

JARI ROSENDAL, PRESIDENT AND CEO  
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FEBRUARY 11, 2022

# Strong revenue growth, profitability impacted by continued inflationary pressures

JANUARY-DECEMBER 2021

kemira

# Highlights of 2021

- **Good performance in 2021:** strong organic growth, record revenue, continued good customer satisfaction and employee engagement
- Strong end-market growth in both segments
- Profitability impacted by higher raw material, energy and transportation costs as well as supply chain bottlenecks, all of which are expected to continue in 2022, particularly during H1.
- New manufacturing facilities in South Korea, the U.S and the U.K. completed. New ASA capacity expansion announced in China.
- Smooth operational performance despite very challenging operating environment



# Financial highlights of 2021

## Strong organic revenue growth of 11% in 2021, 16% in Q4 2021

- Strong demand in both segments and in all regions
- Organic revenue growth excl. Oil & Gas business 8% in 2021, 13% in Q4 2021

## Full year operative EBITDA EUR 426 million, margin declined

- Margin impacted by higher raw material, energy and transportation costs as well as supply chain bottlenecks

## Q4 net profit impacted by a EUR 29 million provision (see slide 14 for more information)

## Earnings per share EUR 0.70 mainly due to items affecting comparability

## Dividend proposal of EUR 0.58 per share

EUR million (except ratios)	Q4 2021	Q4 2020	Δ%	FY 2021	FY 2020	Δ%
Revenue	<b>718.2</b>	605.6	19%	<b>2,674.4</b>	2,427.2	10%
Operative EBITDA	<b>97.8</b>	107.9	-9%	<b>425.5</b>	435.1	-2%
of which margin	<b>13.6%</b>	17.8%	-	<b>15.9%</b>	17.9%	-
Operative EBIT	<b>47.0</b>	57.0	-17%	<b>225.4</b>	237.7	-5%
of which margin	<b>6.5%</b>	9.4%	-	<b>8.4%</b>	9.8%	-
Net profit	<b>9.8</b>	23.8	-59%	<b>115.2</b>	138.0	-17%
EPS diluted, EUR	<b>0.05</b>	0.14	-62%	<b>0.70</b>	0.86	-19%
Cash flow from operating activities	<b>80.8</b>	146.4	-45%	<b>220.2</b>	374.7	-41%
Dividend per share, proposal by the BoD, EUR*				<b>0.58</b>	0.58	-

\*Board of Director's proposal to the AGM 2022

# Pulp & Paper: Strong revenue growth driven by good demand

## Market environment in 2021

- Strong demand in pulp, board and tissue; recovery in printing and writing demand

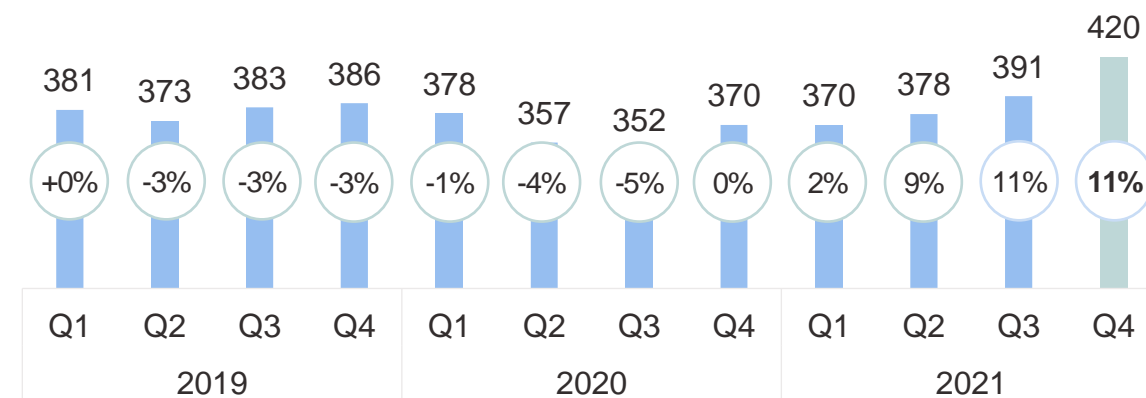
## Organic growth 2021: +8%, Q4 2021: 11%

- Sales volumes and prices increased, pricing impact stronger towards the end of the year
- Organic growth driven by strong demand across customer segments and geographic regions. Organic growth driven by pricing in H2.

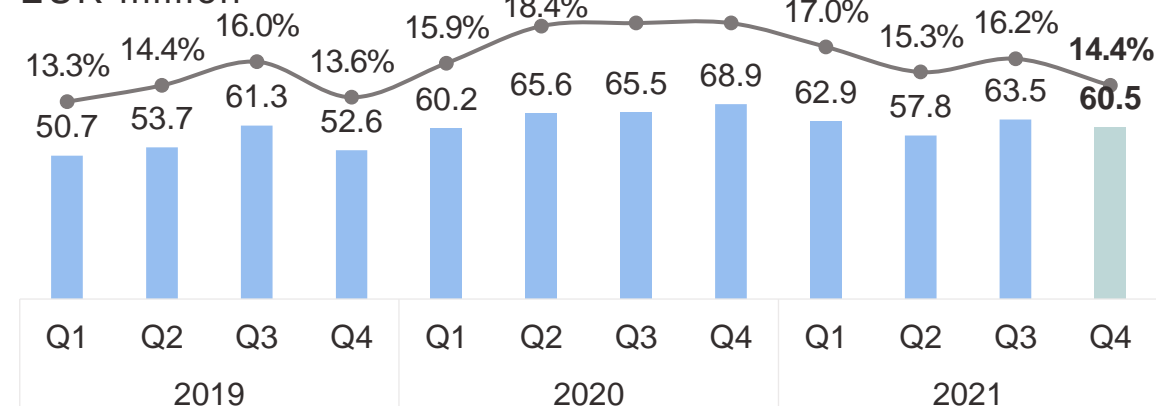
## Operative EBITDA margin 2021: 15.7%, Q4: 14.4%

- Higher raw material and energy prices impacted margin with pressure more pronounced towards the end of the year

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



## OPERATIVE EBITDA AND OPERATIVE EBITDA-% EUR million





# Industry & Water: Strong organic growth driven by Oil & Gas in particular

## Market environment in 2021

- Water treatment: Good demand in both municipal and industrial water treatment
- Oil & Gas: overall demand grew, shale demand continued to improve throughout the year

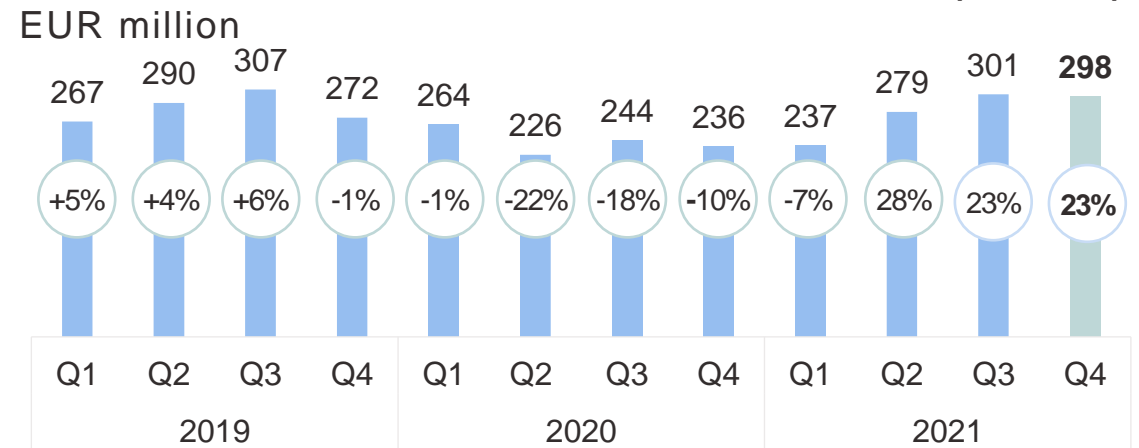
## Organic growth 2021: +16%, Q4: 23%

- Sales volumes and sales prices increased, prices increased particularly in Q4. Organic growth driven by pricing in H2.
- Organic growth excluding Oil & Gas +15% in Q4 2021, +8% in 2021. Oil & Gas organic growth +65% in Q4 and 58% in 2021.

