

# Kemira's Sourcing & Procurement

Capital Markets Day

September 9, 2008

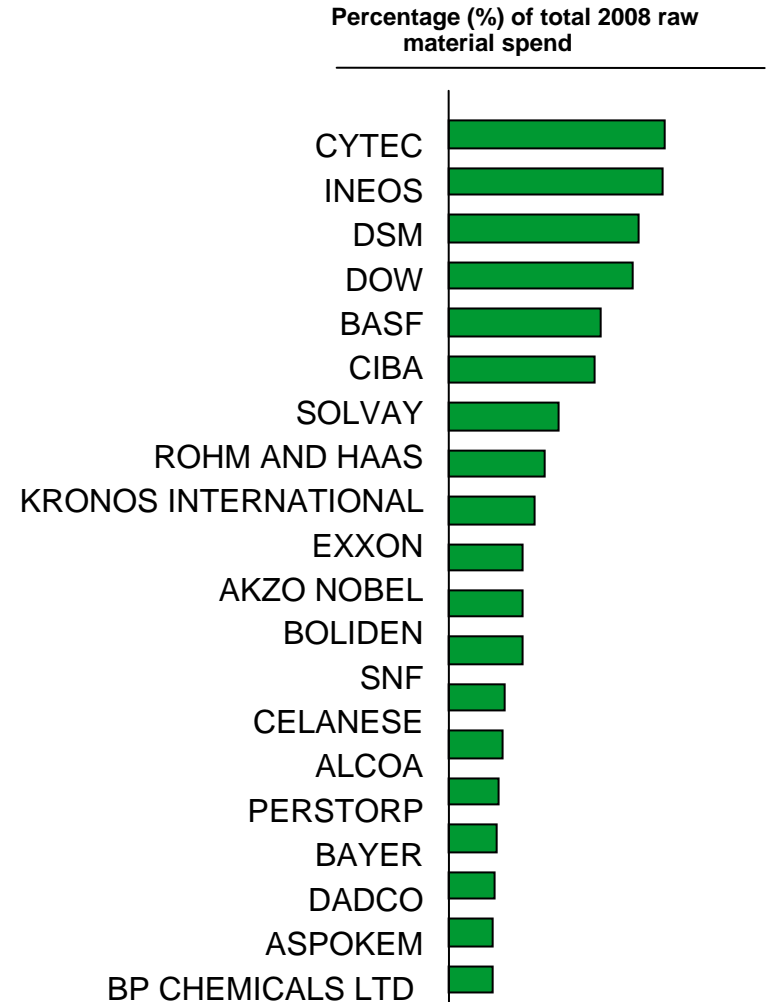
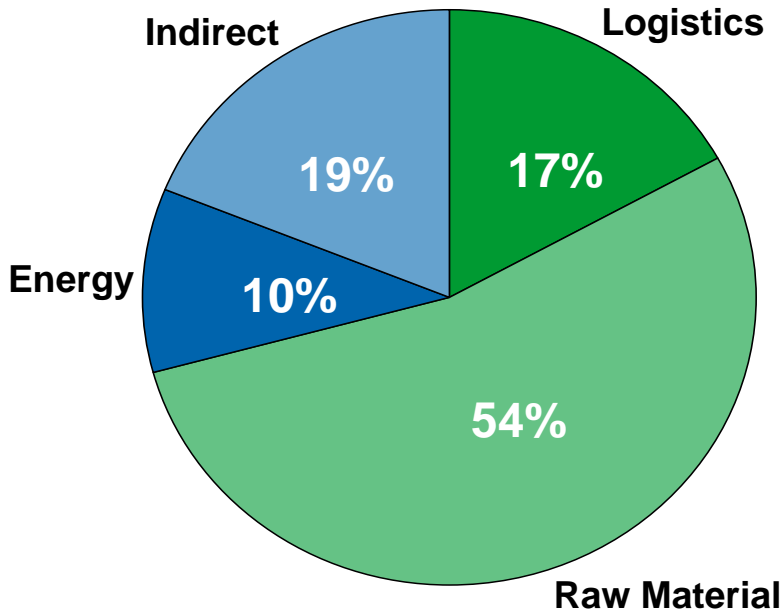
Petri Boman, EVP, Supply Chain Management

