

The logo for Kemira, featuring the word "kemira" in white lowercase letters on a blue vertical bar. A green horizontal bar is at the top of the blue bar.

kemira

Results for the 2004 financial year

**Lasse Kurkilahti
President & CEO**

February 2005

Results for the 2004 financial year

- Highlights & key indicators
- Business area reviews
- Looking ahead

2004 highlights

- Focus on core businesses
- A year of significant structural changes
 - Spin-off of Kemira GrowHow
 - Several divestments (Calcium chloride business, Kemira Fine Chemicals Oy, etc.)
- Continuous improvement of performance and efficiency

2004 key indicators

	2004	2003	Ch%
Net sales (MEUR)	2,533	2,738	-7
EBIT (MEUR)	194*	149	30
EPS (diluted, EUR)	0.63	0.64	
ROCE, %	11.2	7.5	
Cash flow after capital exp. (MEUR)	238	19	

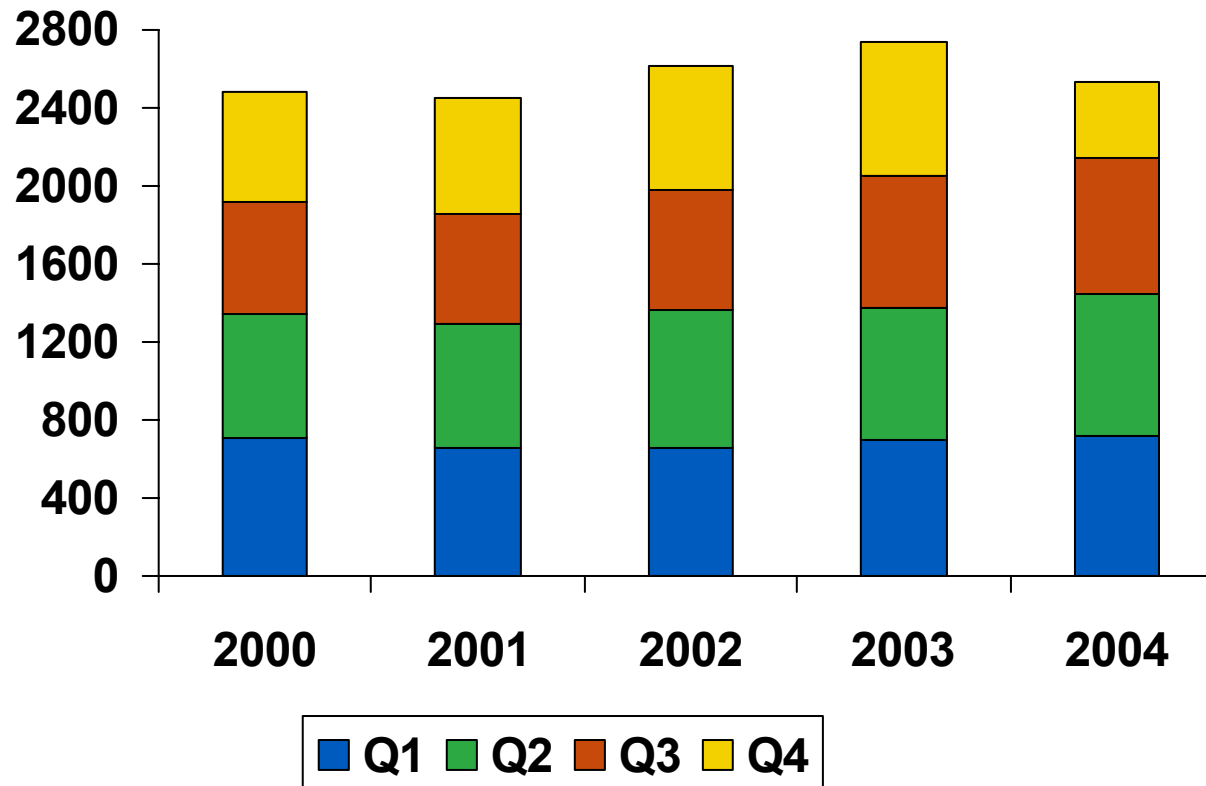
■ Proposed dividend EUR 0.34 / share (2003: EUR 0.33)

*Including +62 MEUR of one-time items

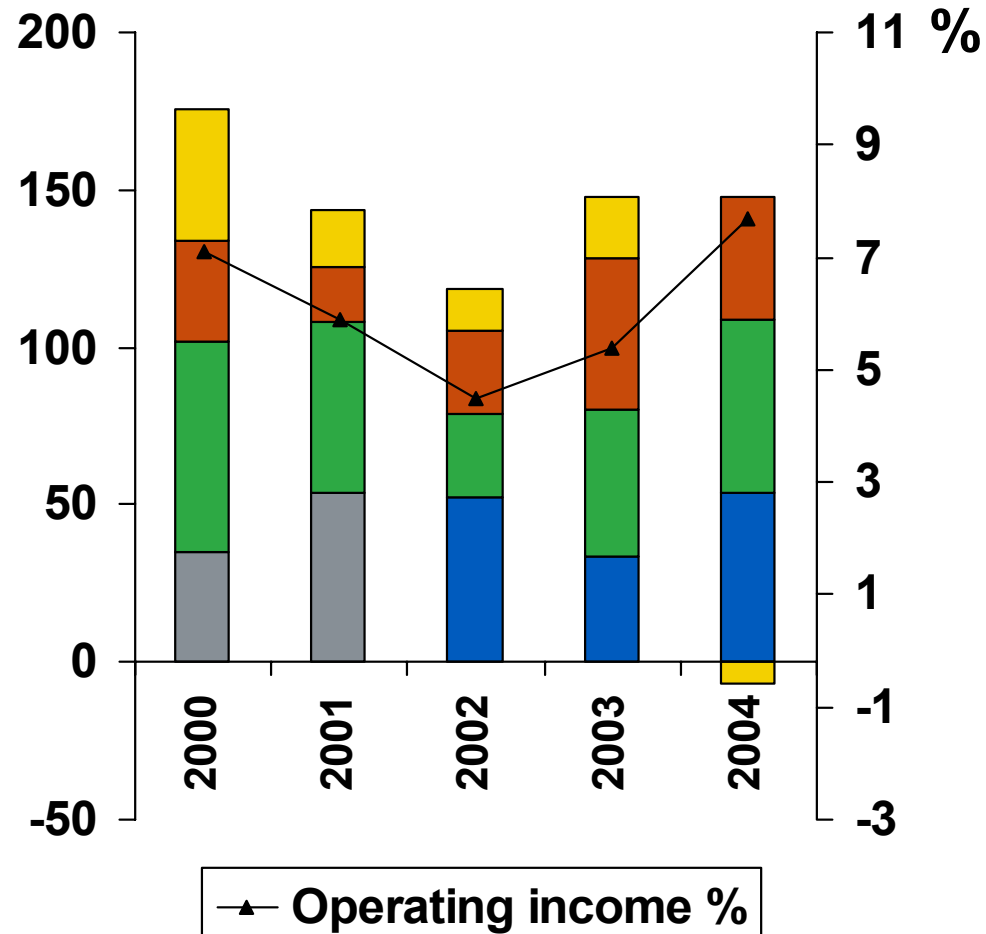
2004 key indicators

	31 Dec 04	31 Dec 03	Ch%
Equity ratio, %	47	41	
Gearing, %	21	68	
Capital employed (MEUR)	1,206	1,869	-35
Personnel	7,137	10,498	-32

Net sales, MEUR

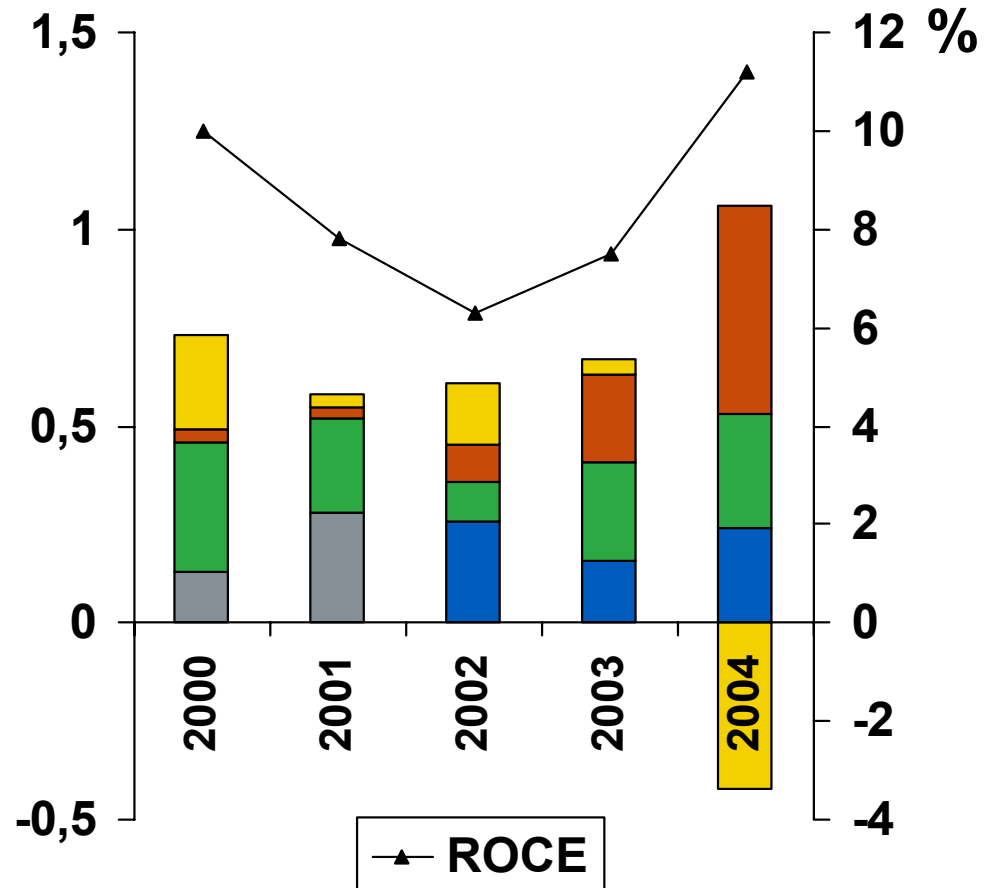


EBIT, MEUR



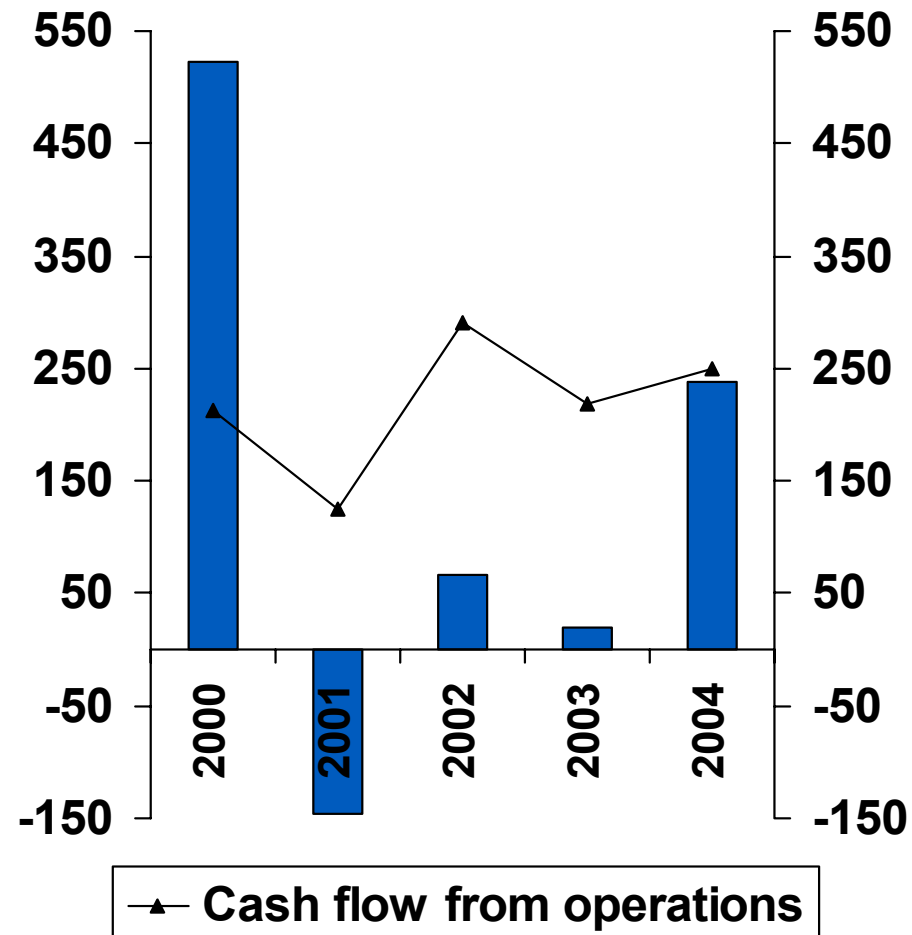
Excluding write-down of 78 MEUR in Q4/02 and extraordinary gain of 52 MEUR in Q3/04

