Kemira Investor Presentation
Chemistry for a resource-efficient future
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3. Kemira as a sustainable investment
4. Pulp & Paper
5. Industry & Water
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Kemira in brief
We enable our customers to improve their water, energy and raw material efficiency

OUR PURPOSE

GLOBAL TRENDS
GROWING MIDDLE CLASS & URBANIZATION
Higher use of water, energy, tissue & board
E-commerce/online shopping

SCARCITY OF RESOURCES
New materials to enable circular economy
Material and resource efficiency

REGULATION
More stringent discharge limits
Safe drinking water

OUR CUSTOMERS
Pulp & Paper
Water Treatment
Oil & Gas

OUR OFFERING
We provide expertise, application know-how and chemicals that improve our customers' product quality, process and resource efficiency.

OUR STRATEGY
Kemira is a great product company with chemistry and selling of chemicals at the core of our business. We win with best suited products and tailored services that improve our customers product quality, process and resource efficiency.

Our target is to grow above-the-market with an operative EBITDA margin of 15-17%.

OUR VISION
Our vision is to be the first choice in chemistry for water intensive industries

OUR VALUES
We drive performance and innovation. We are dedicated to customer success.
We care for people and the environment. We succeed together.
Kemira in brief

LAST 12 MONTHS: REVENUE EUR 2,572 MILLION, OPERATIVE EBITDA EUR 422 MILLION, OPERATIVE EBITDA MARGIN 16.4%, OPERATIVE ROCE 11.6%

SEGMENT SPLIT

- 42% Industry & Water
- 58% Pulp & Paper

Pulp & Paper is #1 in water treatment in NA and Europe and #2 globally in friction reduction in North American shale oil & gas.

GEOGRAPHIES

- 40% AMERICAS
  - 1. USA
  - 2. Canada
  - 3. Brazil

- 30% EMEA
  - 1. Finland
  - 2. Sweden
  - 3. Germany

- 58% Pulp & Paper

- 25% Bleaching and pulping
- 20% Polymers
- 15% Sizing and strength
- 20% Other: e.g. defoamers, dispersants, and biocides

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, Berlin, New York, Paris, Shanghai, Singapore

Note: Revenue by industry, product and geography rounded to the nearest 5%
Global reach – local excellence

64 MANUFACTURING SITES

KEMIRÄ HQ
Helsinki, Finland
R&D
Espoo, Finland

Regional HQ
Atlanta, USA
R&D
Atlanta, USA

AMERICAS 40%
EUR 1,062 MILLION
1,570

EMEA 50%
EUR 1,339 MILLION
2,545

ASIA PACIFIC 10%
EUR 258 MILLION
947

UNITS IN
40 COUNTRIES
SALES IN OVER
100+ COUNTRIES

Polymers and other process chemicals (25)
Bleaching and pulping (10)
Coagulants (29)
We have transformed the company several times over the past 100 years

1920 Establishment of the state-owned sulphuric acid and phosphorous fertilizer plants

1950 Development of first chemicals for paper applications

1961 Name changed to Rikkihappo Oy (Sulphuric acid Ltd.)

1972 The “Kemira” name adopted

1985-1992 Expansion continues in Europe e.g. Belgium and Spain

1994 Kemira is listed on the Helsinki stock exchange

2004 GrowHow listed on the Helsinki Stock Exchange

2008 Water chemistry established as the focus of strategy

2009 Tikkurila listed on the Helsinki Stock Exchange

2015 Acquisition of Akzo Nobel’s paper chemicals business

2020 Kemira centennial anniversary
Pulp & Paper – strong business with solid track record

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 AND OPERATIVE EBITDA
EUR million

2015 2016 2017 2018 2019
1,417 1,457 1,477 1,520 1,523
171 195 198 192 218

REVENUE BY CUSTOMER TYPE AND MARKET GROWTH
- 40% Pulp
- 40% Board & tissue
- 20% Printing & writing papers
Market growth: 1-2% 2-3% -1-2%

REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION
- 50% EMEA
- 35% Americas
- 15% APAC
Market growth: 1% 0-1% 2-3%

REVENUE BY PRODUCT CATEGORY
- 40% Bleaching & pulping
- 25% Sizing & strength
- 20% Defoamers, dispersants, biocides and other process chemicals
- 10% Polymers
- 5% Other

CUSTOMER EXAMPLES

Note: Revenue by industry, product and geography rounded to the nearest 5%
Industry & Water – strong positions in chosen categories

**MARKET ENVIRONMENT**

**WATER TREATMENT**
- Market share ~30% in coagulants and ~20% in polymers
- Main competitors in coagulants:
  - Feralco (Europe)
  - Kronos (Europe)
  - Chemtrade (NA)
  - USAIco (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)

* Solenis-BASF combined entity

**CUSTOMER EXAMPLES**

**MUNICIPAL** (40%), customer examples
- Amsterdam
- Barcelona
- Frankfurt
- Berlin
- Oslo
- Paris
- Stockholm
- Los Angeles
- Montreal
- New York City
- Toronto
- Melbourne
- Shanghai
- Singapore

**INDUSTRIAL** (60%), customer examples
- Carlsberg
- Brenntag
- UniVair
- Baker Hughes
- Halliburton
- PECO
- Orkla

**REVENUE AND OPERATIVE EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (EUR million)</th>
<th>Operating EBITDA (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>956</td>
<td>116</td>
</tr>
<tr>
<td>2016</td>
<td>906</td>
<td>107</td>
</tr>
<tr>
<td>2017</td>
<td>1,009</td>
<td>114</td>
</tr>
<tr>
<td>2018</td>
<td>1,073</td>
<td>131</td>
</tr>
<tr>
<td>2019</td>
<td>1,136</td>
<td>192</td>
</tr>
</tbody>
</table>

2015-2016 figures are pro forma; combination of Municipal & Industrial and Oil & Mining segments

**REVENUE BY APPLICATION TYPE AND MARKET GROWTH**

<table>
<thead>
<tr>
<th>Application Type</th>
<th>Market Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water treatment</td>
<td>65%</td>
</tr>
<tr>
<td>Oil &amp; Gas Other</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
</tr>
</tbody>
</table>

* Municipal vs Industrial

**REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION**

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>45%</td>
</tr>
<tr>
<td>Americas</td>
<td>50%</td>
</tr>
<tr>
<td>APAC</td>
<td>5%</td>
</tr>
</tbody>
</table>

**REVENUE BY PRODUCT CATEGORY**

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coagulants</td>
<td>40%</td>
</tr>
<tr>
<td>Polymers</td>
<td>40%</td>
</tr>
<tr>
<td>Other products</td>
<td>20%</td>
</tr>
</tbody>
</table>

Note: Revenue by industry, product and geography rounded to the nearest 5%
## Kemira’s financial targets

### FINANCIAL TARGETS AND HISTORICAL FIGURES

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>MEUR 2,593</td>
<td>MEUR 2,659</td>
<td>-</td>
<td>MEUR 583</td>
<td>Above-market growth</td>
</tr>
<tr>
<td></td>
<td>Change +4%</td>
<td>Change +3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operative EBITDA*</td>
<td>12.5%</td>
<td>15.4%</td>
<td>Around +1.3 %-point</td>
<td>18.1%</td>
<td>15-17%</td>
</tr>
<tr>
<td>Gearing*</td>
<td>62%</td>
<td>66%</td>
<td>Around +11 %-points</td>
<td>70%</td>
<td>Below 75%</td>
</tr>
</tbody>
</table>

* Targets updated in February 2019 due to IFRS 16 accounting change. 2017-2018 figures are PRE IFRS 16.

