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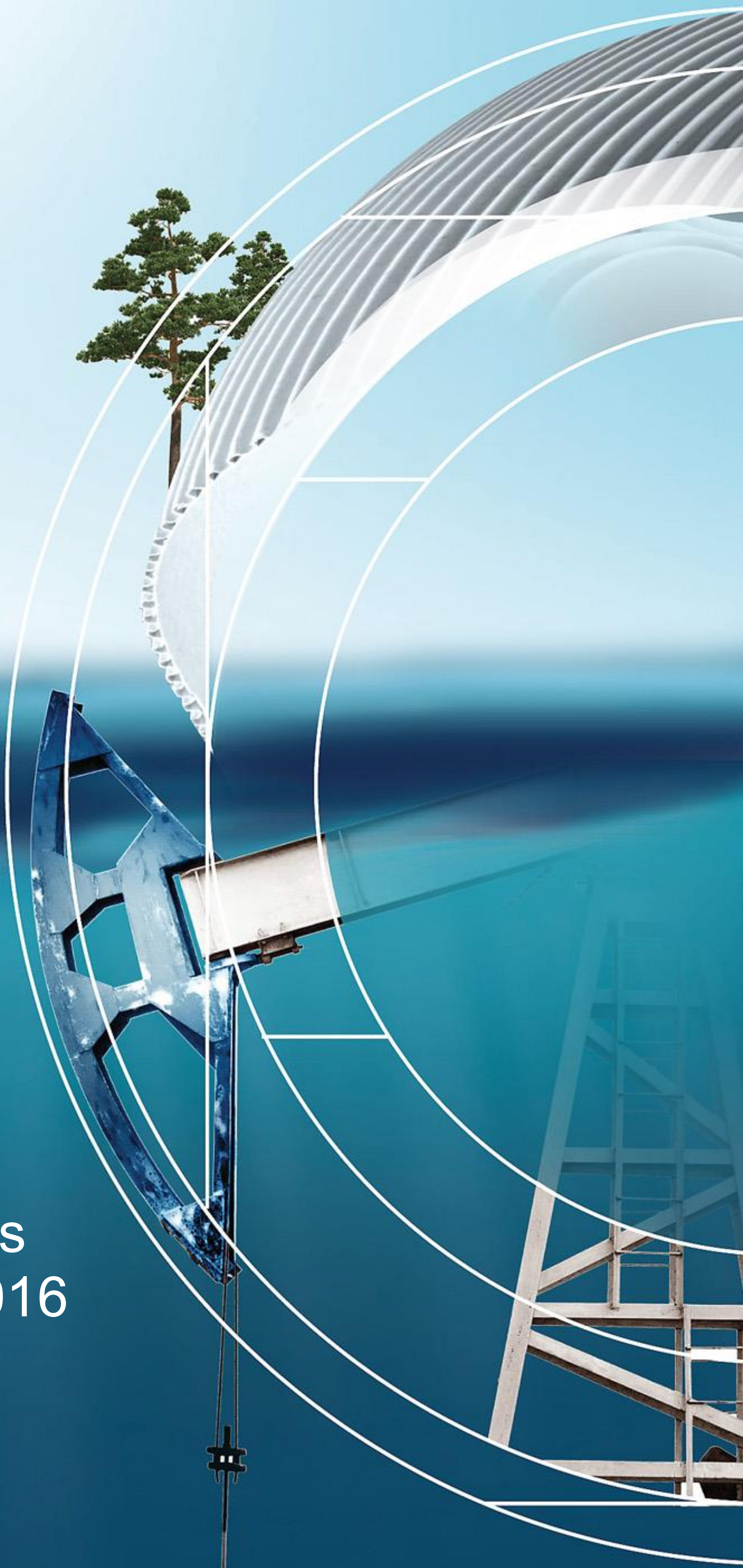
Financial Statements Bulletin 2016



PROFITABILITY IMPROVEMENT CONTINUED IN 2016

Fourth quarter

- Revenue remained at approximately the prior year level and was EUR 596.5 million (600.2) as the growth in Oil & Mining was offset by decline in sales prices in Pulp & Paper and Municipal & Industrial. Revenue in local currencies, excluding acquisitions and divestments, decreased 1%.
- Operative EBITDA increased 3% to EUR 70.0 million (68.0) driven by sales volume growth and lower fixed costs. Operative EBITDA margin improved to 11.7% (11.3%).
- Earnings per share increased to EUR 0.11 (0.02) due to higher profitability and lower taxes.

Full year

- Revenue remained at approximately the prior year level and was EUR 2,363.3 million (2,373.1) as growth from acquisitions and increased sales volumes was offset by decline in sales prices and challenging market impacting Oil & Mining segment. Revenue in local currencies, excluding acquisitions and divestments, decreased 2% as volume growth was not able to offset declining sales prices.
- Operative EBITDA increased 5% to EUR 302.5 million (287.3), mainly due to sales volume growth while lower sales prices were offset by lower variable costs. Operative EBITDA margin improved to 12.8% (12.1%).
- Earnings per share increased 28% to EUR 0.60 (0.47) due to improved profitability and gain on the sale of electricity assets.

Dividend proposal for 2016

The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53) to the Annual General Meeting 2017, totaling EUR 81 million (81).

Outlook for 2017

Kemira expects its operative EBITDA to increase from the prior year (2016: EUR 302.5 million).

Kemira's President and CEO Jari Rosendal:

"The fourth quarter was our 10th consecutive quarter of year-on-year operative EBITDA improvement. Municipal & Industrial demonstrated good performance in operative EBITDA while Pulp & Paper was affected by higher than normal impact of maintenance breaks. Oil & Mining had the first quarter of revenue growth since Q1 2015 as the demand from shale oil and gas operators has recovered from the bottom.

In 2016, our revenue remained at the prior year level with improving operative EBITDA by EUR 15 million despite challenging oil and gas markets. The profitability improvement from 12.1% to 12.8% is a good achievement in the current market environment. In addition, our cash flow from operations improved and cash flow after investing activities more than covers the dividend proposal. I am pleased with our development, especially when considering the volatile market conditions.

In Pulp & Paper, we had sales volume growth in 2016 while sales prices declined. Sales prices have declined as a result of the lower raw material prices and competitive market environment. Despite the negative organic growth, the segment improved its operative EBITDA margin to 13.4% from 12.1% driven by acquisition synergies, higher utilization rates, and new capacity. During the year, we started up a new bleaching chemical site in Brazil and initiated an EUR 50-60 million investment in the new sodium chlorate line in Finland, which is expected to be in production in the fourth quarter of 2017.

In Oil & Mining, adverse market development led to lower revenue and declined profitability for the year. We have seen signs of recovery in the shale market after the summer of 2016. We continued investments into new long-term growth areas, such as oil sands and Chemical Enhanced Oil Recovery. These created new revenue streams for us during the year even as the market uptake in CEOR has been slower than expected and the market is very competitive.

In Municipal & Industrial, sales volume growth and profitability improvement continued. The operative EBITDA margin reached 14.9% compared to 13.7% in 2015. The improvement is mainly driven by better operational performance, customer focus, and lower raw material prices. The closures of sites in Canada and Spain enabled to improve our utilization of capacity and efficiency.

Looking back to our development since 2014, we have increased our revenue by EUR 230 million and operative EBITDA by EUR 50 million. This is a good achievement, taking into account adverse oil and gas markets. We continue to drive for profitable growth towards our mid- to long-term targets of above-the-market revenue growth and operative EBITDA margin of 14-16%. We look into 2017 with cautious optimism, despite macroeconomic and political uncertainties. Kemira expects its operative EBITDA to increase from the prior year."

KEY FIGURES AND RATIOS

EUR million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Revenue	**596.5**	600.2	**2,363.3**	2,373.1
Operative EBITDA	**70.0**	68.0	**302.5**	287.3
Operative EBITDA, %	**11.7**	11.3	**12.8**	12.1
EBITDA	**65.5**	57.7	**284.2**	263.8
EBITDA, %	**11.0**	9.6	**12.0**	11.1
Operative EBIT	**36.1**	33.1	**170.1**	163.1
Operative EBIT, %	**6.1**	5.5	**7.2**	6.9
EBIT	**29.2**	17.8	**147.0**	132.6
EBIT, %	**4.9**	3.0	**6.2**	5.6
Finance costs, net	**-5.9**	-5.8	**-19.1**	-30.8
Profit before taxes	**23.3**	12.0	**128.0**	102.1
Net profit for the period	**18.2**	4.4	**97.9**	77.2
Earnings per share, EUR	**0.11**	0.02	**0.60**	0.47
Capital employed*	**1,718.2**	1,659.5	**1,718.2**	1,659.5
Operative ROCE*	**9.9**	9.8	**9.9**	9.8
ROCE*, %	**8.6**	8.0	**8.6**	8.0
Cash flow from operating activities	**102.4**	112.6	**270.6**	247.6
Capital expenditure excl. acquisitions	**89.4**	61.2	**212.6**	181.7
Capital expenditure	**89.3**	63.2	**210.6**	305.1
Cash flow after investing activities	**13.4**	49.8	**97.8**	-53.8
Equity ratio, % at period-end	**45**	46	**45**	46
Equity per share, EUR	**7.68**	7.76	**7.68**	7.76
Gearing, % at period-end	**54**	54	**54**	54
Personnel at period-end	**4,818**	4,685	**4,818**	4,685

*12-month rolling average (ROCE, % based on the EBIT)

Kemira provides certain financial performance measures (alternative performance measures) on non-GAAP basis. Kemira believes that alternative performance measures, like operative EBITDA and operative EBIT, followed by Kemira management, provide useful and more comparable information of its operative business performance.

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.

FINANCIAL PERFORMANCE IN Q4 2016

Revenue decreased 1% to EUR 596.5 million (600.2) as the growth in Oil & Mining was offset by decline in sales prices in Pulp & Paper and Municipal & Industrial. Revenue in local currencies, excluding acquisitions and divestments, decreased 1%.

Revenue, EUR million	Oct-Dec 2016	Oct-Dec 2015	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**368.6**	372.3	-1	-2	+1	0
Oil & Mining	**81.7**	76.4	+7	+5	+1	+1
Municipal & Industrial	**146.2**	151.5	-3	-3	-1	0
Total	**596.5**	**600.2**	-1	-1	+1	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased 3% to EUR 70.0 million (68.0) driven by sales volume growth and lower fixed costs. Operative EBITDA margin improved to 11.7% (11.3%).

