

SBU Pulp Chemicals

Jarmo Savolainen
VP, SBU Pulp Chemicals

Capital Markets Day
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**SBU Pulp Chemicals Strategy
Vision Statement**



**The preferred choice for global
pulp chemicals customers**

SBU Pulp Chemicals Strategy Key Elements

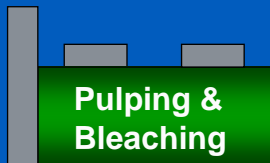


- Follow the pulp capacity to the high growth areas
- Utilizing the total pulp chemical package
- Innovate, research and develop new solutions – from products to chemical solutions
- Focused R&D and committed technical service function
- Utilizing internal synergies towards world class efficiency in all operations

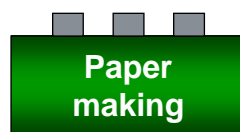
3

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SBU Pulp Chemicals Product Offering Today



- **Pulping**
 - Sodium Hydroxide (Caustic Soda)
 - Sulfuric Acid
 - Defoamers
 - Deposit Control Agents
- **Bleaching**
 - Sodium Chlorate
 - Chlorine Dioxide
 - Hydrogen Peroxide
 - Dithionite
 - Sulfuric Acid
 - Sulfur Dioxide
 - Peracetic Acid
 - Additives



- **Process Chemicals**
 - Retention Chemicals
 - Deposit Control Agents
 - Defoamers
 - Water Treatment Chemicals
 - Deinking Chemicals
- **Functional Chemicals**
 - Sizing Chemicals
 - Wet & Dry Strength Chem.
 - Fluorescent Whitening Agents
 - Colorants
- **Fillers**
 - Calcium Sulfate
 - Titanium Dioxide



- **Coating Pigments**
 - Calcium Sulfate
 - Titanium Dioxide
- **Additives**
 - Dispersants
 - Preservatives
 - Colorants
 - FWA's

4

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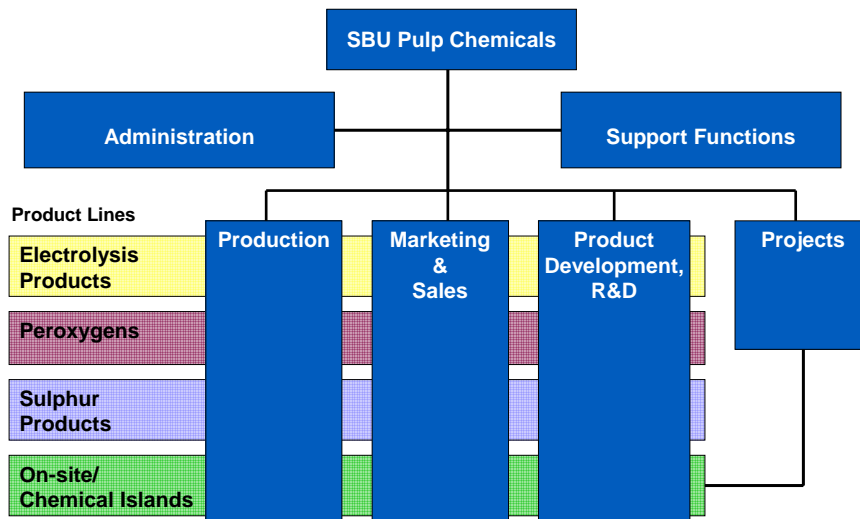
SBU Pulp Chemicals Analysis of Product Portfolio

	Electrolysis Products	Peroxygens	Sulphur Products	On site/ Chemical Islands
Mill vs. Corporate decision-making	20/80	30/70	20/80	10/90
Customer value appreciation	Supply security Bleaching expertise Cost efficiency		Supply security Safe handling	Complete solutions Outsourcing
After-sales service need	Moderate	Moderate +	Moderate	High
Value in Service vs. Product	20/80	30/70	20/80	50/50
Logistic sensitivity	Chlorate – Low/Med Dioxide – on site	Peroxide – Med PAA – High	High	On site – low imports – high
Strategic focus	Nordic & NA – profits Others – growth			Emerging–growth Others – maintain

