

JARI ROSENDAL, PRESIDENT AND CEO
PETRI CASTRÉN, CFO
APRIL 26, 2019

Strong earnings improvement in Q1

JANUARY-MARCH 2019



Selected operational highlights in Q1 2019

- Organic growth continued – market environment fairly good
- Profitability improved clearly – capacity utilization rates remained good
- Investment projects proceeding well



Key financial highlights

Organic growth +2%

- Sales prices increased in all areas of our businesses

Operative EBITDA +38% to margin of 14.8%

- Favorable combination of increasing sales prices and moderate raw material cost impact
- Supply disruptions emerged during the quarter but mitigating actions were done quickly – some financial impact expected in Q2 due to higher raw material and logistic costs

Operative EBIT +48% to margin of 7.7%

EUR million (except ratios)	Q1 2019	Q1 2018	Δ%	FY 2018
Revenue	647.8	613.7	+6	2,592.8
Operative EBITDA	95.6	69.4	+38	323.1
of which margin	14.8%	11.3%	-	12.5%
Operative EBIT	50.1	33.9	+48	173.8
of which margin	7.7%	5.5%	-	6.7%
Net profit	29.3	23.0	+27	95.2
EPS, EUR	0.18	0.14	+31	0.58

Pulp & Paper – continued sales price growth

Market environment

- Long-term market outlook positive with multiple investments announced recently by major pulp & paper companies like APP, Hamburger Containerboard, Mondi and Nine Dragons

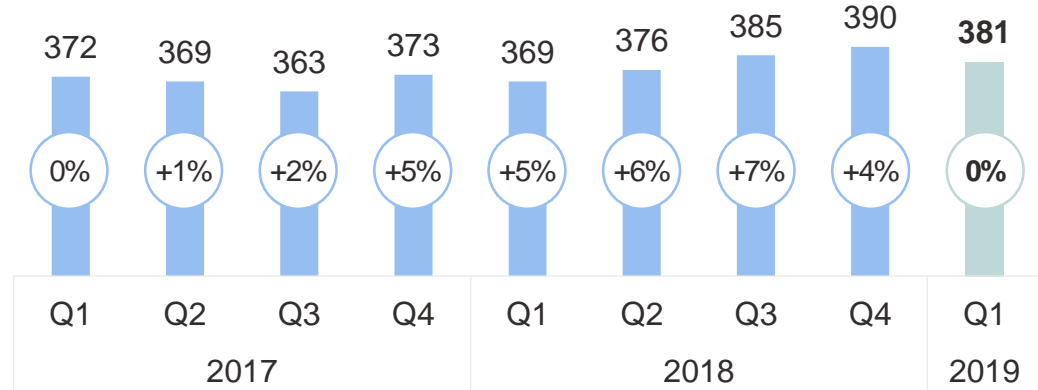
Organic growth flat with positive pricing

- Exit of ECOX business impacted sales volumes

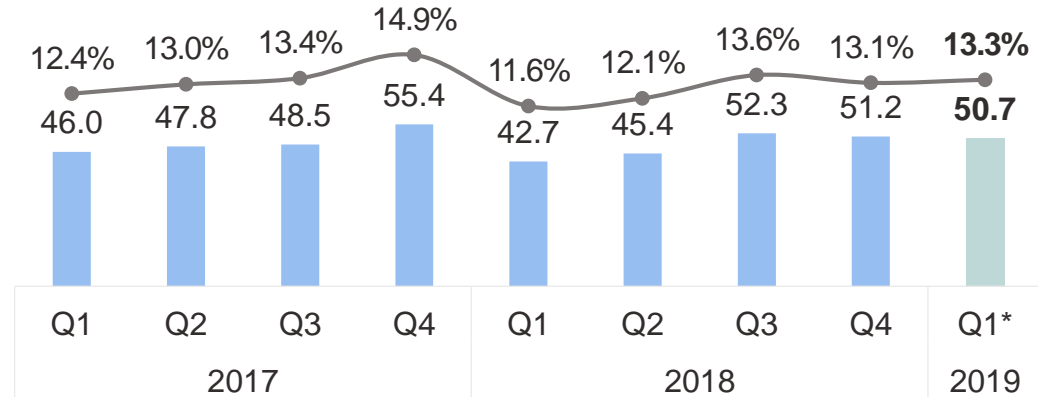
Operative EBITDA margin 13.3%

- Underlying profitability in focus
- *Due to IFRS 16, leasing costs are mostly in depreciations and partly in interest expenses in 2019, positive EBITDA impact EUR +3.3 million

REVENUE AND ORGANIC REVENUE GROWTH (Y-ON-Y)
EUR million



OPERATIVE EBITDA AND OPERATIVE EBITDA-%
EUR million



Industry & Water – record-high margin

Market environment

- Water treatment market solid – expecting tighter regulation in Europe
- Oil & gas shale market growth rate moderating in the short-term

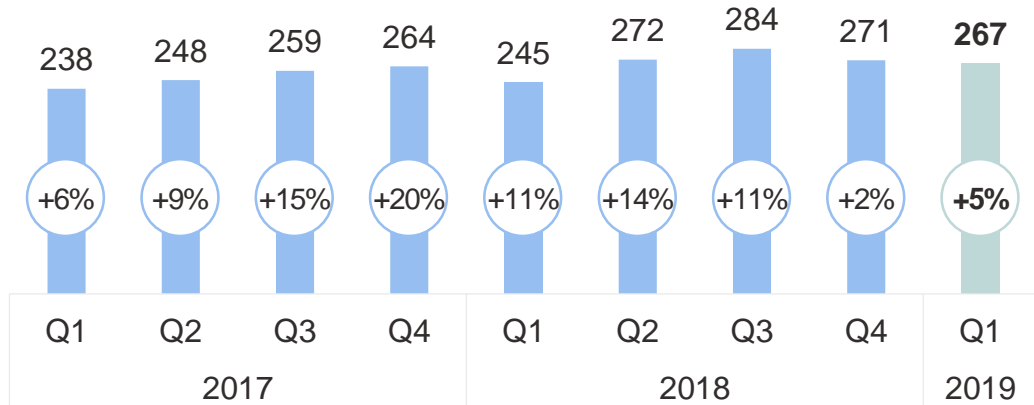
Organic growth +5%

- Our Oil & Gas business had strong organic growth, +26% to EUR 62 million
- In water treatment, we are well positioned to meet continued inflationary pressures