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# Kemira's Spend by Categories

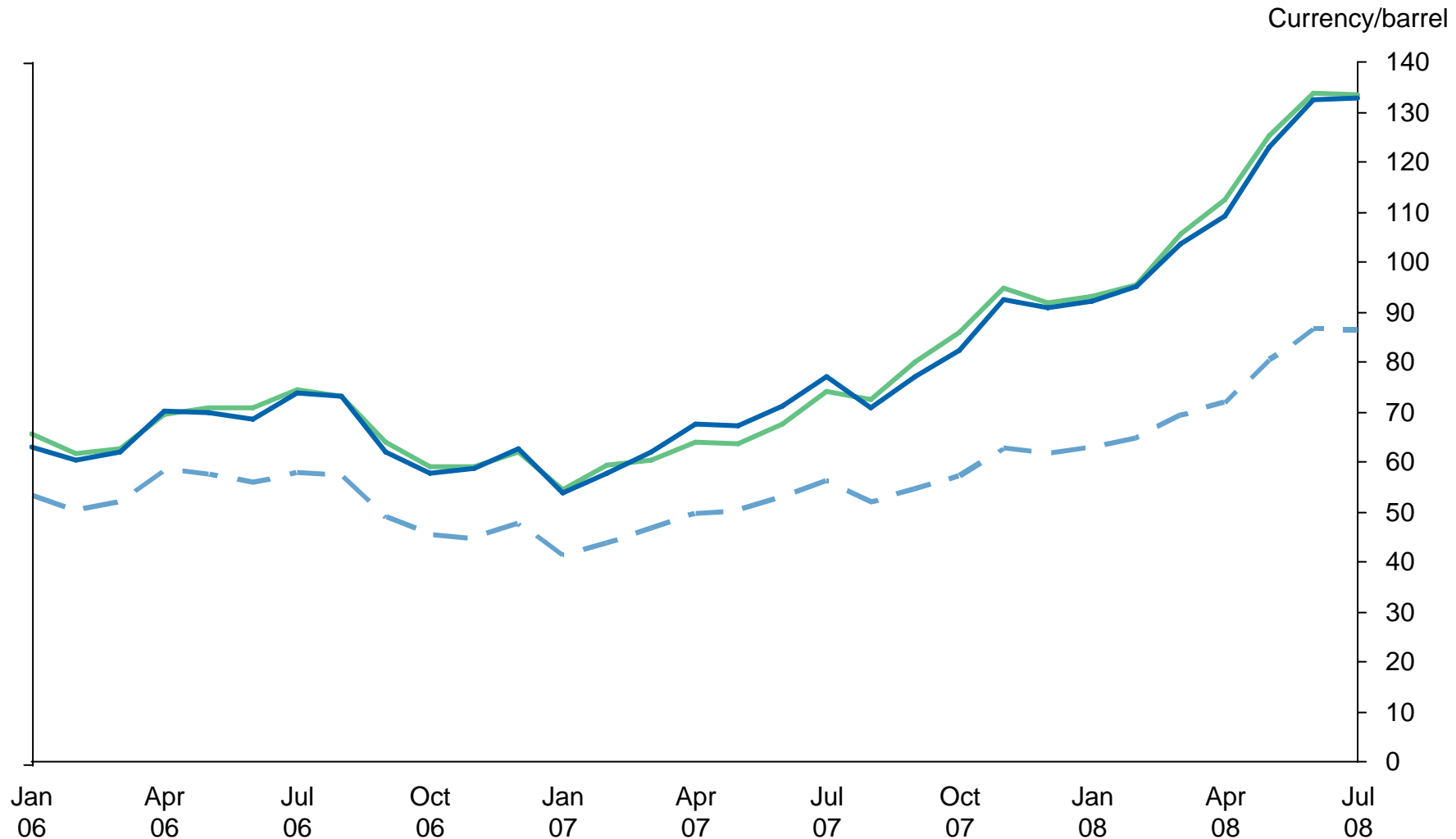
2008 Spend estimate over 2 000 M€



# Development of Key Feedstock Markets

## Oil Europe and US

- Crude oil US \$/Barrel\*
- Crude oil Europe \$/barrel\*\*
- - - Crude oil Europe €/barrel\*\*