EPS and ROCE

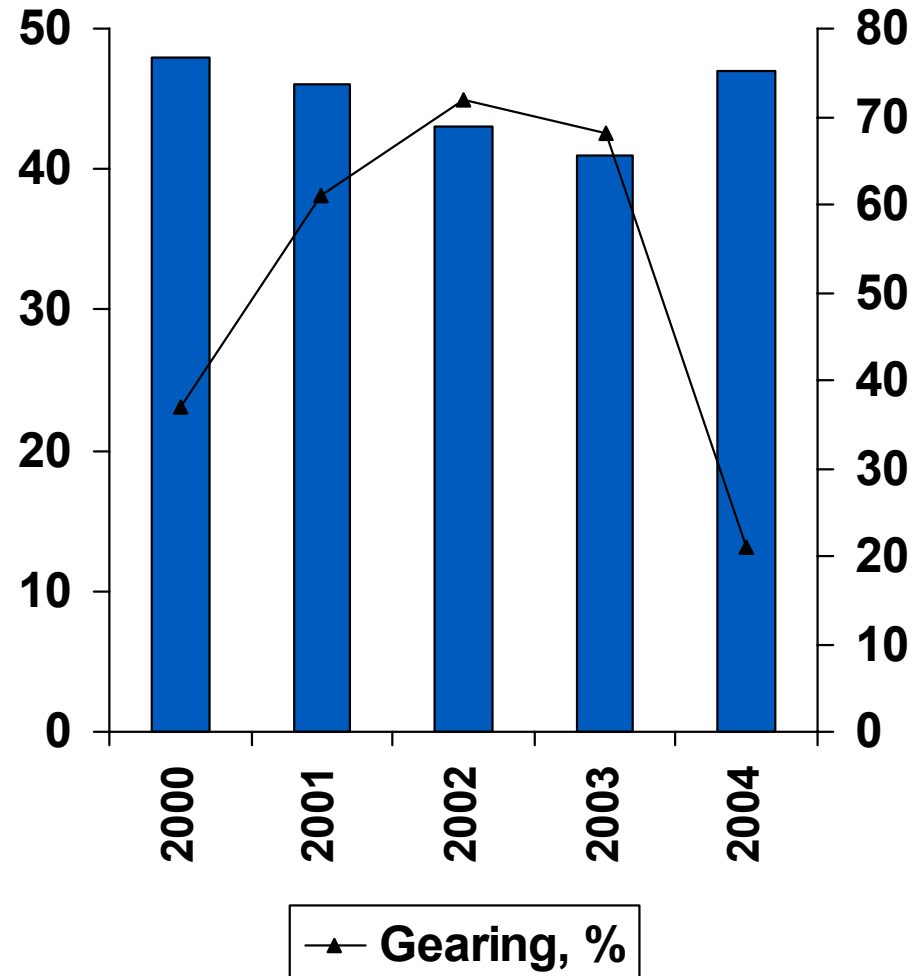


2004 EPS includes 18 MEUR one-time items.
 Q4/02 excludes a write-down of 78 MEUR.

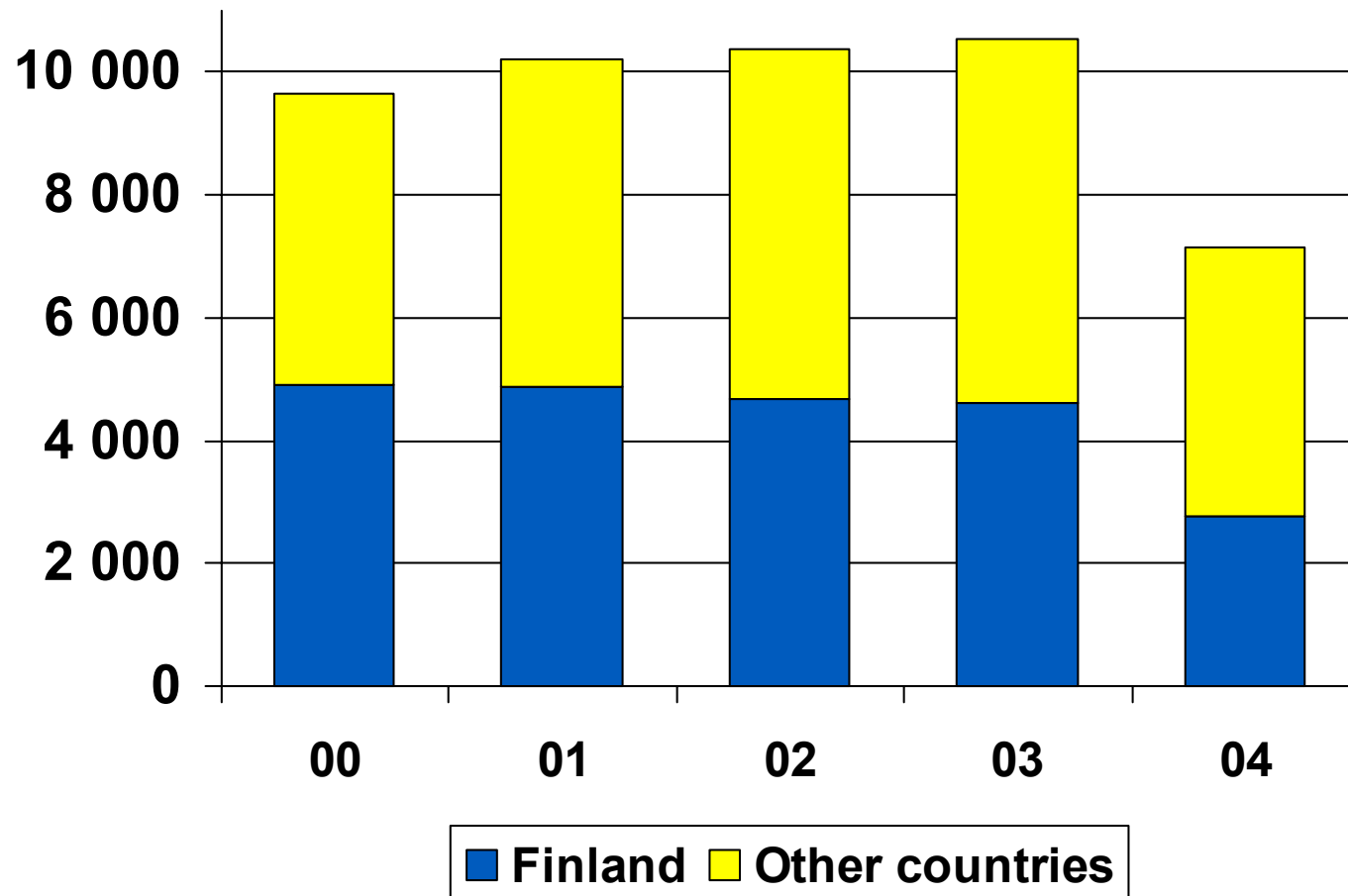
Cash flow after net capital expenditure



Equity ratio and gearing, %



Personnel



At year end

Focus on core businesses

- Kemira GrowHow spin-off
- Divestments
 - Calcium chloride business
 - Kemira Fine Chemicals Oy
 - Kemira Ecocat Oy
 - Metpela Oy
 - CPS Color Group Oy (remaining 27%)
 - Kemira Engineering Oy
 - Other asset divestments

Cash flow from sale of businesses and assets 191 MEUR

Growth by investments and acquisitions

■ Pulp & Paper Chemicals

- De-bottlenecking of hydrogen peroxide, Helsingborg, Sweden
- E.Q.U.I.P International, Canada

■ Kemwater

- Eaglebrook, USA; Zlotniki, Poland; Belinka, Slovenia

■ Industrial Chemicals

- Ferrous sulphate dryer, Pori

■ Paints & Coatings

- Kolorit Paints (51%), Ukraine

Cash flow to investments and acquisitions -170 MEUR (continuing business)

2004 key figures – continuing business

Continuing business excluding GrowHow

	2004	2003	Ch%
Net sales (MEUR)	1,781	1,645	8
EBIT (MEUR)	185*	110	68
EPS (diluted, EUR)	0.65	0.28	132
ROCE, %	14.1	7.9	
Cash flow after capital exp. (MEUR)	252	39	

*Including +70 MEUR of one-time items

2004 underlying results

Continuing business excluding GrowHow and the effect of divested businesses

	2004	2003	Ch%
Net sales (MEUR)	1,695	1,496	13
EBIT (MEUR)	110*	100	10
EPS (diluted, EUR)	0.50*	0.39	24
ROCE, %	8.5	7.5	
Cash flow after capital exp. (MEUR)	143	30	

*Including +17 MEUR of one-time items

Q4 underlying results

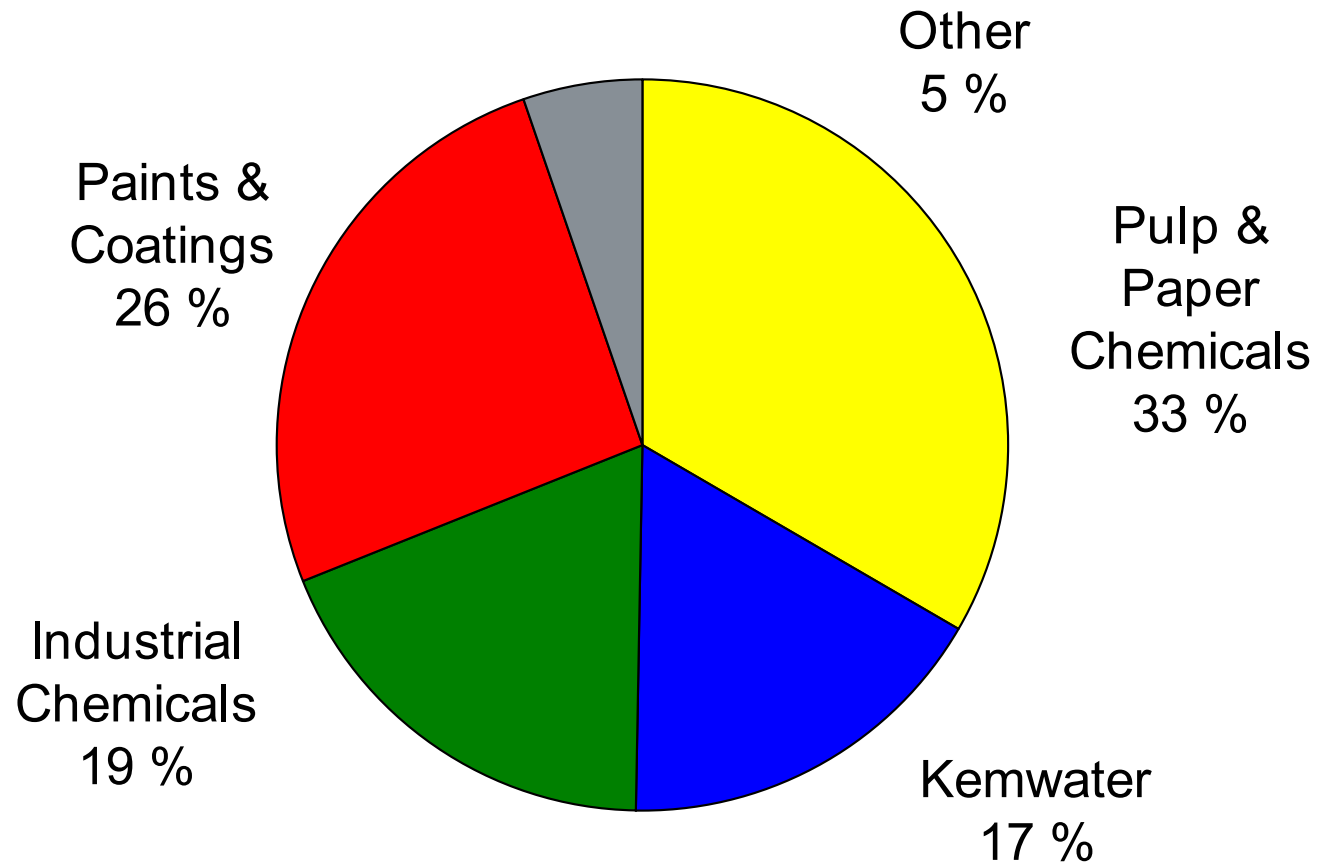
Continuing business excluding GrowHow and the effect of divested businesses

	Q4/04	Q4/03	Ch%
Net sales (MEUR)	391	348	12
EBIT (MEUR)	11*	10	
EPS (EUR)	0.09*	-0.05	
ROCE, %	8.5	7.5	
Cash flow after capital exp. (MEUR)	48	24	

