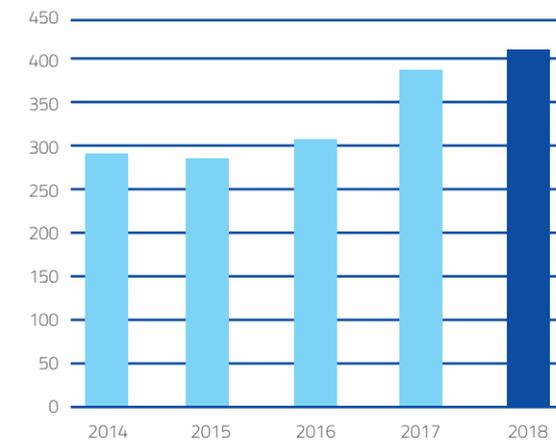
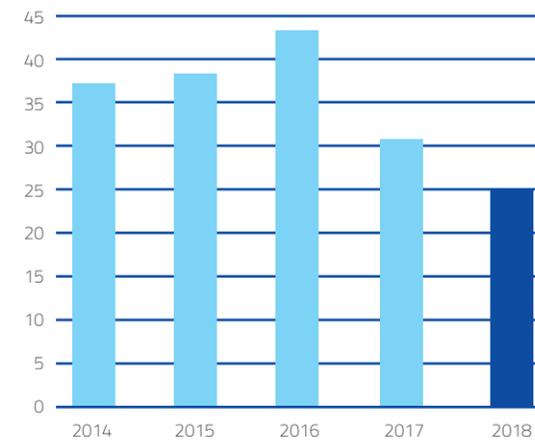


THE TEKNOS GROUP IN FIGURES

Net Sales, EUR million



EBITDA, EUR million



Review

	2014	2015	2016	2017	2018
Net Sales, EUR million	294	291	307	384	408
EBITDA, EUR million	37	38	43	31	25
Personnel	1200	1200	1300	1800	1700
Equity ratio %	40,0 %	43,1 %	44,9 %	37,2 %	40,2 %

(Equity ratio includes subordinated loans and a minority interest.)

WE MAKE THE WORLD LAST LONGER

Teknos is a global coatings company with operations in more than 20 countries in Europe, Asia, and the USA. The company employs approximately 1,700 people, and the net sales for 2018 was EUR 408 million. Teknos is one of the leading suppliers of industrial coatings with a strong position in retail and architectural coatings.

Teknos wants to make the world last longer by providing smart, technically advanced paint and coating solutions to protect and prolong. Teknos always works in close cooperation with its customers. Teknos was established in 1948 and is one of Finland's largest family-owned businesses. For further information, visit www.teknos.com.

2018 IN BRIEF

TEKNOS GROUP OY
TAKKATIE 3
P.O. BOX 107
FI-00371 HELSINKI
TEL. +358 9 506 091

CEO'S REVIEW 2018

A YEAR OF TEKNOS STRATEGY BUILDING

It is time to sum up the year 2018 and look into the future. In 2018 Teknos celebrated historical milestone as it was exactly 70 years since Teknos' story started. In 70 years, we have grown from a small coating factory to a successful and global organization. For Teknos, the year 2018 was a year of building the strategy for next seven years. The Group strategy was finalized in the latter part of the year and introduced to all Teknos employees in January 2019. Our new strategic initiatives are balance, customer experience, continuous improvement culture, sustainability and innovations.

Building the future Teknos required investments and personnel resources to support the future growth. In addition to that, increased raw material prices, currency exchange rates and challenges in the German market had a negative effect on Teknos' profitability. On the other hand, Teknos performed strongly i.e. in UK and Finland.

Teknos Group net sales grew and was MEUR 408 (384) in 2018. EBITDA was MEUR 25 in 2018. At the end of 2018 Teknos employed approximately 1700 (1800) people in three continents and 24 countries.

UPDATED STRATEGY FOR 2019-2025 AIMS FOR FAST AND PROFITABLE GROWTH

In 2018, Teknos focused on building the strategy for 2019-2025. The strategy was built together with all Teknos employees. The first strategy event took place in April 2018 when more than 130 people from all Teknos countries gathered to build the base for the group strategy and must-win battles. During the summer 2018, strategy road shows introduced the starting point for the group strategy creation for the whole personnel in all Teknos countries. For us it was important to involve all the members of Teknos family to ensure commitment to the group strategy as well to align the strategy according to the local needs.

Our strategy for 2019-2025 aims to ensure fast and profitable growth. We have identified five strategic initiatives – balance, developing customer experience, creating sustainable company, developing continuous improvement culture and innovations. By 2025 we aim to reach 1 billion euros net sales.

BALANCE IS A KEY DRIVER OF BUSINESS CONTINUITY

Teknos' strategy aims to ensure financial balance and business continuity. For Teknos, balance also means balance between different customer groups and geographical balance of Teknos operations.

CUSTOMER EXPERIENCE BY BEST-IN-CLASS TECHNICAL SERVICE AND SALES

In everything we do, we focus on our customer. We believe that our strategy helps us become one of the top coating companies in the world. We work closely

with our customers providing reliable service and trainings, tailored to local needs. Teknos wants to be known for delivering excellent technical service. To develop customer experience, we have classified new target customer groups and appointed dedicated Group level teams to serve these customer groups.

SUSTAINABILITY IS INTEGRATED IN TEKNOS STRATEGY AND BUSINESS MODEL

Being a family-owned company, continuity is important to us, and it affects all our actions. We want to become the most sustainable company in the coatings industry. By sustainable operations we aim to provide clear value to our stakeholders – our customers, employees, suppliers and communities around us. Our Corporate Social Responsibility program aims at creating sustainable long-term value for our stakeholders by investing in four focus areas: Sustainable solutions & services, Responsible operations & supply

chain, People development and Future generations.

THE MOST INNOVATIVE PARTNER IN THE COATINGS INDUSTRY

We will have strong focus on developing new innovations. We are constantly looking for new raw materials and efficient technologies to produce innovative solutions serving new areas of industry. We want to be perceived as the most innovative partner in the coatings industry. In future, the share of innovations – innovative products, services and technologies – of our sales will increase.

LEARNING ORGANIZATION VIA CONTINUOUS IMPROVEMENT CULTURE

To achieve our strategic goals and ensure customer satisfaction and high quality, we must reflect ourselves daily to continuously improve and thus to become a learning organization. We

systematically run improvement projects to learn more and develop processes in all countries and functions.

The new strategy period has now been launched. Now it is time to work persistently according to our strategic initiatives. During 2019 we will focus on risk management and putting effort on balancing our profitability and ensuring growth. We will also put focus in onboarding new employees. We will continue improving the customer experience as well as building a culture of continuous improvement. We are also continuously seeking for innovations and focusing on sustainable operations as well as securing balance to ensure profitable growth.

Paula Salastie, CEO

