Financial statements bulletin 2017

GOOD REVENUE GROWTH IN 2017

Fourth quarter

- Revenue increased 7% to EUR 636.5 million (596.5) as sales volume growth continued, especially in the North American oil & gas business, and sales prices started to offset increasing raw material costs. Revenue in local currencies, excluding acquisitions and divestments, increased 11%.
- Operative EBITDA increased 15% to EUR 80.7 million (70.0) mainly due to sales volume growth and higher sales prices more than offsetting increases in variable costs. Operative EBITDA margin improved to 12.7% (11.7%).
- EBITDA increased 20% to EUR 78.4 million (65.5).
- EPS increased to EUR 0.16 (0.11) due to the higher profitability.

Full year

- Revenue increased 5% to EUR 2,486.0 million (2,363.3) as sales volumes grew mainly due to recovery in the North American oil & gas business. Revenue in local currencies, excluding acquisitions and divestments, increased 6%.
- Operative EBITDA increased 3% to EUR 311.3 million (302.5), mainly due to higher sales volumes more than offsetting the increase in variable costs. Operative EBITDA margin was 12.5% (12.8%).
- EBITDA decreased 1% to EUR 282.4 million (284.2), mainly due to a EUR 12.7 million settlement for a damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000.
- EPS decreased to EUR 0.52 (0.60) mainly due to the settlement for the damage claim and higher finance costs. In the previous year, finance costs included a gain of EUR 5 million related to the sale of electricity production assets.

Dividend proposal for 2017

The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53) to the Annual General Meeting 2018, totaling EUR 81 million (81).

Outlook for 2018

Kemira expects its operative EBITDA to increase from the prior year (2017: EUR 311.3 million).

Kemira's President and CEO Jari Rosendal:

"In the fourth quarter our organic growth was 11%. This is a strong achievement, all businesses demonstrated increased growth figures. The profitability improvement in Pulp & Paper was driven by higher sales volumes and various positive items whereas Industry & Water's performance was impacted by seasonality and multiple negative factors leading all in all to a good quarter for the Group with an improved operative EBITDA margin.

The year 2017 was marked by revenue growth driven mainly by the uptake in the oil and gas markets, investments in new capacity, and operational efficiency measures. During the year we consolidated our organization from three into two segments: Pulp & Paper and Industry & Water. Markets remained volatile with currencies being a headwind on revenue and higher raw material prices putting pressure on profitability. Despite these turbulent circumstances – including hurricanes, snowstorms and shortage of some relevant raw materials – we were able to grow the business and improve operative EBITDA in 2017, second half of the year being clearly better than the first.

In Pulp & Paper, we had organic growth of 2% in 2017 driven by sales volumes. The sales price decline stopped in the second half of the year. The segment's operative EBITDA margin of 13.4% was at the same level as in the previous year. During 2017, we started a new bleaching chemical line in Finland ahead of the initial schedule and the ramp-up was successful. We also signed an agreement to form a new joint venture in China, which will secure the supply of a key raw material for AKD wax, and will further strengthen our position in the pulp and paper chemicals market.

Industry & Water grew organically 12% in 2017, driven by a recovery of the North American oil and gas market. Water treatment also continued to grow at a healthy rate. Operative EBITDA increased but margin declined to 11.3% due to higher raw material prices and margin-dilutive revenue from new growth areas such as Chemical Enhanced Oil Recovery and oil sands. We expect these growth businesses to contribute positively also to profitability once they are scaled up and optimized. In October, we announced an investment of EUR 30 million in polymer technology for Chemical Enhanced Oil Recovery (CEOR), based on an anticipated uptake in customer demand.

Kemira is well positioned in terms of the megatrends that drive our strategy. We create added value for our customers through expertise and chemicals that improve their product quality, processes and resource efficiency. Increasing e-commerce and recycling require chemistry to produce strong but light packaging materials. Replacing plastics with biodegradable, e.g. pulp-based, products provides us with many opportunities thanks to our long-established expertise serving the pulp industry. Urbanization, along with a growing middle class and increased standards of living, leads to higher usage of water, energy, as well as board, tissue and paper. Regulation is driving the water treatment requirements of our customers and we want to be their partner in creating more efficient and sustainable water treatment solutions. The need to make better use of remaining oil and gas reserves is opening up new opportunities, since Kemira's polymers can be used to prolong the operating life of oil fields.

Looking forward, we are continuing the execution of our strategy with the goal of growing our revenue faster than the market with an operative EBITDA margin of 14-16%."

KEY FIGURES AND RATIOS

EUR million	**Oct-Dec 2017**	Oct-Dec 2016	**Jan-Dec 2017**	Jan-Dec 2016
Revenue	**636.5**	596.5	**2,486.0**	2,363.3
Operative EBITDA	**80.7**	70.0	**311.3**	302.5
Operative EBITDA, %	**12.7**	11.7	**12.5**	12.8
EBITDA	**78.4**	65.5	**282.4**	284.2
EBITDA, %	**12.3**	11.0	**11.4**	12.0
Operative EBIT	**44.0**	36.1	**170.3**	170.1
Operative EBIT, %	**6.9**	6.1	**6.9**	7.2
EBIT	**41.8**	29.2	**141.4**	147.0
EBIT, %	**6.6**	4.9	**5.7**	6.2
Finance costs, net	**-7.1**	-5.9	**-28.9**	-19.1
Profit before taxes	**34.6**	23.3	**112.6**	128.0
Net profit for the period	**25.8**	18.2	**85.2**	97.9
Earnings per share, EUR	**0.16**	0.11	**0.52**	0.60
Capital employed*	**1,763.2**	1,718.2	**1,763.2**	1,718.2
Operative ROCE*, %	**9.7**	9.9	**9.7**	9.9
ROCE*, %	**8.0**	8.6	**8.0**	8.6
Cash flow from operating activities	**71.4**	102.4	**205.1**	270.6
Capital expenditure excl. acquisition	**64.2**	89.4	**190.1**	212.6
Capital expenditure	**64.2**	89.3	**190.1**	210.6
Cash flow after investing activities	**3.7**	13.4	**13.0**	97.8
Equity ratio, % at period-end	**44**	45	**44**	45
Equity per share, EUR	**7.61**	7.68	**7.61**	7.68
Gearing, % at period-end	**59**	54	**59**	54
Personnel at period-end	**4,732**	4,818	**4,732**	4,818

*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, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing followed by capital markets and Kemira management, provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

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

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

* Revenue growth in local currencies, excluding acquisitions and divestments

FINANCIAL PERFORMANCE IN Q4 2017

Revenue increased 7% as sales volume growth continued, especially in the North American oil & gas business, and sales prices started to offset increasing raw material costs. Revenue in local currencies, excluding acquisitions and divestments, increased 11%.

Revenue	Oct-Dec 2017 EUR, million	Oct-Dec 2016 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	372.8	368.6	+1	+5	-4	0
Industry & Water	263.8	227.9	+16	+20	-4	0
Total	636.5	596.5	+7	+11	-4	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased 15% mainly due to sales volume growth and higher sales prices while variable costs increased. The negative impact from the force majeure due to the fire that occurred in January at Venator (formerly Huntsman) site in Finland was below EUR 2 million and was covered by insurance.

Variance analysis, EUR million	Oct-Dec
Operative EBITDA, 2016	70.0
Sales volumes	+16.9
Sales prices	+11.4
Variable costs	-13.0
Fixed costs	-1.8
Currency exchange	-4.0
Others	+1.1
Operative EBITDA, 2017	80.7

Operative EBITDA	Oct-Dec 2017 EUR, million	Oct-Dec 2016 EUR, million	Δ%	Oct-Dec 2017 %-margin	Oct-Dec 2016 %-margin
Pulp & Paper	55.4	46.3	+20	14.9	12.6
Industry & Water	25.3	23.7	+7	9.6	10.4
Total	80.7	70.0	+15	12.7	11.7

EBITDA increased 20% and the difference to operative EBITDA is explained by items affecting comparability. **Items affecting comparability** mainly resulted from the organizational restructuring costs. In the previous year, the items affecting comparability were mainly related to restructuring of manufacturing plants and integration of acquisition.

