

A photograph of three people (two men and one woman) smiling and eating on a rooftop terrace with a city skyline in the background. The image is overlaid with text and a white diagonal line.

kemira

100 years of
chemistry

JARI ROSENDAL, PRESIDENT AND CEO
PETRI CASTRÉN, CFO
FEBRUARY 11, 2021

Strong performance in 2020

JANUARY-DECEMBER 2020

Highlights in 2020

- **Strong performance in 2020:** improved profitability, good operational performance, improved customer satisfaction and employee engagement.
- Challenging market environment due to COVID-19 pandemic and related economic slowdown
- Revenue development excluding Oil & Gas and currencies -2% illustrating resilience of business model. Strong profitability: operative EBITDA margin improved to 17.9%.
- Financial target for operative EBITDA margin updated to 15-18% (previously 15-17%). Also dividend policy updated: aim to distribute competitive and over-time increasing dividend.
- New manufacturing facilities in China and the Netherlands facilitate growth; existing facility expansion in Uruguay to support future growth in Pulp & Paper



Financial highlights of 2020

Organic revenue growth improved towards year-end

- COVID-19 related economic slowdown impacted volumes, particularly in printing and writing and shale
- Organic revenue growth excluding Oil & Gas stable in Q4 2020, -2% in 2020

Strong margin development continued in Q4 2020

- EBITDA supported by lower variable costs, including raw materials and efficiencies from new investments in China and the Netherlands
- Good fixed cost management

Earnings per share EUR 0.86

Strong cash flow from operating activities

Dividend proposal of EUR 0.58 per share

EUR million (except ratios)	Q4 2020	Q4 2019	Δ%	FY 2020	FY 2019	Δ%
Revenue	605.6	657.7	-8%	2,427.2	2,658.8	-9%
Operative EBITDA	107.9	90.1	+20%	435.1	410.0	+6%
of which margin	17.8%	13.7%	-	17.9%	15.4%	-
Operative EBIT	57.0	42.4	+34%	237.7	224.0	+6%
of which margin	9.4%	6.4%	-	9.8%	8.4%	-
Net profit	23.8	8.6	177%	138.0	116.5	+18%
EPS diluted, EUR	0.14	0.05	214%	0.86	0.72	+19%
Cash flow from operating activities	146.4	142.5	+3%	374.7	386.2	-3%
Dividend per share, proposal by the BoD, EUR*				0.58	0.56	+4%

*Board of Director's proposal to the AGM 2021

Pulp & Paper: clear profitability improvement in 2020

Market environment in 2020

- Pulp, board and tissue demand remained resilient; demand in printing and writing chemicals declined. Improvement in market demand in Q4.

Organic growth improved towards year-end

- Economic slowdown impacted volumes, particularly in printing & writing products where revenue declined by 9% in 2020
- Sales volumes increased in Q4 2020, sequential improvement in all customer segments

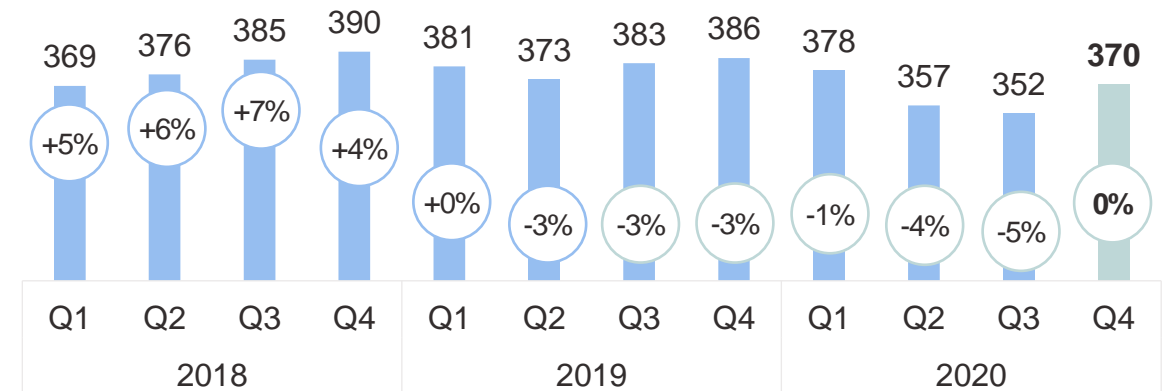
Strong operative EBITDA margin in 2020

- Profitability improvement in APAC
- 2020 margin improvement result of good cost management and contribution from recent investments

Organizational restructuring in the Americas during Q4 2020

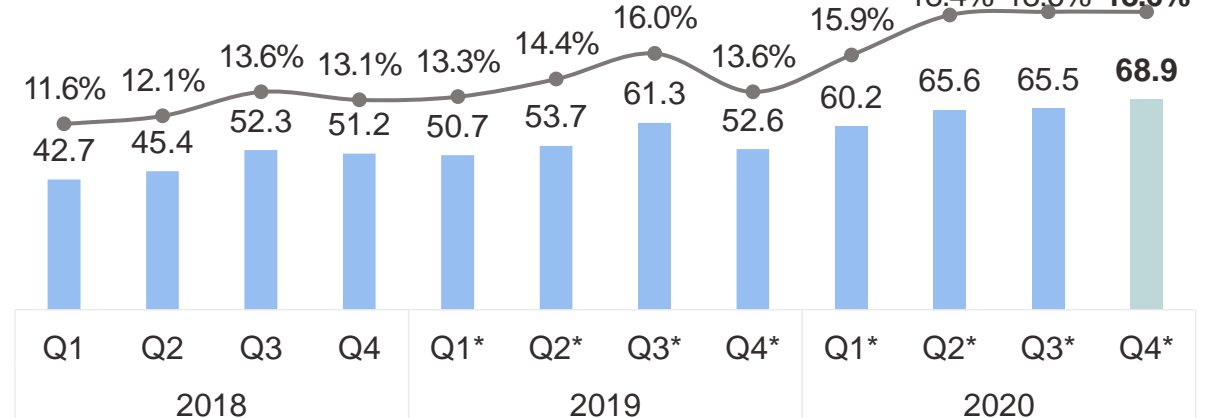
REVENUE AND ORGANIC REVENUE GROWTH (Y-ON-Y)

EUR million



OPERATIVE EBITDA AND OPERATIVE EBITDA-%

EUR million



Industry & Water: relative profitability improved despite lower sales volumes

Market environment in 2020

- Municipal water treatment market grew slightly despite COVID-19; industrial water treatment market declined due to lower industrial activity
- Modest sequential recovery in shale demand continued in Q4 2020

Organic growth

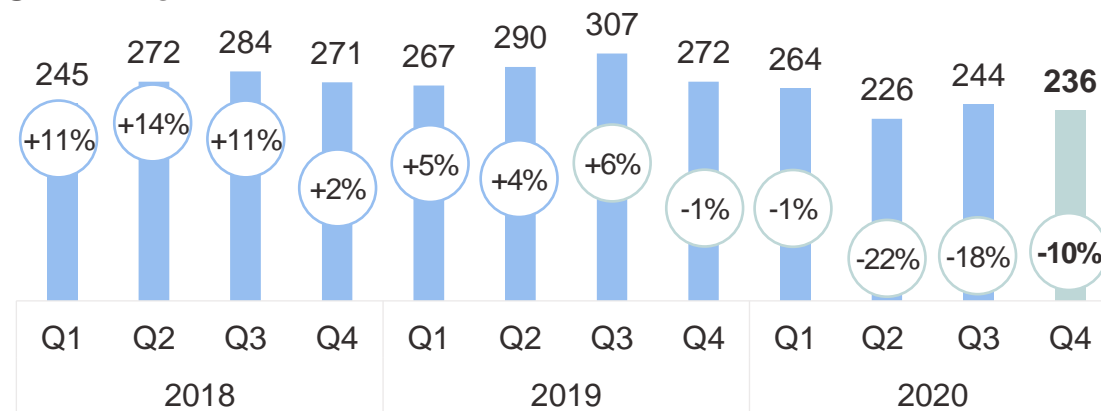
- Organic revenue growth excluding Oil & Gas 0% in Q4 2020, -2% in 2020. Revenue in municipal water treatment increased in 2020.
- Shale revenue continued to recover sequentially in Q4 2020

Strong operative EBITDA margin in 2020

- Profitability supported by lower variable costs and good fixed cost management. Positive contribution from polymer expansion in the Netherlands.

