



Power of colors since 1862

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Disclaimer

In this presentation, all forward-looking statements in relation to the company or its business are based on the management judgment, and macroeconomic or general industry data are based on third-party sources, and actual results may differ from the expectations and beliefs such statements contain.



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Tikkurila update



Tikkurila

Tikkurila is the leading paints and coatings professional in the Nordic region and Russia. With our roots in Finland, we now operate in 16 countries. Our high-quality products and extensive services ensure the best possible user experience in the market.

Sustainable beauty since 1862.

Our end-customers



Consumers (DIY)



Professional painters



Industry

*Tikkurila estimate



Strong and well-established brands



Strategic international brands



Strategic regional or local brands

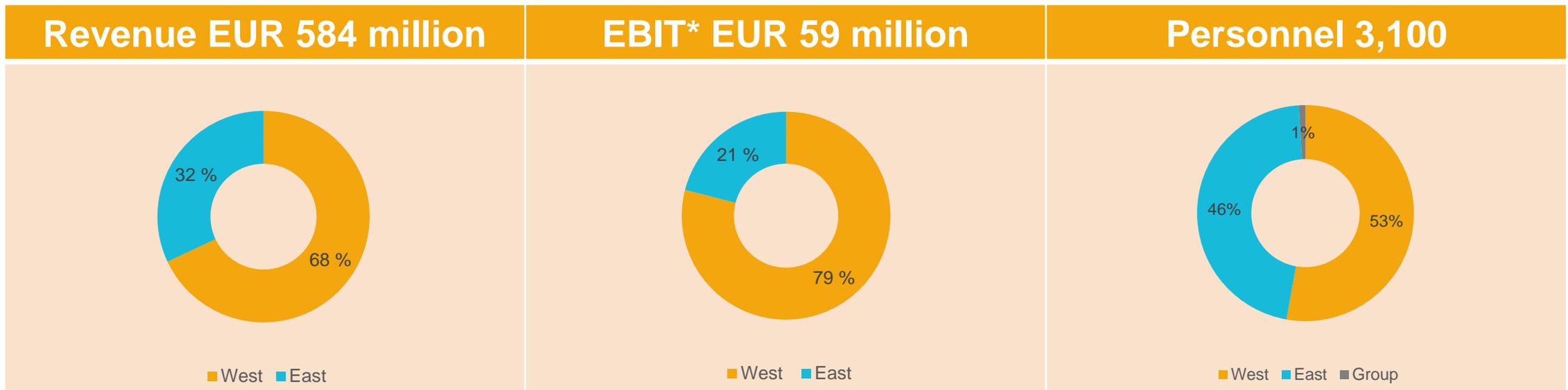


Tactical regional or local brands



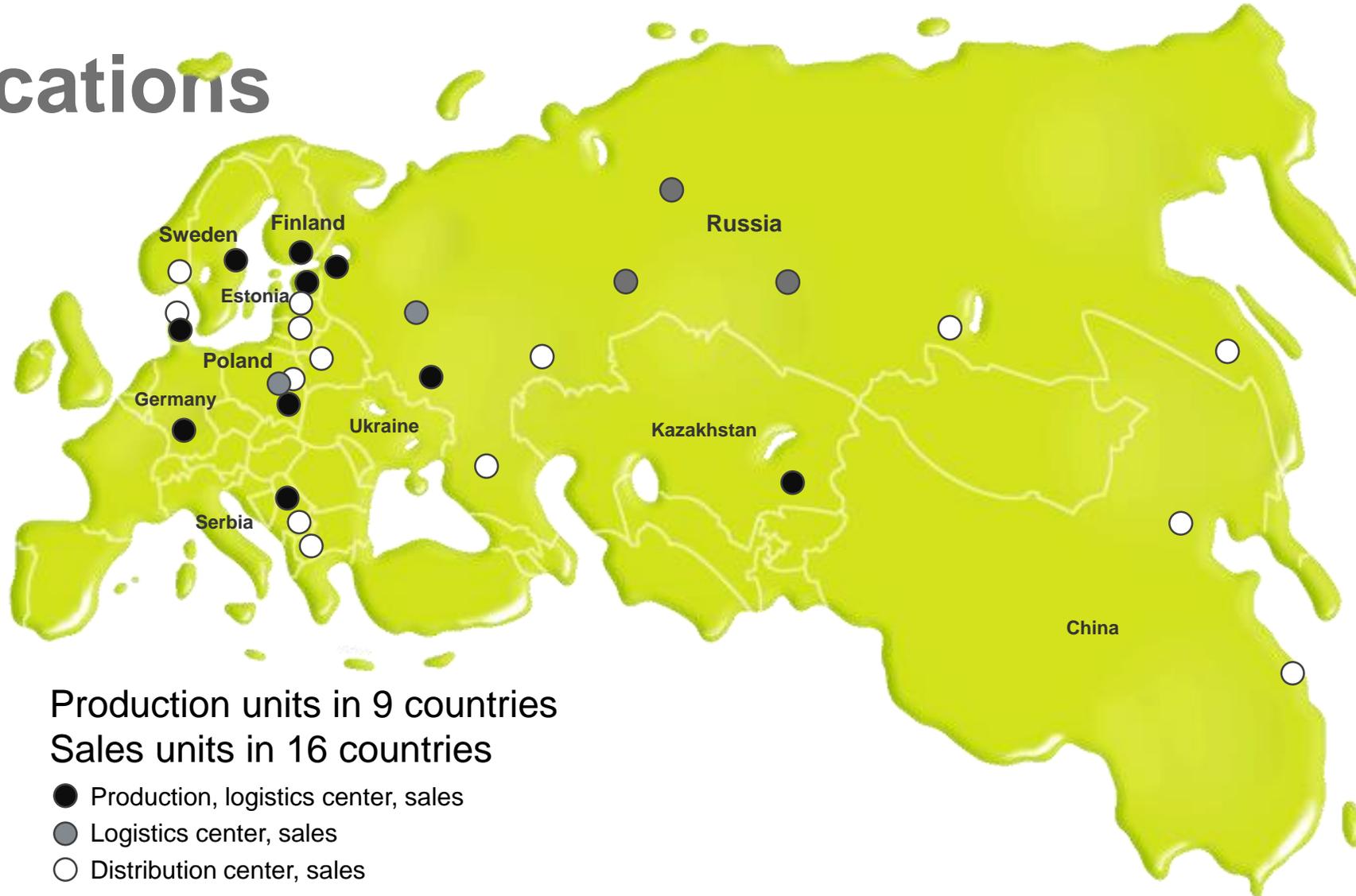
Tikkurila 2015

Our largest markets are Sweden, Russia, Finland, Poland and the Baltic countries. We have production in ten countries, and we are the leading decorative paint company in all our main markets. On the whole, our products are available in 40 countries. In 2015, Tikkurila's revenue totaled EUR 584 million, and it had 3,100 employees.