*Including +12 MEUR of one-time items

Net sales by business area

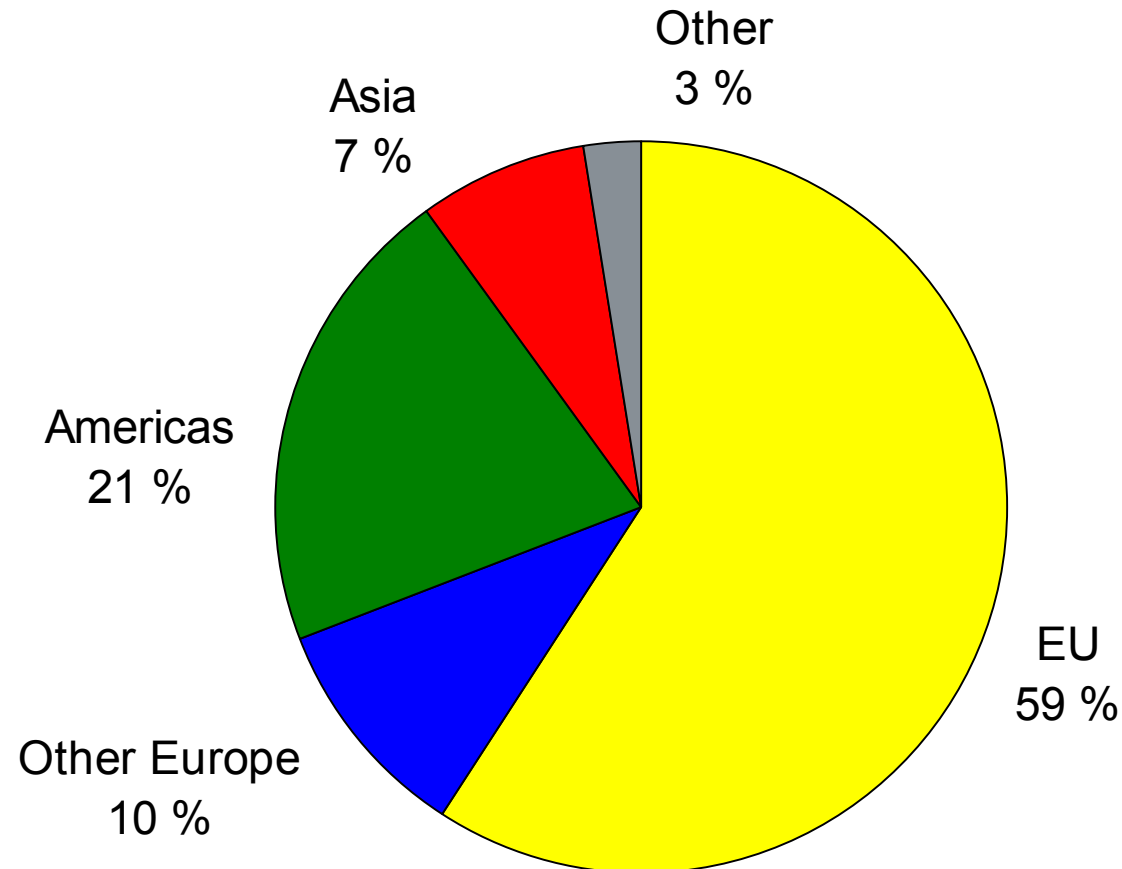
Net sales 2004: 1,695 MEUR*



*Continuing business excluding GrowHow and the effect of divested businesses

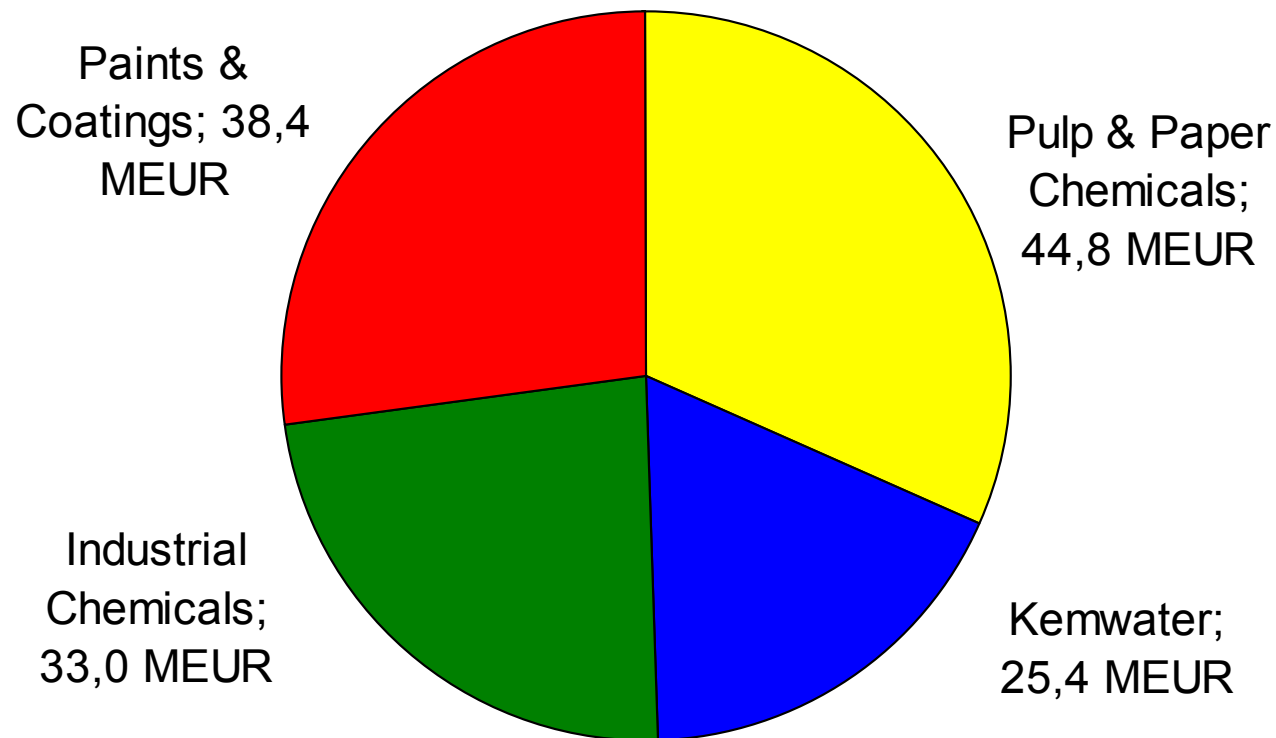
Geographical breakdown of net sales 2004

Net sales 2004: 1,695 MEUR*



*Continuing business excluding GrowHow and the effect of divested businesses

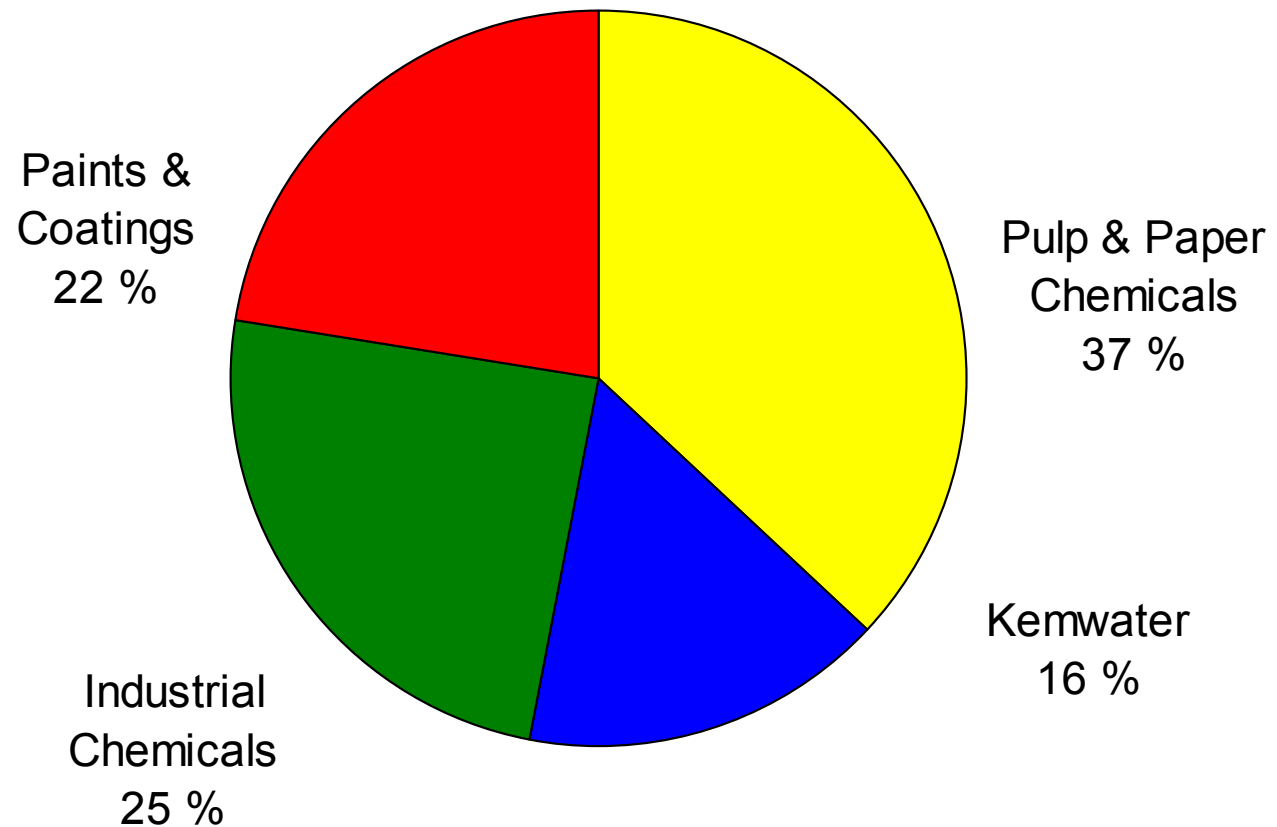
EBIT by business area



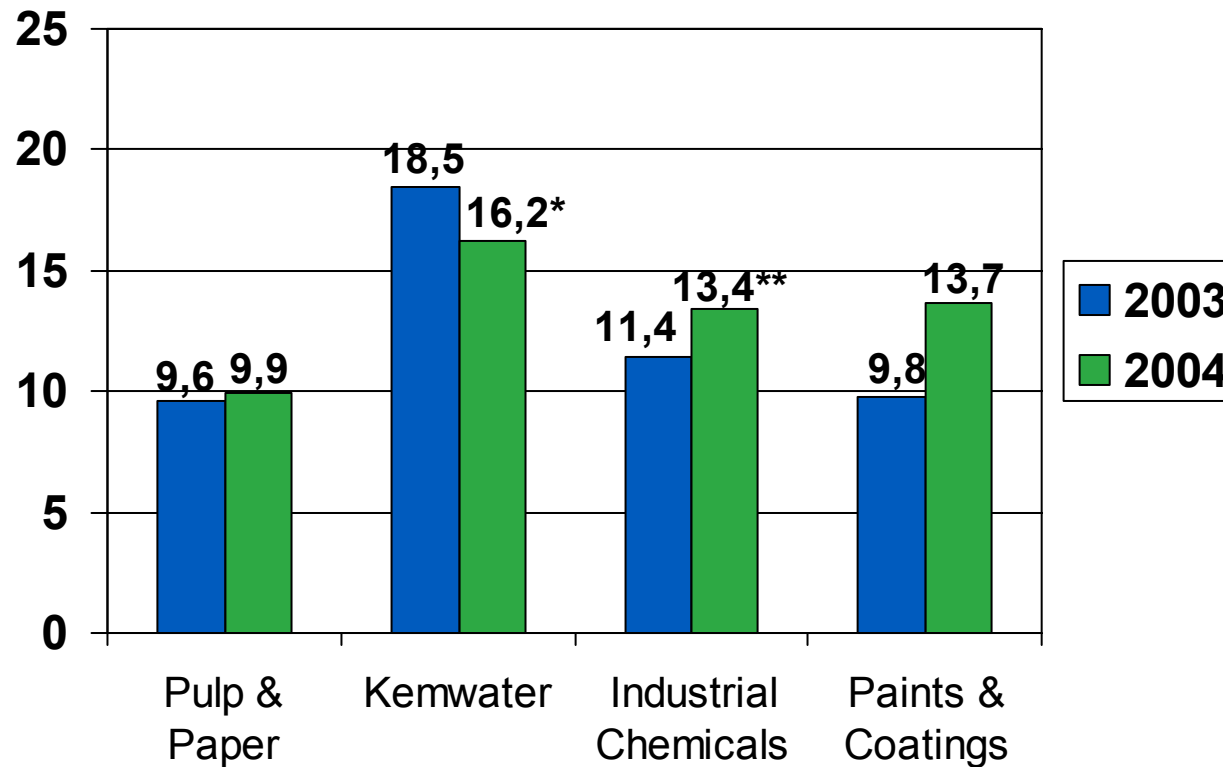
Excluding the effect of other operations and divested businesses. Kemwater excluding one-time write-off of 11 MEUR.

Capital employed by business area

31 Dec 2004: 1,206 MEUR
(31 Dec 2003: 1,869 MEUR)



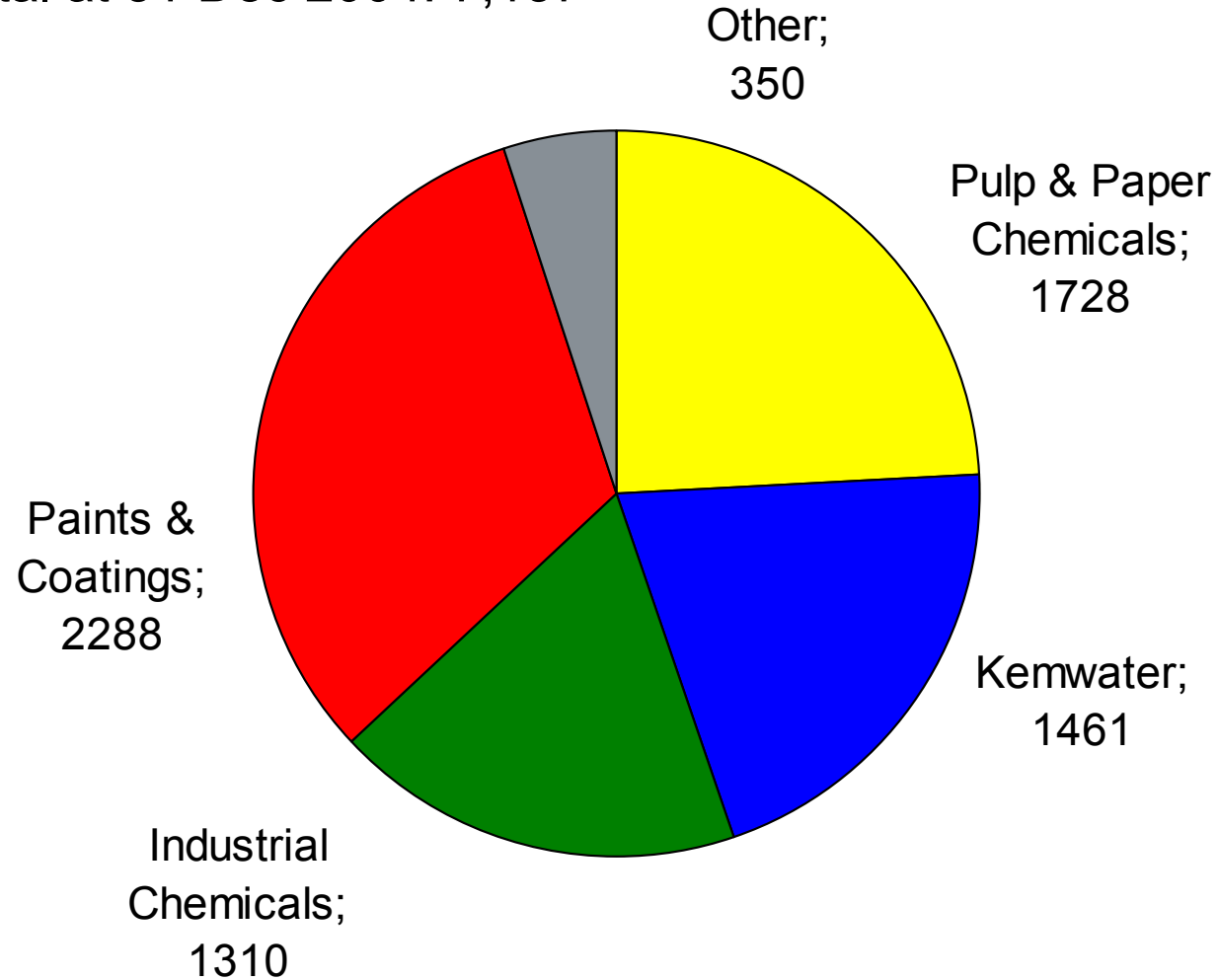
ROCE by business area 2004



* Excl. extra write-downs and costs of 11 MEUR
**Excl. capital gain of 52 MEUR. Including the capital gain: ROCE 29.4%.

