

Kemira's Growth Continues

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Q2 Group Highlights

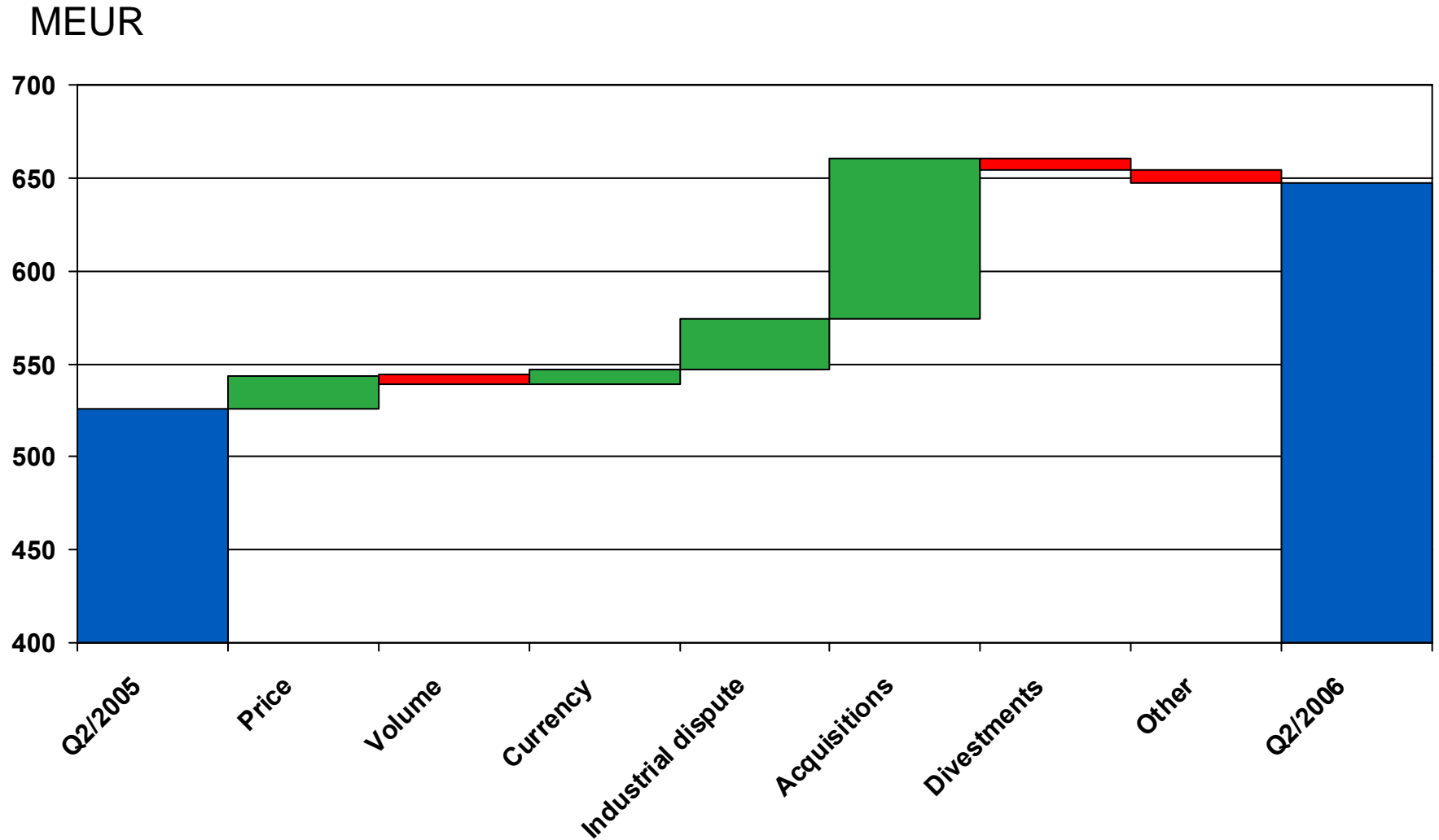
Growth Continues

- Q2 revenue up 23%
 - Organic growth 8%
 - Acquisitions EUR 86 million
 - Kraski Tekes
 - Lanxess paper chemicals
- H1 revenue up 29%
- EPS up 73% in Q2
 - Overall, increases in raw material and energy prices were passed on into selling prices
- Kemira's structural change and related projects continued, increasing fixed costs

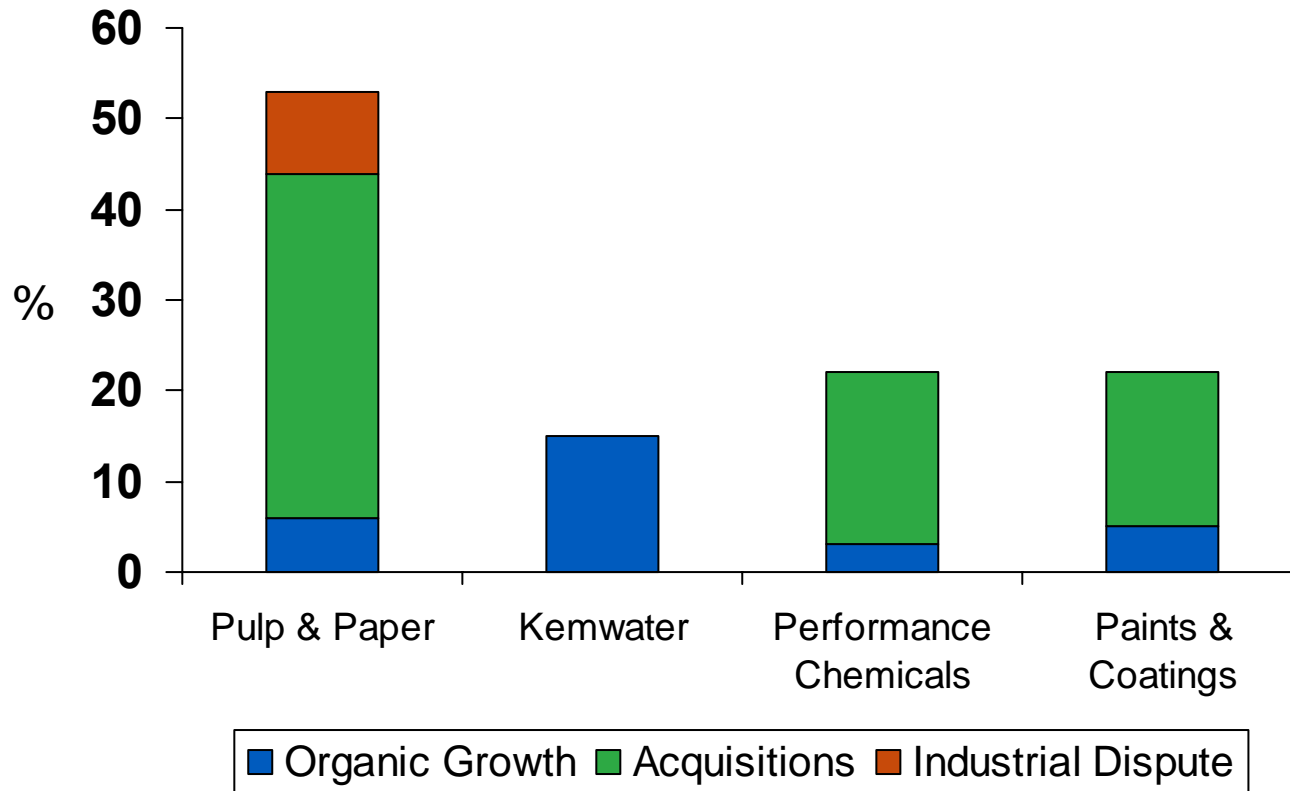
Growth Boosted by Acquisitions

	Q2/06	Q2/05	Change	Organic growth
Revenue (MEUR)	647.5	526.2	23%	8%
EBIT (MEUR)	51.5	39.6	30%	
EBIT, %	8.0	7.5		
EPS (EUR)	0.26	0.15	73%	
ROCE, %	10.4	9.4		
Cash flow after CapEx, excl. acquisitions (MEUR)	44.0	35.3		

