

kemira

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INTERIM REPORT
JANUARY-SEPTEMBER

2017

REVENUE GROWTH CONTINUED

Third quarter

- Revenue increased 4% to EUR 622.2 million (596.3) as volume growth continued in both segments, especially in North American oil & gas business. Revenue in local currencies, excluding acquisitions and divestments, increased 7%.
- Operative EBITDA increased 5% to EUR 84.5 million (80.8) mainly due to volume growth. Sales prices increased slightly compared to prior year. Operative EBITDA margin was 13.6% (13.6%). EBITDA decreased 10% due to a EUR 12.7 million settlement for a damage claim (Dortmund, Germany) relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000.
- EPS decreased to EUR 0.12 (0.16) due to the settlement for the damage claim.

January-September

- Revenue increased 5% to EUR 1,849.4 million (1,766.8) due to volume growth mainly in North American oil & gas business. Revenue in local currencies, excluding acquisitions and divestments, increased 4%.
- Operative EBITDA decreased 1% to EUR 230.6 million (232.5) with operative EBITDA margin of 12.5% (13.2%). EBITDA decreased 7% mainly due to the settlement for the damage claim.
- EPS decreased to EUR 0.36 (0.49) mainly due to the settlement for the damage claim.

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:

“Revenue growth continued in the third quarter. Organic growth was 7%, which is a good achievement. The Group's operative EBITDA improved thanks to respective EBITDA improvement of more than 20% in Industry & Water.

In Pulp & Paper, volume growth continued. Contract manufacturing agreements related to AkzoNobel paper chemical's acquisition are coming to an end and we are close to the targeted synergy run-rate of EUR 20 million. Our investment of EUR 50 million in bleaching chemical capacity in Finland started production ahead of the schedule and is now ramping up. We expect full capacity utilization during H1 2018.

In Industry & Water, the organic growth accelerated to 15% driven by strong sales volume development in the North American oil & gas business. In addition to the volume growth, somewhat higher sales prices are starting to offset the increases of raw material price. Lower fixed costs also contributed to the double-digit improvement in profitability. The uptake in the oil & gas market and our operational efficiency measures are bearing fruit.

Hurricanes Harvey and Irma impacted North American chemical industry but we are relieved to report that our employees are safe and our assets were not damaged. Hurricanes caused some disruptions to supply of raw materials, which had limited financial impact on Kemira during the third quarter.

The execution of our strategy continues as planned. Our new organizational structure is in place and the operational excellence program BOOST is advancing both in Europe and North America. We are excited about the prospects of the announced joint venture in China, which will secure supply of a key raw material, strengthen further our position in Pulp & Paper and accelerate profitable growth in APAC.”

KEY FIGURES AND RATIOS

EUR million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	622.2	596.3	1,849.4	1,766.8	2,363.3
Operative EBITDA	84.5	80.8	230.6	232.5	302.5
Operative EBITDA, %	13.6	13.6	12.5	13.2	12.8
EBITDA	70.2	78.3	203.9	218.7	284.2
EBITDA, %	11.3	13.1	11.0	12.4	12.0
Operative EBIT	47.7	46.5	126.3	134.0	170.1
Operative EBIT, %	7.7	7.8	6.8	7.6	7.2
EBIT	33.4	43.7	99.6	117.8	147.0
EBIT, %	5.4	7.3	5.4	6.7	6.2
Finance costs, net	-7.4	-6.9	-21.8	-13.2	-19.1
Profit before taxes	26.1	36.8	78.0	104.7	128.0
Net profit for the period	20.0	27.3	59.5	79.7	97.9
Earnings per share, EUR	0.12	0.16	0.36	0.49	0.60
Capital employed*	1,759.9	1,711.5	1,759.9	1,711.5	1,718.2
Operative ROCE*	9.2	9.8	9.2	9.8	9.9
ROCE*, %	7.3	7.9	7.3	7.9	8.6
Cash flow from operating activities	92.9	85.0	133.7	168.2	270.6
Capital expenditure excl. acquisition	43.8	48.5	125.9	123.2	212.6
Capital expenditure	43.8	48.5	125.9	121.3	210.6
Cash flow after investing activites	50.4	36.9	9.2	84.4	97.8
Equity ratio, % at period-end	43	45	43	45	45
Equity per share, EUR	7.26	7.48	7.26	7.48	7.68
Gearing, % at period-end	63	58	63	58	54
Personnel at period-end	4,749	4,843	4,749	4,843	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 Q3 2017

Revenue increased 4% as volume growth continued in both segments, especially in Industry & Water. Revenue in local currencies, excluding acquisitions and divestments, increased 7% driven by sales volume growth. Sales prices increased compared to the comparable period in the prior year for the first time since Q3 2015.

Revenue	Jul-Sep 2017	Jul-Sep 2016	Δ%	Organic	Currency	Acq. & div.
	EUR, million	EUR, million		growth*, %	impact, %	impact, %
Pulp & Paper	363.0	365.2	-1	+2	-2	0
Industry & Water	259.2	231.1	+12	+15	-2	0
Total	622.2	596.3	+4	+7	-2	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA increased 5% mainly due to volume growth while variable costs increased. In addition, higher sales prices contributed positively to EBITDA. The negative impact from the force majeure due to the fire that occurred in January at Venator (formerly Huntsman) site in Finland was below EUR 2 million and it was covered by insurance.

Variance analysis, EUR million	Jul-Sep
Operative EBITDA, 2016	80.8
Sales volumes	+13.4
Sales prices	+3.3
Variable costs	-13.1
Fixed costs	+0.9
Currency exchange	+0.3
Others	-1.2
Operative EBITDA, 2017	84.5

Operative EBITDA	Jul-Sep 2017	Jul-Sep 2016	Δ%	Jul-Sep 2017	Jul-Sep 2016
	EUR, million	EUR, million		%-margin	%-margin
Pulp & Paper	48.5	51.8	-6	13.4	14.2
Industry & Water	36.0	29.0	+24	13.9	12.5
Total	84.5	80.8	+5	13.6	13.6

EBITDA decreased 10% and the difference to operative EBITDA is explained by items affecting comparability.

Items affecting comparability mainly resulted from the organizational restructuring costs and the EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000. In the previous year, the items affecting comparability were mainly related to restructuring of manufacturing plants and integration of acquisition.

Items affecting comparability, EUR million	Jul-Sep 2017	Jul-Sep 2016
Within EBITDA	-14.3	-2.5
Pulp & Paper	-13.9	-1.3
Industry & Water	-0.4	-1.2
Within depreciation, amortization and impairments	0.0	-0.3
Pulp & Paper	0.0	-0.2
Industry & Water	0.0	-0.1
Total items affecting comparability in EBIT	-14.3	-2.8

Depreciation, amortization and impairments increased to EUR 36.8 million (34.6) including EUR 4.2 million (4.6) amortization of purchase price allocation.

Operative EBIT increased 3% mainly due to volume growth. In addition, higher sales prices contributed positively to EBIT. **EBIT** decreased 24% and the difference to operative EBIT is explained by items affecting comparability.

