

JARI ROSENDAL, PRESIDENT AND CEO
MARCH 21, 2018

CEO REVIEW

ANNUAL GENERAL MEETING 2018

kemira

Kemira's Management Board



Jukka Hakkila, Chief Legal Officer, acts as secretary of Management Board and Board of Directors.

JARI ROSENDAL, PRESIDENT AND CEO
MARCH 21, 2018

Good revenue growth in 2017

ANNUAL GENERAL MEETING 2018

kemira

Kemira today

Kemira is a global chemicals company serving customers in water intensive industries.

2.5

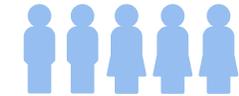
Revenue in EUR billion

12.5%

Operative EBITDA margin

4,732

Personnel



63

Manufacturing sites



110

Ship-to countries



35 500

Shareholders



Pulp & Paper

serving pulp, board and paper producers

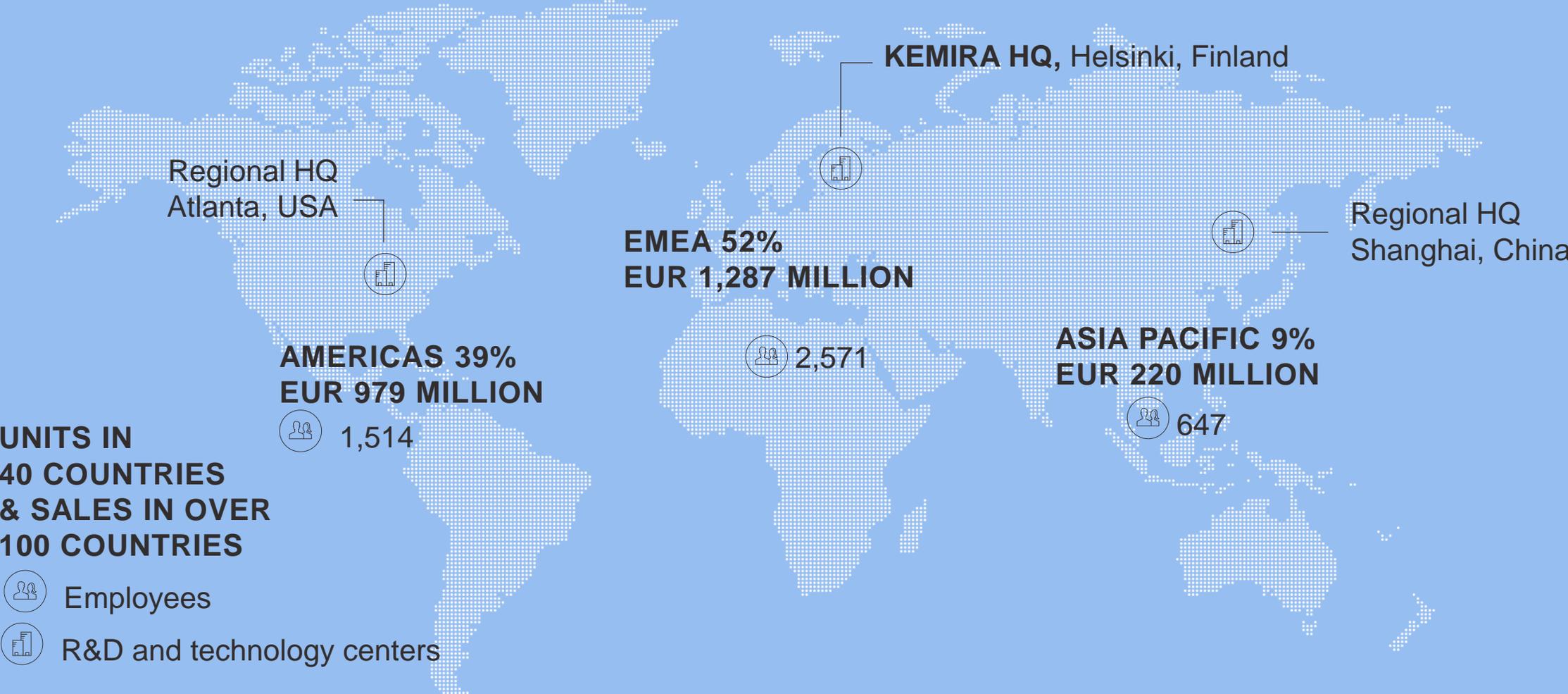
- Global market leader with approx. 16% market share

