Kemira
Where water meets chemistry™

HALF-YEAR FINANCIAL REPORT

JANUARY-JUNE

2017

SOLID REVENUE GROWTH, PROFITABILITY BELOW PRIOR-YEAR LEVEL

Second quarter

- Revenue increased 5% and was EUR 617.2 million (587.8) as the good volume growth both in Industry & Water and Pulp & Paper continued. Revenue in local currencies, excluding acquisitions and divestments, increased 4%.
- Operative EBITDA decreased 2% to EUR 77.1 million (78.9) mainly due to higher variable costs, despite sales volume growth and stabilizing sales prices. Operative EBITDA margin declined to 12.5% (13.4%).
- EPS decreased to EUR 0.12 (0.17) mainly due to a EUR 5 million capital gain recorded in Q2 2016.

January-June

- Revenue increased 5% to EUR 1,227.3 million (1,170.5) due to volume growth in North American oil and gas business in Industry & Water segment. Revenue in local currencies, excluding acquisitions and divestments, increased 3%.
- Operative EBITDA decreased 4% to EUR 146.1 million (151.7) as a result of higher variable costs and lower sales prices. Operative EBITDA margin declined to 11.9% (13.0%).
- EPS decreased to EUR 0.24 (0.33) mainly due to lower EBITDA and a EUR 5 million capital gain recorded in 2016.

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:

"In the second quarter, revenue growth continued. Organic revenue growth was 4%, which is a good achievement. Profitability was below the prior-year level due to higher variable costs. During the quarter, Oil & Mining and Municipal & Industrial merged into a new segment Industry & Water. At the same time, Group's overall structures were streamlined leading to fewer layers of management and increased span of control. The actions are expected to generate savings of EUR 15-20 million with a full run-rate by the end of 2017.

In Pulp & Paper, sales volumes continued to grow. We lost revenue due to force majeure at Huntsman (now Venator) in Pori, Finland, but the underlying revenue generation is developing according to plan. A major contract manufacturing agreement with AkzoNobel in China ended during Q2, and the two remaining ones in Europe will end in Q3 and Q4 leading to a step-up in synergies in the second half of the year. Our chlorate capacity investment in Joutseno has been granted all required permits and the site is expected to be operational during Q4.

Industry & Water generated organic growth of 9% driven by strong sales volume development in the North American oil & gas business. However, the profitability level was unsatisfactory as the first quarter's spike in feedstock prices, particularly in North America, impacted variable costs negatively. In water treatment business, volume growth continued.

We continue to execute our strategy. Our new organizational structure is effective as of June 1 and the operational excellence program BOOST is progressing with a roll-out of logistics' management in North America. Despite the Group's lower profitability in the first half, I am confident that due to improvement actions already ongoing, the second half will be better than last year's."

KEY FIGURES AND RATIOS

EUR million	**Apr-Jun 2017**	Apr-Jun 2016	**Jan-Jun 2017**	Jan-Jun 2016	Jan-Dec 2016
Revenue	**617.2**	587.8	**1,227.3**	1,170.5	2,363.3
Operative EBITDA	**77.1**	78.9	**146.1**	151.7	302.5
Operative EBITDA, %	**12.5**	13.4	**11.9**	13.0	12.8
EBITDA	**67.0**	69.3	**133.7**	140.4	284.2
EBITDA, %	**10.9**	11.8	**10.9**	12.0	12.0
Operative EBIT	**43.6**	46.6	**78.6**	87.5	170.1
Operative EBIT, %	**7.1**	7.9	**6.4**	7.5	7.2
EBIT	**33.5**	34.9	**66.2**	74.1	147.0
EBIT, %	**5.4**	5.9	**5.4**	6.3	6.2
Finance costs, net	**-7.7**	-0.3	**-14.4**	-6.3	-19.1
Profit before taxes	**25.9**	34.6	**51.9**	67.9	128.0
Net profit for the period	**19.6**	26.7	**39.4**	52.4	97.9
Earnings per share, EUR	**0.12**	0.17	**0.24**	0.33	0.60
Capital employed*	**1,749.7**	1,709.6	**1,749.7**	1,709.6	1,718.2
Operative ROCE*	**9.2**	9.8	**9.2**	9.8	9.9
ROCE*, %	**8.0**	7.9	**8.0**	7.9	8.6
Cash flow from operating activities	**28.6**	57.0	**40.8**	83.2	270.6
Capital expenditure excl. acquisition	**45.2**	43.3	**82.1**	74.7	212.6
Capital expenditure	**45.2**	43.3	**82.1**	72.8	210.6
Cash flow after investing activites	**-16.5**	49.8	**-41.1**	47.5	97.8
Equity ratio, % at period-end	**43**	44	**43**	44	45
Equity per share, EUR	**7.18**	7.30	**7.18**	7.30	7.68
Gearing, % at period-end	**69**	61	**69**	61	54
Personnel at period-end	**4,849**	4,873	**4,849**	4,873	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 Q2 2017

Revenue increased 5% as good volume growth both in Industry & Water and Pulp & Paper continued. Revenue in local currencies, excluding acquisitions and divestments, increased 4% driven by sales volume growth.

Revenue	Apr-Jun 2017 EUR, million	Apr-Jun 2016 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**368.9**	361.1	+2	+1	+1	0
Industry & Water	**248.3**	226.7	+10	+9	+1	0
Total	**617.2**	587.8	+5	+4	+1	0

* Revenue growth in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased 2% mainly due to higher variable costs despite sales volume growth and stabilizing sales prices. In the second quarter, the negative impact from the force majeure issue due to Huntsman/Venator issue in Pori, Finland, was around EUR 2 million and the insurance coverage was EUR 2.5 million.

Variance analysis, EUR million	Apr-Jun
Operative EBITDA, 2016	**78.9**
Sales volumes	+10.5
Sales prices	-4.2
Variable costs	-15.8
Fixed costs	-1.9
Currency exchange	+3.6
Others	+6.0
Operative EBITDA, 2017	**77.1**

Operative EBITDA	Apr-Jun 2017 EUR, million	Apr-Jun 2016 EUR, million	Δ%	Apr-Jun 2017 %-margin	Apr-Jun 2016 %-margin
Pulp & Paper	**47.8**	49.3	-3	**13.0**	13.7
Industry & Water	**29.3**	29.6	-1	**11.8**	13.1
Total	**77.1**	78.9	-2	**12.5**	13.4

EBITDA decreased 3% 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 restructuring of manufacturing plants.