Finance costs, net totaled EUR -7.4 million (-6.9). **Income taxes** decreased to EUR -6.1 million (-9.5) as a result of lower profit before taxes.

Net profit attributable to equity owners of the parent company decreased 28% mainly due to the EUR 12.7 million settlement for the damage claim.

FINANCIAL PERFORMANCE IN JANUARY-SEPTEMBER 2017

Revenue increased 5% due to volume growth mainly in the North American Oil & Gas business. Revenue in local currencies, excluding acquisitions and divestments, increased 4%.

Revenue	Jan-Sep 2017 EUR, million	Jan-Sep 2016 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,104.1	1,088.7	+1	+1	+1	0
Industry & Water	745.3	678.1	+10	+10	0	0
Total	1,849.4	1,766.8	+5	+4	0	0

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased 1% as a result of higher variable costs and lower sales prices. The negative impact from the force majeure due to the fire that occurred in January at Venator site in Finland was less than EUR 5 million and the insurance compensation covered almost the entire loss.

Variance analysis, EUR million		Jan-Sep
Operative EBITDA, 2016		232.5
Sales volumes		+37.3
Sales prices		-16.7
Variable costs		-29.3
Fixed costs		-3.9
Currency exchange		+5.6
Others		+5.1
Operative EBITDA, 2017		230.6

Operative EBITDA	Jan-Sep 2017 EUR, million	Jan-Jun 2016 EUR, million	Δ%	Jan-Sep 2017 %-margin	Jan-Sep 2016 %-margin
Pulp & Paper	142.4	149.0	-4	12.9	13.7
Industry & Water	88.3	83.5	+6	11.8	12.3
Total	230.6	232.5	-1	12.5	13.2

EBITDA decreased 7% and the difference to operative EBITDA is explained by items affecting comparability.

Items affecting comparability mainly resulted from the organizational restructuring costs and the EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000. In the previous year, items affecting comparability were mainly related to restructuring of manufacturing plants and integration of an acquisition.

Items affecting comparability, EUR million	Jan-Sep 2017	Jan-Sep 2016
Within EBITDA	-26.7	-13.8
Pulp & Paper	-17.6	-5.6
Industry & Water	-9.2	-8.2
Within depreciation, amortization and impairments	0.0	-2.4
Pulp & Paper	0.0	-0.2
Industry & Water	0.0	-2.2
Total items affecting comparability in EBIT	-26.7	-16.2

Depreciation, amortization and impairments increased to EUR 104.3 million (100.9). Depreciation and amortization include EUR 12.6 million (13.7) amortization of purchase price allocation.

Items affecting comparability within depreciation, amortization and impairments were EUR 0.0 million (-2.4) and in the previous year were mostly related to write-downs due to restructuring of manufacturing plants.

Operative EBIT decreased 6% due to lower profitability. **EBIT** decreased 15% and the difference to operative EBIT is explained by items affecting comparability.

Finance costs, net totaled EUR -21.8 million (-13.2). In the previous year, finance costs included a gain of EUR 5 million related to the sale of electricity production assets. Changes in the fair value of electricity derivatives were EUR 0.4 million (2.2). The currency exchange differences had an impact of EUR -3.0 million (-1.5).

Income taxes decreased to EUR -18.6 million (-25.0) as a result of lower profit before taxes.

Net profit attributable to equity owners of the parent company decreased 28% mainly due to the EUR 12.7 million settlement for the damage claim and a EUR 5 million capital gain from the sale of electricity production assets, which took place in June 2016.

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-September decreased to EUR 133.7 million (168.2), and cash flow after investing activities decreased to EUR 9.2 million (84.4) mainly due to increase in the net working capital and fees (principal and interest) related to bond transactions: EUR 100 million of outstanding notes maturing in 2019 were exchanged to EUR 200 million issuance of new senior unsecured notes. In the previous year, cash flow after investing activities included EUR 35 million proceeds from the sale of electricity production assets (Pohjolan Voima Oy shares).

At the end of the period, interest-bearing liabilities totaled EUR 861 million (828). Fixed-rate loans accounted for 75% of the net interest-bearing liabilities (70%). The average interest rate of the Group's interest-bearing liabilities was 1.9% (2.0%). The duration of the Group's interest-bearing loan portfolio was 34 months (26).

Short-term liabilities maturing in the next 12 months amounted to EUR 187 million (171), the short-term part of the long-term loans represented EUR 76 million (74). On September 30, 2017, cash and cash equivalents totaled EUR 161 million (162). The Group has an undrawn EUR 400 million revolving credit facility.

At the end of the period, Kemira Group's net debt was EUR 701 million (666). The equity ratio was 43% (45%), while the gearing was 63% (58%).

CAPITAL EXPENDITURE

In January-September, capital expenditure increased 4% to EUR 125.9 million (121.3). Capital expenditure can be broken down as follows: expansion capex 43% (44%), improvement capex 30% (30%), and maintenance capex 27% (26%).

The largest investments during January-September were the sodium chlorate capacity expansion in Joutseno, Finland, as well as capacity additions at multiple sites and capital expenditures related to the integration of acquisition.

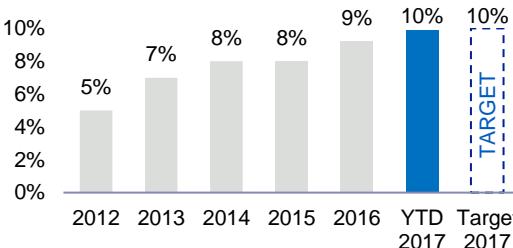
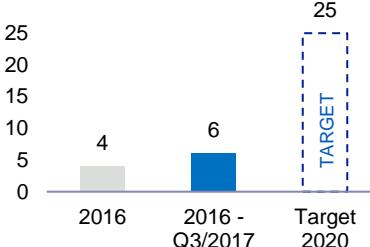
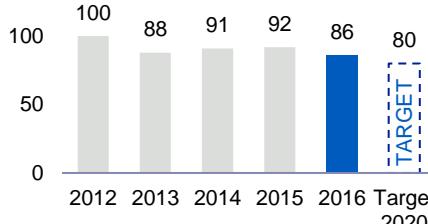
RESEARCH AND DEVELOPMENT

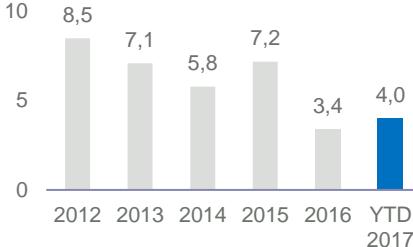
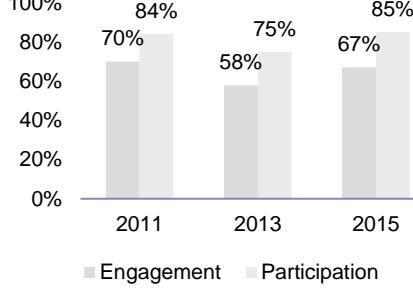
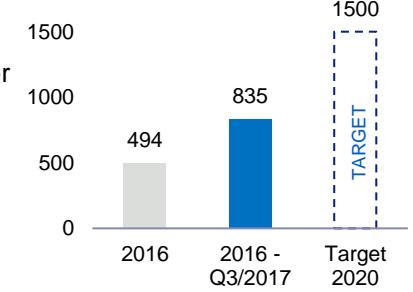
In January-September 2017, Research and Development expenses totaled EUR 22.4 million (23.7) representing 1.2% (1.3%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,749 employees (4,843). Kemira employed 811 people in Finland (804), 1,791 people elsewhere in EMEA (1,806), 1,505 in the Americas (1,587), and 642 in APAC (646).

