

JARI ROSENDAL, PRESIDENT AND CEO
PETRI CASTRÉN, CFO
OCTOBER 24, 2019

Excellent profitability in seasonally strong third quarter

JANUARY-SEPTEMBER 2019

kemira

Key points in Q3 2019

- Focus on value over volume visible in financials
- Efficiency actions continued
- Strong profitability improvement again – operative EBITDA margin 17.1%
- Slowdown in oil & gas shale market accelerated during the quarter
- Some softness in the near-term market demand in Pulp & Paper



Financial highlights

Focus on value over volume

- Our actions for higher profitability resulted in some expected lost volumes
- Organic growth +6% in Industry & Water driven by North American water treatment and Oil & Gas despite slowdown in shale market in Q3

Operative EBITDA +33% to margin of 17.1%

- Effective price and cost management
- Favorable currency development
- IFRS 16 impact EUR +9.1 million in Q3

Operative EBIT +42% to over 10% margin for the first time since 2009

| EUR million (except ratios) | Q3 2019 | Q3 2018 | Δ% | FY 2018 |
|--------------------------------|--------------|------------|-----|----------------|
| Revenue | 689.8 | 669.6 | +3 | 2,592.8 |
| Operative EBITDA | 118.1 | 89.0 | +33 | 323.1 |
| of which margin | 17.1% | 13.3% | - | 12.5% |
| Operative EBIT | 71.1 | 50.0 | +42 | 173.8 |
| of which margin | 10.3% | 7.5% | - | 6.7% |
| Net profit | 43.3 | 22.1 | +96 | 95.2 |
| EPS diluted, EUR | 0.27 | 0.14 | +94 | 0.58 |

Pulp & Paper – profitability improved clearly

Market environment

- Some softness and increasing amount of uncertainty about the near-term market demand

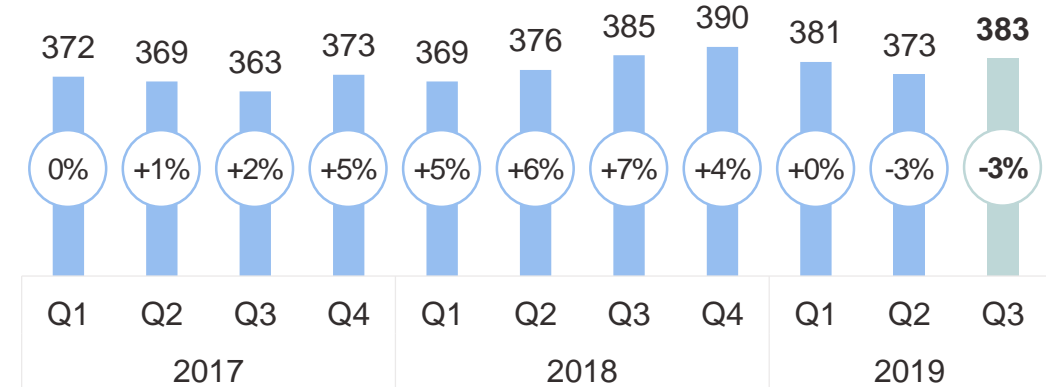
Organic growth -3%

- Intentional focus on improving product mix
- Exit of ECOX business and lower caustic soda prices (mainly trading product) impacted organic growth – underlying growth flat

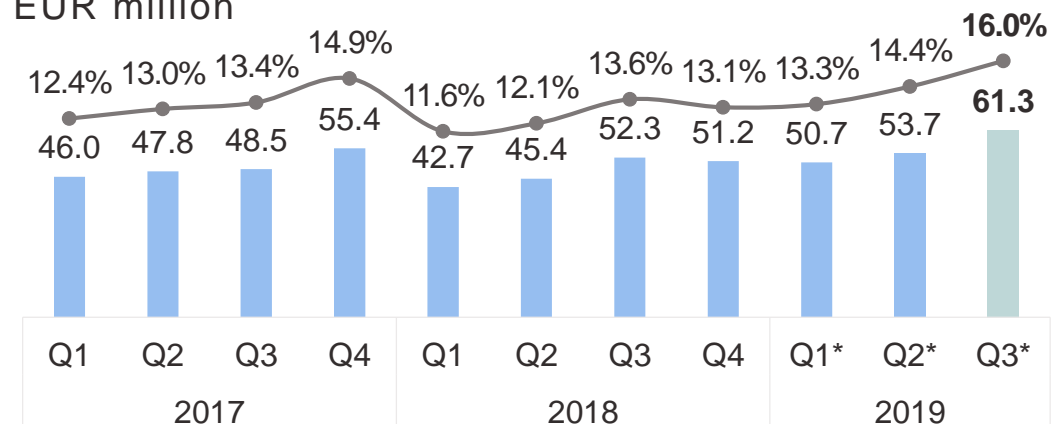
Operative EBITDA margin 16.0%

- Value over volume visible also in EBITDA and EBIT leading to improved profitability
- Cost savings supporting the margin improvement
- *IFRS 16 impact EUR +3.7 million in Q3 and EUR +10.3 million in 1-9/2019

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



OPERATIVE EBITDA AND OPERATIVE EBITDA-% EUR million



Industry & Water – profitability continued at exceptionally high level

Market environment

- Water treatment market solid
- Shale market slowdown accelerated during Q3
- Uncertainty regarding key polymer raw material in Europe due to supply disruptions

Organic growth +6%

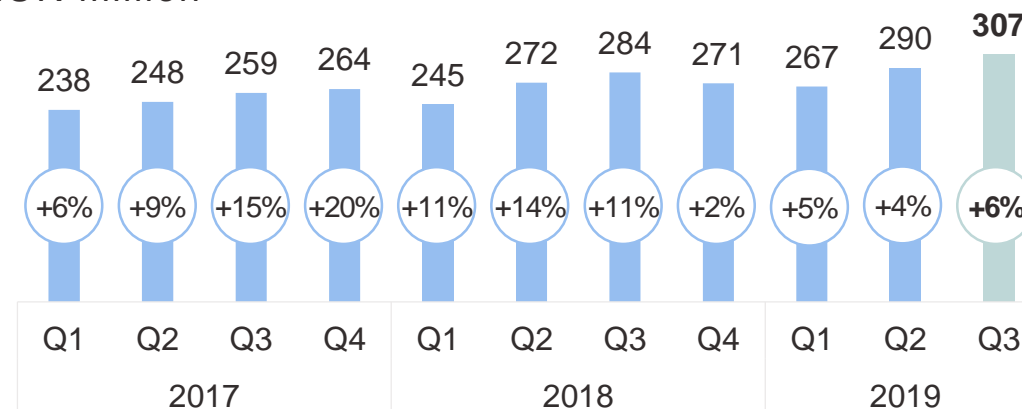
- Improved pricing in water treatment
- Strong growth in CEOR** polymers and seasonal oil sands water treatment business

