



Committed to clean water

February 2010

Water is the connection **kemira**

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# Agenda

Kemira today

Highlights of year 2009 and Q4/2009

Dividend and listing Tikkurila's shares on NASDAQ OMX Helsinki

Strategy

Vision: A leading water chemistry company

- Focus on water-intensive industries

- Growth from water related applications

- Expansion in selected growth markets

- Continuous investment in research and development



Kemira today

Water is the connection **kemira**

# Kemira in brief

## Kemira is a chemicals company with global operations

- Revenue EUR 2.5 billion (2009)
- Operative EBIT EUR 175 million (2009)
- Operations in 40 countries in ~140 sites

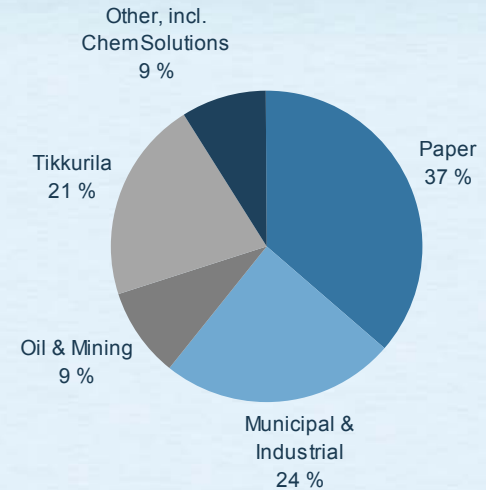
## Focused on serving customers in water-intensive industries

- Paper, Municipal & Industrial, Oil & Mining
- Tikkurila (paints & industrial coatings) to be listed on NASDAQ OMX Helsinki in March 2010

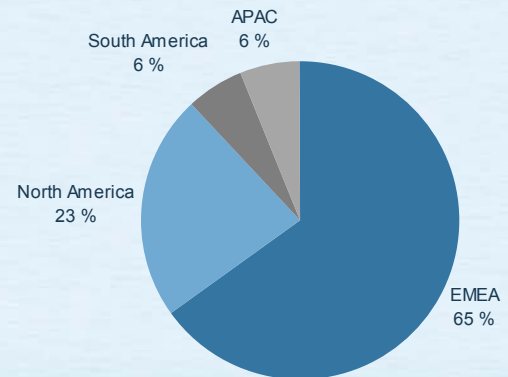
## Seeks for sustainable growth

- Growth from water related applications
- Expansion in selected growth markets
- Continuous investment in R&D

## Revenue by segment



## Revenue by region





Highlights of year 2009

# Targets for 2009 were met

**Announced focus areas in 2009:** improving profitability, reinforcing cash flow and balance sheet

Profit 

- All segments improved operative EBIT margin
- Higher sales prices, lower variable and fixed costs