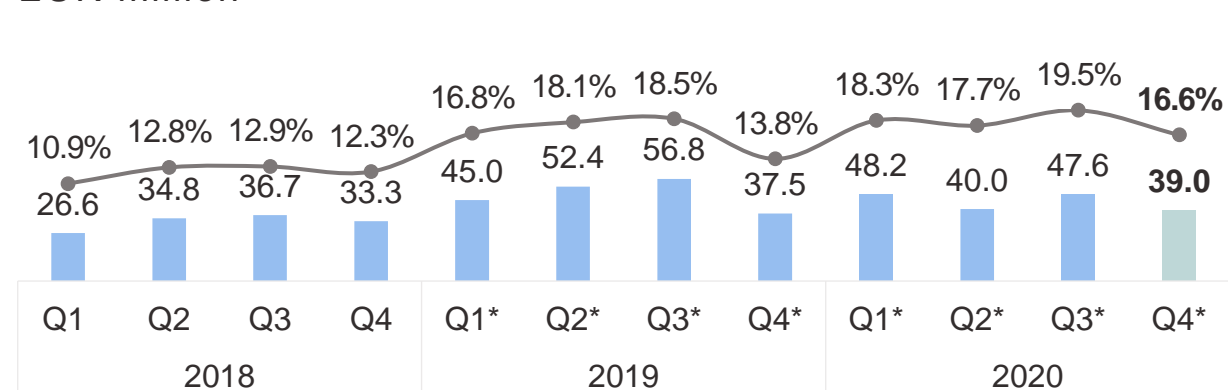
REVENUE AND ORGANIC REVENUE GROWTH (Y-ON-Y)

EUR million



OPERATIVE EBITDA AND OPERATIVE EBITDA-%

EUR million



Oil & Gas: sequential shale market recovery continued in Q4 2020

Market environment in 2020

- Shale: shale market bottomed in Q2 2020. Sequential market recovery continued in Q4 2020; typically Q4 seasonally slower quarter
- In oil sands tailings, Kemira’s end market demand in 2020 clearly lower than expected. CEOR* end market solid.

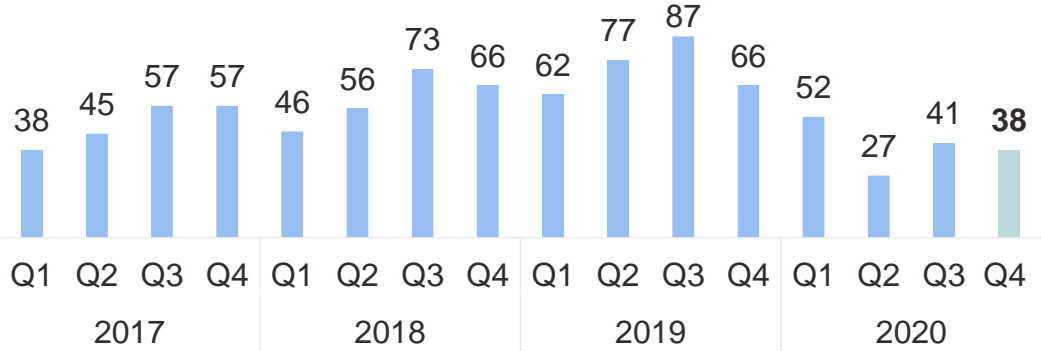
Kemira performance in 2020

- Oil & Gas revenue declined by 46% in 2020
- Q4: Kemira shale revenue continued to recover sequentially, but remained at a low level compared to Q4 2019
- Multi-year contract extension signed with Ithaca for CEOR

2021 expectation

- Shale and oil sands tailings demand expected to recover gradually, CEOR to remain solid

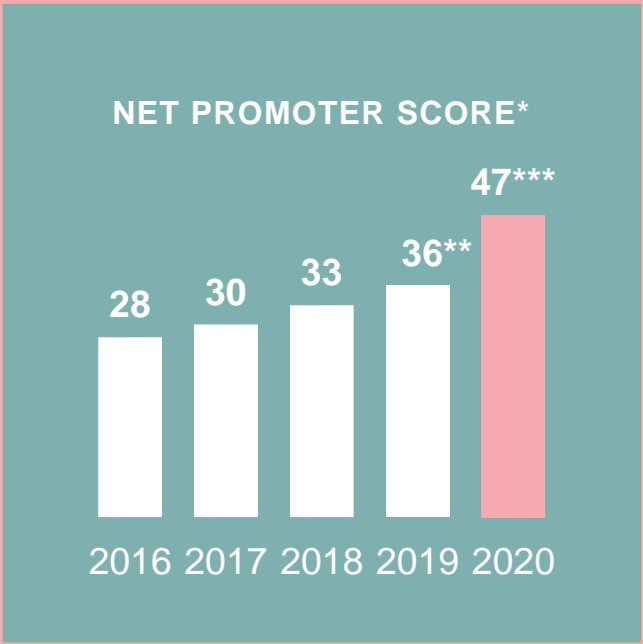
REVENUE DEVELOPMENT
EUR million



*CEOR, chemical enhanced oil recovery

Strong results in customer satisfaction and employee engagement

Strong customer satisfaction – positive feedback on Kemira’s actions during COVID-19



* Promoter customers (very loyal) – Detractor customers (unhappy), Scale: 0-19 Satisfactory, 20-39 Good, 40+ Excellent.
** New rolling process implemented in 2019
*** Average NPS score in 2020, data in 2020 limited due to a 6-month break in interviews following COVID-19

Employee engagement continued to improve – clearly above industrial benchmark



WE WANT TO ENSURE PROFITABLE GROWTH BY BECOMING THE LEADING PROVIDER OF SUSTAINABLE CHEMICAL SOLUTIONS FOR WATER-INTENSIVE INDUSTRIES

CURRENT REVENUE

~100 MEUR

FROM BIOBASED PRODUCTS

TARGET REVENUE IN 2030

>500 MEUR

FROM BIOBASED PRODUCTS

CURRENT SHARE

12%

OF RENEWABLE CARBON OF ALL CARBON CONTAINING RAW MATERIALS

TARGET SHARE IN 2030

40%

OF RENEWABLE CARBON OF ALL CARBON CONTAINING RAW MATERIALS

Partnerships announced in December are important steps in our biobased strategy

DUPONT

- Exclusive partnership to develop enzymatic biomaterial platform technology developed by DuPont Nutrition & Biosciences (now part of IFF) for Kemira applications
- Partnership will leverage DuPont's platform that utilizes plant-based sugars as raw materials. Kemira will bring application development expertise.
- **NEXT STEPS:** In 2021 partners will work on joint application development before doing pilot scale sales in 2022-2023.