Operative EBITDA margin 18.5% in Q3

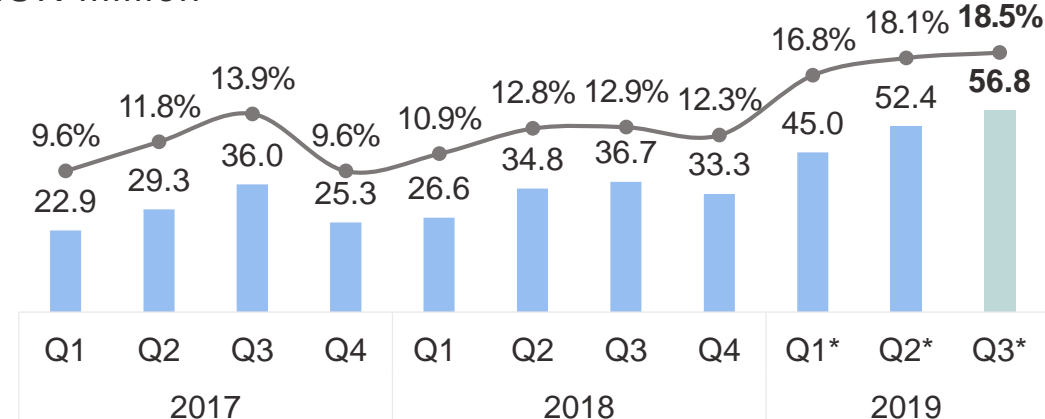
- Water treatment main driver for the improvement
- Coagulant asset in Italy and water treatment facility operations business in Finland (Operon) divested
- *IFRS 16 impact EUR +5.4 million in Q3 and EUR +14.9 million in 1-9/2019

**CEOR, chemical enhanced oil recovery

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



OPERATIVE EBITDA AND OPERATIVE EBITDA-% EUR million



Capacity additions and cost savings via investments

Ongoing investments with positive EBITDA contribution in 2020

- China – New AKD sizing* manufacturing plant is in the ramp-up phase
- Netherlands – Expansion of Oil & Gas polymers close to start-up

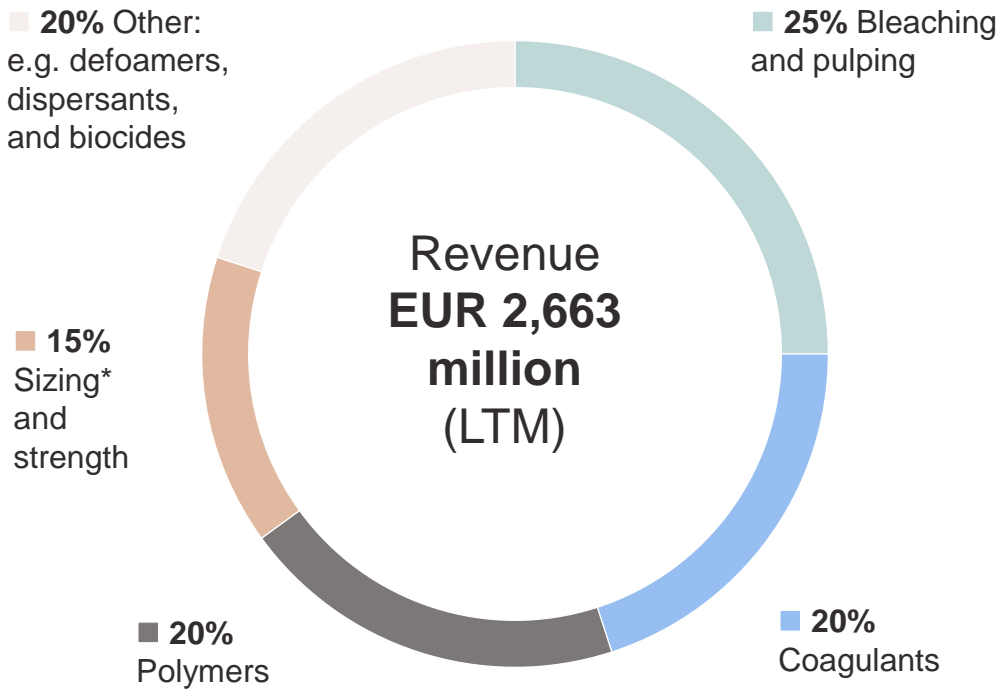
Capacity additions under construction

- US – Expansion of Oil & Gas polymers in commercial operation in 2021
- South Korea – New dry polymer capacity for Asian market in 2021

Recently decided

- UK – Multi-million investment to double coagulant capacity in Goole to anticipate expected local market growth

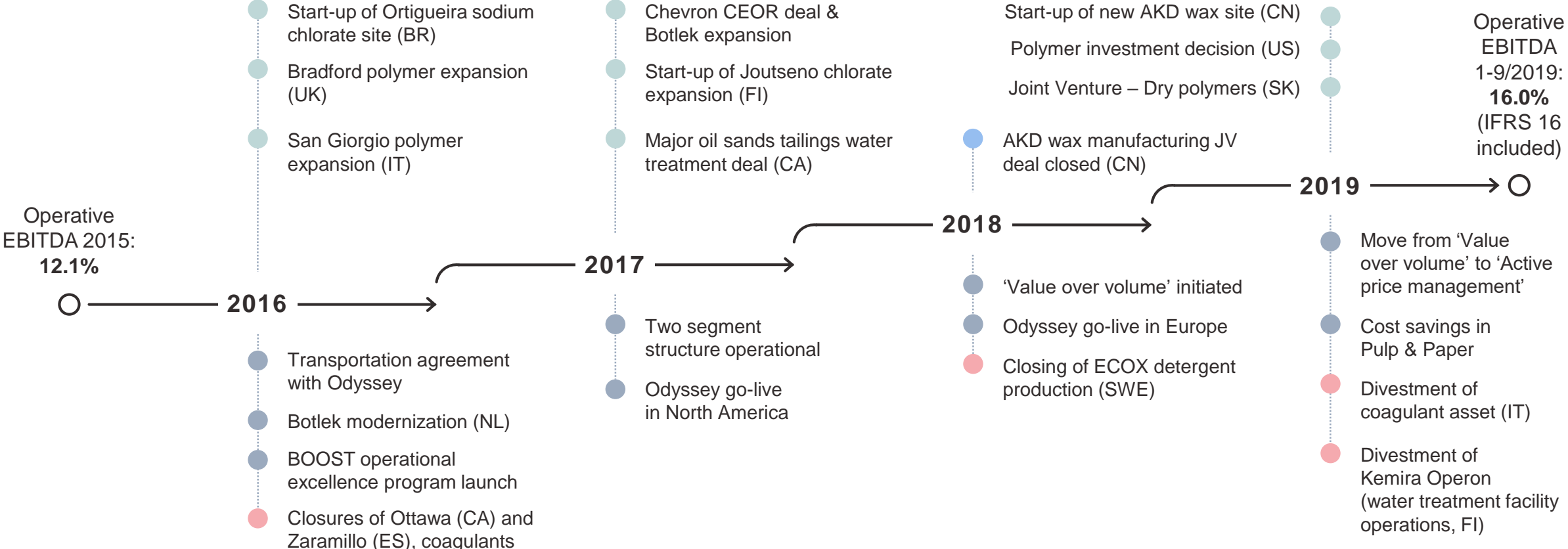
PRODUCTS



*Sizing = Resistance against water absorption

Key profitability improvement actions in 2016-2019

● Organic growth / expansion of site
 ● Acquisition
 ● Operational efficiencies
 ● Closure of site / divestment



