





## **Kemira Oyj's Financial Statements Bulletin 2011: Strong cash flow and earnings per share in 2011**

### **Fourth quarter:**

- Revenue was EUR 543.3 million (546.6).
- Operative EBIT decreased 15% to EUR 34.3 million (40.2) with a margin of 6.3% (7.4%).
- Profit before tax increased 62% to EUR 37.0 million (22.9).

### **Full year:**

- Revenue increased 2% to EUR 2,207.2 million (2,160.9).
- Operative EBIT decreased 3% to EUR 157.3 million (162.3) with a margin of 7.1% (7.5%).
- Earnings per share from continuing operations increased 22% to 0.89 (0.73).
- Cash flow from operating activities increased 34% to EUR 177.7 million (133.1).
- The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.48) to the Annual General Meeting 2012, totaling EUR 81 million (73), or about 60% of the operative net profit.
- In 2012, Kemira expects the revenue and operative EBIT to be slightly higher than in 2011.

### **Kemira's President and CEO Harri Kerminen:**

"The fourth quarter marks the end of the fourth year implementing the water chemistry strategy for Kemira. Kemira's growth in water business continued throughout the year, especially in the Oil & Mining segment. The water business share of the total revenue has increased to 78% and water related revenues grew 6% in 2011. At the same time, Kemira earnings per share from continuing operations increased to a record high level. Most importantly, 2011 was the third consecutive year of strong positive cash flow generation. Therefore, Kemira has been able to continuously invest in future growth projects.

Raw material prices increased rapidly in the beginning of the year. The prices for some of our key raw materials have continued to increase during the second half of the year and are still at a very high level. This, together with slower demand in the Paper segment and Municipal as well as inconsequential de-icing business in the fourth quarter, impacted Kemira's profitability in 2011.

Kemira's first priority is to improve the profitability by being cost efficient and by growing the topline especially through localized presence in the emerging markets. The profitability will improve by implementing various productivity and efficiency measures and developing more stringent sales pricing management. In 2011, more than EUR 40 million in revenue was generated through new products and applications. One example are new water chemistry applications for the fast growing unconventional oil and gas business.

It has been evident that the importance of water, energy and raw material efficiency in our customer industries has increased. This trend is an opportunity for Kemira to further develop our offering and work closely with our customers to improve their process efficiency and productivity. Kemira's strategic priorities and business targets will remain intact.

In the near term, uncertainty in Europe and a slowdown in global economic growth may affect the demand for our products in the customer industries. In 2012, Kemira expects the revenue and operative EBIT to be slightly higher than in 2011."

## Key figures and ratios

The figures for 2010 are for continuing operations, excluding Tikkurila, unless otherwise stated. Tikkurila Oyj was separated from Kemira on March 26, 2010.

EUR million	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenue	543.3	546.6	2,207.2	2,160.9
EBITDA	65.9	64.1	259.6	265.7
EBITDA, %	12.1	11.7	11.8	12.3
Operative EBIT	34.3	40.2	157.3	162.3
EBIT	35.3	27.2	158.3	156.1
Operative EBIT, %	6.3	7.4	7.1	7.5
EBIT, %	6.5	5.0	7.2	7.2
Share of profit or loss of associates	7.2	2.4	31.0	9.2
Financial income and expenses	-5.5	-6.7	-20.9	-27.4
Profit before tax	37.0	22.9	168.4	137.9
Net profit from continuing operations	37.8	25.1	140.3	115.9
Net profit	37.8	25.1	140.3	646.9***
EPS, EUR, from continuing operations	0.24	0.15	0.89	0.73
Capital employed*	1,705.0	1,665.1	1,705.0	1,665.1
ROCE, %*	11.1	9.9	11.1	9.9
Cash flow after investing activities	-27.3	27.4	115.3	168.6**
Capital expenditure	129.3	29.1	201.1	107.8
Equity ratio, % at period-end	51	54**	51	54**
Gearing, % at period-end	38	39**	38	39**
Personnel at period-end	5,006	4,977	5,006	4,977

\* 12-month rolling average

\*\*Includes Tikkurila until March 25, 2010

\*\*\*Net profit January–December 2010 includes a non-recurring income of EUR 529.2 million from the separation of Tikkurila consisting of the difference between the market price of Tikkurila on March 26, 2010 and the shareholder's equity of Tikkurila on March 25, 2010 less the transfer tax related to Tikkurila's listing as well as the listing costs.

Definitions of key figures are available at [www.kemira.com](http://www.kemira.com) > Investors > Financial information. Comparative 2010 figures are provided in parentheses for some financial results, where appropriate. Operating profit, excluding non-recurring items, is referred to as Operative EBIT. Operating profit is referred to as EBIT.

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**Kemira** is a global over two billion euro water chemistry 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.

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

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

## Financial performance in October-December 2011

Kemira Group's **revenue** was EUR 543.3 million (546.6). The higher sales prices nearly compensated the negative effect of the lower sales volumes in the fourth quarter. Sales volumes declined in the Paper segment and in the Municipal customer segment. Also due to mild weather in Europe, sales volumes to airports of de-icing products in the fourth quarter were significantly less than prior year. Divestments had a marginal negative impact on revenues while currency exchange did not have any material impact on revenues in the fourth quarter.

In the Paper segment, revenues decreased 4% to EUR 234.5 million (243.0). Sales prices increased, but could not fully offset the 5% decrease in sales volumes. Divestment had 1% negative impact on revenues.

In the Municipal & Industrial segment, revenues were EUR 166.6 million (167.5). The higher sales prices could offset the negative impact of the lower sales volumes in the municipal water treatment business. Divestment and currency exchange did not have any material impact on revenues.

In the Oil & Mining segment, revenues increased 10% to EUR 80.0 million (72.6) mainly due to higher sales prices. There were no acquisitions or divestments affecting revenues in the fourth quarter and currency exchange did not have any material impact on revenues.

Revenue, EUR million	Oct-Dec 2011	Oct-Dec 2010	Δ%
Paper	234.5	243.0	-4
Municipal & Industrial	166.6	167.5	-1
Oil & Mining	80.0	72.6	10
Other	62.2	63.5	-2
Eliminations	0.0	0.0	-
Total	543.3	546.6	-1

EBIT increased 30% to EUR 35.3 million (27.2). **Operative EBIT** decreased 15% to EUR 34.3 million (40.2). Decreased demand in the Paper and Municipal & Industrial segments affected operative EBIT negatively. In addition, sales volumes were significantly lower in ChemSolutions due to a very weak de-icing season. Variable costs continued to increase, especially in the Paper and Municipal & Industrial segments, and sales price increases could not fully compensate for the negative effect. Fixed costs were EUR 7 million lower than in the fourth quarter in 2010. In total, divestment, currency exchange and other items had a small negative impact on operative EBIT (see variance analysis table on page 4). The operative EBIT margin decreased to 6.3% (7.4%).

**Non-recurring items** affecting EBIT in the fourth quarter 2011 totaled EUR 1 million (-13). Non-recurring items included a capital gain related to the sale of a hydrogen peroxide plant (Paper segment) in Canada, asset write-downs related to the closed calcium sulphate business in Finland and site consolidation activities in Spain and North America in Municipal. Non-recurring items in the comparable period last year included a non-cash write-down of EUR 12.9 million in the calcium sulphate plant (Paper segment) in Siilinjärvi, Finland.

Operative EBIT	Oct-Dec 2011 EUR, million	Oct-Dec 2010 EUR, million	Δ%	Oct-Dec 2011 %-margin	Oct-Dec 2010 %-margin
Paper	14.2	21.6	-34	6.1	8.9
Municipal & Industrial	9.0	12.2	-26	5.4	7.3
Oil & Mining	8.5	6.5	31	10.6	9.0
Other	2.6	-0.1	-	4.2	-0.2
Total	34.3	40.2	-15	6.3	7.4

**Income from associated companies** tripled to EUR 7.2 million (2.4). Performance of the specialty TiO<sub>2</sub> producer JV Sachtleben, (Kemira owns 39% of the company), was strongly supported by the rising titanium dioxide prices and overall supply demand imbalance of TiO<sub>2</sub> in the industry.

**Profit before tax** increased 62% to EUR 37.0 million (22.9) due to higher EBIT and income from associated companies and lower financial expenses.

**Net profit from the continuing operations attributable to the owners of the parent company** increased over 50% to EUR 36.8 million (23.7) and earnings per share from continuing operations to EUR 0.24 (0.15).