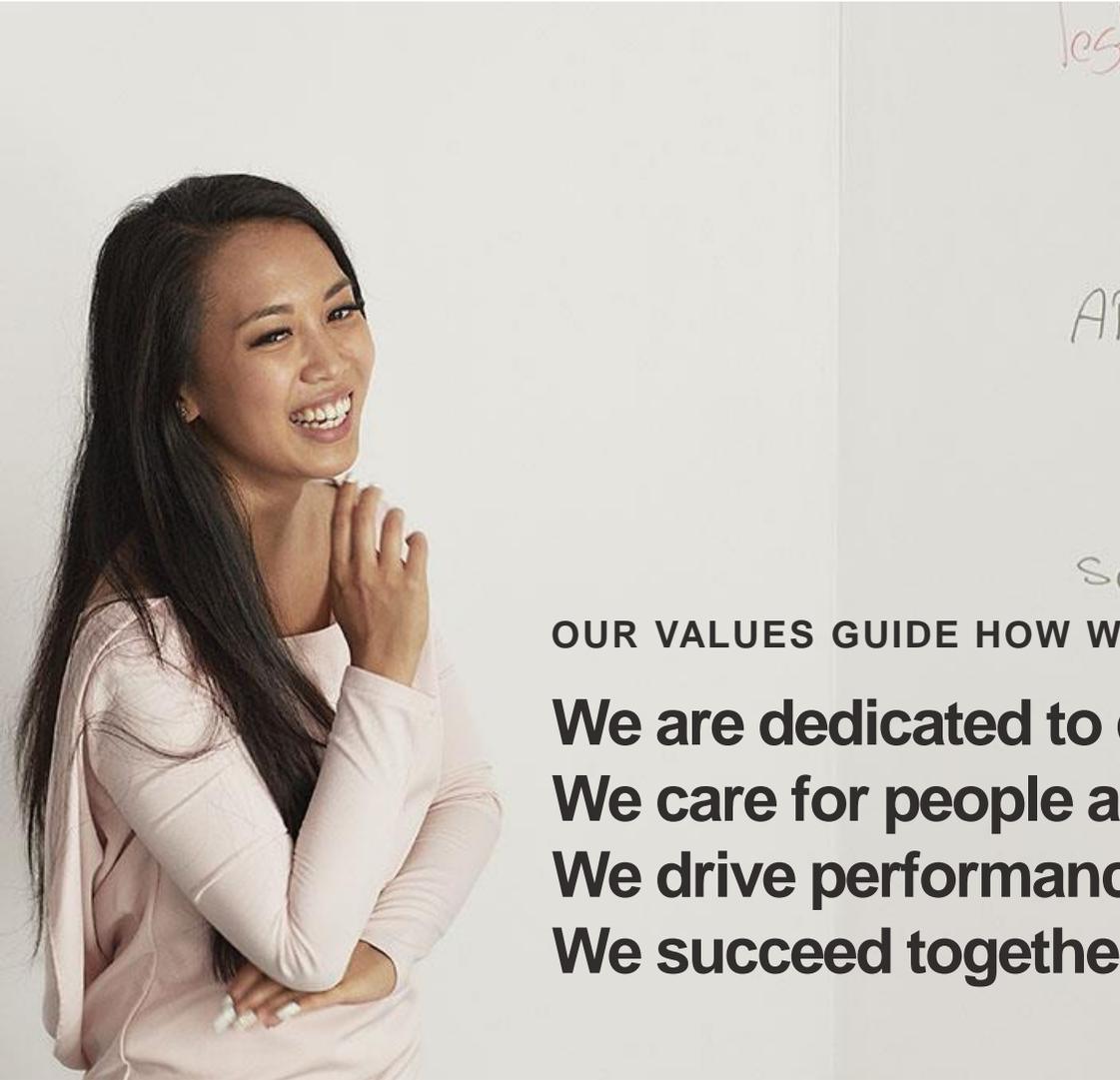
Industry & Water

provides chemicals for water treatment and serves selected customers in oil and gas

- Market leader with ~30% market share in its regions

Globaali reach – local excellence





OUR VALUES GUIDE HOW WE WORK

- We are dedicated to customer success**
- We care for people and the environment**
- We drive performance and innovation**
- We succeed together**

2017 was tail-weighted as expected

Selected highlights in 2017

- Re-organization completed without disruptions to business
- Strong recovery in Oil & Gas
- Healthy volume growth in Pulp & Paper and water treatment
- Sales prices started to offset increasing raw material costs in H2
- Major projects executed
 - Acquisition synergy program completed
 - Sourcing of logistics with Odyssey commenced
 - Start-up of new chlorate capacity in Finland
- CEOR investment for higher demand