Items affecting comparability, EUR million	Apr-Jun 2017	Apr-Jun 2016
Within EBITDA	**-10.1**	-9.6
Pulp & Paper	-2.7	-3.1
Industry & Water	-7.4	-6.5
Within depreciation, amortization and impairments	**0.0**	-2.1
Pulp & Paper	0.0	0.0
Industry & Water	0.0	-2.1
Total items affecting comparability in EBIT	**-10.1**	-11.7

Depreciation, amortization and impairments decreased to EUR 33.5 million (34.4), including EUR 4.1 million (4.5) amortization of purchase price allocation.

Items affecting comparability within depreciation, amortization and impairments were EUR 0.0 million (-2.1) 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 4% and the difference to operative EBIT is explained by items affecting comparability.

Finance costs, net totaled EUR -7.7 million (-0.3). In the previous year, finance costs included a gain of EUR 5 million related to the sale of electricity production assets. The changes of fair value of electricity derivatives were EUR 0.0 million (1.7). Currency exchange differences were EUR -1.9 million (-1.0).

Income taxes decreased to EUR -6.2 million (-7.9) as a result of lower profit before taxes.

Net profit attributable to equity owners of the parent company decreased 29% mainly due to capital gain booked in the previous year. Also lower profitability impacted the net profit.

FINANCIAL PERFORMANCE IN JANUARY-JUNE 2017

Revenue increased 5% due to volume growth in Industry & Water, especially in North American shale business within the segment. Revenue in local currencies, excluding acquisitions and divestments, increased 3%.

Revenue	Jan-Jun 2017 EUR, million	Jan-Jun 2016 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**741.1**	723.5	+2	0	+2	0
Industry & Water	**486.1**	447.0	+9	+7	+1	0
Total	**1,227.3**	1,170.5	+5	+3	+2	0

* Revenue in local currencies, excluding acquisitions and divestments

Operative EBITDA decreased 4% as a result of higher variable costs and lower sales prices. In the first half, the negative impact from the force majeure issue due to Huntsman/Venator issue in Pori, Finland, was around EUR 3 million and the insurance coverage was EUR 2.5 million.

Variance analysis, EUR million	Jan-Jun
Operative EBITDA, 2016	**151.7**
Sales volumes	+23.9
Sales prices	-20.0
Variable costs	-16.2
Fixed costs	-4.8
Currency exchange	+5.2
Others	+6.2
Operative EBITDA, 2017	**146.1**

Operative EBITDA	Jan-Jun 2017 EUR, million	Jan-Jun 2016 EUR, million	Δ%	Jan-Jun 2017 %-margin	Jan-Jun 2016 %-margin
Pulp & Paper	**93.8**	97.2	-3	**12.7**	13.4
Industry & Water	**52.3**	54.5	-4	**10.8**	12.2
Total	**146.1**	151.7	-4	**11.9**	13.0

EBITDA decreased 5% 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 restructuring of manufacturing plants and integration of acquisition.

Items affecting comparability, EUR million	Jan-Jun 2017	Jan-Jun 2016
Within EBITDA	**-12.4**	-11.3
Pulp & Paper	-3.6	-4.3
Industry & Water	-8.8	-7.0
Within depreciation, amortization and impairments	**0.0**	-2.1
Pulp & Paper	0.0	0.0
Industry & Water	0.0	-2.1
Total	**-12.4**	-13.4

Depreciation, amortization and impairments increased to EUR 67.5 million (66.3) mainly due to a new site in Brazil that opened in March 2016. Depreciation and amortization include EUR 8.4 million (9.1) amortization of purchase price allocation.

Items affecting comparability within depreciation, amortization and impairments were EUR 0.0 million (-2.1) and in the previous year were mostly related to write-downs due to restructuring of manufacturing plants.

Operative EBIT decreased 10% due to lower profitability. **EBIT** decreased 11%.

Finance costs, net totaled EUR -14.4 million (-6.3). 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 0.5 million (2.0). The currency exchange differences had EUR -2.7 million (-1.0) impact.

Income taxes decreased to EUR -12.5 million (-15.5) as a result of lower profit before taxes.

Net profit attributable to equity owners of the parent company decreased 27% mainly due to lower profitability 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-June decreased to EUR 40.8 million (83.2), and cash flow after investing activities decreased to EUR -41.1 million (47.5) mainly due to increase in the net working capital, lower profitability, and fees (principal and interest) related to bond transactions: EUR 100 million of outstanding notes 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 872 million (844). Fixed-rate loans accounted for 69% of the net interest-bearing liabilities (70%). The average interest rate of the Group's interest-bearing liabilities was 1.8% (2.0%). The duration of the Group's interest-bearing loan portfolio was 36 months (28).

Short-term liabilities maturing in the next 12 months amounted to EUR 181 million (167), the short-term part of the long-term loans represented EUR 74 million (67). On June 30, 2017, cash and cash equivalents totaled EUR 114 million (154). In May 2017, EUR 100 million of outstanding notes maturing in 2019 were exchanged to EUR 200 million issuance of new senior unsecured notes. The new bond will mature on May 30, 2024 and it carries a fixed annual interest of 1.750 percent. The Group has an undrawn EUR 400 million revolving credit facility.

At the end of the period, Kemira Group's net debt was EUR 758 million (690). The equity ratio was 43% (44%), while the gearing increased to 69% (61%).

CAPITAL EXPENDITURE

In January-June, capital expenditure increased 13% to EUR 82.1 million (72.8) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions, was EUR 82.1 million (74.7). There have been no acquisitions in 2016 and in the first half of 2017.

Capital expenditure can be broken down as follows: expansion capex 47% (39%), improvement capex 27% (35%), and maintenance capex 26% (26%).

The largest investments during the first half were capacity expansion in Joutseno, Finland, as well as capacity additions in multiple sites and capital expenditures related to the integration of acquisition.

