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Kemira's Growth Continues from the Pole Position

Lasse Kurkilahti, President & CEO
7 February 2006

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2005 Group Highlights

2005 Highlights

- Year of good growth: revenue up 18%
  - Organic growth 4%
- Several acquisitions leading to pole positions
  - Finnish Chemicals
  - Verdugt
  - Kraski Teks
  - Lanxess
- EPS up 46%
  - 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

	2005	2004*	Change	Organic growth
Revenue (MEUR)	**1.994,4**	1.695,1	**18%**	**4%**
EBIT (MEUR)	**165.5**	111.6	**48%**	
EPS (EUR)	**0.73**	0.50	**46%**	
ROCE, %	**9.9**	8.6		
Cash flow after CapEx, excl. acquisitions (MEUR)	**170.8**	155.4		

- Proposed dividend EUR 0.36 / share (2004: EUR 0.34)

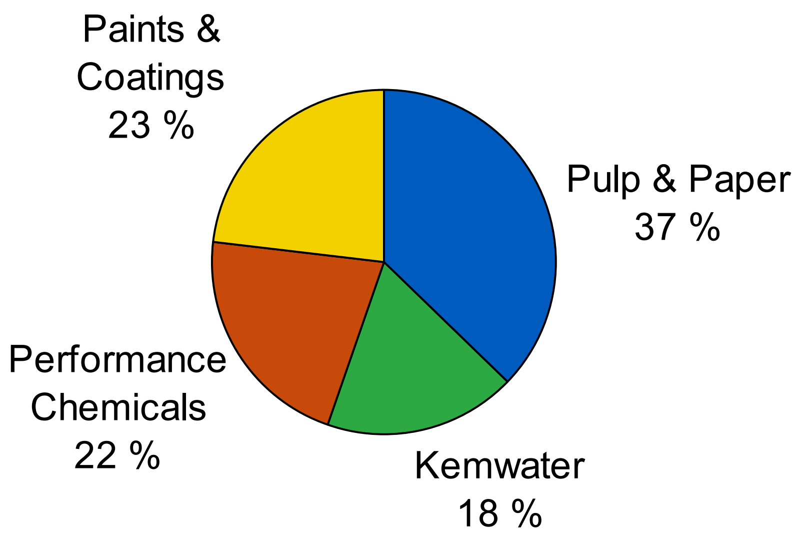
*Continuing operations

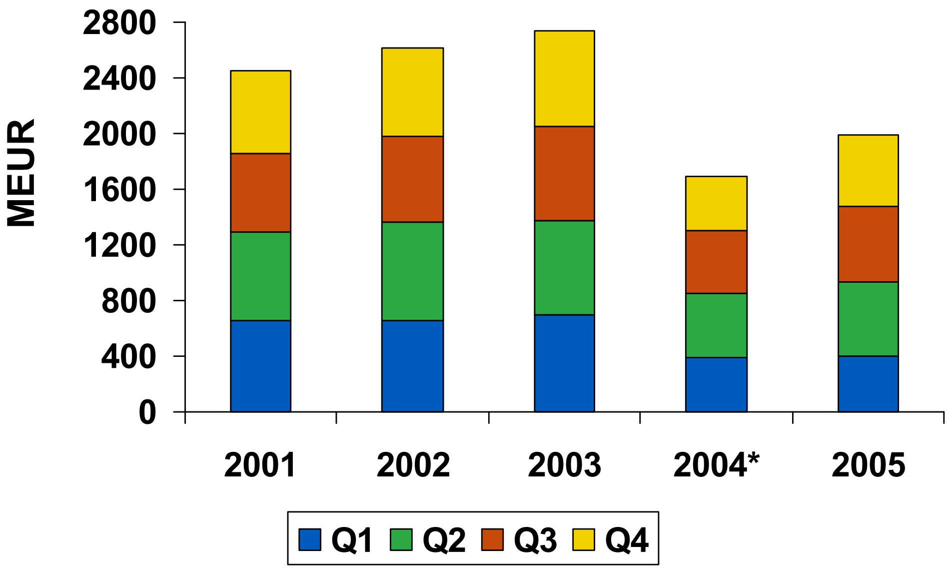
Revenue up 33% in Q4

	Q4/05	Q4/04*	**Change**	**Organic growth**
Revenue (MEUR)	**521.5**	391.0	**33%**	**8%**
EBIT (MEUR)	**36.4**	13.7	**166%**	
EPS (EUR)	**0.15**	0.13	**15%**	
ROCE, %	**9.9**	8.6		
Cash flow after CapEx, excl. acquisitions (MEUR)	**106.8**	49.4		

*Continuing operations

Revenue in 2005



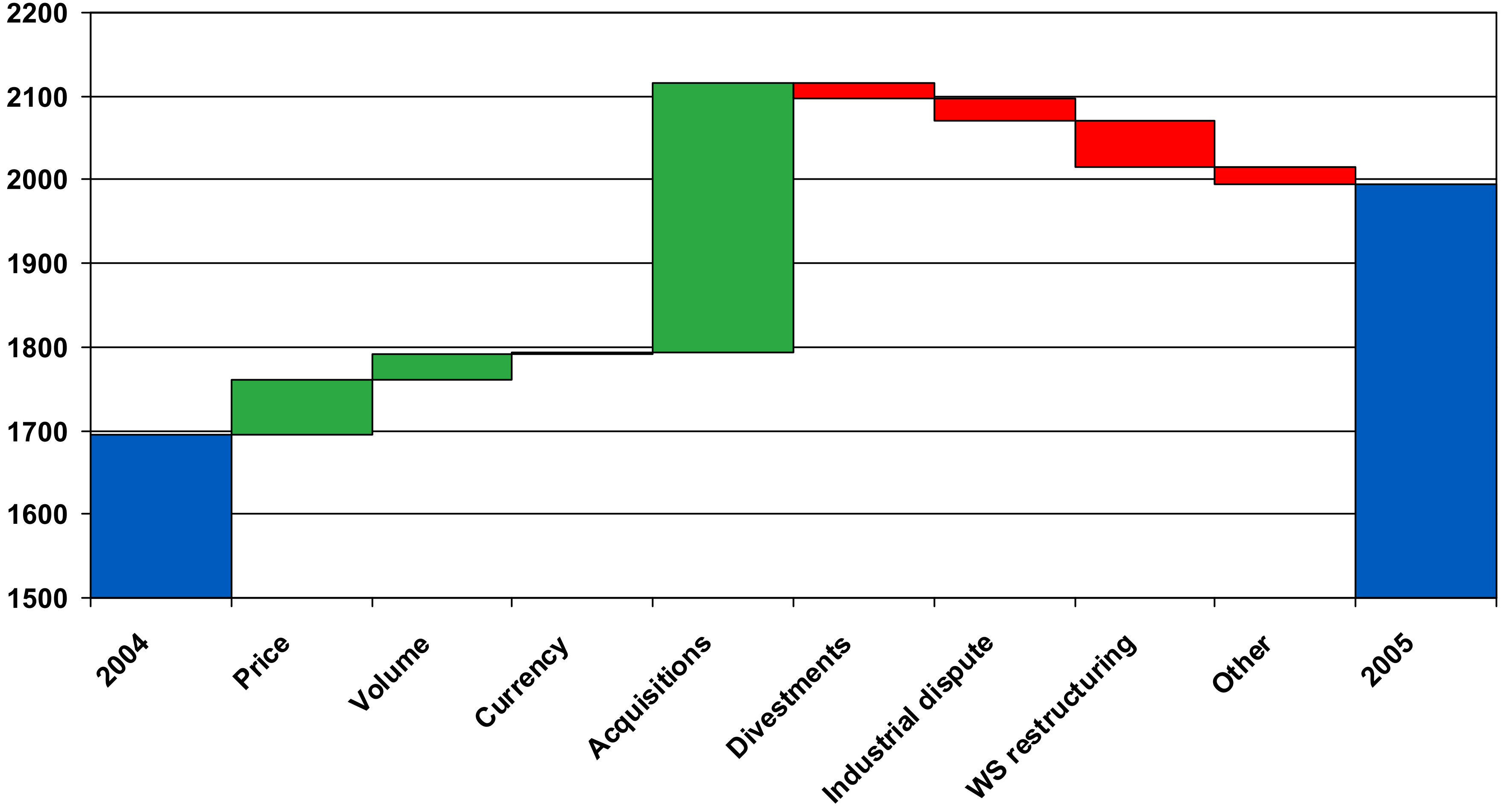


Total: 1,994.4 MEUR, +18%
(2004: 1,695.1 MEUR)

*Continuing operations

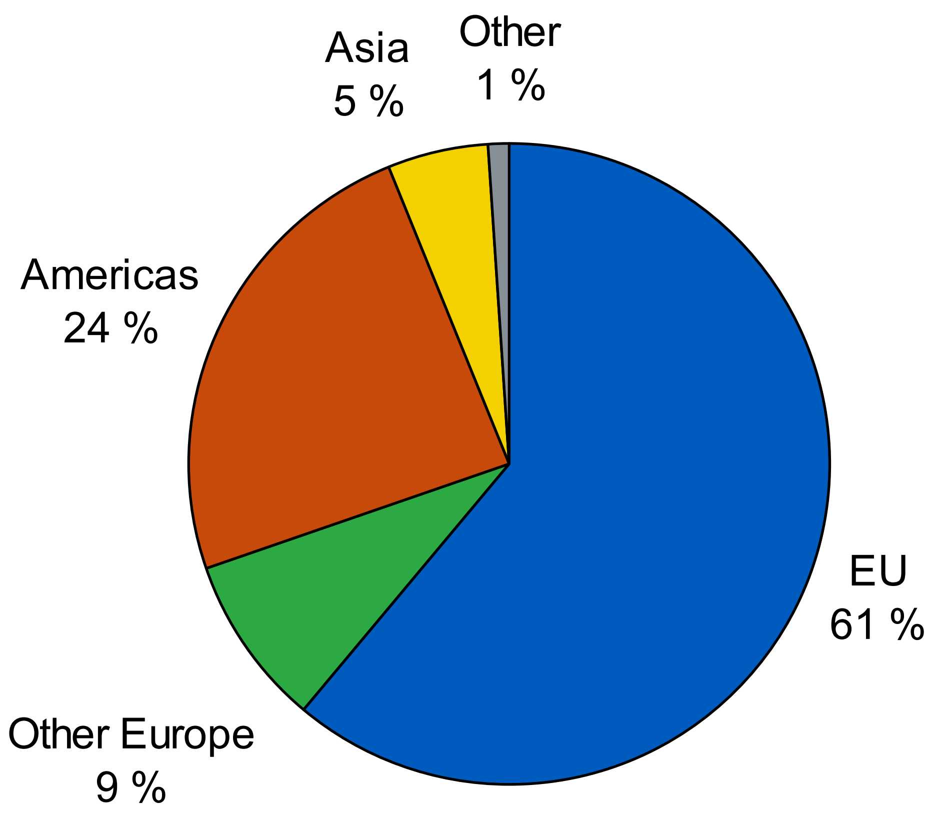
Revenue up 18% in 2005

MEUR



Geographical Breakdown of Revenue

Total: 1,994.4 MEUR (2004: 1,695.1 MEUR)