### KEY FACTORS TO WATCH FOR PROFITABILITY IMPROVEMENT

<table>
<thead>
<tr>
<th>Factors</th>
<th>Q2 2020 comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales price vs raw material price development</td>
<td>Favorable variable cost development, including raw materials. Good fixed cost management.</td>
</tr>
<tr>
<td>Organic growth through volume and sales price increases</td>
<td>Group’s organic growth -12%, sales volumes were impacted by COVID-19 related economic slowdown.</td>
</tr>
</tbody>
</table>
Investment highlights
Why invest in Kemira

1. Profitability improvement track record
   Operative EBITDA margin improved to 18.1% and Operative EBIT to 9.9% Q2/2020

2. Attractive and sustainable dividend
   Solid dividend and competitive yield

3. Sustainable investment
   Climate ambition to carbon neutrality by 2045
Strategy and Equity Story in summary

HOW KEMIRA CREATES VALUE

OUR MARKET FOCUS

Chemicals for Pulp & Paper, Oil & Gas and Water Treatment
#1 or #2 in our core markets

Market growth estimated to be 2-3% p.a.
supported by higher use of fiber-based products, resource efficiency and regulation

BUILDING A GREAT CHEMICALS COMPANY

Great products:
4 core areas are polymers, coagulants, sizing and bleaching chemicals which meet our customers’ needs incl. resource efficiency

Great operations:
Deliver reliably with consistent quality

Great people:
Deep application expertise and innovation capability

EXECUTION – VALUE OVER VOLUME

Improving product and market mix
Focusing on capital efficiency
Investing selectively in core product areas with higher return on capital employed

FINANCIAL TARGETS

Above the market revenue growth • Operative EBITDA 15-17% • Gearing below 75%
Global megatrends favor Kemira

<table>
<thead>
<tr>
<th>GROWING MIDDLE CLASS &amp; URBANIZATION</th>
<th>SCARCITY OF RESOURCES</th>
<th>REGULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher use of water, energy, tissue and board</td>
<td>E-commerce / online shopping</td>
<td>Material and resource efficiency</td>
</tr>
<tr>
<td>Alternative materials for single-use plastic products</td>
<td>More stringent discharge limits</td>
<td>Safe drinking water</td>
</tr>
</tbody>
</table>
Healthy market growth for Kemira’s relevant markets

KEMIRA RELEVANT MARKET
EUR billion

PULP & PAPER RELEVANT MARKET
EUR billion

INDUSTRY & WATER RELEVANT MARKET
EUR billion

Source: Management estimation based on various sources
Good profitability improvement track record

**REVENUE**
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,137</td>
<td>2,373</td>
<td>2,363</td>
<td>2,486</td>
<td>2,593</td>
<td>2,659</td>
</tr>
</tbody>
</table>

- EUR +500 million, CAGR +4%

**OPERATIVE EBITDA**
**OPERATIVE EBITDA MARGIN**
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>253</td>
<td>287</td>
<td>303</td>
<td>311</td>
<td>323</td>
<td>410</td>
</tr>
<tr>
<td>Margin</td>
<td>11.8%</td>
<td>12.1%</td>
<td>12.8%</td>
<td>12.5%</td>
<td>12.5%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

- EUR +157 million, CAGR +10%

PRE IFRS 16
Key profitability improvement actions in 2016-2019

- **Operative EBITDA 2015:** 12.1%

2016
- Transportation agreement with Odyssey
- Botlek modernization (NL)
- BOOST operational excellence program launch
- Closures of Ottawa (CA) and Zaramillo (ES), coagulants

2017
- Start-up of Ortigueira sodium chlorate site (BR)
- Bradford polymer expansion (UK)
- San Giorgio polymer expansion (IT)
- Two segment structure operational
- Odyssey go-live in North America

2018
- Chevron CEOR deal & Botlek expansion
- Start-up of Joutseno chlorate expansion (FI)
- Major oil sands tailings water treatment deal (CA)
- ‘Value over volume’ initiated
- Odyssey go-live in Europe
- Closing of ECOX detergent production (SWE)

2019
- Start-up of new AKD wax site (CN)
- Polymer investment decision (US)
- Joint Venture – Dry polymers (SK)
- AKD wax manufacturing JV deal closed (CN)
- Move from ‘Value over volume’ to ‘Active price management’
- Cost savings in Pulp & Paper
- Divestment of coagulant asset (IT)
- Divestment of Kemira Operon (water treatment facility operations, FI)

Operative EBITDA 2019: 15.4% (IFRS 16 included)
Good dividend track record

Dividend policy:
• Stable and competitive dividend
• No fixed payout ratio

Dividend 2019:
Kemira’s Annual General Meeting authorized the Board of Directors to decide on a dividend payment of max EUR 0.56

Total dividend payment of max EUR 86 million; fully covered by 2019 free cash flow of EUR 190 million
First installment paid in May 2020; Board to discuss second installment in the autumn

Kemira’s dividend yield calculated using the share price at year-end

Dividend per share Dividend yield

*AGM authorized the Board to decide on a dividend payment of max. EUR 0.56 at its discretion to be paid in two installments in May and November. The first installment, EUR 0.28 per share, was paid on May 14, 2020. The Board of Directors would make separate resolutions on the amount and timing of the second installment of max EUR 0.28 per share. Kemira will announce this Board resolution separately.
We invest in core products globally

KEY INVESTMENT FOCUS ON CORE PRODUCT GROUPS SINCE 2016

- Bleaching chemicals
  - New chlorate plant in Brazil
  - New chlorate line in the U.S.
  - New chlorate line and peroxide capacity in Finland
  - Freed peroxide capacity from ECOX closure in Sweden

- Polymer capacity additions
  - Italy
  - UK
  - Aberdeen, USA
  - Netherlands
  - South Korea (start 2021)
  - Mobile, USA (start 2021)

- Sizing chemicals – capacity additions due to integration of acquisitions (Akzo Nobel and China AKD wax)

- Coagulants
  - Goole, UK (start 2022)

PRODUCTS

- **20%** Other: e.g. defoamers, dispersants, and biocides
- **25%** Bleaching and pulping
- **15%** Sizing* and strength
- **20%** Polymers
- **20%** Coagulants

Revenue
EUR 2,659 million (2019)

*Sizing = Resistance against water absorption

Note: Revenue by product rounded to the nearest 5%.
We continued to invest in product development in 2019

Innovation

We innovate together with our customers to improve water, energy and raw material efficiency. Research and development expenses totaled EUR 30 million euros in 2019, representing around 1.1% of the revenue.

