



TIKKURILA

INTERIM REPORT | Q1 | JANUARY-MARCH 2015

Tikkurila Oyj
Interim Report

April 29, 2015 at 9:00 a.m. (CET+1)

Tikkurila's Interim Report for January–March 2015
– Strong profitability despite lower revenue
January–March 2015 highlights

- Revenue for the first quarter decreased by 5.8 percent to EUR 133.2 million (1–3/2014: EUR 141.5 million).
- Operating profit (EBIT) excluding non-recurring items was EUR 15.3 (13.0) million, i.e. 11.5 (9.2) percent of revenue.
- Operating profit (EBIT) was EUR 15.2 (13.8) million, i.e. 11.4 (9.8) percent of revenue.
- EPS was EUR 0.30 (0.17).

Guidance for 2015 intact

- Tikkurila expects its revenue and EBIT excluding non-recurring items for the financial year 2015 to be below the 2014 level.

Key figures

(EUR million)

Income statement

	1–3/2015	1–3/2014	Change %	1–12/2014
Revenue	133.2	141.5	-5.8%	618.4
Operating profit (EBIT), excluding non-recurring items	15.3	13.0	17.6%	64.2
Operating profit (EBIT) margin, excluding non-recurring items, %	11.5%	9.2%		10.4%
Operating profit (EBIT)	15.2	13.8	10.4%	63.7
Operating profit (EBIT) margin, %	11.4%	9.8%		10.3%
Profit before taxes	17.5	11.8	47.3%	63.3
Net profit	13.3	7.3	81.4%	48.3

Other key indicators

EPS, EUR	0.30	0.17	81.7%	1.10
ROCE, %, rolling	23.5%	25.4%		22.9%
Cash flow after capital expenditure	-13.6	-4.8	-182.2%	49.9
Net interest-bearing debt at period-end	57.3	53.8	6.5%	47.4
Gearing, %	32.8%	30.6%		24.6%
Equity ratio, %	39.4%	39.1%		49.5%
Personnel at period-end	3,215	3,186	0.9%	3,142

Comments by Erkki Järvinen, President and CEO:

“The beginning of the year was characterized by duality. We had a strong result in SBU West with good volume development. However, in SBU East the turbulence continued, and foreign exchange rate changes decreased our euro-denominated revenue but also lowered our cost base.

Group's sales volumes did not quite reach the comparison period level due to the lower demand in Russia. Demand for both Tikkurila and Teks brand products declined in Russia, where we increased the prices of decorative paints at the beginning of this year. Our main challenges are associated with Russia, where the market situation will probably remain weak for a long time.

In the west, our volumes grew, driven primarily by the active pre-season deliveries of exterior paints in Sweden. Favorable development of the sales mix in Poland, in particular, had a positive effect on revenue. The development in our Western markets is steady, but the general growth rate in the paint markets is low.

We will continue our measures according to plan to strengthen our market position and to streamline operations in all of our countries of operation. The full-year guidance remains unchanged since the most crucial months are still ahead of us.”



Press Conference and webcast

Tikkurila will hold a press conference regarding the Interim Report for January–March for 2015 for the media and analysts today on April 29, 2015, at 12:00 p.m. (CET+1) in the Paavo Nurmi Cabinet at the Hotel Kämp (address Pohjoisesplanadi 29, 00100 Helsinki). The conference will be held in Finnish language. Attendees will be served lunch at the conference premises starting at 11:30 (CET+1). The Interim Report will be presented by **Erkki Järvinen**, President and CEO, and **Jukka Havia**, CFO.

A live webcast, conducted in English, will be organized on April 29, 2015, at 3:00 p.m. The live webcast will be available at www.tikkurilagroup.com. The participants can also join a telephone conference that will be arranged in conjunction with the live webcast. The telephone conference details are set out below:

+358 9 2313 9201 (Finnish callers)
+44 20 7162 0077 (UK callers)
+1 334 323 6201 (US callers)
Participant code: 952609

An on-demand version of the webcast will be available at www.tikkurilagroup.com/investors later during the same day.

The Interim Report and presentation materials will be available before the event at www.tikkurilagroup.com/investors.

Tikkurila will publish the Interim Report for January–June 2015 on Tuesday August 4, 2015, at around 9:00 a.m. (CET+1).

Tikkurila Oyj

Erkki Järvinen, President and CEO

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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.

www.tikkurilagroup.com

Tikkurila Oyj Interim Report January 1–March 31, 2015

This Interim Report has been prepared in accordance with the IAS 34 standard and other valid regulations. The information disclosed is unaudited with the exception of full year figures for 2014. The figures presented in the Interim Report are independently rounded.

Fluctuations in exchange rates in this Interim Report refer to the translation effect of the exchange rates.

In this report, 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.

If there are any discrepancies between the language versions of the Interim Report, the Finnish version shall prevail.

As of January 1, 2014, Tikkurila's business operations are organized in two reporting segments, or Strategic Business Units (SBU). Tikkurila's reporting segments are SBU West and SBU East. SBU West consists of Sweden, Denmark, Norway, Finland, Poland, Germany, Estonia, Latvia, and Lithuania. SBU East consists of Russia, Central Asian countries, Ukraine, Belarus, Serbia, Macedonia, and China. Furthermore, SBU East is responsible for the exports to more than 20 countries.

Market Review

The euro region continued cautious recovery at the beginning of the year, but the situation in Russia was still challenging.

Among Tikkurila's key markets, the economic situation in Russia continued to be weak in the first months of the year. Nevertheless, the ruble strengthened in February–March after the steep decline at the end of the year. Consumer confidence plummeted to the 2009 level in the first quarter. The increase in consumer prices was at a record-high level, but slowed down during the quarter. Consumers' purchasing power has weakened in Russia, which has resulted in postponed home improvement projects and increased relative share of lower quality and price grade paints. Local operators are favored in public projects.