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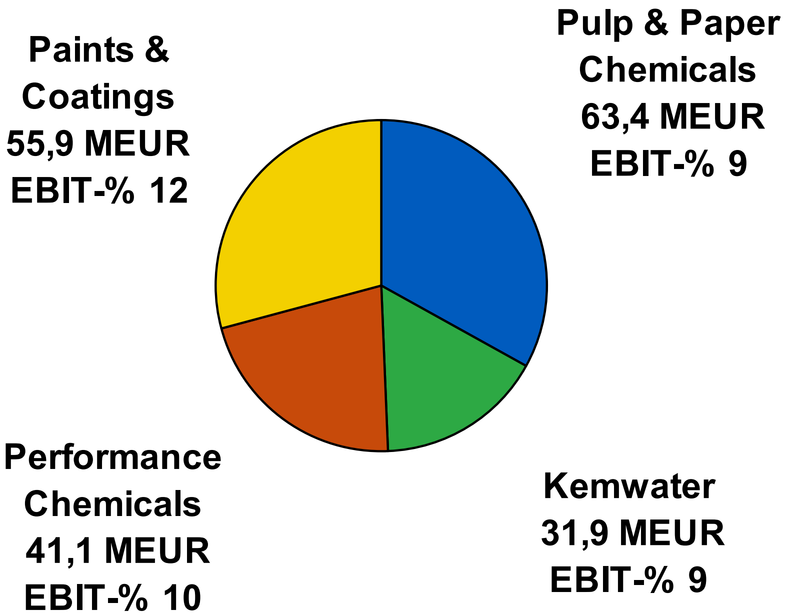
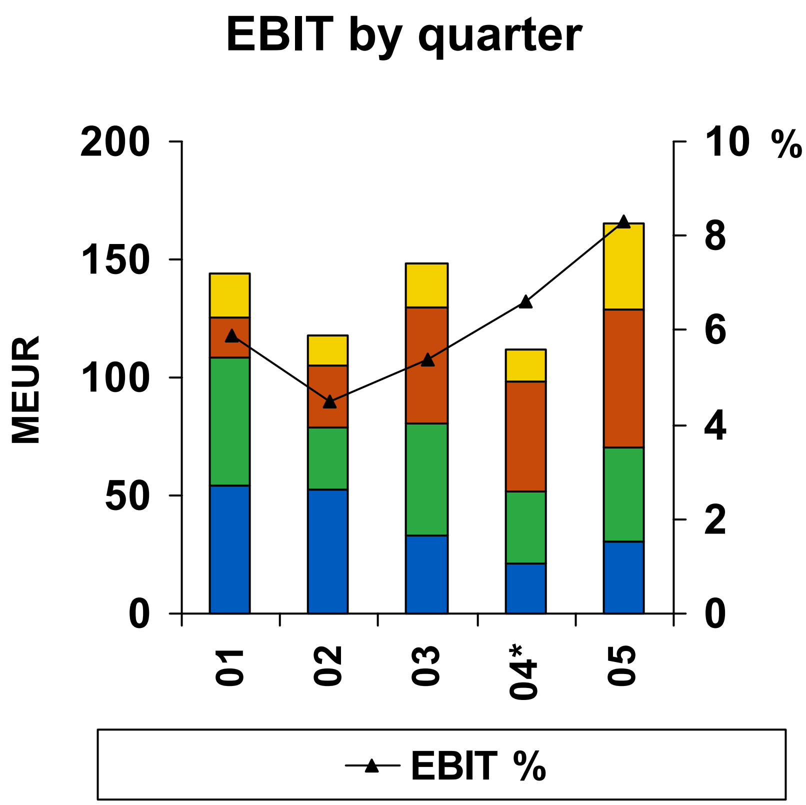
EBIT in 2005





Total 2005: 165.5 MEUR, +48%
(2004: 111.6 MEUR)
The pie chart excludes Other and eliminations.

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

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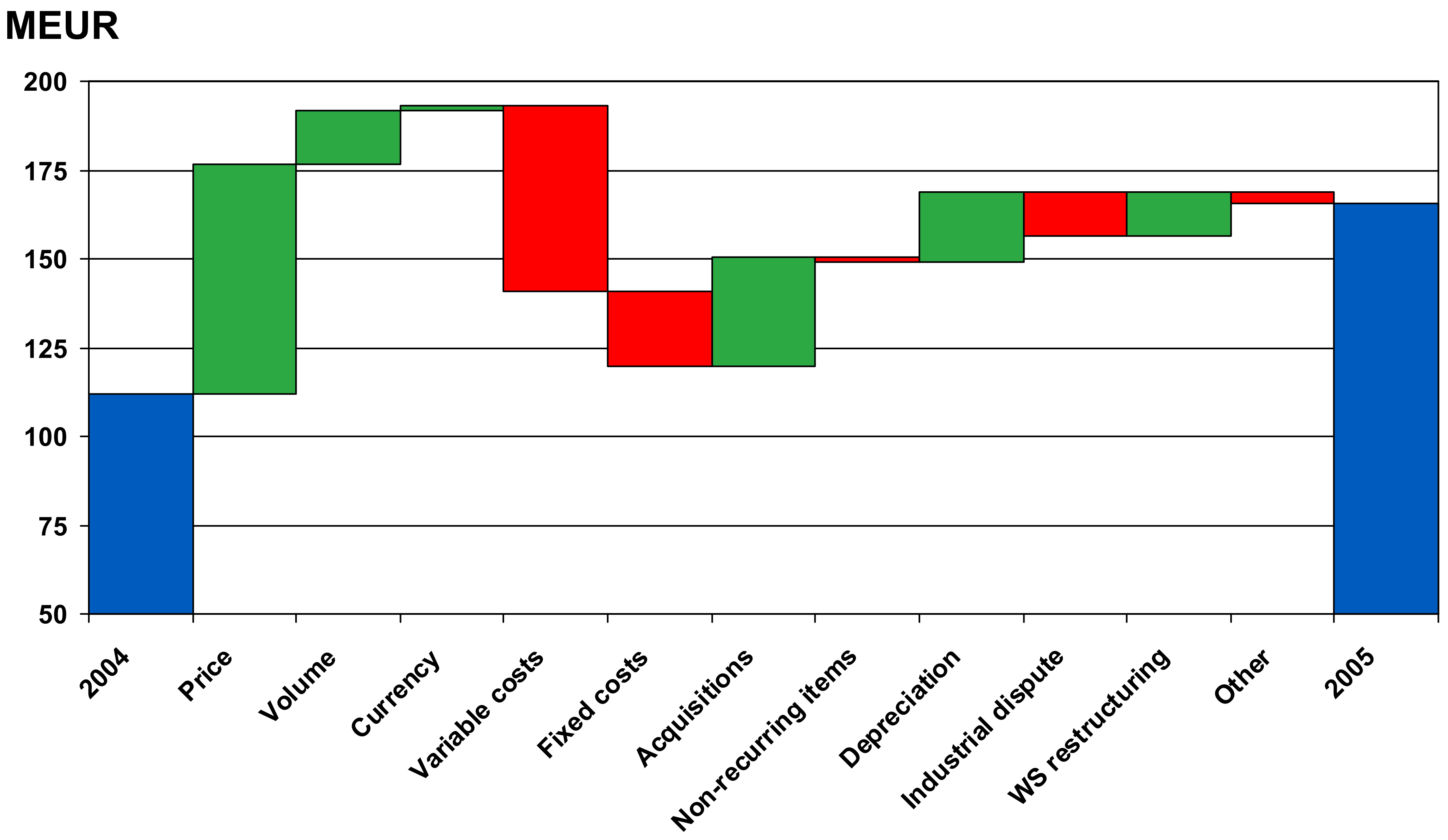
EBIT up 48% in 2005