Achievements in 2019:
• New product launches: 5
• New patent filings: 37
• Patent families: 365
• Patents: 1,681
We are working towards more sustainable products

- Over 50% of our products improve our customers’ resource efficiency

- Increase R&D focus on bio-based materials: New corporate strategic program on bio-based portfolio launched in Q1/2020

- Recent product launches to introduce new more bio-based products:
  - A renewable sizing chemical based on sunflower oil introduced during Q2 2020
  - New strength products with increased biobased content

- Share of products that improve customer resource efficiency

- We treat the equivalent of 375 million people’s annual water use
SUSTAINABLE PACKAGING

Functional and safe fiber-based food packaging

BIOBASED CHEMISTRIES

Replacing fossil-based raw materials
Kemira as a sustainable investment
6 COMMITMENTS, 7 KPI’S AND TARGETS

How we manage sustainability

Incorporating sustainability into our products and solutions
Proactive product stewardship throughout the products' lifecycle

Sustainable products and solutions

KPI’S AND TARGETS
At least 50% of our revenue is generated through products improving customers’ resource efficiency

Culture and commitment to people
Ensuring compliance with Kemira Code of Conduct

People and integrity

KPI’S AND TARGETS
• Employee engagement index above industry benchmark
• Leadership development activities 2 per people manager position, cumulative target 1500 by 2020 (2015=0)
• Integrity index continuously increasing

Responsible operations & supply chain

Ensuring responsible operations to protect our assets, our environment, employees, contractors, customers and communities
Ensuring compliance with responsible business practices in our supply chain

KPI’S AND TARGETS
• -30% by 2030 (Scope 1&2; 2018 baseline) and carbon neutrality ambition by 2045
• People safety TRIF 2.0 by 2020
• Supplier Sustainability Evaluation
• 90% of direct key suppliers screened through sustainability evaluation through assessments and audits (Baseline 60% in 2017)

At least 50% of our revenue is generated through products improving customers’ resource efficiency
We enable our customers to improve their water, energy and raw material efficiency.
Updated climate change target introduced in 2020

2030 climate change target introduced

- 30% reduction in combined scope 1 and 2 greenhouse gas emissions by 2030 (baseline year 2018, 0.93 Mt)
  - Kemira Scope 1 absolute emissions 2018: 0.15 Mt
  - Kemira Scope 2 absolute emissions 2018: 0.78 Mt

Kemira working with suppliers to decrease carbon footprint of purchased goods and services (scope 3 emissions)

- Our purpose: We enable our customers to improve their water, energy and raw material efficiency

- Kemira fully supports UNFCCC Paris Agreement

Long-term ambition

- Carbon neutrality by 2045 for combined scope 1 and scope 2 emissions
53% of revenue generated from products that improve customer resource-efficiency

PULP & PAPER
Kemira’s chemicals improve the manufacturing process and enable better resource-efficiency.

For example
Our chemistry is helping to improve recycled fiber quality and content, energy and water efficiency in paper mills

Case:
Lightweight packaging: with our strength chemicals, our customers can make their packaging lighter yet stronger. Lighter weight results in lower logistics cost and thus environmental footprint.

INDUSTRY & WATER

WATER TREATMENT
Municipal and industrial water treatment:
chemical water treatment provides the most compact plant and smallest possible environmental footprint

Case:
Sludge de-watering: with our chemicals, our customers are able to reduce the water content in sludge. As a result, demand for logistics is lower resulting in better environmental footprint.

OIL & GAS
Shale:
our chemicals reduce friction and improve energy efficiency of shale producers

Oil sands tailings:
waste water treatment of oil sands tailings ponds

CEOR:
our chemicals reduce friction and enable a better yield from existing wells
We take use of recycled materials and thus add circularity to the economy

In 2019, 24% of raw materials used in Kemira’s global manufacturing came from recycled sources or industrial by-products.

70-80% of our inorganic coagulants come from recycled sources. These are used to treat wastewater, drinking water, and in many other industrial water treatment applications.
Industry leader in responsibility

UN Global Compact:
Kemira is a signatory since 2014

UN Sustainable Development Goals:
Three priority themes for Kemira:

- Water (SDG6)
- Circular Economy (SDG12)
- Climate change (SDG13)

WATER
Enhancing access to clean, safe water

CIRCULAR ECONOMY
Kemira is at the heart of enabling the circular economy

CLIMATE CHANGE
Ambitious action and effective solutions for climate

B
TOP QUARTILE
75/100
TOP 1%

MSCI ESG RATINGS
A

CDP
2019 ECO DISCLOSURE RATING
B
### Corporate sustainability performance Q2 2020

#### Sustainable products and solutions

**Product sustainability**
Share of revenue from products used for use-phase resource efficiency. At least 50% of Kemira’s revenue generated through products improving customers' resource efficiency.

**Performance**

<table>
<thead>
<tr>
<th></th>
<th>Baseline average 2016-2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>49%</td>
<td>51%</td>
<td>53%</td>
</tr>
</tbody>
</table>

**Comments**
Four new R&D projects were started in Q2 and two of them are planned to improve customer resource efficiency. As of June 30, seven R&D projects out of total 9 improve customer resource efficiency. In many projects material efficiency is supported by development of new products from bio-based raw materials.

#### Workplace safety

**Achieve zero injuries on long term; TRIF* 2.0 by end of 2020.**

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.9</td>
</tr>
<tr>
<td>2018</td>
<td>3.5</td>
</tr>
<tr>
<td>2019</td>
<td>2.1</td>
</tr>
<tr>
<td>H1 2020</td>
<td>2.0</td>
</tr>
<tr>
<td>Target 2020</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**Comments**
Safety performance improved in Q2 and we had one injury free month. Globally in Q2 we had 5 people incidents of which 2 led to lost time. As a result, we are within our safety target for H1. Human behavior is still one of the significant root causes in most of the incidents. By focusing on continuous improvement in people behavior and working environment we will try to avoid these types of incidents.

#### Climate change

**Reduce by 30% combined Scope 1 and Scope 2 GHG emission across the whole company by 2030 compared to 2018 baseline (0.93 MTCO2eq). Ambition to be carbon neutral by 2045.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline 2018</th>
<th>2019</th>
<th>Target 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>100</td>
<td>96.6</td>
<td>70</td>
</tr>
</tbody>
</table>

**Comments**
Kemira’s new 2030 climate change target and internal carbon pricing program were launched at a high level in Q1 2020. During Q2 detailed action planning has continued such as revising our logistics emissions accounting and identifying reduction options.

#### Supplier Management

**% of direct key suppliers screened through sustainability assessments and audits (cumulative %). The target includes 5 sustainability audits for highest risk** suppliers every year, and cumulatively 25 by 2020.

**Performance**

<table>
<thead>
<tr>
<th></th>
<th>Baseline 2018</th>
<th>2019</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of key suppliers</td>
<td>69%</td>
<td>74%</td>
<td>90%</td>
</tr>
<tr>
<td># of audits (cumul.)</td>
<td>11</td>
<td>25</td>
<td>50</td>
</tr>
</tbody>
</table>

**Comments**
During the first half of the year we assessed 37 suppliers with an average score of 50/100 which represents top 50% percentile of all thousands of assessed suppliers across various industries on the Sustainability platform. Additional 30 suppliers of Kemira have been invited. No on-site CSR audits were conducted mainly due to COVID-19.

