

CAPITAL MARKETS DAY

kemira
100 years of
chemistry

Strong foundation to build on

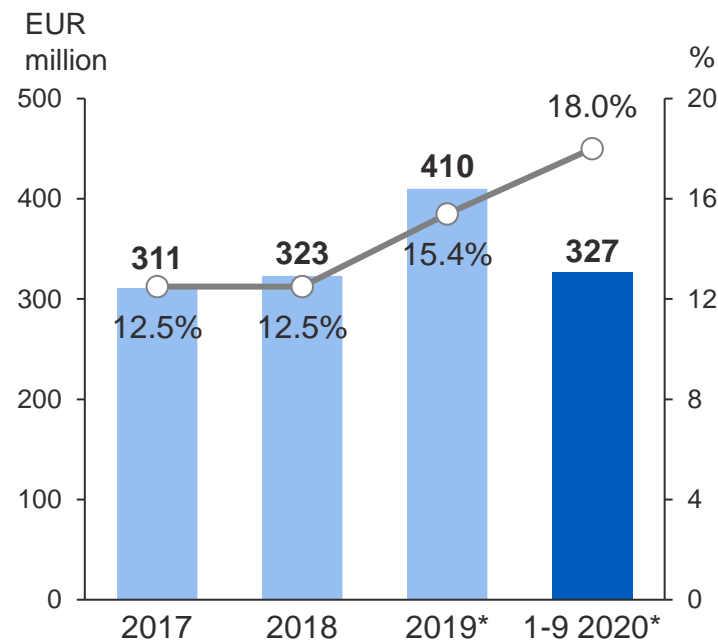
PETRI CASTRÉN
CFO



We have delivered on our three promises from CMD 2017

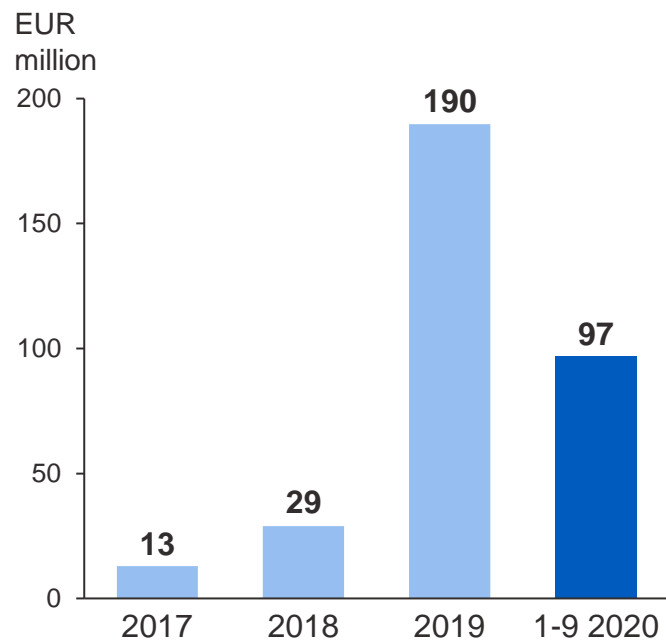
HIGHER PROFITABILITY

OPERATIVE EBITDA OPERATIVE EBITDA MARGIN



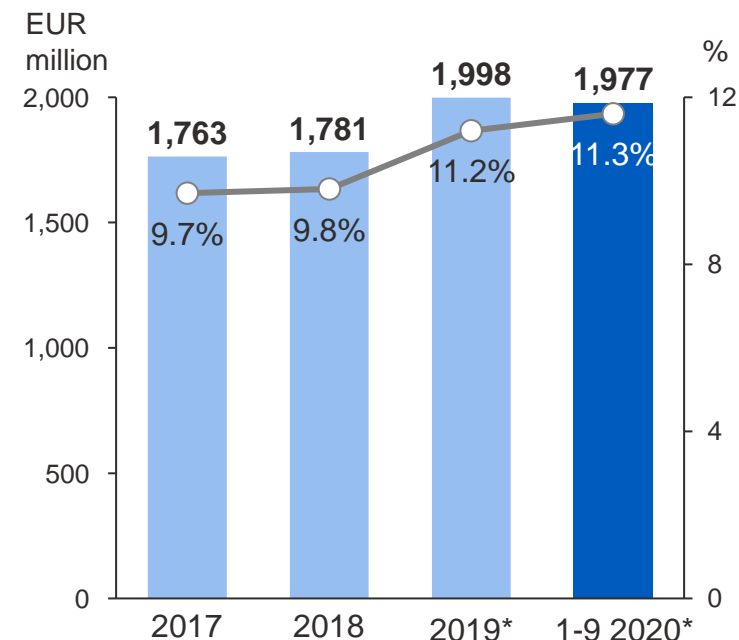