Personnel by business area

Kemira, total at 31 Dec 2004: 7,137



The logo for Kemira, featuring the word "Kemira" in white, bold, sans-serif capital letters on a blue rectangular background. A thin green horizontal bar is positioned at the top of the blue rectangle.

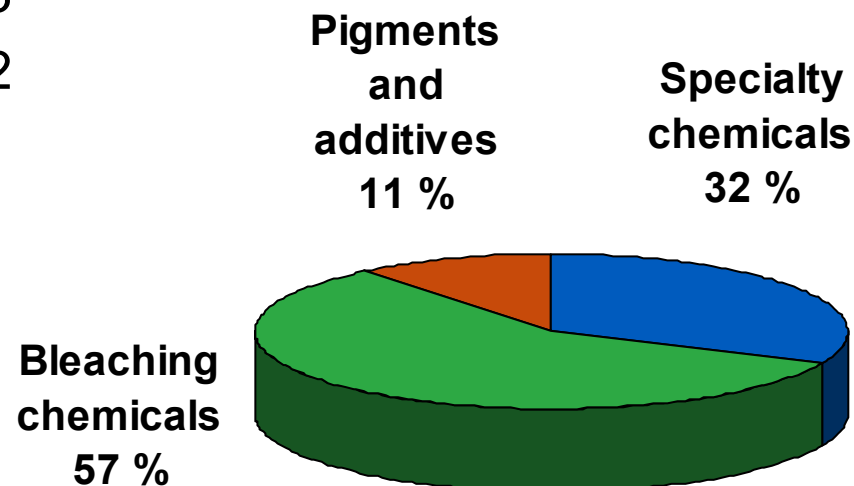
Kemira

Business area reviews

Pulp & Paper Chemicals

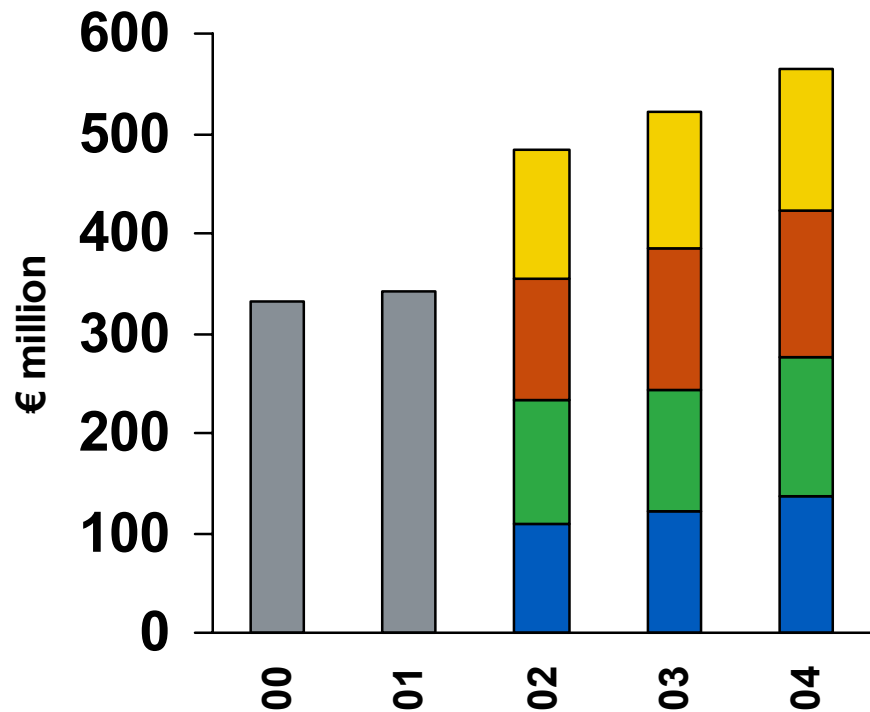
- No 2 pulp & paper chemicals supplier in the world, thanks to the acquisition of Finnish Chemicals
- Net sales 2004: 566 MEUR (+250 MEUR)
- Good market position
 - Globally No 2
 - Europe No 3
 - North America No 3
 - Nordic No 2

Breakdown of net sales (816 MEUR):

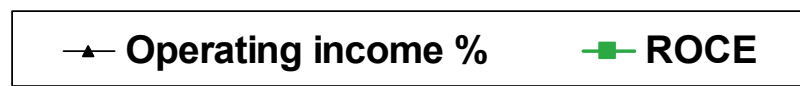
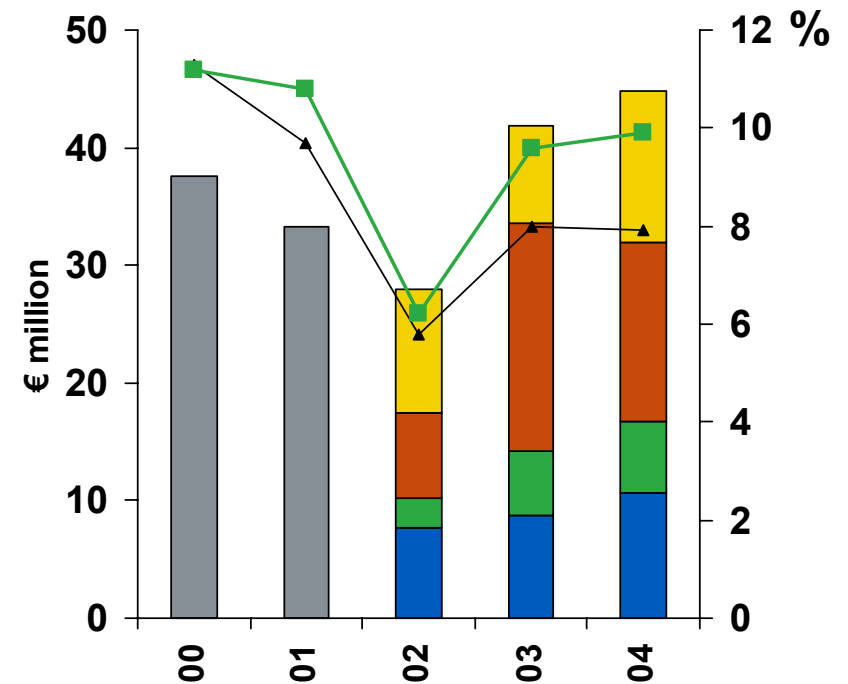


Pulp & Paper Chemicals

Net sales



EBIT & ROCE



The figures are not fully comparable due to changes in the business structure.

Pulp & Paper Chemicals

- Net sales of all business units grew
 - Organic growth especially in bleaching chemicals and calcium sulphate pigments
- EBIT up by 6.9%
 - 7.9% of net sales (2003: 8.0%)
- ROCE 9.9% (2003: 9.6%)

MEUR	2004	2003	Ch%	Q4/04	Q4/03	Ch%
Net sales	566	521	9	144	137	5
EBIT	44.8	41.9	7	12.8	8.3	

Pulp & Paper Chemicals

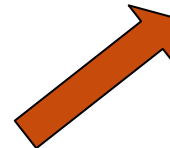
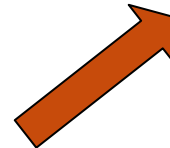
- Acquisition of E.Q.U.I.P International
 - Strengthening position in North America
- De-bottlenecking of hydrogen peroxide, Helsingborg, Sweden and Europoort, The Netherlands
- Outlook for 2005:
 - Signs of improved business cycle in the pulp and paper industry
 - Availability of some raw materials expected to continue tight
 - Net sales and EBIT estimated to grow thanks to the acquisition of Finnish Chemicals

Finnish Chemicals

- A leading pulp bleaching chemicals company with a turnover of close to 250 MEUR
- Locations: Äetsä, Joutseno and Kuusankoski in Finland; Eastover (SC) and Augusta (GA) in the USA
- Products: sodium chlorate (2/3 of the turnover), sodium borohydride, caustic, chlorine dioxide, sodium hypochlorite, hydrochloric acid
- Main Customers: leading Nordic and North American pulp and paper companies
- Personnel 470

Kemira growing in pulp and paper chemicals

Situation today in total		Situation after the acquisition	
■ Ciba	900 M€	■ Ciba	900 M€
■ Eka Chemicals	750	■ Kemira	810
■ BASF	730	■ Eka Chemicals	750
■ Hercules	730	■ BASF	730
■ Dow	670	■ Hercules	730
■ Kemira	570	■ Dow	670
■ Nalco	550	■ Nalco	550
■ Clariant	260	■ Clariant	260
■ Erco	250	■ Erco	250
■ Bayer	240	■ Bayer	240
■ Bleaching Chemicals		■ Bleaching Chemicals	
■ Eka Chemicals	480 M€	■ Eka Chemicals	480 M€
■ Erco	250	■ Kemira	460
■ Finnish Chemicals	240	■ Erco	250
■ Nexen	230	■ Nexen	230
■ Kemira	220	■ Solvay	225



Kemira / Finnish Chemicals synergies

- More efficient production
 - Favourable power supply situation
 - Increased volumes
- Increase in sales
 - Full product portfolio for bleaching
- Improved customer service
 - On-site production of bleaching chemicals
 - Full product portfolio
- More efficient R&D
 - Total bleaching process management
- Improved raw-material situation
 - Water treatment chemicals
 - Paper chemicals
- North American position strengthened
 - The leading pulp producers common customers
- Bigger growth opportunities
 - On-site bleaching chemicals production at pulp mills in emerging markets (Lat. America, Asia, Russia)
 - Water treatment and paper chemicals
- Strong partner in the Finnish Forest Clustyer

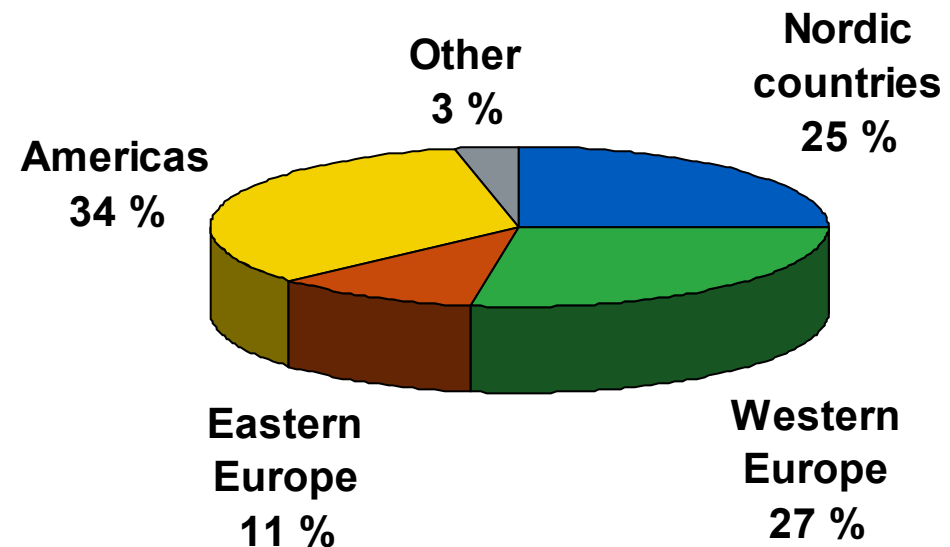
Kemwater

- The leading global supplier of coagulation chemicals to municipal waterworks; solutions for the management of industrial waste water and sludge problems.
- Net sales 2004: 285 MEUR
- Leading market position

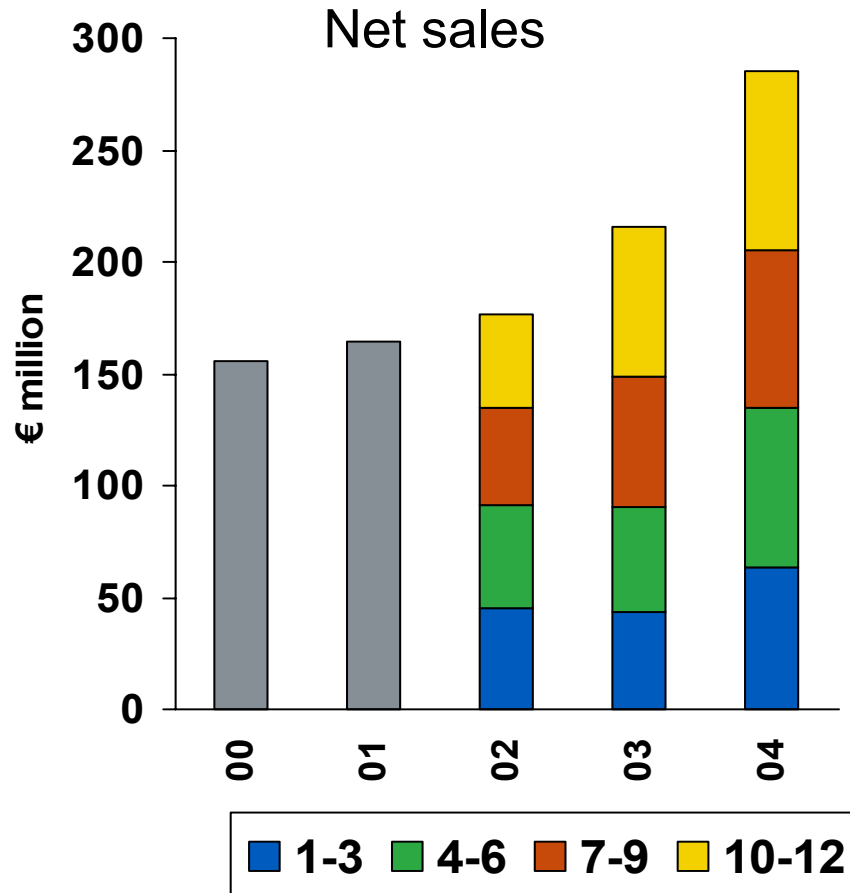
(coagulants)