In Sweden, consumer confidence strengthened to the normal level, and the economy is expected to grow this year due to increasing exports and private consumption. The economy in Poland is also expected to grow, driven by private consumption and investments. In Finland, consumer confidence strengthened to an average level. The current year is estimated to continue to be difficult for the construction sector, and economic growth overall is expected to remain low in Finland.

In 2014, Tikkurila's market share in decorative paints in Russia was approximately 16 percent (approximately 17 percent in 2013, volume, source: ChemCourier), in Sweden approximately 37 percent (approximately 37 percent in 2013, value, source: SVEFF), and in Finland it was more than 50 percent (more than 50 percent in 2013, value, source: VTY.) According to Tikkurila's estimates, there were no significant changes in Tikkurila's market shares in Poland (approximately 15 percent in 2013, volume, source: IBP Research). In Russia, the relative share of inexpensive paints in the market increased due to the weak economic situation. In Sweden, demand for lower price and quality grade paints increased as well.

Among Tikkurila's key currencies, the Russian ruble was clearly weaker in the period under review than the year before. The Swedish krona was also at a slightly weaker level. The exchange rate of the Polish zloty was near the comparison period level.

The prices of raw materials were, on the whole, close to the comparison period level, although there were differences in the price development of individual raw materials.

Financial Performance in January–March 2015

Revenue and operating result by reporting segment in January–March are presented in the table below.

January–March (EUR million)	Revenue		Operating result (EBIT) excluding non-recurring items	
	1–3/2015	1–3/2014	1–3/2015	1–3/2014
SBU West	102.2	98.8	16.9	15.3
SBU East	31.0	42.6	0.1	-1.6
Group common and eliminations	0.0	0.0	-1.7	-0.7
Consolidated Group	133.2	141.5	15.3	13.0

Tikkurila Group's **revenue** decreased by 6 percent in the first quarter of 2015 due to the unfavorable exchange rate fluctuations. Exchange rate fluctuations reduced revenue by 10 percent, particularly due to the weakened Russian ruble, but also due to the weakened Swedish krona. Lower sales volumes decreased the Group revenue by 2 percent. Sales price increases and changes in the sales mix increased revenue by 5 percent. Acquisitions increased revenue by one percent.

Operating result (EBIT) excluding non-recurring items totaled EUR 15.3 (13.0) million, which accounts for 11.5 (9.2) percent of revenue.

Operating result (EBIT) totaled EUR 15.2 (13.8) million, equaling 11.4 (9.8) percent of revenue. Operating profit increased and relative profitability improved clearly. Profitability was improved primarily by the lower euro-denominated fixed costs due to the weak Russian ruble.

The net financial income in January–March 2015 was EUR 2.1 (-2.0) million. Profit before taxes was EUR 17.5 (11.8) million. Taxes totaled EUR 4.1 (4.5) million, equaling an effective tax rate of 23.6 (38.0) percent. Earnings per share were EUR 0.30 (0.17) in the review period.

Financial Performance by Reporting Segments

SBU West

(EUR million)	1–3/2015	1–3/2014	Change %	1–12/2014
Revenue	102.2	98.8	3.4%	382.5
Operating result (EBIT), excluding non-recurring items	16.9	15.3	10.6%	45.8
Operating result (EBIT) margin, excluding non-recurring items, %	16.6%	15.5%		12.0%
Operating result (EBIT)	16.8	16.1	4.7%	47.5
Operating result (EBIT) margin, %	16.5%	16.3%		12.4%
Capital expenditure excluding acquisitions	2.8	1.8	51.8%	10.8

SBU West's first quarter revenue increased by 3 percent from the comparison period. The higher sales volumes mainly in Sweden grew SBU West's revenue by 3 percent. The sales growth in Sweden was attributable to the pre-deliveries of exterior paints, which concentrated more on the first quarter than in the comparison period. Price increases and the favorable changes in the sales mix increased revenue by 2 percent due to the price increases in Sweden and the good development of premium products in Poland. Exchange rate fluctuations, primarily the weakened Swedish krona, decreased revenue by 3 percent.

Acquisitions increased revenue by one percent. Among the key markets, in Sweden revenue increased to EUR 39.2 (38.0) million, while in Finland revenue was at the comparison period's level at EUR 30.7 (30.1) million, and in Poland revenue grew to EUR 15.4 (14.2) million.

SBU West's first quarter operating profit and relative profitability improved from the comparison period. Profitability was improved by revenue growth and the favorable development of the sales mix, in particular in Poland, where the relative share of Tikkurila's premium products in the sales continued to grow.

SBU East

(EUR million)	1–3/2015	1–3/2014	Change %	1–12/2014
Revenue	31.0	42.6	-27.2%	236.0
Operating profit (EBIT), excluding non-recurring items	0.1	-1.6	106.7%	21.3
Operating profit (EBIT) margin, excluding non-recurring items, %	0.3%	-3.7%		9.0%
Operating profit (EBIT)	0.1	-1.6	106.7%	19.2
Operating profit (EBIT) margin, %	0.3%	-3.7%		8.1%
Capital expenditure excluding acquisitions	1.3	1.0	33.0%	6.6

SBU East's first quarter revenue decreased by 27 percent from the comparison period. Exchange rate fluctuations reduced revenue by 28 percent due to the weak the Russian ruble, in particular. The lower sales volumes decreased revenue by 12 percent. Sales price increases increased SBU East's revenue by 12 percent. Revenue in Russia decreased to EUR 20.3 (31.9) million.

SBU East's first quarter result showed a slight profit. Profitability was improved primarily by the smaller euro-denominated fixed costs due to the weak ruble.