DANIMER SCIENTIFIC

- Exclusive partnership to develop biodegradable coating for Kemira applications in paper and board
- Danimer's plant seed-based PHA will be used to develop biobased alternatives to polyethylene coating
- **NEXT STEPS:** Aim to manufacture coatings for limited commercial applications in 2021 before exploring broader production options

Sustainability targets renewed

SAFETY

High safety performance fundamental to business

NEW KPIS

TRIF 1.5 by 2025 and 1.1 by 2030

PEOPLE

Foster strong company culture and commitment to people

Reach top 10% cross industry norm for Diversity & Inclusion by 2025

WATER

Ensure water-related risks are managed effectively

Continuously improve freshwater use intensity

CIRCULARITY

Improve customer resource efficiency
Increase biobased and recycled raw material use

Reduce waste intensity by 15% by 2030

Biobased products >500 million EUR revenue by 2030

CLIMATE

Reduce costs with renewables and energy efficiency
Low carbon product offering

Scope 1&2 emissions -30% by 2030

Key operative focus areas in 2021

- Continue to mitigate impact of COVID-19 to ensure our own and our customers' business continuity. Retain people and operational safety as top priority.
- Increased focus on profitable growth; maintain focus on strict cost management
- Biobased strategy: continue partnership development and R&D focus to commercialize new biobased products enabling recyclability
- Operational agility: ensure good capacity utilization and capacity can be ramped up quickly when market demand recovers
- Construction of polymer capacity in the U.S. and South Korea as well as expansion of bleaching capacity in Uruguay



PETRI CASTRÉN, CFO
FEBRUARY 11, 2021

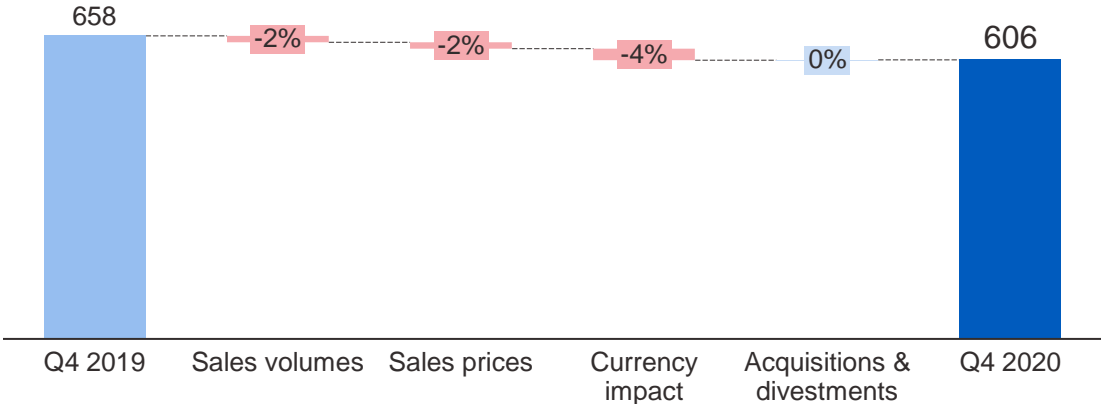
Financials Q4 2020



Strong profitability despite clearly lower volumes

Q4/2020

REVENUE AND ORGANIC GROWTH (Y-ON-Y)
EUR million



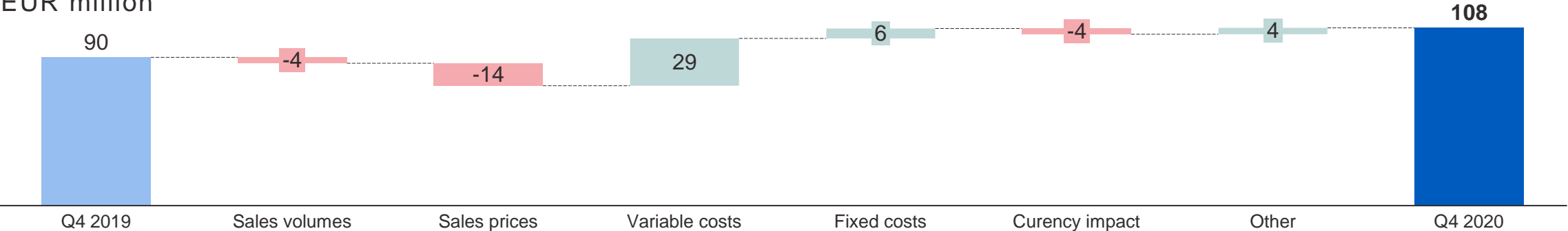
Organic revenue growth -4% in Q4 2020, -7% in 2020

- Q4 2020 revenue declined due to lower sales volumes and prices. Revenue declined particularly in shale and printing and writing
- Organic revenue growth trend improved towards year-end

Operative EBITDA margin improved to 17.8% in Q4 2020, 17.9% in 2020

- Operative EBITDA improved despite lower revenue. Favorable variable cost development and good fixed cost management. Efficiencies from investments in China and the Netherlands contributed positively to EBITDA.

OPERATIVE EBITDA BRIDGE
EUR million



Items affecting comparability

- **Q4 2020:**

- EUR 14 million related to liabilities in a small, to-be-closed energy company in Finland owned via Pohjolan Voima
- Restructuring costs in Pulp & Paper of around EUR 4 million due to organizational changes in the Americas

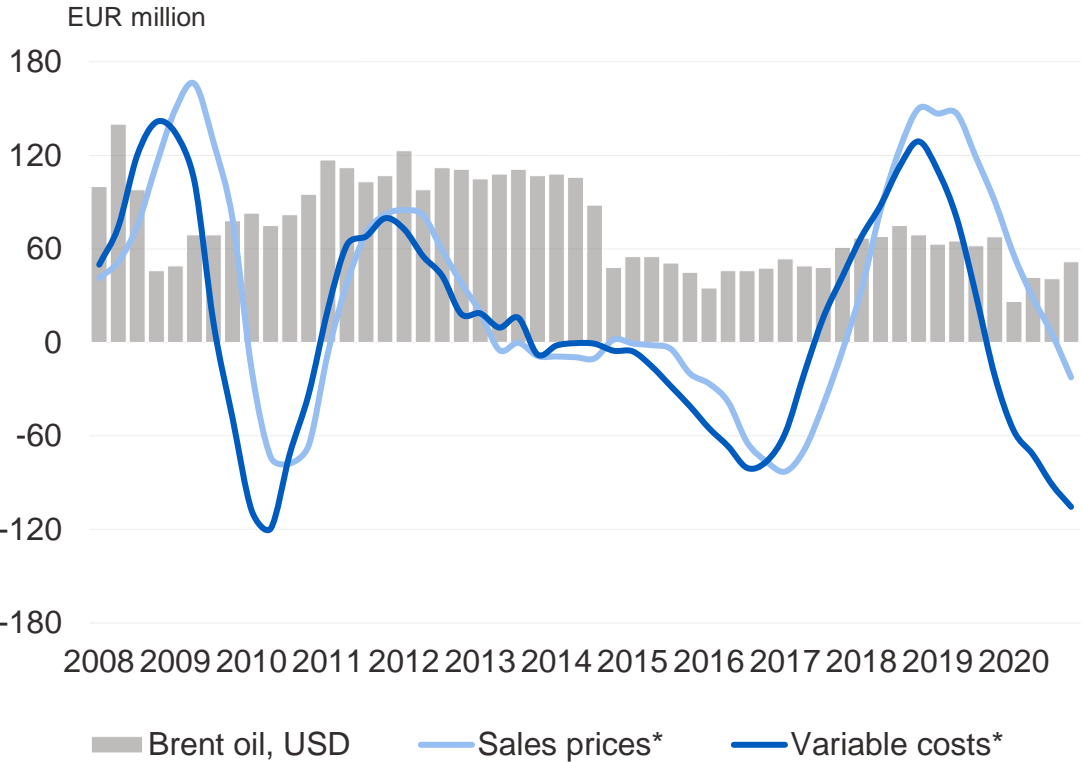
- **Q1-Q3 2020:**

- Restructuring costs in Oil & Gas of around EUR 2 million
- Increased environmental provisions due to clean-up of old manufacturing site in Finland