RESEARCH AND DEVELOPMENT

In January-June 2017, Research and Development expenses totaled EUR 15.6 million (16.3) representing 1.3% (1.4%) of the Group's revenue.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,849 employees (4,873). Kemira employed 861 people in Finland (848), 1,812 people elsewhere in EMEA (1,807), 1,539 in the Americas (1,581), and 637 in APAC (637).

CORPORATE RESPONSIBILITY

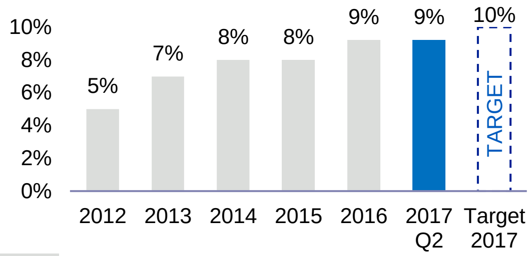
FOCUS AREA	KPI'S, TARGET VALUES AND STATUS

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

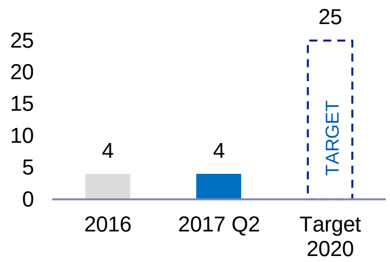
COMMENTS
During Q2/2017, several new products or solutions were commericialized. Kemira expects to achieve the 10% target during 2017.

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
→ Reported annually



Behind target | **In progress** | Achieved

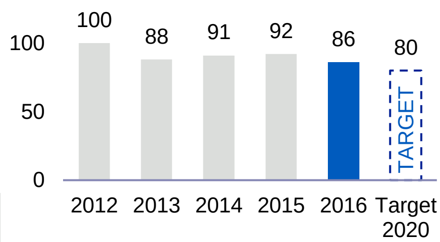
COMMENTS
All previously low-scored suppliers improved their performance in re-assessments, and no new high risk raw material suppliers were identified. However, a few suppliers have refused to take EcoVadis assessments this year due to lack of resources or company policies. Those will be audited in Q3 and Q4 2017.

Responsible manufacturing

Climate change

Carbon index

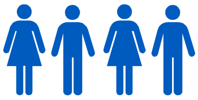
→ Kemira Carbon Index ⩽ 80 by end of 2020 (2012 = 100)
→ Reported annually



Behind target | **In progress** | Achieved

COMMENTS
The sourcing of low carbon energy continued according to plan. As part of the E3 Plus program, 4 Energy Review site visits were performed during Q2. The performed energy reviews cover more than 90% of the Kemira's total energy consumption.

FOCUS AREA	KPI'S, TARGET VALUES AND STATUS

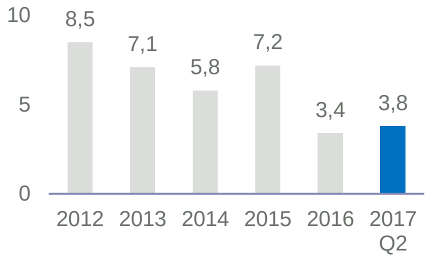


Responsibility towards the employees

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



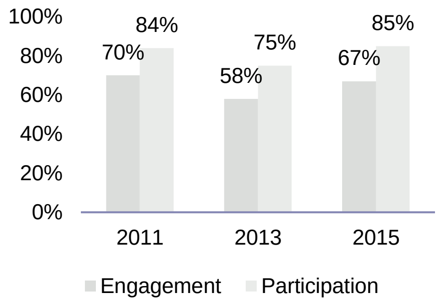
COMMENTS
The pilots of the Behavior-Based Safety (BBS) program are moving ahead as planned, and the implementation of the next 10 sites will start in Q3 (YTD: 4). To improve our contractor safety, we have launched Contractor Safety Program, which is monitoring contractor safety from contracting to materialization of the contracted work.

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

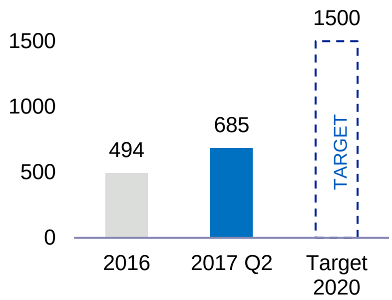


COMMENTS
We aim to conduct the next Voices@Kemira survey by Q4 2017.

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 191 leadership development activities provided during Q2 2017 (target: 75 per quarter).

[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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	**368.9**	361.1	**741.1**	723.5	1,457.3
Operative EBITDA	**47.8**	49.3	**93.8**	97.2	195.3
Operative EBITDA, %	**13.0**	13.7	**12.7**	13.4	13.4
EBITDA	**45.1**	46.2	**90.2**	92.9	187.8
EBITDA, %	**12.2**	12.8	**12.2**	12.8	12.9
Operative EBIT	**25.7**	28.9	**49.6**	57.1	111.6
Operative EBIT, %	**7.0**	8.0	**6.7**	7.9	7.7
EBIT	**23.0**	25.8	**45.9**	52.8	101.6
EBIT, %	**6.2**	7.1	**6.2**	7.3	7.0
Capital employed*	**1,141.1**	1,107.7	**1,141.1**	1,107.7	1,111.8
Operative ROCE*, %	**9.1**	9.9	**9.1**	9.9	10.0
ROCE*, %	**8.3**	9.0	**8.3**	9.0	9.1
Capital expenditure excl. M&A	**35.2**	25.8	**65.0**	42.5	127.1
Capital expenditure incl. M&A	**35.2**	25.8	**65.0**	40.6	125.1
Cash flow after investing activities	**8.9**	59.3	**-14.0**	58.6	105.7

*12-month rolling average

Second quarter

Segment's **revenue** increased 2%. Currency exchange rates had a +1% impact on revenue. Revenue in local currencies, excluding acquisitions and divestments, increased 1% as volume growth more than offset the impact of sales prices. Force majeure by Huntsman/Venator and supply issues in China impacted segments revenue negatively almost by EUR 10 million.

In **EMEA**, revenue increased 1% due to volume growth in several product lines. Demand for bleaching chemicals continued to increase.

