Kemira Group Interim Report for January–March 2007
KEMIRA'S REVENUE UP BY 22%

- Revenue: EUR 673.3 million (Q1/2006: 552.9 million), up 22%.
- Operating profit: EUR 48.9 million (45.5 million), up 7% (up 18%, when excluding the effect of non-recurring items).
- Earnings per share: EUR 0.22 (0.21), up 5%
- Full-year revenue, operating profit and earnings per share are expected to improve from their 2006 levels.

KEY FIGURES AND RATIOS

EUR million	1–3/2007	1–3/2006	Change %	1–12/2006**
REVENUE	673.3	552.9	22%	2,522.5
EBITDA	82.6	74.9	10%	317.2
EBITDA, %	12.3%	13.5%		12.6%
OPERATING PROFIT	48.9	45.5	7%	193.7
Operating profit, %	7.3 %	8.2 %		7.7%
Financial income and expenses	–12.2	–7.1		–37.2
PROFIT BEFORE TAX	37.3	37.5	-1%	154.2
Profit before tax, %	5.5 %	6.8 %		6.1%
NET PROFIT	27.3	26.6	3%	112.2
EPS, EUR	0.22	0.21	5%	0.90
Capital employed *	1,924.6	1,805.5		1,876.6
ROCE, % *	10.2 %	9.9 %		10.2%
Cash flow after investments, excluding acquisitions	-117,6	–41.5		155.0

* 12-month rolling average

** Prior year correction included (see page 6)

Kemira Group's revenue for January-March 2007 rose by 22% year on year, to EUR 673.3 million (Q1/2006: 552.9 million). Acquisitions contributed around EUR 129.7 million to revenue growth. Divestments depressed revenue by roughly EUR 9.0 million. Organic growth was 2%, excluding the currency effect, which had a 2% negative impact on revenue.

Operating profit grew by 7%, to EUR 48.9 million (45.5), with acquisitions contributing approximately EUR 4.7 million to the figure. Operating profit includes capital gains on the sale of assets and other non-recurring items, with their net effect on operating profit amounting to EUR 0.8 million, compared with EUR 4.9 million reported a year ago. Excluding the effect of non-recurring items, operating profit totaled EUR 48.1 million (40.6), or an increase of 18%, year on year.

Non-recurring items included in operating profit:

EUR million	1–3/2007	1–3/2006	1–12/2006
Kemira Pulp&Paper	1.3	4.1	11.0
Kemira Water	-	-	–0.2
Kemira Specialty	-	-	3.6
Kemira Coatings	-	-	16.4
Other, including eliminations	–0.5	0.8	-7.6
Total	0.8	4.9	23.2

Profit before tax came to EUR 37.3 million (37.5) and net profit totaled EUR 27.3 million (26.6).

RESEARCH AND DEVELOPMENT

Reported research and development expenditure totaled EUR 15.2 million (11.9), accounting for 2.3% of revenue (2.0%).

CAPITAL EXPENDITURE

Gross capital expenditure, excluding acquisitions, amounted to EUR 55.1 million (27.2). The largest ongoing investments involve a chemical plant under construction at the site of the Botnia pulp mill in Uruguay, EUR 12.0 million, and a paint factory under construction in the Stockholm area, EUR 5.9 million. Maintenance investments represented around 26% of capital expenditure excluding acquisitions.

Group depreciation came to EUR 33.7 million (29.4 million).

Gross capital expenditure, including acquisitions worth EUR 23.2 million (30.3), totaled EUR 78.3 million (57.5).

FINANCIAL POSITION AND CASH FLOWS

In January–March, the Group reported a negative cash flows of EUR 30.0 million from operating activities (negative cash flow of EUR 20.3 million), due mainly to seasonal fluctuations in working capital. The Group generated negative net cash flows of EUR 110.8 million from investing activities, of which acquisitions accounted for an outflow of EUR 23.2 million. Kemira showed a negative free cash flow of EUR 140.8 million (–71.8).

On March 31, 2007, the Group's net liabilities stood at EUR 964.5 million (December 31, 2006: EUR 827.4 million), this growth being primarily due to a seasonal increase in working capital and acquisitions carried out during the period.

On the same date, interest-bearing liabilities stood at EUR 1021.3 million. The duration of the Group's interest-bearing loan portfolio at the period-end was 15 months.

On March 31, 2007, the equity ratio stood at 39% (March 31, 2006: 42%; December 31, 2006: 39%). while gearing was 87% (March 31, 2006: 65%; December 31, 2006: 76%).

Net financial expenses increased to EUR 12.2 million (7.1), due mainly to higher interest bearing debt and also the rise in interest rates.

