

JARI ROSENDAL, PRESIDENT AND CEO
MARCH 21, 2019

CEO Review

ANNUAL GENERAL MEETING 2019

kemira



Kemira's Management Board



JARI ROSENDAL
President and CEO
With Kemira since 2014



KIM POULSEN
President
Pulp & Paper
With Kemira since 2015



PETRI CASTRÉN
CFO
With Kemira since 2013



ESA-MATTI PUPUTTI
EVP, Operational
Excellence
With Kemira since 2015



ANTTI SALMINEN
President
Industry & Water
With Kemira since 2011



MATTHEW PIXTON
CTO
With Kemira since 2016



EEVA SALONEN
EVP, Human Resources
With Kemira since 2008

Jukka Hakkila, Chief Legal Officer, (with Kemira since 2005) acts as secretary of Management Board and Board of Directors.

JARI ROSENDAL, PRESIDENT AND CEO
MARCH 21, 2019

Strong organic growth and solid results

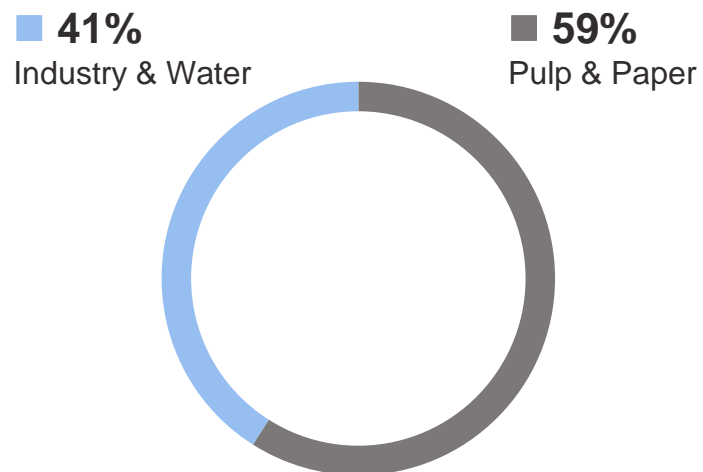
ANNUAL GENERAL MEETING 2019

kemira

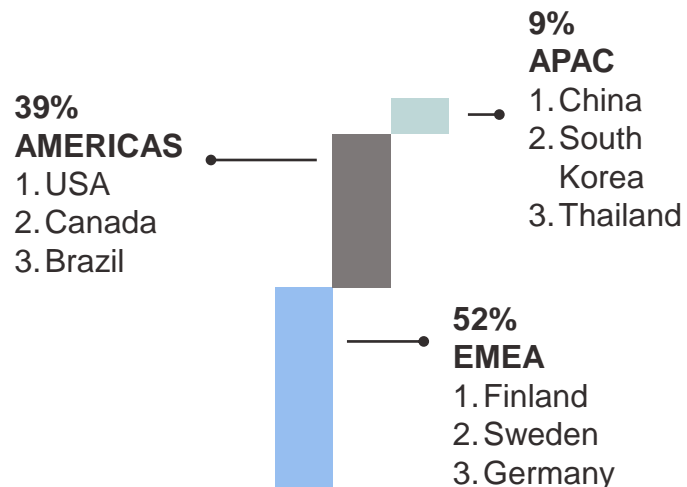
Kemira in brief

FY2018: REVENUE EUR 2,593 MILLION, OPERATIVE EBITDA EUR 323 MILLION

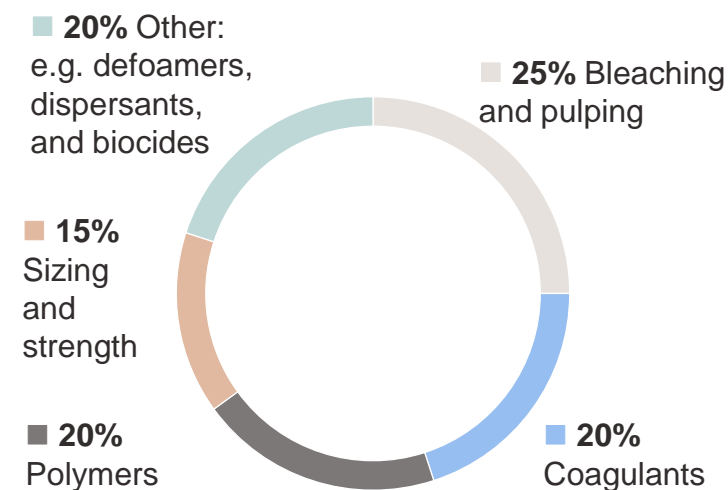
SEGMENT SPLIT



GEOGRAPHIES



PRODUCTS



CUSTOMERS

Several thousand customers

TOP 10 customers are ~**25%** of revenue

TOP 50 customers are ~**50%** of revenue

EXAMPLES OF LARGEST CUSTOMERS

Municipalities, e.g.
Frankfurt, London, New York,
Paris, Shanghai, Singapore



INTERNATIONAL PAPER