■ ORGANIC GROWTH

■ ACQUISITIONS

■ OPERATING
COST DISCIPLINE

■ EFFICIENCY

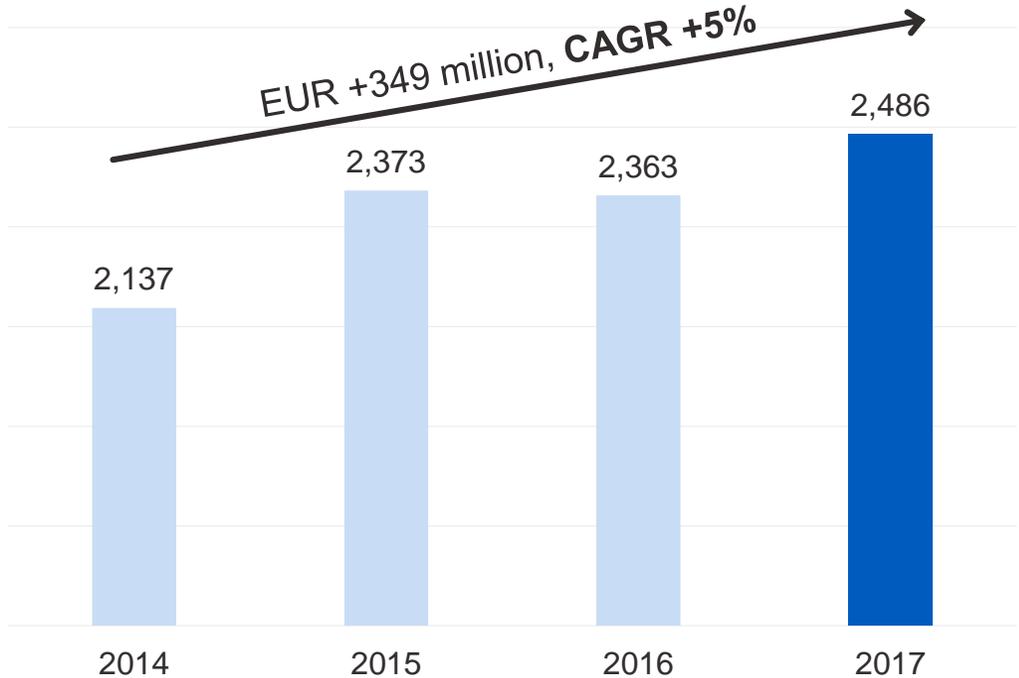


Challenges faced in 2017

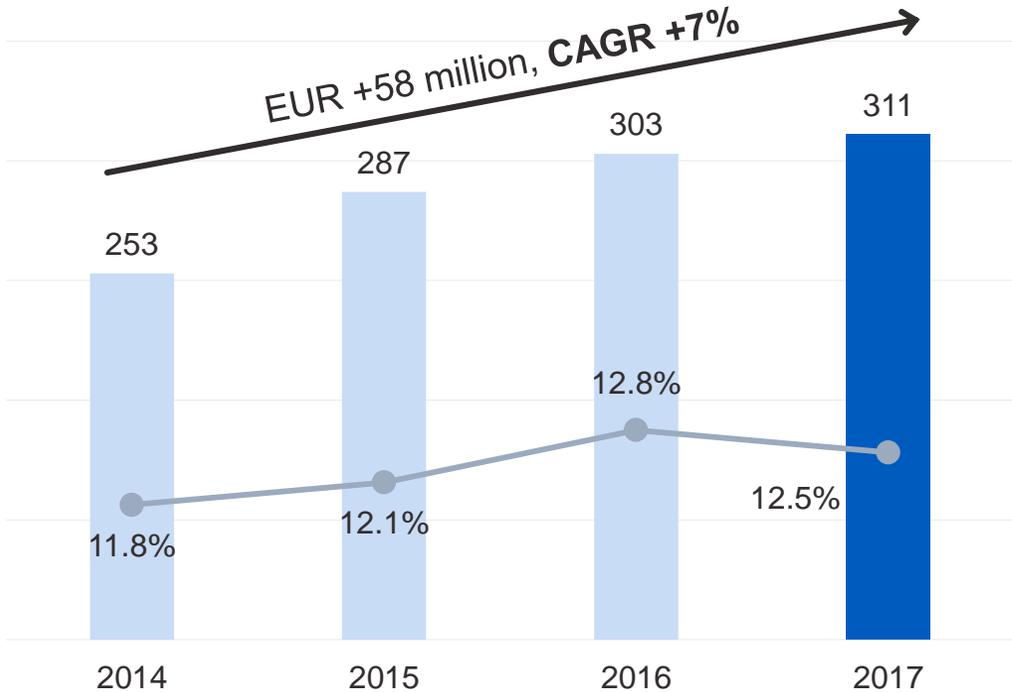
- Raw material availability and price increases in certain areas
- Disruptions due to hurricanes Harvey and Irma as well as force majeure by Venator
- EUR/USD swiftly from 1.05 to 1.20