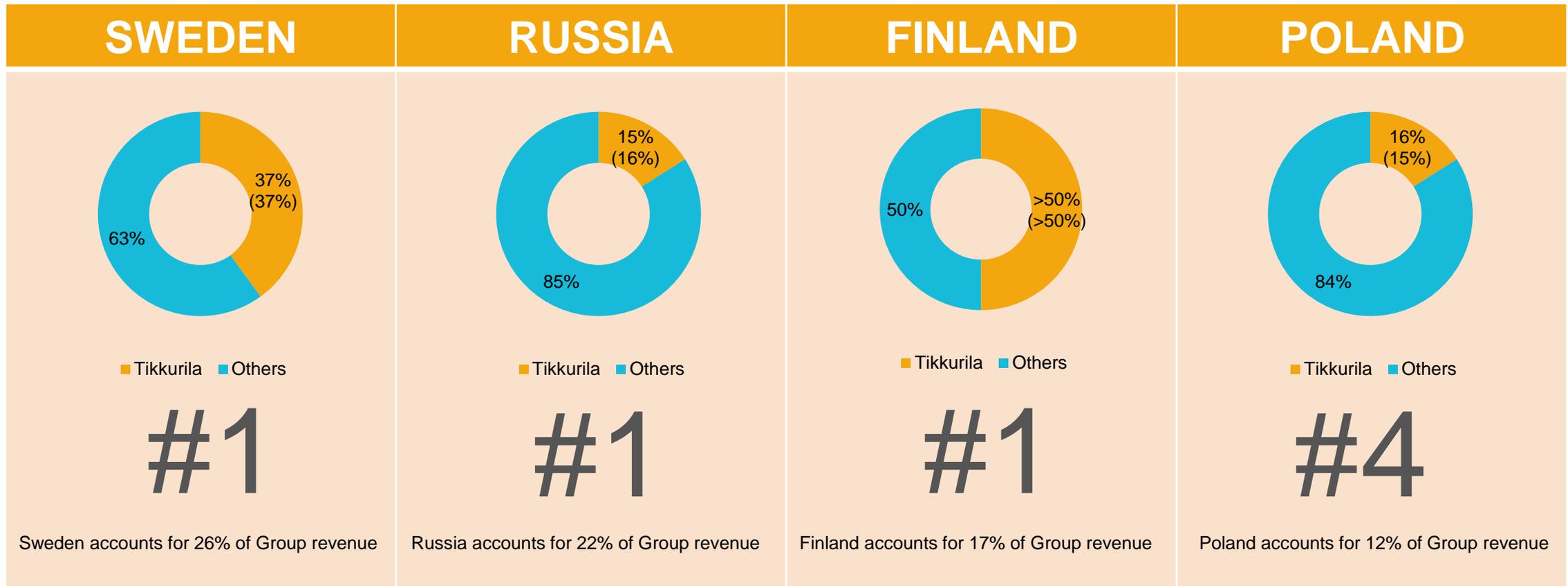
*Excl. non-recurring and Group items

Our locations





Tikkurila market shares in decorative paints in key markets in 2015

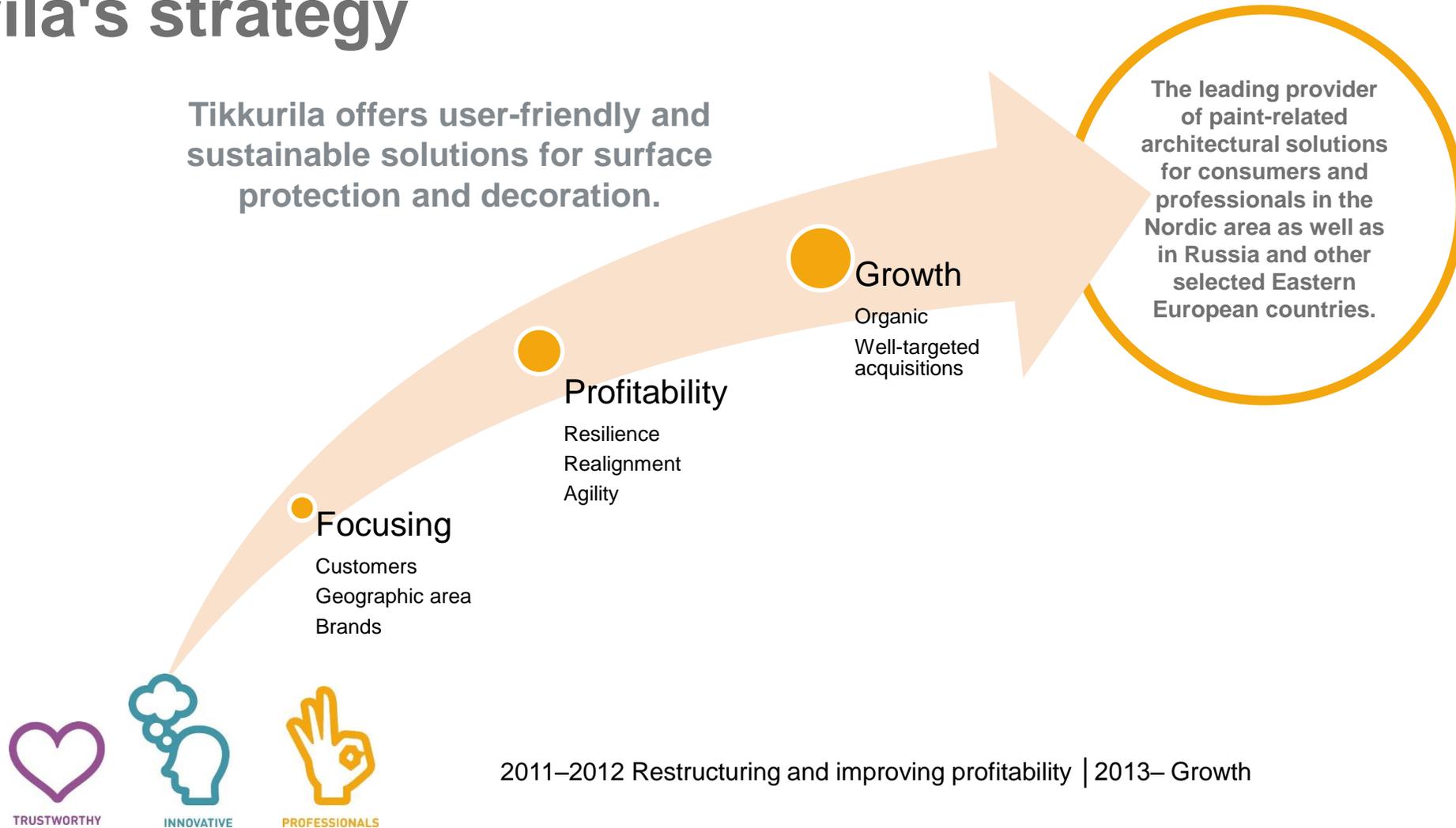


Source: SVEFF (Sweden, value), Chem-Courier (Russia, volume), Association of Finnish Paint Industry (Finland, value), IBP Research (Poland, volume)



Tikkurila's strategy

Tikkurila offers user-friendly and sustainable solutions for surface protection and decoration.





