

Kemira Continues Strong Growth

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Contents

- Q1 Group Highlights
- Q1 Business Area Highlights
- Growth Continues

Q1 Group Highlights

Strong Growth Continues

- Revenue up 37%
 - Organic growth 11%
 - Acquisitions 26% / EUR 105 million
 - Finnish Chemicals
 - Verdugt
 - Kraski Teks

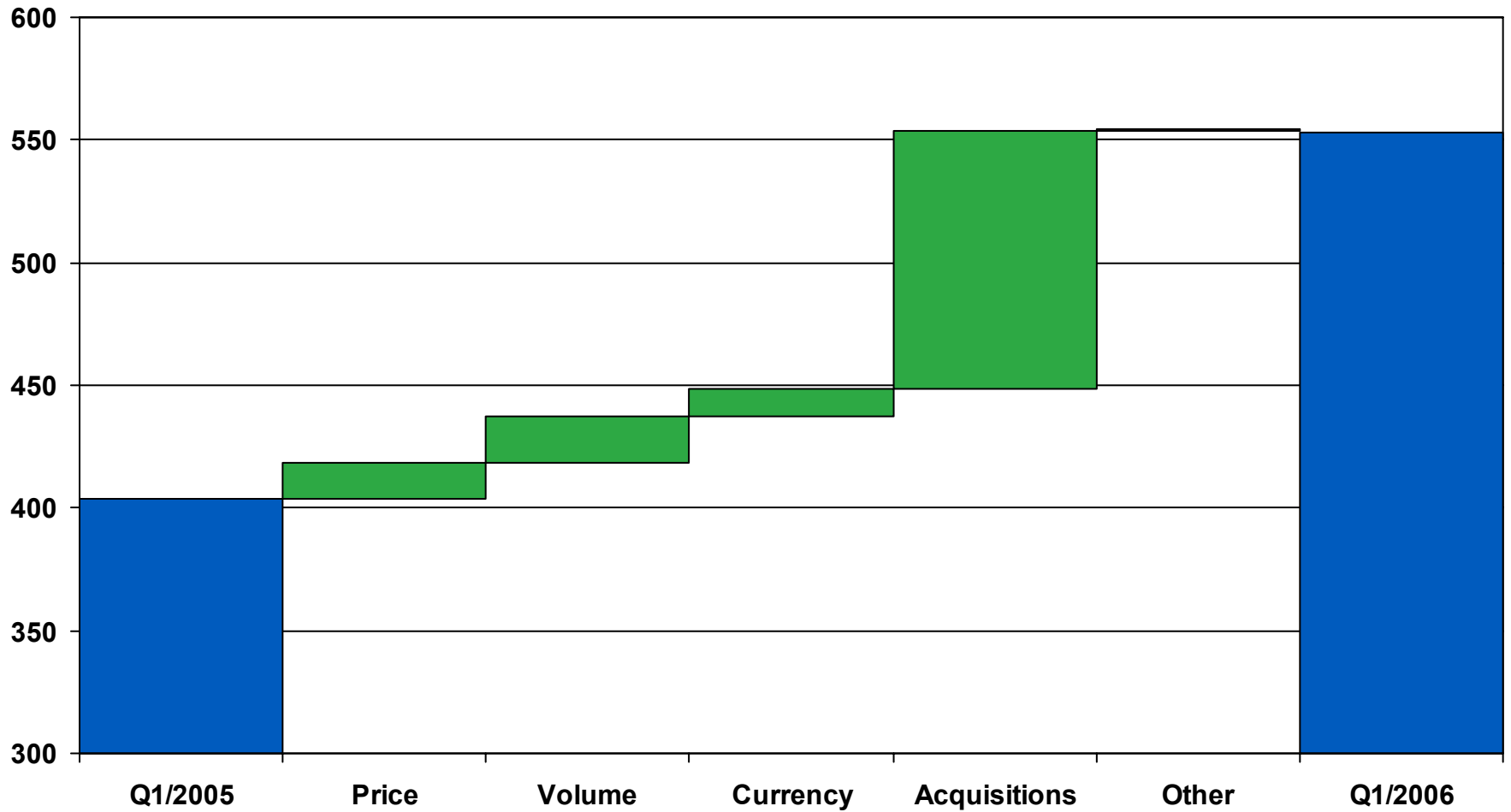
- EPS up 40%
 - Continuous improvement of performance and efficiency
 - Increases in raw material and energy prices were for a large part passed on into selling prices

Growth Boosted by Acquisitions

	Q1/06	Q1/05	Change	Organic growth
Revenue (MEUR)	552.9	403.7	37%	11%
EBIT (MEUR)	45.5	30.3	50%	
EBIT, %	8.2	7.5		
EPS (EUR)	0.21	0.15	40%	
ROCE, %	9.9	9.4		
Cash flow after CapEx, excl. acquisitions (MEUR)	-41.5	-43.5		

