Kemira
Where water meets chemistry™

January – March

INTERIM REPORT

2017

REVENUE GREW IN ALL SEGMENTS WHILE PROFITABILITY WAS UNDER PRESSURE

Q1 2017

- Revenue increased 5% and was EUR 610.0 million (582.7) as revenue grew in all segments, especially in Oil & Mining driven by increased activity in the shale oil & gas markets. Revenue in local currencies, excluding acquisitions and divestments, increased 2% driven by volume growth.
- Operative EBITDA decreased 5% to EUR 69.0 million (72.8) due to lower sales prices, temporary supply distractions and sudden increases in some raw material prices during the first quarter.
- Operative EBITDA margin declined to 11.3% (12.5%).
- EPS decreased to EUR 0.12 (0.16) mainly due to lower profitability and higher finance costs.

Outlook for 2017 (unchanged)

Kemira expects its operative EBITDA to increase from the prior year (2016: EUR 302.5 million).

Kemira's President and CEO Jari Rosendal:

"The start for the year was two-folded. Our revenue grew in all segments driven by the organic growth while profitability was below the prior-year level due to three main reasons. Sales prices are still lower than a year ago, although the decline in sales prices has stopped on sequential comparison. Rising feedstock prices impacted profitability for all segments as the tightness in ethylene and propylene markets caused sudden increases in oil-based raw material prices. Temporary supply distractions, such as the force majeure at Huntsman Pigments in Finland and the supply shortage of chlorinated fatty acid, have increased costs and caused some asset under-utilization.

In Pulp & Paper, sales volumes continued to grow. We lost revenue due to the force majeure, but the underlying revenue generation is developing according to plan. The new site serving Klabin in Brazil is fully operational and we expect the new sodium chlorate line in Joutseno, Finland, to be up and running in the fourth quarter of 2017. The major contract manufacturing agreements with AkzoNobel will end in the coming months leading to synergies of EUR 20 million as a run-rate at the end of 2017.

Oil & Mining had organic growth of 16% driven by strong sales volume development in the North American shale oil & gas business. However, the profitability level was unsatisfactory for the segment in Q1 due to recent increases in raw material prices. We have already announced price increases for our polymer products to counteract the impact of these higher raw material costs.

In Municipal & Industrial, volume growth continued, however, lower average sales prices and higher manufacturing costs impacted profitability. The segment continued to deliver strong cash flow.

We are executing our strategy according to plan in the mixed market environment. We will merge Oil & Mining and Municipal & Industrial into one new segment, Industry & Water. Organizational structure is planned to be changed to support the two segment model and this is expected to result in further operational efficiencies of EUR 15-20 million as a run-rate at the end of 2017. The main objectives of the change are to simplify Kemira's way of working and further improve service to its customers."

KEY FIGURES AND RATIOS

EUR million	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	**610.0**	582.7	2,363.3
Operative EBITDA	**69.0**	72.8	302.5
Operative EBITDA, %	**11.3**	12.5	12.8
EBITDA	**66.7**	71.1	284.2
EBITDA, %	**10.9**	12.2	12.0
Operative EBIT	**34.9**	40.9	170.1
Operative EBIT, %	**5.7**	7.0	7.2
EBIT	**32.6**	39.2	147.0
EBIT, %	**5.3**	6.7	6.2
Finance costs, net	**-6.7**	-6.0	-19.1
Profit before taxes	**26.1**	33.3	128.0
Net profit attributable to equity owners	**18.3**	24.5	91.8
Earnings per share, EUR	**0.12**	0.16	0.60
Capital employed*	**1,736.8**	1,697.8	1,718.2
Operative ROCE*	**9.5**	9.7	9.9
ROCE*, %	**8.1**	7.9	8.6
Cash flow from operating activities	**12.2**	26.2	270.6
Capital expenditure excl. acquisitions	**36.9**	31.4	212.6
Capital expenditure	**36.9**	29.5	210.6
Cash flow after investing activities	**-24.6**	-2.3	97.8
Equity ratio, % at period-end	**43**	42	45
Equity per share, EUR	**7.24**	6.96	7.68
Gearing, % at period-end	**59**	60	54
Personnel at period-end	**4,771**	4,711	4,818

*12-month rolling average (ROCE, % based on the EBIT)

Kemira provides certain financial performance measures (alternative performance measures) on non-GAAP basis. Kemira believes that alternative performance measures, like operative EBITDA and operative EBIT, followed by Kemira management, provide useful and more comparable information of its operative business performance.

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 individual figures can deviate from the presented sum figure.

FINANCIAL PERFORMANCE IN JANUARY-MARCH 2017

Revenue increased 5% as the revenue grew in all segments, especially in Oil & Mining driven by increased activity in the shale oil & gas markets. Revenue in local currencies, excluding acquisitions and divestments, increased 2% driven by sales volume growth.

Revenue, EUR million	**Jan-Mar 2017**	Jan-Mar 2016	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**372.2**	362.4	+3	0	+3	0
Oil & Mining	**90.0**	75.5	+19	+16	+3	0
Municipal & Industrial	**147.9**	144.8	+2	+1	+1	0
Total	**610.0**	**582.7**	+5	+2	+2	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased 5% due to lower sales prices, temporary supply distractions and sudden increases in some raw material prices during the first quarter.

Variance analysis, EUR million	**Jan-Mar**
Operative EBITDA, 2016	**72.8**
Sales volumes	+13.4
Sales prices	-15.8
Variable costs	-0.3
Fixed costs	-2.9
Currency exchange	+1.6
Others	+0.2
Operative EBITDA, 2017	**69.0**

Operative EBITDA	**Jan-Mar 2017 EUR, million**	Jan-Mar 2016 EUR, million	Δ%	**Jan-Mar 2017 %-margin**	Jan-Mar 2016 %-margin
Pulp & Paper	**46.0**	47.9	-4	**12.4**	13.2
Oil & Mining	**5.3**	6.5	-18	**5.9**	8.6
Municipal & Industrial	**17.6**	18.4	-4	**11.9**	12.7
Total	**69.0**	**72.8**	-5	**11.3**	**12.5**

EBITDA decreased 6% and the difference to operative EBITDA is explained by items affecting comparability.

Items affecting comparability mainly resulted from organizational restructuring costs. In the previous year, items affecting comparability were mainly related to integration costs.