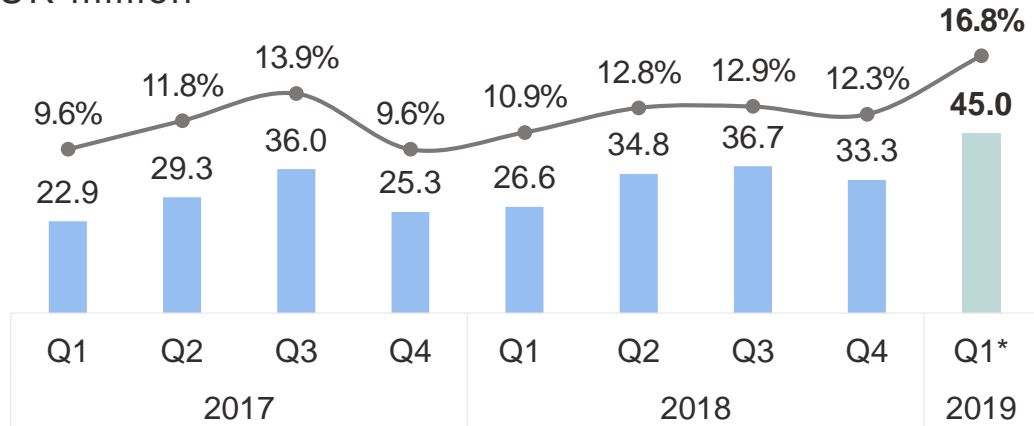
Operative EBITDA margin 16.8%

- Sales prices increased while propylene-based raw material prices decreased
- Favorable product mix
- *Due to IFRS 16, positive EBITDA impact EUR +4.4 million in Q1 2019

REVENUE AND ORGANIC REVENUE GROWTH (Y-ON-Y)
EUR million



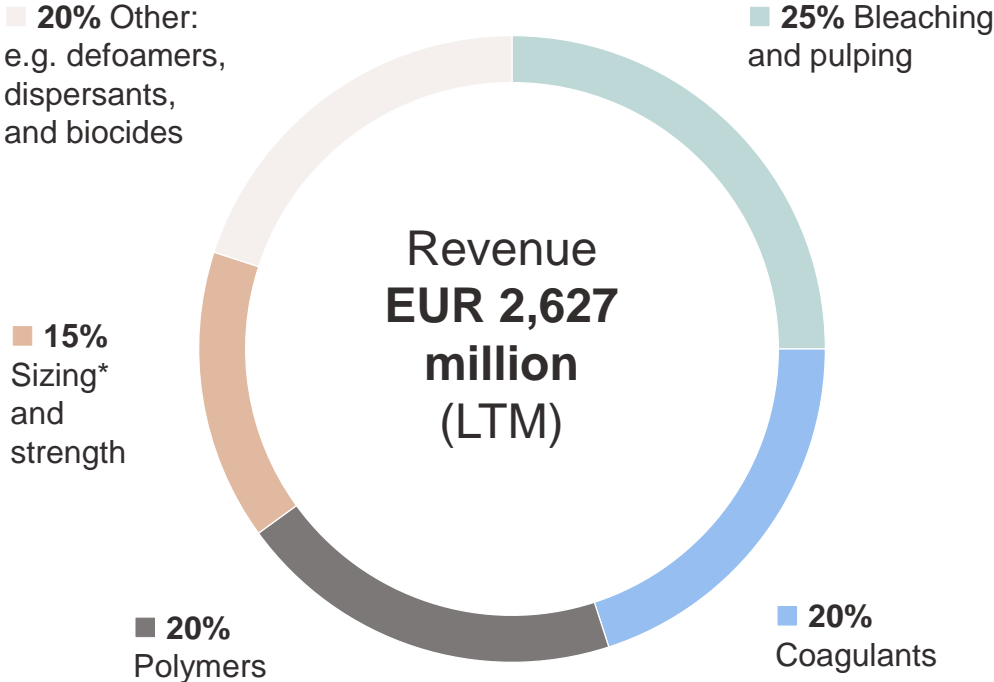
OPERATIVE EBITDA AND OPERATIVE EBITDA-%
EUR million



Investing in core product categories with higher return

- Top 4 product categories represent 80% of Group's revenue, above EUR 2 billion
- Our investments have focused on:
 - Bleaching chemicals
 - Polymers
 - Sizing* chemicals
- Current investments projects
 - Netherlands – Expansion of Oil & Gas polymers
 - US – Expansion of Oil & Gas polymers
 - China – Completion of new Pulp & Paper AKD site

PRODUCTS



*Sizing = Resistance against water absorption

Key operative focus areas in 2019

1. Continue to pass on higher raw material costs to sales prices
2. Optimize capacity allocation
3. Modify product & service offering to cater better profitable growth
4. Improve operational excellence
5. Ramp-up CEOR* polymer capacity addition in Netherlands in H2
6. Start-up new sizing manufacturing site in China in H2
7. Construction of emulsion polymer capacity in the US on time and in budget, start-up expected beginning of 2021
8. Prudent cost-control in all areas