Variance analysis, EUR million	Oct-Dec
Operative EBITDA, 2015	**68.0**
Sales volumes	+5.3
Sales prices	-23.1
Variable costs	+13.2
Fixed costs	+2.7
Currency exchange	+1.9
Others	+2.0
Operative EBITDA, 2016	**70.0**

Operative EBITDA	Oct-Dec 2016 EUR, million	Oct-Dec 2015 EUR, million	Δ%	Oct-Dec 2016 %-margin	Oct-Dec 2015 %-margin
Pulp & Paper	**46.3**	46.9	-1	**12.6**	12.6
Oil & Mining	**3.2**	3.6	-11	**3.9**	4.7
Municipal & Industrial	**20.5**	17.5	+17	**14.0**	11.6
Total	**70.0**	68.0	+3	**11.7**	11.3

EBITDA increased 14% to EUR 65.5 million (57.7). **Items affecting comparability in EBITDA** totalled EUR -4.5 million (-10.3) and mainly resulted from restructuring and integration costs. In the previous year, items affecting comparability were mainly restructuring costs related to acquisitions and site closures.

Depreciation, amortization and impairments decreased to EUR 36.3 million (39.9) due to fewer items affecting comparability. The line item included EUR 5.5 million (4.6) amortization of purchase price allocation. **Items affecting comparability within depreciation, amortization and impairments** were EUR -2.4 million (-5.0) and were related to the optimization of manufacturing network.

Items affecting comparability, EUR million	Oct-Dec 2016	Oct-Dec 2015
Within EBITDA	**-4.5**	-10.3
Pulp & Paper	-1.9	-4.1
Oil & Mining	-0.9	-0.3
Municipal & Industrial	-1.7	-5.9
Within depreciation, amortization and impairments	**-2.4**	-5.0
Pulp & Paper	-2.3	-0.2
Oil & Mining	0.0	-3.8
Municipal & Industrial	-0.1	-1.0
Total items affecting comparability in EBIT	**-6.9**	-15.3

Operative EBIT increased 9% to EUR 36.1 million (33.1) driven by higher profitability. **Operative EBIT margin** was 6.1% (5.5%). **EBIT** increased 64% to EUR 29.2 million (17.8) with a margin of 4.9% (3.0%).

Finance costs, net totaled EUR -5.9 million (-5.8). **Income taxes** were lower and amounted to EUR -5.1 million (-7.6) due to the recognition of carry forward tax losses.

Net profit attributable to equity owners of the parent company was EUR 16.7 million (2.9) and earnings per share were EUR 0.11 (0.02). EPS increased due to higher profitability and lower taxes.

FINANCIAL PERFORMANCE, FULL YEAR 2016

Revenue remained at approximately the prior year level and was EUR 2,363.3 million (2,373.1) as the growth from acquisitions and sales volumes offset the decline in sales prices and the challenging market impacting our Oil & Mining segment. Currencies had 1% negative impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, decreased 2% as the volume growth was not able to offset the decline in sales prices.

Revenue, EUR million	**Jan-Dec 2016**	Jan-Dec 2015	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**1,457.3**	1,417.3	+3	-1	-1	+4
Oil & Mining	**309.5**	350.1	-12	-11	-1	0
Municipal & Industrial	**596.5**	605.7	-2	0	-1	0
Total	**2,363.3**	2,373.1	0	-2	-1	+3

* Revenue in local currencies, excluding acquisitions and divestments

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 52% (52%), the Americas 38% (40%), and Asia Pacific 10% (8%).

Operative EBITDA increased 5% to EUR 302.5 million (287.3), mainly due to sales volume growth, while lower sales prices were offset by lower variable costs. Operative EBITDA margin improved to 12.8% (12.1%).

Variance analysis, EUR million	**Jan-Dec**
Operative EBITDA, 2015	**287.3**
Sales volumes	+12.4
Sales prices	-76.3
Variable costs	+76.6
Fixed costs	-3.8
Currency exchange	-1.9
Others	+8.2
Operative EBITDA, 2016	**302.5**

Operative EBITDA	**Jan-Dec 2016 EUR, million**	Jan-Dec 2015 EUR, million	Δ%	**Jan-Dec 2016 %-margin**	Jan-Dec 2015 %-margin
Pulp & Paper	**195.3**	171.0	+14	**13.4**	12.1
Oil & Mining	**18.4**	33.5	-45	**5.9**	9.6
Municipal & Industrial	**88.8**	82.8	+7	**14.9**	13.7
Total	**302.5**	287.3	+5	**12.8**	12.1

EBITDA increased 8% to EUR 284.2 million (263.8). **Items affecting comparability in EBITDA** were EUR -18.3 million (-23.5) and in both years were mainly related to restructuring programs and integration costs.

Depreciation, amortization and impairments increased to EUR 137.2 million (131.2) due to increased investments including EUR 19.2 million (12.6) amortization of purchase price allocation. **Items affecting comparability within depreciation, amortization and impairments** were EUR -4.8 million (-7.0) and were mostly related to write-downs due to the restructuring of manufacturing plants.

Items affecting comparability, EUR million	Jan-Dec 2016	Jan-Dec 2015
Within EBITDA	**-18.3**	-23.5
Pulp & Paper	-7.5	-13.9
Oil & Mining	-6.8	-2.7
Municipal & Industrial	-4.0	-6.9
Within depreciation, amortization and impairments	**-4.8**	-7.0
Pulp & Paper	-2.5	-0.3
Oil & Mining	-1.5	-5.5
Municipal & Industrial	-0.8	-1.2
Total items affecting comparability in EBIT	**-23.1**	-30.5

Operative EBIT increased 4% to EUR 170.1 million (163.1). **Operative EBIT margin** improved to 7.2% (6.9%). **EBIT** increased 11% to EUR 147.0 million (132.6) with a margin of 6.2% (5.6%).

Finance costs, net totaled EUR -19.1 million (-30.8) including a EUR 5 million capital gain from the sale of electricity production assets (Pohjolan Voima Oy) recognized in the second quarter of 2016. Changes in fair values of electricity derivatives were EUR 2.2 million (-0.8). The currency exchange differences had EUR -1.1 million (-2.0) impact on the net financial expenses.

Income taxes were EUR -30.1 million (-24.9). The change is related to higher profit before taxes.

Net profit attributable to equity owners of the parent company increased 29% to EUR 91.8 million (71.0) and earnings per share increased to EUR 0.60 (0.47) driven by lower financing costs and improved profitability.

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2016 increased to EUR 270.6 million (247.6), mainly due to higher profitability and lower net working capital. Cash flow after investing activities increased to EUR 97.8 million (-53.8). In the previous year, the acquisition of AkzoNobel's paper chemicals business had a material impact on the figures.

At the end of 2016, interest-bearing liabilities totaled EUR 807 million (794). The average interest rate of the Group's interest-bearing liabilities was 2.1% (2.0%). The duration of the Group's interest-bearing loan portfolio was 26 months (31). On December 31, 2016, cash and cash equivalents totaled EUR 173 million (152). Group's net interest-bearing liabilities were EUR 634 million (642).

Short-term liabilities maturing in the next 12 months amounted to EUR 158 million. The Group has good liquidity and funding options, including an undrawn EUR 400 million revolving credit facility.

At the end of the period, the equity ratio was 45% (46%), while the gearing was 54% (54%). The shareholders' equity was EUR 1,182.9 million (1,193.2).

The Group's most significant transaction currency risks arise from the Swedish krona, the U.S. dollar, and the Canadian dollar. At the end of the year, the denominated 12-month exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 56 million, 68% of which was hedged on an average basis. The U.S. dollar denominated exchange rate risk was approximately EUR 42 million, 51% of which was hedged on an average basis. The Canadian dollar denominated exchange rate risk was approximately EUR 23 million, 64% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the Chinese renminbi, Norwegian krona, and Brazilian real with the total annual exposure in these currencies of approximately EUR 49 million. 49% of NOK's exposure was hedged on an average basis.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent to which the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than euro. The most significant translation exposure derives from the U.S. dollar, the Swedish krona, the Canadian dollar, the Chinese renminbi, and the Brazilian real. Strengthening of these currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect. In 2016, currency rates had an EUR 1.9 million negative impact on the operative EBITDA.

CAPITAL EXPENDITURE

In 2016, capital expenditure decreased to EUR 210.6 million (305.1) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions, increased to EUR 212.6 million (181.7) and can be broken down as follows: expansion capex 45% (43%), improvement capex 27% (29%), and maintenance capex 28% (28%). The largest investments during the year were chlorate capacity expansions in Finland and Brazil as well as polymer capacity expansions in the UK and Italy.

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 32.1 million (31.9) in 2016, representing 1.4% (1.3%) of the Group's revenue.

Kemira's Research and Development is a critical enabler of the growth and further differentiation. New product launches contribute to the efficiency and sustainability of the customer processes and to the improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, and on its ability to innovate new differentiated products and applications.

The Group's target is to increase the revenue from new products and products for new applications. In 2016, the share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) of the Group's revenue increased to 9% (8%).

At the end of 2016, Kemira had 348 (345) patent families, 1,236 (1,034) granted patents, and 860 (819) pending applications. A patent family covers one invention and has a number of patents or applications in various countries.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,818 employees (December 31, 2015: 4,685). Kemira employed 796 people in Finland (785), 1,813 people elsewhere in EMEA (1,786) 1,558 in the Americas (1,578), and 651 in APAC (536).

CORPORATE RESPONSIBILITY

FOCUS AREA	KPI'S, TARGET VALUES AND STATUS

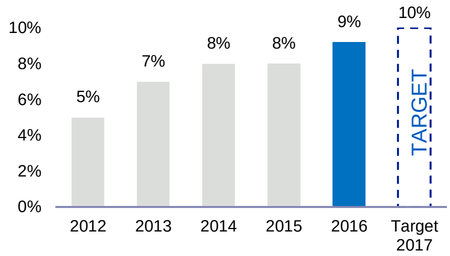
Sustainable products & solutions

Innovation sales

Share of the innovation revenue of total revenue, %

→ 10% by the end of 2017
→ Reported quarterly

Behind target | **In progress** | Achieved



COMMENTS
Due to delays in commercialization of the NPD projects, the Innovation sales target was slightly behind the 10% target. However, a record number of the new products and new treatment concepts was launched in 2016 (14 versus 3 in 2015). Our innovation sales target of 10% was extended by one year until 2017.

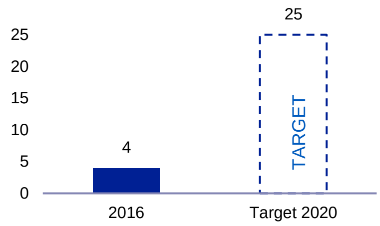
Responsibility in our supply chain

Supplier management

Number of onsite sustainability audits for highest risk suppliers (with lowest sustainability assessment score[1])

→ 5 suppliers audited every year during 2016-2020, average
→ Reported annually

Behind target | **In progress** | Achieved



COMMENTS
The new supplier audit process was initiated with 4 onsite audits conducted by an external service provider.