Items affecting comparability, EUR million	Jan-Mar 2017	Jan-Mar 2016
Within EBITDA	**-2.3**	-1.7
Pulp & Paper	-0.9	-1.2
Oil & Mining	-1.0	-0.4
Municipal & Industrial	-0.4	-0.1
Within depreciation, amortization and impairments	**0.0**	0.0
Pulp & Paper	0.0	0.0
Oil & Mining	0.0	0.0
Municipal & Industrial	0.0	0.0
Total items affecting comparability in EBIT	**-2.3**	-1.7

Depreciation, amortization and impairments increased to EUR 34.0 million (31.9) mainly due to a new site in Brazil that opened in March 2016 and currency exchange rates. The line item included EUR 4.3 million (4.6) amortization of purchase price allocation.

Operative EBIT decreased 15% due to lower profitability. **EBIT** decreased 17% and the difference to operative EBIT is explained by items affecting comparability, which were more negative in the first quarter of 2017 compared to the prior-year.

Net profit attributable to equity owners of the parent company decreased 26% due to lower profitability and finance costs.

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-March decreased to EUR 12.2 million (26.2) and cash flow after investing activities decreased to EUR -24.6 million (-2.3) mainly due to lower profitability and change in net working capital.

At the end of the period, interest-bearing liabilities totaled EUR 792 million (807 on December 31, 2016). Fixed-rate loans accounted for 64% of the net interest-bearing liabilities (72%). The average interest rate of the Group's interest-bearing liabilities was 2.0% (2.1%). The duration of the Group's interest-bearing loan portfolio was 24 months (26).

Short-term liabilities maturing in the next 12 months amounted to EUR 200 million, the short-term part of the long-term loans represented EUR 87 million. On March 31, 2017, cash and cash equivalents totaled EUR 132 million. The Group has an undrawn EUR 400 million revolving credit facility.

At the end of the period, Kemira Group's net debt was EUR 661 million (634). The equity ratio was 43% (45%), while the gearing was 59% (54%). Both figures were impacted by the dividend decided by the Annual General Meeting on March 24, 2017.

CAPITAL EXPENDITURE

In January-March, capital expenditure increased 25% to EUR 36.9 million (29.5) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions, was also EUR 36.9 million (31.4).

Capital expenditure can be broken down as follows: expansion capex 47% (36%), improvement capex 28% (36%), and maintenance capex 25% (28%).

The largest investments during the first quarter were capacity expansion in Joutseno, Finland, as well as capacity additions related to the integration of AkzoNobel paper chemicals business.

RESEARCH AND DEVELOPMENT

In January-March 2017, Research and Development expenses totaled EUR 8.1 million (8.3), representing 1.3% (1.4%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,771 employees (4,818 on December 31, 2016). Kemira employed 800 people in Finland (796), 1,790 people elsewhere in EMEA (1,813), 1,554 in the Americas (1,558), and 627 in APAC (651).

CORPORATE RESPONSIBILITY

FOCUS AREA	KPI'S, TARGET VALUES AND STATUS

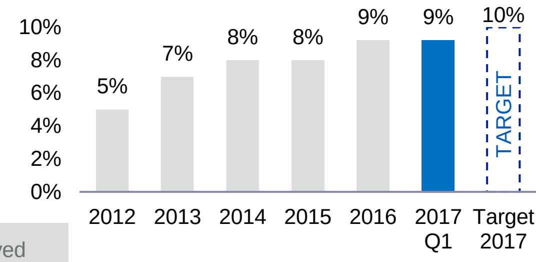
Sustainable products & solutions

Innovation sales

Share of innovation revenue in total revenue, %

→ 10% by the end of 2017

→ Reported quarterly



Behind target	In progress	Achieved

COMMENTS
Year has started well and we look forward to achieve the 10% target during 2017, as the commercialization of new products will take place more toward the end of the year. New project governance model taken in use in Q1 2017 to improve New Product Development efficiency.

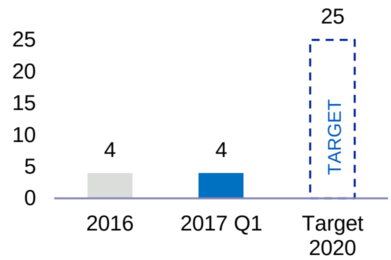
Responsibility in our supply chain

Supplier management

Number of onsite sustainability audits for highest risk suppliers (with lowest sustainability assessment score)

→ 5 suppliers audited every year during 2016-2020,average

→ Reported annually



Behind target	In progress	Achieved

COMMENTS
During Q1 2017, low-scoring suppliers have been approached to take re-assessments on EcoVadis platform. If there will be no improvement in the new scores then audits will be scheduled.

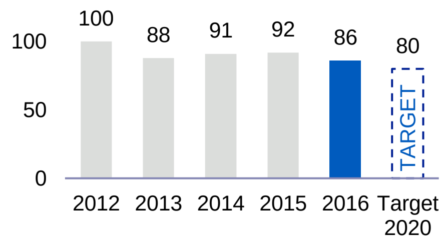
Responsible manufacturing

Climate change

Carbon index

→ Kemira Carbon Index ⩽ 80 by end of 2020 (2012 = 100)

→ Reported annually



Behind target	In progress	Achieved

COMMENTS
As a part of the E3 Plus program, 5 Energy Reviews were performed during Q1 2017. A total of 18 energy reviews have now been performed, covering more than 90% of Kemira's total energy consumption. An additional online energy training was also launched during Q1.

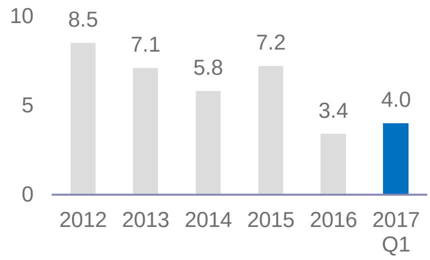
FOCUS AREA	KPI'S, TARGET VALUES AND STATUS

Responsibility towards the employees

Occupational health and safety

Total Recordable Injuries Frequency (TRIF)
(per million hours, Kemira + contractor, year-to-date[1])
→ Achieve zero injuries
→ Reported quarterly

Behind target | **In progress** | Achieved



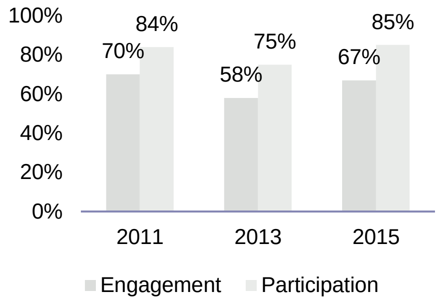
COMMENTS
Behaviour Based Safety (BBS) program continued with the pilots running at several sites. Available to all Kemira employees, a mobile app launched was allowing easier reporting of incidents, near misses, and hazardous conditions/activities.