Key operative focus areas

1. Active price management
2. Continue to improve customer satisfaction scores (NPS)
3. Modify product & service offering to cater better profitable growth
4. Improve operational excellence
5. Ramp-up new AKD sizing manufacturing site in China
6. Finalize CEOR* polymer capacity addition in the Netherlands
7. Construction of emulsion polymer capacity in the US
8. Prudent cost-control in all areas



*CEOR, chemical enhanced oil recovery

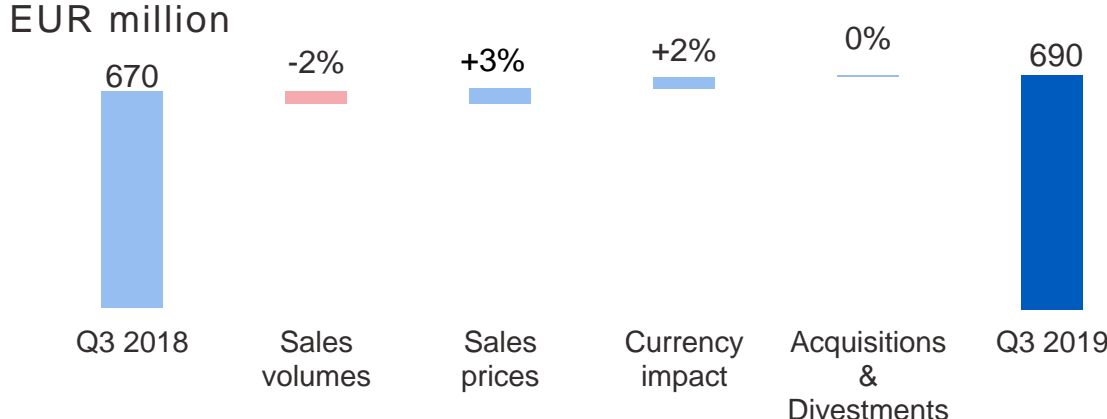
PETRI CASTRÉN, CFO
OCTOBER 24, 2019

Financials Q3 2019



Successful pricing drives improvement

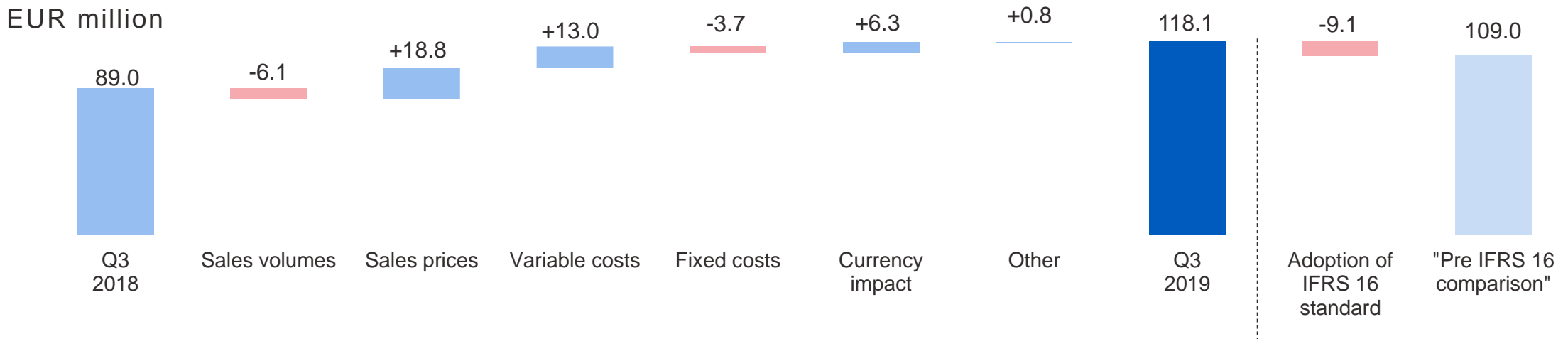
REVENUE AND ORGANIC GROWTH (Y-ON-Y)



Operative EBITDA margin 17.1%

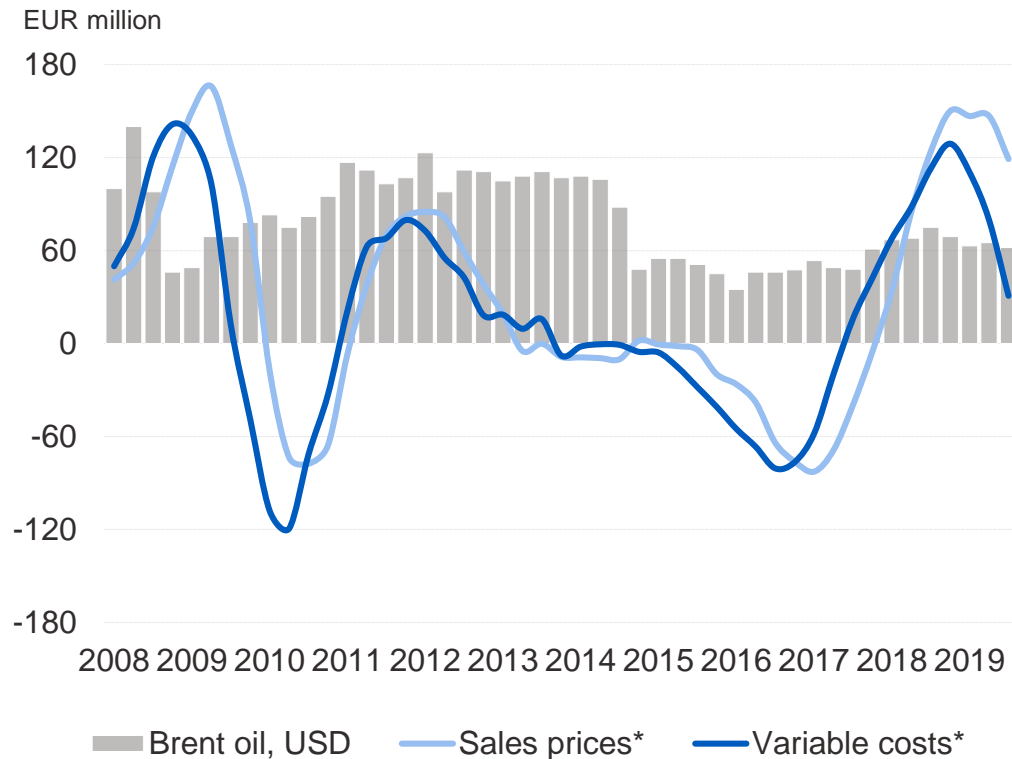
- Focus on value over volume is bearing fruit
- Due to the adoption of IFRS 16 -standard, fixed costs do not include operating lease expenses in 2019, corresponding to a positive EBITDA impact of EUR +9.1 million in Q3 and EUR +25.1 million in 1-9/2019

