

kemira

Financial Statements Bulletin 2019



STRONG PROFITABILITY AND CASH FLOW IN 2019

Fourth quarter: Softer quarter due to weakness in shale and new plant start-up costs

- Revenue decreased by 1% to EUR 657.7 million (661.8) due to slightly lower volumes. Revenue in local currencies, excluding acquisitions and divestments, declined by 2%.
- Operative EBITDA increased by 7% to EUR 90.1 million (84.5). The operative EBITDA margin increased to 13.7% (12.8%). The positive impact from the adoption of the IFRS 16 standard was EUR 9.2 million. EBITDA decreased by 14% to EUR 69.6 million (81.3).
- Operative EBIT decreased by 5% to EUR 42.4 million (44.8). EBIT decreased by 47% to EUR 21.9 million (41.1). The differences between operative and reported figures are explained by items affecting comparability, which were mainly caused by a provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013.
- Cash flow from operating activities improved strongly to EUR 142.5 million (88.2).
- EPS, diluted, decreased by 72% to EUR 0.05 (0.17) due to lower EBIT.

January-December : Strong profitability and cash flow

- Revenue increased by 3% to EUR 2,658.8 million (2,592.8) as sales price increases and currency exchange rates had positive impacts. Revenue in local currencies, excluding acquisitions and divestments, was stable.
- Operative EBITDA increased by 27% to EUR 410.0 million (323.1). In absolute terms, it increased by EUR 86.9 million, of which the adoption of the IFRS 16 standard contributed EUR 34.3 million. The operative EBITDA margin increased to 15.4% (12.5%). EBITDA increased by 21% to EUR 382.3 million (314.8).
- Operative EBIT increased by 29% to EUR 224.0 million (173.8). EBIT increased by 31% to EUR 194.4 million (148.2). The differences between operative and reported figures are explained by items affecting comparability, which were caused by provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013.
- Cash flow from operating activities improved strongly to EUR 386.2 million (210.2).
- EPS, diluted, increased by 23% to EUR 0.72 (0.58), mainly due to higher EBIT.

Dividend proposal for 2019

The Board of Directors proposes a cash dividend of EUR 0.56 per share (0.53) to the Annual General Meeting 2020, totaling EUR 85 million (81). It is proposed that the dividend be paid in two installments.

Outlook for 2020

Kemira expects its operative EBITDA (2019: EUR 410 million) to increase from the prior year.

Kemira's President and CEO Jari Rosendal:

"Our strategy execution continued successfully in 2019, although the fourth quarter was negatively impacted by start-up costs related to new plants and lower market demand in the shale business. As we continued to ramp up our new plants in China and the Netherlands during the fourth quarter, we had additional costs and downtime. In Q1 2020 production is expected to run steadier.

Kemira's market environment remained mostly positive during the year, with the exception of Oil & Gas, where we saw visible softening in the North American shale market towards the end of 2019. Throughout the year, we focused on active price management, resulting in clearly improved operative EBITDA. The operative EBITDA margin reached 15.4% in 2019, which is within our financial target range of 15-17%.

In Pulp & Paper, successful price management led to an improvement in the operative EBITDA margin in 2019. Our investment in the AKD wax capacity in China is complete, and the ramp-up of the facility started in Q4. We expect the investment to start gradually contributing to our EBITDA during the first quarter of

2020. In addition, we have expanded our sodium chlorate capacity in the U.S., which is expected to be fully operational during Q1 2020, after which it will gradually contribute to our figures.

In Industry & Water, we saw good organic revenue growth of 4% in 2019. In addition, our operative EBITDA margin improved to 16.9% due to our growth in Oil & Gas and active price management initiatives, with a clear turnaround in our North American water treatment business. Our expanded Oil & Gas polymers facility in the Netherlands started its ramp-up in Q4 2019, and we expect the investment to start to gradually contribute to our EBITDA from the first quarter of 2020.

We strive for continuous improvement to reduce our environmental impacts. In 2019, we renewed our commitment to climate action by setting a new target to reduce our combined scope 1 and scope 2 emissions by 30% by the year 2030, from a 2018 baseline (930 thousand tons CO₂e). In addition, our long-term ambition is to be carbon neutral by 2045 for combined scope 1 and scope 2 emissions.

We want to thank all our customers, employees, suppliers, shareholders as well as other stakeholders for their continued trust during 2019. We are looking to 2020 with confidence, and we expect our operative EBITDA to increase compared to 2019. Thanks to our good performance in 2019, strong cash flow and favorable business environment, the Board of Directors is proposing to increase the dividend to EUR 0.56 per share.”

KEY FIGURES AND RATIOS

Kemira adopted the IFRS 16 accounting standard on January 1, 2019. In the profit and loss statement, the operating lease expenses are replaced by the depreciation of the right-of-use asset and the interest cost associated with the lease liability. As a result, in February 2019, Kemira estimated that the impact on EBIT would be slightly positive, whereas the impact on the net profit would be immaterial in 2019. Kemira estimated that the adoption of the IFRS 16 accounting standard would increase the EBITDA margin by approximately 1 percentage point and gearing by approximately 10 percentage points. In 2019, the impact on operative EBITDA due to the adoption of the IFRS 16 accounting standard was estimated to be around EUR +30 million. The prior year's figures are not restated. The key figures (except revenue and capital expenditure) of the profit and loss statement, balance sheet and cash flow have been impacted by the adoption of the IFRS 16 accounting standard. See pages 41-42 for more details.

EUR million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	657.7	661.8	2,658.8	2,592.8
Operative EBITDA	90.1	84.5	410.0	323.1
Operative EBITDA, %	13.7	12.8	15.4	12.5
EBITDA	69.6	81.3	382.3	314.8
EBITDA, %	10.6	12.3	14.4	12.1
Operative EBIT	42.4	44.8	224.0	173.8
Operative EBIT, %	6.4	6.8	8.4	6.7
EBIT	21.9	41.1	194.4	148.2
EBIT, %	3.3	6.2	7.3	5.7
Net profit for the period	8.6	26.5	116.5	95.2
Earnings per share, diluted, EUR	0.05	0.17	0.72	0.58
Capital employed*	1,998.2	1,781.4	1,998.2	1,781.4
Operative ROCE*, %	11.2	9.8	11.2	9.8
ROCE*, %	9.7	8.3	9.7	8.3
Cash flow from operating activities	142.5	88.2	386.2	210.2
Capital expenditure excl. acquisition	81.4	53.2	201.1	150.4
Capital expenditure	82.5	97.6	204.1	193.7
Cash flow after investing activities	60.0	-3.3	189.8	29.0
Equity ratio, % at period-end	43	44	43	44
Equity per share, EUR	7.98	7.80	7.98	7.80
Gearing, % at period-end	66	62	66	62

*12-month rolling average

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 Kemira management, such as organic growth (revenue growth in local currencies, excluding acquisitions and divestments), EBITDA, operative EBITDA, cash flow after investing activities as well as gearing, provide useful information about Kemira's 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 interim report have been individually rounded, and consequently the sum of the individual figures may deviate slightly from the sum figure presented.

FINANCIAL PERFORMANCE IN Q4 2019

Revenue decreased by 1% due to slightly lower volumes. Revenue in local currencies, excluding acquisitions and divestments, declined by 2% as higher sales prices were offset by lower volumes.

Revenue	Oct-Dec 2019 EUR million	Oct-Dec 2018 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	385.9	390.4	-1	-3	+1	+1
Industry & Water	271.8	271.5	0	-1	+1	-1
Total	657.7	661.8	-1	-2	+1	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 7%, as sales prices increased and variable costs decreased.

Variance analysis, EUR million	Oct-Dec
Operative EBITDA, 2018	84.5
Sales volumes	-11.1
Sales prices	+13.8
Variable costs	+14.4
Fixed costs	-10.0
Adoption of IFRS 16 accounting standard*	+9.2
Currency exchange	-1.8
Others	-8.9
Operative EBITDA, 2019	90.1

* Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019, corresponding to a positive EBITDA impact of EUR 9.2 million.

Operative EBITDA	Oct-Dec 2019 EUR million	Oct-Dec 2018 EUR million	Δ%	Oct-Dec 2019 %-margin	Oct-Dec 2018 %-margin
Pulp & Paper	52.6	51.2	+3	13.6	13.1
Industry & Water	37.5	33.3	+13	13.8	12.3
Total	90.1	84.5	+7	13.7	12.8

EBITDA decreased by 14%, and the difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** were mainly caused by a provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013. In the previous year, items affecting comparability mainly consisted of organizational restructuring and positive transaction costs.

Items affecting comparability, EUR million	Oct-Dec 2019	Oct-Dec 2018
Within EBITDA	-20.5	-3.2
Pulp & Paper	-20.8	1.8
Industry & Water	0.3	-5.0
Within depreciation, amortization and impairments	0.0	-0.5
Pulp & Paper	0.0	0.0
Industry & Water	0.0	-0.5
Total items affecting comparability in EBIT	-20.5	-3.7

Depreciation, amortization and impairments were EUR 47.7 million (40.2), including the EUR 8.2 million (0.0) depreciation of right-of-use assets (IFRS 16) and the EUR 4.5 million (3.9) amortization of the purchase price allocation.

Operative EBIT decreased by 5%, mainly due to lower volumes and additional start-up costs related to new plants. **EBIT** decreased by 47%, and the difference between the two is explained by items affecting comparability.

Net finance costs totaled EUR -10.4 million (-5.8), including interest costs related to lease liabilities.

Income taxes were EUR -3.0 million (-8.9), with the reported tax rate being 26% (25%). **Net profit for the period** decreased by 68%, mainly due to lower EBIT.

FINANCIAL PERFORMANCE IN JANUARY-DECEMBER 2019

Revenue increased by 3%, mainly due to higher sales prices in Industry & Water and a positive currency impact. Revenue in local currencies, excluding acquisitions and divestments, was stable.

Revenue	Jan-Dec 2019 EUR million	Jan-Dec 2018 EUR million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,522.9	1,520.2	0	-2	+2	+1
Industry & Water	1,135.9	1,072.6	+6	+4	+2	0
Total	2,658.8	2,592.8	+3	0	+2	0

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA increased by 27%, mainly due to higher sales prices.

Variance analysis, EUR million	Jan-Dec
Operative EBITDA, 2018	323.1
Sales volumes	-30.8
Sales prices	+90.4
Variable costs	+21.7
Fixed costs	-34.0
Adoption of IFRS 16 accounting standard*	+34.3
Currency exchange	+16.6
Others	-11.3
Operative EBITDA, 2019	410.0

* Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019, corresponding to a positive EBITDA impact of EUR 34.3 million.

Operative EBITDA	Jan-Dec 2019 EUR million	Jan-Dec 2018 EUR million	Δ%	Jan-Dec 2019 %-margin	Jan-Dec 2018 %-margin
Pulp & Paper	218.3	191.7	+14	14.3	12.6
Industry & Water	191.7	131.5	+46	16.9	12.3
Total	410.0	323.1	+27	15.4	12.5

EBITDA increased by 21%. The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** were mainly caused by a provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013. In the previous year, items affecting comparability mainly included organizational restructuring costs.