In the **Americas**, revenue increased 3%. In North America, revenue grew due to positive currency impact. Demand for strength additives was strong. In South America, organic growth was driven by bleaching chemicals. Currencies had a positive impact on the region's revenue.

In **APAC**, revenue increased 4% as a result of the volume growth, while the prices declined. The demand for process chemicals, especially polymers, was strong.

Operative EBITDA decreased 3% due to higher variable costs and lower sales prices. **EBITDA** also decreased 3%.

January-June

Segment's **revenue** increased 2% driven by positive currency impact. Revenue in local currencies, excluding divestments and acquisitions, was just above the prior-year level as the volume growth compensated for decline in sales prices. Force majeure by Huntsman/Venator and supply issues in China impacted segments revenue negatively almost by EUR 20 million.

Operative EBITDA decreased 3% mainly due to higher variable costs and lower sales prices, while the sales volumes grew. Currencies had a positive impact on profitability. **EBITDA** also decreased 3%.

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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	**248.3**	226.7	**486.1**	447.0	906.0
Operative EBITDA	**29.3**	29.6	**52.3**	54.5	107.2
Operative EBITDA, %	**11.8**	13.1	**10.8**	12.2	11.8
EBITDA	**22.0**	23.1	**43.5**	47,5	96.4
EBITDA, %	**8.8**	10.2	**8.9**	10.6	10.6
Operative EBIT	**17.9**	17.7	**29.0**	30.4	58.5
Operative EBIT, %	**7.2**	7.8	**6.0**	6.8	6.5
EBIT	**10.5**	9.1	**20.2**	21.3	45.4
EBIT, %	**4.2**	4.0	**4.2**	4.8	5.0
Capital employed*	**607.3**	600.6	**607.3**	600.6	605.2
Operative ROCE*, %	**9.4**	9.4	**9.4**	9.4	9.7
ROCE*, %	**7.3**	5.8	**7.3**	5.8	7.5
Capital expenditure excl. M&A	**10.0**	17.6	**17.1**	32.3	85.5
Capital expenditure incl. M&A	**10.0**	17.6	**17.1**	32.3	85.5
Cash flow after investing activities	**3.3**	5.1	**12.5**	6.5	35.6

*12-month rolling average

Second quarter

Segment's **revenue** increased 10%. Revenue in local currencies, excluding acquisitions and divestments, increased 9% driven by volume growth. Currency exchange rate fluctuations had an impact of +1%.

Within the segment, revenue for Oil & Gas business increased 59% to EUR 44.6 million (28.0) as a result of high demand of polymers in North American shale oil & gas business and Kemira's growing business in oil sands. In water treatment business, organic growth continued driven by good demand in North America.

In **EMEA**, revenue decreased 2% due to discontinued deliveries to a major customer in India. Revenue for the largest product group, coagulants, continued to grow.

In the **Americas**, revenue increased 27% driven by strong demand for polymers used in shale oil & gas fracking in North America. Demand growth for coagulants was at good level. Currencies contributed positively to revenue.

In **APAC**, revenue increased 6% due to higher sales volumes of polymers used in water treatment. Currencies had a minor negative impact on revenue.

Operative EBITDA decreased 1% as variable costs increased, while the sales prices remained at the prior-year level and sales volumes grew. **EBITDA** decreased 5% and the difference to operative EBITDA is explained by the items affecting comparability, which are related to restructuring expenses.

January-June

Segment's **revenue** increased 9%. Revenue in local currencies, excluding acquisitions and divestments, increased by 7%. Growth was driven by higher sales volumes, while the sales prices declined. Currency exchange rates had an impact of +1%.

Within the segment, revenue for Oil & Gas business increased 47% to EUR 82.8 million (56.5). In water treatment business, volume growth was resilient in North America while in Europe higher demand was offset by decline in sales prices.

Operative EBITDA decreased 4% as a result of higher variable costs, while the sales prices were below the prior-year level and sales volumes grew. **EBITDA** decreased 8% and the difference to operative EBITDA is explained by items affecting comparability, which are related to restructuring expenses.

KEMIRA OYJ’S SHARES AND SHAREHOLDERS

On June 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 June, Kemira Oyj had 33,080 registered shareholders (32,352). Non-Finnish shareholders held 26.0% of the shares (23.5%) including nominee-registered holdings. Households owned 16.6% of the shares (16.0%). 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 9% during January-June and closed at EUR 11.06 on the Nasdaq Helsinki at the end of June 2017 (12.13 on December 31, 2016). Shares registered a high of EUR 12.30 and a low of EUR 11.01 in January-June 2017. The average share price was EUR 11.78. The company’s market capitalization, excluding treasury shares, was EUR 1,685 million at the end of June 2017 (1,848 on December 31, 2016).

In January-June 2017, Kemira Oyj’s share trading turnover on Nasdaq Helsinki was EUR 247 million (January-June 2016: 356). The average daily trading volume was 169,389 (280,379) shares. The total volume of Kemira Oyj’s share trading in January-June 2017 was 35 million shares (54), 41% (36%) 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. 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 2-4 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. The negative EBITDA impact was around EUR 3 million in the first half. Kemira recognized first insurance compensation of EUR 2.5 million during the second 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

In May, EUR 100 million of outstanding notes maturing in 2019 were exchanged to EUR 200 million issuance of new senior unsecured notes. The new bond will mature on May 30, 2024 and it carries a fixed annual interest of 1.750 percent.

EVENTS AFTER THE REVIEW PERIOD

On July 20, Petri Castrén was appointed, next to his current role as Kemira's CFO, Head of Region Americas as of September 1, 2017. Kim Poulsen, President, Pulp & Paper, will continue as Head of Region APAC and Antti Salminen, President, Industry & Water, as Head of Region EMEA.