Variance analysis, EUR million	Oct-Dec
<b>Operative EBIT, 2010</b>	<b>40.2</b>
Sales volumes and prices	12.0
Variable costs	-24.4
Fixed costs	6.7
Currency impact	0.1
Others, incl. acquisitions and divestments	-0.3
<b>Operative EBIT, 2011</b>	<b>34.3</b>

## Financial performance, full year 2011

Year 2011 was the fourth year implementing the water chemistry strategy for Kemira. Kemira's growth in water business continued throughout the year, especially in the Oil & Mining segment. At the same time, the world's economic turbulence caused some unexpected market developments, e.g. rising raw material costs coupled with declining demand in certain customer segments towards the end of the year. Despite these challenging market conditions, Kemira was able to increase its revenue, to deliver an improved net income and strong cash flow.

Kemira Group's **revenue** increased 2% to EUR 2,207.2 million (2,160.9). Organic growth was 4% or nearly EUR 100 million in 2011. Main driver of the revenue growth in 2011 was the increased sales prices in all businesses. Additionally, the sales volumes grew in all of Kemira's segments, excluding Kemira's de-icing business that was affected by the mild weather conditions and drove ChemSolutions (reported in Other) sales volumes lower. The Albemarle UK Ltd (Teesport) acquisition in the United Kingdom and Water Elements in the U.S in the latter part of 2010 positively impacted the revenue by EUR 15 million in 2011.



Divestments of the Kokkola sulphuric acid plant in Finland, Industry Park of Sweden (IPOS) in Sweden, fluorescent whitening agents (FWA) business in Germany in the latter part of 2010 as well as Galvatek in Finland and a hydrogen peroxide plant in Canada in 2011 impacted revenue negatively by EUR 47 million. The average US dollar and Canadian dollar rate depreciated against the euro compared to the previous year, being the main reasons for the negative EUR 18 million currency exchange impact on revenues.

In the Paper segment, revenues decreased 1% to EUR 973.3 million (984.3). Organic revenue growth was 4%. Divestments had 4% and currency exchange 1% negative impact on revenues.

In the Municipal & Industrial segment, revenues increased 3% to EUR 664.7 million (643.6). Organic revenue growth was 3%. Acquisition had a positive impact of 1% and currency exchange 1% negative impact on revenues.

In the Oil & Mining segment, revenues increased 13% to EUR 335.7 million (297.5). Organic revenue growth was 12%. Acquisition had a positive impact of 3% and currency exchange negative impact of 2% on the revenues.

Geographically, the revenue was divided as follows: EMEA 57% (56%), North America 30% (31%), South America 7% (7%), and Asia Pacific 6% (6%). Revenues increased 3% in the mature markets and were unchanged in the emerging markets in 2011. Kemira group's mid-term revenue target set in September 2010 is to increase revenues by 3% in the mature markets and by 7% in the emerging markets.

Revenue, EUR million	Jan-Dec 2011	Jan-Dec 2010	Δ%
Paper	973.3	984.3	-1
Municipal & Industrial	664.7	643.6	3
Oil & Mining	335.7	297.5	13
Other	233.5	235.6	-1
Eliminations	-	-0.1	-
Total	2,207.2	2,160.9	2

**EBIT** increased 1% to EUR 158.3 million (156.1). **Operative EBIT** decreased 3% to EUR 157.3 million (162.3). The operative EBIT margin was 7.1% (7.5%). In 2008, Kemira set a mid-term target for the operative EBIT margin to be above 10%.

Variable costs increased by EUR 88 million in 2011 compared to the previous year. During the year, Kemira took actions across the segments to offset the increased variable costs by implementing price increases. Price increases, together with somewhat higher sales volumes, could nearly offset the negative impact of increased variable costs. Fixed costs were close to the level of 2010 having EUR 3 million negative effect on operative EBIT. US dollar depreciation of 5% against the euro was the main reason for a negative EUR 3 million currency exchange impact on operative EBIT. Acquisitions and divestments together with some other items had EUR 2 million positive impact on operative EBIT. (See variance analysis table on page 6).

**Non-recurring items** affecting EBIT totaled EUR 1 million (-6.2). Non-recurring items included a capital gain related to the sale of a hydrogen peroxide plant (Paper segment) in Canada, asset write-downs related to the closed calcium sulphate business in Finland and site consolidation activities in Spain and North America in Municipal. Non-recurring items in 2010 included a non-cash write-down of EUR 12.9 million in the calcium sulphate plant (Paper segment) in Siilinjärvi, Finland, as well as capital gains related to the divestments of the sulphuric acid plant in Finland, a service company in Sweden and the FWA business in Germany.

Operative EBIT	Jan-Dec 2011 EUR, million	Jan-Dec 2010 EUR, million	Δ%	Jan-Dec 2011 %-margin	Jan-Dec 2010 %-margin
Paper	75.4	75.6	0	7.7	7.7
Municipal & Industrial	46.9	59.0	-21	7.1	9.2
Oil & Mining	36.2	28.6	27	10.8	9.6
Other	-1.2	-0.9	-	-0.5	-0.3
Total	157.3	162.3	-3	7.1	7.5

**Income from associated companies** increased to EUR 31.0 million (9.2) as a result of higher net profits of the specialty TiO<sub>2</sub> producer JV Sachtleben (Kemira owns 39% of the company). The good performance of the titanium dioxide business in 2011 was a result of the efficient operation and strong market demand. Together with JV partner Rockwood Holdings Kemira is in a process of evaluating long-term strategic options for the TiO<sub>2</sub> business.

**Profit before tax** increased 22% to EUR 168.4 million (137.9). Higher income from associated companies, lower financial expenses and increased EBIT altogether contributed to the improved profit.

**Taxes** were EUR 28.1 million (22.0) and the effective tax rate was 16.7% (16.0%). Taxes increased as a result of higher profits, especially in North America. Tax rate, excluding the income from associated companies, was 20.5% (17.1%). Tax rates were influenced by changes in deferred tax assets.

**Net profit from the continuing operations attributable to the owners of the parent company** increased 22% to EUR 135.6 million (110.9) and earnings per share from continuing operations increased to EUR 0.89 (0.73), Kemira's highest reported EPS from continuing operations to date.

Variance analysis, EUR million	Jan-Dec
<b>Operative EBIT, 2010</b>	<b>162.3</b>
Sales volumes and prices	86.7
Variable costs	-87.8
Fixed costs	-2.6
Currency impact	-3.1
Others, incl. acquisitions and divestments	1.8
<b>Operative EBIT, 2011</b>	<b>157.3</b>

## Financial position and cash flow

Cash flow from operating activities in 2011 increased 34% to EUR 177.7 million (133.1) mainly due to decreased net working capital. Cash flow after investing activities decreased to EUR 115.3 million (168.6). Cash flow from the sale of remaining Tikkurila shares was EUR 97 million in April 2011. The comparable period of last year included a loan repayment from Tikkurila, as well as cash and cash equivalents transferred to Tikkurila and the effect of the transfer tax related to Tikkurila's listing, totaling EUR 119.3 million. Net working capital (ratio) improved to 11.3% (11.7%) at the end of the period.

At the end of the period, Kemira Group's net debt was EUR 515.8 million (535.6 in December 31, 2010). Net debt decreased due to the strong positive cash flow whereas purchase of Pohjolan Voima Oy (PVO) shares at the end of year, dividend payment and currency fluctuations increased net debt.

At the end of the period, the interest-bearing liabilities stood at EUR 701.6 million (627.4 in December 31, 2010). Fixed-rate loans accounted for 58% of the net interest-bearing liabilities (77%). The average net finance cost (excluding foreign exchange differences) was 3.9% (4.5%). At the end of period the average interest rate of Group's interest bearing liabilities was 2.0% (2.0%). The duration of the Group's interest-bearing loan portfolio was 17 months (15 months in December 31, 2010).

Short-term liabilities maturing in the next 12 months amounted to EUR 237.1 million, with commercial papers issued in the Finnish market representing EUR 164.0 million and repayments on the long-term loans representing EUR 66.7 million. Cash and cash equivalents totaled EUR 185.8 million on December 31, 2011. In June, Kemira Oyj signed a 5 year revolving credit facility of EUR 300 million, which replaced the old, EUR 750 million, credit facility. At the end of the period, the new facility amount remains undrawn.

At the end of the period, the equity ratio was 51% (54% on December 31, 2010), while gearing was 38% (39%). Shareholder's equity increased to EUR 1,370.8 million (1,365.8 on December 31, 2010).

The Group's net financial expenses in 2011 were EUR 20.9 million (27.4). Net financial expenses decreased mainly due to lower interest rate levels. Currency exchange rate profits were EUR 1.4 million (-0.6).

