



Committed to clean water

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Water is the connection **kemira**

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# Kemira focusing on water chemistry

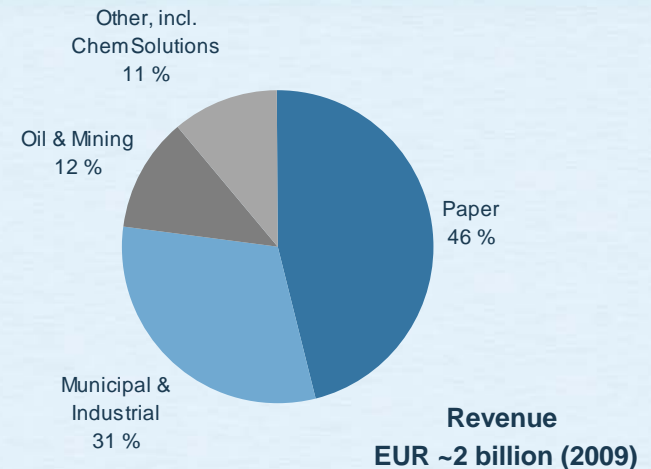
Vision: A leading water chemistry company

Focus on water-intensive industries

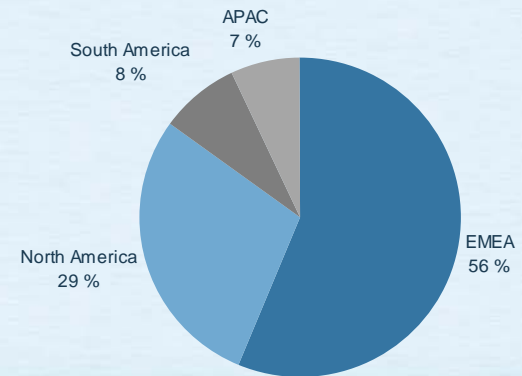
~75% is water-related business

Kemira among the top players globally in water treatment business

## Revenue by segment



## Revenue by region





## Highlights of Q2/2010

# Strong second quarter

Revenue increased by 12% vs. Q2/2009

- Demand recovered in most customer industries
- Especially Paper, Oil & Mining and other Industrial water treatment

EBIT rose 38%\*

- Lower costs
- Higher sales volumes
- EBIT margin 7.4% (6,0%)

Net profit before taxes improved 79%

Positive cash flow before financing activities

EPS EUR 0,17(0,11)



Figures excl. Tikkurila

\* Excluding non-recurring items

# Six good months behind

Revenue increased by 7% vs. H1/2009

- Especially Paper and Oil & Mining

EBIT rose 49%\*

- EBIT margin 7.5%

Gearing 48%

- Target is 40-80%

Net profit before taxes improved 140%

Cash flow after investments €134,6 million <sup>\*\*</sup>(49,5)

EPS EUR 0,35 (0,16)



