

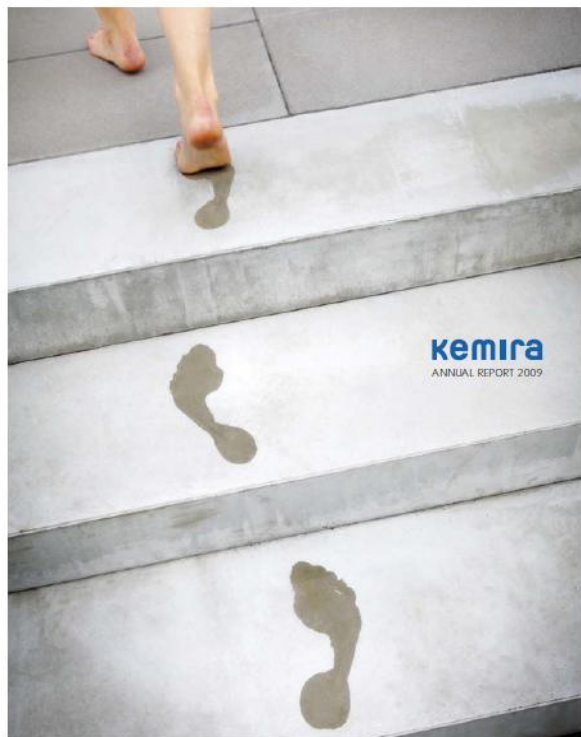
# Report of the Month

ReportWatch e.com

May 2010

## Kemira

Helsinki, Finland



## Report Facts

**Company name:** Kemira Oyj

**Fiscal year end:** December 31, 2009

**Report title:** -

**President and CEO:** Harri Kerminen

**Number of books:** One

**Report length:** 140 pages

**Auditors:** KPMG Oy AB

**Production:** Sanoma Magazines

**E-mail:** [paivi.antola@kemira.com](mailto:paivi.antola@kemira.com)

## Report Rating: ★★★(★)

(Rating scale below)

## Profile (Excerpts, as from the report)

*Kemira's vision is to become a leading water chemistry company, focused on serving customers in water intensive industries... The company estimates that the global chemical market related to water treatment, process efficiency and stability in water intensive industries is worth approximately EUR 25 billion. Markets by segment: paper (35%); municipal & Industrial (40%); Oil & Mining (25%).*

(Annual Report) (Italics are own company's words)

## Key Figures

**Revenue:** Euro 2,500.1 million

**Operating profit:** Euro 157.4 million

**Profit before tax:** Euro 102.9 million

**Earnings per share:** Euro 0.61

**Dividend per share:** -

**Return on capital employed:** 7.8%

**Personnel:** 8,493

(Source: 2009 figures sourced from the annual report)

## Competitors and Peers

- AkzoNobel
- Bayer
- DuPont
- Pall
- Evonik
- Arkema
- Lanxess
- Celanese
- ...

## Report Rating: ★★★(★)

### Triple A

- > The front cover and all the covers hint or tell about the business (4 facts on the back cover). Contrary to a majority, this one is capable of putting the finishing touch to the report, we mean to use the last pages and inside cover for talking: check the *Amazing World* map (pp 138-139).
- > A review of businesses that tells stories in a lively, animated and reader-friendly mode: besides typography, plentiful illustrations and magazine-looking headlines, reading facilities include 30 seconds bullet points, *Key figures*, *Leader on the spot* sections.
- > Thorough five-year *Key figures*, intelligibly defined, including significant ratios and introduced with six well-chosen charts.
- > Transparency about shareholder control and showing main share indicators expected by investors.

### Double A

- > An interview with the CEO supplements the short introductory statement. It's backed with photos, key figures, financial targets; and addresses main focus areas for the upcoming year.
- > Nice directors and managers' portraits next to well-put background information.

### Simple A

- > Fair disclosure of governance practices. But compensation details are not up.
- > Responsibility and sustainability matters are not concealed, yet lacking in developments.

### B sides

- > *Key Figures* downplayed at the bottom of p 10. Is it because no dividend was distributed that the item is not included among them?
- > *Board of Director's Review* could be better structured and substantiated (e.g. on liquidity matters).
- > *Risk Management* boiled down to one single page.
- > The investor relations web pages are functional, not more than that.

#### Rating Scale

★★★★: First-rate ★★★(★): Excellent ★★★★: Very good ★★★(★): Sound ★★\*: Average

★★(★): Uneven ★\*: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the *Annual Report on Annual Reports*.

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*How does the company report in key areas? What are the main report pluses and minuses?  
The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

*Contact [e.com@reportwatch.net](mailto:e.com@reportwatch.net)*

SEGMENT LEADER ON THE SPOT

# COLLABORATION IS A COMPETITIVE ADVANTAGE

ALTHOUGH KEMIRA'S DIFFERENT BUSINESS SEGMENTS HAVE JOINT PRODUCTION, THEY SEEM INDEPENDENT TO AN OUTSIDER. ARE THERE SIGNIFICANT OPPORTUNITIES FOR COLLABORATION AMONG THE BUSINESS SEGMENTS?

There are significant synergies. It would be much more difficult for us to seek growth in Asia, for example, if the Paper segment were not involved in its current business operations there. Moreover, we benefit from common resources with other segments in purchasing and logistics, which clearly enhances our operations. Business operations serving both the paper industry and the municipal and industrial sectors have long been strong in Latin America, which partly explains our good position there.

DO YOU ACHIEVE SOMETHING THROUGH COLLABORATION THAT YOU WOULD NOT ACHIEVE ALONE?

Many big investments might turn out to be unprofitable, but joint projects make them feasible.

ARE GROWTH AND COLLABORATION WITHIN KEMIRA SO STRONG THAT THE NEED TO COLLABORATE WITH OUTSIDERS DECREASES?

Quite the contrary. Development in the water sector is so wide-reaching that we need more networking. But we are already creating numerous products and concepts in collaboration with others. Cleantech Finland, a development program in environmental technology, is one example of this. ■

Why is Kemira investing, more than ever, in collaboration within and beyond the Kemira Group? Pekka Ojanpää, President of Kemira's Municipal & Industrial segment, explains.



## 30 SECONDS

- Population growth and the rising standard of living increase water use in households and industries around the world. Together with a growing awareness of the need for water protection, these factors boost investments in water treatment. This means new business opportunities for Kemira.

- Kemira is the world's largest supplier of coagulants for municipal and industrial water treatment.

- The global chemical market related to water treatment, process efficiency and stability in water intensive industries is worth about EUR 25 billion.

- Kemira operates in product groups that correspond to approximately one-fifth of the markets for municipal and industrial wastewater treatment, which are worth EUR 5 billion and EUR 3 billion, respectively.

- Although Kemira is a major player, it needs to focus on sectors that offer diversified business opportunities. This improves customer service and helps Kemira maximize the efficiency of investments as well as their benefits.

- Large size and close collaboration among segments offer many competitive assets to Kemira in purchasing, product development and customer service, to name but a few examples.