Cash and cash equivalents on March 31, 2007 totaled EUR 56.6 million (March 31, 2006: EUR 108,0 million).

In October 2006, Kemira signed a credit facility worth EUR 80 million, enabling six Group companies to sell certain account receivables to the finance company. The related credit risk transfers to the finance company and the receivables are derecognized from the Group companies' balance sheet. The amount of outstanding sold receivables on March 31, 2007 was EUR 15.8 million (December 31, 2006: EUR 15.7 million).

HUMAN RESOURCES

The number of Group employees totaled 9,405 on March 31, 2007 (March 31, 2006: 8734; December 31, 2006: 9,327).

KEMIRA PULP&PAPER

Kemira Pulp&Paper is the world's leading supplier of pulp and paper chemicals, its extensive solutions spanning the pulp and paper industry's value chain from pulp to paper coating.

EUR million	1–3/2007	1–3/2006	Change %	1–12/2006
REVENUE	255.3	209.5	22%	993.3
EBITDA	35.5	37.0	–4%	137.1
EBITDA, %	13.9%	17.7%		13.8%
OPERATING PROFIT	23.0	26.0	–12%	90.8
Operating profit, %	9.0%	12.4%		9.1%
Capital employed *	819.7	793.1		819.5
ROCE, % *	10.7%	9.5%		11.0%
Capital expenditure, excluding acquisitions	22.3	14.6		77.6
Cash flow after investments, excluding acquisitions	-7.7	5.6		65.1
Personnel at period-end	2,286	2,058		2,304

* 12-month rolling average

Kemira Pulp&Paper reported year-on-year revenue growth of 22%, totaling EUR 255.3 million (209.5), due largely to the acquisition of the Lanxess paper chemicals business in April 2006. Organic revenue growth was 4%, excluding the currency effect, which had a 3% negative impact on revenue. The early arrival of spring in Finland made it more difficult for customers to purchase timber causing some downtime, that was reflected in bleaching chemicals' weaker sales volume performance. The business area was able to fully pass raw material price increases, which were more modest than a year ago, on to end product prices to their full extent.

Reported operating profit of EUR 23.0 million (26.0) included EUR 1.3 million (4.1) in non-recurring income. The Lanxess paper chemicals business was included for the first time in the first-quarter figures; this contributed to the decreased ratio of operating profit to revenue. Operating profit was lowered by the Korean hydrogen peroxide business, divested in 2006. The integration of Lanxess continues to make good progress.

KEMIRA WATER

Kemira Water is the world's leading supplier of inorganic coagulants and ranks third in water treatment polymers. Kemira Water offers customized water treatment and sludge treatment solutions to municipal and private water treatment plants and industry.

EUR million	1–3/2007	1–3/2006	Change %	1–12/2006
REVENUE	170.0	92.3	84%	467.6
EBITDA	18.8	10.4	81%	53.4
EBITDA, %	11.1%	11.3%		11.4%
OPERATING PROFIT	11.9	6.4	86%	35.3
Operating profit, %	7.0%	6.9%		7.5%
Capital employed *	320.4	223.7		269.2
ROCE, % *	13.0%	13.6%		13.4%
Capital expenditure, excluding acquisitions	7.7	2.8		19.4
Cash flow after investments, excluding acquisitions	-10.5	–2.1		26.7

Personnel at period-end	2,057	1,545		1,846

* 12-month rolling average

Kemira Water's revenue improved by 84%, to EUR 170.0 million (92.3), due particularly to the acquisition in October 2006 of Cytec, Galvatek and Parcon. Organic growth stood at 7%, excluding the currency effect, which had a 5% negative impact on revenue.

Operating profit grew by 86%, to EUR 11.9 million (6.4), due to company acquisitions in particular.

January saw the confirmation of the second stage included in the acquisition of the Cytec water treatment chemicals and acrylamide business. The first stage in October 2006 involved the confirmation of the Cytec water treatment chemicals business transfer to Kemira, excluding the Botlek production plant in the Netherlands and the assets of subsidiaries based in Latin America and Asia-Pacific. Thereafter, the second stage involved the confirmation of the Botlek production plant's transfer to Kemira and assets in Latin America and Asia-Pacific are expected to transfer to Kemira during the second quarter of 2007. The purchase price will total roughly EUR 197 million, including the price related to the deal's second and final stage and costs related to the acquisition.

