

Kari Savolainen

4 May 2006

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Kemira Group Interim Report for January-March 2006
 KEMIRA CONTINUES STRONG GROWTH, EARNINGS PER SHARE UP 40%

- Revenue: EUR 552.9 million (Q1/2005: 403.7 million), up 37%.
- Operating profit: EUR 45.5 million (30.3 million), up 50%.
- Earnings per share: EUR 0.21 (0.15), up 40%.
- Full-year revenue, operating profit and earnings per share are expected to increase from 2005 levels.

KEY FIGURES AND RATIOS

EUR million	Q1/2006	Q1/2005	Change %	2005
REVENUE	552.9	403.7	37	1,994.4
EBITDA	74.9	57.0	31	284.4
EBITDA, %	13.5%	14.1%		14.3%
OPERATING PROFIT	45.5	30.3	50	165.5
Operating profit, %	8.2%	7.5%		8.3%
Financial income and expenses	-7.1	-3.4		-30.5
PROFIT BEFORE TAX	37.5	26.7	40	133.5
Profit before tax, %	6.8%	6.6%		6.7%
NET PROFIT	26.6	19.2	39	91.4
EPS, EUR	0.21	0.15	40	0.73
Capital employed *	1,805.5	1,245.1		1,662.9
ROCE, % *	9.9%	9.4%		9.9%
Cash flow after investments, excluding acquisitions	-41.5	-43.5		170.8

* 12-month rolling average

Kemira has adopted revised business-area-specific accounting practice applying to companies with several business areas using products from the same production site. This change simplifies the treatment of joint products by shifting from intra-Group sale to shared product costs. In addition, some production and service units have been transferred between business areas. These changes will have an effect on segment information by business area but not on Group-level figures. Business-area comparatives for 2005 have been adjusted to match this new accounting practice.

Kemira Group's revenue for January-March 2006 increased by 37% year on year, to EUR 552.9 million (Q1/2005: 403.7 million). With organic growth at 11%, corporate acquisitions also contributed to revenue growth, as evidenced by the acquisitions in early April 2005 of Finnish Chemicals (Pulp & Paper Chemicals) and Verdugt (Performance Chemicals), as well as that in early February 2006 of Kraski Teks (Paints & Coatings). The acquisitions accounted for around EUR 105 million of revenue growth.

Operating profit rose by 50%, to EUR 45.5 million (30.3 million), due primarily to higher sales volumes and prices, as well as acquisitions. The reporting period saw a slight increase in raw material prices from fourth-quarter levels in 2005, with raw material price developments between business areas showing significant differences. Raw material prices, especially energy prices, were considerably higher than in the first quarter of 2005. For the most part, Kemira was successful in passing higher raw material and energy costs onto its prices during January-March. Acquisitions contributed approximately EUR 10 million to operating profit.

Operating profit includes capital gains on the sale of assets and other non-recurring items, with their net effect on operating profit amounting to EUR +4.9 million, compared with EUR +0.4 million reported a year ago.

Non-recurring items included in operating profit:

EUR million	Q1/2006	Q1/2005	2005
Pulp & Paper Chemicals	4.1	-2.0	-3.4
Kemwater	-	-	2.2

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Performance Chemicals	-	-	6.1
Paints & Coatings	-	-	9.5
Other including eliminations	0.8	2.4	0.2
Total	4.9	0.4	14.6

Profit before tax was EUR 37.5 million (26.7 million) and net profit totaled EUR 26.6 million (19.2 million). Earnings per share were EUR 0.21 (0.15).

RESEARCH AND DEVELOPMENT

R&D spending, EUR 11.9 million (9.7 million), accounted for 2.0% of revenue (2.4%).

CAPITAL EXPENDITURE

Gross capital expenditure, excluding acquisitions, totaled EUR 27.2 million (20.3 million). The largest investment for the period included a chemical plant currently under construction at the site of a pulp mill in Uruguay. Maintenance investments represented around 22% of gross capital expenditure excluding acquisitions.