CORPORATE RESPONSIBILITY

FOCUS AREA	KPI'S, TARGET VALUES AND STATUS		
 Sustainable products & solutions	Innovation sales Share of the innovation revenue in total revenue, % → 10% by the end of 2017 → Reported quarterly		Behind target In progress Achieved
	COMMENTS New products launched this year have succeeded in replacing the old best-selling products over five years.		
 Responsibility in our supply chain	Supplier management Number of the onsite sustainability audits for highest risk suppliers (with lowest sustainability assessment score) → 5 suppliers audited every year during 2016-2020, average → KPI reported quarterly		Behind target In progress Achieved
	COMMENTS During Q3/2017, two Sustainability audits were conducted, one in China and one in India. Another two audits have been scheduled and confirmed and will be conducted during Q4/2017. One audit is in the scheduling phase of the process.		
 Responsible manufacturing	Climate change Carbon index → Kemira Carbon Index ≤ 80 by end of 2020 (2012 = 100) → KPI reported annually		Behind target In progress Achieved
	COMMENTS Sourcing of low carbon energy continued according to plan. During Q3/2017, three Energy Review site visits were conducted as part of the E3 Plus program. The Energy Review program covers more than 90% of the Kemira's total energy consumption. Additionally, the Energy Management System of Helsingborg site was 50001-audited by an external auditor.		

FOCUS AREA	KPI'S, TARGET VALUES AND STATUS																				
 <p>Responsibility towards the employees</p>	<p>Occupational health and safety</p> <p>Total Recordable Injuries Frequency (TRIF) (per million hours, Kemira + contractor, year-to-date¹)</p> <ul style="list-style-type: none"> → Achieve zero injuries (TRIF 2.0 by end of 2020) → KPI reported quarterly <div style="display: flex; justify-content: space-around; width: 100%;"> Behind target In progress Achieved </div>  <table border="1"> <thead> <tr> <th>Year</th> <th>TRIF Value</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>8,5</td> </tr> <tr> <td>2013</td> <td>7,1</td> </tr> <tr> <td>2014</td> <td>5,8</td> </tr> <tr> <td>2015</td> <td>7,2</td> </tr> <tr> <td>2016</td> <td>3,4</td> </tr> <tr> <td>YTD 2017</td> <td>4,0</td> </tr> </tbody> </table> <p>COMMENTS Root cause analysis of safety performance in Q3/2017 is showing weaknesses in risk management and implementation of some EHSQ standards. As an improvement action, EHSQ function will have now more focus on to support the sites to implement some critical EHSQ standards. New EHSQ professional organization structure implemented.</p>	Year	TRIF Value	2012	8,5	2013	7,1	2014	5,8	2015	7,2	2016	3,4	YTD 2017	4,0						
Year	TRIF Value																				
2012	8,5																				
2013	7,1																				
2014	5,8																				
2015	7,2																				
2016	3,4																				
YTD 2017	4,0																				
<p>Employee engagement</p> <p>Employee engagement index based on Voices@Kemira biennial survey</p> <ul style="list-style-type: none"> → The index at or above the external industry norm <p>Participation rate in Voices@Kemira</p> <ul style="list-style-type: none"> → 75% or above → KPI reported biennially <div style="display: flex; justify-content: space-around; width: 100%;"> Behind target In progress Achieved </div>  <table border="1"> <thead> <tr> <th>Year</th> <th>Engagement</th> <th>Participation</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>70%</td> <td>84%</td> </tr> <tr> <td>2013</td> <td>58%</td> <td>75%</td> </tr> <tr> <td>2015</td> <td>67%</td> <td>85%</td> </tr> </tbody> </table> <p>COMMENTS We envisage that the next employee engagement survey will be in spring 2018.</p>	Year	Engagement	Participation	2011	70%	84%	2013	58%	75%	2015	67%	85%	<p>Leadership development</p> <p>Leadership development activities provided</p> <ul style="list-style-type: none"> → Two (2) leadership development activities per people manager position during 2016-2020² → KPI reported annually <div style="display: flex; justify-content: space-around; width: 100%;"> Behind target In progress Achieved </div>  <table border="1"> <thead> <tr> <th>Period</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>494</td> </tr> <tr> <td>2016 - Q3/2017</td> <td>835</td> </tr> <tr> <td>Target 2020</td> <td>1500</td> </tr> </tbody> </table> <p>COMMENTS Strong level of leadership development activity in Q3 2017. Year to date 341.</p>	Period	Value	2016	494	2016 - Q3/2017	835	Target 2020	1500
Year	Engagement	Participation																			
2011	70%	84%																			
2013	58%	75%																			
2015	67%	85%																			
Period	Value																				
2016	494																				
2016 - Q3/2017	835																				
Target 2020	1500																				

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	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	363.0	365.2	1,104.1	1,088.7	1,457.3
Operative EBITDA	48.5	51.8	142.4	149.0	195.3
Operative EBITDA, %	13.4	14.2	12.9	13.7	13.4
EBITDA	34.6	50.5	124.8	143.4	187.8
EBITDA, %	9.5	13.8	11.3	13.2	12.9
Operative EBIT	24.4	30.0	73.9	87.1	111.6
Operative EBIT, %	6.7	8.2	6.7	8.0	7.7
EBIT	10.4	28.5	56.4	81.3	101.6
EBIT, %	2.9	7.8	5.1	7.5	7.0
Capital employed*	1,155.4	1,108.4	1,155.4	1,108.4	1,111.8
Operative ROCE*, %	8.5	10.2	8.5	10.2	10.0
ROCE*, %	6.6	9.3	6.6	9.3	9.1
Capital expenditure excl. M&A	32.3	28.1	97.3	70.6	127.1
Capital expenditure incl. M&A	32.3	28.1	97.3	68.7	125.1
Cash flow after investing activities	25.3	27.3	11.3	85.9	105.7

*12-month rolling average

Third quarter

Segment's **revenue** decreased 1%. Currency exchange rates had a -2% impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, increased 2% as volume growth continued, especially in sodium chlorate and strength chemicals. The force majeure due to the fire that occurred in January at Venator site in Finland and supply issues with a key raw material in China negatively impacted the segments' revenue by EUR 8 million.

In **EMEA**, revenue increased 2% due to volume growth in several product lines. The start-up of the new sodium chlorate line in Joutseno, Finland, had a minor positive impact.