In January, Kemira agreed to acquire two Dalquim Industria e Comercio Ltda companies in Brasil. With combined revenue of around EUR 12 million, these companies manufacture inorganic water-treatment coagulants and their main customers include the paper industry and municipalities. In addition to serving the paper industry's growing needs, the acquirees focus on the treatment of municipal drinking and wastewater. Bolstering Kemira's goal of intensifying mutual synergy and strengthening its position as the world's leading supplier of pulp, paper and water treatment chemicals in the emerging market, this acquisition was completed in April.

In March, Kemira agreed to acquire Arkema's coagulants business for water treatment. In 2006, the acquired business reported revenue of around EUR 19 million. As a result of the acquisition, Kemira will become the market leader for inorganic coagulants in France and fortifies its leading position in the Spanish market.

In April, Kemira confirmed the acquisition of 80% of the shares in the Chinese company Chongqing Lanjie Tap Water Materials Co.,Ltd.. The company is a producer of inorganic coagulants and organic polymers for water treatment in the municipality of Chongqing, located in central China. Its main client base is in the local potable water production. The company's current revenue, in the range of EUR two million annually, is expected to grow rapidly in the years to come.

KEMIRA SPECIALTY

Kemira Specialty is the leading supplier of specialty chemicals in selected customer segments, serving customers in a wide array of industries, such as the cosmetics, printing ink, food, feed and detergent industries, through its customer-driven solutions.

EUR million	1–3/2007	1–3/2006	Change %	1–12/2006
REVENUE	103.5	118.6	–13%	456.2
EBITDA	18.1	19.1	–5%	77.0
EBITDA, %	17.5%	16.1%		16.9%
OPERATING PROFIT	10.3	11.3	–9%	45.8
Operating profit, %	9.9%	9.5%		10.0%
Capital employed *	446.4	457.8		451.6
ROCE, % *	10.0%	10.5%		10.1%
Capital expenditure, excluding acquisitions	9.5	4.8		30.8

Cash flow after investments, excluding acquisitions	-7.6	15.3		53.6
Personnel at period-end	1,004	1,137		1,011

* 12-month rolling average

Kemira Specialty's revenue decreased by 13%, to EUR 103.5 million (118.6). Due to developments in the US housing market and dollar, competition toughened in Europe in particular and titanium dioxide sales volumes decreased during January–March. The euro selling prices of titanium dioxide fell slightly. In addition, sales of deicer chemicals were at low levels as a result of the warmer-than-usual winter in Europe. Currency effect lowered the sales by 3%.

Operating profit was EUR 10.3 million (11.3), due chiefly to lower sales volumes and selling prices of titanium dioxide. Year on year, operating profit as a percentage of revenue improved to 9.9% (9.5%).

In March. Kemira acquired Sustainable Nutrition BV of the Netherlands from the company's management. Kemira and the acquiree have collaborated in previous years when Sustainable Nutrition has operated as Kemira's sales, marketing and product development partner in the feed industry. The acquisition will strengthen Kemira's customer knowledge in the feed industry.

In April, Kemira agreed to acquire TRI-K Industries Inc., including its subsidiary Maybrook Inc., from the company's management. The company is headquartered in New Jersey and has additional operations in Massachusetts. With a staff of 50 and revenue of around USD 20 million in 2006, TRI-K Industries Inc. is a distributor and producer of specialty ingredients for the cosmetics industry. This acquisition will provide Kemira Specialty with an excellent platform for expanding its cosmetics business, especially in the field of skin care and hair care.

KEMIRA COATINGS

Kemira Coatings is the leading supplier of paints in Northern and Eastern Europe, providing consumers and professionals with branded products. Its products consist of decorative paints and coatings for the woodworking and metal industries.

EUR million	1–3/2007	1–3/2006	Change %	1–12/2006
REVENUE	135.8	118.6	15%	562.8
EBITDA	17.1	13.7	25%	88.9
EBITDA, %	12.6%	11.6%		15.8%
OPERATING PROFIT	12.8	9.6	33%	72.1
Operating profit, %	9.4%	8.1%		12.8%
Capital employed *	311.5	288.4		310.5
ROCE, % *	24.6%	20.2%		23.7%
Capital expenditure, excluding acquisitions	9.8	3.8		22.5
Cash flow after investments, excluding acquisitions	-39.7	–31.9		71.2
Personnel at period-end	3,543	3,496		3,494

* 12-month rolling average

Kemira Coatings increased its revenue by 15% year on year, to EUR 135.8 million (118.6). Due to the warm spring and its premature arrival, all market areas showed a good sales performance. Organic growth stood at 12%. In addition, revenue was boosted by the acquisition in February 2006 of Kraski Teks. Showing a favorable sales performance in all market areas, the Decorative Paints unit improved its revenue by 16%. The Industrial Coatings unit's sales increased by 6%.