Items affecting comparability, EUR million	Jan-Dec 2019	Jan-Dec 2018
Within EBITDA	-27.7	-8.3
Pulp & Paper	-25.8	-3.9
Industry & Water	-1.8	-4.4
Within depreciation, amortization and impairments	-1.9	-17.3
Pulp & Paper	0.0	-7.9
Industry & Water	-1.9	-9.4
Total	-29.6	-25.6

Depreciation, amortization and impairments increased to EUR 187.9 million (166.6), including the EUR 29.8 million (0.0) depreciation of right-of-use assets (IFRS 16) and EUR 18.5 million (15.7) amortization of

the purchase price allocation. In 2018, depreciation, amortization and impairments included **items affecting comparability** of EUR -17.3 million related to closures of manufacturing units.

Operative EBIT increased by 29%, mainly due to higher sales prices. **EBIT** increased by 31%, and the difference between the two is explained by items affecting comparability.

Finance costs, net totaled EUR -39.7 million (-25.0), including interest costs related to lease liabilities. The year 2018 included a EUR 3.6 million gain from the sale of shares in power plant companies. **Income taxes** were EUR -38.2 million (-28.1) as a result of higher profit before taxes, with the reported tax rate being 25% (23%).

Net profit for the period increased by 22%, mainly due to higher EBIT.

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in January-December 2019 increased to EUR 386.2 million (210.2). Cash flow after investing activities increased to EUR 189.8 million (29.0), mainly due to higher profitability and reduction of net working capital. In addition, EUR 15 million of excess capital from Kemira's supplementary pension fund in Finland was returned. The adoption of the IFRS 16 accounting standard increased cash flow after investing activities by EUR 28.4 million, which is now represented as part of net cash used in financing activities.

At the end of 2019, interest-bearing liabilities totaled EUR 955 million (886) including lease liabilities of EUR 134 million due to the adoption of the IFRS 16 accounting standard. Excluding the IFRS 16 impact, interest-bearing liabilities decreased by 66 million from the previous year. The average interest rate of the Group's interest-bearing loan portfolio, excluding leases, was 1.9% (1.9%), and the duration was 26 months (31). Fixed-rate loans accounted for 87% (79%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 217 million. On December 31, 2019, cash and cash equivalents totaled EUR 143 million (145). The Group has a EUR 400 million undrawn committed credit facility, which was renewed in April 2019 and is now linked to Kemira's sustainability targets.

At the end of the period, Kemira Group's net debt was EUR 811 million (741), including lease liabilities of EUR 134 million (0) due to the adoption of the IFRS 16 accounting standard. The equity ratio was 43% (44%), while gearing was 66% (62%).

Kemira is exposed to transaction and translation currency risks. The Group's most significant transaction currency risks arise from the U.S. dollar, the Canadian dollar and the Swedish krona. At the end of the year, the U.S. dollar denominated exchange rate risk was approximately EUR 91 million, of which 47% was hedged on an average basis. The Canadian dollar denominated exchange rate risk against USD had an equivalent value of approximately EUR 56 million, of which 42 % was hedged on an average basis. The Canadian dollar's denominated exchange rate risk against EUR had an equivalent value of approximately EUR 25 million, of which 52% was hedged on an average basis. The denominated exchange rate risk of the Swedish krona against EUR had an equivalent value of approximately EUR 43 million, of which 72 % was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks mainly in relation to the Chinese renminbi, the Norwegian krona, Polish zloty, Great Britain pound, Russian ruble and the Brazilian real with the annual exposure in those currencies being approximately EUR 108 million.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent to which the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than the euro. The most significant translation exposure on revenue and EBITDA derive from the U.S. dollar and the Canadian dollar. Strengthening of currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect.

CAPITAL EXPENDITURE

In January-December 2019, capital expenditure, excluding acquisitions, increased by 34% to EUR 201.1 million (150.4). Capital expenditure can be broken down as follows: expansion capex 49% (29%), improvement capex 19% (36%), and maintenance capex 32% (35%). The largest expansion capital expenditures related to the added polymer capacity in the Netherlands, the new AKD sizing manufacturing site in China, expanded sodium chlorate capacity and expansion of a polymer facility in the USA.

RESEARCH AND DEVELOPMENT

In January-December 2019, total research and development expenses were EUR 30.3 million (30.2), representing 1.1% (1.2%) of the Group's revenue.

Kemira's Research and Development is an enabler of growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes and to improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, as well as on its ability to innovate new, differentiated products and applications.

At the end of 2019, Kemira had 365 (366) patent families, including 1,681 (1,546) granted patents, and 1,087 (1,042) pending applications. During 2019, Kemira applied for 37 (34) new patents. Commercialization of five projects related to new products started in 2019, and three of them are designed to improve customer resource efficiency.

HUMAN RESOURCES

At the end of the period, Kemira Group had 5,062 employees (4,915). Kemira had 786 employees in Finland (802), 1,759 people elsewhere in EMEA (1,777), 1,570 in the Americas (1,559), and 947 in APAC (777). The growth in APAC is related to the new manufacturing site in China.

CORPORATE SUSTAINABILITY



Sustainable products and solutions

KPI+Target	Performance	Comments								
<p>Product sustainability Share of revenue from products used for use-phase resource efficiency. At least 50% of Kemira's revenue generated through products improving customers' resource efficiency.</p>	<table border="1"> <tr><th>Year</th><th>Performance (%)</th></tr> <tr><td>Baseline average 2016-2017</td><td>49%</td></tr> <tr><td>2018</td><td>51%</td></tr> <tr><td>2019</td><td>53%</td></tr> </table>	Year	Performance (%)	Baseline average 2016-2017	49%	2018	51%	2019	53%	<p>By the end of Q4, Kemira's share of revenue from products used for use-phase resource efficiency was 53%. This target result and increasing trend since setting our baseline average can be attributed to a combination of factors, primarily increased customer demand and Kemira's increased focus on development and sales of such products.</p>
Year	Performance (%)									
Baseline average 2016-2017	49%									
2018	51%									
2019	53%									

AHEAD OF TARGET

Responsible operations and supply chain



KPI+Target	Performance	Comments																				
<p>Workplace safety Achieve zero injuries over the long term; TRIF* of 2.0 by end of 2020.</p>	<table border="1"> <tr><th>Year</th><th>TRIF</th></tr> <tr><td>2015</td><td>7.2</td></tr> <tr><td>2016</td><td>3.4</td></tr> <tr><td>2017</td><td>3.9</td></tr> <tr><td>2018</td><td>3.5</td></tr> <tr><td>2019</td><td>2.1</td></tr> <tr><td>Target 2020</td><td>2.0</td></tr> </table>	Year	TRIF	2015	7.2	2016	3.4	2017	3.9	2018	3.5	2019	2.1	Target 2020	2.0	<p>By the end of 2019, our safety performance included a TRIF of 2.1 (3.5), a result that was a significant improvement over 2018. We beat our 2019 target of 3.1 through continued and consistent work towards improving our health and safety culture to prevent incidents, and mitigating health and safety hazards across all operations in Kemira.</p>						
Year	TRIF																					
2015	7.2																					
2016	3.4																					
2017	3.9																					
2018	3.5																					
2019	2.1																					
Target 2020	2.0																					
<p>Climate change Kemira Carbon Index ≤ 80 by end of 2020 (2012 = 100). This KPI is reported once a year.**</p>	<table border="1"> <tr><th>Year</th><th>Carbon Index</th></tr> <tr><td>2012</td><td>100</td></tr> <tr><td>2013</td><td>88</td></tr> <tr><td>2014</td><td>91</td></tr> <tr><td>2015</td><td>93</td></tr> <tr><td>2016</td><td>86</td></tr> <tr><td>2017</td><td>85</td></tr> <tr><td>2018</td><td>83</td></tr> <tr><td>2019</td><td>84</td></tr> <tr><td>Target 2020</td><td>80</td></tr> </table>	Year	Carbon Index	2012	100	2013	88	2014	91	2015	93	2016	86	2017	85	2018	83	2019	84	Target 2020	80	<p>The overall slight increase in the Kemira Carbon Index in 2019 was due to the increase in carbon intensity of the Nordpool spot market. Our scope 1 emissions reduced slightly due to lower use of natural gas in Sweden. At the end of 2019, Kemira set an ambition to be carbon neutral by 2045 and a new target of reducing combined scope 1 and 2 greenhouse gasses by 30% by 2030, relative to 2018 levels.</p>
Year	Carbon Index																					
2012	100																					
2013	88																					
2014	91																					
2015	93																					
2016	86																					
2017	85																					
2018	83																					
2019	84																					
Target 2020	80																					
<p>Supplier management % of direct key suppliers screened through sustainability assessments and audits (cumulative %). The target includes five sustainability audits for highest risk** suppliers every year, and cumulatively 25 by 2020.</p>	<table border="1"> <tr><th>Year</th><th>% of key suppliers</th><th># of audits (cumul.)</th></tr> <tr><td>Baseline 2018</td><td>69%</td><td>11</td></tr> <tr><td>2019</td><td>74%</td><td>18</td></tr> <tr><td>Target 2020</td><td>90%</td><td>25</td></tr> </table>	Year	% of key suppliers	# of audits (cumul.)	Baseline 2018	69%	11	2019	74%	18	Target 2020	90%	25	<p>Sustainability screening of key suppliers continued as planned with a total of five completed by the end of Q4. The audit results were reviewed together with the suppliers, and improvement plans were created and followed up on accordingly as part of our supplier management practices. The most common corrective actions were related to working hours and wages, as well as improving safety at suppliers' sites.</p>								
Year	% of key suppliers	# of audits (cumul.)																				
Baseline 2018	69%	11																				
2019	74%	18																				
Target 2020	90%	25																				

IN PROGRESS

IN PROGRESS

IN PROGRESS

* TRIF = total recordable injury frequency per million hours, Kemira + contractor, year-to-date