Schlumberger

BRENNTAG



HALLIBURTON

BOLIDEN



Selected highlights in 2018

- Favorable market trends – good global demand in all our business areas – organic growth +7%
- Customer satisfaction and employee engagement improved
- Systematic improvements in operational excellence to meet changing market dynamics
- Second half of the year was better than the first
- Investments – expansion in Joutseno, Finland commenced well, joint venture in China and CEOR* polymer capacity ramp-up proceeding, decision made to increase emulsion polymer capacity in the US

* CEOR, chemical enhanced oil recovery



Pulp & Paper – good organic growth, profitability unsatisfactory in paper chemicals

Organic growth +6% in 2018

- Good volume growth in bleaching and sizing
- Growth driven also by higher sales prices

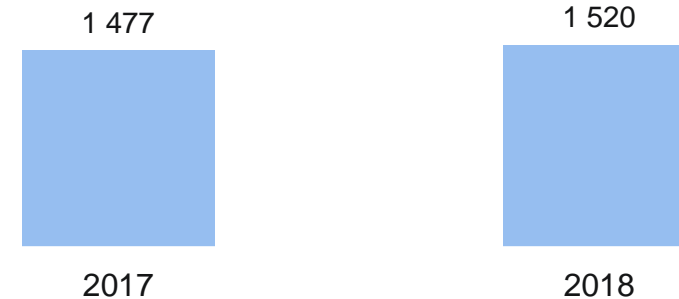
Operative EBITDA

- Sales price increases started to compensate higher raw material prices
- Currency impact EUR -8 million vs prior year

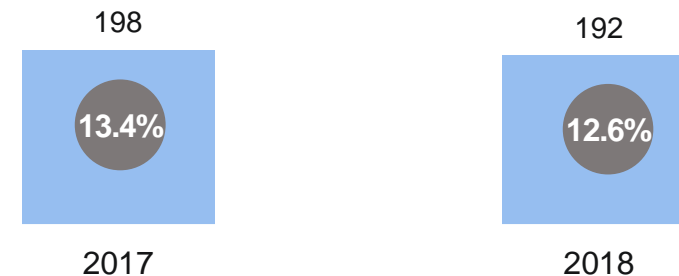
Capacity additions to fuel volume growth

- Deal to acquire 80% of Chinese AKD manufacturing plant completed, final construction proceeding, production ramp-up expected in H2
- In South Korea we are increasing dry polymer capacity via joint venture