OPERATIVE EBITDA BRIDGE



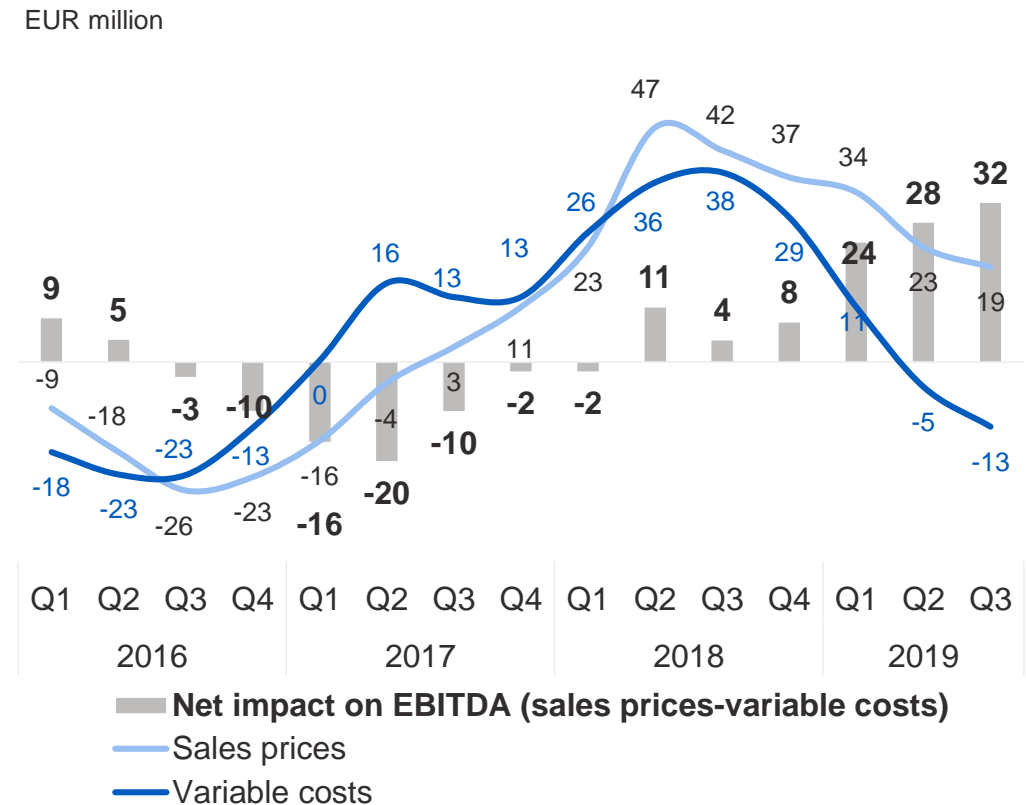
Net impact of sales price & variable costs exceptionally positive

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



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

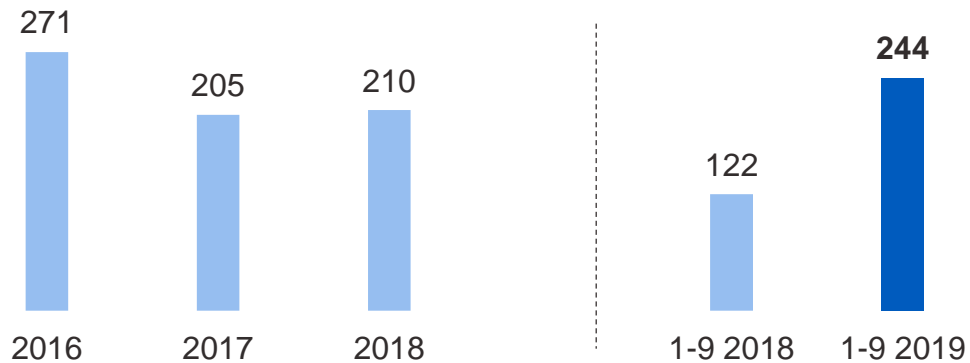
SALES PRICES AND VARIABLE COSTS (CHANGE Y-O-Y)



Strong cash flow

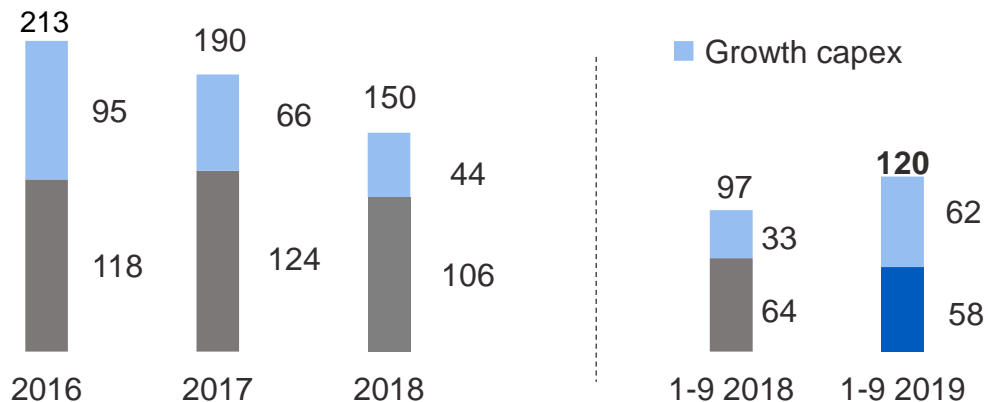
ALL KEY FIGURES IN EUR MILLION

CASH FLOW FROM OPERATIONS



- Cash flow improvement driven by strong results
- IFRS 16 impact EUR +21 million on cash flow from operations in 1-9/2019
- Kemira's Pension Fund Neliapila returned excess capital of EUR 15 million to Group in Q1
- Typically cash flow is H2-weighted, especially due to changes in net working capital

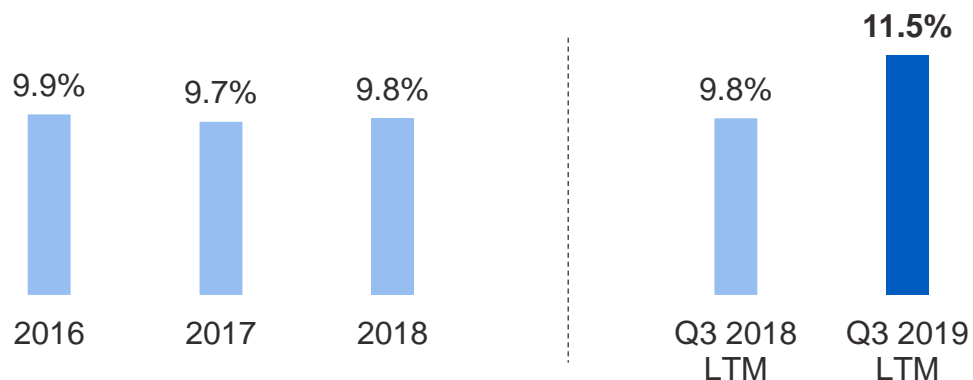
CAPITAL EXPENDITURE EXCL. ACQUISITIONS



- In the first nine months, the largest capital expenditures were related to polymer expansion in the Netherlands and new AKD manufacturing site in China
- CAPEX excl. acquisitions estimated to be around EUR 180-220 million in 2019

