

JARI ROSENDAL, PRESIDENT AND CEO
5.5.2020

CEO Review

ANNUAL GENERAL MEETING

Kemira celebrates it's 100-year journey this year

"On 26.3.1920 the Parliament of Finland approved a grant of 9 000 000 marks to establish a state-owned sulfuric acid and phosphate fertilizer manufacturing company. The decision marked the birth of a completely new industrial sector in Finland. This served as a foundation for the development of the chemical sector as a whole."

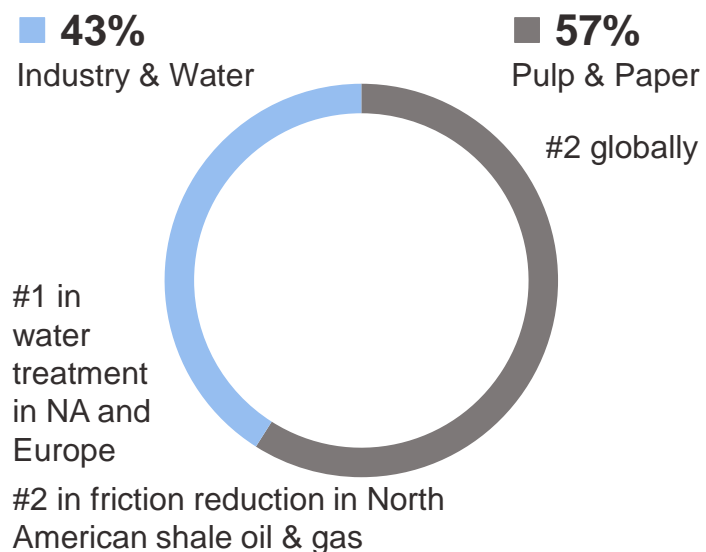


Image from the 1920's showing the entire workforce of the super phosphate fertilizer plant in Kotka. A sulfuric acid plant was also established in Lappeenranta.

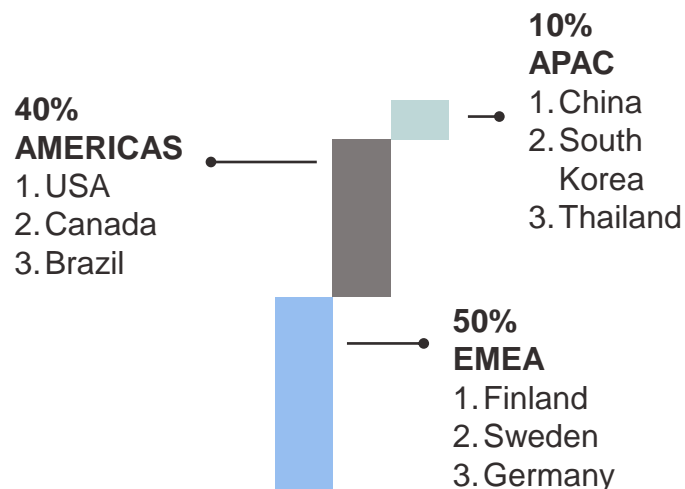
Kemira today

2019: REVENUE EUR 2,659 MILLION, OPERATIVE EBITDA EUR 410 MILLION,
OPERATIVE EBITDA MARGIN 15.4%, OPERATIVE ROCE 11.2%

SEGMENT SPLIT

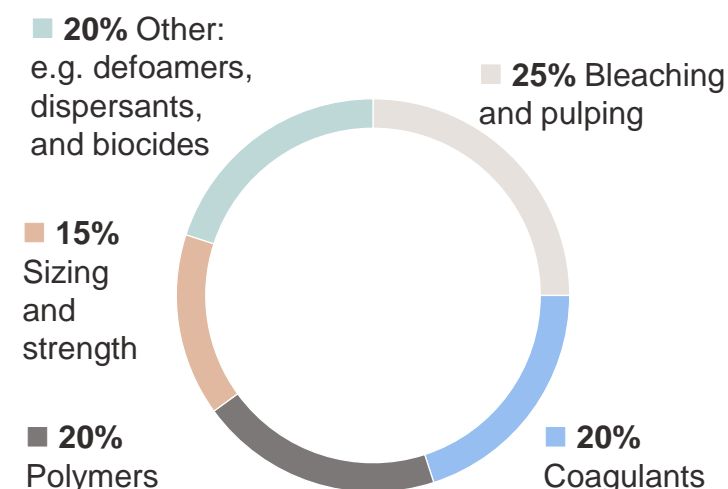


GEOGRAPHIES



Revenue by geographies and product category represent FY 2019.