Cash Flow, Financing Activities, and Financial Risk Management

Tikkurila's financial position and liquidity remained at a good level during the review period. Foreign exchanges rate changes resulted in positive translation difference in equity, primarily caused by strengthening of the Russian ruble.

Cash flow from operations in January–March totaled EUR -9.9 (-3.2) million. Cash flow was weakened by the increased working capital due to the growth in trade receivables and decrease in trade payables. Net working capital totaled EUR 102.8 (97.5) million at the end of the review period. The net cash flow from the investing activities was EUR -3.7 (-1.6) million, when taking into account the acquisitions and divestments. Cash flow after capital expenditure totaled EUR -13.6 (-4.8) million at the end of the review period.

Interest-bearing debt amounted to EUR 76.2 (78.9) million at the end of the review period, and net debt was EUR 57.3 (53.8) million. At the end of the review period, cash and cash equivalents amounted to EUR 18.9 (25.0) million, and short-term interest-bearing debt totaled EUR 15.9 (18.4) million, including the company's issued commercial papers for a total nominal amount of EUR 10.0 (15.0) million. Moreover, the Group had long-term interest-bearing debt totaling EUR 60.3 (60.4) million. At the end of March, the Group had a total of EUR 153.1 (154.9) million of unused committed credit facilities or credit limits.

The Group's net financial income was EUR 2.1 (-2.0) million, of which interest expenses totaled EUR -0.2 (-0.2) million and other financing expenses EUR -0.1 (-0.6) million. The average capital-weighted interest rate of interest-bearing debt was 1.5 (1.7) percent. The net profit was positively affected by a total of EUR 2.4

(-1.2) million based on the impact of realized and unrealized exchange rate differences recognized during the review period.

At the end of March, the equity ratio was 39.4 (39.1) percent, and gearing was 32.8 (30.6) percent.

At the end of the review period, the nominal value of open foreign exchange rate forward agreements was EUR 0.0 (92.7) million and the corresponding market value was EUR 0.0 (-1.0) million. On March 31, 2015, the average nominal hedge ratio was 0 percent. At the end of 2014, the Board of Directors decided to change the exchange rate risk management so that the company will not carry out forward exchange agreements as of the beginning of the 2015 financial period or apply other financial instruments to hedge risks; instead, exchange rate risk management will, as applicable, involve operative measures such as the coordination of currency allocation of incoming and outgoing cash flows.

Capital Expenditure

Review period's gross capital expenditure excluding acquisitions amounted to EUR 4.1 (2.8) million. Investments in the period under review were mainly related to the optimization and automation of production and warehousing, as well as the implementation of new IT applications in different parts of the Group.

Tikkurila expanded its production network with the opening of a new factory in Almaty, Kazakhstan, in April 2015. The factory will produce a limited range of water-borne decorative paints to meet local market needs. The factory will pilot a novel production concept developed by Tikkurila. Designed to enable the quick launch of production in a new market, the concept will typically involve a fairly small and flexible unit. The investment totaled less than EUR 1 million.

The Group's depreciation, amortization and impairment losses amounted to EUR 4.2 (4.5) million in the first quarter. The Group performs impairment tests in accordance with the IAS 36 standard.

Research, Development and Innovation

In January–March 2015, Tikkurila's research and development expenses totaled EUR 3.0 (2.7) million or 2.2 (1.9) percent of revenue.

Human Resources

At the end of March 2015, the Tikkurila Group employed 3,215 (3,186) people. The average number of employees in January–March was 3,173 (3,144).

Tikkurila Group's number of employees at the end of each quarter is presented below split by SBU, starting from the first quarter of 2014.

	Q1/2014	Q2/2014	Q3/2014	Q4/2014	Q1/2015
SBU West	1,536	1,683	1,587	1,606	1,626
SBU East	1,621	1,628	1,594	1,505	1,558
Group functions	29	29	31	31	31
Total	3,186	3,340	3,212	3,142	3,215



Shares and Shareholders

At the end of March 2015, Tikkurila's share capital was EUR 35.0 million, and the total number of registered shares was 44,108,252. At the end of March 2015, Tikkurila held 2,461 treasury shares. The shares were acquired for implementing the share-based commitment and incentive plan.

According to Euroclear Finland Oy's register, Tikkurila had a total of some 21,300 shareholders on March 31, 2015. A list of the largest shareholders registered in the book-entry account system is regularly updated and is available on Tikkurila's website at www.tikkurilagroup.com/investors/share_information/shareholders.

At the end of March, the closing price of Tikkurila's share was EUR 17.79. In January–March, the volume-weighted average share price was EUR 16.68, the highest price EUR 19.35, and the lowest EUR 14.15. At the end of March, the market value of Tikkurila Oyj's shares was EUR 784.6 million. During January–March, a total of 2.9 million Tikkurila shares, corresponding to approximately 6.6 percent of the number of shares, were traded on NASDAQ OMX Helsinki Ltd. The value of the traded volume was EUR 48.8 million. Tikkurila's shares are traded also outside of NASDAQ OMX Helsinki, but the company does not have detailed statistics available on this external trading.

Disclosure of changes in holdings

On March 18, 2015, Tikkurila Oyj received a notification, based on the Securities Markets Act, from Prudential Plc. According to the notification, the holding of Prudential Plc and its subsidiaries (M&G Group Limited, M&G Limited, M&G Investment Management Limited, and M&G Securities Limited) in shares of Tikkurila Oyj fell below the 1/20 (5%) threshold on March 17, 2015. After these transactions the holding of Prudential Plc and its subsidiaries in Tikkurila Oyj amounts to a total of 2,037,628 shares, which corresponds to 4.62 percent of the total amount of shares and voting rights in Tikkurila Oyj.