Group's most significant transaction currency risk arises from the Swedish krona and U.S. dollar. At the end of the year, the denominated 12-month exchange rate risk of Swedish krona had an equivalent value of approximately EUR 40 million, 33 % of which was hedged on an average basis. Correspondingly, USD denominated exchange rate risk was approximately EUR 30 million, 42% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to Canadian dollar, British pound and Norwegian krona with the annual exposure in these currencies being approximately EUR 20 million.

Because Kemira's consolidated financial statements are compiled in euros, Kemira is also a subject to the currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in the currency other than euro. The most significant translation exposure currencies are the US dollar, Swedish krona, Canadian dollar and Brazilian real. A weakening of the above mentioned currencies against the euro would decrease Kemira's revenue and EBIT through a translation risk. 10% depreciation of the above mentioned currencies against the euro would decrease Kemira's EBIT by some EUR 10 million on annual basis through a translation risk. A more detailed report on the Group's financial risks and their management is published in the notes to the financial statements.

## Capital expenditure

Capital expenditure was EUR 201.1 million (107.8) in 2011. Capital expenditure included EUR 103 million related to acquisitions of PVO shares from Kemira pension fund Neliapila. Capex (excl. capex related to the acquisition of PVO shares) can be broken down as follows; expansion capex 17% (13%), improvement capex 40% (28%), and maintenance capex 43% (30%). Expansion investments were focused on emerging markets in China and India.

The Group's depreciation, non-recurring impairment and reversals of impairments were EUR 101.3 million (109.6).



## Research and development

Research and development expenses (incl. depreciations) were EUR 39.7 million (41.6) in 2011, representing 1.9% (2.0%) of all Kemira Group operating expenses. Kemira has a total of four research and development centers in Espoo (Finland), Atlanta (USA), Shanghai (China) and São Paulo (Brazil).

These four R&D centers are all part of the Kemira Center of Water Efficiency Excellence (SWEET), which was established in March 2010. Research centers incorporate the leading expertise in a new way in the water management: all operations are based on customers' needs and user-oriented thinking. Kemira's strategic partners in SWEET are, apart from VTT and Tekes in Finland, the Finnish companies Outotec and Metso, as well as Singapore's National Water Agency (PUB) and Nanyang Technological University (NTU), just to name a few. Currently, Kemira R&D employs 350 water chemistry experts worldwide and generated new revenue from the water chemistry products and applications used, e.g. in shale gas and desalination processes in 2011.

## Human Resources

At the end of the year 2011, the number of employees in Kemira Group were 5,006 (2010: 4,977, 2009: 8,493). In 2009, the number of employees included Tikkurila. Kemira employed 1,179 people in Finland (1,147), 1,776 people elsewhere in EMEA (1,771), 1,384 in North America (1,386), 398 in South America (414) and 269 in Asia Pacific (259).

Total salaries and wages paid in 2011 were EUR 235.6 million (2010: 251.3 2009: 231.5). Kemira's remuneration is based on performance and external competitiveness. Compliance with the principle is ensured by consistent performance discussions. Basic salaries are supplemented by performance-based bonus schemes, which cover 32% of Kemira's employees.

Kemira has been conducting employee surveys since 2004. In 2011, Kemira analyzed employee's engagement for the second time, with 4,119 (2010: 4,206) employees participating in the survey and a response rate of 84% (2010: 87). 2011 survey results indicate that Kemira has improved its employee engagement versus 2010 and has now exceeded the external benchmark.

Kemira's new strategy requires a strong leadership at all levels. Kemira's leadership programs are coaching-based: we have internal coaches and a separate coaching-based development program for our managers. We have developed and implemented a global leadership program to strengthen the first-level managers' leadership skills. In 2011, 269 managers completed the program in 14 countries.

Competence and capability analyses are being conducted to ensure that Kemira's employees have the critical competencies needed to implement our water chemistry strategy. In 2011, after carrying out a competency gap analysis among more than 150 sales and application professionals, the intensive personnel development programs were started in different parts of the organization. These programs are specifically focused on the sales and application competency development, crucial for Kemira's success.

One of the key activities in 2011 was the development of a Water School program to build key water-application competencies and to gain an understanding of Kemira's strategy and ways of working. The program was rolled out in the APAC region and in South America with over 100 employees.

## Sustainability

Sustainability is an essential part of Kemira's overall strategy. This year, Kemira publishes for the first time an annual Sustainability Report in connection with the Annual Report 2011. The Sustainability Report is verified by a third party and prepared in accordance with IFRS and the GRI (Global Reporting Initiative) framework. The report deals, for example, with economic performance, emissions and effluents, waste, environmental costs, labor practices and decent work, safety and product safety, society, as well as the use of natural resources.

In 2011, Kemira undertook sizable projects to improve the resource efficiency of its production plants and operations. Examples of these are two new plants where by-product acids will be used as main raw material. These new coagulant plants in Dormagen, Germany, and Tarragona, Spain, will operate on 100 percent recycled acid supplied by the industrial partners close to the plants. These new units will replace several old and small plants. Thus, this investment is expected to result in environmental and safety improvements. The projects are planned to be completed during 2012.

In 2011, capital expenditure on environmental protection at company's 74 production sites totaled EUR 3.9 million (EUR 2.3 million) and operating costs were EUR 12.6 million (EUR 12.8 million). The increase of operating costs was caused mainly by higher production volumes. No major environmental investment projects are in progress or being planned.

Provisions for environmental remediation totaled EUR 14.7 million (19.6). The major provisions apply to the closing of the former waste piling area in Pori and to the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant. The pile closing project in Pori proceeded as planned. In Vaasa, the remediation project had to be discontinued in August because of work safety risks.

Kemira did not register any new substances under the new EU chemicals regulation (REACH) in 2011. Kemira is in the process of preparing for the next registration deadline in June 2013 for phase-in registrations. In the EU, the third deadline of REACH is coming up in 2018. In addition, there will be other regulations concerning the Asia-Pacific region and South America that will require Kemira's attention in the future. The implementation of REACH is not expected to have major effects on Kemira's competitiveness, even though, the registration costs are expected to accumulate over the next few years. In 2011, the costs of REACH compliance were insignificant (2010: EUR 3 million) and related to improvements in REACH-related management processes and associated IT support.

The frequency of occupational incidents (LTA1) was again lower than in the previous year, 2.7 incidents per million working hours (3.0), which is the best result Kemira has achieved thus far. There were no significant process accidents in 2011.

## Segments

### Paper

*We offer chemical products and integrated systems that help customers in the water-intensive pulp and paper industry to improve their profitability as well as their water, raw material and energy efficiency. Our solutions support sustainable development.*

EUR million	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenue	234.5	243.0	973.3	984.3
EBITDA	31.9	32.6	126.0	129.0
EBITDA, %	13.6	13.4	12.9	13.1
Operative EBIT	14.2	21.6	75.4	75.6
EBIT	18.3	8.2	79.5	68.4
Operative EBIT, %	6.1	8.9	7.7	7.7
EBIT, %	7.8	3.4	8.2	6.9
Capital employed*	773.2	796.4	773.2	796.4
ROCE, %*	10.3	8.6	10.3	8.6
Capital expenditure	4.0	9.3	43.5	33.3
Cash flow after investing activities, excluding interest and taxes	38.8	28.8	90.9	85.9

\*12-month rolling average

#### Fourth quarter

The Paper segment's **revenue** decreased 4% to EUR 234.5 million (243.0). Implemented sales price increases had a positive impact on revenues but could not fully offset the negative impact of somewhat lower sales volumes. Divestment of the hydrogen peroxide plant in Maitland, Canada in November had a minor negative impact on revenues.

Kemira's sales to the pulp customer segment were lower than in the comparable quarter last year due to the lower production rate at some large pulp mills in the Nordic region and in South America. Sales of our products to packaging and board as well as tissue customer segments remained stable. Sales to printing & writing paper customer segments were slightly lower than in the comparable period last year.

**Operative EBIT** decreased 34% to EUR 14.2 million (21.6) negatively impacted by decreased sales volumes. Variable costs were higher than in the comparable period mainly due to higher energy and raw material prices. Fixed costs were EUR 3 million lower than in the comparable period last year. The operative EBIT margin was 6.1% (8.9%).

#### Full year

The Paper segment's **revenue** was EUR 973.3 million (984.3). Increased sales volumes and prices had a total of EUR 39 million positive impact on revenues. The divestments of the Kokkola sulphuric acid plant in Finland, the fluorescent whitening agents (FWA) business in 2010 and the hydrogen peroxide plant in Canada in November 2011 affected revenues negatively by EUR 42 million. The currency exchange had a negative impact of EUR 7 million.