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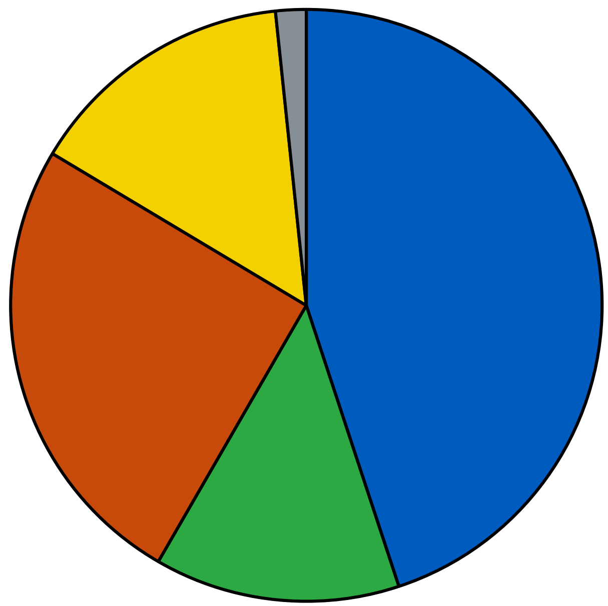
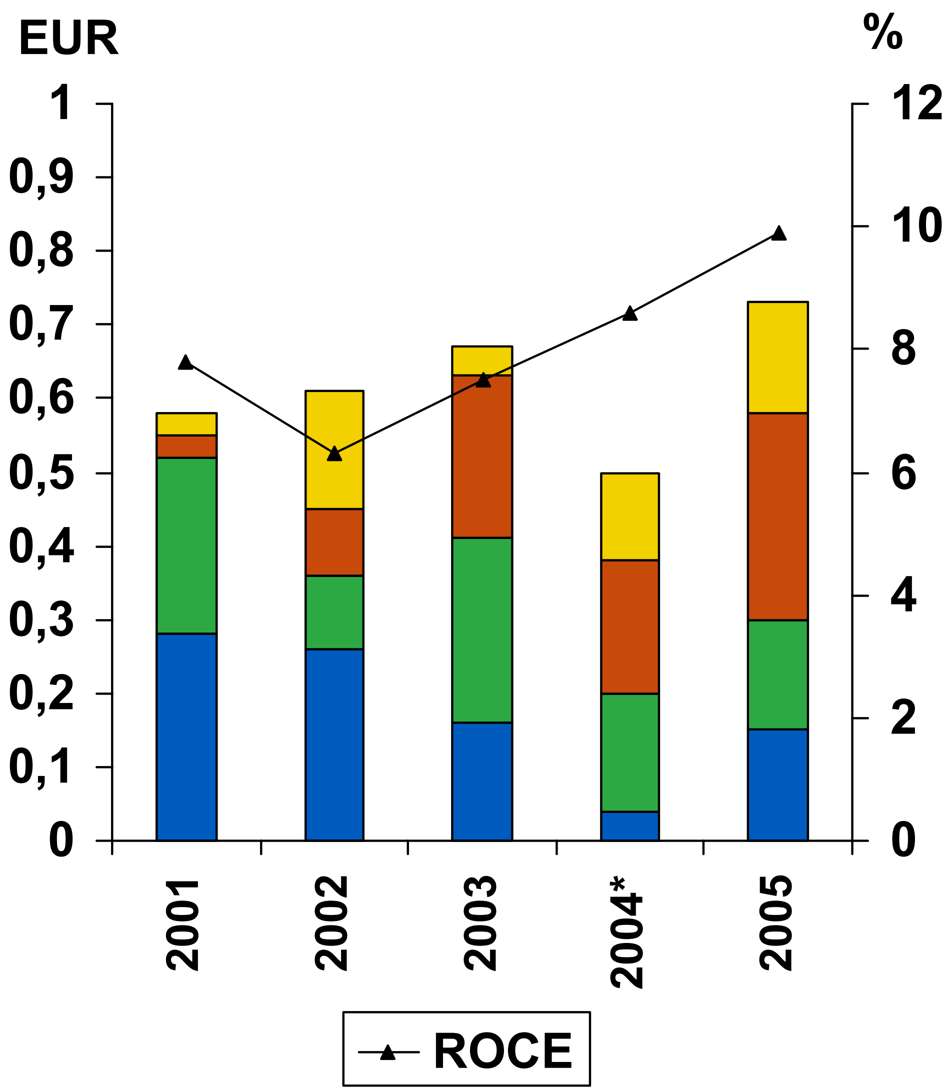
Capital Employed by Business Area 31 Dec 2005

31 December 2005: 1,766 MEUR
(31 Dec 2004: 1,206 MEUR)



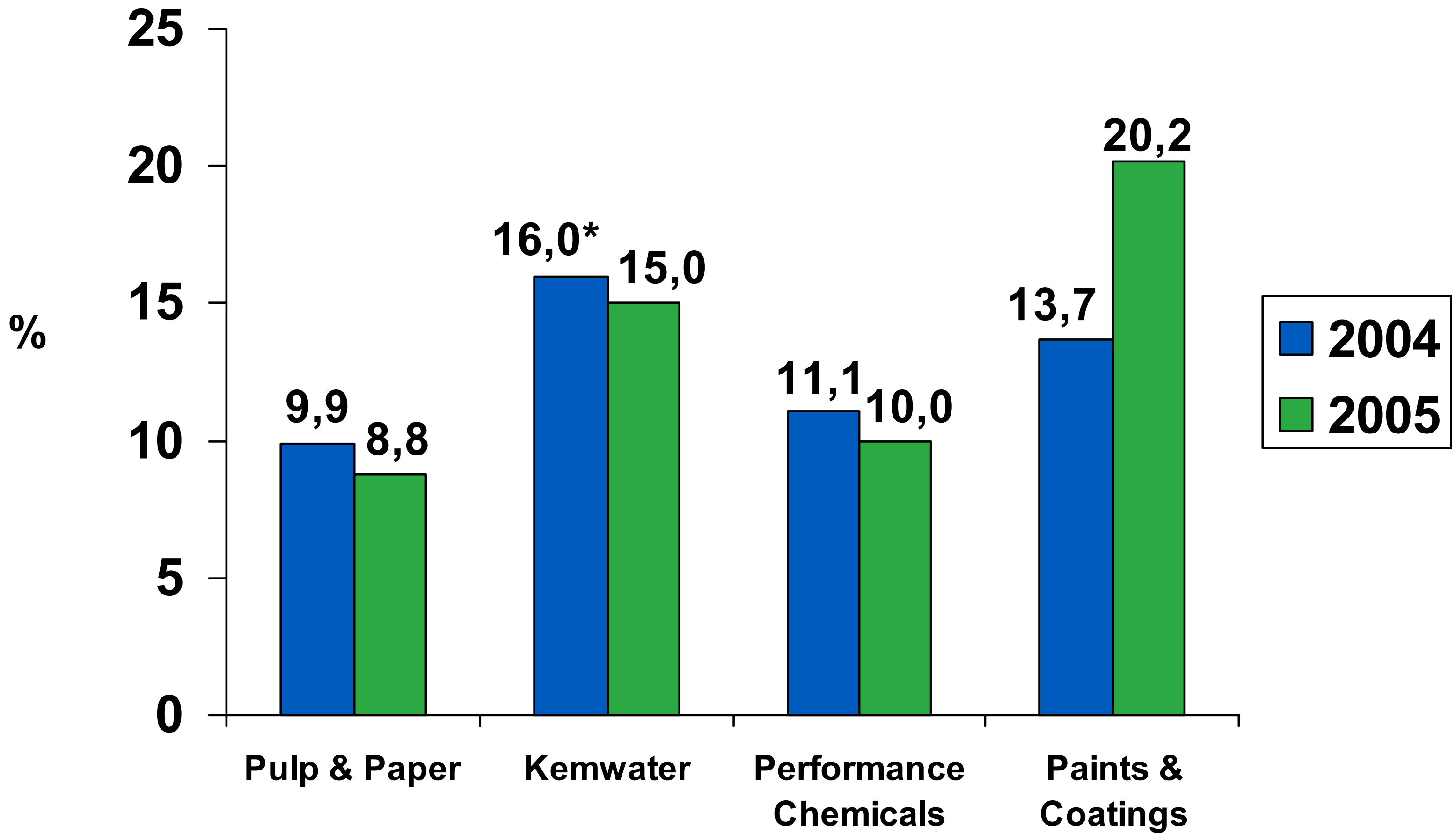
EPS by Quarter
ROCE



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

ROCE by Business Area

Kemira Group: 9.9% (2004: 8.6%)



*Excluding the non-recurring expenses of 11.0 MEUR in Q4/04

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Balance Sheet

MEUR	**31 Dec 05**	31 Dec 04
Net debt	**619.7**	201.3
Equity	**1019.2**	956.0
Equity ratio, %	**44**	47
Gearing, %	**61**	21
Capital employed (MEUR)	**1,766.2**	1,205.9
Personnel	**7,670**	7,137

Cash Flows in 2005

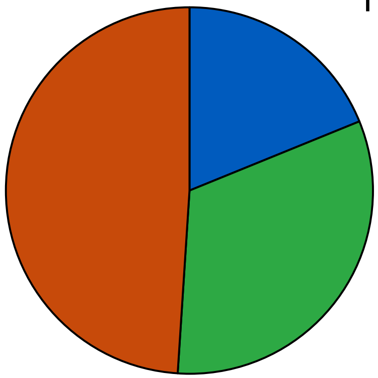
MEUR	**2005**	2004*
Cash flows from operations	**155.6**	231.0
Acquisitions	**-285.5**	-47.8
CapEx excl. acquisitions	**-116.4**	-117.3
Sale of fixed assets	**131.5**	41.7
Cash flows from investing activities	**-270.4**	-123.4
Free cash flow	**-114.8**	107.6

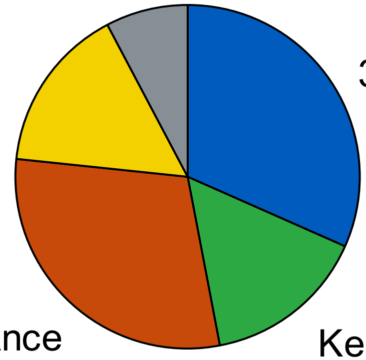
*Continuing operations

CapEx Excluding Acquisitions

Total in 2005: **116.4 MEUR** (2004: 117.3)

Depreciation in 2005: **118.9 MEUR** (2004: 120.4)