Cash flow targets exceeded

- EBITDA 
- NWC 
- CAPEX 

Balance sheet strengthened

- Gearing from 107% to 53%



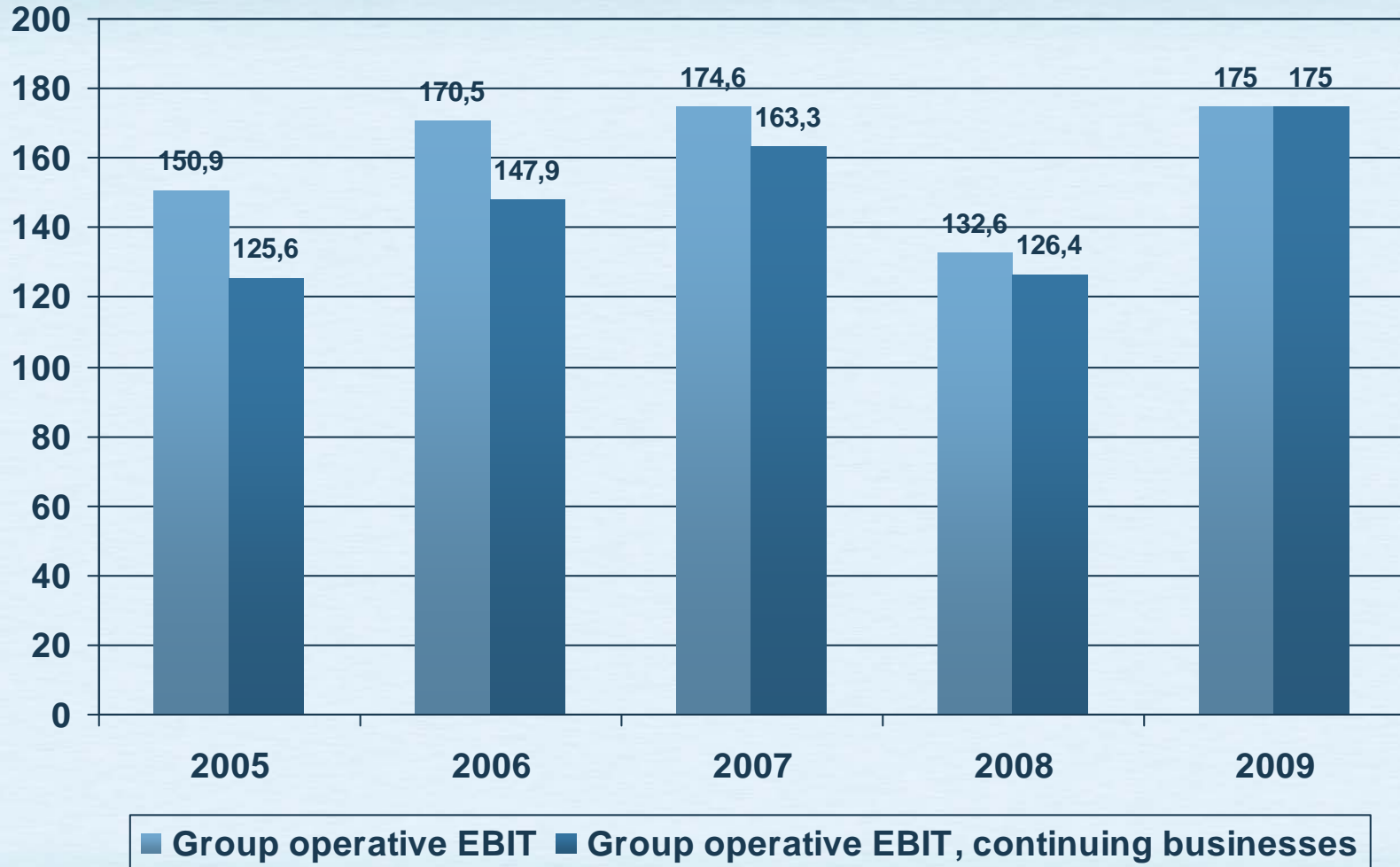
# Operative EBIT increased by 32% in 2009

(EUR million)	2009	2008 continuing*	2008 reported
Revenue	2,500.1	2,685.2	2,832.7
Operative EBIT	175.0	126.4	132.6
Operative EBIT, %	7.0	4.7	4.7
EPS (EUR)**	0.61		-0.01
CapEx excl. acquisitions	82.2		161.0
Cash flow after investments	202.2		2.7
Personnel at the period end	8,493		9,405