PRODUCTS



CUSTOMERS

Several thousand customers
TOP 10 customers are ~**25%** of revenue
TOP 50 customers are ~**50%** of revenue

EXAMPLES OF LARGEST CUSTOMERS

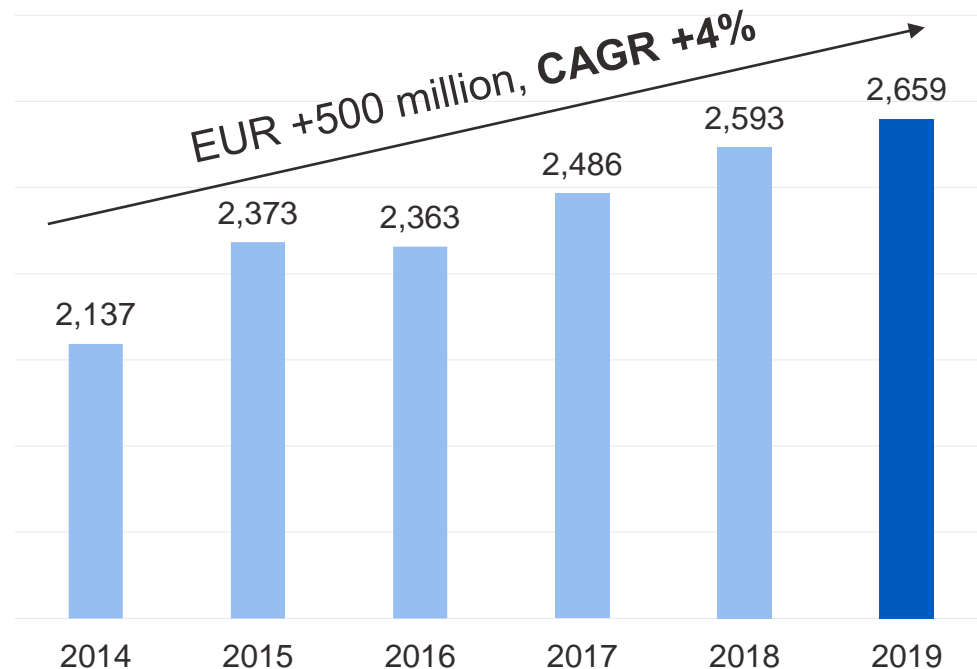
Municipalities, e.g.
Frankfurt, Berlin, New York, Paris, Shanghai, Singapore



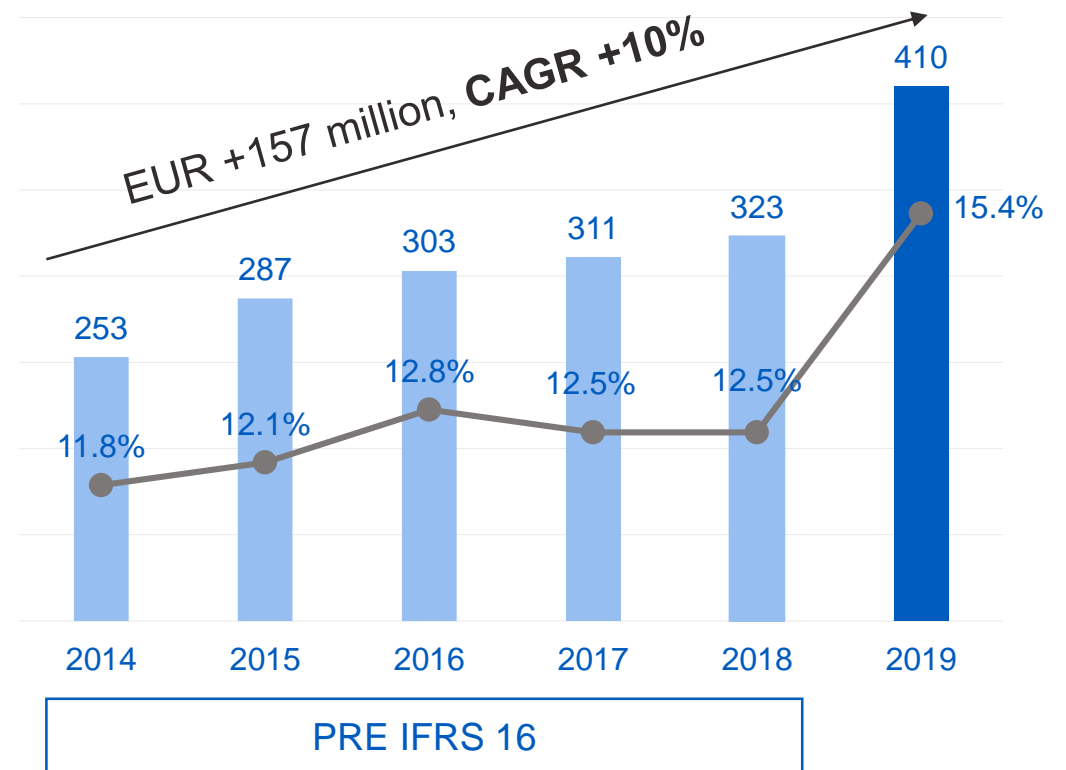
Note: Revenue by industry, product and geography rounded to the nearest 5%