The Group's depreciation amounted to EUR 29.4 million (26.7 million).

Gross capital expenditure, including EUR 30.3 million spent on acquisitions (0 million), totaled EUR 57.5 million (20.3 million). The payment for the Lanxess paper chemicals' acquisition was made for the most part in April. Proceeds from assets sold were EUR 6.0 million (2.8 million). Net capital expenditure amounted to EUR 51.5 million (17.5 million).

FINANCIAL POSITION AND CASH FLOW

The Group maintained a good financial position and liquidity throughout the period.

In January-March, the Group reported negative cash flows of EUR 20.3 million from operating activities (negative cash flows of EUR 26.0 million), due mainly to seasonal fluctuations in working capital. The Group generated net negative cash flows of EUR 51.5 million (-17.5 million) from investing activities, of which acquisitions accounted for an outflow of EUR 30.3 million (0 million). Kemira showed a negative free cash flow of EUR 71.8 million (-43.5 million).

On March 31, 2006, the Group's net debt stood at EUR 690.6 million (December 31, 2005: 619.7 million). This increase was due to the growth in working capital and the acquisition of Kraski Teks, carried out within Paints & Coatings in early February.

Period-end interest-bearing debt totaled EUR 798.6 million, with fixed-rate loans accounting for roughly 28% of total interest-bearing loans. Pension loans are classified as floating rate loans. The duration of the Group's interest-bearing loan portfolio at the end of March was 1.5 years.

On March 31, 2006, the equity ratio was 42% (December 31, 2005: 44%) while gearing stood at 65% (December 31, 2005: 61%).

The Group's net financial expenses for January-March totaled EUR 7.1 million (3.4 million). This increase was attributable to higher debts and lower interest income. Foreign exchange losses for the period totaled EUR 0.1 million (0 million).

On March 31, 2006, cash and cash equivalents amounted to EUR 108.0 million. The unused amount of a revolving credit facility, falling due in 2010, totaled EUR 615.6 million.

In April, Kemira and the European Investment Bank (EIB) signed a 12-year research and development loan agreement worth EUR 100 million.

PERSONNEL

The number of Kemira Group employees increased in step with the acquisition in early February of Kraski Teks, totaling 8,734 on March 31, 2006 (December 31, 2005: 7,670), 3,068 of whom worked in Finland, or 35% (December 31, 2005: 3,059).

PULP & PAPER CHEMICALS

Pulp & Paper Chemicals offers customized solutions for the chemistry needs of the pulp and paper industry.

EUR million	Q1/2006	Q1/2005	Change %	2005
REVENUE	209.5	137.7	52	715.3
EBITDA	37.0	20.5	80	105.5
EBITDA, %	17.7%	14.9%		14.7%
OPERATING PROFIT	26.0	11.2	132	61.5
Operating profit, %	12.4%	8.1%		8.6%
Capital employed *	793.1	447.5		702.5
ROCE, % *	9.5%	10.2%		8.7%
Capital expenditure, excluding acquisitions	14.6	4.1		36.7
Cash flow after investments, excluding acquisitions	5.6	-4.2		57.8
Personnel at period-end	2,058	1,715		2,111

* 12-month rolling average

Pulp & Paper Chemicals reported a year-on-year growth of 52% in revenue, to EUR 209.5 million (137.7 million). With organic growth at 8%, the business area's revenue growth was primarily due to the acquisition in early April 2005 of Finnish Chemicals.

Boosted by efficiency-enhancing measures, high capacity utilization rates within the customer industry and the acquisition of Finnish Chemicals, year-on-year operating profit for January-March rose by 132%, to EUR 26.0 million, including EUR 4.1 million in non-recurring income (11.2 million, including EUR -2.0 million in non-recurring items). Raw material prices rose slightly from Q4/2005 levels, whereas raw material price hikes were substantial year on year.