REVENUE EUR million

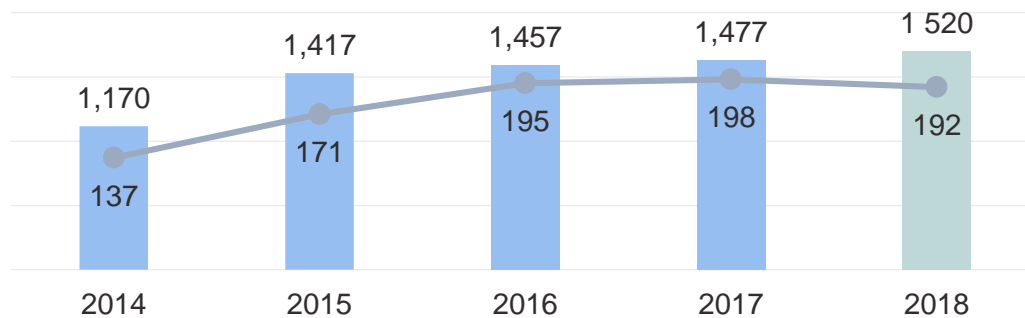


OPERATIVE EBITDA AND EBITDA-% EUR million

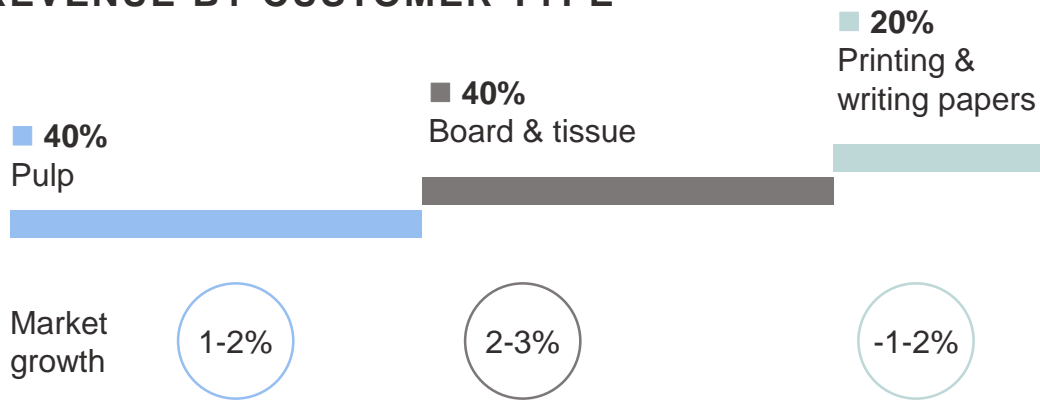


Pulp & Paper chemicals market estimated to grow 1-2%

REVENUE AND OPERATIVE EBITDA
EUR million



REVENUE BY CUSTOMER TYPE



- Pulp & Paper chemicals market drivers
 - Pulp demand increasing driven by growth of packaging needs, growing tissue demand and lack of recycled fiber
 - Demand increase continues for packaging, driven by online shopping and non-plastic solutions
 - Growth in tissue demand driven by increasing wealth in emerging countries
 - Ongoing digitalization of media drives decline of graphic paper demand
- Growth areas, pulp and board & tissue, represent over 80% of our Pulp & Paper revenue
 - Ongoing capacity additions suit well for the need of growing demand

Industry & Water – profitable growth in water treatment and oil & gas

Organic growth +9% in 2018

- Growth driven mainly by Oil & Gas
- Water treatment also grew driven by pricing as we continue to pass on inflationary pressure

Operative EBITDA increased by 15%

- EBITDA improvement driven mainly by higher sales prices
- Currency impact EUR -6 million vs 2017

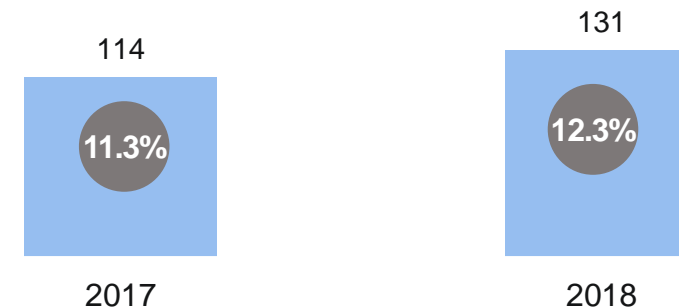
Growth investments

- Polymer capacity expansion in Netherlands under construction, ramp-up in H2 2019
- New EUR 60 million investment into expansion of polymers capacity in the US, in commercial operation beginning of 2021