Revenue up 23% in Q2

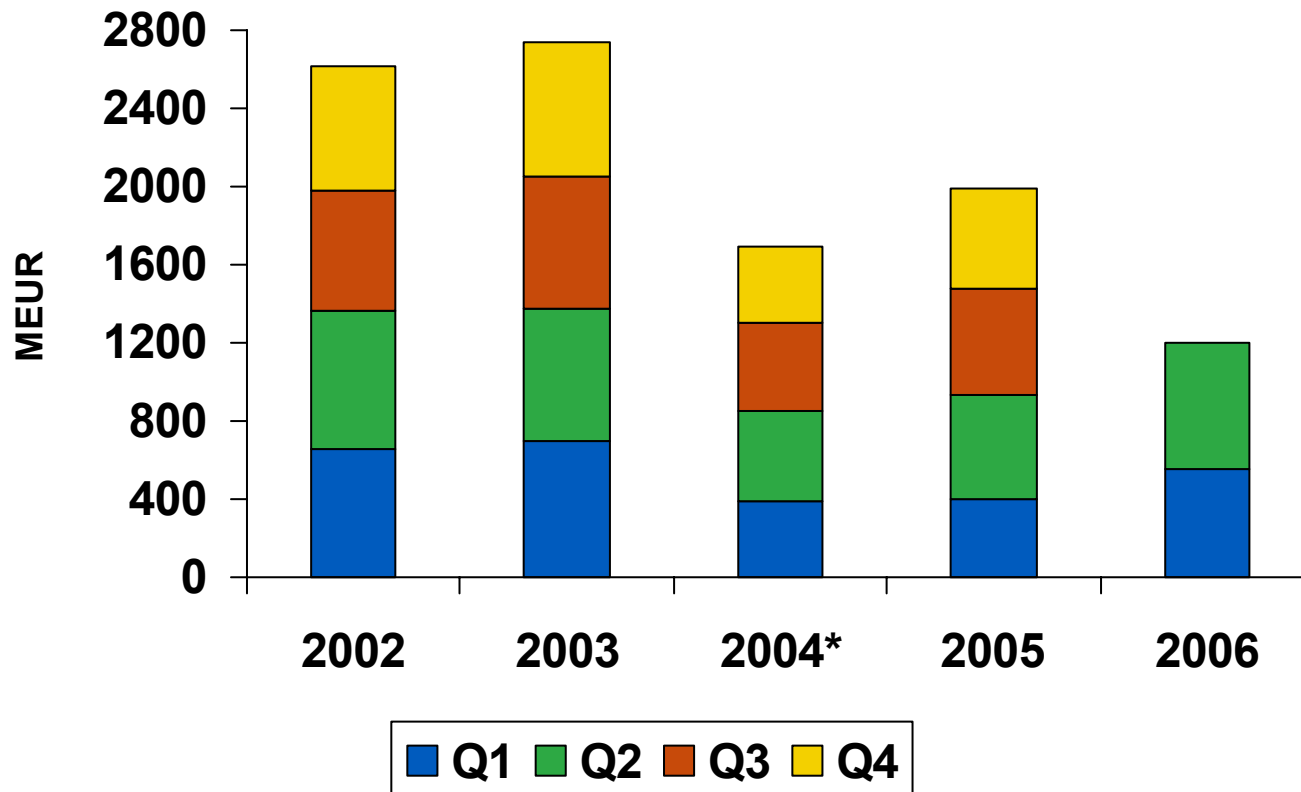


H1 Growth Profile, %



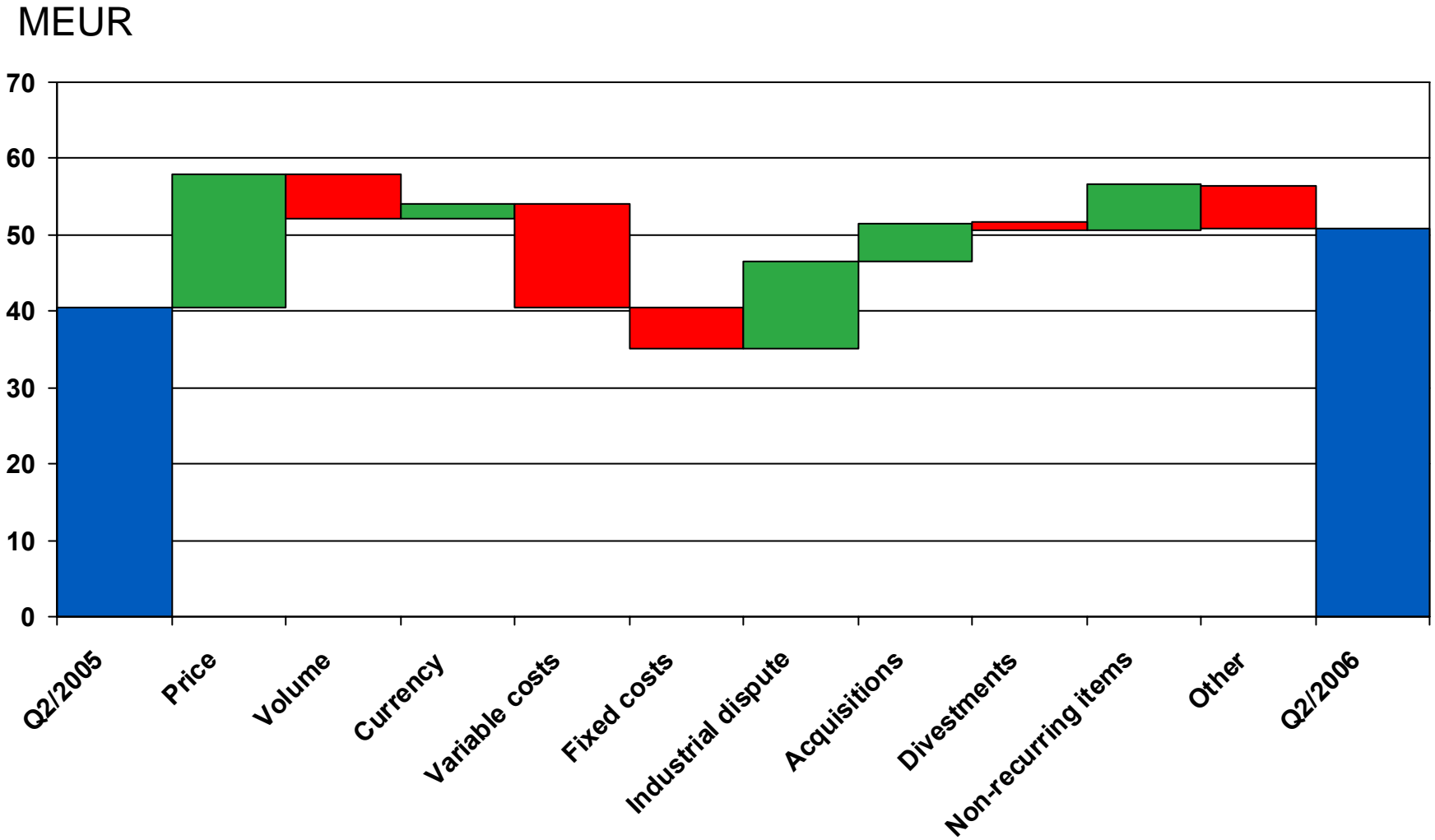
Revenue Development 2002-2006

Q2/2006: 647.5 MEUR, +23%
(Q2/2005: 526.2 MEUR)