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, July 20, 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 AND 2018

Interim Report January-September 2017	October 25, 2017
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

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 July 20, 2017 starting at 4.00 p.m. (2 p.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 2202

Conference ID: 8255317

KEMIRA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Revenue	617.2	587.8	1,227.3	1,170.5	2,363.3
Other operating income	1.1	1.4	2.2	3.0	5.1
Operating expenses	-551.3	-519.9	-1,095.8	-1,033.1	-2,084.2
EBITDA	67.0	69.3	133.7	140.4	284.2
Depreciation, amortization and impairments	-33.5	-34.4	-67.5	-66.3	-137.2
Operating profit (EBIT)	33.5	34.9	66.2	74.1	147.0
Finance costs, net	-7.7	-0.3	-14.4	-6.3	-19.1
Share of profit or loss of associates	0.0	0.0	0.1	0.1	0.1
Profit before taxes	25.9	34.6	51.9	67.9	128.0
Income taxes	-6.2	-7.9	-12.5	-15.5	-30.1
Net profit for the period	19.6	26.7	39.4	52.4	97.9
Net profit attributable to					
Equity owners of the parent	17.7	25.0	36.0	49.5	91.8
Non-controlling interests	1.9	1.7	3.5	2.9	6.1
Net profit for the period	19.6	26.7	39.4	52.4	97.9
Earnings per share, basic and diluted, EUR	0.12	0.17	0.24	0.33	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Net profit for the period	19.6	26.7	39.4	52.4	97.9
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	0.0	7.2	0.0	-38.8	-31.6
Exchange differences on translating foreign operations	-28.7	16.3	-28.3	2.0	11.3
Cash flow hedges	2.3	3.0	-2.7	-1.3	8.5
Items that will not be reclassified subsequently to profit or loss					
Remeasurements on defined benefit plans	0.0	0.0	0.0	0.0	-10.7
Other comprehensive income for the period, net of tax	-26.4	26.5	-31.0	-38.1	-22.5
Total comprehensive income for the period	-6.8	53.2	8.4	14.3	75.4
Total comprehensive income attributable to					
Equity owners of the parent	-8.7	51.8	4.6	11.7	69.6
Non-controlling interests	1.9	1.4	3.8	2.6	5.8
Total comprehensive income for the period	-6.8	53.2	8.4	14.3	75.4

Kemira
Where water meets chemistry™

CONSOLIDATED BALANCE SHEET

EUR million	6/30/2017	6/30/2016	12/31/2016
ASSETS			
Non-current assets			
Goodwill	**511.3**	514.9	522.4
Other intangible assets	**105.6**	122.6	115.9
Property, plant and equipment	**906.9**	831.3	915.6
Investments in associates	**1.3**	1.3	1.2
Available-for-sale financial assets	**202.4**	193.4	202.5
Deferred tax assets	**29.3**	26.2	27.5
Other investments	**4.1**	5.1	4.4
Receivables of defined benefit plans	**31.7**	49.3	32.1
Total non-current assets	**1,792.6**	1,744.1	1,821.6
Current assets			
Inventories	**227.1**	214.0	216.9
Interest-bearing receivables	**0.2**	0.3	0.2
Trade receivables and other receivables	**419.5**	404.9	386.1
Current income tax assets	**24.0**	20.1	22.7
Cash and cash equivalents	**113.7**	154.3	173.4
Total current assets	**784.5**	793.6	799.3
Total assets	**2,577.1**	2,537.7	2,620.9
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity owners of the parent	**1,094.5**	1,112.0	1,170.0
Non-controlling interests	**10.5**	10.2	12.9
Total equity	**1,105.0**	1,122.2	1,182.9
Non-current liabilities			
Interest-bearing liabilities	**690.9**	676.8	649.5
Other liabilities	**21.4**	21.4	21.4
Deferred tax liabilities	**62.4**	46.4	63.2
Liabilities of defined benefit plans	**79.5**	75.8	79.8
Provisions	**30.7**	31.2	26.5
Total non-current liabilities	**885.0**	851.6	840.4
Current liabilities			
Interest-bearing current liabilities	**180.9**	167.4	157.9
Trade payables and other liabilities	**384.2**	359.1	405.2
Current income tax liabilities	**10.4**	20.9	20.3
Provisions	**11.8**	16.5	14.2
Total current liabilities	**587.2**	563.9	597.6
Total liabilities	**1,472.1**	1,415.5	1,438.0
Total equity and liabilities	**2,577.1**	2,537.7	2,620.9

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	2016
Cash flow from operating activities					
Net profit for the period	**19.6**	26.7	**39.4**	52.4	97.9
Total adjustments	**60.4**	50.9	**105.8**	88.5	186.6
Operating profit before change in net working capital	**80.0**	77.6	**145.2**	140.9	284.5
Change in net working capital	**-22.8**	-6.1	**-64.8**	-40.1	29.5
Cash generated from operations before financing items and taxes	**57.3**	71.5	**80.4**	100.8	314.0
Finance expenses, net and dividends received	**-17.7**	-7.1	**-21.7**	-6.2	-20.2
Income taxes paid	**-11.0**	-7.4	**-17.9**	-11.4	-23.2
Net cash generated from operating activities	**28.6**	57.0	**40.8**	83.2	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	**-45.2**	-43.3	**-82.1**	-74.7	-212.6
Proceeds from sale of assets	**0.1**	36.1	**0.2**	36.5	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	**-45.1**	-7.2	**-81.9**	-35.7	-172.8
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities (+)	**100.0**	50.0	**100.0**	50.0	50.0
Repayments from non-current interest-bearing liabilities (-)	**-9.4**	-12.4	**-40.8**	-12.4	-48.1
Short-term financing, net increase (+) / decrease (-)	**-0.6**	-4.5	**14.2**	4.4	6.8
Dividends paid	**-86.9**	-86.0	**-86.9**	-86.0	-86.5
Other finance items	**-0.1**	0.0	**0.0**	0.0	0.0
Net cash used in financing activities	**3.0**	-52.9	**-13.5**	-44.0	-77.8
Net decrease (-) / increase (+) in cash and cash equivalents	**-13.5**	-3.1	**-54.6**	3.5	20.0
Cash and cash equivalents at end of period	**113.7**	154.3	**113.7**	154.3	173.4
Exchange gains (+) / losses (-) on cash and cash equivalents	**-4.3**	1.2	**-5.0**	-0.7	1.9
Cash and cash equivalents at beginning of period	**131.5**	156.2	**173.4**	151.5	151.5
Net decrease (-) / increase (+) in cash and cash equivalents	**-13.5**	-3.1	**-54.6**	3.5	20.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 attributable to equity owners of the parent									
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	-	-	-	-	-	-	49.5	49.5	2.9	52.4
Other comprehensive income, net of tax	-	-	-40.1	-	2.3	-		-37.8	-0.3	-38.1
Total comprehensive income	-	-	-40.1	-	2.3	-	49.5	11.7	2.6	14.3
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.7 [1)]	-80.7	-5.3	-86.0
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	-	-	-	-	-	-	-1.3	-1.3	-	-1.3
Transfers in equity	-	-	1.0	-	-	-	-1.0	0.0	-	0.0
Transactions with owners	-	-	1.0	-	-	2.0	-83.0	-80.0	-5.3	-85.3
Equity at June 30, 2016	221.8	257.9	55.1	196.3	-10.1	-20.0	411.0	1,112.0	10.2	1,122.2