*CEOR, chemical enhanced oil recovery

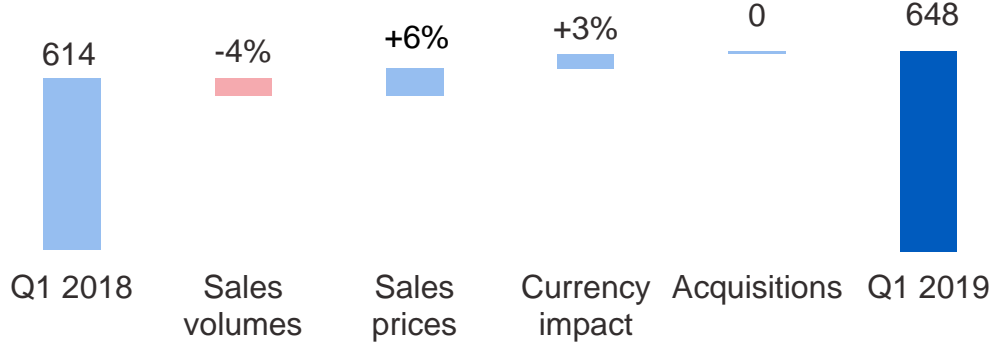
PETRI CASTRÉN, CFO
APRIL 26, 2019

Financials Q1 2019



Successful pricing drives improvement

REVENUE AND ORGANIC GROWTH (Y-ON-Y) EUR million

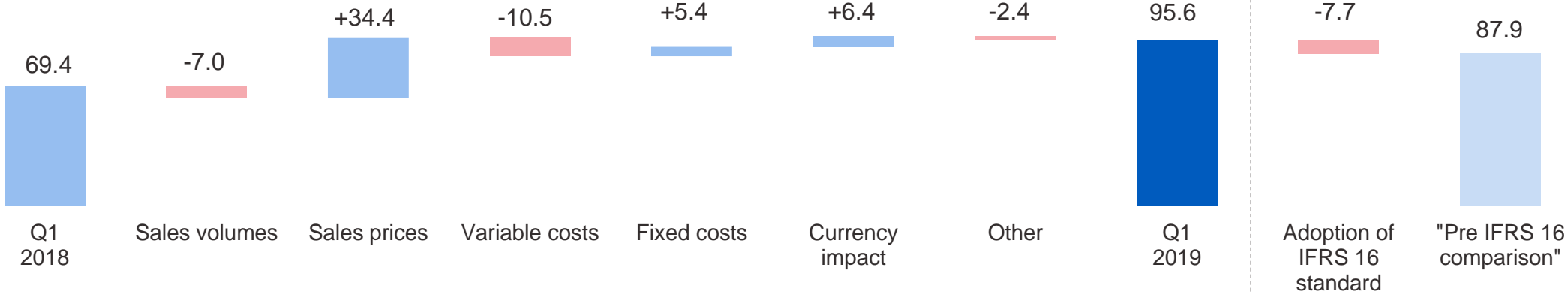


Group's organic growth +2%

Operative EBITDA margin 14.8%

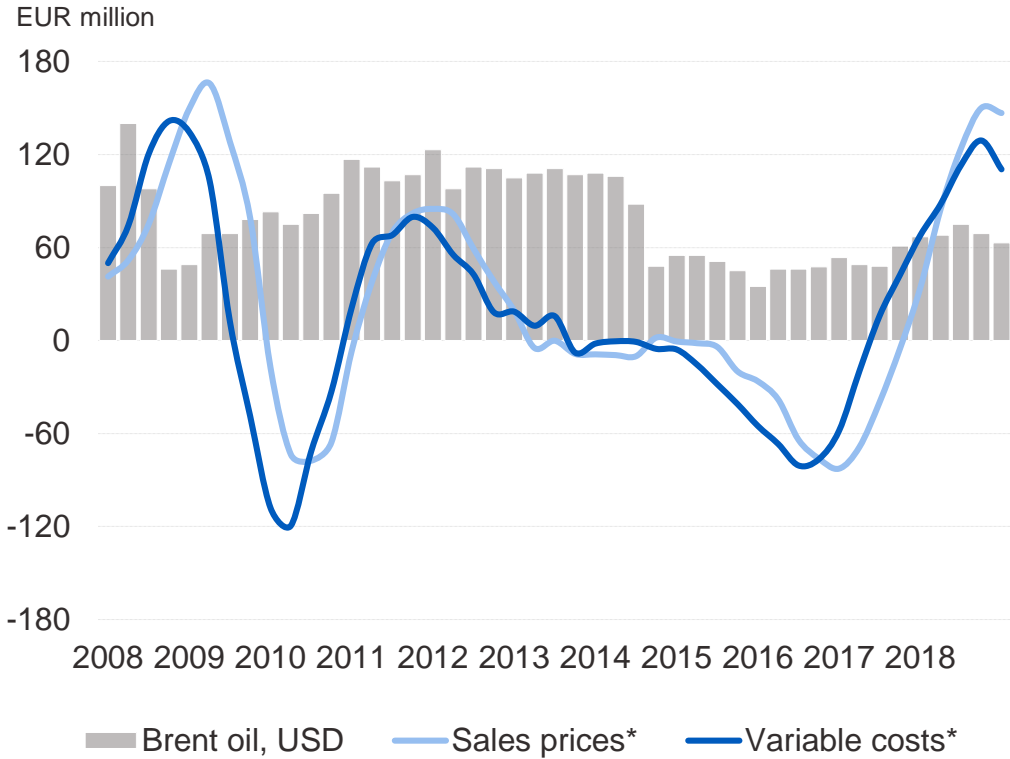
- Strong operational improvement mainly driven by pricing
- Due to the adoption of IFRS 16 -standard, fixed costs do not include operating lease expenses in 2019, corresponding to a positive EBITDA impact of EUR 7.7 million

OPERATIVE EBITDA BRIDGE EUR million

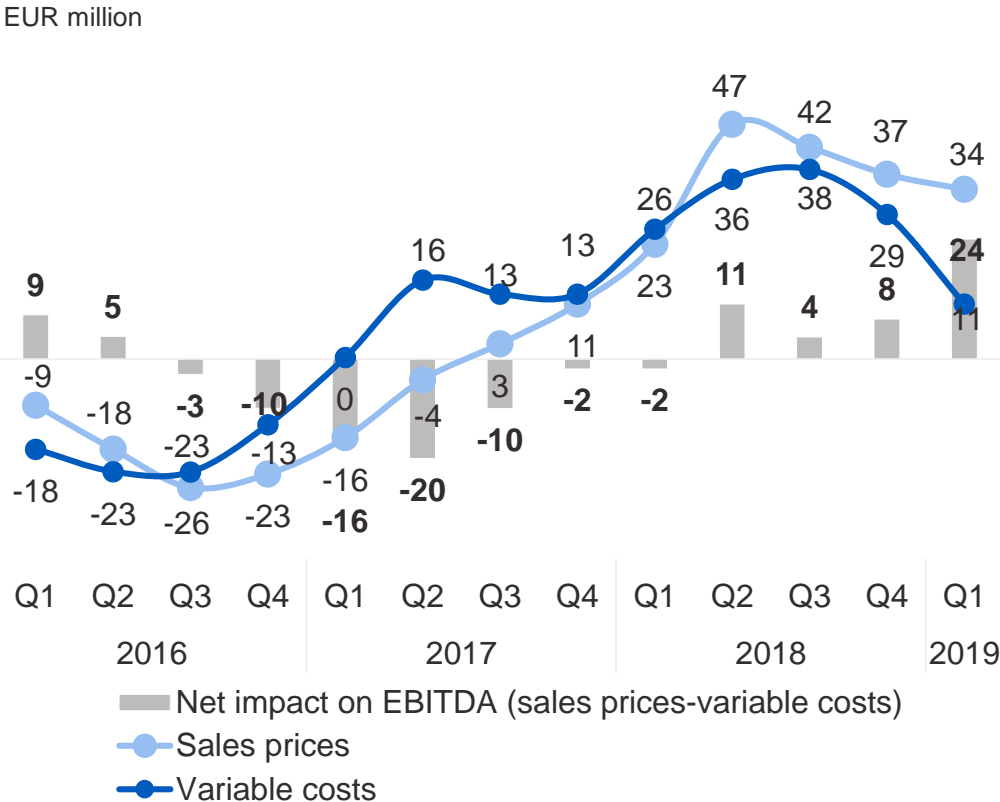


Net impact of sales price & variable costs positive

SALES PRICE VS VARIABLE COST TREND (ROLLING 12-MONTH CHANGE Y-O-Y)



SALES PRICES AND VARIABLE COSTS (CHANGE Y-O-Y)