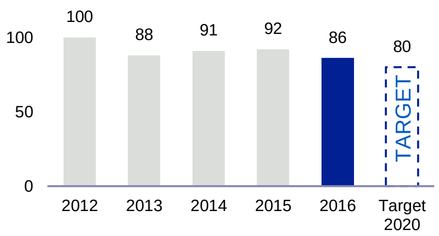
Responsible manufacturing

Climate change

Carbon index

→ Kemira Carbon Index ⩽ 80 by the end of 2020 (2012 = 100)
→ Reported annually

Behind target | **In progress** | Achieved



COMMENTS
The carbon index[2] improved as a result of the purchased electricity sourced from the less carbon-intensive sources. This improvement outweighed the negative effect of the sale of part of Kemira's holding in Pohjola Voima Oy, which entitled to nuclear power production capacity in Finland.

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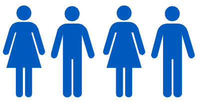
FOCUS AREA	KPI'S, TARGET VALUES AND STATUS



Responsibility towards the employees

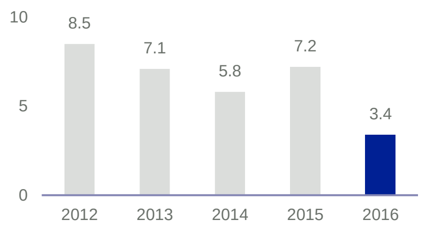
Occupational health and safety

Total Recordable Injuries Frequency (TRIF)

(per million hours, Kemira + contractor, 1 year rolling average)

→ Achieve zero injuries
→ Reported quarterly

Behind target	**In progress**	Achieved



COMMENTS

Safety performance improved significantly due to our time and efforts invested in the management commitment, employee engagement, and higher visibility of the safety-related matters in our internal communication.

Employee engagement

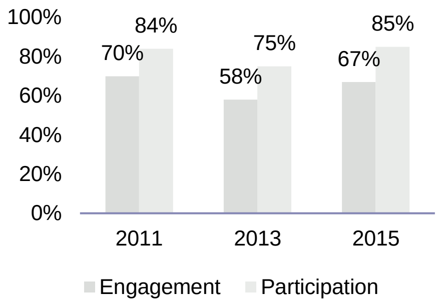
Employee engagement index based on Voices@Kemira biennial survey

→ The index at or above the external industry norm

Participation rate in Voices@Kemira

→ 75% or above
→ Reported biennially

Behind target	In progress	**Achieved**



COMMENTS

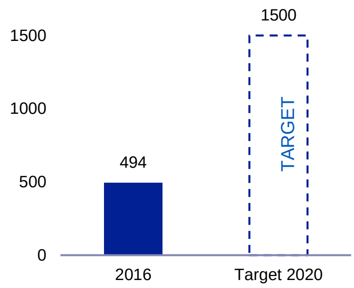
Next Voices@Kemira survey is being planned for 2017.

Leadership development

Leadership development activities provided, average

→ Two (2) leadership development activities per people manager position during 2016-2020[3]
→ Reported annually

Behind target	**In progress**	Achieved



COMMENTS

The number of leadership development activities during 2016 was very high (494), and we are significantly ahead of our target of having 1500 development activities[4] during 2016-2020.

[1] 117 sustainability assessments have been performed for strategic, critical and large spend suppliers.
[2] Carbon index value in 2015 was updated from 91 to 92 due to more accurate information from a few sites.
[3] Cumulative amount of leadership development required to reach two (2) leadership development activities per people manager position during 2016-2020 equals 1500 leadership activities (when number of people manager positions is 650-850).
[4] Development activities include job rotations, coaching and mentoring, and development programs.

SEGMENTS

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and supporting pulp & paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill the customer needs, ensuring the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. Pulp & Paper leverages its strong application portfolio in North America and EMEA and builds a strong position in the emerging Asian and South American markets.

EUR million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Revenue	**368.6**	372.3	**1,457.3**	1,417.3
Operative EBITDA	**46.3**	46.9	**195.3**	171.0
Operative EBITDA, %	**12.6**	12.6	**13.4**	12.1
EBITDA	**44.4**	42.8	**187.8**	157.1
EBITDA, %	**12.0**	11.5	**12.9**	11.1
Operative EBIT	**24.5**	25.9	**111.6**	96.8
Operative EBIT, %	**6.6**	7.0	**7.7**	6.8
EBIT	**20.3**	21.6	**101.6**	82.6
EBIT, %	**5.5**	5.8	**7.0**	5.8
Capital employed*	**1,111.8**	1,068.6	**1,111.8**	1,068.6
Operative ROCE*, %	**10.0**	9.1	**10.0**	9.1
ROCE*, %	**9.1**	7.7	**9.1**	7.7
Capital expenditure excl. M&A	**56.5**	37.2	**127.1**	118.9
Capital expenditure incl. M&A	**56.4**	37.2	**125.1**	240.1
Cash flow after investing activities	**19.8**	43.7	**105.7**	-63.2

*12-month rolling average

Fourth quarter

Segment's **revenue** decreased 1% to EUR 368.6 million (372.3). Revenue in local currencies, excluding acquisitions and divestments, decreased 2% due to lower sales prices while sales volumes increased. Currency exchange rates had a +1% impact on revenue.

In **EMEA**, revenue decreased 4% due to maintenance breaks and lower sales prices. Demand for sodium chlorate and process chemicals improved from the prior year level.

In the **Americas**, revenue increased 6% driven by good demand for bleaching chemicals. South America continued to grow at double-digit rate due to the new sodium chlorate site in Brazil. A maintenance break at the major customer mill impacted profitability more than revenue.

In **APAC**, revenue decreased 5% due to competitive pressure, especially in sizing. The demand for strength and process chemicals was good.

Operative EBITDA decreased 1% to EUR 46.3 million (46.9), mainly due to maintenance breaks. Operative EBITDA margin remained at 12.6% (12.6%). **EBITDA** increased 4% to EUR 44.4 million (42.8) with a margin of 12.0% (11.5%).

Full year

Segment's **revenue** increased 3% to EUR 1,457.3 million (1,417.3). Revenue in local currencies, excluding divestments and acquisitions, decreased 1% due to decline in sales prices, despite the sales volume growth. Currency exchange rates had a -1% impact and acquisitions a +4% impact on revenue.

In **EMEA**, revenue increased 1% to EUR 760.2 million (753.0), mainly due to the acquisition impact. Stable demand for sodium chlorate and process chemicals contributed to the sales volume growth.

In **the Americas**, revenue increased 4% to EUR 519.1 million (501.5). Growth was supported by acquisitions, as well as the new bleaching chemical site in Brazil.

In **APAC**, revenue increased 9% to EUR 178.0 million (162.8), mainly due to acquisitions and sales volume growth. Competitive pressure increased in sizing chemicals during the second half impacting the region's revenue.

Operative EBITDA increased 14% to EUR 195.3 million (171.0), mainly due to sales volume growth, gross margin improvement and acquisitions. Fixed costs also contributed positively. Operative EBITDA margin improved to 13.4% (12.1%). **EBITDA** increased 20% to EUR 187.8 million (157.1) with a margin of 12.9% (11.1%).

OIL & MINING

Oil & Mining provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. The segment uses its in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from its position in North America and EMEA, Oil & Mining continues to build a strong base for growth in South America, Middle East, and Africa.

EUR million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Revenue	**81.7**	76.4	**309.5**	350.1
Operative EBITDA	**3.2**	3.6	**18.4**	33.5
Operative EBITDA, %	**3.9**	4.7	**5.9**	9.6
EBITDA	**2.3**	3.3	**11.6**	30.8
EBITDA, %	**2.8**	4.3	**3.7**	8.8
Operative EBIT	**-1.9**	-2.4	**-3.8**	11.1
Operative EBIT, %	**-2.3**	-3.1	**-1.2**	3.2
EBIT	**-2.8**	-6.5	**-12.1**	2.9
EBIT, %	**-3.4**	-8.5	**-3.9**	0.8
Capital employed*	**274.5**	271.4	**274.5**	271.4
Operative ROCE*, %	**-1.4**	4.1	**-1.4**	4.1
ROCE*, %	**-4.4**	1.1	**-4.4**	1.1
Capital expenditure excl. M&A	**14.6**	9.0	**38.0**	28.5
Capital expenditure incl. M&A	**14.6**	11.2	**38.0**	30.7
Cash flow after investing activities	**-8.9**	7.2	**-19.9**	10.7

*12-month rolling average

Fourth quarter

Segment's **revenue** increased 7% to EUR 81.7 million (76.4). Currency exchange rate fluctuations and acquisitions both had an impact of +1% on revenue. Sales volumes grew at double-digit rate, while the sales prices declined due to client and product mix. Revenue in local currencies, excluding acquisitions and divestments, increased 5%.

In the **Americas**, revenue increased 8%, mainly due to the pick-up in the North American shale oil & gas market. Demand for polymers used in shale fracking started to increase in fall 2016 and increased significantly in the fourth quarter.

In **EMEA**, revenue increased 4% due to growth in deliveries of polymers. Currencies, mainly British pound, and sales prices had a negative impact on revenue.

Operative EBITDA decreased 11% to EUR 3.2 million (3.6) and the margin to 3.9% (4.7%) as the higher sales volumes were not able to offset the decline in sales prices. **EBITDA** decreased to EUR 2.3 million (3.3) with a margin of 2.8% (4.3%).

Full year

Segment's **revenue** decreased 12% to EUR 309.5 million (350.1). Revenue in local currencies, excluding acquisitions and divestments, decreased 11% mainly as a result of lower sales volumes and prices in the U.S. shale oil and gas fracking activity. Currency exchange rates had an impact of -1%.

In **the Americas**, revenue decreased 22% to EUR 191.5 million (245.9), mainly due to lower activity in the shale oil and gas market. Currency exchange had a negative impact on revenue in the region.

In **EMEA**, revenue increased 13% to EUR 118.0 million (104.3) as a result of new product sales in the field of Chemical Enhanced Oil Recovery. The region started polyacrylamide deliveries to India in the second quarter of 2015. However, the contract was not renewed in the beginning of 2017.

Operative EBITDA decreased 45% to EUR 18.4 million (33.5) as a result of the lower revenue. Operative EBITDA margin was 5.9% (9.6%). **EBITDA** decreased 62% to EUR 11.6 million (30.8) with a margin of 3.7% (8.8%).

MUNICIPAL & INDUSTRIAL

Municipal & Industrial is a leading water chemicals supplier for raw and wastewater applications in EMEA and North America, and aims to capture selected growth opportunities in emerging markets. The segment enables its municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products and value adding application support.