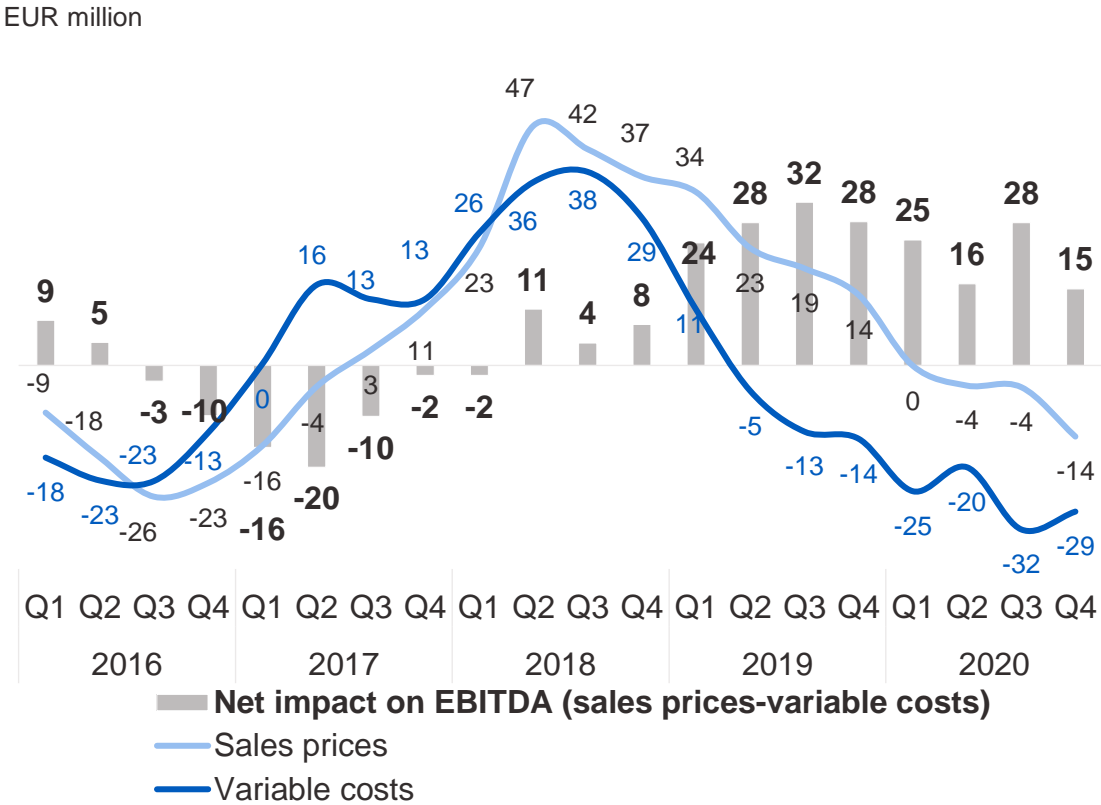
Items affecting comparability, EUR million	Q4 2020	Q4 2019	FY 2020	FY 2019
Within EBITDA	-16.7	-20.5	-21.8	-27.7
Pulp & Paper	-16.8	-20.8	-20.0	-25.8
Industry & Water	0.1	0.3	-1.8	-1.8
Within depreciation, amortization and impairment	0.0	0.0	0.0	-1.9
Pulp & Paper	0.0	0.0	0.0	0.0
Industry & Water	0.0	0.0	0.0	-1.9
Total items affecting comparability in EBIT	-16.7	-20.5	-21.8	-29.6

Impact from variable costs continued to be positive

SALES PRICE VS VARIABLE COST TREND (ROLLING 12-MONTH CHANGE Y-O-Y)



SALES PRICES AND VARIABLE COSTS (CHANGE Y-O-Y)

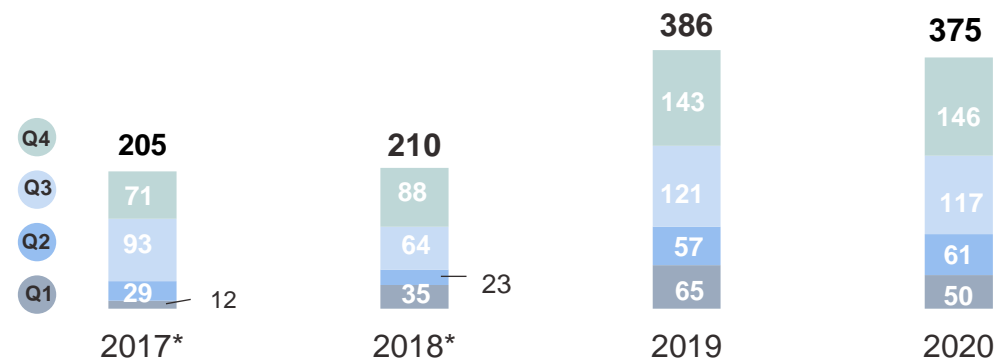


* 12-month rolling change vs previous year in EUR million

Strong cash flow

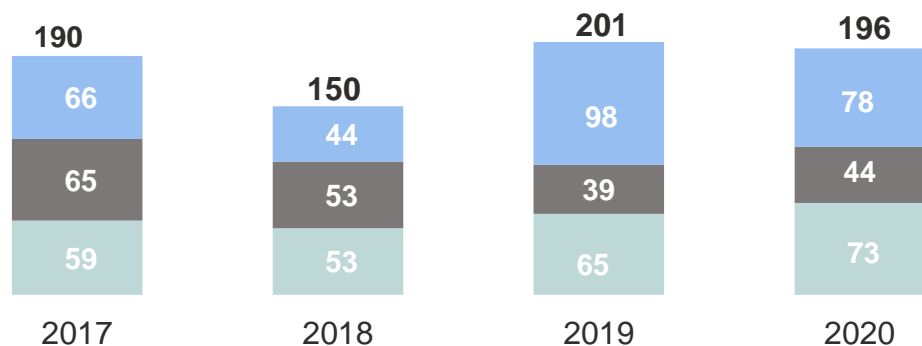
ALL KEY FIGURES IN EUR MILLION

CASH FLOW FROM OPERATIONS



*Pre-IFRS16 figures

CAPITAL EXPENDITURE EXCL. ACQUISITIONS



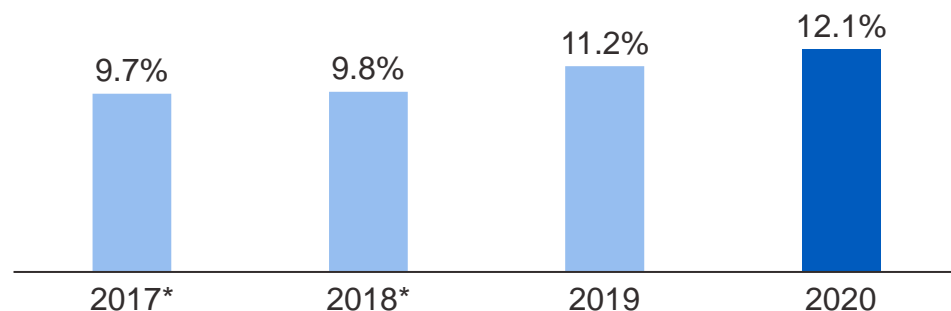
● Expansion ● Improvement ● Maintenance

- Q4 cash flow from operations strong at EUR 146.4 million. January-December 2019 period included EUR 15 million return of excess capital from Kemira's supplementary Pension Fund in Finland.
- Net working capital improved from Q3 2020 mainly due to lower inventory levels and higher payables. NWC was EUR 197 million end of December 2020 (EUR 211 million at end of 2019).