Figures excl. Tikkurila

\* Excluding non-recurring items

\*\* Includes Tikkurila until March 25, 2010

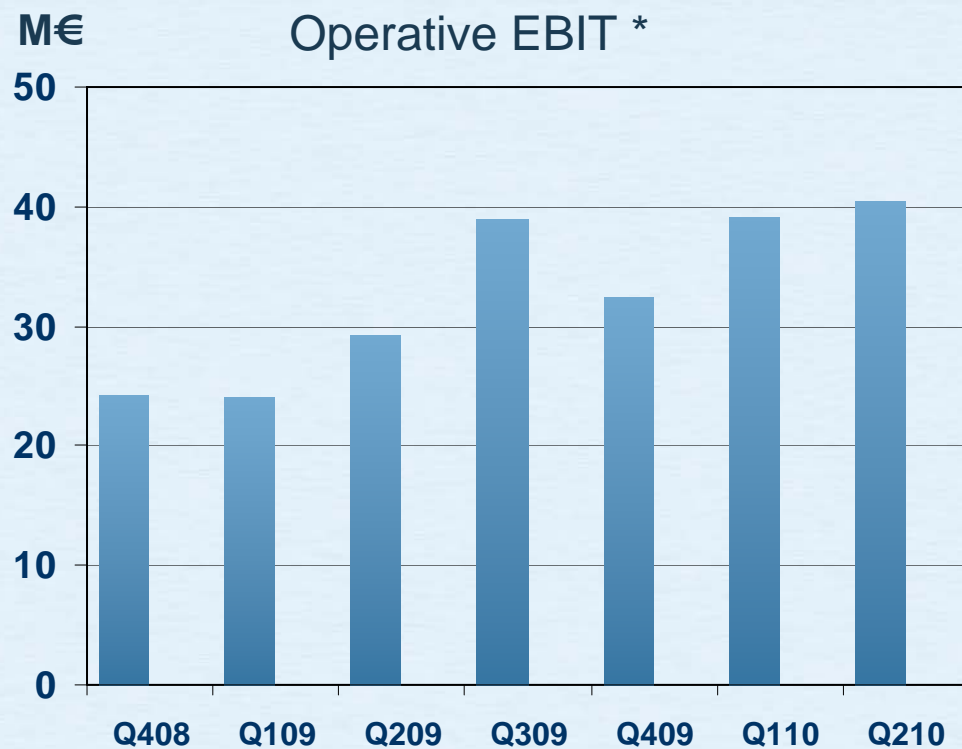
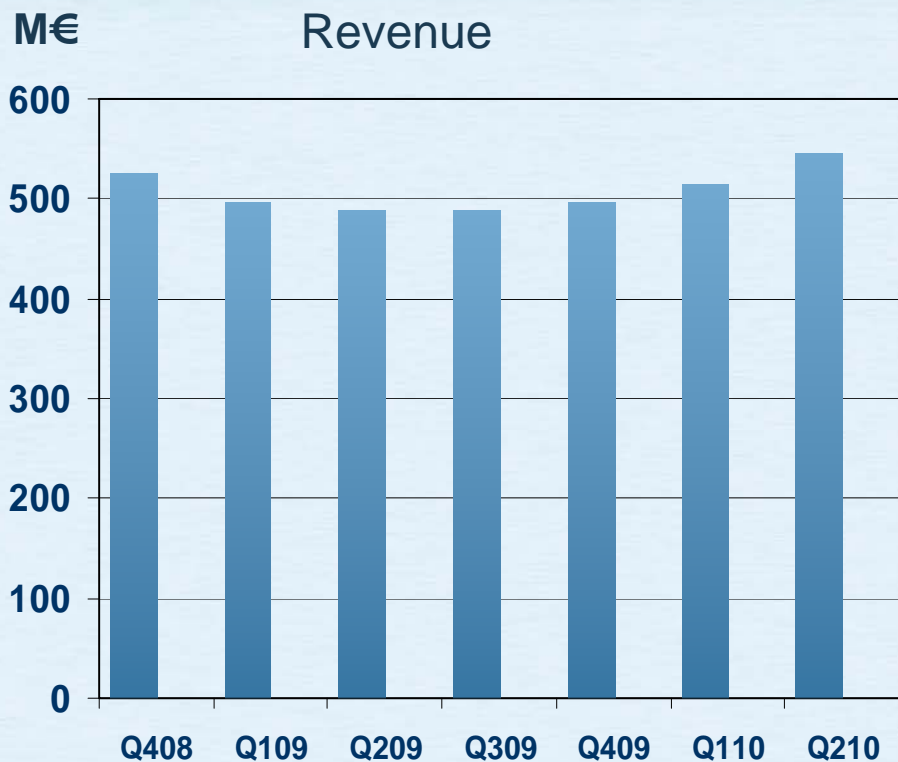
# Profitability clearly improved

(EUR million)	Q2/2010	Q2/2009	1-6/2010	1-6/2009	2009
Revenue	545.2	488.5	1,059.9	986.0	1,969.9
Operative EBIT *	40.5	29.3	79.6	53.4	124.9
Operative EBIT, %*	7.4	6.0	7.5	5.4	6.3
Profit before tax	37.3	20.8	69.0	28.8	76.5
EPS (EUR)	0.17	0.11	0.35	0.16	0.47