In the **Americas**, revenue decreased 6% due to strong negative currency impact. In North America, volumes declined due to lower customer consumption despite healthy growth in colorants and strength chemicals. In South America, sales prices increased, but a maintenance break at a customer site and changes in the currency exchange rates led to lower revenue.

In **APAC**, revenue increased 5% as a result of low double-digit volume growth. The demand for process chemicals, especially polymers, more than compensated for the volumes lost due to supply issues of a key raw material in China.

Operative EBITDA decreased 6% due to higher variable costs that could not be passed on to customer pricing. **EBITDA** decreased 32% due to a EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000.

January-September

Segment's **revenue** increased 1% driven by higher sales volumes. Revenue in local currencies, excluding divestments and acquisitions, also increased 1%. The force majeure due to the fire that occurred in January at Venator site in Finland and supply issues with a key raw material in China negatively impacted the segments' revenue by more than EUR 25 million.

Operative EBITDA decreased 4% mainly due to higher variable costs and lower sales prices, while the sales volumes grew. Currencies had a positive impact on profitability. **EBITDA** decreased 13% mainly due to a EUR 12.7 million settlement for the damage claim relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000.

INDUSTRY & WATER

Industry & Water supports municipalities and water intensive industries in the efficient and sustainable utilization of resources. In water treatment, we help in optimizing every stage of the water cycle. In oil and gas applications, our chemistries enable improved yield from existing reserves and reduced water and energy use.

EUR million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	259.2	231.1	745.3	678.1	906.0
Operative EBITDA	36.0	29.0	88.3	83.5	107.2
Operative EBITDA, %	13.9	12.5	11.8	12.3	11.8
EBITDA	35.7	27.8	79.1	75.3	96.4
EBITDA, %	13.8	12.0	10.6	11.1	10.6
Operative EBIT	23.4	16.5	52.4	46.9	58.5
Operative EBIT, %	9.0	7.1	7.0	6.9	6.5
EBIT	23.0	15.2	43.2	36.5	45.4
EBIT, %	8.9	6.6	5.8	5.4	5.0
Capital employed*	603.2	602.0	603.2	602.0	605.2
Operative ROCE*, %	10.6	9.0	10.6	9.0	9.7
ROCE*, %	8.6	5.4	8.6	5.4	7.5
Capital expenditure excl. M&A	11.5	20.3	28.6	52.6	85.5
Capital expenditure incl. M&A	11.5	20.3	28.6	52.6	85.5
Cash flow after investing activities	26.1	22.3	38.6	28.8	35.6

*12-month rolling average

Third quarter

Segment's **revenue** increased 12%. Revenue in local currencies, excluding acquisitions and divestments, increased 15% driven by volume growth and higher sales prices. Currency exchange rate fluctuations had an impact of -2%.

Within the segment, revenue for Oil & Gas business increased 75% to EUR 57.2 million (32.6) as a result of strong demand in the North American shale oil & gas market and revenue from equipment delivered to a major customer in our oil sands business. In the water treatment business, volume growth continued at a healthy level.

In **EMEA**, revenue decreased 2% due to discontinued deliveries to a major customer in India. Revenue growth for the segment's largest product group, coagulants, improved.

In the **Americas**, revenue increased 30% driven by accelerated growth in the North American oil & gas business, partly due to revenue generated with the delivery of equipment. Currencies negatively impacted revenue. Sales prices increased compared to prior year.

In **APAC**, revenue increased 21% due to strong volume growth in water treatment chemicals. Currencies had a negative impact on revenue.

Operative EBITDA increased 24% as growth in sales volumes and prices more than offset the increase in variable costs. Fixed costs were below prior-year level.

EBITDA increased 28% and the difference to operative EBITDA is explained by items affecting comparability, which were related to restructuring expenses.

January-September

Segment's **revenue** increased 10%. Revenue in local currencies, excluding acquisitions and divestments, increased by 10%. Growth was driven by higher sales volumes, while the sales prices declined. Currency exchange rates had a negligible impact.

Within the segment, revenue for Oil & Gas business increased 57% to EUR 140.1 million (89.1). In water treatment business, steady volume growth continued in North America, while in Europe higher demand was offset by decline in sales prices.

Operative EBITDA increased 6% as a result of higher sales volumes, while variable costs increased and sales prices were below the prior-year level. **EBITDA** increased 5% and the difference to operative EBITDA is explained by items affecting comparability, which were related to restructuring expenses.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On September 30, 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 September, Kemira Oyj had 36,511 registered shareholders (31,574). Non-Finnish shareholders held 24.0% of the shares (25.0%) including nominee-registered holdings. Households owned 18.6% of the shares (15.5%). Kemira held 2,980,196 treasury shares (2,975,327) representing 1.9% (1.9%) of all company shares.

Kemira Oyj's share price decreased 8% during January-September and closed at EUR 11.12 on the Nasdaq Helsinki at the end of September 2017 (12.13 on December 31, 2016). Shares registered a high of EUR 12.30 and a low of EUR 10.33 in January-September 2017. The average share price was EUR 11.45. The company's market capitalization, excluding treasury shares, was EUR 1,694 million at the end of September 2017 (1,848 on December 31, 2016).

In January-September 2017, Kemira Oyj's share trading turnover on Nasdaq Helsinki was EUR 450 million (January-September 2016: 506). The average daily trading volume was 210,435 (251,430) shares. The total volume of Kemira Oyj's share trading in January-September 2017 was 64 million shares (71), 38% (33%) of which was executed on other trading platforms (BATS, Chi-X, Turquoise). Source: Nasdaq and Kemira.com.

AUTHORIZATIONS

The AGM 2017 authorized the Board of Directors to decide on the repurchase of a maximum of 4,800,000 company's own shares ("Share Repurchase Authorization"). The Share Repurchase Authorization is valid until the end of the next Annual General Meeting.

The AGM 2017 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, 2018. The Share Issue authorization has been used in connection with the Board of Directors' remuneration.

SHORT-TERM RISKS AND UNCERTAINTIES

On January 30, 2017, an extensive fire occurred at the Huntsman Pigments' (currently Venator) plant in Pori, Finland. Kemira's facilities at the site were not directly exposed and there were no personal injuries. Venator is a key raw material supplier for Kemira's iron coagulant production. Venator also purchases chemicals and energy from Kemira. Venator 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 2-4 million per quarter due to increased costs and loss of revenue. Kemira has a limit of business interruption insurance coverage of EUR 10 million per incident for critical suppliers, and Kemira expects to receive compensation for most of the loss in gross margin in 2017. The negative EBITDA impact before insurance coverage was below EUR 5 million in the first nine months. Kemira recognized the first insurance compensation of EUR 2.5 million during the second quarter and EUR 2.0 million in the third quarter.

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 September 11, Kemira announced that Dr. Heidi Fagerholm, Chief Technology Officer and member of the Management Board, will leave Kemira to take up the position of Head of Advanced Technologies of PM-Performance Materials division at Merck KGaA. Jari Rosendal, President and CEO, will act as an interim CTO, in addition to his current role, starting from November 1 until a new appointment will be announced.

