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PRESENTATION

Mikko Pohjala *- Kemira Oyj - VP of IR*

Good morning, everyone, and welcome to Kemira's Q4 2020 Results Webcast. My name is Mikko Pohjala, Kemira's Investor Relations. And with me here in Helsinki today, I have our President and CEO, Jari Rosendal; as well as our CFO, Petri Castrén.

Earlier this morning, we published our financial statements bulletin for 2020 and delivered strong profitability in the fourth quarter of 2020. Also today, we've published invitation to the Annual General Meeting and the dividend proposal for 2020.

During this webcast, Jari and Petri will go through Q4 and 2020 in more detail as well as give us an overview of the outlook for 2021. After the presentation, you will have a chance to ask questions, either via the teleconference or then via the webcast tool.

But without much further ado, Jari, please go ahead.

Jari Rosendal *- Kemira Oyj - Chairman of Management Board, President & CEO*

Okay. Thank you, Mikko. Welcome, everyone. What a year has 2020 have been in -- unprecedented in many ways. And obviously, all the companies have the experience, but different industries in different ways. Our organization has maneuvered through quite a number of hurdles last year, and really big thanks to all Kemira people for a strong year last year.

If we remember a bit on what anomalies we had, we had Pulp & Paper strikes, 2, 3 weeks out of production in Finland in the beginning of the year. It was the biggest year in hurricanes in Americas, also some severe typhoons in Asia Pacific hindering our performance. Brexit planning on and off many times, and now we're dealing with that reality. Trade wars hampering some trade and overseas transactions. Oil price, huge volatility already started in Q4 of 2019 with some big players affecting it. And then obviously, COVID-19 hit in many ways to the business. But thanks to our good performance by our organization, we were able to adapt and keep things ongoing. And we reached yet another record year in operative EBITDA in 2020.

So let's look at some of the highlights in last year. Improved customer satisfaction continued to go up, improved also employee satisfaction in this situation where people are working under special arrangements or remotely, really good operational performance and improved profitability in all lines. Obviously, COVID-19 impacted the economy and our revenues came down. But without the oil and gas impact, only 2%, which shows the resilience of our business. Operative EBITDA grew to 17.9% for the full year, which is great to see.

Our new capacity additions for AKD in China and for polymers in Netherlands added growth, and our ongoing investments in U.S.A., South Korea and Uruguay will bring new growth. We also updated our dividend policy to competitively and over time increasing.

So looking at the main figures for 2020. Revenue, a bit over EUR 2.4 billion, down 9% year-on-year. But as I said, only 2% if we count out oil and gas downturn. Q4 revenue, a bit over EUR 800 million picking up compared to Q2 and Q3. And typically, seasonally, Q4 is a bit slower for us. So this shows that the markets are recovering.

Good cost control, fixed cost and variable cost, new capacities brought efficiencies and helped us reduce our variable cost as we don't call out any more certain manufacturing steps that we make them in-house. So not all variable cost issues are from the markets. It's self-help that will be permanent.

Earnings per share, EUR 0.86 in 2020, strong cash flow. And therefore, dividend proposal, EUR 0.58 per share. Last year, we paid in EUR 0.56, and so we increased it by EUR 0.02. That's the proposal for the AGM.

Pulp & Paper had a really good year, and this segment is lower to turn a bigger ship. When we started our actions to improve profitability truly on value over volume in 2018, we saw a good progress in 2019. And second half of 2019, early 2020, we started to see the run rate we wanted to see, and that shows in the figures.

Pulp, board packaging and hygiene products, good demand. Printing and writing clearly suffered due to the pandemic.

Operative EBITDA was strong for the full year, EUR 260 million and 17.9% of revenue. And in Q4, we saw some strong demand and sequential recovery. We didn't see as much curtailment or maintenance shutdown as we expected in Q4.

In Americas, during Q4, we made a bigger restructuring due to the ongoing decline in printing and writing demand. This was not COVID related. It was planned already earlier, but COVID only accelerated it. So we have a new setup there. We also, in Pulp & Paper, improved our profitability nicely in Asia Pacific, which is good to see. Still work to do there, but a good step forward.

Industry & Water had a tougher year than Pulp & Paper, mainly due to the drastic change in the oil and gas market demand. Municipal water treatment market was stable. Actually, we even grew some percentage points in municipal. Industrial water treatment was down a bit due to the lockdowns, and oil and gas down. During the second half of the year, we started to see some recovery in oil and gas, especially in shale.