Delivering profitable growth

REVENUE
EUR million



OPERATIVE EBITDA
OPERATIVE EBITDA MARGIN
EUR million

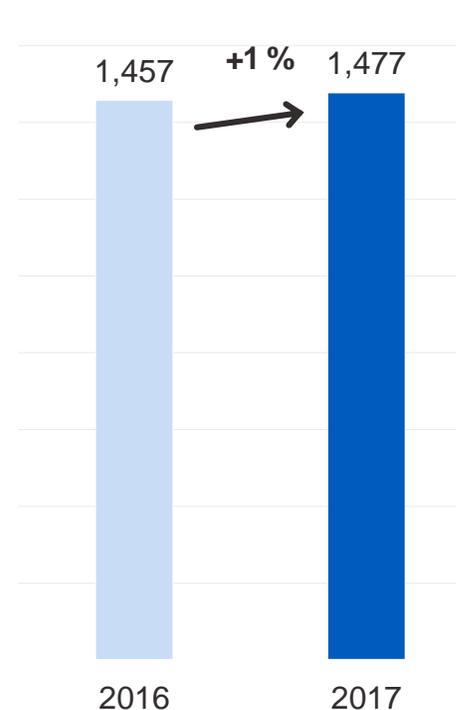


Pulp & Paper – good volume growth continued

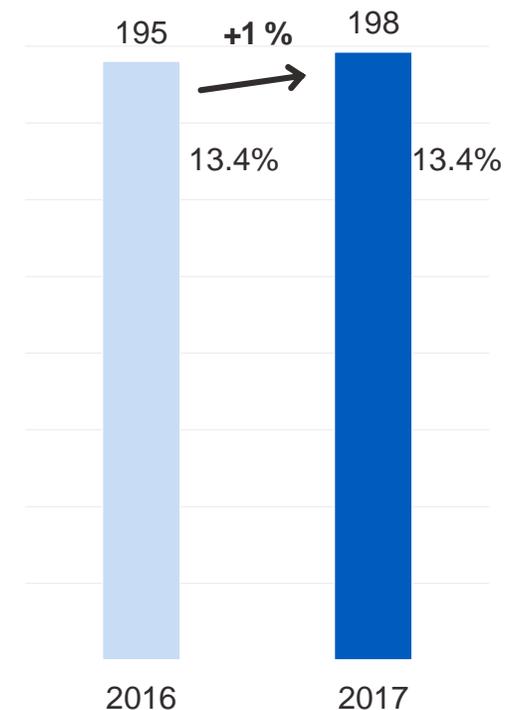
FY 2017

- Organic growth +2%, driven by volumes
 - Volumes grew especially in pulp and strength chemicals
 - Sales price decline stopped in H2
- Operative EBITDA margin 13.4%
 - Synergies and organizational efficiencies supported positively
 - Raw material price inflation impacted negatively
- Integration of AkzoNobel's paper chemicals business completed, synergy realization above initial plan