EUR million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Revenue	**146.2**	151.5	**596.5**	605.7
Operative EBITDA	**20.5**	17.5	**88.8**	82.8
Operative EBITDA, %	**14.0**	11.6	**14.9**	13.7
EBITDA	**18.8**	11.6	**84.8**	75.9
EBITDA, %	**12.9**	7.7	**14.2**	12.5
Operative EBIT	**13.5**	9.6	**62.3**	55.2
Operative EBIT, %	**9.2**	6.3	**10.4**	9.1
EBIT	**11.7**	2.7	**57.5**	47.1
EBIT, %	**8.0**	1.8	**9.6**	7.8
Capital employed*	**330.7**	320.2	**330.7**	320.2
Operative ROCE*, %	**18.8**	17.2	**18.8**	17.2
ROCE*, %	**17.4**	14.7	**17.4**	14.7
Capital expenditure excl. M&A	**18.3**	14.8	**47.5**	34.2
Capital expenditure incl. M&A	**18.3**	14.8	**47.5**	34.2
Cash flow after investing activities	**15.7**	8.0	**55.6**	38.2

*12-month rolling average

Fourth quarter

Segment's **revenue** decreased 3% and totaled EUR 146.2 million (151.5). Revenue in local currencies, excluding acquisitions and divestments, decreased 3% as the sales prices declined, while sales volumes remained at the prior year level. Currency exchange rate fluctuations had an impact of -1%.

In **EMEA**, revenue decreased 4% due to negative currency effect and lower sales prices, while sales volumes were almost at the prior year level.

In the **Americas**, revenue decline was 1% due to lower sales prices. Currency exchange rates had a minor positive impact.

In **APAC**, revenue decreased 14%, mainly due to lower volumes and changed product mix. Currencies had a minor negative impact on revenue.

Operative EBITDA increased 17% to EUR 20.5 million (17.5) with a margin of 14.0% (11.6%). The profitability improvement resulted mainly from improved gross margin and lower fixed costs. **EBITDA** increased 62% to EUR 18.8 million (11.6) with a margin of 12.9% (7.7%).

Full year

Segment's **revenue** decreased 2% to EUR 596.5 million (605.7). Revenue in local currencies remained at the prior year level as a combination of the higher sales volumes and lower sales prices. Currency exchange rates had an impact of -1%.

In **EMEA**, revenue decreased 1% to EUR 389.6 million (393.2), mainly due to the weak British pound. Organic growth was positive thanks to the higher sales volumes of coagulants and polymers.

In **the Americas**, revenue decreased 2% to EUR 184.5 million (187.7), mainly due to lower sales prices and negative currency exchange rates, while sales volume growth continued.

In **APAC**, revenue decreased by 10% to EUR 22.4 million (24.9), mainly due to slowdown in demand of our industrial customers in China. Currencies had a negative impact on revenue. The region has also increased the focus on product lines with better profitability.

Operative EBITDA increased 7% to EUR 88.8 million (82.8), mostly as a result of improved gross margin and higher sales volumes. Operative EBITDA margin improved to 14.9% (13.7%). **EBITDA** increased 12% to EUR 84.8 million (75.9) with a margin of 14.2% (12.5%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,364.2 million (1,347.0) in 2016. EBITDA was EUR 77.0 million (109.2). EBITDA decreased, mainly due to an increase in intercompany service costs. The parent company's financing income and expenses were EUR 182.2 million (104.8). Financing income and expenses increased, mainly due to dividends from Group companies. Net profit totaled EUR 215.8 million (165.2). Capital expenditure totaled EUR 17.7 million (60.9), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2016, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

At the end of December, Kemira Oyj had 32,622 registered shareholders (32,601). Non-Finnish shareholders held 25.1% of the shares (21.4%) including nominee registered holdings. Households owned 16.0% of the shares (16.1%). Kemira held 2,975,327 treasury shares (3,280,602) representing 1.9% (2.1%) of all company shares.

Kemira Oyj's share price increased 11% since the beginning of the year and closed at EUR 12.13 on the Nasdaq Helsinki at the end of December 2016 (10.88). Shares registered a high of EUR 12.55 and a low of EUR 8.92 in January-December 2016. The volume-weighted average share price was EUR 10.84. The company's market capitalization, excluding treasury shares, was EUR 1,848 million at the end of December 2016 (1,654).

In January-December 2016, Kemira Oyj's share trading volume on Nasdaq Helsinki was 65 million shares (75). The average daily trading volume was 256,233 (298,313) shares. Source: Nasdaq. The total volume of Kemira Oyj's share trading in January-December 2016 was 95 million (112), 32% (33%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Kemira.com.

PERFORMANCE SHARE PLAN FOR MANAGEMENT AND KEY EMPLOYEES

On December 15, 2014, the Board of Directors of Kemira Oyj decided to establish a long-term share-based incentive plan ("Performance Share Plan") directed at a group of key employees in Kemira. The aim of the plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning of Kemira's shares.

The Performance Share Plan includes three performance periods: calendar years 2015, 2016, and 2017. The Board of Directors of Kemira decides on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward is to be paid partly in Kemira's shares and partly in cash. The cash portion covers the taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid if the participant's employment or service ends before the disbursement of the reward. The shares paid as a reward may not be transferred during the restriction period, which will end two years after the end of the performance period. If the participant's employment or service ends during the restriction period, he or she must, as a rule, gratuitously return the shares given as a reward. For details of the plan, see Kemira remuneration statement.

Earnings period 2016

The criteria for the plan for the earning period 2016 was based on the Group's revenue and operative EBITDA margin. The Performance Share Plan 2016 was directed at 85 people. The maximum rewards for 2016 would have corresponded to the value of an approximate total of 504,200 Kemira Oyj's shares and additionally, the cash portion intended to cover taxes and tax-related costs. Group's revenue did not reach the Performance Share Plan's threshold level for 2016, and thus there will be no reward payout for the earnings period 2016.

AGM DECISIONS

Annual General Meeting

Kemira Oyj's Annual General Meeting held on March 21, 2016 confirmed the dividend of EUR 0.53. The dividend was paid out on April 6, 2016.

The AGM 2016 authorized the Board of Directors to decide on the repurchase of a maximum of 4,800,000 company's own shares ("Share Repurchase Authorization"). The Share Repurchase Authorization is valid until the end of the next Annual General Meeting. The Board has not exercised its authority by December 31, 2016.

The AGM 2016 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share Issue Authorization"). The Share Issue Authorization is valid until May 31, 2017. The authorization from the AGM 2016 has been used in connection with the remuneration of the Board of Directors and the authorization from the AGM 2015 has been used for the remuneration of key employees in 2016.

The AGM elected Deloitte & Touche Oy to serve as the company's auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the principal auditor.

CORPORATE GOVERNANCE AND GROUP STRUCTURE

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act, and Nasdaq Helsinki's rules and regulations on listed companies. Furthermore, the company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

Board of Directors

On March 21, 2016, the Annual General Meeting elected seven members to the Board of Directors. The Annual General Meeting re-elected Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas, and elected Kaisa Hietala as a new member to the Board of Directors. Jari

Paasikivi was re-elected as the Board's Chairman and Kerttu Tuomas was re-elected as the Vice Chairman. In 2016, Kemira's Board of Directors met 11 times with a 98.7% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Juha Laaksonen and Kerttu Tuomas as members. In 2016, the Personnel and Remuneration Committee met 4 times with a 100% attendance rate. The Audit Committee is chaired by Juha Laaksonen and has Kaisa Hietala, Timo Lappalainen and Jari Paasikivi as members. In 2016, the Audit Committee met 5 times with a 100% attendance rate.

Changes to company management

On January 20, 2017, Michael Löffelmann, EVP, Projects & Manufacturing Technology, left Kemira to take up a leadership position in another company. Esa-Matti Puputti, EVP Operational Excellence, acts as the interim head of Projects & Manufacturing Technology.

Structure

There have been no acquisitions or divestments during the year which would have impacted the company's structure.

SHORT-TERM RISKS AND UNCERTAINTIES

Effective compliance with and systematic execution of Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

Changes in customer demand

Significant unforeseen decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand of customers' products could have a negative impact on the Kemira's business. Significant decline in certain raw material and utility prices (e.g. oil, gas, and metal) may shift customers' activities in areas, which can be exploited with fewer chemicals. Also, increased awareness of and concern about climate change and more sustainable products may change the customers' demands, for instance, towards water treatment technologies with lower chemical consumption, and this may have a negative impact, especially on the Municipal & Industrial segment's ability to compete. On the other hand, the customer's possible capacity expansions could increase the chemical consumption and challenge Kemira's current production capacity. Failure from Kemira's side to be prepared to meet and manage these changed expectations could result in a loss of the market share.

In order to manage and mitigate this risk, Kemira systematically monitors leading indicators and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between the Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to possible increase in demands. Kemira's geographic and customer industry diversity also provides partial protection against the risk of changed customer demands.

Changes in laws and regulations

Kemira's business is subject to various laws and regulations, which have relevance in the development and implementation of Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations may impact on Kemira's profitability through the increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

Inclusion of new substances into the REACH authorization process may also bring further requirements to Kemira, where failure to obtain the relevant authorization could impact Kemira's business. In addition, the changes in import/export and customs-related regulation create needs for effective monitoring and mastering global trade compliance in order to ensure for instance compliant product importation.

Kemira continuously follows regulatory developments in order to maintain the awareness of proposed and upcoming changes of those laws and regulations which may have an impact, for instance, on its sales, production, and product development needs. Kemira has established an internal process to manage the substances of potential concern and to create management plans for them. Plans would consider, for example, the possibilities to replace certain substances if those would be subject to stricter regulation. Kemira has also increased the focus and resources in the management of global trade compliance.

Regulatory effects are systematically taken into consideration in the strategic decision making. Kemira takes active role in regulatory discussions whenever justified from the perspective of the industry or business.

Competition

Kemira operates in a rapidly changing and competitive business environment that represents a considerable risk to meeting its goals. New players seeking a foothold in the Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. A major competitor or customer consolidations could change the market dynamics and possibly also change Kemira's market position.

Kemira is seeking growth in segments that are less familiar and where new competitive situations will prevail. In the long-term, completely new types of technology may considerably change the current competitive situation. This risk is managed both at the Group and the segment levels through continuous monitoring of the competition. The company aims at responding to its competition with the active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors.

Economic conditions and geopolitical changes

Uncertainties in the global economic and geopolitical development are considered to include direct or indirect risks, such as a continuation of low-growth period in the global GDP and possible unexpected trade-related political decisions, both of which could have unfavorable impacts on the demand for Kemira's products.

Certain political actions or changes, especially in the countries which are important to Kemira, could cause business interference or other adverse consequences.

Weak economic development may result in the customer closures or consolidations diminishing the customer base. The liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials.

Kemira's geographical and customer industry diversity provides only partial protection against this risk. Kemira continuously monitors geopolitical movements and changes, and aims to adjust its business accordingly, if reasonable.