- Capex estimated to be around EUR 200 million in 2021:
 - Expansion of manufacturing facility in Uruguay to cater for UPM's upcoming pulp mill
 - Mobile polymer plant to start production in H2 2021

Gearing below financial target range

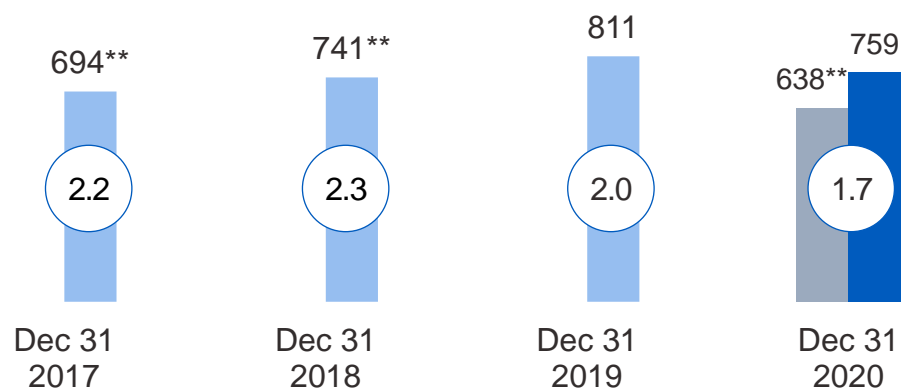
DEVELOPMENT OF OPERATIVE ROCE, %



*Pre-IFRS16 figures

- Operative ROCE improved to 12.1% driven by improvement in Pulp & Paper
- Pulp & Paper operative ROCE 11.1% (2019: 7.7 %)
- Industry & Water operative ROCE 13.9% (2019: 17.6%)

NET DEBT (EUR million) AND LEVERAGE RATIO*



* Leverage ratio = Net debt / last 12 months operative EBITDA

** pre-IFRS 16 figures

- Gearing 63% - below financial target range of below 75%
- Average interest rate of net debt excluding leases is 1.9% and duration is 20 months
- With pre-IFRS 16 net debt figures:
 - gearing 53%
 - leverage ratio 1.6

Financial targets and dividend policy updated in November

UPDATED FINANCIAL TARGETS

- Above-the-market growth (unchanged)
- Operative EBITDA margin of 15-18% (previously 15-17%)
- Gearing below 75% (unchanged)

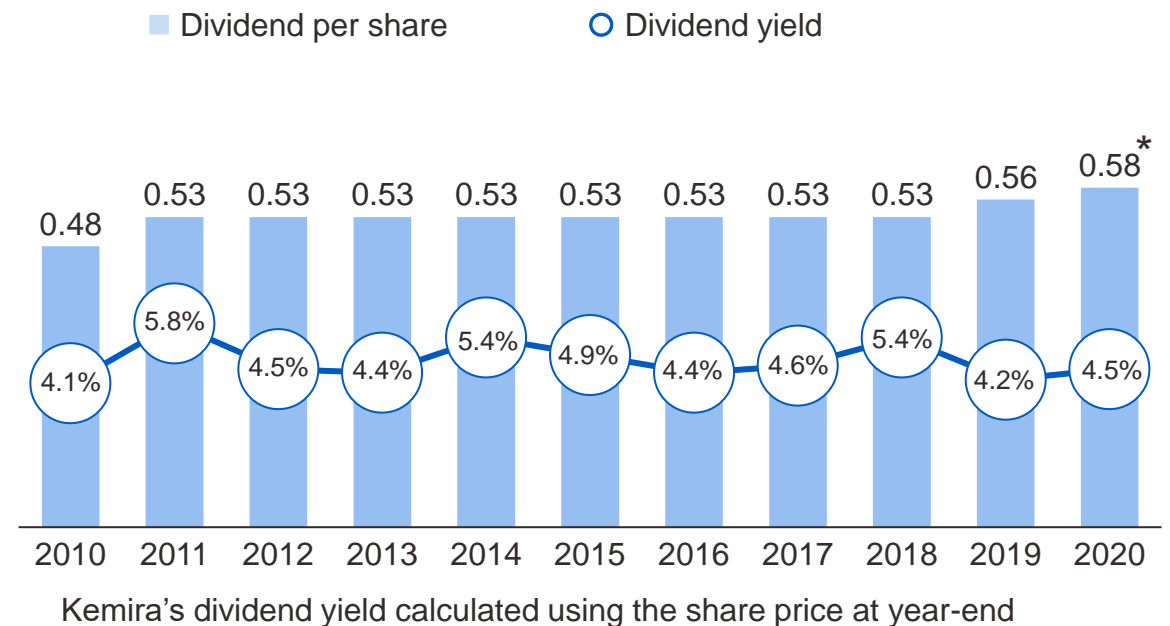
UPDATED DIVIDEND POLICY

Kemira's dividend policy aims at paying a competitive and over time increasing dividend. (previously: stable and competitive dividend)



Dividend proposed to be increased to EUR 0.58 per share

- Dividend proposed to be increased due to strong profitability and cash flow in 2020
- Board of Directors' proposes to the AGM a dividend of EUR 0.58 per share, totaling EUR 89 million. The dividend is proposed to be paid in two installments, in April and in November.
- No Board of Directors discretion over second dividend installment
- Kemira has paid a dividend every year since listing of shares in 1994



*Board of Director's proposal to the AGM 2021

Factors to watch for in 2021

FACTORS IMPACTING OPERATIVE EBITDA DEVELOPMENT IN 2021



SUPPORTING

- Restructuring in Pulp & Paper Americas; savings mid-single-digit millions
- Shale market and oil sands tailings market expected to recover gradually from 2020 levels
- Part of fixed cost savings to continue, particularly in H1 2021
- Operational efficiencies from China and NL investments



UNCERTAINTIES

- Uncertainty related to global economic and pandemic situation and its impact on customer volumes and Kemira sales volumes
- Raw material price development and ability for sales price review according to contract cycle



BURDENING FACTORS

- Revenue: around EUR 20M negative revenue impact mainly due to closure of a small energy company in Finland; no margin impact
- Currencies expected to have a negative impact on revenue and operative EBITDA

Outlook for 2021

OUTLOOK

REVENUE

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2020 (EUR 2,427 million)

OPERATIVE EBITDA

Kemira's operative EBITDA is expected to be at the same or at a slightly (less than 5%) lower level than in 2020 (EUR 435 million)

ASSUMPTIONS FOR 2021

- **COVID-19 pandemic continues to cause uncertainty, but overall demand in Kemira's end markets is expected to recover gradually from 2020 in line with forecasted economic growth:**
 - **Pulp & Paper:** demand to remain solid in pulp and packaging and board. Stabilization in printing and writing demand possible when COVID-19 situation normalizes.
 - **Industry & Water:** municipal water treatment to remain solid, industrial water treatment to recover from 2020. Shale market expected to recover gradually during 2021, demand in oil sands tailings to grow from 2020.
- **Outlook assumes no major disruption to Kemira's manufacturing operations or supply chain**
- **Currencies expected to have a negative impact on operative EBITDA**

