



JARI ROSENDAL, PRESIDENT AND CEO  
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JULY 15, 2022

# Record-high revenue and operative EBITDA

JANUARY – JUNE 2022

kemira

# Summary of Q2 2022

- **Record-strong Q2 2022:** Record-high revenue and operative EBITDA. Relative profitability impacted by continued strong inflationary pressures.
- Biobased strategy progressing: new Growth Accelerator unit launched in June; contract extension with Danimer Scientific announced in May
- Kemira commits to the Science Based Targets Initiative (SBTi); new ambitious climate target set
- Exit from Russia progressing well
- Outlook upgraded June 8. Operative EBITDA now expected to increase from 2021 (EUR 425.5 million).



# Financial highlights of Q2 2022

## Record-high revenue in Q2 2022

- Revenue growth driven by higher sales prices in both segments and in all regions. Sales volumes declined.
- Organic revenue growth 24% in Q2 2022; 23% in H1 2022

## Record-high operative EBITDA in Q2 2022

- Margin declined due to continued strong inflationary pressures. Price increases ongoing to mitigate impacts from higher inflation.

## Cash flow from operations declined due to an increase in net working capital

**Earnings per share EUR 0.29 in Q2 2022;  
EUR 0.56 in H1 2022**

| EUR million<br>(except ratios)         | Q2<br>2022 | Q2<br>2021 | Δ%   | H1<br>2022 | H1<br>2021 | Δ%   | FY<br>2021 |
|--|------------|------------|------|------------|------------|------|------------|
| Revenue                                | 861.4      | 657.5      | +31% | 1,629.4    | 1,263.6    | +29% | 2,674.4    |
| Operative EBITDA                       | 122.1      | 107.3      | +14% | 242.1      | 211.9      | +14% | 425.5      |
| of which margin                        | 14.2%      | 16.3%      | -    | 14.9%      | 16.8%      | -    | 15.9%      |
| Operative EBIT                         | 69.7       | 58.2       | +20% | 138.6      | 114.0      | +22% | 225.4      |
| of which margin                        | 8.1%       | 8.9%       | -    | 8.5%       | 9.0%       | -    | 8.4%       |
| Net profit                             | 46.9       | 24.9       | +88% | 89.1       | 65.7       | +36% | 115.2      |
| EPS diluted, EUR                       | 0.29       | 0.15       | +95% | 0.56       | 0.40       | +38% | 0.70       |
| Cash flow from<br>operating activities | 41.6       | 38.6       | +8%  | 30.6       | 52.4       | -42% | 220.2      |



# Pulp & Paper: Record-high revenue and operative EBITDA

## Market environment in Q2 2022

- Continued solid demand across customer segments and geographic regions

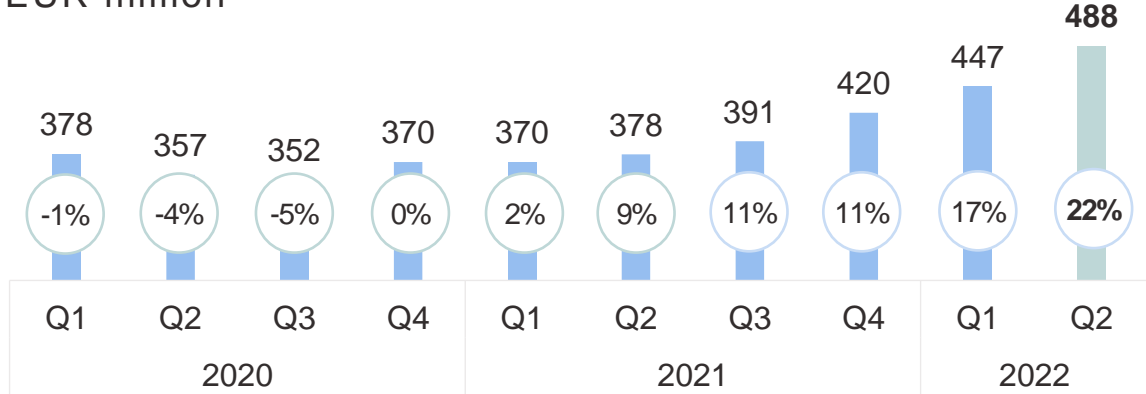
## Organic growth Q2 2022: +22%; H1 2022 20%

- Organic growth driven by higher sales prices. Work ongoing to shorten pricing checkpoints in customer contracts.
- Sales volumes declined mainly due to exit from Russia and strike at a customer in Finland

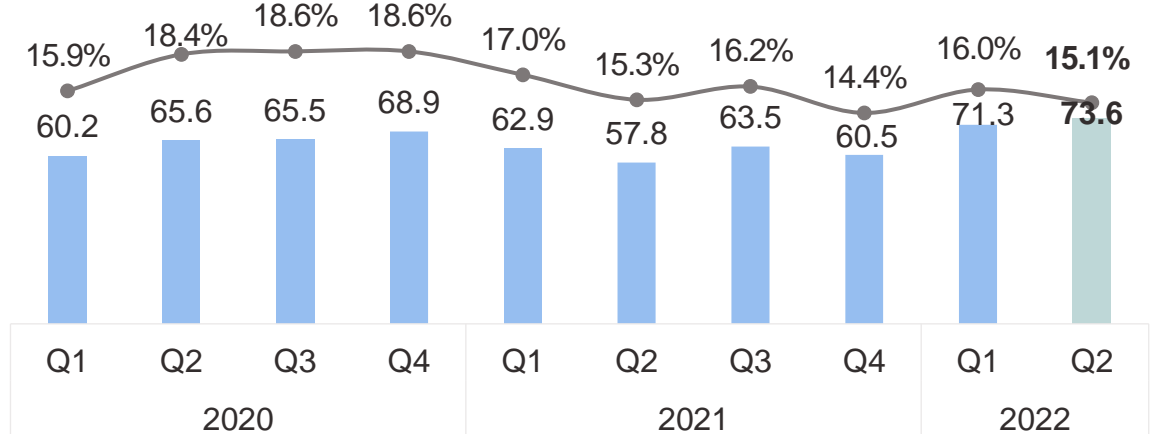
## Record-high operative EBITDA

- Margin resilient at 15.1% despite unprecedented inflationary environment

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



OPERATIVE EBITDA AND OPERATIVE EBITDA-%  
EUR million



# Industry & Water: Record-high revenue

## Market environment in Q2 2022

- Water treatment: Good demand in both municipal and industrial water treatment
- Oil & Gas: shale market grew but slower than expected. Solid demand in oil sands tailings and CEOR\*.