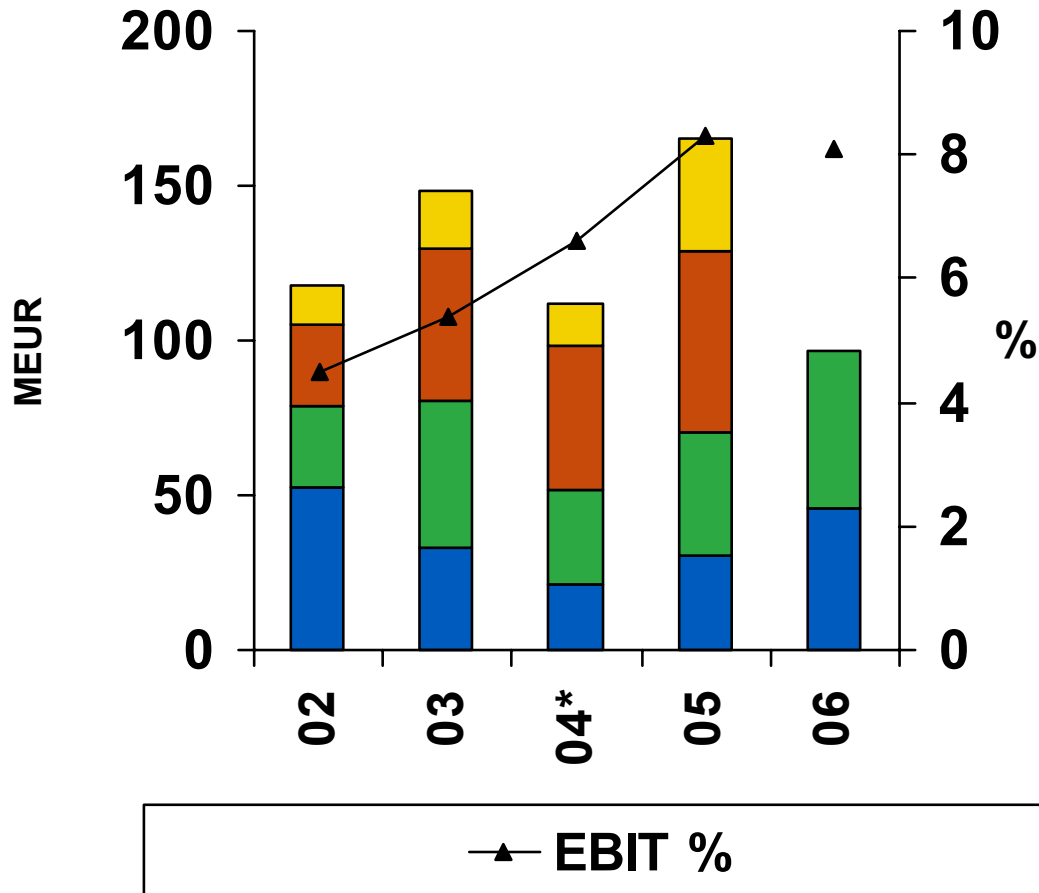


*Continuing operations

EBIT up 30% in Q2



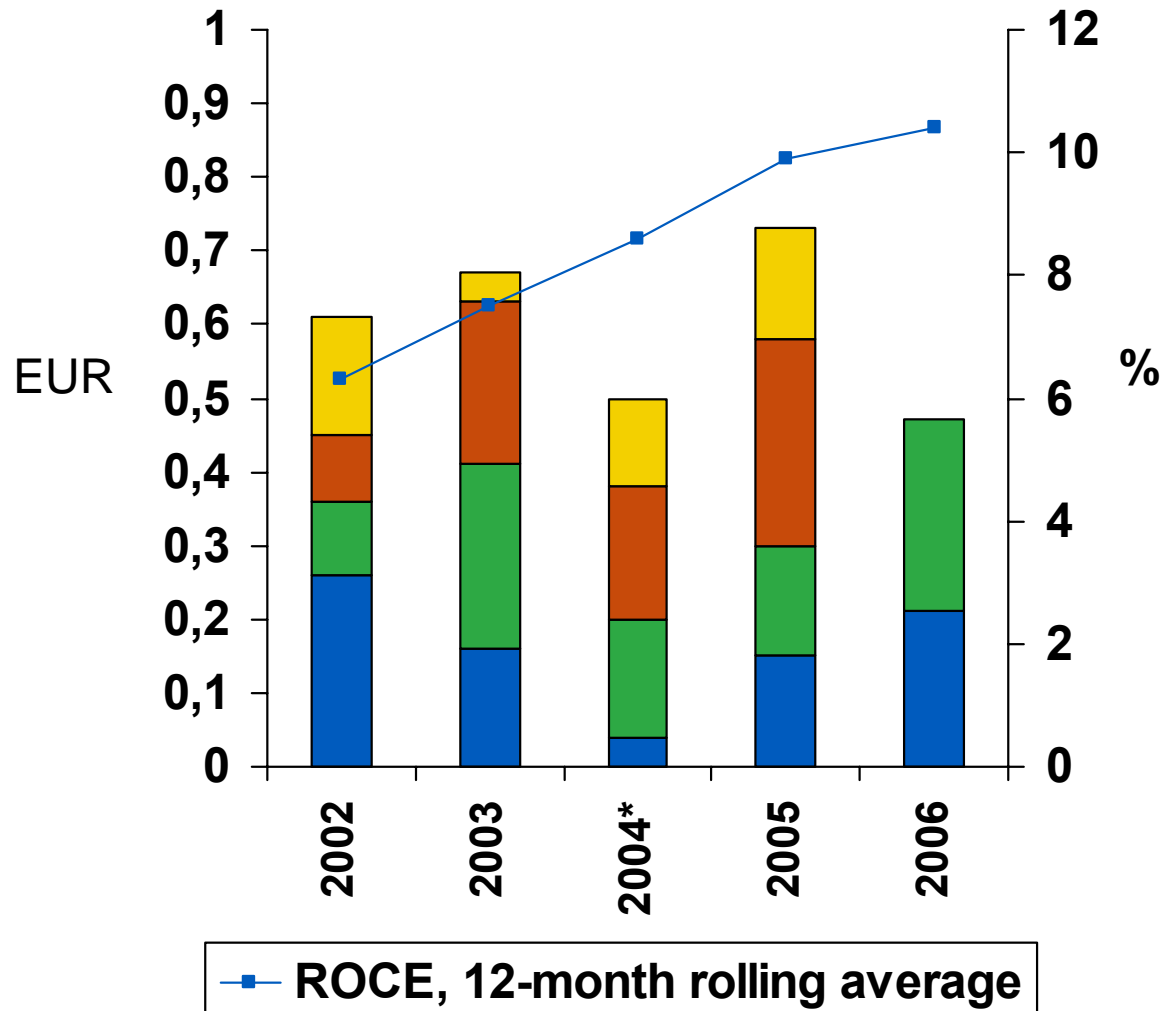
EBIT by Quarter



*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

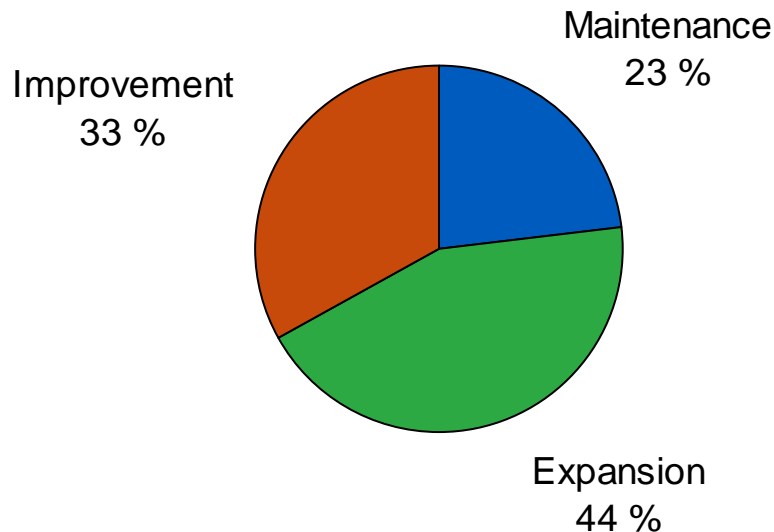
	30 June 06	31 Dec 05
Net debt (MEUR)	770.2	619.7
Equity (MEUR)	1,042.9	1,019.2
Equity ratio, %	40	44
Gearing, %	74	61
Capital employed (MEUR)	1,853.0	1,766.2
Personnel	9,695	7,670