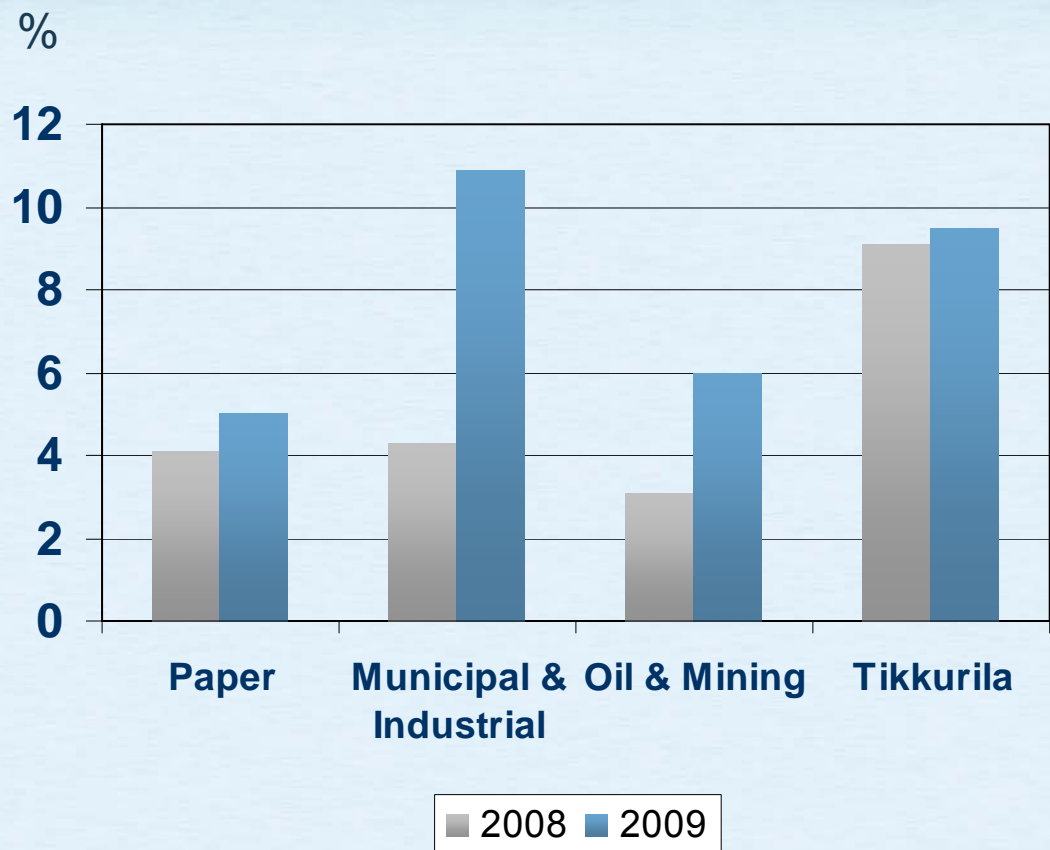
\*In the figures for continuing businesses, the impact of the titanium dioxide business that was transferred to a JV is excluded.