Full year organic growth was minus 2% only without oil and gas. So resilient also here. The Netherlands Botlek new line for CEOR polymers really took down some of our cost base and variable cost, and also brought some added volumes to the customers. I&W operative EBITDA, EUR 175 million and 18.0% from revenue, and that's a great outcome after a very challenging year.

A bit closer look at Oil & Gas. And I'd like to remind that, in 2019, Oil & Gas represented about 11% of the group's revenue and in 2020, about 6.5%. Shale market bottomed in Q2 and started to recover Q3 and also that continued in Q4 , which is good to see. Oil sands tailings treatment in Canada was down a bit as customers were saving cash, but should return back to more normal levels in '21. And CEOR market was solid and not impacted at all during the pandemic. So as said, shale is on its way to recover, oil sands should return to normal and CEOR continue strong going forward.

I mentioned strong results in customer satisfaction. We measure this continuously. And really, they almost jumped to a great level last year. And the main reason is that we've been able to operate, deliver and secure the availability of our products to our customers. Also our service, although more remote was seen as -- on a good level.

Also, our employee engagement, which we measure regularly stepped up a notch, which is a positive surprise as half of the organization are working remotely. But obviously, we have our manufacturing people. We have a lot of logistics people, laboratory people and so on who had to continue to work in special arrangements at their normal work location. But really good to see that people engagement went up, and that obviously then reflects to a positive attitude to solving problems and serving customers.

In the Capital Markets Day in November, we announced our new targets. And target is to now focus more on growth not only getting profitability better, obviously, work on profitability also, but now on profitable growth, and we intend to grow also from more sustainable and recyclable products and offerings and developing bio-based products to replace our synthetic-based products. We have about EUR 100 million revenue today from these type of products. We intend to fivefold that in the coming years through R&D, partnering and developing and launching new products why not even some acquisitions.

And as an evidence of that, we announced recently 2 partnerships where we have exclusivity of their technologies for us to our target markets. In essence, they have technologies to draw -- to develop and deliver raw materials for us that are bio-based and bio sources. So basically, they will be the feedstock for us to then develop our products using their technologies. So a good step forward and a good example, what we are doing and what we intend to do going forward in our recyclability and bio strategies.

We have today also updated our sustainability targets. We completed our previous targets, and they are in our annual report. But now we have 5 new targets where the climate target was already announced this time last year. People safety, operational safety continues to be high on our priority list. We have improved well in the last 5 years, especially on people safety and are close to 2.0 in TRIF, but now we set the next level target to 1.5. And that takes a lot of attitude and stop-think-act type of working method to get there.

People diversity and inclusion also high on our list, and we measure that in our own people satisfaction measurements and see how people see that they are being treated and have opportunities to express themselves and advance in our organization.

Water is a natural one for Kemira. So water intensity and circularity continues to be on the list, and we start to monitor that even more than we have today and report that. So these are the targets that we'll be following going forward, obviously, working on the previous targets also that we had earlier.

As a last, we continue to go into '21. COVID-19 is a reality for several months to go probably to the second half of 2021. Raw material prices have now started to come up. We have announced half a dozen price increases already to mitigate that. Also, logistics is a challenge at the moment. Containers are in the wrong locations in the world, and spot logistics prices are sky high. We obviously have long-term contracts. FX is not helping us.

Demand is improving. Price increases, we are working on. Utilization rates are going up. And our cost -- fixed cost, especially are early in control. So we continue to work on these topics and mitigate those actions and take opportunities where we can and also grow the business. Operational agility is really important to continue to serve the customers.

We have a couple of bigger investment projects ongoing: Polymer capacity in United States, 1 step of FDA, indeed, started up already last year and is running well. Next, we have the EPAM lines coming, and timing for that is quite good as shale is picking up. South Korea, dry polymers for the Asia Pacific market. We have dry polymers in Europe and the America, but we don't have them in Asia Pacific. So this is a good add to our portfolio. And then the bridging capacity in Uruguay, expanding that in the next years. And all of these will bring profitability and growth.

That concludes my 2020 summary and a feel for how we're going into '21. And next, I'll ask Petri to come and give more color on the figures of 2020. Petri, please.

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

Thank you, Jari, and good morning from my part as well. So I think we -- with the financial report of 2020, we actually put -- we're finally putting a very difficult year behind us. Exceptional year, but Q4 repeated the same themes, which we have been repeating and reporting out in the previous quarters, meaning strong profitability, good cash flow and then improved capital efficiency. I'll cover some of the drivers behind those.