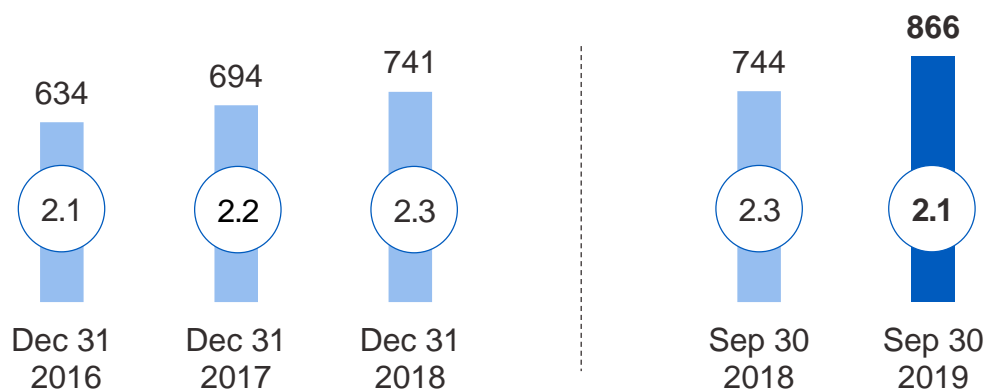
ROCE improving clearly, adoption of IFRS 16 increased reported net debt

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 136 million) are part of debt
 - Excluding IFRS 16 impact, net debt would have been EUR 730 million and leverage ratio 1.9
- Average cost of net debt excluding leases is 1.9% and duration is 27 months

* Leverage ratio = Net debt / last 12 months operative EBITDA

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

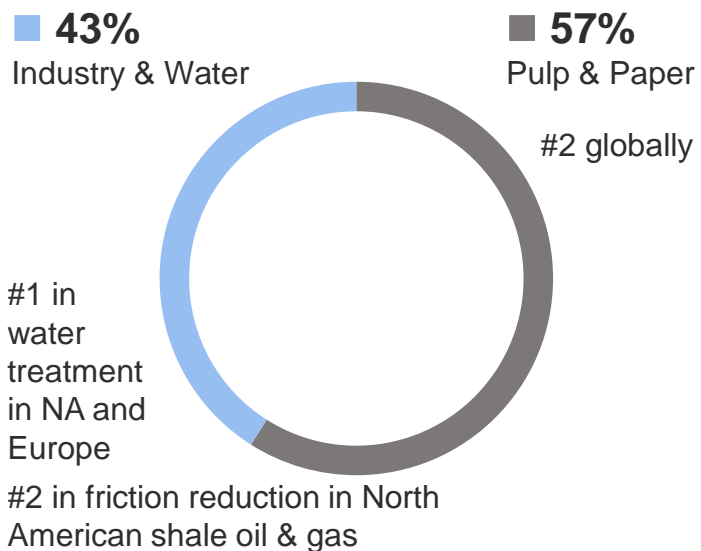
Where water
meets chemistry™

Appendix

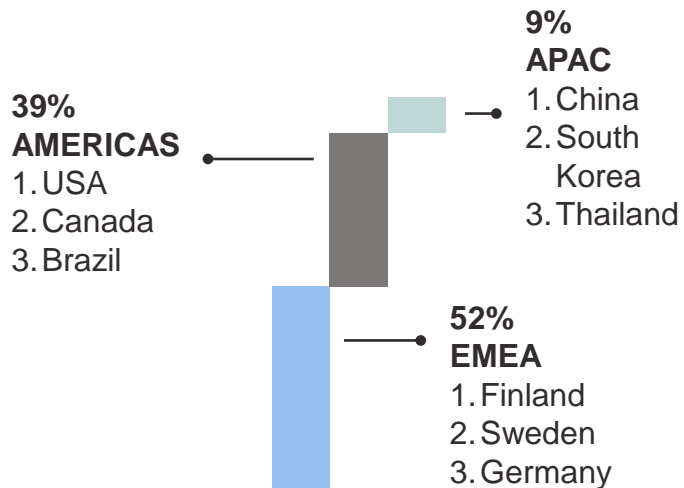
Kemira in brief

LAST 12 MONTHS: REVENUE EUR 2,663 MILLION, OPERATIVE EBITDA EUR 404 MILLION,
OPERATIVE EBITDA MARGIN 15.2%, OPERATIVE ROCE 11.5%

SEGMENT SPLIT

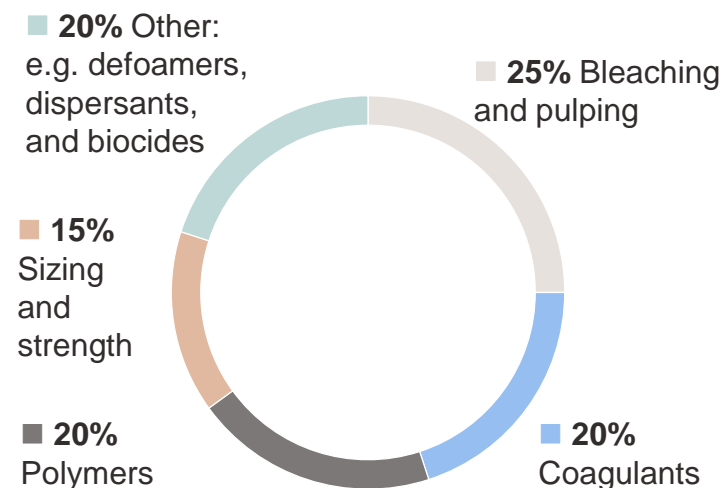


GEOGRAPHIES



Revenue by geographies and product category represent FY 2018.