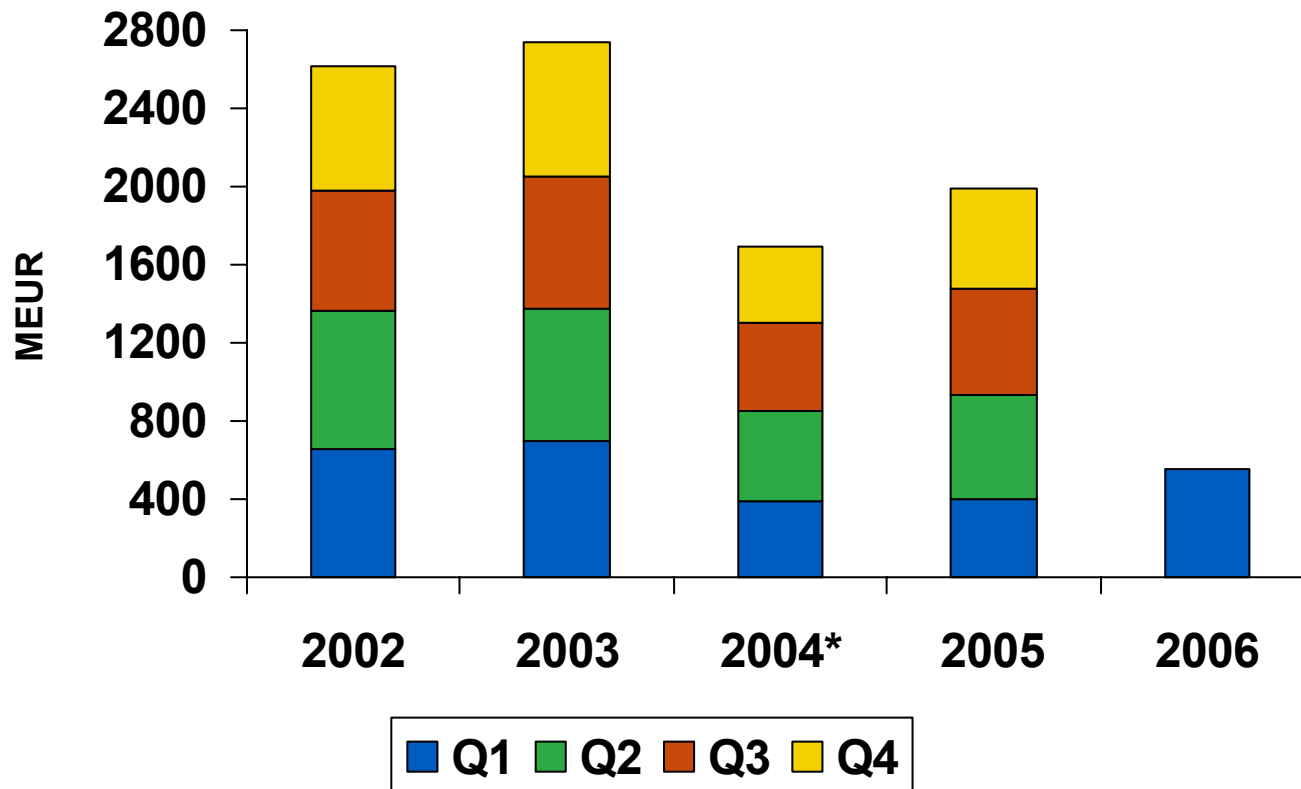
Revenue up 37%

MEUR



Revenue Development 2002-2006

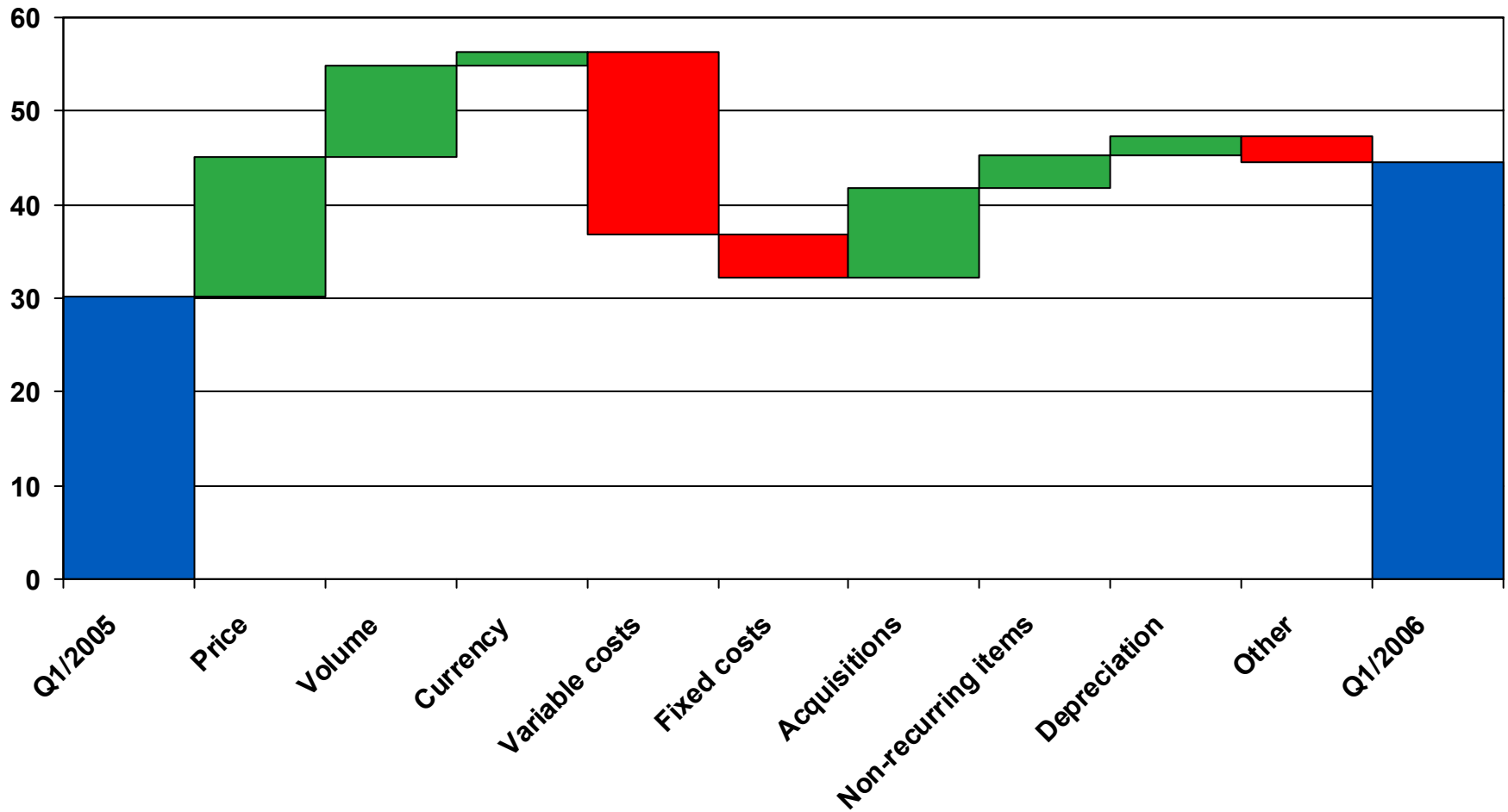
Q1/2006: 552.9 MEUR, +37%
(Q1/2005: 403.7 MEUR)