\*\*Historical per share figures have been adjusted with the rights offering

# The best ever operative EBIT

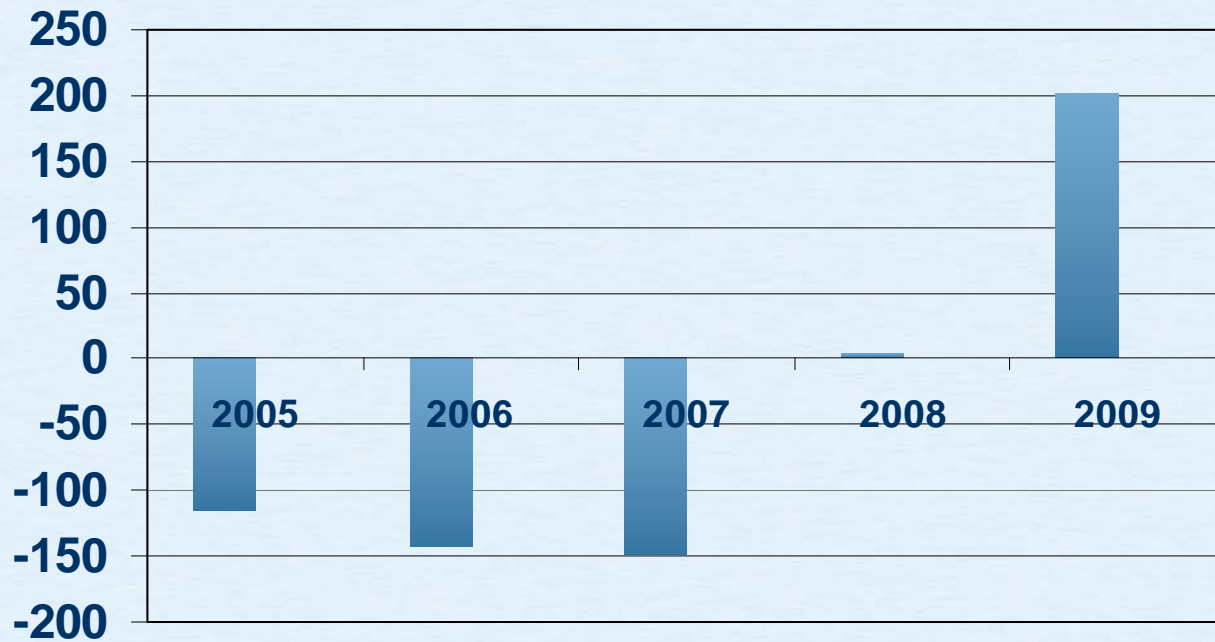


# All segments improved operative EBIT margin 2009 vs. 2008



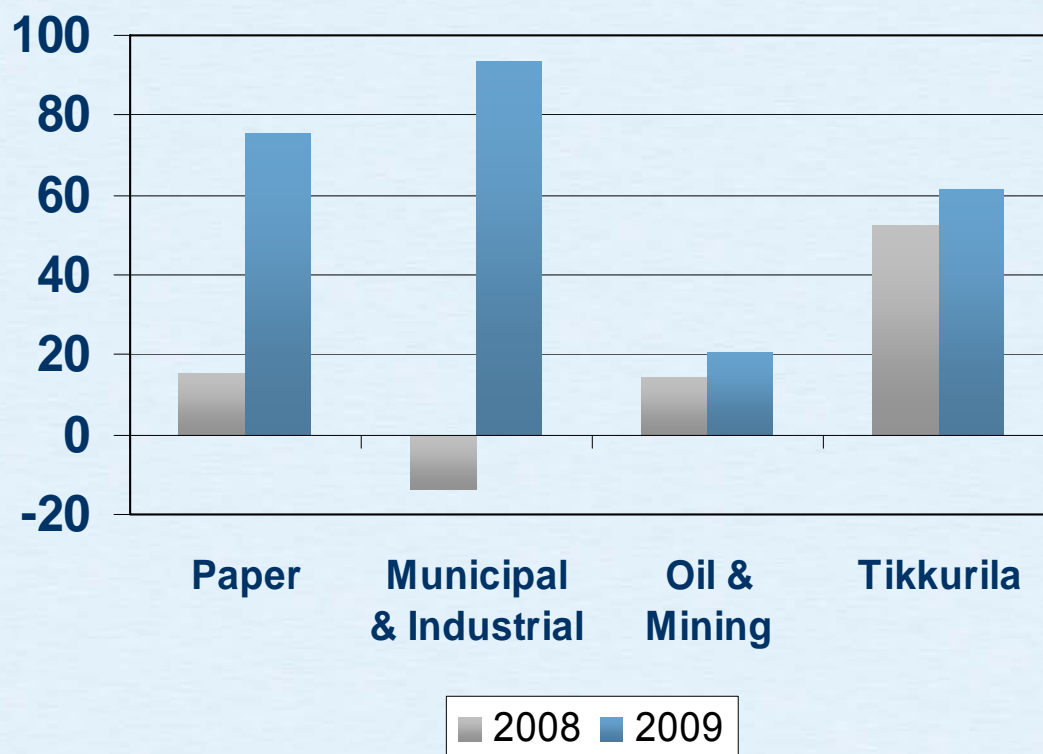
# Significant improvement in cash flow after investments

Cash flow after investments 2005–2009, EUR million



# All segments reported strong cash flow in 2009\*

EUR million



\*Cash flow after investments, excluding interest and taxes

## Gearing halved to 53%, target level 40-80%

Balance sheet strengthened due to very strong cash flow and the rights offering completed in Q4.

No refinancing needs until 2011 when the existing EUR 750 million revolving credit facility will be renegotiated (unused amount Dec 31: EUR 549 million).

(EUR million)	31 Dec 09	31 Dec 08
Net debt	675.6	1,049.1
Equity	1,268.8	976.0
Capital employed*	1,963.3	2,062.8
Net Working Capital	292.8	358.6
Gearing, %	53	107
Equity ratio, %	45	34

\*12-month rolling average



## Highlights of Q4

## Q4/2009: Increased operative EBIT and very strong cash flow

(EUR million)	Q4/2009	Q4/2008	Change
Revenue	594.7	627.6	5%
Operative EBIT	27.8	11.7	138%
Operative EBIT, %	4.7	1.9	
EPS (EUR)*	0.06	-0.52	
CapEx excl. acquisitions	31.7	44.7	
Cash flow after investments	27.1	-63.0	

\*Historical per share figures have been adjusted with the rights offering

# Paper in Q4/2009

## Revenue decreased by 7%

- Demand in the paper industry continued to be weak
- Increasing demand for pulp chemicals

## EBIT EUR 14.6 million (9.8)\*

- Lower costs compensated lower sales volumes

## A 3-year R&D partnership with Metso started

- Kemira to handle the chemical control of Metsos's pilot paper machines



(EUR million)	Q4/09	Q4/08	2009	2008
Revenue	229.6	246.8	906.4	1,003.3
Operative EBIT	14.6	9.8	44.9	41.5
Operative EBIT, %	6.4	4.0	5.0	4.1