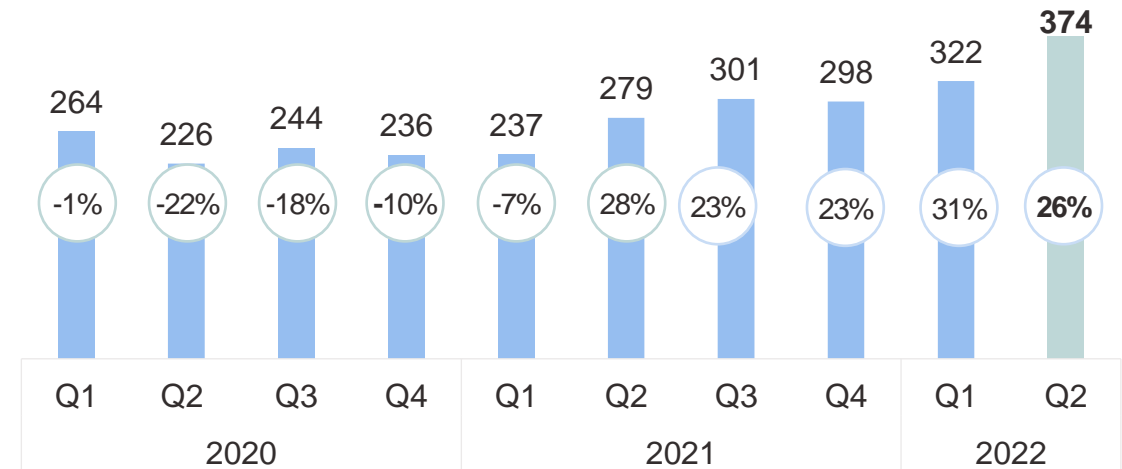
## Organic growth Q2 2022: 26%; H1 2022 28%

- Organic growth driven by higher sales prices. Sales volumes stable.
- Organic growth excluding Oil & Gas +27% in Q2 2022. Oil & Gas revenue growth +36% in Q2 2022, organic growth +24%.

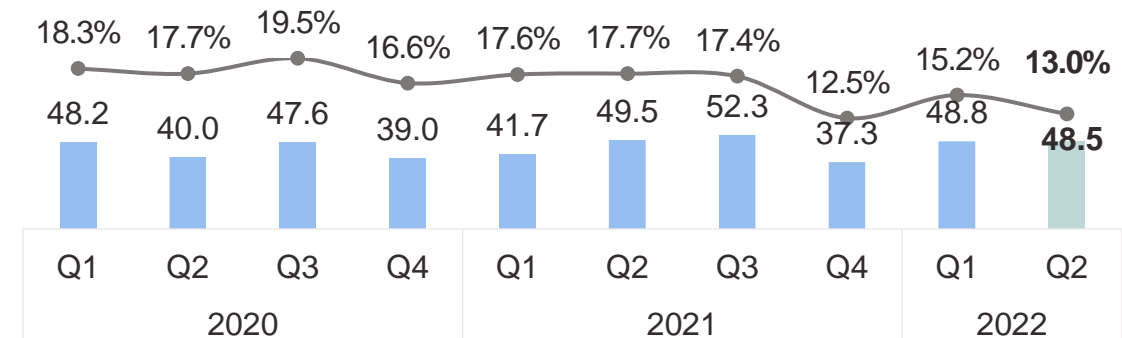
## Operative EBITDA margin Q2 2022: 13.0%

- Margin declined due to unprecedented inflationary pressures
- Further profitability improvement needed in Oil & Gas

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



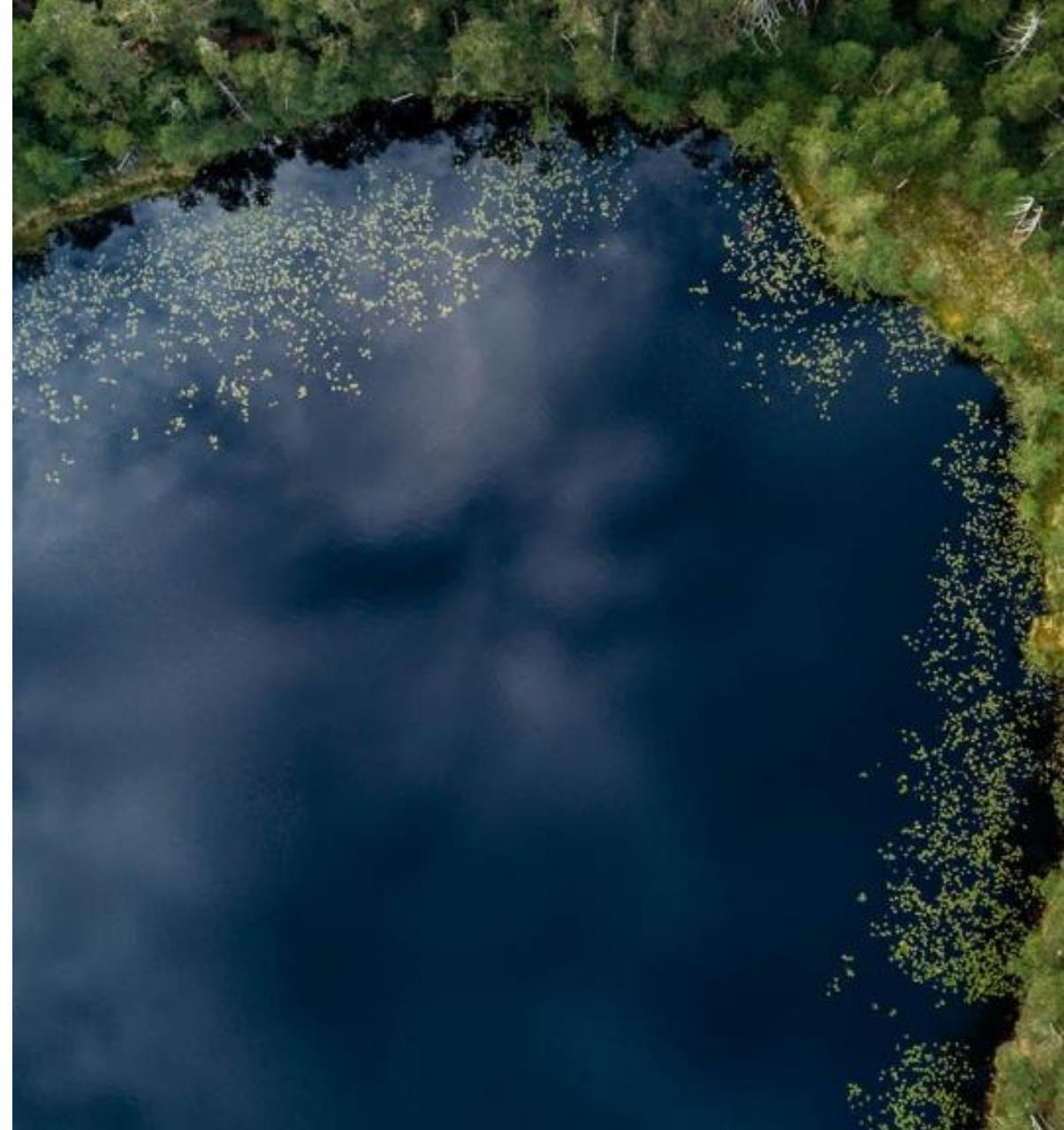
## OPERATIVE EBITDA AND OPERATIVE EBITDA-% EUR million



# Kemira commits to the Science Based Targets Initiative (SBTi)

## New ambitious climate target set

- New ambitious target for scope 1 and scope 2 emissions: aim to reduce scope 1 and scope 2 emissions by 50% by 2030 (from 2018 baseline). Target is in line with limiting global warming to 1.5°C and will be validated by the SBTi.
- Commitment to develop a quantified near-term scope 3 emission reduction target, which will be validated by the SBTi
- Ambition to be carbon neutral by 2045 for scope 1 and scope 2 emissions



# Key operative focus areas in 2022

- Continue actions to mitigate impacts from strong inflationary pressures
- Follow and mitigate the impacts of the war in Ukraine, particularly related to energy. Ensure delivery reliability in a volatile market environment.
- Increased focus on profitable growth; continue to progress biobased strategy
- Ensure operational agility in order to capture strong market demand
- Construction of new production capacity in China and Uruguay