Items affecting comparability, EUR million	**Oct-Dec 2017**	Oct-Dec 2016
Within EBITDA	**-2.2**	-4.5
Pulp & Paper	-0.3	-1.9
Industry & Water	-1.9	-2.6
Within depreciation, amortization and impairments	**0.0**	-2.4
Pulp & Paper	0.0	-2.3
Industry & Water	0.0	-0.1
Total items affecting comparability in EBIT	**-2.2**	-6.9

Depreciation, amortization and impairments were EUR 36.6 million (36.3) including EUR 4.1 million (5.5) amortization of purchase price allocation.

Operative EBIT increased 22% mainly due to sales volume growth. **EBIT** increased 43% and the difference to operative EBIT is explained by items affecting comparability.

Finance costs, net totaled EUR -7.1 million (-5.9). **Income taxes** increased to EUR -8.8 million (-5.1). **Net profit attributable to equity owners of the parent company** increased 46% mainly due to the higher profitability.

FINANCIAL PERFORMANCE, FULL YEAR 2017

Revenue increased 5% due to sales volume growth mainly in the North American oil & gas business. Revenue in local currencies, excluding acquisitions and divestments, increased 6%.

Revenue	Jan-Dec 2017 EUR, million	Jan-Dec 2016 EUR, million	∆%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,476.9	1,457.3	+1	+2	0	0
Industry & Water	1,009.1	906.0	+11	+12	-1	0
Total	2,486.0	2,363.3	+5	+6	-1	0

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA increased 3% mainly due to higher sales volumes more than offsetting the increase in variable costs. Sales prices started to recover during the year. The negative impact from the force majeure due to the fire that occurred in January at Venator site in Finland was around EUR 6 million and the insurance compensation covered almost all of the gross margin loss.

Variance analysis, EUR million	Jan-Dec
Operative EBITDA, 2016	302.5
Sales volumes	+54.2
Sales prices	-5.3
Variable costs	-42.3
Fixed costs	-5.7
Currency exchange	+1.6
Others	+6.2
Operative EBITDA, 2017	311.3

Operative EBITDA	Jan-Dec 2017 EUR, million	Jan-Dec 2016 EUR, million	∆%	Jan-Dec 2017 %-margin	Jan-Dec 2016 %-margin
Pulp & Paper	197.7	195.3	+1	13.4	13.4
Industry & Water	113.6	107.2	+6	11.3	11.8
Total	311.3	302.5	+3	12.5	12.8

EBITDA decreased 1% and the difference to operative EBITDA is explained by items affecting comparability. **Items affecting comparability** mainly resulted from the organizational restructuring costs and the EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000. In the previous year, items affecting comparability were mainly related to restructuring of manufacturing plants and integration of an acquisition.

Items affecting comparability, EUR million	**Jan-Dec 2017**	Jan-Dec 2016
Within EBITDA	**-28.9**	-18.3
Pulp & Paper	-17.9	-7.5
Industry & Water	-11.0	-10.8
Within depreciation, amortization and impairments	**0.0**	-4.8
Pulp & Paper	0.0	-2.5
Industry & Water	0.0	-2.3
Total items affecting comparability in EBIT	**-28.9**	-23.1

Depreciation, amortization and impairments increased to EUR 141.0 million (137.2). Depreciation and amortization included EUR 16.7 million (19.2) amortization of purchase price allocation.

Operative EBIT was at prior-year level as higher operative EBITDA was offset by increased depreciation and amortization. **EBIT** decreased 4% and the difference to operative EBIT is explained by items affecting comparability.

Finance costs, net totaled EUR -28.9 million (-19.1). In the previous year, finance costs included a gain of EUR 5 million related to the sale of electricity production assets (Pohjolan Voima Oy). Changes in fair values of electricity derivatives were EUR 0.2 million (2.2). The currency exchange differences had EUR -3.2 million (-1.1) impact on the net financial expenses.

Income taxes decreased to EUR -27.4 million (-30.1) as a result of lower profit before taxes. The reported tax rate in both years was 24%.

Net profit attributable to equity owners of the parent company decreased 14% mainly due to the EUR 12.7 million settlement for the damage claim in 2017 and a EUR 5 million capital gain from the sale of electricity production assets, which took place in June 2016.

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2017 decreased to EUR 205.1 million (270.6), mainly due to the EUR 12.7 million settlement for a damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000, restructuring costs, and higher net working capital.

Cash flow after investing activities decreased to EUR 13.0 million (97.8). Previous year figure included EUR 35 million proceeds from divestment of electricity assets in Finland.

At the end of 2017, interest-bearing liabilities totaled EUR 861 million (807). The average interest rate of the Group's interest-bearing liabilities was 2.0% (2.1%). The duration of the Group's interest-bearing loan portfolio was 33 months (26).

Short-term liabilities maturing in the next 12 months amounted to EUR 191 million (158). On December 31, 2017, cash and cash equivalents totaled EUR 166 million (173). In addition, the Group has EUR 400 million revolving credit facility, which was undrawn.

In May 2017, EUR 100 million of outstanding notes maturing in 2019 were exchanged to EUR 200 million issuance of new senior unsecured notes. The new bond will mature on 2024.

At the end of the year Group's net interest-bearing liabilities were EUR 694 million (634). The equity ratio was 44% (45%), while the gearing was 59% (54%). The shareholders' equity was EUR 1,172.8 million (1,182.9).

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 58 million, 63% of which was hedged on an average basis. The U.S. dollar denominated exchange rate risk was approximately EUR 30 million, 58% of which was hedged on an average basis. The Canadian dollar denominated exchange rate risk was approximately EUR 36 million, 63% 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 56 million.

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.

CAPITAL EXPENDITURE

In 2017, capital expenditure decreased 10% to EUR 190.1 million (210.6). Capital expenditure can be broken down as follows: expansion capex 35% (45%), improvement capex 34% (27%), and maintenance capex 31% (28%).

The largest investments during the year were the sodium chlorate capacity expansion in Joutseno, Finland, as well as capacity additions at multiple sites and capital expenditures related to the integration of Akzo Nobel's paper chemicals acquisition.

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 30.3 million (32.1) in 2017 representing 1.2% (1.4%) 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 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 2017, 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 10% (9%).

At the end of 2017, Kemira had 389 (348) patent families, 1,525 (1,236) granted patents, and 1,017 (860) pending applications. The increase in figures is related to the acquisition of AkzoNobel's paper chemicals business. A patent family covers one invention and has a number of patents or applications in various countries. During 2017, Kemira received 52 (48) new patents and introduced 11 (14) new products.

HUMAN RESOURCES

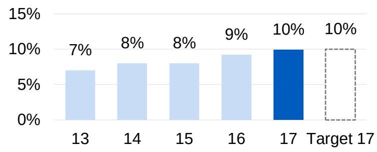
At the end of the period, Kemira Group had 4,732 employees (4,818). Kemira employed 803 people in Finland (796), 1,768 people elsewhere in EMEA (1,813), 1,514 in the Americas (1,558), and 647 in APAC (651).

CORPORATE RESPONSIBILITY

Sustainable products and solutions

Target | **Performance 2017**

Innovation sales
Share of innovation revenue of total revenue, 10% by the end of 2017



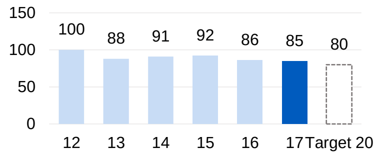
Comments
Innovation sales target of 10% of total revenue was reached. Commercialization of new sustainable products have succeeded in replacing the sales of old bestselling products from the previous five years.

ACHIEVED

Responsible operations and supply chain

Target | **Performance 2017**

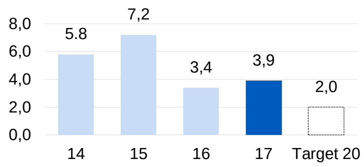
Climate change
Kemira Carbon Index ⩽ 80 by end of 2020 (2012 = 100)



Comments
Slight decrease in carbon index compared to 2016, due to increased use of carbon neutral energy sources and continuous implementation of energy efficiency projects.