We are aiming at profitable growth

Enablers of growth

- Commercial excellence
 - Strong brands with high customer loyalty
 - Leading market positions
 - Good distribution coverage
- Other
 - Strong balance sheet
 - Restructuring for growth

Accelerating growth

- Functional coatings
- New technologies
- Partnerships and cooperation
- Export
- Utilizing fully our challenger position
- Professional and industrial business
- Services
- New distribution channels
- M&A

Proceeding of strategic efforts in 2015

Growth

- A hundred new exclusive Tikkurila shops operated by a third party opened in China
- New production unit to Kazakhstan
- Development program for professional and industrial businesses
- Increased functional product portfolio
- Reorganization and increased ambition level for export function
- Seeking for new market areas

Flexibility

- Adjustment and restructuring of operations in Russia, Finland and Sweden
- Integration of operational systems and centralizing operations in Poland
- Harmonization of raw material and product portfolio
- Expanding LEAN operating philosophy



Financial targets for 2018*

- Revenue of EUR 1 billion
- Operating EBIT >12%
- Operative return on capital employed (ROCE) >20%
- Gearing <70%
- Dividend policy: Target is to pay at least 40% of annual operative net income as dividends

Historical performance									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue	625	648	530	589	644	670	653	618	584
EBIT, % ¹	10.3%	9.1%	9.5%	10.1%	9.7%	11.0%	11.1%	10.4%	10.1%
ROCE	24.5%	18.7%	15.7%	19.2%	19.4%	21.0%	23.5%	22.9%	22.2%
Gearing	135.3%	208.5%	90.0%	41.4%	51.9%	40.6%	23.4%	24.6%	23.7%
Dividend paid; share of operative net income, %				84% (EUR 0.70 per share)	88% (EUR 0.73 per share)	72% (EUR 0.76 per share)	69% (EUR 0.80 per share)	73% (EUR 0.80 per share)	90%² (EUR 0.80 per share)

* Defined by the Board of Directors in 2012

- 1) Excluding non-recurring items
2) Board of Directors' proposal



Long term financial development

Development of sales and profitability 2000–2015

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 Teks in 2006
(Revenue ~MEUR 80)

Acquisition of Zorka Color in 2011
(Revenue ~MEUR 16)





Tikkurila in Scandinavia



Our history in Scandinavia

Carl Wilhelm Becker established the Beckers company in 1865. Beckers merged with the paint division of Alfort & Cronholm in 1986 and Alcro-Beckers was formed.