REVENUE AND REVENUE GROWTH
EUR million

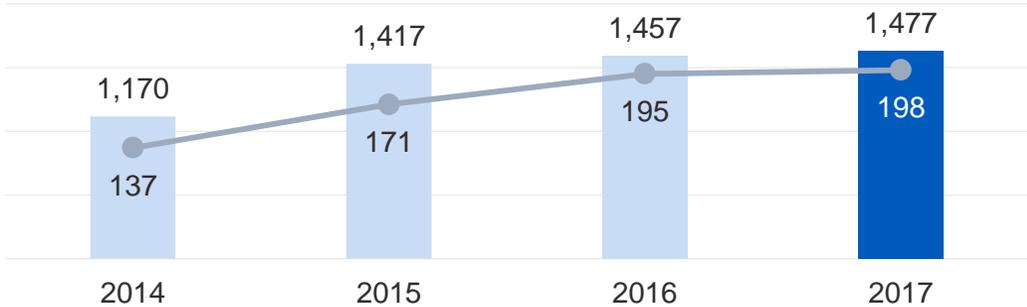


OPERATIVE EBITDA AND OPERATIVE EBITDA MARGIN
EUR million

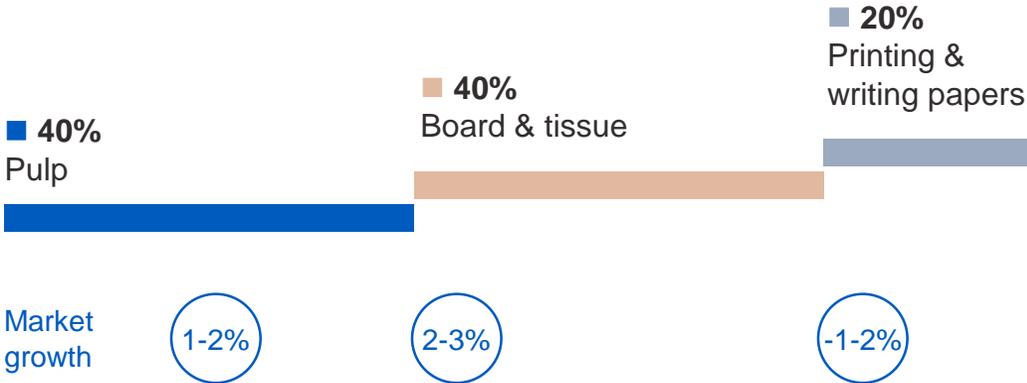


Pulp & Paper – driving growth as market leader

REVENUE AND OPERATIVE EBITDA
EUR million



REVENUE BY CUSTOMER TYPE



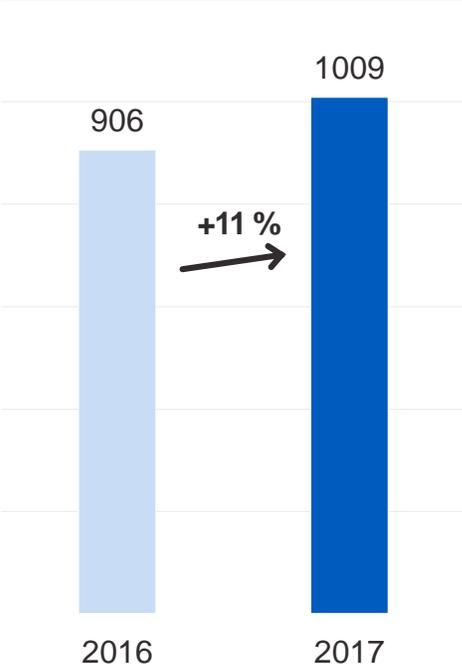
- We aim to grow faster than the market
- Volume growth expected to be driven by
 - High demand for pulp
 - Increasing e-commerce and transportation
 - Recycling of board and paper
 - Replacing the plastic by biobased products
- AKD acquisition / joint venture in China
 - Kemira strengthens its position and secures supply of key raw material
 - AKD is sizing chemical used in board and paper to create resistance against liquid absorption

Industry & Water – growth driven by Oil & Gas recovery

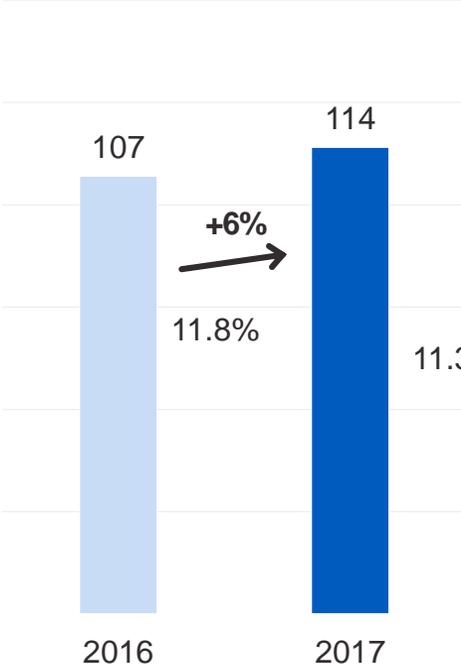
FY 2017

- Strong revenue growth as North American oil & gas market recovered
 - Oil & Gas revenue +56% to EUR 197 million
 - Especially good demand for polymers used in shale oil & gas industry
 - Demand for water treatment continued to increase, growth in coagulants +4%
- Operative EBITDA margin declined due to higher raw material prices as well as margin-diluting new businesses related to equipment sale and CEOR* field trial

REVENUE AND REVENUE GROWTH
EUR million



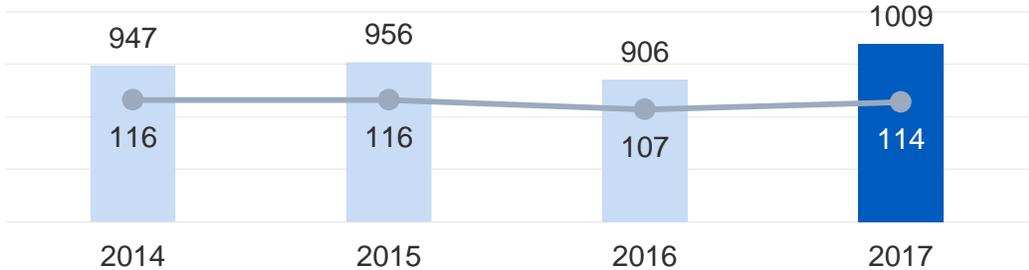
OPERATIVE EBITDA AND OPERATIVE EBITDA MARGIN
EUR million