On September 29, Kemira announced an agreement to form a joint venture - Kemira TC Wanfeng Chemicals Yanzhou ("NewCo") - with Shandong Tiancheng Wanfeng Chemical Technology ("Tiancheng"). NewCo will strengthen Kemira's position as the global leader in the Pulp & Paper industry and support the growth of water treatment.

NewCo will mainly produce AKD wax and its key raw material fatty acid chloride (FACL). AKD wax, in which the main component is based on renewable raw material, is a sizing chemical used in the board and paper manufacturing to create resistance against liquid absorption. Kemira is the global market leader in sizing chemicals. In addition, NewCo plans to produce polyaluminum chloride (PAC), which is a coagulant for water treatment.

Through the backward integration, Kemira expands its position in the value chain. NewCo will provide a high-quality wax in the market at the cost leadership position. NewCo creates the largest and most integrated AKD wax manufacturing unit globally and almost doubles Kemira's AKD wax capacity. NewCo's site is located in the same chemical park with Kemira's plant in Yanzhou, China, and the proximity of the two sites results in savings from logistics costs. NewCo's site also offers growth opportunities for other relevant chemicals.

Kemira will own 80% and Tiancheng 20% of NewCo. The value of the investment for the 80% share is around EUR 55 million. Conditions for the possible later acquisition of Tiancheng's remaining 20% ownership have been agreed.

The deal is subject to certain closing conditions and is expected to close in the first half of 2018.

EVENTS AFTER THE REVIEW PERIOD

On October 16, Kemira announced that it had reached a settlement with CDC Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") in the damage claim litigation in Dortmund, Germany. The settlement concerns claims assigned to CDC based on which CDC claimed compensation for alleged damages relating to an alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000. Kemira has agreed to pay to CDC as compensation and costs EUR 12.7 million recognized in the third quarter of 2017.

Kemira will continue to defend itself in the pending legal action filed by CDC in Amsterdam, Netherlands related to an alleged old infringement of competition law in the sodium chlorate business in 1994-2000 against Kemira Chemicals Oy (former Finnish Chemicals Oy). Kemira acquired Finnish Chemicals in 2005.

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, October 24, 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.

FINANCIAL REPORTING 2017 AND 2018

Financial Statements Bulletin 2017	February 8, 2018
Interim Report January-March 2018	April 27, 2018
Half-Year Financial Report January-June 2018	July 20, 2018
Interim Report January-September 2018	October 24, 2018

Annual General Meeting will be held in Marina Congress Center on March 21, 2018.

PRESS AND ANALYST CONFERENCE AND CONFERENCE CALL

Kemira will arrange a press conference for the analysts, investors, and media on Wednesday, October 25, 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 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 7479 0404
SE +46 8 5065 3942
UK +44 330 336 9411
US +1 719 457 2086

Conference ID: 9222963

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EUR million					
Revenue	622.2	596.3	1,849.4	1,766.8	2,363.3
Other operating income	1.9	1.3	4.1	4.3	5.1
Operating expenses	-553.8	-519.3	-1,649.6	-1,552.4	-2,084.2
EBITDA	70.2	78.3	203.9	218.7	284.2
Depreciation, amortization and impairments	-36.8	-34.6	-104.3	-100.9	-137.2
Operating profit (EBIT)	33.4	43.7	99.6	117.8	147.0
Finance costs, net	-7.4	-6.9	-21.8	-13.2	-19.1
Share of profit or loss of associates	0.1	0.0	0.2	0.1	0.1
Profit before taxes	26.1	36.8	78.0	104.7	128.0
Income taxes	-6.1	-9.5	-18.6	-25.0	-30.1
Net profit for the period	20.0	27.3	59.5	79.7	97.9
Net profit attributable to					
Equity owners of the parent	18.4	25.6	54.3	75.1	91.8
Non-controlling interests	1.7	1.7	5.1	4.6	6.1
Net profit for the period	20.0	27.3	59.5	79.7	97.9
Earnings per share, basic and diluted, EUR	0.12	0.16	0.36	0.49	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EUR million					
Net profit for the period	20.0	27.3	59.5	79.7	97.9
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	0.0	0.0	0.0	-38.8	-31.6
Exchange differences on translating foreign operations	-10.7	-3.2	-39.0	-1.2	11.3
Cash flow hedges	3.5	5.0	0.8	3.7	8.5
Items that will not be reclassified subsequently to profit or loss					
Remeasurements on defined benefit plans	0.0	0.3	0.0	0.3	-10.7
Other comprehensive income for the period, net of tax	-7.2	2.1	-38.2	-36.0	-22.5
Total comprehensive income for the period	12.9	29.4	21.3	43.7	75.4
Total comprehensive income attributable to					
Equity owners of the parent	11.3	27.6	15.9	39.3	69.6
Non-controlling interests	1.6	1.8	5.4	4.4	5.8
Total comprehensive income for the period	12.9	29.4	21.3	43.7	75.4

CONSOLIDATED BALANCE SHEET

	9/30/2017	9/30/2016	12/31/2016
EUR million			
ASSETS			
Non-current assets			
Goodwill	506.7	514.4	522.4
Other intangible assets	101.8	117.9	115.9
Property, plant and equipment	904.3	843.2	915.6
Investments in associates	1.4	1.3	1.2
Available-for-sale financial assets	205.7	193.4	202.5
Deferred tax assets	25.1	32.6	27.5
Other investments	4.0	4.9	4.4
Receivables of defined benefit plans	31.6	49.3	32.1
Total non-current assets	1,780.6	1,757.0	1,821.6
Current assets			
Inventories	224.4	214.0	216.9
Interest-bearing receivables	0.2	18.3	0.2
Trade receivables and other receivables	398.6	398.9	386.1
Current income tax assets	22.3	22.3	22.7
Cash and cash equivalents	160.5	161.9	173.4
Total current assets	806.2	815.4	799.3
Total assets	2,586.7	2,572.4	2,620.9
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity owners of the parent	1,106.2	1,139.8	1,170.0
Non-controlling interests	12.0	11.5	12.9
Total equity	1,118.2	1,151.3	1,182.9
Non-current liabilities			
Interest-bearing liabilities	674.5	656.8	649.5
Other liabilities	21.4	21.4	21.4
Deferred tax liabilities	51.9	54.5	63.2
Liabilities of defined benefit plans	79.5	75.0	79.8
Provisions	28.5	30.4	26.5
Total non-current liabilities	855.8	838.1	840.4
Current liabilities			
Interest-bearing current liabilities	186.6	170.7	157.9
Trade payables and other liabilities	385.6	377.5	405.2
Current income tax liabilities	15.8	20.8	20.3
Provisions	24.7	14.0	14.2
Total current liabilities	612.6	583.0	597.6
Total liabilities	1,468.5	1,421.1	1,438.0
Total equity and liabilities	2,586.7	2,572.4	2,620.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EUR million					
Cash flow from operating activities					
Net profit for the period	20.0	27.3	59.5	79.7	97.9
Total adjustments	60.9	48.5	166.7	137.0	186.6
Operating profit before change in net working capital	80.9	75.8	226.1	216.7	284.5
Change in net working capital	13.0	22.0	-51.8	-18.1	29.5
Cash generated from operations before financing items and taxes	93.9	97.8	174.3	198.6	314.0
Finance expenses, net and dividends received	2.3	-2.5	-19.4	-8.7	-20.2
Income taxes paid	-3.3	-10.3	-21.2	-21.7	-23.2
Net cash generated from operating activities	92.9	85.0	133.7	168.2	270.6
Cash flow from investing activities					
Purchases of subsidiaries and business acquisitions, net of cash acquired	0.0	0.0	0.0	1.9	2.0
Other capital expenditure	-43.8	-48.5	-125.9	-123.2	-212.6
Proceeds from sale of assets	1.2	0.4	1.4	36.9	36.9
Change in long-term loan receivables decrease (+) / increase (-)	0.0	0.0	0.0	0.6	0.9
Net cash used in investing activities	-42.5	-48.1	-124.5	-83.8	-172.8
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities (+)	0.0	0.0	100.0	50.0	50.0
Repayments from non-current interest-bearing liabilities (-)	-11.7	-12.1	-52.5	-24.5	-48.1
Short-term financing, net increase (+) / decrease (-)	10.5	-16.7	24.6	-12.3	6.8
Dividends paid	0.0	-0.5	-86.9	-86.5	-86.5
Other finance items	0.0	0.0	0.0	0.0	0.0
Net cash used in financing activities	-1.2	-29.3	-14.7	-73.3	-77.8
Net decrease (-) / increase (+) in cash and cash equivalents	49.2	7.6	-5.5	11.1	20.0
Cash and cash equivalents at end of period	160.5	161.9	160.5	161.9	173.4
Exchange gains (+) / losses (-) on cash and cash equivalents	-2.4	0.0	-7.4	-0.7	1.9
Cash and cash equivalents at beginning of period	113.7	154.3	173.4	151.5	151.5
Net decrease (-) / increase (+) in cash and cash equivalents	49.2	7.6	-5.5	11.1	20.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million