Delivering profitable growth

REVENUE EUR million



OPERATIVE EBITDA OPERATIVE EBITDA MARGIN EUR million



Selected highlights in 2019

- Good global demand in 2019 although shale market softened towards the end of the year and some softness was visible in Pulp & Paper
- Focus on value over volume clearly visible in financials, strong profitability improvement in 2019 with operative EBITDA margin reaching 15.4%
- Investments starting to gradually contribute to EBITDA from Q1 2020 onwards:
 - AKD-wax production facility in China
 - CEOR* polymer capacity addition in the Netherlands
 - Bleaching capacity expansion in North America
- Smooth operational performance; improved customer and employee satisfaction



*CEOR, chemical enhanced oil recovery

Income statement (IFRS)

EUR million	2019	2018
Revenue	2,658.8	2,592.8
Other operating income	6.4	14.8
Operating expenses	-2,283.0	-2,292.8
Depreciations, amortizations and impairments	-187.9	-166.6
Operating profit	194.4	148.2
Finance costs (net)	-39.7	-25.0
Share of profit or loss of associates	0.0	0.0
Profit before tax	154.7	123.3
Income taxes	-38.2	-28.1
Net profit for the period	116.5	95.2
Equity owners of the parent	110.2	89.1
Non-controlling interests	6.3	6.1
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)	0.72	0.58

Pulp & Paper – profitability improved in 2019

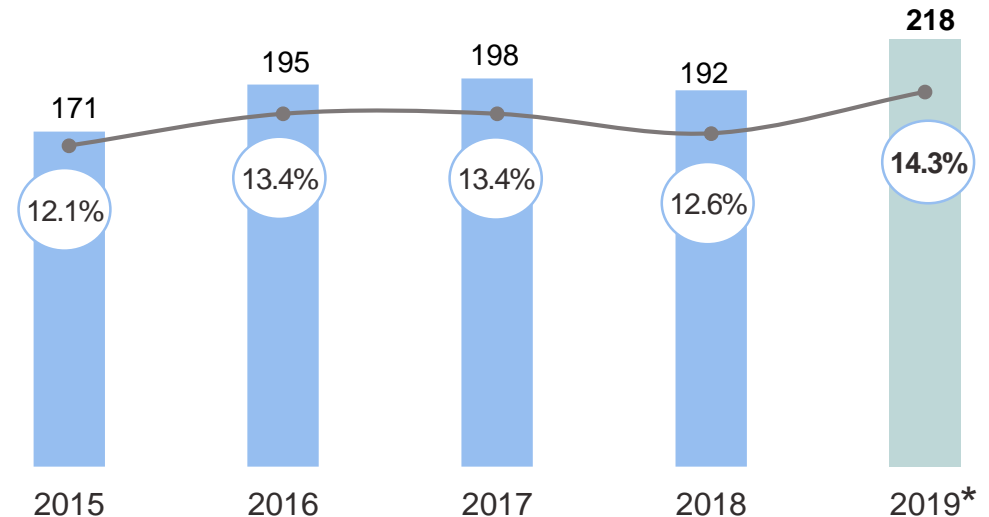
Organic growth -2% in 2019

- Intentional focus to improve product mix
- Exit of ECOX business and lower caustic soda market prices (mainly trading product) impacted organic growth – underlying development positive

Operative EBITDA margin 14.3% in 2019

- Value over volume visible in EBITDA and EBIT combined with cost savings resulting in improved profitability
- *IFRS 16 impact EUR +14.1 million in 2019