[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	-	-	-	-	-	-	**35.9**	**35.9**	**3.4**	**39.4**
Other comprehensive income, net of tax	-	-	**-2.7**	-	**-28.6**	-	-	**-31.3**	**0.3**	**-31.0**
Total comprehensive income	**-**	**-**	**-2.7**	**-**	**-28.6**	**-**	**35.9**	**4.6**	**3.8**	**8.4**
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	**-**	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
Transfers in equity	**-**	**-**	**-0.8**	**-**	**-**	**-**	**0.8**	**0.0**	**-**	**0.0**
Transactions with owners	**-**	**-**	**-0.8**	**-**	**-**	**0.0**	**-79.3**	**-80.1**	**-6.2**	**-86.3**
Equity at June 30, 2017	**221.8**	**257.9**	**68.7**	**196.3**	**-29.4**	**-20.0**	**399.2**	**1,094.5**	**10.5**	**1,105.0**

[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 June 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	2017	2016	2016	2016	2016	**2017**	2016	2016
	4-6	1-3	10-12	7-9	4-6	1-3	**1-6**	1-6	1-12
Income statement and profitability									
Revenue, EUR million	**617.2**	610.0	596.5	596.3	587.8	582.7	**1,227.3**	1,170.5	2,363.3
Operative EBITDA, EUR million	**77.1**	69.0	70.0	80.8	78.9	72.8	**146.1**	151.7	302.5
Operative EBITDA, %	**12.5**	11.3	11.7	13.6	13.4	12.5	**11.9**	13.0	12.8
EBITDA, EUR million	**67.0**	66.7	65.5	78.3	69.3	71.1	**133.7**	140.4	284.2
EBITDA, %	**10.9**	10.9	11.0	13.1	11.8	12.2	**10.9**	12.0	12.0
Items affecting comparability in EBITDA, EUR million	**-10.1**	-2.3	-4.5	-2.5	-9.6	-1.7	**-12.4**	-11.3	-18.3
Operative EBIT, EUR million	**43.6**	34.9	36.1	46.5	46.6	40.9	**78.6**	87.5	170.1
Operative EBIT, %	**7.1**	5.7	6.1	7.8	7.9	7.0	**6.4**	7.5	7.2
Operating profit (EBIT), EUR million	**33.5**	32.6	29.2	43.7	34.9	39.2	**66.2**	74.1	147.0
Operating profit (EBIT), %	**5.4**	5.3	4.9	7.3	5.9	6.7	**5.4**	6.3	6.2
Items affecting comparability in EBIT, EUR million	**-10.1**	-2.3	-6.9	-2.8	-11.7	-1.7	**-12.4**	-13.4	-23.1
Return on investment (ROI), %	**6.4**	6.2	5.5	8.4	7.2	7.8	**6.2**	7.5	7.1
Capital employed, EUR million	**1,749.7**	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	**1,749.7**	1,709.6	1,718.2
Operative ROCE, %	**9.2**	9.5	9.9	9.8	9.8	9.7	**9.2**	9.8	9.9
ROCE, %	**8.0**	8.1	8.6	7.9	7.9	7.9	**8.0**	7.9	8.6
Cash flow									
Net cash generated from operating activities, EUR million	**28.6**	12.2	102.4	85.0	57.0	26.2	**40.8**	83.2	270.6
Capital expenditure, EUR million	**45.2**	36.9	89.3	48.5	43.3	29.5	**82.1**	72.8	210.6
Capital expenditure excl. acquisitions, EUR million	**45.2**	36.9	89.4	48.5	43.3	31.4	**82.1**	74.7	212.6
Capital expenditure excl. acquisitions / revenue, %	**7.3**	6.0	15.0	8.1	7.4	5.4	**6.7**	6.4	9.0
Cash flow after investing activities, EUR million	**-16.5**	-24.6	13.4	36.9	49.8	-2.3	**-41.1**	47.5	97.8
Balance sheet and solvency									
Equity ratio, %	**42.9**	42.7	45.2	44.8	44.3	42.5	**42.9**	44.3	45.2
Gearing, %	**68.6**	59.1	53.6	57.8	61.5	60.0	**68.6**	61.5	53.6
Interest-bearing net liabilities, EUR million	**758.0**	660.9	634.0	665.7	689.9	644.1	**758.0**	689.9	634.0
Personnel									
Personnel at end of period	**4,849**	4,771	4,818	4,843	4,873	4,711	**4,849**	4,873	4,818
Personnel (average)	**4,820**	4,775	4,823	4,856	4,815	4,715	**4,798**	4,765	4,802
Exchange rates at end of period									
USD	**1.141**	1.069	1.054	1.116	1.110	1.139	**1.141**	1.110	1.054
CAD	**1.478**	1.427	1.419	1.469	1.438	1.474	**1.478**	1.438	1.419
SEK	**9.639**	9.532	9.553	9.621	9.424	9.225	**9.639**	9.424	9.553
CNY	**7.738**	7.364	7.320	7.446	7.376	7.351	**7.738**	7.376	7.320
BRL	**3.760**	3.380	3.431	3.621	3.590	4.117	**3.760**	3.590	3.431
Per share figures, EUR									
Earnings per share (EPS), basic and diluted [1)]	**0.12**	0.12	0.11	0.16	0.17	0.16	**0.24**	0.33	0.60
Net cash generated from operating activities per share [1)]	**0.19**	0.08	0.68	0.55	0.38	0.17	**0.27**	0.55	1.78
Equity per share [1)]	**7.18**	7.24	7.68	7.48	7.30	6.96	**7.18**	7.30	7.68
Number of shares (1,000)									
Average number of shares, basic [1)]	**152,360**	152,358	152,367	152,367	152,363	152,160	**152,359**	152,262	152,314
Average number of shares, diluted [1)]	**152,605**	152,611	152,451	152,547	152,557	152,548	**152,608**	152,553	152,526
Number of shares at end of period, basic [1)]	**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**	152,606	152,619	152,518	152,561	152,550	**152,595**	152,561	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), %