Employee engagement

Employee engagement index based on Voices@Kemira biennial survey
→ The index at or above the external industry norm

Participation rate in Voices@Kemira
→ 75% or above
→ Reported biennially

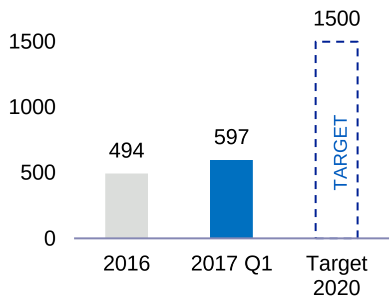
Behind target | In progress | **Achieved**



Leadership development

Leadership development activities provided, average
→ Two (2) leadership development activities per people manager position during 2016-2020[2]
→ Reported annually

Behind target | **In progress** | Achieved



COMMENTS
High level of activity continued with 103 leadership development activities completed during Q1 2017.

[1] The TRIF reporting has been changed to a year-to-date figure instead of 12 month rolling average that was previously used.
[2] The cumulative amount of leadership development required to reach two (2) leadership development activities per people manager position during 2016-2020 equals 1500 leadership activities (when number of people manager positions is 650-850). Development activities include job rotations, coaching and mentoring, and development programs.

SEGMENTS

PULP & PAPER

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

EUR million	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	**372.2**	362.4	1,457.3
Operative EBITDA	**46.0**	47.9	195.3
Operative EBITDA, %	**12.4**	13.2	13.4
EBITDA	**45.1**	46.7	187.8
EBITDA, %	**12.1**	12.9	12.9
Operative EBIT	**23.8**	28.2	111.6
Operative EBIT, %	**6.4**	7.8	7.7
EBIT	**22.9**	27.0	101.6
EBIT, %	**6.2**	7.5	7.0
Capital employed*	**1,127.2**	1,103.0	1,111.8
Operative ROCE*, %	**9.5**	9.5	10.0
ROCE*, %	**8.7**	8.2	9.1
Capital expenditure excl. M&A	**29.8**	16.7	127.1
Capital expenditure incl. M&A	**29.8**	14.8	125.1
Cash flow after investing activities	**-22.9**	-0.7	105.7

*12-month rolling average

Segment's **revenue** increased 3%. Currency exchange rates had a +3% impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, remained at the prior-year level due to lower sales prices, while sales volumes increased. Also, a force majeure at Huntsman Pigments impacted the segment's revenue as Pulp & Paper provides the site in Pori, Finland, with electricity, steam, caustic soda, and hydrochloric acid.

In **EMEA**, revenue remained at the prior-year level. The lost revenue due to the force majeure at Huntsman Pigments was compensated elsewhere. Sales volumes grew in the core business. Demand for sodium chlorate and process chemicals continued at a good level.

In the **Americas**, revenue increased 4%. The North American market remained slow while good demand for bleaching chemicals continued in South America supported by the new sodium chlorate plant in Ortigueira, Brazil. Currencies had a major positive impact on revenue.

In **APAC**, revenue increased 8%, despite the supply issues for chlorinated fatty acid, a key raw material for AKD wax, which led to unplanned plant stoppages and loss of revenue. The demand for process and strength chemicals was good. Currencies had a minor positive impact.

Operative EBITDA decreased 4% mainly due to lower sales prices and higher manufacturing fixed costs. **EBITDA** decreased 3% and the difference to operative EBITDA is explained by items affecting comparability, which were higher in the previous year due to integration costs.

OIL & MINING

Oil & Mining provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. The segment uses its in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from its position in North America and EMEA, Oil & Mining continues to build a strong base for growth in South America, Middle East, and Africa.

EUR million	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	**90.0**	75.5	309.5
Operative EBITDA	**5.3**	6.5	18.4
Operative EBITDA, %	**5.9**	8.6	5.9
EBITDA	**4.3**	6.1	11.6
EBITDA, %	**4.8**	8.1	3.7
Operative EBIT	**0.1**	0.8	-3.8
Operative EBIT, %	**0.1**	1.1	-1.2
EBIT	**-1.0**	0.4	-12.1
EBIT, %	**-1.1**	0.5	-3.9
Capital employed*	**276.5**	272.5	274.5
Operative ROCE*, %	**-1.7**	2.2	-1.4
ROCE*, %	**-4.9**	-0.9	-4.4
Capital expenditure excl. M&A	**3.5**	5.7	38.0
Capital expenditure incl. M&A	**3.5**	5.7	38.0
Cash flow after investing activities	**-5.2**	-6.2	-19.9

*12-month rolling average

Segment's **revenue** increased 19%. Currency exchange rate fluctuations had an impact of +3% on revenue. Sales volumes grew more than 20% leading to revenue growth of 16% in local currencies, excluding acquisitions and divestments.

In the **Americas**, revenue increased 37% mainly due to pick-up in the North American shale oil & gas market. Demand for polymers used in shale fracking started to increase in fall 2016 and has continued to increase significantly since then.

In **EMEA**, revenue decreased 9% as the discontinuance of the Indian contract impacted polymer deliveries negatively.

Operative EBITDA decreased 18% as the higher sales volumes were not able to offset the decline in sales prices. Rising feedstock prices impacted profitability as tightness in ethylene and propylene markets caused sudden increases in some raw material prices. **EBITDA** decreased 30% and the difference to operative EBITDA is explained by items affecting comparability, which mainly included restructuring costs this year, and integration costs in the previous year.

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MUNICIPAL & INDUSTRIAL

Municipal & Industrial is a leading water chemicals supplier for raw and wastewater applications in EMEA and North America, and aims to capture selected growth opportunities in emerging markets. The segment enables its municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products, and value adding application support.

EUR million	**Jan-Mar 2017**	Jan-Mar 2016	Jan-Dec 2016
Revenue	**147.9**	144.8	596.5
Operative EBITDA	**17.6**	18.4	88.8
Operative EBITDA, %	**11.9**	12.7	14.9
EBITDA	**17.2**	18.3	84.8
EBITDA, %	**11.6**	12.6	14.2
Operative EBIT	**11.0**	11.9	62.3
Operative EBIT, %	**7.5**	8.2	10.4
EBIT	**10.6**	11.8	57.5
EBIT, %	**7.2**	8.1	9.6
Capital employed*	**331.8**	323.1	330.7
Operative ROCE*, %	**18.5**	16.9	18.8
ROCE*, %	**17.0**	14.4	17.4
Capital expenditure excl. M&A	**3.6**	9.0	47.5
Capital expenditure incl. M&A	**3.6**	9.0	47.5
Cash flow after investing activities	**14.4**	7.7	55.6

*12-month rolling average

Segment's **revenue** increased 2%. Revenue in local currencies, excluding acquisitions and divestments, increased 1% as sales volumes grew, while sales prices declined. Currency exchange rate fluctuations had an impact of +1%.