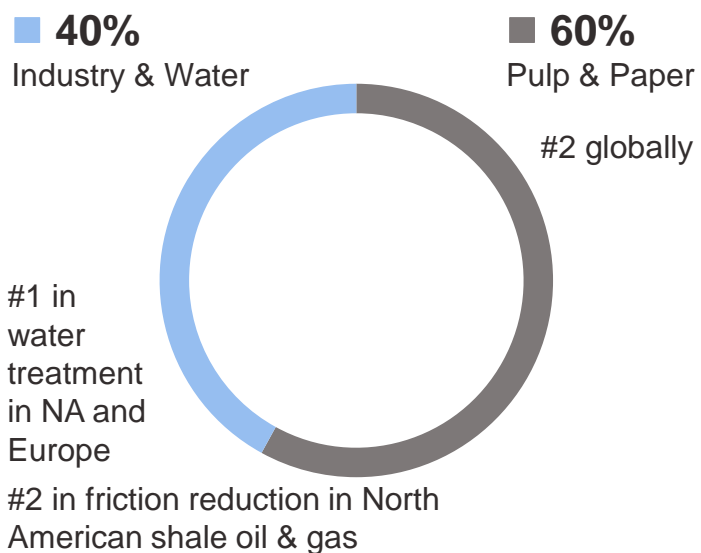
kemira 100 years of
chemistry

Appendix

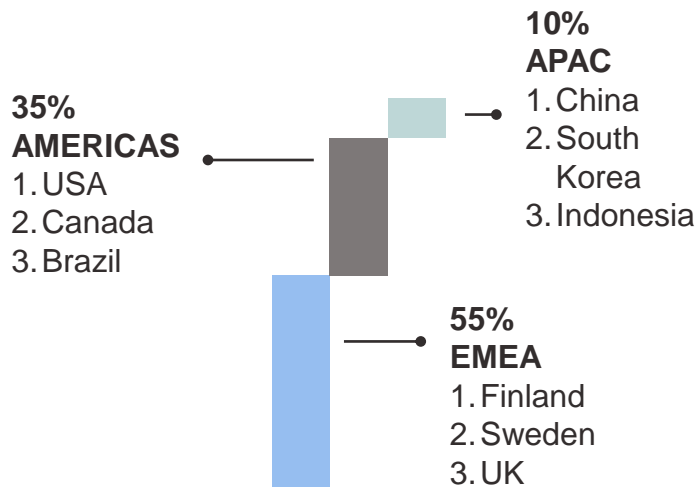
Kemira in brief

2020: REVENUE EUR 2,427 MILLION, OPERATIVE EBITDA EUR 435 MILLION,
OPERATIVE EBITDA MARGIN 17.9%, OPERATIVE ROCE 12.1%

SEGMENT SPLIT

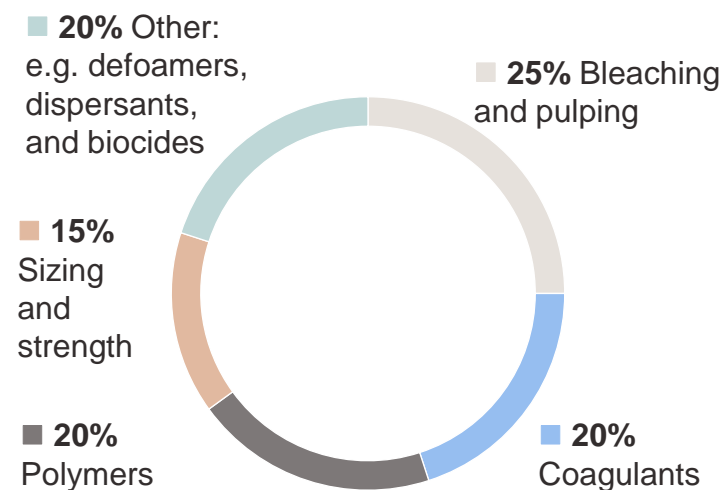


GEOGRAPHIES



Revenue by geographies and product category represent FY 2020.

PRODUCTS



CUSTOMERS

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

EXAMPLES OF LARGEST CUSTOMERS

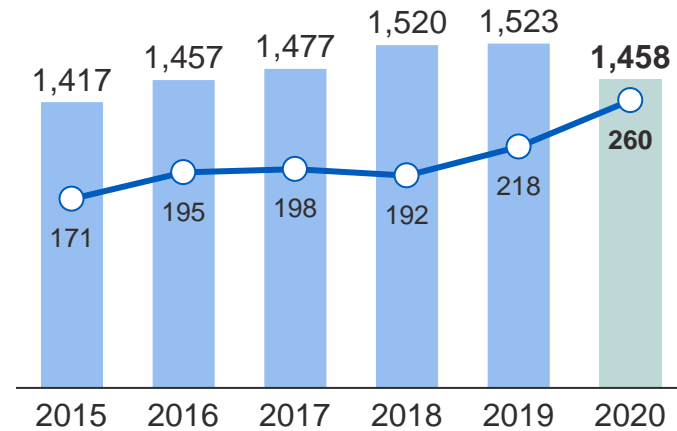
Municipalities, e.g.
Frankfurt, Berlin, New York, Paris, Shanghai, Singapore



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

Pulp & Paper – strong business with solid track record

REVENUE AND OPERATIVE EBITDA EUR million

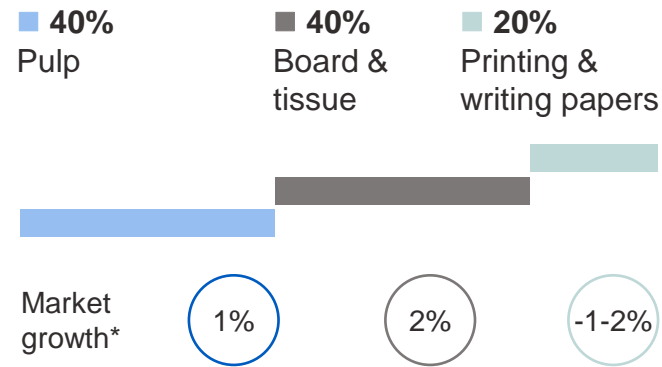


MARKET ENVIRONMENT

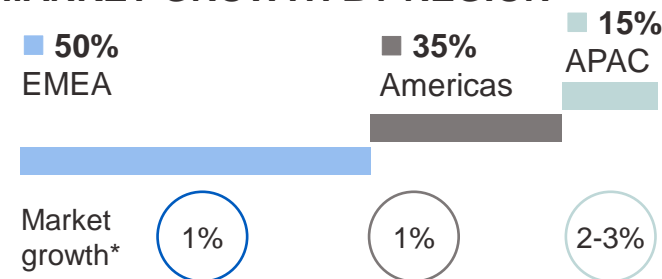
Solenis (paper)*	#1
Kemira (pulp and paper) m.s. ~16%	#2
Nouryon (pulp)	#3
Ecolab (paper)	#4
Kurita (paper)	#5

* Solenis-BASF combined entity

REVENUE BY CUSTOMER TYPE AND MARKET GROWTH

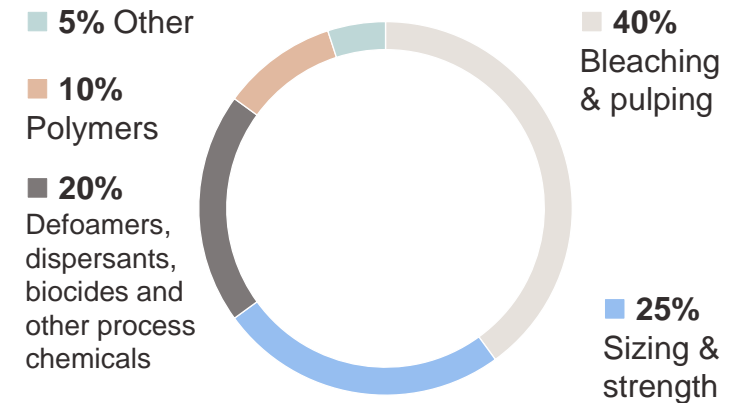


REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION

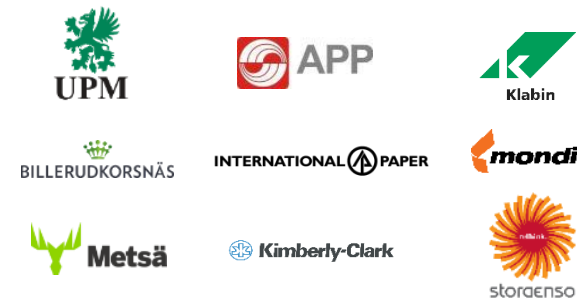


*chemical market growth in 2021-2026

REVENUE BY PRODUCT CATEGORY



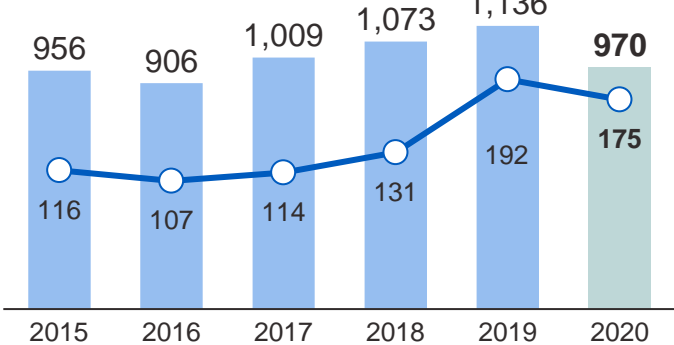
CUSTOMER EXAMPLES



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

Industry & Water – strong positions in chosen categories

REVENUE AND OPERATIVE EBITDA



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

MARKET ENVIRONMENT

WATER TREATMENT

Market share
~30% in coagulants and
~20% in polymers

Main competitors in coagulants:

- Feralco (Europe)
- Kronos (Europe)
- Chemtrade (NA)
- USAlco (NA)

OIL & GAS

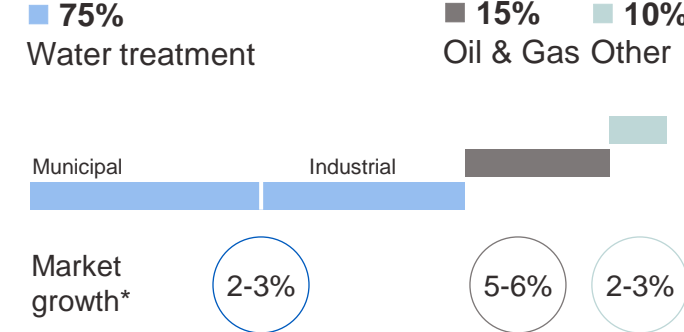
Market share ~25% in polymers used in shale oil & gas

Main peers in polymers (also in water treatment):

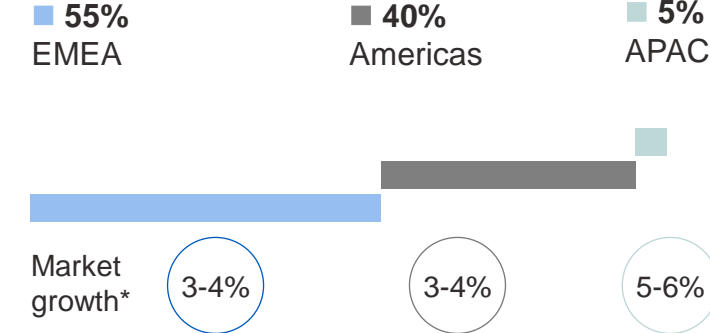
- SNF
- Solenis*
- Solvay (only O&G)

* Solenis-BASF combined entity

REVENUE BY APPLICATION TYPE AND MARKET GROWTH

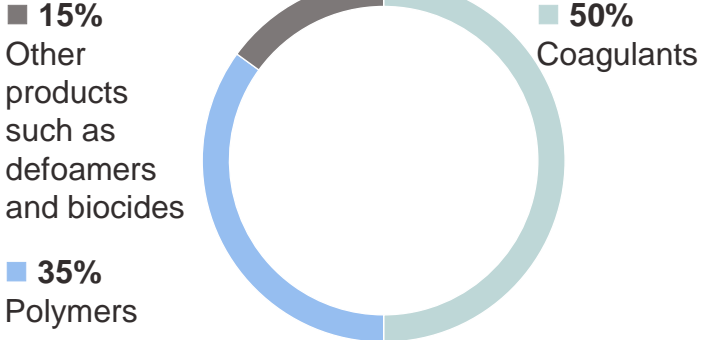


REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION



*chemical market growth in 2021-2026

REVENUE BY PRODUCT CATEGORY



CUSTOMER EXAMPLES

MUNICIPAL customer examples

- Amsterdam
- Barcelona
- Frankfurt
- Berlin
- Oslo
- Paris
- Stockholm
- Los Angeles
- Montreal
- New York City
- Toronto
- Melbourne
- Shanghai
- Singapore

INDUSTRIAL customer examples



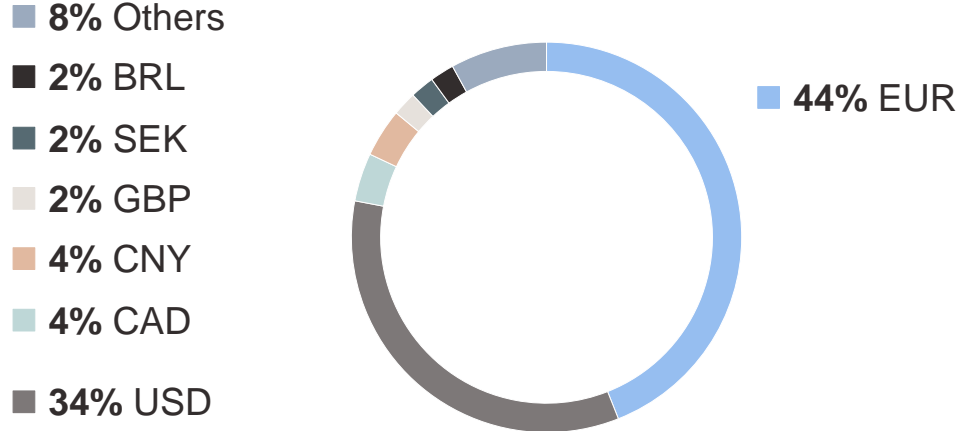
Note: Revenue by industry, product and geography rounded to the nearest 5%

Currencies had a negative impact on revenue and operative EBITDA

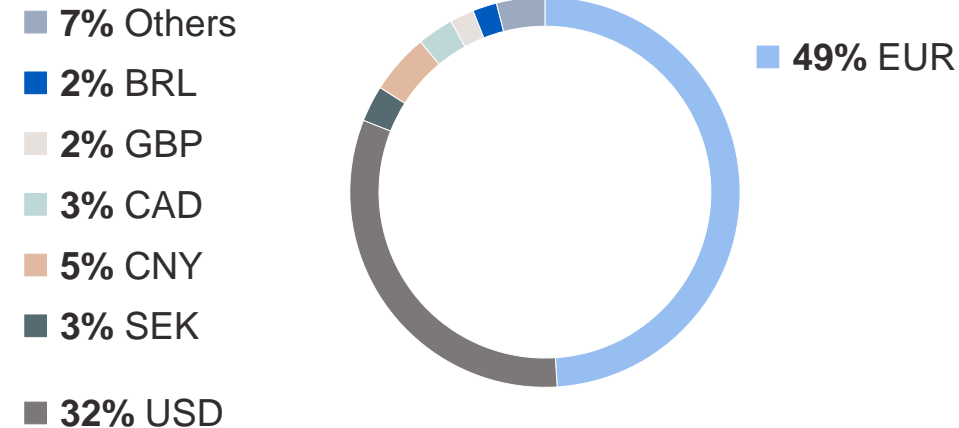
- Main currency exposure comes via translation impact
- Transaction risk is limited as revenues and costs are typically in same currency due to local manufacturing. Transaction risk mostly hedged.
- 10% change in Kemira’s main foreign currencies would have approximately EUR 15 million impact on operative EBITDA on an annualized basis.

Currency exchange rates had **EUR -44 million impact on revenue** and **EUR -8 million impact on the operative EBITDA** in 2020 compared to 2019.