Decisions of the Annual General Meeting and the Board of Directors

Matters relating to the Annual General Meeting

On March 25, 2015, the Annual General Meeting of Tikkurila Oyj approved the Financial Statements for 2014 and decided to discharge the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved a EUR 0.80 dividend per share for the financial year 2014. The rest were retained and carried further in the company's unrestricted equity. The dividend was paid to a shareholder who was registered in the company's shareholder register maintained by Euroclear Finland Ltd on the dividend record date, March 27, 2015. The dividend was paid on April 9, 2015.

The Annual General Meeting decided that the Board of Directors consists of six members. Eeva Ahdekivi, Harri Kerminen, Jari Paasikivi, Riitta Mynttinen, Pia Rudengren and Petteri Walldén were re-elected as members of the Board of Directors until the end of the next Annual General Meeting.

The Annual General Meeting decided that the annual remuneration of the members of the Board of Directors will be slightly increased. The annual remuneration to the members of the Board of Directors will be as follows: EUR 64,000 for the Chairman, EUR 40,000 for the Vice Chairman and the Chairman of the Audit Committee, and EUR 32,000 for other members of the Board of Directors. Approximately 40 percent of the annual remuneration will be paid in Tikkurila Oyj's shares acquired from the market and the rest in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for January 1 - March 31, 2015. Furthermore, a meeting fee for each meeting of the Board and its Committees (excluding decisions without a meeting) will be paid to the members of the Board of Directors as follows: EUR 600 for meetings held in the home state of a member and EUR 1,200 for meetings held outside the home state of a member. If a member participates in a meeting via telephone or video

connection the remuneration will be EUR 600. Travel expenses will be paid according to the travel policy of the company.

The Annual General Meeting decided that the Auditor's fees will be paid against an invoice approved by the company. KPMG Oy Ab was re-elected as the company's auditor until the end of the next Annual General Meeting, with APA Toni Aaltonen nominated by KPMG as the principal auditor.

Authorization to repurchase own shares and to decide on the issuance of shares

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 4,400,000 company's own shares. The shares may be repurchased to be used for financing or implementing possible mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares or to be used for the payment of the annual fees payable to the members of the Board of Directors or for implementing the share-based incentive programs of the company. The repurchase authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2016.

The Annual General Meeting authorized the Board of Directors to decide to transfer company's own shares held by the company or to issue new shares limited to a maximum of 4,400,000 shares. The company's own shares held by the company may be transferred and the new shares may be issued either against payment or without payment. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares or to be used for the payment of the annual fees payable to the members of the Board of Directors. The authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2016.

Decisions by the Board of Directors

In its meeting held on March 25, 2015, the Board of Directors of Tikkurila elected from among its members Jari Paasikivi as Chairman and Petteri Walldén as Vice Chairman of the Board of Directors.

Eeva Ahdekivi was re-elected as Chairman and Riitta Mynttinen and Pia Rudengren as members of the Audit Committee. Jari Paasikivi was re-elected as Chairman and Harri Kerminen and Petteri Walldén as members of the Remuneration Committee.

Near-term risks and uncertainties

Tikkurila's business operations are affected by various strategic, operational, financial, and accident risks. Tikkurila endeavors to identify and evaluate risks and respond to them as proactively as possible and contain their possible adverse effects.

Tikkurila's Financial Statements Release for the 2014 financial period describes the key short-term risk areas related to the geopolitical and macroeconomic situation in Russia and Ukraine, exchange rate development as well as competitive situation and changes in the value chain and product split. No significant changes have taken place compared to the situation stated in the Financial Statement release.

Tikkurila's risk management principles can be viewed on Tikkurila's website at www.tikkurilagroup.com. Additional information on the short- and long-term risks of Tikkurila's business operations has been published in the Corporate Governance Statement. More information on financial risks is provided in the Notes to the 2014 Consolidated Financial Statements.



Outlook for 2015

The geopolitical tensions, low oil prices and the weak ruble will make a difficult operating environment for 2015. The Russian economy is anticipated to weaken considerably, and the EU region is expected to see a slow recovery. The demand for paint is anticipated to reduce in Russia, with a relative increase expected in the market share of the lower price and quality grade products. Demand in the EU region is expected to remain close to last year's level. Tikkurila will increase sales prices mainly in Russia to partly, not fully, compensate for the effects of the weak ruble. As in the previous years, Tikkurila will continue investing in sales and marketing in order to strengthen its market position. The level of costs is being continuously monitored.

Guidance for 2015

Tikkurila expects its revenue and EBIT excluding non-recurring items for the financial year 2015 to be below the 2014 level.

Summary Financial Statements and Notes

This interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting standard. The same accounting policies have been applied in this interim financial report as in the annual financial statements for 2014, with the exception of the following new or revised or amended standards and interpretations which have been applied from the beginning of 2015.

This interim financial report is unaudited.

As a result of rounding differences, the figures presented in the tables may not add up to the total.

The following new or revised or amended standards and interpretations have been applied from January 1, 2015:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after July 1, 2014)
- Annual Improvements to IFRSs 2010-2012 and 2011-2013, December 2013 (effective for financial years beginning on or after July 1, 2014)