■ Global	No 1
■ US	No 1
■ Europe	No 1
■ Nordic	No 1

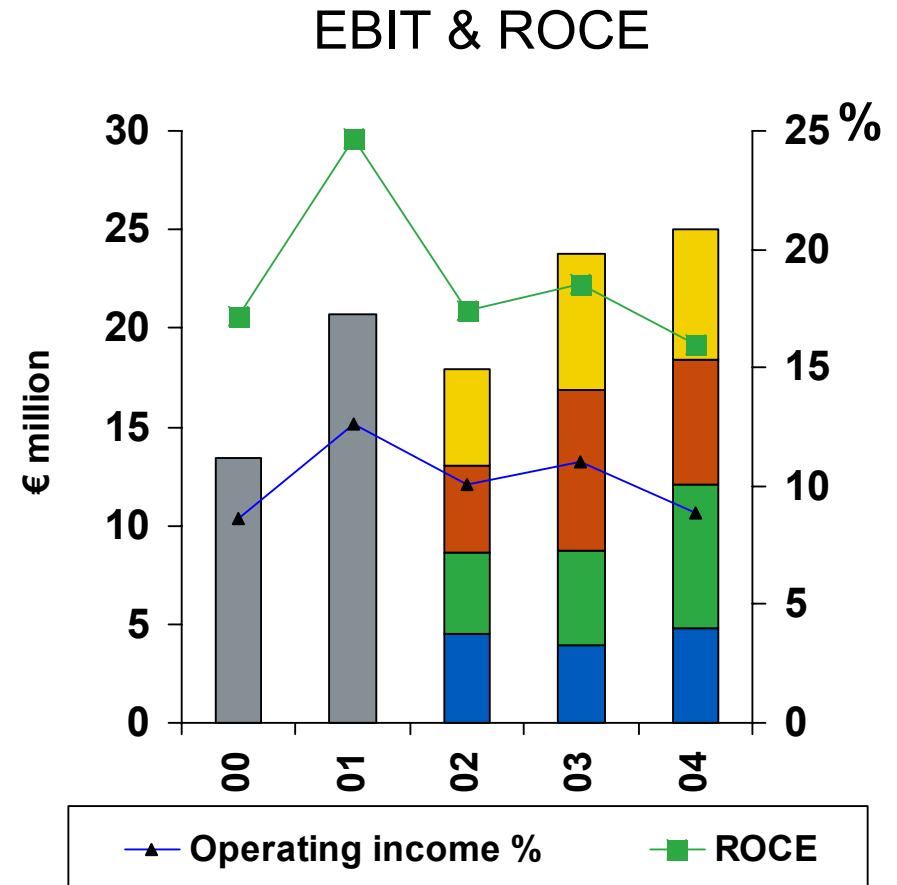
Geographical breakdown of net sales



Kemwater



The figures are not fully comparable due to changes in business structure.



Excluding extra write-downs and costs of 11 MEUR.

Kemwater

- Net sales up by 33%
 - Acquisitions of Eaglebrook, USA in November 2004 and Kemiron, USA in August 2003
- EBIT 9% of net sales (2003: 11%) excluding one-time write-downs and costs of 11 MEUR in Q4/04
 - Higher prices of raw materials
- ROCE 16.0% (2003: 18.5%) without one-time items
 - ROCE with one-time items 9.6%

MEUR	2004	2003	Ch%	Q4/04	Q4/03	Ch%
Net sales	285	215	33	80	66	21
EBIT	14.4	23.8	-39	-4.0	6.9	

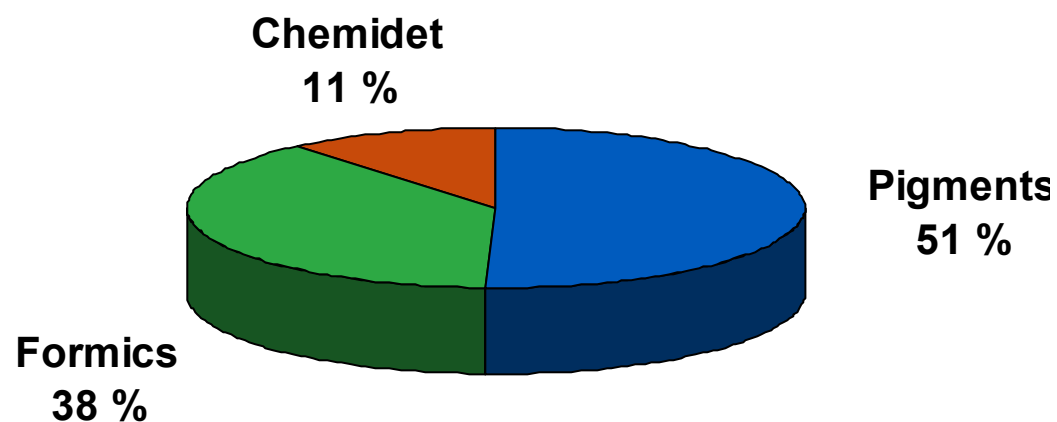
Kemwater

- Largest player in coagulants in North-America
 - Acquisition of Eaglebrook
- Stronger position in water treatment in Poland and Slovenia
 - Acquisitions of Zlotniki in Poland and Belinka in Slovenia
- Outlook for 2005:
 - Demand for water treatment chemicals expected to grow
 - Price increases in some raw materials putting earnings under pressure
 - Net sales estimated to grow thanks to the Eaglebrook acquisition
 - EBIT estimated to improve

Industrial Chemicals

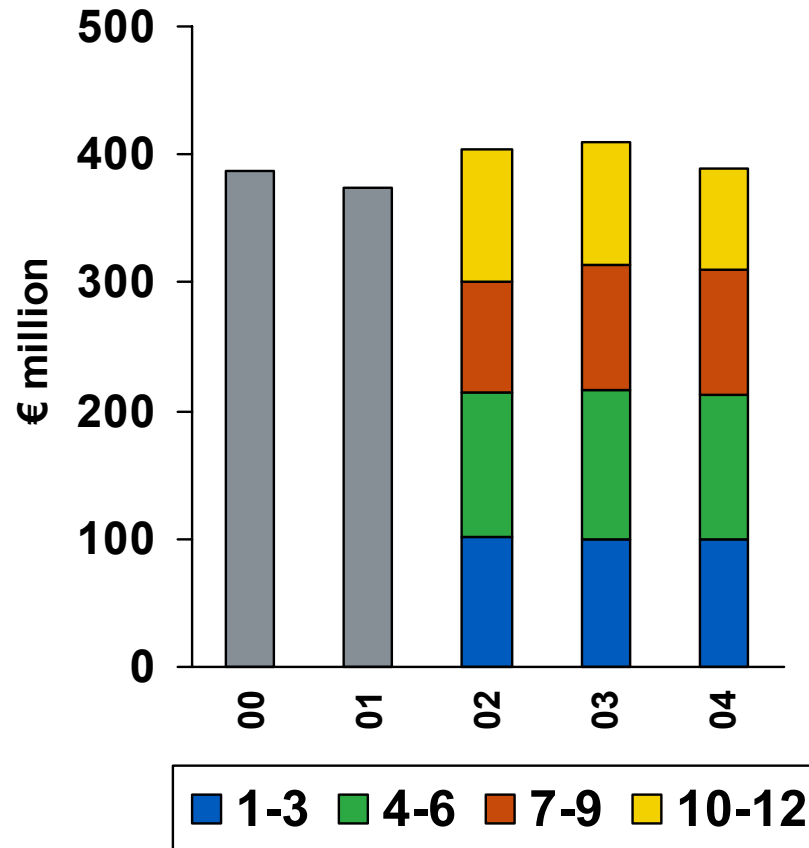
- A world-class specialist with a strong technology base and a leading position in attractive specialty chemicals markets
- Net sales 2004: 389 MEUR (excluding divested businesses: 315 MEUR)
- Good market position
 - Pigments: Leading producer of TiO₂ for printing inks
 - Formics: No 2 globally
 - Chemidet: No 3 globally

Breakdown of net sales
(315 MEUR + 110 MEUR from
Verdugt):



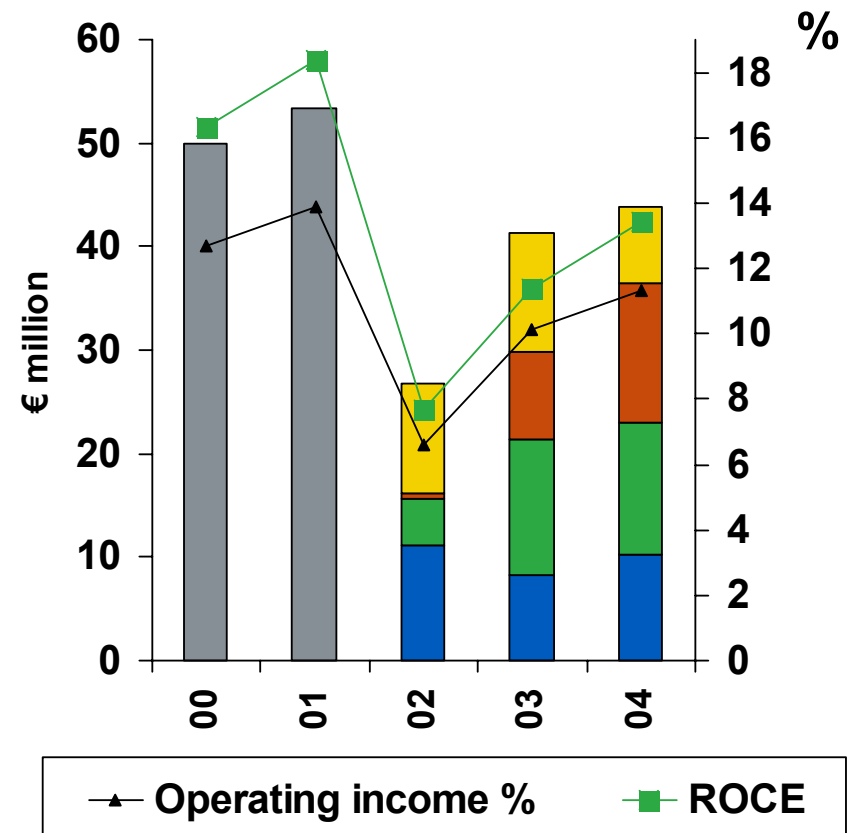
Industrial Chemicals

Net sales



The figures are not fully comparable due to changes in the business structure.

EBIT & ROCE



Excluding capital gain of 52 MEUR in Q3/04

Industrial Chemicals

- Net sales of continuing business at the level of 2003
 - Divestments of Fine Chemicals and the calcium chloride business in September
 - TiO₂ prices in euros 7% below the level of 2003, sales volumes 11% higher. Weak US dollar eating the effect of higher prices during last months of 2004.
 - Demand for formic acid and sodium percarbonate stable
- EBIT 10.5% of net sales (of continuing businesses)

MEUR	2004	2003	Ch%	Q4/04	Q3/03	Ch%
Net sales	389	410	-5	79	97	-18
EBIT*	43.8	41.4	11	7.3	11.5	

*Excluding capital gain of 52 MEUR in Q3/04

Industrial Chemicals

- ROCE 13.4%* (2003: 11.4%)
 - ROCE for continuing businesses 11.1%
- Investment in ferrous sulphate, Pori, Finland
- Outlook for 2005:
 - TiO₂ prices expected to rise and volumes to increase, US dollar impacting net sales and earnings
 - Sales of formic acid and sodium percarbonate expected to grow
 - Net sales estimated to be higher than the figure for continuing operations in 2004, thanks to the acquisition of Verdugt
 - EBIT of continuing operations also expected to improve

*Excl. capital gain of 52 MEUR on sale of the Fine Chemicals and calcium chloride businesses

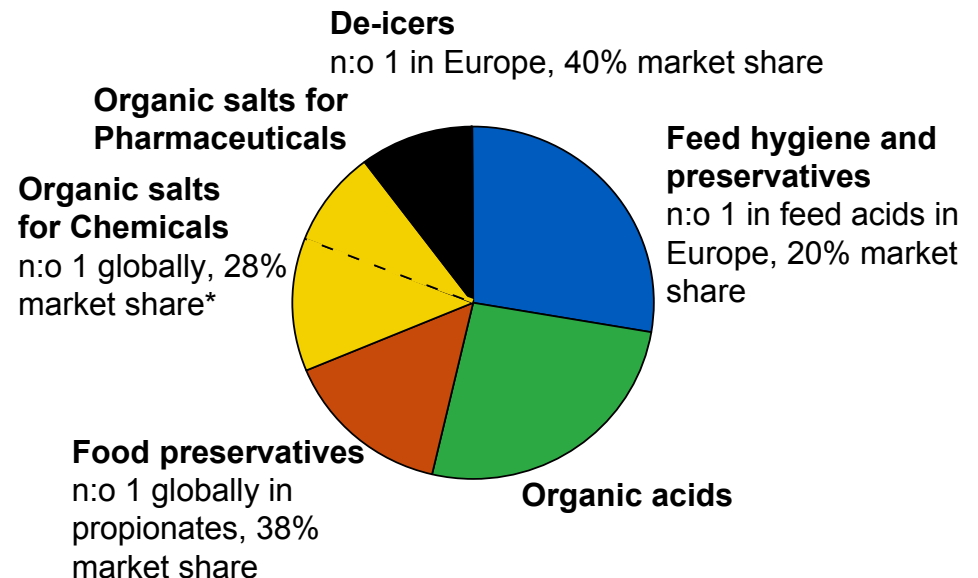
Kemira and Verdugt BV

Verdugt is a global leader in organic salts and a large player in formic acid

Verdugt

- Provider of specialty organic salts and solutions of organic acids
- Strong presence in Europe, Asia, North and South America
- Production sites in Tiel, The Netherlands and Barcelona, Spain
- 2004 net sales 110 MEUR
- 130 employees

Sales by segment (2004)