** Suppliers with the lowest sustainability assessment score



People and integrity

KPI+Target	Performance	Comments	Status												
<p>Employee engagement index based on MyVoice survey Keep the index at or above the external industry norm.</p>	<table border="1"> <caption>Employee engagement index based on MyVoice survey</caption> <thead> <tr> <th>Metric</th> <th>2019</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Engagement</td> <td>79</td> <td>73</td> </tr> <tr> <td>Participation</td> <td>67%</td> <td>-</td> </tr> </tbody> </table>	Metric	2019	Target	Engagement	79	73	Participation	67%	-	<p>During 2019, we initiated our continuous feedback and listening model for prioritized areas, transitioning us to new, agile methods of engagement measurement, benchmarking and taking action. By the end of 2019, employee engagement score was 79, which is six above the external manufacturing benchmark. The participation rate was 67%.</p>	IN PROGRESS			
Metric	2019	Target													
Engagement	79	73													
Participation	67%	-													
<p>Leadership development activities provided Two leadership development activities per people manager position during 2016-2020. The cumulative target is 1,500 by 2020.</p>	<table border="1"> <caption>Leadership development activities provided</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>494</td> </tr> <tr> <td>2017</td> <td>1036</td> </tr> <tr> <td>2018</td> <td>1533</td> </tr> <tr> <td>2019</td> <td>1839</td> </tr> <tr> <td>Target 2020</td> <td>1500</td> </tr> </tbody> </table>	Year	Value	2016	494	2017	1036	2018	1533	2019	1839	Target 2020	1500	<p>Our talent management culture is well in place, with both the systematic processes and leadership capabilities to identify and develop employees with the potential for leadership positions globally. We continued to build a strong leadership bench to meet our business needs in relation to executing our strategy and driving our long-term growth.</p>	AHEAD OF TARGET
Year	Value														
2016	494														
2017	1036														
2018	1533														
2019	1839														
Target 2020	1500														
<p>Integrity index KPI to measure compliance with the Kemira Code of Conduct. The target is to keep the Integrity Index level above the external industry norm.</p>	<table border="1"> <caption>Integrity index</caption> <thead> <tr> <th>Metric</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Integrity Index</td> <td>87%</td> </tr> <tr> <td>Participation</td> <td>84%</td> </tr> </tbody> </table>	Metric	2018	Integrity Index	87%	Participation	84%	<p>Integrity has been measured in the past using the biannual Voices@Kemira survey. The last such survey was in 2018, and our result was high at 87%. This is 10% above the external industry norm. Integrity will be measured using our new MyVoice survey in 2020.</p>	IN PROGRESS						
Metric	2018														
Integrity Index	87%														
Participation	84%														

SEGMENTS

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill customer needs, ensuring the leading portfolio of products and services for bleaching of pulp as well as paper wet-end, focusing on packaging, board and tissue. Pulp & Paper is leveraging its strong application portfolio in North America and EMEA, while also building a strong position in the emerging Asian and South American markets.

EUR million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	385.9	390.4	1,522.9	1,520.2
Operative EBITDA	52.6	51.2	218.3	191.7
Operative EBITDA, %	13.6	13.1	14.3	12.6
EBITDA	31.8	53.0	192.4	187.8
EBITDA, %	8.2	13.6	12.6	12.4
Operative EBIT	22.5	24.1	99.2	91.6
Operative EBIT, %	5.8	6.2	6.5	6.0
EBIT	1.7	25.8	73.4	79.8
EBIT, %	0.5	6.6	4.8	5.2
Capital employed*	1,289.4	1,177.6	1,289.4	1,177.6
Operative ROCE*, %	7.7	7.8	7.7	7.8
ROCE*, %	5.7	6.8	5.7	6.8
Capital expenditure excl. M&A	43.6	28.8	109.7	85.1
Capital expenditure incl. M&A	44.7	73.2	112.5	128.4
Cash flow after investing activities	33.5	-13.5	139.4	29.9

* 12-month rolling average

Fourth quarter

The segment's **revenue** decreased by 1%. Currencies had a positive impact of 1%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 3% due to lower volumes. This was mainly due to the closure of the non-core detergent business (ECOX) and lower caustic soda sales volumes and sales price (mainly a trading product).

In **EMEA**, revenue decreased by 7%, partly due to the closure of the non-core detergent business (ECOX) and lower caustic soda sales volumes and prices (mainly a trading product). In the **Americas**, revenue decreased by 1% due to lower volumes in North America. In North America, revenue in local currencies decreased mainly due to lower volumes in process and functional chemicals. In South America, revenue in local currencies was rather stable with higher sales volumes in sizing chemicals. In **APAC**, revenue increased by 20%, mainly due to continued strong volume growth in sizing chemicals. Currencies also had a positive impact in the region.

Operative EBITDA increased by 3%, as sales prices increased and variable costs stabilized. **EBITDA** decreased by 40%. The difference to operative EBITDA is explained by items affecting comparability, which were mainly caused by a provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013.

Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019. The corresponding positive EBITDA impact in the fourth quarter amounted to EUR 3.8 million in the segment.

January-December

The segment's **revenue** was stable. Positive currency impact, higher sales prices and acquisition impact balanced the volume decline. Revenue in local currencies, excluding divestments and acquisitions, decreased by 2%. This was due to the closure of the non-core detergent business (ECOX), lower caustic soda sales prices (mainly a trading product) as well as lower volumes in process and functional chemicals.

In **EMEA**, revenue decreased by 5% to EUR 787.8 million (826.1), mainly due to the closure of the non-core detergent business (ECOX), lower caustic soda sales prices (mainly a trading product) and lower volumes, mainly in sizing chemicals.

In the **Americas**, revenue increased by 2% to EUR 498.7 million (488.3), mainly due to a positive currency impact. In local currencies, revenue declined due to North America, where sales volumes declined in process and functional chemicals, while in South America both sales prices and volumes were quite stable.

In **APAC**, revenue increased by 15% to EUR 236.4 million (205.8), mainly due to higher volumes. The demand for sizing chemicals was particularly strong. Currencies also had a positive impact.

Operative EBITDA increased by 14%, mainly due to higher sales prices and lower variable costs. Currencies also had a positive impact. **EBITDA** increased by 2%. The difference between it and operative EBITDA is explained by items affecting comparability, which were mainly caused by a provision for existing, old litigation and increased provisions for environmental liabilities related to a site closure in 2013.

Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019. The corresponding positive EBITDA impact in January-December amounted to EUR 14.1 million in the segment.

INDUSTRY & WATER

Industry & Water supports municipalities and water-intensive industries in the efficient and sustainable use of resources. In water treatment, Kemira provides assistance in optimizing various stages of the water cycle. In oil and gas applications, our chemistries enable improved yield from existing reserves, as well as reduced water and energy use.

EUR million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	271.8	271.5	1,135.9	1,072.6
Operative EBITDA	37.5	33.3	191.7	131.5
Operative EBITDA, %	13.8	12.3	16.9	12.3
EBITDA	37.8	28.3	189.9	127.0
EBITDA, %	13.9	10.4	16.7	11.8
Operative EBIT	19.9	20.8	124.7	82.2
Operative EBIT, %	7.3	7.7	11.0	7.7
EBIT	20.2	15.3	121.0	68.5
EBIT, %	7.4	5.6	10.6	6.4
Capital employed*	708.2	603.4	708.2	603.4
Operative ROCE*, %	17.6	13.6	17.6	13.6
ROCE*, %	17.1	11.3	17.1	11.3
Capital expenditure excl. M&A	37.8	24.4	91.4	65.3
Capital expenditure incl. M&A	37.8	24.4	91.7	65.3
Cash flow after investing activities	57.3	23.8	128.7	52.5

* 12-month rolling average

Fourth quarter

The segment's **revenue** was stable. Revenue in local currencies, excluding acquisitions and divestments, decreased by 1%, driven by lower volumes. Currency exchange rate fluctuations had a positive impact of 1%.

Within the segment, the revenue of the Oil & Gas business increased by 1% to EUR 66.2 million (65.7), mainly due to higher sales volumes in Chemical Enhanced Oil Recovery. Currencies also had a positive impact. In the water treatment business, revenue in local currencies decreased slightly due to lower polymer volumes in EMEA.

In **EMEA**, revenue increased by 1% driven by higher sales volumes in Chemical Enhanced Oil Recovery. In the **Americas**, revenue was stable, as currencies had a positive impact. Revenue in local currencies declined as higher sales prices in North American water treatment were offset by lower sales volumes in shale. In **APAC**, revenue declined 18% due to lower sales volumes in polymers albeit from a small base.

Operative EBITDA increased by 13%, as sales prices increased and polymer raw material prices developed favorably. **EBITDA** increased by 34%, and the difference to operative EBITDA is explained by items affecting comparability.

Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019. The corresponding positive EBITDA impact in the fourth quarter amounted to EUR 5.3 million in the segment.

January-December

The segment's **revenue** increased by 6%. Revenue in local currencies, excluding acquisitions and divestments, increased by 4%. Growth was driven by higher sales prices. Currency exchange rates had an impact of +2%.

Within the segment, revenue for the Oil & Gas business increased by 21% to EUR 291.8 million (241.9) due to higher sales prices and volumes. Currencies also had a positive impact. In the water treatment business, the focus on improving the product and market mix continued to lead to higher sales prices and expected decline in volumes. Currencies also had a positive impact.

In **EMEA**, revenue increased by 3% to EUR 551.9 million (534.3), driven by higher sales volumes for Chemical Enhanced Oil Recovery.

In the **Americas**, revenue increased by 10% to EUR 563.4 million (512.9), driven by higher sales prices in the North American water treatment business and in Oil & Gas business. Currencies also had a positive impact on revenue.

In **APAC**, revenue decreased by 19% to EUR 20.6 million (25.4) due to lower volumes in polymers.

Operative EBITDA increased by 46% as a result of higher sales prices, while variable costs increased slightly and sales volumes declined due to the focus on improving the product mix. **EBITDA** increased by 50%, and the difference between it and operative EBITDA is explained by items affecting comparability.

Due to the adoption of the IFRS 16 accounting standard, fixed costs do not include operating lease expenses in 2019. The corresponding positive EBITDA impact in January-December amounted to EUR 20.2 million in the segment.

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,542.6 million (1,489.7) in 2019. EBITDA was EUR 131.2 million (49.1). EBITDA increased, mainly due to a decrease in materials and services. The parent company's financing income and expenses were EUR 87.3 million (119.6). Financing income and expenses decreased, mainly due to lower dividend distribution from Group companies. Net profit totaled EUR 93.5 million (132.5). The total capital expenditure was EUR 15.9 million (26.2), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2019, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles the holder to one vote at the Annual General Meeting.

At the end of December, Kemira Oyj had 33,345 registered shareholders (34,378 on December 31, 2018). Non-Finnish shareholders held 31.9% of the shares (27.4%), including nominee-registered holdings. Households owned 15.6% of the shares (17.1%). Kemira held 2,693,111 treasury shares (2,832,297), representing 1.7% (1.8%) of all company shares.

Kemira Oyj's share price increased by 35% from the beginning of the year and closed at EUR 13.26 on the Nasdaq Helsinki at the end of December 2019 (9.85 on December 31, 2018). Shares registered a high of EUR 14.99 and a low of EUR 9.77 in January-December 2019, and the average share price was EUR 12.56. The company's market capitalization, excluding treasury shares, was EUR 2,024 million at the end of December 2019 (1,502).

In January-December 2019, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 682 million (479 in January-December 2018). The average daily trading volume was 230,086 (175,444) shares. The total volume of Kemira Oyj's share trading in January-December 2019 was 74 million shares (68), 28% (35%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

AGM DECISIONS

Annual General Meeting

Kemira Oyj's Annual General Meeting was held on March 21, 2019 and confirmed the dividend of EUR 0.53. The dividend was paid out on April 5, 2019.