IMPROVED CASH FLOW

CASH FLOW AFTER INVESTING ACTIVITIES



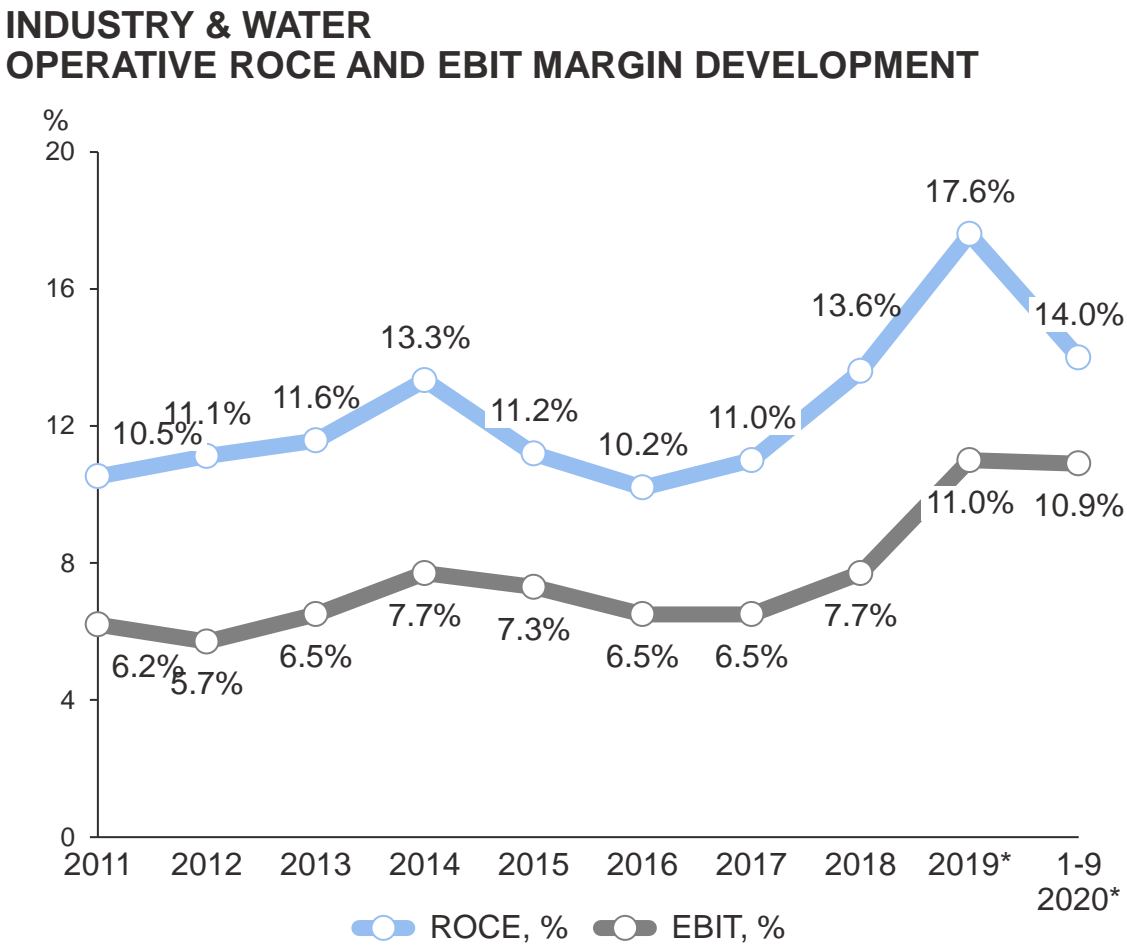
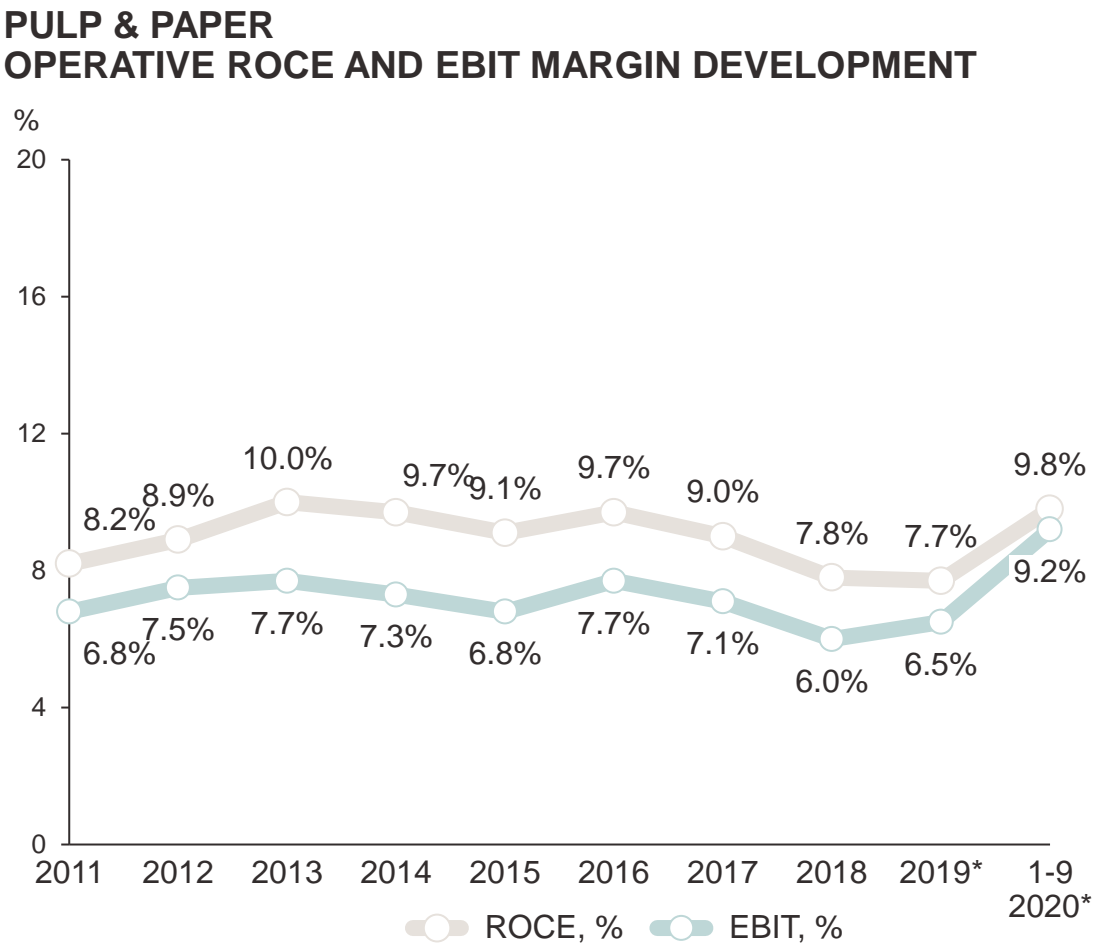
EFFICIENT CAPITAL RETURNS

CAPITAL EMPLOYED OPERATIVE ROCE % (rolling 12 months)



* Includes IFRS16 impact

Operative ROCE and EBIT margins have improved in recent years



* Includes IFRS16 impact

Stronger foundation is based on three pillars

1.

CUSTOMER PROFITABILITY

- Increased focus on customer-level profitability since 2017
- Share of low margin customers has decreased by over 40% since end of 2016
- More concentrated customer base; number of customers down by 25% from 2016 to 2020

2.