The Group's view is that the adoption of the standards and interpretations above did not have any material effect on the financial statements of the reporting period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2015	1-3/2014	1-12/2014
Revenue	133.2	141.5	618.4
Other operating income	0.6	1.0	6.0
Expenses	-114.3	-124.1	-539.7
Depreciation, amortization and impairment losses	-4.2	-4.5	-21.0
Operating profit	15.2	13.8	63.7
Total financial income and expenses	2.1	-2.0	-0.8
Share of profit or loss of equity-accounted investees	0.1	0.0	0.3
Profit before taxes	17.5	11.8	63.3
Income taxes	-4.1	-4.5	-15.0
Net result for the period	13.3	7.3	48.3
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	-3.5	-1.1	-3.6
Income taxes relating to items that will not be reclassified to profit or loss	0.8	0.2	0.8
Total items that will not be reclassified to profit or loss	-2.7	-0.8	-2.8
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets	0.1	0.1	-0.3
Foreign currency translation differences for foreign operations	6.9	-3.5	-23.1
Income taxes relating to items that may be reclassified subsequently to profit or loss	-0.2	0.0	0.0
Total items that may be reclassified subsequently to profit or loss	6.8	-3.4	-23.4
Total comprehensive income for the period	17.4	3.1	22.0
Net result attributable to:			
Owners of the parent	13.3	7.3	48.3
Non-controlling interest	-	-	-
Net result for the period	13.3	7.3	48.3
Total comprehensive income attributable to:			
Owners of the parent	17.4	3.1	22.0
Non-controlling interest	-	-	-
Total comprehensive income for the period	17.4	3.1	22.0
Earnings per share of the net profit attributable to owners of the parent			
Basic earnings per share (EUR)	0.30	0.17	1.10
Diluted earnings per share (EUR)	0.30	0.17	1.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

ASSETS	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Non-current assets			
Goodwill	72.9	65.9	72.5
Other intangible assets	19.3	19.1	18.4
Property, plant and equipment	94.5	99.4	90.3
Equity-accounted investees	0.9	0.8	0.8
Available-for-sale financial assets	3.3	3.7	3.2
Non-current receivables	3.4	4.5	4.3
Deferred tax assets	9.4	8.6	7.8
Total non-current assets	203.7	202.1	197.3
Current assets			
Inventories	84.6	89.6	73.7
Interest-bearing receivables	0.8	1.0	0.6
Non-interest-bearing receivables	135.6	132.0	92.5
Cash and cash equivalents	18.9	25.0	25.8
Non-current assets held for sale	0.3	-	-
Total current assets	240.1	247.7	192.6
Total assets	443.8	449.7	389.8
EQUITY AND LIABILITIES	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Share capital	35.0	35.0	35.0
Other reserves	0.0	0.0	0.0
Fair value reserve	1.9	2.2	1.9
Reserve for invested unrestricted equity	40.0	40.0	40.0
Treasury shares	0.0	-	-1.6
Translation differences	-32.9	-20.0	-39.6
Retained earnings	130.6	118.4	157.0
Equity attributable to owners of the parent	174.6	175.7	192.7
Non-controlling interest	-	-	-
Total equity	174.6	175.7	192.7
Non-current liabilities			
Interest-bearing non-current liabilities	60.3	60.4	60.3
Other non-current liabilities	-	0.1	0.0
Defined benefit pension and other long-term employee benefit liabilities	31.4	25.7	27.6
Provisions	0.5	0.7	0.5
Deferred tax liabilities	8.0	8.0	8.1
Total non-current liabilities	100.2	94.8	96.5
Current liabilities			
Interest-bearing current liabilities	15.9	18.4	12.8
Non-interest-bearing current liabilities	152.6	160.4	87.4
Provisions	0.4	0.4	0.4
Liabilities classified as held for sale	-	-	-
Total current liabilities	168.9	179.2	100.6
Total equity and liabilities	443.8	449.7	389.8



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CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS EUR million	1-3/2015	1-3/2014	1-12/2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	13.3	7.3	48.3
Adjustments for:			
Non-cash transactions	4.2	4.7	22.4
Interest and other financial expenses	0.6	2.4	6.4
Interest income and other financial income	-2.8	-0.4	-5.7
Income taxes	4.1	4.5	15.0
Funds from operations before change in net working capital	19.5	18.5	86.4
Change in net working capital	-26.3	-16.9	6.2
Interest and other financial expenses paid	-1.0	-1.3	-7.0
Interest and other financial income received	0.2	1.9	9.6
Income taxes paid	-2.2	-5.3	-19.3
Total cash flow from operations	-9.9	-3.2	75.9
CASH FLOW FROM INVESTING ACTIVITIES			
Business combinations	-	-	-14.4
Other capital expenditure	-4.4	-3.0	-16.3
Proceeds from sale of assets	0.1	1.0	3.3
Non-current loan receivables decrease (+), increase (-)	0.6	0.4	1.0
Dividends received	-	-	0.4
Net cash used in investing activities	-3.7	-1.6	-26.1
Cash flow before financing	-13.6	-4.8	49.9
CASH FLOW FROM FINANCING ACTIVITIES			
Non-current borrowings, increase (+), decrease (-)	-	-	-2.4
Current financing, increase (+), decrease (-)	-0.1	-0.1	-5.9
Dividends paid	-	-	-35.3
Acquisition of own shares	0.0	-	-2.0
Other	3.6	-0.3	-7.6
Net cash used in financing activities	3.5	-0.4	-53.2
Net change in cash and cash equivalents	-10.1	-5.2	-3.3
Cash and cash equivalents at the beginning of period	25.8	29.2	29.2
Effect of exchange rate fluctuations on cash held	-0.4	-0.1	0.1
Cash and cash equivalents at the end of period	16.1	24.1	25.8
Net change in cash and cash equivalents	-10.1	-5.2	-3.3



