

CAPITAL MARKETS DAY 2020

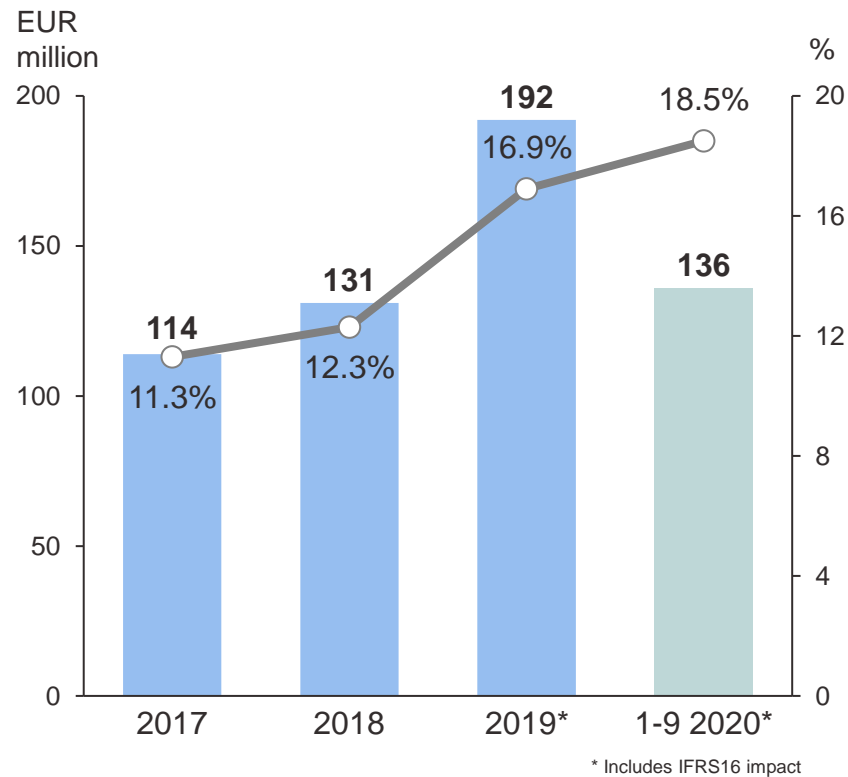
kemira
100 years of
chemistry

Industry & Water: Increasing focus on water treatment

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PRESIDENT, INDUSTRY & WATER

We have strengthened our business and improved profitability since 2017

OPERATIVE EBITDA AND OPERATIVE EBITDA MARGIN DEVELOPMENT



1. BUSINESS FUNDAMENTALS:

- Two segments merged into one in 2017
- Streamlining of business and product portfolio, including optimization of organization and manufacturing network
- Diversification of Oil & Gas business to include CEOR and oil sands tailings

2. PROFITABILITY FOCUS:

- From value over volume to active price management
- Significant profitability improvement, particularly in North American water treatment

3. ENGAGEMENT SCORES:

- Customer satisfaction (NPS): clearly above chemical sector average at 53 in 2020*; positive feedback on Kemira's handling of COVID-19
- Safety scores: 85/100
- Employee engagement scores: 75/100

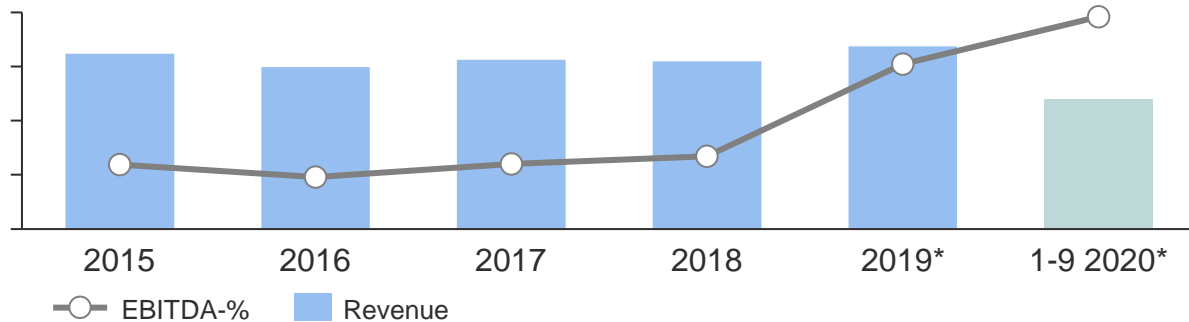
*average NPS in 2020, data in 2020 limited due to a 6-month break in interviews following COVID-19