EFFICIENCY OF OPERATIONS

- Two-segment structure EUR 15 million
- Operational excellence program : cost savings of around EUR 20 million reached by 2019
 - E.g. outsourcing of transportation logistics
- Reduction in variable costs following investments in backward integration
- Revenue / sales representative grew by 13% from 2016-2019

3.

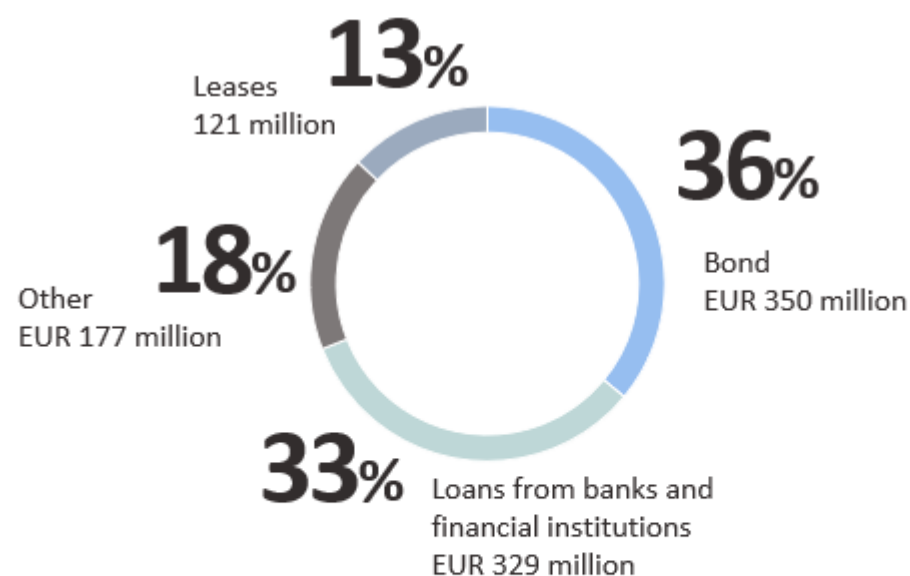
PRODUCT PORTFOLIO AND MIX

- We have clearly simplified the product portfolio: number of products decreased by over 30% from 2017 to 2020
- Investments focused to key product groups: the share of four largest product groups increased from around 78% to 82% of revenue from 2017 to 2020