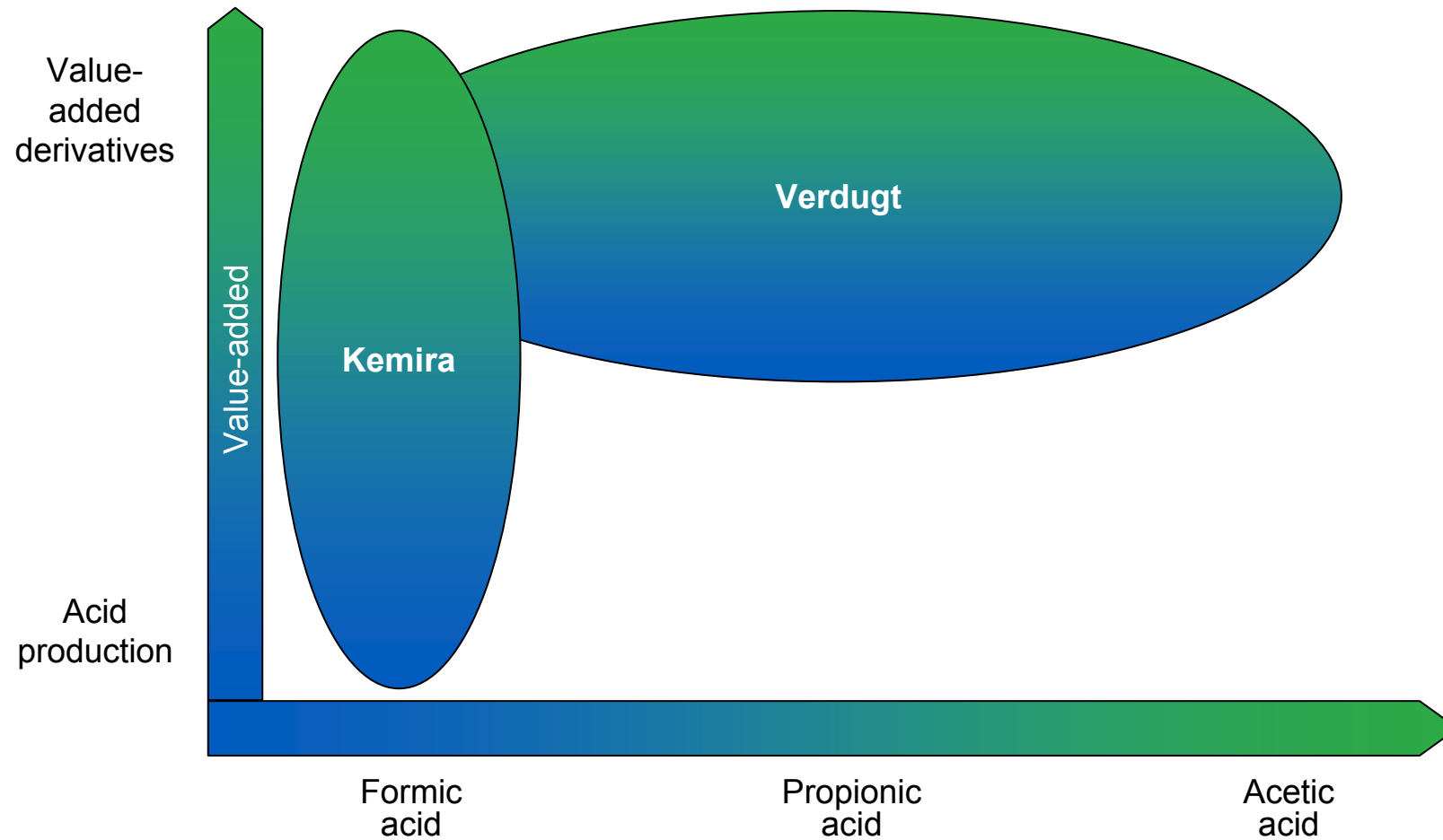


2004 Sales: 110 MEUR

*Figures contain organic salts (formiates, propionates and acetates) for both pharmaceutical and chemical segments
[Market shares are Verdugt's own estimates]

Complementary businesses

Verdugt acquisition enables Kemira to move forward in the value chain



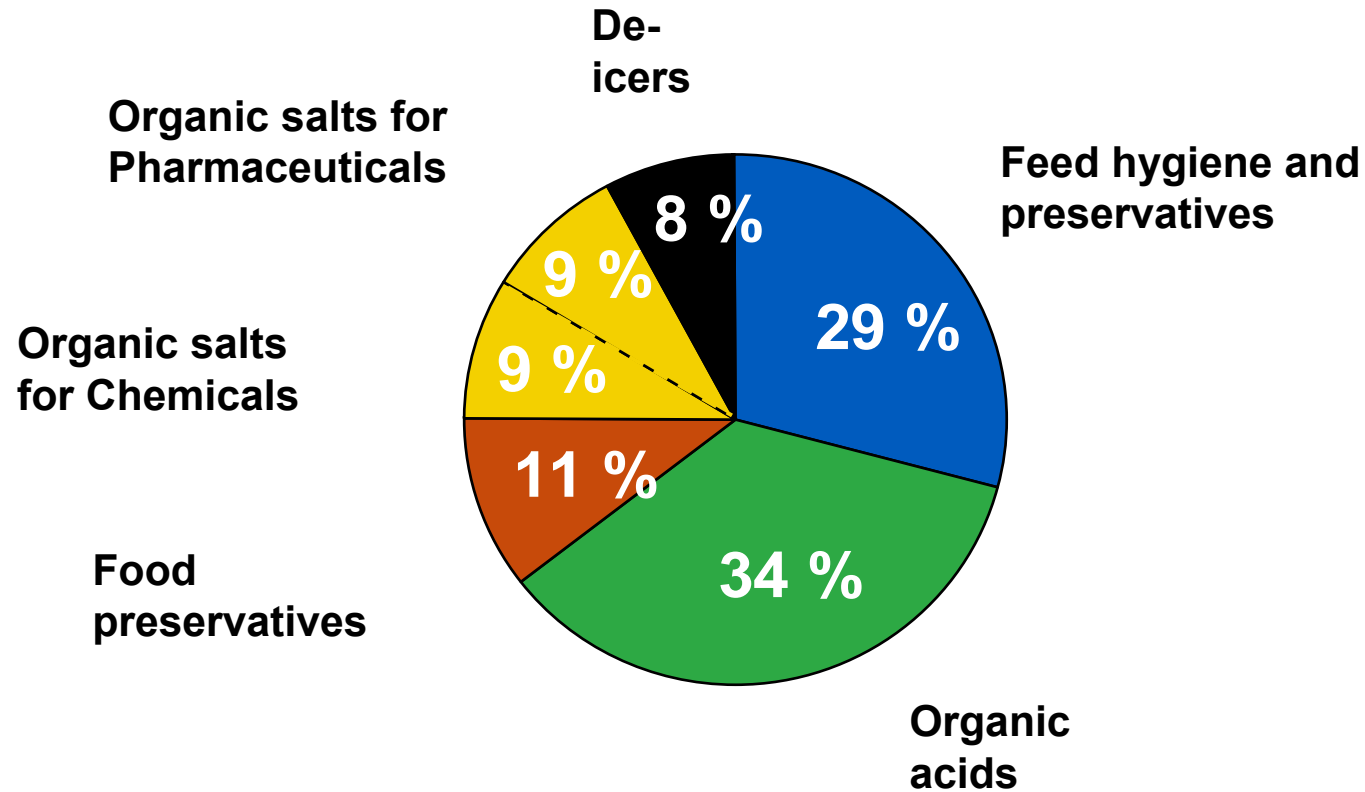
Combined Entity

Segments and Market Positions

End-markets	Geographical market	Market share by volume	Estimated rank
Pharmaceutical Industrial	World	28%	1
Food Preservatives	World	38%	1
Airport Runway De-Icers	Europe	42%	1
Feed Hygiene & Preservatives	World Europe	23% 34%	2 1
Organic Acids	World Europe	22% 33%	2 2

Note: Estimates by Kemira and Verdugt Management

Combined sales 160 MEUR



Paints & Coatings

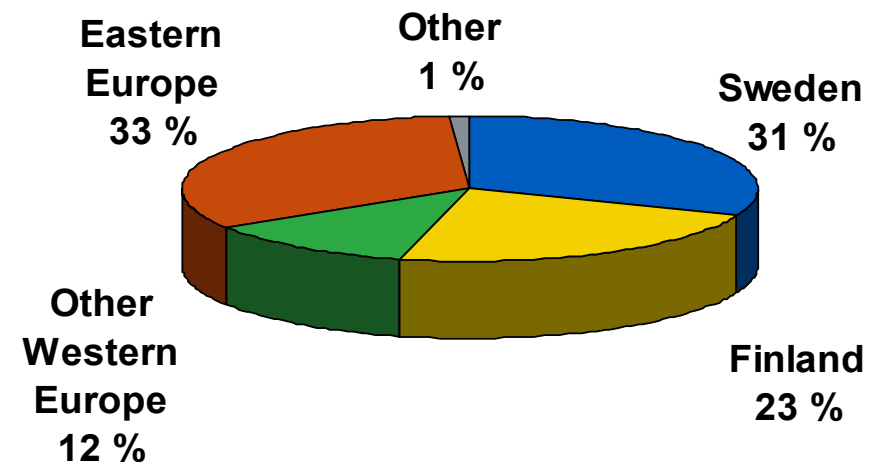
- Focusing in the eastern half of Europe with strong local brands (Tikkurila, Alcro, Beckers, Vivacolor, etc.)
- Net sales 2004: 440 MEUR
- Leading market positions

in decorative paints

- Finland No 1 *
- Sweden No 1
- Baltic No 1 *
- Poland No 2
- Russia Best-known brand

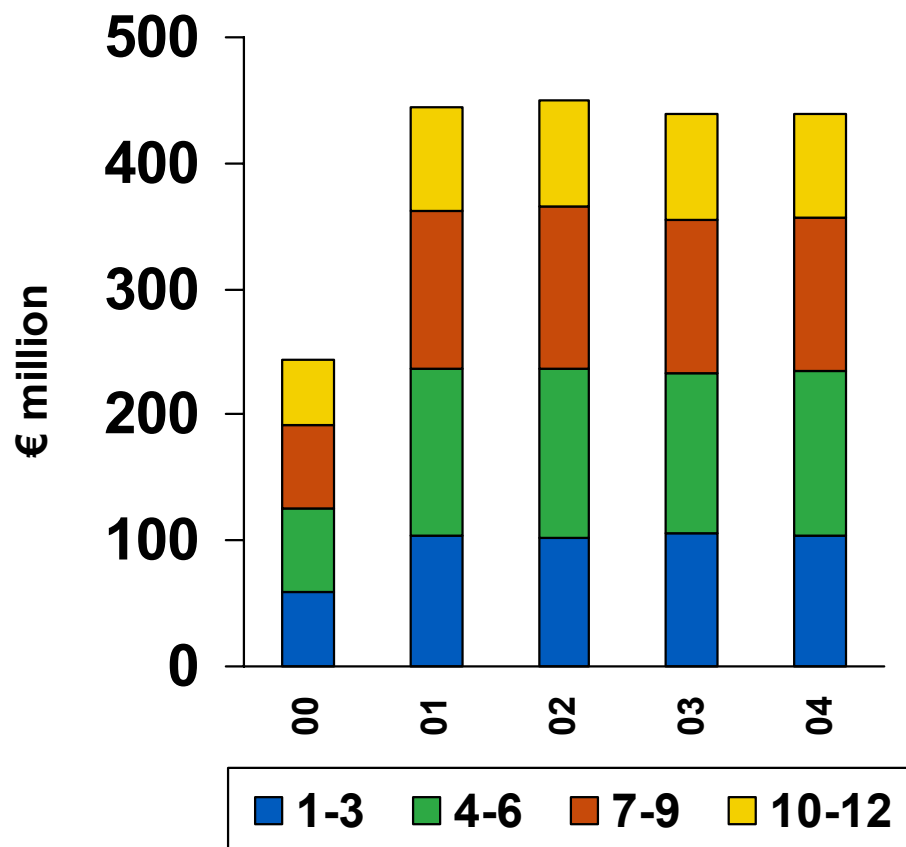
* and industrial paints

Selected markets:

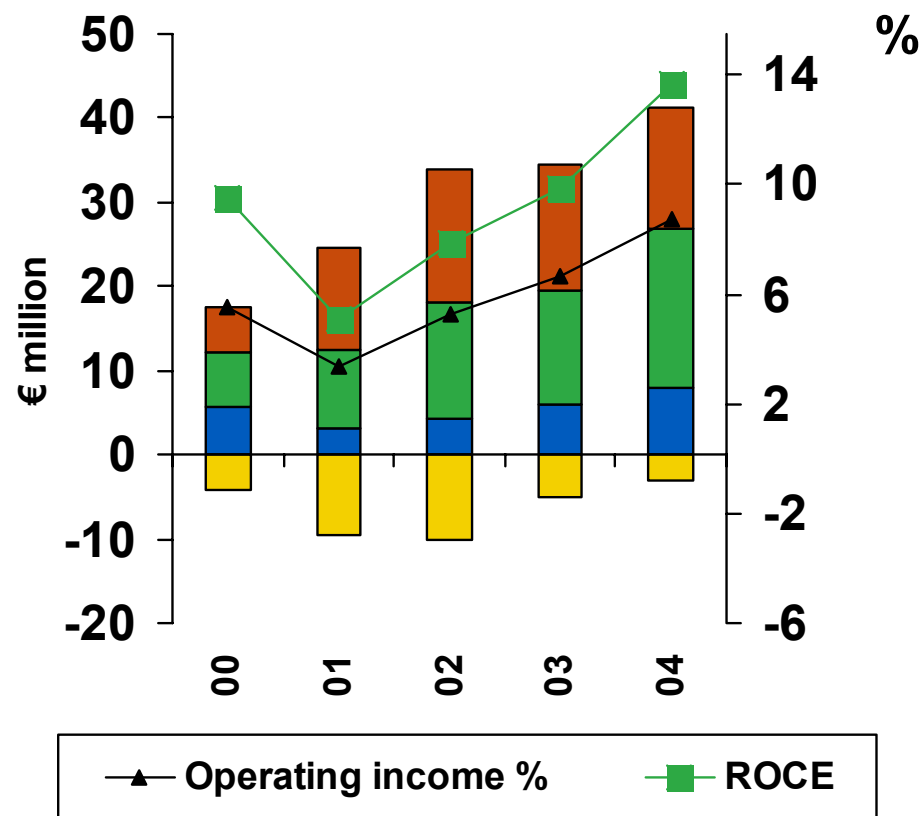


Paints & Coatings

Net sales



EBIT & ROCE



Paints & Coatings

- Net sales similar to 2003 due to restructuring
 - Decorative paints +3%
 - Coatings -4%
- Operating income up by 30%
 - Impact of one-off items +3.9 MEUR
 - Operating income 8.7% of net sales (2003: 6.7%)
- ROCE 13.7% (2003: 9.8%)