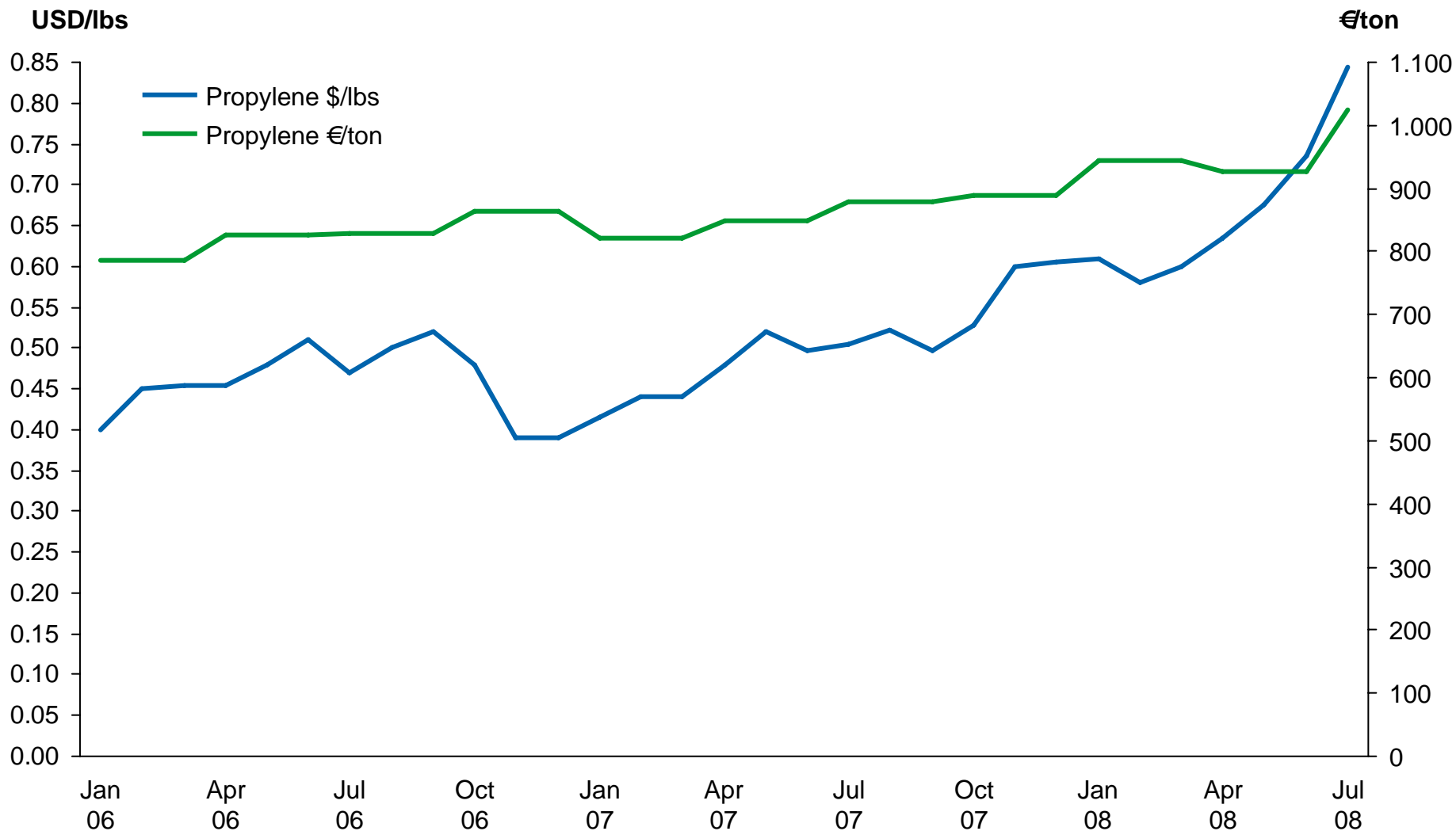


\* Crude Oil WTI Cushing Oklahoma

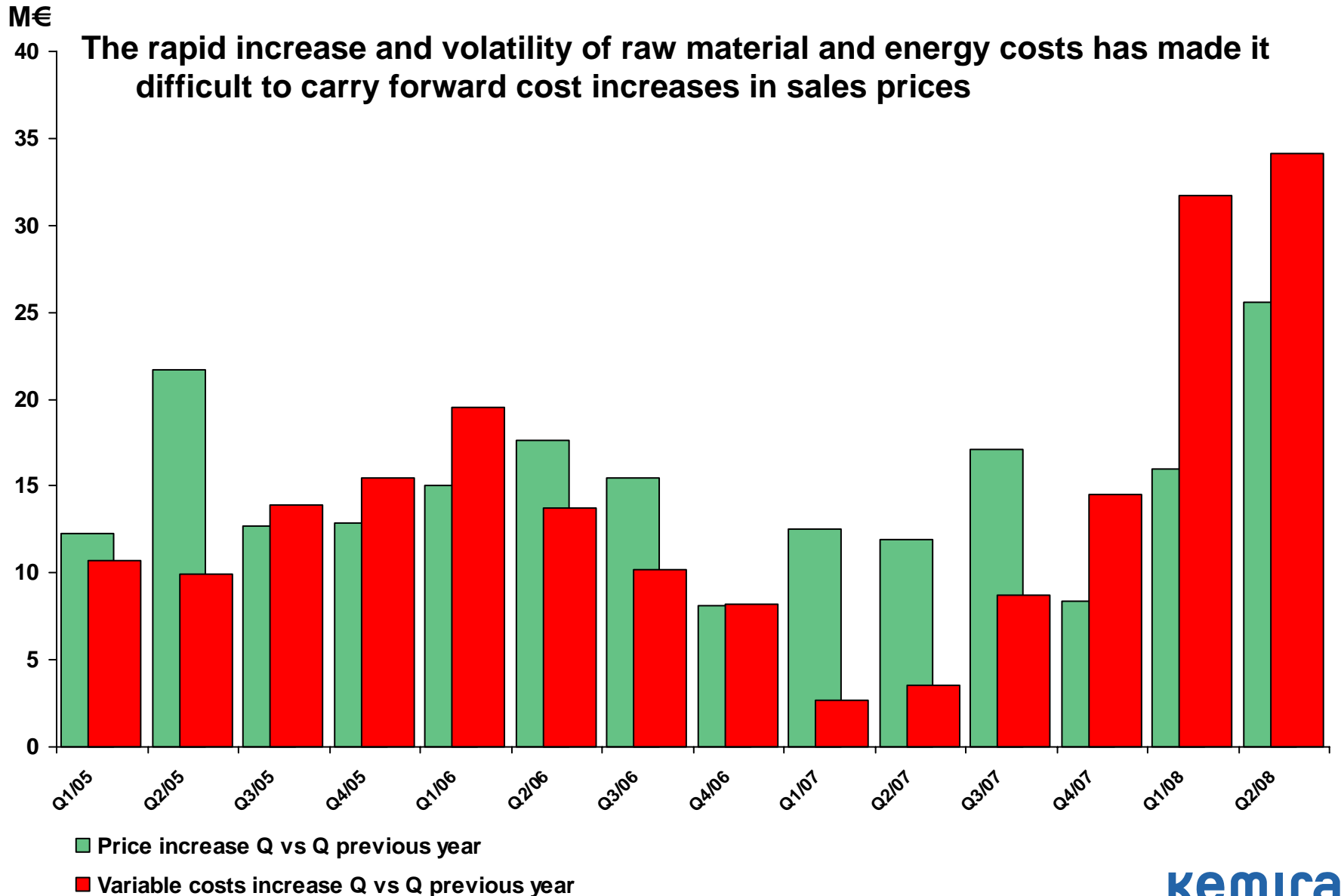
\*\* Crude Oil Brent EU

# Development of Key Feedstock Markets

## Propylene Europe and US

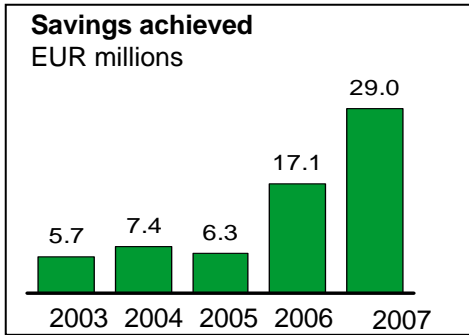


