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## **KEMIRA ANNOUNCES EUR 200 MILLION RIGHTS OFFERING TO SUPPORT KEMIRA'S STRATEGY**

Kemira Oyj ("Kemira" or the "Company") announced today that the Board of Directors of Kemira has decided to undertake a share offering to raise gross proceeds of approximately EUR 200 million through an issue of new shares with pre-emptive rights for existing shareholders (the "Rights Offering"). The four largest shareholders of the Company support the Rights Offering. The proceeds of the Rights Offering will be used to support Kemira's growth strategy and vision to be a leading water chemistry company, to enable the separation and listing of Tikkurila and to strengthen Kemira's balance sheet. The Rights Offering is subject to shareholder approval at an Extraordinary General Meeting of shareholders scheduled to be held on November 23, 2009.

SEB Enskilda is acting as the Financial Advisor to the Company. Nordea and SEB Enskilda are acting as Joint Lead Managers for the contemplated Rights Offering.

### **Harri Kerminen, President and CEO**

"This year, Kemira has sharply focused on improving its cash flow. In January–September, cash flows after investments were very strong, EUR 175 million. Reasons for this were, among other things, effective working capital management, higher EBITDA, and smaller capital expenditure. With the strong cash flow, our gearing fell considerably and reached 87% at the end of September, which is already close to our target level of 40–80%.

Operating profit excluding non-recurring items in continuing businesses rose by 22% in the third quarter from the same period a year earlier. This is due in large part to efficiency improvement measures, fixed cost management, and lower variable costs compared to the same period last year. The Municipal & Industrial segment (previously Water) was able to significantly strengthen its operating profit and cash flow. In July–September, Kemira's operating profit excluding non-recurring items accounted for 10% of revenue compared with 7% a year earlier. Our medium-term target level for operating profit as a percentage of revenue is 10%.

Kemira's vision is to be a leading water chemistry company. Operational efficiency enhancement, profitability improvement and stronger cash flows and balance sheet continue to be our key focus areas, but we are gradually taking steps to also accelerate revenue growth. Our organic growth objective is 5% per year. The rights offering will support Kemira's growth strategy."

### **Key Highlights**

- Kemira's four largest shareholders, Oras Invest Ltd, Solidium Oy, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, representing in the aggregate 48.7 percent of the existing shares of the Company, have irrevocably committed to subscribe for their pro-rata entitlement of the new shares offered for subscription in the Rights Offering.
- In addition, Oras Invest Ltd, Solidium Oy, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company have undertaken to subscribe for new shares that may remain unsubscribed in the Rights Offering for a total subscription price of up to EUR 48.7 million.

- Subject to the approval of the Rights Offering by the Extraordinary General Meeting of shareholders on November 23, 2009, the terms of the Rights Offering, including the number of shares to be issued and their subscription price, are scheduled to be determined by the Board of Directors of Kemira and announced on or about November 23, 2009.
- The subscription period for the Rights Offering is expected to be from December 1 up to and including December 18, 2009.

### **Background to and Reasons for the Rights Offering**

In June 2008, Kemira announced its new strategy according to which the Company will focus on serving water-intensive customer industries. The first phase of this strategy focuses on the enhancement of profitability, the improvement of cash flow and the strengthening of balance sheet.

In September 2009, Kemira presented a more detailed growth strategy focusing on water quality and quantity management with a vision of being a leading water chemistry company. Kemira is focusing on water-intensive customer industries, where it is possible to combine the Company's product and application knowledge with its expertise in industrial and customer processes, improving customers' energy, water, and raw material efficiency. Kemira's three segments, Paper, Municipal & Industrial and Oil & Mining, can all utilize largely the same product know-how and chemistry, which Kemira has built up through dedicated research and development efforts as well as a number of acquisitions. One of Kemira's financial targets is to create organic growth and, in order to reach that target, Kemira intends to invest in new technologies and new markets.

As a part of the new strategy, Kemira has also announced its plan to separate Tikkurila and to list Tikkurila's shares on the Helsinki Stock Exchange once market conditions permit. The management of Kemira believes that Tikkurila's separation and stock exchange listing, if completed, would increase the transparency of Kemira's operations and would support making Kemira an even more focused company.