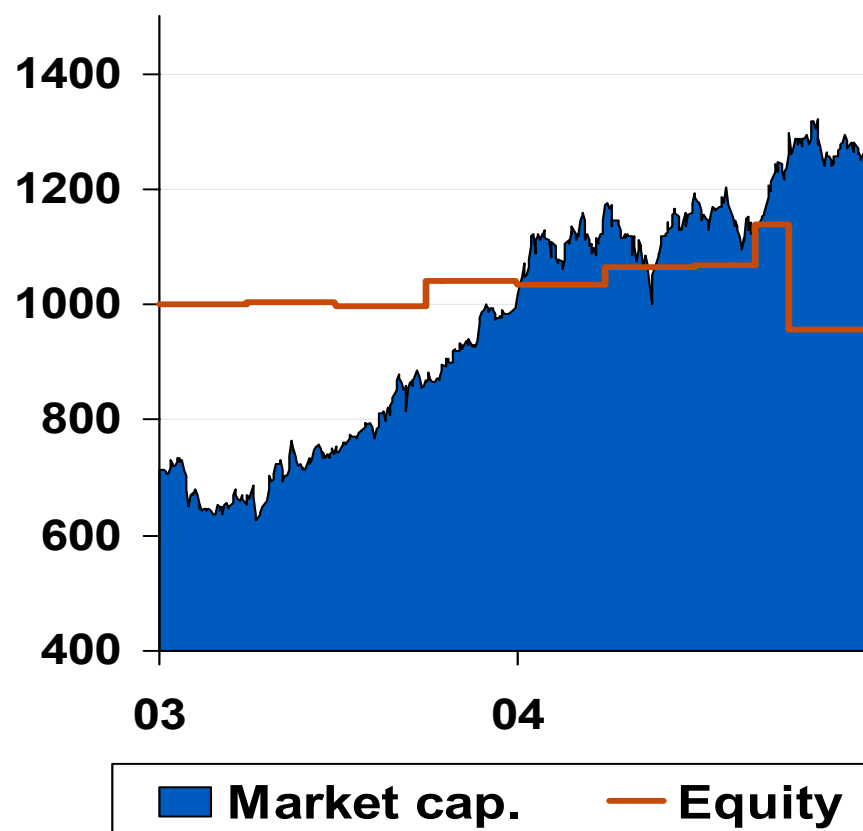
MEUR	2004	2003	Ch%	Q4/04	Q3/03	Ch%
Net sales	440	439	0	84	84	0
EBIT	38.4	29.5	30	-3.0	-4.9	

Paints & Coatings

- Industrial coatings unit in the UK sold
- Acquisition of 51% holding of Kolorit Paints in Ukraine
- Outlook for 2005:
 - Demand expected to be good
 - Growth expected to continue in Russia and eastern Europe
 - Due to the UK divestment, net sales estimated to be on the level of 2004
 - EBIT estimated to increase

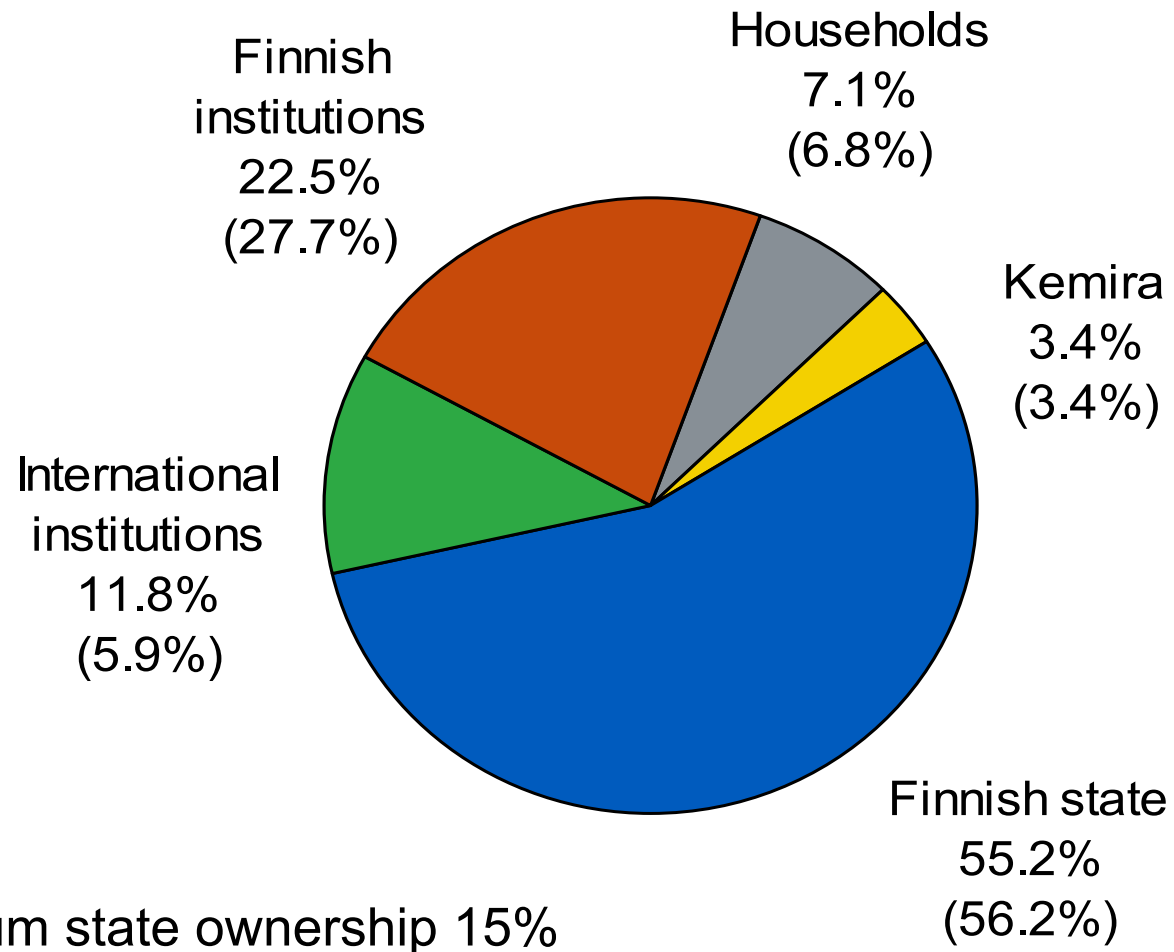
Market capitalisation vs. equity, MEUR

- Market cap. 31 Dec 2004: 1,222 MEUR (2003: 1,087 MEUR)
- Net sales 2004 (underlying): 1,695 MEUR (Net sales 2003: 2,738 MEUR)

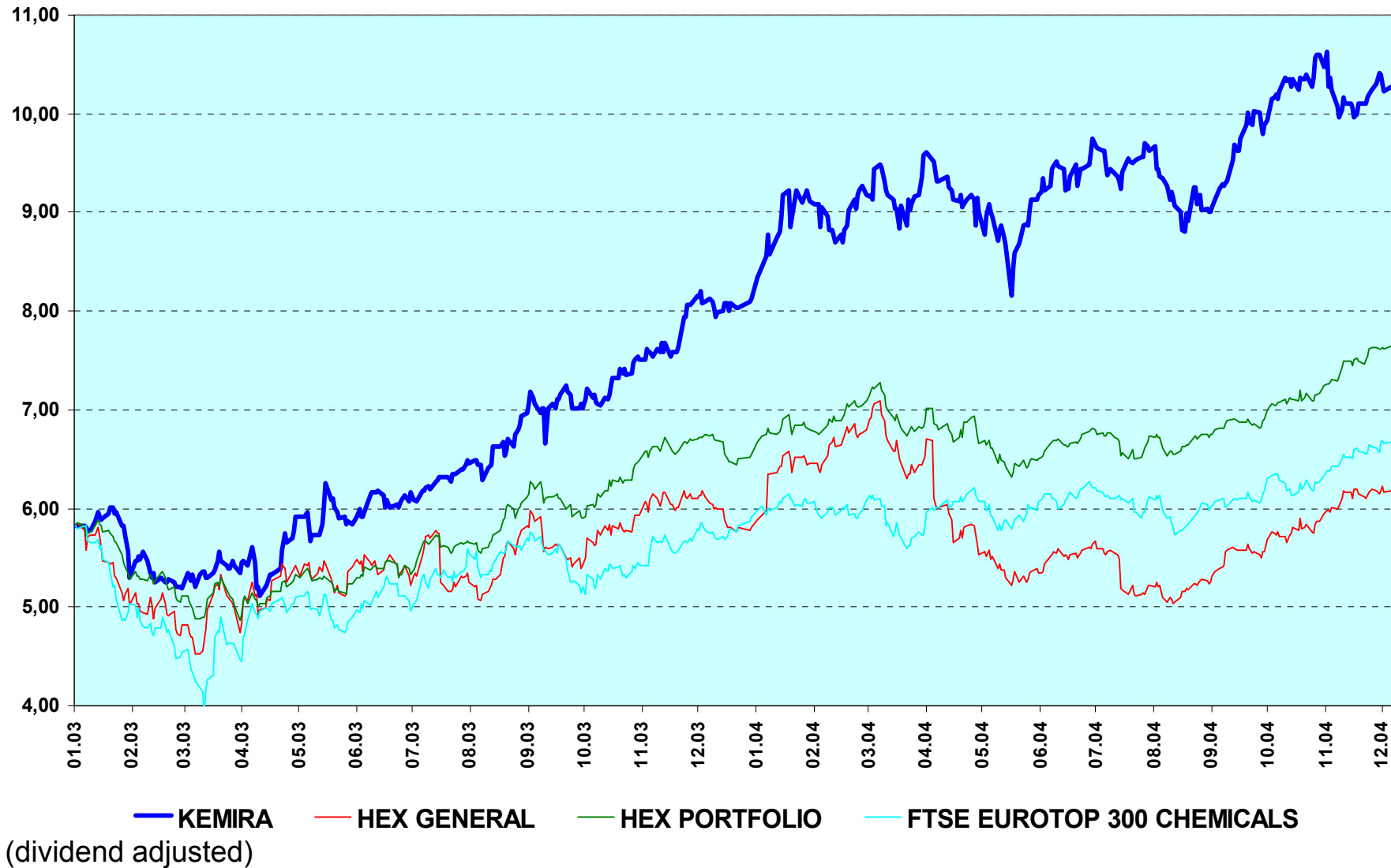


Ownership 31 Dec 2004

(31 Dec 2003)



Positive development of Kemira share



The logo for Kemira, featuring the word "Kemira" in white, bold, sans-serif capital letters on a blue rectangular background. A thin green horizontal bar is positioned at the top of the blue rectangle.

Kemira

Looking ahead

Kemira strategy

- Kemira strengthens its four main business areas through organic growth and acquisitions
- Strategic priorities when allocating financial resources
 - Improve profitability
 - Ability to create growth
 - Build a unique position
 - Create corporate synergy

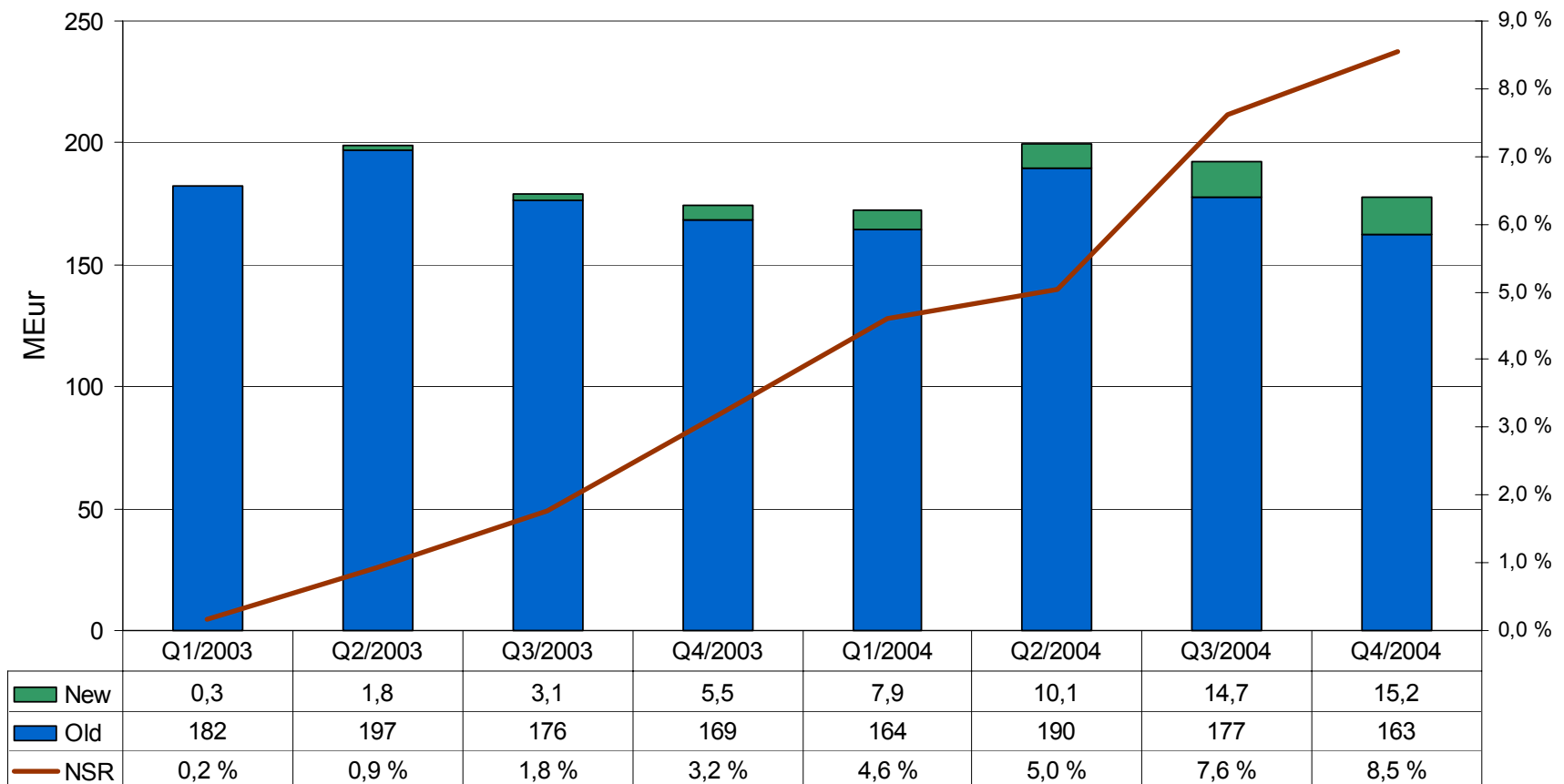
Development of R&D investment

TARGET: TO REACH PIONEER POSITION IN OUR BUSINESS AREAS

YEAR	2000	2001	2002	2003	2004	B2005	TARGET
NET SALES (BEUR)	1.37	1.29	1.44	1.65	1.70		
R&D TOTAL (MEUR)	26	30	38	40	39		
% OF NS	1.9	2.3	2.7	2.4	2.4	2.5	4.5
Personnel							
- Total						607	
- Scientists, total						283	
- Doctors						71	

