

Pulp & Paper Chemicals

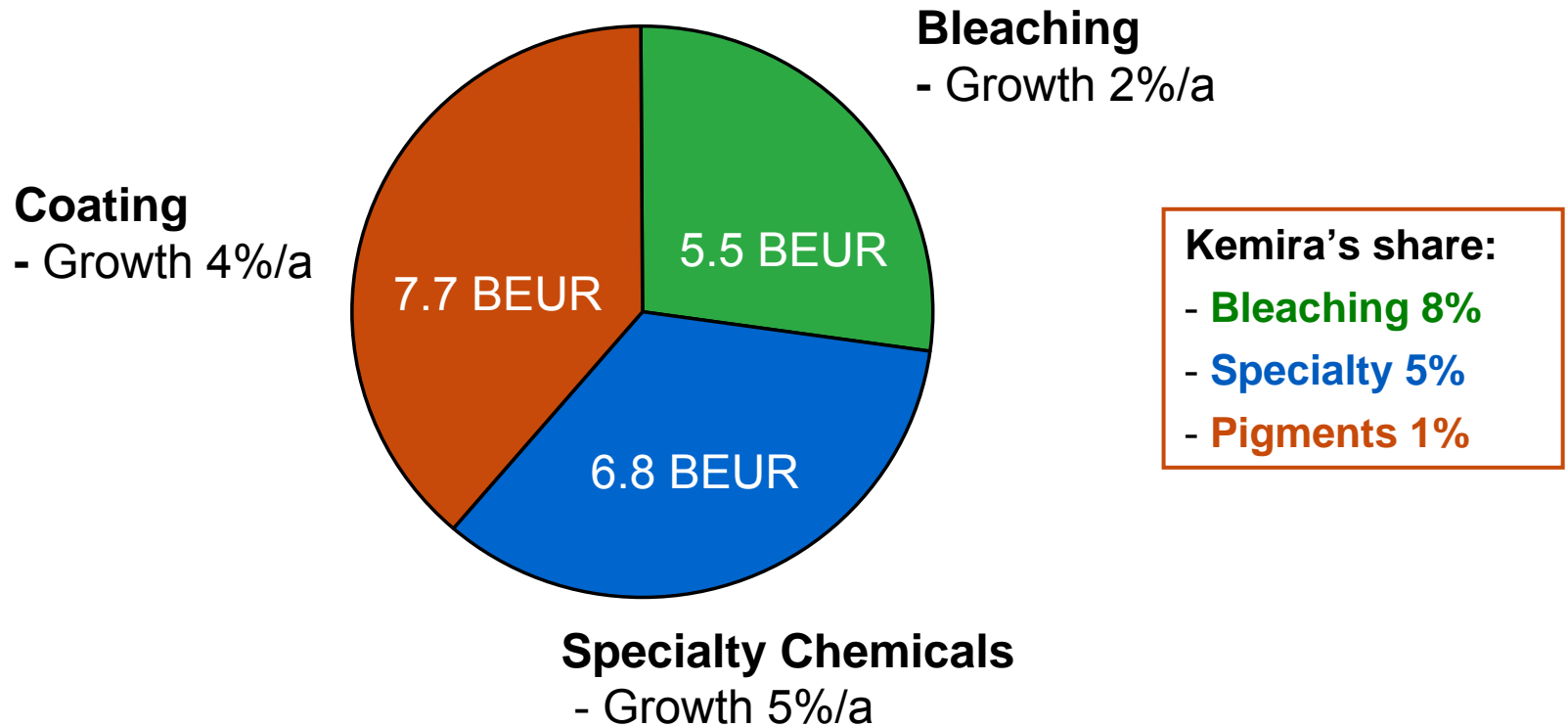
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VP, Mergers & Acquisitions

Capital Markets Day
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Pulp and Paper Chemicals Market