Volumes continue to be down year-on-year, but sequentially, we are seeing clear improvement on that one as well. At the end, I will also cover outlook for '21 and then our assumptions and sensitivities around it.

Let's start with the traditional profitability bridge. So revenue did decline 8%. That's a lower rate of decline compared to the previous year. So again, sort of showing improvement during the quarter versus the previous quarters. Half of it was impacted by FX. The other half, pretty much equally impacted by volumes and some price declines as well. Jari already mentioned that sales prices are something we are addressing because we now see the trend that the raw material prices are starting to come up. And these price increases actually are global, and they're covering very large share of our products.

Looking at the price decline, I think it's good to understand that about half of that decline comes from either traded products, and the most significant traded product that we have is caustic soda, or they come with contracts that we have a formula-based pricing mechanism. So those price declines reflect the historical raw material price decline. And obviously, they will then revert automatically if the raw material prices increase as now seems to be the case.

Obviously, looking at the bridge, profitability is mostly impacted by the variable cost reduction. And this number now, and Jari already talked about this, includes some of our own efficiencies. Those efficiencies coming from backward integration from some of the named investments as well as the -- yes, so that -- one thing that's -- when looking at the price impact, one should really look at the net impact of what happens not only on the variable cost side, but also offsetting the price impact of that because that then reflects some of the formula-based and traded products.

In Q4, there was one item of accounting -- item affecting comparability, larger item, which we reported out. And this is the reserve that we took for an energy company within our industrial park, where we have an indirect ownership stake. And there is a plan for closing that energy company. And this is -- this energy company actually provides team for us, but perhaps more that we are actually selling through us at 0 margin this team to another operator in that energy park. And I will come back to that in my sort of guidance for '21. And then Jari already mentioned that we did have a targeted savings actions in Pulp & Paper, Americas reflecting our reaction to the market demand and market changes.

Year-on-year, we see the continuation of the trend of raw material prices or variable costs coming down. Price decrease compared to that is quite modest. And as I said, it's mostly about caustic and some of the traded products. While the historical trend on the raw material cost has been under decline, now there is a clear reversal of that. Oil price increases and general pickup in economic activity is driving some of the costs up.

Now let's not exaggerate that because I think that modest increases are relatively modest. Propylene price is something that is up and can be seen in the traded products and public sources, but we are not buying properly, but rather the derivatives that are coming out of that.

So overall, the raw material environment becomes more inflationary. And obviously, we need to address that with price increase actions of our own. The backward integration benefits that Jari already talked about from AKD investments as well as the investment in Netherlands, they will continue to positively contribute to this chart still this year, particularly in the first half.

On the supply chains, which Jari mentioned, we are -- they are operating relatively well. Considering the issues that we have had with the economy and also with Brexit. Brexit itself is causing some harm, meaning some additional work, but our ability to deliver product has not been impacted seriously.

Cash flow. Cash flow was very strong during Q4. And actually, I was probably underestimating the cash flow when I was protecting it in the previous quarter call after Q3. So basically, if one ignores the EUR 15 million capital return in 2019, we were pretty much at the same level of 2019. And again, no issues with our receivable quality, and inventory rotation continued to improve in Q4.

Our accounts payable, they seasonally increased during Q4 as some of the personnel payables accruals increased as well as the seasonal CapEx approvals tend to be higher at the year-end.

Looking at the CapEx. We came pretty much in line with our EUR 200 million estimate, ended up at EUR 196 million. And again, for 2021, we are sort of guiding to that same EUR 200 million range. Most significant expansions in '21 are our polymer plant in Mobile, Alabama as well as the expansion project in Uruguay that Jari talked about.

We have not and we still do not sort of published an official guidance for our return on capital or capital efficiency. But for a long time, I sort of considered that 12% is a good ratio and realistic for us, particularly as we have about EUR 500 million of goodwill in our balance sheet. Now we have reached this 12% and certainly gives some satisfaction of having achieved that. So with strong cash flow and improved profitability, we continue to deliver the company.

So net leverage compared to if you use pre-IFRS 16 ratios at 1.6% is about 0.6% reduction from 2018. So 0.6% reduction. And obviously, this sort of deleveraging does give opportunities for either for growth and supporting our growth initiative that Jari was talking about, whether these investments are inorganic or organic investments.

During the year, we updated our profitability target. So meaning the operative EBITDA at 15% to 18%. So we increased the high end of that range. And we also updated our dividend policy in our -- during our Capital Markets Day.