KEMIRA REVENUE DISTRIBUTION 2020



KEMIRA COST DISTRIBUTION 2020



Key figures

EUR million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	2020	2019
Revenue	605.6	596.7	582.9	642.0	657.7	2,427.2	2,658.8
Operative EBITDA	107.9	113.0	105.7	108.5	90.1	435.1	410.0
margin	17.8%	18.9%	18.1%	16.9%	13.7%	17.9%	15.4%
Operative EBIT	57.0	62.3	57.6	60.8	42.4	237.7	224.0
margin	9.4%	10.4%	9.9%	9.5%	6.4%	9.8%	8.4%
Net profit	23.8	35.5	39.6	8.6	8.6	138.0	116.5
Earnings per share, diluted, EUR	0.14	0.24	0.22	0.25	0.05	0.86	0.72
Cash flow from operations	146.4	117.3	60.8	50.2	142.5	374.7	386.2
Capex excl. acquisitions	66.0	49.4	44.1	36.1	81.4	195.6	201.1
Net debt	759	786	844	816	811	759	811
NWC ratio (rolling 12 m)	9.9%	10.1%	10.2%	10.7%	11.1%	9.9%	10.7%
Operative ROCE (rolling 12 m)	12.1%	11.3%	11.6%	11.8%	11.2%	12.1%	11.2%
Personnel at period-end	4,921	4,999	5,106	5,075	5,062	4,921	5,062

Cash flow

EUR million	Q4 2020	Q4 2019	2020	2019
Net profit for the period	24	9	138	116
Total adjustments	84	81	298	302
Change in net working capital	50	83	-3	45
Finance expenses	-5	-9	-22	-39
Income taxes paid	-7	-21	-37	-39
Net cash generated from operating activities	146	142	375	386
Purchases of subsidiaries and business acquisitions, net of cash acquired and capital expenditure in associated company	0	1	-3	-3
Capital expenditure	-66	-82	-196	-201
Proceeds from sale of assets	2	0	2	8
Change in long-term loan receivables	-6	0	-6	0
Cash flow after investing activities	77	60	173	190

Pulp & Paper

KEY FINANCIALS

EUR million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	2020	2019
Revenue	370.0	352.2	357.0	378.5	385.9	1,457.6	1,522.9
Operative EBITDA	68.9	65.5	65.6	60.2	52.6	260.2	218.3
margin	18.6%	18.6%	18.4%	15.9%	13.6%	17.9%	14.3%
Operative EBIT	37.5	34.8	35.7	30.1	22.5	138.0	99.2
margin	10.1%	9.9%	10.0%	8.0%	5.8%	9.5%	6.5%
Operative ROCE*, %	11.1%	9.8%	9.5%	8.5%	7.7%	11.1%	7.7%
Capital expenditure (excl. M&A)	33.6	23.0	21.0	14.3	43.6	91.9	109.7
Cash flow after investing activities	59.1	49.7	27.3	26.1	33.5	162.2	139.4

*12-month rolling average

Industry & Water

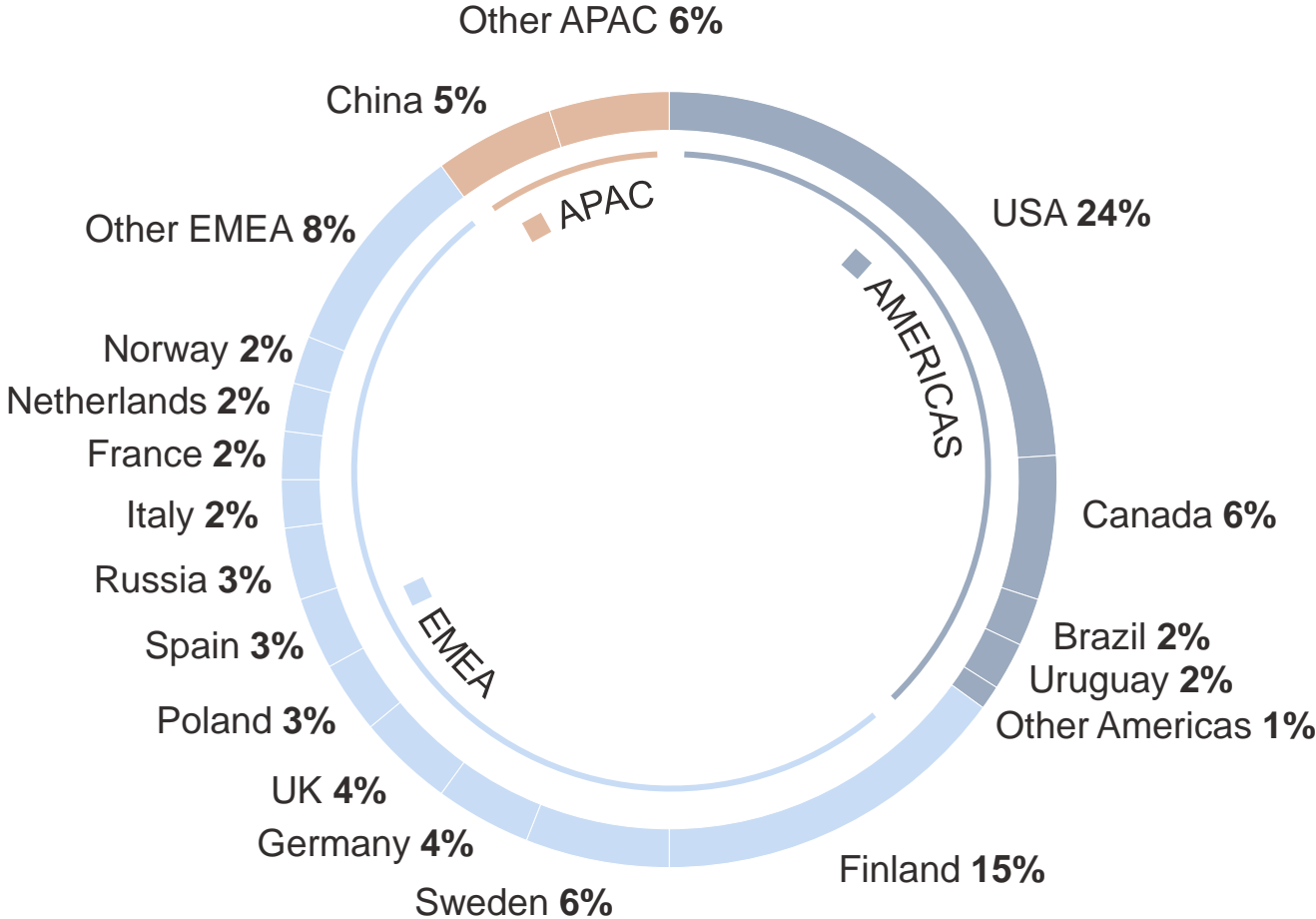
KEY FINANCIALS

EUR million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	2020	2019
Revenue	235.6	244.4	225.9	263.6	271.8	969.5	1,135.9
Operative EBITDA	39.0	47.6	40.0	48.2	37.5	174.8	191.7
margin	16.6%	19.5%	17.7%	18.3%	13.8%	18.0%	16.9%
Operative EBIT	19.5	27.5	21.9	30.7	19.9	99.7	124.7
margin	8.3%	11.3%	9.7%	11.7%	7.3%	10.3%	11.0%
Operative ROCE*, %	13.9%	14.0%	15.5%	17.6%	17.6%	13.9%	17.6%
Capital expenditure (excl. M&A)	32.4	26.4	23.1	21.8	37.8	103.6	91.4
Cash flow after investing activities	29.2	25.7	2.3	12.6	57.3	69.8	128.7

*12-month rolling average

Revenue split by country

FY 2020



Important information about financial figures

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and management, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities, and gearing provide useful information of its comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the Definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information.

All the figures in this Financial Statements Bulletin have been individually rounded and consequently the sum of individual figures may deviate slightly from the sum figure presented.

* Revenue growth in local currencies, excluding acquisitions and divestments

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