# Price and Variable Costs Development 2005 – Q2/2008



# Sourcing Activities: Where does Sourcing come from

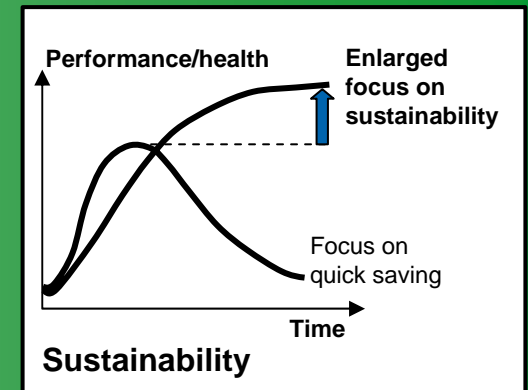
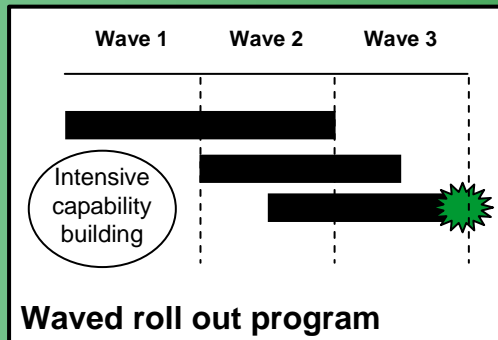
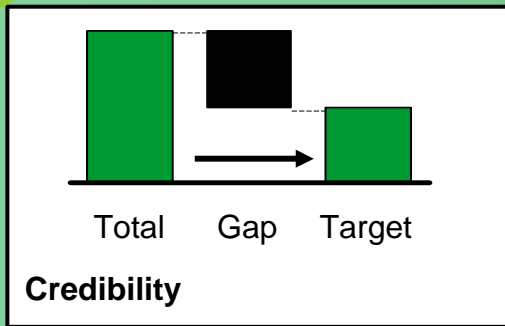
In order to make the next big step  
Strategic Sourcing and Supply Chain  
Management capabilities needed



Future

2007-2009

2003-2006



## Build credibility

- Credibility of GS&SCM through savings achieved
- High caliber GS&SCM personnel recruited
- GS&SCM organization and system support set up
- Clear and joint performance management