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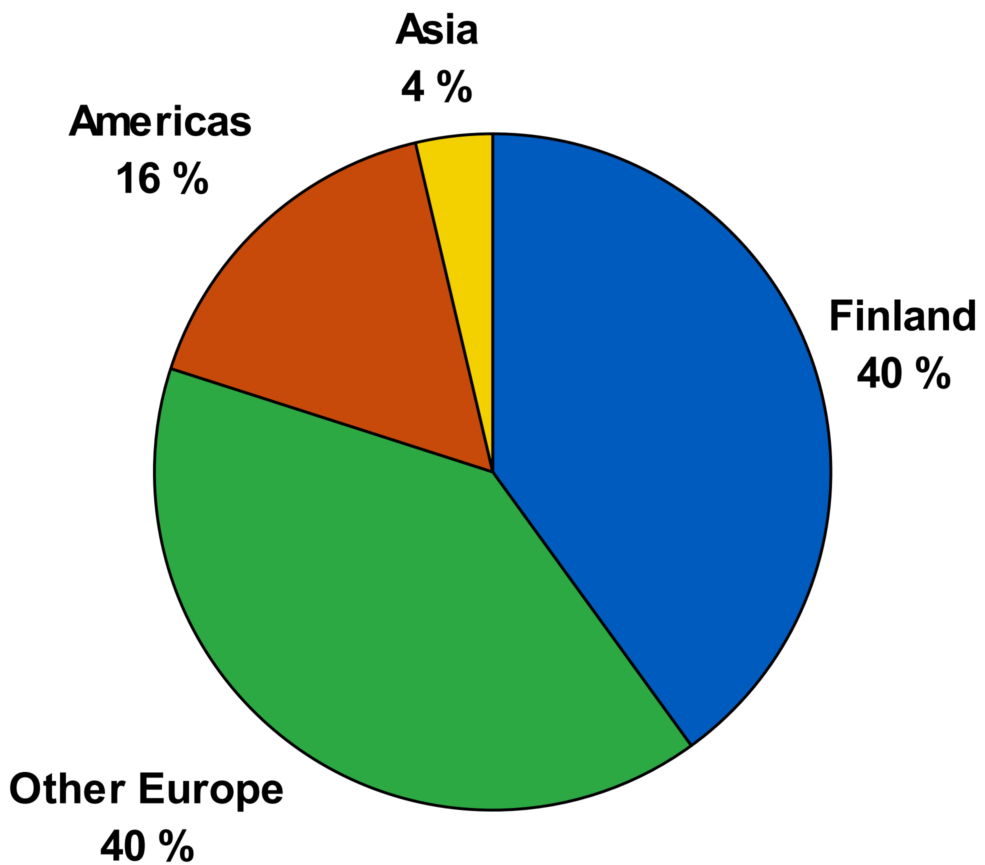
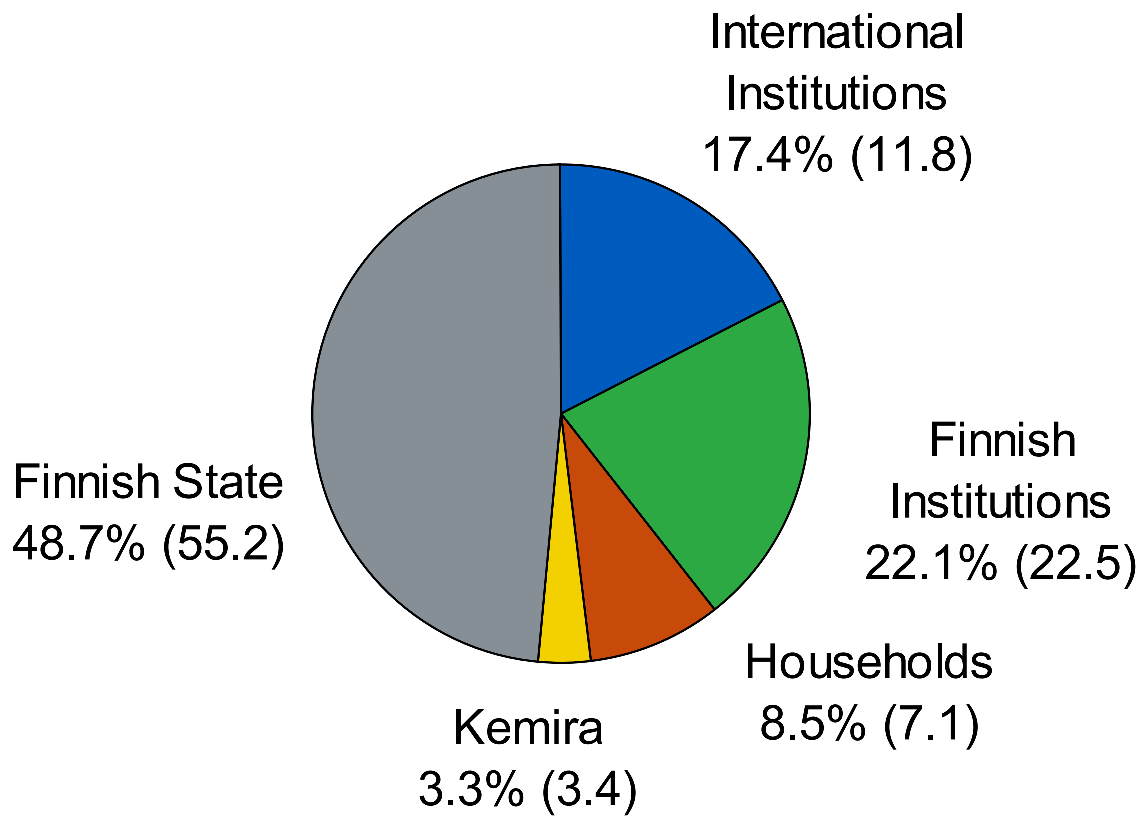
Personnel

Dec 31, 2005: 7,670 (Dec 31, 2004: 7,137)



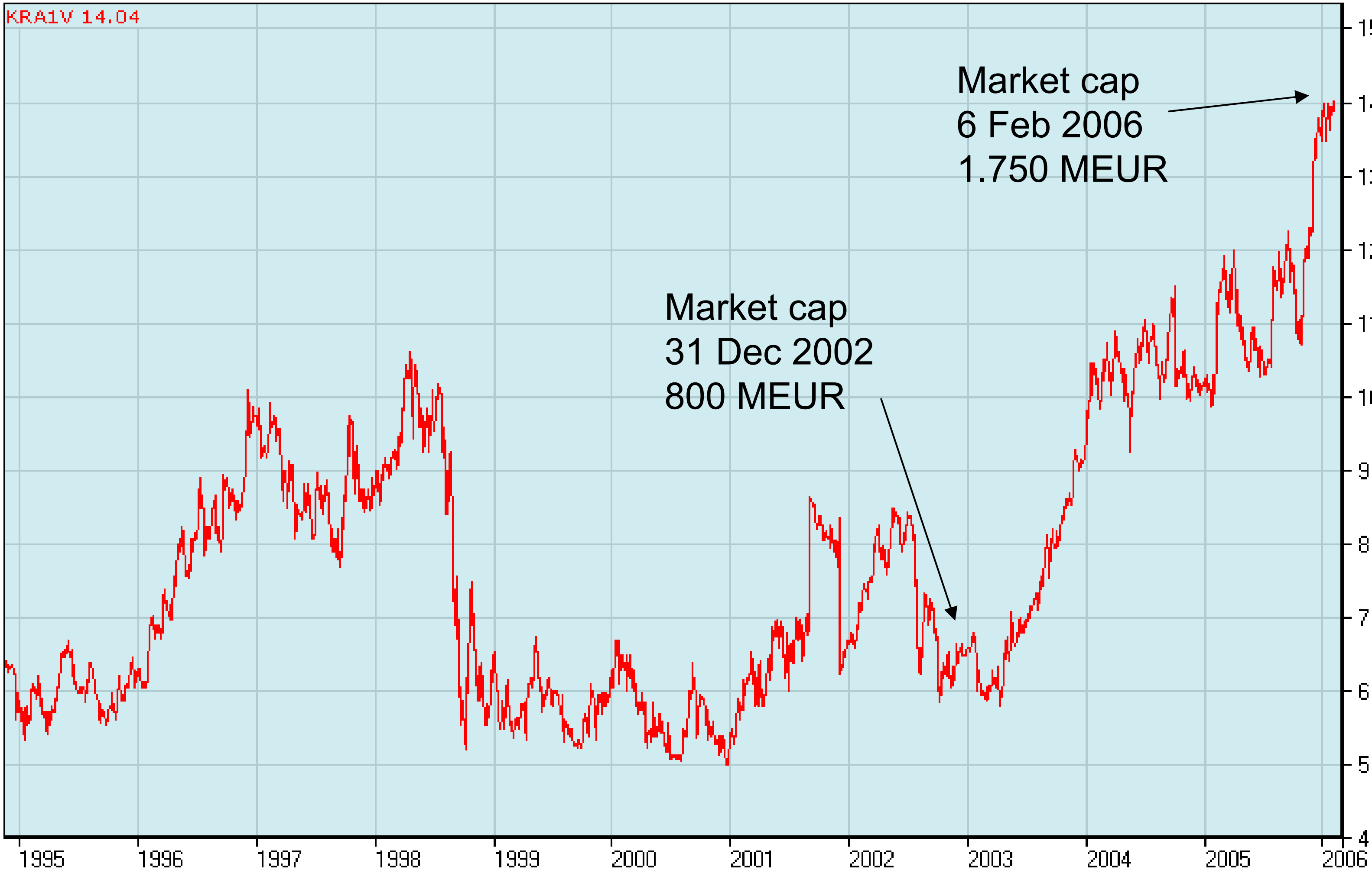
Shareholders 31 December 2005

(31 December 2004)