REVENUE
EUR million

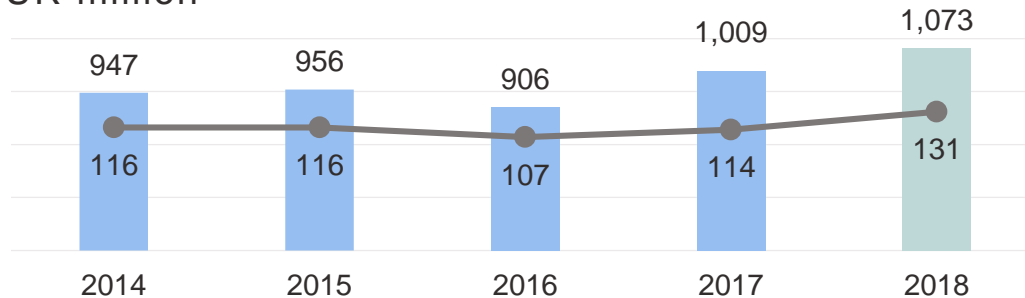


OPERATIVE EBITDA AND EBITDA-%
EUR million



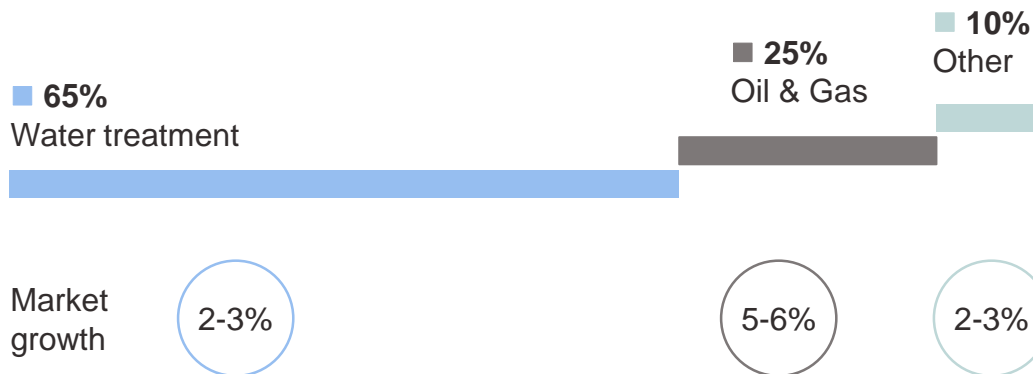
Industry & Water relevant chemicals market estimated to grow 3-4%

REVENUE AND OPERATIVE EBITDA EUR million



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

REVENUE BY APPLICATION



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

Differentiation driven by Research & Development

Innovation

Innovating together with our customers to improve their water, energy and raw material efficiency. Research and Development expenses totaled EUR 30.2 million in 2018.

Achievements in 2018:

- New product launches: 18
- New priority patent filings: 34
- Patent families: 366
- Patents: 1,546



Sustainability is central to our approach

RECOGNITION

EcoVadis Gold
Top quartile CDP
industry rating

COMMITMENT

Kemira business
principles
UN Global Compact
Responsible Care

Creates opportunities and mitigates risks, through:

Responsible operations and supply chain

Sustainable products and solutions

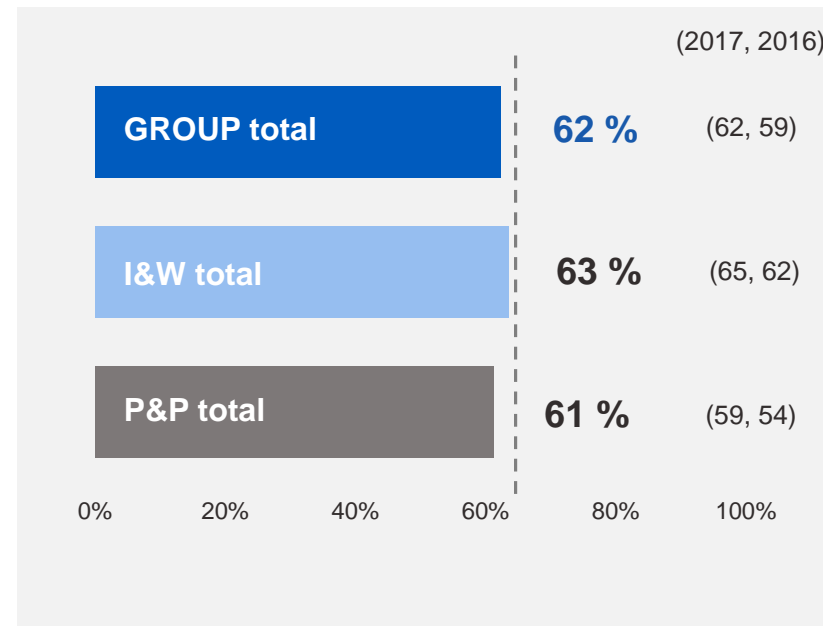
Integrity and employee care

Customer satisfaction has improved

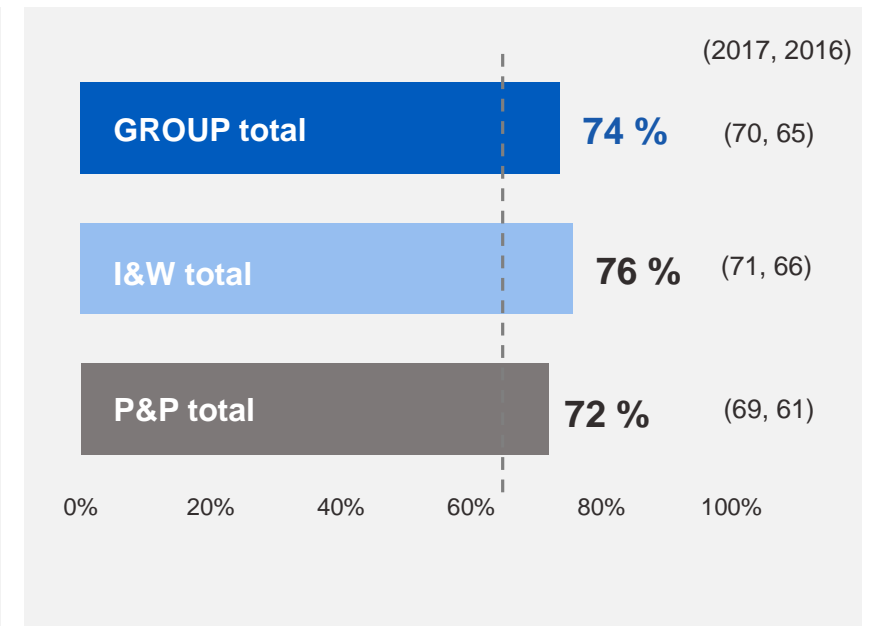
NET PROMOTER SCORE*



OVERALL SATISFACTION: BUSINESS RELATIONSHIP**



OVERALL SATISFACTION: PRIMARY CONTACT**



* Promoter customers (very loyal) – Detractor customers (unhappy),
Scale: 0-19 Satisfactory, 20-39 Good, 40+ Excellent. 1,024 customer interviews in 2018

** Percentage of customers who are absolutely or very satisfied.
Target 65%: 65% is median value of benchmark companies

Employee survey results above external norm



EMPLOYEE ENGAGEMENT

71%

(67% 2015)

+2 percentage points
above the external norm



PERFORMANCE ENABLEMENT

74%

(71% 2015)