PRODUCTS



CUSTOMERS

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

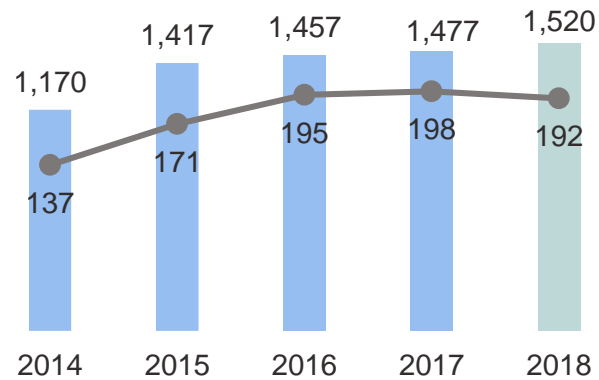
EXAMPLES OF LARGEST CUSTOMERS

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



Pulp & Paper – strong business with solid track record

REVENUE AND OPERATIVE EBITDA EUR million

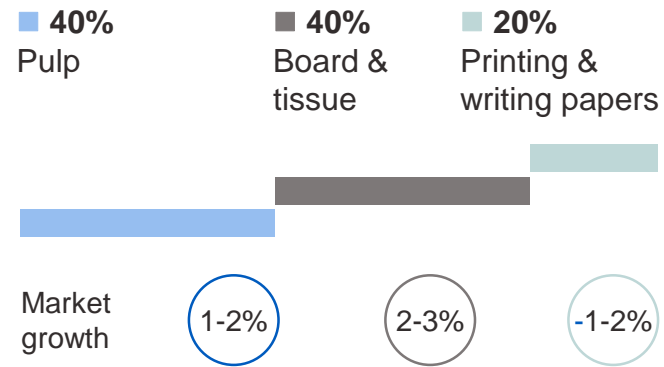


MARKET ENVIRONMENT

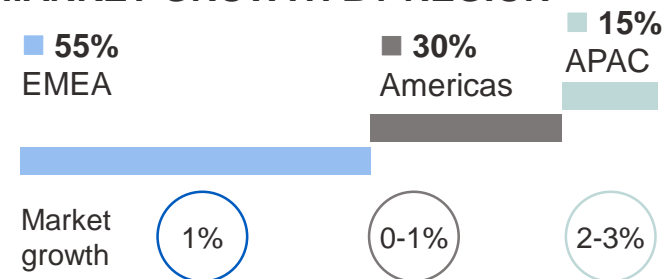
- Solenis (paper)* #1
- Kemira (pulp and paper) m.s. ~16% #2
- Nouryon (pulp) #3
- Ecolab (paper) #4
- Kurita (paper) #5

* Solenis-BASF combined entity

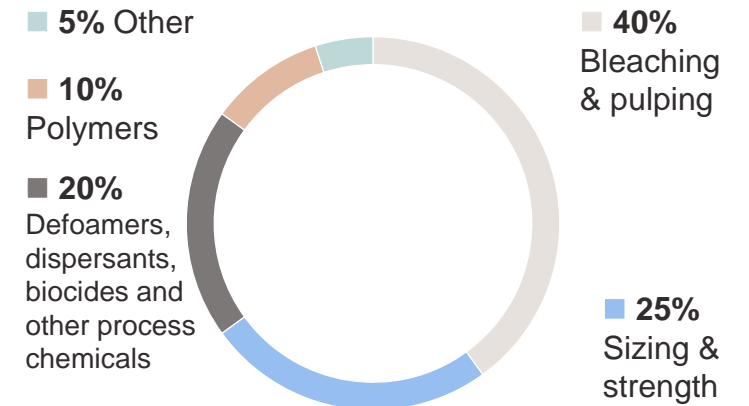
REVENUE BY CUSTOMER TYPE AND MARKET GROWTH



REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION



REVENUE BY PRODUCT CATEGORY



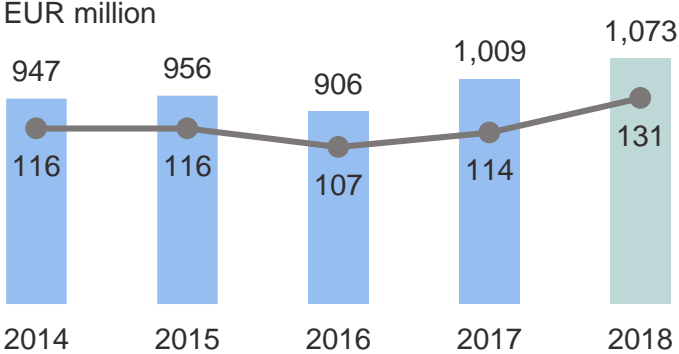
CUSTOMER EXAMPLES



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)

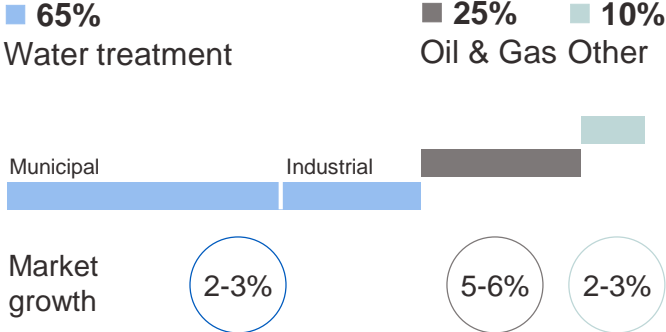
OIL & GAS

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

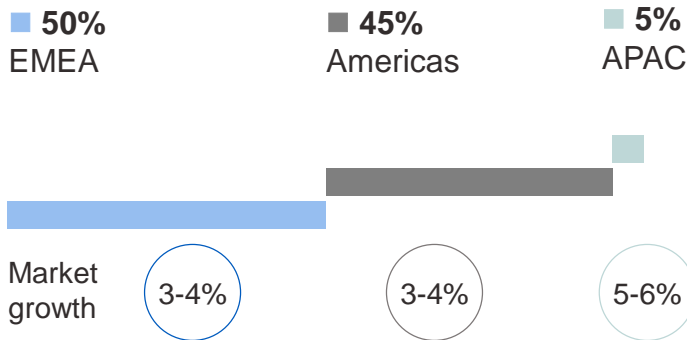
Main peers in polymers (also in water treatment):

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

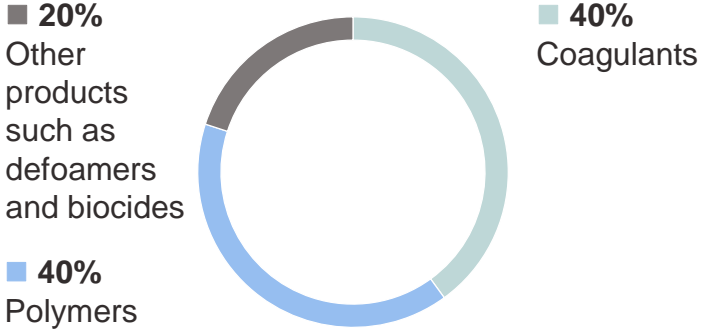
REVENUE BY APPLICATION TYPE AND MARKET GROWTH