* TRIF = Number of Total Recordable Injury Frequency per million hours, Kemira + contractor, year-to-date
** Suppliers with lowest sustainability assessment score
# Corporate sustainability performance Q2 2020 2/2

<table>
<thead>
<tr>
<th>Priority</th>
<th>KPI+target</th>
<th>Performance</th>
<th>Comments</th>
<th>Progress</th>
</tr>
</thead>
</table>
| People and integrity         | Employee engagement index based on MyVoice survey  
The index at or above the external industry norm.                                                                                       | ![Engagement](chart.png) | Continued to embed our new continuous feedback and listening model by taking action on results.  
Employee pulse surveys on “MyWorkspace” in March and “MyRemote working during Covid-19” in June targeting over 3,000 employees. Acting on these results have greatly supported our ways of working during Covid-19 |
|                              | Leadership development activities provided, average  
Two leadership development activities per people manager position during 2016-2020, the cumulative target is 1,500 by 2020.             | ![Leadership Development](chart.png) | During 2020 we are experimenting with more digital learning. In Q2 we have been working with leaders and employees supporting them during Covid-19 and in the adoption of remote working and virtual learning. | AHEAD OF TARGET |
|                              | Integrity index  
KPI to measure compliance with the Kemira Code of Conduct. The target is to maintain the Integrity Index level above industry benchmark of 77%. | ![Integrity](chart.png) | Integrity has been measured in the past using the biannual Voices@Kemira survey. The last such survey was in 2018, and our result was high at 87%. This was 10% above the external industry norm. Integrity will be measured using our new MyVoice survey in 2020. | IN PROGRESS  |
Pulp & Paper – driving growth as market leader
Pulp & Paper chemicals market estimated to grow 1-2%

- Pulp & Paper chemicals market drivers
  - Hardwood and softwood pulp demand increasing driven by growth of packaging needs (e-commerce, non-plastic solutions), growing tissue demand and lack of recycled fiber
  - Demand increase continues for packaging, driven by online shopping, last-mile delivery, product safety and non-plastic solutions
  - Growth in tissue demand driven by increasing wealth in emerging countries
  - Ongoing digitalization of media drives decline of graphic paper demand

- Growth areas, pulp and board & tissue, represent over 80% of our Pulp & Paper revenue
  - Ongoing capacity additions suit well for the need of growing demand
Strong demand in pulp market creating growth opportunities

New pulp mill projects are driven by increasing demand for tissue and board

- Main bleached pulp demand growth globally from tissue
- Food and liquid packaging board is growing particularly fast in Asia
- Pulp is produced close to fiber sources and then shipped to board, paper, and tissue mills or used captively in an integrated mill
- Growth of bleached pulp = 1 new pulp mill per year

Multiple pulp mill projects realised and expected in Northern Europe creating opportunities for Kemira to grow with the market

In addition, a few large scale pulp mill projects expected in South America, and new applications outside traditional Pulp&Paper (e.g. car battery manufacturing)
Pulp & Paper
TECHNOLOGY AND MARKET LEADER

**RAW MATERIALS**
- Electricity
- Sodium chloride (salt)
- Crude tall oil
- Cationic monomer
- Acrylonitrile
- Acrylic acid
- Olefins
- Fatty acids
- Maleic anhydride
- Sulfur

**INTERMEDIATES**
- Tall oil rosin
- AKD Wax
- Isomerized olefins
- Acrylamide

**PRODUCTS**
- Sodium chlorate
- Hydrogen peroxide
- Polymers
- Defoamers
- Coagulants
- Biocides
- Sizing
- Strength Additives
- Surface additives
- Colorants
- Sulfuric acid

**APPLICATIONS**
- Pulping
- Bleaching
- Retention
- Wet-end process control
- WQQM
- Sizing
- Strength
- Surface treatment
- Coloring

**CUSTOMER INDUSTRIES**
- Pulp
- Packaging and board
- Printing and writing
- Tissue

**CUSTOMERS**
- All the major global paper and pulp producers

**Value chain part covered by Kemira**

**MAIN COMPETITORS:** Solenis, Nouryon, Ecolab, Kurita, SNF
New AKD wax investment in China fully operational

• Construction started in 2017, manufacturing facility fully operational with positive EBITDA contribution as of Q1 2020
• Produces mainly AKD wax and its key raw material fatty acid chloride (FACL)
  – AKD is sizing chemical used in board and paper to create resistance against liquid absorption
  – NewCo also plans to produce coagulants for water treatment
• Kemira strengthens its position and secures supply of key raw material for AKD wax

ACQUIRED ASSET FULFILLS OUR KEY CRITERIA FOR ACQUISITIONS:

GROWTH – End-products in growing markets
SUPPLY – Backward integr. & self-sufficiency (FACL)
LOCATION – Close to our existing production

APAC – Enables profitable growth in APAC
SUSTAINABILITY – FACL from renewable material
PROFITABILITY – Accretive after ramp-up

JOINT-VENTURE

Tiancheng with Kemira holding 80% investment of around EUR 70 million
In May we announced an extension to our contract with UPM-Kymmene in Uruguay

- Long-term agreement with UPM-Kymmene includes capacity to existing Fray Bentos mill as well as new 2.1 million ton pulp mill in Paso de los Toros.

- Total Kemira investment of around USD 30 million includes expansion of both sodium chlorate and hydrogen peroxide at the existing Fray Bentos chemical island site.

- The extension will support our long-term growth in bleaching, one of our strategic focus areas.

- Financial contribution expected as of 2023.
Industry & Water - stronger platform for profitable growth
Industry & Water relevant chemicals market estimated to grow 3-4%

- Demand for water treatment chemicals expected to increase due to
  - Higher demand for water driven by industrial growth and population growth
  - More stringent discharge limits for waste water
  - Better dewatering of sludge
  - Phosphorus recovery
  - Water reuse
- Higher demand for Oil & Gas solutions expected
  - Shale friction reducer market expected to grow due to higher energy demand and increasing number of wells fracked
  - Oil sands operators face regulatory requirements for their tailings treatment
  - Chemical Enhanced Oil Recovery lucrative in certain fields due to better yield from existing reservoirs

**REVENUE AND OPERATIVE EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (EUR million)</th>
<th>Operating EBITDA (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>956</td>
<td>116</td>
</tr>
<tr>
<td>2016</td>
<td>906</td>
<td>107</td>
</tr>
<tr>
<td>2017</td>
<td>1,009</td>
<td>114</td>
</tr>
<tr>
<td>2018</td>
<td>1,073</td>
<td>131</td>
</tr>
<tr>
<td>2019</td>
<td>1,136</td>
<td>192</td>
</tr>
</tbody>
</table>

(2015-2016 figures are pro forma; combination of Municipal & Industrial and Oil & Mining segments)

**REVENUE BY APPLICATION**

- **65%** Water treatment
- **25%** Oil & Gas
- **10%** Other

Market growth
- **2-3%**
- **5-6%**
- **2-3%**
Industry & Water

TECHNOLOGY AND MARKET LEADER IN WATER TREATMENT AS WELL AS IN NICHE APPLICATIONS IN OIL & GAS

RAW MATERIALS
- Acrylonitrile
- Acrylic acid
- Sulfuric acid
- Hydrochloric acid
- Aluminium hydrate
- Iron ore
- Pickling liquor
- Copperas
- Various monomers

INTERMEDIATES
- Acrylamide
- Cationic monomer

PRODUCTS
- Polymers (EPAM, DPAM)
- Al Coagulants
- Fe Coagulants
- Dispersants & antiscalants
- Biocides
- Emulsifiers
- Defoamers
- Formulations

APPLICATIONS
- Raw water & waste water treatment
- Sludge treatment
- Friction reduction
- Enhanced oil recovery
- Tailings treatment
- Mining processes

SALES CHANNELS
- Direct sales
- Distributor/reseller
- Service companies

CUSTOMERS
- Municipalities
- Private operators
- Industrial customers
- Pumpers
- Oil & Gas operators
- Service companies
- Mine operators

Value chain part covered by Kemira

MAIN COMPETITORS
- Coagulants: mainly local small companies, Feralco, USALCO, Kronos, PVS
- Polymers: SNF, Solvay, Ecolab, Solenis
Kemira is a market leader in water treatment chemistry

Serving most European cities

Drinking water plants and wastewater plants

- No of ship-to countries ~ 80
- No of ship-to points ~ 9 000
- No of ship-from points ~ 30-40
Kemira’s six actions for cleaner waters

1. The requirements of the Urban Wastewater Treatment Directive (UWWTD) must be implemented fully and equally in all member states.
2. Emission limit values (especially phosphorus) in water discharges should be tightened.
3. Digitalization can improve both the quality of monitoring and the cost efficiency of water treatment.
4. Emerging pollutants need to be included in the legislation.
5. Pollution from storm-water overflows must be limited and discharges safely disinfected.
6. Clearer guidance is needed on applying innovation and sustainability criteria in public procurement for water treatment.
Implementation of wastewater treatment directive varies in EU

• There are significant implementation gaps of the Urban Wastewater Treatment Directive, even though the first collection and treatment requirements of the Directive already entered into force in 2001.

