

# Kemira Strategy

## Delivering Profitability and Future Growth

**kemira**



# Kemira's Vision and Business Definition

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

- Improving availability of water and fiber resources for our customers
- Enhancing performance of customer processes
- Reducing waste and re-using materials

## Kemira's Strategy is to Address Profitability then Growth

**Phase 0 = NOW**  
***Strengthen Balance Sheet***

1. Portfolio changes
2. Disposal of non-core assets

**Phase 1**  
***Improve Cash flow and Profitability***

1. Profitability improvements
2. Focus on low cost platform\*
3. Resolve key strategic challenges

**Phase 2**  
***Deliver New Growth***

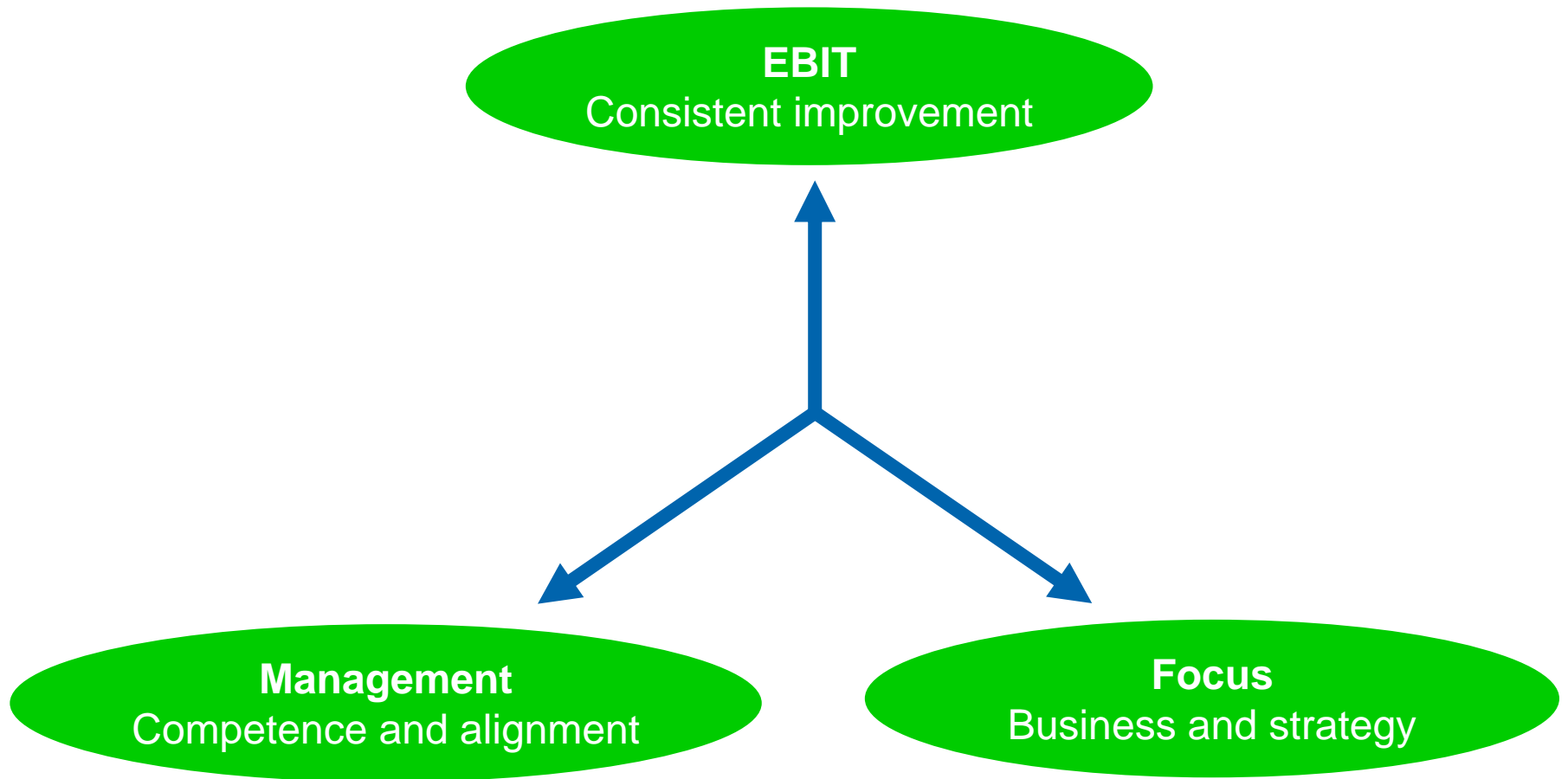
1. Grow additional revenues and profit in selected segments and markets : Oil, mining, Industrial Water, Tissue
2. Develop new growth potential (e.g. value share)
3. Sustain and grow core business

- Our strategy is designed to deliver:
  - Consistent EBIT growth and EBIT margin above 10%
  - Positive cash flow
  - Focused business and strategy

\* Low cost platform includes: supply chain, manufacturing and R&D

# Three Linked Strategic Imperatives

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# Changes in the Global Economy

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## **Increasing and volatile raw material and energy prices**