IN PROGRESS

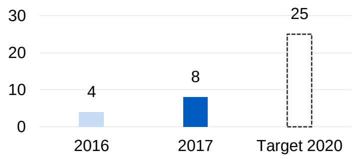
People health and safety
Achieve zero injuries on long term; TRIF* 2.0 by end of 2020



Comments
In 2017, TRIF increased to 3.9. The increase in incidents were related to contracted work at our premises. Also the severity of incidents increased, including 3 permanent disabilities.

BEHIND TARGET

Supplier management
5 sustainability audits for highest risk** suppliers every year during 2016-2020, average, cumulative target 25 by 2020



Comments
Four SMETA (Sedex Members Ethical Trade Audit) audits in collaboration with an external service provider was conducted with no business stopping results. Majority of the corrective actions were related to health and safety and labor practices.

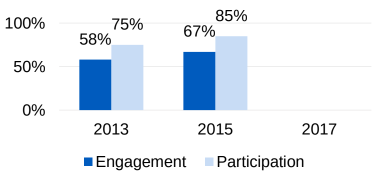
IN PROGRESS

People and integrity

Target | **Performance 2017**

Employee engagement index based on Voices@Kemira biennial survey
The index at or above the external industry norm

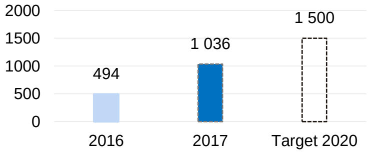
Participation rate in Voices@Kemira 75% or above



Comments
Due to the reorganization, the biennial employee engagement survey was postponed from autumn 2017 until spring 2018, to give managers at least six months with their new teams before engaging in the survey.

BEHIND TARGET

Leadership development activities provided, average
Two (2) leadership development activities per people manager position during 2016-2020, cumulative target 1,500 by 2020



Comments
Steady rate of participation in both internal and external leadership development activities continued in 2017 at 542 and actual cumulative total so far 1,036. The activities also included on-the-job learning opportunities in corporate development projects.

IN PROGRESS

* TRIF = Number of Total Recordable Injury Frequency per million hours, Kemira + contractor
** suppliers with lowest sustainability assessment score

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 customer needs, ensuring the leading portfolio of products and services for paper wet-end, focusing on the packaging and board, as well as on the 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 2017**	Oct-Dec 2016	**Jan-Dec 2017**	Jan-Dec 2016
Revenue	**372.8**	368.6	**1,476.9**	1,457.3
Operative EBITDA	**55.4**	46.3	**197.7**	195.3
Operative EBITDA, %	**14.9**	12.6	**13.4**	13.4
EBITDA	**55.1**	44.4	**179.9**	187.8
EBITDA, %	**14.8**	12.0	**12.2**	12.9
Operative EBIT	**30.9**	24.5	**104.8**	111.6
Operative EBIT, %	**8.3**	6.6	**7.1**	7.7
EBIT	**30.6**	20.3	**86.9**	101.6
EBIT, %	**8.2**	5.5	**5.9**	7.0
Capital employed*	**1,165.2**	1,111.8	**1,165.2**	1,111.8
Operative ROCE*, %	**9.0**	10.0	**9.0**	10.0
ROCE*, %	**7.5**	9.1	**7.5**	9.1
Capital expenditure excl. M&A	**41.1**	56.5	**138.3**	127.1
Capital expenditure incl. M&A	**41.1**	56.4	**138.3**	125.1
Cash flow after investing activities	**4.4**	19.8	**15.7**	105.7

*12-month rolling average

Fourth quarter

Segment's **revenue** increased 1%. Currency exchange rates had a -4% impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, increased 5% as sales volume growth continued, especially in pulp chemicals supported by the start-up of new capacity in Joutseno. The force majeure due to the fire that occurred in January at Venator site in Finland and supply issues with a key raw material in China impacted the segments' revenue by EUR -6 million.

In **EMEA**, revenue increased 7% due to sales volume growth in several product lines. The start-up of the new sodium chlorate line in Joutseno, Finland, had a positive impact.

In the **Americas**, revenue decreased 11%, mainly due to strong negative currency impact. In North America, sales volumes declined due to paper machine shutdowns and lower customer consumption despite healthy growth in sizing chemicals. In South America, sales volumes increased driven by sodium chlorate, but changes in the currency exchange rates led to lower revenue.

In **APAC**, revenue increased 12% as a result of low double-digit sales volume growth. The demand for sodium chlorate and process chemicals, especially polymers, was strong.

Operative EBITDA increased 20% driven by sales volumes, lower fixed costs, higher utilization rates and other positive items during the quarter. **EBITDA** increased 24% and the difference to operative EBITDA is explained by items affecting comparability, which were mainly related to restructuring and integration costs.

Full year

Segment’s **revenue** increased 1% driven by higher sales volumes. Revenue in local currencies, excluding divestments and acquisitions, increased 2%. The force majeure due to the fire that occurred in January at the Venator site in Finland and supply issues with a key raw material in China impacted the segments’ revenue by more than EUR -30 million.

In **EMEA**, revenue increased 3% to EUR 780.0 million (760.2) due to sales volume growth in several product lines, especially demand for pulp chemicals continued strong. The start-up of the new sodium chlorate line in Joutseno, Finland, had a positive impact.

In the **Americas**, revenue decreased 3% to EUR 505.9 million (519.1) as a combination of negative currency impact and lower demand in North America. Prices were also under pressure in North America. In South America, sales volumes increased driven by bleaching chemicals, and the currency exchange rates also contributed to higher revenue.

In **APAC**, revenue increased 7% to EUR 191.0 million (178.0) as a result of sales volume growth despite the supply issues of certain raw material for AKD products. The demand for sodium chlorate and process chemicals, especially polymers, was strong. Currencies had a negative impact on revenue.

Operative EBITDA increased 1% mainly due to higher sales volumes while variable costs increased and sales prices decreased. **EBITDA** decreased 4% mainly due to a EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000.

INDUSTRY & WATER

Industry & Water supports municipalities and water intensive industries in the efficient and sustainable use of resources. In water treatment, we help in optimizing every stage of the water cycle. In oil and gas applications, our chemistries enable improved yield from existing reserves and reduced water and energy use.

EUR million	**Oct-Dec 2017**	Oct-Dec 2016	**Jan-Dec 2017**	Jan-Dec 2016
Revenue	**263.8**	227.9	**1,009.1**	906.0
Operative EBITDA	**25.3**	23.7	**113.6**	107.2
Operative EBITDA, %	**9.6**	10.4	**11.3**	11.8
EBITDA	**23.4**	21.1	**102.5**	96.4
EBITDA, %	**8.9**	9.3	**10.2**	10.6
Operative EBIT	**13.1**	11.6	**65.5**	58.5
Operative EBIT, %	**5.0**	5.1	**6.5**	6.5
EBIT	**11.2**	8.9	**54.4**	45.4
EBIT, %	**4.3**	3.9	**5.4**	5.0
Capital employed*	**596.7**	605.2	**596.7**	605.2
Operative ROCE*, %	**11.0**	9.7	**11.0**	9.7
ROCE*, %	**9.1**	7.5	**9.1**	7.5
Capital expenditure excl. M&A	**23.1**	32.9	**51.7**	85.5
Capital expenditure incl. M&A	**23.1**	32.9	**51.7**	85.5
Cash flow after investing activities	**8.3**	6.8	**46.9**	35.6

*12-month rolling average

Fourth quarter

Segment's **revenue** increased 16%. Revenue in local currencies, excluding acquisitions and divestments, increased 20% driven by sales volume growth and higher sales prices. Currency exchange rate fluctuations had an impact of -4%.

Within the segment, revenue of the Oil & Gas business increased 54% to EUR 56.9 million (37.0) as a result of strong demand in the North American shale oil and gas market and revenue from equipment delivered to a major customer in our oil sands business. In the water treatment business, sales volume growth continued at a healthy level.

In **EMEA**, revenue increased 8% driven by higher demand for coagulants. Also sales prices increased for several product lines following higher raw material costs.

In the **Americas**, revenue increased 24% driven by accelerated growth in the North American oil & gas business, partly due to revenue generated with the delivery of equipment. Currencies had a negative impact on revenue. Sales prices, especially in polymers, increased compared to prior year.

In **APAC**, revenue increased 38% due to strong sales volume growth in water treatment chemicals, albeit from a small base. Lower sales prices and currency exchange rates had a negative impact on revenue.