Cash Flows in H1

MEUR	H1/06	H1/05
Cash flows from operations	28.3	-9.4
Acquisitions	-102.2	-285.5
CapEx excl. acquisitions	-59.6	-51.6
Sale of fixed assets	33.8	52.8
Cash flows from investing activities	-128.0	-284.2
Free cash flow	-99.7	-293.6

CapEx Excluding Acquisitions

- CapEx H1/06: 59.6 MEUR (H1/05: 51.6)
 - Investment in the chemical plant in Uruguay 13.8 MEUR
- Depreciation in H1/06: 59.4 MEUR (H1/05: 57.3)



Q2 Business Area Highlights

Pulp & Paper Chemicals in Q2

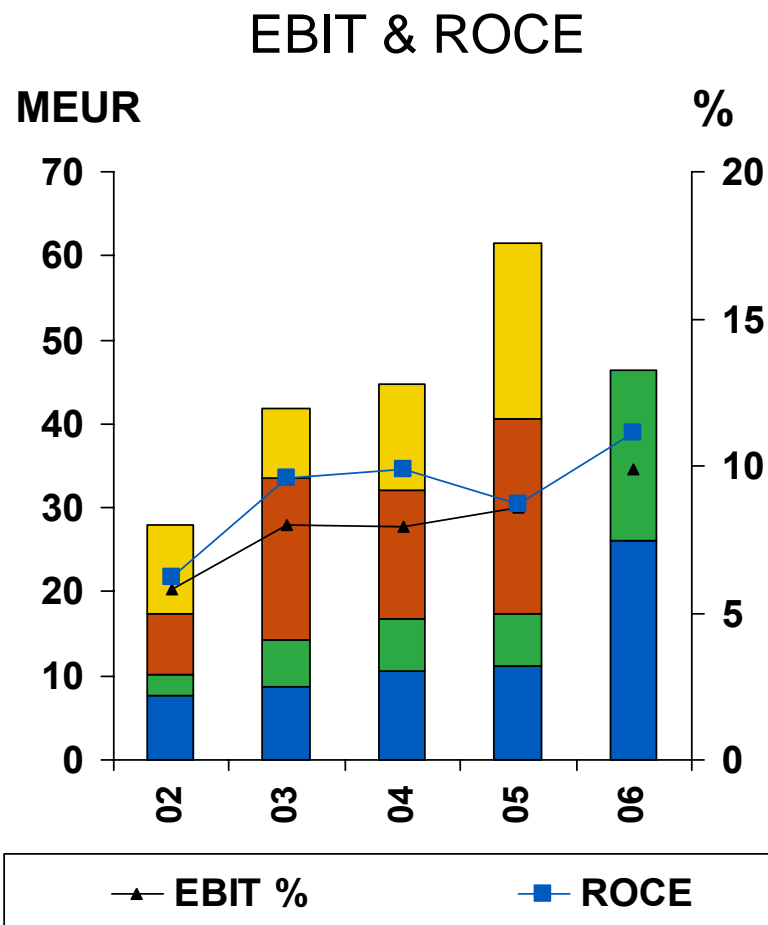
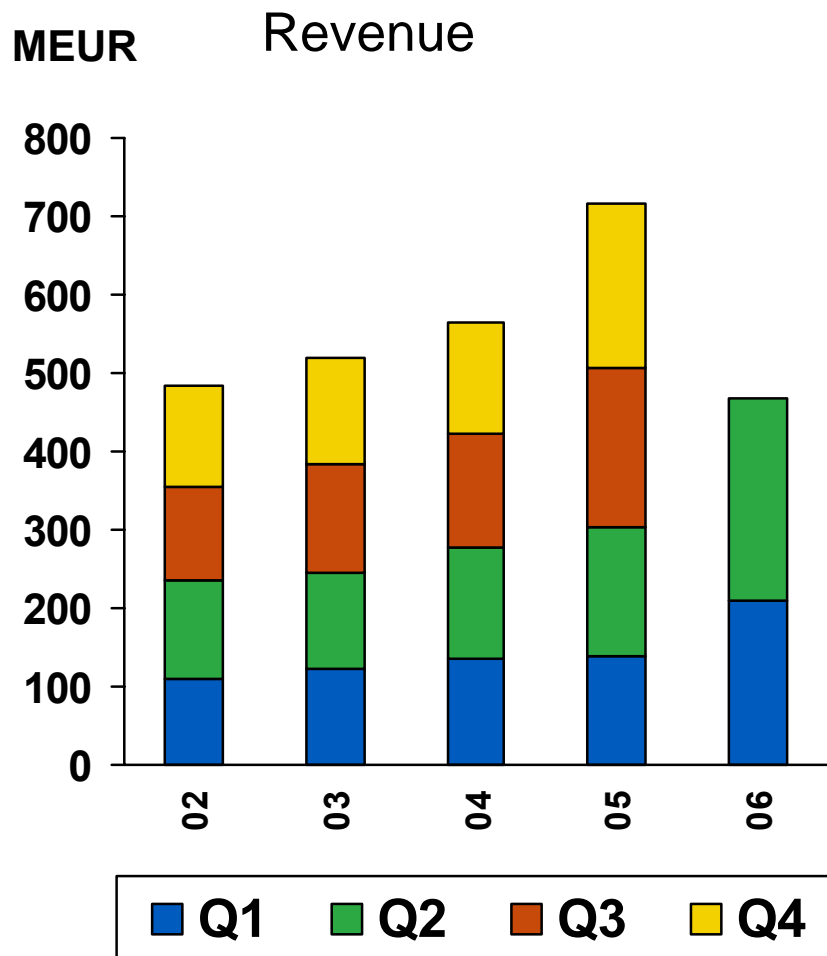
- Revenue up by 55% to 257.9 MEUR
 - Organic growth excl. 2005 industrial dispute 4%
 - Acquisition of Lanxess paper chemicals +56.8 MEUR, integration progressing well

- EBIT 20.4 MEUR, ROCE 11.1% (8.6%)
 - Efficiency measures
 - High capacity utilization rates in the customer industry
 - One-time income of 3.1 MEUR (-0.9 MEUR)
 - Q2/2005 impact of the industrial dispute -12 MEUR
 - Lanxess paper chemicals +1.3 MEUR

- Raw material prices remained at a high level

	Q2/06	Q2/05	Ch%	2005
Revenue, MEUR	257.9	166.1	55	715.3
EBIT, MEUR	20.4	6.3	224	61.5
EBIT, %	7.9	3.8		8.6

Pulp & Paper Chemicals



The figures are not fully comparable.