The global demand for pulp continued to develop well in the beginning of 2011, which kept pulp prices high. Pulp demand slowed down in the latter part of 2011 and resulted, e.g. in stoppages in pulp mills that lasted longer than in the comparable period last year. Paper and board prices increased during the year but the demand pattern was similar as the one for pulp, stronger in the first half of the year and weaker in the latter period. The demand for publication paper and newsprint was stable but was pressured, especially in the latter part of 2011, to a certain extent due to the weaker general economy in mature markets, particularly in Europe.

**Operative EBIT** was EUR 75.4 million (75.6). Price increases could more than offset the higher variable cost. Fixed costs were at the same level as in 2010. Divestments made in the latter part of 2010 together

with currency exchange had EUR 4 million negative impact on operative EBIT. The operative EBIT margin was unchanged at 7.7% (7.7%).

In November, Kemira sold its Canadian hydrogen peroxide unit in Maitland to Evonik. Exiting Maitland frees the resources to further develop Kemira's Paper business in North America in other applications, such as paper wet-end, pulp process and water quality and quantity management.

## Municipal & Industrial

*We offer water treatment chemicals for municipalities and industrial customers.*

*Our strengths are high-level application know-how, a comprehensive range of water treatment chemicals, and reliable customer deliveries.*

EUR million	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenue	166.6	167.5	664.7	643.6
EBITDA	15.4	18.8	74.3	81.4
EBITDA, %	9.2	11.2	11.2	12.6
Operative EBIT	9.0	12.2	46.9	59.0
EBIT	5.8	11.9	43.7	55.8
Operative EBIT, %	5.4	7.3	7.1	9.2
EBIT, %	3.5	7.1	6.6	8.7
Capital employed*	403.4	373.9	403.4	373.9
ROCE, %*	10.8	14.9	10.8	14.9
Capital expenditure	13.8	10.9	28.8	44.8
Cash flow after investing activities, excluding interest and taxes	24.3	15.8	41.9	25.6

\*12-month rolling average

### Fourth quarter

The Municipal & Industrial segment's **revenue** was at the same level as in 2010, EUR 166.6 million (167.5), positively impacted by the higher average sales prices. Sales volumes were lower in Municipal. Some Municipal customers have decreased their consumption of water treatment chemicals due to the challenging economic environment. Currency exchange did not have material impact on revenues.

**Operative EBIT** decreased 26% to EUR 9.0 million (12.2). Increased sales prices could offset the higher variable costs, but lower sales volumes drove operative EBIT lower. Fixed costs had a negative impact on operative EBIT. The operative EBIT margin was 5.4% (7.3%).

### Full year

The Municipal & Industrial segment's **revenue** increased 3% to EUR 664.7 million (643.6). Demand for water treatment chemicals in municipalities remained largely stable thorough the year, although, the challenging economic conditions in some countries decreased sales volumes especially in the fourth quarter. In Industrial, the sales volumes continued to increase in all main customer segments. Kemira is focusing on water intensive industries like food & beverage, sugar, construction, pharmaceutical and power. Sales volumes increase together with the higher average sales prices impacted revenue positively by EUR 22 million. Acquisition of Water Elements in the US in 2010 had minor positive impact and currency exchange minor negative impact on revenues in 2011.

**Operative EBIT** decreased by 21% to EUR 46.9 million (59.0). Higher revenues from increased sales volumes and prices could not fully offset the negative impact of higher variable costs. Variable costs increased by EUR 23 million in 2011 as a result of higher raw material, energy and freight costs. Fixed costs increased by EUR 5 million. Currency exchange had a small negative impact on operative EBIT. Operative EBIT margin decreased to 7.1% (9.2%).

## Oil & Mining

*We offer a large selection of innovative chemical extraction and process solutions for the oil and mining industries, where water plays a central role. Utilizing our expertise, we enable our customers to improve efficiency and productivity.*

EUR million	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenue	80.0	72.6	335.7	297.5
EBITDA	10.9	8.7	45.7	41.2
EBITDA, %	13.6	12.0	13.6	13.8
Operative EBIT	8.5	6.5	36.2	28.6
EBIT	7.2	6.4	34.9	31.9
Operative EBIT, %	10.6	9.0	10.8	9.6
EBIT, %	9.0	8.8	10.4	10.7
Capital employed*	150.1	138.1	150.1	138.1
ROCE, %*	23.3	23.1	23.3	23.1
Capital expenditure	3.4	3.0	9.6	13.3
Cash flow after investing activities, excluding interest and taxes	13.4	11.1	28.7	30.9

\*12-month rolling average

### Fourth quarter

The Oil & Mining segment's **revenue** increased 10% to EUR 80.0 million (72.6). Pricing continued to develop favorably. The sales volume growth within the oil and gas business was seen in downstream water treatment applications in North America and Europe. Sales volume also grew in the Minerals and Metals business in emerging markets in hydrometallurgical processing of metal ores. Currency impact was negligible. Acquisitions and divestments did not have an impact on revenues.

**Operative EBIT** increased 31% to EUR 8.5 million (6.5). The operative EBIT improvement was driven mainly by higher sales and lower fixed costs, partially offset by the increase in raw material prices. The operative EBIT margin rose to 10.6% (9.0%).

### Full year

The Oil & Mining segment's **revenue** increased 13% to EUR 335.7 million (297.5). Pricing was favorable for water treatment chemicals in both the oil and gas, and minerals and metals markets. The exchange rate fluctuations affected revenues negatively by approximately EUR 7 million. Acquisitions and divestments had only a minor effect on revenues.

**Operative EBIT** increased 27% to EUR 36.2 million (28.6). The operative EBIT improvement was mainly due to the higher revenue that offsets the higher raw material and fixed costs. The net effect of exchange rate fluctuations and acquisitions and divestments was marginal. Operative EBIT margin rose to 10.8% (9.6%).

The revenue and operative EBIT growth were mainly the result of the successful implementation of our water strategy in both mature and emerging markets. Oil & Mining segment continues to shift sales mix from products to innovative applications, improving value for the customers. In addition, the increased demand on energy, minerals and metals contributed to the segment's success.



## Other

Specialty chemicals, such as organic salts and acids, and the Group expenses not charged to the business segments (some research and development costs and the costs of the CEO Office) are included in "Other".

**The revenue** in 2011 was EUR 233.5 million (235.6). Sales price levels for specialty chemicals remained stable. Sales volumes decreased slightly, mainly due to the inconsequential de-icing season in the fourth quarter of 2011. Specialty chemicals products are delivered mainly to the food and feed (about 50% of the Specialty chemicals revenue), chemical and pharmaceutical industries (about 40%), as well as for airport runway de-icing.

**Operative EBIT** in 2011 decreased to EUR -1.2 million (-0.9) mainly due to significantly increased raw material costs and unsubstantial de-icing season in the specialty chemicals business in the fourth quarter. Specialty chemicals operative EBIT margin in 2011 decreased to 11.3% (15.0%).

## Parent company's financial performance

As of January 1, 2011, Kemira Oyj has acted as a principal for the European business operations. In this business model, Kemira Oyj purchases raw material and sells products to customers in Europe. Therefore, Kemira Oyj's revenue increased to EUR 1,365.3 million (322.3) in 2011. EBIT was EUR 86.7 million (159.3).

The parent company's net financial expenses were EUR 90.5 million positive (11.9). Net profit totaled EUR 245.6 million (194.4). Capital expenditure totaled EUR 216.9 million (20.9), excluding investments in subsidiaries.

## Kemira Oyj's shares and shareholders

On December 31, 2011, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

At the end of December, Kemira Oyj had 31,294 registered shareholders (30,170 at the end of December, 2010). Foreign shareholders held 13.8% of the shares (14.0%) including nominee registered holdings. Households owned 16.3% of the shares (16.2%). Kemira held 3,312,660 treasury shares (3,607,162) representing 2.1% (2.3%) of the all company shares. A total of 34,956 shares granted as share-based incentives were returned to Kemira during the year in accordance with the terms of the incentive plan as employment ended.

Kemira Oyj's share closed at EUR 9.18 on the NASDAQ OMX Helsinki at the end of 2011 (11.70). The share price decreased 21.5% during the year, while the OMX Helsinki Cap index decreased 28%. Shares registered a high of EUR 12.67 (13.19) and a low of EUR 7.80 (7.89). The average share price was EUR 10.49 (10.15). The company's market capitalization, excluding treasury shares, was EUR 1,396 million at the end of 2011 (1,775).