---

**Degree of compliance in water discharges***
% of subjected load

* Degree of compliance with Article 5 of the Directive, which sets the requirements for water discharges to sensitive areas.

Source: European Commission, 9th report on the implementation status concerning urban waste water treatment.
Oil & Gas expected to grow in the long-term

Long-term market growth opportunities with Kemira’s selective market diversification

Kemira’s offering

- Process efficiencies: polymers that reduce energy consumption by 60% in shale oil fields
- Cost reduction: higher concentrated liquids that make offshore oil recovery more cost effective (CEOR)
- Addressing environmental regulations: tailing treatment in oil sands

New innovative technologies driving expansion

**REVENUE IN OIL & GAS**

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>120</td>
</tr>
<tr>
<td>2015</td>
<td>150</td>
</tr>
<tr>
<td>2016</td>
<td>120</td>
</tr>
<tr>
<td>2017</td>
<td>150</td>
</tr>
<tr>
<td>2018</td>
<td>180</td>
</tr>
<tr>
<td>2019</td>
<td>200</td>
</tr>
</tbody>
</table>

**REVENUE SPLIT**

- 10% Other
- 35% Oil sands and Chemical Enhanced Oil Recovery
- 55% Shale fracking

Figures rounded to closest 5%
We have diversified our Oil & Gas business since the last oil downturn

We have prepared for the shale market downturn

- Diversification of business to include oil sands tailings and CEOR*
- Action taken to optimize current Oil & Gas organization to the prevailing market situation

*chemical enhanced oil recovery
Our polymer investment in the Netherlands is ramping up

- EUR 30 million polymer capacity addition announced in October 2017. Facility ramping up with positive EBITDA contribution as of Q1 2020
- Manufacturing facility to serve Chemical Enhanced Oil Recovery customer with non-liquid polymers
- Long-term contract with Ithaca
- CEOR market size approximately EUR 1 billion of which EUR 500 million accessible to Kemira
- Market growth estimated to be around 5% driven by enhanced production from existing fields
Latest news and financials
Summary of Q2 2020

- Impact of COVID-19 on operations remained limited – no significant disruptions to manufacturing operations or supply chain
- Revenue impacted by COVID-19 related economic slowdown
- Profitability remained strong: operative EBITDA 105.7 MEUR with margin improving to 18.1%
- Long-term extension to contract with UPM-Kymmenen in Uruguay
- Outlook for H2 2020 provided
Update on COVID-19 and related economic slowdown’s impacts on Kemira

IMPACT SO FAR

• In countries with government-imposed restrictions on economic activity, chemical industry and our customer industries almost always classified as essential industries to the society
• No significant disruptions in Kemira’s manufacturing facilities or supply chain in Q2

ACTIONS TAKEN

• Regional crisis management teams implemented to mitigate impact and to ensure business continuity
• Conservative overall approach to ensure employee health and safety. Strict travel restrictions still in place
• Restructuring of Oil & Gas business to better meet current market conditions

EXPECTED IMPACTS

• Final impact on customer demand will depend on the length of pandemic and speed of recovery. Potential second wave of infections could create further uncertainty. Demand in shale expected to remain low in 2020.
• If situation worsens, impacts and disruption on Kemira’s manufacturing and supply chain are possible

MAJORITY OF KEMIRA’S PRODUCTS ARE CONSUMABLE IN NATURE AND TYPICALLY LESS PRONE TO ECONOMIC CYCLES
# Financial highlights Q2 2020

**Organic revenue growth -12%**
- Demand lower due to COVID-19 related economic slowdown

**Operative EBITDA stable, strong margin of 18.1%**
- Stable EBITDA supported by lower variable costs, including raw materials and efficiencies from new investments in China and the Netherlands
- Good fixed cost management

**Earnings per share remained at EUR 0.22**

**Strong cash flow from operating activities**

<table>
<thead>
<tr>
<th>EUR million (except ratios)</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Δ%</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Δ%</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>582.9</td>
<td>663.6</td>
<td>-12</td>
<td>1,224.9</td>
<td>1,311.4</td>
<td>-7</td>
<td>2,658.8</td>
</tr>
<tr>
<td>Operative EBITDA</td>
<td>105.7</td>
<td>106.1</td>
<td>0</td>
<td>214.2</td>
<td>201.8</td>
<td>+6</td>
<td>410.0</td>
</tr>
<tr>
<td>of which margin</td>
<td>18.1%</td>
<td>16.0%</td>
<td>-17.5%</td>
<td>15.4%</td>
<td>15.4%</td>
<td>-</td>
<td>15.4%</td>
</tr>
<tr>
<td>Operative EBIT</td>
<td>57.6</td>
<td>60.3</td>
<td>-4</td>
<td>118.4</td>
<td>110.4</td>
<td>+7</td>
<td>224.0</td>
</tr>
<tr>
<td>of which margin</td>
<td>9.9%</td>
<td>9.1%</td>
<td>-9.7%</td>
<td>8.4%</td>
<td>8.4%</td>
<td>-</td>
<td>8.4%</td>
</tr>
<tr>
<td>Net profit</td>
<td>35.5</td>
<td>35.2</td>
<td>+1</td>
<td>75.1</td>
<td>64.6</td>
<td>+16</td>
<td>116.5</td>
</tr>
<tr>
<td>EPS diluted, EUR</td>
<td>0.22</td>
<td>0.22</td>
<td>+1</td>
<td>0.47</td>
<td>0.40</td>
<td>+16</td>
<td>0.72</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>60.8</td>
<td>57.2</td>
<td>+6</td>
<td>111.0</td>
<td>122.4*</td>
<td>-9</td>
<td>386.2</td>
</tr>
</tbody>
</table>

*Comparison period included EUR 15 million return of excess capital from Kemira’s supplementary pension fund in Finland.
Pulp & Paper – fairly resilient customer demand apart from printing & writing

Market environment

- Fairly resilient demand in pulp, board and tissue
- Demand in printing and writing chemicals declined due to COVID-19 related economic slowdown

Organic growth -4% in Q2 2020

- Economic slowdown impacted volumes; revenue for printing & writing products declined by 12% with the biggest impact in North America

Strong operative EBITDA margin of 18.4% in Q2 2020

- Improved profitability due to lower variable costs and good fixed cost management. Efficiency improvements from the AKD wax investment in China continued to contribute positively.
Industry & Water supported by resilience of water treatment

Market environment
• Municipal water treatment market remained rather stable; industrial water treatment market impacted by economic uncertainty
• Demand in Oil & Gas very weak

Organic growth -22% in Q2 2020
• Revenue in Oil & Gas declined by 65%. Lower revenue in water treatment following economic slowdown.