Pulp & Paper Chemicals' Outlook

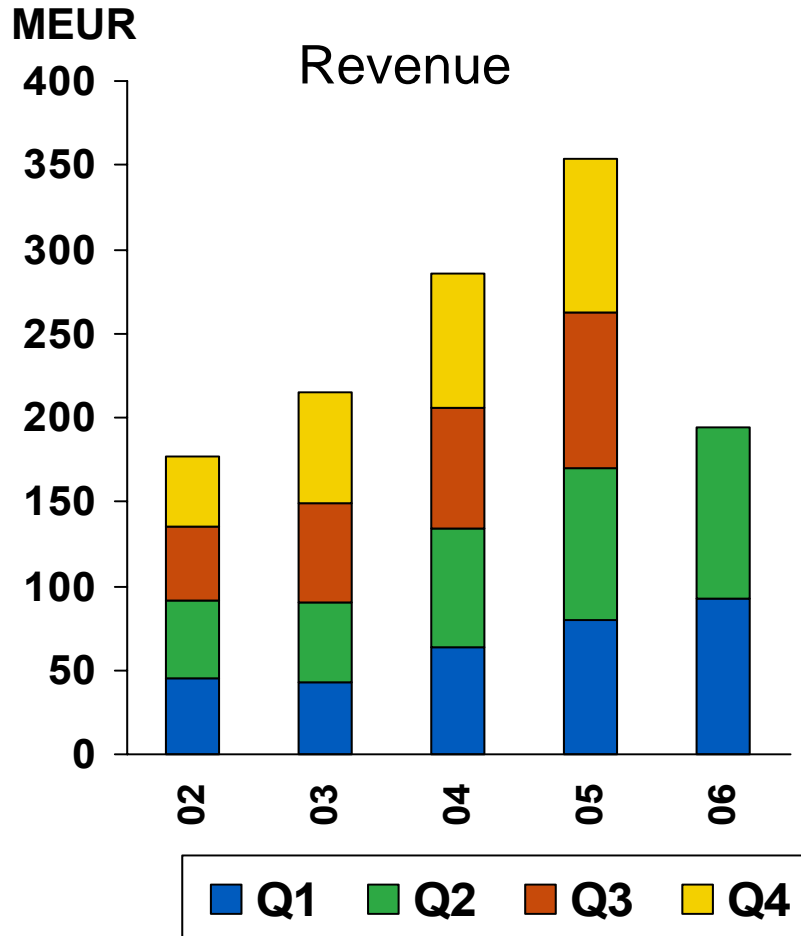
- Revenue for 2006 expected to increase on 2005
 - Capacity utilization rates within the customer industry
 - Acquisitions of Finnish Chemicals and Lanxess paper chemicals
- EBIT expected to increase
 - Operative efficiency
 - The acquisition of the Lanxess paper chemicals business expected to depress the business area's earnings for 2006 due to its originally lower profitability and integration costs

Kemwater in Q2

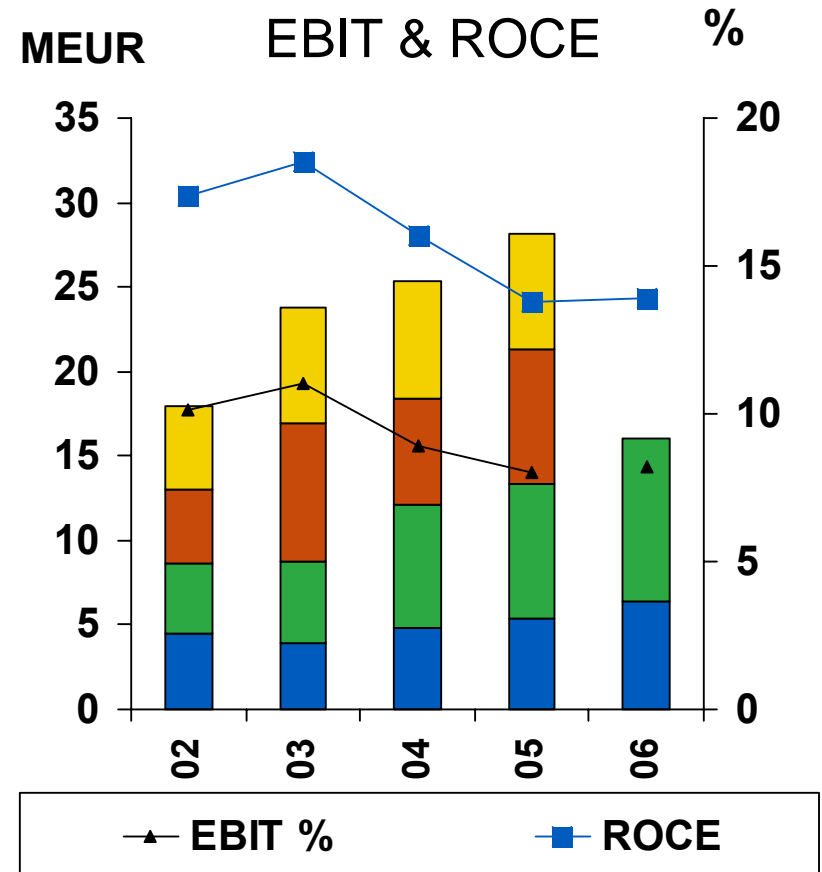
- Revenue up by 14% to 102.1 MEUR
 - All growth organic
 - Performance strong in North America and Central Europe
- EBIT up by 22% to 9.6 MEUR, ROCE 13.9% (13.9%)
 - High raw material and transportation costs especially in North America
- Oulun Vesi in Finland a new sludge management customer

	Q2/06	Q2/05	Ch%	2005
Revenue, MEUR	102.1	89.9	14	353.2
EBIT, MEUR	9.6	7.9	22	28.2
EBIT, %	9.4	8.8		8.0

Kemwater

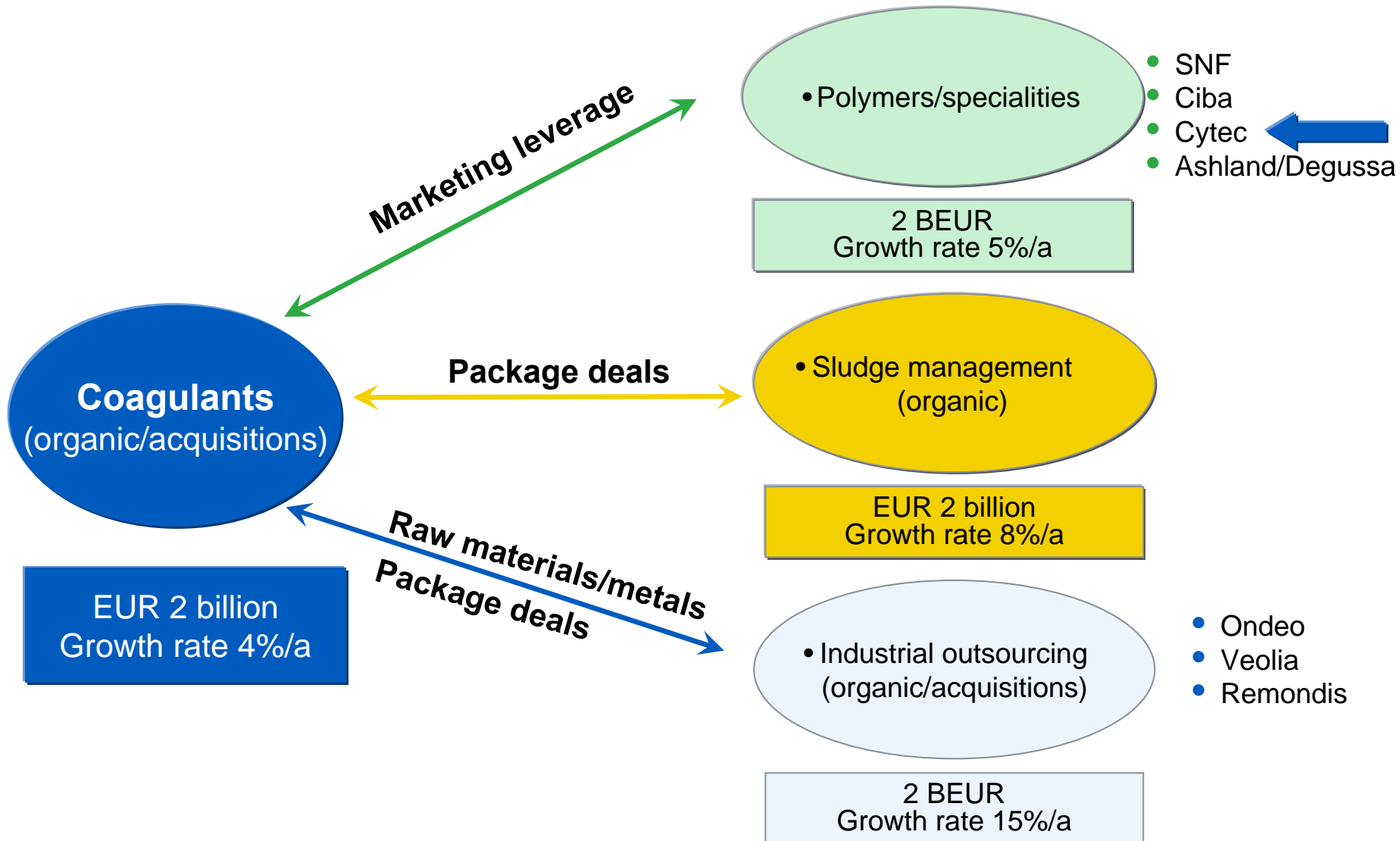


The figures are not fully comparable.