Operative EBITDA increased 7% as growth in sales volumes and prices more than offset the increase in variable costs. Profitability was negatively impacted due to higher raw material prices and margin-dilutive equipment sale as well as lower capacity utilization rates at certain manufacturing sites.

EBITDA increased 11% and the difference to operative EBITDA is explained by items affecting comparability, which were related to restructuring expenses.

Full year

Segment's **revenue** increased 11%. Revenue in local currencies, excluding acquisitions and divestments, increased by 12%. Growth was driven by higher sales volumes, while the sales prices remained at prior year level with improving trend during the year. Currency exchange rates had a negative impact on revenue.

Within the segment, revenue of the Oil & Gas business increased 56% to EUR 197.0 million (126.1). In the water treatment business, good sales volume growth continued.

In **EMEA**, revenue increased 1% to EUR 511.1 million (507.5) driven by higher demand for coagulants, whereas the discontinuance of a certain Indian contract impacted polymer deliveries negatively. Sales prices increased for several product lines following higher raw material costs.

In the **Americas**, revenue increased 26% to EUR 472.2 million (376.0) driven by the recovery of the North American oil & gas business, which includes also around EUR 25 million revenue generated with the delivery of equipment. Currencies had a negative impact on revenue. Sales prices were slightly below prior year, however with an improving trend.

In **APAC**, revenue increased 15% to EUR 25.8 million (22.4) due to high demand for polymers used in water treatment. Lower sales prices and currency exchange rates had a negative impact on revenue.

Operative EBITDA increased 6% as higher sales volumes more than offset increased variable costs. **EBITDA** increased 6% as well.

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,397.2 million (1,364.2) in 2017. EBITDA was EUR 82.1 million (77.0). EBITDA increased, mainly due to an increase in revenue. The parent company's financing income and expenses were EUR 4.6 million (182.2). Financing income and expenses decreased, mainly due to lower dividend distribution from Group companies. Net profit totaled EUR 41.3 million (215.8). Total capital expenditure was EUR 27.1 million (17.7), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2017, 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 35,571 registered shareholders (32,622). Non-Finnish shareholders held 25.8% of the shares (25.1%) including nominee-registered holdings. Households owned 17.9% of the shares (16.0%). Kemira held 2,988,935 treasury shares (2,975,327) representing 1.9% (1.9%) of all company shares.

Kemira Oyj's share price decreased 5% since the beginning of the year and closed at EUR 11.50 on the Nasdaq Helsinki at the end of December 2017 (12.13 on December 31, 2016). Shares registered a high of EUR 12.44 and a low of EUR 10.33 in January-December 2017. The average share price was EUR 11.47. The company's market capitalization, excluding treasury shares, was EUR 1,752 million at the end of December 2017 (1,848 on December 31, 2016).

In January-December 2017, Kemira Oyj's share trading turnover on Nasdaq Helsinki was EUR 615 million (January-December 2016: 703). The average daily trading volume was 215,814 (256,233) shares. The total volume of Kemira Oyj's share trading in January-December 2017 was 85 million shares (95), 36% (32%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

AGM DECISIONS

Annual General Meeting

Kemira Oyj's Annual General Meeting held on March 24, 2017 confirmed the dividend of EUR 0.53. The dividend was paid out on April 11, 2017.

The AGM 2017 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, 2017.

The AGM 2017 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, 2018. The share issue authorization has been used in connection with the remuneration of the Board of Directors.

The AGM elected Deloitte Oy to serve as the company's auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the key audit partner.

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 24, 2017, the Annual General Meeting elected six members to the Board of Directors. The Annual General Meeting re-elected Wolfgang Büchele, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas and elected Shirley Cunningham as a new member of 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 2017, Kemira's Board of Directors met 10 times with a 98.4% 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 Timo Lappalainen and Kerttu Tuomas as members. In 2017, the Personnel and Remuneration Committee met six times with a 100% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Kaisa Hietala and Jari Paasikivi as members. In 2017, the Audit Committee met five times with a 100% attendance rate.

Changes to company management in 2017

On January 20, Michael Löffelmann, EVP, Projects & Manufacturing Technology, left Kemira and took a leadership position in another company. Esa-Matti Puputti, EVP Operational Excellence, took the responsibility of Projects & Manufacturing Technology.

On March 9, Kemira announced the merger of the Municipal & Industrial and Oil & Mining segment into one new segment, Industry & Water. Due to the planned organizational changes, Tarjei Johansen, President of Oil & Mining segment, left Kemira during March. Antti Salminen, President of Municipal & Industrial segment was appointed to lead the new Industry & Water segment.

On September 11, Heidi Fagerholm, Chief Technology Officer (CTO) and member of the Management Board, left Kemira and took a leadership position in another company.

On December 22, Matthew R. Pixton was appointed as Chief Technology Officer (CTO) and member of the Management Board as of January 1, 2018.

Structure

On March 9, Kemira announced that the Municipal & Industrial and Oil & Mining segments will be merged into one new segment Industry & Water as of June 1, 2017. Kemira's new organization consists of two segments: Pulp & Paper and Industry & Water.

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

SHORT-TERM RISKS AND UNCERTAINTIES

On January 30, 2017, an extensive fire occurred at the Huntsman Pigments (currently Venator) plant in Pori, Finland. Kemira's facilities at the site were not directly exposed, and nobody was injured. Venator is a key raw material supplier for Kemira's iron coagulant production. Venator also purchases chemicals and energy from Kemira.

Venator has commented the situation at Pori site in conjunction with their third quarter results in October 2017: "We are already running at 20% of previous capacity and we intend to restore manufacturing of the balance of these more profitable specialty products as quickly as possible in 2018. The remaining 40% of site capacity is more commoditized and may be reintroduced at a slower pace depending on market conditions, cost and projected long term return."

For Kemira, the incident will mean revenue loss, extra costs and risks related to the availability and usability of alternative raw materials. Kemira estimates that the revenue loss will be approximately EUR 20 million in 2018 and the negative EBITDA impact (before insurance coverage) is expected to be up to EUR 1-2 million per quarter due to increased costs and loss of revenue. Kemira has a limit of business interruption insurance coverage of EUR 10 million per incident for critical suppliers, and Kemira expects to receive compensation for most of the loss in gross margin in 2017. The negative EBITDA impact before insurance coverage was around EUR 6 million in 2017 and the insurance compensation covered almost all of the gross margin loss.

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 customer demands, for instance, in favor of water treatment technologies with lower chemical consumption, and this may have a negative impact, especially on the Industry & Water segment's ability to compete. On the other hand, possible capacity expansions by customers could increase the chemical consumption and even challenge Kemira's current production capacity. Failure by Kemira to be prepared to meet and manage these changed expectations could result in loss of 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 increases in demand. 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 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 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 substances of potential concern and to create management plans for them. These plans cover, 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 strategic decision making. Kemira takes an 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. Major competitor or customer consolidations could change the market dynamics and possibly also change Kemira's market position.

Kemira is seeking growth in product categories that are less familiar and where new competitive situations 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 lower-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 countries which are important to Kemira, could cause business interference or other adverse consequences.

Weak economic development may result in customer closures or consolidations, resulting in diminishing 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 these risks. Kemira continuously monitors geopolitical movements and changes, and aims to adjust its business accordingly.

Hazard risks

Kemira’s production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, exceptional weather conditions, environmental incidents, and the consequent 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. 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 the two 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.

Acquisitions

Acquisitions are one potential way to reach corporate goals and strategies, in addition to organic growth. Consolidations are driven by chemical manufacturers’ interests in realizing synergies and establishing footholds in new markets.

Kemira’s market position may deteriorate if it is unable to take advantage of future acquisition opportunities. The integration as such of acquired businesses, operations, and personnel also involves risks. If unsuccessful, this 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 the 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 is 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, significant demand changes in industries that are the main users of certain raw materials may lead to 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 accurate and good-quality supply of 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 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 future needs. By systematic 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.

OTHER EVENTS DURING THE REVIEW PERIOD

On October 25, 2017 Kemira announced it will invest approximately EUR 30 million in polymer technology for Chemical Enhanced Oil Recovery. Additional capacity will be built at Kemira's existing manufacturing site at Botlek, Netherlands. The new capacity is expected to be in commercial operation by the beginning of 2019.