Operative EBITDA margin 17.7% in Q2 2020
• Profitability supported by lower variable costs and good fixed cost management. Improved cost position and higher capacity from the polymer expansion in the Netherlands also supported operative EBITDA.
Oil & Gas – revenue declined by 65% due to a challenging market environment

Shale
- Shale market activity at a near standstill despite rebound in oil price from market lows. No recovery in shale market demand expected yet in 2020.
- Kemira shale revenue very low in Q2

Oil sands tailings treatment
- Kemira’s end market demand in 2020 clearly lower than expected
- Longer term outlook in oil sands tailings treatment remains solid

CEOR*
- Kemira’s end market remained solid in Q2; by nature business decisions made with long-term horizon

REVENUE DEVELOPMENT
EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>46</td>
<td>56</td>
<td>73</td>
<td>66</td>
<td>62</td>
<td>77</td>
<td>87</td>
<td>66</td>
<td>52</td>
<td>27</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Oil & Gas business restructured during Q2 to better meet lower market demand. Restructuring expenses of EUR 1.9 million booked in Q2 2020.

*CEOR, chemical enhanced oil recovery
Focus on safety and business continuity in the short-term

- Mitigate impact from COVID-19 and oil demand drop and ensure our own and our customers’ business continuity. Ensure health and safety of employees and other stakeholders.
- Gradual return to normality in our operations following local government recommendations
- Focus on cost management while volumes remain depressed
- Realize benefits of added capacity in China, the Netherlands and the U.S
- Construction of polymer capacity in the U.S. and South Korea as well as expansion of bleaching capacity in Uruguay
Good profitability despite lower volumes 

Q2/2020

**REVENUE AND ORGANIC GROWTH (Y-ON-Y)**

EUR million

<table>
<thead>
<tr>
<th>Item</th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volumes</td>
<td>-11%</td>
<td>-1%</td>
</tr>
<tr>
<td>Sales prices impact</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Currency impact</td>
<td>-0%</td>
<td></td>
</tr>
<tr>
<td>Acquisitions &amp; Divestments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>583</td>
<td>664</td>
</tr>
</tbody>
</table>

**Organic revenue growth** -12%

- Volumes impacted by COVID-19 related economic slowdown, particularly in shale

**Operative EBITDA margin** 18.1%

- Operative EBITDA stable despite lower volumes. Favorable variable cost development and good fixed cost management. Efficiencies from investments in China and the Netherlands continued to have a positive EBITDA contribution.

**OPERATIVE EBITDA BRIDGE**

EUR million

<table>
<thead>
<tr>
<th>Item</th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volumes</td>
<td>-25.0</td>
<td>-1%</td>
</tr>
<tr>
<td>Sales prices</td>
<td>-4.0</td>
<td></td>
</tr>
<tr>
<td>Variable costs</td>
<td>+20.0</td>
<td></td>
</tr>
<tr>
<td>Fixed costs</td>
<td>+11.0</td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td>-1.0</td>
<td>-1.5</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105.7</td>
<td>105.7</td>
</tr>
</tbody>
</table>

**Q2 2020**
Impact from variable costs continued to be positive

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

EUR million

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

EUR million

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

ALL KEY FIGURES IN EUR MILLION

CASH FLOW FROM OPERATIONS

- Q2 cash flow from operations strong at EUR 60.8 million. January-June 2019 period included EUR 15 million return of excess capital from Kemira’s supplementary Pension Fund in Finland.

- Typically cash flow is H2-weighted, especially due to changes in net working capital

CAPITAL EXPENDITURE EXCL. ACQUISITIONS

- Capex estimated to be around EUR 200 million in 2020:
  - New polymer capacity expansion in the U.S.
  - Smaller capex projects in several locations
Capital efficiency improvement

**OPERATIVE RETURN ON CAPITAL EMPLOYED (ROCE)**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>9.7%</td>
</tr>
<tr>
<td>2018</td>
<td>9.8%</td>
</tr>
<tr>
<td>2019</td>
<td>11.2%</td>
</tr>
<tr>
<td>Q2 2019 LTM</td>
<td>10.8%</td>
</tr>
<tr>
<td>Q2 2020 LTM</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

- ROCE improvement driven by Pulp & Paper profitability improvement
- On-going investment projects are expected to improve Group’s ROCE once up and running

**NET DEBT (EUR million) AND LEVERAGE RATIO***

<table>
<thead>
<tr>
<th>Date</th>
<th>Net Debt</th>
<th>Leverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31 2017</td>
<td>694</td>
<td>2.2</td>
</tr>
<tr>
<td>Dec 31 2018</td>
<td>741</td>
<td>2.3</td>
</tr>
<tr>
<td>Dec 31 2019</td>
<td>811</td>
<td>2.0</td>
</tr>
<tr>
<td>Jun 30 2019</td>
<td>786**</td>
<td>2.5</td>
</tr>
<tr>
<td>Jun 30 2020</td>
<td>844</td>
<td>2.0</td>
</tr>
</tbody>
</table>

- Gearing 70% - well within financial target range of below 75%
- Average interest rate of net debt excluding leases is 1.8% and duration is 22 months
- With pre-IFRS 16 net debt figures:
  - gearing 59%
  - leverage ratio 1.9

* Leverage ratio = Net debt / last 12 months operative EBITDA
** pre-IFRS 16 figures
Outlook for H2 2020

OUTLOOK FOR H2 2020

Operative EBITDA in H2 2020 is expected to be lower than in H1 2020 (H1 2020: EUR 214 million).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative EBITDA</td>
<td>303</td>
<td>311</td>
<td>323</td>
<td>410</td>
<td>214</td>
<td>Lower than H1 2020</td>
</tr>
</tbody>
</table>

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

Assumptions for H2 2020

- Overall demand in Kemira’s end markets in H2 2020 is expected to be approximately at Q2 2020 level:
  - **Pulp & Paper**: demand to remain approximately at Q2 2020 level. Printing & writing to remain weak.
  - **Industry & Water**: demand to remain approximately at Q2 2020 level. No recovery in shale market expected in 2020.

- No major disruption to manufacturing operations or supply chain.

Kemira’s previous outlook
Kemira withdrew its outlook for 2020 on April 27, 2020 following the uncertainty related to the COVID-19 pandemic and oil price drop.
Kemira has a diversified financing base

GROSS DEBT END OF JUNE 2020 EUR 977 MILLION, MATURITY PROFILE EXCLUDING LEASES

- Leases: 128 million
- Bond: EUR 350 million
- Loans from banks and financial institutions: EUR 330 million
- Other: EUR 175 million

% of Total Debt:
- Leases: 13%
- Bond: 36%
- Loans: 33%
- Other: 18%

Graph showing maturity profile with the following breakdown:
- Bilaterals: 217
- Bonds: 2
- Others: 150, 150, 156, 200, 130
- Undrawn RCF, extended to 2025 in April: 400
Majority of contracts with fixed annual pricing

**Pulp & Paper** – Contract types and pricing terms on high level

- **Length** – Around 95% of contracts are 1-year or longer / only 5% are spot deals
- **Pricing** – Around 70% fixed / 30% formula or spot pricing

**Industry & Water** – Contract types and pricing terms

- **Length** – Around 70% of contracts are 1-yr or longer / 30% spot deals
- **Pricing** – Around 70% fixed / 30% formula or spot pricing, incl. Oil & Gas where contracts are either formula or spot based
Kemira’s variable cost split and top raw materials