The AGM 2019 authorized the Board of Directors to decide on the repurchase of a maximum of 5,100,000 of the company's own shares ("Share Repurchase Authorization"). The Share Repurchase Authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authority by December 31, 2019.

The AGM 2019 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share Issue Authorization"). The Share Issue Authorization is valid until May 31, 2020. The share issue authorization has been used, and shares owned by the Group were conveyed to members of the Board of Directors and key employees in connection with remuneration.

The AGM elected Ernst & Young Oy to serve as the company's auditor, with Mikko Ryttilähti, Authorized Public Accountant, acting as the key audit partner.

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2020

The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that seven members (previously six) be elected to the Board of Directors, and that the present members – Wolfgang Büchele, Shirley Cunningham, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas – be re-elected as members of the Board of Directors. The Nomination Board proposes that Werner Fuhrmann be elected as new member of the Board of Directors. In addition, the Nomination Board proposes that Jari Paasikivi be re-elected as the Chairman of the Board of Directors and Kerttu Tuomas be re-elected as the Vice Chairman.

All the nominees have given their consent to the position and are independent of the company's significant shareholders, except for Jari Paasikivi, who is the Chairman of the Board of Directors of Oras Invest Oy, which owns over 10% of Kemira Oyj's shares.

Werner Fuhrmann has extensive experience in the chemical industry in various positions at Akzo Nobel NV in 1979–2018. During 2012–2018, he was the CEO and Head of Akzo Nobel's Specialty Chemicals, and he retired from that position. Mr. Fuhrmann is an industrial advisor to private equity firms (among others at EQT Partners AB) and is a member of the Board of Ten Brinke Group. Werner Fuhrmann is a German citizen, and he has master's degree in economics from Mainz University.

The Nomination Board proposes that the remuneration paid to the members of the Board of Directors remain unchanged. The remuneration paid to the members of the Board of Directors would thus be as follows. The annual fees: for the Chairman EUR 92,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 55,000 per year, and for the other members EUR 44,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would thus be as follows: EUR 600 for members residing in Finland, EUR 1,200 for members residing elsewhere in Europe, and EUR 2,400 for members residing outside Europe.

It is proposed that travel expenses be paid according to Kemira's travel policy.

In addition, the Nomination Board proposes to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid in the company's shares owned by the company (or, if this is not possible, shares purchased from the market), and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 – March 31, 2020. It is proposed that the meeting fees be paid in cash.

The Nomination Board has consisted of the following representatives: Annika Paasikivi (CEO of Oras Invest Oy) as the Chairman of the Nomination Board, Antti Mäkinen (CEO of Solidium Oy); Reima Rytsölä (Executive Vice-President, Varma Mutual Pension Insurance Company) and Mikko Mursula (Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company) as members of the Nomination Board; and Jari Paasikivi (Chairman of Kemira's Board of Directors) as an expert member.

CORPORATE GOVERNANCE AND GROUP STRUCTURE

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act, and Nasdaq Helsinki's rules and regulations on listed companies. Furthermore, the company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

Board of Directors

On March 21, 2019, the Annual General Meeting elected six members to the Board of Directors. The Annual General Meeting re-elected Wolfgang Büchele, Shirley Cunningham, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas as members of the Board of Directors. Jari Paasikivi was re-elected as the Board's Chairman and Kerttu Tuomas was re-elected as the Vice Chairman. In 2019, Kemira's Board of Directors met 9 times with a 96% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Timo Lappalainen and Kerttu Tuomas as members. In 2019, the Personnel and Remuneration Committee met 5 times with a 93% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Kaisa Hietala and Jari Paasikivi as members. In 2019, the Audit Committee met 5 times with a 100% attendance rate.

Structure

January 11, 2019 Kemira signed an agreement to establish a joint venture – Kemira Yongsan Chemicals Co., Ltd ("NewCo") in Ulsan, Republic of Korea, with Yongsan Chemicals, a privately-owned chemicals company in South Korea.

August 8, 2019 Kemira divested the entire share capital of Kemira Operon ("Operon"), a company providing water treatment plant operation services, to a newly established company called Operon Group Oy. In connection with this transaction, Operon Group will also acquire Aquazone and Suomen Ekolannoite, which will be merged into a new company. Pikespo Invest is the lead investor of the new company, and Kemira will own 10% of it.

SHORT-TERM RISKS AND UNCERTAINTIES

Price and availability of raw materials and commodities

Sufficient profitability is a crucial part of Kemira's strategy. Significant and sudden increase in the cost of raw materials, commodity, or logistics could place Kemira's profitability at risk if Kemira is not able to pass on such increases to product prices without delay. For instance, remarkable changes in oil and electricity prices could materially impact Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may also increase raw material prices. Furthermore, significant demand changes in industries that are the main users of certain raw materials may lead to raw material price fluctuations. In 2019, the raw material cost escalations eased off after a longer period of significant continuous raw material cost increases. Especially the second half of 2019 was more stable. However, raw material prices continued to increase in parts of the business, and taking these into account, raw material sourcing remains in continuous focus.

Poor availability of certain raw materials may affect Kemira's production and also profitability if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing Unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, captive manufacturing of some of the critical raw materials, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spend. Kemira's joint venture with the fatty acid chloride producer Tiancheng in China is an example of helping to ensure the availability of key raw materials by backward integrating into the supply chain.

Suppliers

The continuity of Kemira's business operations is dependent on accurate and good-quality supply of products and services. Kemira has currently in place numerous partnerships and other agreements with third-party product and service suppliers to secure its business continuity. Certain products used as raw materials are considered critical as the purchase can be made economically only from a sole or single source. In the event of a sudden and significant loss or interruption in such supply of raw material, Kemira's operations could be impacted, and this could have further negative effects on Kemira. Ineffective procurement planning, supply source selection, and contract administration, as well as inadequate supplier relationship management, create a risk of Kemira not being able to fulfill its promises to customers.

Kemira continuously aims to identify, analyze, and engage third-party suppliers in a way that ensures security of supply and competitive pricing of the end products and services. Collaborative relationships with key suppliers are developed in order to uncover and realize new value and reduce risk. Supplier performance is also regularly monitored as a part of the supplier performance management process. Due to the high risk environment related to suppliers of the chemical industry, risk management and mitigation in this area is of continuous high focus.

Hazard risks

Kemira's production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, exceptional weather conditions, environmental incidents, and the consequent possible resulting liabilities, as well as the employee health and safety risks. These risk events could derive from several factors, including also but not limited to unauthorized IT system access by malicious intruder causing possible damage to the systems and consequent financial losses. A systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, promotion of active safety culture, adequate maintenance, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

Changes in customer demand

Significant unforeseen decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand of customers' products and operations could have a negative impact on Kemira's business. Significant decline in certain raw material and utility prices (e.g. oil, gas, and metal) may shift customers' activities in areas where less chemicals are needed. Also, increased awareness of and concern about climate change and more sustainable products may change customer demands, for instance, in favor of water treatment technologies with lower chemical consumption. On the other hand, possible capacity expansions by customers could increase the chemical consumption and challenge Kemira's current production capacity.

In order to manage and mitigate this risk, Kemira systematically monitors leading and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between the Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to changes in demand. Kemira's geographic and customer industry diversity also provides partial protection against the risk of changed customer demands.

Economic conditions and geopolitical changes

Uncertainties in the global economic and geopolitical development are considered to include direct or indirect risks, such as a lower-growth period in the global GDP and possible unexpected trade-related political decisions, both of which could have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes, especially in countries which are important to Kemira, could cause business interference or other adverse consequences. Current examples of these risks are related to Brexit and trade wars.

Weak economic development may result in customer closures or consolidations, resulting in a diminishing customer base. The liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. During the second half of 2019, some uncertainty regarding economic development was visible, which resulted in some changes in projected growth rates and expansions in cyclical businesses e.g. in parts of the Pulp & Paper market. The recent outbreak of corona virus in China and possible extended strikes in Finland could create near-term risks to customer demand, or our ability to run our operations.

Kemira's geographical and customer industry diversity provides only partial protection against these risks. Kemira continuously monitors geopolitical movements and changes and aims to adjust its business accordingly. For example, the Brexit related risk has been continuously monitored, and during 2018-2019 lots of preparations and actions were taken accordingly, and the risk has hence been mitigated. Trade war related risks are actively monitored and taken into account.

Competition

Kemira operates in a rapidly changing and competitive business environment that represents a considerable risk to meeting its goals. New players seeking a foothold in Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. Major competitor or customer consolidations could change the market dynamics and possibly also change Kemira's market position.

Kemira is seeking growth in product categories that are less familiar and where new competitive situations prevail. In the long-term, completely new types of technology may considerably change the current competitive situation. This risk is managed both at Group and segment levels through continuous monitoring of the competition. The company aims at responding to its competition with the active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors and be competitive.

Acquisitions

Acquisitions are one potential way to reach corporate goals and strategies, in addition to organic growth.

Consolidations are driven by chemical manufacturers' interests in realizing synergies and establishing footholds in new markets. However, the integration as such of acquired businesses, operations, and personnel also involves risks. If integration is unsuccessful, results may fall short of targets for such acquisitions.

Kemira has created M&A procedures and established Group level-dedicated resources to actively manage merger and acquisition activities and to support the execution of its business transactions. In addition, external advisory services are being used to screen potential merger and acquisition targets and to help execute transactions and post-merger integration.

Innovation and R&D

Kemira's Research and Development is a critical enabler for organic growth and further differentiation. Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends, and its ability to innovate new differentiated products and applications. Furthermore, new product launches contribute to the efficiency and sustainability of Kemira's or its customers' processes, as well as to the improved profitability. Failure to innovate or focus on new disruptive technologies and products, or to efficiently commercialize new products or service concepts may result in non-achievement of growth targets.

Innovation and R&D related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and the two business segments. There is close coordination and cooperation between Business Development, R&D, Sales and Marketing units in order to better understand the future needs and expectations of Kemira's customers. With continuous development of innovation processes Kemira aims towards more stringent project execution. Kemira maintains increased focus towards the development of more differentiated and sustainable products and processes, and is also continuously monitoring sales of its new products and applications.

Changes in laws and regulations

Kemira's business is subject to various laws and regulations, which have relevance in the development and implementation of Kemira's strategy. Laws and regulations can generally be considered as an opportunity for Kemira as regulation drives for example the treatment of water. However, certain legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum, may also have a negative impact on Kemira's business. Significant changes, for instance, also in chemical, environmental or transportation laws and regulations may impact Kemira's profitability through an increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

Inclusion of new substances into the REACH authorization process may also bring further requirements to Kemira, where failure to obtain the relevant authorization could impact Kemira's business. In addition, the changes in import/export and customs-related regulation create needs for monitoring and mastering global trade compliance in order to ensure for instance, compliant product importation.