PETRI CASTRÉN, CFO  
JULY 15, 2022

# Financials Q2 2022

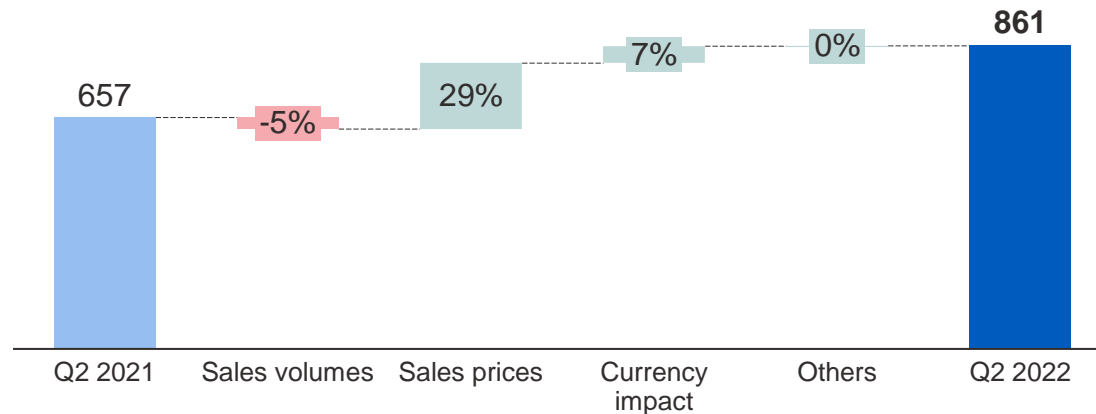




# Revenue growth driven by higher sales prices

Q2/2022

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



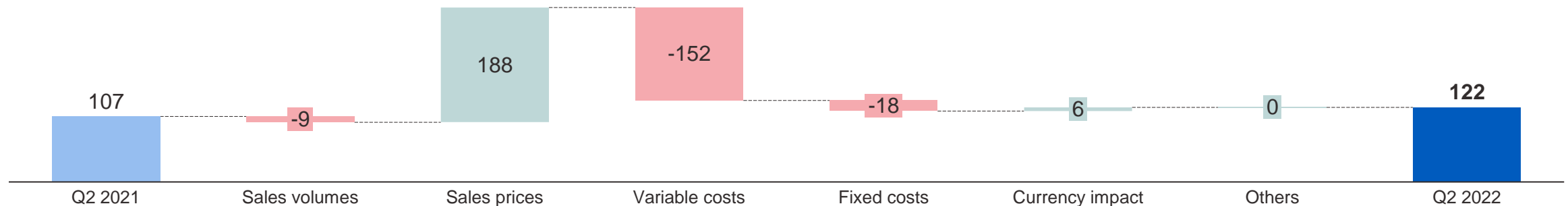
**Organic revenue growth 24% in Q2 2022;  
23% in H1 2022**

- Revenue growth driven by higher sales prices. Sales volumes declined due to exit from Russia and strike at a customer in Finland.
- Organic revenue growth excluding the Oil & Gas business 24% in Q2 2022

**Operative EBITDA margin 14.2% in Q2 2022**

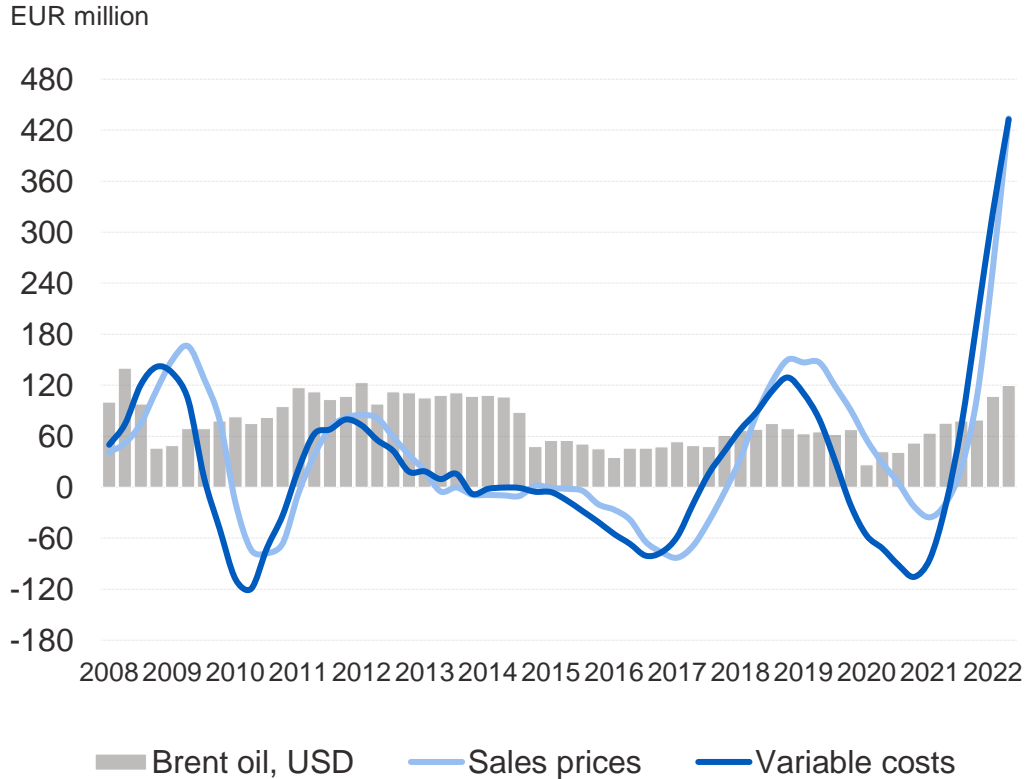
- Margin declined from previous year's high level (16.3%) following continued strong inflationary pressures, particularly related to energy, raw materials and logistics. Actions ongoing to mitigate impacts on relative profitability.