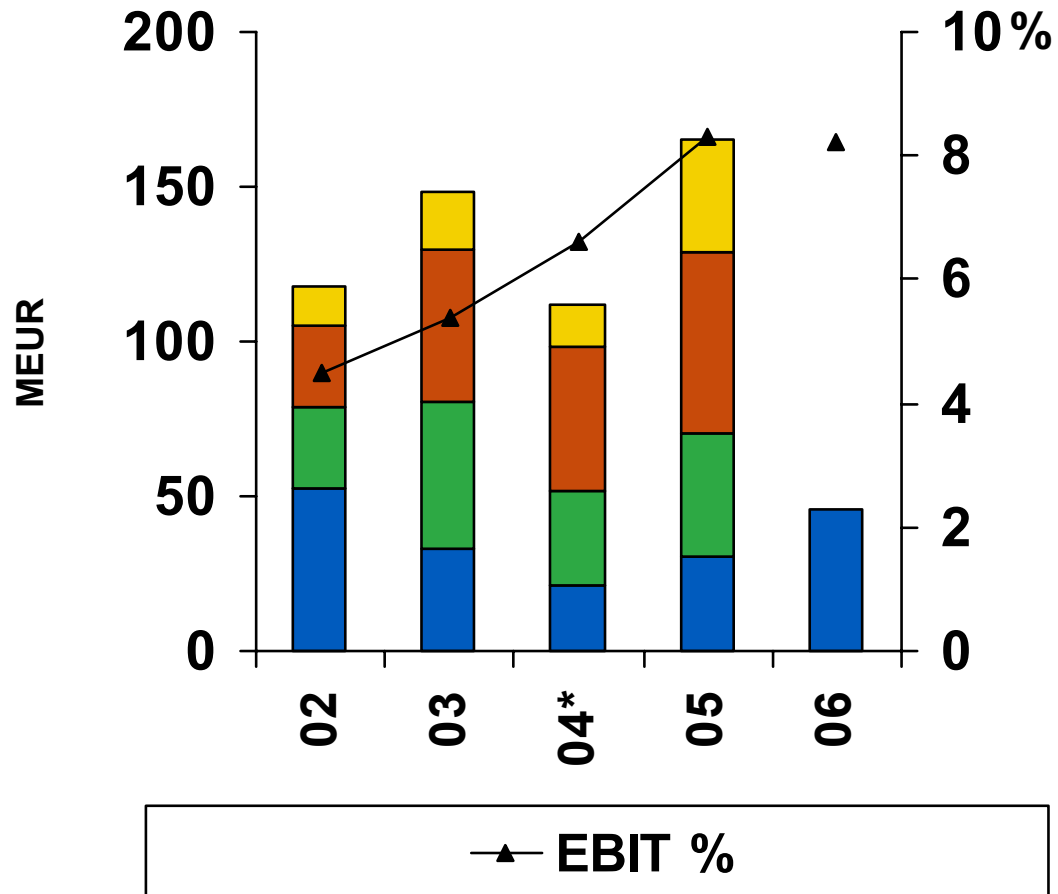
*Continuing operations

EBIT up 50%

MEUR



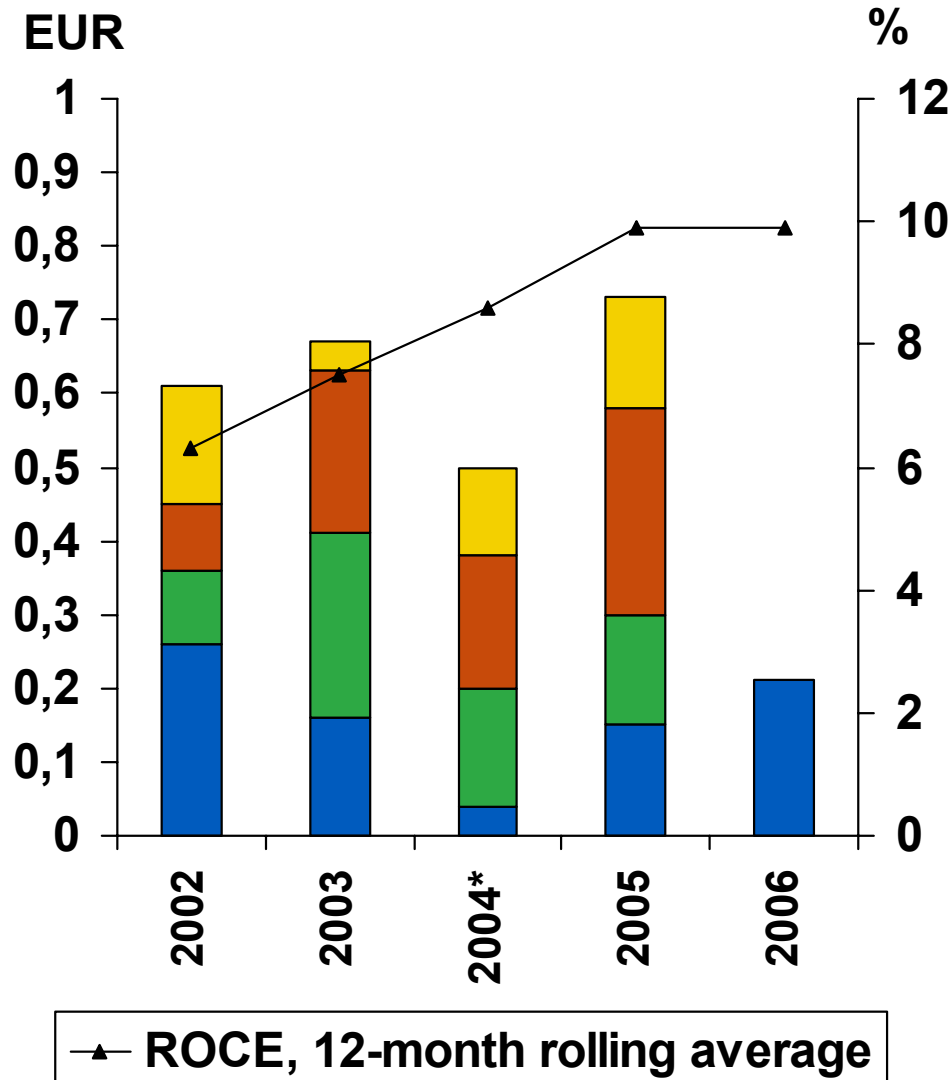
EBIT by Quarter



*Continuing operations
Excluding a write-down of 78 MEUR in Q4/02

EPS by Quarter

ROCE



* Continuing operations excluding a non-recurring charge of 44.2 MEUR in Q4/04. Q4/02 excludes a write-down of 78 MEUR.

Balance Sheet

MEUR	31 Mar 06	31 Dec 05
Net debt	690.6	619.7
Equity	1,057.6	1,019.2
Equity ratio, %	42	44
Gearing, %	65	61
Capital employed (MEUR)	1,818.8	1,766.2
Personnel	8,734	7,670

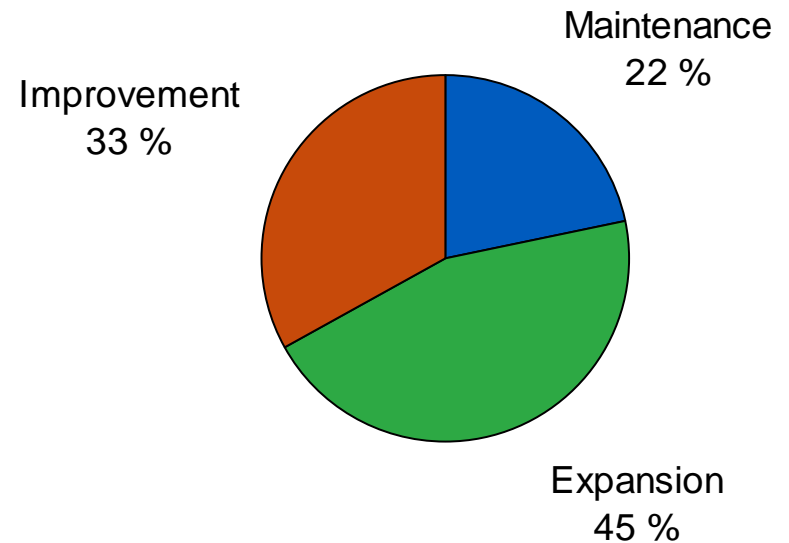
Cash Flows in Q1

MEUR	Q1/06	Q1/05
Cash flows from operations	-20.3	-26.0
Acquisitions	-30.3	0
CapEx excl. acquisitions	-27.2	-20.3
Sale of fixed assets	6.0	2.8
Cash flows from investing activities	-51.5	-17.5
Free cash flow	-71.8	-43.5

CapEx Excluding Acquisitions

CapEx in Q1/06: **27.2 MEUR**
(Q1/05: 20.3)

Depreciation in Q1/06: **29.4 MEUR**
(Q1/05: 26.7)