We have significantly improved profitability in North American water treatment

Key actions since 2017 to improve profitability

- Organization restructuring in 2018
- Disciplined price and cost management
- Focus on customer profitability

NORTH AMERICA WATER TREATMENT REVENUE AND MARGIN DEVELOPMENT



* Includes IFRS16 impact



Our polymer investment in the Netherlands serves growing CEOR market



- Capacity addition announced in October 2017, facility fully operational with positive EBITDA contribution as of Q1 2020
- Manufacturing facility serves offshore CEOR
- Investment includes capacity addition as well as improves backward integration
- Multi-year extension to current contract with Ithaca Energy announced in September 2020. The extension will ensure good utilization of the facility going forward.

Investment around EUR 30 million,
EBITDA contribution high single-digit millions (annualized)

Profitability has remained strong in 2020 despite volatility in shale

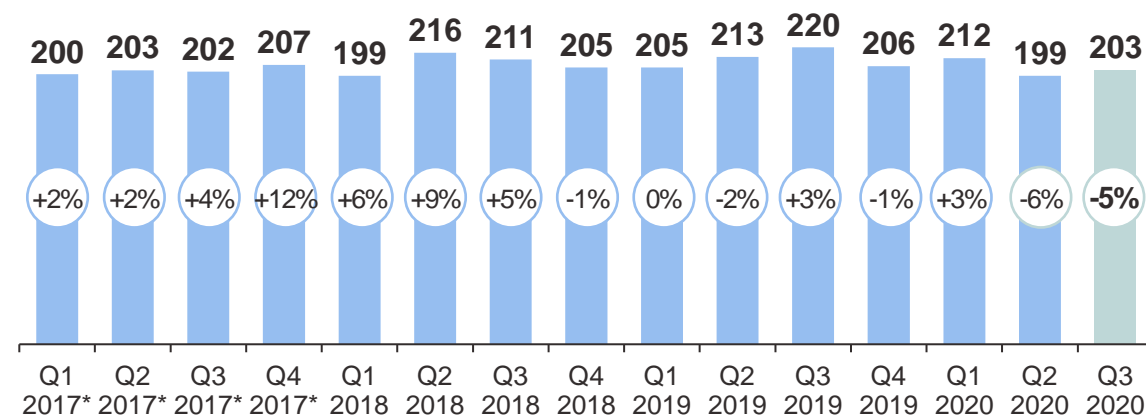
WATER TREATMENT 1-9 2020

Revenue: Municipal water treatment (2/3 of water treatment revenue) revenue grew slightly, industrial water treatment revenue (1/3 of water treatment revenue) declined high single-digits

Profitability: Sales prices remained solid with clear support from variable and fixed cost tailwind

WATER TREATMENT REVENUE AND ORGANIC GROWTH 2017- 1-9 2020

EUR million



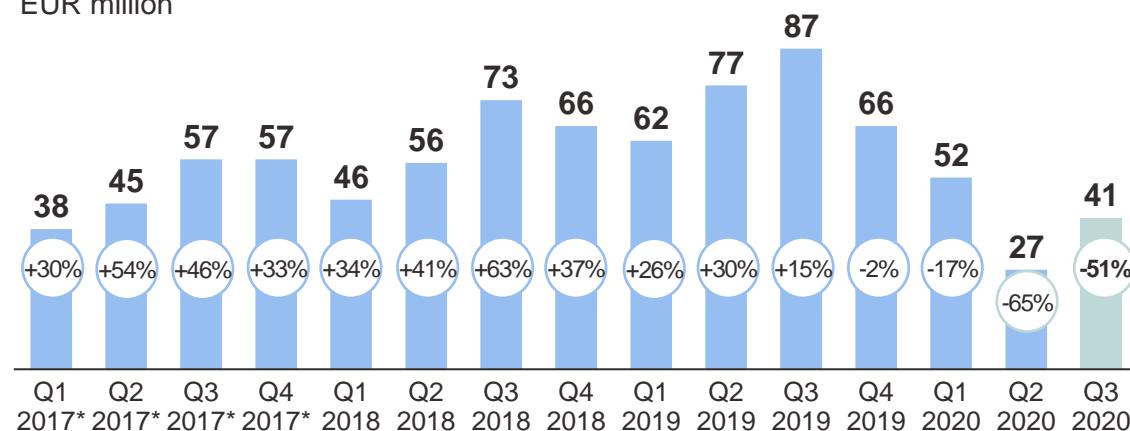
OIL & GAS 1-9 2020

Revenue: Significantly down due to shale and oil sands tailings, slight growth in CEOR revenue