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

Operative return on capital employed (Operative ROCE), %

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

Return on capital employed (ROCE), %

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

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, %

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

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

EUR million	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-6	2016 1-6	2016 1-12
ITEMS AFFECTING COMPARABILITY IN EBITDA AND IN EBIT									
Operative EBITDA	**77.1**	69.0	70.0	80.8	78.9	72.8	**146.1**	151.7	302.5
Restructuring and streamlining programs	**-7.5**	-1.9	-1.1	-0.4	-4.3	0.0	**-9.4**	-4.3	-5.8
Transaction and integration expenses in acquisition	**0.2**	0.1	-1.2	-0.5	-1.9	-1.4	**0.2**	-3.3	-5.0
Divestment of businesses and other disposals	**-2.6**	0.0	0.0	0.2	0.0	0.3	**-2.6**	0.3	0.5
Other items	**-0.1**	-0.5	-2.2	-1.8	-3.4	-0.6	**-0.6**	-4.0	-8.0
Total Items affecting comparability	**-10.1**	-2.3	-4.5	-2.5	-9.6	-1.7	**-12.4**	-11.3	-18.3
EBITDA	**67.0**	66.7	65.5	78.3	69.3	71.1	**133.7**	140.4	284.2
Operative EBIT	**43.6**	34.9	36.1	46.5	46.6	40.9	**78.6**	87.5	170.1
Total items affecting comparability in EBITDA	**-10.1**	-2.3	-4.5	-2.5	-9.6	-1.7	**-12.4**	-11.3	-18.3
Items affecting comparability in depreciation, amortization and impairments	**0.0**	0.0	-2.4	-0.3	-2.1	0.0	**0.0**	-2.1	-4.8
Operating profit (EBIT)	**33.5**	32.6	29.2	43.7	34.9	39.2	**66.2**	74.1	147.0
ROCE AND OPERATIVE ROCE									
Operative EBIT	**43.5**	34.9	36.1	46.5	46.6	40.9	**78.6**	87.5	170.1
Operating profit (EBIT)	**33.5**	32.6	29.2	43.7	34.9	39.2	**66.2**	74.1	147.0
Share of profit or loss of associates	**0.0**	0.1	0.0	0.0	0.0	0.1	**0.1**	0.1	0.1
Capital employed	**1,749.7**	1,736.8	1,718.2	1,711.5	1,709.6	1,697.8	**1,749.7**	1,709.6	1,718.2
Operative ROCE, %	**9.2**	9.5	9.9	9.8	9.8	9.7	**9.2**	9.8	9.9
ROCE, %	**8.0**	8.1	8.6	7.9	7.9	7.9	**8.0**	7.9	8.6
NET WORKING CAPITAL									
Inventories	**227.1**	230.2	216.9	214.0	214.0	215.4	**227.1**	214.0	216.9
Trade receivables and other receivables	**419.5**	412.8	386.1	398.9	404.9	404.6	**419.5**	404.9	386.1
Excluding financing items in other receivables	**-21.2**	-15.1	-16.8	-15.3	-19.3	-26.0	**-21.2**	-19.3	-16.8
Trade payables and other liabilities	**384.2**	490.3	405.2	377.5	359.1	462.3	**384.2**	359.1	405.2
Excluding financing items in other liabilities	**-5.6**	-98.4	-13.6	-16.7	-20.4	-119.1	**-5.6**	-20.4	-13.6
Net working capital	**246.8**	236.0	194.6	236.8	260.9	250.8	**246.8**	260.9	194.6
INTEREST-BEARING NET LIABILITIES									
Non-current interest-bearing liabilities	**690.9**	592.1	649.5	656.8	676.8	666.6	**690.9**	676.8	649.5
Current interest-bearing liabilities	**180.8**	200.3	157.9	170.7	167.4	133.7	**180.8**	167.4	157.9
Interest-bearing liabilities	**871.7**	792.4	807.4	827.5	844.2	800.3	**871.7**	844.2	807.4
Cash and cash equivalents	**113.7**	131.5	173.4	161.9	154.3	156.2	**113.7**	154.3	173.4
Interest-bearing net liabilities	**758.0**	660.9	634.0	665.6	689.9	644.1	**758.0**	689.9	634.0