	Equity attributable to equity owners of the parent									
	Share capital	Share premium	and other reserves	Un-			Retained earnings	Total	Non-controlling interests	Total Equity
				Fair value	restricted	equity reserve				
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	-	-	-	-	-	-	75.1	75.1	4.6	79.7
Other comprehensive income, net of tax	-	-	-35.1	-	-1.0	-	0.3	-35.8	-0.2	-36.0
Total comprehensive income	-	-	-35.1	-	-1.0	-	75.4	39.3	4.4	43.7
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.7 ¹⁾	-80.7	-5.8	-86.5
Treasury shares issued to the target group of share-based incentive plan	-	-	-	-	-	1.9	-	1.9	-	1.9
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	-1.1	-1.1	-	-1.1
Transfers in equity	-	-	1.1	-	-	-	-1.1	0.0	-	0.0
Transactions with owners	-	-	1.1	-	-	2.0	-82.9	-79.8	-5.8	-85.6
Equity at September 30, 2016	221.8	257.9	60.2	196.3	-13.4	-20.0	437.0	1,139.8	11.5	1,151.3

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.

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	-	-	-	-	-	-	54.3	54.3	5.1	59.5
Other comprehensive income, net of tax	-	-	0.7	-	-39.1	-	-	-38.4	0.2	-38.2
Total comprehensive income	-	-	0.7	-	-39.1	-	54.3	15.9	5.4	21.3
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.7 ²⁾	-80.7	-6.2	-86.9
Treasury shares given back	-	-	-	-	-	-0.1	-	-0.1	-	-0.1
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	1.0	1.0	-	1.0
Transfers in equity	-	-	-0.8	-	-	-	0.8	0.0	-	0.0
Transactions with owners	-	-	-0.8	-	-	0.0	-78.9	-79.7	-6.2	-85.9
Equity at September 30, 2017	221.8	257.9	72.1	196.3	-39.9	-20.0	418.0	1,106.2	12.0	1,118.2

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 2,980,196 of its treasury shares on September 30, 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 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-9	2016 1-9	2016 1-12
Income statement and profitability										
Revenue, EUR million	622.2	617.2	610.0	596.5	596.3	587.8	582.7	1,849.4	1,766.8	2,363.3
Operative EBITDA, EUR million	84.5	77.1	69.0	70.0	80.8	78.9	72.8	230.6	232.5	302.5
Operative EBITDA, %	13.6	12.5	11.3	11.7	13.6	13.4	12.5	12.5	13.2	12.8
EBITDA, EUR million	70.2	67.0	66.7	65.5	78.3	69.3	71.1	203.9	218.7	284.2
EBITDA, %	11.3	10.9	10.9	11.0	13.1	11.8	12.2	11.0	12.4	12.0
Items affecting comparability in EBITDA, EUR million	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	-26.7	-13.8	-18.3
Operative EBIT, EUR million	47.7	43.6	34.9	36.1	46.5	46.6	40.9	126.3	134.0	170.1
Operative EBIT, %	7.7	7.1	5.7	6.1	7.8	7.9	7.0	6.8	7.6	7.2
Operating profit (EBIT), EUR million	33.4	33.5	32.6	29.2	43.7	34.9	39.2	99.6	117.8	147.0
Operating profit (EBIT), %	5.4	5.4	5.3	4.9	7.3	5.9	6.7	5.4	6.7	6.2
Items affecting comparability in EBIT, EUR million	-14.3	-10.1	-2.3	-6.9	-2.8	-11.7	-1.7	-26.7	-16.2	-23.1
Return on investment (ROI), %	6.2	6.4	6.2	5.5	8.4	7.2	7.8	6.2	7.7	7.1
Capital employed, EUR million	1,759.9	1,749.7	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	1,759.9	1,711.5	1,718.2
Operative ROCE, %	9.2	9.2	9.5	9.9	9.8	9.8	9.7	9.2	9.8	9.9
ROCE, %	7.3	8.0	8.1	8.6	7.9	7.9	7.9	7.3	7.9	8.6
Cash flow										
Net cash generated from operating activities, EUR million	92.9	28.6	12.2	102.4	85.0	57.0	26.2	133.7	168.2	270.6
Capital expenditure, EUR million	43.8	45.2	36.9	89.3	48.5	43.3	29.5	125.9	121.3	210.6
Capital expenditure excl. acquisitions, EUR million	43.8	45.2	36.9	89.4	48.5	43.3	31.4	125.9	123.2	212.6
Capital expenditure excl. acquisitions / revenue, %	7.0	7.3	6.0	15.0	8.1	7.4	5.4	6.8	7.0	9.0
Cash flow after investing activities, EUR million	50.4	-16.5	-24.6	13.4	36.9	49.8	-2.3	9.2	84.4	97.8
Balance sheet and solvency										
Equity ratio, %	43.3	42.9	42.7	45.2	44.8	44.3	42.5	43.3	44.8	45.2
Gearing, %	62.7	68.6	59.1	53.6	57.8	61.5	60.0	62.7	57.8	53.6
Interest-bearing net liabilities, EUR million	700.7	758.0	660.9	634.0	665.7	689.9	644.1	700.7	665.7	634.0
Personnel										
Personnel at end of period	4,749	4,849	4,771	4,818	4,843	4,873	4,711	4,749	4,843	4,818
Personnel (average)	4,791	4,820	4,775	4,823	4,856	4,815	4,715	4,795	4,796	4,802
Exchange rates at end of period										
USD	1.181	1.141	1.069	1.054	1.116	1.110	1.139	1.181	1.116	1.054
CAD	1.469	1.478	1.427	1.419	1.469	1.438	1.474	1.469	1.469	1.419
SEK	9.649	9.639	9.532	9.553	9.621	9.424	9.225	9.649	9.621	9.553
CNY	7.853	7.738	7.364	7.320	7.446	7.376	7.351	7.853	7.446	7.320
BRL	3.764	3.760	3.380	3.431	3.621	3.590	4.117	3.764	3.621	3.431
Per share figures, EUR										
Earnings per share (EPS), basic and diluted ¹⁾	0.12	0.12	0.12	0.11	0.16	0.17	0.16	0.36	0.49	0.60
Net cash generated from operating activities per share ¹⁾	0.61	0.19	0.08	0.68	0.55	0.38	0.17	0.88	1.10	1.78
Equity per share ¹⁾	7.26	7.18	7.24	7.68	7.48	7.30	6.96	7.26	7.48	7.68
Number of shares (1,000)										
Average number of shares, basic ¹⁾	152,362	152,360	152,358	152,367	152,367	152,363	152,160	152,360	152,297	152,314
Average number of shares, diluted ¹⁾	152,595	152,605	152,611	152,451	152,547	152,557	152,548	152,604	152,551	152,526
Number of shares at end of period, basic ¹⁾	152,362	152,362	152,354	152,367	152,367	152,367	152,356	152,362	152,367	152,367
Number of shares at end of period, diluted ¹⁾	152,595	152,595	152,606	152,619	152,518	152,561	152,550	152,595	152,518	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), %