Figures excl. Tikkurila

\* Excluding non-recurring items

# Sales increased and profitability improved



Figures excl. Tikkurila

\* Excluding non-recurring items

# YTD Operative EBIT, % \* shows improvement in all segments



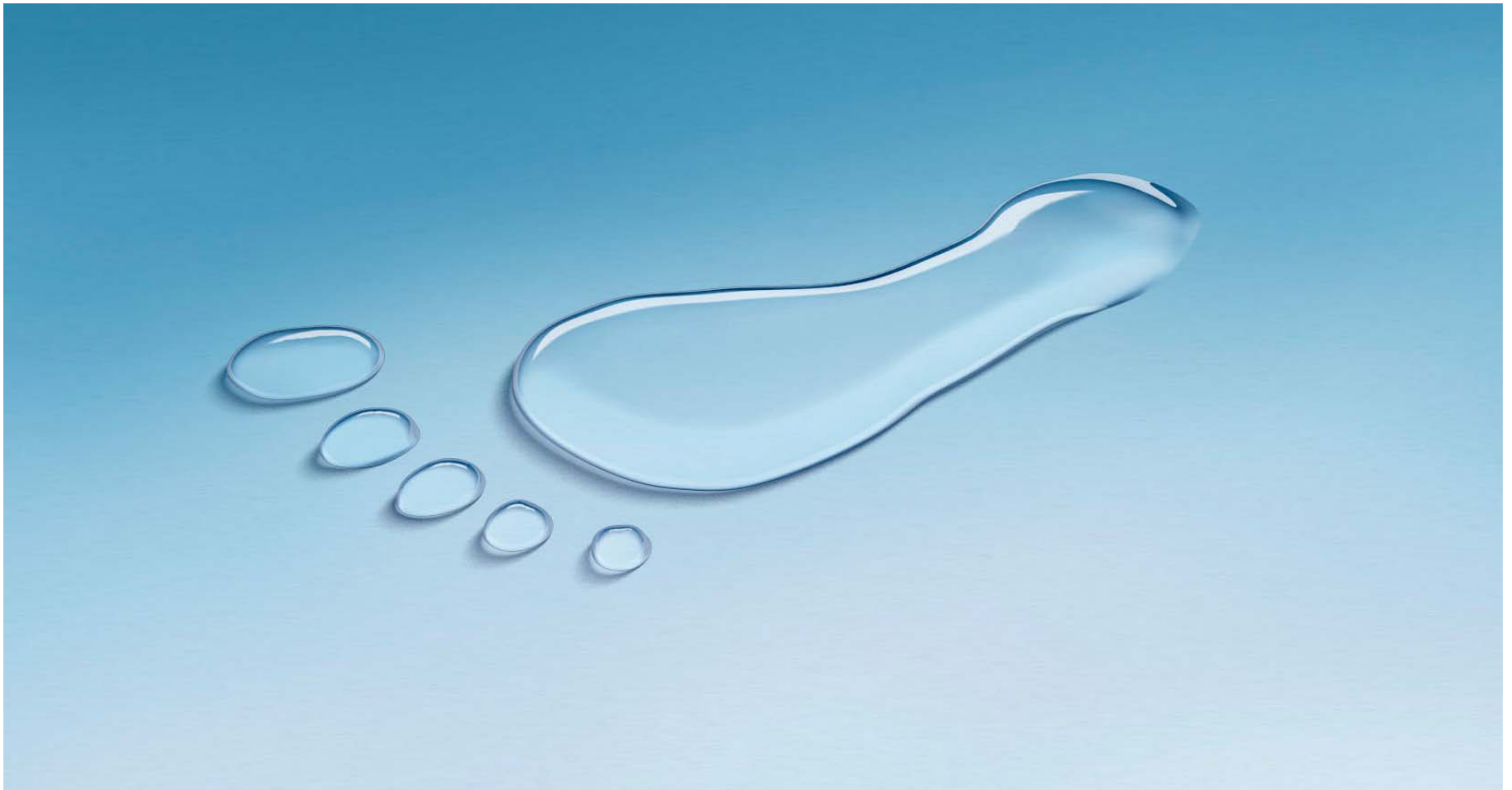
Figures excl. Tikkurila

\* Excluding non-recurring items

# Solid financial position

(EUR million)	30 June 2010	30 June 2009	31 Dec 2009
Net debt	611.0	1,033.7	675.6
Equity	1,261.0	991.4	1,268.8
Net Working Capital	253.3	246.9	216.6
Gearing, %	48	104	53
Equity ratio, %	50	35	45
Cash flow before financing *	134.6	49.5	202.2

\* incl. Tikkurila until March 25, 2010



## Segment highlights in Q2/2010

# Paper in Q2/2010

## Revenue increased by 12% from Q2/2009

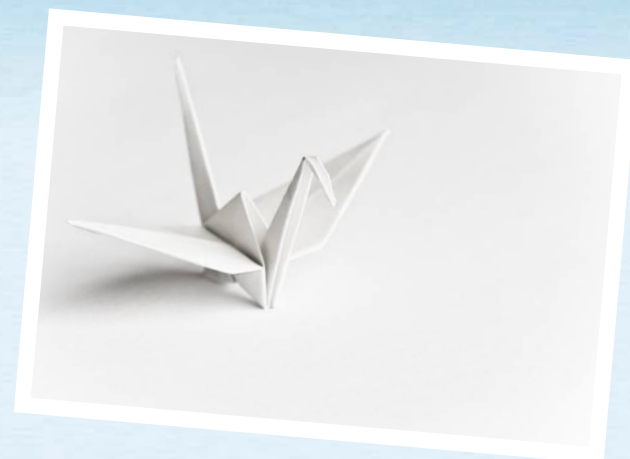
- Increased demand for pulp chemicals
- Overall demand in the paper industry improved
- Divestments had a small impact in Q2