Developing Procurement & Logistics 2006

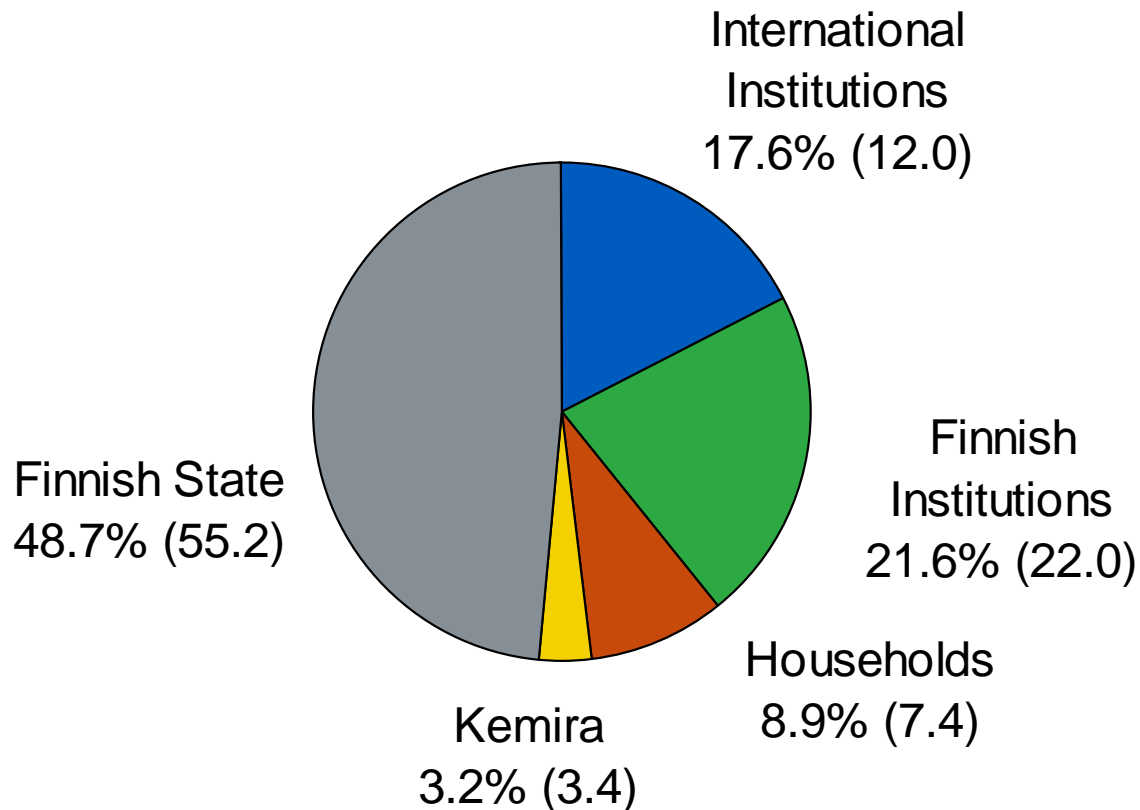
- Efficient competence development and optimized resourcing
 - >10 new sourcing professionals in BAs
 - Major competence development

- Harmonization of global sourcing, procurement and logistics processes
 - One unified sourcing and procurement process enabling:
 - Supplier management and development
 - Continuous internal process efficiency improvement

- Purchase power maximization
 - Utilizing synergies across BAs by combining common materials and services
 - Reducing net working capital through increased payment terms and inventory reduction

Shareholders 28 April 2006

(29 April 2005)



Minimum state ownership 15%

Shareholder Value



Q1 Business Area Highlights

Pulp & Paper Chemicals in Q1

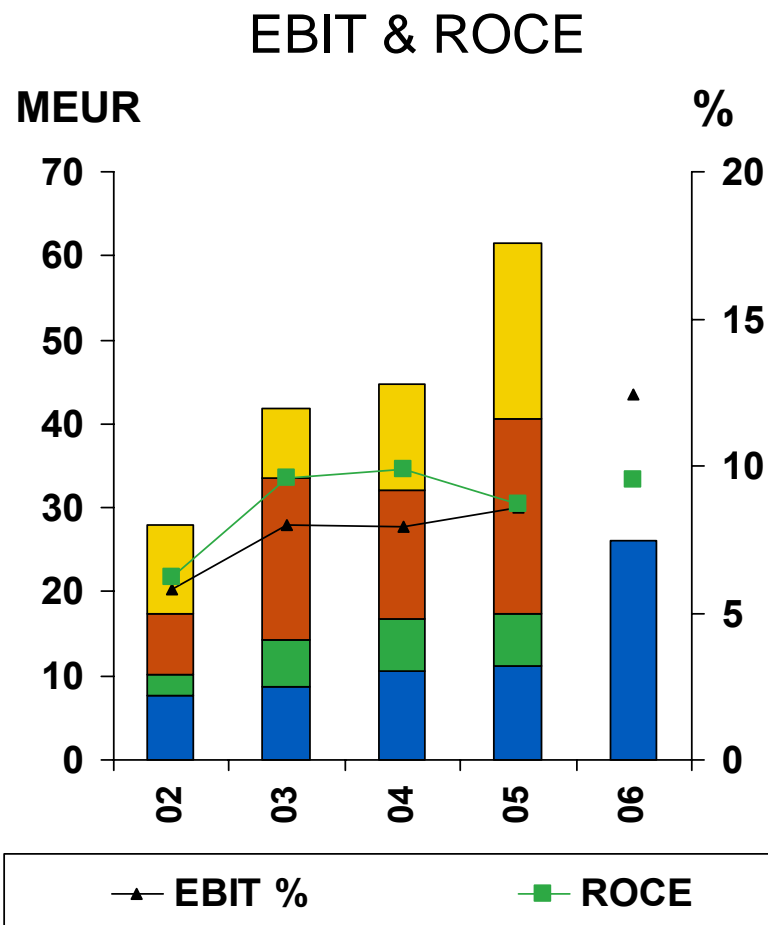
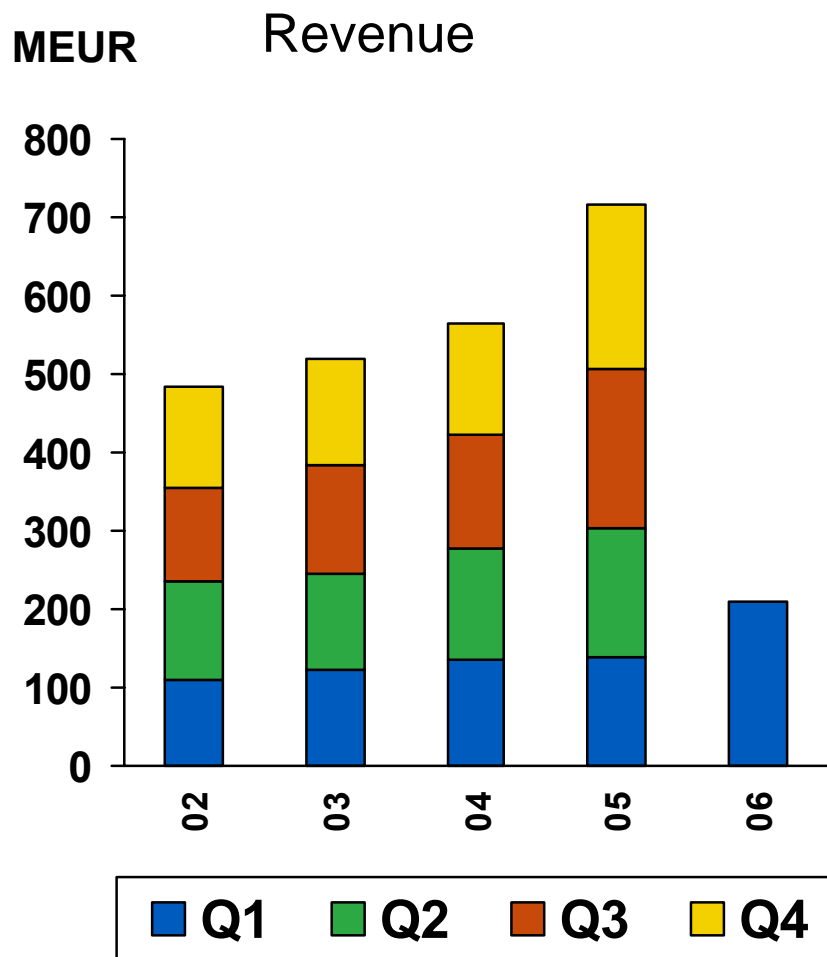
- Revenue up by 52% to 209.5 MEUR
 - Organic growth 8%
 - Acquisition of Finnish Chemicals

- EBIT up by 132% to 26.0 MEUR, ROCE 9.5% (10.2%)
 - Efficiency measures
 - High capacity utilization rates within the customer industry
 - One-time income of 4.1 MEUR (-2.0 MEUR)

- Raw material prices rose slightly from Q4/05

	Q1/06	Q1/05	Ch%	2005
Revenue, MEUR	209.5	137.7	52	715.3
EBIT, MEUR	26.0	11.2	132	61.5
EBIT, %	12.4	8.1		8.6

Pulp & Paper Chemicals



The figures are not fully comparable.