In **EMEA**, revenue increased 1% as sales volumes grew while sales prices declined. Revenue for the largest product group, coagulants, continued to grow.

In the **Americas**, revenue increased 5% driven by volume growth and positive currency exchange rates.

In **APAC**, revenue decreased 1% due to lower sales prices despite sales volume growth.

Operative EBITDA decreased 4% as higher sales volumes were not able to compensate for lower sales prices. Rising feedstock prices impacted profitability as tightness in ethylene and propylene markets caused sudden increases in some raw material prices. **EBITDA** decreased 6% and the difference to operative EBITDA is explained by items affecting comparability, which were related to restructuring costs in 2017.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On March 31, 2017, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

At the end of March, Kemira Oyj had 32,830 registered shareholders (32,622 on December 31, 2016). Non-Finnish shareholders held 25.9% of the shares (25.1%) including nominee registered holdings. Households owned 16.2% of the shares (16.0%). Kemira held 2,988,436 treasury shares (2,975,327) representing 1.9% (1.9%) of all company shares.

Kemira Oyj's share price decreased 5% during the quarter and closed at EUR 11.51 on the Nasdaq Helsinki at the end of March 2017 (12.13 on December 31, 2016). The Annual General Meeting confirmed the dividend of EUR 0.53 per share and the dividend ex-date was March 27, 2017. Shares registered a high of EUR 12.30 and a low of EUR 11.34 in January-March 2017. The average share price was EUR 11.94. The company's market capitalization, excluding treasury shares, was EUR 1,754 million at the end of March 2017 (1,848).

In January-March 2017, Kemira Oyj's share trading turnover on Nasdaq Helsinki was EUR 127 million (January-March 2016: 187). The average daily trading volume was 166,961 (305,199) shares. The total volume of Kemira Oyj's share trading in January-March 2017 was 16 million shares (29), 32% (35%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

DECISIONS BY THE ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 24, 2017, decided on the dividend of EUR 0.53 per share. The dividend was paid out on April 11, 2017. The Annual General Meeting elected six (previously seven) members to the Board of Directors. Annual General Meeting re-elected Wolfgang Büchele, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas and elected Shirley Cunningham as a new member of the Board of Directors. Jari Paasikivi was re-elected as the Chairman of the Board and Kerttu Tuomas was re-elected to continue as the Vice Chairman.

The AGM 2017 authorized the Board of Directors to decide upon the repurchase of a maximum of 4,800,000 company's own shares ("Share repurchase authorization"). Shares will be repurchased by using unrestricted equity, either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the Nasdaq Helsinki Ltd. (the "Helsinki Stock Exchange") at the market price quoted at the time of repurchase.

The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price would be the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd.

Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares, or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide on other terms related to the share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting.

The Annual General Meeting 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 company's own shares held by the company ("Share issue authorization"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by disapplying the shareholders' pre-emption right through a directed share issue if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares, or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company's share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide on other terms related to the share issues. The Share issue authorization is valid until May 31, 2018.

The AGM elected Deloitte & Touche Oy as the company’s auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the principal auditor.

BOARD COMMITTEES

On March 24, 2017, the Board of Directors of Kemira Oyj elected members among themselves for the Audit Committee and the Personnel and Remuneration Committee. The Board's Audit Committee members are Kaisa Hietala, Timo Lappalainen, and Jari Paasikivi. The Audit Committee is chaired by Timo Lappalainen. The Board's Personnel and Remuneration Committee members are Timo Lappalainen, Jari Paasikivi, and Kerttu Tuomas. The Personnel and Remuneration Committee is chaired by Jari Paasikivi.

SHORT-TERM RISKS AND UNCERTAINTIES

On January 30, 2017 an extensive fire occurred at the Huntsman Pigments' plant in Pori, Finland. Kemira's facilities at the site were not directly exposed and there were no personal injuries. Huntsman Pigments is a key raw material supplier for Kemira's iron coagulant production. Huntsman also purchases chemicals and energy from Kemira. Huntsman has officially commented on the situation and expects to be fully operational around year end 2018, with around 40% capacity within the second quarter of 2018. For Kemira, the incident will mean revenue loss, extra costs and risks related to the availability and usability of alternative raw materials. Kemira estimates that the revenue loss will be approximately EUR 20 million in 2017 and the negative EBITDA impact (before insurance coverage) is expected to be up to EUR 3-4 million per quarter due to increased costs and loss of revenue. Kemira has a business interruption insurance limit of EUR 10 million per occurrence for critical suppliers, and Kemira expects to receive compensation for most of the gross margin loss in 2017. During the first quarter, the negative EBITDA impact was around EUR 1 million and Kemira did not yet receive any insurance compensation.

A detailed account of Kemira's risk management principles is available on the company's website at http://www.kemira.com. Financial risks are also described in the Notes to the Financial Statements for the year 2016.

OTHER EVENTS DURING THE REVIEW PERIOD

On March 9, 2017, Kemira announced the merger of the Municipal & Industrial and Oil & Mining segment into one new segment, Industry & Water. Due to the planned organizational changes, Tarjei Johansen, President of Oil & Mining segment, has left the company during March, 2017. Antti Salminen, currently President of Municipal & Industrial segment, acts as the interim President of Oil & Mining segment and will consequently lead Industry & Water as of June 1, 2017. Paul Kimberling has been appointed as the interim Regional Head for the Americas Region.

OUTLOOK FOR 2017 (UNCHANGED)

Kemira expects its operative EBITDA to increase from the prior year (2016: EUR 302.5 million).

MID- AND LONG-TERM FINANCIAL TARGETS (UNCHANGED)

Kemira aims at above-the-market revenue growth with operative EBITDA margin of 14-16%. The gearing target is below 60%.

Helsinki, April 25, 2017

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.