EVENTS AFTER THE REVIEW PERIOD

Proposals of the Nomination Board to the Annual General Meeting 2018

The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that six members be elected to the Board of Directors and that the present members Wolfgang Büchele, Shirley Cunningham, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas be re-elected as members of the Board of Directors. In addition, the Nomination Board proposes that 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.

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 each 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 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, 2018. 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; Antti Mäkinen, Managing Director of Solidium Oy; Reima Rytsölä, Executive Vice-President, Varma Mutual Pension Insurance Company and Mikko Mursula, Chief Investment Officer, 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.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2017, Kemira Oyj’s distributable funds totaled EUR 782,601,045 of which net profit for the period was EUR 41,340,931. 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 21, 2018 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, 2017.

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

OUTLOOK FOR 2018

Kemira expects its operative EBITDA to increase from the prior year (2017: EUR 311.3 million).

MID- AND LONG-TERM FINANCIAL TARGETS (UNCHANGED)

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

Helsinki, February 7, 2018

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 REPORTING 2018

Interim Report January-March 2018	April 27, 2018
Half-Year Financial Report January-June 2018	July 20, 2018
Interim Report January-September 2018	October 24, 2018

The Annual General Meeting will be held in Marina Congress Center on March 21, 2018.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for the analysts, investors, and media on Thursday, February 8, 2018, starting at 10.30 am. (8.30 am. 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 above-mentioned 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 0360
SE +46 8 5033 6573
UK +44 330 336 9104
US +1 323 794 2095

Conference ID: 175702

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/2017	10-12/2016	2017	2016
Revenue	636.5	596.5	2,486.0	2,363.3
Other operating income	2.7	0.8	6.8	5.1
Operating expenses	-560.8	-531.8	-2,210.4	-2,084.2
EBITDA	78.4	65.5	282.4	284.2
Depreciation, amortization and impairments	-36.6	-36.3	-141.0	-137.2
Operating profit (EBIT)	41.8	29.2	141.4	147.0
Finance costs, net	-7.1	-5.9	-28.9	-19.1
Share of profit or loss of associates	-0.1	0.0	0.2	0.1
Profit before taxes	34.6	23.3	112.6	128.0
Income taxes	-8.8	-5.1	-27.4	-30.1
Net profit for the period	25.8	18.2	85.2	97.9
Net profit attributable to				
Equity owners of the parent	24.3	16.7	78.6	91.8
Non-controlling interests	1.5	1.5	6.6	6.1
Net profit for the period	25.8	18.2	85.2	97.9
Earnings per share, basic and diluted, EUR	0.16	0.11	0.52	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2017	10-12/2016	2017	2016
Net profit for the period	25.8	18.2	85.2	97.9
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	24.0	7.2	24.0	-31.6
Exchange differences on translating foreign operations	-7.4	12.5	-46.4	11.3
Cash flow hedges	2.6	4.8	3.4	8.5
Items that will not be reclassified subsequently to profit or loss				
Remeasurements on defined benefit plans	9.6	-11.0	9.6	-10.7
Other comprehensive income for the period, net of tax	28.8	13.5	-9.4	-22.5
Total comprehensive income for the period	54.5	31.7	75.8	75.4
Total comprehensive income attributable to				
Equity owners of the parent	52.8	30.3	68.7	69.6
Non-controlling interests	1.8	1.4	7.2	5.8
Total comprehensive income for the period	54.5	31.7	75.8	75.4

CONSOLIDATED BALANCE SHEET

EUR million	12/31/2017	12/31/2016
ASSETS		
Non-current assets		
Goodwill	**505.0**	522.4
Other intangible assets	**100.5**	115.9
Property, plant and equipment	**922.9**	915.6
Investments in associates	**0.7**	1.2
Available-for-sale financial assets	**235.8**	202.5
Deferred tax assets	**24.8**	27.5
Other investments	**3.8**	4.4
Receivables of defined benefit plans	**48.0**	32.1
Total non-current assets	**1,841.5**	1,821.6
Current assets		
Inventories	**223.8**	216.9
Interest-bearing receivables	**5.3**	0.2
Trade receivables and other receivables	**418.8**	386.1
Current income tax assets	**18.7**	22.7
Cash and cash equivalents	**166.1**	173.4
Total current assets	**832.8**	799.3
Non-current assets classified as held-for-sale	**0.6**	-
Total assets	**2,674.9**	2,620.9
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity owners of the parent	**1,159.0**	1,170.0
Non-controlling interests	**13.8**	12.9
Total equity	**1,172.8**	1,182.9
Non-current liabilities		
Interest-bearing liabilities	**669.1**	649.5
Other liabilities	**21.4**	21.4
Deferred tax liabilities	**62.4**	63.2
Liabilities of defined benefit plans	**82.3**	79.8
Provisions	**27.2**	26.5
Total non-current liabilities	**862.5**	840.4
Current liabilities		
Interest-bearing current liabilities	**191.4**	157.9
Trade payables and other liabilities	**422.8**	405.2
Current income tax liabilities	**14.2**	20.3
Provisions	**11.3**	14.2
Total current liabilities	**639.7**	597.6
Total liabilities	**1,502.1**	1,438.0
Total equity and liabilities	**2,674.9**	2,620.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	10-12/2017	10-12/2016	2017	2016
Cash flow from operating activities				
Net profit for the period	**25.8**	18.2	**85.2**	97.9
Total adjustments	**36.8**	49.6	**203.5**	186.6
Operating profit before change in net working capital	**62.6**	67.8	**288.7**	284.5
Change in net working capital	**17.9**	47.6	**-33.9**	29.5
Cash generated from operations before financing items and taxes	**80.5**	115.4	**254.8**	314.0
Finance expenses, net and dividends received	**-5.6**	-11.5	**-25.0**	-20.2
Income taxes paid	**-3.5**	-1.5	**-24.7**	-23.2
Net cash generated from operating activities	**71.4**	102.4	**205.1**	270.6
Cash flow from investing activities				
Purchases of subsidiaries and business acquisitions, net of cash acquired	**0.0**	0.1	**0.0**	2.0
Other capital expenditure	**-64.2**	-89.4	**-190.1**	-212.6
Proceeds from sale of assets	**1.6**	0.0	**3.0**	36.9
Change in loan receivables decrease (+) / increase (-)	**-5.1**	0.3	**-5.1**	0.9
Net cash used in investing activities	**-67.7**	-89.0	**-192.2**	-172.8
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities (+)	**0.0**	0.0	**100.0**	50.0
Repayments from non-current interest-bearing liabilities (-)	**-9.7**	-23.6	**-62.1**	-48.1
Short-term financing, net increase (+) / decrease (-)	**11.7**	19.1	**36.3**	6.8
Dividends paid	**0.0**	0.0	**-86.9**	-86.5
Other finance items	**0.0**	0.0	**0.0**	0.0
Net cash used in financing activities	**2.0**	-4.5	**-12.7**	-77.8
Net decrease (-) / increase (+) in cash and cash equivalents	**5.7**	8.9	**0.3**	20.0
Cash and cash equivalents at end of period	**166.1**	173.4	**166.1**	173.4
Exchange gains (+) / losses (-) on cash and cash equivalents	**-0.1**	2.6	**-7.5**	1.9
Cash and cash equivalents at beginning of period	**160.5**	161.9	**173.4**	151.5
Net decrease (-) / increase (+) in cash and cash equivalents	**5.7**	8.9	**0.3**	20.0

Kemira
Where water meets chemistry™

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, 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 [1)]	-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

[1)] 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.