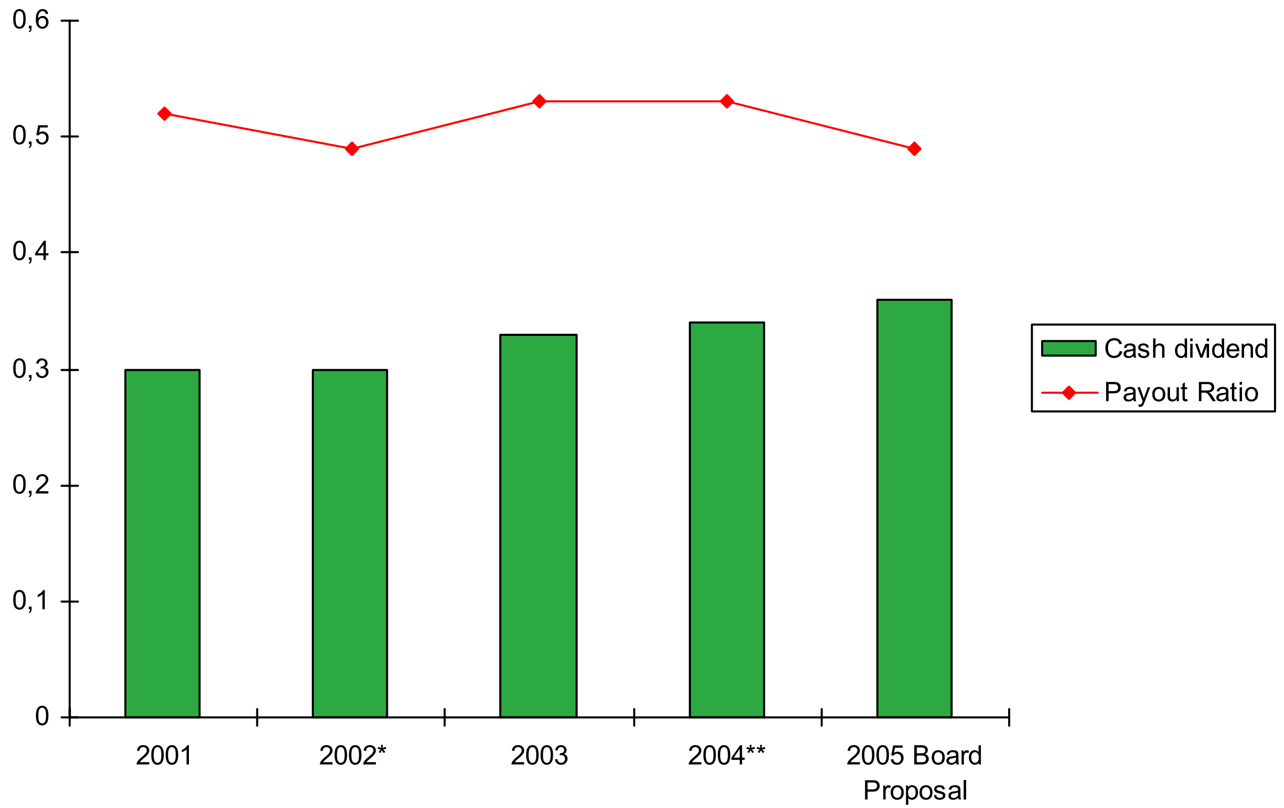


Minimum state ownership 15%

Shareholder Value



Good Dividend Returns



Dividend policy: 30-50% of operational net income.

*Payout ratio excluding a write down of 78 MEUR within the fertilizer business

**Additional dividend worth of 1.34 EUR was distributed in form of Kemira GrowHow shares.

2005 Business Area Highlights

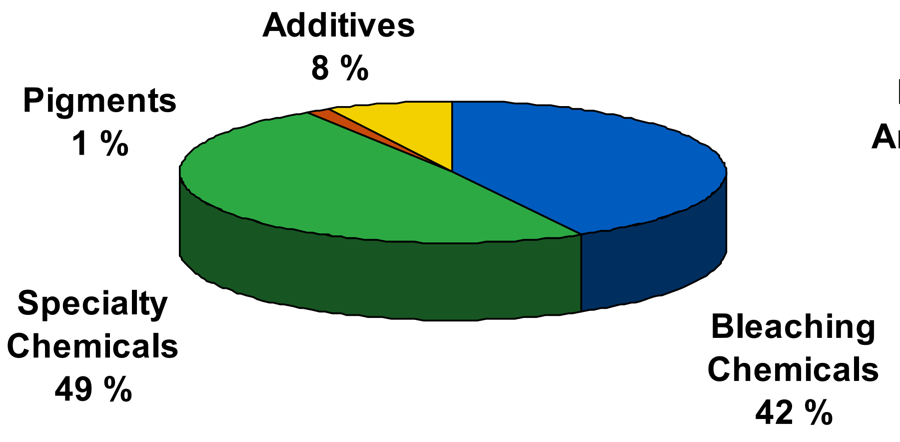
Pulp & Paper Chemicals in 2005

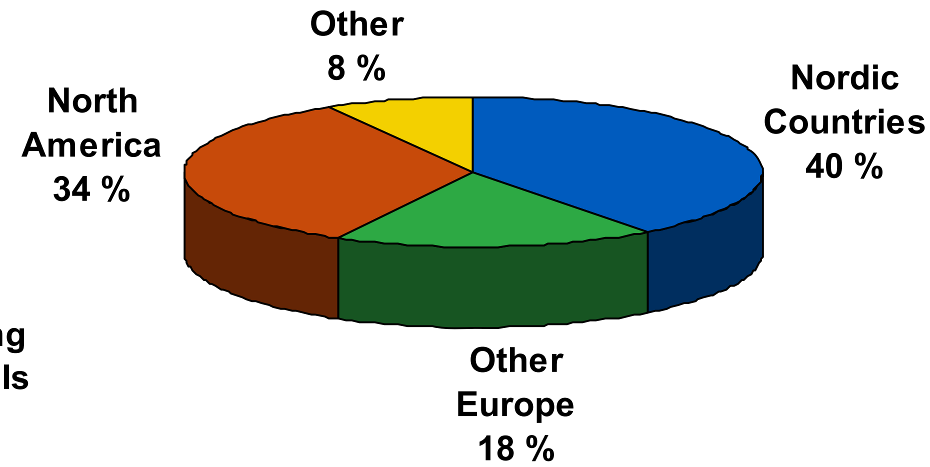
- Revenue up by 31% to 738.5 MEUR
  - Acquisitions of Finnish Chemicals and E.QU.I.P. +164 MEUR
  - Industrial dispute in the Finnish paper industry, impact -30 MEUR
  - Organic growth 3%
- EBIT up by 42% to 63.4 MEUR, ROCE 8.8% (9.9%)
  - Efficiency measures
  - Industrial dispute, impact -12 MEUR
  - Finnish Chemicals +15.5 MEUR

MEUR	**2005**	2004	Ch%	**Q4/05**	Q4/04	Ch%
Revenue	**738.5**	565.5	31	**215.7**	143.7	50
EBIT	**63.4**	44.8	42	**21.6**	12.8	69

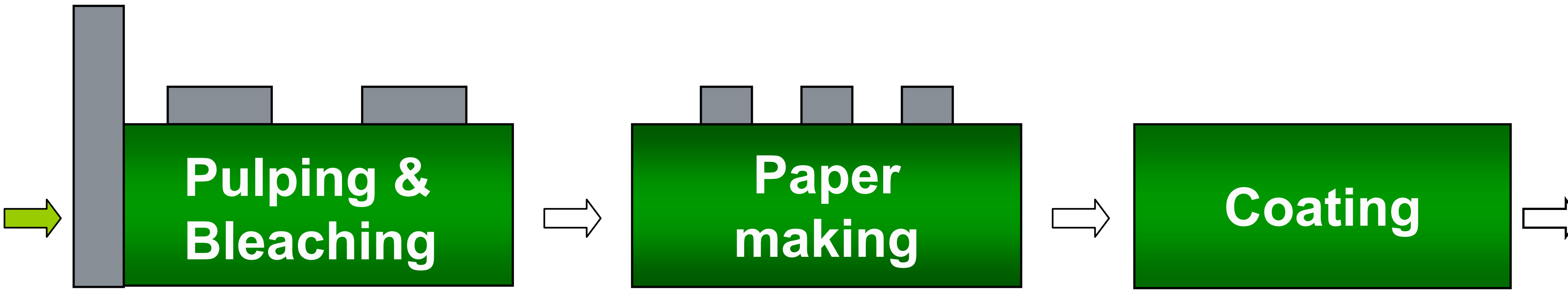
Pulp & Paper Chemicals
after the Lanxess Paper Chemicals acquisition

- **No 1 pulp & paper chemicals supplier in the world**
- Revenue 2005, pro forma ~ 1.050 MEUR (incl. Lanxess & FC/Q1)
- Good market position
  - Globally No 1
  - Europe No 2
  - North America No 3
  - Nordic No 1





Kemira's Pulp and Paper Chemicals



- Hydrogen Peroxide
- Sodium Chlorate
- Chlorine Dioxide
- Sodium Borohydride
- Caustic
- Sulphur Products
- Peracetic Acid
- Bleaching Additives
- Defoamers
- Deposit Control
- Water Treatment

- Retention
- Deposit Control
- Defoamers
- Water Treatment
- Deinking
- Sizing
- Wet & Dry Strength
- Optical Brighteners *
- Colourants *

Lanxess contribution:
*Complementing / Strengthening

- Calcium Sulphate
- Titanium Dioxide
- Dispersing Agents
- Deposit Control

Bleaching Chemicals
Specialty Chemicals
Pigments & Additives

Acquisition of Lanxess
Making Kemira #1 in Pulp & Paper Chemicals

Situation in total

Ciba	900 MEUR
Kemira	**739**
Akzo Nobel	750
BASF	730
Hercules	730
Dow	670
Nalco	550

Situation after the acquisition

Kemira	**1050 MEUR**
Ciba	900
Akzo Nobel	750
BASF	730
Hercules	730
Dow	670
Nalco	550