Total Market 20 BEUR



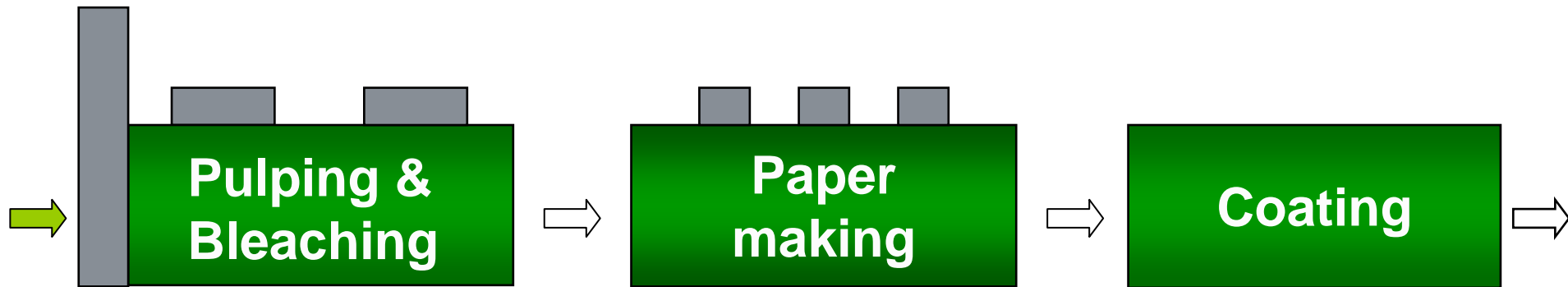
Kemira's Market Position and Competitors

Company	Bleaching	Specialty Chemicals	Coating Chemicals	Revenue (MEUR)
Ciba		strong	medium	900
Kemira	strong	strong	small	762
Eka Chemicals	strong	medium		750
BASF	small	medium	strong	730
Hercules		strong	small	730
Dow			strong	670
Nalco		strong	small	550
Clariant		medium	small	260
Erco	medium			250
Lanxess		medium	small	240
Nexen	medium			230
Degussa	small	small		190
Solvay	medium			180
5 biggest co's	25%	20%	35%	25%

Business Drivers

- Demand for pulp and paper is growing 2-3%/a
 - Stronger growth in emerging markets, Asia and Latin America
 - Above average growth for recovered paper, tissue and packaging board
- Pulp and paper technology is developing
 - Faster machines
 - Thinner paper and more fillers
 - Closed water circles, fiber recycling
- Customer behaviour is changing
 - Globalization and consolidation
 - Outsourcing of non-core operations: on-site chemical production and water treatment
- Competition is changing
 - Globalization and consolidation of the pulp and paper chemicals industry
 - Need for advanced technology is increasing

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

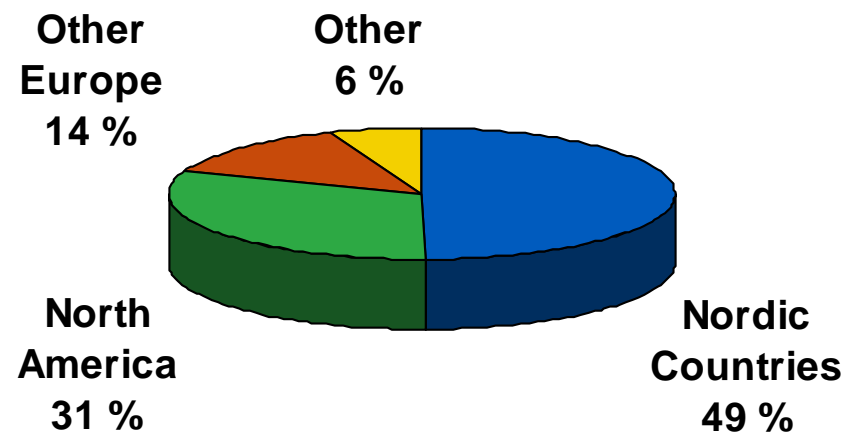
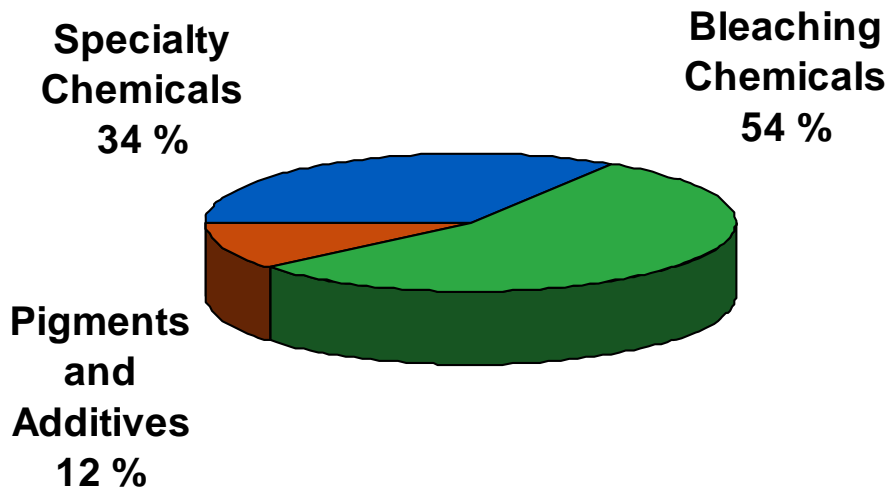
- Retention
- Deposit Control
- Defoamers
- Water Treatment
- Deinking
- Sizing
- Wet & Dry Strength