Hazard risks

Kemira's production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, environmental incidents, and possible resulting liabilities, as well as the employee health and safety risks. These risk events could derive from several factors, including but not limited to unauthorized IT system access by malicious intruder causing possible damage to the systems and consequent financial losses. A systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, adequate maintenance, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

Innovation and R&D

Kemira's Research and Development is a critical enabler for organic growth and further differentiation. New product launches contribute to the efficiency and sustainability of Kemira's or its customers' processes, as well as to the improved profitability. Both Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends, and its ability to innovate new differentiated products and applications. Failure to innovate or focus on the new disruptive technologies and products, or to efficiently launch new products or service concepts may result in non-achievement of growth targets.

Innovation and R&D related risks are being managed through the efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has further improved the coordination and cooperation between Business Development, R&D, Sales and Marketing units in order to better understand the future needs and expectations of its customers. With continuous development of innovation processes Kemira aims towards more stringent project execution. Kemira maintains increased focus towards the development of more differentiated and sustainable products and processes and is also continuously monitoring sales of its new products and applications (launched into the market within the last 5 years).

Acquisitions

Acquisitions can be considered an important driver in the accomplishment of corporate goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in realizing synergies and establishing footholds in the new markets.

Kemira's market position may deteriorate if it is unable to find and take advantage of the future acquisition opportunities. Inorganic growth through acquisitions also involves risks, such as the ability to successfully integrate acquired operations and personnel. If realized, this risk may result in a shortage in the set financial targets for such acquisitions.

Kemira has created M&A procedures and established Group level-dedicated resources to actively manage merger and acquisition activities and to support execution of its business transactions. In addition, external advisory services are being used to screen potential mergers and acquisitions and to help execute transactions and post-merger integration.

Price and availability of raw materials and commodities

Continuous improvement of profitability is a crucial part of the Kemira's strategy. Significant and sudden increase in the cost of raw material, commodity, or logistics could place Kemira's profitability targets at risk if Kemira will not be able to pass on such increase to product prices without delay. For instance, remarkable changes in oil and electricity prices could materially impact Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Also, material demand changes in industries that are the main users of certain raw materials may lead to significant raw material price fluctuations.

Poor availability of certain raw materials may affect Kemira's production if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing Unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, captive manufacturing of some of the critical raw materials, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spend.

Suppliers

The continuity of Kemira's business operations is dependent on an accurate and a good-quality supply of the products and services. Kemira has currently in place numerous partnerships and other agreements with third-party product and service suppliers to secure its business continuity. Certain products used as raw materials are considered critical as the purchase can be made economically only from a sole or single source. In the event of a sudden and significant loss or interruption in such supply of raw material, Kemira's operations could be impacted, and this could have further effects on the Kemira's ability to accomplish its profitability targets. Ineffective procurement planning, supply source selection, and contract administration, as well as inadequate supplier relationship management, create a risk of Kemira not being able to fulfill its promises to customers.

Kemira continuously aims to identify, analyze, and engage third-party suppliers in a way that ensures security of supply and competitive pricing of the end products and services. Collaborative relationships with key suppliers are being developed in order to uncover and realize new value and reduce risk. Supplier performance is also regularly monitored as a part of the supplier performance management process.

Talent management

To secure competitiveness and growth, as well as to improve operative efficiency, it is essential to attract and retain personnel with the right skills and competences (e.g. R&D, sales, customer service and marketing competence). Kemira is continuously identifying high potentials and key competencies for the future needs. By systematical development and improvement of compensation schemes, learning programs, and career development programs, Kemira aims to ensure the continuity of skilled personnel also in the future.

A detailed account of the Kemira's risk management principles is available on the company's website at http://www.kemira.com. Financial risks are also described in the Notes to the Financial Statements.

EVENTS AFTER THE REVIEW PERIOD

Proposals of the Nomination Board to the Annual General Meeting 2017

The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that six members (previously seven) be elected to the Board of Directors and that the present members Wolfgang Büchele, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas be re-elected as members of the Board of Directors. The Nomination Board proposes that Ms. Shirley Cunningham be elected as new member of the Board of Directors. In addition, the Nomination Board proposes Jari Paasikivi be re-elected as the Chairman of the Board of Directors and Kerttu Tuomas be re-elected as the Vice Chairman. All the nominees have given their consent to the position. Winnie Fok and Juha Laaksonen have advised the Nomination Board, that they are not available as candidates to continue in Kemira's Board of Directors.

Ms. Shirley Cunningham, Executive Vice President and Chief Operating Officer, Ag Business and Enterprise Strategy, is a member of the Senior Leadership Team at CHS Inc., USA. She currently serves on the board of directors of Ardent Mills, LLC, Ventura Foods, LLC and TEMCO, LLC. Ms. Cunningham holds a master's degree in business administration from Washington University.

The Nomination Board proposes to the Annual General Meeting that the remuneration paid to the members of the Board of Directors will remain unchanged. The remuneration paid to the members of the Board of Directors would thus be as follows. The annual fees: for the Chairman EUR 80,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 49,000 per year and for the other members EUR 39,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would be for the members residing in Finland EUR 600, for the members residing in the rest of Europe EUR 1,200 and for the members residing outside Europe EUR 2,400. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposes to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 - March 31, 2017. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Pekka Paasikivi, Chairman of the Board of Oras Invest Oy as the Chairman of the Nomination Board; Kari Järvinen, Managing Director of

Solidium Oy; Reima Rytsölä, Executive Vice-President, Varma Mutual Pension Insurance Company and Timo Ritakallio, President and CEO, Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Jari Paasikivi, Chairman of Kemira's Board of Directors as an expert member.

Fire at a raw material supplier’s site in Pori, Finland

On January 30, 2017 an extensive fire occurred at Huntsman Pigments’ plant in Pori, Finland. Kemira’s facilities at the site were not directly exposed and there were no personal injuries. Huntsman Pigments is a key raw material supplier for Kemira’s coagulant production and also purchases chemicals and energy from Kemira. Kemira is taking actions to mitigate the disruption of the raw material supply. The length of the stoppage at the Huntsman Pigments’ site and the possible financial impact to Kemira is currently unknown.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2016, Kemira Oyj’s distributable funds totaled EUR 822,049,454 of which net profit for the period was EUR 215,781,981. No material changes have taken place in the company’s financial position after the balance sheet date.

Kemira Oyj’s Board of Directors proposes to the Annual General Meeting to be held on March 24, 2017 that a dividend of EUR 0.53 per share totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2016.

Kemira’s dividend policy aims to pay a stable and competitive dividend.

MID- AND LONG-TERM FINANCIAL TARGETS (UNCHANGED) AND OUTLOOK FOR 2017

Kemira updated its mid- to long-term financial targets on September 14, 2016, emphasizing its continued goal of above-the-market revenue growth with improving profitability. The company has progressed well towards the previous targets of EUR 2.7 billion in revenue and operative EBITDA margin of 15%, despite the weak developments in oil & gas markets, which started in 2015.

Kemira aims at above-the-market revenue growth with operative EBITDA margin of 14-16%. The gearing target is below 60%.

Main drivers for Kemira's profitable growth are:

- In Pulp & Paper: above-the-market growth arising from the new Total Chemistry Management (TCM) contracts and bleaching chemical capacity additions, as well as synergy capture from acquisitions
- In Oil & Mining: profitable growth in newer applications such as Chemical Enhanced Oil Recovery (CEOR) and oil sands, as well as potential oil market recovery
- In Municipal & Industrial: increasing revenue from Advanced Water Treatment (AWT) applications, as well as continuing growth in current business driven by selective geographic expansion
- Group-wide operational efficiencies with new BOOST program.

Kemira has launched an operational excellence program 'BOOST' to further improve its efficiency. Estimated annual savings run-rate from the program are EUR 20-30 million in 2-3 years. BOOST will focus on the supply chain process optimization and improved asset utilization.

The integration of the acquired AkzoNobel’s paper chemicals business has progressed better than expected and Kemira has raised the synergy target from EUR 15 million to EUR 20 million.

In addition, Kemira continues to evaluate acquisition opportunities to enhance profitable growth.

Outlook for 2017

Kemira expects its operative EBITDA to increase from the prior year (2016: EUR 302.5 million).

Helsinki, February 7, 2017

Kemira Oyj
Board of Directors

All forward-looking statements in this review are based on the management’s current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

FINANCIAL CALENDAR 2017

Interim report January-March 2017	April 26, 2017
Interim report January-June 2017	July 21, 2017
Interim report January-September 2017	October 25, 2017

The Annual General meeting will be held on March 24, 2017 at 10.00 a.m. at the Marina Congress Center, Helsinki.

Capital Markets Day will be held in London on September 21, 2017.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for the analysts, investors, and media on February 8, 2017 starting at 10.30 a.m. (8.30 a.m. UK time) at GLO Hotel Kluuvi, Kluuvikatu 4, 2nd Floor, Helsinki. During the conference, Kemira's President and CEO Jari Rosendal and CFO Petri Castrén will present the results. The press conference will be held in English and will be webcasted at www.kemira.com/investors. The presentation material and the webcast recording will be available on the abovementioned company website.

You can attend the Q&A session via a conference call. In order to participate in the conference, please call ten minutes before the conference begins:

FI: +358 9 7479 0361
SE: +46 8 5033 6574
UK: +44 330 336 9105
US: +1719 325 4746

Conference id: 2285978

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/2016	10-12/2015	2016	2015
Revenue	596.5	600.2	2,363.3	2,373.1
Other operating income	0.8	1.9	5.1	7.1
Operating expenses	-531.8	-544.4	-2,084.2	-2,116.4
EBITDA	65.5	57.7	284.2	263.8
Depreciation, amortization and impairments	-36.3	-39.9	-137.2	-131.2
Operating profit (EBIT)	29.2	17.8	147.0	132.6
Finance costs, net	-5.9	-5.8	-19.1	-30.8
Share of profit or loss of associates	0.0	0.0	0.1	0.3
Profit before taxes	23.3	12.0	128.0	102.1
Income taxes	-5.1	-7.6	-30.1	-24.9
Net profit for the period	18.2	4.4	97.9	77.2
Net profit attributable to:				
Equity owners of the parent	16.7	2.9	91.8	71.0
Non-controlling interests	1.5	1.5	6.1	6.2
Net profit for the period	18.2	4.4	97.9	77.2
Earnings per share, basic and diluted, EUR	0.11	0.02	0.60	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2016	10-12/2015	2016	2015
Net profit for the period	18.2	4.4	97.9	77.2
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	7.2	-21.0	-31.6	-21.0
Exchange differences on translating foreign operations	12.5	12.2	11.3	26.2
Cash flow hedges	4.8	2.0	8.5	-2.5
Items that will not be reclassified subsequently to profit or loss				
Remeasurements on defined benefit plans	-11.0	35.9	-10.7	35.9
Other comprehensive income for the period, net of tax	13.5	29.1	-22.5	38.6
Total comprehensive income for the period	31.7	33.5	75.4	115.8
Total comprehensive income attributable to:				
Equity owners of the parent	30.3	32.0	69.6	109.6
Non-controlling interests	1.4	1.5	5.8	6.2
Total comprehensive income for the period	31.7	33.5	75.4	115.8