Process & Functional wet end chemicals

Hercules	710 MEUR
Ciba	580
Nalco	475
BASF	270
EKA	265
Kemira	270
Lanxess	240

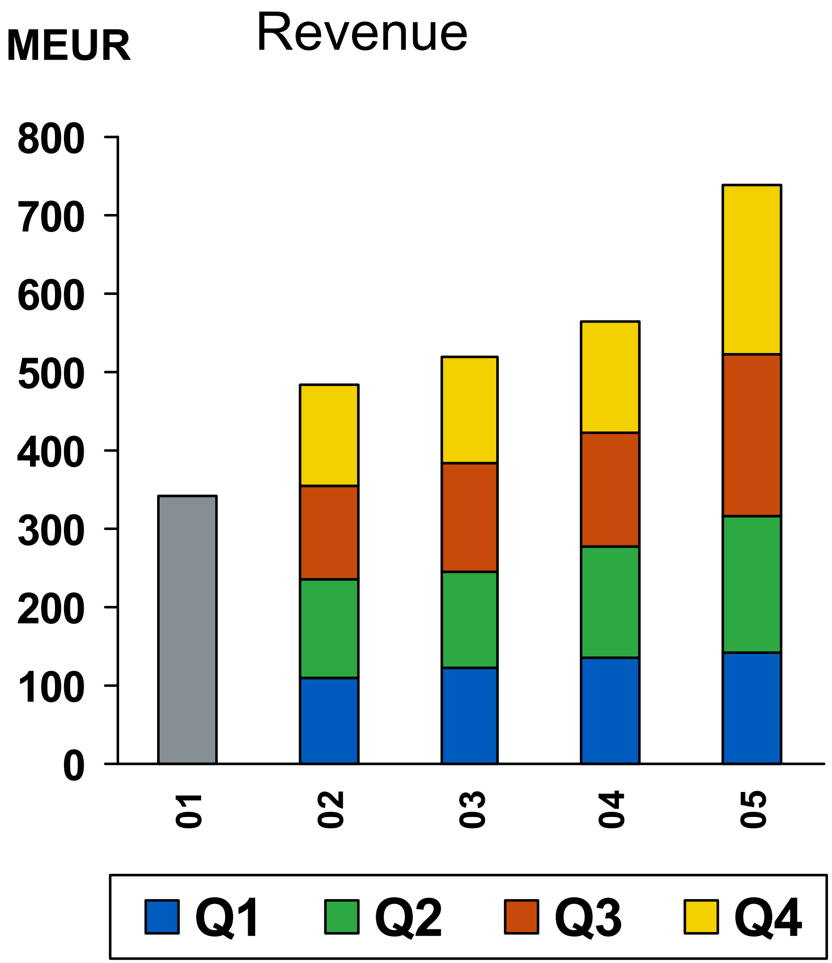
Situation after the acquisition

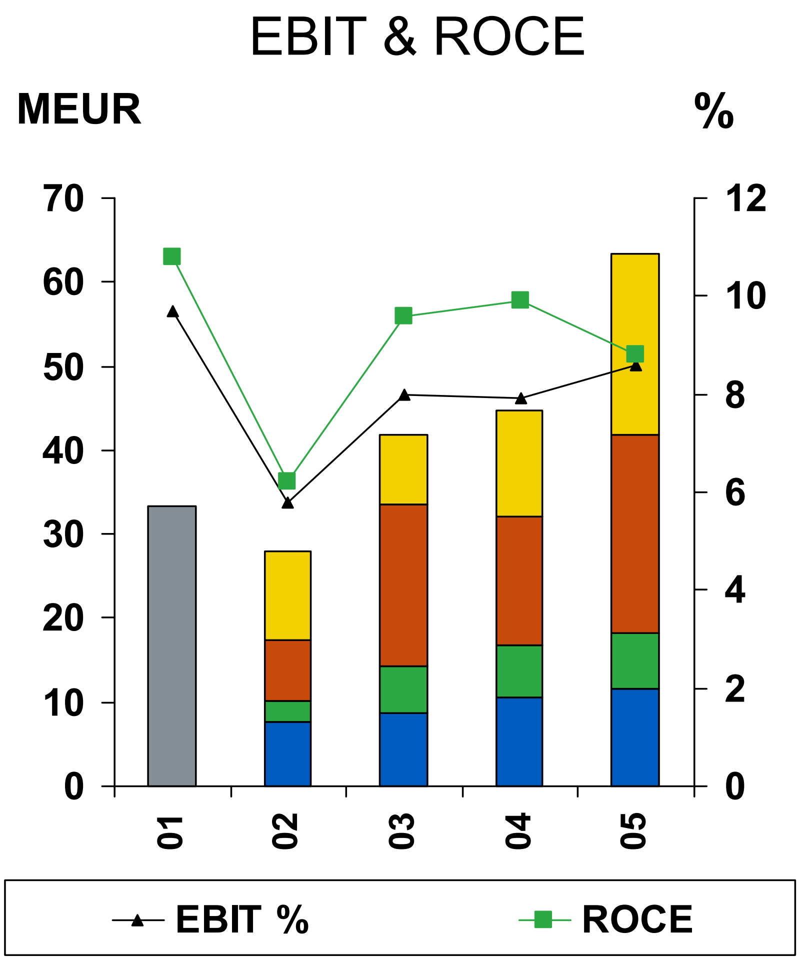
Hercules	710 MEUR
Ciba	580
Kemira	**510**
Nalco	475
BASF	270
EKA	265
Clariant	260

Chemical Island to Botnia's Pulp Plant in Uruguay

- **General**
  - Company in Uruguay registered and Montevideo office to be opened February 13, 2006
  - Local manager on board as of January 1, 2006
  - Environmental permission obtained
  - Tax free zone user permit received
- **Engineering**
  - Plant design on progress
  - Major equipment purchased
  - Civil works under way; levelling done and underground work starts in February
- **Time schedule**
  - Main items on time schedule
  - Chemical plants ready for production July 2007

Pulp & Paper Chemicals





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

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Pulp & Paper Chemicals' Outlook

- Capacity utilization in the customer industry estimated to be good
- Revenue expected to grow, especially due to the acquisitions made
- EBIT estimated to increase
  - Improved capacity utilization rate
  - Structural changes
  - Finnish Chemicals acquisition
- The high level of raw material and especially energy prices will continue to challenge margin development
- The purchase of Lanxess paper chemicals will have a negative impact in the earnings in 2006

Kemwater in 2005

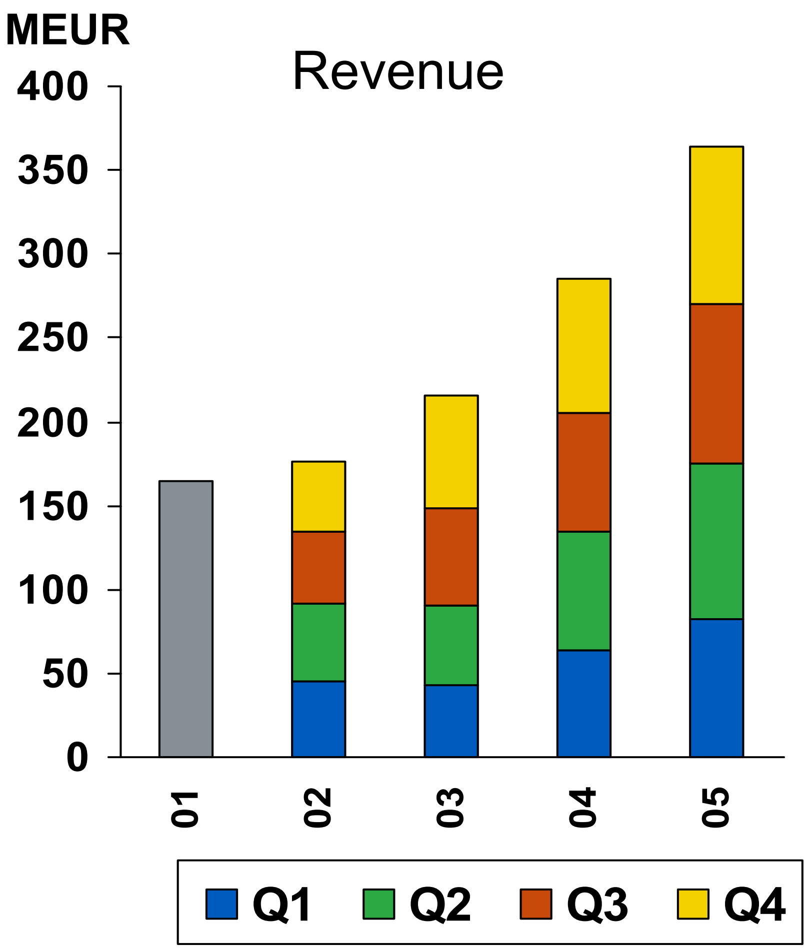
- Revenue up by 27% to 363.5 MEUR
  - Volumes and prices up, especially in Europe
  - Acquisitions +56 MEUR
  - Organic growth 8%

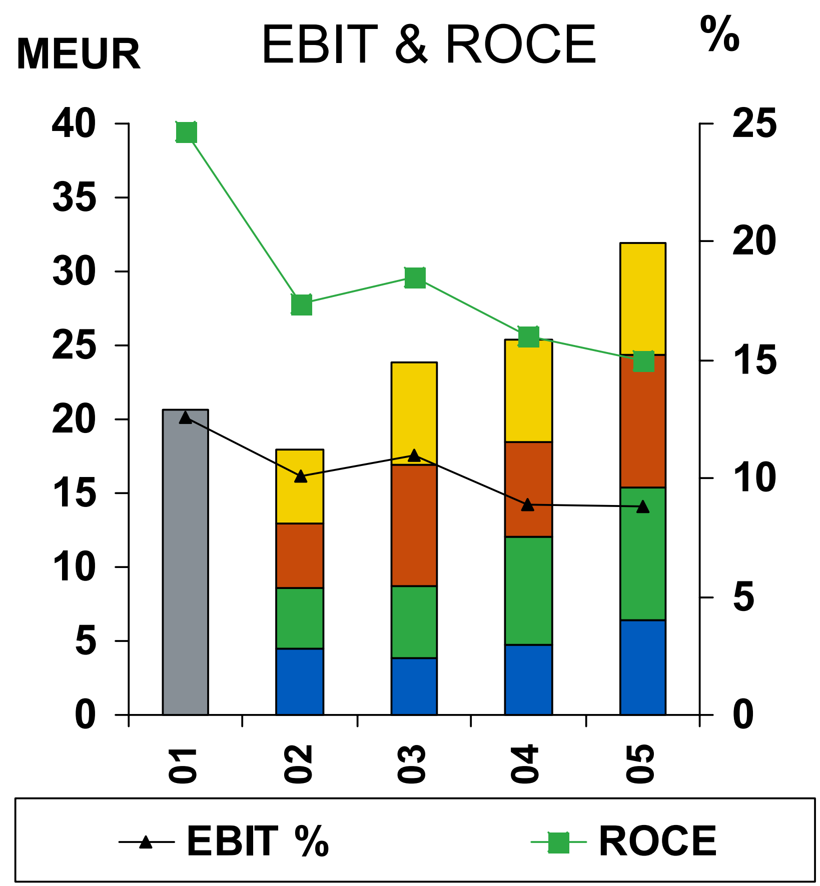
- EBIT up to 31.9 MEUR, ROCE 15.0% (16.0%*)
  - Higher raw material costs especially in the US
  - Higher transport costs in the US
  - Acquisitions +5.3 MEUR