* Chemical Enhanced Oil Recovery

Industry & Water – solid growth market with broad customer base

REVENUE AND OPERATIVE EBITDA EUR million



2014-2016 figures are pro forma; combination of Municipal & Industrial and Oil & Mining segments

REVENUE BY APPLICATION



- Water treatment is solid business with 9,000 ship-to customers with estimated 2-3% market growth
- Oil & Gas, now 20% of the segment, is focused on three applications with estimated annual market growth of 5-6%
 - Friction reduction in North American shale oil & gas fields
 - Water treatment in Canadian oil sands
 - Chemical Enhanced Oil Recovery
- New CEOR* polymer capacity investment in Netherlands supports our growth ambitions

* CEOR, Chemical Enhanced Oil Recovery

Innovations represents 10% of revenue

- 1,525 granted patents represents wide range of knowledge
- 52 new patents and 11 new products in 2017
- Innovation sales increased to the targeted 10% of the total revenue
- Currently 240 R&D experts
- Recent development areas, eg.
 - Lighter, but stronger board
 - Sludge treatment
 - Polymers in harsh conditions (CEOR*)



* Chemical enhanced oil recovery

Corporate responsibility is at the core

RECOGNITIONS

Ecovadis Gold
CDP Leadership A-

COMMITMENTS

Kemira Code of
Conduct
UN Global Compact
Responsible Care

Responsible operations
and supply chain

Sustainable products
and solutions

People and
integrity

Achievements in various areas



Target is to reach zero injuries in long-term in occupational health and safety

- Reported injuries in 2017: 3.9 per million working hours (2016: 3.4)

Excellent result in climate change report

- Kemira was recognized by the CDP for reaching the Leadership A- level in the climate program

Ranked as #1 in Regi Investor Relations survey

- For the second consecutive year Kemira was ranked as the best Large Cap company in Finland in Investor Relations by analysts

Drivers for profitability improvement

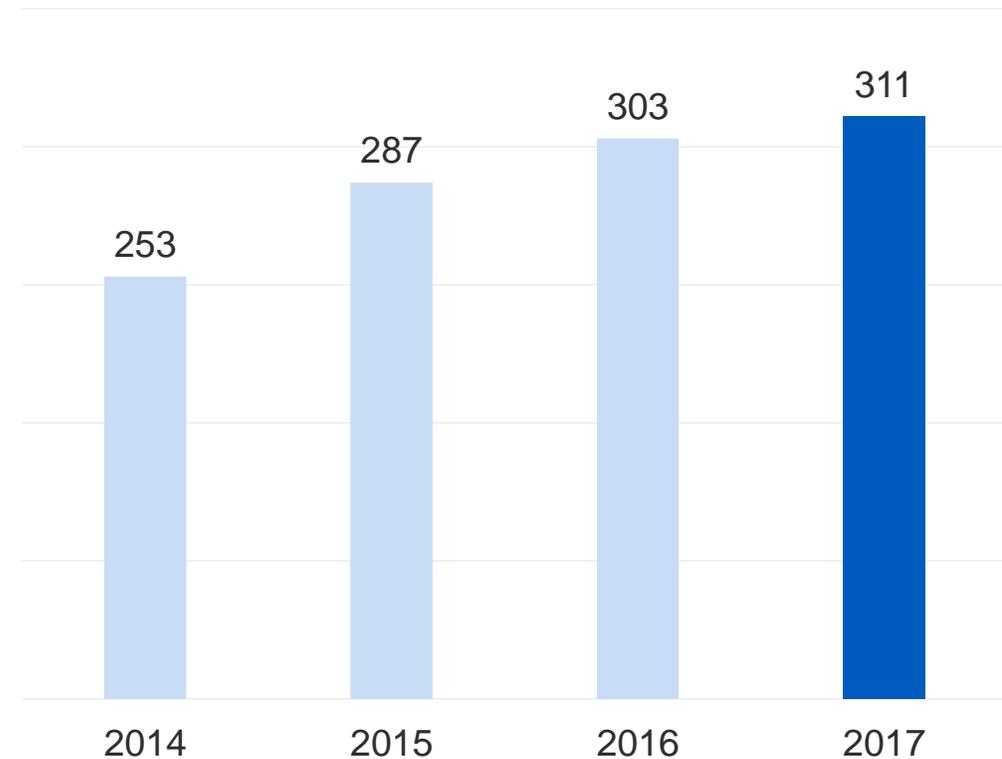
Major actions to support profitability in 2018-2019

- Expansion of the new chlorate capacity in Finland
- Efficiencies from two segment structure
- BOOST program, e.g. transportation costs
- Acquisition / joint venture in China: closing expected in H1/18 and ramp-up in H2/18
- Focus to improve or reduce currently margin-dilutive businesses

Uncertainties

- Raw material availability and prices
- Regulatory changes, e.g. China
- Currencies