At the beginning of April, Kemira completed its acquisition of the Lanxess paper chemicals business, making Kemira the world's leading supplier of pulp and paper chemicals. The acquiree's main range of products consists of colorants, fluorescent whitening agents and sizing agents. In addition, toll-manufactured products traded for the pulp and paper industry generate a large share of its revenue, totaling around EUR 233 million in 2005. With a debt-free purchase price of around EUR 88 million, the acquisition is projected to raise Kemira's earnings per share as from 2007. The acquisition is projected to lower Kemira's earnings per share for 2006 by 5 to 10 cents a share because of the acquiree's loss-making operations as well as integration costs. Synergy and cost benefits resulting gradually from combined businesses are expected to come to around EUR 20 million per annum in three years' time. The acquired business will be included in Kemira Group's consolidated accounts since 1 April 2006, as part of the Pulp & Paper Chemicals business area.

KEMWATER

Kemwater offers water treatment chemicals and customized solutions as well as sludge treatment chemicals for municipal and private water treatment plants and industry.

EUR million	Q1/2006	Q1/2005	Change %	2005
REVENUE	92.3	79.6	16	353.2
EBITDA	10.4	9.2	13	43.4
EBITDA, %	11.3%	11.6%		12.3%

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OPERATING PROFIT	6.4	5.4	19	28.2
Operating profit, %	6.9%	6.8%		8.0%
Capital employed *	223.7	177.3		214.8
ROCE, % *	13.6%	14.6%		13.8%
Capital expenditure, excluding acquisitions	2.8	3.5		18.1
Cash flow after investments, excluding acquisitions	-2.1	5.2		22.4
Personnel at period-end	1,545	1,550		1,570

* 12-month rolling average

Kemwater's revenue was up by 16%, to EUR 92.3 million (79.6 million), based on organic growth. In particular, North America showed sales growth.

As a result of higher sales, Kemwater improved its operating profit by 19%, to EUR 6.4 million (5.4 million). Of its main raw materials, chlorine and hydrochloric acid prices continued their upward trend, especially in North America, compared to the fourth quarter of 2005. Year on year, raw material prices rose considerably in all markets. Higher transport costs in the United States squeezed profitability.

In March, Kemwater announced several outsourcing and management contracts for water and effluent treatment. Kemwater's service concept enables the conversion of industrial residues and side streams into usable raw materials. In April, the Käppala sewage treatment works in Stockholm adopted Kemira's sludge treatment solution.

In March 2006, Mats Jungar took up his duties as the new President of Kemwater.

PERFORMANCE CHEMICALS

Performance Chemicals' products find many uses, such as in printing inks, cosmetics, foods, pharmaceuticals, paints, textiles and detergents.

EUR million	Q1/2006	Q1/2005	Change %	2005
REVENUE	118.6	76.0	56	408.4
EBITDA	19.1	16.3	17	80.7
EBITDA, %	16.1%	21.4%		19.8%
OPERATING PROFIT	11.3	8.5	33	45.4
Operating profit, %	9.5%	11.2%		11.1%
Capital employed *	457.8	300.5		420.2
ROCE, % *	10.5%	12.4%		10.8%
Capital expenditure, excluding acquisitions	4.8	7.0		34.7
Cash flow after investments, excluding acquisitions	15.3	0.8		40.5
Personnel at period-end	1,137	1,080		1,182

* 12-month rolling average

Performance Chemicals recorded year-on-year revenue growth of 56%, to EUR 118.6 million (76.0 million), as a result of higher sales volumes and prices for titanium dioxide as well as the acquisition in early April 2005 of Verdugt. The business area grew organically by 10%.

Operating profit rose by 33%, to EUR 11.3 million (8.5 million). High energy prices squeezed profitability.