In 2011, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki totaled 109.0 million (115.9) and was valued at EUR 1,113.0 million (1,164.7). The average daily trading volume was 430,882 (459,723) shares.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at Chi-X Europe, BATS and Turquoise. In 2011, a total of 23.0 million (11.8) Kemira Oyj shares were traded at alternative market places or approximately 17.5% (10.2%) of the total amount of traded shares.

## Share-based incentive plan for the Strategic Management Board

In February, 2009, Kemira Oyj's Board of Directors decided on a new share-based incentive plan aimed at Strategic Management Board members. The plan is divided into three one-year performance periods: 2009, 2010 and 2011. Payment depends on the achievement of the set EBIT targets. In January 2011, The Board of Directors decided to cancel the three-year goal included in the program, which was tied to the

development of EBIT as a percentage of revenue by the end of 2011. Any payments will be paid as a combination of Kemira shares and cash payments covering the payable taxes, in accordance with the achievement of set goals. The combined value of shares and cash payments paid out during the course of the three-year share-based incentive plan may not exceed the individual's gross salary for the same period. Shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading. In addition to the share-based incentive plan aimed at Strategic Management Board members, Kemira has a share-based incentive plan for key personnel, from which the members of the Strategic Management Board are excluded. The share-based incentive plans aim at aligning the goals of Kemira's shareholders and key personnel in order to increase the company's value, motivate key personnel and provide them with competitive, shareholding-based incentives.

## AGM decisions

### Annual General Meeting

Kemira Oyj's Annual General Meeting, held on March 22, 2011, confirmed a dividend of EUR 0.48 per share for 2010. The dividend was paid out on April 1, 2011.

The AGM authorized the Board of Directors to decide on repurchase of a maximum of 4,500,000 Company's own shares. Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the Company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in a public trading during the authorization period and the maximum price - the highest market price quoted during the authorization period. Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used for implementing or financing mergers and acquisitions, developing the Company's capital structure, improving the liquidity of the Company's shares or to be used for the payment of the annual fee payable to the members of the Board of Directors, or for implementing the Company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the Company. The Board of Directors will decide upon other terms related to the share repurchase. The share repurchase authorization is valid until the end of the next Annual General Meeting. The authorization has not been exercised.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 Company's own shares held by the Company. The new shares may be issued and the Company's own shares held by the Company may be transferred either for consideration or without consideration. The new shares may be issued and the Company's own shares held by the Company may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or by disapplying the shareholders' pre-emption right through a directed share issue, if the Company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the Company, improving the liquidity of the Company's shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the Company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for Company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2012. The authorization has not been exercised.

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

## Other events during the review period

In April, Kemira Oyj has received summons stated that Cartel Damage Claims Hydrogen Peroxide SA (CDC) claims from Kemira Oyj charges up to EUR 78 million including interest and litigation expenses for violations against competition law in hydrogen peroxide business. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Dortmund, Germany. Kemira published a stock exchange release on the issue on August 19, 2009. Kemira defends against the claim.

In June, Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) received documents stated that CDC Project 13 Sa (CDC) has filed an action against four companies, including Kemira, for violations of competition law applicable to the sodium chlorate business. The European Commission set a fine of EUR 10.15 million on June 2008 to Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005.

## Corporate Governance and Group structure

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. Furthermore, the Company complies with the Finnish Corporate Governance Code, with the exception that the Nomination Committee primarily consists of members outside the company's Board of Directors which is not in line with the Governance Code's recommendation 22. According to the view of the company's Board of Directors, it is in the best interest of the company and its shareholders that the biggest shareholders participate in preparing nomination and compensation issues related to the Board of Directors. The company's corporate governance is presented as a separate statement on the company's website. The statement is also attached to this financial statements bulletin.

### Board of Directors

On March 22, 2011, the AGM elected seven Board members. The AGM reelected members Elizabeth Armstrong, Wolfgang Büchele, Juha Laaksonen, Pekka Paasikivi, Kerttu Tuomas and Jukka Viinanen to the Board of Directors and elected Winnie Fok as a new member. Pekka Paasikivi was elected to continue as the Board's chairman and Jukka Viinanen was elected as vice chairman. The remuneration paid to the members of the Board remained unchanged. In 2011, the Board of Directors met 10 times. Kemira Oyj's Board of Directors has appointed two committees: the Audit Committee and the Compensation Committee. The Audit Committee is chaired by Juha Laaksonen and has Wolfgang Büchele and Jukka Viinanen as members. In 2011, the Audit Committee met 5 times. The Compensation Committee is chaired by Pekka Paasikivi and has Kerttu Tuomas and Jukka Viinanen as members. In 2011, the Compensation Committee met 4 times. The Annual General Meeting of Kemira Oyj decided to establish a Nomination Board to prepare a proposal for the Annual General Meeting concerning the composition and remuneration of the Board of Directors. The Nomination Board consists of representatives of the four largest shareholders of Kemira Oyj as of August 31, 2011 and the Chairman of the Board of Directors of the Company as an expert member.

Members of the Nomination Board are Jari Paasikivi, President and CEO of Oras Invest Oy; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, Executive Vice-President, Varma Mutual Pension Insurance Company; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company; and Pekka Paasikivi, Chairman of Kemira's Board of Directors as an expert member. In 2011, the Nomination Board met one time.

### Changes to company management

In October, Kemira's Board of Directors appointed Wolfgang Büchele (PhD, Chemistry) Kemira Oyj's President and Chief Executive Officer as of April 1, 2012. Büchele has been a member of Kemira's Board of Directors since 2009. He succeeds the current President and CEO, Harri Kerminen who will retire.

Hannu Virolainen MSc (Econ), MSc (Agriculture) was appointed President, Municipal & Industrial and member of Kemira's Strategic Management Board as of November 1, 2011.

## Structure

The acquisitions and divestments made during the year are discussed under segment information.

## Short-term risks and uncertainties

At Kemira, risk is defined as an event or circumstance, which, if it materializes, may affect Kemira's ability to meet its strategic and operational goals in a sustainable and ethical way. Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

Kemira's main short-term risks and uncertainties are related to uncertainties in the global economic development. A potential low-growth period in the global GDP would have a negative impact on the demand for Kemira's products, especially in the Paper segment, and it could also delay some future growth projects. Weak economic development may also have serious effects on the liquidity of Kemira's customers, which could result in increased credit losses for Kemira. The prices of many raw materials decrease in the unfavorable market conditions but the availability and price risk related to some of Kemira's raw materials may increase. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant increases in raw material, commodity or logistic costs could place Kemira's profitability targets at risk. For instance, high oil and electricity prices could materially weaken Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Poor availability of raw materials may affect Kemira's production if we fail to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Supply Chain Management function (SCM).

The lack of suitable and reliable partners for collaboration may slow down the development of an efficient business model in Asia. Development of the new products and their successful commercialization are crucial factors for Kemira's growth efforts in Asia, and possible failure in these is a considerable risk for the company's strategy.

Development of a profitable business in Asia can also be threatened by difficulties related to the intellectual property rights and local competitors. The growth and development of a profitable business model in Asia comes under risk if Kemira is not successful in hiring, inducting and managing to retain skilled and motivated employees. In line with its strategy, Kemira pays particular attention to the development of its operations and risk management in Asia. In practice, the risk management is executed by Kemira's organization in the Asia-Pacific (APAC) region.

Kemira holds assigned emissions allowances under the EU Emissions Trading System at one site in Sweden. In addition, the Oulu plants in Finland submitted a permit application to the authorities concerning emission.

Changes in the exchange rates of key currencies can affect Kemira's financials.

A detailed account of Kemira's risk management principles and organization is available on the company website at <http://www.kemira.com>. An account of the financial risks is available in the Notes to the Financial Statements 2011. Environmental and hazard risks are discussed in Kemira's Sustainability report that will be published in connection with the Kemira Annual Report 2011 the week beginning on February 20, 2012.

## Events after the review period

### Proposals of the Nomination Board to the Annual General Meeting 2012

In January 2012, Kemira Nomination Board proposed to the Annual General Meeting of Kemira Oyj that six members (previously seven) be elected to the Board of Directors and that the present members Elizabeth Armstrong, Winnie Fok, Juha Laaksonen, Kerttu Tuomas and Jukka Viinanen be re-elected as members of the Board of Directors and Jari Paasikivi be elected as a new member of the Board of Directors. The Nomination Board proposes that Jukka Viinanen to be elected as a new Chairman of the Board of Directors and that Jari Paasikivi will be elected as a new Vice Chairman. Currently Pekka Paasikivi is the Chairman of the Board of Directors and Jukka Viinanen is the Vice Chairman.