EUR million	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, 2017	**221.8**	**257.9**	**72.2**	**196.3**	**-0.8**	**-20.0**	**442.6**	**1,170.0**	**12.9**	**1,182.9**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**78.6**	**78.6**	**6.6**	**85.2**
Other comprehensive income, net of tax	**-**	**-**	**27.4**	**-**	**-46.9**	**-**	**9.6**	**-9.9**	**0.5**	**-9.4**
Total comprehensive income	**-**	**-**	**27.4**	**-**	**-46.9**	**-**	**88.2**	**68.7**	**7.2**	**75.8**
Transactions with owners										
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-80.7** [2)]	**-80.7**	**-6.2**	**-86.9**
Treasury shares given back	**-**	**-**	**-**	**-**	**-**	**-0.2**	**-**	**-0.2**	**-**	**-0.2**
Treasury shares issued to the Board of Directors	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
Transfers in equity	**-**	**-**	**-0.9**	**-**	**-**	**-**	**0.9**	**0.0**	**-**	**0.0**
Transactions with owners	**-**	**-**	**-0.9**	**-**	**-**	**-0.1**	**-78.7**	**-79.7**	**-6.2**	**-85.9**
Equity at December 31, 2017	**221.8**	**257.9**	**98.7**	**196.3**	**-47.7**	**-20.1**	**452.1**	**1,159.0**	**13.8**	**1,172.8**

[2)] A dividend was EUR 80,7 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2016. The annual general meeting approved EUR 0.53 dividend on March 24, 2017. The dividend record date was March 28, 2017, and the payment date April 11, 2017.

Kemira had in its possession 2,988,935 of its treasury shares on December 31, 2017. 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 4.3 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, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing followed by capital markets and Kemira management, provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

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

* Revenue growth in local currencies, excluding acquisitions and divestments

	2017 10-12	2017 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	**2017 1-12**	2016 1-12
Income statement and profitability										
Revenue, EUR million	**636.5**	622.2	617.2	610.0	596.5	596.3	587.8	582.7	**2,486.0**	2,363.3
Operative EBITDA, EUR million	**80.7**	84.5	77.1	69.0	70.0	80.8	78.9	72.8	**311.3**	302.5
Operative EBITDA, %	**12.7**	13.6	12.5	11.3	11.7	13.6	13.4	12.5	**12.5**	12.8
EBITDA, EUR million	**78.4**	70.2	67.0	66.7	65.5	78.3	69.3	71.1	**282.4**	284.2
EBITDA, %	**12.3**	11.3	10.9	10.9	11.0	13.1	11.8	12.2	**11.4**	12.0
Items affecting comparability in EBITDA, EUR million	**-2.2**	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	**-28.9**	-18.3
Operative EBIT, EUR million	**44.0**	47.7	43.6	34.9	36.1	46.5	46.6	40.9	**170.3**	170.1
Operative EBIT, %	**6.9**	7.7	7.1	5.7	6.1	7.8	7.9	7.0	**6.9**	7.2
Operating profit (EBIT), EUR million	**41.8**	33.4	33.5	32.6	29.2	43.7	34.9	39.2	**141.4**	147.0
Operating profit (EBIT), %	**6.6**	5.4	5.4	5.3	4.9	7.3	5.9	6.7	**5.7**	6.2
Items affecting comparability in EBIT, EUR million	**-2.2**	-14.3	-10.1	-2.3	-6.9	-2.8	-11.7	-1.7	**-28.9**	-23.1
Return on investment (ROI), %	**7.8**	6.2	6.4	6.2	5.5	8.4	7.2	7.8	**6.6**	7.1
Capital employed, EUR million	**1,763.2**	1,759.9	1,749.7	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	**1,763.2**	1,718.2
Operative ROCE, %	**9.7**	9.2	9.2	9.5	9.9	9.8	9.8	9.7	**9.7**	9.9
ROCE, %	**8.0**	7.3	8.0	8.1	8.6	7.9	7.9	7.9	**8.0**	8.6
Cash flow										
Net cash generated from operating activities, EUR million	**71.4**	92.9	28.6	12.2	102.4	85.0	57.0	26.2	**205.1**	270.6
Capital expenditure, EUR million	**64.2**	43.8	45.2	36.9	89.3	48.5	43.3	29.5	**190.1**	210.6
Capital expenditure excl. acquisitions, EUR million	**64.2**	43.8	45.2	36.9	89.4	48.5	43.3	31.4	**190.1**	212.6
Capital expenditure excl. acquisitions / revenue, %	**10.1**	7.0	7.3	6.0	15.0	8.1	7.4	5.4	**7.6**	9.0
Cash flow after investing activities, EUR million	**3.7**	50.4	-16.5	-24.6	13.4	36.9	49.8	-2.3	**13.0**	97.8
Balance sheet and solvency										
Equity ratio, %	**43.9**	43.3	42.9	42.7	45.2	44.8	44.3	42.5	**43.9**	45.2
Gearing, %	**59.2**	62.7	68.6	59.1	53.6	57.8	61.5	60.0	**59.2**	53.6
Interest-bearing net liabilities, EUR million	**694.4**	700.7	758.0	660.9	634.0	665.7	689.9	644.1	**694.4**	634.0
Personnel										
Personnel at end of period	**4,732**	4,749	4,849	4,771	4,818	4,843	4,873	4,711	**4,732**	4,818
Personnel (average)	**4,736**	4,791	4,820	4,775	4,823	4,856	4,815	4,715	**4,781**	4,802
Exchange rates at end of period										
USD	**1.199**	1.181	1.141	1.069	1.054	1.116	1.110	1.139	**1.199**	1.054
CAD	**1.504**	1.469	1.478	1.427	1.419	1.469	1.438	1.474	**1.504**	1.419
SEK	**9.844**	9.649	9.639	9.532	9.553	9.621	9.424	9.225	**9.844**	9.553
CNY	**7.804**	7.853	7.738	7.364	7.320	7.446	7.376	7.351	**7.804**	7.320
BRL	**3.973**	3.764	3.760	3.380	3.431	3.621	3.590	4.117	**3.973**	3.431
Per share figures, EUR										
Earnings per share (EPS), basic and diluted [1)]	**0.16**	0.12	0.12	0.12	0.11	0.16	0.17	0.16	**0.52**	0.60
Net cash generated from operating activities per share [1)]	**0.47**	0.61	0.19	0.08	0.68	0.55	0.38	0.17	**1.35**	1.78
Equity per share [1)]	**7.61**	7.26	7.18	7.24	7.68	7.48	7.30	6.96	**7.61**	7.68
Number of shares (1,000)										
Average number of shares, basic [1)]	**152,357**	152,362	152,360	152,358	152,367	152,367	152,363	152,160	**152,359**	152,314
Average number of shares, diluted [1)]	**152,564**	152,595	152,605	152,611	152,451	152,547	152,557	152,548	**152,594**	152,526
Number of shares at end of period, basic [1)]	**152,354**	152,362	152,362	152,354	152,367	152,367	152,367	152,356	**152,354**	152,367
Number of shares at end of period, diluted [1)]	**152,512**	152,595	152,595	152,606	152,619	152,518	152,561	152,550	**152,512**	152,619

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

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

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

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 12-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