\*Excluding non-recurring items

# Municipal & Industrial in Q4/2009

## Comparable revenue at the level of Q4/2008

- Reclassification of customer assignments decreased revenue by EUR 8 million
- Slight increase in delivery volumes, despite weaker demand in some customer industries

## EBIT EUR 12.9 million (6.9)\*

- Lower costs
- Lower average sales prices



(EUR million)	Q4/09	Q4/08	2009	2008
Revenue	140.6	147.0	607.5	583.7
Operative EBIT	12.9	6.9	66.4	25.0
Operative EBIT, %	9.2	4.7	10.9	4.3

# Oil & Mining in Q4/2009

## Comparable revenue declined by 10%

- Reclassification of customer assignments increased revenue by EUR 9 million
- Chemicals demand recovered slightly in oil, gas and metal industries towards year end as prices rose

## EBIT EUR 5.5 million (0.6)\*

- Lower costs

## The decision to shut down the polymer manufacturing site in Columbus was reversed

- The site will focus on customers in the oil and gas industries where demand is expected to increase



(EUR million)	Q4/09	Q4/08	2009	2008
Revenue	69.4	66.6	235.0	275.4
Operative EBIT	5.5	0.6	14.2	8.4
Operative EBIT, %	7.9	0.9	6.0	3.1

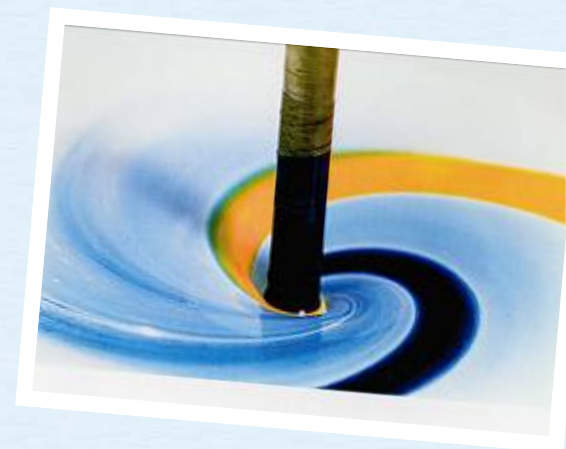
# Tikkurila in Q4/2009

## Revenue declined by 5%, i.e. by EUR 5 million

- Slowdown in new construction and in building material sales continued
- Currency exchange effect EUR -5 million
- Acquisitions EUR +2 million

## EBIT EUR -4.7 million (-12.6)

- Higher average sales prices
- Lower costs
- Currency exchange effect EUR +2 million



(EUR million)	Q4/09	Q4/08	2009	2008
Revenue	98.5	103.5	530.2	648.1
Operative EBIT	-4.7	-12.6	50.1	59.2
Operative EBIT, %	-4.8	-12.2	9.5	9.1

# 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

Demand was good, with good price level and profitability



(EUR million)	Q4/09	Q4/08	2009	2008*
Revenue	77.8	82.0	300.4	267.2
Operative EBIT	-0.5	6.9	-0.6	-7.9