Talking about dividend. So consistent with that updated dividend policy and also reflecting the good profitability and strong cash flow, the Board is now proposing that we increase our dividend by EUR 0.02 to EUR 0.58 from EUR 0.56. And this payment -- this dividend will be paid into installments like it was during 2020. What is different this year, however, is that the Board is not withholding discretion on the payment of the second tranche.

So what to look for in '21? So I think the consensus base case is an economic recovery -- global economic recovery accelerating in the second half of the year. And we are sort of comparing with this base case. Obviously, it has a lot of uncertainties around COVID whether the vaccines are available in the time lines that market and everyone expects and efficiency of those. But let's not forget about the supporting factors that we have. The North American restructuring will provide some fixed cost savings, lots of the -- part of the COVID-related fixed cost savings will continue. For example, travel was down significantly during 2020, but not yet in Q1. And so we will see benefits on that side. Also, our headcount was down for the year by almost 150 employees. So obviously, our fixed cost run rate going into '21 will be lower than starting 2020.

Current trends also in the market are positive in Q4, the volumes were better. And currently, we see no reason to worry about that trend reversing. Oil price has picked up even in recent weeks after the year-end and benefiting shale. And if one looks at the prices that are paid for pulp and packaging grades, those prices are obviously supporting our customers and their production volumes. And remember, our business is really driven by the production volumes of our customers in the Pulp & Paper segment.

On the negative side, FX rates at current rates does provide or do provide some negative headwind against us. If the current rates were to prevail for all of '21, that would be roughly EUR 10 million negative on the EBITDA range, so that EBITDA number. So that does give some measure of the FX headwind that we are seeing. But nevertheless, that is sort of what we have -- what we are expecting today and is based, for example, into our EBITDA guidance.

Something that you may want to consider that when you model for us next year is that approximately EUR 20 million of the 0 margin energy sales will not repeat itself anymore in '21 or thereafter. Also in I&W, there was 1 customer where we changed our business model so that -- rather than be a contract manufacturer for them, now we become a tolling partner for them. And that has 0 margin impact itself, but it actually does report -- reduce reported revenue by roughly EUR 10 million. So there's roughly EUR 30 million of revenue decline going forward in '21 that has no margin impact.

So with that, I think I'll turn to our outlook. And you see the assumptions that are mentioned here on the right. I think I recovered them pretty much a base case for economic recovery. And obviously, we expect no major disruptions to our own operations or those major disruptions to supply chains because of COVID or any other reason. And with that, we expect revenue to return to growth, measured by local currencies. And eliminating M&A impact and profitability by EBITDA measure, we expect to be at the same level or slightly lower than in 2020. And in the context of EBITDA, our operative EBITDA, we have now defined slightly to being less than 5%.

With that, I think we're ready to move for Q&A.

Mikko Pohjala *- Kemira Oyj - VP of IR*

Good. Many thanks, Jari and Petri. We can -- you can submit your questions via the webcast or then via the teleconference. So maybe we'll turn to the operator first.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Martin Roediger from Kepler Cheuvreux.

Martin Roediger - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

Yes. I start with the guidance. What are the parameters for the high end of the guidance range to the flat EBITDA? And what are the parameters for the low end of the guidance range, i.e., up to minus 5% in operative EBITDA? That is the first question.

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

So it is the -- how the market will develop and how the demand will pick up. We see some negative development in some of the raw materials, but we see positive development also in the demand picture. And no sort of huge parameter mathematics in here, but please also keep the comparable FX in mind. So should we meet as we target, obviously meet the EUR 435 million operative EBITDA, we actually have improved our performance in that situation as the FX situation tends to work us -- against us in translation.

Martin Roediger - *Kepler Cheuvreux, Research Division - Equity Research Analyst*

And my second question is on the start of the business in 2021, we have already seen or heard several other chemical companies, which have indicated at the start within Q1 has been in line with the trajectory seen in Q4. Is that the same for Kemira as well? Or is it somewhat different?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

No change in the run rate of the business. Obviously, there are some seasonalities through winter and so on, but nothing that has changed the picture. So we saw sequential recovery of demand in second half and expect to also grow this year.

Operator

Our next question comes from Anssi Kiviniemi from SEB.

Anssi Kiviniemi - *SEB, Research Division - Analyst*

It's Anssi from SEB. A couple of questions from my side, and sorry if the questions have been already answered. I missed part of the conference call, so sorry about that. First of all, kicking off with the emission right compensation. How much did this support the result?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Well, it's their third quarter and fourth quarter every year. It's a couple of million, but not a meaningful number.