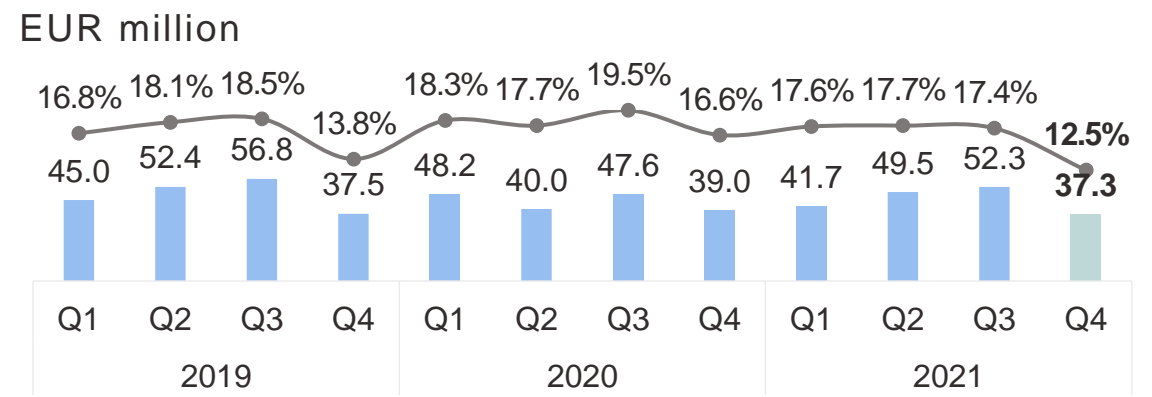
## Operative EBITDA margin 2021: 16.2%, Q4: 12.5%

- Higher raw material and energy prices impacted margin, particularly in Q4
- Oil & Gas profitability improved; further improvement needed

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



## OPERATIVE EBITDA AND OPERATIVE EBITDA-%

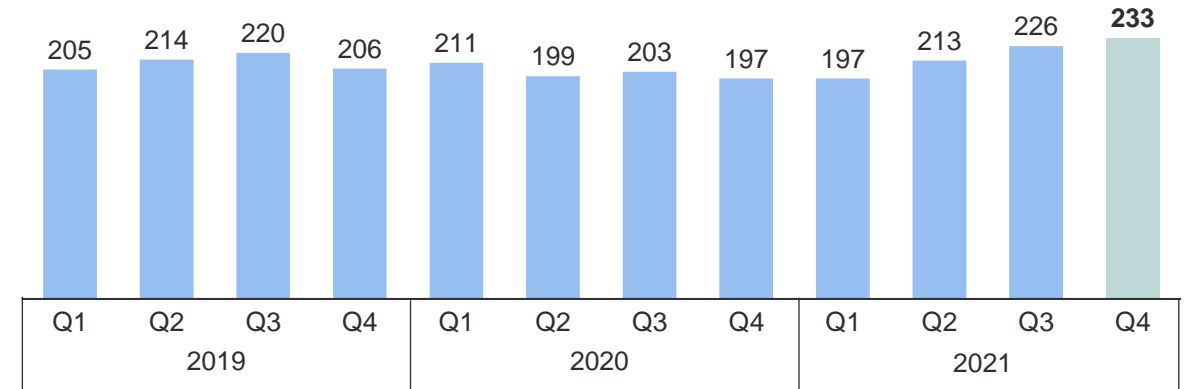


# We have a strong and resilient water treatment business

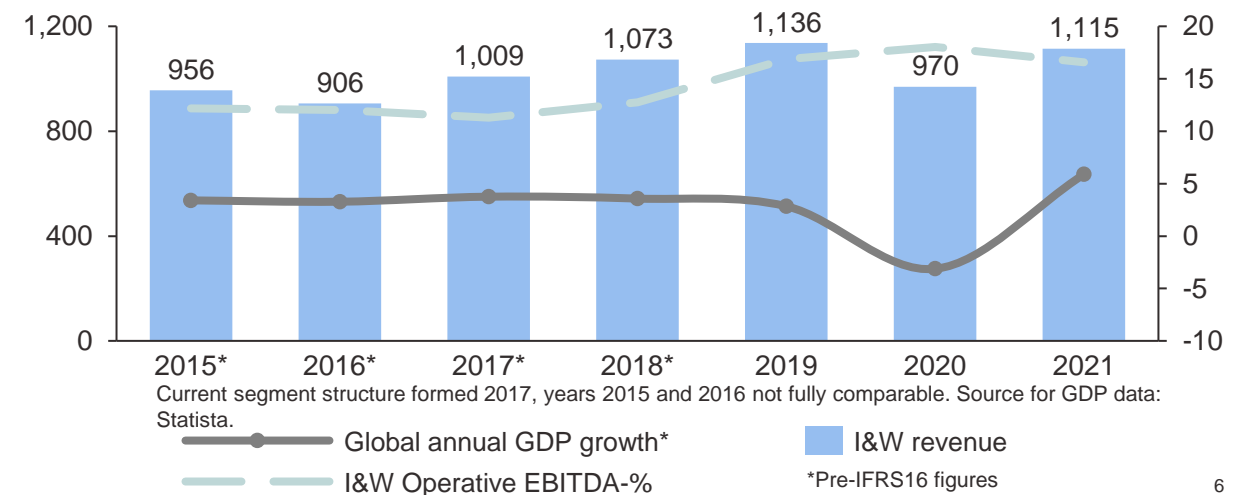
Water treatment business accounts for the majority of the Industry & Water segment

- **Strong backbone of the segment:** resilient demand with low cyclical, steadily growing demand, strong market shares in EMEA and North America
- **Kemira's competitive advantages:** strong global manufacturing network, circularity of raw materials, high delivery reliability to customers
- **Municipal water treatment:** focus on EMEA and North America; a diversified customer base
- **Industrial water treatment:** diversified customer base; significant proportion serviced via distributors
- **Growth drivers:** tightening water regulation globally, APAC market growth

WATER TREATMENT REVENUE BY QUARTER



I&W PROFITABILITY IS COUNTER-CYCLICAL





# Sustainability highlights 2021

## KEY PERFORMANCE INDICATORS:

### SAFETY

TRIF\* 1.5 by 2025  
and 1.1 by 2030

Slight setback in safety performance; TRIF was 2.7

### PEOPLE

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

Employee engagement is high at 78 and above industry benchmark

### WATER

Reach Leadership level in water management by 2025 measured by CDP Water Security scoring methodology

New water-related sustainability target introduced as of 2022

### CIRCULARITY

Reduce waste intensity by 15% by 2030

Biobased products >500 million EUR revenue by 2030

Share of recycled raw materials increased to 38% (28% in 2020)

### CLIMATE

Scope 1&2 emissions -30% by 2030 compared to 2018 baseline

Share of renewable energy increased to 31% of total purchased energy (30% in 2020)

\*TRIF = total recordable injury frequency, Kemira + contractors, year-to-date



# Our biobased strategy is progressing

## EXTERNAL PARTNERSHIPS

- Development work with external partnerships progressed; technical proof-of-concept proceeded according to plan in 2021
- First sales with biodegradable coating materials based on PHA\* for the paper and board industry in 2021; good customer interest towards biodegradable coating materials

### NEXT STEPS

**PHA\***: Continue to expand and seed the market in 2022  
**Alfa glucan\*\***: deeper collaboration & moving towards investment plans during 2022

## BIOMASS-BALANCED PRODUCTS

- Kemira has introduced the world's first biomass balanced polyacrylamide to expand and complement current product range
- In the new products, renewable carbon is used to replace fossil-based carbon by using ISCC certified biomass balance approach
- Biomass balanced products enable carbon footprint reduction for both Kemira and customer operations
- First commercial delivery in Q1 2022 to a Finnish water treatment customer

### NEXT STEPS

Continue to expand customer base



# Key operative focus areas for 2022

- Focus on employee and stakeholder safety; gradual return to normality depending on COVID-19 pandemic development
- Increased focus on profitable growth; continue to progress biobased strategy
- Ensure delivery reliability in a volatile market environment and maintain high customer satisfaction
- Continue to mitigate impacts from significant inflationary pressures
- Ensure operational agility in order to capture strong market demand
- Construction of new manufacturing capacity in China and Uruguay



## KEMIRA PURPOSE

# Chemistry with a purpose. Better every day.

**Our purpose shows the difference we make.  
Every day since 1920**

Chemistry has made an enormous impact on the progress and quality of human life. Since our foundation in 1920, we have recognized and honored the fact that with this kind of ability comes great responsibility.