**OPERATIVE EBITDA BRIDGE**  
EUR million

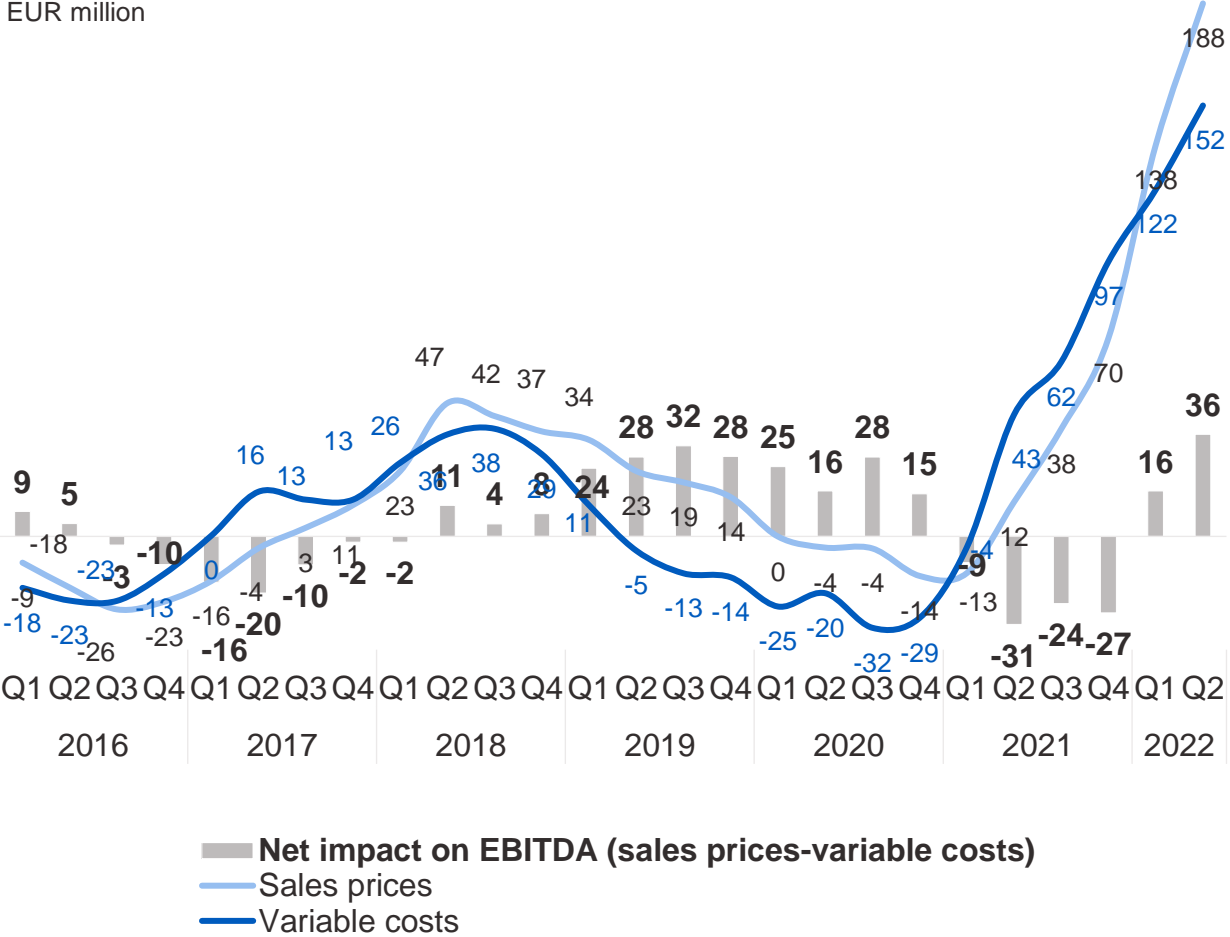


# Unprecedented increases in variable costs driving up sales prices

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

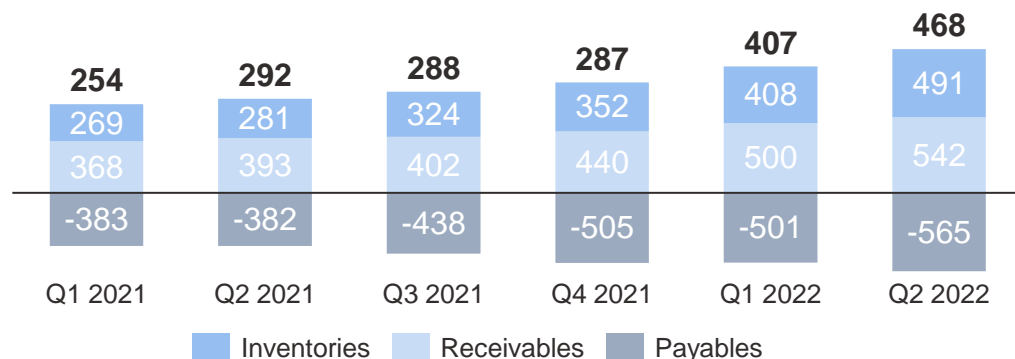


SALES PRICES AND VARIABLE COSTS (CHANGE Y-O-Y)



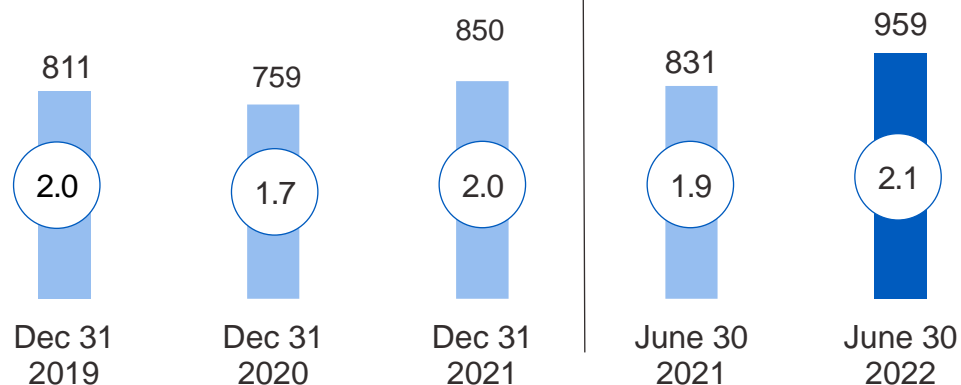
# Balance sheet remains strong

## NET WORKING CAPITAL DEVELOPMENT



- Net working capital increased due to higher inventories and receivables following higher raw material prices and strong revenue growth

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



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

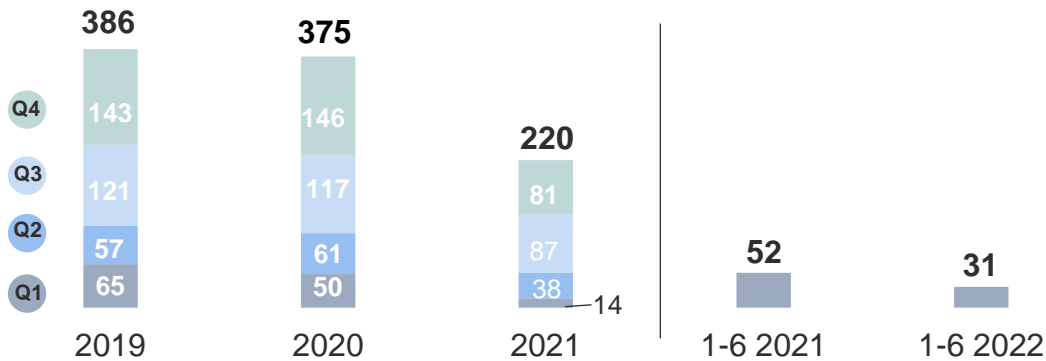
- Gearing 61% (69% in Q2 2021) - within financial target range of below 75%
- Average interest rate of net debt excluding leases 1.6% (1.8%) and duration 23 (33) months
- Kemira's shares in Pohjolan Voima and Teollisuuden Voima revalued during Q2 2022. Value of assets increased by EUR 141 million due to higher electricity prices. Value of electricity derivatives increased by EUR 75 million during Q2 2022.



