

CAPITAL MARKETS DAY 2020

kemira

100 years of
chemistry

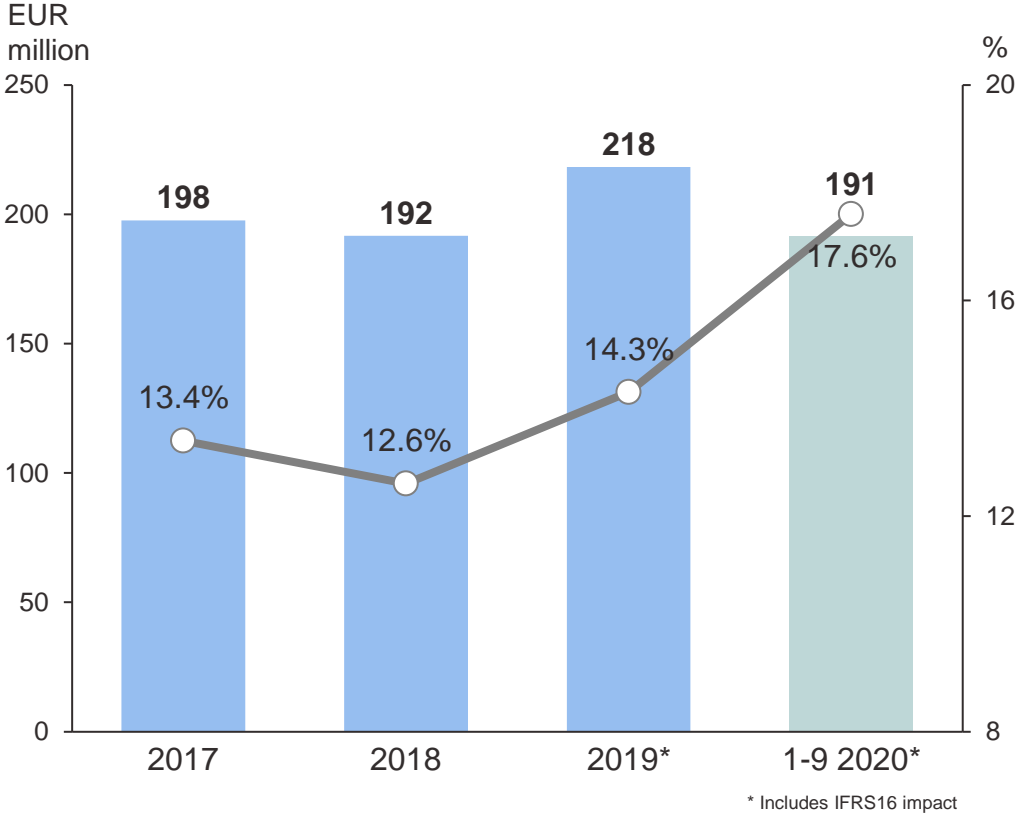
Pulp & Paper: Building on our improved profitability

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We have strengthened our business and improved profitability since 2017

OPERATIVE EBITDA AND OPERATIVE EBITDA MARGIN DEVELOPMENT



- 1. BUSINESS FUNDAMENTALS:**
- Focus on growing segments and product lines
 - Complexity reduction: streamlining P&P product portfolio from 1,100 to 800 products
 - Organizational changes implemented to improve efficiency

- 2. PROFITABILITY FOCUS:**
- Value over volume and active price management in 2018-2019
 - New investments in bleaching improving efficiency and contributing positively to operative EBITDA

- 3. ENGAGEMENT SCORES:**
- Customer satisfaction (NPS): clearly above chemical sector average at 41 in 2020*; positive feedback on Kemira’s handling of COVID-19
 - Safety score: 90/100
 - Employee engagement score: 82/100

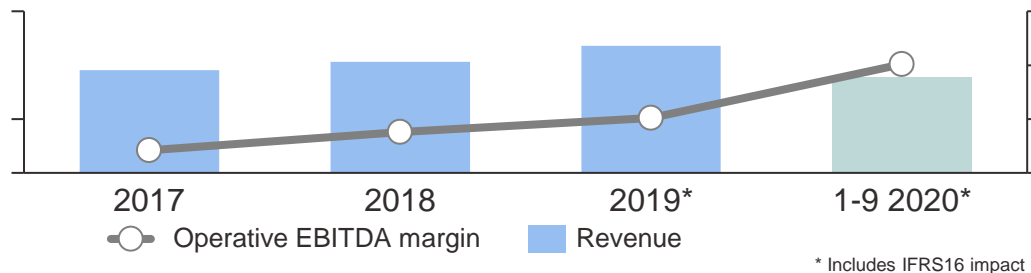
*average NPS in 2020, data in 2020 limited due to a 6-month break in interviews following COVID-19