## EBIT more than doubled\*

- EBIT margin 7,4% (3,6%)
- Lower sales prices
- Higher volumes and lower costs

## Two divestments

- Sulphuric acid in Kokkola, Finland
- FWA-business, Leverkusen, Germany



*Chemical solutions for the water-intensive pulp and paper industry to improve the profitability as well as water, raw material and energy efficiency*

(EUR million)	Q2/10	Q2/09	1-6/10	1-6/09	2009
Revenue	247.4	221.6	481.4	446.6	906.4
Operative EBIT*	18.3	8.0	33.5	15.5	44.9
Operative EBIT, %*	7.4	3.6	7.0	3.5	5.0

\* Excluding non-recurring items

# Municipal & Industrial in Q2/2010

## Revenue at the level of Q2/2009

- Demand steady in the municipal customer segment
- Increased demand in industrial customer segment, especially in Europe and Asia
- Some sales prices decreased as a result of a drop in raw material prices in 2009



*Water treatment, water purification and sludge treatment solutions for municipalities and industries*

## EBIT margin close to 10%\*

- Lower sales prices
- Higher volumes and lower costs

(EUR million)	Q2/10	Q2/09	1-6/10	1-6/09	2009
Revenue	163.7	160.7	312.1	311.4	607.5
Operative EBIT*	15.6	18.2	32.3	28.6	66.4
Operative EBIT, %*	9.5	11.3	10.2	9.2	10.9

\* Excluding non-recurring items

# Oil & Mining in Q2/2010

## Revenue increased by 41%

- Higher sales volumes
- Chemical demand improved, especially in North America

## EBIT more than doubled\*

- EBIT margin 8,8% (5,8%)
- Higher sales prices and volumes
- Higher costs



*Chemical solutions for the oil and mining industries, where water plays a central role.*

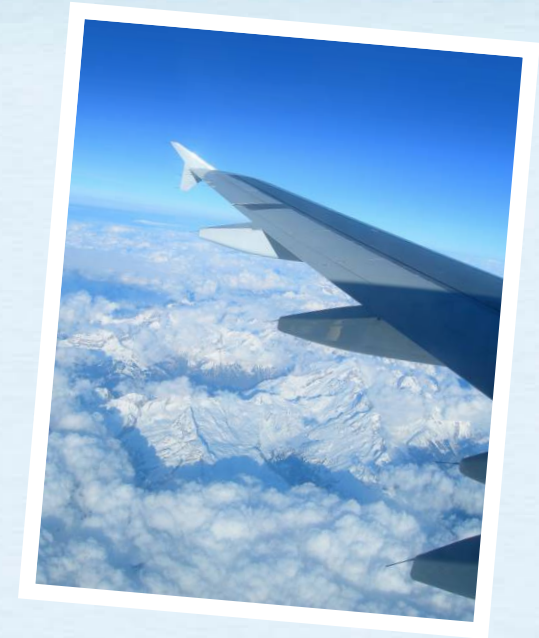
(EUR million)	Q2/10	Q2/09	1-6/10	1-6/09	2009
Revenue	78.1	55.2	144.7	109.6	235.0
Operative EBIT*	6.9	3.2	13.3	5.2	14.2
Operative EBIT, %*	8.8	5.8	9.2	4.7	6.0

\* Excluding non-recurring items

# Other (Specialty chemicals and Group expenses)

## Specialty chemicals

- Specialty product lines based on a niche strategy
- Organic salts and acids for the food, feed, and pharmaceutical industries and for airport runway de-icing
- Demand remains healthy
- Sales at the same level as 2009
- Excellent EBIT margin



(EUR million)	Q2/10	Q2/09	1-6/10	1-6/09	2009
Revenue	56.0	51.0	121.7	118.4	221.0
Operative EBIT*	-0.3	-0.1	0.5	4.1	-0.6

Incl. other and eliminations

\* Excluding non-recurring items

# Outlook

During the current year, Kemira expects the demand to develop favorably as our customer demand is getting stronger.

Operating profit from continuing operations, excluding non-recurring items, is estimated to grow notably from last year (2009: EUR 124.9 million).



# R&D activities

In March, Kemira and **VTT** announced the establishing of a Center of Water Efficiency Excellence in Finland. Currently about **one third of the research and development projects** have been kicked off and new strategic partners (customers and other technology suppliers) are joining the program.

Kemira has tightened cooperation with the **University of Alberta** (Canada). University of Alberta has long researched **effective extraction of oil from oil sands**. The focus of the cooperation will be on water treatment in particular.

In June, Kemira and **Nanyang Technological University** (Singapore) announced joint R&D cooperation. The goal of the 2-year project is to design a **more efficient water treatment process with lower energy consumption and waste volume**.



# Key focus areas for second half 2010

Implementation of our water strategy

Focus on enabling profitable growth

Continued focus on costs

Tight cash flow management





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