We develop and apply chemistry to optimize water management and the ways natural resources are used and recycled. We advance people's everyday health and safety and constantly improve our customers' processes – enabling their sustainable business.

All this we call **chemistry with a purpose**. We make sure it is always applied in a reliable, responsible and a safe way for our employees, our customers, and the society.

Through chemistry with a purpose, we are creating a **better every day** for us all, while becoming better at what we do, every day.

PETRI CASTRÉN, CFO  
FEBRUARY 11, 2022

# Financials Q4 2021

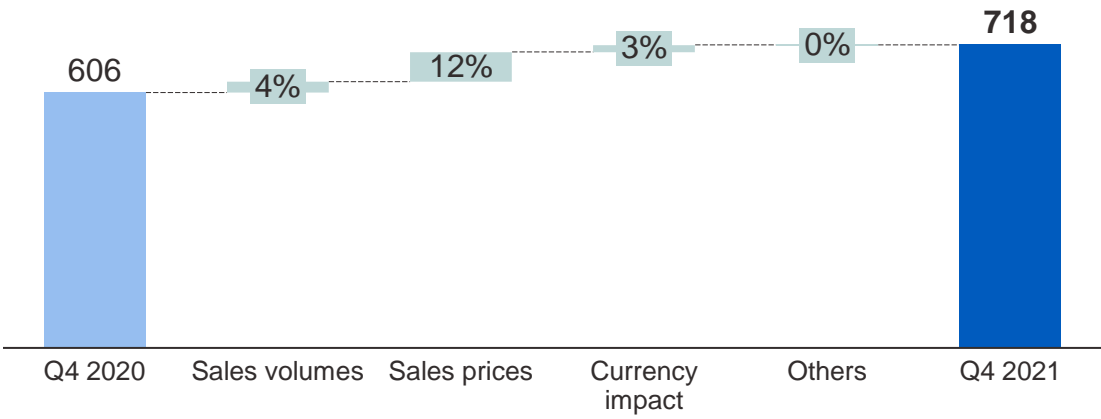




# Sales prices increased significantly

Q4/2021

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



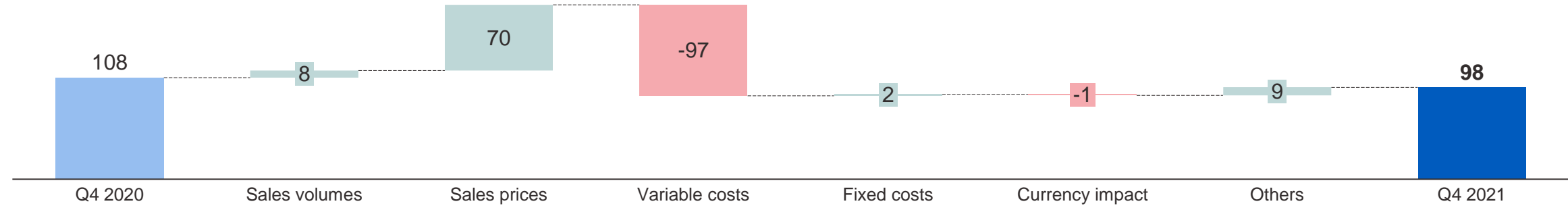
**Organic revenue growth 16% in Q4 2021, 11% in 2021**

- Strong revenue growth driven mainly by higher sales prices. Also sales volumes increased.
- Organic revenue growth excluding Oil & Gas 13% in Q4 2021, 8% in 2021. Organic growth driven by sales prices in H2.

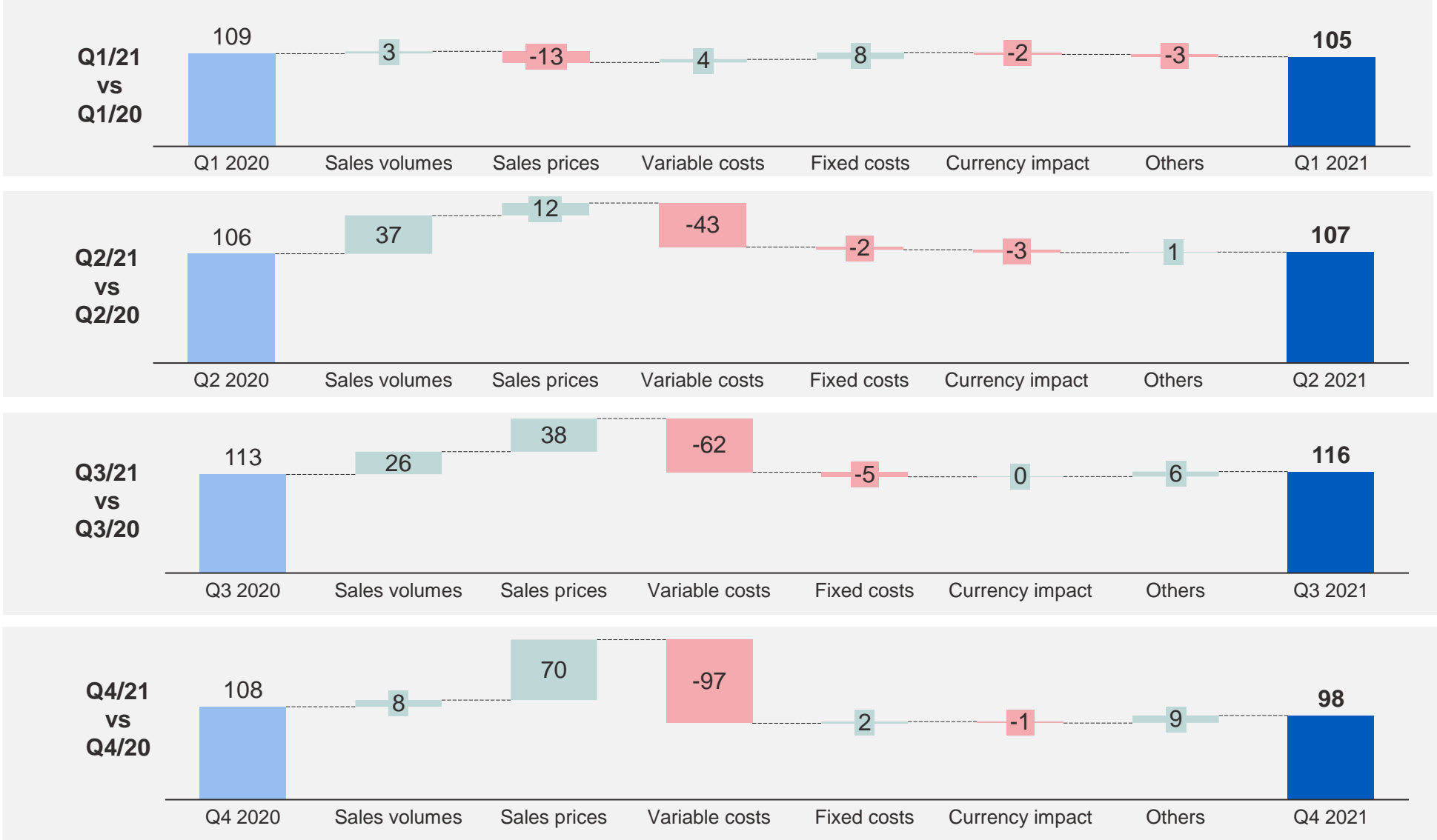
**Operative EBITDA margin 13.6% in Q4 2021, 15.9% in 2021**

- Margin declined from previous year’s high level following raw material and energy price pressure as well as supply chain bottlenecks. Higher sales prices compensated partially.

**OPERATIVE EBITDA BRIDGE**  
EUR million



# Operative EBITDA development during 2021



# Items affecting comparability in 2021

- Q4 2021:**

- EUR 29 million provision related to a single-asset energy company in Pori, Finland majority owned by Kemira via Pohjolan Voima. The energy company operates on the cost-price principle ("Mankala principle") and Kemira has sold the energy to a third party. The third party, a large industrial user, has terminated its long-term energy purchase agreement with Kemira, which is expected to lead to a lower utilization rate of the asset.