Operating profit rose by 33%, to EUR 12.8 million (9.6), due to a good sales performance and efficient cost management.

In April, Kemira announced the confirmation of the purchase of holdings in two Russian industrial coatings companies. Accordingly, Tikkurila bought 70% holdings in OOO “Gamma” and OOO "Ohtinski zavod poroshkovyh krasok" based in St Petersburgh. With revenue of roughly EUR 8 million and a staff of 100, Gamma is a major manufacturer of metal-industry coatings in Russia. Ohtinski zavod poroshkovyh krasok, a manufacturer and marketer of powder coatings, has revenue of approximately EUR 3 million and personnel of 50. This acquisition will strengthen Kemira’s position in the Russian metal-industry coatings market.

OTHER OPERATIONS

In February, Kemira sold its shareholding (50%) in Kemira Arab Potash Company Ltd (Kemapco) to Arab Potash Company Ltd (APC). Kemira will continue selling potassium nitrate, produced by the Jordanian plant, for a one-year transition period.

During the current year, an error was found in the calculation of the provision recognized in 2006 due to the closure of the Water Soluble unit. This prior year’s error was corrected retrospectively in the last quarter figures of 2006 in accordance with IAS 8. The provision was increased by EUR 8 million decreasing the result for the last quarter by the same amount. The financial statement section in this interim report provides more detailed information on the correction of this error.

In March, Kemira sold all of its shares in OnePoint Oy, a provider of infrastructure and production support services in the Kokkola Industrial Park, to Kokkolan Voima, in accordance with a letter of intent signed in December 2006.

Other operations include corporate expenses not charged to the business areas, such as some research and development costs and the costs of the Kemira Corporate Center.

KEMIRA OYJ SHARES AND SHAREHOLDERS

During January–March, Kemira Oyj shares registered a high of EUR 19.20 and a low of EUR 16.00, the share price averaging EUR 17.60. On March 31, 2007, the company’s market capitalization, excluding treasury shares, totaled EUR 2077 million.

On March 31, 2007, the company’s share capital totaled EUR 221.7 million and the number of registered shares 125,001,310. The reporting period saw the subscription of 33,699 new shares using warrants under the 2001 stock option program. The resulting share capital increase, EUR 59,763.67, was registered in the Traded Register on March 30, 2007.

On February 23, 2007, Kemira Oyj transferred 144,143 treasury shares to employees involved in the company’s 2006 share-based incentive plan. Kemira holds 3,848,877 treasury shares, accounting for 3.1% of outstanding company shares and voting rights.

AGM DECISIONS

Based on a decision by the Annual General Meeting on April 16, 2007, the Group paid out a per-share dividend of EUR 0.48, or a total of EUR 58.2 million, on April 26, 2007.

As proposed by the Nomination Committee, the AGM re-elected the seven-member Board of Directors for a one-year term, with Anssi Soila, M.Sc. (Eng.) and M.Sc. (Econ.), continuing as

Chairman and Eija Malmivirta, M.Sc. (Eng.), as Vice Chairman. Other re-elected Board members include Elizabeth Armstrong, Heikki Bergholm, Ove Mattsson, Kaija Pehu-Lehtonen and Markku Tapio.

The AGM re-elected Aulis Ranta-Muotio Chairman of the Supervisory Board, with Mikko Elo as First Vice Chairman and Heikki A. Ollila as Second Vice Chairman, and re-elected Pekka Kainulainen, Mikko Långström, Susanna Rahkonen, Risto Ranki and Katri Sarlund members of the Supervisory Board.

The AGM elected KPMG Oy Ab, Authorized Public Accountants, the Company's auditor, with Pekka Pajamo, Authorized Public Accountant, acting as chief auditor.

The AGM decided on the following amendments to the Company's Articles of Association:

- Article 3 concerning the minimum and maximum share capital, the minimum and maximum number of shares and voting rights conferred by Company shares shall be deleted;
- Article 4 shall include a reference to Company shares belonging to the book-entry system, and Article 5 concerning the procedure governing the dividend record date shall be deleted;
- Article 7 concerning the term of Supervisory Board members shall be amended in such a way that their term terminates at the close of the Annual General Meeting following their election, instead of one year;
- Article 10 concerning the Supervisory Board's duties shall be amended in such a way that the Supervisory Board's duty shall be to supervise the Company's administration for which the Board of Directors and the Managing Director bear responsibility;
- Article 13 shall be amended in such a way that "to sign the Company's business name" becomes "the right to represent the Company";
- Article 15 shall be amended in such a way that the Company shall have one auditor, who must be a firm of Authorized Public Accountants. In addition, the stipulation on the age limit shall be deleted from Article 15;
- A reference to Article 31 concerning the obligation to redeem shares shall be deleted from Article 17;
- Clause 2 of Article 18 shall be deleted;
- The terminology of Article 20 concerning the Annual General Meeting shall be specified as required by the new Companies Act and the amendments to the Articles of Association;
- Articles 21–36 concerning share redemption shall be deleted;
- Article 37 "In other respects, the regulations of the Companies Act currently in force shall be observed" shall be deleted;

