

ANTTI SALMINEN  
PRESIDENT, PULP & PAPER

# Pulp & Paper: Consumer-driven sustainability trends driving growth

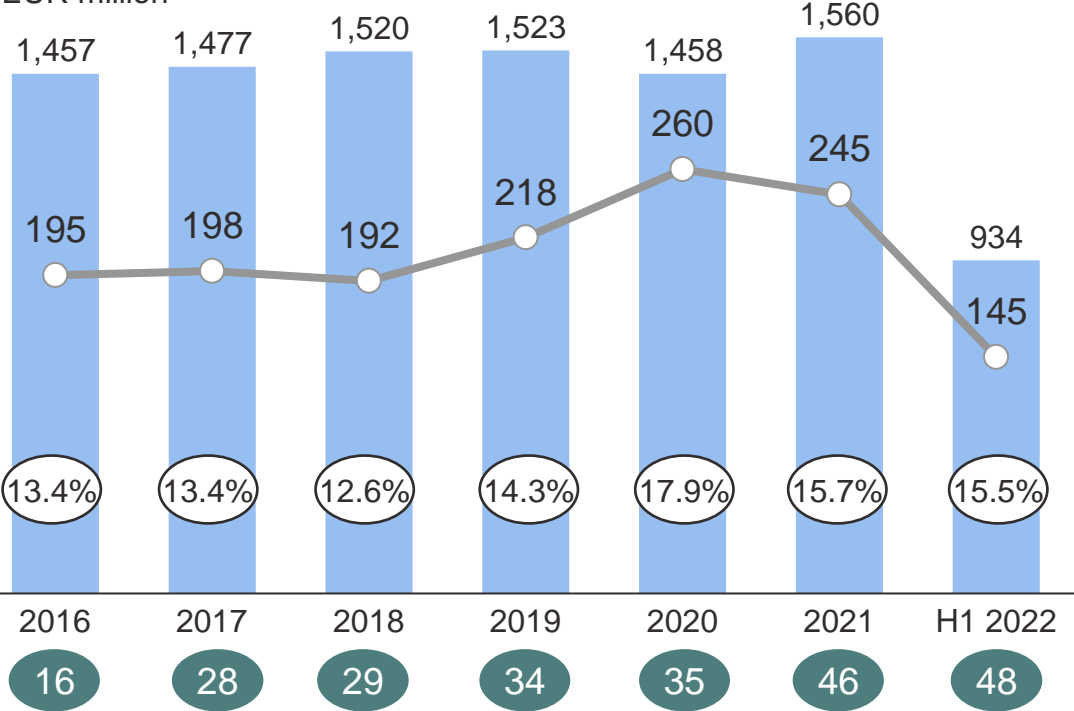
CAPITAL MARKETS DAY  
SEPTEMBER 13, 2022

kemira

# We have delivered strong revenue growth since CMD 2020

## REVENUE, OPERATIVE EBITDA AND OPERATIVE EBITDA MARGIN DEVELOPMENT

EUR million



X Net promoter score (NPS) development

### 1. BUSINESS FUNDAMENTALS:

Focus on mitigating impacts from higher input costs  
Strong focus on selected markets and product lines

### 2. GROWTH FOCUS:

New investments to support growth  
Progressing biobased strategy

### 3. CUSTOMER SATISFACTION:

On a continuously improving trend; clearly above industry benchmark  
Customers appreciate delivery reliability, Kemira's technical service and know-how

# Our completed and upcoming capacity expansions will support growth

<p><b>POLYMERS IN SOUTH KOREA</b></p> <p>Joint venture with Yongsan Chemicals, Kemira a minority shareholder</p> <p>Polymer investment in a growing market; efficiency improvement from backward-integration</p> <p>Premium dry polymer products, will strengthen competitive position in APAC and reduce Kemira's risk profile</p> <p>Completed 2021, ramp-up ongoing</p>	<p><b>BLEACHING EXPANSION IN URUGUAY</b></p> <p>Expansion of both sodium chlorate and hydrogen peroxide at Kemira's existing Fray Bentos chemical island site</p> <p>Multi-year agreement with UPM-Kymmene includes bleaching capacity to existing Fray Bentos mill as well as new mill in Paso de los Toros</p> <p>Financial contribution expected as of 2023</p>	<p><b>NEW PRODUCTION LINE OF ASA IN CHINA</b></p> <p>Production of ASA sizing agent in Nanjing</p> <p>Investment will expand Kemira's ASA production capacity substantially</p> <p>Kemira is already the leading producer and supplier of ASA globally</p> <p>To be completed in 2023</p>
EQUITY INVESTMENT EUR 5 MILLION	INVESTMENT AROUND EUR 30 MILLION	INVESTMENT AROUND EUR 10 MILLION