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

Operative return on capital employed (Operative ROCE), %

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

Return on capital employed (ROCE), %

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

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, %

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

Gearing, %

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

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

RECONCILIATION OF IFRS FIGURES

	2017 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-9	2016 1-9	2016 1-12
EUR million										
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT										
Operative EBITDA										
Restructuring and streamlining programs	84.5	77.1	69.0	70.0	80.8	78.9	72.8	230.6	232.5	302.5
Transaction and integration expenses in acquisition	-1.2	-7.5	-1.9	-1.1	-0.4	-4.3	0.0	-10.6	-4.7	-5.8
Divestment of businesses and other disposals	0.3	0.2	0.1	-1.2	-0.5	-1.9	-1.4	0.5	-3.8	-5.0
Other items	0.0	-2.6	0.0	0.0	0.2	0.0	0.3	-2.6	0.5	0.5
Total items affecting comparability	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	-26.7	-13.8	-18.3
EBITDA	70.2	67.0	66.7	65.5	78.3	69.3	71.1	203.9	218.7	284.2
Operative EBIT										
Total items affecting comparability in EBITDA	47.7	43.6	34.9	36.1	46.5	46.6	40.9	126.3	134.0	170.1
Items affecting comparability in depreciation, amortization and impairments	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	-26.7	-13.8	-18.3
Operating profit (EBIT)	0.0	0.0	0.0	-2.4	-0.3	-2.1	0.0	0.0	-2.4	-4.8
ROCE AND OPERATIVE ROCE	33.4	33.5	32.6	29.2	43.7	34.9	39.2	99.6	117.8	147.0
Operative EBIT	47.7	43.5	34.9	36.1	46.5	46.6	40.9	126.3	134.0	170.1
Operating profit (EBIT)	33.4	33.5	32.6	29.2	43.7	34.9	39.2	99.6	117.8	147.0
Share of profit or loss of associates	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.2	0.1	0.1
Capital employed	1,759.9	1,749.7	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	1,759.9	1,711.5	1,718.2
Operative ROCE, %	9.2	9.2	9.5	9.9	9.8	9.8	9.7	9.2	9.8	9.9
ROCE, %	7.3	8.0	8.1	8.6	7.9	7.9	7.9	7.3	7.9	8.6
NET WORKING CAPITAL										
Inventories	224.4	227.1	230.2	216.9	214.0	214.0	215.4	224.4	214.0	216.9
Trade receivables and other receivables	398.6	419.5	412.8	386.1	398.9	404.9	404.6	398.6	398.9	386.1
Excluding financing items in other receivables	-18.3	-21.2	-15.1	-16.8	-15.3	-19.3	-26.0	-18.3	-15.3	-16.8
Trade payables and other liabilities	385.6	384.2	490.3	405.2	377.5	359.1	462.3	385.6	377.5	405.2
Excluding financing items in other liabilities	-11.1	-5.6	-98.4	-13.6	-16.7	-20.4	-119.1	-11.1	-16.7	-13.6
Net working capital	230.3	246.8	236.0	194.6	236.8	260.9	250.8	230.3	236.8	194.6
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	674.5	690.9	592.1	649.5	656.8	676.8	666.6	674.5	656.8	649.5
Current interest-bearing liabilities	186.6	180.8	200.3	157.9	170.7	167.4	133.7	186.6	170.7	157.9
Interest-bearing liabilities	861.2	871.7	792.4	807.4	827.5	844.2	800.3	861.2	827.5	807.4
Cash and cash equivalents	160.5	113.7	131.5	173.4	161.9	154.3	156.2	160.5	161.9	173.4
Interest-bearing net liabilities	700.7	758.0	660.9	634.0	665.6	689.9	644.1	700.7	665.6	634.0