We have significantly improved profitability in Asia-Pacific

Key actions behind Asia-Pacific profitability improvement

- Result of systematic and hard work to improve profitability and reduce complexity
- Focus on disciplined price and cost management and customer profitability
- Growth leveraging fixed cost structure
- Improved efficiency and expanded capacity following recent investments

APAC REVENUE AND OPERATIVE EBITDA MARGIN DEVELOPMENT



AKD WAX INVESTMENT IN CHINA IMPROVING ASIA-PACIFIC PROFITABILITY

- Manufacturing facility fully operational with positive EBITDA contribution as of Q1 2020
- Capacity expansion: produces mainly high-quality AKD wax and water treatment chemicals
 - AKD is a sizing chemical used in board and paper to create resistance against liquid absorption. Enables Kemira to capitalize on growing sustainable packaging trend.
- Increases degree of backward-integration and brings efficiencies and cost savings. Enables self-sufficiency in all regions globally.

Investment around EUR 70 million,
EBITDA contribution EUR double-digit millions
(annualized)

Upcoming investments will further strengthen our long-term performance

BLEACHING EXPANSION IN URUGUAY

- Multi-year agreement with UPM-Kymmene includes bleaching capacity to existing Fray Bentos mill as well as new 2.1 million ton pulp mill in Paso de los Toros.
- Expansion of both sodium chlorate and hydrogen peroxide at the existing Fray Bentos chemical island site
- The extension will support long-term growth in bleaching, one of Kemira's strategic focus areas
- Financial contribution expected as of 2023, investments to take place in 2021-2022

INVESTMENT AROUND USD 30 MILLION

SOUTH KOREA

- Joint Venture with Yongsan Chemicals, Kemira minority shareholder
- Polymer investment in a growing market; efficiency improvement from backward-integration
- Premium dry polymer products: paper and packaging mills in APAC and water treatment facilities as end customers
- Will support strengthening competitive position in APAC
- Scheduled opening in H1 2021, ramp-up by the end of 2021.

EQUITY INVESTMENT AROUND EUR 5 MILLION

Pulp & Paper profitability has been strong in 2020 despite unprecedented situation

REVENUE:

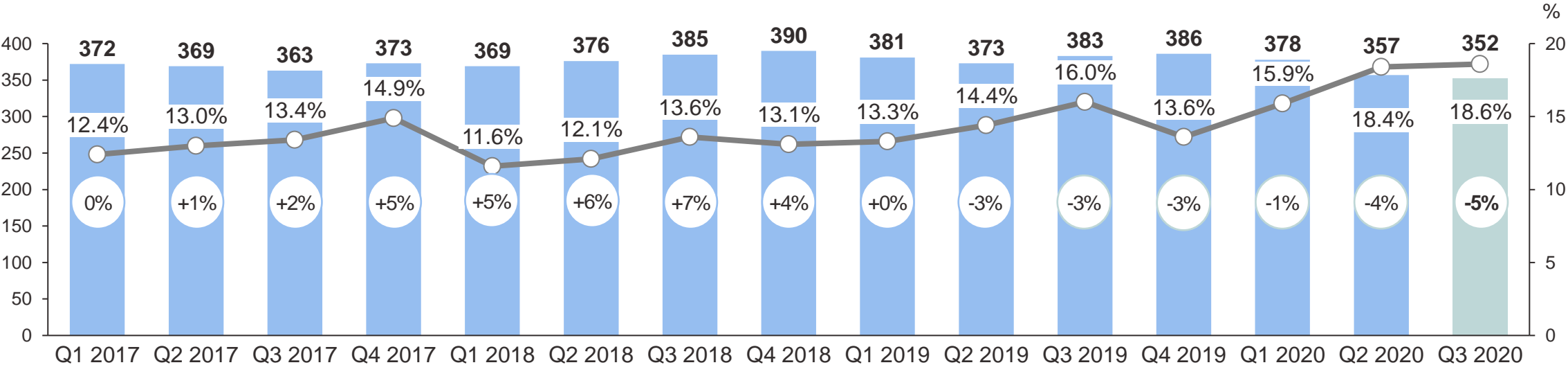
- Economic slowdown impacted overall volumes, particularly in printing & writing applications
- Pulp, packaging and tissue revenue remained solid
- Printing and writing revenue declined

PROFITABILITY:

- Improved profitability due to good management of variable and fixed costs. Efficiency improvements and capacity expansion from the AKD wax investment in China contributed positively.