The AGM authorized the Board of Directors to decide to issue a maximum of 12,500,000 new shares and/or transfer a maximum of 3,848,877 treasury shares held by the Company either against payment or, as part of the implementation of the Company's share-based incentive plan, without payment ("Share issue authorization"). Said new shares may be issued and said treasury shares may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or through a private placement if the Company has a cogent financial reason for doing so, such as financing or implementing mergers and acquisitions, developing its capital structure, improving the liquidity of the Company's shares or if this is justified for the purpose of implementing the Company's share-based incentive plan. Private placement may be carried out without payment only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares and the amount payable for treasury shares shall be recognized under invested unrestricted equity reserve. The share issue authorization will remain valid until the end of the next Annual General Meeting.

The AGM decided that a Nomination Committee be re-established for Kemira to prepare proposals for Board member candidates and Board emoluments for the next AGM. The right of appointing

Nomination Committee members, representing Company shareholders, will rest with the three largest shareholders who account for the largest share of the votes conferred by all of the Company's shares on November 1 preceding the Annual General Meeting. The Chairman of the Board of Directors will act as the Committee's expert member.

OUTLOOK

Full-year revenue, operating profit and earnings per share for 2007 are expected to increase from their 2006 levels. Raw material and energy prices as well as transportation costs are projected to behave more moderately than in 2006. Operational risks were presented in the Annual Report and no significant changes have occurred.

Since the production-capacity utilization rates of Kemira Pulp&Paper's customers are expected to be high, the business area's revenue and operating profit are anticipated to grow from the previous year's levels. Kemira has successfully integrated companies acquired in 2006 as part of the Group's global pulp and paper chemicals operations and their favorable contribution to profit performance will be reflected in the growing Far Eastern and South American markets. In March, Kemira Pulp&Paper concluded two new significant supply agreements, which will boost the business area's organic growth. A chemical plant under construction at the site of a pulp mill in Uruguay will be phased in as the customer's pulp production begins during the second half.

Kemira Water is expected to increase its revenue and operating profit from 2006 levels, due in particular to its previous acquisitions, and demand for its water treatment chemicals is anticipated to remain at a good level. During 2007, Kemira Water will focus on the integration of acquirees in particular.

Kemira Specialty's revenue and operating profit are anticipated to be in line with their 2006 levels, despite first-quarter market developments. Competition is expected to remain tough in the titanium dioxide market. Although demand for titanium dioxide is projected to increase slightly this year, its euro prices are anticipated to remain lower than a year ago. Specialty pigments are expected to further increase their share of Kemira's total sales. The business area's sales of organic acids and acid derivatives are anticipated to show favorable development in most of the areas. Sales of sodium percarbonate, used in detergents, should remain at their 2006 level and prices should decline slightly.

Kemira Coatings is expected to generate higher revenue due to demand remaining at a good level in all market areas, with the strongest growth anticipated in Russia and other CIS countries. Operating profit for 2007 is expected to grow year on year (excluding EUR 16.4 million in non-recurring income in operating profit for 2006), spurred by favorable developments in sales and recent years' restructuring.

Helsinki, May 2, 2007

Board of Directors

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

For further information, please contact:

Kemira Oyj
Timo Leppä, Executive Vice President, Group Communications
Tel. 010 862 1700

Kemira Oyj
Andreas Langhoff, Investor Relations Manager
Tel. 010 862 1140

Kemira will hold a press conference on its January–March 2007 results for the media and analysts at its head office (Porkkalankatu 3) today, starting at 10:30 a.m. A conference call in English will be held at 1:00 p.m. We kindly request that participants call us around 10 minutes before the conference begins, on +44 (0)20 7162 0025.

Kemira is a chemicals group made up of four business areas: Kemira Pulp&Paper, Kemira Water, Kemira Specialty and Kemira Coatings. Kemira is a global group of leading chemical businesses with a unique competitive position and a high degree of mutual synergy.

In 2006, Kemira recorded revenue of around EUR 2.5 billion and had a payroll of 9,000 employees. The company operates in 40 countries.