- Q1-Q3 2021:**

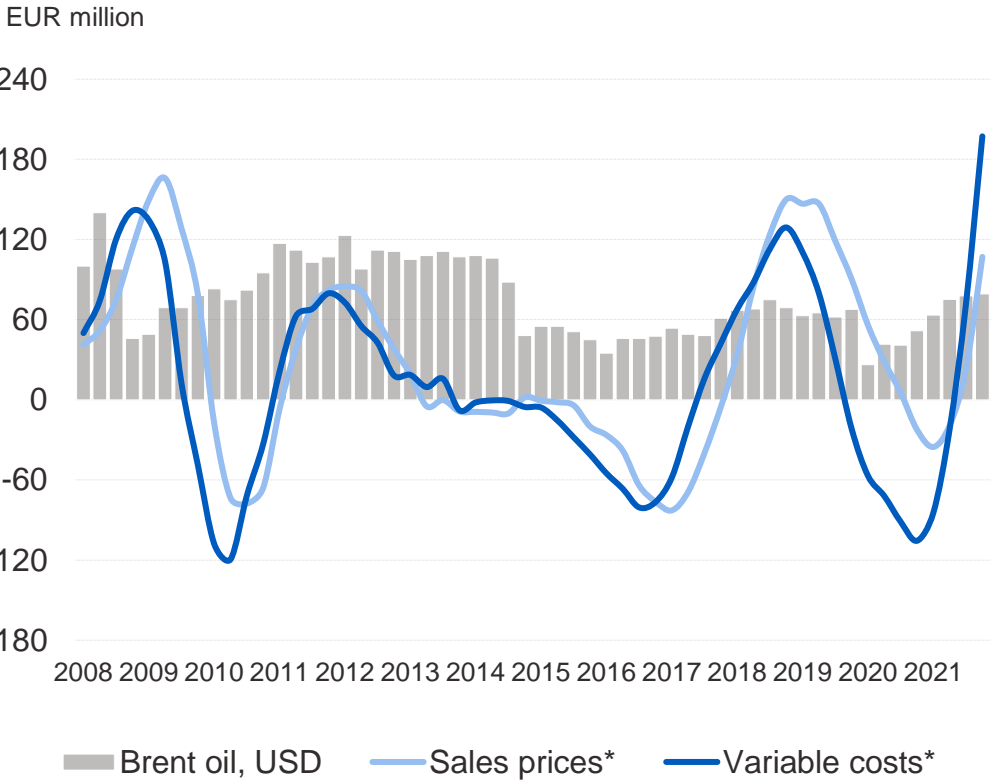
- Items affecting comparability included a damage claim settlement with CDC (EUR 11.25 million), provisions related to site closures and restructuring costs.

Items affecting comparability, EUR million	Q4 2021	Q4 2020	FY 2021	FY 2020
<b>Within EBITDA</b>	<b>-28.3</b>	-16.7	<b>-52.4</b>	-21.8
Pulp & Paper	<b>-28.9</b>	-16.8	<b>-46.5</b>	-20.0
Industry & Water	<b>0.6</b>	0.1	<b>-5.9</b>	-1.8
<b>Within depreciation, amortization and impairment</b>	<b>-1.2</b>	0.0	<b>-3.0</b>	0.0
Pulp & Paper	<b>0.0</b>	0.0	<b>-0.1</b>	0.0
Industry & Water	<b>-1.2</b>	0.0	<b>-2.9</b>	0.0
<b>Total items affecting comparability in EBIT</b>	<b>-29.5</b>	-16.7	<b>-55.4</b>	-21.8



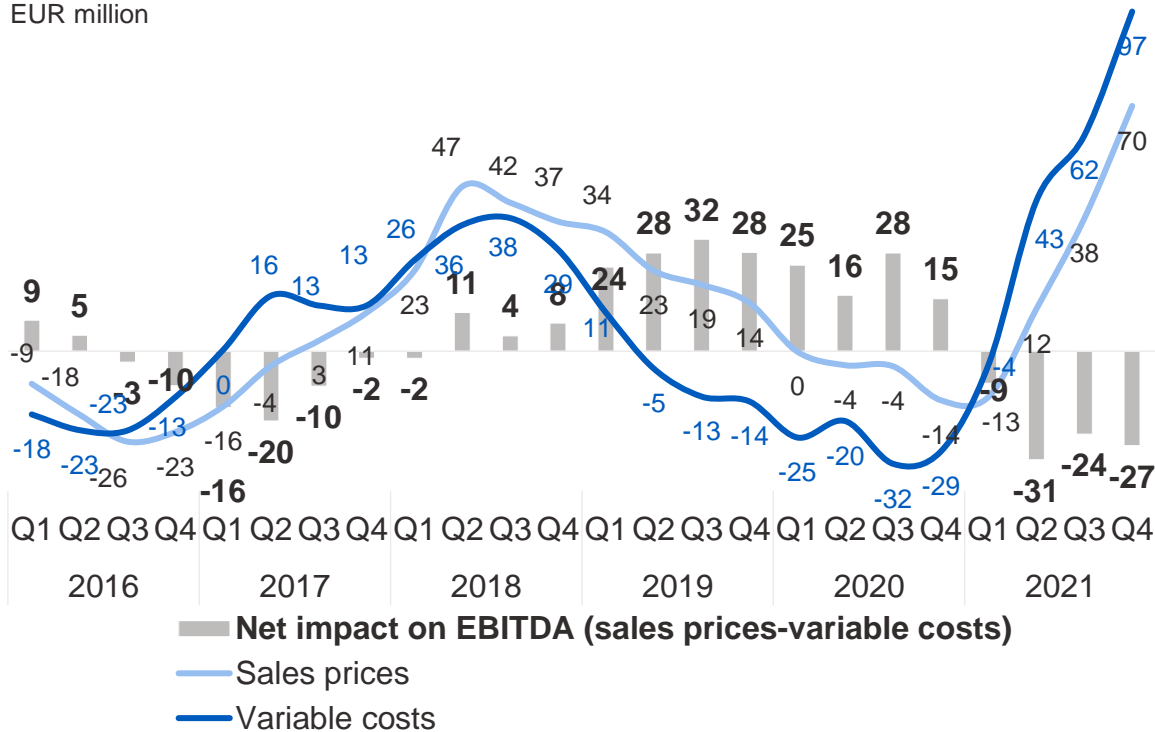
# Net impact from sales prices and variable costs negative following raw material and energy price inflation

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



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

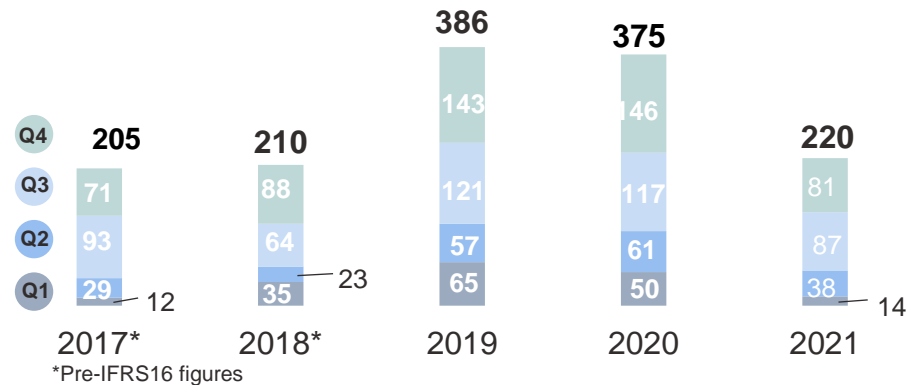
**SALES PRICES AND VARIABLE COSTS (CHANGE Y-O-Y)**