Mr. Jari Paasikivi (b. 1954). M.Sc. (Econ.) is currently acting as the President and CEO of Oras Invest Ltd. He is currently also the Chairman of the Board of Tikkurila Oyj and Uponor Oyj and a Board member of Oras Oy.

The Nomination Board proposed to the Annual General Meeting that the remuneration paid to the members of the Board of Directors will remain unchanged. Thus, the fees would thus be as follows: the Chairman will receive EUR 74,000 per year, the Vice Chairman EUR 45,000 per year and the other members EUR 36,000 per year. A fee payable for each meeting of the Board and its committees would be for the members residing in Finland EUR 600, the members residing in rest of Europe EUR 1,200 and the members residing outside Europe EUR 2,400. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, with the shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report in January 1 - March 31, 2012. The meeting fees are proposed to be paid in cash.

## Dividend

On December 31, 2011, Kemira Oyj's distributable funds totaled EUR 633,128,300 net profit of which accounted for EUR 245,598,837 for the period. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 21, 2012 that a dividend of EUR 0.53 totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2011.

## Outlook

Kemira's vision is to be a leading water chemistry company. Kemira will continue to focus on improving profitability and reinforcing positive cash flow. The company will also do investments to secure the future growth in the water business.

Kemira's financial targets remain as communicated in connection with the Capital Markets Day in September 2010. The company's medium term financial targets are:

- revenue growth in mature markets > 3% per year, and in emerging markets > 7% per year
- EBIT, % of revenue > 10%
- positive cash flow after investments and dividends
- gearing level < 60%.

The basis for growth is the growing water chemicals markets and Kemira's strong know-how in water quality and quantity management. Increasing water shortage, tightening legislation and customers' needs to increase operational efficiency create opportunities for Kemira to develop new water applications for both



new and current customers. Investment in research and development is a central part of Kemira's strategy. The focus of Kemira's research and development activities is on the development and commercialization of new innovative technologies for Kemira's customers globally and locally.

In the near term, uncertainty in Europe and a slowdown in global economic growth may affect the demand for our products in the customer industries. In 2012, Kemira expects the revenue and operative EBIT to be slightly higher than in 2011.

Helsinki, February 7, 2012

Kemira Oyj  
Board of Directors

## Financial calendar 2012

Interim report January-March 2012	April 24, 2012
Interim report January-June 2012	July 26, 2012
Interim report January-September 2012	October 25, 2012

The Annual General Meeting 2012 is scheduled for Wednesday, March 21, 2012 at 1.00 p.m. (CET+1).

*Financial key figures, definitions of key figures as well as information on shareholders, management shareholding and related parties' events are presented in the financial statements and in the notes to the financial statements, which will be published on the company's website during the week starting February 20<sup>th</sup>, 2012.*

*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.*

APPENDIX: Corporate Governance Statement

## KEMIRA GROUP

### Basis of preparation

This audited consolidated interim financial report has been prepared in accordance with IAS 34 'Interim financial reporting'. The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRS. The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2010, except described below.

The following standards, amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group:

- Revision of IAS 24 Related Party Disclosures
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
- Amendment to IFRIC 14, IAS 19 – The limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Annual improvement of IFRS standards

All the figures in this interim financial report have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

<b>INCOME STATEMENT</b>	<b>10-12/2011</b>	<b>10-12/2010</b>	<b>2011</b>	<b>2010</b>
<b>EUR million</b>				
Continuing operations				
<b>Revenue</b>	<b>543.3</b>	546.6	<b>2,207.2</b>	2,160.9
Other operating income	<b>13.5</b>	5.0	<b>22.5</b>	25.4
Operating expenses	<b>-490.9</b>	-487.5	<b>-1,970.1</b>	-1,920.6
Depreciation, amortization and impairment	<b>-30.6</b>	-36.9	<b>-101.3</b>	-109.6
<b>Operating profit</b>	<b>35.3</b>	27.2	<b>158.3</b>	156.1
Financial costs, net	<b>-5.5</b>	-6.7	<b>-20.9</b>	-27.4
Share of profit or loss of associates	<b>7.2</b>	2.4	<b>31.0</b>	9.2
<b>Profit before tax</b>	<b>37.0</b>	22.9	<b>168.4</b>	137.9
Income tax	<b>0.8</b>	2.2	<b>-28.1</b>	-22.0
<b>Net profit for the period, continuing operations</b>	<b>37.8</b>	25.1	<b>140.3</b>	115.9
<b>Discontinued operations</b>				
Net profit for the period, discontinued operations	-	-	-	531.0
<b>Net profit for the period</b>	<b>37.8</b>	25.1	<b>140.3</b>	646.9
<b>Attributable to, continuing operations:</b>				
Equity holders of the parent	<b>36.8</b>	23.7	<b>135.6</b>	110.9
Non-controlling interest	<b>1.0</b>	1.4	<b>4.7</b>	5.0
<b>Net profit for the period, continuing operations</b>	<b>37.8</b>	25.1	<b>140.3</b>	115.9
Earnings per share, continuing operations				
basic and diluted, EUR	<b>0.24</b>	0.15	<b>0.89</b>	0.73
Earnings per share, basic and diluted, EUR	<b>0.24</b>	0.15	<b>0.89</b>	4.23

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>10-12/2011</b>	<b>10-12/2010</b>	<b>2011</b>	<b>2010</b>
<b>Net profit for the period</b>	<b>37.8</b>	25.1	<b>140.3</b>	646.9
<b>Other comprehensive income:</b>				
Available-for-sale - change in fair value	<b>-19.7</b>	16.3	<b>-24.1</b>	16.9
Exchange differences on translating foreign operations	<b>15.4</b>	11.9	<b>-4.6</b>	71.5
Net investment hedge in foreign operations	<b>-0.6</b>	-0.3	<b>0.4</b>	-11.3
Cash flow hedging	<b>-3.9</b>	8.7	<b>-14.5</b>	12.2
Other changes	<b>0.0</b>	0.0	<b>0.0</b>	-0.6
<b>Other comprehensive income for the period, net of tax</b>	<b>-8.8</b>	36.6	<b>-42.8</b>	88.7
<b>Total comprehensive income for the period</b>	<b>29.0</b>	61.7	<b>97.5</b>	735.6
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	<b>28.2</b>	60.0	<b>93.8</b>	729.4
Non-controlling interest	<b>0.8</b>	1.7	<b>3.7</b>	6.2
<b>Total comprehensive income for the period</b>	<b>29.0</b>	61.7	<b>97.5</b>	735.6

**BALANCE SHEET**  
**EUR million**

<b>ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Non-current assets</b>		
Goodwill	606.0	607.9
Other intangible assets	67.5	75.0
Property, plant and equipment	656.0	661.2
Holdings in associates	158.8	139.5
Available-for-sale investments	256.5	284.7
Deferred tax assets	47.3	43.7
Other investments	9.7	10.3
Defined benefit pension receivables	44.3	39.5
<b>Total non-current assets</b>	<b>1,846.1</b>	<b>1,861.8</b>
<b>Current assets</b>		
Inventories	228.2	202.8
Interest-bearing receivables	0.5	0.4
Trade and other receivables	391.2	380.0
Current income tax assets	24.7	6.9
Cash and cash equivalents	185.8	91.8
<b>Total current assets</b>	<b>830.4</b>	<b>681.9</b>
<b>Total assets</b>	<b>2,676.5</b>	<b>2,543.7</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Equity</b>		
Equity attributable to equity holders of the parent	1,358.5	1,339.9
Non-controlling interest	12.3	25.9
<b>Total equity</b>	<b>1,370.8</b>	<b>1,365.8</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	464.5	499.1
Deferred income tax liabilities	86.5	99.5
Pension liabilities	52.4	55.2
Provisions	50.3	54.7
<b>Total non-current liabilities</b>	<b>653.7</b>	<b>708.5</b>
<b>Current liabilities</b>		
Interest-bearing current liabilities	237.1	128.3
Trade payables and other liabilities	383.8	316.6
Current income tax liabilities	24.8	14.7
Provisions	6.3	9.8
<b>Total current liabilities</b>	<b>652.0</b>	<b>469.4</b>
<b>Total liabilities</b>	<b>1,305.7</b>	<b>1,177.9</b>
<b>Total equity and liabilities</b>	<b>2,676.5</b>	<b>2,543.7</b>

