

# Water is the Connection

Capital Markets Day

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**kemira**



# Kemira's Vision

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**Kemira will be a focused company,  
the best in water and fiber management chemistry**



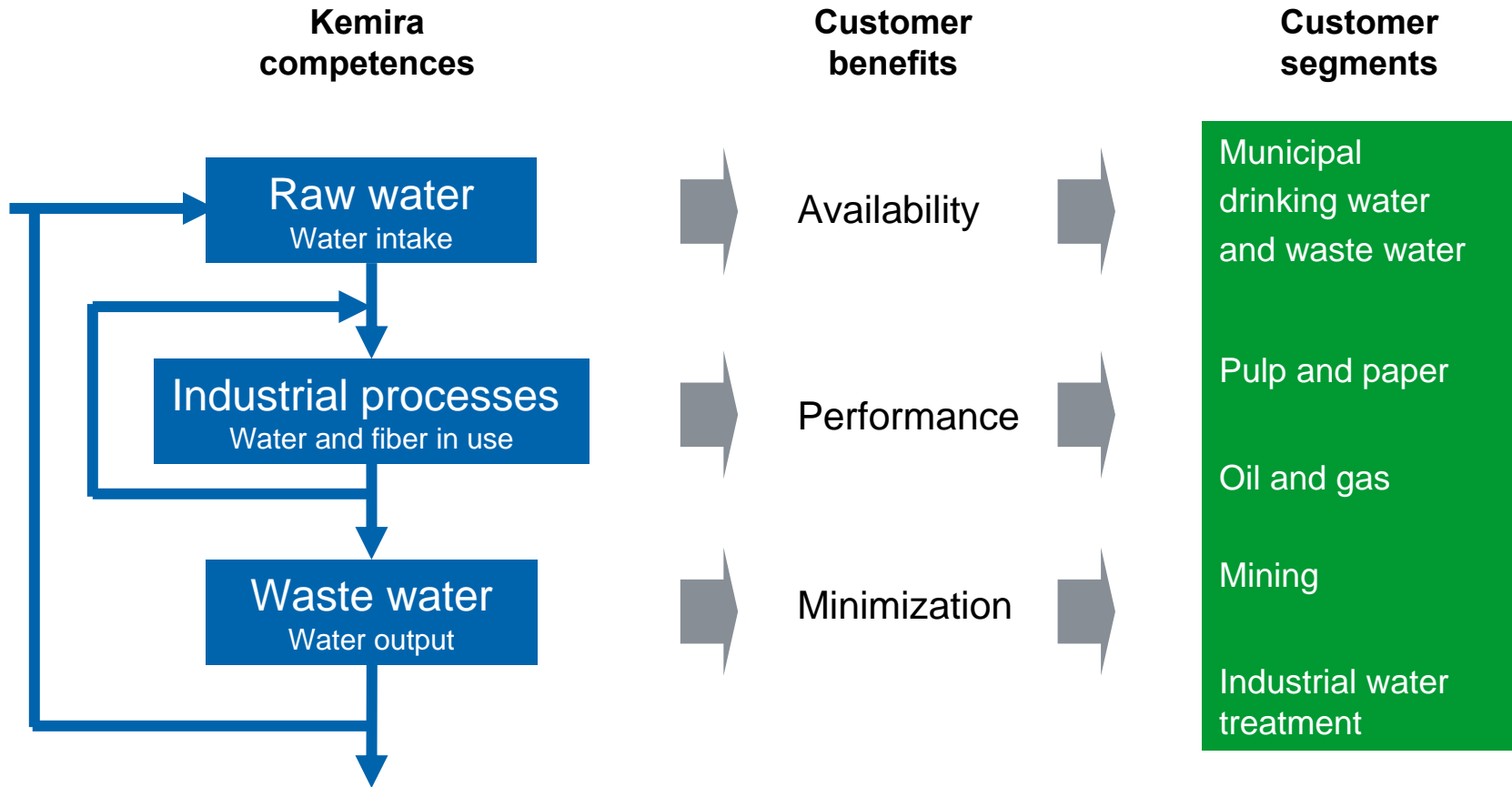
# Utilizing the Created Competence Base

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- Kemira has created an extensive product portfolio and competence base in water treatment
- This will now be integrated into one technology platform
  - Basis for Kemira's product and application offering
  - Serving customers cross-business and cross-region
- Add value to the customers:
  - Better use of scarce resources (water, energy, fibers)
  - Enhancing performance of customers' processes
  - Minimizing waste through recycling