# H1 2022: Strong performance in a difficult environment

## REVENUE:

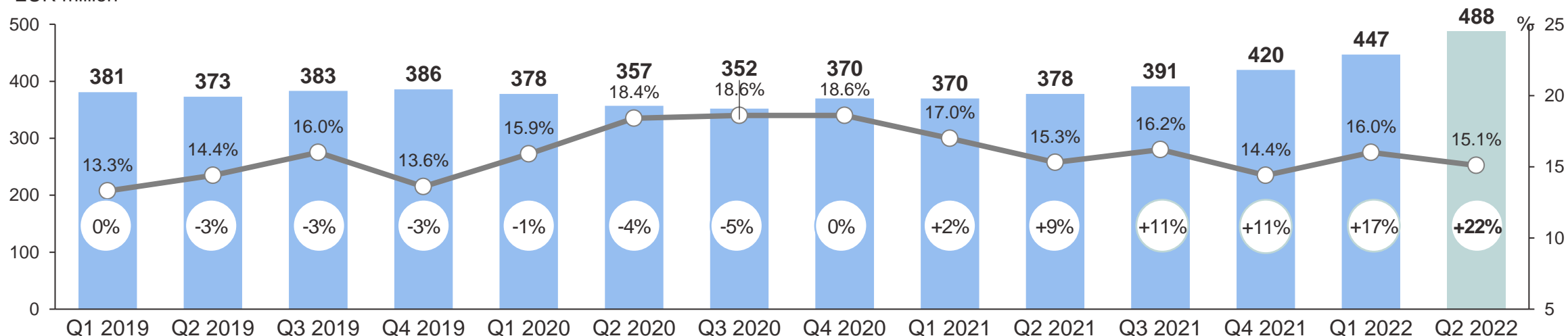
- Organic growth driven by higher sales prices across customer segments
- Underlying demand solid across products groups, some customers signal demand is expected to normalize from peak levels

## PROFITABILITY:

- Resilient profitability despite unprecedented inflationary pressures
- Pricing checkpoints in customer contracts shortened to mitigate impact from inflationary pressures

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

EUR million







# Broader uses of wood fiber driving market growth



A photograph of a forest path with tall, slender trees and lush green ferns. Sunlight filters through the canopy, creating a warm, golden glow. The path is covered in fallen leaves and branches.

## WOOD FIBER IS THE RAW MATERIAL OF THE FUTURE

- Excellent sustainable raw material: renewable, reusable and recyclable
- Fiber use is growing due to existing applications as well as new applications
- Industry is innovating to find new uses for wood-based fiber, e.g. in textile fibers
- Kemira to benefit from growth in fiber use across the value chain



# Pulp and packaging markets are growing driven by sustainability trends

## PULP & BLEACHING MARKET

Demand for virgin fiber increasing due to decline in availability of recycled fiber and growing uses of fiber

New pulp capacity expected in Asia-Pacific, South America and Northern Europe

~1-2%  
expected  
market  
growth

#2  
Kemira  
market  
position

### KEMIRA FOCUS

**Focus** on selective pulp investments that support sustainable pulp production for packaging, tissue and future fiber applications

## BOARD AND TISSUE MARKET

Packaging market growth drivers: APAC, online retail and move away from plastic packaging