INTERIM REPORTS 2017

Interim report January-June 2017	July 20, 2017
Interim report January-September 2017	October 25, 2017

Capital Markets Day will be held in London on September 21, 2017.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for the analysts, investors, and media on April 26, 2017 starting at 10.30 a.m. (8.30 a.m. UK time) at GLO Hotel Kluuvi, Kluuvikatu 4, 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/investors. The presentation material and the webcast recording will be available on the abovementioned 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 7479 0361
SE +46 8 5033 6574
UK +44 330 336 9105
US +1 719 325 4746

Conference id: 2982715

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KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	1-3/2017	1-3/2016	2016
Revenue	**610.0**	582.7	2,363.3
Other operating income	**1.1**	1.6	5.1
Operating expenses	**-544.5**	-513.2	-2,084.2
EBITDA	**66.7**	71.1	284.2
Depreciation, amortization and impairments	**-34.0**	-31.9	-137.2
Operating profit (EBIT)	**32.6**	39.2	147.0
Finance costs, net	**-6.7**	-6.0	-19.1
Share of profit or loss of associates	**0.1**	0.1	0.1
Profit before taxes	**26.1**	33.3	128.0
Income taxes	**-6.3**	-7.6	-30.1
Net profit for the period	**19.8**	25.7	97.9
Net profit attributable to			
Equity owners of the parent	**18.3**	24.5	91.8
Non-controlling interests	**1.6**	1.2	6.1
Net profit for the period	**19.8**	25.7	97.9
Earnings per share, basic and diluted, EUR	**0.12**	0.16	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2017	1-3/2016	2016
Net profit for the period	**19.8**	25.7	97.9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets	**0.0**	-46.0	-31.6
Exchange differences on translating foreign operations	**0.4**	-14.3	11.3
Cash flow hedges	**-5.0**	-4.3	8.5
Items that will not be reclassified subsequently to profit or loss			
Remeasurements on defined benefit plans	**0.0**	0.0	-10.7
Other comprehensive income for the period, net of tax	**-4.6**	-64.6	-22.5
Total comprehensive income for the period	**15.2**	-38.9	75.4
Total comprehensive income attributable to			
Equity owners of the parent	**13.3**	-40.1	69.6
Non-controlling interests	**1.9**	1.2	5.8
Total comprehensive income for the period	**15.2**	-38.9	75.4

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CONSOLIDATED BALANCE SHEET

EUR million	3/31/2017	3/31/2016	12/31/2016
ASSETS			
Non-current assets			
Goodwill	**520.9**	511.9	522.4
Other intangible assets	**111.5**	126.0	115.9
Property, plant and equipment	**921.5**	808.3	915.6
Investments in associates	**1.4**	1.4	1.2
Available-for-sale financial assets	**202.5**	214.0	202.5
Deferred tax assets	**29.1**	25.8	27.5
Other investments	**4.4**	4.9	4.4
Receivables of defined benefit plans	**31.9**	48.9	32.1
Total non-current assets	**1,823.3**	1,741.2	1,821.6
Current assets			
Inventories	**230.2**	215.4	216.9
Interest-bearing receivables	**0.3**	0.4	0.2
Trade receivables and other receivables	**412.8**	404.6	386.1
Current income tax assets	**19.7**	12.9	22.7
Cash and cash equivalents	**131.5**	156.2	173.4
Total current assets	**794.5**	789.5	799.3
Total assets	**2,617.8**	2,530.7	2,620.9
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity owners of the parent	**1,102.7**	1,059.8	1,170.0
Non-controlling interests	**14.8**	14.1	12.9
Total equity	**1,117.5**	1,073.9	1,182.9
Non-current liabilities			
Interest-bearing liabilities	**592.1**	666.6	649.5
Other liabilities	**21.4**	21.4	21.4
Deferred tax liabilities	**64.6**	39.8	63.2
Liabilities of defined benefit plans	**80.0**	76.3	79.8
Provisions	**27.0**	28.0	26.5
Total non-current liabilities	**785.2**	832.1	840.4
Current liabilities			
Interest-bearing current liabilities	**200.3**	133.7	157.9
Trade payables and other liabilities	**490.3**	462.3	405.2
Current income tax liabilities	**14.7**	16.3	20.3
Provisions	**9.8**	12.4	14.2
Total current liabilities	**715.1**	624.7	597.6
Total liabilities	**1,500.3**	1,456.8	1,438.0
Total equity and liabilities	**2,617.8**	2,530.7	2,620.9

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3/2017	1-3/2016	2016
Cash flow from operating activities			
Net profit for the period	**19.8**	25.7	97.9
Total adjustments	**45.3**	37.6	186.6
Operating profit before change in net working capital	**65.2**	63.3	284.5
Change in net working capital	**-42.0**	-34.0	29.5
Cash generated from operations before financing items and taxes	**23.1**	29.3	314.0
Finance expenses, net and dividends received	**-4.0**	0.9	-20.2
Income taxes paid	**-6.9**	-4.0	-23.2
Net cash generated from operating activities	**12.2**	26.2	270.6
Cash flow from investing activities			
Purchases of subsidiaries and business acquisitions, net of cash acquired	**-**	1.9	2.0
Other capital expenditure	**-36.9**	-31.4	-212.6
Proceeds from sale of assets	**0.0**	0.4	36.9
Change in long-term loan receivables decrease (+) / increase (-)	**0.0**	0.6	0.9
Net cash used in investing activities	**-36.8**	-28.5	-172.8
Cash flow from financing activities			
Proceeds from non-current interest-bearing liabilities (+)	**-**	-	50.0
Repayments from non-current interest-bearing liabilities (-)	**-31.4**	-	-48.1
Short-term financing, net increase (+) / decrease (-)	**14.8**	8.9	6.8
Dividends paid	**-**	-	-86.5
Other finance items	**0.0**	0.0	0.0
Net cash used in financing activities	**-16.5**	8.9	-77.8
Net decrease (-) / increase (+) in cash and cash equivalents	**-41.1**	6.6	20.0
Cash and cash equivalents at end of period	**131.5**	156.2	173.4
Exchange gains (+) / losses (-) on cash and cash equivalents	**-0.7**	-1.9	1.9
Cash and cash equivalents at beginning of period	**173.4**	151.5	151.5
Net decrease (-) / increase (+) in cash and cash equivalents	**-41.1**	6.6	20.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to equity owners of the parent									
	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 at January 1, 2016	221.8	257.9	94.2	196.3	-12.4	-22.0	444.5	1,180.3	12.9	1,193.2
Net profit for the period	-	-	-	-	-	-	24.5	24.5	1.2	25.7
Other comprehensive income, net of tax	-	-	-50.3	-	-14.3	-	-	-64.6	0.0	-64.6
Total comprehensive income	-	-	-50.3	-	-14.3	-	24.5	-40.1	1.2	-38.9
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.7 [1]	-80.7	-	-80.7
Treasury shares issued to the target group of share-based incentive plan	-	-	-	-	-	2.0	-	2.0	-	2.0
Share-based payments	-	-	-	-	-	-	-1.7	-1.7	-	-1.7
Transfers in equity	-	-	1.0	-	-	-	-1.0	0.0	-	0.0
Transactions with owners	-	-	1.0	-	-	2.0	-83.4	-80.4	-	80.4
Equity at March 31, 2016	221.8	257.9	44.9	196.3	-26.7	-20.0	385.6	1,059.8	14.1	1,073.9

[1] A dividend was EUR 80.7 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2015. The annual general meeting approved EUR 0.53 dividend on March 21, 2016. The dividend record date was March 23, 2016, and the payment date April 6, 2016.