REVENUE, ORGANIC REVENUE GROWTH (Y-ON-Y) AND OPERATIVE EBITDA MARGIN*

EUR million

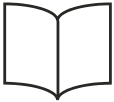
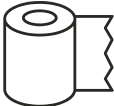
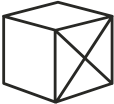



* Includes IFRS16 impact from Q1 2019 onwards



Looking to the future

Markets impacted by COVID-19 in the short term, long-term drivers remain solid

	SHORT TERM IMPACT OF COVID-19	LONG TERM IMPACT OF COVID-19	EXPECTED CAGR 2020-2026*
Graphic Paper 	Demand declined, particularly advertising-driven paper consumption and office paper demand Printing & Writing demand expected to decline by up to 20% in 2020	Structural decline and digitalization likely to accelerate Some recovery on print advertisement and office paper possible after situation normalizes	-2-3%
Tissue 	High demand in H1/2020 Increased demand for more high-quality virgin fiber based (at-home) tissue and hygiene products	Resilient demand Megatrends (growing middle-class, growing GDP of emerging countries) remain intact	+2-3%
Packaging 	Strong demand for online and packaged daily consumer goods. Higher consumer demand will only partly offset the falling demand for industrial and B2B-transport packaging	E-commerce growth to accelerate Other megatrends (plastics replacement, growing urban middle class) remain unchanged	+2-3%
Pulp 	Pulp demand solid Wastepaper collection and sorting interrupted	Demand supported by packaging and tissue demand Efficient pulp mills coming online forcing high cost and old pulp mills out of market	+1-2%

Sources: RISI, Hawkins Wright, Pöyry, management estimation

From our existing markets, we see growth opportunities in Asia-Pacific and in Pulp

<p>ASIA-PACIFIC</p> <ul style="list-style-type: none">• Customer demand to shift increasingly to Asia-Pacific with most of new board and paper production capacity expected in the region• Big customers expected to capture larger share of the region's market; emerging sustainability focus of consumers to benefit larger suppliers• Fragmented chemical market with many small and local producers provides opportunities for further consolidation	<p>PULP</p> <ul style="list-style-type: none">• Growth in pulp expected to be driven by increasing need for packaging and tissue• Demand to shift more towards market pulp and recycled pulp• New investments expected to concentrate in Northern Europe and South America
<p>KEMIRA POSITION</p> <p>Focused on larger and financially healthy producers Customer market consolidation could create opportunities for Kemira to differentiate with full product portfolio offering</p>	<p>KEMIRA POSITION</p> <p>Well-positioned to capture selected growth opportunities in Northern Europe and South America through existing strong customer relationships</p>

We are looking to transform our portfolio more towards biobased products

CUSTOMERS SEEKING ADDED VALUE FROM SUSTAINABILITY AND BIOMATERIALS

- Maximizing biocontent in end-products to differentiate from plastic applications -> **recyclability** of products key
- Pulp & Paper companies making increasing investments to renew and broaden wood-based end-product portfolio
- Many Pulp & Paper customers announcing ambitious sustainability targets related to CO₂ emission reduction and more efficient water usage

WE WILL BECOME THE LEADING PROVIDER OF SUSTAINABLE CHEMICAL SOLUTIONS FOR WATER-INTENSIVE INDUSTRIES

- Kemira's aim is to improve customer resource efficiency, particularly in pulp and packaging
- 12% of all carbon containing raw materials used in Kemira is already renewable
- Ambition to create a green portfolio in the long term
- Key product lines strength, sizing and barriers as well as retention chemicals
- **Kemira's current biobased solutions:** e.g. sizing agents, such as Sunflower ASA and AKD wax, and rosin

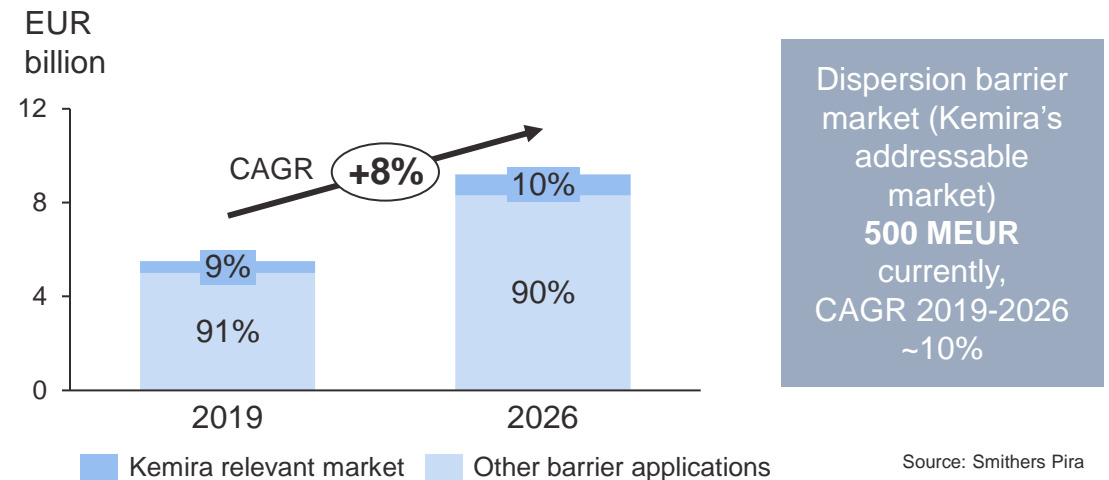
Barrier market provides interesting opportunities in the long term