CONSOLIDATED BALANCE SHEET

EUR million	12/31/2016	12/31/2015
ASSETS		
Non-current assets		
Goodwill	**522.4**	518.3
Other intangible assets	**115.9**	134.7
Property, plant and equipment	**915.6**	815.3
Investments in associates	**1.2**	1.2
Available-for-sale financial assets	**202.5**	271.6
Deferred tax assets	**27.5**	29.5
Other investments	**4.4**	5.8
Receivables of defined benefit plans	**32.1**	48.9
Total non-current assets	**1,821.6**	1,825.3
Current assets		
Inventories	**216.9**	207.0
Interest-bearing receivables	**0.2**	0.2
Trade receivables and other receivables	**386.1**	389.8
Current income tax assets	**22.7**	21.4
Cash and cash equivalents	**173.4**	151.5
Total current assets	**799.3**	769.9
Total assets	**2,620.9**	2,595.2
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity owners of the parent	**1,170.0**	1,180.3
Non-controlling interests	**12.9**	12.9
Total equity	**1,182.9**	1,193.2
Non-current liabilities		
Interest-bearing liabilities	**649.5**	670.9
Other liabilities	**21.4**	21.4
Deferred tax liabilities	**63.2**	55.9
Liabilities of defined benefit plans	**79.8**	77.3
Provisions	**26.5**	28.1
Total non-current liabilities	**840.4**	853.6
Current liabilities		
Interest-bearing current liabilities	**157.9**	122.7
Trade payables and other liabilities	**405.2**	388.7
Current income tax liabilities	**20.3**	22.1
Provisions	**14.2**	14.9
Total current liabilities	**597.6**	548.4
Total liabilities	**1,438.0**	1,402.0
Total equity and liabilities	**2,620.9**	2,595.2

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	10-12/2016	10-12/2015	2016	2015
Cash flow from operating activities				
Net profit for the period	**18.2**	4.4	**97.9**	77.2
Total adjustments	**49.6**	58.7	**186.6**	189.1
Operating profit before change in net working capital	**67.8**	63.1	**284.5**	266.3
Change in net working capital	**47.6**	58.5	**29.5**	20.7
Cash generated from operations before financing items and taxes	**115.4**	121.6	**314.0**	287.0
Finance expenses, net and dividends received	**-11.5**	-7.0	**-20.2**	-27.1
Income taxes paid	**-1.5**	-2.0	**-23.2**	-12.3
Net cash generated from operating activities	**102.4**	112.6	**270.6**	247.6
Cash flow from investing activities				
Purchases of subsidiaries and business acquisitions, net of cash acquired	**0.1**	-2.0	**2.0**	-123.4
Other capital expenditure	**-89.4**	-61.3	**-212.6**	-181.7
Proceeds from sale of assets	**0.0**	0.5	**36.9**	3.3
Change in long-term loan receivables decrease (+) / increase (-)	**0.3**	0.0	**0.9**	0.4
Net cash used in investing activities	**-89.0**	-62.8	**-172.8**	-301.4
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities (+)	**0.0**	0.0	**50.0**	250.0
Repayments from non-current interest-bearing liabilities (-)	**-23.6**	-13.3	**-48.1**	-86.0
Short-term financing, net increase (+) / decrease (-)	**19.1**	-12.1	**6.8**	9.9
Dividends paid	**0.0**	-0.1	**-86.5**	-86.6
Other finance items	**0.0**	0.2	**0.0**	0.1
Net cash used in financing activities	**-4.5**	-25.3	**-77.8**	87.4
Net decrease (-) / increase (+) in cash and cash equivalents	**8.9**	24.5	**20.0**	33.6
Cash and cash equivalents at end of period	**173.4**	151.5	**173.4**	151.5
Exchange gains (+) / losses (-) on cash and cash equivalents	**2.6**	1.8	**1.9**	-1.2
Cash and cash equivalents at beginning of period	**161.9**	125.2	**151.5**	119.1
Net decrease (-) / increase (+) in cash and cash equivalents	**8.9**	24.5	**20.0**	33.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to equity owners of the parent									
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity at January 1, 2015	221.8	257.9	117.4	196.3	-38.6	-22.1	418.0	1,150.7	12.6	1,163.3
Net profit for the period	-	-	-	-	-	-	71.0	71.0	6.2	77.2
Other comprehensive income, net of tax	-	-	-23.5	-	26.2	-	35.9	38.6	0.0	38.6
Total comprehensive income	-	-	-23.5	-	26.2	-	106.9	109.6	6.2	115.8
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.6 [1]	-80.6	-5.9	-86.5
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	0.7	0.7	-	0.7
Transfers in equity	-	-	0.3	-	-	-	-0.3	0.0	-	0.0
Other changes	-	-	-	-	-	-	-0.2	-0.2	-	-0.2
Transactions with owners	-	-	0.3	-	-	0.1	-80.4	-80.0	-5.9	-85.9
Equity at December 31, 2015	221.8	257.9	94.2	196.3	-12.4	-22.0	444.5	1,180.3	12.9	1,193.2

[1] A dividend was EUR 80.6 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2014. The annual general meeting approved EUR 0.53 dividend on March 23, 2015. The dividend record date was March 25, 2015, and the payment date April 1, 2015.

	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity at January 1, 2016	**221.8**	**257.9**	**94.2**	**196.3**	**-12.4**	**-22.0**	**444.5**	**1,180.3**	**12.9**	**1,193.2**
Net profit for the period	-	-	-	-	-	-	**91.8**	**91.8**	**6.1**	**97.9**
Other comprehensive income, net of tax	-	-	**-23.1**	-	**11.6**	-	**-10.7**	**-22.2**	**-0.3**	**-22.5**
Total comprehensive income	**-**	**-**	**-23.1**	**-**	**11.6**	**-**	**81.1**	**69.6**	**5.8**	**75.4**
Transactions with owners										
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-80.7** [2]	**-80.7**	**-5.8**	**-86.5**
Treasury shares issued to the target group of share-based incentive plan	**-**	**-**	**-**	**-**	**-**	**1.9**	**-**	**1.9**	**-**	**1.9**
Treasury shares issued to the Board of Directors	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-1.2**	**-1.2**	**-**	**-1.2**
Transfers in equity	**-**	**-**	**1.1**	**-**	**-**	**-**	**-1.1**	**0.0**	**-**	**0.0**
Transactions with owners	**-**	**-**	**1.1**	**-**	**-**	**2.0**	**-83.0**	**-79.9**	**-5.8**	**-85.7**
Equity at December 31, 2016	**221.8**	**257.9**	**72.2**	**196.3**	**-0.8**	**-20.0**	**442.6**	**1,170.0**	**12.9**	**1,182.9**

[2] A dividend was EUR 80,7 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2015. The annual general meeting approved EUR 0.53 dividend on March 21, 2016. The dividend record date was March 23, 2016, and the payment date April 6, 2016.

Kemira had in its possession 2,975,327 of its treasury shares on December 31, 2016. The average share price of treasury shares was EUR 6,73 and they represented 1.9% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.2 million.

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program 2001. This reserve based on the old Finnish Companies Act (734/1978), which does not change anymore. The fair value reserve is a reserve accumulating based on available-for-sale financial assets (shares) measured at fair value and hedge accounting. Other reserves originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on a specific decision, be recognized in share capital.

GROUP KEY FIGURES

Kemira provides certain financial performance measures (alternative performance measures) on non-GAAP basis. Kemira believes that alternative performance measures, like operative EBITDA and operative EBIT, followed by Kemira management, provide useful and more comparable information of its operative business performance. 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 from the Definitions of the key figures in this report as well as www.kemira.com >Investors > Financial information.

	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2015 10-12	2015 7-9	2015 4-6	2015 1-3	**2016 1-12**	2015 1-12
Income statement and profitability										
Revenue, EUR million	**596.5**	596.3	587.8	582.7	600.2	625.1	594.8	553.0	**2,363.3**	2,373.1
Operative EBITDA, EUR million	**70.0**	80.8	78.9	72.8	68.0	78.2	74.7	66.4	**302.5**	287.3
Operative EBITDA, %	**11.7**	13.6	13.4	12.5	11.3	12.5	12.6	12.0	**12.8**	12.1
EBITDA, EUR million	**65.5**	78.3	69.3	71.1	57.7	74.8	66.1	65.2	**284.2**	263.8
EBITDA, %	**11.0**	13.1	11.8	12.2	9.6	12.0	11.1	11.8	**12.0**	11.1
Items affecting comparability in EBITDA, EUR million	**-4.5**	-2.5	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	**-18.3**	-23.5
Operative EBIT, EUR million	**36.1**	46.5	46.6	40.9	33.1	46.1	44.8	39.1	**170.1**	163.1
Operative EBIT, %	**6.1**	7.8	7.9	7.0	5.5	7.4	7.5	7.1	**7.2**	6.9
Operating profit (EBIT), EUR million	**29.2**	43.7	34.9	39.2	17.8	42.7	34.3	37.8	**147.0**	132.6
Operating profit (EBIT), %	**4.9**	7.3	5.9	6.7	3.0	6.8	5.8	6.8	**6.2**	5.6
Items affecting comparability in EBIT, EUR million	**-6.9**	-2.8	-11.7	-1.7	-15.3	-3.4	-10.5	-1.3	**-23.1**	-30.5
Return on investment (ROI), %	**5.5**	8.4	7.2	7.8	3.9	8.1	6.5	7.8	**7.1**	6.6
Capital employed, EUR million	**1,718.2**	1,711.5	1,709.6	1,697.8	1,659.5	1,601.6	1,534.0	1,466.2	**1,718.2**	1,659.5
Operative ROCE, %	**9.9**	9.8	9.8	9.7	9.8	10.6	11.0	11.0	**9.9**	9.8
ROCE, %	**8.6**	7.9	7.9	7.9	8.0	10.0	10.5	9.3	**8.6**	8.0
Cash flow										
Net cash generated from operating activities, EUR million	**102.4**	85.0	57.0	26.2	112.6	80.9	11.7	42.4	**270.6**	247.6
Capital expenditure, EUR million	**89.3**	48.5	43.3	29.5	63.3	55.5	159.3	27.0	**210.6**	305.1
Capital expenditure excl. acquisitions, EUR million	**89.4**	48.5	43.3	31.4	61.3	49.1	44.3	27.0	**212.6**	181.7
Capital expenditure excl. acquisitions / revenue, %	**15.0**	8.1	7.4	5.4	10.2	7.9	7.4	4.9	**9.0**	7.7
Cash flow after investing activities, EUR million	**13.4**	36.9	49.8	-2.3	49.8	27.6	-147.2	16.0	**97.8**	-53.8
Balance sheet and solvency										
Equity ratio, %	**45.2**	44.8	44.3	42.5	46.0	45.6	45.5	48.3	**45.2**	46.0
Gearing, %	**53.6**	57.8	61.5	60.0	53.8	59.5	61.5	48.6	**53.6**	53.8
Interest-bearing net liabilities, EUR million	**634.0**	665.7	689.9	644.1	642.1	689.9	711.4	561.8	**634.0**	642.1
Personnel										
Personnel at end of period	**4,818**	4,843	4,873	4,711	4,685	4,692	4,739	4,285	**4,818**	4,685
Personnel (average)	**4,823**	4,856	4,815	4,715	4,686	4,703	4,593	4,256	**4,802**	4,559
Exchange rates at end of period										
USD	**1.054**	1.116	1.110	1.139	1.089	1.120	1.119	1.076	**1.054**	1.089
CAD	**1.419**	1.469	1.438	1.474	1.512	1.503	1.384	1.374	**1.419**	1.512
SEK	**9.553**	9.621	9.424	9.225	9.190	9.408	9.215	9.290	**9.553**	9.190
CNY	**7.320**	7.446	7.376	7.351	7.061	7.121	6.937	6.671	**7.320**	7.061
BRL	**3.431**	3.621	3.590	4.117	4.312	4.481	3.470	3.496	**3.431**	4.312
Per share figures, EUR										
Earnings per share (EPS), basic and diluted [1]	**0.11**	0.16	0.17	0.16	0.02	0.17	0.12	0.16	**0.60**	0.47
Net cash generated from operating activities per share [1]	**0.68**	0.55	0.38	0.17	0.74	0.54	0.07	0.28	**1.78**	1.63
Equity per share [1]	**7.68**	7.48	7.30	6.96	7.76	7.55	7.51	7.51	**7.68**	7.76
Number of shares (1,000)										
Average number of shares, basic [1]	**152,367**	152,367	152,363	152,160	152,062	152,062	152,062	152,051	**152,314**	152,059
Average number of shares, diluted [1]	**152,451**	152,547	152,557	152,548	152,437	152,384	152,384	152,373	**152,526**	152,395
Number of shares at end of period, basic [1]	**152,367**	152,367	152,367	152,356	152,062	152,062	152,062	152,051	**152,367**	152,062
Number of shares at end of period, diluted [1]	**152,619**	152,518	152,561	152,550	152,544	152,384	152,384	152,373	**152,619**	152,544

