR 181.8 million, 31% of group
2010 EBIT ¹	EUR 21.3 million, 34% of group ²
Employees	466 (year-end)
Production sites	Nykvarn, Sweden
Sales offices	Sweden, Norway, Denmark

Development in Scandinavia

- 1865** Beckers founded
- 1906** Alcro founded
- 1967** First Tikkurila subsidiary established in Sweden
- 2001** Acquisition of Alcro-Beckers
- 2002** Acquisition of Akzo Nobel's general industrial finishes business
- 2007** New production plant in Nykvarn
- 2008** New headquarters in Hammarby Sjöstad
- 2008** Acquisition of the flagship store Måleributiken in Alvik, Sweden

Locations



1 Excluding non-recurring items

2 Excluding group items

SBU Finland in brief

Key facts

Operational area	Finland
2010 revenue	EUR 107.2 million, 18% of group
2010 EBIT ¹	EUR 13.6 million, 22% of group ²
Employees	718 (year-end)
Production sites	Vantaa, Finland
Sales offices	Several in Finland

1 Excluding non-recurring items
2 Excluding group items

Locations



SBU CEE in brief

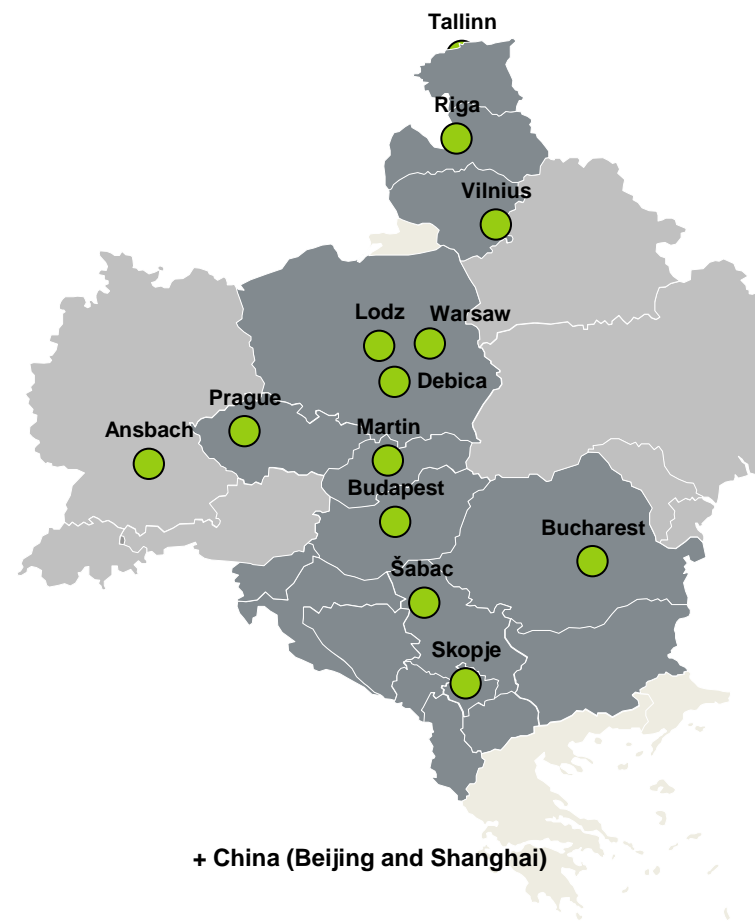
Key facts

Operational area	Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Kosovo, Hungary, Latvia, Lithuania, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and other markets (including e.g. China)
2010 revenue	EUR 105.2 million, 18% of group
2010 EBIT ¹	EUR 4.8 million, 8% of group ²
Employees	741 (year-end)
Production sites	Tallinn, Estonia, Ansbach, Germany, Debica, Poland and Sabac, Serbia
Sales offices	Czech Republic, Hungary, Latvia, Lithuania, Romania, Slovakia, China, Finland (export)

Expansion in CEE

- 1989** JV established in Tallinn, Estonia
- 1992** Paint production started in Tallinn, Estonia
- 1993** Sales company in Riga, Latvia
- 1995** Sales company established in Vilnius, Lithuania
- 1997** Sales company in Budapest, Hungary
- 2001** Production plants in Ansbach, Germany and Debica, Poland
- 2006** Acquisition of sales company in Prague, Czech Republic
- 2007** Sales company established in Beijing, China
- 2008** Sales companies in Shanghai, China, Bucharest, Romania and Martin, Slovakia
- 2010** Acquisition of the business of Serbian Zorka Color

Locations



1 Excluding non-recurring items
2 Excluding group items

Investor and media contacts



Erkki Järvinen
President and CEO



Jukka Havia
CFO



Susanna Aaltonen
GVP, Communications & IR
susanna.aaltonen@tikkurila.com
Tel. +358 9 8577 2488, mobile +358 40 593 4221



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.

TIKKURILA INSPIRES YOU
TO COLOR YOUR LIFE.™

TIKKURILA