- Likely to continue
- Increased competitive pressure

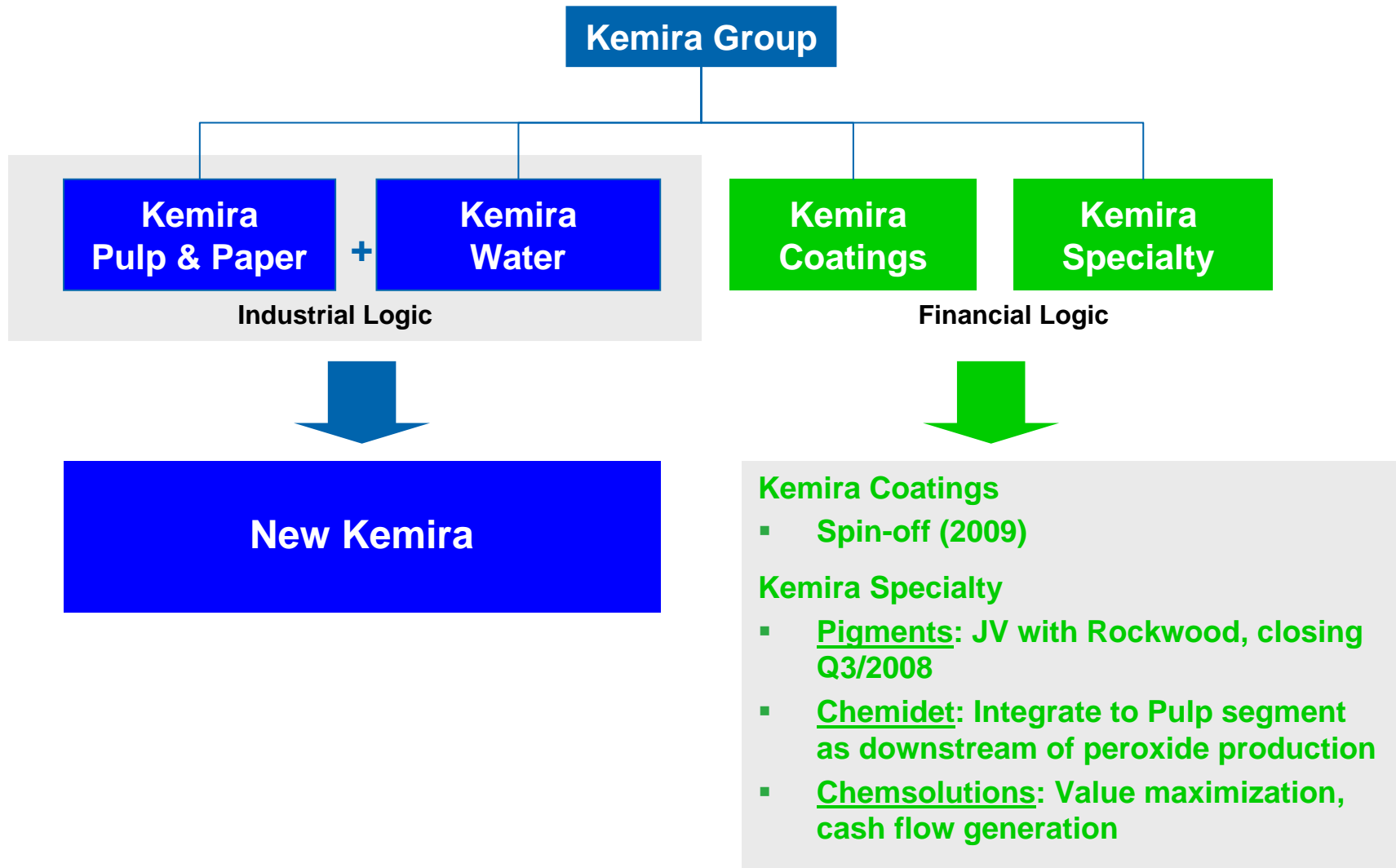
## **Global competition**

- Professional global customers
- Several supply alternatives

## **Structural changes in customer industries and the chemical industry**

- European and North American customers declining or moving to Asia
- Rapid emergence of world scale customers in emerging markets
- Consolidation of traditional customers
- Emergence of competitors achieving low costs and economies of scale
- Competition mostly regional by both global and regional competitors