## Build capability

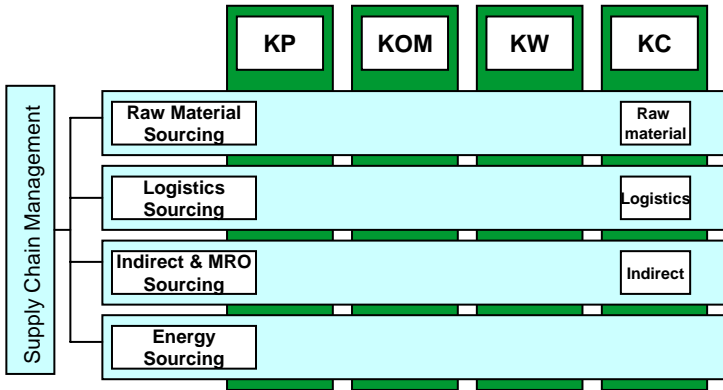
- Standard strategic sourcing and supplier management process
- Cross-functional sourcing approach
- Capability building program
- Strong connection to supply chain

## Achieve sustainability

- World-class SCM organization
- Strategic Sourcing
- Full savings potential through complete TCO levers
- Supply Chain Management efficiency

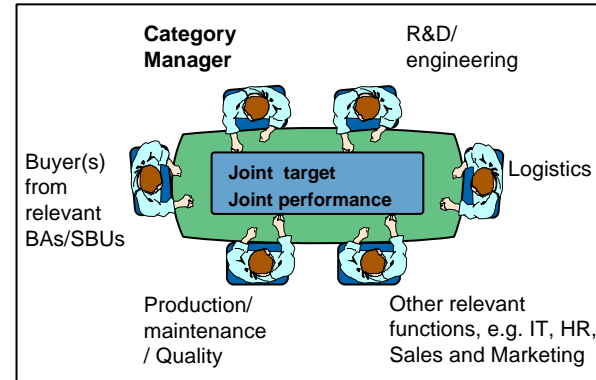
# Sourcing Activities: How Sourcing is Organized

## Sourcing organization

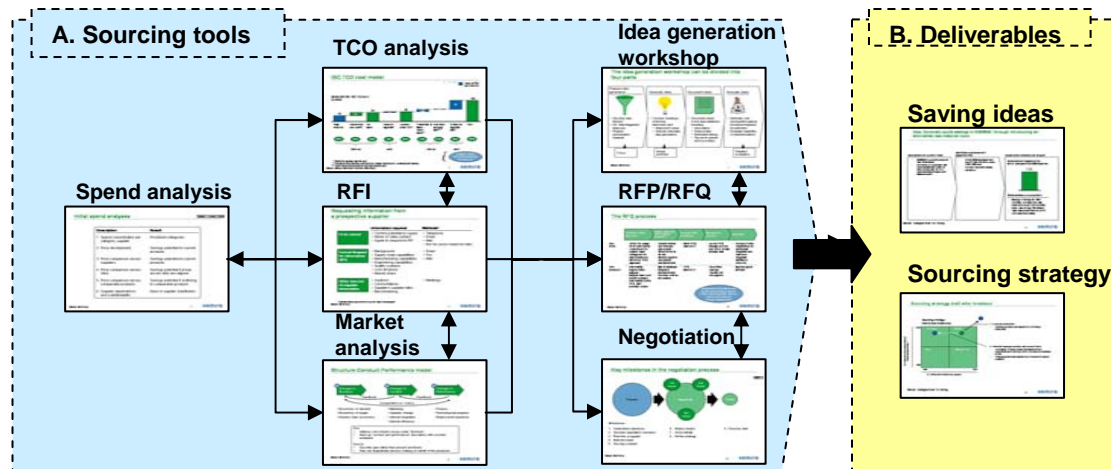
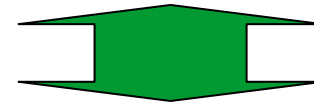


- Centrally lead Sourcing organization
- People located at sites together with business
- Sourcing & Procurement function part of Supply Chain function
- Dedicated Supply Chain person nominated for each Segment Management team, single point of contact to all Supply Chain relevant topics (incl Sourcing & Procurement)
- Category based Sourcing teams (global, regional, local), lead buyer based model

## Cross functional category teams



NOTE: approximately 60-80% of product cost is defined/locked at R&D stage





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