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Equity attributable to the owners of the parent							Total	Non- controlling interest	Total equity
	Share capital	Other reserves	Fair value reserve	Reserve for invested unrestricted equity	Treasury shares	Translation differences	Retained earnings			
Equity at Jan 1, 2014	35.0	0.0	2.1	40.0	-	-16.4	147.4	208.1	-	208.1
Total comprehensive income for the period	-	-	0.1	-	-	-3.5	6.5	3.1	-	3.1
Share-based compensation Adjustment arising from hyperinflation	-	-	-	-	-	-	0.1	0.1	-	0.1
Dividends paid	-	-	-	-	-	-	-35.3	-35.3	-	-35.3
Equity at Mar 31, 2014	35.0	0.0	2.2	40.0	-	-20.0	118.4	175.7	-	175.7
Equity at Jan 1, 2015	35.0	0.0	1.9	40.0	-1.6	-39.6	157.0	192.7	-	192.7
Total comprehensive income for the period	-	-	0.0	-	-	6.7	10.6	17.4	-	17.4
Share-based compensation	-	-	-	-	1.6	-	-1.5	0.1	-	0.1
Acquisition of treasury shares	-	-	-	-	0.0	-	-	0.0	-	0.0
Adjustment arising from hyperinflation	-	-	-	-	-	-	-0.2	-0.2	-	-0.2
Dividends paid	-	-	-	-	-	-	-35.3	-35.3	-	-35.3
Equity at Mar 31, 2015	35.0	0.0	1.9	40.0	0.0	-32.9	130.6	174.6	-	174.6

REPORTABLE SEGMENTS

Tikkurila reports its business activities in two segments: SBU West and SBU East. Transactions related to the Group headquarters operations are presented in separate section called Tikkurila common.

The segment split is based on Tikkurila Group's strategy to be the leading provider of paint-related architectural solutions for consumers and professionals in the Nordic area as well as in Russia and other selected Eastern European countries. The segment definition is based on the differences in operating environments in the geographical areas, on valid legislation and regulations, and the management systems.

The evaluation of profitability and decision making concerning resource allocation are primarily based on operating profit of each segment. Segment assets are items on the statement of financial position that the segment employs in its business activities or which can reasonably be allocated to the segments.

Segments' revenue arises from the sales of various paints and related products that are sold to retailers, industrial customers and for professional use. Insignificant revenue is received from the sales of auxiliary services related to paints. Segments' revenue is presented based on the location of the customers, whereas reportable segment assets are presented according to the location of the assets. Inter-segment pricing is based on market prices. External revenue accumulates from a large number of customers.

Revenue by segment EUR million	1-3/2015	1-3/2014	1-12/2014
SBU West	102.2	98.8	382.5
SBU East	31.0	42.6	236.0
Eliminations	0.0	0.0	0.0
Total	133.2	141.5	618.4

EBIT by segment EUR million	1-3/2015	1-3/2014	1-12/2014
SBU West	16.8	16.1	47.5
SBU East	0.1	-1.6	19.2
Tikkurila common	-1.7	-0.7	-2.9
Eliminations	0.0	0.0	0.0
Total	15.2	13.8	63.7

Non-allocated items:

Total financial income and expenses	2.1	-2.0	-0.8
Share of profit or loss of equity-accounted investees	0.1	0.0	0.3
Profit before taxes	17.5	11.8	63.3

Assets by segment EUR million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
SBU West	323.5	312.9	296.4
SBU East	119.8	137.1	97.4
Assets, non-allocated to segments	83.8	66.5	59.3
Eliminations	-83.3	-66.7	-63.4
Total assets	443.8	449.7	389.8



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Non-recurring items by segment

EUR million	SBU West	SBU East	Total 1-3/2015
Personnel related	-0.1	-	-0.1
Total	-0.1	-	-0.1

EUR million	SBU West	SBU East	Total 1-3/2014
Gain on sale of available-for-sale financial assets	0.8	-	0.8
Total	0.8	-	0.8

EUR million	SBU West	SBU East	Total 1-12/2014
Personnel related	-0.9	-	-0.9
Expenses related to dismantle of facilities	-0.1	-	-0.1
Gain on sale of held for sale assets	0.8	-	0.8
Gain on sale of available-for-sale financial assets	1.2	-	1.2
Decrease on accrual of fine, set on Tikkurila for breach of competition law in Poland	1.8	-	1.8
Impairment losses	-1.1	-2.1	-3.2
Total	1.7	-2.1	-0.5

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	1-3/2015	1-3/2014	1-12/2014
EUR million			
Carrying amount at the beginning of period	90.3	104.2	104.2
Additions	3.6	2.5	16.2
Business combinations	-	-	3.0
Disposals	-0.1	-0.1	-0.4
Depreciation, amortization and impairment losses	-3.4	-3.6	-17.0
Exchange rate differences and other changes	4.0	-3.7	-15.6
Carrying amount at the end of period	94.5	99.4	90.3

Tikkurila Group had contractual commitments for purchase of property, plant and equipment EUR 2.9 (1.8) million at the end of March 2015.

CHANGES IN INTANGIBLE ASSETS	1-3/2015	1-3/2014	1-12/2014
EUR million			
Carrying amount at the beginning of period	90.8	87.2	87.2
Additions	0.5	0.3	1.1
Business combinations	-	-	13.7
Disposals	-	0.0	0.0
Depreciation, amortization and impairment losses	-0.8	-0.9	-4.0
Exchange rate differences and other changes	1.7	-1.5	-7.3
Carrying amount at the end of period	92.2	85.0	90.8

Tikkurila Group had contractual commitments for intangible assets EUR 3.2 (0.0) million at the end of March 2015.

INVENTORIES

Write-down of inventory for a total amount of EUR 0.3 (0.9) million was recognized until end of March 2015.

RELATED PARTY TRANSACTIONS

Parties are considered as each other's related parties if one party is able to control or has significant influence over financial and operating decision making of another party. Tikkurila Group has related party relationships with the parent company of the Group (Tikkurila Oyj), subsidiaries, associates and joint ventures.

Related parties include members of Board of Directors and the Group's Management Board, CEO as well as their family members.