Kemira continuously follows regulatory developments in order to maintain the awareness of proposed and upcoming changes of those laws and regulations which may have an impact, for instance, on its sales, production, and product development needs. Kemira has established an internal process to manage substances of potential concern and to create management plans for them. These plans cover, for example, the possibilities to replace certain substances if those would be subject to stricter regulation. Kemira has also increased the focus and resources in the management of global trade compliance.

Regulatory effects are also systematically taken into consideration in strategic decision making. Kemira takes an active role in regulatory discussions whenever justified from the perspective of the industry or business. Currently, for example, there is lots of regulatory discussions ongoing in the EU as the EU is undergoing a major review of its water legislation and directives. This may have a positive demand related impact for Kemira, due to the need for water to be treated more carefully.

Talent management

To secure competitiveness and growth, as well as to improve operational efficiency, it is essential to attract and retain personnel with the right skills and competences (e.g. R&D, sales, IT, customer service and marketing competence). Kemira is continuously identifying high potentials and key competencies for future needs. By systematic development and improvement of compensation schemes, learning programs, and career development programs, Kemira aims to ensure the continuity of skilled personnel also in the future.

A detailed account of the Kemira's risk management principles is available on the company's website at www.kemira.com. Financial risks are also described in the Notes to the Financial Statements.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2019, Kemira Oyj's distributable funds totaled EUR 848,948,241 of which net profit for the period was EUR 93,521,333. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 25, 2020 that a dividend of EUR 0.56 per share totaling EUR 85 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2019. The dividend will be paid in two installments. The first installment of EUR 0.28 per share will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment, March 27, 2020. The Board of Directors proposes that the first installment of the dividend be paid out on April 7, 2020. The second installment of EUR 0.28 per share will be paid in November 2020. The second installment will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment. The Board of Directors will decide the record date and the payment date for the second installment at the meeting scheduled for October 26, 2020. According to the current rules of Euroclear Finland, the record date would then be October 28, 2020, and the dividend payment date November 4, 2020, at the earliest.

Kemira's dividend policy aims to pay a stable and competitive dividend.

OUTLOOK FOR 2020

Kemira expects its operative EBITDA (2019: EUR 410 million) to increase from the prior year.

FINANCIAL TARGETS*

Kemira aims for above-market revenue growth with an operative EBITDA margin of 15-17%.

The target for gearing is below 75%.

Helsinki, February 10, 2020

Kemira Oyj

Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

FINANCIAL REPORTING 2020

Interim Report January–March 2020	April 28, 2020
Interim Report January–June 2020	July 17, 2020
Interim Report January–September 2020	October 27, 2020

The Annual Report 2019 will be published on February 19, 2020.

The Annual General Meeting will be held in Finlandia Hall on March 25, 2020.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for analysts, investors, and media on Tuesday, February 11, 2020, starting at 1.30 pm. (11.30 am UK time) at **Hotel Kämp, Kluuvikatu 2, 2nd floor, Helsinki**. During the conference, Kemira's President and CEO Jari Rosendal and CFO Petri Castrén will present the results. The press conference will be held in English and will be webcasted at www.kemira.com/company/investors. The presentation material and a recording of the webcast will be available on the above-mentioned company website.

You can attend the Q&A session via a conference call. In order to participate in the conference, please call ten minutes before the conference begins:

FI +358 9 8171 0310

SE +46 8 5664 2651

UK +44 333 300 08 04

US +1 631 913 14 22

Conference ID: 27538399#

*Previously Kemira referred to these three financial targets as mid-to-long term financial targets, but will refer to them only as financial targets going forward.

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Revenue	657.7	661.8	2,658.8	2,592.8
Other operating income	0.6	5.4	6.4	14.8
Operating expenses	-588.7	-585.9	-2,283.0	-2,292.8
Share of profit or loss of associates	0.0	0.0	0.0	0.0
EBITDA	69.6	81.3	382.3	314.8
Depreciation, amortization and impairments	-47.7	-40.2	-187.9	-166.6
Operating profit (EBIT)	21.9	41.1	194.4	148.2
Finance costs, net	-10.4	-5.8	-39.7	-25.0
Profit before taxes	11.5	35.4	154.7	123.3
Income taxes	-3.0	-8.9	-38.2	-28.1
Net profit for the period	8.6	26.5	116.5	95.2
Net profit attributable to				
Equity owners of the parent company	7.0	25.5	110.2	89.1
Non-controlling interests	1.5	1.0	6.3	6.1
Net profit for the period	8.6	26.5	116.5	95.2
Earnings per share, basic, EUR	0.05	0.17	0.72	0.58
Earnings per share, diluted, EUR	0.05	0.17	0.72	0.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net profit for the period	8.6	26.5	116.5	95.2
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	-7.9	3.8	7.8	0.2
Cash flow hedges	-2.7	5.3	-15.0	17.5
Items that will not be reclassified subsequently to profit or loss				
Other shares	13.3	11.2	13.4	-5.9
Remeasurements of defined benefit plans	-5.4	10.1	-5.4	10.1
Other comprehensive income for the period, net of tax	-2.8	30.3	0.7	21.8
Total comprehensive income for the period	5.8	56.8	117.2	117.0
Total comprehensive income attributable to				
Equity owners of the parent company	3.9	55.8	110.7	111.4
Non-controlling interests	1.9	1.0	6.5	5.6
Total comprehensive income for the period	5.8	56.8	117.2	117.0

CONSOLIDATED BALANCE SHEET

EUR million	12/31/2019	12/31/2018
ASSETS		
Non-current assets		
Goodwill	515.8	512.5
Other intangible assets	95.5	128.6
Property, plant and equipment	1,005.1	938.3
Right-of-use assets	136.2	—
Investments in associates	2.8	0.7
Other shares	245.2	228.4
Deferred tax assets	35.7	28.2
Other investments	2.0	2.3
Receivables of defined benefit plans	51.8	61.8
Total non-current assets	2,090.1	1,900.7
Current assets		
Inventories	260.6	283.8
Interest-bearing receivables	0.2	0.2
Trade receivables and other receivables	378.8	420.2
Current income tax assets	18.2	13.9
Cash and cash equivalents	143.1	144.9
Total current assets	800.9	863.1
Total assets	2,891.0	2,763.8
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity owners of the parent company	1,217.7	1,189.6
Non-controlling interests	13.3	12.9
Total equity	1,231.0	1,202.5
Non-current liabilities		
Interest-bearing liabilities	737.9	646.3
Other liabilities	8.3	29.0
Deferred tax liabilities	67.8	71.1
Liabilities of defined benefit plans	93.3	81.2
Provisions	29.1	29.6
Total non-current liabilities	936.4	857.3
Current liabilities		
Interest-bearing liabilities	216.6	240.0
Trade payables and other liabilities	455.7	439.1
Current income tax liabilities	28.7	15.6
Provisions	22.6	9.2
Total current liabilities	723.6	703.9
Total liabilities	1,660.0	1,561.2
Total equity and liabilities	2,891.0	2,763.8

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Cash flow from operating activities				
Net profit for the period	8.6	26.5	116.5	95.2
Total adjustments	80.8	58.5	301.8	219.6
Cash flow before change in net working capital	89.4	85.0	418.3	314.8
Change in net working capital	83.0	16.7	45.3	-51.1
Cash generated from operations before financing items and taxes	172.4	101.7	463.5	263.7
Finance expenses, net and dividends received	-8.7	-6.3	-38.6	-29.9
Income taxes paid	-21.2	-7.2	-38.8	-23.6
Net cash generated from operating activities	142.5	88.2	386.2	210.2
Cash flow from investing activities				
Purchases of subsidiaries and business acquisitions, net of cash acquired	—	-44.4	—	-43.3
Capital expenditure in associated company	-1.1	—	-2.7	—
Other capital expenditure	-81.4	-53.2	-201.4	-150.4
Proceeds from sale of assets	-0.1	0.9	7.7	7.3
Decrease (+) / increase (-) in loan receivables	0.1	5.2	0.1	5.2
Net cash used in investing activities	-82.5	-91.5	-196.3	-181.3
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	—	6.1	40.1	96.2
Repayments of non-current liabilities	-5.0	-5.3	-121.0	-69.2
Short-term financing, net increase (+) / decrease (-)	-10.3	2.4	2.9	10.3
Repayments of lease liabilities	-7.6	—	-28.4	—
Dividends paid	—	—	-86.9	-87.3
Net cash used in financing activities	-22.8	3.2	-193.2	-50.1
Net decrease (-) / increase (+) in cash and cash equivalents	37.2	-0.1	-3.4	-21.1
Cash and cash equivalents at end of period	143.1	144.9	143.1	144.9
Exchange gains (+) / losses (-) on cash and cash equivalents	-1.3	0.1	1.5	-0.1
Cash and cash equivalents at beginning of period	107.2	144.9	144.9	166.1
Net decrease (-) / increase (+) in cash and cash equivalents	37.2	-0.1	-3.4	-21.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to equity owners of the parent company								Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total		
Equity on January 1, 2019	221.8	257.9	110.2	196.3	-47.1	-19.1	469.6	1,189.6	12.9	1,202.5
Change in accounting policy	—	—	—	—	—	—	-4.9 ¹⁾	-4.9	—	-4.9
Restated equity on January 1, 2019	221.8	257.9	110.2	196.3	-47.1	-19.1	464.7	1,184.7	12.9	1,197.6
Net profit for the period	—	—	—	—	—	—	110.2	110.2	6.3	116.5
Other comprehensive income, net of tax	—	—	-1.7	—	7.6	—	-5.3	0.6	0.2	0.7
Total comprehensive income	—	—	-1.7	—	7.6	—	104.9	110.7	6.5	117.2
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-80.9 ²⁾	-80.9	-6.0	-86.9
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.0	—	1.0	—	1.0
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Treasury shares returned	—	—	—	—	—	-0.1	—	-0.1	—	-0.1
Share-based payments	—	—	—	—	—	—	2.2	2.2	—	2.2
Total transactions with owners	—	—	—	—	—	1.0	-78.7	-77.7	-6.0	-83.7
Equity on December 31, 2019	221.8	257.9	108.5	196.3	-39.5	-18.1	490.9	1,217.7	13.3	1,231.0

¹⁾ On January 1, 2019, Kemira adopted IFRS 16 Leases standard. As a result of adopting IFRS 16, retained earnings in equity were adjusted by EUR -4.9 million. More information on the impact of IFRS 16 adoption can be found in this interim financial statement on basis of preparation and accounting policies section.

²⁾ A dividend was EUR 80.9 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2018. The annual general meeting approved EUR 0.53 dividend on March 21, 2019. The dividend record date was March 25, 2019, and the payment date on April 5, 2019.

Kemira had in its possession 2,693,111 of its treasury shares on December 31, 2019. The average share price of treasury shares was EUR 6.73 and they represented 1.7% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 3.8 million.

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program 2001. This reserve is based on the old Finnish Companies Act (734/1978), which the value of reserve will not change anymore. The fair value reserve is a reserve accumulating based on other shares measured at fair value and hedge accounting. Other reserves originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on a specific decision, be recognized in share capital.