# New Kemira Focuses on Water



Water is the connection

# New Business Structure Based on Customer Segments

## Segment Paper



Pulp

Printing & Writing

Packaging & Board

Tissue

Chemidet

## Segment Water



Municipal Water

- Drinking water
- Waste water

Industrial Water

## Segment Oil and Mining



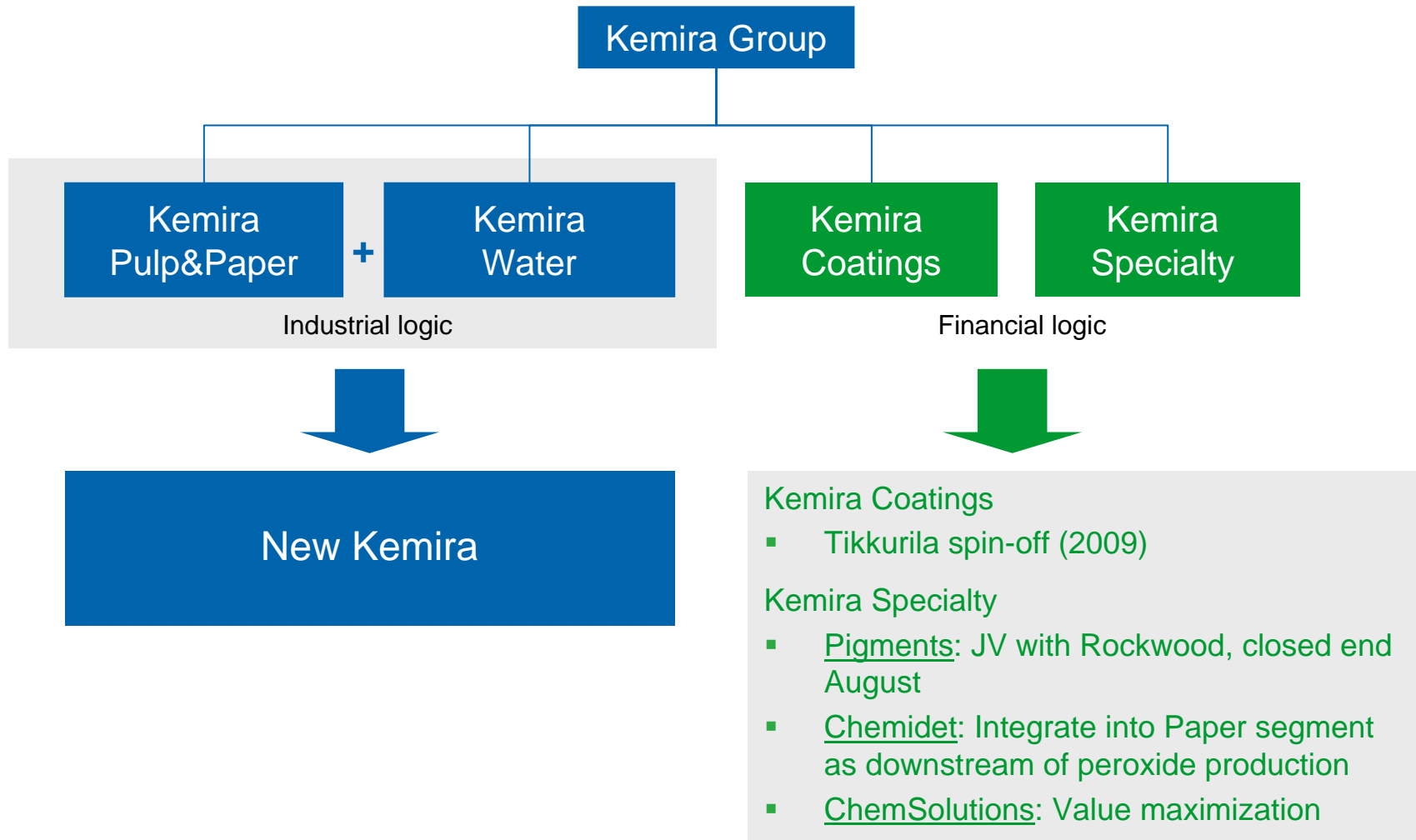
Oil and Gas

Minerals and Metals

Formulation Technology

Customer segments

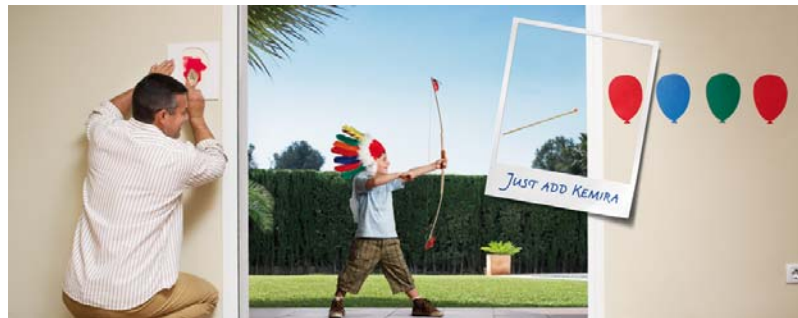
# Restructuring towards Focused Kemira



# Tikkurila to Become a Public Company

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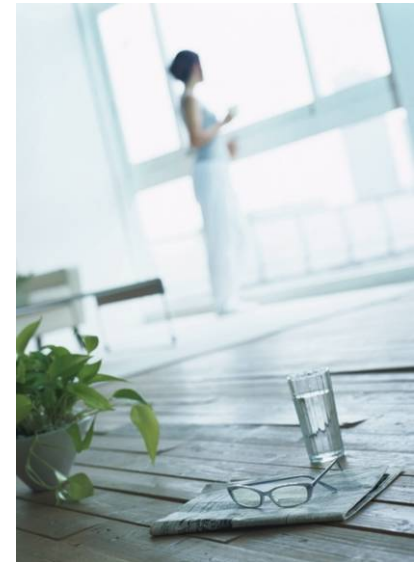
- Logical step in the development of Tikkurila
  - Adequate size and geographical coverage
  - Best profitability within the European paint industry
  - Solid competitive position in all home markets with winning brands
  - The leading paint company in Russia with promising growth prospects
- Spin-off process initiated
  - Shareholder value creation
  - Timetable H1/2009, process moving ahead



# Financial Targets for the New Kemira

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- Organic revenue growth > 5% annually
- EBIT % of revenue > 10%
- Cash flow after investments and dividend payments: positive
- ROCE %: continuous improvement
- Gearing: comfort zone 40–80%



# First Profitability, then Growth

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## 1. Strengthen balance sheet

- Portfolio changes, disposal of non-core assets

## 2. Improve cash flow and profitability

- Over 50 M€ fixed cost savings targeted for 2009–2010
- Increasing sales in segments and applications with good profitability

## 3. Deliver new growth

- Expanding with low fixed cost and capital base
  - Municipal water treatment will continue its good growth
  - Industrial water treatment
  - Oil and Mining
  - Asia and South America: all segments
  - Russia is an important opportunity for Kemira

→ **Strengthening the industry position further**



# Main Actions to Improve Cost Platform

		2008	2011