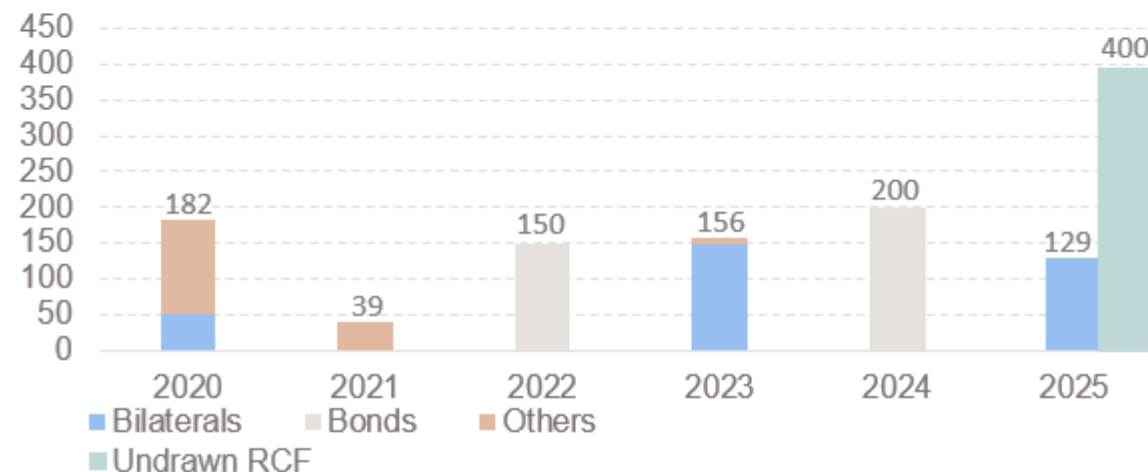
Healthy financial position

DEBT AND LIQUIDITY AS OF SEPTEMBER 30, 2020

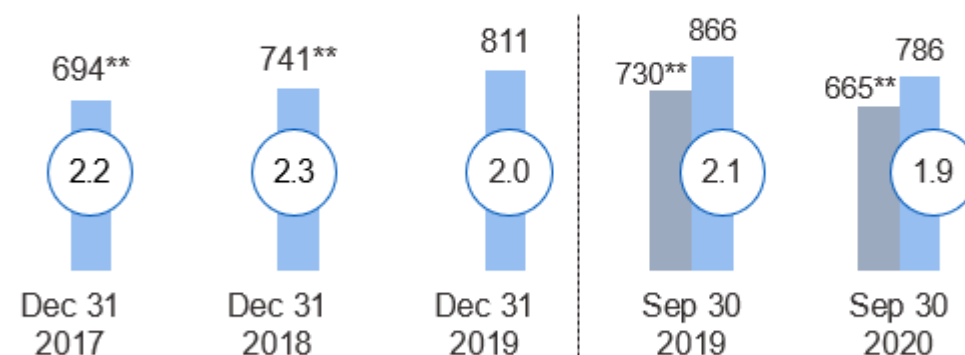
- Total interest-bearing debt EUR 972 million
- Liquidity EUR 186 million + undrawn RCF of EUR 400 million



MATURITY PROFILE EXCLUDING LEASES



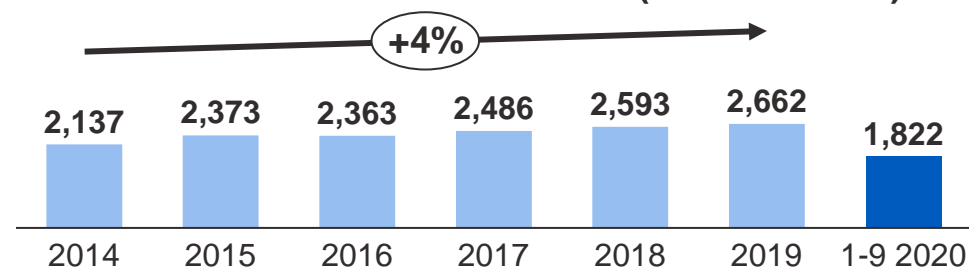
NET DEBT (EUR million) AND LEVERAGE RATIO*



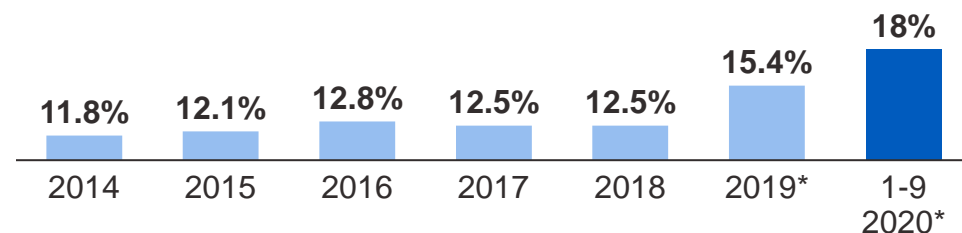
* Leverage ratio = Net debt / last 12 months operative EBITDA ** pre-IFRS 16 figures

Focus on building sustainable growth- target for operative EBITDA margin updated

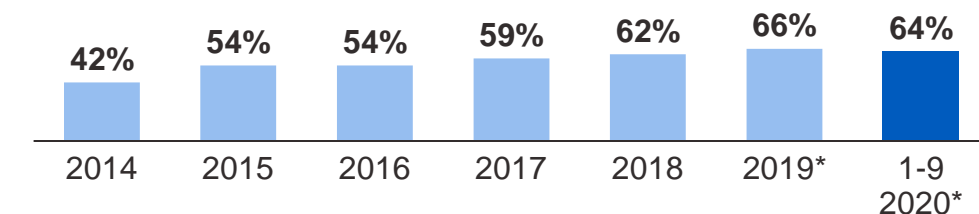
1. ABOVE-THE MARKET GROWTH (UNCHANGED)