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

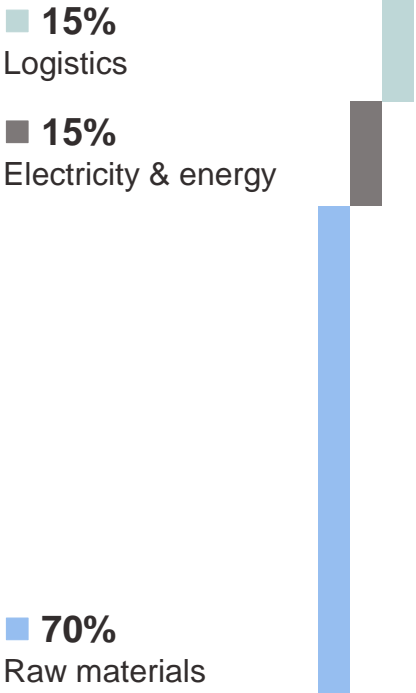
INDUSTRIAL (60%), customer examples



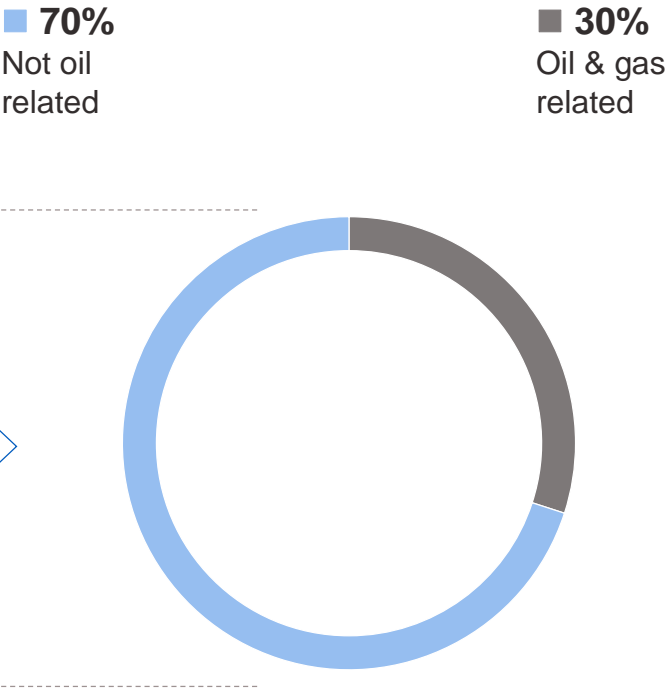
Note: Revenue by industry, product and geography rounded to the nearest 5%

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

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% |

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 on 1-9/2019 | Estimated impact on FY 2019 |
|-------------------------------|------------|-----------------------|--------------------------------|
| Operative EBITDA | 323.1 | +25.1 | Around +30 |
| of which margin | 12.5% | +1.3 %-point | Around +1 %-point |

Impact on balance sheet

| EUR million (except ratio) | Dec 31, 2018 | Impact on Sept 30, 2019 |
|-------------------------------|--------------|----------------------------|
| Net debt | 741 | +136 |
| Gearing | 62% | +11%-points |

Key figures

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

| EUR million | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | 2018 | 2017 |
|----------------------------------|--------------|---------|---------|---------|---------|----------------|---------|
| Revenue | 689.8 | 663.6 | 647.8 | 661.8 | 669.6 | 2,592.8 | 2,486.0 |
| Operative EBITDA | 118.1 | 106.1 | 95.6 | 84.5 | 89.0 | 323.1 | 311.3 |
| margin | 17.1% | 16.0% | 14.8% | 12.8% | 13.3% | 12.5% | 12.5% |
| Operative EBIT | 71.1 | 60.3 | 50.1 | 44.8 | 50.0 | 173.8 | 170.3 |
| margin | 10.3% | 9.1% | 7.7% | 6.8% | 7.5% | 6.7% | 6.9% |
| Net profit | 43.3 | 35.2 | 29.3 | 26.5 | 22.1 | 95.2 | 85.2 |
| Earnings per share, diluted, EUR | 0.27 | 0.22 | 0.18 | 0.17 | 0.14 | 0.58 | 0.52 |
| Cash flow from operations | 121.3 | 57.2 | 65.2 | 88.2 | 64.2 | 210.2 | 205.1 |
| Capex excl. acquisitions | 51.5 | 39.9 | 28.3 | 53.2 | 34.3 | 150.4 | 190.1 |
| Net debt | 866 | 921 | 842 | 741 | 744 | 741 | 694 |
| NWC ratio (rolling 12 m) | 11.1% | 10.9% | 10.6% | 10.2% | 9.8% | 10.2% | 9.4% |
| Operative ROCE (rolling 12 m) | 11.5% | 10.8% | 10.3% | 9.8% | 9.8% | 9.8% | 9.7% |
| Personnel at period-end | 5,036 | 5,067 | 4,973 | 4,915 | 4,798 | 4,915 | 4,732 |

Cash flow

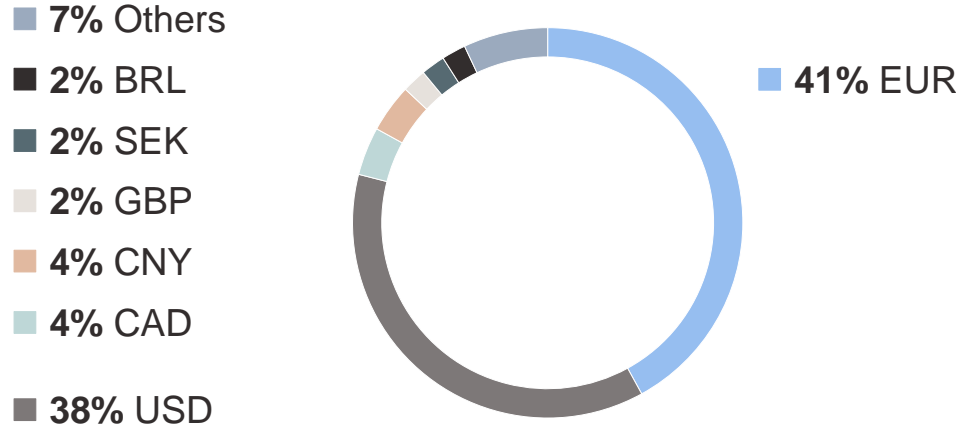
| EUR million | Q3 2019 | Q3 2018 | 2018 | 2017 |
|---------------------------------------------------------------------------|------------|-----------|------------|------|
| Net profit for the period | 43 | 22 | 95 | 85 |
| Total adjustments | 73 | 66 | 220 | 204 |
| Change in net working capital | 15 | -5 | -51 | -34 |
| Finance expenses | -6 | -11 | -30 | -25 |
| Income taxes paid | -3 | -7 | -24 | -25 |
| Net cash generated from operating activities | 121 | 64 | 210 | 205 |
| Purchases of subsidiaries and business acquisitions, net of cash acquired | 0 | -2 | -43 | 0 |
| Capital expenditure | -51 | -34 | -150 | -190 |
| Proceeds from sale of assets | 4 | 1 | 7 | 3 |
| Change in long-term loan receivables | 0 | 0 | 5 | -5 |
| Cash flow after investing activities | 73 | 29 | 29 | 13 |

Currencies

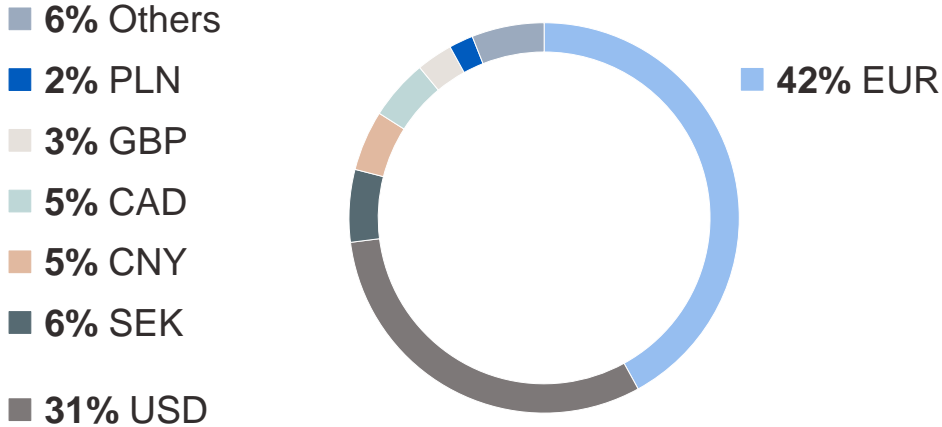
Currency exchange rates had around EUR +46 million impact on revenue and EUR +18 million impact on the operative EBITDA in 1-9/2019 compared to 1-9/2018.