Equity attributable to equity owners of the parent company

EUR million	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity on January 1, 2018	221.8	257.9	98.7	196.3	-47.7	-20.1	452.1	1,159.0	13.8	1,172.8
Change in accounting policy	—	—	—	—	—	—	-0.2 ³⁾	-0.2	—	-0.2
Restated equity on January 1, 2018	221.8	257.9	98.7	196.3	-47.7	-20.1	451.9	1,158.8	13.8	1,172.6
Net profit for the period	—	—	—	—	—	—	89.1	89.1	6.1	95.2
Other comprehensive income, net of tax	—	—	11.5	—	0.6	—	10.1	22.2	-0.4	21.8
Total comprehensive income	—	—	11.5	—	0.6	—	99.3	111.4	5.6	117.0
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-80.8 ⁴⁾	-80.8	-6.5	-87.3
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.0	—	1.0	—	1.0
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Treasury shares returned	—	—	—	—	—	0.0	—	0.0	—	0.0
Share-based payments	—	—	—	—	—	—	-0.8	-0.8	—	-0.8
Total transactions with owners	—	—	—	—	—	1.1	-81.6	-80.5	-6.5	-87.0
Equity on December 31, 2018	221.8	257.9	110.2	196.3	-47.1	-19.1	469.6	1,189.6	12.9	1,202.5

³⁾ Kemira adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments standards and the amendments to IFRS 2 Share-based Payments -standard. As a result of the changes in the standards, retained earnings in equity have been adjusted on January 1, 2018. IFRS 15 standard did not change Kemira's revenue recognition principles and thus did not result any adjustments in retained earnings. IFRS 9 standard mainly impacted to Kemira's valuation of loan receivables and credit losses recognition of trade receivables. Due to the change in the accounting policy, retained earnings have been adjusted for a total of EUR -1.0 million. When adopting the amendments to IFRS 2 standard, Kemira has classified share-based payment arrangements as equity-settled in its entirety and liability related to the share-based payment arrangement Kemira has reclassified to retained earnings in equity. As a result of the change in the accounting policy, adjustment of EUR 0.8 million has been recognized in retained earnings. The total effect on equity from loan receivables, trade receivables and share-based payments is EUR -0.2 million including deferred tax effect.

⁴⁾ A dividend was EUR 80.8 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2017. The annual general meeting approved EUR 0.53 dividend on March 21, 2018. The dividend record date was March 23, 2018, and the payment date on April 5, 2018.

GROUP KEY FIGURES

Kemira provides certain financial performance measures (alternative performance measures), which are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as organic growth*, EBITDA, operative EBITDA, cash flow after investing activities as well as gearing, provide useful information about Kemira's 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 from 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.

On January 1, 2019, Kemira applied the IFRS 16 *Leases* standard, and it did not restate comparative figures. Key figures (except revenue and capital expenditure) of the profit and loss statement, balance sheet and cash flow have been impacted by the adoption of IFRS 16. More information on the impact of the IFRS 16 adoption can be found in this financial statements bulletin in the basis of preparation and accounting policies section.

* Revenue growth in local currencies, excluding acquisitions and divestments

	2019 10-12	2019 7-9	2019 4-6	2019 1-3	2018 10-12	2018 7-9	2018 4-6	2018 1-3	2019 1-12	2018 1-12
Income statement and profitability										
Revenue, EUR million	657.7	689.8	663.6	647.8	661.8	669.6	647.6	613.7	2,658.8	2,592.8
Operative EBITDA, EUR million	90.1	118.1	106.1	95.6	84.5	89.0	80.2	69.4	410.0	323.1
Operative EBITDA, %	13.7	17.1	16.0	14.8	12.8	13.3	12.4	11.3	15.4	12.5
EBITDA, EUR million	69.6	118.1	102.1	92.5	81.3	82.8	82.5	68.2	382.3	314.8
EBITDA, %	10.6	17.1	15.4	14.3	12.3	12.4	12.7	11.1	14.4	12.1
Items affecting comparability in EBITDA, EUR million	-20.5	0.0	-4.0	-3.1	-3.2	-6.2	2.3	-1.2	-27.7	-8.3
Operative EBIT, EUR million	42.4	71.1	60.3	50.1	44.8	50.0	45.1	33.9	224.0	173.8
Operative EBIT, %	6.4	10.3	9.1	7.7	6.8	7.5	7.0	5.5	8.4	6.7
Operating profit (EBIT), EUR million	21.9	69.2	56.3	47.0	41.1	35.9	38.5	32.7	194.4	148.2
Operating profit (EBIT), %	3.3	10.0	8.5	7.3	6.2	5.4	5.9	5.3	7.3	5.7
Items affecting comparability in EBIT, EUR million	-20.5	-2.0	-4.0	-3.1	-3.7	-14.1	-6.6	-1.2	-29.6	-25.6
Amortization and impairments of Intangible assets	-7.4	-7.7	-7.4	-7.5	-7.5	-7.8	-6.4	-6.4	-30.0	-28.1
Of which purchase price allocation (PPA) related	-4.5	-4.5	-4.7	-4.8	-3.9	-3.9	-3.9	-4.0	-18.5	-15.7
Depreciations and impairments of Property, plant and equipment	-32.0	-33.5	-31.3	-31.3	-32.6	-39.1	-37.7	-29.1	-128.1	-138.5
Depreciations of Right-of-use assets	-8.2	-7.8	-7.2	-6.6	—	—	—	—	-29.8	—
Return on investment (ROI), %	3.8	11.7	9.7	8.2	7.8	6.5	6.8	6.6	8.4	7.0
Capital employed, EUR million ¹⁾	1,998.2	1,961.8	1,901.0	1,843.6	1,781.4	1,759.5	1,754.6	1,753.9	1,998.2	1,781.4
Operative ROCE, %	11.2	11.5	10.8	10.3	9.8	9.8	9.7	9.7	11.2	9.8
ROCE, %	9.7	10.9	9.5	8.8	8.3	8.5	8.3	8.1	9.7	8.3

	2019 10-12	2019 7-9	2019 4-6	2019 1-3	2018 10-12	2018 7-9	2018 4-6	2018 1-3	2019 1-12	2018 1-12
Cash flow										
Net cash generated from operating activities, EUR million	142.5	121.3	57.2	65.2	88.2	64.2	23.4	34.5	386.2	210.2
Capital expenditure, EUR million	82.5	51.8	41.5	28.3	97.6	36.3	37.4	22.4	204.1	193.7
Capital expenditure excl. acquisitions, EUR million	81.4	51.5	39.9	28.3	53.2	34.3	39.8	23.2	201.1	150.4
Capital expenditure excl. acquisitions / revenue, %	12.4	7.5	6.0	4.4	8.0	5.1	6.1	3.8	7.6	5.8
Cash flow after investing activities, EUR million	60.0	73.1	16.9	39.8	-3.3	28.8	-12.9	16.4	189.8	29.0
Balance sheet and solvency										
Equity ratio, %	42.6	42.6	41.4	38.7	43.5	42.8	43.0	40.5	42.6	43.5
Gearing, %	65.9	70.8	78.6	73.6	61.7	65.0	67.4	61.5	65.9	61.7
Interest-bearing net liabilities, EUR million	811.4	866.4	921.1	841.6	741.4	744.3	772.6	677.9	811.4	741.4
Personnel										
Personnel at end of period	5,062	5,036	5,067	4,973	4,915	4,798	4,858	4,740	5,062	4,915
Personnel (average)	5,055	5,054	5,033	4,938	4,839	4,844	4,820	4,736	5,020	4,810
Key exchange rates at end of period										
USD	1.123	1.089	1.138	1.124	1.145	1.158	1.166	1.232	1.123	1.145
CAD	1.460	1.443	1.489	1.500	1.561	1.506	1.544	1.590	1.460	1.561
SEK	10.447	10.696	10.563	10.398	10.255	10.309	10.453	10.284	10.447	10.255
CNY	7.821	7.778	7.819	7.540	7.875	7.966	7.717	7.747	7.821	7.875
BRL	4.516	4.529	4.351	4.387	4.444	4.654	4.488	4.094	4.516	4.444
Per share figures, EUR										
Earnings per share (EPS), basic ²⁾	0.05	0.27	0.22	0.18	0.17	0.14	0.14	0.14	0.72	0.58
Earnings per share (EPS), diluted ²⁾	0.05	0.27	0.22	0.18	0.17	0.14	0.14	0.14	0.72	0.58
Net cash generated from operating activities per share ²⁾	0.93	0.79	0.37	0.43	0.58	0.42	0.15	0.23	2.53	1.38
Equity per share ²⁾	7.98	7.94	7.58	7.39	7.80	7.44	7.42	7.13	7.98	7.80
Number of shares (1,000,000)										
Average number of shares, basic ²⁾	152.6	152.7	152.7	152.6	152.5	152.5	152.5	152.4	152.6	152.5
Average number of shares, diluted ²⁾	153.2	153.1	153.0	152.9	152.8	152.8	152.8	152.8	153.1	152.8
Number of shares at end of period, basic ²⁾	152.6	152.6	152.7	152.7	152.5	152.5	152.5	152.5	152.6	152.5
Number of shares at end of period, diluted ²⁾	153.4	153.1	153.1	152.9	152.9	152.8	152.8	152.7	153.4	152.9

¹⁾ 12-month rolling average

²⁾ Number of shares outstanding, excluding the number of treasury shares.

DEFINITIONS OF KEY FIGURES

Operative EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability

Items affecting comparability ¹⁾

Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items

Operative EBIT

Operating profit (EBIT) +/- items affecting comparability

Return on investment (ROI), %

(Profit before taxes + interest expenses + other financial expenses) x 100

Total assets - non-interest-bearing liabilities ²⁾

Operative return on capital employed (Operative ROCE), %

Operative EBIT x 100 ³⁾

Capital employed ⁴⁾

Return on capital employed (ROCE), %

Operating profit (EBIT) x 100 ³⁾

Capital employed ⁴⁾

Capital employed

Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates

Net working capital

Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items

Cash flow after investing activities

Net cash generated from operating activities + net cash used in investing activities

Equity ratio, %

Total equity x 100

Total assets - prepayments received

Gearing, %

Interest-bearing net liabilities x 100

Total equity

Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS)

Net profit attributable to equity owners of the parent company

Average number of shares

Net cash generated from operating activities per share

Net cash generated from operating activities

Average number of shares

Equity per share

Equity attributable to equity owners of the parent company at end of period

Number of shares at end of period

¹⁾ Financial performance measures which are not defined by IFRS may include items of income and expenses that affect the comparability of the financial reporting of Kemira Group. Restructuring and streamlining programs, transaction and integration expenses in acquisition, divestments of businesses and other disposals are considered to be the most common items affecting comparability.

²⁾ Average

³⁾ Operating profit (EBIT) taken into account for a rolling 12-month period ending at the end of the review period.