Kemira
Where water meets chemistry™

RECONCILIATION OF IFRS FIGURES

EUR million	2017 10-12	2017 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-12	2016 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA	**80.7**	84.5	77.1	69.0	70.0	80.8	78.9	72.8	**311.3**	302.5
Restructuring and streamlining programs	**-2.4**	-1.2	-7.5	-1.9	-1.1	-0.4	-4.3	0.0	**-13.1**	-5.8
Transaction and integration expenses in acquisition	**-0.2**	0.3	0.2	0.1	-1.2	-0.5	-1.9	-1.4	**0.3**	-5.0
Divestment of businesses and other disposals	**0.8**	0.0	-2.6	0.0	0.0	0.2	0.0	0.3	**-1.9**	0.5
Other items	**-0.3**	-13.4	-0.1	-0.5	-2.2	-1.8	-3.4	-0.6	**-14.4**	-8.0
Total Items affecting comparability	**-2.2**	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	**-28.9**	-18.3
EBITDA	**78.4**	70.2	67.0	66.7	65.5	78.3	69.3	71.1	**282.4**	284.2
Operative EBIT	**44.0**	47.7	43.6	34.9	36.1	46.5	46.6	40.9	**170.3**	170.1
Total items affecting comparability in EBITDA	**-2.2**	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	**-28.9**	-18.3
Items affecting comparability in depreciation, amortization and impairments	**0.0**	0.0	0.0	0.0	-2.4	-0.3	-2.1	0.0	**0.0**	-4.8
Operating profit (EBIT)	**41.8**	33.4	33.5	32.6	29.2	43.7	34.9	39.2	**141.4**	147.0
ROCE AND OPERATIVE ROCE										
Operative EBIT	**44.0**	47.7	43.5	34.9	36.1	46.5	46.6	40.9	**170.3**	170.1
Operating profit (EBIT)	**41.8**	33.4	33.5	32.6	29.2	43.7	34.9	39.2	**141.4**	147.0
Share of profit or loss of associates	**-0.1**	0.1	0.0	0.1	0.0	0.0	0.0	0.1	**0.2**	0.1
Capital employed	**1,763.2**	1,759.9	1,749.7	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	**1,763.2**	1,718.2
Operative ROCE, %	**9.7**	9.2	9.2	9.5	9.9	9.8	9.8	9.7	**9.7**	9.9
ROCE, %	**8.0**	7.3	8.0	8.1	8.6	7.9	7.9	7.9	**8.0**	8.6
NET WORKING CAPITAL										
Inventories	**223.8**	224.4	227.1	230.2	216.9	214.0	214.0	215.4	**223.8**	216.9
Trade receivables and other receivables	**418.8**	398.6	419.5	412.8	386.1	398.9	404.9	404.6	**418.8**	386.1
Excluding financing items in other receivables	**-21.4**	-18.3	-21.2	-15.1	-16.8	-15.3	-19.3	-26.0	**-21.4**	-16.8
Trade payables and other liabilities	**422.8**	385.6	384.2	490.3	405.2	377.5	359.1	462.3	**422.8**	405.2
Excluding financing items in other liabilities	**-12.0**	-11.1	-5.6	-98.4	-13.6	-16.7	-20.4	-119.1	**-12.0**	-13.6
Net working capital	**210.5**	230.3	246.8	236.0	194.6	236.8	260.9	250.8	**210.5**	194.6
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	**669.1**	674.5	690.9	592.1	649.5	656.8	676.8	666.6	**669.1**	649.5
Current interest-bearing liabilities	**191.4**	186.6	180.8	200.3	157.9	170.7	167.4	133.7	**191.4**	157.9
Interest-bearing liabilities	**860.5**	861.2	871.7	792.4	807.4	827.5	844.2	800.3	**860.5**	807.4
Cash and cash equivalents	**166.1**	160.5	113.7	131.5	173.4	161.9	154.3	156.2	**166.1**	173.4
Interest-bearing net liabilities	**694.4**	700.7	758.0	660.9	634.0	665.6	689.9	644.1	**694.4**	634.0

QUARTERLY SEGMENT INFORMATION

EUR million	2017 10-12	2017 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-12	2016 1-12
Revenue										
Pulp & Paper	**372.8**	363.0	368.9	372.2	368.6	365.2	361.1	362.4	**1,476.9**	1,457.3
Industry & Water	**263.8**	259.2	248.3	237.8	227.9	231.1	226.7	220.3	**1,009.1**	906.0
Total	**636.5**	622.2	617.2	610.0	596.5	596.3	587.8	582.7	**2,486.0**	2,363.3
Operative EBITDA										
Pulp & Paper	**55.4**	48.5	47.8	46.0	46.3	51.8	49.3	47.9	**197.7**	195.3
Industry & Water	**25.3**	36.0	29.3	22.9	23.7	29.0	29.6	24.9	**113.6**	107.2
Total	**80.7**	84.5	77.1	69.0	70.0	80.8	78.9	72.8	**311.3**	302.5
Items affecting comparability in EBITDA										
Pulp & Paper	**-0.3**	-13.9	-2.7	-0.9	-1.9	-1.3	-3.1	-1.2	**-17.9**	-7.5
Industry & Water	**-1.9**	-0.4	-7.4	-1.4	-2.6	-1.2	-6.5	-0.5	**-11.0**	-10.8
Total	**-2.2**	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	**-28.9**	-18.3
EBITDA										
Pulp & Paper	**55.1**	34.6	45.1	45.1	44.4	50.5	46.2	46.7	**179.9**	187.8
Industry & Water	**23.4**	35.7	22.0	21.5	21.1	27.8	23.1	24.4	**102.5**	96.4
Total	**78.4**	70.2	67.0	66.7	65.5	78.3	69.3	71.1	**282.4**	284.2
Operative EBIT										
Pulp & Paper	**30.9**	24.4	25.7	23.8	24.5	30.0	28.9	28.2	**104.8**	111.6
Industry & Water	**13.1**	23.4	17.9	11.1	11.6	16.5	17.7	12.7	**65.5**	58.5
Total	**44.0**	47.7	43.6	34.9	36.1	46.5	46.6	40.9	**170.3**	170.1
Items affecting comparability in EBIT										
Pulp & Paper	**-0.3**	-13.9	-2.7	-0.9	-4.2	-1.5	-3.1	-1.2	**-17.9**	-10.0
Industry & Water	**-1.9**	-0.4	-7.4	-1.4	-2.7	-1.3	-8.6	-0.5	**-11.0**	-13.1
Total	**-2.2**	-14.3	-10.1	-2.3	-6.9	-2.8	-11.7	-1.7	**-28.9**	-23.1
Operating profit (EBIT)										
Pulp & Paper	**30.6**	10.4	23.0	22.9	20.3	28.5	25.8	27.0	**86.9**	101.6
Industry & Water	**11.2**	23.0	10.5	9.7	8.9	15.2	9.1	12.2	**54.4**	45.4
Total	**41.8**	33.4	33.5	32.6	29.2	43.7	34.9	39.2	**141.4**	147.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2017	2016
Net book value at beginning of period	915.6	815.3
Purchases of subsidiaries and asset acquisitions	0.0	0.0
Increases	172.7	198.3
Decreases	-1.2	-1.2
Depreciation and impairments	-114.8	-106.9
Exchange rate differences and other changes	-49.4	10.1
Net book value at end of period	922.9	915.6

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	2017	2016
Net book value at beginning of period	638.3	653.0
Purchases of subsidiaries and asset acquisitions	0.0	-4.0
Increases	13.8	14.3
Decreases	0.0	-
Amortization and impairments	-26.2	-30.3
Exchange rate differences and other changes	-20.3	5.3
Net book value at end of period	605.5	638.3

DERIVATIVE INSTRUMENTS

EUR million	12/31/2017 Nominal value	12/31/2017 Fair value	12/31/2016 Nominal value	12/31/2016 Fair value
Currency derivatives				
Forward contracts	**341.4**	**1.0**	260.9	-1.3
of which cash flow hedge	**43.5**	**0.8**	0.0	0.0
Interest rate derivatives				
Interest rate swaps	**270.0**	**1.0**	304.8	1.2
of which cash flow hedge	**170.0**	**-1.6**	204.8	-2.2
of which fair value hedge	**100.0**	**2.7**	100.0	3.4
Other derivatives	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,704.5**	**6.2**	1,971.5	3.0
of which cash flow hedge	**1,704.5**	**6.2**	1,971.5	3.0
Electricity future contracts, bought	**157.6**	**-0.1**	0.0	0.0
of which cash flow hedge	**157.6**	**-0.1**	0.0	0.0

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	12/31/2017				12/31/2016			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	**-**	**-**	**235.8**	**235.8**	-	-	202.5	202.5
Other investments	**-**	**3.8**	**-**	**3.8**	-	4.4	-	4.4
Currency instruments	**-**	**4.7**	**-**	**4.7**	-	2.8	-	2.8
Interest rate instruments, hedge accounting	**-**	**2.7**	**-**	**2.7**	-	3.4	-	3.4
Other instruments	**-**	**6.2**	**-**	**6.2**	-	3.8	-	3.8
Other receivables	**-**	**5.3**	**-**	**5.3**	-	0.2	-	0.2
Trade receivables	**-**	**315.2**	**-**	**315.2**	-	291.1	-	291.1
Total	-	**337.9**	**235.8**	**573.7**	-	305.7	202.5	508.2

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 12/31/2017**	Total net 12/31/2016
Instrument		
Carrying value at beginning of period	**202.5**	271.6
Effect on the statement of comprehensive income	**3.6**	-39.5
Increases	**-0.3**	0.0
Decreases	**30.0**	-29.6
Carrying value at end of period	**235.8**	202.5