QUARTERLY SEGMENT INFORMATION

	2017 7-9	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-9	2016 1-9	2016 1-12
EUR million										
Revenue										
Pulp & Paper										
Pulp & Paper	363.0	368.9	372.2	368.6	365.2	361.1	362.4	1,104.1	1,088.7	1,457.3
Industry & Water	259.2	248.3	237.8	227.9	231.1	226.7	220.3	745.3	678.1	906.0
Total	622.2	617.2	610.0	596.5	596.3	587.8	582.7	1,849.4	1,766.8	2,363.3
Operative EBITDA										
Pulp & Paper										
Pulp & Paper	48.5	47.8	46.0	46.3	51.8	49.3	47.9	142.4	149.0	195.3
Industry & Water	36.0	29.3	22.9	23.7	29.0	29.6	24.9	88.3	83.5	107.2
Total	84.5	77.1	69.0	70.0	80.8	78.9	72.8	230.6	232.5	302.5
Items affecting comparability in EBITDA										
Pulp & Paper										
Pulp & Paper	-13.9	-2.7	-0.9	-1.9	-1.3	-3.1	-1.2	-17.6	-5.6	-7.5
Industry & Water	-0.4	-7.4	-1.4	-2.6	-1.2	-6.5	-0.5	-9.2	-8.2	-10.8
Total	-14.3	-10.1	-2.3	-4.5	-2.5	-9.6	-1.7	-26.7	-13.8	-18.3
EBITDA										
Pulp & Paper										
Pulp & Paper	34.6	45.1	45.1	44.4	50.5	46.2	46.7	124.8	143.4	187.8
Industry & Water	35.7	22.0	21.5	21.1	27.8	23.1	24.4	79.1	75.3	96.4
Total	70.2	67.0	66.7	65.5	78.3	69.3	71.1	203.9	218.7	284.2
Operative EBIT										
Pulp & Paper										
Pulp & Paper	24.4	25.7	23.8	24.5	30.0	28.9	28.2	73.9	87.1	111.6
Industry & Water	23.4	17.9	11.1	11.6	16.5	17.7	12.7	52.4	46.9	58.5
Total	47.7	43.6	34.9	36.1	46.5	46.6	40.9	126.3	134.0	170.1
Items affecting comparability in EBIT										
Pulp & Paper										
Pulp & Paper	-13.9	-2.7	-0.9	-4.2	-1.5	-3.1	-1.2	-17.6	-5.8	-10.0
Industry & Water	-0.4	-7.4	-1.4	-2.7	-1.3	-8.6	-0.5	-9.2	-10.4	-13.1
Total	-14.3	-10.1	-2.3	-6.9	-2.8	-11.7	-1.7	-26.7	-16.2	-23.1
Operating profit (EBIT)										
Pulp & Paper										
Pulp & Paper	10.4	23.0	22.9	20.3	28.5	25.8	27.0	56.4	81.3	101.6
Industry & Water	23.0	10.5	9.7	8.9	15.2	9.1	12.2	43.2	36.5	45.4
Total	33.4	33.5	32.6	29.2	43.7	34.9	39.2	99.6	117.8	147.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	1-9/2017	1-9/2016	2016
EUR million			
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	114.4	117.3	198.3
Decreases	-0.4	-1.2	-1.2
Depreciation and impairments	-84.7	-78.6	-106.9
Exchange rate differences and other changes	-40.6	-9.6	10.1
Net book value at end of period	904.3	843.2	915.6

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

	1-9/2017	1-9/2016	2016
EUR million			
Net book value at beginning of period	638.3	653.0	653.0
Purchases of subsidiaries and asset acquisitions	0.0	-0.8	-4.0
Increases	8.1	5.9	14.3
Decreases	0.0	-	-
Amortization and impairments	-19.6	-22.3	-30.3
Exchange rate differences and other changes	-18.3	-3.5	5.3
Net book value at end of period	608.5	632.3	638.3

DERIVATIVE INSTRUMENTS

	9/30/2017		12/31/2016	
EUR million				
	Nominal value	Fair value		Nominal value
Currency instruments				Fair value
Forward contracts	315.4	0.0		260.9
				-1.3
Interest rate instruments				
Interest rate swaps	270.4	-0.2		304.8
of which cash flow hedge	170.4	-2.0		204.8
of which fair value hedge	100.0	1.8		100.0
				3.4
Other instruments	GWh	Fair value		GWh
Electricity forward contracts, bought	1,824.2	4.0		1,971.5
of which cash flow hedge	1,824.2	4.0		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 valued based on net present values of future cash flows.

FAIR VALUE OF FINANCIAL ASSETS

	9/30/2017		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	-	-	205.7	205.7	-	-	202.5	202.5
Other investments	-	4.0	-	4.0	-	4.4	-	4.4
Currency instruments	-	3.9	-	3.9	-	2.8	-	2.8
Interest rate instruments, hedge accounting	-	1.8	-	1.8	-	3.4	-	3.4
Other instruments	-	4.4	-	4.4	-	3.8	-	3.8
Other receivables	-	49.8	-	49.8	-	0.2	-	0.2
Trade receivables	-	300.0	-	300.0	-	291.1	-	291.1
Total	-	363.9	205.7	569.6	-	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	Total net
	9/30/2017	12/31/2016
Instrument		
Carrying value at beginning of period	202.5	271.6
Effect on the statement of comprehensive income	-	-39.5
Increases	3.3	0.0
Decreases	-0.1	-29.6
Carrying value at end of period	205.7	202.5

FAIR VALUE OF FINANCIAL LIABILITIES

	9/30/2017			12/31/2016				
EUR million	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	702.4	-	702.4	-	673.5	-	673.5
Repayments from non-current interest-bearing liabilities	-	80.2	-	80.2	-	65.7	-	65.7
Non-current other liabilities	-	21.4	-	21.4	-	21.4	-	21.4
Finance lease liabilities	-	0.2	-	0.2	-	0.5	-	0.5
Loans from financial institutions	-	115.5	-	115.5	-	98.7	-	98.7
Other liabilities	-	35.0	-	35.0	-	33.6	-	33.6
Currency instruments	-	3.9	-	3.9	-	4.1	-	4.1
Interest rate instruments, hedge accounting	-	2.0	-	2.0	-	2.2	-	2.2
Other instruments	-	0.4	-	0.4	-	0.8	-	0.8
Trade payables	-	175.4	-	175.4	-	159.6	-	159.6
Total	-	1,136.4	-	1,136.4	-	1,060.1	-	1,060.1

CONTINGENT LIABILITIES

	9/30/2017	9/30/2016	12/31/2016
EUR million			
Assets pledged			
On behalf of own commitments	5.9	5.9	5.9
Guarantees			
On behalf of own commitments	50.9	51.9	54.4
On behalf of others	3.9	3.1	3.1
Operating leasing liabilities			
Maturity within one year	35.3	36.7	39.7
Maturity after one year	161.2	166.5	171.5
Other obligations			
On behalf of own commitments	1.0	1.1	1.1
On behalf of associates	0.4	0.5	0.4

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on September 30, 2017 were about EUR 19 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 sought 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.

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 was further stated in the brief that the damages analysis of the expert does not include lost profit.

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.

As announced on October 16, 2017, Kemira has entered into a settlement with Cartel Damage Claims Hydrogen Peroxide SA settling the Dortmund lawsuit fully and finally. Based on the settlement Cartel Damage Claims Hydrogen Peroxide SA withdrew the damages claims and Kemira paid to Cartel Damage Claims Hydrogen Peroxide SA as compensation and costs an amount of EUR 12.7 million.

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 had taken legal action in Germany in Dortmund. 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 included significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned and settled as 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 interest 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 regarding the invalidity of assignments. CDC 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 the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the remaining pending legal action filed by CDC 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 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. 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.

Kemira has assessed during the ongoing IFRS 15 project the impact of the IFRS 15 standard, reviewing the different contract types used by the segments in their business. Kemira's revenue mainly consists of contract types that include the sale of chemical products to customers. The contracts and used terms have been reviewed based on IFRS 15 five-step model and according to Kemira's current assessment the revenue recognition will not materially change compared to the current practice under IAS 18 Revenue and IAS 11 Construction Contracts standards. The implementation of the IFRS 15 standard will not have a material impact on the financial reporting or the systems. As a result of the impact analysis of IFRS 15 standard, the company continues to enhance revenue recognition processes and controls.

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.