<b>Supply Chain</b>	<b>Complete restructuring</b> <ul style="list-style-type: none"> <li>▪ Number of warehouses</li> <li>▪ Customer service centers</li> <li>▪ Sourcing + procurement as one platform:                             <ul style="list-style-type: none"> <li>▪ Spend coverage</li> </ul> </li> </ul>	>350 >70  60%	Significant decrease in number  100%
<b>R&amp;D</b>	<b>Focused R &amp;D</b> <ul style="list-style-type: none"> <li>▪ Driven by customer segments</li> <li>▪ Number of units globally</li> </ul>	17	5
<b>Manufacturing</b>	<b>Site network optimization</b> <ul style="list-style-type: none"> <li>▪ Larger but fewer units</li> <li>▪ Simplified logistics</li> </ul>		
<b>Structure &amp; Organization</b>	<b>One integrated and lean organization</b> <ul style="list-style-type: none"> <li>▪ Downsizing 1000 persons</li> <li>▪ Compact HQ</li> </ul>		

→ Overall saving target over 50 M€

# New Management

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# Several Trends Creating Opportunities for Growth

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Global water shortages create pressure for efficient use

“Four hundred out of China’s 667 cities face water supply shortages...”

Recycling imperatives and regulations affecting our customers in water and fibre

“Paper manufacturers face environmental trade-offs when it comes to water consumption. First, plants that use wastepaper as raw material require more water per ton of paper produced to remove ink, dirt, plastic, and other contaminants from the pulp slurry...”

Corporate environmental and sustainability efforts

“...sustainability reporting is becoming a more utilized tool in maintaining and building brand...”

Oil and mining as booming industries

“Exxon Mobil made history on Friday by reporting the highest quarterly and annual profits ever for a U.S. company, boosted in large part by soaring crude prices...”

Increasing urbanization and wealth in emerging markets  
- Expectations of sanitation and cleanliness

“Currently, 40% of Chinese and 28% of Indians live in urban areas. By 2030, the forecasts are 60% and 40% respectively...”

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