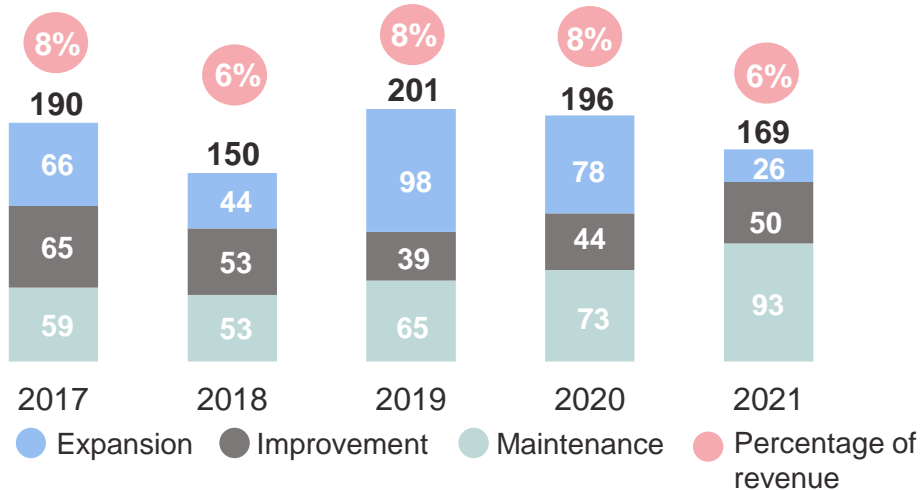
# Cash flow

ALL KEY FIGURES IN EUR MILLION

## CASH FLOW FROM OPERATIONS



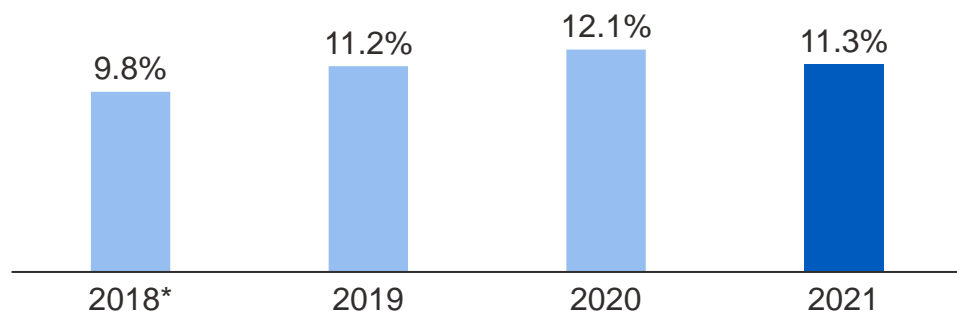
## CAPITAL EXPENDITURE EXCL. ACQUISITIONS



- Cash flow from operations declined due to lower net profit and changes in net working capital. In Q3 2021, Kemira paid EUR 22.75 million in compensation and costs to CDC related to a damage claim settlement.
- NWC was EUR 287 million end of 2021 (EUR 197 million at end of 2020) due to higher inventories and receivables. Inventory and receivables rotation at a good level.
- 10 MEUR of excess capital to be returned from Kemira's supplementary pension fund Neliapila in Finland in H1 2022
- Capex excluding acquisitions declined to 6.3% of revenue in 2021 due to timing of projects
- Capex excl. acquisitions estimated to be around 7% of revenue in 2022:
  - Largest expansion capex projects: bleaching capacity expansion in Uruguay and ASA capacity expansion in China

# Gearing below financial target range

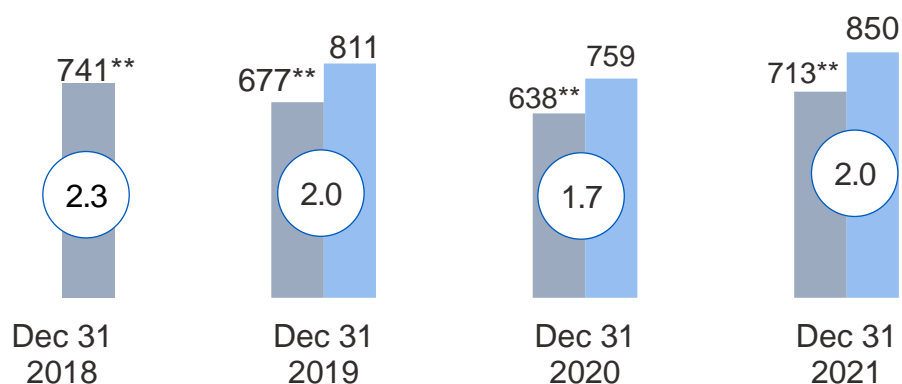
## DEVELOPMENT OF OPERATIVE ROCE, %



\*Pre-IFRS16 figures

- Operative ROCE at 11.3%
- Pulp & Paper operative ROCE 10.1% (Q4 2020: 11.1%)
- Industry & Water operative ROCE 13.2% (Q4 2020: 13.9%)

## NET DEBT (EUR million) AND LEVERAGE RATIO\*



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

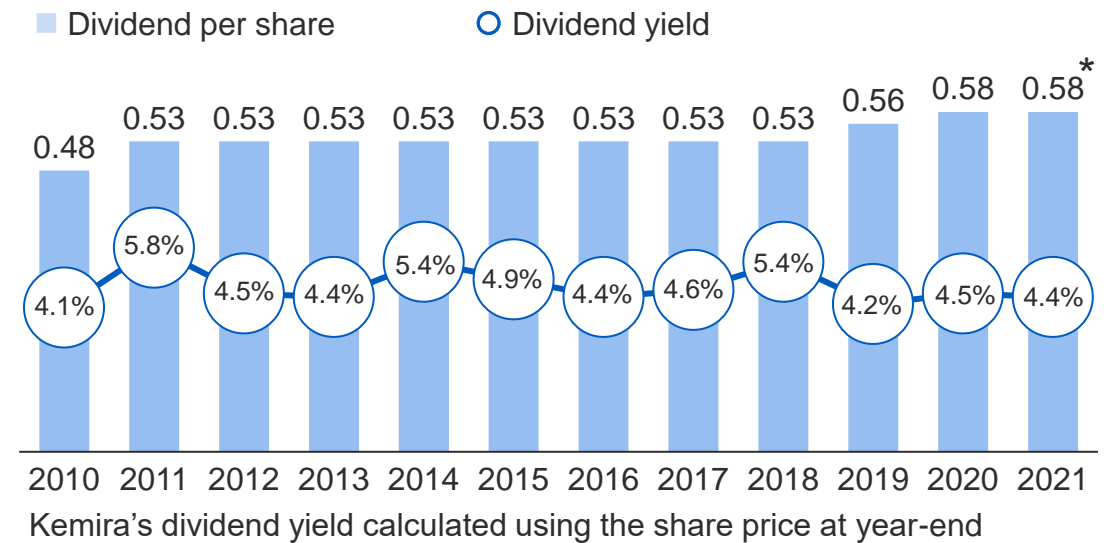
\*\* pre-IFRS 16 figures

- Gearing 63% - within financial target range of below 75%
- Average interest rate of net debt excluding leases is 1.7% and duration is 29 months
- With pre-IFRS 16 net debt figures:
  - gearing 53%
  - leverage ratio 1.8



# Dividend proposed to be EUR 0.58 per share

- Dividend is proposed to remain at the same level as in previous year
- 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 2022



# EU Taxonomy update

- Environmental objectives 1-2 cover the most-emission intensive economic activities. Kemira mostly produces specialty chemicals which are not emission-intensive.
- Turnover eligibility less than 1%; related to industrial side-streams, such as hydrogen and waste heat. Eligibility for capex and opex 0% due to low turnover eligibility.
- Upcoming environmental objectives 3-6 likely to be more relevant for Kemira’s business

KEY PERFORMANCE INDICATOR	Share of taxonomy-eligible economic activities (%)	Share of taxonomy non-eligible economic activities (%)
TURNOVER	1%	99%
CAPITAL EXPENDITURE (CapEx) as per definition of the EU Taxonomy	0%	100%
OPERATING EXPENDITURE (OpEx) as per definition of the EU Taxonomy	0%	100%

# Outlook for 2022

## OUTLOOK

### REVENUE

Kemira's revenue in local currencies, excluding acquisitions and divestments, is expected to increase from 2021 (EUR 2,674.4 million)

### OPERATIVE EBITDA

Kemira's operative EBITDA is expected to be within a +/- 5% range of the operative EBITDA in 2021 (EUR 425.5 million)

### ASSUMPTIONS FOR 2022

- There continues to be uncertainty related to COVID-19 and the inflationary environment. However, Kemira's end-market demand in both segments is expected to grow following forecasted global economic growth.
- The outlook assumes the COVID-19 pandemic situation to remain under control and not having a significant impact on Kemira's end-market demand.
- The outlook assumes no major disruptions to Kemira's manufacturing operations or further significant supply chain disruptions
- Strong inflationary pressures are expected to continue, particularly in H1 2022.

