

# Stock Exchange Release

February 9, 2009 at 10.15 am (CET+1) 5/10

## Appendix B: A description of the Company's Operating and Financial review and prospects.

The following summary consolidated financial information of Tikkurila for the years ended December 31, 2009, 2008 and 2007 has been derived from the audited consolidated financial statements of Tikkurila for the years ended December 31, 2009 and 2008. The consolidated financial information of Tikkurila for the years ended December 31, 2009, 2008 and 2007 has been prepared in accordance with IFRS as adopted by the EU.

The consolidated financial statements of Tikkurila for the years ended December 31, 2009 and 2008 have been audited by KPMG Oy Ab.

	For the year ended December 31,		
	2009	2008	2007
	(audited)		
	(EUR in millions)		
<b>CONSOLIDATED INCOME STATEMENT DATA</b>			
Net revenue .....	530.2	648.1	625.2
Other operating income .....	1.5	2.3	12.6
Operating expenses .....	(465.2)	(572.6)	(546.6)
Depreciation and impairments .....	(18.8)	(19.0)	(18.1)
<b>Operating profit/loss (EBIT)</b> .....	47.7 <sup>(1)</sup>	58.8 <sup>(2)</sup>	73.1 <sup>(3)</sup>
Financial income and expenses, net.....	(12.0)	(15.6)	(10.8)
Share of profit or loss of associates.....	0.1	0.0	1.2
<b>Profit before tax</b> .....	35.7	43.2	63.5
Income tax .....	(8.0)	(6.5)	(6.7)
<b>Net profit for the period</b> .....	27.8	36.7	56.7
Attributable to:			
Equity holders of the parent .....	27.8	36.5	56.7
Minority interests .....	0.0	0.2	0.1

(1) Includes EUR 2.4 million non-recurring cost related to personnel reductions

(2) EUR 0.4 million difference in operating profit compared to previously published by Kemira is due to group level adjustment related to Kemira's internal project in 2008.

(3) Includes capital gains of EUR 11.1 million related to the sale Scanspac and non-recurring costs of EUR 2.4 million.

	As of December 31,		
	2009	2008 (audited)	2007
<b>(EUR in millions)</b>			
<b>CONSOLIDATED BALANCE SHEET DATA</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....	68.3	68.1	68.1
Other intangible assets .....	33.7	35.3	38.1
Property, plant and equipment .....	114.9	118.2	118.2
Holdings in associates .....	0.8	0.7	0.7
Available-for-sale financial assets .....	0.9	0.9	1.1
Other investments .....	5.9	5.8	9.3
Defined benefit pension receivables .....	0.4	0.8	0.1
Deferred tax assets .....	2.4	2.2	1.5
<b>Total non-current assets .....</b>	<b>227.2</b>	<b>232.0</b>	<b>237.2</b>
<b>Current Assets</b>			
Inventories .....	73.5	83.3	84.4
Receivables:			
Interest-bearing receivables .....	0.3	0.4	0.8
Interest-free receivables .....	77.6	80.8	85.3
<b>Total receivables .....</b>	<b>77.9</b>	<b>81.2</b>	<b>86.1</b>
Money market investments – cash equivalents .....	16.3	13.9	43.5
Cash and cash equivalents .....	8.3	17.4	18.1
<b>Total current assets .....</b>	<b>175.9</b>	<b>195.7</b>	<b>232.2</b>
Non-current assets held for sale .....	-	-	-
<b>Total assets .....</b>	<b>403.1</b>	<b>427.8</b>	<b>469.4</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital .....	35.0	35.0	35.0
Capital paid-in in excess of par value .....	-	-	-
Treasury shares .....	-	-	-
Fair value and other reserves .....	0.4	0.4	0.4
Unrestricted equity reserve .....	40.0	-	-
Retained earnings .....	68.5	51.2	77.6
<b>Equity attributable to equity holders of the parent .....</b>	<b>143.9</b>	<b>86.6</b>	<b>113.0</b>
Minority interests .....	0.0	0.1	0.2
<b>Total equity .....</b>	<b>143.9</b>	<b>86.7</b>	<b>113.2</b>
<b>Non-current Liabilities</b>			
Interest-bearing non-current liabilities .....	115.1	174.2	158.3
Deferred tax liabilities .....	9.6	9.8	9.7
Pension liabilities .....	14.6	13.6	15.2
Provisions .....	0.4	0.4	0.7
<b>Total non-current liabilities .....</b>	<b>139.7</b>	<b>198.0</b>	<b>183.9</b>
<b>Current Liabilities</b>			
Interest-bearing current liabilities .....	39.0	37.9	56.5
Interest-free current liabilities .....	80.2	104.8	113.1