VARIABLE COST SPLIT 2019
EUR 1.5 billion

- **15%** Logistics
- **15%** Electricity & energy
- **70%** Raw materials

Figures rounded to the nearest 5%

EXPOSURE TO OIL RELATED RAW MATERIALS

- **65%** Not oil related
- **35%** Oil & gas related

TOP 12 RAW MATERIALS BY SPEND (around 50% of total raw material spend)

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

Top 12 account for 52% of Kemira’s raw material spend

OD = Oil & gas derivative

* Mainly trading materials
KEMIRA CAPITAL MARKETS DAY 2020

Save the Date:
November 19, 2020
## Key figures

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q2 2020</th>
<th>Q1 2020</th>
<th>Q4 2019</th>
<th>Q3 2019</th>
<th>Q2 2019</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>582.9</td>
<td>642.0</td>
<td>657.7</td>
<td>689.8</td>
<td>663.6</td>
<td>2,658.8</td>
<td>2,592.8</td>
</tr>
<tr>
<td>Operative EBITDA</td>
<td>105.7</td>
<td>108.5</td>
<td>90.1</td>
<td>118.1</td>
<td>106.1</td>
<td>410.0</td>
<td>323.1</td>
</tr>
<tr>
<td>margin</td>
<td>18.1%</td>
<td>16.9%</td>
<td>13.7%</td>
<td>17.1%</td>
<td>16.0%</td>
<td>15.4%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Operative EBIT</td>
<td>57.6</td>
<td>60.8</td>
<td>42.4</td>
<td>71.1</td>
<td>60.3</td>
<td>224.0</td>
<td>173.8</td>
</tr>
<tr>
<td>margin</td>
<td>9.9%</td>
<td>9.5%</td>
<td>6.4%</td>
<td>10.3%</td>
<td>9.1%</td>
<td>8.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Net profit</td>
<td>35.5</td>
<td>39.6</td>
<td>8.6</td>
<td>43.3</td>
<td>35.2</td>
<td>116.5</td>
<td>95.2</td>
</tr>
<tr>
<td>Earnings per share, diluted, EUR</td>
<td>0.22</td>
<td>0.25</td>
<td>0.05</td>
<td>0.27</td>
<td>0.22</td>
<td>0.72</td>
<td>0.58</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>60.8</td>
<td>50.2</td>
<td>142.5</td>
<td>121.3</td>
<td>57.2</td>
<td>386.2</td>
<td>210.2</td>
</tr>
<tr>
<td>Capex excl. acquisitions</td>
<td>44.1</td>
<td>36.1</td>
<td>81.4</td>
<td>51.5</td>
<td>39.9</td>
<td>201.1</td>
<td>150.4</td>
</tr>
<tr>
<td>Net debt</td>
<td>844</td>
<td>816</td>
<td>811</td>
<td>866</td>
<td>921</td>
<td>811</td>
<td>741</td>
</tr>
<tr>
<td>NWC ratio (rolling 12 m)</td>
<td>10.1%</td>
<td>10.2%</td>
<td>10.7%</td>
<td>11.1%</td>
<td>10.9%</td>
<td>10.7%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Operative ROCE (rolling 12 m)</td>
<td>11.6%</td>
<td>11.8%</td>
<td>11.2%</td>
<td>11.5%</td>
<td>10.8%</td>
<td>11.2%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Personnel at period-end</td>
<td>5,106</td>
<td>5,075</td>
<td>5,062</td>
<td>5,036</td>
<td>5,067</td>
<td>5,062</td>
<td>4,915</td>
</tr>
</tbody>
</table>
## Cash flow

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the period</td>
<td>36</td>
<td>35</td>
<td>116</td>
<td>95</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>69</td>
<td>69</td>
<td>302</td>
<td>220</td>
</tr>
<tr>
<td>Change in net working capital</td>
<td>-31</td>
<td>-22</td>
<td>45</td>
<td>-51</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-7</td>
<td>-17</td>
<td>-39</td>
<td>-30</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-6</td>
<td>-8</td>
<td>-39</td>
<td>-24</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>61</td>
<td>57</td>
<td>386</td>
<td>210</td>
</tr>
<tr>
<td>Purchases of subsidiaries and business acquisitions, net of cash acquired</td>
<td>0</td>
<td>-2</td>
<td>-3</td>
<td>-43</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>-44</td>
<td>-40</td>
<td>-201</td>
<td>-150</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td>0</td>
<td>1</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Change in long-term loan receivables</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td><strong>Cash flow after investing activities</strong></td>
<td>17</td>
<td>17</td>
<td>190</td>
<td>29</td>
</tr>
</tbody>
</table>
Currency exchange rates had around EUR +1.6 million impact on revenue and EUR -1.5 million impact on the operative EBITDA in H1 2020 compared to H1 2019.

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

## KEY FINANCIALS

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q2 2020</th>
<th>Q1 2020</th>
<th>Q4 2019</th>
<th>Q3 2019</th>
<th>Q2 2019</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>357.0</td>
<td>378.5</td>
<td>385.9</td>
<td>382.9</td>
<td>373.4</td>
<td>1,522.9</td>
<td>1,520.2</td>
</tr>
<tr>
<td>Operative EBITDA</td>
<td>65.6</td>
<td>60.2</td>
<td>52.6</td>
<td>61.3</td>
<td>53.7</td>
<td>218.3</td>
<td>191.7</td>
</tr>
<tr>
<td>margin</td>
<td>18.4%</td>
<td>15.9%</td>
<td>13.6%</td>
<td>16.0%</td>
<td>14.4%</td>
<td>14.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Operative EBIT</td>
<td>35.7</td>
<td>30.1</td>
<td>22.5</td>
<td>32.1</td>
<td>24.0</td>
<td>99.2</td>
<td>91.6</td>
</tr>
<tr>
<td>margin</td>
<td>10.0%</td>
<td>8.0%</td>
<td>5.8%</td>
<td>8.4%</td>
<td>6.4%</td>
<td>6.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Operative ROCE*, %</td>
<td>9.5%</td>
<td>8.5%</td>
<td>7.7%</td>
<td>7.9%</td>
<td>7.6%</td>
<td>7.7%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Capital expenditure (excl. M&amp;A)</td>
<td>21.0</td>
<td>14.3</td>
<td>43.6</td>
<td>25.4</td>
<td>23.3</td>
<td>109.7</td>
<td>85.1</td>
</tr>
<tr>
<td>Cash flow after investing activities</td>
<td>27.3</td>
<td>26.1</td>
<td>33.5</td>
<td>44.6</td>
<td>36.2</td>
<td>139.4</td>
<td>29.9</td>
</tr>
</tbody>
</table>