Anssi Kiviniemi - *SEB, Research Division - Analyst*

Okay. Then mandatory raw material question. What are you currently seeing ahead? How much will be raw materials up this year? If -- let's assume that the spot rates continue as they are currently?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Well, some raw materials are now creeping up. And that's not only a pricing question, it's also availability question. So value chains are not operating as they should. If you think of the North American road transportation and traffic, that is down still due to COVID-19. So refineries are not making as much gasoline and diesel, and then they're not making ethylene and propylene. So these are the anomalies that we see. We see some creep up and mostly that creep up is expected to happen in the first half of the year and then flatten out. And therefore, we have also issued 6 price increases, if I remember right, the last weeks and months. And that price increase impact is sort of close to half of our revenue. We need to just push them through now.

Anssi Kiviniemi - *SEB, Research Division - Analyst*

Okay. And the logistics situation, there are disturbances between Asia and western markets. But we are also seeing higher truck rates, for example, in the U.S. So will this be additional headwind for you guys? When we enter into 2020? Or kind of how do you see that situation developing?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Definitely, spot freights are up significantly. So there, we have to plan carefully and book well ahead. So if the booking time in Asia Pacific was a week or 2, now we're talking a month or 2 ahead of bookings so that you can manage that cost. Sea containers, as I said, are in wrong location in the world. So we see some from that, but mostly, we are also contracted already for our delivery lanes. And in North America for I&W, we have our own truck fleet, which helps in this situation. So some from that. I would say the biggest issue right now is the U.K. border and the Brexit. So there, especially from Europe to -- sorry, from U.K. to Europe, that is more of a hassle to cross the border now and their times and costs are up. So we are watching that carefully. Our organization is very good at this, but something that needs to be carefully monitored.

Anssi Kiviniemi - *SEB, Research Division - Analyst*

Good. Then the oil and gas, so could you talk a little bit about the situation there. I mean we are seeing, let's say, better fundamentals for your customers to start investing once again. So how do you see the activity of what should we expect from that business when we enter into 2021?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

The North Sea CEOR never saw a change. So that demand continued on a good trend, and we expect it to continue also on a good trend. And our new line in Netherlands is helping us as a self-help. So that is unchanged and continues this year. Oil sands, the tailings treatment, which starts in April, May and goes until September, October in Canada, that will recover to the -- close to the 2019 levels was down for the reason that customers were saving cash last year. So that improves. And shale, we have sequentially seen going up. So that's the demand picture. And certainly, WTI being close to $60 is helping the customers.

Anssi Kiviniemi - *SEB, Research Division - Analyst*

Good. And the last question is on the FX impact. So I missed it. So did you give out an explicit figure that is included in your guidance? Or what was it?

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

Yes. Anssi, so I mentioned that at current rates, the FX is about EUR 10 million negative impact to us year-on-year for '21 versus '20.

Mikko Pohjala - *Kemira Oyj - VP of IR*

We have a number of questions, operator, from the webcast tool. So maybe I'll take them here in between and let the queue form in the teleconference. So if we start with the first question, this is Jari for you. So how would you estimate the Biden administration? What kind of impact will it have on fracking and on Kemira's operations in the shale market?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Well, it needs to look at it as a whole picture and not as pockets, but I see it as a neutral to positive type of development. There are initiatives on the water side that are happening. And on the water, safety and regulation, which are positive for us. I don't think the oil sands situation goes anywhere. Well, prices have now developed nicely. We are operating in our shale in the sort of hotspots of the shale business, mainly Permian Basin, and I don't see a big change in that due to the administration change.

Mikko Pohjala - *Kemira Oyj - VP of IR*

All right. All right. Then we have a couple of financial-related questions. These are related to the temporary cost savings from the pandemic. So have you quantified how much fixed costs were reduced in 2020 related to the pandemic such as traveling. So this maybe, Petri, for you.

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

Of course, of course. And well, we haven't called it out. Travel savings alone '20 versus '19 were more than EUR 10 million for us. And it will be actually interesting to see once we are in a post-COVID world, at what rate will those costs return because I think many of us are actually thinking about our travel plans and travel behavior differently. So for example, right now, we do not expect that '21 would see the return to the '19 levels. However, '21, we'll see somewhat higher travel expense than in '20. That is our -- that is in our base case, as we expected, the sort of -- we are getting towards more normalcy, particularly in the second half of the year. I think that's really the travel.