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

Exciting Opportunities for Growth by Broadening the Product Offering



Acquisition of Cytec Water Chemicals

- Revenue 270 MEUR
 - Water treatment chemicals (polyacrylamides) 80%
 - Intermediates for polymers (acrylamides) 20%
- Debt-free purchase price 190 MEUR
- EPS enhancing from 2007
 - Estimated synergies 10 MEUR: cross-selling, cost savings
- Strategic fit: from coagulant supplier to water treatment company
 - Making Kemira No1 coagulation chemicals supplier
 - Broadening the product range
 - Opening new industrial customer segments: oil industry, mining, sugar..
 - Gives volume, technology and knowledge to build service concepts
 - Supports the development of sludge management systems

Flocculant Applications

FLOCCULANTS

WATER TREATMENT

- Raw water treatment
- Waste water purification
- Sludge dewatering
- Water clarification at dredging

PULP & PAPER INDUSTRY

- Retention and formation control
- Improvement of drainage
- Treatment of recycled water
- Waste water and sludge treatment
- Dry strength additive

PROCESS INDUSTRIES

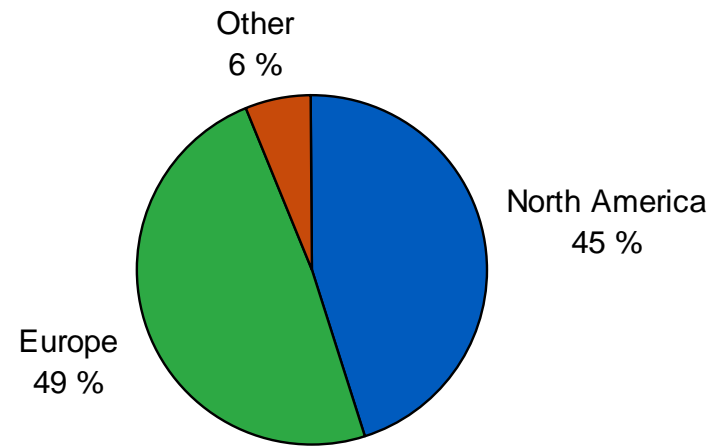
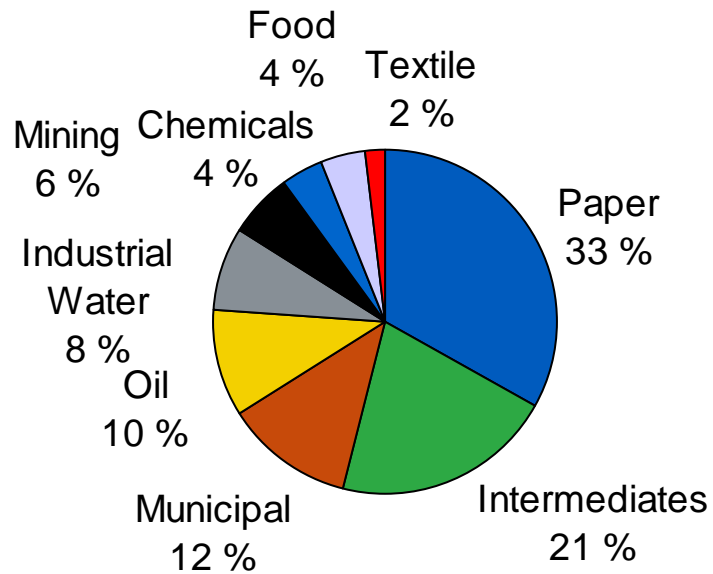
- Solids-liquid separation
- Dispersion of solids in liquids
- Filter aids

OTHER APPLICATIONS

- Oil industry
- Mining
- Soil stabilization

Cytec Revenue

Revenue EUR 270 million



Kemwater's New Manufacturing Plants



Main Flocculant Players

Company	Market share
SNF	35%
CIBA	18%
Kemira	15%
Ashland	10%
Nalco	5%
Hengju	4%

Total market
~ EUR 2 billion
Growth forecast
5% / a

(Management estimates)

Main Coagulant Players

Europe

Company	Market share
Kemira (all)	30%
Feralco (all)	10%
Kronos (iron)	10%
Giulini	8%
Sachtleben	5%
Arkema	5%
Akzo	5%
Huntsmann	5%

North America

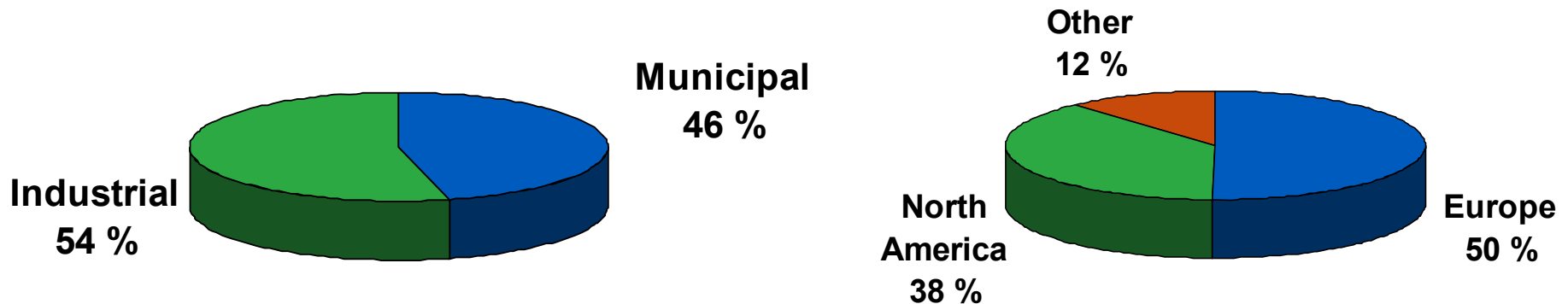
Company	Market share
Kemira (all)	30%
General Chemicals (all)	26%
GEO (AI)	12%
PVS	5%

Total market
~ EUR 2 billion
Growth forecast
4% / a

(Management estimates)

Kemwater after the Acquisition

- **The leading global supplier of coagulation chemicals** to municipal waterworks, industrial waste water treatment and sludge management
- Revenue 2005, pro forma ~ 650 MEUR
- Leading market position in coagulants, No 3 in flocculants



Kemwater's Outlook

- Revenue and EBIT for 2006 expected to increase from 2005 levels
- Demand for Kemwater's water treatment chemicals expected to remain at a good level
- Particular attention devoted to expanding new businesses, i.e. flocculants, sludge treatment and water treatment services for industry
- When implemented, the acquisition of Cytec's water chemicals will increase revenue and EBIT in 2006

Performance Chemicals in Q2

- Revenue down by 1% to 107.6 MEUR
 - Fall in sales volumes in TiO₂ due to a one-day strike in Pori, Finland
 - Average prices of TiO₂ in euros slightly up
 - Specialty TiO₂ products' share of sales up
 - Sales prices of organic acids and acid derivatives up