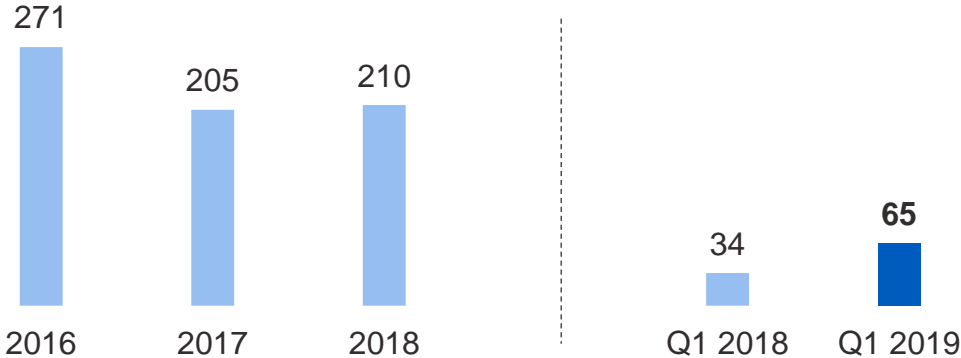


* 12-month rolling change vs previous year in EUR million

Cash flow improved in Q1

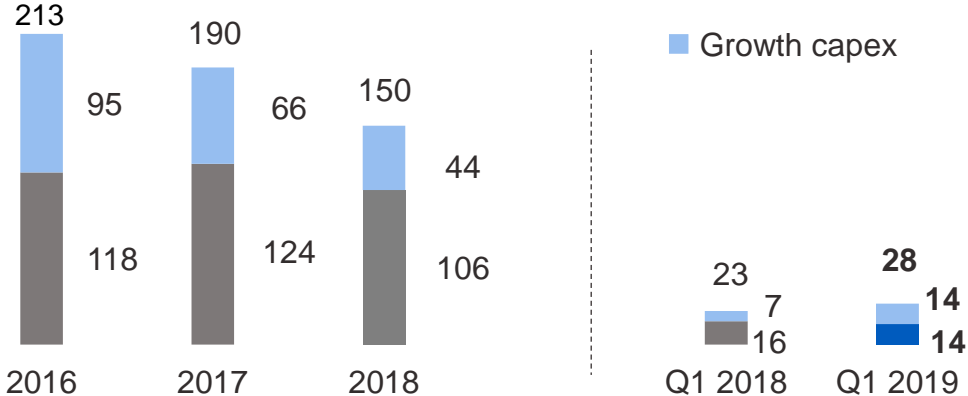
ALL KEY FIGURES IN EUR MILLION

CASH FLOW FROM OPERATIONS



- Q1 cash flow supported by improved profitability
- Seasonality led to negative change in NWC as in previous years
- Kemira’s Pension Fund Neliapila returned excess capital of EUR 15 million to Group in Q1
- IFRS 16 impact EUR +7 million on cash flow from operations

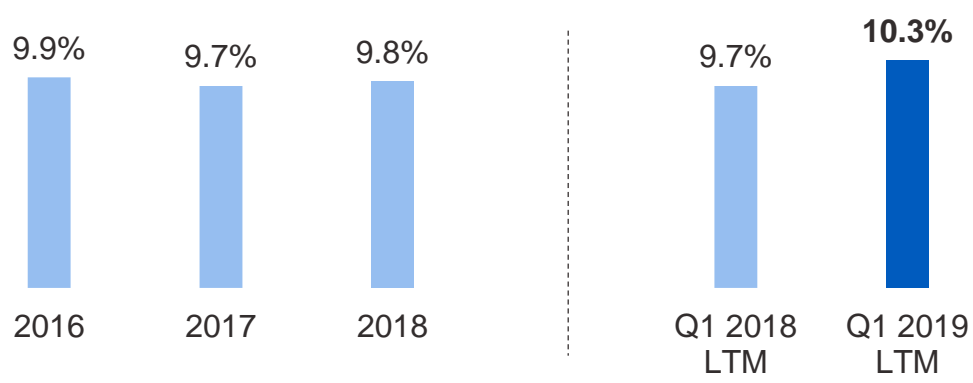
CAPITAL EXPENDITURE EXCL. ACQUISITIONS



- In Q1 the largest growth capex projects were on-going completion of Pulp & Paper AKD plant in China and expansion of CEOR polymers for Oil & Gas in Netherlands
- CAPEX excl. acquisitions estimated to be around EUR 180-220 million in 2019

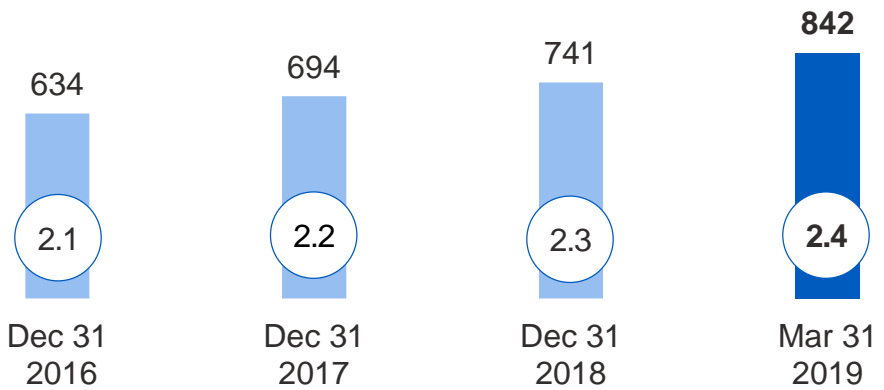
ROCE improving, adoption of IFRS 16 increased reported net debt

OPERATIVE RETURN ON CAPITAL EMPLOYED



- ROCE improvement driven by Industry & Water
- Ongoing investment projects are expected to improve Group's ROCE once up and running

NET DEBT (EUR million) AND LEVERAGE RATIO



- Increase in net debt resulted from the adoption of IFRS 16 as operating leases (EUR 129 million) are part of debt
 - Excluding IFRS 16 impact, net debt would have been EUR 713 million and leverage ratio 2.1
 - Improved cash flow reduced underlying debt level
- Average cost of net debt excluding leases is 2.0% and duration is 28 months

Outlook for 2019

“Kemira expects its operative EBITDA (2018: EUR 323.1 million) to increase from the prior year on a comparable basis, excluding the impact of IFRS 16 accounting change.”

EUR million	2014	2015	2016	2017	2018	2019 outlook
Operative EBITDA	253	287	303	311	323	Increase

Operative EBITDA figures for 2014-2018 are "pre IFRS-16".