QUARTERLY SEGMENT INFORMATION

EUR million	2017 4-6	2017 1-3	2016 10-12	2016 7-9	2016 4-6	2016 1-3	2017 1-6	2016 1-6	2016 1-12
Revenue									
Pulp & Paper	**368.9**	372.2	368.6	365.2	361.1	362.4	**741.1**	723.5	1,457.3
Industry & Water	**248.3**	237.8	227.9	231.1	226.7	220.3	**486.1**	447.0	906.0
Total	**617.2**	610.0	596.5	596.3	587.8	582.7	**1,227.3**	1,170.5	2,363.3
Operative EBITDA									
Pulp & Paper	**47.8**	46.0	46.3	51.8	49.3	47.9	**93.8**	97.2	195.3
Industry & Water	**29.3**	22.9	23.7	29.0	29.6	24.9	**52.3**	54.5	107.2
Total	**77.1**	69.0	70.0	80.8	78.9	72.8	**146.1**	151.7	302.5
Items affecting comparability in EBITDA									
Pulp & Paper	**-2.7**	-0.9	-1.9	-1.3	-3.1	-1.2	**-3.6**	-4.3	-7.5
Industry & Water	**-7.4**	-1.4	-2.6	-1.2	-6.5	-0.5	**-8.8**	-7.0	-10.8
Total	**-10.1**	-2.3	-4.5	-2.5	-9.6	-1.7	**-12.4**	-11.3	-18.3
EBITDA									
Pulp & Paper	**45.1**	45.1	44.4	50.5	46.2	46.7	**90.2**	92.9	187.8
Industry & Water	**22.0**	21.5	21.1	27.8	23.1	24.4	**43.5**	47.5	96.4
Total	**67.0**	66.7	65.5	78.3	69.3	71.1	**133.7**	140.4	284.2
Operative EBIT									
Pulp & Paper	**25.7**	23.8	24.5	30.0	28.9	28.2	**49.6**	57.1	111.6
Industry & Water	**17.9**	11.1	11.6	16.5	17.7	12.7	**29.0**	30.4	58.5
Total	**43.6**	34.9	36.1	46.5	46.6	40.9	**78.6**	87.5	170.1
Items affecting comparability in EBIT									
Pulp & Paper	**-2.7**	-0.9	-4.2	-1.5	-3.1	-1.2	**-3.6**	-4.3	-10.0
Industry & Water	**-7.4**	-1.4	-2.7	-1.3	-8.6	-0.5	**-8.8**	-9.1	-13.1
Total	**-10.1**	-2.3	-6.9	-2.8	-11.7	-1.7	**-12.4**	-13.4	-23.1
Operating profit (EBIT)									
Pulp & Paper	**23.0**	22.9	20.3	28.5	25.8	27.0	**45.9**	52.8	101.6
Industry & Water	**10.5**	9.7	8.9	15.2	9.1	12.2	**20.2**	21.3	45.4
Total	**33.5**	32.6	29.2	43.7	34.9	39.2	**66.2**	74.1	147.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-6/2017	1-6/2016	2016
Net book value at beginning of period	**915.6**	815.3	815.3
Purchases of subsidiaries and asset acquisitions	**-**	-	0.0
Increases	**77.2**	71.7	198.3
Decreases	**0.0**	-1.0	-1.2
Depreciation and impairments	**-54.3**	-51.7	-106.9
Exchange rate differences and other changes	**-31.5**	-3.0	10.1
Net book value at end of period	**906.9**	831.3	915.6

CHANGES IN GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	1-6/2017	1-6/2016	2016
Net book value at beginning of period	**638.3**	653.0	653.0
Purchases of subsidiaries and asset acquisitions	**-**	-0.8	-4.0
Increases	**4.9**	3.1	14.3
Decreases	**0.0**	-	-
Amortization and impairments	**-13.3**	-14.6	-30.3
Exchange rate differences and other changes	**-13.1**	-3.2	5.3
Net book value at end of period	**616.9**	637.5	638.3

DERIVATIVE INSTRUMENTS

EUR million	6/30/2017 Nominal value	6/30/2017 Fair value	12/31/2016 Nominal value	12/31/2016 Fair value
Currency instruments				
Forward contracts	**304.5**	**2.8**	260.9	-1.3
Interest rate instruments				
Interest rate swaps	**271.3**	**0.1**	304.8	1.2
of which cash flow hedge	**171.3**	**-1.6**	204.8	-2.2
of which fair value hedge	**100.0**	**1.7**	100.0	3.4
Other instruments	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,840.8**	**-0.4**	1,971.5	3.0
of which cash flow hedge	**1,840.8**	**-0.4**	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	6/30/2017				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	**-**	**-**	**202.4**	**202.4**	-	-	202.5	202.5
Other investments	**-**	**4.1**	**-**	**4.1**	-	4.4	-	4.4
Currency instruments	**-**	**5.1**	**-**	**5.1**	-	2.8	-	2.8
Interest rate instruments, hedge accounting	**-**	**1.7**	**-**	**1.7**	-	3.4	-	3.4
Other instruments	**-**	**0.4**	**-**	**0.4**	-	3.8	-	3.8
Other receivables	**-**	**54.5**	**-**	**54.5**	-	0.2	-	0.2
Trade receivables	**-**	**302.8**	**-**	**302.8**	-	291.1	-	291.1
Total	-	**368.6**	**202.4**	**571.0**	-	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 6/30/2017**	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	**-0.1**	-29.6
Carrying value at end of period	**202.4**	202.5

FAIR VALUE OF FINANCIAL LIABILITIES

EUR million	6/30/2017				12/31/2016			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total net**	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	**-**	**717.2**	**-**	**717.2**	-	673.5	-	673.5
Repayments from non-current interest-bearing liabilities	**-**	**76.9**	**-**	**76.9**	-	65.7	-	65.7
Non-current other liabilities	**-**	**21.4**	**-**	**21.4**	-	21.4	-	21.4
Finance lease liabilities	**-**	**0.3**	**-**	**0.3**	-	0.5	-	0.5
Loans from financial institutions	**-**	**104.8**	**-**	**104.8**	-	98.7	-	98.7
Other liabilities	**-**	**39.3**	**-**	**39.3**	-	33.6	-	33.6
Currency instruments	**-**	**2.3**	**-**	**2.3**	-	4.1	-	4.1
Interest rate instruments, hedge accounting	**-**	**1.6**	**-**	**1.6**	-	2.2	-	2.2
Other instruments	**-**	**0.8**	**-**	**0.8**	-	0.8	-	0.8
Trade payables	**-**	**151.7**	**-**	**151.7**	-	159.6	-	159.6
Total	**-**	**1,116.3**	**-**	**1,116.3**	-	1,060.1	-	1,060.1

CONTINGENT LIABILITIES

EUR million	**6/30/2017**	6/30/2016	12/31/2016
Assets pledged			
On behalf of own commitments	**5.9**	6.0	5.9
Guarantees			
On behalf of own commitments	**56.0**	51.8	54.4
On behalf of others	**3.9**	3.1	3.1
Operating leasing liabilities			
Maturity within one year	**37.4**	35.8	39.7
Maturity after one year	**156.5**	171.2	171.5
Other obligations			
On behalf of own commitments	**1.1**	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 June 30, 2017 were about EUR 28 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. 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 declared to appeal 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 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.

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.