# Cash flow

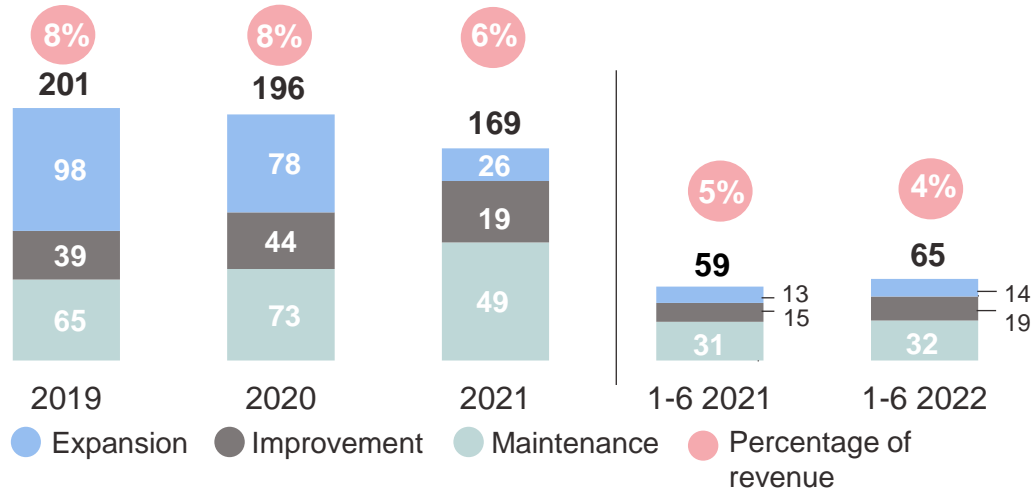
ALL KEY FIGURES IN EUR MILLION

## CASH FLOW FROM OPERATIONS



- Cash flow from operations declined due to an increase in net working capital
- 10 MEUR of excess capital returned from Kemira's supplementary pension fund Neliapila in Finland in Q1 2022
- Cash flow typically H2 weighted

## CAPITAL EXPENDITURE EXCL. ACQUISITIONS



- Capex excluding acquisitions EUR 65 million in H1 2022
- Capex excl. acquisitions estimated to be around 6% of revenue in 2022:
  - Largest expansion capex projects: bleaching capacity expansion in Uruguay and ASA capacity expansion in China



# Update: impacts from the war in Ukraine

## MAIN RISKS FROM THE WAR IN UKRAINE

- Direct impacts have been and are expected to be limited
- Possible indirect impacts: high energy prices and / or disruptions in European energy availability could lead to temporary production shutdowns at Kemira's customers and / or suppliers. No significant shutdowns in Q1 or Q2 2022. Accelerated inflation major risk.

## KEMIRA'S EXPOSURE ON JUNE 30, 2022

- Russia: At the end of June 2022, net assets related to the Russian business amounted to around EUR 11 million and consisted mainly of cash. Kemira's exit from Russia progressing well.
- Ukraine and Belarus: no assets or personnel

# Outlook for 2022 (upgraded on June 8, 2022)

## 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 increase from 2021 (EUR 425.5 million).

### ***Previous outlook (published February 11, 2022)***

*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

Kemira's end-market demand in both segments is expected to be good in 2022. The outlook assumes no major disruptions to Kemira's manufacturing operations or further significant supply chain disruptions. The outlook also assumes normal energy availability in Europe. Inflationary pressures are expected to remain strong in 2022.





# Kemira's Capital Markets Day 2022

at London Stock Exchange on September 13, 2022 between 9 am  
and noon

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[WWW.KEMIRA.COM](http://WWW.KEMIRA.COM)

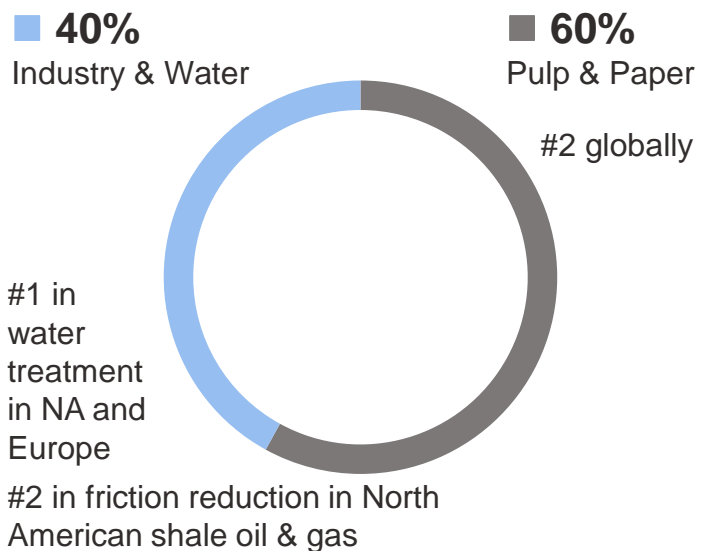
# Appendix



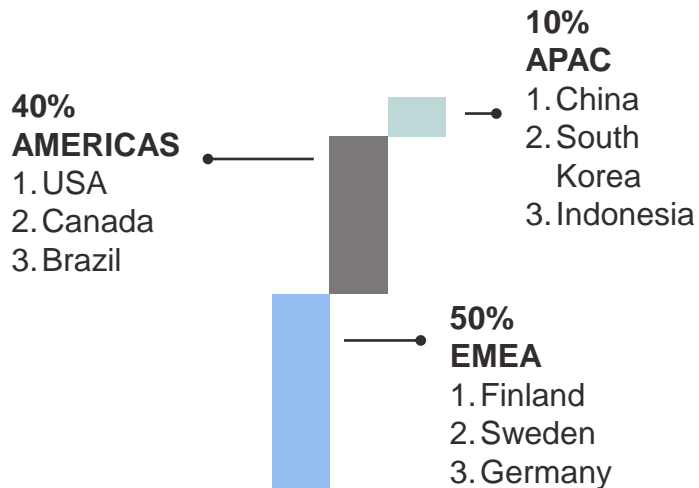
# Kemira in brief

LAST 12 MONTHS: REVENUE EUR 3,040 MILLION, OPERATIVE EBITDA EUR 456 MILLION, OPERATIVE EBITDA MARGIN 15.0%, OPERATIVE ROCE 11.8%

## SEGMENT SPLIT

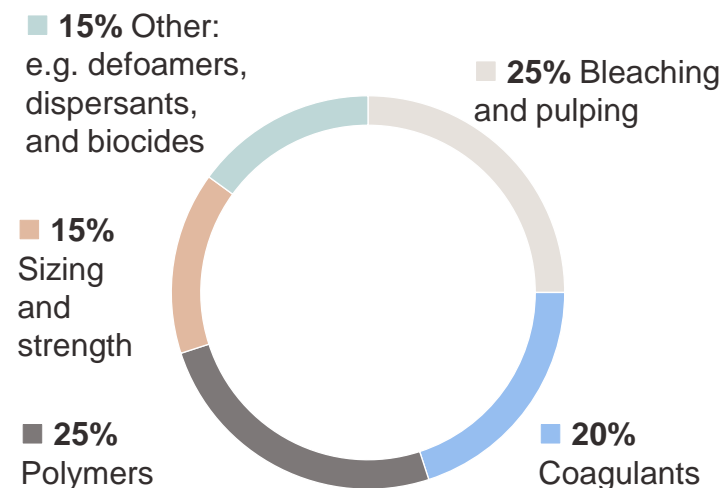


## GEOGRAPHIES



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.  
 Berlin, New York,  
 Paris, Shanghai