### **Implementation of Growth Strategy**

Investment in research and development is a central part of Kemira's long-term strategy. The direction for new technology development is to leverage water quality management into water quality and quantity management. Water quality management combines Kemira's current competence in existing chemicals and applications to improve the productivity and efficiency of its customers' processes. Water quality and quantity management relates to the improvement of overall water efficiency of industrial processes by using less raw water and more recycling and by generating less discharge. The management of Kemira believes that more restrictive legislation, the mounting requirements for clean water in emerging market countries and the development of new water treatment technologies are providing Kemira with new opportunities to leverage its strong competence in water quality management.

Kemira is seeking expansion in selected growth markets in South America and Asia Pacific where demand for water quality and quantity management based offerings is growing in all of its core segments. As a part of its increasing focus on growth projects in selected emerging markets, Kemira plans to increase its investments in these markets.

### **Listing of Tikkurila**

The Rights Offering is expected to enable the listing of Tikkurila when market conditions permit. Kemira's Board of Directors has approved a planned structure for the listing. According to the planned structure Kemira would distribute a substantial majority of the shares of Tikkurila as dividend to

Kemira's shareholders. In connection with Tikkurila's listing there is no intention to raise cash proceeds for Kemira nor issue new shares of Tikkurila.

### **Strengthening of the Balance Sheet**

The Rights Offering is expected to reduce Kemira's gearing to a level clearly below 80 percent and would, therefore, strengthen the Company's balance sheet and create strategic flexibility for future growth.

### **Principal Terms of the Rights Offering**

The total gross proceeds from the Rights Offering are expected to be approximately EUR 200 million. The terms of the Rights Offering, including the number of shares to be issued and their subscription price, are scheduled to be determined by the Board of Directors on or about November 23, 2009.

Kemira's four largest shareholders, Oras Invest Ltd, Solidium Oy, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, representing in the aggregate 48.7 percent of the existing shares of the Company, have irrevocably committed to subscribe for their pro-rata entitlement of the new shares offered for subscription in the Rights Offering.

In addition, Oras Invest Ltd, Solidium Oy, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company have undertaken to subscribe for new shares that may remain unsubscribed for in the Rights Offering for a total subscription price of up to EUR 48.7 million. Depending on the subscription ratio and subscription price per share, the aggregate amount of the subscription guarantees may increase or decrease by up to EUR 0.5 million.

The new shares will rank pari passu in all respects with the existing shares of Kemira, including but not limited to the right to any future dividends and other distributions declared after the date of registration of the new shares with the Finnish Trade Register.

The Extraordinary General Meeting of shareholders is scheduled to be held in Helsinki on November 23, 2009 at 10:00 a.m. at Marina Congress Center. The notice for the Extraordinary General Meeting of shareholders has been published in a separate press release today. The proposal of the Board of Directors regarding the authorization for the Rights Offering and other information relating to the proposal will be made available on Kemira's website [www.kemira.com](http://www.kemira.com) on October 30, 2009.

### **Preliminary Timetable for the Rights Offering**

The timing of events is indicative. All dates refer to 2009.

- November 23                      Extraordinary General Meeting of shareholders to authorize the Board of Directors to undertake the Rights Offering
- November 23                      Board of Directors to resolve on the more detailed terms of the Rights Offering, including the number of shares to be issued and the subscription price to be paid for the new shares
- November 25                      Prospectus relating to the Rights Offering available on the Company's website
- November 26                      Record date of the Rights Offering
- December 1-18                      Subscription period
- December 1-11                      Period of public trading with subscription rights
- December 29                      Announcement of the final outcome of the Rights Offering

**International Telephone Conference for Investors, Analysts and the Press**

An English-language telephone conference call will be held October 28, 2009 at 15:00 p.m. Finnish time (13:00 a.m UK-time). To participate in the conference call, please dial-in ten minutes prior to the start +44 (0)20 7162 0125, meeting code 848374.

Helsinki, October 28, 2009

KEMIRA OYJ  
Board of Directors

**For more information, please contact:**

Jyrki Mäki-Kala, CFO  
Tel. +358 10 86 21589

Päivi Antola, Senior Manager, IR and Financial Communications,  
Tel. +358 10 86 21140

KEMIRA

**Kemira** is a global 2.8 billion euro chemicals company that is focused on serving customers in water-intensive industries. The company offers water quality and quantity management that improves customers' energy, water, and raw material efficiency. **Kemira's** vision is to be a leading water chemistry company. Its paints and coatings business, Tikkurila, aims to be the market leader in decorative paints and selected wood and metal coatings in chosen markets.

[www.kemira.com](http://www.kemira.com)

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