Related party transactions:

EUR million	1-3/2015	1-3/2014	1-12/2014
Joint ventures			
Sales	1.2	1.1	5.2
Other operating income	0.2	-	0.9
Receivables	0.5	0.5	0.4
Liabilities	0.0	0.0	0.0
Associates			
Sales	-	2.6	2.5
Purchases	-	0.2	0.2
Receivables	-	-	-

Share-based Commitment and Incentive Plan

In order to commit and motivate key personnel, the Board of Directors of Tikkurila Oyj decided on a share-based plan in 2012, and it also selected key persons, each of which has a right to participate in this plan. In order to participate, each person has to buy Tikkurila Oyj's shares from the market. The maximum amount of shares under this plan has been individually defined for each participant. On March 31, 2015, a total of nine key employees selected by the Board participated in the share-based plan.

Based on the commitment and incentive plan, and stemming from the performance periods, 2012-2014, 2013-2015 as well as the performance period 2014-2016, during the first quarter a total of EUR 0.8 (during the first quarter 2014: 0.0) million was recognized as personnel expenses in the Group income statement according to IFRS 2 standard.

The final value of the plan for the performance period of 2012–2014 totaled EUR 3.1 million at the end of the performance period. The estimated total value for the performance periods 2013–2015 and 2014–2016 totaled EUR 0.0 million at the end of the review period. The total value will be expensed over a three-year period until when the time of payments will take place as per the terms and conditions of the plan. About half of the payments will be in shares, and about half will be settled in cash. Share price changes as well as the terms and conditions of the plan will determine the value and corresponding liability in relation to the cash-settled portion.



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COMMITMENTS AND CONTINGENT LIABILITIES
EUR million

Mar 31, 2015

Mar 31, 2014

Dec 31, 2014

Mortgages given as collateral for liabilities in the statement of financial position

Other loans	0.0	-	0.0
Mortgages given	0.3	0.1	0.3
Total loans	0.0	-	0.0
Total mortgages given	0.3	0.1	0.3

Contingent liabilities

Guarantees			
On behalf of own commitments	0.3	0.2	0.3
On behalf of others	1.8	2.6	1.8
Other obligations of own behalf	0.0	0.1	0.1
Lease obligations	30.7	33.5	30.2
Total contingent liabilities	32.9	36.4	32.4

DERIVATIVE INSTRUMENTS
EUR million

Mar 31, 2015

Mar 31, 2014

Dec 31, 2014

	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives						
Currency forwards	-	-	92.7	-1.0	27.8	3.2

**CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND
FINANCIAL LIABILITIES BY CATEGORIES**
EUR million

	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for- sale financial assets	Other financial liabilities	Carrying amounts	Fair values
Mar 31, 2015						
Non-current financial assets						
Available-for-sale financial assets	-	-	3.3	-	3.3	3.3
Non-current receivables	-	3.2	-	-	3.2	3.2
Current financial assets						
Interest-bearing receivables	-	0.8	-	-	0.8	0.8
Derivatives	-	-	-	-	-	-
Cash equivalents	-	18.9	-	-	18.9	18.9
Trade and other non-interest-bearing receivables	-	124.2	-	-	124.2	124.2
Total	-	147.1	3.3	-	150.4	150.4
Non-current financial liabilities						
Non-current interest-bearing liabilities	-	-	-	60.3	60.3	60.4
Current financial liabilities						
Current interest-bearing liabilities	-	-	-	15.9	15.9	15.9
Derivatives	-	-	-	-	-	-
Trade payables	-	-	-	62.1	62.1	62.1
Total	-	-	-	138.4	138.4	138.4

	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Other financial liabilities	Carrying amounts	Fair values
Mar 31, 2014						
Non-current financial assets						
Available-for-sale financial assets	-	-	3.7	-	3.7	3.7
Non-current receivables	-	4.4	-	-	4.4	4.4
Current financial assets						
Interest-bearing receivables	-	1.0	-	-	1.0	1.0
Derivatives	0.4	-	-	-	0.4	0.4
Cash equivalents	-	25.0	-	-	25.0	25.0
Trade and other non-interest-bearing receivables	-	120.0	-	-	120.0	120.0
Total	0.4	150.4	3.7	-	154.5	154.5
Non-current financial liabilities						
Non-current interest-bearing liabilities	-	-	-	60.4	60.4	60.5
Current financial liabilities						
Current interest-bearing liabilities	-	-	-	18.4	18.4	18.4
Derivatives	1.4	-	-	-	1.4	1.4
Trade payables	-	-	-	66.0	66.0	66.0
Total	1.4	-	-	144.9	146.3	146.4

	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Other financial liabilities	Carrying amounts	Fair values
Dec 31, 2014						
Non-current financial assets						
Available-for-sale financial assets	-	-	3.2	-	3.2	3.2
Non-current receivables	-	4.1	-	-	4.1	4.1
Current financial assets						
Interest-bearing receivables	-	0.6	-	-	0.6	0.6
Derivatives	3.2	-	-	-	3.2	3.2
Cash equivalents	-	25.8	-	-	25.8	25.8
Trade and other non-interest-bearing receivables	-	73.6	-	-	73.6	73.6
Total	3.2	104.1	3.2	-	110.6	110.6
Non-current financial liabilities						
Non-current interest-bearing liabilities	-	-	-	60.3	60.3	60.4
Current financial liabilities						
Current interest-bearing liabilities	-	-	-	12.8	12.8	12.8
Derivatives	-	-	-	-	-	-
Trade payables	-	-	-	42.1	42.1	42.1
Total	-	-	-	115.3	115.3	115.3