Profitability: Clearly impacted by revenue decline, restructuring measures taken to compensate some of the headwinds

OIL & GAS REVENUE AND ORGANIC GROWTH 2017- 1-9 2020

EUR million



*2017 revenue = restated figures

Looking to the future

COVID-19 impact clear on shale, but remaining I&W business areas continue to be resilient short and long-term





	SHORT TERM IMPACT OF COVID-19	LONG TERM IMPACT OF COVID-19	EXPECTED CAGR 2020-2026*
Municipal Water Treatment	Marginal drop in volumes due to lower activity mainly in the hospitality industry	Expected to grow with around GDP No changes to previous views	3-4%
Industrial Water Treatment	Temporarily lower industrial activity has decreased chemical demand by 5-10%	Expected to recover with economy and continue to grow with around GDP No changes to previous views	3-4%
Oil Sands Tailings Treatment	Volumes lower than expected for Kemira's end market, expected to recover in 2021	No impact on the long-term tailings treatment demand	8-9%
Chemically Enhanced Oil Recovery (cEOR)	No impact on active projects and projects in planning phase <ul style="list-style-type: none"> Projects long-term in nature, project breaks are expensive 	No impact expected	~15%
Shale Oil & Gas	Sharp drop in fracking activity leading to -70% of Friction Reducer demand for 2020 compared to 2019 Market bottom in Q2 followed by modest sequential pick-up during Q3	Industry expected to recover gradually by 2025 Shale role in future global oil supply to be confirmed	15-20%

*Kemira estimates

APAC, CEOR and oil sands tailings provide strong growth opportunities

GROWING NEED FOR POLYMERS		
<p>↑</p> <p>WATER TREATMENT IN APAC</p> <ul style="list-style-type: none"> • Largest and fastest growing water treatment market • Expected market CAGR ~5% until 2030 • Fragmented market; many local players with local manufacturing 	<p>↑</p> <p>OIL SANDS TAILINGS</p> <ul style="list-style-type: none"> • Market growth driven by regulatory liability to treat tailings from oil sands in Canada • Market expected to grow significantly into 2030s with tailings remediation demand expected to continue for at least the next 50 years 	<p>↑</p> <p>CEOR</p> <ul style="list-style-type: none"> • Exploration and drilling of new oil wells increasingly expensive; ensuring most efficient use of current wells • Market expected to grow clearly until 2030, more moderate growth until 2050
<p>KEMIRA POSITION Mainly export business, focus on premium segment</p>	<p>KEMIRA POSITION Strong relationship with all oil sands operators</p>	<p>KEMIRA POSITION Serving customer in the North Sea, several other customer pilots ongoing</p>

Regulation continues to support growth in European water treatment market

Regulation under update		Comments & Implications
	Urban Wastewater Treatment Directive (UWWT)*	<ul style="list-style-type: none">• Basis for wastewater treatment business in Europe• Target to better enforce existing legislation in all countries• Other potential improvement areas: energy efficiency and micropollutants control• Revised directive will increase use of coagulants and polymers in non-compliant countries• New regulation expected to be fully operational in late 2025
	Water Framework Directive (WFD)	<ul style="list-style-type: none">• Regulation evaluated to be fit for purpose and won't be opened for changes
	Drinking Water Directive (DWD)	<ul style="list-style-type: none">• Only minor changes with small impact:<ul style="list-style-type: none">– New tighter limits for Lead and Chromium in drinking water• New regulation is expected to be fully operational in 2025
	Water Reuse regulation	<ul style="list-style-type: none">• New EU wide regulation (no additional national implementation required) defining minimum quality standards for water reuse in agriculture• The regulation does not incentivize increased water reuse, however clear quality standards are hoped to boost water reuse
Estimated to increase water treatment chemical demand by ~40 MEUR / p.a. in the long term		

* most relevant for Kemira

Water treatment customers focus increasingly on sustainability

- Consumers increasingly aware of sustainability issues
- Water treatment customers increasingly focused on reducing CO₂ footprint
- Kemira survey shows customers are willing to pay a premium for biobased products
- Micropollutant removal and disinfection leading themes currently in sustainable water management



**Growing market for sustainable and circular products.
Also biobased products growing in importance.**



We will increase focus on water treatment to further improve sustainability of portfolio