2. OPERATIVE EBITDA MARGIN 15-18% (UPDATED)



3. GEARING BELOW 75% (UNCHANGED)



* Includes IFRS16 impact

NEXT STEPS

- Build further growth organically and via partnerships
- Growth opportunities: water treatment, CEOR, Oil sands tailings, APAC, pulp, recovery in shale
- Consider M&A to support profitable growth

NEXT STEPS

- Maintain operative EBITDA margin within updated range
- Disciplined price and cost management
- Capitalize on recent and upcoming investments
- Profitability improvement actions

NEXT STEPS

- Maintain gearing below financial target range of 75%
- Capability to temporarily increase if clear plan to reduce leverage

Capital allocation principles

CAPITAL ALLOCATION PRIORITIES

Balanced capital allocation between:

Profitable growth

- Investments supporting profitable growth
- Selective M&A opportunities

Shareholder returns

- A competitive and over-time increasing dividend

CAPITAL EXPENDITURE

- Continue to focus on key product areas: bleaching, coagulants, polymers and sizing chemicals
- Capex expected to be around similar levels in coming years
 - Sustainability shift will result in changes in capex allocation priorities
 - Capex increasingly allocated towards biobased opportunities

M&A

- Solid balance sheet allows us to look for M&A opportunities to enable profitable growth
- Areas of interest: water treatment competences, geographic footprint, biobased competences

The dividend policy has been updated

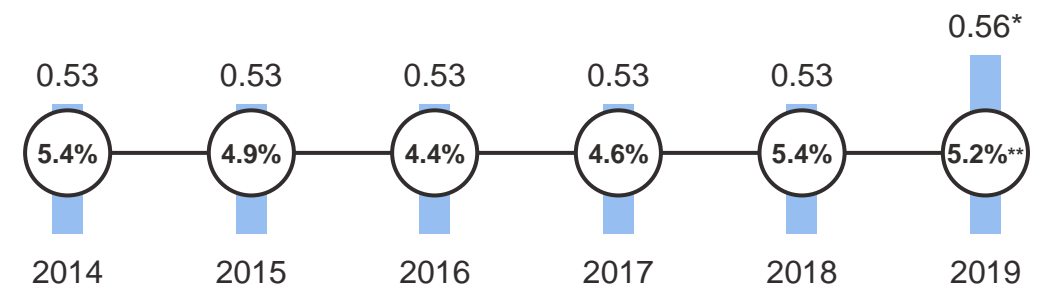


KEMIRA'S NEW DIVIDEND POLICY

Competitive and over-time increasing dividend
No fixed payout ratio

We have a solid dividend track record

■ Dividend per share ○ Dividend yield



*AGM authorized the Board to decide on a dividend payment of max. EUR 0.56 at its discretion to be paid in two installments in May and November. The first installment, EUR 0.28 per share, was paid on May 14, 2020 and the second installment on November 5, 2020

**Dividend yield as of Sep 30, 2020

Factors to watch for in 2021

FACTORS IMPACTING OPERATIVE EBITDA DEVELOPMENT IN 2021



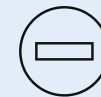
SUPPORTING

- Contribution from recent investments
- Restructuring in Pulp & Paper Americas
- Shale market and tailings market expected to recover gradually from 2020 level
- Part of fixed cost savings to continue



UNCERTAINTIES

- Uncertainty related to global economic situation and its impact on customer volumes and Kemira sales volumes
- Raw material price development
- FX development



POSSIBLE NEGATIVE FACTORS

- Time lag to pass raw material price increases to sales prices

Investment highlights

1

Strong profitability improvement track record

Focus on profitable sustainable growth
Operative EBITDA margin target updated

2

Attractive dividend

Updated dividend policy: competitive and over-time increasing dividend

3

Increased focus on sustainability

Kemira will become the leading provider of sustainable chemical solutions for water-intensive industries

kemira 100 years of
chemistry