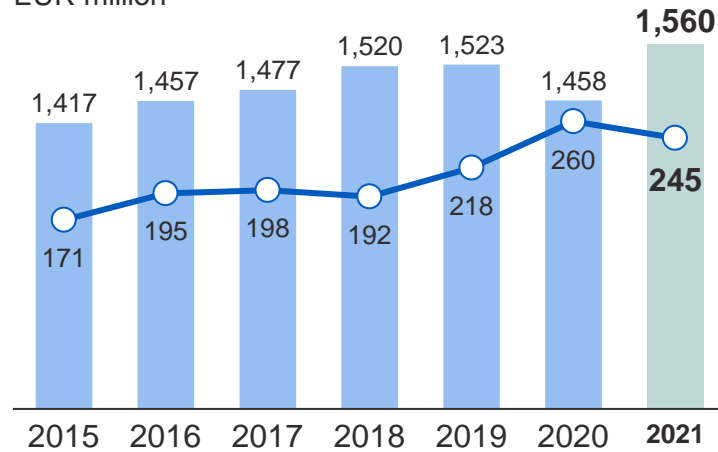


Note: Revenue by industry, product and geography rounded to the nearest 5%

# Pulp & Paper – strong business with solid track record

## REVENUE AND OPERATIVE EBITDA

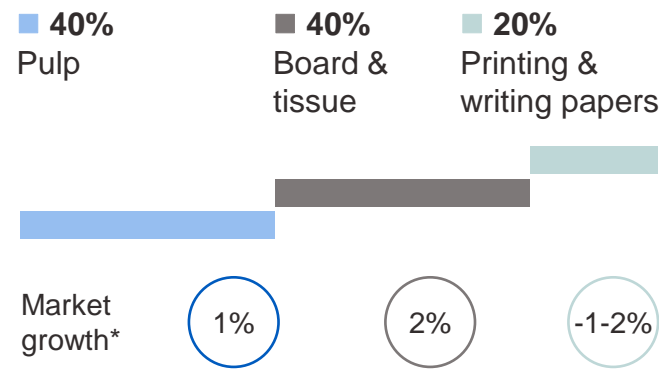
EUR million



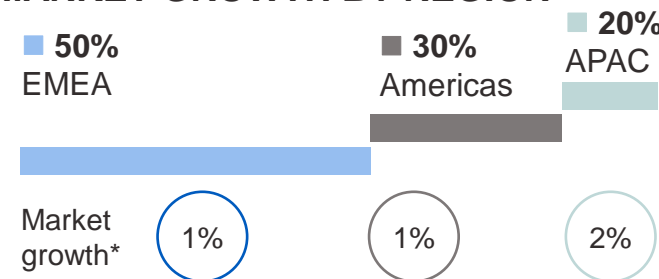
## MARKET ENVIRONMENT

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

## REVENUE BY CUSTOMER TYPE AND MARKET GROWTH

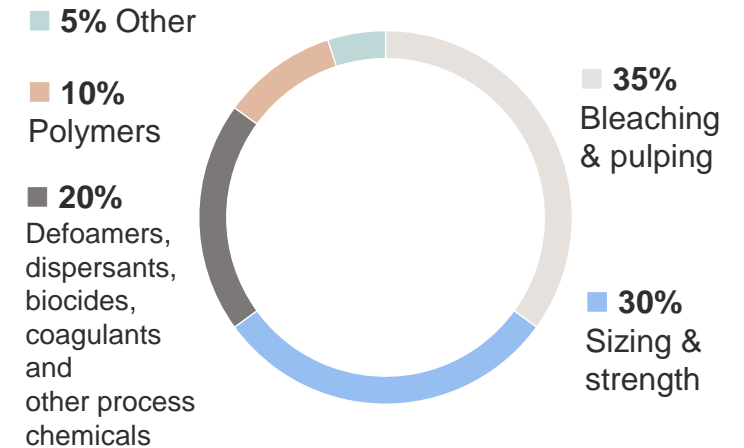


## REVENUE BY GEOGRAPHIES AND MARKET GROWTH BY REGION

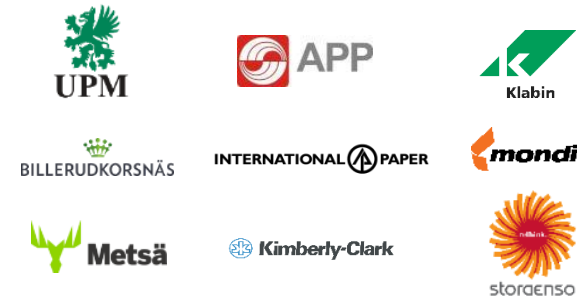


\*chemical market growth in 2022-2027

## REVENUE BY PRODUCT CATEGORY

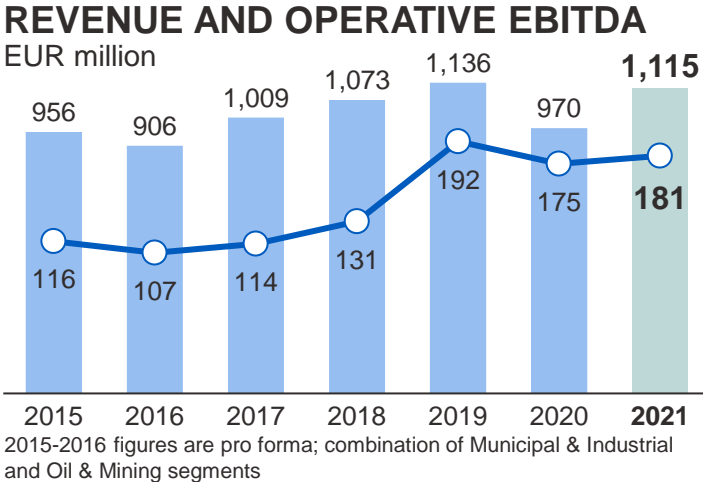


## CUSTOMER EXAMPLES



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

# Industry & Water – strong positions in chosen categories



### MARKET ENVIRONMENT

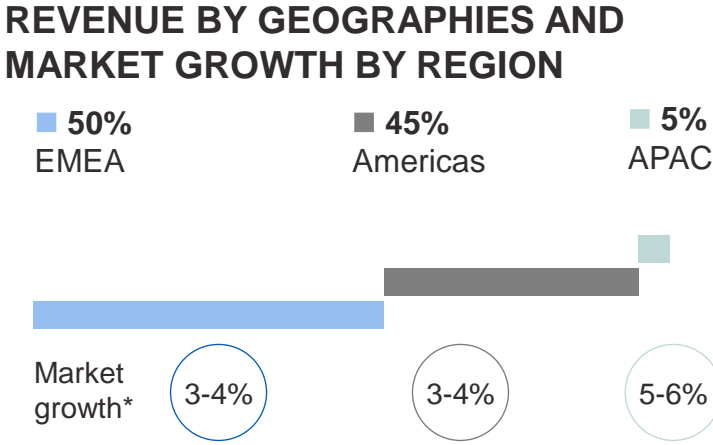
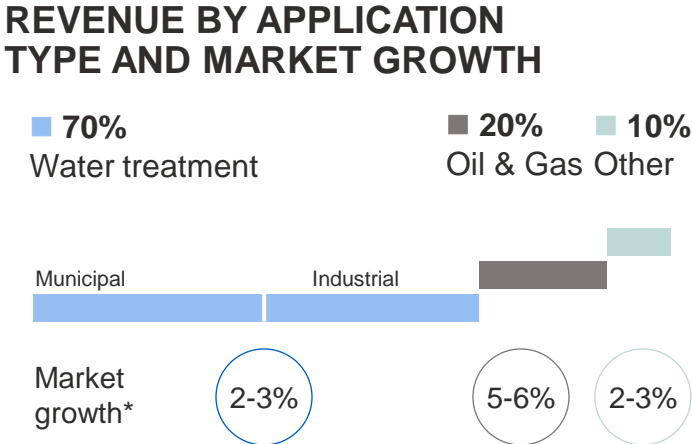
**WATER TREATMENT**  
Market share in EMEA & NA: ~30% in coagulants and ~20% in polymers