+4 percentage points
above the external norm



INTEGRITY INDEX

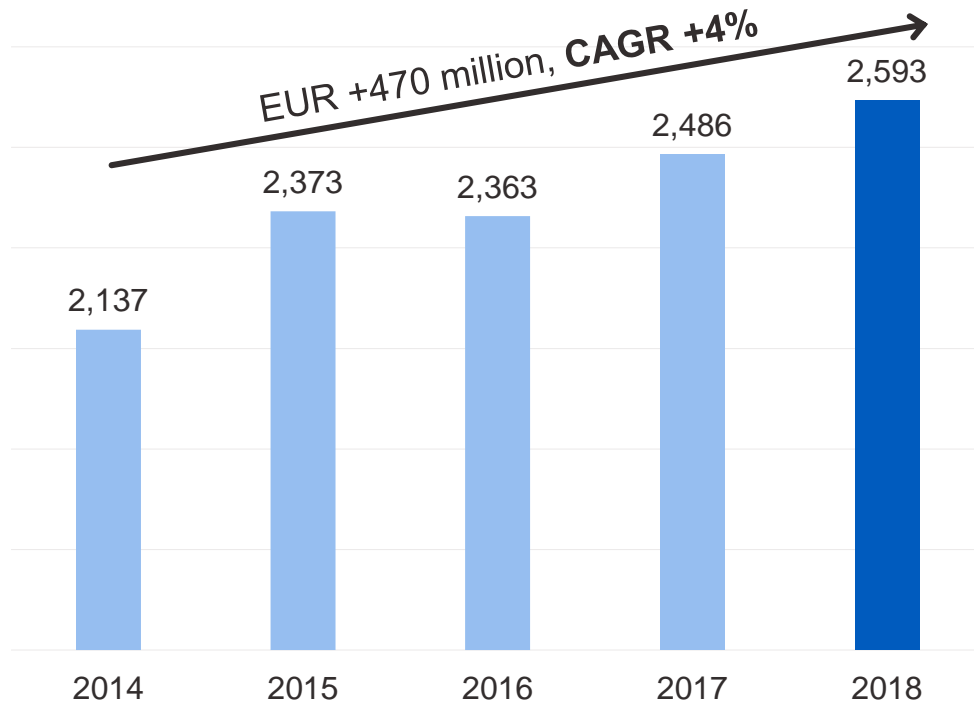
87%

(not measured in 2015)

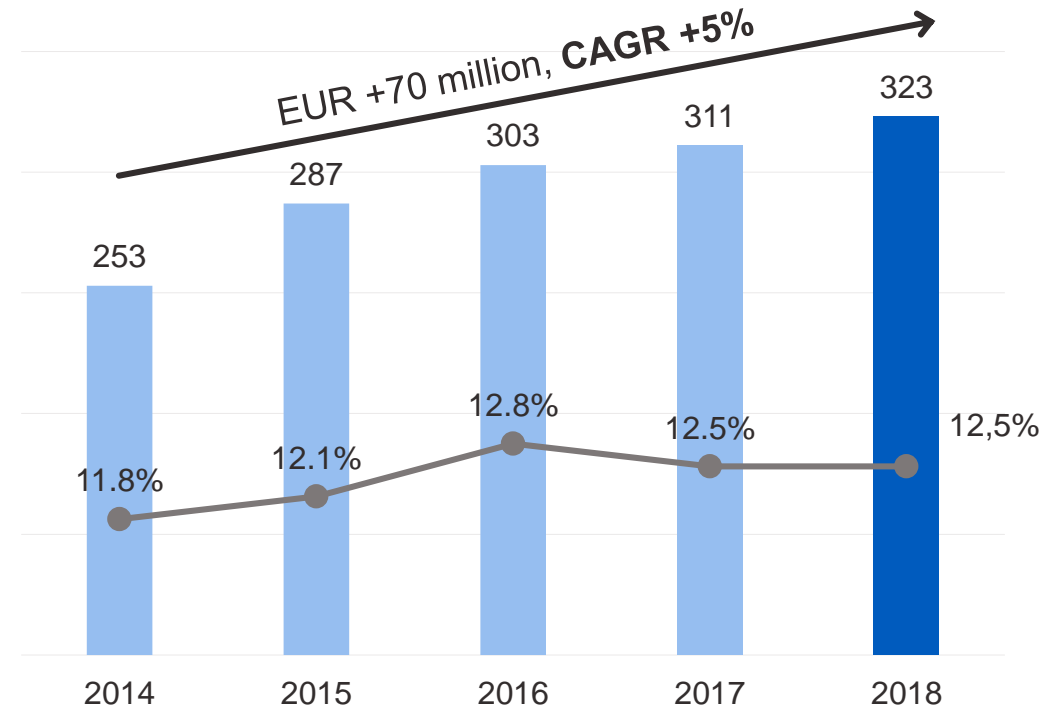
+10 percentage points
above the external norm

Delivering profitable growth

REVENUE
EUR million



OPERATIVE EBITDA
OPERATIVE EBITDA MARGIN
EUR million



Key operative focus areas in 2019

1. Continue to pass on higher raw material costs to sales prices
2. Optimize capacity allocation
3. Modify product & service offering to cater better profitable growth
4. Improve operational excellence
5. Ramp-up polymer capacity addition in Netherlands
6. Start-up new sizing manufacturing site in China
7. Construction of polymer capacity in the US, start-up expected beginning of 2021
8. Prudent cost-control in all areas



Outlook and financial targets

OUTLOOK FOR 2019

EUR million	2016	2017	2018	2019 outlook
Operative EBITDA	303	311	323	Increase

Operative EBITDA figures for 2016-2018 are "pre IFRS-16".