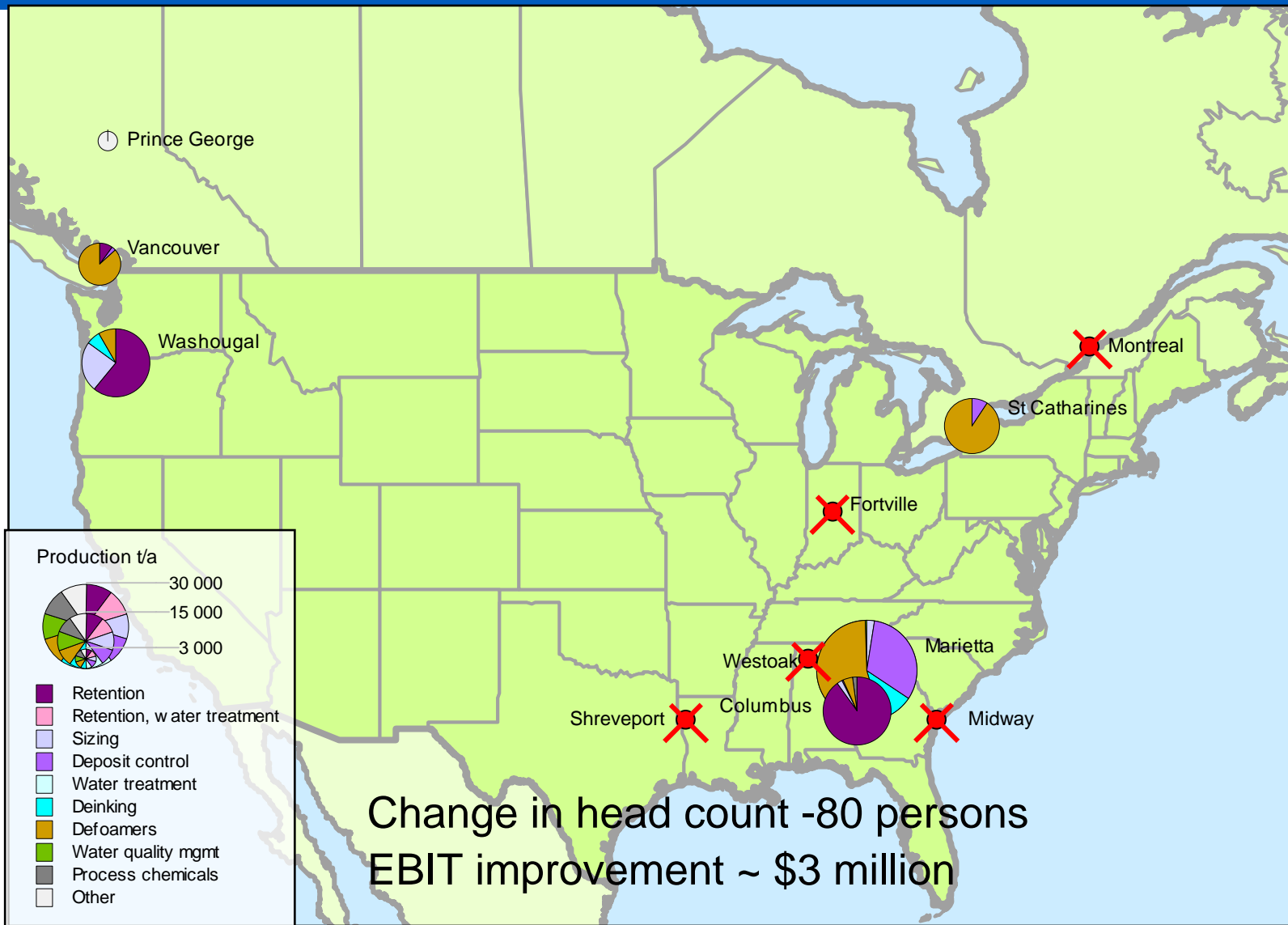
Integration of Lanxess Paper Chemicals

- Closing: April 1
- 357 employees in 19 countries
- The business has been taken over into Kemira ERP systems and infrastructure
- The global integration process is run by integration teams representing all business functions and locations
- Full time Integration Team Head
- Common working groups are analyzing the combined business and preparing actions to be carried out by the local organisations
- Internal and customer communication is emphasized for smooth integration

Lanxess Paper Chemicals - Synergy Capture

- Great emphasis is put on synergy capture as the acquired business has been loss-making
- Synergies and cost benefits of EUR 20 million/a expected in 3 years' time
- Major opportunities for synergies are found in
 - Cross-selling based on combined stronger market presence
 - Broader product portfolio and new technologies
 - Combined lean business organization
 - Heavy overhead cost allocation gone
 - Higher utilization of plants through in-house production
 - Cost dilution with bigger sales
 - Consolidation of some locations
 - Strict working capital management