**CONDENSED CASH FLOW STATEMENT**  
**EUR million**

**10-12/2011** 10-12/2010 **2011** 2010

**Cash flow from operating activities**

Net profit for the period	<b>37.8</b>	23.7	<b>140.3</b>	641.9
Total adjustments	<b>10.3</b>	35.4	<b>92.3</b>	-388.6
Operating profit before net working capital	<b>48.1</b>	59.1	<b>232.6</b>	253.3
Change in net working capital	<b>37.5</b>	11.9	<b>-2.7</b>	-63.4
Cash generated from operations	<b>85.6</b>	71.0	<b>229.9</b>	189.9
Financing items	<b>-8.0</b>	-10.6	<b>-14.8</b>	-33.9
Income taxes paid	<b>-7.4</b>	-6.7	<b>-37.4</b>	-22.9
<b>Net cash generated from operating activities</b>	<b>70.2</b>	53.7	<b>177.7</b>	133.1

**Cash flow from investing activities**

Capital expenditure for acquisitions	<b>13.2</b>	0.0	<b>0.0</b>	-31.6
Other capital expenditure	<b>-142.5</b>	-29.2	<b>-201.1</b>	-75.6
Proceeds from sale of assets *	<b>31.0</b>	2.5	<b>137.1</b>	-6.1
Change in other investments *	<b>0.8</b>	0.4	<b>1.6</b>	148.8
<b>Net cash used in investing activities</b>	<b>-97.5</b>	-26.3	<b>-62.4</b>	35.5

**Cash flow from financing activities**

Proceeds from non-current interest-bearing liabilities	<b>0.8</b>	45.7	<b>16.0</b>	101.7
Repayments from non-current interest-bearing liabilities	<b>-46.5</b>	-31.9	<b>-103.3</b>	-72.5
Short-term financing, net increase (+) / decrease (-)	<b>64.1</b>	-50.5	<b>154.6</b>	-330.2
Dividends paid	<b>-0.3</b>	-0.3	<b>-77.8</b>	-45.2
Purchase of non-controlling interest	<b>-13.2</b>	-	<b>-13.2</b>	-
Other financing items	<b>-4.2</b>	1.2	<b>-0.5</b>	-13.0
<b>Net cash used in financing activities</b>	<b>0.7</b>	-35.8	<b>-24.2</b>	-359.2

<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-26.6</b>	-8.4	<b>91.1</b>	-190.6
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Cash and cash equivalents at end of period	<b>185.8</b>	91.8	<b>185.8</b>	91.8
Exchange gains (+) / losses (-) on cash and cash equivalents	<b>-4.4</b>	-1.5	<b>-2.9</b>	-7.8
Cash and cash equivalents at beginning of period	<b>208.0</b>	98.7	<b>91.8</b>	274.6
<b>Net change in cash and cash equivalents</b>	<b>-26.6</b>	-8.4	<b>91.1</b>	-190.6

\* 1-12/2010 include cash and cash equivalents transferred to Tikkurila as well as the loan repayment from Tikkurila

Includes Tikkurila until March 25, 2010



**STATEMENT OF CHANGES IN EQUITY**  
**EUR million**

	Equity attributable to equity holders of the parent							Total	Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings			
Equity at January 1, 2010	221.8	257.9	95.8	196.3	-79.9	-25.9	583.6	1,249.6	19.2	1,268.8
Net profit for the period	-	-	-	-	-	-	641.9	641.9	5.0	646.9
Other comprehensive income, net of tax	-	-	29.1	-	58.6	-	-0.2	87.5	1.2	88.7
<b>Total comprehensive income</b>	-	-	29.1	-	58.6	-	641.7	729.4	6.2	735.6
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-640.3 *)	-640.3	-4.2	-644.5
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	1.7	-	1.7	-	1.7
Share-based payments	-	-	-	-	-	-	-0.3	-0.3	-	-0.3
Changes due to business combinations	-	-	-	-	-	-	-0.2	-0.2	4.7	4.5
Transfers in equity	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Transactions with owners	-	-	0.1	0.0	0.0	1.7	-640.9	-639.1	0.5	-638.6
<b>Equity at December 31, 2010</b>	<b>221.8</b>	<b>257.9</b>	<b>125.0</b>	<b>196.3</b>	<b>-21.3</b>	<b>-24.2</b>	<b>584.4</b>	<b>1,339.9</b>	<b>25.9</b>	<b>1,365.8</b>

\*) The dividends paid in 2010 was 640.3 million of which cash dividend EUR 41.0 million in total (EUR 0.27 per share) in respect of the financial year ended December 31, 2009. The dividend record date was May 12, 2010, and the payment date May 20, 2010. In addition EUR 599.3 million was distributed as Tikkurila shares.

<b>Shareholders' equity at January 1, 2011</b>	<b>221.8</b>	<b>257.9</b>	<b>125.0</b>	<b>196.3</b>	<b>-21.3</b>	<b>-24.2</b>	<b>584.4</b>	<b>1,339.9</b>	<b>25.9</b>	<b>1,365.8</b>
Net profit for the period	-	-	-	-	-	-	135.7	135.7	4.6	140.3
Other comprehensive income, net of tax	-	-	-38.6	-	-3.3	-	-	-41.9	-0.9	-42.8
<b>Total comprehensive income</b>	-	-	-38.6	-	-3.3	-	135.7	93.8	3.7	97.5
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-73.0 *)	-73.0	-4.8	-77.8
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	1.9	-	1.9	-	1.9
Share-based payments	-	-	-	-	-	-	-0.9	-0.9	-	-0.9
Changes due to business combinations	-	-	-	-	-	-	-2.9	-2.9	-12.5	-15.4
Transfers in equity	-	-	2.9	-	-	-	-2.9	0.0	-	0.0
Other changes	-	-	-	-	-	-	-0.3	-0.3	-	-0.3
Transactions with owners	-	-	2.9	-	-	1.9	-80.0	-75.2	-17.3	-92.5
<b>Equity at December 31, 2011</b>	<b>221.8</b>	<b>257.9</b>	<b>89.3</b>	<b>196.3</b>	<b>-24.6</b>	<b>-22.3</b>	<b>640.1</b>	<b>1,358.5</b>	<b>12.3</b>	<b>1,370.8</b>

\*) A dividend was EUR 73.0 million in total (EUR 0.48 per share) in respect of the financial year ended December 31, 2010. The dividend record date was March 25, 2011, and the payment date April 1, 2011.

Kemira had in its possession 3,312,660 of its treasury shares on December 31, 2011. The average share price of treasury shares was EUR 6.73 and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

The share premium is a reserve accumulating through subscriptions entitled by the Management stock option program 2001 and is based on the Finnish Companies Act (734/1978), which does no longer change. According to IFRS, the Fair Value reserve is a reserve accumulating based on available-for-sale financial assets (shares) measured at fair value and hedge accounting. Other reserves are required by local legislation. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that it will not, based on a specific decision, be recognized in share capital.

**KEY FIGURES**

	10-12/2011	10-12/2010	2011	2010
Earnings per share, continuing operations basic and diluted, EUR	<b>0.24</b>	0.15	<b>0.89</b>	0.73
Earnings per share, discontinued operations, basic and diluted, EUR				3.50
Cash flow from operations per share, EUR	<b>0.46</b>	0.36	<b>1.17</b>	0.88
Capital expenditure, EUR million	<b>129.3</b>	28.7	<b>201.1</b>	110.0
Capital expenditure / revenue, %	<b>4.8</b>	5.3	<b>9.1</b>	4.8
Average number of shares (1000), basic *	<b>151,994</b>	151,697	<b>151,994</b>	151,697
Average number of shares (1000), diluted *	<b>152,152</b>	152,017	<b>152,152</b>	152,017
Number of shares at end of period (1000), basic *	<b>152,030</b>	151,735	<b>152,030</b>	151,735
Number of shares at end of period (1000), diluted *	<b>152,030</b>	152,055	<b>152,030</b>	152,055
Equity per share, attributable to equity holders of the parent, EUR			<b>8.94</b>	8.83
Equity ratio, %			<b>51.3</b>	53.8
Gearing, %			<b>37.6</b>	39.2
Interest-bearing net liabilities, EUR million			<b>515.8</b>	535.6
Personnel (average)			<b>5,006</b>	5,608

\* Number of shares outstanding, excluding the number of shares bought back.