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

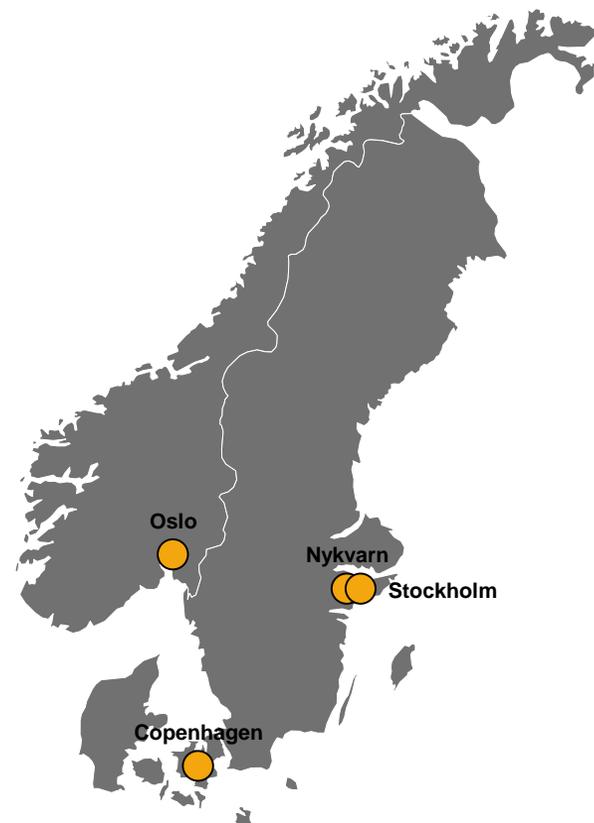


Tikkurila in Scandinavia

Key facts

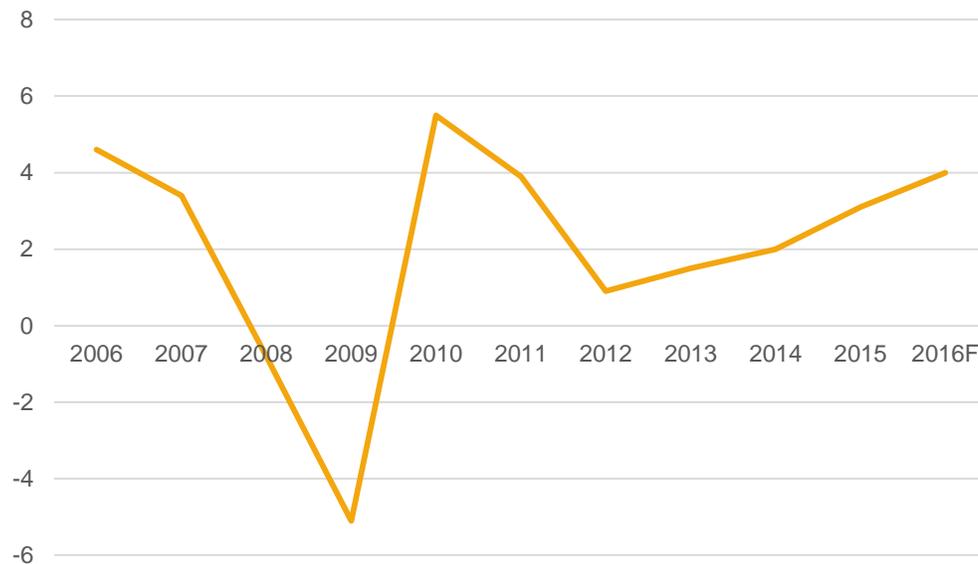
2015 revenue	SBU West EUR 395.3 million, 68% of Group Sweden EUR 151.7 million, 26% of Group
Employees	480 in Scandinavia
Production sites	Nykvarn, Sweden
Sales offices	Sweden, Norway, Denmark
Decorative paint brands	 For professionals and consumers in Sweden  For professionals and consumers in Sweden, Norway, and Denmark  For industrial customers in all Scandinavian markets
Other	25 own retail shops for professionals

Locations



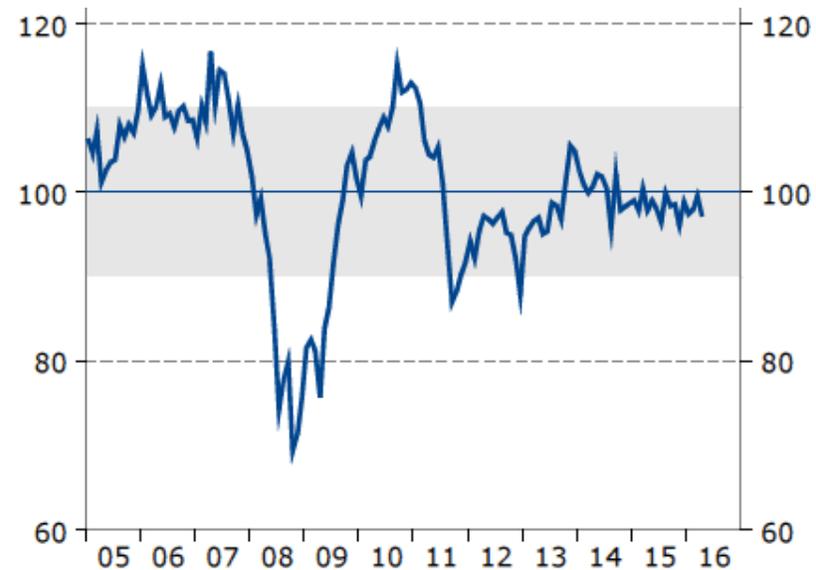
Positive development in the Swedish macro environment

GDP growth, %



- Strong GDP growth anticipated for 2016 but is about to peak

Consumer confidence indicator



- Consumer confidence has been quite stable and at a normal level in recent years

Scandinavian paint market

Facts about the Scandinavian paint market

Paint market

The value of the paint market approximately EUR 830 million
 Consumption ~13 liters per capita
 Market growth has been moderate for the last 10 years

Market characteristics

People are very interested in interior design and care a lot for their homes
 Special climate with plenty of wooden buildings that require constant maintenance
 Premium products are dominating the market
 Professional painters account for more than 50% of total market
 Traditional retail channels very strong, especially in Sweden

Change forces

Economic development (GDP)
 Construction and housing market activity
 Consumer confidence
 Increasing importance of big boxes
 Paint stores are not dependent on one supplier or brand
 Share of private label/economy brands is growing
 Focus on environmental issues
 Increasing demand for buying professional services