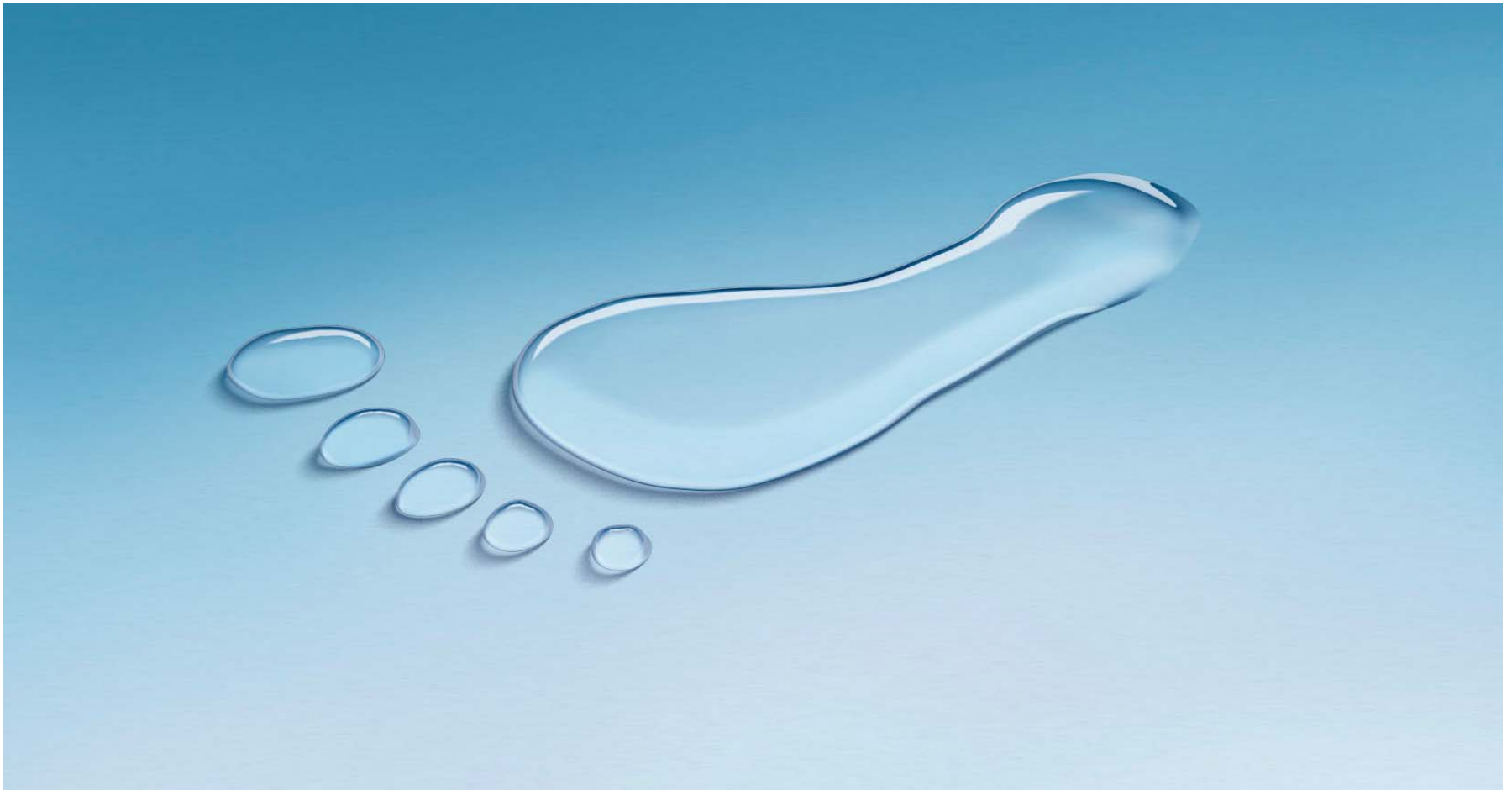
\*Excluding the titanium dioxide business

# Outlook

In 2010, Kemira expects demand to develop favorably as the economic situation improves, even though there's still uncertainty with the development of the demand.

In Q1/2010, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009.





Dividend and listing Tikkurila's shares on NASDAQ  
OMX Helsinki

# Dividend

## Tikkurila Oyj's shares as dividend

- Each 4 Kemira's shares entitle their holder to receive 1 share of Tikkurila Oyj as a dividend
- 86% of Tikkurila's shares to be distributed as dividend
- Kemira will retain a 14% minority holding

## Board proposal for dividend authorization

- Authorizing the Board to decide upon a cash dividend of a maximum of EUR 0.27 per share
- Valid until May 31, 2010



# Separating Tikkurila in brief

## Goal of separating Tikkurila

- To increase shareholder value for Kemira's shareholders

## Transaction structure

- Kemira to distribute 86% of the shares of Tikkurila as dividend to Kemira's shareholders.
- Fractional shares collected and sold in open market by SEB Enskilda and cash consideration paid to shareholders

## Preliminary timetable

- March 16: AGM
- March 19: Record date
- March 26: Shares in shareholders' book-entry accounts, trading commences





Strategy

Vision: A leading water chemistry company

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# Vision | A leading water chemistry company