MEUR	**2005**	2004	Ch%	**Q4/05**	Q4/04	Ch%
Revenue	**363.5**	285.3	27	**93.6**	79.9	17
EBIT	**31.9**	25.4*	26	**7.5**	6.6*	14

*Excluding the non-recurring expenses of 11.0 MEUR in Q4/04

Kemwater





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

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

Kemwater’s Outlook

- Demand for Kemwater’s water treatment chemicals expected to remain good
- Particular attention to new businesses, i.e. sludge treatment and industrial outsourcing
- The high prices of hydrochloric acid, chlorine and aluminum hydrate, especially in the US, will put negative pressure on profits
- Kemwater’s revenue and EBIT are estimated to increase on 2005

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Performance Chemicals in 2005

- Revenue up by 37% to 430.5 MEUR
  - Organic growth 11%
  - Average prices of TiO2 in euros up 7%, volumes up 3%
  - Specialty TiO2 products' share of sales up
  - Acquisition of Verdugt +79 MEUR
- EBIT up by 25% to 41.1 MEUR, ROCE 10.0% (11.1%)
  - One-time items +6.2 MEUR (2004: +8.7 MEUR)
  - Higher raw material and energy costs
- Measures to increase Verdugt's efficiency are moving ahead

MEUR	**2005**	2004	Ch%	**Q4/05**	Q4/04	Ch%
Revenue	**430.5**	315.2	37	**127.0**	79.1	61
EBIT	**41.1**	33.0	25	**15.3**	7.3	110

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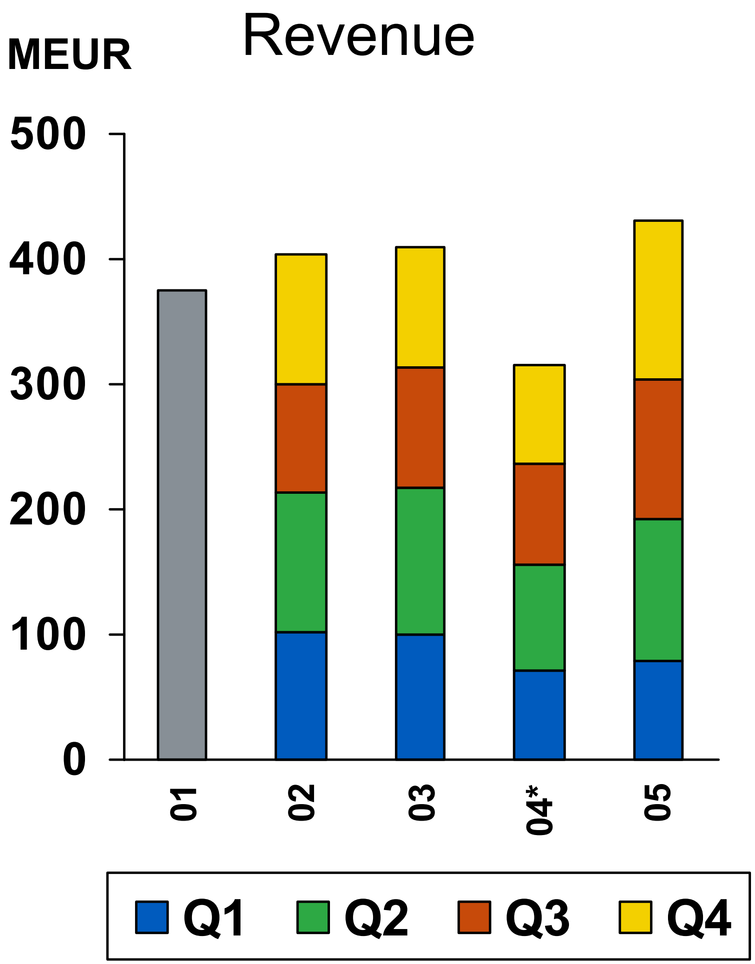
Performance Chemicals



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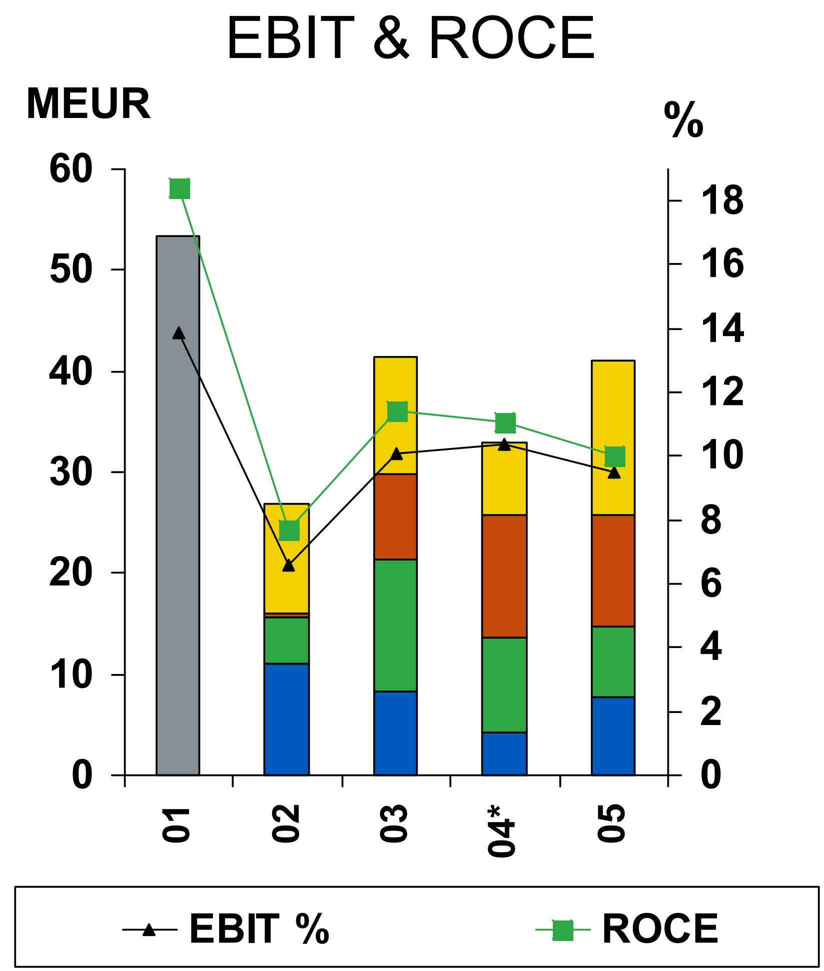

*Continuing operations

Performance Chemicals’ Outlook

- Prices of TiO_2 estimated to rise during 2006; demand is set to hold steady or grow slightly
- The share of specialty pigments in Kemira’s sales is estimated to increase
- Higher prices of raw materials and especially energy will challenge margin development
- Sales of organic acids and acid derivatives and sodium percarbonate are anticipated to develop favorably
- Performance Chemicals’ revenue and EBIT are estimated to rise

Paints & Coatings in 2005

- Revenue up 4% to 457.5 MEUR
  - Organic growth +7%
  - Good demand for paints in most of the main markets
  - Growth in Russia continued
- EBIT up by 45% to 55.9 MEUR, ROCE 20.2% (13.7%)
  - One-time items +9.5 MEUR (2004: +3.9 MEUR)
- Coil coating business sold at the end of November

MEUR	**2005**	2004	Ch%	**Q4/05**	Q4/04	Ch%
Revenue	**457.5**	439.9	4	**90.3**	83.5	8
EBIT	**55.9**	38.4	45	**6.8**	-3.0	

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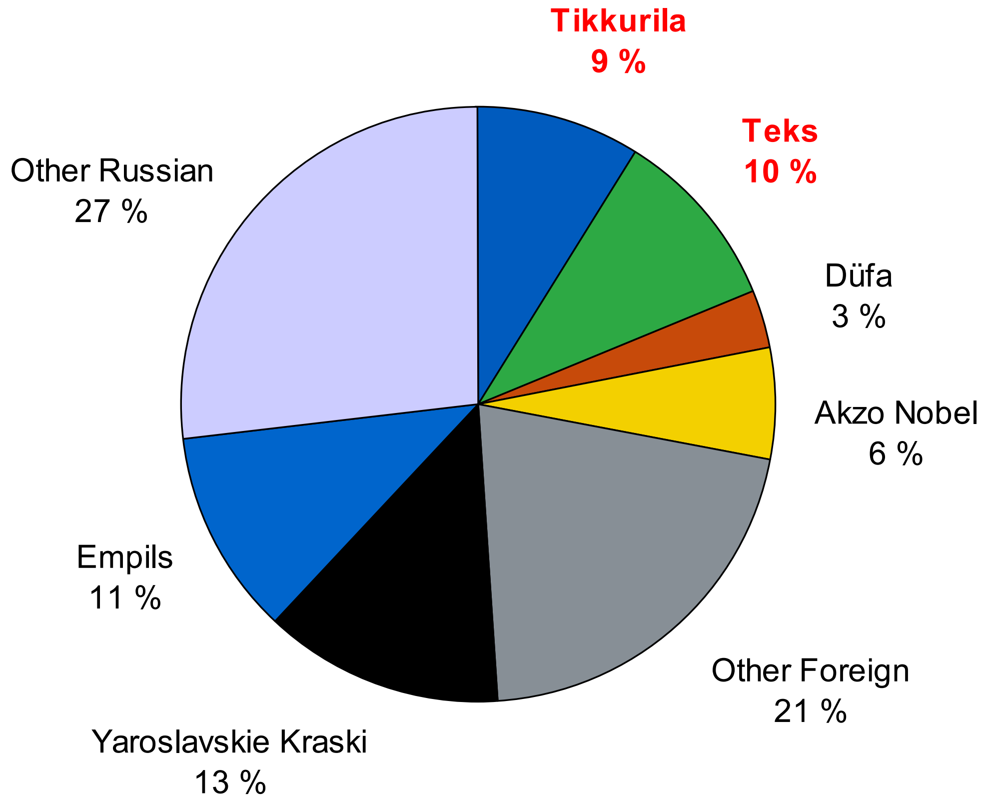
Decorative Paint Market in Russia