Restructuring PPC Production Network in North America



Pulp & Paper Chemicals' Outlook

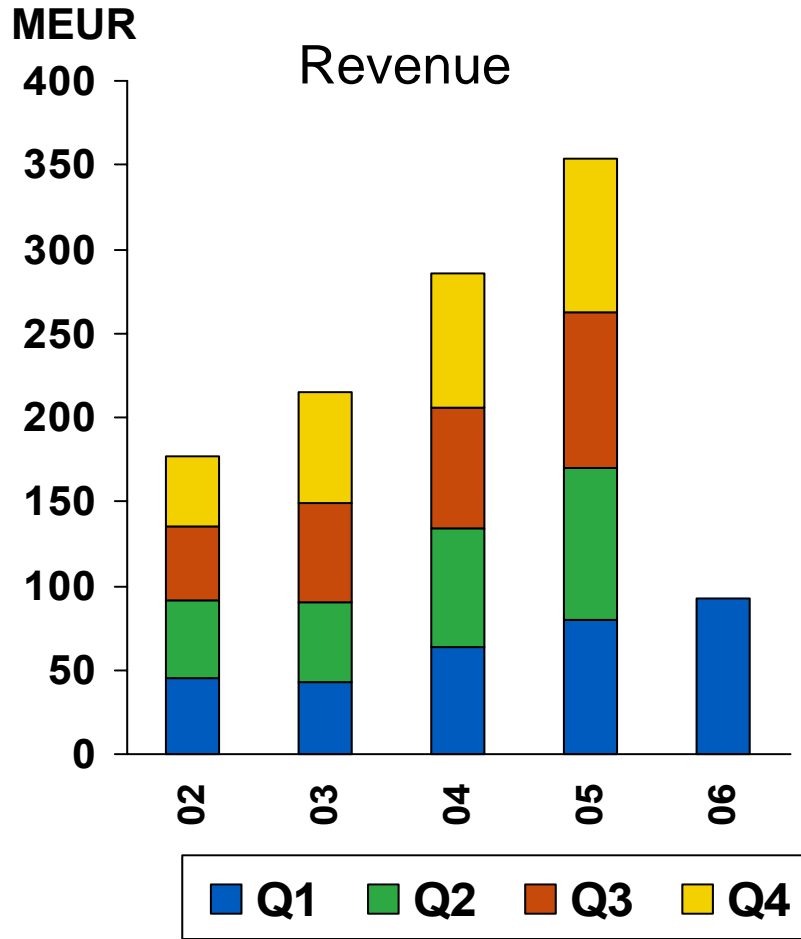
- Revenue for 2006 expected to increase on 2005
 - Capacity utilization rates within the customer industry
 - Acquisitions of Finnish Chemicals and Lanxess paper chemicals
- EBIT expected to increase
 - Restructuring
 - Acquisition of Finnish Chemicals
 - High levels of raw material and energy prices will continue to challenge profit performance
 - The acquisition of the Lanxess paper chemicals business will squeeze the business area's earnings for 2006 because of the acquiree's loss-making operations and integration costs

Kemwater in Q1

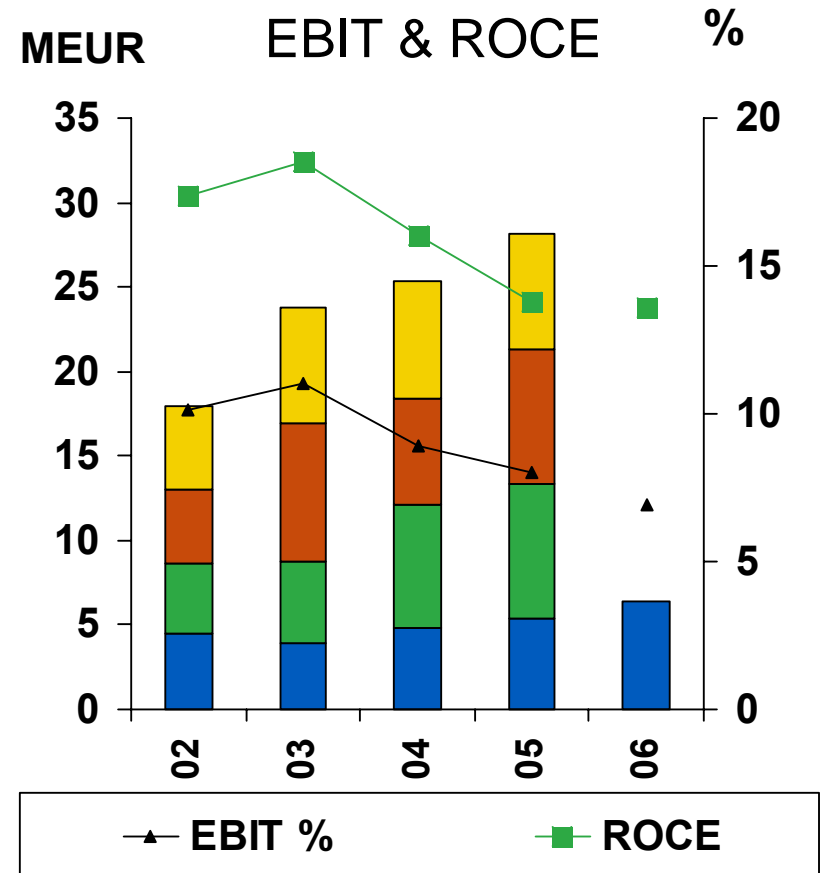
- Revenue up by 16% to 92.3 MEUR
 - All growth organic
 - Performance strong in North America
- EBIT up by 19% to 6.4 MEUR, ROCE 13.6% (14.6%)
 - Higher raw material costs especially in North America
 - Higher transport costs in the US

	Q1/06	Q1/05	Ch%	2005
Revenue, MEUR	92.3	79.6	16	353.2
EBIT, MEUR	6.4	5.4	19	28.2
EBIT, %	6.9	6.8		8.0

Kemwater



The figures are not fully comparable.



Q4/04 excluding extra write-downs and costs of 11 MEUR.

Kemwater's Outlook

- Revenue and EBIT for 2006 expected to increase from 2005 levels
- Demand for Kemwater's water treatment chemicals expected to remain on a good level
- Particular attention devoted to expanding new businesses, i.e. sludge treatment and outsourcing services for industry
- The high prices of hydrochloric acid, chlorine and aluminum hydrate will put pressure on business profitability

Performance Chemicals in Q1

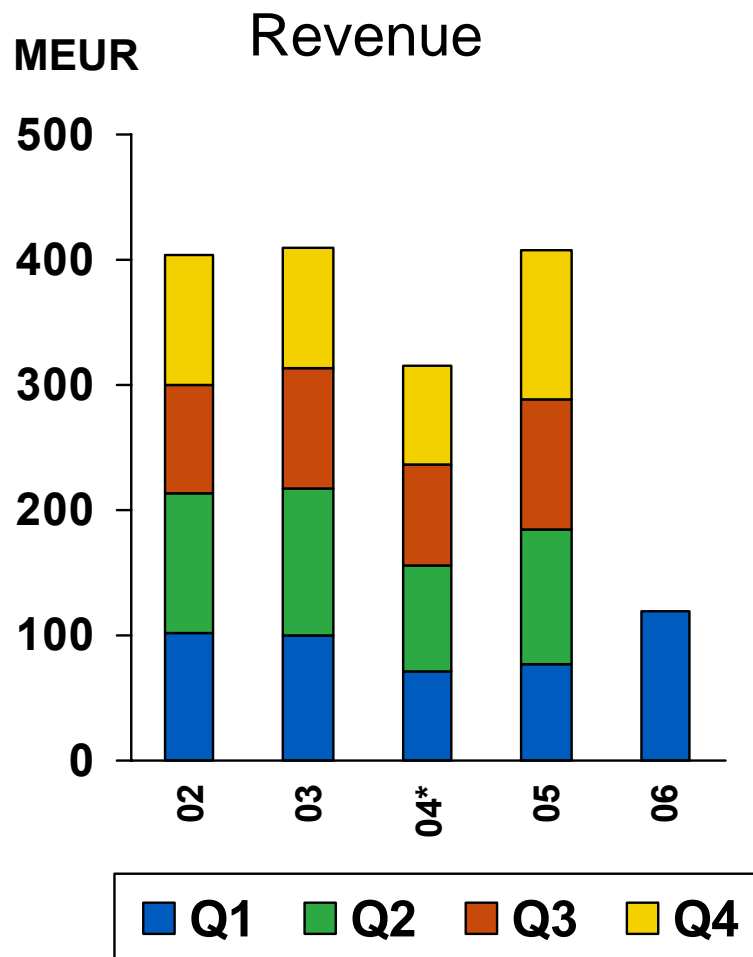
- Revenue up by 56% to 118.6 MEUR
 - Organic growth 10%
 - Average prices of TiO₂ in euros up 4%, volumes up 7%
 - Specialty TiO₂ products' share of sales up
 - Acquisition of Verdugt