⁴⁾ 12-month rolling average.

RECONCILIATION OF IFRS FIGURES

EUR million	2019 10-12	2019 7-9	2019 4-6	2019 1-3	2018 10-12	2018 7-9	2018 4-6	2018 1-3	2019 1-12	2018 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA	90.1	118.1	106.1	95.6	84.5	89.0	80.2	69.4	410.0	323.1
Restructuring and streamlining programs	-10.7	-0.5	-1.9	-0.4	-2.7	-5.5	-0.8	0.0	-13.5	-8.9
Transaction and integration expenses in acquisition	2.7	0.0	0.0	-0.5	3.1	0.0	0.0	-0.2	2.2	2.8
Divestment of businesses and other disposals	-0.8	0.8	0.0	0.9	0.0	0.0	5.7	0.0	0.9	5.7
Other items	-11.6	-0.3	-2.1	-3.2	-3.6	-0.8	-2.6	-1.0	-17.2	-7.9
Total items affecting comparability	-20.5	0.0	-4.0	-3.1	-3.2	-6.2	2.3	-1.2	-27.7	-8.3
EBITDA	69.6	118.1	102.1	92.5	81.3	82.8	82.5	68.2	382.3	314.8
Operative EBIT	42.4	71.1	60.3	50.1	44.8	50.0	45.1	33.9	224.0	173.8
Total items affecting comparability in EBITDA	-20.5	0.0	-4.0	-3.1	-3.2	-6.2	2.3	-1.2	-27.7	-8.3
Items affecting comparability in depreciation, amortization and impairments	0.0	-1.9	0.0	0.0	-0.5	-7.9	-8.9	0.0	-1.9	-17.3
Operating profit (EBIT)	21.9	69.2	56.3	47.0	41.1	35.9	38.5	32.7	194.4	148.2
ROCE AND OPERATIVE ROCE										
Operative EBIT	42.4	71.1	60.3	50.1	44.8	50.0	45.1	33.9	224.0	173.8
Operating profit (EBIT)	21.9	69.2	56.3	47.0	41.1	35.9	38.5	32.7	194.4	148.2
Capital employed ¹⁾	1,998.2	1,961.8	1,901.0	1,843.6	1,781.4	1,759.5	1,754.6	1,753.9	1,998.2	1,781.4
Operative ROCE, %	11.2	11.5	10.8	10.3	9.8	9.8	9.7	9.7	11.2	9.8
ROCE, %	9.7	10.9	9.5	8.8	8.3	8.5	8.3	8.1	9.7	8.3
NET WORKING CAPITAL										
Inventories	260.6	304.6	304.0	300.8	283.8	268.6	254.9	237.1	260.6	283.8
Trade receivables and other receivables	378.8	415.1	413.1	417.4	420.2	457.3	449.2	423.7	378.8	420.2
Excluding financing items in other receivables	-11.9	-17.0	-16.3	-16.9	-32.5	-33.1	-33.4	-22.2	-11.9	-32.5
Trade payables and other liabilities	455.7	442.2	421.7	522.2	439.1	421.5	405.4	495.2	455.7	439.1
Excluding financing items in other liabilities	-38.8	-38.9	-34.3	-115.5	-28.0	-9.9	-12.3	-96.5	-38.8	-28.0
Net working capital	210.7	299.3	313.4	294.5	260.4	281.1	277.6	240.0	210.7	260.4
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	737.9	792.1	790.4	790.8	646.3	653.1	658.4	758.8	737.9	646.3
Current interest-bearing liabilities	216.6	181.5	222.3	266.9	240.0	236.1	243.5	148.9	216.6	240.0
Interest-bearing liabilities	954.5	973.6	1,012.7	1,057.8	886.3	889.2	902.0	907.7	954.5	886.3
Cash and cash equivalents	143.1	107.2	91.6	216.2	144.9	144.9	129.3	229.9	143.1	144.9
Interest-bearing net liabilities	811.4	866.4	921.1	841.6	741.4	744.3	772.6	677.8	811.4	741.4

¹⁾ 12-month rolling average

QUARTERLY SEGMENT INFORMATION

EUR million	2019 10-12	2019 7-9	2019 4-6	2019 1-3	2018 10-12	2018 7-9	2018 4-6	2018 1-3	2019 1-12	2018 1-12
Revenue										
Pulp & Paper	385.9	382.9	373.4	380.8	390.4	385.2	376.0	368.7	1,522.9	1,520.2
Industry & Water	271.8	306.9	290.2	267.0	271.5	284.4	271.7	245.0	1,135.9	1,072.6
Total	657.7	689.8	663.6	647.8	661.8	669.6	647.6	613.7	2,658.8	2,592.8
Operative EBITDA										
Pulp & Paper	52.6	61.3	53.7	50.7	51.2	52.3	45.4	42.7	218.3	191.7
Industry & Water	37.5	56.8	52.4	45.0	33.3	36.7	34.8	26.6	191.7	131.5
Total	90.1	118.1	106.1	95.6	84.5	89.0	80.2	69.4	410.0	323.1
Items affecting comparability in EBITDA										
Pulp & Paper	-20.8	-0.5	-2.7	-1.8	1.8	-4.1	-0.9	-0.7	-25.8	-3.9
Industry & Water	0.3	0.5	-1.3	-1.3	-5.0	-2.1	3.2	-0.5	-1.8	-4.4
Total	-20.5	0.0	-4.0	-3.1	-3.2	-6.2	2.3	-1.2	-27.7	-8.3
EBITDA										
Pulp & Paper	31.8	60.8	51.0	48.8	53.0	48.2	44.6	42.1	192.4	187.8
Industry & Water	37.8	57.3	51.1	43.7	28.3	34.6	38.0	26.1	189.9	127.0
Total	69.6	118.1	102.1	92.5	81.3	82.8	82.5	68.2	382.3	314.8
Operative EBIT										
Pulp & Paper	22.5	32.1	24.0	20.6	24.1	26.6	22.0	18.9	99.2	91.6
Industry & Water	19.9	39.0	36.3	29.5	20.8	23.4	23.0	15.0	124.7	82.2
Total	42.4	71.1	60.3	50.1	44.8	50.0	45.1	33.9	224.0	173.8
Items affecting comparability in EBIT										
Pulp & Paper	-20.8	-0.5	-2.7	-1.8	1.8	-12.0	-1.0	-0.7	-25.8	-11.8
Industry & Water	0.3	-1.4	-1.3	-1.3	-5.5	-2.1	-5.6	-0.5	-3.8	-13.8
Total	-20.5	-2.0	-4.0	-3.1	-3.7	-14.1	-6.6	-1.2	-29.6	-25.6
Operating profit (EBIT)										
Pulp & Paper	1.7	31.6	21.3	18.8	25.8	14.6	21.1	18.2	73.4	79.8
Industry & Water	20.2	37.6	35.0	28.2	15.3	21.3	17.4	14.5	121.0	68.5
Total	21.9	69.2	56.3	47.0	41.1	35.9	38.5	32.7	194.4	148.2

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2019	2018
Net book value at beginning of period	938.3	922.9
Purchases of subsidiaries and asset acquisitions	-2.6	23.3
Increases	193.1	135.2
Decreases	-1.7	-0.3
Depreciation and impairments	-128.1	-138.5
Exchange rate differences and other changes	6.1	-4.3
Net book value at end of period	1,005.1	938.3

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	2019	2018
Net book value at beginning of period	630.7 ¹⁾	605.5
Purchases of subsidiaries and asset acquisitions	0.4	45.9
Increases	8.6	12.8
Decreases	—	—
Amortization and impairments	-30.0	-28.1
Exchange rate differences and other changes	1.6	5.1
Net book value at end of period	611.3	641.1

¹⁾ On January 1, 2019, Kemira adopted IFRS 16 Leases standard. As a result of IFRS 16 adoption, certain intangible assets have been reclassified. More information on the impact of IFRS 16 adoption can be found in this interim financial statement on basis of preparation and accounting policies section.

CHANGES IN RIGHT-OF-USE ASSETS

EUR million	2019	2018
Net book value at beginning of period	129.1	—
Increases	36.2	—
Depreciation and impairments	-29.8	—
Exchange rate differences and other changes	0.7	—
Net book value at end of period	136.2	—

BUSINESS COMBINATIONS

2018: Acquisition of business with Kemira TC Wanfeng Chemicals Yanzhou company in China

On September 29, 2017, Kemira signed an agreement to form a company - Kemira TC Wanfeng Chemicals Yanzhou ("NewCo") - with Shandong Tiancheng Wanfeng Chemical Technology ("TC Wanfeng"), an AKD producer in China. NewCo will strengthen Kemira's position as the leading global producer of chemicals in the Pulp & Paper industry.

NewCo mainly produces AKD wax and its key raw material fatty acid chloride (FACL). AKD wax, for which the main component is based on renewable raw materials, is a sizing chemical used in board and paper manufacturing to create resistance against liquid absorption.

Through backward integration, Kemira is expanding its position in the value chain. NewCo is the largest AKD wax manufacturing unit globally and thus improves Kemira's AKD wax production capacity. NewCo's site is located in the same chemical park with Kemira's first AKD wax plant in Yanzhou, China and the proximity of the two sites results in operational synergies. The NewCo site also offers growth opportunities for other chemicals.

On November 30, 2018, Kemira closed the deal for the acquisition of business into NewCo and received final authority permits in China. The purchase price of the acquired business into NewCo was EUR 67 million and part of the purchase price is outstanding. The purchase price does not involve contingent consideration. Kemira owns 80% and TC Wanfeng 20% of NewCo. The deal includes put and call options regarding the TC Wanfeng 20% holding of NewCO's shares. The obligation related to the put option is recognized as a liability in the balance sheet.

Based on the acquisition calculation under IFRS 3 standard, EUR 39 million was allocated to intangible assets as patents and a non-compete agreement. Acquired intangible assets will be amortized within seven years. Goodwill of EUR 3 million arose mainly from the expected synergy in the business combination. The acquired business was consolidated into the Pulp & Paper segment starting on December 1, 2018.

The purchase price for the business on the acquisition date and the fair value for the amounts of the assets acquired and goodwill are final, and the values in the following table do not differ materially from the reported in the Consolidated Financial Statements in 2018.

EUR million	
Purchase price of the acquisition, total	67
Intangible assets	39
Property, plant and equipment	25
Identifiable assets acquired	64
Goodwill	3
Total assets acquired	67

Acquired business related costs of EUR 0.3 million was included in other operating expenses in the Consolidated Income Statements in 2018.

DERIVATIVE INSTRUMENTS

EUR million	12/31/2019		12/31/2018	
	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Forward contracts	421.1	-0.9	358.1	0.2
of which cash flow hedge	93.4	0.6	18.1	0.2
Interest rate derivatives				
Interest rate swaps	130.0	-0.6	245.0	0.4
of which cash flow hedge	—	—	145.0	-1.3
of which fair value hedge	—	—	100.0	1.7
Other derivatives				
	GWh	Fair value	GWh	Fair value
Electricity forward contracts, bought	2,120.3	7.2	2,278.1	27.6
of which cash flow hedge	2,120.3	7.2	2,278.1	27.6

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valued based on net present values of future cash flows.