Kemira

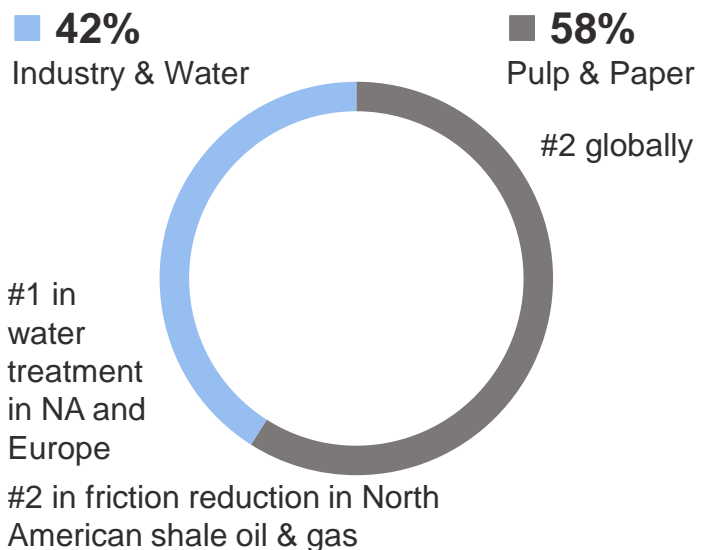
Where water
meets chemistry™

Appendix

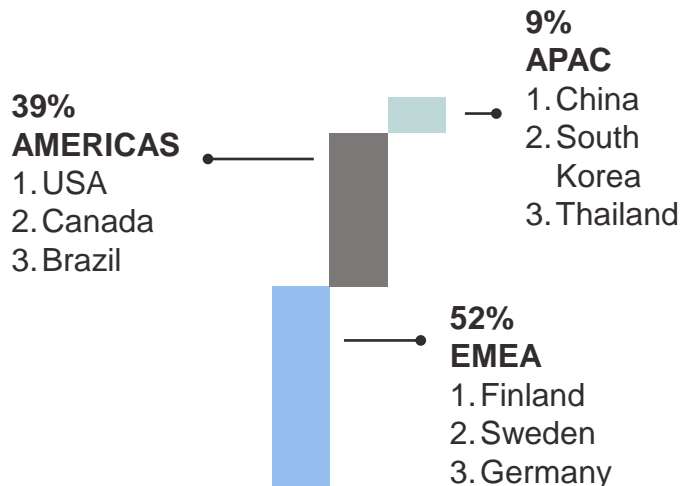
Kemira in brief

LAST 12 MONTHS: REVENUE EUR 2,627 MILLION, OPERATIVE EBITDA EUR 349 MILLION, OPERATIVE EBITDA MARGIN 13.3%, OPERATIVE ROCE 10.3%

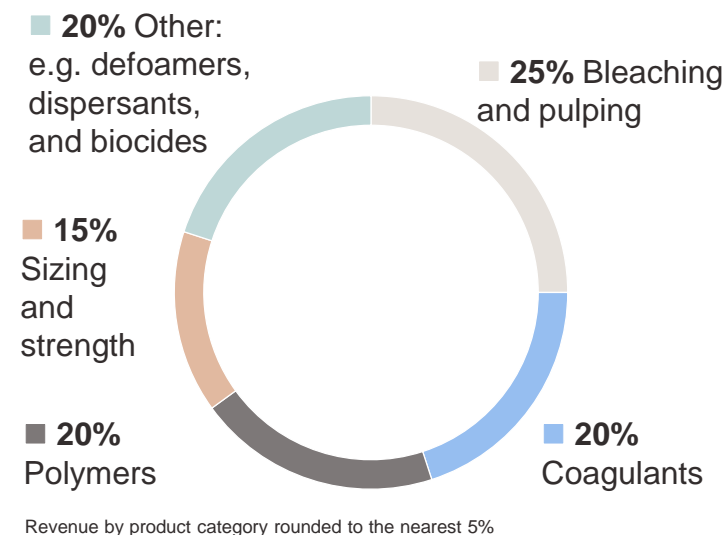
SEGMENT SPLIT



GEOGRAPHIES



PRODUCTS



CUSTOMERS

Several thousand customers
TOP 10 customers are ~**25%** of revenue
TOP 50 customers are ~**50%** of revenue

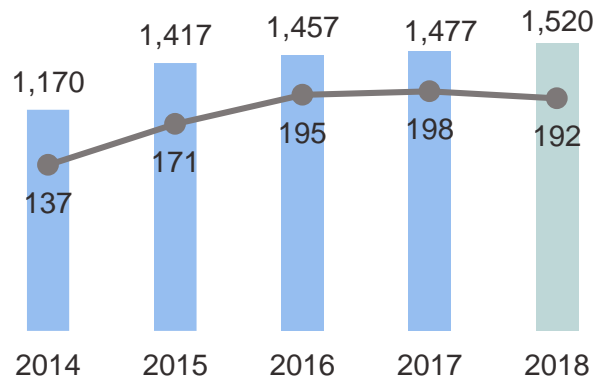
EXAMPLES OF LARGEST CUSTOMERS

Municipalities, e.g.
 Frankfurt, London, New York,
 Paris, Shanghai, Singapore



Pulp & Paper – strong business with solid track record

REVENUE AND OPERATIVE EBITDA EUR million

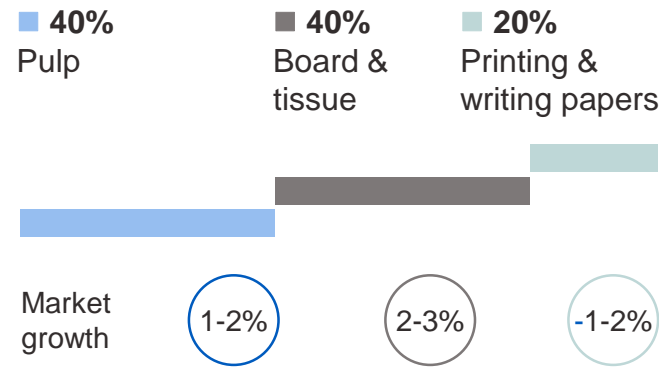


MARKET ENVIRONMENT

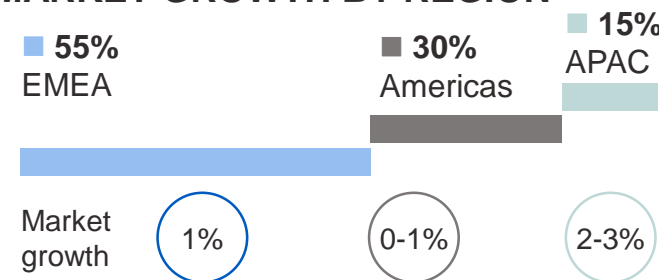
- Solenis (paper)* #1
- Kemira (pulp and paper) m.s. ~16% #2
- Nouryon (pulp) #3
- Ecolab (paper) #4
- Kurita (paper) #5

* Solenis-BASF combined entity

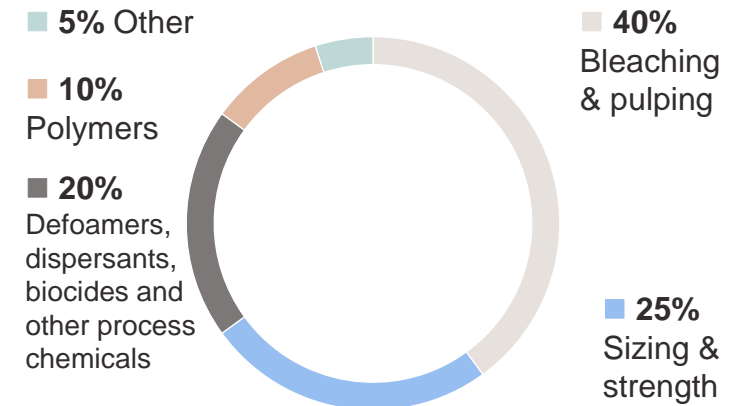
REVENUE BY CUSTOMER TYPE AND MARKET GROWTH