5

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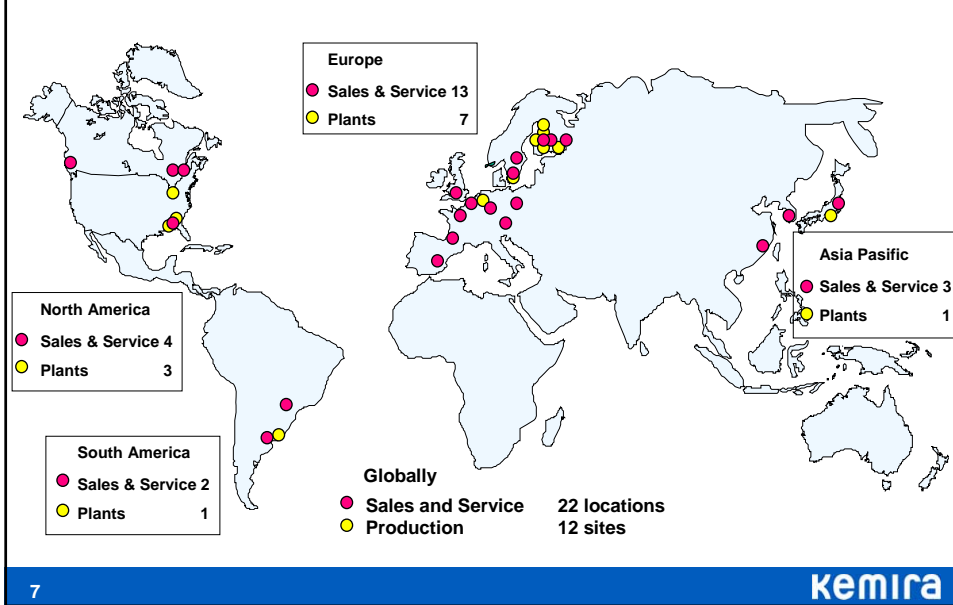
SBU Pulp Chemicals Structure and New Operating Model



6

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SBU Pulp Chemicals Global Coverage



SBU Pulp Chemicals Sales & Personnel by Region

PPC Revenue Meur 2005 Pro Forma	Pulp Chemicals	
	Revenue	Personnel
Europe	350	663
N-A	80	145
S-A	10	15
Asia	20	55
Total	460	878

8

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SBU Pulp Chemicals Key Customers

BOTNIA



NIPPON PAPER GROUP

STORAENSO



m·real



SÖDRA

INTERNATIONAL PAPER

We serve world class pulp producers globally
#1 pulp chemical supplier

9

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SBU Pulp Chemicals Business Drivers

Pulp production increases, growth
2,7 % / a



Consolidate in mature markets.
Invest for growth in emerging
markets

High yield plantation forests



Go for new capacity
established in South America

Surplus power of remote pulp mills



Capitalized through Chemical
Islands

More recycled fibre as raw material
Less fresh water used in process



More complicated chemistry.
Chemistry management through
application know-how

Pulp & Paper industry faced with
profitability challenges



Potential captured with new business
concepts e.g. outsourcing

10

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SBU Pulp Chemicals Market Position by Product Group

	Market size 2005, M€	Growth Rate % 2005-2015	Kemira Market Position	Market share % value (M€)	
Electrolysis Products	3000	2.0	#4	7.6%	230
Peroxygens	1400	4.0	#5	10%	140
Sulphur Products	350	1.0	n.a.	n.a.	90
Total	6700	2.8	#1	7%	460

11

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SBU Pulp Chemicals Main Competitors

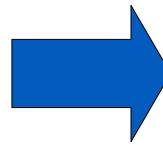
	Position in Pulp Chemicals	Revenue Pulp Chemicals
Kemira	strong	460
EKA	strong	438
Erco	medium	250
Canexus	medium	230
Degussa	small	190
Solvay	small	180
5 biggest co's	25 %	25%

12

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SBU Pulp Chemicals Summary

- Pulp production increases, strong growth in South-America and Asia
- Complete product portfolio including unique products and best in class technologies (e.g. Bleaching Additives)
- Expertise through focused R&D and committed people
- Growth in on-site operations (e.g. Chemical Islands) and RCF-applications
- Fragmented market giving opportunities for consolidation



Grow faster than
market on average

13

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