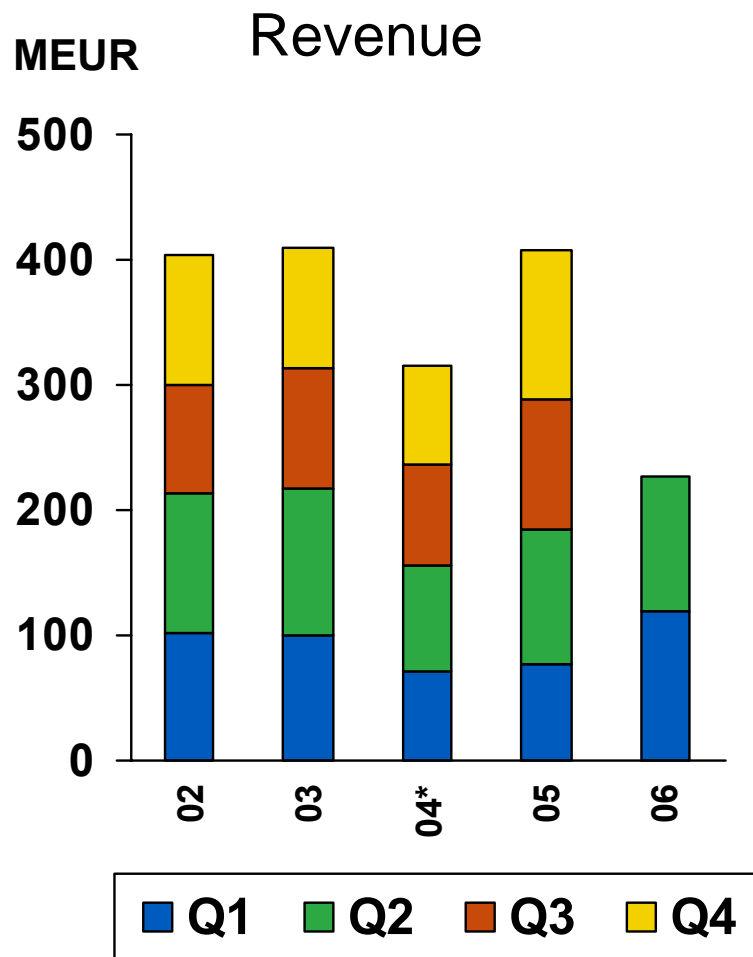
- EBIT up by 30% to 11.7 MEUR, ROCE 11.2% (10.9%)
 - Efficiency measures
 - Higher prices
 - Energy and raw material prices remained high
 - One-time income of 2.1 MEUR

	Q2/06	Q2/05	Ch%	2005
Revenue, MEUR	107.6	109.1	-1	408.4
EBIT, MEUR	11.7	9.0	30	45.4
EBIT, %	10.9	8.2		11.1

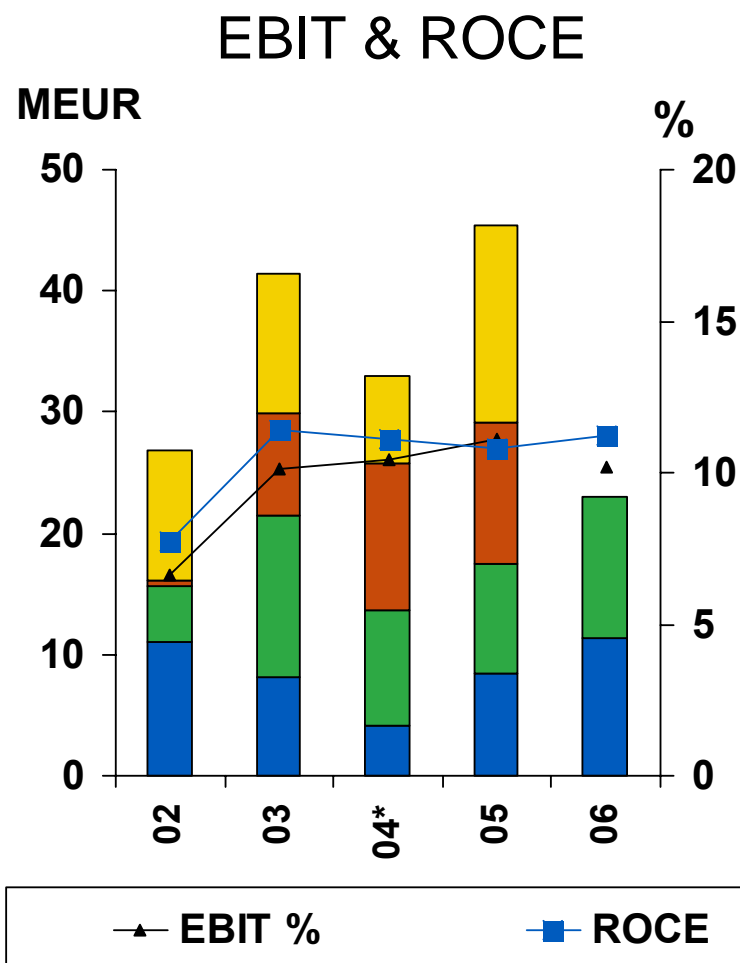
Performance Chemicals, cont.

- Joint venture to be established in Brazil for feed additives
 - JV with Metachem Industrial e Comercial, Kemira's share 51%
 - Organic acid derivatives for animal feeds
- Expansion of formic acid production in Oulu, Finland
 - Investment 10 MEUR
 - Technological improvements and energy-conservation measures
 - Enables capacity increase of 25,000 tons to over 100,000 tons
 - New capacity in use by end 2007

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 at the current level or slightly higher
 - Demand for TiO₂ expected to remain steady or edge up slightly
 - Specialty pigments anticipated to increase their share of TiO₂ sales
 - Sales of organic acids and their derivatives as well as sodium percarbonate used in detergents anticipated to develop favorably
 - Prices of formic acid products estimated to rise further
 - High prices of raw materials and energy in particular will continue to present challenges to profit performance