*12-month rolling average
## Industry & Water

### KEY FINANCIALS

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q2 2020</th>
<th>Q1 2020</th>
<th>Q4 2019</th>
<th>Q3 2019</th>
<th>Q2 2019</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>225.9</td>
<td>263.6</td>
<td>271.8</td>
<td>306.9</td>
<td>290.2</td>
<td>1,135.9</td>
<td>1,072.6</td>
</tr>
<tr>
<td>Operative EBITDA</td>
<td>40.0</td>
<td>48.2</td>
<td>37.5</td>
<td>56.8</td>
<td>52.4</td>
<td>191.7</td>
<td>131.5</td>
</tr>
<tr>
<td>margin</td>
<td>17.7%</td>
<td>18.3%</td>
<td>13.8%</td>
<td>18.5%</td>
<td>18.1%</td>
<td>16.9%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Operative EBIT</td>
<td>21.9</td>
<td>30.7</td>
<td>19.9</td>
<td>39.0</td>
<td>36.3</td>
<td>124.7</td>
<td>82.2</td>
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<tr>
<td>margin</td>
<td>9.7%</td>
<td>11.7%</td>
<td>7.3%</td>
<td>12.7%</td>
<td>12.5%</td>
<td>11.0%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Operative ROCE*, %</td>
<td>15.5%</td>
<td>17.6%</td>
<td>17.6%</td>
<td>18.4%</td>
<td>16.9%</td>
<td>17.6%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Capital expenditure (excl. M&amp;A)</td>
<td>23.1</td>
<td>21.8</td>
<td>37.8</td>
<td>26.0</td>
<td>16.5</td>
<td>91.4</td>
<td>65.3</td>
</tr>
<tr>
<td>Cash flow after investing</td>
<td>2.3</td>
<td>12.6</td>
<td>57.3</td>
<td>37.9</td>
<td>5.7</td>
<td>128.7</td>
<td>52.5</td>
</tr>
</tbody>
</table>

*12-month rolling average
## Key figures and ratios – 5-year summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,136.7</td>
<td>2,373.1</td>
<td>2,363.3</td>
<td>2,486.0</td>
<td>2,592.8</td>
<td>2,658.8</td>
</tr>
<tr>
<td>Operative EBITDA</td>
<td>252.9</td>
<td>287.3</td>
<td>302.5</td>
<td>311.3</td>
<td>323.1</td>
<td>410.0</td>
</tr>
<tr>
<td>of which margin</td>
<td>11.8%</td>
<td>12.1%</td>
<td>12.8%</td>
<td>12.5%</td>
<td>12.5%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Operative EBIT</td>
<td>158.3</td>
<td>163.1</td>
<td>170.1</td>
<td>170.3</td>
<td>173.8</td>
<td>224.0</td>
</tr>
<tr>
<td>of which margin</td>
<td>7.4%</td>
<td>6.9%</td>
<td>7.2%</td>
<td>6.9%</td>
<td>6.7%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>74.2</td>
<td>247.6</td>
<td>270.6</td>
<td>205.1</td>
<td>210.2</td>
<td>386.2</td>
</tr>
<tr>
<td>Capital expenditure, excluding acq.</td>
<td>140.6</td>
<td>181.7</td>
<td>212.6</td>
<td>190.1</td>
<td>150.4</td>
<td>201.1</td>
</tr>
<tr>
<td>Gearing at period-end</td>
<td>42</td>
<td>54</td>
<td>54</td>
<td>59</td>
<td>62</td>
<td>66</td>
</tr>
<tr>
<td>Inventories</td>
<td>197</td>
<td>207</td>
<td>217</td>
<td>224</td>
<td>284</td>
<td>261</td>
</tr>
<tr>
<td>Personnel at period-end</td>
<td>4,248</td>
<td>4,685</td>
<td>4,818</td>
<td>4,732</td>
<td>4,915</td>
<td>5,062</td>
</tr>
</tbody>
</table>
## Per share figures – 5-year summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share, EUR</td>
<td>0.59</td>
<td>0.47</td>
<td>0.60</td>
<td>0.52</td>
<td>0.58</td>
<td>0.72</td>
</tr>
<tr>
<td>Cash flow from operating activities per share, EUR</td>
<td>0.49</td>
<td>1.63</td>
<td>1.78</td>
<td>1.35</td>
<td>1.38</td>
<td>2.5</td>
</tr>
<tr>
<td>Equity per share, EUR</td>
<td>7.57</td>
<td>7.76</td>
<td>7.68</td>
<td>7.61</td>
<td>7.80</td>
<td>7.98</td>
</tr>
<tr>
<td>Dividend per share, EUR</td>
<td>0.53</td>
<td>0.53</td>
<td>0.53</td>
<td>0.53</td>
<td>0.53</td>
<td>0.56</td>
</tr>
<tr>
<td>Share price, EUR, end of period</td>
<td>9.89</td>
<td>10.88</td>
<td>12.13</td>
<td>11.50</td>
<td>9.85</td>
<td>13.26</td>
</tr>
<tr>
<td>Market capitalization, EUR million (excl. treasury shares)</td>
<td>1,504</td>
<td>1,654</td>
<td>1,848</td>
<td>1,752</td>
<td>1,502</td>
<td>2,024</td>
</tr>
<tr>
<td>Number of shares, million (excl. treasury shares)</td>
<td>152.1</td>
<td>152.1</td>
<td>152.4</td>
<td>152.4</td>
<td>152.4</td>
<td>152.4</td>
</tr>
<tr>
<td>P/E ratio</td>
<td>16.7</td>
<td>23.3</td>
<td>20.1</td>
<td>22.3</td>
<td>17.0</td>
<td>18.4</td>
</tr>
<tr>
<td>P/CF ratio</td>
<td>20.2</td>
<td>6.7</td>
<td>6.8</td>
<td>8.5</td>
<td>7.1</td>
<td>5.3</td>
</tr>
<tr>
<td>P/B ratio</td>
<td>1.3</td>
<td>1.4</td>
<td>1.6</td>
<td>1.5</td>
<td>1.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Dividend yield, %</td>
<td>5.4</td>
<td>4.9</td>
<td>4.4</td>
<td>4.6</td>
<td>5.4</td>
<td>4.2</td>
</tr>
</tbody>
</table>
Revenue split by country

FY 2019

- USA 27%
- Finland 15%
- Other APAC 6%
- China 4%
- Other EMEA 9%
- Norway 1%
- Netherlands 2%
- France 2%
- Italy 2%
- Russia 2%
- Spain 2%
- Poland 2%
- UK 4%
- Germany 4%
- Sweden 5%
- Canada 7%
- Brazil 2%
- Uruguay 2%
- Other Americas 2%
- Other EMEA 9%
- Other Americas 2%
Kemira – largest shareholders and Board of Directors

SHAREHOLDERS ON JUNE 30, 2020

<table>
<thead>
<tr>
<th>% OF SHARES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Oras Invest</td>
<td>20.1%</td>
</tr>
<tr>
<td>2. Solidium (owned by State of Finland)</td>
<td>10.2%</td>
</tr>
<tr>
<td>3. Varma Mutual Pension Insurance Company</td>
<td>3.0%</td>
</tr>
<tr>
<td>4. Ilmarinen Mutual Pension Insurance Comp.</td>
<td>2.6%</td>
</tr>
<tr>
<td>5. Kemira Oyj</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Total number of shares | 155,342,557 |
Foreign ownership of shares | 28.3% |
Total number of shareholders | 39,607 |

KEMIRA BOARD OF DIRECTORS

- **JARI PAASIKIVI**
  Chairman
  Member since 2012
  Oras Invest Oy, CEO

- **KERTTU TUOMAS**
  Vice Chairman
  Member since 2010

- **SHIRLEY CUNNINGHAM**
  Member since 2017

- **TIMO LAPPALAINEN**
  Member since 2014

- **WOLFGANG BÜCHELE**
  Member in 2009-2012 and since 2014

- **KAISA HIETALA**
  Member since 2016
Jukka Hakkila, Chief Legal Officer, (with Kemira since 2005) acts as secretary of Management Board and Board of Directors.
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 100 years of chemistry