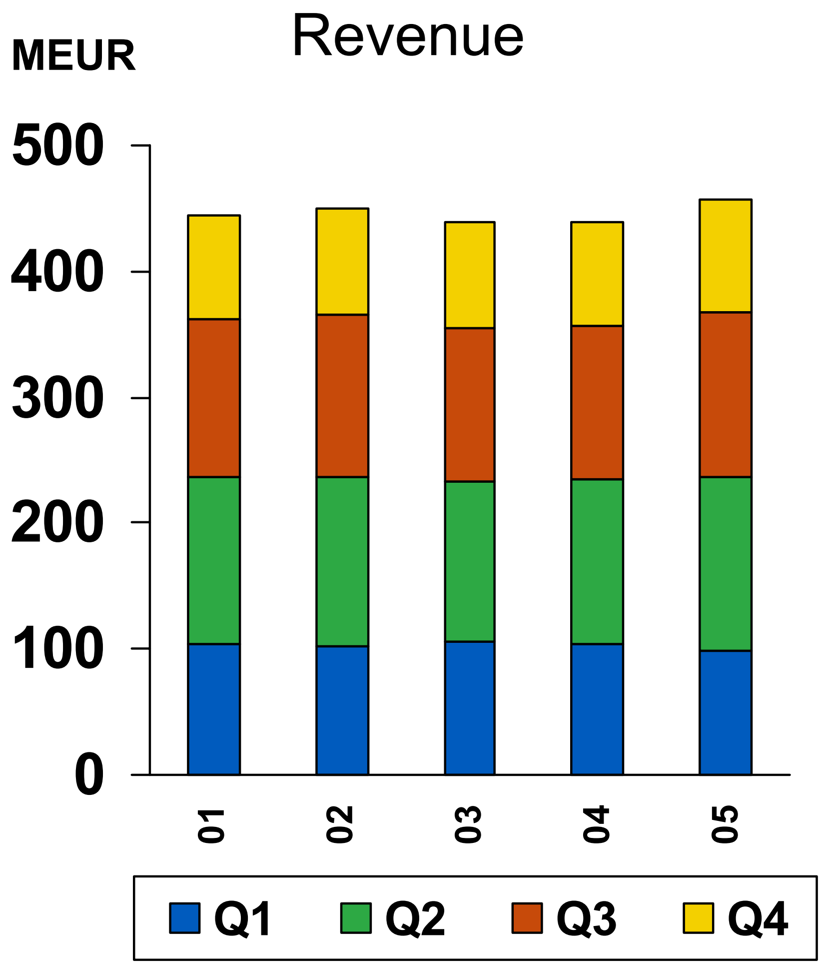


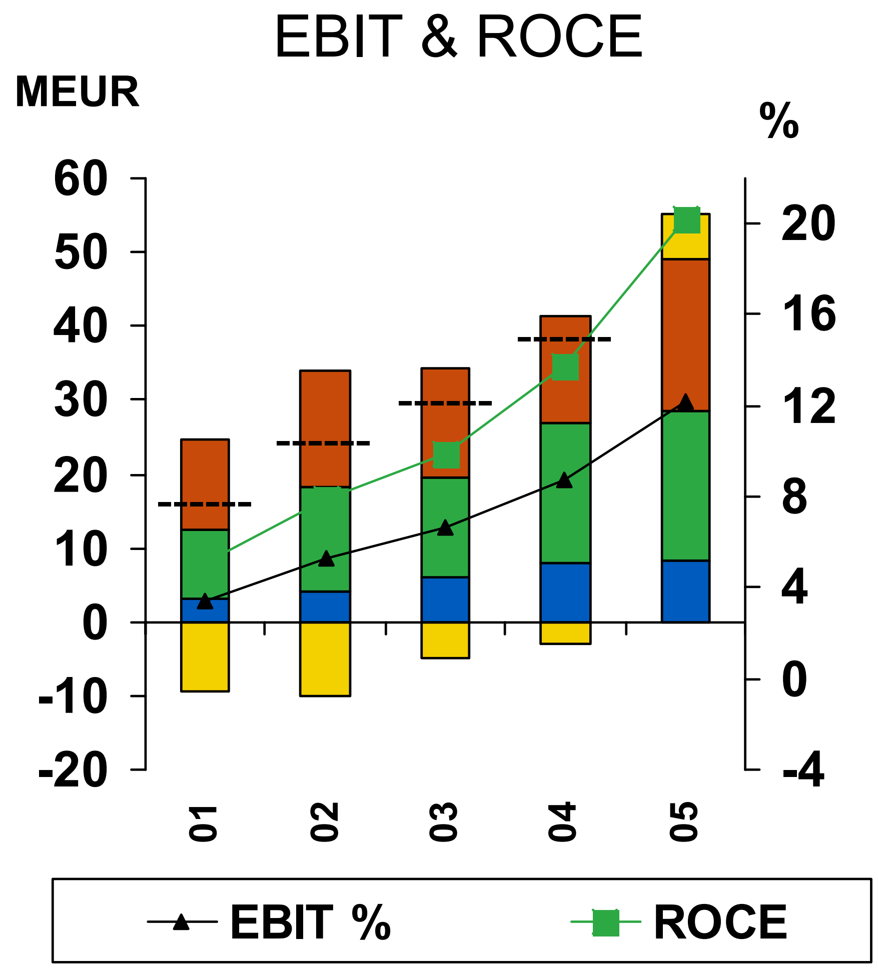
Source: Management estimates

Significant growth potential in Russia

- Population of 145 million people
- Decorative paint consumption < 4 litres per capita (over 15 litres in Scandinavia)
- Total size of the Russian paint market approximately 450 million litres

Paints & Coatings





Paints & Coatings' Outlook

- Revenue expected to be higher thanks to continuing good demand in all its market areas
- EBIT estimated to grow in step with the good trend in sales and as a result of the structural arrangements that have been carried out
- Revenue and EBIT will get a boost from the Kraski Teks acquisition in Russia

Outlook for 2006 – Kemira Group

- Kemira Group's full-year revenue, EBIT and EPS are estimated to increase on 2005
- The high prices of energy and raw materials will continue to put negative pressure on profits

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.

Execution

Business Areas

Pulp & Paper Chemicals

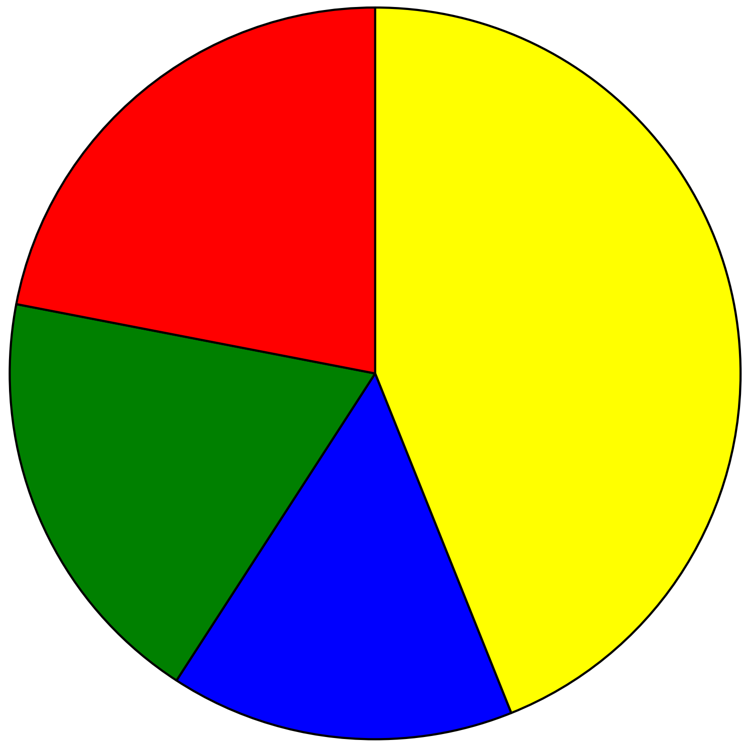
Water Treatment Chemicals

Performance Chemicals

Paints & Coatings

Revenue 2005, Pro Forma ~ EUR 2.4 Billion

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



(Reported percentage in 2005)

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Kemira - #1 in the World

	Pulp & Paper Chemicals	Kemwater	Performance Chemicals	Paints & Coatings
Market position*	■ #1 after the acquisition of Lanxess paper chemicals	■ Globally #1 in coagulants	■ #1 in TiO2 for printing inks ■ #1 in selected customer segments of organic acids & salts	■ #1 in Finland, Sweden, Russia and in the Baltic countries
Customers	■ Pulp & paper producers	■ Municipalities ■ Pulp & paper producers; other industries	■ Paints, printing inks, food, drugs, cosmetics	■ Consumers, professional users, wood finishing, metal industry

*Management estimates

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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 in all actions
- 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**

Kemwater

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

Performance Chemicals

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

Paints & Coatings

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

Financial Benchmarks

- Earnings per share
  - Continuous improvement
- Cash flow after capital expenditure (excl. acquisitions)
  - Positive
- Return on capital employed

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

→ Basis for incentive systems

Kemira from Good to Great

Operatives & Performance
Culture
Brand

All our actions lead towards World Class Operative Efficiency.

Our strategy is unique, sharp and clear.

Our work is based on our strategy every day.

We have a strong, participative and entrepreneurial culture.

We will create it through an open dialogue.

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

People enjoy their work at Kemira.

We are regarded as the leading expert in Chemical Solutions.

The strong brand increases our competitiveness.

Brand Promises:
– Reliable
– Cooperative
– Responsible
– Proactive

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