The titanium dioxide business generated 49% of Performance Chemicals' revenue. Market demand for titanium dioxide was at a good level. Year on year, sales volumes increased by 7% and specialty products accounted for a larger share of sales. The

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average euro prices of titanium dioxide were around 4% higher than a year earlier, partly offsetting high energy costs.

Sales by Verdugt, acquired in April 2005, developed favorably and measures to increase its production efficiency made progress. Formic acid products showed a significant year-on-year increase in their Q1/2006 sales volumes and experienced a slight rise in their average prices.

Sales volumes of sodium percarbonate, used in detergents, increased year on year, but prices were slightly lower.

In April, Kemira agreed to buy the business of IFAC from IFAC GmbH & Co. KG, a leading German development company in nanotechnology applications for the cosmetics industry and a holder of a strong patent portfolio within this application area. The company employs over 10 professionals. This acquisition will strengthen the Performance Chemicals business area's expertise in specialty titanium dioxide applications for the food, pharmaceutical and cosmetics industries, as well as in nanotechnology applications and services.

In March, Kemira decided to make a capital investment of EUR 25.9 million at the Pori titanium dioxide plant in Finland. The primary purpose of the investment is to meet the future environmental permit requirements. In addition, the investment will allow Kemira to create new products from the current waste streams. The investment project is scheduled for completion by the end of 2007.

PAINTS & COATINGS

Paints & Coatings offers branded products to consumers and professionals in Northern and Eastern Europe. Its Industrial Coatings unit serves customers in the metal and wood industries.

EUR million	Q1/2006	Q1/2005	Change %	2005
REVENUE	118.6	99.1	20	457.5
EBITDA	13.7	11.7	17	70.0
EBITDA, %	11.6%	11.8%		15.3%
OPERATING PROFIT	9.6	8.4	14	55.9
Operating profit, %	8.1%	8.5%		12.2%
Capital employed *	288.4	290.0		282.7
ROCE, % *	20.2%	14.1%		20.2%
Capital expenditure, excluding acquisitions	3.8	4.0		18.0
Cash flow after investments, excluding acquisitions	-31.9	-20.1		52.8
Personnel at period-end	3,496	2,325		2,272

* 12-month rolling average

Paints & Coatings increased its revenue by 20%, to EUR 118.6 million (99.1 million). Demand for decorative paints in particular was at a good level in almost all the main market areas. Paints & Coatings grew organically by 8%.

Revenue reported by the decorative paints arm was up 24%. Sales of locally manufactured products in Russia continued their robust growth. Industrial Coatings reported a revenue growth of 10%, with all the main market areas showing good growth.

Year on year, operating profit rose by 14%, to EUR 9.6 million (8.4 million), spurred by favorable sales performance and the recent years' restructuring. High raw material prices undermined operating profit.

On February 3, 2006, Paints & Coatings closed a deal on the acquisition of Kraski Teks, a Russian paint company. The acquisition made Kemira-owned Tikkurila Russia's

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leading decorative paint company, with Tikkurila and Kraski Teks holding a combined share of about 20% of Russia's decorative paints market.

OTHER OPERATIONS

In January-March, the water-soluble specialty fertilizers unit reported revenue of EUR 16.2 million (14.1 million) and an operating profit of EUR 0.8 million (a loss of 0.3 million), including EUR 0.8 million in non-recurring income. The share of the results of the water-soluble fertilizer business's associates, stated below operating profit, showed a loss of EUR 1.3 million (a loss of 1.0).

In March, Kemira sold its holdings (50%) in Biolchim Spa, a joint venture supplying water-soluble specialty fertilizers, to an Italian group of private equity investors. In 2005, Biolchim reported revenue of EUR 27.2 million, of which Kemira accounted for EUR 13.6 million. Following this disposal, Kemira still has a water-soluble specialty fertilizer associate in Jordan.