**kemira**

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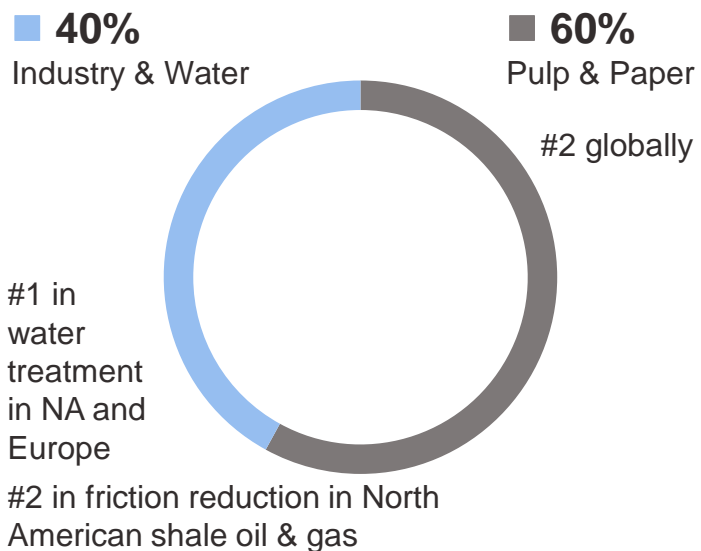


# Appendix

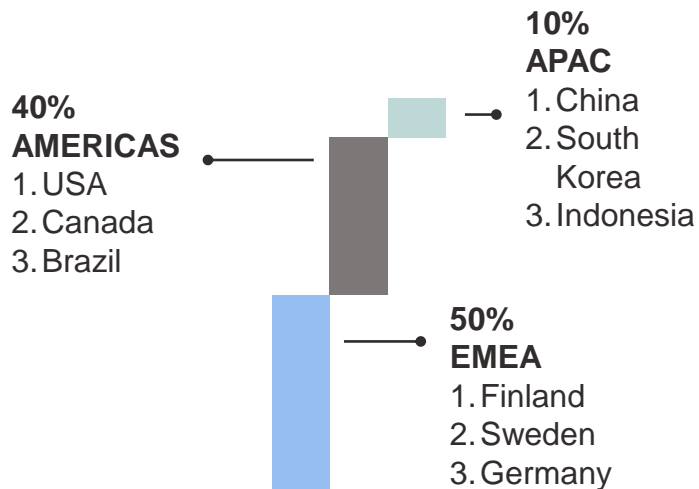
# Kemira in brief

2021: REVENUE EUR 2,674 MILLION, OPERATIVE EBITDA EUR 426 MILLION,  
OPERATIVE EBITDA MARGIN 15.9%, OPERATIVE ROCE 11.3%

## SEGMENT SPLIT

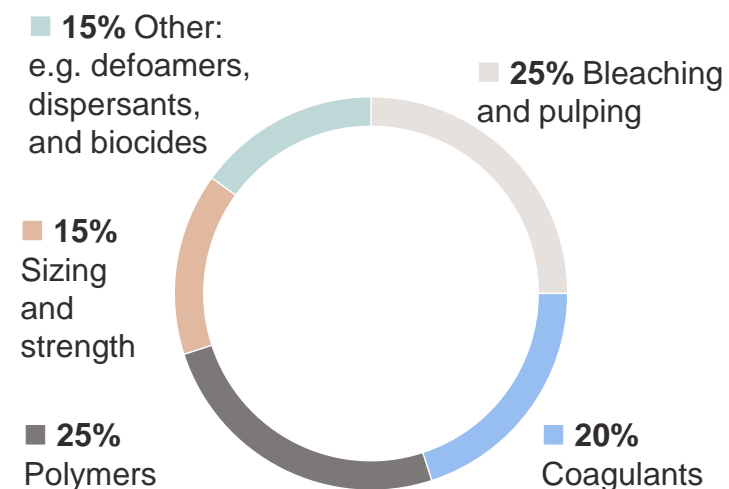


## GEOGRAPHIES



Revenue by geographies and product category represent FY 2021.

## PRODUCTS



## CUSTOMERS

Several thousand customers  
**TOP 10** customers are ~**25%** of revenue  
**TOP 50** customers are ~**47%** of revenue