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 at January 1, 2017	**221.8**	**257.9**	**72.2**	**196.3**	**-0.8**	**-20.0**	**442.6**	**1,170.0**	**12.9**	**1,182.9**
Net profit for the period	-	-	-	-	-	-	**18.3**	**18.3**	**1.6**	**19.8**
Other comprehensive income, net of tax	-	-	**-5.0**	-	**0.0**	-	-	**-5.0**	**0.4**	**-4.6**
Total comprehensive income	-	-	**-5.0**	-	**0.0**	-	**18.3**	**13.3**	**1.9**	**15.2**
Transactions with owners										
Dividends paid	-	-	-	-	-	-	**-80.7** [2]	**-80.7**	-	**-80.7**
Treasury shares given back	-	-	-	-	-	**-0.1**	-	**-0.1**	-	**-0.1**
Share-based payments	-	-	-	-	-	-	**0.2**	**0.2**	-	**0.2**
Transfers in equity	-	-	**-0.9**	-	-	-	**0.9**	**0.0**	-	**0.0**
Transactions with owners	-	-	**-0.9**	-	-	**-0.1**	**-79.6**	**-80.6**	**0.0**	**-80.6**
Equity at March 31, 2017	**221.8**	**257.9**	**66.3**	**196.3**	**-0.8**	**-20.1**	**381.3**	**1,102.7**	**14.8**	**1,117.5**

[2] A dividend was EUR 80,7 million in total (EUR 0.53 per share) with respect to the financial year ended December 31, 2016. The annual general meeting approved EUR 0.53 dividend on March 24, 2017. The dividend record date was March 28, 2017, and the payment date April 11, 2017.

Kemira had in its possession 2,988,436 of its treasury shares on March 31, 2017. The average share price of treasury shares was EUR 6,73 and they represented 1.9% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.3 million.

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program 2001. This reserve based on the old Finnish Companies Act (734/1978), which does not change anymore. The fair value reserve is a reserve accumulating based on available-for-sale financial assets (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.

GROUP KEY FIGURES

Kemira provides certain financial performance measures (alternative performance measures) on non-GAAP basis. Kemira believes that alternative performance measures, like operative EBITDA and operative EBIT, followed by Kemira management, provide useful and more comparable information of its operative business performance. 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 from the Definitions of the key figures in this report as well as www.kemira.com >Investors > Financial information.

	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2016 1-12
Income statement and profitability						
Revenue, EUR million	**610.0**	596.5	596.3	587.8	582.7	2,363.3
Operative EBITDA, EUR million	**69.0**	70.0	80.8	78.9	72.8	302.5
Operative EBITDA, %	**11.3**	11.7	13.6	13.4	12.5	12.8
EBITDA, EUR million	**66.7**	65.5	78.3	69.3	71.1	284.2
EBITDA, %	**10.9**	11.0	13.1	11.8	12.2	12.0
Items affecting comparability in EBITDA, EUR million	**-2.3**	-4.5	-2.5	-9.6	-1.7	-18.3
Operative EBIT, EUR million	**34.9**	36.1	46.5	46.6	40.9	170.1
Operative EBIT, %	**5.7**	6.1	7.8	7.9	7.0	7.2
Operating profit (EBIT), EUR million	**32.6**	29.2	43.7	34.9	39.2	147.0
Operating profit (EBIT), %	**5.3**	4.9	7.3	5.9	6.7	6.2
Items affecting comparability in EBIT, EUR million	**-2.3**	-6.9	-2.8	-11.7	-1.7	-23.1
Return on investment (ROI), %	**6.2**	5.5	8.4	7.2	7.8	7.1
Capital employed, EUR million	**1,736.8**	1,718.2	1,711.5	1,709.6	1,697.8	1,718.2
Operative ROCE, %	**9.5**	9.9	9.8	9.8	9.7	9.9
ROCE, %	**8.1**	8.6	7.9	7.9	7.9	8.6
Cash flow						
Net cash generated from operating activities, EUR million	**12.2**	102.4	85.0	57.0	26.2	270.6
Capital expenditure, EUR million	**36.9**	89.3	48.5	43.3	29.5	210.6
Capital expenditure excl. acquisitions, EUR million	**36.9**	89.4	48.5	43.3	31.4	212.6
Capital expenditure excl. acquisitions / revenue, %	**6.0**	15.0	8.1	7.4	5.4	9.0
Cash flow after investing activities, EUR million	**-24.6**	13.4	36.9	49.8	-2.3	97.8
Balance sheet and solvency						
Equity ratio, %	**42.7**	45.2	44.8	44.3	42.5	45.2
Gearing, %	**59.1**	53.6	57.8	61.5	60.0	53.6
Interest-bearing net liabilities, EUR million	**660.9**	634.0	665.7	689.9	644.1	634.0
Personnel						
Personnel at end of period	**4,771**	4,818	4,843	4,873	4,711	4,818
Personnel (average)	**4,775**	4,823	4,856	4,815	4,715	4,802
Exchange rates at end of period						
USD	**1.069**	1.054	1.116	1.110	1.139	1.054
CAD	**1.427**	1.419	1.469	1.438	1.474	1.419
SEK	**9.532**	9.553	9.621	9.424	9.225	9.553
CNY	**7.364**	7.320	7.446	7.376	7.351	7.320
BRL	**3.380**	3.431	3.621	3.590	4.117	3.431
Per share figures, EUR						
Earnings per share (EPS), basic and diluted [1)]	**0.12**	0.11	0.16	0.17	0.16	0.60
Net cash generated from operating activities per share [1)]	**0.08**	0.68	0.55	0.38	0.17	1.78
Equity per share [1)]	**7.24**	7.68	7.48	7.30	6.96	7.68
Number of shares (1,000)						
Average number of shares, basic [1)]	**152,358**	152,367	152,367	152,363	152,160	152,314
Average number of shares, diluted [1)]	**152,611**	152,451	152,547	152,557	152,548	152,526
Number of shares at end of period, basic [1)]	**152,354**	152,367	152,367	152,367	152,356	152,367
Number of shares at end of period, diluted [1)]	**152,606**	152,619	152,518	152,561	152,550	152,619

[1)] Number of shares outstanding, excluding the number of shares bought back.