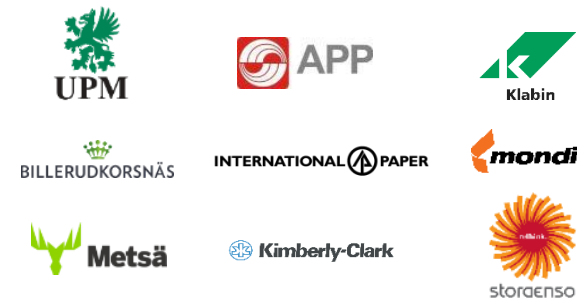
REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION



REVENUE BY PRODUCT CATEGORY



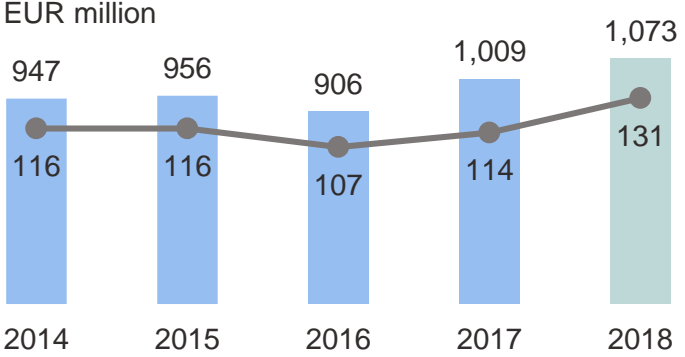
CUSTOMER EXAMPLES



Note: Revenue by industry, product and geography rounded to the nearest 5%

Industry & Water – strong positions in chosen categories

REVENUE AND OPERATIVE EBITDA



2014-2016 figures are pro forma; combination of Municipal & Industrial and Oil & Mining segments

MARKET ENVIRONMENT

WATER TREATMENT

Market share ~30% in coagulants and ~20% in polymers

Main competitors in coagulants:

- Feralco (Europe)
- Kronos (Europe)
- Chemtrade (NA)
- USAlco (NA)

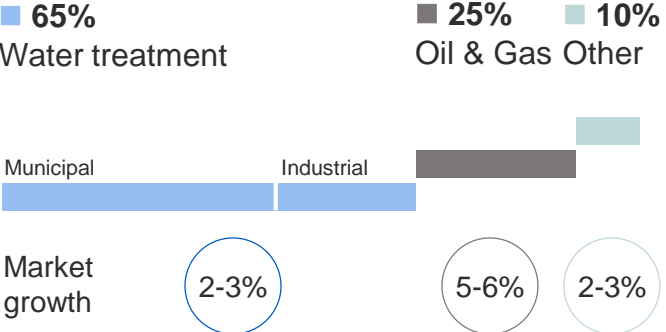
OIL & GAS

Market share ~25% in polymers used in shale oil & gas

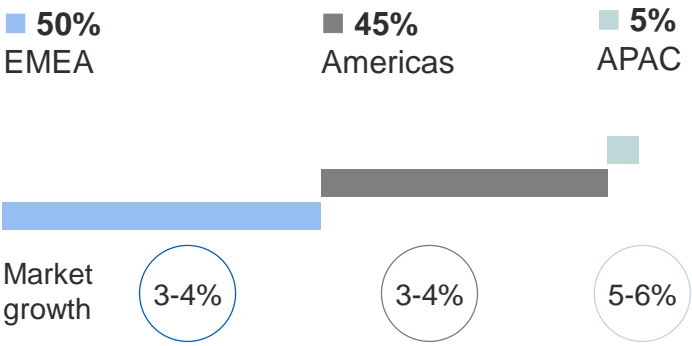
Main peers in polymers (also in water treatment):

- SNF
- Solenis
- Solvay (only O&G)

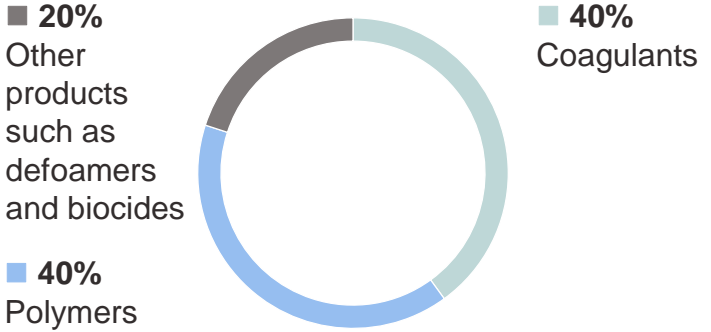
REVENUE BY APPLICATION TYPE AND MARKET GROWTH



REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION



REVENUE BY PRODUCT CATEGORY



CUSTOMER EXAMPLES

MUNICIPAL (40%), customer examples

- Amsterdam
- Barcelona
- Frankfurt
- London
- Oslo
- Paris
- Stockholm
- Los Angeles
- Montreal
- New York City
- Toronto
- Melbourne
- Shanghai
- Singapore

INDUSTRIAL (60%), customer examples



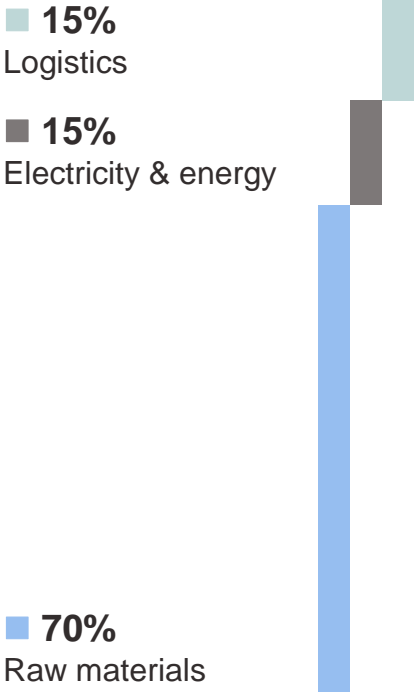
Note: Revenue by industry, product and geography rounded to the nearest 5%