FAIR VALUE HIERARCHY
EUR million

Mar 31, 2015	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets	-	2.5	0.8	3.3
Derivatives (in assets)	-	-	-	-
Recurring fair value measurements				
Derivatives (in liabilities)	-	-	-	-
Mar 31, 2014				
Recurring fair value measurements				
Available-for-sale financial assets	-	2.9	0.9	3.7
Derivatives (in assets)	-	0.4	-	0.4
Recurring fair value measurements				
Derivatives (in liabilities)	-	1.4	-	1.4
Dec 31, 2014				
Recurring fair value measurements				
Available-for-sale financial assets	-	2.4	0.8	3.2
Derivatives (in assets)	-	3.2	-	3.2
Recurring fair value measurements				
Derivatives (in liabilities)	-	-	-	-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Reconciliation of Level 3 fair value measured financial assets and liabilities

Available-for-sale financial assets	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Carrying amount at Jan 1	0.8	0.9	0.9
Translation differences in other comprehensive income	0.0	0.0	0.0
Disposals	-	0.0	0.0
Carrying amount at end of review period	0.8	0.9	0.8

Available-for-sale financial assets in level 3 include unquoted shares that are measured at amortized cost. These shares are of business supportive nature and personnel's recreational activities related long-term investments that Tikkurila is not intending to sell. These shares have no quoted market price in an active market and their fair values cannot be measured reliably by using any valuation techniques. Therefore, according assessment of Tikkurila's management, the cost of shares is the best available estimate for fair value.

KEY PERFORMANCE INDICATORS	1-3/2015/ Mar 31, 2015	1-3/2014/ Mar 31, 2014	1-12/2014/ Dec 31, 2014
Earnings per share / basic, EUR	0.30	0.17	1.10
Earnings per share / diluted, EUR	0.30	0.17	1.09
Cash flow from operations, EUR million	-9.9	-3.2	75.9
Cash flow from operations / per share, EUR	-0.22	-0.07	1.72
Capital expenditure, EUR million	4.4	3.0	30.7
of revenue %	3.3%	2.1%	5.0%
Shares (1,000), average ^{*)}	44,053	44,108	44,054
Shares (1,000), at the end of the reporting period ^{*)}	44,106	44,108	44,029
Weighted average number of shares, adjusted for dilutive effect (1,000) ^{1) *)}	44,107	44,206	44,177
Number of shares at the end of period, adjusted for dilutive effect (1,000) ^{1) *)}	44,106	44,202	44,105
Equity attributable to the owners of the parent / per share, EUR	3.96	3.98	4.38
Equity ratio, %	39.4%	39.1%	49.5%
Gearing, %	32.8%	30.6%	24.6%
Interest-bearing financial liabilities (net), EUR million	57.3	53.8	47.4
Return on capital employed (ROCE), % p.a.	23.5%	25.4%	22.9%
Personnel (average)	3,173	3,144	3,212

¹⁾ When calculating the dilution effect for the number of shares, it has been assumed that all the remuneration to be paid in shares would be issued as new shares, even though it is also possible that those shares might be acquired from the markets. Moreover, the number of shares adjusted for dilutive effect is based on estimates for Tikkurila Group's future financial performance, and its impact on the outcome of the share-based commitment and incentive plan.

^{*)} Number of shares outstanding, treasury shares excluded

DEFINITIONS OF KEY FIGURES

Earnings per share (EPS), basic

Net profit of the period attributable to the owners of the parent

Shares on average

Earnings per share (EPS), diluted

Net profit of the period attributable to the owners of the parent

Weighted average number of shares, adjusted for dilutive effect

Equity per share

Equity attributable to the owners of the parent at the end of the reporting period

Number of shares at the end of the reporting period

Cash flow from operations / per share

Cash flow from operations

Shares on average

Equity ratio, %

Total equity x 100

Total assets - advances received

Gearing, %

Net interest-bearing financial liabilities x 100

Total equity

Interest-bearing financial liabilities (net)

Interest-bearing liabilities - money market investments - cash and cash equivalents

Net working capital

Inventories + interest-free receivables, excluding current tax assets, accrued interest income and other prepaid financial items - interest-free liabilities, excluding current tax liabilities, accrued interest expenses and other accrued financial items

Return on capital employed (ROCE), % p.a. **

Operating profit + share of profit or loss of equity-accounted investees x 100

(Net working capital + property, plant and equipment ready for use + intangible assets ready for use + investments in equity-accounted investees)*

* average during the period

** actual operating profit and share of profit or loss of associates taken into account for a rolling twelve month period ending at the end of the review period



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SEGMENT INFORMATION BY QUARTER

Revenue by segment EUR million	1-3/2014	4-6/2014	7-9/2014	10-12/2014	1-3/2015
SBU West	98.8	114.9	100.4	68.3	102.2
SBU East	42.6	78.0	79.2	36.2	31.0
Eliminations	0.0	0.0	0.0	0.0	0.0
Total	141.5	192.9	179.6	104.4	133.2

EBIT by segment EUR million	1-3/2014	4-6/2014	7-9/2014	10-12/2014	1-3/2015
SBU West	16.1	20.5	18.1	-7.3	16.8
SBU East	-1.6	13.4	13.8	-6.5	0.1
Tikkurila common	-0.7	-1.4	-0.7	-0.1	-1.7
Eliminations	0.0	0.0	0.0	0.0	0.0
Total	13.8	32.5	31.3	-13.9	15.2

Non-allocated items:

Total financial income and expenses	-2.0	-2.2	-0.7	4.1	2.1
Share of profit or loss of equity-accounted investees	0.0	0.1	0.1	0.1	0.1
Profit / loss before taxes	11.8	30.4	30.7	-9.7	17.5

Assets by segment EUR million	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015
SBU West	312.9	322.8	307.3	296.4	323.5
SBU East	137.1	161.6	151.4	97.4	119.8
Assets, non-allocated to segments	66.5	89.5	77.7	59.3	83.8
Eliminations	-66.7	-87.1	-71.0	-63.4	-83.3
Total assets	449.7	486.9	465.4	389.8	443.8

Vantaa, April 28, 2015

TIKKURILA OYJ
BOARD OF DIRECTORS