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), %

$$\frac{\text{(Profit before tax + interest expenses + other financial expenses) x 100}}{\text{(Total assets - non-interest-bearing liabilities)}^{2)}}$$

Operative return on capital employed (Operative ROCE), %

$$\frac{\text{(Operative EBIT + share of profit or loss of associates) x 100}^{3)}}{\text{Capital employed}^{4)\,5)}}$$

Return on capital employed (ROCE), %

$$\frac{\text{(Operating profit (EBIT) + share of profit or loss of associates) x 100}^{3)}}{\text{Capital employed}^{4)\,5)}}$$

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, %

$$\frac{\text{Total equity x 100}}{\text{Total assets - prepayments received}}$$

Gearing, %

$$\frac{\text{Interest-bearing net liabilities x 100}}{\text{Total equity}}$$

Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS)

$$\frac{\text{Net profit attributable to equity owners of the parent}}{\text{Average number of shares}}$$

Net cash generated from operating activities per share

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares}}$$

Equity per share

$$\frac{\text{Equity attributable to equity owners of the parent at end of period}}{\text{Number of shares at end of period}}$$

1) Non-GAAP measures excludes the effects of significant items of income and expenses which may have an impact on the comparability in 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 and share of profit or loss of associates taken into account for a rolling 12-month period ending at the end of the review period.

4) 12-month rolling average

5) Capital employed = property, plant and equipment + intangible assets + net working capital + investments in associates

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RECONCILIATION OF IFRS FIGURES

	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2016 1-12
EUR million						
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT						
Operative EBITDA	**69.0**	70.0	80.8	78.9	72.8	302.5
Restructuring and streamlining programs	**-1.9**	-1.1	-0.4	-4.3	0.0	-5.8
Transaction and integration expenses in acquisition	**0.1**	-1.2	-0.5	-1.9	-1.4	-5.0
Divestment of businesses and other disposals	**0.0**	0.0	0.2	0.0	0.3	0.5
Other items	**-0.5**	-2.2	-1.8	-3.4	-0.6	-8.0
Total Items affecting comparability	**-2.3**	-4.5	-2.5	-9.6	-1.7	-18.3
EBITDA	**66.7**	65.5	78.3	69.3	71.1	284.2
Operative EBIT	**34.9**	36.1	46.5	46.6	40.9	170.1
Total items affecting comparability in EBITDA	**-2.3**	-4.5	-2.5	-9.6	-1.7	-18.3
Items affecting comparability in depreciation, amortization and impairments	**0.0**	-2.4	-0.3	-2.1	0.0	-4.8
Operating profit (EBIT)	**32.6**	29.2	43.7	34.9	39.2	147.0
ROCE AND OPERATIVE ROCE						
Operative EBIT	**34.9**	36.1	46.5	46.6	40.9	170.1
Operating profit (EBIT)	**32.6**	29.2	43.7	34.9	39.2	147.0
Share of profit or loss of associates	**0.1**	0.0	0.0	0.0	0.1	0.1
Capital employed	**1,736.8**	1,718.2	1,711.5	1,709.6	1,697.8	1,718.2
Operative ROCE, %	**9.5**	9.9	9.8	9.8	9.7	9.9
ROCE, %	**8.1**	8.6	7.9	7.9	7.9	8.6
NET WORKING CAPITAL						
Inventories	**230.2**	216.9	214.0	214.0	215.4	216.9
Trade receivables and other receivables	**412.8**	386.1	398.9	404.9	404.6	386.1
Excluding financing items in other receivables	**-15.1**	-16.8	-15.3	-19.3	-26.0	-16.8
Trade payables and other liabilities	**490.3**	405.2	377.5	359.1	462.3	405.2
Excluding financing items in other liabilities	**-98.4**	-13.6	-16.7	-20.4	-119.1	-13.6
Net working capital	**236.0**	194.6	236.8	260.9	250.8	194.6
INTEREST-BEARING NET LIABILITIES						
Non-current interest-bearing liabilities	**592.1**	649.5	656.8	676.8	666.6	649.5
Current interest-bearing liabilities	**200.3**	157.9	170.7	167.4	133.7	157.9
Interest-bearing liabilities	**792.4**	807.4	827.5	844.2	800.3	807.4
Cash and cash equivalents	**131.5**	173.4	161.9	154.3	156.2	173.4
Interest-bearing net liabilities	**660.9**	634.0	665.6	689.9	644.1	634.0

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QUARTERLY SEGMENT INFORMATION

EUR million	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2016 1-12
Revenue						
Pulp & Paper	**372.2**	368.6	365.2	361.1	362.4	1,457.3
Oil & Mining	**90.0**	81.7	79.6	72.7	75.5	309.5
Municipal & Industrial	**147.9**	146.2	151.5	154.0	144.8	596.5
Total	**610.0**	596.5	596.3	587.8	582.7	2,363.3
Operative EBITDA						
Pulp & Paper	**46.0**	46.3	51.8	49.3	47.9	195.3
Oil & Mining	**5.3**	3.2	4.2	4.5	6.5	18.4
Municipal & Industrial	**17.6**	20.5	24.8	25.1	18.4	88.8
Total	**69.0**	70.0	80.8	78.9	72.8	302.5
Items affecting comparability in EBITDA						
Pulp & Paper	**-0.9**	-1.9	-1.3	-3.1	-1.2	-7.5
Oil & Mining	**-1.0**	-0.9	-0.6	-4.9	-0.4	-6.8
Municipal & Industrial	**-0.4**	-1.7	-0.6	-1.6	-0.1	-4.0
Total	**-2.3**	-4.5	-2.5	-9.6	-1.7	-18.3
EBITDA						
Pulp & Paper	**45.1**	44.4	50.5	46.2	46.7	187.8
Oil & Mining	**4.3**	2.3	3.6	-0.4	6.1	11.6
Municipal & Industrial	**17.2**	18.8	24.2	23.5	18.3	84.8
Total	**66.7**	65.5	78.3	69.3	71.1	284.2
Operative EBIT						
Pulp & Paper	**23.8**	24.5	30.0	28.9	28.2	111.6
Oil & Mining	**0.1**	-1.9	-1.6	-1.1	0.8	-3.8
Municipal & Industrial	**11.0**	13.5	18.1	18.8	11.9	62.3
Total	**34.9**	36.1	46.5	46.6	40.9	170.1
Items affecting comparability in EBIT						
Pulp & Paper	**-0.9**	-4.2	-1.5	-3.1	-1.2	-10.0
Oil & Mining	**-1.0**	-0.9	-0.7	-6.3	-0.4	-8.3
Municipal & Industrial	**-0.4**	-1.8	-0.6	-2.3	-0.1	-4.8
Total	**-2.3**	-6.9	-2.8	-11.7	-1.7	-23.1
Operating profit (EBIT)						
Pulp & Paper	**22.9**	20.3	28.5	25.8	27.0	101.6
Oil & Mining	**-1.0**	-2.8	-2.3	-7.4	0.4	-12.1
Municipal & Industrial	**10.6**	11.7	17.5	16.5	11.8	57.5
Total	**32.6**	29.2	43.7	34.9	39.2	147.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-3/2017	1-3/2016	2016
Net book value at beginning of period	**915.6**	815.3	815.3
Purchases of subsidiaries and asset acquisitions	**0.0**	0.0	0.0
Increases	**34.6**	31.1	198.3
Decreases	**0.0**	-0.1	-1.2
Depreciation and impairments	**-27.2**	-24.6	-106.9
Exchange rate differences and other changes	**-1.4**	-13.4	10.1
Net book value at end of period	**921.5**	808.3	915.6