FAIR VALUE OF FINANCIAL ASSETS

EUR million	12/31/2019				12/31/2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value hierarchy								
Other shares	—	—	245.2	245.2	—	—	228.4	228.4
Other investments	—	2.0	—	2.0	—	2.3	—	2.3
Currency derivatives	—	1.7	—	1.7	—	2.1	—	2.1
Currency derivatives, hedge accounting	—	1.0	—	1.0	—	0.2	—	0.2
Interest rate derivatives, hedge accounting	—	—	—	—	—	1.7	—	1.7
Other derivatives, hedge accounting	—	7.2	—	7.2	—	27.6	—	27.6
Other receivables	—	0.2	—	0.2	—	0.2	—	0.2
Trade receivables	—	308.4	—	308.4	—	307.3	—	307.3
Cash and cash equivalents	—	143.1	—	143.1	—	144.9	—	144.9
Total	—	463.6	245.2	708.8	—	486.3	228.4	714.7

Level 1: Fair value is determined based on quoted market prices in markets.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of financial instrument or from the market value of corresponding financial instruments; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs which have a significant effect on the recorded fair value, and the inputs are not based on observable market data. Level 3 includes mainly the shares of Pohjolan Voima Group.

EUR million	Total 12/31/2019	Total 12/31/2018
Level 3 specification		
Instrument		
Carrying value at beginning of period	228.4	235.8
Effect on other comprehensive income	16.6	-7.5
Increases	0.3	—
Decreases	—	—
Carrying value at end of period	245.2	228.4

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	12/31/2019				12/31/2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-current interest-bearing liabilities	—	660.8	—	660.8	—	671.1	—	671.1
Current portion of non-current interest-bearing liabilities	—	57.0	—	57.0	—	110.6	—	110.6
Non-current other liabilities	—	8.3	—	8.3	—	29.0	—	29.0
Current portion of non-current other liabilities	—	—	—	—	—	—	—	—
Finance lease liabilities	—	—	—	—	—	0.1	—	0.1
Non-current lease liabilities	—	105.7	—	105.7	—	—	—	—
Current portion of lease liabilities	—	28.4	—	28.4	—	—	—	—
Short-term interest-bearing loans	—	138.0	—	138.0	—	136.0	—	136.0
Other liabilities	—	25.4	—	25.4	—	27.4	—	27.4
Currency derivatives	—	3.2	—	3.2	—	2.2	—	2.2
Currency derivatives, hedge accounting	—	0.4	—	0.4	—	—	—	—
Interest rate derivatives	—	0.6	—	0.6	—	—	—	—
Interest rate derivatives, hedge accounting	—	—	—	—	—	1.3	—	1.3
Other derivatives, hedge accounting	—	—	—	—	—	—	—	—
Trade payables	—	188.2	—	188.2	—	179.9	—	179.9
Total	—	1,215.9	—	1,215.9	—	1,157.6	—	1,157.6

CONTINGENT LIABILITIES

EUR million	12/31/2019	12/31/2018
Assets pledged		
On behalf of own commitments	6.0	5.5
Guarantees		
On behalf of own commitments	48.8	54.7
On behalf of others	1.7	2.8
Other obligations		
On behalf of own commitments	0.9	0.9
On behalf of others	6.1	6.1

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2019 were about EUR 53 million for plant investments.

Operating lease commitments under IAS 17 standard

EUR million	12/31/2018
Maturity within one year	34.7
Maturity after one year	170.5

LITIGATION

On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle the lawsuit in Helsinki, Finland relating to alleged old violations of competition law applicable to the hydrogen peroxide business. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also included significant limitations of liabilities for Kemira regarding the then pending legal actions filed by CDC entities in Dortmund, Germany (mentioned and settled as below) and in Amsterdam, the Netherlands (mentioned and pending as below).

On October 16, 2017 Kemira entered into a settlement with Cartel Damage Claims Hydrogen Peroxide SA settling -for its part- fully and finally the Dortmund lawsuit filed by Cartel Damage Claims Hydrogen Peroxide SA in 2009 against six hydrogen peroxide manufacturers, including Kemira, for alleged old violations of competition law in the hydrogen peroxide business. Based on the settlement Cartel Damage Claims Hydrogen Peroxide SA withdrew the damages claims against Kemira and Kemira paid to Cartel Damage Claims Hydrogen Peroxide SA as compensation and costs an amount of EUR 12.7 million.

On June 9, 2011 Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the old sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision on jurisdiction was appealed by Kemira to the court of appeal of Amsterdam. According to the decision by the court of appeal on July 21, 2015, the municipal court of Amsterdam has jurisdiction over the case. The proceedings now continue at the municipal court of Amsterdam where Kemira is the only defendant after the other defendants have settled the claim with CDC Project 13 SA. CDC Project 13 SA claims from Kemira in its brief filed to the municipal court of Amsterdam EUR 61.1 million as damages and interests calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. Kemira defends against the claim of CDC Project 13 SA. On May 10, 2017, the municipal court of Amsterdam rendered an interim decision on certain legal aspects relating to the claims of CDC Project 13 SA. The interim decision was favorable to Kemira on matters as to applicable statute of limitations, though not supporting Kemira's view that assignments made to CDC (allegedly giving CDC rights to present damage claims against the defendants) were invalid. CDC Project 13 SA has appealed against said interim decision and likewise Kemira has decided to file a cross-appeal accordingly.

As mentioned above the settlement between Kemira and CDC relating to the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the remaining pending legal action filed by CDC Project 13 SA in Amsterdam, the Netherlands. Regardless of such limitations of liabilities, Kemira is not in a position to make estimate regarding the duration or the outcome of the said process. No assurance can be given as to the outcome of the process, and unfavorable judgments against Kemira could have an adverse effect on Kemira's business, financial condition or results of operations. Nevertheless, Kemira has estimated that the continuing process will likely cause a financial impact and hence has made a provision of EUR 11.5 million in 2019.

Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of

these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

RELATED PARTY

In Q1/2019, Pension Fund Neliapila, which is a related party paid a return surplus of EUR 15 million to Kemira Group companies. Otherwise, the transactions with related parties have not changed materially.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

This financial statements bulletin has been prepared in accordance with the IAS 34 *Interim Financial Reporting* standard and using the same accounting policies as in the annual financial statements 2018, except for the presentation of share of profit or loss of associates line in the consolidated income statement and the adoption of the IFRS 16 *Leases* standard. The financial statements bulletin should be read in conjunction with the annual financial statements 2018.

All individual figures presented in this financial statements bulletin has been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the sum figure presented in the financial statements bulletin. The key figures are calculated using exact values.

In Q1/2019, Kemira formed a joint venture with 35% ownership of the company in South Korea. This associated company supports Kemira's future growth, especially in Asia-Pacific region, by providing additional polymer capacity, securing our capacity utilization and supporting Kemira's customers better with global delivery capability. The share of profit or loss of associates line item has been changed in the financial statements bulletin in the consolidated income statement in such a way that the item will be presented in the consolidated income statement as the item included in operating profit (EBIT).

IFRS 16 LEASES

In this financial statements bulletin has been disclosed the impact of the adoption of IFRS 16 *Leases* standard and its new IFRS 16 accounting policy. Kemira adopted IFRS 16 on January 1, 2019 using a modified retrospective approach, having the right-of-use asset as being equal to the lease liability. The reclassifications and adjustments arising from IFRS 16 are recognized in the opening balance on January 1, 2019. The comparative figures were not restated on date of transition to IFRS 16. In 2019, the key figures (except revenue and capital expenditure) of Income Statements, Balance Sheet and cash flow have been impacted by the adoption of the IFRS 16.

Kemira elected to use the practical expedients of IFRS 16 within its accounting policy and has excluded short-term leases, with a lease term less than 12 months, and leases of low value. Kemira mainly leases land area, buildings and transportation equipment. Lease contracts are typically for fixed periods and some contracts have options to extend the lease period. The extension option is included in the IFRS 16 lease liability if it is reasonably certain that the option will be exercised.

On the transition date of January 1, 2019, IFRS 16 lease liabilities were measured at the present value of the remaining lease payments from January 1, 2019, discounted using incremental borrowing rates (IBR) determined by Kemira. The weighted-average IBR for IFRS 16 lease liabilities is 5.1%. The following table presents a bridge calculation of lease liabilities from the IAS 17 operating leases to the IFRS 16 leases:

Reconciliation calculation of lease liability

EUR million	
Operating lease commitments under IAS 17 on December 31, 2018	205
Short-term leases	-6
Low value leases	-3
Other items	-11
Total	-20
Discounting impact	-59
Lease liability under IFRS 16 recognized on January 1, 2019	126

The IFRS 16 impact on the opening balance sheet as of January 1, 2019 is presented in the calculation.

CONSOLIDATED BALANCE SHEET

12/31/2018 IFRS 16 impact

Opening
balance sheet
1/1/2019

EUR million

ASSETS

Non-current assets

Goodwill	512.5		512.5
Other intangible assets	128.6	-10.6	118.0
Property, plant and equipment	938.3		938.3
Right-of-use assets	—	129.3	129.3
Investments in associates	0.7		0.7
Other shares	228.4		228.4
Deferred tax assets	28.2		28.2
Other investments	2.3		2.3
Receivables of defined benefit plans	61.8		61.8
Total non-current assets	1,900.7	118.7	2,019.4

Current assets

Inventories	283.8		283.8
Interest-bearing receivables	0.2		0.2
Trade receivables and other receivables	420.2	-0.7	419.5
Current income tax assets	13.9		13.9
Cash and cash equivalents	144.9		144.9
Total current assets	863.1	-0.7	862.4

Total assets	2,763.8	118.0	2,881.8
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EQUITY AND LIABILITIES

Equity

Equity attributable to equity owners of the parent	1,189.6	-4.9	1,184.7
Non-controlling interests	12.9		12.9
Total equity	1,202.5	-4.9	1,197.6

Non-current liabilities

Interest-bearing liabilities	646.3	104.5	750.8
Other liabilities	29.0		29.0
Deferred tax liabilities	71.1	-1.0	70.1
Liabilities of defined benefit plans	81.2		81.2
Provisions	29.6	-1.0	28.6
Total non-current liabilities	857.3	102.5	959.8

Current liabilities

Interest-bearing liabilities	240.0	21.8	261.8
Trade payables and other liabilities	439.1	-1.4	437.7
Current income tax liabilities	15.6		15.6
Provisions	9.2		9.2
Total current liabilities	703.9	20.4	724.3

Total liabilities	1,561.2	122.9	1,684.1
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Total equity and liabilities	2,763.8	118.0	2,881.8
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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements bulletin requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.