Focus on water-intensive industries

Growth from water related applications

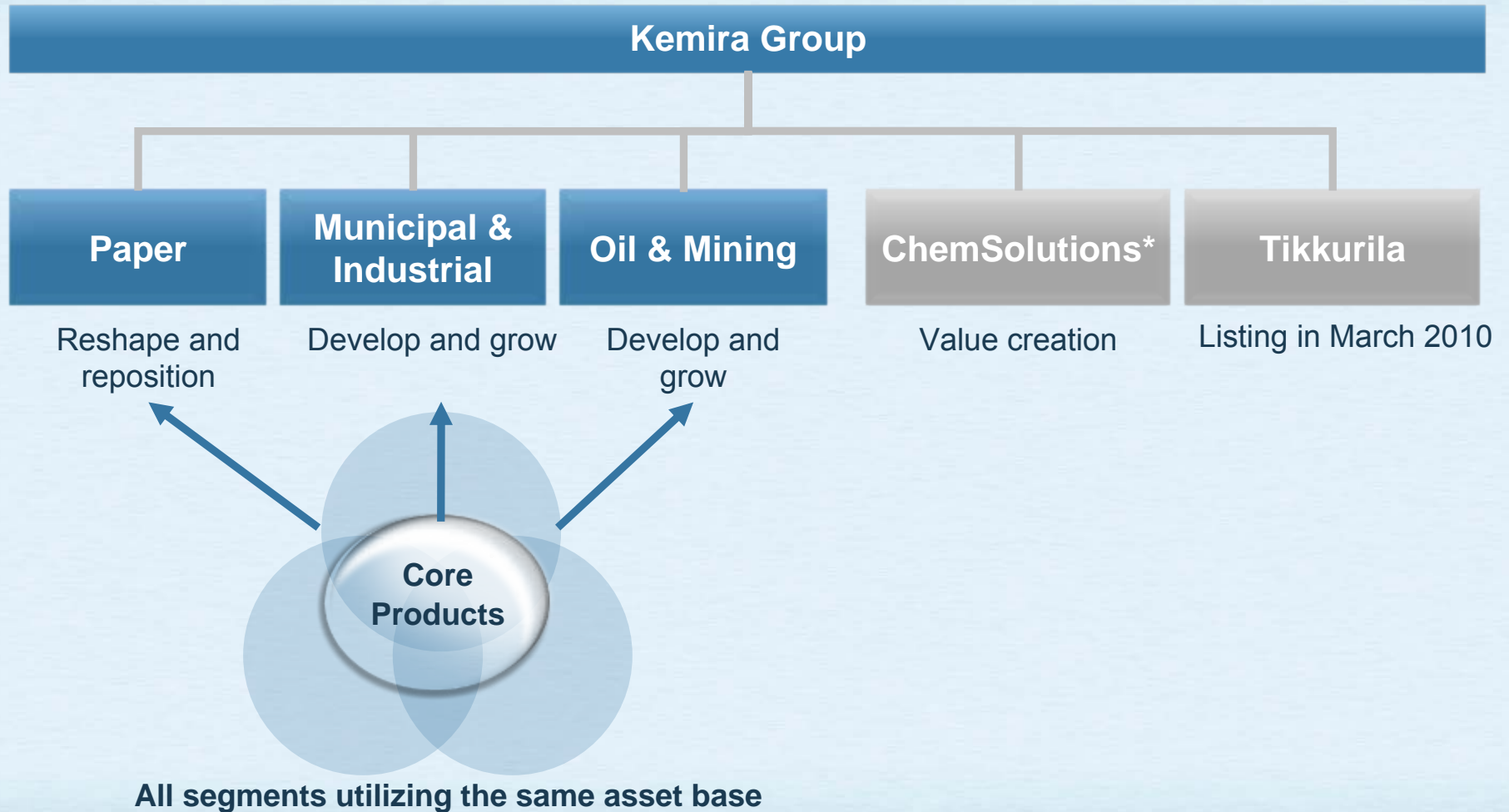
Expansion in selected growth markets

Continuous investments in research and development



# Focus on water-intensive customer industries

Water quality and quantity management (WQQM) for water-intensive industries



\*Reported under segment Other

# Financial targets

Cash flow after investments and dividend payments: positive

Gearing: comfort zone of 40–80%

EBIT, % of revenue > 10%

ROCE %: continuous improvement

Organic revenue growth > 5% annually



# Growth from water related applications

## Focus on organic growth

### New products for current markets

#### Improving customers' energy, water, and process efficiency

- Biodegradable biocides and disinfection, scale prevention, defoamers, odor control, biogas production enhancers, nutrients recovery from sludge, etc.

### Applications of current products for new customer industries

- Desalination
- Biomass energy, biofuels

### Acquisitions

- Strengthening the market positions
- Technology and/or competence

### Expansion in selected growth markets



# Focus in 2010

Improving profitability

Reinforcing positive cash flow

Moving to the next phase: profitable growth





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