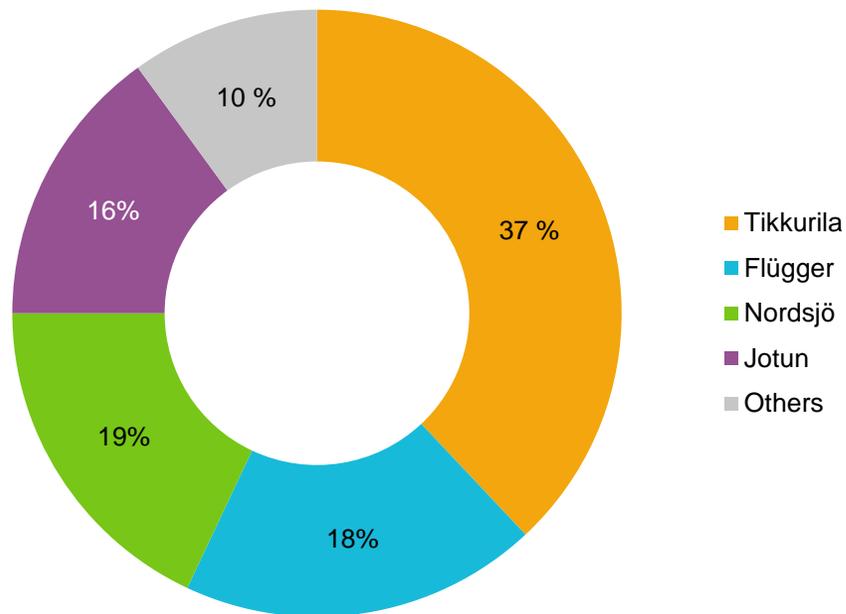
Paint is sold mainly through traditional retail channels

- Traditional retail is dominating the Scandinavian market (~85% of Tikkurila sales in Sweden)
- Decorative paints are sold through retail chains (such as Colorama and Happy Homes in Sweden), independent retailers, big boxes, and professional shops
- Many decorative paint companies, such as Akzo Nobel and Flügger, have own retail network as well
- Industrial coatings are sold directly to the customers or through Temaspeed network (Tikkurila's concept)



Swedish decorative paint market is consolidated

Market shares in the Swedish decorative paint market in 2015



Source: SVEFF 2016

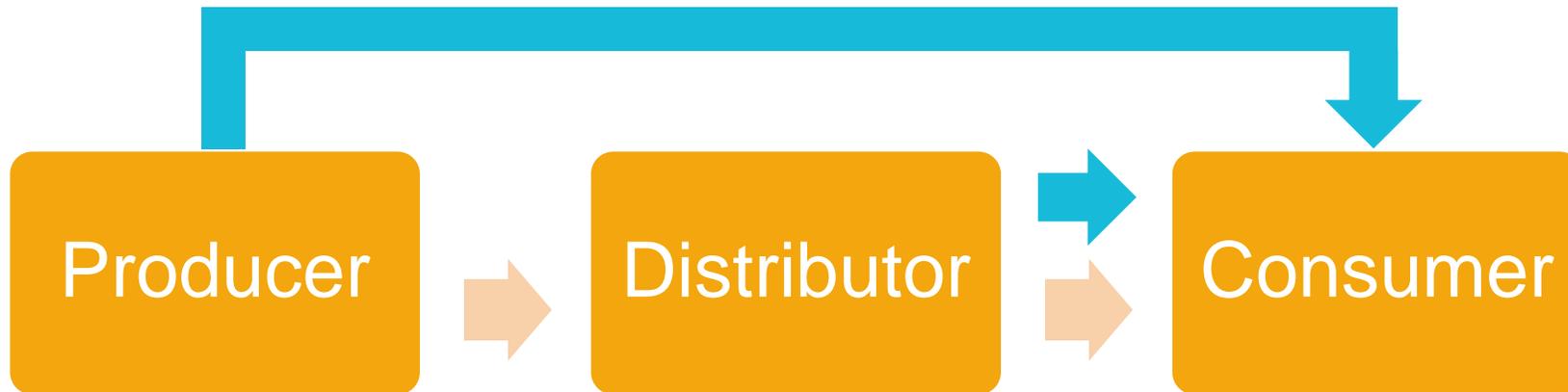
- In decorative paints, the main competitors include Flügger, Akzo Nobel (Nordsjö), and Jotun
- Jotun is strong in Norway (more than 70% market share) and Flügger in Denmark (30% market share)
- Mature market with quite low growth creates hard competition

Developing our operations in Scandinavia

- Optimizing product portfolio
- Strengthen our brands
- Developing digital communication
- Introducing new retail concepts (e.g. in cooperation with Bauhaus)
- Expanding and renewing own retail network
- Increasing operational efficiency