- Consumers expect significantly more sustainable packaging from brand-owners
- Brand owner initiatives Phasing out "non-recyclable" packaging materials
- Sustainability focus:
 - Plastic replacement
 - Shift towards green and renewable materials from fossil-based materials

Regulations:

- Restrictions to use fluorinated chemicals (PFAS)
- Global restrictions to move away from single-use plastics (e.g. SUP-directive)

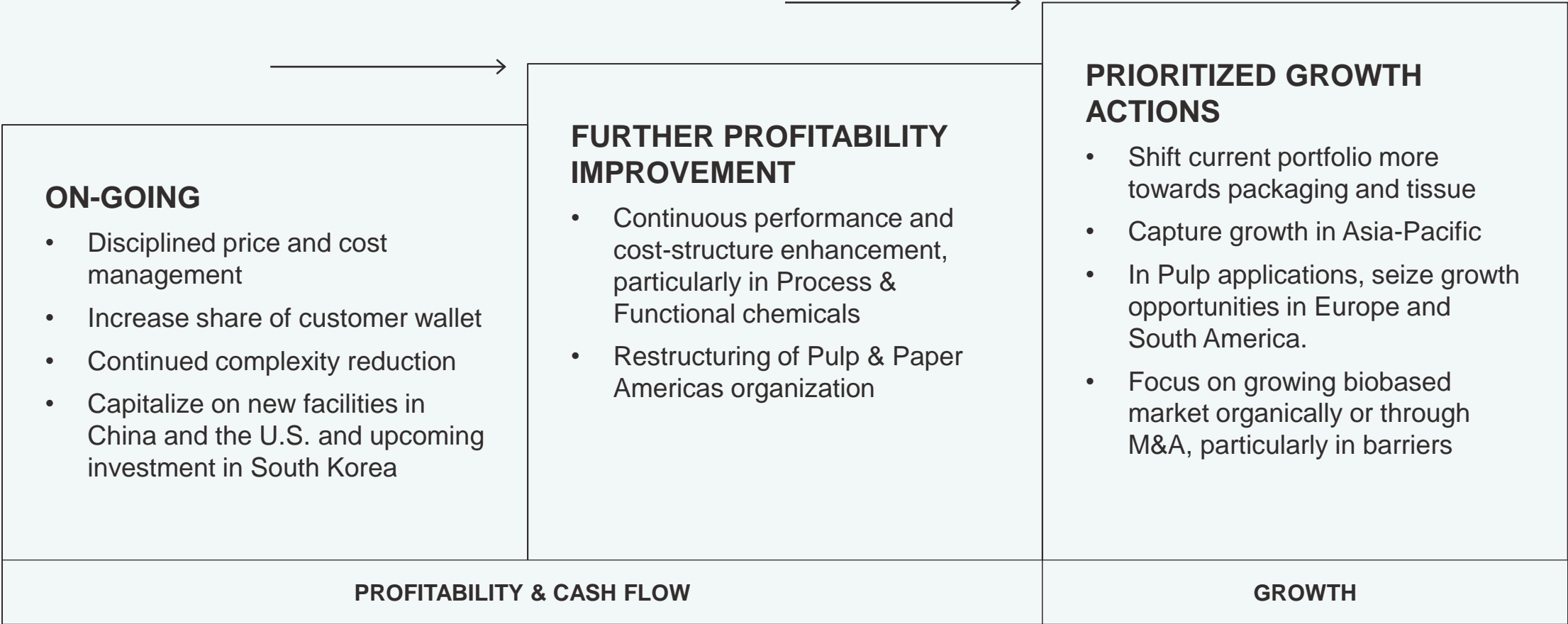
THE BARRIER MARKET IS EXPECTED TO GROW RAPIDLY



KEMIRA BARRIER SOLUTIONS

- Kemira barriers being trialed with several customers in EMEA and North America
- Product partly biobased, aim to increase biobased content further in upcoming barrier versions

Our focus is to maintain profitability while increasing focus on growth



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chemistry

We have a strong position particularly in EMEA

	PULP	PACKAGING & TISSUE	PRINTING & WRITING
EMEA			
Market position	#1/2	#1/2	#1/2
Market outlook	→	→	↘
North America			
Market position	#3/4	#3	#2/3
Market outlook	↘	→	↘
APAC			
Market position	n.a.	#1/2	#1/2
Market outlook	→	↗	↘
South America			
Market position	#2	#2/3	#2/3
Market outlook	→	↗	↘