[1] Number of shares outstanding, excluding the number of shares bought back.

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DEFINITIONS OF KEY FIGURES

Operative EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments - items affecting comparability

Items affecting comparability [1]

Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items

Operative EBIT

Operating profit (EBIT) - items affecting comparability

Return on investment (ROI), %

$$\frac{\text{(Profit before tax + interest expenses + other financial expenses) x 100}}{\text{(Total assets - non-interest-bearing liabilities)}^{2)}}$$

Operative return on capital employed (Operative ROCE), %

$$\frac{\text{Operative EBIT + share of profit or loss of associates x 100}^{3)}}{\text{Capital employed}^{4)\,5)}}$$

Return on capital employed (ROCE), %

$$\frac{\text{Operating profit (EBIT) + share of profit or loss of associates x 100}^{3)}}{\text{Capital employed}^{4)\,5)}}$$

Net working capital

Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items

Cash flow after investing activities

Net cash generated from operating activities + net cash used in investing activities

Equity ratio, %

$$\frac{\text{Total equity x 100}}{\text{Total assets - prepayments received}}$$

Gearing, %

$$\frac{\text{Interest-bearing net liabilities x 100}}{\text{Total equity}}$$

Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS)

$$\frac{\text{Net profit attributable to equity owners of the parent}}{\text{Average number of shares}}$$

Net cash generated from operating activities per share, EUR

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares}}$$

Equity per share

$$\frac{\text{Equity attributable to equity owners of the parent at end of period}}{\text{Number of shares at end of period}}$$

[1] Non-GAAP measures excludes the effects of significant items of income and expenses which may have an impact on the comparability in the financial reporting of Kemira Group. Restructuring and streamlining programs; transaction and integration expenses in acquisition; divestments of businesses and other disposals are considered to be the most common items affecting comparability.

[2] Average

[3] Operating profit and share of profit or loss of associates taken into account for a rolling twelve month period ending at the end of the review period.

[4] 12-month rolling average

[5] Capital Employed = property, plant and equipment + intangible assets + net working capital + investments in associates

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RECONCILIATION OF IFRS FIGURES

EUR million	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2015 10-12	2015 7-9	2015 4-6	2015 1-3	2016 1-12	2015 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA	**70.0**	80.8	78.9	72.8	68.0	78.2	74.7	66.4	**302.5**	287.3
Restructuring and streamlining programs	**-1.1**	-0.4	-4.3	0.0	-3.4	-1.6	-0.7	0.0	**-5.8**	-5.7
Transaction and integration expenses in acquisition	**-1.2**	-0.5	-1.9	-1.4	-4.0	-1.1	-6.9	-1.0	**-5.0**	-13.0
Divestment of businesses and other disposals	**0.0**	0.2	0.0	0.3	-1.5	-0.2	-0.2	0.1	**0.5**	-1.8
Other items	**-2.2**	-1.8	-3.4	-0.6	-1.4	-0.5	-0.8	-0.3	**-8.0**	-3.0
Total Items affecting comparability	**-4.5**	-2.5	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	**-18.3**	-23.5
EBITDA	**65.5**	78.3	69.3	71.1	57.7	74.8	66.1	65.2	**284.2**	263.8
Operative EBIT	**36.1**	46.5	46.6	40.9	33.1	46.1	44.8	39.1	**170.1**	163.1
Total Items affecting comparability in EBITDA	**-4.5**	-2.5	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	**-18.3**	-23.5
Items affecting comparability in depreciation, amortization and impairments	**-2.4**	-0.3	-2.1	0.0	-5.0	0.0	-1.9	-0.1	**-4.8**	-7.0
Operating profit (EBIT)	**29.2**	43.7	34.9	39.2	17.8	42.7	34.3	37.8	**147.0**	132.6
ROCE AND OPERATIVE ROCE										
Operative EBIT	**36.1**	46.5	46.6	40.9	33.1	46.1	44.8	39.1	**170.1**	163.1
Operating profit (EBIT)	**29.2**	43.7	34.9	39.2	17.8	42.7	34.3	37.8	**147.0**	132.6
Share of profit or loss of associates	**0.0**	0.0	0.0	0.1	0.0	0.0	0.1	0.2	**0.1**	0.3
Capital Employed	**1,718.2**	1,711.5	1,709.6	1,697.8	1,659.5	1,601.6	1,534.0	1,466.2	**1,718.2**	1,659.5
Operative ROCE, %	**9.9**	9.8	9.8	9.7	9.8	10.6	11.0	11.0	**9.9**	9.8
ROCE, %	**8.6**	7.9	7.9	7.9	8.0	10.0	10.5	9.3	**8.6**	8.0
NET WORKING CAPITAL										
Inventories	**216.9**	214.0	214.0	215.4	207.0	226.1	236.0	220.0	**216.9**	207.0
Trade receivables and other receivables	**386.1**	398.9	404.9	404.6	389.8	399.8	404.8	365.4	**386.1**	389.8
Excluding financing items in other receivables	**-16.8**	-15.3	-19.3	-26.0	-13.1	-12.5	-7.9	-10.0	**-16.8**	-13.1
Trade payables and other liabilities	**405.2**	377.5	359.1	462.3	388.7	365.8	354.0	348.8	**405.2**	388.7
Excluding financing items in other liabilities	**-13.6**	-16.7	-20.4	-119.1	-22.8	-23.3	-16.7	-22.5	**-13.6**	-22.8
Net working capital	**194.6**	236.8	260.9	250.8	217.8	270.9	295.6	249.1	**194.6**	217.8
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	**649.5**	656.8	676.8	666.6	670.9	680.3	692.4	462.4	**649.5**	670.9
Current interest-bearing liabilities	**157.9**	170.7	167.4	133.7	122.7	134.8	128.3	224.9	**157.9**	122.7
Interest-bearing liabilities	**807.4**	827.5	844.2	800.3	793.6	815.1	820.7	687.3	**807.4**	793.6
Cash and cash equivalents	**173.4**	161.9	154.3	156.2	151.5	125.2	109.3	125.5	**173.4**	151.5
Interest-bearing net liabilities	**634.0**	665.6	689.9	644.1	642.1	689.9	711.4	561.8	**634.0**	642.1