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

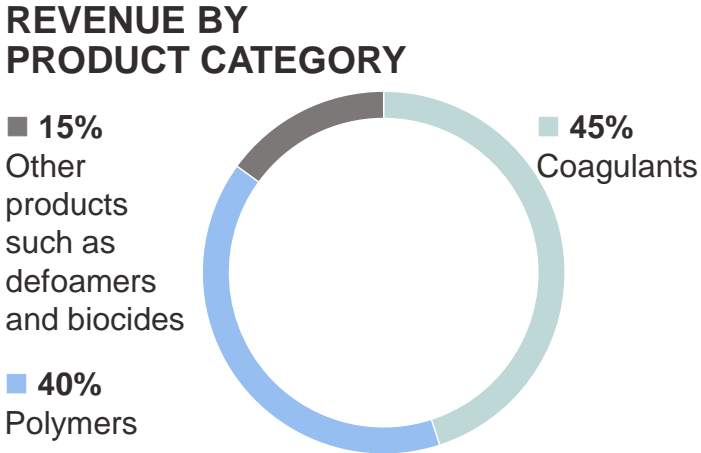
- Main competitors in coagulants:
- Feralco (Europe)
  - Kronos (Europe)
  - Chemtrade (NA)
  - USAIco (NA)

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

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\*chemical market growth in 2022-2027



### CUSTOMER EXAMPLES

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

- INDUSTRIAL**  
customer examples
- BAKER HUGHES (a GE company)
  - BRENTAG
  - Carlsberg
  - Orkla
  - UNIVAR
  - FRAC-CHEM
  - HALLIBURTON

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

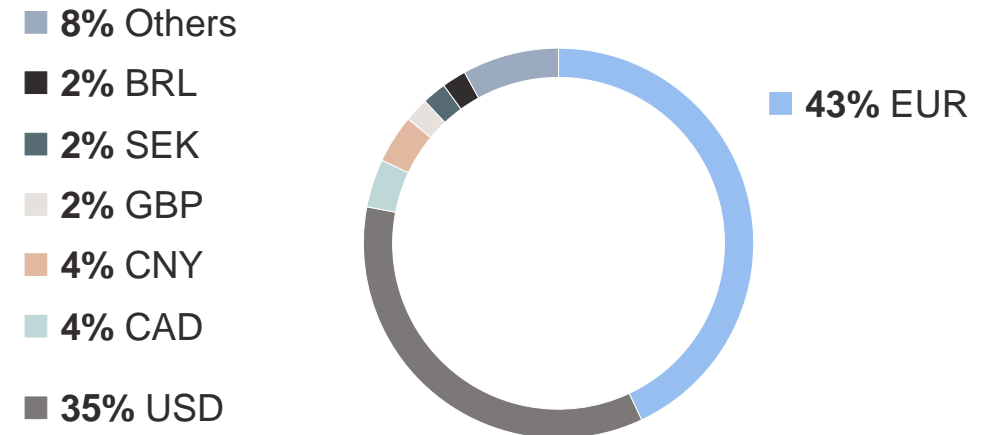


# Currencies had a positive impact on revenue and operative EBITDA

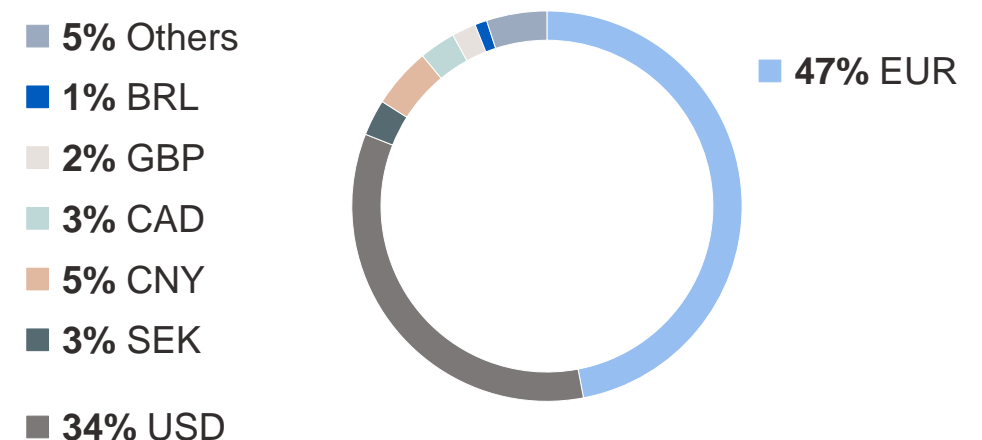
- Main currency exposure comes via translation impact
- Transaction risk is limited as revenues and costs are typically in same currency due to local manufacturing. Transaction risk mostly hedged.
- 10% change in Kemira's main foreign currencies would have approximately EUR 15 million impact on operative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

Currency exchange rates had **EUR +73 million impact on revenue** and **EUR +8 million impact on the operative EBITDA** in H1 2022 compared to H1 2021.

KEMIRA REVENUE DISTRIBUTION IN 2021



KEMIRA COST DISTRIBUTION IN 2021



# Key figures

| EUR million                      | Q2 2022      | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | 2021           | 2020    |
|----------------------------------|--------------|---------|---------|---------|---------|----------------|---------|
| Revenue                          | <b>861.4</b> | 768.1   | 718.2   | 692.7   | 657.5   | <b>2,674.4</b> | 2,427.2 |
| Operative EBITDA                 | <b>122.1</b> | 120.0   | 97.8    | 115.9   | 107.3   | <b>425.5</b>   | 435.1   |
| margin                           | <b>14.2%</b> | 15.6%   | 13.6%   | 16.7%   | 16.3%   | <b>15.9%</b>   | 17.9%   |
| Operative EBIT                   | <b>69.7</b>  | 68.9    | 47.0    | 64.5    | 58.2    | <b>225.4</b>   | 237.7   |
| margin                           | <b>8.1%</b>  | 9.0%    | 6.5%    | 9.3%    | 8.9%    | <b>8.4%</b>    | 9.8%    |
| Net profit                       | <b>46.9</b>  | 42.2    | 9.8     | 39.6    | 24.9    | <b>115.2</b>   | 138.0   |
| Earnings per share, diluted, EUR | <b>0.29</b>  | 0.26    | 0.05    | 0.25    | 0.15    | <b>0.70</b>    | 0.86    |
| Cash flow from operations        | <b>41.6</b>  | -10.9   | 80.8    | 86.9    | 38.6    | <b>220.2</b>   | 374.7   |
| Capex excl. acquisitions         | <b>38.5</b>  | 26.1    | 74.5    | 35.1    | 32.5    | <b>168.8</b>   | 195.6   |
| Net debt                         | <b>959</b>   | 900     | 850     | 800     | 831     | <b>850</b>     | 759     |
| NWC ratio (rolling 12 m)         | <b>11.4%</b> | 10.6%   | 9.9%    | 9.7%    | 9.8%    | <b>9.9%</b>    | 9.9%    |
| Operative ROCE (rolling 12 m)    | <b>11.8%</b> | 11.7%   | 11.3%   | 12.0%   | 11.9%   | <b>11.3%</b>   | 12.1%   |
| Personnel at period-end          | <b>4,976</b> | 4,939   | 4,926   | 4,937   | 5,008   | <b>4,926</b>   | 4,921   |