## EXAMPLES OF LARGEST CUSTOMERS

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

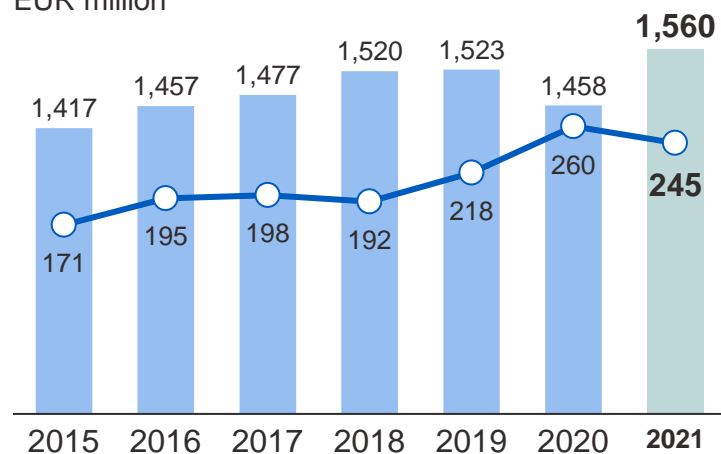


Note: Revenue by industry, product and geography rounded to the nearest 5%

# Pulp & Paper – strong business with solid track record

## REVENUE AND OPERATIVE EBITDA

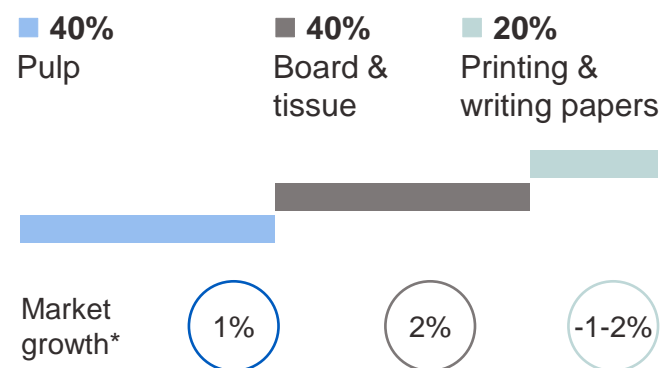
EUR million



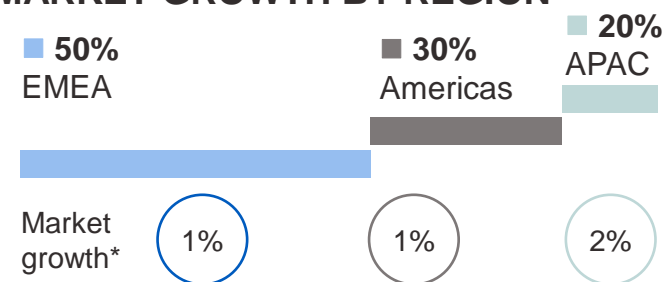
## MARKET ENVIRONMENT

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

## REVENUE BY CUSTOMER TYPE AND MARKET GROWTH

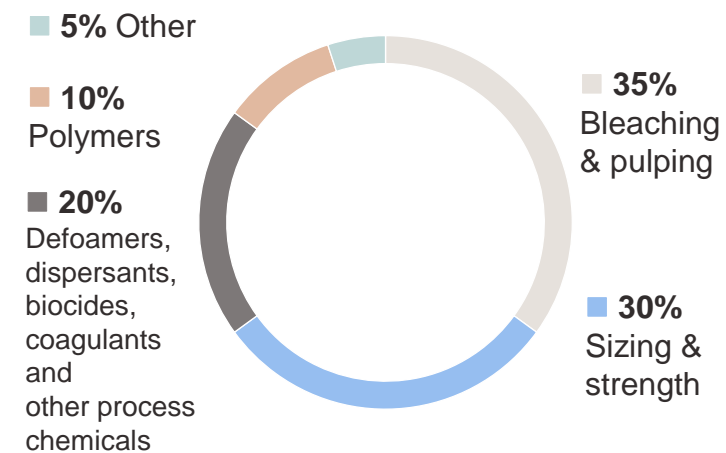


## REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION



\*chemical market growth in 2022-2027

## REVENUE BY PRODUCT CATEGORY

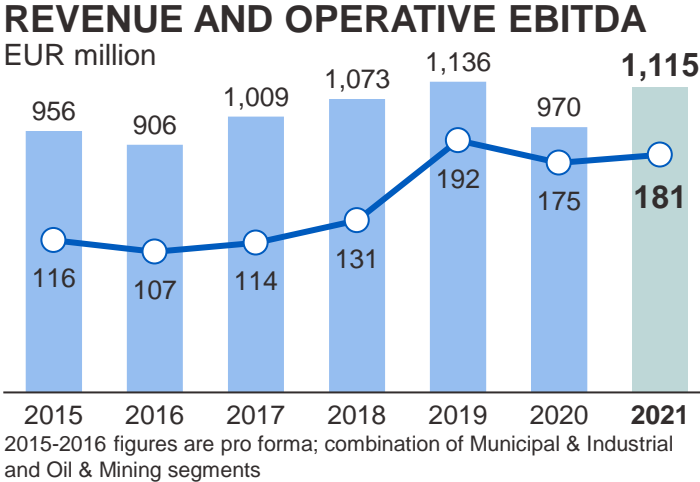


## CUSTOMER EXAMPLES



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

# Industry & Water – strong positions in chosen categories



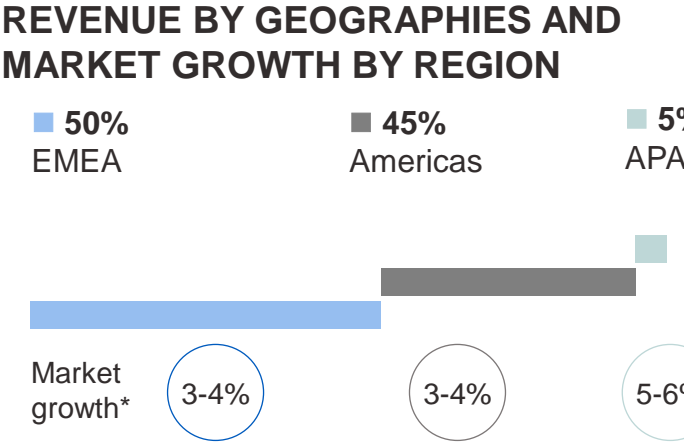
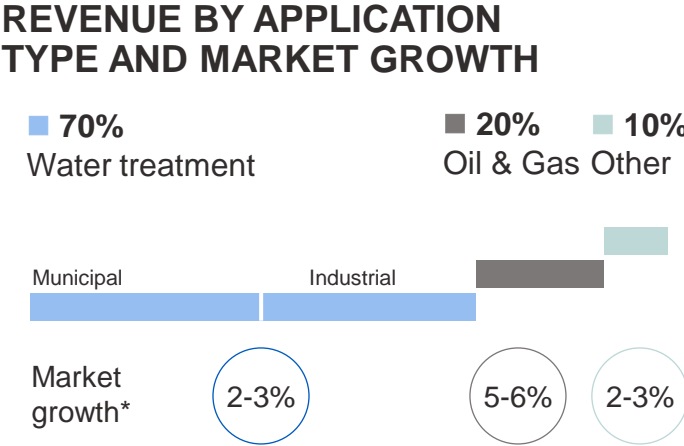
### MARKET ENVIRONMENT

**WATER TREATMENT**  
Market share in EMEA & NA: ~30% in coagulants and ~20% in polymers

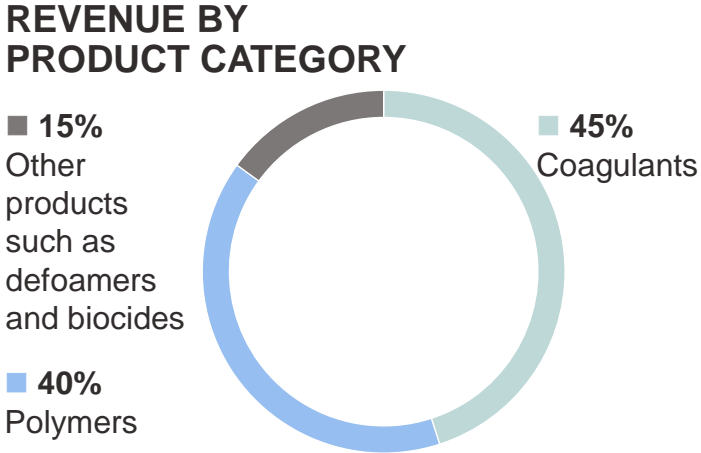
- Main competitors in coagulants:
- Feralco (Europe)
  - Kronos (Europe)
  - Chemtrade (NA)
  - USAIco (NA)

**OIL & GAS**  
Market share ~20% in polymers used in shale oil & gas

- Main peers in polymers (also in water treatment):
- SNF
  - Solenis
  - Solvay (only O&G)



\*chemical market growth in 2022-2027



### CUSTOMER EXAMPLES

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



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

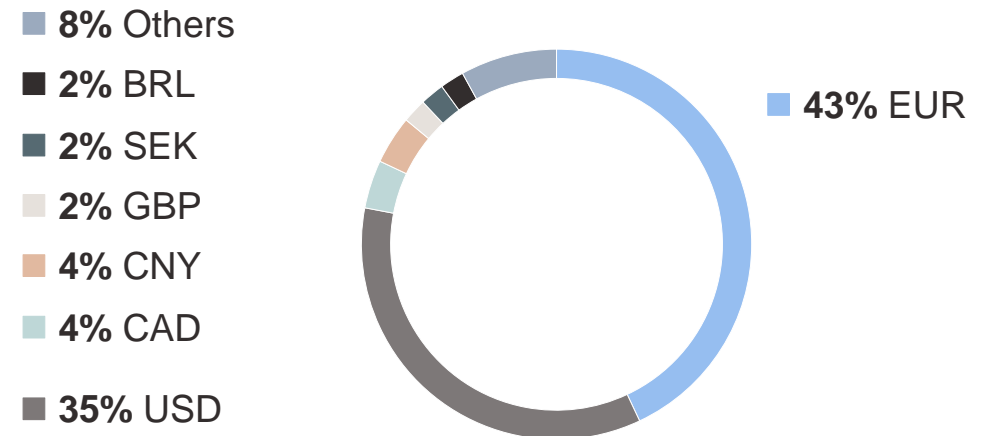


# Currencies had a negative impact on revenue and operative EBITDA

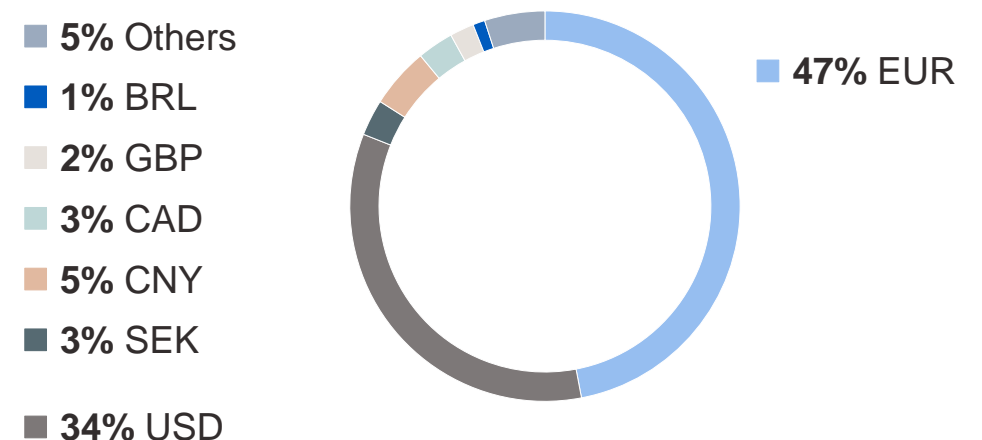
- Main currency exposure comes via translation impact
- Transaction risk is limited as revenues and costs are typically in same currency due to local manufacturing. Transaction risk mostly hedged.
- 10% change in Kemira's main foreign currencies would have approximately EUR 15 million impact on operative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

Currency exchange rates had **EUR -28.1 million impact on revenue** and **EUR -6.2 million impact on the operative EBITDA** in 2021 compared to 2020.