Mid- to long-term financial targets were updated due to IFRS 16 in February 2019

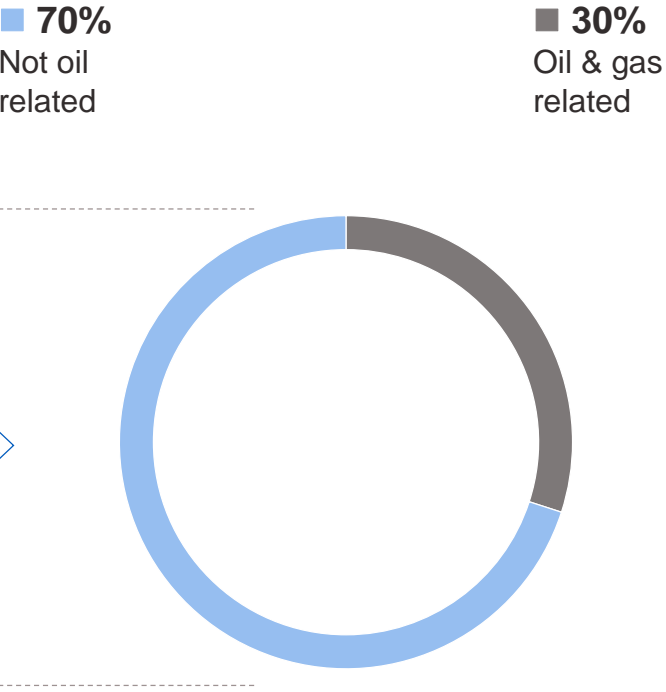
	2017	2018	Targets until end of 2018	IFRS 16 impact	Financial targets (mid- to long-term)
Revenue	EUR 2.5 billion	EUR 2.6 billion	Above-the-market growth	-	Above-the-market growth
Operative EBITDA-%	12.5%	12.5%	14-16%	Around +1%-point	15-17%
Gearing	59%	62%	Below 60%	Approx. +10%-points	Below 75%

Kemira's variable cost split and top raw materials

VARIABLE COST SPLIT 2018 EUR 1.6 billion



EXPOSURE TO OIL RELATED RAW MATERIALS



TOP 10 RAW MATERIALS BY SPEND

1. Sodium hydroxide (caustic soda)*
2. Acrylonitrile (OD)
3. Aluminium hydrate
4. Colloidal silica dispersion*
5. Amines (OD)
6. Petroleum solvents (OD)
7. Acrylic acid (OD)
8. Alpha olefin (OD)
9. Acrylic ester (OD)
10. Fatty acid

Top 10 account for 50% of Kemira's raw material spend

OD = Oil & gas derivative

* Mainly trading materials

IFRS 16 impact on financials

- IFRS 16 will affect primarily the accounting for Kemira Group's operating leases
- Operating lease expenses are replaced by the depreciation of the right-of-use assets and interest cost associated with lease liability
- The impact on EBIT is small positive and on net profit immaterial
- No restatement of previous year figures, instead we will provide enough data for analysis

EUR million (except ratio)	FY 2018	Impact in Q1 2019	Estimated impact in FY 2019, around
Operative EBITDA	323.1	+7.7	+30
of which margin	12.5%	+1.2 %-point	+1 %-point

Impact on balance sheet

EUR million (except ratio)	Dec 31, 2018	Impact on March 31, 2019
Net debt	741	+129
Gearing	62%	+12 %-points

Key figures

PLEASE NOTE FINANCIAL IMPACT OF IFRS 16 ADOPTION FROM THE PREVIOUS SLIDE

EUR million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	2017
Revenue	647.8	661.8	669.6	647.6	613.7	2,592.8	2,486.0
Operative EBITDA	95.6	84.5	89.0	80.2	69.4	323.1	311.3
margin	14.8%	12.8%	13.3%	12.4%	11.3%	12.5%	12.5%
Operative EBIT	50.1	44.8	50.0	45.1	33.9	173.8	170.3
margin	7.7%	6.8%	7.5%	7.0%	5.5%	6.7%	6.9%
Net profit	29.3	26.5	22.1	23.5	23.0	95.2	85.2
Earnings per share, EUR	0.18	0.17	0.14	0.14	0.14	0.58	0.52
Cash flow from operations	65.2	88.2	64.2	23.4	34.5	210.2	205.1
Capex excl. acquisitions	28.3	53.2	34.3	39.8	23.2	150.4	190.1
Net debt	842	741	744	773	678	741	694
NWC ratio	10.6%	10.2%	9.8%	9.6%	9.5%	10.2%	9.4%
Operative ROCE (rolling 12 m)	10.3%	9.8%	9.8%	9.7%	9.7%	9.8%	9.7%
Personnel at period-end	4,973	4,915	4,798	4,858	4,740	4,915	4,732

Cash flow

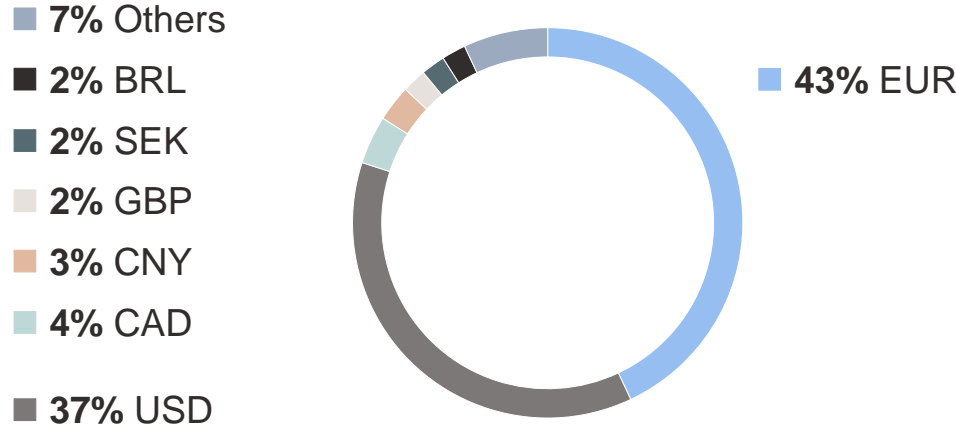
EUR million	Q1 2019	Q1 2018	2018	2017
Net profit for the period	29	23	95	85
Total adjustments	79	42	220	204
Change in net working capital	-30	-31	-51	-34
Finance expenses	-7	-1	-30	-25
Income taxes paid	-6	1	-24	-25
Net cash generated from operating activities	65	34	210	205
Purchases of subsidiaries and acquisit.	0	1	-43	0
Capital expenditure	-28	-23	-150	-190
Proceeds from sale of assets	3	4	7	3
Change in long-term loan receivables	0	0	5	-5
Cash flow after investing activities	40	16	29	13

Currencies

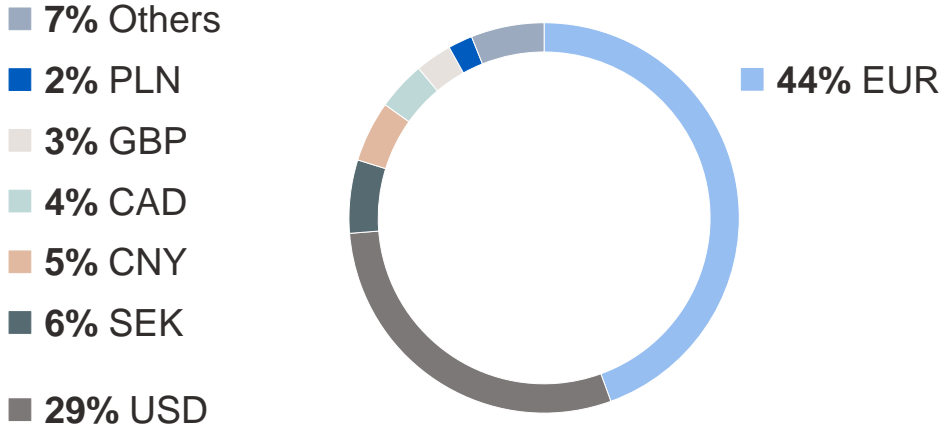
Currency exchange rates had around EUR +18 million impact on revenue and EUR +6 million impact on the operative EBITDA in Q1 2019 compared to Q1 2018.