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-3/2017	1-3/2016	2016
Net book value at beginning of period	**638.3**	653.0	653.0
Purchases of subsidiaries and asset acquisitions	**0.0**	-0.6	-4.0
Increases	**2.3**	0.3	14.3
Decreases	**0.0**	0.0	-
Amortization and impairments	**-6.8**	-7.3	-30.3
Exchange rate differences and other changes	**-1.3**	-7.5	5.3
Net book value at end of period	**632.5**	637.9	638.3

DERIVATIVE INSTRUMENTS

EUR million	3/31/2017 Nominal value	3/31/2017 Fair value	12/31/2016 Nominal value	12/31/2016 Fair value
Currency instruments				
Forward contracts	**330.5**	**-2.6**	260.9	-1.3
Interest rate instruments				
Interest rate swaps	**273.1**	**1.4**	304.8	1.2
of which cash flow hedge	**173.1**	**-2.0**	204.8	-2.2
of which fair value hedge	**100.0**	**3.4**	100.0	3.4
Other instruments	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,873.4**	**-3.2**	1,971.5	3.0
of which cash flow hedge	**1,873.4**	**-3.2**	1,971.5	3.0

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

FAIR VALUE OF FINANCIAL ASSETS

EUR million	3/31/2017				12/31/2016			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	**-**	**-**	**202.5**	**202.5**	-	-	202.5	202.5
Other investments	**-**	**4.4**	**-**	**4.4**	-	4.4	-	4.4
Currency instruments	**-**	**1.8**	**-**	**1.8**	-	2.8	-	2.8
Interest rate instruments, hedge accounting	**-**	**3.4**	**-**	**3.4**	-	3.4	-	3.4
Other instruments	**-**	**-**	**-**	**0.0**	-	3.8	-	3.8
Other receivables	**-**	**0.3**	**-**	**0.3**	-	0.2	-	0.2
Trade receivables	**-**	**301.4**	**-**	**301.4**	-	291.1	-	291.1
Total	-	**311.3**	**202.5**	**513.8**	-	305.7	202.5	508.2

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 instrument; 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 inputs are not based on observable market data. Level 3 includes mainly the shares of Pohjolan Voima Group.

Level 3 specification	**Total net 3/31/2017**	Total net 12/31/2016
Instrument		
Carrying value at beginning of period	**202.5**	271.6
Effect on the statement of comprehensive income	**-**	-39.5
Increases	**-**	0.0
Decreases	**-**	-29.6
Carrying value at end of period	**202.5**	202.5

FAIR VALUE OF FINANCIAL LIABILITIES

	3/31/2017				12/31/2016			
EUR million								
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	**-**	**613.5**	**-**	**613.5**	-	673.5	-	673.5
Repayments from non-current interest-bearing liabilities	**-**	**91.2**	**-**	**91.2**	-	65.7	-	65.7
Non-current other liabilities	**-**	**21.4**	**-**	**21.4**	-	21.4	-	21.4
Finance lease liabilities	**-**	**0.4**	**-**	**0.4**	-	0.5	-	0.5
Loans from financial institutions	**-**	**117.7**	**-**	**117.7**	-	98.7	-	98.7
Other liabilities	**-**	**36.7**	**-**	**36.7**	-	33.6	-	33.6
Currency instruments	**-**	**4.4**	**-**	**4.4**	-	4.1	-	4.1
Interest rate instruments, hedge accounting	**-**	**2.0**	**-**	**2.0**	-	2.2	-	2.2
Other instruments	**-**	**3.2**	**-**	**3.2**	-	0.8	-	0.8
Trade payables	**-**	**170.5**	**-**	**170.5**	-	159.6	-	159.6
Total	**-**	**1,061.0**	**-**	**1,061.0**	-	1,060.1	-	1,060.1

CONTINGENT LIABILITIES

	3/31/2017	12/31/2016
EUR million		
Assets pledged		
On behalf of own commitments	**5.9**	5.9
Guarantees		
On behalf of own commitments	**53.9**	54.4
On behalf of others	**3.1**	3.1
Operating leasing liabilities		
Maturity within one year	**38.9**	39.7
Maturity after one year	**165.9**	171.5
Other obligations		
On behalf of own commitments	**1.1**	1.1
On behalf of associates	**0.4**	0.4

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on March 31, 2017 were about EUR 33 million for plant investments.

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presented in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, was stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. By its decision on April 29, 2013 it decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union which has given its ruling on May 21, 2015. Thereafter, on request by Regional Court of Dortmund, the parties have filed their briefs on admissibility of the proceedings. In its brief responding to the said request of the court Cartel Damage Claims Hydrogen Peroxide SA has additionally waived seeking an order to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demanded from Kemira and the three other defendants jointly and severally damages an amount to be decided by the court but at least EUR 196.2 million together with accrued interest calculated from August 24, 2009 at an interest rate exceeding by 5 per cent the base rate at a time, and other interest of EUR 97.6 million. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an application for summons in the municipal court of Helsinki for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court made on July 4, 2013 a decision which could not be appealed separately. In its decision the municipal court considered to have jurisdiction and that the claims made by the claimant were at least not totally time-barred. 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. 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 includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned above) and in Amsterdam, the Netherlands (mentioned below).

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 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 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 interested 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.

As mentioned above the settlement between Kemira and CDC relating the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany and in Amsterdam, the Netherlands. However, regardless of such limitations of liabilities, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the said processes. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira’s business, financial condition or results of operations. 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

Transactions with related parties have not changed materially.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited consolidated interim financial statements has been prepared in accordance with IAS 34 ´Interim financial reporting´. The same accounting policies have been applied as in the annual financial statements. The interim financial statements should be read in conjunction with the annual financial statements 2016. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements 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 expense. Actual results may differ from these estimates.