Tissue market growth drivers: population growth and rising income levels

~2-3%  
expected  
market  
growth

#2  
Kemira  
market  
position

### KEMIRA FOCUS

**Maintain** a synergistic portfolio with focus on operational excellence and cost competitiveness

# We are accelerating growth in new markets

**GROWTH  
FROM  
NEW  
MARKETS**

**Assess and  
deploy new  
growth avenues**

Biobased products

Barriers

Textiles

Services



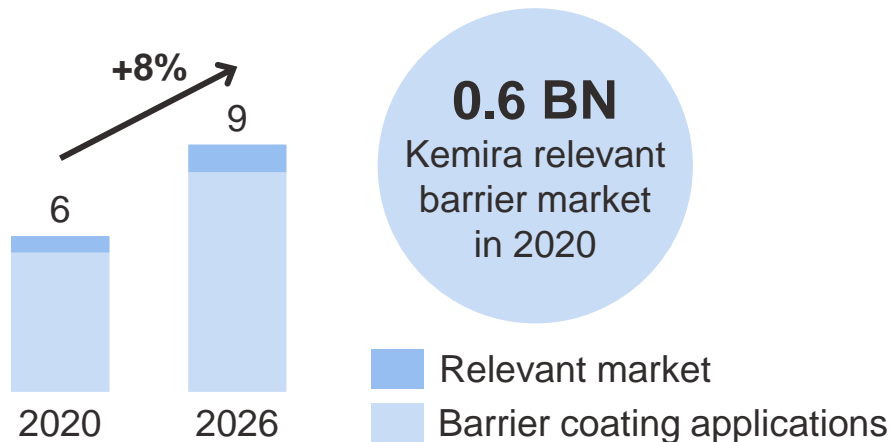
# Barrier market projected to grow by 8% to 2026

## MARKET DRIVERS

Consumer preference for sustainable solutions

Transition towards phasing out plastic for food and consumption packages

## BARRIER MARKET EXPECTED GROW IN COMING YEARS



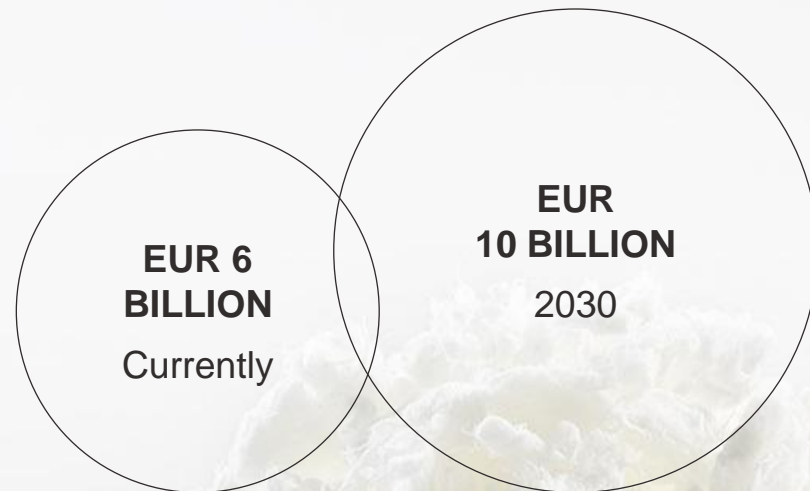
## KEMIRA HAS A STRONG POSITION

Kemira's first generation, partly biobased, barrier, commercialized; second generation biobased product being rolled out

Work ongoing with Danimer Scientific to introduce new fully biobased barrier coatings that are based on PHA\*



# The wood-fiber textile market projected to reach EUR 10 billion by 2030



**Estimated textile fiber market size**

## TEXTILE MARKET IN TRANSFORMATION

Demand for novel sustainable fiber solutions in textiles is high in order to replace cotton and synthetic fibers

More than 96% of global EUR 200 billion textile fiber market is considered non-sustainable

## KEMIRA IS A FIRST MOVER

A competitive chemical and service portfolio to help fiber producers to scale up their technologies and to transform the textile fiber market

Chemicals key to improve the durability of wood-based fibers

Initiatives ongoing with several fiber-based textile companies



# Services offering is a valuable differentiator

- Aim to reach EUR 50 million in revenue by 2025, 2022 revenue expected to be around EUR 5 million
- New dedicated service organization established to accelerate growth in services
- Commitment to invest in expanding and commercializing service offering further

KEMIRA'S SERVICE OFFERING		
Complementary services	Process optimization	Predictive services

## COLLABORATION WITH SIMANALYTICS

Kemira acquired a stake in SimAnalytics, a Finnish start-up, in summer 2021. Kemira's predictive services utilize SimAnalytics' Harmonizer tool.