Paints & Coatings in Q2

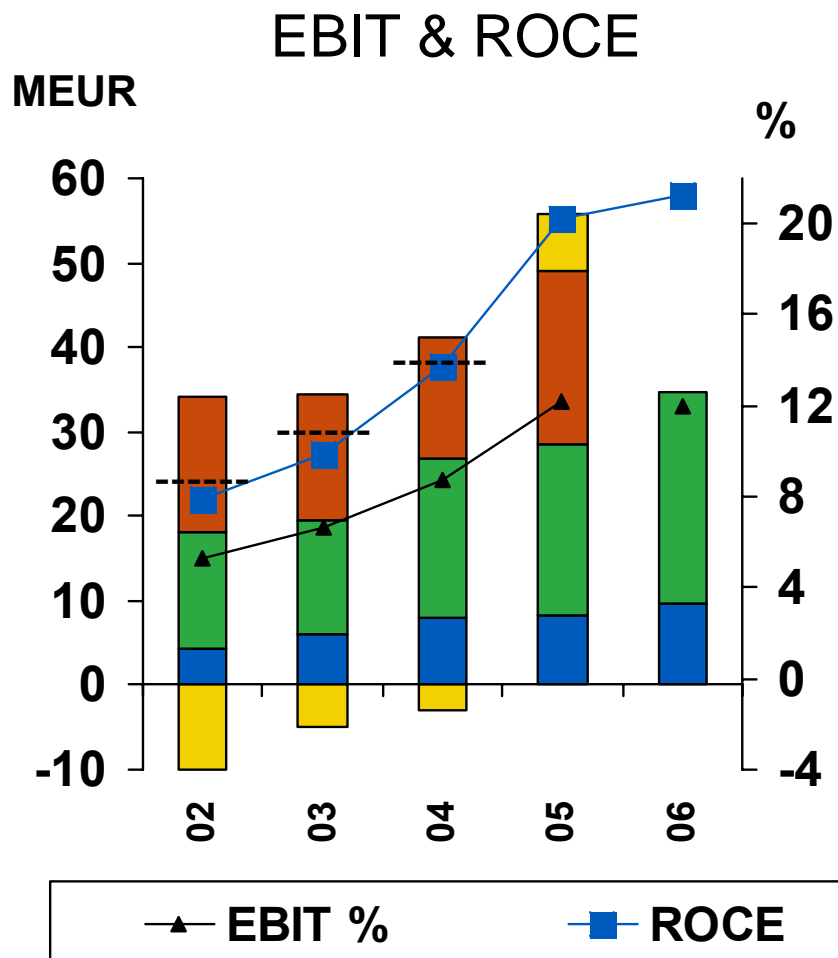
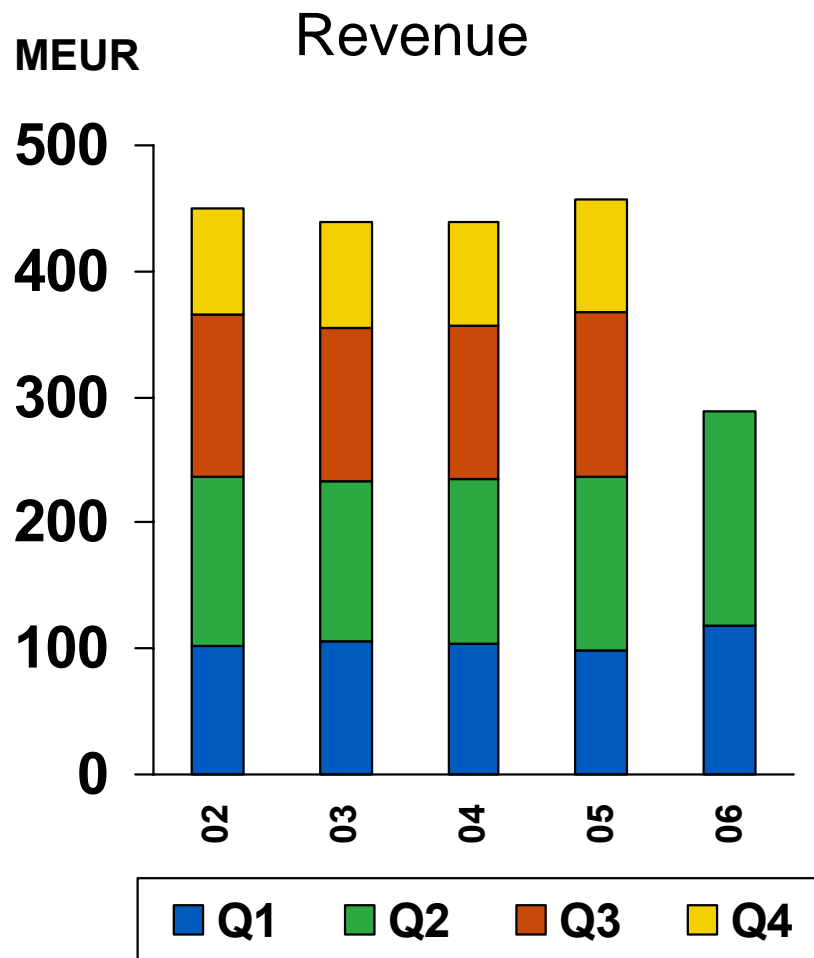
- Revenue up 23% to 170.3 MEUR
 - Organic growth +3%
 - Good demand for decorative paints in most of the main markets
 - Acquisition of Kraski Teks +38.3 MEUR, integration progressing well

- EBIT up by 24% to 25.0 MEUR, ROCE 21.3% (14.5%)
 - One-time income of 3.3 MEUR from the sale of a factory site in Stockholm
 - Acquisition of Kraski Teks +2.9 MEUR

- Sto-Tikkurila JV to be established in Russia
 - Coating systems to facades

	Q2/06	Q2/05	Ch%	2005
Revenue, MEUR	170.3	138.2	23	457.5
EBIT, MEUR	25.0	20.1	24	55.9
EBIT, %	14.7	14.5		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 of Kraski Teks in Russia will boost the business area's revenue and operating profit

Outlook for 2006 – Kemira Group

- Kemira Group's growth is expected to continue in Q3
 - Acquisitions of Lanxess and Kraski Teks
 - Organic growth
- Raw material and energy prices are expected to increase to a certain extent and continue the pressure on profitability in all business areas
- Kemira's revenue, EBIT and EPS for 2006 are expected to increase from 2005 levels

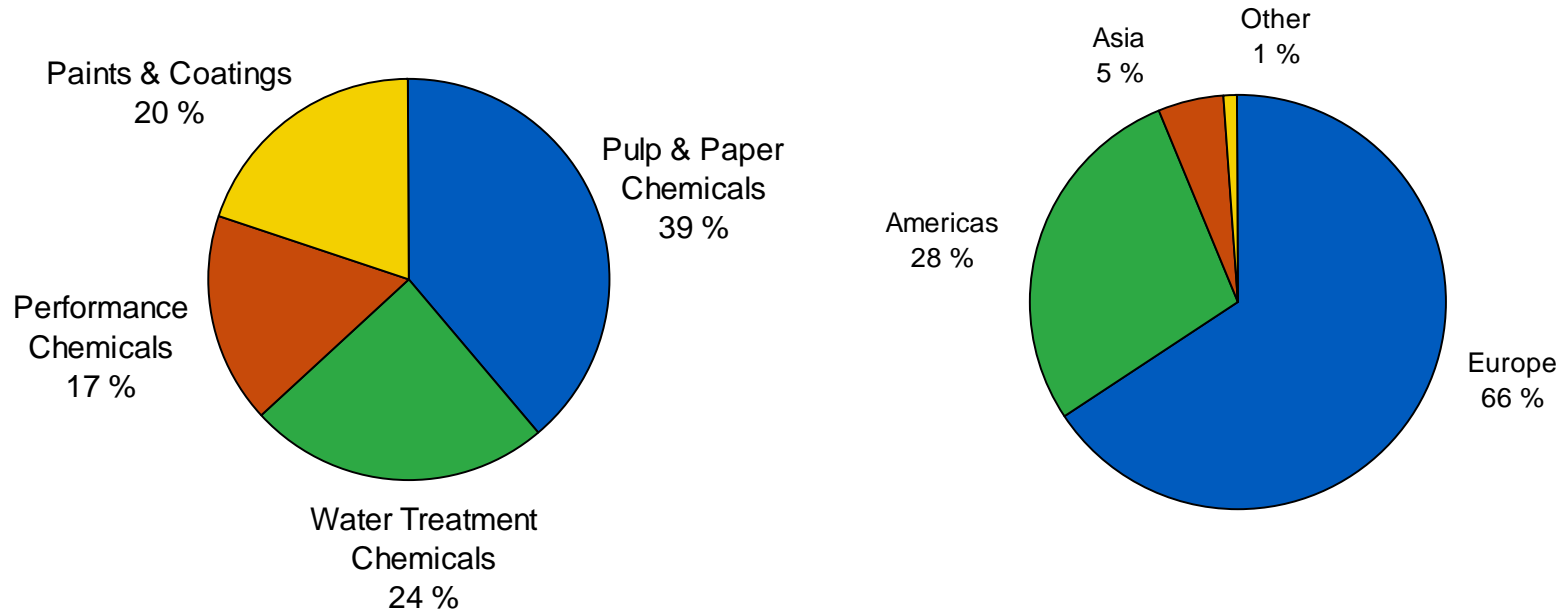
All forward-looking statements in this report are based on the management's present expectations and beliefs about future events, and the actual results may differ materially from the expectations and beliefs contained in the forward-looking statements.

Kemira

Growth continues

Revenue 2005, Pro Forma ~ EUR 2.8 Billion

Including Lanxess paper chemicals, Kraski Teks, Cytec water chemicals, Finnish Chemicals and Verdugt for the whole year



■ All-time high in revenue

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**

Just add

Kemira