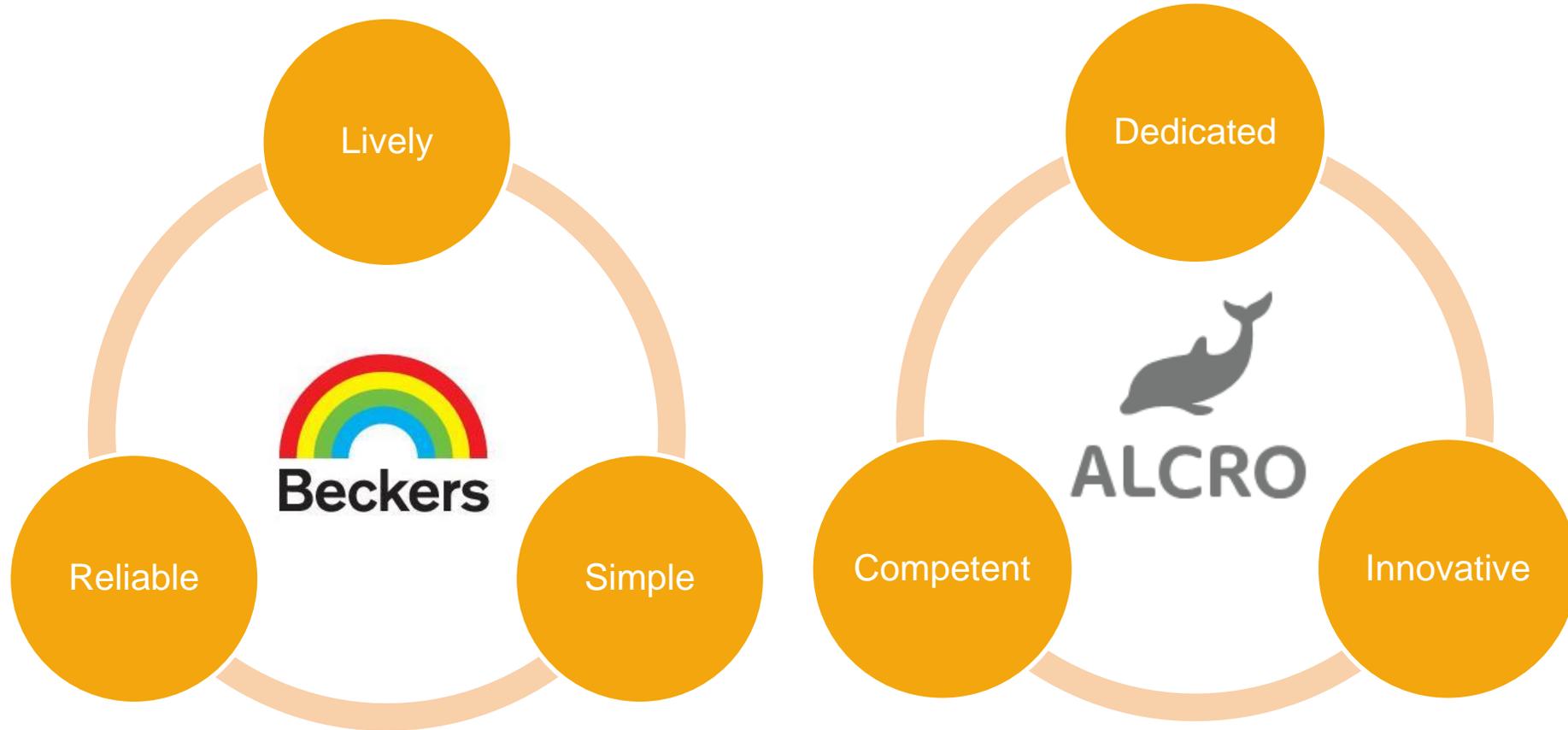


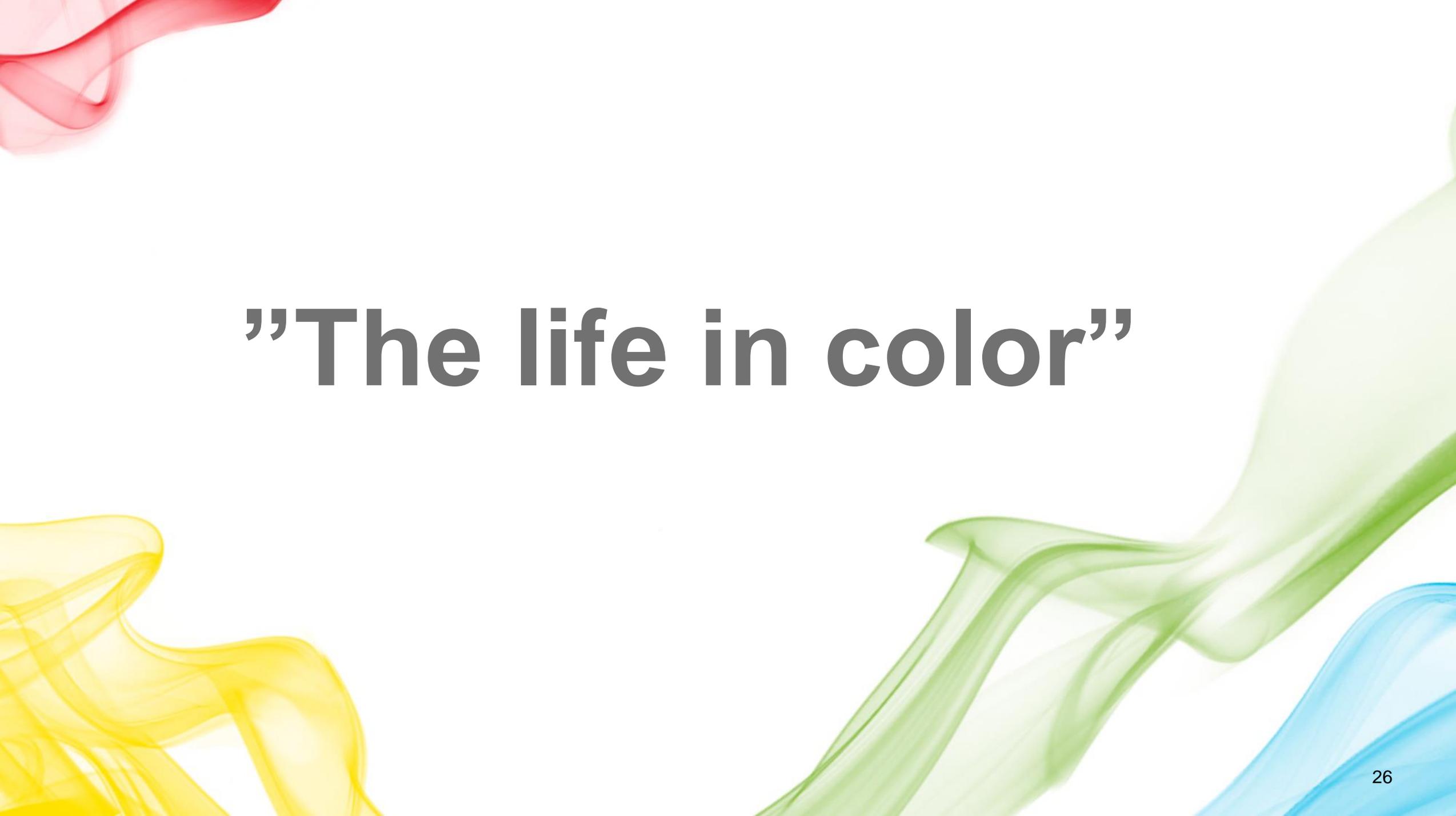
More focus on the end-customer



- Better understanding of the market
- Active brand positioning
- Continuous improvement and development

Core values of our brands



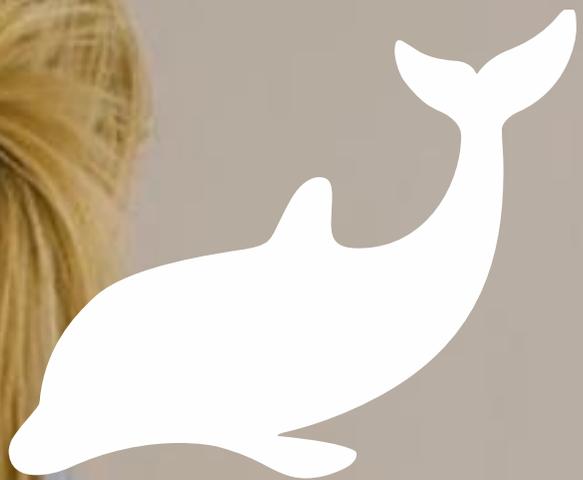


”The life in color”



Maja Gödicke - Blå

<https://www.youtube.com/watch?v=PoD1S3lwCJY>



ALCRO

**A COLORFUL
TOMORROW**





June 8, 2016

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VAD SKULLE DU MÅLA OM ALCRO BJÖD PÅ FÄRGEN?

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[ANSÖK](#)[MÅLARVOLONTÄR](#)

PROJEKT 01: FJÄLLSTUGA PÅ GÅSEN

Ommålning av STF:s fjällstuga på jemtlandska Gåsen, 1100 meter över havet.

[LÄS MER](#)



Thank you!





TIKKURILA INSPIRES YOU
TO COLOR YOUR LIFE.™