- EBIT up by 33% to 11.3 MEUR, ROCE 10.5% (12.4%)
 - Higher energy costs
 - Measures to increase Verdugt's efficiency are moving ahead

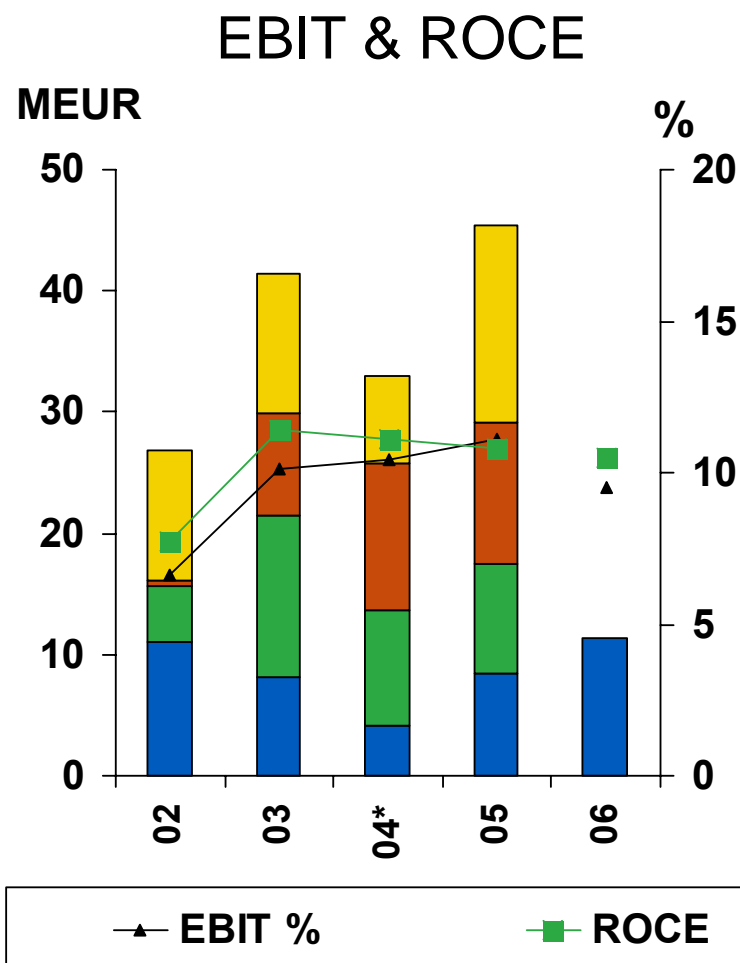
- Acquisition of IFAC in April

	Q1/06	Q1/05	Ch%	2005
Revenue, MEUR	118.6	76.0	56	408.4
EBIT, MEUR	11.3	8.5	33	45.4
EBIT, %	9.5	11.2		11.1

Performance Chemicals



The figures are not fully comparable.



*Continuing operations

Performance Chemicals' Outlook

- Revenue and EBIT expected to increase on 2005
 - TiO₂ prices projected to be higher
 - Demand for TiO₂ expected to remain steady or edge up slightly
 - Specialty pigments anticipated to increase their share of TiO₂ sales
 - High prices of raw materials and energy in particular will present challenges to margin development
 - Sales of organic acids and their derivatives as well as sodium percarbonate used in detergents are anticipated to develop favorably
 - The prices of formic acid products are estimated to rise

Paints & Coatings in Q1

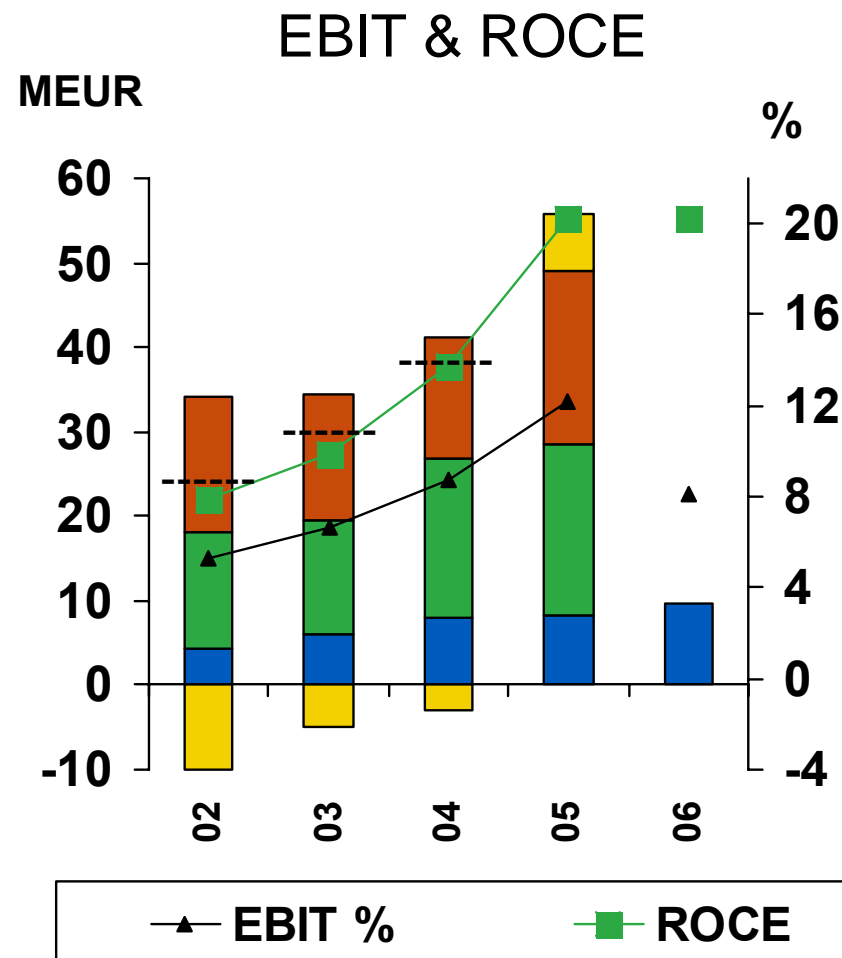
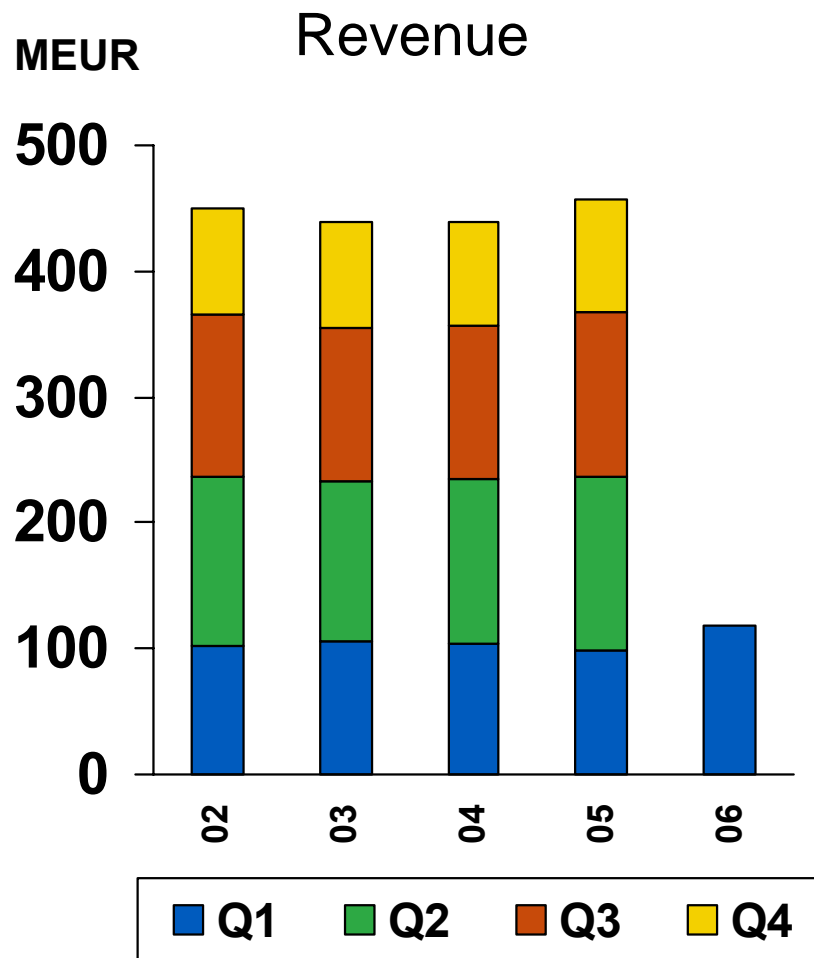
- Revenue up 20% to 118.6 MEUR
 - Organic growth +8%
 - Good demand especially for decorative paints in most of the main markets
 - Growth in Russia continued