# Cash flow

| EUR million   | Q2 2022   | Q2 2021   | 2021       | 2020       |
|---|-----------|-----------|------------|------------|
| Net profit for the period                                       | 47        | 25        | 115        | 138        |
| Total adjustments   | 76        | 74        | 273        | 298        |
| Change in net working capital                                   | -52       | -39       | -80        | -3         |
| Finance expenses  | -20       | -13       | -44        | -22        |
| Income taxes paid   | -9        | -8        | -44        | -37        |
| <b>Net cash generated from operating activities</b>             | <b>42</b> | <b>39</b> | <b>220</b> | <b>375</b> |
| Capital expenditure in associated companies and in other shares | 0         | 0         | -1         | -3         |
| Capital expenditure   | -39       | -33       | -169       | -196       |
| Proceeds from sale of assets                                    | 3         | 0         | 7          | 2          |
| Change in long-term loan receivables                            | 0         | 0         | 0          | -6         |
| <b>Cash flow after investing activities</b>                     | <b>7</b>  | <b>6</b>  | <b>57</b>  | <b>173</b> |

# Pulp & Paper

## KEY FINANCIALS

| EUR million                          | Q2 2022      | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | 2021           | 2020    |
|--------------------------------------|--------------|---------|---------|---------|---------|----------------|---------|
| Revenue                              | <b>487.6</b> | 446.5   | 420.4   | 391.3   | 378.4   | <b>1,559.6</b> | 1,457.6 |
| Operative EBITDA                     | <b>73.6</b>  | 71.3    | 60.5    | 63.5    | 57.8    | <b>244.7</b>   | 260.2   |
| margin                               | <b>15.1%</b> | 16.0%   | 14.4%   | 16.2%   | 15.3%   | <b>15.7%</b>   | 17.9%   |
| Operative EBIT                       | <b>42.8</b>  | 40.7    | 30.4    | 32.5    | 28.1    | <b>124.3</b>   | 138.0   |
| margin                               | <b>8.8%</b>  | 9.1%    | 7.2%    | 8.3%    | 7.4%    | <b>8.0%</b>    | 9.5%    |
| Operative ROCE*, %                   | <b>11.4%</b> | 10.5%   | 10.1%   | 10.8%   | 10.9%   | <b>10.1%</b>   | 11.1%   |
| Capital expenditure (excl. M&A)      | <b>24.7</b>  | 17.9    | 39.9    | 19.9    | 17.6    | <b>88.5</b>    | 91.9    |
| Cash flow after investing activities | <b>49.3</b>  | -23.7   | 17.0    | 26.7    | 24.7    | <b>94.6</b>    | 162.2   |

\*12-month rolling average

# Industry & Water

## KEY FINANCIALS

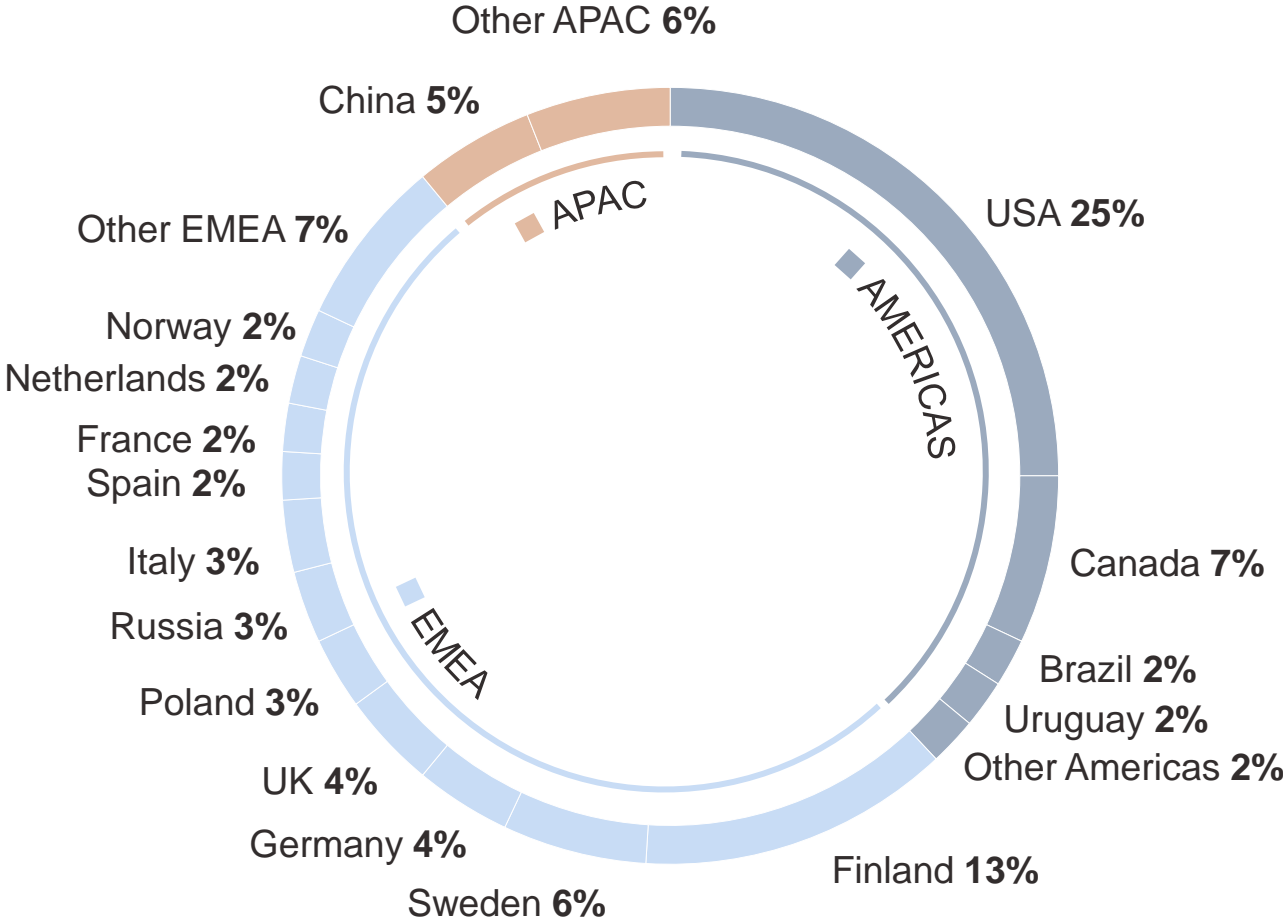
| EUR million                          | Q2 2022      | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | 2021           | 2020  |
|--------------------------------------|--------------|---------|---------|---------|---------|----------------|-------|
| Revenue                              | <b>373.8</b> | 321.5   | 297.8   | 301.4   | 279.1   | <b>1,114.8</b> | 969.5 |
| Operative EBITDA                     | <b>48.5</b>  | 48.8    | 37.3    | 52.3    | 49.5    | <b>180.8</b>   | 174.8 |
| margin                               | <b>13.0%</b> | 15.2%   | 12.5%   | 17.4%   | 17.7%   | <b>16.2%</b>   | 18.0% |
| Operative EBIT                       | <b>26.9</b>  | 28.2    | 16.6    | 31.9    | 30.1    | <b>101.2</b>   | 99.7  |
| margin                               | <b>7.2%</b>  | 8.8%    | 5.6%    | 10.6%   | 10.8%   | <b>9.1%</b>    | 10.3% |
| Operative ROCE*, %                   | <b>12.5%</b> | 13.4%   | 13.2%   | 13.9%   | 13.6%   | <b>13.2%</b>   | 13.9% |
| Capital expenditure (excl. M&A)      | <b>13.8</b>  | 8.2     | 34.7    | 15.1    | 15.0    | <b>80.3</b>    | 103.6 |
| Cash flow after investing activities | <b>-13.4</b> | 7.1     | 9.1     | 38.2    | 2.7     | <b>50.9</b>    | 69.8  |

\*12-month rolling average



# 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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