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Provisions .....	0.4	0.3	2.7
<b>Total current liabilities</b> .....	119.6	143.0	172.3
Liabilities directly associated with non-current assets classified as held for sale .....	-	-	-
<b>Total liabilities</b> .....	259.3	341.0	356.2
<b>Total equity and liabilities</b> .....	403.1	427.8	469.4

## For the year ended December 31,

2009	2008	2007
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(audited)

(EUR in millions)

**CONSOLIDATED CASH FLOW STATEMENT DATA*****Cash flows from operating activities***

Adjusted operating profit .....	67.9	72.1	79.6
Interests and other financing items .....	(13.7)	(11.2)	(10.3)
Income tax paid.....	(3.3)	(7.0)	(6.5)
<b>Total funds from operations</b> .....	50.9	53.8	62.8

<b>Change in net working capital, total</b> .....	11.6	1.9	(11.2)
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<b>Total cash flows from operations</b> .....	62.5	55.7	51.6
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***Cash flows from investing activities***

Capital expenditure for acquisitions .....	(3.7)	(4.7)	(4.8)
Other capital expenditure .....	(13.5)	(32.1)	(42.9)
Proceeds from sale of assets.....	0.4	5.4	18.7
Dividends received	0.1	0.1	1.5
Long term loan receivables, increase(+)/ Decrease (-)	(0.4)	0.8	0.7
Net cash used in investing activities .....	(17.1)	(30.5)	(26.8)
<b>Cash flow before financing</b> .....	45.3	25.3	24.8

***Cash flows from financing activities***

Change in non-current loans (increase (+), decrease (-))....	(18.9)	(10.7)	1.5
Short-term financing, net (increase (+), decrease (-)).....	1.5	9.9	0.4
Distribution of profits .....	(34.0)	(50.6)	(24.8)
Other .....	(1.6)	(6.4)	1.8
<b>Net cash used in financing activities</b> .....	(53.0)	(57.8)	(21.1)

<b>Net change in cash and cash equivalents</b> .....	(7.7)	(32.5)	3.7
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Cash and cash equivalents, end of the period.....	24.2	30.9	61.2
Effect of exchange rate fluctuations on cash held.....	(1.0)	(2.2)	0.2
Cash and cash equivalents, beginning of period .....	30.9	61.2	57.8
<b>Net change in cash and cash equivalents</b> .....	(7.7)	(32.5)	3.7

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For the year ended and as of  
December 31,

	2009	2008	2007
	(EUR in millions, except where otherwise indicated)		
<b>KEY FIGURES</b>			
Net revenue .....	530.2	648.1	625.2
Net revenue growth, percent.....	(18.19)	3.67	11.09
EBITDA <sup>(1)</sup> .....	66.5	77.8	91.2
EBITDA, percent of revenue .....	12.5	12.0	14.6
EBIT .....	47.7 <sup>(10)</sup>	58.8 <sup>(11)</sup>	73.1 <sup>(12)</sup>
EBIT, percent of revenue .....	9.0	9.1	11.7
Profit for the period .....	27.8	36.7	56.7
Net interest-bearing debt <sup>(2)</sup> .....	129.5	180.8	153.1
Equity-ratio <sup>(3)</sup> , percent .....	35.7	20.3	24.1
Net gearing <sup>(4)</sup> , percent .....	90.0	208.5	135.3
Net interest-bearing debt / EBITDA <sup>(5)</sup> .....	1.9	2.3	1.7
Capital employed <sup>(6)</sup> .....	284.9	253.1	264.5
Return on capital employed <sup>(7)</sup> , percent .....	17.7	22.7	28.9
Return on equity <sup>(8)</sup> , percent.....	24.1	36.7	56.3
Capital expenditure .....	17.2	36.7	47.7
Capital expenditure, percent of revenue .....	3.2	5.7	7.6
Average number of employees .....	3,757	4,027	3,883
Key ratios per share:			
Basic earnings per share, EUR.....	27.08	35.59	55.27
Operating cash flow per share, EUR .....	60.93	54.39	50.35
Dividend per share, EUR .....	-	19.51	-
Equity per share, EUR .....	121.92	67.81	78.74
Number of shares outstanding ('000)	1,025	1,025	1,025