OPERATIVE EBITDA
EUR million



Outlook for 2018

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

EUR million	2013	2014	2015	2016	2017	2018 outlook
Operative EBITDA	252	253	287	303	311	"Increase"



PETRI CASTRÉN, CFO
ANNUAL GENERAL MEETING 2018

Financials in 2017



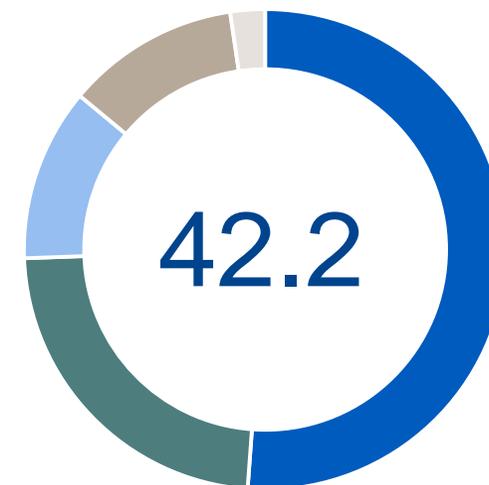
Income statement (IFRS)

EUR million	2017	2016
Revenue	2,486.0	2,363.3
Other operating income	6.8	51
Operating expenses	-2,210.4	-2,084.2
Depreciations, amortizations and impairments	-141.0	-137.2
Operating profit	141.4	147.0
Finance costs (net)	-28.9	-19.1
Share of profit or loss of associates	0.2	0.1
Profit before tax	112.6	128.0
Income taxes	-27.4	-30.1
Net profit for the period	85.2	97.9
Equity owners of the parent	78.6	91.8
Non-controlling interests	6.6	6.1
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)	0.52	0.60

Kemira's Tax Footprint in 2017

- Kemira publishes a Tax Footprint report for the first time for financial year 2017
- In 2017, Kemira's tax contribution was **159.8 MEUR** of which 42.2 MEUR related to taxes borne and 117.6 MEUR to taxes collected

EUR million	Group	EMEA	AMERICAS	APAC
Taxes borne				
Corporate income taxes (excluding deferred taxes)	21.5	16.4	4.0	1.2
Customs duties	10.0	1.6	5.5	2.9
Property taxes	5.0	1.7	2.9	0.4
Waste, energy and excise taxes	4.9	4.8	0.1	0.0
Cost of indirect taxes	0.8	0.3	0.4	0.1
Total taxes borne	42.2	24.8	12.9	4.5
Taxes collected				
VAT, GST, sales and use tax	43.8	29.1	13.0	1.8
Payroll taxes	73.8	43.3	27.2	3.3
Total taxes collected	117.6	72.4	40.1	5.1
Taxes total	159.8	97.2	53.0	9.6



- Corporate income taxes (excluding deferred taxes) 51.0 %
- Customs duties 23.7 %
- Property taxes 11.9 %
- Waste, energy and excise taxes 11.6 %
- Cost of indirect taxes 1.8 %

Balance sheet

EUR million	2017	2016
Goodwill*	505	522
Other intangible assets	101	116
Property, plant and equipment	923	916
Shares and other investments	313	268
Inventories*	224	217
Receivables	443	409
Cash and cash equivalents	166	173
Total assets	2,675	2,621
Equity	1,173	1,183
Interest-bearing liabilities	861	807
Interest-free liabilities	642	631
Total equity and liabilities	2,675	2,621

* Key audit matter

CAPEX guidance 160-200 MEUR in 2018

RECENT LARGEST VALUE CREATING INVESTMENTS

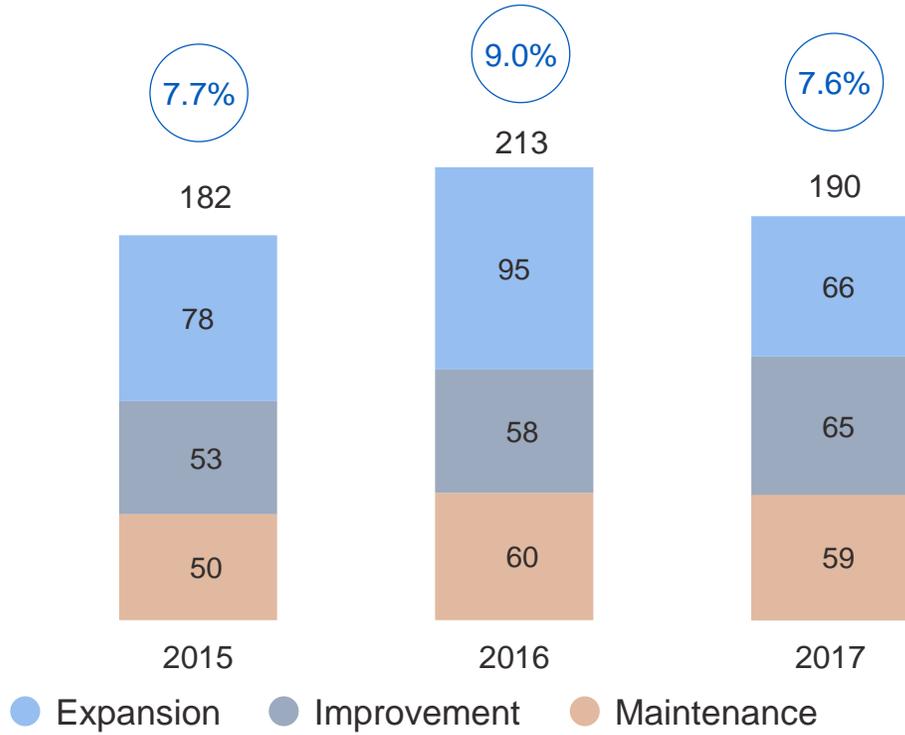
- New chlorate plant in Brazil and new chlorate line in Finland
- Capacity additions due to integration of acq.
- Polymer capacity in Italy and UK