- EBIT up by 14% to 9.6 MEUR, ROCE 20.2% (14.1%)
 - Previous restructuring
 - High raw material prices

- Acquisition of Kraski Teks closed February 3

	Q1/06	Q1/05	Ch%	2005
Revenue, MEUR	118.6	99.1	20	457.5
EBIT, MEUR	9.6	8.4	14	55.9
EBIT, %	8.1	8.5		12.2

Paints & Coatings



Paints & Coatings' Outlook

- Paints & Coatings expected to generate higher revenue for 2006
 - Demand at a good level in all market areas
- EBIT projected to grow (excluding EUR 9.5 million in non-recurring income included in operating profit for 2005)
- The acquisition in Russia of Kraski Teks will boost the business area's revenue and operating profit

Outlook for 2006 – Kemira Group

- Kemira Group's growth is expected to continue strongly during Q2
 - Organic growth
 - Acquisitions of Lanxess and Kraski Teks
- Raw material and energy prices are projected to remain high, putting pressure on business profitability
- Kemira's revenue, EBIT and EPS for 2006 are expected to increase from 2005 levels

All forward-looking statements in this report are based on the management's present expectations and beliefs about future events, and the actual results may differ materially from the expectations and beliefs contained in the forward-looking statements.

Kemira

Growth Continues

Goal

A **global** group of **leading** chemicals businesses with **unique** positions and high mutual **synergy**

- Great **profitability**, continuous improvement
- Continuous **growth**: organic and through M&A
- Participative, entrepreneurial company **culture**

→ **More ambition, more dynamics**

Opportunities for Improved Profitability

- Streamlining the production network
- Professional attitude towards customers and suppliers
- Economies of scale, utilizing the leading position
- Internal synergies to use
- New Sales Ratio up
- Idle / low productive capital out

→ **World class internal efficiency**

Opportunities for Growth

- Organic growth
 - Extended sales
 - New products
- Opportunity 5% / year
- Mergers and acquisitions

Opportunities within the Business Areas

Pulp & Paper Chemicals

- Implementing consolidation in selected areas
- Efficiency programs
- Global market **EUR 20 billion**, growth **700 MEUR/a**

Performance Chemicals

- Applications
- Customer orientation
- Global niche market **EUR 1.4 billion**, growth **100 MEUR/a**

Kemwater

- Implement coagulant strategy with more speed
- Widen the product portfolio
- Global target market **EUR 8 billion**, growth **600 MEUR/a**

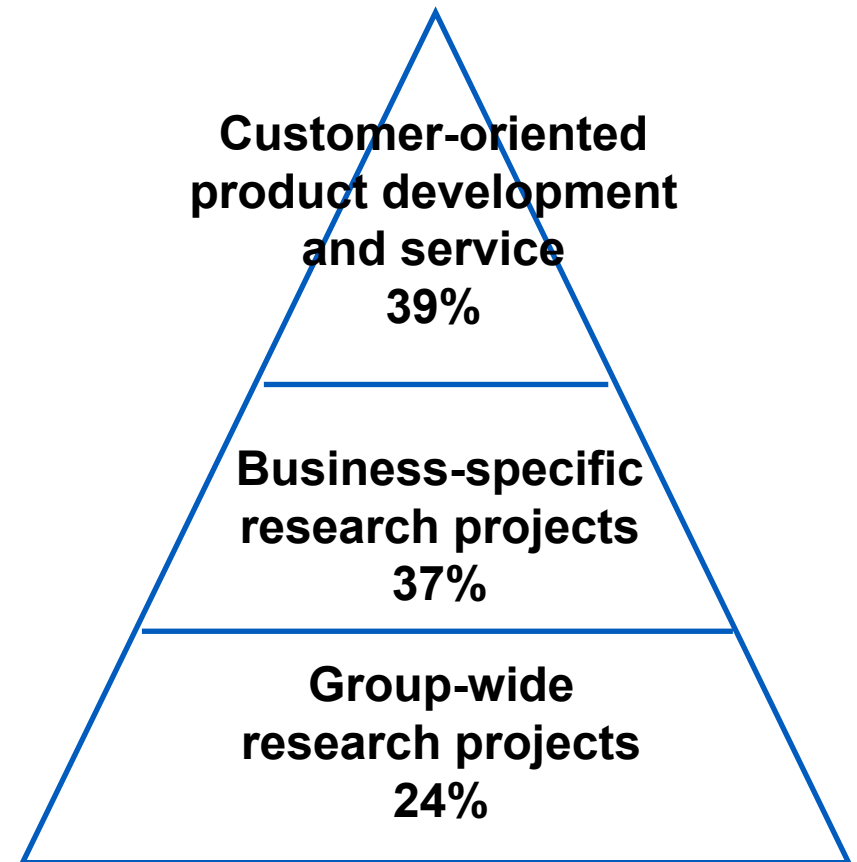
Paints & Coatings

- Eastern Europe
- Geographical target market **EUR 4 billion**, growth **250 MEUR/a**

Research & Development

- Total spend 2.2% of revenue
 - Varies between BAs and SBUs
- New sales ratio ~ 20%
- R&D personnel ~ 650
- Co-operation with universities and research institutes

R&D expenditure breakdown in 2005:



Kemira from Good to Great

Operational
Efficiency
&
Strategy

All our actions lead towards World Class Operational Efficiency.

Our strategy is unique, sharp and clear.

Our work is based on our strategy every day.

Culture

We have a strong, participative and entrepreneurial culture.

We create it through an open dialogue.

Everyone can influence their work and get rewarded for good performance.

People enjoy their work at Kemira.

Brand

We are regarded as the leading expert in chemical solutions.

The strong brand increases our competitiveness.

Brand Promises:

- Reliable
- Cooperative
- Responsible
- Proactive

Just add

Kemira