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 1-9 2019



KEMIRA COST DISTRIBUTION 1-9 2019



Pulp & Paper

KEY FINANCIALS

| EUR million | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | 2018 | 2017 |
|--------------------------------------|--------------|---------|---------|---------|---------|----------------|---------|
| Revenue | 382.9 | 373.4 | 380.8 | 390.4 | 385.2 | 1,520.2 | 1,476.9 |
| Operative EBITDA | 61.3 | 53.7 | 50.7 | 51.2 | 52.3 | 191.7 | 197.7 |
| margin | 16.0% | 14.4% | 13.3% | 13.1% | 13.6% | 12.6% | 13.4% |
| Operative EBIT | 32.1 | 24.0 | 20.6 | 24.1 | 26.6 | 91.6 | 104.8 |
| margin | 8.4% | 6.4% | 5.4% | 6.2% | 6.9% | 6.0% | 7.1% |
| Operative ROCE*, % | 7.9% | 7.6% | 7.7% | 7.8% | 8.5% | 7.8% | 9.0% |
| Capital expenditure (excl. M&A) | 25.4 | 23.3 | 17.3 | 28.8 | 20.7 | 85.1 | 138.3 |
| Cash flow after investing activities | 44.6 | 36.2 | 25.1 | -13.5 | 20.6 | 29.9 | 15.7 |

*12-month rolling average

Industry & Water

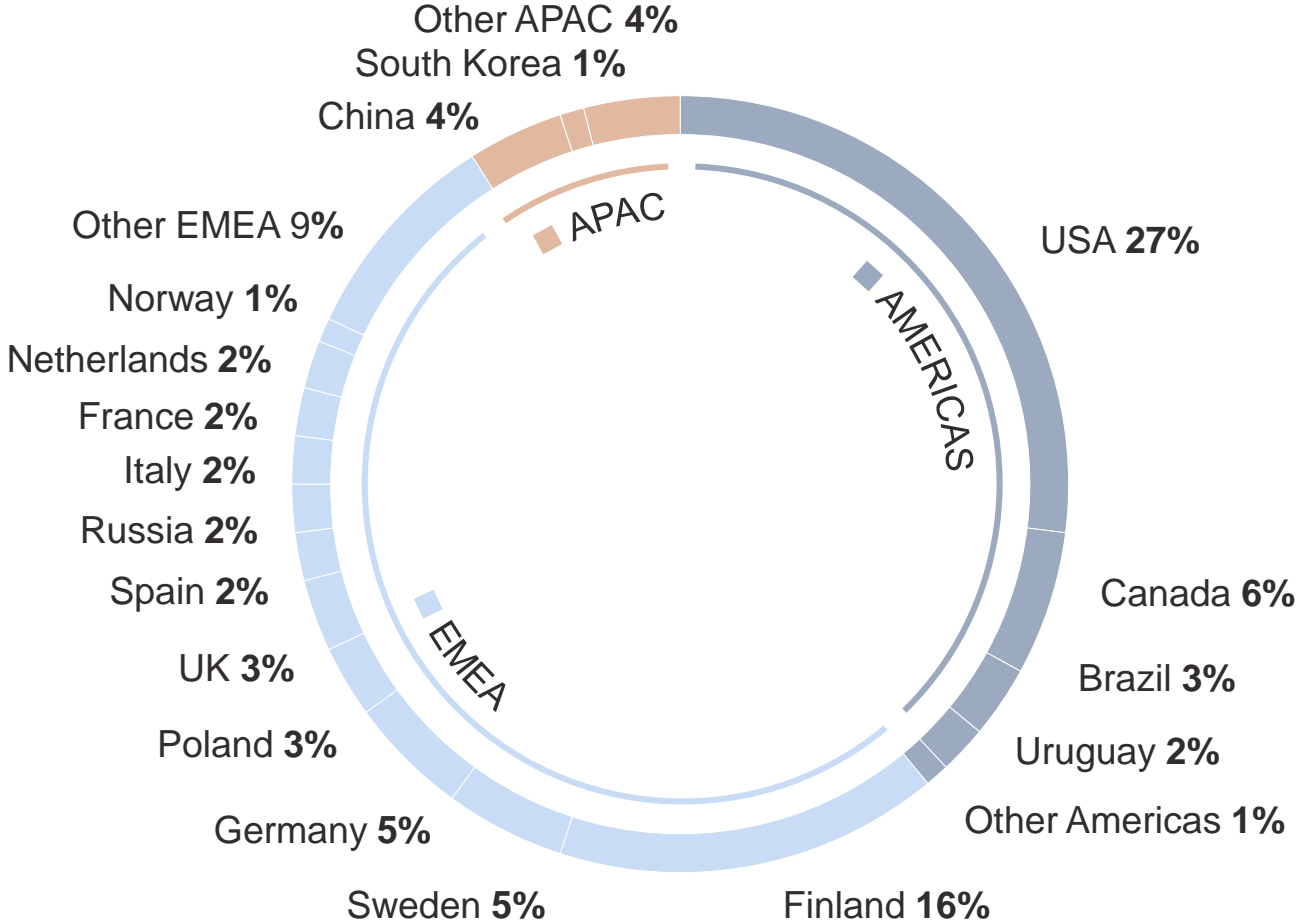
KEY FINANCIALS

| EUR million | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | 2018 | 2017 |
|--------------------------------------|--------------|---------|---------|---------|---------|----------------|---------|
| Revenue | 306.9 | 290.2 | 267.0 | 271.5 | 284.4 | 1,072.6 | 1,009.1 |
| Operative EBITDA | 56.8 | 52.4 | 45.0 | 33.3 | 36.7 | 131.5 | 113.6 |
| margin | 18.5% | 18.1% | 16.8% | 12.3% | 12.9% | 12.3% | 11.3% |
| Operative EBIT | 39.0 | 36.3 | 29.5 | 20.8 | 23.4 | 82.2 | 65.5 |
| margin | 12.7% | 12.5% | 11.0% | 7.7% | 8.2% | 7.7% | 6.5% |
| Operative ROCE*, % | 18.4% | 16.9% | 15.4% | 13.6% | 12.5% | 13.6% | 11.0% |
| Capital expenditure (excl. M&A) | 26.0 | 16.5 | 11.0 | 24.4 | 13.6 | 65.3 | 51.7 |
| Cash flow after investing activities | 37.9 | 5.7 | 27.8 | 23.8 | 26.8 | 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™