CAPEX GUIDANCE

- In 2018, capital expenditure estimated to be EUR 160-200 million
 - Includes capacity expansion in Oil & Gas

CAPITAL EXPENDITURE EXCLUDING ACQUISITIONS

EUR million and share of revenue

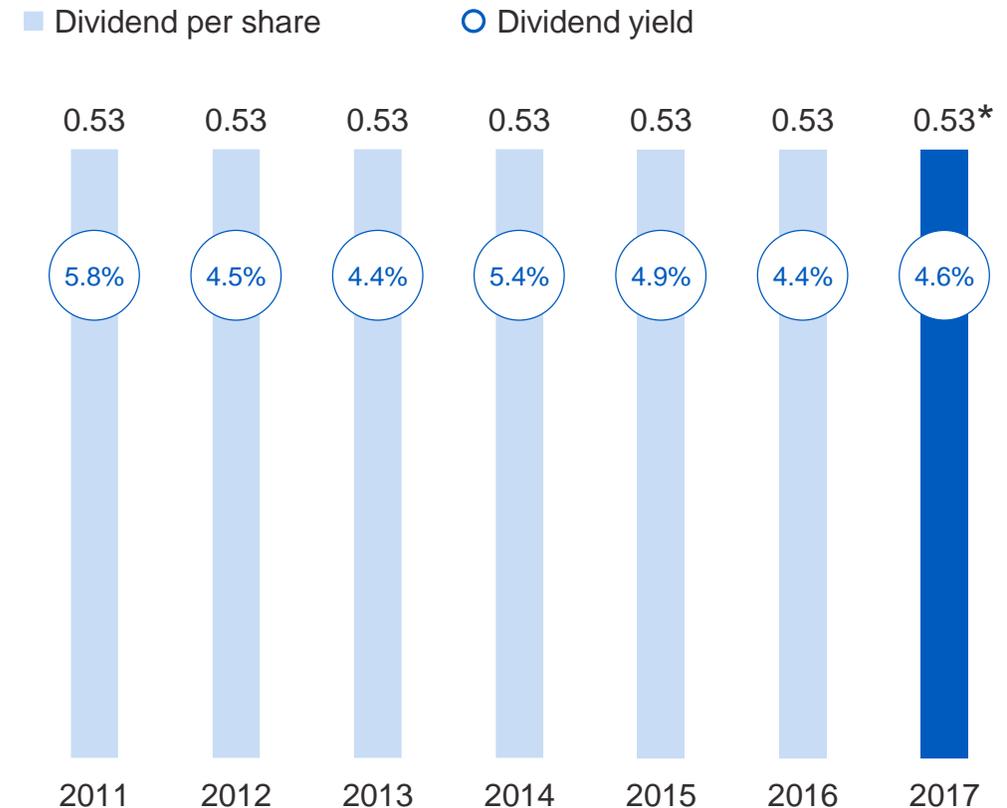


Key figures

EUR million (except ratios)	2017	2016
Net debt	694	634
Equity ratio, %	44%	45%
Gearing, %	59 %	54 %
Net debt / operative EBITDA	2.2	2.1
Operative ROCE, %	9.7%	9.9%

Dividend proposal EUR 0.53 per share

- Board of Directors' proposal to the AGM a dividend of EUR 0.53 per share
- Kemira Oyj's distributable funds totaled EUR 782.6 million in December 31, 2017
- Dividend totaling EUR 81 million, payout ratio 102%
- Dividend yield according to the dividend proposal 4.6% calculated using the share price at year-end 2017



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

*BoD proposal to the AGM 2018

Kemira

Where water
meets chemistry™