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For the year ended and as of  
December 31,

	2009	2008	2007
	(audited)		
	(EUR in millions)		
<b>BUSINESS UNIT DATA</b>			
<b>Net revenue</b>			
East.....	167.1	226.6	203.8
Finland .....	106.8	115.2	116.5
Scandinavia .....	157.8	176.0	180.7
Central Eastern Europe .....	98.5	130.3	124.2
<b>Operating profit/loss (EBIT)</b>			
East.....	17.7	25.2	24.3 <sup>(13)</sup>
Finland .....	12.2 <sup>(14)</sup>	7.4	9.4
Scandinavia .....	15.7 <sup>(15)</sup>	17.1	32.6 <sup>(16)</sup>
Central Eastern Europe .....	5.0	10.8	10.5 <sup>(17)</sup>
<b>Assets</b>			
East.....	108.7	107.6	110.4
Finland .....	79.2	98.6	100.8
Scandinavia .....	139.9	144.1	185.8
Central Eastern Europe .....	77.5	77.9	79.2

- (1) EBITDA = Operating profit + depreciation, amortization and impairment losses
- (2) Interest-bearing net financial liabilities = Interest-bearing financial liabilities - cash and cash equivalents
- (3) Equity ratio, % =  $\frac{\text{Total equity}}{\text{Total assets} - \text{Advances received}} \times 100$
- (4) Net gearing, % =  $\frac{\text{Interest-bearing net financial liabilities}}{\text{Total equity}} \times 100$
- (5) Interest-bearing net financial liabilities / EBITDA =  $\frac{\text{Interest-bearing net financial liabilities}}{\text{Operating profit} + \text{depreciation, amortisation and impairment losses}}$
- (6) Capital employed = Net working capital + intangible assets ready for use + property, plant, equipment ready for use + investments in associates<sup>(9)</sup>
- (7) Return on capital employed (ROCE), % =  $\frac{\text{Operating profit} + \text{share of profit or loss of associates}}{\text{Net working capital} + \text{property, plant and equipment ready for use} + \text{intangible assets ready for use} + \text{investments in associates}^{(9)}} \times 100$
- (8) Return on equity (ROE), % =  $\frac{\text{Net profit for the period}}{\text{Total equity}^{(9)}} \times 100$
- (9) Average during the period

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- (10) Includes EUR 2.4 million non-recurring cost related to personnel reductions.
- (11) EUR 0.4 million difference in operating profit compared to previously published by Kemira is due to group level adjustment related to Kemira's internal project in 2008.
- (12) Includes capital gains of EUR 11.1 million related to the sale Scanspac and non-recurring costs of EUR 2.4 million.
- (13) Includes a EUR 1.6 million write-down of an insurance receivable related to the fire at Kraski Teks Metallostroy logistics center in Russia.
- (14) Includes a EUR 2.0 million non-recurring cost related to personnel reductions.
- (15) Includes a EUR 0.4 million non-recurring cost related to personnel reductions.
- (16) Includes a EUR 0.4 million non-recurring costs related to the transferring of Alcro-Beckers employees to Nykvarn in Sweden and a EUR 11.1 million capital gain related to sale of Scanspac.
- (17) Includes a EUR 0.4 million provision related to an alleged breach of antitrust regulations in Poland.