OPERATIVE EBITDA AND OPERATIVE EBITDA-%
EUR million



Industry & Water – profitability improved clearly in 2019

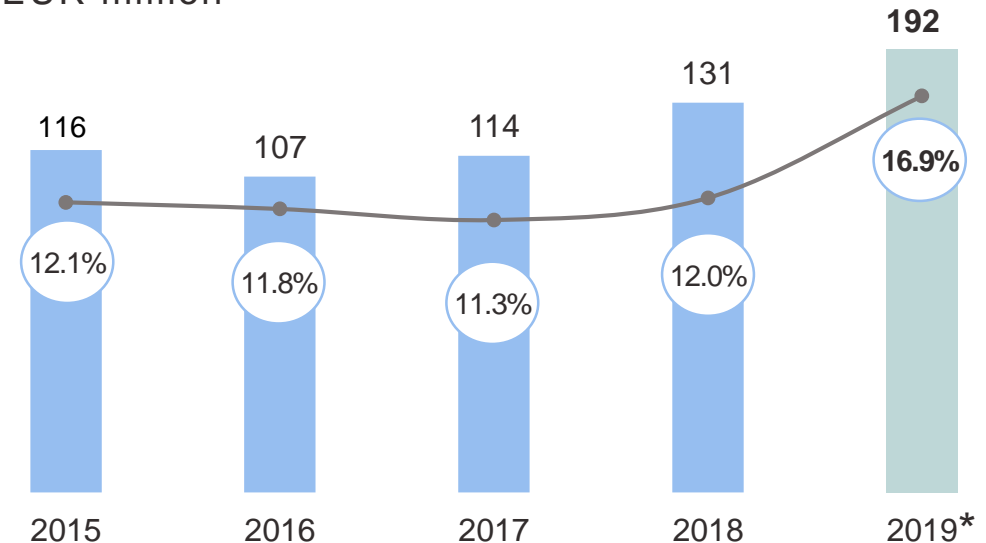
Organic growth +4 % in 2019

- Improved pricing in water treatment
- Oil & Gas: strong revenue growth in 2019, market softness visible in shale revenue towards the end of the year

Operative EBITDA margin 16.9% in 2019

- Profitability improvement due to Oil & Gas and active price management with turnaround in water treatment in North America
- *IFRS 16 impact +20.2 million in 2019

OPERATIVE EBITDA AND OPERATIVE EBITDA-% EUR million



2015-2016 figures are pro forma; combination of Municipal & Industrial and Oil & Mining segments

Update on COVID-19 impacts

IMPACT SO FAR

- In countries with government-imposed restrictions on economic activity, chemical industry and our customer industries almost always classified as essential industries to the society
- All Kemira's manufacturing facilities operating throughout Q1 – safety of employees and stakeholders prioritized with several precautionary actions
- Situation in China improving currently; monitoring pandemic development in Europe and Americas closely
- Logistics disruption managed well

POTENTIAL IMPACTS DEPENDING ON PANDEMIC LENGTH

- Potential widespread decline in customer demand
- Potential disruption to manufacturing and logistics network
- Possible disruption to raw material supply
- Possible prolonged lower oil demand combined with oil market oversupply



**KEMIRA'S CHEMICALS ARE
CONSUMABLE IN NATURE AND
TYPICALLY LESS PRONE TO
ECONOMIC CYCLES**

Dividend proposal 2020

- Kemira Oyj distributable funds were EUR 848.9 million on Dec 31, 2019
- The Board of Directors proposes that instead of a direct resolution on dividend payment, the AGM authorizes the Board to decide at its discretion on a dividend amount of max. EUR 0.56 per share
- The Board will make separate resolutions of each distribution's amount and date
- Preliminary payment dates May 14, 2020 and November 5, 2020



Focus on safety and business continuity in the short-term

- Mitigate impact from COVID-19 and oil price drop and ensure safety of employees and other stakeholders
- Chemical industry and customer industries classified as essential for the society - ensure business continuity of both
- Improve operational excellence and reduce complexity
- Realize benefits of added capacity in China, the Netherlands and the U.S.
- Construction of polymer capacity in the U.S. and South Korea



Outlook for 2020 withdrawn on April 27

OUTLOOK FOR 2020 WITHDRAWN DUE TO THE UNCERTAINTY RELATED TO THE COVID-19 PANDEMIC AND OIL PRICE DROP

ITEMS IMPACTING EBITDA DEVELOPMENT IN 2020

Supporting EBITDA	Uncertainties
Stable demand for water treatment as well as pulp, tissue and board expected	Uncertainty related to COVID-19 and whether it will materially impact customer demand
High share of valid annual customer contracts – share of spot contracts clearly lower	Significant uncertainty regarding shale demand following oil price drop
Favorable variable cost development	Possible disruptions to operations, including manufacturing and logistics



kemira 100 years of
chemistry