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	12/31/2017				12/31/2016			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	**-**	**697.2**	**-**	**697.2**	-	673.5	-	673.5
Repayments from non-current interest-bearing liabilities	**-**	**74.8**	**-**	**74.8**	-	65.7	-	65.7
Non-current other liabilities	**-**	**21.4**	**-**	**21.4**	-	21.4	-	21.4
Finance lease liabilities	**-**	**0.1**	**-**	**0.1**	-	0.5	-	0.5
Loans from financial institutions	**-**	**126.8**	**-**	**126.8**	-	98.7	-	98.7
Other liabilities	**-**	**31.0**	**-**	**31.0**	-	33.6	-	33.6
Currency instruments	**-**	**3.7**	**-**	**3.7**	-	4.1	-	4.1
Interest rate instruments, hedge accounting	**-**	**1.6**	**-**	**1.6**	-	2.2	-	2.2
Other instruments	**-**	**0.1**	**-**	**0.1**	-	0.8	-	0.8
Trade payables	**-**	**187.2**	**-**	**187.2**	-	159.6	-	159.6
Total	**-**	**1,143.9**	**-**	**1,143.9**	-	1,060.1	-	1,060.1

CONTINGENT LIABILITIES

EUR million	12/31/2017	12/31/2016
Assets pledged		
On behalf of own commitments	**5.7**	5.9
Guarantees		
On behalf of own commitments	**50.2**	54.4
On behalf of others	**3.9**	3.1
Operating leasing liabilities		
Maturity within one year	**32.2**	39.7
Maturity after one year	**165.4**	171.5
Other obligations		
On behalf of own commitments	**1.0**	1.1
On behalf of associates	**0.2**	0.4

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2017 were about EUR 18.7 million for plant investments.

LITIGATION

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 relating to alleged old violations of competition law applicable to the hydrogen peroxide business. 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 included significant limitations of liabilities for Kemira regarding the then pending legal actions filed by CDC entities in Dortmund, Germany (mentioned and settled as below) and in Amsterdam, the Netherlands (mentioned and pending as below).

On October 16, 2017 Kemira entered into a settlement with Cartel Damage Claims Hydrogen Peroxide SA settling -for its part- fully and finally the Dortmund lawsuit filed by Cartel Damage Claims Hydrogen Peroxide SA in 2009 against six hydrogen peroxide manufacturers, including Kemira, for alleged old violations of competition law in the hydrogen peroxide business. Based on the settlement Cartel Damage Claims Hydrogen Peroxide SA withdrew the damages claims against Kemira and Kemira paid to Cartel Damage Claims Hydrogen Peroxide SA as compensation and costs an amount of EUR 12.7 million.

On June 9, 2011 Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has 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 old 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 interests 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. On May 10, 2017, the municipal court of Amsterdam rendered an interim decision on certain legal aspects relating to the claims of CDC Project 13 SA. The interim decision was favorable to Kemira on matters as to applicable statute of limitations, though not supporting Kemira’s view that assignments made to CDC (allegedly giving CDC rights to present damage claims against the defendants) were invalid. CDC Project 13 SA has appealed against said interim decision and likewise Kemira has decided to file a cross-appeal accordingly.

As mentioned above the settlement between Kemira and CDC relating to the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the remaining pending legal action filed by CDC Project 13 SA 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 process. No assurance can be given as to the outcome of the process, and unfavorable judgments against Kemira could have an 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 2016.

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

NEW IFRS-STANDARDS

IFRS 15 Revenue from Contracts with Customers

As of January 1, 2018, Kemira adopts IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer.

Kemira's revenue mainly consists of contract types that include the sale of chemical products and services provided in relation to the sale of these products. Kemira's revenue recognition remains substantially unchanged and revenue is recognized when the customer obtains control of the goods. In Kemira's sales contracts the change of control to the customer is mainly based on delivery terms and revenue recognition occurs at a point in time, and adopting the IFRS 15 does not change the timing of revenue recognition.

Kemira provides delivery and handling services together with the sale of the chemical products to the customers. The delivery and handling services are recognized at the same time with revenue of products and are not treated as a separate performance obligation in accordance with IFRS 15 standard. Recognition of revenue on both sale of products and delivery and handling services in the same reporting period is consistent with the accounting policy under IAS 18.

Discounts provided to customers are not significant in Kemira's sales contracts. Implementing IFRS 15 does not change the accounting treatment.

Over the course of the widely communicated IFRS 15 project, organization has been informed about the new revenue recognition requirements. Based on the impact assessment IFRS 15 standard has no material impact on Kemira's financial reporting or accounting systems. The project has resulted in enhancements in the revenue recognition related processes and controls.

Kemira's interim reports for the financial year 2018 and annual Consolidated Financial Statements 2018 will be prepared in compliance with IFRS 15 requirements. The Group adopts IFRS 15 using full retrospective method as of January 1, 2018. The comparative periods are not restated as the revenue recognition criteria remains unchanged.

IFRS 9 Financial Instruments

As of January 1, 2018, Kemira adopts IFRS 9 Financial Instruments standard. IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS introduced new requirements for the classification and measurement of financial assets and introduces a new impairment model for financial assets, which is based on expected credit losses. Recognition and measurement of financial liabilities will mainly continue to be on the same basis as currently adopted under IAS 39. The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

IFRS 9 changes Kemira's current credit loss recognition accounting policies relating to trade receivables. Kemira adopts a simplified credit loss model for trade receivables in which amount of credit losses is estimated by using the impairment model based on expected credit losses. In the new expected credit loss model, the credit losses vary according to ageing categories of trade receivables and geographical areas: EMEA, the Americas and APAC. In addition, the credit loss provision for trade receivables continues to be recognized based on individual risk assessment. In accordance with the new credit loss model, the adjustment of EUR 0.4 million (including deferred tax effect of EUR 0.1 million) will be recognized in the retained earnings as of January 1, 2018, and subsequent adjustments will be recognized in profit or loss. The comparative periods will not be restated.

IFRS 9 impacts to the valuation of loan receivables, as expected credit losses on loan receivables are recognized. Expected credit loss of EUR 1.0 million (including deferred tax effect of EUR 0.3 million) arising from the measurement of loan receivables are recognized in transition into equity in retained earnings as of January 1, 2018. Subsequent adjustments to expected credit losses will be recognized in profit and loss. The comparative periods will not be restated.

As of January 2018, non-listed PVO/TVO shares are classified as fair value through other comprehensive income. Under IAS 39 PVO/TVO shares are classified in available-for-sale financial assets. In IFRS 9 fair value changes, including gains and losses on sale, are recognized in other comprehensive income in equity and the dividends are recognized in profit or loss. The comparative periods will not be restated, except the classification change.

In the previous financial years, the Group has applied cash flow hedge accounting for electricity derivatives in accordance with IAS 39. IFRS 9 provides an opportunity to apply hedge accounting separately for electricity price components of system price and area price quoted by the Nordic Electricity Exchange.

Under IAS 39 the fair value changes of cash flow hedge accounted electricity derivatives are recognized in other comprehensive income and potential ineffectiveness is recognized in profit or loss. Kemira adopts IFRS 9 hedge accounting for electricity derivatives from January 1, 2018, then effective part of fair value changes related to cash flow hedge accounted electricity derivatives will be recognized in other comprehensive income and ineffectiveness will generally not arise because the components of electricity price risk will be separately hedged. The comparative periods will not be restated.

The total effect on equity from trade receivables and loan receivables is EUR 1.0 million.

IFRS 16 Leases

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019) -standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the current guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinction of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. In addition, IFRS 16 requires extensive disclosures.

On the reporting date December 31, 2017, the Group's operating lease commitments were EUR 197.6 million. The Group continues to assess the existing operating lease agreements to determine the right-of-use assets and lease liabilities to be recognized in the balance sheet on the basis of these agreements. The change in accounting practices relating to lease agreements is estimated to have a material impact on the Groups' financials. Balance sheet and some key figures like gearing, net debt, EBITDA and ROCE will be significantly impacted. IFRS 16 will also impact to the classifications in the income statement and cash flow. Impact assessment will continue together with relevant process, control and tool implementations during 2018. The Group expects to adopt IFRS 16 standard using the modified retrospective method for the existing and new lease agreements on January 1, 2019.The information from the prior years will not be restated and will be disclosed in accordance with the current IAS 17 standard.

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.