24%

of current raw materials
from recycled sources

Already

up to 80%

of raw materials from
recycled sources in
coagulants

WE WILL CREATE AN ACTION PLAN TO FURTHER IMPROVE THE SUSTAINABILITY PROFILE OF THE I&W PORTFOLIO

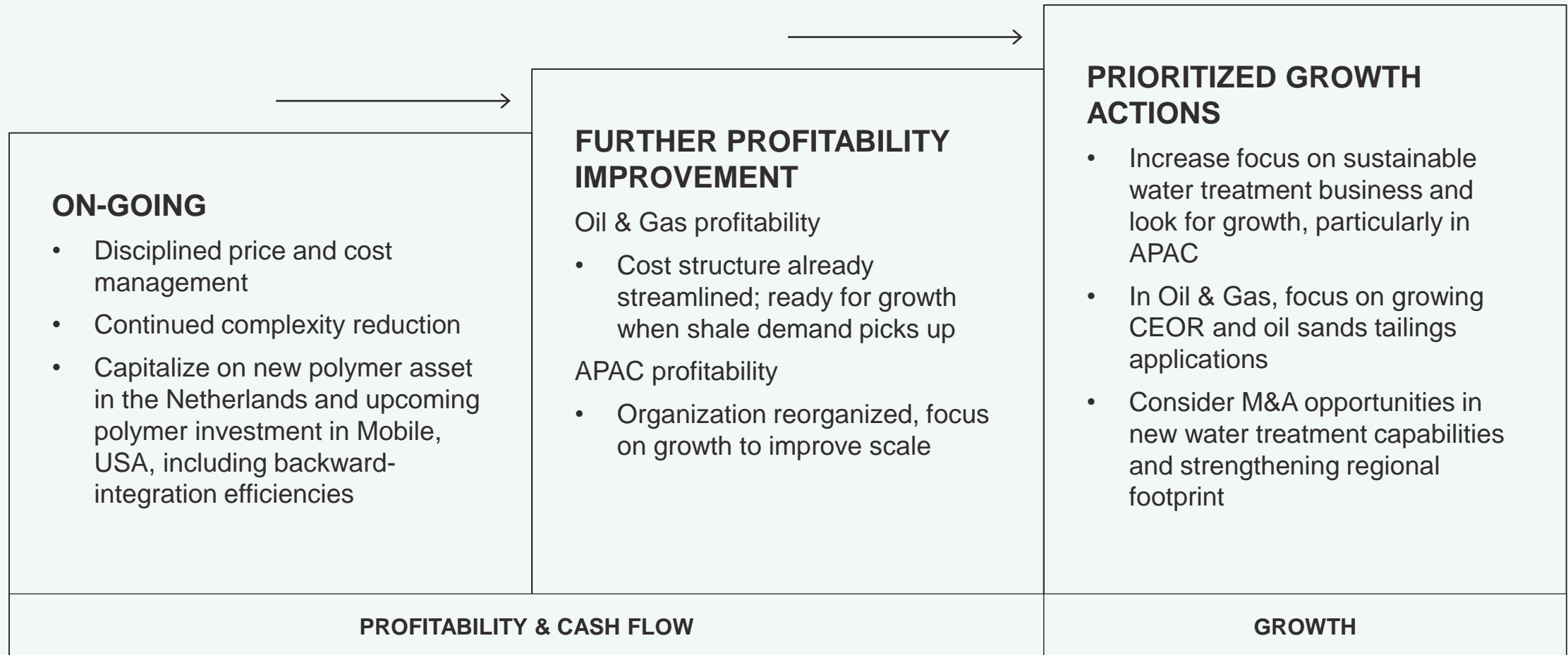
Further improve the circularity of our business
by increasing share of recycled materials

Start building a biobased polymer portfolio

Increase segment focus on water treatment
applications and capabilities

Increase Oil & Gas focus on growing and
less volatile businesses, i.e. CEOR and
Oil Sands tailings. Expected recovery in shale
provides near-term growth opportunities.

Our focus is to maintain profitability while increasing focus on growth



kemira 100 years of
chemistry

We have strong positions particularly in EMEA water treatment

	Market position	Market outlook
EMEA		
Water treatment ^{1,2)}	#1	→
North America		
Water treatment ¹⁾	#1	→
APAC		
Water treatment ²⁾	#9	↗
Oil & Gas		
CEOR ²⁾	#6	↗
Shale ²⁾	#2	↗
Oil Sands Tailings ²⁾	#2	↗