"Kemira expects its operative EBITDA (2018: EUR 323.1 million) to increase from the prior year on a comparable basis, excluding the impact of IFRS 16 accounting change."

MID- TO LONG-TERM FINANCIAL TARGETS

Revenue	Above-the-market growth
Operative EBITDA-%	15-17 %
Gearing	Below 75 %

PETRI CASTRÉN, CFO
MARCH 21, 2019

2018 Financials



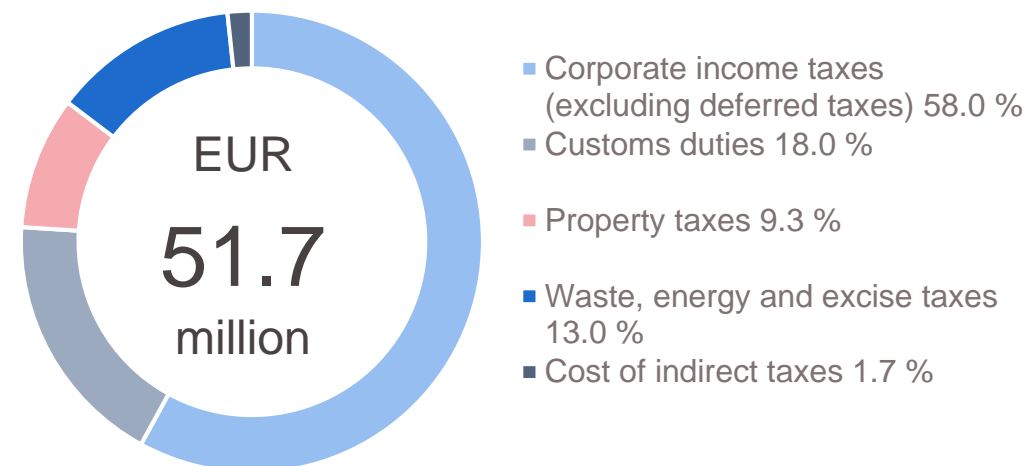
Income statement (IFRS)

EUR million	2018	2017
Revenue	2,592.8	2,486.0
Other operating income	14.8	6.8
Operating expenses	-2,292.8	-2,210.4
Depreciations, amortizations and impairments	-166.6	-141.0
Operating profit	148.2	141.4
Finance costs (net)	-25.0	-28.9
Share of profit or loss of associates	0.0	0.2
Profit before tax	123.3	112.6
Income taxes	-28.1	-27.4
Net profit for the period	95.2	85.2
Equity owners of the parent	89.1	78.6
Non-controlling interests	6.1	6.6
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)	0.58	0.52

Kemira's global Tax Footprint in 2018

Kemira published its second Tax Footprint report for the financial year 2018 – the first one was published for the financial year 2017

In 2018 Kemira's **total tax contribution was EUR 176.9 million** (159.8) of which EUR 51.7 million (42.9) related to taxes borne and EUR 125.2 million (117.6) to taxes collected. Finland share of the tax contribution was EUR 61.5 million.



EUR million	GROUP		EMEA		AMERICAS		APAC	
	2018	2017	2018	2017	2018	2017	2018	2017
Taxes borne								
Corporate income taxes (excluding deferred taxes)	30.0	21.5	23.1	16.4	6.0	4.0	0.9	1.2
Customs duties	9.3	10.0	1.3	1.6	4.7	5.5	3.4	2.9
Property taxes	4.8	5.0	1.8	1.7	2.7	2.9	0.4	0.4
Waste, energy and excise taxes	6.7	5.6	5.4	4.8	1.3	0.8	0.0	0.0
Cost of indirect taxes	0.9	0.8	0.4	0.3	0.4	0.4	0.1	0.1
Total taxes borne	51.7	42.9	32.0	24.8	15.0	12.9	4.7	4.5
Taxes collected								
VAT, GST, sales and use tax	58.3	43.8	44.4	29.1	10.3	13.0	3.5	1.8
Payroll taxes	66.9	73.8	42.7	43.3	21.5	27.2	2.8	3.3
Total taxes collected	125.2	117.6	87.0	72.4	31.8	40.1	6.3	5.1

