

Kemira's savings program on track, further savings potential identified

Kemira launched a global cost savings program in mid-year 2008 to improve profitability. Kemira will save more than EUR 50 million per annum with this program. Kemira has identified further savings potential that will lead to additional annual EUR 10 million savings. Savings are expected to realize during 2009 and 2010.

Due to the cost savings program Kemira will book approximately EUR 86 million one-time items for the last quarter of 2008 of which less than half have cash impact during 2008 and 2009. About 55% of the items are related to cuts in production capacity, closing of sites and termination of unprofitable businesses. Kemira has closed and will close further production capacity with low profitability in polymer and paper chemicals. Costs related to headcount reduction and organizational restructuring represent about 30% of the costs. Functional activities will be centralized in order to reduce cost and these changes stand for approximately 15% of the cost.

Both the savings and one-time items are related to the new Kemira business structure excluding Tikkurila.

"We can say in hindsight that we started the cost savings program at the right time. Our actions behind the one-time items will improve our profitability in the near future. Volatility on the financial market connected with the fast weakening of the product market has forced everyone in the business to drastic measures. Business environment in Q4 has been more ruthless than anticipated and visibility to future is shorter than ever before", says Harri Kerminen, President and CEO of Kemira.

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Kemira will be a focused company, the best in water and fiber management chemistry.

In 2007, Kemira recorded revenue of approximately EUR 2.8 billion and had a staff of 10,000. Kemira operates in 40 countries.

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