Other operations include corporate expenses not charged to the business areas, such as some research and development costs and the costs of the Kemira Corporate Center.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

During January-March, Kemira Oyj shares registered a high of EUR 14.68 and a low of EUR 13.18, the share price averaging EUR 13.96. On March 31, 2006, the company's market capitalization, excluding treasury shares, totaled EUR 1,738.0 million.

On March 31, 2006, the company's share capital totaled EUR 221.3 million and the number of registered shares 124,801,600. The reporting period saw subscription of 36,300 new shares using warrants under the 2001 stock option program. Following the corresponding increase of share capital, the company's share capital on April 5 totaled EUR 221.4 million and the number of registered shares 124,837,900. The number of shares may increase by a maximum of 207,100, based on share subscriptions under the 2001 stock option program.

On March 28, 2006, Kemira Oyj transferred 116,610 treasury shares to 69 employees covered by the share-based management incentive plan. Kemira holds 3,979,670 treasury shares (March 31, 2006: 3,976,830), accounting for 3.2 per cent of outstanding company shares and voting rights.

In February, Kemira Oyj's Board of Directors decided on a new share-based incentive plan designed for key employees as part of the Group's incentive schemes. This new scheme, which is an extension of the current share-based incentive plan for 2004, 2005 and 2006 and is similar in terms of its basic structure and extent, is divided into the three performance periods of 2007, 2008 and 2009. Bonus payments are contingent on meeting set financial targets. The maximum number of Kemira Oyj shares that may be offered under the incentive scheme total approximately 774,000, consisting of either treasury shares or publicly traded Kemira Oyj shares.

AGM DECISIONS

Based on a decision by the Annual General Meeting on April 11, 2006, the Group paid out a per-share dividend of EUR 0.36 on April 25, 2006, totaling EUR 41.7 million.

The AGM decided that the number of Board members be seven. It re-elected Anssi Soila (Chairman), Eija Malmivirta (Vice Chairman), Elizabeth Armstrong, Heikki Bergholm, Ove Mattsson, Kaija Pehu-Lehtonen and Markku Tapio to the Board for the term of 2006.

The AGM re-elected Aulis Ranta-Muotio Chairman of the Supervisory Board, with Mikko Elo as First Vice Chairman and Heikki A. Ollila as Second Vice Chairman, and re-elected Pekka Kainulainen, Mikko Långström, Susanna Rahkonen, Risto Ranki and Katri Sarlund members of the Supervisory Board.

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The AGM authorized the Board to decide to buy back Kemira Oyj outstanding shares using retained distributable profits in such a way that the number of shares to be bought back may not exceed 2,146,640. These shares, including treasury shares already held by the company, may account for a maximum of 5% of company share capital and voting rights. The company may buy back shares in order to finance acquisitions of assets within the scope of its business operations, develop its capital structure, incentivize its personnel (as part of the 2004 share-based incentive plan) or dispose of the shares in other ways or cancel them. This authorization is valid until April, 11, 2007.

The AGM authorized the Board to decide to dispose of a maximum of 6,240,080 treasury shares. The Board of Directors may dispose of shares, waiving shareholders' pre-emptive rights, provided that there is a cogent financial reason for said disposal, such as financing or implementing mergers, acquisitions and similar corporate transactions, as well as incentivizing personnel or management, including disposals under the 2004 share-based incentive plan. This authorization is valid until April, 11, 2007.

The AGM authorized the Board to decide to increase the company's share capital by issuing new shares, stock options or convertible bonds in one or several tranches in such a way that, as a consequence, the combined share capital may increase by a maximum of EUR 22,133,006.87. As a result of the share issue, share subscriptions based on the stock options and the convertible bonds converted into company shares, the company may issue a maximum total of 12,480,160 new shares, whose per-share book value is around EUR 1.77, accounting for a total of 10% of the company's registered share capital and votes conferred by the shares. The AGM authorized the Board to decide on a subscription price, bases for its determination and other terms and aspects related to the share issue, stock options or convertible bonds. In addition, the AGM authorized the Board to waive the shareholders' pre-emptive subscription right provided that, from the company's perspective, there are significant financial reasons for doing so, such as financing or implementing mergers, acquisitions or similar corporate transactions, or incentivizing certain employees. The Board of Directors may decide on those entitled to subscriptions, but said decision may not be made in favor of people as referred to in Paragraph 1, Section 4, Chapter 1 of the Companies Act. The Board may not decide to grant stock options to company employees or management. The AGM also authorized the Board to decide that the share subscription be implemented in kind or otherwise on certain terms and conditions as prescribed by the Companies Act. This authorization is valid until April, 11, 2007.