**REVENUE BY BUSINESS AREA**  
**EUR million**

	10-12/2011	10-12/2010	2011	2010
Paper external	<b>234.5</b>	243.0	<b>973.3</b>	984.3
Paper Intra-Group	-	-	-	-
Municipal & Industrial external	<b>166.6</b>	167.5	<b>664.7</b>	643.6
Municipal & Industrial Intra-Group	-	-	-	-
Oil & Mining external	<b>80.0</b>	72.6	<b>335.7</b>	297.5
Oil & Mining Intra-Group	-	-	-	-
Other external	<b>62.2</b>	63.5	<b>233.5</b>	235.5
Other Intra-Group	-	0.0	-	0.1
Eliminations	-	0.0	-	-0.1
<b>Total, continuing operations</b>	<b>543.3</b>	546.6	<b>2,207.2</b>	2,160.9
Tikkurila, external, discontinued operations	-	-	-	108.2
<b>Total</b>	<b>543.3</b>	546.6	<b>2,207.2</b>	2,269.1

**OPERATING PROFIT BY BUSINESS AREA**  
**EUR million**

	10-12/2011	10-12/2010	2011	2010
Paper	<b>18.3</b>	8.2	<b>79.5</b>	68.4
Municipal & Industrial	<b>5.8</b>	11.9	<b>43.7</b>	55.8
Oil & Mining	<b>7.2</b>	6.4	<b>34.9</b>	31.9
Other	<b>4.0</b>	0.7	<b>0.2</b>	0.0
Eliminations	-	-	-	-
<b>Total, continuing operations</b>	<b>35.3</b>	27.2	<b>158.3</b>	156.1
Tikkurila, discontinued operations	-	-	-	5.3
<b>Total</b>	<b>35.3</b>	27.2	<b>158.3</b>	161.4

<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT</b>	<b>2011</b>	<b>2010</b>
<b>EUR million</b>		
Carrying amount at beginning of year	<b>661.2</b>	761.5
Acquisitions of subsidiaries	-	18.1
Increases	<b>94.2</b>	63.2
Decreases	<b>-17.2</b>	-2.8
Disposal of subsidiaries	-	-118.9
Depreciation, impairments and reversals of impairments	<b>-86.1</b>	-100.0
Exchange rate differences and other changes	<b>3.9</b>	40.1
<b>Net carrying amount at end of period</b>	<b>656.0</b>	661.2

<b>CHANGES IN INTANGIBLE ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>EUR million</b>		
Carrying amount at beginning of year	<b>682.9</b>	760.2
Acquisitions of subsidiaries	-	10.9
Increases	<b>8.2</b>	15.3
Decreases	<b>-0.5</b>	-
Disposal of subsidiaries	<b>-0.4</b>	-104.8
Depreciation and impairments	<b>-15.2</b>	-14.2
Exchange rate differences and other changes	<b>-1.5</b>	15.5
<b>Net carrying amount at end of period</b>	<b>673.5</b>	682.9

<b>CONTINGENT LIABILITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>EUR million</b>		
<b>Mortgages</b>	<b>0.5</b>	13.9
<b>Assets pledged</b>		
On behalf of own commitments	<b>6.3</b>	6.3
<b>Guarantees</b>		
On behalf of own commitments	<b>48.9</b>	45.2
On behalf of associates	<b>0.7</b>	0.8
On behalf of others	<b>4.4</b>	4.4
<b>Operating leasing liabilities</b>		
Maturity within one year	<b>27.8</b>	21.3
Maturity after one year	<b>146.0</b>	169.8
<b>Other obligations</b>		
On behalf of own commitments	<b>1.3</b>	1.1
On behalf of associates	<b>1.4</b>	1.6

#### **Major off-balance sheet investment commitments**

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2011 were about EUR 14.5 million for plant investments in China and Europe.

## **Litigation**

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA (CDC) had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA has stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presents in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA has delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, is stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA has filed an application for summons in the municipal court of Helsinki on April 20, 2011 for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it is stated that CDC Project 13 SA has filed an action against four companies, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. Kemira defends against the claim of CDC Project 13 SA.

Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the processes started by Cartel Damage Claims Hydrogen Peroxide SA and CDC Project 13 SA. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

## **RELATED PARTY**

In December 2011 Kemira Oyj has according to an agreement with Pension Fund Neliapila, bought 2.5% of Pohjolan Voima Oy shares from Pension Fund Neliapila.

Other transactions with related parties have not changed materially after annual closing 2010.

**DERIVATIVE INSTRUMENTS****EUR million**

	31.12.2011		31.12.2010	
	Nominal value	Fair value	Nominal value	Fair value
<b>Currency instruments</b>				
Forward contracts	554.6	-1.7	607.7	8.1
Currency options				
Bought	0.0	0.0	-	-
Sold	0.0	0.0	-	-
<b>Interest rate instruments</b>				
Interest rate swaps	213.5	-5.3	305.3	-6.0
of which cash flow hedge	193.5	-4.9	275.3	-4.7
Interest rate options				
Bought	-	-	10.0	-
Sold	-	-	-	-
Bond futures	10.0	-0.3	10.0	-
of which open	10.0	-0.3	10.0	-
<b>Other instruments</b>	<b>GWh</b>	<b>Fair value</b>	<b>GWh</b>	<b>Fair value</b>
Electricity forward contracts, bought	1,092.0	-4.6	824.3	14.9
of which cash flow hedge	1,092.0	-4.6	824.3	14.9
Electricity forward contracts, sold	-	-	-	-
of which cash flow hedge	-	-	-	-
	<b>K tons</b>	<b>Fair value</b>	<b>K tons</b>	<b>Fair value</b>
Natural gas hedging	-	-	10.1	0.1
of which cash flow hedge	-	-	10.1	0.1
Salt derivatives	53.3	0.3	213.0	-

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valuated based on net present values of future cash flows. Valuation models have been used to estimate the fair values of options.

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group.



## QUARTERLY INFORMATION

EUR million

Continuing operations

### Revenue

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Paper external	234.5	243.4	242.2	253.2	243.0	259.9	247.4	234.0
Paper Intra-Group	-	-	-	-	-	-	-	-
Municipal & Industrial external	166.6	173.7	166.6	157.8	167.5	164.0	163.7	148.4
Municipal & Industrial Intra-Group	-	-	-	-	-	-	-	-
Oil & Mining external	80.0	87.2	84.8	83.7	72.6	80.2	78.1	66.6
Oil & Mining Intra-Group	-	-	-	-	-	-	-	-
Other external	62.2	54.0	55.2	62.1	63.5	50.3	56.0	65.7
Other Intra-Group	-	-	-	-	-	-	-	0.1
Eliminations	-	-	-	-	-	-	-	-0.1
<b>Total</b>	<b>543.3</b>	<b>558.3</b>	<b>548.8</b>	<b>556.8</b>	<b>546.6</b>	<b>554.4</b>	<b>545.2</b>	<b>514.7</b>

### Operating profit

Paper	18.3	18.5	20.0	22.7	8.2	24.0	21.0	15.2
Municipal & Industrial	5.8	15.4	10.9	11.6	11.9	14.5	14.8	14.6
Oil & Mining	7.2	10.2	8.1	9.4	6.4	8.8	10.3	6.4
Other	4.0	-3.3	-1.7	1.2	0.7	-1.3	-1.6	2.2
Eliminations	-	-	-	-	-	-	-	-
<b>Total</b>	<b>35.3</b>	<b>40.8</b>	<b>37.3</b>	<b>44.9</b>	<b>27.2</b>	<b>46.0</b>	<b>44.5</b>	<b>38.4</b>

### Operating profit, excluding non-recurring items

Paper	14.2	18.5	20.0	22.7	21.6	20.5	18.3	15.2
Municipal & Industrial	9.0	15.4	10.9	11.6	12.2	14.5	15.6	16.7
Oil & Mining	8.5	10.2	8.1	9.4	6.5	8.8	6.9	6.4
Other	2.6	-3.3	-1.7	1.2	-0.1	-1.3	-0.3	0.8
Eliminations	0.0	-	-	-	-	-	-	-
<b>Total</b>	<b>34.3</b>	<b>40.8</b>	<b>37.3</b>	<b>44.9</b>	<b>40.2</b>	<b>42.5</b>	<b>40.5</b>	<b>39.1</b>

## DEFINITIONS OF KEY FIGURES

### Earnings per share (EPS)

Net profit attributable to equity holders of the parent  
Average number of shares

### Equity ratio, %

Total equity x 100  
Total assets - prepayments received

### Cash flow from operations

Cash flow from operations, after change in net working capital and before investing activities

### Gearing, %

Interest-bearing net liabilities x 100  
Total equity

### Cash flow from operations per share

Cash flow from operations  
Average number of shares

### Interest-bearing net liabilities

Interest-bearing liabilities - money market investments  
- Cash and cash equivalents

### Equity per share

Equity attributable to equity holders of the parent  
at end of period  
Number of shares at end of period

### Return on capital employed (ROCE), %

Operating profit + share of profit or loss of associates x 100  
Capital employed <sup>1) 2)</sup>

<sup>1)</sup> Average

<sup>2)</sup> Net working capital + property, plant and equipment available for use + intangible assets available for use + investments in associates