Renewal rate of Kemira

Renewal Rate of Kemira: Share of New Products in Net Sales



Future Kemira

- A global group of leading chemicals businesses with high mutual synergy
 - Businesses with unique positions
 - Continuously improving profitability
 - Growth: organic and through M&A
 - Participative corporate culture

From good to great

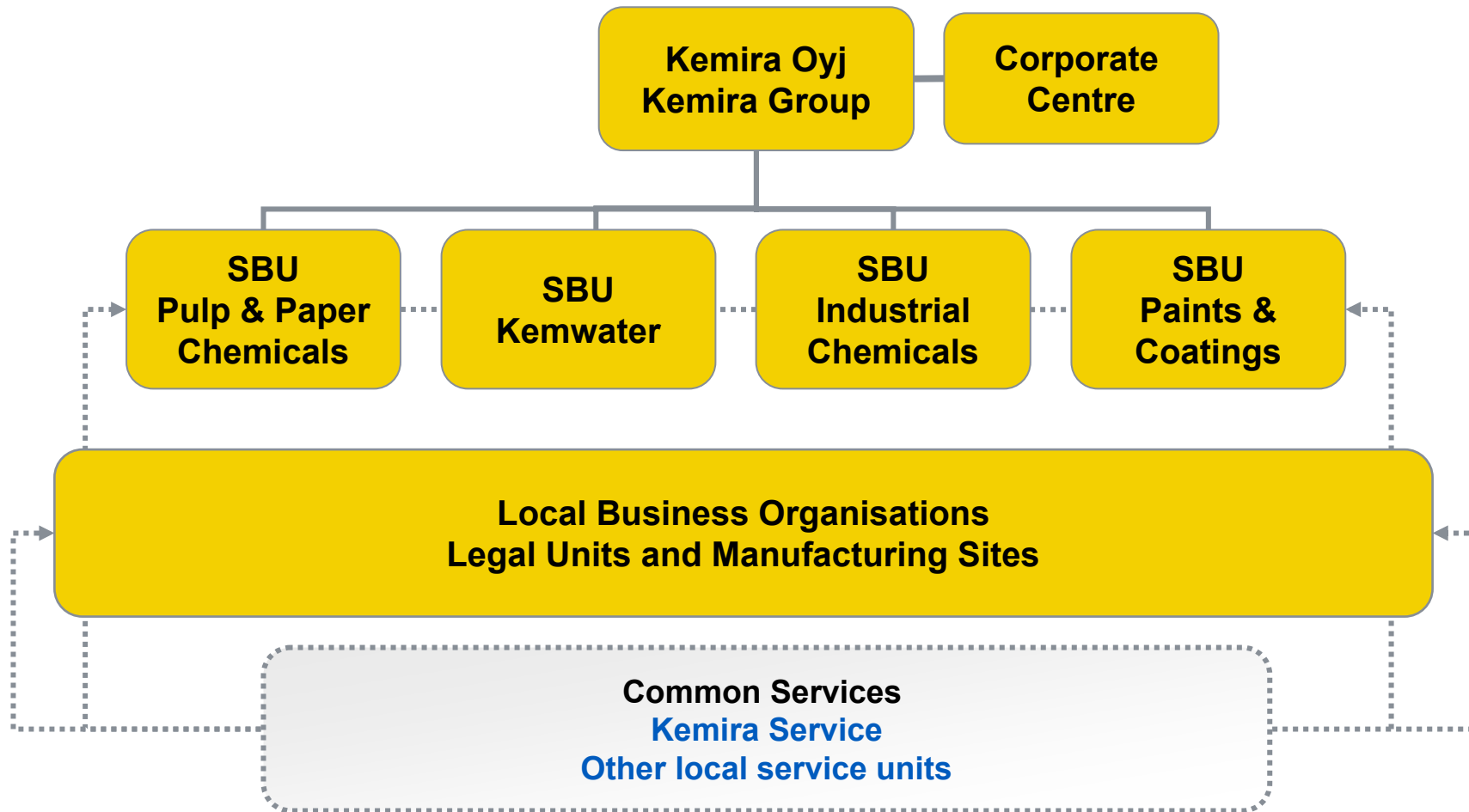
- FOCUS – focus actions
- AMBITION – more efficiency, profit and growth
- SPEED – speed up action
- TEAMWORK – effective cooperation

Outlook for 2005

- Net sales and EBIT expected to grow from the level of 2004 (excluding the impact of divested businesses)

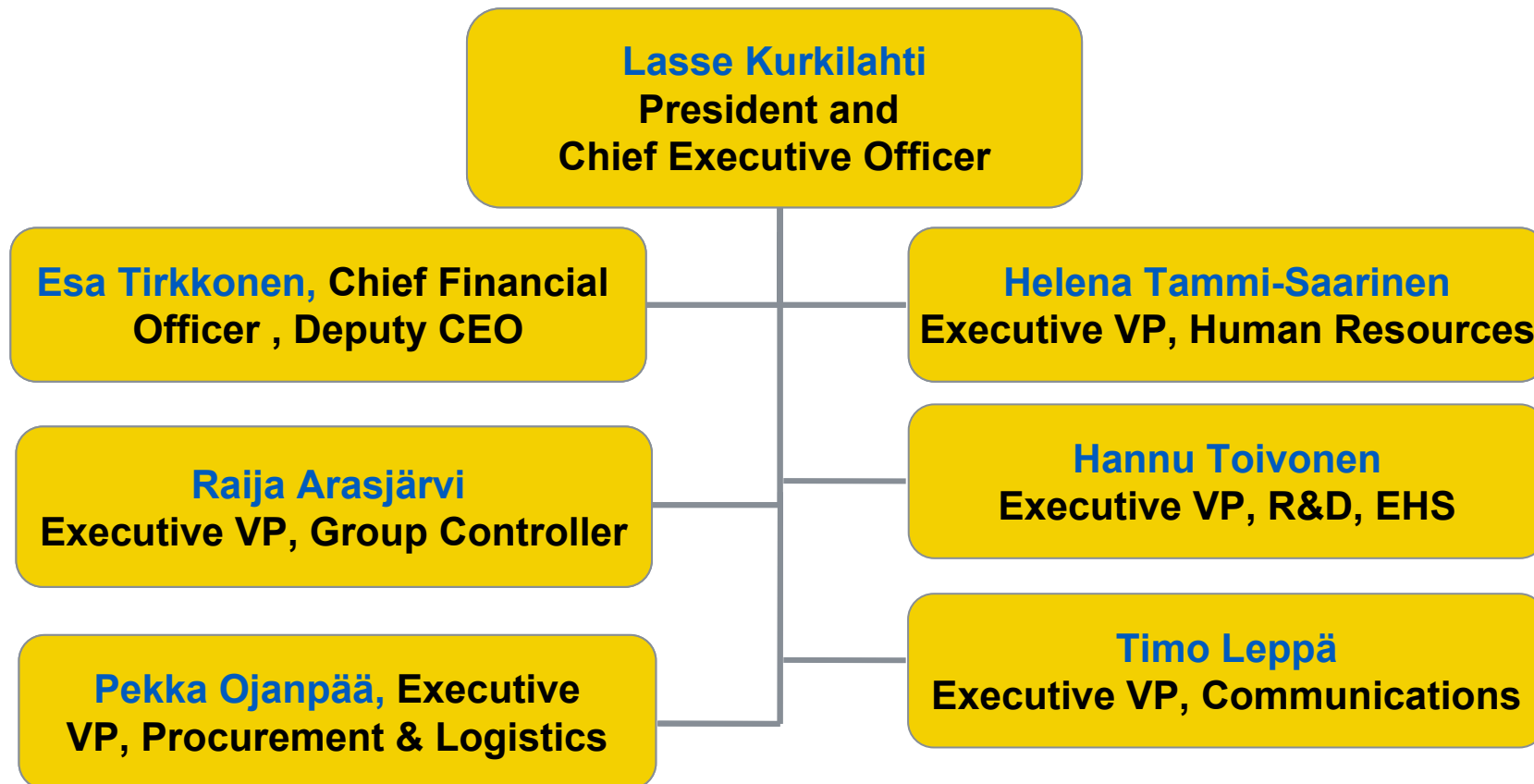
All forecasts and estimates mentioned in this report are based on the current judgement of the economic environment and the actual results may be significantly different.

Kemira Group Business Structure



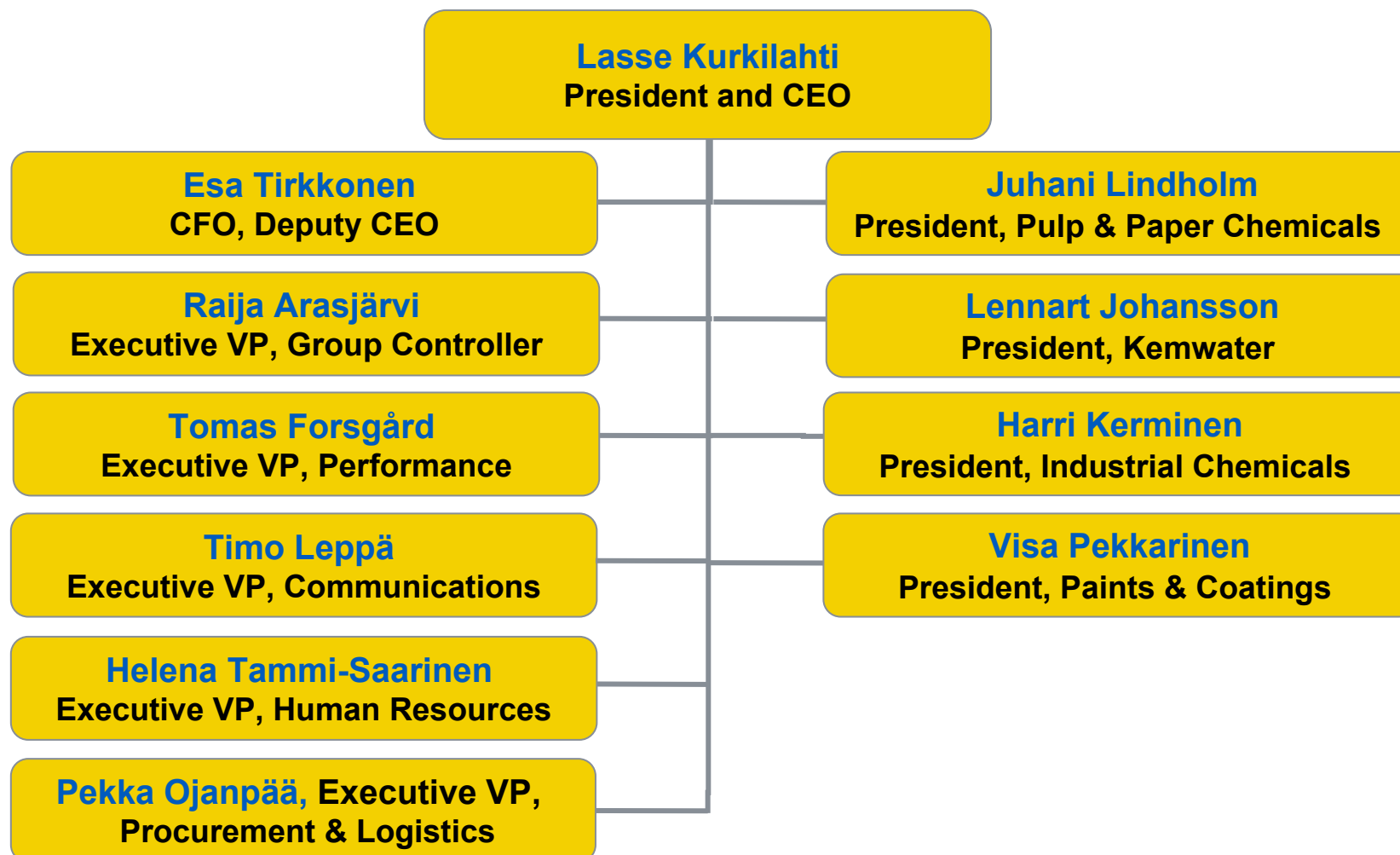
Management Structure

Kemira Strategic Board



Management Structure

Kemira Operative Board



Internal targetsetting

Internal guidelines

■ ROCE:

> 25 %	Great
> 20 %	Good
15 – 20 %	Satisfactory
10 – 15 %	Acceptable
< 10 %	Not acceptable

■ Cash flow after capex: Positive

■ EPS: Continuous improvement

Pulp & Paper Chemicals, peer group

Bleaching

- Akzo Nobel
- Solvay
- Degussa

Pigments & Additives

- Omya
- Imerys
- SMI

Specialty chemicals

- Hercules
- Nalco
- Akzo Nobel
- Ciba
- BASF

Kemwater, peer group

- General Chemicals
- Feralco
- Kronos
- Atofina
- GEO
- Huntsman

Industrial Chemicals, peer group

Titanium dioxide

- DuPont
- Millennium
- Kerr-McGee
- Huntsman
- Kronos
- Rockwood

Sodium percarbonate

- Solvey
- Degussa
- FMC

Formic acid

- BASF
- BP
- Verdugt
- Feicheng Chemicals
- Perstorp

Paints & Coatings, peer group

- Akzo Nobel
- Becker
- Teknos
- DAW (Caparol)
- Yaroslavskie Kraskie