Mikko Pohjala - *Kemira Oyj - VP of IR*

Then another financial question. Could you sort of remind us what was the amount of possible financial support you received related to the pandemic in 2020?

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

There was some, but not a whole lot. I mean, we got some, for example, in China, some reductions in social benefit costs. And some isolated helps like that, but no significant government help globally. So we're really talking about -- even as we consolidate all of that, it's very -- low single million number, EUR 1 million, EUR 2 million, EUR 3 million or something like that.

Mikko Pohjala - *Kemira Oyj - VP of IR*

Thank you, Petri. One more question from online at this point. This is a continuation to the raw material question. So what is the magnitude of sort of the price pressure that you're seeing in your raw material basket as a whole?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Yes. So it varies. I mean, if you think of the basket, there are things that are flat, there are things that are going down and there are things that are on a rising trend. And then remember, our self-help on it and also then FX because we do buy dollar-based raw materials that we then sell in euros.

So it's a complex thing. But we are not talking about huge jumps. There might be some individual products that there are significant short-term jumps, but so it goes to the downside also. But not huge, but some that we need to recognize it.

Mikko Pohjala - *Kemira Oyj - VP of IR*

Good. There are no more questions from the tool. So I'll hand it over back to the operator if there are further questions on the line.

Operator

We have a question from Harri Taittonen from Nordea.

Harri Taittonen - *Nordea Markets, Research Division - Senior Director & Sector Coordinator*

The question on the shale business. I mean, now with the sort of increased capacity coming on stream and -- how much, I mean, if you put to perspective that the potential volume that you can kind of do after the capacity expansion compared to where you were before the COVID-19 crisis started, just to kind of give a sort of a feel of what -- how much bigger this business could be before the crisis started?

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Okay. Maybe a bigger picture of our Mobile, Alabama investment. So there's 2 sort of plants that we built there. One is AMD plant. And we went from an old copper-based AMD plant, closed that down and then open this new bioenzyme-based plant reflecting again our bio initiatives. And that AMD is a raw material for polymers. So that took our cost point down also in efficiency. So again, some self-help items.

Then we have an EPAM line coming that adds capacity, but it's also the latest technology for EPAM. So efficiencies go up, but capacities also go up. And we have several tens of percentages of added capacity to offer to the market after it's up and running, and the demand has recovered as we've seen right now.

Harri Taittonen - *Nordea Markets, Research Division - Senior Director & Sector Coordinator*

Okay. And basically, the timing of the ramp-up. Or what would be the sort of the time line for -- assuming the market takes the volume? When would that sort of...

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

We'll start ramping it up in a few months, depending on the COVID situation and people travel capabilities. And then second half is the ramp-up time. We have hired some of the people already. They are in training, and we can run it. We would prefer running that line and getting up and running because it's obviously more efficient than some older lines. So it's also how we run the balance of production.

Harri Taittonen - *Nordea Markets, Research Division - Senior Director & Sector Coordinator*

Okay. Okay. So basically, there is a little bit of expenditure going to -- so you're seeing a small negative impact before the start-up related to the training, which...

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

That's ongoing. So that's not meaningful. The AMD line has started up successfully, so no issues there. There can be situations where we make a non-spec product, and there might be some onetime write-off costs of inventory then. But hopefully, it goes well because the process is well-known for us. It's not new.

Harri Taittonen - *Nordea Markets, Research Division - Senior Director & Sector Coordinator*

Good. Good. Then just another question on the FX, the EUR 10 million you mentioned at the current sort of raise. But can you give a feel like how much is related to -- is it sort of more like repatriation of profits? Or is it more like a transactional exports related to exports from your land to the dollar change?

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

Mostly -- the currency exposure for us is mostly translation. So if you -- and there's -- in the backup of our deck, there is actually the currency split down. So our cost base and revenue base actually matched quite well. So we don't transport that much across continents. So it comes mostly from translation.

Operator

There appear to be no further audio questions.

Mikko Pohjala - *Kemira Oyj - VP of IR*

All right. Thank you for the question. There seem to be no questions from the webcast or either. So warm, thanks for everyone for participating and for the questions. As a reminder, we publish the Q1 results on Tuesday, 27th of April. But if there is any further questions, please do reach out to me, and have a nice afternoon. Thank you.

Jari Rosendal - *Kemira Oyj - Chairman of Management Board, President & CEO*

Thank you.

Petri Castrén - *Kemira Oyj - CFO & Member of Management Board*

Thank you.