# Restructuring Continues towards Focused Kemira

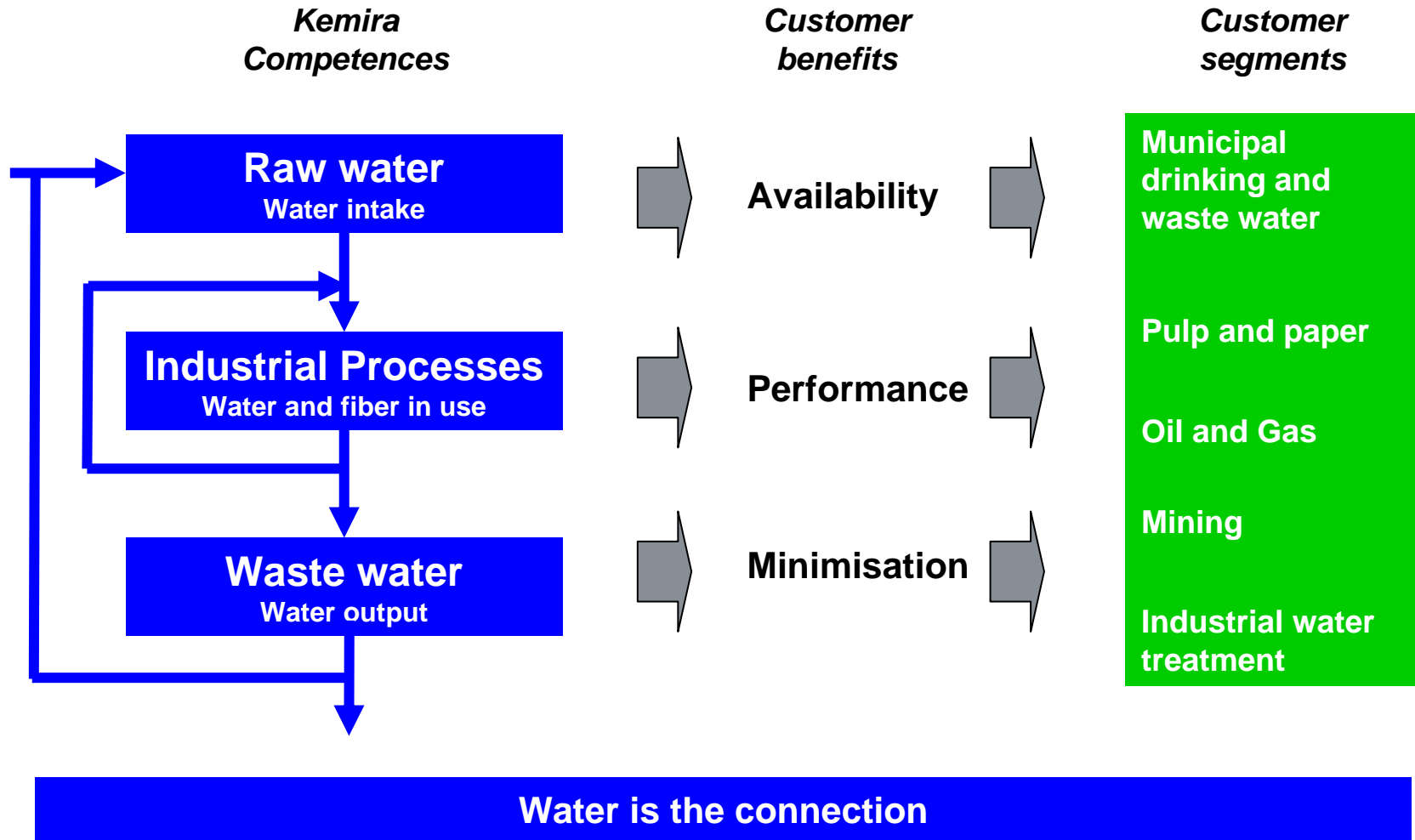


# Tikkurila to become a public company

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- Logical step in the development of Tikkurila
  - Growth and internationalisation
  - Building of strong market positions and winning brands
  - Adequate size and geographical coverage
  - Best profitability within European paint industry
  - Solid competitive position in all home markets
  - Promising growth prospects in Eastern Europe, Russia and FSU-countries
  - Convincing track record on achieving growth and profitability
- Spin off – process initiated
  - Shareholder value creation
  - Timetable 2009
  - Deputy CEO Esa Tirkkonen responsible for the process

# New Kemira Focuses on Water



# Customer Segments Where We Capture Value

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## Criteria for Kemira's segment focus:

- Our customer segment understanding provides credibility and access
- Our water and fiber competencies add value to our customers through:
  - Better use of scarce resources (water, energy, fibers)
  - Enhancing performance of their processes
  - Minimizing waste through recycling
- We have the ability to achieve strong industry positions
- There is potential to access global growth options for Kemira

**Kemira's competitive advantage is based on our application and technology platforms**

# Focus on profitability

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- **Profitability**

- Over 50 MEUR fixed cost savings targeted for 2009 – 2010
  - Streamlining of logistics and warehousing network, closure of warehouses
  - Streamlining of production network, closure of some sites
  - Compact and focused R&D organisation, consolidation of R&D sites
  - Building global streamlined function organisations, fixed cost savings
- Completing ongoing integration programmes, synergy capture
- Streamlining of business portfolio, focus on profitability

# Focus on organic growth

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- **Organic growth in revenue**
  - Water is the connection
  - Existing common competencies, products, applications
  - Growth in new customer segments
  - Growth in new geographical areas
  - Cross-selling opportunities
  - Active pricing
  - Focus on Marketing and Brand building


# Financial Targets

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

## Several Trends are Creating Opportunities for Growth

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Global water shortages create pressure for efficient use

Recycling imperatives and regulations affecting our customers in water and fibre

Corporate environmental and sustainability efforts

Increasing urbanization and wealth in emerging markets

- Expectations of sanitation and cleanliness

Oil and Mining as booming industries

Thank You

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