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

Bleaching Chemicals
Specialty Chemicals
Pigments & Additives

No 2 in the Market

- **No 2 pulp & paper chemicals supplier in the world**
- Revenue 2004, pro forma: 762 MEUR (incl. Finnish Chemicals)
- Good market position
 - Globally No 2
 - Europe No 3
 - North America No 3
 - Nordic No 2



Kemira's Market Share and Position

Region	Pulping & Bleaching	Specialty Chemicals	Coating	Regional ranking
Nordic countries	★ ★ ★ ★	★ ★ ★ ★	★	2
Rest of Europe	★ ★	★ ★		3
North America	★ ★ ★	★ ★ ★	★	3
South America		★ ★		>5
Asia	★ ★	★		>5
Global ranking	2	4	>5	2

(niche player)

market share

> 25%

10-25%

3-10%

1-3%

★ ★ ★ ★

★ ★ ★

★ ★

★

Competitive Advantages

- Logistics and economy of scale in the Nordic area
- Trusted partner for the globally leading customers
- Customer process optimization *from pulp to coater*

Bleaching

- Only supplier with full product range – e.g. Chemical Islands
- Unique products and technologies – forerunner in bleaching

Specialty Chemicals

- Complete Solution Concept – full product range including application know-how, on-site equipment and service
- Unique products and technologies – forerunner in paper machine runnability