QUARTERLY SEGMENT INFORMATION

EUR million	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2015 10-12	2015 7-9	2015 4-6	2015 1-3	2016 1-12	2015 1-12
Revenue										
Pulp & Paper	**368.6**	365.2	361.1	362.4	372.3	379.1	351.3	314.6	**1,457.3**	1,417.3
Oil & Mining	**81.7**	79.6	72.7	75.5	76.4	90.1	89.7	93.9	**309.5**	350.1
Municipal & Industrial	**146.2**	151.5	154.0	144.8	151.5	155.9	153.8	144.5	**596.5**	605.7
Total	**596.5**	596.3	587.8	582.7	600.2	625.1	594.8	553.0	**2,363.3**	2,373.1
Operative EBITDA										
Pulp & Paper	**46.3**	51.8	49.3	47.9	46.9	46.7	41.3	36.1	**195.3**	171.0
Oil & Mining	**3.2**	4.2	4.5	6.5	3.6	7.4	11.4	11.1	**18.4**	33.5
Municipal & Industrial	**20.5**	24.8	25.1	18.4	17.5	24.1	22.0	19.2	**88.8**	82.8
Total	**70.0**	80.8	78.9	72.8	68.0	78.2	74.7	66.4	**302.5**	287.3
Items affecting comparability in EBITDA										
Pulp & Paper	**-1.9**	-1.3	-3.1	-1.2	-4.1	-1.8	-6.9	-1.1	**-7.5**	-13.9
Oil & Mining	**-0.9**	-0.6	-4.9	-0.4	-0.3	-0.4	-1.9	-0.1	**-6.8**	-2.7
Municipal & Industrial	**-1.7**	-0.6	-1.6	-0.1	-5.9	-1.2	0.2	0.0	**-4.0**	-6.9
Total	**-4.5**	-2.5	-9.6	-1.7	-10.3	-3.4	-8.6	-1.2	**-18.3**	-23.5
EBITDA										
Pulp & Paper	**44.4**	50.5	46.2	46.7	42.8	44.9	34.4	35.0	**187.8**	157.1
Oil & Mining	**2.3**	3.6	-0.4	6.1	3.3	7.0	9.5	11.0	**11.6**	30.8
Municipal & Industrial	**18.8**	24.2	23.5	18.3	11.6	22.9	22.2	19.2	**84.8**	75.9
Total	**65.5**	78.3	69.3	71.1	57.7	74.8	66.1	65.2	**284.2**	263.8
Operative EBIT										
Pulp & Paper	**24.5**	30.0	28.9	28.2	25.9	27.0	23.2	20.7	**111.6**	96.8
Oil & Mining	**-1.9**	-1.6	-1.1	0.8	-2.4	1.7	6.0	5.8	**-3.8**	11.1
Municipal & Industrial	**13.5**	18.1	18.8	11.9	9.6	17.4	15.6	12.6	**62.3**	55.2
Total	**36.1**	46.5	46.6	40.9	33.1	46.1	44.8	39.1	**170.1**	163.1
Items affecting comparability in EBIT										
Pulp & Paper	**-4.2**	-1.5	-3.1	-1.2	-4.3	-1.8	-7.0	-1.1	**-10.0**	-14.2
Oil & Mining	**-0.9**	-0.7	-6.3	-0.4	-4.1	-0.4	-3.6	-0.1	**-8.3**	-8.2
Municipal & Industrial	**-1.8**	-0.6	-2.3	-0.1	-6.9	-1.2	0.1	-0.1	**-4.8**	-8.1
Total	**-6.9**	-2.8	-11.7	-1.7	-15.3	-3.4	-10.5	-1.3	**-23.1**	-30.5
Operating profit (EBIT)										
Pulp & Paper	**20.3**	28.5	25.8	27.0	21.6	25.2	16.2	19.6	**101.6**	82.6
Oil & Mining	**-2.8**	-2.3	-7.4	0.4	-6.5	1.3	2.4	5.7	**-12.1**	2.9
Municipal & Industrial	**11.7**	17.5	16.5	11.8	2.7	16.2	15.7	12.5	**57.5**	47.1
Total	**29.2**	43.7	34.9	39.2	17.8	42.7	34.3	37.8	**147.0**	132.6

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2016	2015
Net book value at beginning of period	**815.3**	706.2
Purchases of subsidiaries and asset acquisitions	**0.0**	22.6
Increases	**198.3**	166.0
Decreases	**-1.2**	-0.8
Depreciation and impairments	**-106.9**	-100.9
Exchange rate differences and other changes	**10.1**	22.2
Net book value at end of period	**915.6**	815.3

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	2016	2015
Net book value at beginning of period	**653.0**	561.9
Purchases of subsidiaries and asset acquisitions	**-4.0**	96.8
Increases	**14.3**	11.4
Decreases	**-**	-
Amortization and impairments	**-30.3**	-30.3
Exchange rate differences and other changes	**5.3**	13.2
Net book value at end of period	**638.3**	653.0

BUSINESS COMBINATIONS

2015: Acquisition of AkzoNobel paper chemicals business

On May 4, 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, six AkzoNobel paper chemicals production sites and about 350 employees transferred to Kemira. The transferred production sites are located in South Korea, Thailand, Indonesia, Australia, Spain and Italy. The acquisition strengthens Kemira's market position especially in the APAC region. It also enables efficiency improvements in global paper chemicals manufacturing network.

The consideration of EUR 127.1 million was paid in cash and it does not involve the contingent consideration. Kemira acquired a 100% interest in acquired business and the acquired business has been consolidated into Pulp & Paper segment. A goodwill of EUR 21.3 million arises from the expected synergy in the business combination.

Based on the acquisition calculation under IFRS 3 EUR 62.0 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies. Acquired intangible assets will be amortized within an average of six years.

The following table summarizes the consideration paid for AkzoNobel paper chemicals business, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date:

EUR million	
Purchase consideration, paid in cash, total	127.1
The assets and liabilities recognized as a result of the acquisition	
Intangible assets	62.0
Property, plant and equipment	21.9
Inventories	14.8
Trade receivables	8.1
Other receivables	3.5
Cash and cash equivalents	13.6
Deferred tax liabilities	-3.9
Provisions, trade payables and other liabilities	-14.2
Net assets acquired in fair value	105.8
Goodwill	21.3
Total	127.1

Acquisition-related costs of EUR 7.7 million have been included in other operating expenses in the Consolidated Income Statement 2015.

The revenue included in the Consolidated Income Statement 2015 since 4 May 2015 contributed by AkzoNobel paper chemicals business was EUR 146 million. It also contributed EBITDA of EUR 13 million over the same period.

Had AkzoNobel paper chemicals business been consolidated from 1 January 2015, the Consolidated Income Statement 2015 would show pro forma revenue of EUR 219 million and EBITDA of EUR 19 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

2015: Acquisitions of Soto Industries LLC and Polymer Services LLC

On September 2, 2015, Kemira announced that it has acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The acquisition is consolidated to Pulp & Paper segment.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition is consolidated to Oil & Mining segment.

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DERIVATIVE INSTRUMENTS

EUR million	12/31/2016 Nominal value	12/31/2016 Fair value	12/31/2015 Nominal value	12/31/2015 Fair value
Currency instruments				
Forward contracts	**260.9**	**-1.3**	402.3	3.1
Interest rate instruments				
Interest rate swaps	**304.8**	**1.2**	348.8	1.6
of which cash flow hedge	**204.8**	**-2.2**	248.8	-1.7
of which fair value hedge	**100.0**	**3.4**	100.0	3.3
Other instruments	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,971.5**	**3.0**	1,455.7	-10.5
of which cash flow hedge	**1,971.5**	**3.0**	1,455.7	-10.5

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valuated based on net present values of future cash flows.

FAIR VALUE OF FINANCIAL ASSETS

EUR million	12/31/2016				12/31/2015			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	**-**	**-**	**202.5**	**202.5**	-	-	271.6	271.6
Other investments	**-**	**4.4**	**-**	**4.4**	-	5.8	-	5.8
Currency instruments	**-**	**2.8**	**-**	**2.8**	-	5.2	-	5.2
Interest rate instruments, hedge accounting	**-**	**3.4**	**-**	**3.4**	-	3.3	-	3.3
Other instruments	**-**	**3.8**	**-**	**3.8**	-	-	-	-
Other receivables	**-**	**0.2**	**-**	**0.2**	-	0.2	-	0.2
Trade receivables	**-**	**291.1**	**-**	**291.1**	-	295.4	-	295.4
Total	**-**	**305.7**	**202.5**	**508.2**	-	309.9	271.6	581.5

Level 1: Fair value is determined based on quoted market prices in markets.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of financial instrument or from the market value of corresponding financial instrument; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs which have a significant effect on the recorded fair value, and inputs are not based on observable market data. Level 3 includes mainly the shares of Pohjolan Voima Group.

Level 3 specification	Total net 12/31/2016	Total net 12/31/2015
Instrument		
Carrying value at beginning of period	**271.6**	293.7
Effect on the statement of comprehensive income	**-39.5**	-26.3
Increases	**0.0**	4.2
Decreases	**-29.6**	0.0
Carrying value at end of period	**202.5**	271.6

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	12/31/2016				12/31/2015			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	**-**	**673.5**	**-**	**673.5**	-	695.1	-	695.1
Repayments from non-current interest-bearing liabilities	**-**	**65.7**	**-**	**65.7**	-	38.1	-	38.1
Non-current other liabilities	**-**	**21.4**	**-**	**21.4**	-	21.4	-	21.4
Finance lease liabilities	**-**	**0.5**	**-**	**0.5**	-	1.2	-	1.2
Loans from financial institutions	**-**	**98.7**	**-**	**98.7**	-	88.6	-	88.6
Other liabilities	**-**	**33.6**	**-**	**33.6**	-	33.6	-	33.6
Currency instruments	**-**	**4.1**	**-**	**4.1**	-	2.1	-	2.1
Interest rate instruments, hedge accounting	**-**	**2.2**	**-**	**2.2**	-	1.7	-	1.7
Other instruments	**-**	**0.8**	**-**	**0.8**	-	10.5	-	10.5
Trade payables	**-**	**159.6**	**-**	**159.6**	-	162.4	-	162.4
Total	**-**	**1,060.1**	**-**	**1,060.1**	-	1,054.7	-	1,054.7

CONTINGENT LIABILITIES

EUR million	12/31/2016	12/31/2015
Assets pledged		
On behalf of own commitments	**5.9**	6.1
Guarantees		
On behalf of own commitments	**54.4**	52.9
On behalf of others	**3.1**	3.0
Operating leasing liabilities		
Maturity within one year	**39.7**	37.5
Maturity after one year	**171.5**	184.7
Other obligations		
On behalf of own commitments	**1.1**	1.1
On behalf of associates	**0.4**	0.6

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2016 were about EUR 48 million for plant investments.

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presented in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, was stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. By its decision on April 29, 2013 it decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union which has given its ruling on May 21, 2015. Thereafter, on request by Regional Court of Dortmund, the parties have filed their briefs on admissibility of the proceedings. In its brief responding to the said request of the court Cartel Damage Claims Hydrogen Peroxide SA has additionally waived seeking an order to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demanded from Kemira and the three other defendants jointly and severally damages an amount to be decided by the court but at least EUR 196.2 million together with accrued interest calculated from August 24, 2009 at an interest rate exceeding by 5 per cent the base rate at a time, and other interest of EUR 97.6 million. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an application for summons in the municipal court of Helsinki for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court made on July 4, 2013 a decision which could not be appealed separately. In its decision the municipal court considered to have jurisdiction and that the claims made by the claimant were at least not totally time-barred. On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together “CDC”) to settle the lawsuit in Helsinki, Finland. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned above) and in Amsterdam, the Netherlands (mentioned below).

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision on jurisdiction was appealed by Kemira to the court of appeal of Amsterdam. According to the decision by the court of appeal on July 21, 2015, the municipal court of Amsterdam has jurisdiction over the case. The proceedings now continue at the municipal court of Amsterdam where Kemira is the only defendant after the other defendants have settled the claim with CDC Project 13 SA. CDC Project 13 SA claims from Kemira in its brief filed to the municipal court of Amsterdam EUR 61,1 million as damages and interested calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. Kemira defends against the claim of CDC Project 13 SA.

As mentioned above the settlement between Kemira and CDC relating the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany and in Amsterdam, the Netherlands. However, regardless of such limitations of liabilities, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the said processes. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira’s business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

RELATED PARTY

Transactions with related parties have not changed materially.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

This audited consolidated financial statements bulletin has been prepared in accordance with IAS 34 ´Interim financial reporting´. The same accounting policies have been applied as in the annual financial statements. The financial statements bulletin should be read in conjunction with the annual financial statements 2015.

All the figures in this financial statements bulletin have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements bulletin requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.