## METSÄ BOARD KEMI

Customer benefits with Kemira's services:

- Improved quality
- Energy Efficiency
- Improved chemical Efficiency





**We are  
competitively  
positioned in the  
growing fiber-  
based  
applications**

**100 YEARS OF  
EXPERTISE IN FIBER  
WATER CHEMISTRY**

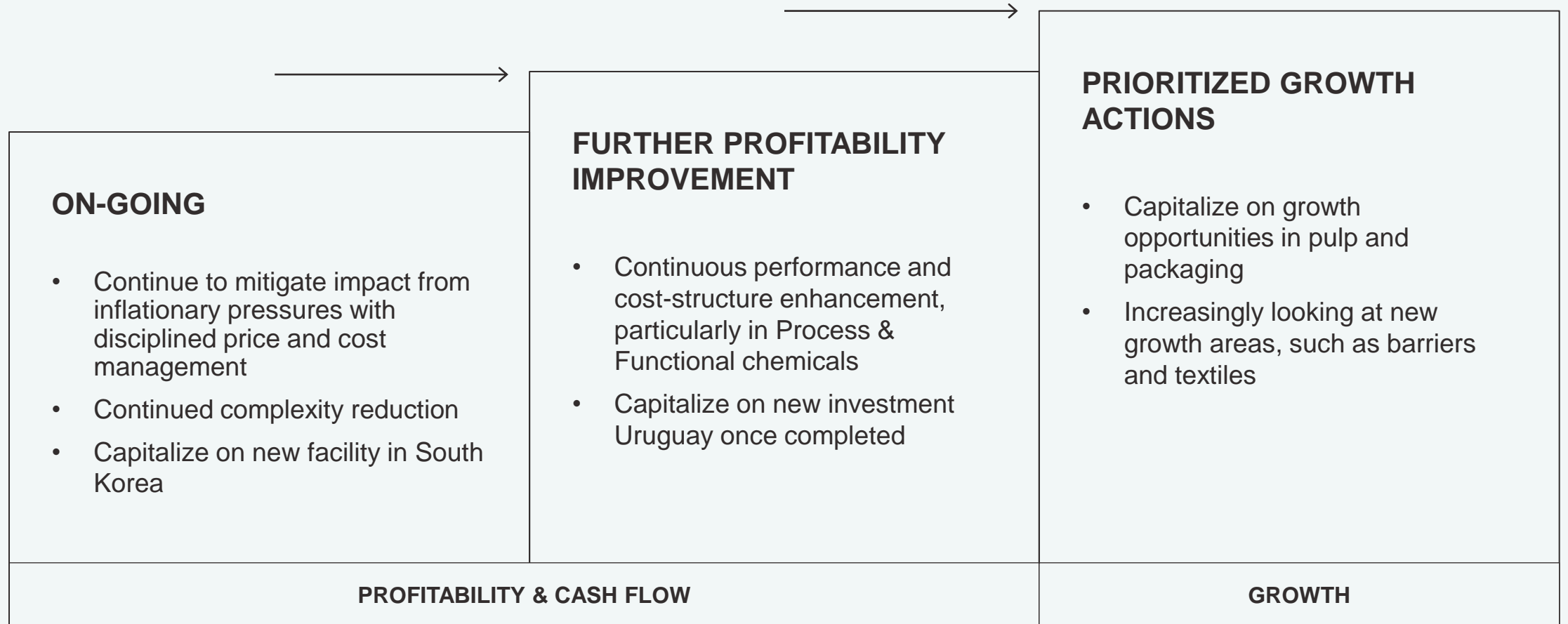
**BROADEST PULP &  
PAPER CHEMICAL  
PRODUCT PORTFOLIO  
IN THE WORLD**

**LONG ESTABLISHED  
CUSTOMER  
RELATIONSHIPS**

**BROAD CAPABILITIES  
TO SERVE CUSTOMERS  
ACROSS THE GLOBE**



# Maintaining profitability while increasing focus on new growth opportunities



# Kemira

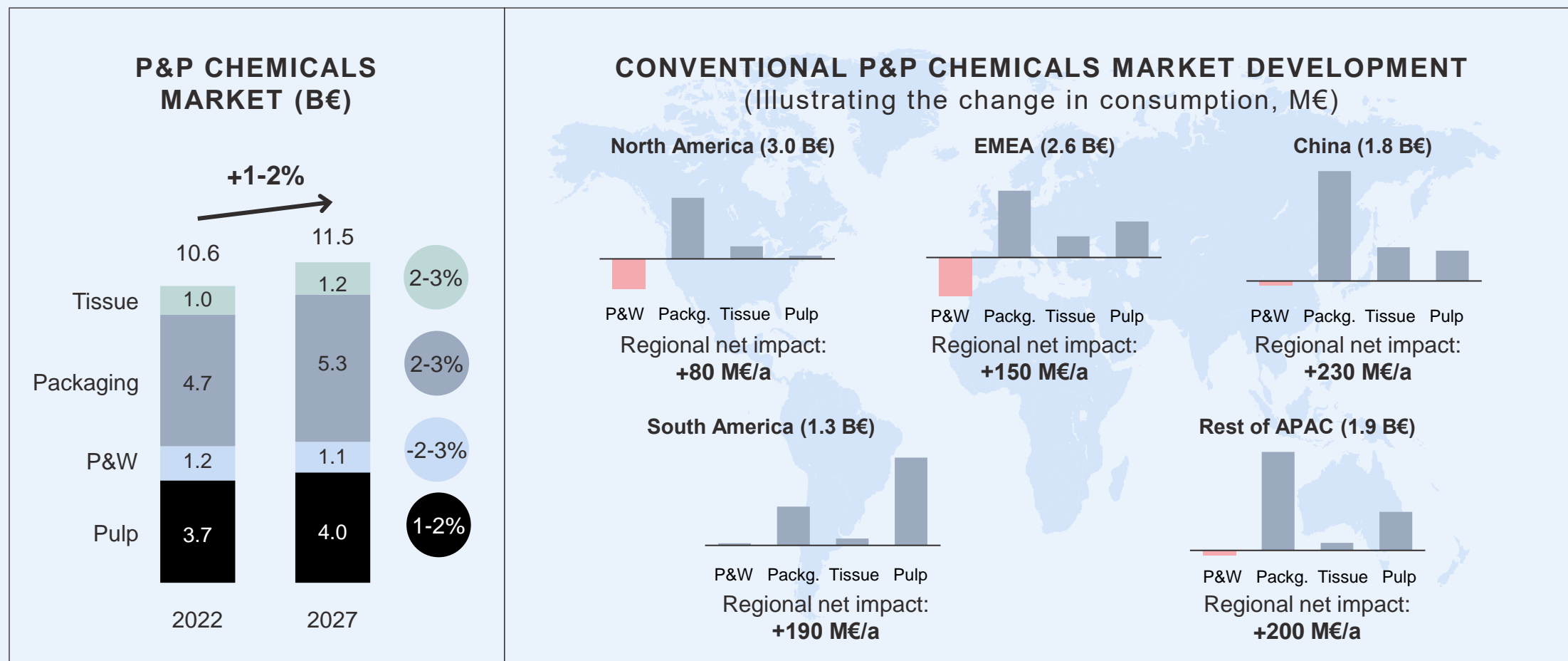
Chemistry with a purpose.  
Better every day.



# Appendix



# Pulp & Paper chemicals market expected to grow by 1-2%



# We have a strong position particularly in EMEA

	PULP	PACKAGING & TISSUE	PRINTING & WRITING
<b>EMEA</b> Market position	<b>#1/2</b>	<b>#1/2</b>	<b>#1/2</b>
<b>North America</b> Market position	<b>#3/4</b>	<b>#3</b>	<b>#2/3</b>
<b>APAC</b> Market position	<b>n.a.</b>	<b>#1/2</b>	<b>#1/2</b>
<b>South America</b> Market position	<b>#2</b>	<b>#2/3</b>	<b>#2/3</b>



# Kemira

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