KEMIRA REVENUE DISTRIBUTION 2021



KEMIRA COST DISTRIBUTION 2021



# Key figures

EUR million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	2021	2020
Revenue	<b>718.2</b>	692.7	657.5	606.1	605.6	<b>2,674.4</b>	2,427.2
Operative EBITDA	<b>97.8</b>	115.9	107.3	104.6	107.9	<b>425.5</b>	435.1
margin	<b>13.6%</b>	16.7%	16.3%	17.3%	17.8%	<b>15.9%</b>	17.9%
Operative EBIT	<b>47.0</b>	64.5	58.2	55.7	57.0	<b>225.4</b>	237.7
margin	<b>6.5%</b>	9.3%	8.9%	9.2%	9.4%	<b>8.4%</b>	9.8%
Net profit	<b>9.8</b>	39.6	24.9	40.8	23.8	<b>115.2</b>	138.0
Earnings per share, diluted, EUR	<b>0.05</b>	0.25	0.15	0.25	0.14	<b>0.70</b>	0.86
Cash flow from operations	<b>80.8</b>	86.9	38.6	13.8	146.4	<b>220.2</b>	374.7
Capex excl. acquisitions	<b>74.5</b>	35.1	32.5	26.6	66.0	<b>168.8</b>	195.6
Net debt	<b>850</b>	800	831	777	759	<b>850</b>	759
NWC ratio (rolling 12 m)	<b>9.9%</b>	9.7%	9.8%	10.1%	9.9%	<b>9.9%</b>	9.9%
Operative ROCE (rolling 12 m)	<b>11.3%</b>	12.0%	11.9%	11.9%	12.1%	<b>11.3%</b>	12.1%
Personnel at period-end	<b>4,926</b>	4,937	5,008	4,926	4,921	<b>4,926</b>	4,921

# Cash flow

EUR million	Q4 2021	Q4 2020	2021	2020
Net profit for the period	10	24	115	138
Total adjustments	82	84	273	298
Change in net working capital	2	50	-80	-3
Finance expenses	-9	-5	-44	-22
Income taxes paid	-4	-7	-44	-37
<b>Net cash generated from operating activities</b>	<b>81</b>	<b>146</b>	<b>220</b>	<b>375</b>
Capital expenditure in associated companies and in other shares	0	0	-1	-3
Capital expenditure	-75	-66	-169	-196
Proceeds from sale of assets	7	2	7	2
Change in long-term loan receivables	0	-6	0	-6
<b>Cash flow after investing activities</b>	<b>13</b>	<b>77</b>	<b>57</b>	<b>173</b>

# Pulp & Paper

## KEY FINANCIALS

EUR million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	2021	2020
Revenue	420.4	391.3	378.4	369.5	370.0	1,559.6	1,457.6
Operative EBITDA	60.5	63.5	57.8	62.9	68.9	244.7	260.2
margin	14.4%	16.2%	15.3%	17.0%	18.6%	15.7%	17.9%
Operative EBIT	30.4	32.5	28.1	33.2	37.5	124.3	138.0
margin	7.2%	8.3%	7.4%	9.0%	10.1%	8.0%	9.5%
Operative ROCE*, %	10.1%	10.8%	10.9%	11.4%	11.1%	10.1%	11.1%
Capital expenditure (excl. M&A)	39.9	19.9	17.6	11.1	33.6	88.5	91.9
Cash flow after investing activities	17.0	26.7	24.7	26.1	59.1	94.6	162.2



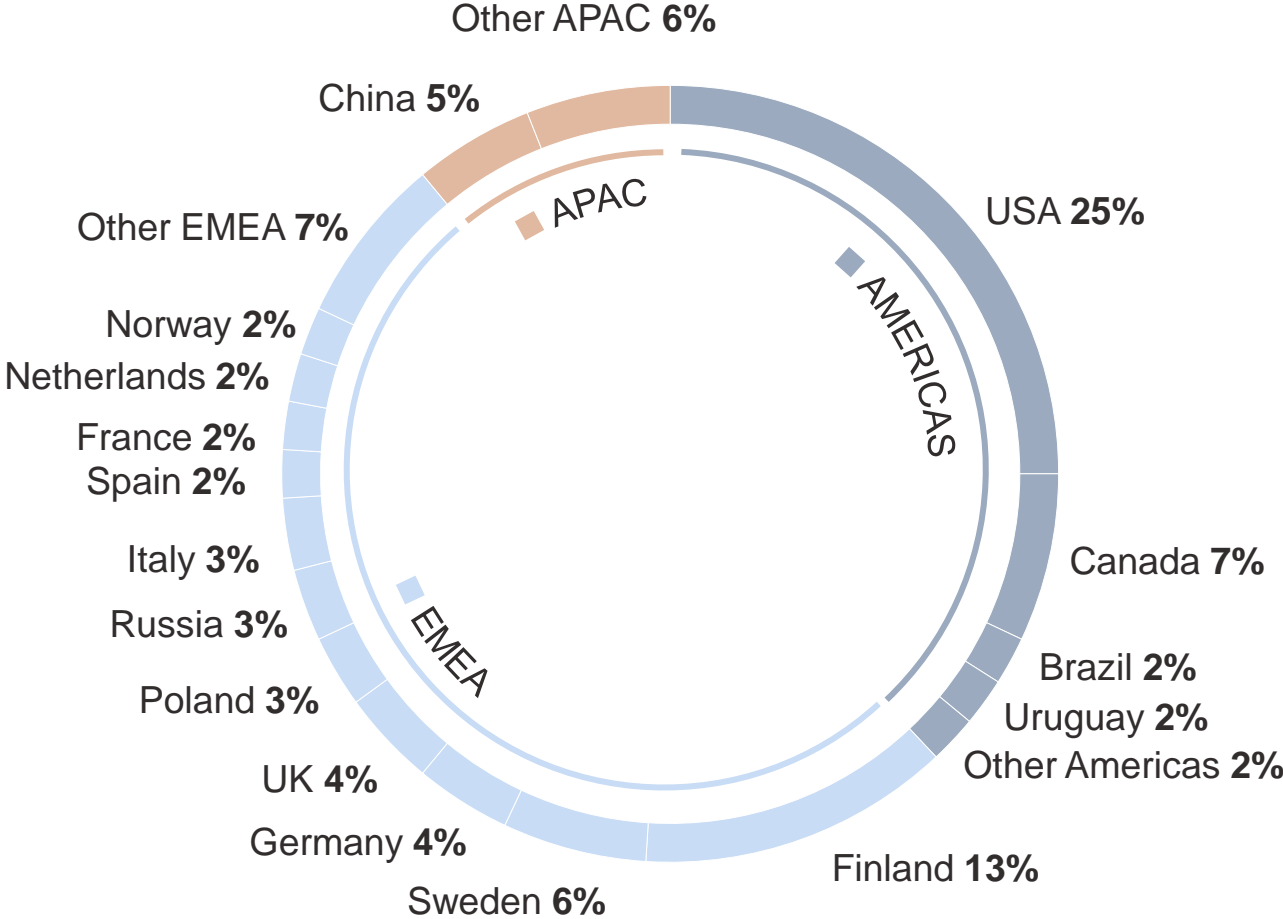
# Industry & Water

## KEY FINANCIALS

EUR million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	2021	2020
Revenue	<b>297.8</b>	301.4	279.1	236.6	235.6	<b>1,114.8</b>	969.5
Operative EBITDA	<b>37.3</b>	52.3	49.5	41.7	39.0	<b>180.8</b>	174.8
margin	<b>12.5%</b>	17.4%	17.7%	17.6%	16.6%	<b>16.2%</b>	18.0%
Operative EBIT	<b>16.6</b>	31.9	30.1	22.5	19.5	<b>101.2</b>	99.7
margin	<b>5.6%</b>	10.6%	10.8%	9.5%	8.3%	<b>9.1%</b>	10.3%
Operative ROCE*, %	<b>13.2%</b>	13.9%	13.6%	12.6%	13.9%	<b>13.2%</b>	13.9%
Capital expenditure (excl. M&A)	<b>34.7</b>	15.1	15.0	15.5	32.4	<b>80.3</b>	103.6
Cash flow after investing activities	<b>9.1</b>	38.2	2.7	0.8	29.2	<b>50.9</b>	69.8

# Revenue split by country

FY 2021



# 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 (=revenue growth in local currencies, excluding acquisitions and divestments), 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](http://www.kemira.com) > Investors > Financial information.

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

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