The AGM resolved that a Nomination Committee be re-established for Kemira to prepare proposals to the next AGM for Board member candidates and Board emoluments. The right of appointing Nomination Committee members, representing company shareholders, rests with the three largest shareholders on November 1, 2006. The Chairman of Kemira's Board of Directors will act as an expert member of the Committee.

The AGM elected KPMG Oy Ab, Authorized Public Accountants, the company's auditor, with Pekka Pajamo, Authorized Public Accountant, acting as chief auditor.

OUTLOOK TOWARDS THE YEAR-END

Kemira Group's growth is expected to continue strongly during the second quarter, based on organic growth and attributable to the acquisition of Lanxess and Kraski Teks. Kemira's revenue, operating profit and earnings per share for 2006 are expected to increase from 2005 levels. Raw material and energy prices are projected to remain high, which will put pressure on business profitability.

It is estimated that capacity utilization rates within Pulp & Paper Chemicals' customer industry will remain at good levels. The business area's revenue for 2006 is expected to increase on a year earlier, due in particular to acquisitions previously carried out. Similarly, operating profit is expected to increase because of an improved capacity utilization rate within the customer industry, previous restructuring and the acquisition of Finnish Chemicals. High levels of raw material

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prices and those of energy prices in particular will continue to present challenges to profit performance. The acquisition of the Lanxess paper chemicals business will squeeze the business area's earnings for 2006 because of the acquiree's loss-making operations and integration costs.

Demand for Kemwater's water treatment chemicals is expected to remain on a good level, and in 2006 the business area will devote particular attention to expanding its new businesses, such as sludge treatment and outsourcing services for industry. The high prices of hydrochloric acid, chlorine and aluminum hydrate will put pressure on business profitability. Kemwater expects its revenue and operating profit for 2006 to increase from 2005 levels.

Within Performance Chemicals, titanium dioxide prices are projected to be higher than last year. It is estimated that demand for titanium dioxide will remain steady or edge up slightly. Specialty pigments are anticipated to increase their share of Kemira's total sales. The high prices of raw materials and energy in particular will present challenges to margin development. The business area's sales of organic acids and acid derivatives as well as sodium percarbonate used in detergents are also anticipated to develop favorably. It is estimated that formic acid product prices will rise. Performance Chemicals expects to increase its revenue and operating profit in 2006.

Paints & Coatings is expected to generate higher revenue for 2006, due to demand remaining at a good level in all market areas. Operating profit is projected to grow year on year (excluding EUR 9.5 million in non-recurring income included in operating profit for 2005), spurred by favorable developments in sales and recent years' restructuring. The acquisition in Russia of Kraski Teks will boost the business area's revenue and operating profit.

Helsinki, May 3, 2006

The Board of Directors

All forward-looking statements in this report are based on the management's present expectations and beliefs about future events, and the actual results may differ materially from the expectations and beliefs contained in the forward-looking statements.

For further information, please contact:

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Kemira will hold a press conference on its Q1/2006 results for the media and analysts at its head office (Porkkalankatu 3) today, starting from 10:30 a.m. A conference call in English will be held from 1:00 p.m. We kindly request that participants call us around 10 minutes before the conference begins, on +44 (0) 20 7162 0125.

Kemira will publish its Interim Report for January-June 2006 on July 27.