Coating

- Unique paper coating pigment giving optimal paper properties

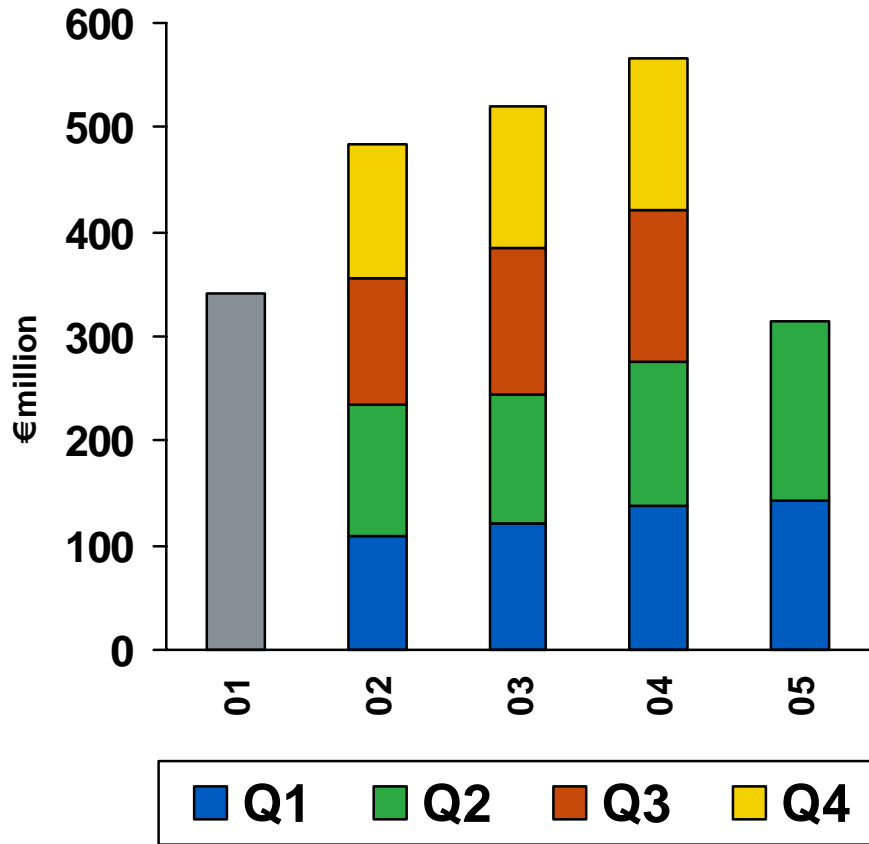
Strategy Statement

**We are the preferred supplier
from pulp to coater**

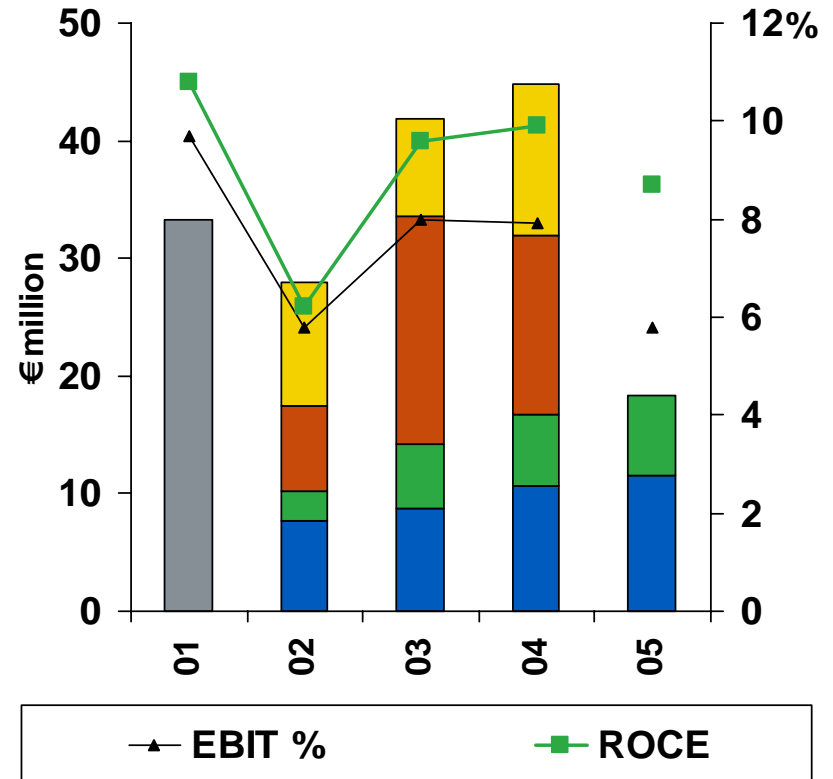
- Continuously improving profitability
- Technology leadership
- Innovative working culture

Development in 2001-2005

Revenue



EBIT & ROCE



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

Profitability Improvement

- Capturing synergies from the acquisitions
- Restructuring North America
- Implementing efficiency programs
- De-bottlenecking of production capacities
- Outsourcing non-core operations and production when feasible

→ Target to improve ROCE from “not acceptable” to “good”

Growth

■ Organic growth

- Spreading best business concepts through key customers globally
- Expanding in emerging markets, e.g. China, South America, Russia
- Using cross selling opportunities from acquisitions
- Increasing on-site business at customers, e.g. Chemical Islands
- Faster commercialization of R&D results

■ Acquisitions

- Consolidation of the businesses
- Complementing the product range

From Pulp to Coater

- Efficiency and product quality within pulp and paper industry strongly depend on the use of chemicals in the manufacturing processes.
- A company being forerunner in chemical technology and having close relations with the leading customers will win the game.