Balance sheet

EUR million	2018	2017
Goodwill*	513	505
Other intangible assets	129	101
Property, plant and equipment	938	923
Shares and other investments	321	313
Inventories*	284	224
Receivables	434	443
Cash and cash equivalents	145	166
Total assets	2 764	2 675
Equity	1 202	1 173
Interest-bearing liabilities	886	861
Interest-free liabilities	675	642
Total equity and liabilities	2 764	2 675

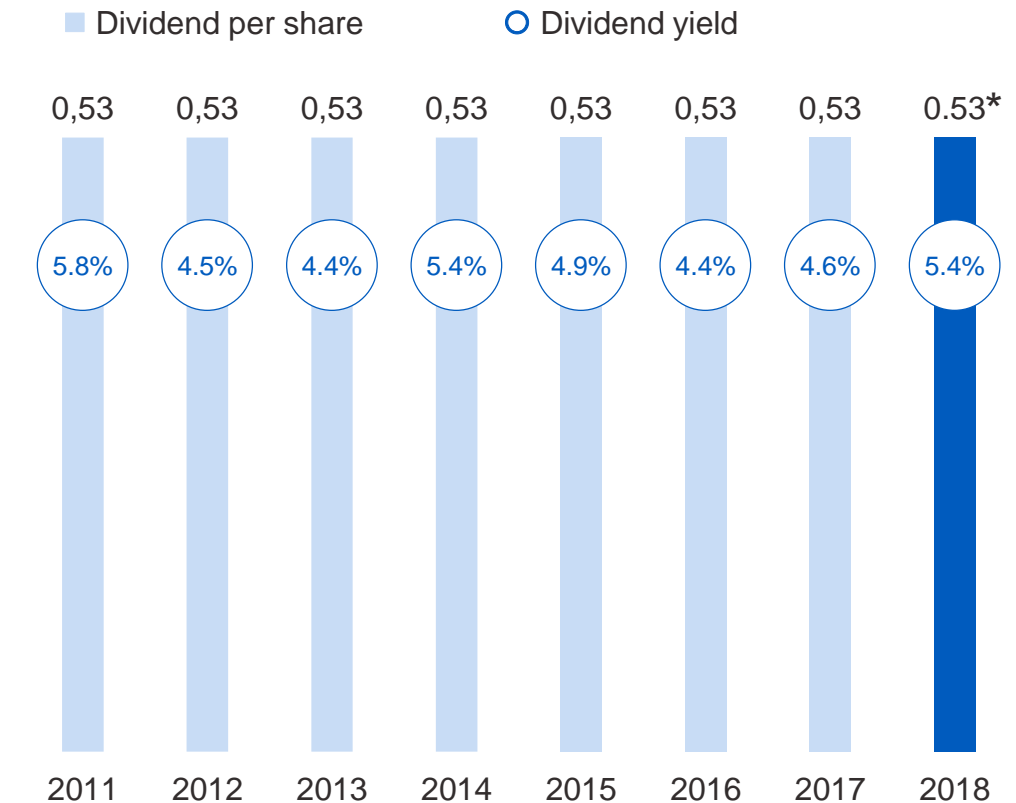
* Key audit matter

Key figures

EUR million (except ratios)	2018	2017
Net debt	741	694
Equity ratio, %	44%	44%
Gearing, %	62%	59%
Net debt / operative EBITDA	2.3	2.2
Operative ROCE, %	9.8%	9.7%

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 net profit attributable were EUR 835.3 million on December 31, 2018
- Dividend totaling EUR 81 million, 91% of the earnings per share
- With dividend proposal, Kemira's dividend yield 5.4% calculated using the share price at year-end



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

* BoD proposal to the AGM 2019

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Where water
meets chemistry™