Guidance: 10% change in our main foreign currencies would approximately have EUR 15 million impact on operative EBITDA on an annualized basis.

KEMIRA REVENUE DISTRIBUTION Q1 2019



KEMIRA COST DISTRIBUTION Q1 2019



Pulp & Paper

KEY FINANCIALS

EUR million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	2017
Revenue	380.8	390.4	385.2	376.0	368.7	1,520.2	1,476.9
Operative EBITDA	50.7	51.2	52.3	45.4	42.7	191.7	197.7
margin	13.3%	13.1%	13.6%	12.1	11.6%	12.6%	13.4%
Operative EBIT	20.6	24.1	26.6	22.0	18.9	91.6	104.8
margin	5.4%	6.2%	6.9%	5.9%	5.1%	6.0%	7.1%
Operative ROCE*, %	7.7%	7.8%	8.5%	8.3%	8.6%	7.8%	9.0%
Capital expenditure (excl. M&A)	17.3	28.8	20.7	21.4	14.2	85.1	138.3
Cash flow after investing activities	25.1	-13.5	20.6	2.3	20.5	29.9	15.7

*12-month rolling average

Industry & Water

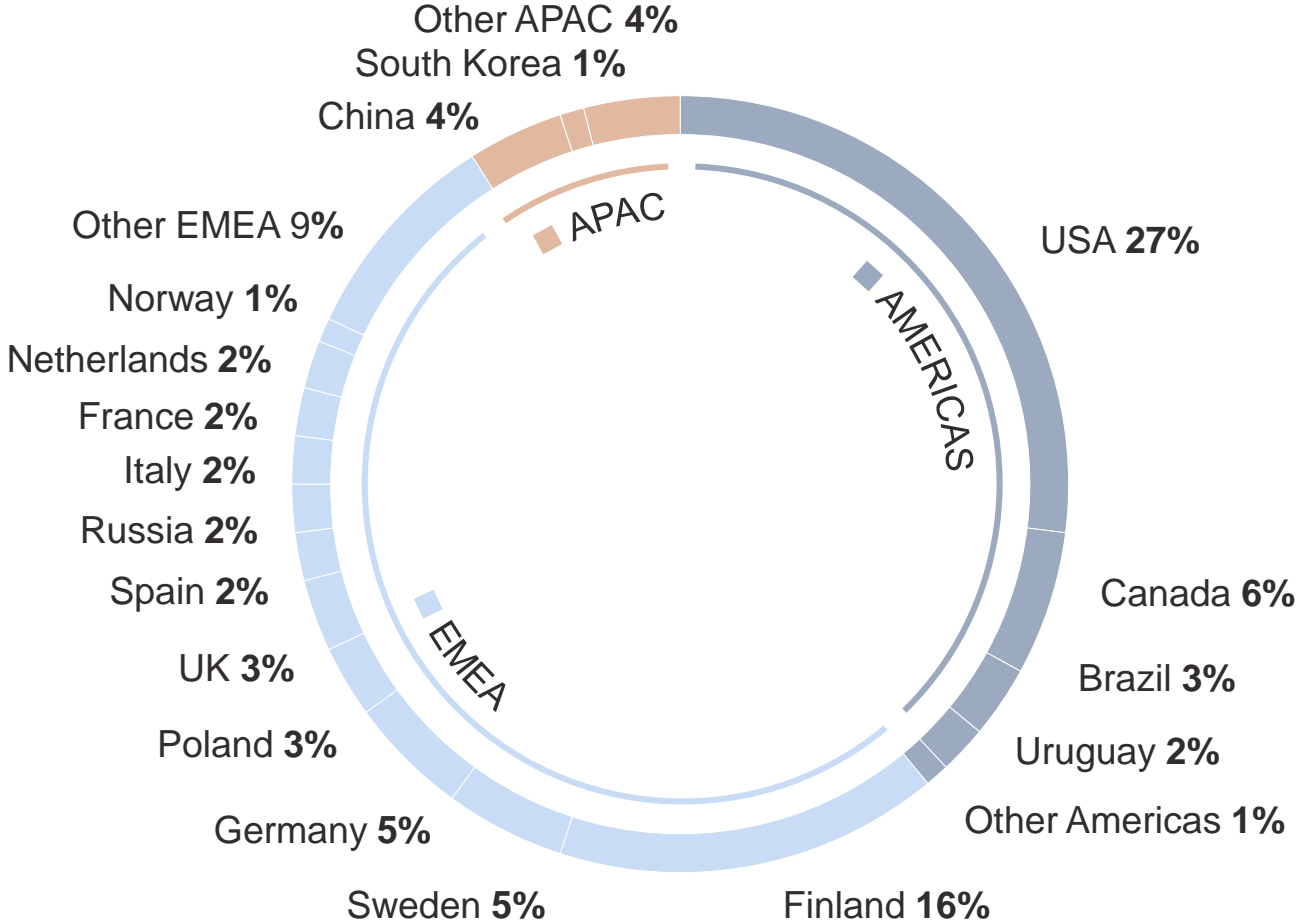
KEY FINANCIALS

EUR million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	2017
Revenue	267.0	271.5	284.4	271.7	245.0	1,072.6	1,009.1
Operative EBITDA	45.0	33.3	36.7	34.8	26.6	131.5	113.6
margin	16.8%	12.3%	12.9%	12.8%	10.9%	12.3%	11.3%
Operative EBIT	29.5	20.8	23.4	23.0	15.0	82.2	65.5
margin	11.0%	7.7%	8.2%	8.5%	6.1%	7.7%	6.5%
Operative ROCE*, %	15.4%	13.6%	12.5%	12.6%	11.8%	13.6%	11.0%
Capital expenditure (excl. M&A)	11.0	24.4	13.6	18.4	9.0	65.3	51.7
Cash flow after investing activities	27.8	23.8	26.8	6.1	-4.0	52.5	46.9

*12-month rolling average

Revenue split by country

FY 2018



Important information about financial figures

Kemira provides certain financial performance measures (alternative performance measures) on non-GAAP basis. Kemira believes that alternative performance measures, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing followed by capital markets and Kemira management, provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the Definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information.

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

* Revenue growth in local currencies, excluding acquisitions and divestments

Kemira

Where water
meets chemistry™